

October 30, 2013

Q&A Summary at the Semi-annual Investors Meeting for FY2014.3

Q: Tourist demand for the first half of this fiscal year looks good, but do you expect a rebound decrease for next fiscal year?

A: Our performance results for the first half show steady demand by both business and tourist. Tourist demand reflects special factors this year such as the ceremony at Ise Shrine and the 30th anniversary of Tokyo Disneyland. But since many of our customers use the Tokaido Shinkansen for business, we expect fluctuations in demand to rely more heavily on changes in the Japanese economy as a whole.

Q: You've mentioned that the progress of large-scale renovations on the Tokaido Shinkansen in the first half has centered mainly on design progress. Does that mean there may be changes in the future to construction plans and overall construction costs?

A: We have made detailed design and safety preparations for the large-scale renovations that began this fiscal year but little actual construction was done in the first half. This construction will go into full force in the second half but the renovations will take place for ten years, so I'm sure there will be some changes to amounts and schedules. We will develop efficient work implementation structure and will proceed with the renovations while examining measures for reducing costs.

Q: Will there be an increased number of Nozomi services in the spring timetable revision in conjunction with the completion of draw-out track renovations at Shin-Osaka Station during this fiscal year?

A: The direct impact of the completion of draw-out track renovations will be an increase in transport elasticity through enhancement of the ability to prepare for services, which will enable us to be more flexible when resolving timetable disruptions during emergencies, such as natural disasters. In addition to this, we are examining how to effectively leverage these facilities in order to increase revenue, but any increases to Nozomi services will be determined based on usage conditions in the future.

Q: Is it technically impossible to have commencement of operation of the Chuo Shinkansen coincide with the Tokyo Olympics?

A: It is physically impossible to construct underground stations at Shinagawa and Nagoya and also long mountain tunnels, such as the Southern Alps tunnel, in less than 10 years, so it will be impossible to have the commencement of operation coincide with the 2020 Tokyo Olympics.

Q: Is there a risk that the construction costs for the Chuo Shinkansen (Tokyo - Nagoya) will exceed 5.43 trillion yen due to inflation and an increase in construction expenses?

A: We are not sure if commodity prices will increase or not, but we will continually strive to reduce costs and respond suitably based on conditions at the time of contract signing.

Q: When will you be submitting your construction implementation plan that outlines the future schedule for the Chuo Shinkansen?

A: We are currently proceeding carefully with legal requirements for environmental impact assessments while making various preparations to submit our construction implementation plan. Administrative and procedural requirements make it impossible to clearly state when we will be able to submit our plan but would like to have the assessment publicly released as early as possible next fiscal year, possibly in the summer, and submit our construction implementation plan as quickly as possible thereafter.

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