

Key Measures and Capital Investment in FY2016 (Year ending March 31, 2017)

While the top priority is ensuring that our railway business provides safe and reliable transportation, we will steadily promote earthquake countermeasures like those to counter derailment and deviation of the Tokaido Shinkansen, implement large-scale renovation of the civil engineering structures, and also begin introducing the new type of N700A rolling stock (3rd edition) that has been upgraded with the latest technology.

Our Chuo Shinkansen Project, which uses the Superconducting Maglev technology, will steadily move ahead with full-scale construction, while giving serious consideration to safety, the environment, and coordination with towns and cities along the planned route.

Meanwhile, we will make preparations for the new Shinkansen online reservation and ticketless boarding service that is planned to be rolled out in summer of 2017, and steadily move forward overseas projects that utilize the high-speed rail and Superconducting Maglev system. We will also make thorough preparations for the “JR Gate Tower” project, which will begin partial operations in November this year, followed by full operations starting in April 2017.

In order to address these various challenges, we shall continuously improve our business strength by enhancing profitability, improving engineering capabilities, and finding the best ways to enhance efficiency and reduce costs across all operations, including capital investment.

I. Key measures (refer to the attachment)

- Ensuring Safe and Reliable Transportation
- Enhancing Transportation Services
- Promoting the Chuo Shinkansen Project Using the Superconducting Maglev System
- Refining the Superconducting Maglev System Technology and Reducing Costs
- Enhancing Sales and Marketing
- Strengthening Technological Capability, Pursuing Overseas Projects, and Preserving the Global Environment
- Developing Affiliated Businesses

II. Capital Investments

Consolidated: 423 billion yen / Non-consolidated: 362 billion yen*

*The amount of capital investment except for the Chuo Shinkansen Project will be 249 billion yen (non-consolidated) of which 191 billion yen will be spent on safety-related investments.

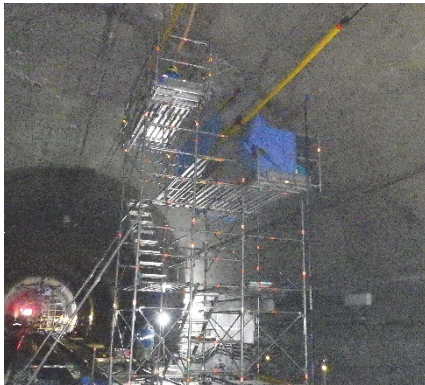
Ensuring Safe and Reliable Transportation (1)

(Capital Investment: 155 billion yen)

We will give the top priority to ensuring safe and reliable transportation, which is the foundation of the railway business.

<Tokaido Shinkansen>

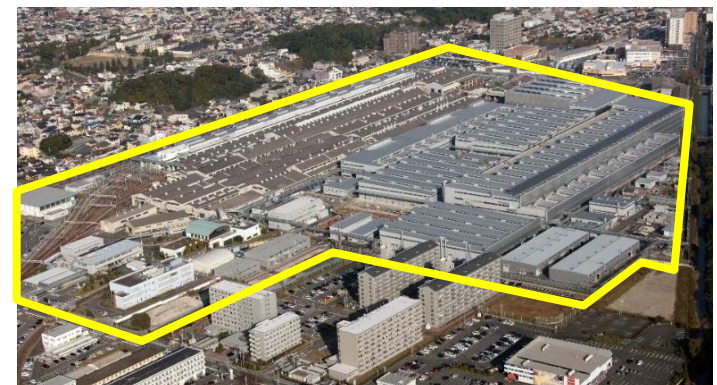
- Steadily promote **large-scale renovation** to maintain and improve the soundness of civil engineering structures in constant pursuit of cost reduction, including improvement of construction methods by implementing the results of our technical development.
- Continue implementing **derailment and deviation countermeasures**, which also covers **non-ballast bridges and expansion joints**, by utilizing newly developed installation methods.
- Continue **anti-quake reinforcement and renovation of the Hamamatsu Workshop**, and begin general overhauls of rolling stock using new inspection lines.



