1 Pursuing "extreme safety levels"
Building a railway capable of withstanding natural disasters

3 Strengthening collaboration with local communities
Supporting earthquake recovery, stimulating tourism and revitalizing communities

2 Service quality reform
Enhancing rail transportation network and other measures

Feature:

Key Challenges Over the Next Three Years

The operating environment of JR East has changed drastically as a result of the Great East Japan Earthquake and in various other ways that were unforeseen when the *JR East 2020 Vision—idomu*—was drawn up in 2008.

In light of this, JR East has established a new set of key challenges and numerical targets to be pursued intensively over the next three years. During this period of great change since the earthquake, JR East has been working continually to achieve sustaining growth while meeting society's great expectations for it as an enterprise that provides social infrastructure in the form of railways. To this end, JR East will continue to rigorously pursue its unlimited potential.

5 Globalization
Tackling new markets

4 Technological innovation
Forging strategies for conserving energy, utilizing ICT (information and communication technology) and operating Shinkansen at faster speeds

Key Challenges Over the Next Three Years

The mission of JR East will always be to provide safe, high-quality services that customers demand, and to provide safe transportation systems that contribute to the development of communities. The fiscal year ending March 31, 2013 is a milestone year for JR East, marking the start of a new quarter century following the Group's establishment 25 years ago in conjunction with the division and privatization of JNR (Japanese National Railways). JR East will do its best to respond to the great expectations of society as it works to achieve sustaining growth amid the drastic changes the Great East Japan Earthquake brought about. As such, JR East will focus on resolving the following priority issues, of which some came to light following the disaster, as it continues to further examine and speed up the application of concrete solutions to the other important issues it had identified in the past.

1 Pursuing "extreme safety levels"

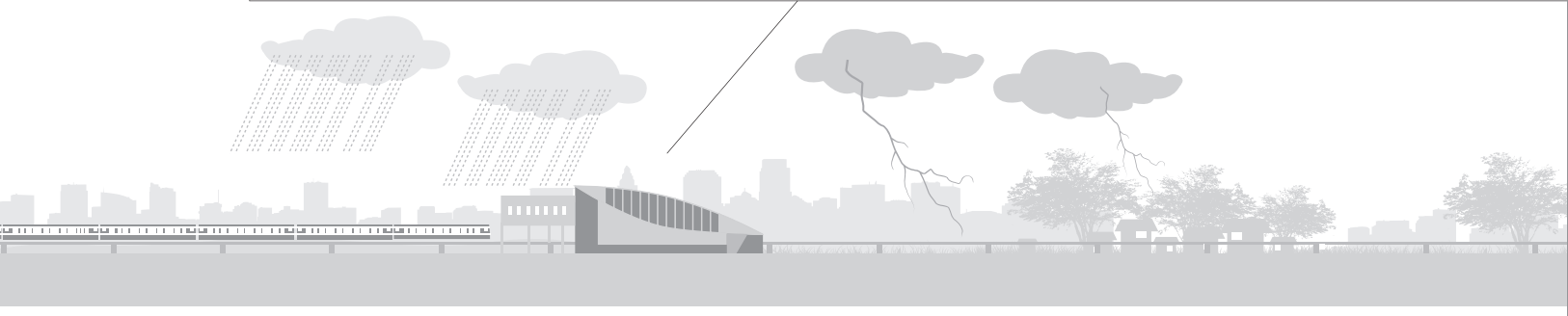
Building a railway capable of withstanding natural disasters

