

## I. Management Policy and Outlook of Key Measures

President and  
Representative Director  
Shin Kaneko



Central Japan Railway Company  
April 27, 2018

○ I am Shin Kaneko, President of Central Japan Railway company. I will outline the Company's management policy and key measures.



○ Last year, upon the 30<sup>th</sup> anniversary of JR Central's founding, we set forth a new management philosophy: "Contribute to the development of Japan's main transportation artery and social infrastructure."

○ JR Central has thus far continued to undertake the operation of the Tokaido Shinkansen, which connects the central cities of the Japanese economy –Tokyo, Nagoya and Osaka- and the conventional lines primarily in the regions surrounding Nagoya and Shizuoka, while carrying out affiliated businesses that have high synergistic effects with the railway business in each of these locations. Furthermore, we are currently undergoing construction of the Chuo Shinkansen, which will undertake a bypass function of the Tokaido Shinkansen. As such, our commitment to contribute to the development of Japan's main transportation artery and social infrastructure is actually not something we newly formulated last year, but is a reconfirmation of the Company's roles and mission. JR Central has made significant growth to date while carrying out the mission reflected in this management philosophy. I, as President of the Company, believe that we must continue to strive to realize this philosophy at an even higher level.

○ Looking back on the various initiatives the Company has taken to date, we have always placed safety first, as the major premise of all activities, and have not only been improving our services to expand the usage of our services but also been taking measures to reduce costs and enhance efficiency, as a result of which our revenues and profits increased. And We have been able to achieve a favorable cycle of using our earnings as the base to further investment to ensure safety and reinforce our services, as well as significantly strengthen our management platform. It is as a result of strengthening our management platform that we are currently able to proceed with the construction work for the Chuo Shinkansen Project at our own expense.

○ Our growth to date can be recognized as a culmination of various initiatives taken by each of the departments. In other words, I feel that our accomplishments thus far were brought about as a result of reinforcing 3 key capabilities; "capability to safely proceed with business activities," "capability to provide even better services" and "capability to work efficiently at low cost." Therefore, I feel that it is important for JR Central to continue strengthening these capabilities to further develop and reinforce the Company going forward.

## Establishment of Firm Management Platform

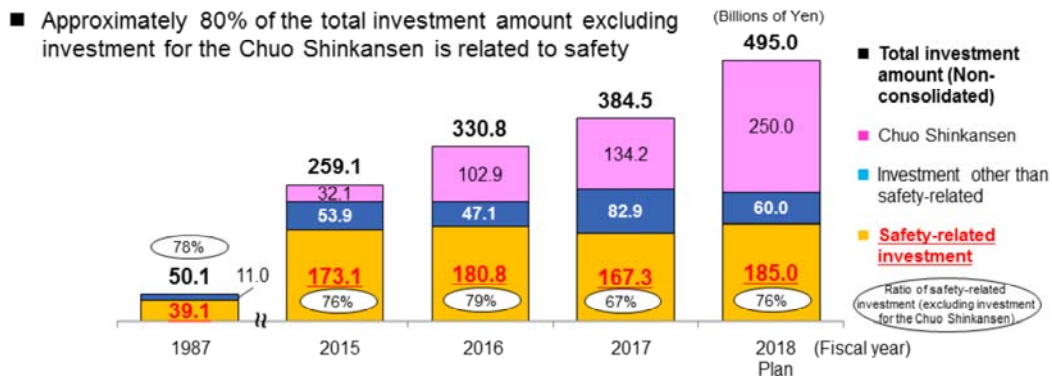
		FY 1987	FY 2017	Note
Railroad accidents (Number of accidents/Year)		60	<b>18</b>	Greatly Reduced
Tokaido Shinkansen	Passenger volume (10,000 persons/Day)	27.9	<b>46.6</b>	1.7 times
	Number of services (Number/Day) (Maximum number of services/Day)	231 (274)	<b>368</b> (433)	1.6 times
	Maximum operating speed (km/h)	220	<b>285</b>	+65 km/h
Non-consolidated	Operating revenues (billion yen)	874.6	<b>1,427.4</b>	1.6 times
	Operating income (billion yen)	71.5	<b>625.2</b>	8.7 times
	Ordinary income (billion yen)	60.7	<b>547.6</b>	9.0 times
	Long-term debt (trillion yen)	5.5 <sup>*2</sup>	<b>1.9<sup>*4</sup></b>	- 3.6
Operating revenues of consolidated subsidiaries (billion yen) <sup>*1</sup>		52.6 <sup>*3</sup>	<b>617.1</b>	11.7 times

<sup>\*1</sup> Simple aggregation; <sup>\*2</sup> Figure for FY1991; <sup>\*3</sup> Figure for FY1989; <sup>\*4</sup> Excluding long-term debt for construction of the Chuo Shinkansen

- This slide summarizes key numerical indicators of the status of our effort to reinforce our management platform, compared to when the Company was founded (FY1987).
- First, regarding safety, railroad accidents have declined significantly since the time of the Company's founding, and there have been no serious accidents that would cause the Company to lose the trust of its customers.
- In terms of services, JR Central worked to thoroughly polish the Tokaido Shinkansen service, the backbone of management. We made our best effort to strengthen our competitive edge, such as increasing the number of trains in service by 1.6 times and increasing the maximum operating speed to 285 km/h.
- Meanwhile, by continuing to take steps toward achieving efficient business operation, we have been able to expand our earnings while keeping our expenses down to step up profit levels. This also led to reducing our long-term debt considerably.
- Furthermore, the operating revenues of our Group companies have also expanded to over 11 times the level of when the Company was established.
- Based on the management efforts we have accumulated to date, we will continue to steadily deal with various management challenges, including the launch of the Chuo Shinkansen.

## Strengthening our Capability to Safely Proceed with Business Activities

### Continue to make investments necessary to ensure safe and reliable transportation



### Take initiatives to improve the reliability for safety in terms of both facilities and people

- Large-scale renovation: Implement measures to inhibit aging damage of civil engineering structures



FY 2018 plan:  
¥37.0 billion

\* Capital investment amount

- Conducting practical training: Carry out practical training to prepare for unforeseen circumstances



