

Main Q&A of the Year-End Investor Meeting for FY2018.3

(Aspirations of the President)

- Q. Now that you have assumed the position of president, are there areas that you would particularly like to focus on?
- A. Safety is at the base of the railway business we engage in. Safety serves as the major premise for all activities of JR Central as it operates each of its core businesses - the Tokaido Shinkansen, conventional lines and affiliated businesses - and moves forward with the Chuo Shinkansen Project. Therefore, I will focus on proactively gaining the competence to safely move forward with our work.

(Performance Forecast for FY2019.3)

- Q. In the performance forecast for the fiscal year ending March 31, 2019, what is the reason for projecting an increase in transportation revenues of 100.8% from the previous year? The forecast for transportation revenues over recent years has been flat. Do you have a bullish outlook on economic trends for this fiscal year? Or, have you changed the basic approach on performance forecast from the conventional approach?
- A. Projections indicate that economic conditions will continue toward moderate expansion. Considering the latest transportation trends, we expect that the current trend will continue. Under such circumstances, we will make use of the "10 Nozomi Timetable"(operating up to 10 Nozomi services per hour in both directions) to schedule trains more flexibly in line with demand. We will also take proactive steps to implement measures to boost tourism along our lines, such as making sure to capture demand from customers traveling to theme parks or taking other trips. By so doing, we expect to achieve an increase of 1% in the first half of the year, an increase of 0.5% in the second half of the year considering the possibility of more uncertainties, and an increase of 0.8% on a full-year basis. Since revenues are impacted by economic trends and other factors, we have conventionally been adopting the approach of being conservative but confident in making projections. The same approach was taken to come up with this performance forecast.

(Chuo Shinkansen Project)

Q. The pace of capital investment for the Chuo Shinkansen appears to be slightly slow. Is there any delay in construction progress? In addition, the actual capital investment for the previous fiscal year was below plan. What do you think about this?

A. To start with, the timeline toward the launch in 2027 is tight. We have been moving forward with the construction work by concluding construction contracts first for the sections where construction work is difficult and requires a long time, e.g. the Southern Alps Tunnel and terminal stations such as Shinagawa Station and Nagoya Station. The amount of capital investment has been steadily increasing and we will continue to do our very best in proceeding with the project while ensuring safety, environmental preservation and cooperation with local communities.

Capital investment associated with the Chuo Shinkansen for Fiscal 2017 included acquisition of land from other parties and the actual investment amounted to 134.2 billion yen against the plan of 159.0 billion yen. Our recognition is that capital investment is proceeding as planned in general.

(Chuo Shinkansen Project)

Q. What is the progress on the Chuo Shinkansen between Nagoya and Osaka?

A. We are currently making full efforts toward the launch of the route to Nagoya. In proceeding with the project tasks for the section between Nagoya and Osaka, we must first conduct an environmental assessment. We have yet to reach that phase. We are currently in the preparatory phase prior to conducting the environmental assessment and are in the process of interviewing the prefectural governments, etc. and gathering information. As for the long-term loan using the Fiscal Investment and Loan Program (FILP), we recognize that the state government has extended support so that we can open the line to Osaka early. We will see that once we launch the service to Nagoya, we can promptly initiate the construction work for the section to Osaka.

(Chuo Shinkansen Project)

Q. In your explanation regarding the Chuo Shinkansen Project, you mentioned that invigorating the Japanese economy and establishing a platform to heighten the presence of your Company contribute to shareholder interest. I would like to understand once again the value of the Chuo Shinkansen Project for shareholders.

A. The mission of JR Central is to contribute to the development of Japan's main transportation artery and social infrastructure. I believe that realizing this mission signifies carrying out our responsibility to our shareholders. Therefore, by making sure

to invest in purposes for ensuring safety and working to enhance our services with the Shinkansen and conventional lines, we will generate profits while steadily moving forward with the Chuo Shinkansen Project, which requires a huge amount of investment. These activities are all part of executing our mission into the future and I believe that realizing this mission leads to securing value for shareholders.

(View underlying Shareholder Returns)

- Q. Given that loans amounting to 3 trillion yen were made using the Fiscal Investment and Loan Program (FILP) and taking into account the latest level of free cash flow, isn't it possible to increase shareholder returns a little more, even considering the circumstances to provide for the construction of the Chuo Shinkansen? Could you once again describe the Company's view underlying shareholder returns?
- A. Of the approximately 5.5 trillion yen in construction costs for the section between Shinagawa and Nagoya, there was a need to newly borrow approximately 3 trillion yen and we managed to take advantage of the low-interest rate conditions and set out a long-term loan with fixed, low interest rate using the Fiscal Investment and Loan Program (FILP) for the 3 trillion yen. By so doing, we were able to mitigate management risks. However, we are still in the first half of the construction of the Chuo Shinkansen and I feel that we will be facing various risks that can emerge going forward. For example, economic conditions, though currently strong, might slow down in the future. Construction costs might rise beyond our current projections. In order to steadily move ahead with the project while responding to these types of risks, I feel we need to secure funds and further solidify our management platform. Based on this view, we are determined to steadily carry out the Chuo Shinkansen Project while making sure to maintain sound management and stable dividends.

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