

AN INTERVIEW WITH THE PRESIDENT



SATOSHI SEINO, *President and CEO*

Q1.

The Great East Japan Earthquake caused massive damage to JR East's railway lines and facilities. How did this disaster affect your operations?

Q2.

The Great East Japan Earthquake had a significant impact on JR East's financial results. Please provide an overview of results of operations in fiscal 2011, including the effects of the disaster.

Q3.

How well was JR East prepared in financial terms for this disaster?

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Q8.

Are there any revisions to your policy for the use of operating cash flows under JR East 2020 Vision—idomu—?

Q9.

In closing, as the president of JR East, what is your view of the roles the company should play regarding its obligations, following the disaster and reconstruction programs?

Q1.

The Great East Japan Earthquake caused massive damage to JR East's railway lines and facilities. How did this disaster affect your operations?

A1.

Some of our railway facilities were damaged severely, but our various earthquake countermeasures including aseismatic reinforcements had the effect of sparing most of those facilities from fatal breakdown. JR East assigns top management priority to safety and has developed a broad range of measures in this regard, which we think has proved to be remarkably effective.

First, I would like to take this opportunity to extend my condolences and sympathies to the victims struck by this tragedy on March 11, 2011.

The Great East Japan Earthquake was the most powerful earthquake and tsunami ever recorded in Japan and one of the largest in scale recorded in the world. Our service area suffered damage on an unprecedented scale in many regions. The damage to our railway facilities amounted to about 1,200 sites on the Tohoku Shinkansen Line and about 4,400 sites on our conventional lines. That damage was exacerbated in the ensuing aftershocks, and we were forced to suspend operations for a prolonged period on many of those lines. The colossal tsunami formed right after the earthquake severely damaged seven segments of our railway network along the Pacific coast, including parts of the Joban Line and Senseki Line, sweeping away or burying stations, railway tracks and bridge piers. Conditions were particularly severe on the section of the Joban Line near the Fukushima Daiichi Nuclear Power Station. We have been unable to access the line for repairs because of the fallout from the nuclear incident.

Despite the magnitude of the damage to our railway facilities, we were able to prevent viaduct columns from collapsing as they had in the Kobe area during the Great Hanshin-Awaji Earthquake. This was thanks to our longstanding efforts reinforcing infrastructure and taking other actions to make our operations more resistant to earthquakes. I believe that the lower level of damage from this disaster reflected the benefits of those efforts. On our Shinkansen lines, 27 trains were running when the earthquake struck, some of those trains at speeds of around 270 km/h in the Sendai area. Nevertheless, not a single train with passengers derailed and there were no passenger injuries. In our analysis, in addition to the structural reinforcements I just mentioned, seismographs installed along the coastline and elsewhere were effective when combined at slowing down the Shinkansen trains a considerable amount before the major shockwaves reached them. Furthermore, JR East employees who were operating trains on conventional lines along the coast stopped their trains immediately when the tsunami warning was issued. Our crews then assisted in evacuating passengers to locations designated by municipalities or to other safe locations. Not a single passenger on our trains when the earthquake struck was killed or injured. We perform training so that our employees know what to do in the event of a catastrophe. This includes responding to a tsunami warning or the occurrence of a tsunami. The benefits of this training were clearly evident during this disaster.

Since its inception, safety has always been JR East's highest priority. We have used a broad range of activities involving both hardware and software expertise in order to enhance safety. I believe the remarkable effectiveness our various safety enhancement initiatives exhibited in this unprecedented disaster proved that JR East's transport systems are extremely reliable, especially with regard to safety.



FEATURE 1:
Great East Japan Earthquake:
How We Managed to Restore the
Tohoku Shinkansen Line in Just 49 Days

→ See page 019



Restoration work for collapsed electric poles on the Tohoku Shinkansen Line

Q2.

The Great East Japan Earthquake had a significant impact on JR East's financial results. Please provide an overview of results of operations in fiscal 2011, including the effects of the disaster.

A2.

