

April 30, 2015

Central Japan Railway Company

Main Q&A of the Year-End Investor Meeting for FY2015.3

Q. What is the status of railway use by inbound tourists?

A. With around 30% increase in the number of inbound tourists to Japan, the sales of products such as FLEX JAPAN and Japan Rail Pass increased proportionately year-on-year. However, inbound tourists do not represent a significant portion of our railway business, which has always been primarily used by domestic customers.

Q. When is the next timing for increasing Shinkansen services following the introduction of the Ten Nozomi Timetable?

A. The Ten Nozomi Timetable was introduced last year after the installation of two additional lead tracks at the Shin-Osaka Station. At present, the maximum number of services is operated in peak hours on Fridays. Our emphasis for the time being is on how effectively we could set additional train services on the timetable.

Q. You mentioned cost reduction from a decline in unit cost for large-scale renovations. Does that mean the pace of renovations will pick up from now on?

A. Tunnel construction is an example of renovation projects with reduced unit costs. The gap behind tunnel structures is filled with mortar for integration with the mountains. The unit cost of this work dropped in some areas because they required less mortar than originally planned, accelerating the construction. The reduction of unit cost is also a possibility in other projects as workers become more proficient. Unlike timetable revisions, large-scale renovations are long-term projects that do not necessarily have to be completed by a clear deadline. We will continue to carry out these tasks systematically. We have yet to draw up plans for next year and

beyond. However, the volume of renovation work to be carried out would be worth around 30 billion to 35 billion yen as a guide. We will carry out as much work as possible while examining the level of on-going progress.

Q. You have talked about maximizing profits over the next 12 years. To what extent can you reduce costs from the current level before the opening of the Chuo Shinkansen? What about the operating cost of Shinkansen services after the launch of the Chuo Shinkansen?

A. Our business management has been going well in recent years. However, at the time of the Lehman Shock, we went through serious difficulty in reducing costs quick enough to counter the downturn in revenues to the tune of around 100 billion yen in just one year. Since then, we have implemented steady initiatives for cost reduction, bringing down our cost bottom-line slowly but surely each year. While there are factors beyond our control, such as electricity price hikes over the last few years, we have built up steady efforts to establish capacity to absorb such factors as much as possible.

Once the Chuo Shinkansen is completed, it will be run in integrated operation to keep the associated costs down. Specific approaches to achieve this are to be explored in the coming years.

Q. The actual amount of capital investment in the Chuo Shinkansen was below the planned figure in the March 2015 fiscal year. Is the project progressing well?

A. In the March 2015 fiscal year, we spent around 5 billion yen as opposed to the planned investment of 23 billion yen. Following the approval of our construction implementation plan on October 17 last year, since we do not own much of the required lands, we acquired land for emergency exits in urban areas and carried out surveying and design work. There has been no major delay, and the project is progressing as initially planned. The spending of 93 billion yen is planned for the March 2016 fiscal year, commencing full-scale construction work at the Shinagawa and Nagoya

stations and continuing on with land acquisition, surveying and design work at the same time.

Q. What is the status of progress with land acquisition for the Chuo Shinkansen?

A. Land acquisition will continue with cooperation from local governments involved. The local governments established a collaborative framework by the end of last fiscal year, paving the way for the start of specific work. We will continue to make steady progress while maintaining firm observation on relevant conditions.

Q. What is the level of capital investments for the next 2 to 3 years?

A. One of the major variables that will emerge in the future is the construction cost for the Chuo Shinkansen. The amount of capital investments associated with the Chuo Shinkansen in the March 2017 fiscal year and beyond will naturally be greater than 93 billion yen, set aside for the current fiscal year. This will raise the overall amount of capital investments. Our non-consolidated capital investments for the March 2016 fiscal year, including investments in existing projects, are projected to total 335 billion yen. The figures for the subsequent years are to be worked out in the future. In two to three years' time, the total amount of capital investment should reach somewhere around 500 billion yen.

Q. The scale of capital investments is getting smaller except for safety-related investments. With the full-scale construction of the Chuo Shinkansen set to start, how do you keep the overall cost of capital investments down? Are you halting the current initiative for brushing up existing Tokaido Shinkansen?

A. Capital investments in the Chuo Shinkansen will total 5.5 trillion yen for completing the line up to Nagoya. The amount of spending will only increase from now on. Investments in existing Tokaido Shinkansen and conventional lines will be kept to the minimum for the time being to allocate

funds to the construction of the Chuo Shinkansen. However, safety-related investments are essential. The key to safety-related investments from now on is to reduce the cost while not compromising on the level of performance and functionality. While our past efforts have already proved to be effective, we will continue to work on reducing costs and keep the construction spending for the Chuo Shinkansen as low as practically possible.

Q. The company has a very solid business performance and abundant cash-flow. We understand your policy of stable dividends and need of fund for Chuo Shinkansen investments, but is there any possibility of increasing the amount of dividends?

A. Our basic approach is to maintain stable dividend distribution. The specific amount of dividends is determined based on business environment, business performance and challenges we face in each fiscal term. The railway business must be managed based on long-term outlook, such as the 12-year timeframe for launching the Chuo Shinkansen. It is important to incorporate various perspectives in improving our corporate value in the mid- to long-term.

Q. What is your progress in adopting the Japan's Corporate Governance Code?

A. The main objectives of introducing the Japan's Corporate Governance Code include achieving sustainable corporate growth and making mid- to long-term improvement in corporate values. To achieve these objectives, we believe it important to ensure safe and stable transportation into the future, and fulfill the mission of maintaining and developing Japan's main transportation artery. In this regard, we are making steady progress with the long-term Chuo Shinkansen project to improve our corporate value in the mid- to long-term. While various issues have been pointed out with respect to the Code, we plan to address each of them in line with the purport of the Code.