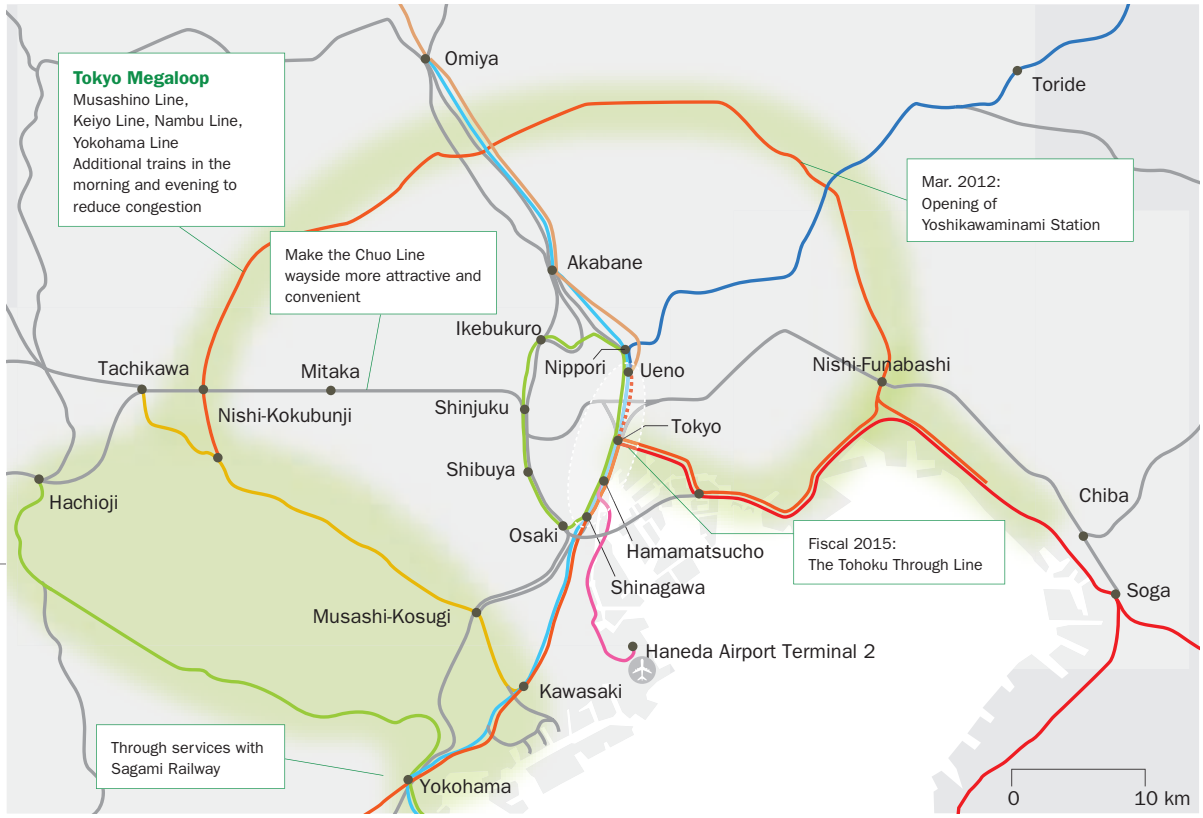
JR East will endeavor to build a railway capable of withstanding natural disasters. Such efforts will be made by reviewing issues that arose from the Great East Japan Earthquake and by implementing countermeasures both in terms of "physical" and "non-physical" disaster assistance in preparation for an earthquake occurring directly beneath the Tokyo metropolitan area, among other scenarios.

At the same time, JR East will steadily make progress on initiatives based on *2013 Safety Vision*, with the aim of achieving "extreme safety levels."

- In preparation for an earthquake occurring directly beneath the Tokyo metropolitan area, among other major earthquake scenarios, we will push forward and expand our aseismatic reinforcement plans, while upgrading and expanding the early seismic detection system primarily by installing additional seismographs.
- We will install necessary equipment and provide training to employees, to ensure that rescuing customers and saving lives are our top priority in an earthquake. In addition, we will take steps to assist people who have difficulty returning home, such as by securing temporary shelter within train stations and stockpiling supplies.
- We will steadily make progress on initiatives based on *2013 Safety Vision*, including implementation of measures to prevent train collision and derailment accidents by expanding the installation of automatic train-stop systems (ATS-P, ATS-Ps), along with steps to prevent rail crossing accidents. Such measures will also include platform safety measures in train stations, such as installation of automatic platform gates.
- We will implement measures to prevent accidents caused by extreme weather events, such as torrential rain, wind gusts and lightning.

