

## >> President's Message

# Aiming to be the Top Expressway Company in the World



Takekazu Kaneko  
President and CEO

The Great East Japan Earthquake that struck in March of 2011 brought great devastation to the Tohoku region. This region is now on the path to recovery, and I have a renewed understanding of the importance of our company's work in charge of the expressways that are playing an important role in these recovery efforts. We will continue to dedicate ourselves to the creation of Business Continuity Plans in preparation for possible natural disasters or other emergencies in the future, and will always use a customer-first approach as we continue to provide safe, reliable, and comfortable expressways to our customers. As part of these efforts, we are planning to open 162 km of the New Tomei Expressway in Shizuoka Prefecture in the early summer of 2012, aiming to construct a double network for the Tomei Expressway that is a key artery supporting logistics in Japan.

### Corporate Philosophy

It is the long-term corporate vision of NEXCO-Central to become a company that can turn dreams into reality. In order to achieve this vision, we have established the objective of becoming the top expressway company in the world by the end of fiscal year 2015. We are working to address the following four issues to reach this objective. The first is further accelerating "expansion and growth" and "innovation;" the second is reinforcing our efforts to provide delight to customers; the third is firmly establishing the NEXCO-Central brand; and the fourth is developing personnel who are able to achieve these goals.

Based on these objectives, we will maintain a total "customer-first" approach as we create safe, reliable, and comfortable expressways and provide rest areas that meet customer expectations in order to provide delight and satisfaction to all of our stakeholders. We will also carry out programs aimed at active expansion into international business and other new business areas, and at creating next-generation expressways, and continue to challenge ourselves to achieve further great advances.

# and a Company that can Turn Dreams into Reality

## Our Function and Approach

The economy of Japan remains in a long-term recession, and the continuing difficult employment environment and other factors do not permit an optimistic outlook. In addition, large changes are taking place in the conditions of our society, such as changes in the demographics including the aging of our society, as well as globalization and a diversifying sense of values. The Great East Japan Earthquake is also expected to have a significant effect on the Japanese economy. Under these conditions, we are moving forward the opening date of the Shizuoka Prefecture sections of the New Tomei Expressway to early summer of 2012, carrying out the “100-year road” plan that will maintain expressways in sound condition for 100 years or more to preserve them as valuable assets for future generations, and taking steady steps to construct and operate a highly reliable network of expressways. In so doing, we will help to boost development and improve lives in local communities, revitalize the Japanese economy as a whole, and also contribute to the international community.

Because we are responsible for the expressways that are a critical element of our societal infrastructure, corporate social responsibility (CSR) is a principal part of our business. In addition to our continued programs for corporate governance and compliance, we have also established three key areas that represent NEXCO-Central’s original CSR activities. These are (1) the maintenance of safety, reliability, and comfort, and the provision of delight, (2) the strengthening of cooperation with local communities and contribution to local societies and economies, and (3) the contribution to the creation of an environmentally sustainable society. In the future, we will carry out an active program in these areas in cooperation with local communities, NPOs, and other partners.

## International Business

Targeting international business, we will make use of our Group’s technologies, expertise, and human resources to drive the growth that will make our international business a future foundation of our operations. In order to identify promising opportunities for roadway investment, we will carry out feasibility studies on toll roads in Vietnam and the Philippines, and will provide total management for expressway business – including investigation, planning, design, construction, management, and operation – in order to contribute to sustained economic development and growth in the international community.

On another front, we will continue to promote international exchanges through the conclusion of Memorandum of Understanding for personnel training and technical cooperation with toll road operators in Vietnam and Malaysia, participations in international conferences such as PIARC (World Road Association) and IBTTA (International Bridge, Tunnel and Turnpike Association), and the hosting of delegates and study teams from other countries.

Finally, I would like to express my hope that this annual report is of help to everyone in understanding NEXCO-Central.

December 1, 2011



Takekazu Kaneko  
President and CEO

## >> NEXCO-Central at a Glance

# Creating Safe, Reliable and Comfortable-to-Use Expressways that Lead to a New Era

### Construction

We are striving to complete our expressway network as quickly as possible, while maintaining safety and quality standards, preserving the environment and reducing costs. We undertake construction projects that meet local needs and are conducted with the understanding and cooperation of people in the project's vicinity. Apportioning traffic flows to the newly constructed expressways will alleviate the considerable congestion that currently exists on the expressways. Also, by complementing one another as a double network, we will regularize travel time and improve reliability.



