JR-CENTRAL

CENTRAL JAPAN RAILWAY COMPANY **Annual Report 2020**

CENTRAL JAPAN RAILWAY COMPANY

Annual Report **2020**

For the Year Ended March 31, 2020

CENTRAL JAPAN RAILWAY COMPANY

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Editorial policy

JR Central strives to enhance dialogue with many stakeholders, including shareholders and investors, in order to contribute to sustainable growth and increase corporate value over the medium to long term. The objective of this report is to deepen readers' understanding of our company's financial information and non-financial information such as business strategies and ESG information. This report is edited with reference to the "International <IR> Framework" issued by the International Integrated Reporting Council (IIRC) and the "Guidance for Collaborative Value Creation" issued by the Ministry of Economy, Trade and Industry. For ESG information, we refer to the "GRI Standrds" issued by the Global Reporting Initiative.

[Remarks regarding forecasts, etc.]

Future plans, forecast figures, etc., in this report are an outlook based on the information that is currently available to JR Central and may contain risks and uncertainty. Examples of potential risks and uncertainty include economic trends, business environment developments, consumption trends, the competition situation for JR Central and subsidiaries, and changes in relevant laws and legal provisions. This report is compiled based on information available as of the end of June 2020 in principle.
●In this report, figures of financial information are truncated, while statistical data and all percentages are rounded.
●FY2019 signifies the fiscal year ended March 31, 2020.

Management Philosophy

Contribute to the development of Japan's main transportation artery and social infrastructure

Japan's Main Transportation Artery

JR Central's mission is to undertake high-speed, large capacity passenger transport between Tokyo, Nagoya, and Osaka. "Japan's main transportation artery" refers to this passenger transport. Since the artery runs through this area of Japan, which plays an important role as the center of the country's economy and culture, it is possible that stagnancy in the main transportation artery will cause Japan's economic and societal movement in general to also stagnate. JR Central will continue to carry out its mission of managing Japan's main transportation artery today and in the future through operation of the Tokaido Shinkansen and the Chuo Shinkansen.

Social Infrastructure

On a broader perspective, JR Central also undertakes the mission of supporting the social infrastructure. That is, along with the management of Japan's main artery, we take a locally oriented approach in operating a network of conventional lines in the Tokai Region, centered on the Nagoya and Shizuoka areas, and manage affiliated business focused on the local communities, thereby supporting the people in these areas. We will remain committed to operating conventional lines while managing and further enhancing affiliated businesses.

CENTRAL JAPAN RAILWAY COMPANY
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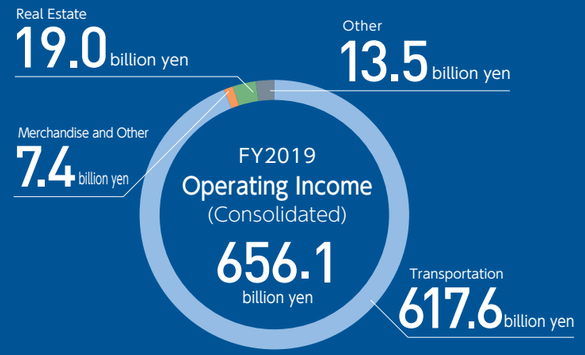
JR Central's Operating Revenues Composition



(billion yen)

	Operating Revenues	Operating Income
Transportation	1,431.2	617.6
Merchandise and Other	263.2	7.4
Real Estate	79.9	19.0
Other	272.2	13.5
Total	1,844.6	656.1

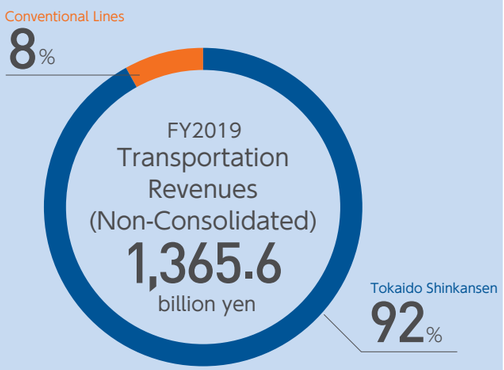
Transportation

Includes the Tokaido Shinkansen and conventional railway operations in the Tokai area, bus operations, and others.

Composition of Operating Revenues **77%**

Major Affiliated Companies

Central Japan Railway Company
JR Tokai Bus Company



Merchandise and Other

Includes a department store in JR Central Towers, retail sales in trains, and others.

Composition of Operating Revenues **14%**

Major Affiliated Companies

JR Tokai Takashimaya Co., Ltd.
JR-CENTRAL PASSENGERS Co., Ltd.
Tokai Kiosk Company
JR Tokai Corporation

Real Estate

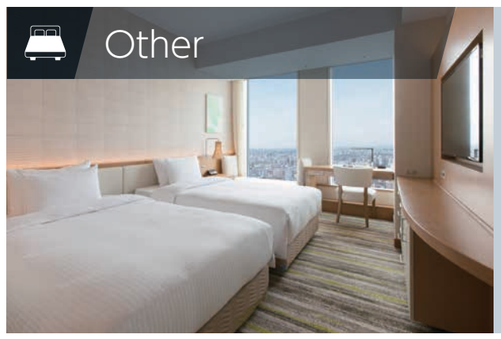
Includes real estate leasing business, such as station building leasing, and real estate in lots.

Composition of Operating Revenues **3%**

Major Affiliated Companies

Central Japan Railway Company
JR CENTRAL BUILDING CO., LTD.
JR Tokai Real Estate Co., Ltd.
Shin-Yokohama Station Development Co., Ltd.
Tokyo Station Development Co., Ltd.
Nagoya Station Area Development Corporation
JR Development and Management Corporation of Kansai

Other



Includes hotels in our main stations, travel, advertising, rolling stock production, and construction which are not included in other repotable segments.

Composition of Operating Revenues **7%**

Major Affiliated Companies

JR Tokai Hotels Co., Ltd.
JR Tokai Tours
JR TOKAI AGENCY CO., LTD.
NIPPON SHARYO, LTD.
JR TOKAI CONSTRUCTION Co., Ltd.
CHUO LINEN SUPPLY Co., Ltd.
The Japan Mechanised Works and Maintenance of Way Co., Ltd.
Tokai Rolling Stock & Machinery Co., Ltd.

Notes 1.Operating revenues of each segment includes the amount of sales to other repotable segments as well as the amount of sales to external customers 2.Consolidated operating revenues composition is based on revenue from external customers
3.Consolidated total operating income 656.1 billion yen includes the reconciliations amount of △1.3 billion yen for segment profit which is the elimination of intersegment transactions

CENTRAL JAPAN RAILWAY COMPANY
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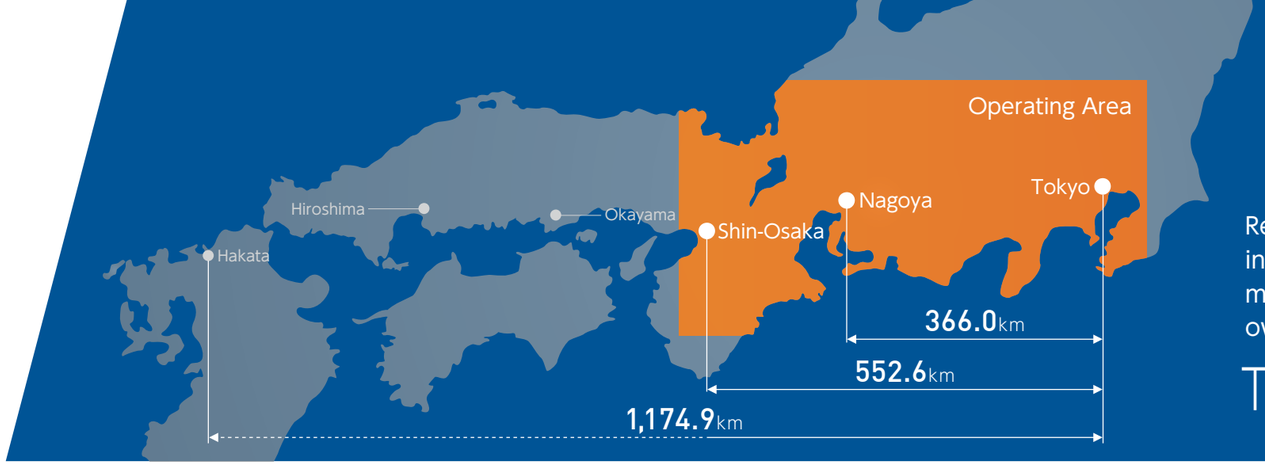
Market Area Characteristics and Transportation Capacity

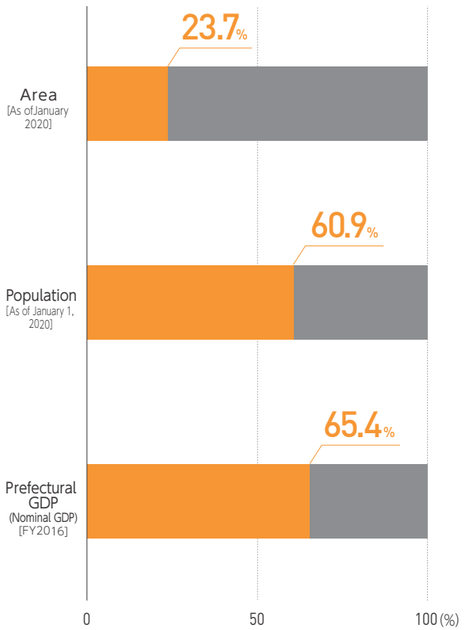


Representing a powerful presence in the inter-city transportation market, one that is unrivaled all over the world.

Tokaido Shinkansen

Japan's population and economic activity are concentrated in our market area covering the Tokyo Metropolitan area, the Nagoya region, and the Osaka region

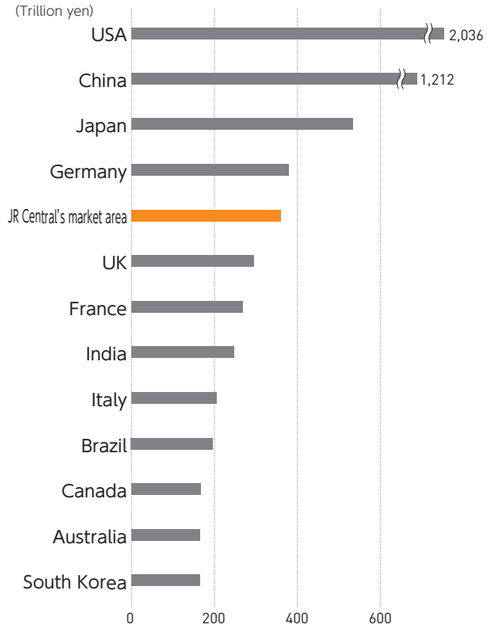
Percentages of our market area in Japan as a whole



【Source】
JR Central's market area is calculated taking the following prefectures into account
Tokyo, Kanagawa, Chiba, Saitama, Ibaraki, Shizuoka, Yamanashi, Nagano, Aichi, Mie, Gifu, Shiga, Osaka, Kyoto, Hyogo, Nara
Population: Ministry of Internal Affairs and Communications "Population, Demographics and Number of Households Derived from Basic Resident Registration"
Total production by prefecture: Cabinet Office "Report on Prefectural Accounts"

JR Central's market area equals the economic size of major countries

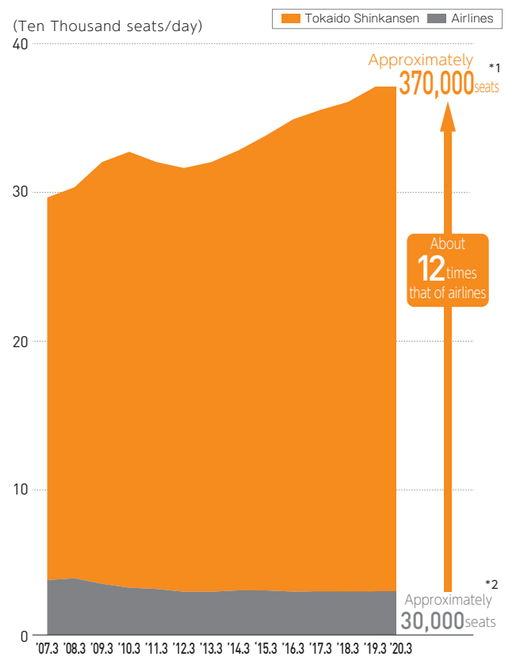
Comparison with GDP of each country



【Source】
United Nations database, Cabinet Office "Report on Prefectural Accounts"

Within this market, we provide overwhelming transportation capacity that is incomparable to other modes

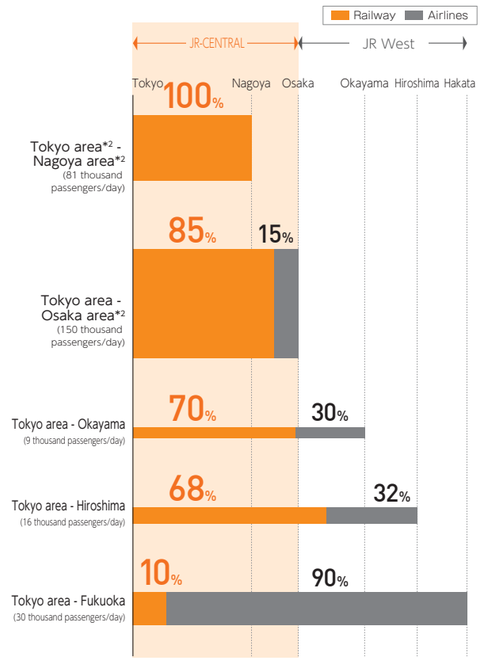
Changes in daily transportation capacity
(Comparison between the Tokaido Shinkansen and airline transportation services operating between the Tokyo Metropolitan area and the Osaka region)



*1 Tokaido Shinkansen: The number of passenger seats provided (including extra train services) on through-service "Nozomi" and "Hikari" lines operating between Tokyo Station and Shin-Osaka Station in each respective fiscal year.
*2 Airlines: Calculated by JR Central based on information pertaining to specified Japanese air carriers (Ministry of Land, Infrastructure, Transport and Tourism) for FY2006 to FY2019.

JR Central has established an overwhelming market share within its market area

Market Share*1 (against Airlines)

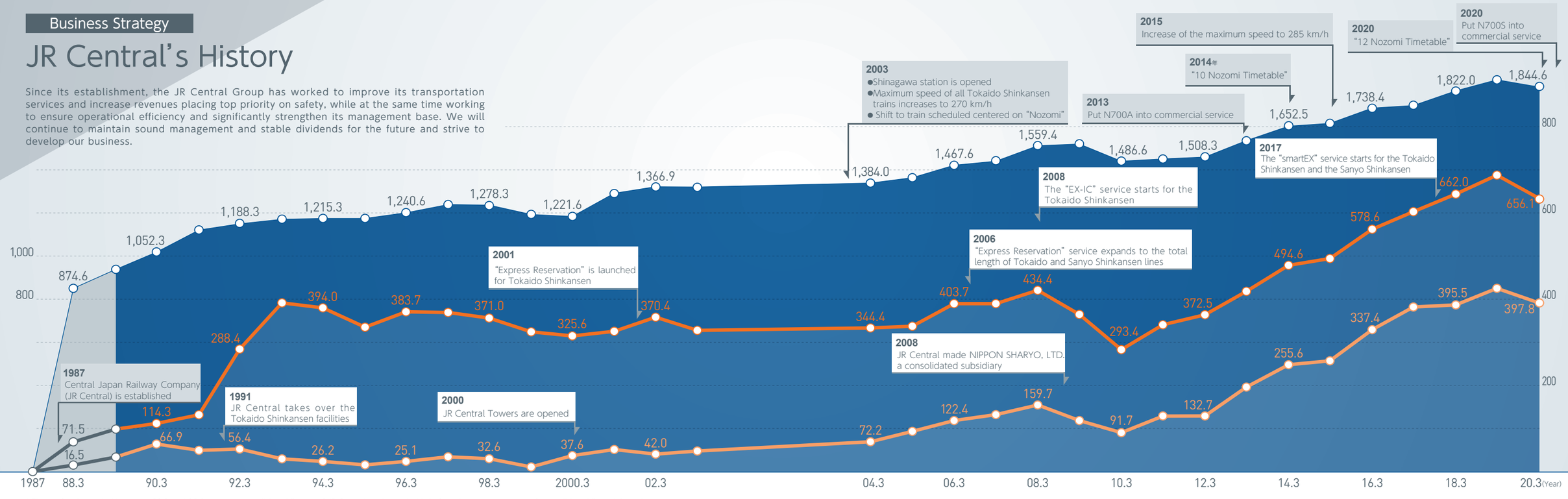


*1 Market share is calculated by JR Central based on the Inter-prefectural data of the inter-Regional Passenger Mobility Survey, published by the Ministry of Land, infrastructure, Transport and Tourism for FY2017.
*2 Tokyo area: Tokyo, Kanagawa, Chiba, Saitama, Ibaraki
Nagoya area: Aichi, Gifu, Mie
Osaka area: Osaka, Kyoto, Hyogo, Nara

Business Strategy

JR Central's History

Since its establishment, the JR Central Group has worked to improve its transportation services and increase revenues placing top priority on safety, while at the same time working to ensure operational efficiency and significantly strengthen its management base. We will continue to maintain sound management and stable dividends for the future and strive to develop our business.



* Figures for the period between 88.3 and 89.3 are non-consolidated figures of JR Central as the period is before the announcement of consolidated financial results.

Established by the Privatization and breakup of JNR

JR Central was born on April 1, 1987, following the privatization and breakup of Japan National Railways (JNR).

JNR, the predecessor of JR Central, took over Japan's railway business, which was then a national enterprise, as a public enterprise in 1949. JNR supported the development of Japan as a means of transportation for the Japanese people, but due to poor management of the public corporation, it incurred debts of over 30 trillion yen, including the creation of new lines with unclear management responsibilities and disregard for profitability. At the same time, it fell into a serious state of being unable to respond quickly to global trends.

Under these circumstances, the "JNR reform" was an effort to review the role of the railway business operated by JNR for the future. In 1987, as part of administrative reforms, the operations of JNR were passed on to 11 succeeding corporations with the aim of carrying out sound corporate management by privatizing and breaking up the transportation operations of JNR, rebuilding the railway business as a means of transportation for the people, and further developing it for the future.

Since the privatization and breakup of JNR, JR Central has steadily progressed as a private company, inheriting the public and social missions of JNR.

Photographs from the time of privatization
"Hida #1" departure ceremony (April 1, 1987, at Nagoya Station)

Consistently Improve Transport Services on the Tokaido Shinkansen

With the inauguration of the Tokaido Shinkansen in 1964, the time required to travel between Tokyo and Osaka was shortened to 3 hours and 10 minutes (4 hours at the time of inauguration) from 6 hours and 30 minutes. Furthermore, with the introduction of the "Nozomi" in 1992, that time was shortened to 2 hours and 30 minutes.

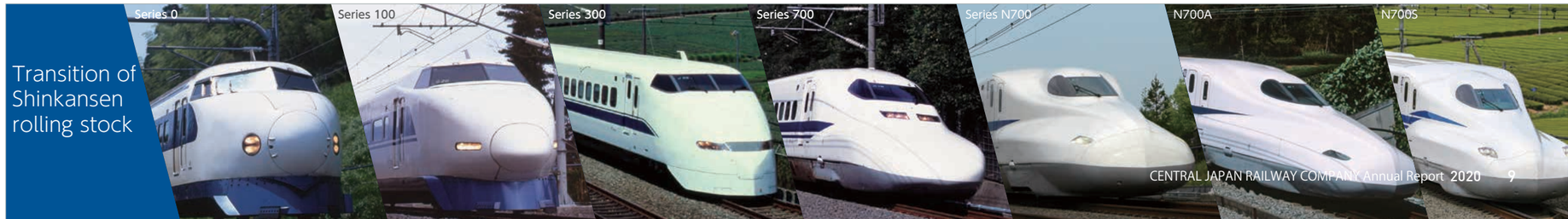
In October 2003, the investment in rolling stock and ground facilities that we had continuously engaged in for approximately 15 years culminated with the upgrading of the maximum speed of all trains to 270 km/h and the drastic timetable revision that resulted in a maximum of seven Nozomi services operating each hour.

With the introduction of the "10 Nozomi Timetable (operating up to 10 Nozomi services in both directions)" in 2014, and the increase in maximum speed to 285 km/h in 2015, the shortest travel time between Tokyo and Osaka has now been reduced to 2 hours and 21 minutes. With the timetable revision of March 2020, we realized the "12 Nozomi Timetable" that runs up to 12 services (1 every 5 minutes on average) per hour during busy hours. In July, we began commercial operation of the new Shinkansen rolling stock N700S, which incorporates the results of our accumulated technological development, and we are making use of the Tokaido Shinkansen even more convenient.

Establishment of a Solid Management Base

		FY1987	FY2019	Remarks
Railway operation accidents (incidents per year)		60	17	Substantially reduced
Tokaido Shinkansen	Passenger volume (10,000 people per day)	27.9	45.8	1.6 x
	Number of services (trains per day)	231	378	1.6 x
	Maximum speed (km/h)	220	285	+65km/h
Operating results	Operating revenues (billion yen)	874.6 *2	1,844.6	2.1 x
	Operating income (billion yen)	71.5 *2	656.1	9.2 x
	Net income attributable to owners of the parent (billion yen)	16.5 *2	397.8	24.1 x
	Long-term debt (trillion yen)	5.5 *3	1.8 *5	-3.6 trillion yen
Operating Revenues of Consolidated Subsidiaries (billion yen)*1		52.6 *4	636.6	12.1 x

*1Simple aggregation *2 Non-consolidated figures *3 Figures for FY1991 *4 Figures for FY1989 *5 Excluding long-term debt for the Chuo Shinkansen



Business Strategy

Top Message

President and Representative Director
Shin Kaneko

Shin Kaneko

Respond to the trust and mandate of all stakeholders and pursue the mission of "Contribute to the development of Japan's main transportation artery and social infrastructure."

Basic Management Policy

Based on its management philosophy of "Contribute to the development of Japan's main transportation artery and social infrastructure," JR Central's basic management policy is to integrally maintain and develop the Tokaido Shinkansen, which serves as the main transportation artery of Japan, and the conventional railway networks in the Tokai region, while developing highly synergistic affiliated businesses with railway business in collaboration with Group companies.

In order to carry out business activities centered on the railway business, the "ability to work safely," "ability to provide better service," and "ability to work efficiently" of each division are indispensable. I believe that it is by constantly strengthening and demonstrating these three abilities that we have achieved significant results in the past 30 years or so since the establishment of the company.

First of all, ensuring safe and reliable transportation is the basis for all our businesses and is the starting point for railway business. Therefore, we have consistently given top priority to it. In fact, investment for safety represents approximately 70% of our annual capital investment, excluding the Chuo Shinkansen, and has amounted to about 3.8 trillion yen since the foundation of our company. We are also working tirelessly to improve the skills and safety awareness of our employees through practical education and training and large-scale recovery training, etc. in preparation for emergency situations. In addition, we are working on safety as our main theme in technological development. As a result, since the opening of the Tokaido Shinkansen, there have been no train accidents resulting in fatalities or injuries of passengers on board, and I believe that trust in the safety of the JR Central Group has greatly enhanced.

On the service front, with respect to our mainstay Tokaido Shinkansen, we have focused on the safety and punctuality, as well as fast, frequent, and comfortable services. Specifically, through continuous capital investment for "improving our transportation services" centered on "Nozomi" service, such as the launching of new rolling stock models and renovating Shin-Osaka Station, the maximum speed has increased from 220 km/h at the time of the company's establishment to 285 km/h, and the number of services per day has increased by approximately 60% from the time the company was established. In March 2020, we achieved a timetable that allows the running of 12 "Nozomi" trains per hour, and in July we launched new rolling stock model "N700S" into commercial operation to continuously improve service levels. Furthermore, we have actively carried out sales and marketing initiatives such as promoting online reservation and ticketless boarding services and, as a result, the passenger volume of the Tokaido Shinkansen has increased approximately 1.6 times from the start of the company. In addition to launching new rolling stock and increasing the frequency of services in conventional lines as well, we have expanded our revenue base by developing affiliated businesses centered on areas where synergies with our railway business can be expected, as exemplified by the JR Central Towers and JR Gate Tower at Nagoya Station.

Furthermore, we have refused to be satifsfied with just maintaining the status quo and have continued to be creative in finding ways to reduce costs and improve efficiency while increasing revenues by improving safety and service quality.

In this way, we have improved our services centering on our mainstay Tokaido Shinkansen, and worked to reduce costs and improve efficiency while placing top priority on safety. As a result, revenues and profits have increased and, based on this, we achieved a positive cycle of reducing our long-term debt, enhancing safety and services from a long-term perspective, and promoting investment in technological development, which has led to a significant strengthening of our management base. As a result of these efforts to strengthen our management base, the current Chuo Shinkansen Project has become possible.

In recent years, there has been a growing demand for "ESG management" in corporate management, and we believe that our company's business activities have truly embodied the concept of "ESG management." JR Central's management philosophy is "Contribute to the development of Japan's main transportation artery and social infrastructure." To achieve this goal, we have worked to establish a corporate culture that places the highest priority on safety, and have ensured the soundness, efficiency, and transparency of management while aiming for long-term corporate development. By doing so, we have engaged in business activities under solid governance that increases the trust of all stakeholders. In addition to contributing to the realization of a more livable society by thoroughly refining safe, punctual, and comfortable railway transportation services for the Tokaido Shinkansen, which is the core of our business and the main transportation artery of Japan, as well as conventional lines in the Tokai region, we have been constantly working to further improve the environmental superiority of railways by incorporating the latest technologies, in addition to promoting the use of railway transportation, which has high environmental superiority. The results of our company's business activities are linked to the achievement of the "sustainable development" that the SDGs aim to achieve through the construction of safe and resilient infrastructure, promotion of innovation, and mitigation of the effects of climate change. Furthermore, from the perspective of promoting gender equality and rewarding employment, we are making daily efforts to achieve the SDGs.

Toward Further Progress in the Future

As I mentioned earlier, the Chuo Shinkansen Project that we are currently working on will be implemented through the use of the Superconducting Maglev System developed by our company, assuming that our company, a private company, will carry out the project at its own expense as a drastic measure against the need for large-scale renovation of the Tokaido Shinkansen, which has surpassed its 50th anniversary, and major disasters. Through this project, our company will manage the Tokaido Shinkansen and the Chuo Shinkansen in an integrated manner. For example, by shifting users of the Tokaido Shinkansen "Nozomi" to the Chuo Shinkansen, the number of "Hikari" and "Kodama" services can be increased on the Tokaido Shinkansen. We hope to construct the most desirable transportation system as a whole by combining the two high-speed railways. By constructing the bypass, we will be able to reduce management risks, stabilize our operations, and continue to forcefully fulfill our company's mission to "Contribute to the development of Japan's main transportation artery and social infrastructure," which is our management philosophy. In addition, we believe that the opening of the Chuo Shinkansen will have a major impact on the Japanese economy and on people's lifestyles. The government has also proposed the "Super Mega Region" concept, and hopes are high that the opening of the Chuo Shinkansen will have the same great effect as the opening of the Tokaido Shinkansen, realizing the integration of the three major cities of Tokyo, Nagoya, and Osaka. We will continue to make every effort to carry out the Chuo Shinkansen Project, while placing importance on safety in construction, environmental protection, and cooperation with local communities, with the aim of opening the line as soon as possible.

Realize Our Management Philosophy at a Higher Level

After February 2020, due to the outbreak of COVID-19, the number of people using trains has significantly decreased. For the time being, we must be prepared to face a difficult business environment, but our Group will continue to fulfill its role as a highly public social infrastructure while taking various infection prevention measures to ensure that customers can continue to use our trains with peace of mind. In addition, the effects of this infection may lead to changes in the social environment, such as the spread of telework and the use of online meetings, but the importance of face-to-face meetings between people will remain unchanged. Even as the use of ICT advances, we will continue to provide comfortable and convenient services from the standpoint of our role in facilitating face-to-face communications that are based on actual visits.

Our Group's mission remains unwavering. We will continue to refine the safe, punctual, fast, frequent, and comfortable characteristics of the Tokaido Shinkansen, which forms the main transportation artery of Japan. We will also continue to strengthen the conventional lines in the Tokai region that form the network with the Tokaido Shinkansen, as well as affiliated businesses that can be expected to generate synergies with the railway business. In order to realize this mission even more forcefully in the future, we will proceed with the construction of the Chuo Shinkansen. Based on this business strategy, we have a sense of mission as an important infrastructure company that supports the Japanese economy and Japanese people's lives, and we will always return to our management philosophy of "Contribute to the development of Japan's main transportation artery and social infrastructure." We will continue to take on challenges to achieve this at a higher level, firmly maintain sound management and stable dividends, increase the trust of all stakeholders including shareholders, customers, employees and business partners, and achieve sustainable growth.

We look forward to your continued support and understanding of our Group's business.

Business Strategy

Overview of Business Strategy

Management Philosophy

Contribute to the development of Japan's main transportation artery and social infrastructure

Business Activity

Ability to work safely | Ability to provide better service | Ability to work efficiently at low cost

JR Central's strength

Japan's Main Transportation Artery

Tokaido Shinkansen

Lifeline of JR Central's operations

Safe, Punctual, Fast, Frequent, Environmentally Fesibile, Comfortable

+

Chuo Shinkansen

Drastic enhancement of main transportation artery

Leap to future growth

Network function

Synergy

Social Infrastructure

Conventional Lines

Nagoya and Shizuoka regions

Synergy

Affiliated Businesses

Station buildings, department stores, hotels, etc.

Governance

Safety-first corporate culture | Sound, efficient, and transparent management from a long-term perspective to realize our management philosophy | Management that increases the trust of all stakeholders

Surrounding External Environment (Risks)
*Refer to page 17 for details.

● Earthquake risk ● Declining birthrate and aging population ● Intensification of natural disasters ● Changes in social needs ● Epidemics of infection

Outcome

Customers
- Safe and comfortable service for everyone
- Innovative reduction of travel time by the Chuo Shinkansen

Shareholders
- Sustained increase of cash flows
- Long-term stable dividends

Employees
- Long-term stable employment environment
- Active and rewarding workplace

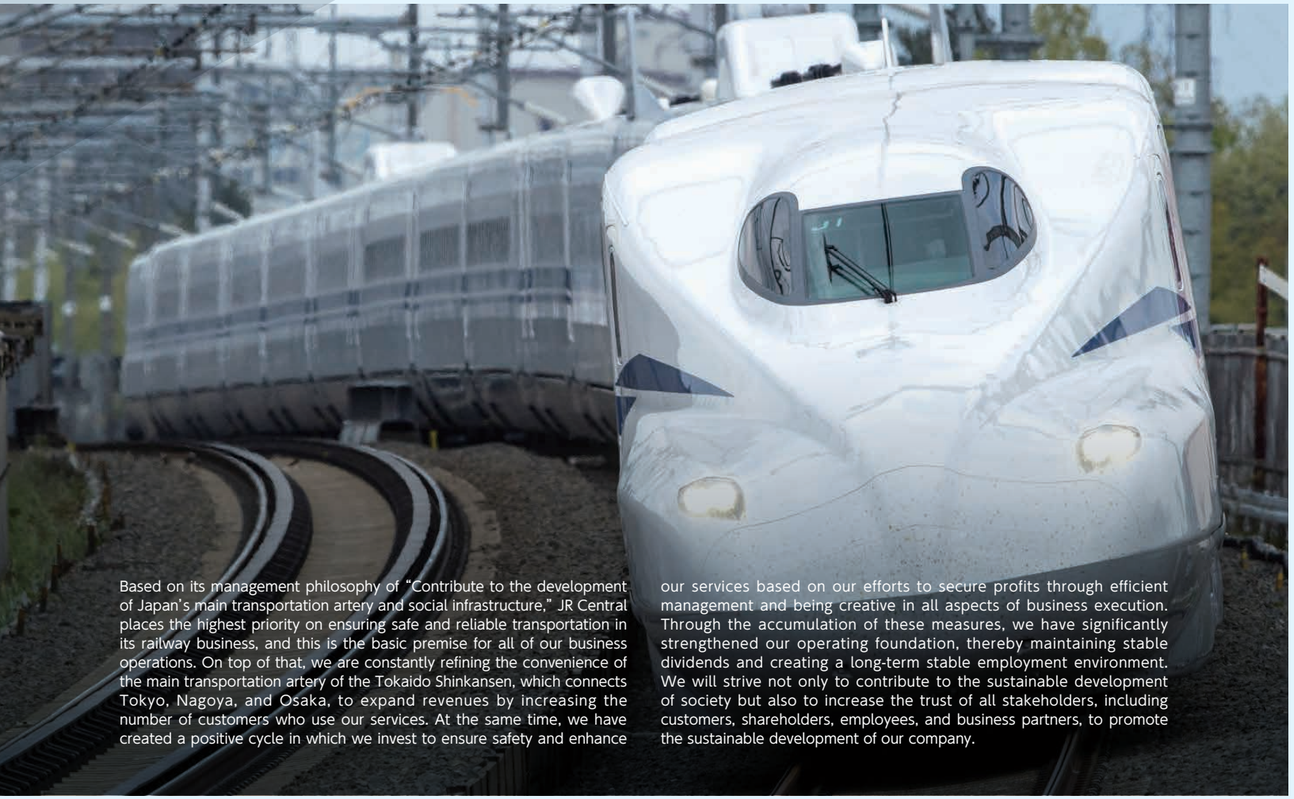
Business partners
- Building long-term, stable, fair, and equitable business relationships

Local communities
- Expansion of the Japanese economy
- Revitalization of local communities
- Building a resilient society

Global environment
- Conservation of the global environment by expanding the use of environmentally friendly railways

Business Strategy

Policy on Business Strategy



Based on its management philosophy of "Contribute to the development of Japan's main transportation artery and social infrastructure," JR Central places the highest priority on ensuring safe and reliable transportation in its railway business, and this is the basic premise for all of our business operations. On top of that, we are constantly refining the convenience of the main transportation artery of the Tokaido Shinkansen, which connects Tokyo, Nagoya, and Osaka, to expand revenues by increasing the number of customers who use our services. At the same time, we have created a positive cycle in which we invest to ensure safety and enhance our services based on our efforts to secure profits through efficient management and being creative in all aspects of business execution. Through the accumulation of these measures, we have significantly strengthened our operating foundation, thereby maintaining stable dividends and creating a long-term stable employment environment. We will strive not only to contribute to the sustainable development of society but also to increase the trust of all stakeholders, including customers, shareholders, employees, and business partners, to promote the sustainable development of our company.

Business Strategy and ESG Management

JR Central sets the highest priority on ensuring safe and reliable transportation under its management philosophy of "Contribute to the development of Japan's main transportation artery and social infrastructure." JR Central's mission is to integrally maintain and develop the Tokaido Shinkansen, which serves as Japan's main transportation artery, and the conventional line network in the Tokai region through continuous efforts, such as providing services that are preferred by customers and streamlining of work, as well as to operate the "three generations of railways" by constructing the Chuo Shinkansen to make Japan's main transportation artery a dual system. Our fundamental policy is to continue to stably execute this mission over the long term, including the development of affiliated businesses.

The railway business, which is the core business of the JR Central Group, requires long-term massive capital investment and technological development with considerable lead times. Due to such a business structure, we believe it is vital to manage our railway business based on a long-term outlook rather than pursuing only short-term profitability. Based on this policy, we are promoting mid-to-long term projects in a well-planned manner while simultaneously providing high quality services in our daily railway operations and aiming to enhance our management base.

At our company, which focuses on the railway business, we also believe that refining our business itself is directly linked to ESG-focused management. Railway transportation has the advantage of higher energy efficiency and lower impact on the global environment compared to other transportation modes [E]. We believe that supporting the main transportation artery and regional transportation as social infrastructure will contribute to the sustainable development of the Japanese economy and local communities, with securing safe and reliable transportation as the basic premise [S]. In addition, by conducting such corporate activities under appropriate governance [G], we believe that we can secure stable profits, return profits to shareholders, build long-term stable relationships with employees and business partners, increase trust from all stakeholders, and lead to sustainable growth as a company.

S ►Safety P.30~

Safety | Social | Environment | Governance

Safety is the foundation of all our business

In the railway business, securing safe and reliable transportation must always be the top priority. Regardless of past achievements, if we were to cause a major accident, the trust placed in the Company would be lost in an instant, and the Company's very existence would be put in danger. With this frame of mind, the Company has been concentrating its greatest energy into safety assurance from both hardware and software perspectives ever since its establishment. The majority of our annual capital investment is related to safety, and we have invested a total of more than 3.8 trillion yen in safety since our establishment. We also emphasize safety in technological development and staff training. As a result, since the Tokaido Shinkansen started service, there have been no train accidents that have killed or injured passengers.

There is no end to our efforts for safety. The Company's top priority management issue has been and will continue to be the assurance of safe and reliable transportation, and we will continue our utmost efforts to achieve this goal.

S ►Social P.38~

Safety | Social | Environment | Governance

Mission to serve as Japan's main transportation artery

Since its inauguration in 1964, the Tokaido Shinkansen has supported the growth of the Japanese economy for more than half a century, with approximately 6.6 billion people using it as the main transportation artery connecting Tokyo, Nagoya, and Osaka, the three largest metropolitan areas in Japan and the centers of society and culture. This region is about 20% the size of Japan in terms of area, but it is an area where the population is concentrated and produces more than 60% of GDP. The Tokaido Shinkansen is an essential infrastructure for Japan's economy and society as a whole, as it plays a role in providing transportation services, which are the basic elements of economic activities and social life, to customers with diverse needs such as business trips, leisure, and inbound demand.

To fulfill its mission of maintaining and developing this main transportation artery, JR Central has consistently strived to improve its transport services. We have invested our management resources continuously and effectively for many years in order to constantly refine not only safety and punctuality, but also fast, frequent, high capacity, environmentally feasible, and comfortable characteristics. As a result, since its inception, the Tokaido Shinkansen has achieved zero train accidents resulting in the death or injury of passengers, an average delay of 0.2 minutes, a maximum speed of 285 km/h, and 378 trains per day, representing a powerful presence unrivaled in the global inter-city transportation market.

Thanks to the high competitiveness of the Tokaido Shinkansen, which was built up through these initiatives, the number of passengers transported per day in FY2019 reached 458,000, accounting for approximately 90% of our company's non-consolidated revenues. This cash flow has enabled us to make capital investments necessary for further growth and pay dividends to shareholders.

Mission as a social infrastructure

On a broader perspective, JR Central also undertakes the mission of supporting the social infrastructure. That is, in an integrated manner with the management of Japan's main transportation artery, we take a locally oriented approach in operating a network of conventional lines in the Tokai Region, centered on the Nagoya and Shizuoka areas, and manage affiliated business focused on the local communities, thereby supporting the people in these areas.

The conventional railway lines operated by JR Central, covering 12 railway sections, are approximately 1,400 km in operating kilometers, which is approximately 2.5 times the distance of the Tokaido Shinkansen, and play a role as a means of transportation for daily life, including commuting to work and school. In other words, they serve as the social infrastructure of the local community. By combining and mutually complementing these conventional lines with the Shinkansen line, our company has provided services that are easy to use and worked to maintain its transportation network. We will continue to strive to provide transportation services that are loved by the local community, and we will continue to be creative to secure revenues and operate our business efficiently.

We also need to expand our revenue base in order to maintain stable management in the future and further strengthen it. A station that attracts many people, including railway passengers, is not only an important connecting point in the local community, but also an important management resource for our company. By making the most of these management resources, the development of the office, commercial, hotel, and other businesses in good locations at stations will enliven stations and expand the use of railways. On the other hand, if railway use increases due to improvements in transportation services, it will also contribute to increased sales in our company's affiliated businesses developed at stations. The JR Central Towers and JR Gate Tower at Nagoya Station, our company's largest station, are prime examples. For businesses that create such a positive cycle, we are working together with Group companies to expand operating revenues and profits mainly in areas where synergies with railways are expected.

E ►Environment P.56~

Safety | Social | **Environment** | Governance

Responsibility for the global environment

Railways have the outstanding characteristic of being highly energy efficient compared to other transportation modes and having minimal adverse impact on the global environment. JR Central is directly reducing the load on the environment by further improving the energy efficiency of its railway operations through such measures as lowering power consumption in rolling stock.

Specifically, we are actively developing and introducing energy-conserving rolling stock in an effort to further reduce the Shinkansen's energy consumption. When operating between Tokyo and Shin-Osaka at the highest speed of 285 km/h, the N700A type consumes 16% less energy than the previous Series 700 when both are running at a highest speed of 270 km/h, achieving a remarkable improvement in energy consumption while increasing speed. As a result, the Energy Consumption unit of the Tokaido Shinkansen as of the end of FY2019 decreased approximately 33% from what it was in FY1990. The N700S, which began commercial operation in July 2020, further reduced power consumption by 6%. Other initiatives include the introduction of energy-conserving rolling stock on conventional lines and the improvement of electricity supply efficiency on the Shinkansen.

JR Central also mitigates the load placed on the environment across the entire Transportation section, brought about by having as many passengers as possible opt to use railway services, which has a smaller environmental impact compared to other modes of transport. Railways account for 30% of passenger transport volume in Japan, but only 7% of CO2 emissions. Compared with an airplane (B777-200), the Tokaido Shinkansen (Series N700 "Nozomi") consumes approximately 1/8th of the amount of energy per seat when traveling between Tokyo and Osaka, and discharges about 1/12th of the CO2 emissions. We will continue to improve our transportation services while contributing to global environmental preservation as a corporate responsibility.

G ►Governance P.62~

Safety | Social | Environment | **Governance**

Management based on solid governance

Because ensuring safe and reliable transportation is an issue of utmost importance in the railway business, we manage our business based on the principle of steadily implementing the necessary measures to ensure the long-term stable operation of railways, such as large-scale Shinkansen renovations and measures to prevent derailments and deviations. We are also working on the Chuo Shinkansen, a large-scale, long-term project that will further reduce our company's management risk, stabilize our management base, and secure the interests of all stakeholders, including shareholders. As described above, the railway business operated by our company requires long-term massive capital investment and technological development with considerable lead times, and we believe it is vital to manage our business based on a long-term outlook rather than pursuing short-term profitability.

JR Central will continue to work to establish a corporate culture that places the highest priority on safety, and ensure the soundness, efficiency, and transparency of management while aiming for long-term corporate development. By doing so, we will engage in business activities under solid governance that increases the trust of all stakeholders.

Initiatives for SDGs

JR Central defines its role and social mission as the management philosophy: "Contribute to the development of Japan's main transportation artery and social infrastructure." As an important infrastructure company that supports the Japanese economy and people's lives, our company must always have pride and a sense of mission in the future, and realize this management philosophy at a higher level. This will lead not only to sustainable growth as a company, but also to the realization of the "sustainable society" as envisioned in the SDGs.

With regard to the 17 goals set out in the SDGs, our company will mainly focus its energies on realizing "9. INDUSTRY, INNOVATION AND INFRASTRUCTURE," "11. SUSTAINABLE CITIES AND COMMUNITIES" and "13. CLIMATE ACTION," as well as "5. GENDER EQUALITY" and "8. DECENT WORK AND ECONOMIC GROWTH," to which we can make a particular contribution through the value created by our business activities.

SUSTAINABLE DEVELOPMENT GOALS

5 GENDER EQUALITY | 8 DECENT WORK AND ECONOMIC GROWTH | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 11 SUSTAINABLE CITIES AND COMMUNITIES | 13 CLIMATE ACTION

Relationship with stakeholders

JR Central's railway business is highly public and has a multifaceted array of stakeholders, including customers, shareholders, employees, business partners, and local communities. Therefore, we believe it is important to maintain a balance between our overall relationships with our stakeholders, rather than focusing on just one facet. We believe that improving the convenience of many users, contributing to the economic and social development of the region and Japan, securing stable profits, returning profits to shareholders, and building long-term stable relationships with employees and business partners will increase the trust of all stakeholders and lead to sustainable growth as a company. We will continue to consider the balance of these multi-faceted stakeholders in our management from a long-term perspective.

Stakeholders	
Customers	● Safe and comfortable service for everyone ● Innovative reduction of travel time by the Chuo Shinkansen
Shareholders	● Sustained increase of cash flows ● Long-term stable dividends
Employees	● Long-term stable employment environment ● Active and rewarding workplace
Business partners	● Building long-term, stable, fair, and equitable business relationships
Local communities	● Expansion of the Japanese economy ● Revitalization of local communities ● Building a resilient society
Global environment	● Conservation of the global environment by expanding the use of environmentally friendly railways

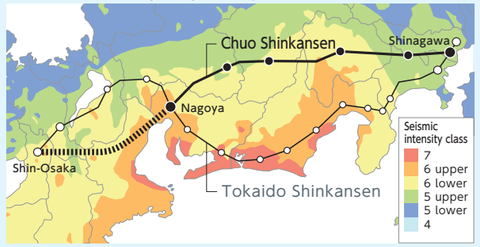
Business Strategy

Surrounding External Environment (Risks)

JR Central strives to achieve sustainable growth as a corporation by accurately assessing the impact of changes in the surrounding external environment (risks) on its business activities and reflecting the results in its business strategies as needed.

