

MIGAKU Improve Service quality reforms —Enhancing rail transportation network and other measures

To become a corporate group respected by customers and communities, we will implement service quality reforms by harnessing teamwork extending beyond our business divisions and other groups within our organization. Our goal is to become No.1 in customer satisfaction in the railway industry. We will achieve this goal by rigorously pursuing customer-friendly railway services. We will hone the quality of transportation services by enhancing reliability and comfort, as we promote the development of railways that customers can utilize without anxiety.

Furthermore, we will generate new sources of demand, such as tourism, by steadily promoting several major projects. These include the forthcoming launch of service on the Tohoku Through Line, as well as new operations of the Hokuriku Shinkansen to Kanazawa and the Hokkaido Shinkansen to Shin-Hakodate (provisional name). Meanwhile, we will begin exploring various new options for enhancing the next generation of transportation services in urban areas.

Moreover, the productive population of the East Japan area has started to decline. By 2020, the elderly are expected to account for about 30% of the population in this area. This will have a large impact on JR East business operations, especially its railway operations. However, seeing this challenge as an opportunity, we will strive to create new demand by taking a range of initiatives designed to make railway travel even more accessible to elderly customers, and by offering them a variety of services. These initiatives will be designed to enable the elderly to enjoy vibrant lives and travel.

In Suica operations, we will work to develop services and expand the number of partners accepting Suica electronic money, among other measures, which will enable people to enjoy the benefits of Suica as an essential social infrastructure in daily life. Through these sorts of measures, we aim to further popularize Suica in society.

① Improving transportation quality

(Preventing disruptions to service)

We will continue working to enhance the reliability of railcars and equipment in order to reduce the number of service disruptions. 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. Efforts will also be made to prevent service disruptions by promoting measures such as natural disaster countermeasures. Furthermore, we see improving the technical skills of employees responsible for railcar and equipment maintenance as a key priority. Accordingly, we will continue to conduct intensive training and drills involving such employees.

(Quickly resume operations and stop the impact of service disruptions from spreading further)

In the event of a service disruption, it is crucial to quickly resume operations, stop the impact of service disruptions from spreading further, and restore normal operating schedules. From this perspective, we will develop new systems and operating frameworks that help us to achieve these priorities, in an effort to enhance our responsiveness to service disruptions.

(Providing passengers with more information)

To upgrade the information provided to customers during service disruptions, we will strive to install more train station displays designed to provide information in times of service disruptions, along with displays in railcars, while upgrading the content provided by these displays. In addition, we will introduce a system that provides information about alternative transportation and the position of following trains, as a means to provide each customer with the information they need.



② Pursuing customer-friendly railway services

(Enhancing service management by each line-side area)

We will enhance the service quality of JR East by reflecting customer feedback obtained through various channels in service improvements. Specific measures include monitor-based surveys of line-side areas, which are designed to gauge untapped needs of customers and increase interactive communication with customers. Through these measures, we will enhance service management by line-side area, considering the needs and characteristics of each line-side area in terms of railway operation, the provision of information and other aspects.

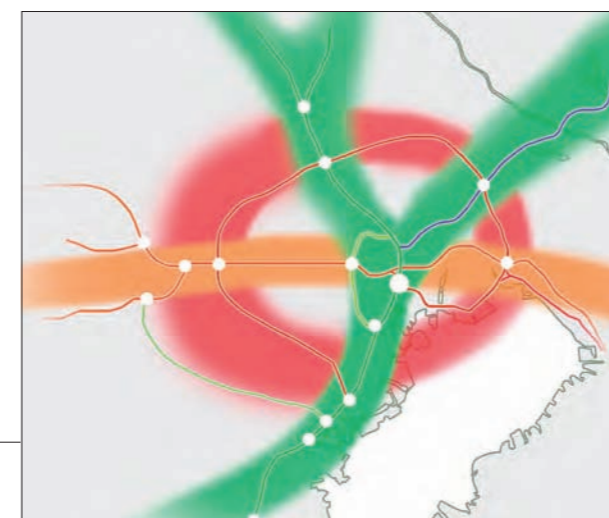
(Building a reliable and comfortable railway)

We will boost the level of customer service provided by all JR East Group employees to ensure that customers can utilize railways reliably and comfortably. We will also improve the tangible and intangible aspects of services so that seniors and customers unaccustomed to railways can also use our services without anxiety. Moreover, we will rigorously enforce measures to prevent customers from sustaining injuries when using trains, along with anti-crime measures.

