

JR East Group Management Vision V –Ever Onward

Thriving with Communities, Growing Globally

The Great East Japan Earthquake poignantly reminded us of the fact that companies cannot thrive without sound and vibrant communities. The East Japan area, our home ground, and Japan as a whole currently face a host of issues. As a corporate citizen, we are determined to fulfill our mission and execute businesses unique to the JR East Group in an effort to help solve those issues. The goal is to draw a blueprint for the future together with members of the community as we do our part to build vibrant communities. This is what we mean by “thriving with communities.”

However, taking root in communities does not mean becoming complacent by turning inward. To continue to fulfill our mission, we must constantly transform ourselves and achieve growth. We must look outward and step out into the world, while actively seeking knowledge and technology externally. We believe that doing so will provide fertile ground for capturing new growth opportunities. To unlock our full potential, we must boldly step out into the world. That is what we mean by “growing globally.”

Accordingly, we have adopted “Thriving with Communities, Growing Globally” as the JR East Group’s new key phrase, in order to develop a shared understanding among all Group employees and achieve cohesive Group-wide management.

Eternal Mission and Pursuing Unlimited Potential

Under “JR East Group Management Vision V—Ever Onward,” JR East has positioned “Eternal Mission” and “Pursuing Unlimited Potential” as two important pillars and has established six basic courses of action for the Group.

ETERNAL MISSION

1 Pursuing “extreme safety levels”

■ Building a railway capable of withstanding natural disasters

- Responding to major earthquakes: We will promote seismic reinforcement and other countermeasures for earthquakes at a total cost of approximately ¥300 billion in an intensive implementation period (from FY2013 to FY2017). In addition, we will strive to monitor any additional remaining risks while actively taking steps to mitigate those risks, considering the status of damage projections and disaster preparedness plans of national and local governments.
- Installing automatic platform gates: We will accelerate the installation of automatic platform gates for the Yamanote Line as a safety measure for station platforms. By FY2016, automatic platform gates will steadily enter service at 23 stations, excluding stations where major renovations are scheduled.



Seismic reinforcement of viaduct columns

2 Service quality reforms

■ Enhancing railway transportation network and other measures

- Improving transportation quality: One particular goal is to reduce the number of service disruptions caused by railcar and equipment malfunctions attributable to JR East within a 100 km radius of Tokyo to one-third the current level.
- Improving the quality of the Tokyo metropolitan area railway network: The Tohoku Through Line will enter service in FY2015. We will also continue to enhance the Tokyo metropolitan area railway networks by improving the convenience of *Tokyo Megaloop*, an outer loop around Tokyo formed by the Musashino, Keiyo, Nambu and Yokohama lines.
- Expanding the intercity transportation network: We will launch new operations of the Hokuriku Shinkansen to Kanazawa (scheduled for the end of FY2015) and the Hokkaido Shinkansen to Shin-Hakodate (provisional name) (scheduled for the end of FY2016).
- Enhancing the convenience of *Suica* as social infrastructure: We aim to increase the maximum number of electronic money transactions to 5 million a day in FY2016, and 8 million a day by FY2021.



Railway tracks for the Tohoku Through Line under construction

3 Strengthening collaboration with local communities

■ Supporting earthquake recovery, stimulating tourism and revitalizing communities

- Restoring segments along the northeastern Pacific coast damaged by the tsunami caused by the Great East Japan Earthquake: We will coordinate our efforts to restore the segments with other plans to rebuild the area as a whole and develop towns. To this end, we will hold discussions with the national and local governments, including provisional restoration using a BRT (Bus Rapid Transit) system.
- Promoting Japan as a tourism-oriented nation: We will conduct continuous measures to stimulate tourism including joint *Destination Campaigns* conducted in the Tohoku region by the six JR companies.
- Driving further growth in the life-style service business: In large-scale terminal station development projects at Tokyo, Shinjuku, Shibuya, Yokohama, Chiba and Sendai stations, we see each of these stations as a town in its own right.



