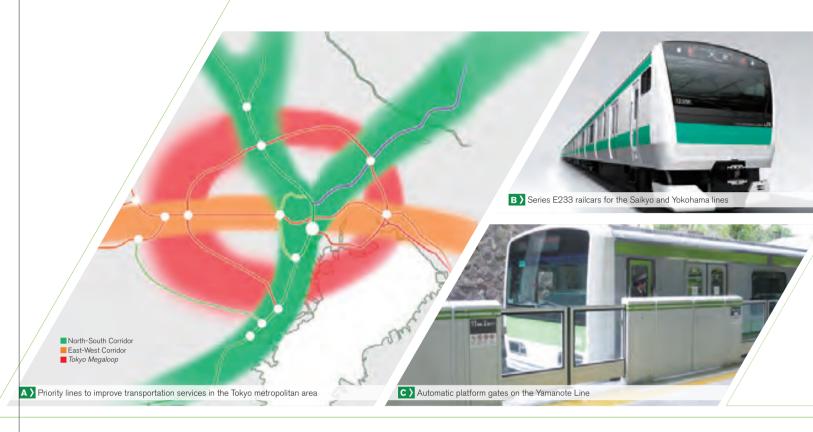
REVIEW OF OPERATIONS

TRANSPORTATION



Tokyo Metropolitan Area Network

OVERVIEW

With approximately 36 million people, about 30% of Japan's population is concentrated in the Tokyo area*1. Moreover, this population is projected to be supplemented for the foreseeable future with people continuing to move in to the area, even though the population of Japan as a whole has begun to decline. What is more, the Tokyo area also accounts for about 30% of Japan's economic activity. JR East's strongest business advantage is that the entire Tokyo area is one of its major operating territories. Illustrating this, the Tokyo area alone accounts for almost 70% of JR East's passenger revenues. Moreover, the Group's network of conventional lines in the Kanto area network*2 stretches out for 2,536.2 operating kilometers.

- *1 The Tokyo area is comprised by Tokyo Metropolis, Kanagawa Prefecture, Saitama Prefecture and Chiba Prefecture.
- *2 The Kanto area network is the railway network covered by seven branch offices (Tokyo, Yokohama, Hachioji, Omiya, Takasaki, Mito and Chiba).

To date, JR East has continuously endeavored to enhance its Kanto area transportation services. Efforts have focused on increasing the frequency of trains during the morning rush hour to ease crowding, increasing direct services (without passengers having to change trains) on the Shonan-Shinjuku and other lines, and improving seating services by introducing *Green Cars* on local trains.

In fiscal 2013, JR East's Kanto area network accounted for 102,420 million passenger kilometers and revenues from passenger tickets of ¥1,117.1 billion.

TOPICS AND OUTLOOK

Transportation Service Improvement

In the Tokyo metropolitan area, JR East is working to improve transportation services on each railway line. Specifically, in view of the demographic changes along each of the network's line-side areas, the Group is improving services by shifting emphasis from ramping up transportation capacity during peak hours, to improving convenience during daytime hours. This is done while enhancing the seating availability, as well as direct service with other railway lines.

North-South Corridor: The Tohoku
Through Line will begin operating in fiscal
2015. As a result, passengers will be able to
take an uninterrupted ride on the Joban,
Utsunomiya and Takasaki lines to Tokyo
Station, and areas served by the Tokaido
Line. In conjunction, JR East will conduct
renovation work on the various stations this
will affect, such as Tokyo, Shimbashi and
Nippori, to improve convenience.

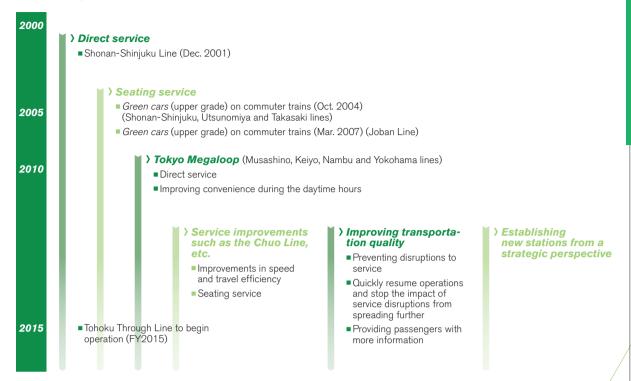
East-West Corridor: JR East aims to steadily improve services on routes such as the Chuo Line, where there are strong needs for rapid service and seating services.