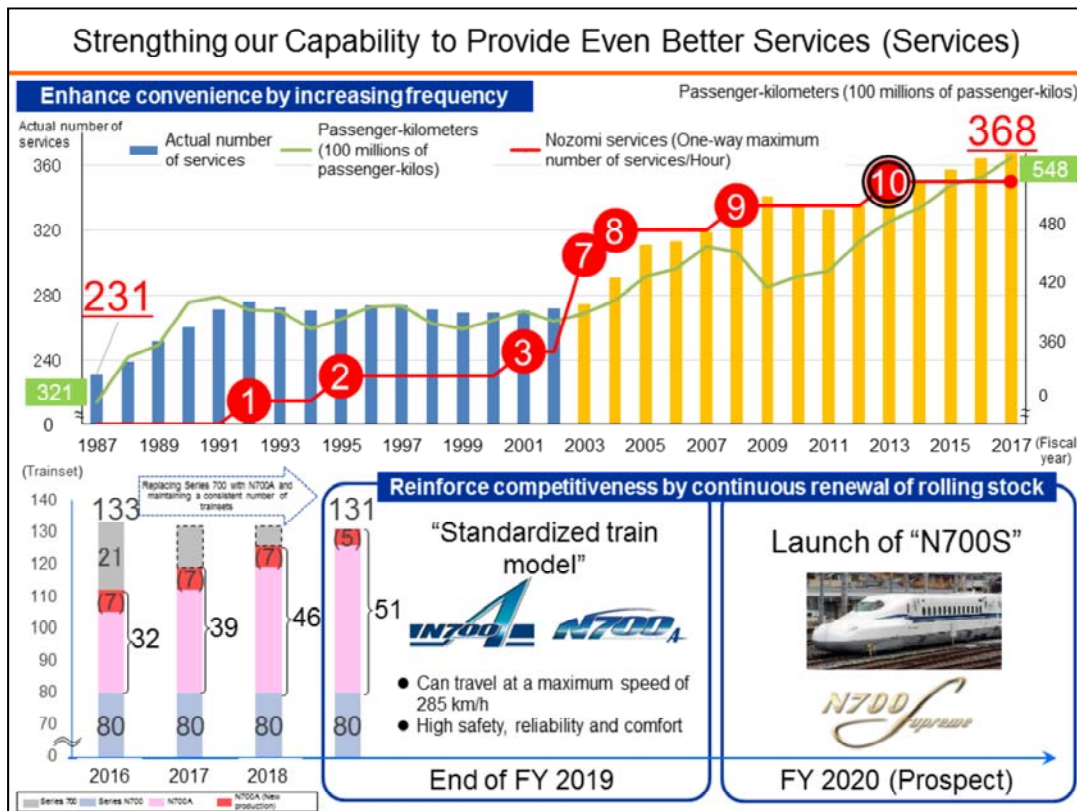
\* Conducted on November 29, 2017

○ I would like to explain how we will polish the three capabilities I talked about at the beginning of the presentation. Let me start with our initiatives to strengthen our capability to safely proceed with business activities.

○ Safety is the foundation of all our activities as a railway business operator. Therefore, JR Central has focused its highest energy on ensuring safety. The graph at the top of this page illustrates capital investment trends on a non-consolidated basis. More than two-thirds of our investment each year is related to safety, as indicated in orange. Safety is also the focus of our activities in technological development and employee education.

○ Looking at the FY 2018 capital investment plan reflected on the bar at the far right, of the total investment amount of 495.0 billion yen, 185.0 billion yen accounts for safety-related investment. Figures shown in white circles represent the percentage of safety-related investment against the amount of total investment, excluding that for the Chuo Shinkansen. You can see that nearly 80% of our investment is safety-related each year. As the construction work for the Chuo Shinkansen is conducted on a full scale going forward, we will continue to maintain our safety-related investment at a high level.

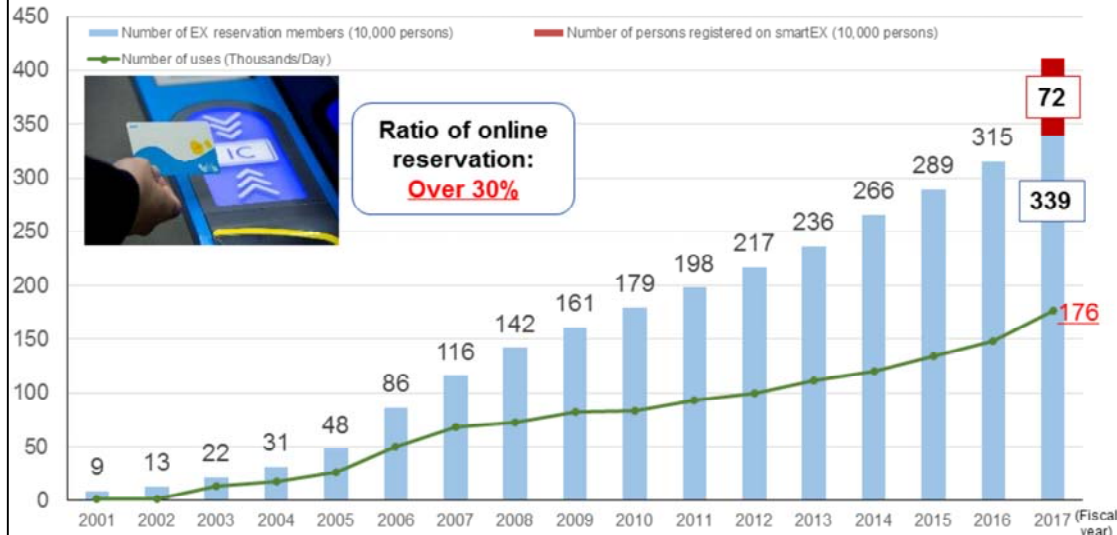
○ Examples of our initiatives are shown in the lower half of the slide. First, in large-scale renovations, we are implementing measures to extend the life of structures by inhibiting aging damage, such as cracking, in an effort to ensure safe and reliable transportation into the future. In addition, to prepare for unforeseen circumstances, such as natural disasters or railway fires, we are conducting more practical training using rolling stock, in addition to day-to-day educational training, to enhance the capability of employees to respond. We are taking initiatives to increase reliability for safety in terms of both our facilities and our people.



- Next, I will explain our capability to provide even better services.
- Ever since our company was established, we have consistently worked to strengthen the transport capability of the Tokaido Shinkansen. The upper graph illustrates the transition in the number of Tokaido Shinkansen services and the number of “Nozomi” services per hour. The number of services per day was 231 in FY1987 when the Company was established. In October 2003, as the result of continuous investment in rolling stock and ground facilities, we were able to increase the maximum operating speed of all Shinkansen trains to 270 km/h and a drastic revision to our timetable was made to operate a maximum of 7 “Nozomi” trains per hour. In addition to this key upgrade, we have continued to launch new types of rolling stock, and make renovations to key facilities such as Shin-Osaka Station, so that as of FY2017, the number of Shinkansen services have increased to 368.
- Based on this increased frequency, we have improved our service level compared to other modes of transportation in that customers can “go to the station at any time and a seat on the Shinkansen is always available.” We have also strived to capture increase in demand, by making use of the “10 Nozomi Timetable”(operating up to 10 Nozomi services per hour in both directions) to schedule trains flexibly in peak seasons and hours. We will continue to implement various initiatives going forward and schedule trains with flexibility to capture demand for our train services.
- Furthermore, as shown in the lower graph, we will continue to actively launch new rolling stock in an effort to reinforce our competitive edge. At the end of FY2019, all of the Shinkansen rolling stock will be the N700A type, which can travel at a speed of 285 km/h. This will allow us to set an even more attractive timetable and we will proceed with our study toward revising the timetable in 2020. In addition, we are planning to launch the N700S rolling stock, which will contribute to securing further safety, comfort, and competitiveness, in FY 2020.