Destination Campaigns

ial

PURSUING UNLIMITED POTENTIAL

1 Technological innovation

■ Forging strategies for conserving energy and the environment, utilizing ICT (information and communication technology) and operating Shinkansen at faster speeds

- Establishing energy and environmental strategies: We aim to revolutionize train operation systems by pursuing R&D directed at automatic power-saving train operation and train operation free of catenary (overhead power lines) utilizing high-performance storage battery systems. In addition, we will strive to introduce smart grid technology to train power systems.
- Working to curb CO₂ emissions by establishing numerical targets for energy usage in railway operations and other parameters:
 - (a) Reduce energy usage by railway operations by 8% (compared to FY2011)
 - (b) Improve the CO₂ emissions coefficients of JR East's own power plants by 30% (compared to FY1991)
- Utilizing ICT: Aiming to transform the Tokyo metropolitan area transportation system, we are preparing to implement communication-based train control (CBTC), a wireless railway car control system, on the Joban Local Line.



Catenary and battery-powered hybrid railcar train

2 Tackling new business areas

■ Globalization

- Participating in overseas railway projects: We aim to participate in overseas railway projects including in the operation & maintenance field (planning, guidance and support related to train operation, equipment maintenance and related areas).
- Expanding railcar manufacturing operations: We will maximize synergies between Japan Transport Engineering Company (J-TREC), including our Niitsu Rolling Stock Plant, in order to establish railcar manufacturing operations as our fourth pillar. We will supply high-quality and high value-added railcars worldwide by answering various customer needs.



Railcar assembly line in the J-TREC factory

3 Developing employees and creating a corporate culture that maximizes human potential

- Expanding opportunities for employees to succeed and tackle challenges
- Reforming corporate culture: We will promote work style reforms and raise the efficiency of organizational management.
- Establishing a lean, muscular and agile management structure:
 - (a) Capital expenditures: Invest in sustainable growth and a stronger base of operations
 - (b) Returns to shareholders: Establish a new total return ratio target of 33%
 - (c) Debt reduction: Reduce interest-bearing debt to ¥3,000 billion sometime during the 2020s



Practical training

▶ See pp. 016–027 (interview) and pp. 028–033 (feature) for more details on the new management vision.

