

Year-End Investors Meeting  
FY2012.3 (Fiscal Year ending March 31, 2012)

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I. Management Policy

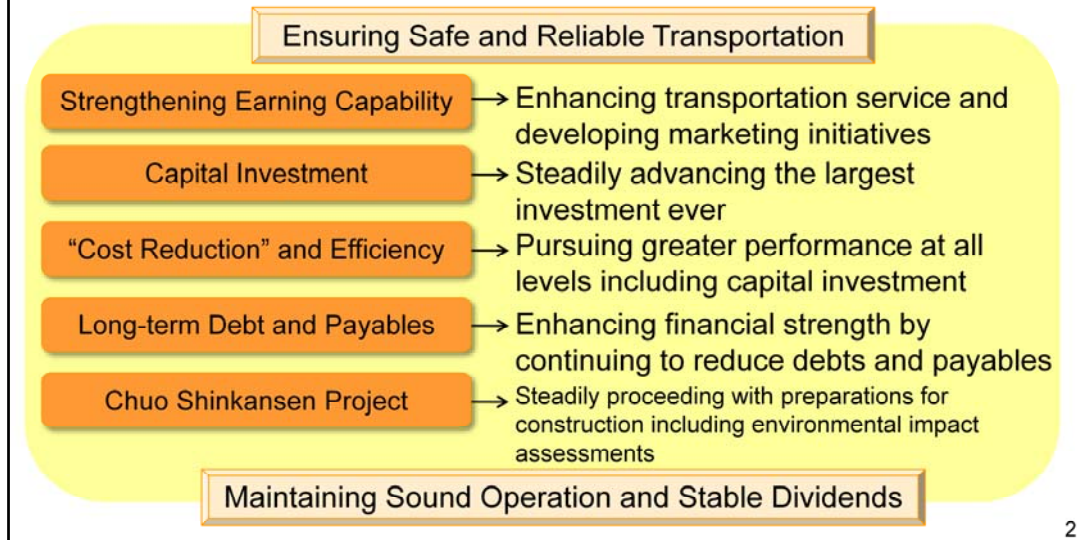
Yoshiomi Yamada  
President



Central Japan Railway Company  
April 27, 2012

# Management Policy

- Although the impact of the Great East Japan Earthquake was limited in FY2012.3, the outlook for the economy is uncertain.
- JR Central will continue to steadily advance key measures by taking a long-term perspective, prioritizing ensuring safe and reliable transportation constituting the very foundation of the railway business



-I would like to talk about our fundamental management policy for FY2013.3.

-Our fundamental management policy for FY2013.3 remains unchanged.

- First of all, in order to ensure safe and reliable transportation, which is the very foundation of the railway business, we will, for example, maintain and renew civil engineering structures on the Tokaido Shinkansen, and implement anti-earthquake measures, including countermeasures for derailment and deviation, in addition to enhancing the skill of employees and refining technology through the General Training Center opened in September last year.

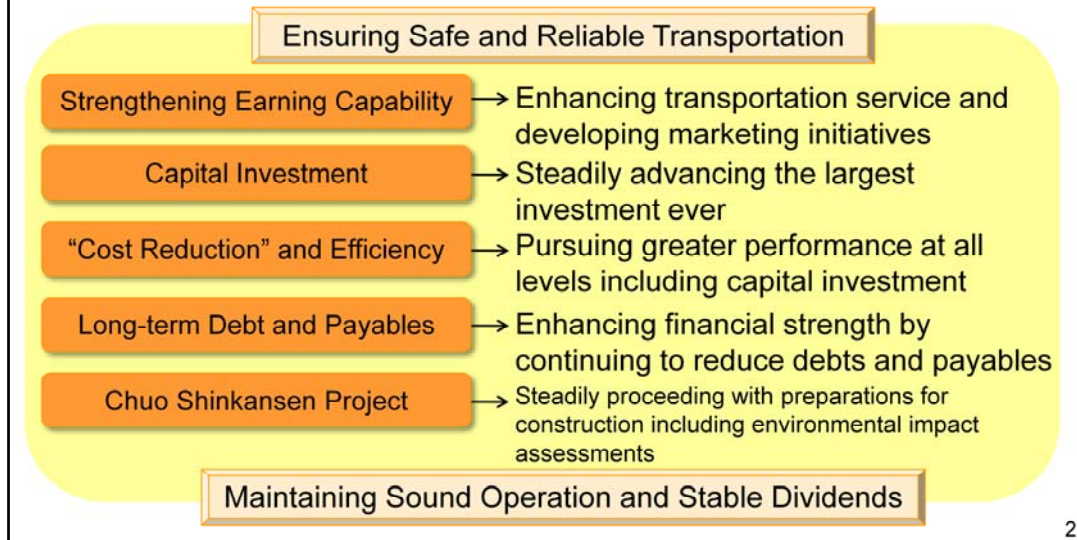
- The Series 700 Shinkansen will be replaced with the N700A, thereby increasing the number of "N700 type" rolling stock (N700 and N700A) in service. Transportation services on conventional lines will be also further improved through the replacement of old rolling stock. In regard to sales, efforts to expand the use of "EX-IC Service" and increase the number of "Express Reservation" members will continue.

