

# Semi-Annual Investors Meeting

## FY 2011.3 (Fiscal Year ending March 31, 2011)

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### I. Financial Results for the 1<sup>st</sup> half of FY 2011.3

Hidenori Fujii

Director and  
General Manager of Finance Department



Central Japan Railway Company  
October 28, 2010

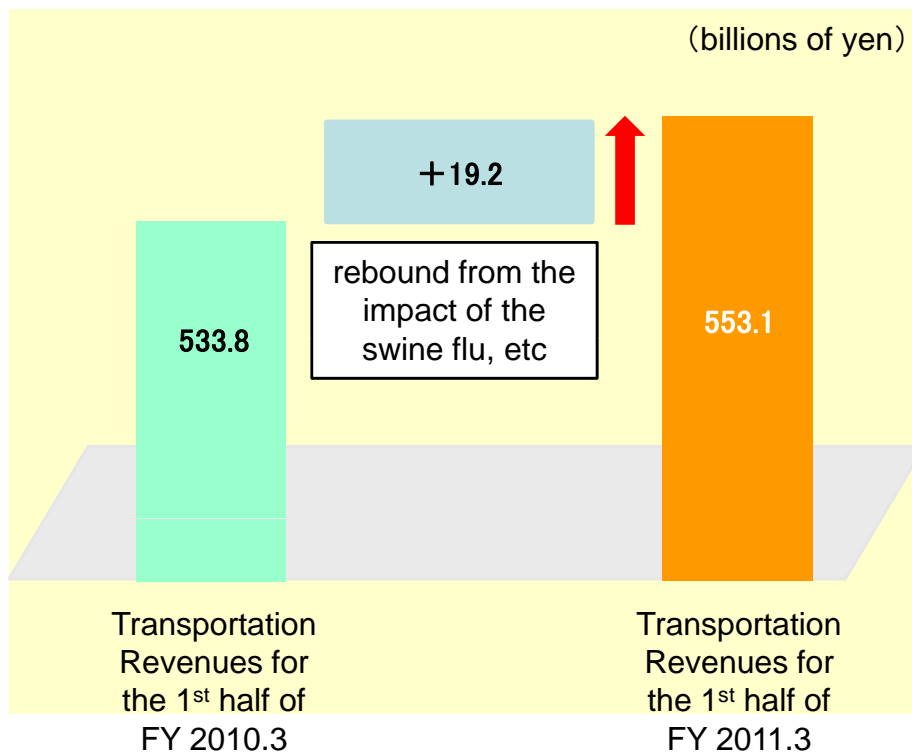
# Summary of Financial Results for the 1<sup>st</sup> half of FY 2011.3

【Consolidated】				【Non-Consolidated】			
(billions of yen)							
	The 1 <sup>st</sup> half of FY2010.3 (Apr.–Sep.) A	The 1 <sup>st</sup> half of FY2011.3 (Apr.–Sep.) B	Change (B–A)		The 1 <sup>st</sup> half of FY2010.3 (Apr.–Sep.) C	The 1 <sup>st</sup> half of FY2011.3 (Apr.–Sep.) D	Change (D–C)
<b>Operating Revenues</b>	730.6	748.2	17.6	<b>Operating Revenues (Transportation Revenues)</b>	568.6 (533.8)	588.5 (553.1)	19.8 (19.2)
<b>Operating Expenses</b>	554.1	548.9	–5.2	<b>Operating Expenses</b>	400.7	395.9	–4.7
<b>Operating Income</b>	176.4	199.3	22.9	<b>Operating Income</b>	167.9	192.5	24.6
<b>Non-operating Revenues and Expenses (net)</b>	–58.3	–54.5	3.8	<b>Non-operating Revenues and Expenses (net)</b>	–57.2	–52.6	4.6
<b>Ordinary Income</b>	118.1	144.8	26.7	<b>Ordinary Income</b>	110.6	139.9	29.2
<b>Net Income</b>	69.6	88.2	18.5	<b>Net Income</b>	67.6	84.9	17.3

# Analysis of the changes in CJR's Transportation Revenues and Operating Expenses for the 1<sup>st</sup> half of FY 2011.3

