

May 8, 2019

Central Japan Railway Company

Main Q&A of the Year-End Investor Meeting for FY2019.3

(Shizuoka construction area of the Southern Alps tunnel in Chuo Shinkansen Project)

Q. What is the situation like with regard to construction in the Shizuoka area for the Southern Alps tunnel in the Chuo Shinkansen Project?

A. Drilling work at the Shizuoka construction area for the Southern Alps tunnel has not started yet, but preparatory works commenced last autumn, such as maintenance of roads used for construction and building of lodgings for construction workers and other members. As the Southern Alps tunnel construction is highly complex, we were hoping to start with ample time, but now that time is pressing, we will need to recover at a later stage of construction. We are currently explaining matters to the Liaison Conference for Conservation of Environment organized by Shizuoka Prefecture, addressing environmental issues that the local communities are highly interested in. The Company intends to proceed with construction safely and pro-environmentally while strictly controlling risks. The budget has been posted on the premise that the drilling of a tunnel will start in FY2019.

(Reinforcement of supply with “12 Nozomi Timetable”)

Q. Details of "12 Nozomi Timetable" will become clear in the revision scheduled for next year. What are your expectations for an increase in supply capacity and how much demand do you expect the increase in supply to create?

A. We also hope to provide services to more customers by improving services and frequency centering on the “12 Nozomi Timetable.” For example, in departures from Tokyo Station on Friday evening, a time zone when customer use is heavy, it is currently still crowded even with up to 10 services of Nozomi. Focusing on such busy hours, we plan to add an 11th and 12th Nozomi so that customers are able to make reservations at their convenience. The number of services on the Tokaido Shinkansen was 373 per day in the last fiscal year. This “12 Nozomi Timetable” will increase the potential for further expansion. The actual number of train services will be determined considering constraints such as the number of crew members and vehicles while observing the trends in customer demand.

(Construction progress of Chuo Shinkansen Project)

Q. Please tell us if there are any positive and negative aspects concerning the progress of the Chuo Shinkansen Project.

A. The processes of the Chuo Shinkansen Project were challenging from the beginning; however, we made every effort in concluding construction contracts starting with those that are long-term and complex, and have started construction. We are most concerned about the aforementioned Shizuoka construction area of the Southern Alps tunnel, and hope to start drilling a tunnel as soon as possible. Regarding the amount of capital investment, 310.0 billion yen is planned for this fiscal year. The capital investment amount of the Chuo Shinkansen Project is the amount to be paid according to the progress of construction. With accumulated results of 502.6 billion yen up to the previous fiscal year, approximately 800.0 billion yen worth of construction, including this fiscal year's plan, indicates that they are making steady progress.

(Acquisition of land around Nagoya Station in the Chuo Shinkansen Project)

Q. Please tell us the situation quantitatively regarding the acquisition of land around Nagoya Station.

A. Construction work has already commenced as the conventional line and Shinkansen areas of Nagoya Station do not require land to be acquired. Regarding the progress in land acquisition, approximately 70% of the properties at the west side of Nagoya Station have already been acquired, and we hope to carry on as we are. On the east side of the station, there are large-scale buildings with many tenants, but discussions are in progress for land acquisition. In addition, a construction contract has been concluded on works under the subway Higashiyama Line below the road on the east side of Nagoya Station. In this way, we are proceeding with construction where feasible.

(Demand analysis on Tokaido Shinkansen passengers)

Q. Passenger demand for the Tokaido Shinkansen continues to be strong in the current fiscal year. You have explained that "our transportation service has been used by many customers in both business and tourism" for this reason, too. Could you explain more specifically about the factors behind the revenue increase in FY2018. In addition, amid increased use of online reservation, please tell us if collected data are used to analyze the trends in demand.

A. Although an accurate analysis of passenger demand is difficult, the passenger volume counted at a certain point between Odawara and Shizuoka in FY2018 was 102% year-on-year on weekdays with many instances of business use and 104% on Saturdays and holidays with many cases of leisure use. It could be said that the strong passenger volume is partly supported by the economic climate. However, we believe that various efforts to improve our transportation services, especially the increased frequency, are the major contributing factors. The number of services on Tokaido Shinkansen was 373 per day in the last fiscal year. Realizing the “12 Nozomi Timetable” will increase the potential for further expansion in FY2020. Regarding online reservation, many customers have appreciated the convenience of the smartEX service. As of the April 23rd, reservations during the Golden Week Holidays were 146% year-on-year, indicating that many customers reserved their seats in advance. In the background to this lies the fact that more customers prefer to reserve online in advance where available, instead of going to the station. New registrants to smartEX reached 180,000 over the past month, which is almost twice the speed of other months. We hope to create a virtuous cycle by sufficiently providing Nozomi services in busy hours so that customers can easily and conveniently make reservation of trains convenient for them whenever they want. At the same time, we intend to expand our businesses by actively carrying out various tourism campaigns as well as capturing demand boosted by events such as the Rugby World Cup 2019 to be held in Japan.

(Reasons for the increase in FY2019 Operating Expenses)

Q. Please tell us why operating expenses in the 2019 business forecast have significantly increased from the previous year. The increase appears to be significant even after excluding the aforementioned special factors for this fiscal year, such as expenses for the removal works related to the construction work of the Chuo Shinkansen Project, technology development, and other capital expenditures. Compared with the state where operating expenses have been curbed so far, has the situation changed?

A. Factors other than those aforementioned may include increases in expenses for the expansion of systems and other facilities, depreciation & amortization accompanying the update of the Express Reservation system, or electricity charges due to an increase in fuel unit prices. However, these are not the main causes of the increase in operating expenses this year. By continuing to work on low-cost and efficient business operations, we hope to appropriately control the overall increase in

operating expenses.

(Policy on Shareholder Returns)

Q. Please tell us the company's dividend policy. Please share with us any standards on the dividend payout ratio.

A. The Company's dividend policy is based on maintaining stable dividends from a long-term perspective. A “long-term perspective” reflects our management policy to firmly execute business without cutting corners when engaged in a large-scale and long-term project such as the Chuo Shinkansen Project, large-scale renovation of the Shinkansen, and derailment and deviation countermeasures, which are necessary initiatives to ensure long-term, reliable railway services. In order to gain the understanding of our shareholders, we believe that the basic policy of continuing stable dividends is necessary. Under these circumstances, the specific dividend amount is determined considering the business environment and results of each fiscal year. In order to proceed with the future construction of the Chuo Shinkansen with the understanding of our shareholders, we shall not change the basic policy and intend to maintain stable dividends.