## Strengthening our Capability to Provide Even Better Services (Sales)

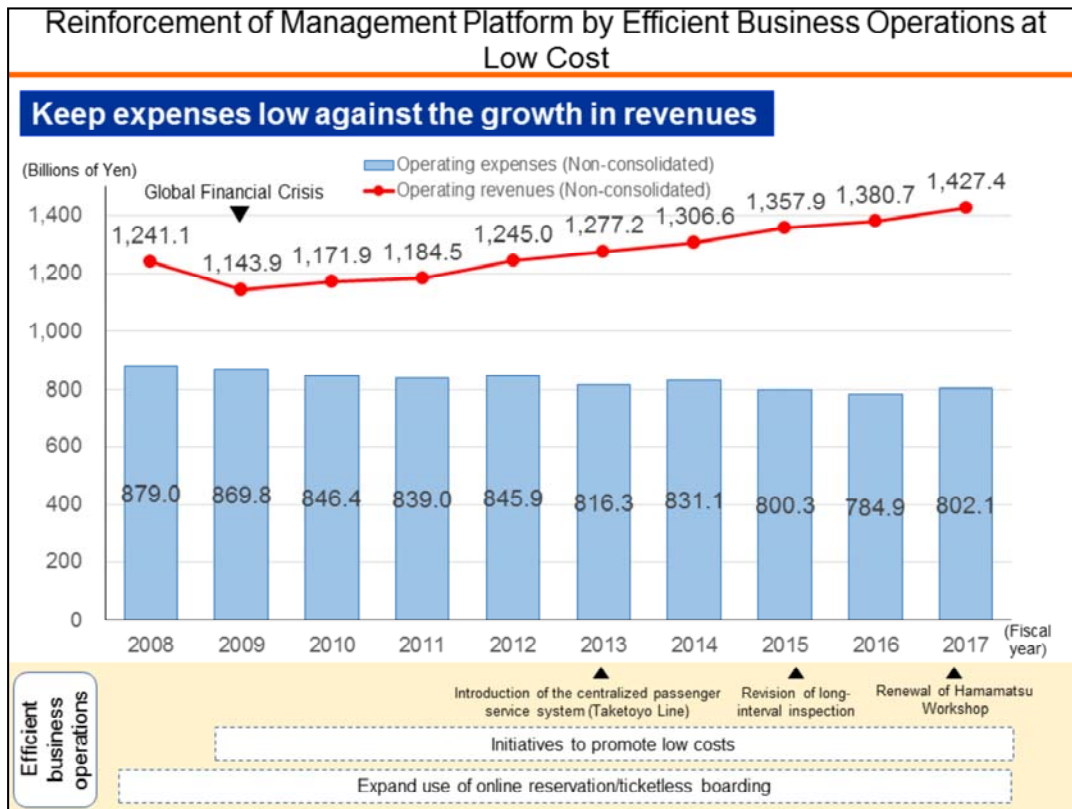
### Expansion of online reservation/ticketless boarding services



○ From the perspective of sales, we will take initiatives to enhance our capability to provide even better services.

○ On this page, the bar graph reflects the number of Express Reservation members and the number of persons registered on “smartEX” at each fiscal year-end, while the line graph illustrates the number of uses per day of such services. “smartEX,” which was launched in September 2017, has attracted approximately 720,000 registrants as of the end of March. The number of uses per day, which includes the usage by the conventional Express Reservation members of roughly 3,390,000 persons, has increased to roughly 176,000 per day, and online reservations account for roughly 30% of all reserved-seat reservations. Online reservation services have increased to a large portion of our total sales.

○ By expanding online reservations and ticketless boarding, customers will not need to spend any time purchasing tickets at stations prior to boarding. This contributes to reducing total travel time of passengers, and has the same effect as speeding up of trains. As such, by increasing the ratio of online reservation, we are able to maximize the effect of increased train frequency previously mentioned. At the same time, we hope to shift the focus of our ticket sales structure from the conventional over-the-counter sales to online reservations so that we can establish a more convenient and efficient sales structure as we head toward the launch of the Chuo Shinkansen.



○ We will also work to reinforce our management platform by pursuing efficient business operations at low cost.

○ While passenger usage trends are subject to fluctuations in economic conditions, as a railway operator, we are not able to immediately reduce the amount of supply just because of a decline in demand, and we are expected to continue providing quality services at all times. In addition, the cost structure of JR Central, which engages in the railway business, has a high percentage of fixed costs and it is difficult to make sudden drastic expense reductions.

○ In this graph, the red line reflects operating revenues while the blue bars signify operating expenses. After the global financial crisis triggered by the bankruptcy of Lehman Brothers in 2008, operating revenues fell by roughly 100.0 billion yen, but we could not make significant cuts in operating expenses. Since then, we have been implementing initiatives to maintain efficient business operations at low cost into the future while keeping the level of safety and the quality of operations consistent. Hence even after our earnings recovered from the global financial crisis, we have been able to limit cost increases.

○ Examples of key initiatives taken for putting in place efficient business operations are indicated in the lower part of the slide. For example, in regards to “long interval inspection” (inspection of the conditions of devices, functions, and electrical parts of the Shinkansen rolling stock without dismantling the rolling stock), we extended the interval from the previous 30,000km to 60,000km in March 2016, in consideration of the enhanced reliability of the devices on the latest rolling stock and of the other latest technological development. In addition, some of the inspection items were replaced by an analysis of rolling stock data accumulated while the trains are in service. As a result, we have been able to establish a structure by which we can conduct inspections more efficiently while increasing the safety level.

○ In terms of our sales activities, the expansion of online reservation services, which I talked about earlier, contributed to providing services without making customers wait while we increased the number of Nozomi trains. At the same time, it had the effect of limiting the need of additional station staff and the incremental installation of ticket machines. As such, promoting online reservation services has led to establishing a more efficient sales structure.

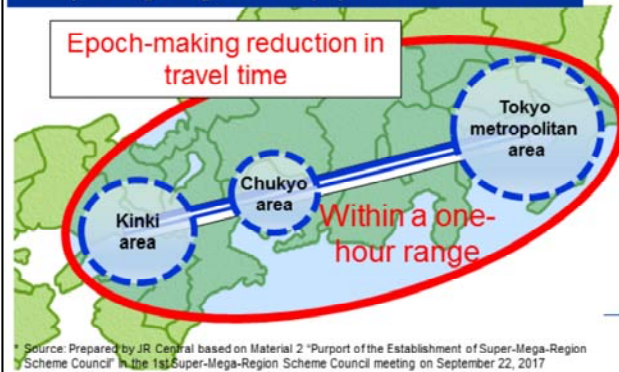
## Chuo Shinkansen Project - Move Forward While Ensuring Sound Management & Stable Dividends

### Significance of the Chuo Shinkansen Project and anticipated effects

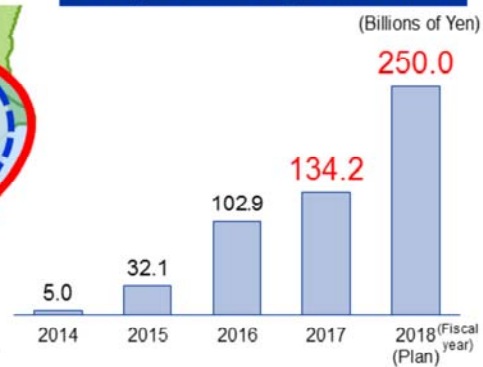
- Prepare for risks
  - Given that over 50 years have passed since the launch of the Tokaido Shinkansen, there is a need to fundamentally prepare for aging and large-scale disasters going forward
- Significant change<sup>(\*)</sup> in land structure due to the advancement of high-speed transportation infrastructure
  - Characteristics of the three major metropolitan areas will be integrated, driving new value creation and innovation
  - New lifestyles and business styles will emerge, bringing diversity and enrichment to people's living and work styles

\*Source: Reference material for the "Establishment of Super-Mega-Region Scheme Council" dated August 25, 2017 from the Ministry of Land, Infrastructure, Transport and Tourism

### Super-Mega-Region with a population of 70 million



### Steady increase in capital investment



○ In order to realize our mission as a company to maintain and develop Japan's main transportation artery in to the future, we will use the funds generated by the measures previously mentioned to reinforce our management platform for the promotion of the Chuo Shinkansen Project. JR Central will steadily complete this project while maintaining sound management and stable dividends.

