

AN INTERVIEW WITH THE PRESIDENT

TETSURO TOMITA, *President and CEO*

**BRIEF PERSONAL RECORD,
POSITION AND BUSINESS IN CHARGE**

- April 1974 Entered Japanese National Railways
- April 1987 Entered the Company
- June 2000 Director and General Manager of Management Administration Department, Corporate Planning Headquarters
- June 2003 Executive Director and Deputy Director General of Corporate Planning Headquarters
- June 2008 Executive Vice President and Representative Director and Director General of Life-Style Business Development Headquarters
- June 2009 Executive Vice President and Representative Director and Director General of Corporate Planning Headquarters
- April 2012 President and Representative Director (continuing to the present)



**Pursuing Our
Unlimited Potential**

QUESTION 1

You have become the new president at an important turning point. It was 25 years ago that JR East was established and the Great East Japan Earthquake dealt a severe blow to business operations. What are your primary resolutions?

ANSWER 1

With significant social and economic changes currently taking place in Japan, the role and mission of JR East are becoming increasingly important as an enterprise that provides social infrastructure in the form of railways. We are committed to fulfilling three fundamental missions: achieving “extreme safety levels,” enacting “service quality reform” and “collaborating with local communities.” In addition, I want to pursue in every way possible the unlimited potential of JR East from three perspectives: “technological innovation,” “globalization” and “tourism.”

Reconstruction of the areas affected in the disaster remains far from complete a year and four months after the Great East Japan Earthquake. Even before the earthquake, an aging and declining population, the hollowing-out of industry, and other issues were posing serious challenges for the Japanese economy. The earthquake has greatly increased the urgency of dealing with the changes taking place in the economy. Consequently, I believe that JR East’s role and mission will become still more important as an enterprise that provides social infrastructure in the form of railways.

I became JR East’s president at this time of rapid change in Japan and as JR East marks the start of a new quarter century following the Group’s establishment 25 years ago following the division and privatization of JNR (Japanese National Railways). Although my responsibilities are enormous, becoming JR East’s president is worth the challenge. We need to determine the

roles that our group should fulfill and how we should “evolve.” This is why I have a strong commitment to doing everything possible to creating a new direction for our group.

Our operating environment has changed as a result of the Great East Japan Earthquake and in various other ways unforeseen when the *JR East 2020 Vision—idomu*—was drawn up in 2008. We are determined to achieve sustaining growth by adapting to changes while meeting society’s great expectations for our services. To accomplish these goals, we announced the “Key Challenges Over the Next

Three Years (FY2013 Through FY2015).”

The fundamental missions of JR East will never change. First is achieving “extreme safety levels.” I believe that we need to build “railways capable of withstanding natural disasters” in order to be prepared for an earthquake occurring directly beneath the Tokyo metropolitan area, which many people believe will occur in the near future. The next mission is “service quality reform” in our railway and life-style services businesses. In all of the services we provide, we must do more than simply preserve the current level of quality. Everyone at our group must use teamwork to create high-quality services. The third mission is “collaborating with local communities.” We are entrusted with operating a major component of regional infrastructures. This is why we must use our business activities to contribute to social and economic progress in all regions where we operate.

Based on the premise of fulfilling these three missions, we will draw on the skills and motivation of our employees to relentlessly pursue the “unlimited potential” of our group. Creating a number of “triggers” will be vital to tapping this potential.

The first trigger is “technological innovation.” Railway operations can be viewed as a “technology services

Achieving

“Extreme Safety Levels”

industry.” Railways will have no future without technological progress. In particular, with Japan now facing an electricity shortage following the earthquake, we must concentrate on technological innovation in the energy field. In addition, we need to tackle challenges involving the “evolution of the railway operations,” such as by using information and communication technology (ICT) and increasing the speed of Shinkansen.

