CENTRAL JAPAN RAILWAY COMPANY

Annual Report 2007

For the Year Ended March 31, 2007

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 railway 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.

Notes:
1. Fiscal 2006, the year under review, refers to the one-year period ended March 31, 2007 (FY 2007.3 / FY 2006).
2. In this report, figures of financial information are truncated, while statistical data and all percentages are rounded.

Yoshiyuki Kasai

Chairman

In regard to the railway business, JR Central prioritizes maintaining safe and reliable operation in its fundamental policy. Based on this primary principle, the company also continues 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 railway network in the Tokai (such as Nagoya or Shizuoka) region. Therefore, JR Central constantly strives to provide services that are chosen by the customers and improve the efficiency of its business operation.

Railway business is the core business of the JR Central Group. Since railway projects require massive capital investments and long-term technological development with considerable lead times, the timeframe for recovering investments is extremely long. Due to such business structure, it is vital that JR Central manages its railway business from a long-term perspective, rather than overemphasize short-term profitability. Therefore, we are further improving the quality of our regular railway services, and promoting major projects in a systematic manner while enhancing our financial constitution.

■JR Central's Medium/Long Term Management Strategy

●*Railway business*

①Safety measures

In order to further improve the safety of the railway business, JR Central is enhancing its anti-earthquake countermeasures by making functional upgrades to the Earthquake Disaster Prevention System which include, for example, aiming to complete and commence use of an increased number of TERRA-S (Tokaido shinkansen EaRthquake Rapid Alarm System) detection points by September of this year, while accelerating as much as possible the quake-resistant reinforcement of elevated track columns and rail embankments on all Tokaido Shinkansen lines. In regard to conventional lines, in addition to installing safety devices, such as operation data recorders and emergency train stop devices, by the end of this fiscal year, JR Central is also continuing construction to introduce the ATS-PT system (pattern checking automatic train stopping devices).

②Strengthening Tokaido Shinkansen's transportation service

In regard to the Tokaido Shinkansen, the company is relentlessly striving to improve transportation services while providing safe and punctual transportation unparalleled anywhere in the world. Looking forward, JR Central will continue to flexibly operate extra trains focusing on peak periods and peak times of use. Furthermore, JR Central revised the Tokaido Shinkansen's timetable on July 1, 2007 in conjunction with the start of commercial operation of the Series N700. Also, as JR Central introduces more Series N700 trainsets, the company will increase its "*Nozomi*"direct service between the Tokaido and Sanyo Shinkansen serviced by the Series N700. JR Central will be engaging in a concentrated introduction of 42 Series N700 by the end of FY2010.3 for use on all of the "*Nozomi*" direct services between Tokaido and Sanyo Shinkansen. The company will deliberate on the continued introduction of Series N700 trainsets thereafter. In addition, JR Central is striving to further enhance the transportation infrastructure of the Tokaido Shinkansen by, for example, augmenting its electric facilities for train operation and engaging in renovation work, such as increasing the number of platforms, to improve transportation service at Shin-Osaka Station.

With regard to passenger related facilities, JR Central is also continuing to renovate major stations such as Tokyo, Shin-Yokohama, and Nagoya, in order to offer further convenience and comfort for travelers.

In terms of sales, JR Central is working to further increase the number of users of the "Express Reservation" service which was expanded to include all stations of the Tokaido and Sanyo Shinkansen in July 2006. JR Central is also steadily making preparations to introduce its "Express Reservation" IC card service, which utilizes IC, in March 2008. The company will enable seamless transfer between the Tokaido Shinkansen and conventional lines through such measures as the introduction of the "Express Reservation" IC card service and concurrent service expansion to the Shizuoka region of the IC card "TOICA" for conventional lines in the metropolitan area which was introduced in November 2006 in the Nagoya region.

③Further testing and extension of the Yamanashi Maglev Test Line and deliberation of a Tokaido Shinkansen Bypass

As one of its long-term issues, the company is continuing to conduct "topographical and geological" surveys on the Chuo Shinkansen, which it has conducted in accordance with a directive issued by the Minister of Transport in February 1990. Furthermore, JR Central has implemented construction of the Yamanashi Maglev Test Line and both experiments and development of the Superconducting Maglev technology, in light of the Ministry of Transportation's formal view that the Chuo Shinkansen should act as a substitute for the Tokaido Shinkansen and be constructed as a "second Tokaido Shinkansen." This was also based on the Ministry's request that JR Central spend the special investment in the land and structures on the 18.4km long Yamanashi Maglev Test Line, which will ultimately become a part of the Chuo Shinkansen, since the Chuo Shinkansen is under the managerial responsibility of JR Central. As a result of the company's experiments to date, the Maglev Technological Practicality Evaluation Committee under the Japanese Ministry of Land, Infrastructure and Transport acknowledged in March 2005 that, "the foundational technology for the Superconducting Maglev is established for practical application." Based on all of the above, JR Central will invest ¥355 billion of its own funds into the Yamanashi Maglev Test Line facilities in order to completely change the specifications to suit for practical use and conduct new experiments for confirming the practicality of the Superconducting Maglev after lengthening the line to 42.8km.

As already mentioned above, JR Central's field of managerial responsibility, or in other words, its "mission", is management of high-speed railway that connects the Tokyo, Chukyo (or Nagoya) and Kinki (or Osaka) regions. In light of the facts that the transport performance of the Tokaido Shinkansen is close to full capacity and that its transportation services have nearly reached a perfect level, JR Central is deliberating on how to promote and construct, on its own initiative, a second Tokaido Shinkansen that has sufficient transport performance and can offer quantitative and high-quality services over these regions, or in other words, how to realize a second, more advanced transportation artery that can develop and replace its function. JR Central is examining this long-term project based on the results of geographic and geologic surveys, the knowledge gained from the Yamanashi Maglev Test Line and also running tests to verify the practicality of the Superconducting Maglev over a 42.8km test line. At the first stage of such deliberation processes, the company is considering to set a preliminary goal to start commercial operation of this new Shinkansen between the Tokyo metropolitan and Chukyo (or Nagoya) regions by 2025.

●*Affiliated business*

In regard to non-railway businesses, JR Central aims to enhance the overall strength of the JR Central Group by expanding business with an emphasis on business fields which are expected to produce a synergy effect with the railway business. A representative example is the business development in the JR Central Towers in Nagoya Station. In order to realize intensive and effective use of the company's assets, JR Central is continuing to develop the "JR Central Shin-Yokohama Station Building (tentative)" and disused sites of former company housing. Furthermore, in major stations, JR Central is actively developing businesses that can sufficiently take advantage of station locations such as by promoting the renewal of commercial facilities within stations in conjunction with renovating station facilities themselves and performing quake-resistant reinforcement of elevated track columns. Through these measures, the company is striving to further enhance the overall strength of the entire JR Central Group.

●*Environmental conservation activities*

In response to global environmental issues, JR Central believes that it should enhance the characteristics of railways which is environment friendly transportation and is actively promoting measures that contribute to the preservation of the global environment, starting with the introduction of the Series N700, which is extremely energy-efficient. The company is engaged in efforts to allow as many customers as possible to utilize railways, which has less impact on the global environment. Furthermore, the company aims for the widespread penetration of the concept of "Eco Business Trips" and is actively disseminating related information.

●*Reduction of long-term debt and payables*

JR Central has positioned the elimination of long-term debt and payables, which totaled a maximum of ¥5.5 trillion, as one of its most important corporate priorities. The company has reduced its long-term debt and long-term payables by ¥2 trillion to achieve steady improvement in our financial condition. The company will maintain this policy, and is committed to strengthening its financial position and consolidating its business foundation.

Masayuki Matsumoto

President

M. Matsumoto

■Business Activities and Performance for the year ended March 31, 2007 (FY 2006 or FY 2007.3)

During the period, JR Central prioritized the fundamentals of railway operation: safe and reliable transportation. We strove to enhance our competitive edge and improve service. These policies, coupled with flourish economy, resulted in increase of ridership on the Tokaido Shinkansen and in good affiliated businesses, which led the operating revenues to increase. In regard to expenses, whereas operating expenses increased as a result of quake-resistant reinforcement, etc., non-operating expenses, such as interest expenses, etc., decreased. As a result, operating revenues for the period increased 1.6% year-on-year to ¥1.4912 trillion, ordinary profit increased 10.9% year-on-year to ¥236.6 billion, and net profit increased 12.0% year-on-year to ¥137.1 billion, all of which were record breaking numbers.

In regard to long-term debt, we achieved a decrease of ¥47 billion. As a result, the balance of long-term debt as of FY2007.3 was ¥3.4985 trillion.

In regard to the year-end dividend, due to an expansion of business and the prosperous economy, transportation volume in the second half showed good trends, which has made us decide to pay out a dividend of ¥4,000 per share, an increase per share of ¥500, which means that the annual dividend was ¥7,500 per share.

Going forward, we will continue to endeavor to further improve our performance in order to strengthen our managerial foundations and maintain stable dividends.

Chairman **Yoshiyuki Kasai**

President **Masayuki Matsumoto**

Corporate Data

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 FY 2007.3)

Paid in Capital	¥112 billion
Operating Revenues	¥1,212 billion
Number of Shares Outstanding	224 millions
Share Listings	Nagoya, Tokyo and Osaka
Number of Shareholders	122,145
Number of Employees	15,818
Operating Kilometers	1,970.8 kilometers
Number of Stations	403
Number of Rolling Stock	4,621
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 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 420, Washington, DC 20006, U.S.A.
Tel: +1-202-429-1900 Fax: +1-202-429-1917

London Office
Bucklersbury House, 83 Cannon Street, London EC4N 8NH, U.K.
Tel:+44-20-7213-0420 Fax: +44-20-7213-0429

Sydney Office
Suite 2502, Gateway, 1 Macquarie Place, Sydney, N.S.W., 2000, Australia
Tel: +61-2-9247-0900 Fax: +61-2-9247-0911

Company History

1987
- **April 1987** — Central Japan Railway Company (JR Central) is established.

1988
- **March 1988** — 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 was transferred to the company.

1989
- **March 1989** — New-model DMU is introduced to the "Hida" Express on the Takayama line.

1990
- **February 1990** — 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 1991** — JR Central takes over the Tokaido Shinkansen facilities.

1992
- **March 1992** — 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 1994** — JR Central Building Co., Ltd. is established (now a consolidated subsidiary).

1997
- **April 1997** — 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 1999** — New Series 700 is introduced to *"Nozomi"* on the Tokaido Shinkansen.
- **December** — Construction of JR Central Towers is completed.

2000
- **March 2000** — JR Nagoya Takashimaya opens (operated by JR Tokai Takashimaya Co., Ltd.).
- **May** — Nagoya Marriot Associa Hotel opens (operated by JR Tokai Hotels Co., Ltd.).

2001
- **March 2001** — 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 2002** — A new research center is constructed at Komaki City in Aichi Prefecture.

2003
- **October 2003** — 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 2005** — The Japan National Railways (JNR) Settlement Headquarters, an independent division within the Japan Railway Construction, Transport and Technology Agency (JRTT), sells 600,000 shares in JR Central.

2006
- **March 2006** — New Automatic Train Control (ATC) system is introduced into the Tokaido Shinkansen.
- **April** — JR Central repurchases 268,686 shares of its common stock following a resolution of the Board of Directors as authorized under the company's Articles of Incorporation.
  The JNR Settlement Headquarters within the JRTT completes the sale of its entire shares in JR Central by selling 286,071 shares of common stock of the company.

2007
- **January 2007** — Application for changes of "Yamanashi Test Line Construction Plan" was approved by the Minster of Land, Infrastructure and Transport.

April 1,1987　Establishment of JR Central

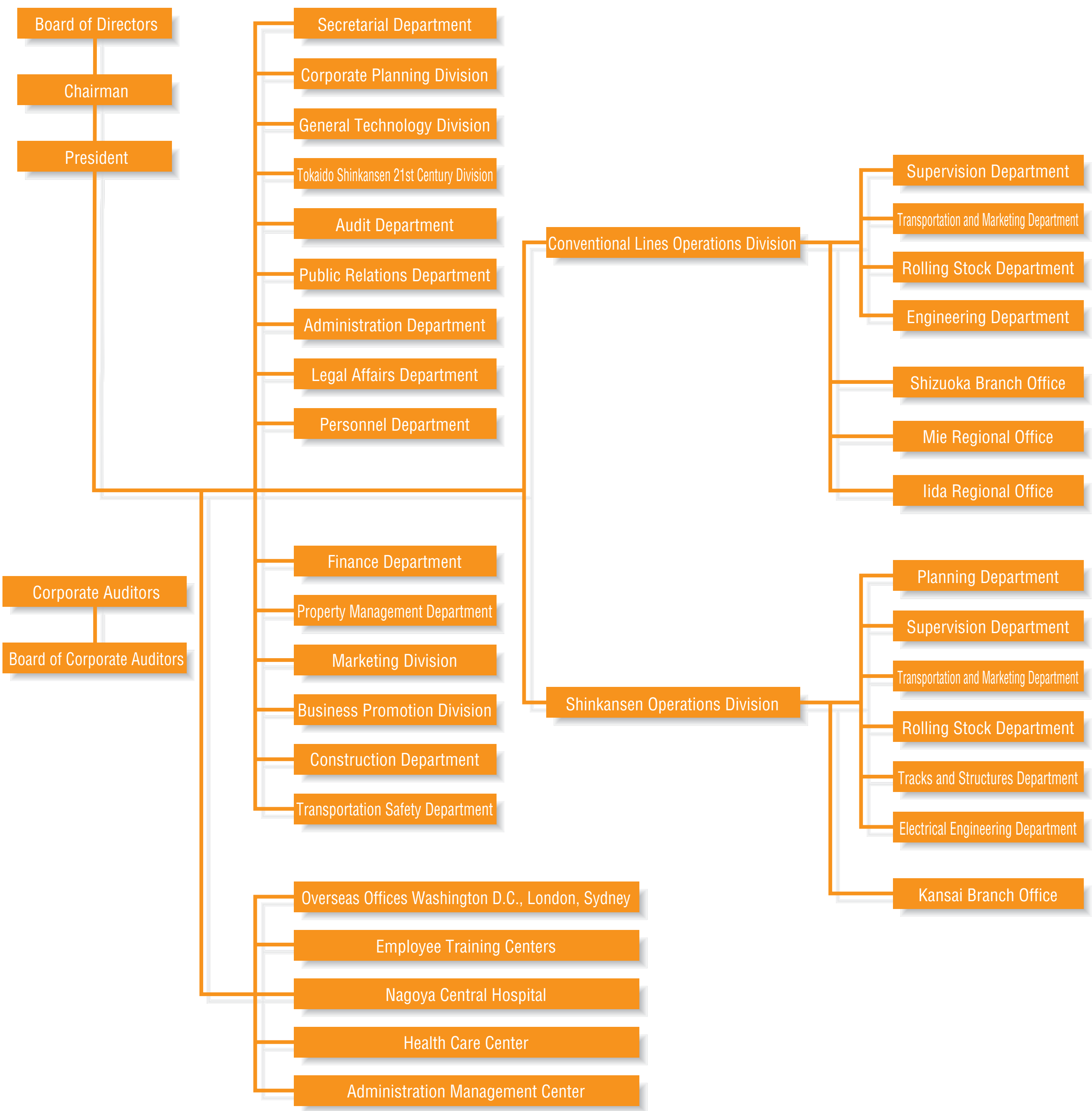
April 3,1997　Superconducting Maglev running tests begin

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 (As of July, 2007)



Board of Directors, Corporate Auditors and Corporate Officers (As of July, 2007)

Yoshiyuki Kasai
Chairman

Masayuki Matsumoto
President

Masataka Ishizuka
Executive Vice President

Yoshiomi Yamada
Executive Vice President

Akira Nakagawa
Executive Vice President

Board of Directors and Corporate Auditors

Chairman
Yoshiyuki Kasai*

President
Masayuki Matsumoto*

Executive Vice Presidents
Masataka Ishizuka*
Yoshiomi Yamada*
Akira Nakagawa*

Senior Executive Directors
Koushi Akutsu
Takao Innami
Toyonori Noda

Executive Directors
Kouei Tsuge
Mitsuru Nakamura
Tsutomu Morimura
Masayuki Kono
Junichi Hirasawa

Directors
Shin Kaneko
Naotoshi Yoshikawa
Haruo Goto
Katsumi Miyazawa
Yukihiro Masuda
Fujio Cho
Shunichi Kodama
Kenji Koroyasu

Corporate Auditors
Tadahiko Nakamura
Mitsuhiko Koga
Toshiaki Araya
Toshio Hayakawa
Shigeo Kifuji

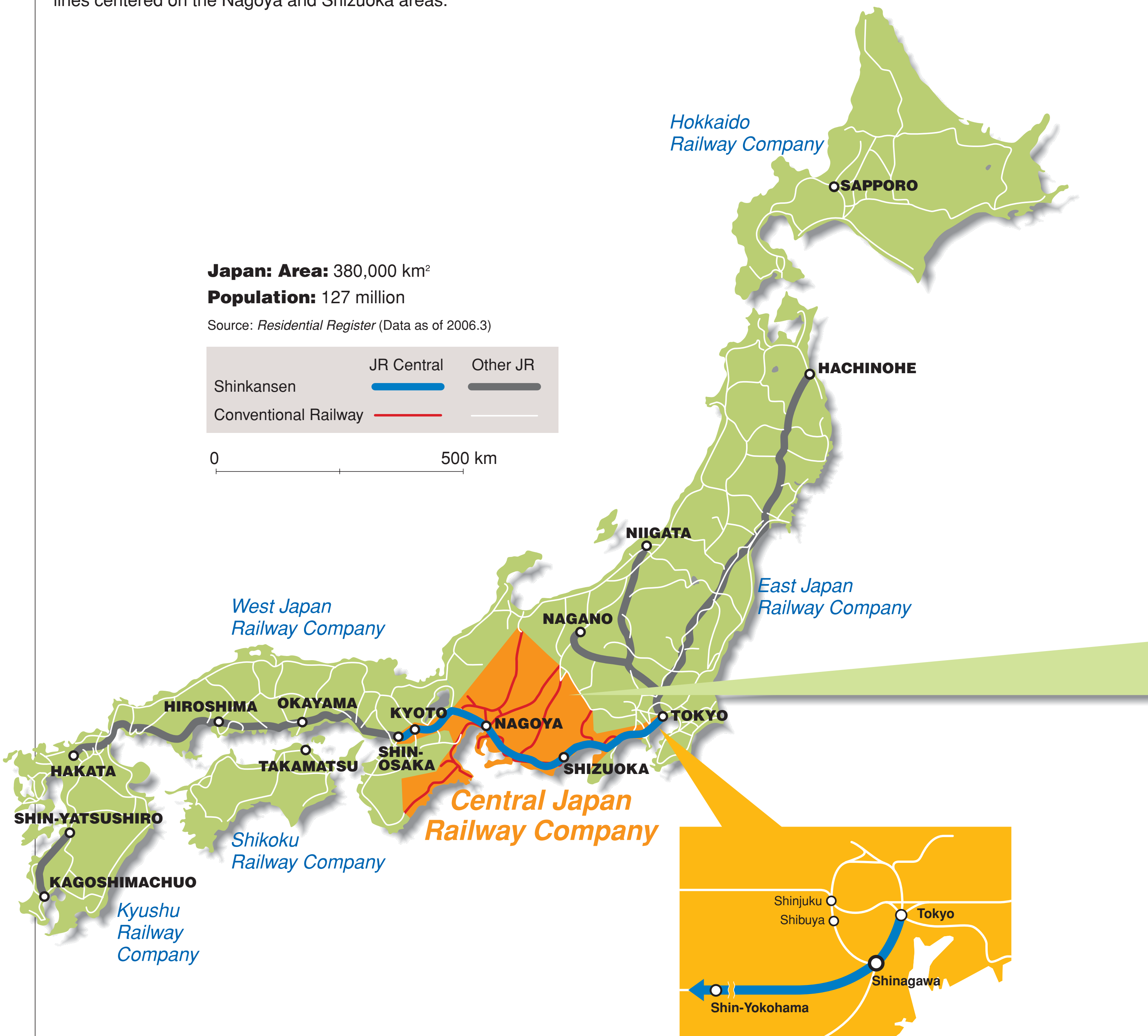
*Representative Director

Corporate Officers

Corporate Officers
Takashi Ono
Osamu Nakayama
Masaki Seki
Teruo Kachi
Kazumasa Ishizu
Akira Sugimoto
Sumio Kudo
Tadashi Morishita
Noriyuki Shirakuni
Takatoshi Yoshida
Tsutomu Yamamori
Yutaka Osada
Hideo Izumi

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.

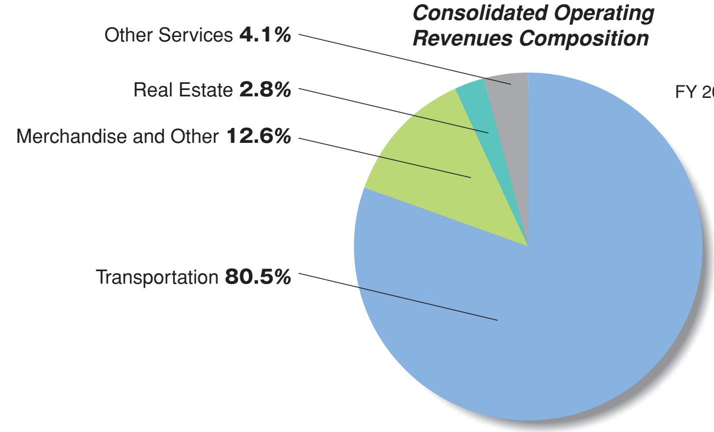


■Operating Kilometers

Tokaido Shinkansen	**552.6km**
Conventional Railway	
Tokaido Line	360.1km
Gotemba Line	60.2km
Minobu Line	88.4km
Iida Line	195.7km
Taketoyo Line	19.3km
Takayama Line	189.2km
Chuo Line	174.8km
Taita Line	17.8km
Kansai Line	59.9km
Kisei Line	180.2km
Meisho Line	43.5km
Sangu Line	29.1km
Subtotal	**1,418.2km**
Total	**1,970.8km**

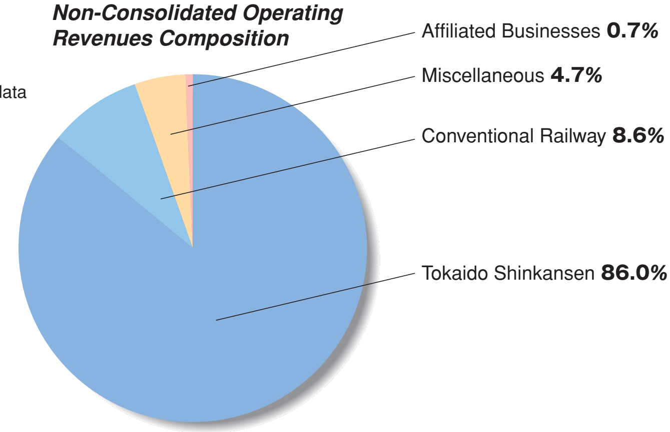
Consolidated Operating Revenues Composition

FY 2007.3 data



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

Non-Consolidated Operating Revenues Composition



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 railways 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 improving our ability to respond rapidly to all situations including emergencies through the education and training of the employees engaging in train operations and facility maintenance in addition to the implementation of practical training based on various types of simulated accidents or disasters.

Policies for Ensuring and Enhancing Safety

We have carefully implemented a wide range of safety-related capital investment including the upgrading of ATC (Automatic Train Control) and CTC (Centralized Traffic Control) systems for the Tokaido Shinkansen, the introduction of CTC on conventional lines, safety and disaster prevention measures including the upgrading of safety devices on level crossings and the strengthening of embankments and bridges, the improvement of electrical facilities and the replacement of rolling stock. Further, note that although JR Central of course appropriately implements various inspections of structures including tunnels and bridges, the company is also developing more efficient and effective inspection methods and has continually introduced various inspection equipment and systems. As described above, JR Central has worked actively since its inception to promote passenger safety and has spent a total of ¥1.7 trillion on safety-related investment over the 20 years up until the end of FY2007.3.

Of ¥209.8 billion for total non-consolidated capital investments in FY 2007.3, we spent ¥128.5 billion (61%) on such safety-related investments.

Trends in Accident Numbers

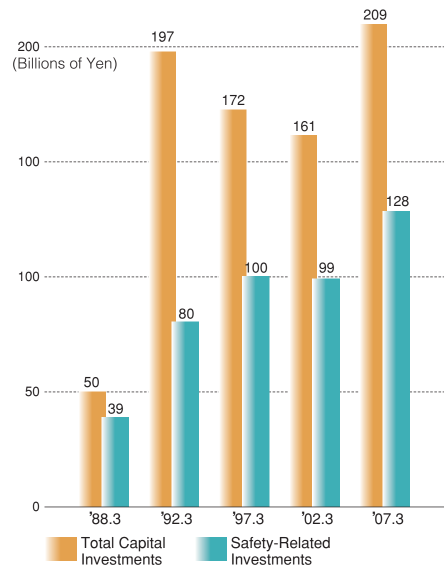
JR Central works to prevent accidents by placing top priority on ensuring safe and reliable transportation. On conventional lines, in order to prevent a potentially serious accident occurring at a level crossing, we have improved our hardware by installing various level crossing safety devices and strengthening the functionality of the ATS (Automatic Train Stop) system. As a result of these efforts, the number of railway accidents during FY 2007.3 was 17, which represents an accident rate of approximately one-third the initial accident rate at the time the company was founded.

Preparing for Natural Disasters

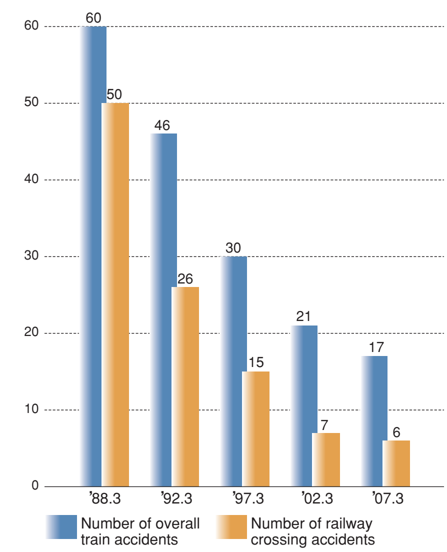
JR Central has made consistent efforts to maximize safety of the Tokaido Shinkansen in the event of an earthquake by introducing the “Earthquake Rapid Alarm System” in 1992, earlier than others and other measures to improve the earthquake resistance of structures as prescribed by legislation enacted after the Kobe Earthquake in 1995. In February 1999, we established the second General Control Center for the Tokaido and Sanyo Shinkansen in Osaka so as to provide an effective backup system in order to improve emergency risk management capability. On conventional lines, we have implemented various initiatives such as reinforcement of facilities including engineering work to prevent bridge collapse and earthquake-resistant reinforcement of elevated track columns, in addition to the reinforcement of embankments and introduction of a Conventional-line Earthquake Information Communication System.

JR-Central is strengthening earthquake countermeasures in order to further enhance safety. For example, by completing the “Tokaido shinkansen EaRthquake Rapid Alarm System (TERRA-S)” in August 2005, the amount of time required from earthquake detection to alarm issuance was reduced from three seconds in the past to two seconds. Further, to increase the speed and accuracy of earthquake detection the number of seismometers alongside railway lines was increased in April of this year (25→50). In addition, one TERRA-S detection point was added and the remaining six will be added by September of this year (14→21). We will continue to further enhance our earthquake detection system.

■**Safety-Related Investments** (Non-consolidated)



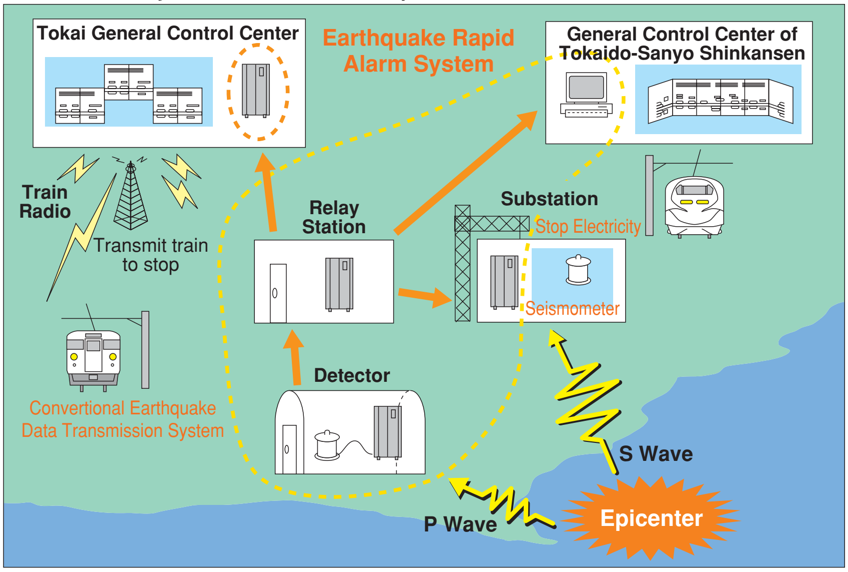
■**Train Accidents**



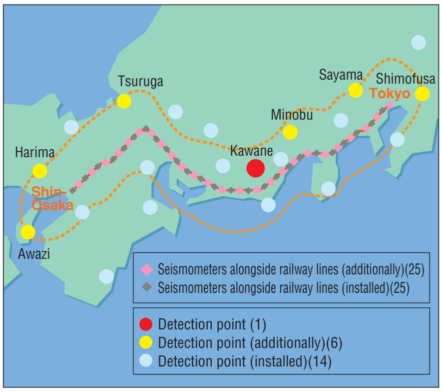
After the Kobe Earthquake in 1995, the entire Tokaido Shinkansen line was surveyed for earthquake resistance to find all of the elevated track columns that were deemed to require reinforcement. We are already implementing the required work ahead of schedule. Additionally, we have been working to reinforce all the elevated track columns between Mishima and Toyohashi Stations, which were designated as requiring reinforcement since the "expected wave patterns" for a future Tokai Earthquake published by the Japanese government in May 2003 suggest ground motion in this area could be particularly strong. We are also making steady progress in implementing the earthquake-resistant reinforcement of embankments.

JR Central is also devising measures to minimize the impact of other natural disasters on its railway operations. For example, we are conducting various kinds of trainings to restore the diagrams into good 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 related facilities including embankments and cutting slopes in addition to 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, operations are restricted to guarantee safe and reliable transportation.

■Train Control System in the Case of Earthquakes



■Locations of TERRA-S Detection Points



Additional detection points will be installed by September 2007


▲Driving simulators


▲General training session simulating actual accidents

Education and Training

To ensure safe and reliable transportation, JR Central implements safety education and training for the employees engaging in train operations and facility maintenance. In particular, we regularly confirm the knowledge and skills of train drivers and conductors in order to be thoroughly prepared to maintain safety. We also work to strengthen our ability to respond to accidents by holding training sessions that simulate actual accidents, such as the simulated repair of derailed rolling stock, as well as training and competitions that include the repair of track, power cable and signal facilities.

In addition, at JR Central, which is seeing a peak in the number of retirees, in order to see that technological know-how is passed down to the incoming generation of employees, we are striving to improve the education and skills of employees by implementing group training, specialty training, and OJT at each workplace for new hires and according to various career stages of employees. Furthermore, we are striving to have the vast amount of knowledge and experience passed down to younger workers by re-hiring those former employees who have reached retirement age and still wish to continue working as contract employees.

Tokaido Shinkansen

Shinkansen Operation System

The safe and punctual operation of the Tokaido Shinkansen is supported by various systems with the Shinkansen Operation System (COMTRAC*) at the core which accurately controls vast volumes of data, such as the operational status of trains and the utilization of facilities, to integrate transportation systems and ensure that complete safety is maintained.

