

# Semi-Annual Investors Meeting FY2017.3 (Fiscal Year Ending March 31, 2017)

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## I. Financial Results for 1<sup>st</sup> Half of FY2017.3

**Tatsuhiko Yamada**

Corporate Officer and  
General Manager of the Finance Department



Central Japan Railway Company  
October 28, 2016 1

Note : FY 2016 refers to the one-year period ending March 31, 2017.

## Summary of Financial Results for the 1st Half of FY2017.3 (Consolidated)

(Billions of Yen)

	1st Half of FY2016.3 (Apr. – Sep.) Results A	1st Half of FY2017.3 (Apr. – Sep.) Results B	Change (B – A)
Operating Revenues	860.2	866.7	+6.4
Operating Expenses	536.2	532.0	-4.2
Operating Income	324.0	334.7	+10.6
Non-Operating Income (Loss)	-31.1	-28.0	+3.0
Ordinary Income	292.9	306.6	+13.7
Net Income Attributable to Owners of the Parent	195.7	214.9	+19.2

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### [Financial Results Summary (Consolidated)]

- I am Yamada, Corporate Officer and General Manager of the Finance Department. I would like to give you an overview of our consolidated financial results for the first half of the fiscal year ending March 31, 2017.
- Let me start with a summary of the consolidated financial results.
- First of all, in regard to operating revenues, our transportation revenues increased 6.8 billion yen from a year earlier, thanks to steady use mainly by businesspersons. As a result, consolidated operating revenues on the whole increased by 6.4 billion yen year-on-year.
- Looking at operating expenses, although expenses increased at NIPPON SHARYO, LTD., total operating expenses for the Group declined by 4.2 billion yen year-on-year mainly due to a decrease in depreciation and amortization associated with the Yamanashi Maglev Line at our Company.
- Consequently, operating income rose 10.6 billion yen from a year earlier.
- Non-operating income (loss) improved by 3.0 billion yen year-on-year due to a decrease in interest expenses and other factors.
- As a result, we achieved growth in both ordinary income and net income attributable to owners of the parent.

**Summary of Financial Results for the 1st Half of FY2017.3  
(Consolidated, By segment)**

(Billions of Yen)

	1st Half of FY2016.3 (Apr. – Sep.) Results A	1st Half of FY2017.3 (Apr. – Sep.) Results B	Change (B – A)
<b>Operating Revenues</b>	<b>860.2</b>	<b>866.7</b>	<b>+6.4</b>
Transportation	678.4	685.5	+7.0
Merchandise and Other	116.9	115.2	-1.6
Real Estate	32.8	32.8	+0
Other	101.3	106.3	+5.0
<b>Operating Expenses</b>	<b>536.2</b>	<b>532.0</b>	<b>-4.2</b>
<b>Operating Income</b>	<b>324.0</b>	<b>334.7</b>	<b>+10.6</b>
Transportation	312.3	324.4	+12.1
Merchandise and Other	4.1	3.4	-0.6
Real Estate	7.5	9.6	+2.1
Other	-0.3	-2.7	-2.3

\* Figures in the breakdown by segment are those prior to offsetting and eliminating intersegment transactions. The totals of breakdown figures do not match operating revenues and operating income above.

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[Financial Results Summary (Consolidated, By Segment)]

- Next, I will explain the year-on-year increases and decreases for each segment.
- In regard to the transportation segment, revenues and profits expanded due mainly to increases in transportation revenues of our Company.
- In the segment of merchandise and other, revenues and profits dropped due primarily to lower sales at JR Tokai Corporation.
- Profits increased in the real estate segment, thanks mainly to a decrease in depreciation and amortization of JR Central Building.
- Lastly, with regard to the Other segment, although sales at consigned companies increased, operating expenses rose at NIPPON SHARYO. Consequently, revenues increased but profits declined.

## Summary of Financial Results for the 1st Half of FY2017.3 (Non-Consolidated)

(Billions of Yen)

	1st Half of FY2016.3 (Apr. – Sep.) Results A	1st Half of FY2017.3 (Apr. – Sep.) Results B	Change (B – A)
<b>Operating Revenues (Transportation Revenues)</b>	<b>678.5 (647.9)</b>	<b>685.8 (654.7)</b>	<b>+7.3 (+6.8)</b>
<b>Operating Expenses</b>	<b>365.8</b>	<b>359.6</b>	<b>-6.2</b>
<b>Personnel Expenses</b>	<b>89.6</b>	<b>89.7</b>	<b>+0.1</b>
<b>Non-Personnel Expenses</b>	<b>148.6</b>	<b>147.8</b>	<b>-0.8</b>
<b>Energy</b>	<b>21.7</b>	<b>18.3</b>	<b>-3.3</b>
<b>Maintenance</b>	<b>41.0</b>	<b>43.9</b>	<b>+2.8</b>
<b>Others</b>	<b>85.9</b>	<b>85.5</b>	<b>-0.3</b>
<b>Taxes other than Income Taxes</b>	<b>17.4</b>	<b>19.8</b>	<b>+2.3</b>
<b>Depreciation and Amortization</b>	<b>110.1</b>	<b>102.1</b>	<b>-7.9</b>
<b>Operating Income</b>	<b>312.6</b>	<b>326.2</b>	<b>+13.5</b>
<b>Ordinary Income</b>	<b>281.7</b>	<b>298.0</b>	<b>+16.3</b>
<b>Net Income</b>	<b>193.1</b>	<b>210.8</b>	<b>+17.7</b>

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### [Financial Results Summary (Non-Consolidated)]

- Finally, let me explain our Company's financial results on a non-consolidated basis.
- First, operating revenues increased by 7.3 billion yen due to a year-on-year increase in transportation revenues of 6.8 billion yen.
- I will now move on to operating expenses.
- Personnel expenses remained generally flat from the year before.
- Non-personnel expenses declined by 0.8 billion yen year-on-year due to lower energy and other costs, although maintenance expenses increased.
- Taxes other than income taxes rose 2.3 billion yen from a year earlier due to an increase in business taxes associated with the review of pro-forma standard taxation as part of the tax reform.
- Depreciation and amortization expenses decreased by 7.9 billion yen year-on-year due to decreases in depreciation and relating to the Yamanashi Maglev Line, rolling stock and ground facilities, etc.
- As a result, we achieved increases in operating income, ordinary income and net income.
- This concludes my presentation.

