

Interview with the President

We will achieve tangible results by continuing concerted efforts focused on two important pillars: realizing our “Eternal Mission” and “Pursuing Unlimited Potential” in accordance with the “JR East Group Management Vision V.”

Also, through the concrete action of each employee as well as teamwork, we aim to realize our commitment to “Thriving with Communities, Growing Globally.”

A portrait of Tetsuro Tomita, President and CEO of JR East. He is a middle-aged man with grey hair, wearing glasses, a dark suit, a white shirt, and a patterned tie. He is standing with his hands clasped in front of him. In the background, there is a model of a high-speed train on a track. A green square is overlaid on the image to the left of the man, containing his name and title.

TETSURO TOMITA
President and CEO

QUESTION 1

To begin, could you please give an overview of fiscal 2015 and explain JR East's basic policy in fiscal 2016?

ANSWER 1

- **In fiscal 2015, JR East performed solidly overall, growing passenger revenues centered on the Shinkansen network and conventional lines in the Tokyo metropolitan area.**
- **In fiscal 2016, JR East will achieve tangible results by continuing concerted efforts aimed at realizing its “Eternal Mission” and “Pursuing Unlimited Potential” in accordance with the “JR East Group Management Vision V.” I want it to be a year in which we consolidate foundations and implement each measure steadily.**

In fiscal 2015 (the year ended March 31, 2015), Japan's economy continued recovering gradually due to a pickup in the employment market, which counteracted the absence of rush demand prior to a consumption tax increase at the beginning of the fiscal year. In these conditions, JR East performed solidly overall. Based on safe and reliable transportation, the Company achieved steady growth in revenues from passenger tickets, centered on the Shinkansen network and conventional lines in the Tokyo metropolitan area.

For example, revenues from commuter passes rose year on year partly due to higher numbers of commuter pass holders, reflecting the increased participation of women and seniors in the workforce. Furthermore, non-commuter pass revenues were also up thanks to firm growth in revenues from short-distance and medium-to-long-distance services, reflecting rises in tourists visiting Japan and the use of Shinkansen services' *GranClass*. Generally, Japan's declining population is seen as unfavorable for the transportation industry. However, I think our performance in fiscal 2015 proved that, even in an era of population decline, we can grow revenues by steadily implementing various measures.

As a result, in fiscal 2015 higher revenues from passenger tickets boosted operating revenues, which grew on a consolidated and non-consolidated basis for the third consecutive fiscal year. Moreover, we posted new records for consolidated operating revenues and

consolidated and non-consolidated ordinary income. Despite these improvements, net income decreased due to temporary factors, including the recognition of extraordinary losses associated with the transfer of management of the section between Miyako and Kamaishi on the Yamada Line and a reversal of deferred tax assets resulting from a change in the income tax rate.

In fiscal 2016, JR East will achieve tangible results by continuing concerted efforts focused on two important pillars: realizing its “Eternal Mission” and “Pursuing Unlimited Potential” in accordance with the “JR East Group Management Vision V.” Also, through the concrete action of each employee as well as teamwork, we aim to realize our commitment to “Thriving with Communities, Growing Globally.” Up until this point of the current fiscal year, business results have been steady. However, it is precisely at such times that we should consolidate foundations. Ensuring safe and reliable transportation is the most important way of increasing earnings. Therefore, I want to steadily and surely implement each measure in the current fiscal year. By expanding and improving the railway network and providing transportation that is safe, reliable, and comfortable, our goal is to entrench the upward trend in customer usage, centered on the Shinkansen network and conventional lines in the Tokyo metropolitan area.

QUESTION 2

Could you explain the JR East Group's way of thinking about safety?

ANSWER 2

- **For the JR East Group, safety is the top priority of business management.**
- **A railway track obstruction resulted from the collapse of an electrical pole on the Kanda–Akihabara segment of the Yamanote Line in April 2015. In response to this serious incident, we have embarked upon a Groupwide effort to identify and address safety-related vulnerabilities. We will continue unstinting efforts to restore trust.**
- **While continuing to advance the “JR East Group Safety Plan 2018” resolutely, we will step up seismic reinforcement measures, the renewal of aging facilities, and the installation of automatic platform gates.**

For the JR East Group, safety is the top priority of business management. Since its establishment 28 years ago, JR East has invested more than ¥3,300 billion in safety—approximately 40% of capital investment.