The disaster affected JR East's financial results for fiscal 2011 by almost ¥120.0 billion in depressed operating revenues and extraordinary losses for restoration. Furthermore, those extraordinary losses do not include the inoperable conventional railway segments along the Pacific coast because a reasonable estimate of their restoration cost still remains difficult.

Fiscal 2011 was an historic year for JR East because the Tohoku Shinkansen Line was completed with the December 2010 start of operations on the segment between Hachinohe and Shin-Aomori. In March 2011, we started Shinkansen service using the series E5 railcars, the *Hayabusa*, with the introduction of *GranClass*, a first class Shinkansen service—the first of its kind in Japan. Our revenues in fiscal 2011 were higher than one year earlier up until the earthquake. We were poised to break free of the downturn precipitated by the Lehman crisis and report higher revenues and earnings for the first time in three years. Then the earthquake hit and changed everything.

Overall, we estimate the financial effect of the disaster to have depressed operating revenues by about ¥59.0 billion; in addition, we posted extraordinary losses of ¥58.7 billion for restoration and other expenses (see the table below). The disaster brought down our revenues in many ways. We had to suspend railway operations in the areas the disaster hit. We suspended or reduced the frequency of services on some lines because of the enforcement of rolling power outages. The reluctance of people to travel due to the accidents at the Fukushima Daiichi Nuclear Power Station further impacted our revenues. Numerous factors associated with the earthquake cut revenues at our Group companies, too. Operations of shopping centers suspended by damage, including to buildings, shortened operating hours as a result of rolling power outages and the reluctance of people to spend their money all exerted pressure on revenues. Moreover, in terms of extraordinary losses, we have had to record ¥1.7 billion in expenses paid for the restoration and removal of damaged or lost railway facilities and other property, plant and equipment, and made provision for an allowance for an estimated ¥56.9 billion in restoration and other expenses for fiscal 2012 and beyond. Establishing a reasonable estimate for these expenses, however, is impossible for some railway segments along the Pacific coast damaged in the tsunami that are still inoperable. Consequently, the allowance did not include the cost of restoration activities in these locations.

Impact of the Great East Japan Earthquake on Fiscal 2011 Financial Results

¥ Billion

	Consolidated	Non-consolidated	Remarks
[OPERATING REVENUES] (Estimated amount)	-59.0	-44.0	Passenger Revenues -42.0
[EXTRAORDINARY LOSSES]	58.7	55.5	Excluding restoration and other expenses of parts of the lines which run along the Pacific coast
Earthquake-damage losses	1.7	0.8	
Provision for allowance for earthquake-damage losses	56.9	54.7	Based on a reasonable estimate of restoration and other expenses planned for fiscal 2012 and afterward

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FEATURE 2:
A New Shinkansen Network Joining
together Tokyo and Shin-Aomori
→ See page 024

Q3.

How well was JR East prepared in financial terms for this disaster?

A3.

Since March 2005, we have been subscribed to earthquake insurance that covered a maximum ¥71.0 billion in damage (with ¥10.0 billion deductible) at March 11, 2011 for our railway facilities and other civil engineering structures.

Since March 2005, we have subscribed to earthquake insurance that covered up to ¥71.0 billion in damage (with ¥10.0 billion deductible) at March 11, 2011 for our railway facilities and other civil engineering structures. This insurance covered railway line facilities, power circuit facilities and other facilities and pays for the direct expenses of restoring facilities to their condition prior to damage. We do not currently know how much we will receive from this insurance or when the payments will be made, but will hold negotiations with insurers with the aim of receiving these payments as soon as possible.

Although the terms and stipulations did not apply owing to the location of the epicenter of the Great East Japan Earthquake, we also have an earthquake derivative contract in which we can receive a maximum of US\$260 million (about ¥20.0 billion).

Q4.

Has JR East been making good progress with restoration work?

A4.

Service on the entire Tohoku Shinkansen Line was restored on the 50th day following the earthquake. Passenger revenues which fell at one point to 60% of levels predating the earthquake have recovered to be in the 90% range as of June. Service on a timetable predating the earthquake will resume September 23, 2011. This will enable the Hayabusa to operate at up to 300 km/h, which is the maximum speed for a Shinkansen train in Japan at this time.

