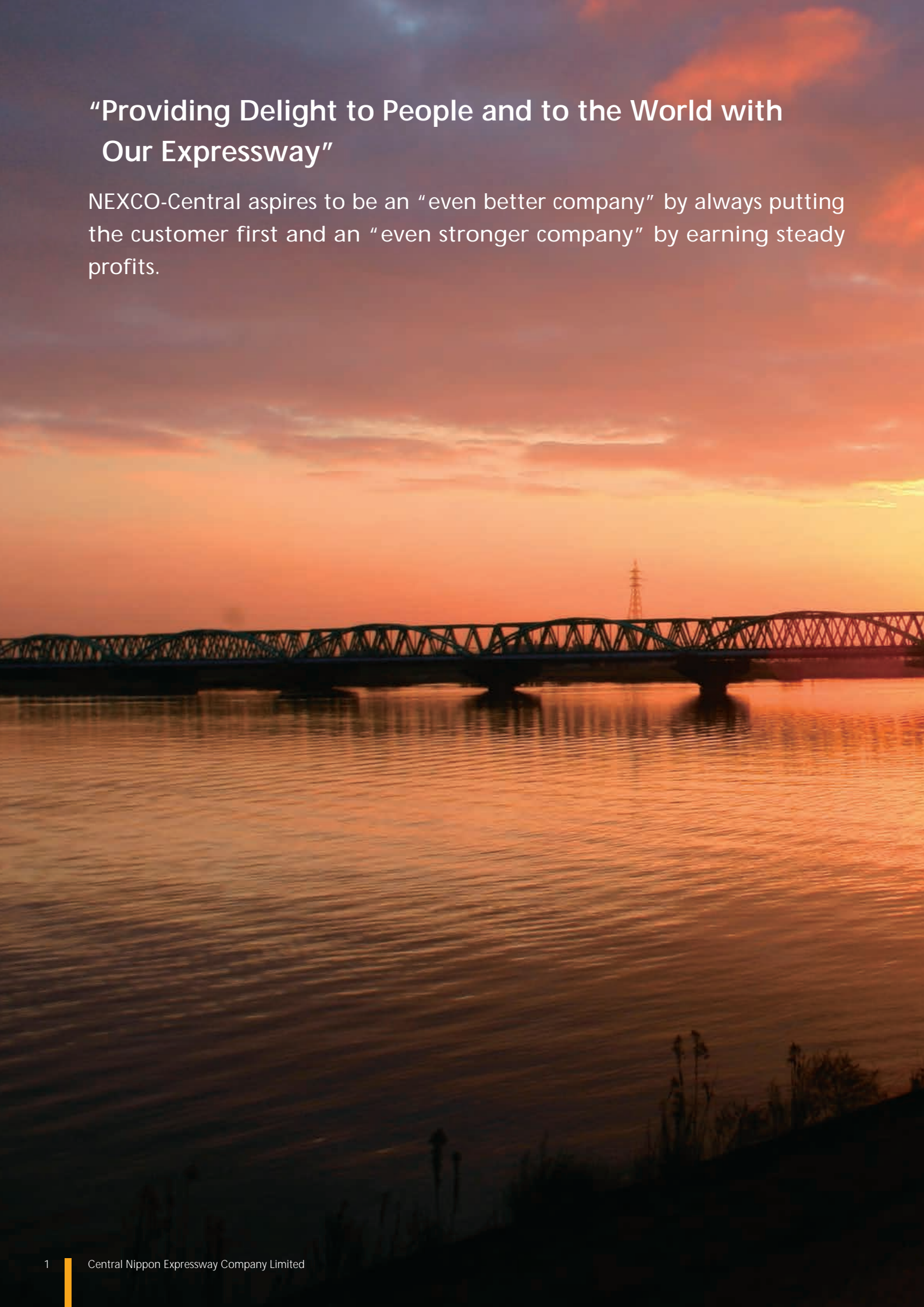


# Annual Report 2011

# “Providing Delight to People and to the World with Our Expressway”

NEXCO-Central aspires to be an “even better company” by always putting the customer first and an “even stronger company” by earning steady profits.





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## >> 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



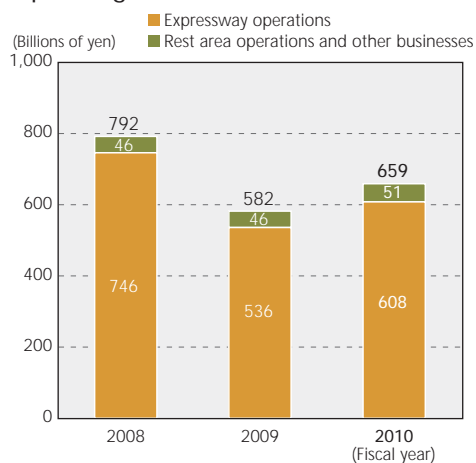
Name	Central Nippon Expressway Company Limited (NEXCO-Central)
President and CEO	Takekazu Kaneko
Head office	Nagoya, Japan
Established	October 1, 2005
Employee	2,113 (8,841 consolidated)
Group companies	13 (wholly owned by NEXCO-Central)
Capital	¥65 billion (US\$782 million)

## Business Data

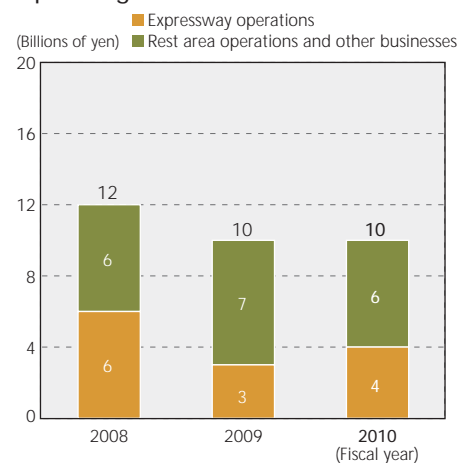
Expressways in operation	1,760 kilometers	As of Dec. 1, 2011
Traffic volume	1.88 million vehicles/day	Year ended Mar. 31, 2011
Toll revenues	¥442.2 billion (US\$5.3 billion)	Year ended Mar. 31, 2011
Expressways under construction	484 kilometers	As of Dec. 1, 2011
Rest areas	164	As of Dec. 1, 2011
Rest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



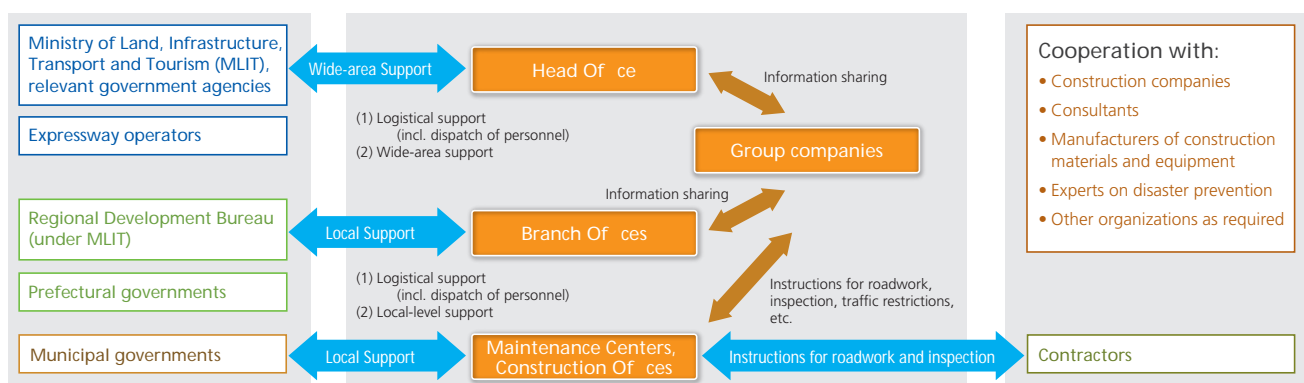
Immediately after the earthquake (August 2009)



After full restoration (July 2010)

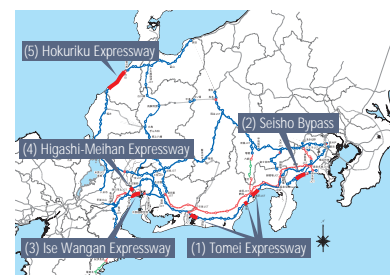
### ■ Establishment of a disaster-prevention system

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.

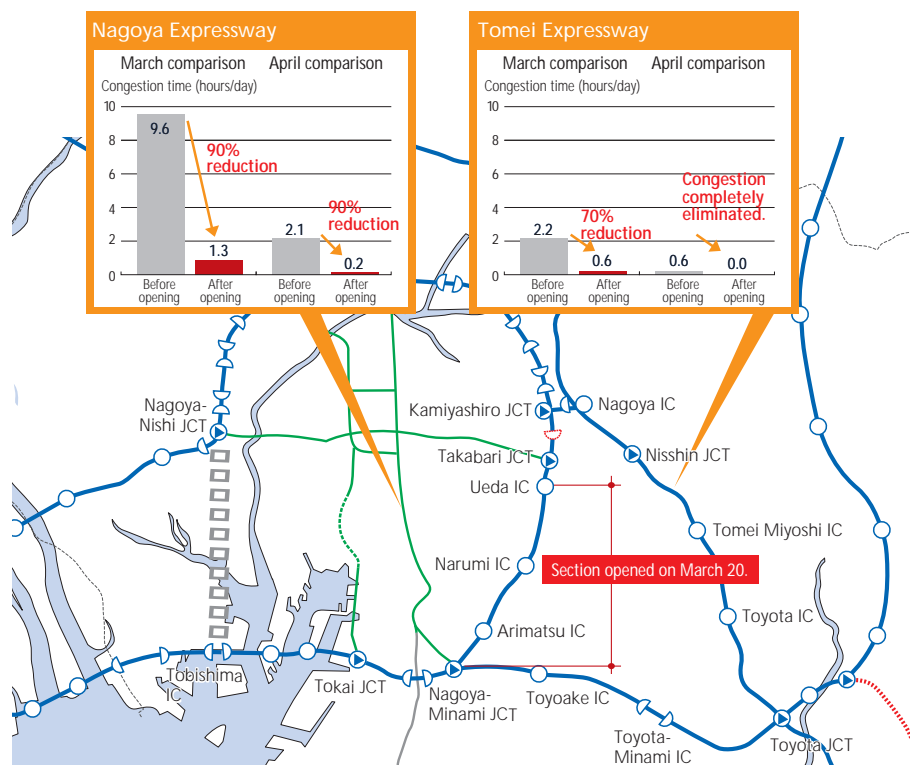
[Congestion on surrounding expressways: One month after opening]

- 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.



Nagoya Ring Road No. 2 just after opening

Effects of construction: Shortening of required travel times  
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.





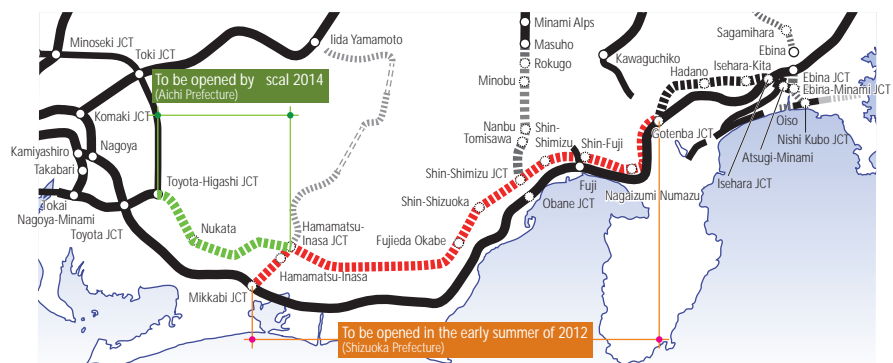
## Scheduled openings to fiscal 2015

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	
Total		306km		

## Construction of the New Tomei Expressway

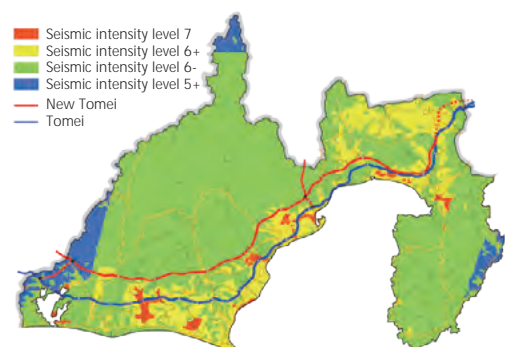
By sharing the burden of traffic with the heavily congested existing Tomei Expressway, the New Tomei Expressway is expected to significantly contribute to the revitalization of Japanese industrial, cultural, and socioeconomic activities. This new expressway is designed with curves and gradients that 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-ko 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)



## >> Corporate Philosophy

### Our Mission

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We are continually seeking to innovate and improve our business and to create expressways that are ahead of their times in terms of **safety, reliability, and comfort**. In this way, we are helping to improve development and lives in local communities, revitalize the economy of Japan, and achieve sustainable global growth.

### Our Six Basic Corporate Policies

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We are working to fulfill our mission by aiming to become an even better and stronger company. As steps towards this goal, we have established the following six basic corporate policies.

- |  |   |
|--|---|
| 1. Put the customer first                | 4. Be deeply conscious of the environment |
| 2. Gain and keep the trust of the public | 5. Think and act from the bottom up       |
| 3. Stay innovative                       | 6. Encourage good and satisfying teamwork |

## >> Management Policies

### Basic Management Policy from Fiscal 2011 to 2015

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Aiming to become the top expressway company in the world

- Providing delight and satisfaction to all our stakeholders
- Continually striving for new great advances

### Management Policies in Fiscal 2011

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1. Reliable execution of our management policies for fiscal 2011: a sure first step toward becoming the top expressway company in the world
2. A flexible approach to changes in the environment
3. Accelerated innovation

## >> Corporate Slogan

# Providing Delight to People and to the World with Our Expressway

**W**e are working to provide delight to our customers through our services. We will expand this delight to reach a broader range of people and many different countries. It also points the way to our future.



## >> Our Stakeholders



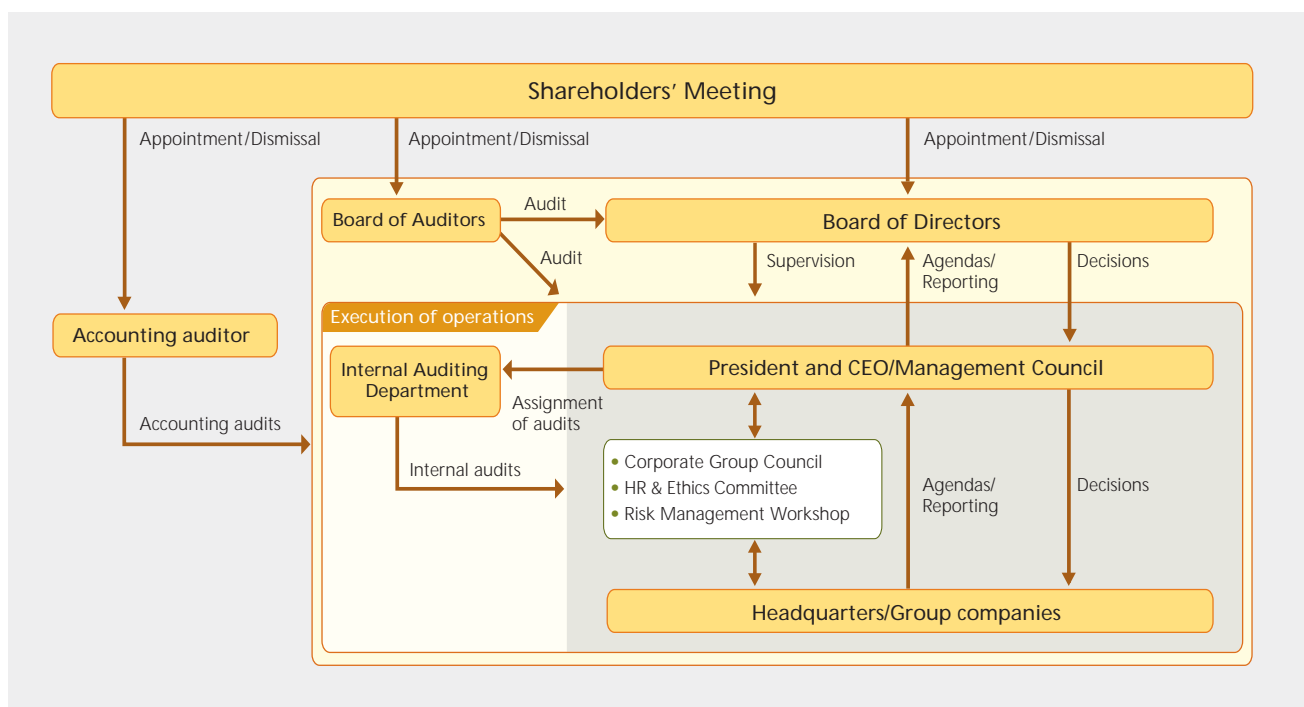


## >> Corporate Governance

### Governance Structure

The Board of Directors convenes monthly to determine key issues and execute its duties. In addition, all board members and managing officers attend a corporate strategy meeting held once a month to deliberate key issues, strengthen the function of the board and improve management efficiency.

Starting in June 2007, all board members, managing officers and Group company presidents meet regularly to determine corporate strategy affecting groupwide policies and to share information. The corporate auditors attend all of these meetings.



### Internal Control System

In accordance with the provisions of the Companies Act and the Enforcement Regulations of the Companies Act, in May 2006 NEXCO-Central introduced an internal control system based on policies regarding a structure to ensure appropriate business practices.

This system entails recording and managing information about the performance of directors' duties, risk management, confirming the efficiency with which directors perform their duties and verifying the appropriateness of business conducted by the NEXCO-Central Group.

## >> Board of Directors

### ■ President and CEO



1968 Joined Sumitomo 3M Limited  
1997 Financial Director for Asia-Pacific Region, 3M Company  
2003 Executive Vice President, Sumitomo 3M Limited  
2010 Joined NEXCO-Central as President and CEO

Takekazu Kaneko

### ■ Executive Officer



Ryoichi Yoshikawa  
Maintenance/CS

### ■ Senior Managing Officers



Keiichi Nakayama  
General Affairs



Takahisa Takamatsu  
Business Development



Akira Hirose  
Construction Business



Toshiji Komuro  
Corporate Strategy

### ■ Senior Corporate Auditors

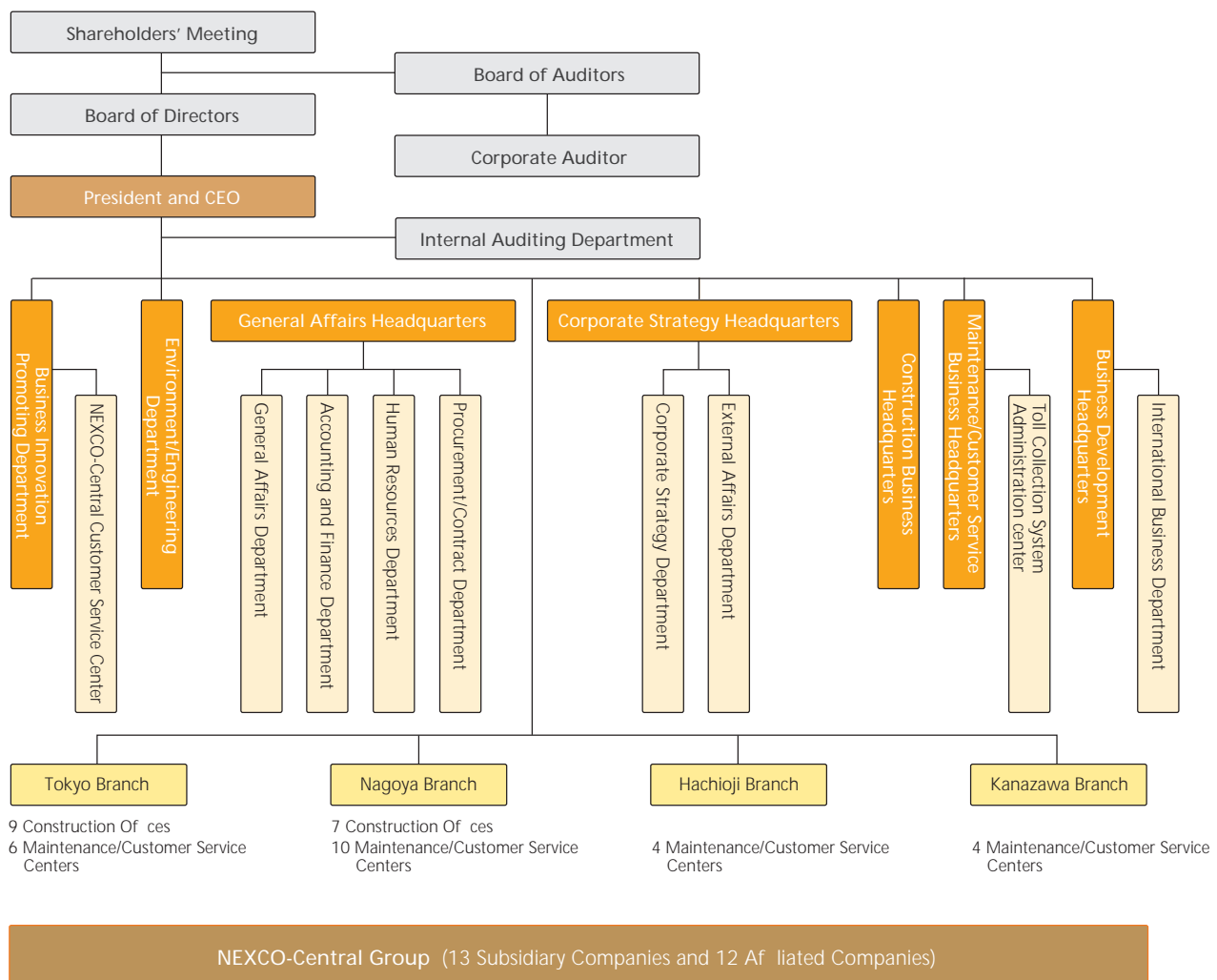


Tatsuji Takahashi



Koichiro Ito

## >> Organization



## >> NEXCO-Central Group

### Subsidiary Companies

- Road Engineering, Maintenance and Inspection**  
 Central Nippon Highway Engineering Nagoya Co., Ltd.  
 Central Nippon Highway Engineering Tokyo Co., Ltd.
- Toll Collection**  
 Central Nippon Extoll Yokohama Co., Ltd.  
 Central Nippon Extoll Nagoya Co., Ltd.
- Expressway Patrol**  
 Central Nippon Highway Patrol Nagoya Co., Ltd.  
 Central Nippon Highway Patrol Tokyo Co., Ltd.
- Rest Area Management**  
 Central Nippon Exis Co., Ltd.