■Earthquake risk

Distribution map of the estimated biggest seismic intensity of the Eastern Nankai Trough Large Earthquake

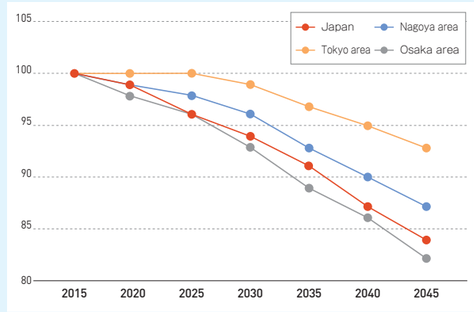


*Prepared by JR Central based on "Countermeasure against Nankai Trough Large Earthquake (Final Report)" (May. 2013)

Japan is a major earthquake country. Strengthening infrastructure is an urgent issue in the market area of JR Central, as the probability of an earthquake with an epicenter directly under the Tokyo metropolitan area occurring within 30 years is said to be around 70%, and the probability of an earthquake occurring in the Nankai Trough is said to be 70 to 80%, among other risks.

■Declining birthrate and aging population

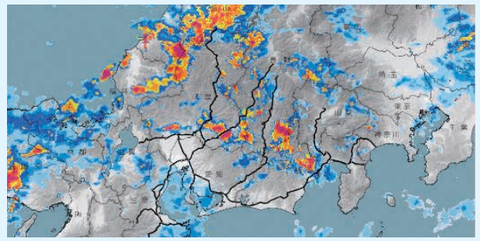
Graph of future population trends in Japan as a whole and in prefectures along railway lines



*National Institute of Population and Social Security Research "Regional Population Projections for Japan: 2015–2045 (2018)"

■Intensification of natural disasters

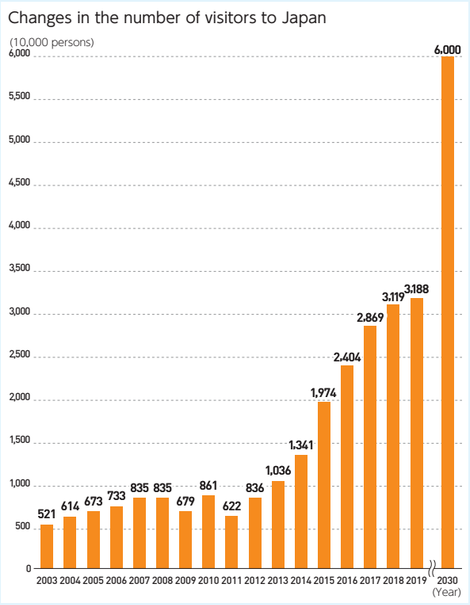
Frequent localized heavy rains (torrential rain)



■Changes in social needs

►Increase in inbound travelers

Changes in the number of visitors to Japan



Note: Values before 2019 are determined by the Japan National Tourism Organization
The value for 2030 is the target value in the "Tourism Vision to Support the Future of Japan"

►Increasing demand for barrier-free access

Large-opening movable platform fence at Shin-Osaka Station Platform No. 26

►Progress of ICT society/telework

■Epidemic of infection

⇒Refer to page 29 for information on measures to combat infections.

Business Strategy

Initiatives Based on Business Strategy

Further Development of the Main Transportation Artery

Since its establishment, JR Central has constantly refined not only safe and punctual but also fast, frequent, high capacity, environmentally feasible, and comfortable characteristics of the Tokaido Shinkansen, which plays the role of Japan's main artery transportation, in order to maintain and strengthen its competitiveness. In addition, we are promoting the construction of the Chuo Shinkansen, which will make the main transportation artery a dual system, as a drastic measure against the need for large-scale renovation and major disasters of the Tokaido Shinkansen.

Tokaido Shinkansen

Characteristics of the Tokaido Shinkansen

Safe **0** accidents

- No accidents resulting in fatalities or injuries of passengers on board since operations commenced
- Improvement of safety awareness and skills through human resources education and training
- Continual investment in safety-related facilities

Punctual **0.2** minutes

- Average delay time: 0.2 minutes / 1 train in service
  Note: Results for FY2019. Including delays caused by natural disasters, etc.

Fast **285** km/h

- Maximum speed: 285 km/h
- Between Tokyo and Shin-Osaka: 2 hours 21 minutes
  Note: Accurate as of the March 2020 timetable revision (arrival time based on the fastest trains in service)

Frequent and High Capacity **378** services **458,000** passengers

- Number of train services per day: 378 Note: Results for FY2019 (including extra trains)
- Number of passengers per day: 458,000 Note: Results for FY2019
- Number of seating available: 1,323 seats/train

Environmentally feasible Approx. **1/8** Approx. **1/12**

- The energy consumption amount per seat when traveling between Tokyo and Osaka is approximately 1/8th that of an aircraft
- The CO_2 emission rate for the same is around 1/12th

Comfortable

- Wide open, quiet space

Improvement of transportation centered on "Nozomi"

⇒Refer to page 38 for information on improvement in transportation services.

We have worked to enhance our transportation services on the Tokaido Shinkansen for many years. We put the Series 300 "Nozomi" into operation in 1992 with a maximum speed of 270km/h, and then opened Shinagawa Station and replaced all trains with the Series 300 trains in 2003, allowing us to shift to a Nozomi-centered timetable. This timetable also underwent successive improvements to fulfill the needs of customers. Then, in 2015, the speed of the Tokaido Shinkansen increased for the first time in 23 years, reaching a top speed of 285km/h.

Furthermore, we completed the update to the N700A type* to allow all trains to run at the same highest speed of 285 km/h, and also finished improvements to equipment, among other upgrades. As a result, we introduced the "12 Nozomi Timetable" in March 2020. With the "12 Nozomi Timetable," the maximum number of "Nozomi" services per hour increased by 2 from 10 to 12 in either direction, and "Nozomi" is now operated at an average interval of 5 minutes during busy hours. Also, under the "12 Nozomi Timetable," all "Nozomi" services will travel between Tokyo and Shin-Osaka within 2 hours 30 minutes. With this "12 Nozomi Timetable," we have increased the number of "Nozomi" services during busy times to make the Tokaido Shinkansen even more convenient.

Expansion of online reservation service

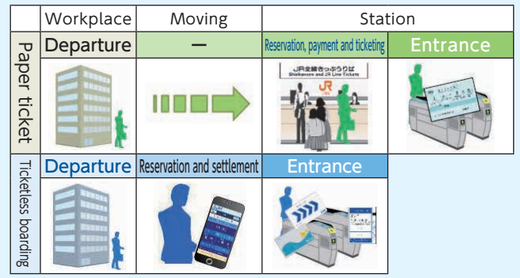
⇒Refer to page 40 for information on the expansion of online reservation services.

In addition to increasing the frequency of the Tokaido Shinkansen, we are working to provide better services by expanding online reservation and ticketless boarding services.

By expanding online reservation and ticketless boarding services, customers can make reservations and pay in advance on the Internet at a convenient time without having to stop by the ticket counter at the station, and they can change the details of their reservations as many times as they like until four minutes before departure. You can also use your commuting-type IC card to get on trains seamlessly from conventional lines. As a result, the waiting time at the station approaches zero, effectively reducing travel time to the destination.

This reduced total travel time through the expansion of online reservation service and the increase in frequency is a major advantage of the Tokaido Shinkansen, unlike other competing transportation systems.

Poster of "smartEX"



Launch of new N700S Shinkansen rolling stock

⇒Refer to page 39 for the main features of the N700S.
⇒Refer to pages 26 to 28 for information on technological development.

As a front runner of high-speed railways, the Tokaido Shinkansen rolling stock is constantly being refined by pursuing high-speed, comfortable, and energy savings, as well as safe and reliable transportation, and by introducing cutting-edge technologies.

Since the establishment of the company, we have continued development of Series 300, Series 700, Series N700, and the current mainstay N700A. In July of this year, we began commercial operation of the new Shinkansen rolling stock N700S to replace the N700A type, incorporating the results of our accumulated technological development. This rolling stock has enhanced safety and stability by shortening the braking distance in the event of an earthquake, higher emergency response capability by installing a battery-based self-propelled system, enhanced comfort and convenience by installing a full-active damping control system, and lower running costs by reducing power consumption. By developing new technologies, we will continue to improve transportation services on the Tokaido Shinkansen, placing top priority on ensuring safe and reliable transportation.

N700S

Chuo Shinkansen

Chuo Shinkansen Project as a drastic measure to strengthen the main transportation artery

⇒Refer to pages 22 to 25 for the Chuo Shinkansen Project.

We are promoting the Chuo Shinkansen Project using the Superconducting Maglev System to continually carry out our mission of operating a high-speed railway linking the Tokyo Metropolitan area, Chukyo, and Kinki regions, which is the lifeline of our business, as well as to ensure the future foundation of the company and stabilize its management.

Maintenance and Development of Local Social Infrastructure

By continuing to strengthen conventional lines in the Tokai region that form a network with the Tokaido Shinkansen, as well as affiliated businesses that are expected to generate synergies with the railway business, such as the JR Central Towers and the JR Gate Tower at Nagoya Station, JR Central is working to expand business revenues and contribute to the maintenance and development of the local social infrastructure.

Conventional Lines

Improvement of service on conventional lines

⇒Refer to page 39 for information on improvement of service on conventional lines.

With regard to conventional lines, we have steadily improved our services by, for example, launching new rolling stock and thereby increasing the speed and frequency of services. In order to enhance the convenience of limited express trains, we will continue to develop an integrated network of Shinkansen and conventional lines by improving connections between the two and increase flexibility in the operation of major limited express trains by increasing the frequency of services or number of cars per train to absorb the demand fluctuations caused by seasonal factors and events. Going forward, we will continue to work to further enhance safety and comfort by developing next-generation hybrid powered limited express rolling stock and other initiatives. Moreover, in order to offer convenient timetables for local train passengers, we will continue to develop a convenient rapid train system, operate trains at regular intervals, and increase the frequency of services or the number of cars per train, especially during the morning and evening commuting hours.

Next-generation HC85 series (testing vehicle)

Sales and marketing in coordination with local communities

⇒Refer to page 53 for information on sales and marketing in cooperation with local communities.

We are taking measures to stimulate demand through various tourism campaigns, and while continuing to strengthen our relationship with local residents and travel agencies at tourist spots in our operating areas. This has not only helped revitalize local communities, but also led to increased revenues for our company by expanding the use of Shinkansen and conventional lines.

For example, in order to promote the use of limited express services on conventional lines, we are conducting the "Shupo" Campaign to introduce various tourist attractions along our railway lines and "Sawayaka Walking" to offer free-of-charge walking tours that start from our stations and go around wayside sightseeing spots. We are also collaborating with local governments, travel agencies, etc., through the Destination Campaign organized jointly by the six JR passenger rail operators to develop attractive tourism resources and products and operate sightseeing trains, etc., to promote the use of our services, including the Shinkansen.

Shupo Campaign

Affiliated Businesses

Revitalization of local communities through affiliated businesses

⇒Refer to pages 42 to 43 for information on affiliated businesses.

The development of Nagoya Station, the largest station in our network, is a pillar of our affiliated business. JR Central Towers, opened in 2000, and JR Gate Tower, opened in 2017, have been attracting large numbers of visitors. Already recognized as landmarks of Nagoya, these buildings have made a significant contribution to the economic development of the Chubu region. Going forward, we will continue to operate JR Central Towers and JR Gate Tower in an integrated manner to maximize their synergies in order to meet a variety of needs and increase operating revenues.

Also, we will further invigorate the merchandizing business and the station building business by developing stores in station buildings and renovating commercial facilities, as well as work to make effective use of land owned by the Company to further expand earnings.

Nagoya Station

Providing Transportation Infrastructure That Is Easy for All People to Use

All Railway Lines

Barrier-free access, support for overseas visitors

⇒Refer to page 52 for information on initiatives for barrier-free access.
⇒Refer to page 41 for information on inbound support.

Based on relevant laws, such as the so-called Barrier-Free Act, JR Central has been cooperating with governments and municipalities to jointly establish and improve rolling stock and facilities to enable all passengers to use our services safely and with a sense of security. We are making efforts to respond appropriately to the various changing needs of society, such as eliminating uneven ground by installing elevators and other equipment at stations, installing multifunctional toilets, installing guiding blocks for visually impaired people and braille blocks to prevent them from falling off platforms, installing movable platform fences to further improve safety on platforms, and securing space for wheelchairs in trains cars. JR Central will continue to make every effort to ensure that its stations and rolling stock are safe and easy to use for all passengers.

We also believe that providing overseas visitors with a chance to visit the rich tourist attractions along our railway lines is an important issue from the perspective of increasing railway revenues and revitalizing local regions along the lines. JR Central is implementing a variety of sales measures in order to encourage tourists to Japan to enjoy the areas along our railway lines casually and conveniently. In addition, we are working to strengthen information services at stations and other locations, improve free Wi-Fi environments, and expand tourist information sites in foreign languages. In the future, we will continue to work with local people along our railway lines and travel agencies to increase the demand for tourism to Japan.

Guiding a customer using a mobile translation machine

Safety and security in stations and trains

⇒Refer to page 29 for information on measures to combat infections.

In order to ensure security within railway stations, trains, and important facilities, our company has installed security systems such as security cameras, fences on the tracks of Shinkansen trains, and patrols by security guards. In addition, the police cooperate in patrols. Furthermore, in cooperation with relevant agencies such as the police and fire departments, practical joint training is carried out to improve response capabilities. Through these efforts, we will continue to make constant efforts to ensure that our customers can use our trains with greater peace of mind.

At present, due to the outbreak of COVID-19, the number of people using trains and other means of transportation has decreased significantly, and it is considered that public awareness of infectious diseases will increase even after the situation settles down. JR Central intends to continue to fulfill its role as a means of transportation by taking various infection prevention measures so that people can continue to use railways with peace of mind.

Contribution to global environment

⇒Refer to pages 56 to 61 for information on our contribution to the global environment.

Railways have the outstanding characteristic of being highly energy efficient compared to other transportation modes and having minimal adverse impact on the global environment. In addition to directly reducing the load on the environment by further improving energy efficiency in its railway operations, such as by lowering power consumption in rolling stock, JR Central also mitigates the load placed on the environment across the entire Transportation section, brought about by having as many passengers as possible opt to use railway services, which has a smaller environmental impact compared to other modes of transport.

Response to intensifying natural disasters

⇒Refer to page 34 for information on our response to natural disasters.

JR Central strives to ensure safety by responding in a timely and appropriate manner to a variety of situations caused by intensifying natural disasters. In the event that a major impact on train operations is expected due to a typhoon, heavy rain, or the like, we place the highest priority on safety and, in order to avoid the risk of overcrowding in stations and trains being stranded between stations for a long period of time, we make decisions on appropriate operation plans, including at times announcing suspension of operation at an early stage. After suspension of operations, we promptly confirm the safety of the trains before resuming operations. We are also working to provide more prompt and accurate information via station facilities, our website, Twitter, and other means.

In addition, we are taking measures, including technological development, to strengthen and maintain our facilities not only by limiting the spread of damage in the event of a disaster, but also by anticipating and responding to the occurrence of a disaster. Examples include early earthquake detection on the Shinkansen and more detailed operation regulations using rainfall radars. In terms of software, we are repeatedly performing practical training so as to be able to respond to various conditions expected in the event of extraordinary situations such as natural disasters or contingencies.

We will continue to promote various types of initiatives and fulfill our responsibility as a railway company to ensure safe and reliable transportation even in the event of unforeseen circumstances, thereby contributing to the realization of a sustainable society.

An electric bulletin board at the station ticket gate (Shinkansen)

Special Feature 1

The Chuo Shinkansen Project Using the Superconducting Maglev System

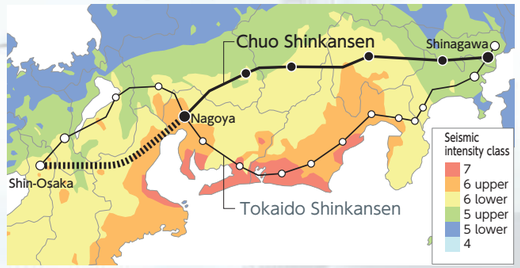
The Chuo Shinkansen Project using the Superconducting Maglev System is a project to duplicate our artery transportation system linking Tokyo, Nagoya and Osaka, which is the lifeline of our business and drastically prepare for risks such as aging in the future and large-scale disasters of the Tokaido Shinkansen. This project will allow us to further reduce management risk and thus stabilize our management base, and to continue to carry out our founding mission of undertaking high-speed, large-capacity passenger transport between Tokyo, Nagoya and Osaka. This project will also dramatically improve convenience by greatly reducing travel time due to its high-speed operations, bring significant benefits and potential for development to the Japanese economy and society, and ensure the long-term interests of shareholders and all other stakeholders over a long period of time.

Outline and Significance of the Chuo Shinkansen

We are promoting the Chuo Shinkansen Project using the Superconducting Maglev System based on the Nationwide Shinkansen Railway Development Act (hereinafter, "the Act") to continually carry out our mission of operating a high-speed railway linking the Tokyo Metropolitan area, Central, and Kansai regions (from Tokyo through Nagoya to Osaka), which is the lifeline of our business, and to ensure the future foundation of the company.

The Tokaido Shinkansen has been in operation for more than 55 years, and while we have carried out the large-scale renovation, there is a risk of suspension due to major facility replacement caused by future aging. Japan is an earthquake-prone country, and although we have taken measures for earthquake resistance, there is a risk of large-scale disasters, such as possible disruption of Japan's main transportation artery due to a heavy earthquake. Therefore, as a drastic measure to prepare for these future management risks, we decided to complete the Chuo Shinkansen as quickly as possible, under the assumption that we bear the cost of its construction, utilizing the Superconducting Maglev System which we have developed. The Chuo Shinkansen will make Japan's main transportation artery a dual system and JR Central will operate it in an integrated manner along with the Tokaido Shinkansen.

Distribution map of the estimated biggest seismic intensity of the Nankai Trough Large Earthquake



*Source: Prepared by JR Central based on "Countermeasure against Nankai Trough Large Earthquake (Final Report)" (May. 2013)

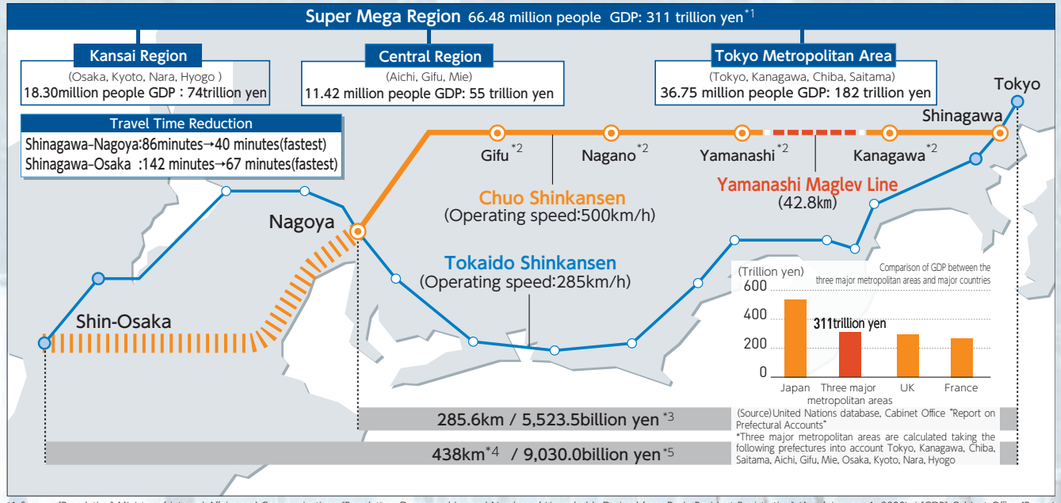
Chuo Shinkansen Project as a national project

The Chuo Shinkansen is being constructed in accordance with the Act, which is a legal system for developing infrastructure essential to the nation in order to contribute to the development of the national economy, the expansion of the area of Japanese people's lives, and the development of local communities. Based on the Act, we received the designation as the operator and the order for construction from the Minister of Land, Infrastructure, Transport and Tourism in May 2011, and then the construction implementation plan was approved by the Minister of Land, Infrastructure, Transport and Tourism in October 2014. In the meanwhile, we have conducted environmental assessment procedures and published the final environmental impact assessment report between Tokyo and Nagoya, which is promoted as the first stage.

On the other hand, in order to confirm that the principles of a privately owned company, such as freedom of management and autonomy of capital investment, would not be hindered by application of the Act, we referred fundamental clauses regarding application of the Act to the Ministry of Land, Infrastructure, Transport and Tourism (hereinafter, "MLIT") and received a reply in January 2008 indicating that those principles would not be hindered.

We will take steady steps towards the successful completion of this project, maintaining sound management and stable dividends and demonstrating our flexibility, while making necessary investments to ensure safe and reliable transportation, and to enhance competitiveness in the Tokaido Shinkansen and conventional lines, as well as ensure sound management and provide stable dividends. We will first realize the project between Tokyo and Nagoya, where we have received approval for the construction plan, and strive to further extend to Osaka.

The realization of the Chuo Shinkansen using Superconducting Maglev System will contribute to the energization of Japan's economic and social activities, making Japan's main transportation artery between Tokyo, Nagoya, and Osaka a dual system, and merging the three major metropolitan areas into "Super Mega Region".



*1 Source: [Population] Ministry of Internal Affairs and Communications "Population, Demographics and Number of Households Derived from Basic Resident Registration" (As of January 1, 2020) / [GDP] Cabinet Office "Report on Prefectural Accounts" (FY2016) *2 The name of each station located in Kanagawa, Yamanashi, Nagano, and Gifu on the Chuo Shinkansen line is temporary. *3 Source: Construction Implementation Plan (Part2) of the Chuo Shinkansen Section between Shinagawa and Nagoya (Mar. 2018) *4 Source: the Research Report on the Chuo Shinkansen Section between Tokyo and Osaka (Dec. 2009) *5 Source: the Development Plan (May. 2011)

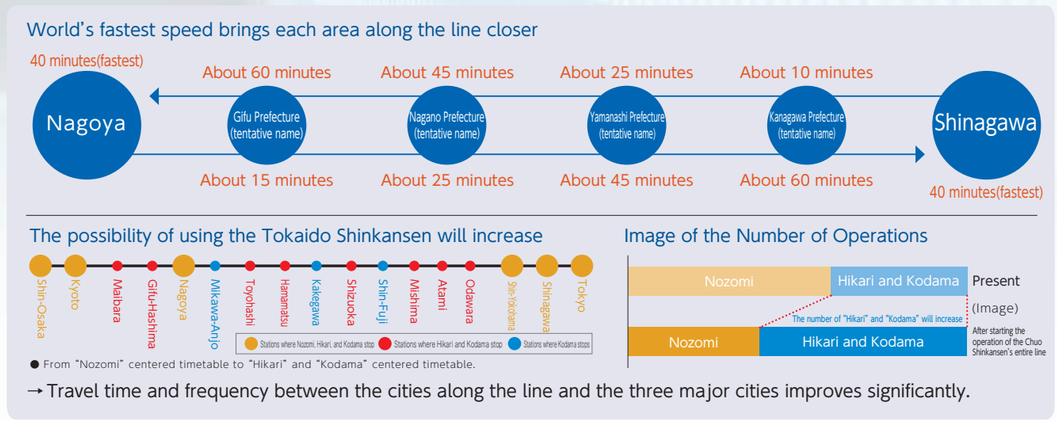
Value Provided by the Chuo Shinkansen

We will continue to fulfill our mission into the future by reducing management risks and stabilizing our management base by completing the Chuo Shinkansen Project. Furthermore, by adopting the Superconducting Maglev System for the Chuo Shinkansen, we can expect a drastic reduction in travel time between cities, and the three major metropolitan areas will be transformed into one mega-metropolitan area, the so-called "Super Mega Region," where the interaction of people will be highly activated and economic and social activities will be energized, which is expected to have a significant positive effect on our business.

❶ Creation of new demand

In the competition between the Shinkansen and aircraft, the shorter the travel time of the Shinkansen, the greater its share. Demand is therefore expected to shift from aircraft to the Chuo Shinkansen due to the time reduction effect of Superconducting Maglev System. In addition, the dramatic time reduction will greatly stimulate the flow between metropolitan areas, which is highly expected to generate new demand.

Furthermore, in addition to the anticipated new use of intermediate stations in Kanagawa, Yamanashi, Nagano, Gifu prefectures, there is a possibility of significantly improving travel time and frequency between cities along the line and the three major cities, and increasing in the flow of people if there is room to increase the number of operations and the number of stops for the "Hikari" and "Kodama" by taking advantage of the extra transportation capacity caused by the transfer of "Nozomi" passengers to the Chuo Shinkansen.



→Travel time and frequency between the cities along the line and the three major cities improves significantly.

❷ Broad ripple effects on the economy and society

Due to the overwhelming time reduction effect of the Superconducting Maglev System, Tokyo - Nagoya - Osaka will be connected in about 1 hour, and the three major metropolitan areas will become "Super Mega Region" with a total population of about 66 million, which exceeds half of Japan's population.

This "Super Mega Region" is expected to become the core driving new growth for Japan, which is experiencing a declining population, by broadening the scope of activities and thereby significantly changing lifestyles such as the way people do business and spend their leisure time, as well as expanding various possibilities. The final report of the "Super Mega Region Concept Study Group" established by MLIT titled "Creating Super Mega Region to Overcome a Declining Population: Creating New Value through Liberation from Time and Place" (May 2019) presents the following as "impacts of the Chuo Shinkansen".

From the Final Report of the "Super Mega Region Concept Study Group" (May 2019)

- Opportunities for face-to-face interaction between people will increase and the time for interaction will expand, which will lead to opportunities for creating new innovation.
- It is expected to bring about changes in business styles and lifestyles by liberating people from "time" and "place", which have been factors that restrict working and living styles, and providing a variety of options.
- Due to the integration of the three major metropolitan areas, the entire Super Mega Region will create new value and growth industries, which will increase the attractiveness of the region in inviting people and investment from overseas.
- By organically connecting the Chuo Shinkansen, Shinkansen, and expressway networks, it is expected that the multiplicity and substitutability of the high-speed transportation network, which forms the framework of the national land policy, will be enhanced, and sustainable flow of people and goods will be secured.
- It is expected that new regional revitalization will begin in the areas around the intermediate stations located between the three major metropolitan areas, and that the effects of the Super Mega Region will spread widely beyond areas along the Chuo Shinkansen.

*Extract and summary by JR Central of the final report of the "Super Mega Region Concept Study Group" established by MLIT (May 2019)

Furthermore, according to the "National Land Policy Simulation Model" compiled by MLIT, the productivity improvement effects of the formation of the Super Mega Region as a result of the opening of the Chuo Shinkansen are estimated to be 3.5 trillion yen per year for the opening of the line up to Nagoya, and 6.5 trillion yen per year for the opening of the line up to Osaka*.

In this way, the dramatic reduction in travel time brought about by the opening of the Chuo Shinkansen will have a major impact on the entire country, and will lead to the creation of new value and the sustainable growth of Japan as a whole.

*National Spatial Planning and Regional Policy Bureau of MLIT "FY2017 Survey Report on the Development of National Land Policy Simulation Model" (July 2018)

Promotion of Construction

We place importance on construction safety, environmental preservation, and cooperation with local communities, and are steadily promoting construction of the Chuo Shinkansen in each area along the the line.

Construction of terminal stations

The construction of the Shinagawa and Nagoya terminal stations involves installing a large-scale underground structure in the basement of the Tokaido Shinkansen and other lines while they are in operation, which is very difficult and requires the utmost care and high level construction technology. In addition to safely replacing existing structures of the commercial lines, we will construct earth retaining walls to protect the surrounding areas. Then, we will construct a structure that will become the station of the Chuo Shinkansen in the excavated underground space using the open-cut method that digs down mainly from the ground surface.

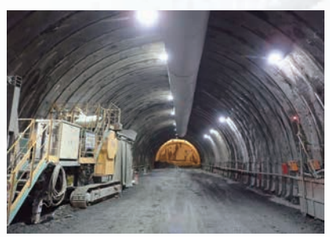
Mountainaous tunnel construction

For tunnel construction in mountainous areas, we adopt the New Austrian Tunneling Method (NATM). NATM uses shotcrete to harden the surface of the ground drilled by machine or blasting, bolts and concrete to fix the rock around the tunnel, and then the rock is integrated with the natural ground. This allows the natural support of the natural ground to be used for digging.

Urban tunnel construction

We adopt the shield tunneling method for tunnel construction in urban areas. The shield tunneling method is a method in which a cutter slowly rotates inside a protected steel tube (shield machine) and excavates soil while drilling. In the construction, vertical shafts (emergency access), which are the starting point of the shield machine, are first drilled, and then the shaft is laterally drilled by the shield machine from one vertical shaft to another.

Nagoya Station



Southern Alps Tunnel (Yamanashi construction area)

Shield machine assembly (North Shinagawa Emergency Access)

Implementation of Environmentally Conscious Construction

Construction of the Chuo Shinkansen is proceeded with consideration for the surrounding environment. The main environmental conservation measures to be implemented are as follows.

Atmospheric environment (air quality, noise, and vibration)

The use of low-noise and low-vibration construction machinery with low exhaust emissions reduces the generation of nitrogen dioxide and suspended particulate matter, as well as noise and vibration.

Water environment (water quality, water resources, and groundwater)

Wastewater and turbid water generated by construction work are discharged into public waters after taking measures such as treatment and neutralization to reduce turbidity as necessary, by means of turbid water treatment facilities, in accordance with wastewater standards, etc., based on laws and regulations, thereby reducing the impact on public waters.

Animals, plants, and ecosystems

In the detailed planning of construction, we avoid places where important plant species grow to the extent possible and, if it is unavoidable, we compensate for the influence on the growing environment of important species by transplanting and seeding in places with similar environments.

Reducing the impact of vehicles used to transport materials and machinery

We reduce the generation of dust by cleaning and watering the entrances, exits and surrounding roads for vehicles used to transport materials and machinery, and by cleaning their tires.

Overview and Development History of Superconducting Maglev System Technology

Superconducting Maglev System is an advanced technology unique to Japan. Instead of using friction between wheels and rails as conventional railways , it runs in a non-contact manner due to the magnetic force between the Superconducting Magnet mounted on the vehicle and the coils mounted on the ground. In addition, to obtain the strong power of the magnets, the technology uses a superconducting magnet utilizing "the 'superconductivity' phenomenon in which electrical resistance vanishes when a particular substance is brought below a certain temperature," which enables the vehicle to levitate about 10 cm, making it possible to operate safely in earthquake-prone Japan. These features make it possible to travel at an ultra high speed of 500 km/h in a stable manner, unlike conventional railways.

The level of the Superconducting Maglev System Technology has been evaluated in multiple stages since running tests began on the Yamanashi Maglev Line in April 1997. In July 2009, the Superconducting Magnetic Levitation Technological Practicality Evaluation Committee of MLIT (hereinafter, "Evaluation Committee") confirmed that the Superconducting Maglev System Technology had already achieved levels sufficient for commercial service and the Minister of Land, Infrastructure, Transport and Tourism established the technological standards for the Superconducting Maglev in December 2011. Since then, we have continued running tests, and in February 2017, the Evaluation Committee confirmed its evaluation that the technology development required for commercial lines was completed.

We will continue to make efforts to further brush up Superconducting Maglev System Technology, including improving comfort and enhancing efficiency of maintenance. We will also conduct running tests using Series L0 improved version and develop commercial vehicle specifications, as well as work to reduce costs for the construction, operation, and maintenance of commercial lines.

Progress on the Superconducting Maglev System Technology

June 1990	JR Central applies to the Minister of Transport for approval of the construction plan of the Yamanashi Maglev Line and gains approval
April 1997	Running tests start on the Yamanashi Maglev Line
March 2000	The Superconducting Magnetic Levitation Technological Practicality Evaluation Committee of the Ministry of Transport (hereafter, the "Evaluation Committee") acknowledges that "there is potential from a technological standpoint that the technology could have practical applications"
November 2004	JR Central performs exercises of trains passing each other at 1,026 km/h relative to one another
March 2005	The Evaluation Committee of MLIT acknowledges that "the core technologies for practical application have been established"
July 2009	The Evaluation Committee of MLIT acknowledges that "the technologies required for commercial services have been established from a comprehensive and systematic standpoint, and it is possible to move forward with detailing the specifications for commercial services and the technical standards"
December 2011	The Minister establishes the technical standards for Superconducting Maglev
August 2013	Extension of the Yamanashi Maglev Line to 42.8km and upgrading of facilities are completed
April 2015	JR Central records a travel distance of 4,064 km in one day JR Central records the world speed record for a manned rail vehicle at 603 km/h
February 2017	The Evaluation Committee of MLIT evaluates that "the technology development required for commercial lines was completed"
August 2020	Running tests start using Series L0 improved version

History of Maglev Vehicles

MLX01-1

MLX01-901

Series L0

In order to establish commercial vehicle specifications, in August 2020 we started running tests using Series L0 improved version, which further brushed up Series L0 based on the results of running tests so far.

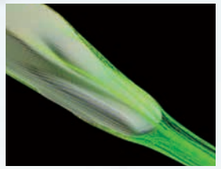
Series L0 improved version

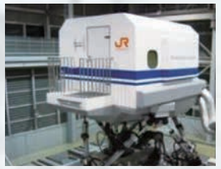
Special Feature 2

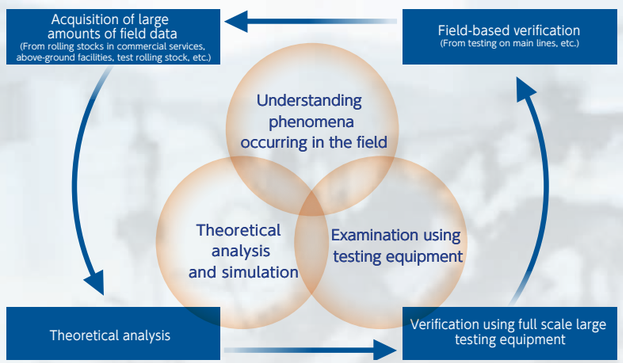
Technological Development to Support JR Central's Growth

In order for JR Central to fulfill its mission and develop in the future, it is essential to constantly work to ensure daily safe and reliable transportation, to pursue comfortable transportation services, and to build the hardware and systems that will support these efforts through technological development. In regard to technological development in railway, it is necessary to bear in mind that only when each physical and non-physical research result is integrated and reflected in actual transportation services and management systems will it generate value to the business, and that the railway business is greatly affected by social and economic conditions. In order to address various technological issues in a more integrated and comprehensive manner, our company has set issues that contribute to company measures from a medium to long-term perspective at the Komaki Research Center established in 2002 and, while systematically engaging in technological development, is further pursuing issues related to ensuring safe and reliable transportation in the railway business, while engaged in technological development with the aim of finding solutions.

Basic railway R&D cycle







Key Themes of Technology Development

We are promoting technological development based on the following pillars, namely, "ensuring safe and reliable transportation," "improvement in the convenience, comfort and efficiency of Tokaido Shinkansen," "overhauling maintenance, service operations and administration," and "technological development in anticipation of the opening of the Chuo Shinkansen."

Ensuring safe and reliable transportation

In order to ensure even higher levels of safe and reliable transportation, we are promoting the development of technologies for accurately detecting natural disasters such as earthquakes and heavy rain, technologies for reducing damage, and technologies for early recovery from disasters.

Overhauling maintenance, service operations and administration

In order to cope with the expected decline in the labor force in the future, we will work to improve the level and save labor of inspections and maintenance based on the introduction of new technologies, data analysis and evaluation, and active maintenance, thereby building an efficient and safe system.

Improvement in the convenience, comfort, and efficiency of the Tokaido Shinkansen

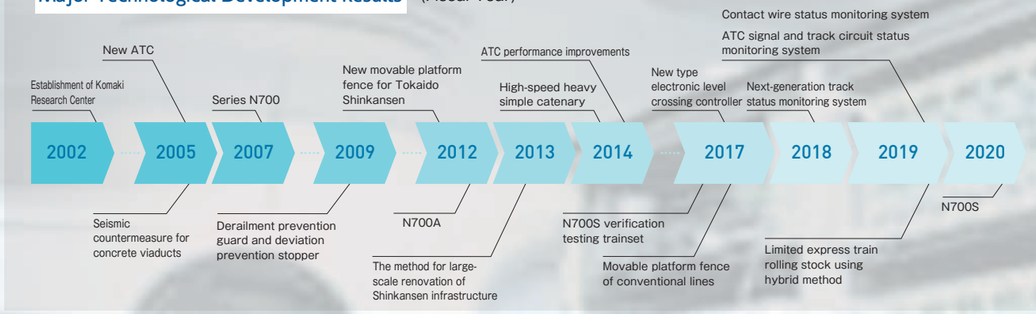
Looking ahead to the opening of the Chuo Shinkansen, we are working to develop technologies that will further enhance the convenience, comfort, and efficiency of the Tokaido Shinkansen in order to continue to strengthen our competitiveness as Japan's main transportation artery.

Technological development in anticipation of the opening of the Chuo Shinkansen

By making the most of the knowhow, knowledge, and technological capabilities possessed by the Technology Research and Development Department, we are promoting technological development that will lead to cost reductions and labor savings, such as construction and maintenance of the Chuo Shinkansen, as well as advancing the depth of core technologies, such as design, analysis, and simulation, common to all of the three generations of railways.

In order to sustain and develop our company into the future, we are also working to broaden the scope of our company's technological fields to a wider range of areas. We will strive to develop new value and future visions that we want to create, and take on the challenge of research and development to realize them.

Major Technological Development Results (Fiscal Year)



Research and Development of Leading-Edge Technologies for the Future

The importance of technological development in the railway business will not decrease. On the other hand, looking ahead to the future, the environment surrounding our company will become further complicated due to a decrease in the labor force and changes in working styles caused by the declining birthrate and aging population, intensifying natural disasters, growing awareness of the global environment, and the like. In addition, the movement toward digital transformation as a result of the rapid advancement of information and communications technology (ICT) has brought about changes in the way businesses are run and the creation of new businesses, as well as presenting new solutions to various technological challenges. In 2020, JR Central established a special unit within the Technology Research and Development Department to further strengthen its efforts to formulate ICT strategies in light of rapid technological progress, gather needs, allocate appropriate management resources, and execute highly challenging development projects. We will continue to push ahead with these efforts even more vigorously. We will continue to fulfill our unchanging mission and create new value by actively using advanced technologies to firmly incorporate technological innovations into our company's railway system and expand our company's technological fields into the future.

Promoting Technological Development at the Komaki Research Center

To proactively deepen railroad technologies for the Shinkansen and conventional lines, JR Central pursues development of technologies that support the future of our company, and takes initiatives to enhance technical capabilities and develop human resources. At the Komaki Research Center, by leveraging the development capability using actual-size testing equipment, which is the main distinctive feature of the research center, we have made various accomplishments in technology development, including the development of new rolling stock, the development of countermeasures against derailment and deviation for the Tokaido Shinkansen, the development of large-scale renovation methods for civil engineering structures in relation to our Shinkansen trains, and the development of high-speed heavy simple catenary for our Shinkansen trains. Furthermore, in light of recent advances in ICT technology and digital transformation, the Komaki Research Center will actively utilize these technologies and play a central role in promoting them within our company.

External view of Komaki Research Center

Human Resource Development and Enhancement of Technological Capabilities

Since the opening of the Komaki Research Center, JR Central's Railway Operations Divisions and the Technology Research and Development Department have worked closely together to respond to the technological challenges facing the Railway Operations Divisions and conduct regular technical exchanges. In addition, employees of the Railway Operations Divisions and the Technology Research and Development Department work together to enhance the technological capabilities of the entire company. In addition, we promote efforts to develop engineers, such as reports and presentations on technological development results, surveys and reports on the latest technological trends by young researchers, holding seminars by inviting outside lecturers for the purpose of improving technological insight and technological exchange, and supporting research by researchers who have free ideas and take on new challenges. Going forward, we will continue to monitor technological trends in other industries and fields, broaden our scope of inspiration and application capabilities, and actively incorporate external knowledge to enhance our organizational capabilities so that we can address the difficult technological challenges we face in the railway business.

Technology exchange meeting

Major Technological Developments: Responding to Natural Disasters

In recent years, river flooding and sediment disasters caused by large typhoons and torrential downpours have become intensified, and it is important to prepare for natural disasters including earthquakes. Our company has worked to ensure safety from both physical and non-physical aspects. In addition, we are working to develop technologies to realize even higher levels of safe and reliable transportation, such as measures to accurately identify disasters and minimize damage.

Example of technological development 1 — Study on evaluation method of occurrence risk of debris flow

In order to construct a safer and more secure railway system against prolonged rain and localized torrential downpours, JR Central has implemented not only physical measures such as slope protection works but also non-physical measures such as rain operation regulations based on the observation values of rain gauges installed along railway lines. However, there may be differences in the way rain falls along the railway lines and in areas far from it and, particularly in mountainous areas, there is a risk of debris flow disasters originating in areas far from the railway line. For this reason, we have developed a real-time evaluation method for the risk of debris flows occurring in mountain streams adjacent to railway tracks in the mountain line sections of conventional lines. This method classifies the occurrence of debris flows into two types, models the watershed of each mountain stream, and inputs the actual rainfall amount into this model to estimate the occurrence risk. This method has been used since June 2020 to regulate the operation of conventional lines, contributing to further safety during rainfalls.

Traces of earth and sand collapse

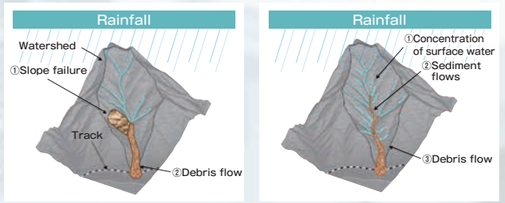
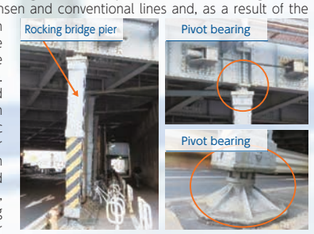


Figure Occurrence of debris flows (left: collapse type debris flow, right: stream bed flow type debris flow)

Example of technological development 2 — Verification of safety in the event of an earthquake

The Kumamoto Earthquake that occurred in April 2016 caused derailment of the Kyushu Shinkansen, collapse of buildings, and the collapse of overpasses with "rocking bridge piers" which are installed mainly in places where construction space is limited. On the assumption that a similar earthquake occurred in our company's service area, JR Central has taken measures to prevent derailment and deviation of Shinkansen trains and to make buildings and other structures earthquake-resistant. In addition, we have been examining the seismic performance of all bridges with rocking bridge piers on Shinkansen and conventional lines and, as a result of the seismic performance evaluation by structural analysis, we have confirmed that they have sufficient seismic performance. Specifically, we made a detailed three-dimensional model of each bridge and conducted seismic performance evaluations under a severe condition in which earthquake motion occurred in two horizontal directions, and confirmed that the rocking bridge piers do not overturn or fall at all locations.



Rocking bridge pier

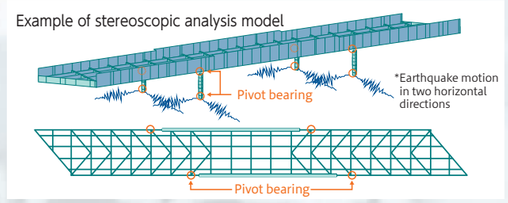


Figure Example of stereoscopic analysis model

Major Technological Developments: Labor Saving in Maintenance

At JR Central, we are developing technologies to improve operational efficiency, reduce labor, and reduce costs, such as by mechanizing and systemizing maintenance operations, on the basic premise that safety is ensured. Specifically, we are working to develop technologies based on the three pillars of introduction of new technologies, data analysis and evaluation, and active maintenance. In recent years, we have been using new technologies such as sensing, image recognition, information and communications, mass data analysis, and robotics, as well as advancing technology development that leads to equipment integration, extended life, and optimization of standards.

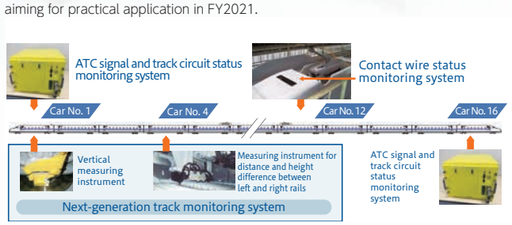
Example of technological development — Development of technology for measuring ground equipment using N700S commercial rolling stock

On the Tokaido Shinkansen, the track and electrical equipment are measured about once every 10 days using the Shinkansen Multiple Inspection Train (Dr. Yellow), a dedicated measurement train. In addition, we have developed technology to reduce the size and weight of measuring instruments that can be installed in the commercial rolling stock of the latest model, the N700S, in order to grasp the status of facilities more frequently and perform maintenance work in a timely manner.

As for the measurements of the state of tracks, JR Central has developed the "Next-Generation Track Monitoring System" with improved accuracy by using its own calculation program. This makes it possible to measure new items such as the deviation of the rails not only vertically but also horizontally, the distance between the left and right rails, and the height difference.

In measuring the condition of overhead wires and signaling equipment, we developed the "contact wire status monitoring system" and "ATC signal and track circuit status monitoring system," which are smaller and lighter. This enables the measurement of contact wire conditions (abrasion amount, height, etc.) on commercial trains, eliminating the need for nighttime measurements by workers, and enabling frequent checking of ATC signals and track circuit integrity.

At present, we are conducting a series of running tests using the N700S verification testing trainset to confirm measurement accuracy and durability, and are aiming for practical application in FY2021.

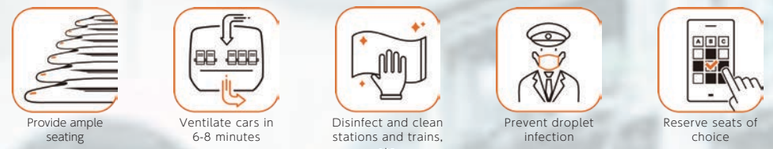


Measurement of ground equipment by N700S

Special Feature 3

Countermeasures against COVID-19

JR Central is taking various measures to prevent the spread of COVID-19, giving top priority to ensuring the safety of customers and employees. We are implementing mainly the following initiatives to ensure that customers can safely and securely use the Tokaido Shinkansen and other JR Central railways.