### Maintenance

One of our missions is maintaining expressways to ensure comfortable driving at all times. Our outstanding maintenance services stem from the expertise we have cultivated over our extensive history of operations. Maintenance activities fall into seven major categories.

- Toll collection
- Inspection
- Repair work
- Improvements and refurbishments
- Patrolling
- Traffic control
- Restoration of road assets affected by natural disasters



### Rest Area Operation and Other Business

To make its rest areas more comfortable, convenient and enjoyable, NEXCO-Central collaborates with local and corporate entities and strives to make optimal use of regional characteristics when introducing new types of rest areas.

We are also developing business in other categories, such as tour operations, credit card services and overseas activities. In December 2008, we opened our first overseas office in Hanoi, Vietnam, demonstrating our commitment to business development in Asia.



## &gt;&gt; Corporate Overview

## Company Profile



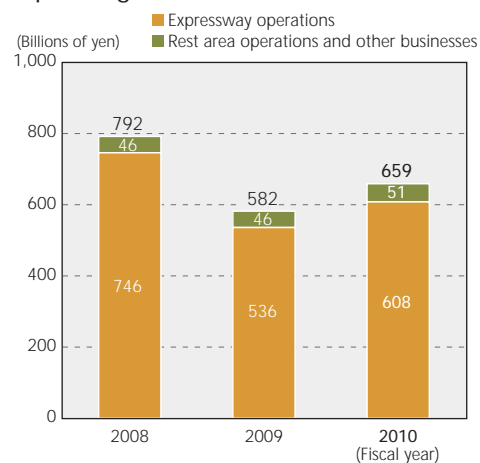
Name	Central Nippon Expressway Company Limited (NEXCO-Central)
President and CEO	Takekazu Kaneko
Head office	Nagoya, Japan
Established	October 1, 2005
Employee	2,113 (8,841 consolidated)
Group companies	13 (wholly owned by NEXCO-Central)
Capital	¥65 billion (US\$782 million)

## Business Data

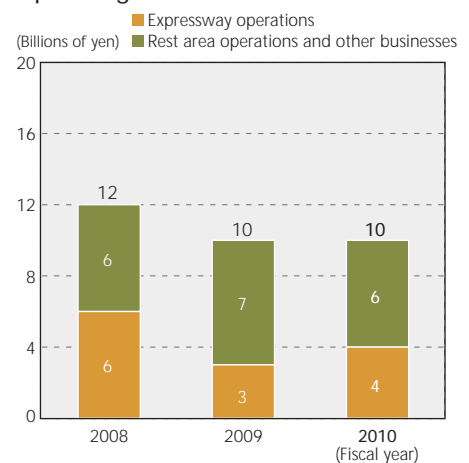
Expressways in operation	1,760 kilometers	As of Dec. 1, 2011
Traffic volume	1.88 million vehicles/day	Year ended Mar. 31, 2011
Toll revenues	¥442.2 billion (US\$5.3 billion)	Year ended Mar. 31, 2011
Expressways under construction	484 kilometers	As of Dec. 1, 2011
Rest areas	164	As of Dec. 1, 2011
Rest area sales revenue	¥159.0 billion (US\$1.9 billion)	Year ended Mar. 31, 2011

## Financial Highlights

## Operating Revenues



## Operating Profit



# Highlight 1

## Providing Safety in the Aftermath of the Earthquake

The NEXCO-Central Group is providing active support for the fastest possible recovery in the areas affected by the far-reaching disaster that occurred in east Japan on March 11. We are also further reinforcing our disaster-prevention systems to ensure customers can use our expressways in safety and confidence.

Following the Great East Japan Earthquake that caused massive damage to the Tohoku and Kanto regions (northern and eastern Japan), we provided material support, support for emergency response efforts, and a range of other aid to communities hit by the disaster, and to NEXCO-East, which operates expressways in disaster-hit areas. In the wake of this great earthquake, we have a renewed awareness of the importance of expressways

as social infrastructure, and are further reinforcing our disaster-prevention systems. In addition, the New Tomei Expressway, when it opens, will form a double-transportation network in combination with the Tomei Expressway. In ways such as these, we are working to ensure the transportation that is essential to the lives of people in Japan is available when a large-scale disaster strikes.