- Road Repair, Maintenance and Cleaning**  
 Central Nippon Highway Maintenance Hokuriku Co., Ltd.  
 Central Nippon Highway Maintenance Nagoya Co., Ltd.  
 Central Nippon Highway Maintenance Tomei Co., Ltd.  
 Central Nippon Highway Maintenance Chuoh Co., Ltd.  
 Central Nippon Road Maintenance Tokai Co., Ltd.
- Staffing Service**  
 NEXCO Central Nippon Services Co., Ltd.

### Affiliated Companies

- Hokuriku Expressway Terminal Co., Ltd.  
 NEXCO Systems Co., Ltd.  
 Nippon Expressway Research Institute Co., Ltd.  
 Highway Toll Systems Co., Ltd.  
 NEXCO Insurance Services Co., Ltd.  
 Nihon Road Maintenance Co., Ltd.  
 Central Nippon Road Maintenance Chubu Co., Ltd.  
 Tokyo Highway Co., Ltd.  
 Central Nippon Facilities Management Co., Ltd.  
 NHS Nagoya Co., Ltd.  
 TC Maintenance Co., Ltd.  
 Japan Expressway International Co., Ltd.

(As of Dec. 31, 2011)



## >> NEXCO-Central Network

**N**EXCO-Central operates the expressway network covering metropolitan Tokyo and the Chubu, Hokuriku and Kinki regions.

This network is the social infrastructure supporting the foundation of socioeconomic activities by enabling smooth traffic flows between regional and city areas, as well as invigorating regional industry. It also facilitates increased daily activity in a wide metropolitan area, an organic union of airports, harbors and other transportation infrastructures, and the smooth flow of people, products and information.

### 1. Hokuriku Expressway

282.1 km

First section entered service in 1973.

The Hokuriku Expressway connects the Kansai and Chubu Areas with the Hokuriku Area, and is the principle roadway leading to and from Niigata. Users of the scenic road enjoy a beautiful natural environment, as it passes from mountains to the sea through a variety of geographical features.

### 2. Tokai-Hokuriku Expressway

184.8 km

First section entered service in 1986.

The Tokai-Hokuriku Expressway joins the Chubu and Hokuriku Areas. With the opening of all sections in 2007, the road directly links the Pacific Ocean side of Japan with the Japan Sea side. It also functions as a major tourism road, as the UNESCO World Heritage site Shirakawa-go and many ski areas are located around it.

### 3. Tokai Ring Road

75.9 km

First section entered service in 2005.

This ring road is located 30 – 40 km from the center of Nagoya, and connects to the Tomei, Chuo, and Tokai-Hokuriku expressways. It also relieves congestion by allowing traffic passing through the central part of Nagoya to detour around the city center.

### 4. Meishin Expressway

87.5 km

First section entered service in 1964.

The Meishin Expressway is a major artery of Japan, linking Nagoya to the Kansai Area. It is also the oldest expressway route that is managed by NEXCO-Central, having been in service for more than 45 years.

### 5. New Meishin Expressway

18.8 km

First section entered service in 2005.

This road forms a new expressway network between the Kinki Area and the Chubu Area, relieving congestion on the Meishin and other older expressways, and together with the Meishin Expressway also provides alternative transportation functions in the event of a natural disaster, traffic accident, or major road repairs.

#### Legend

- In operation
- - - - - Under construction or feasibility study
- Head of line
- Branches

1 Hokuriku Expressway

2 Tokai-Hokuriku Expressway

3 Tokai Ring Road

4 Meishin Expressway

Tsuruga Route

Obama Interchange

Nagoya Ring Road No.2

Yokkaichi Interchange

Yokkaichi Kita Junction

5 New Meishin Expressway

Koga Tsuchiyama Interchange

Higashi-Meihan Expressway

Ise Expressway

Kisei Expressway

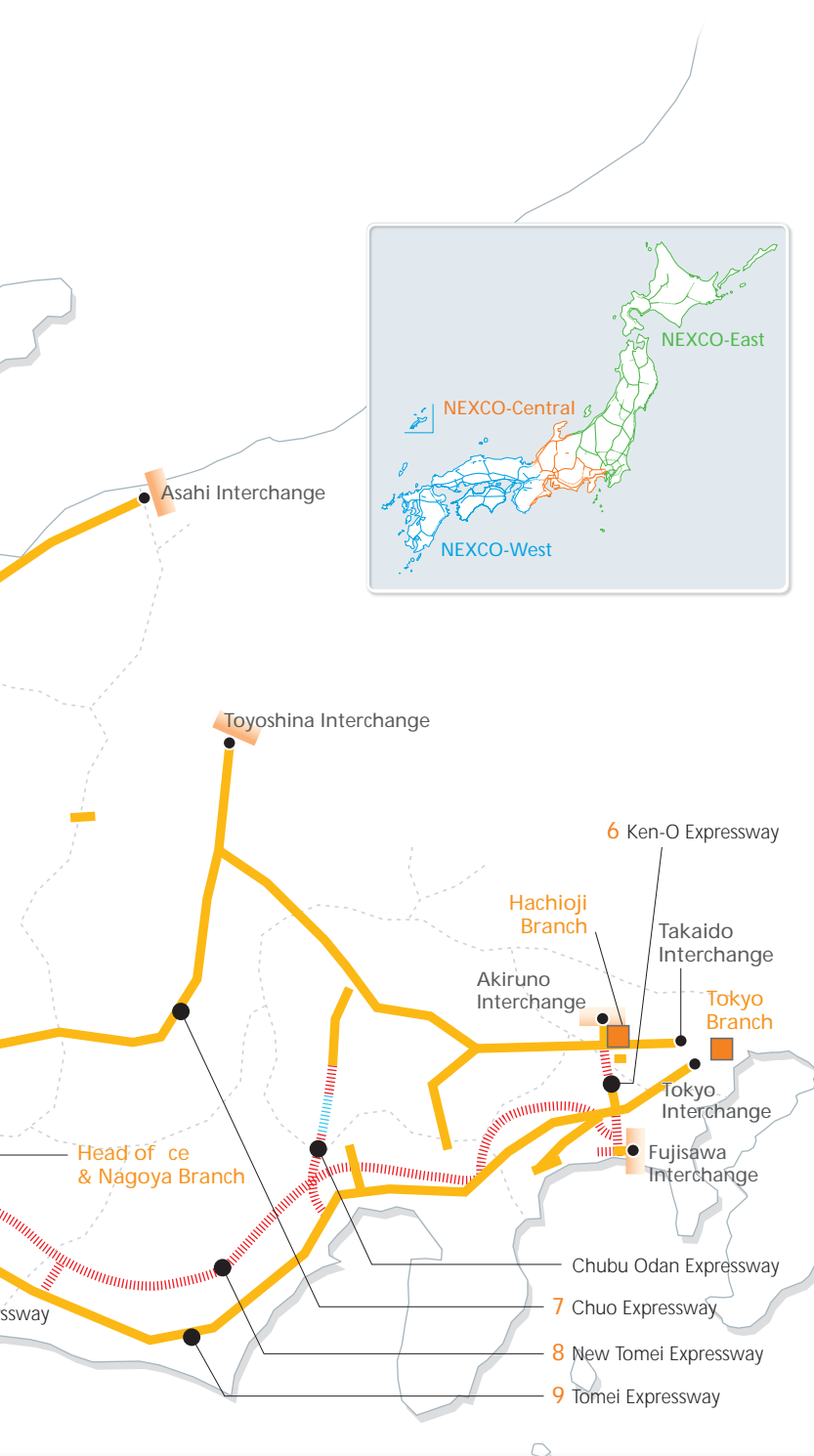
Kanazawa Branch

Kita Hiromi Interchange

10 Ise Wangan Expressway

Ise Interchange

Kii Nagashima Interchange



## 6. Ken-O Expressway

11.1 km

First section entered service in 2007.

This is the outermost of the three ring roads in the Tokyo Metropolitan Area. It functions to disperse traffic heading toward the city center, and as a detour for excess traffic, relieving traffic congestion in the inner metropolitan area and improving the environment along the route.

## 7. Chuo Expressway

366.8 km

First section entered service in 1972.

Together with the Tomei Expressway, these roads link Tokyo to Nagoya, with each serving as an alternative to the other. Because Chuo Expressway passes through the mountains, it offers convenient access to the Five Lakes of Mt. Fuji, the Kiyosato Highlands, and many other scenic mountain resort areas.

## 8. New Tomei Expressway

(217 km)

First section plans to enter service in 2012.

This expressway is currently under construction, and expected to become a new artery of Japan. Alleviation of traffic congestion in the Tomei Expressway enables drivers to secure high speed and on-time mobility, and also functions as alternative road when a disaster such as the Tokai Earthquake occurs.

## 9. Tomei Expressway

346.7 km

First section entered service in 1968.

The Tomei Expressway is linked with the Meishin Expressway, together serving as the major arteries of Japan that join the three major cities of Tokyo, Nagoya, and Osaka. It is also one of only a few heavy-vehicle routes in Japan.

## 10. Ise Wangan Expressway

50.2 km

First section entered service in 2000.

This expressway organically links the cities located around Ise Bay, and operates as a broad-area principle roadway that contributes to easing congestion on surrounding national highways.

## >> Milestones

1956

### ■ Building the Foundation

**Apr. 1956** Japan Highway Public Corporation (JH) established.

**Oct. 1957** Construction minister authorizes JH to build the Meishin Expressway.

**Sep. 1958** Government places order with JH to construct Japan's first expressway.



**May 1962** Construction minister authorizes JH to build the Tomei Expressway.

**Jul. 1963** Japan's first expressway—the 71-kilometer Meishin Expressway—opens.



**Jul. 1965** Remaining 189 kilometers of the Meishin Expressway opens.

### ■ Expanding the Expressways

**May 1969** All 347 kilometers of the Tomei Expressway opens.



**Sep. 1973** The total length of JH's expressways exceeds 1,000 kilometers.

**Dec. 1976** The total length of JH's expressways exceeds 2,000 kilometers.

**Jul. 1979** Vehicle fire occurs in the Nihonzaka Tunnel.



**Mar. 1982** The total length of JH's expressways exceeds 3,000 kilometers.



**Oct. 1987** The total length of JH's expressways exceeds 4,000 kilometers.

2005

2011

### ■ Enhancing Expressway Networks

### ■ Adding New Dimensions to Maintenance and Service

**Oct. 1988** Short-term concentration of maintenance work starts.



**Mar. 1989** Highway cards and magnetic prepaid cards introduced.

**Dec. 1991** The total length of JH's expressways exceeds 5,000 kilometers.

**1993–** Measures for larger vehicles implemented.

**1995–** Measures to prepare for large earthquakes implemented after the Great Hanshin Earthquake.

**1990s–** Measures against the aging expressways implemented.

**Nov. 1993** Construction minister authorizes JH to build the 303-kilometer New Tomei and New Meishin Expressway.

**Nov. 1996** The total length of JH's expressways exceeds 6,000 kilometers.

**Mar. 2001** Electronic Toll Collection (ETC) system introduced.

### ■ Privatization

### ■ Development of International Business

**Oct. 2005** JH split into three companies. NEXCO-Central established.



**Apr. 2006** The total length of the three companies' expressways exceeds 7,000 kilometers.

**Nov. 2007** Travel service provided for the first time as an expressway company.

**Dec. 2007** MOU signed with Vietnam Expressway Corporation.

**Apr. 2008** The 49.7-kilometer New Meishin Expressway opens.

**Apr. 2008** International Business Team established.

**Jul. 2008** All sections of the Tokai Hokuriku Expressway open.

**Dec. 2008** First overseas office established in Hanoi, Vietnam.



**Feb. 2009** MOU signed with PLUS Expressways Bhd. (Malaysia).

**Feb. 2010** 1.9-kilometer of the Ken-O Expressway opens.

**Apr. 2010** Quick chargers for electric vehicles installed at Ebina SA and Kamigo SA on the Tomei Expressway.

**May 2010** Contract signed with Vietnam's Ministry of Transport to provide technical assistance.

**Mar. 2011** 12.7-Kilometer of the Nagoya Ring Road No.2 opens.

**Jul. 2011** MOU with PLUS renewed for cooperative businesses.



## >> Construction

Expanding the Expressway Network ▶▶ More details: page 26



### Topics

#### • Construction of New Expressways

The expansion of an expressway network revitalizes Japan's industrial, cultural and socioeconomic activities.

#### • State-of-the-art technology

The use of latest technologies in construction enables better work quality, higher efficiency and minimal environmental impact.

#### • New Tomei Expressway

Our project to make the world's safest road system with the smallest environmental impact is currently underway.

## >> Operation and Maintenance

Expertise in Expressway Operation and Management ▶▶ More details: page 32



### Topics

#### • NEXCO-Central's Strength

Our extensive experience and expertise in each stage of expressway projects, ranging from the planning, design, construction, operation to maintenance, lay a solid foundation for NEXCO-Central's successful project implementation and operations.

#### • Preventive Maintenance

Our maintenance operations focus on proactive, rather than reactive maintenance; we attend to potential issues before they develop into major problems.

#### • Safety Inspection

In the aftermath of the Great East Japan Earthquake, we have been further reinforcing our disaster-prevention measures including safety inspections.

## >> Business Development

**Excellence in Customer Satisfaction** ▶▶ More details: page 41



### Topics

#### • New Types of Rest Areas

We have been renovating existing facilities into a new type of areas called “EXPASA,” offering new services and products to customers to meet their various needs.

#### • Business Development

Besides our expressway construction and operations, we also conduct other businesses such as credit card services, travel services and other new businesses under development.

## >> International Business

**Development of Expressway Business Overseas** ▶▶ More details: page 45



### Topics

#### • Overseas Business Opportunities

The NEXCO-Central Group is working together to operate a broad range of toll road business overseas and seeking opportunities of profitable international business.

#### • Contribution to International Society

We are making an active contribution to international society, for example, by hosting delegates from overseas and taking part in international conferences.

## >> Corporate Social Responsibility (CSR)

**Sustainable Growth with All Our Stakeholders** ▶▶ More details: page 51



### Topics

#### • CSR in line with the Global Compact and ISO

Following the principles of the United Nations Global Compact and ISO 26000, we have been promoting the idea of CSR and actively implementing CSR activities to enhance the satisfaction among stakeholders.

#### • Efforts to realize an environmentally sustainable society

We take the initiative in promoting eco-friendly practices throughout the NEXCO-Central Group's business activities, particularly on the areas of global warming prevention, resource conservation and considerations for local environments.



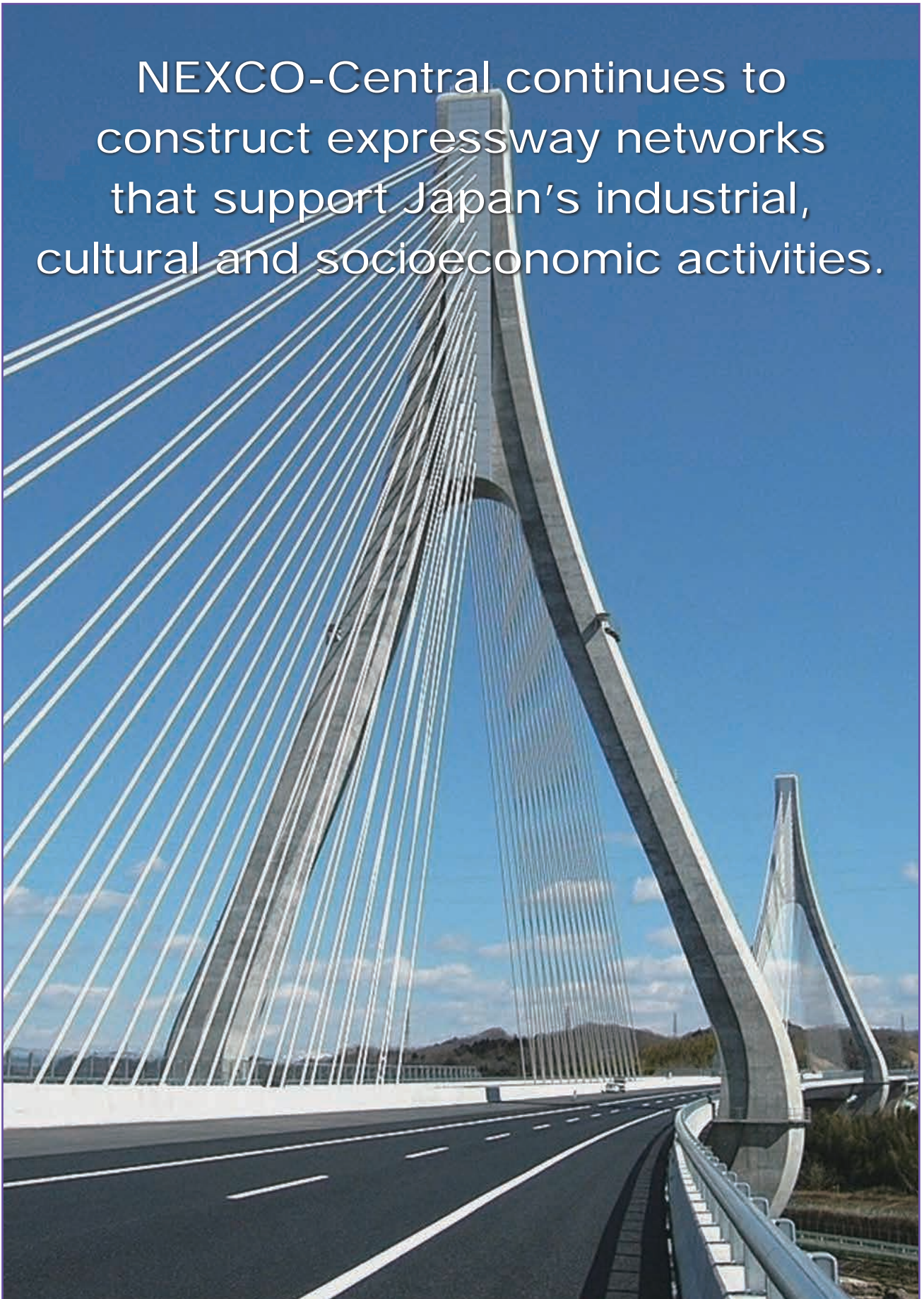
# Satisfying Customers Each and Every Day

We construct, operate and manage  
expressways to turn customers' expectations  
into reality.



>> Construction

NEXCO-Central continues to construct expressway networks that support Japan's industrial, cultural and socioeconomic activities.





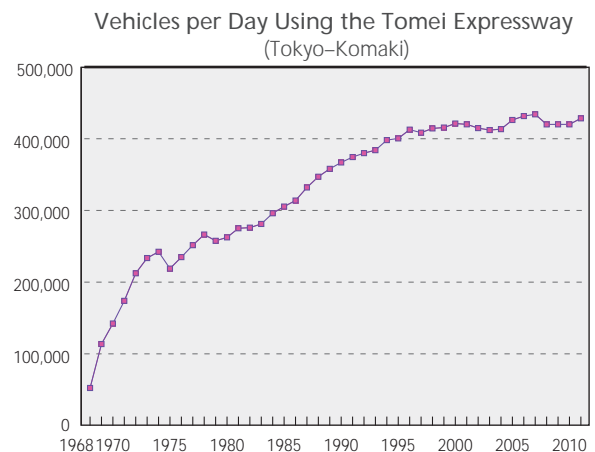
## The New Tomei and New Meishin Expressways

Managing the traffic flows along the New Tomei and New Meishin Expressways should alleviate the congestion on the existing Tomei and Meishin Expressways. This improvement in traffic management is expected to better support Japan's industrial, cultural and socioeconomic activities.

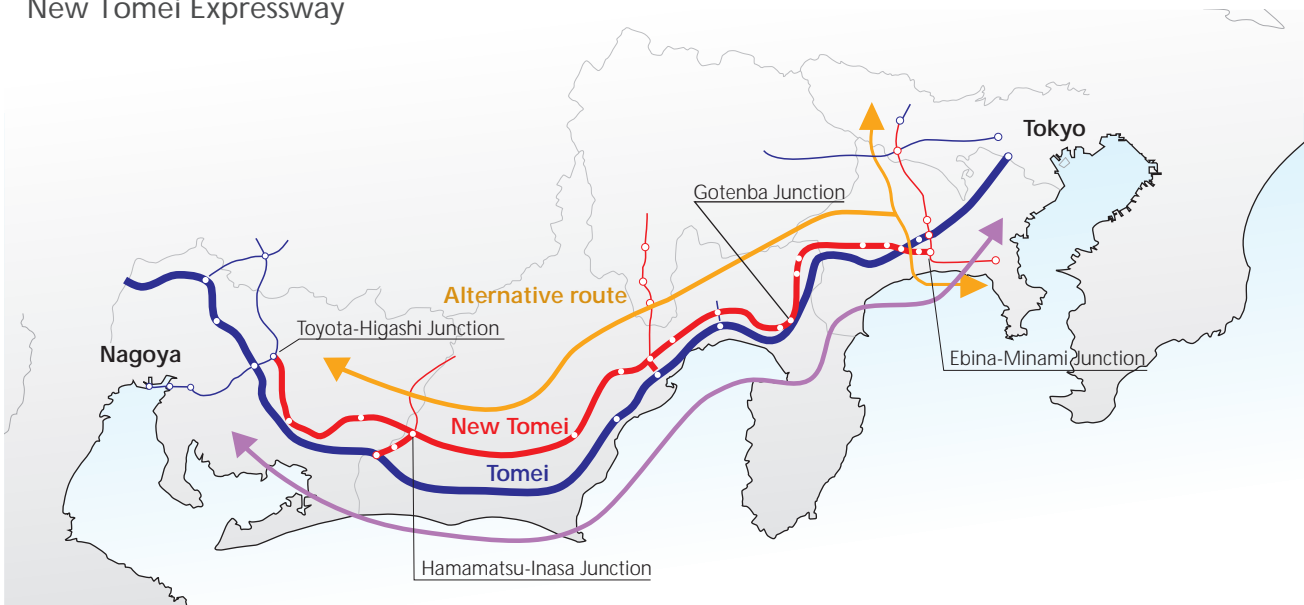
The Tomei and Meishin Expressways have historically been the main artery connecting Japan's metropolitan areas including Tokyo, Nagoya and Osaka. Now, almost 50 years on from the opening, these two expressways handle 3.7 times their initial traffic volume. Such overload has resulted in chronic delays and traffic congestion.

The new roadway network of the New Tomei and the New Meishin will make travelling and commuting more predictable, even in times of roadworks, accidents and emergencies.

Opening of the whole stretch of this new network (between Ebina-Minami Junction and Toyota-Higashi Junction) is scheduled for 2020.

