

AN INTERVIEW WITH THE PRESIDENT

We will put our full faith in the new possibilities of railways as we seek to take railway transportation to an even higher level. To this end, all employees of JR East will pursue the Group's "Unlimited Potential" and continue to move *"Ever Onward."*

TETSURO TOMITA
President and CEO



QUESTION 1

In retrospect, what were your impressions on management of the past fiscal year?

ANSWER 1

- **Fiscal 2014 was a year of steady progress for JR East on the whole. We delivered higher revenues and earnings thanks to steady growth in traffic volume on mid- to long-distance and other services as the Japanese economy continued to recover modestly.**
- **Meanwhile, there were lessons to be gleaned from a derailment accident within Kawasaki Station. Looking ahead, we are determined to step up our initiatives for ensuring safe and reliable transportation with a renewed sense of urgency.**

Looking back at fiscal 2014, our businesses overall grew steadily as the Japanese economy continued to recover modestly. We saw both tourist and business ridership pick up on our Shinkansen and other mid- to long- distance services. Meanwhile commuter pass revenues began increasing incrementally after bottoming out in fiscal 2013. In my view, this turnaround was due not only to the *Abenomics* policies of the government for initiating economic recovery, but also to the growing opportunities for women seeking social advancement and seniors seeking employment in Japan.

Typhoons, rainstorms, heavy snow and other natural disasters left their mark, but we succeeded overall in ensuring safe and reliable transportation, except for a derailment accident within Kawasaki Station on the Keihin-Tohoku Line in February 2014. No passengers were hurt because the accident took place after the last train and involved empty railcars that were out of service. In response to this accident, we tried to come to grips with the incident by questioning whether carelessness had crept into our stance on work, and we were reminded of the need to redouble our safety initiatives with a renewed sense of urgency.

In brief, at long last, our railway operation ushered in its high-speed railway system envisioned for the Tohoku Shinkansen Line to completion last fiscal year, with the operation of all *Hayabusa* and *Komachi* services at speeds

up to 320 km/h on the line that began in March 2014 as the crowning touch. The new Series E7 railcars we introduced to the Nagano Shinkansen Line were also popular with our customers. Looking ahead, we will continue taking the initiative in strengthening our Tokyo metropolitan area railway network by means that include improving service convenience on the *Tokyo Megaloop*.

Business conditions were mostly firm for our life-style service business, with revenues on the rise from commercial facilities such as *CentralStreet* inside Tokyo Station, the opening of *atrévie Otsuka* and other new facilities, and from advertising.

As a result, we delivered higher revenues and earnings on both a consolidated and non-consolidated basis in the year ended March 2014. Operating revenues grew for the second consecutive year, and net income rose to our highest ever after increasing three fiscal years in a row.

These steady business conditions, however, will not distract us in fiscal 2015 from rigorously ensuring the safety and reliability of our transportation services in light of last fiscal year's derailment accident within Kawasaki Station. At the same time, we will put our full weight behind the initiatives we unfurled in "*JR East Group Management Vision V—Ever Onward*" to give our employees the opportunity to spearhead the future of railways and JR East.



See pp. 071–075 for a more detailed account of fiscal 2014.

QUESTION 2

Please describe the various measures for realizing *JR East Group Management Vision V–Ever Onward*, particularly in terms of achieving business development overseas.