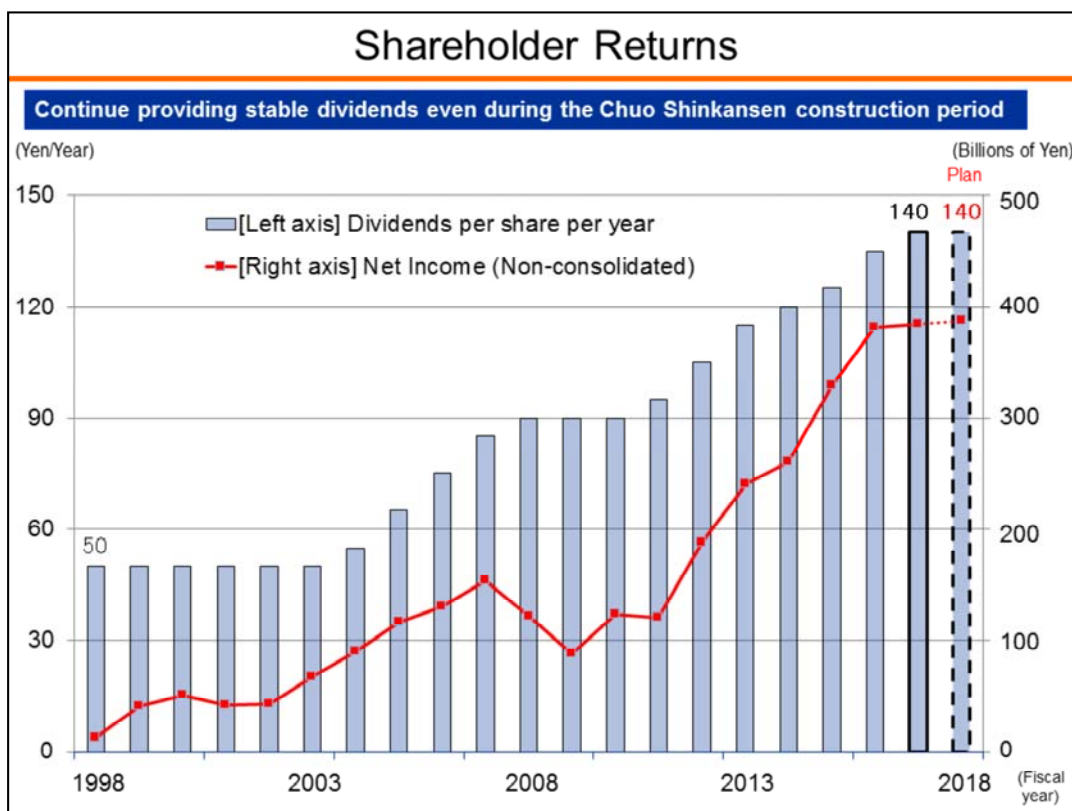
○ If I may confirm the significance and the anticipated effect of the Chuo Shinkansen, the first point is preparing for risks. Over 50 years have passed since the Tokaido Shinkansen, which is the lifeline of the Company's management, was introduced. And in preparation for future aging over time and possible large-scale disasters, including the Tokai earthquake, we are working to launch the Chuo Shinkansen by Superconducting Maglev technology to put in place a dual main-artery structure and manage the Chuo Shinkansen and the Tokaido Shinkansen in a unified manner.

○ Furthermore, according to the "Super Mega Region Scheme Council", which was established within the Ministry of Land, Infrastructure and Transport, the launch of the Superconducting Maglev will result in an epoch-making reduction in travel time, enabling passengers to travel among the three major metropolitan areas in approximately one hour. We will see the birth of the world's largest mega-metropolitan area with a population of 70 million. The change to the country's land structure that will be brought about by such an evolution in the high-speed transportation infrastructure is something that we have previously once experienced when the Tokaido Shinkansen was introduced. Although the economic environment has changed since the time when the Tokaido Shinkansen was introduced, it is anticipated that the launch of the Superconducting Maglev Chuo Shinkansen will generate a significant economic effect once again, comparable to what the Tokaido Shinkansen brought about. By carrying out this project, JR Central hopes to further develop into a company that is indispensable to the Japanese economy and society, and thus securing our foundation as a company into the future, thereby bringing benefits to shareholders.

○ The graph on the lower right signifies the amounts of capital investment for the Chuo Shinkansen Project. We invested 134.2 billion yen in FY2017 and plan on investing 250.0 billion yen in FY2018. We will continue to do our very best in proceeding with the project while ensuring construction safety, environmental preservation and cooperation with local communities.



## Shareholder Returns



- Finally, I will talk about shareholder returns.
- Considering the nature of the railway business, which is managed with a long-term perspective, the Company's basic policy on shareholder returns has always been consistent, i.e. to maintain stable dividends. We will determine the specific amount of dividends in consideration of the management environment and the operating performance of each period.
- Based on this policy, at the general meeting of shareholders we will propose that the year-end dividend for FY2017 be 70 yen per share, as announced in our dividend forecast in January 2018.
- Also based on the basic policy I just described, the dividend forecast for FY2018 is 70 yen per share for both the interim and year-end dividends.
- This basic policy will remain unchanged even during the Chuo Shinkansen construction period going forward, and the Company will strive to continuously maintain stable dividends.

## II. Summary of Financial Results for FY2018.3 (Fiscal Year Ended March 31, 2018)

Corporate Officer and  
General Manager of  
Finance Department  
Tatsuhiko Yamada



Central Japan Railway Company  
April 27, 2018

## Income Statement (Consolidated)

(Billions of Yen)

	FY2017.3 Results A	FY2018.3 Results B	Changes (B-A)
<b>Operating Revenues</b>	1,756.9	1,822.0	+65.0
<b>Operating Expenses</b>	1,137.4	1,160.0	+22.5
<b>Operating Income</b>	619.5	662.0	+42.4
<b>Non-operating Income</b>	-55.5	-78.4	-22.8
<b>Ordinary Income</b>	563.9	583.5	+19.5
<b>Net Income Attributable to Owners of the Parent</b>	392.9	395.5	+2.5

### ■ Actual long-term debt (Billions of Yen)

	Balance as of year-end	Changes	Excluding the "Chuo"	
			Balance as of year-end	Changes
Consolidated	4,856.2	1,460.7	1,856.2	-39.2
Non-consolidated	4,856.2	1,487.1	1,856.2	-12.8

### ■ Actual capital investment (Billions of Yen)

Consolidated	Non-consolidated		
		Safety-related investment	Chuo Shinkansen
379.6	384.5	167.3	134.2

I am Yamada, General Manager of the Finance Department. I will explain the summary of the financial results for the fiscal year ended March 31, 2018.