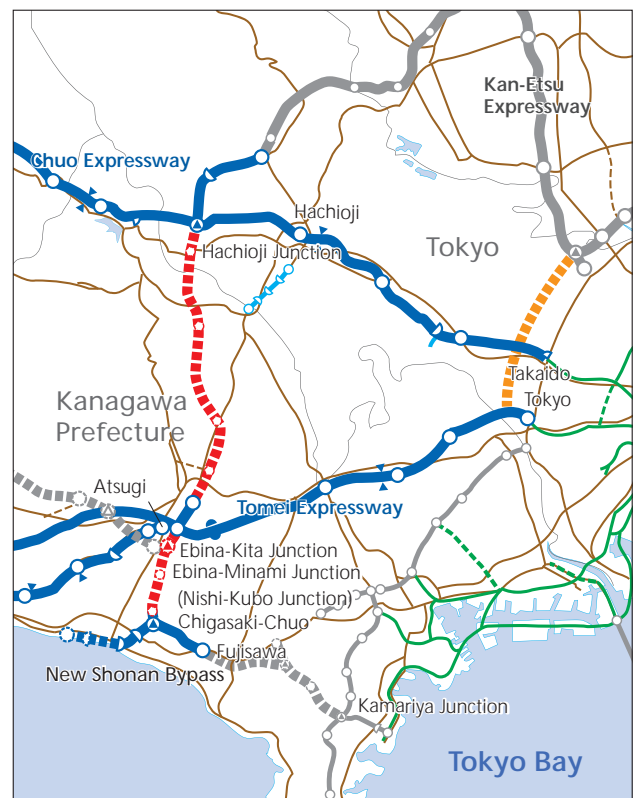


### New Tomei Expressway



## The Ken-O Expressways

The Ken-O Expressway constitutes ring roads in a radius of 40–60 kilometers from the heart of Tokyo. The expressway, which opened in 2007, has proven a convenient link between the Chuo and Kan-Etsu Expressways and is playing an increasing role in smoothing transportation, reducing environmental impact and enhancing road connections. The Chuo Expressway, Tomei Expressway and New Shonan Bypass will be connected by fiscal 2013, significantly shortening travel time from Yokohama harbor to inland cities and encouraging more freight transport.



## >> Construction: State-of-the-art Technology

### Earthworks

#### Building Large-Scale Earthworks to Harmonize with the Surrounding Environment

Some sections of the New Tomei Expressway, which is currently under construction, have embankments with volumes of 1–5 million cubic meters and maximum heights of almost 100 meters. We use various state-of-the-art design and construction technologies to achieve practicality, meet cost limits and provide high-quality disaster resistance. We employ “zoning design,” which segments construction area into zones, to manage the quality of the embankments. Similarly, construction management using heavy machinery ensures efficiency. All of these methods employ information technologies to save energy and effort, which should result in enhanced construction efficiency.

When constructing a bridge foundation in a mountainous area, we employ partial excavation, a method similar to drilling vertical shafts for tunnels. This approach enables rapid, high-quality construction, while minimizing our impact on the environment.

We use a special excavation method to reduce slope cutting and maximize areas of residual slopes. This patented method contributes greatly to landslide prevention and environmental protection.

Using heavy machinery ensures construction safety, reliability and speed on large-scale earthworks on the New Tomei Expressway.



Our IT-intensive earthwork construction employs GPS digital mapping, which streamlines construction management. This method (patent pending) reduces construction time and the fuel needed to operate heavy machinery.





## Tunnel Construction

### Advanced Construction Technology for the Most Demanding Projects

Japan's mountainous terrain makes tunnel construction a vital part of building smoothly aligned high-standard arterial expressways. This unique challenge has provided us with the opportunity to accumulate various technologies specifically related to tunnel construction. To optimize speed and efficiency, we select the most suitable method from currently available technologies, such as the pilot tunnel excavation method using a tunnel boring machine (TBM), the New Austrian Tunneling Method (NATM) and the open-cut method, according to site conditions.

Tunnel construction sites present a multitude of issues, such as fragile ground, fracture zones, spring water outbreaks and topographical deformations. We resolve each challenge by drawing on our most valuable assets—experience, know-how and technology gained from years of completing projects.



The Hida Tunnel is 10.7 kilometers long, with an overburden that measures more than 1,000 meters in places. Although this configuration precluded the placement of ventilation shafts, we employed a dynamic longitudinal ventilation system that uses the portion of the tunnel beneath the roadway surface as a ventilation duct. The Hida Tunnel is the first long tunnel to use this system.

To ensure safe tunnel construction, a TBM is used to bore a pilot tunnel. This provides geological information and allows groundwater to drain before the tunnel is enlarged.



In areas with minimal overburden, we use the open-cut tunneling method. Once the tunnel structure is completed, the excavated soil is backfilled to restore the terrain to its original profile. We pay extra attention to minimizing vibrations and other impacts on adjacent residential areas.



## Bridge Construction

### Technology Spawns New Bridge Styles

As 70% of Japan is mountainous and it remains one of the most earthquake-prone countries in the world, its people have learned to incorporate many world-renowned technologies in their bridge construction.

At the planning, design and construction stages, we consider future structural maintenance and then select the most practical bridge design. For example, when we build bridges in mountainous areas, we select a simple style and form that blends in well with the surrounding environment, taking into consideration practical and economic issues. To cross rivers or seas, we create long-span bridges employing the most suitable and disaster-resistant designs. In flat areas, we use pre-cast segments or erect large blocks to complete projects rapidly. This approach reduces the impact of construction on residents near bridge sites. Our major advantage comes from our ability to deploy a full range of engineering skills to plan, design and build bridges, as well as to review construction cost, time and environmental effects.



Compact design is essential to constructing bridges in mountainous areas. Strutted box girders achieve a lightweight superstructure, minimizing substructure elements and resulting in extremely streamlined bridge structures.

The triple-cable-stayed bridge on the Ise-Wangan Expressway was constructed in Nagoya's port zone. The bridge sections are 758 meters, 1,170 meters and 700 meters long and support a dual three-lane carriageway. As one of the world's most unique structures, this large-scale bridge showcases NEXCO-Central's distinctive technologies.



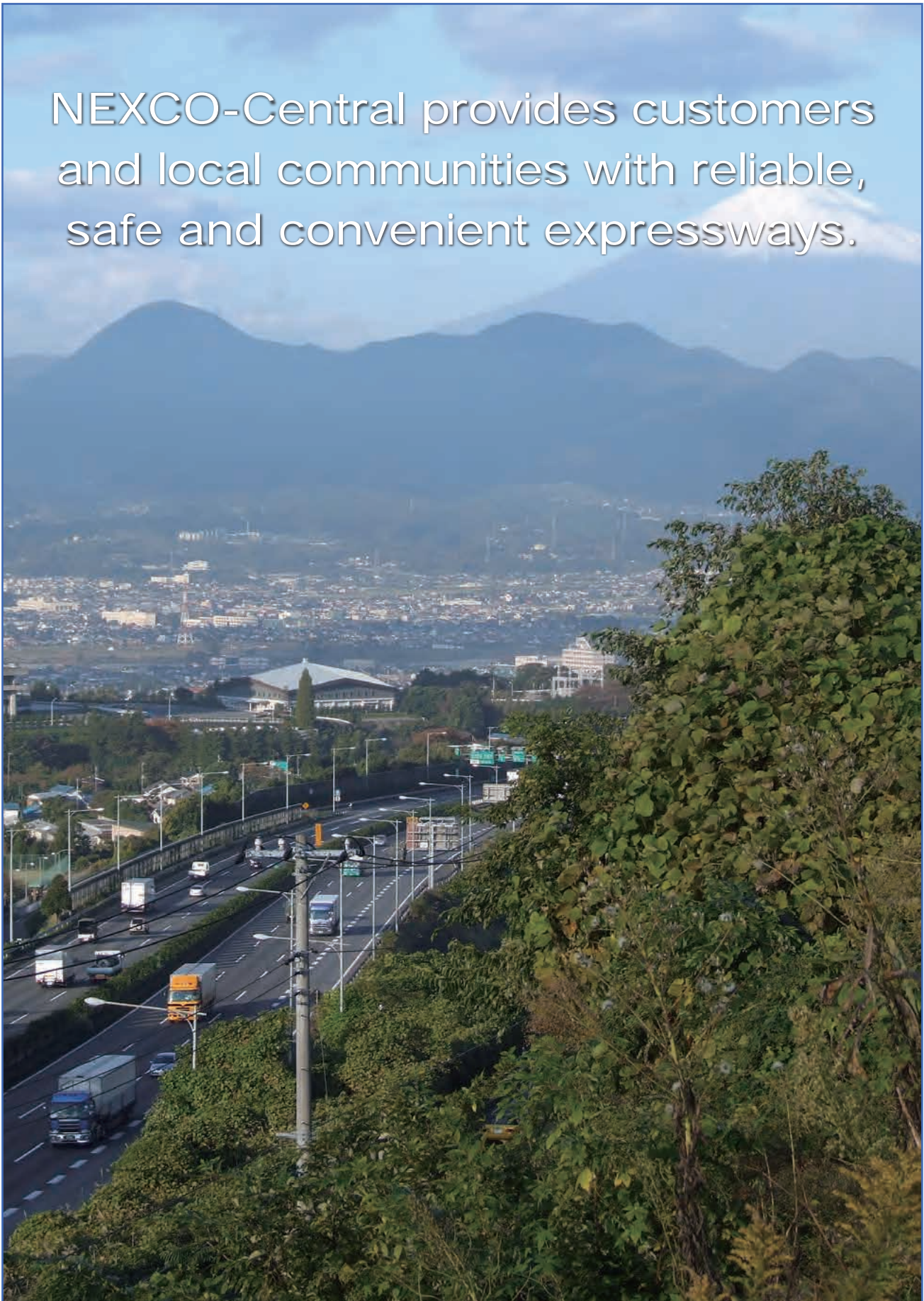
We enhance working efficiency by using steel pipes in place of densely arranged reinforcing bars. The patented Hybrid Slip Form method and the use of steel pipe makes construction faster and more economical.





## >> Operation and Maintenance

NEXCO-Central provides customers and local communities with reliable, safe and convenient expressways.



## Our strength in O&M derives from five decades of experience in constructing, maintaining and operating expressways.

Our operation and management skills derive from the experience we have accumulated through the operation of expressways. While a variety of technical and operational manuals are in place to facilitate construction and maintenance, expertise based on decades of experience plays an important role in on-site operations.

Our technical expertise ranges from the planning, design and construction phases to post-construction operation and maintenance—the face of our operations that is most familiar to the general public. Expert project management is the often-overlooked foundation that underpins all these activities.

On this solid foundation, we continue to develop our business by inventing new technologies and using them for diverse applications in construction and other aspects of our business. Furthermore, we are working to introduce our technical expertise to the world through our efforts to assist the planning and development of toll roads in other countries.

We have earned a solid reputation for the dependable operation of expressways and for efficient and reliable project management. Our ultimate goal is to make roadway travel as comfortable and safe as possible for the greatest number of people.



## NEXCO-Central's Group Structure for O&M

Solid O&M system ensures safe, high-quality road systems, as well as the prompt and appropriate handling of emergencies and incidents, which enables reliable, round-the-clock service. Furthermore, O&M guarantees strict toll management and allows face-to-face communications with our customers.

Orchestrating all these tasks requires expert skills and a wealth of experience. To this end, we employ 11 subsidiaries specialized in one of the following areas: engineering, maintenance, traffic patrol and toll collection. These companies,

which have accumulated expertise in their respective fields, work with NEXCO-Central to optimize operational and economic efficiency.

Such experience-based expertise, which cannot be obtained overnight, is a valuable asset to the NEXCO-Central Group. We believe that this know-how, stemming from solid Group management, underpins our ability to outperform other expressway operators.



### Two subsidiaries

- ▶ Inspection
- ▶ Engineering work

### Five subsidiaries

- ▶ Repair
- ▶ Cleaning
- ▶ Snow removal

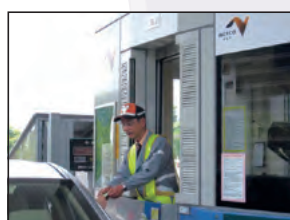


### Two subsidiaries

- ▶ Patrol
- ▶ Traffic and road information

### Two subsidiaries

- ▶ Toll collection
- ▶ ETC services





## Carrying Out Variety of Maintenance Activities to Ensure Safety

One of our missions is to realize the “maintenance of the expressway to ensure comfortable driving at all times.” With an emphasis on efficiency, the centralized traffic control system monitors real-time traffic and meteorological conditions, providing drivers with accurate information. Also, it facilitates the round-the-clock responsiveness of activities such as rescue operations and the prevention of secondary damage from dropped objects and accidents. Our rapid response service is based on experience and the knowledge we have gained over our long history of expressway operations.

In addition, inspection and repair work are ongoing, including pavement upgrades, structural improvements, slope inspections and pruning. Maintenance management involves lifecycle costs and is executed to incorporate high-end technology into visible and invisible features. The advanced maintenance management system is operated to evaluate the daily data efficiently and accurately. Expressway companies are required to ensure the resulting comfort, which is often taken for granted.



Earthquake-resistant bridge technology is crucial in Japan, which has frequent earthquakes. Carbon fiber sheets are wrapped around older bridge piers as reinforcements, bringing them up to current standards.



Slabs that have degraded due to heavy traffic are replaced. New slabs are installed quickly using pre-cast materials while closing only one lane.



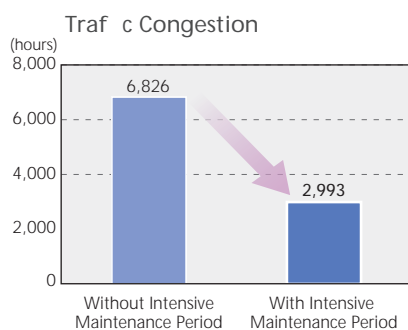
NEXCO-Central applies cavitation technology to clean the lights in tunnels. This method allows lights to be cleaned at vehicle speeds of 50 kilometers per hour. This unique technology (patent pending) provides a safe and labor-saving way to maintain facilities without bringing traffic to a standstill.

Highway information terminals provide drivers with real-time updates on traffic conditions around rest areas. These terminals raise driver convenience by providing timely and easy-to-understand information on traffic congestion, accidents, roadwork and other conditions.

## Maintenance and Service

### Short-Term Concentration of Maintenance Work

Restricting flows on heavily trafficked expressways can cause congestion. To avoid this, since 1998 we schedule intensive maintenance weeks to conduct a series of roadworks during this period, and notify it to the public well in advance. This reduces the need to frequently implement traffic restrictions and avoids congestion.



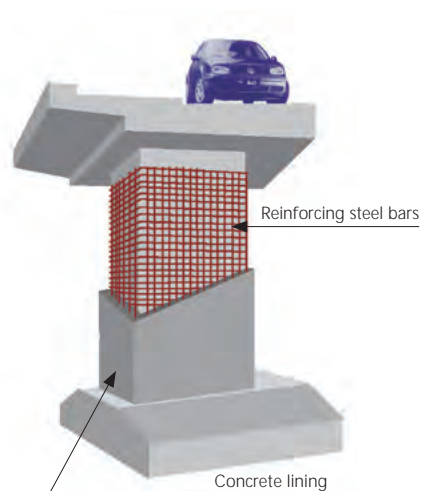
### Strengthening the inspection system

To ensure a safe and comfortable driving environment, we carry out routine, periodic and detailed inspections in order to maintain and improve road structures and facilities. To add to these inspections, we regard the risk of third-party damage as serious concerns; for example the embankment collapse that occurred after the Suruga Bay Earthquake in 2009 or the risk of concrete pieces falling from bridges, and therefore have been conducting emergency safety inspections of expressways in order to further improve the safety and reliability. Based on the results of these emergency inspections, we are expecting to complete safety improvements on our expressways and structures by the end of 2012, giving top priority to the safety and security of our customers.



### Reinforcing Bridges Against Earthquakes

In January 1995, the Great Hanshin Earthquake struck, devastating the Hanshin-Awaji area with a magnitude of 7.2. That incident spurred us to reinforce bridge piers throughout the expressway system. The reinforcement of all 9,950 piers has been completed by fiscal 2010.





## >> Aiming for 100-Year Durability

Our mission is to provide safe, reliable and comfortable expressways that customers can enjoy using. We rehabilitate and maintain road assets to ensure safe and comfortable driving 100 years into the future.

### Carrying Out Our “100-year road” Plan

For the expressways that are essential to the lives of people in Japan, we are taking steps to remedy the aging of road structures and adapt to other environmental changes,

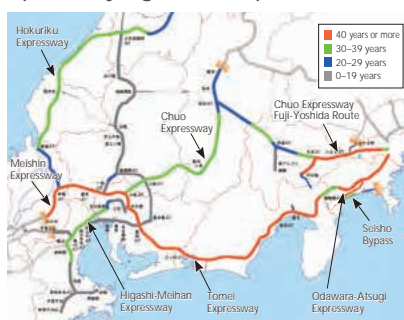
in order to create roads that can be maintained in reliable condition for 100 years or longer.

### Current Condition of Aging Expressway Assets

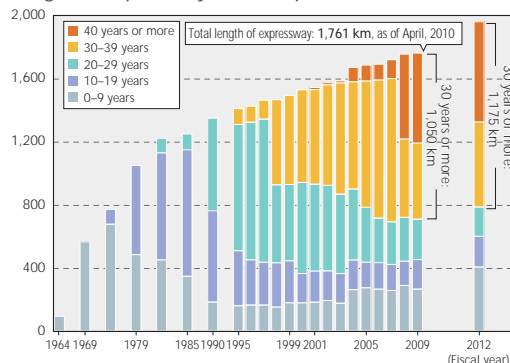
Of the expressways managed by the NEXCO-Central Group, approximately 60% are composed of roads that entered

service 30 or more years ago, with the Tomei and Meishin Expressways now in service for 40 years.

Expressway Ages as of April 1, 2010



Length of Expressways under Operation (Kilometers)



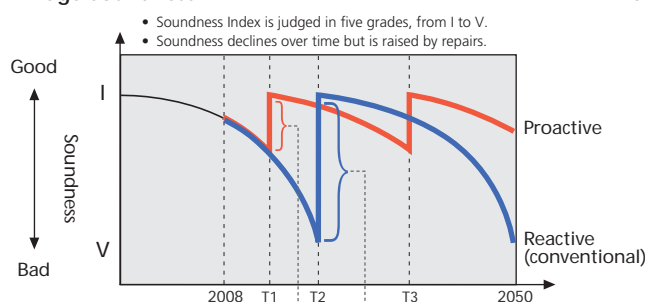
### Efficiently Managing and Maintaining Road Assets

NEXCO-Central has introduced a long-term asset maintenance plan that focuses on proactive, rather than reactive maintenance. Addressing potential issues before they become problems allows more optimum and efficient management, enhances the overall soundness of road assets and reduces lifecycle cost. To successfully introduce this asset management plan, we have developed the total management system which promptly and appropriately provides the optimum and efficient maintenance methods based on the past experience and accumulated data. One cycle of this management system

consists of inspection, soundness evaluation, deterioration prediction, maintenance plan, and repair and reinforcement. This system allows us to quantitatively evaluate structures; the progress in structure deterioration can be specifically predicted and the proactive maintenance can be taken before the structure is seriously damaged. The reason why NEXCO-Central require this system is that the number of aged bridges to be managed have increased and huge maintenance cost is expected to be expanded. This system will play an important role in our expressway management in the near future.

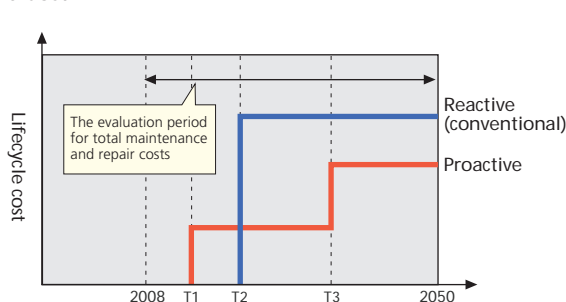
#### Effective Bridge Maintenance Management

##### Bridge Soundness\*



\*Bridge soundness is defined under the NEXCO Bridge Management System.

##### Lifecycle Cost



## Expanding ETC System Usage

We encourage customers to use our Electronic Toll Collection (ETC) system. Currently, 89% of drivers on our expressways take advantage of this convenient system, and we have responded to the increase by augmenting the number of ETC toll booths.

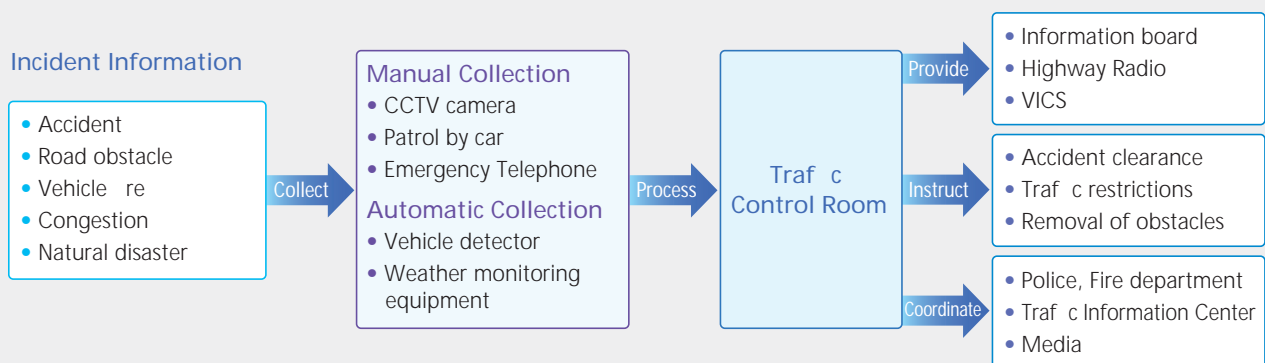
Japan's ETC system employs two-way communication between roadside and onboard units. This method enables a vast amount of information to be transmitted reliably and quickly and permits flexibility in introducing toll discounts.



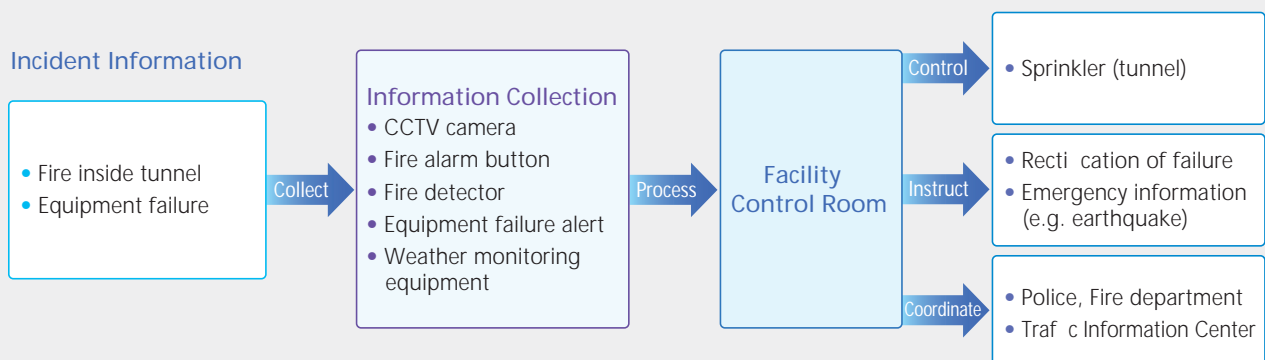
## Traffic Control Center

The NEXCO-Central Traffic Control Center features a state-of-the-art traffic control room and facilities control room. In close conjunction with the Maintenance/Customer Service Centers, the functions of the Traffic Control Center include monitoring all roads within the NEXCO-Central area, monitoring equipment operation, and providing real-time expressway-related information. It also coordinates with the Expressway Traffic Police Unit, Fire Department, and other safety and support agencies, and functions around-the-clock to ensure that NEXCO-Central expressways are constantly safe and reliable.