Aseismatic reinforcement of viaduct columns





2 Service quality reform

Enhancing rail transportation network and other measures

JR East will implement service quality reform by building on teamwork across the entire Group. Furthermore, JR East will endeavor to enhance its transportation network in the Tokyo metropolitan area and Shinkansen network.

- We will steadily promote our Medium-term Vision for Service Quality Reforms by improving transportation quality in terms of reliability and comfort, as well as by striving to provide passengers with more information, with the aim of achieving the railway industry's No. 1 status for customer satisfaction.
- We will improve the quality of our Tokyo metropolitan area railway network. Major plans include the launch of service on the Tohoku Through Line (scheduled for fiscal 2015), through services with Sagami Railway, and improvement of transportation services with limited express and liner trains.
- We will expand the intercity transportation network, with new operations of the Hokuriku Shinkansen to Kanazawa (scheduled for the end of fiscal 2015) and the Hokkaido Shinkansen to Shin-Hakodate (scheduled for the end of fiscal 2016).
- We will continue to improve the usage of regional lines, as well as the operational efficiency of regional services.

3 Strengthening collaboration with local communities

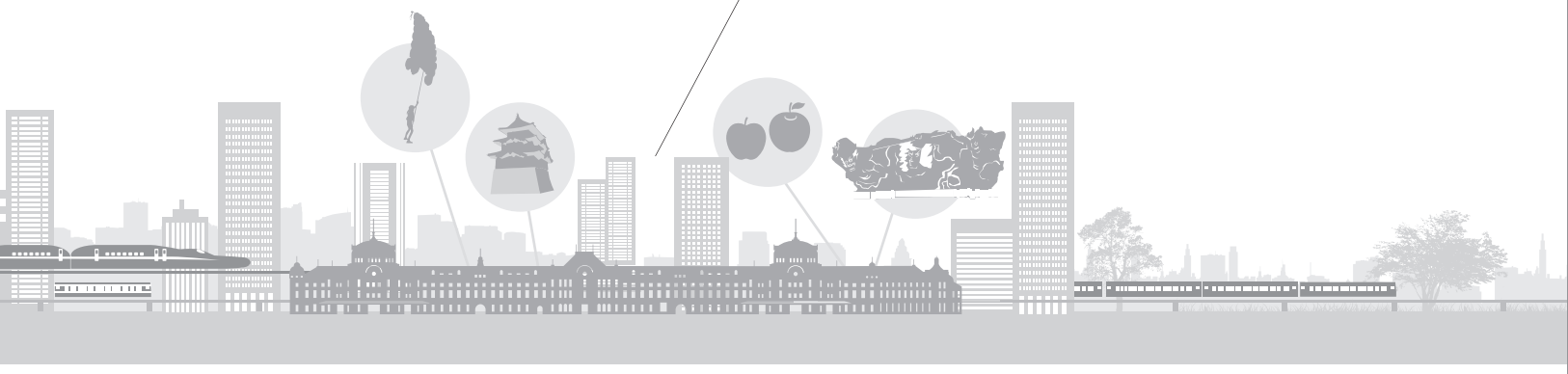
Supporting earthquake recovery, stimulating tourism and revitalizing communities

To support earthquake recovery, JR East will make effort to stimulate tourism, revitalize communities, and take other actions to contribute to local communities as a company responsible for regional infrastructure.

