

# Year-End Investors Meeting

FY2009.3

(Fiscal Year ending March 31, 2009)



**Central Japan Railway Company**



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1.FY2009.3 Financial Results  
and FY2010.3 Forecast

# Financial Results for FY2009.3 (Consolidated/Non-Consolidated)

(billions of yen )

	Consolidated			Non-consolidated		
	FY2008.3 A	FY2009.3 B	Increase/ Decrease B-A	FY2008.3 C	FY2009.3 D	Increase/ Decrease D-C
<b>Operating Revenues</b>	<b>1,559.4</b>	<b>1,570.2</b>	<b>10.7</b>	<b>1,261.2</b> <b>(1,192.3)</b>	<b>1241.1</b> <b>(1,169.6)</b>	<b>20.0</b> <b>( 22.6 )</b>
<b>Operating Expenses</b>	<b>1,125.0</b>	<b>1,187.9</b>	<b>62.9</b>	<b>848.4</b>	<b>879.0</b>	<b>30.5</b>
<b>Operating Income</b>	<b>434.4</b>	<b>382.3</b>	<b>52.1</b>	<b>412.8</b>	<b>362.1</b>	<b>50.6</b>
<b>Non-operating Revenues and Expenses(net)</b>	<b>158.2</b>	<b>164.2</b>	<b>6.0</b>	<b>156.4</b>	<b>162.0</b>	<b>5.5</b>
<b>Ordinary Income</b>	<b>276.2</b>	<b>218.1</b>	<b>58.1</b>	<b>256.3</b>	<b>200.1</b>	<b>56.2</b>
<b>Net Income</b>	<b>159.7</b>	<b>126.0</b>	<b>33.7</b>	<b>153.9</b>	<b>121.4</b>	<b>32.5</b>

The numbers in parenthesis under non-consolidated operating revenues are for transportation revenues.

This fiscal year saw increases in revenues and decreases in profit (Operating Income, Ordinary Income, Net Income)

↳ Railway Business: Transportation revenues for JR Central decreased for the first time in six fiscal years (YoY -22.6 billion yen, 98.1%).

↳ Non-railway Business: Increases in revenues from consolidation of Nippon Sharyo, Ltd. ,etc. (hereinafter referred to as, "Nippon Sharyo")

Operating Expenses: Expenses increased as a result of depreciation and amortization (due to introduction of the Series N700, etc.) and consolidation of Nippon Sharyo.

Effect from consolidation of Nippon Sharyo

Operating Revenues +31.0 billion yen; Operating Expenses +33.4 billion yen (including goodwill amortization of 4.4 billion yen);

Operating Income -2.4 billion yen

↳ Non-operating Revenues and Expenses: Paid interest decreased by 12.3 billion yen, 15.7 billion yen is accounted for the valuation loss on held shares.

# Financial Results for FY2009.3 (By segment)

		Consolidated			
		FY2008.3	FY2009.3	Increase/ Decrease	YoY Comparison(%)
		<b>A</b>	<b>B</b>	<b>B - A</b>	<b>B / A</b>
<b>Operating Revenues</b>		<b>1,559.4</b>	<b>1,570.2</b>	<b>10.7</b>	<b>100.7</b>
	Transportation	1,260.2	1,240.3	19.9	98.4
	Merchandise and Other	202.7	201.3	1.3	99.3
	Real Estate	66.0	70.4	4.4	106.7
	Other Services	175.8	216.1	40.3	123.0
<b>Operating Expenses</b>		<b>1,125.0</b>	<b>1,187.9</b>	<b>62.9</b>	<b>105.6</b>
<b>Operating Income</b>		<b>434.4</b>	<b>382.3</b>	<b>52.1</b>	<b>88.0</b>
	Transportation	410.7	359.6	51.0	87.6
	Merchandise and Other	8.0	5.4	2.5	67.9
	Real Estate	11.5	13.9	2.3	120.4
	Other Services	3.8	2.8	0.9	74.1

(billions of yen )

Figures by segment for operating revenues and operating income are values prior to eliminating transaction offsets between segments

Transportation Business: [Decreasing revenues, decreasing profits](#)

•Decrease in transportation revenues, increases in depreciation and amortization costs and non-personnel costs, etc. of JR Central

Merchandise and Other Business: [Decreasing revenues, decreasing profits](#)

•Decreases in sales from “Takashimaya”/JR Central Passengers Co., Ltd. ,etc. ,and increases in costs from “Kiosk”/ “Takashimaya”, etc.