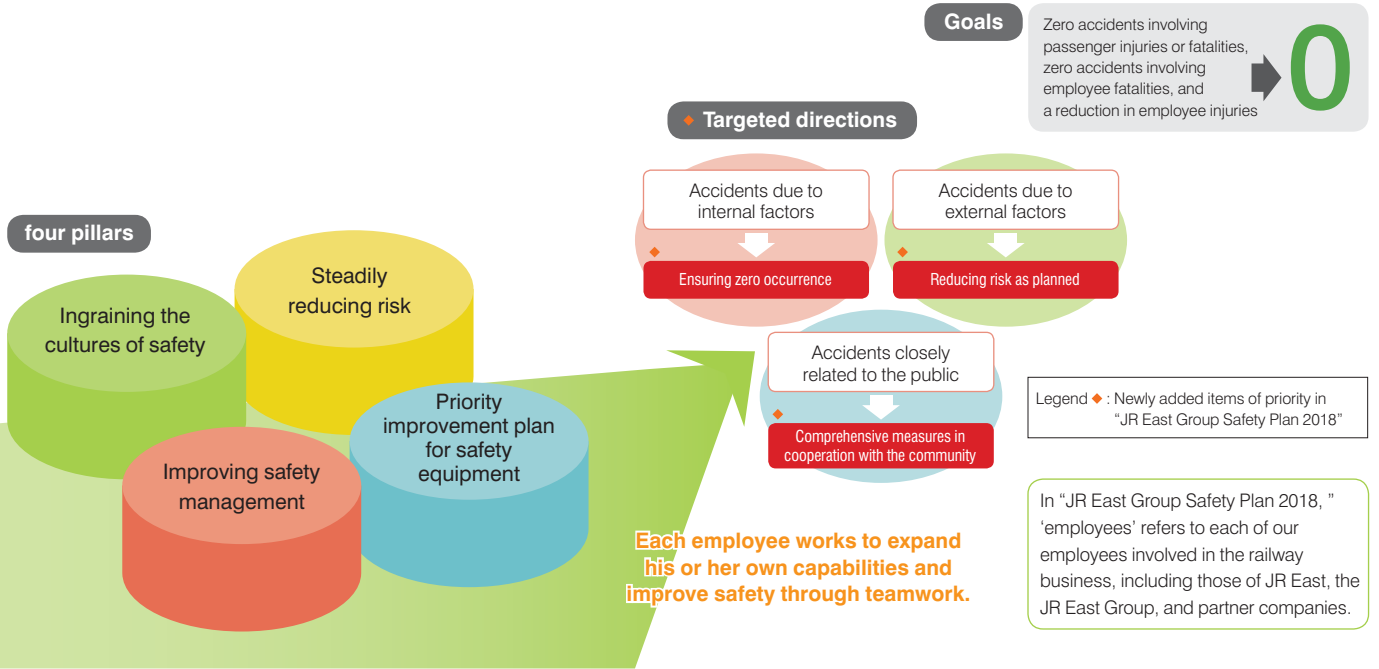
We will continue to firmly advance our sixth five-year safety plan, “JR East Group Safety Plan 2018.” We have earmarked ¥1,000 billion for investment in safety during the five fiscal years beginning from fiscal 2015.

Safety is not something that exists naturally of its own accord. Therefore, each JR East Group employee will create rigorous safety through day-to-day operational procedures. In the current fiscal year, a particular task is reducing recurring incidents with a view to ultimate elimination. In April 2015, however, a railway track obstruction resulted from the collapse of an electrical pole on the Kanda–Akihabara segment of the Yamanote Line. This serious incident caused considerable inconvenience and concern. To prevent this type of incident from recurring, we have established an exploratory committee, which is conducting factual investigations and an analysis of background factors to determine the cause, with the Director General of Railway Operations Headquarters acting as chief investigator. Based on the committee's findings, we are taking countermeasures. Furthermore, in a Groupwide effort to identify and address safety-related vulnerabilities, we are conducting emergency general safety inspections of all field offices. We will continue unstinting efforts to restore trust.