- In addition to ensuring safe and reliable transportation and strengthening profitability as I mentioned earlier, we will steadily advance the largest capital investment we have ever made with the peak of the construction to extend and upgrade the Yamanashi Maglev Test Line coming up. At the same time, we will improve the efficacy of capital investments by striving to reduce costs, including investment costs for maintenance and renewal.

- We will also pursue greater performance at all levels through "Cost Reduction Activities," which we started three years ago, while maintaining safety.

# Management Policy

- Although the impact of the Great East Japan Earthquake was limited in FY2012.3, the outlook for the economy is uncertain.
- JR Central will continue to steadily advance key measures by taking a long-term perspective, prioritizing ensuring safe and reliable transportation constituting the very foundation of the railway business



- We will strive to reduce long-term debts and payables by reducing the costs of capital investments, strengthening profitability, and promoting “Cost Reduction Activities”.
- Upon this foundation, we will steadily proceed with preparations to begin the construction of the Chuo Shinkansen, including the assessment of the environmental impact between Tokyo and the City of Nagoya.
- We will keep developing management vitality by reducing long-term debts and payables as much as possible, as well as building safety infrastructure through necessary investments on both the Shinkansen and conventional lines before starting the construction of the Chuo Shinkansen.
- We plan to increase dividends for investors mainly because passenger volume in FY2012.3 steadily recovered after the second quarter despite of the impact of the Great East Japan Earthquake. We also plan to cancel our treasury stock.

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## II. Summary of Financial Results for FY2012.3

Hidenori Fujii

Director and  
General Manager, Finance Department



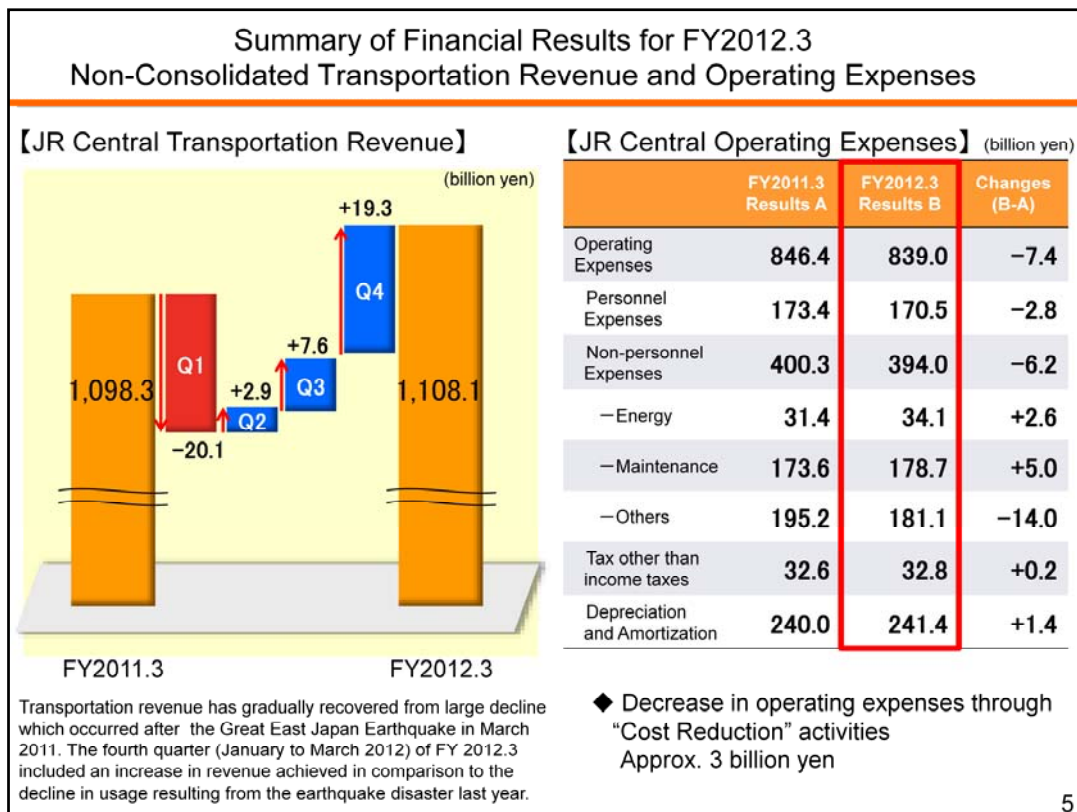
## Summary of Financial Results for FY2012.3