JR East has placed upmost priority on restoration following the Great East Japan Earthquake in fiscal 2012 and the entire Group is working toward this end.

Although the entire Tohoku Shinkansen Line was shut down after the earthquake, the line was fully restored on April 29, the 50th day following the disaster. Everyone from the JR East Group, other JR companies, to numerous construction and various other companies worked together day and night with a single goal in mind: Reconnecting the rails as quickly as possible. Accomplishing this feat demonstrates the spirit of all the people involved and highlights the support of an even greater array of concerned parties. Many people have told me how impressed they were with the speed of the Tohoku Shinkansen Line repairs in relation to the magnitude of the earthquake and the damage suffered. The service along some segments of the now fully operational Tohoku Shinkansen Line remains at reduced speeds; however, we plan to return to the pre-earthquake Tohoku Shinkansen timetable by September 23, 2011. Then, the *Hayabusa* will once again reach a speed of 300 km/h, which is the maximum speed for a Shinkansen train in Japan at this time. This, hopefully, will help stimulate demand for tourism in the region.

Service on our network of conventional lines in the Tokyo metropolitan area was suspended entirely on the day of the disaster, shortly after the earthquake struck, for facility inspections and restoration work. Those services were resumed in an orderly fashion the following day. We were, however, forced to suspend or trim services along some segments of the network when rolling power outages were instituted from the middle to end of March. After that, we endeavored to restore those services as close to normal as possible. The earthquake caused widespread devastation including collapsed electric poles and damaged platforms along conventional lines in the Tohoku and Shinetsu regions. We made a determined effort to restore operations in stages, and were able to do so with the exception of a number of segments along the Pacific coast the tsunami had destroyed.

The tsunami completely destroyed some coastal communities. Stations, railway tracks, bridges and other railway facilities were swept away or buried. The damage was enormous. In restoring the railways, we prefer to work as one with the affected cities and communities as part of their overall restoration and rebuilding plans. Nevertheless, we went ahead and restored a number of segments along the Joban Line and Senseki Line that were still both repairable and accessible. We are also working on restoration of the Hachinohe Line with the aim of fully restoring it by sometime in the earlier part of fiscal 2013. In the meantime, we are operating bus routes in substitution of the lines that remain out of service. Our policy now with regard to reconstructing these segments is to work in close consultation with the national and local governments. To this end, we have submitted formal requests addressed to the Minister of Land, Infrastructure, Transport and Tourism, asking for assistance and cooperation in securing land and arranging finance.

In addition, in order to contribute toward the earliest possible recovery of the areas affected in the disaster, as well as to revitalize Japan, we have prioritized efforts to get people to interact with one another through tourism. To this end, we began by launching the “Everyone for Japan! Everyone for Tohoku!” Aomori Destination Campaign from April through July. Sales of travel products tied to this campaign easily outperformed the others, despite the difficult economic environment. I sense that this was in part because our commitment to “revitalize Tohoku starting with Aomori” struck a chord with our customers. In addition, in July, we began promoting the Gunma Destination Campaign. From April next year, we will launch another Destination Campaign for Iwate Prefecture, which includes the town of Hiraizumi, where celebrations for its designation as a UNESCO World Heritage Site are underway. Our hope is these initiatives will encourage and restore confidence to the communities the disaster affected, as well as be an impetus for our customers to ride our railways to visit these communities. One step at a time, I would like our endeavors to help with the recovery of the areas the disaster affected and in increasing the volume of tourism.

Our Group companies that engage in life-style businesses have also been supporting recovery with the *Sanchoku-Ichi*, featuring direct shipments of various specialties and produce from all over eastern Japan. Their initiatives have also concentrated on drumming up demand for tourism in Tohoku and stopping the harmful rumors concerning agricultural and fishery products from the region. There, as well, my wish is for our Group companies to empathize with the disaster victims and help in their recovery.