Numerical Targets

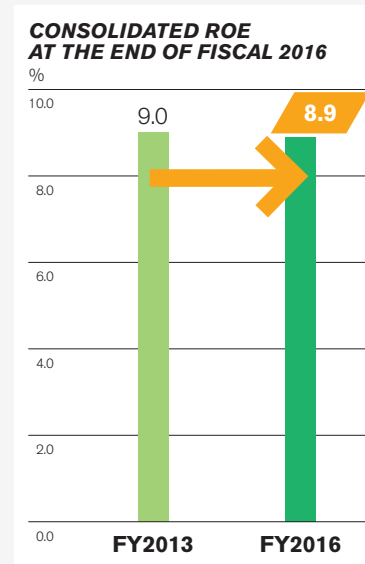
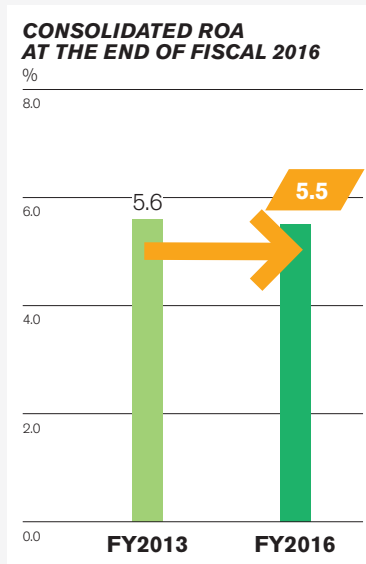
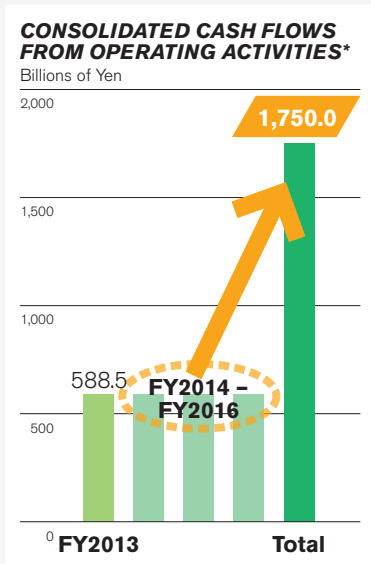
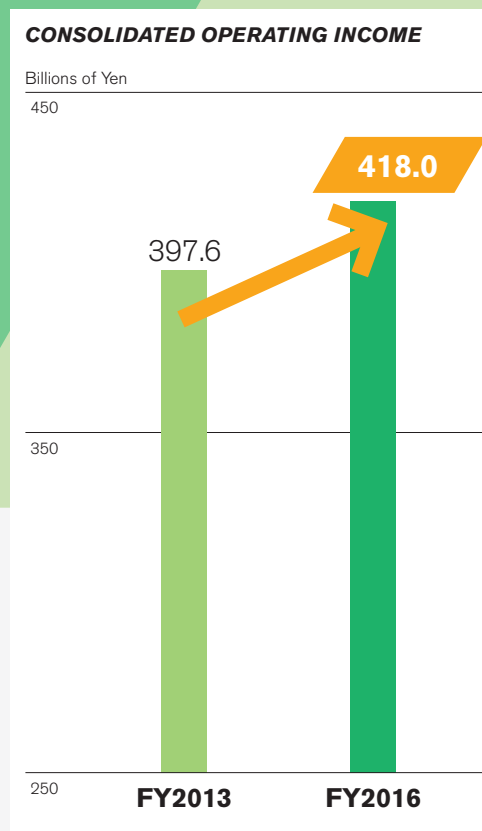
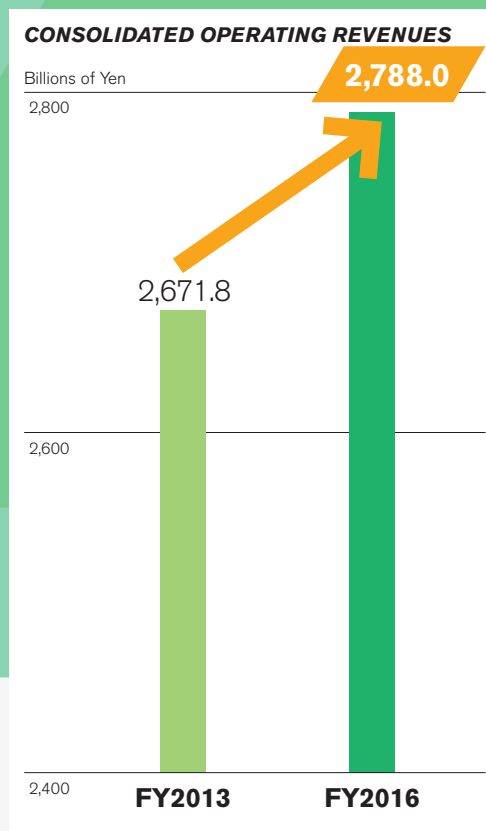
For Fiscal 2016

(Year ending March 31, 2016)

Guided by “JR East Group Management Vision—Ever Onward,” JR East will establish numerical targets that it will seek to achieve over the next three years. Those three-year targets will be reviewed annually, and will be revised to new targets for the next three years starting from the following fiscal year.

We will announce new numerical targets together with business results every fiscal year.