Tokyo Megaloop (an outer loop formed by the Musashino, Keiyo, Nambu and Yokohama lines): The Group is implementing measures such as enhancing direct service among other railway lines and improving convenience during daytime hours. This includes the preparations underway for starting direct service with Sagami Railway.

* Please refer to the feature article on page 30 for more information on the Tohoku Through Line.

STRATEGY FOR RAILWAY BUSINESS

Tokyo metropolitan area network (Conventional lines)



Transportation Quality Improvement

JR East aims 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 of the current level (Number of service disruptions per 1 million rolling stock kilometers in fiscal 2012: 0.06). The Group is also strengthening measures to quickly resume operations, and stop the impact of service disruptions from spreading further, as well as provide passengers with more information, in the event of a service disruption.

New Stations from a Strategic Perspective

JR East will seek to explore the commercial feasibility of establishing new stations from many strategic angles, and to bring such plans to fruition in cooperation with local governments. The goal is to increase points of contact among railways, towns and customers, while further improving convenience and increasing railway usage by customers.

Introduction of Series E233 Commuter Railcars

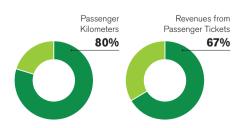
Series E233 commuter railcars will be introduced on the Saikyo Line and Yokohama Line. The roll-out will begin in fiscal 2014 on the Saikyo Line and fiscal 2015 on the Yokohama Line. The cars feature around 10% greater capacity than the conventional Series 205 cars, which will help alleviate crowding. They also feature 100% LED lighting, which will reduce power consumption by some 60% compared to standard fluorescents.

Automatic Platform Gate Installation on the Yamanote Line

JR East continues installing automatic platform gates on the Yamanote Line. The goal is to have these gates operational at 23 stations on the line by fiscal 2016, with the exception of the stations scheduled to undergo major construction work. The Group plans to start using the gates at seven stations on the line each year in fiscal 2014 and fiscal 2015.

COMPOSITION OF RAILWAY OPERATIONS IN JR EAST

(Conventional Lines in the Kanto area network)



REVIEW OF OPERATIONS TRANSPORTATION



Intercity Network Centered on Shinkansen

OVERVIEW

Shinkansen lines from Tokyo to five destinations comprise the backbone to JR East's intercity network. These lines are the Tohoku Shinkansen to Shin-Aomori, Joetsu Shinkansen to Niigata, and the Nagano Shinkansen to Nagano, as well as the Yamagata Shinkansen to Shinjo and the Akita Shinkansen to Akita with trains operable on Shinkansen and conventional railway lines. Together, the Shinkansen lines stretch out for 1,134.7 operating kilometers.

JR East is taking steps to increase the convenience of its Shinkansen services further. Those efforts include implementing plans to introduce new-type railcars and increasing train services during such busy periods as the Golden Week spring holidays, summer vacation period, and the year-end and New Year period. Moreover, these lines will help maintain JR East's advantage over air travel. To

illustrate, it takes less than 4 hours to get from Tokyo to Akita, on the longest stretch on JR East's Shinkansen network.

In fiscal 2013, traffic volume on the Shinkansen lines was 20,118 million passenger kilometers, and revenues from passenger tickets were ¥492.0 billion.

In addition, JR East also boasts a network of limited express services linking major cities along its conventional lines. These conventional lines other than the Kanto area network stretch out for 3,841.7 operating kilometers.

Based on regional conditions, JR East is further integrating its network of limited express services with its Shinkansen services, as well as increasing the frequency and speed of the trains. Furthermore, JR East is shortening travel times by eliminating the need to change trains through the operation of the Yamagata Shinkansen and the Akita Shinkansen trains, which operate on both Shinkansen and conventional lines.

