

FY2007 Financial Results

Each field of our business entered into new stages during FY2007

- **Start of commercial operation of the Series N700 (1 service per hour starting in March 2008)**
- **Smoother transferring between Shinkansen and conventional lines through introduction of IC card tickets, “Express IC Card” and “Toica”**
- **Efforts aimed at realization of Tokaido Shinkansen Bypass by the Superconducting Maglev technology begun on the premise that JR Central would bear the cost**
- **JR Nagoya’s Takashimaya department store posts sales of 100 billion yen.**

- **In addition, with the help of the robust economy and last year being a leap year, this period saw record high revenues and profits.**

FY2008 Forecast

- **The business environment that surrounds our company changes as the government and other institutions make downward adjustments to its economic outlook**
- **Amidst this situation, while keeping safe and reliable transportation as our first priority, we will promote efforts aimed at:**
 - **Concentrated introduction of the Series N700;**
 - **Enhancement of transportation infrastructure; and,**
 - **Realization of a Tokaido Shinkansen Bypass**
- **We set the second highest goal after the performance of FY2007 which was the best in history**
Amidst a touch and go management environment, we will strive as a group to achieve our goals

Dividends

- End-term of FY2007 Dividends

With the help of robust economy in addition to implementation of our policies and measures, increasingly better trends of transportation volume in the second half allow us to provide dividends of 4,500 yen per share (500 yen increase from original forecasts)

- FY2008 Dividends

Based on the determination that stable management will be maintained even while dealing with various issues, mid-term/end-term dividends should be 4,500 yen per share

Financial Highlight for FY2007

(billion of yen)

	Consolidated			Non-consolidated		
	FY2006 A	FY2007 B	Change B-A	FY2006 C	FY2007 D	Change D-C
Operating Revenues	1,491.2	1,559.4	68.1	1,212.3	1,261.2	48.9
Operating Expenses	1,088.7	1,125.0	36.2	831.4	848.4	16.9
Operating Income	402.4	434.4	31.9	380.8	412.8	31.9
Non-operating Income	165.8	158.2	7.6	164.0	156.4	7.6
Ordinary Income	236.6	276.2	39.5	216.7	256.3	39.6
Net Income	137.1	159.7	22.6	130.1	153.9	23.8

Operating Results Overview

Revenues

Railway Business

•Tokaido Shinkansen:

Revenue increased by 42.6 billion yen (4.1%) due to the timetable revision of last July and other factors

•Conventional lines

Revenue increased by 2.6 billion yen (2.6%) due to healthy ridership both of express trains and inner-city trains

Non-Railway Businesses

Each segment showed good trends

Costs

Due to revisions of the tax system etc., amortized depreciation increased by 13.2 billion yen, and non-personnel costs also increased, therefore total operating costs increased by 36.2 billion yen.

Paid interest decreased by 12 billion yen due to decreases in long-term debt interest

Net profit of 159.7 billion yen posted. Capital-to-asset ratio became 17.8%

Cash Flow/Long-Term Debt

Cash Flow

Cash in from operating activities [500.8 billion yen]

73.8 billion yen increase from increases in Tokaido Shinkansen transportation revenue and other factors

Cash out from investment activities [266.5 billion yen]

48.1 billion yen increase mainly due to expenditure increases related to the acquisition of fixed assets

*** Free Cash Flow: 25.6 billion yen increase compared with FY2006**

Cash out from financing activities [236.4 billion yen]

108.9 billion yen decrease compared with FY2006 during which repurchased stock was acquired

End-term balance for cash/cash equivalents decreased by 2.1 billion yen compared with end of FY2006

Long-Term Debt

**Consolidated
3.3361 trillion yen (162.4 billion yen compared with end of FY2006)**

**Nonconsolidated
3.2601 trillion yen (155.5 billion yen compared with end of FY2006)**

Forecast for FY2008 (Non-Consolidated)

(billion of yen)