“Globalization” is the second trigger. By its very nature, I think that railway operations are an internally oriented business. With overseas railway projects currently attracting much attention, this is a time when we too must look to other countries. I want to use Japan’s railway technologies and knowledge extensively for not only high-speed railway services but also in

assisting Asian countries to construct and operate railways in major cities. In Japan as well, we are looking outside our existing business fields. Rather than relying solely on our in-house capabilities and expertise, we need to aggressively seek opportunities to use the advanced technologies and services of other companies. Everyone at JR East must adopt the mindset of looking outside the Group. I want to use this stance to create a powerful group that is open to ideas and opportunities in Japan and overseas.

“Tourism” is the third trigger. For many years, we have been working on establishing a large tourism industry in Japan. But now, we need to leverage the “power of tourism” to help the Tohoku region recover from the earthquake and revitalize regional economies. This is why we will step up our

efforts to contribute to “making tourism a flourishing industry.”

The change in our operating environment following the earthquake means that we need to once again determine goals for JR East. This is why we started working on a new management vision that we plan to announce sometime in the fall of 2012. The new vision will reinforce our commitment to actions involving our “Key Challenges Over the Next Three Years” as well as to issues we have been focusing on for years.

i “Key Challenges Over the Next Three Years (FY2013 Through FY2015)”
> See page 23

QUESTION 2

Regarding “safe transportation,” please explain the new issues that were created for dealing with disasters based on lessons learned from the Great East Japan Earthquake. In addition, what are your plans for ensuring that you have the financial resources needed to cope with a major disaster?

ANSWER 2

We will remain dedicated to achieving “extreme safety levels.” This includes “building railways capable of withstanding natural disasters” by using initiatives that build on the effectiveness of aseismatic reinforcement and other earthquake measures in the past. In the fiscal year ending in March 2013, we plan to make capital expenditures of about ¥300 billion for investment needed for the continuous operation of business, including safety-related investments. To be prepared for an earthquake in financial terms, we will continue to hedge risks by combining earthquake insurance with earthquake derivatives.

We have already taken many actions based on lessons learned from major earthquakes such as the Great Hanshin Awaji Earthquake, Sanriku-Minami Earthquake and Niigata Chuetsu Earthquake as well as from other disasters. Viaduct columns, bridge piers, tunnels, stations and other facilities have been reinforced. Other actions include measures to prevent train derailments and the installation of more seismographs. The Great East Japan Earthquake did not severely damage any of our structures and no passengers were killed or injured. Therefore, I believe that these earthquake countermeasures proved their effectiveness to some degree. However, I realize that this was due partly to good fortune. Therefore, we



will never be satisfied with the current level of safety and always aim for even higher levels.

Many actions are under way. One is accelerating and expanding the scope of aseismic reinforcement of viaduct columns. Other measures include reinforcing embankments, preventing parts of station ceilings and walls from falling during an earthquake, making aseismic reinforcement to electric poles and other structures, and installing more seismographs to enhance our seismic observation system. I am determined to “build railways capable of withstanding natural disasters.” All of these measures will require a total investment of about ¥300 billion. We will place priority on these investments and plan to complete them about five years from now. In prior years, JR East has spent approximately ¥180 billion on aseismic reinforcement. Consequently, the program we are just starting will raise these expenditures to about ¥480

billion. This is a huge investment. But there is the possibility of an earthquake occurring directly beneath the Tokyo metropolitan area and other disasters in our service area. Therefore, I believe we must make steady progress with these additional measures.

Of course, the premise for our capital expenditures is to avoid making excessive expenditures that would damage our financial soundness. That requires maintaining the proper balance between capital expenditures and management stability. In fiscal 2013, we plan to make capital expenditures of ¥480 billion on a consolidated basis. We will allocate ¥304 billion of these expenditures for investment needed for the continuous operation of business, including safety-related investment and investment to improve reliability of transportation. For investment needed for the continuous operation of business, our basic policy is to hold expenditures to less than depreciation as we steadily continue “building railways

capable of withstanding natural disasters” while preserving our financial soundness.