Real Estate Business: [Increasing revenues, increasing profits](#)

•Effect from opening the “Shin-Yokohama Central Building”, etc.

Other Services: [Increasing revenues, decreasing profits](#)

•Increases in revenues from consolidation of Nippon Sharyo, etc. ,and decreases in profits from goodwill amortization accompanying consolidation of Nippon Sharyo, etc.

# Financial Results for FY2009.3

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## Cash Flow

**Cash in from operating activities: 459.5 billion yen (YoY - 41.2 billion yen)**

Decreases in transportation revenues from the Tokaido Shinkansen, and increases in payments such as corporate tax, etc.

**Cash out from investment activities: 292.5 billion yen (YoY + 25.9 billion yen)**

Increases in expenditure from capital investment and acquisition of Nippon Sharyo's share, etc.

**Cash out from financial activities: 146.1 billion yen (YoY - 90.3 billion yen)**

Increases in the amount of issued corporate bonds, etc.

## Total Long-Term Debt Balance

**Consolidated 3.2551 trillion yen ( - 81.0 billion yen compared with the end of FY2008.3)**

**Non-consolidated 3.1776 trillion yen ( - 82.5 billion yen compared with the end of FY2008.3)**

Nippon Sharyo's total long-term debt balance: 23.3 billion yen

JR Central's non-consolidated average interest: 3.71% ( - 0.20% compared with the end of FY2008.3)

## Capital Investment

**Consolidated 287.4 billion yen ( - 26.2 billion yen compared with the end of FY2008.3)**

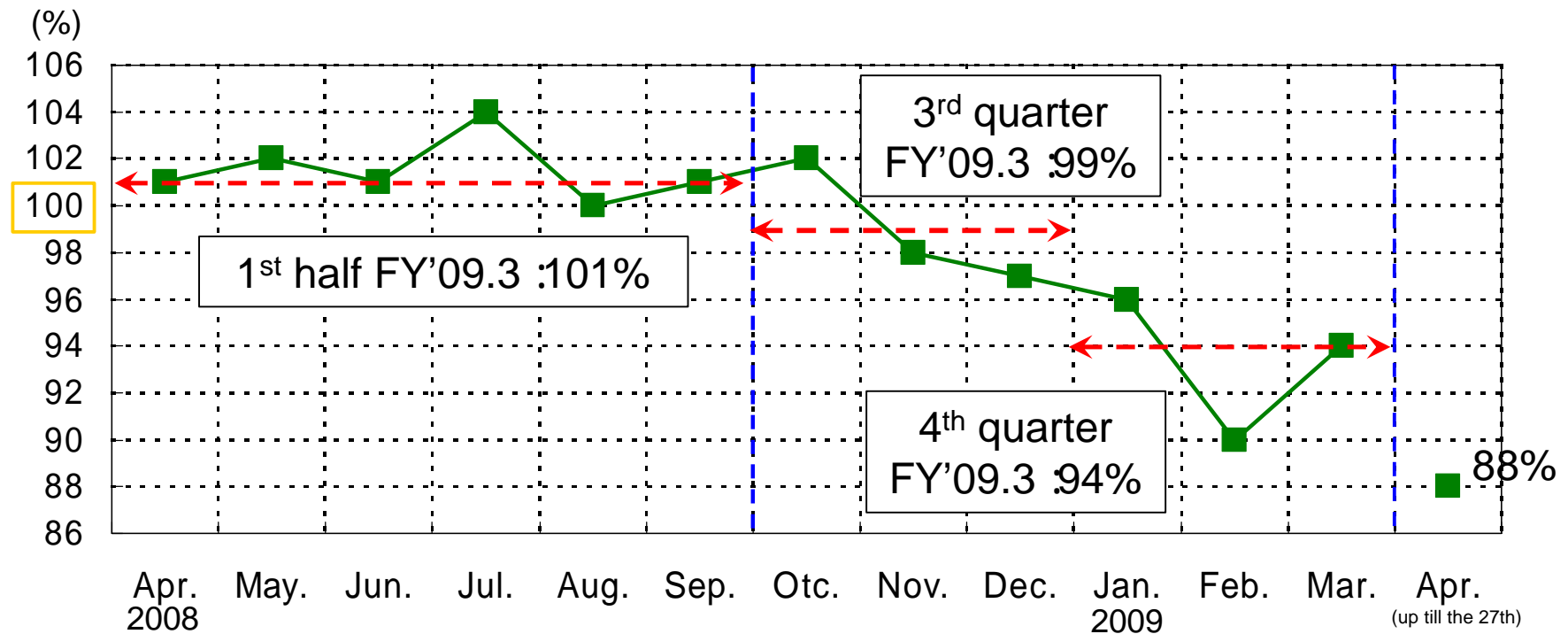
**Non-consolidated 265.2 billion yen ( - 12.1 billion yen compared with the end of FY2008.3)**

