Our Calling — Basic Courses of Action for Management

THRIVING WITH COMMUNITIES, GROWING GLOBALLY

Thriving with Communities

The Great East Japan Earthquake poignantly reminded us of the fact that companies cannot thrive without sound and vibrant communities. The East Japan area, our home ground, and Japan as a whole currently face a host of issues. As a corporate citizen, we are determined to fulfill our mission and execute businesses unique to the JR East Group in an effort to help solve those issues. The goal is to draw a blueprint for the future together with members of the community as we do our part to build vibrant communities.

Growing Globally

However, taking root in communities does not mean becoming complacent by turning inward. To continue to fulfill our mission, we must constantly transform ourselves and achieve growth. We must look outward and step out into the world, while actively seeking knowledge and technology externally. We believe that doing so will provide fertile ground for capturing new growth opportunities. To unlock our full potential, we must boldly step out into the world.

Eternal Mission and Pursuing Unlimited Potential

Under “JR East Group Management Vision V—Ever Onward,” JR East has set “Eternal Mission” and “Pursuing Unlimited Potential” as two important pillars and has established six basic courses of action for the Group.

◆Eternal Mission

The JR East Group’s fundamental mission is to provide safe and high-quality services that customers expect of the JR East Group and conduct railway and life-style businesses, with the aim of contributing to the growth and prosperity of communities. This fundamental mission will never change through the years. We have once again positioned this mission as a key tenet of management. At the same time, we will make relentless efforts to ensure that the content and quality of our services properly answer the expectations of society.

◆Pursuing Unlimited Potential

The JR East Group must achieve sustained growth in order to continue to fulfill its three-part eternal mission in the years ahead. In a fast-changing environment, maintaining the status quo will only mean falling behind. Unless we constantly take on the challenge of reaching new goals, we will be unable to achieve growth. The JR East Group and each and every Group employees will pursue the Group’s unlimited potential.
We have adopted “Ever Onward” as the subtheme of “JR East Group Management Vision V.” This subtheme carries forward the spirit of “Idomu” championed in JR East 2020 Vision — Idomu —, our management vision formulated in March 2008. “Ever Onward” embodies our strong determination to drive the growth of our employees and the JR East Group as a whole by embracing new challenges such as technological innovation and globalization, as we pursue our unlimited potential.

JR East Group Management Vision V "Priority Initiatives Going Forward"

**KIWAMERU (Excel) — Pursuing “extreme safety levels”**
- Advance “Group Safety Plan 2018” steadily
  - Promote specific measures such as renewing facilities for practical safety education and training and reviewing the contents of educational materials, etc., as per the basic principles of the Group Safety Plan 2018
  - Promote measures to thoroughly prevent recurrences and future accidents by comprehending all risks and vulnerabilities, in response to the falling of electrical poles on the Yamanote Line
  - Improve technical capabilities as the entire JR East Group in cooperation with both Group and partner companies
  - Implement rigorous accident prevention measures (tangible and intangible) reflecting lessons from derailment accident in Kawasaki Station
- Build a railway capable of withstanding natural disasters
  - Approx. 80% of planned anti-seismic measures are due to be completed by the end of FY2017
  - Properly renew aging facilities such as structures, track equipment, and station buildings

**MIGAKU (Improve) — Service quality reforms**
- Advance “Medium-term Vision for Service Quality Reforms 2017”
  - Prevent the occurrence of transport disruptions by promoting countermeasures against natural disasters, while also improving security
  - Resume operations as soon as possible and respond to customers’ needs rapidly and stop the impact of service disruptions from spreading further
  - Information provision and improved support by utilizing ICT, in the form of expanding coverage for train operation information services
- Promote usage of Hokuriku Shinkansen and Hokkaido Shinkansen
  - Promote the use of the Hokuriku Shinkansen and Hokkaido Shinkansen by improving wide-area sightseeing routes and developing tourism spots at destinations
  - Review business schemes, etc., with a view to developing specific plan for Haneda Airport Access Line

**TOMO NI IKIRU (Together) — Strengthening collaboration with local communities**
- Advance three types of town development steadily
  - Improve convenience and ease of use at terminal stations such as Shinagawa and establish brand images for these terminal stations
  - Establish way-side brands, which will be selected by promoting the Chuo Line Mall Project and HAPPY CHILD PROJECT
  - Urban development in coalition with local municipalities at core regional train stations such as Akita
- Revitalize regional industry
  - Expand sales channels for local produce and step up publicity in Tokyo metropolitan area
  - Promote sextic industrialization of agriculture, forestry, and fisheries to include food processing, logistics, and marketing such as the NOMONO 1-2-3 Project
- Promote Japan as a tourism-oriented nation
  - Create appealing trains that are ridden for ride experience itself
  - Prepare for introduction of cruise train TRAIN SUITE SHIKI-SHIMA
Pursuing Unlimited Potential

HIRAKU (Pioneer) — Technological innovation

- Promote energy and environmental strategies
  - Introduce catenary and battery-powered hybrid railcars for through services with alternating current (AC) railway segments
  - Transform northern Tohoku region into a base for renewable energy production (Solar, wind, geothermal, biomass)