Interior ventilation — Measures for closed spaces

Shinkansen Air is always replaced with outside air by air conditioning and ventilation equipment and, according to calculations, all air in the train car is replaced with new outside air in about 6 to 8 minutes.

Conventional Lines Air is replaced with outside air by opening and closing doors and ventilating equipment.

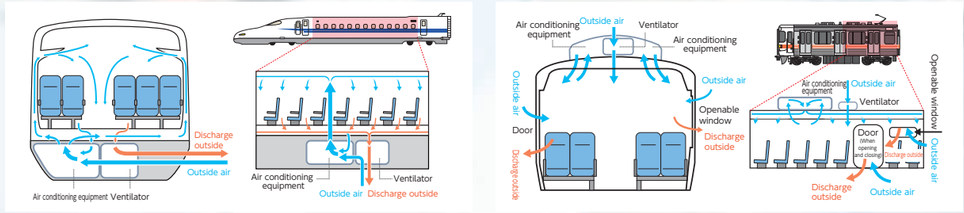


*Image of a representative model

Securing transportation capacity with the "12 Nozomi Timetable" — Measures for crowded places

On the Tokaido Shinkansen, by utilizing the "12 Nozomi Timetable," which can operate up to 12 services per hour in either direction, we are working on measures to prevent congestion in trains by providing a sufficient number of seats by operating trains with sufficient capacity.

Online reservation service for Tokaido Shinkansen — Measures for close-contact settings

By using the "seat map" function in the Express Reservation/ smartEX (online reservation and ticketless boarding services) and the reserved seat ticket vending machine, customers can check the seat availability status and reserve/ purchase their own seat.

Using this, customers can purchase Shinkansen tickets without coming into contact with station staff.

Reservation screen

Other Initiatives

In light of the current status of infections in Japan and overseas, we are working to prevent the spread of infections by installing hand sanitizers at all Shinkansen stations and at manned stations on conventional lines so that they can be used by passengers. In addition, at stations with a large number of passenger usage, we are disinfecting hand-accessible areas such as ticket vending machines daily.

In daily rolling stock cleaning on Shinkansen and conventional lines, we have been using alkaline electrolyzed water, which is generally effective in disinfecting, to maintain hygiene in cabins.

Unchanging Mission in Post-COVID-19 Society

There is a possibility that the social environment will change as telework and online meetings become more widely used around the world as a result of the self-restraint on going out following the outbreak of COVID-19. However, the importance of face-to-face meetings between people with various knowledge and experience will remain unchanged.

In view of these changes in the social environment, JR Central will respond flexibly to such changes, while continuing to provide comfortable and convenient transportation services that can be used by as many people as possible. At the same time, we will continue to make every effort to prevent the spread of infections so that customers can use our services with peace of mind.

Safety

Safety

Ensuring Safe and Reliable Transportation

安全綱領

一 安全は輸送業務の最大の使命である。
二 安全の確保は規程の遵守及び執務の教正から始まり不断の修練によって築きあげられる。
三 確認の励行と連絡の徹底は安全の確保に最も大切である。
四 安全の確保のためには職責をこえ一致協力しなければならない。
五 疑わしいときは手落ちなく考えて最も安全と認められる みちを採らなければならない。

General Principles of Safety

Basic Approach to Safety

Ensuring safe and reliable transportation marks the foundation of the railway business. Based on the recognition that safety is the primary mission of transportation operations, JR Central has established various internal regulations in accordance with relevant laws and regulations, built a system to promote safety measures in an organized manner, and at the same time, promoted a variety of initiatives from both physical and non-physical perspectives. Our company's mission is to provide customers with safe and reliable transportation. We will fulfill our responsibilities as a transportation company by continuing to fulfill this mission into the future.

JR Central has established the "General Principles of Safety" as the basic spirit of all employees involved in ensuring transportation safety. This was enacted in the era of the Japan National Railways in response to the accident at Sakuragicho Station on the Keihin-Tohoku Line in 1951. Because transportation operation is an important and responsible service for safeguarding precious lives and assets, it specifically expresses that mindset, moral awareness, and attitude are needed for all employees to do their utmost to ensure safety and protect human lives before all else, regardless of their job responsibilities. As a result of various safety-related initiatives, the Tokaido Shinkansen, in particular, since its opening in 1964, has been used by approximately 6.6 billion passengers, and the number of train accidents resulting in fatalities or injuries of passengers on board has remained zero. We will continue to work tirelessly to ensure safe and reliable transportation at an even higher level.

▶ Safety Report https://company.jr-central.co.jp/

Priority Execution Items for FY2020

In order to systematically and intensively promote train and labor accident prevention measures, priority execution items are determined every fiscal year.

In FY2020, we positioned the three pillars of "cultivating a safety-first culture," "improving the ability of each employee to achieve safety," and "strengthening of safety systems" as "Safety Action Guidelines" for universal concepts for ensuring safety. All employees will work together to eradicate (make zero) serious train and labor accidents from both physical and non-physical aspects in response to the priority execution items based on the General Principles of Safety and the Safety Action Guidelines.

Safety Management System

Operational system to ensure transportation safety

Based on the Railway Business Act, JR Central established the Safety Management Regulations in September 2006, which summarizes the rules to be observed for ensuring transportation safety, with the aim of maintaining and improving safety levels. These regulations specify the operational system for ensuring transportation safety and the responsibilities of safety managers. As the responsibility of key safety managers, the president is the first to make important decisions regarding operational safety. In addition, general safety managers, operation managers, and crew guidance managers have been designated, and their respective responsibilities have been determined. The roles of head office managers in ensuring transportation safety have been clarified, and safety measures have been systematically established and promoted under a consistent system.

Responsibility of key safety managers

Title	Responsibility
President	Decide on important matters related to operational safety.
General safety manager	● Ensure that all employees are fully aware of the importance of safety and comply with laws and regulations to ensure transportation safety. ● Provide opinions to the president on necessary improvements to ensure transportation safety. ● Confirm the status of systems related to ensuring transportation safety as needed, and express opinions on improvements to head office managers who are in charge of the main operations related to ensuring transportation safety, as necessary. ● Supervise and manage other matters related to ensuring transportation safety.
Operation manager	In order to ensure transportation safety, request reports and give instructions as necessary concerning the formulation of transportation plans, decisions on the operation of train crews and rolling stock, train operation control, training of train crews and maintenance and management of their qualifications.
Crew guidance manager	Train crew members and maintain and manage their qualifications.

Safety Promotion Committee

The Railway Safety Promotion Committee was established at the head office and meets once a month to deliberate on matters related to the prevention of train and labor accidents, and to formulate and promote effective countermeasures. In addition, specialized committees are set up as necessary to intensively deliberate on specialized matters. Also, the Shinkansen and Conventional Lines Operations Division, each branch office, and other units also hold Safety Promotion Committees. The matters decided by the Safety Promotion Committee are thoroughly communicated to employees of field offices through Regional Safety Promotion Committee meetings.

Safety audit

Safety audits are conducted at JR Central's business organization and affiliate companies to prevent train accidents and eliminate labor accidents. These audits are performed from three main standpoints; the confirmation of the level of compliance with laws and regulations, etc., the confirmation of systems in place to prevent train and labor accidents that occurred in the past, and the confirmation of the state of accident prevention measure implementation. In audits, we verify the actual status of daily operations by checking sites where work is being carried out and the documents related to inspections, construction, etc., and share the results with the relevant departments and affiliated group companies. Through these audits, we are working to prevent violations of laws and regulations, the fading out of past countermeasures in response to past accidents, and rules from losing their substance before an incident occurs.

Scene of a safety audit

Ensuring Safe and Reliable Transportation

Initiatives for human resources to ensure safety

In order to support safety, it is important to continue to improve and refine facilities and to ensure the progress of work. However, as the basic premise, it is essential to develop human resources with high technical capabilities, strong will, and correct values to support safety. In developing human resources, we believe it is important to observe our own rules ("discipline"), to maintain and improve quality and prevent accidents ("technical capability"), and to gain a "sense of unity" by collaborating and cooperating with related employees and by fulfilling personal responsibilities. Focusing on these issues, we are engaged in employee training and education.

Technical skills training

We implement safety education and training for staff engaging in train operations and facility maintenance. We conduct education and training especially for staff engaging in train operations (such as drivers, conductors, directors, and those who handle signals or operate switch stands) according to the content and time stipulated for each duty.

We introduce simulators, which can perform operations simulation training, etc. for emergencies, to field offices for drivers and conductors. We also conduct various training sessions using ground facilities, such as actual rolling stock, railway lines, so that employees on each system can swiftly and accurately respond to emergencies.

Emergency conditions response training

We conduct various training every year as an opportunity for us to enhance quick response to safety in case of accidents and to learn the work of other specialized fields. We conducted practical training in FY2019, such as passenger evacuation guide training sessions, information communication training sessions, and line facility restoration training, based on the assumption of natural disasters, such as earthquakes, and contingencies.

Passenger rescue training

Counter-terrorism training

Employee training in preparation for contingencies

We train all employees to go beyond the call of duty in working together with staff, etc., to respond appropriately in ensuring our customers' safety should employees happen to be present when unforeseen circumstances occur while commuting or on a business trip.

Employee training in preparation for contingencies

Other training

The General Education Center offers education on specialized knowledge and skills for each function, and provides sessions for various qualifications and train conductors and drivers by using various training facilities that can simulate various events that occur in actual situations.

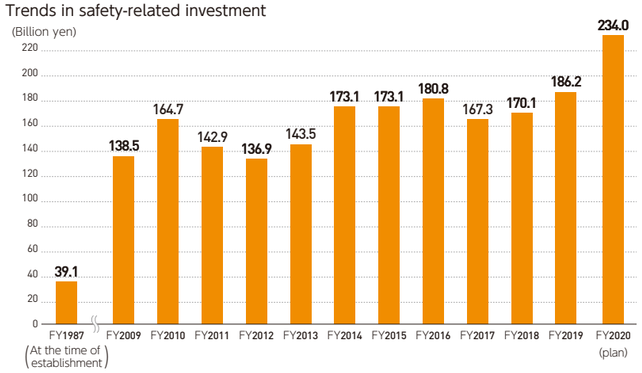
Training for Shinkansen conductors

Capital investment for safety

JR has actively implemented capital investment related to safety since its establishment. In the 33 years up to FY2019, we have made safety-related investments totaling over 3.8 trillion yen, including safety measures such as updating the Automatic Train Control (ATC) and Centralized Traffic Control (CTC) on the Tokaido Shinkansen, introducing and updating CTC on conventional lines, and replacing the Automatic Train Stop (ATS) with ATS-PT, as well as disaster prevention measures such as seismic reinforcement, improvements in electrical equipment, replacement of new rolling stock, and introduction of efficient and effective inspection machines and systems.

In FY2020, we will continue placing top priority on ensuring safe and reliable transportation, which is the starting point of our railway business. In order to further reinforce structures along with earthquake countermeasures, JR Central will pursue derailment and deviation countermeasures for the Tokaido Shinkansen by implementing derailment prevention guards for the entire line. We will also proceed with the implementation of measures to prevent suspended ceilings at stations from falling in the event of an earthquake and reinforcing the quake resistance of the Nagoya Workshop, viaduct pillars of conventional lines, etc. In addition, to ensure that passengers can use trains with greater peace of mind, we are proceeding with the installation of movable fences on the platforms of Tokaido Shinkansen at Shin-Osaka Station. Following the installation of fences on the platforms 25 and 26, these fences will be put into service on the platforms 23 and 24 this fiscal year. With respect to conventional lines, we will work on the installation on Kanayama Station of the Tokaido Line and start operation on the platform for Toyohashi-bound trains. As a result of these efforts, 70% of the total capital investment in Tokaido Shinkansen, conventional lines, and affiliated businesses, or 234.0 billion yen, is planned for safety-related investment.

Trends in safety-related investment



Tokaido Shinkansen | Conventional Lines

Large-scale renovation

Our civil engineering structures are sufficiently maintained through daily and thorough inspections and repair. However, in future, it will be inevitable to replace many of the facilities due to aging. We received the approval of the Minister of Land, Infrastructure, Transport and Tourism for our allowance reserve plan for the large-scale renovation of Shinkansen infrastructure based on the Nationwide Shinkansen Railway Development Act, and began building the reserve from 2002. Along with this, we have advanced our research on a new construction method, led by our Komaki Research Center. As a result of our R&D efforts, we developed a new construction method that allows us to significantly reduce the impact on train operations during construction work, and to considerably cut construction costs. With this method in place, JR Central began the renovation work in FY2013, ahead of the original schedule. In construction work, we begin with the implementation of measures to extend the life of structures by inhibiting the occurrence of cracking and other damage from aging (measures to inhibit aging damage) and, if necessary, overall renovations such as replacement of girders (overall renovation) are implemented.

The reserve of 350 billion yen accumulated by FY2012 is appropriated at a rate of 35 billion yen each year from FY2013.

We will continue to actively incorporate the results of our R&D efforts and make improvements, etc., to construction methods, thereby bringing down related costs in making sure steps forward are taken with our construction work.

Large-scale renovation

Tokaido Shinkansen | Conventional Lines

Counter-disaster measures and other efforts

JR Central's conventional lines operate not only in urban areas but also along steep natural slopes and other varied terrain. As such, we have been making efforts to adopt measures against falling rocks, heavy rainfall, and other disaster situations. We will continue to take measures against falling rocks, such as newly installing falling rock detection nets and protective equipment, and against heavy rainfall, such as reinforcing slope protection and newly installing drainage facilities.

We will also continue to advance our efforts to improve safety devices on grade crossings together with making replacements due to aging in order to enhance safety.

Further Reinforcement of Earthquake Countermeasures

Tokaido Shinkansen | Conventional Lines

Implementation of derailment and deviation countermeasures

We are promoting derailment and deviation countermeasures to prevent expansion of damage from derailment caused by an earthquake. In addition to installing a "derailment prevention guards" to prevent vehicle derailment to the extent possible, we are taking measures for civil engineering structures to make them function effectively. We expect to complete implementing these measures to the entire line by FY2028.

"Deviation prevention stoppers," which prevent the rolling stock from a major derailment in the event of a derailment, have already been installed on all of our Shinkansen rolling stock.

Derailment prevention guards

Reinforcement of structures

JR Central has been implementing earthquake-resistance measures for various civil engineering structures and buildings so as to prevent the Shinkansen from going out of service for a long period of time in the event of an earthquake.

Measures taken and progress

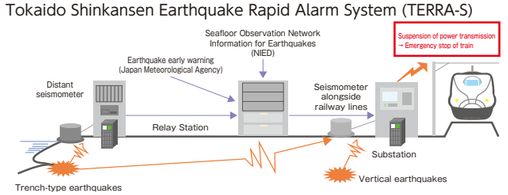
Measures taken	Progress (as of the end of FY2019)
Elevated track columns, bridges, and embankments	Completed * Except for some areas under discussion(Elevated track columns: Approximately 19,600; Bridges: Approximately 900 units; Embankments: Approximately 9.4 km)
Bridge railing (Fall prevention)	Under way (Completed 2,151 beams out of 2,215 target beams)
Station buildings	Completed * Except for some areas under discussion
Rolling stock workshops, etc.	Rolling stock depot buildings: Completed Hamamatsu Workshop: Completed

Initiatives to stop trains quickly

JR Central adopts an earthquake prevention system* which detects tremors, automatically stops power transmission, and issues an order to moving trains to make an emergency stop. We also made improvements to the "Earthquake Brake" on rolling stock in an effort to reduce the stopping distance at the time of an earthquake. For the new model Shinkansen rolling stock N700S, which we launched in July 2020, we made improvements to ATC and the brake system to further reduce the stopping distance by roughly 5% compared to the stopping distance of N700A (3rd edition).

*After introducing the "Urgent Earthquake Detection and Alarm System (UrEDAS)" in 1992 before other companies, we introduced the "Tokaido Shinkansen Earthquake Rapid Alarm System (TERRA-S)" in 2005, thereby improving the system in the speed of the alarm, etc. In April 2019, we continued to further accelerate the speed of the alarm by utilizing information from the Seafloor Observation Network for Earthquakes and Tsunamis.

Tokaido Shinkansen Earthquake Rapid Alarm System (TERRA-S)



Tokaido Shinkansen | Conventional Lines

Reinforcement of structures

In order to minimize the impact of earthquakes also on conventional lines, we are implementing earthquake-resistance measures on various structures.

Initiatives to stop trains quickly

Information from the aforementioned earthquake prevention system will be used for conventional lines to detect the initial weak tremors in case of an earthquake, and provide a warning to the driver's cabin of trains traveling in segments that are likely to be impacted significantly by the earthquake. Furthermore, we have been strengthening the functions of seismometers since FY2016. We will be able to issue warnings to trains more quickly than before.

Measures taken and progress

Measures taken	Progress (as of the end of FY2019)
Elevated track columns, bridges, and embankments	Elevated track columns: Under way (Completed 5,078 columns previously targeted at the end of FY2017. Since FY 2019, 3,338 have been newly added and 419 have been completed for the purpose of further early recovery in the event of a disaster.) Bridges: Completed (4 target bridges)
Bridge railing (Fall prevention)	Completed (1,985 target beams)
Station buildings	Under way (Completed 74 stations of the 77 target stations with 5,000 passengers per day)
Rolling stock workshops, etc.	Nagoya Workshop: Rebuilding and reinforcement of buildings under way (Plan to complete by the end of FY2021)

*Earthquake-resistance reinforcements under way in sections including those where there are at least 10 departures per peak hour and where a long, strong earthquake vibration is expected, as in the case of the Tokai Earthquake

Tokaido Shinkansen / Conventional Lines

Earthquake-resistance measures for ceilings of stations

In order to heighten safety at stations, since FY2016 we have installed earthquake resistance measures on suspended ceilings (a type of ceiling with a structure that hangs from the building frame) at stations that service a large number of customers. We prevent suspended ceilings from falling by firmly joining the building frame and the ceiling with wires and taking other measures. These measures have been taken targeting all 17 stations of the Shinkansen and 30 stations of conventional lines that service at least 10,000 customers per day, and completed at three stations of the Shinkansen and eight stations of conventional lines as of the end of FY2019.

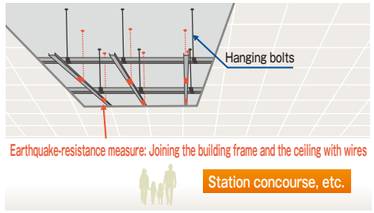


Illustration of anti-falling measure

Response to other natural disasters

In addition to earthquakes, the prevention of accidents caused by natural disasters such as tsunamis, heavy rains, typhoons, and snowfalls is one of our important pillars of safety measures, and we are implementing various measures.

Tsunami countermeasures

JR Central defines the area where a tsunami is expected to reach as a "tsunami hazard expected area" based on the tsunami hazard map of each municipality. When a tsunami is expected, first of all, we make arrangements to not allow trains to enter the "tsunami hazard area." For trains already in the area, we move them out of the area or guide passengers to a safe place.

In addition, a "tsunami warning sign" has been installed in the area to indicate the direction of evacuation. We are also taking measures to evacuate quickly by displaying the evacuation route to the nearest evacuation center on the tablet terminal for conventional line train drivers distributed to train crews. Furthermore, to ensure that these can be practiced, we make sure that all employees are aware of them and conduct evacuation trainings using actual rolling stock in cooperation with local municipalities and schools.

Evacuation route display on tablet terminal for conventional line train driver

Rain countermeasures

We are taking measures such as protecting the slopes of embankments and cut sections with concrete and other materials, laying drainage pipes to promote drainage, and installing earth and sand stoppers to prevent the inflow of earth and sand. Furthermore, rain gauges are installed along railway lines, and when the amount of rainfall exceeds the regulation value, a warning is automatically issued to the control center, train station, etc., and operation regulations such as suppressing or slowing down trains are carried out. Furthermore, in June 2020, we introduced an operation regulation using rainfall radars in all sections of conventional lines. These regulations are lifted after safety is confirmed.

Slope protection work

Wind protection

Anemometers are installed in areas where wind is concentrated, such as on mountains and bridges, or where gusts are expected to occur. When the wind velocity exceeds a certain value, an alarm is automatically issued to the control center, train station, etc., and as in the case of rain, operation regulations such as suppressing or slowing down trains are carried out. In addition, due to geographical and other conditions, some anemometers have an additional function to automatically display a stop signal when the wind exceeds the standard.

Anemometer

Measures against rockslides and avalanches

For routes where there is a risk of falling rocks or avalanches, we have installed falling rock retaining walls, rock cover works, and avalanche retaining walls as protective equipment. In addition, if a rock fall or an avalanche is detected by a detector, the train is stopped to prevent accidents.

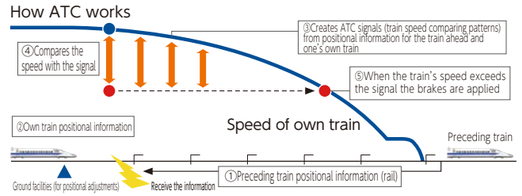
Falling rock pretaining wall and alarm device

Operation Management and Safety Measures

Tokaido Shinkansen / Conventional Lines

The principle of Crash Avoidance

The biggest feature of the Tokaido Shinkansen and other Japanese high-speed railway systems is the introduction of an operation control system based on the principle of Crash Avoidance. This principle has been derived to prevent the possibility of a collision by using (1) dedicated tracks for high speed passenger rail service, which completely exclude freight and commuter rail and have no grade crossings, and (2) an Automatic Train Control (ATC) system, which automatically controls the speed limit of high speed trains and prevents collisions from happening.



Shinkansen General Control Center / Operational control systems

The safe and reliable transportation of the Shinkansen is supported by the Shinkansen General Control Center in Tokyo, where directors work in close collaboration using various systems, such as Computer Aided Traffic Control (COMTRAC*), to accurately grasp a significant amount of information, including the operational status of trains and the utilization status of facilities, control overall transportation services, and manage their safety.

Moreover, the Shinkansen Second General Control Center has been established in Osaka jointly by JR West, and is equipped with the same functions as the Shinkansen General Control Center in Tokyo so that it can serve as an alternative control center should Tokyo's General Control Center become non-operational due to a disaster. Thus, we have strengthened our crisis management in preparation for emergencies.

※COMTRAC (COMputer-aided TRAffic Control): A system that controls train routes, manages train operations, and operates and manages the allocation of staff (drivers and conductors) and rolling stock. Based on input data prescribing the operational conditions for each train (such as station departure and arrival time, platform, and order) in the computer, the system can monitor the status of all trains in operation at all times.

The Shinkansen Multiple Inspection Train (Dr. Yellow)

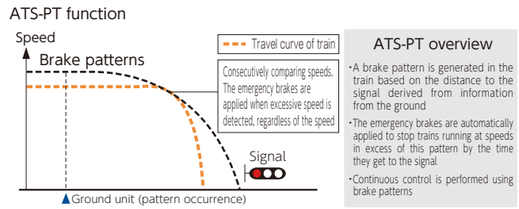
We have also introduced the "Shinkansen Multiple Inspection Train (Dr. Yellow)" to test electrical facilities such as overhead wires and ground facilities such as tracks. This rolling stock, which is based on the Series 700, aids safe and reliable transportation by efficiently conducting high precision inspections at speeds of 270 km/h.

Dr. Yellow

Tokaido Shinkansen / Conventional Lines

ATS-PT (Automatic Train Stop)

ATS-PT continuously checks the speed for conventional lines according to the distance between the train and the signal, the curve, and the points. It ensures safety by automatically applying emergency brakes when there is a risk that the train will exceed the safe speed. We have completed the introduction of ATS-PT to all of our conventional lines.



Tokai General Control Center (Nagoya) / Shizuoka General Control Center / Operation management systems

The operation of our conventional lines is managed by the Tokai General Control Center (in Nagoya) and the Shizuoka General Control Center. In these Control Centers, directors work in close collaboration using various systems, such as CTC (Centralized Traffic Control)*, to accurately grasp a significant amount of information, including the operational status of trains and the utilization status of facilities, control overall transportation services, and manage their safety to support safe and reliable transportation on conventional lines.

※ CTC: The CTC system not only remotely and integrally controls station signaling equipment, etc. in order to efficiently manage train operations, but also has the function of conducting real-time monitoring of the operational status of trains.

Tokai General Control Center

Multiple Inspection Train and Track Inspection Train (Dr. Tokai)

We efficiently and thoroughly manage and maintain facilities with regard to the maintenance of railway tracks and electrical facilities on conventional lines, using the "Multiple Inspection Train (Dr. Tokai)."

Dr. Tokai

Initiatives for Ensuring the Safety of Employees

Structure of safety and health management system

Ensuring the safety of employees is also an important issue. At JR Central, we have established internal regulations based on the Industrial Safety and Health Act and put in place a safety and health management system. At our business organizations, etc., safety management officers and health management officers are appointed, systems are in place to ensure safety at work and to manage workplace hygiene, and careful safety and health examinations are conducted as part of our active efforts to prevent industrial accidents and improve the work environment. In addition, "safety audits" are performed to confirm the level of compliance with laws and regulations, etc., confirm systems in place to prevent labor accidents that occurred in the past, and confirm the state of implementation of accident prevention measures.

We are also promoting safety and health education throughout the Company. In addition to conducting the induction course on safety and health for all new employees at the General Education Center, we also provide classroom education on laws and regulations at the General Education Center and at each site in accordance with the nature, role and level of work, as well as safety and health education through necessary practical training, including the use of equipment and tools and simulations of industrial accidents.

Furthermore, we are promoting various activities such as the deployment of the "movement to explore the nature of safety" and awareness raising through the use of essays for the prevention of train accidents and industrial accidents.

Movement to explore the nature of safety

When we examine the causes of handling errors and labor accidents that have occurred in the past, we find that many such cases are caused by insufficient understanding of rules and basic actions. Therefore, since FY2013, the Company has been promoting the "movement to explore the nature of safety" as a company-wide effort. This movement encourages employees to think about and understand the essence of rules and basic actions with the three key phrases of "Why?", "What will happen?", and "What should I do?" in various aspects of daily work, on top of education, training, and study sessions held at each of our field offices. This initiative has been expanded also to our affiliated companies to further deepen the activity.

"Essays for the prevention of train accidents and industrial accidents"

It is important to apply the lessons learned from past train accidents and industrial accidents to our own actions as "something that can happen to oneself" rather than something that has nothing to do with oneself. Sharing the experiences of seniors, juniors, and colleagues, as well as ideas and feelings based on those experiences, helps each employee to understand the essence of safety. Based on this view, in FY2014, we solicited ideas and initiatives from employees based on their experiences as railway workers and compiled what we collected in an essay collection titled "Turning Lessons Learned into Assets." Subsequently in FY2016, we published the second volume of the essay collection, which is used for group training and workplace education.

In addition, we have held three recitals in which the writers of essays directly present the content published in the essay collection, including thoughts that were not written in the essay. More than 300 employees, including company executives, attended the recitals that provided an opportunity in which the voices of those with experience could convey a strong desire for safety to the minds of employees in the audience with a sense of presence and satisfaction.

Collection of essays for the prevention of train accidents and industrial accidents


Reciting the essays (Presenting safety-promoting activities)

Soliciting illustrations, photographs, and slogans related to accident prevention

In order to raise employees' awareness for the prevention of train accidents and industrial accidents, we invite all employees to submit illustrations, photographs, and slogans, and we create posters using items submitted and post them at relevant internal locations.

In FY2019, we received approximately 45,000 pieces.


Posters promoting the prevention of train accidents and industrial accidents

All JR Central Safety Promotion Conference

We have been holding the All JR Central Safety Promotion Conference yearly since 1991. With a view to enhancing cooperation among companies in preventing train accidents and industrial accidents, the president and the executive in charge of safety at our affiliated companies (approximately 150 firms) that play a major role in our railway business and the executives of the Company all gather at the conference.

In FY2019, the theme of the conference was "Enhance the ability to execute through training - You can execute only what you train for -." In addition to lectures by the Company's executives, case reports were given by the Shinkansen Operations Division on "improving emergency response capabilities through comprehensive Shinkansen accident response training" and by the Conventional Lines Operations Division on "technical skills No.1 competition in the Conventional Lines Electrical Engineering Section and initiatives taken by the Electrical Engineering Department."

Finally, Mr. Shuichi Ishii, former fire prevention officer at Tokyo Disneyland, gave a special lecture titled, "Dissemination of safety awareness and establishment of operation systems at Disney" in which he talked about the code of conduct for the cast at Tokyo Disney Resort, specific examples of their training, and construction of fire prevention and safety management systems at the resort.

Through this conference, we reconfirm the importance of efforts to prevent train accidents and industrial accidents, and the participating companies make use of the conference to improve their future accident prevention efforts.


All JR Central Safety Promotion Conference

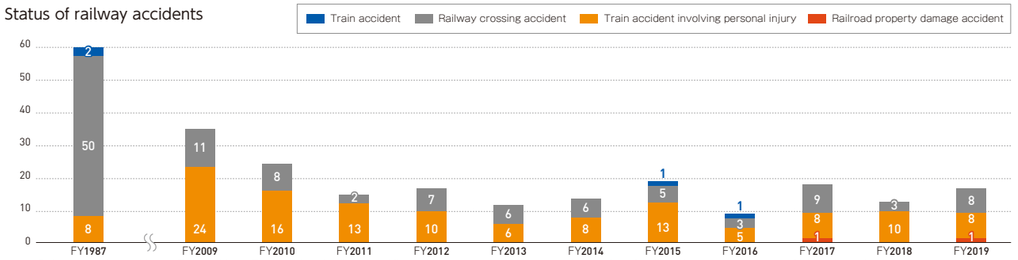
Establishment of safe transportation period during peak season

During the Golden Week holidays, the summer months, and the year-end and New Year holidays, we set up a "safe transportation period" to carry out comprehensive safety inspections by the president and other executives of the head office. We are also working to further strengthen the safe transportation system and further raise employees' awareness for safety through measures such as the establishment of the Safe Transportation Response Headquarters.


Comprehensive safety inspection

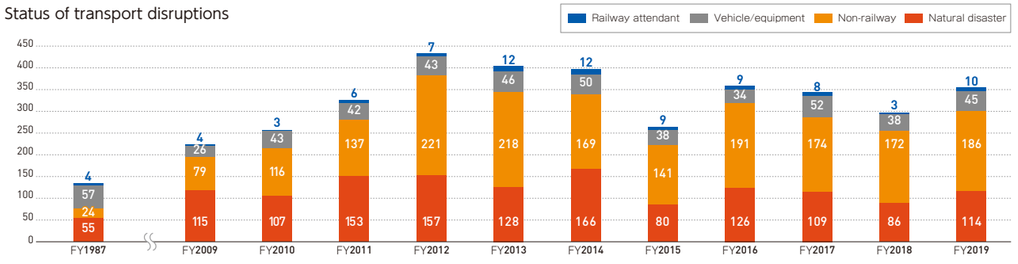
Safety-Related Data

Status of railway accidents



*Railway operation accidents
Train accidents: Train collision, derailment, and fire accidents
Railway accident involving personal injury: An accident in which a person was killed or injured by the operation of a train or vehicle.
Railway crossing accident: A collision between a train or a vehicle and a pedestrian or a motor vehicle, etc. at a railway crossing.
Railway property damage accident: An accident in which the operation of a train or vehicle causes damage to property worth 5 million yen or more.

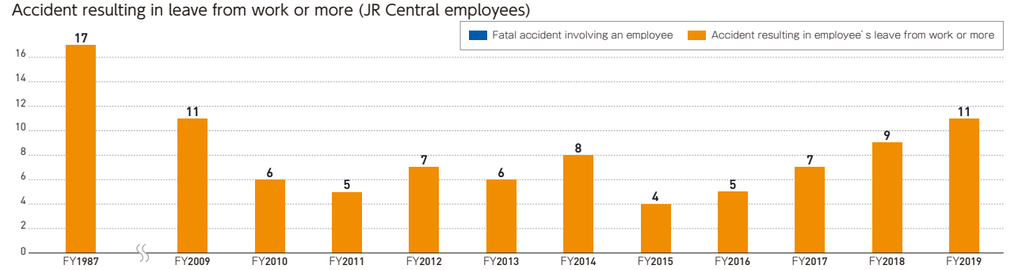
Status of transport disruptions



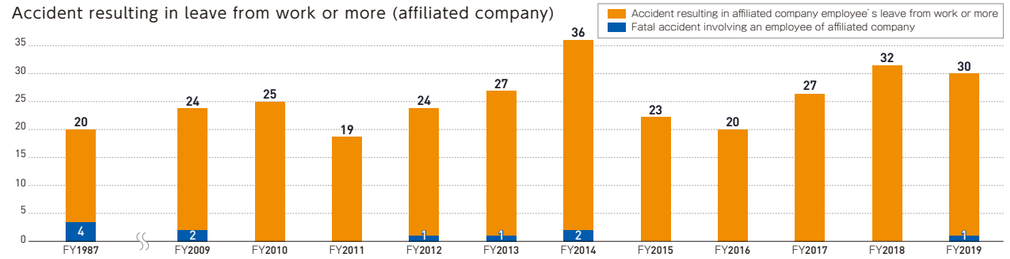
*Transport disruption refers to cases that are not railway operation accidents, but those involved suspending operation of a train or those where a passenger train was delayed for 30 minutes or more (one hour or more for non-passenger trains).

Status of industrial accidents (JR Central and its affiliated companies)

Accident resulting in leave from work or more (JR Central employees)



Accident resulting in leave from work or more (affiliated company)



Social

Further Enhancing Transportation Services

"12 Nozomi Timetable" expected to significantly improve our services

When the Company was established in 1987, we were operating the Tokaido Shinkansen at a maximum speed of 220 km/h. Since then, we have continued to work on enhancing our transportation services on the Tokaido Shinkansen. We put the Series 300 "Nozomi" into operation in 1992 with a maximum speed of 270 km/h, and then opened Shinagawa Station and replaced all trains with the Series 300 trains in 2003, allowing us to shift to a Nozomi-centered timetable. This timetable also underwent successive improvements to fulfill the needs of customers.

Then, in 2015, the speed of the Tokaido Shinkansen increased for the first time in 23 years, reaching a top speed of 285 km/h.

Series 700 retired in the spring of 2020, and we completed the update to the N700A type* to allow all trains to run at the same highest speed of 285 km/h. We also finished improvements to equipment and introduced the "12 Nozomi Timetable" in March 2020.

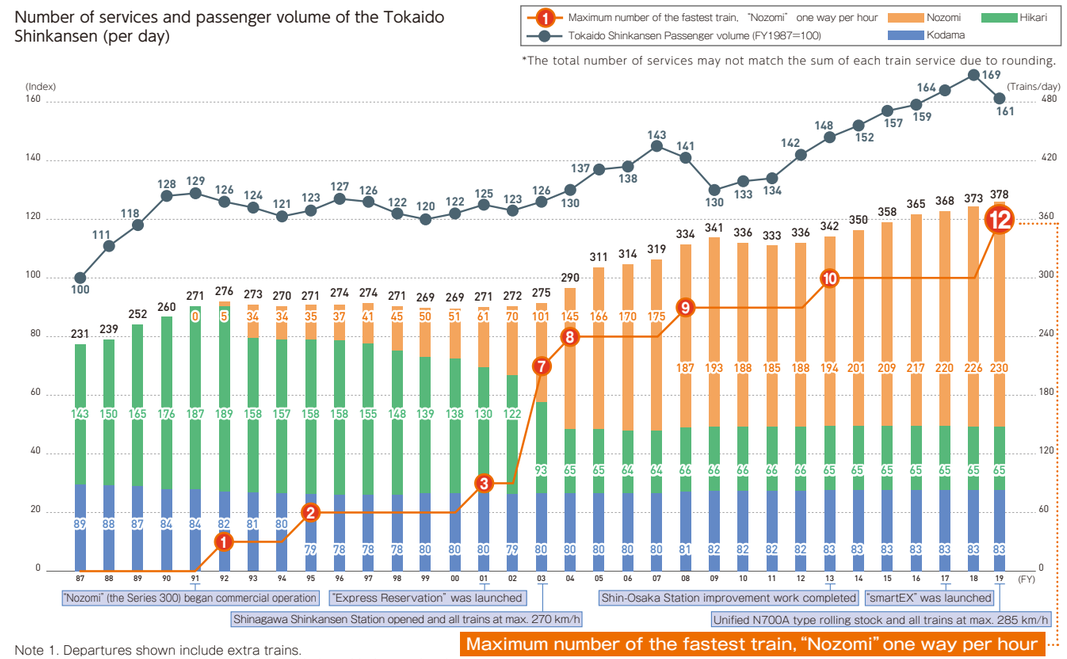
With the "12 Nozomi Timetable", the maximum number of "Nozomi" services per hour increased by 2 from 10 to 12 in either direction, and "Nozomi" is now operated at an average interval of 5 minutes during busy hours.

Also, under the "12 Nozomi Timetable," all "Nozomi" services will travel between Tokyo and Shin-Osaka within 2 hours 30 minutes. Figure 1

With this "12 Nozomi Timetable," additional "Nozomi" services will be provided during busy hours. Passengers can reduce their travel time by reserving train seats online at their convenience and using the new, faster "Nozomi." This has made the Tokaido Shinkansen even more convenient.

*Generic name of Series N700 and N700A and later reflecting the main functions adopted in N700A.

Number of services and passenger volume of the Tokaido Shinkansen (per day)



Note 1. Departures shown include extra trains.
Note 2. Usage status is shown by means of an index with the sectional transportation volume for FY1987 as 100.
Note 3. Station stops Nozomi: Shinagawa, Shin-Yokohama, Nagoya, and Kyoto; Hikari: Same as "Nozomi" , plus a few additional stations; Kodama: All stations
Note 4. The sum of figures for "Nozomi" , "Hikari" and "Kodama" may not agree with the total due to rounding.

Figure 1 Travel Time of "Nozomi" between Tokyo and Shin-Osaka

	Previous timetable	New timetable
Within 2 hr 30 min	3trains	12trains
2 hr 33 to 37 min	7trains	None

Introducing New Shinkansen Rolling Stock N700S

The N700S, new Shinkansen rolling stock, is designed based on the results of years of technological development, and is equipped with features such as enhanced safety and stability, higher emergency response capability, enhanced comfort and convenience, and a standardized design that can easily be constituted to any length of trainsets.

Based on the results of the test runs of the N700S test train, we determined the mass production specifications for the rolling stock that will replace the Series N700A type trains in FY2020, developed a launch plan as shown below, and began the service with N700S in July 2020.

N700S

Launch Plan

Fiscal Year	2020	2021	2022	Total
Number of trainsets	12	14	14	40

Main features of the N700S

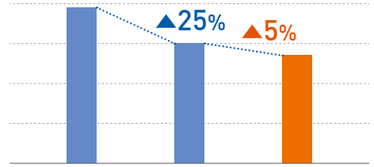
Enhanced safety and stability
- Shorter braking distance in the event of an earthquake Figure 2
- Enhanced snow-resistant features
- Enhanced status monitoring function

Higher emergency response capability
- Battery-based self-propelled system Figure 4
- Additional security cameras
- Enhanced intercom functions
- Toilet functions during power outage

Enhanced comfort and convenience
- Equipped with a fully active damping control system
- Additional outlets for mobile devicess

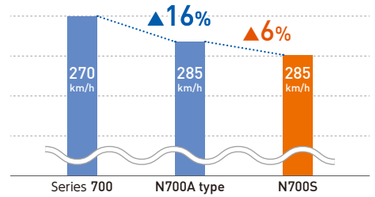
Lower running cost
- Reduced power consumption Figure 3
- Reduced inspection/repair work

Figure 2 Shorter braking distance in the event of an earthquake (at 285 km/h)



The braking distance during an earthquake is 5% shorter than the N700A type thanks to an improved ATC and brake system.

Figure 3 Reduced power consumption



Employing the Dual Supreme Wing design that reduces air resistance and a drive system that uses next-generation silicon carbide semiconductors, the N700S consumes 6% less electricity than the N700A type.

Figure 4 Battery-based self-propelled system

The N700S is the first high-speed train equipped with a battery-based self-propelled system. It can travel to a location where passengers can safely evacuate in the event of a long power outage following a natural disaster, etc.

Conventional Lines: Development of next-generation HC85 series

With an eye toward the replacement of diesel railcars currently used for our limited express trains "Hida" and "Nanki", we will proceed with the development of the next-generation limited express rolling stock "HC85 series" that adopts a hybrid power generation method, which is the first of such type for JR Central. We are aiming to put this hybrid powered rolling stock into commercial operation with a top speed of 120 km/h without compromising safety and comfort. We are considering launching the operation of mass-produced hybrid powered rolling stock by around FY2022.

The hybrid powered method utilizes a combination of power generated by the engine and the power stored in a storage battery during braking, etc., to rotate the motor for running the train. By adopting this method, we do not need the rotary components unique to diesel railcars and can achieve increased safety and reliability.

In terms of comfort, we can improve quietness and comfort by not having to make the gear changes unique to diesel railcars, reducing the number of engines, etc. In addition to the hybrid powered rolling stock, we will also introduce new technologies to further enhance safety, such as a new one-piece cast truck frame, vibration detectors, and data communications between trains and wayside.

Next-generation HC85 series (testing vehicle)

Further Enhancing Transportation Services

Promoting Online Reservation and Ticketless Boarding Services

In an effort to have customers more conveniently use the Tokaido Shinkansen, JR Central takes initiatives to promote greater use of online reservation and ticketless boarding services via "EX Service" ("Express Reservation" and "smartEX").

For customers who frequently ride the Shinkansen for business or other reasons, we provide the "Express Reservation" service that offers a discounted member price throughout the year. Members of the service can smoothly ride the Shinkansen by simply touching their member IC card at the automatic ticketing gates after reserving their preferred seats with a smartphone or other device beforehand. There is no need to stop at the ticket counter of a station, which allows customers to significantly reduce the total transit time, plus potentially apply for the "Green Program" (not applicable for some members) that allows customers to utilize the points accumulated based on their usage of the Shinkansen to take a seat in a Green Car at the price of the reserved seat in a regular car. In addition, reservations can be changed as many times as necessary before departure without any handling fees, allowing customers to use the service without worries even if there are sudden schedule changes.

We also offer "smartEX" with no membership fee for customers who only occasionally use the Shinkansen, including people traveling to visit their hometowns, tourists, and foreigners visiting Japan, so that they can also use the convenient online reservation & ticketless boarding service. This ticketless service enables customers to immediately use the service by simply registering their credit card and the nationwide interoperable transportation IC card from their smartphone, etc. As a result, we offer greater convenience for even more customers.

At the moment, reservations for reserved seats using these services currently account for approximately over 40% of all reservations.

Shifts in usage of online reservation services

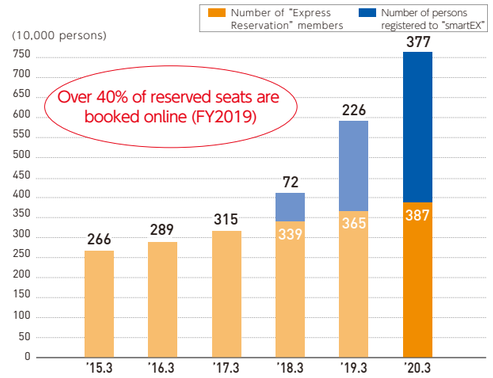
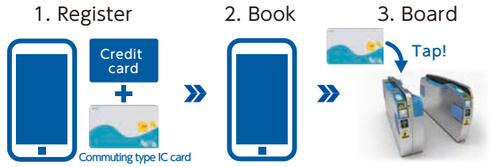


Illustration of using "smartEX"



Further Enhancing Our EX Service

In the spring of 2021, we plan to introduce a service that will make using the EX Service even more convenient.

① QR code-based ticketless boarding service for visitors to Japan

We are preparing to launch a ticketless boarding service using a "QR code"* so that visitors to Japan who do not have transportation IC cards can use the ticketless boarding service. By tapping the QR code displayed on a smartphone or other device to the ticket gate, customers can benefit from the convenience of ticketless boarding.

② Ticketless boarding service for a group of people traveling together

Under the current EX Service, when a family or two or more persons traveling together make a reservation, they are asked to pick up their tickets for boarding. From the spring of 2021, however, if the transportation IC cards of people traveling together are registered at the time of making a reservation, everyone in the group can use the transportation IC card for ticketless boarding.

③ Reserved seat reservation/change service for delayed trains

If a train has not left the station after the scheduled departure time, customers can use the EX Service to book a new reserved seat on that train or change from a reserved seat on another train. At the same time, we will introduce a push notification service where in the event a train booked with "EX App" is expected to be delayed approximately 10 minutes or more, we will send out a notification approximately 1 hour before the scheduled departure time at the station where the customer is to board.

*"QR code" is a registered trademark of DENSO WAVE INCORPORATED.

Furthermore, we are aiming to extend the service area of the EX Service to the Kyushu Shinkansen (Hakata - Kagoshima-Chuo section) in the spring of 2022.

By implementing these initiatives, we will further increase the convenience of our EX Service and make online booking & ticketless boarding the norm for Tokaido Shinkansen passengers. In addition, we will concentrate on developing more user-friendly and efficient sales systems ahead of the opening of the Chuo Shinkansen.

QR code-based ticketless boarding service

Stimulating Tourist Demand

Deployment of Tourism Campaigns

We have continuously implemented travel campaigns, such as the Kyoto Campaign for Kyoto and Nara, which are the largest and most sustainable tourist resources in our market area, and we are promoting the use of the Shinkansen mainly from the Tokyo Metropolitan area to the Kansai region. In particular, we run promotional advertisements for the "Kyoto Campaign" based on a concept of enabling customers to re-acknowledge Japanese beauty and profundity.