(Enhancing convenience when purchasing products using ICT)

We seek to create an environment where customers can easily compare and consider purchasing a variety of products, as well as speedily book seats on trains from home or on the go. To this end, we will enhance the convenience of the Internet-based seating reservation system *Eki-net* and introduce dynamic packaging* of travel products. Through these measures, we aim to raise the ratio of customers purchasing tickets and packaged travel products on their own using the Internet and various devices to about 70% by FY2021.

* A travel product that can be structured independently by customers over the Internet by freely combining various package elements, such as trains and accommodations, according to price.



③ Improving the quality of the Tokyo metropolitan area railway network

(Improving transportation services)

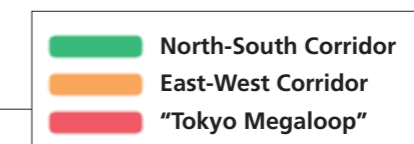
In the Tokyo metropolitan area, we will work to improve transportation services on each railway line. Specifically, considering demographic changes in each line-side area, we will improve services by shifting emphasis from ramping up transportation capacity during peak hours to improving convenience during daytime hours and enhancing seating and direct service with other railway lines. Through these and other measures, we will create attractive railway lines that “make people want to live alongside JR East railway lines”

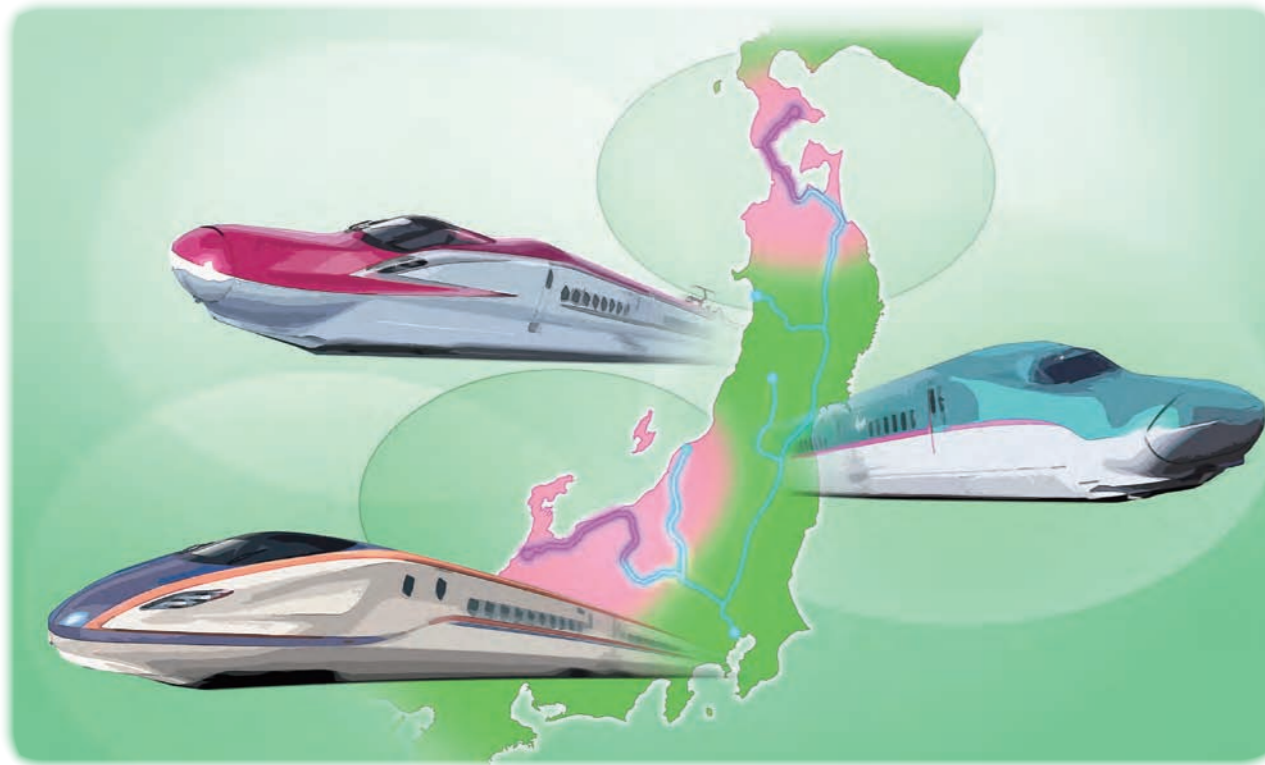
- North-South Corridor—The Tohoku Through Line will enter service in FY2015. As a result, passengers will be able to take the Joban, Utsunomiya and Takasaki lines to Tokyo Station, and areas served by the Tokaido Line. In conjunction, we will conduct renovation work on various related stations, such as Tokyo, Shimbashi and Nippori stations, in an effort to improve convenience.
- East-West Corridor—We aim to steadily improve services on routes such as the Chuo Line, where there are strong needs for rapid service and seating upgrades.
- “Tokyo Megalooop,” an outer loop around Tokyo formed by the Musashino, Keiyo, Nambu and Yokohama lines—We will implement measures such as expanding direct service among our railway lines, and improving convenience during the daytime hours.
- We will further promote preparations for starting direct service with Sagami Railway.

