

Top Message

Thriving with Communities, Growing Globally

In October 2012, we formulated our fifth medium-term management plan, "JR East Group Management Vision V – Ever Onward." Under the slogan "Thriving With Communities, Growing Globally," this plan renews our commitment to the twin pillars of our business: continuing to work to "fulfill our eternal missions" and striving to succeed in our "pursuit of unlimited potential."

The experience of the Great East Japan Earthquake reminded all our employees of our ties to local communities and the great expectations that society places on our railway company. As a company responsible for maintaining social infrastructure, the disaster brought home to us how vital it is that we work with a sense of mission to meet the public's expectations. Today, the JR East region and the entire country face a number of serious problems. Our motto, "Thriving With Communities, Growing Globally," is also a pledge: We will come together with local communities to think about the kind of future we want, and will do everything we can to use our unique position to build vibrant communities and open a way to the future for our railway.

Continuing to Fulfill Our "Eternal Missions"

As a group dedicated to "thriving with communities," our fundamental duty is to contribute to the development of those communities by providing safe and high-quality services. We must work to meet the expectations that local communities place in us and reinforce the trust that is the foundation of everything we do. We must never forget that a single accident is enough to destroy this trust. This is why safety has always been our number-one priority. Ever since the JR East group was formed, we have constantly worked to improve our safety standards. FY2015 marked the start of our new five-year safety plan: the JR East Group Safety Plan 2018, under which we will work to cultivate the highest levels of safety awareness among all our employees. By striving to improve safety through the actions we take on a daily basis, our aim is to achieve "ultimate safety levels" in which the individual efforts of every employee are solidified by teamwork. The importance of these efforts was brought home to us again in February 2014 when one of our trains derailed and caused an accident at Kawasaki station on the Keihin Tohoku line. We must ensure that there is no further repetition of this kind of event. In addition to redoubling our accident prevention efforts, we are determined to learn the lessons from past accidents. We will carry out a thorough investigation to locate any weaknesses in our safety procedures and find measures to resolve them.

We are also continuing to improve our preparedness for natural disasters. In addition to the 300 billion yen we have invested in seismic reinforcement to prepare for the eventuality of a major earthquake directly beneath the Tokyo metropolitan area, we are also taking steps to guard against natural disasters and extreme weather events including major snowfall, heavy rain, and strong winds, all of which have occurred with increasing frequency and caused substantial damage in recent years, as we work to build a railway that can withstand natural disasters of all types. We will also continue work to install automatic platform gates in our stations. As well as the ongoing work to install these gates in stations along the Yamanote line, we are considering expanding this measure to other lines.

Alongside safety, another of our major missions is service quality reform. In a context where a decline in the productive working-age population in the JR East area seems unavoidable, stimulating demand for our railway will be an important issue for the group in the future. One approach will be to expand our rail network. We will use the opportunities presented by major



projects like the new Hokuriku Shinkansen to Kanazawa and the Ueno Tokyo Line that will open in 2015 to increase customer use. In addition to these new infrastructure developments we will work to build a reliable and comfortable railway service and keep passengers better informed through Information and Communications Technology (ICT). Every single group employee will help to create “JR East Service Quality” that will be second to none in the industry, to achieve our goal of becoming No. 1 in customer satisfaction in the railway industry.

We will work to harness the potential of tourism, which is an area in which our strengths can be brought most fully to bear. This will help us to cement the ties that bind us to local communities as well as helping to promote and revitalize those communities. We have joined with local communities to develop destination campaigns that highlight the unique attractions of a particular area. As another resource for attracting visitors to the Tohoku region and helping to revitalize the communities there will be our growing number of “concept” trains that people ride for the sake of enjoying the onboard experience. These include the “SL Ginga” steam locomotive hauled train on the Kamaishi line and the “TOREIYU” resort train on sections of our Shinkansen. The number of tourists visiting Japan from overseas has increased dramatically in recent years, and increasing demand in this sector will be particularly important. Accordingly, we are redoubling our efforts to promote an inbound tourist strategy. In order to attract as many people as possible to the region, we will establish a “Golden Route for Travel in East Japan” and work together with our travel partners in Taiwan and other places to drive demand for tourism in Japan among overseas visitors.

As part of our ongoing efforts to rebuild infrastructure in Tohoku, we are continuing to restore rail lines along the coast that were damaged by the tsunami, providing a substitute for damaged railway lines by operating Bus Rapid Transit (BRT) services along the Kesenuma and Ofunato lines, and reducing travel time between Sendai and Ishinomaki by constructing the Senseki-Tohoku Connecting Line.