The General Control Center of the Tokaido and Sanyo Shinkansen utilizes these systems and supports the safe and reliable operation of the Shinkansen by comprehensively directing the operational status of trains and the utilization of facilities through various directives relating to transportation, usage, facility, electrical power and signal communications.

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

▲High-Speed Multipurpose Inspection Train (Doctor Yellow)

ATC (Automatic Train Control) System

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

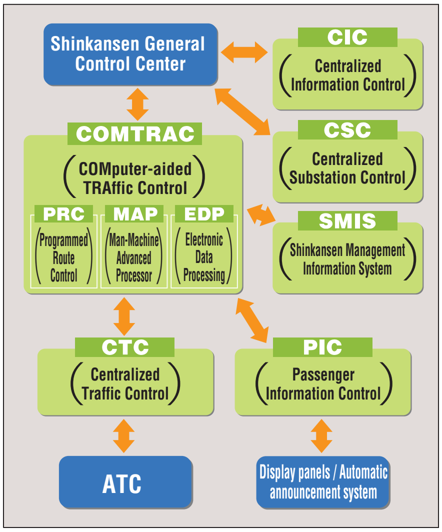
Unlike the existing "multi-step" brake control system, the new system is "one-step" brake control system that ensures smoother "one-step" braking from full speed to a complete stop.

This improves passenger comfort, facilitates flexible timetable scheduling and raises system reliability.

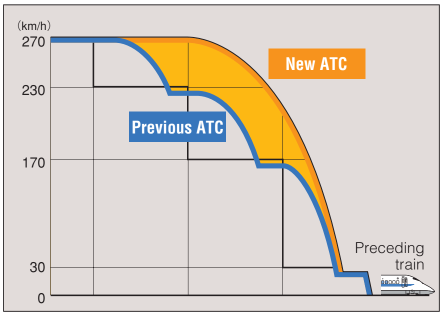
Doctor Yellow

JR Central runs a multipurpose 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 measurements at speeds of 270 kilometers an hour, and it therefore plays an important role in supporting the safety and reliability of the Tokaido Shinkansen.

■Operating Management System of Shinkansen



■Comparison between New ATC and Previous ATC



Conventional Railway

Conventional Line Operation System

JR Central's 12 conventional lines are controlled from three control centers including the Tokai General Control Center. Each of the centers collects train status information, including information on train position, and station signals, as well as facility operation status information, such as power supply and signal communications, to monitor 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. By using the CTC system, JR Central is able to manage train and station information at its control centers. Such centralization allows orders and directives to be issued more rapidly than for a standard train control system, not only in ordinary situations but also in emergency situations. And JR Central has implemented the CTC system on almost all of its lines, thus ensuring reliable train management.

ATS: Automatic Train Stop

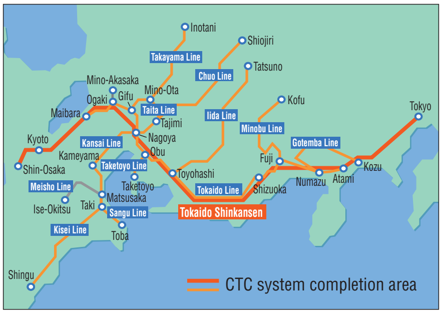
ATS is a system for automatically applying the train's emergency brake in situations where the train risks overrunning. JR Central has introduced ATS-ST systems on all lines. They have functions such as immediately applying the emergency brake if the train passes over an ATS ground coil located in front of station and departure signals when such signal indicates that the train should stop. We have also expanded the functions of the conventional ATS and improved safety.

To further promote safety on conventional lines, as current ATS-ST systems need replacement due to deterioration, we are replacing the systems with an ATS-PT system, which exerts continual monitors the train's speed in accordance with the distance between the running train and signals and applies the emergency brakes if the train exceeds allowable speeds. We plan to introduce the ATS-PT system by fiscal 2010 on the Tokaido line (between Atami and Maibara), Chuo Line (between Nagoya and Nakatsugawa), Takayama Line (between Gifu and Mino-Ota), Kansai Line (between Nagoya and Kawarada) - and on all lines by fiscal 2011.

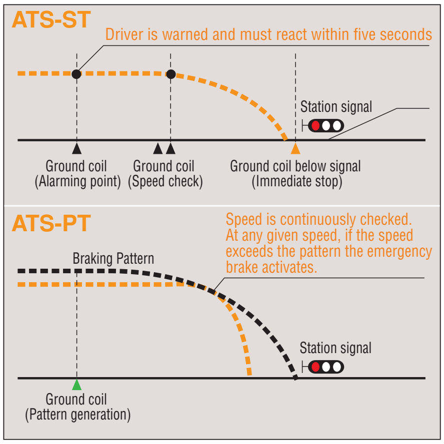
Doctor Tokai

As for the maintenance and management of railway tracks and electrical facilities, the use of the "Doctor Tokai" multiple inspection train, 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, JR Central introduced an additional track inspection train, known as "Doctor II", in April 2006. The new train is equipped with the latest technologies, and will allow us to further improve our ability to carry out a frequent high precision track testing.

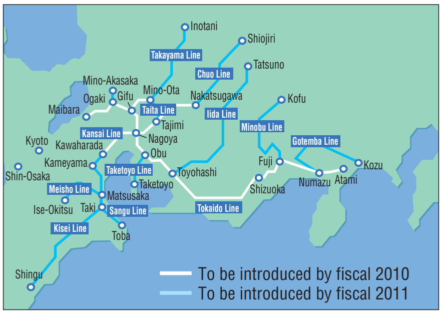
■CTC Area



■Comparison between ATS-ST and ATS-PT



■Introduction of ATS-PT



▲Series 313

Providing Services Customers Will Choose

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

Tokaido Shinkansen

▲Shinkansen train (Series N700,700,300)

Since its inauguration in 1964, 4.5 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. The Tokaido Shinkansen has maintained a flawless record of no derailment or collision accidents of trains in commercial operation. And the average delay from schedule per departure was a mere 0.3 minutes in FY2007.3. These statistics clearly illustrate the impeccable safety and reliability demonstrated by the Tokaido Shinkansen.

During FY2007.3, JR Central further improved the convenience of "*Nozomi*" services that travel directly from the Tokaido to Sanyo area in coordination with JR West. For example, in March 2006 timetable revision, we increased the number of "*Nozomi*" services that travel between Tokyo and Hiroshima/Hakata, and that stop at Shin-Kobe station in the early morning and late at night. We also flexibly operated train services during peak usage times and periods of concentrated use.

In addition to these policies, due to a prosperous economy and the momentum in the first half left over from the Expo 2005 Aichi, only a small year-on-year drop in passenger kilometers was seen and usage trends continued to be strong in the second half. As a result, in this term overall passenger kilometers boasted a 1.6% year-on-year increase to 44.487 billion thereby breaking all past records.

Timetable Revisions from October 2003 to March 2006

In October 2003, JR Central celebrated the simultaneous achievements of the upgrading of the maximum speed on all trains to 270km/h and the opening of Shinagawa Shinkansen Station, leading to the drastic timetable revision of the Tokaido Shinkansen. This revision allowed up to seven "*Nozomi*" services per hour significantly improving the Shinkansen's transportation service, such as speed and convenience. Further, we boosted transportation capacity during peak hours by allowing up to eight "*Nozomi*" services per hour through the timetable revision in March 2005. In addition, we further improved timetable convenience by increasing the "*Nozomi*" services that directly link the Tokaido and Sanyo Shinkansen sections such as by running two "*Nozomi*" per hour all day between Tokyo and Hakata through the timetable revision in March 2006. As a result of these measures, passenger ridership has remained strong since the timetable revision was implemented in October 2003.

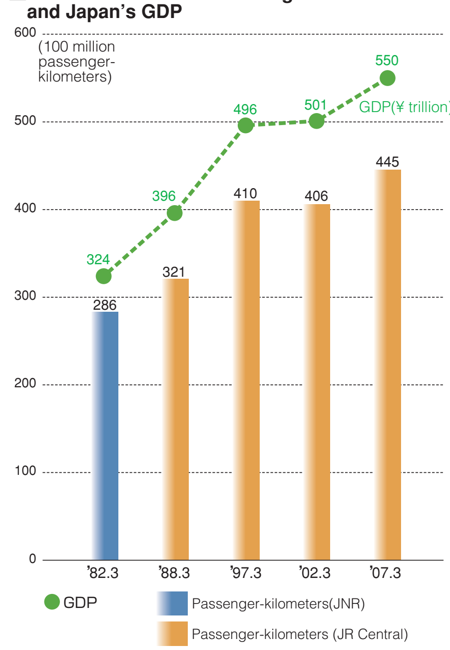
July 2007 Timetable Revision

In July 2007, JR Central implemented a timetable revision and commenced commercial operation of the new Series N700. The details of the timetable revision are as below.

(1) Commencement of commercial operation of the new Series N700

- The new Series N700 were introduced on eight "*Nozomi*" services all day on the day of the timetable revision, July 1st.
- Operation of the Series N700 on "*Nozomi*" services will be expanded subsequently after the timetable revision.
  The Series N700 are planned to be introduced on over 30 "*Nozomi*" services everyday by the end of the fiscal year.

■Tokaido Shinkansen Passenger-Kilometers and Japan's GDP



Sources: GDP: Annual Report on National Accounts

■Tokaido Shinkansen Data (FY2007.3)

●Total daily number of trains	301
●Average daily passenger ridership	398 thousand
●Yearly passenger ridership	145 million
●Maximum operating speed	270km/h
●Average delay from schedule per departure	0.3 minutes*

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

■Tokaido Shinkansen Service (*Nozomi, Hikari, Kodama*)

	Tokyo~Shin-Osaka, time required	Tokyo~Shin-Osaka, reserved seat 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

*1 Based on the fastest "*Nozomi*" services at the time
*2 Non-reserved seats are all ¥13,240 *3 May vary by train

Stops
Nozomi:Shinagawa and Shin-Yokohama stations (or either one of them) and Nagoya, Kyoto
Hikari:Same as *Nozomi*, plus a few additional stations
Kodama:Every station

- Travel time shortened with early morning and late-night trains. The shortest travel time between Tokyo and Shin-Osaka is 2 hours and 25 minutes.

(2) A new “*Nozomi 99*” (for Hakata) originates at Shinagawa Station at 6a.m.

- The train is a new Series N700
- The train arrives at stations earlier, such as arriving at Shin-Osaka Station at 8:19a.m. and at Shin-Kobe Station at 8:34a.m. (11 minutes earlier than the “*Nozomi 1*” which originates at Tokyo Station at 6a.m.).

(3) Morning inbound “*Nozomi*” services and nighttime outbound “*Nozomi*” services are added to further increase convenience to the metropolitan area from the Kansai and Nagoya directions.

(4) The number of inbound “*Nozomi*” and “*Hikari*” services that stop at Shin-Yokohama Station during the morning hour of 8 o’clock increased by six.

- Improvement of convenience to Shin-Yokohama Station from the Kansai/Nagoya directions during the morning.

Introducing the new Series N700

JR Central and JR West jointly developed the next-generation Shinkansen rolling stock Series N700 which employs the latest technologies. With a maximum speed of 270 km/h for the Tokaido section and 300 km/h for the Sanyo section, 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. We have made the Series N700 more energy efficient by drastically reducing wind resistance, for example, through employing a cover-all hood. The Series N700 improves maximum speed from 220km/h to 270km/h in comparison with the first type of the Shinkansen (the Series 0), while reducing energy consumption by 32%. Just for your information, if the Series N700 runs at the same maximum speed as the Series 0 (220km/h), energy consumption is reduced by 49%.

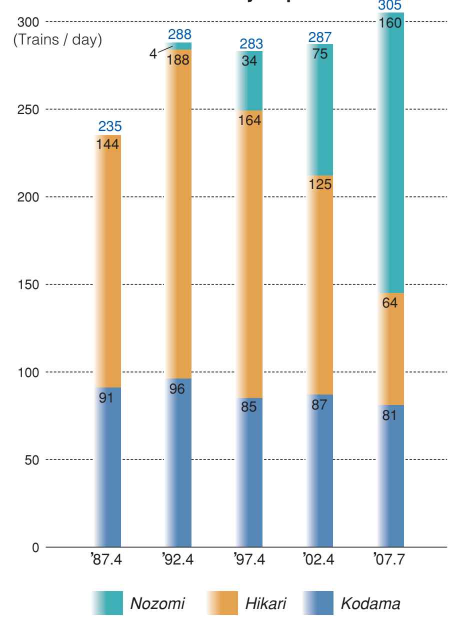
1. Specifications of the Series N700

Along with starting new services that introduce the latest technologies, the Series N700 offers an “even more comfortable interior space” that meets the various needs of our customers.

1. Offering a Relaxing, Comfortable, and Quality Cabin Environment

- “Enhanced riding comfort” through the installation of an advanced semi-active suspension system on all cars
- “Quiet Passenger Cabin” with the adoption of a cover-all hood, a first for Japan
- “Completely separating smoking and nonsmoking sections” by making all seats nonsmoking and installing smoking rooms
- “Improvement of First class ‘Green car’ quality” (adopting Synchronized Comfort Seats)
- “Increasing the width of seats in regular cars”

■Tokaido Shinkansen Daily Departures



Note: Departures shown are as of the beginning of each month, and exclude extra trains

▲Cover-All Hood

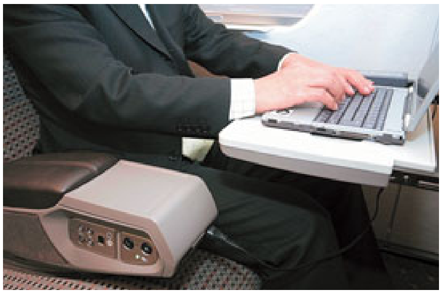
▲Information Displays

▲Seats for Green Car (First Class)

▲Smoking Room

2. Offering the Ultimate Internal Environment for Businesspeople
- “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” that enables use during high-speed operation (to be offered in Spring of 2009 between Tokyo and Shin-Osaka)

3. Perfecting Train Services so that Passengers Can Feel Even More Comfortable
- “Enlarging information displays” for onboard electronic news caption
- “Enlarging multifunction toilet space” and establishing facilities for ostomates for the first time on a Shinkansen train
- “Enlarging the size of luggage racks” and enabling them to fit carry-ons
- “Establishing security cameras on vestibules” in order to improve train security



▲Outlet for Mobile Devices and Seatback Table

▲Multifunction Toilet Space (with ostomate-accessible facility)

2. Plans for introducing the Series N700

From fiscal 2007, Series N700 trainsets is being introduced sequentially for “*Nozomi*” services directly linking the Tokaido and Sanyo sections. JR Central plans a concentrated introduction of 42 trainsets over the three years ending fiscal 2009. We plan to introduce 54 trainsets in all when combined with the 12 trainsets to be introduced by JR West. We are considering the continued introduction of Series N700 trainsets from fiscal 2010 and onwards.

Investment in Stations for Further Convenience and Comfort

In order to offer further convenience and comfort at stations, JR Central is improving passenger-related facilities, such as changing station layouts to make ticket offices more accessible, upgrading waiting rooms for passengers, and conducting renewal of retail tenants on station premises. Facilities at major stations including Tokyo, Shin-Yokohama, and Nagoya are currently being improved.

▲Renewed Entry Gate at Shizuoka Station

Enhancing the Transportation Infrastructure of the Tokaido Shinkansen

JR Central believes that in order to support Japan’s main transportation artery and contribute to society it is necessary to further develop our transport infrastructure. Furthermore, in order to further improve the transport infrastructure of the Tokaido Shinkansen, we continue to make renovations such as enhancing power facilities for train operations and increasing the number of platforms at Shin-Osaka Station.

①Enhancing train operation power facilities

Since it is necessary to provide a stable power source in order to reconfigure train schedules in a more flexible manner, we are implementing construction to enhance power facilities such as newly constructing frequency converter transformer substations. Construction should be completed by the spring of 2009.

②Renovations such as increasing the number of platforms at Shin-Osaka Station

Another line and platform will be added on the north side of the current track #26, and a track #27 will be newly constructed. In addition, the number of sidings will be increased from two to four with the new constructions. Additionally, improvements will be made to the crosswalk from the north side of the station and station concourse in preparation for the opening of the “(tentative) Shin-Osaka Hankyu Building” in 2011. Commencement of use of the track #27 will take place at the end of fiscal 2012 and commencement of use of all platforms including sidings will take place during fiscal 2013.

When these measures are completed, it will be possible to increase the maximum number of “*Nozomi*” services per hour on all of the Tokaido Shinakansen section by two.

Conventional Railway

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

During FY2007.3, while ridership on local trains showed good trends due to the introduction of newly manufactured rolling stock and timetable revisions, express train ridership dropped comparatively from the year before due to the absence of the Expo 2005 Aichi. As a result, passenger kilometers dropped 0,6% year-on-year to 9.046 billion passenger kilometers and railway operation revenues dropped 1.7% year-on-year to ¥103.9 billion.

Meanwhile, in the Spring of 2007, "Noda-shimmmachi" station was opened in between Higashi-Kariya station and Kariya station on the Tokaido Line and service between Tsunogawa and Inotani Station on the Takayama Line, which had been offered by buses after train service was interrupted by a typhoon in 2004, should be restored and in operation by September 2007.

Improvement of Service on Conventional Railway

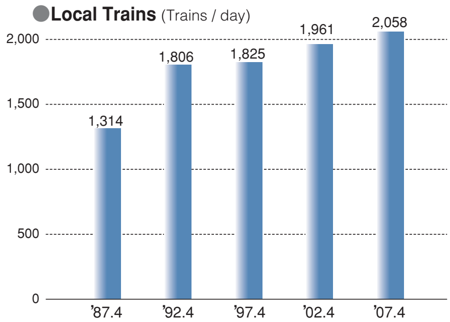
In regards to JR Central's conventional railway network, we are surely and steadily improving services such as introducing faster and more modern rolling stock, increasing the frequency of trains, and the installation of air conditioning on all trains.

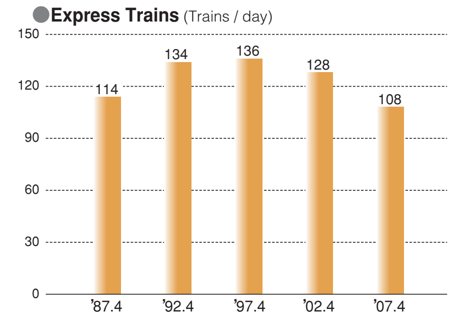
One measure that has proved especially popular is the introduction of "Wide View" rolling stock on limited express trains. We have synchronized the timetables of both Tokaido Shinkansen and conventional lines limited express to create an integrated network of the Tokaido Shinkansen and Wide View trains. In terms of conventional trains , we are making efforts to increase frequency of local commuter trains during peak-demand morning and evening periods and introduce expanded rapid-train services that reduce travel times. Moreover, train intervals are being adjusted to realize equally spaced departures, in order to provide timetables that better serve passenger needs.

FY 2006 Timetable Revision

During FY2007.3, along with surely and steadily introducing and new manufactured Series 313 rolling stock, the timetable for the Nagoya region was revised in October 2006 thereby improving our transportation system, which included increasing the number of rapid train services on the Tokaido Line. Furthermore, the timetable for the Shizuoka region was revised by, for example, changing operation patterns in conjunction with ridership in March 2007.

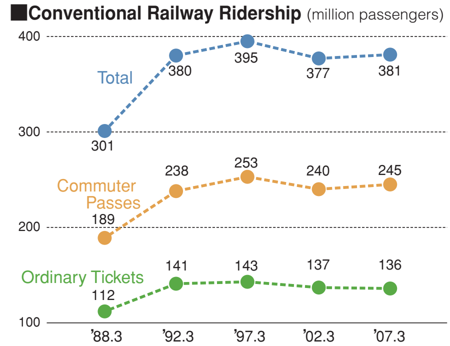
■Daily Departures





Note: Departures shown are as of the beginning of each month, and exclude extra trains

■Conventional Railway Ridership (million passengers)



▲Takayama Line's Restoration Work

Sales and Marketing

Providing a More Convenient Service

We are aiming to improve customer satisfaction by introducing a reservation system that utilizes information technology, offering customers the opportunity to buy various special tickets, and implementing various measures to stimulate travel demand.

Service Expansion for "Express Reservation"

JR Central is in the process of rolling out the "Express Reservation" service, which makes use of the latest IT, in order to enable passengers to use the Tokaido Shinkansen more conveniently. The "Express Reservation" service lets passengers use their mobile phones or personal computers to make or modify reservations on the Tokaido Shinkansen, allowing them to pick up their tickets at an automatic ticking vending machine without having to line up at a ticket office window. The system has also been effective in reducing total passenger travel time. Not only does the system allow passengers to modify their reservations as many times as they like in accordance with their schedule demands, but it also allows passengers to book a reserved seat on regular cars at an even lower price than that of a regular non-reserved seat. As such, the service offers passengers the most convenient method of using the Tokaido Shinkansen, and the number of passengers using the system is increasing steadily.

In order to further improve the competitiveness of the Tokaido and Sanyo Shinkansen, JR Central continues to work with JR West to increase the convenience of the "Express Reservations" service and further promote its use. Specifically, in July 2006, the "Express Reservation" service was expanded to cover all Tokaido and Sanyo Shinkansen trains (between Tokyo-Hakata) and passengers with a J-WEST card (Express) issued by JR West are able to use the service. After expansion of the service, both the membership and usage have been steadily increasing, and we are striving to further increase membership and use in the future.

Rollout of New Services Using IC Technology

JR Central will introduce an "Express Reservation" IC card service that employs IC in March 2008.

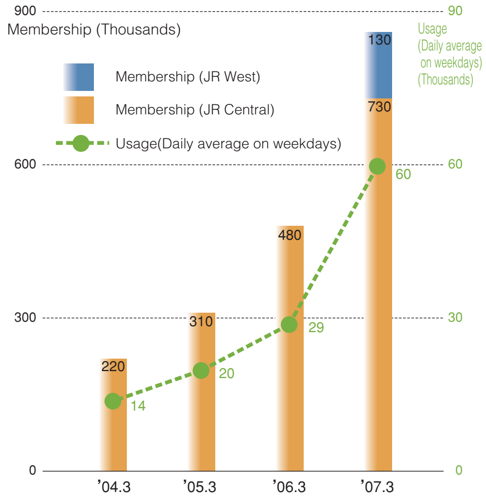
With the "Express Reservation" IC card service, passengers will no longer be required to pick up their tickets at ticketing machines in stations, and will be able to board the Tokaido Shinkansen after touching their "Express IC Card" to the sensor at entry gates after making a reservation via their mobile telephone or PC.

Furthermore, in conjunction with the above, the service of "TOICA" IC cards that was introduced in the Nagoya region in November of last year will be expanded to the Shizuoka region and the system will be made compatible with "Suica" IC cards issued by JR East and "ICOCA" IC cards issued by JR West.

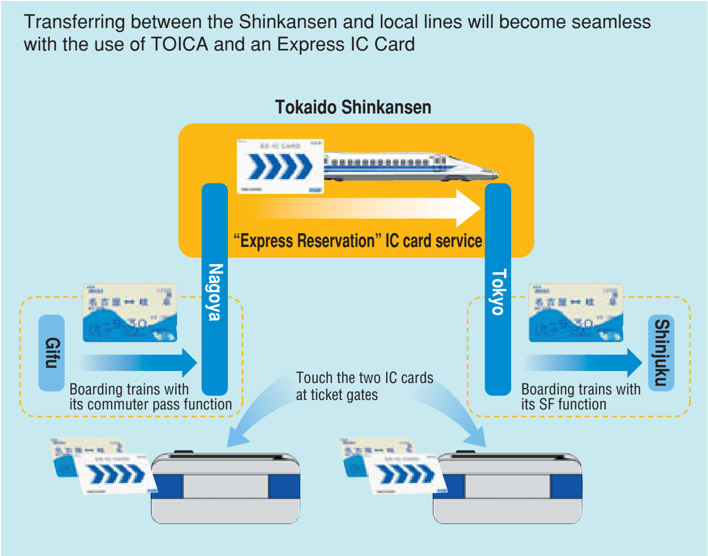
▲Shinkansen seat reservation via mobile phone(Booking screen)

▲Users of "Express Reservation" service can quickly receive tickets from the ticket machines for members only

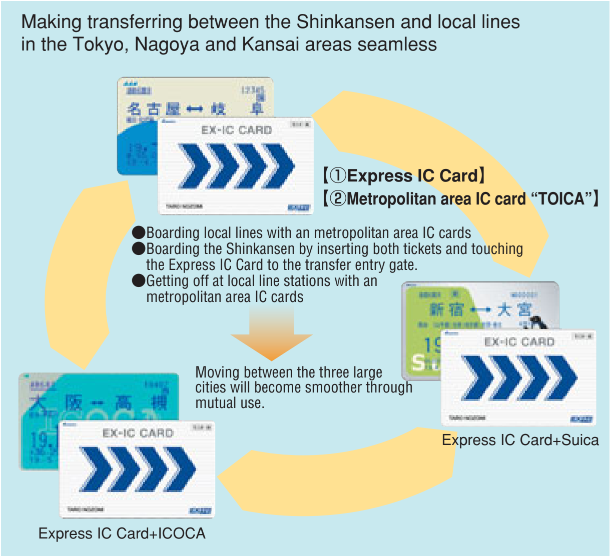
■"Express Reservation" service



■Concept image of using the Express IC Card along with TOICA



■Mutual use of metropolitan area IC cards



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

As a result, passengers will be able to transfer “seamlessly” between the Tokaido Shinkansen (between Tokyo and Shin-Osaka) and conventional lines by combining use of their “Express IC Card” and metropolitan area IC cards, such as “TOICA.”

Designing Products that Are Easier to Use

In order to make the Tokaido Shinkansen even more convenient for passengers, JR Central offers for members of the “Express Reservation” service “Express Hayatoku” tickets which can be purchased up to three days prior to departure and provide further discounts to major destinations on “*Hikari*” services and “*Nozomi*” services leaving between 6:00 a.m. and 7:00 a.m.. Passengers can also purchase various products besides the “Express Reservation” service. Repeat users can purchase “Shinkansen multi-trip tickets” that can be used for either reserved or non-reserved seats on all the “*Nozomi*”, “*Hikari*” and “*Kodama*” trains. Furthermore, we sell “Hayatoku” discount tickets that must be purchased at least seven days in advance, for non-business passengers traveling for sightseeing or other occasions. To take maximum advantage of the available transport capacity, we are expanding our product lineup in cooperation with travel agencies and offering reasonably-priced tour packages to encourage the use of “*Hikari*” and early morning “*Nozomi*” services, which have relatively excess capacity at present.

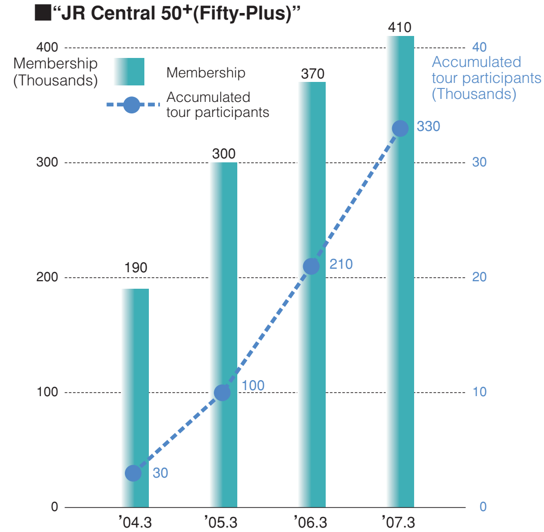
Measures to Stimulate Tourism Demand

JR Central has continued the “Kyoto Campaign” and “Nara Campaign”, introducing Japan’s top tourism destinations dotted along the Tokaido Shinkansen to raise tourism-related railway demands. The number of people visiting Kyoto by railway is increasing year after year.

“JR Central 50+ (Fifty-Plus)” is a membership-based travelers’ service that offers attractive and reasonably-priced tour packages to customers 50 years of age and older. There are no registration or membership fees. Another merit of “JR Central 50+” is offering the member-exclusive original tours to not only members themselves, but also their travel companions regardless of age under the same conditions. These merits have supported the steady increase in the membership of “JR Central 50+”.

We provide a diverse range of attractive tour packages in cooperation with travel agencies. In addition to transporting passengers to tourist sites along JR Central’s lines, such as Kyoto, Nara, Ise and Tokyo, we are also working, together with JR West, to leverage the increased transportation capacity of “*Nozomi*” services directly linking the Tokaido and Sanyo Shinkansen, through the implementation of tourist campaigns for various areas from the Tokyo metropolitan area to the Sanyo area, or from the Nagoya to the Kyushu area.

■“JR Central 50+(Fifty-Plus)”



▲JR Central 50+ (Fifty-Plus) Membership Magazine

▲Kyoto campaign, Summer 2007 version (Myoshin-ji Temple)

Technological Development

Creating the Future through Research and Development

The foundation of railway management and development is technology. JR Central believes aggressively introducing improved technologies and working towards technical development are important issues both in terms of ensuring safety and in terms of strengthening the company's future managerial foundation. Based on these beliefs, we are aggressively tackling the issue of technical development, and are achieving significant results.

Promoting Technological Development at JR Central 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. The new research institute is promoting R&D activities focusing on "Improving railway technology" and "Addressing challenges in new fields" .

Under the slogan of "Improving railway technology", JR Central is implementing research which aims not only to ensure safe and reliable transportation, but also to enhance the competitiveness of the Tokaido Shinkansen. In order to achieve these goals, we are mainly conducting research in two areas. The first of these is research to provide a higher level of transportation service including improvement of operational speed and comfort by using large testing devices, and analyzing/measuring running test data. The second of these is research to achieve cost reductions including research into laborsaving methods for maintenance.

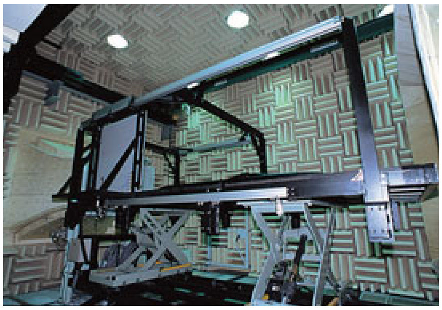
Further, under the slogan of "Addressing challenges in new fields", JR Central is aiming to use technology borne from research and development in its specialist fields of environmental, energy-related and other technologies in order to achieve breakthroughs in new areas. Such new areas include research and development of functional materials including photocatalytic materials.

Research and 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 introduces a newly developed train body inclining system and an 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 installed smoking rooms with our original photocatalytic devices to reduce tobacco odor in order to completely separate smoking and nonsmoking sections.

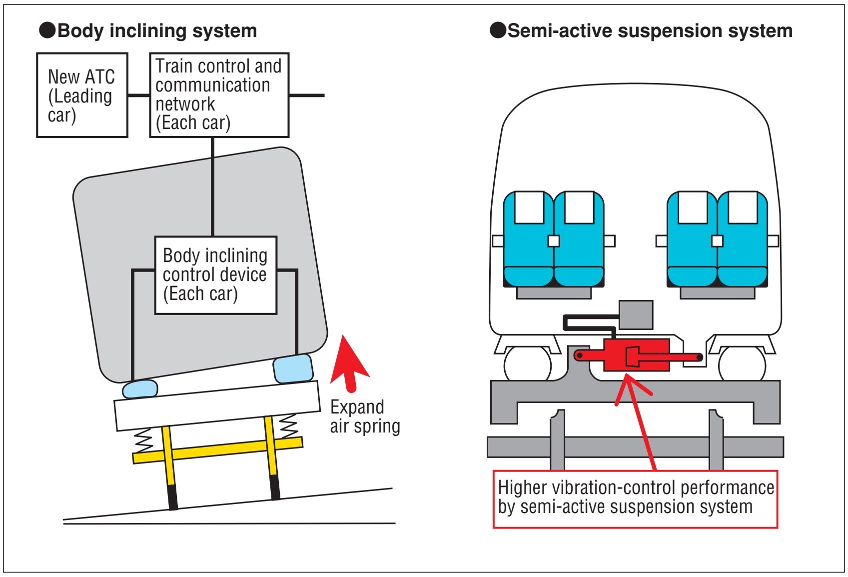
▲Komaki Research Center

▲Vehicle Dynamic Simulator



▲Low-Noise Wind Tunnel

■Body inclining system and Advanced semi-active suspension system



Developing New Earthquake Resistant Construction Methods

It is characteristic that stores and offices exist below the elevated tracks of the Tokaido Shinkansen since the Tokaido Shinkansen travels through the densely populated area of Tokyo and Osaka. In order to engage in construction in these areas we strived to develop new earthquake reinforcement construction methods. As a result, we co-developed “steel panel assembly reinforcement construction methods” and “damper brace construction methods” with related companies. Since these methods are superior in practice they are being applied to elevated track columns that exist within stores around stations.