Regarding preparation in financial terms, when the Great East Japan Earthquake occurred, we had earthquake insurance (maximum coverage of ¥71 billion with ¥10 billion deductible) for our railway facilities and other civil engineering structures. We also had an earthquake derivative contract with a maximum receipt of US\$260 million (about ¥20 billion). No receipt from the earthquake derivative was exercised because the epicenter of this earthquake did not meet the terms of the contract. However, I believe that we will receive about ¥20 billion during fiscal 2013 from our earthquake insurance. To prevent earthquake damage from causing a sudden decline in our financial position, we will continue to hedge risks associated with earthquakes. We will use earthquake insurance mainly for civil engineering structures, and earthquake derivatives for an earthquake directly beneath the Tokyo metropolitan area.

i Countermeasures for large-scale earthquakes such as aseismic reinforcement
> See page 46

Investment in countermeasures for large-scale earthquakes such as aseismic reinforcement totaling about

¥300 billion over the next five years

QUESTION 3

Next, please tell us about “service quality reform.”

ANSWER 3

We will provide more through services with other companies and improve the reliability of transportation in order to improve the quality of our Tokyo metropolitan area railway network. At the same time, I want to make JR East more competitive by expanding the intercity transportation network with new operations of Shinkansen lines.

One illustration of initiatives for service quality reform is our plan to target latent demand by enhancing and expanding our Tokyo metropolitan area railway network. We have already been adding to this network in recent years, such as by starting the Shonan-Shinjuku Line. Upcoming actions include completion of the Tohoku Through Line, which is scheduled for fiscal 2015, and through services with Sagami Railway. I believe these steps will stimulate new sources of demand while making us

more competitive. Improving the reliability of transportation is another ongoing priority. Delays caused by accidents resulting in injury or death have a direct influence on a railway company's competitive edge. We are taking many actions: quickly resuming operation after an accident; reinforcing shuttle operations; quickly announcing the expected length of a delay; and installing automatic platform gates on platforms at Yamanote Line stations.

For our Shinkansen services,

progress is continuing on expanding the intercity network. Operations are scheduled to begin by the end of fiscal 2015 on the Hokuriku Shinkansen to Kanazawa, and by the end of fiscal 2016 on the Hokkaido Shinkansen between Shin-Aomori and Shin-Hakodate. Approximately 2.6 million people travel between Tokyo and Kanazawa every year. Railways have a market share of about 40% and airlines account for most of the remainder. Extending the Shinkansen to Kanazawa will cut travel time between the two cities to about two and a half hours. This will make railways much more attractive. Furthermore, extending the Shinkansen service to Shin-Hakodate will allow trains to reach the city from Tokyo in four hours. Furthermore, this link will make it possible to create a broad tourism zone covering northern Tohoku and Hakodate. I have high hopes for an increase in tourism to the Tohoku region when the Hokkaido Shinkansen service to Shin-Hakodate starts.

QUESTION 4

How has JR East assisted in recovery and reconstruction activities in areas damaged by the Great East Japan Earthquake?

ANSWER 4

We have resumed operations on some sections of the lines along the northeastern Pacific coast that were damaged in the tsunami, including sections of the Joban and Senseki lines. However, operations are still suspended in sections totaling approximately 260 km. We are coordinating our efforts to restore these lines, with other plans to rebuild the area as a whole and develop towns. Therefore, we will continue to hold discussions with relevant national and local government authorities.

We had to stop operations on about 400 kilometers of the lines along the northeastern Pacific coast that were severely damaged in the tsunami. We are making steady progress with rebuilding these lines as we move in stages while confirming safety. We have resumed operations on the entire Hachinohe Line and sections of the Joban, Senseki and other lines. While operations remain suspended along approximately 260 km of railway lines, JR East has adopted a plan to construct new rails in rebuilding the Senseki Line between Takagimachi and Rikuzen-Ono, the Joban Line between Soma and Watari, and the

Ishinomaki Line between Watanoha and Urashuku, after reaching general agreements following discussions with local governments about safety measures that include relocating lines and increasing the elevation of lines.

