



CENTRAL JAPAN RAILWAY COMPANY
Annual Report 2010

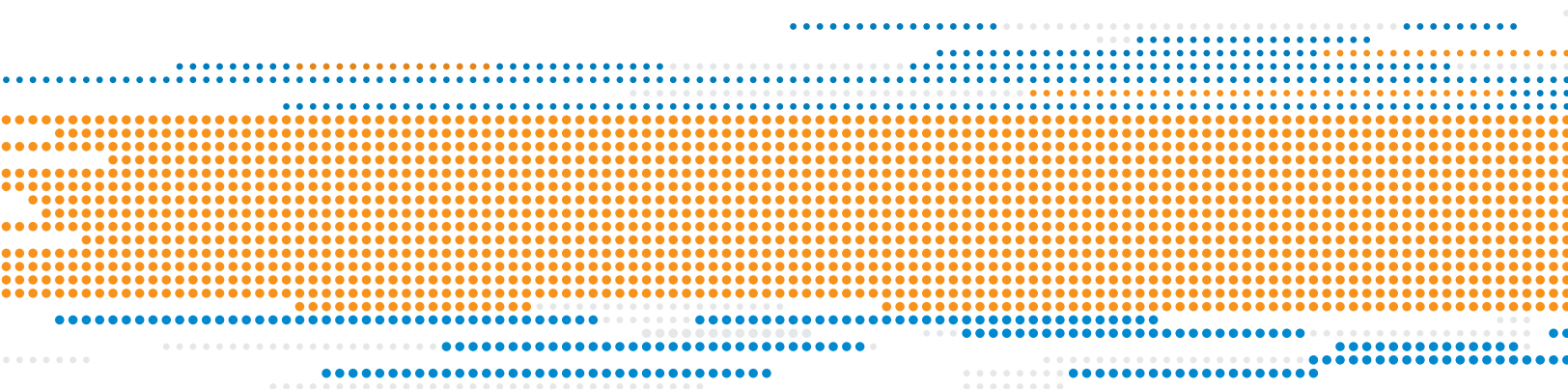
For the Year Ended March 31, 2010



Profile

Central Japan Railway Company (JR Central, also known as JR Tokai) commenced operations in April 1987 upon the privatization and breakup of the Japanese National Railways (JNR). The core of JR Central's operations is the Tokaido Shinkansen, the main transportation artery linking Japan's principal metropolitan areas of Tokyo, Nagoya, and Osaka. The Company also operates a network of conventional lines centered on the Nagoya and Shizuoka areas.

JR Central and its consolidated subsidiaries are strengthening affiliated businesses by making full use of the Company's stations and trains.



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Forward-Looking Statements

In this annual report, forward-looking statements, such as those regarding business plans, strategies, and financial forecasts, are based on assumptions that reflect information available at the time of writing. The accuracy of such statements, therefore, is inherently uncertain because it is affected by future macroeconomic trends and business environment developments, notably, consumption trends, competitive challenges, and changes in relevant laws and legal provisions. This report is compiled based on information available as of the end of May 2010.

Notes:

1. Fiscal 2009, the year under review, refers to the one-year period ended March 31, 2010 (FY2010.3 / FY2009).
2. In this report, figures of financial information are truncated, while statistical data and all percentages are rounded.

A Message from the Management

In regard to the railway business, JR Central prioritizes maintaining safe and reliable transportation in its fundamental policy. Based on this primary principle, we also continue its fundamental policy of stably and sufficiently fulfilling its long-term mission to maintain and develop, in an integrated fashion, both the Tokaido Shinkansen which serves as Japan's main transportation artery and the conventional line network in the Tokai (such as Nagoya or Shizuoka) region, and we constantly strive to provide services that are chosen by the customers and improve the efficiency of its business operation.

Since railway business, which is the core business of the JR Central Group, requires massive capital investments and long-term technological development with considerable lead times, the time frame for recovering investments is extremely long. Due to such business structure, it is vital that we manage our railway business strategically based on a long-term perspective, rather than overemphasize short-term profitability. Therefore, we are further improving the quality of our regular railway services and promoting medium / long-term projects in a systematic manner while enhancing our financial strength.



Yoshiyuki Kasai
Chairman

Y. Kasai

■ Railway Businesses

① Safety Measures

In order to further improve the safety of our railway business, we shall continue to steadily engage in earthquake countermeasures such as reinforcement of embankments and bridge columns of the Tokaido Shinkansen and derailment / deviation prevention. We are also steadily engaging in installation aimed at the conclusion of the introduction of ATS-PT (Pattern checking type-Automatic Train Stop) during FY2011 on the conventional lines.

② Strengthening Transportation Service

In regard to the Tokaido Shinkansen, while continuously striving to improve transportation services, we provide safe and punctual transportation unparalleled anywhere in the world. Along with continuing to introduce Series N700 trainsets in a concentrated manner, we shall also increase the number of regular "Nozomi" services operated with the Series N700. Furthermore, we shall flexibly adjust train services during peak times by leveraging our timetable of possible nine "Nozomi" services per hour. In addition, we will continue to steadily engage in major renovations underway at Shin-Osaka Station and prepare to accommodate the direct service of Kyushu Shinkansen to Shin-Osaka Station.

We are making efforts to further improve the transportation service of conventional lines by promoting the strengthening of transportation infrastructure in the Nagoya metropolitan region through plans to introduce new rolling stock which will begin in 2010 and to electrify the Taketoyo Line, as well as constructing a new station between Koda Station and Okazaki Station on the Tokaido Line.

As far as sales are concerned, we are promoting efforts to increase membership in "Express Reservations". In addition to striving to expand the use of service in which a passenger can get on board the Shinkansen with TOICA commuter pass and electronic money functions which were launched in March 2010, we will also strive to deliberate on the mutual use of IC cards, which are to be introduced by transportation operators in the Nagoya region. Furthermore, we will continue to actively develop "Sawayaka Walking" and tourist promotion campaigns, such as those for Kyoto and Nara, leverage online sales, and offer attractive products.

In regard to passenger-related facilities, we will continue to renovate Tokyo Station in order to offer further convenience and comfort at stations, and steadily move forward with local governments to provide barrier-free facilities.

③ Promoting the Tokaido Shinkansen Bypass by the Superconducting Maglev system

Currently, the Tokaido Shinkansen, which is vital to our business, is in its best state ever in terms of equipment and service. We aim to continue their further improvement through the efforts mentioned above.

The Tokaido Shinkansen Bypass (the "Bypass") that utilizes the Superconducting Maglev system will enable us to continually carry out our mission of operating high-speed railway linking the Tokyo Metropolitan, Chukyo regions and Kinki regions, which is

vital to our business, and will provide the future foundation for existence of our company. It will soon be 46 years since the inauguration of the Tokaido Shinkansen which presently fulfills the mission, and we have entered a time when we must think of drastic ways to deal with feared future aging and large-scale disasters based on the fact that it takes a very long time to construct and realize a railway. It is for this reason that we must realize as quickly as possible the Bypass that can substitute the role of the Tokaido Shinkansen and that utilizes the Superconducting Maglev system, which we have developed, under the condition that we bear the cost of rail construction and operate it in an integrated manner along with the Tokaido Shinkansen. To promote this project we shall invest as necessary to enhance competitiveness and ensure safe and reliable transportation as well as ensure sound management that will continue to provide stable dividends. We will also surely and steadily engage in various efforts aimed at the realization of the Bypass first to Chukyo regions and thereafter to Kinki regions.

④ Technological Development and Enhancement of Technical Capability

We promote research and development activities focusing on “Improving railway technology” and “Challenging in new fields” at the Komaki Research Center as we enhance technological development and technical capability. Furthermore, we promote the deployment of high-speed railway in overseas projects by leveraging the comprehensive high-speed railway technology. We continue to engage in marketing activities to corridors that have been selected as viable targets.

■ Affiliated Business

In regard to non-railway businesses, we are actively promoting businesses that can sufficiently take advantage of station location through steadily going forward with plans such as Nagoya Station New Building Project in cooperation with related institutions. In addition, we will continue to develop former company housing sites through such projects as the construction of “Central Garden Residence Shizuoka” and commercial facilities in order to effectively leverage our assets. Also we will engage in efforts to further enhance the total strength of JR Central Group companies in the agricultural business through efforts aimed at the stable provision to group companies and the deliberation of new efforts aimed at the future.

■ Environmental Conservation Activities

In regard to global environmental issues, we are continuing with efforts that contribute to conservation of the global environment such as the introduction of the Series N700, which enables large reductions in energy consumption, and the replacement with energy-efficient rolling stock for conventional line. Furthermore, along with aiming for the permeation of “Eco Business Trips”, we are actively seizing every opportunity to disseminate information in order to gain widespread understanding that the very nature of the railway puts little burden on the global environment.

■ Reduction of Long-term debt and payables

We have reduced our long-term debt and payables, which had once totaled 5.5 trillion yen at its highest, by approximately 2.3 trillion yen, and we have steadily continued with efforts to strengthen our financial foundation. We will continue striving to reduce long-term debt and payables while enhancing the managerial foundations of our businesses as well as steadily promoting efforts aimed at the construction of the Bypass.

In addition, we are continuing with preparations to open the “JR Central Museum (tentative name)” in the spring of 2011 in order to widely introduce the advancements in high-speed railway technology.

Going forward, we will continue to strive to ensure safe and reliable transportation, improve customer service and pursue efficiency and “Cost Reduction” at all levels. At the same time, we shall surely and steadily promote efforts aimed at the enhancement of the managerial foundations of our businesses, starting with the Tokaido Shinkansen, and construction of the Bypass, while also striving to reduce long-term debt and payables and continue to offer stable dividends.

Chairman **Yoshiyuki Kasai**

President **Yoshiomi Yamada**



Yoshiomi Yamada
President

Y. Yamada

Profile

Company Name

Central Japan Railway Company (JR Central)

Established

April 1st, 1987

Business

Railways business, Related businesses

Management Philosophy

- Contribute to community development by adhering to sound management principles
- Provide modern, friendly, and reliable services
- Establish a cheerful, fresh, and active corporate culture

General Principles of Safety

- Safety is the most important mission in transportation
- Security is based on observance of rules and exact works and is constructed of ceaseless practice
- Enforcement of confirmation and contact is most important for security
- For security we should cooperate unitedly beyond our official responsibility
- When we are open to doubt we should go a way to safe considering thoroughly

Basic Information on a Non-consolidated Basis

(As of the end of FY2010.3)

● Paid in Capital	¥112 billion
● Operating Revenues	¥1,143 billion
● Number of Shares Outstanding	2.15 million
● Share Listings	Nagoya, Tokyo and Osaka
● Number of Shareholders	131,665
● Number of Employees	17,004
● Operating Kilometers	1,970.8 km
● Number of Stations	404
● Number of Rolling Stock	4,672
● Double-and Multi-Tracked Section	55.1% (1,086.8km)
● Electrified Section	75.7% (1,491.7km)
● Centralized Traffic Control	97.5% (1,922.3km)
● Automatic Signaling System	97.8% (1,927.3km)

Head Offices and Other Main Offices

● Head Office

JR Central Towers, 1-1-4, Meieki, Nakamura-ku, Nagoya, Aichi 450-6101, Japan

● Tokyo Head Office

JR Central Shinagawa Building -A Wing 2-1-85, Konan, Minato-ku, Tokyo 108-8204, Japan

● Conventional Lines Operations Division

JR Central Taiko Building, Meieki 1-3-4, Nakamura-ku, Nagoya, Aichi 453-8520, Japan

● Shizuoka Branch Office

4, Kurogane-cho, Aoi-ku, Shizuoka, Shizuoka 420-0851, Japan

● Mie Regional Office

Ust-Tsu 12F, 700, Hadokoro-cho, Tsu, Mie 514-0009, Japan

● Iida Regional Office

5356, Kami-Iida, Iida, Nagano 395-0000, Japan

● Shinkansen Operations Division

Marunouchi Chuo Building, 1-9-1, Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan

● Kansai Branch Office

Shin-Osaka Central Tower 7F, 5-5-15, Nishi-nakajima, Yodogawa-ku, Osaka, Osaka 532-0011, Japan

● Washington D.C. Office

900 17th Street, N.W., Suite 520, Washington, DC 20006, U.S.A.
Tel: +1-202-429-1900 Fax: +1-202-429-1917

● London Office

Level 17 City Tower, 40 Basinghall Street, London, EC2V 5DE, U.K.
Tel: +44-20-7382-0650 Fax: +44-20-7638-6096

● Sydney Office

Suite 1202, Level12, 20 Hunter Street, Sydney, N.S.W., 2000, Australia
Tel: +61-2-9221-6922 Fax: +61-2-9221-6933

Company History

- 1987** **April** ● Central Japan Railway Company (JR Central) is established.
- 1988** **March** ● New stations are established on the Tokaido Shinkansen (Shin-Fuji, Kakegawa, Mikawa-Anjo).
● JR Tokai Bus Company is established (now a consolidated subsidiary). In April automobile transport business is transferred to the company.
- 1989** **March** ● New-model DMU is introduced to the “Hida” Express on the Takayama line.
- 1990** **February** ● JR Central starts topographical and geological surveys along entire proposed route of the Chuo Shinkansen between Tokyo and Osaka following orders of the Minister of Transport.
June ● JR Central applies to the Minister of Transport for the approval of plans to build the Yamanashi Maglev Test Line and approval is received.
- 1991** **October** ● JR Central takes over the Tokaido Shinkansen facilities.
- 1992** **March** ● The first “Nozomi” (Series 300) begins commercial operation on the Tokaido Shinkansen.
July ● JR Tokai Hotels Co., Ltd. is established (now a consolidated subsidiary).
December ● JR Central Department Store Co., Ltd. is established. Company name changed to JR Tokai Takashimaya Co., Ltd. in September 1997 (now a consolidated subsidiary).
- 1994** **June** ● JR Central Building Co., Ltd. is established (now a consolidated subsidiary).
- 1997** **April** ● Running tests start on the Yamanashi Maglev Test Line.
October ● JR Central lists on the first section of the Nagoya, Tokyo and Osaka stock exchanges and also the Kyoto Stock Exchange (merged with the Osaka Stock Exchange in March 2001).
- 1999** **March** ● New Series 700 is introduced to “Nozomi” on the Tokaido Shinkansen.
December ● Construction of JR Central Towers is completed.
- 2000** **March** ● JR Nagoya Takashimaya opens (operated by JR Tokai Takashimaya Co., Ltd.).
May ● Nagoya Marriott Associa Hotel opens (operated by JR Tokai Hotels Co., Ltd.).
- 2001** **March** ● JR Tokai Real Estate Co., Ltd. is established (now a consolidated subsidiary).
December ● JR Central is excluded from the jurisdiction of the JR Law through the enactment of amendment to the JR Law.
- 2002** **July** ● A new research center is constructed in Komaki City in Aichi Prefecture.
- 2003** **October** ● The new Shinagawa Shinkansen station opens. The timetable is drastically revised by the upgrading of the maximum speed on all Tokaido Shinkansen trains to 270km/h.
- 2005** **July** ● The Japan National Railways (JNR) Settlement Headquarters, an independent division within the Japan Railway Construction, Transport and Technology Agency (JRJT), sells 600,000 shares in JR Central.
- 2006** **March** ● New Automatic Train Control (ATC) system is introduced into the Tokaido Shinkansen.
April ● JR Central repurchases 268,686 shares of its common stock.
● The JNR Settlement Headquarters within the JRJT completes the sale of its entire shares in JR Central by selling 286,071 shares of common stock of the company.
- 2007** **January** ● Application for changes of “Yamanashi Test Line Construction Plan” is approved by the Minister of Land, Infrastructure and Transport.
July ● JR Central introduced the new Series N700 for “Nozomi” services.
- 2008** **October** ● Making Nippon Sharyo, Ltd. a consolidated subsidiary.
● JR Central submitted a report to the Minister of Land, Infrastructure, Transport and Tourism (the “Minister”) concerning geological surveys between Tokyo and Osaka areas.
December ● JR Central started to conduct four surveys related to the Chuo Shinkansen received from the Minister.
- 2009** **May** ● JR Central cancelled 90,000 shares of treasury stock.
December ● JR Central submitted a report to the Minister concerning the four surveys related to Chuo Shinkansen which we received instructions to implement from the Minister in 2008.



April 1, 1987 Establishment of JR Central



April 3, 1997 Superconducting Maglev running tests begin



October 8, 1997 Shares are listed on the Nagoya, Tokyo, Osaka, and Kyoto Stock Exchanges

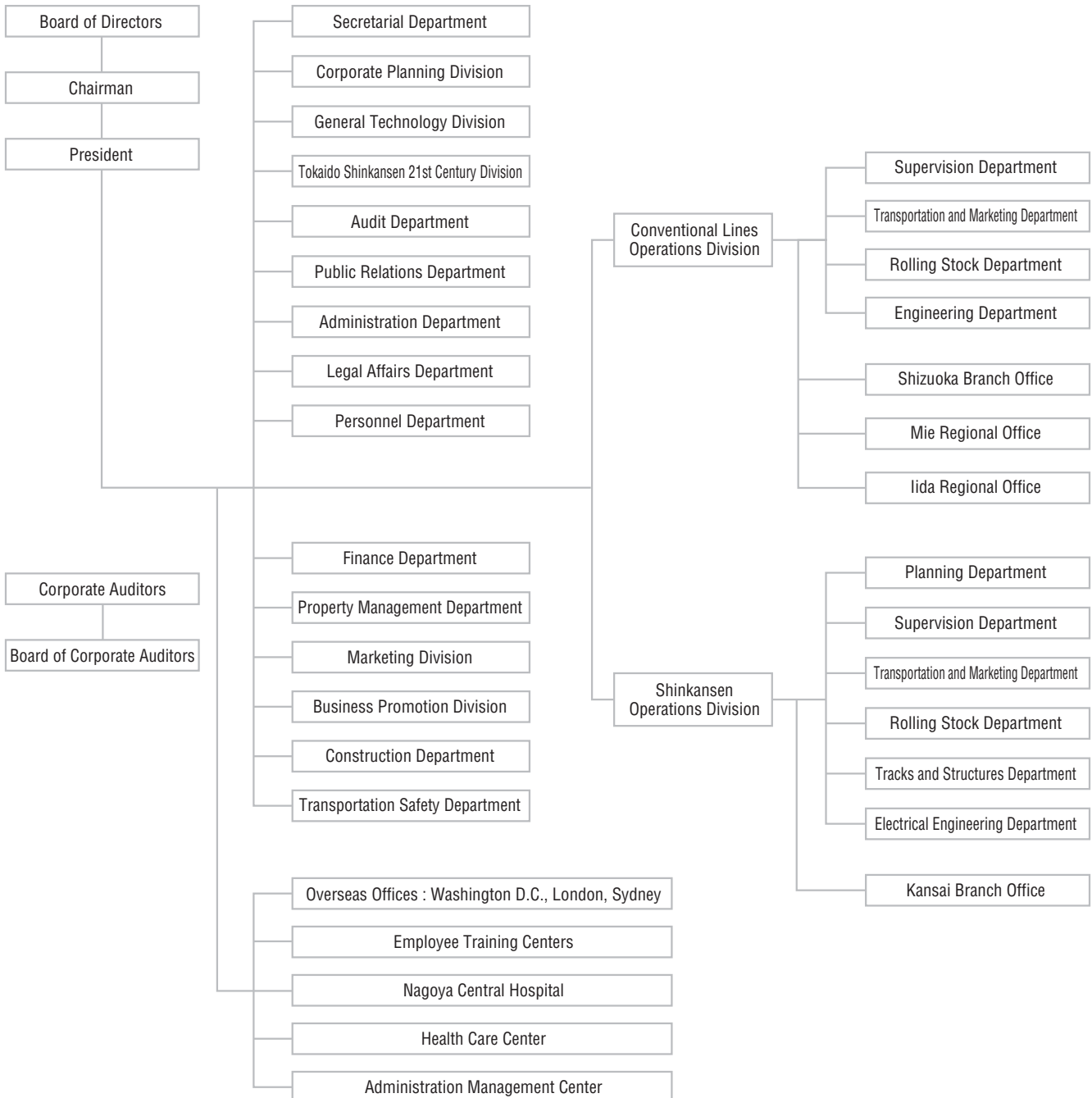


December 20, 1999 Construction of JR Central Towers is completed



October 1, 2003 The Shinagawa Shinkansen Station is opened

Organization Chart



Board of Directors, Corporate Auditors and Corporate Officers (As of June 22, 2010)



Yoshiyuki Kasai
Chairman



Masayuki Matsumoto
Vice Chairman



Yoshiomi Yamada
President



Koushi Akutsu
Executive Vice President



Toyonori Noda
Executive Vice President



Kouei Tsuge
Executive Vice President

Board of Directors and Corporate Auditors

Chairman

Yoshiyuki Kasai*

Vice Chairman

Masayuki Matsumoto*

President

Yoshiomi Yamada*

Executive Vice Presidents

Koushi Akutsu*

Toyonori Noda*

Kouei Tsuge*

Senior Executive Directors

Tsutomu Morimura

Jun-ichi Hirasawa

Mitsuru Nakamura

Shin Kaneko

Masaki Seki

Naotoshi Yoshikawa

Executive Director

Katsumi Miyazawa

Directors

Mamoru Uno

Yoshiki Suyama

Yoshito Tsubouchi

Hidenori Fujii

Sumio Atsuchi

Kiyoshi Watanabe

Hideyuki Shoji

Fujio Cho

Kenji Koroyasu

Koutarou Mizuno

Corporate Auditors

Osamu Nakayama

Takaharu Kachi

Harumi Umeda

Hiromu Emi

Shigeo Kifuji

*Representative Director

Corporate Officers

Corporate Executive Officers

Yutaka Osada

Noriyuki Shirakuni

Sumio Kudo

Corporate Officers

Shun-ichi Kosuge

Makoto Baba

Kimiaki Tanaka

Seiichi Ishizu

Shuichi Takashima

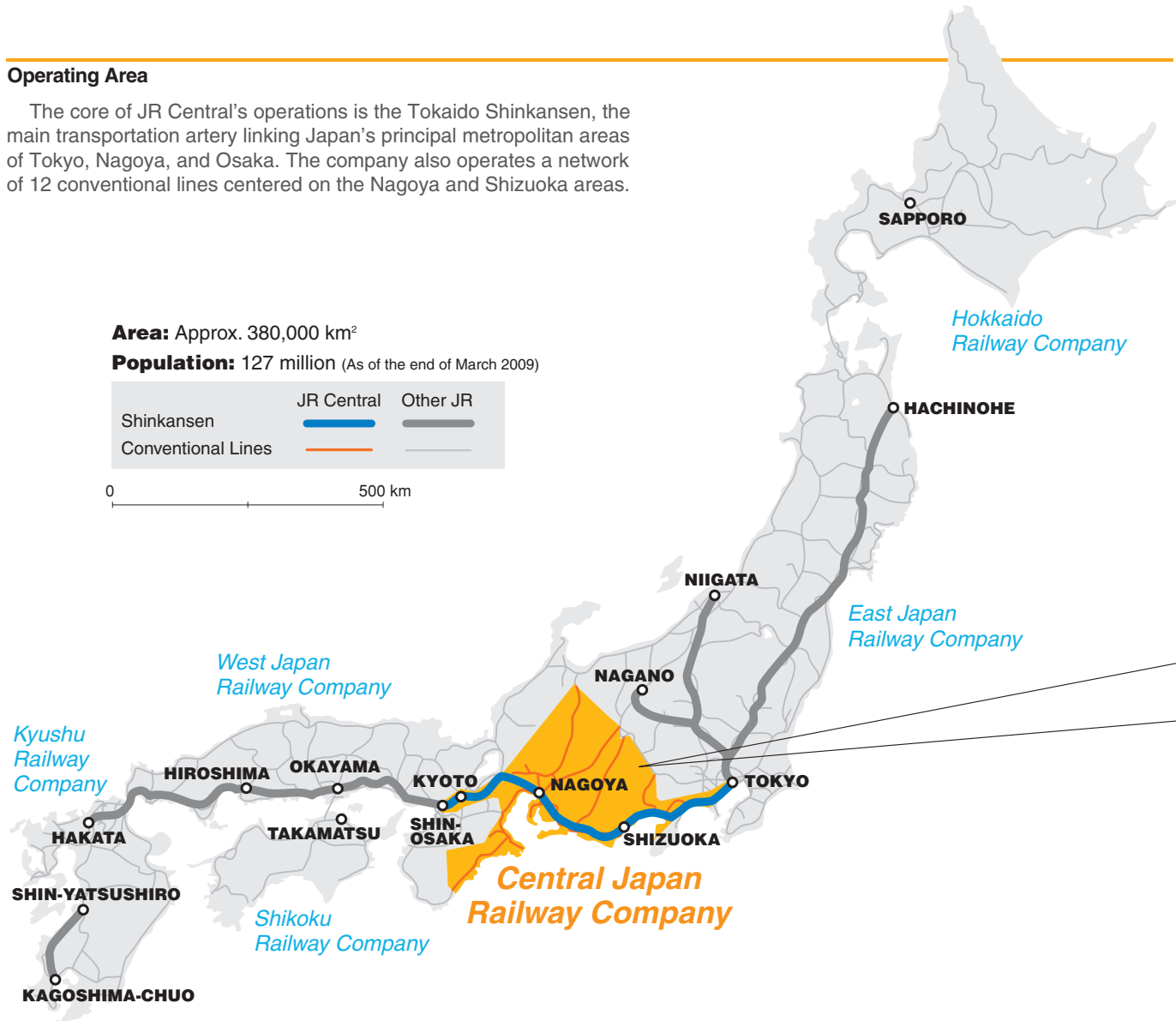
Masayuki Kushiyama

Kenji Hamada

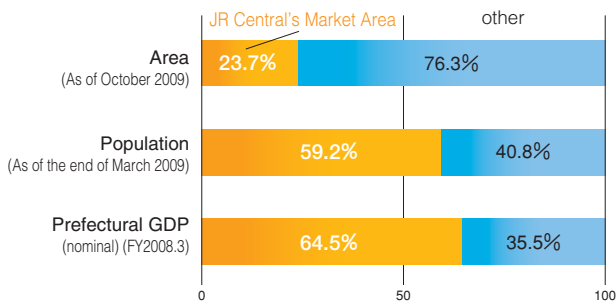
Hiroyuki Kawarasaki

Operating Area

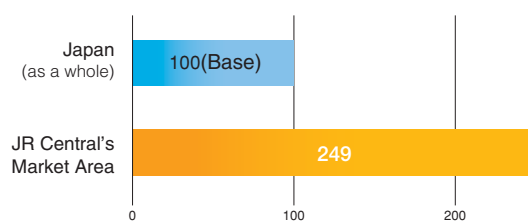
The core of JR Central's operations is the Tokaido Shinkansen, the main transportation artery linking Japan's principal metropolitan areas of Tokyo, Nagoya, and Osaka. The company also operates a network of 12 conventional lines centered on the Nagoya and Shizuoka areas.



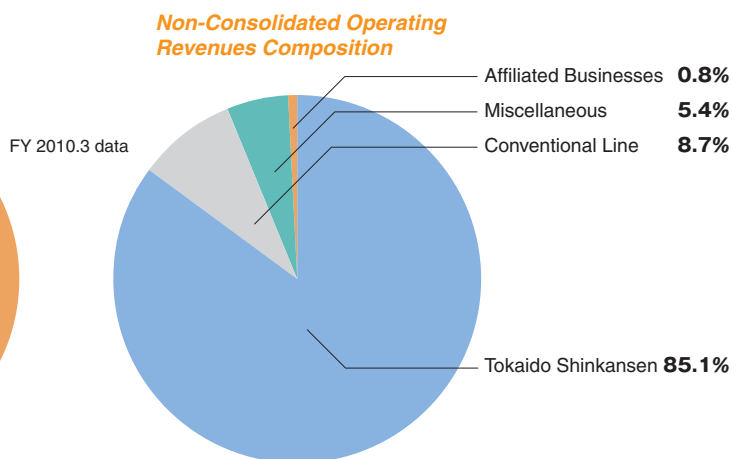
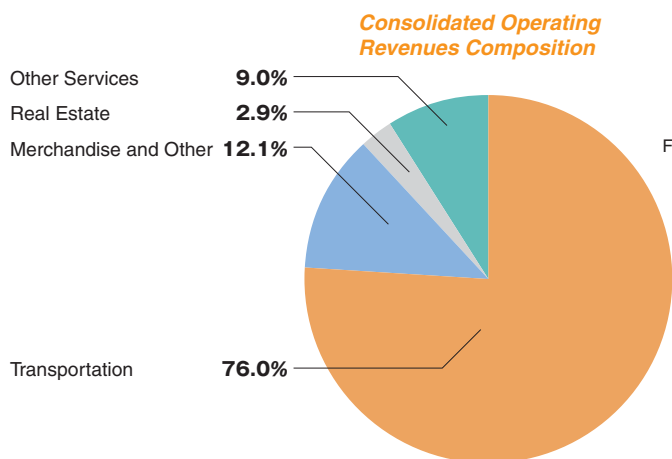
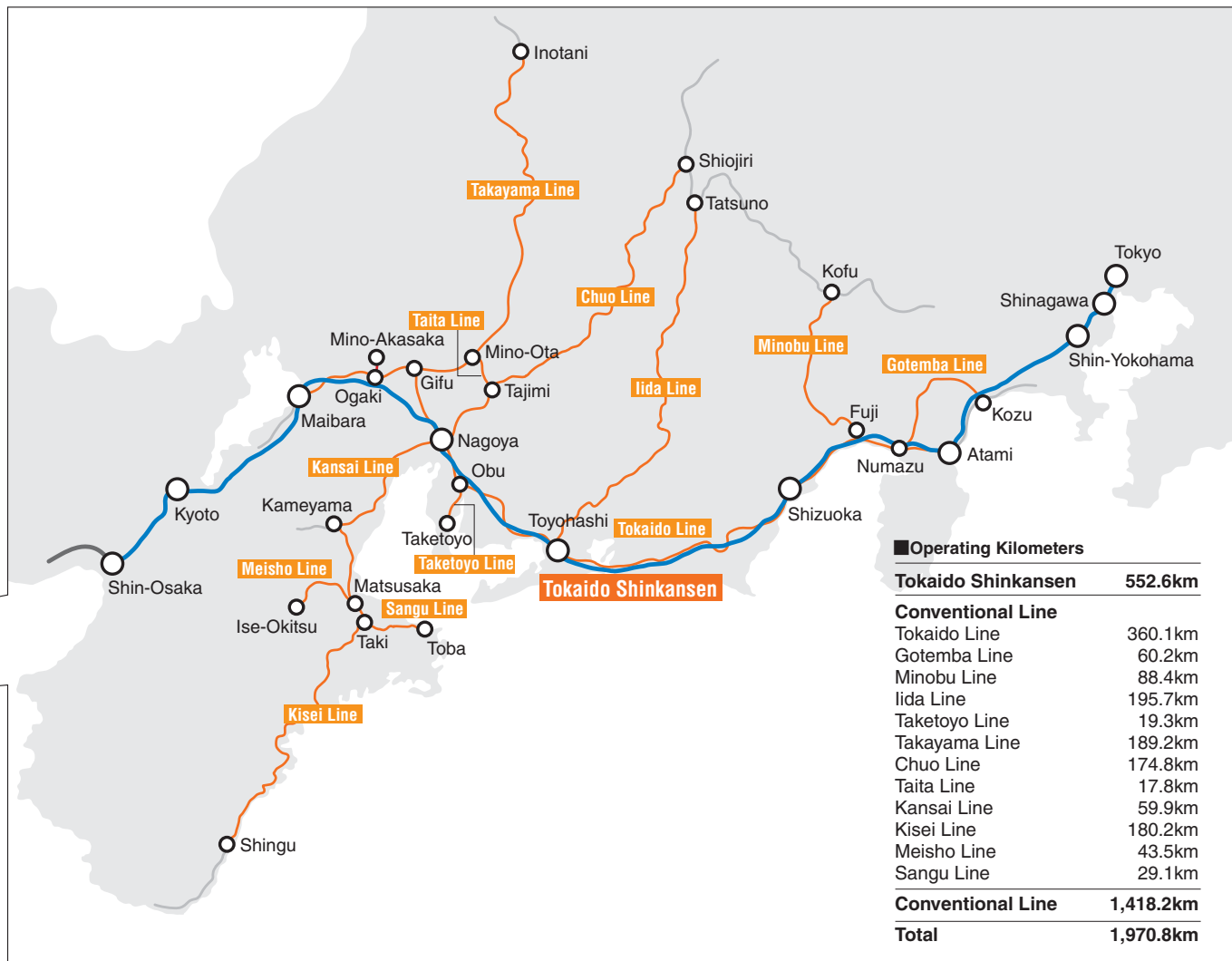
Percentages of Japan as a whole



Population Density (As of the end of March 2009)



Note : JR Central's market area includes the following prefectures: Tokyo, Kanagawa, Chiba, Saitama, Ibaraki, Shizuoka, Yamanashi, Nagano, Aichi, Mie, Gifu, Shiga, Osaka, Kyoto, Hyogo, Nara
 : Area data to calculate Population Density is as of October 2009
 Sources: Area - Statistical Reports on the Land Area by Prefectures and Municipalities in Japan, Ministry of Land, Infrastructure, Transport and Tourism
 Population - Basic Resident Registration, Ministry of Internal Affairs and Communications
 Prefectural GDP - Annual Report on Prefectural Accounts, Cabinet Office, Government of Japan



Note: Consolidated composition is based on the revenues from outside of JR Central's group

Corporate Data

Corporate Governance

At JR Central, we are striving to develop corporate governance in order to ensure sound, efficient and transparent management, to develop the corporation over the long-term, and to continually improve corporate value.

Overview of Corporate Governance

The Board of Directors of JR Central is comprised of 23 members (three of whom are external directors). We also employ an auditor system comprised of five auditors (three of whom are external auditors). (*these numbers are as of June 22, 2010)

The Board of Directors meets once a month or more, makes legal and appropriate decisions upon fully discussing issues stipulated by the law and issues of importance to management, and monitors the status of directors' management. We also have established an executive board to fully discuss important issues related to management in advance of the Board of Directors meeting. Furthermore, in an effort to clarify the roles of the Board of Directors that is responsible for management decisions and supervising management, and corporate officers that are responsible for operation, in May 2003 we introduced a corporate officer system in an effort to quickly promote decisions by the Board of Directors and develop discussion.