Further, in pursuing “extreme safety levels,” considering how to heighten each employee's safety awareness and technological capabilities is important. We will create well-grounded safety through various discussions on safety measures, including roundtable discussions

conducted by operational sites' key safety leaders and branch offices' safety professionals. In the pursuit of “extreme safety levels,” there are still areas on which we need to focus efforts. With humility and a focus on actual conditions, we will advance each measure through the combined efforts of all employees—from members of the senior management team through to those in frontline operations. In other words, we will move “Ever Onward” in adherence to the “JR East Group Management Vision V.”

At the same time, we will step up seismic reinforcement measures, the renewal of aging facilities, and the installation of automatic platform gates. We are steadily implementing seismic reinforcement measures in anticipation of an earthquake directly beneath the Tokyo metropolitan area as part of a five-year program from fiscal 2013 through fiscal 2017, during which we plan to invest a total of ¥300 billion. By the end of fiscal 2015, we had completed roughly 50% of the work that is currently planned, and we aim to complete about 80% of it by the end of fiscal 2017. Also, we maintain railway facilities and equipment diligently. Every year, we invest in the appropriate renewal of aging structures, railway track equipment, and railway stations. We spend between ¥200 billion and ¥250 billion on maintenance and use between ¥300 billion and ¥350 billion for investment needed for the continuous operation of business. Also, in the current fiscal year plans call for the installation of automatic platform gates at five railway stations on the Yamanote Line, meaning 23 of the line's 29 railway stations will have automatic platform gates. Furthermore, we will consider installing automatic platform gates at railway stations beyond the Yamanote Line.



QUESTION 3

Has the recent significant revision of the timetable produced benefits?
Also, how does JR East plan to develop the railway network?

ANSWER 3

- We realized two major projects: the openings of the Hokuriku Shinkansen Line to Kanazawa and the Ueno-Tokyo Line. These projects gave us a fresh sense of railways' potential. By expanding and improving the railway network, we can increase overall passenger flows significantly.
- To remain customers' first choice, JR East aims to make concerted efforts to enhance transportation quality and become "No. 1 for customer satisfaction in the Japanese railway industry."

In an era of population decline, encouraging customer usage by improving the quality of railway transportation services is vital. In this regard, the realization of two major projects with the openings of the Hokuriku

Shinkansen Line to Kanazawa and the Ueno-Tokyo Line, following the March 2015 timetable revision, gave us a fresh sense of railways' potential.

The numerous customers using the Hokuriku Shinkansen Line are increasing total passenger flows between the Tokyo metropolitan area and the Hokuriku region significantly. Consequently, we anticipate these increasing passenger flows will lead to a ¥29.5 billion rise in revenues in fiscal 2016. By opening Shinkansen lines, we have sought to not only capture passengers from other modes of transportation, such as aircraft, but also vitalize regions and enrich local economies by increasing overall passenger flows. I feel we have taken a firm first step toward this goal. In addition, I think it is important to increase passenger flows in all line-side regions by developing wide-ranging sightseeing routes not just in the Hokuriku region but in Niigata, Nagano, and Gifu prefectures. March 2016 will mark the opening of the Hokkaido Shinkansen Line to Shin-Hakodate Hokuto. By continuing to create a new high-speed railway network focused on tourism, we will grow interregional railway travel and help energize local communities.

Meanwhile, the opening of the Ueno-Tokyo Line has improved the conventional line network in the Tokyo metropolitan area. The new line has shortened travel times by eliminating the need to change trains at Tokyo and Ueno stations and lessened congestion on the Yamanote and Keihin-Tohoku lines, which run parallel to it. For example, data shows that one month after the line's opening congestion on the Yamanote and Keihin-Tohoku lines between Ueno and Okachimachi stations was down

about 30%. A further benefit is that total passenger flows have risen, which is expected to generate approximately ¥2 billion in additional revenues. I think this is very significant because the new line has shown us one strategy to increase the number of passengers using conventional lines. If we enhance convenience by introducing direct services and seating services, conventional lines have the potential to raise passenger numbers. To realize this potential, we need to exploit opportunities arising from major emerging trends, such as the increasing number of working women and seniors. With this in mind, we intend to expand passenger usage by enhancing the quality of transportation services through such initiatives as the introduction of *Green Car* services to the Chuo Line Rapid Service in fiscal 2021.