In our "Tokyo Bookmark Campaign" to promote the use of the Shinkansen to visit Tokyo from the Kansai and Chukyo areas, we also introduce tourism information about Tokyo, travel items, etc., on the website.

In July 2020, we launched the "Shinkansen for a long-awaited trip! Make traveling more fun with small shifts" campaign that proposes a new way of traveling by "shifting" from the "standard" in terms of time, location, means of travel, action, etc.

IIn addition, we are working on coming up with attractive products associated with Shizuoka, Aichi, Hida, Ise-Shima and other locations.

Kyoto Campaign (Autumn version, Shinnyodo)

Enhancement of Tourist Products for the Users of "EX Service"

For customers using the EX Service, we are expanding tourist products that offer the use of the Shinkansen at discounted prices when customers plan ahead for sightseeing and other purposes.

For example, by launching various products, such as "EX Nozomi Family Hayatoku" and other services that offer a discount for family or friends traveling together using the Shinkansen, although the travel dates, number of seats, sections of travel and hours of boarding may be limited, we are stimulating demand for Shinkansen use. In addition, we are working to stimulate a wide range of demand by enhancing convenient benefits that are useful when traveling.

"50+ (Fifty Plus)" Travel Plan

Given the aging population in Japan, the senior age group, which is said to have more leisure time and disposable income than other age groups, is growing. We expanded the target group to include persons aged 50 and above, and have been operating a travel club "50+", which anyone over 50 years old can participate in. The number of members as of the end of FY2019 totaled approximately 990,000 members of which a total of approximately 140,000 members enjoyed "50+" brand products in FY2019.

We not only inform the members of seasonal tourism information through the magazine and the website but also offer affordable travel products that use the Tokaido Shinkansen.

Efforts toward Foreign Tourists

As the "smartEX" service for foreign visitors to Japan, we offer the "Tokaido Sanyo Shinkansen Internet Reservation Service" via the English-version website and a dedicated smartphone app.* This allows visitors from various countries and regions around the world to book a train before they leave their home country, enhancing the convenience and user-friendliness of using the Tokaido and Sanyo Shinkansen.

As to our travel products, working in cooperation with municipalities located along our train lines and other transportation companies, we offer sightseeing value tickets covering destinations that are popular among international tourists, such as "Takayama and Hokuriku." We also have tour packages for the Tokaido Shinkansen combined with day trip excursion tickets to destinations we serve, such as FLEX JAPAN, which is a package that comes with a roundtrip Shinkansen ticket, accommodation, and local sightseeing.

To capture travel demand, we are promoting the attractiveness of Japan by operating the "Central Japan Shinkansen/Train Portal," which offers a collection of products designed for visitors to Japan. In addition, for both domestic customers and visitors to Japan, we are working in cooperation with municipalities and tourism associations located along the Tokaido Shinkansen Line in launching campaigns to publicize the attractiveness of tourism along the line as a way of stimulating travel demand together with local communities.

In addition to these initiatives, we are making efforts to be better at providing information to travelers by making announcements via tablets and other devices, offering extensive train status information on our corporate website, providing information by adopting station numbering, and also offering free Wi-Fi service at stations and in the Tokaido Shinkansen, Express Hida and Nanki trains. The service is currently available at all Shinkansen stations and 27 conventional line stations that are frequently used by international travelers, as well as on all cars of the Tokaido Shinkansen and Express Hida and Nanki rolling stock.

*As of June 30, 2020, the service is available in eight countries and regions.

Central Japan Shinkansen/Train Portal

Social

Social

Deployment of Affiliated Businesses

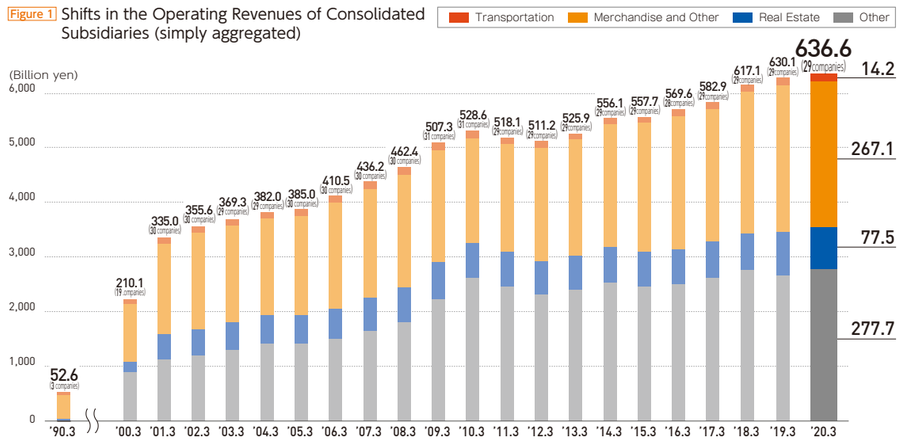
JR Central Towers (center/right) and JR Gate Tower

JR Central Group's affiliated business

The JR Central Group undertakes businesses in the areas of Transportation, Merchandise and Other, Real Estate, and Other. The Transportation segment involves railway and bus businesses. The Merchandise and Other segment manages department stores and provides sales services for goods and food in stations and trains, utilizing the merit of having good railway station locations to attract customers. The Real Estate segment develops commercial facilities in stations and areas under elevated tracks, and also leases real estate such as station buildings. In the Other segment, we manage hotels, travel agencies, and advertising agencies, etc. We also manufacture rolling stock and maintain, inspect, and repair our railway facilities in this segment.

Operating revenues of consolidated subsidiaries, excluding JR Central, totaled 636.6 billion yen (simply aggregated) in FY2019.

Figure 1 Shifts in the Operating Revenues of Consolidated Subsidiaries (simply aggregated)



Note: Each figure in parentheses indicates the number of consolidated subsidiaries at the end of FY.

Development of Nagoya Station boasting the highest number of passengers among our stations

The development of Nagoya Station, which boasts an average 220,000 passengers per day, the highest number of passengers of any our stations, forms a pillar of our affiliated businesses.

At Nagoya Station, we opened JR Central Towers (hereinafter, "Towers") right above the station in 2000 and then opened JR Gate Tower (hereinafter, "Gate Tower") adjacent to the Towers in 2017. We will continue to operate Towers and Gate Tower in a uniform manner and take initiatives to maximize profits by demonstrating synergistic effects through clearly segregating the concepts of businesses of both facilities and promoting collaboration in sales to increase earnings while pursuing efficient management.

Uniform management of JR Central Towers and JR Gate Tower

JR Central Towers

Towers, the skyscraper complex with a height of 245 meters and a total floor area of approximately 417,000 m2, built right above Nagoya Station, is the core of our affiliated businesses. Our three consolidated subsidiaries run a department store, a hotel, and offices. Ever since the opening of the facility, earnings of our affiliated businesses increased significantly. Figure 1

The office business has enjoyed a high occupancy rate since its launch. All office spaces were almost fully occupied in the year ended March 2020. This fiscal year, we will commence office renovation work and implement other initiatives that will enable us to gain a leg up in this market over the long run.

JR Nagoya Takashimaya, ideally located directly above the Nagoya station, attracts large numbers of visitors. In February 2020, we completed a large-scale renovation that approximately doubled the floor space of the cosmetics section and we are working to increase sales by attracting new customers.

Nagoya Marriott Associa Hotel is rated highly for its convenient location directly above the station, its spectacular view from the top floors, and upscale facilities, etc. Last fiscal year, we completed the relocation and expansion of the concierge lounge and the renewal of the Chinese restaurant "Linka." We are also sequentially renovating guest rooms to further enhance our competitiveness.

Linka

JR Gate Tower

JR Gate Tower is a high-rise complex building with a height of approximately 220 m and a total floor area of approximately 260,000 m2 that stands adjacent to JR Central Towers and consists of commercial facilities, a hotel, offices, etc.

The office spaces are almost fully occupied due to their prime location directly above Nagoya Station, which the Chuo Shinkansen will serve in the future.

Housing about 160 fashion stores, Takashimaya Gate Tower Mall offers products in categories and price ranges not found in the adjacent department store.

Nagoya JR Gate Tower Hotel, together with Nagoya Marriott Associa Hotel, is highly regarded by a wide range of guests as a hotel that focuses mainly on accommodation, offering both comfort and functionality.

JR Gate Tower also houses an electronics retail store, clothing stores, etc., in addition to a dining zone. When combined with JR Central Towers' restaurant floors, it is one of the largest collections of restaurants under one roof in the entire country.

By integrating the management and operation of the entire building with Towers, we are pursuing efficient management as the JR Central Group. In addition, Gate Tower has added new content not found in the Towers, further enhancing the attractiveness of the two buildings.

Takashimaya Gate Tower Mall

Efforts to develop commercial facilities at stations

In addition to the development of Nagoya Station as described above, we operate commercial facilities using spaces inside stations and under elevated tracks within our service area as well as engage in real estate and related businesses using former company housing sites.

In FY2019, we increased the floor space of "ASTY SHIZUOKA East Building" in Shizuoka Station and added 6 new restaurants, including a seafood izakaya (Japanese-style pub) where you can enjoy seafood from Suruga Bay and a tempura bar that serves dishes using local ingredients. As a result, we opened a dining zone with a total of 10 Shizuoka gourmet restaurants. In addition, we renovated the commercial facilities at Ogaki Station and Mikawa-Anjo Station to house tenants in line with the regional characteristics and meet the needs of a wide range of customers.

In FY2020, we doubled the size of the Yaesu North Exit commercial area of the "First Avenue Tokyo Station" on the Tokyo Station premises, and opened "TOKYO GIFT PALETTE" a specialty souvenir and gift shop zone that features newly developed products, new business formats, and popular brands including those opening their first store at Tokyo Station. We also opened "HIBIYA GOURMET ZONE," housing popular restaurants in the space under the historic brick arch viaduct between Yurakucho and Shimbashi Station. In addition, we carried out large-scale renovations of the Toyohashi Station Building "Kalmia" in time for the 50-year anniversary of the opening of the station building. Furthermore, we introduced restaurants in certain areas of "ASTY SHIZUOKA West Building" to also meet take-out demand and enhanced the attractiveness of the facilities by strengthening the restaurant business.

In the real estate business, we carried out commercial development and residential land sales utilizing former company housing sites in FY2019.

We will continue to promote these initiatives to further improve profitability and competitiveness.

TOKYO GIFT PALETTE

Social

Human Resources Development

General Education Center

Policy on Human Resources

JR Central views its employees as its greatest management resource. Many railway technologies can only be built up to a high level through accumulated experience, and human resources development cannot be achieved overnight. In addition, the railway business can be operated only when a large number of employees work together as a team. We believe that long-term employment is useful at JR Central also from the perspective that maintaining trusting relationships among employees is important.

Based on this concept, we have established a personnel and wage system that rewards employees who make efforts more appropriately, while assuming long-term employment in order to enable employees to attain the necessary abilities and demonstrate their abilities with enthusiasm. We are also working to systematically develop human resources with a broad perspective on personnel management.

In April 2020, in view of changes in the employment environment associated with the declining birthrate and changes in the social situation surrounding the employment of the elderly, we revised our personnel and wage system to enable employees aged 60 or older with a wealth of work experience to use their accumulated skills and experience to fully demonstrate their abilities to the age of 65, and extended the retirement age from 60 to 65.

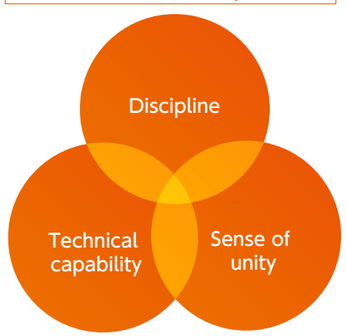
In addition, we have introduced a system under which employees aged 65 or older who are highly motivated and capable are employed as senior contract employees until the age of 70.

Our Basic Policy on Human Resources Development is based on three fundamental principles: discipline, technical capability, and sense of unity. Given these three fundamental principles, we develop human resources that undertake the businesses of the Company. The basic education system mainly involves on-the-job training (OJT), in which employees learn the knowledge and skills required for work through daily operations in each workplace. They also acquire additional knowledge and skills through group training, which is held in the General Education Center, etc., and various self-betterment opportunities, such as internal and external training programs, etc., that help employees learn knowledge and skills on their own.

As a result of these continuous efforts, the Company's employee turnover rate is 1% for men and 4% for women, resulting in around 1% in total. This is remarkably low compared to the level of society in general, and we believe this is one of JR Central's strengths.

*According to the statistics of the Ministry of Health, Labour and Welfare in 2017, the average turnover rate in society was 7% for men and 11% for women, for a total of 8%.

Basic Policy on Human Resources Development



Initiatives for Enhancing the Skills of Employees

On-the-job training (OJT)

We offer various types of on-the-job training (OJT) in each workplace. For example, under the N-OJT program provided for employees in younger generations to attain specialized knowledge and technical skills, we take a fine-tuned approach in developing employees by using a "List", which indicates the requirements needed to be regarded as being qualified level, and a "Chart" for recording each individual's development plan, details of guidance, and results of guidance.

Support for self-betterment

With regard to promoting "self-betterment," we are also enhancing various support systems and actively supporting the development of the skills of motivated employees. As internal training programs, we offer approximately 30 courses to employees of JR Central, its group companies, etc., with many employees taking these courses every year.

Our license incentive program supports approximately 200 types of licenses, and more than 1,000 employees obtain licenses using this system every year.

Group training

For employees in managerial positions, we provide training on methods to maximize the performance of the workplace and teams by bringing out the strengths and abilities of each staff member.

For mid-level employees, for example, we provide selective training programs that last for about 2 months, such as "leader training," "middle-leader training," and "forerunner training," to develop future leaders. We also use actual equipment, such as the Shinkansen rolling stock, installed at the General Education Center and conduct practical training in accordance with job functions and levels to improve the technical skills of employees.

For new employees, we provide new employee training that runs for about one to two months after they enter the Company. We recognize this training as an "important opportunity for new employees to shift their awareness from being a student to a JR Central employee" and implement a curriculum that instills the discipline and norms required of employees of JR Central and the awareness that safety is the top priority.

Initiatives for Enhancing the ICT Literacy of Employees

In our new employee training and stratified training, we provide education and opportunities for enlightenment regarding ICT as well as support the acquisition of ICT-related licenses through promoting self-betterment.

In addition to improving ICT literacy, we are also providing training that has high educational effect by actively utilizing digital technologies. For example, in some training programs, on top of providing education utilizing desktop training and simulators, we use training materials, etc., with VR technology to have participants deepen their understanding of the significance and essence of the content. In addition, we project images of underfloor equipment taken with 360-degree cameras when explaining the structure of rolling stock to new employees. Explaining the underfloor equipment from various angles is part of our initiatives to improve the understanding of new employees who have never seen the actual vehicle.

Scene of group training

Scene of VR training

"One STEP" activities

We promote "One STEP" activities in which multiple employees work together as a team to discuss various issues in the workplace with a sense of ownership and resolve and improve the issues with their own creativity and originality. The name of this program "One STEP" reflects the idea that "one step made together by ten persons is better than ten steps made by just one person." Through implementing activities on a wide range of themes, such as service improvement, safety enhancement, and cost reduction, we aim to improve the skills of employees, create a rewarding and lively workplace, strengthen the physical strength of the workplace, and develop the Company.

Scene of One STEP activity

Promotion of Diversity

At JR Central, we believe that it is extremely important from the perspective of management to employ diverse human resources and maximize their capabilities to drive corporate growth.

With this in mind, in our recruitment process we carry out employment without making distinctions in terms of gender, nationality, etc., and are also actively hiring persons with disabilities.

From the perspective of women's empowerment, in accordance with the provisions of the Act on Securing, Etc. of Equal Opportunity and Treatment between Men and Women in Employment (Equal Employment Opportunity Act) and other relevant laws, we handle personnel matters, including recruitment and assignments, in a fair and equal manner without distinction between men and women. Currently, female employees are engaged in a wide range of duties, including administrative work, station front desk work, conductors and drivers of the Shinkansen and conventional lines, and hospital nursing work.

Due to the characteristics of the work involved, the railway business requires so-called late-night work (work between 10 p.m. and 5 a.m.). However, the Labor Standards Act at the time of the Company's establishment prohibited late-night work by women in principle, excluding some job types. Due to this situation, the ratio of female employees as of the end of FY1996 was only 1.3%.

Subsequently, in response to the revision of the Labor Standards Act in 1997, we have actively employed female employees. As of the end of FY2019, the number of female employees was approximately 2,000 (approximately 11% of all employees), reflecting a significant increase.

Our action plan based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace is available on our website.

We are working to improve the working environment by enabling diverse and flexible working styles in terms of systems and improving facilities so that diverse human resources can work with peace of mind and fully demonstrate their abilities.

Support for Maintaining Balance between Childcare, Nursing Care, and Work

JR Central has been actively making efforts to enhance various programs so that employees, regardless of gender, can maintain a good balance between work and home, and be motivated to work with enthusiasm in active roles over many years. In 2006, JR Central became the first company in the transport and railway industry to receive the "Minister of Health, Labour and Welfare Effort Award" as a Family Friendly Corporation*1. We have continued to make further efforts even after receiving the award and many of our programs greatly exceed the level required by law.

For example, at JR Central, employees are entitled to longer maternity, childcare, and nursing care leave than the statutory periods set. We are currently taking specific measures to maintain and increase the percentage of employees who take childcare leave by setting targets.*2 In FY2018, the percentage of employees who took childcare leave was 100% for female employees and 14.69% for male employees.

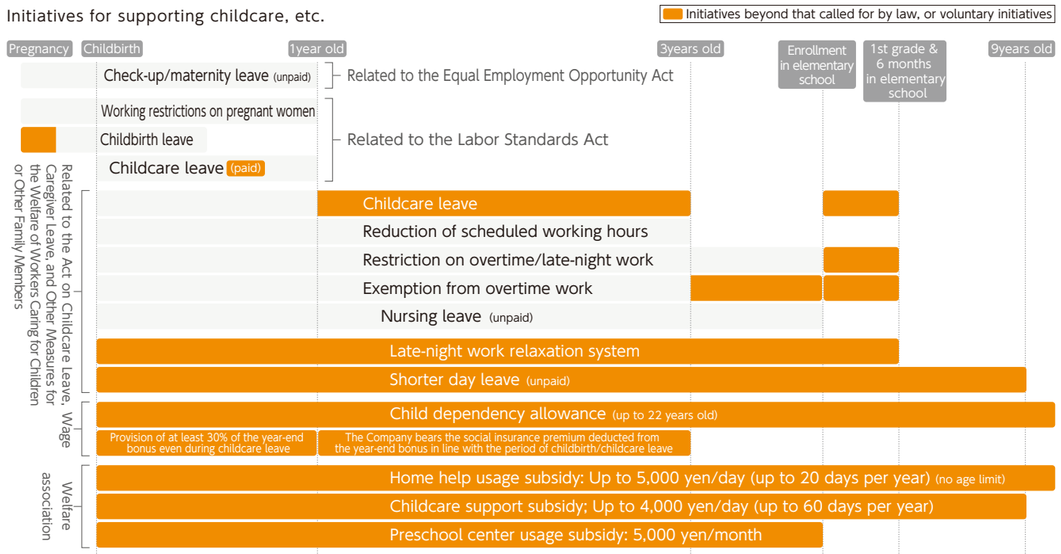
We use flexible work arrangements, including flex time for office workers and reduced work days, which allows field office employees who provide care to a child in the third grade of elementary school or younger to take multiple unpaid leave days each month, all with an eye to helping employees maintain a healthy work-life balance. We also have a wide range of employee benefits, such as mediating the use of company-led childcare centers and offering childcare support subsidies when employees use babysitters, etc., which are used by many employees.

In addition to these programs, we have a system designed to rehire former employees who resigned for childcare or nursing care reasons or due to other similar circumstances, as long as a certain set of conditions is met. We also have a system that allows an employee whose work location is limited to be transferred, upon request, to an area outside the current area of work. These measures are all part of our efforts to create a better work environment where employees can reach their full potential at different life stages.

*1 A system introduced by the Ministry of Health, Labour and Welfare in which companies are rewarded for taking initiatives to establish various programs to support employees in achieving a good balance between work, childcare and nursing care, and for putting in place a mechanism in which employees have the option of selecting diverse, flexible working styles.

*2 JR Central formulated a five-year action plan from FY2016 to FY2020. Under this action plan, we set targets on childcare leave, including 100% of female employees to take childcare leave, and 3% or more of male employees to take childcare leave. Given that we achieved the targets set in our action plan for the period from FY2005 to FY2014, we were certified by the Minister of Health, Labour and Welfare as a Childcare Support Company.

Initiatives for supporting childcare, etc.



Initiatives for Employment of Persons with Disabilities

JR Central is actively promoting the employment of persons with disabilities from the perspective of utilizing diverse human resources and fulfilling its corporate social responsibility. We place the right people in the right positions in a wide range of departments, including the administrative and operational departments, while giving consideration to the degree of individual disabilities and other factors.

In October 2006, the Company established a special subsidiary, JR Tokai Well Co., Ltd. based on the Act on Employment Promotion etc. of Persons with Disabilities. The special subsidiary mainly engages in printing and envelope sealing operations for the JR Central Group.

As a result of these efforts, the employment rate of disabled persons as of June 1, 2019, was 2.51%, which is higher than the statutory employment rate.

In accordance with the revised Act on Employment Promotion etc. of Persons with Disabilities, we will adhere to our non-discrimination policy in recruitment and hiring as well as continue to improve the work environment in an appropriate manner while taking into account restrictions due to disabilities so that individuals with disabilities can make the most of their skills even after they are hired.

A workplace scene

Healthy Labor-Management Relations

JR Central currently complies with the various laws and regulations, including the Labor Union Act, and has signed labor agreements with all four labor unions currently in place. We hold joint management council meetings and engage in collective bargaining based on these labor agreements, and will continue to strive to build healthy and stable labor management relations.

Percentage of all employees covered by collective bargaining agreements (Non-consolidated, as of April 1, 2020)

Number of union members	Total number of employees*	Ratio
17,266	18,242	94.60%

*Excluding newly hired employees still in the probation period

Promoting Human Rights Awareness

JR Central operates on the basis of respect for human rights, and we believe that enhancing employees' awareness of and sensitivity to human rights is important also from the perspective of fulfilling our corporate social responsibility. Based on this philosophy, we have set up human rights awareness offices in the Administration Department as well as in each of our railway business operations divisions and regional offices, and systematically implement human rights awareness education, mainly for managers who provide employees with guidance daily, in an effort to promote understanding of diversity. In addition, we have in place a system for ensuring fair and honest recruitment, appointing human rights, promotion members who oversee that we conduct recruitment activities with an awareness of human rights.

Enhancing Health and Productivity Management

Purposes

In order to achieve our mission "Contribute to the development of Japan's main transportation artery and social infrastructure" shown in our management philosophy, it is essential that each and every employee demonstrates their full potential. In order to maintain and promote mental and physical health as its basis, we established the Health Promotion Policy as our overall policy for health promotion measures in April 2018 for the Company to actively support the promotion of employees' health.

"Health Promotion Policy":
For Working in a Lively and Continuous Way

1. The Company shall establish frameworks for employees to work in a lively way.
2. Employees should promote their own health. The Company shall support it.
3. We verify the effect of those efforts and further promote health based on objective data that help us understand the status of workplaces and employees.

Organization

Headed by the officer in charge of personnel affairs, health and productivity management is being enhanced through cooperation among the Personnel Department, the Company-managed medical institute (Nagoya Central Hospital), and the occupational health sector (Health Care Center).

The Health Care Center has health management offices at Tokyo, Shizuoka, Nagoya, and Shin-Osaka, and assigns occupational physicians, public health nurses, nurses, clinical psychologists, and other medical professionals at all of those four locations.

In addition, health promotion staff have been designated at each workplace to support the development of frameworks for employees to work in a lively way and employees' and workplaces' voluntary promotion of health.

Measures

Understanding the health status and sharing health issues and enhancement measures

In addition to stress checks for all the employees (with check items more than required by law), we carry out stress checks with our own additional indicators for employees who have newly joined the Company, moved to another department, or been promoted. Internal medical professionals have interviews with employees who are found to be highly stressed. Furthermore, annual meetings are held for new management staff (equivalent to department heads) and the health promotion staff to share health issues of our employees and our promotion measures.

Workplace vitality improvement projects

We are taking various voluntary and continuous measures both for mental health and against lifestyle diseases, based on employees' health status and work environments, with assistance from internal medical professionals, with the safety and health organization at each workplace playing a central role. In doing so, we are effectively utilizing the group analysis results of health checks or stress checks.

Non smoking support

We are providing support including having internal medical professionals give health lectures, offering in-person instruction during health checks or workplace inspections, establishing internal consulting services for quitting smoking, and consolidating smoking rooms. We are also encouraging staff to utilize the Non-Smoking Support Program by JR-KENPO.

Habituation of exercise

We are holding the following events to improve the awareness of health promotion and support habituation of exercise.

●JR Central Physical Challenge (Sport event)
Centered on the measurement of physical fitness age, this event provides fun opportunities to promote health including competitions among workplaces and special programs in which family members can participate.

●Minnade Arukatsu (Walking event)
For the walking event held twice a year by health insurance association, We have an original incentive systems to get employees more motivated.

Recognition of "White 500" under the "2020 Certified Health & Productivity Management Outstanding Organizations"

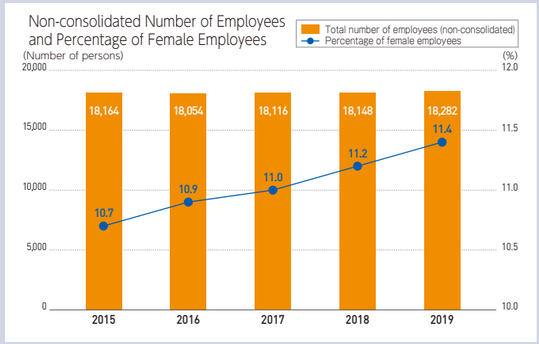
The Certified Health & Productivity Management Outstanding Organizations Recognition Program is a certification system established by METI (Ministry of Economy, Trade and Industry). It recognizes outstanding organizations engaging in efforts for health and productivity management, such as initiatives for overcoming health-related challenges in communities or for promoting health conscious activities.

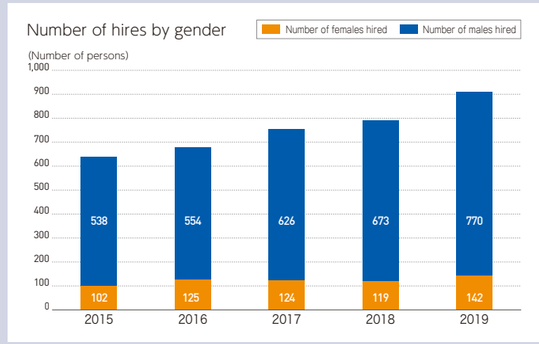
The purpose of this program is to highlight outstanding enterprises practicing health and productivity management. In this way, it also aims to organize an environment in which such enterprises are able to gain enhanced social recognition from their employees, job seekers, related enterprises and financial institutions as "organizations engaging in efforts for the health management of employees from a managerial perspective and promoting it strategically."

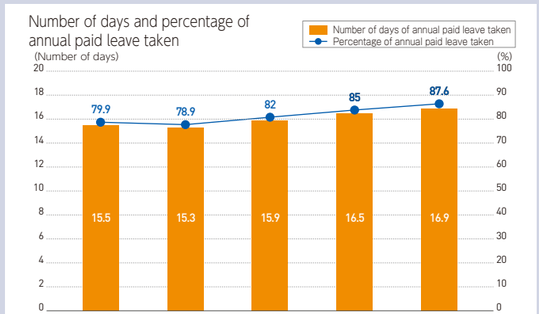
Under this program, 1,480 enterprises were recognized as "2020 Certified Health & Productivity Management Outstanding Organizations (Large Enterprise Category)", out of which 500 enterprises, including JR Central, were further recognized as "White 500." (as of March 2, 2020)

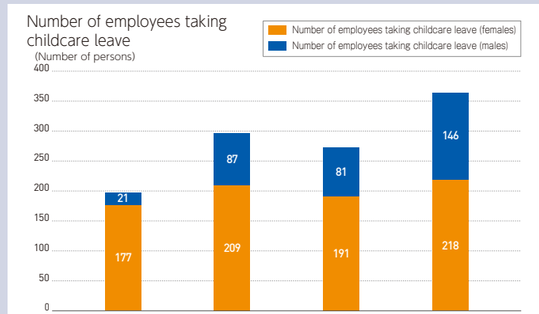
2020 健康経営優良法人 Health and productivity ホワイト500

Human Resources-Related Data

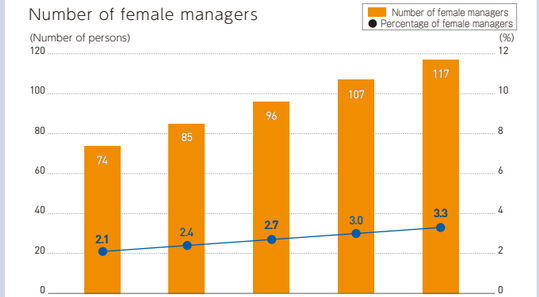




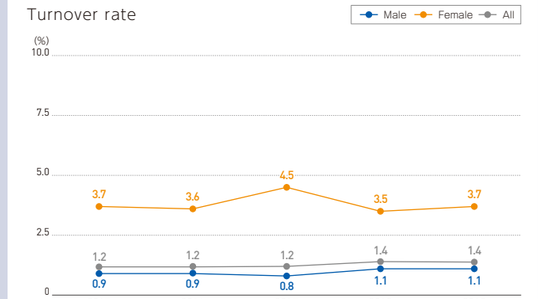




*Including employees who use the leave system for childcare.



*Including section chiefs of non-field operations, assistant chiefs of field operations, and chief nurses (includes employees on leave, but excludes employees on secondment).



		Unit	2015	2016	2017	2018	2019
Average age	Male	Age	38	37.9	37.8	37.6	37.4
	Female		29.6	30.1	30.7	31.2	31.7
	All		37.1	37	37	36.9	36.7
Average years of service	Male	Year	18.2	18.2	17.9	17.7	17.4
	Female		8.3	8.7	9.2	9.7	10.1
	All		17.1	17	17	16.8	16.5
Average number of training hours per year		Hours	34	35	32	34	36

Social

Overseas Deployment of High-Speed Railway Systems

Target lines for overseas expansion

Significance of overseas expansion

Since its establishment, JR Central has focused on safe and reliable transportation, with its primary mission of connecting the three major metropolitan areas of Tokyo, Nagoya, and Osaka, which form the main transportation artery of Japan. As a result of carrying out significant capital investment and technological development over the years, the Tokaido Shinkansen has evolved significantly in terms of high speed, high frequency, and mass transportation, in addition to safety and reliability.

The market for high-speed railways in Japan had been expanding along with the construction and opening of new railway lines thus far. In recent years, however, the development of Shinkansen lines in Japan have been generally completed. As for the Tokaido Shinkansen, the N700S, which began commercial operation in July of this year, is approaching its ultimate form as Shinkansen rolling stock, and the development of new trains is also entering its phase of maturity. The overseas deployment of high-speed railway systems that JR Central pursues is expected to expand the markets of related domestic manufacturers and to maintain and strengthen its technological capabilities. In addition, we expect to receive feedback in the form of a stable supply of materials and equipment, technological innovation in railway-related equipment, and cost reductions in such equipment. We therefore believe that the overseas deployment of high-speed railway systems is an important initiative for JR Central to fulfill its mission of maintaining and developing Japan's main transportation artery into the future.

The candidates for deployment are countries and regions where it can be expected to introduce total systems involving new high-speed passenger railway lines in which our superior high-speed railway systems can be used to their full potential. Furthermore, we realize the need for target countries and regions to have a complete legal system where intellectual property rights and the sanctity of agreements are established as socially-accepted ideas, a stable political situation, and the economic strength to invest in large-scale infrastructure investments. Therefore, the U.S. is currently the target for promotional activities.

Consulting & Coordination Business

Based on the belief that a huge infrastructure, such as a high-speed railway, which serves as the foundation of local communities and the economy, should be owned and operated responsibly by the governments and companies of the country or region where such infrastructure is located, JR Central's policy regarding the overseas deployment of high-speed railway systems is that we do not lead the implementing body of development projects. Instead, we contribute to the projects by providing consulting services. Specifically, we propose the deployment of high-speed railways as a total system, which includes civil engineering structures, tracks, electrical equipment, signaling equipment, rolling stock, operation management systems, maintenance and repair, etc., to overseas markets. We not only formulate technical specifications and provide support and consultation to ensure safe and reliable operation of the high-speed railways by supplying various manuals regarding operations and maintenance, and conducting education and training for staff, etc., but also coordinate with relevant Japanese companies when projects become concrete.

Initiatives in the US project

We have been working on getting the Tokaido Shinkansen system, which boasts the highest level of safety and precision in the world, up and running in the state of Texas while introducing the SCMAGLEV, our superconducting maglev system that is capable of an operating speed of 500 km/h, to the Northeast Corridor.

The Texas Project

The Texas Project is a private business venture that aims to link two major cities, Dallas and Houston, via the Tokaido Shinkansen rail system. The key players in the project, Texas Central Partners and its subsidiary (collectively referred to as "TC"), are currently proceeding with business development activities, including the formulation of technical specifications and processes and the procurement of construction funds.

In order to provide TC with the technological assistance needed to move the project forward, we launched a local subsidiary, High-Speed-Railway Technology Consulting Corporation (HTeC), in 2016. HTeC currently provides TC with technical consulting for its project-related operations, such as developing specifications, formulating operation and maintenance plans, drafting preliminary designs for stations and maintenance facilities, and preparing personnel training and education programs. Furthermore, in August 2018, we launched another local subsidiary, High-Speed-Railway Integration Corporation (HInC), to work with TC on signing contracts for core systems with other Japanese manufacturers and has been preparing for the project.


U.S. Secretary of Transportation Chao Visits Tokyo Station

The Northeast Corridor Project

With regard to the Northeast Corridor connecting Washington D.C. to New York City, we are aiming to introduce our SCMAGLEV, starting with promotional activities to realize cooperation between the Japanese and U.S. Governments for the development of the Washington D.C.-Baltimore section. Currently, the Federal Railroad Association and other relevant organizations are making preparations for environmental impact assessment and other procedures, using a federal grant of 27.8 million USD provided by the U.S. Federal Government to the State Government of Maryland to cover the survey costs for the section. The Government of Japan also commenced research in FY2016 to introduce the SCMAGLEV in the U.S. Meanwhile, both the Japanese and U.S. Governments are showing more understanding and support for this project, in part because we provided the U.S. Secretary of Transportation, the Governor of Maryland, and other leading officials with an opportunity to ride on a Maglev train in Yamanashi Prefecture and realize the strong potential of the technology. We are planning to provide comprehensive technical support when the project is put into action.

Technical Consulting for Taiwan High Speed Rail

In response to a request for technical assistance from Taiwan High Speed Rail Corporation, which operates Taiwan's high-speed rail system based on the Japanese high-speed rail system, we started providing technical consulting in FY2014. We have completed four individual projects so far, and we are currently providing technical consulting for renewal work for switchboards scheduled by Taiwan High Speed Rail Corporation.

Making Efforts to Promote Japanese High-Speed Rail Systems as a Global Standard

We will continue to promote initiatives to establish the Japanese high-speed rail system, which is based on the core principle of "Crash Avoidance", as a global standard, through the International High-Speed Rail Association (IHRA).

Social

Social

Building Relationships with Material Suppliers

Policy on Material Procurement

As it is necessary to procure higher-quality and reliable materials at reasonable prices to support safe and reliable transportation by railways, JR Central procures quality materials in Japan and from overseas based on its "Basic Philosophy of Material Procurement."

In particular, we recognize that quality is the most important factor and examine our suppliers' manufacturing capabilities and technological standards as well as their efforts to maintain and improve such capabilities and standards. In addition, we are constantly striving to reduce costs by promoting the entry of new suppliers, placing orders that take into account economies of scale, and strictly assessing manufacturing costs among other efforts.

In the railway business, which requires us to continue fulfilling our social mission in a stable and sufficient manner over a long period of time, it is also necessary to maintain the quality of materials used in the business over the long term. For this reason, we ask our suppliers to provide us with a stable supply and after-sale services.

Furthermore, in order to avoid the risk of supply disruption due to an earthquake or other disasters, we place orders for materials that are indispensable for ensuring safe and reliable railway transportation with multiple suppliers, taking into account the locations of our suppliers' plants, so that our manufacturing bases are geographically dispersed.

Suppliers are business partners in constantly making efforts to reduce costs while maintaining and improving product quality. We believe that building continuous and stable business relationships will enable the Company to procure high-quality products at low prices and, as a result, will contribute to the enhancement and development of the entire railway related businesses in Japan, including our suppliers.

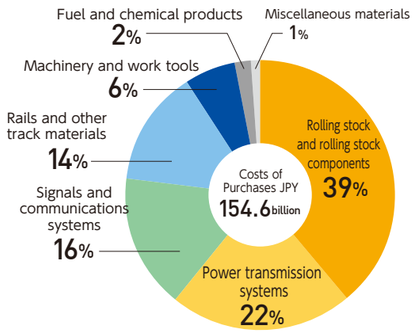
Basic Philosophy of Material Procurement

1	Procurement prioritizes the maintenance of safe and reliable transportation
2	Procurement of high-quality materials
3	Procurement of materials at reasonable prices
4	Pursuit of suppliers possessing a supply system capable of strictly adhering to contractual delivery deadlines
5	Pursuit of suppliers capable of building a continuing and stable business relationship
6	Pursuit of suppliers capable of supplying satisfactory after-sale care regardless of whether such service is needed during normal or emergency times
7	Pursuit of suppliers capable of adapting to diverse usage environments
8	Establishment of a satisfactory communication framework
9	Appropriate handling of information
10	Fair and equitable transactions
11	Pursuit of suppliers given consideration to reducing the environmental burden
12	Compliance with relevant laws and regulations
13	Providing and updating website information on procurements

Actual Quantities Procured of Main Materials (FY2019)

The amount of materials procured in FY2019 was 154.6 billion yen, and the main items procured include rolling stock, rails, maintenance cars (cars used for the maintenance, etc., of railway facilities) and railway sleepers.

Since the Company procures a wide range of materials, including rolling stock and rolling stock components, rails and other track materials, and power transmission systems, we procure materials from many suppliers. In FY2019, we had transactions with approximately 400 suppliers.



Quality Management Initiatives

JR Central recognizes that the quality of procured materials is extremely important from the viewpoint of ensuring safe and reliable railway transportation. Therefore, we conduct rigorous inspections of technological levels and manufacturing capabilities, perform quality audits at our suppliers' plants and take other steps to ensure that the quality required for our products is maintained.


Conducting a quality audit of rolling stock components

Social

Improving the Convenience of Facilities

Improving the Convenience of Facilities

Enhanced convenience of stations, etc.

Railway stations are important for local communities because they serve as a connecting point with the local community and secondary transportation, such as buses, private cars, and taxis, and they are also the bases of areas where people gather.

JR Central cooperates with requests from local municipalities to improve stations, including installing handicap accessible passages, building over-track stations, developing plazas in front of stations, installing new stations, promoting railway elevation projects, etc., thereby contributing to community development.

For example, since the number of passengers using Kariya Station on the Tokaido Line is increasing, particularly during morning and evening commuting hours, we are currently in the process of conducting preparatory work to widen the platforms, install movable fences, and improve the concourse based on discussions with Kariya City regarding improvements to ensure safe and comfortable usage.

Kariya City plans to establish and operate a local exchange base and tourist information center in line with the station's improvements. JR Central has decided to newly create the space necessary for the plan to turn the area around the station into a hub and thereby contribute to the local community.

As a railway company that contributes to local communities and develops together with communities, we will continue to improve the convenience of stations and other facilities in cooperation with the local governments concerned.

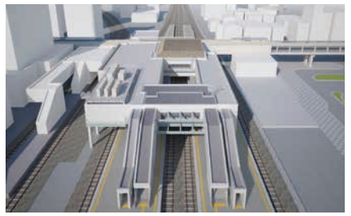


Image of improved Kariya Station

Initiatives to improve the level of accessibility

Based on relevant laws, such as the so-called Barrier-Free Act, JR Central cooperates with the state government and municipalities to jointly establish and improve facilities to enable all passengers, including persons with disabilities and elderly passengers, to use our services safely and with a sense of security.

As part of our initiatives taken in stations, we are proceeding with our plan to eliminate uneven ground by installing elevators, etc. and to install multi-functional toilets sequentially in stations used by 3,000 or more passengers per day. Basically, in all of the stations, installations have been completed or are under way. We have completed installation of guiding blocks for visually impaired persons and braille blocks that prevent such persons from falling from platforms. Furthermore, in regard to braille blocks, we are sequentially replacing them with the type of braille blocks that indicate where platform edges are located. In addition, we are working to install platform screen doors to further enhance safety on platforms. On the Tokaido Shinkansen line, installation work commenced in FY2011, aimed at fencing off platforms at busy stations where Nozomi stops. At Shin-Osaka Station, the installation of fences for Platforms 25 to 27 was completed. When the work to fence off Platforms 20 to 24 is completed as scheduled by FY2022, all of the platforms at stations where the Nozomi stops will be fenced off. On conventional lines, installation work commenced on the inbound and outbound Tokaido line platforms at Kanayama Station. They are planned to be put into use in 2021. In addition, as we prepare for installation at Nagoya Station, we are considering installing fences on the platforms of the Tokaido Line and the Chuo Line, which are used by many passengers, and we will start the installation work where we are ready to do so.

With the aim of making railway use more comfortable and convenient for everyone, we have installed facilities for wheelchair users on almost all trains we operate. At the same time, our station staff offers assistance and guidance to passengers with disabilities when necessary to use our facilities.

In addition, we are working to improve our services by, for example, exchanging opinions with organizations for persons with disabilities through a study group on promoting accessibility of Shinkansen services hosted by the Ministry of Land, Infrastructure, Transport and Tourism, considering the installation of a free space for wheelchairs, reviewing the information provided when wheelchair users use the wheelchair accessible seats on the Tokaido Shinkansen, and accepting applications for wheelchair accessible seats on the website.

Image of movable fence
(The photo shows a prototype fence at Kanayama Station.)

Social

Social

Cooperation with Local Communities

Participating in programs to vitalize local communities

Roll out of initiatives in coordination with communities located along our lines

As part of sales and marketing, we are deepening ties with communities located along our lines while rolling out initiatives such as the "Shupo" campaign, "Sawayaka Walking," and "Destination Campaign (hereinafter "DC")".

The purpose of Sawayaka Walking is to promote the use of railways on Saturdays, Sundays, and holidays throughout the year. This walking event allows visitors to experience the attractive nature, history, and culture of each area along the railway line and also contributes to promoting the good health of participants. It started in 1991, and in 2018 the cumulative number of participants exceeded 5 million.

DC is one of the largest tourism campaigns in Japan, which sets the target areas every three months for spring, summer, fall, and winter, with the cooperation of the local municipalities concerned, six JR Group companies, travel agencies, etc., to promote new tourist sites in the target areas and attract customers by rail. In DC implemented along the lines we operate, we run sightseeing trains to have users enjoy the charms of the region and sell travel products that incorporate sightseeing materials and benefits in cooperation with residents in communities along the lines. In addition, even for DC conducted along railway lines operated by another company, we advertise the campaign at stations we operate to widely raise awareness of the attractiveness of tourist sites and work with various parties concerned to attract tourists in locations across Japan.

Shupo

SCMAGLEV and Railway Park - A museum of memories and dreams -

We opened the "SCMAGLEV and Railway Park" in March 2011 in Kinjo Futo, Minatoku, Nagoya, as part of our participation in the "Monozukuri (manufacturing) Culture Exchange Area Project", hosted by the City of Nagoya.

At the "SCMAGLEV and Railway Park", we introduce the progress of the high-speed railway technology through displays of rolling stock mainly of the Tokaido Shinkansen, as well as conventional lines and Superconducting Maglev. The number of visitors exceeded 5.21 million by the end of FY2019.

SCMAGLEV and Railway Park

IIMONO TANBOU

As an initiative aimed at vitalizing local communities through related businesses, we operate the "IIMONO TANBOU" website, which sells delicious food and selected crafts produced along the railway lines we operate and delivering them directly from the production areas. By introducing the attractiveness of the areas along lines through the sale of products that are not yet known nationwide, JR Central and the producers are working together to vitalize local communities. In order to pass on the culture and traditions handed down to the future, we are promoting measures to support producers working hard to develop original products, etc., in each region. In addition, we are expanding the scope of our activities so that people can feel familiar with the areas along our railway lines by, for example, holding events with the name "IIMONO TANBOU" at department stores and providing hands-on type tours to such areas. Going forward, we will continue to add various products representative of the railway lines and work with producers to revitalize local communities along those lines.

IIMONO TANBOU website

Discover the Shinkansen Day

Every year at the Hamamatsu Workshop, we hold the "Discover the Shinkansen Day" with the aim of making people feel closer to the Tokaido Shinkansen. We open our Hamamatsu Workshop to the public for free, and visitors can get a closer look at the attractive features of the Shinkansen, which are usually not visible from station platforms or along railway lines.

Specifically, we offer programs such as a tour of the Shinkansen driver's platform, a tour inside the Doctor Yellow train, an exhibition and boarding experience of maintenance vehicles, a hands-on experience as the conductor and the purser, and a chance to experience in-train cleaning and maintenance work, all of which are quite popular.

*In fiscal 2020, the event was cancelled due to the impact of the novel coronavirus.