# Semi-Annual Investors Meeting FY2017.3 (Fiscal Year Ending March 31, 2017)

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## II. Performance Forecast for FY2017.3 and Key Policies

Yoshiki Suyama

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

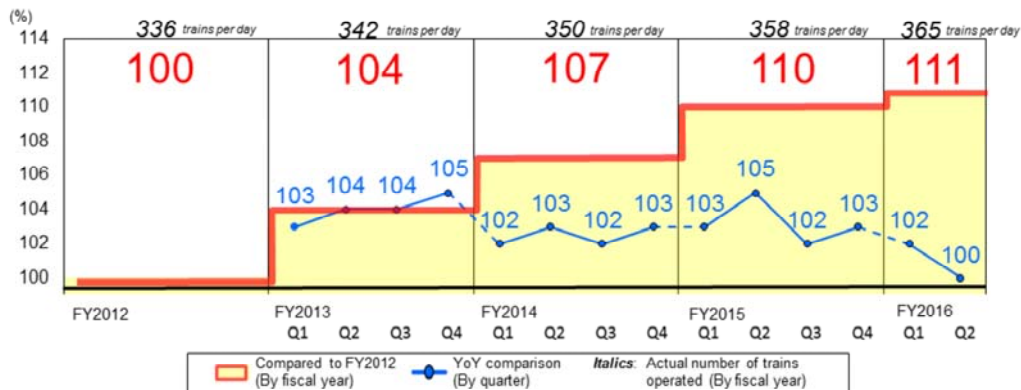


Central Japan Railway Company  
October 28, 2016 5

## Tokaido Shinkansen Passenger Volume (Tokyo Area)

Passenger volume is steadily on the rise

Results for the 1st half of FY2017.3: **101%** year-on-year (weekdays 102%; weekends 99%)



Continue exerting efforts to attract even more users

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[Tokaido Shinkansen Passenger Volume]

- I am Suyama. I assumed the position of Director General of the Corporate Planning Division as approved at the ordinary general meeting of shareholders June, 2016.
- I will give a status report on the transportation service of the Tokaido Shinkansen using passenger volume data for the Tokyo area.
- In the first half of the FY2016, passenger volume was at 101% compared to the level of the previous year. In the last fiscal year, we had a long holiday in September and saw a considerably high level of passengers in the first half. This year, the passenger volume for the first half was even higher than a year earlier, reflecting very steady use of the Shinkansen.
- We have had no circumstances considered as incidents so far this fiscal year, as was the case in the entire previous year. The average delay time per train in service in the first half of the fiscal year was 0.2 minutes, which was the same as the result of the previous fiscal year. Thus, we have continued to ensure safe and reliable transportation.
- The stepped graph in red signifies the yearly passenger volume for FY2013 and thereon by using an indexation that assumes the volume of FY2012, when we got out of the slump following the bankruptcy of Lehman Brothers, as 100.
- The blue line graph represents the quarterly year-over-year passenger volume.
- As indicated by the red graph, the volume of FY2015 was at 110% compared to the level of FY 2012. The passenger volume continued to mark record highs for three consecutive years from FY2013 to FY2015 and has maintained a high level.
- We managed to do even better in the first half of this fiscal year, recording 101% compared to the previous year. We believe this was attributable to our flexible train setting in line with demand. The average number of daily services offered was 365, the highest ever in terms of the first half of the year.
- According to the preliminary figure up till October 27, the passenger volume for the month is at 103%, reflecting steady use of the Shinkansen.
- Given, however, that the passenger volume in the previous fiscal year was at a considerably high level, our transportation revenues forecast for the second half of the year ending March 2017 will be kept at 100% year-on-year as announced at the beginning of the fiscal year. We will continue exerting efforts to welcome even more passengers on the Tokaido Shinkansen.

## Revised Performance Forecast for FY2017.3 (Non-Consolidated)

(Billions of Yen)

	FY2017.3 Previous Forecast (A)	FY2017.3 Revised Forecast (B)	Change (B - A)
<b>Operating Revenues (Transportation Revenues)</b>	<b>1,358.0</b> <b>(1,294.7)</b>	<b>1,364.0</b> <b>(1,301.5)</b>	<b>+6.0</b> <b>(+6.8)</b>
<b>Operating Expenses</b>	<b>805.0</b>	<b>797.0</b>	<b>-8.0</b>
<b>Personnel Expenses</b>	<b>180.0</b>	<b>180.0</b>	<b>—</b>
<b>Non-Personnel Expenses</b>	<b>372.0</b>	<b>367.0</b>	<b>-5.0</b>
<b>Energy</b>	<b>41.0</b>	<b>37.0</b>	<b>-4.0</b>
<b>Maintenance</b>	<b>139.0</b>	<b>139.0</b>	<b>—</b>
<b>Others</b>	<b>192.0</b>	<b>191.0</b>	<b>-1.0</b>
<b>Taxes other than Income Taxes</b>	<b>39.0</b>	<b>39.0</b>	<b>—</b>
<b>Depreciation and Amortization</b>	<b>214.0</b>	<b>211.0</b>	<b>-3.0</b>
<b>Operating Income</b>	<b>553.0</b>	<b>567.0</b>	<b>+14.0</b>
<b>Non-Operating Income (Loss)</b>	<b>-57.0</b>	<b>-57.0</b>	<b>—</b>
<b>Ordinary Income</b>	<b>496.0</b>	<b>510.0</b>	<b>+14.0</b>
<b>Net Income</b>	<b>349.0</b>	<b>360.0</b>	<b>+11.0</b>