While centering on railway safety-related investment, we improved the Shinkansen service through concentrated introduction of the Series N700 and the promotion of EX-IC, and proceeded with extending the Yamanashi Maglev Test Line

Group companies completed renovation works at "First Avenue Tokyo Station" (by Tokyo Station Development Co., Ltd.) and "Towers Plaza" (by JR Central Building Co., Ltd. )

# Tokaido Shinkansen Passenger Volume

Trends in the cross-sectional passenger volume of the Tokaido Shinkansen (YoY of one-day average / Tokyo area)



Tokaido Shinkansen passenger volume had been steadily increasing since 2003 when Shinagawa Station was newly opened, however YoY performance has been decreasing since last November as a result of the receding economy. The passenger volume for Q4 was 94% YoY, and transportation revenues for Q4 were at par with FY2005.3 levels.

# Perspective on Performance Forecast for FY2010.3

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## Revenues :

- Transportation Revenues:** Based on recent transportation performance trends, it is forecasted that transportation revenues will be at par with FY2005.3 through the entire fiscal year.
- Non-railway:** While revenues from Nippon Sharyo will be consolidated through the fiscal year (+ 34.5 billion yen), it is predicted that sales at “Kiosk” and “Takashimaya” will decrease and real-estate revenues from JR Tokai Real Estate Co., Ltd. shall decrease.

## Expenses:

- Operating expenses will increase as a whole due to increases in operating costs associated with upgrading JR Central systems and expanding EX-IC; increases in depreciation and amortization from the continued concentrated introduction of the Series N700; and consolidating Nippon Sharyo through the year.
- Non-operating expenses will be greatly reduced by decreases in the valuation loss on held shares, and decreases in early repayment loss (loss on long-term accounts payable-railway facilities), in addition to a reduction in paid interest.

## Total Long-Term Debt Reduction :

Consolidated 68 billion yen, Non-consolidated 50 billion yen

## Capital Investment :

Consolidated 319 billion yen, Non-consolidated 280 billion yen



# Performance Forecast for FY2010.3 (Consolidated/Non-consolidated)

(billions of yen )