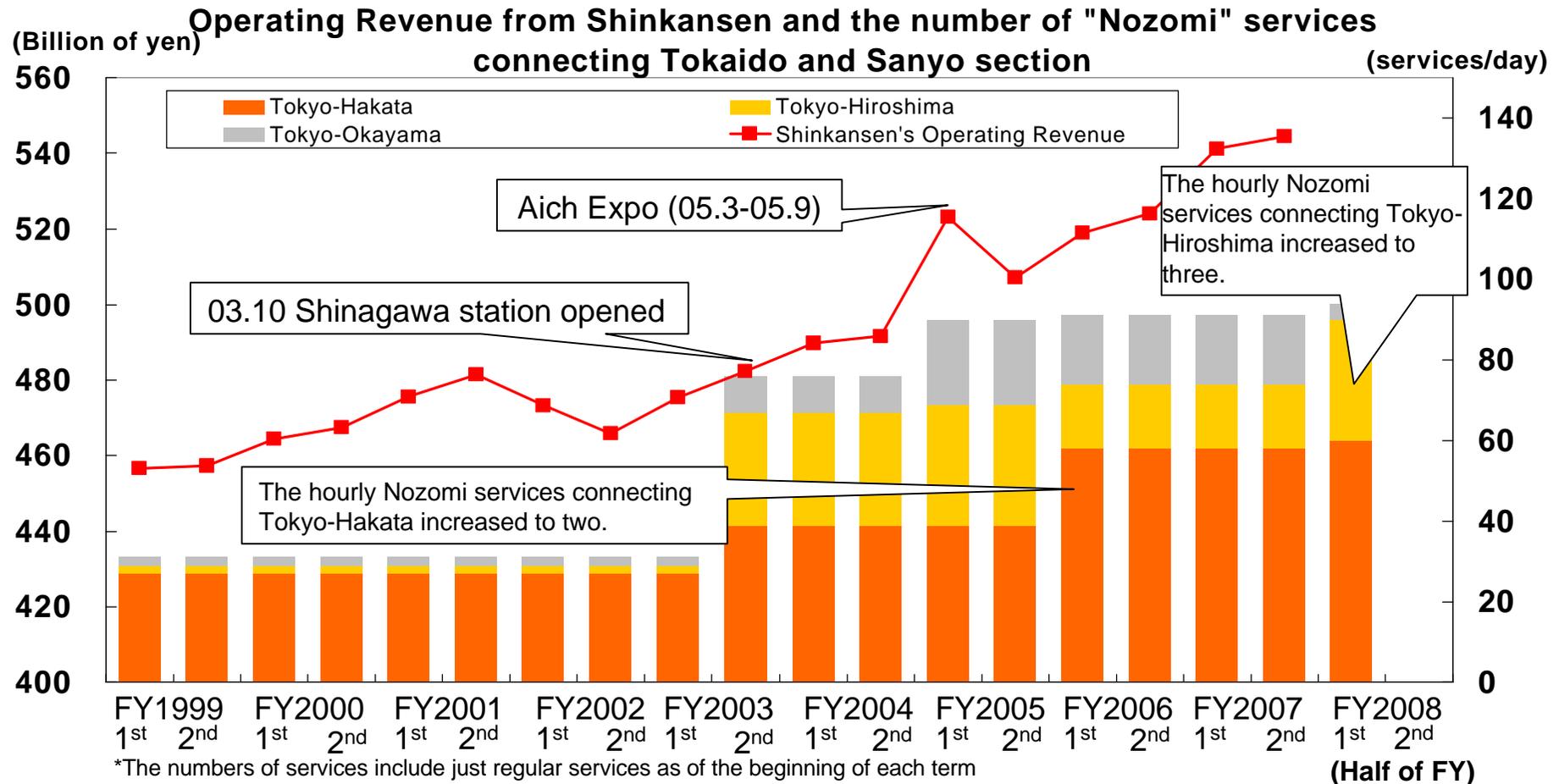
	FY2007 Results	FY2008 Forecast	Change
Operating Revenues	1,261.2	1,250.0	11.2
(Railway Operation Revenues)	1,192.3	1,180.3	12.0
Operating Expenses	848.4	868.0	19.5
(Amortized Depreciation)	213.9	232.0	18.0
Operating Income	412.8	382.0	30.8
Non-operating Revenues	8.7	7.0	1.7
Non-operating Expenses	165.1	154.0	11.1
Ordinary Income	256.3	235.0	21.3
Net Income	153.9	141.0	12.9

Forecast for FY2008 (Consolidated)

(billion of yen)