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[Revised Performance Forecast for FY2017.3 (Non-Consolidated)]

- I would now like to explain our revised full-year performance forecast on a non-consolidated basis.
- In the first half of the fiscal year, transportation revenues increased year-on-year by 6.8 billion yen. By taking this result of the first half into consideration and predicting that the performance will be flat in the second half, we forecast a full-year performance of 1,301.5 billion yen.
- Based on this, we forecast that operating revenues will be 1,364.0 billion yen, which is 6.0 billion yen higher than the previous forecast.
- We expect operating expenses to be 8.0 billion yen less than our previous forecast, considering decreases in non-personnel expenses associated with unit price decreases in energy expenses and the margin of error in depreciation and amortization.
- As a result, we forecast that operating income will be 567.0 billion yen, which is 14.0 billion higher than the previous forecast.
- As for non-operating income (loss), there is no change from the previous forecast.
- As a result, our forecast for ordinary income has increased 14.0 billion yen from the previous forecast to 510.0 billion yen while our net income forecast has increased 11.0 billion yen to 360.0 billion yen.



## Revised Performance Forecast for FY2017.3 (Consolidated)

Previous forecasts remain unchanged

(Billions of Yen)

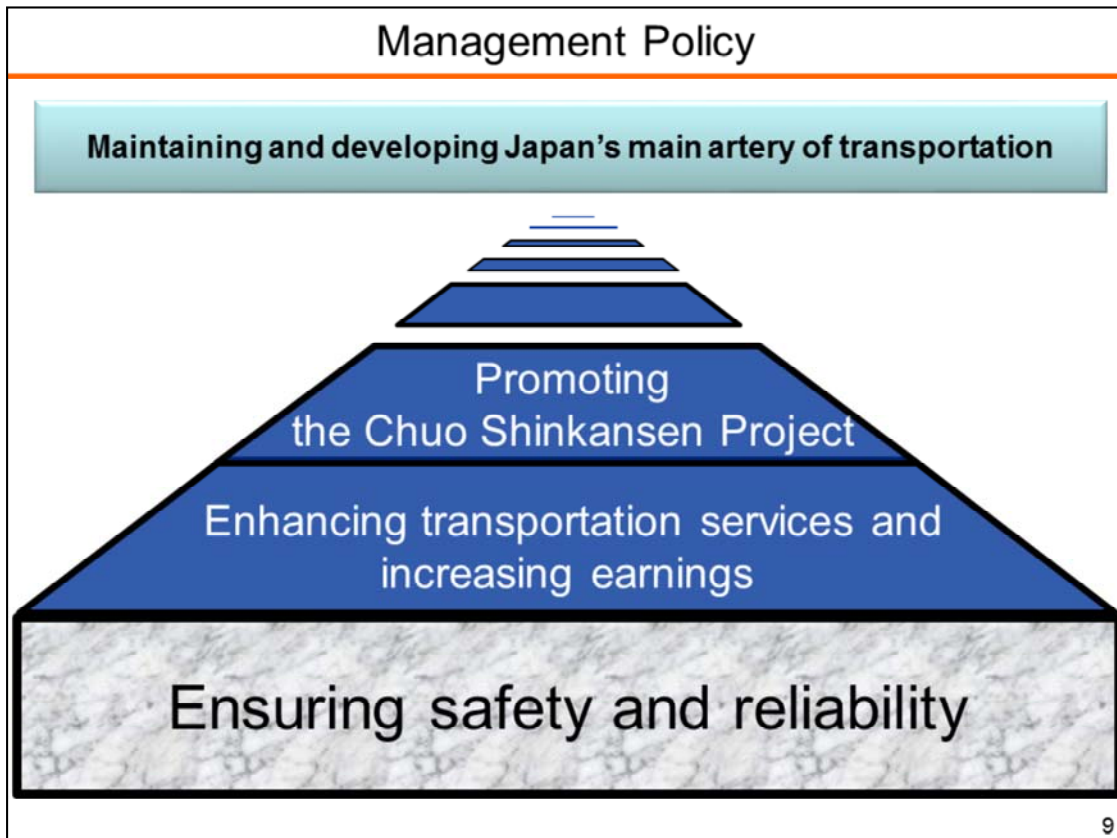
	FY2017.3 Previous Forecast (A)	FY2017.3 Revised Forecast (B)	Change (B - A)
<b>Operating Revenues</b>	1,736.0	1,736.0	—
<b>Operating Expenses</b>	1,159.0	1,159.0	—
<b>Operating Income</b>	577.0	577.0	—
<b>Non-Operating Income (Loss)</b>	-57.0	-57.0	—
<b>Ordinary Income</b>	520.0	520.0	—
<b>Net Income Attributable to Owners of the Parent</b>	363.0	363.0	—

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[Revised Performance Forecast for FY2017.3 (Consolidated)]

- Next, I will explain our consolidated performance forecast.
  
- As previously described, we have made upward revisions to our forecasts for revenues and income on a non-consolidated basis. In regard to our consolidated performance forecast, we decided to maintain the previous forecast in consideration of NIPPON SHARYO's revision to its performance forecast.
  
- NIPPON SHARYO continues to make efforts toward normalizing its U.S. business, which is the main cause of the increase in loss, at this time. Our Company has extended personnel support and will continue to offer support as a parent company.
  