- We will coordinate our efforts to restore conventional lines along the northeastern Pacific coast that were damaged by the tsunami caused by the Great East Japan Earthquake, with other plans to rebuild the area as a whole and develop towns. To this end, we will hold discussions with the national government and consult local municipal authorities. In the interest of achieving rapid restoration of safe transportation services, we will conduct discussions with local municipal authorities and other relevant parties on restoring transportation using BRT (Bus Rapid Transit) systems on a provisional basis.
- We will work closely with local communities to stimulate tourism. Measures include coordinated efforts to enhance tourism development with local communities, extensive promotion of tourism across the Tohoku region, and expansion of tourism by foreign visitors.
- We will achieve further progress in implementing community revitalization measures, including promotion of the *Rediscovering the Region Projects* and provision of assistance to local manufacturing.
- We will promote the Tokyo Station *Marunouchi Building*, which is under restoration and will be unveiled with a grand opening in October 2012, as a new landmark for the capital city of Japan.
- We will collaborate with local communities to execute large projects, including those at Shinjuku, Chiba, Yokohama, and Shibuya stations, with the aim of developing internationally attractive towns.
- Given Japan's aging society with fewer and fewer children, we will strive to increase the value of areas along railway lines by improving the community amenities available at train stations and the *HAPPY CHILD PROJECT* and through other measures.

Tokyo Station City

Rediscovering the Region Projects

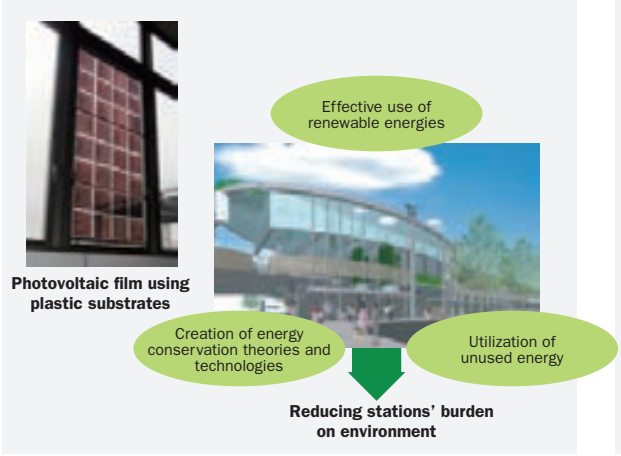


4 Technological innovation

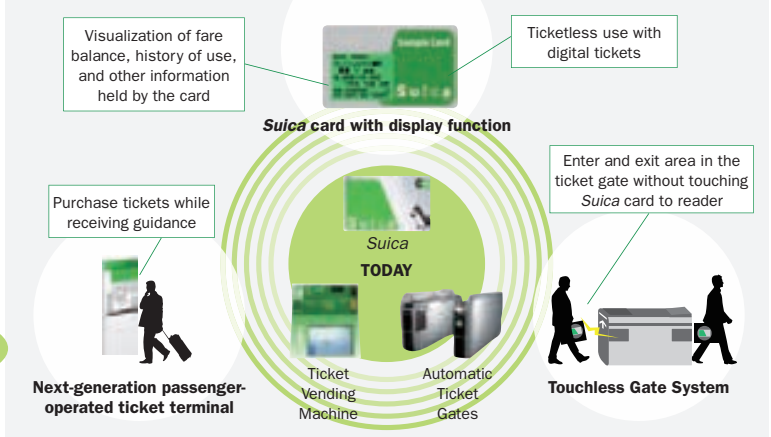
Forging strategies for conserving energy, utilizing ICT (information and communication technology) and operating Shinkansen at faster speeds

JR East will pursue various forms of innovation, including technological innovation, in pursuit of its limitless potential.

- To promote innovative technology development, we will intensively allocate business resources in this area, while strengthening R&D through the establishment of the Technology Innovation Development Committee and other actions.
- In light of Japan's prolonged power shortage issues, we will develop strategies for conserving energy for JR East. Measures under this strategy will include introduction of smart grid technology, upgrading of facilities and increase in power generation efficiency at our own power plants, as well as development of a viable catenary and battery-powered hybrid railcar system.
- We will continue to develop environmentally friendly railway systems, including by introducing energy-efficient railcars, adopting LED lighting, and creating zero-emission stations utilizing solar power generation, storage battery and other technologies.
- We will seek innovation in railway operations and further enhancement of the convenience of *Suica* by leveraging ICT in various fields.
- We will continue our R&D efforts toward achieving an operational speed of 360 km/h for Shinkansen.



