

**FY 2008.3 (Fiscal Year ending March 31, 2008)**

# **Semi-Annual Investors Meeting**

**Central Japan Railway Company**

- 1. Summary of Financial Results for the 1<sup>st</sup> Half Ended September 30, 2007**
  - Financial Highlights**
  - Revenue and Expenses**
  - Cash Flow and Long-term Debts & Payables**
  
- 2. (1) Forecast for Fiscal Year 2008.3**
  - (2) Future Measures**
    - Summary of Future Measures**
    - Introduction Plan and Usage of N700**
    - “Express Reservation” System**
    - Tokaido Shinkansen:**
      - Number of Train Departures and Passenger Volume**
      - Capital Investment and Repayment of Long-term Debts & Payables**

# **1. Summary of Financial Results for the 1<sup>st</sup> Half Ended September 30, 2007**

# Financial Highlights

## Higher earnings on higher sales than those for 1<sup>st</sup> half of FY 2007.3

(Billions of yen)

	Consolidated			Non-Consolidated		
	1st half of FY07.3 (A)	1st half of FY08.3 (B)	Change (B-A)	1st half of FY07.3 (C)	1st half of FY08.3 (D)	Change (D-C)
Operating Revenue	733.4	765.6	32.2	603.2	628.3	25.1
Operating Expenses	517.7	509.2	8.5	396.4	378.7	17.7
Operating Income	215.6	256.4	40.7	206.7	249.5	42.8
Non-operating Revenue (Expenses)-Net	74.7	69.7	5.0	74.2	68.7	5.4
Ordinary Income	140.8	186.6	45.7	132.5	180.8	48.2
Net Income	83.3	108.0	24.7	79.2	108.5	29.3

# Revenue and Expenses

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## Revenue

### **Railway Business**

Shinkansen revenue increased by ¥22.2bn, or 4.3%, due to such measures as the timetable revision on July 1st.

Local trains earned ¥1.2bn, or 2.4%, more because both commuter trains and express trains showed good results.

### **Other Business**

Merchandise and other business have continued to perform well. Sales increased by ¥4.3bn, or 4.8%.

## Expenses

Operating expenses were reduced by ¥8.5bn mainly due to a reduction in non-personnel cost although depreciation cost increased by ¥2.5bn partly due to the impact of tax system reform in Japan

Non-operating expenses were reduced by ¥5.8bn due to a decline in the average interest rate due to refinancing.

# Cash Flow & Long-term Debts and Payables

## Cash Flow

Cash-in provided by operating activities increased by ¥53.9bn due to an increase in the operating revenues of the Tokaido Shinkansen

Cash-out used in investing activities increased by ¥21.3bn due to an increase in capex.

\* Free cash flow increased by ¥32.6bn from the previous period.

Cash-out used in financing activities decreased by ¥157.7bn since no shares were bought back this year as they were last year.

## Long-term Debts & Payables

Consolidated            ¥ 3,500.6 bn yen (YoY + ¥2.0 bn)

Non-consolidated    ¥ 3,421.2 bn yen (YoY + ¥5.5 bn)

## **2. (1) Forecast for Fiscal 2008.3**

# Forecast for Fiscal 2008.3

- Operating Revenue Results of the 1<sup>st</sup> half of this fiscal year is reflected
- Operating Expenses Non-personal expenses and depreciation decrease
- Non-Operating Expenses Cost for early repayment of long-term debts & payables is reflected

(Billions of yen)

	Non-Consolidated			Consolidated		
	Original Forecast (A)	Revised Forecast (B)	Change (B-A)	Original Forecast (C)	Revised Forecast (D)	Change (D-C)
Operating Revenue	1,216	1,241	25	1,494	1,526	32
Operating Expenses	859	850	9	1,118	1,117	1
Operating Income	357	391	34	376	409	33
Non-operating Revenue (Expenses)-Net	146	158	12	148	160	12
Ordinary Income	211	233	22	228	249	21
Net Income	127	140	13	133	146	13
Repayment of Long-term Debt	100	120	20	107	127	20



## **2. (2) Future Measures**

# Summary of Future Measures

**We are Improving the Qualitative and Quantitative Level of Our Transportation Services in Preparation for the Expansion of Haneda Airport.**