ANSWER 2

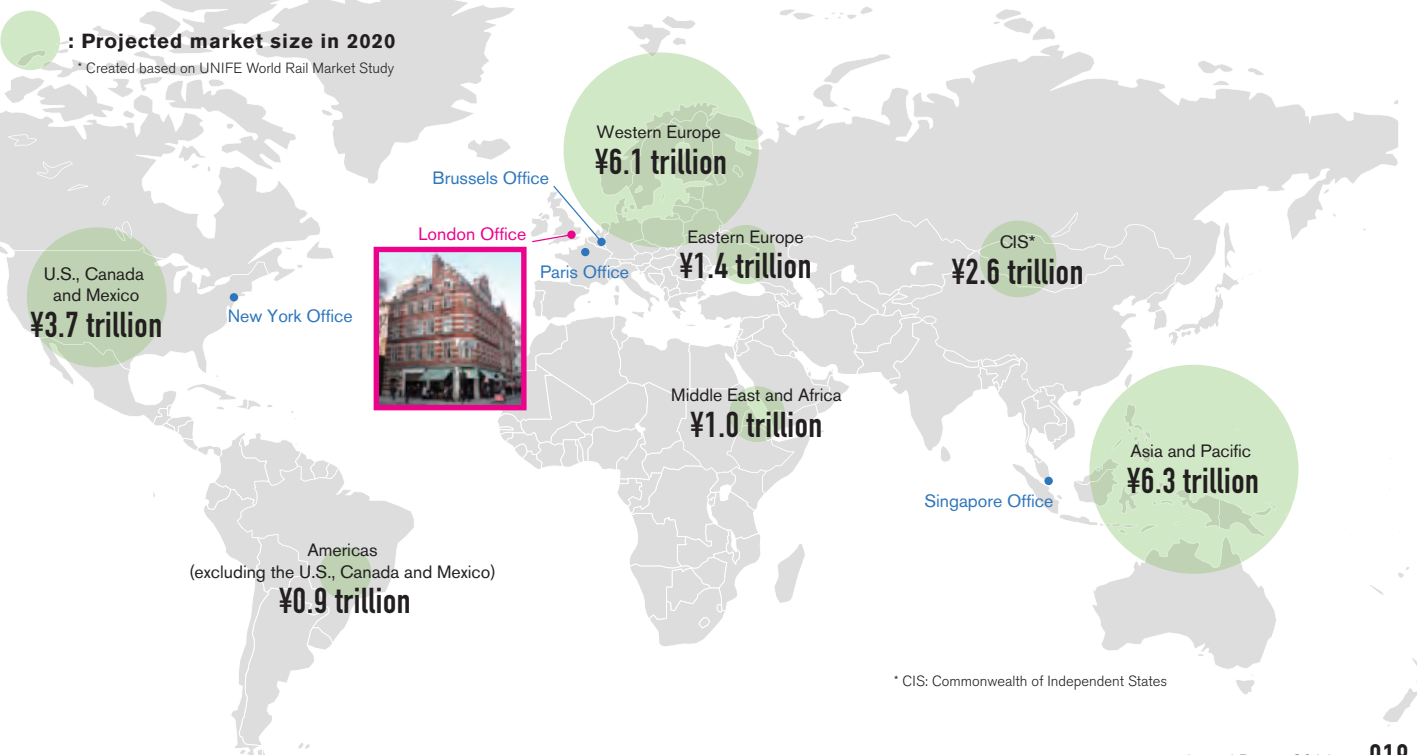
- JR East began participating in maintenance operations on the Purple Line in Bangkok, Thailand, for which Japan Transport Engineering Company (J-TREC) will supply the railcars.
- Apart from that, we carried out railcar transfer and technological support to Indonesia, opened a new London office, and concluded a consulting contract for the U.K.'s high-speed rail plan.
- Going forward, JR East will leverage its collective capabilities as a railway operator to package railway hardware, technology and services for export.

JR East began preparing to participate in a 10-year railcar and ground facilities maintenance service agreement with the Purple Line, an urban mass transit railway in Bangkok, Thailand, which is scheduled to enter service around 2016. This is the first time for JR East to participate in an overseas maintenance project. Subsequently, we pooled investments with Toshiba Corporation and Marubeni Corporation to establish a new joint venture locally, named Japan Transportation Technology (Thailand) Co., Ltd. (JTT), in preparing to start the project. In addition, Japan Transport Engineering Company (J-TREC), our subsidiary, was chosen to supply to this line 63 of the "sustina" stainless steel railcars it manufactures. This packaging of railway hardware, technology and services for export is the likely model we will follow in developing

business overseas, and our mandate in Thailand will indeed be a groundbreaking pilot project for JR East.