## Transportation Revenues of CJR

- Transportation revenues increased by 19.2 billion yen due to a rebound from the impact of the swine flu, etc



## Operating Expenses of CJR

- Operating expenses decreased by 4.7 billion yen due to continued cost suppression and “Cost Reduction” while revenues increased

(billions of yen)

	The 1 <sup>st</sup> half of FY2010.3	The 1 <sup>st</sup> half of FY2011.3	Change
Operating Expenses	400.7	395.9	-4.7
Personnel Expenses	87.8	86.8	-1.0
Non-personnel Expenses	178.2	178.2	-0.0
– Energy	16.9	16.0	-0.8
– Maintenance	70.1	71.1	0.9
– Others	91.1	91.0	-0.0
Tax other than income taxes	15.9	16.2	0.2
Depreciation and Amortization	118.6	114.5	-4.0

## Summary of Financial Results for the 1<sup>st</sup> half of FY 2011.3 (By Segment)

(Billions of yen)	The 1 <sup>st</sup> half of FY2010.3 (Apr.–Sep.) A	The 1 <sup>st</sup> half of FY2011.3 (Apr.–Sep.) B	Change (B–A)	% YoY (B/A)
Operating Revenues	730.6	748.2	17.6	102.4%
Transportation	568.0	587.3	19.3	103.4%
Merchandise and Other	92.2	94.9	2.6	102.9%
Real Estate	32.2	33.6	1.4	104.4%
Other Services	107.9	105.4	–2.5	97.7%
Operating Expenses	554.1	5,48.9	–5.2	99.1%
Operating Income	176.4	199.3	22.9	113.0%
Transportation	166.2	190.3	24.1	114.5%
Merchandise and Other	1.4	2.3	0.9	169.4%
Real Estate	7.1	5.7	–1.3	81.0%
Other Services	2.4	2.8	0.4	118.4%

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

■ Transportation : [Increasing revenues , Increasing profits](#)

• Increase in transportation revenues of JR Central, Decrease in expenses, etc

■ Merchandise and Other : [Increasing revenues , Increasing profits](#)

• Increases in sales from “JR Tokai Takashimaya”

■ Real Estate : [Increasing revenues , Decreasing profits](#)

• Increases in expenses for the Nagoya Station New Project but increases in sales of real estate, etc

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

• Improvement in initial costs, etc but decrease in sales from “Nippon Sharyo”

# Semi-Annual Investors Meeting FY 2011.3 (Fiscal Year ending March 31, 2011)

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## II. Performance Forecast for FY 2011.3 and Future Policy Development, etc.

**Shin Kaneko**

Senior Executive Director and  
Director General of Corporate Planning Division





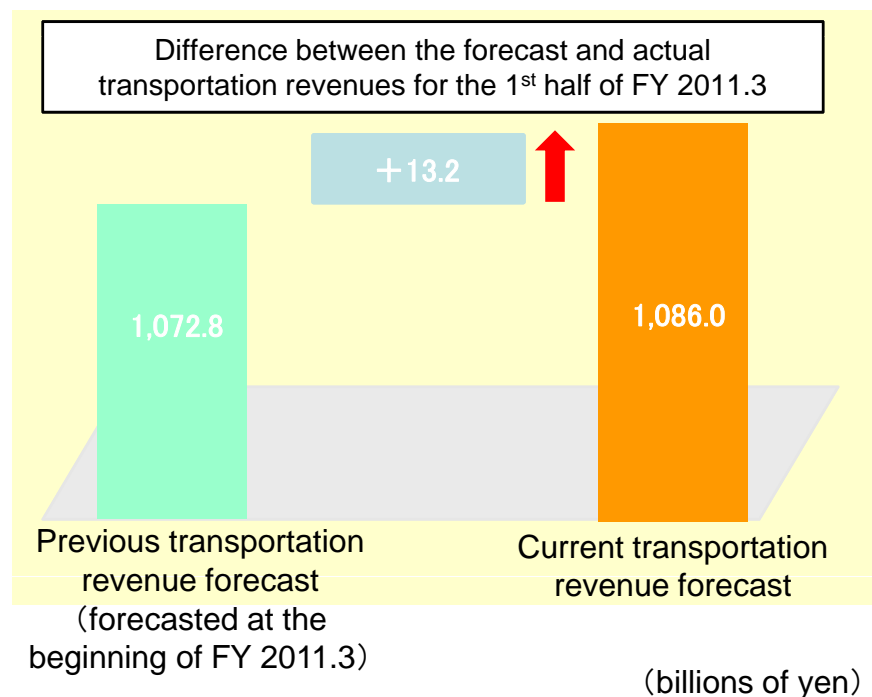
# Performance Forecast for FY 2011.3 (Consolidated/Non-consolidated)

