

# Year-End Investors Meeting FY2014.3 (Fiscal Year Ending March 31, 2014)

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## I. Management policy

**Koei Tsuge**

President and Representative Director



Central Japan Railway Company

April 28, 2014

# Management Policy

## ■ Three main resources of railway business

### Safety

- Sensitivity and ethics for safety
- Capital Investment
- Education and Training

### Technology

- Komaki Research Center
- Technological strength in work sites of railway
- Technological succession

### Employees

- Discipline and ethics
- Cooperation and team work
- Morale

## ■ Strengthening management foundation

### Increasing Revenues

- Firstly ensuring safe and reliable transportation
- Revenue-making capability of Tokaido Shinkansen and conventional lines
- Increasing revenues of JR-Central's group businesses

### Pursuing Efficiency

- Efficient management of "Three Generations of Railway"  
(Conventional Line - Shinkansen - Chuo Shinkansen)
- Efficient and strong operation system
- Pursuing high efficiency of capital investment and cost performance

# Looking back on FY2014.3

	FY2013.3	FY2014.3	FY2015.3	FY2016.3	FY2017.3	
<b>Ensuring Safe and Reliable Transportation</b>		Large-scale renovation of the Tokaido Shinkansen				
		Derailment and deviation countermeasures for the Tokaido Shinkansen Reinforcement of bridges along the Shinkansen and elevated track columns along conventional lines as anti-earthquake measures Rebuilding and seismic strengthening of station buildings, etc. Anti-tsunami measures				
		Introduction of N700A Shinkansen trains (31 trainsets), Modification of N700 Shinkansen trains (80 trainsets)				
<b>Enhancing Transportation Service</b>		Renovation of the Shin-Osaka station (since April 2007)	"10 Nozomi Timetable" (since March 2014)			
		Start to use the draw-out tracks on March 2014 ☆	Preparation of the speed-up project			
<b>(Shinkansen and Conventional Lines)</b>		Electrification of the Taketoyo Line, Introduction of new diesel trains			☆ Scheduled for completion of electrification of Taketoyo Line in the spring of 2015	
		Developing marketing initiatives to increase revenue (Marketing campaigns by utilizing tourism resources such as Kyoto and Nara, etc.)				
<b>Enhancing Marketing Initiatives</b>		(Selling commemorative travel products for Tokaido Shinkansen's 50 <sup>th</sup> Anniversary )				
<b>Chuo Shinkansen Project (Maglev)</b>		Promoting the Chuo Shinkansen Project that employs Superconducting Maglev technology				
		Released Draft Environmental Impact Statement (September 2013) ☆ Running tests using new facilities restarted on August 2013. ☆	Received opinions from governors (March 2014) ☆	☆ Sent Environmental Impact Statement to Minister of Land, Infrastructure, Transport and Tourism (April 2014) (Release Environmental Impact Statement, Submission and Approval of Construction Implementation Plan, etc.)		
<b>Developing Businesses other than railway-related business</b>		Promoting the project of JR GATE TOWER in Nagoya Station				
					Start of occupancy by offices on November 2016 ☆	Opening of commercial areas operated by JR Tokai Takashimaya Co. and hotel on April 2017 ☆
<b>Pursuing Overseas Projects</b>		Marketing activities in regions and corridors that have been selected as viable targets for overseas projects, etc.				
		Established International High-Speed Rail Association (IHRA) (April 2014) ☆		☆ Started to provide technical consulting services to Taiwan High Speed Rail Company (April 2014)		

# Planned Projects on FY2015.3

	FY2013.3	FY2014.3	FY2015.3	FY2016.3	FY2017.3	
<b>Ensuring Safe and Reliable Transportation</b>						
<b>Enhancing Transportation Service</b>						
<b>(Shinkansen and Conventional Lines)</b>						
<b>Enhancing Marketing Initiatives</b>						
<b>Chuo Shinkansen Project (Maglev)</b>						
<b>Developing Businesses other than railway-related business</b>						
<b>Pursuing Overseas Projects</b>						

# Year-End Investors Meeting FY2014.3 (Fiscal Year Ending March 31, 2014)

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## II. Financial Results for FY2014.3

**Hidenori Fujii**

Corporate Executive Officer and  
General Manager of Finance Department



Central Japan Railway Company

April 28, 2014

# Summary of Financial Results for FY2014.3 (Consolidated)

(billion yen)