【Consolidated】			【Non-Consolidated】			(billion yen)	
	FY2011.3 Results A	FY2012.3 Results B	Changes B-A		FY2011.3 Results C	FY2012.3 Results D	Changes D-C
Operating Revenue	1,503.0	1,508.3	+5.2	Operating Revenue (Transportation Revenue)	1,171.9 (1,098.3)	1,184.5 (1,108.1)	+12.6 (+9.7)
Operating Expenses	1,153.7	1,135.8	-17.9	Operating Expenses	846.4	839.0	-7.4
Operating Income	349.3	372.5	+23.1	Operating Income	325.4	345.5	+20.0
Non-operating Income (Loss)	-120.7	-108.7	+12.0	Non-operating Income (Loss)	-117.8	-105.7	+12.1
Ordinary Income	228.5	263.8	+35.2	Ordinary Income	207.5	239.8	+32.2
Net Income	133.8	132.7	-1	Net Income	123.0	120.8	-2.2

◆Reduction in long-term debt and payables  
Consolidated: 178.5 billion yen Non-consolidated: 172.4 billion yen

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- Now I would like to give you a summary of our financial results for FY2012.3.
- Consolidated operating revenue increased by 5.2 billion yen YoY due to increases in JR Central's transportation revenue and sales by JR Tokai Takashimaya despite decreased sales by Nippon Sharyo.
- Consolidated operating expenses decreased by 17.9 billion yen YoY due to a decrease in the non-personnel expenses of JR Central and in the costs of goods sold by group companies.
- Non-operating income and loss improved by 12 billion yen YoY on a consolidated basis due to decreases in interest expenses and losses associated with the early repayment of long-term accounts payable, even though losses related to the early repayment of corporate bonds increased.
- As a result, both consolidated and non-consolidated operating revenues, operating incomes, and ordinary incomes increased YoY. On the other hand, both consolidated and non-consolidated net incomes decreased YoY due to an increase in "corporate taxes, etc" resulting from a reduction in deferred tax assets in conjunction with the reduction of the corporate tax rate.
- We reduced long-term debts and payables by 178.5 billion yen on a consolidated basis and 172.4 billion yen on a non-consolidated basis, which exceed original estimates.



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- I would like to next discuss the transportation revenue and operating expenses of JR Central.
- Transportation revenue has gradually recovered from the large decline experienced after the Great East Japan Earthquake in March 2011 and increased YoY since the second quarter. The fourth quarter showed an increase in revenue when compared to the decline in usage resulting from the earthquake disaster last year. Overall, transportation revenue increased by 9.7 billion yen YoY.
- On the other hand, operating expenses decreased by 7.4 billion yen YoY. Although maintenance expenses increased due to typhoon damage and energy expenses increased due to the increase of electric utility rates, “other expenses” decreased due to decreases in software, advertising and outsourcing expenses. In addition, we continued to engage in “Cost Reduction Activities” and worked more efficiently at all levels.



## Summary of Financial Results for FY2012.3 (By Segment)

	FY2011.3 Results A	FY2012.3 Results B	Changes B-A	(billion yen)
Operating Revenue	1,503.0	1,508.3	+5.2	
Transportation	1,169.7	1,182.6	+12.9	
Merchandise and Other	195.0	205.2	+10.2	
Real Estate	66.4	62.7	-3.6	
Other	239.6	225.8	-13.7	
Operating Expenses	1,153.7	1,135.8	-17.9	
Operating Income	349.3	372.5	+23.1	
Transportation	323.0	342.8	+19.7	
Merchandise and Other	5.1	5.7	+0.5	
Real Estate	11.8	13.0	+1.1	
Other	10.9	11.4	+0.5	

\* Figures by segment for operating revenue and operating income are values offsetting and eliminating intersegment transactions

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- Next is a summary of our financial results by segment.
- The Transportation segment saw increases in revenue and income due to an increase in transportation revenue and a decrease in the operating expenses of JR Central, as I mentioned.
- The Merchandise and Other segment saw increases in revenue and income due to an increase in sales by JR Tokai Takashimaya.
- The Real Estate segment saw a decrease in revenue and an increase in income because of a decrease in rent revenues from the Nagoya Terminal Building and a decrease in expenses related to the closing of the Nagoya Terminal building in conjunction with the ongoing Nagoya Station New Building Project.
- The Other segment saw a decrease in revenue and an increase in income due to the decrease in sales by Nippon Sharyo and the Nagoya Terminal Hotel, which was closed in September 2010, and an increase in the income of commissioned companies.

