

April 28, 2014

Central Japan Railway Company

Q&A Summary at the Year-End Investors Meeting for FY2014.3

Q. FY2014 transportation revenue is forecast to be at the same level as in the preceding year. With a negative drop expected on the rebound from the Shikinen Sengu Ceremony at the Grand Shrine of Ise and other factors, what sort of efforts will be made to counter such a decrease?

A. In FY2014, transportation has so far surpassed that of last year, and passenger volume remains steady. Sales performance over the coming months is shaping up to exceed that of the previous year. The effect of the Shikinen Sengu Ceremony and Tokyo Disney Resort 30th Anniversary in FY2013 will come full circle, but we will strengthen various marketing initiatives, such as the sale of commemorative and special offers to celebrate the 50th anniversary of the Tokaido Shinkansen. New attractions will also be opening at USJ in July, so, through a combination of JR Central's own efforts and various events, we would like even more passengers to use our services for tourism as well.

Q. For the large scale renovation of Tokaido Shinkansen, a plan was instituted which budgeted a considerable increase for the work in FY2014. Can the plan be achieved with the work from the preceding term behind schedule?

A. The large scale renovation began with an initial plan budgeting 93 billion yen for the cost of the entire project over three years. However, in the first year FY2013, 9.5 billion yen of the planned 22 billion yen was actually implemented. This is because, being the initial year, more time than expected was required to design scaffolding for the reinforced concrete viaducts and to construct these at each worksite. In the

second year of the plan, FY2014, the work should go more smoothly and we consider we will be able to achieve our planned 35 billion yen.

Q. In FY2014, depreciation on the Yamanashi Maglev Test Line will be on a full year basis. What is the forecast depreciation and amortization in 2015 and beyond?

A. Beginning in 2015, depreciation and amortization of Yamanashi Maglev Test Line and Shinkansen rolling stock and infrastructure is estimated to decrease. Overall depreciation and amortization will depend on future capital investments; however, we consider that it may decline from the level of 258 billion yen estimated for FY2014.

Q: Do you plan to announce a new revenue projection for the Chuo Shinkansen Plan?

A: The long-term estimated forecast, which JR Central put out in April 2010, was done to show that we possessed sufficient financial strength to shoulder construction of the Chuo Shinkansen. This estimated forecast is different from a business plan that describes how we will operate, and we are not considering revising the estimated forecast at another time. Instead, what JR Central needs to do is to continually firm up our position within the actual economy in which we live. We will increase our earning power, and strive to manage our business efficiently so as to carry out the Chuo Shinkansen Plan.

Q: Based on recent trends in construction prices, is it necessary to modify the cost of constructing the Chuo Shinkansen?

A. We have put the cost for construction between Tokyo and Nagoya at a figure of 5.4 trillion yen, which includes intermediate stations. Although there are some factors taken into consideration such as a raise of unit construction and labor costs, we do not feel that any modifications have to be made at this point.

Q. There have been opinions made about “operations commencing concurrently to Osaka.” Physically speaking, how many years can the start be moved up?

A. Currently, the environmental assessment for the area between Tokyo and Nagoya is in the final stage. The initial environmental impact consideration reports were issued in June and August 2011. Taking into account the one year of preparation in the preceding stage, the entire assessment will require close to four years. The area between Nagoya and Osaka has still not been through this stage. At the same time, the construction period is conditional as it depends on areas where the work is the most difficult. Between Tokyo and Nagoya, there are places where the work is difficult and complicated, such the underground Shinagawa Station, Nagoya Station and in the Southern Alps, and, between Nagoya and Osaka as well, work on the Osaka terminal, which is underground, is just as difficult. So, it is difficult to shorten the construction period. I think it will be difficult to close any such time gaps which were known at the beginning.

Q. What do you think about the resolution passed by the LDP’s Special Committee on Superconducting Maglev on a concurrent start with Osaka?

A. As far as the desire to have service to Osaka get an early start, JR Central also feels the same way. However, our underlying assumption as a private company is to steadfastly maintain sound management and stable dividend distributions, and we have set out a two-stage plan so that the line will be extended to Osaka after we have recovered our financial strength. While maintaining that underlying policy, JR Central does not have any requests as to what sort of proposals may be considered, but, if the government does present a specific proposal, it is our intention to consider it. We are not negating the LDP’s resolution, just stating that it is our intention to consider it after hearing specific details.