Regarding transportation quality, we will reduce travel times, through such initiatives as the Ueno-Tokyo Line, and enhance comfort, through the introduction of *Green Car* services and other measures. Moreover, as a measure to heighten transportation reliability, we plan to enable rapid resumption of transportation services following disruptions by increasing contingency shuttle operations. We have taken countermeasures based on a range of scenarios with the intention of minimizing customers' loss of valuable time. To remain customers' choice, JR East aims to make concerted efforts to enhance transportation quality and become "No. 1 for customer satisfaction in the Japanese railway industry."



QUESTION 4

Are there further projects that will open the way to future?

ANSWER 4

- By steadily developing large terminal stations in Tokyo, Shinjuku, Shibuya, Yokohama, Chiba, Sendai, and other locations, we will increase their appeal as towns and generate significant passenger flows.
- The Shinagawa development project is scheduled for completion around 2023 or 2024. Our ambition is to realize an internationally appealing town that becomes Japan's gateway.
- We are planning the Haneda Airport Access Line, which will improve access to Haneda Airport from across the Tokyo metropolitan area by connecting the airport directly with Tokyo, Shinjuku, Shibuya, Ikebukuro, and other railway stations.

Large-Scale Development of Terminal Stations

Opening time

FY2017

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.
Fall 2016 to sometime after summer 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
and after

Shibuya Station Development (Joint development with Tokyu Corporation and Tokyo Metro)

- FY2020 (East Tower),
FY2028 (Central Tower and West Tower)
47 floors, 7 basement floors (East Tower)
Offices, commercial facilities, etc.



Yokohama Station West Exit Bldg. (provisional name)

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



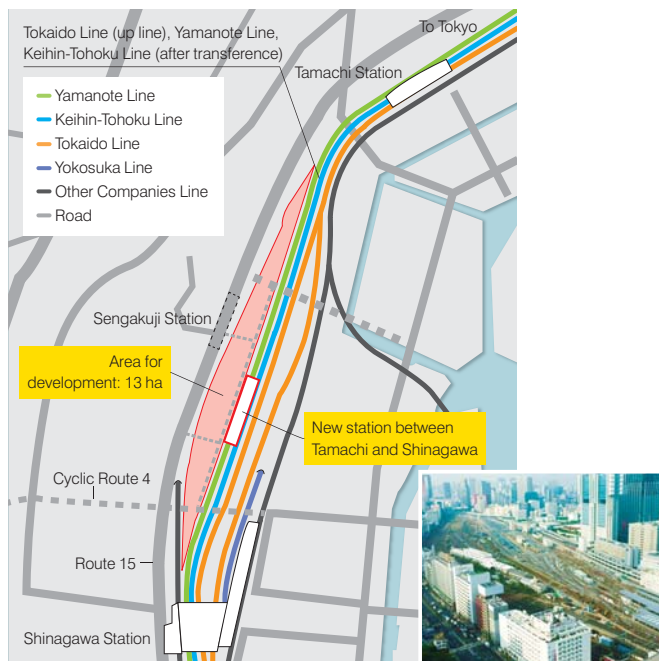
Railway operations are JR East's mainstay. We can gain synergistic benefits by invigorating line-side towns, which vitalize customers and enlarge passenger flows. Therefore, we want to continue focusing efforts on "town development" not only in the Tokyo metropolitan area but in regions. Currently, approximately one-third of JR East's earnings are from businesses other than railway operations. Through "town development," JR East will acquire further growth potential. In particular, with our sights set on the 2020 Tokyo Summer Olympic and Paralympic Games, we plan to develop a new railway station between Tamachi and Shinagawa railway stations and, centered on the new railway station, develop a town on the former site of the Shinagawa Depot railway yard. Other initiatives include completing the *Shinjuku New South Exit Building* (provisional name) and the *Sendai Station East Exit Building* in spring 2016. By continuing the steady development of large terminal stations in Tokyo, Shinjuku, Shibuya, Yokohama, Chiba, Sendai, and other locations, we will increase their appeal as towns and generate significant passenger flows.