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III. Performance Forecast for FY2013.3

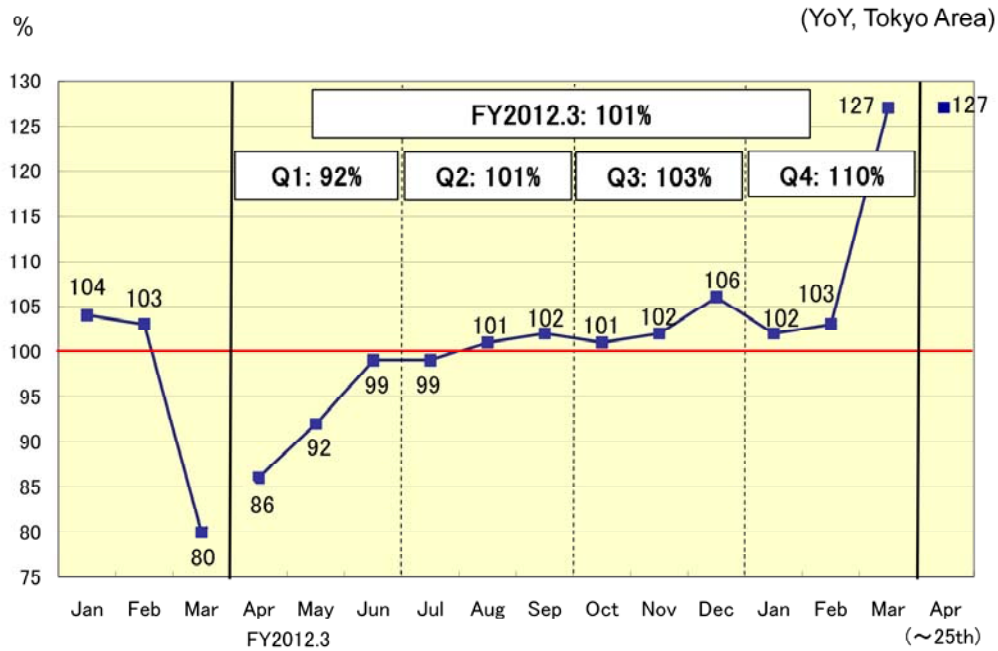
**Shin Kaneko**



Senior Executive Director and  
Director General, Corporate Planning Division



## Passenger Volume of Tokaido Shinkansen

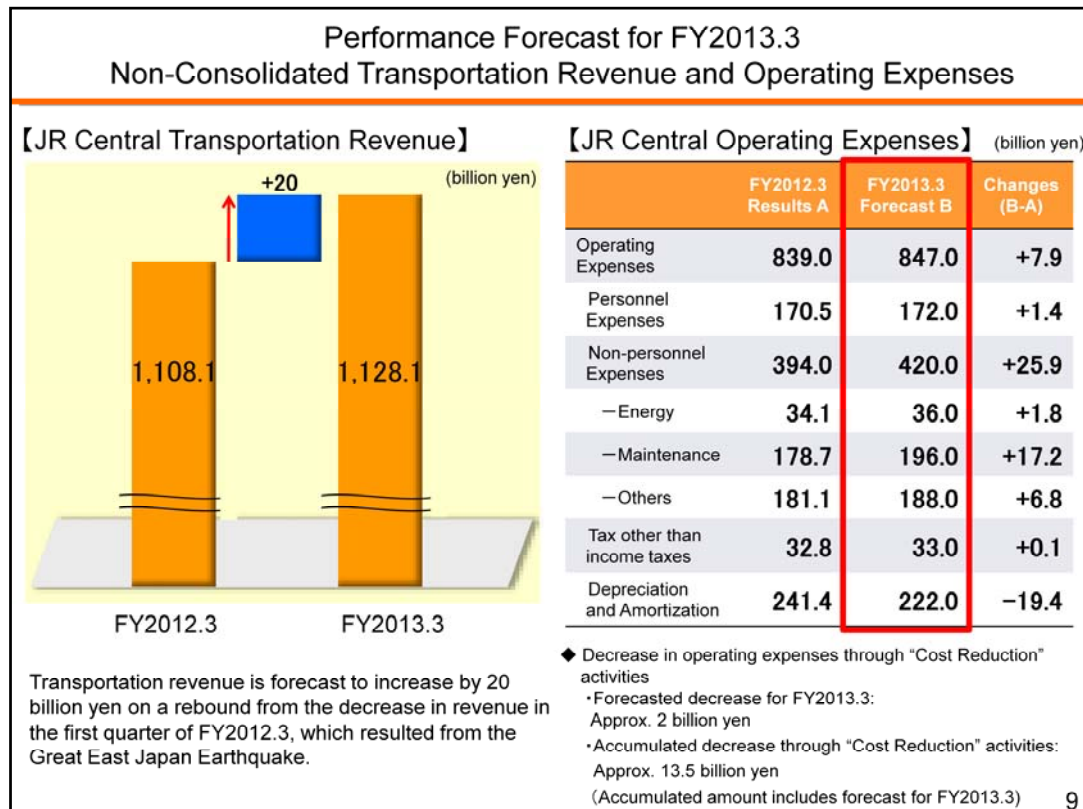


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- I would like to now discuss current passenger volume. The graph above shows the passenger volume of the Tokaido Shinkansen YoY.

- Passenger volume in the first quarter was 92% YoY due to the impact of the Great East Japan Earthquake. It's difficult to calculate the impact of the earthquake, but we estimate that transportation revenue decreased by 20 billion yen YoY due to the disaster, which is the difference between transportation revenues for the first quarter of FY2012.3 and FY2011.3.

- Passenger volume exceeded 100% YoY after the second quarter, but passenger volume for February was 99% YoY if we don't account for the leap year. Passenger volume for March and April were 127% YoY, which seems good, but this is because the increase is being compared to the decline in usage resulting from the earthquake disaster last year. In consideration of the harsh economic situation, we are not optimistic about the future.



- Let's look next at the forecasts for transportation revenue and operating expenses for FY2013.3.
- We expect transportation revenue in FY2013.3 to increase by 20 billion yen YoY as we rebound from the decrease in revenue in the first quarter of FY2012.3, which resulted from the Great East Japan Earthquake.
- Although we are not optimistic about future passenger volume, we will continue to make efforts to increase the number of “Express Reservation” members and secure revenue by, for example, leveraging tourism resources including the “TOKYO SKYTREE,” which will open in May 2012.