Disaster prevention and recovery activities in coordination with local communities

To be prepared for a large-scale disaster or other unforeseen contingency that might occur on the Tokaido Shinkansen Line, we are conducting comprehensive accident response training, etc., with the aim of enhancing the technical capabilities of employees in each line of operations and affiliated companies and strengthening cooperation among related parties, including the police and fire departments, to provide relief to customers and establish a system for early recovery.

As for our conventional lines, we conduct drills to quickly guide customers based on the assumption that trains stop between stations made after the occurrence of Nankai Trough earthquake. In the past drills, we had elementary school children and workers at local governments along the railway line participate as part of our disaster prevention efforts in cooperation with local communities.

Comprehensive accident response training

Tsunami evacuation guidance training on the Kisei Line

Earning trust from customers and offering user-friendly services

JR Central is committed to providing services that are trusted and welcomed by local communities and customers, based on our belief that providing safe and reliable transportation and high-quality services to customers and satisfying customers also leads to making ourselves happy.

For the Shinkansen, we are implementing the "Brand Quality Service Campaign" to provide customers with a sense of security, satisfaction, and joy. Having set our customers service mission as "Respecting each customer's time," we are working to improve the level of our customer service by promoting good teamwork within the Company including stations. While in recent years, the number of online reservations has been increasing, the JR Central Group is making concerted efforts to enhance its knowledge and skills and foster a service-oriented mindset so that we can accurately respond to the traveling needs of a wide range of customers, including those who are accustomed to traveling on business and travelers visiting Japan.

On our conventional lines, we are aiming to provide customers with truly valuable services, or what we call "Real Value Services." The conventional lines that we operate run in a wide range of areas, each of which has its own unique characteristics. Therefore, each of our employees is required to think independently and take initiatives to provide services that best suit the purposes and situations of our customers. In order to encourage customers to choose our railway, we encourage employees to enhance their ability to notice the needs of customers and proactively and sincerely provide services that could make customers feel "a sense of security" along with "a sense of affinity," such as warmth and familiarity.

Customer service role-play

Setting general hospitals for local communities (Nagoya Central Hospital)

As an acute care hospital, Nagoya Central Hospital, located in Nakamura-ku, Nagoya, performs over 1,600 surgeries year round, providing some of the most advanced medical care services available using the latest medical equipment. The hospital is also a committed emergency health care provider, coordinating with local ambulance services to take in over 4,200 ambulance calls per year. Looking ahead, the Nagoya Central Hospital will look to leverage its distinctive features and expertise to further contribute to the local community.

Nagoya Central Hospital

International Exchanges

As a railway operator that has continued to be responsible for managing Japan's main transportation artery and has long been accumulating experience, JR Central has responded to the expectations of society also in the form of international exchange, such as receiving observation visits and developing human resources.

In Japan, at the request of the government and other parties concerned, we take officials from foreign governments, overseas railway operators, and other related persons on tours of railroad-related facilities, primarily of the Tokaido Shinkansen, to introduce the business of JR Central and exchange opinions on railway management and other matters. Furthermore, in collaboration with several universities in the U.S., we have established and are operating a summer internship program for students, providing them with opportunities to learn about the railways and culture of Japan, thereby increasing their understanding of our company. The diverse knowledge gained through these visits and programs is also utilized in our initiatives, for example, to attract inbound travelers.

Outside Japan, JR Central maintains three overseas offices in Washington D.C., London, and Sydney, and proactively undertakes a wide range of international operations, such as gathering mainly railway information from countries around the world, exchanging information with specialists and persons in the railway industry in various countries, and engaging in PR activities for overseas markets. We are also actively taking part in international exchanges in these countries. In the U.S. for example, we hold exhibitions on the superconducting maglev system at STEM (science, technology, engineering, and mathematics) education events and provide local children with opportunities to experience cutting-edge science and technology. Meanwhile in the U.K., we operate an exchange training program in which executives are dispatched to and from a local railway operating company, infrastructure management company, etc., as a way of providing opportunities for employees of both the Company and other firms to develop their skills in railway management and technology through such exchange.

The internship program for university students in the U.S. and exchange training program with the U.K. firms are held every year, and both programs have been held more than 20 times since their inception. When reunions for participants of these programs are held in both countries, many alumni gather, forming a network of people who share a good understanding of JR Central overseas. The strong relationships of trust that we have nurtured with people who have visited our company over many years support the various activities we conduct overseas.

Accepting interns from foreign universities

Promotion of culture, art, and lifelong learning (JR Central Lifelong Learning Foundation)

JR Central Lifelong Learning Foundation is a public interest incorporated foundation established with the purpose of contributing to society through promotion of culture, art, and lifelong learning. Established in October 1990, the Foundation marked the 30-year anniversary of its founding in 2020. The Foundation's main activities include holding exhibits of the artwork of Hoshun Yamaguchi, a pioneer who drove new Japanese art, at Hoshun Yamaguchi Memorial Hall, which opened in Hayama-machi, Kanagawa, in October 1991, and disclosing the ateliers and gardens that offer seasonal flowers and trees loved by Hoshun and his wife for public viewing. Further, in an effort to support lifelong learning, the Foundation engages in a wide range of cultural business activities, including holding classes on Japanese-style painting and ink-wash painting and organizing classes to learn about history and culture.

Hoshun Yamaguchi
《Boukyo - small sketch》1953

Hoshun Yamaguchi standing in his atelier

Environment

Contribution to Global Environment Preservation

Engagement in Global Environment

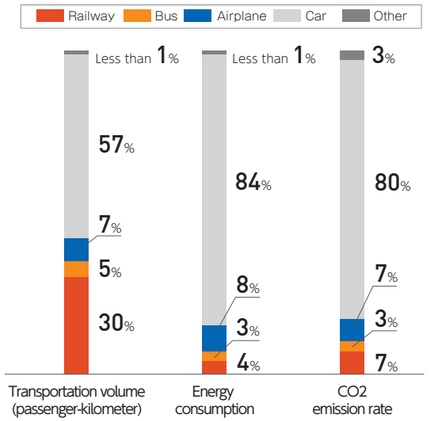
The problem of global warming is an issue that should be dealt with on a global scale. While it is regarded that CO2, among greenhouse gasses, in particular has the largest impact on global warming, railways account for only 7% of CO2 emissions despite undertaking 30% of the country's overall passenger transport volume. Compared with an airplane (B777-200), the Tokaido Shinkansen (Series N700 "Nozomi") consumes approximately 1/8th of the amount of energy per seat when traveling between Tokyo and Osaka, and discharges about 1/12th of the CO2 emissions. The data shows that the Tokaido Shinkansen has overwhelming environmental superiority.

Efforts to preserve the global environment are being promoted through close cooperation among relevant departments in the Management Division and the General Technology Division. Specifically, we have formulated policies for energy and resource conservation, and are working to raise awareness of environmental conservation throughout the Company by disseminating the policies and providing guidance. In addition, the General Technology Division is promoting the development of technologies that contribute to energy conservation.

In order to ensure that the initiatives described above are fully understood throughout the Company, we hold meetings by those concerned and provide guidance to the entire Company, including the Railway Business Division, on the current situation regarding global environment preservation, and on the Company's policy and compliance.

Also, the Company's Technology Research and Development Department has acquired ISO 14001 certification, the international standard for environmental management systems. In order to further refine the characteristics of railways that are superior in terms of global environment preservation, we are working on global environment preservation activities through the development of energy-conserving technologies, etc.

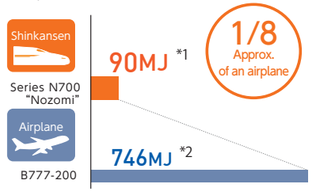
Distribution of Passenger Transportation Share, in terms of Transportation Volume, Energy Consumption, and CO2 Emissions



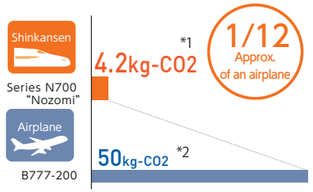
Source: For transportation volume/energy consumption, created based on data from Handbook of Energy & Economics Statistics
Source: For CO2 emissions, created based on data from the National Institute for Environmental Studies, Greenhouse Gas Inventory Office of Japan
*The totals for items in the breakdown may not be 100% due to rounding.

Comparison of the Tokaido Shinkansen and Airplanes (between Tokyo and Osaka)

Energy Consumption per Seat



CO2 Emissions per Seat



*1 Calculation based on running performance of Series N700 Nozomi (Tokyo - Shin-Osaka) conducted by JR Central.
*2 Calculated by JR Central using ANA's "Annual Report 2011" B777-200 (Haneda - Itami/Kansai Airport) for reference.

Guidelines and Objectives

Environmental Action Guidelines

JR Central has established a set of Environmental Action Guidelines consisting of the following seven items as part of its engagement in global environment preservation.

1. Provide comfortable transportation services to promote further use of railways, which offer superior global environment preservation
2. Promote technological development that contributes to global environment preservation
3. Use fuel and energy efficiently
4. Promote waste control and recycling
5. Appropriately manage chemical substances
6. Procure environmentally friendly goods and materials
7. Contribute to society and raise awareness for global environment preservation

Environmental goal

JR Central has formulated the Commitment to a Low Carbon Society Phase II, in which our Energy Consumption Unit(*) as of FY2030 will be improved by 25% compared with that of FY1995 (refer to the Japan Business Federation (Keidanren) website for further details), and is striving to make sure that the plan is executed. Up to now we established a Voluntary Plan in which we achieved our target of a 15% reduction in energy consumption as of the end of FY2010, and we have proactively developed and introduced energy-conserving rolling stock. We will continue promoting proactive initiatives, such as the continuous development and introduction of energy-conserving rolling stock, while setting train services flexibly to meet the needs of passengers by applying the "12 Nozomi" Timetable.

*JR Central defines Energy Consumption Unit as the "Amount of energy consumed when running 1 car for 1 kilometer", due to total rolling stock kilometers being the value which is the most relevant to our business activities.

Legal Compliance

In order to ensure compliance with various environmental laws and regulations, we conduct an annual compliance survey at all workplaces. We also conduct internal audits to confirm compliance at each workplace and provide feedback on the results to ensure thorough compliance.

Management of chemical substances

Based on the PRTR system*1 under the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (Pollutant Release and Transfer Register Law), we report the amount of emissions and transfer of relevant substances and manage those substances appropriately.

Meanwhile, in regard to the full body painting of trains on shinkansen and conventional lines, we had been using oil-based paint containing volatile organic compounds (VOC). However, we introduced the country's first water-based paint coating robot for the shinkansen in our Hamamatsu Workshop, which enabled environment-friendly water-based painting. With regard to conventional lines, we also introduced the country's first water-based paint coating robot for trains on conventional lines in the Nagoya Workshop in March 2020, enabling water-based painting of some bodies.

Picture of train body painting

Measures against soil contamination

We will submit a report to the relevant organizations should any substances exceeding the standard value set be detected in soil surveys conducted at the time of landform changes or land sales, and will take appropriate measures as instructed by laws and regulations and the administrative authorities.

Measures against water contamination

Some of our offices use vehicle washing equipment that falls under the category of specified facilities under the Water Pollution Control Act. We are working to prevent water pollution by installing devices, etc., to treat wastewater generated by cleaning and regularly measuring the pollution status of such wastewater.

Wastewater treatment device

Measures against air pollution

In relation to boilers, which are soot and smoke emitting facilities*2, we introduced burners to reduce the generation of NOx and devices adopting an exhaust gas recirculation system, etc., that reduce the generation of NOx by recirculating combustion exhaust gas, and regularly measure and record the amount and concentration of soot and smoke. By doing so, we are striving to prevent air pollution.

In addition, in accordance with the Act on Rational Use and Appropriate Management of Fluorocarbons (Fluorocarbons Recovery and Destruction Act), we manage class-1 specified equipment properly by inspecting and keeping records on it.

*1: System under which business operators identify the amount of chemical substances that may be harmful to human health or the ecosystem that are released from their business sites into the environment (air, water, and soil) and are transferred outside of business sites as part of waste and report it to the national government. The government then tabulates and discloses the amounts released and transferred based on such reported data and estimates.

*2: Soot and smoke emitting facilities refer to facilities installed in workplaces that generate and emit soot and smoke and that can cause air pollution through such soot and smoke.

Effective Use of Resources/Use of Natural Energies and Introduction of Energy-Efficient Facilities

JR Central promotes effective utilization of resources through the 3R (Reduce, Reuse, and Recycle) initiative, etc. Specifically, we aim to reduce emissions from waste materials during construction, utilize rainwater, recycle tickets and uniforms, and recycle rolling stock, etc.

In addition, we strive to leverage natural energies and introduce energy-efficient facilities when constructing new buildings and renovating existing buildings.

Green Procurement Guidelines

JR Central implements a green procurement policy, prioritizing the procurement of eco-friendly materials. To this end, we established the JR Central Green Procurement Guidelines to enhance coordination with our business partners and work with them to contribute towards global environment preservation.

URL https://company.jr-central.co.jp/company/material_procurement/_pdf/green_guide_line.pdf

Contribution to Global Environment Preservation

Initiatives with the Shinkansen

Introducing Energy-Conserving Rolling Stock

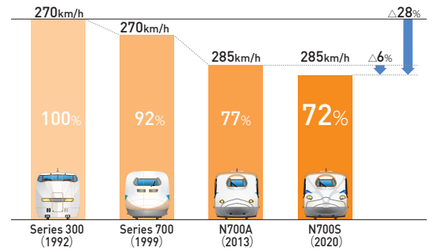
We are actively developing and introducing energy-conserving rolling stock in an effort to further reduce the Shinkansen's energy consumption. Starting from FY2007, we have introduced a total of 80 Series N700 trainsets to replace Series 300, while from FY2013, a total of 51 Series N700A trainsets to replace Series 700. In addition, we made all Shinkansen rolling stock N700A type* by reflecting some of the major functions adopted by N700A in the introduced Series N700 until FY 2015.

When operating between Tokyo and Shin-Osaka at a highest speed of 285 km/h, the N700A type consumes 23% less energy than the Series 300 and 16% less energy than the Series 700 when both are running at a highest speed of 270 km/h. This means that the N700A type is not only faster but also much more energy-efficient. As a result, the Energy Consumption unit as of the end of FY2019 decreased approximately 33% from what it was in FY1990.

The new N700S Shinkansen rolling stock, which started operation in July 2020, has reduced energy consumption by an additional 6% compared with the N700A type thanks to its silicon carbide semiconductor drive system, lighter car body, reduced air resistance, and other features.

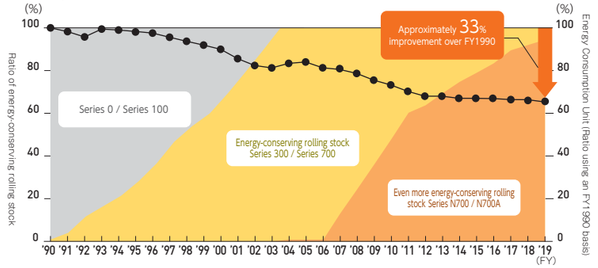
*Generic name of N700A and the Series N700 (enhanced version)

Comparison of Electricity Consumption by Tokaido Shinkansen Rolling Stock Type



*Simulated run from Tokyo to Shin-Osaka at the maximum speed above

Shifts in the Ratio of the Tokaido Shinkansen Energy-Conserving Rolling Stock and Energy Consumption Unit



Enhancement of electricity supply efficiency by replacing ground facilities

By replacing the electricity compensation devices from FY2011 to FY2022, which inhibit voltage reduction as rolling stock travels away from a substation, with a facility with less electricity loss, we expect to be able to reduce the electricity use on the Shinkansen by approximately 3%.

In some sections, we have installed frequency converters that convert 50Hz electricity into 60Hz electricity, which is necessary for Shinkansen operation. Between FY 2014 and FY 2023, we are proceeding with work to replace some of these devices with those with less electricity loss. This is expected to reduce the electricity use on the Shinkansen by approximately 2%.

Great environmental performance of Tokaido Shinkansen

Tokaido Shinkansen has greatly improved in environmental performance both in terms of speed and comfort due to the introduction of the following technologies.

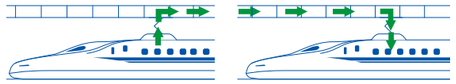
1	Reduction in running resistance Figure 1	With regard to N700A type, we reduce the running resistance by introducing a nose shape with great aerodynamic attributes, using flush windowpanes, which have no unevenness between the outside panel and windowpane, and installing coverall hoods between all cars, etc. The N700S's Dual Supreme Wing design contributes to reducing air resistance even further.
2	Use of silicon carbide semiconductor drive system	The N700S's drive system employs next-generation low-loss silicon carbide semiconductors with superior high temperature performance. The N700S is the first Shinkansen rolling stock that employs a smaller sixtupole magnet instead of a quadrupole magnet in its motor, making the drive motor more compact and more lightweight than ever before. The overall weight of the drive system is 10 tons lighter than that of the Series N700.
3	Introducing the Body Inclining System	The Body Inclining System is introduced in order to increase the speed at curves currently subject to speed restriction. This system makes it possible to increase speed while securing comfort and shortening travel time, and to simultaneously cut power consumption by reducing the frequency of speed acceleration and deceleration.
4	Expansion of Electric Power Regenerative Braking System Figure 2	We adopt the Electric Power Regenerative Braking System, in which the motor is used as a generator during braking to produce electricity and return it to the catenary. While 12 of the 16 cars in one trainset of Series 700 were regenerative, 14 of the 16 cars in one trainset of the Series N700 or later versions are regenerative. The Electric Power Regenerative Braking System provides all of the braking power needed for one trainset during normal braking.
5	Lighter, smaller blower-less CI in all motor cars	The power converter (CI) converts electricity from the catenary and sends it to the motor at the time of acceleration, and returns the electricity generated by the motor back to the catenary at the time of deceleration. JR Central employs a system that uses airflow from running for air cooling. For N700A, these CI were made 17% smaller and lighter than that of the Series N700. In addition, for N700S, these CI were made 55% smaller and approximately 600 kg lighter than that of the Series N700 and are installed on all motor cars.
6	Optimization of cabin lighting and introduction of LED lighting	In the cabins of regular cars on the N700A, lighting has been optimized in accordance with the bright seat colors. LED lighting with a dimmer function have also been installed in the toilets and powder rooms. These measures have contributed to achieving a reduction in lighting energy consumption by approximately 20% compared to Series N700. We have been installing LED lighting in passenger cabins of rolling stock introduced in FY2016 and thereafter to reduce power consumed for lighting. In addition, N700S was the first Shinkansen to use LED headlights, achieving energy savings of approximately 50%.
7	Using eco-friendly materials	Approximately 90% (weight ratio) of the waste generated after scrapping the Shinkansen rolling stock is recyclable. With the N700A or later types, 100% recyclable polyester has been used for seat cushions, and stainless steel has been used for bogie skirts, which cover bogies to lower air resistance, achieving high recyclability. In addition, structural materials from scrapped rolling stock of the Series 700, etc. (aluminum alloy), are recycled into interior parts of the N700S, such as luggage racks.

Figure 1 Reduction in Running Resistance (Coverall Hoods)

Series 700 (Not Equipped with Coverall Hoods)

N700A (Equipped with Coverall Hoods)

Figure 2 Electric Power Regenerative Braking System



Brakes (Power generation)

The motor is used as a generator during braking to produce electricity and return it to catenary.

Power running (Power consumption)

The regenerated power returned to catenary is reused when accelerating other trains.

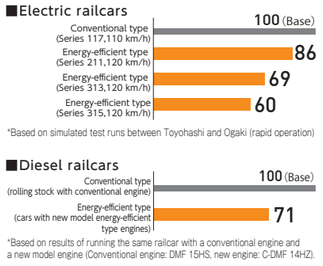
Initiatives with Conventional Lines

Introducing Energy-Conserving Rolling Stock

JR Central has also been striving to conserve the energy of rolling stock on conventional lines. We will promote the introduction of rolling stock with better energy efficiency by introducing the Regenerative Braking System, higher efficiency power control conversion methods, lighter rolling stock, etc. to electric railcars, and will do the same for diesel railcars by introducing lighter rolling stock and high mileage diesel engines, etc. As a result of these initiatives, all of the conventional line rolling stock is energy-conserving rolling stock. As the Series 211 and the like using energy-conserving rolling stock need to be renewed, a new type of commuter train Series 315 will be newly manufactured. We will further reduce electricity consumption through the use of silicon carbide for the power converter and other energy-saving measures. From FY 2021 to FY 2025, we plan to manufacture 352 new cars and begin to use them.

In anticipation of the replacement of the 85 Series diesel railcars currently used for the "Hida" limited express and other trains, the Company is newly developing testing vehicles for the next-generation limited express HC85 series rolling stock that uses a hybrid power generation system, and is conducting test runs to establish relevant technologies from the end of 2019. Testing vehicles for the next-generation limited express HC85 series rolling stock are expected to achieve an approximately 15% improvement in fuel efficiency and reduction in exhaust fumes, such as CO2 and NOx, by making use of power stored in batteries when accelerating and stopping. We are currently reviewing plans to commercially introduce mass-produced vehicles by FY2022.

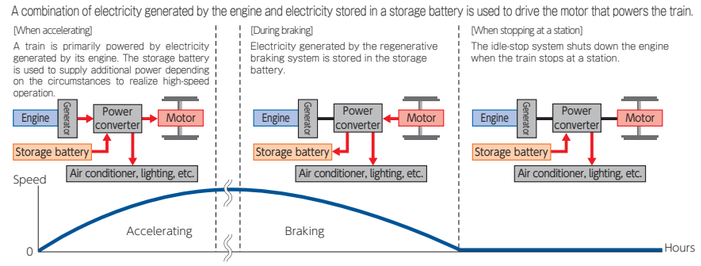
Comparison of electricity consumption and diesel fuel consumption of cars on conventional lines (electric railcars and diesel railcars)



*Based on simulated test runs between Toyohashi and Ogaki (rapid operation)

*Based on results of running the same railcar with a conventional engine and a new model engine (Conventional engine: DMF 15HS, new engine: C-DMF 14HZ).

How the hybrid system works



Common Initiatives for the Shinkansen and Conventional Lines

Energy-saving by replacing high-pressure mercury lamps with LED

JR Central had conventionally used high-pressure mercury lamps for lighting in stations, railroad crossings, and other railway facilities. However, we are proceeding to replace high-pressure mercury lamps with LED. We plan to complete the replacement process by the end of 2020, as a result of which we will cut our annual power consumption associated with lighting of railway facilities by approximately 70% (down 20 million kWh) compared to the level prior to the replacement work. At the same time, we expect to also reduce the annual CO2 emission volume by approximately 70% (down 10,000 t) compared to the prior level, thereby decreasing environmental burden.

Facility and workshop status

JR Gate Tower

With the JR Gate Tower, the construction of which was completed in February 2017, we worked on creating an energy-efficient environment within the entire building and reduce the environmental burden by introducing regional air-conditioning systems, adopting LED lighting, installing solar power generation panels, creating green areas in the 15th-floor rooftop garden and on roofs of low-rise buildings, etc. We not only achieved "Rank S" in environmental performance, which is the highest rank on the "CASBEE (Comprehensive Assessment System for Built Environment Efficiency)" scale, but also reduced approximately 25% of CO2 emissions from the building compared to standard model buildings, according to the CASBEE Nagoya 2010 standard.

General Education Center

At the General Education Center, which was opened in September 2011, we aim to conserve energy by introducing a ventilation system which uses ice thermal storage achieved by the utilization of nighttime electricity service as its heat source and LED lighting, etc. Furthermore, we designed the building to use natural energy effectively by improving external insulation efficiency through arranging a rooftop garden and taking advantage of natural wind and light as much as possible. As a result, we were able to obtain "Rank S", which is the highest assessment level under the "CASBEE".

General Education Center (rooftop gardening)

SCMAGLEV and Railway Park

At the SCMAGLEV and Railway Park, which opened in March 2011, we introduced a solar energy generation system on the expansive roof. The system has a generation capacity of approximately 500 kW, or roughly 510,000 kWh annually, which can cover approximately 30% of the SCMAGLEV and Railway Park's energy needs.

SCMAGLEV and Railway Park (solar power generation system)

Hamamatsu Workshop

The Hamamatsu Workshop, which conducts general overhauls of Shinkansen rolling stock, completed its renovation construction in March 2019. In addition to introducing a solar energy generation system with the capacity to generate approximately 300 kW or about 450,000 kWh annually on the rooftop of the workshop, we implemented a highly efficient substation facility, boilers, and other equipment.

Nagoya Workshop

JR Central has been taking anti-earthquake measures and upgrading facilities from February 2014 in the Nagoya Workshop where general overhauls, etc., of conventional line rolling stock are conducted. We aim to reduce approximately 20% of electricity consumption for the entire workshop by introducing high ceiling LED lighting and replacing some transforming equipment with highly efficient ones to meet requirements under the Top Runner System*.

*Energy consumption efficiency target specified for specific equipment in the "Act on Rational Use of Energy"

Initiatives by Group Companies

The group companies are also implementing initiatives that contribute to global environment preservation.

Tokyo Station Development Co., Ltd.

In August 2020, we opened the commercial facility "Tokyo Gift Palette" at the Yaesu North Exit of Tokyo Station. Recycled aluminum from scrapped Series 700 Shinkansen rolling stock was used to create the concourse at the Yaesu North Exit and the pillars, ceilings, and other parts of the Tokyo Gift Palette. They are designed with the image of "cherry blossom petals" and "store curtains" at the entrance of shops, creating a space with a sense of high quality unique to the Tokaido Shinkansen.

Reuse of aluminum used in a train body

JR Tokai Takashimaya Co., Ltd.

JR Nagoya Takashimaya is switching to LED lighting and has completed replacement of approximately 27,000 lights. As a result, approximately 90% of the lights in the building have been changed to LED lighting. In the Takashimaya Gate Tower Mall, air conditioning efficiency is improved by preventing the inflow of outside air and suppressing fluctuations in room temperature through the measures of limitation in the number of doors that are always open in the passageway (colonnade), reduction in the shutter opening time, and set-up of new doors in areas where outside air is flowing in.

Switch to LED lighting

JR-CENTRAL PASSENGERS Co., Ltd.

Coffee sold on the Tokaido Shinkansen "Nozomi" and "Hikari" is made from over 50% coffee beans grown on farms certified by the Rainforest Alliance. The Rainforest Alliance was established in 1987 as an international non-profit environmental protection organization, and their activities cover more than 60 countries. With the aim of improving the lives of farmers and sustainable management of tropical rain forests, they give certification to the farms that meet the criteria for forest and river protection, pesticide restrictions, waste management, and the like, and through the procurement of certified coffee beans, they contribute to global environment preservation.

Onboard service

Cooperation with External Entities

Environmental Partnership Organizing Club (EPOC)

The EPOC is a group that was established in 2000 mainly by the industry sector in the Chubu region, with the aim of building a sustainable economy and society by making use of achievements by companies in terms of the environmental area.

It conducts activities such as disseminating environmental activities and information to society through cooperation among companies that transcend the boundaries of industry and cooperation with government, academia, and a wide range of local entities. (For more information, see the EPOC website.)

We joined EPOC in FY2002 and are currently involved in the operation of the organization as a core company.

We will continue to contribute to global environment preservation through EPOC in cooperation with member companies.

EPOC's general meeting

Environment-Related Data

Activity Status for FY2019 and Environmental Accounting

The investments, costs, and their principal effect involved in environment preservation activities during FY2019 are estimated as listed below.

Environmental accounting

Classification	Main Initiatives	Environment preservation cost (100 million yen) *1		Notes
		Investment	Expenditures	
Global environment preservation cost	•Introduction of energy-conserving rolling stock •Improved energy-efficiency at stations and office buildings, etc.	478.8	39.6	•Energy-conserving rolling stock ratios: 100% (Shinkansen electric railcars), 100% (conventional line (electric railcars and diesel railcars)) •Energy efficiency of Series N700A ▲23% (more efficient than Series 300) •New production of N700S rolling stock •New production of testing vehicle for HC85 series •Use of LED lighting for railway equipment
Research and development cost	•Development of energy-conserving rolling stock •Development related to environment preservation along railway lines, etc.	1.1	135.9	•Energy efficiency of Series N700S ▲28% (more efficient than Series 300) *Comparison between the Series 300 (traveling at 270 km/h) and the N700S (traveling at 285 km/h)
Resource recycling cost	•Proper disposal and recycling of station and train refuse, etc. •Proper disposal and recycling of items generated by workshops and construction work	0.4	75.5	•Recycle rate of Shinkansen rolling stock: Approximately 90% •Recycle rate of uniforms: Basically 100%
Environment conservation cost along railway lines	•Countermeasures for noise and vibration •Proper management of environmental load substances, etc.	105.6	39.4	•Protection of the surrounding environment by modifying noise-blocking walls and increasing their height, shaving rail surfaces, etc.
Management activity cost	•Environmental advertising •Environmental management education etc.	0.0	0.1	•Acquisition of ISO14001 certification in Technology Research and Development Department
Social activity cost	•Support and cooperation for organizations and other groups undertaking environment preservation	0.0	0.1	•Participation in environmental partnership organizing club (EPOC)
Total *2		585.8	290.4	

[Approach to environment preservation cost] *1. Fractions below 10 million yen are omitted. *2. Totals do not add up due to rounding.
- Compilation is applicable only to JR Central. ●The applicable period is April 1, 2019 to March 31, 2020.
- "Environmental Accounting Guidelines 2005", a publication of the Ministry of the Environment, was consulted with regard to aspects of style.
- Depreciation is not included in the calculations for expenditures.
- In the event of multiple-purpose expenditures, the full amount with greater environment preservation effect is included in the calculation.

Environmental load in business activities

The main resources and energy utilized as well as waste generated during JR Central's business activities during the year FY2019 are as shown below.

INPUT/OUTPUT

*Figures in parentheses are for consolidated subsidiaries.

INPUT

Electricity	Fuel (Amount of converted crude oil)	Water	A4-sized copy paper
2.90 billion kWh (0.25billion kWh)	32,000 kL (34,000 kL)	3,353 million ㎥ (2,698 million ㎥)	140million sheets (100 million sheets)

*For railway operation Electricity: 2.19 billion kWh Fuel:16,000 kL

OUTPUT

CO2 emission: 1.354 million t (179,000 t)

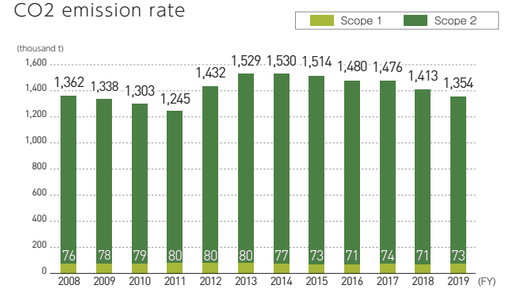
Refuse and waste: 458,000t

Station, train, and office refuse	16,000 t
Construction waste	432,000 t
Rolling stock waste	9,000 t

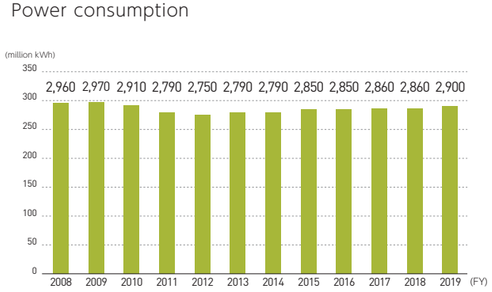
Recycled 321,000 t *Including internal reuse

*The electricity and fuel CO2 emission coefficients are based on a report of the law (Act on Rational Use of Energy) concerning the streamlining of energy use.
*Recycled amount reprinted. Items confirmed to have been reused by manifest or vendor have been recorded.

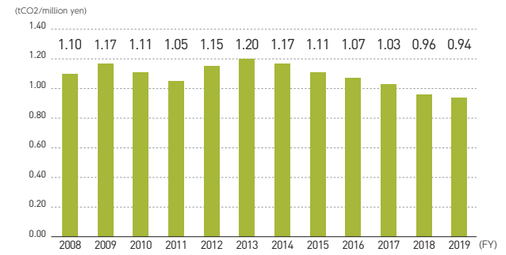
CO2 emission rate



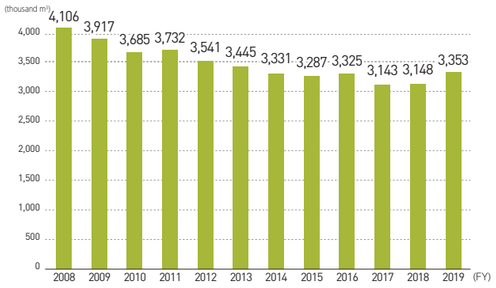
Power consumption



Carbon intensity



Amount of water used



Governance

Corporate Governance

JR Central strives to enhance our corporate governance to ensure soundness, efficiency, and transparency of management, to implement long-term development of the company, and to enhance sustainable corporate value.

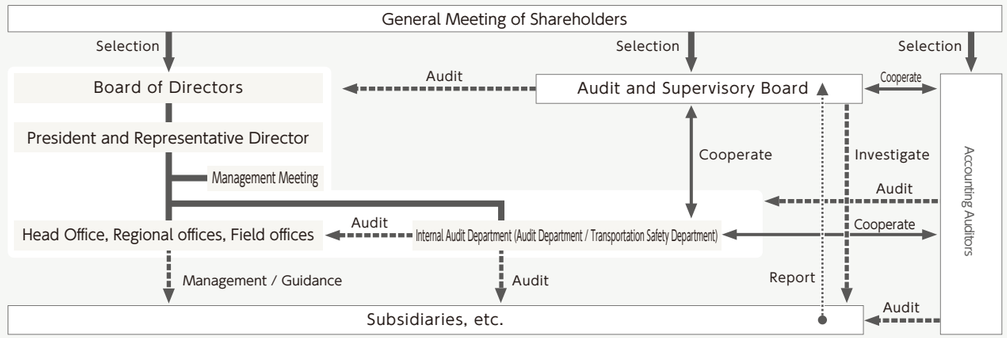
We have announced our stance on, and the initiatives put in place, in relation to the Corporate Governance Code found within the Corporate Governance Report*.

*The Corporate Governance Report can be found at the following URL.

Corporate Governance Information Service

URL https://www.jpx.co.jp/listing/cg-search/index.html

JR Central's Corporate Governance System



Overview of Corporate Governance System

JR Central's Board of Directors is composed of 16 members (including three outside directors) and chaired by the company chairman. JR Central also employs an auditor system, and its Audit and Supervisory Board consists of five members (four of whom are outside auditors). (The figures are as of June 23, 2020)

The Board of Directors meets at least once a month to make legal and appropriate decisions upon fully discussing matters stipulated by the law as well as important management matters, following conscientious briefings that are given to bring all concerned up to speed on the background of matters discussed and the progress on such matters. It also monitors the work of directors. A Management Meeting is held for in-depth discussion of important management issues. Chaired by the president, the Management Meeting is attended by all full-time directors, Audit and Supervisory Board members, and some corporate officers. By deliberating on a wider range of management matters ahead of Board of Directors meetings, discussions at the subsequent Board of Directors meetings are enhanced. We request members of the Audit and Supervisory Board to attend meetings of the Board of Directors, the Management Meeting and other important meetings, as we endeavor to ensure the legality of management measures during the deliberation process. Further, JR Central strives to ensure the appropriate execution of business by managing and providing guidance to subsidiaries, etc. where necessary.

Although we introduced the corporate officer system in May 2003, we introduced an executive system in June 2012 with the aim of further accelerating decision-making, enhancing discussions, and further clarifying roles for directors and corporate officers, who are responsible for operation, in order to appropriately respond to changes in the business environment influencing our management decisions in a timely manner. In addition, in order to make decisions in line with the actual conditions of our business, some corporate officers in charge of core operations, including the Director General of the Railway Business, serve concurrently as directors.

Audit and Supervisory Board Members not only attend important meetings such as the Board of Directors and the Management Meetings, but also inspect the state of execution carried out at head offices, railway operations divisions, branch offices, field offices, and subsidiaries, etc. based on plans enacted by the Audit and Supervisory Board to strictly promote their audit work. To ensure effective audits by the members of the Audit and Supervisory Board, JR Central also provides an assistant system in which our employees are assigned as full-time staff to support auditors work.

Internal audits are performed by the Audit Department on the overall work of JR Central, its major subsidiaries, and other related companies from the perspective of compliance, efficiency and effectiveness of operations. The audits are performed by checking business materials, contracts and other documents, observing operations, interviewing related persons and taking other methods, and the results are reported to management. In addition, to prevent operational and labor accidents, safety audits are performed by the Transportation Safety Department, and the results are also reported to management.

Based on generally accepted accounting standards, JR Central has appropriate accounting audits made by Deloitte Touche Tohmatsu LLC, which has been selected to be our accounting auditor.

Audit and Supervisory Board Members, internal audit departments, and accounting auditors cooperate with each other by exchanging information periodically or as necessary and receive necessary information from each department involved in internal control to confirm the status of implementation of each item stipulated in the Fundamental Corporate Governance Policies.

Outside Directors and Outside Audit and Supervisory Board Members

Based on our policy to make the most appropriate execution system for Outside Directors and Outside Audit and Supervisory Board Members, JR Central appoints three Outside Directors and four Outside Audit and Supervisory Board Members. The Company determines the level of independence of Outside Directors and Outside Audit and Supervisory Board Members based on the criteria for independence established by the Japan Exchange Group, Inc. in order to ensure that the opinions provided by Outside Directors and Outside Audit and Supervisory Board Members on matters raised are formed from an independent standpoint, and are based on the high degree of experience and insight accumulated outside the Company.

JR Central receives beneficial opinions about the execution of our business from Outside Directors and Outside Audit and Supervisory Board Members who provide advice based on their various experience and great insight gained outside of the company from their independent standpoints, both in and outside of the Board of Directors and Audit and Supervisory Board. We utilize the advice given by Outside Directors and Outside Audit and Supervisory Board Members to execute audits by Audit and Supervisory Board Members, internal audits, safety audits, accounting audits, as well as items stipulated in the Fundamental Corporate Governance Policies.

Each Outside Director and Outside Audit and Supervisory Board Member is submitted to the Tokyo Stock Exchange and the Nagoya Stock Exchange as an independent officer who does not have any conflicts of interest with general shareholders.

● State of main posts held concurrently for Outside Directors and Outside Audit and Supervisory Board Members

[As of March 31, 2020]

	Name	Name of other company, etc.	Titles
Directors	**Takashi Saeki**	The Ogaki Kyoritsu Bank, Ltd.	Outside Audit and Supervisory Board Member
Audit and Supervisory Board Members	**Shigeo Kifuji**	Mori Building CO., LTD.	Outside Audit and Supervisory Board Member
	Kunihiro Nasu	Sangetsu Corporation	Outside Director (Audit Member)

● Activity status of Outside Directors and Outside Audit and Supervisory Board Members

[FY2019]

	Name	Principal activity
Directors	**Fujio Cho**	Attended all 12 meetings of the Board of Directors held in FY2019. In the Board of Directors meetings, he has stated his opinions based on his experience in corporate management, etc.
	Kenji Koroyasu	Attended all 12 meetings of the Board of Directors held in FY2019. In the Board of Directors meetings, he has stated his opinions based on his experience as a public prosecutor and lawyer, etc.
	Takashi Saeki	Of the total 12 Board of Directors meetings held in FY2019, attended 11 meetings. In the Board of Directors meetings, he has stated his opinions based on his experience in corporate management, etc.
Audit and Supervisory Board Members	**Hajime Ishizu**	Attended all 12 meetings of the Board of Directors, and attended all 14 meetings of the Audit and Supervisory Board held in FY2019. In the Board of Directors meetings and meetings of the Audit and Supervisory Board, he has stated his opinions based on his experience in transportation administration, etc.
	Fumio Yamashita	Attended all 10 meetings of the Board of Directors, and attended all 11 meetings of the Audit and Supervisory Board held since taking office on June 21, 2019. In the Board of Directors meetings and meetings of the Audit and Supervisory Board, he has stated his opinions based on his experience in police administration, etc.
	Shigeo Kifuji	Attended all 12 meetings of the Board of Directors, and attended all 14 meetings of the Audit and Supervisory Board held in FY2019. In the Board of Directors meetings and meetings of the Audit and Supervisory Board, he has stated his opinions based on his experience as a public prosecutor and lawyer, etc.
	Kunihiro Nasu	Attended all 12 meetings of the Board of Directors, and attended all 14 meetings of the Audit and Supervisory Board held in FY2019. In the Board of Directors meetings and meetings of the Audit and Supervisory Board, he has stated his opinions based on his experience as a lawyer, etc.

Ensuring the effectiveness of the Board of Directors and the Audit and Supervisory Board

The appointment of Directors is conferred to General Shareholders Meetings following a resolution of the Board of Directors concerning the appropriate election of candidates deemed to be the most fitting for the role as selected based upon a general consideration of their abilities, knowledge, and work history, etc., regardless of age, sex, or nationality. The number of Directors elected, and the division of Director roles, etc., is determined based on a comprehensive consideration of the level of progress of each project at the time based on a policy of establishing the most appropriate management structure for the execution of the Company's business activities.

The status of Directors and Audit and Supervisory Board Members holding important concurrent positions is as described in business reports and General Shareholders Meeting Reference Materials. All currently held positions bear no hindrance on the Director or Audit and Supervisory Board Member's ability to fulfill the roles and responsibilities of such a position for the Company.

The Board of Directors of the Company meets once or more a month to make legal and appropriate decisions upon fully discussing matters stipulated by law as well as important management matters, following conscientious briefings that are given to bring all concerned up to speed on the background of matters discussed including the progress. Further, the status of the execution of duties by Directors is monitored by having Directors report back on business functions under their charge when needed. JR Central receives valuable broad-view advice on management from Outside Directors, which is brought into consideration in regulating the management of the Company.

Additionally, round-table conferences for opinion exchanges between Outside Directors, Outside Audit and Supervisory Board Members (part-time) and members of management are set up ahead of meetings of the Board of Directors in order to further improve the effectiveness of the Board of Directors.

Through the above-mentioned initiatives, we find that, at meetings of the Board of Directors, the effectiveness of the entire Board of Directors is ensured to a satisfactory degree.

Content of Compensation for Officers

Directors' remuneration is comprised of basic compensation, which is paid in a fixed amount, and a bonus. The basic compensation amount is determined through a comprehensive assessment of a director's position, length of service, and other factors while the bonus amount is determined in consideration of the performance of assigned duties.

The remuneration of outside directors includes only fixed basic compensation. The Board of Directors passed a resolution to have the president determine specific remuneration amounts at his discretion after he explained the above remuneration policy at a Board of Directors meeting. A decision was made at the 25th Ordinary General Meeting of Shareholders held on June 22, 2012 to keep the annual amount of the directors' remuneration at 1.2 billion yen or less (and up to 50 million yen for the outside directors' remuneration). The amounts are ultimately determined by the president within these limits. When this decision was made at the 25th Ordinary General Meeting of Shareholders held on June 22, 2012, the number of directors was specified as being 20 or fewer in the company's Articles of Incorporation. Although we do not have an independent advisory committee to determine compensation for directors, all outside directors and part-time outside Audit Supervisory Board members exchange opinions with management, prior to Board of Directors meetings, on important management issues including remuneration.

The remuneration of Audit and Supervisory Board members consists only of fixed basic compensation, and the appropriate amount is determined via discussions among Audit and Supervisory Board Members. A decision was made at the 20th Ordinary General Meeting of Shareholders held on June 22, 2007 to keep the annual amount of Audit and Supervisory Board members' remuneration at 250 million yen or less. The final amount is set within this limit. When this decision was made at the 20th Ordinary General Meeting of Shareholders held on June 22, 2007, the number of Audit and Supervisory Board members was specified as being 5 or fewer in the company's Articles of Incorporation.

Total amount of compensation, etc., by officer classification, total amount of compensation, etc., by type, and number of target officers [FY2019]

Classification	Basic Compensation		Bonus		Total amount for the compensation/ bonus, etc. (Million yen)
	Number of target officers (Number of persons)	Total amount (Million yen)	Number of target officers (Number of persons)	Total amount (Million yen)	
Directors (Excluding Outside Directors)	15	602	15	229	831
Audit and Supervisory Board Members (Excluding Outside Auditors)	1	47	-	-	47
Outside Officers	8	140	-	-	140

Policy concerning cross-shareholdings

Our strategy for cross-holdings is grounded in the belief that maintaining and bolstering business relationships through holding other companies' stock facilitates our operations and enhances our corporate value over the medium to long term. If any of our cross-holdings are deemed to be unnecessary in light of this policy, we will assess and possibly divest in them.

Our Board of Directors examines whether it is beneficial to retain specific cross-holdings after scrutinizing them in light of the medium- to long-term economic rationale and outlook, purpose of owning such cross holdings, etc.

In terms of the exercising of cross-shareholding voting rights, JR Central closely examines the content of each resolution and decides how to vote in consideration of improving the corporate value of the Company over the mid- to long-term and the sustainable growth of business partners, etc.

Policy for promoting constructive dialog with shareholders

JR Central positions the General Meeting of Shareholders as an important opportunity for dialog with shareholders and strives to improve the quality of questions and answers sessions in the meeting as a means of contributing to sustainable growth and enhancing corporate value over the mid- to long-term. All dialog with shareholders is overseen by the General Manager of the Administration Department, and questions, opinions and requests from shareholders are responded to, to the extent reasonable, in the form of an individual meeting or over the telephone, etc.

Of this, dialog with institutional investors is overseen by the Director General of the Corporate Planning Division, and the IR team is placed in the Business Administration Department, Corporate Planning Division in order to further improve shareholder dialog by organically coordinating with the Administration, Finance, Legal Departments, etc. Dialog response is the purview of the IR team, and a response is made together with members of management and Directors, where reasonable, based on a general consideration of the requests and interests, etc., put forth by the institutional investor. Specifically, we strive to improve upon dialog measures by not only holding individual meetings but also holding conference calls and facility tours, etc., where necessary, in addition to holding financial results briefings biannually.