In the large-scale development project at Shinagawa, we have scheduled the provisional opening of the new railway station between Tamachi and Shinagawa stations for 2020, and we plan to unveil the town around 2023 or 2024. One of the largest development initiatives in Japan, the project has a site that covers about 130,000 square meters, and it will create around 1,000,000 square meters of floor space. We are passionate about developing a new type of town that symbolizes Japan's openness to the world. The investment will be around ¥500 billion, and new construction will include hotels, commercial facilities, and cultural facilities but mainly comprise

offices and condominiums. At present, we are holding discussions with relevant authorities with a view to deciding on a town plan by the end of fiscal 2016. Taking advantage of various special zone systems, our ambition is to realize an internationally appealing town that becomes Japan's gateway.

The Haneda Airport Access Line is an important initiative from the perspective of developing and boosting the international competitiveness of Japan's capital. This plan entails linking a line from the direction of Tokyo to a currently unused freight line near Tamachi Station as well as creating a new line underground from the Tokyo Freight Terminal, near Oi Futo, to directly beneath Haneda Airport. Further, we are considering using the Rinkai Line for a route that connects from the Shinjuku direction to the Tokyo Freight Terminal and a route that connects from Shin-Kiba to the Tokyo Freight Terminal, bringing the total to three routes. This project is expected to require an investment of more than ¥300 billion. We are currently in talks with related parties about a specific operational scheme and the cost burden. In light of the effect on business management, we will shoulder a reasonable amount of the cost burden and proceed with the project. Given Tokyo's prominence on the world stage, I think this project is extremely significant. As well as directly linking Tokyo, Shinjuku, Shibuya, Ikebukuro, and other railway stations with Haneda Airport, the new line will improve the airport's accessibility from across the Tokyo metropolitan area via JR East's railway network. The project is expected to take around 10 years to complete. I want to tackle this initiative while gaining generous cooperation from related parties and working energetically to shorten construction and procedural lead times.

Shinagawa Development Project



Haneda Airport Access Line Design (Under examination)



QUESTION 5

What type of collaborative measures is JR East taking with local communities?

ANSWER 5

- **Our collaboration with local communities focuses on three areas: promotion of tourism, revitalization of local industry, and town development. As a company providing an important component of each local community's infrastructure, we will meet our responsibility to enrich the lives of local residents and energize their communities.**
- **As we proceed through the planned stages of restoration work related to the Great East Japan Earthquake, we are consulting with local communities. In May 2015, operations resumed on all segments of the Senseki Line for the first time in four years. At the same time, operations began on the new Senseki-Tohoku Line connecting to the Tohoku Line.**

Our collaboration with local communities focuses on three areas: tourism promotion, local industry revitalization, and town development.

To begin with tourism, the number of overseas tourists visiting Japan is increasing rapidly at present. However, only about 1% or 2% of them visit the Tohoku region, which is part of JR East's service area. If we can raise the number of visitors, it will give the region a very significant boost. We want to leverage tourism to increase inter-regional passenger flows and vitalize the region. This is a major task that we should tackle with local communities. By fiscal 2018, we aim to grow revenues from overseas tourists 1.5 times compared with those of fiscal 2015. With this target in mind, we will offer travel products for overseas tourists, enhance our ability to accommodate their needs, and establish sales systems overseas. A host of local communities are eager to boost their regions through tourism. Many of them would like the six JR passenger railway companies in Japan to jointly hold and promote a *Destination Campaign* for their prefecture, to the point where narrowing down candidate regions is a struggle. Further, seniors are very active at the moment: the membership of our *Otona no Kyujitsu Club* is approaching two million. Targeting active seniors who are inquisitive and have a certain amount of free time, we want to increase passenger flows.

Secondly, we want to revitalize local industry with a focus on agriculture, fishing, and forestry. Considering how to do this is an important task. Annually, JR East holds more than 3,000 *Sanchoku-Ichi* (farmers' markets), selling regional specialties at railway stations in the Tokyo metropolitan area. Continuing such initiatives unearths regional specialties, creates new industries, and advances the sextic industrialization of agriculture, fishing, and forestry. We will continue processing local produce to create new

offerings. For example, a Group company uses Aomori apples to make cider, while our *Tokamachi Sukoyaka Factory* makes sweets from rice flour.