- We expect operating expenses to increase by 7.9 billion yen YoY. Although we will continue to engage in “Cost Reduction Activities” at all levels and depreciation and amortization is expected to decrease due to the decrease of the number of Shinkansen rolling stock introduced, energy expenses will increase due to the increase of electric utility rates and maintenance expenses will also increase due to an increase in expenses related to Superconducting Maglev technology and capital investments.
- We expect that we can reduce operating expenses by 2 billion yen this fiscal year through “Cost Reduction Activities.” We will try to develop more management vitality by promoting these “Cost Reduction Activities”.

## Performance Forecast for FY2013.3 (By segment)

	FY2012.3 Results A	FY2013.3 Forecast B	Changes B-A	(billion yen)
Operating Revenue	1,508.3	1,552.0	+43.6	
Transportation	1,182.6	1,201.9	+19.2	
Merchandise and Other	205.2	205.5	+0.2	
Real Estate	62.7	63.7	+0.9	
Other	225.8	233.2	+7.3	
Operating Expenses	1,135.8	1,169.0	+33.1	
Operating Income	372.5	383.0	+10.4	
Transportation	342.8	354.1	+11.2	
Merchandise and Other	5.7	6.0	+0.2	
Real Estate	13.0	12.7	-0.3	
Other	11.4	9.3	-2.1	

\* Figures by segment for operating revenue and operating income are values offsetting and eliminating intersegment transactions

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- We expect increases in revenue and income in the “Transportation segment” and the “Merchandise and Other segment”, and an increase in revenue and a decrease in income in the “Real Estate segment” and the “Other segment”.

- The Transportation segment is expected to see increases in revenue and income due to an increase in the transportation revenue of JR Central. The Merchandise and Other segment is also expected to see increases in revenue and income due to an increase in sales by JR Tokai Takashimaya.

- The Real Estate segment is expected to see an increase in revenue and a decrease in income due to an increase in rent revenue from real estate and an increase in expenses for the JR Central Building.

- Finally, the Other segment is going to see an increase in revenue and a decrease in income due to an increase in export sales by Nippon Sharyo and also an increase in sales costs.

