

[TRANSLATION]

[Supplemental Material 1]

Summary of the Consolidated Financial Results for the Year Ended March 31, 2016

April 27, 2016  
Central Japan Railway Company

- **Non-consolidated transportation revenues of the Central Japan Railway Company (the “Company”) exceeded the favorable results of the previous fiscal year because the use of the Company’s services for business as well as tourism maintained their high levels. The Company’s overall operating revenues on a consolidated basis also increased due to an increase in revenues of the group companies.**
- **Operating expenses slightly decreased despite an increase in expenses of the group companies due to, among others, a decrease in depreciation and amortization of the Company. The Company improved its non-operating income/loss due to a decrease in interest expenses.**
- As a result, **the Company recorded increases in revenues and profits** (operating income, ordinary income and net income attributable to owners of the parent). **The Company achieved its highest ever performance in operating revenues and each category of income.**
- As for the forecasted results for the year ending March 31, 2017, the Company will seek, as the entire group, to enhance its management vitality through working towards growing the earning capability and pursuing efficiency and cost reduction in the operation of its business at all levels including capital investments, while giving top priority to ensuring safe and reliable transportation.
- **Dividends** for the end of this fiscal year are **65 yen per share, which is 5 yen more** than the forecasted dividends announced in January 2016, and **interim and year-end dividends (forecast) for the year ending March 31, 2017 are also 65 yen per share.**

## 1. Summary of Consolidated Results for the Year Ended March 31, 2016

### **(1) Operating revenues (1,738.4 billion yen; a 66.1 billion yen or a 4.0% increase)**

- The Company's **transportation revenues increased by 51.4 billion yen (4.1%) to 1,294.7 billion yen in the year ended March 31, 2016 as compared with the year ended March 31, 2015.**
  - As for the Tokaido Shinkansen, the Company sought to enhance transportation services by, among others, adding extra trains flexibly to respond to demand by leveraging the "10 Nozomi Timetable" and operating a daily average of 358 services throughout this fiscal year. The Company also expanded tourist product offerings for Express Reservation members by, for example, introducing new products, and strengthened various marketing campaigns by utilizing tourism resources such as Kyoto, Nara and Tokyo and travel products linked to them.
  - As for the conventional lines, the Company sought to enhance transportation services through, among others, the introduction of new diesel trains in the Kisei line and Sangu line. The Company also made efforts to increase passengers through cooperation with local communities, such as organizing events and promoting travel products related to the "Shupo" campaign and the "400<sup>th</sup> Anniversary of the Death of Tokugawa Ieyasu".
  - As a result, transportation revenues from the Tokaido Shinkansen increased by 48.5 billion yen (4.2%) to 1,192.0 billion yen in the year ended March 31, 2016 as compared with the year ended March 31, 2015. Transportation revenues from the conventional lines increased by 2.9 billion yen (2.9%) to 102.6 billion yen in the year ended March 31, 2016 as compared with the year ended March 31, 2015. Total transportation revenues increased by 51.4 billion yen (4.1%) to 1,294.7 billion yen in the year ended March 31, 2016 as compared with the year ended March 31, 2015.
- As for the non-railway business, the Company worked towards the enhancement of existing businesses, and carried on with JR GATE TOWER Project at Nagoya Station. Operating revenues of the group companies increased by 14.7 billion yen (3.9%) to 397.4 billion yen in the year ended March 31, 2016, as compared with the year ended March 31, 2015, mainly due to an increase in sales in the merchandise and other segment centering on JR Tokai Takashimaya Co., Ltd. and NIPPON SHARYO, LTD.

### **(2) Operating expenses (1,159.7 billion yen; a 5.9 billion yen or a 0.5% decrease)**

- While expenses at group companies, including NIPPON SHARYO, LTD., increased, the expenses on a consolidated basis slightly decreased mainly due to a decrease in depreciation and amortization associated with the Yamanashi Maglev Line.

### **(3) Operating income (578.6 billion yen; a 72.0 billion yen or a 14.2% increase)**

### **(4) Non-operating income/loss (-67.2 billion yen; an 11.2 billion yen improvement)**

- Non-operating expenses of the Company decreased due to a decrease in interest expenses as well as a decrease in losses from early redemption of bonds.