We also strive to enrich the broader provision of information to shareholders by sending reports on information presented at financial results briefings biannually, on top of posting this information on our website. Moreover, we work to ensure that a sufficient degree of information concerning decisions made on important measures and important capital investments reaches as large a number of stakeholders as possible using the mass media services to deliver detailed information at press conferences held by the President, and by presenting such information to the press.

The content of discussions with shareholders is reported to members of management and, if necessary, feedback is given to the Board of Directors.

Fundamental Corporate Governance Policies

JR Central resolved the Fundamental Corporate Governance Policies* in the Board of Directors meetings.

*Please refer to the following URL for Fundamental Corporate Governance Policies.

URL https://company.jr-central.co.jp/company/about/governance.html

Compliance / Whistle-blowing System

JR Central not only stipulates internal regulations based on the law, etc., but also conducts employee education on various occasions with the aim of thoroughly complying with the law, etc., when executing work. In addition, we also have established a whistle-blowing system. We have whistle-blowing contact points not only within the Company but also in an external law firm in order to establish a system in which employees, etc., can report any violation of the law, etc., at work. We also post fliers describing the whistle-blowing system and contact information for the contact points in all workplaces with the aim of widely disseminating the system.

Risk-management System

JR Central has established the Railway Safety Promotion Committees, etc., at the head office, railway operation divisions, branch offices, and in each area from the perspective of preventing train and labor accidents, and formulating and promoting safety measures through an integrated organization that stretches from the head office to each field office.

JR Central also manages a control center, which plays a key role in information communication, on call 24 hours a day at each railway operation division to respond to emergencies, such as accidents and disasters, and has also established a fast-response restoration structure in which employees can be gathered anytime according to the scale or impact of an accident or disaster. Additionally, in preparation for emergencies such as large-scale natural disasters, we have established the second Shinkansen General Control Center that can substitute for the Shinkansen General Control Center for the Tokaido Shinkansen.

Response to Internal Control Related to Financial Reporting

We periodically investigate the system and execution situation, etc., within JR Central and JR Central Group companies in accordance with a basic framework offered by the Business Accounting Council in order to confirm that they are effectively functioning. JR Central also engages in efforts to maintain the level of internal control related to financial reporting by providing feedback from these investigations to duties.

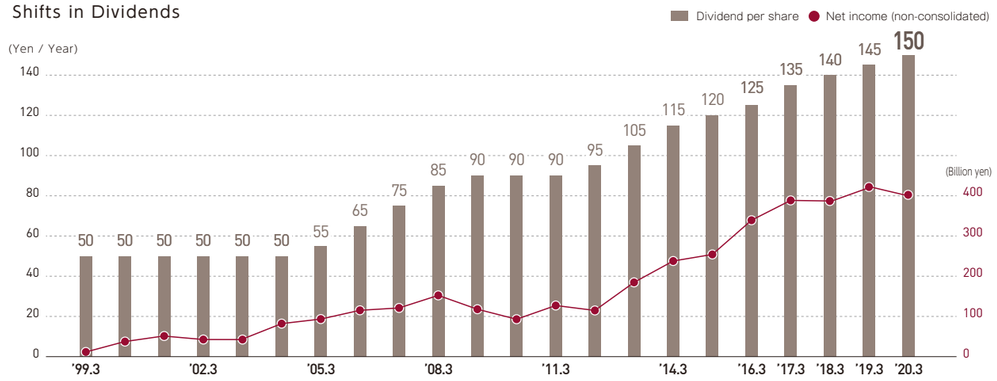
Concept of Capital Policy and Shareholder Return

We will finance our projects by issuing corporate bonds and borrowing, in addition to the long-term loan totaling 3 trillion yen acquired using the Fiscal Investment and Loan Program (FILP) to promote the construction of the Chuo Shinkansen, and we do not plan to use treasury shares or pursue capital increase at this point.

Due to the nature of the railway business, which operates from a long-term perspective, a specific dividend amount is determined considering the business environment and results of each fiscal year based on the Company's consistent and basic policy for the continuation of stable dividends. JR Central considers that shareholder returns through dividends are appropriate in principle, and we do not plan to purchase additional treasury stock at this point.

When we say "from a long-term perspective," we mean that we will not cut corners as we use current proceeds from our business to take necessary steps to ensure that our rail services continue to operate steadily over the long term. For example, we will undertake such measures as large-scale renovations as well as derailment and deviation countermeasures for the Shinkansen along with working on the Chuo Shinkansen, a major long-term project. We believe that continuing a stable dividends policy will best meet the long term benefits of our shareholders. We will maintain this principle of stable dividends during the construction of the Chuo Shinkansen.

Shifts in Dividends



*1 With respect to the amount of dividend per share for FY2012, given the adoption of the unit share system of splitting 1 share of common stock into 100 shares and setting one (1) unit of shares as 100 shares effective October 1, 2012, the amount was calculated on assumption that the stock split was conducted at the beginning of the period.

*2 The amount of dividend per share for FY2011 and prior is shown by dividing the amount by 100 for the ease of comparison with the amount for FY2012 and thereafter.

Respond to the Corporate Governance Code

JR Central has announced its stance on, and the initiatives it has put in place, in relation to the Corporate Governance Code (hereafter, “the Code”) found within Corporate Governance Report*.

Further, The reasons for not implementing the principles of the code and matters disclosed based on each principle of the code are as follows.

* Corporate Governance Report can be found on the Japan Exchange Group, Inc. website.

The reasons for not implementing the principles of the code

General principle	Supplementary principle	Disclosed contents
Principle 4-1 Roles and responsibilities of the Board of Directors (1)	Supplementary principle 4-1 2	• In the railway business, the core pillar of JR Central's business, ensuring safe and reliable transportation is an issue of utmost importance, and all aspects of our business, from our daily business operations, to employee training and capital investment, are implemented with the highest priority given to increasing the level of reliability of the services we provide and, as such, we do not implement a system of management whereby company-wide mid-term business plans are formulated and managerial targets are pursued in a manner that can neatly serve as a cross-sectional look at the state of the business at set moments. • While JR Central neither formulate mid-term management plans nor establish numerical targets in this manner, the Company does promote its railway business from a long-term perspective. Specifically, in addition to the construction of the Chuo Shinkansen, which is now underway, other measures that require a long-term capital investment, such as large-scale renovation for the Tokaido Shinkansen, the implementation of earthquake countermeasures, and plans to upgrade rolling stock in service, are established with a long-term perspective in mind, and we are steadily proceeding forward these projects. Plans and results of other major measures are announced publicly as appropriate, and steady progress continues to be made in these areas. We will continue to announce annual income and expenditure plans, key measures, and capital investment plans each year in light of our immediate management environment, and will continue to steadily enhance our management foundation in order to firmly maintain a sound management outlook based on efficient operational management stemming from the securing of safe and reliable transportation.
Principle 5-2 Establishing and Disclosing Business Strategies and Business Plans		
Principle 4-10 Use of Optional Approach	Supplementary principle 4-10 1	Three independent outside directors serve on our Board of Directors, and participate in discussions related to important management decisions and provide adequate oversight of the directors' performance of duties. Although we do not have an independent advisory committee, all three outside directors and part-time outside Audit Supervisory Board members exchange opinions with management on important management issues including appointments and remuneration. We also provide other information sharing opportunities that lead to constructive discussions and the exchange of opinions at Board of Directors meetings in order to ensure appropriate involvement and advice from independent outside directors.

Disclosure based on Corporate Governance Code principles

General principle	Supplementary principle	Disclosed contents
Principle 1-4 Cross-shareholdings		**[1] Policy concerning cross-shareholdings** Our strategy for cross-holdings is grounded in the belief that maintaining and bolstering business relationships through holding other companies' stock facilitates our operations and enhances our corporate value over the medium to long term. If any of our cross-holdings are deemed to be unnecessary in light of this policy, we will assess and possibly divest in them. **[2] Assessment of cross-holdings** Our Board of Directors examines whether it is beneficial to retain specific cross-holdings after scrutinizing them in light of the medium- to long-term economic rationale and outlook, purpose of owning such cross holdings, etc. **[3] Criteria for the exercising of voting rights** In terms of the exercising of cross-shareholding voting rights, JR Central closely examines the content of each resolution and decides how to vote in consideration of improving the corporate value of the Company over the mid- to long-term and the sustainable growth of business partners, etc.
Principle 1-7 Related party transactions		All transactions involving Directors which may pose a conflict of interest, and transactions between Directors and the Company, require the approval of, and reporting to, the Board of Directors as stipulated in relevant laws and regulations and rules governing the Board of Directors. Every year confirmations are made on a regular basis with officers as to whether related party transactions have been made between officers or relatives and the Company.
Principle 2-6 Roles of Corporate Pension Funds as Asset Owners		Since we do not offer a corporate-type defined benefit corporate pension plan, this principle does not apply to us. We use a defined contribution pension plan instead. We provide employees who participate in the defined contribution pension plan with adequate training on asset management since the plan affects their asset accumulation.
Principle 3-1 Full disclosure		**[1]** • JR Central was founded in 1987 as part of the reform of the national railway system with a mission of integrally maintaining, developing and future-proofing the Tokaido Shinkansen, which serves as Japan's main transportation artery linking Tokyo, Nagoya and Osaka, and the conventional line network in the Tokai region with a central focus around Nagoya and Shizuoka. Furthermore, JR Central established its management philosophy to “Contribute to the development of Japan's main transportation artery and social infrastructure” to reflect the direction the Company should aim at in line with the expanding scope of business activities going forward, including the operation, etc. of the three generations of railways, i.e. conventional lines, the Tokaido Shinkansen, and the Chuo Shinkansen. This management philosophy can be found on our website. URL https://global.jr-central.co.jp/en/company/about/outline.html • In the railway business, JR Central sets the highest priority on ensuring safe and reliable transportation. JR Central's fundamental policy is to stably and fully execute the long-term social mission described in detail above through the continuous efforts of providing services that are preferred by customers as well as the streamlining of work, etc. This Management Philosophy is included in the Business Strategy of the Annual Report, and can be found at the following URL. ▶ **Annual Report** URL https://global.jr-central.co.jp/en/company/ir/annualreport/
Principle 3-1 Full disclosure		• Specific measures to be implemented in the current business year based on this Management Philosophy are described in Key Measures and Capital Investment, and can be found at the URL below. ▶ **Key Measures and Capital Investment** URL https://company.jr-central.co.jp/company/achievement/capital-investment/ **[2]** The basic outlook on corporate governance is described in 1.1. Basic Outlook in the Corporate Governance Report. **[3]** Details on the policy and procedures concerning the setting of Director compensation are described in 2.1. [Director Compensation-related] Disclosure of Policy for Determining the Amount of Compensation and the Calculation Method for Such in the Corporate Governance Report. **[4]** It is our policy to appoint individuals who are most fit to perform the given duties for the company as directors and Audit and Supervisory Board members. In accordance with this policy, we select candidates based on a comprehensive review of their abilities, knowledge, work history, etc., regardless of age, sex and nationality, via a resolution of the Board of Directors and appoint them upon approval at a General Meeting of Shareholders. In appointing or dismissing a representative director, we follow the same policy as well as the provisions of relevant laws and the rules of the Board of Directors. **[5]** Director and Audit and Supervisory Board member candidates are appropriately selected in consideration of their career background provided in the General Meeting of Shareholders material. We disclose information concerning the change of a representative director as required by the Tokyo Stock Exchange's Timely Disclosure Rules.
Principle 4-1 Roles and responsibilities of the Board of Directors (1)	Supplementary principle 4-1 1	The Board of Directors is involved in decision making processes concerning matters stipulated in relevant laws and regulations and the articles of incorporation, matters put in their charge at a general shareholders' meeting, and important matters related to the execution of business. A specific outline of such matters is established in the rules governing the Board of Directors. Further, the Board of Directors clearly defines the division of duties and job functions for each department based on internal regulations, clarifies the scope of authority for Directors and corporate officers, while also defining the division of roles of Directors and areas in which corporate officers are put in charge.
Principle 4-9 Independence standards and qualification for Independent Directors		The Company determines the level of independence of Outside Directors and Outside Audit and Supervisory Board Members based on the criteria for independence established by the Japan Exchange Group, Inc. in order to ensure that the opinions provided by Outside Directors and Outside Audit and Supervisory Board Members on matters raised are formed from an independent standpoint, and are based on the high degree of experience and insight accumulated outside the Company.
Principle 4-11 Premises for ensuring the effectiveness of the Board of Directors and the Audit and Supervisory Board	Supplementary principle 4-11 1	The appointment of Directors is conferred to General Shareholders Meetings following a resolution of the Board of Directors concerning the appropriate election of candidates deemed to be the most fitting for the role as selected based upon a general consideration of their abilities, knowledge, and work history, etc., regardless of age, sex and nationality. The number of Directors elected, and the division of Director roles, etc. is determined based on a comprehensive consideration of the level of progress of each project at the time based on a policy of establishing the most appropriate management structure for the execution of the Company's business activities.
	Supplementary principle 4-11 2	The status of Directors and Audit and Supervisory Board Members holding important concurrent positions is as described in business reports and General Shareholders Meeting Reference Materials. All currently held positions bear no hindrance on the Director or Audit and Supervisory Board Member's ability to fulfill the roles and responsibilities of such a position for the Company.
	Supplementary principle 4-11 3	The Board of Directors of the Company meets once or more a month to make legal and appropriate decisions upon fully discussing issues stipulated by law, following conscientious briefings that are given to bring all concerned up to speed on the background of issues discussed, and the progress status for such. Further, the status of the execution of duties by Directors is monitored by having Directors report back on business functions under their charge when needed. JR Central receives valuable broad-view advice on management from Outside Directors, which is brought into consideration in regulating the management of the Company. Additionally, round-table conferences for opinion exchanges between Outside Directors, Outside Audit and Supervisory Board Members and members of management are set up ahead of meetings of the Board of Directors in order to further improve the effectiveness of the Board of Directors. Through the above-mentioned initiatives, we find at meetings of the Board of Directors that the effectiveness of the entire Board of Directors is ensured to a satisfactory degree.
Principle 4-14 Director and Audit and Supervisory training	Supplementary principle 4-14 2	All Directors and Audit and Supervisory Board Members of the Company have the sufficient ability and insight to fulfill their roles and responsibilities, and perform their duties with an appropriate sense of responsibility as entrusted by all shareholders, while continuing to refine their skills and knowledge by actively participating in external training programs, etc. JR Central takes necessary measures to ensure that all Directors and Audit and Supervisory Board Members perform the duties required of them, such as in instances where relevant laws and regulations are revised, for example, by making the content of such revisions commonly known through meetings, etc., and by holding training events to share management issues faced by the Company so that the Company can make decisions concerning such issues in an appropriate manner.
Principle 5-1 Policy for constructive dialog with shareholders		JR Central has established a Policy for Promoting Constructive Dialog with Shareholders as follows. • JR Central positions the General Meeting of Shareholders as an important opportunity for dialog with shareholders and strives to improve the quality of questions and answers sessions in the meeting as a means of contributing to sustainable growth and enhancing corporate value over the mid- to long-term. All dialog with shareholders is overseen by the General Manager of the Administration Department, and questions, opinions and requests are fielded from shareholders and responded to in the form of an individual meeting or over the telephone, etc. where it is reasonable to do so. • Of this, dialog with institutional investors is overseen by the Director General of the Corporate Planning Division, and the IR team is placed in the Business Administration Department, Corporate Planning Division in order to further improve shareholder dialog by organically coordinating with the Administration, Finance, Legal Departments, etc. Dialog response is the purview of the IR team, and a response is made together with members of management and Directors, where reasonable, based on a general consideration of the requests and interests, etc. put forth by the institutional investor. Specifically, we strive to improve upon dialog measures by not only holding individual meetings but also holding conference calls and facility tours, etc., where necessary, in addition to holding financial results briefings quarterly. • We also strive to enrich the broader provision of information to shareholders by sending reports on information presented at financial results briefings biannually, on top of posting this information on our website. Moreover, we work to ensure that a sufficient degree of information concerning decisions made on important measures and important capital investments reaches as large a number of stakeholders as possible using the mass media services to deliver detailed information at press conferences held by the President, and by presenting such information to the press. • The content of discussions with shareholders is reported to members of management and, if necessary, feedback is given to the Board of Directors. • Under no circumstances is insider information communicated during discussions with shareholders. Furthermore, the 14-day period in the lead up to the day in which financial results are announced each quarter is designated as a silent period, in which the Company refrains from discussing financial results.

Governance

Board of Directors, Audit and Supervisory Board Members, and Corporate Officers [as of June 23, 2020]

Chairman
Representative Director

Koei Tsuge

President
Representative Director

Shin Kaneko

Executive Vice President
Representative Director

Yoshiki Suyama
overseeing the Administrative Departments

Executive Vice President
Representative Director

Shun-ichi Kosuge
overseeing the General Technology Division, and the Overseas High Speed Railway Project

Executive Vice President
Representative Director

Mamoru Uno (Ph.D.)
overseeing the Chuo Shinkansen Promotion Division

Executive Vice President
Representative Director

Mamoru Tanaka
overseeing the Railway Operations Division, and Safety Sections

Director
Senior Corporate Executive Officer
Director General of the Chuo Shinkansen Promotion Division

Takanori Mizuno
overseeing the Construction Sections

Director
Senior Corporate Executive Officer
Director General of the General Technology Division

Atsuhito Mori
overseeing the Electrical Engineering Sections

Director
Corporate Executive Officer
Director General of the Corporate Planning Division

Shunsuke Niwa

Director
Corporate Executive Officer
Director General of the Conventional Lines Operations Division

Hiroshi Suzuki
overseeing the Tracks and Structures Sections

Director
Corporate Executive Officer
Director General of the Shinkansen Operations Division

Takayuki Oyama
overseeing the Rolling Stock Sections

Director
Corporate Executive Officer
Director General of the Business Promotion Division

Hajime Kobayashi

Director
Torkel Patterson

Reasons for election

Mr. Torkel Patterson has a wealth of connections overseas through holding important positions in the U.S. government, such as special assistant to the president, as well as extensive experience and deep insight. His ability, insight and experience are suitable for our group to maintain sound management and further develop, thus we believe he is qualified for the position of Director of our company.

Director (Outside)
Haruo Kasama

Reasons for election

Mr. Haruo Kasama has a wealth of experience and extensive knowledge of law through holding important positions such as the superintending prosecutor and prosecutor general of the Tokyo High Public Prosecutors Office. In terms of supervision and advice by an outside director, his ability, insight and experience are suitable for our group to maintain sound management and further develop, thus we believe he is qualified for the position of Director of our company.

Full-time Audit and Supervisory Board Member
Tatsuhiko Yamada

Reasons for election

Mr. Tatsuhiko Yamada has served in positions such as Manager of Funding Section of our Company's Finance Department and Manager of Accounting Section of the same Department, and has made efforts to strengthen the management foundation of our group. Currently, as Corporate Officer and General Manager of the Finance Department, he is in charge of the Finance Division of the Company, working to improve the financial strength of our group as a whole. As such, he possesses high-level expertise in finance and accounting. His ability, insight, and career are suitable for auditing the execution of duties by directors, and thus we believe he is qualified for the position of Audit & Supervisory Board Member of the Company.

Full-time Audit and Supervisory Board Member (Outside)
Fumio Yamashita

Reasons for election

Mr. Fumio Yamashita has a wealth of experience and a high level of insight in police administration, etc., through his positions such as Deputy Superintendent General of the Metropolitan Police Department and Director-General of the Community Safety Bureau of the National Police Agency. His ability, insight and experience are suitable for auditing the execution of duties by directors, and thus we believe he is qualified for the position of outside Audit & Supervisory Board Member of the Company.

Audit and Supervisory Board Members (Outside)
Kunihiro Nasu

Reasons for election

Mr. Kunihiro Nasu has a wealth of experience and extensive knowledge of law through his positions such as Vice President of the Japan Federation of Bar Associations and Chairman of the Aichi Prefectural Personnel Commission. His ability, insight and experience are suitable for auditing the execution of duties by directors, and thus we believe he is qualified for the position of outside Audit & Supervisory Board Member of the Company.

Director (Outside)
Takashi Saeki

Reasons for election

Mr. Takashi Saeki has a wealth of experience and deep insight in corporate management through holding important positions such as president and representative director of TOHO GAS Co., Ltd. In terms of supervision and advice by an outside director, his ability, insight and experience are suitable for our group to maintain sound management and further develop, thus we believe he is qualified for the position of Director of our company.

Director (Outside)
Taku Oshima

Reasons for election

Mr. Taku Oshima has a wealth of experience and deep insight in corporate management through holding important positions such as president and representative director of NGK Insulators, Ltd. In terms of supervision and advice by an outside director, his ability, insight and experience are suitable for our group to maintain sound management and further develop, thus we believe he is qualified for the position of Director of our company.

Full-time Audit and Supervisory Board Member (Outside)
Hajime Ishizu

Reasons for election

Mr. Hajime Ishizu has a wealth of experience and a high level of insight in transportation administration, etc., through his positions as Director-General of the Kinki District Transport Bureau and Vice-Minister for Transport and International Affairs of the Ministry of Land, Infrastructure, Transport and Tourism. His ability, insight and experience are suitable for auditing the execution of duties by directors, and thus we believe he is qualified for the position of outside Audit & Supervisory Board Member of the Company.

Audit and Supervisory Board Members (Outside)
Shigeo Kifuji

Reasons for election

Mr. Shigeo Kifuji has a wealth of experience and extensive knowledge of law through his positions such as Superintending Prosecutor of the Hiroshima High Public Prosecutors Office and Superintending Prosecutor of the Tokyo High Public Prosecutors Office. His ability, insight and experience are suitable for auditing the execution of duties by directors, and thus we believe he is qualified for the position of outside Audit & Supervisory Board Member of the Company.

Senior Corporate Executive Officers
Takanori Mizuno
Motoaki Terai
Akihiko Ito
Atsuhito Mori

Corporate Executive Officers
Shunsuke Niwa
Hajime Ikuta
Atsushi Honda (Ph.D.)
Hiroto Takeuchi (Ph.D.)
Hiroshi Suzuki
Takayuki Oyama
Hajime Kobayashi

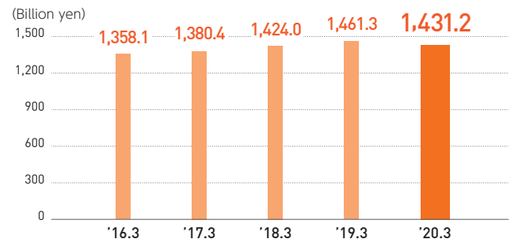
Corporate Officers
Masayuki Ueno
Tatsuya Okajima
Manabu Ishibashi
Shigeki Miyamoto
Hiroshi Oshima
Yoshihiko Uchida
Masami Nitta
Masahiro Yamamoto
Masaya Sugiura
Kenichi Niimi
Atsushi Tsujimura
Hiroshi Matsuo
Kentaro Takeda
Kenji Hagihara
Ataru Kimura
Yoichiro Dendo
Takahide Saito
Masaru Yosano
Hisao Sawada
Hiroshi Shigeta
Naoki Hayakawa
Hirotaka Kawata
Kazuma Tsukamoto
Masafumi Kondo
Shunichi Usui
Yoichi Inoue
Mitsuhiro Aoki
Masami Owaki
Seigo Hatada

Financial Information

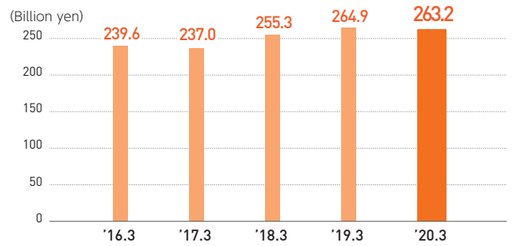
Shifts in Operating Revenues

※Operating revenues by segment include sales to other segments in addition to sales to external customers.

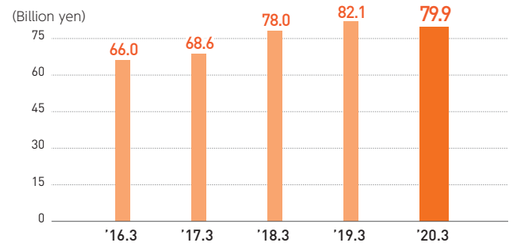
Transportation



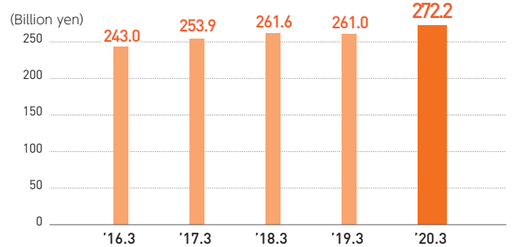
Merchandise and Other



Real Estate



Other



Consolidated

	FY2015	FY2016	FY2017	FY2018	FY2019
	(Billion yen)	(Billion yen)	(Billion yen)	(Billion yen)	(Billion yen)
Operating Revenues	¥1,738.4	¥1,756.9	¥1,822.0	¥1,878.1	¥1,844.6
Operating expenses	1,159.7	1,137.4	1,160.0	1,168.3	1,188.4
Operating Income	578.6	619.5	662.0	709.7	656.1
Income before income taxes	508.1	560.0	561.8	630.2	573.4
Net income attributable to owners of the parent	337.4	392.9	395.5	438.7	397.8
Depreciation and amortization	242.3	225.3	216.0	211.2	214.5
Capital expenditure※1	238.3	329.9	325.6	414.3	463.7
Total assets	5,268.5	7,052.6	8,908.6	9,295.7	9,603.1
Total equity	2,352.5	2,726.7	3,084.7	3,508.0	3,872.1
Equity	2,316.3	2,692.4	3,055.4	3,471.2	3,831.8
Equity Ratio	44.0%	38.2%	34.3%	37.3%	39.9%
Operating Income/Total Assets	11.0%	10.1%	8.3%	7.8%	6.9%
Return on Equity	15.6%	15.7%	13.8%	13.4%	10.9%
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Earnings per Share	¥1,714	¥1,996	¥2,015	¥2,238	¥2,027
Annual Dividends per share	125	135	140	145	150

※1: Increase in tangible fixed assets and intangible fixed assets

Non-consolidated

	FY2015	FY2016	FY2017	FY2018	FY2019
	(Billion yen)	(Billion yen)	(Billion yen)	(Billion yen)	(Billion yen)
Operating Revenues	¥1,357.9	¥1,380.7	¥1,427.4	¥1,464.8	¥1,436.9
Railways Business	1,349.7	1,371.9	1,414.8	1,452.0	1,422.2
Affiliated Businesses	8.2	8.8	12.5	12.8	14.7
Operating expenses	800.3	784.9	802.1	797.1	813.9
Railways Business	794.1	779.9	793.5	788.7	805.4
Affiliated Businesses	6.1	4.9	8.6	8.3	8.4
Operating Income	557.6	595.8	625.2	667.7	623.0
Income before income taxes	491.7	541.1	549.5	590.1	539.9
Net income	328.6	381.8	384.4	414.0	378.8
Depreciation and amortization	227.0	210.9	198.6	193.4	195.5
Total capital investments	259.1	330.8	384.5	448.8	499.6
Total assets	5,059.4	6,814.3	8,726.4	9,092.1	9,401.2
Total equity	2,219.9	2,582.8	2,929.8	3,315.4	3,658.6

Comparative Balance Sheet (Consolidated)

	FY2015	FY2016	FY2017	FY2018	FY2019
	(Billion yen)	(Billion yen)	(Billion yen)	(Billion yen)	(Billion yen)
Current assets	¥530.7	¥2,191.5	¥3,804.7	¥3,630.6	¥3,382.6
Of these assets, the Chuo Shinkansen construction fund management trust	—	1,472.7	2,840.9	2,670.5	2,435.0
Fixed assets	4,737.8	4,861.1	5,103.9	5,665.0	6,220.4
Tangible fixed assets	4,414.7	4,488.4	4,544.7	4,706.6	4,925.1
Intangible fixed assets	24.2	32.7	55.6	77.5	91.1
Investments and other assets	298.8	339.9	503.5	880.8	1,204.1
Total assets	5,268.5	7,052.6	8,908.6	9,295.7	9,603.1
Current liabilities	639.2	555.3	602.8	650.2	625.6
Fixed liabilities	2,276.7	3,770.5	5,221.1	5,137.4	5,105.3
Out of these liabilities, long-term debt for the Chuo Shinkansen	—	1,500.0	3,000.0	3,000.0	3,000.0
Total liabilities	2,915.9	4,325.9	5,823.9	5,787.6	5,731.0
Total net assets	2,352.5	2,726.7	3,084.7	3,508.0	3,872.1
Total liabilities and net assets	5,268.5	7,052.6	8,908.6	9,295.7	9,603.1

Comparative Cash Flow Statement (Consolidated)

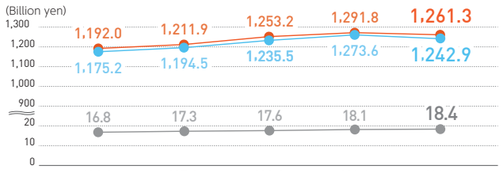
	FY2015	FY2016	FY2017	FY2018	FY2019
	(Billion yen)	(Billion yen)	(Billion yen)	(Billion yen)	(Billion yen)
Cash flows from operating activities	¥601.4	¥580.5	¥609.5	¥600.3	¥595.2
Cash flows from investing activities	▲ 170.3	▲ 1,909.5	▲ 1,676.4	▲ 597.5	▲ 552.4
Payments for purchases of tangible/intangible fixed assets, etc.	▲ 252.3	▲ 330.1	▲ 306.9	▲ 397.8	▲ 459.0
Proceeds/expenditures concerning the Chuo Shinkansen construction fund management trust (net amount)	—	▲ 1,472.7	▲ 1,368.1	170.3	235.5
Proceeds and expenditures from fund management (net amount)	82.0	▲ 106.7	▲ 1.3	▲ 370.0	▲ 328.9
Cash flows from financing activities	▲ 242.8	1,425.1	1,434.7	▲ 33.6	▲ 32.9
Proceeds from long-term debt for the Chuo Shinkansen	—	1,500.0	1,500.0	—	—
Net increase in cash and cash equivalents	188.3	96.2	367.8	▲ 30.8	9.7
Cash and cash equivalents at beginning of period	130.0	318.3	414.5	782.4	751.6
Cash and cash equivalents at end of period	318.3	414.5	782.4	751.6	761.3

Financial Information

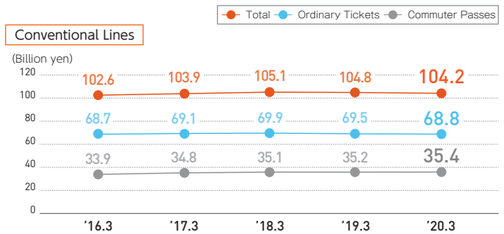
Financial and Transportation Data

Transportation revenues

Shinkansen

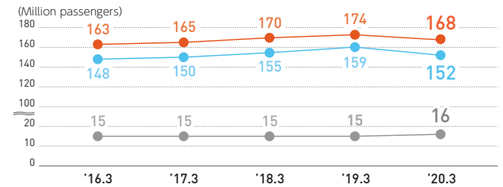


Conventional Lines

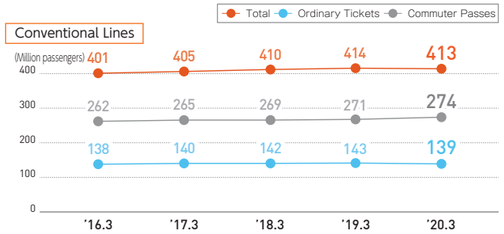


Passenger Ridership

Shinkansen

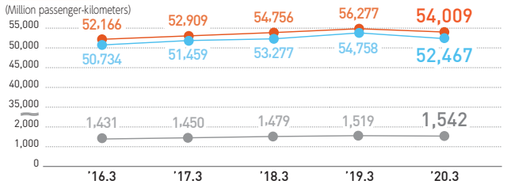


Conventional Lines

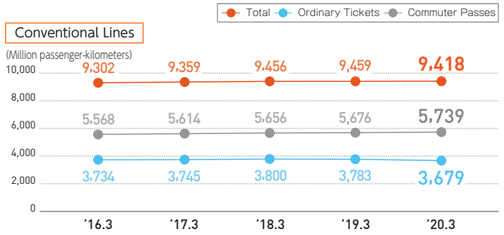


Passenger kilometers

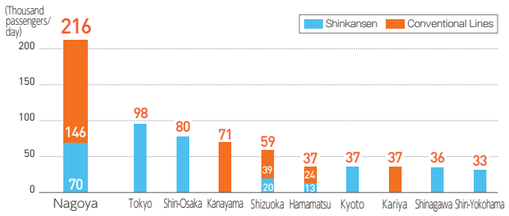
Shinkansen



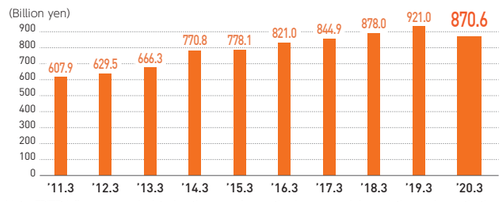
Conventional Lines



Top 10 Stations in terms of Number of Average Daily Passengers [FY2019]

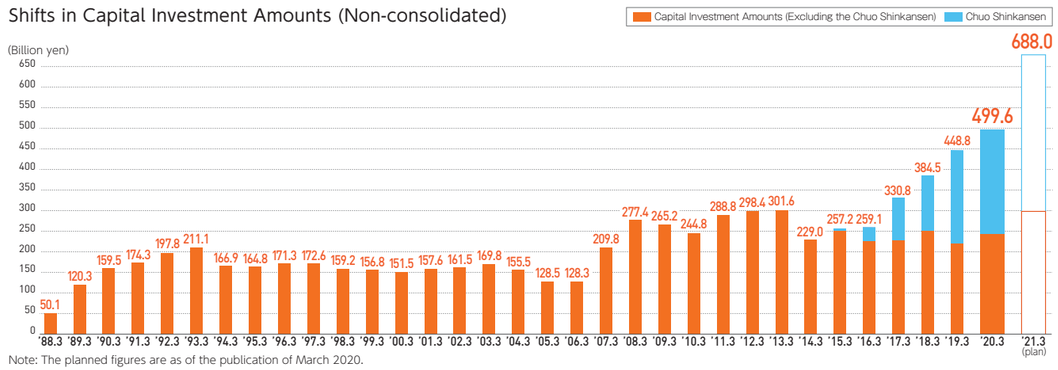


Shifts in EBITDA (consolidated)



Note: EBITDA figures are calculated as the sum of operating income and depreciation and amortization

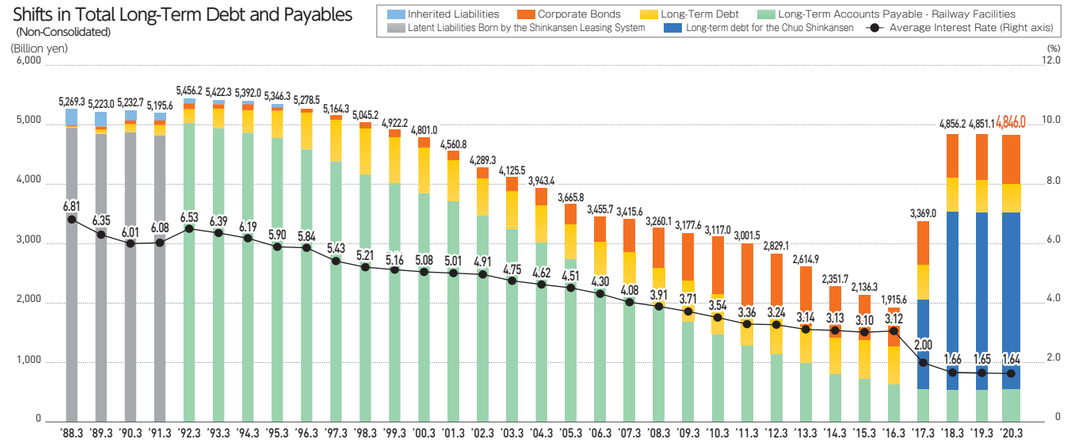
Shifts in Capital Investment Amounts (Non-consolidated)



Note: The planned figures are as of the publication of March 2020.

Shifts in Total Long-Term Debt and Payables

(Non-Consolidated)



Long-Term Loan Using the Fiscal Investment and Loan Program (Long-term debt for the Chuo Shinkansen)

In November 2016, JR Central applied for a long-term loan using the Fiscal Investment and Loan Program (hereinafter, "FILP Loan") for 3 trillion yen (plan) to Japan Railway Construction, Transport and Technology Agency ("JRTT") to promote the construction of the Chuo Shinkansen. We proceeded to borrow funds in five lots sequentially thereafter and secured financing for a planned total of 3 trillion yen in July 2017.

The advantage we gain from the FILP loan lies in mitigating three management risks, which are interest-rate increase risk, financing risk, and redemption risk. Specifically, since we can secure long-term, fixed- and low-interest rate funds, we are able to mitigate the risk of interest rates rising in the future and fix interest payments at a low level for a long period of time.

Under the original plan, roughly 3 trillion yen of the construction cost for the route between Shinagawa and Nagoya, which is approximately 5.5 trillion yen, was expected to require new financing. However, by securing the amount through the FILP Loan, we have the funds needed until live operation in Nagoya without being considerably impacted by future economic conditions and interest rate fluctuations, thereby reducing financing risk.

Furthermore, since the FILP Loan matures after the construction period of the Chuo Shinkansen, during which time a large amount of funds is needed, we are able to build up cash from operating activities to provide for the redemption of liabilities, thereby also mitigating redemption risk.

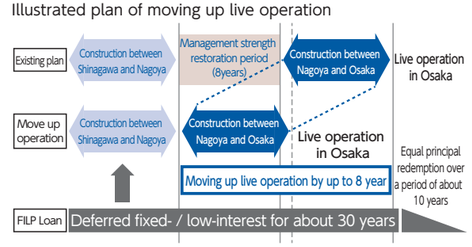
In the material submitted to the Transport Policy Council of the Ministry of Land, Infrastructure, Transport and Tourism in 2010, we indicated in our outlook that a period of 8 years after live operation in Nagoya will be set to recover management strength. After reducing long-term debt by a certain amount, construction on the route between Nagoya and Osaka will be initiated while seeing that sound management and stable dividends are strictly maintained, and ensuring that the balance of long-term debt does not exceed 5 trillion yen throughout the project period until live operation of the entire line. By utilizing this FILP Loan, we are able to reduce this period for restoring management strength and promote construction efforts in an aim to moving up live operation of the entire line by up to 8 years.

The Chuo Shinkansen Project is pursued based on the premise that JR Central, as a private corporation, covers full cost of construction, while securing management autonomy in investment and seeing that sound management and stable dividends are strictly maintained until the construction work is fully completed. The FILP Loan poses no change to this premise.

As for the terms of the FILP Loan, the weighted average rate is 0.86%, which is fixed throughout the entire period, and the annual interest expenses are 25.7 billion yen. The repayment method is equal principal payment over a period of roughly 10 years after deferring the payment of principal for about 30 years.

The funds procured from the FILP Loan will be applied only for the cost of construction of the Chuo Shinkansen. We ensure the transparency of funds by setting a trust aimed at segment-based management.

Illustrated plan of moving up live operation



Consolidated Balance Sheet

Central Japan Railway Company and Consolidated Subsidiaries — March 31, 2020

ASSETS	Millions of Yen (Note 2)		Thousands of U.S. Dollars (Note 2)
	2020	2019	**2020**
CURRENT ASSETS:			
Cash and cash equivalents (Note 12)	**¥ 761,376**	¥ 751,636	**$ 7,049,777**
Money held in trust for the Chuo Shinkansen construction (Notes 3.c and 12)	**2,435,015**	2,670,591	**22,546,435**
Trade receivables (Note 12)	**87,933**	112,845	**814,194**
Allowance for doubtful accounts	**(14)**	(61)	**(129)**
Inventories	**43,923**	46,358	**406,694**
Prepaid expenses and other	**54,447**	49,322	**504,138**
Total current assets	***3,382,682***	*3,630,692*	***31,321,129***
NONCURRENT ASSETS:			
Investments and other assets:			
Investment securities (Notes 4 and 12)	**833,406**	663,350	**7,716,722**
Investments in and advances to unconsolidated subsidiaries and affiliates (Note 4)	**18,539**	17,588	**171,657**
Asset for retirement benefits (Note 8)	**3,433**	7,939	**31,787**
Deferred tax assets (Note 11)	**176,899**	170,574	**1,637,953**
Prepaid expenses and other	**262,964**	98,926	**2,434,851**
Total investments and other assets	***1,295,244***	*958,378*	***11,993,000***
Property, plant and equipment (Note 3.f):			
Buildings and structures	**4,920,971**	4,863,017	**45,564,546**
Machinery, rolling stock and vehicles	**1,433,417**	1,426,907	**13,272,379**
Land	**2,354,868**	2,354,886	**21,804,333**
Construction in progress	**890,016**	616,395	**8,240,888**
Other	**183,416**	189,859	**1,698,296**
Total	***9,782,690***	*9,451,067*	***90,580,462***
Accumulated depreciation	**(4,857,490)**	(4,744,393)	**(44,976,759)**
Net property, plant and equipment	***4,925,199***	*4,706,673*	***45,603,694***
Total noncurrent assets	***6,220,443***	*5,665,052*	***57,596,694***
TOTAL ASSETS (Note 5)	***¥ 9,603,126***	*¥ 9,295,745*	***$ 88,917,833***

See notes to consolidated financial statements.

March 31, 2020

LIABILITIES AND EQUITY	Millions of Yen (Note 2)		Thousands of U.S. Dollars (Note 2)
	2020	2019	**2020**
CURRENT LIABILITIES:			
Short-term loans payable (Notes 5 and 12)	**¥ 29,497**	¥ 28,392	**$ 273,120**
Current portion of long-term debt (Notes 5 and 12)	**84,969**	110,493	**786,750**
Current portion of long-term debt of the employee—stock ownership plan trust (Notes 3.l, 10 and 12)	**5,400**	5,400	**50,000**
Current portion of long-term accounts payable—railway facilities (Notes 7 and 12)	**5,783**	5,444	**53,546**
Trade payables (Note 12)	**259,465**	246,282	**2,402,453**
Provision for bonuses	**28,440**	28,716	**263,333**
Income taxes payable (Note 12)	**83,575**	105,698	**773,842**
Advances received	**31,615**	51,113	**292,731**
Other	**96,935**	68,719	**897,546**
Total current liabilities	***625,682***	*650,260*	***5,793,351***
NONCURRENT LIABILITIES:			
Long-term debt (Notes 5 and 12)	**1,222,606**	1,196,732	**11,320,425**
Long-term debt for the Chuo Shinkansen construction (Notes 3.c, 6 and 12)	**3,000,000**	3,000,000	**27,777,777**
Long-term debt of the employee stock ownership—plan trust (Notes 3.l, 10 and 12)	**4,300**	9,700	**39,814**
Long-term accounts payable—railway facilities (Notes 7 and 12)	**532,666**	538,451	**4,932,092**
Provision for large-scale renovation of the Shinkansen infrastructure (Note 3.j)	**105,000**	140,000	**972,222**
Liability for retirement benefits (Note 8)	**190,774**	194,347	**1,766,425**
Other (Note 11)	**49,994**	58,188	**462,907**
Total noncurrent liabilities	***5,105,341***	*5,137,419*	***47,271,675***
CONTINGENCIES (Note 15):			
EQUITY (Notes 9 and 18):			
Common stock—authorized, 824,000,000 shares; issued, 206,000,000 shares in 2020 and 2019	**112,000**	112,000	**1,037,037**
Capital surplus	**53,486**	53,497	**495,240**
Retained earnings	**3,755,901**	3,387,569	**34,776,861**
Treasury stock—at cost, 9,644,869 shares in 2020 and 9,923,059 shares in 2019 (Notes 3.l and 10)	**(111,615)**	(116,912)	**(1,033,472)**
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	**20,729**	33,024	**191,935**
Remeasurements of defined benefit plans (Note 8)	**1,331**	2,116	**12,324**
Total	***3,831,833***	*3,471,294*	***35,479,935***
Noncontrolling interests	***40,269***	*36,770*	***372,861***
Total equity	***3,872,103***	*3,508,065*	***35,852,805***
TOTAL LIABILITIES AND EQUITY	***¥ 9,603,126***	*¥ 9,295,745*	***$ 88,917,833***

See notes to consolidated financial statements.