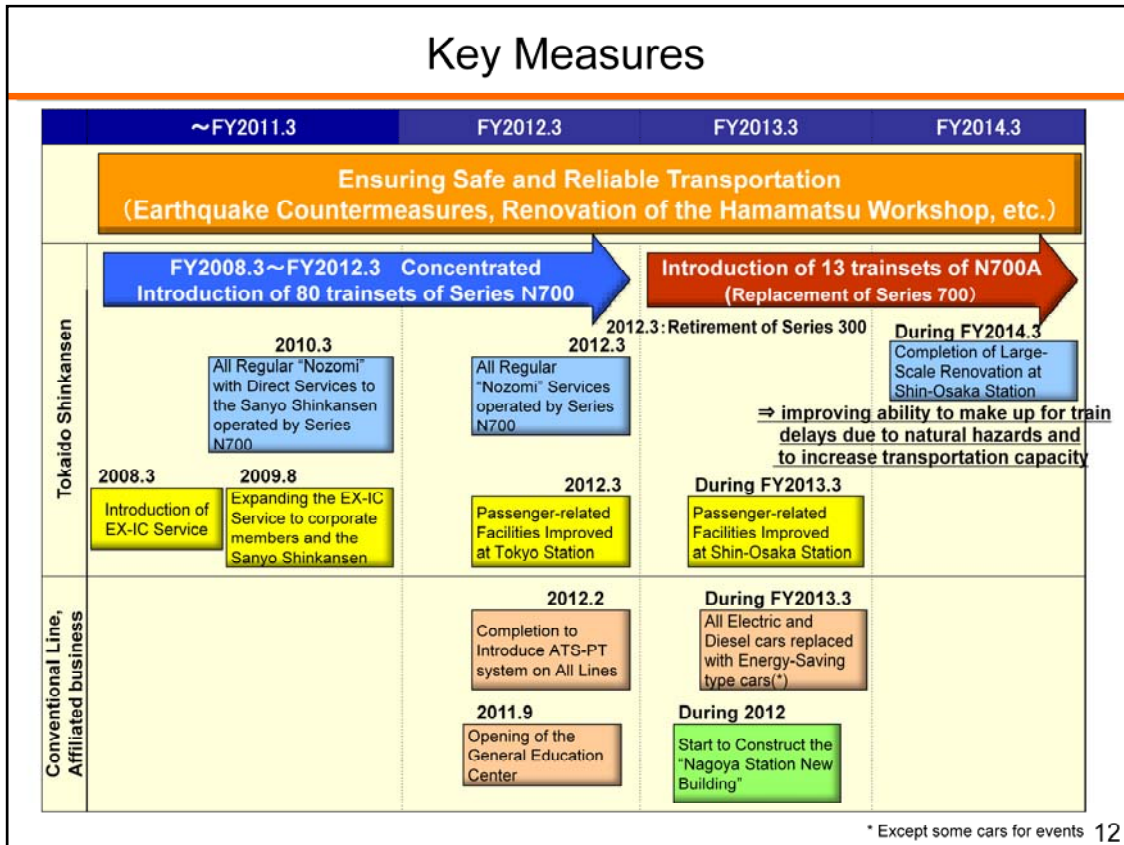
## Performance Forecast for FY2013.3

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	FY2012.3 Results A	FY2013.3 Forecast B	Changes B-A		FY2012.3 Results C	FY2013.3 Forecast D	Changes D-C
Operating Revenue	1,508.3	1,552.0	+43.6	Operating Revenue (Transportation Revenue)	1,184.5 (1,108.1)	1,204.0 (1,128.1)	+19.4 (+20.0)
Operating Expenses	1,135.8	1,169.0	+33.1	Operating Expenses	839.0	847.0	+7.9
Operating Income	372.5	383.0	+10.4	Operating Income	345.5	357.0	+11.4
Non-operating Income (Loss)	-108.7	-98.0	+10.7	Non-operating Income (Loss)	-105.7	-96.0	+9.7
Ordinary Income	263.8	285.0	+21.1	Ordinary Income	239.8	261.0	+21.1
Net Income	132.7	173.0	+40.2	Net Income	120.8	164.0	+43.1

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- Our performance forecast for FY2013.3 is as shown on the slide.
- Non-operating income and loss is expected to improve by 10.7 billion yen YoY on a consolidated basis due to a decrease in interest expenses, even when accounting for the loss from early repayment of corporate bonds that contributes to the enhancement of financial strength.
- As a result, ordinary income is expected to increase by 21.1 billion yen YoY on a consolidated basis.
- Net income is forecasted to increase by 40.2 billion yen YoY on a consolidated basis due to deferred tax assets not being broken into in conjunction with the reduction of the corporate tax rate that occurred in FY2012.3, even though corporate taxes are expected to increase due to an increase in income.

# Key Measures



\* Except some cars for events 12

- Our key measures are as shown on the slide.