### **(5) Ordinary income (511.4 billion yen; an 83.3 billion yen or a 19.5% increase)**

**(6) Net income attributable to owners of the parent (337.4 billion yen; a 73.3 billion yen or a 27.8% increase)**

**2. Summary of Long-term Debt and Payables**

- The balance of long-term debt and payables at the end of March 2016 decreased by 205.4 billion yen to 1,945.0 billion yen from the end of the previous fiscal year.

**3. Conditions of Cash Flow**

**(1) Net cash provided by operating activities: 601.4 billion yen (a 30.6 billion yen increase)**

- Net cash provided by operating activities increased mainly due to an increase in transportation revenues of the Company because the use of the Company's services for business as well as tourism maintained their high levels.

**(2) Net cash used in investing activities: 170.3 billion yen (a 93.6 billion yen decrease)**

- Net cash used in investing activities decreased mainly due to a decrease in expenditures relating to fund management.

**(3) Net cash used in financing activities: 242.8 billion yen (a 9.4 billion yen decrease)**

- Net cash used in financing activities decreased mainly due to a decrease in expenditures relating to long-term debt and payables.

**(4) Cash and cash equivalents: 318.3 billion yen (a 188.3 billion yen increase)**

**4. Forecasted Results of Operations for the Year Ending March 31, 2017**

**(1) Operating revenues: 1,736.0 billion yen (a 2.4 billion yen or a 0.1% decrease)**

- The Company's expected transportation revenues on a non-consolidated basis: 1,294.7 billion yen (the same amount as the actual results for the year ended March 31, 2016).

**(2) Operating income: 577.0 billion yen (a 1.6 billion yen or a 0.3% decrease)**

**(3) Ordinary income: 520.0 billion yen (an 8.5 billion yen or a 1.7% increase)**

**(4) Net income attributable to owners of the parents: 363.0 billion yen (a 25.5 billion yen or a 7.6% increase)**

**(5) Estimated reduction in long-term debt and payables: 10.0 billion yen (7.0 billion yen on a non-consolidated basis)**

**5. Dividends (the Company)**

- Year-end dividends for this fiscal year shall be 65 yen per share, which is 5 yen more than forecasted dividend of 60 yen per share announced in January 2016.
- Forecasted dividends for the next fiscal year shall be 65 yen per share with respect to each of the interim dividends and year-end dividends.

(Note) Any fraction less than a tenth of the unit indicated is rounded down.  
(The same for Supplemental Material 2 and later.)

## Comparative Statements of Income (Consolidated)

(Unit: Billions of yen, %)

Classifications	For the Year Ended March 31, 2015	For the Year Ended March 31, 2016	Increase (Decrease)	%
<b>Operating revenues</b>	<i>[1.280]</i> <b>1,672.2</b>	<i>[1.280]</i> <b>1,738.4</b>	<b>66.1</b>	<b>104.0</b>
Transportation	1,294.0	1,346.3	52.2	104.0
Merchandise and other	225.0	230.6	5.6	102.5
Real estate	39.3	38.6	(0.7)	98.1
Other	113.8	122.7	8.9	107.8
<b>Operating expenses</b>	<b>1,165.6</b>	<b>1,159.7</b>	<b>(5.9)</b>	<b>99.5</b>
<b>Operating income</b>	<i>[1.066]</i> <b>506.5</b>	<i>[1.038]</i> <b>578.6</b>	<b>72.0</b>	<b>114.2</b>
<b>Non-operating income (loss)</b>	<b>(78.4)</b>	<b>(67.2)</b>	<b>11.2</b>	<b>85.7</b>
Non-operating income	10.1	8.2	(1.8)	81.8
Non-operating expenses	88.5	75.5	(13.0)	85.2
<b>Ordinary income</b>	<i>[1.076]</i> <b>428.1</b>	<i>[1.043]</i> <b>511.4</b>	<b>83.3</b>	<b>119.5</b>
<b>Extraordinary gain (loss)</b>	<b>(23.4)</b>	<b>(3.3)</b>	<b>20.0</b>	<b>14.3</b>
<b>Income before income taxes</b>	<b>404.6</b>	<b>508.1</b>	<b>103.4</b>	<b>125.6</b>
Income taxes	147.9	177.0	29.1	119.7
<b>Net income</b>	<b>256.7</b>	<b>331.0</b>	<b>74.2</b>	<b>128.9</b>
Net income (loss) attributable to noncontrolling interests	(7.3)	(6.4)	0.9	87.3
<b>Net income attributable to owners of the parent</b>	<i>[1.015]</i> <b>264.1</b>	<i>[1.027]</i> <b>337.4</b>	<b>73.3</b>	<b>127.8</b>
<b>Comprehensive income</b>	<b>268.9</b>	<b>312.3</b>	<b>43.4</b>	<b>116.1</b>

