

East Japan Railway Company

October 29, 2013

Priority Initiatives Going Forward for “JR East Group Management Vision V - Ever Onward”

Since unveiling “JR East Group Management Vision V - Ever Onward” in October 2012, the JR East Group has made steady progress implementing the vision’s measures guided by the key concept of “Thriving in Communities, Growing Globally”, and developing the Group’s “Eternal Mission” and “Pursuit of Unlimited Potential” as important management pillars.

In forging ahead with the second year of the vision, the Group formulated a set of “priority initiatives going forward” for “JR East Group Management Vision V - Ever Onward” in view of the changes in the operating environment. These initiatives given particular priority in the Group Management Vision V aim to propel and accelerate the realization of JR East’s management plans.

As a company responsible for the social infrastructure of railway services, JR East will steadily execute its daily operations to provide customers with safe and reliable transportation and comfortable services, and promote the following “priority initiatives going forward” from a medium-term perspective.

◆ Priority Initiatives Going Forward for “JR East Group Management Vision V - Ever Onward”

As an infrastructure company, JR East views the steady execution of daily operations as a fundamental mission in providing customers with safe and reliable transportation and comfortable services. Guided by this mission, JR East will promote the following priority initiatives.

(1) Eternal Mission

**Items underlined below are the new concrete content, schedules and directions, etc., for the vision*

①KIWAMERU (Excel): Pursuing "extreme safety levels"

○ **Invest a total of ¥300.0 billion in seismic reinforcements and other countermeasures**

- Complete approximately 80% of the countermeasures within the intensive implementation period ending FY2017.3, and examine the use of seismometers on the ocean floor

○ **Formulate a phase 2 plan for installing automatic platform gates**

- Install gates by individual station and line segment, and aim to reduce the installation cost by approximately 20% in comparison to on the Yamanote Line

○ **Formulate the next safety enhancement plan**

- A new five-year safety enhancement plan for FY2015.3 through FY2019.3

②MIGAKU (Improve): Service quality reforms

○ **Further enhance transportation service quality**

- Prevent transportation service disruptions in conjunction with the launch of services on the Tohoku Through Line, among other initiatives, and develop smartphone applications for transmitting information

○ **Improve the quality of the Tokyo metropolitan area railway network**

- Improve service on the Chuo Line and "Tokyo Megaloop," and access to Haneda Airport, while establishing new stations from a strategic perspective

○ **Prepare for opening the Hokuriku Shinkansen**

- Steadily execute preparations and initiate measures for maximizing the impact of the line opening

○ **Improve the convenience of ticketing services utilizing ICT**

-Expand the realm of locations accepting *Suica* usage and match ticketing services with various needs

③ TOMO NI IKIRU (Together): Strengthening collaboration with local communities

○ **Develop large-scale terminal stations and establish the brand power of each railway line**

-Steadily execute the development of large-scale terminal stations and enhance the community functions of stations (promote the Chuo Line Mall Project)

○ **Develop towns around core regional train stations**

-Re-examine the functions of stations in line with blueprints for "compact cities"

○ **Revitalize local economies with NOMONO shops and Sanchoku-Ichi**

-Actively develop and expand the NOMONO franchise (collaborate shops in Tokyo with local communities) and Sanchoku-Ichi (farmers' markets)

○ **Develop new business formats and services in station space utilization**

-Rise to the challenge of generating new business and service fields

○ **Promote Japan as a tourism-oriented nation**

-Strengthen collaboration with travel agents overseas and establish a "*Golden Route for Travel in East Japan*"

(2) Pursuing Unlimited Potential

① HIRAKU (Pioneer): Technological innovation

○ **Promote energy and environmental strategies**

-Upgrade the privately operated power grid, expand the introduction of catenary and battery-powered hybrid railcars, and transform northern Tohoku region into a renewable energy base

○ **Utilize ICT to innovate operations**

-Introduce tablet computers to maintenance divisions and stations, and utilize radio technology to prevent accidental contact with oncoming trains