As part of our focus on “thriving with communities,” we are actively working to develop attractive towns centered on railway stations. As well as ongoing large-scale renovations and development of major terminal stations in the Tokyo metropolis, we plan to develop “One-Stop Smart Stations” in core regional cities. These will concentrate in one place vital services and functions including medical, childcare, care facilities for the elderly, and local government services. In particular, we have announced a new station to be built on the Yamanote Line between Tamachi and Shinagawa stations, which is tentatively scheduled to open in 2020. To coincide with the large-scale development this will involve, we have developed plans to transform the area into an international hub where people can come together and exchange ideas. At the same time, we will continue to join together with local communities and help to energize local economies by facilitating the creation of new businesses that integrate agriculture, fishing and forestry with secondary and tertiary industries.

| Pursuing Unlimited Potential

The second pillar of “Group Management Vision V” is our determination to grow globally. Railway companies, because of their sheer scale, are at risk of becoming self-absorbed and inward-looking. A corporate culture that is satisfied with the status quo will not survive in an age of dramatic change. We must develop and harness the skills of every one of our employees and grow as a group, building a corporate culture that gives all of our employees belief in their “unlimited potential” and the confidence to pursue it.

Globalization will be key to this strategy. We are considering many railway projects in overseas markets, which we expect will be worth 22 trillion yen by 2020. Our aim is to harness our skills in manufacturing rolling stock, as well as our maintenance and operations knowhow, to develop our business in global markets. Although these efforts are in their infancy, the group is already responsible for providing rolling stock and maintenance services for the MRT Purple Line in Bangkok, Thailand, which is due to begin operations in 2016. We are also actively dispatching employees to a wide variety of countries to provide consulting and technical assistance in areas around the world.

Another key will be technological innovation. Our plans for this include several priorities: energy and environmental strategies, innovations using Information and Communication Technology (ICT), and further increases in Shinkansen operational speed. We encourage our employees to pursue open innovation. Rather than focusing exclusively on the technologies of JR East or the railway industry alone, we encourage them to seek out technologies from other companies and industries that can help the group to achieve breakthroughs that go beyond the values we have had in the past.

| Pursuing Energy and Environmental Strategies

Responding to global environmental problems is a priority for our business. Our environmental efforts, which include introducing energy-saving railcars and LEDs for lighting, have produced substantial results, reducing the total amount of CO₂ emissions produced by our railway operations and lessening the burden on the environment. Rail travel enjoys a reputation as an environmentally friendly mode of transportation, but the automotive industry has achieved remarkable developments in energy-efficient and environmentally friendly technology in recent years, including hybrid vehicles, electric cars, and fuel cell vehicles.

For this reason, as mentioned above, we have made energy and environmental strategies one of the pillars of our plans for technological innovation. We are making concerted efforts to achieve a more evolved railway environmentally, concentrating on three aspects: energy creation, energy conservation, and the introduction of smart

grid technologies.

In energy creation, we are actively introducing renewable energy including solar, wind, geothermal, and biomass energy. In particular, we have plans to develop northern Tohoku into a renewable energy base, making full use of its natural environment and also encouraging economic revitalization. Surveys have already begun in many areas. As part of our work to ensure a stable power supply, we opened a new No. 4 generator at the Kawasaki Thermal Power Station, and have begun renovations on the No. 1 generator at the same plant.

On energy conservation, we continue to develop facilities at our “ecoste” ecological model stations, which bring together a variety of environmental innovations, and we are moving ahead with plans to replace conventional lighting and electronic display devices with LEDs. In March 2014 “ACCUM EV-E301,” a hybrid railcar train using an accumulator system, was introduced on the Karasuyama line. We have further plans to build on this technology to develop railcars through service between alternating current (AC) electrified railway lines and non-electrified segments. This will permit electric railcar operations without installing catenary (overhead power lines). We are also moving ahead with R&D on new railway cars equipped with ICT-driven “automatic power-saving operation functions.”

In terms of smart grid technologies, we have plans in place to introduce energy management systems (EMS) into stations. In FY2015 we started automated demand control of the power used at Kokubunji and Nishi-Funabashi stations. We are also continuing to research effective uses of regenerative power and aim to develop viable practical applications as soon as possible.

Through these measures, by FY2021 we aim to reduce energy usage in railway operations by 8% (compared to FY2011), and to improve the CO₂ emissions coefficient of JR East power stations by 30% (compared to FY1991). In April 2014, we established new three-year targets to be achieved in FY2017. We will implement these efforts with a plan and further continue to collect the result data.

Going forward, the entire JR East Group will continue to work together to fulfill our “eternal missions” of providing safe and high-quality services and contributing to local communities. At the same time we will continue our pursuit of “unlimited potential,” working together with the rest of the community to open up new possibilities for the future.

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