	FY2013.3 Results A	FY2014.3 Results B	Changes (B-A)
Operating Revenues	1,585.3	1,652.5	+67.2
Operating Expenses	1,159.1	1,157.9	-1.2
Operating Income	426.1	494.6	+68.4
Non-operating Income (Loss)	-98.0	-90.3	+7.6
Ordinary Income	328.0	404.2	+76.1
Net Income	199.9	255.6	+55.7

- Long-term debts and payables at the end of FY2014.3

Consolidated: 2,370.8 billion yen, Annual reduction: -269.1 billion yen

(Non-consolidated: 2,351.7 billion yen , Annual reduction: -263.2 billion yen)

## Summary of Financial Results for FY2014.3 (Consolidated / by segment)

(billion yen)

	FY2013.3 Results A	FY2014.3 Results B	Changes (B-A)
Operating Revenues	1,585.3	1,652.5	+67.2
Transportation	1,243.0	1,276.1	+33.0
Merchandise and Other	209.5	220.7	+11.2
Real Estate	64.9	67.4	+2.4
Other	233.1	250.6	+17.4
Operating Expenses	1,159.1	1,157.9	-1.2
Operating Income	426.1	494.6	+68.4
Transportation	396.1	460.1	+63.9
Merchandise and Other	7.2	8.2	+0.9
Real Estate	12.7	13.8	+1.1
Other	9.4	10.5	+1.1

\* Figures by segment for operating revenue and operating income are values without offsetting and eliminating intersegment transactions

\* Total values of segment for operating revenue and operating income are not equal to Operating Revenue and Operating Income indicated above.

# Summary of Financial Results for FY2014.3 (Non-consolidated)

	FY2013.3 Results A	FY2014.3 Results B	Changes (B-A)
Operating Revenues (Transportation Revenues)	1,245.0 (1,169.1)	1,277.2 (1,214.8)	+32.1 (+45.7)
Operating Expenses	845.9	816.3	-29.5
Personnel Expenses	172.7	174.3	+1.6
Non-personnel Expenses	416.1	348.6	-67.4
Energy	35.2	41.2	+6.0
Maintenance	196.1	125.1	-70.9
Others	184.7	182.2	-2.4
Tax other than income taxes	33.3	32.9	-0.3
Depreciation & Amortization	223.7	260.3	+36.6
Operating Income	399.1	460.8	+61.7
Ordinary Income	302.4	371.8	+69.3
Net Income	187.8	240.3	+52.5

(billion yen)



# Year-End Investors Meeting

## FY2014.3 (Fiscal Year Ending March 31, 2014)

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### III. Performance Forecast for FY 2015.3 and Key Policy Developments

**Katsumi Miyazawa**

Director, Senior Corporate Executive Officer and  
Director General of Corporate Planning Division