Furthermore, we completed a contract at the end of March 2014 to transfer 180 of the Series 205 commuter railcars that had been used on the Saikyo Line to KA Commuter Jabodetabek, or the commuter railway company for the Jakarta metropolitan area in Indonesia. Concurrently we dispatched technicians on short-term assignment to Indonesia who provided the technological support for learning how to maintain and service the railcars. In May 2014 we also opened a new office in London to strengthen our ability to gather information on railway businesses in Europe and other capabilities. Looking ahead, the five overseas offices we now have in New York, Paris, Brussels, London and Singapore will serve as our bridgeheads for

PROJECTED OVERSEAS MARKET SIZE IN 2020



developing business overseas. In the meantime another of our subsidiaries, Japan International Consultants for Transportation Co., Ltd. (JIC), received a consulting contract from High Speed Two Ltd.; the main proponent of the High Speed Two (HS2) railway plan in the U.K. Accordingly, our subsidiary has been providing consulting on technologies for environmental measures and railcar and facilities maintenance of high-speed railway systems since January 2014.

From now on, developing business overseas will not only entail exporting hardware such as railcars and signal equipment,

but also involve proposing packages that include operation and maintenance of the hardware after delivery. This is where JR East's safe transportation management intertwining our skilled employees with our operation and maintenance capabilities comes into play as the Group's strongest advantage. We have only just begun but have already taken the fledgling step of gleaning results in our development of business overseas. Looking ahead, the Group will apply its comprehensive technological capabilities to the fullest extent in taking on the challenge of participating in various railway projects around the world.

QUESTION 3

How will the enhancement and expansion of JR East's domestic railway network in fiscal 2015 be put to use?

ANSWER 3

- **The Hokuriku Shinkansen Line to Kanazawa and the Ueno-Tokyo Line in the Tokyo metropolitan area are scheduled to open in March 2015. We will take advantage of the enhancement and expansion of our network to improve the convenience of our services and spur more people to use railway travel.**
- **We will also contribute to revitalizing regional economies by expanding interaction of the population through tourism.**

Issues mounting in Japanese society now include the stagnation of regional economies and the dynamism of society itself declining due to the falling birth rate and aging population. As a provider of social infrastructure in the form of railway services, we think we can contribute to revitalizing regional economies, because transportation services with higher added value can increase population mobility and provide a solution to many of the problems Japan is facing. We believe that two of the important solutions lie in enhancing and expanding our railway network and stimulating tourism.

As for our Tokyo metropolitan area network, when the Ueno-Tokyo Line opens at the end of fiscal 2015, certain services on the Utsunomiya, Takasaki, and Joban lines that currently terminate at Ueno Station will instead be linked to Tokyo Station, and from there a transfer-free ride on the Tokaido Line. We project that this will have the beneficial impact of reducing travel time by more than 10 minutes and most of all significantly ease overcrowding for passengers between Tokyo and Ueno.

As for our intercity transportation network, when the Hokuriku Shinkansen Line to Kanazawa opens, also at the end of fiscal 2015, we plan on enabling passengers to travel between Tokyo and Kanazawa as quickly as around 2 hours and 30 minutes. This will match the Tokaido Shinkansen Line between Tokyo and Shin-Osaka in rapidity, and have the potential of substantially expanding interaction of

“We will also contribute to revitalizing regional economies by expanding interaction of the population through tourism.”



the population through inter-regional mobility. The radical reduction in travel time should increase passenger volume between the two opposite destinations, which will fulfill our crucial role revitalizing regional economies.

Harnessing the power of tourism to create new flows of the population in order to revitalize regional economies is also an important role we play. Tourism is an industry that has a very far reaching impact in terms of both employment and productive output (GDP). And we want to use tourism as a trigger to make all of Japan bright and dynamic. The *Destination Campaign* we initiated for Aomori Prefecture in the spring of 2011 to assist people recovering from the Great East Japan Earthquake will have been held as planned in all six prefectures of the Tohoku region, after holding one for Fukushima Prefecture in the spring of 2015. In combination with our various other tourism campaigns, we will collaborate closely with local communities to attract as many travelers as we possibly can, including travelers from abroad, to the Tohoku region.