Discovery of a New Technology to manufacture “Metal-Oxide Thin Film”

In the course of researching photo catalysts as part of our “challenging new fields”, we discovered a new technology to manufacture at low cost and high quality “metal-oxide thin film” that is widely used in thin displays and touch panel displays, which are in high demand as of late, and solar cells.

Since this new technology has great versatility because it enables the manufacture of various metal and allow mixture oxide thin film, it can be applied to a wide variety of fields.

We are continuing development aimed at practical use.

Success in Development of Superconducting Electromagnets that utilize MgB_2 (Magnesium Diboride)

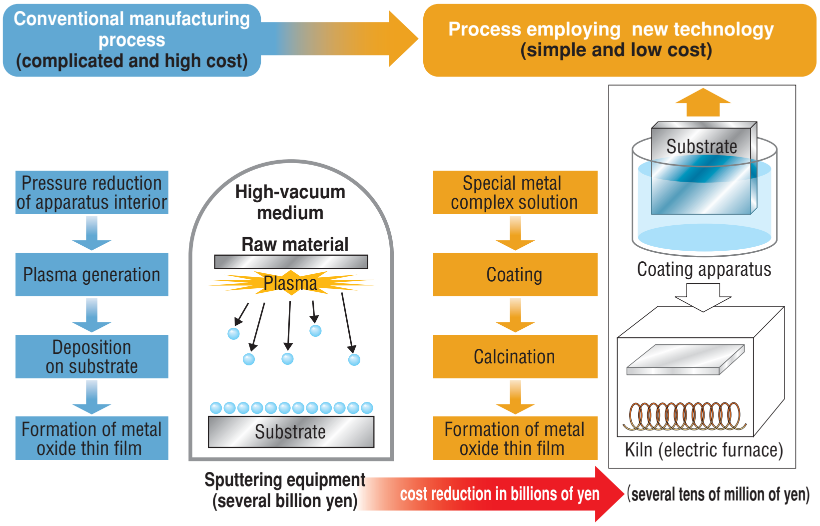
In cooperation with Hitachi, Ltd., JR Central has co-developed a superconducting coil (500mm in diameter) larger than conventional coils by employing MgB_2 superconducting wire which has gained much attention as of late as a new metal superconducting material. Using this coil, we succeeded in conducting the world’s first test that makes it function as a superconducting magnet that uses the conduction cooling method that employs a freezer without requiring liquid coolant like liquid helium.

As a result of this test, we were able to prove that MgB_2 superconducting wire can be applied to practical systems and we are continuing research and development that aims to enlarge the size of the coil and to produce a higher magnetic field. By continuing this research and development, we expect to be able to apply the technology to superconducting fly wheels, MRI medical diagnosis equipment and so on.

▲Steel Panel Assembly Reinforcement Method

▲Overview of the Superconducting Coil Testing Device

■**Production Technology for Metal Oxide Thin Film**



Towards Realization of a Tokaido Shinkansen Bypass

JR Central is responsible for the management of high-speed railway that links the three metropolitan areas of Tokyo, Nagoya and Osaka. Therefore, we have been developing the Superconducting Maglev technology with the aim of achieving further remarkable progress in high-speed mass transportation railway service. In order to continue to fulfill our mission JR Central is deliberating taking the initiative to promote and realize the Tokaido Shinkansen "bypass", that is a second, more advanced transportation artery in addition to the Tokaido Shinkansen.

Technological Development of Superconducting Maglev

1. Technological Development at the Yamanashi Maglev Test Line

JR Central has implemented construction of the Yamanashi Maglev Test Line and both experiments and development of the Superconducting Maglev technology, in light of the Ministry of Transportation's formal view that the Chuo Shinkansen should act as a substitute for the Tokaido Shinkansen and be constructed as a "second Tokaido Shinkansen." This was also based on the Ministry's request that JR Central spend the special investment in the land and structures on the 18.4km long Yamanashi Maglev Test Line, which will ultimately become a part of the Chuo Shinkansen, since the Chuo Shinkansen is under the managerial responsibility of JR Central.

The "Technological Development Infrastructure Plan" and "Yamanashi Test Line Construction Plan" were approved by the Minister of Transport in June 1990. In 1997, JR Central began running tests of the superconducting Maglev train on the 18.4 kilometer-long track. In a continuous running test in November 2003, the Superconducting Maglev traveled 2,876 km in one day. This distance is approximately twice as long as the average travel distance of a trainset in daily Tokaido Shinkansen operation. Running tests including a new record of the maximum speed of 581 km/h in December 2003 resulted in achievement of steady success.

In March 2005, the Maglev Technological Practicality Evaluation Committee under the Japanese Ministry of Land, Infrastructure and Transport acknowledged that the foundational technology for the Superconducting Maglev was established for practical application as a result of these running tests.

Since April 2005, we have continued to conduct running tests to prove the long-term durability and are proceeding with research that aims to further enhance the perfection of this technology.

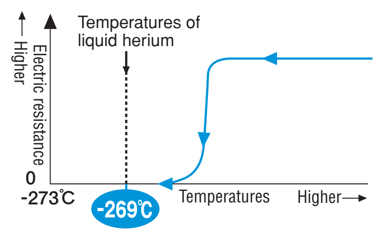
2. Renewal and Extension of the Existing Test Line

Due to the achievements of and the events behind our technological development, JR Central decided in September 2006 to invest in the renovation and extension of the Yamanashi Maglev Test Line. In pursuit of this plan, we submitted our "Technological Development Infrastructure Plan" and "Yamanashi Test Line Construction Plan" changes to the Minster of Land, Infrastructure and Transport and received approval on January, 2007. In the future, facilities at which fundational technology has been established will be completed overhauled to meet practical use specifications and the line will be extended to 42.8km. After the renovation and extension, we will be able to handle technological themes such as long distance running tests at top speed with extra-long trainsets, and extra-long tunnel exit running tests, and are confirming practical use specifications along with striving to establish a maintenance system.

Deliberating a Tokaido Shinkansen Bypass

JR Central's field of managerial responsibility, or in other words, its "mission", is management of high-speed railway that connects the Tokyo, Chukyo (or Nagoya) and Kinki (or Osaka) regions. In light of the facts that the transport performance of the Tokaido Shinkansen is close to full capacity and that its transportation services have nearly reached a perfect level, JR Central is deliberating on how to promote and construct, on its own initiative, a second Tokaido Shinkansen that has sufficient transport performance and can offer quantitative and high-quality services over these regions, or in other words, how to realize a second, more advance transportation artery that can develop and replace its function. JR Central is examining this long-term project based on the results of geographic and geologic surveys, the knowledge gained from the Yamanashi Maglev Test Line and also running tests to verify the practicality of Superconducting Maglev over a 42.8km test line. At the first stage of such deliberation processes, the company is considering to set a preliminary goal to start commercial operation of this new Shinkansen between the Tokyo metropolitan and Chukyo (or Nagoya) regions by 2025.

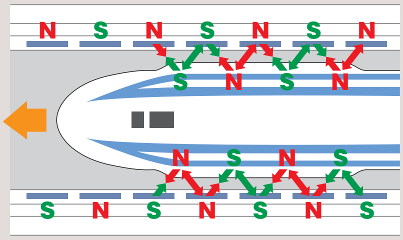
What is superconductivity?



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 achieved by cooling liquid helium to a temperature of minus 269℃.

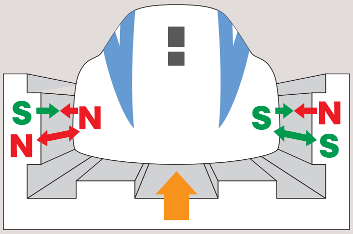
The Principles of the Superconducting Maglev System

■Propulsion System



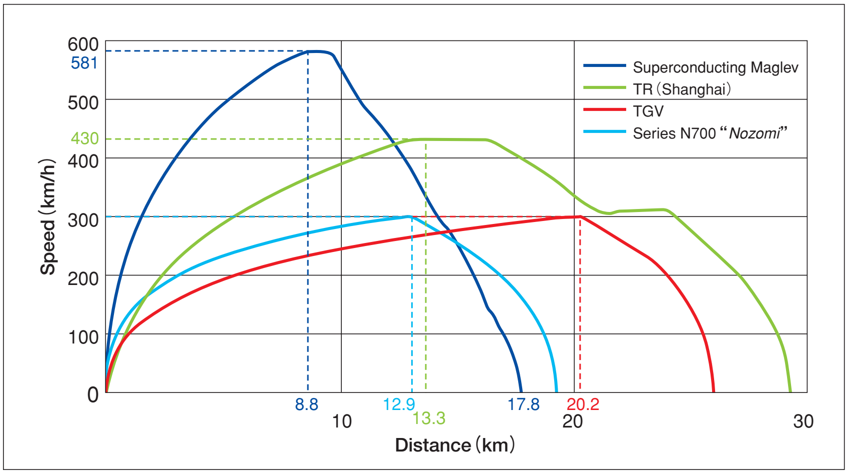
By passing current through propulsion coils on the ground, a magnetic field (north and south poles) is produced, thus the train is propelled forward by the attractive force of opposite poles and the repulsive force of same poles acting between the ground coils and the superconducting magnets built into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

■Levitation System



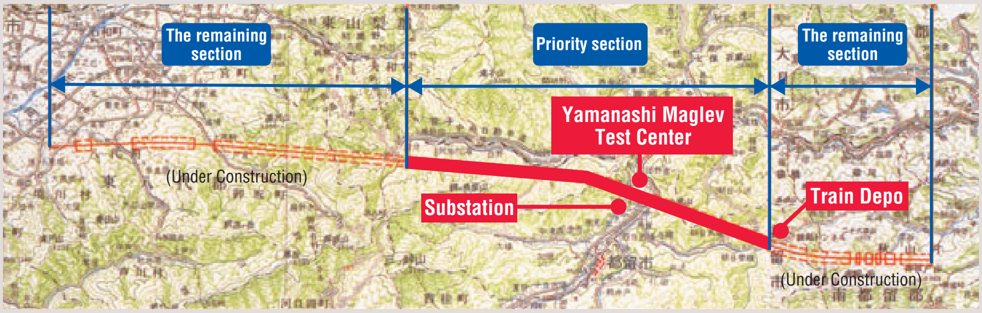
Levitation and guidance coils are installed on either side of the guideway (track). When the superconductive magnets on the car passes at high speed, an electric current passes through the levitation and guidance coils on either side to become electromagnetic, generating a force that both pushes up (repulsive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

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



▲New-model Maglev Trainset

■Overview of the Yamanashi Maglev Test Line



	Yamanashi Maglev Test Line (Priority section)
Length	18.4km
Tunnel	16.0km
Open section	2.4km
Track	Double Track
Maximum grade	40‰
Minimum curve radius	8,000m

■History of the Yamanashi Maglev Test Line

1990	Construction begins on the Yamanashi Maglev Test Line
1997	Test runs begin (record the maximum design speed of 550 km/h)
2000 March 9	The technical prospects for practical application of the Superconducting Maglev is acknowledged by the Maglev Technological Practicality Evaluation Committee under the Ministry of Transport, currently reorganized into the Ministry of Land, Infrastructure and Transport
2005 March 11	The Maglev Technological Practicality Evaluation Committee acknowledges that the foundation technology for Superconducting Maglev is established for practical application
2006 September 25	Investment plan of the renovation 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 Minster of Land, Infrastructure and Transport

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 operations in the future. As seen in the opening of JR Central Towers and on-going development of JR Central Shin-Yokohama Station Building (tentative), we are promoting business expansion into areas that make full use of the locational advantage of railway stations, and areas that are expected to generate synergic effects with the railway business itself. JR Central will actively run businesses, in cooperation with affiliated 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 department stores and provides sales services for goods and foods in stations and trains, making use of the railway's ability to attract customers. The "Real Estate" segment includes property management companies and other businesses undertaking developments within or near station premises. The "Other Services" segment includes companies in the hotel and travel agency business.

Operating revenues of consolidated subsidiaries totaled ¥436.2 billion (simple calculation) in FY2007.3.

■**Consolidated Subsidiaries** (As of the end of March, 2007)

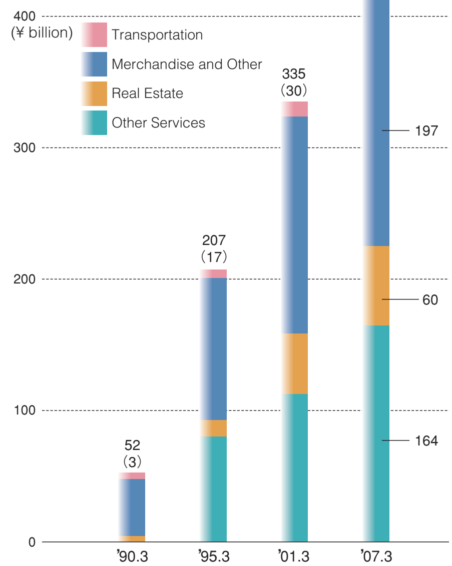
Segment	Company Name	Paid-in Capital (Millions of yen)	Shareholding (%)	Business Activities
Transportation	JR Tokai Bus Company	1,747	100.0	Bus services
	JR Tokai Logistics Company	300	90.0	Logistics business
	Tokai Transport Service Company	295	100.0	Railway business
Merchandise and Other	JR Tokai Takashimaya 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	90.0	Wholesale and retail sales
	JR Tokai Food Service Co., Ltd.	295	51.6	Food and beverage sales
	JR Tokai Corporation	100	70.0	Wholesale and retail sales
Real Estate	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
	Nagoya Terminal Station Building Co., Ltd.	900	72.2	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
	Shizuoka Terminal Hotel Co., Ltd.	2,120	100.0	Hotel business
	Nagoya Terminal Hotel Co., Ltd.	1,850	100.0	Hotel business
	JR Tokai Tours	490	70.0	Travel agency services
	JR Tokai Agency Co., Ltd.	61	90.0	Advertising
	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
	The Japan Mechanised 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.

Key Future Projects

Our key future projects include the plan to open the JR Central Shin-Yokohama Station Building (tentative) connected to the current Shin-Yokohama Station in 2008. The building is scheduled to integrate commercial facilities, offices, a hotel and other function and is proceeding according to plan. Commercial facilities will revolve around Takashimaya Co., Ltd., Sanseido Bookstore Ltd., and Bic camera Inc.. A total of approximately ¥40 billion is earmarked for the entire project, which includes renovation work for the existing Shin-Yokohama Station. Disused sites of former company housing

■**Operating Revenues of Consolidated Subsidiaries**
(simple calculation)



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

▲Image of JR Central Shin-Yokohama Station Building (Tentative)

▲"NAGOYA CENTRALGARDEN" (Concept)

are actively developed as a way of effectively utilizing properties owned by JR Central and its group companies, and we continue to add to the appeal of cityscape by combining quality condominiums with commercial facilities. The "NAGOYA CENTRALGARDEN" commercial complex that houses many stores that generated buzz in April of this year has just opened, and construction of the second group of condominiums (approximately 150 apartments) is proceeding, the handover of which is scheduled for the spring of 2009. Moreover, the development of disused sites of former company housing in Higashi-ku Meirin-cho (Nagoya) is also steadily proceeding. Following the opening of a supermarket as part of the commercial facilities in March of this year, the handover of "Central Garden Residence Tokugawa Meirin-cho" is scheduled to take place in spring 2008. In addition, on the former site of the JR Tokai General Hospital a supermarket is scheduled to open in September of this year.

We are also currently streamlining and revamping retail tenants at station buildings to coincide with renovation work at station facilities. Such refurbishments will be implemented at major stations including Tokyo, Shin-Yokohama, Shizuoka and Kyoto.

JR Central Towers

JR Central Towers, grandly opened in May 2000, is the core project of the JR Central Group's affiliated businesses diversification plan. It houses rental office space, a department store, a hotel and other facilities, all of which are managed by three of our consolidated subsidiaries (JR Central Building Co., Ltd., JR Tokai Takashimaya Co., Ltd., and JR Tokai Hotels Co., Ltd.). The combined operating revenues of these three companies were ¥139.4 billion in FY2007.3 (simple calculations). Once again, these figures exceeded the previous term. We continue to further expand each of JR Central Towers' businesses which have already developed a solid footing.

▲Towers Lights

①JR Central Towers

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, and occupancy was maintained at close to 100% during FY2007.3. The company also operates the "Towers Plaza", a complex of restaurants on the 12th and 13th floors, which are filled with customers each day.

Finally, a large number of customers enjoyed the "Towers Lights", one of Japan's largest illumination shows, which has become a winter season staple attraction in Nagoya.

②JR Nagoya Takashimaya

This department store run by JR Tokai Takashimaya Co., Ltd., a joint venture of JR Central and Takashimaya Co., Ltd. The store's location directly above the station is proving very popular with customers, with many people coming to visit the store from the surrounding regions. Furthermore, we continue to further increase the appeal of the complex by introducing new point cards, actively redecorating displays, and renovating the top floor of the JR Central Towers, which was continually acclaimed for its wonderful view, into the "Panorama Salon", and the sales continue to grow steadily since its opening.

▲Sky Street (JR Central Towers 15F)

③Nagoya Marriott Associa Hotel

This hotel is operated by JR Tokai Hotels Co., Ltd., a wholly-owned subsidiary of JR Central. JR Tokai Hotels Co., Ltd., which has concluded a franchise agreement with Marriot International Inc., and provides services appropriate to an international luxury city hotel. The hotel also expanded and renovated its concierge floor and renovated its banqueting halls in order to achieve greater customer satisfaction. In FY2006 the hotel continued to maintain a high level of room occupancy at approximately 90%.

▲Nagoya Marriott Associa Hotel (Premier Room)

Corporate Responsibility and Social Contribution

As a Railway Operator with High Public Interests

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

Contribution to Global Environment Conservation

Railways have a minimal impact on the environment. For example, CO_2 emissions from operation between Tokyo and Osaka produced by the Tokaido Shinkansen are around one-tenth those of airplanes. 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.

Improving the Energy Efficiency of Rolling Stock

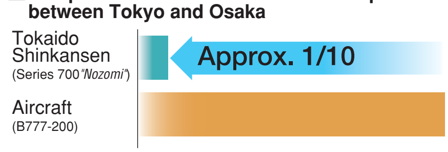
As an environment-conscious company, JR Central is introducing new energy-efficient rolling stock in earnest. Especially for the Tokaido Shinkansen, we have unified all of our rolling stock into the high-speed/low-energy consumption type – either the Series 700 or the Series 300 in the October 2003 timetable revision. Furthermore, the company intends to promote further energy conservation through the introduction of Series N700 rolling stock which allows a 19% reduction in power consumption in comparison to Series 700 rolling stock. As for conventional railway, 204 energy conserving trainsets were introduced in FY2006 bringing the percentage of energy efficient rolling stock in use to over 80%.

"Eco Business Trips" Proposal

JR Central has proposed the concept of "Eco Business Trips" as an effective effort to prevent global warming.

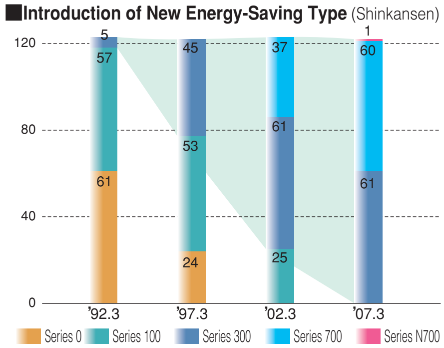
"Eco Business Trips" refers to, "business trips that contribute to ecology (preserving the environment)," in other words, considering and acting on the idea of "selecting methods of transportation and business trip configurations that emit low levels of greenhouse effect causing gases when traveling over medium to long distances (business trips)." These measures do much to reduce CO_2 emissions, do not require initial investment or substantial maintenance costs, and are an extremely easy way to reduce greenhouse effect causing gases. JR Central aims to spread the concept of "Eco Business Trips" and is actively engaging in activities to disseminate information, such as advertising.

■**Comparison of CO_2 Emissions From operation between Tokyo and Osaka**



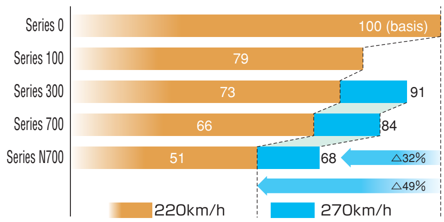
Note: 1.Comparison of CO_2 emissions from carrying one seat
2.Calculated by JR Central based on actual runs between Tokyo and Shin-Osaka
3.Calculated by JR Central based on data from "Environmental Report 2004 ANA" between Haneda and Osaka(Itami and Kansai)

■**Introduction of New Energy-Saving Type** (Shinkansen)



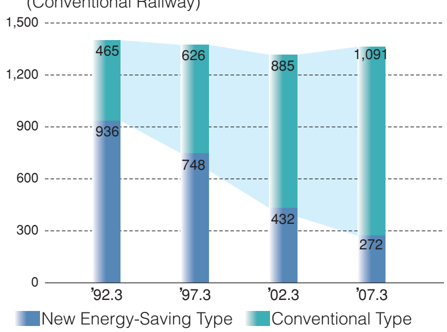
Note: The figures are as of the end of each term (including retained trains and excluding inspection trains)

■**Energy Consumption Levels of Shinkansen Trains**



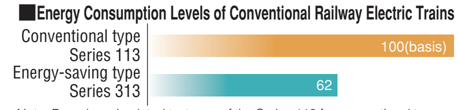
Note: Based on simulated test runs between Tokyo and Shin-Osaka

■**Introduction of New Energy-Saving Type** (Conventional Railway)



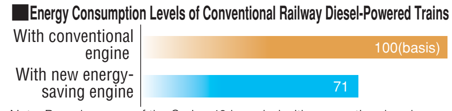
Note: The figures are as of the end of each term (including retained trains and inspection trains)

■**Energy Consumption Levels of Conventional Railway Electric Trains**



Note: Based on simulated test runs of the Series 113 for conventional type and the Series 313 for energy-saving type (calculated by energy regenerating ratio of 75% for Series 313) between Nagoya and Nakatsugawa (round trip by stopping train)

■**Energy Consumption Levels of Conventional Railway Diesel-Powered Trains**



Note: Based on runs of the Series 40 boarded with conventional and new energy-saving engines

Other Environment Conservation Measures

JR Central works to conserve resources by separating its rubbish and recycling its train tickets. In addition, JR Central is 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's Kyoto Station and at our R&D center in Komaki, Aichi Prefecture. Also, Nagoya Station, JR Central Towers, Komaki Research Facility and Nagoya Central Hospital incorporate co-generation systems that make effective use of exhaust heat generated during power generation, in air conditioning for surrounding areas, thereby improving energy efficiency and reducing CO_2 emissions.

In addition, 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 chlorofluorocarbon (CFC) that has some greenhouse gas effects.

▲Elevator installation


▲Wheelchair space (left: Tokaido Shinkansen, right: conventional railway)

Contribution to Community Development

Railway stations serve as the gateway to communities. To better fulfill this role, JR Central is cooperating with the requests of local governments to improve station buildings, develop plazas in front of stations, and facilitate railway elevation projects, thereby contributing to community development.

We are also renovating stations to abide by the Barrier-Free Transportation Law and other related laws so that all passengers, including persons with disabilities, the elderly, and people accompanying children, can use our railway safely and in a relaxed manner. In particular, in accordance with fundamental government policy, we will promote barrier free travel through the continued installation of elevators and escalators at stations used by more than 5,000 passengers a day.

JR Central also worked on a plan to newly build and relocate the JR Tokai General Hospital which opened in July 2006 as the Nagoya Central Hospital. As a facility providing highly advanced medical services and equipped with the latest medical devices, Nagoya Central Hospital seeks to attract and retain top-class personnel, particularly doctors, and makes a great contribution to regional medicine.


▲Nagoya Central Hospital

International Exchange

JR Central undertakes a wide range of international business operations, such as gathering up-to-date railway information from around the world via the company's own 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.

Being a company with a significant social and public mission, we also participate in cooperation over railway technologies in response to government requests. We also contribute to bi-directional human resource development by accepting interns from overseas universities and international organizations.

In 1994, 1997, 2000 and 2004 JR Central and JR West organized the International High-Speed Railway Conference with the aim of publicizing the superior environmental performance of the Shinkansen.

As the pioneer of high-speed railway with the world longest history in the field, 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.


▲International High-Speed Railway Conference 2004


▲Interns from overseas universities

Summary of the important managerial information such as performance

Segment-by-segment performance for FY2007.3

The JR Group prioritizes ensuring safe and reliable railway transportation, which is its core business. Along with continuing to strive to improve the skills of our employees and enhance facilities, we also endeavor to improve service and further strengthen our competitiveness. These policies, coupled with flourish economy, resulted in increase of ridership on the Tokaido Shinkansen and in good affiliated businesses, which led the operating revenues to increase. Furthermore, whereas operating expenses increased as a result of quake-resistant reinforcement, etc., non-operating expenses, such as paid interest, etc., decrease. As a result, operating revenues for the period increased 1.6% year-on-year to ¥1.4912 trillion, ordinary profit increased 10.9% year-on-year to ¥236.6 billion, and net profit increased 12.0% year-on-year to ¥137.1 billion, all of which were record breaking numbers.

In regards to long-term debt, due to the capital burden that accompanied the acquisition of repurchased stocks, whereas a decrease of ¥7 billion was originally planned, in actuality we were able to achieve a decrease of ¥47 billion. As a result, the balance of long-term debt as of FY2007.3 was ¥3.4985 trillion.

In regards to end-term dividends, due to an expansion of business and the prosperous economy, transportation volume in the second half showed a good trends, which has made us decide to pay out a dividend of ¥4,000 per share, an increase per share of ¥500, which means that annual dividends will be ¥7,500 per share.

The following is a break-down by segment

●Transportation

In regards to the Tokaido Shinkansen, in March 2006, JR Central revised the timetable to further increase the convenience of "*Nozomi*" directly linking the Tokaido and Sanyo Shinkansen in coordination with JR West and flexibly operated extra services during times and periods of concentrated use. Under the revision, we increased the number of "*Nozomi*" directly operating between Tokyo and Hiroshima/Hakata in addition to increasing the number of early-morning and late-night "*Nozomi*" stopping at Shin-Kobe station. Furthermore, we continued to make preparations for the start of operation of the Series N700 by implementing long-term endurance tests with a mass-production prototype vehicle.

Along with surely and steadily introducing new Series 313 rolling stocks, the timetable for the Nagoya region was revised in October 2006 thereby improving our transportation system, which included increasing the number of rapid train services on the Tokaido Line. Furthermore, the timetable for the Shizuoka region was revised by, for example, revamping operation patterns in conjunction with ridership in March 2007.

In terms of marketing initiatives, we expanded the "Express Reservation" service to include all lines of the Tokaido and Sanyo Shinkansen in July 2006, and endeavored to further increase use by increasing the number of sections and trains that can be used with our "Express Hayatoku" discount tickets, only available through "Express Reservations." Furthermore, the conventional line metropolitan area IC card "TOICA" was introduced in the Nagoya region in November 2006. Meanwhile, we launched a tourism campaign to attract people to Kyoto, Nara, Ise and Tokyo, and worked to introduce and promote various travel products. We also worked aggressively to introduce attractive tour packages for members of the "JR Central 50+", which targets passengers aged 50 and over.

As a result of these efforts, the Tokaido Shinkansen and JR Central's conventional lines are both performing in a safe and reliable manner and total passenger kilometers for the Tokaido Shinkansen rose by 1.6% year-on-year to reach 44.487 billion passenger kilometers while passenger kilometers for conventional lines dropped by 0.6% year-on-year to 9.046 billion passenger kilometers.

In the bus business, we continued to push for increasing efficiency amid continued difficult business conditions due to the rapid increase of competition following deregulation.

As a result, operating revenue increased 1.0% year-on-year to ¥1.212 trillion, while operating income dropped 0.6% year-on-year to ¥377.5 billion due to an increase in operating expenses such as anti-earthquake reinforcement related expenses.

●Merchandise and Other

In merchandise and other business, in March 2006, JR Nagoya Takashimaya opened the “Panorama Salon” on the top floor of JR Central Towers and also made large scale renovations to stores and displays in September that included the specialty store zone. Also, in major stations, renovation of inner-complex stores also continued in conjunction with anti-earthquake reinforcement of elevated track columns.

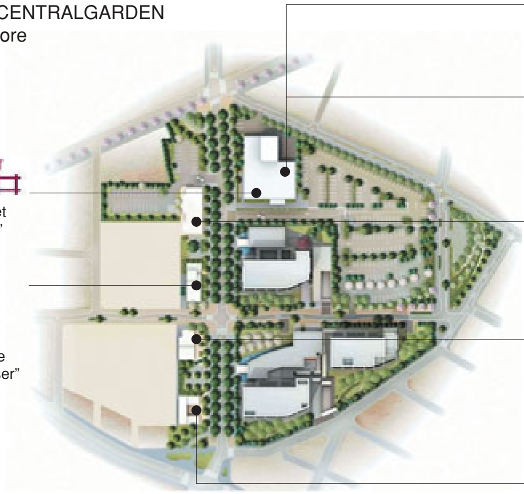
As a result of the above, operating revenue increased by 2.7% year-on-year to ¥195.8 billion and operating profit rose 0.7% to ¥7.5 billion year-on-year.

●Real Estate

In the real estate business, JR Central proceeded to refurbish commercial facilities at major stations in order to increase customers through further effective usage of our station locations, including “MAY ONE EKIMACHI” opened in Hamamatsu Station. Also, from the standpoint of the advanced and effective use of held assets, we continued development of disused sites of former company housing and steadily proceeded with construction of “Central Garden Residence Tokugawa Meirin-cho,” which will be sold in the spring of 2008, along with transferring condominiums in “NAGOYA CENTRAL GARDEN” in March of this year. Furthermore, construction continued on the “JR Tokai Shin-Yokohama Station Building” (tentative) in preparation for its scheduled opening in 2008.

As a result of the above developments, operating revenues increased by 7.5% year-on-year to ¥62.5 billion and operating income increased by 10.2% year-on-year to ¥13.7 billion.

■NAGOYA CENTRALGARDEN
Guide in store



●Other Services

In the hotel business, refurbishing was continued at the Nagoya Marriott Associa Hotel and services improved so as to increase customer use.

In the travel agency business, we aggressively sold products in order to promote use of excess seating and attractive products for members of the “JR Central 50+”.

Consequently, operating revenues increased by 9.9% year-on-year to ¥159.4 billion and operating income rose by 6.2% year-on-year to reach ¥4.2 billion.