### Response of the NEXCO-Central Group to the Great East Japan Earthquake

#### ■ Support for NEXCO-East

To assist NEXCO-East, we provided broad-ranging support for recovery efforts, including emergency supplies such as food and drinking water, and mobile support including sign-carrying vehicles and vehicle-mounted power generators.



Support for traffic control operations

#### ■ Support for transport of emergency supplies

We dispatched trucks to assist in transporting supplies to evacuation shelters in Iwaki City, Fukushima Prefecture from a disaster relief hub that collected emergency supplies from all over Japan.



Transporting emergency supplies

#### ■ Scheduled blackouts and energy conservation measures

We used private power generators, mobile generators, and other means to avoid inconveniencing our customers during scheduled blackouts in the Tokyo Electric Power Company service area. In the future, we will continue with energy conservation measures such as reducing the number of lights at main expressways, tunnels, and rest areas.

#### ■ Special use of the New Tomei Expressway by emergency vehicles

After the Tomei Expressway was closed to traffic following tsunami warnings, emergency vehicles were allowed to use the New Tomei Expressway, presently under construction, thus securing an alternative route for emergency vehicles to the disaster areas.



Emergency vehicles on the New Tomei Expressway

#### ■ Support for water supply and toilets

We dispatched water supply trucks to support the emergency provision of drinking water to evacuation shelters. We also dispatched Bio-toilet cars (eco-friendly system that bacteria to decompose human waste) to provide public toilets in Ishinomaki City, Miyagi Prefecture.



Water supply truck

#### ■ A broad range of support

We have provided relief supplies, contributed to relief funds, and prioritized hiring of persons from the disaster-affected areas, and are also conducting a campaign to solicit contributions aimed at supporting recovery of the impacted areas.



Tohoku Local Products Fair

### Current disaster prevention programs

Some sections of the Tomei and Chuo Expressways were closed to traffic as a result of the recent earthquake, but fortunately they suffered no major damage. However a number of earthquakes with the potential for significant damage in our district have been predicted, including Tokai, Tonankai, and Nankai earthquakes and even an earthquake directly under Tokyo. The possibility of these earthquakes occurring in series has also been raised.

So that our customers can be confident in the safe and uninterrupted use of our expressways, the NEXCO-Central Group has joined together to create disaster prevention and response systems in preparation for a possible disaster, and is also carrying out inspection of roads, seismic reinforcement of bridges, reinforcement of road embankments, and taking other steps to create roadways that are strongly resistant to natural disasters.

#### ■ Embankment reinforcement

In July 2010, we completed the full restoration of embankments on the Makinohara section of the Tomei Expressway that were collapsed in the August 2009 earthquake centered on Suruga Bay. We will be implementing reinforcement improvements at embankments in 19 locations by the end of fiscal 2011.



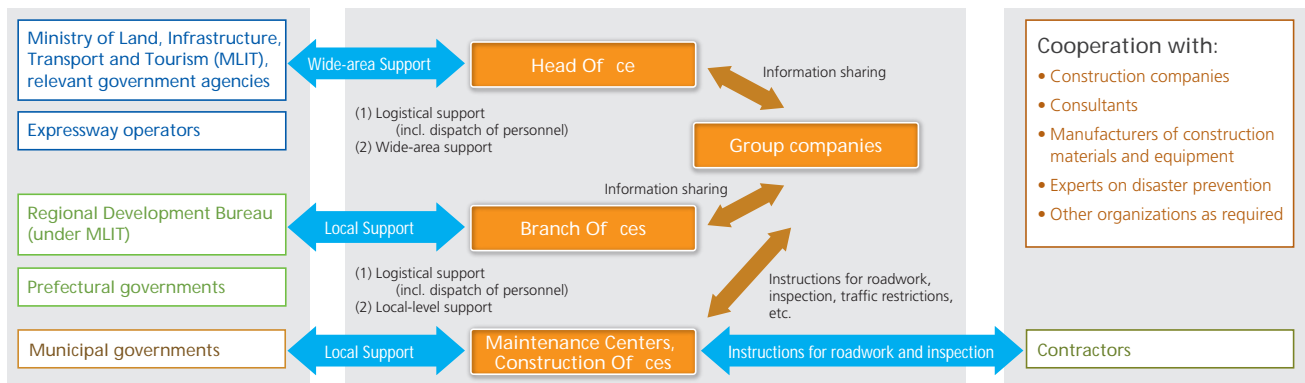
Immediately after the earthquake (August 2009)