- The interim dividend is 65 yen per share as forecasted and announced at the beginning of the fiscal year.



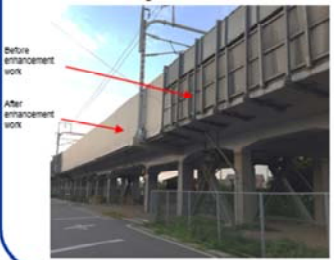





[Management Policy]

- This slide presents the management policy of our Company and was also shown at the Investors Meeting in late April.
- The social mission of our Company is to provide Japan's main artery of transportation, and to maintain and develop this into the future. To achieve this mission, we have been exerting steady efforts in carrying out our daily operations from three main perspectives: "Ensuring safe and reliable transportation," "Enhancing transportation services and increasing earnings" and "Promoting the Chuo Shinkansen Project."
- Today, I would like to explain the progress of our initiatives from these three perspectives.

## Ensuring Safe and Reliable Transportation (1)

### Continuing efforts toward ensuring safe and reliable transportation

<p>■ Large-scale renovation work (example): Concrete bridge</p>  <p>Before enhancement work After enhancement work</p>	<p>■ Renewal of the Hamamatsu Workshop: Conceptual image of expected completion</p>  <p>Others</p> <ul style="list-style-type: none"> <li>■ Installation of more security cameras in trains</li> <li>■ Installation of additional movable platform fences, etc.</li> </ul>	<p>Shinkansen</p>
<p>■ Seismic strengthening work on elevated track columns</p>  <p>Steel plate winding method</p>	<p>■ Seismic strengthening and facility upgrading at Nagoya Workshop</p>  <p>Others</p> <ul style="list-style-type: none"> <li>■ Improvement of braille blocks on platforms, etc.</li> </ul>	<p>Conventional Lines</p>

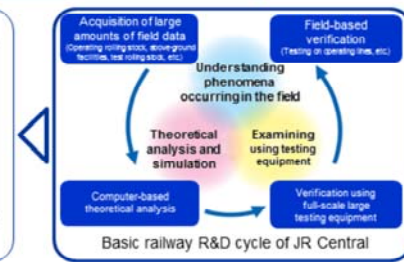
### [Ensuring Safe and Reliable Transportation (1)]

- I will start by describing our initiatives toward ensuring safe and reliable transportation.
- We will continue to set the highest priority on ensuring safe and reliable transportation, which marks the foundation of the railway business. We plan on making safety-related investments totaling 191.0 billion yen this fiscal year, which is the highest ever.
- Regarding the Tokaido Shinkansen, we will continue to carry out our large-scale renovation work, implement countermeasures against derailment/deviation and renewal work on the Hamamatsu Workshop among other initiatives.
- Our work to renew the Hamamatsu Workshop, which conducts general overhauls, i.e., overall inspection of Shinkansen rolling stock, began in 2010 has entered its 7th year and final phase. Our efforts here include enhancing earthquake-resistance through renovation and reinforcement of buildings and thereby reducing the risk of not being able to operate the Tokaido Shinkansen over an extended period of time, and improving operating efficiency by improving inspection and repair lines and introducing the latest equipment.
- From January 2017, we will begin using the new inspection lines that have a simple structure. This will enable us to reduce the number of days required for general overhauls of N700A-type vehicles to 14 days from 15.
- As for conventional lines, we will continue to implement earthquake countermeasures.
- We are also proceeding with large-scale renovation work for conventional lines. Since 2014, we have been implementing earthquake countermeasures for the Nagoya Workshop, which solely conducts general overhauls for our conventional lines. Since these measures are implemented while continuing to maintain the functions of a workshop, our efforts will continue on a long term of roughly five and a half years up till the end of FY2021. We will go on taking steps to improve operational efficiency by upgrading facilities and improving inspection lines.

## Ensuring Safe and Reliable Transportation (2)

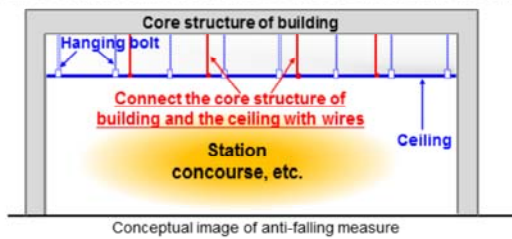
### Derailment-prevention guards: Introducing an automatic inspection device

- Realizing more effective, high-precision inspection using in-house developed devices



### Rolling out earthquake-resistant measures on ceilings of stations

- Implementation of anti-falling measures on specified\* and other suspended ceilings to further enhance safety even when an earthquake occurs  
(For all 17 Tokaido Shinkansen stations and 30 conventional line stations that service 10,000 or more passengers daily)



Example of measure adopted: Tokyo Station concourse outside the ticket gates

\* Laws related to the Building Standards Act were partially amended. In April 2014, based on which suspended ceilings of a certain size or larger were specified. (Tokaido Shinkansen) To require anti-falling measures for new or earthquake-renewed buildings. Specified ceilings (Tokaido Shinkansen) are any suspended ceiling situated 5 meters above the floor or higher, with an area of over 200 m<sup>2</sup> and mass of over 2 kg/m<sup>2</sup> in a facility where people enter on a day-to-day basis.