### Flow of Traffic Control Operations



### Flow of Facility Control Operations



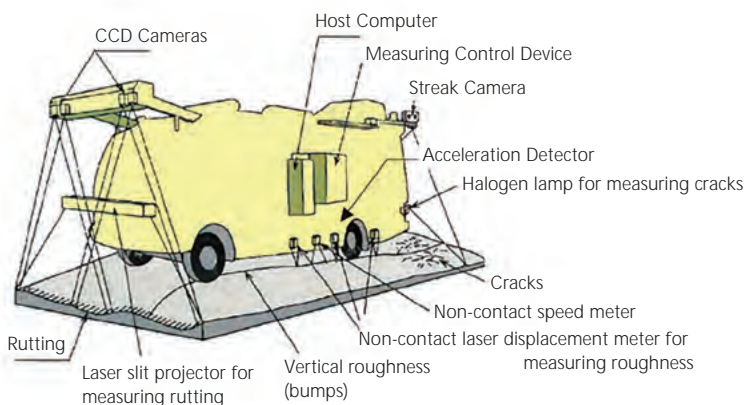


## Advanced Technology

### Road Property Survey

NEXCO-Central uses the road property survey vehicle which has been developed and owned by Central Nippon Highway Engineering Tokyo Company Limited to quantitatively investigate and assess pavement conditions. The conditions of pavement surface are measured with a laser beam to identify if there is any sign of failure, which allows us to investigate the pavement conditions even during the night. These data are automatically entered and saved into the computer system and analyzed based on the NEXCO-Central's technical specifications determined for the pavement in terms of cracking, rutting and IRI (International Roughness Index).

Since the road property survey vehicle can be driven on expressways at the speed of 60 to 100km/hr during survey, it is not required to restrict other traffic while the survey vehicle is measuring the road conditions.

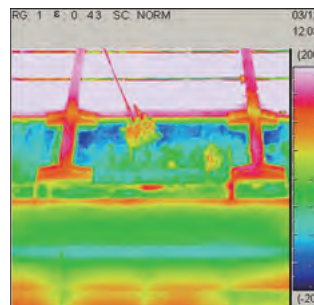


Components Equipped in Road Property Survey Vehicle

### Inspection of Concrete Structures by Infrared Camera

We have developed inspection technology to effectively identify damage in concrete structures. Although hammer tapping test is commonly carried out to investigate concrete structures, it takes enormous time and cost to conduct the test on all concrete structures we have.

Inspection through infrared cameras, on the other hand, is one of the latest inspection technologies, which enables us to measure surface temperature of concrete structures more promptly and economically. By finding the temperature difference between the areas of sound conditions and damaged areas, we can detect damage in concrete structures.



## Porous Asphalt Pavement

NEXCO-Central has introduced “porous asphalt” as our road surface layer. While conventional pavement is designed to prevent water from penetrating and allow water to flow over the surface of the pavement, the porous asphalt is

designed based on the opposite concept of allowing water to penetrate into the inside of pavement and drain, by securing a void ratio of approximately 20%. This pavement provides the following advantages.

### Ensuring Safety

- Because this pavement forms less water membrane on its surface, it provides higher skid resistance on rainy days. This effect shortens vehicle stopping distances and allows safe driving under rainy conditions.
- It also prevents hydroplaning phenomenon and uncontrolled skids.

### Environment

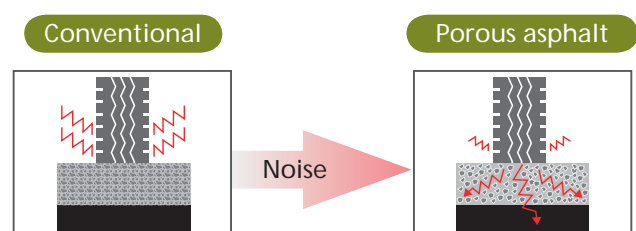
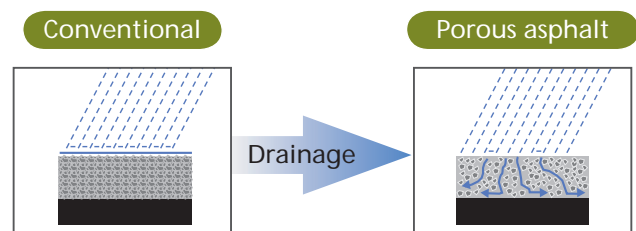
- Sources of traffic noise consists of engine noise and air pumping noise from wheels. The voids in porous asphalt pavement absorb these noises and restrict their generation.

### Comfortable Driving

- By preventing water splashing and water smoke, this pavement ensures good visibility.
- It reduces reflection of headlights on the surface at night.
- It allows lane marks to be clearly seen even on rainy days.
- It reduces road noise inside the vehicle during operation.

### Durability

- High-viscosity modified asphalt is used for porous asphalt, and it provides improved aggregate bonding force. The rate of rutting development of porous asphalt is approximately half that of conventional pavement. This contributes to the prolongation of pavement lifetime.



Conventional ← | → Porous asphalt

NEXCO-Central creates rest areas that are comfortable, convenient and pleasant.





## Rest Area Management

We have been renovating existing rest areas into a new type of rest areas called EXPASA, offering an array of exciting new products and services catering for various needs of customers.

We also collaborate with local governments and companies to add distinctive regional flavor to each rest area. We also aim to promote the revitalization of the local community by selling locally-produced products at our rest areas and providing opportunities to retailers, farmers and service providers based on the region.

	Existing	Planned
Service Areas* <sup>1</sup>	50	10
Parking Areas* <sup>2</sup>	114	20
<b>Total</b>	<b>164</b>	<b>30</b>

\*1 Placed at intervals of 50–150 kilometers, service areas have restaurants, gift shops, food courts, information booths, gas stations, parking lots, toilets and other facilities.

\*2 Parking areas, located every 15–35 kilometers, have parking lots and toilets and generally include a food court.

## Highway Oasis: New Leisure Spots

Some of our rest areas provide direct access to parks and other recreational facilities operated by local municipalities and private businesses, typically funded by both sectors jointly. Customers visiting our rest areas can enter these facilities without exiting our expressway system.

Kariya Highway Oasis on the Ise-Wangan Expressway features a 60-meter-tall Ferris wheel and natural hot springs, whereas the Johana Highway Oasis on the Tokai-Hokuriku Expressway has a hotel.



## Improved Emergency Response

We have placed automated external defibrillators (AEDs) at all service areas and major parking areas for use in medical emergencies. An AED is a portable electronic device that automatically diagnoses potentially life-threatening cardiac arrhythmia.



## Service with an Eye for Detail

We launched concierge services at 45 rest areas in central Japan in 2007. Concierges offer a diverse range of services, including information on traffic conditions, rest area facilities and services and nearby tourist attractions. They are also qualified to administer first aid. Concierges provide hospitality to match the diverse services at each rest area, helping customers get the most enjoyment from our services.



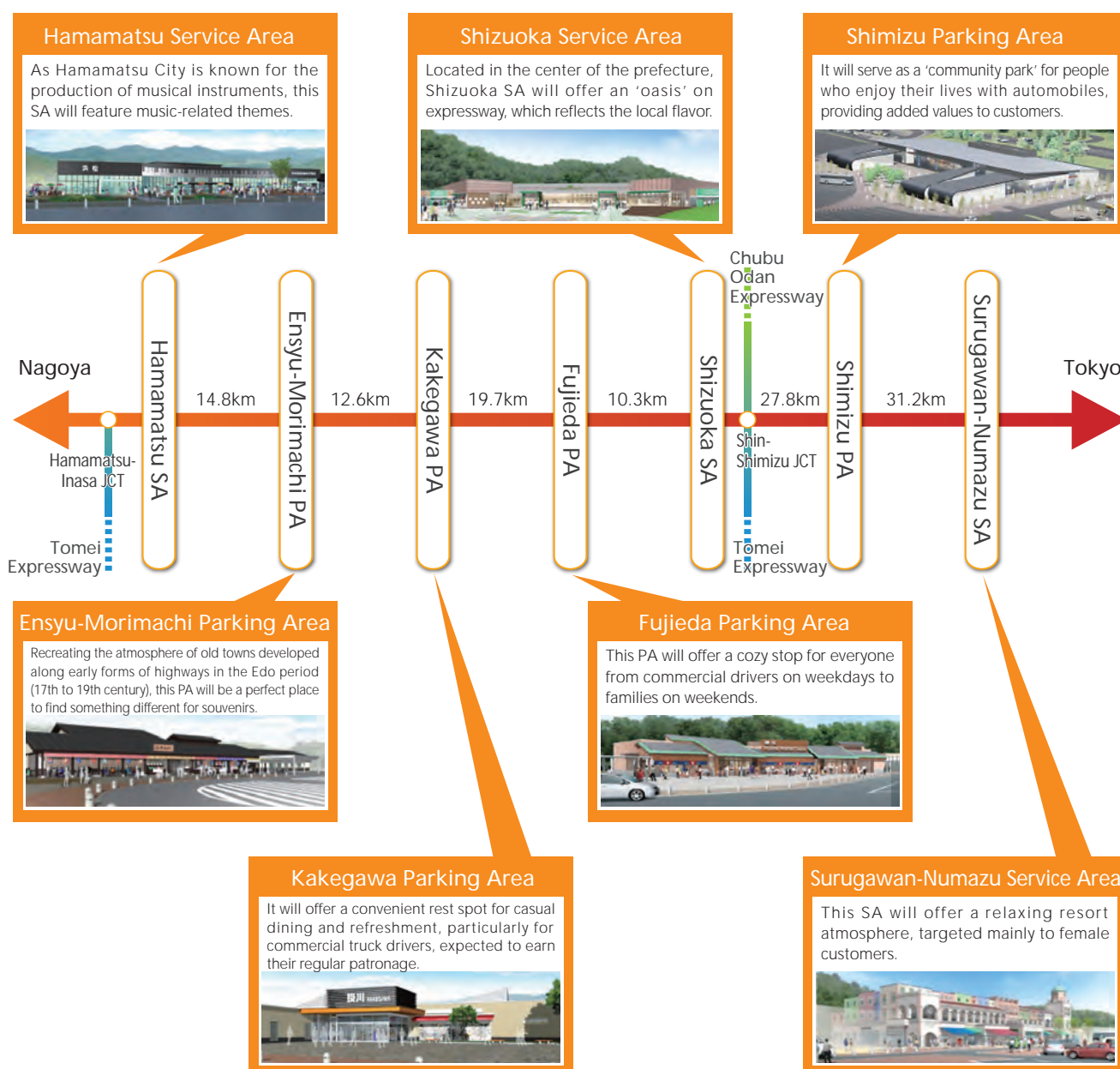


## >> Rest Areas on the New Tomei Expressway

### Basic Concept

We aim to create 'relaxing and comfortable' rest areas on the New Tomei Expressway, which is expected to have relatively higher percentages of heavy vehicles and long-distance traffic. We will be providing added values to our services by regularly holding events at our rest areas, introducing new types of businesses, and creating facilities that would provide a higher level of convenience to customers, for example, shopping malls and parks directly connected to our rest areas.

In addition, we aim to foster partnerships with local communities to contribute to the development of the regions.



## New Services



### Credit Cards

We issue the Premium Driver's Card, which combines the functions of credit cards and electronic money. Customers can use the card in various situations in their daily lives, for example, shopping in parking areas, rest areas, or neighborhood stores. They can earn reward points for every purchase they make on their card, which can be redeemed for electronic money or toll discounts. In addition, this card offers a unique service where customers will be given sympathy money when their car is damaged by objects dropped on our expressways.

### Travel

We are registered with the Japan Association of Travel Agents, making us the first expressway company to provide travel services. We develop and offer expressway-related original services in conjunction with local communities and other companies. For example, we conduct tours to visit the New Tomei Expressway, which allows for exclusive access to the new expressway ahead of its opening.



### Internet Website

Our website is a comprehensive source of information for our customers, offering a range of helpful contents such as a route search engine, latest traffic information, a hotel booking portal, and information about services available at each rest area and tourist attractions accessible via our expressway network, as well as the overview of our business operations.

Some of these contents are also available on our English, Chinese (both simplified and traditional Chinese) and Korean language websites.

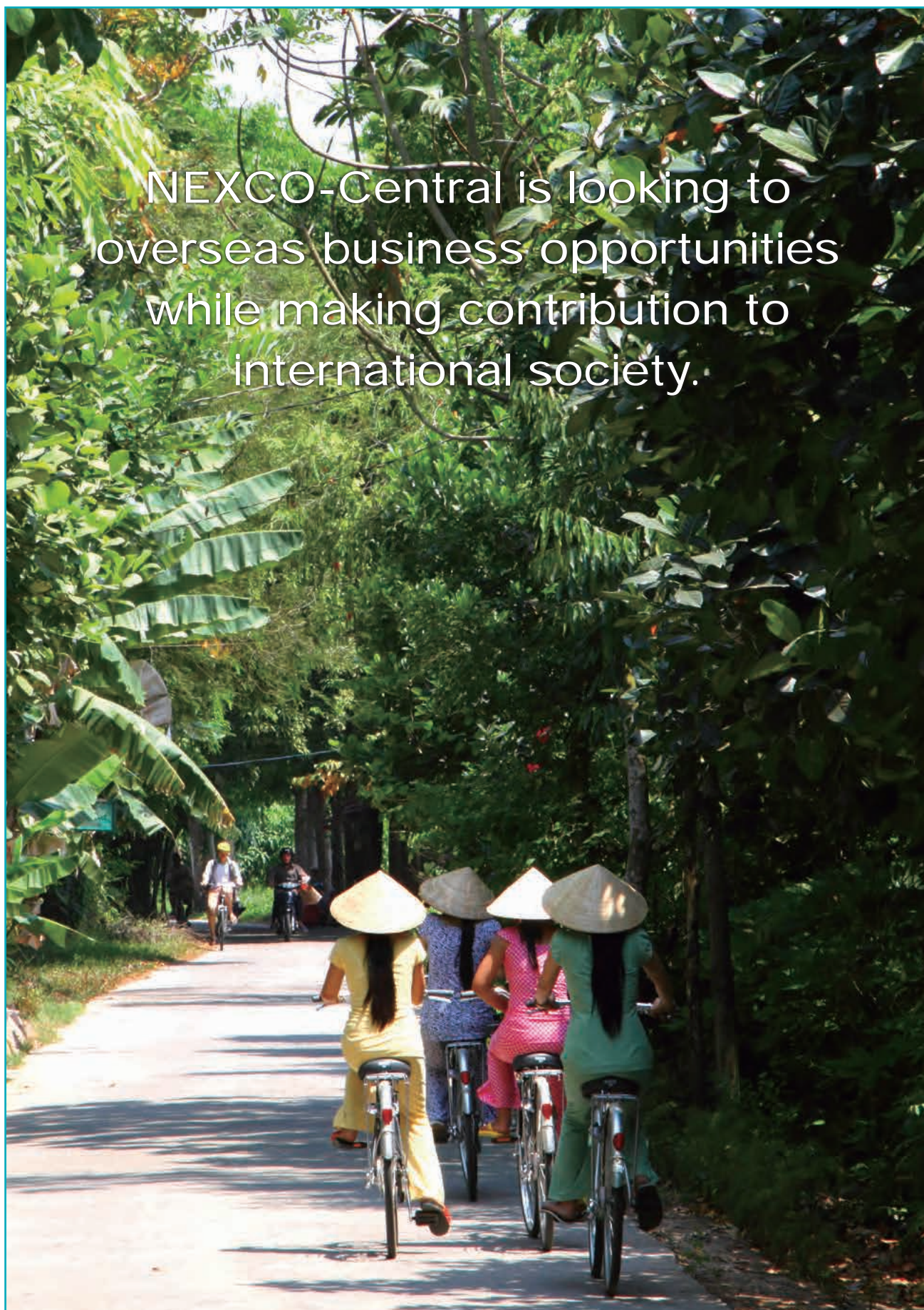


### Car Parks and Other Services

We operate other businesses that put to use available space near or under our expressways. For example, currently 41 car parks are located under the Tomei, Chuo and other expressways. Other undertakings include special vending machines at bus stops and parking areas. These remotely controlled machines dispense free beverages in times of disaster.



NEXCO-Central is looking to  
overseas business opportunities  
while making contribution to  
international society.





## Principles and Basic Strategy

### Principles

We are promoting communication with the international community and contributing to international development. At the same time, we are actively operating profitable businesses overseas.

### Profitable International Business

The NEXCO-Central Group is working together to operate a broad range of toll road businesses and other profitable businesses overseas, primarily in Asia. In particular, we are actively conducting business in Vietnam, where we have a local office.

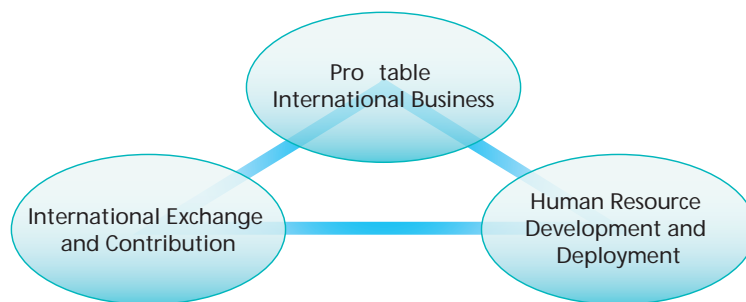
### International Exchange and Contribution

By hosting overseas study teams and through other types of communication with overseas road companies, and through participation in and interaction at international conferences, we are making an active contribution to international activities.

### Human Resource Development and Deployment

Throughout the Group, we are promoting the deployment of staff who are experienced in overseas business, and are developing personnel who are capable of overseas business operations.

We provide consulting services primarily for technical projects.



## International Businesses

### Consulting and Other Businesses

#### Activities

- **Consulting business**—Engineering  
(Development surveys, design, construction supervision, operations, maintenance, etc.)
- **Advisory business**—Technical advice  
(Feasibility studies, design, operations, maintenance, etc.)

#### Current 5-year Plan

##### <Target Regions>

No specific targeted

##### Experience in:

Vietnam, the Philippines other countries

##### <Target Figures>

Revenue of more than ¥50 millions (US\$ 601.3 thousands)

### Construction, Operation and Management

#### Activities

- **Construction contracts**
- **Concession contracts**
- **Investments**
- **O&M contracts**
- **BOT (build, operate, transfer) contracts**

#### Current 5-year Plan

##### <Target Regions>

Asian regions with immediate possibilities in Vietnam and the Philippines, Potential opportunities to be investigated in other regions

##### <Target Figures>

Three contracts for projects from the target regions

## Profitable International Businesses

### Vietnam Office

We established our first overseas office in Hanoi, Vietnam, with one NEXCO-Central employee and a locally hired secretary in 2008. The new office coordinates with local authorities and gathers information about project investment opportunities.



### Serving as Expressway Consultants

In fiscal 2010, we received requests to provide expressway consulting services in Vietnam, the Philippines and Kyrgyzstan for a total of seven projects owned by JICA and Ministry of Economy, Trade and Industry (METI) in the areas of O&M and feasibility studies. In fiscal 2011, we have received three orders for consulting services so far (as of October 2011).

We provide consulting services primarily for technical projects such as traffic planning, establishment of technical standards and technology transfers as well as feasibility studies for determining project cost, detailed design and construction management.



### Study Concerning Expected Entry into Overseas Toll Road Business

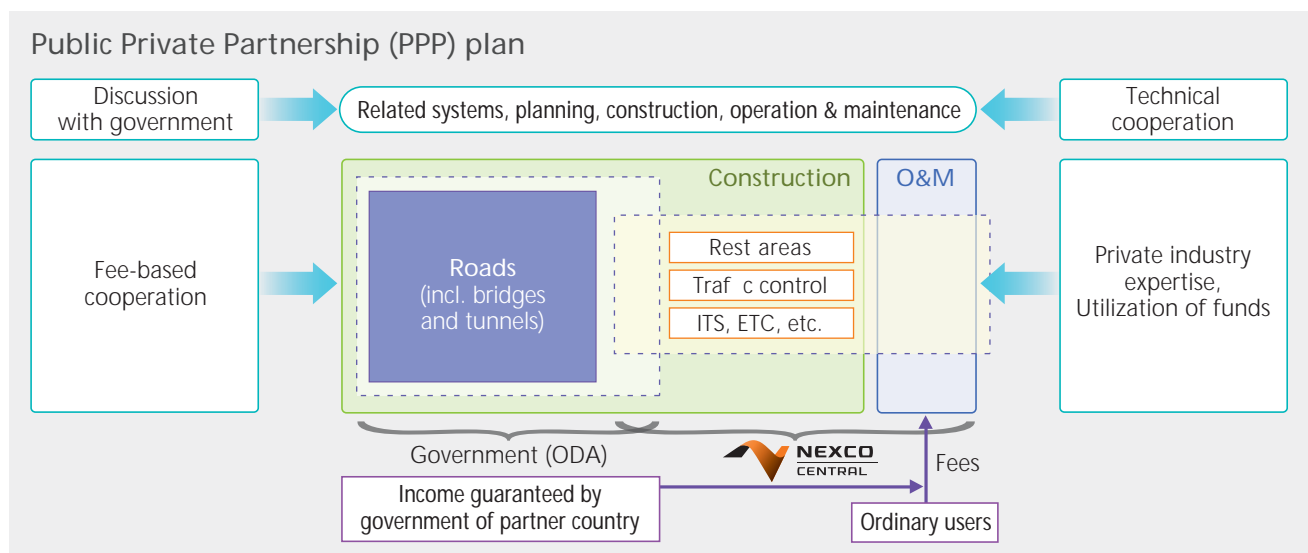
We are planning to enter the overseas toll road business in Asia, primarily in Vietnam, by utilizing our company's extensive expertise related to toll road construction and maintenance in Japan. In preparation for this entry, we are now conducting joint studies between related institutions in Japan and the project countries regarding the scale of investment, distribution of risk, and project cost performance.



### Public Private Partnership (PPP) plan: Japan Package

We are studying the feasibility of participating in Public Private Partnership (PPP) plan. Our objective is to create and utilize a system for constructing roads using ODA (Official

Development Assistance) from the Japanese government, with private industry investing in and operating roads in profitable areas. (See the figure below.)