The Kesenuma, Yamada and Ofunato Lines were severely damaged. In these sections, we are considering either restoring railway services or using a BRT (Bus Rapid Transit) system as a provisional restoration. Resuming railway operations will require resolving a number of issues. We must ensure the safety of passengers by building tide barriers and elevating railway lines. Rebuilt lines must be consistent with the plans to rebuild the area as a whole and develop towns. Agreements are needed about where and how railway lines cross roads and rivers. Deciding how to divide the cost of restoration is

another major issue. We will continue to discuss these subjects with relevant local governments and other organizations. I expect that resolving these issues will take a long time. Furthermore, the reconstruction of communities along damaged lines will probably take place in stages. As a result, we are thinking about using BRT as a provisional restoration. BRT will allow us to provide safe transportation quickly and with the flexibility to match each stage of the reconstruction process.

For the Yanaizu-Kesenuma section of the Kesenuma Line, we submitted a proposal in December 2011 for BRT, which was accepted by the local governments. We began construction in May 2012 to convert certain segments of the line to a road dedicated to buses. The BRT service is scheduled to commence on August 20, 2012, the



beginning of the second semester at schools along the Kesenuma Line. We are working on preparations to start full-scale BRT operations as soon as possible by the end of 2012.

We have proposed BRT services to local governments along the Yamada and Ofunato lines, too. We will continue to negotiate with local governments concerning the restoration of services.

QUESTION 5

Please explain specific activities concerning “technological innovation,” which is one of the three challenges.

ANSWER 5

To pursue the “unlimited potential” of JR East, we are taking on the challenge of forging strategies for conserving energy, utilizing ICT and operating Shinkansen trains at faster speeds.

As I mentioned earlier, we will make extensive use of innovative technologies in railway and other businesses of JR East. We will intensively allocate our business resources in this area. Furthermore, we have established the Technology Innovation Development Committee for the purpose of strengthening our R&D activities.

In terms of specific themes, we will develop strategies for conserving energy for JR East. Railways have been said to be an environmentally friendly mode of transportation because they use energy efficiently. However, there has been much progress involving innovative technologies in the automobile industry, such as the development

of eco-cars. Railways cannot remain complacent forever with their environmental superiority. We need to identify technologies in the automobile and other industries that can be used in trains and then aggressively utilize these advances. We have already taken many actions. For instance, we introduced energy-conserving railcars, adopted LED lightning, and created an “*ecoste*” model station incorporating technologies for preserving the environment. Now we must use technologies to continue making progress in creating environmentally friendly railway systems.

In light of the prolonged power shortages after the Great East Japan Earthquake, JR East is examining energy issues from a comprehensive standpoint extending from the supply of energy to its

consumption. We are upgrading facilities and increasing power generation efficiency at our own power plants; introducing smart grid technology; and developing a viable catenary and battery-powered hybrid railcar system. We will also study a number of actions from a medium to long-term perspective, too, as we examine the trend in electric power supply and consider increasing the output of our power plants and expanding our power network.

ICT is another key component of technological innovation. The world has seen rapid advances in ICT. By applying

cutting-edge ICT to train control and systems for providing information to passengers, among various other fields, I believe we can use ICT to achieve significant advances in safety, the quality of services, operating efficiency and other aspects of our operations.

We are continuing to make progress with further increasing the speed of Shinkansen. By the end of fiscal 2013, we are scheduled to start operating trains on the Tohoku Shinkansen Line at 320 km/h, the fastest in Japan. And we are planning to raise the maximum speed to 360 km/h. To operate trains faster, we



will have to solve a number of issues, such as noise and vibrations. We will continue to conduct R&D activities and resolve these issues.