		FY2007 Results	FY2008 Forecast	change
Transportation	Operating Revenue	1,260.2	1,249.0	11.2
	Operating Costs	849.5	869.8	20.2
	Operating Profit	410.7	379.2	31.5
Merchandise and Other	Operating Revenue	202.7	207.7	4.9
	Operating Costs	194.6	200.2	5.5
	Operating Profit	8.0	7.5	0.5
Real Estate	Operating Revenue	66.0	70.3	4.2
	Operating Costs	54.4	56.3	1.8
	Operating Profit	11.5	14.0	2.4
Other Services	Operating Revenue	175.8	163.5	12.3
	Operating Costs	171.9	160.1	11.8
	Operating Profit	3.8	3.4	0.4
Consolidated Total	Operating Revenue	1,559.4	1,552.0	7.4
	Operating Costs	1,125.0	1,147.0	21.9
	Operating Profit	434.4	405.0	29.4

Track record & forecast of the Shinkansen Revenue

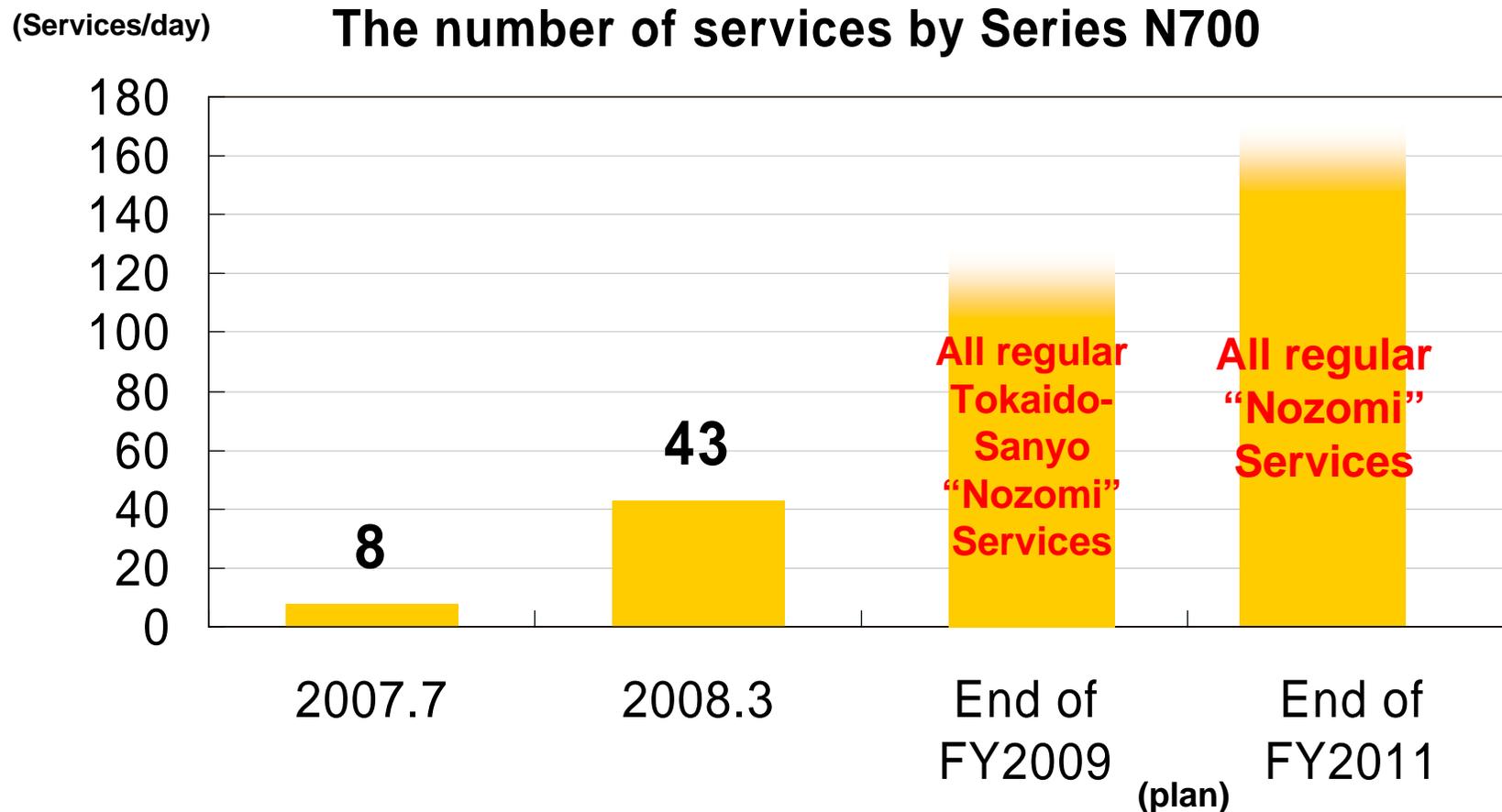


● In view of the operating environment that surrounds our company, such as the economy, FY2008 should post:

- Transportation Revenue, 1st Half: 100% YoY, 2nd Half: 98% YoY
- Performance forecast predicts that performance should be the second all time high behind last year

Shinkansen's timetable revision in 2008.3 (Series N700)

- With the timetable revision in March 2008, the number of the Series N700 services has been greatly increased to 1 per hour

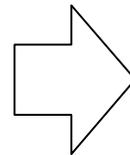
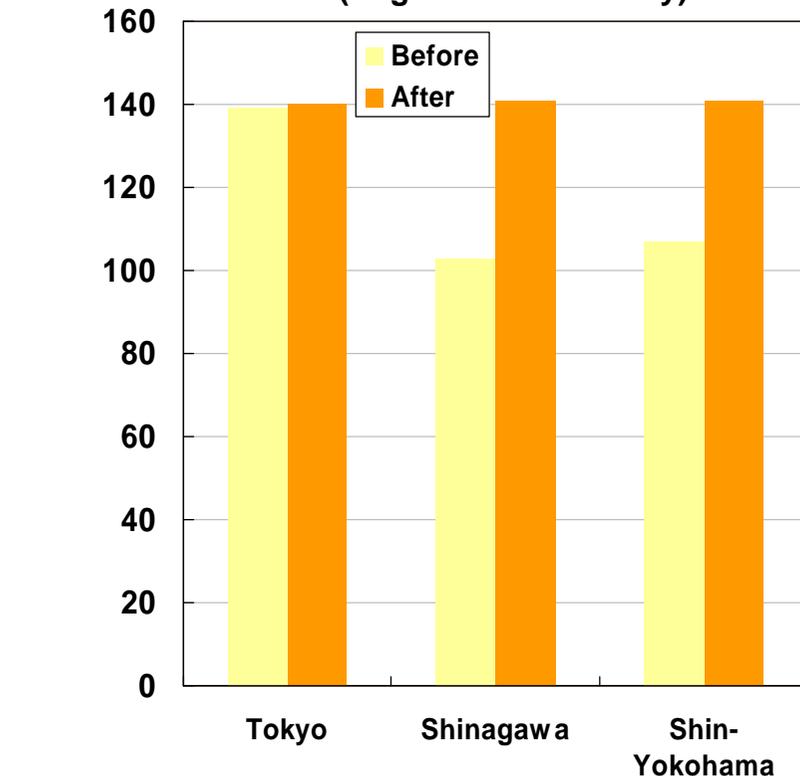


*The number of 2007.7 and 2008.3 are as of each timetable revision

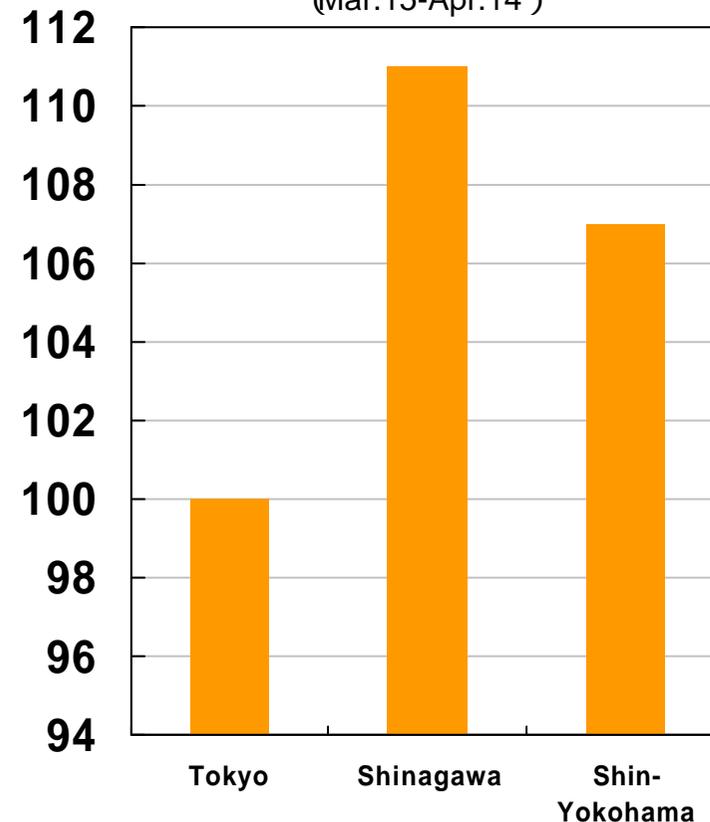
Shinkansen's timetable revision in 2008.3 (Shinagawa & Shin-Yokohama)