▲Panorama Salon (JR Central Towers 51F)

▲MAY ONE EKIMACHI (Hamamatsu Station)

▲Grand Shop Kyoto (Kyoto Station)

▲NAGOYA CENTRALGARDEN Commercial Complex

Summary of important managerial information such as performance

Expected performance for the year ending March 2008

During FY2008.3, while maintaining our priority on ensuring safe and reliable transportation, we will strive to increase profitability and provide improved services across the whole group. During the fiscal year, we intend to make full use of our new timetable in conjunction with the introduction of the Series N700 on July 1, 2007, and gradually increase the number of Series N700s used for "*Nozomi*" services directly operated between the Tokaido and Sanyo Shinkansen sections. We will also introduce the "Express Reservation" IC card service and the conventional line metropolitan area IC card "TOICA" in the Shizuoka region. As a result, we expect operating revenues to increase year-on-year by 0.2% to ¥1.494 trillion.

Furthermore, assuming certain increases in depreciation as a result of FY2007 regulatory revisions, our projections for operating profit show a 6.6% year-on-year decrease to ¥376 billion, a 3.7% year-on-year decrease in ordinary profit to ¥228 billion and a net profit decrease for this term of 3.0% year-on-year to ¥133 billion.

In regards to dividend forcasts for FY2007, as long as the present situation continues, it has been determined that stable operation can be maintained while dealing with various operational issues and therefore it is planned that midterm and end-term dividends of ¥4,000 per share will be issued just like the end of this term.

■FY 2008.3 Forecasts

(Billions of Yen)

	Consolidated	(2008/2007)
Operating revenues	1,494	(100.2%)
Operating income	376	(93.4%)
Net income	133	(97.0%)
Capital investments	329	(138.8%)

	Non-Consolidated	(2008/2007)
Operating revenues	1,216	(100.3%)
Operating income	357	(93.7%)
Net income	127	(97.6%)
Capital investments	288	(137.3%)

Tokaido Shinkansen's superiority over the airline industry

Although continued discount campaigns by airline companies for routes competing with the Shinkansen have increased air transportation volume in recent years, these fares have risen as a result of rising crude oil prices. Meanwhile, last year saw the opening of both Kobe Airport and Kitakyushu Airport and air transportation capacity over recent years is increasing.

The transport service of the Tokaido Shinkansen has continued to be dramatically improved since October 2003, and JR Central and JR West are continuing in collaboration to further improve service for a unified Tokaido-Sanyo Shinkansen. In particular, we are improving the convenience of timetables for "*Nozomi*" with direct service to the Tokaido and Sanyo areas, and are expanding our "Express Reservation" service to include all stations on the Tokaido-Sanyo Shinkansen. As a result of these endeavors, the number of passengers traveling from Tokyo to the Sanyo area has increased and the transportation volume of the Shinkansen from Tokyo to Osaka is gradually expanding, and we are maintaining approximately 80% of the market.

We believe that this touch and go situation will continue since the number of flight slots at Haneda Airport is planned to increase in 2010. We will continue to implement measures for boosting our competitive edge, such as commencing commercial operation of the new Series N700 along with revision of the timetable in July, 2007, and utilizing IC card technology in the "Express Reservation" service.

The Tokaido Shinkansen is superior to airlines in the following aspects:

●Safety

Because of safety measures carried out on equipment and services, such as the comprehensive training of employees and the introduction of the train control system using most sophisticated electronic technologies, the Tokaido Shinkansen has maintained a flawless record of no derailment or collision during more than 40 years of commercial train operations. This record demonstrates the consistency and thoroughness of our measures to ensure safety.

●Punctuality

In FY2007.3, the average delay from schedule per departure was a mere 0.3 minutes. The Tokaido Shinkansen boasts high punctuality, making it especially relied upon among business travelers.

●Comfort

We consistently endeavor to provide passengers with the most comfortable traveling environment that accurately responds to the needs of the times. We have achieved new levels of riding comfort, by introducing new rolling stock with enhanced noise suppression, and constantly modernizing stations and installing new facilities such as elevators and escalators. The new Series N700 rolling stock, which began commercial operation in July 2007, offers an "even more comfortable interior space" that meets the various needs of our customers as well as services that introduce the latest technology.

●High Speeds

The Tokaido Shinkansen's "*Nozomi*" services connect the city centers of Tokyo and Osaka in 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. With the debut of the Series N700 in July of this year, this time has been reduced to 2 hours and 25 minutes thereby making the Tokaido Shinkansen more convenient.

●Frequency and Capacity

Considering that 305 regular trains are operated daily as of July 2007 and that an trainset has a seating capacity of around 1,300, the capacity advantage of the Tokaido Shinkansen over airlines is substantial. Also, up to eight "*Nozomi*" services are operated every hour for the Tokyo – Shin-Osaka route, which provides passengers with a high-volume and high-frequency travel option, available at any time to suit their schedule. The "Express Reservation" service allows users to modify their reservations via mobile phones and PCs as many times as they like without having to physically visit a station, so that they can take maximum advantage of the overwhelmingly frequent Tokaido Shinkansen services.

Summary of important managerial information such as performance

Policy for the reduction of total long-term debt and long-term payables

Upon the break-up and privatization of JNR, JR Central, along with the other JR companies, assumed responsibility for disposing of a portion of JNR's long-term liabilities. The portion of the debt taken on by each company was based on its revenue potential as determined by the national government. As a result of the abolishment of the Shinkansen leasing system and transfer of the Shinkansen assets to the company in FY1992.3, the government allotted JR Central long-term debt and long-term payables of ¥5.5 trillion, more than five times our annual railway operations revenues.

The elimination of these long-term payables is one of our most important corporate priorities. Since the end of FY1992.3, the year during which the Shinkansen leasing system was dissolved, JR Central has reduced its long-term debt and long-term payables by ¥2.405 trillion, and our total consolidated long-term debt and long-term payables at the end of FY2007.3 was ¥3.4985 trillion (of which JR Central accounts for ¥3.4156 trillion). We will continue to boost our earnings capabilities, improve the efficiency of operating costs, and realize more attractive financing possibilities. By taking these steps, we will increase cash flow to reduce the total long-term debt and long-term payables further and consequently reinforce the financial condition of the company.

Financial Section

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Result of operations

1) Operating revenues

In our railway business, railway operation revenues increased by ¥10.9 billion (1.0%) year-on-year to ¥1,147 billion. In regard to the Tokaido Shinkansen, which revenues account for a large part of total revenue, JR Central enhanced the convenience of "*Nozomi*" services that directly link the Tokaido and Sanyo Shinkansen sections by revising the timetable in March last year. Further, in terms of "Express Reservation", JR Central made efforts to further increase the number of users of the service, which was expanded to include all stations of the Tokaido and Sanyo Shinkansen. As a result of these measures, the passenger volume increased, and the railway operating revenues increased by 1.2% year-on-year to ¥1,043 billion.

On the other hand, in regard to the conventional railway network, JR Central introduced newly manufactured rolling stock for commuter trains and revised timetables for the Nagoya and Shizuoka areas. In addition, the conventional line metropolitan area IC card "TOICA" was introduced in the Nagoya region. These measures brought about the increase of passenger volume in conventional trains. However, the increase could not make up for the impact from Aichi EXPO 2005 in the previous period, resulting in the decrease of railway operating revenues by 1.7% year-on-year to ¥103.9 billion.

In regard to non-railway business, JR Nagoya Takashimaya, which made large scale renovations to its stores and displays, increased sales. Also, the commercial facilities within the major stations, to which renewal construction was completed in conjunction with the quake-resistant reinforcement construction, performed well. Furthermore, the company completed construction and handed over condominiums in "NAGOYA CENTRAL GARDEN", which was renovated from disused sites of former company housing in Chikusa, Nagoya.

As a result, the consolidated operating income increased by ¥23.6 billion (1.6%) year-on-year to ¥1,491.2 billion.

2) Operating costs

In regard to operating costs, while depreciations decreased with the proceeding of amortizations, the cost for the anti-earthquake countermeasures increased and the cost of goods and service increased along with the increase of revenues in the group business. As a result, totally operating income increased by ¥24.8 billion (2.3%) year-on-year to ¥1,088.7 billion.

3) Other income (expense)

Since interest expense decreased by ¥10.6 billion due to long-term debt reduction and the expense generated in repayment of long-debt for the Shinkansen facilities was reduced by ¥10 billion, non-operating income increased by ¥24.4 billion compared with the previous period.

4) Net income

After adding the influence of corporation tax to the figures 1)-3), net income for the current period increased by ¥14.7 billion (12.0%) over the previous period to reach ¥137.1 billion.

Financial Position

1) Cash Flow

While operating revenues increased due to the solid performance of the Tokaido Shinkansen, due to the increase in the payment of corporate tax, in addition to the fact that the year-end payments from other JR companies related to railway operation revenues will be received at the beginning of next year due to the calendar, cash flow from operation recorded a net decrease of \50.8 billion over the previous fiscal year to ¥427.0 billion.

Due to the increases of cash outflow related to the acquisition of fixed assets such as the new production and introduction of conventional commuter rolling stock, the introduction of the conventional line metropolitan area IC card "TOICA", and the construction and transfer of Nagoya Central Hospital, cash outflow from investing activities recorded a net increase of ¥98.7 billion over the previous fiscal year to reach ¥218.3 billion.

As a result, free cash flow, which is calculated by subtracting the former from the latter, decreased by ¥149.5 billion over the previous fiscal year to ¥208.6 billion.

In addition to this capital, JR Central used the capital which was retained in the previous fiscal year and capital obtained from issuing corporate bonds and through long-term loans to repay long-term liabilities incurred for purchase of Shinkansen railway ground facilities and other long-term debt, and to repurchase stocks on April 5, 2006 (¥308.9 billion).
As a result of the above, cash flown from financial activities recorded a net increase of ¥81.4 billion over the previous fiscal year, and at the end of the period, cash and cash equivalents decreased by ¥135.9 billion over the previous fiscal year to ¥36.7 billion.

2) Decrease in long-term debt and long-term payables

In this period, due to the capital burden that accompanied the acquisition of repurchased stock, whereas a decrease of ¥7 billion was originally planned, in actuality we were able to achieve a decrease of ¥47 billion. As a result, the balance of long-term debt as of FY2007.3 was ¥3,498.5 billion. The majority of the outstanding long-term debt and long-term payables at the end of the period was accounted for by non-consolidated long-term debt and long-term payables.

When JR Central purchased the Tokaido Shinkansen ground facilities in October 1991, the company was burdened with total long-term debt and long term payables of over five times its annual railway operations revenues, including the liabilities inherited from JNR at its breakup and privatization. Because JR Central considers the reduction of these long-term debt and long-term payables to be its most important financial issue, the company has endeavored to reduce the debt as rapidly as possible. Consequently, total long-term debt and long-term payables of ¥5,456.2 billion at the end of fiscal 1991,which was immediately after JR Central took over the Tokaido Shinkansen assets, has been reduced by ¥2,040.5 billion over 15 years. However, at the end of the current period, outstanding long-term payables still stood at ¥3,415.6 billion.

Going forward, JR Central will continue to work towards enhancing profitability and reducing costs, in addition to further strengthening our financial position by steadily reducing long-term debt and long-term payables through the efficient capital investment and the efficient turnover of working capital.

3) Procurement of capital

JR Central procures capital from various sources and acquires ratings from Moody’s Investment Service and Rating and Investment Information, Inc (R&I) in order to facilitate smooth fund raising. Credit ratings for corporate bonds issued during the current period are Aa2 from Moody’s Investment Service and AA from R&I.

Further, in order to ensure short-term liquidity, JR Central has established a commitment line of ¥100.0 billion as of the end of the current period.

Consolidated Balance Sheets

Central Japan Railway Company and Consolidated Subsidiaries

March 31, 2007 and 2006

ASSETS	Millions of Yen (Note 2)		Thousands of U.S. Dollars (Note 2)
	2007	2006	**2007**
CURRENT ASSETS:			
Cash and cash equivalents	**¥ 36,783**	¥ 172,723	**$ 311,720**
Trade receivables	**59,101**	39,029	**500,855**
Allowance for doubtful accounts	**(7)**	(19)	**(59)**
Inventories	**14,811**	12,300	**125,516**
Land and buildings held for sale	**3,390**	4,225	**28,728**
Deferred tax assets (Note 11)	**20,918**	22,009	**177,271**
Prepaid expenses and other current assets	**38,567**	26,530	**326,838**
Total current assets	***173,565***	*276,798*	**1,470,889**
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Note 5)	**107,714**	82,207	**912,830**
Investments in and advances to unconsolidated subsidiaries and associated companies	**10,633**	10,475	**90,110**
Deferred tax assets (Note 11)	**152,237**	149,179	**1,290,144**
Prepaid expenses and other (Note 9)	**24,418**	25,213	**206,941**
Total investments and other assets	***295,003***	*267,076*	***2,500,025***
PROPERTY AND EQUIPMENT:			
Buildings and structures (Notes 6 and 7)	**4,169,872**	4,164,777	**35,337,898**
Machinery, rolling stock and vehicles (Note 12)	**1,060,377**	1,038,843	**8,986,245**
Land (Notes 6 and 7)	**2,343,449**	2,344,445	**19,859,737**
Other (Note 12)	**124,308**	102,605	**1,053,476**
Construction in progress	**120,114**	93,547	**1,017,915**
Total	***7,818,122***	*7,744,220*	***66,255,271***
Accumulated depreciation (Note 12)	**(3,122,110)**	(2,978,246)	**(26,458,550)**
Net property and equipment	***4,696,012***	*4,765,973*	***39,796,721***
TOTAL	***¥ 5,164,581***	*¥ 5,309,848*	***$ 43,767,635***

See notes to consolidated financial statements.

March 31, 2007 and 2006

LIABILITIES AND EQUITY	Millions of Yen (Note 2)		Thousands of U.S. Dollars (Note 2)
	2007	2006	**2007**
CURRENT LIABILITIES:			
Short-term bond	**¥ 44,999**		**$ 381,347**
Short-term borrowings (Note 7)	**19,525**	¥ 14,987	**165,466**
Trade payables	**173,393**	144,430	**1,469,432**
Current portion of long-term debt (Note 7)	**113,382**	116,892	**960,864**
Current portion of long-term payables (Notes 8 and 13)	**116,697**	186,336	**988,957**
Accrued bonuses	**24,148**	22,507	**204,644**
Consumption tax payable	**6,969**	8,703	**59,059**
Accrued income taxes	**50,442**	64,085	**427,474**
Advances received	**37,123**	36,642	**314,601**
Other current liabilities (Notes 11 and 13)	**71,668**	72,400	**607,401**
Total current liabilities	***658,351***	*666,988*	***5,579,245***
LONG-TERM LIABILITIES:			
Long-term debt (Note 7)	**1,181,137**	972,484	**10,009,635**
Long-term payables (Notes 8 and 13)	**2,087,373**	2,269,879	**17,689,601**
Allowance for large scale renovation of the Shinkansen infrastructure	**150,000**	116,666	**1,271,186**
Liabilities for employees' retirement benefits (Note 9)	**214,613**	224,106	**1,818,754**
Other	**68,693**	70,930	**582,164**
Total long-term liabilities	***3,701,817***	*3,654,066*	***31,371,340***
MINORITY INTERESTS		15,124	
CONTINGENCIES (Notes 12 and 14)			
EQUITY (Notes 10 and 16):			
Common stock—authorized, 8,960,000 shares; issued, 2,240,000 shares in 2007 and 2006	**112,000**	112,000	**949,152**
Capital surplus	**53,588**	53,500	**454,135**
Retained earnings	**905,776**	783,703	**7,676,067**
Unrealized gain on available-for-sale securities	**27,532**	25,420	**233,331**
Treasury stock—at cost, 270,049 shares in 2007 and 2,018 shares in 2006	**(309,151)**	(954)	**(2,619,923)**
Total	***789,746***	*973,669*	***6,692,762***
MINORITY INTERESTS	**14,665**		**124,288**
Total equity	***804,412***	*973,669*	***6,817,050***
TOTAL	***¥ 5,164,581***	*¥ 5,309,848*	***$ 43,767,635***

See notes to consolidated financial statements.

Consolidated Statements of Income

Central Japan Railway Company and Consolidated Subsidiaries

Years Ended March 31, 2007, 2006 and 2005

	Millions of Yen (Note 2)			Thousands of U.S. Dollars (Note 2)
	2007	2006	2005	**2007**
OPERATING REVENUES	**¥ 1,491,269**	¥ 1,467,650	¥ 1,409,497	**$ 12,637,872**
OPERATING COSTS AND EXPENSES:				
Transportation, other services and cost of sales (Notes 4.)	**922,109**	904,713	887,979	**7,814,487**
Selling, general and administrative expenses	**166,672**	159,181	173,690	**1,412,477**
Total operating costs and expenses	***1,088,782***	*1,063,895*	*1,061,670*	***9,226,966***
Operating income	***402,487***	*403,754*	*347,826*	***3,410,906***
OTHER INCOME (EXPENSES):				
Interest and dividend income	**874**	558	727	**7,406**
Interest expense (Notes 8 and 13)	**(150,393)**	(161,091)	(179,291)	**(1,274,508)**
Gain on sales of investment securities—net (Note 5)	**—**	3	21,782	**—**
Loss on sales of property and equipment	**(147)**	(1,251)	(2,251)	**(1,245)**
Loss on debt assumption (Note 8)	**(23,465)**	(33,507)	(29,789)	**(198,855)**
Other—net (Note 6)	**(3,683)**	(1,905)	412	**(31,211)**
Other expenses—net	***(169,446)***	*(197,193)*	*(188,411)*	***(1,435,991)***
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	**233,040**	206,561	159,415	**1,974,915**
INCOME TAXES (Note 11):				
Current	**97,823**	97,809	71,974	**829,008**
Deferred	**(3,344)**	(15,312)	(10,652)	**(28,338)**
Total income taxes	***94,479***	*82,496*	*61,321*	***800,670***
MINORITY INTERESTS IN EARNINGS OF CONSOLIDATED SUBSIDIARIES	**1,417**	1,627	2,005	**12,008**
NET INCOME	**¥ 137,144**	¥ 122,437	¥ 96,087	**$ 1,162,237**

	Yen			U.S. Dollars
	2007	2006	2005	**2007**
PER SHARE OF COMMON STOCK (Note 3.q):				
Basic net income	**¥ 69,407.69**	¥ 54,560.69	¥ 42,806.63	**$ 588.20**
Cash dividends applicable to the year	**7,500.00**	6,500.00	5,500.00	**63.55**

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

Central Japan Railway Company and Consolidated Subsidiaries — Years Ended March 31, 2007, 2006 and 2005

	Thousands	Millions of Yen (Note 2)							
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain on Available-for-sale Securities	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2004	2,238	¥ 112,000	¥ 53,500	¥ 590,174	¥ 11,216	¥ (921)	¥ 765,970		¥ 765,970
Net income				96,087			96,087		96,087
Cash dividends, ¥5,000 per share				(11,200)			(11,200)		(11,200)
Bonuses to directors and corporate auditors				(274)			(274)		(274)
Net decrease in unrealized gain on available-for-sale securities					(329)		(329)		(329)
Adjustment of retained earnings for merger of non-consolidated subsidiary				202			202		202
BALANCE, MARCH 31, 2005	2,238	112,000	53,500	674,990	10,887	(921)	850,456		850,456
Decrease in equity of affiliates accounted for under the equity method						(33)	(33)		(33)
Net income				122,437			122,437		122,437
Cash dividends, ¥6,000 per share				(13,440)			(13,440)		(13,440)
Bonuses to directors and corporate auditors				(284)			(284)		(284)
Net increase in unrealized gain on available-for-sale securities					14,532		14,532		14,532
BALANCE, MARCH 31, 2006	2,237	112,000	53,500	783,703	25,420	(954)	973,669		973,669
Reclassified balance as of March 31, 2006 (Note 3.l)								¥ 15,124	15,124
Decrease in equity of affiliates accounted for under the equity method						(27)	(27)		(27)
Net income				137,144			137,144		137,144
Cash dividends, ¥7,000 per share				(14,739)			(14,739)		(14,739)
Bonuses to directors and corporate auditors				(331)			(331)		(331)
Purchase of treasury stock	(268)					(308,988)	(308,988)		(308,988)
Disposal of treasury stock			88			819	908		908
Net increase in unrealized gain on available-for-sale securities					2,112		2,112		2,112
Net change in the year								(459)	(459)
BALANCE, MARCH 31, 2007	1,969	¥ 112,000	¥ 53,588	¥ 905,776	¥ 27,532	¥ (309,151)	¥ 789,746	¥ 14,665	¥ 804,412

	Thousands of U.S. Dollars (Note 2)							
	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain on Available-for-sale Securities	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE, MARCH 31, 2006	$ 949,152	$ 453,399	$ 6,641,541	$ 215,423	$ (8,093)	$ 8,251,422		$ 8,251,422
Reclassified balance as of March 31, 2006 (Note 3.l)							$ 128,177	128,177
Decrease in equity of affiliates accounted for under the equity method					(228)	(228)		(228)
Net income			1,162,237			1,162,237		1,162,237
Cash dividends, $59.32 per share			(124,906)			(124,906)		(124,906)
Bonuses to directors and corporate auditors			(2,805)			(2,805)		(2,805)
Purchase of treasury stock					(2,618,542)	(2,618,542)		(2,618,542)
Disposal of treasury stock		736			6,940	7,676		7,676
Net increase in unrealized gain on available-for-sale securities				17,908		17,908		17,908
Net change in the year							(3,889)	(3,889)
BALANCE, MARCH 31, 2007	$ 949,152	$ 454,135	$ 7,676,067	$ 233,331	$ (2,619,923)	$ 6,692,762	$ 124,288	$ 6,817,050

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Central Japan Railway Company and Consolidated Subsidiaries

Years Ended March 31, 2007, 2006 and 2005

	Millions of Yen (Note 2)			Thousands of U.S. Dollars (Note 2)
	2007	2006	2005	**2007**
OPERATING ACTIVITIES:				
Income before income taxes and minority interests	**¥ 233,040**	¥ 206,561	¥ 159,415	**$ 1,974,915**
Adjustments for:				
Income taxes—paid	**(111,059)**	(77,186)	(62,331)	**(941,177)**
Depreciation and amortization	**215,225**	234,854	250,807	**1,823,940**
Equity in losses of unconsolidated subsidiaries and associated companies	**(228)**	(228)	(81)	**(1,932)**
Contributions for the construction of railway facilities received	**(15,017)**	(3,140)	(12,973)	**(127,262)**
Gain on sales of investment securities—net (Note 5)	**(—)**	(3)	(21,782)	**(—)**
Loss on disposals of property and equipment	**56,740**	23,512	42,569	**480,847**
Loss on sales of property and equipment	**147**	1,251	2,251	**1,245**
Changes in assets and liabilities:				
Increase in allowance for large scale renovation of the Shinkansen infrastructure	**33,333**	33,333	33,333	**282,483**
(Increase) decrease in trade receivables	**(19,733)**	(2,758)	1,632	**(167,228)**
(Increase) decrease in inventories	**(845)**	(213)	1,524	**(7,161)**
Increase (decrease) in trade payables	**20,590**	17,862	(2,479)	**174,491**
Increase (decrease) in advances received	**481**	755	(2,473)	**4,076**
Decrease in provision for employees' retirement benefits (Note 9)	**(9,656)**	(4,945)	(9,445)	**(81,830)**
Other—net	**24,042**	48,247	42,777	**203,762**
Net cash provided by operating activities	***427,062***	*477,901*	*422,743*	***3,619,169***
INVESTING ACTIVITIES:				
Purchases of property and equipment	**(201,648)**	(126,656)	(134,864)	**(1,708,881)**
Receipts of contributions for the construction of railway facilities	**13,768**	11,029	13,878	**116,677**
Proceeds from sales of marketable and investment securities (Note 5)	**11**	111	22,797	**93**
Purchases of investment securities and investment in and advances to unconsolidated subsidiaries and associated companies	**(22,003)**	(4,148)	(1,101)	**(186,466)**
Other—net	**(8,522)**	21	1,685	**(72,228)**
Net cash used in investing activities	***(218,395)***	*(119,641)*	*(97,604)*	***(1,850,805)***
FINANCING ACTIVITIES:				
Increase in short-term borrowings	**4,537**	1,266	2,580	**38,449**
Proceeds from long-term debt	**321,851**	170,000	123,600	**2,727,550**
Repayment of long-term debt	**(116,932)**	(98,129)	(133,437)	**(990,949)**
Repayment of long-term payables	**(252,144)**	(289,893)	(276,917)	**(2,136,813)**
Cash dividends paid	**(14,739)**	(13,440)	(11,200)	**(124,906)**
Purchases of common stock	**(308,988)**			**(2,618,542)**
Payment of cash dividends to minority interests	**(11)**	(12)	(14)	**(93)**
Other—net	**20,998**	(33,815)	(31,260)	**177,932**
Net cash used in financing activities	***(345,430)***	*(264,023)*	*(326,648)*	***(2,927,372)***
CASH AND CASH EQUIVALENTS INCREASED BY MERGER OF NON-CONSOLIDATED SUBSIDIARY	**824**		442	**6,983**
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(135,939)**	94,236	(1,067)	**(1,152,025)**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**172,723**	78,486	79,554	**1,463,745**
CASH AND CASH EQUIVALENTS, END OF YEAR	***¥ 36,783***	*¥ 172,723*	*¥ 78,486*	***$ 311,720***
ADDITIONAL CASH FLOW INFORMATION:				
Interest paid	**¥ 150,785**	¥ 163,200	¥ 181,266	**$ 1,277,838**

See 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 to 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 borrowings, (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.

On 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 CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in 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 application and disclosure requirements of International Financial Reporting Standards.

On December 27, 2005, the Accounting Standards Board of Japan (the “ASBJ”) published a new accounting standard for the statement of changes in equity, which is effective for fiscal years ending on or after May 1, 2006. The consolidated statement of shareholders’ equity, which was previously voluntarily prepared in line with the international accounting practices, is now required under generally accepted accounting principles in Japan and has been renamed “the consolidated statement of changes in equity” in the current fiscal year.

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 2006 consolidated balance sheet, and in 2006 and 2005 consolidated statements of income, consolidated statements of changes in equity and consolidated statements of cash flows to conform to the classifications used in 2007.

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 ¥118 to $1, the approximate rate of exchange at March 30, 2007. 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, 2007 include the accounts of the Company and its 30 (30 in 2006 and 2005) significant subsidiaries (together, the "Companies").

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

Investments in two associated companies are accounted for by the equity method. Investments in the remaining unconsolidated subsidiaries and associated companies 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 net assets 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 was appropriately made, such as eliminating significant intercompany accounts and transactions which occur between the fiscal year end of the subsidiary and fiscal year end 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 and commercial paper, all of which mature or become due within three months of the date of acquisition.

c. Inventories

Merchandise is stated at cost principally determined by the retail method. Materials and supplies are carried at cost principally determined by the moving-average cost method.

d. Land and Buildings Held for Sale

Land and buildings held for sale are stated at cost determined by the specific identification method.

e. 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.

f. Property and Equipment

Property 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 (see Note 4.). Additional depreciation is provided for the Shinkansen cars 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 substantially computed by the replacement-accounting method.

g. Long-lived Assets

In August 2002, the Business Accounting Council issued a Statement of Opinion, "Accounting for Impairment of Fixed Assets," and in October 2003 the ASBJ issued ASBJ Guidance No. 6, "Guidance for Accounting Standard for Impairment of Fixed Assets." These new pronouncements were effective for fiscal years beginning on or after April 1, 2005 with early adoption permitted for fiscal years ending on or after March 31, 2004. The Companies adopted the new accounting standard for impairment of fixed assets as of April 1, 2004.

The Companies review their long-lived assets for impairment whenever events or changes in circumstance 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.

h. Software Costs

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

i. Deferred Charges

Bond issuance costs are charged to income as incurred.

j. Allowance for Large Scale Renovation of the Shinkansen Infrastructure

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

k. Retirement and Pension Plans

The Company and 27 consolidated subsidiaries have unfunded retirement plans covering substantially all of their employees. Eight consolidated subsidiaries have non-contributory funded pension plans as an alternative for, or in addition to, an unfunded retirement plan.

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

l. Presentation of Equity

On December 9, 2005, the ASBJ published a new accounting standard for presentation of equity. Under this accounting standard, certain items which were previously presented as liabilities are now presented as components of equity. Such items include stock acquisition rights, minority interests, and any deferred gain or loss on derivatives accounted for under hedge accounting. This standard is effective for fiscal years ending on or after May 1, 2006. The consolidated balance sheet as of March 31, 2007 is presented in line with this new accounting standard.

m. Leases

All leases are accounted for as operating leases. Under the Japanese accounting standards for leases, for lessee, finance leases that are deemed to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's consolidated financial statements, and for lessor, finance leases that are deemed to transfer ownership of the leased property to the lessee are to be accounted for as sales transactions, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if treated as financing" information is disclosed in the notes to the lessor's consolidated financial statements.

n. 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.

o. Appropriations of Retained Earnings

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

p. Consumption Tax

Consumption tax is levied in Japan on the domestic sales of goods and services at the rate of 5%. Consumption tax is excluded from revenue and expense accounts.

q. 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 2007, 2006 and 2005 were ¥137,144 million ($1,162,237 thousand), ¥122,105 million and ¥95,803 million, respectively. The average number of common shares used in the computation was 1,975,924 shares for 2007, 2,237,982 shares for 2006 and 2,238,052 shares for 2005. 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 stocks held by an associated company. Diluted net income per share is not presented in the accompanying consolidated financial statements as the Companies do 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.

r. New Accounting Pronouncements

Measurement of Inventories

Under generally accepted accounting principles in Japan, inventories are currently measured either by the cost method, or at the lower of cost or market. On July 5, 2006, 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 standard also requires that inventories held for trading purposes be measured at the market price.

Lease Accounting

On March 30, 2007, the ASBJ issued ASBJ Statement No.13, "Accounting Standard for Lease Transactions", which revised the existing accounting standard for lease transactions issued on June 17, 1993.

Under the existing 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. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

4. ACCOUNTING CHANGES

Effective April 1, 2004, the Company adopted the declining-balance method of depreciation for the buildings and structures of the Shinkansen railway ground facilities, which had been previously depreciated by the straight-line method which had been different from method adopted for conventional railway network since assuming the Shinkansen railway ground facilities. This change was made to reinforce the financial position and unify the method of Shinkansen railway ground facilities to that of conventional railway network in connection with both commencement of Shinagawa station and drastic timetable revisions focusing on completion of improving the Shinkansen trains to operate at 270 km/hr.

The effects of this change were to increase depreciation by ¥39,455 million and to decrease operating income and income before income taxes and minority interests, respectively, by approximately ¥39,455 million for the year ended March 31, 2005.

5. INVESTMENT SECURITIES

Information regarding investment securities with readily determinable fair values classified as available-for-sale as of March 31, 2007 and 2006 is as follows:

	Millions of Yen							
	2007				2006			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Equity securities	**¥ 40,660**	**¥ 45,645**	**¥ 53**	**¥ 86,252**	¥ 18,660	¥ 41,963	¥ 13	¥ 60,610
Debt securities	**70**			**71**	70			70
Trust fund investment and other	**276**	**90**		**366**	276	155		431

	Thousands of U.S. Dollars			
	2007			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Equity securities	**$ 344,576**	**$ 386,840**	**$ 449**	**$ 730,967**
Debt securities	**601**			**601**
Trust fund investment and other	**2,338**	**763**		**3,101**

Proceeds from sales of available-for-sale securities for the years ended March 31, 2007, 2006 and 2005 were ¥11 million ($93 thousand), ¥111 million and ¥22,797 million, respectively. Gross realized gains and losses on these sales, computed on the moving average cost basis, were nil for the year ended March 31, 2007, ¥6 million and ¥2 million, respectively, for the year ended March 31, 2006, and ¥21,782 million and nil, respectively, for the year ended March 31, 2005.