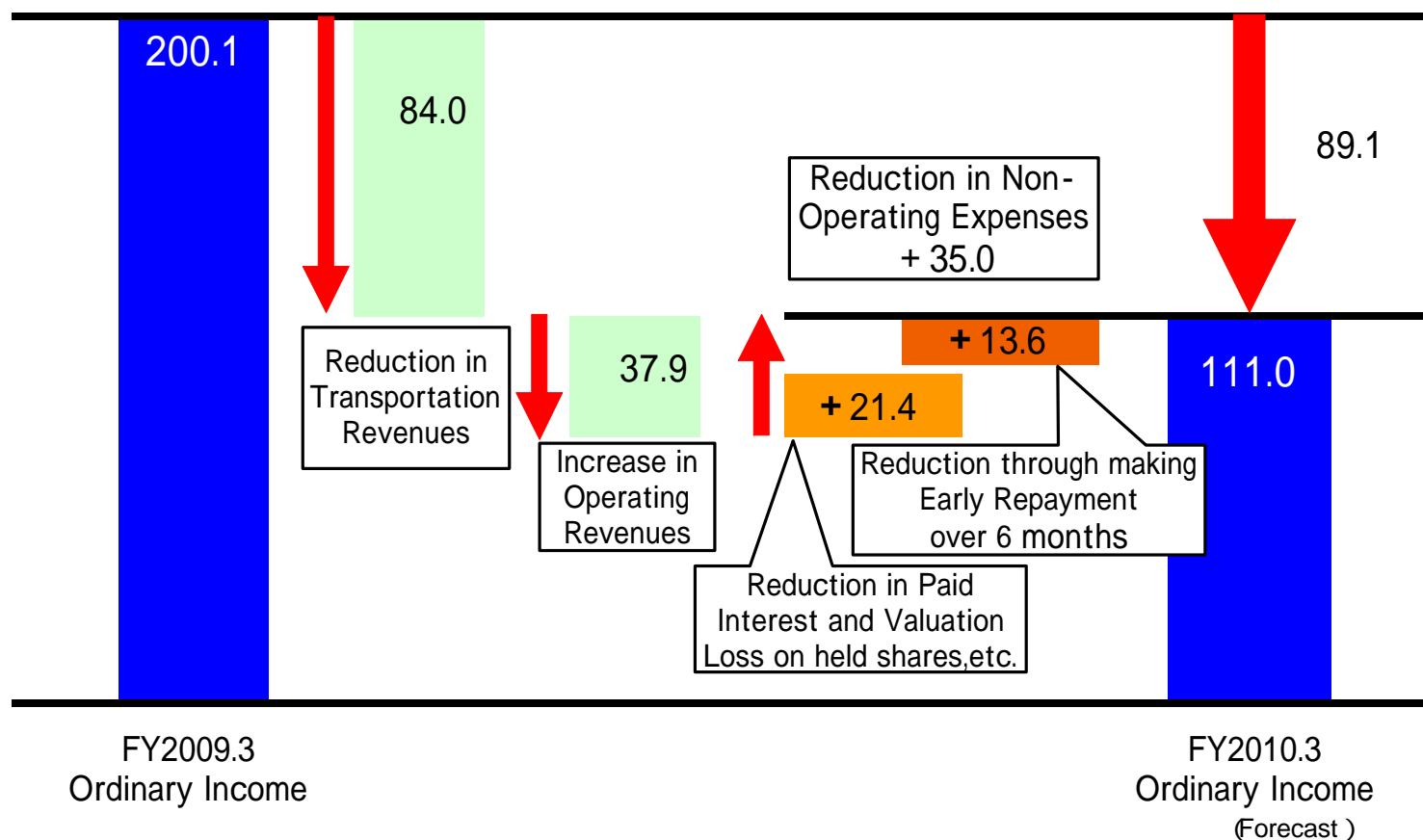
	Consolidated			Non-consolidated		
	FY2009.3	FY2010.3	Increase/ Decrease	FY2009.3	FY2010.3	Increase/ Decrease
	Results A	Forecast B	B - A	Results C	Forecast D	D - C
Operating Revenues	1,570.2	1,504.0	66.2	1241.1 (1169.6)	1156.0 (1085.6)	85.1 ( 84.0 )
Operating Expenses	1,187.9	1,246.0	58.0	879.0	917.0	37.9
Operating Income	382.3	258.0	124.3	362.1	239.0	123.1
Non-operating Revenues	8.2	7.0	1.2	8.0	7.0	1.0
Non-operating Expenses	172.5	137.0	35.5	170.0	135.0	35.0
Ordinary Income	218.1	128.0	90.1	200.1	111.0	89.1
Net Income	126.0	72.0	54.0	121.4	66.0	55.4

The numbers in parenthesis under non-consolidated operating revenues are for transportation revenues.

# Elements for the Increases and Decreases in Ordinary Income

Ordinary income is forecasted to decrease by an amount close to the estimated decrease of transportation revenues.

(Non-consolidated, billions of yen )



\* Increases and decreases in ordinary income minus the elements above do not match since increases and decreases in operating revenues excluding transportation revenues and in non-operating revenues are not included.