- All “Nozomi” Services stop at Shinagawa and Shin-Yokohama Stations. The convenience for the passengers in Tokyo metropolitan area has been improved.

Increase in the number of stops of “Nozomi” services
(Regular services only)

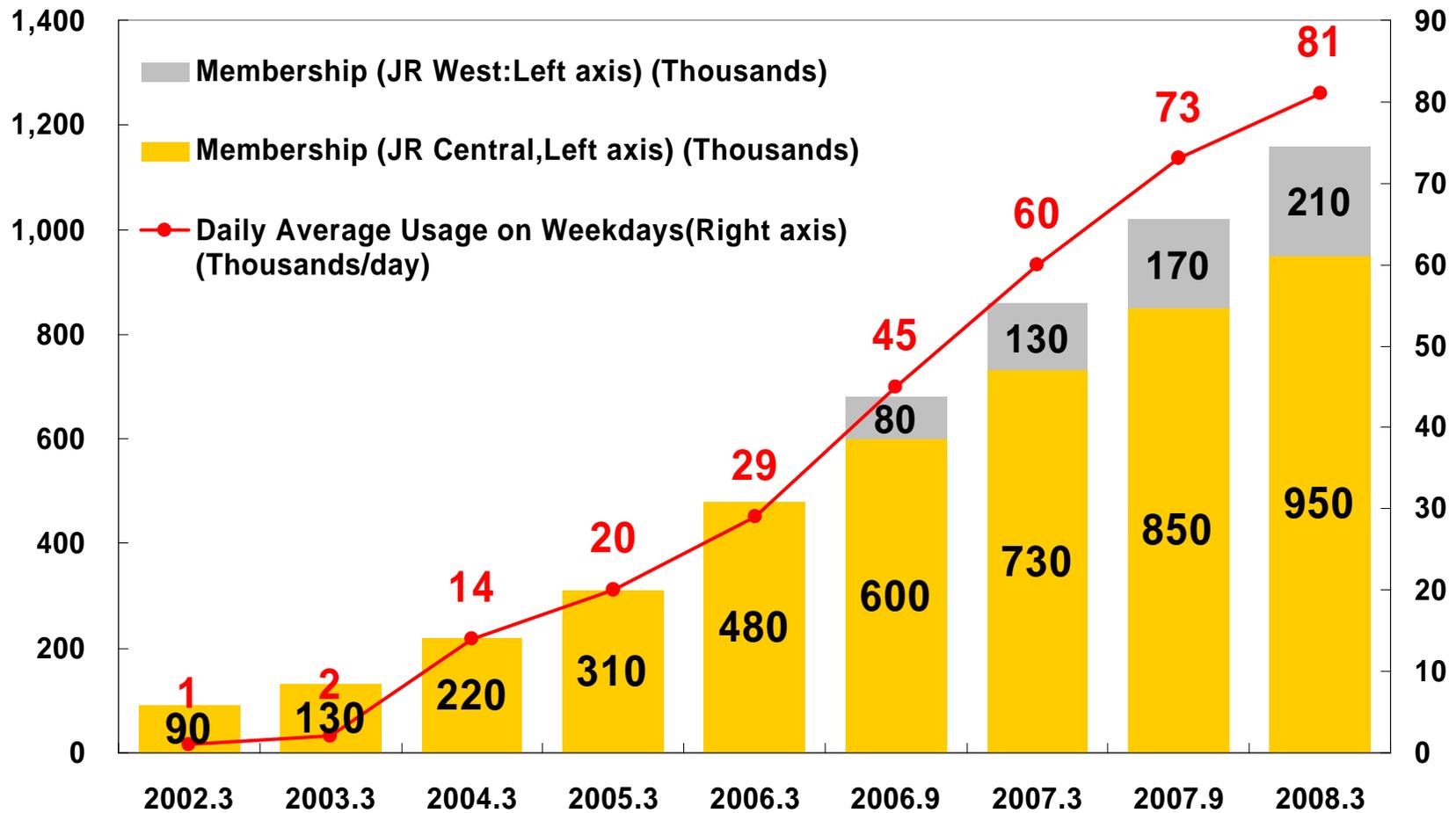


Change of the number of passengers (YoY) after revision