○ **Technological innovation by employees on the front lines**

-Designate innovation leaders and conductors, and strengthen the development of human resources for technological innovation

② NOBIRU (Grow): Tackling new business areas

○ **Open more offices overseas - Establish a new London office**

○ **Establish railcar manufacturing operations as a fourth business pillar**

-Win overseas project orders and optimize the business promotion structure

③ HABATAKU (Empower): Developing employees and creating a corporate culture that maximizes human potential

○ **Provide further growth opportunities to motivated employees**

-Utilize e-learning and strengthen the development of global human resources

○ **Promote cohesive Group management**

-Examine the scheme of group point

(3) Initiatives in View of the 2020 Summer Olympic and Paralympic Games in Tokyo

① **Provide safe, smooth and comfortable transportation services**

② **Revitalize the flow of tourism in the Tokyo metropolitan area and attract tourists to the regions**

③ Upgrade the attractiveness of Tokyo by promoting the development of terminal stations

[Reference]

Overview of “JR East Group Management Vision V - Ever Onward”

(Announced on October 30, 2012)

(1) The JR East Group's Key Concept Phrase:

Thriving in Communities, Growing Globally

(2) Two important management pillars:

“Eternal Mission” and “Pursuing Unlimited Potential”

[Eternal Mission]

JR East's fundamental mission is to provide safe and high-quality services and thereby contribute to the growth and prosperity of local communities. This fundamental mission will never change through the years. JR East will make relentless efforts to ensure that the content and quality of its services properly answer the expectations of society.

- ① Pursuing “extreme safety levels” - Building a railway capable of withstanding natural disasters
- ② Service quality reforms – Enhancing rail transportation network and other measures
- ③ Strengthening collaboration with local communities – Supporting earthquake recovery, stimulating tourism and revitalizing communities

[Pursuing Unlimited Potential]

In a fast-changing environment, there can be no growth unless JR East constantly takes on the challenge of achieving new goals. JR East and every one of its employees will pursue the Group's unlimited potential from the following three perspectives.

- ① Technological innovation - Forging strategies for conserving energy and the environment, utilizing ICT and operating Shinkansen at faster speeds
- ② Tackling new business areas - Globalization
- ③ Develop employees and creating a corporate culture that maximizes human potential

The Past Year's Initiatives

(1) Invest a total ¥300.0 bn in seismic reinforcements, etc.

- Began seismic reinforcement of viaduct columns, bridge piers and 8-meter+ embankments for an intensive implementation period ending FY2017.3
- Began seismic reinforcement near Ochanomizu Station on the Chuo Line
- Installed more seismometers in Greater Tokyo and inland areas
⇒ For a cumulative 196 and 127 installations on conventional lines and Shinkansen
- Introduced the Earthquake Early Warning service from the Japan Meteorological Agency to Shinkansen

(2) Platform Gates on the Yamanote Line

- Platform gates to be installed at 11 stations by Mar. 31, 2014, out of 23 stations due for installation by FY2016.3



[Yamanote Line Platform Gates]

(3) "2013 Safety Vision" Five-year Safety Enhancement Plan

- Steadily developed safety equipment and personnel, and rigorously applied the “three actualities principle,” based on the 2013 Safety Vision ending Mar. 31, 2014



Priority Initiatives Going Forward

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1. Invest a total ¥300.0 bn in seismic reinforcements, etc.