- Utilize ICT to innovate operations
  - Innovate maintenance work such as the introduction of monitoring equipment at model railway sections
  - Establish new sales systems such as on-line sales functions for View travel products
  - Transform transport systems with the introduction of wireless train control systems

- Advance technological innovation

NOBIRU (Grow) — Tackling new business areas

- Take on challenge of overseas projects
  - Advance Purple Line urban mass transit railway system in Bangkok, Thailand
  - Expand technological support, etc., for railway operators in Indonesia and Myanmar further
  - Advance initiatives aimed at participation in overseas high speed rail projects
  - Develop sustina actively to win overseas projects
  - Develop life-style service business overseas

- Introduce outstanding technology and products from outside Company

HABATAKU (Empower)

— Developing employees and create a corporate culture that maximizes human potential

- Motivate employees and provide them with further opportunities to grow
  - Expand and improve open-application programs for personnel transfers and training system
  - Reinforce global personnel development by providing overseas career opportunities
  - Promote diversity

- Promote cohesive group management
  - Establish “Group Stretch Targets”
  - Expand the JR East Group’s JRE POINT services

- Reform work style and streamline organizational management

[Prepare for 2020 Tokyo Summer Olympic and Paralympic Games]

- Bolster capabilities of railway stations and other facilities near Olympic and Paralympic venues and transportation capacity during event
- Promote barrier-free environments by increasing the number of elevators, escalators, and multi-functional restrooms

[Advance Strategies for Inbound Tourism]

- Improve recognition of the Tohoku region in coalition with the Tohoku Tourism Promotion Organization
- Respond to inbound group tourist demands by increasing the number of duty-free stores
- Improve convenience and an environment to accepts overseas guests by expanding tourism centers for visitors to Japan

*East Japan Railway Company is an Official Passenger Rail Transportation Services Partner of the Tokyo 2020 Olympic and Paralympic Games.
Numerical Targets

In accordance with “JR East Group Management Vision V—Ever Onward” announced on October 30, 2012, we establish numerical targets that we seek to achieve over a three-year period. We review these three-year targets annually to reflect as appropriate any changes in the management environment or other developments, and update them each year to cover the next three-year period.

〈Numerical Targets for the Fiscal Year Ending March 31, 2019〉

<table>
<thead>
<tr>
<th></th>
<th>Targets for the fiscal year ending March 31, 2019</th>
<th>(Reference)Results for the fiscal year ended March 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consolidated operating revenues</strong></td>
<td>¥2,967 billion</td>
<td>¥2,867.1 billion</td>
</tr>
<tr>
<td>Segment</td>
<td></td>
<td></td>
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<tr>
<td>Transportation</td>
<td>¥1,979 billion</td>
<td>¥1,954.5 billion</td>
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<tr>
<td>Station Space Utilization</td>
<td>¥427 billion</td>
<td>¥399.9 billion</td>
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<tr>
<td>Shopping Centers &amp; Office Buildings</td>
<td>¥296 billion</td>
<td>¥255.9 billion</td>
</tr>
<tr>
<td>Others</td>
<td>¥265 billion</td>
<td>¥256.6 billion</td>
</tr>
<tr>
<td><strong>Consolidated operating income</strong></td>
<td>¥498 billion</td>
<td>¥487.8 billion</td>
</tr>
<tr>
<td>Segment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transportation</td>
<td>¥342 billion</td>
<td>¥348.5 billion</td>
</tr>
<tr>
<td>Station Space Utilization</td>
<td>¥37 billion</td>
<td>¥35.0 billion</td>
</tr>
<tr>
<td>Shopping Centers &amp; Office Buildings</td>
<td>¥84 billion</td>
<td>¥71.6 billion</td>
</tr>
<tr>
<td>Others</td>
<td>¥36 billion</td>
<td>¥35.0 billion</td>
</tr>
<tr>
<td>Adjustment</td>
<td>¥(1) billion</td>
<td>¥(2.4) billion</td>
</tr>
<tr>
<td><strong>Consolidated cash flows from operating activities</strong></td>
<td>¥2 trillion</td>
<td>¥673.1 billion</td>
</tr>
<tr>
<td><strong>Consolidated ROA</strong></td>
<td>Around 6%</td>
<td>6.3%</td>
</tr>
<tr>
<td><strong>Consolidated ROE</strong></td>
<td>Around 10%</td>
<td>10.4%</td>
</tr>
</tbody>
</table>

* Total amount covering three years from the fiscal year ending March 31, 2017 to the fiscal year ending March 31, 2019.

〈Planned consolidated capital expenditure〉

<table>
<thead>
<tr>
<th>Capital expenditure</th>
<th>Total over three years*</th>
<th>(Reference)Results for the fiscal year ended March 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments for maintenance and upgrade</td>
<td>¥1 trillion</td>
<td>¥358.5 billion (¥600 billion)</td>
</tr>
<tr>
<td>(of which for safety)</td>
<td></td>
<td></td>
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<tr>
<td>Growth investments</td>
<td>¥600 billion</td>
<td>183.4 billion</td>
</tr>
<tr>
<td>Total</td>
<td>¥1,600 billion</td>
<td>541.9 billion</td>
</tr>
</tbody>
</table>

* Total amount covering three years from the fiscal year ending March 31, 2017 to the fiscal year ending March 31, 2019.