- First is an overview of consolidated financial results. The JR Central Group on the whole had a favorable year and posted higher revenues and higher income compared to last fiscal year.
- Looking at our operating revenues, JR Central posted a record-high 1,358.3 billion yen in transportation revenues, up 42.4 billion yen from the previous fiscal year, thanks to active use of our services by a large number of customers for both business and tourism. Also given an increase in revenues associated with the opening of JR Gate Tower, consolidated operating revenues came to 1,822.0 billion yen, the highest in history.
- Operating expenses increased by 22.5 billion yen, due primarily to technological development expenses, including the new production of validation test vehicles for the N700S, and expenses associated with the opening of JR Gate Tower.
- Non-operating income (loss) declined by 22.8 billion yen year on year due to an increase in non-operating expenses due mainly to an increase in interest expenses for long-term debt for the Chuo Shinkansen.
- As a result, operating income, ordinary income and net income attributable to owners of the parent all marked record-highs.
- The balance of long-term debt at the end of the fiscal year under review was 4,856.2 billion yen both on consolidated and non-consolidated bases as a result of borrowing under long-term debt for the Chuo Shinkansen and other factors. Of the non-consolidated long-term debt, the balance of other long-term debt excluding the long-term debt for the Chuo Shinkansen was 1,856.2 billion yen, down 12.8 billion yen.
- Capital investment was executed generally as planned, and amounted to 379.6 billion yen on a consolidated basis and 384.5 billion yen on a non-consolidated basis.

## Segment Information (Consolidated)

(Billions of Yen)

	FY2017.3 Results A	FY2018.3 Results B	Changes (B-A)
<b>Operating Revenues</b>	<b>1,756.9</b>	<b>1,822.0</b>	<b>+65.0</b>
<b>Transportation</b>	<b>1,380.4</b>	<b>1,424.0</b>	<b>+43.6</b>
<b>Merchandise and Other</b>	<b>237.0</b>	<b>255.3</b>	<b>+18.3</b>
<b>Real Estate</b>	<b>68.6</b>	<b>78.0</b>	<b>+9.3</b>
<b>Other</b>	<b>253.9</b>	<b>261.6</b>	<b>+7.6</b>
<b>Operating Expenses</b>	<b>1,137.4</b>	<b>1,160.0</b>	<b>+22.5</b>
<b>Operating Income</b>	<b>619.5</b>	<b>662.0</b>	<b>+42.4</b>
<b>Transportation</b>	<b>593.1</b>	<b>623.0</b>	<b>+29.8</b>
<b>Merchandise and Other</b>	<b>7.5</b>	<b>8.2</b>	<b>+0.7</b>
<b>Real Estate</b>	<b>18.1</b>	<b>18.5</b>	<b>+0.3</b>
<b>Other</b>	<b>1.6</b>	<b>13.2</b>	<b>+11.5</b>

\* Breakdown by segment shows figures prior to intersegment offsetting and elimination. The sum of breakdown figures does not agree with operating revenues and operating income.

- Next, I will describe the year-on-year fluctuations in figures for each segment. We posted higher revenues and higher income in all segments.
- The transportation segment posted higher revenues and income mainly due to the increase in JR Central's transportation revenues.
- In the merchandise and other segment, we posted higher revenues and income, mainly due to rent income associated with the opening of the Takashimaya Gate Tower Mall at JR Tokai Takashimaya and higher sales in existing stores.
- The real estate segment posted higher revenues and income primarily due to higher rent income in JR Central Building in connection with the full opening of JR Gate Tower.
- Finally, in the other segment, we posted higher revenues and income thanks to higher sales at Nagoya JR Gate Tower Hotel and entrusted companies, combined with a decrease in expenses at NIPPON SHARYO among other factors.

## Statement of Cash Flows (Consolidated)

(Billions of Yen)

	FY2017.3 Results A	FY2018.3 Results B	Changes (B-A)
<b>Net cash provided by operating activities (A)</b>	580.5	609.5	+29.0
<b>Net cash used in investment activities</b>	-1,909.5	-1,676.4	+233.0
Payments for purchases of property, plants and equipment, and intangible assets (B)	-330.1	-306.9	+23.1
Proceeds/Payments for money held in trust for the Chuo Shinkansen construction	-1,472.7	-1,368.1	+104.5
Proceeds/Payments from funds management	-106.7	-1.3	+105.4
<b>Net cash used in financing activities</b>	1,425.1	1,434.7	+9.5
of which proceeds from long-term debt for the Chuo Shinkansen construction	1,500.0	1,500.0	-
Net increase in cash and cash equivalents	96.2	367.8	+271.6
Cash and cash equivalents, beginning of year	318.3	414.5	+96.2
Cash and cash equivalents, end of year	414.5	782.4	+367.8
<b>Substantial free cash flow ((A) + (B))</b>	250.4	302.5	+52.1

- Next, I will talk about our consolidated statement of cash flows.
- Although net cash used in investing activities resulted in a large negative figure as last year, due to the impact of the entrustment of a long-term debt for the Chuo Shinkansen of 1,500.0 billion yen, when comparing the results with those of the previous fiscal year, the amount of cash used has decreased, due mainly to lower net cash used in funds investment on top of an increase in withdrawing from the money held in trust for the Chuo Shinkansen construction.
- As shown in the table here, we have decided to refer to the sum of two categories highlighted in yellow - (A) net cash provided by operating activities, and (B) payments for purchases of property, plants and equipment and intangible assets under net cash used in investing activities - as substantial free cash flow (the sum of A + B) and present it as such.
- In this fiscal year under review, net cash provided by operating activities (A) increased due to a decrease in the payment of corporation tax, etc. on top of an increase in transportation revenues of JR Central. In addition, cash used in (B) declined due to the timing of payments and other factors, although capital investment increased. As a result, substantial free cash flow increased by 52.1 billion yen.

## Income Statement (Non-consolidated)

(Billions of Yen)

	FY2017.3 Results A	FY2018.3 Results B	Changes (B-A)
<b>Operating Revenues (Transportation Revenues)</b>	<b>1,380.7 (1,315.8)</b>	<b>1,427.4 (1,358.3)</b>	<b>+46.6 (+42.4)</b>
<b>Operating Expenses</b>	<b>784.9</b>	<b>802.1</b>	<b>+17.2</b>
Personnel Expenses	179.2	179.6	+0.3
Non-personnel Expenses	354.9	382.0	+27.0
Energy	35.7	39.1	+3.3
Maintenance	134.6	145.4	+10.8
Others	184.5	197.3	+12.7
Taxes other than Income Taxes	39.6	41.8	+2.1
Depreciation & Amortization	210.9	198.6	-12.3
<b>Operating Income</b>	<b>595.8</b>	<b>625.2</b>	<b>+29.4</b>
<b>Ordinary Income</b>	<b>541.2</b>	<b>547.6</b>	<b>+6.3</b>
<b>Net Income</b>	<b>381.8</b>	<b>384.4</b>	<b>+2.5</b>

- Finally, I would like to explain the Company's non-consolidated results.
- First, transportation revenues increased 42.4 billion yen from the previous fiscal year and operating revenues increased 46.6 billion yen from a year earlier.
- Next, I will talk about the major components of operating expenses.
- As presented in the full-year forecast, non-personnel expenses increased in all major components - energy, maintenance and other. Energy expenses increased 3.3 billion yen year on year due mainly to hikes in fuel prices. Maintenance expenses rose 10.8 billion yen from the previous fiscal year, due to expenses posted for future growth. They included expenses related to technological development, such as the new production of validation test vehicles for the N700S and the brush-up of Superconducting Maglev Technology, in addition to expenses related to active capital investment, including the large-scale renovation. Under the others segment, expenses increased 12.7 billion yen year on year due mainly to higher expenses related to capital investments for software, etc.
- Meanwhile, depreciation and amortization decreased 12.3 billion yen from a year earlier mainly due to a decline in depreciation expenses for the Yamanashi Maglev Line.
- As a result, operating income, ordinary income and net income all increased from the previous fiscal year and marked record-highs also on a non-consolidated basis.
- This concludes my presentation.