Central Japan Railway Company

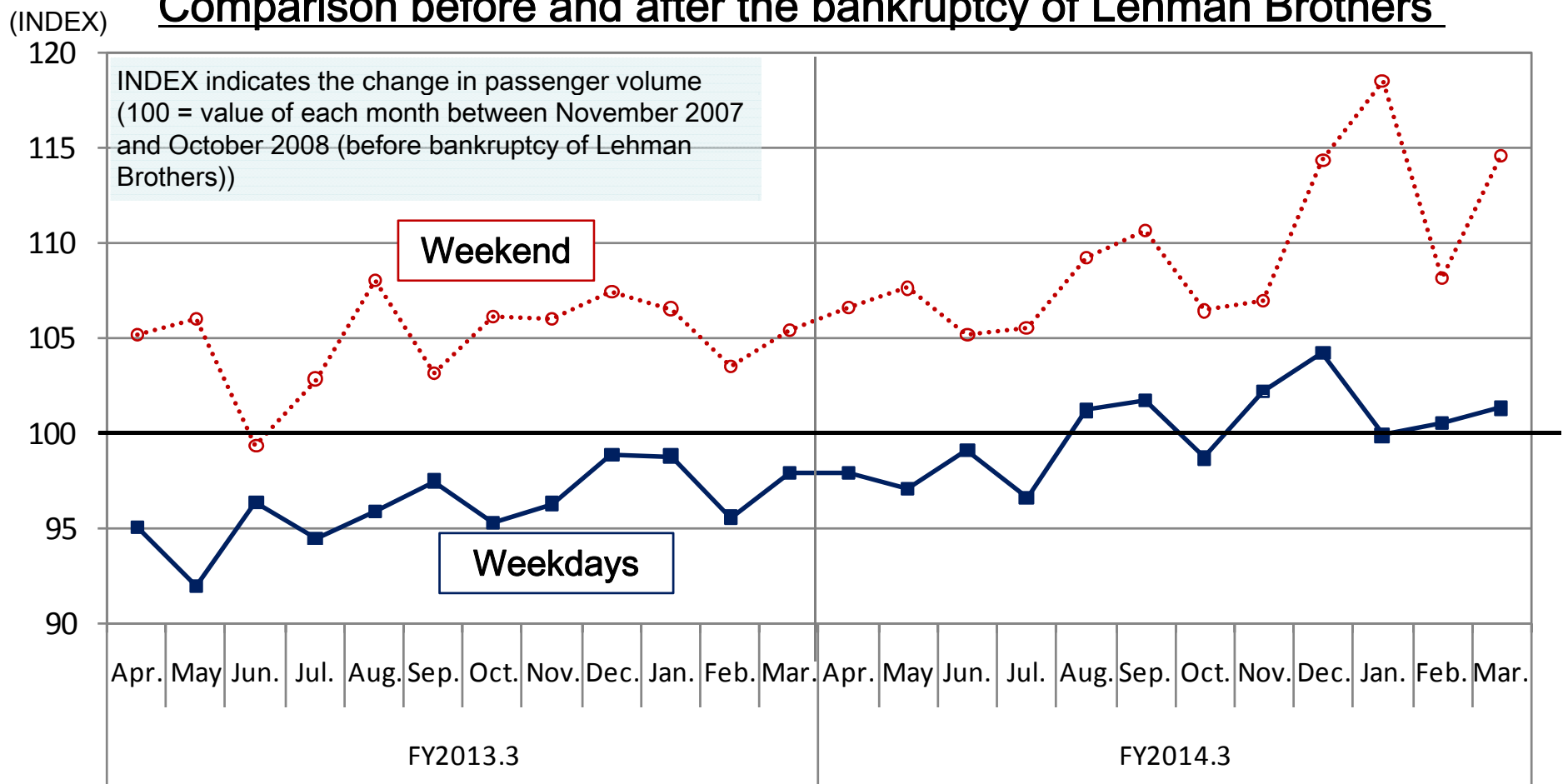
April 28, 2014

# Cross Sectional Passenger Volume of the Tokaido Shinkansen

Cross Sectional Passenger Volume (Tokyo area)  
in FY2014.3: 104% (YoY)

- Weekdays (104% YoY)
- Weekend (105% YoY)

## Comparison before and after the bankruptcy of Lehman Brothers



\* Passenger volume for each month (daily average) reached the highest-ever level in FY2014.3 except for July.

## Performance Forecast for FY2015.3 (Non-Consolidated)

	FY2014.3 Results A	FY2015.3 Forecast B	Changes (B-A)	(billion yen)
Operating Revenues (Transportation Revenues)	1,277.2 (1,214.8)	1,279.0 (1,214.8)	+1.7 (-)	
Operating Expenses	816.3	850.0	+33.6	
Personnel Expenses	174.3	177.0	+2.6	
Non-personnel Expenses	348.6	382.0	+33.3	
Energy	41.2	47.0	+5.7	
Maintenance	125.1	146.0	+20.8	
Others	182.2	189.0	+6.7	
Tax other than income taxes	32.9	33.0	+0.0	
Depreciation & Amortization	260.3	258.0	-2.3	
Operating Income	460.8	429.0	-31.8	
Non-Operating Income (Loss)	-89.0	-70.0	+19.0	
Ordinary Income	371.8	359.0	-12.8	
Net Income	240.3	251.0	+10.6	

# Performance Forecast for FY2015.3 (Consolidated)

	FY2014.3 Results A	FY2015.3 Forecast B	Changes (B-A)
Operating Revenues	1,652.5	1,636.0	-16.5
Transportation	1,276.1	1,277.8	+1.6
Merchandise and Other	220.7	223.3	+2.5
Real Estate	67.4	65.1	-2.3
Other	250.6	234.7	-15.9
Operating Expenses	1,157.9	1,177.0	+19.0
Operating Income	494.6	459.0	-35.6
Transportation	460.1	428.1	-32.0
Merchandise and Other	8.2	6.8	-1.4
Real Estate	13.8	13.5	-0.3
Other	10.5	8.7	-1.8
Non-Operating Income (Loss)	-90.3	-71.0	+19.3
Ordinary Income	404.2	388.0	-16.2
Net Income	255.6	265.0	+9.3

(billion yen)

Estimated Reduction in Long-term Debt and Payables (billion yen)