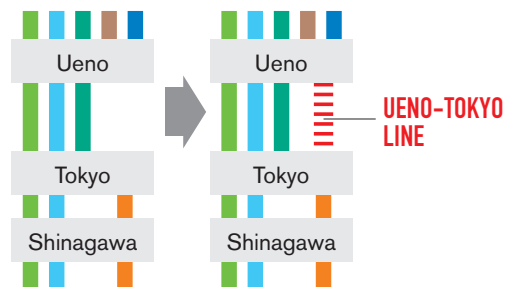
Another initiative we have launched to stimulate tourism is the attractive trains that we are developing in which people seek the “ride” itself. Many passengers have been enthused by the trains we have developed so far. These

include the *Tohoku Emotion* restaurant train, and the *SL Ginga* steam locomotive train. Starting in July 2014, we will have introduced the *TOREIYU* Shinkansen resort train equipped with a footbath lounge compartment to our Shinkansen service, mainly for people touring the Yamagata area. A cruise train with sleeper compartments is now being developed to go into operation by around the spring of 2017. By launching such initiatives in unbroken succession and effectively publicizing attractive information about destinations, we will encourage more passengers to use railway travel, create new flows of tourism, and revitalize regional economies.

UENO-TOKYO LINE

- Reducing congestion
- Reducing travel time
- Strengthening the railway network

■ Yamanote Line
■ Keihin-Tohoku Line
■ Tohoku Shinkansen Line
■ Utsunomiya Line & Takasaki Line
■ Joban Line
■ Tokaido line



QUESTION 4

What is your outlook for the development of large-scale terminal stations?

ANSWER 4

- We will revitalize towns and raise the value of cities by pushing forward the large-scale development of our terminal stations in Shinjuku, Shibuya, Yokohama, Chiba and Sendai.
- Along with a plan to build a new station, we are examining the basic provisions to an internationally attractive urban development plan for an area neighboring Shinagawa Station.

The large-scale development of terminal stations is a source of new economic growth for cities, and one of the important roles JR East is called to fulfill. Restoration of Tokyo Station's *Marunouchi Building* to its mint state of 100 years ago, which we completed in October 2012, was critically acclaimed and drew many visitors. This building's restoration not only transformed Tokyo Station as a tourist attraction but also revitalized the surrounding area. We are now looking to expand this ripple effect on urban development to other locations. We will raise the value of our stations and create new urban economic activity by pushing forward the

large-scale development of terminal stations in Shinjuku, Shibuya, Yokohama, Chiba and Sendai. At the same time, this implies we will be asked to effectively communicate the attraction of our cities to travelers from abroad. JR East will concentrate on the development of large-scale terminal stations to help build Tokyo into an attractive metropolis internationally that is second to none in the world.

A case in point is our Shinagawa Depot, a railway yard that we are downsizing to free up a large plot of land of approximately 130,000 m² for large-scale development in an area between Shinagawa Station and Tamachi Station that

has grown important as an urban hub connecting Tokyo with the rest of Japan and the world. Consequently, JR East has decided to build a new station between Shinagawa and Tamachi as a core component to this urban development. The opening of the new station is provisionally scheduled to coincide with the 2020 Tokyo Summer Olympic and Paralympic Games. Right now, we are refining a development plan

together with the Tokyo Metropolitan Government and other stakeholders, and hope to have a rough proposal we can show the public in about a year's time. It may take longer to build up this area as a whole, but we will initiate the development with this station as we apply innovative ideas to construct an internationally attractive hub in Tokyo where people can gather and interact with one another.

THE LARGE-SCALE DEVELOPMENT OF TERMINAL STATIONS

FY2017.3

Shinjuku New South Exit Bldg.