## International Exchange and Contribution



### Personnel Exchange with PLUS (Malaysia)

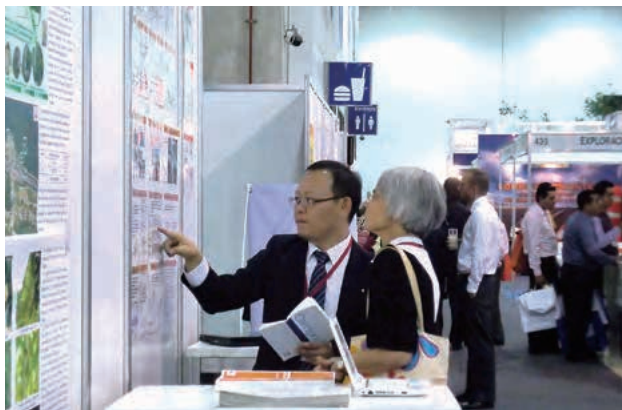
We signed a memorandum of understanding (MOU) with PLUS Expressways Bhd., in February 2009, in which we agreed to conduct joint projects and exchange personnel and information. In 2009, we began a six-month personnel exchange in July, dispatching one person and receiving two, followed by a three-month exchange in May 2010. The MOU was renewed in July 2011 for further cooperation.

### Participating in International Organizations

We are members of such international organizations as IBTTA (International Bridge, Tunnel and Turnpike Association) and PIARC (World Road Association) and attend their conferences to disseminate and collect information.

In 2010, we participated in 16 conferences in Japan and 7 other countries. One of them was the conference for International Society for Asphalt Pavements (ISAP) held in August 2010 in Nagoya, Japan, where we hosted technical tours to show our expressways and construction sites to delegates from overseas.

In September 2011, we participated in World Road Congress (PIARC) in Mexico to showcase our technologies and expertise in expressway business.



### Hosting Overseas Missions

We welcome guests from various countries and organizations. In 2010, we hosted guests from 12 countries. Among them was Vietnam's Permanent Deputy Minister of Transport, Ngo Thinh Duc, who visited Nagoya for the ISAP conference. We took him and a group of delegates to our expressways and the construction site of the New Tomei Expressway. In August 2011, our President and CEO visited Vietnam in turn, and was able to have a fruitful conference with Mr. Duc to promote the development of our expressway business in Vietnam.



### Dispatching JICA Experts

We have been sending our staff to various countries as Japan International Cooperation Agency (JICA) experts since 1963.

From 2008 to 2011, one of our employees served as a long term JICA expert at Sri Lanka's Road Development Agency.

Currently, one employee is working as Road Administration Advisor at Kyrgyzstan's Ministry of Transportation and Communications, and another one at Vietnam's Ministry of Transport.



## Reports from members currently working overseas

### JICA Long-term Experts

#### ■ Vietnam

##### Shunji Hata

Starting from May 2010, I have been working in Vietnam at the Traffic Infrastructure Bureau in the Ministry of Transportation as an expressway operation and maintenance advisor.

The goal of the government of Japan is to participate in overseas infrastructure planning at a level as high as, or better than, other nations through partnerships between private industry and government for financial and technical assistance. Vietnam is now at the initial stages of constructing its own expressway network. My duties mainly involve providing proposals for improvement to government ordinances and roadway signs related to the country's first expressways, and providing other information related to toll systems, control systems for traffic by heavy vehicles, traffic management, road inspection, and maintenance. Because few in the ministry speak English, in my work I depend greatly on my secretary Trang (who speaks both English and Vietnamese).



#### ■ Kyrgyzstan

##### Gaku Ohashi

I have been working as Road Administration Advisor at Ministry of Transportation and Communications (MOTC) in the Kyrgyz Republic since June 2011.

Kyrgyzstan has approximately 34,000km of roads in total. Since the independence from the Soviet Union, however, the country has been facing a lack of funding for road maintenance; almost 1 billion dollars worth of road asset has been lost by 2006 and now up to 200km of roads are losing their functionalities every year due to the insufficient budget.

Against such backdrop, the government of Japan has been providing assistance to Kyrgyzstan with technology transfer in the areas of road maintenance. Since 2008, Japan has been sending experts to Kyrgyzstan's MOTC and I was appointed as the second person to be sent to Kyrgyzstan as Road Administration Advisor.

I am mainly responsible for providing advice to improve MOTC's road policies, introduce new road maintenance technologies, examine the development of toll roads and develop new road projects in the country. I also have the responsibilities as an advisor for the Central Asian region as a whole and have been advising on the Uzbekistan and Tajikistan's road projects.

Using the experience, knowledge, technology and a network of contacts developed in NEXCO-Central, I hope to make a difference every day and to see better roads in the Central Asia.



### Second Secretary at Embassy of Japan

#### ■ Ethiopia

##### Daisuke Komori

I have been assigned as a second secretary at the Japanese embassy in Ethiopia since March 2010.

I primarily work on creating proposals for small-scale grant aid projects and with infrastructure projects in areas such as roads, electricity, and energy. The infrastructure projects we are conducting include development studies for the construction of geothermal power plants as part of a program for the prevention of global warming. We are carrying out this project while negotiating with the Ethiopian government and the World Bank, which is jointly investing in the project, regarding the distribution of development study work and the work processes involved.

Because this is a non-project grant aid program that does not involve JICA, the embassy negotiates directly with the national government regarding adjustments to international agreements and other matters. I am planning to travel to Somalia and the Sudan border region as part of my future work, and will expand our projects to other countries outside Ethiopia.



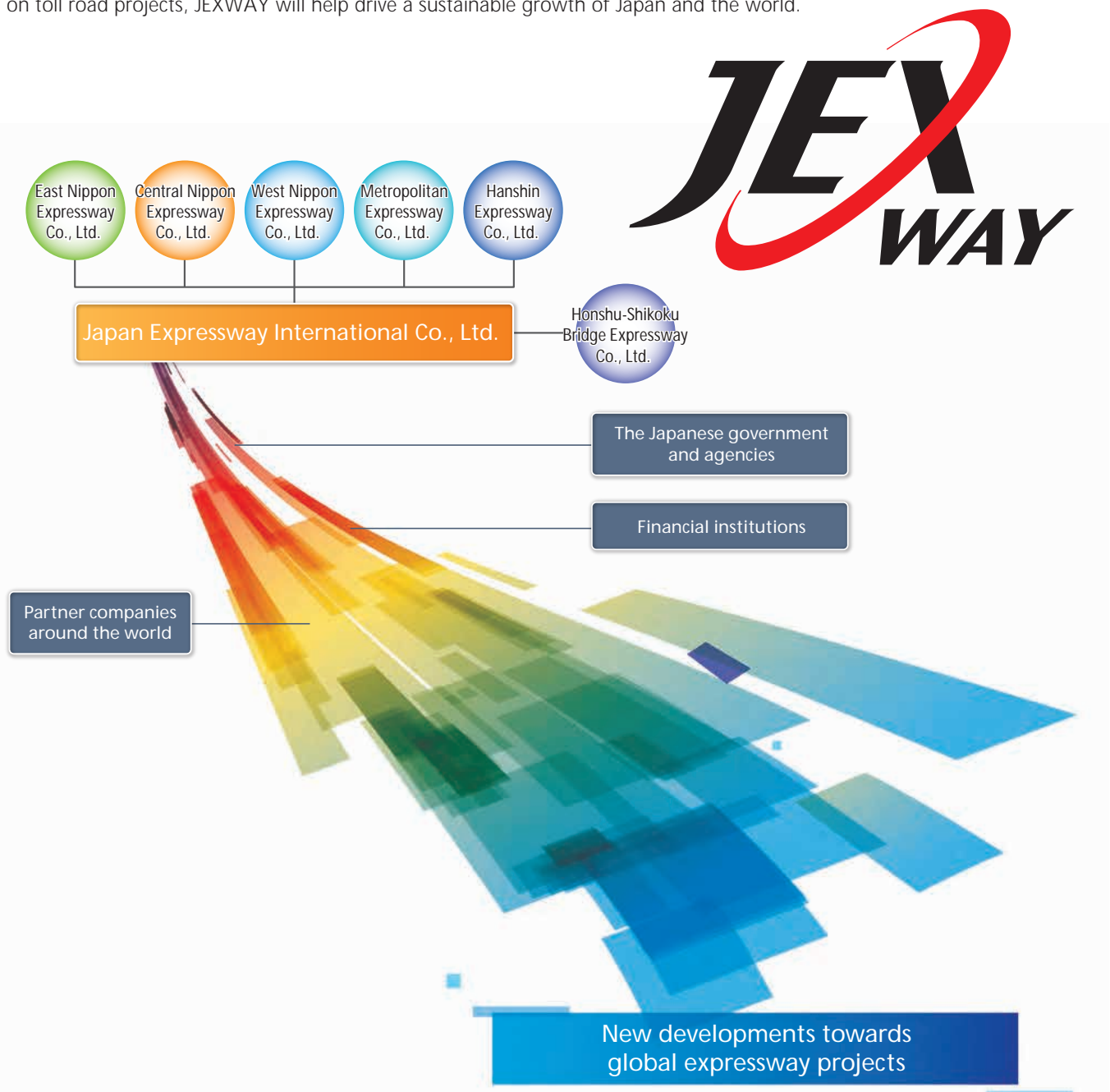
## >> From Japan to the World

NEXCO-Central and other expressway companies in Japan have now been extending their expertise abroad and contributing towards the development of the international community.

To help realize a sustainable growth of the international community, it is essential that we should take advantage of the capital, technology and know-how cultivated by Japan's expressway companies over the last fifty years, through which we should provide total solutions for expressway projects in other countries in partnerships with the project countries and regions. By creating safe and comfortable expressways that cater for different needs and characteristics of each country and region, we would be able to make contribution to the socioeconomic development of the world.

To this end, NEXCO-Central and four other expressway companies in Japan, namely NEXCO-East, NEXCO-West, Metropolitan Expressway and Hanshin Expressway, jointly established Japan Expressway International Co., Ltd. (JEXWAY) in September 2011, bringing together Japan's expressway technology and expertise and extending them to the world.

Working with the governments and relevant agencies in Japan and overseas as well as Honshu-Shikoku Bridge Expressway and partner companies, JEXWAY aims to develop international expressway projects from early stages of feasibility studies, planning, through to operations and maintenance stages. In the form of consulting services, advisory services and investment on toll road projects, JEXWAY will help drive a sustainable growth of Japan and the world.





A collage of circular images featuring NEXCO staff members, a child, and the NEXCO logo, set against a background of a city at night and a highway with traffic. The staff members are shown in various settings, including office and on-site. The child is smiling and looking towards the camera. The NEXCO logo is prominently displayed in one of the circles. The background shows a city skyline at night and a highway with cars.



# Activities in line with the United Nations Global Compact and ISO26000

Our CSR activities are grounded in the principles of the United Nations Global Compact and ISO 26000 as shown in this chapter in the following arrangement. Use the table below to navigate through this chapter; details of our activities can be found according to which principle they relate to.

ISO/DIS26000 Core Subjects	Issues	Our Actions	Page	Among 10 Principles of Global Compact
<b>Organizational Governance</b> 	1-1: Organizational governance	<ul style="list-style-type: none"> <li>• CSR promotion</li> <li>• Corporate risk management</li> <li>• Partnership for advanced CSR implementation</li> </ul>	53 54 54	
<b>Human Rights</b> 	2-1: Due diligence 2-2: Human rights risk situations 2-3: Avoidance of complicity 2-4: Resolving grievances 2-5: Discrimination and vulnerable groups 2-6: Civil and political rights 2-7: Economic, social and cultural rights 2-8: Fundamental rights at work	<ul style="list-style-type: none"> <li>• Diversification of human resources (for female, disabled, elderly people)</li> </ul>	55	Principle 1, 2, 6
<b>Labor Practices</b> 	3-1: Employment and employment relationships 3-2: Conditions of work and social protection 3-3: Social dialogue 3-4: Health and safety at work 3-5: Human development and training in the workplace	<ul style="list-style-type: none"> <li>• Unique codes of ethical conducts</li> <li>• Committee for safety and hygiene</li> <li>• Grievance mechanism</li> <li>• Round-table meeting</li> <li>• Encouragement of childcare leave</li> <li>• Various training programs</li> </ul>	55 55 55 55 56 56	Principle 3, 4
<b>The Environment</b> 	4-1: Prevention of pollution 4-2: Sustainable resource use 4-3: Climate change mitigation and adaptation 4-4: Protection and restoration of the natural environment	<ul style="list-style-type: none"> <li>• Efforts to contain global warming</li> <li>• Promoting the 3R's</li> <li>• Provision of better environment for regional communities</li> <li>• Preserving biodiversity</li> </ul>	63-66 67-68 69-70 71-72	Principle 7, 8, 9
<b>Fair Operating Practices</b> 	5-1: Anti-corruption 5-2: Responsible political involvement 5-3: Fair competition 5-4: Promoting social responsibility in the sphere of influence 5-5: Respect for property rights	<ul style="list-style-type: none"> <li>• Ethical behavioral standards</li> <li>• Fair contracts and procurement</li> </ul>	57 57	Principle 10
<b>Consumer Issues</b> 	6-1: Fair marketing, information and contractual practices 6-2: Protecting consumers' health and safety 6-3: Sustainable consumption 6-4: Consumer service, support, and dispute resolution 6-5: Consumer data protection and privacy 6-6: Access to essential services 6-7: Education and awareness	<ul style="list-style-type: none"> <li>• Application of universal design</li> <li>• Protection of personal rights of privacy</li> <li>• Fair toll collection</li> </ul>	58 58 58	
<b>Community Involvement and Development</b> 	7-1: Community involvement 7-2: Education and culture 7-3: Employment creation and skills development 7-4: Technology development 7-5: Wealth and income creation 7-6: Health 7-7: Social investment	<ul style="list-style-type: none"> <li>• Contributions to welfare and regional communities</li> <li>• Contributions to education</li> <li>• Development of eco-technology</li> </ul>	59 60 73	Principle 9

# Initiatives for Corporate Social Responsibility as A Leading Toll Road Operator

The NEXCO-Central Group promotes corporate social responsibility (CSR) and aims to gain the satisfaction of stakeholders such as customers, the public, stockholders (investors), local community, global society, and employees.

We understand that our expressways are infrastructure of a distinctively public nature. In other words, our company has a substantial impact on society, and it is essential that we pay close attention to all stakeholders.

## >> Organizational Governance ~ CSR Management ~

### CSR Promotion

We strategically develop CSR activities under the CSR Strategic Council, chaired by President and CEO, under which the CSR Promoting Committee is established. In this committee, our management discusses CSR issues from a variety of perspectives and develops CSR policies by incorporating the opinions of all our stakeholders. Also, our executives have an opportunity to exchange ideas on CSR with external experts during the CSR Discussion Meetings where we are advised on ways to enhance our CSR activities in terms of social and cultural development as well as environmental preservation. These meetings are held regularly, twice a year usually, and occasionally include visits to construction sites to examine our projects from a CSR perspective.



CSR Discussion Meeting

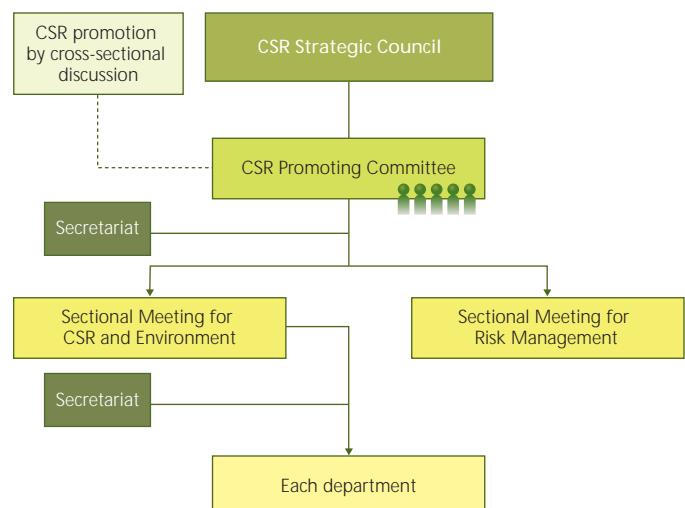
### Raising of CSR Awareness

We conduct CSR training programs for all levels of employees. One of the programs newly implemented in 2010 is the CSR Report Reading Workshop. Some suggestions raised during this workshop have been incorporated in the CSR Report 2011.



CSR Report Reading Workshop

### CSR Promotion Structure



## Corporate Risk Management

Our risk management system is overseen by the Risk Management Committee, an organization responsible for company-wide risk management that deploys risk managers to each department who (1) evaluate risks, (2) determine policies for improvement, (3) formulate risk management plans and (4) execute those plans. This four-stage process ensures a systematic and ongoing evaluation of various risks affecting the company's management.

We optimize risk management from a company-wide perspective by employing the PDCA (Plan-Do-Check-Act) cycle. Since April 2009, each Group company has introduced its own risk management system to augment the group-wide practice.

## Partnership for Advanced CSR Implementation

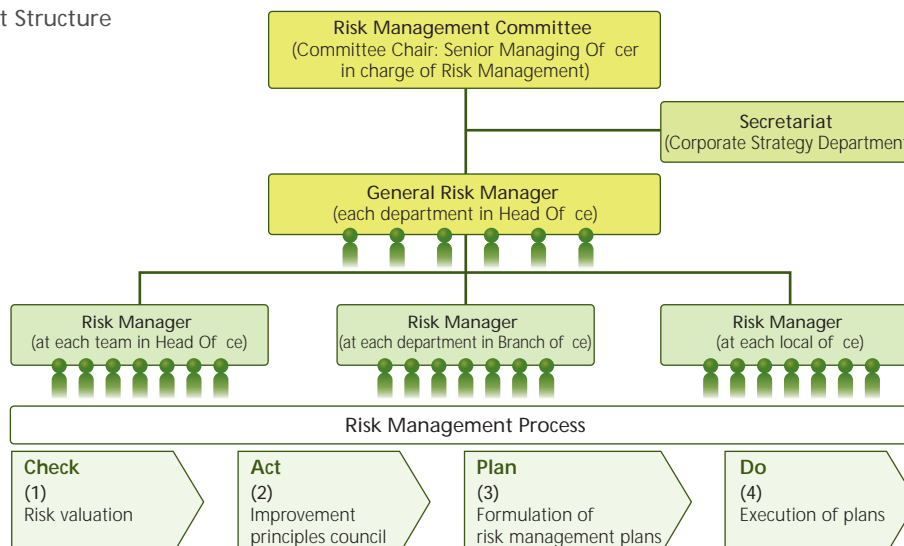
We support the 10 principles of the Global Compact (GC) with respect to human rights, labor rights, the protection of the environment and anti-corruption to actively promote our CSR activities.

We are committed to making GC and its principles part of our strategy, culture and day-to-day operations and to clearly stating this commitment to our stakeholders. Also, we espouse public accountability and transparency and will report our progress publicly. In addition, we are a member of the GC Japan Network and attend meetings to discuss global warming, CSR report improvements and exchange opinions with representatives from member companies.



GC Japan Meeting to discuss CSR Report improvements

### Risk Management Structure





## >> Human Rights

### Diversification of Human Resources

In light of the Universal Declaration of Human Rights, we respect the diversity of working styles and make an effort to increase opportunities for female, disabled and elderly employees to work in a comfortable environment.

Currently, female employees represent approximately 10% of our company's entire workforce, but make up 40% of our new hires in 2011. We will continue to encourage women's participation in the workplace. Further, we have a working group for women and young employees and incorporate their ideas and perspectives into the development of new products.

We also promote increased opportunities for disabled people to support their autonomous lifestyles. Their employment rate in our company is currently 2.07%. In addition, we are working on making our workplaces accessible for all people by implementing barrier-free design.



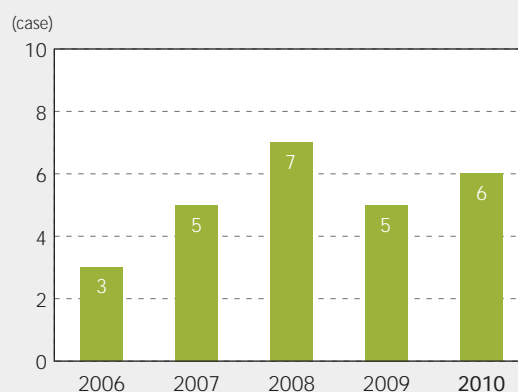
Women and Young Employee Working Group

## >> Labor Practices

### For Better Work Environment

We follow the ILO Core Conventions and make efforts to provide our group employees with better work environment while encouraging them to follow our unique codes of ethical conducts. To promote safety and hygiene in the work environment, we regularly convene a committee to discuss how to ensure safety, such as holding inspections using checklists and safety seminars. We strive vigilantly to prevent work-related accidents from occurring in an attempt to eliminate them completely. Also, we ensure fair working conditions, providing a grievance mechanism assisted by an expert and training courses for employees. We do not tolerate any unfair treatment such as discrimination and sexual harassment at our workplace. As for better communication and understanding between labor-management, a round-table conference is held periodically to discuss the issues about wage, working condition and other topics of concern.

Number of Work-related Accidents



## Balancing Work with Family Life

We have undertaken various efforts to promote a healthy balance of work and family life and to encourage higher quality of life for all our employees at each stage of their lives.

In particular, we encourage more employees to take childcare leaves and paid holidays and reduce their overtime work so that they can spend more time for their children and families. In 2010, 21 employees took childcare leaves, of which 8 were male employees.

In another effort to reduce overtime work and keep working hours at an appropriate level, we conduct trainings on effective time management.



## Human Development and Training

We recognize that employees are the greatest assets to the company. Based on our vision for human resource development as illustrated below, we train our employees into the independently capable personnel who can flexibly react to changes in business environment and effectively exercise autonomy in their workplace. Besides our on-the-job trainings, we conduct off-the-job trainings for the employees at each level or in specific areas of expertise, helping each employee's effort to achieve the career path they aspire to take in our company.

In addition, we encourage our employees to take part in training at external organizations in Japan or overseas, and provide assistance to those who want to obtain doctorate degrees and other relevant qualifications for further professional development.

### <NEXCO-Central's Vision of Human Resource Development>

Set of qualities expected of our employees:



## >> Fair Operating Practices

### Compliance for Anti-Corruption

Compliance is essential to our corporate image (as a “better” and “stronger” company), and accordingly we perform compliance-related activities on a daily basis, following the UN Convention against Corruption. We consider compliance to be more than simply observing legislation. Rather, compliance involves responding properly to society’s needs and is essential for our Group. Therefore, we take our corporate social responsibilities seriously and aim to ensure reliability to our customers.

In December 2005, we established NEXCO-Central’s Ethical Behavioral Standards as a guideline that all board members and employees must follow. We revised the standards in August 2007 to encompass activities involving all Group employees. Their contents are available on our Intranet website and provided in a portable card format to familiarize all board members and employees with the Standards.



### Fair Contracts and Procurement

We conduct procurement on the basis of fair and transparent transactions. Our fundamental principle is to obtain safer and better materials more steadily and at more reasonable prices. The following five basic policies pertain to procurement.

