

Q&A Summary at the Semi-annual Investors Meeting for FY2015.3

*Q: In regard to the transportation volume of the Tokaido Shinkansen, you mentioned that there was some impact by the two typhoons that hit Japan in October. How does transportation volume look if you ignore the impact from the typhoons?*

A: There were typhoons in October last year as well, and as of yesterday, performance was 103% year-on-year, which I believe to be an adequate representation of our capability. First half performance was 102% year-on-year, and at current time this level of ridership remains constant. I think it reflects the strong economy with a focus on businesses.

*Q: I read a newspaper article about how the increase in foreign tourists has contributed to an increase in Shinkansen transportation revenue, is this true?*

A: It's difficult to quantify the increase in foreign tourists, but when you board the Tokaido Shinkansen, it is true that you see more foreigners than before. However, foreigners still only account for a small fraction of the total transportation revenue of the Tokaido Shinkansen and do not contribute to transportation revenue increases to the extent that the newspaper article suggested.

*Q: What has been the impact of the products commemorating the 50th anniversary of the Tokaido Shinkansen?*

A: These 50th anniversary commemorative products temporarily propped up sales, but we don't believe they have had that much of an effect on total transportation revenue for the entire year. We believe that getting as many people as possible to understand the relevance of the fact that the Tokaido Shinkansen has been in operation for 50 years is of much more importance than the impact on transportation revenue.

*Q: Chuo Shinkansen-related capital investment for this year is slated to be 23 billion yen, but since meetings of project concept have only just recently begun, do you still think that this number will be reached this term?*

A: 23 billion yen is the post-approval amount of required investment and this number will be gradually reached. There are no plans at current time to make any large changes to this estimate.

*Q: At the meeting of project concept, JR Central mentioned that the company will contract work during this fiscal year to be done at Shinagawa Station. Will this be the first contracted work for the Chuo Shinkansen? If so, could you tell me what the size of the budget for this work will be?*

A: There is extensive work required for Shinagawa and Nagoya terminals that will take place over a long period of time, and there are numerous steps involved in this work. Thus, we have to make a lot of preparations early in order to commence this construction. At this point, I can't really tell you what's going to be first. As far as the budget is concerned, I cannot comment now and in the future because of how it might impact future contract negotiations.

*Q: As I understand it, you plan to reduce total long-term debt by fiscal year 2017 while gradually increasing your cash position, and then take out new loans after fiscal year 2018. Is this correct?*

A: We believe that it's important to gradually increase our cash position in preparation for future construction, while at the same time enhancing corporate strength by reducing total long-term debt in order to deal with various conditions flexibly. Since when and how much money will be required between now and the opening of the line in 2027 depends on the status of construction, it's impossible to comment at current time. What I can say is that we plan to keep both cash position and reduction of long-term debt in balance while watching interest trends, etc.

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