# Future Efforts

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## While continuing to reduce costs, we shall steadily proceed with capital investments and maintain the development of management vitality

While striving to thoroughly reduce business costs, from a long-term perspective we shall prioritize ensuring safe and reliable transportation, steadily proceed with capital investment, such as introducing the Series N700 in a concentrated manner and strengthening our transportation foundation, and maintain the development of management vitality within the harsh operating environment.

We will continue to strive to shrink total long-term debt

We shall steadily proceed with making preparations for the Tokaido Shinkansen Bypass Project

## Leveraging cultivated ability and remaining aggressive amidst the harsh operating environment

Earning capacity has improved through continued capital investment

In particular, transportation capacity has become more flexible with the increase in speed of all Shinkansen to 270km/h that was achieved simultaneously with the opening of Shinagawa Station in the Fall of 2003. Subsequently, our measures such as concentrated introduction of the Series N700 and the introduction of EX-IC led to steady growth in earnings until the first half of FY2009.3.

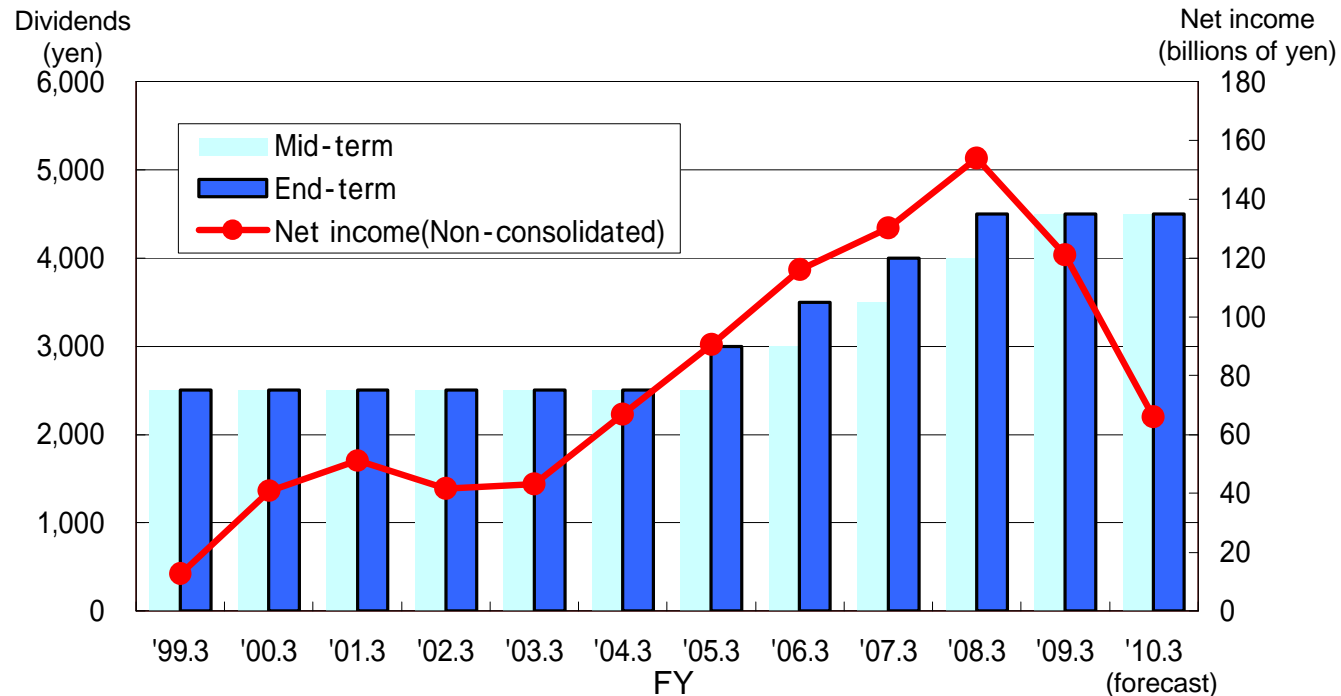
Enhancing financial strength

As a result of growth in earnings during the term described above, the shrinking of total long-term debt is being promoted, and paid interest has been greatly reduced