### III. Performance Forecast for FY2019.3 (Fiscal Year Ending March 31, 2019); Deployment of Key Measures

Director, Senior Corporate  
Executive Officer and  
Director General of  
Corporate Planning Division  
Yoshiki Suyama



Central Japan Railway Company  
April 27, 2018

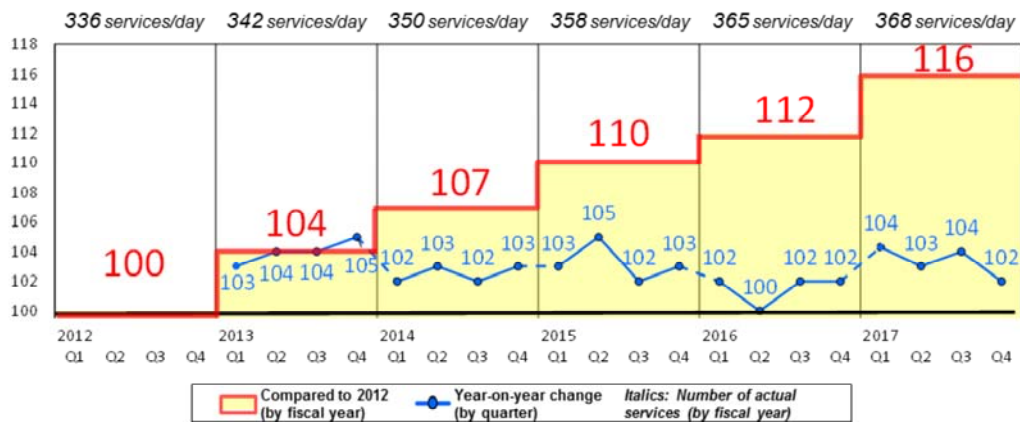
# Transportation Status

## Transportation Status of the Tokaido Shinkansen (passenger volume at Tokyo)

- Steady performance for both business and tourism in Fiscal 2017

FY 2017 results: Up **103%** year on year (Weekdays 103%, Weekends and holidays 104%\*)

\* For weekdays, weekends and holidays, comparison of daily average



## Passenger volume (Shinkansen, Conventional line; passenger-kilos)

- Expecting steady performance for both business and tourism also in Fiscal 2018

FY 2018 (Forecast): **100.8%** year on year (1st half: 101.0%, 2nd half: 100.5%)

○ I am Suyama, Director General of the Corporate Planning Division. I will start by explaining the transportation status of the Tokaido Shinkansen based on passenger volume at Tokyo Area.

○ Passenger volume for FY 2017 was a record high of 103% compared to the year before, thanks to favorable use by customers for both business and tourism. We view that this was attributable to our efforts made to enhance our transportation services, such as scheduling trains flexibly in line with the levels of demand by using the "10 Nozomi Timetable"(operating up to 10 Nozomi services per hour in both directions) and operating a daily average of 368 trains, the highest annual volume ever. Consequently, we were able to provide services for a large number of customers.

○ The step graph in red on this slide illustrates passenger volume by fiscal year by means of an index that sets the result for FY2012, after bottoming out of the downturn triggered by the bankruptcy of Lehman Brothers, as 100. The result for FY2017 was a considerably high level of 116%.

○ In FY2018, the economic condition is expected to remain on an upward trend, and we project that the current steady demand for transportation will continue for both business and tourism. Under this operating environment, JR Central will continue to schedule trains flexibly using the "10 Nozomi Timetable"(operating up to 10 Nozomi services per hour in both directions) and promote expansion of online reservation services, such as "Express Reservation" and "smartEX", for the Shinkansen. In addition, we will actively engage in measures to boost tourism along the lines, including the "Aichi Destination Campaign" scheduled between October and December of this year, and make sure to capture demand by promoting travel to theme parks, etc. along the lines. By so doing, we will aim to achieve passenger volume of 100.8% against the previous year's result.

○ The preliminary figure on passenger volume for this April up to the 26th of the month is 103%, reflecting a continuously favorable use of our service. We will continue to take initiatives to attract more customers to our service.



## Full-Year Performance Forecast (Non-consolidated)

(Billions of Yen)

	FY2018.3 Results A	FY2019.3 Forecast B	Changes (B-A)
<b>Operating Revenues (Transportation Revenues)</b>	<b>1,427.4 (1,358.3)</b>	<b>1,438.0 (1,369.0)</b>	<b>+10.5 (+10.6)</b>
<b>Operating Expenses</b>	<b>802.1</b>	<b>807.0</b>	<b>+4.8</b>
<b>Personnel Expenses</b>	<b>179.6</b>	<b>180.0</b>	<b>+0.3</b>
<b>Non-personnel Expenses</b>	<b>382.0</b>	<b>391.0</b>	<b>+8.9</b>
<b>Energy</b>	<b>39.1</b>	<b>43.0</b>	<b>+3.8</b>
<b>Maintenance</b>	<b>145.4</b>	<b>149.0</b>	<b>+3.5</b>
<b>Others</b>	<b>197.3</b>	<b>199.0</b>	<b>+1.6</b>
<b>Taxes other than Income   Taxes</b>	<b>41.8</b>	<b>42.0</b>	<b>+0.1</b>
<b>Depreciation &amp;   Amortization</b>	<b>198.6</b>	<b>194.0</b>	<b>-4.6</b>
<b>Operating Income</b>	<b>625.2</b>	<b>631.0</b>	<b>+5.7</b>
<b>Ordinary Income</b>	<b>547.6</b>	<b>552.0</b>	<b>+4.3</b>
<b>Net Income</b>	<b>384.4</b>	<b>386.0</b>	<b>+1.5</b>

○ Next, I would like to talk about the non-consolidated full-year performance forecast for the fiscal year ending March 31, 2019.

○ First of all, by continuing to make efforts to enhance our transportation services as I mentioned earlier, we plan on securing higher transportation revenues: 100.8% year-on-year, up 10.6 billion yen.

○ As for operating expenses, we are expecting to post high energy expenses due mainly to hikes in fuel prices and higher maintenance expenses. On the other hand, we project a decline in depreciation and amortization due primarily to a decrease in depreciation expenses for the Yamanashi Maglev Line. As a result, we forecast a year-on-year increase of 4.8 billion yen for total operating expenses.

○ While we are forecasting increases in both revenues and expenses, we expect higher operating income, ordinary income and net income.