- (Notes)
1. Net income before minority interests (loss), minority interests in net income and net income are presented for net income, net income (loss) attributable to noncontrolling interests and net income attributable to owners of the parent, respectively, for the consolidated financial results for the year ended March 31, 2015.
  2. The figure shown in square brackets (i.e., “[ ]”) is the ratio of consolidated to non-consolidated results.
  3. The breakdown of operating revenues is based on the amount of sales to external customers, according to reportable segments.

## Comparative Statements of Income (Non-consolidated)

(Unit: Billions of yen, %)

Classifications	For the Year Ended March 31, 2015	For the Year Ended March 31, 2016	Increase (Decrease)	%
<b>Operating revenues</b>	<b>1,306.6</b>	<b>1,357.9</b>	<b>51.3</b>	<b>103.9</b>
Transportation revenues	1,243.2	1,294.7	51.4	104.1
Other services	63.3	63.2	(0.1)	99.8
<b>Operating expenses</b>	<b>831.1</b>	<b>800.3</b>	<b>(30.8)</b>	<b>96.3</b>
Personnel expenses	177.4	179.4	2.0	101.1
Non-personnel expenses	365.1	358.3	(6.8)	98.1
Taxes other than income taxes	32.7	35.3	2.6	108.0
Depreciation and amortization	255.8	227.0	(28.7)	88.8
<b>Operating income</b>	<b>475.4</b>	<b>557.6</b>	<b>82.2</b>	<b>117.3</b>
<b>Non-operating income (loss)</b>	<b>(77.6)</b>	<b>(67.1)</b>	<b>10.5</b>	<b>86.4</b>
Non-operating income	10.3	7.6	(2.7)	73.5
Non-operating expenses	88.0	74.7	(13.2)	84.9
<b>Ordinary income</b>	<b>397.7</b>	<b>490.5</b>	<b>92.8</b>	<b>123.3</b>
<b>Extraordinary gain (loss)</b>	<b>0.0</b>	<b>1.2</b>	<b>1.1</b>	<b>999.9</b>
<b>Income before income taxes</b>	<b>397.8</b>	<b>491.7</b>	<b>93.9</b>	<b>123.6</b>
Income taxes	137.5	163.1	25.5	118.6
<b>Net income</b>	<b>260.2</b>	<b>328.6</b>	<b>68.3</b>	<b>126.3</b>

## Comparison of Passenger-kilometers and Transportation Revenues

(Unit: Millions of passenger-kilometers, billions of yen, %)