(1) Seismic reinforcements

- Complete approx. 80% of the plan by Mar. 31, 2017
- Plan to fully complete seismic reinforcement of approx. 8,640 Shinkansen viaduct columns, 11 8-meter+ embankments and building/platform walls to around 60 stations
- Seismic reinforcement of embankment near Ochanomizu Station for completion by FY2017.3

Shinkansen viaduct columns



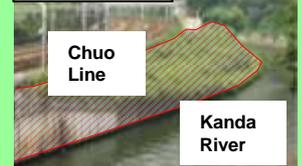
Mizusawa Esashi to Morioka, Tohoku Shinkansen

Conventional lines viaduct columns



Kandatsu to Takahama, Joban Line

Embankment



Ochanomizu, Chuo Line

(2) Enhanced seismic observation system

- To improve Shinkansen earthquake safety, examine coupling the Early Earthquake Warning System for Shinkansen with data from the Japan Trench Undersea Earthquake and Tsunami Observation Network National Research Institute for Earth Science and Disaster Prevention is developing

2. Formulate a phase-2 plan for installing automatic platform gates

(1) Phase-2 platform gate installation plan

- Formulate a plan to install gates by station, such as those frequented by vision-impaired passengers, and by line.

(2) Rigorous cost reductions to expand installation

- Aim to reduce the installation cost by approx. 20% compared to on the Yamanote Line by cutting construction costs and time

3. Formulate the next safety enhancement plan

- Formulate the next five-year plan in pursuit of “extreme safety levels” for launch in FY2015.3
- Clarify priority initiatives and policies in view of business environment changes while carrying forward the “2013 Safety Vision” plan

The Past Year's Initiatives

(1) Further enhance transportation quality

- Improved the reliability by upgrading to fail-safe, next-generation railway junctions and introducing new or upgraded railcars
- Enhanced the natural disaster countermeasures (by installing windbreaks and electric snow melters)
- Enhanced the readiness for promptly restoring train services (by expanding contingency shuttle and alternative line operations and installing driver's cab forward-view cameras, etc.)
- Issued tablet computers to all train conductors and drivers (on each route)

(2) Improve the quality of the Tokyo metropolitan area railway network

- Improved *the Tokyo Megalooop's* convenience by increasing service frequency on the Musashino and Keiyo lines and expanding through services on the Yokohama and Negishi lines, etc.
- Shortened arrival times by improving max. speeds on the Chuo Line Rapid Service
- Began stops at Urawa Station on the Shonan-Shinjuku Line
- Made steady progress building the Tohoku Through Line (for launch in FY2015.3)

(3) Expand intercity networks

- Opened the Hokuriku Marketing Center (in Kanazawa in Apr. 2013)
- Began making E7 Series railcars for the Hokuriku Shinkansen (for unveil in fall 2013)
- Decided new station and service names, and operating framework for the Hokuriku Shinkansen

(4) Improve IC ticket convenience

- Launched a nationwide mutual usage service for transportation company IC cards (spring 2013)
- Began mutual usage of *Suica* in areas serviced by Niigata Kotsu's *RYUTO* and City of Sapporo Transportation Bureau's *SAPICA* cards
- Launched the "*odeca*" BRT service IC card (Aug. 2013)



[Nationwide mutual usage service]



["odeca" BRT service IC card]

Priority Initiatives Going Forward

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1. Further enhance transportation quality

(1) Prevent transportation service disruptions in conjunction with changes in weather conditions, and the launch of services on the Tohoku Through Line

- Prevent ground facility and railcar malfunctions (by expanding installation of next-generation railway junctions and continually introducing new railcars)
- Prevent snow disruptions (by increasing installation of electric snow melters, etc.), and expand windbreak installations (on the Keiyo, Sobu and Joban lines)

(2) Prevent transportation service disruptions from spreading (by strengthening contingency shuttle and alternative line operations)

(3) Enhance information provided when transportation services are disrupted

- Develop smartphone apps providing customers ready access to the necessary information

2. Improve the quality of the Tokyo metropolitan area railway network

(1) Upgrades to the Tokyo metropolitan area railway network

- Raise the railway usage rate and improve line-side area value by upgrading the railway network, increasing service frequency and introducing seating services to counter a population decline
⇒ Launch of the Tohoku Through Line, improve the Chuo Line service and *Tokyo Megalooop* transportation capacity, and enhance competitiveness of limited express services for Greater Tokyo
- Examine access improvements to Haneda Airport in view of an increase in passengers