Available-for-sale securities whose fair value is not readily determinable as of March 31, 2007 and 2006 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Equity securities	**¥ 16,085**	¥ 16,157	**$ 136,314**
Preferred stocks	**5,000**	5,000	**42,372**
Total	***¥ 21,085***	*¥ 21,157*	***$ 178,686***

The carrying values of debt securities by contractual maturities for securities classified as available-for-sale securities as of March 31, 2007 are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Due in one year or less	¥ 20	$ 169
Due after one year through five years	35	296
Due after five years	15	128
Total	*¥ 70*	*$ 593*

Certain securities, which amounted to ¥62 million ($525 thousand) and ¥63 million as of March 31, 2007 and 2006, respectively, were included in the prepaid expenses and other on the accompanying consolidated balance sheets.

6. LONG-LIVED ASSETS

The Companies recognize all properties of the railway business as one asset group, which includes both the Shinkansen railway ground facilities and conventional railway network. The business properties other than railway business properties are also principally divided into each asset groups in which the Companies continuously receive cash flows in consideration of complementary cash flows.

The Companies reviewed their long-lived assets for impairment as of the year ended March 31, 2005 and, as a result, recognized an impairment loss of ¥1,095 million as other expense for commercial facilities in Tokyo, which are included in buildings and structures, due to decrease of profitability and lands in Aichi or other areas, which are included in construction in progress, due to having been idle by freezing plans of increasing lines. These carrying amounts were written down to the recoverable amounts, which were measured at memorandum value, due to the fact that there were little opportunities to sell or divert those assets.

The Companies reviewed their long-lived assets for impairment as of the year ended March 31, 2006 and, as a result, recognized an impairment loss of ¥2,450 million for land mostly used as a company house for its employees. Since the Companies committed to a plan to sell the land, these carrying amounts were written down to the recoverable amounts, which were measured at its net selling value determined by quotation from real estate appraisers.

The Companies reviewed their long-lived assets for impairment as of the year ended March 31, 2007 and, as a result, recognized an impairment loss of ¥1,276 million ($10,813 thousand) for commercial buildings and structures. Since the Companies committed to a plan to retire assets with renewal construction, these carrying amounts were written down to the recoverable amounts, which were measured at its utility value based on the future cash flows discounted in the rate of 1.185%.

7. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

The annual average interest rates applicable to short-term borrowings were 0.83% for 2007 and 0.29% for 2006 and 0.28% for 2005.

Long-term debt as of March 31, 2007 and 2006 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
The Company			
Secured 3.95% Bonds due 2016	**¥ 30,000**	¥ 30,000	**$ 254,237**
Secured 2.825% Bonds due 2017	**50,000**	50,000	**423,728**
Secured 2.18% Bonds due 2018	**30,000**	30,000	**254,237**
Secured 2.6% Bonds due 2020	**50,000**	50,000	**423,728**
Unsecured 2.39% Bonds due 2022	**20,000**	20,000	**169,491**
Unsecured 2.2% Bonds due 2022	**20,000**	20,000	**169,491**
Unsecured 1.49% Bonds due 2012	**10,000**	10,000	**84,745**
Unsecured 1.74% Bonds due 2022	**20,000**	20,000	**169,491**
Unsecured 1.42% Bonds due 2017	**10,000**	10,000	**84,745**
Unsecured 1.15% Bonds due 2022	**25,000**	25,000	**211,864**
Unsecured 1.31% Bonds due 2033	**10,000**	10,000	**84,745**
Unsecured 2.015% Bonds due 2023	**10,000**	10,000	**84,745**
Unsecured 2.2% Bonds due 2024	**10,000**	10,000	**84,745**
Unsecured 2.19% Bonds due 2019	**10,000**	10,000	**84,745**
Unsecured 1.875% Bonds due 2019	**20,000**	20,000	**169,491**
Unsecured 2.21% Bonds due 2024	**10,000**	10,000	**84,745**
Unsecured 1.775% Bonds due 2020	**20,000**	20,000	**169,491**
Unsecured 1.28% Bonds due 2012	**20,000**	20,000	**169,491**
Unsecured 1.77% Bonds due 2017	**20,000**	20,000	**169,491**
Unsecured 1.695% Bonds due 2016	**20,000**	20,000	**169,491**
Unsecured 1.845% Bonds due 2013	**20,000**		**169,491**
Unsecured 2.14% Bonds due 2018	**20,000**		**169,491**
Unsecured 2.405% Bonds due 2026	**10,000**		**84,745**
Unsecured 2% Bonds due 2016	**30,000**		**254,237**
Unsecured 2.04% Bonds due 2018	**19,984**		**169,355**
Unsecured 2.39% Bonds due 2026	**29,979**		**254,059**
Unsecured 1.88% Bonds due 2016	**19,988**		**169,389**
Unsecured loans from Japanese banks and insurance companies, with interest rates ranging from 0.78% to 6.6%, due 2007 to 2024	**646,660**	584,535	**5,480,185**
Subsidiaries			
Unsecured and secured loans from Japanese banks and insurance companies, with interest rates ranging from 0.95% to 5.75%, due 2007 to 2018	**82,907**	89,841	**702,610**
Total	***1,294,519***	*1,089,376*	***10,970,499***
Less current maturities	**(113,382)**	(116,892)	**(960,864)**
Long-term debt, less current maturities	***¥ 1,181,137***	*¥ 972,484*	***$ 10,009,635***

The annual maturities of long-term debt outstanding as of March 31, 2007 were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2008	¥ 113,382	$ 960,864
2009	97,790	828,728
2010	147,486	1,249,881
2011	136,750	1,158,898
2012	131,057	1,110,652
Thereafter	668,051	5,661,476
Total	*¥ 1,294,519*	*$ 10,970,499*

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 accounting 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 ($169,491 thousand) as of March 31, 2007 (see Note 14).

The Company has credit commitments from banks in order to ensure short-term liquidity. Total unused credit available to the Company at March 31, 2007 was ¥100,000 million ($847,457 thousand).

All assets of the Company were pledged for the above secured bonds of ¥180,000 million ($1,525,423 thousand), including aforementioned off-balanced bonds of ¥20,000 million ($169,491 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 current portion of long-term debt of ¥282 million ($2,389 thousand) and the above secured long-term debt of consolidated subsidiaries of ¥1,745 million ($14,788 thousand) at March 31, 2007 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Buildings and structures—net of accumulated depreciation	¥ 1,718	$ 14,560
Land	790	6,694
Total	*¥ 2,508*	*$ 21,254*

8. LONG-TERM PAYABLES

Long-term payables as of March 31, 2007 and 2006 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Long-term payables incurred for purchase of the Shinkansen railway ground facilities:			
With average interest rate of 4.33% (2007) and 4.37% (2006), due semiannually through 2017	**¥ 1,390,380**	¥ 1,574,031	**$ 11,782,881**
With a fixed interest rate of 6.35%, due semiannually through 2017	**224,711**	290,726	**1,904,330**
With a fixed interest rate of 6.55%, due semiannually through 2051	**579,157**	581,335	**4,908,110**
Other	**9,821**	10,122	**83,237**
Total	***2,204,071***	*2,456,215*	***18,678,558***
Less current maturities	**(116,697)**	(186,336)	**(988,957)**
Long-term payables, less current maturities	***¥ 2,087,373***	*¥ 2,269,879*	***$ 17,689,601***

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 payables to such financial institutions and special purpose entity, and has provided such financial institutions and special purpose entity with Japanese national government bonds or cash for the payment of principal and interest on the long-term payables. As a result of such transactions, the balance of long-term payables derecognized amounted to ¥386,083 million ($3,271,889 thousand) and ¥362,686 million as of March 31, 2007 and 2006, respectively, and the related loss on debt assumption amounted to ¥23,465 million ($198,855 thousand) and ¥33,507 million for the years ended March 31, 2007 and 2006, respectively (see Note 14).

The annual maturities of long-term payables as of March 31, 2007 were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2008	¥ 116,697	$ 988,957
2009	121,843	1,032,567
2010	127,469	1,080,245
2011	133,137	1,128,279
2012	138,817	1,176,415
Thereafter	1,566,106	13,272,095
Total	*¥ 2,204,071*	*$ 18,678,558*

Interest expense on aforementioned long-term payables amounted to ¥121,525 million ($1,029,872 thousand), ¥135,154 million and ¥152,338 million for the years ended March 31, 2007, 2006 and 2005, respectively.

9. RETIREMENT AND PENSION PLANS

The Company and 27 consolidated subsidiaries have unfunded retirement plans covering substantially all of their employees. Under the plans, employees terminating their employment are entitled to retirement benefit based on their rate of pay at the time of termination, year of service and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Company or from 27 consolidated subsidiaries. Eight consolidated subsidiaries also have non-contributory funded pension plans, as an alternative for, or in addition to, the unfunded retirement plans.

The net liability for employees' retirement benefits at March 31, 2007 and 2006 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Projected benefit obligation	**¥ 240,268**	¥ 233,335	**$ 2,036,169**
Fair value of plan assets	**(5,111)**	(4,944)	**(43,313)**
Unrecognized actuarial loss	**(8,442)**	(4,393)	**(71,559)**
Unrecognized prior service cost	**(12,131)**	80	**(102,805)**
Prepaid pension cost	**31**	27	**262**
Net liability	***¥ 214,613***	*¥ 224,106*	***$ 1,818,754***

The prepaid pension cost was recorded as prepaid expenses and other in the consolidated balance sheets at March 31, 2007 and 2006.

The components of net periodic benefit costs for the years ended March 31, 2007, 2006 and 2005 are as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2007	2006	2005	**2007**
Service cost	**¥ 11,438**	¥ 10,242	¥ 10,480	**$ 96,932**
Interest cost	**3,734**	3,652	3,841	**31,644**
Expected return on plan assets	**(52)**	(43)	(45)	**(440)**
Recognized actuarial loss	**3,440**	4,047	3,478	**29,152**
Amortization of prior service cost	**2,077**	(64)	196	**17,601**
Net periodic benefit costs	***¥ 20,637***	*¥ 17,834*	*¥ 17,950*	***$ 174,889***

Assumptions used for the years ended March 31, 2007, 2006 and 2005 are set forth as follows:

	2007	2006	2005
Discount rate	**Mainly 1.5%**	Mainly 1.5%	Mainly 1.5%
Expected rate of return on plan assets	**0.85% to 1.5%**	0.75% to 1.5%	0.75% to 1.5%
Recognition period of actuarial gain/loss	**Mainly 5 years**	Mainly 5 years	Mainly 5 years
Amortization period of prior service cost	**5 years**	5 years	5 years

10. EQUITY

On and after May 1, 2006, Japanese companies are subject to a new corporate law of Japan (the "Corporate Law") , which reformed and replaced the Commercial Code of Japan with various revisions that are, for the most part, applicable to events or transactions which occur on or after May 1, 2006 and for the fiscal years ending on or after May 1, 2006. The significant changes in the Corporate Law that affect financial and accounting matters are summarized below;

a. Dividends

Under the Corporate Law, 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 Corporate Law 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 Corporate Law 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 net assets after dividends must be maintained at no less than ¥3 million.

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

The Corporate Law requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Corporate Law, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Corporate Law also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and 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 Corporate Law 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 specific formula.

Under the Corporate Law, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of equity.

The Corporate Law 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.

11. INCOME TAXES

The Company and its consolidated subsidiaries 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, 2007 and 2006.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2007 and 2006 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Deferred tax assets:			
Liabilities for employees' retirement benefits	**¥ 86,281**	¥ 90,104	**$ 731,194**
Depreciation and amortization	**52,915**	45,225	**448,432**
Software	**13,291**	10,501	**112,635**
Accrued bonuses	**9,738**	9,078	**82,525**
Railway usage charges	**7,788**	8,288	**66,000**
Unrealized profit of property and equipment	**5,833**	5,557	**49,432**
Loss carryforwards	**2,703**	3,286	**22,906**
Other	**34,233**	36,592	**290,138**
Total	***212,785***	*208,634*	***1,803,262***
Less valuation allowance	**(16,356)**	(16,005)	**(138,619)**
Deferred tax assets	***196,429***	*192,628*	***1,664,643***
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	**18,363**	16,924	**155,618**
Property and equipment	**4,436**	4,039	**37,593**
Other	**472**	485	**4,017**
Deferred tax liabilities	**23,272**	21,449	**197,228**
Net deferred tax assets	***¥ 173,156***	*¥ 171,179*	***$ 1,467,415***

Net deferred tax assets as of March 31, 2007 and 2006 were reflected in the accompanying consolidated balance sheets under following captions:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Current assets	**¥ 20,918**	¥ 22,009	**$ 177,271**
Investment and other assets	**152,237**	149,179	**1,290,144**
Current liabilities		(9)	
Long-term liabilities			
Net deferred tax assets	***¥ 173,156***	*¥ 171,179*	***$ 1,467,415***

Since the difference between 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, 2007 and 2006.

12. LEASES

As lessee, the Company and consolidated subsidiaries lease certain machinery and vehicles and other assets. Total lease payments under finance lease arrangements that do not transfer ownership of the leased property to the Company and consolidated subsidiaries were ¥731 million ($6,194 thousand) and ¥838 million for the years ended March 31, 2007 and 2006, respectively.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, obligations under finance lease, depreciation expense and interest expense of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2007 and 2006 was as follows:

	Millions of Yen						Thousands of U.S. Dollars		
	2007			2006			**2007**		
	Machinery and Vehicle	Other	Total	Machinery and Vehicle	Other	Total	Machinery and Vehicle	Other	Total
Acquisition costs	**¥ 703**	**¥ 2,522**	**¥ 3,226**	¥ 503	¥ 2,390	¥ 2,894	**$ 5,966**	**$ 21,372**	**$ 27,338**
Accumulated depreciation	**313**	**1,106**	**1,419**	261	1,155	1,417	**2,652**	**9,381**	**12,033**
Net leased property	***¥ 389***	***¥ 1,416***	***¥ 1,806***	*¥ 241*	*¥ 1,235*	*¥ 1,477*	***$ 3,314***	***$ 11,991***	***$ 15,305***

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Due within one year	**¥ 613**	¥ 557	**$ 5,194**
Due after one year	**1,206**	944	**10,229**
Total	***¥ 1,820***	*¥ 1,501*	***$ 15,423***

The amount of acquisition cost and obligations under finance leases includes the imputed interest expense portion.

Depreciation expense, which is not reflected in the accompanying consolidated statements of income, computed by the straight-line method was ¥731 million ($6,194 thousand) and ¥838 million for the years ended March 31, 2007 and 2006, respectively.

The minimum rental commitments under noncancelable operating leases at March 31, 2007 and 2006 are due as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Due within one year	**¥ 864**	¥ 864	**$ 7,322**
Due after one year	**1,406**	2,270	**11,915**
Total	***¥ 2,270***	*¥ 3,135*	***$ 19,237***

As lessor, certain consolidated subsidiaries provide leases such as vehicles, machinery and equipment, which are recorded in the accompanying consolidated balance sheets. The gross amounts of those assets and related accumulated depreciation as of March 31, 2007 and 2006 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Acquisition costs	**¥ 492**	¥ 443	**$ 4,169**
Accumulated depreciation	**275**	228	**2,331**
Net leased property	***¥ 217***	*¥ 215*	***$ 1,838***

Future minimum lease income under finance leases as of March 31, 2007 and 2006 are due as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Due within one year	**¥ 185**	¥ 199	**$ 1,567**
Due after one year	**197**	213	**1,678**
Total	***¥ 383***	*¥ 413*	***$ 3,245***

The amount of future minimum lease income under finance leases mentioned above includes the imputed interest income portion. Lease income and depreciation relating to lease properties reflected in the accompanying consolidated statements of income for the years ended March 31, 2007 and 2006 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Lease income	**¥ 239**	¥ 214	**$ 2,025**
Depreciation expense	**113**	101	**957**

13. RELATED PARTY TRANSACTIONS

The following table summarizes the Company's related party transactions with the Company's major shareholder for the years ended March 31, 2007 and 2006, and related balances as of March 31, 2007 and 2006.

Pursuant to the Law of Japan Railway Construction, Transport and Technology enacted on October 1, 2003, the CATT integrated with JRCPC, that had been the Company's major shareholder as discussed in Note 1, to establish JRTT. JRTT acquired all assets and assumed all liabilities from these two public corporations.

As a result of the integration mentioned above, the transaction with JRTT fell within the scope of a related party transaction. The Company has recognized the transaction of payment of long-term payables and related interest to JRTT as a related party transaction with a major shareholder since the date of the integration.

As discussed in Note 8, based on debt assumption agreements with the financial institutions and the special purpose entity, the Company has transferred the debt repayment obligation for certain long-term payables to such financial institutions and special purpose entity. Corresponding to this off-balance-sheet transaction, the amount of ¥362,686 million was excluded from the balance of long-term payables due to JRTT shown below.

Transactions and related balances were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Interest expense	¥	¥ 134,705	$
Long-term payables		2,446,093	
Other current liabilities (accrued expenses)		8,094	

As discussed in Note 1, on April 5, 2006 all the Company's shares held by the JRTT were sold resulting in no related party transactions for the year ended March 31, 2007.

14. CONTINGENCIES

The Company has joint and several obligations with Railway Technical Research Institute to make payments on long-term borrowings of ¥34,462 million ($292,050 thousand) by the Institute as of March 31, 2007, the proceeds of which are being used for the enhancement of technology development for the Maglev system.

As discussed in Notes 7 and 8, 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 payables to such financial institutions and special purpose entity. At March 31, 2007, the Company had contingent obligations of ¥20,000 million ($169,491 thousand) for the bonds and ¥386,083 million ($3,271,889 thousand) for long-term payables, respectively.

15. 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. Other services segment includes hotel, travel, advertising, construction and other business.

Information by these industry segments of the Companies for the years ended March 31, 2007, 2006 and 2005 were as follows:

(1) Sales and Operating Income

	Millions of Yen					
	Transportation	Merchandise and Other	Real Estate	Other Services	Eliminations or Corporate	Consolidated
For the year ended March 31, 2007:						
Operating revenues:						
Outside customers	¥ 1,200,353	¥ 187,197	¥ 41,895	¥ 61,823		¥ 1,491,269
Intercompany	11,714	8,643	20,703	97,670	¥ (138,732)	
Total	*1,212,067*	*195,840*	*62,599*	*159,494*	*(138,732)*	*1,491,269*
Operating costs and expenses	834,527	188,278	48,857	155,294	(138,175)	1,088,782
Operating income	*¥ 377,539*	*¥ 7,562*	*¥ 13,741*	*¥ 4,200*	*¥ (556)*	*¥ 402,487*

	Millions of Yen					
	Transportation	Merchandise and Other	Real Estate	Other Services	Eliminations or Corporate	Consolidated
For the year ended March 31, 2006:						
Operating revenues:						
Outside customers	¥ 1,187,944	¥ 183,103	¥ 38,046	¥ 58,556		¥ 1,467,650
Intercompany	11,857	7,603	20,186	86,518	¥ (126,165)	
Total	*1,199,802*	*190,706*	*58,232*	*145,074*	*(126,165)*	*1,467,650*
Operating costs and expenses	819,819	183,197	45,766	141,117	(126,005)	1,063,895
Operating income	*¥ 379,983*	*¥ 7,509*	*¥ 12,466*	*¥ 3,956*	*¥ (160)*	*¥ 403,754*

	Millions of Yen					
	Transportation	Merchandise and Other	Real Estate	Other Services	Eliminations or Corporate	Consolidated
For the year ended March 31, 2005:						
Operating revenues:						
Outside customers	¥ 1,137,183	¥ 171,599	¥ 37,072	¥ 63,641		¥ 1,409,497
Intercompany	11,081	6,976	18,646	74,605	¥ (111,309)	
Total	*1,148,265*	*178,575*	*55,718*	*138,246*	*(111,309)*	*1,409,497*
Operating costs and expenses	821,138	172,979	42,879	136,027	(111,354)	1,061,670
Operating income	¥ 327,127	¥ 5,596	¥ 12,839	¥ 2,218	¥ 44	¥ 347,826

	Thousands of U.S. Dollars					
	Transportation	Merchandise and Other	Real Estate	Other Services	Eliminations or Corporate	Consolidated
For the year ended March 31, 2007:						
Operating revenues:						
Outside customers	$ 10,172,483	$ 1,586,415	$ 355,042	$ 523,932		$ 12,637,872
Intercompany	99,271	73,246	175,458	827,719	$ (1,175,694)	
Total	*10,271,754*	*1,659,661*	*530,500*	*1,351,651*	*(1,175,694)*	*12,637,872*
Operating costs and expenses	7,072,271	1,595,577	414,051	1,316,041	(1,170,974)	9,226,966
Operating income	*$ 3,199,483*	*$ 64,084*	*$ 116,449*	*$ 35,610*	*$ (4,720)*	*$ 3,410,906*

As discussed in Note 4, effective April 1, 2004, the Company adopted the declining-balance method of depreciation for the buildings and structures of the Shinkansen railway ground facilities, which had been previously depreciated by the straight-line method which had been different from method adopted for conventional railway network since assuming the Shinkansen railway ground facilities. This change was made to reinforce the financial position and unify its method to the method adopted for conventional railway network in connection with both commencement of Shinagawa station and drastic timetable revisions focusing on completion of improving the Shinkansen trains to operate at 270 km/hr. The effects of this change were to increase depreciation expense in transportation segment by ¥39,455 million and to decrease operating income of transportation segment by approximately ¥39,455 million for the year ended March 31, 2005.

(2) Assets, Depreciation and Amortization, Impairment Loss and Capital Expenditures

	Millions of Yen					
	Transportation	Merchandise and Other	Real Estate	Other Services	Eliminations or Corporate	Consolidated
For the year ended March 31, 2007:						
Assets	¥ 4,875,275	¥ 71,308	¥ 287,667	¥ 109,370	¥ (179,040)	¥ 5,164,581
Depreciation and amortization	199, 661	2,875	10,651	2,036		215,225
Impairment loss		24	1,252			1,276
Capital expenditures	182,517	7,485	21,429	2,494		213,927

	Millions of Yen					
	Transportation	Merchandise and Other	Real Estate	Other Services	Eliminations or Corporate	Consolidated
For the year ended March 31, 2006:						
Assets	¥ 4,956,400	¥ 65,723	¥ 283,191	¥ 93,203	¥ (88,670)	¥ 5,309,848
Depreciation and amortization	219,799	2,519	10,644	1,891		234,854
Impairment loss	2,450					2,450
Capital expenditures	112,319	2,845	14,731	2,527		132,423

	Millions of Yen					
	Transportation	Merchandise and Other	Real Estate	Other Services	Eliminations or Corporate	Consolidated
For the year ended March 31, 2005:						
Assets	¥ 5,055,400	¥ 60,039	¥ 272,077	¥ 83,272	¥ (161,298)	¥ 5,309,491
Depreciation and amortization	236,241	2,446	10,285	1,834		250,807
Capital expenditures	124,670	3,930	11,098	3,023		142,722

	Thousands of U.S. Dollars					
	Transportation	Merchandise and Other	Real Estate	Other Services	Eliminations or Corporate	Consolidated
For the year ended March 31, 2007:						
Assets	$ 41,315,889	$ 604,305	$ 2,437,855	$ 926,874	$ (1,517,288)	$ 43,767,635
Depreciation and amortization	1,692,042	24,364	90,262	17,272		1,823,940
Impairment loss		203	10,610			10,813
Capital expenditures	1,546,754	63,432	181,601	21,153		1,812,940

As discussed in Note 3.g, effective April 1, 2004, the Companies adopted the new accounting standard for impairment of fixed assets. The effects of this change were to decrease assets in transportation segment by ¥1,005 million and to decrease assets in merchandise and other segment by ¥47 million for the year ended March 31, 2005.

The amounts of corporate assets included in eliminations or corporate column were ¥86,240 million ($730,847 thousand), ¥159,703 million and ¥49,445 million for the years ended March 31, 2007, 2006 and 2005, respectively. Corporate assets principally consisted of short-term and long-term investments.

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

16. SUBSEQUENT EVENTS

Appropriations of Retained Earnings

The following appropriations of retained earnings at March 31, 2007 were approved at the Company's shareholders meeting held on June 22, 2007:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥4,000 ($33.90) per share	¥ 7,888	$ 66,847

Non-Consolidated Balance Sheets

Central Japan Railway Company — March 31, 2007 and 2006

ASSETS	Millions of Yen (Note 2)		Thousands of U.S. Dollars (Note 2)
	2007	2006	**2007**
CURRENT ASSETS:			
Cash and cash equivalents	**¥ 30,030**	¥ 168,903	**$ 254,491**
Trade receivables	**38,044**	17,877	**322,406**
Materials and supplies	**7,221**	6,770	**61,194**
Deferred tax assets (Note 10)	**17,746**	19,222	**150,389**
Prepaid expenses and other current assets	**43,598**	30,334	**369,486**
Total current assets	***136,640***	*243,109*	***1,157,966***
INVESTMENTS AND OTHER ASSETS:			
Investment securities	**107,324**	81,811	**909,525**
Investments in and advances to subsidiaries and associated companies	**133,710**	130,890	**1,133,135**
Deferred tax assets (Note 10)	**143,210**	140,193	**1,213,644**
Prepaid expenses and other	**18,853**	18,094	**159,797**
Total investments and other assets	***403,099***	*370,989*	***3,416,101***
PROPERTY AND EQUIPMENT (Note 5):			
Railway business property	**7,112,586**	**7,088,802**	**60,276,152**
Other business property (Note 6)	**237,391**	**219,734**	**2,011,788**
Construction in progress (Note 6)	**109,270**	**92,484**	**926,026**
Total	***7,459,248***	*7,401,022*	***63,213,966***
Accumulated depreciation	**(2,995,489)**	(2,859,058)	**(25,385,500)**
Net property and equipment	***4,463,759***	*4,541,963*	***37,828,466***
TOTAL	***¥ 5,003,499***	*¥ 5,156,062*	***$ 42,402,533***

See notes to non-consolidated financial statements.

March 31, 2007 and 2006

LIABILITIES AND EQUITY	Millions of Yen (Note 2)		Thousands of U.S. Dollars (Note 2)
	2007	2006	**2007**
CURRENT LIABILITIES:			
Short-term bond	**¥ 44,999**		**$ 381,347**
Short-term borrowings	**86,157**	¥ 83,109	**730,144**
Trade payables	**135,480**	110,159	**1,148,135**
Current portion of long-term debt (Note 7)	**106,484**	109,774	**902,406**
Current portion of long-term payables (Note 8)	**116,697**	186,336	**988,957**
Accrued bonuses	**20,123**	18,765	**170,533**
Consumption tax payable	**5,880**	7,476	**49,830**
Accrued income taxes	**45,801**	59,790	**388,144**
Advances received	**28,682**	29,295	**243,067**
Interline payables	**205**	1,896	**1,737**
Other current liabilities	**64,332**	65,062	**545,233**
Total current liabilities	***654,845***	*671,666*	***5,549,533***
LONG-TERM LIABILITIES:			
Long-term debt (Note 7)	**1,105,127**	889,760	**9,365,483**
Long-term payables (Note 8)	**2,087,373**	2,269,879	**17,689,601**
Allowance for large scale renovation of the Shinkansen infrastructure	**150,000**	116,666	**1,271,186**
Liabilities for employees' retirement benefits	**206,989**	216,935	**1,754,144**
Other	**36,781**	37,897	**311,731**
Total long-term liabilities	***3,586,273***	*3,531,139*	***30,392,145***
CONTINGENCIES (Notes 11 and 12)			
EQUITY (Notes 9 and 13):			
Common stock—authorized, 8,960,000 shares; issued, 2,240,000 shares in 2007 and 2006	**112,000**	112,000	**949,152**
Capital surplus	**53,586**	53,500	**454,118**
Retained earnings:			
Legal reserve	**12,504**	12,504	**105,966**
Unappropriated	**865,207**	750,136	**7,332,262**
Unrealized gain on available-for-sale securities	**27,251**	25,115	**230,950**
Treasury stock—at cost, 267,973 shares in 2007 and nil in 2006	**(308,168)**	—	**(2,611,593)**
Total equity	***762,381***	*953,256*	***6,460,855***
TOTAL	***¥ 5,003,499***	*¥ 5,156,062*	***$ 42,402,533***

See notes to non-consolidated financial statements.

Non-Consolidated Statements of Income

Central Japan Railway Company

Years Ended March 31, 2007, 2006 and 2005

	Millions of Yen (Note 2)			Thousands of U.S. Dollars (Note 2)
	2007	2006	2005	**2007**
OPERATING REVENUES :				
Railway business	**¥ 1,203,957**	¥ 1,191,496	¥ 1,140,834	**$ 10,203,024**
Other	**8,357**	8,119	8,420	**70,822**
Total operating revenues	***1,212,314***	*1,199,616*	*1,149,254*	***10,273,846***
OPERATING COSTS AND EXPENSES :				
Railway business (Notes 4.)	**826,850**	811,395	813,743	**7,007,203**
Other	**4,641**	4,466	4,533	**39,330**
Total operating costs and expenses	***831,491***	*815,862*	*818,276*	***7,046,533***
Operating income	***380,823***	*383,753*	*330,978*	***3,227,313***
OTHER INCOME (EXPENSES) :				
Interest and dividend income	**1,122**	706	821	**9,508**
Interest expense (Note 8)	**(148,242)**	(158,677)	(176,660)	**(1,256,288)**
Gain or loss on sales of investment securities—net	**—**	(1)	20,609	**—**
Loss on debt assumption (Note 8)	**(23,465)**	(33,507)	(29,789)	**(198,855)**
Other—net (Note 6)	**7,729**	(16)	1,712	**65,491**
Other expenses—net	***(162,857)***	*(191,496)*	*(183,306)*	***(1,380,144)***
INCOME BEFORE INCOME TAXES	**217,966**	192,256	147,671	**1,847,169**
INCOME TAXES (Note 10):				
Current	**90,801**	91,888	66,568	**769,500**
Deferred	**(2,976)**	(15,712)	(9,519)	**(25,220)**
Total income taxes	***87,824***	*76,176*	*57,049*	***744,280***
NET INCOME	**¥ 130,141**	¥ 116,080	¥ 90,622	**$ 1,102,889**

	Yen			U.S. Dollars
PER SHARE OF COMMON STOCK (Note 3.p):				
Net income	**¥ 65,794.51**	¥ 51,673.80	¥ 40,329.38	**$ 557.58**
Cash dividends applicable to the year	**7,500.00**	6,500.00	5,500.00	**63.55**

See notes to non-consolidated financial statements.

Non-Consolidated Statements of Changes in Equity

Central Japan Railway Company Years Ended March 31, 2007, 2006 and 2005

	Thousands	Millions of Yen (Note 2)						
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings: Legal Reserve	Retained Earnings: Unappr-opriated	Unrealized Gain on Available-for-sale Securities	Treasury Stock	Total Equity
BALANCE, APRIL 1, 2004	2,240	¥ 112,000	¥ 53,500	¥ 12,504	¥ 568,632	¥ 10,744		¥ 757,382
Net income					90,622			90,622
Cash dividends, ¥5,000 per share					(11,200)			(11,200)
Bonuses to directors and corporate auditors					(274)			(274)
Net increase in unrealized gain on available-for-sale securities						12		12
BALANCE, MARCH 31, 2005	2,240	112,000	53,500	12,504	647,780	10,757		836,542
Net income					116,080			116,080
Cash dividends, ¥6,000 per share					(13,440)			(13,440)
Bonuses to directors and corporate auditors					(284)			(284)
Net increase in unrealized gain on available-for-sale securities						14,357		14,357
BALANCE, MARCH 31, 2006	2,240	112,000	53,500	12,504	750,136	25,115		953,256
Net income					130,141			130,141
Cash dividends, ¥7,000 per share					(14,739)			(14,739)
Bonuses to directors and corporate auditors					(331)			(331)
Purchase of treasury stock	(268)						¥ (308,988)	(308,988)
Disposal of treasury stock			86				819	906
Net increase in unrealized gain on available-for-sale securities						2,136		2,136
BALANCE, MARCH 31, 2007	1,972	¥ 12,000	¥ 53,586	¥ 12,504	¥ 865,207	¥ 27,251	¥ (308,168)	¥ 762,381

	Thousands of U.S. Dollars (Note.1)						
	Common Stock	Capital Surplus	Retained Earnings: Legal Reserve	Retained Earnings: Unappr-opriated	Unrealized Gain on Available-for-sale Securities	Treasury Stock	Total Equity
BALANCE, MARCH 31, 2006	$ 949,152	$ 453,390	$ 105,966	$ 6,357,084	$ 212,848		$ 8,078,440
Net income				1,102,889			1,102,889
Cash dividends, $59.32 per share				(124,906)			(124,906)
Bonuses to directors and corporate auditors				(2,805)			(2,805)
Purchase of treasury stock						$ (2,618,542)	(2,618,542)
Disposal of treasury stock		728				6,949	7,677
Net increase in unrealized gain on available-for-sale securities					18,102		18,102
BALANCE, MARCH 31, 2007	$ 949,152	$ 454,118	$ 105,966	$ 7,332,262	$ 230,950	$ (2,611,593)	$ 6,460,855

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 to 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 borrowings, (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 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 Corporate Law of Japan, the Japanese Securities and Exchange Law, the Law for Railway Business Enterprise and related accounting regulations, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

On December 27, 2005, the Accounting Standards Board of Japan (the “ASBJ”) published a new accounting standard for the statement of changes in equity, which is effective for fiscal years ending on or after May 1, 2006. The statement of shareholders’ equity, which was previously voluntarily prepared in line with the international accounting practices, is now required under generally accepted accounting principles in Japan and has been renamed “the statement of changes in equity” in the current fiscal year.