		FY2008.3	FY2009.3	FY2010.3	FY2011.3	FY2012.3	FY2013.3-	
<b>Airlines</b>					☆			
				<b>Haneda Airport Expansion</b>				
<b>Shinkansen</b>	Improving the Quality of Transportation Services	N700	Introduction of N700 for "Nozomi" Services →				☆	
			Introduction for All Tokaido-Sanyo "Nozomi" Services		Introduction for All Regular "Nozomi" Services			
	Express Reservation	☆	Introduction of IC Card Services					
Enhancing Transportation Capacity			☆ Power Facility Reinforcement Completed				☆ 2013 Shin-Osaka Station Renovation Completed	
							Max.10 "Nozomi" Services/hour possible	

# Introduction Plan and Usage of N700

## Introduction Plan for the N700

80 trainsets (total of 96 trainsets when combined with JR West) will be introduced in the next 5 years.

In Spring 2009, Internet Connection Service will be provided on the Series N700

	FY08.3	FY09.3	FY10.3	FY11.3	FY12.3
# of Trainsets*	16 (8)	16 (1)	16 (5)	16 (2)	16 (0)
Operation	14 trains/day as of October 29, 2007 All Tokaido-Sanyo <i>Nozomi</i> services All regular <i>Nozomi</i> services				
Service	Starting Internet Connection Service in the Series N700 (Spring 09-)				

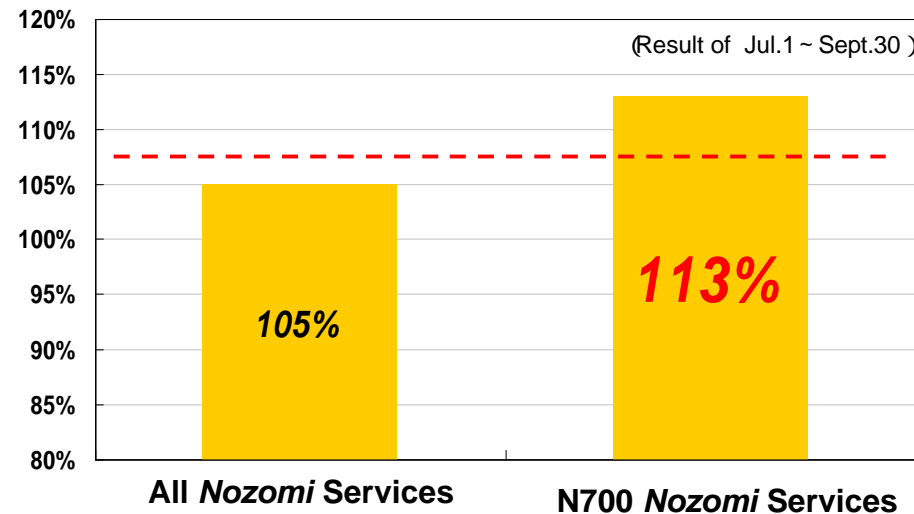
\*The numbers in parentheses indicate the numbers of N700 trainset that will be introduced by JR West.

## Passenger Usage of the N700

Stable performance since debut in July

Passenger usage of *Nozomi* services operated with the N700 greatly-exceeded the average usage of all *Nozomi* services.

The comparison of average passenger volume with that of the same scheduled trains last year (near Tokyo)