			For the Year Ended March 31, 2015	For the Year Ended March 31, 2016	Increase (Decrease)	%	(Reference) From January to March, 2016	Vs. From January to March, 2015 (%)
Passenger-kilometers	Shinkansen	Commuter	1,390	1,431	41	103.0	342	99.1
		Others	48,744	50,734	1,990	104.1	12,210	102.9
		Subtotal	50,134	52,166	2,031	104.1	12,551	102.8
	Conventional lines	Commuter	5,481	5,568	86	101.6	1,313	102.6
		Others	3,587	3,734	147	104.1	914	102.1
		Subtotal	9,069	9,302	233	102.6	2,227	102.4
	Subtotal	Commuter	6,871	6,999	128	101.9	1,655	101.8
		Others	52,332	54,468	2,137	104.1	13,123	102.8
		Subtotal	59,203	61,467	2,264	103.8	14,778	102.7
Transportation revenues	Shinkansen	Commuter	16.9	16.8	(0.1)	99.2	4.1	100.6
		Others	1,126.5	1,175.2	48.7	104.3	280.8	103.0
		Subtotal	1,143.4	1,192.0	48.5	104.2	284.9	103.0
	Conventional lines	Commuter	34.0	33.9	(0.1)	99.7	8.2	100.8
		Others	65.7	68.7	3.0	104.6	16.6	101.9
		Subtotal	99.7	102.6	2.9	102.9	24.9	101.5
	Subtotal	Commuter	50.9	50.7	(0.2)	99.5	12.3	100.7
		Others	1,192.2	1,243.9	51.7	104.3	297.5	103.0
		Subtotal	1,243.2	1,294.7	51.4	104.1	309.8	102.9
Total (including parcel fare)			1,243.2	1,294.7	51.4	104.1	309.9	102.9

- (Notes)
1. Starting in the year ended March 31, 2016, the method of accounting for commuter passes for passenger-kilometers and transportation revenues has been changed from a method based on the month of sale to a method based on the month on which the passes become valid.
  2. The above table contains non-consolidated passenger-kilometers and transportation revenues of the Company.
  3. Any fraction in passenger-kilometers that is less than the unit indicated is rounded to the nearest unit.

## Comparative Balance Sheets (Consolidated)

(Unit: Billions of yen)

Classifications	As of March 31, 2015	As of March 31, 2016	Increase (Decrease)
<b>Current assets</b>	<b>432.1</b>	<b>530.7</b>	<b>98.5</b>
<b>Noncurrent assets</b>	<b>4,785.7</b>	<b>4,737.8</b>	<b>(47.9)</b>
Property, plant and equipment	4,434.7	4,414.7	(20.0)
Intangible assets	24.4	24.2	(0.2)
Investments and other assets	326.5	298.8	(27.7)
<b>Total assets</b>	<b>5,217.9</b>	<b>5,268.5</b>	<b>50.5</b>
Current liabilities	658.8	639.2	(19.5)
Noncurrent liabilities	2,495.1	2,276.7	(218.4)
<b>Total liabilities</b>	<b>3,154.0</b>	<b>2,915.9</b>	<b>(238.0)</b>
[Long-term debt and payables]	2,150.5	1,945.0	(205.4)
<b>Total equity</b>	<b>2,063.9</b>	<b>2,352.5</b>	<b>288.5</b>
<b>Total liabilities and equity</b>	<b>5,217.9</b>	<b>5,268.5</b>	<b>50.5</b>

## Comparative Statements of Cash Flows (Consolidated)

(Unit: Billions of yen)

Classifications	For the Year Ended March 31, 2015	For the Year Ended March 31, 2016	Increase (Decrease)
<b>Net cash provided by (used in) operating activities</b>	<b>570.8</b>	<b>601.4</b>	<b>30.6</b>
<b>Net cash provided by (used in) investing activities</b>	<b>(263.9)</b>	<b>(170.3)</b>	<b>93.6</b>
[Free cash flows (Operations plus Investments)]	[306.8]	[431.1]	[124.3]
<b>Net cash provided by (used in) financing activities</b>	<b>(252.2)</b>	<b>(242.8)</b>	<b>9.4</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>54.5</b>	<b>188.3</b>	<b>133.7</b>
<b>Cash and cash equivalents, beginning of the year</b>	<b>75.4</b>	<b>130.0</b>	<b>54.5</b>
<b>Cash and cash equivalents, end of the year</b>	<b>130.0</b>	<b>318.3</b>	<b>188.3</b>

## Forecasted Results of Operations for the Next Fiscal Year (Consolidated)

(Unit: Billions of yen, %)