(2) Choose locations for establishing new stations from a strategic perspective

3. Prepare for opening the Hokuriku Shinkansen

(1) Conduct facilities inspections and test runs in careful preparation of opening the line

(2) Develop wide-ranging sightseeing routes and promote destination-driven tourism to broaden the line's impact

(3) Enhance services provided by the Hokuriku Shinkansen

- Introduce *GranClass* to the Hokuriku Shinkansen, and provide products and services that attract passengers

4. Improve the convenience of ticketing services utilizing ICT

(1) Expand the realm of locations accepting *Suica* usage for the card to gain more popularity

(2) Improve ticketing convenience to match customers' needs

- Establish a portal site providing one-stop shopping for railway tickets and travel products
- Strengthen collaboration between "*eki-net*" and *Mobile Suica*

えきねっと



Eternal Mission: TOMO NI IKIRU (Together) — Strengthening Collaboration with Local Communities

The Past Year's Initiatives

(1) Develop large-scale terminal stations and establish the brand power of railway lines

- Completion of Tokyo Station's Yaesu Exit "GranRoof" (Sep. 2013)
- Opening of "nonowa Musashisakai" Chuo Line Mall (May 2013)
- Opening of "COTONIOR Kichijoji," a multipurpose child and senior citizen care facility, between Nishi-Ogikubo and Kichijoji on the Chuo Line (Mar. 2013)

(2) Revitalize core regional cities

- Began developing a new station building together with a project expanding the plaza in front of Nagano Station's Zenkoji Exit
⇒ A flagship project among core regional train stations

(3) Revitalize local industries

- Utilized Ueno Station's *NOMONO* shop and *Sanchoku-Ichi* to cultivate and promote attractive local produce
⇒ 283 *Sanchoku-Ichi* held for 2,044 operating days in all in FY2013.3
- *NOMONO 1-2-3 Project* for promoting the sextic industrialization of agriculture, fishing and forestry

(4) Bolster competitiveness of shopping centers and station space utilization

- Promoted the new development and renewal of stores that grasp and respond to customers' needs

(5) Promote Japan as a tourism-oriented nation

- Revitalized the flow of tourism by developing various tourism campaigns
- Launched "JR East Railway Holiday" in Taiwan as a new product brand for inbound travel (Sep. 2013)
- Manufacturing a new cruise train (to begin operation from spring 2016 onward)
- Began operation of new concept trains "POKÉMON with YOU Train" (Dec. 2012) and "TOHOKU EMOTION" (Oct. 2013)

Priority Initiatives Going Forward

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1. Develop large-scale terminal stations and establish the brand power of each railway line

(1) Establish brand power to bolster the attraction and convenience of terminal stations

- Bolster the trend setting capability of Tokyo Station with the Yaesu Exit "GranRoof" completion, in time for the station's centennial in 2014
- Make steady progress developing Shinjuku, Shibuya and Shinagawa as large-scale terminal stations

(2) Establish the preferred line-side brand appeal of railway lines

- Active development of the Chuo Line Mall Project
⇒ Open the *Higashi-Koganei SC*, establish concierge desks, and develop "Suicle" bicycle sharing, childcare and other services



2. Develop towns around core regional train stations

- Re-examine the functions of stations for revitalizing local communities, in line with blueprints for "compact cities"
- Examine revitalization involving conversion by redevelopment

3. Revitalize local communities with *NOMONO* shops and *Sanchoku-Ichi*

(1) Expand sales of local produce in Greater Tokyo and bolster trend setting capabilities

- Actively develop and expand the *NOMONO* (collaborate shops in Tokyo with local communities) franchise (opening a second store in FY2014.3), *Sanchoku-Ichi* (farmers' markets), and small-scale markets

(2) "Sextic industrialization" of agriculture, fishing and forestry

- Actively develop the "*NOMONO 1-2-3 Project*" with the next three years as the intensive implementation period