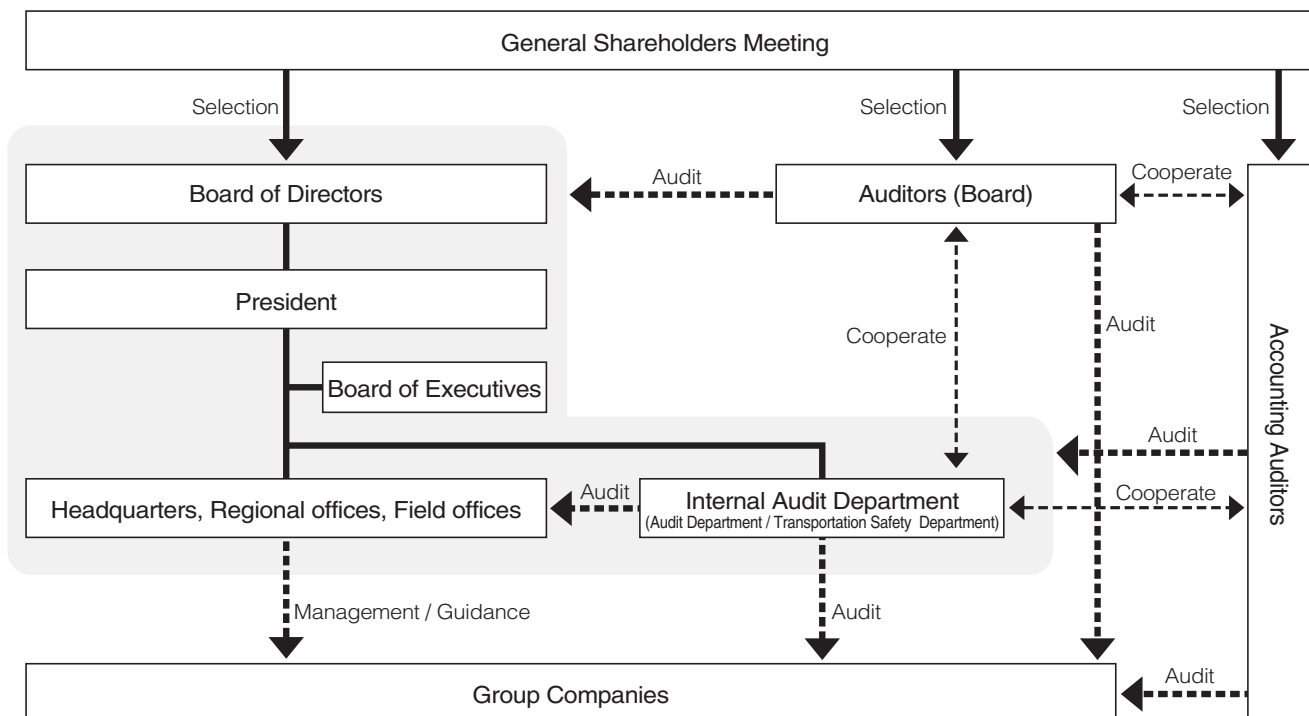
Auditors attend important meetings such as the Board of Directors meeting and executive board meetings and strive to ensure the legality of management plans from the discussion process along with implementing inspections of measures conducted at JR Central's headquarters, railway operations divisions, regional offices, field offices and subsidiaries to check the status of management based on plans enacted by the Board of Auditors. We also consolidate the system to ensure an effective audits by auditors including assigning our employees as full-time staff to support auditors' work.

Internal audits are performed by the Audit Department on the work of JR Central, its subsidiaries, and related companies to determine whether such work is legal and appropriate based on laws, the articles of incorporation, and internal regulations, the results of which are reported to management. In addition, in order to prevent operational and labor accidents, safety audits are performed by the Transportation Safety Department and the results are reported to management.

We also undergo appropriate accounting audits based on generally accepted accounting standards by the audit corporation Deloitte Touche Tohmatsu LLC, which has been selected to be our auditor.

Auditors, internal audit departments, and accounting auditors cooperate with each other by exchanging information periodically and as necessary, and receive necessary information from each department involved in internal control in order to confirm the status of implementation of each item stipulated in the internal control basic plan.

JR Central's Corporate Governance



Fundamental Corporate Governance Policies

At JR Central, the Board of Directors has decided on the following fundamental corporate governance policies.

1. System to ensure that the execution of duties by directors and employees is in accordance with laws and the articles of incorporation

The Board of Directors monitors the status of director management along with making legal and appropriate decisions upon fully discussing issues stipulated by the law and issues of importance to management.

The department in charge of internal audits performs internal audits of the work of directors, corporate officers and employees to determine whether such work is legal and appropriate based on laws, the articles of incorporation, and internal stipulations.

A system to obtain advice as necessary from external experts, such as retained lawyers, is in place and we strive to ensure that operation is carried out legally.

2. System related to storing and managing information concerning the execution of duties of directors

Those documents for which a storage need has been determined in accordance with internal regulations are properly stored and managed.

3. Stipulations and systems related to managing the danger of loss

Decisions made in regards to items for which each department is responsible are processed as stipulated in accordance with their importance, such as by seeking approval by upper managers and/or through meetings.

In addition, in regards to preventing train accidents, effective countermeasures are actively promoted through discussions by Railway Safety Promotion Committees.

4. System to ensure that the duties of the director are executed efficiently

An efficient work system is introduced by clearly stipulating the duties of each department and its authority in accordance with internal regulations, and by properly assigning personnel in accordance with the task and work load.

5. System for ensuring the suitability of work performed by corporate groups comprised of JR Central and subsidiaries

In accordance with internal regulations, we manage and provide guidance for affiliated companies as needed based on agreements signed with these companies that stipulate how important items are to be discussed and reported.

The department in charge of internal audits performs audits to ensure that affiliates are engaging in business in an appropriate manner.

6. System related to employees that have been assigned to auditors at their request to assist with the auditor's duties and matters related to the independence of those employees from directors

Some of JR Central's employees will be designated as auditor staff for the purpose of assisting such auditor with the execution of their duties.

The Personnel Department shall hear the opinions of auditors in advance in regards to auditor staff personnel.

7. System to enable directors and employees to report to an auditor, and other systems for reporting to auditors

If directors, corporate officers, or employees discover facts that may cause great loss to the Company or important facts that infringe upon laws or the articles of incorporation, in accordance with internal regulations they must immediately report to an auditor or the Board of Auditors.

Furthermore, directors, corporate officers, and employees shall report on the execution of their duties if requested by an auditor or the Board of Auditors.

8. Other systems to ensure that audits of auditors are performed effectively

Auditors shall attend important meetings such as executive board meetings in addition to Board of Directors meetings to ensure that the process of deliberation of management issues is conducted legally.

The department in charge of internal audits shall strengthen its links with auditors and accounting auditors in an effort to enhance audits.

Risk-management System

At JR Central, we have established "Railway Safety Promotion Committees" at headquarters, railway operation divisions, regional offices and in each area in order to establish and promote safety countermeasures through an integrated organization that stretches from headquarters to each field office from the perspective of preventing train and labor accidents.

Furthermore, along with having an emergency response center on call 24 hours a day at each railway operation division in order to deal with emergencies such as accidents or disasters, we have also created a fast-response restoration team that can be called in at anytime according to the scale and impact of an accident or disaster. Also, in preparation for emergencies such as large-scale natural disasters, we have established the Shinkansen 2nd General Control Center that can assume the tasks of the Shinkansen General Control Center.

Dealing with Internal Control related to Financial Reporting

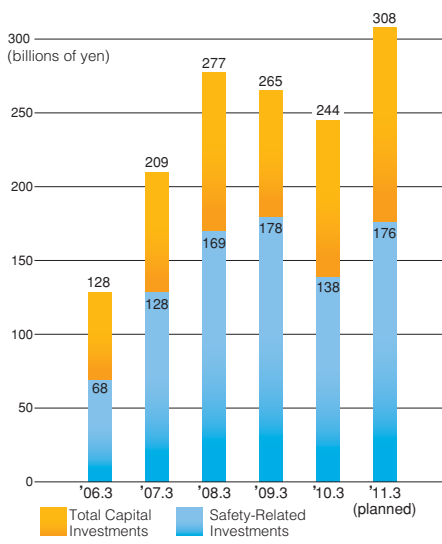
In addition to building and operating a system based on the internal control basic plan mentioned above, we periodically investigate the system and enforcement by JR Central and the JR Central Group in accordance with a basic framework put forth by the Business Accounting Council and confirm that they are valid. Furthermore by providing feedback, we are engaged in efforts to maintain the level of internal control related to financial reporting.

Safety and Reliability

Initiatives for Securing and Enhancing Safe and Reliable Transportation

JR Central believes that ensuring safe and reliable transportation is the fundamental principle of the railway business, and has worked since its inception to improve its systems and introduce the latest technologies for its rolling stock and equipment. Accordingly, we are continually implementing education and training for staff in charge of train operations and facility maintenance, and also improving our ability to respond quickly to all situations including emergencies through the implementation of practical training based on various types of simulated accidents or disasters.

Safety-Related Investments (Non-consolidated)



Measures for Ensuring and Enhancing Safety

JR Central has implemented a wide range of safety-related capital investments in a well-planned manner including the upgrading of ATC (Automatic Train Control) and CTC (Centralized Traffic Control) for the Tokaido Shinkansen, the introduction of CTC on conventional lines, the upgrading of safety devices on level crossings, strengthening of elevated track columns, embankments, and bridges as an earthquake countermeasure, the improvement of electrical facilities, and the replacement of rolling stock. In addition, we started implementing countermeasures to derailment / deviation on the Tokaido Shinkansen in 2009 as a new earthquake countermeasure. Further, while we appropriately implement various inspections of structures including tunnels and bridges, we are also developing more efficient and effective inspection methods and have continually introduced various inspection equipment and systems. Furthermore, the installation work to complete the introduction of ATS-PT, a new automatic train stop system on conventional lines by FY2011 is proceeding steadily. As described above, we have worked actively since our inception to promote passenger safety and have spent a total of approximately 2.2 trillion yen (approximately 56% of total capital investment) over the 23 years up until the end of FY2010.3.

Of the 244.8 billion yen in total non-consolidated capital investments that took place in FY2010.3, 138.5 billion yen (57%) were safety-related investments.

Trends in Accident Numbers

JR Central works to prevent accidents by placing the highest priority on ensuring safe and reliable transportation. On conventional lines, in order to prevent a potentially serious accident occurring at a level crossing, we have improved our hardware by installing various level crossing safety devices and as a result of these efforts, the number of train accidents during FY2010.3 was 35, which represents about a half of the initial number of accidents at the time the company was founded. Also, due to efforts to develop hardware, such as strengthening the functionality of the ATS (Automatic Train Stop), we have had no serious accidents, such as derailments, in recent years.

Preparing for Natural Disasters

① Earthquake Countermeasures

(1) Reinforcement of Structures

In regard to Shinkansen earthquake countermeasures, we have already completed anti-quake reinforcement of elevated track columns, except on parts related to development projects, which were deemed to require reinforcement as a result of an anti-quake diagnosis performed on all Tokaido Shinkansen track after the Hanshin-Awaji Earthquake. Also we have reinforced elevated track columns between Mishima and Toyohashi Stations, which require reinforcement since the "expected wave patterns" for a future Tokai Earthquake published by the Japanese government in 2003 suggest ground motion in this area could be particularly strong. In conjunction, we decided to make efforts to further strengthen structures in the same section in 2008 and are proceeding with the earthquake-resistant reinforcement of bridges and embankments as well. Furthermore, we are engaged in works to strengthen facilities on conventional lines, such as construction to prevent bridges from falling down and anti-quake reinforcement of elevated track columns.

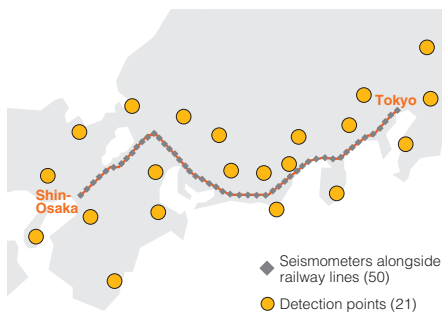
(2) Improvement of Earthquake Disaster Prevention System

In regard to earthquake prevention systems, in 1992 JR Central became the first company to introduce an "Earthquake Rapid Alarm System", which was introduced on the Tokaido Shinkansen, and we have made efforts to introduce a "Conventional-Lines Earthquake Information Communications System". By introducing the "Tokaido Shinkansen Earthquake Rapid Alarm System" (TERRA-S) in 2005, which was an improvement over the previous system, the amount of time required from earthquake detection to alarm issuance was reduced from three seconds to two seconds, and alarm accuracy was improved. Also, from November 2008 we have been leveraging emergency earthquake information for advanced users sent out by the Japan Meteorological Agency in an effort to further improve safety against earthquakes.

(3) Countermeasures to Derailment / Deviation

Based on the results of deliberation of countermeasures in consideration of the derailment accident on the Joetsu Shinkansen caused by the Niigata Chuetsu Earthquake that occurred in October 2004, we have implemented derailment / deviation prevention measures as new earthquake countermeasures on the Tokaido Shinkansen

Locations of Seismometers and Detection Points



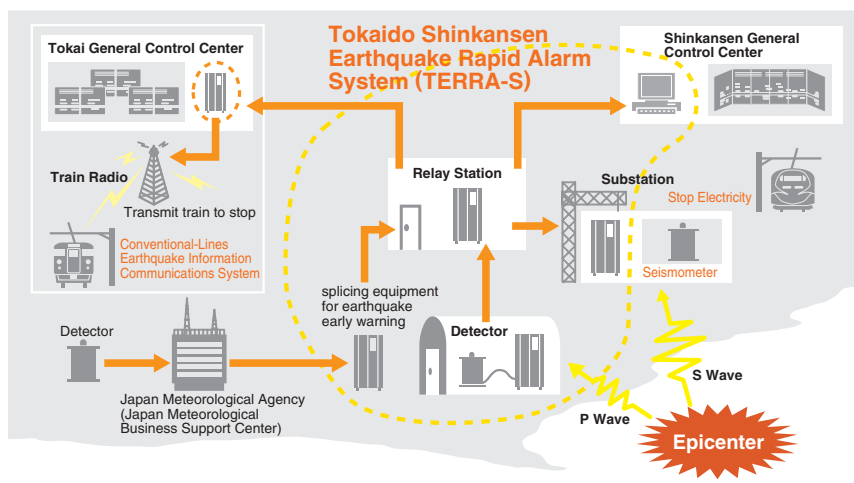
since October 2009.

Firstly, in order to prevent as much as possible a derailment during an earthquake, “derailment prevention guards” are installed parallel to and on the inside of rails in sections that are expected to experience strong earthquake motion during a Tokai Earthquake, and on sections right before points that trains pass over at high speeds due to the fear of more damage in the event of a derailment. Also, in order to prevent as much as possible large rolling stock deviations from track in case of a derailment, “deviation prevention stoppers” are installed in the center of Shinkansen rolling stock bogies. In conjunction with this, in addition to current earthquake countermeasures for conventional civil engineering structures, countermeasures to suppress the spilling of ballast, the sinking of embankments and the displacement of elevated track columns are implemented to ensure that derailment prevention guards function effectively.

② Countermeasures against Other Natural Disasters

We are also devising measures to minimize the impact of other natural disasters on our railway operations. For example, we are conducting various kinds of trainings to restore the diagrams into normal condition as early as possible, including training for the rapid communication of information in accordance with prescribed communication network. To protect railway lines from rain, wind, snow and other inclement weather, we are improving facilities including embankments and cutting slopes, and installing and improving facilities and devices for the prevention and detection of falling rocks. Additionally, in extreme situations when wind speeds or rainfall exceeds certain levels, we guarantee safe and reliable transportation by taking measures including restricting operations.

Train Control System in the Case of Earthquakes



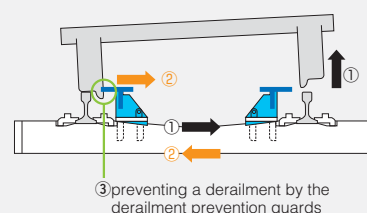
Education and Training

To ensure safe and reliable transportation, we implement safety education and training for the employees engaging in train operations and facility maintenance. In particular, we regularly confirm the knowledge and skills of staff in charge of train operation in order to be thoroughly prepared to maintain safety, and use simulators that are almost identical to actual cars to cultivate and train drivers and conductors. We also work to improve our ability to respond to accidents quickly and restoration technique by holding regular training sessions that simulate actual accidents, such as the simulated repair of derailed rolling stock, as well as damage repair trainings that include the restoration of track, power cable and signal communication facilities.

In addition, as having a swift generational change, we are striving to improve skills of employees by implementing group training that improves professional skill and OJT at each workplace according to the various career stages of employees so that technological know-how is surely passed down to the incoming generation of employees. Furthermore, we are steadily engaged in efforts that allow vast amounts of knowledge and experience to be passed down to younger employees by rehiring in principle those former employees who have reached retirement age and still wish to continue working as contract employees.



▲Derailment Prevention Guards



Example) The effect of derailment prevention guards on a rocking derailment, which is one type of derailment caused by earthquakes.

- ① When the tracks move laterally during an earthquake, the wheels on one side collide with the rails while the wheels on the other side bounce up from the shock.
- ② The train derails when the tracks then move in the opposite direction at this instant. (Rocking derailment)
- ③ Since the wheels opposite from the wheels that have bounced up are still riding on the rail, the derailment prevention guards prevent a derailment by stopping these wheels from moving any further in the lateral direction.



▲The Series N700 Driving Simulator



▲General training session simulating actual accidents

Tokaido Shinkansen



▲The Shinkansen General Control Center

Shinkansen Operation System

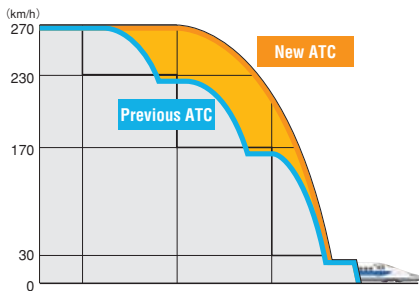
The safe and punctual operation of the Tokaido Shinkansen is supported by the complete safety control through utilizing various systems, with the Shinkansen operation system (COMTRAC*) as the core, which accurately controls vast volumes of data such as the operational status of trains and the utilization of facilities.

At the Shinkansen General Control Center in Tokyo, various directives, such as transportation, cars and crew management, facility, electrical power, and signal, utilize these systems and work in close cooperation to support the safe and reliable transportation. Also, the Shinkansen 2nd General Control Center that has the same functions has been established in Osaka with the cooperation of JR West to be used in the event that the Shinkansen General Control Center becomes inoperable, thereby strengthening our crisis management ability.

*COMTRAC (COMputer-aided TRAffic Control)

COMTRAC is the system that controls train routes, train operations, and the allocation of staff (drivers and conductors) and rolling stock. Based on input data prescribing the operational conditions for each train (such as station departure and arrival time, platform, and order) the system can monitor the status of all trains in operation.

Comparison between New ATC and Previous ATC



▲Multiple Inspection Train (Doctor Yellow)

ATC (Automatic Train Control)

The ATC system continually displays a signal to the driver showing the train's maximum permitted speed which varies according to the distance from the train in front of it and track conditions. If the train exceeds the permitted speed, the ATC automatically applies the brake to bring the train's speed back within the permitted range.

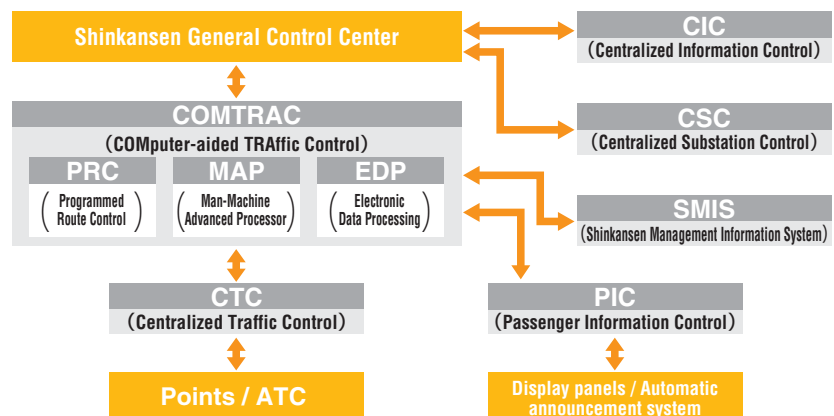
We introduced a new ATC system that uses the various cutting-edge technologies to enhance reliability with the renewal of Tokaido Shinkansen ATC ground equipment in March 2006.

Unlike the existing "multi-step" brake control system, the new system is "one-step" brake control system that ensures smoother braking from full speed to a complete stop. By digitalizing the signal used to send and receive data with this new ATC system we are now able to send and receive more data when compared with the previous ATC system resulting in improving system reliability as well as improving passenger comfort and flexibility of timetable scheduling.

Doctor Yellow

We run a multiple inspection train, known as "Doctor Yellow", to test the Shinkansen's facilities such as electrical facilities and track. This train, which is based on the Series 700, is equipped with the latest devices to efficiently conduct high-precision inspections and measurements at speeds of 270 km/h, and it therefore plays an important role in supporting the safety and reliability of the Tokaido Shinkansen.

Operating Management System of Shinkansen



Conventional Lines

Conventional Line Operation System

JR Central's 12 conventional lines are controlled from two control centers; the Tokai General Control Center and Shizuoka General Control Center. Each of the centers monitors the operational status of trains and the utilization of facilities 24 hours a day.

Centralized Traffic Control (CTC)

The CTC system efficiently controls train operations through the centralized remote control of station signals. The system is also equipped with functions for real-time monitoring of the operational status of trains. The CTC enables us to manage train and station information at its control centers. Such centralization allows orders and directives to be issued more rapidly even in emergency situations. We have implemented the CTC system on almost all of our lines, thus ensuring reliable train management.

ATS: Automatic Train Stop

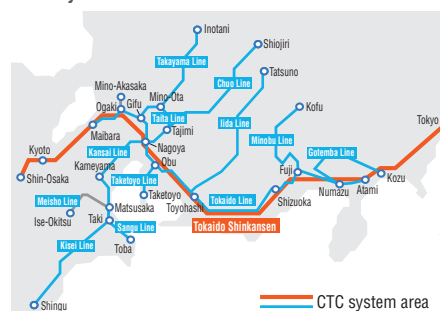
ATS is a system for automatically applying emergency brakes in situations where the train risks overrunning. We introduced ATS-ST systems on all lines, which have functions such as an immediate application of the emergency brake if the train passes over an ATS ground coil located short of signals which control departures and arrivals of trains in a station when such signal indicates that the train should stop. This has greatly led to the prevention of serious accidents.

As current ATS-ST systems need replacement, we are replacing the systems on all conventional lines with an ATS-PT system in order to further ensure safety. We plan to finish the introduction of the ATS-PT system by the end of FY2010 on the Tokaido line (between Atami and Maibara, Ogaki and Mino-Akasaka), Chuo Line (between Nagoya and Nakatsugawa), Takayama Line (between Gifu and Mino-Ota), Kansai Line (between Nagoya and Kawarada), and Iida Line (between Toyohashi and Kozakai) - and on all lines by the end of FY2011.

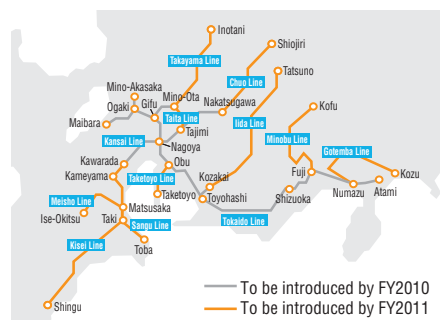
Doctor Tokai

As for the maintenance of railway tracks and electrical facilities, the use of the multiple inspection train, known as "Doctor Tokai," introduced in 1997, has enabled the efficient and early monitoring of facility conditions. Following on from Doctor Tokai's long track record of steady and reliable inspections for approximately ten years, we introduced an additional track inspection train, known as "Doctor II", in April 2006. The new train is equipped with the latest technologies, and allows us to further improve our ability to carry out a frequent high-precision track testing.

CTC System Area

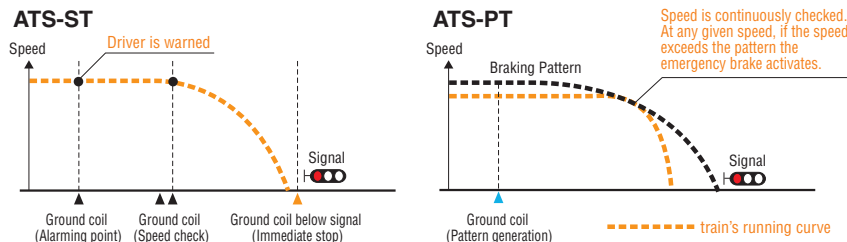


Introduction of ATS-PT



▲ Track Inspection Train (Doctor II)

Comparison between ATS-ST and ATS-PT



ATS-PT Overview

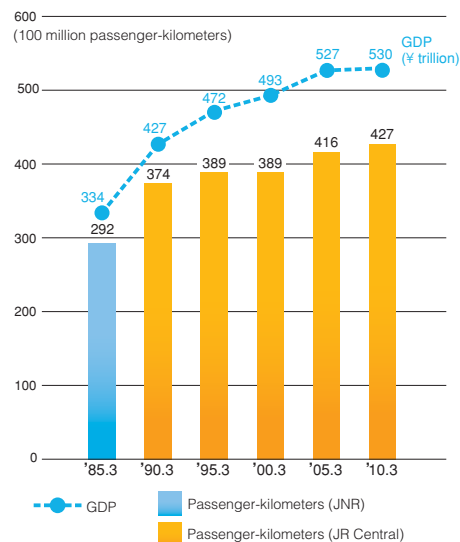
- Based upon information from the ground, a braking pattern is generated in a train in accordance with the distance to the signal ahead.
- When the train speed exceeds this pattern, emergency brakes are automatically engaged bringing the train to a stop before the signal.
- The current ATS-ST provides only intermittent controls, while ATS-PT provides continuous control through braking patterns.

Transportation Service

Providing Services Customers Will Choose

We are working to improve our services by, for example, establishing easy-to-use timetables, improving facilities, and introducing new rolling stock to increase speed and passengers' comfort.

Japan's GDP and Tokaido Shinkansen Passenger-kilometers



Sources: GDP: Annual Report on National Accounts (Cabinet office, Government of Japan)

Tokaido Shinkansen Data (FY2010.3)

- Total daily number of trains 341^{*1}
- Average daily passenger ridership 378 thousand
- Yearly passenger ridership 138 million
- Maximum operating speed 270km/h
- Average delay from schedule per train 0.5 minutes^{*2}

*1. Including extra services

*2. Including delays due to uncontrollable causes, such as natural disasters

Tokaido Shinkansen Service (Nozomi, Hikari, Kodama)

	Tokyo~Shin-Osaka, time required	Tokyo~Shin-Osaka, fare/surcharge ^{*2}	Number of non-reserved seat cars
Nozomi	2 hr 25 min ^{*1}	¥14,050	3
Hikari	Approx. 3 hr	¥13,750	5
Kodama	Approx. 4 hr	¥13,750	10 ^{*3}

Note: Each Tokaido Shinkansen train has 16 cars

*1 Based on the fastest "Nozomi" service

*2 For a reserved seat of ordinary cars (normal season)

Non-reserved seats are all ¥13,240

*3 May vary by train

Stops **Nozomi**: Shinagawa, Shin-Yokohama, Nagoya and Kyoto

Hikari: Same as Nozomi, plus a few additional stations

Kodama: Every station

Tokaido Shinkansen

Since its inauguration in 1964, approximately 5 billion people have used the Tokaido Shinkansen, the transportation artery linking Japan's three largest metropolitan areas, Tokyo, Nagoya, and Osaka, which has supported Japan's economic growth.

Characteristics of the Tokaido Shinkansen

Safety	<ul style="list-style-type: none"> ○ No accidents resulting in fatalities or injuries of passengers onboard since operations commenced ○ Highly-skilled personnel with safety awareness through comprehensive training ○ Train control system with the most sophisticated electronic technologies, Earthquake countermeasures such as reinforcement of structures, Continuous safety-related investments
Punctuality	<ul style="list-style-type: none"> ○ Average delay 0.5 minutes per train (FY2010.3, including delays due to uncontrollable causes such as natural disasters)
Comfort	<ul style="list-style-type: none"> ○ Rolling stock with enhanced riding comfort and noise suppression ○ Comfortable interior space that meets various needs of passengers such as a wireless LAN Internet connection service in the Series N700 available between Tokyo and Shin-Osaka ○ Constant renovation of stations and installation of new facilities such as elevators and escalators
High Speeds	<ul style="list-style-type: none"> ○ Maximum speed of 270km/h (300km/h in the Sanyo Shinkansen section) ○ For example, while the Tokaido Shinkansen's "Nozomi" services connected the city centers of Tokyo and Osaka in about 2 hours and 30 minutes which is virtually the same time that this route takes by air if one includes the time necessary to travel between airports and city centers, as well as check-in and transit times, the travel time has reduced to 2 hours and 25 minutes (the fastest "Nozomi" service) with the debut of the Series N700 thereby making the Tokaido Shinkansen more convenient
Frequency and Capacity	<ul style="list-style-type: none"> ○ 341 departures daily (FY2010.3, including extra services), Approximately 1,300 seats per train ○ Daily passenger capacity of the Shinkansen is approximately 330 thousand, which exceeds that of airlines with approximately 32 thousand ○ The "Express Reservation" service allows passengers to change their reservations for free via mobile phones or PCs as many times as they like prior to departure and receipt of tickets so that they can take maximum advantage of the overwhelmingly frequent Tokaido Shinkansen services. With the ticketless "EX-IC Service" that utilizes an IC card, it is no longer necessary to pick up a paper ticket prior to boarding, which shortens total travel time



Drastic timetable revision and opening of the Shinkansen Shinagawa Station in October 2003

With the inauguration of the Tokaido Shinkansen in 1964, the time required to travel between Tokyo and Osaka was shortened to three hours and 10 minutes (the trip took four hours initially) from six hours and 30 minutes. Then with the introduction of the “Nozomi” in 1992 that time was shortened further to two hours and 30 minutes and we strove to improve convenience even further by steadily increasing the number of “Nozomi” services thereafter.

In October 2003, the investment in rolling stock and ground facilities that we had continuously engaged in over approximately 15 years culminated with the upgrading of the maximum speed of all trains to 270km/h and a drastic timetable revision that resulted in a maximum of seven “Nozomi” services operated each hour. In conjunction with this we also dramatically improved convenience of the Tokaido Shinkansen by creating non-reserved seats on “Nozomi” services in addition to lowering reserved seat charges and offering travel products that allowed passengers to utilize the new timetable. Then, we opened the Shinkansen Shinagawa Station simultaneously with the drastic timetable revision, thereby shortening the total travel time of passengers traveling from or to southwest Tokyo by 20 to 30 minutes in addition to having all train services including “Nozomi” services stop at Shinagawa and Shin-Yokohama stations with the timetable revision of March 2008, resulting in further improving accessibility to the Tokaido Shinkansen in the Tokyo metropolitan area.

Further improvements to the Tokaido Shinkansen

(1) Increasing capacity and the number of “Nozomi” services with direct service between the Tokaido and Sanyo sections.

We have continued to improve the convenience of the Shinkansen through a series of timetable revisions since October 2003. We further boosted transportation capacity by allowing up to eight “Nozomi” services per hour in March 2005, and a maximum of nine services in March 2009, and continue to flexibly adjust train services during peak times in particular. Also, in March 2006 we aimed to further improve convenience to the Sanyo section by increasing the number of “Nozomi” services with direct service between the Tokaido and Sanyo Shinkansen sections and operating two “Nozomi” services between Tokyo and Hakata per hour. Continuous efforts to increase the number of direct “Nozomi” services to the Sanyo Shinkansen section have enabled us to have 107 “Nozomi” direct services as of the timetable revision of March 2010. (excluding extra services. That’s 15 more services than as of the timetable revision of March 2005).

(2) Concentrated introduction of the new Series N700

① Characteristics of the series N700

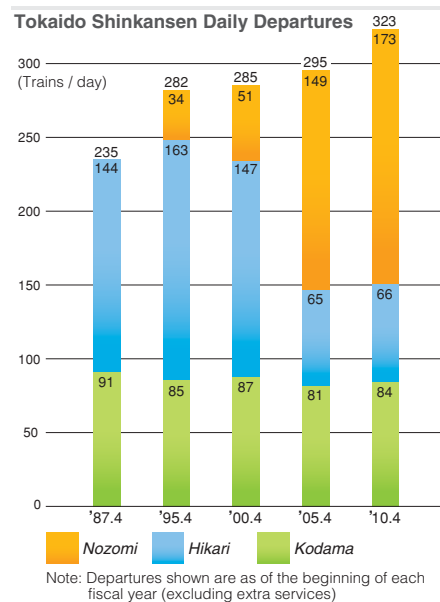
JR Central and JR West jointly developed the Series N700 which employs the latest technologies. The Series N700 increased the speed on curves by adopting a body inclining system for the first time in Japan’s Shinkansen history and improved acceleration performance thereby enabling a shortening of travel time. In addition, we have improved ride quality including comfort and quietness, made environmental adaptations and achieved drastic savings in energy consumption.

1. Offering a relaxing, comfortable, and high-quality cabin environment

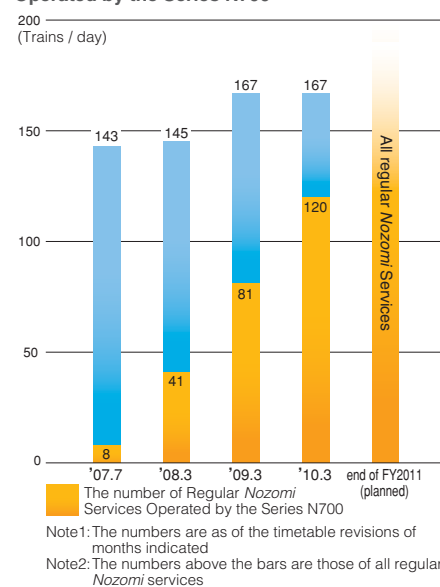
- Enhanced riding comfort and quietness (installing an advanced semi-active suspension system and cover-all hood)
- Completely separated smoking and nonsmoking sections by making all seats non-smoking and installing smoking rooms
- Improvement of First class ‘Green car’ quality (adopting Synchronized Comfort Seats)

2. Offering the ultimate internal environment for businessperson

- Increasing the number of outlets for mobile devices (All seats in Green Cars, window seats and seats at the front and back in regular cars)
- Making seatback tables large enough for note PCs
- Improving quietness in vestibules, and realizing an ultimate conversing environment for mobile telephone users
- Aiming to perfect a stable Internet connection environment even during high-speed operation by utilizing Wireless LAN (between Tokyo and Shin-Osaka)



The number of Regular Nozomi Services Operated by the Series N700



▲Outlet for Mobile Devices and Seatback Table



▲Smoking Room

The pictures above are those of the Series N700

3. Perfecting train services so that passengers can feel more comfortable
 - Enlarging information displays for onboard electronic news caption
 - Enlarging multifunction wash room space and establishing facilities for ostomates for the first time on a Shinkansen train
 - Establishing security cameras on vestibules in order to improve train security
- ② Concentrated introduction and increase in the number of “Nozomi” operated by the Series N700

The Series N700 has continued to be introduced sequentially since FY2007 starting with the introduction of Series N700 trainsets for “Nozomi” services with direct services between Tokaido and Sanyo Shinkansen sections. JR Central plans a concentrated introduction of 80 trainsets over the five years ending until FY2011 and to introduce 96 trainsets in all when combined with the 16 trainsets to be introduced by JR West. Thereby all regular “Nozomi” services are scheduled to be operated by the Series N700 by FY2011. As of the timetable revision of March 2010, we have introduced 48 trainsets and are operating all regular “Nozomi” with direct service between the Tokaido and Sanyo Shinkansen sections by the Series N700.