## Full-Year Performance Forecast (Consolidated)

(Billions of Yen)

	FY2018.3 Results A	FY2019.3 Forecast B	Changes (B-A)
<b>Operating Revenues</b>	1,822.0	1,844.0	+21.9
Transportation	1,424.0	1,435.0	+10.9
Merchandise and Other	255.3	258.0	+2.6
Real Estate	78.0	81.0	+2.9
Other	261.6	259.0	-2.6
<b>Operating Expenses</b>	1,160.0	1,181.0	+20.9
<b>Operating Income</b>	662.0	663.0	+0.9
Transportation	623.0	629.0	+5.9
Merchandise and Other	8.2	8.0	-0.2
Real Estate	18.5	18.0	-0.5
Other	13.2	8.0	-5.2
<b>Non-operating Income</b>	-78.4	-79.0	-0.5
<b>Ordinary Income</b>	583.5	584.0	+0.4
<b>Net Income Attributable to Owners of the Parent</b>	395.5	404.0	+8.4

\* Breakdown by segment shows figures prior to intersegment offsetting and elimination. The sum of breakdown figures does not agree with operating revenues and operating income.

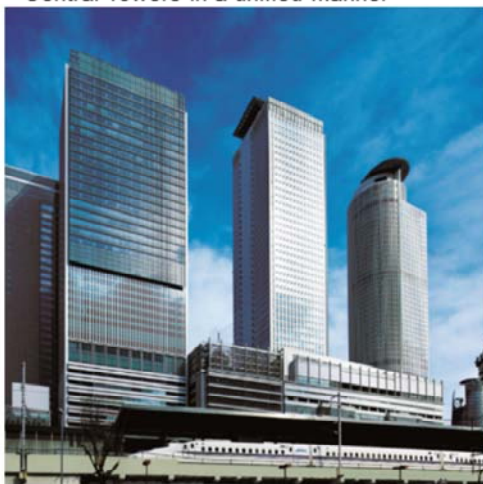
- Continuing on, I will explain our consolidated performance forecast.
- Consolidated operating revenues are projected to be 1,844.0 billion yen, up 21.9 billion yen year-on-year.
- This is based on our estimated increase in JR Central's transportation revenues of 10.6 billion yen and expected sales increases at Group companies, such as higher sales to non-Group parties by NIPPON SHARYO and higher condominium sales by JR Tokai Real Estate.
- As for consolidated operating expenses, we are forecasting an increase of 20.9 billion yen year-on-year due mainly to a rise in operating expenses expected by JR Central and higher expenses associated with higher sales by Group companies.
- Based on the above, we are forecasting that operating income, ordinary income and net income attributable to owners of the parent will all increase.
- The larger magnitude of increase in net income attributable to owners of the parent against ordinary income is due to NIPPON SHARYO's posting of settlement money for a large-scale deal in the U.S. to an extraordinary loss in the previous fiscal year.



## Steadily Promoting Affiliated Businesses

### Gate Tower plan

- Steady performance driven by synergistic effects through operating Gate Tower and Central Towers in a unified manner



Unified management of two complexes (Christmas 2017)

### [Impact of key businesses (\*) on consolidated operating revenues]

\* Department store business, hotel business, building management business

FY2017 Results	FY2018 Plan
Approximately 13.0 billion yen	Approximately 15.0 billion yen

### [Status following the Gate Tower opening] \*April 17 to end of March

[Gate Tower]  
Number of visitors:  
Approximately 28.5 million

[Gate Tower Hotel]  
Occupancy rate:  
Average 90.2%

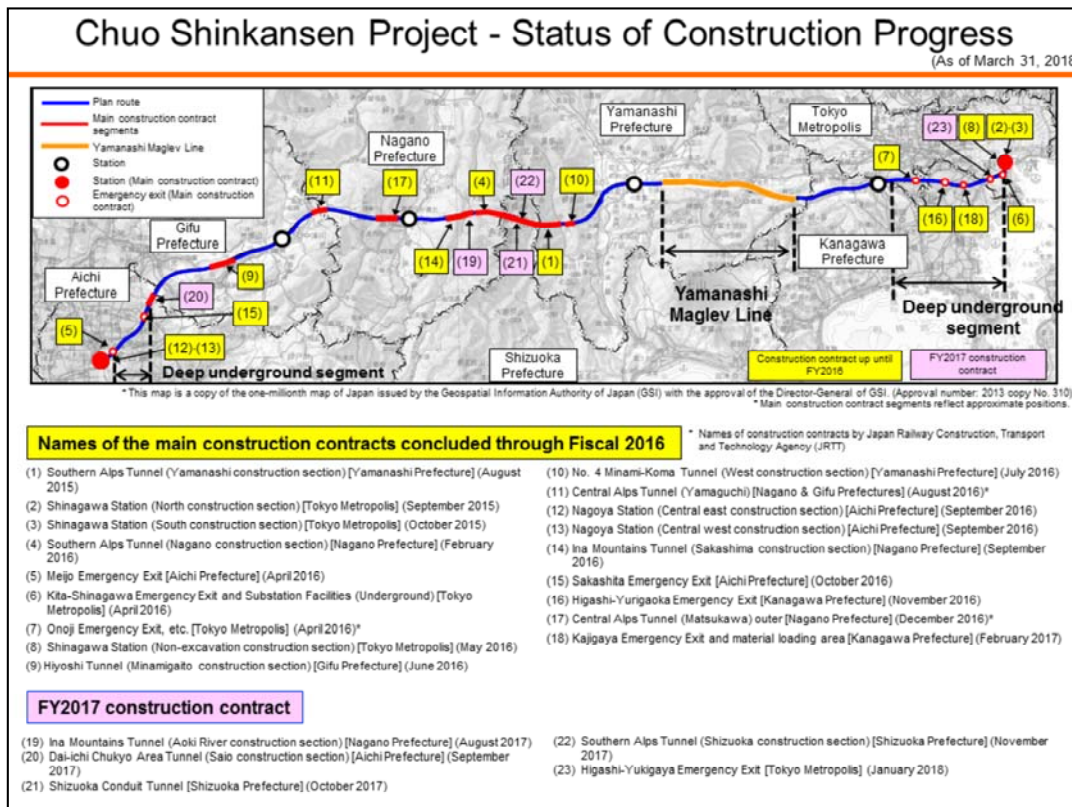
[Building management business]  
Occupancy status: Almost full

○ Next, I would like to talk about our Gate Tower Project, which is a key project in our affiliated business.

○ Our businesses associated with JR Gate Tower, which fully opened in April 2017, have been favorable on the back of synergies generated by our approach of operating two buildings - JR Gate Tower and Towers - in a uniform manner. After the building was opened, Gate Tower received 28.5 million visitors up until March. The operating rate of Gate Tower Hotel is 90.2% on average and the state of occupancy of the office section is almost full. Subsequently, the number of visitors at Gate Tower exceeded 30 million on April 19.

○ The impact of major businesses - department stores, hotels and building management - on consolidated operating revenues amounted to approximately 13.0 billion yen in FY2017. Meanwhile, in terms of expenses, given the temporarily cost incurred in the initial year of the opening among other factors, there was no contribution to profit on a consolidated basis.

○ In FY2018, we plan to see an impact of approximately 15.0 billion yen on consolidated operating revenues. We also estimate that there will be a contribution of approximately 1.0 billion yen to profit although it is difficult to categorize costs since the two buildings - Gate Tower and Towers - are managed in a unified manner.