4. Develop new business and service fields in station space utilization

- Unite as a group and rise to the challenge of generating new business and service fields to bolster operational competitiveness

5. Promote Japan as a tourism-oriented nation

(1) Strengthen capabilities overseas for selling railway travel in Japan

- Strengthen collaboration with travel agents overseas, and examine ways to build a new overseas sales framework

(2) Establish a "Golden Route for Travel in East Japan" for expanding inbound travel demand in Tohoku Area

(3) Create trains people seek to board for the "ride" itself

- Launch operation of the "*SL Ginga Tetsudo*" train (provisional name), and introduce resort trains utilizing Shinkansen railcars



The Past Year's Initiatives

(1) Promote energy and environmental strategies

- Introduction of mega-solar electricity plant, with output capacity of over 1 MW, at the Keiyo Rolling Stock Center (for operation starting spring 2014)
- Introduction of EV-E301 Series catenary and battery-powered hybrid railcars to the Karasuyama Line (for operation starting spring 2014)
- Launched operation of Kaihin-Makuhari Station on the Keiyo Line as the third “*ecoste*” model station (Sep. 2013)
- Expand power consumption visualization to approx. 170 stations (planned) by the end of FY2014.3



[EV-E301 Series railcars]

(2) Utilize ICT to innovate operations

- Developed “Trainnet” on the Yamanote Line
- Made progress examining a CBTC, a wireless train control system, for planned introduction to local service on the Joban Line (by around 2020)
- Began designing an ATACS, a wireless train control system, for planned introduction to the Saikyo Line (by fall 2017)
- Began trials of train track facility monitoring equipment with railcars operating on the Keihin-Tohoku Line (May 2013)

(3) Technological innovation by employees on the front lines

- Promote technological innovation on the front lines (system for solving technological issues and improving operations on-site) ⇒ Achieved approx. 440 results in FY2013.3
- Various technological initiatives by “*My Project*” (on-site propose and improve activities) and operations research, etc.

Priority Initiatives Going Forward

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1. Promote energy and environmental strategies

(1) Build a privately operated power grid for stabilizing power supply and reducing CO₂ emissions

- Kawasaki Thermal Power Station upgrades (for startup at the No. 4 generator in Apr. 2014, and No. 1 generator in 2021)
- Integration of four transformer substations on the Chuo, Sobu and Yokohama lines with the privately operated power grid (in FY2017.3 and FY2018.3)

(2) Expand the introduction of catenary and battery-powered hybrid railcars

- Develop catenary and battery-powered hybrid railcars for through service with alternating current (AC) railway segments, and examine train operation free of catenary (overhead power lines)

(3) Actively introduce renewable energy

- Leverage bountiful natural environments to transform northern Tohoku into a renewable energy base (solar, wind, geothermal and biomass energy)

(4) Introduce smart grid technology to railways

- Promote R&D for making effective use of regenerative electricity from railcars braking
- Introduce energy management system (EMS) to stations (tested operationally at the three pilot stations of Ebisu, Kokubunji and Nishi-Funabashi)

2. Utilize ICT to innovate operations

(1) Introduce tablet computers to maintenance divisions and stations to enhance capabilities for responding to transportation service disruptions

(2) Utilize radio technology to develop alarm systems for preventing accidental contact with oncoming trains

(3) Promote development for fully introducing train track facility monitoring equipment

(4) Build a new station operation framework utilizing ICT

- Use ICT to improve customer convenience by upgrading vending system functions, etc.