Shifting attention to our revenue trends since the disaster, I can say that passenger revenues for medium- to long-distance journeys for our railway operations are recovering. Reconstruction in the affected regions has generated demand for business travel, and the JR East Pass we introduced to

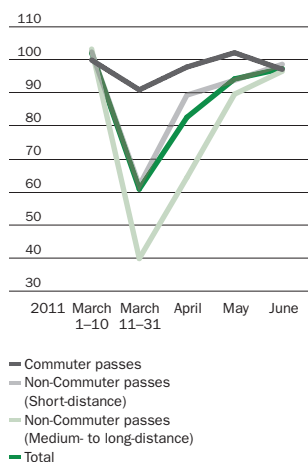


Japan's largest tourism campaign in collaboration of the six JR companies throughout Japan with regional governments and local tourism businesses.



Aomori Destination Campaign poster

Recovery in
Passenger Revenues
% change year on year



bolster the decline in tourism has had the desired impact. The areas affected by the disaster are still in recovery mode, and revenues as a consequence are still significantly down. Nevertheless, our efforts to secure revenue will be devoted to the revitalization of tourism. Short-distance passenger revenues have already almost reached pre-earthquake levels, in part because of a recovery in leisure-related activities that involve taking a train (see the graph to the left).

In life-style businesses, we are seeing a recovery in revenues closer to levels predating the earthquake from commercial facilities within railway stations. Although the recovery in demand for weddings and banquets at our hotels and for our advertising operations has been slow, we will promote them rigorously with the aim of securing revenue.

Q5.

What are JR East's other initiatives for fiscal 2012 in addition to disaster reconstruction activities?

A5.

We will strive for "Creative Reconstruction" and adhere to the basic objectives of JR East 2020 Vision—idomu—, while applying a new perspective in revising the specific contents of this vision, including the numerical targets. We engage in initiatives promoting "extreme safety levels," "service quality reform" and "securing revenue and reviewing cost structures," and the Group expects to achieve an earnings increase on a net income basis.

I think that the disaster and associated events like the Fukushima Daiichi Nuclear Power Station accident are very likely to bring about structural changes in Japan with respect to its economy and society. Many of those elements for change will probably shroud the business environment, which I expect will remain challenging in fiscal 2012. Be that as it may, the JR East Group will soon reach the 25th anniversary of its inception upon the privatization of JNR. Our objective is to achieve "Creative Reconstruction" by adopting the mindset of starting out once again from the very beginning. We will continue to adhere to the basic objectives of *JR East 2020 Vision—idomu—*, which we created as a long-term management vision in 2008. However, we will have to apply a new perspective and make revisions to the specific contents of this vision, including numerical targets. With the disaster as a turning point, we will apply a new approach in our enhancement of extreme safety levels, service quality reform and securing revenue and reviewing cost structures.



Regarding extreme safety levels, JR East is determined to achieve even better safety, including with the knowledge gained from the Great East Japan Earthquake, based on Safety Vision 2013, our five-year safety plan. For instance, to improve disaster preparedness, we will continue the aseismatic reinforcement of viaduct columns and install more seismographs. Activities will also include a review of how we responded to the earthquake immediately after it occurred. Namely, we will reexamine measures for resuming operations promptly, securing temporary shelter for stranded passengers, and providing those stranded with emergency supplies.

Fiscal 2012 is our “inaugural year in service quality reform.” Every member of our Group is dedicated to brushing up the quality of our services so that we can serve as many customers as possible in this challenging business climate. This year, we started a five-year plan called the Medium-term Vision for Service Quality Reforms. To upgrade transportation quality, we will make every effort to prevent disruptions to service, quickly resume operations, provide passengers with more information, and take other steps in line with the vision. Our commitment is to maintain an environment for transportation that is safer and more comfortable.

