

Main Q&A of the Semi-Annual Investor Meeting for FY2019.3

(Impact of Natural Disasters)

Q. What impact did natural disasters have on the Shinkansen and conventional lines in terms of earnings and expenses?

A. Fortunately, there was no major impact on the Tokaido Shinkansen. Looking at conventional lines, however, the Takayama Line was affected by the heavy rain in July of this year. A part of the section north of Takayama Station remains out of service. Given the major impact of the limited express “Hida” on the Takayama Line being completely suspended from July 8 to August 10, the results for limited express trains on conventional lines in the first half of the fiscal year declined from a year earlier. We estimate that the suspension of the limited express “Hida” will have a negative impact of 0.5 billion yen on earnings. As for recovery costs, while the amount posted in the second quarter is limited because recovery efforts are still ongoing, we expect to incur approximately 1.0 billion yen in recovery costs for the full year. However, we did not revise our expense forecast because we forecast being able to keep expenditures within the initial plan.

(Progress of Large-Scale Renovation)

Q. What is the progress of the large-scale renovation work for the Shinkansen?

A. Looking at the expenses associated with the large-scale renovation incurred in the first half of the fiscal year, we find that our spending has generally been as planned. While the pace of maintenance costs is slightly slow, this is because of the gap between the recording of planned figures for the first and second halves of the year and the actual timing of construction completion. On a full-year basis, we expect our spending to be as planned.

(Chuo Shinkansen Project - Status of Shizuoka Construction Section of the Southern Alps Tunnel)

Q. What is your view toward initiating construction for the Shizuoka construction section of the Southern Alps Tunnel in the Chuo Shinkansen Project?

A. The construction work for the Southern Alps Tunnel, including the Shizuoka construction section, is one of the most difficult processes along with the work for the Shinagawa and Nagoya terminal stations. To start with, the timeline toward the launch in 2027 is quite tight, as we have previously announced. We began the construction work in Yamanashi and Nagano construction

sections and are making progress. We hope to get started also in the Shizuoka construction section as soon as possible. This year, JR Central entered into the basic agreement on the construction of the Chuo Shinkansen and regional invigoration with the city of Shizuoka. We also began constructing lodging facilities for construction workers and are proceeding with other preparations toward initiating construction. Meanwhile, we have been holding discussions with the government of Shizuoka Prefecture about seeping water. We have responded that water seeping in the tunnel within Shizuoka Prefecture will all be drained into the Oi River.