(provisional name)

- Spring 2016
Offices, commercial facilities, etc.
33 floors, 2 basement floors



Main building and facilities of Chiba Station

- Station, Ekinaka, station bldg.
Summer 2016 to Spring 2018
7 floors, 1 basement floor



Sendai Station East Exit Development

- Commercial facilities
Spring 2016
6 floors, 1 basement floor

- Hotel
Spring 2017
Number of rooms: 280



FY2019.3
and after

Shibuya Station Development

(Joint development with Tokyu Corporation and Tokyo Metro)

- 2020 (East Bldg.), 2027 (Center, West Bldg.)
46 floors, 7 basement floors (East Bldg.)
Offices, commercial facilities, etc.



Yokohama Station West Exit Bldg.

(provisional name)

- 2020 (Station-front Tower, Tsuruya-cho Tower)
Offices, commercial facilities, etc.
26 floors, 3 basement floors (Station-front Tower)



Image of the new station between Shinagawa and Tamachi



QUESTION 5

What was your reaction to news of the 2020 Tokyo Summer Olympic and Paralympic Games amid this push for urban development?

ANSWER 5

- **The Olympics and Paralympics in Tokyo is a dynamic opportunity for advancement that JR East will leverage to identify measures for improving passenger convenience and comfort.**
- **This will entail examining ways for improving access to Haneda Airport.**

The decision for Tokyo to host the Summer Olympic and Paralympic Games is a dynamic opportunity for furthering the advancement of both Japan and JR East. We will seize the opportunity to examine the bottlenecks we need to break in helping to host the Games, and identify measures for improving passenger convenience and comfort, and for contributing to the development of local communities, long after the Games.

Obviously, JR East must become an active part of the initiative providing hospitality for enjoying this marvelous event as the eyes of the world look to Japan and Tokyo. One important point, in particular, that we will need to concentrate on is improving convenient access between the international airports and the heart of Tokyo. In consideration of the fact that the passengers using Haneda Airport are projected to increase going forward, the Group has already begun examining new routes linking Tokyo with the airport from many directions with the aim of bolstering transportation capacity. One of the alternatives we are now considering is the reactivation of the furloughed Tokaido Freight Line. We want to make Tokyo more attractive by improving the access to Haneda Airport, and the Tokyo Olympic and Paralympic Games will give us a chance to do this. Ideally, improvements utilizing this so-called Haneda Airport Access Line would be made in time for the Tokyo Olympic and Paralympic Games, provided that the project does not fall prey to considerable time constraints. We will do our best to ready the line as soon as possible, in time for the Games. But in any event, we are determined to see this project through as a measure indispensable for the future of Japan and the advancement of Tokyo.

In the meantime, we are looking forward to the many travelers from abroad who will be using our railway services in getting to the numerous Olympic and Paralympic venues and facilities that will be developed in the vicinity of our stations. JR East must certainly concentrate on making improvements to stations, especially those nearby the venues, to ensure safe and reliable transportation during the Games. Preparing for the Games will also entail the provision of services and facilities of an exceptionally higher quality than before to enable transportation access for passengers with disabilities. This will include barrier-free facilities, an organization for offering assistance and information services we provide.

At the same time, the Tokyo Olympic and Paralympic Games are foreseen as an impetus that will drive an increase in the number of travelers from abroad. The Group will also be hard at work formulating proposals for a “Golden Route for Travel in East Japan” to welcome as many passengers as possible to the Tohoku and Shinetsu regions we service.

JR East will need to address many issues as 2020 approaches. But the 2020 Tokyo Summer Olympic and Paralympic Games are an unparalleled opportunity for Japan, as well as our Group, and we will work in close cooperation with the parties involved in making every conceivable preparation for the Games.

“The Olympics and Paralympics in Tokyo is a dynamic opportunity for advancement that JR East will leverage to identify measures for improving passenger convenience and comfort.”



QUESTION 6

Safety-related investments have been increasing recently. Will you continue to increase these investments going forward?