Large-scale renovation



Derailment prevention guards
(for non-ballast bridges)



Hamamatsu Workshop undergoing renovation
(photo taken in November 2015)

[Note] - Large-scale renovation of the Shinkansen: 34 billion yen (FY2016)
(145 billion yen, FY2016 to FY2019)
- Renovation of the Hamamatsu Workshop: General overhauls with new lines are planned to begin in January 2017

- Derailment and deviation countermeasure for Shinkansen: Install derailment prevention guards along approx. 70 km of track extensions (FY2016)

Ensuring Safe and Reliable Transportation (2)

<Conventional Lines>

- Continue making **elevated track columns, etc. quake-resistant**, and promoting **reconstruction and quake-resistant reinforcement work for the Nagoya Workshop, station buildings and other facilities.**
- Continue promoting **replacements and upgrades of the operation management system in the Shizuoka area along the Tokaido Line**, introducing measures against falling rocks, and improving safety devices on grade crossing.
- Make greater efforts to notify customers of **scheduled suspensions or stopped trains as early as possible** if typhoons or other natural phenomenon are expected to impact train operations, and **resume operations as soon as possible.**

<Training, etc.>

- Conduct **practical training** in order to respond to various possible scenarios caused by natural disasters or other emergency conditions.
- Coordinate with relevant authorities to **ensure safety at stations, trains and other areas** for the **Ise-Shima Summit** being held this year.



Making conventional line elevated track columns quake-resistant (steel plate jacketing method)



Tsunami evacuation guidance training



Emergency conditions response training

Enhancing Transportation Services

(Capital Investment: 40 billion yen)

We will continue striving to enhance transportation services on both the Tokaido Shinkansen and conventional lines.

< Tokaido Shinkansen >

- Continue scheduling trains flexibly by utilizing the “10 Nozomi Timetable” to meet demands with a focus on time frames or seasons with increased customer use.
- Continue introducing the N700A (2nd edition), and begin introducing the new N700A (3rd edition) upgraded with the results of our technical developments, such as those designed to shorten the stopping distance of the “Earthquake Brake.”
- Start installing more security cameras in cabins, etc. to further enhance security.
- Implement construction work for additional movable platform fences at Shinagawa and Shin-Yokohama Stations.

<Conventional Lines>

- Flexibly increase the frequency or the number of cars of trains to meet demands for “Shinano,” “Hida” and other express trains.
- Implement construction plans of new free passageways and over-track stations, which will be opened at Kusanagi Station, Shinjohara Station, Takayama Station and Kasugai Station.
- Continue installing barrier-free facilities at stations, including elevators, multifunction toilets, and braille blocks that have lines indicating the platform edges.



N700A



Security cameras (image installed in deck)



Completed image of Takayama Station

[Note] - N700A: 1st & 2nd editions: Introducing 31 trainsets by FY2016 (6 sets in FY2016)
3rd edition: Introducing 20 trainsets by FY2019 (1 set in FY2016)

- Scheduled opening of new free passageways and over-track stations
FY2016 Autumn: Kusanagi Station, Takayama Station, and Kasugai Station
End of FY2016: Shinjohara Station

Promoting the Chuo Shinkansen Project Using the Superconducting Maglev System

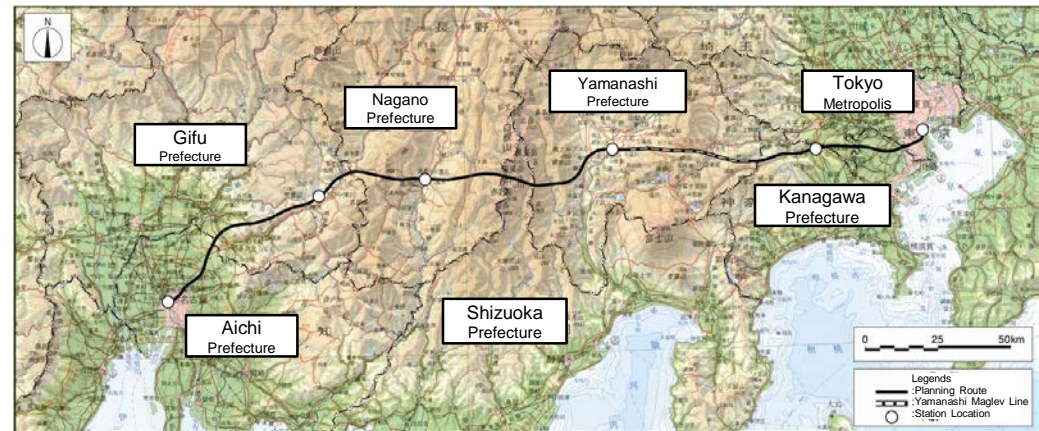
(Capital Investment: 113 billion yen)

With full-scale constructions of the Chuo Shinkansen Project using the Superconducting Maglev system already started, we will proceed with the project while giving serious consideration to safety, the environment, and coordination with towns and cities along the planned route.