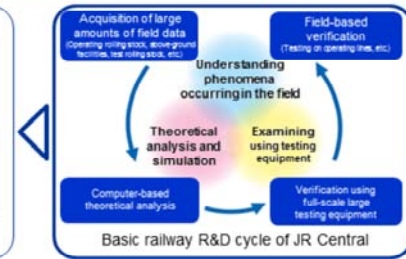
[Ensuring Safe and Reliable Transportation (2)] (Note p. 1)

- Looking at this slide, I will go deeper into our initiatives to ensure safe and reliable transportation and describe two of our key measures. One is regarding the development of a device to automate the inspection of derailment-prevention guards that we have been installing as part of countermeasures against derailment/deviation for the Tokaido Shinkansen.
- The derailment-prevention guards must be properly positioned so that they do not obstruct the safe travel of trains during normal operation yet effectively demonstrate their function to prevent trains from derailing/deviating when an earthquake occurs. Currently, our staff members manually inspect the guards at each location with a device during night hours once a year.
- The guard installation process has been going well, and considering that the inspection load will increase going forward, we have been working to develop a more efficient and precise inspection method. And recently at our research facility in Komaki City, Aichi Prefecture, we have developed a device to mount on a maintenance vehicle and automatically inspect derailment guards while running the vehicle.
- This device enables us to cover a much longer distance in one inspection process compared to what we have been able to check manually. In addition, the use of a laser for inspection and measurement considerably improves the measurement accuracy, which contributes to securing a higher level of safety.
- Furthermore, despite the increasing inspection load, adopting this device allows us to enhance our maintenance system without having to increase the number of staff members for handling the inspection work.
- We expect the amount of investment will be in a range between 0.1 and 0.2 billion yen although the exact amount is not fixed at this point in time. We plan to introduce the device in FY2017.
- In a railway R&D cycle, it is important to combine the following three elements: "Understanding phenomena occurring in the field," "Theoretical analysis and simulation" and "Examining using testing equipment." In the case of our Company, we have the great strength of being able to acquire massive amounts of data in the field of commercial line operations and to perform theoretical analysis and repeat testing using large-scale testing equipment at our own research facilities.
- We leveraged this strength in developing the automatic derailment guard inspection device. We will continue to actively pursue technological development so as to make our safe and reliable transportation even more solid.

## Ensuring Safe and Reliable Transportation (2)

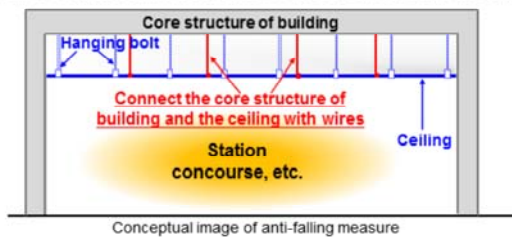
### Derailment-prevention guards: Introducing an automatic inspection device

- Realizing more effective, high-precision inspection using in-house developed devices



### Rolling out earthquake-resistant measures on ceilings of stations

- Implementation of anti-falling measures on specified\* and other suspended ceilings to further enhance safety even when an earthquake occurs  
(For all 17 Tokaido Shinkansen stations and 30 conventional line stations that service 10,000 or more passengers daily)



Example of measure adopted.  
Tokyo Station concourse outside the ticket gates

\* Laws related to the Building Standards Act were partially amended in April 2014 based on which suspended ceilings of a certain size or larger were specified. (Tokaido Shinkansen) To require anti-falling measures for new or extended/renewed buildings. Specified ceilings (Tokaido Shinkansen) are any suspended ceiling situated 5 meters above the floor or higher, with an area of over 200 m<sup>2</sup> and mass of over 2 kg/m<sup>2</sup> in a facility where people enter on a day-to-day basis.

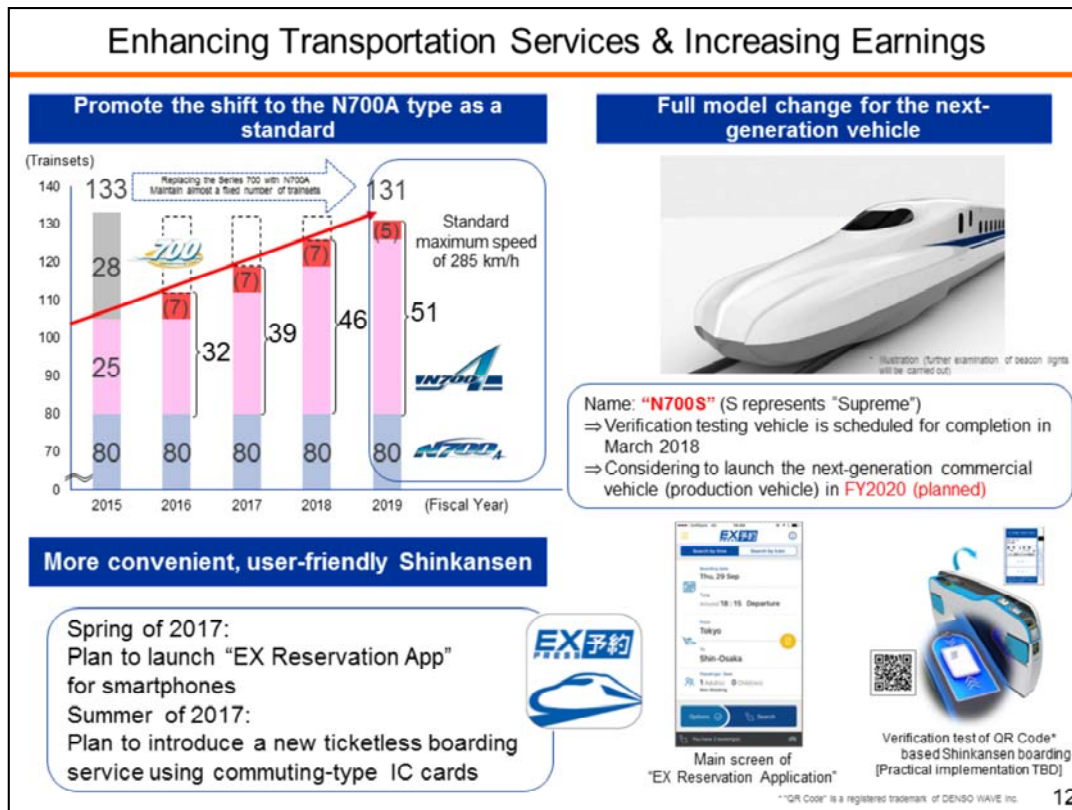
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[Ensuring Safe and Reliable Transportation (2)] (Note p. 2)