ANSWER 6

- **Safety is our top management priority, and safe and reliable transportation is the fundamental premise for a range of bold initiatives.**
- **We will steadily implement seismic reinforcement measures, measures that can withstand natural disasters, and safety measures for station platforms.**
- **We will invest approximately ¥1 trillion over the next five years. We stand to benefit from building a railway capable of withstanding natural disasters, in anticipation of foreseeable risks.**

Since its founding, JR East has consistently positioned safety as its top management priority. While working on a range of bold initiatives such as globalization, technological innovation and urban development, we recognize that all of these initiatives are fundamentally premised on ensuring safe and reliable rail transportation. In fiscal 2015, we launched “Group Safety Plan 2018,” a new five-year safety plan. Under this plan, we are earmarking approximately ¥1 trillion for safety-related investments over the next five years. Over the past 27 years since its founding, JR East has made safety-related investments of over ¥3 trillion. In this context, some people have questioned whether such a large amount of investment is necessary. When the Great East Japan Earthquake struck on March 11, 2011, there were no derailments of trains in service at the time, and there was no structural failure of viaducts and other infrastructure. We are proud that steadfast safety efforts and steady investments to address the foreseeable risks over the years have enabled us to build a railway capable of withstanding natural disasters.

In regard to countermeasures for large-scale earthquakes, JR East has positioned the five years from fiscal 2013 to fiscal 2017 as an intensive implementation period. We are currently executing seismic reinforcement measures at a total cost of approximately ¥300 billion. Approximately 30% of the work in planning was completed by March 31, 2014. By March 31, 2017, we plan to raise the completion rate to around 80%. Moreover, natural disasters caused by wind gusts, torrential rain and heavy snow have been occurring more frequently on an unprecedented scale. We will ensure that adequate safeguards are put in place to mitigate these types of events. Another crucial theme is safety measures for station platforms. By March 31, 2016, we will install automatic platform gates at 23 stations on the Yamanote Line, excluding stations where large improvements works are scheduled. Furthermore, we will steadily install automatic platform gates on routes other than the Yamanote Line, stations used frequently by visually challenged customers and other locations.

As I said earlier, JR East is earmarking a considerable safety-related investment of approximately ¥1 trillion over the next five years. We must remember that safe and reliable transportation is fundamental to a railway. I believe that it is the responsibility of management to steadily execute investments that are vital to ensuring safe and reliable transportation, and to reduce foreseeable risks. I am convinced that JR East stands to benefit significantly from these safety-related investments, and I therefore ask for the understanding of investors in this regard.

“Safety is our top management priority, and safe and reliable transportation is the fundamental premise for a range of bold initiatives.”



QUESTION 7

What are your numerical targets for the next three years through fiscal 2017? And what is your approach to using cash?

ANSWER 7

- **In fiscal 2017, we are projecting higher revenues and earnings. Although consolidated ROA and consolidated ROE are expected to decline slightly, we are aiming to outperform our targets by streamlining assets, increasing revenues and cutting costs.**
- **We plan to generate operating cash flow totaling ¥1,800 billion over the next three years. Of this amount, we have earmarked ¥1,600 billion for capital expenditures. We will also provide shareholder returns emphasizing the total return ratio, even as we work to reduce debt.**

In terms of our numerical targets for the next three years through fiscal 2017, we are targeting higher revenues and earnings. Consolidated operating revenues are projected to reach a record high of nearly ¥2,800 billion. However, we expect consolidated ROA and consolidated ROE to decline slightly from the current level, as assets and shareholders' equity are projected to grow faster than earnings. However, because there are technical factors at play with regard to the opening of the Hokuriku Shinkansen to Kanazawa in March 2015, we have not reflected revenues projected to be generated after the launch of this service in our targets in light of negotiations on usage fees, but we have incorporated assets, such as rolling stock, and depreciation expenses into the targets. For this reason, we expect the actual consolidated ROA and consolidated ROE figures to be slightly better than the numerical targets. In any case, we will proactively cancel treasury shares, streamline unneeded assets and take other actions as we strive to increase revenues. At the same time, the JR East Group must work in unison to expand earnings over the next three years by reducing costs, such as maintenance expenses, business outsourcing expenses, and energy costs.