Energy Creation and Conservation Technologies for Stations



Innovation in Ticketing Systems

5 Globalization

Tackling new markets

JR East will achieve added innovation through globalization of JR East by tackling new markets.

- We will strive to develop an overseas railway consulting business, while seeking participation in railway projects around the world in collaboration with other Japanese and overseas companies, working primarily with Japan International Consultants for Transportation Co., Ltd.
- We will capture synergies between Japan Transport Engineering Company, which recently joined JR East, and the our Niitsu Rolling Stock Plant in order to establish railcar manufacturing operations as our fourth business pillar. The Company will also make efforts to expand business overseas as well as in Japan by further enhancing our comprehensive technological capability in railcar manufacturing and maintenance.
- We will also actively work to develop new business and pursue M&A.

Manufacturing plant of Japan Transport Engineering Company*

Side block assembly line*

Wheel axle press fitting machine*

* Railcar manufacturing activity at Japan Transport Engineering Company

Numerical Targets Over the Next Three Years (Fiscal 2013 through Fiscal 2015)

CONSOLIDATED OPERATING REVENUES AND OPERATING INCOME FOR FISCAL 2015

Consolidated Operating Revenues

2012 ¥2,532.1 billion → 2015 ¥2,725.0 billion

Consolidated Operating Income

2012 ¥360.0 billion → 2015 ¥402.0 billion

SEGMENT OPERATING REVENUES AND OPERATING INCOME FOR FISCAL 2015

TRANSPORTATION

Operating Revenues

2012 ¥1,705.7 billion → 2015 ¥1,776.0 billion

STATION SPACE UTILIZATION

Operating Revenues

2012 ¥396.1 billion → 2015 ¥430.0 billion

SHOPPING CENTERS & OFFICE BUILDINGS

Operating Revenues

2012 ¥229.6 billion → 2015 ¥261.0 billion

OTHERS

Operating Revenues

2012 ¥200.5 billion → 2015 ¥258.0 billion

TRANSPORTATION

Operating Income

2012 ¥236.6 billion → 2015 ¥264.0 billion

STATION SPACE UTILIZATION

Operating Income

2012 ¥33.9 billion → 2015 ¥41.0 billion

SHOPPING CENTERS & OFFICE BUILDINGS

Operating Income

2012 ¥66.5 billion → 2015 ¥71.0 billion

OTHERS

Operating Income

2012 ¥21.9 billion → 2015 ¥27.0 billion

CONSOLIDATED CASH FLOWS FROM OPERATING ACTIVITIES*

2012 ¥558.6 billion → 2013–2015 ¥1,650.0 billion

CONSOLIDATED ROA AT THE END OF FISCAL 2015

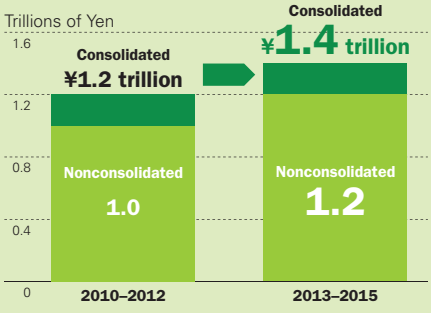
2012 5.1% → 2015 5.5%

CONSOLIDATED ROE AT THE END OF FISCAL 2015

2012 5.9% → 2015 9.0%

* The fiscal 2015 target for consolidated cash flows from operating activities represents the aggregate of the estimated cash flows for the three years from fiscal 2013 to fiscal 2015.

CAPITAL EXPENDITURES FOR THE NEXT THREE YEARS



- Consolidated capital expenditures planned for the next three years, from fiscal 2013 to fiscal 2015, are approximately ¥1,400 billion.
- Capital expenditures in safe and stable transportation planned for the next three years, from fiscal 2013 to fiscal 2015, are approximately ¥500 billion.
- Growth investments expected to generate returns, such as those in life-style services businesses planned for the next three years, from fiscal 2013 to fiscal 2015, are approximately ¥500 billion.