Lastly, we will contribute to town development. Given society's aging, regions need station-centered "compact cities," which concentrate essential everyday services. We should not restrict ourselves to medical and nursing care services when considering what type of services seniors need. Rather, we should include services that active seniors want, such as cultural and exercise facilities. By combining these with stores, hotels, offices, and other typical facilities, we will create one-stop "compact cities" centered on railway stations. For example, we are helping surround railway stations with lively and bustling areas. To coincide with the opening of the Hokuriku Shinkansen Line to Kanazawa, we created a highly



appealing, popular area by rebuilding Nagano Station and renovating its station building and hotel. Invigorating towns in partnership with local communities in this way will be a crucial facet of initiatives to increase regions' vitality. Therefore, I want us to tackle similar initiatives in other towns.

As for restoration work related to the Great East Japan Earthquake, JR East still has more than 200 kilometers of closed line segments. We are using bus rapid transit (BRT) services to restore transportation services provisionally on the Kesennuma Line and Ofunato Line. However, on certain line segments, such as those of the Joban Line, restoration is not progressing as hoped due to the effect of the nuclear power station accident. We are proceeding with restoration work on these line segments in planned stages. In conjunction with this work, we are holding dialogues with local communities. Further, we are monitoring decontamination levels and other factors. In May 2015, operations resumed on all segments of the Senseki Line for the first time in four years. At the same time, operations began on the new Senseki-Tohoku Line connecting to the Tohoku Line. Further, with a view to opening the line segment in two years, JR East is conducting a large-scale restoration project between Soma and Hamayoshida on the Joban Line that is transferring railway tracks to an area alongside hills. Also, JR East submitted a proposal to relevant local authorities and other parties about the integration of the Miyako–Kamaishi segment of the Yamada Line with the North and South Rias Lines for operation by Sanriku Railway Company. In December 2014, we reached a basic agreement, and we concluded a letter of intent and memorandum of understanding in February 2015. Local residents are eager to have railway

services restored. However, some line segments face issues related to passenger safety, high restoration costs, or ensuring passenger volumes. Therefore, we want to continue discussing each region's optimal mode of transportation with local residents.

A railway company is not just obliged to transport passengers. As the provider of an important component of each local community's infrastructure, it should enrich the lives of local residents and energize their communities. Moreover, a situation in which Tokyo prospers in isolation will not generate passenger flows. Therefore, I think finding ways to stimulate regions is a major task that we must tackle.



The reopened Senseki Line

QUESTION 6

In “Pursuing Unlimited Potential,” what type of initiatives are you advancing?

ANSWER 6

- **We will take on a range of creative initiatives, including the use of ICT to innovate maintenance operations and the exploitation of renewable energy.**
- **As a global strategy, we will capitalize on our personnel's expertise and knowledge in the railway maintenance and operations area, which is one of our strengths.**
- **JR East will continue concerted efforts with Group companies to raise efficiency. Also, we aim to undertake integrated management of outsourced operations to curb total outsourcing and personnel expenses.**

It goes without saying that innovation grows companies and advances society in any age. In the world of railways, the advents of Shinkansen and *Suica* were epoch-making.

One of our current initiatives is the utilization of ICT. We are taking advantage of tablet computer terminals to expedite responses to transportation service disruptions and improve our ability to provide customers with information about such disruptions. Further, in the Series E235 mass-production lead railcars, scheduled to begin operating on the Yamanote Line from fall 2015, we will install monitoring equipment that will allow highly frequent assessment of the status of railway tracks and catenaries as well as real-time monitoring of railcar devices' data. These innovations will enable us to optimize maintenance timing to match equipment degradation. Furthermore, for railcar control, eliminating signal circuits by replacing them with wireless systems promises to reduce maintenance costs.