QUESTION 6

Please describe JR East's activities involving "globalization."

ANSWER 6

JR East is becoming more global in order to enter new markets. To participate in railway projects in many countries, we are working primarily through Japan International Consultants for Transportation Co., Ltd. as well as other companies in Japan and overseas. At the same time, we will make efforts to expand business overseas as well as in Japan by further enhancing our comprehensive technological capability in railcar manufacturing and maintenance at Japan Transportation Engineering Company, which recently became a part of JR East.

With many railway projects currently under consideration around the world, there is considerable interest in Japan's railway technologies. We want to extend our activities to other countries so that we do not miss a single opportunity. Overseas railway consulting operations will be conducted mainly by Japan International Consultants for Transportation, which was established in November 2011 by a number of Japanese railway companies including

JR East. We want to partner with companies in Japan and other countries to participate in railway projects. We can provide only a limited amount of assistance on our own. But by combining the resources of many Japanese railway companies, I believe that we can use railway technologies to make a big contribution to Japan's infrastructure exports. This is a central element of Japan's strategy for growth.

Raising the speed of trains is not the

only benefit of Japan's railway technologies. Japan has many outstanding technologies for reliability, comfort, maintenance and other aspects of operating trains. Backing up all this expertise is Japan's "frontline skills." Over the years since JR East's inception, we have accumulated "frontline skills" at a very high level. Consequently, leveraging these skills on a global scale rather than merely exporting railway systems is a major goal of ours.

For example, Japan Transport Engineering Company, which joined JR East in April 2012, is highly skilled in manufacturing railcars. JR East has considerable railcar maintenance expertise. Combining this know-how will allow the two companies to aim for developing higher quality railcars while cutting the cost. We plan to upgrade comprehensive technological skills for railcar production and maintenance while benefiting from synergies with the operations of JR East's Niitsu Rolling Stock Plant. I want to use these strengths to operate a high-quality railcar production business overseas that is unlike any other in the world.

QUESTION 7

What are your thoughts on “tourism?”

ANSWER 7

JR East will cooperate with local communities to create more tourism destinations in our service area, conduct campaigns and perform other activities. Our objectives are to stimulate tourism in Japan and increase the vitality of regional economies.

We want as many people as possible to visit the Tohoku region for sightseeing. More tourists will be a source of energy for more economic activity and jobs. Japan’s tourism industry accounts for a smaller percentage of total employment than in many other countries. That means there is considerable

potential for adding jobs in this sector. Furthermore, tourism requires a very small up-front investment, unlike the large outlays demanded for manufacturing and other activities. Substantial demand for tourism can be generated by using intangible assets like scenery, history, culture, and the

festivals and daily lives of the local people. After the Great East Japan Earthquake, we have conducted a series of tourism campaigns along with regions and communities in Tohoku. The *Aomori Destination Campaign* was followed by the *“Ikuze, Tohoku.” Campaign* to stimulate the flow of tourism traffic throughout Tohoku and contribute to the recovery of the region, the *Iwate Destination Campaign* from April to June 2012 and other promotions. The *“Ikuze, Tohoku. 2012 Summer” Campaign* is currently underway. This is not a one-time initiative. We will continue to increase tourism in Tohoku by cooperating with communities to uncover new tourism resources and conduct promotional activities.

QUESTION 8

JR East was involved in numerous earthquake recovery and reconstruction projects during the past fiscal year. How did these activities affect operating revenues and earnings?

ANSWER 8

Operating revenues were down for the fourth consecutive year because of the Great East Japan Earthquake. But operating income, ordinary income and net income were all higher because we reexamined expenses and took other actions. Moreover, our earthquake recovery activities gave everyone at JR East a renewed awareness of our strong “bonds with communities” and of the importance of meeting the expectations of society by fulfilling our “mission as a railway company.”