【Consolidated】				【Non-Consolidated】			(billions of yen)
	FY 2011.3 Previous Forecast A	FY 2011.3 Current Forecast B	Change (B-A)		FY 2011.3 Previous Forecast C	FY 2011.3 Current Forecast D	Change (D-C)
<b>Operating Revenues</b>	1,457.0	1,482.0	25.0	<b>Operating Revenues (Transportation Revenues)</b>	1,144.0 (1,072.8)	1,158.0 (1,086.0)	14.0 (13.2)
<b>Operating Expenses</b>	1,168.0	1,168.0	–	<b>Operating Expenses</b>	865.0	859.0	–6.0
<b>Operating Income</b>	289.0	314.0	25.0	<b>Operating Income</b>	279.0	299.0	20.0
<b>Non-operating Revenues</b>	7.0	7.0	–	<b>Non-operating Revenues</b>	7.0	7.0	–
<b>Non-operating Expenses</b>	129.0	127.0	–2.0	<b>Non-operating Expenses</b>	127.0	125.0	–2.0
<b>Ordinary Income</b>	167.0	194.0	27.0	<b>Ordinary Income</b>	159.0	181.0	22.0
<b>Net Income</b>	97.0	112.0	15.0	<b>Net Income</b>	96.0	110.0	14.0

# Points for Modifying Transportation Revenues and Operating Expenses of CJR in Performance Forecast for FY 2011.3

## Transportation Revenues of CJR

- We are sticking with the forecast for transportation revenues for the 2<sup>nd</sup> half of FY 2011.3 (99% YoY) due to increasing uncertainty about the economy, and have added the difference between the previous forecast and actual transportation revenues for the 1<sup>st</sup> half FY 2011.3 to the current transportation revenue forecast for FY 2011.3.



## Operating Expenses of CJR

- While we continue to make business operations more efficient and pursue “Cost Reduction”, in consideration of financial results for the 1<sup>st</sup> half of FY2011.3 we have adjusted the forecasted operating expenses by – 6 billion yen as we aim to reduce expenses at all levels.

(billions of yen)	FY 2011.3 Previous Forecast	FY 2011.3 Current Forecast	Change
Operating Expenses	865.0	859.0	-6.0
Personnel Expenses	173.0	172.0	-1.0
Non-personnel Expenses	415.0	412.0	-3.0
– Energy	32.0	32.0	–
– Maintenance	183.0	180.0	-3.0
– Others	200.0	200.0	–
Tax other than income taxes	33.0	33.0	–
Depreciation and Amortization	244.0	242.0	-2.0