3. Technological innovation by employees on the front lines

(1) Designate innovation leaders and conductors (for technological innovation)

- Appoint leaders at operating sites and conductors at branch offices to drive and accelerate technological innovation in the R&D division and on the front lines

(2) Nurture human resources for technological innovation

- Establish a new R&D division internship, open to all applicants within JR East, for unlatching windows to technological exchange

The Past Year's Initiatives

- (1) Develop overseas sites**
- Established the Brussels Office (Nov. 2012)
⇒ To collect information of European railway businesses, research markets, conduct publicity and cultivate materials trading partners
 - Established the Singapore Office (Mar. 2013)
⇒ To collect information, research markets and conduct publicity on Asian railway and life-style service businesses
- (2) Expand railcar manufacturing operations (J-TREC)**
- Strengthened brand development of J-TREC's stainless-steel "sustina" railcars
 - Began making E7 Series railcars for the Hokuriku Shinkansen
 - Concluded a memorandum with ALSTOM TRANSPORT S.A. (France, operating subsidiary of ALSTOM) on cooperation for entering the Japanese LRT** market (Jun. 2013)

*Japan Transport Engineering Company
**Light rail transit



[J-TREC booth at InnoTrans]



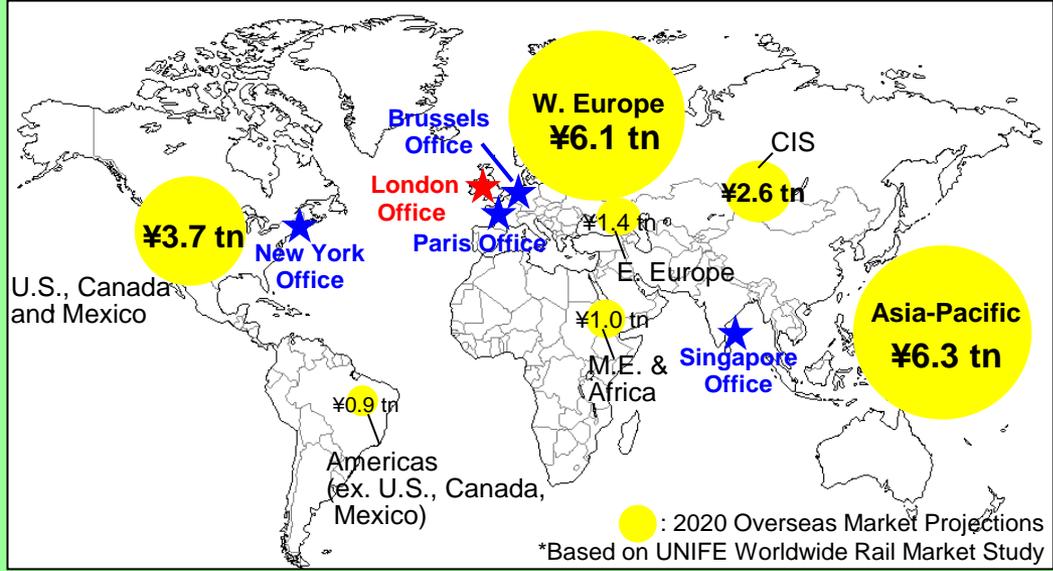
[E7 Series railcar]

Priority Initiatives Going Forward

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1. Develop overseas sites

- Prepare to establish the London Office as a new overseas base following the New York, Paris, Brussels and Singapore offices to strengthen the functions of collecting information on high-speed and urban railway projects, and serving as contact points



2. Establish railcar manufacturing as a fourth business pillar

- (1) Actively develop "sustina" to win overseas projects**
- (2) Collaborate with overseas makers**
- Strengthen the ALSTOM partnership in the Japanese LRT Market and examine expanding collaboration
- (3) Examine optimization of the framework for promoting railcar manufacturing**
- Maximize synergies between J-TREC and the Niitsu Rolling Stock Plant of JR East



["sustina" railcar]

The Past Year's Initiatives

(1) Expand opportunities for employees

- Held the Fifth JR East Technical Academy lectures
⇒ To nurture core human resources in mainly railway transportation, railroad maintenance, civil engineering and construction technologies
- Launched the “Global Human Resources Development Program—Ever Onward”
⇒ Including OJT in overseas railway projects (three projects in two countries)
- Increased the attendance of open and selective-application training programs
- Held the “Maintenance Meister Training School” (Oct. 2013)