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 2006 non-consolidated balance sheet and in the 2006 and 2005 non-consolidated statements of income to conform to the classifications used in 2007.

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 ¥118 to $1, the approximate rate of exchange at March 30, 2007. 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 associated companies 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 and commercial paper that represent short-term investments, all of which mature or become due within three months of the date of acquisition.

c. Materials and Supplies

Materials and supplies are carried at cost determined by the moving-average cost method.

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 and Equipment

Property 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 (see Note 4.). Additional depreciation is provided for the Shinkansen cars 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 3 to 20 years for machinery and equipment.

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

f. Long-lived Assets

In August 2002, the Business Accounting Council issued a Statement of Opinion, "Accounting for Impairment of Fixed Assets," and in October 2003 the ASBJ issued ASBJ Guidance No. 6, "Guidance for Accounting Standard for Impairment of Fixed Assets." These new pronouncements were effective for fiscal years beginning on or after April 1, 2005 with early adoption permitted for fiscal years ending on or after March 31, 2004. The Company adopted the new accounting standard for impairment of fixed assets as of April 1, 2004.

The Company reviews its long-lived assets for impairment whenever events or changes in circumstance 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 charged to income as incurred.

i. Allowance for Large Scale Renovation of the Shinkansen Infrastructure

Allowance for large scale renovation of the Shinkansen infrastructure is provided based on the Company's allowance 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 liability for employees' retirement benefits is mainly calculated based on the projected benefit obligations at the balance sheet date.

k. Presentation of Equity

On December 9, 2005, the ASBJ published a new accounting standard for presentation of equity. Under this accounting standard, certain items which were previously presented as liabilities are now presented as components of equity. Such items include stock acquisition rights and any deferred gain or loss on derivatives accounted for under hedge accounting. This standard is effective for fiscal years ending on or after May 1, 2006. The non-consolidated balance sheet as of March 31, 2007 is presented in line with this new accounting standard.

l. Leases

All leases are accounted for as operating leases. Under the Japanese accounting standards for leases, finance leases that are deemed to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements.

m. 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.

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%. Consumption tax is excluded from revenues and expenses.

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 2007, 2006 and 2005 were ¥130,141 million ($1,102,889 thousand), ¥115,749 million and ¥90,337 million, respectively. The average number of common shares used in the computation was 1,978,000 shares for 2007, 2,240,000 shares for 2006 and 2005. 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.

q. Related Party Transaction

Related party transactions other than with subsidiaries are not presented herein, as they are disclosed in the consolidated financial statements of the Company and consolidated subsidiaries.

r. New Accounting Pronouncements

Measurement of Inventories

Under generally accepted accounting principles in Japan, inventories are currently measured either by the cost method, or at the lower of cost or market. On July 5, 2006, 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 standard also requires that inventories held for trading purposes be measured at the market price.

Lease Accounting

On March 30, 2007, the ASBJ issued ASBJ Statement No.13, "Accounting Standard for Lease Transactions", which revised the existing accounting standard for lease transactions issued on June 17, 1993.

Under the existing 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. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

4. ACCOUNTING CHANGES

Effective April 1, 2004, the Company adopted the declining-balance method of depreciation for the buildings and structures of the Shinkansen railway ground facilities, which had been previously depreciated by the straight-line method which had been different from method adopted for conventional railway network since assuming the Shinkansen railway ground facilities. This change was made to reinforce the financial position and unify the method of Shinkansen railway ground facilities to that of conventional railway network in connection with both commencement of Shinagawa station and drastic timetable revisions focusing on completion of improving the Shinkansen trains to operate at 270 km/hr.

The effects of this change were to increase depreciation by ¥39,817 million and to decrease operating income and income before income taxes, respectively, by approximately ¥39,817 million for the year ended March 31, 2005.

5. PROPERTY AND EQUIPMENT

Property and equipment as of March 31, 2007 and 2006, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Land	**¥ 2,330,051**	¥ 2,332,925	**$ 19,746,194**
Buildings	**484,508**	470,191	**4,106,000**
Structures	**3,381,554**	3,393,731	**28,657,237**
Rolling stock	**745,585**	727,937	**6,318,516**
Machinery and equipment	**408,277**	383,751	**3,459,974**
Construction in progress	**109,270**	92,484	**926,045**
Total	***7,459,248***	*7,401,022*	***63,213,966***
Accumulated depreciation	**(2,995,489)**	(2,859,058)	**(25,385,500)**
Net property and equipment	***¥ 4,463,759***	*¥ 4,541,963*	***$ 37,828,466***

6. LONG-LIVED ASSETS

The Company recognizes all properties of the railway business as one asset group, which includes both the Shinkansen railway ground facilities and conventional railway network. The business properties other than railway business properties are also principally divided into each asset groups in which the Company continuously receives cash flows in consideration of complementary cash flows.

The Company reviewed its long-lived assets for impairment as of the year ended March 31, 2005 and, as a result, recognized an impairment loss of ¥1,005 million as other expense for land in Aichi or other areas, which are included in construction in progress, due to having been idle by freezing plans of increasing lines. These carrying amounts were written down to the recoverable amounts, which were measured at memorandum value, due to the fact that there were little opportunities to sell or divert those assets.

The Company reviewed its long-lived assets for impairment as of the year ended March 31, 2006 and, as a result, recognized an impairment loss of ¥2,450 million for land mostly used as a company house for its employees. Since the Company committed to a plan to sell the land, these carrying amounts were written down to the recoverable amounts, which were measured at its net selling value determined by quotation from real estate appraisers.

7. LONG-TERM DEBT

Long-term debt as of March 31, 2007 and 2006, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Secured 3.95% Bonds due 2016	**¥ 30,000**	¥ 30,000	**$ 254,237**
Secured 2.825% Bonds due 2017	**50,000**	50,000	**423,728**
Secured 2.18% Bonds due 2018	**30,000**	30,000	**254,237**
Secured 2.6% Bonds due 2020	**50,000**	50,000	**423,728**
Unsecured 2.39% Bonds due 2022	**20,000**	20,000	**169,491**
Unsecured 2.2% Bonds due 2022	**20,000**	20,000	**169,491**
Unsecured 1.49% Bonds due 2012	**10,000**	10,000	**84,745**
Unsecured 1.74% Bonds due 2022	**20,000**	20,000	**169,491**
Unsecured 1.42% Bonds due 2017	**10,000**	10,000	**84,745**
Unsecured 1.15% Bonds due 2022	**25,000**	25,000	**211,864**
Unsecured 1.31% Bonds due 2033	**10,000**	10,000	**84,745**
Unsecured 2.015% Bonds due 2023	**10,000**	10,000	**84,745**
Unsecured 2.2% Bonds due 2024	**10,000**	10,000	**84,745**
Unsecured 2.19% Bonds due 2019	**10,000**	10,000	**84,745**
Unsecured 1.875% Bonds due 2019	**20,000**	20,000	**169,491**
Unsecured 2.21% Bonds due 2024	**10,000**	10,000	**84,745**
Unsecured 1.775% Bonds due 2020	**20,000**	20,000	**169,491**
Unsecured 1.28% Bonds due 2012	**20,000**	20,000	**169,491**
Unsecured 1.77% Bonds due 2017	**20,000**	20,000	**169,491**
Unsecured 1.695% Bonds due 2016	**20,000**	20,000	**169,491**
Unsecured 1.845% Bonds due 2013	**20,000**		**169,491**
Unsecured 2.14% Bonds due 2018	**20,000**		**169,491**
Unsecured 2.405% Bonds due 2026	**10,000**		**84,745**
Unsecured 2% Bonds due 2016	**30,000**		**254,237**
Unsecured 2.04% Bonds due 2018	**19,984**		**169,355**
Unsecured 2.39% Bonds due 2026	**29,979**		**254,059**
Unsecured 1.88% Bonds due 2016	**19,988**		**169,389**
Unsecured loans from Japanese banks and insurance companies, with interest rates ranging from 0.78% to 6.6%, due 2007 to 2024	**646,660**	584,535	**5,480,185**
Total	***1,256,612***	*999,535*	***10,267,889***
Less current maturities	**(106,484)**	(109,774)	**(902,406)**
Long-term debt, less current maturities	***¥ 1,105,127***	*¥ 889,760*	***$ 9,365,483***

The annual maturities of long-term debt outstanding as of March 31, 2007, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2008	¥ 106,484	$ 902,406
2009	75,984	643,932
2010	133,794	1,133,847
2011	129,994	1,101,644
2012	124,894	1,058,423
Thereafter	640,458	5,427,637
Total	*¥ 1,211,612*	*$ 10,267,889*

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 ($169,491 thousand) as of March 31, 2007(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, 2007 was ¥100,000 million ($847,457 thousand).

All assets of the Company were pledged for the above secured bonds of ¥180,000 million ($1,525,423 thousand), including aforementioned off-balanced bonds of ¥20,000 million ($169,491 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.

8. LONG-TERM PAYABLES

Long-term payables as of March 31, 2007 and 2006, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Long-term payables incurred for purchase of			
the Shinkansen railway ground facilities:			
With average interest rate of 4.33% (2007) and 4.37% (2006),			
due semiannually through 2017	**¥ 1,390,380**	¥ 1,574,031	**$ 11,782,881**
With a fixed interest rate of 6.35%, due semiannually through 2017	**224,711**	290,726	**1,904,330**
With a fixed interest rate of 6.55%, due semiannually through 2051	**579,157**	581,335	**4,908,110**
Other	**9,821**	10,122	**83,237**
Total	***2,204,071***	*2,456,215*	**18,678,558**
Less current maturities	**(116,697)**	(186,336)	**(988,957)**
Long-term payables, less current maturities	***¥ 2,087,373***	*¥ 2,269,879*	***$ 17,689,601***

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 payables to such financial institutions and special purpose entity and has provided such financial institutions and special purpose entity with Japanese national government bonds or cash for the payment of principal and interest on the long-term payables. As a result of such transactions, the balance of long-term payables derecognized amounted to ¥386,083 million ($3,271,889 thousand) and ¥362,686 million as of March 31, 2007 and 2006, respectively, and the related loss on debt assumption amounted to ¥23,465 million ($198,855 thousand) and ¥33,507million for the years ended March 31, 2007and 2006, respectively (see Note 12).

The annual maturities of long-term payables as of March 31, 2007, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2008	¥ 116,697	$ 988,957
2009	121,843	1,032,567
2010	127,469	1,080,245
2011	133,137	1,128,279
2012	138,817	1,176,415
Thereafter	1,566,106	13,272,095
Total	*¥ 2,204,071*	*$ 18,678,558*

Interest expense on the aforementioned long-term payables amounted to ¥121,525 million ($1,029,872 thousand), ¥135,154 million and ¥152,338 million for the years ended March 31, 2007, 2006 and 2005, respectively.

9. EQUITY

On and after May 1, 2006, Japanese companies are subject to a new corporate law of Japan (the "Corporate Law") , which reformed and replaced the Commercial Code of Japan with various revisions that are, for the most part, applicable to events or transactions which occur on or after May 1, 2006 and for the fiscal years ending on or after May 1, 2006. The significant changes in the Corporate Law that affect financial and accounting matters are summarized below;

a. Dividends

Under the Corporate Law, 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 Corporate Law 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 Corporate Law 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 net assets after dividends must be maintained at no less than ¥3 million.

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

The Corporate Law requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Corporate Law, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Corporate Law also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and 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 Corporate Law 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 specific formula.

Under the Corporate Law, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of equity.

The Corporate Law 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.

10. 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, 2007and 2006.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2007 and 2006, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Deferred tax assets:			
Liabilities for employees' retirement benefits	**¥ 83,209**	¥ 87,207	**$ 705,161**
Depreciation and amortization	**52,870**	45,159	**448,050**
Software	**13,254**	10,446	**112,322**
Railway usage charges	**7,788**	8,288	**66,000**
Accrued bonuses	**8,089**	7,543	**68,550**
Other	**33,209**	36,385	**281,467**
Total	***198,423***	*195,032*	***1,681,550***
Less valuation allowance	**(14,871)**	(14,856)	**(126,043)**
Deferred tax assets	***183,551***	*180,176*	***1,555,507***
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	**18,319**	16,883	**155,254**
Property and equipment	**4,274**	3,876	**36,220**
Deferred tax liabilities	**22,594**	20,760	**191,474**
Net deferred tax assets	***¥ 160,957***	*¥ 159,416*	***$ 1,364,033***

Since the difference between 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, 2007 and 2006.

11. LEASES

The Company leases certain assets relating to railway business and other business. Total lease payments under finance lease arrangements that do not transfer ownership of the leased property to the Company were ¥508million ($4,305 thousand) and ¥553 million for the years ended March 31, 2007 and 2006, respectively.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, obligations under finance lease, depreciation expense and interest expense of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2007 and 2006 was as follows:

	Millions of Yen						Thousands of U.S. Dollars		
	2007			2006			**2007**		
	Railway Business Property	Other Business Property	Total	Railway Business Property	Other Business Property	Total	Railway Business Property	Other Business Property	Total
Acquisition cost	**¥ 2,156**	**¥ 140**	**¥ 2,297**	¥1,474	¥ 174	¥ 1,649	**$ 18,279**	**$ 1,187**	**$ 19,466**
Accumulated depreciation	**679**	**58**	**737**	434	108	543	**5,763**	**492**	**6,255**
Net leased property	***¥ 1,477***	***¥ 81***	***¥ 1,559***	*¥ 1,040*	*¥ 65*	*¥ 1,105*	***$ 12,516***	***$ 695***	***$ 13,211***

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Due within one year	**¥ 464**	¥ 370	**$ 3,932**
Due after one year	**1,095**	735	**9,279**
Total	***¥ 1,559***	*¥ 1,105*	***$ 13,211***

The amount of acquisition cost and obligations under finance leases includes the imputed interest expense portion.

Depreciation expense, which is not reflected in the accompanying non-consolidated statements of income, computed by the straight-line method was ¥508 million ($4,305 thousand) and ¥553 million for the years ended March 31, 2007 and 2006, respectively.

The minimum rental commitments under noncancelable operating leases at March 31, 2007 and 2006 are due as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Due within one year	**¥ 864**	¥ 864	**$ 7,322**
Due after one year	**1,406**	2,270	**11,915**
Total	***¥ 2,270***	*¥ 3,135*	***$ 19,237***

12. CONTINGENCIES

The Company has joint and several obligations with Railway Technical Research Institute to make payments on long-term borrowings of ¥34,462 million ($292,050 thousand) by the Institute as of March 31, 2007, the proceeds of which are being used for the enhancement of technology development for the Maglev system.

As discussed in Notes 7 and 8, 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 payables to such financial institutions and special purpose entity. At March 31, 2007, the Company had contingent obligations of ¥20,000 million ($169,491 thousand) for the bonds and ¥386,083 million ($3,271,889 thousand) for long-term payables, respectively.

The Company also had contingent liabilities for guarantees of the loans of a subsidiary amounting to ¥55,053 million ($466,550 thousand) at March 31, 2007.

13. SUBSEQUENT EVENT

The following appropriations of retained earnings at March 31, 2007 were approved at the Company's shareholders meeting held on June 22, 2007:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥4,000 ($33.89) per share	¥ 7,888	$ 66,847

Independent Auditors' Report

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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, 2007 and 2006, 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, 2007, and the accompanying non-consolidated balance sheets of Central Japan Railway Company as of March 31, 2007 and 2006, and the related non-consolidated statements of income and changes in equity for each of the three years in the period ended March 31, 2007, 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, 2007 and 2006, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2007, 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, 2007 and 2006, and the results of its operations for each of the three years in the period ended March 31, 2007, in conformity with accounting principles generally accepted in Japan.

As discussed in Note 4 to the consolidated financial statements and Note 4 to the non-consolidated financial statements, the Company changed its method of accounting for depreciation for the buildings and structures of the Shinkansen railway ground facilities as of April 1, 2004.

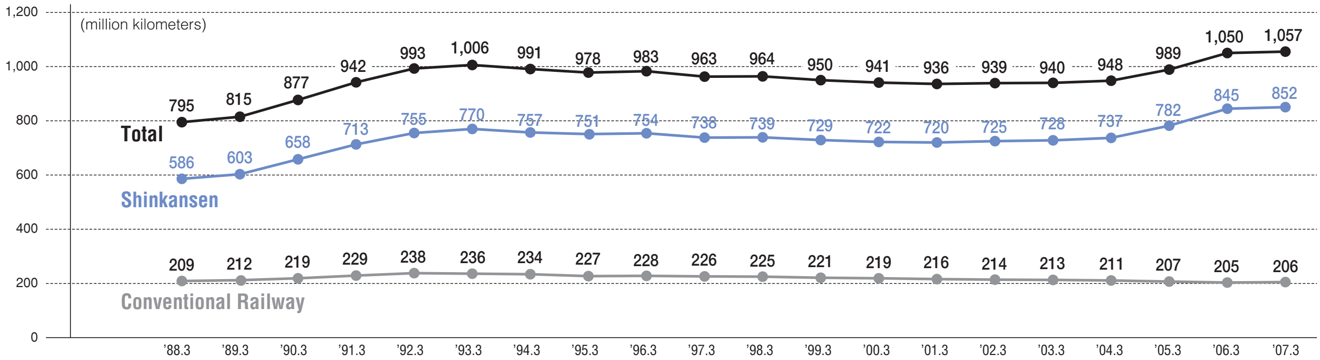
Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 2 of the consolidated financial statements and the non-consolidated financial statements. Such U.S. dollar amounts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

Deloitte Touche Tohmatsu

June 22, 2007

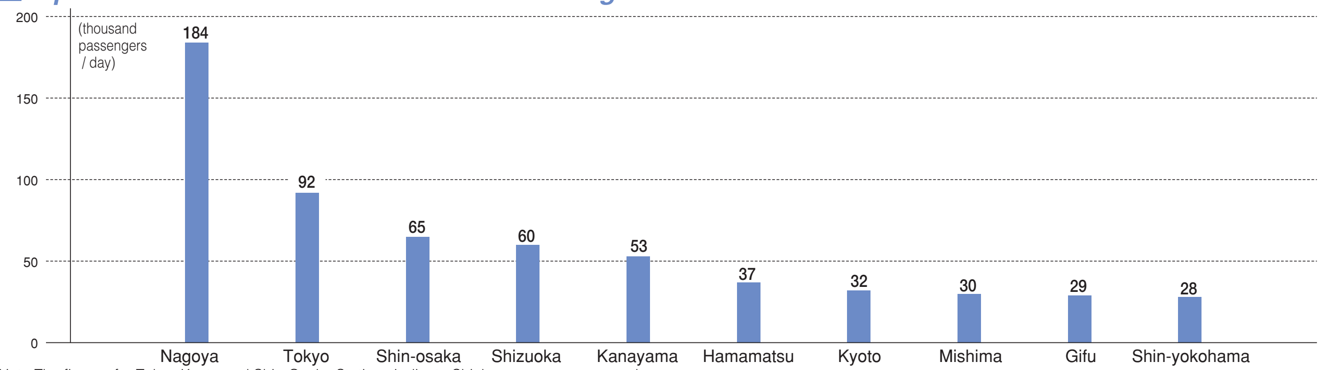
Appendix 1—Transportation Data

Rolling Stock Kilometers



Top 10 Stations in terms of Number of Passengers

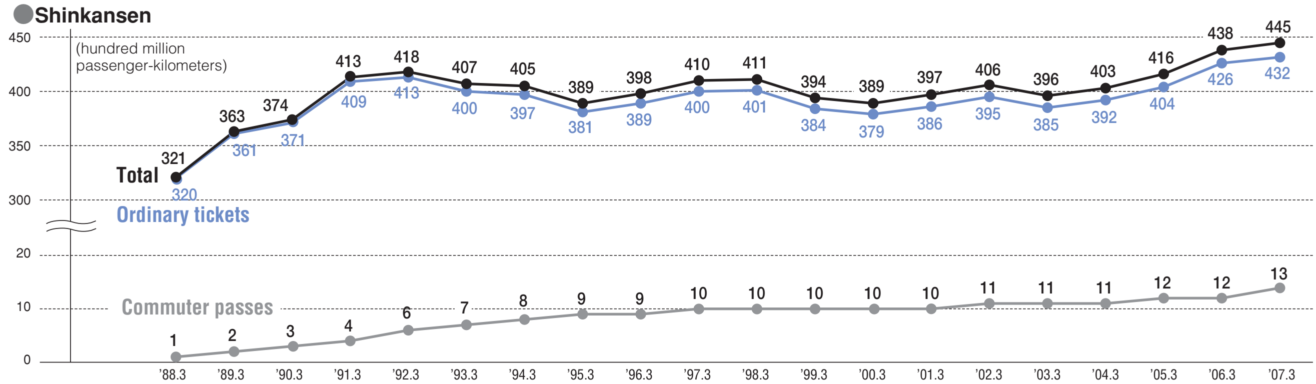
(Daily average of FY 2006)



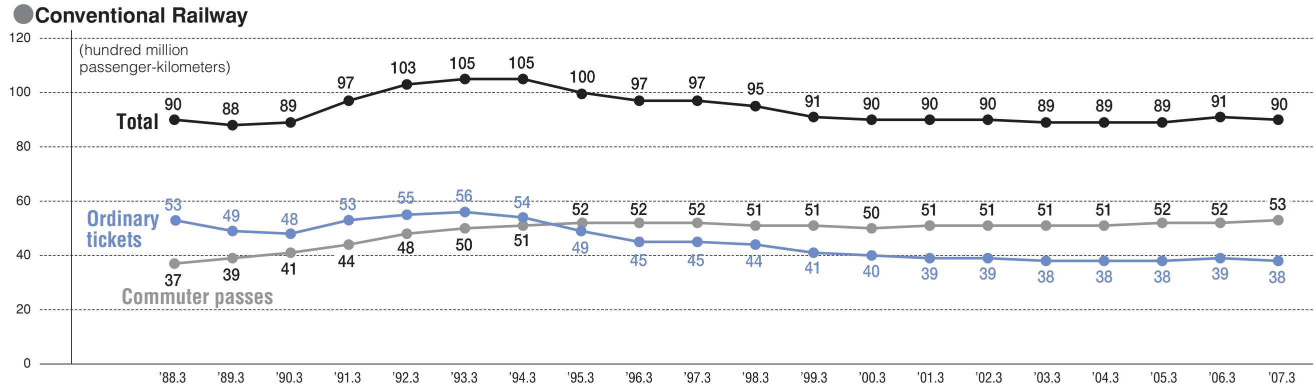
Note:The figures for Tokyo,Kyoto,and Shin-Osaka Stations indicate Shinkansen passengers only

Passenger Kilometers

●Shinkansen

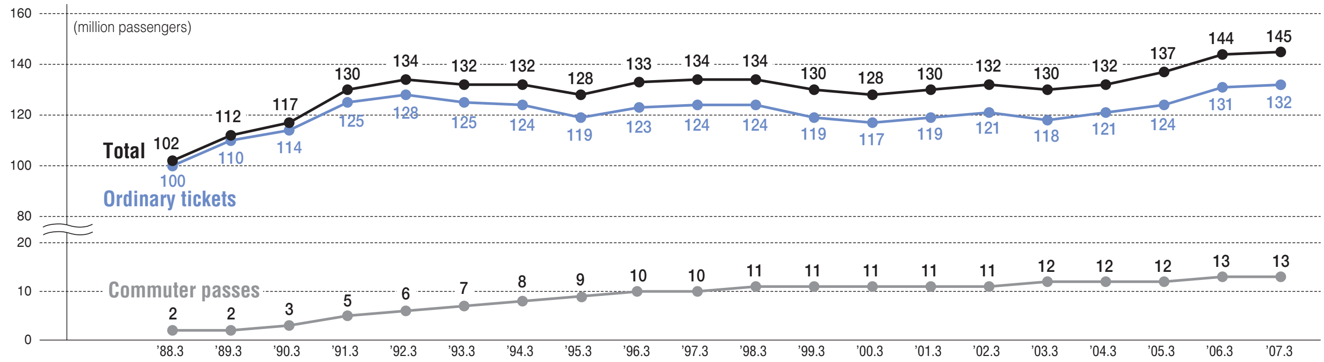


●Conventional Railway

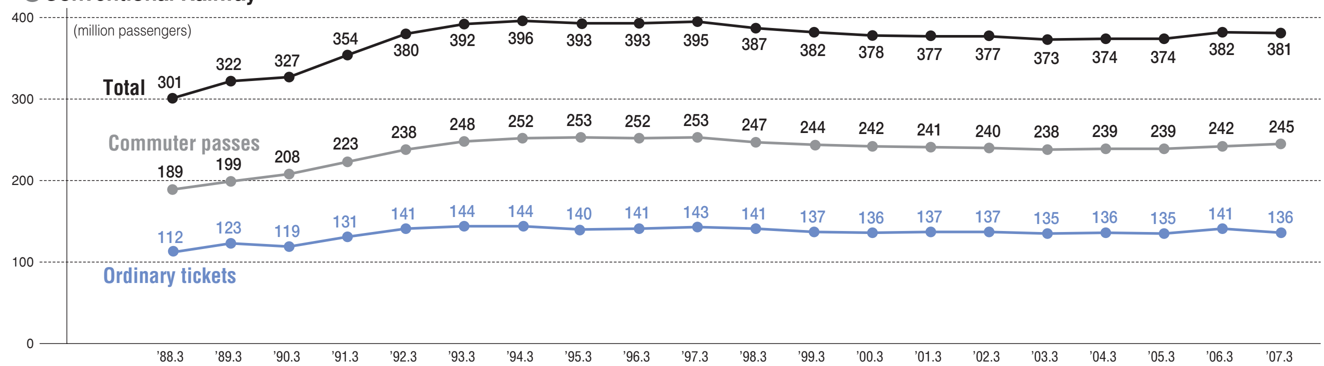


Passenger Ridership

Shinkansen

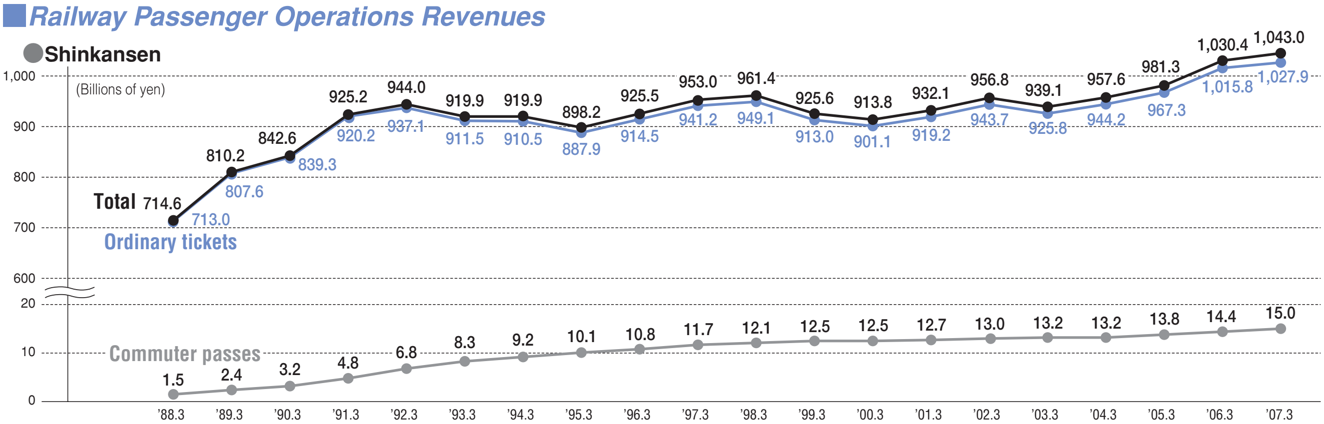


Conventional Railway

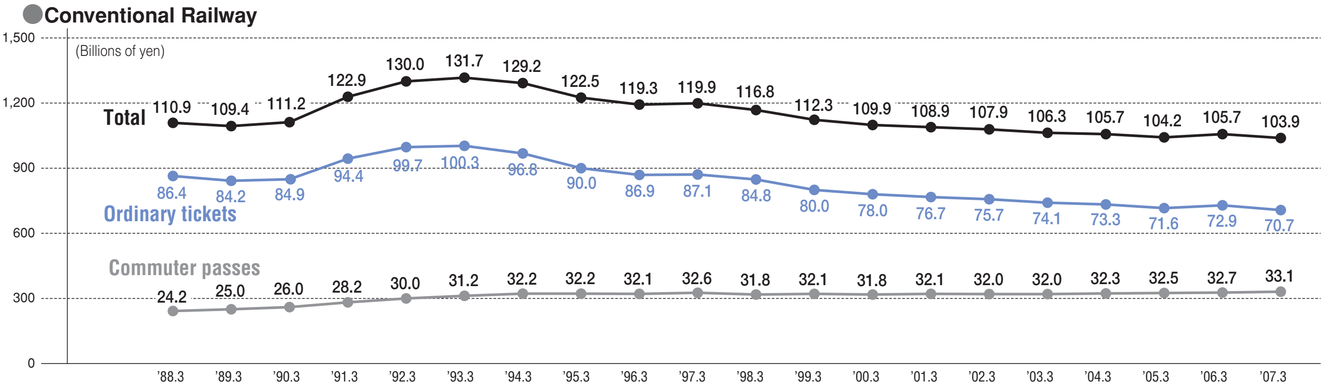


Railway Passenger Operations Revenues

Shinkansen



Conventional Railway



Appendix 2—Financial Data

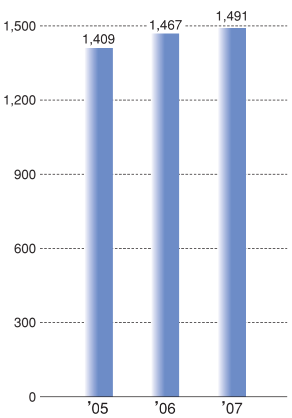
Consolidated Financial Highlights Central Japan Railway Company and Consolidated Subsidiaries

Years ended March 31, 2007, 2006 and 2005

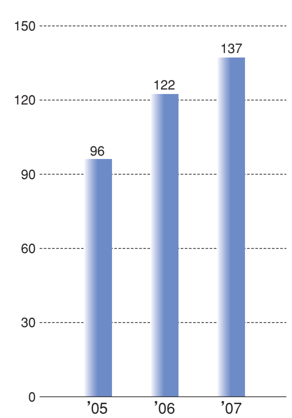
	Millions of Yen			Thousands of U.S. Dollars (Note)
	2007	2006	2005	2007
For the Year:				
Operating Revenues	¥1,491,269	¥1,467,650	¥1,409,497	$12,637,872
Operating Costs and Expenses	1,088,782	1,063,895	1,061,670	9,226,966
Operating Income	402,487	403,754	347,826	3,410,906
Income before Income Taxes and Minority Interests	233,040	206,561	159,415	1,974,907
Net Income	137,144	122,437	96,087	1,162,237
Depreciation and Amortization	215,225	234,854	250,807	1,823,940
Capital Expenditures	213,927	132,423	142,722	1,812,940
Per Share of Common Stock (in Yen and U.S. Dollars):				
Net Income	¥69,407.69	¥54,560.69	¥42,806.63	$588.20
Cash Dividends Applicable to the Year	7,500.00	6,500.00	5,500.00	63.56
At Year-End:				
Total Assets	¥5,164,581	¥5,309,848	¥5,309,491	$43,767,635
Equity	804,412	973,669	850,456	6,692,753
Shareholder’s Equity	789,746			6,692,762
Equity Ratio	15.3 %	18.3 %	16.0 %	
Net income/Total Assets	2.6	2.3	1.8	
ROE (Return on Equity)	15.6	13.4	11.9	

Note: Fiscal 2007 yen figures have been converted into U.S. dollars at the rate of ¥118=US$1, the approximate rate of exchange at March 31, 2007.