(3) Enhancing the Transportation Infrastructure

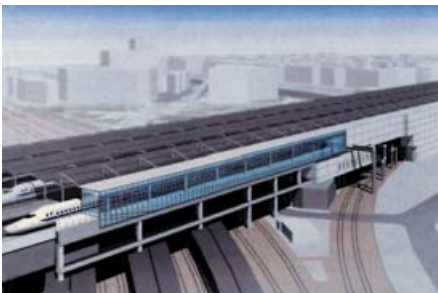
① Enhancing train operation power facilities

Since it is necessary to provide a stable power source in order to configure train schedules in a more flexible manner during peak times, we had continued to enhance power facilities, such as newly constructing frequency converter transformer substations, and such work was completed in March 2009.

② Large-scale renovations at Shin-Osaka Station

At the Tokaido Shinkansen Shin-Osaka Station we are currently engaged in construction to add a new track and a new platform in addition to increasing the number of draw-out tracks from two to four. Additionally, improvements will be made to the crosswalk from the north side of the station and station concourse in 2011 where the “Shin-Osaka Hankyu Building” will open. Commencement of use of the track and platform will take place at the end of FY2012 and commencement of use of all facilities including draw-out tracks will take place during FY2013.

Furthermore, we are preparing to accommodate the direct service of Kyushu Shinkansen to Shin-Osaka Station scheduled to be operated from March 2011.



▲ Large-scale Renovations at Shin-Osaka Station (completion image)

(4) Investment in Stations for Further Convenience and Comfort

In order to offer further convenience and comfort at stations, JR Central has changed station layouts to make ticket offices more accessible, upgraded waiting rooms for passengers, and conducted renovation of retail tenants on station premises. We are also continuing to steadily make improvements to passenger-related facilities, such as replacing the platform fence at Shin-Yokohama Station during FY2010 in addition to continuing improvements as Tokyo and Shin-Osaka stations.



▲ Renewed Entry Gate at Tokyo Station

Conventional Lines

JR Central operates a network of 12 conventional lines, which form an integrated network with the Tokaido Shinkansen. These lines have contributed to the development of communities and the regional economy around Nagoya and Shizuoka areas.

Improvement of Service on Conventional Lines

In regards to our conventional lines, we are surely and steadily improving services such as speeding up, introducing new rolling stock, and increasing the frequency of trains. With regard to the express trains, we introduced "Wide View" rolling stock and have synchronized the timetables of both the Tokaido Shinkansen and express trains to create an integrated network of the Tokaido Shinkansen and Wide View trains. Local trains have benefited from the increased frequency of train services during peak-demand morning and evening periods and from the introduction of expanded rapid-train services that reduce travel times. Moreover, train departures are being adjusted to provide service at regular intervals in order to provide timetables that better serve passenger needs.

Electrification of the Taketoyo Line

We have decided to electrify the Taketoyo Line (between Obu and Taketoyo), which transports commuters in the Nagoya metropolitan region, in the spring of 2015. By abolishing diesel cars and using the same type of trains that are presently in operation in the Nagoya metropolitan area, we aim to improve transportation service by creating flexible timetables for the entire Nagoya metropolitan region and flexibly adding cars. Also, we will improve the ability to respond to delays as well as create a system that reduces the burden on the environment through electrification. Furthermore, since some diesel cars will need to be replaced soon, by switching from diesel cars to electric cars we will be able to reduce new rolling stock production costs and running costs.

New Manufacturing for Conventional Line Rolling Stock

In regard to conventional line rolling stock, in consideration of energy efficiency, barrier-free and comfort, we newly produced and introduced 204 Series 313 rolling stocks in 2006. As a continuation of this, we aim to further improve safety and transportation service by newly producing 120 Series 313 rolling stocks as well as 10 Series Ki-Ha 25 rolling stocks and using them to replace aging rolling stock. We plan to gradually commence commercial operation of this new rolling stock between 2010 and 2013. The completion of this replacement will mean that almost all electric cars will be operated with new rolling stock produced after the establishment of JR Central. In addition, we plan to introduce 28 Series 313 rolling stocks after spring 2015 on the Taketoyo Line.

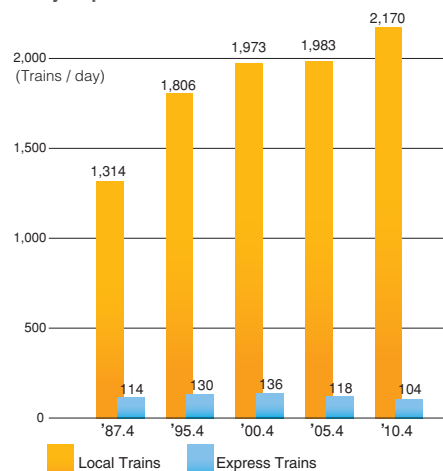


▲Wide-View Shinano



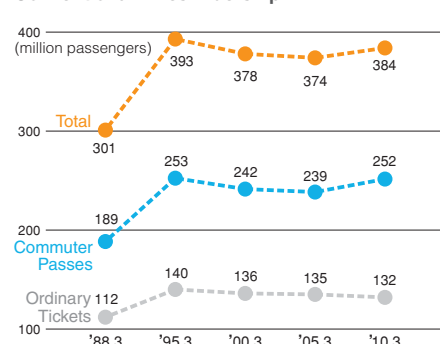
▲Series 313

Daily Departures

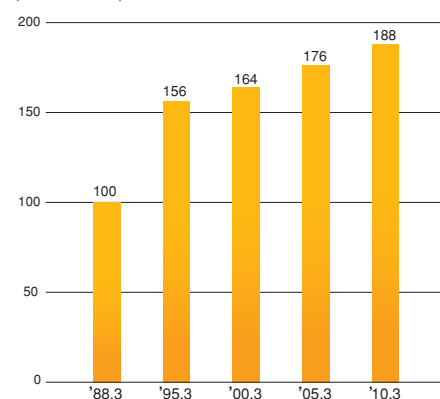


Note: Departures shown are as of the beginning of each fiscal year

Conventional Lines Ridership



Passenger Volume in Nagoya Metropolitan Area (FY1988.3=100)



*Nagoya metropolitan area: Tokaido Line (Obu-Nagoya)
 Tokaido Line (Nagoya-Gifu)
 Chuo Line (Nagoya-Kozoji)
 Kansai Line (Nagoya-Yokkaichi)

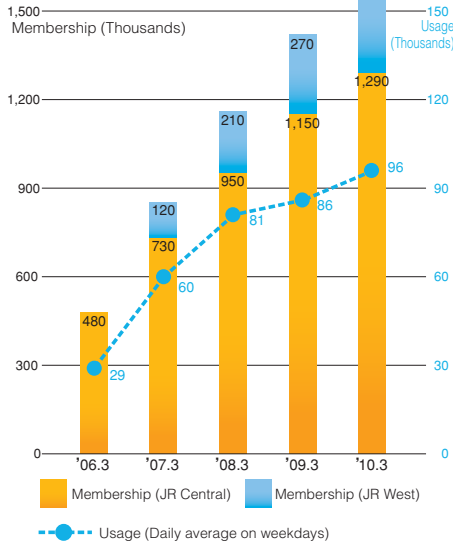
*Based on sum of daily average passenger volume in each section above

Sales and Marketing

Providing More Convenient Service

JR Central is engaged in various measures to increase the convenience of railway through ways such as expanding reservations services that leverage IT as well as to stimulate tourism.

“Express Reservation” service



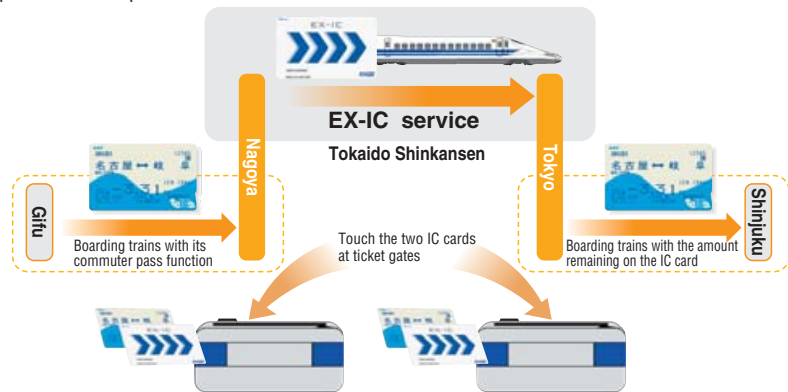
Service Expansion for “Express Reservation” and “TOICA”

JR Central is rolling out the “Express Reservation” service, which utilizes the latest IT, in order to enable passengers to use the Tokaido Shinkansen more conveniently. The “Express Reservation” service allows passengers use their mobile phones or PCs to make and/or change reservations on the Tokaido Shinkansen, allowing them to pick up their tickets at an automatic ticket vending machine without having to line up at a ticket office. In March 2008, we introduced the new “EX-IC Service” which utilizes an IC card. With the “EX-IC Service” passengers can make reservations using mobile phones or PCs and get on board without picking up paper tickets at stations; all they need to do is touch their “Express IC Card” on the sensors of the automatic ticket gates in a Shinkansen station. In August 2009, we expanded IC service to the Sanyo section and began offering the “EX-IC Service” for corporate members. At the same time, we started to offer “IC Hayatoku,” by which passengers can take advantage by making reservations three days in advance, which makes the Shinkansen quite a bargain.

“Express Reservations” not only shortens the total travel time of passengers but allows passengers to change reservations for free in accordance with their schedule as many times they like prior to departure and receipt of tickets. Along with the fact that passengers can use the Tokaido Sanyo Shinkansen conveniently all year round, this service has become very popular amongst passengers that use the Shinkansen frequently for business.

Concept image of using the Express IC Card along with TOICA commuter pass

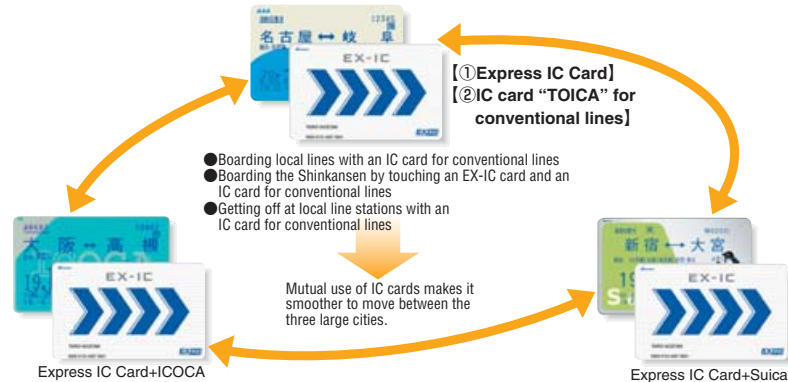
Transferring between the Shinkansen and local lines is seamless with the use of TOICA commuter pass and an Express IC Card



▲ Touch the EX-IC card at ticket gates to enter

Mutual use of IC cards for conventional lines

Making transferring between the Shinkansen and conventional lines in the Tokyo, Nagoya, Osaka, and other areas seamless.



*IC cards for conventional lines cannot be used for travel that extends through TOICA, ICOCA or Suica areas.

Also, along with expanding the service area of the conventional line IC card "TOICA", which was introduced in the Nagoya area in November 2006, to the Shizuoka area in March 2008, we have also enabled mutual use of JR East's "Suica" card and JR West's "ICOCA" card. As a result, passengers can now transfer smoothly between the Shinkansen and conventional lines by merely simultaneously touching the ticket gates with their "EX-IC" card and either conventional line IC card, such as "TOICA".

Furthermore, in order to further increase the convenience of "TOICA" we expanded the service area, introduced service in which a passenger can get on board the Shinkansen with TOICA commuter pass, and added an electronic money function to TOICA in March 2010. Going forward we will strive to develop service by deliberating on the mutual use of an IC card in FY2012, which are to be introduced by Transportation Bureau (City of Nagoya), Nagoya Railroad and others.

Measures to Stimulate Tourism Demand

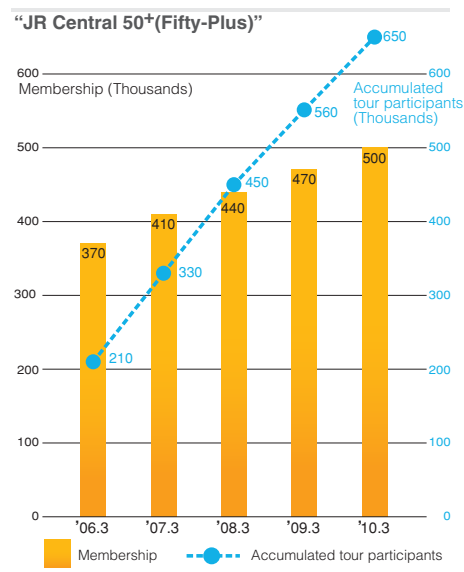
By leveraging the opening of the Shinkansen Shinagawa Station and improved transport capability that came with the increasing of the maximum speed of all trains to 270km/h in October 2003, we increased "Nozomi" services mainly during the morning and evening, which are peak usage times for business people, resulting in dramatic improvement of the convenience of the Shinkansen. Meanwhile, we have engaged in efforts to stimulate tourism demand through various campaigns and travel products in order to effectively leverage available seats on some services that are not comparatively crowded.

Firstly, we have continued to implement campaigns for Kyoto and Nara, which are the largest tourist resources in our market area, and are promoting the use of the Shinkansen mainly from the Tokyo Metropolitan to Kansai regions. In particular, with 2010 being the 1300 anniversary of relocation of the capital to Nara, we are featuring "Heijo-kyo" as part of our Nara campaign while engaging in efforts to sell travel products that include special events held at various shrines and temples.

We have also launched our "Tokyo☆Bookmark" campaign as a way to increase demand for travel from the Kansai / Nagoya regions to the Tokyo Metropolitan. This campaign leverages the Internet blog through which customers can recommend tourist spots in the Tokyo Metropolitan to each other and offers attractive package tours through coordination with travel agencies. In addition, we are offering "JR Central 50+ (Fifty-Plus)," a membership-based travelers' service that offers attractive and reasonably-priced tour packages to customers 50 years of age and older without any registration or membership fees. Furthermore, we are striving to create new demand for non-business travelers through such efforts as offering "EX Odekake Hayatoku" to members of the "Express Reservation" service for a limited time which is convenient for weekend trip especially for families.

As a way to promote the use of conventional lines, in addition to launching "Sawayaka Walking" event in which participation fee is free and participants walk to tourist spots along our train lines, we have also launched "Shupo" campaign in which passengers from regions along the Tokaido Sanyo Shinkansen, from the Tokyo Metropolitan to Kyushu regions, transfer from the Shinkansen to the Takayama and Chuo Line to visit tourist spots along those lines.

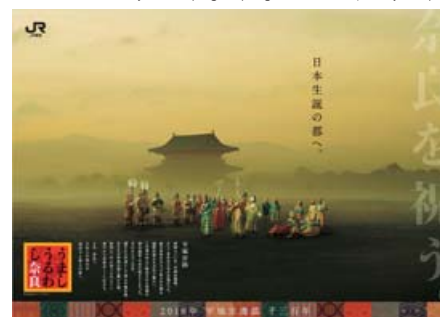
Going forward, we will continue to strive to stimulate tourism demand by offering travel products and campaigns that meet the attributes of our customers and tourist resources, as well as leveraging the Internet further.



▲Tokyo☆Bookmark website



▲Kyoto campaign, Spring 2010 version (Ninnaji-Temple)



▲Nara campaign, Heijokyo version

Technological Development and Enhancement of Technical Capability / Overseas Deployment of High-Speed Rail Systems

Creating the Future through Research and Development

Railway business is made possible by skilled employees cooperating to execute their tasks and by various types of equipment, such as civil engineering structures, tracks, electric and signaling equipment and rolling stock, functioning seamlessly. In order for a railway business to further ensure safety and strengthen its future managerial foundation, it is vital for it to continuously improve its technical capability. Based on this belief, JR Central is aggressively tackling the issue of technological development and enhancement of technical capability, and is achieving significant results. Furthermore, JR Central is promoting the deployment of high-speed railway in overseas projects by leveraging the comprehensive high-speed railway technology that JR Central has cultivated through the operation of the Tokaido Shinkansen.



▲Komaki Research Center

Promoting Technological Development at the Komaki Research Center

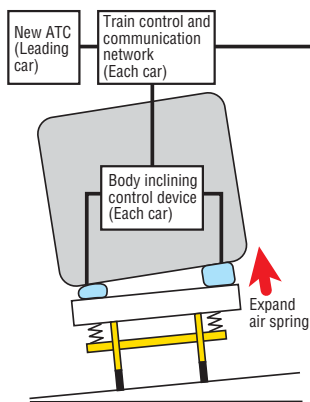
JR Central opened its own R&D center in Komaki, Aichi Prefecture in July 2002, to further strengthen our efforts toward technological development that will support our future, to enhance our technical capabilities, and to foster technically skilled human resources. We are promoting R&D activities focusing on “Improving railway technology” and “Challenging in new fields” at the Komaki Research Center.

Under the slogan of “Improving railway technology” we strive to ensure safe and reliable transportation and enhance the transportation service of the Tokaido Shinkansen by performing demonstration tests using large-scale test devices, measuring/analyzing running test data, and performing theoretical analysis through simulations. These efforts are linked to the development of higher levels of safety and service, and reductions in costs, such as making maintenance more efficient.

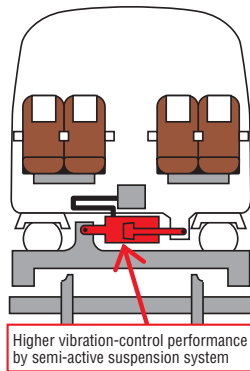
Further, under the slogan of “Challenging in new fields”, we are engaged in the practical application of functional materials such as photo catalysts, and leading-edge research and development that will contribute to energy-saving maintenance and cost reduction.

Body inclining system and Advanced semi-active suspension system

●Body inclining system



●Advanced semi-active suspension system



Development of the Series N700

The Series N700 rolling stock began commercial operation in July 2007. The results of various research and development conducted at the Komaki Research Center are reflected in this new rolling stock. For example, in order to further improve riding comfort, the Series N700 introduced a newly developed “Body Inclining System” and “Advanced Semi-active Suspension System” that was developed by utilizing the “Vehicle Dynamic Simulator.” These developments allow the Series N700 to maintain riding comfort while traveling on curves at 270 km/h and also to reduce the level of vibrations transmitted to the interior of the cars. In order to improve the environment along tracks, we utilize “Low-noise Wind Tunnel Devices” and developed “Improved Rolling Stock Nose Shape”, “All-covering Hoods”, and a “New Pantograph Configuration”. Furthermore, we have employed photo catalytic device to reduce tobacco odor when installing smoking rooms to completely separate smoking and nonsmoking sections, which is a practical application of our proprietary technology as part of our “Challenging in new fields.”

Introduction of Rolling Stock Field Test Simulator

In order to enable independently implemented demonstrative tests, the “Rolling Stock Field Test Simulator” was introduced at the Komaki Research Center and actual tests were started in April 2008.

This simulator works by running a Shinkansen rolling stock atop track wheels that correspond to rails, and reproducing running conditions by imposing various vibrations that are generated during running. We are leveraging the simulator in our efforts aimed at the further pursuit of safety and stability, and the very best riding comfort, as well as our efforts to make rolling stock lighter and more energy efficient.



▲Vehicle Dynamic Simulator



▲Rolling Stock Field Test Simulator

Advanced Maintenance of Structures

JR Central is continuously engaged in research and development aimed at advanced maintenance of structures. For example, in addition to performing field surveys and developing reinforcement methods of steel bridges, viaducts and tunnels of the Tokaido Shinkansen, in FY2009 we introduced a new structure testing apparatus (Tri-axial Loading System for Structures) and are proceeding with research aimed at creating a standard to evaluate a degree of soundness of structures and a design code that suppresses costs while maintaining quality.

Enhancing Technical Capability by affiliating with Nippon Sharyo, Ltd.

JR Central signed a capital and business alliance agreement with Nippon Sharyo, Ltd. and made a tender offer for its common stock whereby Nippon Sharyo became a consolidated subsidiary in October 2008. We are leveraging this complementary relationship as we make efforts to improve our overall technical capability in regards to rolling stock development.

Overseas Deployment of High-Speed Railway System

The Tokaido Shinkansen maintains a flawless safety record of no accidents resulting in fatalities or injuries of passengers onboard for about 46 years of commercial train operation, and is a high-speed railway system unparalleled anywhere in the world in terms of safety and punctuality. Leveraging its comprehensive world-leading high-speed railway technology overseas, JR Central can diversify the source of its earnings, while allowing domestic manufacturers to maintain and strengthen their technology and skills and expand their international high-speed railway market. Furthermore, JR Central expects that the overseas deployment of its high-speed railway system will bring technological innovation and cost reduction of railway-related equipment and will ultimately help the performance of JR Central.

(1) Establishment of C&C Office

With its environmentally-friendly characteristics, railway, and in particular high-speed railway, is attracting more and more interest from all over the world. In light of this situation, in July 2009, JR Central established the “C&C (Consulting and Coordination) Office-Overseas High Speed Railways Project” section to handle high-speed railway projects abroad. This new section proposes the deployment of high-speed railway as a total system that includes civil engineering structures, track, electrical equipment, signaling equipment, rolling stock, operation management systems, maintenance and repair, etc. to overseas high-speed railway markets. As overseas high-speed railway projects are fleshed out, this section will coordinate with related Japanese companies to provide support and consultation necessary for the safe and reliable operation of a high-speed railway, such as the provision of operation and maintenance manuals as well as training for personnel.

(2) The N700-I Bullet and SCMAGLEV

JR Central is proposing high-speed railway systems called the “N700-I Bullet” and “SCMAGLEV” to overseas markets. The “N700-I Bullet” is a total system that consists of not only the “N700-I” rolling stock but also track, electrical equipment, signaling equipment and an operation management system. The “N700-I” is based on the Series N700 operated in Japan and refers to an eight-car trainset (the Series N700 is a 16 car trainset) that meets the overseas market trends and can travel at a maximum speed of 330km/h (205mph). The Superconducting Magnetic Levitation Railway (SCMAGLEV) is a high-speed railway system developed by JR Central that can operate at a speed of 500km/h (310mph).

(3) Efforts for Overseas Deployment of the N700-I Bullet and SCMAGLEV

JR Central has made efforts to raise awareness of the superiority of the “N700-I Bullet” and “SCMAGLEV”. In November 2009, JR Central held a “High-Speed Rail Symposium” to introduce its high-speed railway systems to many guests that attended from various countries, including the US. During the symposium JR Central conducted a demonstration run of Series N700 rolling stock at the maximum speed of 330km/h (205mph). Since January 2010 JR Central has coordinated with a US company, which is experienced in dealing with government agencies and companies, in order to look into opportunities for the overseas deployment of its high-speed railway system and to actively engage in marketing activities to regions and corridors that have been selected as viable targets.



▲Tri-axial Loading System for Structures



▲High-Speed Rail Symposium



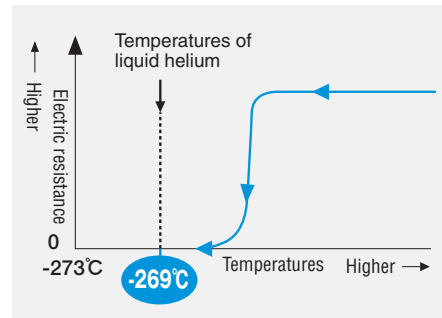
▲Press Conference with affiliated U.S. companies

Promoting the Tokaido Shinkansen Bypass by the Superconducting Maglev system

In order to continually carry out our mission

JR Central, whose mission is to operate high-speed railway linking the three major metropolitan areas of Tokyo, Chukyo and Kinki, aims for the realization of the Tokaido Shinkansen Bypass that utilizes the Superconducting Maglev system and is steadily proceeding with necessary procedures and works.

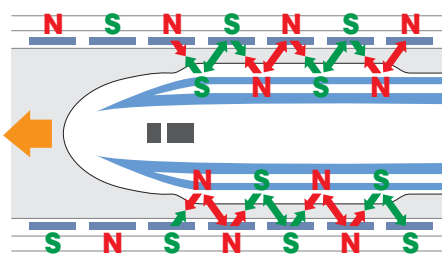
What is superconductivity?



Superconductivity is the phenomenon of zero electric resistance that results when the temperature of certain metals, alloys and oxides falls below a certain level. When an electrical current is applied to a coil in a superconductive state (superconductive coil), this current continues to flow permanently, resulting in the creation of a very large magnetic field. Niobium-titanium alloy has been used in the Superconducting Maglev to increase superconductive stability and a superconductive state is achieved by cooling Niobium-titanium to a temperature of minus 269°C with liquid helium.

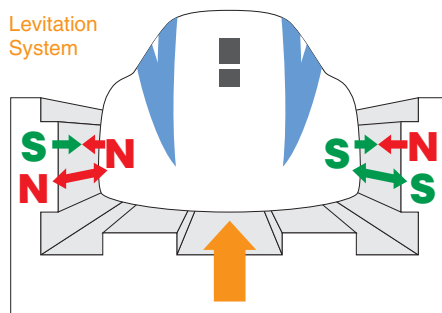
The Principles of the Superconducting Maglev System

Propulsion System



By passing current through propulsion coils on the ground, a magnetic field (north and south poles) is produced, thus the train is propelled forward by the attractive force of opposite poles and the repulsive force of same poles acting between the ground coils and the superconducting magnets built into the vehicles.

Levitation System



Levitation and guidance coils are installed on either side of the guideway (track). When the superconductive magnets on the car passes at high speed, an electric current passes through the levitation and guidance coils on either side to become electromagnetic, generating a force that both pushes up (repulsive force) and pulls up (suction power) the car (the superconducting magnet).

Promoting the Tokaido Shinkansen Bypass (Chuo Shinkansen)

The Tokaido Shinkansen Bypass (the "Bypass") that utilizes the Superconducting Maglev system will enable us to continually carry out our mission of operating high-speed railway linking the Tokyo Metropolitan, Chukyo regions and Kinki regions, which is vital to our business, and will provide the future foundation for existence of our company. It will soon be 46 years since the inauguration of the Tokaido Shinkansen which presently fulfills the mission, and we have entered a time when we must think of drastic ways to deal with feared future aging and large-scale disasters based on the fact that it takes a very long time to construct and realize a railway. It is for this reason that we must realize as quickly as possible the Bypass that can substitute the role of the Tokaido Shinkansen and that utilizes the Superconducting Maglev system, which we have developed, under the condition that we bear the cost of rail construction and operate it in an integrated manner along with the Tokaido Shinkansen.

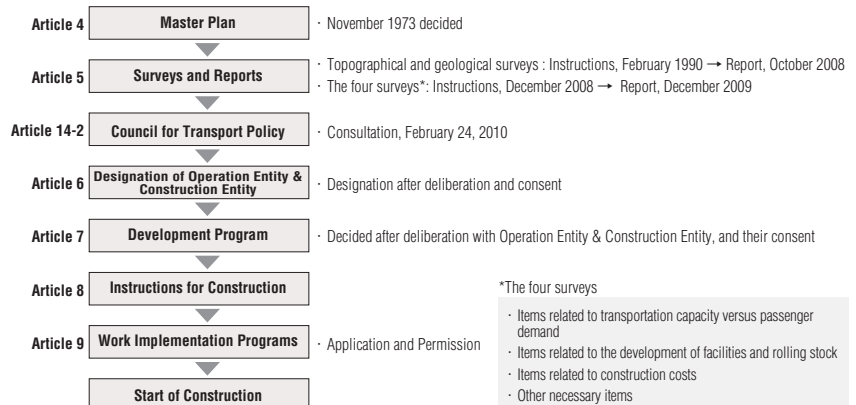
With that, we determined in December 2007 that it is sufficiently possible to maintain sound operation and stable dividends while investing as needed to ensure safe and reliable transportation and enhance competitiveness even if we bear the financial burden of constructing a line, at first, between the Tokyo Metropolitan and Chukyo regions, and decided to proceed with the necessary procedures and works to realize such a bypass as a Chuo Shinkansen in accordance with the Nationwide Shinkansen Railway Development Law (the "Law") under the condition that we bear the financial burden.

Furthermore, in conjunction with this decision, in order to confirm that the rules of a privately owned company, such as autonomy of capital investment and discretion of management, will not be hindered by application of the Law, we referred fundamental clauses regarding application of the Law to the Ministry of Land, Infrastructure, Transport and Tourism, and received a reply in January 2008 indicating that those rules would not be hindered.

Based on these facts, we are steadily moving forward with efforts aimed at realizing the Chuo Shinkansen that utilizes the Superconducting Maglev system.

We submitted a report to the Minister of Land, Infrastructure, Transport and Tourism (the "Minister") in October 2008 concerning topographical and geological surveys conducted since 1990 in accordance with Article 5 of the Law. We also submitted a report in December 2009 to the Minister regarding the remaining four surveys which we received instructions to implement from the Minister in December 2008. In response to this, the Minister consulted the Council for Transport Policy (the "CTP") pursuant to Article 14-2 of the Law on February 24, 2010 regarding the designation of an operation entity & construction entity and matters regarding the decision on a development program, which are currently under discussion. Regarding the above entity and the decision on a development program, since construction is envisioned to take place in the section between Tokyo Metropolitan and Osaka City, we confirmed that we can ensure sound operation and stable dividends throughout the construction period and after commencement of commercial operation by reviewing the long-term estimated forecast by placing assumptions that are considered to be reasonable as of today, and announced on April 28, 2010 that we shall proceed with necessary steps in preparation for the case in which the Minister requests our consent to the designation of an operation entity & construction entity pursuant to Article 6 of the Law with respect to the section of the Chuo Shinkansen between the Tokyo Metropolitan and Osaka city based on the premise that we intend to consent to such request. Thereafter, at the CTP Chuo Shinkansen Subcommittee held on May 10, 2010, we asserted and explained that ①it is necessary to create redundancy for Japan's main transportation artery linking Tokyo, Nagoya and Osaka in the form of a Chuo Shinkansen that utilizes the Superconducting Maglev system in order to prepare for future risk; ②that the realization of the Superconducting Maglev system will

Flow of Works based on the Nationwide Shinkansen Railway Development Law



have great spreading effects on the whole Japanese economy; ③that JR Central is able to complete the project through to Osaka City while solely burdening the costs; and, ④that it is necessary to begin construction as soon as possible in order to finish early.

We shall continue to make steady preparations aimed at the early start of construction and early completion of the Bypass that utilizes the Superconducting Maglev system.

Yamanashi Maglev Test Line Investment and the Superconducting Maglev Technology Development

In the realization of the Bypass (Chuo Shinkansen), since we consider that the employment of the Superconducting Maglev system is most suitable due to its advanced nature and high-speed, we have spent more than 20 years since its inception developing the Superconducting Maglev system.

In June 1990 in particular, after confirming the attitude toward integrated management of the Tokaido Shinkansen and the Chuo Shinkansen to the Ministry of Transportation (former), we decided that we would bear the burden for a portion of the costs for construction of civil engineering structures for the Yamanashi Maglev Test Line and technological development associated with practical application to the Chuo Shinkansen. Construction on the test line commenced in November of the same year.

From April 1997 until June 2010, 800,000 km accumulative of running tests have been performed on the 18.4km priority section at the Yamanashi Maglev Test Line; that's approximately 20 times the circumference of the globe. In addition, our technology development has obtained extremely good results, such as by setting the world's fastest speed record for railway of 581km/h in December 2003. We can attest that the Superconducting Maglev system is safe and has already achieved levels sufficient for commercial operation at this time.

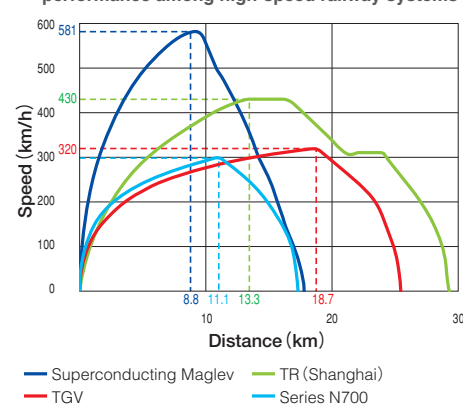
The current state of this level of technology was confirmed by the Ministry of Land, Infrastructure, Transport and Tourism's "Superconducting Magnetic Levitation Technological Practicality Evaluation Committee" (the "Evaluation Committee") which was held in July 2009.

We will continue its efforts to further improve the Superconducting Maglev technology aimed at practical application and commercial operation. In addition, in September 2006, we decided to invest 355 billion yen of its own capital in the upgrading of facilities at the Yamanashi Maglev Test Line to practical application specifications, and to extend the line to 42.8km. This construction is proceeding with the objective of completion by the end of FY2013 and we aim to complete it as quickly as possible in a steady and speedy manner.



▲Rolling Stock of the Superconducting Maglev System

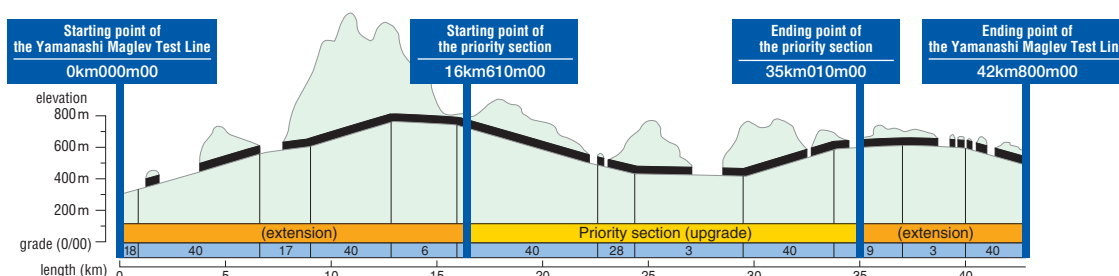
The comparison of accelerating/decelerating performance among high-speed railway systems



Reducing Costs thoroughly while Ensuring Safety

The burden of the cost for construction of the Bypass rests entirely on us, and all costs of construction are examined by the internally established "the Tokaido Shinkansen Bypass Construction Cost Reduction Committee," which continues to thoroughly reduce costs while ensuring safety. At the same time, we will be flexible in terms of managing this project so that we may distribute resources in an optimal fashion in accordance with operational status.