Competing successfully against other modes of transportation is essential to our securing revenue as Japan’s population declines. But we must also focus on the so-called “inbound” market by attracting more customers from abroad. Our capability for product development and generating publicity needs to be strengthened if we are to attract more customers from overseas to visit Japan. With that purpose in mind, we revised our organization in July and established a Tourism Strategy Office within our Head Office. This new organization will be tasked with developing tourism initiatives throughout the Company. No longer will tourist destinations be isolated dots on a map. The Tourism Strategy Office will take command leading our efforts in providing the link to those destinations and enhancing the fabric of their appeal.

Business Results Forecasts for Fiscal 2012

¥ Billion

	Fiscal 2011 results		Fiscal 2012 forecasts		Change year on year
Operating revenues	2,537.4		2,499.0		-38.4 (98.5%)
Operating expenses	2,192.3		2,192.0		-0.3 (100.0%)
Operating income	345.1		307.0		-38.1 (89.0%)
	Operating revenues	Operating income	Operating revenues	Operating income	Reasons behind change
Transportation	1,721.9	227.2	1,686.0	204.0	Decrease in passenger revenues of JR East
Station Space Utilization	385.9	31.4	393.0	33.0	New openings, full-term contribution
Shopping Centers & Office Buildings	223.3	64.2	226.0	61.0	New openings, station building closures, opening expenses
Others	206.3	23.1	194.0	10.0	Backswing in systems-development-related and IC-related revenues
Adjustment	-0.8		-1.0		
Net income	76.2		105.0		+28.8 (137.8%)



As for our ongoing efforts to review cost structures, there are many restrictions in our mainstay railway business, including the large volume of fixed costs involved in securing and upholding safety levels, and we cannot cut personnel or maintenance expenses that easily. But we are looking for ways to continue making this structure more efficient. Streamlining operations wherever possible is one way. We can also look for ways to develop innovative maintenance methods capable of cutting costs without sacrificing quality. The earthquake was but one impetus to perform this type of review. We will fundamentally reexamine our current cost structure with a strategic mindset of going back to the starting point for each cost item.

We initially held off announcing fiscal 2012 forecasts because of the effects of the disaster. The forecasts were eventually announced on July 28, 2011; however, in view of our financial results for the three-month period ended June 30, 2011, we were able to determine an outlook for revenues and earnings through this fiscal year to some degree (see the table on page 14).

Q6.

Please tell us more about the key points influencing revenues in fiscal 2012.

A6.

Trends in economic activity and consumer spending, how the accident at the Fukushima Daiichi Nuclear Power Station is resolved and the power shortage problem are the key determinants.

There are three key points that influence the outlook for passenger revenues in the current fiscal year.

First is whether or not we will see an improvement in economic activity and consumer spending in Japan. Ruinous damage in the affected regions is not the only problem caused by the disaster. People in all regions of Japan have become reluctant consumers. This reluctance is in the process of receding, but I think it will leave an imprint on the demand to travel, both for business and for pleasure, for some time to come.

Second is how the accident at the Fukushima Daiichi Nuclear Power Station will be resolved. While I pray for an early resolution, any delay will hinder us from fully repairing and restoring the still-affected segments and services on the Joban Line. Slow progress also risks exacerbating the reluctance of Japanese consumers to get out and travel, as well as prolonging the return of travelers from overseas visiting Japan.

Third is the response to the shortage of electricity. The government issued Power Usage Limitation Orders in July, pursuant to the Electric Business Act. This required all large consumers of electricity, including JR East, to cut their peak consumption by a certain amount. We are engaged in efforts to conserve energy, while seeking the understanding of customers regarding these efforts. Specific measures to this end include a special train schedule, launched in late June that was designed to address the Power Usage Limitation Order. JR East has reduced the number of trains operating during the middle of the day on weekdays, turned down or turned off lighting within stations and railcars, and suspended the operations of a number of ticket vending machines. Only the frequency of local trains during the day was cut. No reductions were made during the morning and evening commuting hours, or for limited express trains or Shinkansen trains. Consequently, electricity use restrictions will probably have only a limited effect on our transportation operating revenue. Then again, I also think that further delays in resolving power shortages will indeed run the risk of increasing the impact on our revenues.