## Modifying the Performance Forecast (consolidated) for FY 2011.3

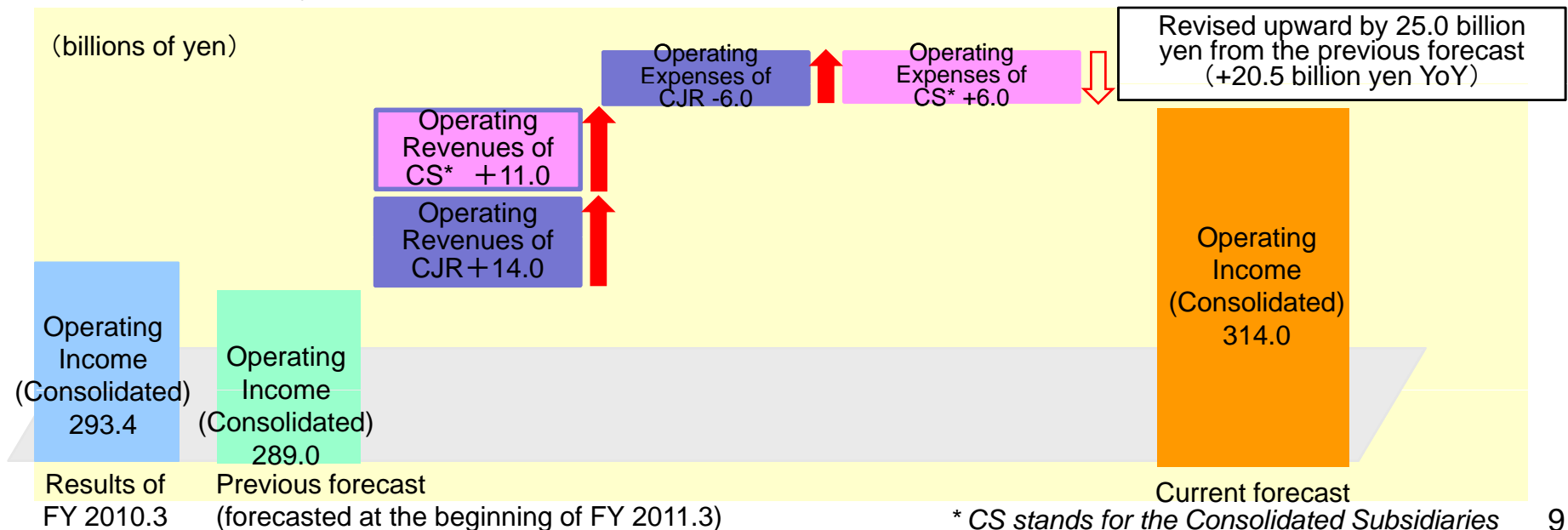
◆ We adjusted operating income by +25 billion yen in conjunction with the upward revision of CJR's operating revenues forecast and its consolidated subsidiaries.

### ◇ Operating Revenues

- CJR's operating income forecast was adjusted by +14 billion yen based on the difference between the previous transportation revenue forecast and actual results for the 1<sup>st</sup> half of FY 2011.3
- The operating income forecast for consolidated subsidiaries was adjusted by +11 billion yen by revising the forecasts for each subsidiary based on the results of the 1<sup>st</sup> half of FY 2011.3.

### ◇ Operating Expenses

- The operating expense forecast on a consolidated basis remains the same due to a reduction in the forecast for CJR's operating expenses by 6 billion yen and an increase in costs for purchases, etc. by consolidated subsidiaries that accompanied an increase in sales.



## Performance Forecast for FY 2011.3 (By Segment)

	FY 2011.3 Previous Forecast A	FY 2011.3 Current Forecast B	Change (B-A)	(billions of yen)
Operating Revenues	1,457.0	1,482.0	25.0	
Transportation	1,142.6	1,155.8	13.2	
Merchandise and Other	183.8	192.2	8.4	
Real Estate	64.2	65.9	1.7	
Other Services	234.2	236.6	2.4	
Operating Expenses	1,168.0	1,168.0	—	
Operating Income	289.0	314.0	25.0	
Transportation	277.6	296.6	19.0	
Merchandise and Other	2.4	3.7	1.3	
Real Estate	6.1	9.6	3.5	
Other Services	5.5	7.0	1.5	

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

### ◆ Capital Investment

Consolidated: 328.0 billion yen, Non-consolidated 308.0 billion yen (as initially planned)

### ◆ Reduction in long-term debt and payables

Consolidated: 93.0 billion yen, Non-consolidated: 80.0 billion yen

(+ 20 billion yen respectively from the initial plan announced at the beginning of FY 2011.3)

# Key Measures for FY 2011.3

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## ■ Ensuring Safe and Reliable Transportation

- Promoting derailment/deviation countermeasures on the Tokaido Shinkansen as anti-earthquake measures
- Promoting the installation of ATS-PT on conventional lines

## ■ Enhancing the Transportation Services of the Tokaido Shinkansen

- Continued concentrated introduction of the Series N700 and gradual increase in regular “Nozomi” services operated by the Series N700

⇒ All regular “Nozomi” with direct service to the Sanyo section have been operated with the Series N700 after the timetable revision of March 2010.

55 trainsets had been introduced as of the end of September 2010.