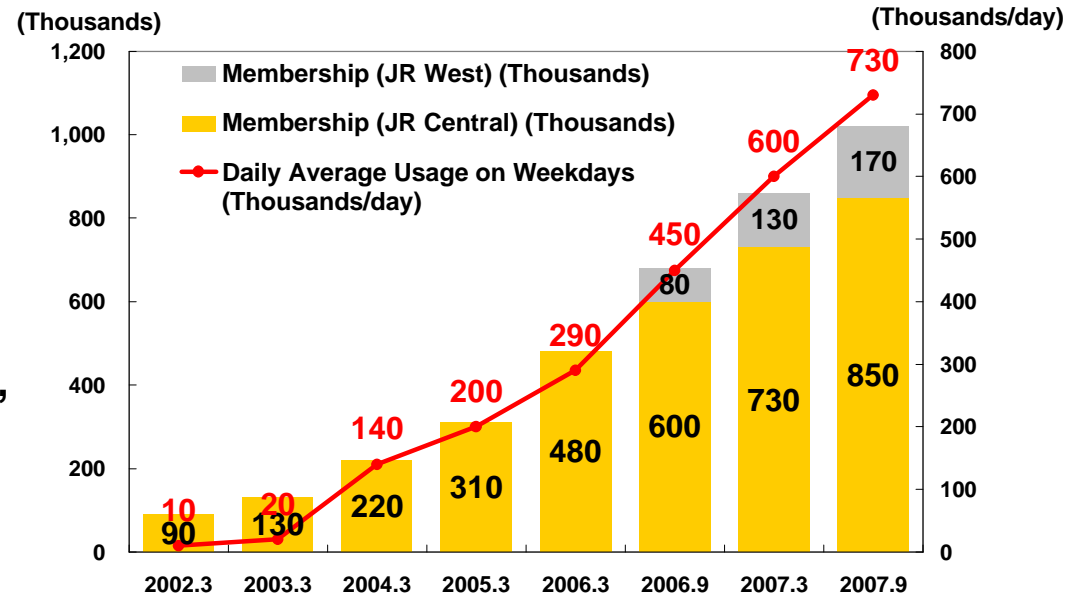


# “Express Reservation” System

Membership has reached 1 million and daily average usage has steadily increased.

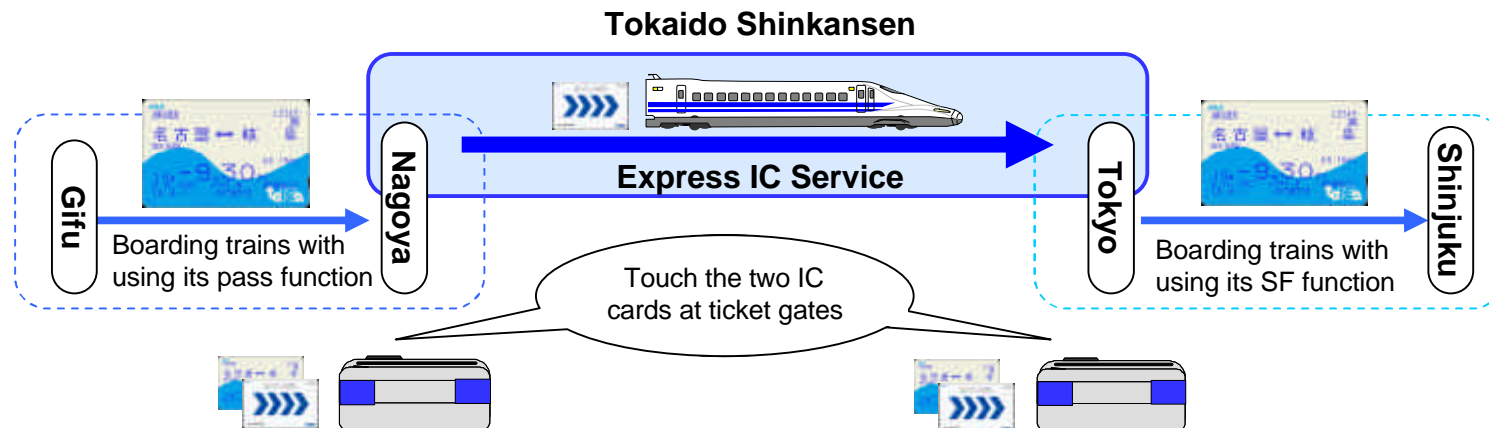
IC card services will be introduced in 2008.3

Promote measures that leverage IC technology, such as ticket-less service, further increase membership, and strengthen competitiveness against airlines



After the introduction of IC card services

Transferring between the Shinkansen and local lines will become seamless with the use of the “Express IC Card” and “TOICA”.