(2) Promote cohesive group management

- Rigorously instilled the principles of horizontal division of duties and overall optimization
- Built a group portal site (for pilot operation starting Oct. 2013)

Priority Initiatives Going Forward

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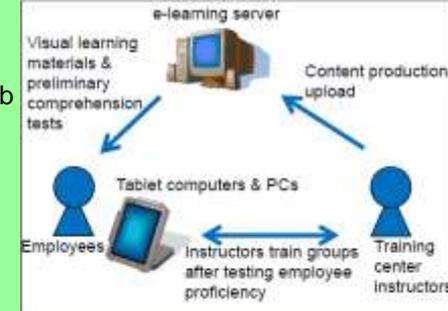
1. Provide further growth opportunities to motivated employees

(1) Enhance open-application programs for personnel transfer and training

- Give depth to the framework for responding to motivated employees with opportunities to experience growth through job
- Respond to the issue of nurturing core human resources in work places, and passing down technical skills, etc.

(2) Develop a corporate culture placing employees at the center of business innovation and self-growth

- Augment and substitute group learning and support self-education with e-learning tools



[Overview of e-learning]

(3) Strengthen global human resources development

- Develop a dynamic menu for nurturing human resources in view of the global strategies and corporate culture reforms going forward
⇒ Assign as many as 600 employees a year overseas to short and long-term studies abroad, overseas training, and other companies

(4) Bolster the development of core human resources for maintenance in the railway facilities, electric power and railcar fields

- Promote the “Maintenance Meister Training School” for speedily nurturing core human resources in the railcar maintenance division
- Launch a new training program for nurturing middle management in the maintenance fields of railway facilities and electric power

2. Promote cohesive group management

(1) Examine the scheme of group point (JR East's point rebate systems)

- Examine ways for making JR East's various point rebate systems (eki-net Point, View Thanks Point, Suica Point, points by shopping centers) more cohesive and attractive to customers and affiliate stores going forward



The Past Year's Initiatives

(1) Cooperation with activities bidding for the Olympic and Paralympic Games

- Displayed posters for the bid (in stations and trains, etc.)
- Put up countdown boards of the decision date for the host city (at Tokyo and Shinjuku stations)
- Operated trains wrapped in Olympic candidate city decals on the Yamanote Line (Jan. - Sep. 2013)

(2) Establishment of a Planning Committee for the Olympics

- Established a Planning Committee for the Olympics in Sep. 2013 comprised of relevant JR East board members
- Established a Planning Team for the Olympics as the secretariat within the Management Planning Department in Headquarters

Priority Initiatives Going Forward

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1. Preparations helping to host the Olympic and Paralympic Games

- Steadily execute JR East's capabilities from the standpoint of (1) Providing safe, smooth and comfortable transportation services, (2) Revitalizing the flow of tourism in the Tokyo metropolitan area and attract tourists to the regions, and (3) Upgrading the attractiveness of Tokyo by promoting the development of terminal stations

(1) Provide safe, smooth and comfortable transportation services

- Bolster transportation capacity and the capabilities of stations and other facilities near the Olympic and Paralympic venues (securing safe and reliable transportation)
- Promote the construction of barrier-free facilities (including elevators and escalators, and public toilets)
- Enhance the framework for welcoming customers from overseas (by developing direction boards, establishing more Travel Service Centers, providing information in foreign languages and creating discount tickets and travel products, etc.)



(2) Revitalize the flow of tourism in the Tokyo metropolitan area and to the regions

- Further revitalize the flow of tourism in Tokyo
- Promote campaigns and other measures encouraging customer travel to Tohoku and other parts of Japan to coincide with the Tokyo Olympic and Paralympic Games



(3) Upgrade the attractiveness of Tokyo by promoting the development of terminal stations

- Steadily execute each project in the pipeline