As part of an energy and environmental strategy to reduce CO₂ emissions and stimulate local economies, we are generating renewable energy mainly by capitalizing on northern Tohoku's rich natural environment. Our initiatives include participation in the strategic management of a biomass energy generation company in Hachinohe, Aomori Prefecture; start-up of operations at a solar power generation facility in Katagami, Akita Prefecture; and establishment of JR East Energy Development Co., Ltd., which develops wind power generation businesses primarily in the Tohoku region. Also, a future task is the use of hydrogen energy for railways. For example, I want to research using hydrogen energy for thermal power generation and running railcars on hydrogen energy by incorporating fuel

cells into them in the way that this has been done for automobiles. And, we will continue taking on the challenge of realizing the operation of Shinkansen at 360 km/h by continuing to increase the operating speeds of Shinkansen while resolving such problems as vibration and noise.

Under our global strategy, in preparation for the 2016 opening of the Purple Line urban mass transit railway system in Bangkok, Thailand, we will formulate plans for maintenance operations and conduct rigorous training while carefully undertaking progress management for railcar supply. Meanwhile, we have transferred railcars from the Saikyo and Yokohama lines to an urban railway system in Jakarta, Indonesia, and our personnel are helping with maintenance skills and supporting operations. Unlike manufacturers or trading companies, our strength lies in maintenance and operations. Because providing personnel and technical support is important for urban railway systems and high-speed railways, I want to capitalize on the expertise and knowledge of our personnel to realize this strength fully.

Further, in the context of a declining population controlling expenses is an important business management theme. The key will be whether we can provide the same products and services more efficiently. With this in mind, we will introduce various systems and revise the content of services. Also, JR East will launch a concerted effort with Group companies to heighten overall efficiency by introducing outsourcing. Furthermore, we aim to undertake integrated management of outsourced operations to curb total outsourcing and personnel expenses.



QUESTION 7

What are JR East's management strategies for growth?

ANSWER 7

- **Fiscal 2018 projections show higher revenues and earnings and improved ROA and ROE.**
- **Our goal over the coming three years is to generate cash flows from operating activities of ¥1,900 billion, of which we will invest ¥600 billion for growth.**
- **We are mindful of a total return ratio target of 33% based on stable cash dividends and a flexible policy on share buybacks. We will advance steadily toward our goal of reducing consolidated interest-bearing debt to ¥3,000 billion during the 2020s.**

We announced numerical targets for the coming three years when we released the fiscal 2015 financial results. Fiscal 2018 projections show higher revenues and earnings and improved ROA and ROE. To enable us to reach these targets, we will consolidate foundations. Safety, service quality, collaboration with local communities, technological innovation, and globalization cannot be realized at a stroke. Therefore, by progressing incrementally in each area over the coming three fiscal years we intend to realize the fiscal 2018 numerical targets.

For railway operations, I think the fiscal 2018 numerical targets are reachable given our steady progress in opening Shinkansen lines and strengthening the Tokyo metropolitan area network. As for the life-style service business, the earnings of the Station Space Utilization segment have dipped because we are developing main railway stations in the Tokyo metropolitan area. However, as this segment picks up, its fiscal 2018 earnings are likely to surpass those of fiscal 2015. Meanwhile, the

Shopping Centers & Office Buildings segment plans to open projects in Shinjuku, Sendai, and Chiba stations, which will contribute to earnings.

Further, our goal over the coming three years is to generate operating cash flows of ¥1,900 billion, of which we will use ¥1,600 billion for capital investment. This capital investment will comprise maintenance and renewal investment of ¥1,000 billion and growth investment of ¥600 billion. Devoting a significant amount of cash to capital investment will heighten safety, reliability, and comfort and thereby ensure future growth.

