

April 30, 2020

East Japan Railway Company

Condensed Transcript from Q&A Session of Financial Results Presentation for Fiscal 2020

[Fundamental Strengthening of Management Efficiency]

Q. What are the specific details?

A. Anticipating structural changes to society accompanying the spread of COVID-19, we will strengthen existing measures that we have been advancing for relocation to regions, satellite offices, and e-commerce (*JRE MALL, i Lumine*, etc.), including the strengthening of coordination. Further, measures, such as those for condition based maintenance (CBM) and autonomous driving, will be accelerated to change the cost structure of the railway business, which has a high fixed cost ratio.

Q. What will be the scale of considerations of capital expenditure reform and cost reductions?

A. In the fiscal year ending March 31, 2021, reform of approximately 10% of investment required for the continuous operation of business based on the results of the fiscal year ended March 31, 2020, is being considered. With respect to operating expenses, such measures as the introduction of new technology and the reform of security expenses and other costs will be implemented. However, immediately realizing large-scale cost reductions will be challenging.

Q. With respect to the approach to commuter passes fares, under the current fares system what kind of consideration will be undertaken?

A. The current fares system is an extension of the fares system of the Japanese National Railways era. The system is complex and incurs system cost. Although immediate realization is not possible as discussions on legislation are required with the national government, we want to anticipate structural changes to society accompanying the spread of COVID-19 and consider how to fundamentally change the fares system itself. To give one example, such measures as the provision of new products that reflect telecommuting and other work styles are conceivable.

[Approach to Support for JR Hokkaido]

Q. Is there any change in the stance toward providing support for JR Hokkaido?

A. The existing stance has not changed. With respect to JR Hokkaido, such support as personnel support and tourism support will continue to be provided, but financial support is not being considered. In light of the effects accompanying the spread of COVID-19, we want to coordinate with other JR Companies and respective private railway operators in pursuing the various requests to the national government from railway operators as a whole.