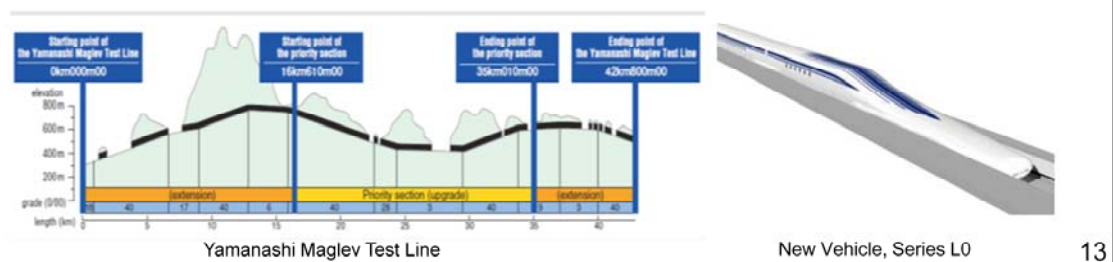
## The Chuo Shinkansen using the Superconducting Maglev System

### 【Legal Process】

- In May 2011, the Minister of Land, Infrastructure, Transport and Tourism designated JR Central as the operator and constructor of the Chuo Shinkansen. The Minister also determined the development plan and instructed JRC to construct the Chuo Shinkansen.
- We will steadily proceed with preparations to begin constructions including an assessment of environmental impacts between Tokyo and the City of Nagoya.

### 【Technology, etc】

- We will make efforts to improve the Superconducting Maglev technology and reduce costs for construction, operation and maintenance.
- We will proceed with the construction works to extend the length of the Yamanashi Maglev Test Line to 42.8 km and upgrade its facilities in full scale steadily and swiftly to start running tests by the end of 2013, and also with the manufacture of the new rolling stock, the Series L0.

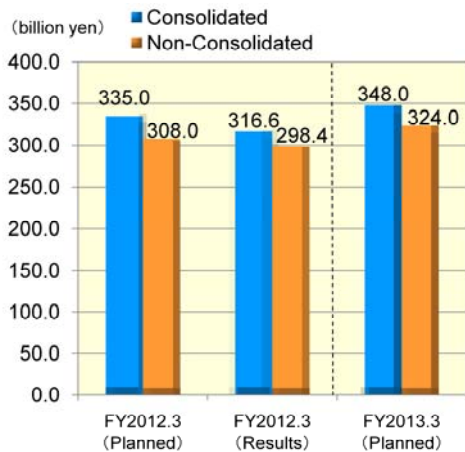


- The progress of the Chuo Shinkansen project is as shown on the slide.



## Use of Cash for FY2013.3

### 【Capital Investment】



Planned investment in FY2013.3 will be the largest ever with construction work to upgrade and extend the Yamanashi Maglev Test Line reaching its zenith.

### 【Dividend】

- ◆ Year-End Dividend (FY2012.3)  
5,000 yen per share  
(Increase of 500 yen per share over the original forecast)
- ◆ Dividend Forecast (FY2013.3)  
5,000 yen per share in 2<sup>nd</sup> quarter and at year-end  
(1-for-100 stock split scheduled to take effect on October 1, 2012 is not taken into account)

### 【Cancellation of Treasury Stock】

- Number of shares cancelled: 90,000
- Scheduled Date: May 7, 2012
- Number of Treasury Shares after Cancellation: 89,990

### 【Reduction in Long-term Debt and Payables】

- ◆ Estimated Reduction
 

Consolidated	127 billion yen (2,739.7 billion yen)
Non-Consolidated	110 billion yen (2,719.1 billion yen)
- \* Numbers shown in parentheses are estimates of long-term debt and payables at the end of FY2013.3