In fiscal 2013, JR East's network of conventional lines other than the Kanto area accounted for 5,854 million passenger kilometers and revenues from passenger tickets of ¥72.4 billion.

TOPICS

Operation of the Series E5 at 320 km/h on Tohoku Shinkansen, and Debut of the Series E6 on Akita Shinkansen

When the train schedules were revised in March 2013, JR East commenced the operation of Series E5 railcars at a maximum speed of 320 km/h, the fastest in Japan, as the Hayabusa service on the Tohoku Shinkansen. As a result, Shin-Aomori can now be reached from Tokyo in as short as 2 hours and 59 minutes. At the same time, JR East's new Series E6 railcars made their debut as the Super Komachi service on the Akita Shinkansen. JR East is now operating those trains at a maximum speed of 300 km/h between Utsunomiya Station and Morioka Station, enabling passengers to reach Akita from Tokyo in 3 hours and 45 minutes on the fastest trains. Operation at as fast as 320 km/h for the Series E6 is scheduled to commence by the end of fiscal 2014.

* Please refer to the feature article on pages 28-29 for more information on the faster Series E5 service and the Series E6.

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STRATEGY FOR RAILWAY BUSINESS

Intercity network (Shinkansen)

2000

2005

2010

2015

■Tohoku Shinkansen Hachinohe extension (Dec. 2002)

■ Tohoku Shinkansen Shin-Aomori extension (Dec. 2010)

- Operation of Shinkansen at higher speed, GranClass (first class service on Shinkansen)
- Series E5 to begin 300 km/h service (Mar. 2011)
- GranClass service (Mar. 2011)
- Series E5 to begin 320 km/h service (Mar. 2013)
- Series E6 to begin 300 km/h service (Mar. 2013)
- Series E6 to begin 320 km/h service (End of FY2014)

 Opening of Hokuriku Shinkansen to Kanazawa (End of FY2015)

 Opening of Hokkaido Shinkansen to Shin-Hakodate (End of FY2016)

EXPANSION OF JR EAST'S SHINKANSEN NETWORK



(Nagano – Kanazawa: Plan to commence operations by the end of FY2015) (Between Joetsu-Myoko and Kanazawa section lies within the area of JR West)

OUTLOOK

Commencement of the Hokuriku Shinkansen to Kanazawa and Hokkaido Shinkansen to Shin-Hakodate (provisional name)

JR East is aiming to change the landscape of inter-regional tourism when it opens the Hokuriku Shinkansen from Nagano to Kanazawa at the end of fiscal 2015, and the Hokkaido Shinkansen from Shin-Aomori to Shin-Hakodate (provisional name) at the end of fiscal 2016. Once these lines open, JR East sees an opportunity to encourage large numbers of people to travel to these areas, and will take full advantage of the enhanced Shinkansen network to establish attractive travel routes. Brand new Series E7 railcars will also be launched in time for the Hokuriku Shinkansen's opening.

*Please refer to the feature article on page 29 for more information on JR East's Shinkansen extension and launch of the Series E7.

Destination Campaigns (DCs)

The six JR passenger railway companies in Japan are co-promoting *Destination*Campaigns, or large-scale tourism campaigns for revitalizing local communities in

cooperation with municipal authorities. From the perspective of helping communities recover from the Great East Japan Earthquake through tourism, JR East has many Destination Campaigns planned for the Tohoku region. These include the Sendai/Miyagi DC from April through June 2013, the Akita DC from October through December 2013, the Niigata DC from April through June 2014, the Yamagata DC from June through September 2014, and the Fukushima DC from April through June 2015.

Trains People Seek for the "Ride" Itself

JR East is developing attractive trains that are more than just a mode of transportation—these trains will position the pleasure of riding certain trains for the train ride itself as a reason to travel—as one of its initiatives in pioneering a new future for railways. Starting fall 2013, the Group will launch the *Tohoku Emotion* restaurant train for operation. This train with dining car seating only will showcase sleek design, great food and fine art to provide passengers "the experience of discovering a new Tohoku."

COMPOSITION OF RAILWAY OPERATIONS IN JR EAST

(Intercity Network Centered on Shinkansen)