- Promoting large-scale renovations at Shin-Osaka station and the renovation of passenger-related facilities at Tokyo station

## ■ Promoting the Tokaido Shinkansen Bypass by the Superconducting Maglev system

- Construction to extend the Yamanashi Maglev Test Line to 42.8km and renovate facilities to practical use specifications is proceeding quickly and steadily.

# Overview of Nagoya Station New Building Project

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(1) Name Nagoya Station New Building (tentative)

(2) Site area Approx. 11,700m<sup>2</sup>

(3) Size

- Total Floor Area; approx. 260,000m<sup>2</sup>

- Height ; approx. 220m

- Floors; Upper-tier Tower; above-ground 46 floors, subterranean 6 floors

- Lower-tier Tower; above-ground 18 floors, subterranean 6 floors

(4) Building Use

Offices (total floor area; approx. 60,000m<sup>2</sup>, rental office area; approx. 37,000m<sup>2</sup>)

Commercial Facilities (total floor area; approx. 110,000m<sup>2</sup>, aiming at expanding floors of JR Nagoya Takashimaya and recruiting electronics retail store, etc)

Hotel (total floor area; approx. 20,000m<sup>2</sup>, guest rooms; approx. 350 rooms)

Others (child-care center, Bus terminal, etc)

(5) Schedule (planned)

- Beginning of December 2010:

- Dismantling of existing Nagoya Terminal Building to begin

- FY2012 summer Construction works to begin

- FY2016 New building completed

- (FY2017 Grand Opening)



# Status of the Tokaido Shinkansen Bypass Project

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## ◆ Long-term estimate after amending preconditions (published on April 28, 2010)

- Even after updating the estimate announced on December 25, 2007 with the latest performance data, we have deemed that we will be able to construct the Bypass to Osaka while maintaining sound operation and stable dividends and bearing the cost for the project
- Commercial operation to commence: To Nagoya in 2027 and to Osaka in 2045

## ◆ Legal Procedure

- Deliberation on the designation of an operation entity & a construction entity and matters regarding the decision on a development program are currently in discussion by the Council for Transport Policy.

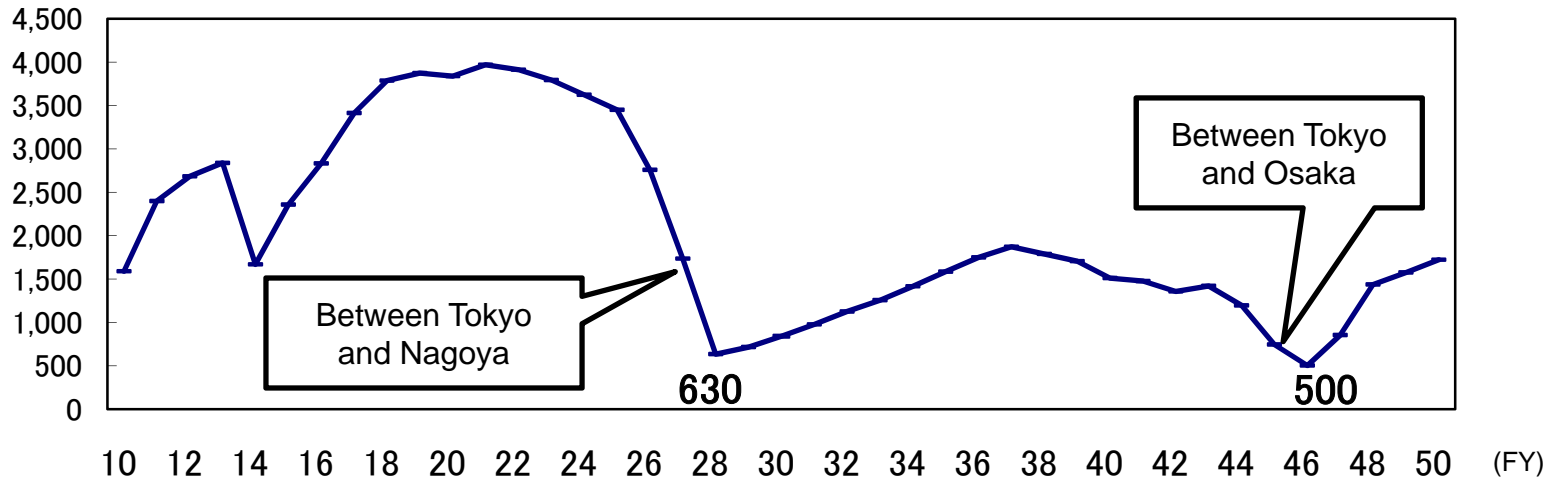
(Summary presented at the Council for Transport Policy on May 10, 2010)

