

[TRANSLATION]

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To Whom It May Concern:

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Regarding Estimated Results to be Presented to Council for Transport Policy

Currently under discussion in the Council for Transport Policy pursuant to Article 14-2 of the Nationwide Shinkansen Railway Development Law (the "Law") are the matters regarding the designation of an operation entity & construction entity, and matters regarding the decision of a development program in respect of the Tokaido Shinkansen Bypass (the "Bypass"), which is also known as the Chuo Shinkansen, that will utilize the Superconducting Maglev system. At the meeting of the Board of Directors of the Central Japan Railway Company (the "Company") held today, the Company resolved the following matters to handle the expected situation in which the area for which the above entity is to be designated and the plan decided is anticipated to be the section stated in the submitted report; namely, the area between the Tokyo Metropolitan and Osaka City.

1. Resolved Matters

Pursuant to Article 6 of the Law, the Company will proceed with necessary steps in preparation for the case in which the Minister of Land, Infrastructure, Transport and Tourism requests the Company's consent to the designation of an operating entity & construction entity with respect to the section of the Chuo Shinkansen between the Tokyo Metropolitan and Osaka City. Such preparation will be made on the premise that the Company intends to consent on such request.

2. Long-Term Estimated Forecast

In adopting the above resolutions, based on the principle that discretion of management and autonomy of capital expenditures are to be retained, the Company reviewed the long-term estimated forecast by placing assumptions that are considered to be reasonable as of today, and subject to conditions that: (i) the Company will bear the cost of the project, (ii) the Company will maintain sound operation and stable dividends during construction and also after inauguration of the Bypass, and (iii) it is forecasted that the balance of long-term debt and payables does not exceed the historical record (JPY 5 trillion or less) even at its peak and that such balance can be swiftly reduced to the current level. The estimated results of such review are as follows.

- * The construction of the Bypass would be able to be completed to Osaka City on the above assumptions, in the same way as to the Nagoya City regions.
- * The timing of the inauguration of the Bypass between the Tokyo Metropolitan and the Nagoya City regions will be in 2027, and the inauguration to Osaka City will be in 2045.

Note 1. Major Business Factors and Assumptions

(1) Revenues Assumptions

- The Company is assumed to earn constant revenues at the level of the 5-year average for the period between FY 2006 (actual performance) and FY 2010 (forecast) before the inauguration of the Bypass between the Tokyo Metropolitan and the Nagoya City regions; and after the inauguration, the Company's revenues are assumed to increase by 5% in the first year as compared to the pre-inauguration levels, while, by the tenth year after the inauguration, revenues are assumed to increase gradually to a level that is 10% higher than pre-inauguration levels. This is due to the reduction of the transportation time between the Tokyo Metropolitan and the Nagoya City regions that would result in a revision of fares and surcharges, which would in turn cause current air passengers who travel between the Kanto region and the Kansai/Sanyo regions to switch to the Bypass. It is assumed that revenues will remain flat thereafter.
- After the inauguration of the Bypass all the way to Osaka City, revenues are assumed to increase to a level that is 15% higher compared to the revenues immediately before the inauguration of the entire Bypass section, on the assumption that more passengers will switch to the Chuo Shinkansen.

(2) Costs and Expenses Assumptions

- With respect to the Chuo Shinkansen, the Company will gradually employ personnel for construction work and education/training. The Company will recognize training and test operation costs for two years prior to the inauguration of the Bypass to the Nagoya City regions. After the inauguration of the Bypass, the Company will recognize necessary costs for maintenance and operation (*) and for depreciation and amortization (approximately JPY 330 billion at the time immediately after the inauguration of the Chuo Shinkansen to the Nagoya City regions, and approximately JPY 610 billion at the time immediately after the inauguration of the entire Bypass section).

(*) Maintenance and operating costs include property tax, and the Company expects to be allowed for special exemptions in relation to property tax as in the case of new Shinkansen lines (so-called *Seibi Shinkansen* project)

- For the Tokaido Shinkansen and conventional lines, etc., before the inauguration of the entire Chuo Shinkansen section, the Company will recognize the same level of personnel expenses as those required for the workforce of the current level, and the Company will also recognize non-personnel expenses, considering ongoing cost reductions and based on a 5-year average of business results through the forecast of FY 2010. Such necessary expenses are expected to decline by approximately 10% after the inauguration of the entire Bypass section, on the assumption that more passengers will switch to the Chuo Shinkansen.

(3) Capital Expenditures

- With respect to the Tokaido Shinkansen and conventional lines, etc., (1) during the period in which the Bypass has not yet been commenced its operation between the Tokyo Metropolitan and the Nagoya City regions, the Company will recognize, on average, approximately JPY 190 billion a year, taking into account (i) investment in maintenance and renovation work necessary for ensuring safe and reliable transportation, (ii) investment necessary for the enhancement of competitiveness, such as replacement of all regular “Nozomi” services with the Series N700, and (iii) investment in the Yamanashi Maglev Test Line, and (2) after the inauguration of the Bypass between the Tokyo Metropolitan and the Nagoya City regions, the Company will recognize approximately JPY 150 billion necessary for maintenance and renovation work.
- With respect to the Chuo Shinkansen, the Company will recognize JPY 5.10 trillion as necessary investment in construction of the Southern Japanese Alps route to the Nagoya City regions utilizing the Superconducting Maglev system. The Company expects to invest JPY 3.34 trillion in the construction of this route to Osaka City, and such construction is expected to start after the inauguration of the first phase, when the Company regains business strength. Moreover, the Company also expects necessary investment in facility renovation. With respect to stations, there will be one station per prefecture (*) and it is assumed that the construction cost will be borne by local municipalities that will receive the most benefit, excluding stations in the Tokyo Metropolitan region, Aichi Prefecture and Osaka City that will be connected to the Tokaido Shinkansen.

(*) With respect to stations, the Company will further discuss relevant matters with the local municipalities involved in the first phase when appropriate.

(4) Ordinary Income

- Regarding ordinary income, the Company will be able to sustain a level of earnings that will enable it to maintain sound management and pay stable dividends (1) when the construction is under way and (2) immediately after the inauguration of the Bypass to the Nagoya City regions, and immediately after the inauguration of the entire Bypass section when the burden of depreciation and interest payments is heavy (ordinary income level immediately after the inauguration of the Bypass, when the burden of payments is heavy: approximately JPY 63 billion immediately after the inauguration of the Bypass to the Nagoya City regions, and JPY 50 billion immediately after the inauguration of the entire Bypass section).

(5) Balance of Long-Term Debt and Payables

- Although the balance of long-term debt and payables will increase as the construction proceeds, and although such balance will increase to approximately the JPY 5 trillion level by the time of the inauguration of the Bypass to the Nagoya City regions and by the end of the fiscal year of the inauguration of the entire Bypass section, it will be possible to reduce such balance steadily thereafter by means of cash flow earned from depreciation and amortization etc, down to approximately the same level as the current level.

Note 2 The inauguration timing is, in its nature, subject to acceleration and delay, because the progress of construction will be flexibly controlled in accordance

with changes in the business environment, such as revenue trends, in order to maintain sound management.