- The second point relates to earthquake-resistance measures for ceilings in stations.
- In order to make stations even safer, we decided to implement measures to prevent suspended ceilings from falling in stations that service a large number of users, as presented in the slide. This is in addition to the “specified ceiling” for which countermeasures against falling are required under laws related to the Building Standards Act.
- We will implement countermeasures in all 17 Tokaido Shinkansen stations and 30 conventional line stations that service 10,000 or more passengers daily.
- The investment amount will be approximately 13.0 billion yen. We need to set up scaffolding for handling high ceilings and where necessary depending on the location or move inner cables in ceilings and transfer any hindering objects to proceed with the renovation work. Therefore, this will be a long-term measure. We are expecting to spend about 10 and a half years from September 2016 to March 2027 in completing this work.
- We are committed to ongoing steps to reinforce the earthquake-resistance of existing station building structures and we will actively implement seismic countermeasures to further strengthen safe and reliable transportation



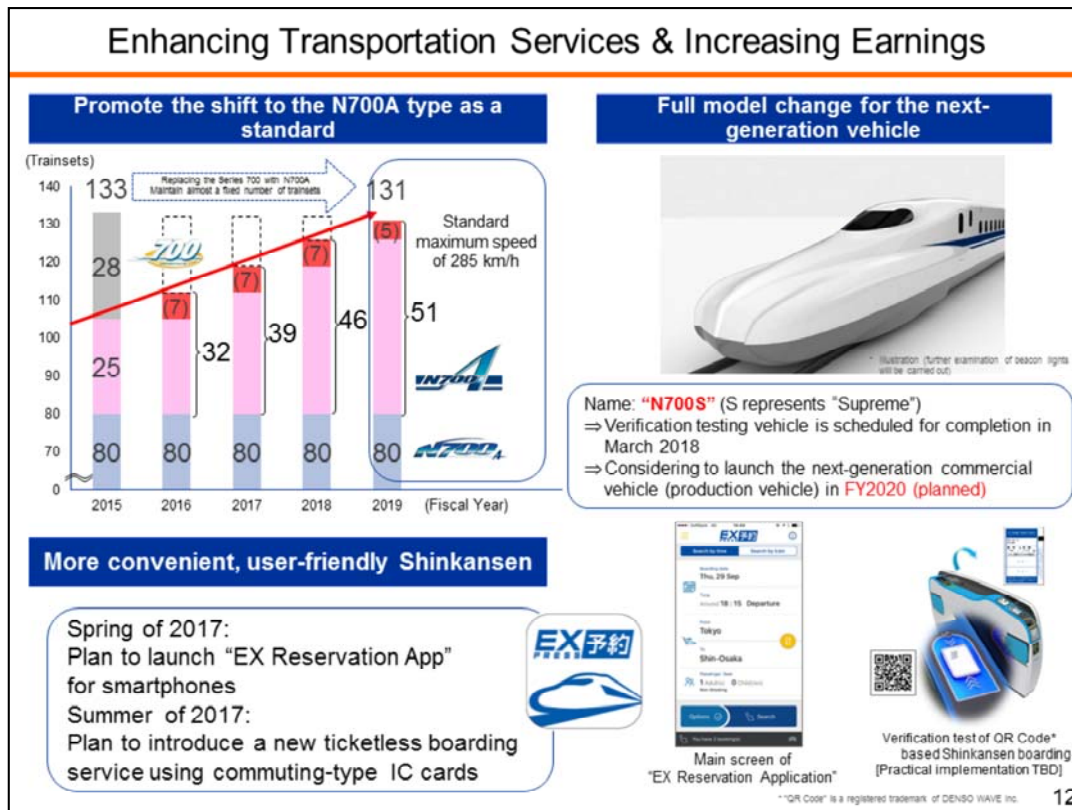
## Enhancing Transportation Services & Increasing Earnings



[Enhancing Transportation Services & Increasing Earnings] (Note p. 1)

- Next I will mention "Enhancing Transportation Services & Increasing Earnings."
- First of all, I will talk about the upgrading of vehicles. The bar graph on the upper left of the slide presents trainsets by train type of our Shinkansen. The red-colored parts signify N700A trains newly launched from this fiscal year to FY2019. We will continue launching the new model at a certain pace to replace the existing 700 series and properly control the overall number of trainsets. By the end of FY2019, we plan on having all of our trains shifted to the N700A type, which can travel at a speed of 285 km/h.
- Now, let me go on to explaining the next-generation Shinkansen train that we are considering introducing in FY2020 or thereafter. We have decided to name the next-generation model "N700S" by adding "S" for "Supreme" to "N700," which has now become very familiar, to signify the "supreme Shinkansen car."
- For N700S, we will adopt new technologies to further enhance safety and reliability while promoting greater energy-saving. In addition, we will seriously work to downsize and reduce the weight of devices so that we can optimize the placement of underfloor equipment to achieve a "standard vehicle" that can be adapted to trainsets of different lengths, such as 12-car and 8-car trains.