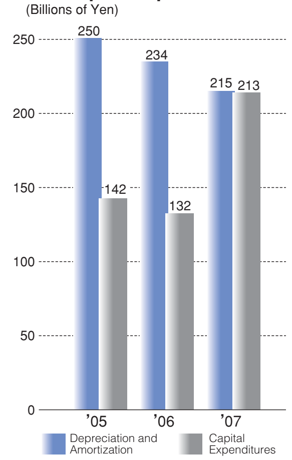
Operating Revenues
(Billions of Yen)



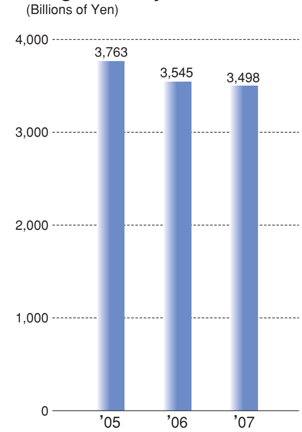
Net Income
(Billions of Yen)



Depreciation and Amortization, and Capital Expenditures
(Billions of Yen)



Total Long-Term Debt and Long-Term Payables
(Billions of Yen)



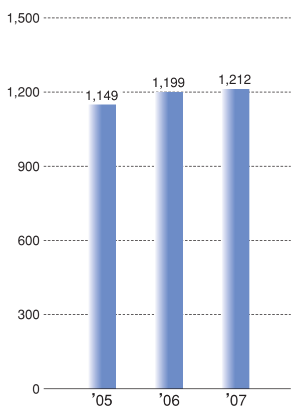
Non-Consolidated Financial Highlights Central Japan Railway Company

Years ended March 31, 2007, 2006 and 2005

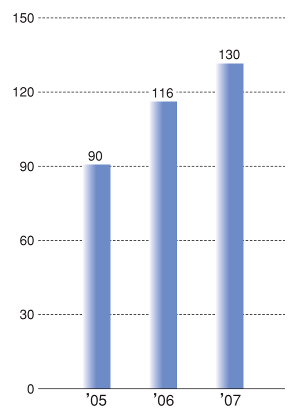
	Millions of Yen			Thousands of U.S. Dollars (Note)
	2007	2006	2005	**2007**
For the Year:				
Operating Revenues	**1,212,314**	¥1,199,616	¥1,149,254	**10,273,847**
Railway	**1,203,957**	1,191,496	1,140,834	**10,203,025**
Other	**8,357**	8,119	8,420	**70,822**
Operating Costs and Expenses	**831,491**	815,862	818,276	**7,046,534**
Railway	**826,850**	811,395	813,743	**7,007,203**
Other	**4,641**	4,466	4,533	**39,331**
Operating Income	**380,823**	383,753	330,978	**3,227,313**
Income before Income Taxes	**217,966**	192,256	147,671	**1,847,169**
Net Income	**130,141**	116,080	90,622	**1,102,889**
Depreciation and Amortization	**201,223**	221,289	237,891	**1,705,283**
Capital Investments	**209,800**	128,367	128,567	**1,777,970**
Per Share of Common Stock (in Yen and U.S. Dollars):				
Net Income	**65,794.51**	¥51,673.80	¥40,329.38	**557.58**
Cash Dividends Applicable to the Year	**7,500.00**	6,500.00	5,500.00	**63.56**
At Year-End:				
Total Assets	**5,003,499**	¥5,156,062	¥5,146,467	**42,402,533**
Equity	**762,381**	953,256	836,542	**6,460,855**
Shareholder's Equity	**762,381**			**6,460,855**
Equity Ratio	**15.2 %**	18.5 %	16.3 %	
Net Income/Total Assets	**2.6**	2.3	1.7	
ROE (Return on Equity)	**15.2**	13.0	11.4	

Note: Fiscal 2007 yen figures have been converted into U.S. dollars at the rate of ¥118=US$1, the approximate rate of exchange at March 31, 2007.

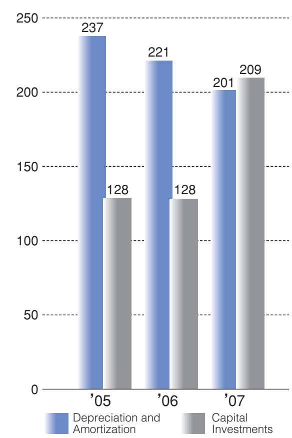
Operating Revenues
(Billions of Yen)



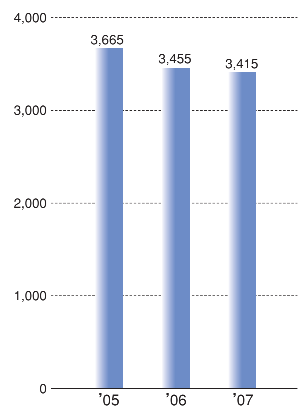
Net Income
(Billions of Yen)



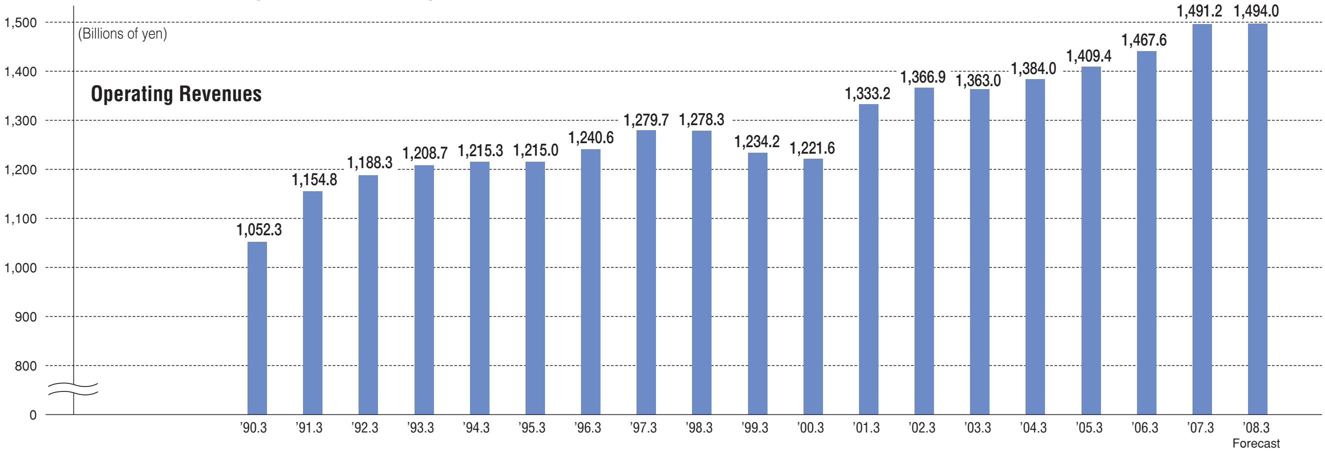
Depreciation and Amortization, and Capital Investments
(Billions of Yen)

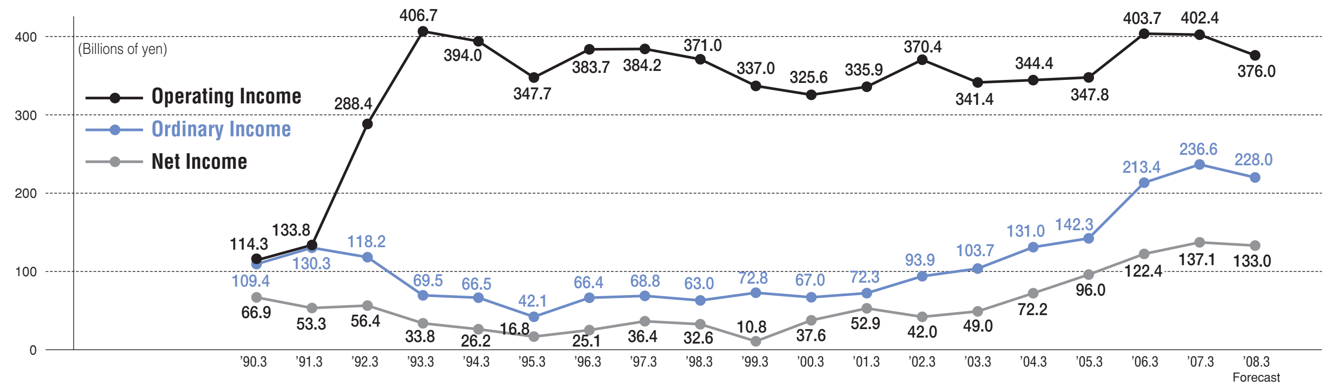


Total Long-Term Debt and Long-Term Payables
(Billions of Yen)

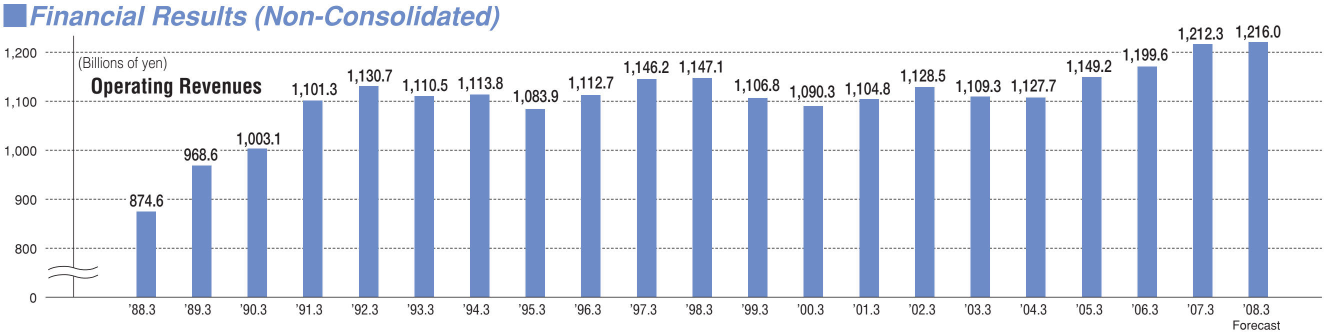


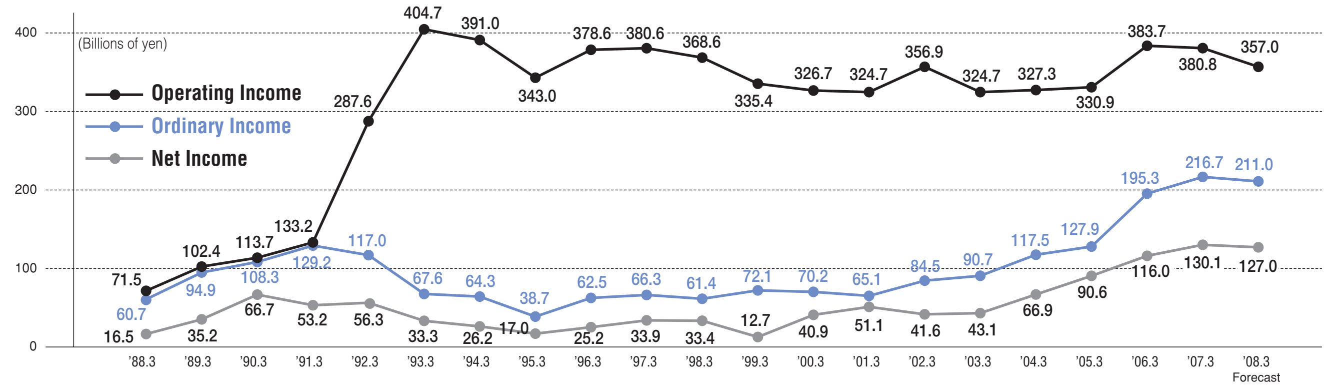
Financial Results (Consolidated)



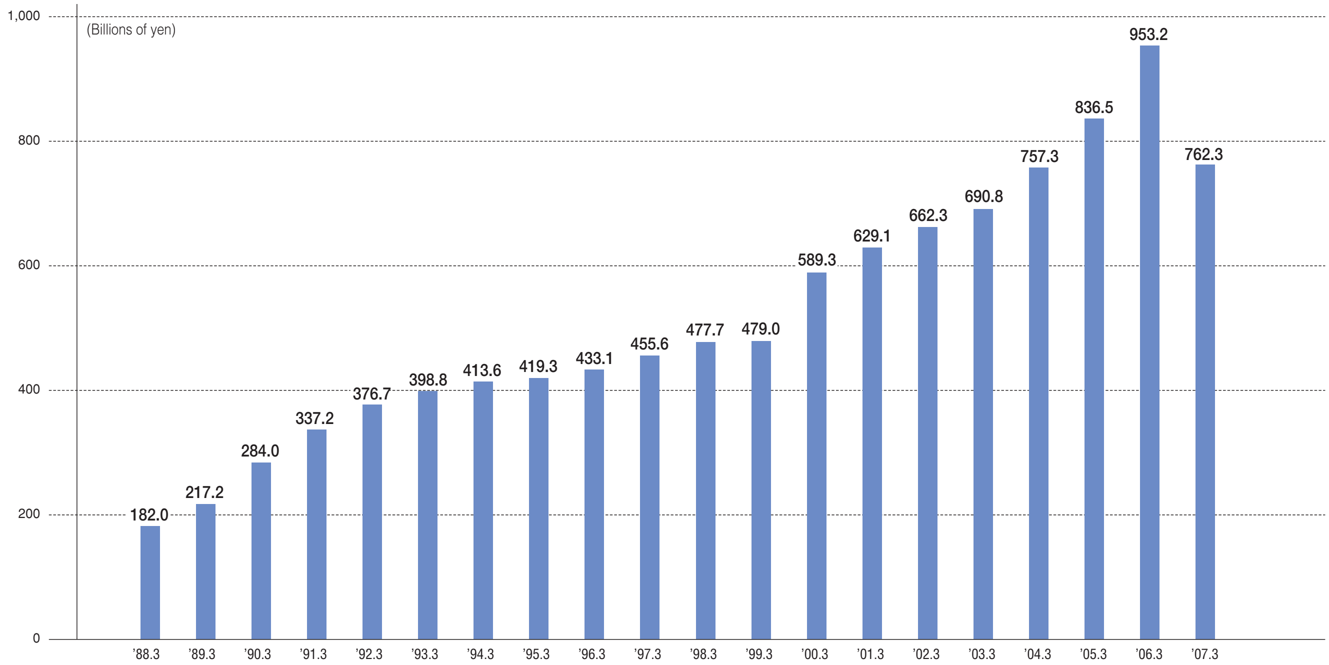


Financial Results (Non-Consolidated)

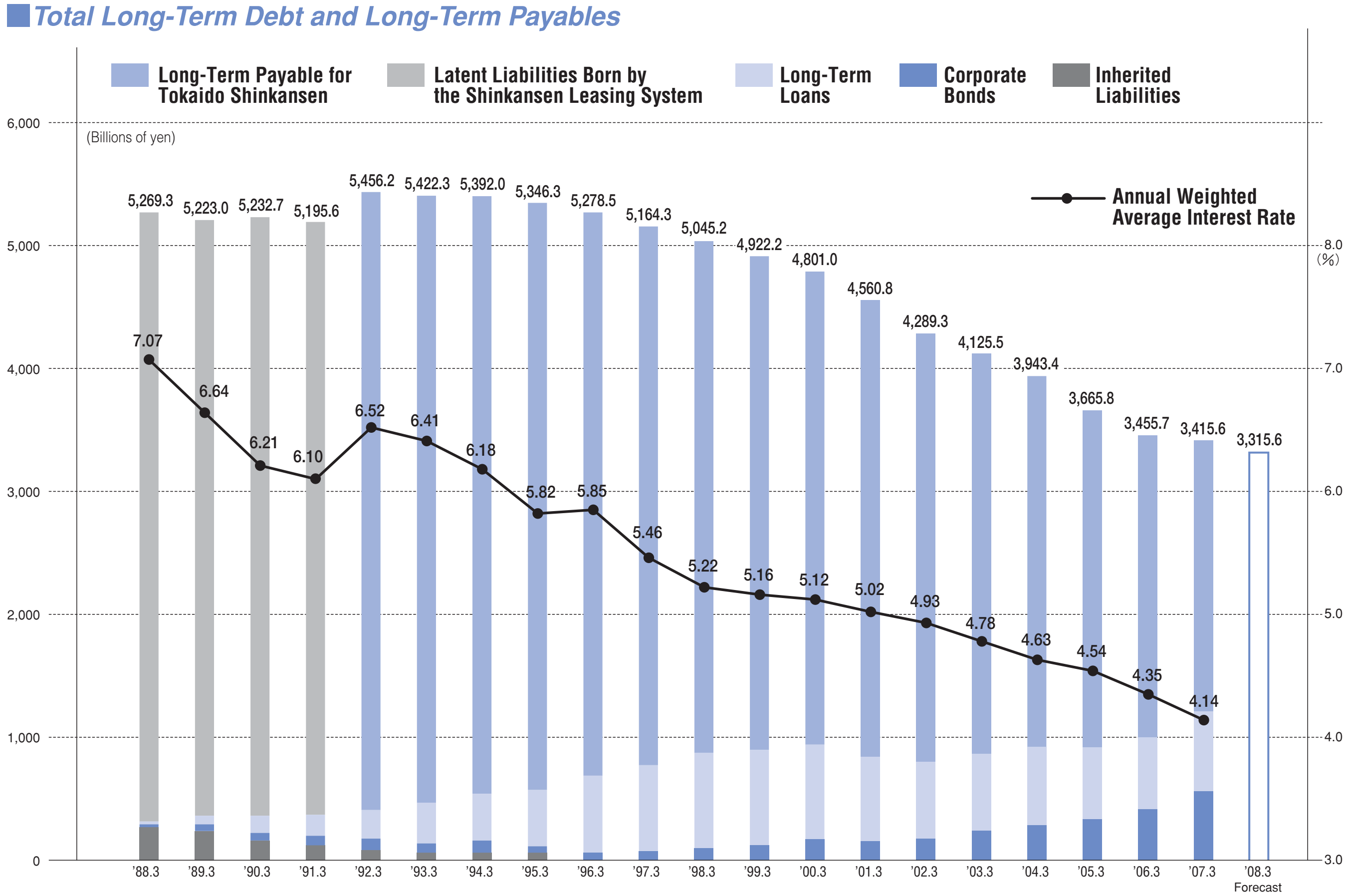




Total Shareholders' Equity (Non-Consolidated)

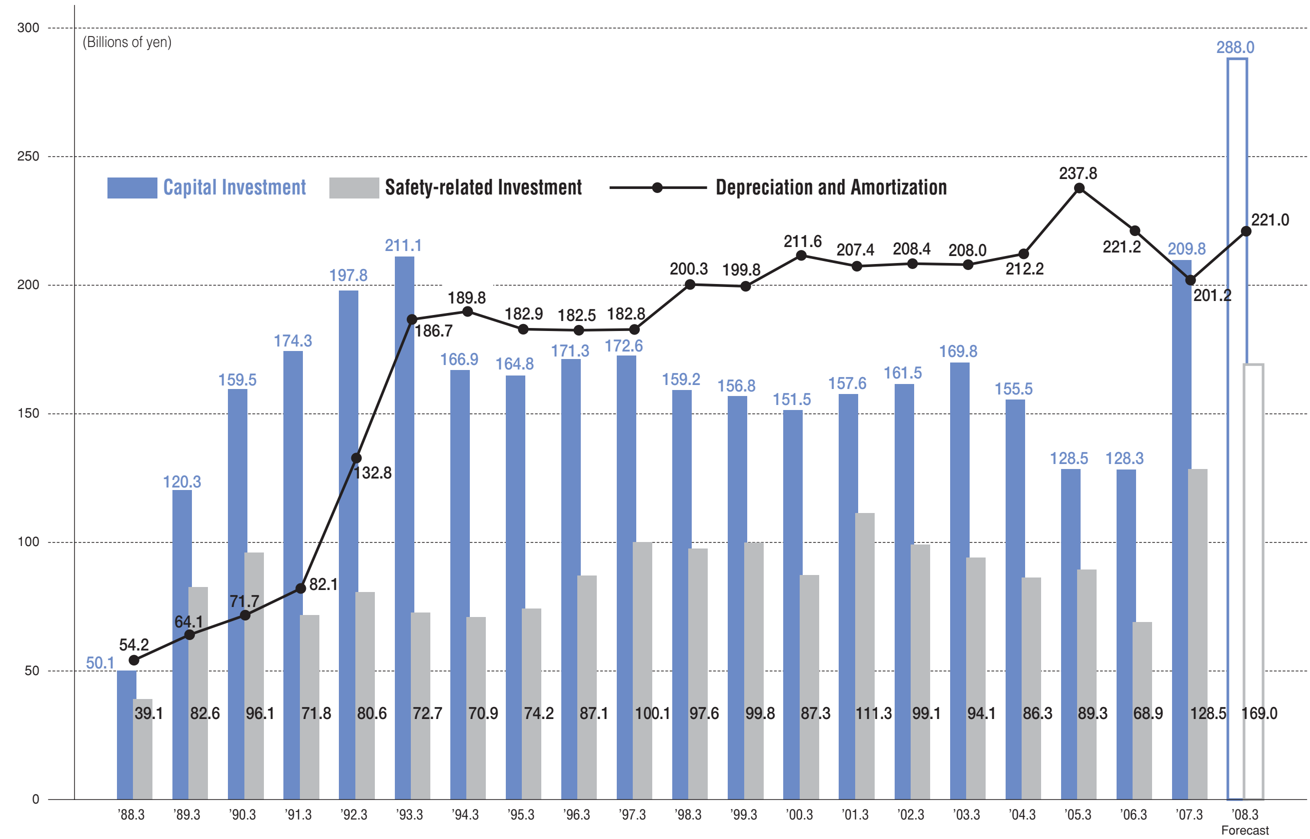


Total Long-Term Debt and Long-Term Payables



Appendix 3—Capital Investment

Capital Investment and Depreciation (Non-Consolidated)



FY2007 Key Measures and Related Capital Investment

1 "Securing Safe and Reliable Operation" — Capital Investment: 100 billion yen

Every effort is made to continually secure safe and reliable operation, which is the foundation of the railway business.

❶Strengthening of earthquake countermeasures, including quake-resistant reinforcement of elevated track columns and rail embankments along the Tokaido Shinkansen, functional upgrades to the Earthquake Disaster Prevention System by increasing the number of detection points of the "Tokaido shinkansen EaRthquake Rapid Alarm System (TERRA-S)"
❷Installing safety devices on conventional railway rolling stock, including operation data recorders and emergency train stop devices
❸Promoting disaster prevention measures including countermeasures against rocks falling on conventional railways, upgrading safety devices on level crossings, introducing solid state interlocking equipment in station yards, upgrading the CTC (Centralized Traffic Control) and initiating the work of installing the ATS-PT (ATS: Automatic Train Stop)

2 "Introducing the Series N700 and Strengthening the Transportation Infrastructure of the Tokaido Shinkansen" — Capital Investment: 100 billion yen

Commercial operation of the Series N700 will start on July 1st, 2007 , and at the same time various programs are being promoted with the aim of enhancing the transportation infrastructure of the Tokaido Shinkansen.

❶Launching commercial operation of the Series N700 according to the timetable revision planned on July 1st, 2007
❷Progressively increasing the number of N700 introduced for "*Nozomi*" service directly linking the Tokaido and Sanyo section in FY 2007
❸Advancing the work of expanding the electrical infrastructure of the Tokaido Shinkansen such as building new frequency conversion substations
❹Conducting renovation work on the Shin-Osaka Shinkansen Station, such as increasing the number of platforms

Green Car (First Class) of the Series N700

3 "Proactively Implementing Marketing Initiatives"

Capital Investment: 22 billion yen

Marketing initiatives will be proactively implemented to further improve convenience of the "Express Reservation" service and to stimulate tourism demand.

❶Launching the "Express Reservation" IC card service, a new service taking advantage of IC technology
❷Introducing the "TOICA" IC card for use as a stored-fare railway ticket or a commuter pass in the Shizuoka area
❸Offering attractive products that make maximum use of tourism resources in Kyoto, Nara, Ise, Tokyo and other locations, and at the same time actively launching a variety of promotion campaigns

4 "Promoting Development of Railway Technology and Efforts for Global Environmental Conservation"

Capital Investment: 1 billion yen

Technology development will be promoted in order to further enhance railway technology, and at the same time efforts will be proactively advanced for conserving the the global environment.

❶Fostering research and development at JR Central Research Center in Komaki (Aichi Prefecture) with a focus on "improving railway technology" and "addressing challenges in new fields"
❷Continuing to actively advance measures that contribute to conservation of the global environment, such as introduction of the Series N700, with the goal of realizing further environmental suitability and significantly reducing energy consumption
❸Aiming for the widespread penetration of the concept of "Eco Business Trips" and actively disseminating related information

5 "Furthering Testing and Extension of the Yamanashi Maglev Test Line and Studying an Advanced Joint Artery for the Tokaido Shinkansen"

Capital Investment: 6 billion yen

Continuing research and development to realize future commercial operation of the Superconductive Maglev.

❶Conducting running tests along the priority section of the Yamanashi Maglev Test Line to further verify long-term durability and reduce costs
❷Steadily implementing an extension of the existing test line to 42.8km, along with upgrading specifications of existing facilities in order to conduct new tests to verify the appropriate system for practical application of the Superconductive Maglev technology

Proceeding with consideration of an advanced joint transportation artery for the Tokaido Shinkansen.

❶JR Central is responsible for the management of Japan's major tranportation artery linking the Tokyo, Nagoya and Osaka metropolitan areas. In order to continue to fulfill this responsibility in the future, we are studying advancing on our own initiative the realization of a new ultra high-speed mass transportation system other than the Tokaido Shinkansen
❷Consideration of this advanced joint transportation artery will be continued according to the approach adopted for and future technological achievements of the lengthened 42.8km Yamanashi Maglev Test Line

The Yamanashi Maglev Testline

6 "Upgrading Station Facilities"

Capital Investment: 24 billion yen

Station facilities will be upgraded to ensure that our customers are able to use the railway with more safety and convenience.

❶Promoting the renovation of major stations such as Tokyo Station
❷Steadily introducing barrier-free accessible facilities in cooperation with concerned local governments and other institutions
A. Installing elevators and escalators
B. Eliminating level differences between trains and conventional railway platforms to improve evenness
C. Furnishing multifunction toilets and other improvements
❸Establishing new conventional railway stations and promoting the elevation of stations or railway tracks

Nagoya Station Renewed (Concept)

7 "Developing Affiliated Businesses"

Capital Investment: 44 billion yen

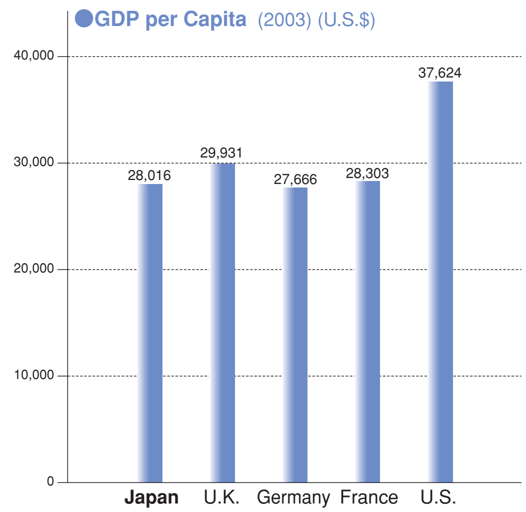
In order to further the development of affiliated businesses, we are promoting the renovation of stations housing commercial facilities, business development of sites no longer used for company housing, and the renewal of commercial facilities on station premises.