After full restoration (July 2010)

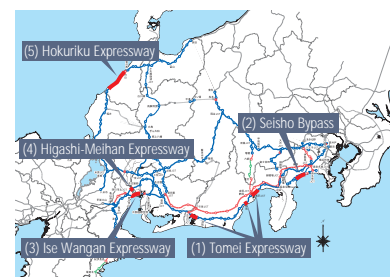
#### ■ Establishment of a disaster-prevention system

The NEXCO-Central Group has joined together to establish a disaster-prevention system in order to ensure that our expressways can be quickly reopened to traffic following a disaster. We have also constructed a system for communication with related institutions and are working to improve cooperation with related government agencies and local communities.



### Further Strengthening of the Disaster-Prevention System

Making use of the lessons learned from the recent Great East Japan Earthquake, we will deploy a business continuity plan (BCP\*) for the entire company that envisions disasters including a large-scale earthquake, large tsunami, and nuclear power plant incident, and will work together as a group to further reinforce our disaster-prevention system. We are also conducting detailed studies concerning means for providing information to customers travelling on the expressways in the event of a large tsunami, and for directing customers at rest areas to evacuation sites. Through disaster training and other means we are also working to reinforce our disaster-prevention system in cooperation with local communities.



\* A BCP (Business Continuity Plan) is an action plan that is formulated so that core operations can continue and full operations rapidly can be restored in the event of a large-scale disaster, accident, or other incident.

# Highlight 2

## Expanding the Expressway Network

We are constructing a network of high-reliability expressways, providing safe, reliable, and comfortable expressway space to our customers.

While responding flexibly to changes in our business environment, the NEXCO-Central Group plans to open 306 km of new expressways by fiscal 2015. By improving communication between local communities, revitalizing industry along the

expressway routes, and linking organically with other means of transportation, these expressways will contribute to a smoother flow of people, products, and information as key infrastructure that supports socioeconomic activity.

### The Opening of the Nagoya Ring Road No. 2

The Nagoya Expressway No. 3 Odaka Line and other main roads in the east and southeast of Nagoya city previously suffered from chronic congestion, however the opening of the Nagoya Ring Road No. 2 (Nagoya-Minami Junction—Takabari Junction) on March 20, 2011 and its connection to the Ise Wangan Expressway are expected to largely relieve this congestion, improving the convenience to our customers.