In regard to the use of cash flows, we expect to generate operating cash flow totaling approximately ¥1,800 billion over the next three years. Of this amount, we have earmarked ¥1,600 billion for capital expenditures. We are planning to execute safety-related investments of ¥650 billion and growth investments of ¥600 billion. We believe that these investments are essential to further improving safety and driving future growth. As for shareholder returns, JR East will strive to maintain stable dividends while flexibly conducting share repurchases, based on its total return ratio target of 33%. We will decide on increasing dividends only after we can expect to maintain the higher dividend level looking into future. In regard to share repurchases, in fiscal 2015 we bought back 1.5 million shares. Going forward, we will continue to enhance shareholder returns by flexibly repurchasing shares according to our earnings level. In regard to reducing debt, JR East currently has consolidated interest-bearing debt of nearly ¥3,300 billion. We will strive to strengthen our financial position by continuing to steadily reduce consolidated interest-bearing debt. To this end, we aim to reduce our balance of consolidated interest-bearing debt to ¥3,000 billion sometime during the 2020s.

FY2017.3 NUMERICAL TARGETS BY SEGMENT

(¥ billion)	2014.3 Results	2016.3 Plan	2017.3 Target	Increase/ decrease	2017.3/ 2014.3
Operating revenues	2,702.9	2,741.0	2,791.0	+88.0	103.3%
Transportation	1,827.4	1,841.0	1,873.0	+45.5	102.5%
Station Space Utilization	400.9	400.0	403.0	+2.0	100.5%
Shopping Centers & Office Buildings	251.0	254.0	281.0	+29.9	111.9%
Others	223.4	246.0	234.0	+10.5	104.7%
Operating income	406.7	407.0	412.0	+5.2	101.3%
Transportation	267.3	272.0	272.0	+4.6	101.7%
Station Space Utilization	36.0	34.0	34.0	-2.0	94.3%
Shopping Centers & Office Buildings	72.0	73.0	78.0	+5.9	108.2%
Others	32.6	29.0	29.0	-3.6	88.7%
Adjustment	-1.3	-1.0	-1.0		

Consolidated ROA

(rate of operating income on total assets)
(at the end of FY2017)

5.4%

Consolidated ROE

(rate of net income on equity)
(at the end of FY2017)

8.9%

OPERATING CASH FLOW USAGE PLAN

	Targets	FY2015.3
Consolidated operating cash flow	Approx. ¥1,800 billion (FY2015.3 to FY2017.3)	
Capital expenditures	Approx. ¥1,600 billion (FY2015.3 to FY2017.3)	Approx. ¥525 billion*
of which		
Investment needed for the continuous operation of business (Safety practice and transportation stability)	Approx. ¥1,000 billion (Approx. ¥650 billion)	Approx. ¥329 billion
Growth investment	Approx. ¥600 billion	Approx. ¥196 billion
Shareholder returns	[Medium- to long-term target] 33% total return ratio (to net income)	¥120/share dividend Share buybacks**
Debt reduction	(During the 2020s) ¥3,000 billion Interest-bearing debt balance	Reduce interest-bearing debt Around ¥10 billion

* In addition, priority budget allocation max. ¥30 billion from the deposit balance on March 31, 2014 deposit balance (capital expenditures of approx. ¥555 billion in total)

** Share buyback of ¥11.3 billion executed in May 2014

QUESTION 8

Please explain your cost reductions in more detail. Can technological innovation help to reduce costs?

ANSWER 8

- We will work to reduce maintenance expenses, business outsourcing expenses, energy costs and capital expenditures.
- We will develop disaster-resilient, low-cost railways mainly by developing catenary-free and track circuit-free railways.

Capital expenditures have been increasing, in addition to rising maintenance expenses, business outsourcing expenses and energy costs, in response to rising wages and material prices. This makes it imperative for us to strive to reduce these costs. We will take a fresh look at how we can improve our work efficiency and productivity across the entire JR East Group, and we will do our utmost to cut costs by revising our approaches to work and advancing further systemization, automation and other measures. Meanwhile, we believe that it is critical to conduct capital expenditures effectively and efficiently through such means as downsizing facilities, implementing measures to extend the useful operating life of facilities, and harnessing new technologies.