FY2015.3	
Amount at the end of FY2015.3	Annual Reduction
<b>Consolidated</b>	
2,246.8	-124.0
<b>Non-Consolidated</b>	
2,231.7	-120.0

Capital Investment (billion yen)

FY2014.3 Results	FY2015.3 Planned
<b>Consolidated</b>	
240.6	326.0
<b>Non-Consolidated</b>	
229.0	301.0

\*188.0 billion yen of safety-related investment in FY2015.3 (Non-Consolidated)

\* Figures by segment for operating revenue and operating income are values without offsetting and eliminating intersegment transactions

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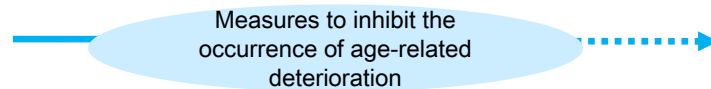
# Key Measures

## Ensuring Safe and Reliable Transportation

### < Large-scale renovation for the Tokaido Shinkansen >

- Inhibit the occurrence of age-related deterioration of steel bridges, concrete bridges and tunnels such as cracks.

Plan of the first three years (since FY2014.3)		
Total	FY2014.3	FY2015.3 (Planned)
93 billion yen	9.5 billion yen (including approx. 7.0 billion yen as maintenance expenses)	35.0 billion yen (including approx. 25.0 billion yen as maintenance expenses)



Large-scale Renovation  
(Concrete Viaduct: measures to inhibit age-related deterioration)

### < Anti-earthquake measures >

- Derailment and deviation countermeasures for the Tokaido Shinkansen
- Reinforcement of elevated track columns along conventional lines as anti-earthquake measures

Installation of Derailment and Deviation Guard (from FY2010.3 to FY2020.3)			
Total Length (Plan)	Until FY2013.3	FY2014.3 (result)	FY2015.3 (Planned)
596km	140km	73km	76km



Derailment and Deviation Countermeasure  
along the Tokaido Shinkansen

# Key Measures

## Enhancing Transportation Service

- Introduction of N700A Shinkansen trains and modification of N700 Shinkansen trains
- Preparations for the speed-up project in which the Shinkansen's maximum speed will be increased from 270km/h to 285km/h. (Scheduled to conduct in the spring of 2015)

	Planned number of trainset	(Sub total of completed trainset)				
		FY2013.3	FY2014.3	FY2015.3	FY2016.3	FY2017.3
Introduction of N700A	31	6	13	19	25	31
Modification of N700	80	-	32	69	80	

\*Providing stronger braking by introducing new type brake disks and increasing the number of section in which a body inclining system works by adding air tanks enable Tokaido Shinkansen's maximum speed to increase from 270km/h to 285km/h.

## Enhancing Marketing Initiatives

- Selling commemorative travel products and special offers for the Tokaido Shinkansen 50th Anniversary
- Various marketing campaigns by utilizing permanent tourism resources, such as Kyoto and Nara, etc.