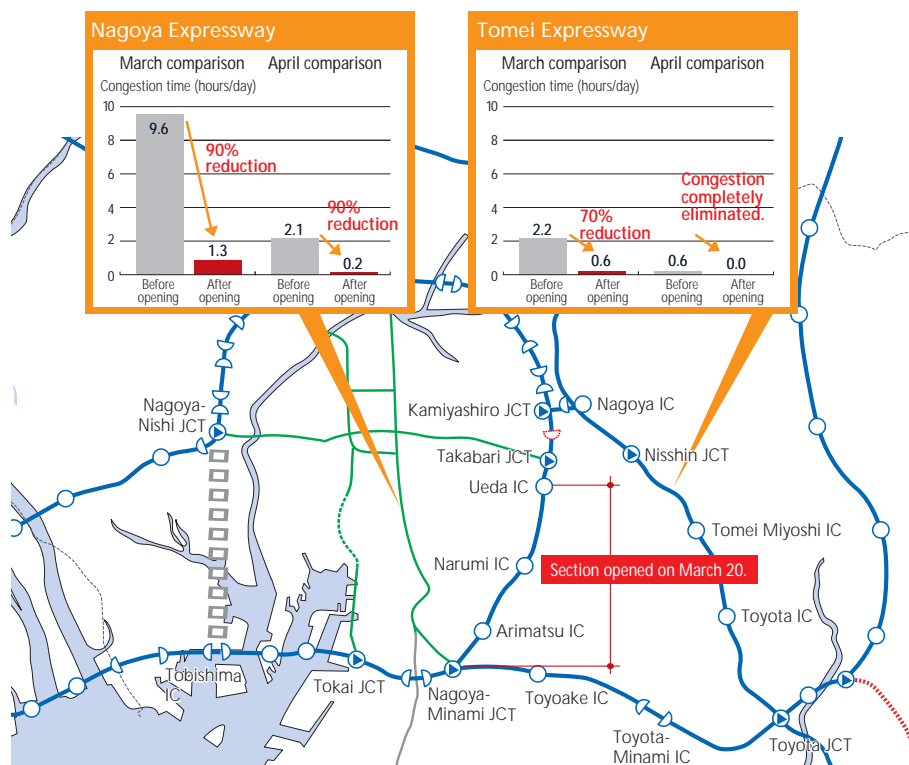


Nagoya Ring Road No. 2 just after opening

[Congestion on surrounding expressways: One month after opening]

- On the Nagoya Expressway No. 3 Odaka Line, which runs parallel to the Nagoya Ring Road No. 2, the total daily congestion time during March and April was approximately 90% lower.
- On the Tomei Expressway (Nagoya Interchange—Toyota Junction), the total daily congestion time during March was reduced by approximately 70%, and congestion in April was eliminated entirely.

Effects of construction: Shortening of required travel times to Central Japan International Airport (Centrair) and other major destinations have been shortened.  
Example: Narumi Interchange → Centrair  
Before opening: 50 min. → After opening: 32 min.



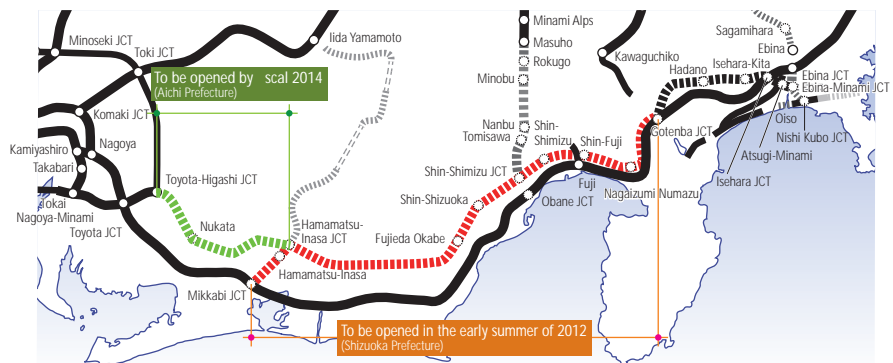
Scheduled openings to fiscal 2015

Expressway name	Section	Length	Year of completion	Remarks
New Tomei Expressway	Gotenba Junction—Mikkabi Junction	162km	2012	First section of the New Tomei Expressway to open in Shizuoka Prefecture
	Hamamatsu-Inasa Junction—Toyota-Higashi Junction	55km	2014	Creates a double network to the west of Gotenba
New Meishin Expressway	Yokkaichi Junction—Yokkaichi-Kita Junction	4km	2015	Steady extension of the New Meishin Expressway
Kisei Expressway	Kii Nagashima—Kisei Ouchiyama	10km	2012	Steady extension of the Kisei Expressway
Maizuru-Wakasa Expressway	Obama—Tsuruga Junction	39km	2014	Opening of all lines on the Maizuru Wakasa Expressway
Ken-O Expressway	Nishi Kubo Junction—Ebina Junction	9km	2012	Chuo Expressway, Tomei Expressway, and New Shonan Bypass are connected via the Ken-O Expressway <Completion of the west section of the Ken-O Expressway>
	Ebina—Hachioji-Minami	25km	2012	
	Hachioji-Minami—Hachioji Junction	2km	2012	
<b>Total</b>		<b>306km</b>		

Construction of the New Tomei Expressway

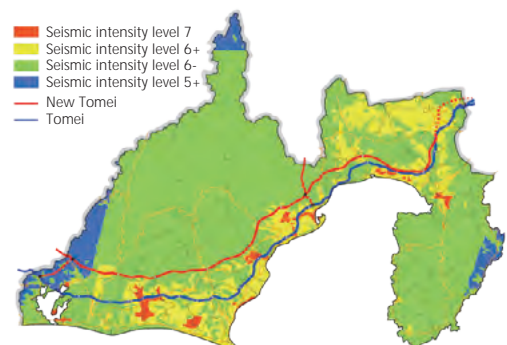
By sharing the burden of traffic with the heavily congested existing Tomei Expressway, the New Tomei Expressway is expected to significantly contribute to the revitalization of Japanese industrial, cultural, and socioeconomic activities. This new expressway is designed with curves and gradients that are gentler than those of the Tomei Expressway, for safer and more comfortable driving.