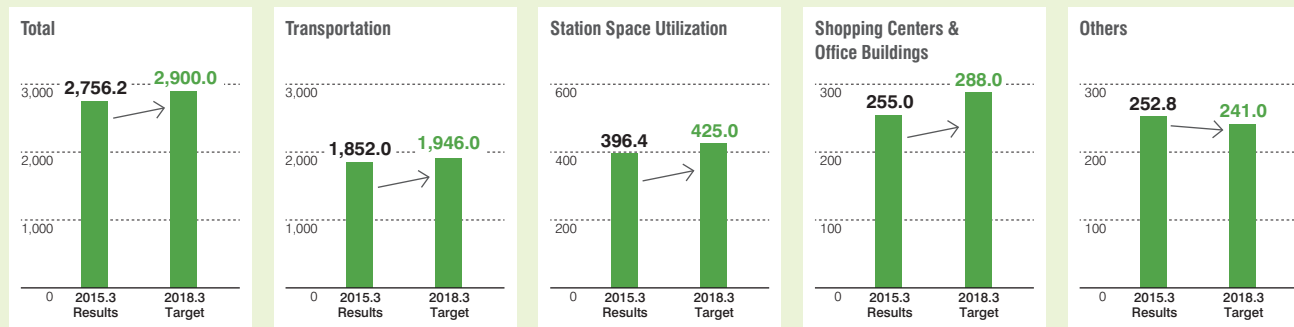
In addition, we are mindful of a total return ratio target of 33% based on stable cash dividends and a flexible policy on share buybacks. We will decide on increases in cash dividends at junctures when we expect to be able to maintain cash dividend levels following raises. Also, we will execute share buybacks flexibly in response to earnings levels. Further, for fiscal 2016 we plan to pay cash dividends of ¥130.00 per share, an increase of ¥10.00.

Lastly, we will advance unflinchingly toward our goal of reducing consolidated interest-bearing debt to ¥3,000 billion during the 2020s.

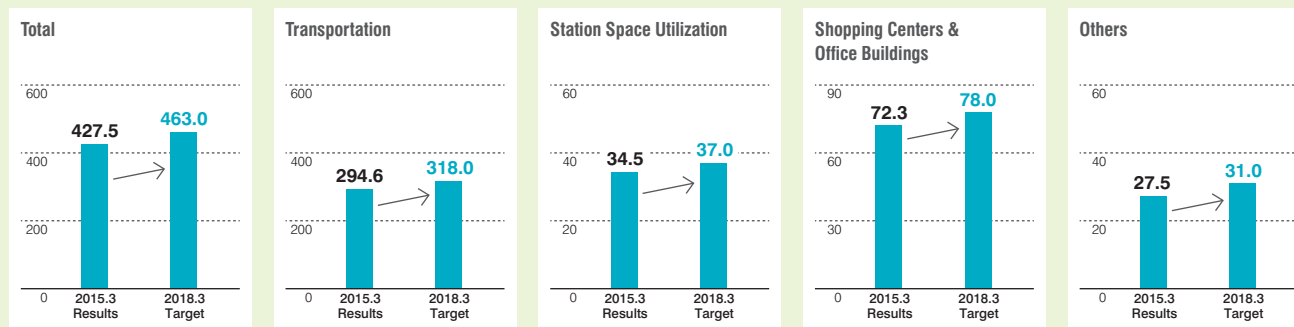
As I have often stressed, we will move forward with unwavering adherence to a basic policy founded on three pillars: implementing capital investment needed for future growth and safe and reliable transportation; providing returns to investors; and reducing debt in preparation for the future. I believe realizing a balance among these three pillars as we advance steadily will, ultimately, reward investors' trust.



Consolidated Operating Revenues Billions of Yen



Consolidated Operating Income Billions of Yen



Consolidated ROA (Ratio of operating income to average assets)

2015.3 Results At the end of FY2018
5.7% → **Around 6%**

Consolidated ROE (Return on average equity)

2015.3 Results At the end of FY2018
8.1% → **Around 10%**

Uses of Consolidated Cash Flows

	Targets	FY2016
Consolidated operating cash flows	Approx. ¥1.9 trillion (Three-year total to FY2018)	
Capital expenditures	Approx. ¥1.6 trillion (Three-year total to FY2018)	¥525.0 billion*1
Investment needed for the continuous operation of business (Safety practice and transportation stability)	Approx. ¥1,000.0 billion (Approx. ¥600.0 billion)	¥321.0 billion
Growth investment	Approx. ¥600.0 billion	¥204.0 billion
Shareholder returns	[Medium- to long-term target] 33% total return ratio (to net income)	¥130/share dividend Share buybacks*2
Debt reduction	(During the 2020s) ¥3,000.0 billion interest-bearing debt balance	Reduce interest-bearing debt Around ¥20.0 billion

*1 In addition, priority budget allocation maximum of ¥30.0 billion from the deposit balance on March 31, 2015 (capital expenditures of approximately ¥555.0 billion in total)

*2 Share buybacks of ¥11.1 billion (1 million shares) executed between April 30 and May 29, 2015