#### Five Basic Policies Pertaining to Procurement

1. Promotion of fair transaction
2. Observance of rules and social morals
3. Disclosure of information about bidding and contracts
4. Consideration for environment
5. Establishment of relationships of trust with partners

While promoting fair transactions, we consider such elements as product quality, affordability and expertise when selecting business partners. As to affordability, the lowest contract price was conventionally given the topmost priority during bidding. However, construction undertaken by general contractors with extremely low bid prices can present concerns for quality, the impact on subcontractors, working conditions and safety measures. Consequently, we conduct surveys on contracts having prices that fall outside a certain range. We also conduct thorough quality inspections more frequently, and we have introduced a new bidding system where technical proposals and other relevant factors are taken into account.

We expect to apply this system to more contracts, as we work toward overall efficiency and optimization.



## >> Consumer Issues

### Application of Universal Design

We promote application of universally-accessible design ("universal design") to many facilities in our rest areas, offering higher level of service and better mobility for all including people in wheelchairs. By the end of March 2013, we plan to make our washrooms barrier-free (flat and level floor), install the roof over parking space for the disabled, install toilets customized for ostomy patients and provide warm water from sink faucets at all rest areas.

We have been renovating washrooms to create more attractive, comfortable, and even cleaner space, while installing water-conserving toilets, LED lighting and double-pane or multiple-pane windows in efforts to conserve energy. In addition, we continue to carry out immaculate cleaning and immediately attend to malfunction or fault if any.



Barrier free washroom



Toilet for ostomy patients



Signboard with pictograms

### Protection of Personal Rights of Privacy

We strive to protect personal profits and rights of privacy by enacting regulations relevant to personal information. Also we formulated a manual outlining our standards for privacy protection and established adequate security safeguards.

### Fair Toll Collection

Some drivers force their vehicles through tollgates without paying proper tolls. To prevent such toll violations, we have high-performance cameras installed alongside main lanes, which detect and identify non-paying vehicles. There is also a horizontal gate bar at each tollgate exit that stops the vehicle until toll charges are paid properly. We resort to legal actions in some cases where drivers refuse to pay tolls despite our several requests or warnings. We will continue implementing various measures by working together with the police as required, to prevent, and eventually to completely eliminate toll violations.

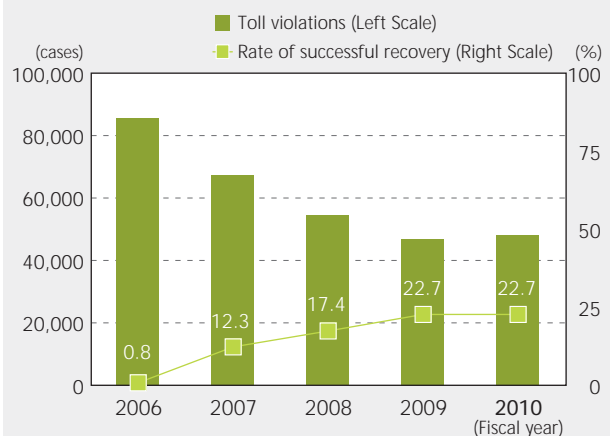


High-performance camera



Tollgate bar

The number of toll violations and the rate of recovery of unpaid tolls



## >> Community Involvement and Development

### Contributions to Welfare and Regional Communities

As a member of society, we carry out various collaborative activities and programs with regional communities and welfare organizations, through which we hope to contribute to the creation of a better society.

Since July 2010, one of our branch offices has been working in cooperation with welfare organizations for disabled persons, and outsourcing to them some part of gardening work for flower planters at our rest areas in efforts to provide job opportunities for people with disabilities.



Gardening work at rest area

We also take part in community clean-up programs. In 2010, up to 70 members of our staff gathered near Hamanako Service Area and cleaned along the shore of Lake Hamana. Our involvement with the clean-up of Lake Hamana dates back to 1978. Since then, we have been working on the environmental conservation for this lake-side area.



Clean-up along Lake Hamana's shore



Cleaning between wave-dissipating blocks



Air ambulance called "Doctor-Heli"



## Contributions to Education

NEXCO-Central Group is committed to making positive contributions to the education for next generations. For example, our staff carried out a special session for elementary school students; we took the students on a tour of a tollgate on the Hokuriku Expressway and showed them our expressway patrol cars and snow plows.



Special tour of tollgate



School children experiencing traffic patrol work

More technical session was provided for high school students and teachers in Shizuoka Prefecture. The students enjoyed a chance to experience some of the civil engineering work carried out at the New Tomei Expressway construction site, such as pavement work and bridge construction, and also took part in a group discussion with our onsite staff.

We also provide a special holiday program for families. The Paper Bridge Workshop was carried out during summer holiday. School children and their parents learned from our staff about the basics of structures and types of bridges, and took part in a workshop to make a paper model of a bridge out of newspapers.



High school students on a construction site tour



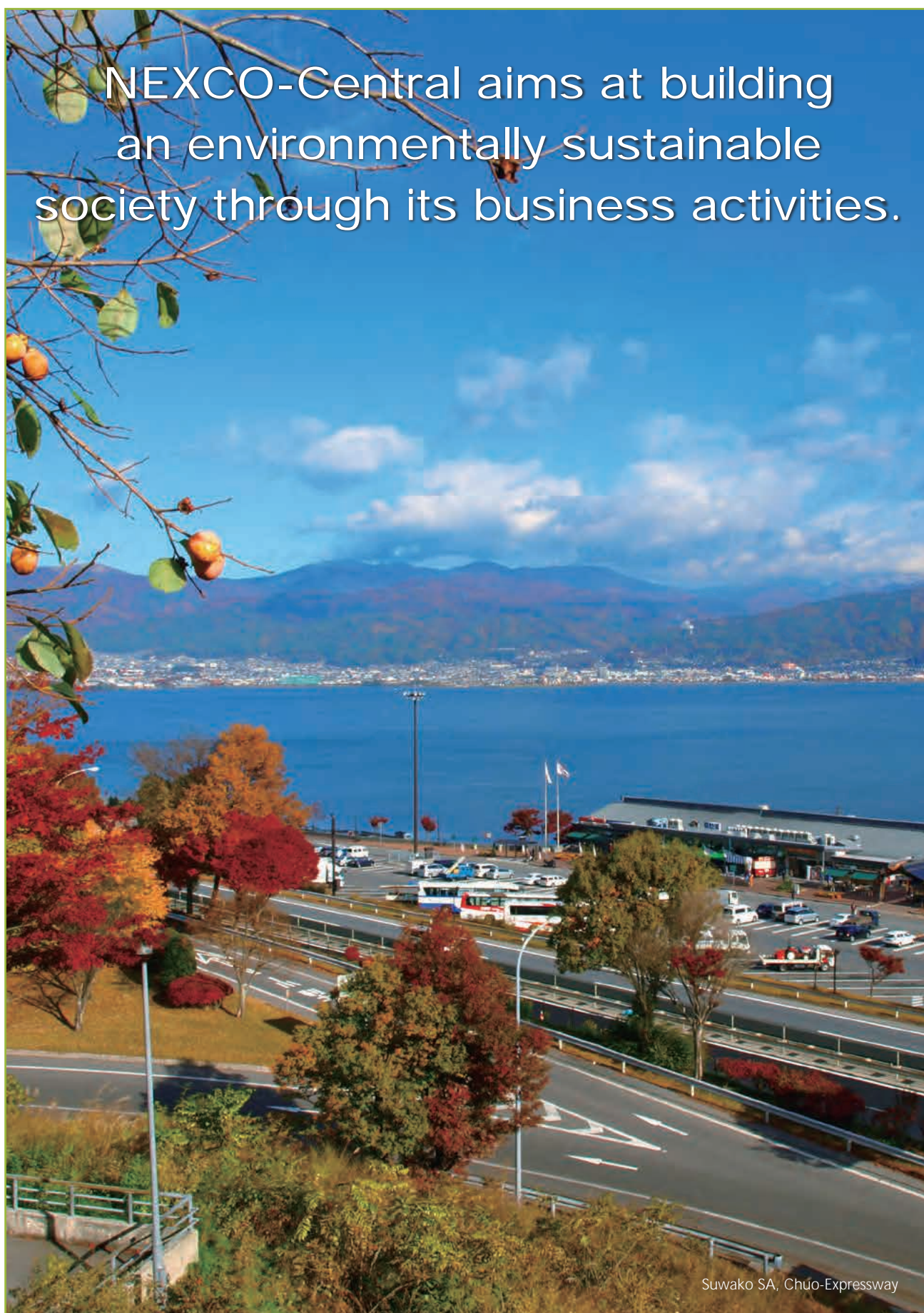
Measuring the weight of newspaper



Making paper bridge



NEXCO-Central aims at building  
an environmentally sustainable  
society through its business activities.



Suwako SA, Chūō-Expressway

We take the initiative in promoting eco-friendly measures and makes efforts to coexist with the earth in accordance with the following environmental philosophy and basic policies.

## Environmental Policy

At NEXCO-Central we are dedicated to continually innovating and improving our business in order to create expressway spaces that are ahead of their time in terms of safety, reliability, and comfort. In this way, we are helping to improve development and lives in local communities, revitalize the economy of Japan, and achieve sustainable global growth.

We carry out business activities through the close cooperation with our customers and many other organizations and companies, and our conduct affects the environment one way or another. For this reason, in all of our business activities we are dedicated to the prevention of global warming, carrying out the three R's of resource conservation (reduce, reuse, recycle), and always acting with concern for local environments.

In order to achieve these objectives, we have constructed an environmental management system and defined our environmental objectives and targets. We are working to observe environmental laws and the rules to which our company has committed itself, prevent environmental impacts, and carry out continual improvements. Documents have been created for the standards, procedures, and other information related to the operation of our environmental management system, and these are reviewed regularly.

Aiming to be the top expressway company in the world, NEXCO-Central is challenging itself in new activities and technical development related to the environment, and is focused on the following key areas in the management of our company.

### <Key areas of environment-related management>

- **Prevention of global warming**

We are helping prevent global warming through measures such as the construction of an efficient expressway network, relieving traffic congestion, and conserving energy.

- **Carrying out the three R's of resource conservation**

We are working to reduce the generation of waste and make effective use of the byproducts that are generated from our business activities. We are reducing environmental impacts by carrying out our "100-year road" plan (for expressways that can be maintained in good condition for 100 years or longer and be provided as a valuable asset to later generations) and other programs.

- **Concern for local environments**

We are constructing "eco roads" (roads constructed with careful consideration for the surrounding natural environment) that reduce impacts on the living and breeding environments of plants and animals and contribute to local environments.

This environmental policy is made available to the public, and steps are taken so that all employees understand and follow it.

## Global Warming Prevention Initiatives

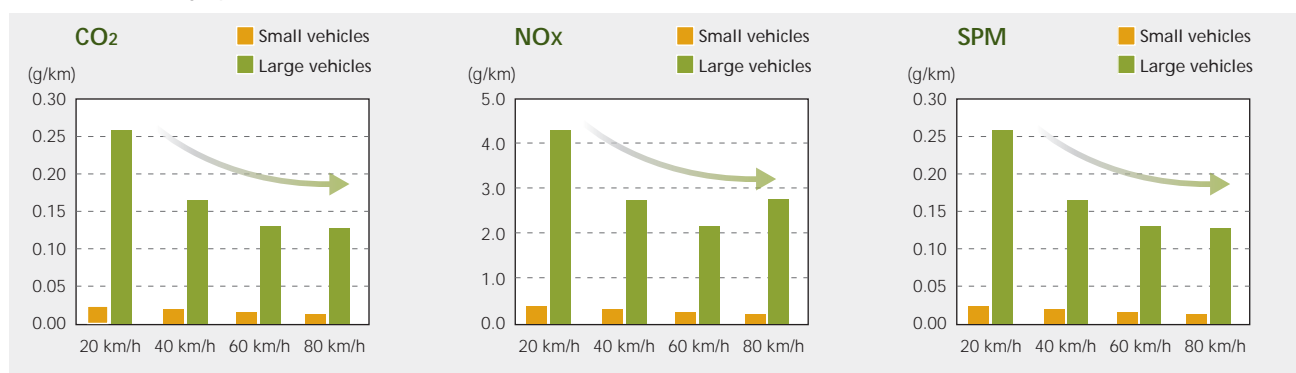
A nationwide response is necessary to meet Kyoto Protocol objectives and prevent global warming. In adherence with legal and other ordinances regarding global warming countermeasures, we promote various initiatives focused on creating a sustainable society and make a contribution to the achievement of the government's mid- to long-term environmental targets.

### Alleviating Traffic Congestion

Traffic congestion results in economic loss by impeding drivers and decreasing the travel-time reliability. In addition, the lower driving speeds and repeated stops and starts during

the congestion increase automobile emissions that include carbon dioxide (CO<sub>2</sub>), nitrogen oxides (NOx) and suspended particulate matter (SPM).

#### Emission Levels by Speed



Source: 141st Calculation Base of Motor Vehicle Emission Factors, National Institute for Land and Infrastructure Management

In March 2011, 12.7 km of Nagoya Ring Road No. 2 (Nagoya Minami Junction—Takabari Junction) was opened to traffic. This expressway encircles the city of Nagoya at a radius of 10 kilometers and provides solutions to traffic congestion and environmental deterioration in urban areas.

The photos below show the change in congestion on a local highway near the Takabari Junction before and after the opening of the Nagoya Ring Road No. 2. The congestion that used to occur during the morning peak hours has been substantially reduced.





## Greening Activities

In 1963, activities to increase the greenery around expressways started on the Meishin Expressway, the first major expressway in Japan. Initial activities included planting trees in the median strip to prevent headlights from distracting drivers of oncoming traffic. Other trees were planted near rest areas as part of the landscaping. Eventually, we also created green zones to preserve the roadside environment in residential areas, planted trees to protect nearby wooded areas and added landscaping for safer, more comfortable driving. Current objectives include the prevention of global warming, the preservation of wildlife habitats and the protection of ecosystems. These activities are valuable for drivers and local residents alike, as they facilitate exchange

and cooperation. In this way, NEXCO-Central's initiatives to enhance greenery on expressways include planting trees as well as broader efforts to help the regional and global environment. Planting trees on the slopes alongside expressways contributes significantly to the absorption of CO<sub>2</sub> emitted from motor vehicles. Currently, there are 1,287 hectares of trees planted on roadside slopes, which is estimated to absorb and stabilize 13,600 tons of CO<sub>2</sub> in a year. In addition, native seedlings are nurtured and planted on the slopes to restore the natural environment, with the expectation that the plants will stabilize even more CO<sub>2</sub> as they grow larger.



Tomei Expressway Honjuku Bus stop, just after planting (March 1995)



Same location, 16 years later (May 2011)

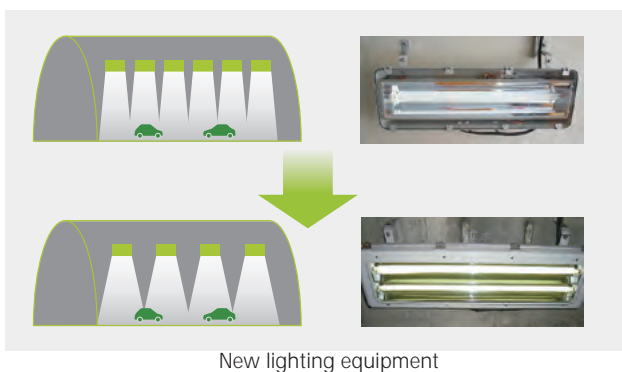


Green zones along our expressway

## Saving Energy

We have removed the metal frames from tunnel lights to improve their illumination efficiency. This shift has reduced the number of lights that are required to achieve the same level of illumination, so lights can be placed at wider intervals. In addition, it has reduced the lighting installation costs in tunnels on the New Meishin Expressway by 10% and lowered utility charges 2%.

We have also been replacing aging tunnel lighting equipment such as sodium lamps with more efficient, high-frequency fluorescent lamps. As a result, we have successfully reduced electricity consumption by approximately 30%.



New lighting equipment



Sodium lamps

High-frequency fluorescent lamps



## Reducing CO<sub>2</sub> through the ETC System

We are increasing the number of ETC gates to alleviate the traffic congestion and inconvenience caused by the increase in ETC users so that customers can use this system safely and conveniently. ETC usage leads to a reduction in CO<sub>2</sub> emissions, as vehicles use less gasoline to pass through them compared to toll gates where vehicles must come to a full stop.



ETC gate at the Toyota-Higashi Interchange on the Ise-Wangan Expressway

## Energy Conservation Programs

We are carrying out energy conservation programs in line with the aims of the Law Concerning the Rational Use of Energy.

### ■ Rapid charger for electric vehicles

To help promote the wider use of electric vehicles and reduce CO<sub>2</sub> emissions, rapid chargers for electric automobiles were installed at 15 locations on the Tomei Expressway, Meishin Expressway, and Higashi-Meihan Expressway by fiscal 2010. The Tomei Expressway will have rapid chargers every 50 to 70 km.

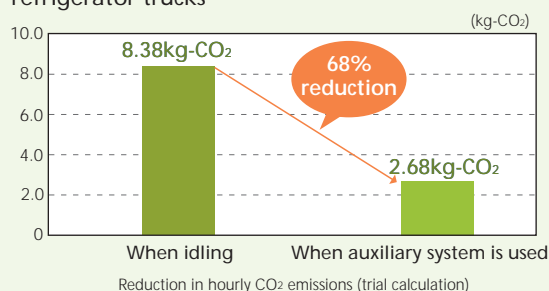


Electric vehicle and rapid charger

### ■ Power Supply Stations to prevent engine idling

When drivers of long-distance trucks stop for a rest break, they often idle the engine to supply power to the interior air conditioners. To reduce this practice, we have installed auxiliary power supply stands at six rest areas that provide electric power to vehicles.

### Effects of supplying auxiliary power to refrigerator trucks



Locations of rapid chargers



Locations of power supply stations

## Application of Natural Energy Sources

To reduce CO<sub>2</sub> emissions, we utilize natural energy sources such as solar power and spring water from tunnels. Since 1995 we have installed 11 solar power generating facilities at rest areas. The scale of power generation amounts to 78 kw in total.

By 2011, approximately 2,500 kw of power generating facilities has been put into operation along one of our expressways recently opened. This Nagoya Ring Road No. 2,



Solar panels in the Nagoya Ring Road No. 2

in some sections, features a semi-underground structure with solar panels installed on its roof over a 5.7km stretch. This is expected to yield a 956t-CO<sub>2</sub> emission annually.

Also, we generate hydroelectric power using the spring water from a tunnel. The scale of its power generation is 50kw. As a result, we will be able to successfully reduce electricity consumption in the Hida Tunnel by approximately 30%.



Ground water flowing out from the Hida Tunnel's evacuation tunnel



## Promotion of "Eco Areas" to reduce CO<sub>2</sub> emissions for a sustainable society

At our rest areas, we use energy-conserving LED lighting on signs and in shops to reduce CO<sub>2</sub>, and are using recycled construction materials to promote the use of recyclable resources.

In addition, when our rest areas are renovated, we use multi-layer glass and insulating sheets to maintain a comfortable indoor environment and reduce CO<sub>2</sub> emissions, as well as utilize recycled materials in the construction of wood

decks and other structures, and take other steps to create environmentally friendly "Eco Areas" as we construct service areas that can contribute to a sustainable society.

### Implementation of eco-friendly rest areas

	Fiscal 2010		Fiscal 2011 plan
	Planned	Result	
Plan for the year	5 areas	5 areas	4 areas
Total	5 areas	5 areas	9 areas

### ■ "Eco Area" program



#### LED lighting

Used for interior lighting at rest areas to conserve electric power



#### Multiple-pane glass and insulating sheets

Used for glass surfaces of buildings to reduce the use of air conditioners



#### Pellet boiler

Boilers have been installed that use both wood pellets (recycled material) and fuel oil



## Promotion of the 3R's for Sustainability

Effective use of our limited resources is an important step toward creating a sustainable society and preventing global warming. We promote the 3R's and the conservation of energy and natural resources in accordance with the Basic Law for Establishing a Recycling-Based Society.

### Construction Byproduct Recycling

We work to recycle all byproducts from road construction. Our initiatives primarily include reducing waste by employing designs, workmanship and construction methods

that decrease construction byproducts, reuse soil, reduce sludge and promote the use of byproducts in other construction projects.

#### Construction Byproduct Recycling

Initiatives	Fiscal 2010 Results	Fiscal 2011 Target	Long-Term Target (Fiscal 2015)
Reusing of Soil	98.8% (1.99 million m <sup>3</sup> )	95%	95%
Recycling of Asphalt Chunks	99.9% (325,000 tons)	98%	98%
Recycling of Concrete Chunks	99.3% (65,000 tons)	98%	98%
Recycling/Reduction of Lumber	96.4% (15,000 tons)	95%	95%
Recycling/Reduction of Sludge	99.7% (7,000 tons)	95%	95%



Crushed rock recovered from construction sites

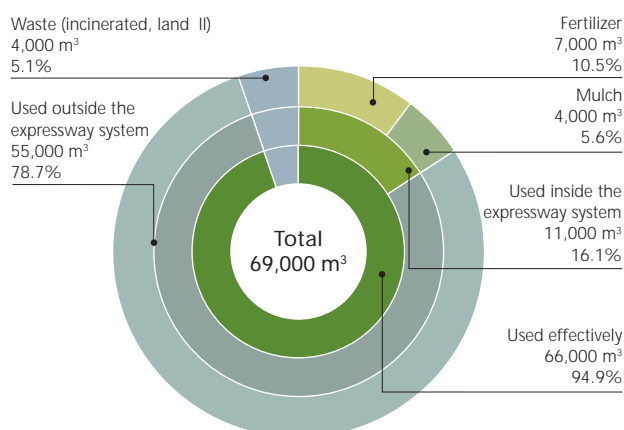


Recycling lumber from construction sites (New Tomei Expressway)

### Road Maintenance Waste Management

We reduce waste and recycle whenever possible. Grass clippings and other botanical waste, dirt from road surface cleaning and used pass tickets are collected during road maintenance and operation. Road surface cleaning involves the collection and removal of debris, garbage and dirt from expressways to maintain a safe driving environment. Trash collected during road surface cleaning is separated and recycled in accordance with laws governing waste disposal. For greenery waste, we achieved a recycling rate of 94% in fiscal 2009.

#### Recycling of Greenery (Fiscal 2010)



## Longevity and Recycle of Road Facilities

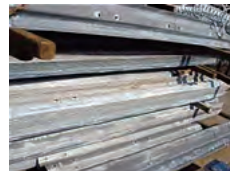
We are shifting towards longer-life, high-pressure sodium lamps to illuminate expressways and tunnels, which can prolong the lamp life by approximately 30%, from 18,000 to 24,000 hours. Longer lamp life means reduced amount of waste, less impact on the environment and

lower running costs. In fiscal 2010, we installed 1,100 long-life, high-pressure sodium lamps.

Guardrails on expressways are replaced with new ones when damaged. Among the removed guardrails, recyclable ones are repaired and galvanized. Then, they are reused along newly constructed expressways.