Consolidated Statement of Income

Central Japan Railway Company and Consolidated Subsidiaries — Year Ended March 31, 2020

	Millions of Yen (Note 2)			Thousands of U.S. Dollars (Note 2)
	2020	2019	2018	**2020**
OPERATING REVENUES	**¥ 1,844,647**	¥ 1,878,137	¥ 1,822,039	**$ 17,080,064**
OPERATING EXPENSES (Note 3.m):				
Transportation, other services and cost of sales (Note 3.j)	**991,462**	970,811	966,688	**9,180,203**
Selling, general and administrative expenses	**197,021**	197,551	193,326	**1,824,268**
Total operating expenses	***1,188,483***	*1,168,362*	*1,160,015*	***11,004,472***
Operating income	***656,163***	*709,775*	*662,023*	***6,075,583***
OTHER INCOME (EXPENSES):				
Interest and dividend income	**5,744**	4,939	3,314	**53,185**
Interest expense (Note 7)	**(79,906)**	(80,723)	(78,722)	**(739,870)**
Other—net (Note 3.n)	**(8,565)**	(3,719)	(24,762)	**(79,305)**
Other expenses—net	***(82,727)***	*(79,503)*	*(100,171)*	***(765,990)***
INCOME BEFORE INCOME TAXES	**573,436**	630,271	561,852	**5,309,592**
INCOME TAXES (Note 11):				
Current	**172,873**	190,699	183,663	**1,600,675**
Deferred	**(3,757)**	(5,465)	(11,710)	**(34,787)**
Total income taxes	***169,116***	*185,233*	*171,952*	***1,565,888***
NET INCOME	**404,319**	445,037	389,899	**3,743,694**
NET INCOME (LOSS) ATTRIBUTABLE TO NONCONTROLLING INTERESTS	**6,438**	6,322	(5,603)	**59,611**
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	***¥ 397,881***	*¥ 438,715*	*¥ 395,502*	***$ 3,684,083***

	Yen			U.S. Dollars
	2020	2019	2018	**2020**
PER SHARE OF COMMON STOCK (Note 3.t):				
Basic net income	**¥ 2,027.86**	¥ 2,238.95	¥ 2,015.48	**$ 18.78**
Cash dividends applicable to the year	**150.00**	145.00	140.00	**1.39**

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Central Japan Railway Company and Consolidated Subsidiaries — Year Ended March 31, 2020

	Millions of Yen (Note 2)			Thousands of U.S. Dollars (Note 2)
	2020	2019	2018	**2020**
NET INCOME	**¥ 404,319**	¥ 445,037	¥ 389,899	**$ 3,743,694**
OTHER COMPREHENSIVE (LOSS) INCOME (Note 16):				
Unrealized (loss) gain on available-for-sale securities	**(13,222)**	(4,409)	9,521	**(122,425)**
Deferred gain (loss) on hedges		7	(4)	
Remeasurements of defined benefit plans	**(2,611)**	5,519	4,704	**(24,175)**
Share of other comprehensive income in affiliates	**(68)**	58	78	**(629)**
Total other comprehensive (loss) income	***(15,901)***	*1,175*	*14,299*	***(147,231)***
COMPREHENSIVE INCOME	**¥ 388,418**	¥ 446,213	¥ 404,198	**$ 3,596,462**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the parent	**¥ 384,802**	¥ 438,691	¥ 409,065	**$ 3,562,981**
Noncontrolling interests	**3,615**	7,521	(4,866)	**33,472**

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

Central Japan Railway Company and Consolidated Subsidiaries — Year Ended March 31, 2020

	Thousands	Millions of Yen (Note 2)									
						Accumulated Other Comprehensive Income					
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Deferred Loss on Hedges	Remeasurements of Defined Benefit Plans	Total	Noncontrolling Interests	Total Equity
BALANCE, APRIL 1, 2017	196,799	¥112,000	¥53,498	¥2,608,511	¥(103,159)	¥28,832	¥ (1)	¥ (7,229)	¥2,692,451	¥34,277	¥2,726,729
Net income attributable to owners of the parent				395,502					395,502		395,502
Dividends from surplus, ¥140 per share				(27,580)					(27,580)		(27,580)
Purchase of treasury stock	(1,121)				(21,365)				(21,365)		(21,365)
Disposal of treasury stock	149		0		2,838				2,838		2,838
Changes in the ownership interest by purchases of shares of consolidated subsidiaries			(0)						(0)		(0)
Net change in the year						9,178	(2)	4,387	13,562	(4,947)	8,615
BALANCE, MARCH 31, 2018	195,826	112,000	53,498	2,976,434	(121,687)	38,011	(3)	(2,842)	3,055,410	29,329	3,084,739
Net income attributable to owners of the parent				438,715					438,715		438,715
Dividends from surplus, ¥140 per share				(27,580)					(27,580)		(27,580)
Purchase of treasury stock	(0)				(0)				(0)		(0)
Disposal of treasury stock	250				4,774				4,774		4,774
Changes in the ownership interest by purchases of shares of consolidated subsidiaries			(0)						(0)		(0)
Net change in the year						(4,986)	3	4,958	(23)	7,440	7,417
BALANCE, MARCH 31, 2019	196,076	112,000	53,497	3,387,569	(116,912)	33,024		2,116	3,471,294	36,770	3,508,065
Net income attributable to owners of the parent				397,881					397,881		397,881
Dividends from surplus, ¥150 per share				(29,550)					(29,550)		(29,550)
Purchase of treasury stock	(0)				(0)				(0)		(0)
Disposal of treasury stock	278				5,297				5,297		5,297
Changes in the ownership interest by purchases of shares of consolidated subsidiaries			(11)						(11)		(11)
Net change in the year						(12,294)		(785)	(13,079)	3,498	(9,580)
BALANCE, MARCH 31, 2020	*196,355*	*¥112,000*	*¥53,486*	*¥3,755,901*	*¥(111,615)*	*¥20,729*	*¥*	*¥ 1,331*	*¥3,831,833*	*¥40,269*	*¥3,872,103*

	Thousands of U.S.Dollars (Note 2)									
					Accumulated Other Comprehensive Income					
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Deferred Loss on Hedges	Remeasurements of Defined Benefit Plans	Total	Noncontrolling Interests	Total Equity
BALANCE, MARCH 31, 2019	$1,037,037	$495,342	$31,366,379	$(1,082,518)	$305,777	$	$19,592	$32,141,611	$340,462	$32,482,083
Net income attributable to owners of the parent			3,684,083					3,684,083		3,684,083
Dividends from surplus, $1.39 per share			(273,611)					(273,611)		(273,611)
Purchase of treasury stock				(0)				(0)		(0)
Disposal of treasury stock				49,046				49,046		49,046
Changes in the ownership interest by purchases of shares of consolidated subsidiaries		(101)						(101)		(101)
Net change in the year					(113,833)		(7,268)	(121,101)	32,388	(88,703)
BALANCE, MARCH 31, 2020	*$1,037,037*	*$495,240*	*$34,776,861*	*$(1,033,472)*	*$191,935*	*$*	*$ 12,324*	*$35,479,935*	*$372,861*	*$35,852,805*

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Central Japan Railway Company and Consolidated Subsidiaries — Year Ended March 31, 2020

	Millions of Yen (Note 2)			Thousands of U.S. Dollars (Note 2)
	2020	2019	2018	**2020**
OPERATING ACTIVITIES:				
Income before income taxes	**¥ 573,436**	¥ 630,271	¥ 561,852	**$ 5,309,592**
Adjustments for:				
Income taxes—paid	**(193,991)**	(194,689)	(159,463)	**(1,796,212)**
Depreciation and amortization	**214,517**	211,262	216,027	**1,986,268**
Equity in earnings of affiliates	**(371)**	(294)	(603)	**(3,435)**
Proceeds from contribution for construction	**(2,165)**	(2,984)	(9,981)	**(20,046)**
Loss on reduction of noncurrent assets	**2,549**	3,531	10,222	**23,601**
Loss on retirement of noncurrent assets	**7,804**	8,272	8,746	**72,259**
Gain on sales of noncurrent assets—net	**(537)**	(926)	(11,737)	**(4,972)**
Changes in assets and liabilities:				
Decrease in provision for large-scale renovation of Shinkansen infrastructure	**(35,000)**	(35,000)	(35,000)	**(324,074)**
Decrease (increase) in trade receivables	**24,911**	(10,824)	(7,244)	**230,657**
Decrease (increase) in inventories	**2,801**	(7,697)	(971)	**25,935**
Increase in trade payables	**393**	425	17,675	**3,638**
(Decrease) increase in advances received	**(19,497)**	6,940	1,018	**(180,527)**
(Decrease) increase in liability for retirement benefits	**(2,203)**	(675)	1,040	**(20,398)**
Other—net	**22,579**	(7,292)	18,015	**209,064**
Net cash provided by operating activities	***595,227***	*600,319*	*609,595*	***5,511,361***
INVESTING ACTIVITIES:				
Payments for money held in trust for the Chuo Shinkansen construction			(1,500,000)	
Proceeds from cancellation of money held in trust for the Chuo Shinkansen construction	**235,576**	170,340	131,810	**2,181,259**
Payments for money held in trust	**(150,000)**			**(1,388,888)**
Proceeds from redemption of marketable securities			138,700	
Purchases of property, plant and equipment	**(424,853)**	(365,446)	(280,424)	**(3,933,824)**
Proceeds from contribution for construction	**5,754**	4,564	3,130	**53,277**
Purchases of investment securities	**(196,651)**	(375,002)	(142,004)	**(1,820,842)**
Proceeds from sales of investment securities	**1,158**	15	423	**10,722**
Other—net	**(23,478)**	(31,973)	(28,124)	**(217,388)**
Net cash used in investing activities	***(552,494)***	*(597,502)*	*(1,676,489)*	***(5,115,685)***
FORWARD	**¥ 42,732**	¥2,817	¥(1,066,893)	**$ 395,666**
FINANCING ACTIVITIES:				
Net increase in short-term loans payable	**1,105**	882	1,946	**10,231**
Proceeds from long-term debt	**116,687**	94,543	95,277	**1,080,435**
Repayments of long-term debt	**(116,393)**	(94,543)	(129,740)	**(1,077,712)**
Proceeds from long-term debt for the Chuo Shinkansen construction			1,500,000	
Payments for long-term accounts payable—railway facilities	**(5,446)**	(5,127)	(4,829)	**(50,425)**
Cash dividends paid	**(29,550)**	(27,580)	(27,580)	**(273,611)**
Purchases of treasury stock	**(0)**	(0)	(21,365)	**(0)**
Proceeds from sales of treasury stock	**6,060**	5,758	3,056	**56,111**
Cash dividends paid to noncontrolling interests	**(79)**	(79)	(79)	**(731)**
Other—net	**(5,376)**	(7,486)	18,103	**(49,777)**
Net cash (used in) provided by financing activities	***(32,993)***	*(33,635)*	*1,434,788*	***(305,490)***
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**9,739**	(30,817)	367,894	**90,175**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**751,636**	782,454	414,559	**6,959,592**
CASH AND CASH EQUIVALENTS, END OF YEAR	***¥ 761,376***	*¥ 751,636*	*¥ 782,454*	***$ 7,049,777***
ADDITIONAL CASH FLOW INFORMATION:				
Interest paid	**¥ 79,289**	¥ 80,366	¥ 74,240	**$ 734,157**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Central Japan Railway Company and Consolidated Subsidiaries

1.INCORPORATION OF CENTRAL JAPAN RAILWAY COMPANY

Central Japan Railway Company (Tokai Ryokaku Tetsudo Kabushiki Gaisha, the "Company") was incorporated on April 1, 1987, as a private business company, pursuant to the Law for Japanese National Railways Restructuring enacted upon the resolution of the Japanese Diet.

The business of the Japanese National Railways (the "JNR") was succeeded by the following newly established organizations: seven railway companies including the Company, the former Shinkansen Holding Corporation (a predecessor entity to the Railway Development Fund (1991–1997), which was subsequently succeeded by the Corporation for Advanced Transport and Technology (the "CATT") (1997–2003) and in turn by the Japan Railway Construction, Transport and Technology Agency (the "JRTT")), the former Railway Telecommunication Co., Ltd., Railway Information Systems Co., Ltd., and the Railway Technical Research Institute (the "RTRI") which reorganized as a public interest corporation as of April 1, 2011. The JNR itself became the JNR Settlement Corporation (the "JNRSC"). All of the assets and liabilities of the JNR were transferred to such organizations, including the JNRSC.

Prior to December 1, 2001, the Law Concerning Passenger Railway Companies and the Japan Freight Railway Company (the "Law") required that authorization be obtained from the Minister of Land, Infrastructure, Transport and Tourism (the "Minister of Transport") regarding fundamentals such as: (1) commencement of business other than railway and its related business, (2) the appointment or dismissal of representative directors and corporate auditors, (3) the issuance of new shares and bonds, (4) long-term loans payable, (5) amendments to the Articles of Incorporation, (6) operating plans, (7) sales of material assets, (8) appropriations of earnings and (9) merger or dissolution. As of December 1, 2001, since the Law was revised and the Company was no longer in scope of the Law, the Company was not required to obtain the aforementioned authorizations.

On October 8, 1997, the Company's shares were listed on the Nagoya and Tokyo stock exchanges in Japan. The JNRSC, which held all 2,240,000 of the Company's outstanding shares prior to the listing, sold 1,353,929 shares in the initial public offerings. Pursuant to the Law for Disposal of Debts and Liabilities of the JNRSC enacted in October of 1998, the Company's shares held by the JNRSC were transferred to Japan Railway Construction Public Corporation (the "JRCPC"). On October 1, 2003, the CATT and the JRCPC were fully integrated, pursuant to the Law of Japan Railway Construction, Transport and Technology enacted on October 1, 2003, and designated as the JRTT. In July 2005, the JRTT sold 600,000 shares of the Company. On April 5, 2006, the JRTT also sold its remaining 286,071 shares of the Company. As a result of this sale, all of the Company's shares held by the JRTT were sold.

The shares above do not reflect the effect of the hundred-for-one stock split effective as of October 1, 2012.

2.BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥108 to $1, the approximate rate of exchange as of March 31, 2020. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate. Japanese yen figures of less than one million yen are rounded down to the nearest million of yen, except for per share information, and U.S. dollar figures of less than one thousand U.S. dollars are also rounded down to the nearest thousand of U.S. dollars, except for per share information.

3.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a.Principles of Consolidation

—The accompanying consolidated financial statements as of March 31, 2020, include the accounts of the Company and its 29 (29 in 2019 and 2018) significant subsidiaries (together, the "Companies").

Under the control and influence concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are consolidated, and those companies over which the Company has the ability to exercise significant influence are accounted for using the equity method.

Investments in two affiliates are accounted for using the equity method. Investments in the remaining unconsolidated subsidiaries and affiliates are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

The difference between the cost of acquisition and the fair value of the equity of an acquired subsidiary at the date of acquisition is fully amortized when incurred.

All significant intercompany balances and transactions have been eliminated in consolidation. All significant material unrealized profit

included in assets resulting from transactions within the Companies is also eliminated.

A certain consolidated subsidiary has adopted a fiscal year ending on February 28, which is different from that of the Company. The necessary adjustments for preparing consolidated financial statements as of the Company's year-end were appropriately made, such as adjustments for significant intercompany accounts and transactions which occur between the fiscal year-end of the subsidiary and that of the Companies.

b.Cash Equivalents

—Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits, certificates of deposit and others, all of which mature or become due within three months of the date of acquisition.

c.Money Held in Trust for the Chuo Shinkansen Construction and Long-Term Debt for the Chuo Shinkansen Construction

— The Company has received loans from the JRTT for the further construction of the Chuo Shinkansen, and the money is placed in the trust fund to segregate it from other money.

d.Inventories

— Inventories are stated at the lower of cost, principally determined by the retail method for merchandise, by the specific identification method for land and buildings held for sale in lots, by the specific identification method for work in process and by the moving-average cost method for materials and supplies, or net selling value.

e.Marketable and Investment Securities

—Marketable and investment securities are classified and accounted for, depending on management's intent, as follows: (1) held-to-maturity debt securities, for which there is a positive intent and ability to hold to maturity, are reported at amortized cost; and (2) available-for-sale securities, which are not classified as the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

Nonmarketable securities classified as available-for-sale securities are carried at cost, determined by the moving-average method. For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

f.Property, Plant and Equipment

—Property, plant and equipment are stated at cost. Certain contributions in aid for construction of railways and other property are deducted directly from the cost of the related assets. The accumulated contributions deducted from the cost of property, plant and equipment as of March 31, 2020 and 2019 amounted to ¥291,461 million ($2,698,712 thousand), and ¥290,680 million, respectively.

Depreciation is computed substantially by the declining-balance method over the estimated useful lives of the assets. Additional depreciation is provided for the Shinkansen rolling stock based on kilometers traveled.

The range of useful lives is principally from 2 to 60 years for buildings and structures, and from 2 to 20 years for machinery, rolling stock and vehicles.

Depreciation of certain railway structures, except for the Shinkansen railway facilities, is computed by the replacement-accounting method.

g.Long-Lived Assets

—The Companies review their long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

h.Software Costs

—Software costs are amortized by the straight-line method mainly over five years.

i.Deferred Charges

—Bond issuance costs are fully charged to income as incurred.

j.Provision for Large-Scale Renovation of Shinkansen Infrastructure

—Provision for large-scale renovation of Shinkansen infrastructure is provided based on the Nationwide Shinkansen Railway Development Law. In accordance with the Nationwide Shinkansen Railway Development Law and Regulations, the Company reversed the provision in the amount of ¥35,000 million ($324,074 thousand) for the year ended March 31, 2020 and ¥35,000 million for the years ended March 31, 2019 and 2018.

k.Retirement and Pension Plans

—The Company and 28 consolidated subsidiaries have unfunded retirement plans covering substantially all of their employees. Six consolidated subsidiaries have noncontributory defined benefit pension plans and one consolidated subsidiary has a defined contribution pension plan, some of those subsidiaries also have unfunded retirement plans. Some of the subsidiaries adopt the simplified accounting method for calculation of liability for retirement benefits and retirement benefit expenses.

Liability for retirement benefits is mainly calculated based on the projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are attributed to periods on a benefit formula basis. Actuarial gains and losses are amortized on a straight-line basis mainly over five years, which is within the average remaining service period. Prior service costs are amortized on a straight-line basis mainly over five years, which is within the average remaining service period.

l.Employee stock ownership plan

—In accordance with Accounting Standards Board of Japan ("ASBJ") Practical Issues Task Force No. 30, "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts," at year-end, the Company shall record (1) the Company stock held by the employee stock ownership trust as treasury stock in equity, (2) all other assets and liabilities of the employee stock ownership trust on a line-by-line basis, and (3) a liability/asset for the net of (i) any gain or loss on delivery of the stock by the employee stock ownership trust to the employee shareholding association, (ii) dividends received from the entity for the stock held by the employee stock ownership trust, and (iii) any expenses relating to the employee stock ownership trust.

m.Research and Development Costs

—Research and development costs are charged to income as incurred. Research and development costs charged to income were ¥53,986 million ($499,870 thousand), ¥55,001 million and ¥58,797 million for the years ended March 31, 2020, 2019 and 2018, respectively.

n.Other Income (Expenses)

—Other income (expenses) in the consolidated statement of income for the year ended March 31, 2018 included settlement of the railway rolling stock production business of ¥26,445 million. As for NIPPON SHARYO, LTD., a consolidated subsidiary of the Company, the large railway rolling stock project for the U.S.A was taken over by another manufacturer. Accordingly, NIPPON SHARYO, LTD. recognized a loss resulting from the conclusion of the contract to pay the settlement money to Sumitomo Corporation and Sumitomo Corporation of Americas.

o.Leases

—Lease assets of finance leases that were not deemed to transfer ownership of the leased property are depreciated and amortized by the straight-line method over the lease period.

p.Income Taxes

—The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

q.Appropriations of Retained Earnings

—Appropriations of retained earnings are reflected in the consolidated financial statements for the following year upon shareholders' approval.

r.Consumption Tax

—Unless otherwise stated, all figures are presented net of tax.

s.Derivatives and Hedging Activities

—The Companies use derivative financial instruments mainly to manage exposure to market risks of changes in foreign currency exchange rates and in interest rates. Foreign currency swaps are utilized by the Companies to reduce foreign currency exchange rate risks. Interest rate swaps are utilized by the Companies to reduce interest rate risks. Interest rate and currency swap contracts are utilized by the Companies to reduce interest rate and foreign exchange risks. The Companies do not enter into derivatives for trading or speculative purposes.

Foreign currency swaps, which qualify for hedge accounting and specific matching criteria, are not remeasured at market value, but the hedged debt is translated at the contracted rates of the foreign currency swaps. Interest rate swaps, which qualify for hedge accounting and meet specific matching criteria, are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest expense. When interest and currency swap contracts meet the above criteria, hedged debt is translated at the contracted rates, and the differential paid or received under the swap agreement is recognized and included in interest expense.

t.Per Share Information

—Basic net income per share is computed by dividing net income attributable to owners of the parent available to common shareholders by the weighted-average number of common shares outstanding for the period.

Net income attributable to owners of the parent available to common shareholders used in the computation for 2020, 2019 and 2018 were ¥397,881 million ($3,684,083 thousand), ¥438,715 million and ¥395,502 million, respectively. The average number of common shares used in the computation for 2020, 2019 and 2018 were 196,207,902 shares, 195,947,224 shares and 196,233,039 shares, respectively. The average number of shares of the Companies held by the employee stock ownership trust for the years ended March 31, 2020, 2019 and 2018 was 591,229 shares, 851,924 shares and 566,089 shares, respectively, and it has been deducted from the weighted-average number of shares outstanding during the fiscal year.

Diluted net income per share is not presented in the accompanying consolidated financial statements as the Companies do not have any dilutive securities.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective years, including dividends to be paid after the end of the year.

u.New accounting pronouncements

—On March 31, 2020, the ASBJ issued ASBJ Statement No. 29, "Accounting Standard for Revenue Recognition," ASBJ Guidance No. 30, "Implementation Guidance on Accounting Standard for Revenue Recognition," and ASBJ Guidance No. 19, "Implementation Guidance on Disclosures about Fair Value of Financial Instruments." The core principle of the standard and guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity should recognize revenue in accordance with that core principle by applying the following steps:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The accounting standard and guidance are effective for annual periods beginning on or after April 1, 2021. Earlier application is permitted for annual periods beginning on or after April 1, 2018.

The Company expects to apply the accounting standard and guidance for annual periods beginning on April 1, 2021, and is in the process of measuring the effects of applying the accounting standard and guidance in future applicable periods.

v.Accounting Changes and Error Corrections

—In December 2009, the ASBJ issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under this standard and guidance are as follows: (1) Changes in Accounting Policies—When a new accounting policy is applied following revision of an accounting standard, the new policy is applied retrospectively unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions. (2) Changes in Presentation—When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation. (3) Changes in Accounting Estimates—A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods. (4) Corrections of Prior-Period Errors—When an error in prior-period financial statements is discovered, those statements are restated.

w.Supplementary Information

—The consolidated operating revenues for the year ended March 31, 2020 reduced due to a decline in railway ridership owing to refraining from going out under outbreak the COVID-19. Since the severe business environment is expected to be continued, a significant impact on the consolidated operating revenue for the year ending March 31, 2021 is expected.

4. INVESTMENT SECURITIES

Information regarding investment securities with readily determinable fair values classified as available-for-sale and held to maturity as of March 31, 2020 and 2019, was as follows:

	Millions of Yen			
	2020			
	Cost	Unrealized Gain	Unrealized Loss	Fair Value
Securities classified as:				
Available for sale:				
Equity securities	¥ 97,537	¥ 38,951	¥ 7,512	¥ 128,976
Trust fund investment and other	276	50		326
Held to maturity	689,000	3,002	3,279	688,723
Total	*¥ 786,813*	*¥ 42,005*	*¥ 10,792*	*¥ 818,026*

	Millions of Yen			
	2019			
	Cost	Unrealized Gain	Unrealized Loss	Fair Value
Securities classified as:				
Available for sale:				
Equity securities	¥ 88,785	¥ 52,603	¥ 3,491	¥ 137,897
Trust fund investment and other	276	67		343
Held to maturity	510,000	4,777	90	514,687
Total	*¥ 599,061*	*¥ 57,449*	*¥ 3,581*	*¥ 652,928*

	Thousands of U.S. Dollars			
	2020			
	Cost	Unrealized Gain	Unrealized Loss	Fair Value
Securities classified as:				
Available for sale:				
Equity securities	$ 903,120	$ 360,657	$ 69,555	$ 1,194,222
Trust fund investment and other	2,555	462		3,018
Held to maturity	6,379,629	27,796	30,361	6,377,064
Total	*$7,285,305*	*$ 388,935*	*$ 99,925*	*$ 7,574,314*

The information for available-for-sale securities whose fair value is not readily determinable as of March 31, 2020 and 2019, is disclosed in Note 12.
The impairment loss on investment securities for the years ended March 31, 2020 and 2019 was not presented as the effect was immaterial.

5. SHORT-TERM LOANS PAYABLE AND LONG-TERM DEBT

The interest rates applicable to short-term loans payable were 0.16% as of March 31, 2020, 0.15% as of March 31, 2019, and 0.10% as of March 31, 2018.
Long-term debt held by the Company as of March 31, 2020 and 2019, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
The Company			
Unsecured 2.39% bonds due 2026	**¥ 29,793**	¥ 29,792	**$ 275,861**
Unsecured 2.31% bonds due 2027	**9,994**	9,993	**92,537**
Unsecured 2.30% bonds due 2027	**4,998**	4,998	**46,277**
Unsecured 2.39% bonds due 2028	**19,990**	19,989	**185,092**
Unsecured 2.391% bonds due 2028	**30,000**	30,000	**277,777**
Unsecured 2.646% bonds due 2038	**10,000**	10,000	**92,592**
Unsecured 2.166% bonds due 2029	**30,000**	30,000	**277,777**
Unsecured 2.312% bonds due 2029	**30,000**	30,000	**277,777**
Unsecured 2.556% bonds due 2039	**10,000**	10,000	**92,592**
Unsecured 2.321% bonds due 2029	**30,000**	30,000	**277,777**
Unsecured 2.157% bonds due 2029	**40,000**	40,000	**370,370**
Unsecured 2.375% bonds due 2039	**10,000**	10,000	**92,592**
Unsecured 2.212% bonds due 2030	**30,000**	30,000	**277,777**
Unsecured 2.111% bonds due 2030	**20,000**	20,000	**185,185**
Unsecured 1.797% bonds due 2030	**10,000**	10,000	**92,592**
Unsecured 2.083% bonds due 2031	**20,000**	20,000	**185,185**
Unsecured 1.895% bonds due 2031	**10,000**	10,000	**92,592**
Unsecured 1.824% bonds due 2032	**10,000**	10,000	**92,592**
Unsecured 1.725% bonds due 2033	**5,000**	10,000	**46,296**
Unsecured 1.807% bonds due 2033	**15,000**	15,000	**138,888**
Unsecured 1.786% bonds due 2033	**15,000**	15,000	**138,888**
Unsecured 1.629% bonds due 2033	**10,000**	10,000	**92,592**
Unsecured 1.623% bonds due 2034	**15,000**	15,000	**138,888**
Unsecured 1.584% bonds due 2034	**15,000**	15,000	**138,888**
Unsecured 1.502% bonds due 2034	**20,000**	20,000	**185,185**
Unsecured 1.309% bonds due 2032	**15,000**	15,000	**138,888**
Unsecured 1.917% bonds due 2044	**10,000**	10,000	**92,592**
Unsecured 1.362% bonds due 2034	**20,000**	20,000	**185,185**
Unsecured 1.014% bonds due 2035	**20,000**	20,000	**185,185**
Unsecured 1.685% bonds due 2045	**10,000**	10,000	**92,592**
Unsecured 1.196% bonds due 2035	**15,000**	15,000	**138,888**
Unsecured 1.297% bonds due 2035	**15,000**	15,000	**138,888**
Unsecured 1.210% bonds due 2035	**15,000**	15,000	**138,888**
Unsecured 1.018% bonds due 2036	**15,000**	15,000	**138,888**
Unsecured 0.421% bonds due 2036	**10,000**	10,000	**92,592**
Unsecured 0.001% bonds due 2020	**10,000**	10,000	**92,592**
Unsecured 0.020% bonds due 2020	**10,000**	10,000	**92,592**
Unsecured 0.020% bonds due 2021	**10,000**	10,000	**92,592**
U.S. dollar 4.25% bonds due 2045 issued abroad	**36,461**	36,440	**337,601**
U.S. dollar 2.8% bonds due 2022 issued abroad	**68,135**	68,123	**630,879**
U.S. dollar 3.40% bonds due 2023 issued abroad	**38,968**	38,956	**360,814**
U.S. dollar 2.20% bonds due 2024 issued abroad	**80,444**		**744,851**
Unsecured loans from Japanese banks and others, with interest rates ranging from 0.61% to 4.65% (2020), from 0.61% to 4.65% (2019), due 2019 to 2045	**458,788**	533,931	**4,248,037**
Total	***¥ 1,307,575***	*¥ 1,307,225*	***$ 12,107,175***
Less current portion	**(84,969)**	(110,493)	**(786,750)**
Long-term debt, less current portion	***¥ 1,222,606***	*¥ 1,196,732*	***$ 11,320,425***

There are no long-term debts held by consolidated subsidiaries as of March 31, 2020 and 2019.

Annual maturities of long-term debt outstanding at the principal amounts as of March 31, 2020, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2021	¥ 84,969	$ 786,750
2022	130,359	1,207,027
2023	87,777	812,750
2024	85,600	792,592
2025	116,762	1,081,129
Thereafter	802,815	7,433,472
Total	*¥ 1,308,283*	*$ 12,113,731*

The Company has entrusted cash for the repayment of a portion of its outstanding bonds based on debt assumption agreements with financial institutions; however, the Company is not released from the primary responsibility for the liability by these agreements. The outstanding bonds covered by these agreements as of March 31, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
Secured 2.600% bonds due 2020		¥ 49,800	
Unsecured 2.390% bonds due 2022	**¥ 18,995**	18,995	**$ 175,879**
Unsecured 2.200% bonds due 2022	**18,200**	18,200	**168,518**
Unsecured 1.740% bonds due 2022	**20,000**	20,000	**185,185**
Unsecured 1.150% bonds due 2022	**25,000**	25,000	**231,481**
Unsecured 1.310% bonds due 2033	**10,000**	10,000	**92,592**
Unsecured 2.015% bonds due 2023	**9,000**	9,000	**83,333**
Unsecured 2.200% bonds due 2024	**9,900**	9,900	**91,666**
Unsecured 1.875% bonds due 2019		20,000	
Unsecured 2.210% bonds due 2024	**9,650**	9,650	**89,351**
Unsecured 1.775% bonds due 2020		20,000	
Unsecured 2.405% bonds due 2026	**9,900**	9,900	**91,666**
Unsecured 2.310% bonds due 2027	**10,000**	10,000	**92,592**
Unsecured 2.300% bonds due 2027	**10,000**	10,000	**92,592**
Unsecured 1.790% bonds due 2020	**19,900**	19,900	**184,259**
Unsecured 1.667% bonds due 2019		10,000	
Unsecured 1.472% bonds due 2020		14,100	
Unsecured 1.725% bonds due 2033	**5,000**		**46,296**
Total	***¥ 175,545***	*¥ 284,445*	***$ 1,625,416***

The aforementioned bonds for which the Company entered into debt assumption agreements have been derecognized in the consolidated balance sheet and disclosed as contingent liabilities (see Note 15).

The Company has credit commitments from banks. Total unused credit available to the Company as of March 31, 2020, was ¥100,000 million ($925,925 thousand).

6. LONG-TERM DEBT FOR THE CHUO SHINKANSEN CONSTRUCTION

Long-term debt for the Chuo Shinkansen construction is a loan in total of ¥3,000,000 million from the JRTT using the Fiscal Investment and Loan Program (the "FILP") in accordance with the Order for Enforcement of the Act on the Japan Railway Construction, Transport and Technology Agency (the "JRTT Act") for the further construction of the Chuo Shinkansen.

The average interest rates of long-term debt for the Chuo Shinkansen construction as of March 31, 2020, were 0.86%.

Annual maturities of long-term debt for the Chuo Shinkansen construction as of March 31, 2020, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2021		
2022		
2023		
2024		
2025		
Thereafter	¥ 3,000,000	$ 27,777,777
Total	*¥ 3,000,000*	*$ 27,777,777*

7. LONG-TERM ACCOUNTS PAYABLE—RAILWAY FACILITIES

Long-term accounts payable—railway facilities were incurred in the amount of ¥5,095,661 million in 1991 for the purchase of the Shinkansen railway ground facilities and serially repaid to the JRTT. Payment terms are 25.5 years for ¥4,494,466 million and 60 years for ¥601,195 million. Payment terms and interest rates of the payables were determined based on the agreements on the purchase of the Shinkansen railway ground facilities. The Company had paid off ¥4,494,466 million by January 2017.

The average interest rates of long-term accounts payable—railway facilities excluding current portion as of March 31, 2020, were 6.50%.

Annual maturities of long-term accounts payable—railway facilities as of March 31, 2020, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2021	¥ 5,783	$ 53,546
2022	6,143	56,879
2023	6,527	60,435
2024	6,936	64,222
2025	7,372	68,259
Thereafter	505,686	4,682,277
Total	*¥ 538,449*	*$ 4,985,638*

Interest expense on the aforementioned long-term accounts payable—railway facilities amounted to ¥35,219 million ($326,101 thousand), ¥35,464 million and ¥35,839 million for the years ended March 31, 2020, 2019 and 2018, respectively.

8. RETIREMENT AND PENSION PLANS

Employees whose service with the Company and consolidated subsidiaries is terminated are entitled to retirement and pension benefits determined by reference to accumulated points during their employment calculated by their position or basic rates of pay at the time of termination, length of service and other conditions under which the termination occurs. Some of the subsidiaries adopt the simplified accounting method for calculation of liability of retirement benefits and retirement benefit expenses.

a. The changes in defined benefit obligation for the years ended March 31, 2020, 2019 and 2018, were as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2020	2019	2018	**2020**
Balance at beginning of year (as previously reported)	**¥ 216,255**	¥ 222,243	¥ 226,417	**$ 2,002,361**
Current service cost	**15,772**	15,772	15,768	**146,037**
Interest cost	**873**	899	918	**8,083**
Actuarial gains	**(916)**	(1,044)	(919)	**(8,481)**
Benefits paid	**(18,300)**	(20,840)	(19,888)	**(169,444)**
Prior service cost	**(531)**	(775)	(53)	**(4,916)**
Balance at end of year	***¥ 213,151***	*¥ 216,255*	*¥ 222,243*	***$ 1,973,620***

The retirement benefit expenses recognized by the consolidated subsidiaries, which adopt the simplified accounting method, are included in the current service cost.

b. The changes in plan assets for the years ended March 31, 2020, 2019 and 2018, were as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2020	2019	2018	**2020**
Balance at beginning of year	**¥ 29,847**	¥ 26,890	¥ 25,117	**$ 276,361**
Expected return on plan assets	**368**	350	333	**3,407**
Actuarial (losses) gains	**(4,953)**	2,107	1,288	**(45,861)**
Contributions from the employer	**1,260**	1,069	1,111	**11,666**
Benefits paid	**(711)**	(570)	(960)	**(6,583)**
Balance at end of year	***¥ 25,810***	*¥ 29,847*	*¥ 26,890*	***$ 238,981***

c. Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of March 31, 2020 and 2019, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
Funded defined benefit obligation	**¥ 24,438**	¥ 23,579	**$ 226,277**
Plan assets	***(25,810)***	*(29,847)*	***(238,981)***
Total	**(1,372)**	(6,267)	**(12,703)**
Unfunded defined benefit obligation	***188,713***	*192,675*	***1,747,342***
Net liability arising from defined benefit obligation	**187,340**	186,407	**1,734,629**
Liability for retirement benefits	**190,774**	194,347	**1,766,425**
Asset for retirement benefits	**(3,433)**	(7,939)	**(31,787)**
Net liability arising from defined benefit obligation	***¥ 187,340***	*¥ 186,407*	***$ 1,734,629***

d. The components of net periodic benefit costs for the years ended March 31, 2020, 2019 and 2018, were as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2020	2019	2018	**2020**
Service cost	**¥ 15,772**	¥ 15,772	¥ 15,768	**$ 146,037**
Interest cost	**873**	899	918	**8,083**
Expected return on plan assets	**(368)**	(350)	(333)	**(3,407)**
Recognized actuarial losses	**95**	4,068	4,418	**879**
Amortization of prior service (benefit) cost	**(117)**	92	24	**(1,083)**
Net periodic benefit costs	***¥ 16,255***	*¥ 20,296*	*¥ 20,796*	***$ 150,509***

The retirement benefit expenses recognized by the consolidated subsidiaries, which adopt the simplified accounting method, are included in service cost.

e. Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2020, 2019 and 2018, were as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2020	2019	2018	**2020**
Actuarial (gains) losses	**¥ (3,941)**	¥ 7,219	¥ 6,626	**$ (36,490)**
Prior service cost	**414**	682	77	**3,833**
Total	***¥ (3,527)***	*¥ 7,902*	*¥ 6,704*	***$ (32,657)***

f. Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
Unrecognized actuarial losses	**¥ 1,898**	¥ 5,839	**$ 17,574**
Unrecognized prior service cost	**1,193**	779	**11,046**
Total	***¥ 3,091***	*¥ 6,619*	***$ 28,620***

g. Plan assets

(1) Components of plan assets

Plan assets as of March 31, 2020 and 2019, consisted of the following:

	2020	2019
Equities	**47 %**	57 %
General security account	**32**	25
Bonds	**12**	11
Others	**9**	7
Total	***100 %***	*100 %*

The employee retirement benefit trust for the Companies' contributory pension plans accounted for 41% and 50% of total plan assets for the years ended March 31, 2020 and 2019, respectively.

(2) Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering the current and future asset portfolio and the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

h. Assumptions used for the years ended March 31, 2020, 2019 and 2018, were set forth as follows:

	2020	2019	2018
Discount rate	**Mainly 0.4%**	Mainly 0.4%	Mainly 0.4%
Expected rate of return on plan assets	**1.2% to 2.0%**	1.2% to 2.0 %	1.2% to 2.0 %

i. Defined Contribution Plan

Total contribution by the Companies for the defined contribution plan was ¥134 million ($1,240 thousand) for the year ended March 31, 2020, ¥128 million for the year ended March 31, 2019, and ¥125 million for the year ended March 31, 2018.

9.EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a.Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. Additionally, for companies that meet certain criteria including (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the Company has prescribed so in its articles of incorporation. However, the Company does not meet all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (noncash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of equity after dividends must be maintained at no less than ¥3 million.

b.Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account charged upon the payment of such dividends, until the aggregate amount of legal reserve and additional paid-in capital equals to 25% of the common stock. The Company has already appropriated defined amount as a legal reserve or additional paid-in capital. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings-unappropriated can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

c.Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

10.EMPLOYEE STOCK OWNERSHIP PLAN

The Company holds the Employee Stock Ownership Plan by transactions of delivering its own stock to the JR Tokai Employee Shareholding Association (the "Shareholding Association") through trusts for the purpose of improving the employee benefit program for employees participating in the Shareholding Association and revitalizing the Shareholding Association.

(1)Transaction outline

The Company introduced an "Employee Stock Ownership Plan (employee shareholding association purchase-type)" (the "Plan") in September 2017. To introduce the Plan, the Company, as the trustor, entered into a Stock Benefit Trust (Employee Shareholding Association Purchase-type) Agreement (the "Trust Agreement") with Mizuho Trust & Banking Co., Ltd. as the trustee (hereinafter the trust to be established pursuant to the Trust Agreement is referred to as the "Trust"). Mizuho Trust & Banking Co., Ltd. will enter into an agreement with Trust & Custody Services Bank, Ltd. to re-entrust the administration of trust assets such as securities with Trust & Custody Services Bank, Ltd. as the re-trustee.

Trust & Custody Services Bank, Ltd. will collectively acquire the equivalent number of the Company's shares that the Shareholding Association is expected to purchase for four years after introducing the Plan, and place them in the trust account E established at Trust & Custody Services Bank, Ltd. ("Trust Account E"), and thereafter, will sell the Company's shares to the Shareholding Association upon its acquisition of shares. If the amount equivalent to the net gains on the sale of the Company's shares to the Shareholding Association by the Trust Account E accumulates within the trust assets of the Trust by the time of termination of the Trust, such money will be distributed as the residual assets to members of the Shareholding Association who meet the beneficiary requirements (employees).

Meanwhile, the Company will act as guarantor for the borrowing undertaken by the trust bank to purchase the Company's shares, and will repay any outstanding portion of the loan if there are remaining borrowings equivalent to the loss on the sale of the shares at the time of termination of the Trust due to a decrease in the market price of the Company's shares or otherwise.

(2)The Trust held the treasury stock and long-term debt, which was included in the consolidated balance sheet as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
Treasury stock	**¥ 8,455**	¥ 13,753	**$ 78,287**
(shares)	**(444,000)**	(722,200)	
Long-term debt of the employee stock ownership plan trust	**¥ 9,700**	¥ 15,100	**$ 89,814**

(3) Annual maturities of long-term debt of the employee stock ownership plan trust as of March 31, 2020, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2021	¥ 5,400	$ 50,000
2022	4,300	39,814
2023		
2024		
2025		
Thereafter		
Total	*¥ 9,700*	*$ 89,814*

11. INCOME TAXES

The Companies are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 30.3% for the years ended March 31, 2020 and 2019, and 30.6% for the year ended March 31, 2018.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities as of March 31, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
Deferred tax assets:			
Depreciation and amortization	**¥ 79,264**	¥ 75,302	**$ 733,925**
Liability for retirement benefits	**60,061**	61,742	**556,120**
Software	**13,630**	12,106	**126,203**
Loss on write down of investment securities	**9,855**	9,726	**91,250**
Provision for bonuses	**8,638**	8,723	**79,981**
Unrealized profit on property, plant and equipment	**7,414**	7,566	**68,648**
Accrued railway usage charges	**2,839**	3,089	**26,287**
Other	**43,697**	43,173	**404,601**
Total	***225,402***	*221,430*	***2,087,055***
Less valuation allowance	**(32,686)**	(31,368)	**(302,648)**
Deferred tax assets	***192,716***	*190,061*	***1,784,407***
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	**10,362**	14,971	**95,944**
Deferred gain on transfer of certain fixed assets	**4,286**	4,286	**39,685**
Other	**3,951**	5,829	**36,583**
Deferred tax liabilities	***18,599***	*25,087*	***172,212***
Net deferred tax assets	***¥ 174,116***	*¥ 164,974*	***$ 1,612,185***

Since the difference between the normal effective statutory tax rate and the actual effective tax rate was not significant, reconciliations were not presented for the years ended March 31, 2020, 2019 and 2018.

12. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

a. Policy for Financial Instruments

The Companies use only financial instruments with high degrees of safety for the management of funds and raise funds from bank loans, bonds and others.

Derivatives are used, not for speculative purposes, but to manage exposure to financial risks as described in Note 13.

b.Nature and Extent of Risks Arising from Financial Instruments

Money held in trust for the Chuo Shinkansen construction is set to segregate loans from the JRTT from other cash on hand for purposes of the further construction of the Chuo Shinkansen. The trust property is comprised of deposits.

Trade receivables are exposed to customer credit risk.

Investment securities, mainly held to maturity debt securities and equity instruments of customers and suppliers of the Companies, are exposed to the risk of market price fluctuations.

Payment terms of trade payables and income taxes payable are within one year.

Short-term bank loans are used to fund the Companies' ongoing operations. Bonds and long-term loans are used for renewal of long-term debt and capital spending. Please see Note 5 for a maturity analysis for bank loans and bonds payable.

Long-term debt for the Chuo Shinkansen construction is a loan in the amount of ¥3,000,000 million from the JRTT using the FILP in accordance with the JRTT Act for purposes of the further construction of the Chuo Shinkansen.

Long-term debt of the employee stock ownership plan trust is a loan which the Trust borrowed from financial institutions.

Long-term accounts payable—railway facilities were incurred in the amount of ¥5,095,661 million in 1991 for the purchase of the Shinkansen railway ground facilities and serially repaid to the JRTT. Payment terms are 25.5 years for ¥4,494,466 million and 60 years for ¥601,195 million. Payment terms and interest rates of the payables were determined based on the agreements from the purchase of the Shinkansen railway ground facilities. The Company had paid off ¥4,494,466 million by January 2017.

Derivatives include foreign currency swaps, which are used to manage exposure to market risks of changes in foreign exchange rates of foreign currency denominated long-term debt, and interest rate swaps, which are used to manage exposure to market risks of changes in interest rates of long-term debt. Please see Note 13 for details on derivatives.

c.Risk Management for Financial Instruments

Credit Risk Management

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. The Companies manage their credit risk from trade receivables by monitoring of payment terms and balances of major customers by each business administration department to identify the default risk of customers in the early stage. With respect to held-to-maturity debt securities, the Companies manage exposure to credit risk by limiting debt securities to high credit rated bonds.

Market Risk Management

Investment securities are managed by monitoring market values and the financial position of issuers on a regular basis.

Foreign currency swaps are used to manage exposure to market risks of changes in exchange rates of foreign currency long-term debt. Interest rate swaps are used to manage exposure to market risks of changes in interest rates of long-term debt.

d.Fair Values of Financial Instruments

Fair values of financial instruments are based on quoted prices in active markets. If a quoted price is not available, other rational valuation techniques are used instead. Also, please see Note 13 for the details of fair value for derivatives.