The earthquake continued to impact our performance in the fiscal year ended in March 2012. But the recovery in passenger volume on the Tohoku Shinkansen and other lines was faster than expected. So we made much progress even in this difficult

environment. Operating revenues were down for the fourth consecutive year as the earthquake caused transportation revenues to drop sharply. In response we cut back on expenses and net income increased for the first time in four years as a result. Consolidated

operating income, ordinary income and net income were all higher than the January 2012 forecast, in which we raised our earnings outlook for the fiscal year.

The earthquake impacted our performance in many ways. We suspended train operations and temporarily closed shopping centers. Furthermore, people held back on expenditures after the earthquake and the Fukushima nuclear power station accident made people even more reluctant to travel. Overall, we estimate that the earthquake cut operating revenues by roughly a combined ¥136 billion in the past two fiscal years. In addition, we recorded consolidated extraordinary losses of ¥75 billion for payment for the restoration of damaged railway facilities and other property, removal of damaged or lost fixed assets, and estimates for restoration and other expenses.

Despite the impact of the earthquake on our performance, the past fiscal year was a period of many accomplishments at JR East. Every time we resumed operations on a line that was damaged, we received many messages of appreciation. In particular, people were very happy when we restarted Shinkansen operations. I will never forget these expressions of happiness and appreciation. The earthquake had a severe effect on our performance, mainly due to lower revenues and restoration expenses. However, I believe that our ability to

work together to overcome the difficulties created by the earthquake has given JR East a sense of confidence and pride that more than offsets the cost of earthquake damage. The large number of employees who responded to this disaster reaffirmed “the strength of our bonds with the communities we serve.” Recovery activities also demonstrated “the magnitude of the expectations that people have for JR East.” Everyone at JR East has an even stronger awareness of the importance of our role as a company responsible for providing railway services as social



infrastructure. We are moving forward with a renewed commitment to fulfilling the “mission of railways” in order to meet society’s great expectations.

i For fiscal 2012 financial results
> See page 70

QUESTION 9

Please explain your outlook for the fiscal year ending in March 2013 and your goals for the next three years.

ANSWER 9

We are forecasting higher revenues and earnings in all our business segments. Regarding numerical targets for the next three years that we announced in April 2012, everyone at JR East will work together to take the steps needed to reach these targets.

We expect growth in revenues and earnings in all business segments in the fiscal year ending in March 2013. Following last year’s cutback in expenses, I anticipate an increase in our use of expenses, chiefly maintenance expenses and other non-personnel expenses. Personnel expenses will rise too because we revised our personnel and wage systems in April 2012. Despite the growth in expenses, we forecast higher earnings because operating revenues are expected to increase more than expenses.

In railway operations, I expect a substantial recovery in transportation revenues following the impact of the Great East Japan Earthquake on revenues in the previous fiscal year. By the end of fiscal 2013, we plan to start operating Tohoku Shinkansen trains at a maximum speed of 320 km/h. Higher speed along with the addition of *Gran-Class* cars on this line are expected to raise revenues. In October 2012, we will complete restoration and preservation work at *Tokyo Station Marunouchi Building*, which Japan has designated

an important cultural property. Following completion, we plan to feature this historic building as the symbol of the Tokyo area in our marketing and other promotional activities in Japan and overseas.

In the life-style services business, we plan to increase revenues by constructing more office buildings, hotels and other facilities. The *JR South Shinjuku Building* was completed in June 2012 and completion of the *JR Kanda Manseibashi Building* is slated for January 2013. Furthermore, *The Tokyo Station Hotel* will open in October 2012. I am confident that these projects will make a contribution to growth in our revenues and earnings.

In April 2012, we announced our numerical targets for the three-year period ending in March 2015. We have established targets for this period for consolidated operating revenues, operating income, net income, cumulative operating cash flows and ROA in each of our business segments. Furthermore, we plan to increase our

corporate value by making growth investments. As part of this goal, we established an ROE target from the standpoint of achieving both higher shareholder value and investment efficiency.