Overview of the Yamanashi Maglev Test Line



History of the Yamanashi Maglev Test Line

1990	Construction began on the Yamanashi Maglev Test Line
1997	Test runs began (record the maximum design speed of 550 km/h)
2000 March 9	The technical prospects for practical application of the Superconducting Maglev was acknowledged by the Evaluation Committee under the Ministry of Transport, currently reorganized into the Ministry of Land, Infrastructure, Transport and Tourism
2005 March 11	The Evaluation Committee acknowledges that the foundation technology for Superconducting Maglev was established for practical application
2006 September 25	Investment plan of the upgrade and extension of the Yamanashi Maglev Test Line is decided
2007 January 23	Application for changes of "Yamanashi Test Line Construction Plan" was approved by the Minister of Land, Infrastructure and Transport
2008 May 30	Upgrade and Extension works began on the Yamanashi Maglev Test Line
2009 July 28	The Evaluation Committee determined that, "the technology required for a commercial line has been cyclopaedically and systematically established, and it is possible to move forward with actually creating detailed technological standards and specifications for a commercially viable line"

Affiliated Businesses

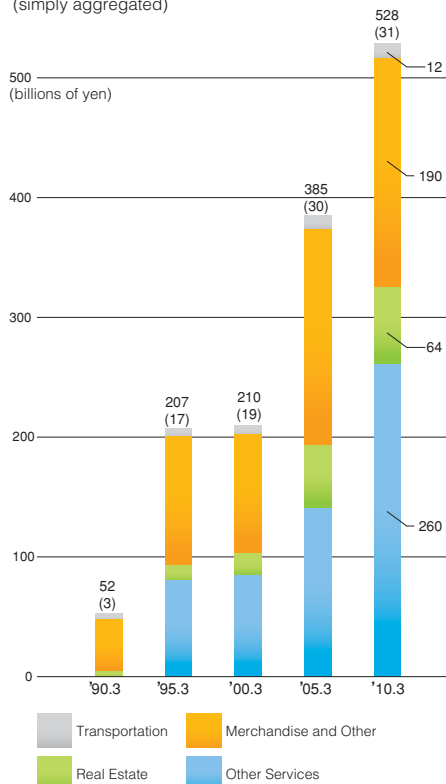
Aiming for the Development of the Whole JR Central Group

JR Central realizes that it must diversify its revenue base by actively expanding affiliated business to maintain stable management in the future. As seen in JR Central Towers, Shin-Yokohama Central Building, and Nagoya Station New Building (tentative name) which is scheduled to be completed in FY2016, we are promoting business expansion into areas that are expected to generate synergic effects with the railway business itself, such as areas that make full use of the locational advantage of the railway station. We will actively run businesses, in cooperation with group companies, enhancing the collective strength of our business group.

Outlook of Group Businesses

JR Central Group undertakes business in the areas of "Transportation", "Merchandise and Other", "Real Estate", and "Other Services". The "Merchandise and Other" segment manages a department store and provides sales services for goods and foods in stations and trains, utilizing the railway's ability to attract customers. The "Real Estate" segment is involved with developing commercial facilities in stations and areas under elevated track columns, as well as leasing real estate such as station buildings. As far as the "Other Services" segment is concerned, in addition to managing hotels at major stations, travel businesses, and advertising agencies, we are also manufacturing rolling stock, and maintaining, inspecting and repairing our railway facilities.

Operating Revenues of Consolidated Subsidiaries
(simply aggregated)



Note: Each of figures in parentheses indicates number of consolidated subsidiaries at fiscal year-end

Consolidated Subsidiaries

Segment	Company Name	Capital (Millions of yen)	Shareholding (%)	Business Activities	
Transportation	JR Tokai Bus Company	1,747	100.0	Bus services	
	JR Tokai Logistics Company	300	90.0	Logistics business	
	Tokai Transport Service Company	295	100.0	Railway business	
Merchandise and Other	JR Tokai Takashimaya Co., Ltd.	10,000	59.2	Department store operations	
	JR-Central Passengers Co., Ltd.	998	100.0	Food and beverage sales Wholesale and retail sales	
	Tokai Kiosk Company	700	100.0	Wholesale and retail sales	
	JR Tokai Food Service Co., Ltd.	295	51.6	Food and beverage sales	
Real Estate	JR Tokai Corporation	100	70.0	Wholesale and retail sales	
	JR Central Building Co., Ltd.	45,000	100.0	Real estate leasing	
	JR Tokai Real Estate Co., Ltd.	16,500	100.0	Real estate leasing and sales	
	Shin-Yokohama Station Development Co., Ltd.	9,304	100.0	Real estate leasing	
	Toyohashi Station Building Co., Ltd.	1,880	52.5	Real estate leasing	
	Tokyo Station Development Co., Ltd.	1,750	100.0	Real estate leasing	
	Shizuoka Terminal Development Co., Ltd.	624	64.4	Real estate leasing	
	Hamamatsu Terminal Development Co., Ltd.	600	76.8	Real estate leasing	
	Nagoya Station Area Development Corporation	480	100.0	Real estate leasing	
	JR Development and Management Corporation of Shizuoka	363	100.0	Real estate leasing	
	JR Development and Management Corporation of Kansai	30	100.0	Real estate leasing	
	Other Services	JR Tokai Hotels Co., Ltd.	14,000	100.0	Hotel business
		Nagoya Terminal Hotel Co., Ltd.	1,850	100.0	Hotel business
Shizuoka Terminal Hotel Co., Ltd.		50	0.0	Hotel business	
JR Tokai Tours		490	70.0	Travel agency services	
JR Tokai Agency Co., Ltd.		61	90.0	Advertising	
Nippon Sharyo, Ltd.		11,810	50.1	Manufacturing of railway rolling stock	
JR Tokai Construction Co., Ltd.		300	100.0	Construction	
Chuoh Linen Supply Co., Ltd.		150	78.0	Linen supply services	
JR Tokai Information Systems Company		100	100.0	Development, improvement and maintenance of computer system	
Japan Mechanized Works and Maintenance of Way Co., Ltd.		100	72.5	Track maintenance	
Tokai Rolling Stock & Machinery Co., Ltd.	80	60.5	Rolling stock and machinery maintenance		
JR Central Consultants Company	50	100.0	Construction consulting business		

Note: Two affiliated companies, Shinsei Technos Co., Ltd. and Railway Information Systems Co., Ltd., are accounted for by the equity method.

Operating revenues of consolidated subsidiaries totaled ¥528.6 billion (simply aggregated) in FY2010.3.

JR Central Towers

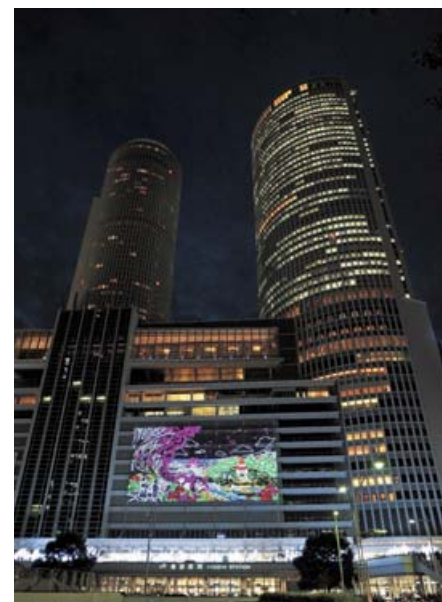
JR Central Towers, which in May 2010 marked the 10th anniversary of its grand opening, is the core of the JR Central Group's affiliated businesses and home to a department store, a hotel and offices that three of the Group's subsidiaries are operating.

The office business is run by JR Central Building Co., Ltd., a wholly-owned subsidiary of JR Central, which owns JR Central Towers. Since its opening, JR Central Towers has continually recorded high levels of occupancy, which has maintained at close to 100% during FY2010.3. In addition, a large number of customers enjoys the "Towers Lights", one of the Japan's largest illumination shows, which has become a winter season staple attraction in Nagoya.

JR Nagoya Takashimaya is operated by JR Tokai Takashimaya Co., Ltd., a joint venture of JR Central and Takashimaya Co., Ltd.. By leveraging the store's location directly above the station, we are able to attract a large number of visitors from not only Nagoya but the surrounding region as well.

With regard to a hotel business, Nagoya Marriott Associa Hotel is run by JR Tokai Hotels Co., Ltd., a wholly-owned subsidiary of JR Central. JR Tokai Hotels Co., Ltd., which has concluded a franchise contract with Marriott International Inc., provides services appropriate to an international luxury city hotel.

The combined operating revenues of these three companies were ¥135.0 billion in FY2010.3 (simply aggregated). We will be further enhancing and developing business at JR Central Towers, which has become well-established.



▲Towers Lights

Main Projects Currently Underway

①Nagoya Station New Building Project

We are proceeding with development of a complex located next to JR Central Towers, which is directly above Nagoya Station, that is comprised of offices, commercial facilities, a hotel, bus terminal and parking lot. The development concept is to create an attractive and convenient cosmopolitan space that is unified with JR Central Towers with the intention of creating a bustling hotspot for the area around Nagoya Station, to give the office complex metropolitan functions that are fitting of it and meeting the diverse working style needs of the community around Nagoya Station, and to form a relaxing cosmopolitan space that considers reducing the burden on the environment by measures such as utilizing natural energy. Also, from the standpoint of efficient management by the JR Central Group, it was decided that management and operation of the entire building shall be done by the JR Central Building and that the main tenants shall be JR Nagoya Takashimaya and a hotel operated by JR Tokai Hotels. Going forward, the existing "Nagoya Terminal Building" will be closed at the end of September 2010, and will be dismantled before a new building is constructed in its place. We are steadily proceeding with the project with a goal of a completion of the building in FY2016 and a grand opening in FY2017.

②Agriculture Business

While some of our group companies are engaged in food-related business, we have entered the agricultural business in FY2009 with the aim of providing safer and more reliable food products. We are engaged in the cultivation of "Takane Corn", which is a special local product of Takayama City, Gifu Prefecture, and sell it at JR Nagoya Takashimaya as well as online. We have also started cultivating tomatoes, mini tomatoes and lettuce in Tokoname City, Aichi Prefecture, and started using them mainly in group companies in the Nagoya region in April 2010.

Also, in regard to "Central Garden Residence Shizuoka", which we are promoting in order to effectively leverage former company housing sites, the Term I condominiums were handed over from March 2010, and a portion of the commercial facilities was opened. We will continue with preparations to hand over the Term II condominiums and open all commercial facilities. We will also continue to steadily implement the reorganization and renovation of commercial facilities at major stations, such as Tokyo Station, in conjunction with improvements made to station facilities.



▲Nagoya Station New Building (tentative name, completion image)



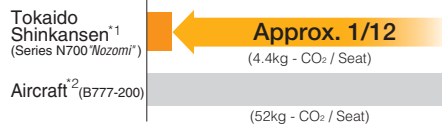
▲Entering Agriculture Business

Corporate Social Responsibility

As a Railway Operator with High Public Interests

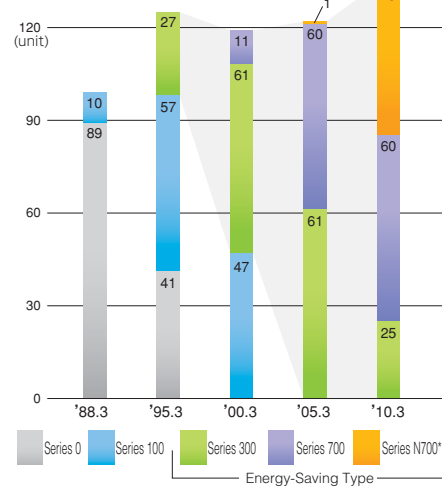
JR Central's greatest responsibility is to provide safe and reliable transportation services for the Tokaido Shinkansen, the transportation artery linking Tokyo, Nagoya, and Osaka, as well as the conventional lines centered on the Nagoya and Shizuoka regions. Furthermore, we have been working to improve railways characteristics of little burden on the global environment and to promote its usage, as well as to promote barrier-free facilities.

Comparison of CO₂ Emissions from operation between Tokyo and Osaka (per seat)



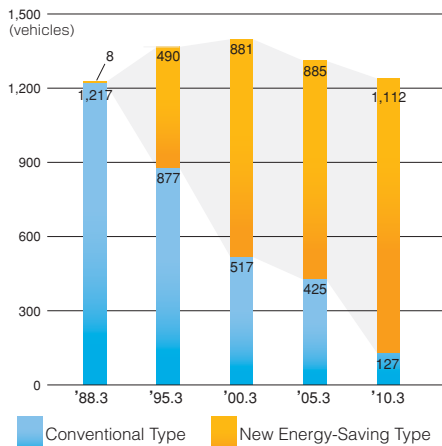
^{*1} Calculated by JR Central based on running performance Series N700 "Nozomi" between Tokyo and Shin-Osaka
^{*2} Calculated by JR Central while referencing ANA's CSR Report 2009* B777-200 between Haneda and Osaka (Itami and Kansai)

Introduction of New Energy-Saving Type Rolling Stock (Shinkansen)



Note: The figures are as of the end of each fiscal year (excluding retained trains and Multipurpose Inspection Train)
^{*}Including one unit for test run

Introduction of New Energy-Saving Type Rolling Stock (Conventional line)



Note: The figures are as of the end of each term (including retained trains and inspection trains, and excluding coaches)

Contribution to Global Environment Conservation

Railways have a minimal adverse impact on the global environment. For example, CO₂ emissions calculated per seat on a single trip from Tokyo to Osaka by the Tokaido Shinkansen is approximately one-twelfth of those by air. This illustrates the overwhelming advantage of railways as an environment-friendly transportation mode. JR Central makes its contribution to the conservation of the global environment through further enhancing the environmentally-beneficial characteristics of railways and making railway transportation services even more attractive to encourage passenger use.

(1) Improving the Energy Efficiency of Rolling Stock

From the point of view of global environment conservation, we are actively developing and introducing new energy-efficient rolling stock. Especially for the Tokaido Shinkansen, we have unified all of our rolling stock into the high-speed and low-energy consumption type of either the Series 700 or the Series 300 in the October 2003 timetable revision. Furthermore, the company intends to promote further energy conservation through the introduction of Series N700 rolling stock which allows more reduction in electric power consumption in comparison to Series 700 rolling stock. As for conventional lines, as a result of steady replacement of older rolling stock with energy-efficient rolling stock, the percentage of energy-saving rolling stock as of the end of March 2010 exceeded 87% for electric cars and was 100% for diesel cars.

(2) "Eco Business Trips" Proposal

JR Central has proposed the concept of "Eco Business Trips" as an effective effort to prevent global warming. "Eco Business Trips" refers to, "business trips that contribute to ecology (preserving the environment)," in other words, considering and acting on the idea of "selecting methods of transportation and business trip configurations that emit low levels of greenhouse effect causing gases when traveling over medium to long distances (business trips)." Making the switch to railway use not only has a large CO₂ emission reduction effect, but is also a greenhouse gas emission reduction measure that is extremely easy to implement since there is no initial investment or outstanding maintenance costs associated with it. JR Central aims to spread the concept of "Eco Business Trips" and is actively engaging in activities such as advertising to disseminate information.



(3) Other Environment Conservation Measures

JR Central works to conserve resources by separating its garbage and recycling its used train tickets, uniforms and rolling stock parts. In addition, we are also accelerating the introduction of alternative energies and energy efficient systems that contribute to environmental conservation. As part of our efforts, we have installed solar photovoltaic power generation systems on a trial basis at the Tokaido Shinkansen Kyoto Station and at the Komaki Research Center in Komaki, Aichi Prefecture, and we plan to install them in the JR Central Museum (tentative name) which is currently under construction and shall open in spring 2011. Also, Nagoya Station, JR Central Towers, the Komaki Research Center and Nagoya Central Hospital incorporate co-generation systems that make effective use of exhaust heat generated during power generation in air conditioning, thereby improving energy efficiency and reducing CO₂ emissions. In addition, we plan to design and develop the Nagoya Station New Building (tentative name) considering the conservation of the global environment by using natural energy and actively employing highly efficient equipment and facilities.

Furthermore, we strictly manage materials that put a burden on the environment and continue to engage in safe business practices while actively striving to reduce the amounts of these substances. For example, substations for conventional lines are in

the process of introducing a type of rectifier that uses pure water, which has almost zero impact on the global environment, as its coolant, so as to substantially cut back on the use of alternative chlorofluorocarbons (CFCs) that has some greenhouse gas effects.

Contribution to Community Development

Railway stations serve as a gateway to communities. In order to let them fulfill the role better, JR Central is cooperating with the requests of local governments to establish new stations, improve station buildings, develop plazas in front of stations, and facilitate railway elevation projects, thereby contributing to community development. For example, we are currently building a new station between Koda Station and Okazaki Station on the Tokaido Line to be opened at the end of FY2011.

We are also renovating facilities based on the related laws, such as the Barrier-Free Law, so that passengers, including physically challenged passengers and elderly passengers, can use our railway safely and comfortably. In particular, in accordance with fundamental government policy, we promote barrier-free facilities through the continued installation of elevators and escalators at stations used by more than 5,000 passengers a day.

Furthermore, we established the “Nagoya Central Hospital” in Nakamura Ward, Nagoya City which offers advanced and cutting-edge medical treatment with its experienced staff and the latest medical equipment. This hospital provides high-quality medical treatment and nursing care qualified by the hospital function evaluation (Ver. 5.0) by the Japan Council for Quality Health Care in September 2008 and contributes to the local community as a core hospital of the Nagoya area by emergency medical treatments and cooperation with regional medical treatment centers.

Construction of the “JR Central Museum (tentative name)”

We are constructing the “JR Central Museum (tentative name)” in response to a request from Nagoya City to participate in the “Monozukuri Culture Exchange Area Project”. We believe that the museum will deepen the general public’s understanding of railway, widely contribute to society, and ultimately lead to the promotion of industrial tourism. The characteristic of the museum is broken down into three parts: 1) introduction of “advancements in high-speed railway technology”; 2) offering of a “place to learn” about the impact of railway on society; and, 3) utilizing models, etc. that make learning fun. We began construction in August 2009 in preparation for opening in the spring of 2011.

International Exchange

We undertake a wide range of international operations, such as gathering up-to-date railway information from around the world via the company’s network of overseas offices (Washington D.C., London, and Sydney), participating in international conferences to exchange technological and management information with railway operators in the world, and issuing press releases to overseas interests as part of our PR activities.

We also participate in cooperation over railway technologies in response to government requests. We not only contribute to human resource development by accepting interns from overseas universities and international organizations, but JR Central and JR West organized the International High-Speed Railway Conference four times with the aim of publicizing the superiority of the Shinkansen, such as environmental performance. Also, at the “International Symposium on Climate Change and Transport Strategy” held in December 2007 and co-sponsored by the Institution for Transport Policy Studies, experts such as Lord Nicholas Stern (professor at the London School of Economics) gathered from many countries gave lectures and held debates concerning the present state of global warming and the role that transportation organizations should play in the future.

We will strive to attain deeper understanding on us in the international community through PR activities and information exchange with railway operators around the world.



▲ A new station between Koda Station & Okazaki Station (completion image)



▲ Elevator installation (Kyoto station)



▲ Nagoya Central Hospital



▲ The JR Central Museum (tentative name, completion image)

Summary of Performance

Segment-by-segment performance for the year ended March 2010

Amidst a harsh business environment caused by the economic downturn, the JR Central group prioritizes safe and reliable transportation which is the foundation of the railway business while aiming to further develop service. We also continue to engage in efforts to improve the competency of our employees, to enhance facilities, and to pursue efficiency and "Cost Reduction" in an effort to strengthen earnings capabilities. However, due to the impact of the swine flu outbreak from the middle of May through June 2009, and government policy to reduce highway tolls which took effect in March of the same year in addition to the economic downturn, total passenger kilometers has dropped by 6.6% year-on-year to 51.674 billion passenger kilometers. Also, despite of full consolidation of Nippon Sharyo, Ltd., operating revenues decreased by 5.3% year-on-year to 1.4866 trillion yen. Ordinary income decreased by 24.2% year-on-year to 165.2 billion yen, while net income decreased by 27.2% year-on-year to 91.7 billion yen.

We were able to achieve a decrease in long-term debt and payables on a consolidated basis by 81.6 billion yen which resulted in a long-term liability balance of 3.1735 trillion yen as of the end of March 2010.

In addition, annual dividends for the year were 9,000 yen per share as forecasted and announced at the beginning of the fiscal year.

This works out as follows when looking at business performance by segment.

① Transportation

In regard to the Tokaido Shinkansen, along with continuing to actively introduce Series N700 rolling stock, we worked to provide highly convenient transportation services based on the train operation systems improved by the timetable revisions in March 2009 that aimed to further develop "Nozomi" service. Furthermore, in March 2010 we further improved the convenience of "Nozomi" with direct service between the Tokaido and Sanyo Shinkansen sections. In addition, we strove to entrench Internet connection service on the Series N700. We also began implementing countermeasures to derailment / deviation as a new earthquake countermeasure in October 2009 in addition to anti-quake reinforcement of civil engineering structures.

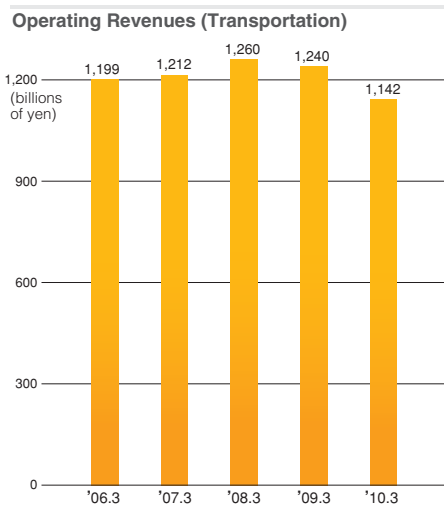
In regard to conventional lines, we opened Minami Odaka Station on the Tokaido Line thereby striving to offer service that leverages an organized transportation infrastructure while at the same time revising the timetable with an emphasis on transportation in the Nagoya metropolitan area in March 2009.

In terms of sales, we expanded the usage area of "EX-IC Service" to the Sanyo Shinkansen section and launched service for corporate members in August 2009 while striving to stimulate usage by existing members. We also launched services such as adding an electronic money function to TOICA in March 2010. Furthermore, in addition to striving to offer various travel products through launching tourism promotion campaigns for Kyoto, Tokyo, Nara and Ise, we also strove to offer various travel products linked with these campaigns.

However, due to the impact of the swine flu, and government policy to reduce highway tolls in addition to the economic downturn, passenger kilometers for the Tokaido Shinkansen decreased by 7.3% year-on-year to 42.685 billion and passenger kilometers for conventional lines decreased by 3.1% year-on-year to 8.989 billion.

In regard to our bus business, we continued with efforts to make work more efficient based on fierce competition.

As a result of the above, operating revenues fell by 7.9% year-on-year to 1.1423 trillion yen, and operating income fell by 24.4% year-on-year to 272.0 billion yen.



② Merchandise and Other

In regard to merchandise and other business, at JR Nagoya Takashimaya we strove to develop an attractive line of products, renovate sales floors and enhance our selling strategy so that it meets the needs of customers.

In regard to our agriculture business, we began cultivation on a commercial basis and proceeded with preparations to deliver product to group companies.

However, due to the impact of the swine flu, and government policy to reduce highway tolls, in addition to the economic downturn, operating revenues decreased by 6.3% year-on-year to 188.6 billion yen and operating income decreased by 30.7% year-on-year to 3.7 billion yen.

③ Real Estate

In regard to real estate, in order to leverage station location in a more effective manner and increase customers, along with continuing renovations of commercial facilities at Tokyo station we proceeded with works such as an environmental assessment of Nagoya Station New Building Project. In addition, we made Nagoya Terminal Building Company Limited a 100% subsidiary on March 1, 2010 in order to move forward expeditiously and efficiently with business in the area around Nagoya station. In conjunction with this, in regard to the development of sites of former company housing, which is being done from the perspective of effectively leveraging held assets, in addition to starting to hand over the Term I condominiums at “Central Garden Residence Shizuoka” we also opened a portion of commercial facilities.

However, due to the impact of the economic downturn and other factors, operating revenues decreased by 5.3% year-on-year to 66.7 billion yen and operating income decreased by 51.6% year-on-year to 6.7 billion yen.

④ Other Services

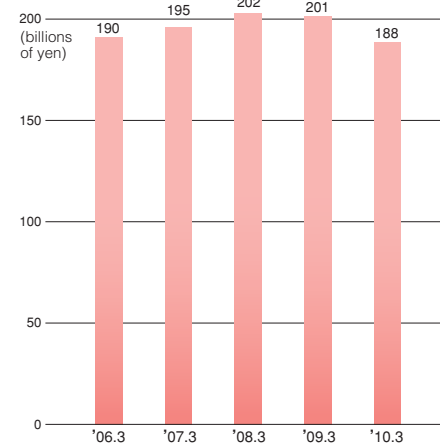
In regard to our hotel business, amidst a harsh economic situation we strove to offer products that meet customer needs, provide high quality service and enhance sales capability.

In regard to our travel business, in addition to actively selling attractive travel products linked with tourism promotion campaigns for Kyoto, Tokyo, Nara and Ise we also strove to leverage the Internet to sell these products.

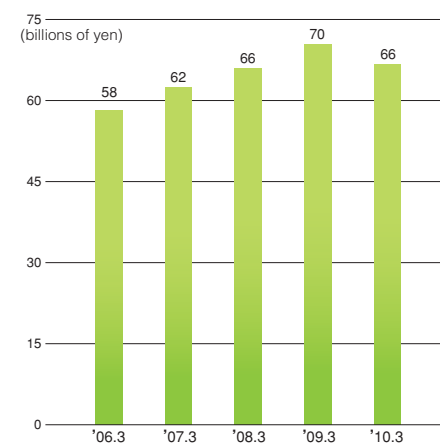
In regard to our railway rolling stock manufacturing business, we strove to deal with the demand for replacing railway rolling stock and construction machinery.

As a result of engaging in the efforts mentioned above, even though we had the impact of the economic downturn, operating revenues increased by 18.2% year-on-year to 255.5 billion yen due to full consolidation of Nippon Sharyo, and operating income increased by 261.9% year-on-year to 10.3 billion yen.

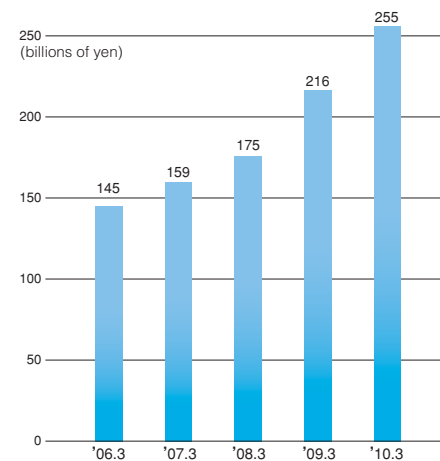
Operating Revenues (Merchandise and Other)



Operating Revenues (Real Estate)



Operating Revenues (Other Services)



Summary of Performance

Performance Forecast for the year ending March 2011

It is predicted that the fiscal year ending March 2011 will continue to be harsh and that each business will face a harsh environment. Amidst this situation, while continuing to prioritize safe and reliable transportation, JR Central will continue with the concentrated introduction of the Series N700 and strive to develop transportation service through the replacement of old cars on conventional lines with new rolling stock. All JR Central group companies will strive to provide a higher quality of service while leveraging our knowledge to make operations more efficient and pursue "Cost Reduction" at all levels, thereby developing our management vitality. Through these efforts, we forecast that operating revenues shall be 1.457 trillion yen; operating income shall be 289 billion yen; and net income shall be 97 billion yen.

FY 2011.3 Forecasts

(billions of yen)

	Consolidated	(2011/2010)
Operating revenues	1,457	(98.0%)
Operating income	289	(98.5%)
Net income	97	(105.7%)
Capital investments	328	(122.7%)
	Non-Consolidated	(2011/2010)
Operating revenues	1,144	(100.0%)
Operating income	279	(101.8%)
Net income	96	(108.6%)
Capital investments	308	(125.8%)

*As of the publication of the financial report for the year ended March 31, 2010

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1) Overview of FY2009

Amidst a harsh business environment caused by economic downturn we aimed to further develop services this term while prioritizing safe and reliable transportation.

In regards to our railway business, along with continuing to actively introduce Series N700 rolling stock on the Tokaido Shinkansen, we worked to provide highly convenient transportation services based on the train operation systems improved by the timetable revisions in March 2009 that aimed to further develop "Nozomi" service. Furthermore, in August 2009 we extended "EX-IC (Express IC) Service" to the Sanyo Shinkansen section and began offering corporate members. In regards to conventional lines, in addition to revising the timetable to improve urban area transportation services in the Nagoya region, in March 2010 we also began services to add an electronic money functions to TOICA.

In regards to our non-railway businesses, in addition to striving to enhance existing businesses, we moved ahead surely and steadily with projects such as the development of sites of former company housing, entrance into the agricultural business, and Nagoya Station New Building Project.

However, due to the impact of the swine flu, and government policy to reduce highway tolls, in addition to the economic downturn, our non-consolidated transportation revenues decreased and also resulted in a decrease in consolidated operating revenues even with the full consolidation of Nippon Sharyo, Ltd..

Even though expenses increased with the consolidation of Nippon Sharyo, operating expenses were at par with the previous term due to efforts to pursue efficiency and "Cost Reduction" at all levels upon ensuring safety in consideration of the harsh business environment. Non-operating profit and loss improved due to reductions in paid interest, etc.

As a result of the above, decreases in both revenue and income were seen this term with operating revenues posting at 1.4866 trillion yen; operating income at 293.4 billion yen; and, net income at 91.7 billion yen.

2) Operating Performance

a) Operating Revenues

Operating revenues decreased by 83.6 billion yen (5.3%) year-on-year (YoY) to 1.4866 trillion yen.

In regards to our transportation business, transportation revenues decreased by 96.7 billion yen (8.3%) YoY to 1.0728 trillion yen. Passenger volume for the Tokaido Shinkansen decreased by 7.3%, and transportation revenues decreased by 8.5% YoY to 973.6 billion yen. Furthermore, passenger volume on conventional lines decreased by 3.1% with transportation revenues decreasing 5.9% YoY to 99.2 billion yen.

In regards to our non-railway business, "Merchandise and Other" and "Real Estate" decreased in revenue by 6.3% and 5.3%, respectively, while "Other Services" increased in revenue by 18.2% YoY.

b) Operating Expenses

Whereas there were increases in expenses due to depreciation and amortization from introduction of the Series N700 and the consolidation of Nippon Sharyo, operating expenses were at par with the previous term at 1.1931 trillion yen due to decreases in property expenses resulting from efforts to cut overhead and "Cost Reduction", in addition to expense reductions through decreasing purchases among group companies.

c) Operating Income

Operating income decreased by 88.8 billion yen (23.2%) YoY to 293.4 billion yen.

d) Other Income (Expenses)

In regard to other income (expenses), we had reductions in paid interest in conjunction with a reduction of long-term debt and payables and a reduction in average interest rate, in addition to reductions in early repayment loss of Shinkansen debt and reductions in stock appraisal loss. In addition, whereas revenues from the bearing of construction costs in conjunction with external construction, such as the building of new stations, was accounted for as other income, corresponding fixed asset advanced to depreciation deductions were accounted for as other expenses.

e) Net Income

After corporate tax adjustments were made to the above, net income for this term decreased by 34.2 billion yen (27.2%) to 91.7 billion yen.

Condition and Results of Operations (MD&A)

3) Cash Flow

Cash and cash equivalents (hereinafter referred to as, “Capital”) at the end of this term had risen by 24.1 billion yen YoY to 79.7 billion yen.

Long-term debt and payables decreased by 81.6 billion yen to 3.1735 trillion yen as of the end of this term.

Capital gained from operating activities decreased by 45.5 billion yen YoY to 414.0 billion yen due to the decrease in transportation revenues from the Tokaido Shinkansen.

Capital expended through investment activities decreased by 36.3 billion yen to 256.2 billion yen due to decreases in expenditure resulting from the acquisition of fixed assets in conjunction with capital investment as well as reductions in expenditure related to the acquisition of Nippon Sharyo stock.

Capital expended through financial activities decreased by 12.5 billion yen YoY to 133.6 billion yen due to reductions in the early repayment amount of Shinkansen debt and increases in the amount of corporate bonds issued even though the amount of long-term debt repaid increased.

4) Shrinking Long-Term Debt and Payables

During this term we decreased long-term debt and payables by 81.6 billion yen on a consolidated basis, and 60.6 billion yen on a non-consolidated basis. Long-term debt and payables at the end of this term was 3.1735 trillion yen on a consolidated basis, and 3.1170 trillion yen on a non-consolidated basis.

When we purchased the Tokaido Shinkansen facilities in October 1991, we were burdened with total long-term debt and payables of over five times our annual transportation revenues, including the liabilities inherited from Japanese National Railways at its break-up and privatization. Because we considered the reduction of these long-term debt and payables to be our important financial issue, we have endeavored to reduce the debt and payables as rapidly as possible. Consequently, total long-term debt and payables of ¥5.4562 trillion at the end of FY1991, which was immediately after we took over the Tokaido Shinkansen assets, has been reduced by ¥2.3392 trillion. However, at the end of this term, outstanding long-term debt and payables still stood at more than ¥3.1 trillion.

In addition to continuing to strengthen earnings capabilities and striving to cut operating expenses, we shall steadily promote efforts aimed at the construction of the Tokaido Shinkansen Bypass through efforts to make capital investment and cash reserves more efficient, and strive to shrink long-term debt and payables.

5) Net Asset Balance

Net asset balance at the end of this term had increased by 86.2 billion yen to 1.1345 trillion yen, and our equity ratio increased from 19.4% at the end of the previous term to 21.0% at the end of this term.

6) Capital Procurement

In order to procure capital from various sources and facilitate smooth fund raising, we have acquired a rating from Moody’s Investors Service, Inc., and Rating and Investment Information, Inc. (R&I). Credit ratings for corporate bonds issued during this term are Aa2 from Moody’s Investors Service and AA from R&I.

Furthermore, in order to secure short-term liquidity, we have established a commitment line of 100 billion yen as of the end of this term.

Consolidated Balance Sheets

Central Japan Railway Company and Consolidated Subsidiaries

March 31, 2010 and 2009

ASSETS	Millions of Yen (Note 2)		Thousands of U.S. Dollars (Note 2)
	2010	2009	2010
CURRENT ASSETS:			
Cash and cash equivalents (Note 10)	¥ 79,708	¥ 55,526	\$ 857,075
Trade receivables (Note 10)	73,214	67,225	787,247
Allowance for doubtful accounts	(66)	(79)	(709)
Inventories	36,925	47,109	397,043
Deferred tax assets (Note 9)	21,387	24,531	229,967
Prepaid expenses and other	31,586	32,898	339,645
Total current assets	242,755	227,210	2,610,268
NONCURRENT ASSETS:			
Investments and other assets:			
Investment securities (Notes 4 and 10)	98,264	70,647	1,056,602
Investments in and advances to unconsolidated subsidiaries and affiliates	12,214	11,929	131,333
Deferred tax assets (Note 9)	186,260	182,272	2,002,795
Prepaid expenses and other	30,593	31,702	328,968
Total investments and other assets	327,332	296,550	3,519,698
Property, plant and equipment:			
Buildings and structures (Note 5)	4,332,142	4,297,681	46,582,172
Machinery, rolling stock and vehicles	1,192,559	1,183,889	12,823,215
Land (Note 5)	2,363,745	2,363,634	25,416,612
Construction in progress	144,633	114,436	1,555,193
Other	177,598	170,524	1,909,700
Total	8,210,681	8,130,167	88,286,892
Accumulated depreciation	(3,569,759)	(3,431,396)	(38,384,504)
Net property, plant and equipment	4,640,921	4,698,770	49,902,388
Total noncurrent assets	4,968,253	4,995,320	53,422,086
TOTAL ASSETS	¥ 5,211,009	¥ 5,222,531	\$ 56,032,354

See notes to consolidated financial statements.