Long-life lighting in tunnel



Damaged guardrail



Recycled

## Garbage Reduction at Rest Areas

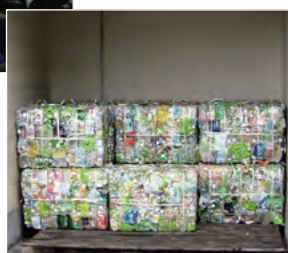
Garbage disposal at rest areas totaled 7,171 tons in fiscal 2010, a 47% decrease compared to the fiscal 1994 peak of 13,400 tons. Garbage levels are falling each year as a result of corporate initiatives and a growing public awareness about reducing garbage.

Also, we install boxes for six sorts of garbage at all rest areas and encourage customers to separate their garbage

for efficient recycling. We will continue to offer a diverse array of businesses and services at rest areas, and with the cooperation of our tenants and customers, we will promote initiatives aimed at creating a recycling-oriented society and reducing our environmental impact.



Sorting out garbage that was not properly disposed to the right garbage bin



Boxes for six types of waste

## Provision of Better Environment for Regional Communities

From the planning and design stages to full-scale operation, we strive to reduce traffic noise while maintaining environmental standards, including the installation of sound insulation walls, the use of low-noise, low-vibration construction machinery. We also work with local municipalities, police departments, automakers, roadway administrators and drivers to lessen traffic noise.

### Sound Insulation Walls and Environmental Zones

NEXCO-Central plans and installs sound insulation walls based on estimated noise levels and at the request of regional public organizations. In residential locations along the road, we will establish environmental zones to create

a favorable residential environment. We assist with the soundproofing of residences in areas where traffic noise exceeds environmental standards, despite the implementation of roadside measures.



Sound insulation walls



Environmental zones to preserve residential areas

### Quieter and Cleaner Construction

To protect regional environments, we are implementing the following countermeasures to lessen the impact of road construction and maintenance: we limit construction hours and promote the use of low-noise, low-vibration construction machinery. This equipment meets the standards set by the Ministry of Land, Infrastructure, Transport and Tourism in accordance with the Basic Law for Environmental Pollution Control, the Noise Regulation Law and the Vibration Regulation Law. When necessary, we install sound insulating walls in densely populated areas before roadwork begins.



Pavement construction using low-noise machinery





Street lights improve safety on expressways and at interchanges, rest areas and other heavy traffic areas, but they also adversely affect farmland and farm animals, natural areas and wildlife and astronomical observations. We promote several initiatives to reduce light pollution.

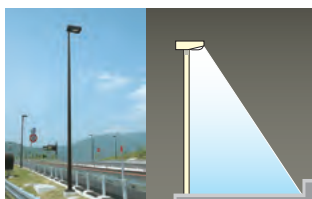
## Light Pollution Countermeasures

We are replacing all standard lamps with new lighting fixtures that direct more lights on roads and prevents lights from escaping outwards to the roadside, thus reducing light pollution. Reduced-height of lighting lessens light

pollution in woods, which is a natural habitat for nocturnal flying squirrels.



Previous type



New cutoff type fixture



Conforming to the Landscape Act, NEXCO-Central enacted the landscape policies for our entire Group. We aim at making a contribution to the development of regional communities and an improved quality of life through the creation of beautiful national land and distinctive, vigorous regional economy.



Cherry blossoms along our expressway



### Landscape Policies of NEXCO-Central Group

- Establishment of a safe, reliable, and comfortable-to-use expressway
- Creation of a new landscape recognizable for drivers
- Endeavour to build the expressway that can coexist with natural and social environments of relevant regions
- Provision of a rest area enjoyable for customers and local people

## Preserving Biodiversity

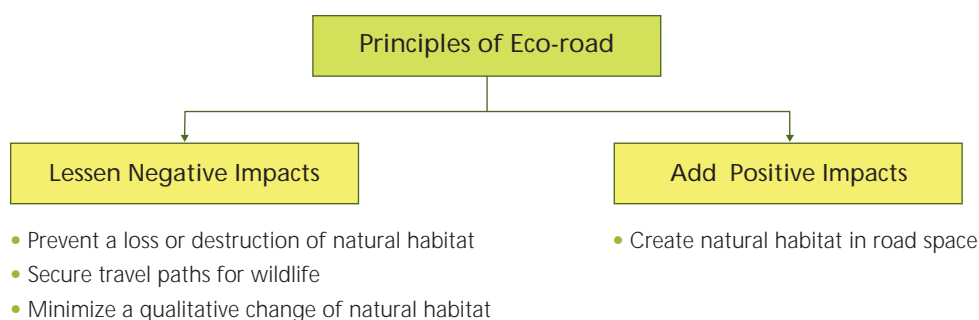
While an expressway is an infrastructure pivotal to socioeconomic activities, it is closely linked with the environment; therefore preservation of the environment around expressways is one of our missions. Also, since the Japanese Archipelagoes boast an abundance of greenery and topography, they are blessed with various plants, wildlife, and nature.

Therefore, carefully considering biodiversity, we take the initiative in creating an “eco-road” that is friendly to natural environment. In accordance with some regulations such as the Environment Impact Assessment Law and the Invasive Alien Species Act, we will expand our business, conducting research and development like nurturing local seedlings.

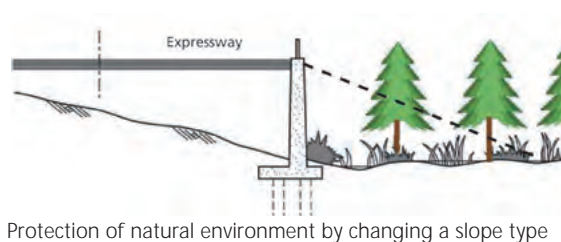
### Creation of “Eco-Road”

Road construction may bring about such negative impacts as disappearance of a natural habitat, blocking of paths for wildlife, and a qualitative change of natural habitat. Through application of the following principles

of “eco-road” creation, we avoid or lessen the impact of construction on local ecosystem and create a new environment by utilizing road space to preserve biodiversity.



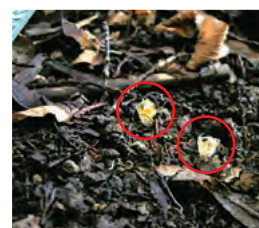
In 1999, distribution of a plant called *Thismia abei* (Akasawa) Hatus was identified at the construction site of the New Tomei Expressway. Since it was designated as an endangered species by the Red Data Book of Ministry of Environment, the road structure was changed from a normal slope type to an embankment with a retaining wall in order to preserve this species. Other endangered species such as Helleborine and *Calanthea discolor* were also identified and transplanted to be kept intact. We strive to carefully preserve such rare plants.



Protection of natural environment by changing a slope type



Embankment with a retaining wall



*Thismia abei* (Akasawa) Hatus

To prevent blocking wild animals' travel paths with road structures, small tunnels were constructed under expressways. Also, wildlife oases were built at some spots. When we monitored them with an automatic, night-vision camera, various animals were found using the oases.

"Biotope" is an ecological space created in a roadside area to provide a wildlife habitat. It has artificially made ponds and marshes. Currently a variety of wildlife can be seen there, and more species are expected to inhabit there.



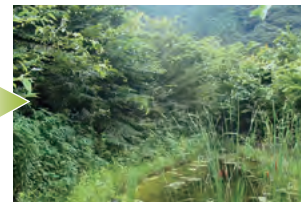
Wild boar drinking water at oasis



Badger on a trail to tunnel



2007



2009

Biotope near Hachioji Junction



Glacial Apollo butterfly



Forest green treefrog

## Nurture of Local Seedlings

Since enforcement of the Invasive Alien Species Act that regulates treatment of invasive alien species, greening actions like nurturing of local seedlings have been in the spotlight. Procedures of nurturing local seedlings are: picking native plant seeds up from the area of a road construction, raising them into seedlings at another location, and planting them back into the area after construction.

Easy-to-plant seedling packages, complete with their own starter soil base



Hachioji Junction of the Ken-O Expressway, just after planting greenery (May 2000)



The same location, nine years later

In collaboration with Nippon Expressway Research Institute Company Limited (NEXCO RI), which is one of our affiliated companies, we have been planting seedlings nurtured in such way into our expressway areas.



## Development of Eco-Technology

### Developing Eco-Friendly Construction Methods

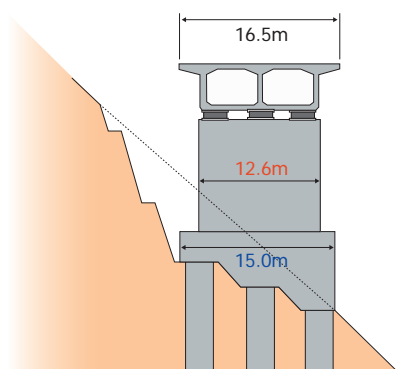
When bridge piers are constructed on steep slopes, conventional construction methods require extensive excavation, which significantly affects the surrounding environment. By applying our experience in this area, we developed a method to minimize slope cutting and the resulting impact on the natural terrain, retaining the scenic beauty surrounding expressways. This method is frequently

used to construct expressways that traverse mountainous regions.

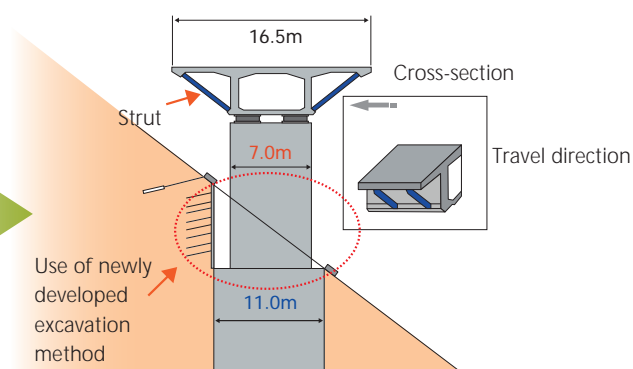
On the New Tomei Expressway, box girder bridges with struts are used in some places to lighten the bridge superstructures and slim piers and other substructure elements. In addition, the Uchimaki elevated road employs segmented precast PC box girders with struts, the first such case in Japan.



Conventional Construction Method



New Construction Method



### Using Greening Technology to Surmount Unfavorable Conditions

The construction bed of the New Tomei Expressway includes areas where the soil is very acidic, making it appropriate for planting greenery. To overcome these adverse conditions, when planting trees in such areas we cover their roots with bags containing more suitable starter soil. Trees felled during construction are shredded into mulch and spread to prevent weed growth and facilitate the growth of planted greenery.



## Environmental Accounting

As our core management policies, we make efforts to contain global warming, promote the 3Rs and take regional communities into consideration. Equally important is that we work out the cost and effect of our environmental conservation activities for more efficient implementation. Also, we find it necessary to disclose their outcome to our stakeholders. Therefore, we have decided to introduce environmental accounting for our key environmental activities since fiscal 2009, following the Environmental Accounting Guideline published by the Ministry of the Environment in 2005.

### Environmental Conservation Cost

Environmental conservation cost can be classified into business area cost, administration cost, research and development cost, and social activity cost. For each of them, both investment costs and expenses are calculated.

In fiscal 2010, the total investment amounts to 32 million US dollars and the overall expense is 65 million US dollars.

Category		Details	Investment (million JPY)	Expense (million JPY)
Global Environmental Conservation Cost	Cost for preventing global warming and energy conservation	Expansion of expressway network, utilization of natural resource energies, greening activities, etc	2,227	239
Pollution Prevention Cost	Cost for preventing noise pollution	Construction of porous asphalt pavement and noise insulating walls, planting trees, etc	978	1,215
Resource Circulation Cost	Cost for the efficient utilization of resources, recycling industrial waste	Implementation of longer-life lamps, reusing and recycling of soils, asphalts, etc, recycling of facilities in tunnel, guardrails, etc	8	4,872
Administration Cost		Disclosure of environmental information, employee education about environment, ISO14001 certification, etc	0	77
Research and Development Cost		Research and development about environmental conservation	0	160
Social Activity Cost		Public relation activity about COP10	0	12
Total			3,213	6,575

### Environmental Conservation Benefit

Environmental conservation benefit is shown in indices of environmental impact caused by our business activities.

The volume of CO<sub>2</sub> emission reduced by our efforts to reduce congestion about 1.5 million ton.

### Economic Benefit Associated with Environmental Conservation Activities

To determine economic benefit of environmental conservation activities, the substantial benefit such as the amount of cost saved by implementing a conservation

activity is calculated. The total economic benefit in fiscal 2010 was 136 million US dollars.

Category	Details	Expense Reduction (million JPY)
Economic Benefits by Global Environmental Conservation	Implementation of efficient lighting equipment in tunnel, improvement of ventilation system in tunnel, utilization of natural resource energies, etc.	425
Economic Benefits by Resource Circulation	Implementation of longer-life lamps, reusing and recycling of soils, asphalts, etc, recycling of facilities in tunnel, guardrails, etc.	13,198





# Consolidated Financial Statements

The accompanying consolidated financial statements of Central Nippon Expressway Company Limited and its subsidiaries are an English translation of the consolidated financial statements, the original Japanese version of which was audited by Ernst & Young Shin Nihon LLC, on June 24, 2011. This document was prepared solely for the convenience of non-Japanese readers. Should any discrepancy arise between the English translation and the original Japanese statements, the latter shall prevail.

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 ¥83.15 to \$1, the approximate rate of exchange at March 31, 2011. 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.

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# Consolidated Balance Sheets

As of March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and deposits	¥ 16,342	¥ 27,389	\$ 196,536
Accounts receivable from expressway business operations	50,016	54,202	601,515
Other accounts receivable	13,021	16,967	156,597
Marketable securities	81,997	76,549	986,133
Unfinished roads	1,194,018	1,033,729	14,359,808
Inventories	2,707	2,558	32,556
Deferred tax assets	1,672	2,072	20,108
Others	19,151	19,097	230,319
Allowance for doubtful accounts	(16)	(22)	(192)
Total current assets	1,378,912	1,232,544	16,583,428
<b>Fixed assets</b>			
Property and equipment			
Buildings, less accumulated depreciation	33,987	30,742	408,743
Structures, less accumulated depreciation	39,258	29,470	472,135
Machinery, less accumulated depreciation	44,848	42,828	539,363
Transportation equipment, less accumulated depreciation	3,816	3,923	45,893
Tools and other equipment, less accumulated depreciation	5,072	4,644	60,998
Land	115,495	115,727	1,388,996
Lease assets, less accumulated depreciation	598	257	7,192
Construction in progress	10,534	12,956	126,687
Total property and equipment	253,611	240,550	3,050,042
Intangible fixed assets	9,240	8,710	111,124
<b>Investments and other assets</b>			
Investment securities	3,552	2,357	42,718
Deferred tax assets	1,811	1,408	21,780
Others	5,046	4,915	60,686
Allowance for doubtful accounts	(293)	(342)	(3,524)
Total investments and other assets	10,117	8,339	121,672
Total fixed assets	272,969	257,601	3,282,850
<b>Deferred assets</b>			
Issuing expenses for bonds related to road construction	1,764	1,574	21,215
Total deferred assets	1,764	1,574	21,215
<b>Total assets</b>	<b>¥1,653,647</b>	<b>¥1,491,720</b>	<b>\$19,887,517</b>

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable for expressway business operation	¥ 61,045	¥ 52,269	\$ 734,155
Current portion of long-term debt	3,616	5,604	43,488
Other accounts payable	21,423	21,302	257,643
Income taxes payable	1,583	4,662	19,038
Reserve for employee bonuses	2,857	2,850	34,360
Reserve to cover losses due to forged expressway cards	149	188	1,792
Others	20,210	26,472	243,055
Total current liabilities	110,887	113,350	1,333,578
<b>Fixed liabilities</b>			
Bonds related to road construction	818,943	693,530	9,848,984
Long-term debt related to road construction	438,980	406,940	5,279,375
Other long-term debt	8,555	12,172	102,886
Reserve for retirement benefits	55,812	53,583	671,221
Reserve for officers' retirement bonuses	180	159	2,165
Reserve for ETC mileage service	5,908	6,033	71,052
Reserve for card point service	29	138	349
Others	21,741	20,374	261,467
Total fixed liabilities	1,350,151	1,192,932	16,237,535
Total liabilities	1,461,039	1,306,282	17,571,124
<b>NET ASSETS</b>			
<b>Shareholders' equity</b>			
Capital stock	65,000	65,000	781,720
Additional paid-in capital	71,650	71,650	861,696
Retained earnings	55,277	48,730	664,787
Total shareholders' equity	191,928	185,381	2,308,214
<b>Valuation and translation adjustments</b>			
Valuation differences on other marketable securities	(45)	(42)	(541)
Total valuation and translation adjustment	(45)	(42)	(541)
<b>Minority interests</b>	724	99	8,707
Total net assets	192,607	185,437	2,316,380
<b>Total liabilities and net assets</b>	¥1,653,647	¥1,491,720	\$19,887,517



# Consolidated Statements of Income

Years Ended March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
<b>Operating revenues</b>	<b>¥659,296</b>	¥581,502	<b>\$7,928,996</b>
<b>Operating expenses</b>			
Road rental expenses	328,661	316,952	3,952,628
Expressway business administrative and cost-of-sales expenses	269,803	206,078	3,244,775
Selling, general and administrative expenses	50,906	48,738	612,219
Total operating expenses	649,371	571,770	7,809,633
<b>Operating income</b>	<b>9,925</b>	9,732	<b>119,363</b>
<b>Non-operating revenues</b>			
Interest income	130	373	1,563
Land and property rental fees	221	263	2,658
Amortization of negative goodwill	342	354	4,113
Equity in earnings of affiliates	518	—	6,230
Others	490	743	5,893
Total non-operating revenues	1,703	1,733	20,481
<b>Non-operating expenses</b>			
Interest expense	248	345	2,983
Compensation expenses	63	—	758
Others	193	157	2,321
Total non-operating expenses	506	503	6,085
<b>Ordinary income</b>	<b>11,122</b>	10,963	<b>133,758</b>
<b>Extraordinary income</b>			
Gain on sale of fixed assets	—	97	—
Prior period adjustment profit	170	207	2,044
Gain on anonymous investment partnership	482	—	—
Insurance premium refunded on cancellation	—	141	—
Others	94	0	1,130
Total extraordinary income	747	447	8,984
<b>Extraordinary losses</b>			
Loss on sale of fixed assets	—	73	—
Loss on disposal of fixed assets	846	39	10,174
Impairment loss	116	—	1,395
Prior period adjustment loss	135	78	1,624
Loss on revision of retirement benefit scheme	—	—	—
Loss on changes in equity	—	—	—
Others	43	8	517
Total extraordinary losses	1,142	200	13,734
Net income before taxes and minority interests	10,727	11,210	129,008
Income, inhabitant and enterprise taxes	4,157	6,613	49,994
Deferred taxes	(2)	(987)	(24)
Total taxes	4,154	5,625	49,958
Income before minority interests	6,573	—	79,050
Minority interests	25	45	301
<b>Net income</b>	<b>¥ 6,547</b>	¥ 5,540	<b>\$ 78,737</b>

# Consolidated Statements of Changes in Net Assets

Years Ended March 31, 2011, 2010 and 2009

(Millions of yen)

	Shareholders' Equity				Valuation and Translation Adjustments		Minority Interests	Total Net Assets
	Capital Stock	Additional Paid-in Capital	Retained Earnings	Total Shareholders' Equity	Valuation Differences on Other Marketable Securities	Total Valuation and Translation Adjustment		
<b>Balance at March 31, 2009</b>	65,000	71,650	43,190	179,840	(43)	(43)	999	180,797
Net changes during the year								
Net income	—	—	5,540	5,540	—	—	—	5,540
Changes in items other than shareholders' equity (net)	—	—	—	—	0	0	(900)	(899)
Total net change during the year	—	—	5,540	5,540	0	0	(900)	4,640
<b>Balance at March 31, 2010</b>	65,000	71,650	48,730	185,381	(42)	(42)	99	185,437
Changes during the year								
Net income	—	—	6,547	6,547	—	—	—	6,547
Changes in items other than shareholders' equity (net)	—	—	—	—	(2)	(2)	625	622
Total net change during the year	—	—	6,547	6,547	(2)	(2)	625	7,170
<b>Balance at March 31, 2011</b>	65,000	71,650	55,277	191,928	(45)	(45)	724	192,607

(Thousands of U.S. dollars)

	Shareholders' Equity				Valuation and Translation Adjustments		Minority Interests	Total Net Assets
	Capital Stock	Additional Paid-in Capital	Retained Earnings	Total Shareholders' Equity	Valuation Differences on Other Marketable Securities	Total Valuation and Translation Adjustment		
<b>Balance at March 31, 2010</b>	781,720	861,696	586,049	2,229,477	(505)	(505)	1,191	2,230,150
Changes during the year								
Net income	—	—	78,737	78,737	—	—	—	78,737
Changes in items other than shareholders' equity (net)	—	—	—	—	(24)	(24)	7,517	7,480
Total net change during the year	—	—	78,737	78,737	(24)	(24)	7,517	86,230
<b>Balance at March 31, 2011</b>	781,720	861,696	664,787	2,308,214	(541)	(541)	8,707	2,316,380

# Consolidated Statements of Cash Flows

Years Ended March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
<b>Cash flows from operating activities</b>			
Net income before taxes and minority interests	¥ 10,727	¥ 11,210	\$ 129,008
Depreciation and amortization	16,802	14,633	202,069
Impairment loss	116	—	1,395
Gain on negative goodwill	(482)	—	(5,797)
(Gain) Loss on investments by the equity method	(518)	(141)	(6,230)
Increase (Decrease) in reserve for retirement benefits	2,086	2,350	25,087
Increase (Decrease) in reserve for employee bonuses	6	23	72
Increase (Decrease) in reserve for ETC mileage service	(124)	(574)	(1,491)
Increase (Decrease) in allowance for doubtful accounts	(54)	(67)	(649)
Interest and dividend income	(135)	(376)	(1,624)
Interest expense	16,871	15,961	202,898
(Gain) Loss on sale of fixed assets	43	(24)	517
Loss on disposal of fixed assets	2,191	1,568	26,350
(Increase) Decrease in accounts receivable-trade	3,201	27,535	38,497
(Increase) Decrease in inventories	(161,297)	(180,260)	(1,939,832)
Increase (Decrease) in accounts payable	9,669	(1,706)	116,284
Otherst	1,883	(2,327)	22,646
<b>Subtotal</b>	<b>(98,012)</b>	<b>(112,195)</b>	<b>(1,178,737)</b>
Interest and dividends received	171	416	2,057
Interest paid	(16,834)	(15,474)	(202,453)
Income taxes paid	(6,999)	(3,555)	(84,173)
Income taxes refunded	81	23	974
<b>Net cash used in operating activities</b>	<b>(121,592)</b>	<b>(130,784)</b>	<b>(1,462,321)</b>
<b>Cash flows from investing activities</b>	<b>(400)</b>	<b>(3,900)</b>	<b>(4,811)</b>
Payments for placement of time deposits	2,900	22,500	34,877
Proceeds from redemption of time deposits	(2,986)	(3,000)	(35,911)
Proceeds from sales of short-term investment securities	3,050	—	36,681
Payments for purchase of securities	(240)	(53)	(2,886)
Payments for purchase of investment securities	—	12	—
Proceeds from sale of investment securities	(35,800)	(31,175)	(430,547)
Payments for purchase of fixed assets	74	215	890
Proceeds from sale of fixed assets	566	—	6,807
Payments for business transfer	—	(3)	—
Others	74	31	890
<b>Net cash used in investing activities</b>	<b>(32,761)</b>	<b>(15,372)</b>	<b>(393,999)</b>
<b>Cash flows from financing activities</b>			
Proceeds from long-term debt	75,000	91,000	901,984
Repayment of long-term debt	(48,564)	(42,553)	(584,053)
Proceeds from issuance of bonds related to road construction	244,334	179,271	2,938,473
Redemption of bond related to road construction	(119,729)	(60,000)	(1,439,916)
Payment of minority interest dividends	—	(48)	—
Purchase of treasury share by subsidiary	(8)	—	(96)
Others	(123)	(62)	(1,479)
<b>Net cash provided by financing activities</b>	<b>150,908</b>	<b>167,607</b>	<b>1,814,889</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(3,446)</b>	<b>21,451</b>	<b>(41,443)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>97,988</b>	<b>76,537</b>	<b>1,178,449</b>
<b>Cash and cash equivalents at end of year</b>	<b>¥ 94,542</b>	<b>¥ 97,988</b>	<b>\$1,137,005</b>