- ① It is necessary to create redundancy for Japan's main transportation artery linking Tokyo, Nagoya and Osaka in order to prepare for future risk
- ② The realization of the Superconducting Maglev system will have great out-reaching effects on the whole Japanese economy
- ③ JR Central is able to complete the project while solely bearing the costs
- ④ It is necessary to begin construction as soon as possible in order to finish the project early

# Progress of the Tokaido Shinkansen Bypass Project

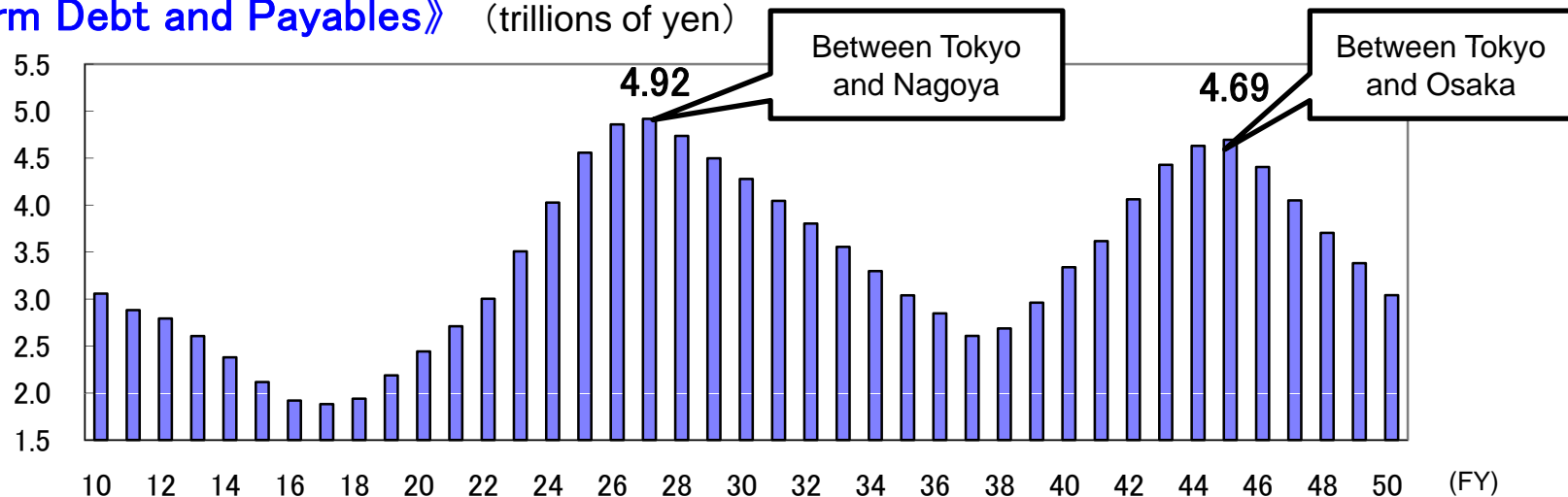
## 《Ordinary Income》 (100 millions of yen)

※These figures were taken from the handout, “The realization of a Chuo Shinkansen that utilizes the Superconducting Maglev system,” which we submitted to the Council for Transport Policy on May 10, 2010



◆Continue sound operation and stable dividends throughout the construction period and after the commencement of commercial operation.

## 《Long-Term Debt and Payables》 (trillions of yen)



◆Construction costs will be financed by operating cash flow, loans and bonds.