March 31, 2010 and 2009

LIABILITIES AND EQUITY	Millions of Yen (Note 2)		Thousands of U.S. Dollars (Note 2)
	2010	2009	2010
CURRENT LIABILITIES:			
Short-term bonds payable		¥ 14,999	
Short-term loans payable (Notes 5 and 10)	¥ 24,515	27,538	\$ 263,602
Current portion of long-term debt (Notes 5 and 10)	168,254	154,823	1,809,182
Current portion of long-term accounts payable— railway facilities (Notes 6 and 10)	111,712	113,967	1,201,204
Trade payables (Note 10)	174,381	195,315	1,875,064
Provision for bonuses	25,026	25,761	269,096
Income taxes payable (Note 10)	29,615	38,196	318,440
Advances received	41,743	50,408	448,849
Other (Note 9)	67,228	63,822	722,928
Total current liabilities	642,478	684,832	6,908,365
NONCURRENT LIABILITIES:			
Long-term debt (Notes 5 and 10)	1,523,626	1,407,270	16,383,075
Long-term accounts payable—railway facilities (Notes 6 and 10)	1,369,939	1,579,102	14,730,526
Provision for large scale renovation of the Shinkansen infrastructure	250,000	216,666	2,688,172
Provision for retirement benefits (Note 7)	204,963	209,599	2,203,903
Other (Note 9)	85,434	76,701	918,678
Total noncurrent liabilities	3,433,965	3,489,340	36,924,354
CONTINGENCIES (Note 12)			
EQUITY (Note 8):			
Common stock—authorized, 8,960,000 shares; issued, 2,150,000 shares in 2010 and 2,240,000 shares in 2009	112,000	112,000	1,204,301
Capital surplus	53,500	53,500	575,268
Retained earnings	1,126,278	1,157,467	12,110,516
Unrealized gain (loss) on available-for-sale securities	7,304	(2,773)	78,548
Deferred gain (loss) on hedges	0	3	0
Treasury stock—at cost, 177,556 shares in 2010 and 269,988 shares in 2009	(202,405)	(309,122)	(2,176,397)
Total	1,096,678	1,011,075	11,792,236
Minority interests	37,887	37,282	407,399
Total equity	1,134,566	1,048,358	12,199,635
TOTAL LIABILITIES AND EQUITY	¥ 5,211,009	¥ 5,222,531	\$ 56,032,354

See notes to consolidated financial statements.

Consolidated Statements of Income

Central Japan Railway Company and Consolidated Subsidiaries

Years Ended March 31, 2010, 2009 and 2008

	Millions of Yen (Note 2)			Thousands of U.S. Dollars (Note 2)
	2010	2009	2008	2010
OPERATING REVENUES	¥ 1,486,632	¥ 1,570,253	¥ 1,559,467	\$ 15,985,290
OPERATING EXPENSES:				
Transportation, other services and cost of sales	1,026,516	1,015,753	956,787	11,037,818
Selling, general and administrative expenses	166,641	172,159	168,217	1,791,838
<i>Total operating expenses</i>	<i>1,193,157</i>	<i>1,187,912</i>	<i>1,125,004</i>	<i>12,829,656</i>
<i>Operating income</i>	<i>293,474</i>	<i>382,341</i>	<i>434,462</i>	<i>3,155,634</i>
OTHER INCOME (EXPENSES):				
Interest and dividend income	1,419	1,842	1,606	15,258
Interest expense (Notes 5 and 6)	(117,310)	(126,020)	(138,350)	(1,261,410)
Loss on sales of noncurrent assets	(1,826)	(309)	(3,170)	(19,634)
Loss on long-term accounts payable—railway facilities (Note 6)	(14,633)	(29,071)	(25,173)	(157,344)
Other—net (Note 4)	(224)	(15,856)	2,096	(2,408)
<i>Other expenses—net</i>	<i>(132,575)</i>	<i>(169,416)</i>	<i>(162,991)</i>	<i>(1,425,538)</i>
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	160,899	212,925	271,471	1,730,096
INCOME TAXES (Note 9):				
Current	74,261	92,656	114,801	798,505
Deferred	(7,625)	(6,779)	(4,821)	(81,989)
<i>Total income taxes</i>	<i>66,635</i>	<i>85,877</i>	<i>109,979</i>	<i>716,516</i>
MINORITY INTERESTS IN INCOME	2,499	994	1,716	26,871
NET INCOME	¥ 91,764	¥ 126,052	¥ 159,774	\$ 986,709
		Yen		U.S. Dollars
	2010	2009	2008	2010
PER SHARE OF COMMON STOCK (Note 3.p):				
Basic net income	¥ 46,574.56	¥ 64,023.29	¥ 81,106.04	\$ 500.80
Cash dividends applicable to the year	9,000.00	9,000.00	8,500.00	96.77

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

Central Japan Railway Company and Consolidated Subsidiaries

Years Ended March 31, 2010, 2009 and 2008

	Thousands			Millions of Yen (Note 2)						
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain (Loss) on Available-for- sale Securities	Deferred Gain (Loss) on Hedges	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2007	1,969	¥ 112,000	¥ 53,588	¥ 905,776	¥ 27,532		¥ (309,151)	¥ 789,746	¥ 14,665	¥ 804,412
Change in equity in affiliates accounted for by equity method—treasury stock	1						45	45		45
Net income				159,774				159,774		159,774
Dividends from surplus, ¥8,000 per share				(15,776)				(15,776)		(15,776)
Net change in the year					(18,768)			(18,768)	1,076	(17,692)
BALANCE, MARCH 31, 2008	1,970	112,000	53,588	1,049,775	8,764		(309,106)	915,021	15,741	930,763
Change in equity in affiliates accounted for by equity method—treasury stock							(15)	(15)		(15)
Net income				126,052				126,052		126,052
Dividends from surplus, ¥9,000 per share				(17,748)				(17,748)		(17,748)
Purchase of treasury stock	(2)						(2,619)	(2,619)		(2,619)
Disposal of treasury stock	2		(88)	(612)			2,619	1,918		1,918
Net change in the year					(11,537)	¥ 3		(11,533)	21,540	10,007
BALANCE, MARCH 31, 2009	1,970	112,000	53,500	1,157,467	(2,773)	3	(309,122)	1,011,075	37,282	1,048,358
Net income				91,764				91,764		91,764
Dividends from surplus, ¥9,000 per share				(17,748)				(17,748)		(17,748)
Purchase of treasury stock	(1)						(577)	(577)		(577)
Disposal of treasury stock	3			(1,705)			3,795	2,089		2,089
Retirement of treasury stock				(103,500)			103,500			
Net change in the year					10,077	(3)		10,074	604	10,679
BALANCE, MARCH 31, 2010	1,972	¥ 112,000	¥ 53,500	¥ 1,126,278	¥ 7,304	¥ 0	¥ (202,405)	¥ 1,096,678	¥ 37,887	¥ 1,134,566

	Thousands of U.S. Dollars (Note 2)									
	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain (Loss) on Available-for- sale Securities	Deferred Gain (Loss) on Hedges	Treasury Stock	Total	Minority Interests	Total Equity	
BALANCE, MARCH 31, 2009	\$ 1,204,301	\$ 575,268	\$ 12,445,881	\$ (29,806)	\$ 32	\$ (3,323,902)	\$ 10,871,774	\$ 400,881	\$ 11,272,655	
Net income			986,709				986,709		986,709	
Dividends from surplus, \$96.77 per share			(190,838)				(190,838)		(190,838)	
Purchase of treasury stock						(6,204)	(6,204)		(6,204)	
Disposal of treasury stock			(18,333)			40,806	22,473		22,473	
Retirement of treasury stock			(1,112,903)			1,112,903				
Net change in the year				108,354	(32)		108,322	6,518	114,840	
BALANCE, MARCH 31, 2010	\$ 1,204,301	\$ 575,268	\$ 12,110,516	\$ 78,548	\$ 0	\$ (2,176,397)	\$ 11,792,236	\$ 407,399	\$ 12,199,635	

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Central Japan Railway Company and Consolidated Subsidiaries

Years Ended March 31, 2010, 2009 and 2008

	Millions of Yen (Note 2)			Thousands of U.S. Dollars (Note 2)
	2010	2009	2008	2010
OPERATING ACTIVITIES:				
Income before income taxes and minority interests	¥ 160,899	¥ 212,925	¥ 271,471	\$ 1,730,096
Adjustments for:				
Income taxes—paid	(83,365)	(121,678)	(98,024)	(896,397)
Depreciation and amortization	268,219	258,319	228,461	2,884,075
Equity in earnings of affiliates	(246)	(141)	(227)	(2,645)
Proceeds from contribution for construction	(7,130)	(6,325)	(31,820)	(76,666)
Loss on reduction of noncurrent assets	7,156	6,809	31,957	76,946
Loss on retirement of noncurrent assets	20,977	18,871	25,029	225,559
Loss (gain) on sales of noncurrent assets	1,699	(39)	2,682	18,268
Changes in assets and liabilities:				
Increase in provision for large scale renovation of the Shinkansen infrastructure	33,333	33,333	33,333	358,419
(Increase) decrease in trade receivables	(5,995)	10,359	(39)	(64,462)
Decrease in inventories	10,722	44	129	115,290
(Decrease) increase in trade payables	(15,645)	(17,313)	5,382	(168,225)
(Decrease) increase in advances received	(8,656)	5,540	(2,237)	(93,075)
Decrease in provision for retirement benefits	(4,635)	(433)	(4,619)	(49,838)
Other	36,694	59,327	39,385	394,558
<i>Net cash provided by operating activities</i>	<i>414,027</i>	<i>459,597</i>	<i>500,864</i>	<i>4,451,903</i>
INVESTING ACTIVITIES:				
Purchases of property, plant and equipment	(250,766)	(272,744)	(262,276)	(2,696,408)
Proceeds from contribution for construction	10,079	10,291	14,353	108,376
Proceeds from sales of investment securities (Note 4)	93	359	1,331	1,000
Purchases of investment securities and investment in and advances to unconsolidated subsidiaries and affiliates	(12,326)	(11,991)	(6,509)	(132,537)
Payment for purchase of a newly consolidated subsidiary, net of cash acquired		(16,625)		
Other	(3,290)	(1,800)	(13,441)	(35,366)
<i>Net cash used in investing activities</i>	<i>(256,209)</i>	<i>(292,511)</i>	<i>(266,542)</i>	<i>(2,754,935)</i>
FINANCING ACTIVITIES:				
Net (decrease) increase in short-term loans payable	(3,023)	197	2,325	(32,505)
Proceeds from long-term debt (Note 5)	288,300	247,453	209,141	3,100,000
Repayment of long-term debt (Note 5)	(158,523)	(100,372)	(113,382)	(1,704,548)
Payment for long-term accounts payable—railway facilities (Note 6)	(211,418)	(252,814)	(258,186)	(2,273,311)
Cash dividends paid	(17,748)	(17,748)	(15,776)	(190,838)
Cash dividends paid to minority shareholders	(365)	(372)	(11)	(3,924)
Other	(30,856)	(22,512)	(60,606)	(331,809)
<i>Net cash used in financing activities</i>	<i>(133,635)</i>	<i>(146,170)</i>	<i>(236,496)</i>	<i>(1,436,935)</i>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	24,182	20,916	(2,174)	260,033
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	55,526	34,609	36,783	597,042
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 79,708	¥ 55,526	¥ 34,609	\$ 857,075
ADDITIONAL CASH FLOW INFORMATION:				
Interest paid	¥ 118,250	¥ 126,991	¥ 139,056	\$ 1,271,505

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Central Japan Railway Company and Consolidated Subsidiaries

1. INCORPORATION OF CENTRAL JAPAN RAILWAY COMPANY

Central Japan Railway Company (Tokai Ryokaku Tetsudo Kabushiki Gaisha, the "Company") was incorporated on April 1, 1987, as a private business company, pursuant to the Law for Japanese National Railways Restructuring enacted upon the resolution of the Japanese Diet.

The business of the Japanese National Railways ("JNR") was succeeded by the following newly established organizations: seven railway companies including the Company, the former Shinkansen Holding Corporation (a predecessor entity to the Railway Development Fund (1997–1991), which was subsequently succeeded by the Corporation for Advanced Transport and Technology (the "CATT") (2003–1997) and in turn by the Japan Railway Construction, Transport and Technology Agency (the "JRJT"), former Railway Telecommunication Co., Ltd., Railway Information Systems Co., Ltd. and the Railway Technical Research Institute. JNR itself became JNR Settlement Corporation (the "JNRSC"). All of the assets and liabilities of JNR were transferred to such organizations, including JNRSC.

Prior to December 1, 2001, the Law Concerning Passenger Railway Companies and Japan Freight Railway Company (the "Law") required that authorization be obtained from the Minister of Land, Infrastructure and Transport (the "Minister of Transport") regarding fundamentals such as: (1) commencement of business other than railway and its related business, (2) the appointment or dismissal of representative directors and corporate auditors, (3) the issuance of new shares and bonds, (4) long-term loans payable, (5) amendments to the Articles of Incorporation, (6) operating plans, (7) sales of material assets, (8) appropriations of earnings and (9) merger or dissolution.

As of December 1, 2001, since the Law was revised and the Company was no longer in scope of the Law, the Company was not required to obtain the aforementioned authorizations.

On October 8, 1997, the Company's shares were listed on the Nagoya, Tokyo and Osaka stock exchanges in Japan. JNRSC, which held all 2,240,000 of the Company's outstanding shares prior to the listing, sold 1,353,929 shares in the initial public offerings.

Pursuant to the Law for Disposal of Debts and Liabilities of JNRSC enacted in October of 1998, the Company's shares held by JNRSC were transferred to Japan Railway Construction Public Corporation (the "JRCP").

On October 1, 2003, the CATT and the JRCP were fully integrated, pursuant to the Law of Japan Railway Construction, Transport and Technology enacted on October 1, 2003, and designated as JRJT.

In July 2005, the JRJT sold 600,000 shares of the Company.

On April 5, 2006, the JRJT also sold its remaining 286,071 shares of the Company. As a result of this sale, all of the Company's shares held by the JRJT were sold.

2. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law (formerly, the Japanese Securities and Exchange Law) and its related accounting regulations and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2009 and 2008 consolidated financial statements to conform to the classifications used in 2010.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥93 to \$1, the approximate rate of exchange at March 31, 2010. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate. Japanese yen figures less than million yen are rounded down to the nearest million yen, except for per share information and U.S. dollar figures less than thousand of U.S. dollar are also rounded down to the nearest thousand of U.S. dollar, except for per share information.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Principles of Consolidation

The accompanying consolidated financial statements as of March 31, 2010 include the accounts of the Company and its 31 (31 in 2009 and 30 in 2008) significant subsidiaries (together, the "Companies").

The Company conducted a tender offer for the shares of common stock of Nippon Sharyo, Ltd., during the period from August 18, 2008 to October 7, 2008, which resulted in Nippon Sharyo, Ltd. becoming a consolidated subsidiary for the third quarter of 2009 fiscal year.

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are consolidated, and those companies over which the Company has the ability to exercise significant influence are accounted for by the equity method.

Investments in two affiliates are accounted for by the equity method. Investments in the remaining unconsolidated subsidiaries and affiliates are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

The difference between the cost of an acquisition and the fair value of the equity of the acquired subsidiary at the date of acquisition is fully amortized when incurred.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Companies is eliminated.

A consolidated subsidiary has adopted a fiscal year ending on February 28, which is different from that of the Company. The necessary adjustments for preparing consolidated financial statements as at the Company's year end were appropriately made, such as adjustments for significant intercompany accounts and transactions which occur between the fiscal year end of the subsidiary and that of the Company.

b. Cash Equivalents

Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits, certificate of deposits, commercial paper and bond funds, all of which mature or become due within three months of the date of acquisition.

c. Inventories

Inventories are stated at the lower of cost, principally determined by the retail method for merchandise, by the specific identification method for land and buildings held for sale in lots, by the specific identification method for work in process and by the moving-average cost method for materials and supplies, or net selling value.

Prior to April 1, 2007, inventories were stated at cost, principally determined by the retail method for merchandise, by the moving-average cost method for materials and supplies and by the specific identification method for land and buildings for sale in lots. On July 5, 2006, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories," which is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted. This standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate. The Companies adopted the new accounting standard for measurement of inventories in the year ended March 31, 2008. The effect of adoption of this accounting standard was to decrease income before income taxes and minority interests for the year ended March 31, 2008 by approximately ¥1,319 million.

d. Investment Securities

All investment securities are classified and accounted for, depending on management's intent, as available-for-sale securities, which are principally comprised of investment securities, and are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported as a separate component of equity.

Non-marketable available-for-sale securities are stated at cost determined by the moving-average cost method. For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

e. Property, Plant and Equipment

Property, plant and equipment are stated at cost. Certain contributions in aid for construction of railways and other property are deducted directly from the cost of the related assets. Depreciation is computed substantially by the declining-balance method over the estimated useful lives of the assets. Additional depreciation is provided for the Shinkansen rolling stock based on kilometers traveled.

The range of useful lives is principally from 2 to 60 years for buildings and structures, and from 2 to 20 years for machinery, rolling stock and vehicles.

Depreciation of certain railway ground structures except for the Shinkansen railway ground facilities are computed by the replacement-accounting method.

f. Long-lived Assets

The Companies review their long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

g. Software Costs

Software costs are amortized by the straight-line method over 5 years.

h. Deferred Charges

Bond issuance costs are fully charged to income as incurred.

i. Provision for Large Scale Renovation of the Shinkansen Infrastructure

Provision for large scale renovation of the Shinkansen infrastructure is provided based on the Company's provision plan authorized by the Minister of Transport over 15 years from October 1, 2002 in accordance with the Nationwide Shinkansen Railway Development Law.

j. Retirement and Pension Plans

The Company and 30 consolidated subsidiaries have unfunded retirement plans covering substantially all of their employees. Four (six in 2009) consolidated subsidiaries have non-contributory funded pension plans as an alternative for, or in addition to, the unfunded retirement plan. Four (two in 2009) consolidated subsidiaries have non-contributory defined benefit pension plans in addition to the unfunded retirement plans.

The provision for retirement benefits is mainly calculated based on the projected benefit obligations and plan assets at the balance sheet date.

k. Leases

Lease assets of finance leases that deem not to transfer ownership of the leased property, are depreciated and amortized by the straight-line method over the lease period. On March 30, 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions issued on June 17, 1993. The revised accounting standard for lease transactions was effective for fiscal years beginning on or after April 1, 2008. Under the previous accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, however, other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet.

The Company applied the revised accounting standard effective April 1, 2008. The effect of adoption of this accounting standard was negligible.

l. Construction Contracts

In December 2007, the ASBJ issued ASBJ Statement No. 15, "Accounting Standard for Construction Contracts," and ASBJ Guidance No. 18, "Guidance on Accounting Standard for Construction Contracts". Under the previous Japanese GAAP, either the completed-contract method or the percentage-of-completion method was permitted to account for construction contracts. Under this new accounting standard, the construction revenue and construction costs should be recognized by the percentage-of-completion method, if the outcome of a construction contract can be estimated reliably. When total construction revenue, total construction costs and the stage of completion of the contract at the balance sheet date can be reliably measured, the outcome of a construction contract can be estimated reliably. If the outcome of a construction contract cannot be reliably estimated, the completed-contract method should be applied. When it is probable that the total construction costs will exceed total construction revenue, an estimated loss on the contract should be immediately recognized by providing for a loss on construction contracts. This standard is applicable to construction contracts and software development contracts and effective for fiscal years beginning on or after April 1, 2009. The Companies applied the new accounting standard effective April 1, 2009. The effect of this change was immaterial to the consolidated statements of income for the year ended March 31, 2010.

m. Income Taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary difference.

n. Appropriations of Retained Earnings

Appropriations of retained earnings are reflected in the financial statements for the following year upon shareholders' approval.

o. Consumption Tax

Consumption tax is levied in Japan on the domestic sales of goods and services at the rate of 5%. Unless otherwise stated, all figures are presented net of tax.

p. Per Share Information

Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

The net income available to common shareholders used in the computation for 2010, 2009 and 2008 was ¥91,764 million (\$986,709 thousand), ¥126,052 million and ¥159,774 million, respectively. The average number of common shares used in the computation for 2010, 2009 and 2008 was 1,970,277 shares, 1,968,861 shares and 1,969,951 shares, respectively. The difference in the average number of common shares presented between consolidated financial statements and non-consolidated financial statements consists of the shares of the Company's common stock held by affiliates. Diluted net income per share is not presented in the accompanying consolidated financial statements as the Company does not have any dilutive securities.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years including dividends to be paid after the end of the year.

q. New Accounting Pronouncements

Asset Retirement Obligations

In March 2008, the ASBJ published a new accounting standard for asset retirement obligations, ASBJ Statement No.18, "Accounting Standard for Asset Retirement Obligations", and ASBJ Guidance No. 21, "Guidance on Accounting Standard for Asset Retirement Obligations". Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset.

The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Overtime, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard is effective for fiscal years beginning on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or before March 31, 2010.

Accounting Changes and Error Corrections

In December 2009, the ASBJ issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections", and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections". Accounting treatments under this standard and guidance are as follows;

(1) Changes in Accounting Policies:

When a new accounting policy is applied with a revision of accounting standards, a new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions.

(2) Changes in Presentation:

When the presentation of financial statements is changed, prior period financial statements are reclassified in accordance with the new presentation.

(3) Changes in Accounting Estimates:

A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.

(4) Corrections of Prior Period Errors:

When an error in prior period financial statements is discovered, those statements are restated.

This accounting standard and the guidance are applicable to accounting changes and corrections of prior period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

4. INVESTMENT SECURITIES

Information regarding investment securities with readily determinable fair values classified as available-for-sale as of March 31, 2010 and 2009 was as follows:

	Millions of Yen							
	2010				2009			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Equity securities	¥ 67,202	¥ 15,879	¥ 4,321	¥ 78,760	¥ 61,034	¥ 4,944	¥ 10,868	¥ 55,110
Trust fund investment and other	276		41	234	276		89	186
Total	¥ 67,479	¥ 15,879	¥ 4,362	¥ 78,995	¥ 61,310	¥ 4,944	¥ 10,957	¥ 55,297

	Thousands of U.S. Dollars			
	2010			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Equity securities	\$ 722,602	\$ 170,753	\$ 46,462	\$ 846,893
Trust fund investment and other	2,967		440	2,527
Total	\$ 725,569	\$ 170,753	\$ 46,902	\$ 849,420

Proceeds from sales of available-for-sale securities for the years ended March 31, 2010, 2009 and 2008 were ¥93 million (\$1,000 thousand), ¥359 million and ¥1,331 million, respectively. Gross realized gains on these sales, computed on the moving-average cost basis, were ¥34 million (\$365 thousand), ¥112 million and ¥829 million for the years ended March 31, 2010, 2009 and 2008, respectively. Gross realized losses on these sales were ¥29 million (\$311 thousand) for the year ended March 31, 2010 and nil for the years ended March 31, 2009 and 2008.

Available-for-sale securities whose fair value is not readily determinable as of March 31, 2010 and 2009 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
	Equity securities	¥ 19,268	¥ 15,350
Total	¥ 19,268	¥ 15,350	\$ 207,182

5. SHORT-TERM LOANS PAYABLE AND LONG-TERM DEBT

The annual average interest rates applicable to short-term loans payable were 0.46% for 2010, 0.92% for 2009 and 1.00% for 2008.

Long-term debt as of March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
The Company			
Secured 3.95% bonds due 2016	¥ 30,000	¥ 30,000	\$ 322,580
Secured 2.825% bonds due 2017	50,000	50,000	537,634
Secured 2.18% bonds due 2018	30,000	30,000	322,580
Secured 2.6% bonds due 2020	50,000	50,000	537,634
Unsecured 2.39% bonds due 2022	20,000	20,000	215,053
Unsecured 2.2% bonds due 2022	20,000	20,000	215,053
Unsecured 1.49% bonds due 2012	10,000	10,000	107,526
Unsecured 1.74% bonds due 2022	20,000	20,000	215,053
Unsecured 1.42% bonds due 2017	10,000	10,000	107,526
Unsecured 1.15% bonds due 2022	25,000	25,000	268,817
Unsecured 1.31% bonds due 2033	10,000	10,000	107,526
Unsecured 2.015% bonds due 2023	10,000	10,000	107,526
Unsecured 2.2% bonds due 2024	10,000	10,000	107,526
Unsecured 2.19% bonds due 2019	10,000	10,000	107,526
Unsecured 1.875% bonds due 2019	20,000	20,000	215,053
Unsecured 2.21% bonds due 2024	10,000	10,000	107,526
Unsecured 1.775% bonds due 2020	20,000	20,000	215,053
Unsecured 1.28% bonds due 2012	20,000	20,000	215,053
Unsecured 1.77% bonds due 2017	20,000	20,000	215,053
Unsecured 1.695% bonds due 2016	20,000	20,000	215,053
Unsecured 1.845% bonds due 2013	20,000	20,000	215,053
Unsecured 2.14% bonds due 2018	20,000	20,000	215,053
Unsecured 2.405% bonds due 2026	10,000	10,000	107,526
Unsecured 2% bonds due 2016	30,000	30,000	322,580
Unsecured 2.04% bonds due 2018	19,988	19,987	214,924
Unsecured 2.39% bonds due 2026	29,982	29,981	322,387
Unsecured 1.88% bonds due 2016	19,991	19,990	214,956
Unsecured 1.78% bonds due 2017	19,995	19,995	215,000
Unsecured 1.78% bonds due 2017	19,995	19,995	215,000
Unsecured 1.75% bonds due 2017	19,996	19,996	215,010
Unsecured 2.31% bonds due 2027	19,973	19,972	214,763
Unsecured 1.69% bonds due 2018	9,998	9,998	107,505
Unsecured 2.3% bonds due 2027	14,990	14,990	161,182
Unsecured 1.79% bonds due 2020	19,988	19,987	214,924
Unsecured 1.83% bonds due 2018	9,992	9,991	107,440
Unsecured 2.39% bonds due 2028	19,978	19,977	214,817
Unsecured 2.391% bonds due 2028	30,000	30,000	322,580
Unsecured 2.646% bonds due 2038	10,000	10,000	107,526
Unsecured 1.557% bonds due 2019	20,000	20,000	215,053
Unsecured 2.166% bonds due 2029	30,000	30,000	322,580
Unsecured 2.312% bonds due 2029	30,000		322,580
Unsecured 2.556% bonds due 2039	10,000		107,526
Unsecured 1.667% bonds due 2019	10,000		107,526
Unsecured 2.321% bonds due 2029	30,000		322,580
Unsecured 2.157% bonds due 2029	40,000		430,107
Unsecured 2.375% bonds due 2039	10,000		107,526
Unsecured 0.371% bonds due 2013	15,000		161,290
Unsecured 1.472% bonds due 2020	15,000		161,290
Unsecured loans from Japanese banks and insurance companies, with interest rates ranging from 1.30% to 6.6%, due 2010 to 2028	665,496	674,691	7,155,966
Subsidiaries			
Unsecured bonds with floating interest rate 6month Tibor plus 0.1% as of March 31, 2010, due 2010 to 2012	13,500	13,500	145,161
Unsecured bonds with fixed interest rate 0.68%, due 2009		3,000	
Unsecured bonds with fixed interest rate 1.992%, due 2012	2,500	2,500	26,881
Unsecured and secured loans from Japanese banks and insurance companies, with interest rates ranging from 0.95% to 5.75%, due 2010 to 2018	40,512	58,540	435,614
Total	1,691,881	1,562,094	18,192,257
Less current portion	(168,254)	(154,823)	(1,809,182)
Long-term debt, less current portion	¥ 1,523,626	¥ 1,407,270	\$ 16,383,075

The annual maturities of long-term debt outstanding at the principal amount as of March 31, 2010 are as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2011	¥ 168,254	\$ 1,809,182
2012	129,413	1,391,537
2013	165,777	1,782,548
2014	102,828	1,105,677
2015	128,026	1,376,623
Thereafter	997,707	10,728,067
Total	¥ 1,692,008	\$ 18,193,634

The Company has been released from the debt repayment obligation for a portion of the bonds issued by depositing equivalent assets under debt assumption agreements with financial institutions and accounts for outstanding bonds covered by these agreements as contingent liabilities. The balance of bonds released from their debt repayment obligation amounted to ¥20,000 million (\$215,053 thousand) as of March 31, 2010 (see Note 12).

The Company has credit commitments from banks in order to ensure short-term liquidity. Total unused credit available to the Company at March 31, 2010 was ¥100,000 million (\$1,075,268 thousand).

All assets of the Company were pledged for the above secured bonds of ¥180,000 million (\$1,935,483 thousand), including aforementioned off-balanced bonds of ¥20,000 million (\$215,053 thousand), as an enterprise mortgage, which gives the holder thereof a security interest in all assets junior to that of other present or future secured creditors, but senior to that of general creditors.

The carrying amounts of assets pledged as collateral for the current portion of long-term debt of ¥286 million (\$3,075 thousand) and the above secured long-term debt of consolidated subsidiaries of ¥895 million (\$9,623 thousand) at March 31, 2010 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Buildings and structures—net of accumulated depreciation	¥ 1,365	\$ 14,688
Land	790	8,494
Total	¥ 2,156	\$ 23,182

6. LONG-TERM ACCOUNTS PAYABLE—RAILWAY FACILITIES

Long-term accounts payable—railway facilities as of March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Long-term accounts payable incurred for purchase of the Shinkansen railway ground facilities:			
With average interest rate of 4.15% (2010) and 4.21% (2009), due semiannually through 2017	¥ 860,627	¥ 1,029,884	\$ 9,254,053
With a fixed interest rate of 6.35%, due semiannually through 2017	40,438	79,632	434,817
With a fixed interest rate of 6.55%, due semiannually through 2051	571,716	574,358	6,147,483
Other	8,869	9,195	95,377
Total	1,481,652	1,693,070	15,931,730
Less current portion	(111,712)	(113,967)	(1,201,204)
Long-term accounts payable—railway facilities, less current portion	¥ 1,369,939	¥ 1,579,102	\$ 14,730,526

Based on debt assumption agreements with financial institutions and a special purpose entity, the Company has transferred the debt repayment obligation for certain long-term accounts payable—railway facilities to these financial institutions and the special purpose entity, and has provided these financial institutions and the special purpose entity with Japanese national government bonds or cash for the payment of principal and interest on the long-term accounts payable—railway facilities. As a result of these transactions, the balance of long-term accounts payable—railway facilities was reduced by ¥425,284 million (\$4,572,946 thousand) and ¥437,500 million as of March 31, 2010 and 2009, respectively, and the related loss on long-term accounts payable—railway facilities by ¥14,633 million (\$157,344 thousand), ¥29,071 million and ¥25,173 million for the years ended March 31, 2010, 2009 and 2008, respectively (see Note 12).

The annual maturities of long-term accounts payable—railway facilities as of March 31, 2010 are as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2011	¥ 111,712	\$ 1,201,204
2012	116,265	1,250,161
2013	121,147	1,302,655
2014	126,256	1,357,591
2015	131,614	1,415,204
Thereafter	874,656	9,404,915
Total	¥ 1,481,652	\$ 15,931,730

Interest expense on the aforementioned long-term accounts payable—railway facilities amounted to ¥82,302 million (\$884,967 thousand), ¥93,843 million and ¥108,017 million for the years ended March 31, 2010, 2009 and 2008, respectively.

7. RETIREMENT AND PENSION PLANS

Employees whose service with the Company or consolidated subsidiaries is terminated are entitled to retirement and pension benefits determined by reference to accumulated points during their employment calculated by their position or basic rates of pay at the time of termination, length of service and other conditions under which the termination occurs. The liability for employees' retirement benefit at March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Projected benefit obligation	¥ 231,675	¥ 242,213	\$ 2,491,129
Fair value of plan assets	(15,627)	(14,133)	(168,032)
Unrecognized transitional obligation	(1,279)	(1,535)	(13,752)
Unrecognized prior service cost	(3,606)	(6,430)	(38,774)
Unrecognized actuarial loss	(6,198)	(10,515)	(66,668)
Net liability	¥ 204,963	¥ 209,599	\$ 2,203,903

The components of net periodic benefit costs for the years ended March 31, 2010, 2009 and 2008 were as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2010	2009	2008	2010
Service cost	¥ 12,558	¥ 12,222	¥ 11,536	\$ 135,032
Interest cost	3,660	3,634	3,624	39,354
Expected return on plan assets	(230)	(155)	(53)	(2,473)
Amortization of transitional obligation	255	127		2,741
Amortization of prior service cost	2,850	2,857	2,843	30,645
Recognized actuarial loss	2,157	1,786	3,673	23,227
Net periodic benefit costs	¥ 21,253	¥ 20,473	¥ 21,624	\$ 228,526

Assumptions used for the years ended March 31, 2010, 2009 and 2008 were set forth as follows:

	2010	2009	2008
Discount rate	Mainly 1.5%	Mainly 1.5%	Mainly 1.5%
Expected rate of return on plan assets	0.99% to 2.0%	0.85% to 2.0%	0.85% to 2.0%
Amortization period of prior service cost	Mainly 5 years	5 years	5 years
Recognition period of actuarial gain/loss	Mainly 5 years	Mainly 5 years	Mainly 5 years
Amortization period of transitional obligation	15 years (a certain consolidated subsidiary only)	15 years (a certain consolidated subsidiary only)	

8. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as: (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of equity after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal retained earnings (a component of retained earnings) or as a legal capital surplus (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of the aggregate amount of legal retained earnings and legal capital surplus equals to 25% of the common stock. Under the Companies Act, the total amount of legal capital surplus and legal retained earnings may be reversed without limitation. The Companies Act also provides that common stock, legal retained earnings, legal capital surplus, other capital surplus and other retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

c. Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

9. INCOME TAXES

The Companies are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40% for the years ended March 31, 2010 and 2009.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2010 and 2009 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Deferred tax assets:			
Provision for retirement benefits	¥ 83,846	¥ 85,799	\$ 901,569
Depreciation and amortization	68,458	63,117	736,107
Software	18,224	16,955	195,956
Provision for bonuses	10,019	10,324	107,731
Unrealized profit of property, plant and equipment	6,906	6,073	74,258
Accrued railway usage charges	6,747	7,126	72,548
Loss carryforward	2,337	2,729	25,129
Other	48,919	42,002	526,056
Total	245,460	234,130	2,639,354
Less valuation allowance	(23,895)	(19,831)	(256,947)
Deferred tax assets	221,565	214,299	2,382,407
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	7,327	1,832	78,784
Deferred gains on transfer of certain fixed assets	6,154	6,175	66,172
Other	4,962	3,747	53,355
Deferred tax liabilities	18,443	11,755	198,311
Net deferred tax assets	¥ 203,121	¥ 202,543	\$ 2,184,096

Net deferred tax assets as of March 31, 2010 and 2009 were reflected in the accompanying consolidated balance sheets under the following captions:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Current assets	¥ 21,387	¥ 24,531	\$ 229,967
Investments and other assets	186,260	182,272	2,002,795
Current liabilities—other	(0)	(1)	(0)
Noncurrent liabilities—other	(4,526)	(4,258)	(48,666)
Net deferred tax assets	¥ 203,121	¥ 202,543	\$ 2,184,096

Since the difference between normal the effective statutory tax rate and the actual effective tax rate was not significant, the reconciliation was not presented for the years ended March 31, 2010 and 2009.

10. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

On March 10, 2008, the ASBJ revised ASBJ Statement No.10, "Accounting Standard for Financial Instruments", and issued ASBJ Guidance No.19, "Guidance on Accounting Standard for Financial Instruments and Related Disclosures". This accounting standard and the guidance are applicable to financial instruments and related

disclosures at the end of the fiscal years ending on or after March 31, 2010 with early adoption permitted from the beginning of the fiscal years ending before March 31, 2010. The Companies applied the revised accounting standard and the new guidance effective March 31, 2010.

a. Policy for financial instruments

The Companies use financial instruments, mainly debt including bank loans and bonds, based on its capital financing plan. Cash surpluses, if any, are invested in low risk financial assets, such as bank deposits.

b. Nature and extent of risks arising from financial instruments

Trade receivables are exposed to customer credit risk. Investment securities, mainly equity instruments of customers and suppliers of the Companies, are exposed to the risk of market price fluctuations.

Payment terms of trade payables and income taxes payable are less than one year.

Short-term bank loans are used to fund its ongoing operations. Bonds and long-term loans are used for renewal of long-term debt and capital spending.

Please see below for maturity analysis for bank loans and bonds payable.

Long-term accounts payable—railway facilities were incurred in the amount of ¥5,095,661 million in 1991 for the purchase of the Shinkansen railway grand facilities and serially repaid to JRJT. Payment terms are 25.5 years for ¥4,494,466 million and 60 years for ¥601,195 million. Payment term and interest rate of the payable were determined based on the agreements on the purchase of the Shinkansen railway ground facilities. Interest rate of a part of such payable is variable and determined by JRJT.

c. Risk management for financial instruments

Credit risk management

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. The Companies manage their credit risk from trade receivables by monitoring of payment term and balances of major customers by each business administration department to identify the default risk of customers in early stage.

Market risk management

Investment securities are managed by monitoring market values and financial position of issuers on a regular basis.

d. Fair values of financial instruments

Fair values of financial instruments are based on a quoted price in active markets. If a quoted price is not available, other rational valuation techniques are used instead.

(1) Fair value of financial instruments

March 31, 2010	Millions of Yen		
	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	¥ 79,708	¥ 79,708	¥ —
Trade receivables	73,214	73,214	—
Investment securities	78,995	78,995	—
Total	¥ 231,917	¥ 231,917	¥ —
Trade payables	¥ (174,381)	¥ (174,381)	¥ —
Short-term loans payable	(24,515)	(24,515)	—
Income taxes payable	(29,615)	(29,615)	—
Long-term debt	(1,691,881)	(1,738,243)	(46,361)
Long-term accounts payable—railway facilities	(1,481,652)	(2,074,786)	(593,134)
Total	¥ (3,402,045)	¥ (4,041,541)	¥ (639,496)

March 31, 2010	Thousands of U.S. Dollars		
	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	\$ 857,075	\$ 857,075	\$ —
Trade receivables	787,247	787,247	—
Investment securities	849,409	849,409	—
Total	\$ 2,493,731	\$ 2,493,731	\$ —
Trade payables	\$ (1,875,064)	\$ (1,875,064)	\$ —
Short-term loans payable	(263,602)	(263,602)	—
Income taxes payable	(318,440)	(318,440)	—
Long-term debt	(18,192,268)	(18,690,784)	(498,505)
Long-term accounts payable—railway facilities	(15,931,755)	(22,309,540)	(6,377,796)
Total	\$ (36,581,129)	\$ (43,457,430)	\$ (6,876,301)

Cash and cash equivalents

The carrying values of cash and cash equivalents approximate fair value because of their short maturities.

Investment securities

The fair values of investment securities are measured at the quoted market price of the stock exchange. The information of the fair value for the investment securities by classification is included in Note 4.

Trade receivables and payables, short-term loans payable and income taxes payable

The carrying values of trade receivables and payables, short-term loans payable and income taxes payable approximate fair value because of their short maturities.

Long-term debt including current portion

Bonds payable with market values are measured at the quoted market prices. The fair values of debt are determined by discounting the cash flows related to the debt at the Companies' assumed bond issuing rate or corporate borrowing rate.

Long-term accounts payable—railway facilities including current portion

Considering the legal characteristics, all terms and conditions are stipulated in the special law, of the accounts payable—railway facilities and the fact that no active market exists for this type of obligation, the fair values of the fixed interest rate portion of this payable are determined by discounting the cash flow estimated for each due date at the Company's assumed bond issuing rate. While the fair values of the variable rate portion of this payable are calculated using the latest rate provided by JRJT.

(2) Financial instruments whose fair value cannot reliably be determined

March 31, 2010	Carrying amount	
	Millions of Yen	Thousands of U.S. Dollars
Investments in equity instruments that do not have a quoted market price in an active market	¥ 30,864	\$ 331,871

e. Maturity analysis for financial assets and securities with contractual maturities

	Millions of Yen		
	Due in one year or less	Due after one year through five years	Due after five years and thereafter
March 31, 2010			
Cash and cash equivalents	¥ 79,708	¥ —	¥ —
Trade receivables	72,191	1,022	—
Total	¥ 151,899	¥ 1,022	¥ —

	Thousands of U.S. Dollars		
	Due in one year or less	Due after one year through five years	Due after five years and thereafter
March 31, 2010			
Cash and cash equivalents	\$ 857,075	\$ —	\$ —
Trade receivables	776,247	10,989	—
Total	\$ 1,633,322	\$ 10,989	\$ —

Please see Note 5 for annual maturities of long-term debt and Note 6 for long-term accounts payable-railway facilities, respectively.

11. LEASES

As lessee, the minimum rental commitments under noncancelable operating leases at March 31, 2010 and 2009 are due as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Due in one year or less	¥ 571	¥ 1,234	\$ 6,139
Due after one year	1,114	1,664	11,979
Total	¥ 1,685	¥ 2,898	\$ 18,118

As lessor, the minimum rental commitments under noncancelable operating leases at March 31, 2010 and 2009 are due as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Due in one year or less	¥ 1,713	¥ 1,834	\$ 18,419
Due after one year	5,869	7,310	63,107
Total	¥ 7,582	¥ 9,145	\$ 81,526

12. CONTINGENCIES

As of March 31, 2010, the Company has joint and several obligations with the Railway Technical Research Institute (the "Institute") to make payments on long-term accounts payable of ¥28,478 million (\$306,215 thousand) by the Institute. The proceeds are being used for the enhancement of technology development for the Maglev system.

As discussed in Notes 5 and 6, based on debt assumption agreements with the financial institutions and the special purpose entity, the Company has transferred the debt repayment obligation for certain bonds and long-term accounts payable—railway facilities to such financial institutions and the special purpose entity. At March 31, 2010, the Company had contingent obligations of ¥20,000 million (\$215,053 thousand) for the bonds and ¥425,284 million (\$4,572,946 thousand) for long-term accounts payable—railway facilities, respectively.

13. SEGMENT INFORMATION

The Companies' primary business activities include transportation, merchandise and other, real estate and other services. The transportation segment includes the Company's railway and bus operations. The merchandise and other segment includes department store, wholesale, retail sales and food service. The real estate segment includes real estate rental business. The other services segment includes hotel, travel, advertising, construction, railway rolling stock production and other business.

Information by these industry segments of the Companies for the years ended March 31, 2010, 2009 and 2008 were as follows:

(1) Sales and Operating Income

	Millions of Yen					Consolidated
	Transportation	Merchandise and Other	Real Estate	Other Services	Eliminations or Corporate	
For the year ended March 31, 2010:						
Operating revenues:						
Outside customers	¥ 1,130,256	¥ 180,334	¥ 42,938	¥ 133,103		¥ 1,486,632
Intercompany	12,113	8,330	23,833	122,496	¥ (166,773)	
Total	1,142,369	188,664	66,771	255,599	(166,773)	1,486,632
Operating expenses	870,358	184,880	60,031	245,266	(167,378)	1,193,157
Operating income	¥ 272,011	¥ 3,784	¥ 6,740	¥ 10,332	¥ 605	¥ 293,474

	Millions of Yen					Consolidated
	Transportation	Merchandise and Other	Real Estate	Other Services	Eliminations or Corporate	
For the year ended March 31, 2009:						
Operating revenues:						
Outside customers	¥ 1,227,725	¥ 193,101	¥ 46,022	¥ 103,404		¥ 1,570,253
Intercompany	12,597	8,281	24,465	112,785	¥ (158,130)	
Total	1,240,322	201,383	70,488	216,189	(158,130)	1,570,253
Operating expenses	880,660	195,925	56,556	213,334	(158,564)	1,187,912
Operating income	¥ 359,662	¥ 5,457	¥ 13,931	¥ 2,855	¥ 433	¥ 382,341

	Millions of Yen					Consolidated
	Transportation	Merchandise and Other	Real Estate	Other Services	Eliminations or Corporate	
For the year ended March 31, 2008:						
Operating revenues:						
Outside customers	¥ 1,247,489	¥ 194,019	¥ 44,430	¥ 73,527		¥ 1,559,467
Intercompany	12,782	8,715	21,629	102,290	¥ (145,417)	
Total	1,260,271	202,734	66,059	175,818	(145,417)	1,559,467
Operating expenses	849,541	194,692	54,492	171,965	(145,687)	1,125,004
Operating income	¥ 410,730	¥ 8,042	¥ 11,567	¥ 3,852	¥ 270	¥ 434,462

	Thousands of U.S. Dollars					Consolidated
	Transportation	Merchandise and Other	Real Estate	Other Services	Eliminations or Corporate	
For the year ended March 31, 2010:						
Operating revenues:						
Outside customers	\$ 12,153,290	\$ 1,939,076	\$ 461,698	\$ 1,431,226		\$ 15,985,290
Intercompany	130,247	89,569	256,269	1,317,173	\$ (1,793,258)	
Total	12,283,537	2,028,645	717,967	2,748,399	(1,793,258)	15,985,290
Operating expenses	9,358,688	1,987,956	645,494	2,637,314	(1,799,796)	12,829,656
Operating income	\$ 2,924,849	\$ 40,689	\$ 72,473	\$ 111,085	\$ 6,538	\$ 3,155,634

As discussed in Note 2.c., the Companies adopted the new accounting standard for measurement of inventories in the year ended March 31, 2008. The effects of this change were to increase operating costs and expense in transportation segment by ¥3 million, to increase operating costs and expense in merchandise and other segment by ¥189 million, to increase operating costs and expense in real estate segment by ¥1,125 million and to decrease operating income of each segment by almost the same amount for the year ended March 31, 2008.

(2) Assets, Depreciation and Amortization and Capital Expenditures

	Millions of Yen					Consolidated
	Transportation	Merchandise and Other	Real Estate	Other Services	Eliminations or Corporate	
For the year ended March 31, 2010:						
Assets	¥ 4,844,852	¥ 72,910	¥ 324,564	¥ 203,516	¥ (234,833)	¥ 5,211,009
Depreciation and amortization	242,243	3,323	17,687	4,964		268,219
Capital expenditures	219,095	3,631	20,954	4,621		248,302

	Millions of Yen					Consolidated
	Transportation	Merchandise and Other	Real Estate	Other Services	Eliminations or Corporate	
For the year ended March 31, 2009:						
Assets	¥ 4,890,835	¥ 73,129	¥ 313,035	¥ 228,472	¥ (282,941)	¥ 5,222,531
Depreciation and amortization	237,806	3,424	13,446	3,641		258,319
Capital expenditures	232,069	3,693	20,603	5,603		261,969

	Millions of Yen					Consolidated
	Transportation	Merchandise and Other	Real Estate	Other Services	Eliminations or Corporate	
For the year ended March 31, 2008:						
Assets	¥ 4,865,506	¥ 73,631	¥ 311,854	¥ 114,831	¥ (216,585)	¥ 5,149,238
Depreciation and amortization	211,766	3,087	11,489	2,118		228,461
Capital expenditures	250,603	4,550	32,118	3,084		290,357

	Thousands of U.S. Dollars					Consolidated
	Transportation	Merchandise and Other	Real Estate	Other Services	Eliminations or Corporate	
For the year ended March 31, 2010:						
Assets	\$ 52,095,182	\$ 783,978	\$ 3,489,935	\$ 2,188,345	\$ (2,525,086)	\$ 56,032,354
Depreciation and amortization	2,604,763	35,731	190,182	53,399		2,884,075
Capital expenditures	2,355,860	39,043	225,311	49,699		2,669,913

The amount of corporate assets included in the eliminations or corporate column was ¥107,788 million (\$1,159,010 thousand), ¥47,097 million and ¥66,785 million for the years ended March 31, 2010, 2009 and 2008, respectively. Corporate assets principally consisted of long-term investments.

Geographic segment information and information for overseas sales are not presented since the Companies have no significant overseas operations.

14. SUBSEQUENT EVENTS

Appropriations of Retained Earnings

The following appropriation of retained earnings at March 31, 2010 was approved at the Company's shareholders meeting held on June 22, 2010:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥4,500 (\$48.38) per share	¥ 8,885	\$ 95,537

Non-Consolidated Balance Sheets

Central Japan Railway Company

March 31, 2010 and 2009

ASSETS	Millions of Yen (Note 2)		Thousands of U.S. Dollars (Note 2)
	2010	2009	2010
CURRENT ASSETS:			
Cash and cash equivalents	¥ 74,199	¥ 38,800	\$ 797,838
Trade receivables	28,061	23,476	301,731
Supplies (Note 3.c)	9,187	8,493	98,784
Deferred tax assets (Note 9)	18,705	19,516	201,129
Prepaid expenses and other	40,059	35,245	430,765
Total current assets	170,213	125,531	1,830,247
NONCURRENT ASSETS:			
Investments and other assets:			
Investment securities	84,462	58,452	908,193
Investments in and advances to subsidiaries and affiliates (Note 5)	203,862	197,418	2,192,064
Deferred tax assets (Note 9)	176,694	172,971	1,899,935
Prepaid expenses and other	18,972	23,175	204,023
Total investments and other assets	483,992	452,018	5,204,215
Property, plant and equipment (Note 4):			
Railway business property	7,361,522	7,319,082	79,156,150
Other business property	238,928	247,564	2,569,118
Construction in progress	134,138	100,413	1,442,366
Total	7,734,589	7,667,061	83,167,634
Accumulated depreciation	(3,378,426)	(3,252,905)	(36,327,161)
Net property, plant and equipment	4,356,163	4,414,155	46,840,473
Total noncurrent assets	4,840,155	4,866,173	52,044,688
TOTAL ASSETS	¥ 5,010,369	¥ 4,991,705	\$ 53,874,935

See notes to non-consolidated financial statements.

March 31, 2010 and 2009

LIABILITIES AND EQUITY	Millions of Yen (Note 2)		Thousands of U.S. Dollars (Note 2)
	2010	2009	2010
CURRENT LIABILITIES:			
Short-term bonds payable		¥ 14,999	
Short-term loans payable (Note 6)	¥ 94,806	92,344	\$ 1,019,419
Current portion of long-term debt (Note 6)	155,494	133,794	1,671,978
Current portion of long-term accounts payable—railway facilities (Note 7)	111,712	113,967	1,201,204
Trade payables	121,237	140,730	1,303,623
Provision for bonuses	19,131	20,025	205,709
Income taxes payable	24,691	33,778	265,494
Prepaid fares received	24,124	24,636	259,397
Inter-line fares received	155	228	1,666
Other (Note 3.k)	59,204	57,783	636,649
Total current liabilities	610,558	632,290	6,565,139
NONCURRENT LIABILITIES:			
Long-term debt (Note 6)	1,479,874	1,350,758	15,912,623
Long-term accounts payable—railway facilities (Note 7)	1,369,939	1,579,102	14,730,526
Provision for large scale renovation of the Shinkansen infrastructure	250,000	216,666	2,688,172
Provision for retirement benefits	195,184	200,906	2,098,752
Other (Note 3.k)	48,046	36,967	516,648
Total noncurrent liabilities	3,343,045	3,384,402	35,946,721
CONTINGENCIES (Note 11)			
EQUITY (Note 8):			
Common stock—authorized, 8,960,000 shares; issued, 2,150,000 shares in 2010 and 2,240,000 shares in 2009	112,000	112,000	1,204,301
Capital surplus	53,500	53,586	575,268
Retained earnings:			
Legal retained earnings	12,504	12,504	134,451
Other	1,072,562	1,107,067	11,532,924
Unrealized gain (loss) on available-for-sale securities	7,649	(1,977)	82,270
Treasury stock—at cost, 175,540 shares in 2010 and 267,973 shares in 2009	(201,451)	(308,168)	(2,166,139)
Total equity	1,056,766	975,012	11,363,075
TOTAL LIABILITIES AND EQUITY	¥ 5,010,369	¥ 4,991,705	\$ 53,874,935

See notes to non-consolidated financial statements.

Non-Consolidated Statements of Income

Central Japan Railway Company

Years Ended March 31, 2010, 2009 and 2008

	Millions of Yen (Note 2)			Thousands of U.S. Dollars (Note 2)
	2010	2009	2008	2010
OPERATING REVENUES:				
Railway business	¥ 1,134,942	¥ 1,232,257	¥ 1,252,217	\$ 12,203,677
Other	9,041	8,906	9,028	97,215
Total operating revenues	1,143,983	1,241,163	1,261,246	12,300,892
OPERATING EXPENSES (Notes 3.c and 3.k):				
Railway business	863,208	872,963	842,178	9,281,806
Other	6,638	6,064	6,256	71,388
Total operating expenses	869,846	879,028	848,435	9,353,194
Operating income	274,136	362,135	412,811	2,947,698
OTHER INCOME (EXPENSES):				
Interest and dividend income	2,617	2,348	1,987	28,139
Interest expense (Notes 6 and 7)	(115,863)	(124,375)	(136,710)	(1,245,838)
Loss on long-term accounts payable—railway facilities (Note 7)	(14,633)	(29,071)	(25,173)	(157,344)
Other—net	(790)	(11,139)	2,757	(8,494)
Other expenses—net	(128,669)	(162,238)	(157,138)	(1,383,537)
INCOME BEFORE INCOME TAXES	145,467	199,896	255,672	1,564,161
INCOME TAXES (Note 9):				
Current	66,446	85,274	106,792	714,473
Deferred	(9,385)	(6,808)	(5,072)	(100,903)
Total income taxes	57,061	78,465	101,719	613,570
NET INCOME	¥ 88,405	¥ 121,431	¥ 153,953	\$ 950,591
		Yen		U.S. Dollars
	2010	2009	2008	2010
PER SHARE OF COMMON STOCK (Note 3.o):				
Net income	¥ 44,823.34	¥ 61,576.79	¥ 78,068.53	\$ 481.97
Cash dividends applicable to the year	9,000.00	9,000.00	8,500.00	96.77

See notes to non-consolidated financial statements.

Non-Consolidated Statements of Changes in Equity

Central Japan Railway Company

Years Ended March 31, 2010, 2009 and 2008

	Thousands		Millions of Yen (Note 2)					
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings		Unrealized Gain (Loss) on Available-for-sale Securities	Treasury Stock	Total Equity
				Legal Retained Earnings	Other Retained Earnings			
BALANCE, APRIL 1, 2007	1,972	¥ 112,000	¥ 53,586	¥ 12,504	¥ 865,207	¥ 27,251	¥ (308,168)	¥ 762,381
Net income					153,953			153,953
Dividends from surplus, ¥8,000 per share					(15,776)			(15,776)
Net change in the year						(18,639)		(18,639)
BALANCE, MARCH 31, 2008	1,972	112,000	53,586	12,504	1,003,384	8,611	(308,168)	881,919
Net income					121,431			121,431
Dividends from surplus, ¥9,000 per share					(17,748)			(17,748)
Net change in the year						(10,589)		(10,589)
BALANCE, MARCH 31, 2009	1,972	112,000	53,586	12,504	1,107,067	(1,977)	(308,168)	975,012
Net income					88,405			88,405
Dividends from surplus, ¥9,000 per share					(17,748)			(17,748)
Purchase of treasury stock	(0)						(577)	(577)
Disposal of treasury stock	3				(1,748)		3,795	2,046
Retirement of treasury stock			(86)		(103,413)		103,500	
Net change in the year						9,627		9,627
BALANCE, MARCH 31, 2010	1,974	¥ 112,000	¥ 53,500	¥ 12,504	¥ 1,072,562	¥ 7,649	¥ (201,451)	¥ 1,056,766

	Thousands of U.S. Dollars (Note 2)							
	Common Stock	Capital Surplus	Retained Earnings		Unrealized Gain (Loss) on Available-for-sale Securities	Treasury Stock	Total Equity	
			Legal Retained Earnings	Other Retained Earnings				
BALANCE, MARCH 31, 2009	\$ 1,204,301	\$ 576,192	\$ 134,451	\$ 11,903,945	\$ (21,246)	\$ (3,313,643)	\$ 10,484,000	
Net income				950,591			950,591	
Dividends from surplus, \$96.77 per share				(190,838)			(190,838)	
Purchase of treasury stock						(6,204)	(6,204)	
Disposal of treasury stock				(18,795)		40,805	22,010	
Retirement of treasury stock		(924)		(1,111,979)		1,112,903		
Net change in the year					103,516		103,516	
BALANCE, MARCH 31, 2010	\$ 1,204,301	\$ 575,268	\$ 134,451	\$ 11,532,924	\$ 82,270	\$ (2,166,139)	\$ 11,363,075	

See notes to non-consolidated financial statements.

Central Japan Railway Company

1. INCORPORATION OF CENTRAL JAPAN RAILWAY COMPANY

Central Japan Railway Company (Tokai Ryokaku Tetsudo Kabushiki Gaisha, the "Company") was incorporated on April 1, 1987, as a private business company, pursuant to the Law for Japanese National Railways Restructuring enacted upon the resolution of the Japanese Diet.

The business of the Japanese National Railways ("JNR") was succeeded by the following newly established organizations: seven railway companies including the Company, the former Shinkansen Holding Corporation (a predecessor entity to the Railway Development Fund (1997–1991), which was subsequently succeeded by the Corporation for Advanced Transport and Technology (the "CATT") (2003–1997) and in turn by the Japan Railway Construction, Transport and Technology Agency (the "JRTT")), former Railway Telecommunication Co., Ltd., Railway Information Systems Co., Ltd. and the Railway Technical Research Institute. JNR itself became JNR Settlement Corporation (the "JNRSC"). All of the assets and liabilities of JNR were transferred to such organizations, including JNRSC.

Prior to December 1, 2001, the Law Concerning Passenger Railway Companies and Japan Freight Railway Company (the "Law") required that authorization be obtained from the Minister of Land, Infrastructure and Transport (the "Minister of Transport") regarding fundamentals such as: (1) commencement of business other than railway and its related business, (2) the appointment or dismissal of representative directors and corporate auditors, (3) the issuance of new shares and bonds, (4) long-term loans payable, (5) amendments to the Articles of Incorporation, (6) operating plans, (7) sales of material assets, (8) appropriations of earnings and (9) merger or dissolution.

As of December 1, 2001, since the Law was revised and the Company was no longer in scope of the Law, the Company was not required to obtain the aforementioned authorizations.

On October 8, 1997, the Company's shares were listed on the Nagoya, Tokyo and Osaka stock exchanges in Japan. JNRSC, which held all 2,240,000 of the Company's outstanding shares prior to the listing, sold 1,353,929 shares in the initial public offerings.

Pursuant to the Law for Disposal of Debts and Liabilities of JNRSC enacted in October of 1998, the Company's shares held by JNRSC were transferred to Japan Railway Construction Public Corporation (the "JRCPC").

On October 1, 2003, the CATT and the JRCPC were fully integrated, pursuant to the Law of Japan Railway Construction, Transport and Technology enacted on October 1, 2003, and designated as JRTT.

In July 2005, the JRTT sold 600,000 shares of the Company.

On April 5, 2006, the JRTT also sold its remaining 286,071 shares of the Company. As a result of this sale, all of the Company's shares held by the JRTT were sold.

2. BASIS OF PRESENTING NON-CONSOLIDATED FINANCIAL STATEMENTS

The accompanying non-consolidated financial statements have been prepared from the accounts maintained by the Company in accordance with the provisions set forth in the Companies Act of Japan (the "Companies Act"), the Financial Instruments and Exchange Law (formerly, the Japanese Securities and Exchange Law), the Law for Railway Business Enterprise and its related accounting regulations and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

As consolidated statements of cash flows and certain disclosures are presented in the consolidated financial statements of the Company, non-consolidated statements of cash flows and certain disclosures are not presented herein in accordance with accounting principles generally accepted in Japan.

In preparing these non-consolidated financial statements, certain reclassifications and rearrangements have been made to the Company's financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2009 and 2008 non-consolidated financial statements to conform to the classifications used in 2010.

The non-consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥93 to \$1, the approximate rate of exchange at March 31, 2010. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate. Japanese yen figures less than million yen are rounded down to the nearest million yen, except for per share information and U.S. dollar figures less than thousand of U.S. dollar are also rounded down to the nearest thousand of U.S. dollar, except for per share information.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Non-consolidation

The non-consolidated financial statements do not include the accounts of subsidiaries. Investment in subsidiaries and affiliates are stated at cost.

b. Cash Equivalents

Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits, certificate of deposits, commercial paper and bond funds, all of which mature or become due within three months of the date of acquisition.

c. Supplies

Supplies are stated at the lower of cost determined by the moving-average cost method or net selling value.

Prior to April 1, 2007, supplies were stated at cost, determined by the moving-average cost method. On July 5, 2006, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories," which is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted. This standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate.

The Company adopted the new accounting standard for measurement of inventories in the year ended March 31, 2008. The effect of adoption of this accounting standard was to decrease income before income taxes for the year ended March 31, 2008 by approximately ¥47 million.

d. Investment Securities

All investment securities are classified and accounted for, depending on management's intent, as available-for-sale securities, which are principally comprised of investment securities, and are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

Non-marketable available-for-sale securities are stated at cost determined by the moving-average cost method. For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

e. Property, Plant and Equipment

Property, plant and equipment are stated at cost. Certain contributions in aid for construction of railways and other property are deducted directly from the cost of the related assets.

Depreciation is computed on the declining-balance method over the estimated useful lives of the assets. Additional depreciation is provided for the Shinkansen rolling stock based on kilometers traveled.

The range of useful lives is principally from 3 to 60 years for buildings and structures, from 10 to 20 years for rolling stock, and from 4 to 17 years for machinery and equipment.

Depreciation of certain railway ground structures except for the Shinkansen railway ground facilities are computed by the replacement-accounting method.

f. Long-lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

g. Software Costs

Software costs are amortized by the straight-line method over 5 years.

h. Deferred Charges

Bond issuance costs are fully charged to income as incurred.

i. Provision for Large Scale Renovation of the Shinkansen Infrastructure

Provision for large scale renovation of the Shinkansen infrastructure is provided based on the Company's provision plan authorized by the Minister of Transport over 15 years from October 1, 2002 in accordance with the Nationwide Shinkansen Railway Development Law.

j. Retirement and Pension Plans

The Company has an unfunded retirement plan covering substantially all employees. The provision for retirement benefits is mainly calculated based on the projected benefit obligations at the balance sheet date.

k. Leases

Lease assets of finance leases that deem not to transfer ownership of the leased property, are depreciated and amortized by the straight-line method over the lease period.

On March 30, 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions issued on June 17, 1993. The revised accounting standard for lease transactions was effective for fiscal years beginning on or after April 1, 2008. Under the previous accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, however, other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet.

The Company applied the revised accounting standard effective April 1, 2008. The effect of adoption of this accounting standard was negligible.

l. Income Taxes

The provision for income taxes is computed based on the pretax income included in the non-consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

m. Appropriations of Retained Earnings

Appropriations of retained earnings are reflected in the financial statements for the following year upon shareholders' approval.

n. Consumption Tax

Consumption tax is levied in Japan on the domestic sales of goods and services at the rate of 5%. Unless otherwise stated, all figures are presented net of tax.

o. Per Share Information

Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

The net income available to common shareholders used in the computation for 2010, 2009 and 2008 was ¥88,405 million (\$950,591 thousand), ¥121,431 million and ¥153,953 million, respectively. The average number of common shares used in the computation for 2010, 2009 and 2008 was 1,972,303 shares, 1,972,027 shares and 1,972,027 shares, respectively. Diluted net income per share is not presented in the accompanying non-consolidated financial statements as the Company does not have any dilutive securities.

Cash dividends per share presented in the accompanying non-consolidated statements of income are dividends applicable to the respective years including dividends to be paid after the end of the year.

p. New Accounting Pronouncements

Asset Retirement Obligations

On March 31, 2008, the ASBJ published a new accounting standard for asset retirement obligations, ASBJ Statement No. 18, "Accounting Standard for Asset Retirement Obligations", and ASBJ Guidance No. 21, "Guidance on Accounting Standard for Asset Retirement Obligations." Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset.

The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard is effective for fiscal years beginning on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or before March 31, 2010.

Accounting Changes and Error Corrections

In December 2009, the ASBJ issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections", and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections". Accounting treatments under this standard and guidance are as follows:

(1) Changes in Accounting Policies:

When a new accounting policy is applied with a revision of accounting standards, a new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions.

(2) Changes in Presentation:

When the presentation of financial statements is changed, prior period financial statements are reclassified in accordance with the new presentation.

(3) Changes in Accounting Estimates:

A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.

(4) Corrections of Prior Period Errors:

When an error in prior period financial statements is discovered, those statements are restated.

This accounting standard and the guidance are applicable to accounting changes and corrections of prior period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as of March 31, 2010 and 2009, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Land	¥ 2,331,671	¥ 2,331,404	\$ 25,071,731
Buildings	512,815	514,447	5,514,139
Structures	3,437,777	3,422,428	36,965,367
Rolling stock	813,711	802,268	8,749,580
Machinery and equipment	500,849	492,579	5,385,473
Lease assets	3,625	3,518	38,978
Construction in progress	134,138	100,413	1,442,366
Total	7,734,589	7,667,061	83,167,634
Accumulated depreciation	(3,378,426)	(3,252,905)	(36,327,161)
Net property, plant and equipment	¥ 4,356,163	¥ 4,414,155	\$ 46,840,473

5. INVESTMENT SECURITIES

The carrying amounts and aggregate fair values of investment securities in subsidiaries whose market values are available at March 31, 2010 and 2009 were as follows:

	Millions of Yen					
	2010			2009		
	Carrying Amount	Market Value	Unrealized Gain (Loss)	Carrying Amount	Market Value	Unrealized Gain (Loss)
Subsidiaries	¥ 27,079	¥ 41,099	¥ 14,019	¥ 27,079	¥ 26,026	¥(1,052)

	Thousands of U.S. Dollars		
	2010		
	Carrying Amount	Market Value	Unrealized Gain (Loss)
Subsidiaries	\$ 291,183	\$ 441,924	\$ 150,741

The carrying amounts of investments in subsidiaries and affiliated companies whose fair value cannot be readily determined at March 31, 2010 are ¥121,520 million (\$1,306,666 thousand) and ¥2,134 million (\$22,946 thousand), respectively.

6. SHORT-TERM LOANS PAYABLE AND LONG-TERM DEBT

The annual average interest rates applicable to short-term loans payable were 0.46% for 2010, 0.84% for 2009 and 1.00% for 2008.

Long-term debt as of March 31, 2010 and 2009, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Secured 3.95% bonds due 2016	¥ 30,000	¥ 30,000	\$ 322,580
Secured 2.825% bonds due 2017	50,000	50,000	537,634
Secured 2.18% bonds due 2018	30,000	30,000	322,580
Secured 2.6% bonds due 2020	50,000	50,000	537,634
Unsecured 2.39% bonds due 2022	20,000	20,000	215,053
Unsecured 2.2% bonds due 2022	20,000	20,000	215,053
Unsecured 1.49% bonds due 2012	10,000	10,000	107,526
Unsecured 1.74% bonds due 2022	20,000	20,000	215,053
Unsecured 1.42% bonds due 2017	10,000	10,000	107,526
Unsecured 1.15% bonds due 2022	25,000	25,000	268,817
Unsecured 1.31% bonds due 2033	10,000	10,000	107,526
Unsecured 2.015% bonds due 2023	10,000	10,000	107,526
Unsecured 2.2% bonds due 2024	10,000	10,000	107,526
Unsecured 2.19% bonds due 2019	10,000	10,000	107,526
Unsecured 1.875% bonds due 2019	20,000	20,000	215,053
Unsecured 2.21% bonds due 2024	10,000	10,000	107,526
Unsecured 1.775% bonds due 2020	20,000	20,000	215,053
Unsecured 1.28% bonds due 2012	20,000	20,000	215,053
Unsecured 1.77% bonds due 2017	20,000	20,000	215,053
Unsecured 1.695% bonds due 2016	20,000	20,000	215,053
Unsecured 1.845% bonds due 2013	20,000	20,000	215,053
Unsecured 2.14% bonds due 2018	20,000	20,000	215,053
Unsecured 2.405% bonds due 2026	10,000	10,000	107,526
Unsecured 2% bonds due 2016	30,000	30,000	322,580
Unsecured 2.04% bonds due 2018	19,988	19,987	214,924
Unsecured 2.39% bonds due 2026	29,982	29,981	322,387
Unsecured 1.88% bonds due 2016	19,991	19,990	214,956
Unsecured 1.78% bonds due 2017	19,995	19,995	215,000
Unsecured 1.78% bonds due 2017	19,995	19,995	215,000
Unsecured 1.75% bonds due 2017	19,996	19,996	215,010
Unsecured 2.31% bonds due 2027	19,973	19,972	214,763
Unsecured 1.69% bonds due 2018	9,998	9,998	107,505
Unsecured 2.3% bonds due 2027	14,990	14,990	161,182
Unsecured 1.79% bonds due 2020	19,988	19,987	214,924
Unsecured 1.83% bonds due 2018	9,992	9,991	107,440
Unsecured 2.39% bonds due 2028	19,978	19,977	214,817
Unsecured 2.391% bonds due 2028	30,000	30,000	322,580
Unsecured 2.646% bonds due 2038	10,000	10,000	107,526
Unsecured 1.557% bonds due 2019	20,000	20,000	215,053
Unsecured 2.166% bonds due 2029	30,000	30,000	322,580
Unsecured 2.312% bonds due 2029	30,000		322,580
Unsecured 2.556% bonds due 2039	10,000		107,526
Unsecured 1.667% bonds due 2019	10,000		107,526
Unsecured 2.321% bonds due 2029	30,000		322,580
Unsecured 2.157% bonds due 2029	40,000		430,107
Unsecured 2.375% bonds due 2039	10,000		107,526
Unsecured 0.371% bonds due 2013	15,000		161,290
Unsecured 1.472% bonds due 2020	15,000		161,290
Unsecured loans from Japanese banks and insurance companies, with interest rates ranging from 1.30% to 6.6%, due 2010 to 2028	665,496	674,691	7,155,966
Total	1,635,369	1,484,553	17,584,601
Less current portion	(155,494)	(133,794)	(1,671,978)
Long-term debt, less current portion	¥ 1,479,874	¥ 1,350,758	\$ 15,912,623

The annual maturities of long-term debt outstanding at the principal amount as of March 31, 2010, are as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2011	¥ 155,494	\$ 1,671,978
2012	123,294	1,325,741
2013	148,178	1,593,311
2014	96,845	1,041,344
2015	123,189	1,324,612
Thereafter	988,493	10,628,992
Total	¥ 1,635,496	\$ 17,585,978

The Company has been released from the debt repayment obligation for a portion of the bonds issued by depositing equivalent assets under debt assumption agreements with financial institutions and accounts for all outstanding bonds covered by these agreements as contingent liabilities. The balance of bonds released from their debt repayment obligation amounted to ¥20,000 million (\$215,053 thousand) as of March 31, 2010 (see Note 11).