## Enhancing Transportation Services & Increasing Earnings

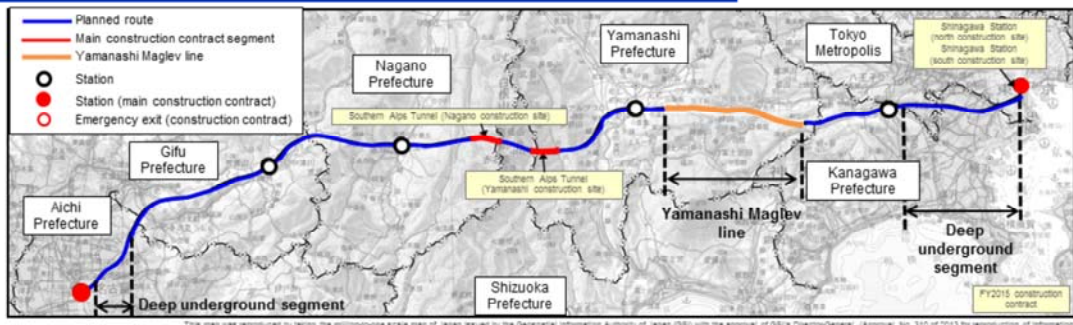


[Enhancing Transportation Services & Increasing Earnings] (Note p. 2)

- I have two points to explain regarding our initiatives to increase the convenience of customers using the Shinkansen.
- First is the development of a smartphone App.
- Our Express Reservation Service is a core commercial service that accounts for approximately 30% of reserved seat users. The member population exceeded 3 million persons at the end of August this year.
- In order to increase the convenience of smartphone users who account for 70% of all users of this Express Reservation Service, we are currently developing the "EX Reservation App" to be introduced in the spring of 2017. This application not only improves operability but also comes in English.
- We are also planning to introduce in the summer of 2017, a new online reservation & ticketless boarding service using a commuting-type IC card in an attempt to improve the convenience for non-members of Express Reservation Service when using the Tokaido Shinkansen and the Sanyo Shinkansen. By enabling the use of this service in combination with the application, we believe we can enhance the convenience of not only domestic passengers but also foreign tourists visiting Japan in using the Shinkansen.
- The second point is regarding verification testing of Shinkansen boarding with a QR code.
- In order to offer ticketless boarding on Shinkansen also for customers without IC cards, we installed automatic ticket gates that can read QR codes on a trial basis. Today was the final day of testing and we spent about a month performing verification testing to assess the possibility of practical use.
- We will verify the results of the testing going forward and the timing of practical launch is yet to be determined. But given the wide penetration of QR codes, we are hoping that adopting a QR code can offer people an option other than IC cards for easy use, even for one-time rides by tourists.
- We look forward to attracting and welcoming more passengers by continuing to take initiatives for increasing features and making our Shinkansen more convenient and user-friendly.

# Progress of Chuo Shinkansen Construction

## Locations subject to construction contracts (FY2015)



## Coverage of construction contracts (FY2015)

- Shinagawa Station (north construction site) [September 2015]
- Shinagawa Station (south construction site) [October 2015]
  
- Southern Alps Tunnel (Yamanashi construction site) [August 2015]
- Southern Alps Tunnel (Nagano construction site) [February 2016]

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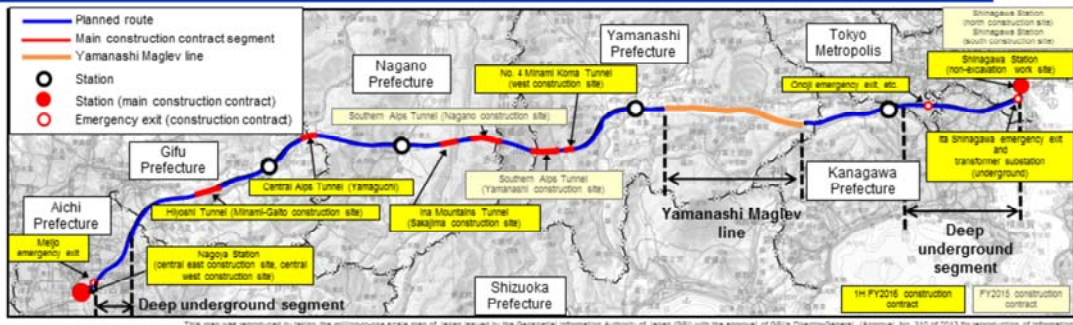
[Progress of Chuo Shinkansen Construction]

- Next, I would like to give an update on the progress of our Chuo Shinkansen construction.
  
- This slide presents the construction contracts concluded during FY2015. As indicated in light yellow, we concluded the main construction contracts for north and south construction sites of Shinagawa Station and Yamanashi and Nagano construction sites for the Southern Alps Tunnel.