- Promote the Chuo Shinkansen Project while **ensuring sound management and stable dividends**, and gradually completing the project in a flexible manner.
- Systematically **execute the measurement, designing and land acquisition while closely collaborating with the towns and cities** for the Construction Implementation Plan (Part 1) of the Chuo Shinkansen section between Shinagawa and Nagoya.
- **While giving serious consideration to safety and the environment, we will steadily move ahead with construction** of the Southern Alps tunnel, Shinagawa Station, and Nagoya Station, which will be hard and require a long time to build, as well as sections where the necessary preparation has been completed.
- Promote efforts to establish sophisticated and efficient operation/maintenance systems for the Chuo Shinkansen.



Construction of Southern Alps tunnel (Yamanashi section)
Praying for safety at groundbreaking ceremony



Route of the Chuo Shinkansen (between Tokyo and the City of Nagoya)

[Note]

- December 18, 2015: Construction of Southern Alps Tunnel (Yamanashi section) Praying for safety at groundbreaking ceremony
- January 27, 2016: Construction of Shinagawa Station (North construction section, South construction section) Praying for safety at groundbreaking ceremony
- February 8, 2016: Construction of Southern Alps Tunnel (Nagano section) Concluded construction contract

Refining the Superconducting Maglev System Technology and Reducing Costs

(Capital Investment: 3 billion yen)

We will continue to refine the Superconducting Maglev System technology and reduce costs.

- Continue **operating two alternate trainsets** and **conducting long-distance running tests** by **using rolling stock and facilities with commercial line specifications** at the Yamanashi Maglev Line.
- Continue **conducting evaluations to establish a maintenance system suitable for commercial services** while also further striving to refine the Superconducting Maglev system technology and reduce costs for the construction/operation/maintenance of commercial lines.
- Continue offering **“Superconducting Maglev System Test Rides”** in a well-planned manner.



Series L0 (L zero)



“Superconducting Maglev System Test Rides”

[Note] - Long-distance running tests at the Yamanashi Maglev Line: Total running distance 1.51 million km (as of the end of February 2016)
- “Superconducting Maglev System Test Rides”: First time in 2016 conducted in March (total of 9 days)

Enhancing Sales and Marketing

(Capital Investment: 6 billion yen)

We will proactively promote our sales and marketing with the aim of increasing revenue, and make preparations for the new Shinkansen online reservation and ticketless boarding service that will begin in Summer of 2017.

- Improve efforts to market **tourist products** for “Express Reservation” and “PLUS EX” along with “50+” in order to spur demands for tourism.
- Steadily move ahead with preparations to begin the **new online reservation and ticketless boarding service** for customers other than Express members by Summer 2017.
- **Enhance tourism campaigns and products that convey the appeal of Kyoto, Nara, Tokyo and Hida**, as well as **Ise-Shima**, which will be in the spotlight as the venue of the Ise-Shima Summit, and other locations.
- Promote products and enhance information for **inbound tourists**.
- Enhance coordination with communities by utilizing the “Sawayaka Walking” event, “Japan Highlights Travel” websites and other efforts as we strive to expand customer use of rail, while also promoting the use of “Shinano,” “Hida” and other express services through “Shupo” and other publications.

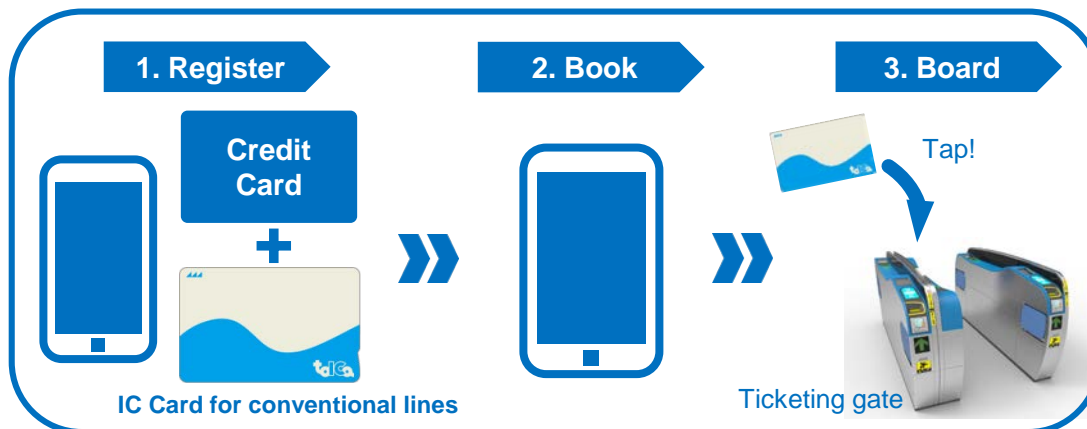


Image of the new Shinkansen online reservation and ticketless boarding service



Kyoto campaign

[Note] - The number of Express Reservation and PLUS EX members: 2.86 million (as of the end of February 2016)
- The number of 50+ members: 820 thousand (as of the end of February 2016)