The Company has credit commitments from banks in order to ensure short-term liquidity. Total unused credit available to the Company at March 31, 2010 was ¥100,000 million (\$1,075,268 thousand).

All assets of the Company were pledged for the above secured bonds of ¥180,000 million (\$1,935,483 thousand), including aforementioned off-balanced bonds of ¥20,000 million (\$215,053 thousand), as an enterprise mortgage, which gives the holder thereof a security interest in all assets junior to that of other present or future secured creditors, but senior to that of general creditors.

7. LONG-TERM ACCOUNTS PAYABLE—RAILWAY FACILITIES

Long-term accounts payable—railway facilities as of March 31, 2010 and 2009, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Long-term accounts payable incurred for purchase of the Shinkansen railway ground facilities:			
With average interest rate of 4.15% (2010) and 4.21% (2009), due semiannually through 2017	¥ 860,627	¥ 1,029,884	\$ 9,254,053
With a fixed interest rate of 6.35%, due semiannually through 2017	40,438	79,632	434,817
With a fixed interest rate of 6.55%, due semiannually through 2051	571,716	574,358	6,147,483
Other	8,869	9,195	95,377
Total	1,481,652	1,693,070	15,931,730
Less current portion	(111,712)	(113,967)	(1,201,204)
Long-term accounts payable—railway facilities, less current portion	¥ 1,369,939	¥ 1,579,102	\$ 14,730,526

Based on debt assumption agreements with financial institutions and a special purpose entity, the Company has transferred the debt repayment obligation for certain long-term accounts payable—railway facilities to these financial institutions and special purpose entity, and has provided these financial institutions and special purpose entity with Japanese national government bonds or cash for the payment of principal and interest on the long-term accounts payable—railway facilities. As a result of these transactions, the balance of long-term accounts payable—railway facilities was reduced by ¥425,284 million (\$4,572,946 thousand) and ¥437,500 million as of March 31, 2010 and 2009, respectively, and the related loss on long-term accounts payable—railway facilities by ¥14,633 million (\$157,344 thousand), ¥29,071 million and ¥25,173 million for the years ended March 31, 2010, 2009 and 2008, respectively (see Note 11).

The annual maturities of long-term accounts payable—railway facilities as of March 31, 2010, are as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2011	¥ 111,712	\$ 1,201,204
2012	116,265	1,250,161
2013	121,147	1,302,655
2014	126,256	1,357,591
2015	131,614	1,415,204
Thereafter	874,656	9,404,915
Total	¥ 1,481,652	\$ 15,931,730

Interest expense on the aforementioned long-term accounts payable—railway facilities amounted to ¥82,302 million (\$884,967 thousand), ¥93,843 million and ¥108,017 million for the years ended March 31, 2010, 2009 and 2008, respectively.

8. EQUITY

Japanese companies are subject to the Companies Act. The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of equity after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal retained earnings (a component of retained earnings) or as a legal capital surplus (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of the aggregate amount of legal retained earnings and legal capital surplus equals 25% of the common stock. Under the Companies Act, the total amount of legal capital surplus and legal retained earnings may be reversed without limitation. The Companies Act also provides that common stock, legal retained earnings, legal capital surplus, other capital surplus and other retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

c. Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

9. INCOME TAXES

The Company is subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40% for the years ended March 31, 2010 and 2009.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2010 and 2009, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Deferred tax assets:			
Provision for retirement benefits	¥ 78,464	¥ 80,764	\$ 843,698
Depreciation and amortization	68,393	63,086	735,408
Software	18,126	16,876	194,903
Provision for bonuses	7,690	8,050	82,688
Railway usage charges	6,747	7,126	72,548
Other	40,486	35,831	435,357
Total	219,908	211,736	2,364,602
Less valuation allowance	(15,091)	(14,974)	(162,269)
Deferred tax assets	204,817	196,762	2,202,333
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	5,142		55,290
Deferred gains on transfer of certain fixed assets	4,274	4,274	45,979
Deferred tax liabilities	9,417	4,274	101,269
Net deferred tax assets	¥ 195,400	¥ 192,487	\$ 2,101,064

Since the difference between the normal effective statutory tax rate and the actual effective tax rate was not significant, the reconciliation was not presented for the years ended March 31, 2010 and 2009.

10. LEASES

As lessee, the minimum rental commitments under noncancelable operating leases at March 31, 2010 and 2009 are due as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Due within one year	¥ 590	¥ 1,252	\$ 6,344
Due after one year	1,084	1,653	11,656
Total	¥ 1,674	¥ 2,906	\$ 18,000

As lessor, the minimum rental commitments under noncancelable operating leases at March 31, 2010 and 2009 are due as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Due within one year	¥ 656	¥ 564	\$ 7,053
Due after one year	29,851	28,311	320,990
Total	¥ 30,508	¥ 28,875	\$ 328,043

11. CONTINGENCIES

As of March 31, 2010, the Company has joint and several obligations with the Railway Technical Research Institute (the "Institute") to make payments on long-term accounts payable of ¥28,478 million (\$306,215 thousand) by the Institute. The proceeds are being used for the enhancement of technology development for the Maglev system.

As discussed in Notes 6 and 7, based on debt assumption agreements with the financial institutions and the special purpose entity, the Company has transferred the debt repayment obligation for certain bonds and long-term accounts payable—railway facilities to such financial institutions and the special purpose entity. At March 31, 2010, the Company had contingent obligations of ¥20,000 million (\$215,053 thousand) for the bonds and ¥425,284 million (\$4,572,946 thousand) for long-term accounts payable—railway facilities, respectively.

The Company also had contingent liabilities for guarantees of the loans of a certain subsidiary amounting to ¥37,281 million (\$400,870 thousand) at March 31, 2010.

12. SUBSEQUENT EVENTS

Appropriations of Retained Earnings

The following appropriation of retained earnings at March 31, 2010 was approved at the Company's shareholders meeting held on June 22, 2010:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥4,500 (\$48.38) per share	¥ 8,885	\$ 95,537

Independent Auditors' Report

Deloitte.

Deloitte Touche Tohmatsu LLC
Nagoya Daiya Building 3-goukan
13-5, Meieki, 3-chome, Nakamura-ku
Nagoya, Aichi 450-8530
Japan

Tel: +81(52)565 5511
Fax: +81(52)569 1394
www.deloitte.com/jp

To the Board of Directors of Central Japan Railway Company:

We have audited the accompanying consolidated balance sheets of Central Japan Railway Company (the "Company") and consolidated subsidiaries as of March 31, 2010 and 2009, and the related consolidated statements of income, changes in equity, and cash flows for each of the three years in the period ended March 31, 2010, and the accompanying non-consolidated balance sheets of the Company as of March 31, 2010 and 2009, and the related non-consolidated statements of income and changes in equity for each of the three years in the period ended March 31, 2010, all expressed in Japanese yen. These consolidated and non-consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated and non-consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated and non-consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated and non-consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated and non-consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion,

- (1) The consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Central Japan Railway Company and consolidated subsidiaries as of March 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2010, in conformity with accounting principles generally accepted in Japan.
- (2) The non-consolidated financial statements referred to above present fairly, in all material respects, the financial position of Central Japan Railway Company as of March 31, 2010 and 2009, and the results of its operations for each of the three years in the period ended March 31, 2010, in conformity with accounting principles generally accepted in Japan.

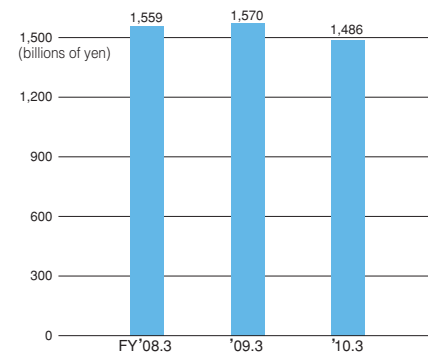
Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 2 of the consolidated financial statements and the non-consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC
June 22, 2010

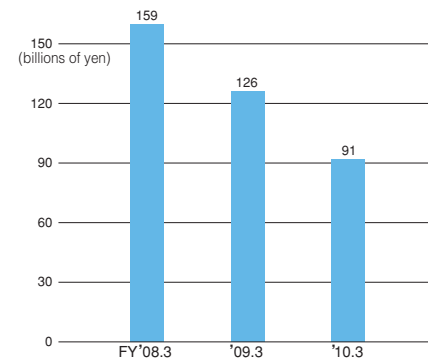
Appendix 1—Financial Data

Consolidated Financial Highlights

Operating Revenues



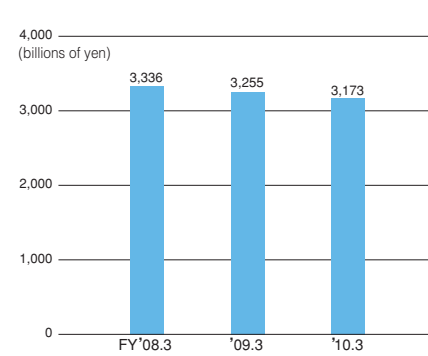
Net Income



Depreciation and Amortization, and Capital Expenditures



Total Long-Term Debt and Payables



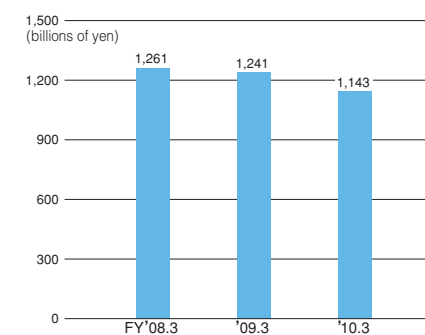
	FY2008.3	FY2009.3	FY2010.3	
	Millions of Yen	Millions of Yen	Millions of Yen	Thousands of U.S. Dollars (Note)
Operating Revenues	¥1,559,467	¥1,570,253	¥1,486,632	\$15,985,290
Operating Expenses	1,125,004	1,187,912	1,193,157	12,829,656
Operating Income	434,462	382,341	293,474	3,155,634
Income before Income Taxes and Minority Interests	271,471	212,925	160,899	1,730,096
Net Income	159,774	126,052	91,764	986,709
Depreciation and Amortization	228,461	258,319	268,219	2,884,075
Capital Expenditures	290,357	261,969	248,302	2,669,913
Total Assets	5,149,238	5,222,531	5,211,009	56,032,354
Equity	930,763	1,048,358	1,134,566	12,199,635
Shareholder's Equity	915,021	1,011,075	1,096,678	11,792,236
Equity Ratio	17.8%	19.4%	21.0%	21.0%
Net income / Total Assets	3.1%	2.4%	1.8%	1.8%
ROE (Return on Equity)	18.7%	13.1%	8.7%	8.7%
	Yen	Yen	Yen	U.S. Dollars (Note)
Per Share of Common Stock				
Net Income	¥81,106.04	¥64,023.29	¥46,574.56	\$500.80
Cash Dividends Applicable to the Year	8,500.00	9,000.00	9,000.00	96.77

Note: FY2010.3 yen figures have been converted into U.S. dollars at the rate of ¥93=US\$1, the approximate rate of exchange at March 31, 2010.

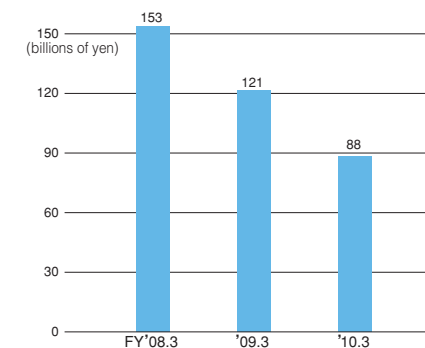
Non-Consolidated Financial Highlights

	FY2008.3	FY2009.3	FY2010.3	
	Millions of Yen	Millions of Yen	Millions of Yen	Thousands of U.S. Dollars (Note)
Operating Revenues	¥1,261,246	¥1,241,163	¥1,143,983	\$12,300,892
Railway	1,252,217	1,232,257	1,134,942	12,203,677
Other	9,028	8,906	9,041	97,215
Operating Expenses	848,435	879,028	869,846	9,353,194
Railway	842,178	872,963	863,208	9,281,806
Other	6,256	6,064	6,638	71,388
Operating Income	412,811	362,135	274,136	2,947,698
Income before Income Taxes	255,672	199,896	145,467	1,564,161
Net Income	153,953	121,431	88,405	950,591
Depreciation and Amortization	213,964	240,886	247,003	2,655,946
Capital Investments	277,421	265,275	244,868	2,632,989
Total Assets	4,981,337	4,991,705	5,010,369	53,874,935
Equity	881,919	975,012	1,056,766	11,363,075
Shareholder's Equity	881,919	975,012	1,056,766	11,363,075
Equity Ratio	17.7%	19.5%	21.1%	21.1%
Net Income / Total Assets	3.1%	2.4%	1.8%	1.8%
ROE (Return on Equity)	18.7%	13.1%	8.7%	8.7%
	Yen	Yen	Yen	U.S. Dollars (Note)
Per Share of Common Stock				
Net Income	¥78,068.53	¥61,576.79	¥44,823.34	\$481.97
Cash Dividends Applicable to the Year	8,500.00	9,000.00	9,000.00	96.77

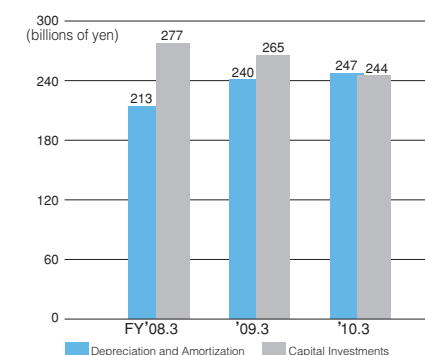
Operating Revenues



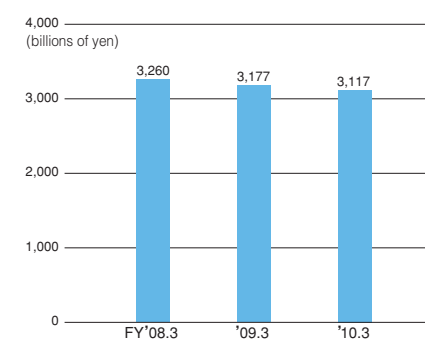
Net Income



Depreciation and Amortization, and Capital Investments

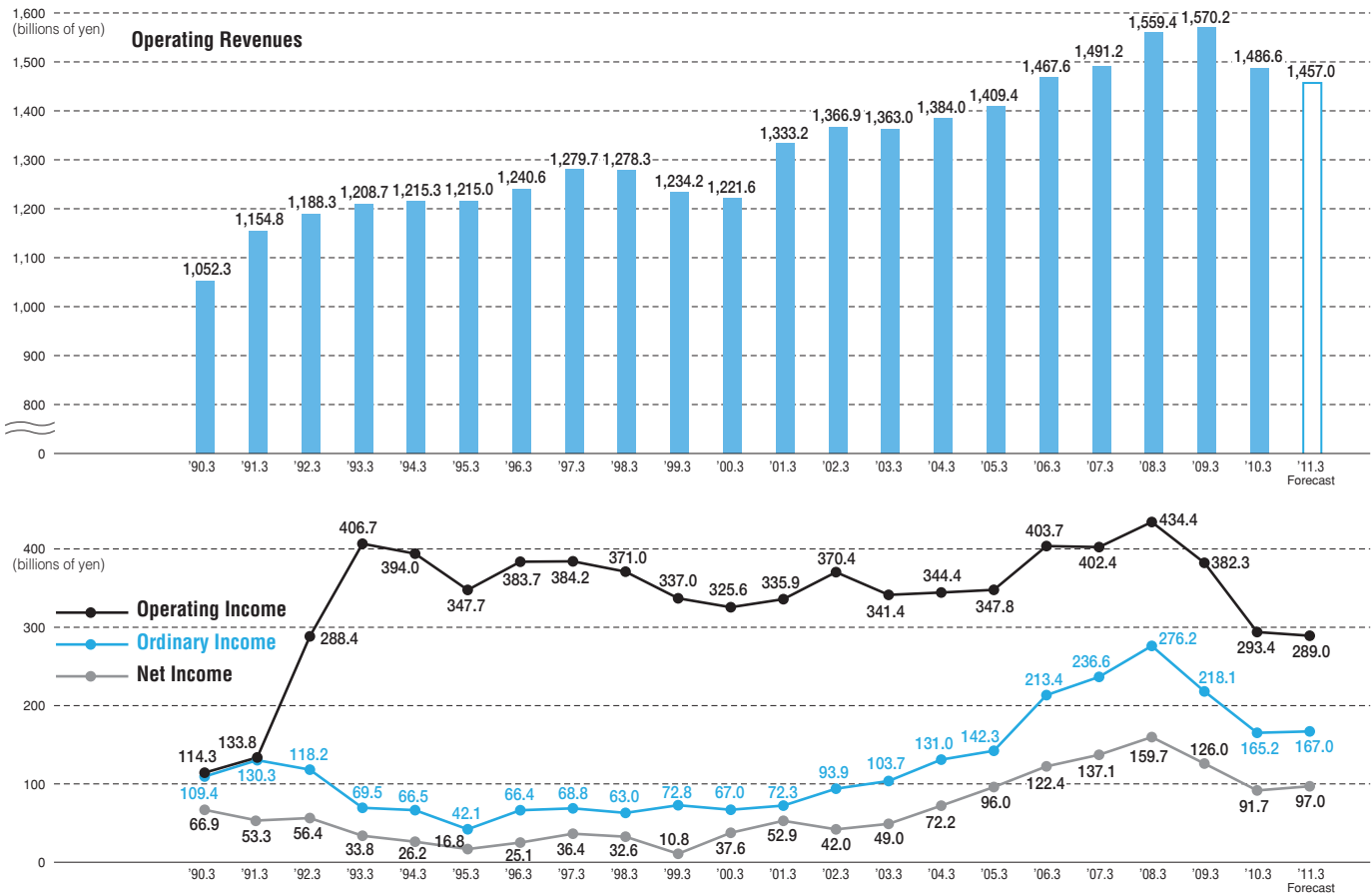


Total Long-Term Debt and Payables

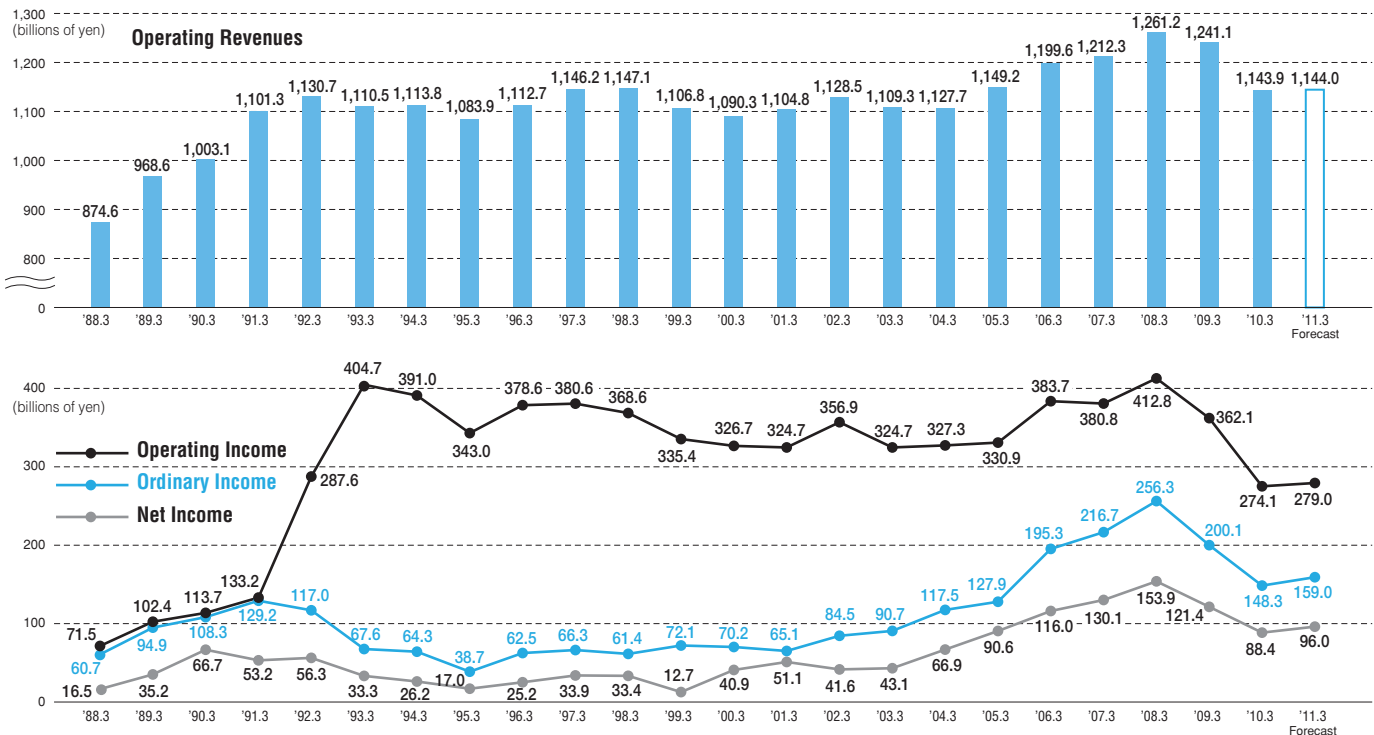


Appendix 1—Financial Data

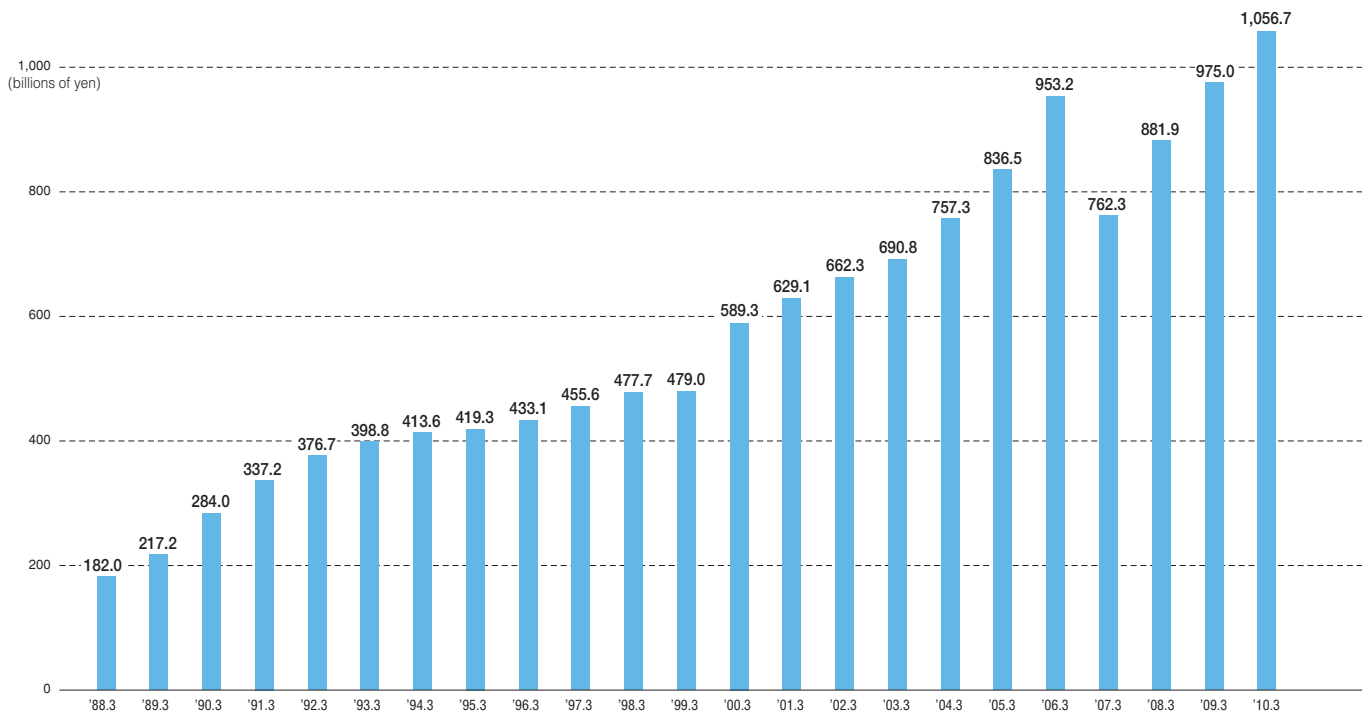
Financial Results (Consolidated)



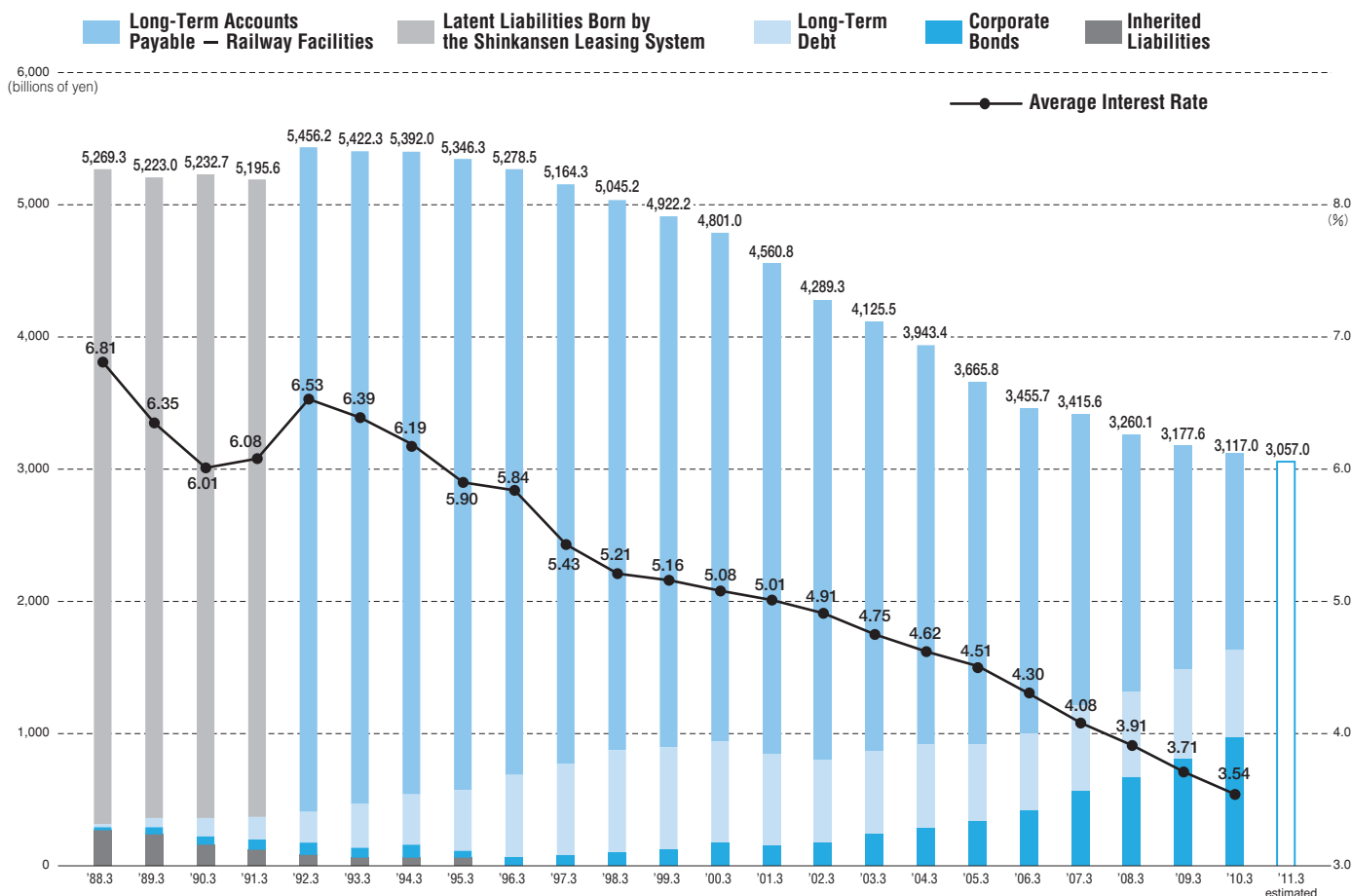
Financial Results (Non-Consolidated)



Total Shareholders' Equity (Non-Consolidated)

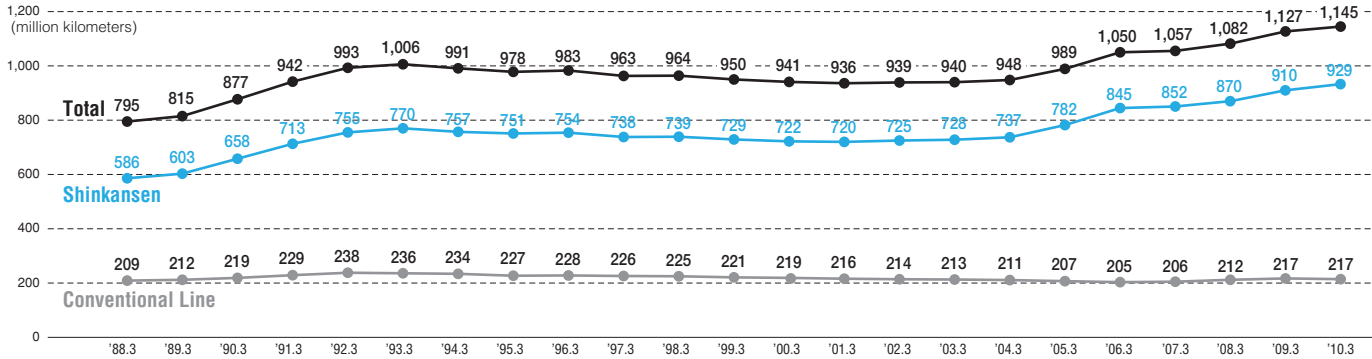


Total Long-Term Debt and Payables (Non-Consolidated)



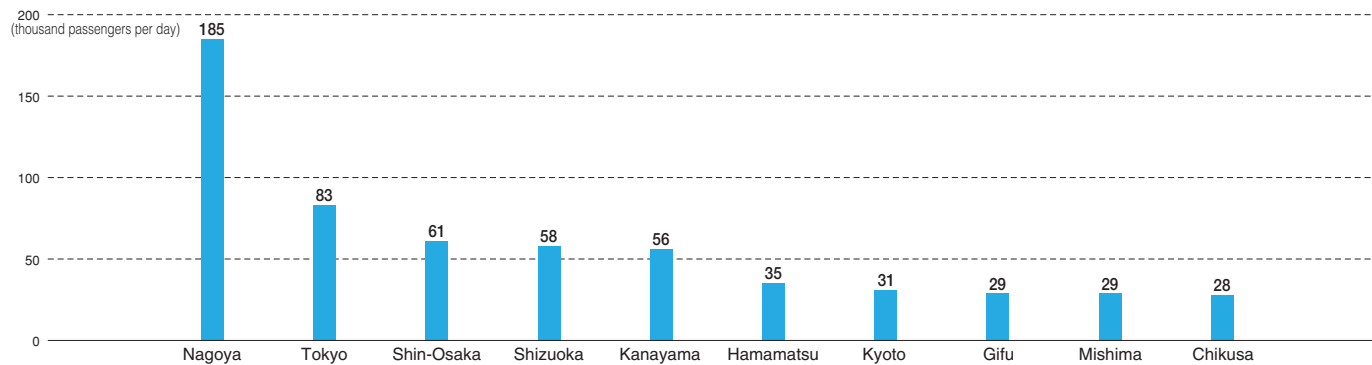
Appendix 2—Transportation Data

Rolling Stock Kilometers



Top 10 Stations in terms of Number of Passengers

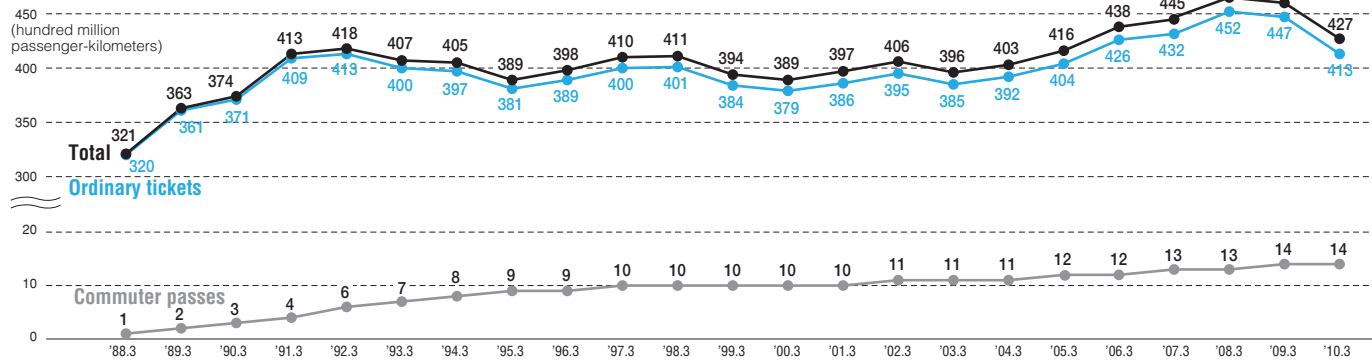
(Daily average of FY2009)



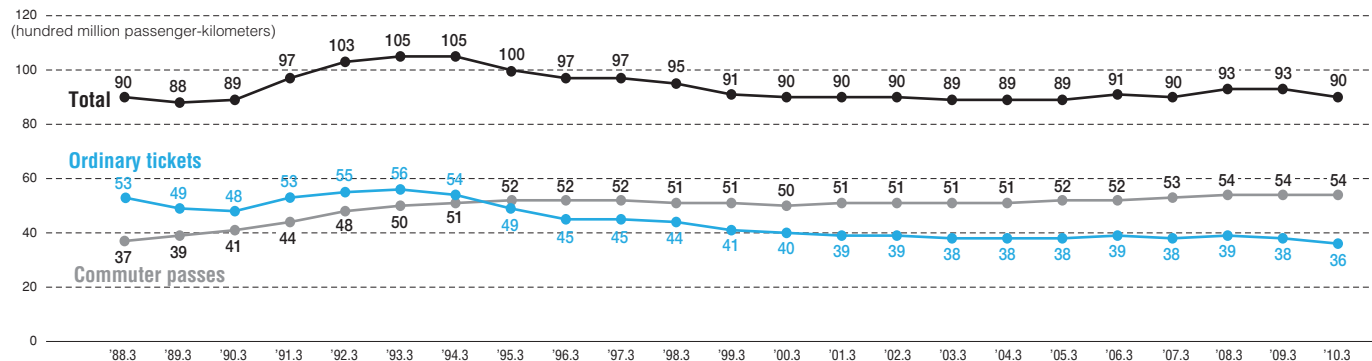
Note: The figures for Tokyo, Kyoto, and Shin-Osaka Stations indicate Shinkansen passengers only