(1) Fair Value of Financial Instruments

	Millions of Yen		
March 31, 2020	Carrying Amount	Fair Value	Unrealized Gain/(Loss)
Cash and cash equivalents	¥ 761,376	¥ 761,376	
Money held in trust for the Chuo Shinkansen construction	2,435,015	2,435,015	
Trade receivables	87,933	87,933	
Investment securities	818,303	818,026	¥ (276)
Total	*¥ 4,102,628*	*¥ 4,102,351*	*¥ (276)*
Short-term loans payable	¥ (29,497)	¥ (29,497)	
Trade payables	(259,465)	(259,465)	
Income taxes payable	(83,575)	(83,575)	
Long-term debt including current potion	(1,307,575)	(1,444,883)	¥ 137,308
Long-term debt for the Chuo Shinkansen construction	(3,000,000)	(3,376,108)	376,108
Long-term debt of the employee stock ownership plan trust including current potion	(9,700)	(9,694)	(5)
Long-term accounts payable—railway facilities including current potion	(538,449)	(1,172,107)	633,657
Total	*¥ (5,228,262)*	*¥ (6,375,331)*	*¥ 1,147,068*

	Millions of Yen		
March 31, 2019	Carrying Amount	Fair Value	Unrealized Gain/(Loss)
Cash and cash equivalents	¥ 751,636	¥ 751,636	
Money held in trust for the Chuo Shinkansen construction	2,670,591	2,670,591	
Trade receivables	112,845	112,845	
Investment securities	648,241	652,928	¥ 4,687
Total	*¥ 4,183,314*	*¥ 4,188,002*	*¥ 4,687*
Short-term loans payable	¥ (28,392)	¥ (28,392)	
Trade payables	(246,282)	(246,282)	
Income taxes payable	(105,698)	(105,698)	
Long-term debt including current potion	(1,307,225)	(1,462,039)	¥ 154,814
Long-term debt for the Chuo Shinkansen construction	(3,000,000)	(3,263,563)	263,563
Long-term debt of the employee stock ownership plan trust including current potion	(15,100)	(15,100)	0
Long-term accounts payable—railway facilities including current potion	(543,896)	(1,193,032)	649,136
Total	*¥ (5,246,593)*	*¥ (6,314,108)*	*¥ 1,067,515*

	Thousands of U.S. Dollars		
March 31, 2020	Carrying Amount	Fair Value	Unrealized Gain/(Loss)
Cash and cash equivalents	$ 7,049,777	$ 7,049,777	
Money held in trust for the Chuo Shinkansen construction	22,546,435	22,546,435	
Trade receivables	814,194	814,194	
Investment securities	7,576,879	7,574,314	$ (2,555)
Total	*$ 37,987,296*	*$ 37,984,731*	*$ (2,555)*
Short-term loans payable	$ (273,120)	$ (273,120)	
Trade payables	(2,402,453)	(2,402,453)	
Income taxes payable	(773,842)	(773,842)	
Long-term debt including current potion	(12,107,175)	(13,378,546)	$ 1,271,370
Long-term debt for the Chuo Shinkansen construction	(27,777,777)	(31,260,259)	3,482,481
Long-term debt of the employee stock ownership plan trust including current potion	(89,814)	(89,759)	(46)
Long-term accounts payable—railway facilities including current potion	(4,985,638)	(10,852,842)	5,867,194
Total	*$ (48,409,833)*	*$ (59,030,842)*	*$ 10,621,000*

Cash and Cash Equivalents
The carrying values of cash and cash equivalents approximate fair value because of their short maturities.
Money Held in Trust for the Chuo Shinkansen Construction
The fair value of money held in trust for the Chuo Shinkansen construction is determined based on financial assets which are held by the trust property. Their carrying values approximate fair value because the trust property consists of a deposit.
Investment Securities
The fair values of investment securities are measured at the quoted market price of the stock exchange for the equity instruments, and at the quoted price obtained from the financial institution for certain debt instruments. Fair value information for investment securities by classification is included in Note 4.
Trade Receivables and Payables, Short-Term Loans Payable and Income Taxes Payable
The carrying values of trade receivables and payables, short-term loans payable and income taxes payable approximate fair value because of their short maturities.
Long-Term Debt Including Current Portion, Long-Term Debt for the Chuo Shinkansen Construction and Long-Term Debt of the Employee Stock Ownership Plan Trust Including Current Portion
Domestic bonds are measured at the quoted market prices. Fair values of foreign currency bonds are measured in combination with foreign currency swaps, which qualify for hedge accounting and meet specific matching criteria and are accounted for by the method stated in Note 3.s, by discounting the total amounts of principal and interest of the bonds in combination with foreign currency swaps at the Company's assumed bond issuing rate.
Fair values of long-term debt with floating interest rates are measured in combination with interest rate swaps or interest rate and currency swaps, which qualify for hedge accounting and are accounted for by the method stated in Note 3.t, by discounting the total amounts of the principal and interest at the Company's assumed borrowing rate.
The fair values of other debt, long-term debt for the Chuo Shinkansen construction and long-term debt of the employee stock ownership plan trust are determined by discounting the cash flows related to the debt at the Company's assumed bond issuing rate or corporate borrowing rate.
Long-Term Accounts Payable—Railway Facilities Including Current Portion
Long-term accounts payable represents monetary liability for purchase of railway facilities assumed under a special law, and it is difficult for the Company to raise funds again in the same manner. The fair value of such long-term accounts payable is determined based on the present value of the total amounts of principal and interest payment discounted at an interest rate to be applied if similar new bonds were issued.

(2) Financial Instruments Whose Fair Value Cannot be Reliably Determined

	Carrying Amount	
March 31, 2020	Millions of Yen	Thousands of U.S. Dollars
Investments in equity instruments that do not have a quoted market price in an active market:		
Investment securities	¥ 15,103	$ 139,842
Investments in unconsolidated subsidiaries and affiliates	13,316	123,296
Total	*¥ 28,419*	*$ 263,138*

	Carrying Amount
March 31, 2019	Millions of Yen
Investments in equity instruments that do not have a quoted market price in an active market:	
Investment securities	¥ 15,108
Investments in unconsolidated subsidiaries and affiliates	13,070
Total	*¥ 28,178*

e. Maturity Analysis for Financial Assets and Securities with Contractual Maturities

	Millions of Yen		
March 31, 2020	Due within One Year	Due after One Year through Five Years	Due after Five Years
Cash and cash equivalents	¥ 761,376		
Money held in trust for the Chuo Shinkansen construction	2,435,015		
Trade receivables	87,653	¥ 280	
Investment securities		349,400	¥ 339,600
Total	*¥ 3,284,044*	*¥ 349,680*	*¥ 339,600*

	Thousands of U.S. Dollars		
March 31, 2020	Due within One Year	Due after One Year through Five Years	Due after Five Years
Cash and cash equivalents	$ 7,049,777		
Money held in trust for the Chuo Shinkansen construction	22,546,435		
Trade receivables	811,601	$ 2,592	
Investment securities		3,235,185	$ 3,144,444
Total	*$ 30,407,814*	*$ 3,237,777*	*$ 3,144,444*

f. Annual Maturities of Long-Term Debt, Long-Term Debt for the Chuo Shinkansen Construction, Long-Term Debt of the Employee Stock Ownership Plan Trust and Long-Term Accounts Payable—Railway Facilities
Please see Note 5 for annual maturities of long-term debt, Note 6 for long-term debt for the Chuo Shinkansen construction, Note 10 for long-term debt of the employee stock ownership plan trust and Note 7 for long-term accounts payable—railway facilities.

13.DERIVATIVES
The Companies enter into foreign currency swap agreements to manage exposure to market risks of changes in foreign exchange of foreign currency long-term debt, and interest rate swap agreements to manage exposure to market risks of changes in interest rates of certain liabilities.
Derivative transactions are mainly entered into to hedge foreign exchange exposures and interest rate exposures incorporated within their business. Accordingly, market risk in these derivatives is basically offset by opposite movements in the value of hedged liabilities.
Because the counterparties to these derivatives are limited to major international financial institutions, the Companies do not anticipate any losses arising from credit default.
Derivative transactions have been made in accordance with internal policies and have been subject to due internal formalities.
Derivative Transactions to Which Hedge Accounting Is Applied

		Millions of Yen		
March 31, 2020	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency swaps:(fixed amount payment in yen, fixed amount receipt in U.S. dollars)	Foreign currency bonds	¥ 224,695	¥ 224,695	*
Interest rate swaps:(fixed rate payment, floating rate receipt)	Bank loans	¥ 48,200	¥ 48,200	*
Interest rate and currency swaps: (fixed rate / amount payment in yen, floating rate receipt and fixed amount receipt in U.S. dollars)	Foreign currency bank loans	¥ 53,062	¥ 53,062	*

		Millions of Yen		
March 31, 2019	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency swaps:(fixed amount payment in yen, fixed amount receipt in U.S. dollars)	Foreign currency bonds	¥ 144,183	¥ 144,183	*
Interest rate swaps:(fixed rate payment, floating rate receipt)	Bank loans	¥ 75,500	¥ 41,500	*
Interest rate and currency swaps: (fixed rate / amount payment in yen, floating rate receipt and fixed amount receipt in U.S. dollars)	Foreign currency bank loans	¥ 53,062	¥ 53,062	*

		Thousands of U.S. Dollars		
March 31, 2020	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency swaps:(fixed amount payment in yen, fixed amount receipt in U.S. dollars)	Foreign currency bonds	$ 2,080,509	$ 2,080,509	*
Interest rate swaps:(fixed rate payment, floating rate receipt)	Bank loans	$ 446,296	$ 446,296	*
Interest rate and currency swaps: (fixed rate / amount payment in yen, floating rate receipt and fixed amount receipt in U.S. dollars)	Foreign currency bank loans	$ 491,314	$ 491,314	*

* Foreign currency swaps, interest rate swaps, or interest rate and currency swaps which qualify for hedge accounting are accounted for in combination with hedged items such as the foreign currency bonds, long-term debt, or foreign currency bank loans and the fair values of these swaps are included in those of hedged items in Note 12.

14.LEASES
As a lessee, the minimum rental commitments under noncancelable operating leases as of March 31, 2020 and 2019, were due as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
Due within one year	**¥ 532**	¥ 495	**$ 4,925**
Due after one year	**2,734**	2,711	**25,314**
Total	***¥ 3,266***	*¥ 3,207*	***$ 30,240***

As a lessor, the minimum rental commitments under noncancelable operating leases as of March 31, 2020 and 2019, were due as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
Due within one year	**¥ 5,438**	¥ 7,923	**$ 50,351**
Due after one year	**19,673**	22,584	**182,157**
Total	***¥ 25,112***	*¥ 30,507*	***$ 232,518***

15.CONTINGENCIES
As of March 31, 2020, the Company has joint and several obligations with the RTRI to make payments on long-term debt of ¥1,508 million ($13,962 thousand) borrowed by the RTRI. The proceeds are being used for the enhancement of technological development of the Maglev system. In addition, as of March 31, 2020, the Company is contingently liable for guarantees of loans of RTRI amounting to ¥13,400 million ($124,074 thousand).
As discussed in Note 5, based on debt assumption agreements with financial institutions, the Company has transferred the debt repayment obligations for certain bonds to such financial institutions. As of March 31, 2020, the Company had contingent obligations of ¥175,545 million ($1,625,416 thousand) for the bonds.

16.OTHER COMPREHENSIVE (LOSS) INCOME

The components of other comprehensive (loss) income for the years ended March 31, 2020, 2019 and 2018, were as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2020	2019	2018	**2020**
Unrealized (loss) gain on available-for-sale securities:				
(Loss) gain arising during the year	**¥ (18,063)**	¥ (5,850)	¥ 13,824	**$ (167,250)**
Reclassification adjustments to profit or loss	**372**		(0)	**3,444**
Amount before income tax effect	**(17,691)**	(5,850)	13,824	**(163,805)**
Income tax effect	**4,469**	1,440	(4,303)	**41,379**
Total	***¥ (13,222)***	*¥ (4,409)*	*¥ 9,521*	***$ (122,425)***
Deferred gain (loss) on hedges:				
Gain (loss) arising during the year	**¥**	¥ 7	¥ (4)	**$**
Amount before income tax effect		7	(4)	
Income tax effect				
Total	**¥**	*¥ 7*	*¥ (4)*	***$***
Remeasurements of defined benefit plans:				
Adjustments arising during the year	**¥ (3,505)**	¥ 3,927	¥ 2,261	**$ (32,453)**
Reclassification adjustments to profit	**(21)**	3,975	4,442	**(194)**
Amount before income tax effect	**(3,527)**	7,902	6,704	**(32,657)**
Income tax effect	**916**	(2,382)	(1,999)	**8,481**
Total	***¥ (2,611)***	*¥ 5,519*	*¥ 4,704*	***$ (24,175)***
Share of other comprehensive income in affiliates				
(Loss) gain arising during the year	**¥ (206)**	¥ 41	¥ 39	**$ (1,907)**
Reclassification adjustments to profit	**137**	16	38	**1,268**
Total	***¥ (68)***	*¥ 58*	*¥ 78*	***$ (629)***
Total other comprehensive (loss) income	***¥ (15,901)***	*¥ 1,175*	*¥ 14,299*	***$ (147,231)***

17.SEGMENT INFORMATION

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures" and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity for which separate financial information is available and such information is evaluated regularly by the chief operating decisionmaker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

a. Description of Reportable Segments

The Companies' reportable segments are those for which separate financial information is available and regular evaluation by the Companies' management is being performed in order to decide how resources are allocated among the Companies.

The Companies are composed of three reportable segments by nature of products and services: Transportation, Merchandise and Other and Real Estate are disclosed.

The Transportation segment manages the Companies' railway operations, such as the Tokaido Shinkansen and conventional railway operations in the Tokai area, bus operations and others. The Merchandise and Other segment includes a department store in JR Central Towers, retail sales in trains and stations and others. The Real Estate segment include real estate leasing business, such as station building leasing and real estate sales in lots.

b. Methods of Measurement for the Amounts of Operating Revenues, Profit (Loss), Assets, Liabilities and Other Items for Each Reportable Segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 3, "Summary of Significant Accounting Policies." Reportable segment profit represents operating income. Prices of intersegment transactions or transfers are determined based upon arm's length transactions.

c. Information about Operating Revenues, Profit (Loss), Assets, Liabilities and Other Items

	Millions of Yen							
	2020							
	Reportable Segment							
	Transportation	Merchandise and Other	Real Estate	Total	Other	Total	Reconciliations	Consolidated
Operating revenues:								
External customers	¥ 1,419,006	¥ 250,111	¥ 47,487	¥ 1,716,605	¥ 128,042	¥ 1,844,647		¥ 1,844,647
Intersegment transactions or transfers	12,260	13,160	32,510	57,932	144,220	202,152	¥ (202,152)	
Total	*¥ 1,431,266*	*¥ 263,272*	*¥ 79,998*	*¥ 1,774,537*	*¥ 272,263*	*¥ 2,046,800*	*¥ (202,152)*	*¥ 1,844,647*
Segment profit	¥ 617,643	¥ 7,401	¥ 19,004	¥ 644,049	¥ 13,512	¥ 657,561	¥ (1,398)	¥ 656,163
Segment assets	8,833,470	126,572	364,996	9,325,039	412,213	9,737,253	(134,126)	9,603,126
Other:								
Depreciation and amortization	188,343	3,946	16,851	209,141	5,376	214,517		214,517
Amounts of investments in equity in affiliates	10,155			10,155		10,155		10,155
Increase in property, plant and equipment and intangible assets	438,422	5,842	10,859	455,124	8,600	463,725		463,725

	Millions of Yen							
	2019							
	Reportable Segment							
	Transportation	Merchandise and Other	Real Estate	Total	Other	Total	Reconciliations	Consolidated
Operating revenues:								
External customers	¥ 1,449,198	¥ 253,312	¥ 49,646	¥ 1,752,156	¥ 125,980	¥ 1,878,137		¥ 1,878,137
Intersegment transactions or transfers	12,146	11,672	32,488	56,307	135,090	191,398	¥ (191,398)	
Total	*¥ 1,461,345*	*¥ 264,984*	*¥ 82,134*	*¥ 1,808,464*	*¥ 261,071*	*¥ 2,069,535*	*¥ (191,398)*	*¥ 1,878,137*
Segment profit	¥ 664,897	¥ 9,638	¥ 20,279	¥ 694,814	¥ 16,103	¥ 710,918	¥ (1,143)	¥ 709,775
Segment assets	8,711,224	127,619	370,244	9,209,088	408,015	9,617,103	(321,358)	9,295,745
Other:								
Depreciation and amortization	186,166	4,101	16,930	207,198	4,064	211,262		211,262
Amounts of investments in equity in affiliates	9,909			9,909		9,909		9,909
Increase in property, plant and equipment and intangible assets	392,471	2,999	10,436	405,907	8,492	414,399		414,399

	Millions of Yen							
	2018							
	Reportable Segment							
	Transportation	Merchandise and Other	Real Estate	Total	Other	Total	Reconciliations	Consolidated
Operating revenues:								
External customers	¥ 1,412,182	¥ 243,228	¥ 46,117	¥ 1,701,528	¥ 120,510	¥ 1,822,039		¥ 1,822,039
Intersegment transactions or transfers	11,869	12,164	31,902	55,936	141,115	197,052	¥ (197,052)	
Total	*¥ 1,424,051*	*¥ 255,393*	*¥ 78,020*	*¥ 1,757,465*	*¥ 261,626*	*¥ 2,019,091*	*¥ (197,052)*	*¥ 1,822,039*
Segment profit	¥ 623,077	¥ 8,224	¥ 18,534	¥ 649,836	¥ 13,208	¥ 663,045	¥ (1,021)	¥ 662,023
Segment assets	8,191,415	119,640	371,961	8,683,018	398,838	9,081,856	(173,173)	8,908,682
Other:								
Depreciation and amortization	190,763	4,009	17,164	211,936	4,090	216,027		216,027
Amounts of investments in equity in affiliates	9,648			9,648		9,648		9,648
Increase in property, plant and equipment and intangible assets	305,974	5,732	8,673	320,379	5,224	325,604		325,604

	Thousands of U.S. Dollars							
	2020							
	Reportable Segment							
	Transportation	Merchandise and Other	Real Estate	Total	Other	Total	Reconciliations	Consolidated
Operating revenues:								
External customers	$ 13,138,944	$ 2,315,842	$ 439,694	$ 15,894,490	$ 1,185,574	$ 17,080,064		$ 17,080,064
Intersegment transactions or transfers	113,518	121,851	301,018	536,407	1,335,370	1,871,777	$ (1,871,777)	
Total	*$ 13,252,462*	*$ 2,437,703*	*$ 740,722*	*$ 16,430,898*	*$ 2,520,953*	*$ 18,951,851*	*$ (1,871,777)*	*$ 17,080,064*
Segment profit	$ 5,718,916	$ 68,527	$ 175,962	$ 5,963,416	$ 125,111	$ 6,088,527	$ (12,944)	$ 6,075,583
Segment assets	81,791,388	1,171,962	3,379,592	86,342,953	3,816,787	90,159,750	(1,241,907)	88,917,833
Other:								
Depreciation and amortization	1,743,916	36,537	156,027	1,936,490	49,777	1,986,268		1,986,268
Amounts of investments in equity in affiliates	94,027			94,027		94,027		94,027
Increase in property,plant and equipment and intangible assets	4,059,462	54,092	100,546	4,214,111	79,629	4,293,750		4,293,750

Notes: 1. Other includes business in hotel, travel, advertising, rolling stock production, construction, etc., which are not included in a any reportable segment.
2. Reconciliations are as follows:
a. The amount of elimination of intersegment transactions included in the reconciliations was ¥(1,398) million ($(12,944) thousand), ¥(1,143) million and ¥(1,021) million for the years ended March 31, 2020, 2019 and 2018, respectively.
b. The reconciliations for segment assets include corporate assets, which are not allocated to a reportable segment, and the elimination of intersegment transactions.
Corporate assets principally consist of investment securities and certificates of deposit. The amounts of corporate assets were ¥478,047 million ($4,426,361 thousand), ¥288,709 million and ¥441,612 million for the years ended March 31, 2020, 2019 and 2018, respectively.
The elimination of intersegment transactions consists of intersegment receivables and others. The amounts of the elimination were ¥612,174 million ($5,668,277 thousand), ¥610,068 million and ¥614,785 million for the years ended March 31, 2020, 2019 and 2018, respectively.
3. Segment profit is reconciled to operating income in the consolidated statement of income.
4. Information about products and services was omitted since equivalent information was disclosed above.
Information about geographical areas was not presented since the Companies have no significant overseas operations.

18.SUBSEQUENT EVENTS

Appropriations of Retained Earnings

The following appropriation of retained earnings as of March 31, 2020, was approved at the Company's shareholders' meeting held on June 23, 2020. The total amount of dividends includes ¥33 million ($305 thousand) in dividends to be paid to the Trust.

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥75 ($0.69) per share	¥ 14,775	$ 136,805

Nonconsolidated Balance Sheet (Unaudited)

Central Japan Railway Company — March 31, 2020

ASSETS	Millions of Yen (Note 1) 2020	2019	Thousands of U.S. Dollars (Note 1) 2020
CURRENT ASSETS:			
Cash and cash equivalents	**¥ 745,535**	¥ 740,989	**$ 6,903,101**
Money held in trust for the Chuo Shinkansen construction	**2,435,015**	2,670,591	**22,546,435**
Trade receivables	**40,349**	57,967	**373,601**
Supplies	**14,045**	13,019	**130,046**
Prepaid expenses and other	**50,920**	45,598	**471,481**
Total current assets	***3,285,865***	*3,528,165*	***30,424,675***
NONCURRENT ASSETS:			
Investments and other assets:			
Investment securities	**815,715**	642,676	**7,552,916**
Investments in and advances to subsidiaries and affiliates	**221,255**	227,964	**2,048,657**
Deferred tax assets	**163,736**	156,910	**1,516,074**
Prepaid expenses and other	**198,013**	47,902	**1,833,453**
Total investments and other assets	***1,398,720***	*1,075,453*	***12,951,111***
Property, plant and equipment (Note 2):			
Railway business property	**8,147,341**	8,104,274	**75,438,342**
Construction in progress	**932,833**	647,505	**8,637,342**
Other	**221,404**	219,545	**2,050,037**
Total	***9,301,579***	*8,971,325*	***86,125,731***
Accumulated depreciation	**(4,584,886)**	(4,482,824)	**(42,452,648)**
Net property, plant and equipment	***4,716,693***	*4,488,500*	***43,673,083***
Total noncurrent assets	***6,115,413***	*5,563,954*	***56,624,194***
TOTAL ASSETS	***¥ 9,401,279***	*¥ 9,092,120*	***$ 87,048,879***

LIABILITIES AND EQUITY	Millions of Yen (Note 1) 2020	2019	Thousands of U.S. Dollars (Note 1) 2020
CURRENT LIABILITIES:			
Short-term loans payable	**¥ 156,068**	¥ 158,540	**$ 1,445,074**
Current portion of long-term debt	**84,969**	110,493	**786,750**
Current portion of long-term debt of the employee stock ownership plan trust	**5,400**	5,400	**50,000**
Current portion of long-term accounts payable-railway facilities	**5,783**	5,444	**53,546**
Trade payables	**224,701**	197,565	**2,080,564**
Provision for bonuses	**20,726**	21,334	**191,907**
Income taxes payable	**78,912**	98,502	**730,666**
Prepaid fares received	**16,465**	34,103	**152,453**
Inter-line fares received	**33,446**	188	**309,685**
Other	**55,364**	56,989	**512,629**
Total current liabilities	***681,838***	*688,562*	***6,313,314***
NONCURRENT LIABILITIES:			
Long-term debt	**1,222,606**	1,196,732	**11,320,425**
Long-term debt for the Chuo Shinkansen construction	**3,000,000**	3,000,000	**27,777,777**
Long-term debt of the employee stock ownership plan trust	**4,300**	9,700	**39,814**
Long-term accounts payable-railway facilities	**532,666**	538,451	**4,932,092**
Provision for large-scale renovation of the Shinkansen infrastructure	**105,000**	140,000	**972,222**
Provision for retirement benefits	**174,594**	177,815	**1,616,611**
Other	**21,645**	25,359	**200,416**
Total noncurrent liabilities	***5,060,812***	*5,088,058*	***46,859,370***
EQUITY:			
Common stock-authorized, 824,000,000 shares; issued, 206,000,000 shares in 2020 and 2019	**112,000**	112,000	**1,037,037**
Capital surplus	**53,500**	53,500	**495,370**
Retained earnings:			
Legal reserve	**12,504**	12,504	**115,777**
Unappropriated	**3,573,154**	3,223,861	**33,084,759**
Treasury stock-at cost, 9,443,249 shares in 2020 and 9,721,439 shares in 2019	**(110,661)**	(115,959)	**(1,024,638)**
Unrealized gain on available-for-sale securities	**18,129**	29,591	**167,861**
Total equity	***3,658,628***	*3,315,499*	***33,876,185***
TOTAL LIABILITIES AND EQUITY	***¥ 9,401,279***	*¥ 9,092,120*	***$ 87,048,879***

See notes to nonconsolidated financial statements.

Nonconsolidated Statement of Income (Unaudited)

Central Japan Railway Company — Year Ended March 31, 2020

	Millions of Yen (Note 1) 2020	2019	2018	Thousands of U.S. Dollars (Note 1) 2020
OPERATING REVENUES:				
Railway business	**¥ 1,422,208**	¥ 1,452,005	¥ 1,414,884	**$ 13,168,592**
Other	**14,788**	12,881	12,560	**136,925**
Total operating revenues	***1,436,996***	*1,464,886*	*1,427,444*	***13,305,518***
OPERATING EXPENSES:				
Railway business	**805,474**	788,754	793,541	**7,458,092**
Other	**8,471**	8,386	8,608	**78,435**
Total operating expenses	***813,946***	*797,140*	*802,150*	***7,536,537***
Operating income	***623,050***	*667,745*	*625,293*	***5,768,981***
OTHER INCOME (EXPENSES):				
Interest and dividend income	**3,628**	3,636	3,194	**33,592**
Interest expense	**(80,514)**	(81,271)	(79,105)	**(745,500)**
Other—net	**(6,221)**	86	208	**(57,601)**
Other expenses—net	***(83,107)***	*(77,548)*	*(75,702)*	***(769,509)***
INCOME BEFORE INCOME TAXES	**539,942**	590,197	549,591	**4,999,462**
INCOME TAXES:				
Current	**164,165**	179,709	172,961	**1,520,046**
Deferred	**(3,065)**	(3,557)	(7,780)	**(28,379)**
Total income taxes	***161,099***	*176,151*	*165,181*	***1,491,657***
NET INCOME	***¥ 378,842***	*¥ 414,045*	*¥ 384,410*	***$ 3,507,796***

	Yen 2020	2019	2018	U.S. Dollars 2020
PER SHARE OF COMMON STOCK:				
Basic net income	**¥ 1,928.84**	¥ 2,110.87	¥ 1,956.94	**$ 17.86**
Cash dividends applicable to the year	**150.00**	145.00	140.00	**1.39**

See notes to nonconsolidated financial statements.

Nonconsolidated Statement of Changes in Equity (Unaudited)

Central Japan Railway Company — Year Ended March 31, 2020

	Thousands	Millions of Yen (Note 1)							
				Retained Earnings					
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Legal Reserve	Unappropriated	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Total Equity
BALANCE, APRIL 1, 2017	197,000	112,000	53,500	12,504	2,480,566	(102,205)	26,474	2,582,839
Net income					384,410			384,410
Dividends from surplus, ¥140 per share					(27,580)			(27,580)
Purchase of treasury stock	(1,121)					(21,365)		(21,365)
Disposal of treasury stock	149					2,838		2,838
Net change in the year							8,736	8,736
BALANCE, MARCH 31, 2018	196,027	112,000	53,500	12,504	2,837,396	(120,733)	35,211	2,929,880
Net income					414,045			414,045
Dividends from surplus, ¥140 per share					(27,580)			(27,580)
Purchase of treasury stock	(0)					(0)		(0)
Disposal of treasury stock	250					4,774		4,774
Net change in the year							(5,620)	(5,620)
BALANCE, MARCH 31, 2019	196,278	112,000	53,500	12,504	3,223,861	(115,959)	29,591	3,315,499
Net income					378,842			378,842
Dividends from surplus, ¥150 per share					(29,550)			(29,550)
Purchase of treasury stock	(0)					(0)		(0)
Disposal of treasury stock	278					5,297		5,297
Net change in the year							(11,461)	(11,461)
BALANCE, MARCH 31, 2020	*196,556*	*¥ 112,000*	*¥ 53,500*	*¥ 12,504*	*¥3,573,154*	*¥ (110,661)*	*¥ 18,129*	*¥ 3,658,628*

	Thousands of U.S. Dollars (Note 1)					
			Retained Earnings			
	Common Stock	Capital Surplus	Legal Reserve	Unappropriated	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Total Equity
BALANCE, MARCH 31, 2019	$ 1,037,037	$ 495,370	$ 115,777	$29,850,564	$ (1,073,694)	$ 273,990	$30,699,064
Net income				3,507,796			3,507,796
Dividends from surplus, $1.39 per share				(273,611)			(273,611)
Purchase of treasury stock					(0)		(0)
Disposal of treasury stock					49,046		49,046
Net change in the year						(106,120)	(106,120)
BALANCE, MARCH 31, 2020	*$ 1,037,037*	*$ 495,370*	*$ 115,777*	*$ 33,084,759*	*$ (1,024,638)*	*$ 167,861*	*$ 33,876,185*

See notes to nonconsolidated financial statements.

Notes to Nonconsolidated Financial Statements (Unaudited)

Central Japan Railway Company

1. BASIS OF PRESENTATION OF NONCONSOLIDATED FINANCIAL STATEMENTS

The accompanying nonconsolidated financial statements have been prepared in accordance with the provisions set forth in the Companies Act, the Japanese Financial Instruments and Exchange Act, the Law for Railway Business Enterprise and their related accounting regulations, and in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

In preparing these nonconsolidated financial statements, certain reclassifications and rearrangements have been made to the nonconsolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

The nonconsolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥108 to $1, the approximate rate of exchange as of March 31, 2020. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate. Japanese yen figures of less than one million yen are rounded down to the nearest million of yen, except for per share information, and U.S. dollar figures of less than one thousand U.S. dollars are also rounded down to the nearest thousand of U.S. dollars, except for per share information.

2. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as of March 31, 2020 and 2019, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
Land	**¥ 2,327,112**	¥ 2,326,941	**$ 21,547,333**
Buildings	**622,306**	612,049	**5,762,092**
Structures	**3,852,722**	3,816,563	**35,673,351**
Rolling stock	**906,918**	906,235	**8,397,388**
Machinery and equipment	**656,236**	658,822	**6,076,259**
Lease assets	**3,448**	3,207	**31,925**
Construction in progress	**932,833**	647,505	**8,637,342**
Total	***9,301,579***	*8,971,325*	***86,125,731***
Accumulated depreciation	**(4,584,886)**	(4,482,824)	**(42,452,648)**
Net property, plant and equipment	***¥ 4,716,693***	*¥ 4,488,500*	***$ 43,673,083***

Property, plant and equipment are stated at cost.

Depreciation is computed by the declining-balance method over the estimated useful lives of the assets. Additional depreciation is provided for the Shinkansen rolling stock based on kilometers traveled.

The range of useful lives is principally from 3 to 50 years for buildings, from 4 to 60 years for structures, from 10 to 20 years for rolling stock and from 4 to 17 years for machinery and equipment.

Depreciation of certain railway structures, except for the Shinkansen railway facilities, is computed by the replacement-accounting method.

Deloitte.

Deloitte Touche Tohmatsu LLC
JP TOWER NAGOYA
1-1-1 Meieki, Nakamura-ku
Nagoya, Aichi 450-8530
Japan
Tel: +81(52)565 5511 Fax:+81(52)569 1394
www.deloitte.com/jp/en

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Central Japan Railway Company:

Opinion

We have audited the consolidated financial statements of Central Japan Railway Company and its consolidated subsidiaries (the "Companies"), which comprise the consolidated balance sheet as of March 31, 2020, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Companies as of March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 2 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Companies in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Companies' ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Companies or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Companies' financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Companies' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Companies' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Companies to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Companies to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Companies which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Hiroki Kitagata
Designated Engagement Partner
Certified Public Accountant

Haruhisa Suzuki
Designated Engagement Partner
Certified Public Accountant

Shumpei Kano
Designated Engagement Partner
Certified Public Accountant

Deloitte Touche Tohmatsu LLC

June 23, 2020

Member of
Deloitte Touche Tohmatsu Limited

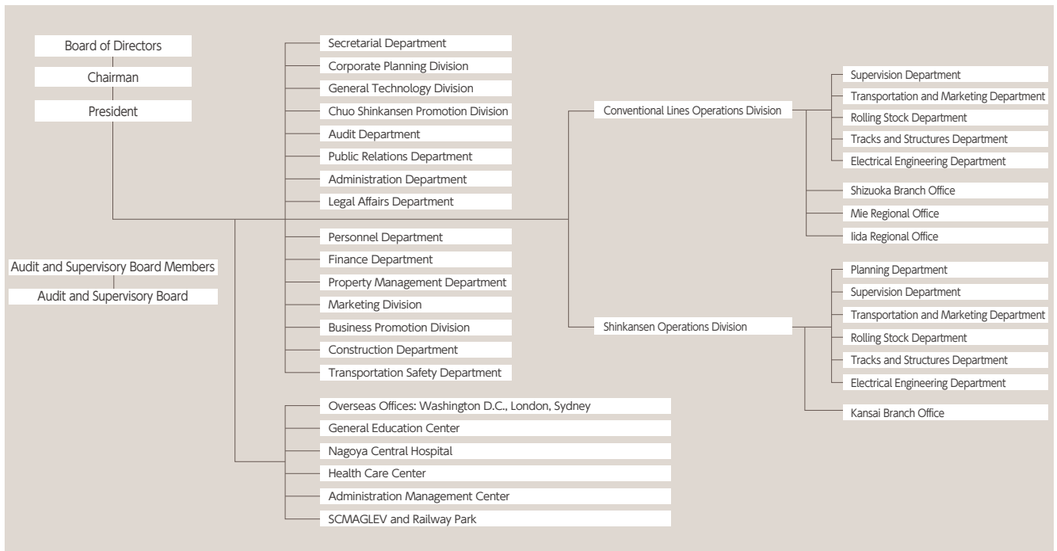
Corporate Data

►Profile

Name	CENTRAL JAPAN RAILWAY COMPANY (JR Central) Central Japan Railway Company (JR Central)	
Established	April 1, 1987	
Business activities	Railways business, Affiliated businesses	
Key data	(As of the end of March 2020)	
	Capital	112.0 billion yen
	Operating Revenues	1,436.9 billion yen
	Number of Shares Outstanding	206 million
	Share Listings	Nagoya / Tokyo Stock Exchange
	Number of Shareholders	92,828
	Number of Employees	18,282
	Operating Kilometers	1,970.8km
	Number of Stations	405
	Number of Rolling Stock	4,828
	Double-and Multi-Tracked Section	55.1% (1,086.8km)
	Electrified Section	76.7% (1,511.0km)
	CTC System Adoption Rate	97.5% (1,922.3km)
	Automatic Signaling System Adoption Rate	97.8% (1,927.3km)

Head Office and Other Main Offices	Head Office	Meieki 1-1-4, Nakamura-ku, Nagoya-shi, Aichi 450-6101, JapanJR Central Towers
	Head Office (Tokyo)	JR Central Shinagawa Building A Wing 2-1-85, Konan, Minato-ku, Tokyo 108-8204, Japan
	Conventional Lines Operations Division	JR Central Taiko Building, Meieki 1-3-4, Nakamura-ku, Nagoya-shi, Aichi 453-8520, Japan
	Shizuoka Branch Office	4, Kurogane-cho, Aoi-ku, Shizuoka-shi, Shizuoka 420-0851, Japan
	Mie Regional Office	Ust-Tsu 12F, 700, Hadokoro-cho, Tsu-shi, Mie 514-0009, Japan
	Iida Regional Office	5356, Kami-Iida, Iida-shi, Nagano 395-0000,Japan
	Shinkansen Operations Division	Marunouchi Chuo Building, 1-9-1, Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan
	Kansai Branch Office	Shin-Osaka Hankyu Building 10F, 1-1-1, Miyahara, Yodogawa-ku, Osaka-shi, Osaka 532-0003, Japan
	Washington D.C. Office	900 17th Street, N.W., Suite 520, Washington,DC 20006, U.S.A.
	London Office	6th Floor, 4 Eastcheap, London, EC3M 1AE, U.K.
	Sydney Office	Suite 5.01A, Level5, 20 Hunter Street, Sydney, NSW 2000, Australia

►Organization Chart



►Operating Area

JR Central operates the Tokaido Shinkansen, the main transportation artery linking Tokyo, Nagoya, and Osaka, and a network of 12 conventional lines centered on the Nagoya and Shizuoka City areas.

Operating Kilometers by line

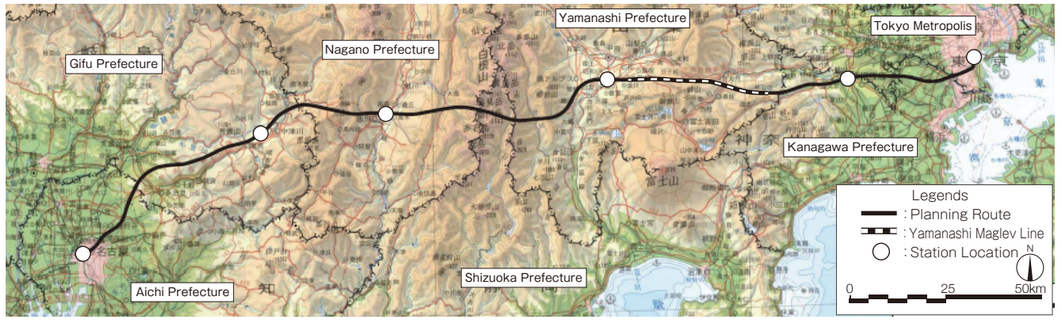
Tokaido Shinkansen	552.6km
Conventional Lines	
Tokaido Line	360.1km
Gotemba Line	60.2km
Minobu Line	88.4km
Iida Line	195.7km
Taketoyo Line	19.3km
Takayama Line	189.2km
Chuo Line	174.8km
Taita Line	17.8km
Kansai Line	59.9km
Kisei Line	180.2km
Meisho Line	43.5km
Sangu Line	29.1km
Conventional Line Total	1,418.2km
Total	1,970.8km

Corporate Data

▶Chuo Shinkansen Related Information

Route of the Chuo Shinkansen (Between Tokyo and the City of Nagoya)

This map is copied from a Japanese map (with a scale of 1 to 1,000,000) published by the Geographical Survey Institute with their authorization. (Authorization number: H25 Jo Fuku, 310)



Flow of work based on the Nationwide Shinkansen Railway Development Act

- Article 4 Basic Plan — Decided in November 1973
- Article 5 Research and Reports — Topological and geological surveys Ordered in February 1990 →Reported in October 2008; Research on the residual 4 items* Ordered in December 2008 →Reported in December 2009
- Article 14-2 The Transport Policy Council — Consulted on February 24, 2010 →Replied on May 12, 2011
- Article 6 Designation of Operator and Constructor — Consented on May 18, 2011 →Designated on May 20, 2011
- Article 7 Development Plan — Consented on May 23, 2011 →Decided on May 26, 2011
- Article 8 Instruction to Construct — Instructed on May 27, 2011
- Environmental Impact Assessment
- Article 9 Construction Implementation Plan — Construction Implementation Plan (Part1) : Submission on August 26, 2014 →Approved on October 17, 2014; Construction Implementation Plan (Part2) : Submission on September 25, 2017 →Approved on March 2, 2018
- Start of Construction

*Research on the residual 4 items
- Items related to transportation capacity in response to transportation demand
- Items related to the development of facility and rolling stock technologies
- Items related to construction costs
- Other necessary items

Content of Development Plan

(Note) The estimated amount of expenditures for construction does not include interest.

Construction line	Chuo Shinkansen	
Section	Tokyo - Osaka City	
Technology used for running	Superconducting magnetic levitation technology	
Maximum design speed	505 km/h	
Estimated amount of costs required for construction (including rolling stock costs)	9,030 billion yen	
Other necessary items	Main areas passed through	Kofu City area, south-central Akaishi Mountains (Southern Alps), Nagoya City area, Nara City area

Outline of the Construction Implementation Plan (Part2) of the Chuo Shinkansen section between Shinagawa and Nagoya

Section	Between Shinagawa and Nagoya
Station Location	Shinagawa Station, Kanagawa Prefecture Station (provisional name), Yamanashi Prefecture Station (provisional name), Nagano Prefecture Station (provisional name), Gifu Prefecture Station (provisional name), Nagoya Station
Line extension	285.6km
Construction costs	4,853.6 billion yen [Total construction costs of 5,523.5 billion yen (Includes rolling stock costs. Excludes the construction costs for the existing Yamanashi Maglev Line)]
Expected completion year	2027

The Principles of the Superconducting Maglev System

❯ Propulsion System

By passing current through the Propulsion Coils on the ground, a magnetic field (north and south poles) is produced, thus the vehicle is propelled forward by the attractive force of opposite poles and the repulsive force of same poles acting between the ground coils and the Superconducting Magnets built into the vehicles.

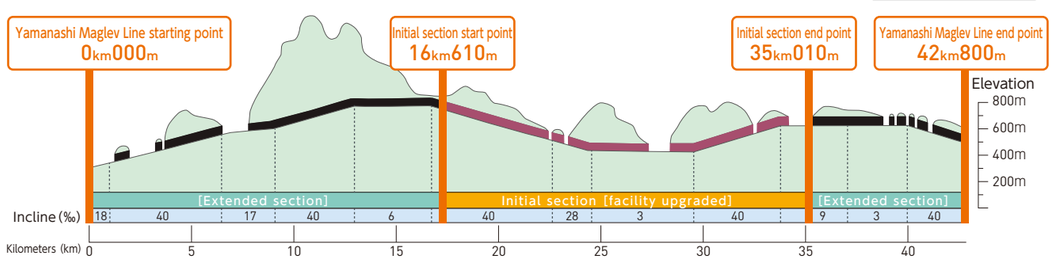
❯ Levitation System

The Levitation and Guidance Coils are installed on both sides of the guideway (track). When the on-board Superconducting Magnets pass through at high speed, an electric current is induced in the Levitation and Guidance Coils, causing them to become electromagnets. This generates a force that both pushes and pulls up the vehicle.

❯ Guidance System

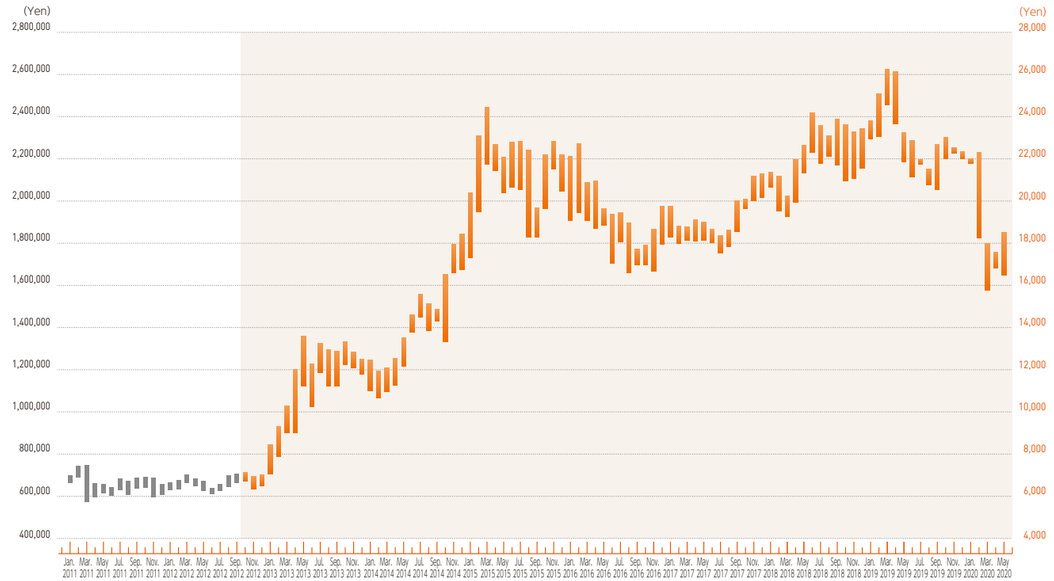
The Levitation and Guidance Coils on both sides of the guideway keep the vehicle in the center of the guideway at all times by exerting an attractive force on the far side of the vehicle and a repulsive force on the near side when the vehicle moves off center to either side.

Overview of the Yamanashi Maglev Line



▶Stock Information

Shifts in JR Central's Stock Price



Note: On October 1, 2012, the Company implemented a 100-for-1 stock split and employed a share unit system by which one share unit equals 100 shares. Please refer to the left axis for stock prices before September 2012 and the right axis for stock prices after October 2012.

Major Shareholders

Name	Number of shares held	Percentage of total issued shares
The Master Trust Bank of Japan, Ltd. (Trust Account)	12,597,400	6.39%
Japan Trustee Services Bank, Ltd. (Trust Account)	9,997,100	5.07%
Mizuho Bank, Ltd.	8,642,300	4.39%
The Nomura Trust and Banking Co., Ltd. (Holder in Retirement Benefit Trust for MUFJ Bank, Ltd.)	7,125,000	3.62%
MUFJ Bank, Ltd.	6,278,100	3.19%
Nippon Life Insurance Company	5,000,000	2.54%
Toyota Motor Corporation	4,000,000	2.03%
The Dai-ichi Life Insurance Company, Ltd.	3,423,900	1.74%
Japan Trustee Services Bank, Ltd. (Trust Account 5)	3,388,700	1.72%
The Norinchukin Bank	3,350,000	1.70%
Total	63,802,500	32.39%

Note: In addition to the above, JR Central holds 8,999,249 shares of treasury stock. [As of March 31, 2020]

JR Central has been included in the following index for socially responsible investment (SRI).

MSCI Japan ESG Select Leaders Index

MSCI Japan ESG Select Leaders Index is an SRI index consisting of companies with high Environmental, Social, and Governance (ESG) performance relative to their sector peers, provided by MSCI.

ECPI Sense in sustainability

ECPI Indices is a socially responsible investment index provided by ECPI, which investigates ESG (Environmental, Social and Governance) in a company and provides its rating information. ECPI's main offices are located in Luxembourg and Italy.

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URL: https://english.jr-central.co.jp
Tel:(052)564-2413／Fax:(052)587-1300
E-mail：ir.msd@jr-central.co.jp

For more information, please visit the following:

- Safety Report https://company.jr-central.co.jp/company/achievement/report/
- Linear Chuo Shinkansen https://linear-chuo-shinkansen.jr-central.co.jp/
- Fact Sheet https://company.jr-central.co.jp/ir/factsheets/