(Mar.15-Apr.14)



“Express Reservation” Service

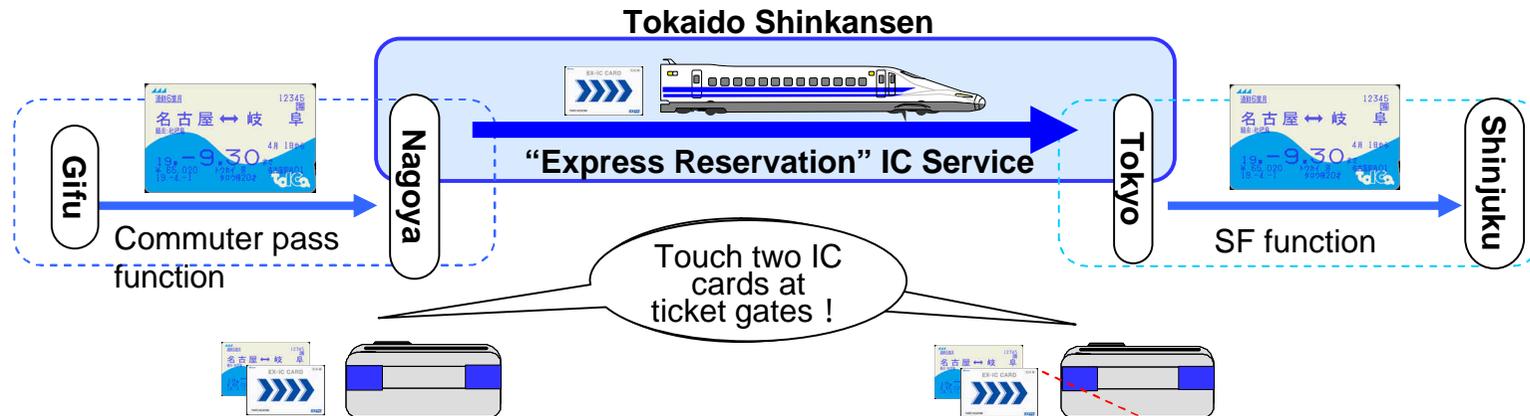
- Both membership and usage continue to increase strongly.



“Express Reservation”- Introduction of IC Service

IC Card

Transferring between the Shinkansen and local lines will become seamless with the use of TOICA and an Express IC card