# Shareholder Return

## Dividends

- Regardless of the forecasted harsh operating environment, we will continue to provide stable dividends



## Cancellation of Treasury stock held by JR Central

- Aggregate number of shares to be cancelled : 90,000 shares
- Scheduled cancellation date : May 11, 2009
- Amount of treasury stock held by JR Central after cancellation : 177,000 shares (rounded down to the nearest thousand shares )

## 2. Policy Review and Future Policy Development

# Key Policies for Improving Shinkansen Service

		FY2009.3	FY2010.3	FY2011.3	FY2012.3	FY2013.3	FY2014.3	
Airlines			Haneda Airport Expansion ☆					
Improving Shinkansen Service	Amenity							
		2009.3.14 ★ Introduction of Internet Service in Series N700			during FY2012.3 ★ All Regular Nozomi Services to be Series N700			
	Ticketless	★ 2008.3 Introduction of IC Service	★ Summer 2009 Expanding the IC Service to Corporate members and Sanyo section					
	Enhancing Transportation Capacity	★ Power Facilities Enhanced	2009.3.14 We introduced operation of 9 "Nozomi" services per hour				during FY2014.3 ★ Shin-Osaka Station New Platform Completed  Max.10 "Nozomi" Services/hour possible	
Station Renovation		★ 2009.6 (Maibara Station) Passenger related Facilities Improved			Passenger related Facilities Improved	★ Spring 2012 (Tokyo Station) ★ Spring 2013 (Shin-Osaka Station)		

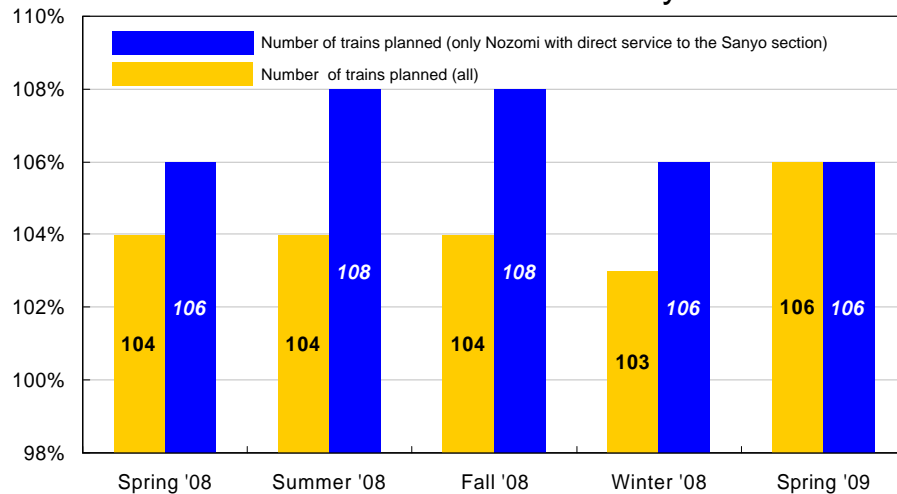
# Timetable Revision on March 14<sup>th</sup>

## Primary changes to the timetable

- A maximum of 9 “Nozomi” services per hour has become possible (8 services per hour before the revision)
- Timetable revised to offer 5 “Nozomi” services per hour that directly link the Tokaido and Sanyo sections (4 services per hour before the revision)
- 2 “Nozomi” services per hour that directly link the Tokaido and Sanyo sections operated with the Series N700
- Internet connection service on the Series N700 launched