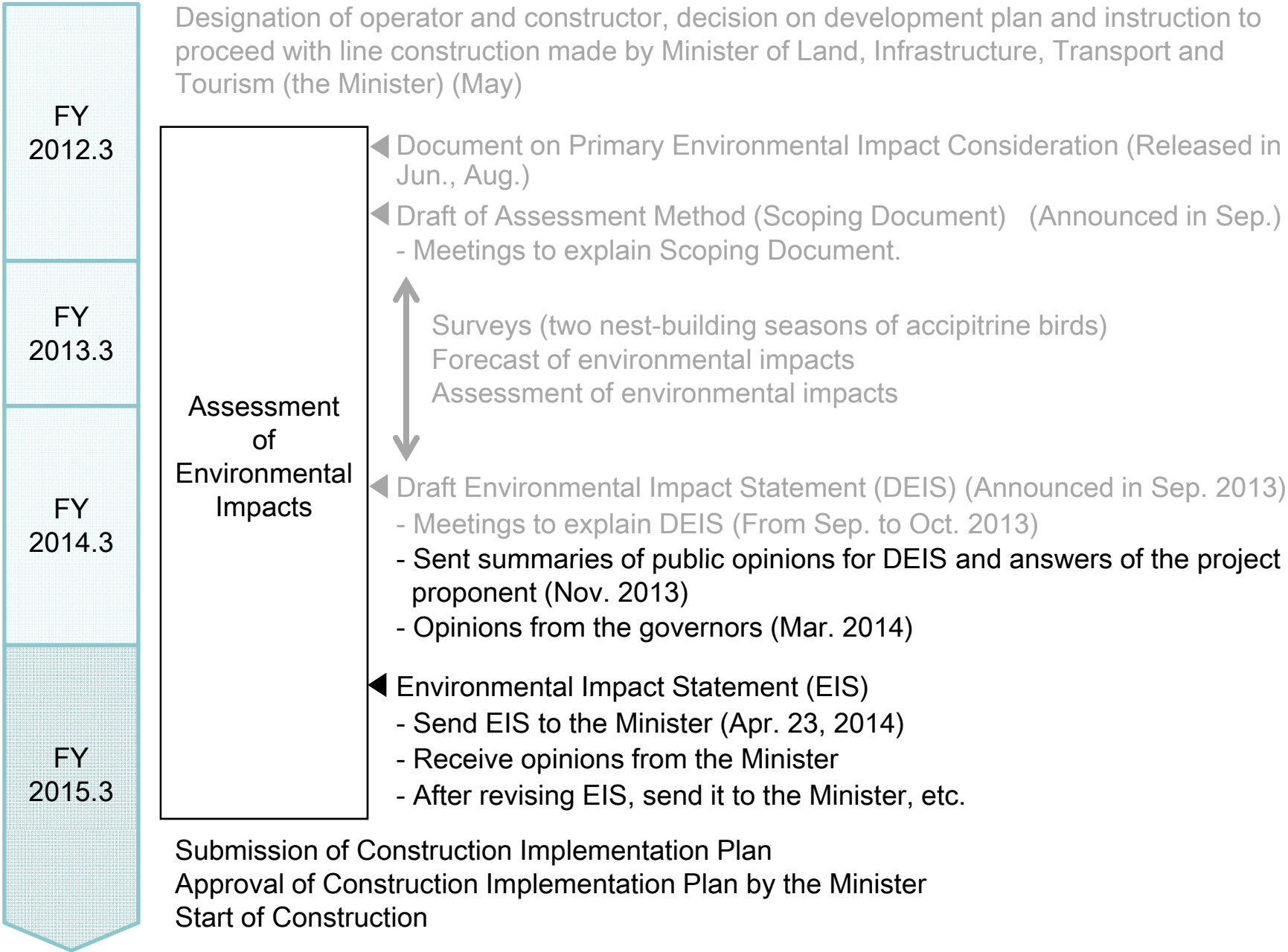


Logo for Tokaido Shinkansen 50th Anniversary



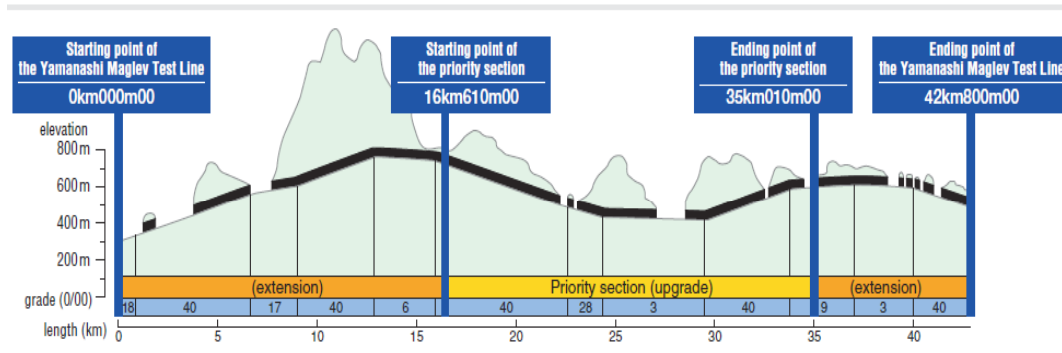
Kyoto Campaign

# Progress of the Chuo Shinkansen Project



# Refining Superconducting Maglev technology and Reducing Costs

- ◆ Continuously making efforts to improve Superconducting Maglev technology and to reduce costs.
  - Long distance running tests with equipment and a trainset with a maximum of 12-cars in length, which have specifications equal to that for commercial operation
  - Verification tests to establish maintenance systems compatible with the commercial operation of rolling stock and ground facilities.
- ◆ Preparing for Superconducting Maglev test rides that shall begin in FY2015.3



Yamanashi Maglev Test Line



New vehicle, Series L0



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Business plans and financial forecasts in this documentation are based on information that we can obtain at the time of writing. The accuracy of such statements, therefore, incorporates risks and uncertainties. Latent risks and uncertainties include macroeconomic trends and business environments, consumption trends, competitive situations between other companies and JR-Central/JR-Central's subsidiaries, and changes in relevant laws and legal provisions.