# Overseas Deployment of High-Speed Rail Systems

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## ■ Purpose

Deploying the Tokaido Shinkansen system, N700-I Bullet, and the Superconducting Maglev system, SCMAGLEV, overseas, will enable us

- to diversify the revenue streams of CJR and its group companies
- to strengthen companies that support the Shinkansen and Superconducting Maglev in various fields, such as rolling stock, civil engineering structures, electric equipment, and safety equipment, by expanding their client base
- to raise CJR's technical capability to a higher level through competition

## ■ Current State

We have selected several corridors in the US as our targets and are engaged in activities for the deployment.

[potential corridors]

◇ N700-I : Florida, Texas, etc.

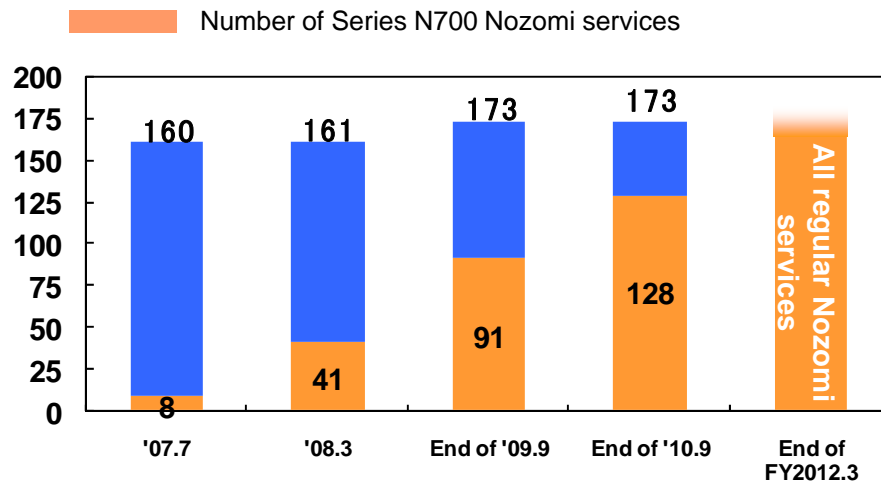
◇ SCMAGLEV : Washington D.C. - Baltimore, etc.

# Appendix 1

## Introduction of the Series N700 and the number of "Nozomi" services

- 55 trainsets had been introduced as of the end of September 2010, resulting in the Series N700 accounting for a little over 40% of all trainsets. All regular "Nozomi" with direct service to the Sanyo section have been operated with the Series N700 after the timetable revision of March 2010.
- 80 trainsets of the Series N700 will be introduced by FY 2012.3.

### The Number of Nozomi services operated with the Series N700 (daily, excluding extra services)



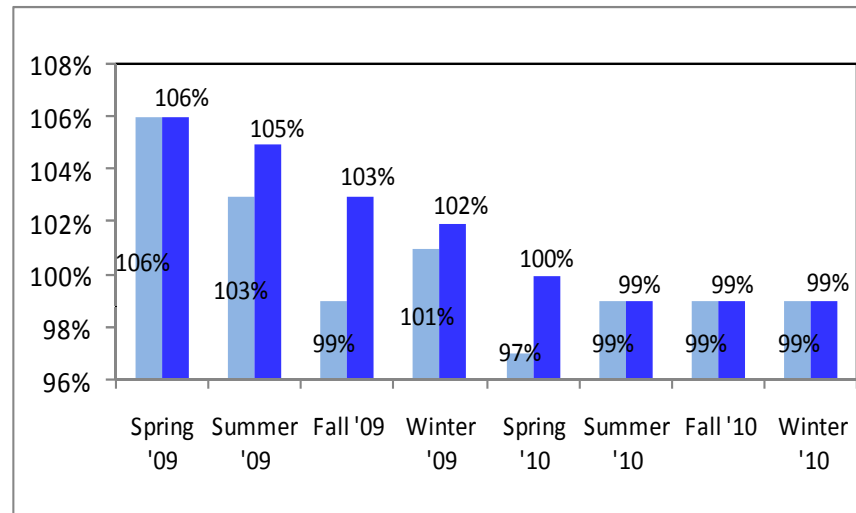
\* The numbers above the bars are those of all Nozomi services

\* The numbers for '07.7 and '08.3 are from when the timetable was revised

## Trends in the number of trains according to seasonal operation plan

- The number of trains in operation is planned by season according to trends in transportation volume.
- The passenger volume of Shinkansen with direct service to the Sanyo Section has been steady.