(Establishing new stations from a strategic perspective)

We 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 railway usage by customers.

Furthermore, we will also consider building new station platforms at existing stations from the standpoint of improving customer convenience.





④ Expanding the intercity transportation network—Growing Shinkansen, expanding tourism. Discovery of new travel routes—

(Launch of Hokuriku Shinkansen and Hokkaido Shinkansen operations)

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). We will take this opportunity to work closely with local communities to encourage large numbers of people to travel to these areas. At the same time, we will take full advantage of the enhancement of the Shinkansen network to establish attractive travel routes, with the aim of promoting tourism covering large areas.

- Hokuriku Shinkansen—In addition to promoting the movement of people between the Tokyo metropolitan area and Hokuriku area, we will promote the development of sightseeing routes over a large area spanning Niigata, Nagano and Gifu prefectures in cooperation with local communities and other transportation companies.

- Hokkaido Shinkansen—We will work to attract customers to Aomori and Hakodate by promoting the two destinations as a sightseeing area unified by Shinkansen. Along with this, we aim to expand the movement of people between the Tohoku region and Hokkaido.

- To promote the foregoing measures and strengthen cooperation with local communities, we will establish new business offices in service areas such as Hokuriku. Efforts will also be made to provide easily accessible travel products and build related sales systems.

(Operating Tohoku Shinkansen at faster speeds)

In spring 2013, we plan to start operating the Tohoku Shinkansen at 320 km/h on the Utsunomiya-Morioka segment. We will further enhance our fleet of New Series E5 and E6 Shinkansen railcars in an effort to reduce the average travel time on this segment. Furthermore, we aim to further expand operating segments where Shinkansen will run at 320 km/h.

⑤ Enhancing the convenience of Suica as social infrastructure

(Enhancing Suica's convenience as an IC railway ticket)

Aiming to expand Suica services throughout the railway network, we will ensure nationwide mutual usage service of IC cards issued by transportation companies from the spring of 2013. In addition, we will promote the introduction of Suica at stations in regional areas serving large numbers of customers from the Tokyo metropolitan area. Also, we will promote the switch to a fare and charge structure leveraging the features of IC railway tickets, with the view to making this structure easier to understand and use by customers.

(Driving further growth in the electronic money business)

We will promote the expansion of electronic money to large chain stores and compatible stores in new domains closely tied to daily life. This will entail reducing the cost of introducing electronic money through the use of thin clients* and other means. Through these measures, we aim to increase the maximum number of transactions to 5 million a day in FY2016, and 8 million a day by FY2021, thereby contributing to JR East earnings.

* A device that enables the concentration of all primary functions related to settlement on a central server. Thin clients enable retail establishments to reduce the cost of introducing electronic money services.

(New business initiatives)

From FY2014, we will launch an information business utilizing information, such as data about consumption patterns according to customer attributes, as marketing data. This information will be based on data obtained from Suica and View Card. In addition, we aim to develop new services using the Mobile Suica service.



⑥ Enhancing services for seniors

Aiming to create a society where seniors can lead vibrant lives, we will strive to provide a diverse array of services in line-side areas by utilizing train station spaces and working closely with local governments and other companies. These efforts will be centered on Otona no Kyujitsu Club (a membership club for seniors operated by JR East), which has 1.5 million members.

(Expanding Otona no Kyujitsu Club)

We aim to increase membership of Otona no Kyujitsu Club to 2 million by FY2016, the club's 10th founding anniversary. This will be achieved by providing new services such as creating a forum for people to make new friends utilizing platforms such as Social Networking Services (SNS).

(Developing a diverse array of services)

In the Tokyo metropolitan area and regional cities, we aim to develop centers for community activities and services for seniors in fields such as health and medical care. In regional cities, local governments are implementing plans to develop "compact cities" that concentrate medical, food and residential facilities around train stations, as well as provide support for people moving to regional cities from the Tokyo metropolitan area. Considering these and other developments, we will cooperate with town development initiatives for seniors by working closely with other companies.