Q7.

What are some of the measures for sustaining growth the Company plans to initiate amid a challenging business environment?

A7.

We will proceed with the enhancement of the through-line network for railway operations, Shinkansen network expansion, technological development and other keynote projects as planned in our Vision from the beginning. In addition, we will endeavor to encourage tourism in Japan and develop overseas railway businesses.

In the railway business, we will further upgrade our direct-service network. Major plans include the completion of the Tohoku Through Line in fiscal 2014 and the start of a direct service with Sagami Railway in fiscal 2016. We have also continued to introduce diesel-hybrid-drive and other railcars with high environmental performance specifications. The energy shortage in wake of the disaster was a wakeup call of sorts, and our plans now are to redouble our research and development for building a railway system high in energy efficiency. For Shinkansen service, following the extension of the Tohoku Shinkansen Line to Shin-Aomori Station in fiscal 2011, we plan to enlarge our network and become more competitive by starting operation of the Hokuriku Shinkansen Line to Kanazawa in fiscal 2015. The *Hayabusa* series E5 will also commence operating at a maximum speed of 320 km/h at the end of fiscal 2013. While this will indeed be a milestone, our plans are to continue researching for ways to further improve speed.

The 12th Global Travel & Tourism Summit of the World Travel and Tourism Council will take place in Japan in April 2012. About 1,000 prominent individuals in the tourism industry from around the world and members of the media will attend this event. It's been decided that Sendai will host an event associated with the summit. This will be a valuable opportunity to show the world the progress Japan is making in recovering from the disaster. We are determined to do all that we can to make this Summit a success.

For our overseas railway business, we are exploring a variety of potential opportunities for using our equipment and expertise. Japan is considering the export of various packaged infrastructures including entire railway systems. But to capture orders for overseas railway projects, I believe all the parties involved in Japan must work as one to improve consulting capabilities. To that end, JR East is currently reviewing the establishment of a consulting company.

In the life-style business, the grand opening of *LUMINE Yurakucho* is scheduled for late October 2011. This takes *LUMINE* into the Yurakucho and Ginza area, which is one of the prime fashion apparel and shopping districts of Japan. My hope is that this new shopping center will help enhance *LUMINE*'s business potential further.

Q8.

Are there any revisions to your policy for the use of operating cash flows under JR East 2020 Vision—idomu—?

Q8.

In the interest of sustaining growth, our policy for the use of operating cash flow under JR East 2020 Vision—idomu—will basically remain the same. Although capital expenditures will decline in view of our revenue trend, we will prioritize investment for safety, including aseismatic measures on a massive scale, and continue to focus our capital and apply a steady hand in selecting and implementing growth investments. We will not allow our long-term debt to increase and plan on maintaining a constant dividend.

There are three elements to the operating cash flow policy of *JR East 2020 Vision—idomu—*. Namely:

1. Prioritize investments that contribute to growth in the future, business expansion and to reinforcing JR East's foundation for business operations.
2. Reduce long-term debt, although be it at a slower pace.
3. Target returns to shareholders at a consolidated payout ratio of 30%.

The business climate we face in the wake of the disaster is uncertain. But come what may, we will do our best to secure revenues, reform our cost structure more than ever, and maintain our basic policies with the aim of sustaining growth going forward.

Our capital expenditures plan for fiscal 2012 is ¥366 billion on a consolidated basis and ¥295 billion on a non-consolidated basis, which on a consolidated basis is about ¥60 billion less than the previous fiscal year. Although the plan takes stock of our revenue trend amid what are bound to be challenging business conditions, it nonetheless prioritizes investment for safety, including aseismatic measures in preparedness of a massive earthquake. As for business expansion, we will continue to focus our capital and select the growth investments which also promise capital efficiency.

Our main premise regarding long-term debt is we won't allow it to increase. As we watch our cash flow carefully, we will determine a specific amount for reducing it.