The sections running in Shizuoka Prefecture (Gotenba Junction – Mikkabi Junction) will be opened at the earliest date possible, in the early summer of 2012, and the sections in Aichi Prefecture (Hamamatsu-Inasa Junction – Toyota-Higashi Junction) by March 2015 at the latest.



[Effects of creating a double network]

- Creating a double network with the Tomei Expressway ensures an alternate route for times of emergency and will make it possible for us to carry out the upgrade work on the Tomei and Meishin Expressways that is part of achieving our “100-year road” plan. It also ensures the reliability of the lifelines that support the logistics and economies of major cities.
- Compared with the Tomei Expressway, the New Tomei Expressway runs closer to the mountains and is expected to remain undamaged in the event of the Tokai Earthquake that is given an 87% probability of occurring within the next 30 years.



Seismic intensity distribution from simulated Tokai Earthquake (third simulation results)  
Source: Disaster Prevention and Information Center, Shizuoka Research Institute



# Highlight 3

## Creating New Types of Rest Areas

Aiming to provide rest areas that offer memorable experiences, we are applying the spirit of welcome and local hospitality to create rest areas that are places of true enjoyment to all visitors, and provide special opportunities to encounter the local surroundings.

By renovating or introducing new shops and new types of businesses, we provide welcome and hospitality to visitors through attractive shopping environments and stylish services to meet a broad range of circumstances.

We are also strengthening our collaboration with municipalities along roadways and local communities around rest areas, working together with tenants to improve services, and creating rest areas with greater opportunities for interaction between visitors and local areas.

### Introducing New and Exciting “EXPASA” rest area

We are developing commercial facilities under the “EXPASA” brand name as a new form of rest area that aims to provide true enjoyment to our customers.

EXPASA is a type of new facility that is built up from entirely new concepts, including everything from merchandising (MD) to leasing. It aims to rebuild facilities on a larger scale and actively introduce new shops and new types of businesses at the time when shops are remodeled.



EXPASA Ashigara on Tomei Expressway (Eastbound)



Openings in fiscal 2010 (5 locations)		
Tomei Expressway	EXPASA Ashigara	Eastbound/Westbound
Meishin Expressway	EXPASA Taga	Westbound
Higashi-Meihan Expressway	EXPASA Gozaisho	Eastbound/Westbound
Scheduled for opening in fiscal 2011 (2 locations)		
Tomei Expressway	EXPASA Ebina	Eastbound
Chuo Expressway	EXPASA Dangozaka	Westbound



EXPASA Gozaisho on the Higashi-Meihan Expressway (Westbound)



EXPASA Taga on the Meishin Expressway (Westbound)

## Improving Customer Satisfaction

We have introduced an employee recognition program; for example, we conduct customer service competitions, where our rest area staff demonstrates their customer service skills in a role play scenario. We also conduct training programs for our Service Area Concierges to improve the level of service offered to customers.



Customer service competition



Service Area Concierge

## Creating Rest Areas to Meet a Broad Range of Customer Needs

In creating and renovating our rest areas, we actively adopt ideas generated through the Women and Young Employee Working Group and collaborative projects with universities. We also have an Internet blog operated by female employees and provide information about our rest areas and expressways from a female perspective.



Women and Young Employee Working Group



Blog: "NEX-kō Central - Happy Drive"

## Enjoying a Drive with Your Children or Dogs

We are creating shopping areas that contain kids' play areas and dog parks so that our rest areas allow everyone to enjoy time with their families in comfort.



Kids' washroom at the EXPASA Gozaisho on the Higashi-Meihan Expressway (Westbound)



Dog park at EXPASA Ashigara on the Tomei Expressway (Westbound)



Project involving collaboration with universities



Women's washroom at EXPASA Ashigara on the Tomei Expressway (Eastbound)