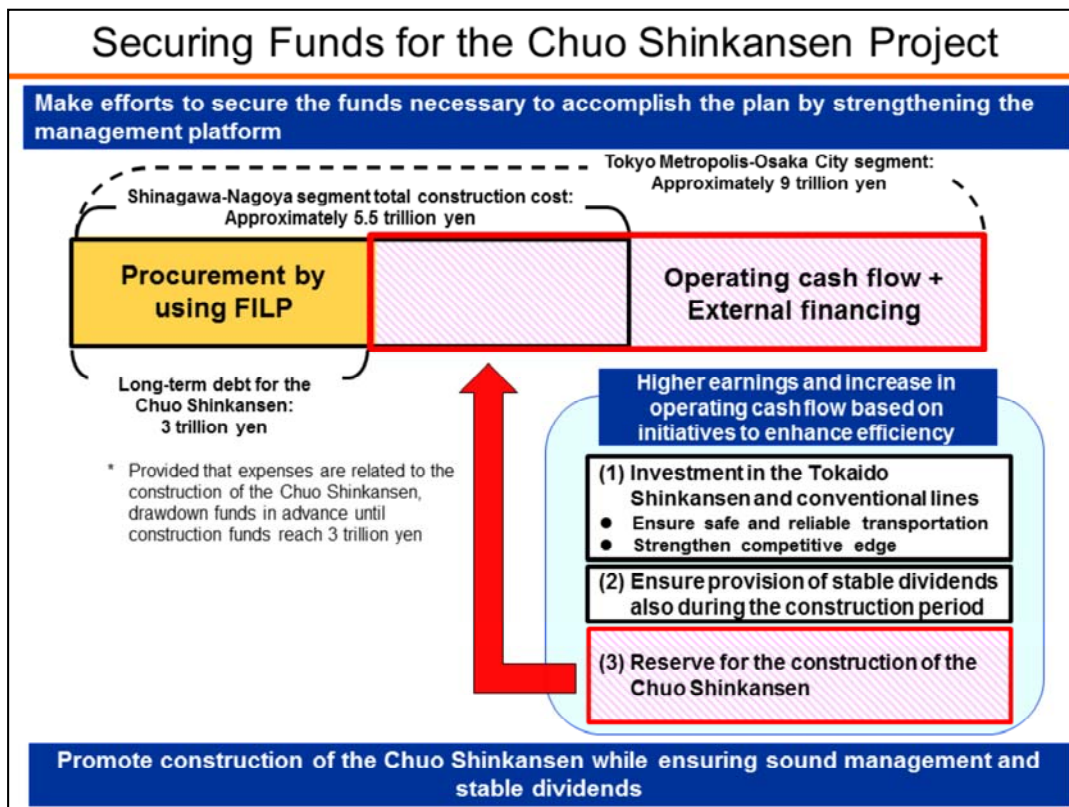


○ Next, I would like to explain the progress of construction for the Chuo Shinkansen. In this slide, parts highlighted in yellow represent the contracts concluded in or before FY2016 and those in pink are contracts made in FY2017.

○ We will continue to carry out measurement, design, land acquisition, etc. while steadily moving forward with the construction work in each of the sites along the line, including the Southern Alps Tunnel, Shinagawa Station and Nagoya Station where construction is difficult and requires a long period of time, tunnels in mountain areas, and emergency exits in urban areas.

○ For example, at the Yamanashi construction section of the Southern Alps Tunnel, we will steadily carry out excavation of the main pit, a process which we began last month, in addition to the excavation of the pilot tunnel. In the Nagano construction section, we plan on initiating excavation of the pilot tunnel following the inclined shaft, provided that the state of geological features and other factors are acceptable. At Shinagawa Station, we will continue to carry on with the construction for the underground diaphragm wall. Meanwhile, at Nagoya Station, we will work on the beams to seat the tracks for conventional lines and install provisional stakes to support viaducts for the Shinkansen. JR Central will steadily move forward with the project with a greater sense of urgency and seriousness and by focusing on construction safety, preservation of the environment and cooperation with local communities, while maintaining sound management and stable dividends.

○ JR Central is greatly disappointed with the fact that construction companies that undertake the construction of the Chuo Shinkansen and their related persons were recently indicted. Ever since the news broke that unfair contracts may have been concluded, JR Central sought advice from legal experts and added measures for enhancement. We now ask for submission of an oath indicating that no unlawful act will be conducted and also incorporated a clause in the contract saying that violation of the aforesaid oath would be subject to payment of a penalty. We also adopted a dual-check process for construction contracts. For the time being, construction contracts will be reviewed by not only the department responsible for contracts but also the Fair Contract Investigation Committee to ensure that contracts are properly concluded in accordance with internal rules, etc. Given the enhancements made, we are determined to more strictly and fairly carry out the contract conclusion process. Going forward, we will seek consultation from legal experts as necessary and take appropriate responses. In regard to construction for which we have already placed an order, we will proceed with the construction as scheduled and steadily move forward with the project so as to avoid any adverse impact on the construction period.



○ Next, I will talk about the securing of funds associated with the Chuo Shinkansen Project.

○ In FY2017, we completed financing of 3 trillion yen as scheduled based on long-term loans using the Fiscal Investment and Loan Program (FILP). Through securing funds from long-term, fixed and low-interest loans, we have been able to mitigate management risks. Yet of the total construction cost for the section between Shinagawa and Nagoya of approximately 5.5 trillion yen, we must secure the remaining 2.5 trillion yen using operating cash flows.

○ Funds procured by using FILP will first be appropriated to expenses associated with the construction of the Chuo Shinkansen, and according to the results of capital investments, we will draw from investments in a sequential manner. During this process, we will maintain a long-term perspective in regard to cash flows from operating activities and make efforts to expand cash flows by expanding revenues, increasing efficiency of business management and promoting cost reduction. Meanwhile, we will pursue investments to ensure safe and reliable transportation of the Tokaido Shinkansen and conventional lines and to increase our competitive edge. And we will continue to maintain our basic policy of ensuring stable dividends also during the construction period and return profits to shareholders who support us while placing residual funds as a reserve for the construction of the Chuo Shinkansen and other projects. Funds will therefore pile up temporarily but will eventually be appropriated to the remaining construction costs.

## Long-term Debt Forecast

**Continue to properly control the total amount of long-term debt**

(Billions of Yen)

	FY 2017		FY 2018	
	Balance as of year-end (Result)	Actual change	Balance as of year-end (Forecast)	Estimated change
<b>Long-term debt balance (Consolidated)</b>	4,856.2	+1,460.7	4,851.2	-5.0
<b>Long-term debt balance (Non-consolidated)</b>	4,856.2	+1,487.1	4,851.2	-5.0
Long-term debt for the Chuo Shinkansen	3,000.0	+1,500.0	3,000.0	-
Other long-term debt	1,856.2	-12.8	1,851.2	-5.0

- Properly control the total amount of long term debt at a level that sound management and stable dividends can be ensured

- Finally, I will explain the long-term debt forecast.
- The long-term debt forecast as of the end of FY2018 is 4,851.2 billion yen both on a consolidated basis and a non-consolidated basis.
- Of the non-consolidated long-term debt, the balance of other long-term debt excluding the long-term debt for the Chuo Shinkansen will be 1,851.2 billion yen, down 5.0 billion yen.
- We plan on properly controlling the total amount of long-term debt to be within 5 trillion yen, which is within the acceptable range based on our past experience.
- This concludes my presentation.

Forward-looking statements and forecasts, etc. contained in this document are future prospects based on information available at the time of preparation of this document and include risks and uncertainties. Examples of latent risks and uncertainties include; economic conditions, business environment, consumer trends, status of competition between the Company and its subsidiaries and other firms. Changes, etc. to laws and regulations, etc. may also be cited.