Strengthening Technological Capability, Pursuing Overseas Projects & Preserving the Global Environment

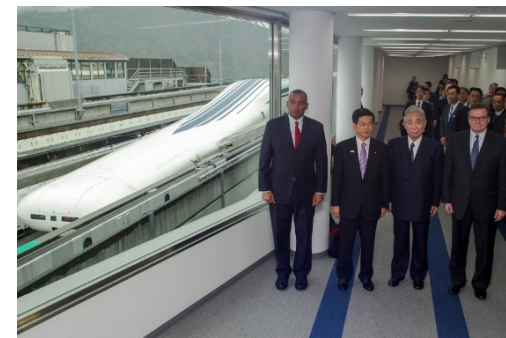
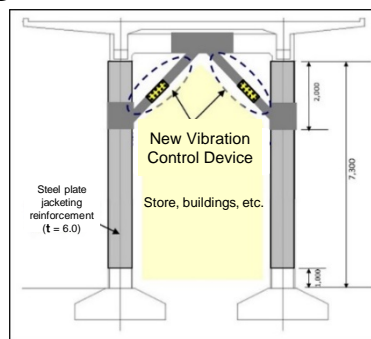
(Capital Investment: 1 billion yen)

We will continuously strive to enhance our technological capabilities, as well as to pursue overseas projects using the high-speed rail and Superconducting Maglev systems, and to preserve the global environment.

- Promote development of **upcoming Shinkansen models** while adopting the latest technology.
- Implement **efficient and advanced maintenance** that utilizes condition monitoring technologies, as well as move ahead with technical development that can lead to cost reductions for large-scale renovation, earthquake proofing, upgrading equipment and other uses.
- Move ahead with **technical development for predicting landslides and other disasters more accurately** based on recent abnormal weather conditions.
- Move ahead with technical support and other guidance provided to the **Texas Project in the United States**, while also promoting the use of the Superconducting Maglev system for the **Northeast Corridor Project in the U.S.** Furthermore, we will continue to provide technical consultations for the **Taiwan High Speed Rail**.
- Promote initiatives to establish the **Japanese high-speed rail system**, which is based on the core principle of “Crash Avoidance”, **as a global standard**.
- Promote measures to contribute to the **conservation of the global environment**, such as replacing old rolling stock with energy-saving rolling stock like the N700A.



Elevated bridge displacement suppression control with new vibration control device (earthquake countermeasures)



U.S. Department of Transportation Secretary Foxx and Minister of Land, Infrastructure, Transport and Tourism Ishii observing the Yamanashi Maglev Line (November 2015)

[Note]

“Crash Avoidance” -System designed to prevent the possibility of a collision by using “dedicated tracks for high speed passenger rail service”, which completely exclude freight and commuter rail from being on the same tracks and have no grade crossings of any sort, and an “Automatic Train Control (ATC)” system, which automatically controls the speed of trains and definitely prevents any collision from happening.

Developing Affiliated Businesses

(Capital Investment: 77 billion yen) (Including 61 billion yen to be invested by consolidated subsidiaries)

We will steadily move ahead with “JR Gate Tower” Project at Nagoya Station, partially opening in Autumn 2016 and fully opening in Spring 2017, as we strive to increase competitiveness and revenues from our existing businesses.

- Steadily move forward with the construction of the “JR Gate Tower” Project, with plans for office tenants to move in from November 2016 and full preparations for sales and advertising activities for the grand opening in April 2017 of the “Takashimaya Gate Tower Mall,” “Nagoya JR Gate Tower Hotel” and other facilities.
- Increase revenues by invigorating commercial facilities in the station buildings and stimulating merchandise businesses.
- Move ahead with preparations for the handover of the “Central Garden Residence Okazaki” in Spring 2017.
- Help revitalize local communities through the “IIMONOTANBOU” website that introduces appealing products found along our train routes, with online sales operations starting this year.
- Make continuous efforts to develop our agriculture business to provide safer and more reliable food products.



“JR Gate Tower” appearance (photo taken March 2016)



Image of “JR Gate Tower” entrance



“IIMONOTANBOU” website

[Note] - “JR Gate Tower”:
November 2016: Partially opened (Office tenants start to move in)
April 2017: Fully opened (“Takashimaya Gate Tower Mall”
“Nagoya JR Gate Tower Hotel” etc. open)

- “Central Garden Residence Okazaki” (Condominium, etc.)
March 2016: Start sales
March 2017: Start handover