## Supplemental Data

### Segment Information

Year Ended March 31, 2011

(Millions of yen)

	Expressway Business	Rest Area Business	Other Related Businesses	Total	Elimination and/or Corporate	Consolidated
I. Operating revenue and operating income:						
(1) Revenues to external customers	607,881	34,071	17,344	659,296	—	659,296
(2) Intersegment revenues	24	16	10	51	(51)	—
<b>Total</b>	607,905	34,087	17,354	659,348	(51)	659,296
Operating expenses						
Operating income (loss)	3,697	6,488	(264)	9,920	4	9,925
II. Assets, depreciation and amortization, and capital expenditures:						
Total assets	1,372,348	146,373	14,055	1,532,777	120,870	1,653,647
Depreciation and amortization	14,564	2,048	188	16,802	—	16,802
Capital expenditures	25,219	8,531	41	33,793	3,680	37,474

(Thousands of U.S. dollars)

	Expressway Business	Rest Area Business	Other Related Businesses	Total	Elimination and/or Corporate	Consolidated
I. Operating revenue and operating income:						
(1) Revenues to external customers	7,310,655	409,753	208,587	7,928,996	—	7,928,996
(2) Intersegment revenues	289	192	120	613	(613)	—
<b>Total</b>	7,310,944	409,946	208,707	7,929,621	(613)	7,928,996
Operating expenses						
Operating income (loss)	44,462	78,028	(3,175)	119,302	48	119,363
II. Assets, depreciation and amortization, and capital expenditures:						
Total assets	16,504,486		169,032	18,433,879	1,453,638	19,887,517
Depreciation and amortization	175,153		2,261	202,069	—	202,069
Capital expenditures	303,295		493	406,410	44,257	450,679

## >> Privatization of Japan's Public Expressway Corporations

### Privatization Framework of the Four Public Expressway Corporations

#### Objectives

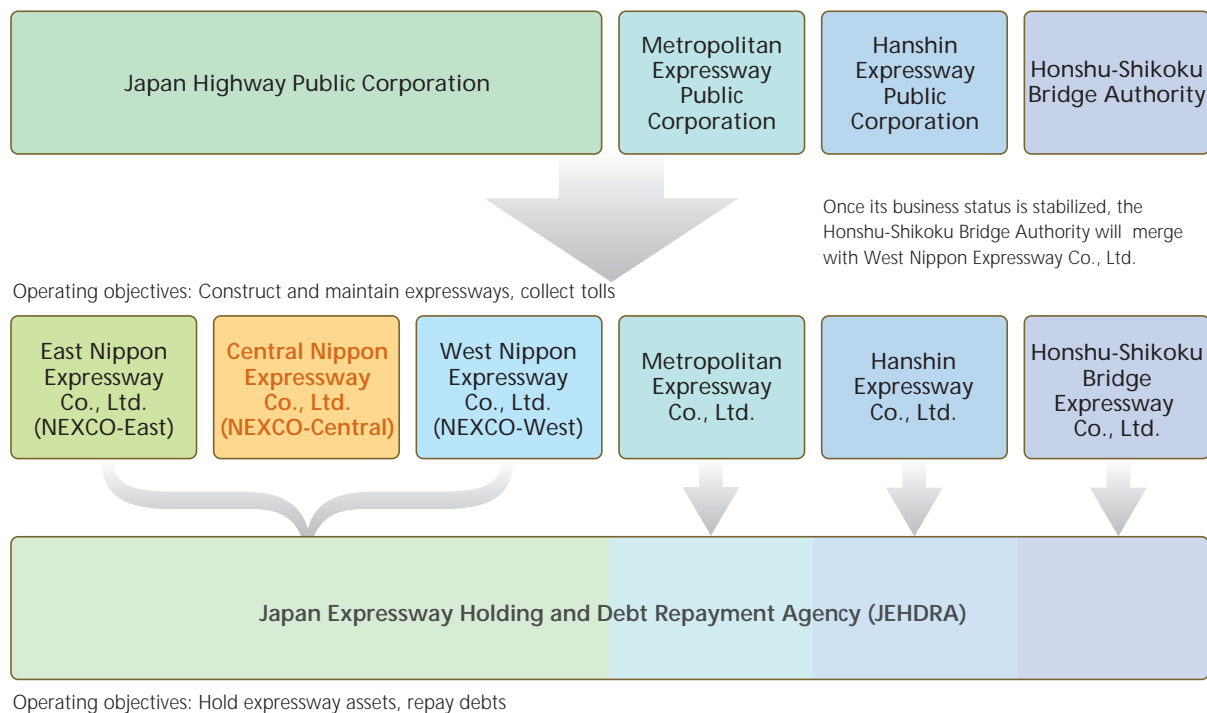
Based on the principle that tasks that can be performed by the private sector should be entrusted to it, Japan's public expressway corporations have been privatized to achieve the following objectives.

- Fully repay interest-bearing debts amounting to over ¥40 trillion within 45 years.
- Succeed in the early completion of construction on expressways and toll roads that the public truly requires, while minimizing the burden on the public and achieving private-sector autonomy for the new companies.
- Make the most of private-sector expertise by realizing diverse and flexible tolls and offering various services pertaining to the operation of rest areas and the utilization of expressway assets.

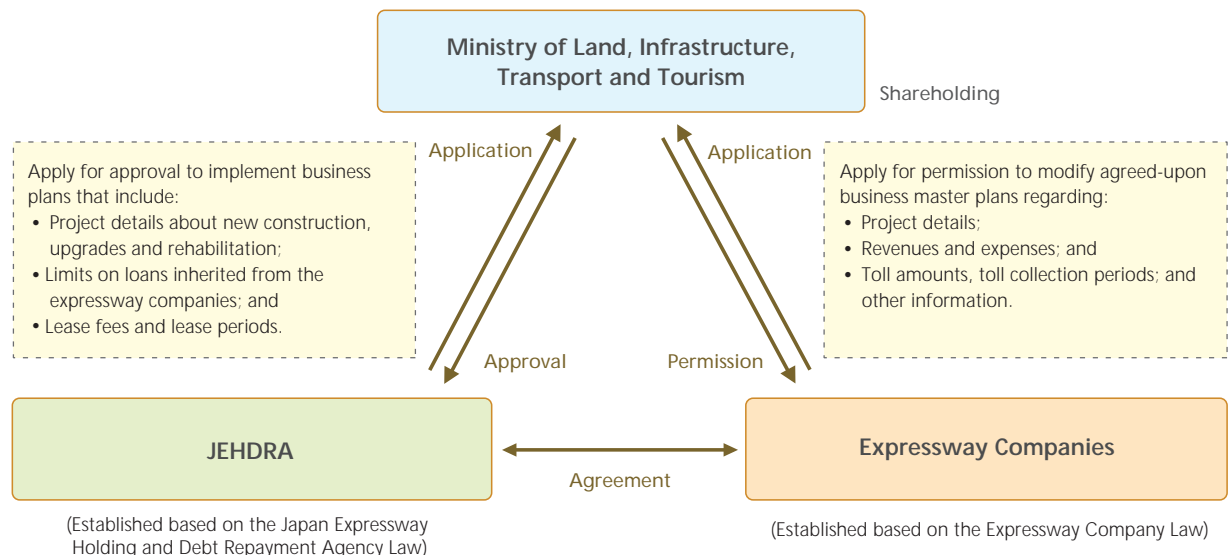
#### Principal Laws Concerning the Privatization of the Four Public Expressway Corporations

- Expressway Company Law
- Japan Expressway Holding and Debt Repayment Agency Law
- Others

### Privatization Scheme



## Relationship Among the Organizations

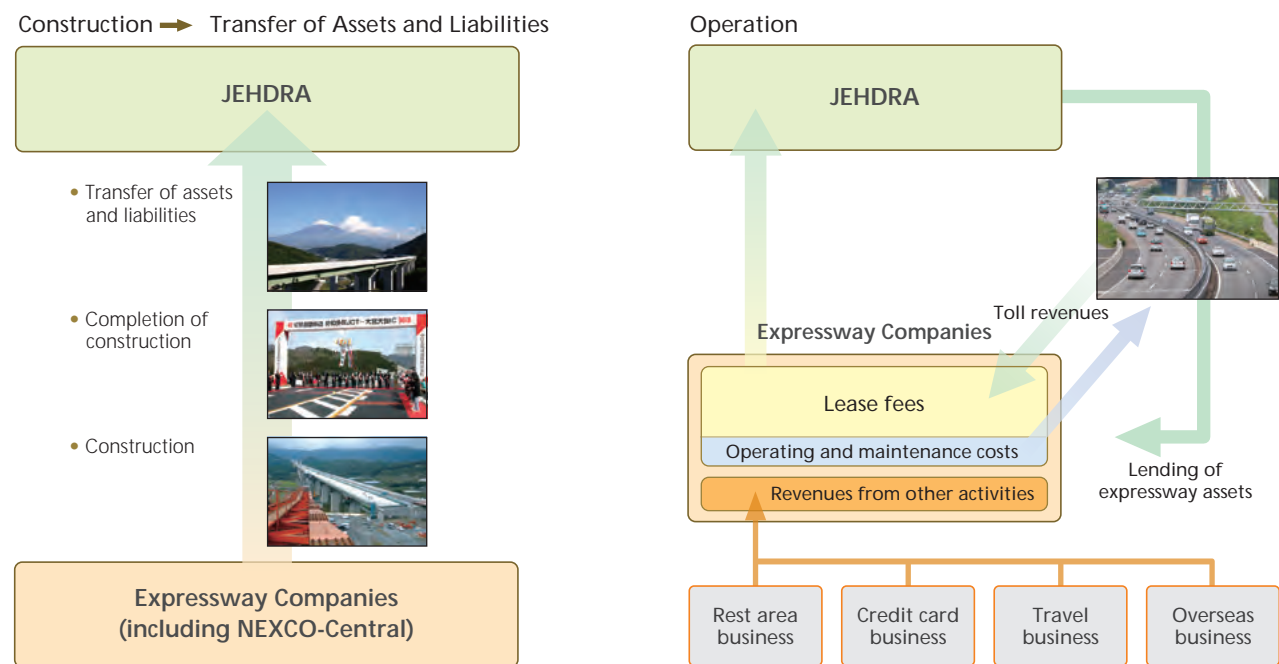


## Roles of JEHDRA and the Expressway Companies

Expressway assets and liabilities resulting from construction are transferred from the expressway companies to JEHDRA once construction is complete. The expressway companies lease back assets to earn toll revenue. Lease fees are calculated as follows.

**Lease fees = estimated toll revenue – estimated operating and maintenance costs**

**Note:** Expressway companies may not earn profits or make losses through expressway construction and operation. However, expressway companies are eligible for certain incentive payments if construction is completed at a lower cost than originally estimated, as and when the Agency recognizes that such cost reductions are due to the companies' efforts. Also, the companies may earn profits through other activities, such as the operation of rest areas.

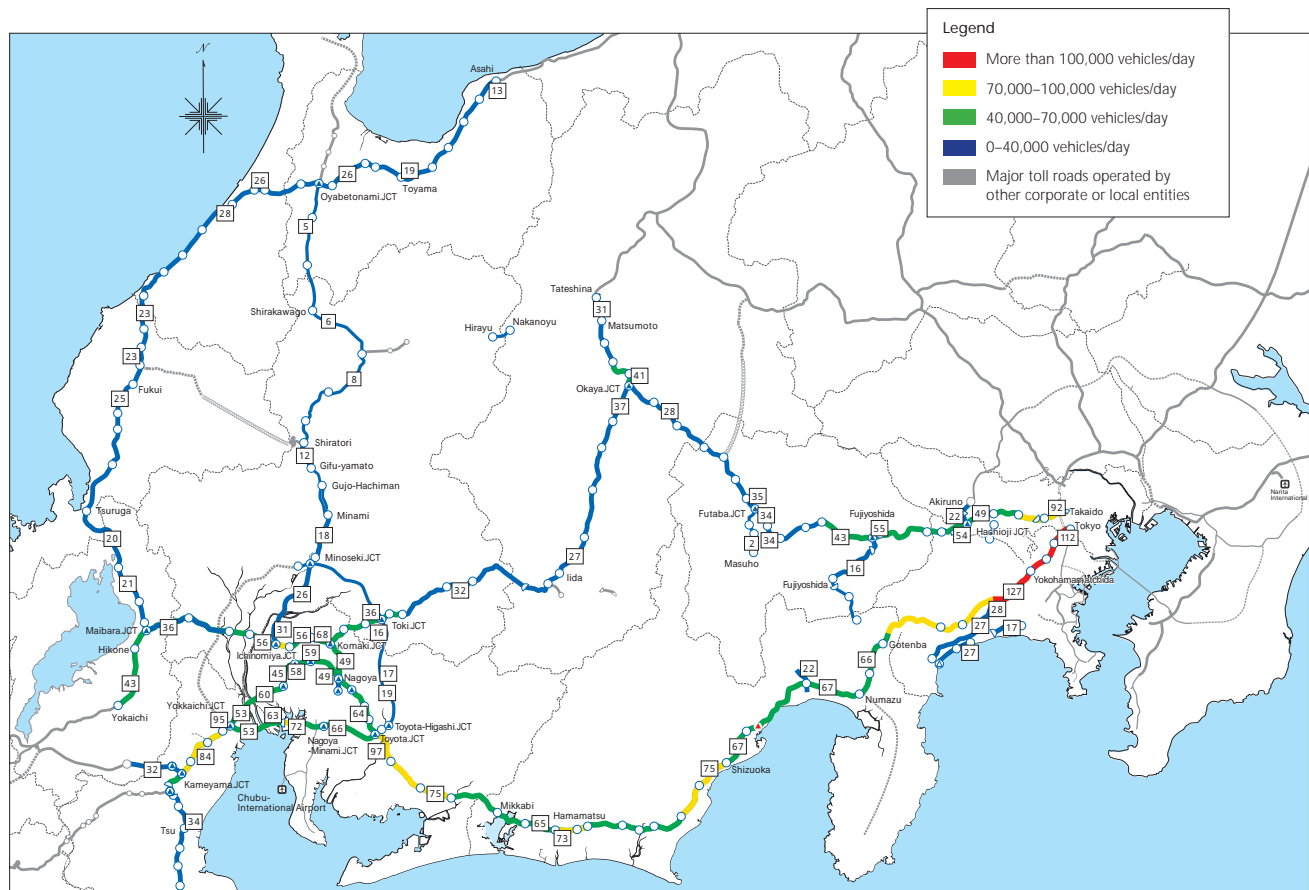




## >> NEXCO-Central Statistics for Fiscal 2010

### Traffic Volume

Expressway	Section	Length (km)	Lanes	Average Daily Traffic Volume	Cumulative Daily Traffic Volume
Chuo Expressway	Tokaido-Hachioji	25.8	4	80,991	116,736
	Hachioji-Lake Kawaguchi	68.1	4-7	45,555	65,818
	Otsuki Junction-Komaki Junction	272.9	4-6	37,245	97,678
Meishin Expressway	Komaki-Youkaichi	87.5	4	54,235	75,737
Nagano Expressway	Okaya Junction-Toyoshina	33.1	4	41,227	37,357
Tomei Expressway	Tokyo-Komaki	346.7	4-7	80,543	428,434
Tokai-Hokuriku Expressway	Ichinomiya Junction-Oyabe-Tonami Junction	184.8	2-4	14,412	53,893
Chubu Odan Expressway	Masuo-Futaba Junction	16.0	2	5,550	6,642
Hokuriku Expressway	Asahi-Maibara	282.1	4	26,638	103,974
Nagoya Ring Road No. 2	Nagoya Junction-Nagoya Nishi	43.6	4	49,957	125,599
Higashi-Meihan Expressway	Nagoya Nishi-Kameyama Minami Junction	55.1	4	71,138	96,095
Ise Expressway	Seki Junction-Ise	68.8	4	33,704	57,086
Ise-Wangan Expressway	Toyota Higashi Junction-Tokai	30.6	6	65,074	102,206
	Tobishima-Yokkaichi Junction	19.6	6	59,825	57,053
New Meishin Expressway	Kameyama Junction-Kokatsuchiyama	18.8	4-6	38,581	—
Kisei Expressway	Seiwataki Junction-Kisei-Ouchiyama	23.8	2	10,485	6,485
New Shonan Bypass	Fujisawa-Chigasaki-Kaigan	8.7	4	32,084	48,243
Seisho Bypass	Seisho-Ninomiya-Hakoneguchi	14.5	4	39,684	61,125
Higashi Fuji-Goko Road	Fujiyoshida-Subashiri	18.0	2	15,778	31,337
Odawara-Atsugi Road	Odawara-Nishi-Atsugi	31.7	4	29,670	66,579
Ise-Wangan Road	Tokai-Tobishima	6.1	6	81,085	90,201
Ken-O Expressway	Hachioji Junction-Akiruno	9.2	4	24,717	11,556
	Ebina Junction-Ebina	1.9	4	11,542	6,064
Tokai Ring Road	Toyota Higashi Junction-Seki-Hiromi	75.9	4	16,420	48,474
Hachioji Bypass	Aihara-Uchikoshi	4.5	4	43,957	43,957
Nishi Fuji Road	Fuji-Fujinomiya	6.8	4	34,332	34,332
Chubu Jukan Expressway	Kamitakara-Azumi	5.6	2	2,894	2,894
	Total	approx. 1,760			1,891,045



## Length of Expressways in Operation

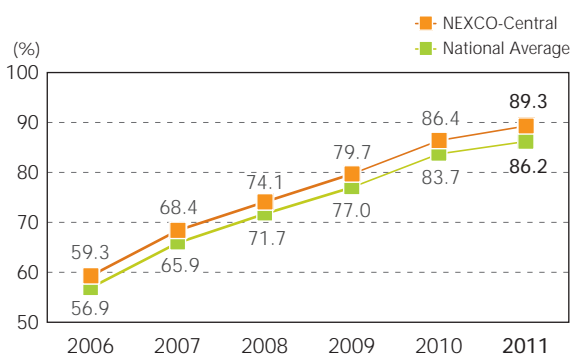
Fiscal Year	Expressways Operated by NEXCO-Central (km)	Remarks
1989	1,315	
1990	1,350	
1991	1,361	
1992	1,382	
1993	1,410	
1994	1,410	
1995	1,411	
1996	1,426	
1997	1,464	
1998	1,468	
1999	1,495	
2000	1,530	
2001	1,545	
2002	1,576	
2003	1,587	
2004	1,673	
2005	1,687	Kisei Expressway (13.4km) opened March 11, 2006.
2006	1,693	Chubu Odan Expressway (6.2km) opened December 16, 2006.
2007	1,721	Ken-O Expressway (9.2km) opened June 23, 2007. New Meishin Expressway (18.8km) opened February 23, 2008.
2008	1,757	Tokai-Hokuriku Expressway (24.9km) opened July 5, 2008. Kisei Expressway (10.4km) opened February 7, 2009.
2009	1,761	Tokai Ring Road (2.9km) opened April 18, 2009. Ken-O Expressway (1.9km) opened February 27, 2010.
2010	1,774	Nagoya Ring Road No. 2 (12.7km) opened March 20, 2011.

## Traffic Congestion: Intensity and Causes

Traffic congestion intensity = length (km) x duration (hour)

Expressway	Fiscal 2009					Fiscal 2010				
	Traffic concentration	Roadwork	Accident	Other factor	Total	Traffic concentration	Roadwork	Accident	Other factor	Total
Tomei Expressway	36,503	11,689	15,755	2,706	66,653	43,784	16,489	20,482	2,710	83,465
Meishin Expressway	5,189	1,333	1,695	114	8,331	6,221	1,561	3,113	370	11,265
Chuo Expressway	23,179	903	6,783	391	31,256	27,049	3,029	6,611	572	31,256
Chubu Odan Expressway	0	0	0	0	0	0	0	0	0	0
Nagano Expressway	447	121	195	45	808	555	28	122	113	818
Hokuriku Expressway	1,551	23	308	60	1,942	636	23	313	84	1,061
Tokai-Hokuriku Expressway	5,357	25	352	52	5,786	3,274	20	538	93	3,925
Ise Wangan Expressway	495	255	611	12	1,373	790	169	922	71	1,952
Higashi Meihan Expressway	10,772	2,360	2,762	118	16,012	12,184	5,131	4,099	344	21,758
Ise Expressway	173	48	89	13	323	890	155	120	22	1,187
Kisei Expressway	0	0	2	0	2	7	0	2	0	9
New Meishin Expressway	42	0	17	0	59	368	231	281	0	880
New Shonan Bypass	0	0	0	0	0	35	0	0	0	35
Seisho Bypass	311	0	12	3	326	727	0	6	11	744
Higashi Fuji-Goko Road	215	0	0	0	215	384	33	10	7	434
Odawara-Atsugi Road	456	15	39	2	512	725	36	107	12	880
Ise Wangan Road (Tokai - Tobishima)	0	0	17	0	17	0	6	36	0	42
Ken-O Expressway	36	0	0	0	36	111	0	98	10	219
Tokai Ring Road	273	0	94	0	367	422	0	53	2	477
Hachioji Bypass	0	0	0	0	0	0	0	0	0	0
Nishi Fuji Road	10	1	0	0	11	103	0	0	0	103
Abo Toge Road	0	0	0	0	0	0	0	0	0	0

## ETC Usage Rate in the NEXCO-Central Area and in Japan





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