Classifications	For the Year Ended March 31, 2016 (Actual Results)	For the Year Ending March 31, 2017 (Forecast)	Increase (Decrease)	%
<b>Operating revenues</b>	<b>1,738.4</b>	<b>1,736.0</b>	<b>(2.4)</b>	<b>99.9</b>
<b>Operating expenses</b>	<b>1,159.7</b>	<b>1,159.0</b>	<b>(0.7)</b>	<b>99.9</b>
<b>Operating income</b>	<b>578.6</b>	<b>577.0</b>	<b>(1.6)</b>	<b>99.7</b>
<b>Ordinary income</b>	<b>511.4</b>	<b>520.0</b>	<b>8.5</b>	<b>101.7</b>
<b>Net income attributable to owners of the parents</b>	<b>337.4</b>	<b>363.0</b>	<b>25.5</b>	<b>107.6</b>

## Forecasted Results of Operations for the Next Fiscal Year (Non-consolidated)

(Unit: Billions of yen, %)

Classifications	For the Year Ended March 31, 2016 (Actual Results)	For the Year Ending March 31, 2017 (Forecast)	Increase (Decrease)	%
<b>Operating revenues</b>	<b>1,357.9</b>	<b>1,358.0</b>	<b>0.0</b>	<b>100.0</b>
[Transportation revenues]	1,294.7	1,294.7	-	100.0
<b>Operating expenses</b>	<b>800.3</b>	<b>805.0</b>	<b>4.6</b>	<b>100.6</b>
<b>Operating income</b>	<b>557.6</b>	<b>553.0</b>	<b>(4.6)</b>	<b>99.2</b>
<b>Non-operating income(loss)</b>	<b>(67.1)</b>	<b>(57.0)</b>	<b>10.1</b>	<b>84.9</b>
<b>Ordinary income</b>	<b>490.5</b>	<b>496.0</b>	<b>5.4</b>	<b>101.1</b>
<b>Extraordinary gain(loss)</b>	<b>1.2</b>	<b>-</b>	<b>(1.2)</b>	<b>-</b>
<b>Income before income taxes</b>	<b>491.7</b>	<b>496.0</b>	<b>4.2</b>	<b>100.9</b>
<b>Income taxes</b>	<b>163.1</b>	<b>147.0</b>	<b>(16.1)</b>	<b>90.1</b>
<b>Net income</b>	<b>328.6</b>	<b>349.0</b>	<b>20.3</b>	<b>106.2</b>

## Estimated Reduction in Long-term Debt and Payables (Consolidated / Non-consolidated)

(Unit: Billions of yen)

Classifications	For the Year Ended March 31, 2016		For the Year Ending March 31, 2017	
	As of March 31, 2016 (Actual Results)	Actual Amount of Decrease	As of March 31, 2017 (Estimated)	Estimated Amount of Decrease
Balance of long-term debt and payables (consolidated)	1,945.0	(205.4)	1,935.0	(10.0)
Balance of long-term debt and payables (non-consolidated)	1,915.6	(220.6)	1,908.6	(7.0)

## Scheduled Amount of Capital Investment (Consolidated / Non-consolidated)

(Unit: Billions of yen, %)

	For the Year Ended March 31, 2016 (Actual Results)	For the Year Ending March 31, 2017 (Planned)	Increase (Decrease)	%
Capital investment (consolidated)	279.9	423.0	143.0	151.1
Capital investment (non-consolidated)	259.1	362.0	102.8	139.7



## Reference: Actual Results by Reportable Segments

(Unit: Billions of yen, %)

Classifications		For the Year Ended March 31, 2015	For the Year Ended March 31, 2016	Increase (Decrease)	%
<b>Operating revenues</b>	Transportation	1,305.6	1,358.1	52.4	104.0
	Merchandise and other	233.8	239.6	5.8	102.5
	Real estate	66.5	66.0	(0.4)	99.3
	Other	238.9	243.0	4.0	101.7
	Reconciliations	(172.8)	(168.5)	4.2	97.5
	<b>Total</b>	<b>1,672.2</b>	<b>1,738.4</b>	<b>66.1</b>	<b>104.0</b>
<b>Segment profit (Operating income)</b>	Transportation	472.0	556.8	84.8	118.0
	Merchandise and other	8.9	8.7	(0.1)	97.9
	Real estate	16.6	15.6	(0.9)	94.1
	Other	8.2	(1.7)	(10.0)	-
	Reconciliations	0.7	(0.8)	(1.6)	-
	<b>Total</b>	<b>506.5</b>	<b>578.6</b>	<b>72.0</b>	<b>114.2</b>