## Post-timetable revision status

### (1) Transportation capacity and ridership for trains with direct service to the Sanyo section



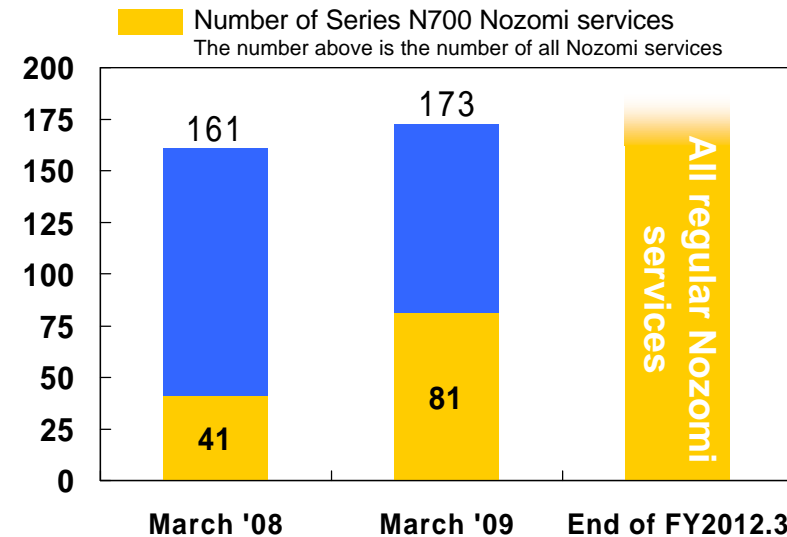
\* The number of trains according to the operation plan is the total of regular services and extra services  
 \* Spring: March-June, Summer: July-September, Fall: October-November, Winter: December-February of the next year

Passenger volume trends	1st Half FY2009.3	2nd Half FY2009.3	After timetable revision (3/14 ~ 4/13)
Direct services to Sanyo Shinkansen (Total)	103 (101)	101 (96)	100 (92)

\* Passenger volume: Sanyo (Metropolitan area-Sanyo, specially aggregated numbers), Total (Tokyo sectional transportation volume)

\* The number compared with the same period of the previous year (one-day average)

### (2) Number of Series N700 Nozomi services operated (As of the timetable revision, excluding extra services)



Number of owned trainsets  
 Total: 133 trainsets

<b>Series N700</b> 32 trainsets	<b>Series 700</b> 60 trainsets	<b>Series 300</b> 41 trainsets
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\* As of the March 14, 2009 timetable revision, except test vehicles

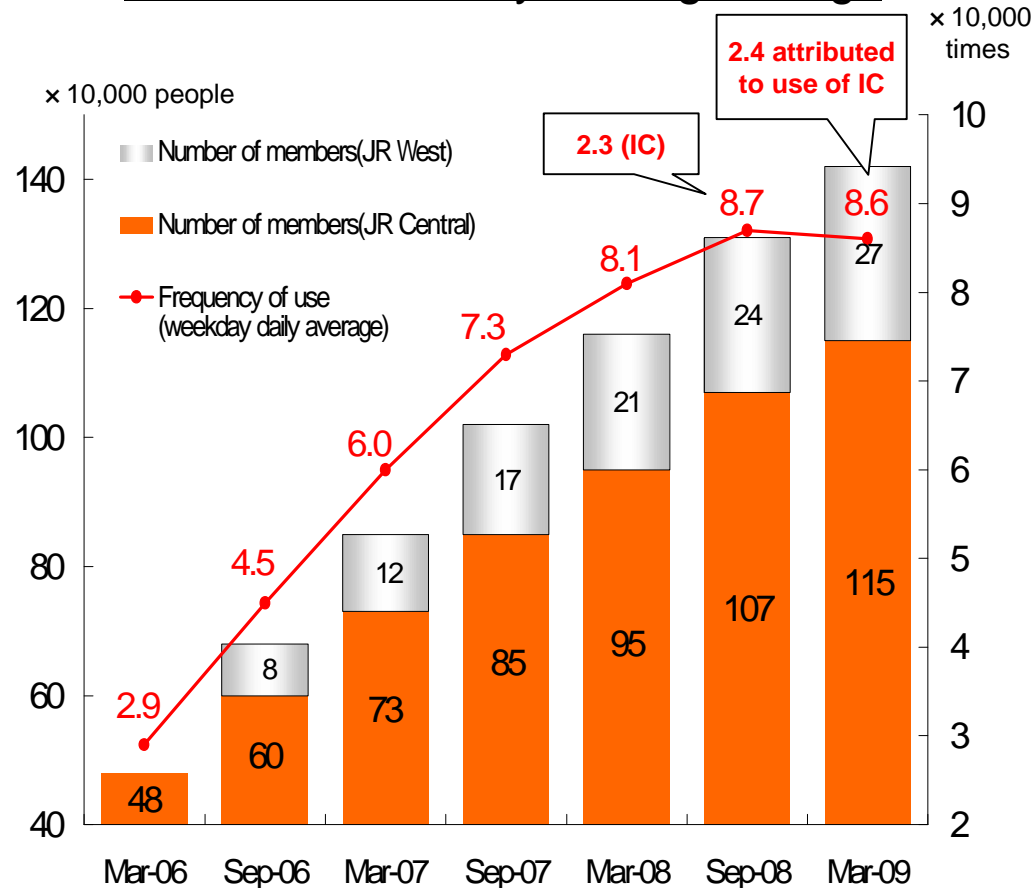
# Usage Status of Express Reservation Service and Expansion of TOICA Service