As for returns to shareholders, we will do our best to secure revenue and reduce costs in an effort to overcome the impact this natural disaster is bound to have on our balance of cash flows. Based on that premise, we plan to maintain our dividend at the same level as last fiscal year with interim and year-end dividends totaling ¥110 per share for fiscal 2012.

Uses of Consolidated Cash Flows

	Fiscal 2011 results	Fiscal 2012 forecasts
Capital expenditures [Growth investment]	¥425.8 billion [¥133.3 billion]	¥366.0 billion [¥138.0 billion]
	Dividends per share	¥110
Return to shareholders	Consolidated dividend payout ratio	57.1%
	Share buybacks	—
Long-term debt reduction	¥26.5 billion	(undecided)

Q9.

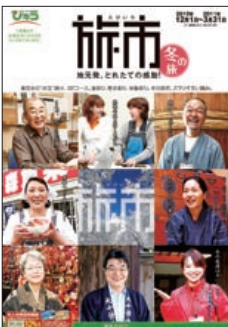
In closing, as the president of JR East, what is your view of the roles the company should play regarding its obligations, following the disaster and reconstruction programs?

A9.

What I rediscovered from this natural disaster was the profound mission JR East is called to perform for society. JR East will do its very best to assist with the recovery of the affected areas, taking on initiatives that include the generation of tourism.



Projects the JR East Group implements to invigorate local communities with the enlistment of their cooperation. These include the development of Tabi-Ichi, a travel product featuring grass-roots tourism and home-grown hospitality, farmers' markets held in urban railway terminals to publicize the appeal of local communities, and efforts to rediscover and merchandise the traditional arts and crafts of those communities.



Tabi-Ichi pamphlet

I remind myself on a daily basis that JR East must strive to become a service people take for granted. A service most people can routinely put out of their minds: But a service nonetheless that they can't live without. Metaphorically speaking, we have to be like the air people breathe. Sadly, our customers and various communities throughout our service area were greatly inconvenienced when the earthquake struck as we were forced to suspend many of our railway lines. In retrospect, the disaster was a case in point of the massive social and economic turmoil caused when an essential service taken for granted is suddenly disrupted. What I rediscovered from this experience was the profound mission JR East is called to perform for society. This rediscovery was the underpinning as to why I believed our mandate was to reconnect Tokyo with the affected regions by rail as quickly as possible, and my conviction that this would help revive those regions. The slogan "Linking Japan" became the rallying call in our effort to restore the Tohoku Shinkansen Line and our other damaged lines, and will probably continue to shape our fundamental stance for some time to come.

JR East will also do its very best to assist with the recovery of the affected areas and with other rebuilding efforts so as to fulfill its social mission as a corporate group with businesses based throughout eastern Japan. Challenging economic conditions in the affected areas persist owing to the disaster and the harmful rumors it spawned, as well as a decrease in travel demand. We will do everything we can in support of reviving the affected areas, for example, by uncovering new tourism resources in the affected areas, enhancing our generation of publicity, launching initiatives to help create the turnover in tourism they need, and actively developing *Rediscovering the Region Projects* to encourage tourism.

In the meantime, we will move quickly and decisively to achieve a recovery in revenues from the disaster. Our cost structures will be reviewed and we will secure the cash flow we need to return to sustained growth. In this way, we will continue meeting the expectations of our shareholders and investors.

In order to move forward with our initiatives and objectives, however, all JR East employees must have pride in their work and a determination to fulfill their assigned missions. As president, I have visited the frontlines to talk with employees and hear their thoughts and suggestions as much as possible. Moreover, I will think alongside those employees about what we can do as individuals to apply a strong sense of purpose and positive attitude in our jobs. Every person working for the Group must think about the roles they fulfill and act on them.

The experiences we went through in the Great East Japan Earthquake made me realize once again that our greatest mission as JR East is to steadfastly operate services indispensable for local community members and society at large. We are determined to draw on our past experiences of having overcome numerous challenges, to apply ourselves as a Group in our recovery efforts.

I believe that if we persevere in these efforts, JR East will be in a position to accomplish the goal of gaining recognition as a *Trusted Life-Style Service Creating Group*.