- (Notes)
1. Operating revenues include the amount of sales to other reportable segments as well as the amount of sales to external customers.
  2. Rows entitled "Reconciliations" show amounts that are off-set among reportable segments.

## Reference: Forecasted Results by Reportable Segments

(Unit: Billions of yen, %)

Classifications		For the Year Ended March 31, 2016 (Actual Results)	For the Year Ending March 31, 2017 (Forecast)	Increase (Decrease)	%
<b>Operating revenues</b>	Transportation	1,358.1	1,357.8	(0.3)	100.0
	Merchandise and other	239.6	237.2	(2.4)	99.0
	Real estate	66.0	69.4	3.3	105.0
	Other	243.0	250.4	7.3	103.0
	Reconciliations	(168.5)	(178.8)	(10.2)	106.1
	<b>Total</b>	<b>1,738.4</b>	<b>1,736.0</b>	<b>(2.4)</b>	<b>99.9</b>
<b>Segment profit (Operating income)</b>	Transportation	556.8	550.5	(6.3)	98.9
	Merchandise and other	8.7	9.0	0.2	102.9
	Real estate	15.6	15.7	0.0	100.4
	Other	(1.7)	2.5	4.2	-
	Reconciliations	(0.8)	(0.7)	0.1	79.9
	<b>Total</b>	<b>578.6</b>	<b>577.0</b>	<b>(1.6)</b>	<b>99.7</b>

- (Notes)
1. Operating revenues include the amount of sales to other reportable segments as well as the amount of sales to external customers.
  2. Rows entitled "Reconciliations" show amounts that are off-set among reportable segments.

## Reference Figures for the End of the Fiscal Years (Consolidated)

	Unit	For the Year Ended March 31, 2015	For the Year Ended March 31, 2016	Increase (Decrease)
Finance income and expenditures	Billions of yen	(69.9)	(62.7)	7.2
Interest expenses	Billions of yen	72.2	65.5	(6.7)
Earnings per share (EPS)	Yen	1,342	1,714	372
Return on net worth	%	14.0	15.6	1.6
Net worth ratio	%	38.7	44.0	5.3
Capital investment	Billions of yen	272.3	279.9	7.6
Long-term debt and payables (year-end)	Billions of yen	2,150.5	1,945.0	(205.4)
Average interest (year-end)	%	3.09	3.09	(0.00)
Number of employees (year-end)	Persons	28,741	28,706	(35)

## Reference Figures for the End of the Fiscal Years (Non-consolidated)

	Unit	For the Year Ended March 31, 2015	For the Year Ended March 31, 2016	Increase (Decrease)
Finance income and expenditures	Billions of yen	(68.9)	(62.3)	6.6
Interest expenses	Billions of yen	72.1	65.3	(6.7)
Earnings per share (EPS)	Yen	1,321	1,668	347
Return on net worth	%	14.5	15.8	1.3
Net worth ratio	%	38.5	43.9	5.4
Capital investment	Billions of yen	257.2	259.1	1.9
Long-term debt and payables (year-end)	Billions of yen	2,136.3	1,915.6	(220.6)
Average interest (year-end)	%	3.10	3.12	0.02
Number of employees (year-end)	Persons	18,231	18,164	(67)
Number of retired employees	Persons	689	756	67

- (Notes)
1. Average number of shares for the term (consolidated): 196,799,298 shares for the year ended March 31, 2015 and 196,799,236 shares for the year ended March 31, 2016  
Average number of shares for the term (non-consolidated): 197,000,918 shares for the year ended March 31, 2015 and 197,000,856 shares for the year ended March 31, 2016
  2. "Number of employees" shows the number of persons at work.