Use of the highly convenient “EX-IC Service” is steadily growing

Expansion of “EX-IC Service” to the Sanyo Shinkansen and the commencement of service for corporate members will take place this summer

Conventional line IC Service “TOICA” will be made even more convenient with the addition of electronic money function, etc.

## The Number of Express Reservation Members and Daily Average Usage



## TOICA Service expansion features

### Addition of an electronic money function

- Makes shopping mainly at stations where the Shinkansen Nozomi stops more convenient
- Enables mutual use of electronic money with JR East's "Suica" and JR West's "ICOCA"

Expansion of usage area and enabling passengers who have a TOICA commuter pass to ride the Shinkansen

Both are scheduled to being in the Spring of 2010



# The Significance of the Tokaido Shinkansen Bypass Project

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## Bypass Significance

- This project will enable us to continually carry out our mission of operation of high-speed railway linking the Tokyo, Nagoya and Osaka areas, which is essential to our company's business, and will provide a future foundation for the existence of our company.
- The Tokaido Shinkansen which presently fulfills this role, is approaching its 45<sup>th</sup> year of operation and we have entered a time when we must think of drastic measures to deal with aging and large-scale earthquakes.
- It is therefore necessary for us to realize as soon as possible an alternative bypass using the Superconducting Maglev that we have developed.

## Project Preconditions

- Maintaining safe and reliable transportation, engaging in investment needed to enhance competitiveness and ensuring sound management that can continue to provide stable dividends are preconditions for this project.

# Tokaido Shinkansen Bypass Project Progress

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## Legal Procedures

- December 24, 2008  
Instructions to conduct surveys related to the remaining four items were received from the Ministry of Land, Infrastructure and Transport, and the surveys were commenced  
We are striving to be able to report on the results as soon as possible

## Technological Development

- March 2005:  
Evaluation that “the foundation technology for the Superconducting Maglev has been sufficiently established for practical application” received from the Maglev Technological Practicality Evaluation Committee founded by the Ministry of Land, Infrastructure and Transport  
We continue to further refine the Superconducting Maglev technology that has already reached practical use levels, such as safety and long-term durability
- May 2008:  
A full-scale construction commenced to extend the Yamanashi Maglev Test Line to 42.8km and upgrade facilities to practical use specifications
- April 2009:  
Improvement to prototype rolling stock aimed at ensuring cabin space and enhancing interior comfort completed, and running tests on the rolling stock that is similar to commercial level specifications have commenced



Improved test rolling stock on which running tests have commenced

## 3. Topics

# New Building Project at Nagoya Station

## Overview

- We are working together with the Japan Post Group, etc. to realize the “Basic Concept of City Development” at company-owned land in front of and next to Nagoya Station
- We plan to look further into JR Central development plans in order to realize this vision of a better district around the area of Nagoya Station

## JR Central Development Concept

- (1) Site area (based on building codes)  
Approx. 85,000m<sup>2</sup> (including JR Nagoya Station)  
\* The area of the site that is intended for development is 11,500m<sup>2</sup>
- (2) Building Use  
Offices, hotels, commercial facilities, bus terminal, parking lot
- (3) Total area    Approx. 280,000m<sup>2</sup>  
(Maximum at present time)
- (4) Total Cost    Approx. 150 billion yen
- (5) Schedule (planned)

From 2009                      Environmental assessment, etc.  
FY2011.3 to FY2017.3    Planned construction period  
FY2018.3                      All facilities to be opened

\* Opening to commence progressively from FY2017.3