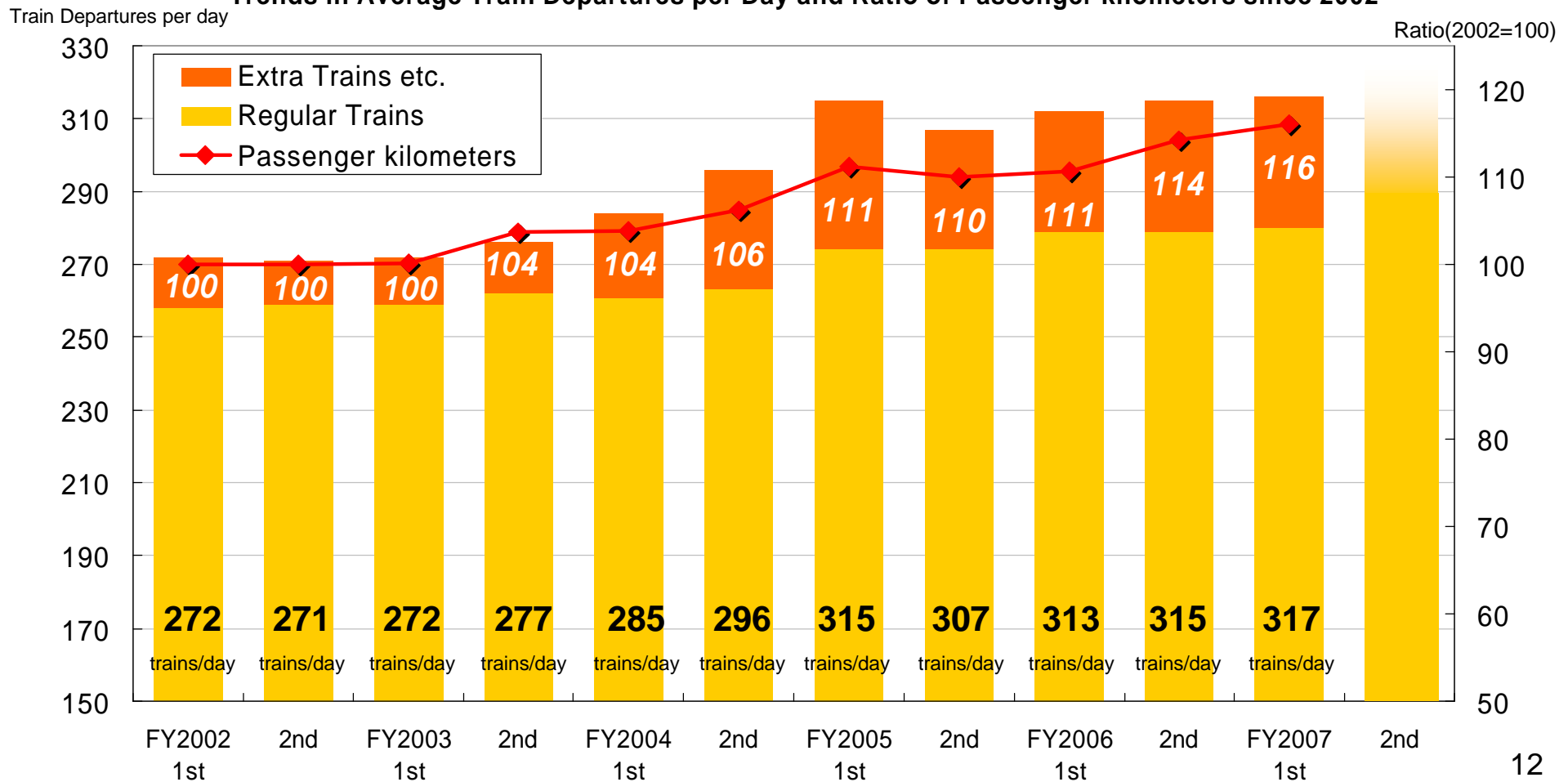
# Tokaido Shinkansen: Number of Train Departures and Passenger Volume



•After Oct. 2003, flexibly set extra train services and enhance transportation capacity.

•Passenger volume has increased with the expansion of capacity.

Trends in Average Train Departures per Day and Ratio of Passenger kilometers since 2002



# Capital Investment and Repayment of Long-term Debts & Payables

Trends in Capital Investment and Repayment of Long-term Debts & Payables

(Billions of yen)