Japan's aging and declining population and other challenges in our operating environment will make it difficult to increase revenues. In our railway operations, we plan to secure revenues by enhancing and expanding our Shinkansen and Tokyo area networks and improving the quality of our transportation services. For the life-style services business, we will expand activities to further enrich the business content of

ekinaka, or spaces within railway stations. We are also making steady progress with the large-scale development of terminal stations and other projects that can generate returns in the future.

Building a lean and agile organization will be vital to sustaining growth in an operating environment that is constantly changing. This is why our entire group is coordinating our efforts to reform cost structure through strategic downsizing. For example, we are streamlining our facilities, such as by removing those where utilization is low, and keeping the capacity of our transportation operations in line with changes in our markets.

QUESTION 10

Has the use of operating cash flows outlined in *JR East 2020 Vision—idomu*—changed in any way?

ANSWER 10

We are prioritizing investments that can add to our ability to sustain growth. At the same time, we are committed to generating returns to shareholders. For the time being, our target for the consolidated dividend payout ratio is 30%. Furthermore, we will continue to reduce total long-term debt in order to strengthen our financial position.

As stated in *JR East 2020 Vision—idomu*—we will use operating cash flows for investments for the future growth and a stronger base of operations, reductions in total long-term debt, and returns to shareholders based on the current target of a 30% consolidated dividend payout ratio.

Our fundamental stance has not changed despite the effects of the Great East Japan Earthquake and other factors that have created an uncertain business climate. JR East will make strategic and aggressive investments



with the aim of sustaining growth. We will pursue new opportunities, enact service quality reform, aim for growth in tourism and take other actions. Over the next three years, we plan to make capital expenditures of ¥1,400 billion on

Aim for a consolidated dividend payout rate of

30%

a consolidated basis and ¥1,200 billion on a non-consolidated basis. Safety-related investments are the highest priority. We will also use capital expenditures in growing business sectors. For returns to shareholders, we will continue to aim for a consolidated dividend payout ratio of 30%. For the fiscal year ending in March 2013, we plan to pay a dividend of ¥120 per share, including the interim dividend. We will take wide-ranging measures to

generate returns to shareholders, including flexible use of share buy-backs, depending on the level of net cash provided by operating activities. Our total long-term debt is still more than ¥3,000 billion. The outlook for the Japanese economy makes the outlook for interest rates uncertain. JR East will continue to reduce this debt in order to lower interest expenses and improve our financial soundness.

i For numerical targets over the next three years
> See page 29

QUESTION 11

Please tell us your thoughts on what type of organization JR East should become in the future.

ANSWER 11

I want JR East to foster an open and energetic corporate culture by taking on the challenge of entering new business fields. Every Group employee must rise to the challenge of “innovation” for JR East to “evolve.” This process will be vital to increasing our corporate value and enable us to meet the expectations of investors.

As I explained earlier, JR East is a company that operates a vital part of social infrastructure. Above all, we must reliably perform all of the roles that the public expects of us and fulfill our missions. We have three missions that are always the same irrespective of how our operating environment changes: achieving “extreme safety levels,” enacting “service quality reform” and “collaborating with local communities.” As we fulfill these missions, I also

want to draw on the skills and ambition of our employees to pursue the “unlimited potential” of JR East. The triggers for realizing this potential are “technical innovation,” “globalization” and “tourism.” By seeking opportunities in new business fields, we will create an open and energetic corporate culture. In addition, I want to make JR East a powerful organization that is open to ideas and opportunities in Japan and around the world.



My goal is to drive the “evolution” of JR East by using the collective strength of each and every employee so they can rise to the challenge of “innovation.” Accomplishing this goal will require that everyone in our group, including me, continue to move forward as a unified team. I am convinced that adopting this stance will further increase our corporate value and allow us to meet the expectations of investors.