### Trends in the number of trains according to seasonal operation plan (year-on-year)



■ Number of trains planned (total)

■ Number of trains planned (only Nozomi with direct service to the Sanyo section)

\*The numbers of trains planned include the combined total number of regular services and extra services

\* Spring: March - June, Summer: July - September,

Fall: October - November, Winter: December - February of the next year

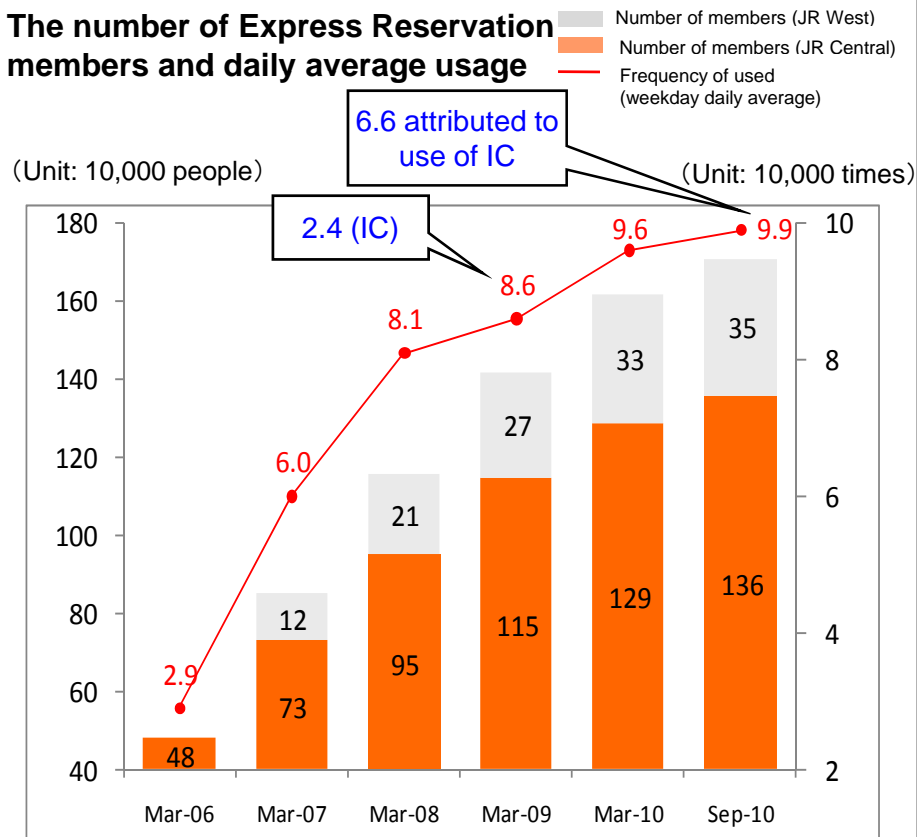


# Appendix 2

## Usage Status of Express Reservation Service

■ The usage of IC increased due to the expansion of “EX-IC Service” to the Sanyo Shinkansen and the commencement of service for corporate members

**The number of Express Reservation members and daily average usage**



## Expansion of TOICA Service

■ An electronic money function was added to TOICA on March 13, 2010. As of the end of September 2010, TOICA money service was available at approximately 2,200 stores in our operating area and the Tokai region.

(TOICA money service is available at approximately 90,700 stores all over Japan where Suica and ICOCA, which can be used mutually with TOICA, are available)

■ At the same time, the service area was expanded to 148 stations and a new service was introduced where passengers can get on board the Shinkansen with TOICA commuter passes.



■ We have decided to start mutual use of IC cards from FY 2013.3 between “TOICA”, “manaca”, which will be implemented by the Transportation Bureau City of Nagoya and Nagoya Railroad, etc. and JR East’s “Suica.”

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In this material, forward-looking statements, such as those regarding business plans, strategies, and financial forecasts, are based on assumptions that reflect information available at the time of writing. The accuracy of such statements, therefore, is inherently uncertain because it is affected by future macroeconomic trends and business environment developments, notably, consumption trends, competitive challenges, and changes in relevant laws and legal provisions.