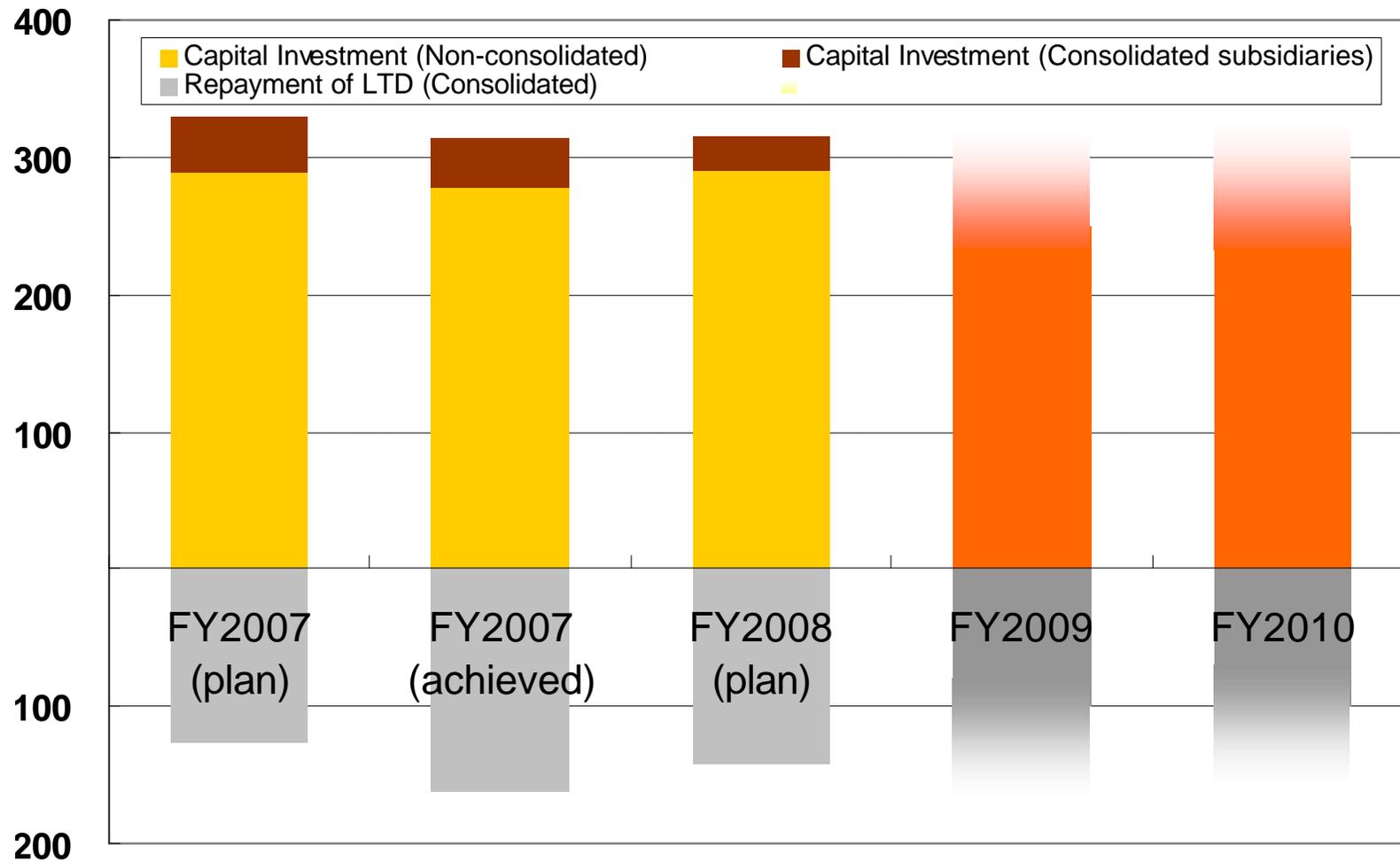


- The service has started smoothly without any large trouble.
- Daily average usage on weekdays is around 20 thousands.
- Expansion of the service to corporate members and through to Sanyo area is scheduled in summer 2009.

Capital Investment and Long-term Debt & Payables

- For FY2008, we plan 315 billion yen of Capital investment, and 142 billion yen of reduction of LTD (consolidated base).

(Billion of yen)



Key Measures since FY2003

FY		FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	
Improving the Quality of Transportation Services	Series N700	"Nozomi" Centered timetable introduced & Shinagawa station Opened					Concentrated Introduction of Series N700 (80 trainsets= 16 trainsets x 5 years)						
	Timetable Revision			8 "Nozomi"s per hour	All "Nozomi"s stopping at Shinagawa & Shin-Yokohama			Internet Service in the trains	All Tokaido-Sanyo "Nozomi"s	All regular "Nozomi"s			
		Increasing the direct services connecting Tokaido- Sanyo section											
		Tokyo to Okahama: 3 services/hour			Tokyo to Hakata: 2 services/hour			Tokyo to Hirshshima: 3 services/hour					
Enchancing Transportation Capacity							Power Facility Reinforcement Completed						
									Haneda Airport Expansion		Shin-Osaka Station Renovation Completed		
		Max. 10 "Nozomi" services/hour possible											
Sales Promotions		Express Reservation: Expanding its service											
		Expanding the service to Sanyo Section				Introduction of IC Service		Expandig the IC service to corporate membes and Sanyo section					
Station facilities		Anti-earthquake Measures & Renovation of Major Stations											
		<small>*Renovation work at Tokyo station will continue after FY2008</small>											