Passenger Kilometers

Shinkansen

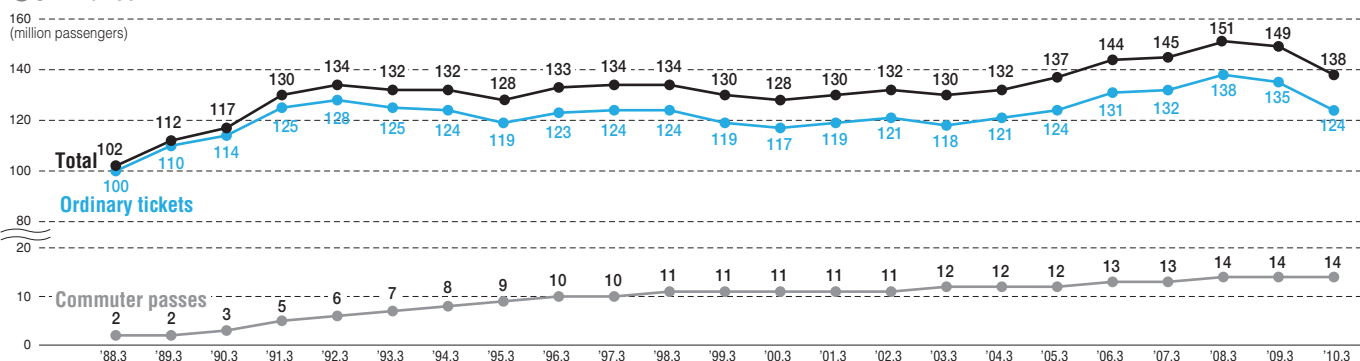


Conventional Line

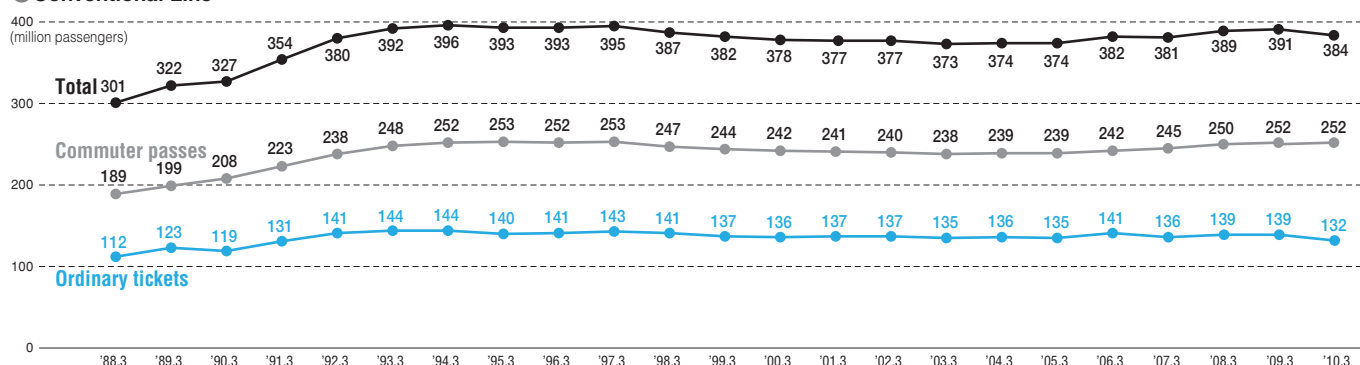


Passenger Ridership

Shinkansen

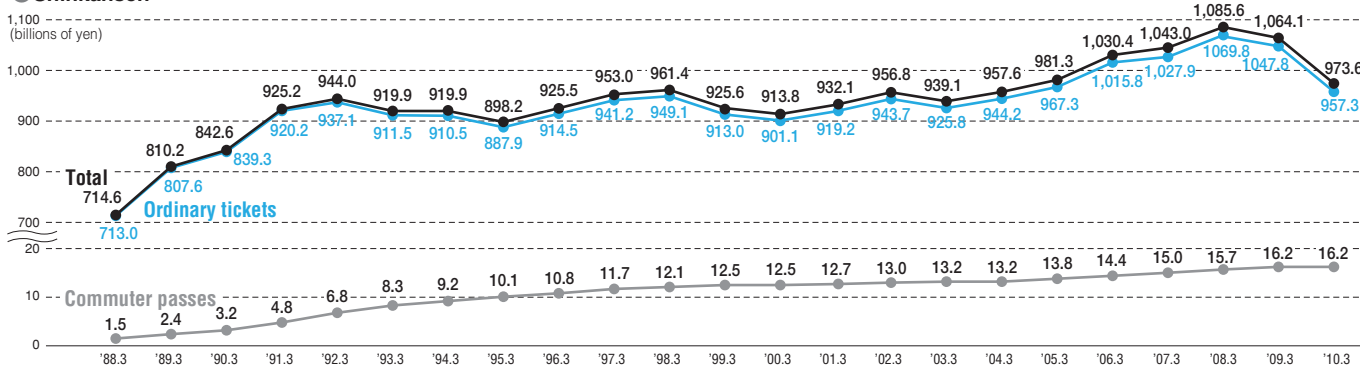


Conventional Line

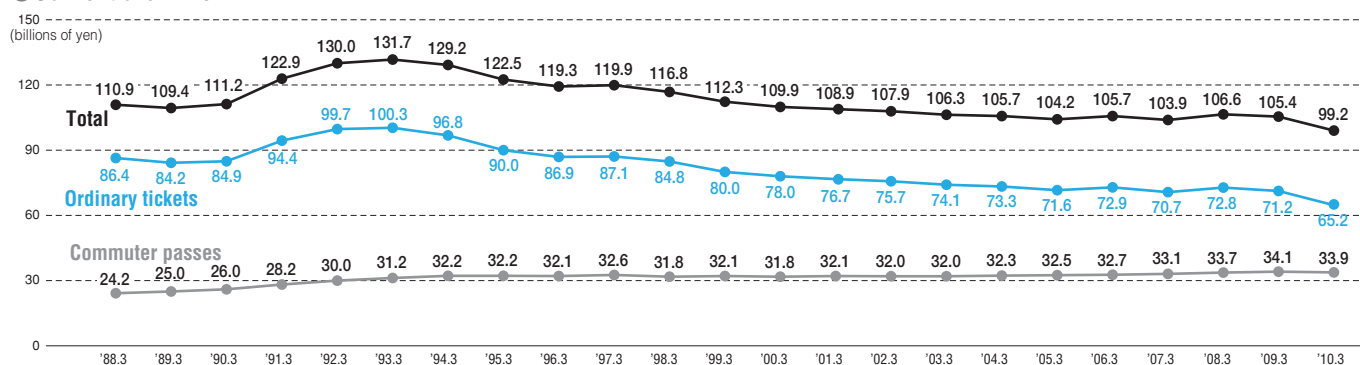


Transportation Revenue

Shinkansen

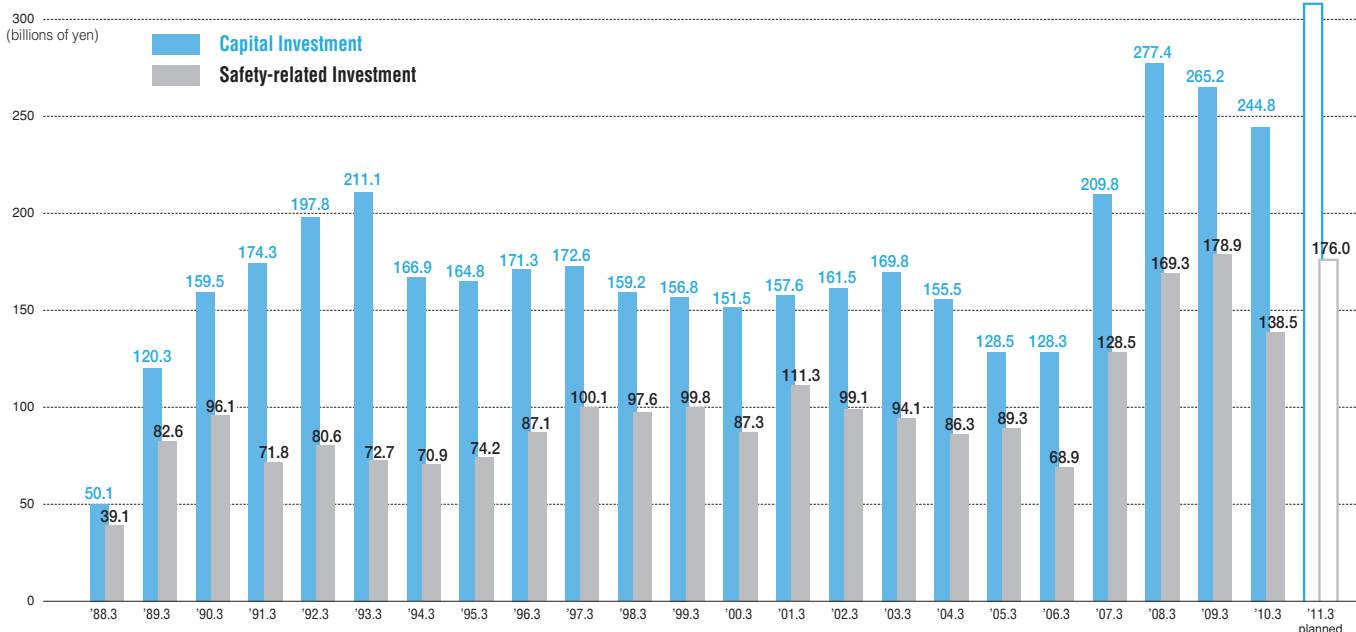


Conventional Line



Appendix 3—Capital Investment

Capital Investment (Non-Consolidated)



FY2010 Key Measures and Related Capital Investment

Ensuring Safe and Reliable Transportation

Capital Investment: 110 billion yen

We will prioritize ensuring safe and reliable transportation, which is the foundation of the railway business.

- As for the Tokaido Shinkansen, in regard to anti-earthquake measures, promoting countermeasures against derailment and deviation as well as the quake-resistant reinforcement of embankments and bridges
- As for conventional lines, promoting disaster prevention measures such as measures to prevent falling rocks, upgrading level-crossing safety devices, and promoting installation work of ATS-PT



Countermeasure against Derailment and Deviation of the Tokaido Shinkansen

Enhancing Transportation Services of the Tokaido Shinkansen

Capital Investment: 95 billion yen

We will promote measures aimed at enhancing transportation services of the Tokaido Shinkansen such as introducing the Series N700 in a concentrated manner.

- Promoting the concentrated introduction of the Series N700 and in sequence increasing operation of regular "Nozomi" services operated by the Series N700
- Providing train services flexibly in peak seasons and hours
- Promoting large-scale renovations at Shin-Osaka Station and preparing for the direct service of Kyushu Shinkansen to Shin-Osaka
- Proceeding with the renovation of passenger-related facilities at Tokyo Station and the replacement of platform fences at Shin-Yokohama Station



Shin-Osaka Station Platform Expansion (completion image)

Enhancing Transportation Services of Conventional Lines

Capital Investment: 12 billion yen

We will work on various measures such as replacement with new rolling stock.

- Working on various measures to further improve transportation services such as replacement with new rolling stock
- Strengthening the transportation infrastructure in Nagoya Metropolitan Area through the Taketoyo line electrification plan
- Steadily introducing barrier-free accessible facilities in cooperation with concerned local governments and other institutions
- Promoting construction of a new station between Koda and Okazaki Stations on the Tokaido line
- Proactively developing our walking event "SAWAYAKA Walking"



New Rolling Stock, the Series Ki-Ha 25 (completion image)

Promoting the Tokaido Shinkansen Bypass by the Superconducting Maglev

Capital Investment: 49 billion yen

*only includes capital investment related to the extension and the upgrading of facilities of the Yamanashi Test Line

We will promote measures to realize the Tokaido Shinkansen Bypass that utilizes the Superconducting Maglev.

- Steadily proceeding with the procedures required by the Nationwide Shinkansen Railway Development Law
- Continuing efforts to polish up the Superconducting Maglev technology
- In regard to the Yamanashi Maglev Test Line, proceeding with the construction works to extend its length to 42.8 km and completely renovating the facilities to practical specifications, aiming to complete them as quickly as possible in a steady and speedy manner



Yamanashi Maglev Test Line

Implementing Marketing Initiatives

Capital Investment: 5 billion yen

We will proactively implement marketing initiatives to increase revenues, such as making new services of "TOICA" become widespread and developing various campaigns.

- Working for increasing membership of "Express Reservation"
- Along with promoting an electronic money function on "TOICA" and the service in which a passenger can get on board the Tokaido Shinkansen with TOICA commuter pass, continuing deliberation toward expansion of mutual use of IC cards
- Proactively developing various campaigns and offering attractive travel products, by fully utilizing tourist resources in Kyoto, Nara and other destinations



EX-IC Service

Strengthening Technological Competences, Pursuing Possibility of Overseas Deployment

Capital Investment: 1 billion yen

We will strive to continuously enhance our technological competences, which is the foundation of railway management and development, and also strive to execute deployment of high-speed rail systems in overseas projects.

- Fostering research and development on enhancing transportation services mainly of the Tokaido Shinkansen and countermeasures against natural disasters at JR Central Research Center in Komaki (Aichi Prefecture)
- Promoting execution of deployment of high-speed rail systems in overseas projects by leveraging our comprehensive technological competences



High-Speed Rail Symposium

Developing Affiliated Businesses

Capital Investment: 20 billion yen

*Capital Investment by the consolidated subsidiaries

We will further develop our affiliated businesses such as steadily proceeding with the project of constructing a new building at Nagoya station, and studying for further agricultural business development.

- Steadily proceeding with the project of constructing a new building at Nagoya Station, such as coordinating with the organizations concerned
- Developing land generated through the re-allocation of our company housings to use it effectively
- In our agriculture business, starting shipping out products to our group companies and deliberation toward further business development



"Nagoya Station New Building" (tentative name, completion image)

Efforts to Conserve the Global Environment and Prepare for Museum Opening

Capital Investment: 4 billion yen

We will proactively promote efforts to conserve the global environment and proceed with preparations for opening a museum.

- Promoting efforts to contribute to the conservation of the global environment such as replacement with energy-saving rolling stock, and engaging in activities to disseminate information, aiming to spread the concept of "Eco Business Trips"
- Preparing for the construction and the opening of the "JR Central Museum (tentative name)" in the spring of 2011 to widely introduce advancements in high-speed railway technology and other aspects



"JR Central Museum" (tentative name, completion image)

Total Capital Investment FY2010 (planned)

**Non-consolidated 308 billion yen
Consolidated 328 billion yen**

Appendix 4—Operating Environment

Comparison with Airline Transportation

● Services

(As of April 2010)

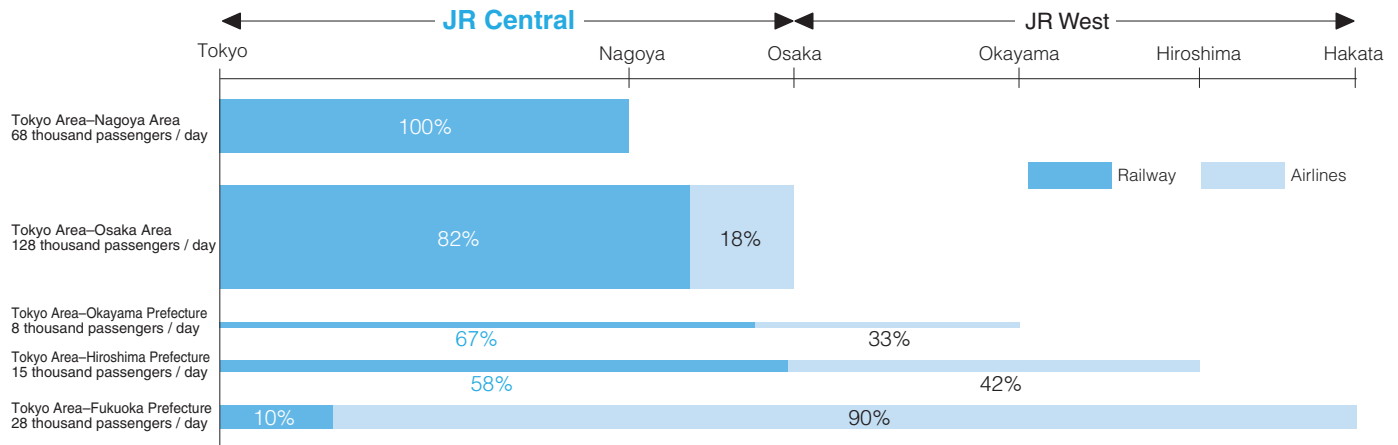
Between Tokyo and ... (Operating distance)		Osaka (552.6 km)	Okayama (732.9 km)	Hiroshima (894.2 km)	Fukuoka (1,174.9 km)
Travel Time ^{*1}	Shinkansen	2 hr 25 min ^{*3}	3 hr 12 min	3 hr 48 min	4 hr 51 min
	Airlines ^{*2}	1 hr (About 2 hr 30 min)	1 hr 10 min (About 3 hr)	1 hr 15 min (About 3 hr 10 min)	1 hr 30 min (About 2 hr 40 min)
Departures per day	Shinkansen	250	128	97	70
	Airlines	102	18	30	92

*1. Travel times are in case of the fastest service

*2. Travel times in parentheses include transfer and access times from city centers to airports

*3. Travel time between Tokyo and Shin-Osaka stations

● Market Share (against Airlines)



Notes: 1. Market share is the percentage of all railway and airline services based on the inter-prefectural data of the Inter-Regional Passenger Mobility Survey (FY 2008), published by the Ministry of Land, Infrastructure, Transport and Tourism

2. Railway market share of FY 2009 is as follows according to our own estimate

Tokyo Area–Nagoya Area: 100% Tokyo Area–Osaka Area: 83%

Tokyo Area: Tokyo, Kanagawa, Chiba, Saitama, Ibaraki

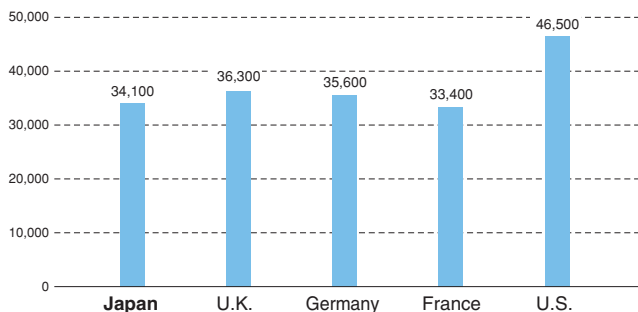
Nagoya Area: Aichi, Gifu, Mie

Osaka Area: Osaka, Kyoto, Hyogo, Nara

Appendix 5 — International Railway Comparison^{*1}

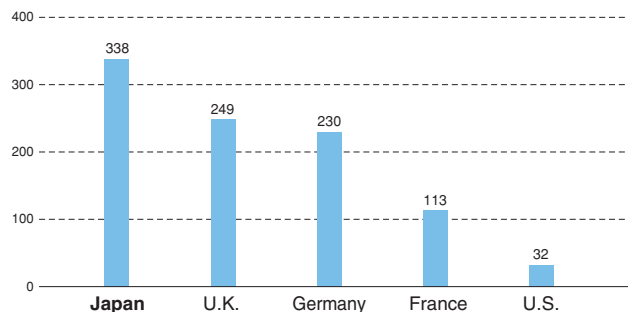
International Comparison in Fundamentals

● GDP per Capita (2008) (US\$)



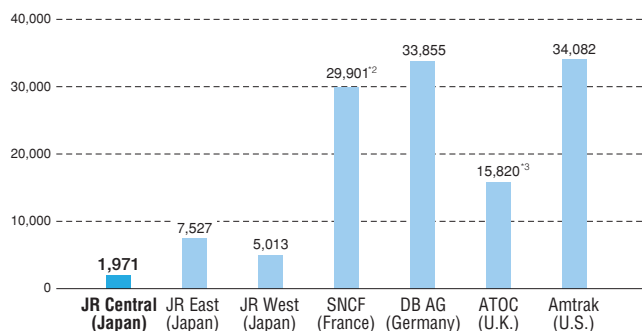
Source: OECD

● Population Density (2007) (per square kilometer)

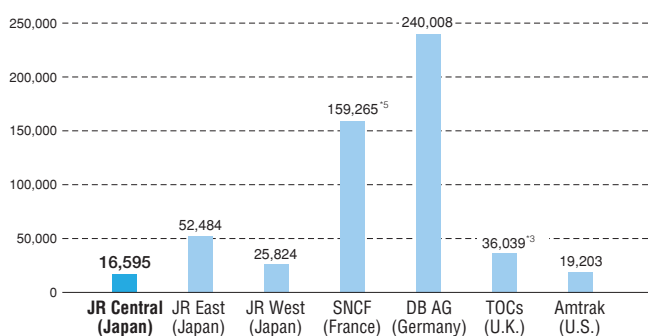


Source: OECD

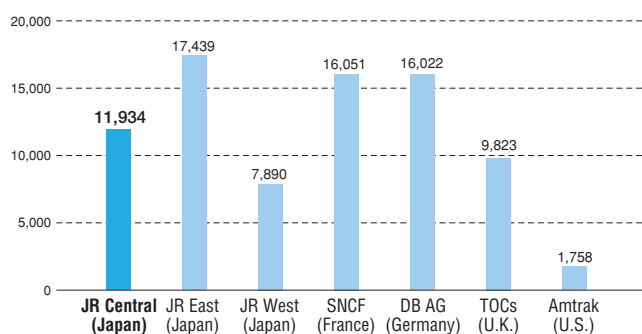
Route Length (kilometers)



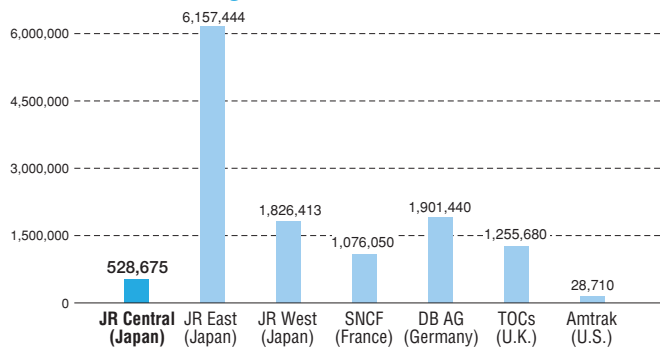
Number of Employees ⁴



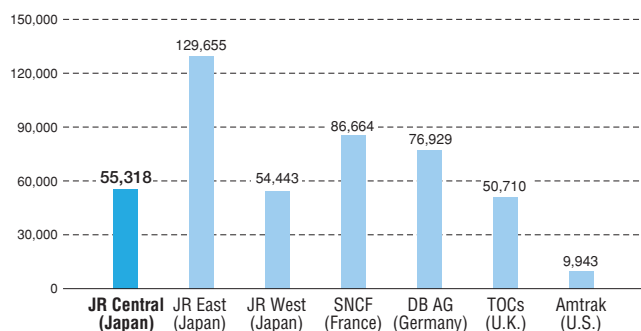
Passenger Revenues (millions of US\$)⁶



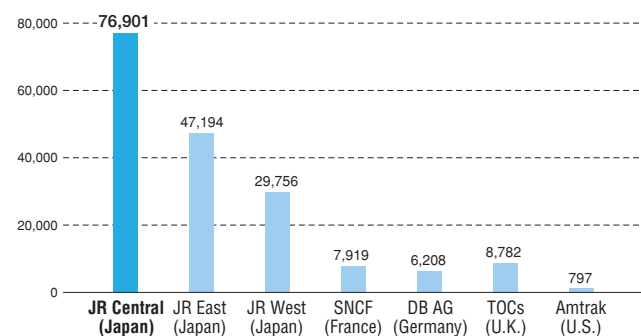
Number of Passengers (thousands)



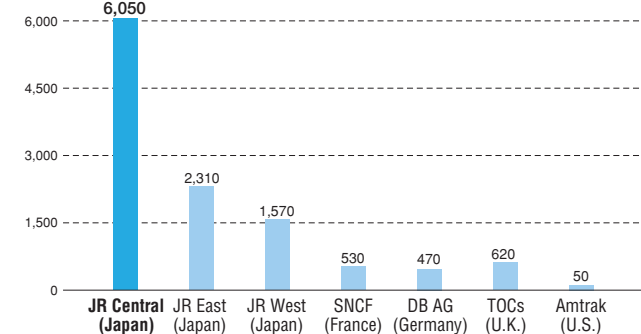
Passenger-Kilometers (million passenger-kilometers)



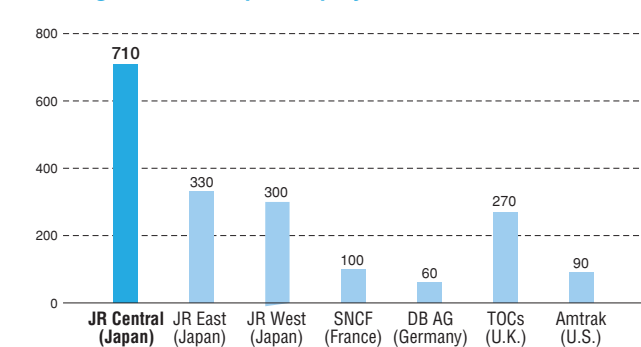
Average Traffic Density (daily passenger-kilometers / route length)



Passenger Revenues per Route Length (thousands of US\$ / route length)



Passenger Revenues per Employee (thousands of US\$ / employee)



Sources: Statistique Internationale des Chemins de fer 2008 (Union Internationale des Chemins de fer), Financial Report of the JRs
*1. Data of the JRs and TOCs for April 2008-March 2009
The others for January 2008-December 2008
*2. Data for Réseau Ferré de France (RFF)
*3. Data for Network Rail Ltd.

*4. Total number of employees including staff for freight transport, affiliated businesses, etc.
Data of the JRs are as of March 31, 2009
The others are annual means

*5. Sum of the data of SNCF and RFF

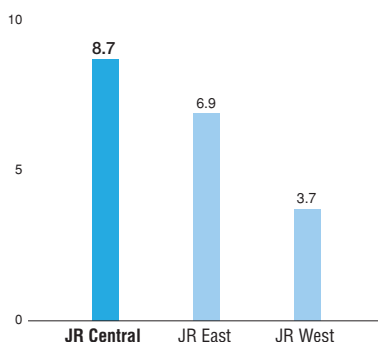
*6. Data of the JRs are converted by the US\$ exchange rate as of March 31, 2009

The others are first converted to Japanese Yen, then converted in the same way as mentioned above

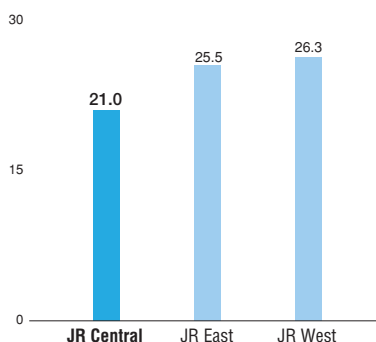
Appendix 6—Financial Comparison of Three JR Companies (FY 2010.3)

Consolidated

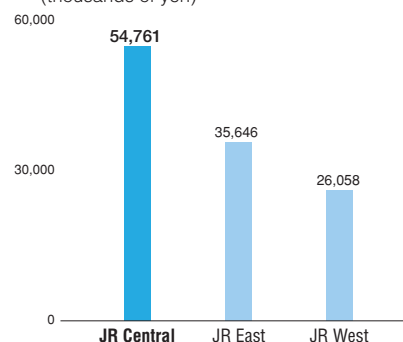
● ROE (Return on Equity) (%)



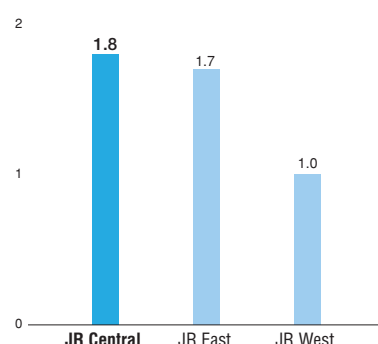
● Equity Ratio (%)



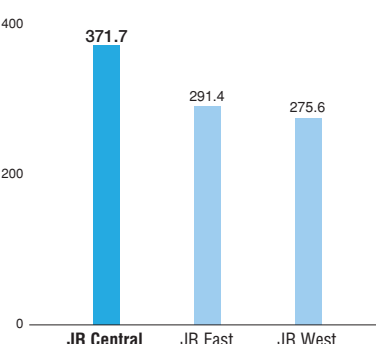
● Operating Revenues per Employee (thousands of yen)



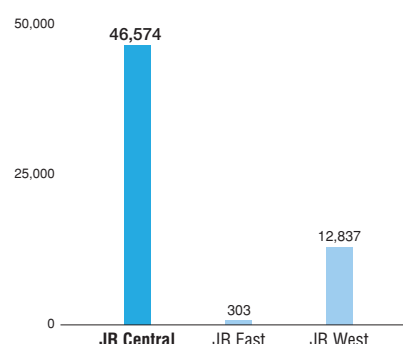
● Net income / Total Assets (%)



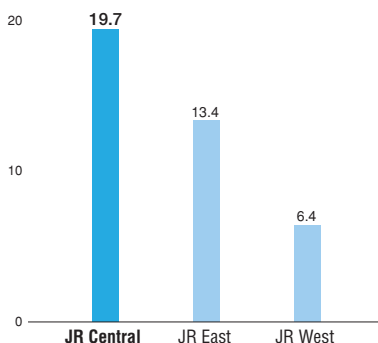
● Debt to Equity Ratio (%)



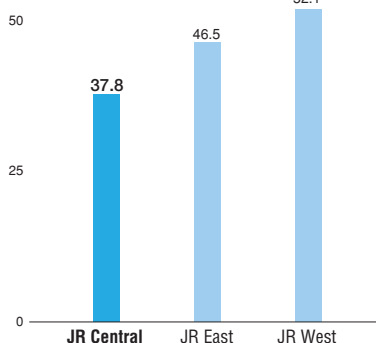
● Earnings per Share (EPS) (yen)^{*2}



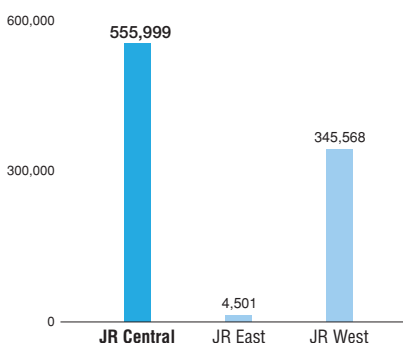
● Operating Income / Operating Revenues (%)



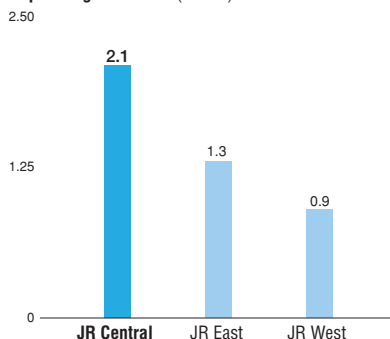
● Current Ratio (%)



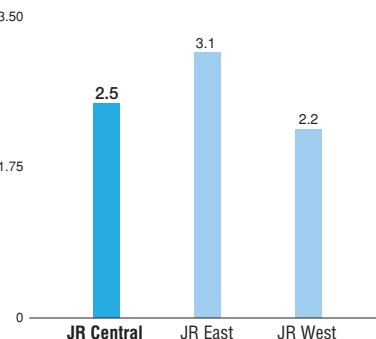
● Shareholders' Equity per Share (yen)^{*2}



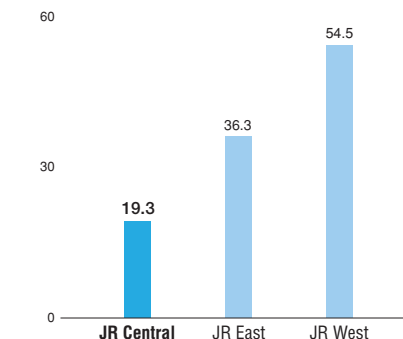
● Total Long-Term Debt and Long-Term Payables / Operating Revenues (times)



● Interest Coverage Ratio (times)^{*1}



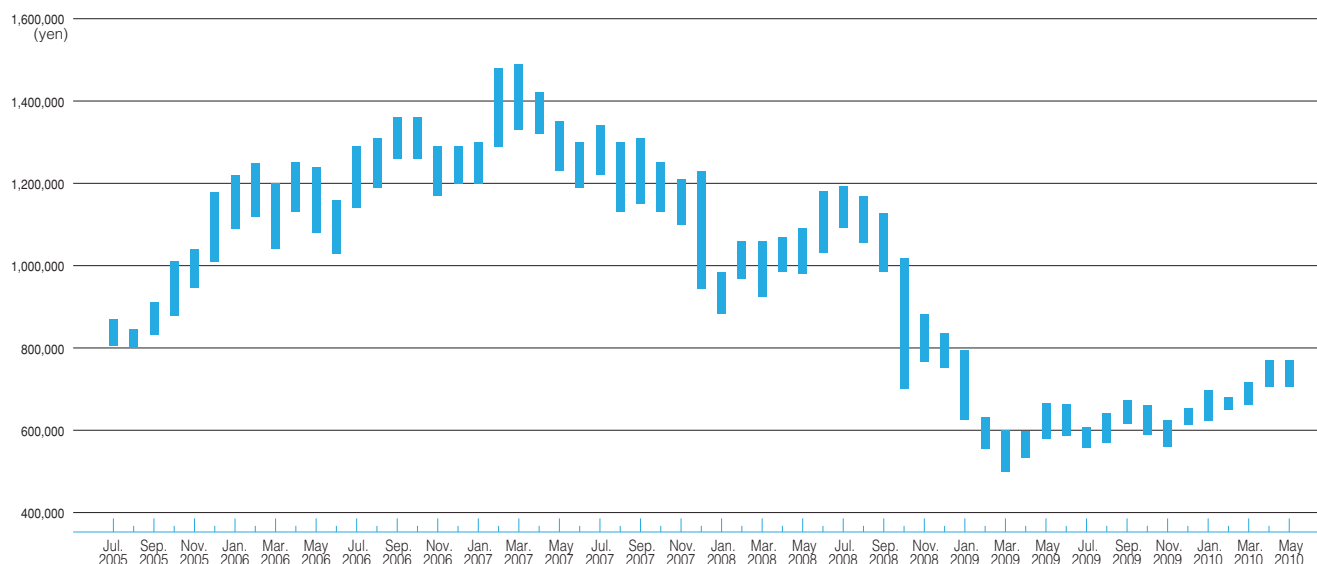
● Dividend Payout Ratio (%)



*1. (Operating income + Interest and dividend income) / Interest expense
 *2. JR East implemented a 100-for-1 stock split effective January 4, 2009.

Appendix 7—Stock Information

Stock Price



Major Shareholders

Name	Number of shares held	Percentage of total issued shares
Mizuho Corporate Bank, Ltd.	97,833	4.55%
Japan Trustee Services Bank Ltd. (Trust Account)	97,223	4.52%
The Master Trust Bank of Japan, Ltd. (Trust Account)	97,042	4.51%
The Nomura Trust and Banking Co., Ltd. (Holder in Retirement Benefit Trust for The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	71,250	3.31%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	66,781	3.11%
Nippon Life Insurance Company	50,000	2.33%
JR Central Employee Shareholding Association	45,216	2.10%
Toyota Motor Corporation	40,000	1.86%
Mizuho Bank, Ltd.	34,162	1.59%
The Dai-ichi Mutual Life Insurance Company	34,000	1.58%
Total	633,507	29.47%

Notes: Besides the above, JR Central holds 175,540 repurchased stocks.

(As of March 31, 2010)

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