# Progress of Chuo Shinkansen Construction

## Locations covered by main construction contracts (FY2015 to 1st half of FY2016)



## Coverage of main construction contracts (1st half of FY2016)

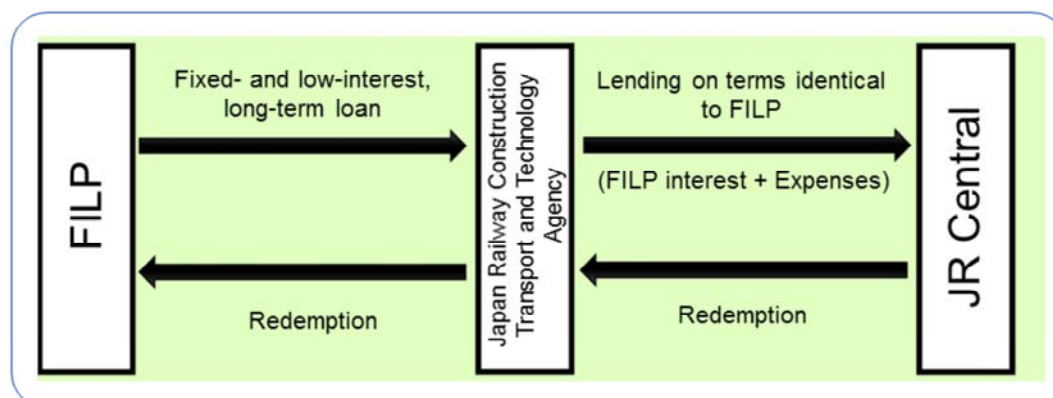
- Meijo emergency exit [April 2016]
  - Kita Shinagawa emergency exit and transformer substation (underground) [April 2016]
  - Shinagawa Station (non-excavation construction site) [May 2016]
  - Hiyoshi Tunnel (Minami-Gaito construction site) [June 2016]
  - No. 4 Minami Koma Tunnel (west construction site) [July 2016]
  - Nagoya Station (central east construction site, central west construction site) [September 2016]
  - Ina Mountains Tunnel (Sakajima construction site) [September 2016]
- <<Coverage of main construction contracts by Japan Railway Construction, Transport and Technology Agency (JRRT)>>
- Onoji emergency exit, etc. [April 2016]
  - Central Alps Tunnel (Yamaguchi) [August 2016]

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### [Progress of Chuo Shinkansen Construction]

- In this slide, items in vivid yellow are those for which we concluded contracts in FY2016. In the first half of this fiscal year, we concluded contracts for terminal stations: the non-excavation construction site of Shinagawa Station and the central east construction site and central west construction site of Nagoya Station, as well as for three tunnels in mountainous areas, two emergency exits and another project. Also with regard to the segments consigned to Japan Railway Construction Transport and Technology Agency, we concluded main construction contracts for two sites.
- Furthermore, although it is not indicated in the slide, we have concluded the main construction contract in October for Sakashita emergency exit in Kasugai City, Aichi Prefecture.
- We will continue to steadily proceed with the construction work in areas for which necessary preparations have been made on top of carrying out measurements, design, land acquisition, and other activities according to plan.
- As for capital investment associated with the Chuo Shinkansen, spending in the first half of the fiscal year amounted to 32.2 billion yen, which is generally as planned.
- Based on the principle of maintaining soundness of management and stable dividends, we will adequately focus on “safety of construction,” “protection of the environment” and “cooperation with local communities along the line” as we carry out our plan with flexibility.

[Reference] Diagram of Fiscal Investment and Loan Program(FILP)-Based Borrowing



Prepared by the Company based on the appended material "Cabinet Decision on Proposal for Partial Amendment to the Act on the Japan Railway Construction, Transport and Technology Agency, Independent Administrative Agency" announced by the Ministry of Land, Infrastructure, Transport and Tourism on September 26, 2016.

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[(Reference) Diagram of FILP-Based Borrowing]

- I would like to provide an overview of financing using the Fiscal Investment and Loan Program (FILP) although this scheme is still being adjusted.
- By taking advantage of the current low-interest situation, the government decided that it would proactively utilize the fiscal investment and loan techniques funded by FILP bonds and thereby bring forward the opening of the entire Linear Chuo Shinkansen line by up to eight years. This strategy was incorporated in the "Economic Measures for Realizing Investment for the Future" determined by the Cabinet in August this year.
- The diagram shown was announced by the Ministry of Land, Infrastructure, Transport and Tourism in September. The funds lent by FILP to the Japan Railway Construction, Transport and Technology Agency (JRTT) will be lent to our Company by JRTT under the same terms set by FILP.
- We understand that the merit of borrowing funds for our Company under this scheme lies in being able to mitigate management risks, including the risk of a rise in interest rates, funds procurement risk and redemption risk, since we can take advantage of the current low-interest situation and take out long-term loans at fixed, low interest rates from FILP. The funds procured through FILP will be fully redeemed later, leaving no burden on the finances of the state and there is no change to the fact that our Company will bear the construction costs.
- Terms and conditions of borrowing will be clearly defined in the agreement between JRTT and our Company, which means that our freedom in management and autonomy in investment will be secured.
- We will continue to stand by the policy of maintaining soundness of management and stable distribution of dividends as we take advantage of FILP-based financing to reduce management risks. After the launch of operations to Nagoya, we will promptly initiate the extension work to Osaka and go forward with our Chuo Shinkansen Project in an aim to accelerate the opening of the entire Linear Chuo Shinkansen line by up to eight years.
- The Diet is currently in the process of deliberating changes to the relevant laws. We will issue a notice once the terms and conditions of borrowing are finalized.

## Progress of JR Gate Tower Project

### Thorough preparation toward full operation of JR Gate Tower



Exterior view of JR Gate Tower and JR Central Towers (Photographed in September 2016)



Illustration of 15th floor office entrance

November 2016: Begin moving into the office  
April 2017: Full operation  
Takashimaya Gate Tower Mall  
Nagoya JR Gate Tower Hotel  
Gate Tower Plaza Restaurant Mall and more



Illustration of Takashimaya Gate Tower Mall  
Stores viewed from the 2nd floor walkway

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### [Progress of JR Gate Tower Project]

- Finally, I will explain the progress of our JR Gate Tower Project.
- Construction work is underway as planned and the time has come for office tenants to start moving in on November 7.
- Interior work is on-going in Takashimaya Gate Tower Mall, Nagoya JR Gate Tower Hotel and other areas as they prepare to open in April 2017.
- We will continue to make thorough preparations and aim to complete our plan while focusing on marketing and promotional activities more than ever.
- This concludes my presentation.

# Semi-Annual Investors Meeting FY2017.3 (Fiscal Year Ending March 31, 2017)

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Central Japan Railway Company  
October 28, 2016

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.