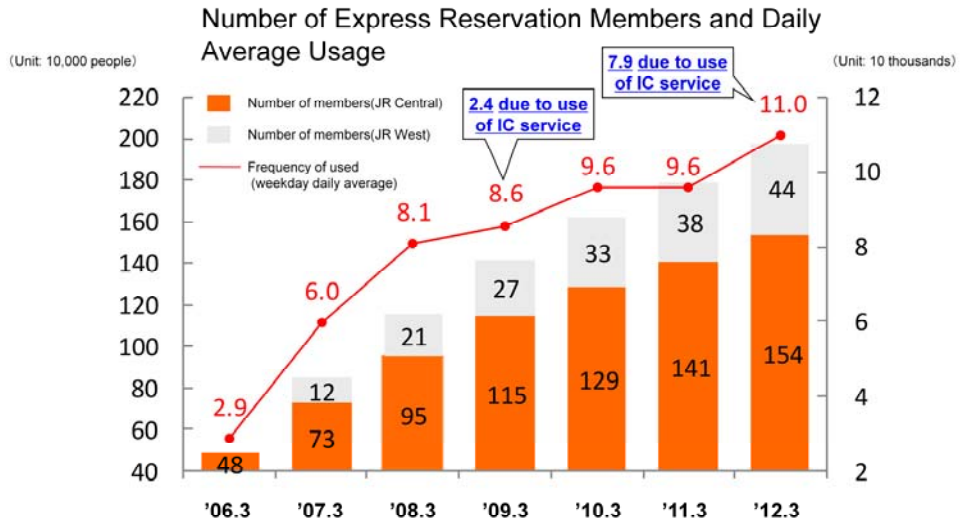
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- Lastly I would like to talk about our cashflow for FY2013.3.
- Capital investments for FY2013.3 will amount to 348 billion yen on a consolidated basis and 324 billion yen on a non-consolidated basis, which will be our largest investment to date due to various measures and with the peak of the construction to upgrade and extend the Yamanashi Maglev test Line coming up.
- With the Chuo Shinkansen project starting to pick up speed, since our standard of investment in maintenance and renewal remains high, we will strive to further reduce costs and improve the effect of investment while maintaining safety and service levels for all capital investments.
- Next I would like to talk about dividends. Considering that passenger volume has gradually recovered since the second quarter of FY2012.3 despite the impact from the Great East Japan Earthquake, we are going to propose at the general shareholders meeting scheduled for June 2012 that we will distribute 5,000 yen per share as dividends for the year-end of FY2012.3, which is 500 yen more than our original forecast..
- Dividends for FY2013.3 are expected to be at the same level as for the year-end of FY2012.3. However, the dividend per share at the year-end of FY2013.3 is expected to be 50 yen because we are planning a 1-for-100 stock split which is scheduled to take effect on October 1, 2012.
- Additionally, we have decided to cancel 90,000 treasury shares in May 2012, following the cancellation of 90,000 shares in May 2009. (We acquired approximately 268,000 treasury shares in April 2006.)
- We will continue to strive to reduce long-term debts and payables as much as possible to achieve our estimates of 127 billion yen reduction on a consolidated basis and 110 billion yen reduction on a non-consolidated basis.



## Appendix: Express Reservation Service

■ Both the number of members and frequency of use increased. Usage of IC service increased especially due to the expansion of "EX-IC Service" to the Sanyo Shinkansen and the commencement of service for corporate members ('09.8).



Note: Both reservations and changes are counted in "frequency of used."

## Appendix: Progress of the Chuo Shinkansen Project

	Procedure for construction of the Chuo Shinkansen	Superconducting Maglev Technology
1990	Feb: Started topographical and geological researches by the instruction of the Minister (Article 5)	Jun: Applied the construction plan of the Yamanashi Maglev Test Line to the Minister, which was approved --Started construction of the priority section, 18.4km
1997		Apr: Started running tests at the priority section of the Yamanashi Maglev Test Line
2007	Dec: Announced that JR Central would construct the Tokaido Shinkansen Bypass as the Chuo Shinkansen under the Nationwide Shinkansen Railway Development Act on the premise that JR Central would bear the construction cost	Jan: Applied the modified construction plan of the Yamanashi Maglev Test Line to the Minister regarding upgrade and extension, which was approved
2008	Oct: Reported topographical and geological researches to the Minister (Article 5) Dec: Started "the four researches" by the instruction of the Minister (Article 5)	
2009	Dec: Reported "the four researches" to the Minister (Article 5)	Jul: The government's "Superconducting Magnetic Levitation Technological Practicality Evaluation Committee" determined that "the technology required for a commercial line has been cyclopaedically and systematically established and it is possible to move forward with actually creating detailed technological standards and specifications for a commercially viable line"
2010	Feb: The Minister consulted Transport Policy Council regarding the designation of an operator and constructor of the Chuo Shinkansen and matters regarding the establishment of Development Plan (Article 14-2) May: Explained JR Central's attitude including "Long-term Estimated Forecast" at Transport Policy Council	
2011	May: Transport Policy Council reported to the Minister (Article 14-2) May: The Minister designated JR Central as the operator and constructor (Article 6), determined the Development Plan (Article 7), and instructed JR Central to construct the Chuo Shinkansen (Article 8) Jun, Aug: Announced a rough route and locations of stations bet. Tokyo and Nagoya in the "Report for Environmental Consideration at the Planning Phase" Sep: Published the "Report for Procedure of Environmental Assessment" Nov: Announced that JR Central would construct the intermediate stations at its own expense for the early realization of the Chuo Shinkansen by sharing the roles with the local governments	Sep: Ending running tests at the priority section due to upgrade and extension of the Yamanashi Maglev Test Line Dec: The Minister established the standard of the Superconducting Maglev Technology
2013		End of the year (planned) Start running tests at the upgraded and extended Test Line

\*Numbers shown in parentheses indicate related articles of the Nationwide Shinkansen Railway Development Act

\* "The Minister" stands for the Ministry of Land, Infrastructure, Transport and Tourism (the Ministry of Transport in 1990)

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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.