

Main Q&A of the Semi-Annual Investor Meeting for FY2020.3

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

- Q. Please tell us the timeline of how long it will take to start construction for the Shizuoka construction area of the Southern Alps tunnel in the Chuo Shinkansen Project.
- A. We are repeatedly and carefully explaining the Shizuoka construction area of the Southern Alps tunnel. We would like to start drilling a tunnel as soon as possible, but we cannot clearly state the timing. On August 9 of this year, three parties of the national government, Shizuoka Prefecture, and the Company agreed on how to proceed for the time being. After that, discussions have taken place at the expert meeting on September 12 and 13, and further meeting were held with tunnel experts on October 4. Through this process, discussions on a number of issues have deepened, but the path toward resolution had not yet become clear. For this reason, seeing that discussions on the interim report submitted by Shizuoka Prefecture has concluded, The Ministry of Land, Infrastructure, Transport and Tourism is taking a step forward from its previous position of "monitoring" and is now coordinating to create a new framework in order to facilitate future discussions. The Company expects that discussions will progress and settle under this new framework.

(Trends in demand for Tokaido Shinkansen)

- Q. Concerning trends in demand for the Tokaido Shinkansen, how do you view basic trends excluding the effects of special factors such as natural disasters? In addition, although the plan for transportation revenues in the second half is unchanged from the previous fiscal year, is there any sign of a decline in business travel demand for the Shinkansen and other demand due to the worsening economic environment?
- A. Every year, September and October are months when we experience many disasters, and the current and previous fiscal years have been to exception as we have been

affected by major typhoons in both years. Although it is difficult to accurately forecast trends in demand, we recognize that the current usage is steadily growing. Regarding the forecast of transportation revenues in the second half, we factored in the impact of Typhoon No. 19, which was especially large-scaled and accompanied by heavy rain, and also hit directly on the three consecutive holidays in the tourist high season, into our performance forecast. The amount was estimated approximately 3.0 billion yen. Excluding the impact of Typhoon No. 19, the forecast remains at the same level as in the previous year, and this view is basically unchanged from the previous forecast made at the beginning of the fiscal year.

(Future plans for large-scale renovation)

- Q. As the Phase III plan for the large-scale renovation of Shinkansen, the company announced a plan with a total of 136.0 billion yen for the period from FY2019 to FY2022. Compared with the previous Phase II plan, however, the amount of investment each year seems to have increased slightly. Is this a result of conservative planning or is there a change in the construction process?
- A. This is not a conservatively estimated plan, but has been formulated in consideration of the content of planned constructions from now on.