❶Advancing preliminary arrangements for construction of the JR Central Shin-Yokohama Station Building (tentative name) which will open in 2008
❷Continuing the "NAGOYA CENTRALGARDEN" project, including opening commercial facilities on schedule and promoting the development of condominiums (Period 2), so as to utilize sites disused for company housing, while at the same time steadily preparing for the sale of the "CentralGarden Residence TOKUGAWA MEIRINCHO" condominium apartments on company-owned land in Higashi-ku, Meirin-cho (Nagoya)
❸Promoting renovation of commerical facilities on station premises to coincide with both quake-resistant reinforcement of elevated track columns and improvement work at station facilities

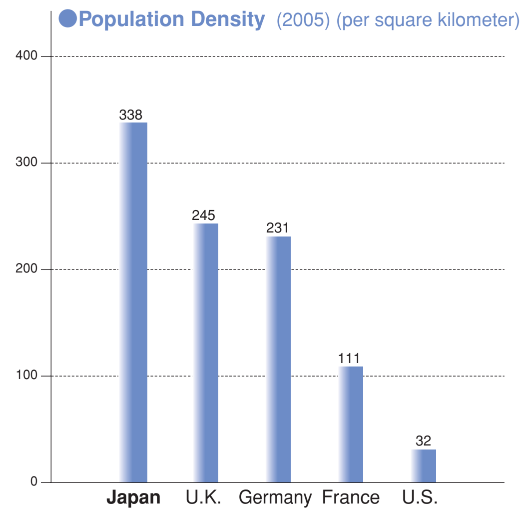
Total Capital Investment FY2007 — **Non-consolidated 288 billion yen** **Consolidated 329 billion yen**

Appendix 4—Operating Environment

International Comparison in Fundamentals

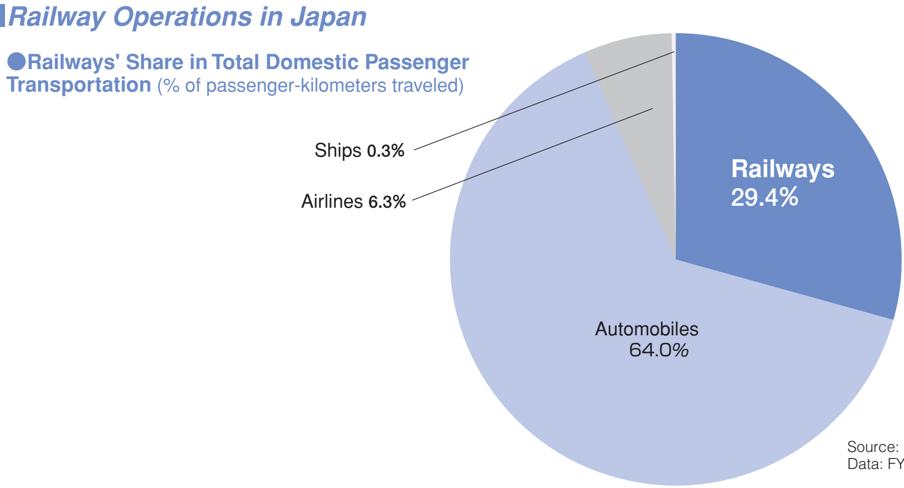


Source: OECD

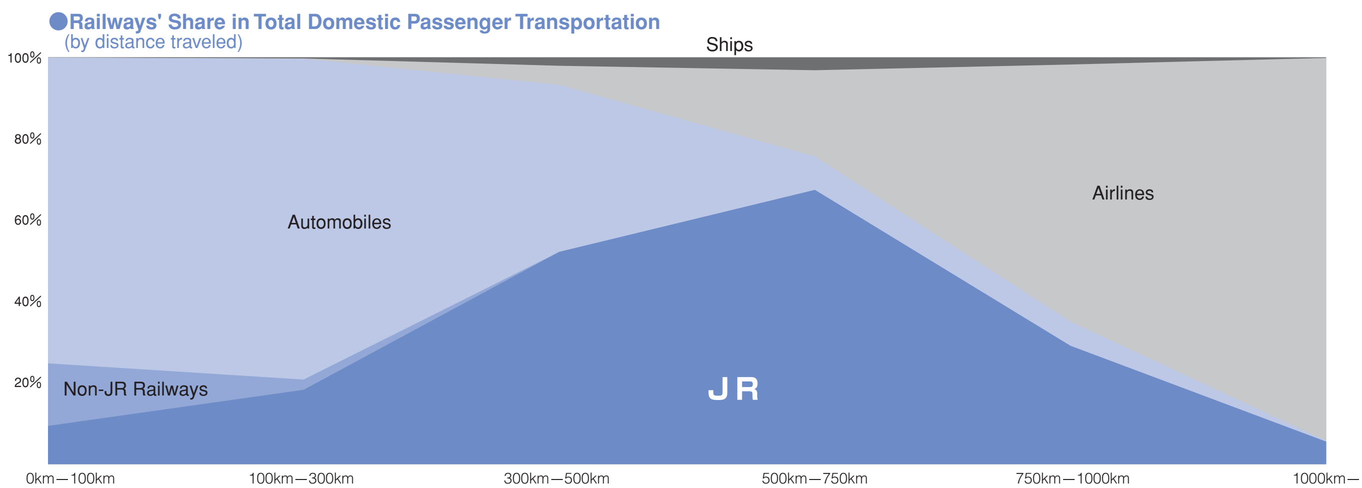


Source: OECD

Railway Operations in Japan



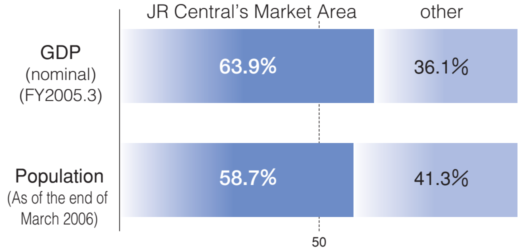
Source: Ministry of Land, Infrastructure and Transport
Data: FY2005.3



Source: Research and Analyses of Regional Freight and Passenger Flows Data: FY2006.3
Ministry of Land, Infrastructure and Transport

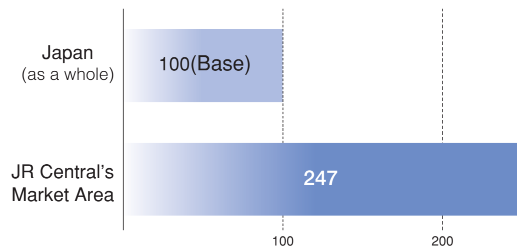
JR Central's Market Area

●Percentage of Japan as a Whole



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

●Population Density (As of the end of March 2006)



Sources: Population–Residential Register (Data: End of March 2005), Local Administrative Bureau, Ministry of Public Management, Home Affairs, Posts and Telecommunications
GDP–Annual Report on Prefectural Accounts (Data: FY2004.3), Economic and Social Research Institute, Cabinet Office

Comparison with Airline Transportation

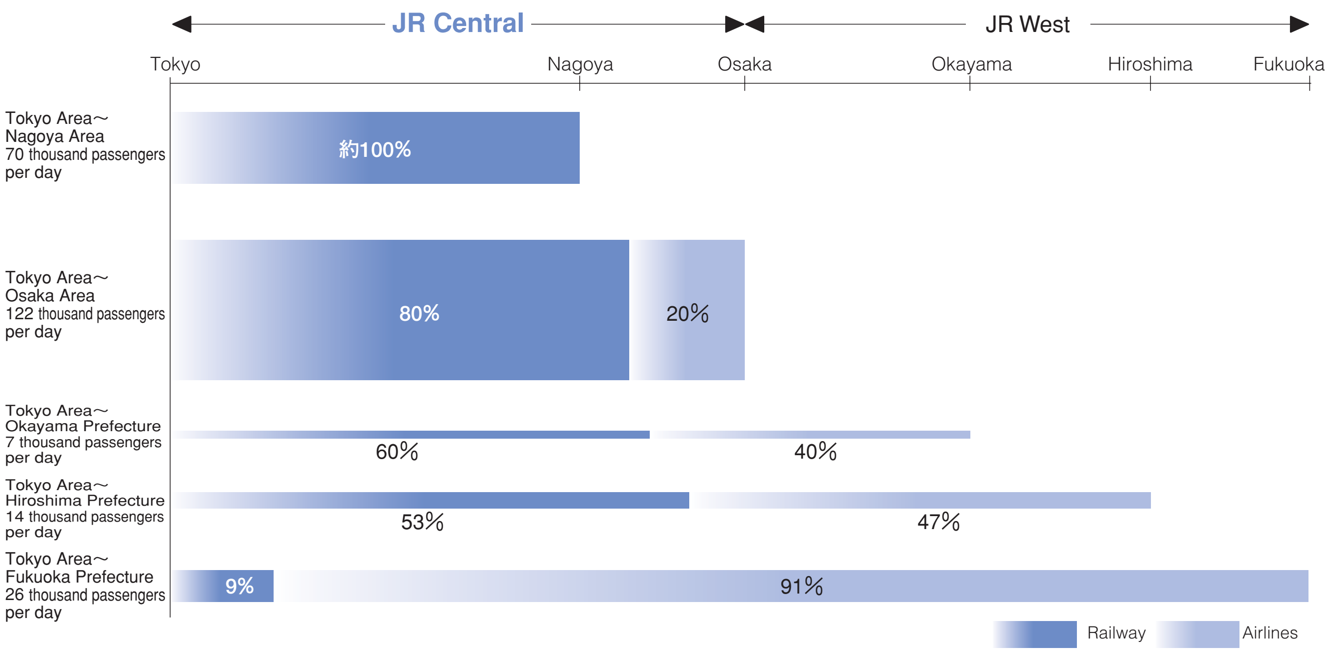
●Services

(As of July 2007)

Between Tokyo and …		Osaka (552.6 km)	Okayama (732.9 km)	Hiroshima (894.2 km)	Fukuoka (1,174.9 km)
Travel Time	Shinkansen	2 hr 25 min	3 hr 12 min	3 hr 47 min	4 hr 50 min
	Airlines	1 hr (About 2 hr 30 min)	1 hr 10 min (About 3 hr)	1 hr 20 min (About 3 hr 10 min)	1 hr 30 min (About 2 hr 40 min)
Departures per day	Shinkansen	238	120	76	60
	Airlines	110	18	30	90

Notes: 1. Travel times is in case of the fastest service
2. Travel times in parentheses include transfer and access times from airports to city centers
3. Travel time between Tokyo and Shin-Osaka stations by Shinkansen

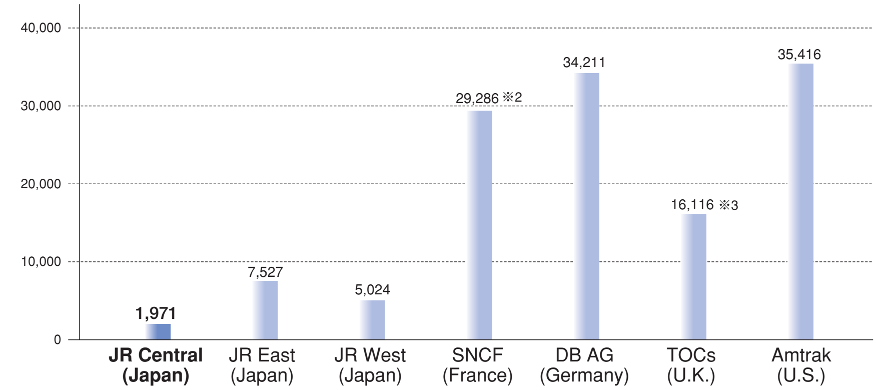
●Market Share



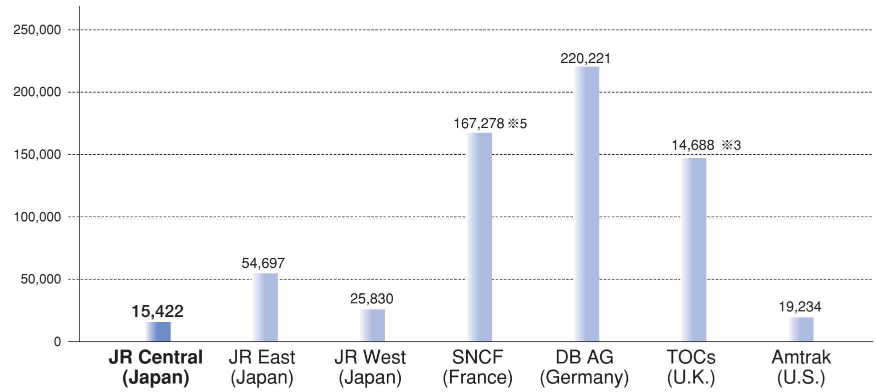
Notes: 1. Market share is the percentage of all railway and airline services based on the inter-prefectural data of the Inter-Regional Passenger Mobility Survey (FY2006.3), published by the Ministry of Land, Infrastructure and Transport
Railway market share of FY2007.3 is as follows according to our own estimate. Tokyo Area~Nagoya Area:100% Tokyo Area~Osaka Area:80%
2. Tokyo Area: Tokyo, Kanagawa, Chiba, Saitama, Ibaraki Nagoya Area: Aichi, Mie, Gifu Osaka Area: Osaka, Kyoto, Hyogo, Nara

Appendix 5 —International Railway Comparison[1]

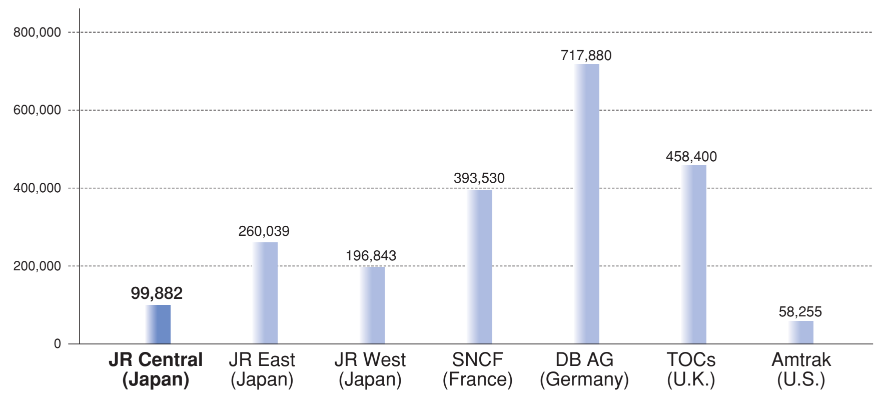
●Route Length
(kilometers)



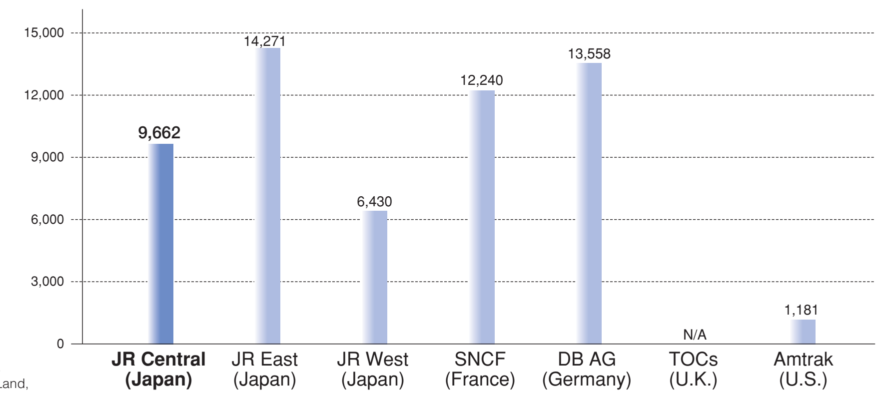
●Number of Employees※4



●Train-Kilometers
(passenger train;thousand kilometers)



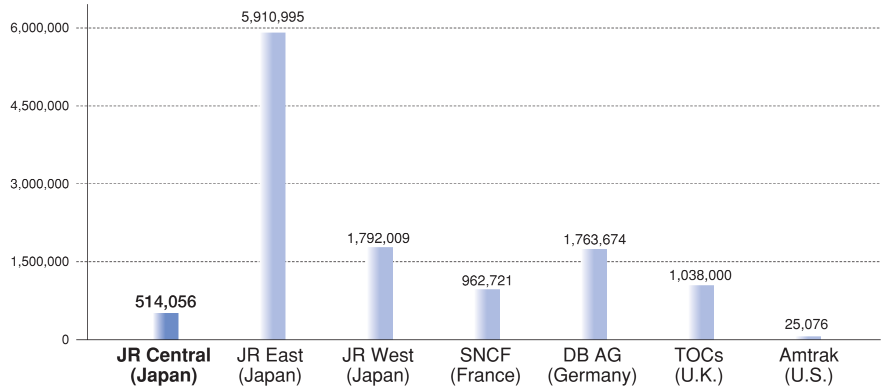
●Passenger Revenues
(millions of US$)※6



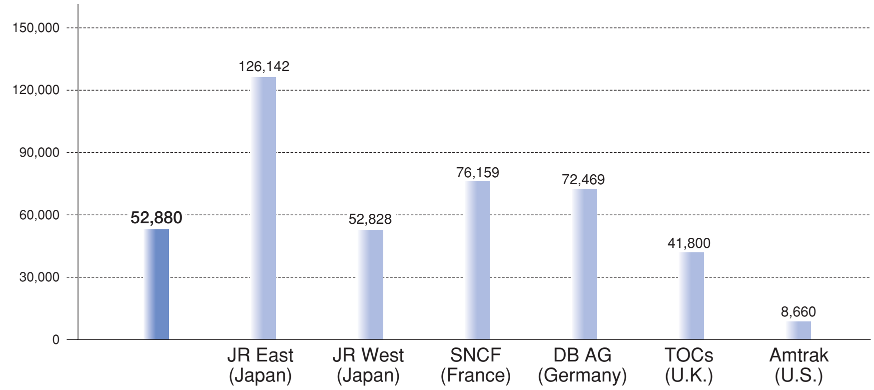
Abbreviations: JR Central: Central Japan Railway Company
JR East: East Japan Railway Company
JR West: West Japan Railway Company
SNCF: Société Nationale des Chemins de fer Français (French National Railways)
DB AG: Deutsche Bahn AG (German Railways)
TOCs: Train Operating Companies
Amtrak: National Railroad Passenger Corporation

Sources: Statistique Internationale des Chemins de fer, Union Internationale des Chemins de fer Railroad Statistics Annual Report, Ministry of Land, Infrastructure and Transport, Japan Asset securities reports

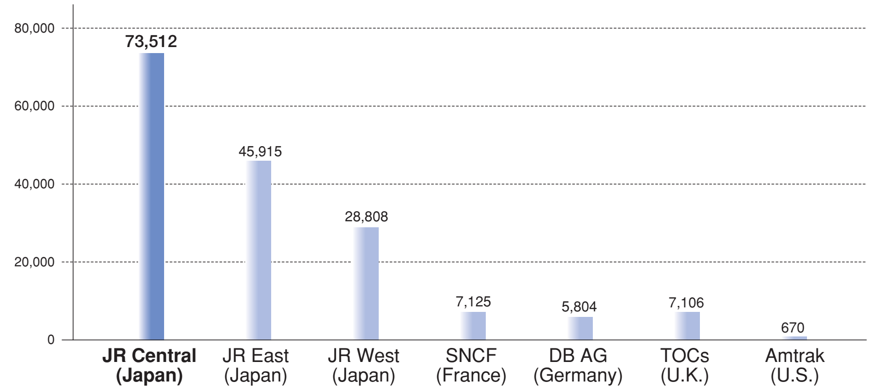
●Number of Passengers
(thousands)



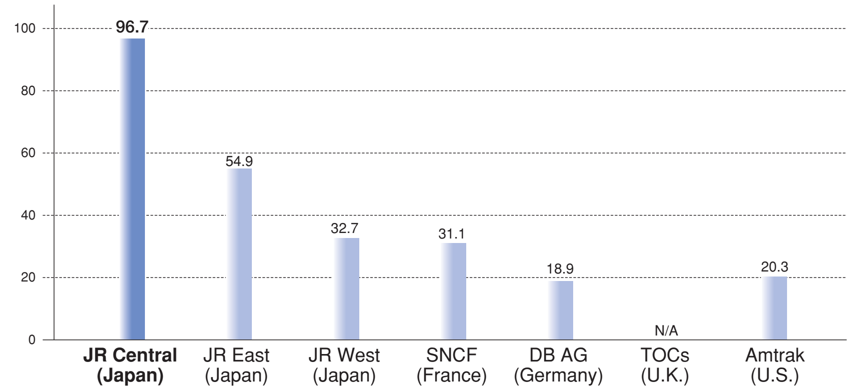
●Passenger-Kilometers
(million passenger-kilometers)



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



●Passenger Revenues per Train-Kilometer
(US$ per kilometer)※6

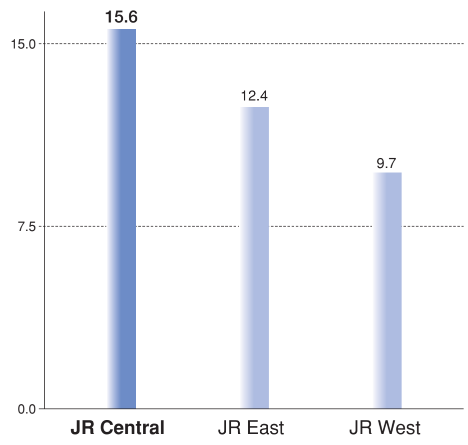


Notes: 1. Data of Japan for April 2005-March 2006
Data of U.K. for April 2004-March 2005
All other data for January 2005-December 2005
※2. Data of RFF (Réseau Ferré de France)
※3. Data of Network Rail Ltd.
※4. Total number of employees including staff for freight traffic, affiliated businesses, etc.
Data of JR companies are as of March 31, 2006,
Other data are annual means.
※5. Sum of the data of SNCF and RFF
※6. Based on the exchange rates as of the end of applicable fiscal year

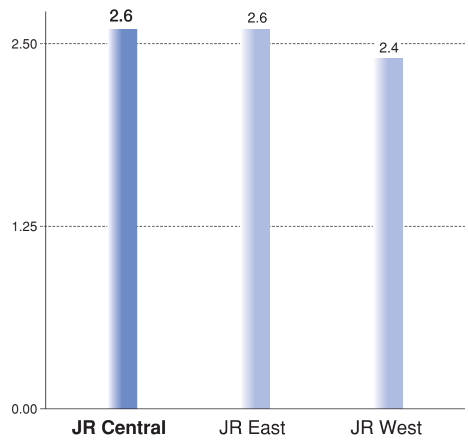
Appendix 6—Financial Comparison of Three JR Companies (FY 2007.3)

Consolidated

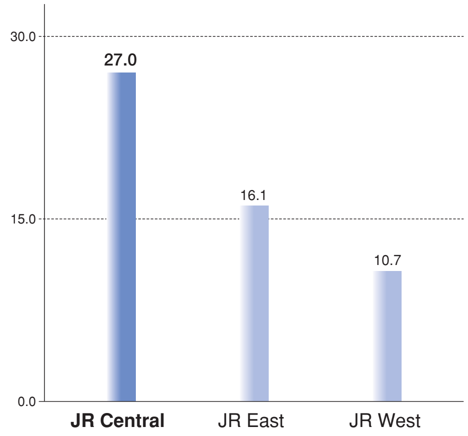
●ROE (Return on Equity) (%)



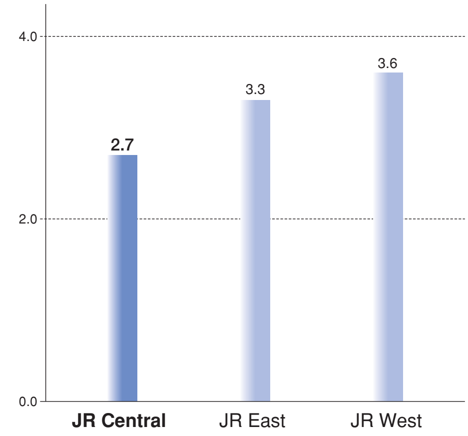
●Net income/Total Assets (%)



●Operating Income / Operating Revenues (%)

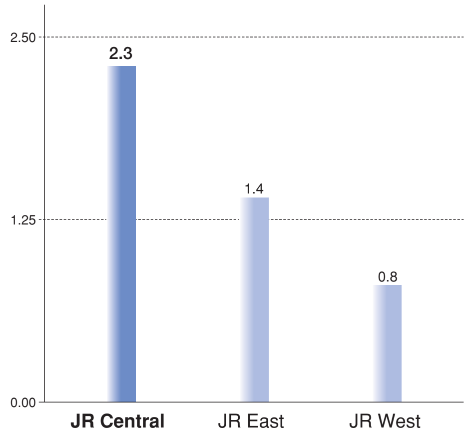


●Interest Coverage Ratio (times)※

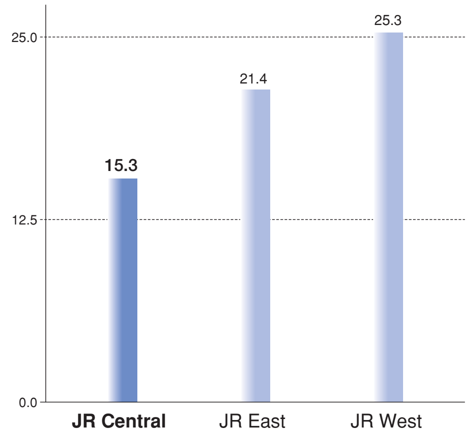


※(Operating income + Interest and dividend income) / Interest expense

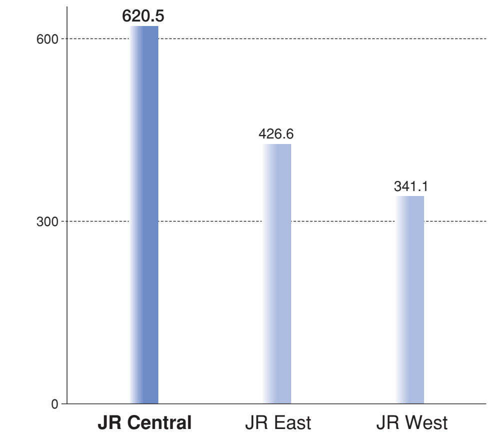
●Total Long-Term Debt and Long-Term Payables / Operating Revenues (times)



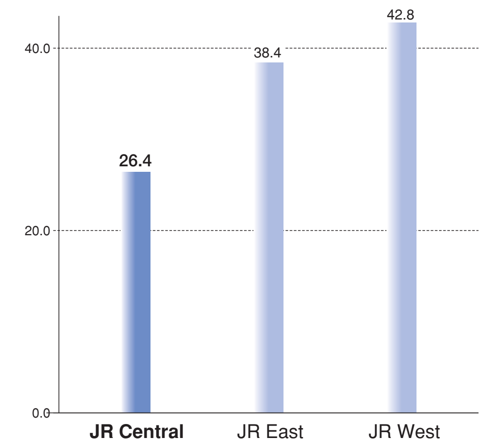
●Equity Ratio (%)



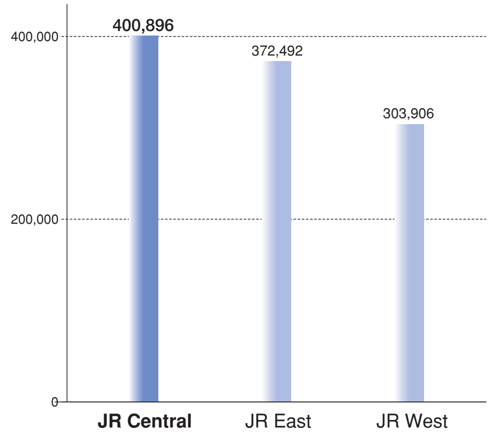
●Fixed Ratio (%)



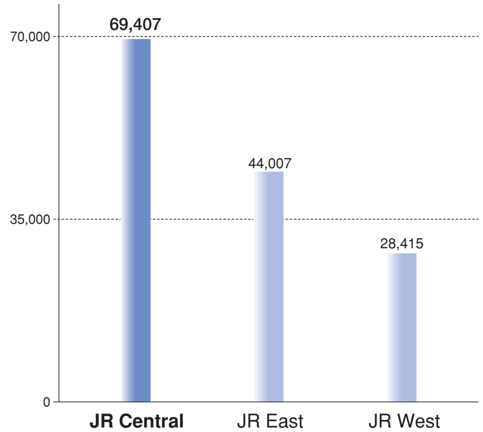
●Current Ratio (%)



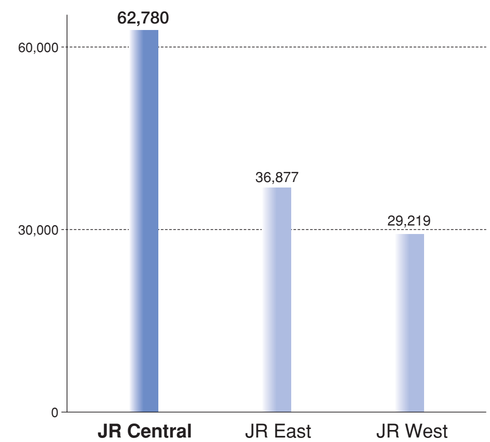
●Shareholders' Equity per Share (¥)



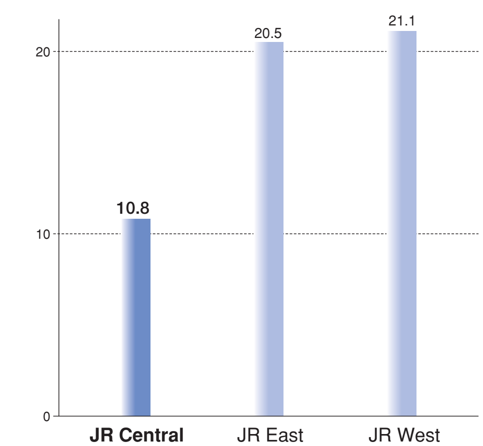
●Earnings per Share (EPS) (¥)



●Operating Revenues per Employee (thousands of yen)

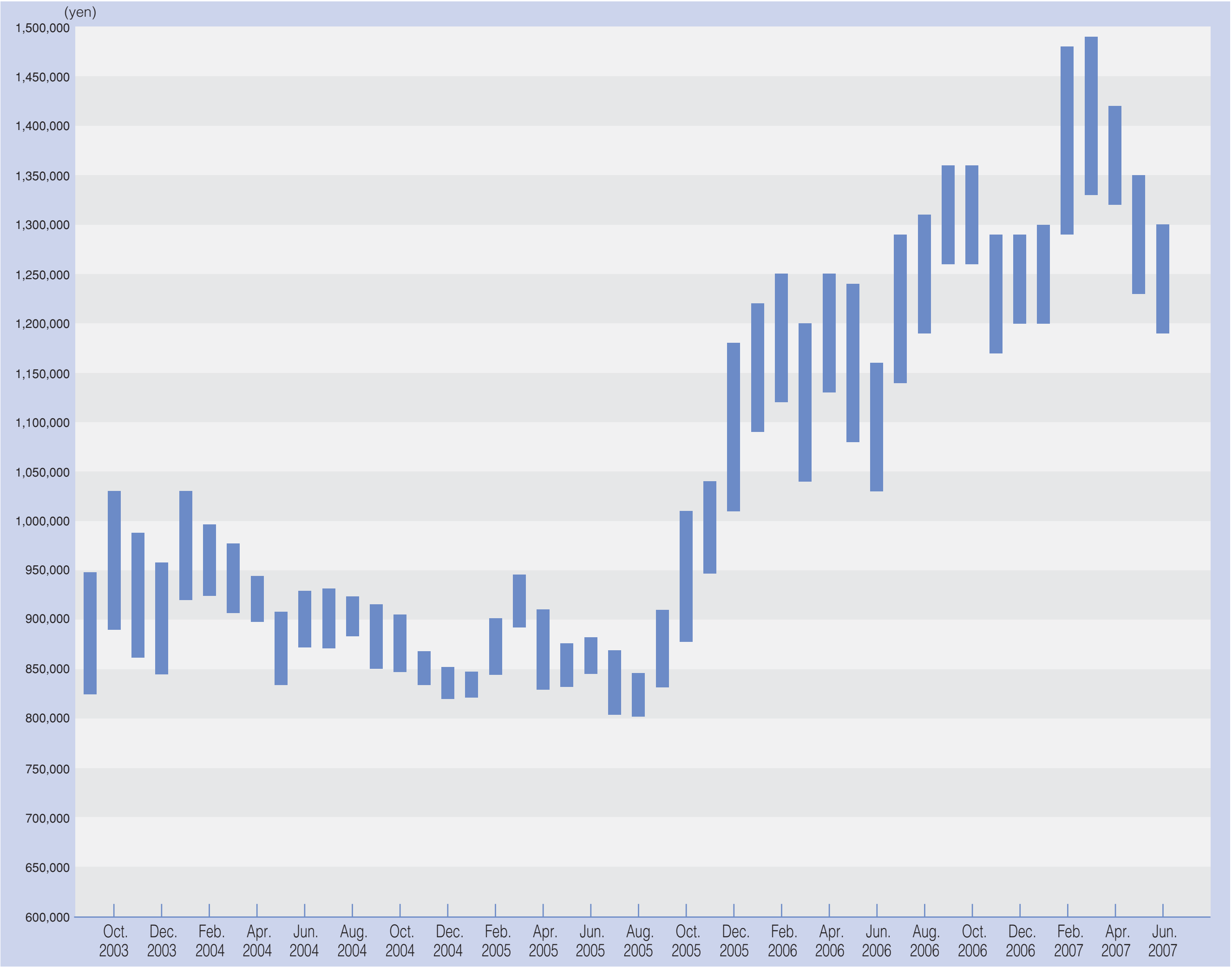


●Dividend Payout Ratio (%)



Appendix 7—Stock Information

Stock Price



Major Shareholders

(As of March 31, 2007)

	Number of shares held	Percentage of total issued shares
Mizuho Corporate Bank, Ltd.	97,833	4.37%
The Master Trust Bank of Japan, Ltd. (Trust Account)	97,478	4.35%
Japan Trustee Services Bank, Ltd. (Trust Account)	83,984	3.75%
State Street Bank and Trust Company	71,290	3.18%
The Nomura Trust and Banking Co.,Ltd. (Holder in Retirement Benefit Trust for The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	71,250	3.18%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	66,649	2.98%
State Street Bank and Trust Company 505103	46,093	2.06%
Nippon Life Insurance Company	45,000	2.01%
Japan Trustee Services Bank, Ltd. (Trust Account 4)	40,693	1.81%
Toyota Motor Corporation	40,000	1.79%
Total	**660,216**	**29.47%**

Notes 1.Besides the above, JR-Central holds 267,973 repurchased stocks.
2.The JNR Settlement Headquarters within the JRTT is no longer JR-Central's major shareholder, since it completed the sales of its entire shares in JR Central on April 5, 2006.

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