Technological innovation will not only open up new possibilities for railways, but also harbors the potential to reduce costs. For example, catenaries, which are overhead lines that

transmit power to trains, are vulnerable during natural disasters and costly to maintain. Therefore, costs can be reduced by developing a catenary-free railway. In March 2014, *ACCUM* catenary and battery-powered hybrid railcars entered service on the Karasuyama Line. Going forward, we will develop catenary and battery-powered hybrid railcars for through service with alternating current railway segments. On a separate note, it should also be possible for the railway industry to develop a catenary-free railway powered by fuel cells in the not-so-distant future. Putting our faith in these sorts of new possibilities for railways, we aspire to develop innovative railcars in the future.

We are also pushing ahead with initiatives to develop track circuit-free railways. A track circuit is a device that detects the position of a train by sending a current through rails. To date, these devices have played a significant role in ensuring safe railway operations. In the future, however, we will be able to operate trains without a track circuit by using radio technology to control trains. This will help to reduce maintenance expenses. First, we will expand Japan's proprietary *ATACS* (Advanced Train Administration and Communications System) wireless train control system in operation on the Senseki Line to railway segments in the Tokyo metropolitan area, with the aim of introducing *ATACS* on the Saikyo Line in fall 2017. In addition, we concluded a design contract with Thales of France in April 2014 based on plans to implement communication-based train control (CBTC), a similar train control system used widely in overseas urban railways, on the Joban Local Line around 2020. Through these initiatives, we will work to take safe and reliable transportation to an even higher level, as we endeavor to reduce maintenance expenses.



QUESTION 9

Finally, could you please share your perspectives on how you will nurture the human resources who will implement these initiatives?

ANSWER 9

- **We will nurture highly motivated employees who are able to rise up to the challenge of developing new business domains, along with fostering an open-minded corporate culture.**

I believe that the abilities of our employees are JR East's greatest asset. Whenever I have the chance to speak directly with employees on the frontlines, I am reminded that JR East is blessed with a large pool of highly talented and motivated employees. As I have often said, I believe that one of the important tasks of management is to provide these sorts of talented employees with the opportunities to succeed and grow that they deserve. JR East is pushing ahead with bold initiatives in a range of fields such as technological innovation, globalization, stimulating tourism, and the creation of new tourism channels. We are introducing personnel systems that enable employees to step forward for these fields by calling upon those who are strongly determined to put their talent to work and shape the future. For example, in terms of nurturing global human resources, we are sending around 600 employees overseas each year, or about 1% of all employees, on overseas studies, overseas OJT trainee internships, and other programs. We have seen an extremely high level of enthusiasm for these programs among our younger employees. In a new short-term overseas studies program we set up in fiscal 2014, we received applications from around 1,000 employees for the program's initial slot of around 50 positions. We quickly increased the slot to 100 positions. Looking ahead, we will continue to respond to the enthusiasm of our highly motivated employees and work to develop an environment where they can demonstrate their abilities freely to the fullest extent.

Left alone, the railway industry has a tendency to turn inward and build barriers between itself and the world on the outside. I personally believe that companies that shut themselves out from the world will not have a promising future. It is crucial to push ahead with fostering an open-minded corporate culture that is transparent to the outside world, and to spare no effort in nurturing employees. By fostering a corporate culture that is open both at home and abroad, we aim to create a positive cycle where we increase the Company's capabilities and achieve growth, and in turn expand opportunities for employees to succeed.

Even as Japanese society continues to experience a sharp decline in population, we will put our full faith in the new possibilities of railways as we seek to take railway transportation to an even higher level. To this end, all employees of JR East will pursue the Group's "Unlimited Potential" and continue to move "Ever Onward." I hope that you will share my excitement for the future of JR East and Japan's railway industry as a whole.

"We will nurture highly motivated employees who are able to rise up to the challenge of developing new business domains, along with fostering an open-minded corporate culture."