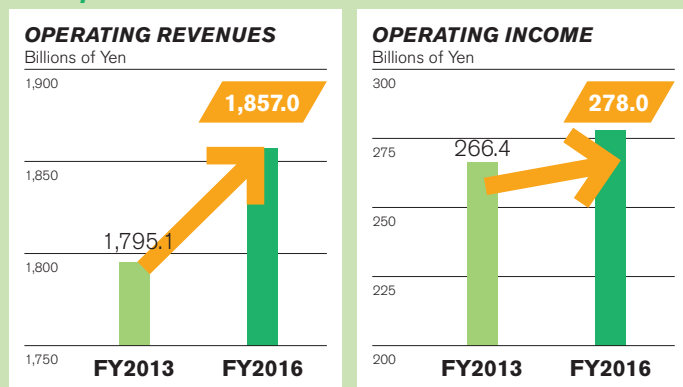
CONSOLIDATED OPERATING REVENUES AND OPERATING INCOME FOR FISCAL 2016



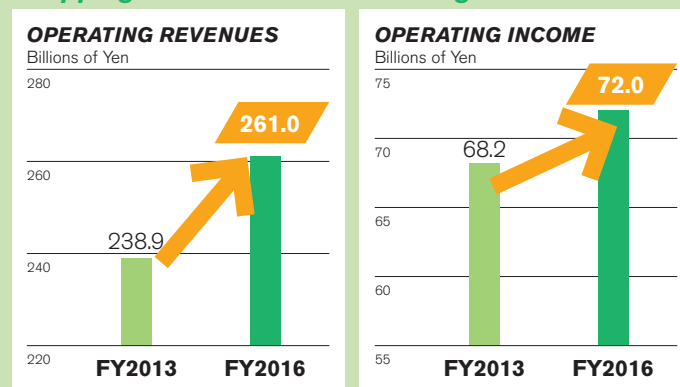
* The target for consolidated cash flows from operating activities represents the aggregate of the estimated cash flows for the three years from FY2014 to FY2016.

SEGMENT OPERATING REVENUES AND OPERATING INCOME FOR FISCAL 2016

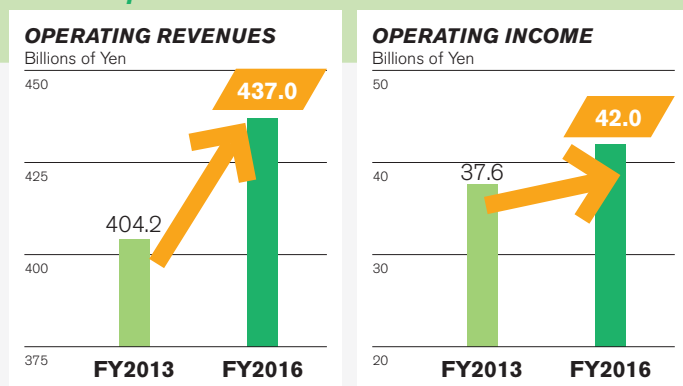
Transportation



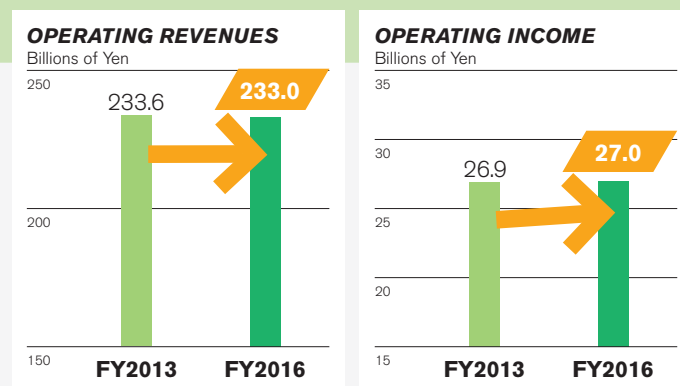
Shopping Centers & Office Buildings



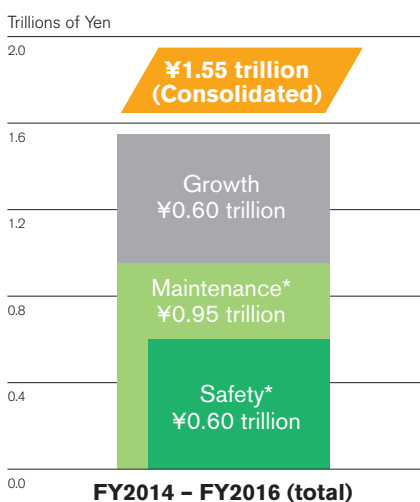
Station Space Utilization



Others



CAPITAL EXPENDITURES FOR THE THREE YEARS FROM FY2014 TO FY2016



- Planned consolidated capital expenditures for the three years from FY2014 to FY2016 are approximately ¥1.55 trillion.
- Planned capital expenditures in safe and stable transportation for the three years from FY2014 to FY2016 are approximately ¥600 billion.
- Planned growth investments expected to generate returns, such as those in the life-style service business, for the three years from FY2014 to FY2016 are approximately ¥600 billion.

* Maintenance: Investment needed for the continuous operation of business
 Safety: Investment in safe and stable transportation