Application for Notable COP program by Central Nippon Expressway Company Limited, Japan

Central Nippon Expressway Company Limited (NEXCO-Central) builds, operates, and maintains an important section of the expressways covering central region of Japan. Since we joined the Global Compact on July 2008, we are sure that we have made a significant contribution to the local network activities and continue to support the 10 principles of the Global Compact.

In accordance with the policy for the "Communication on Progress" we submit the COP through which we inform all stakeholders of our yearly business performance and communicate publicly. The following table facilitates the understanding of our activities in the COP in light of Notable COP requirements.

Requirement	COP	
	Japanese (CSR Report 2009)	English (Annual Report 2009)
1. Strong statement of continued support for the UN Global Compact	O.K. (a minimum of three criteria must be met in this category)	
・ Statement is signed by CEO or Chairperson.	☑ (P11)	☑ (P4)
・Statement is part of COP, not a stand-alone document.	☑ (P11)	☑ (P4)
・Reasons and/or benefits for supporting the UN Global Compact are given.	—	☑ (P4)
・Statement is linked with major actions / outcomes in implementing the Global Compact principles and/or with major actions and outcomes in undertaking partnership projects.	—	—
・Description of active participation at UN Global Compact events or in local networks and/or support for the initiative was expressed in public interviews or public speeches.	—	—
2. Clear and detailed description of practical actions taken in implementing the UN Global Compact principles and/or in undertaking partnership projects in support of broader UN goals	O.K. (a minimum of four criteria must be met in this category)	
・Commitments and actions are linked to business relevance of UN Global Compact principles ("materiality").	☑ (P87-90,etc)	☑ (P61-64,etc)
・Reflection on the company's sphere of influence, such as supply chain, customers, local communities, etc. and reporting boundary.	☑ (P2)	☑ (P10)
・UN Global Compact principles are reflected in management systems, such as policy and strategy documents, monitoring system and daily processes.	—	—
・Actions are integrated into core business processes (not a stand-alone project, not philanthropic).	☑ (P87-110)	☑ (P61-70)
・Actions are fully described in a way that allows readers to learn from and replicate them (e.g. no bullet point or check box descriptions).	☑	—
・A future plan of action (for the following year) has been outlined.	☑ (P37-40)	☑ (P32,etc)

・Description of partnership projects in support of broad UN goals (e.g. wins for partners, type of partnership, activities, outputs and outcomes).	—	—
3. Measurement of outcomes that allows for checking progress	O.K. (a minimum of four criteria must be met in this category)	
・Performance indicators are clearly defined or a full set of standard indicators is used (GRI, Ethos institute etc.).	—	—
・Performance is shown for several years, allowing to check progress.	☑ (P3,etc)	☑ (P6,etc)
・Performance is compared to peer companies or industry sector average.	—	—
・The report presents positive and negative aspects of the organization's performance to enable a reasoned assessment of overall performance.	☑ (P3,20,104,etc)	☑ (P7,25,82)
・Targets for the following year(s) are specified.	☑ (P84,etc)	☑ (P60,etc)
・The business case is made, i.e. activities and outcomes are linked to financial data.	☑ (P3)	☑ (P3,72-78)
・Performance relates to the ten principles of the UN Global Compact, even if the emphasis is placed in the implementation of some specific principles.	—	☑ (P57-71)
4. Reporting process ensures reliability, clarity and timeliness of information and includes stakeholder dialogue	O.K. (a minimum of three criteria must be met in this category)	
・Assurance: Information and processes used in the preparation of the COPs are externally assured by peer review, stakeholder audits/consultations, in-depth third party assurance based on standards, etc.	☑ (P113)	—
・Dissemination and stakeholder engagement: COP is actively shared with relevant stakeholders such as employees, shareholders, suppliers, customers, local communities, financial analysts, civil society organizations etc. and special efforts for stakeholder engagement are described.	☑ (P111-112)	—
・Clarity of COP: Information is made available in a manner that is understandable and accessible to stakeholders using the report.	☑ (P90,etc)	—
・Timeliness of COP: The publication of the COP is aligned with the sustainability reporting schedule or the COP is posted on the UN Global Compact website no later than six months after the end of reporting period.	—	—

For the access to CSR Report 2009 in Japanese, please click below;

http://www.c-nexco.co.jp/corp/info/csr/

Annual Report 2009

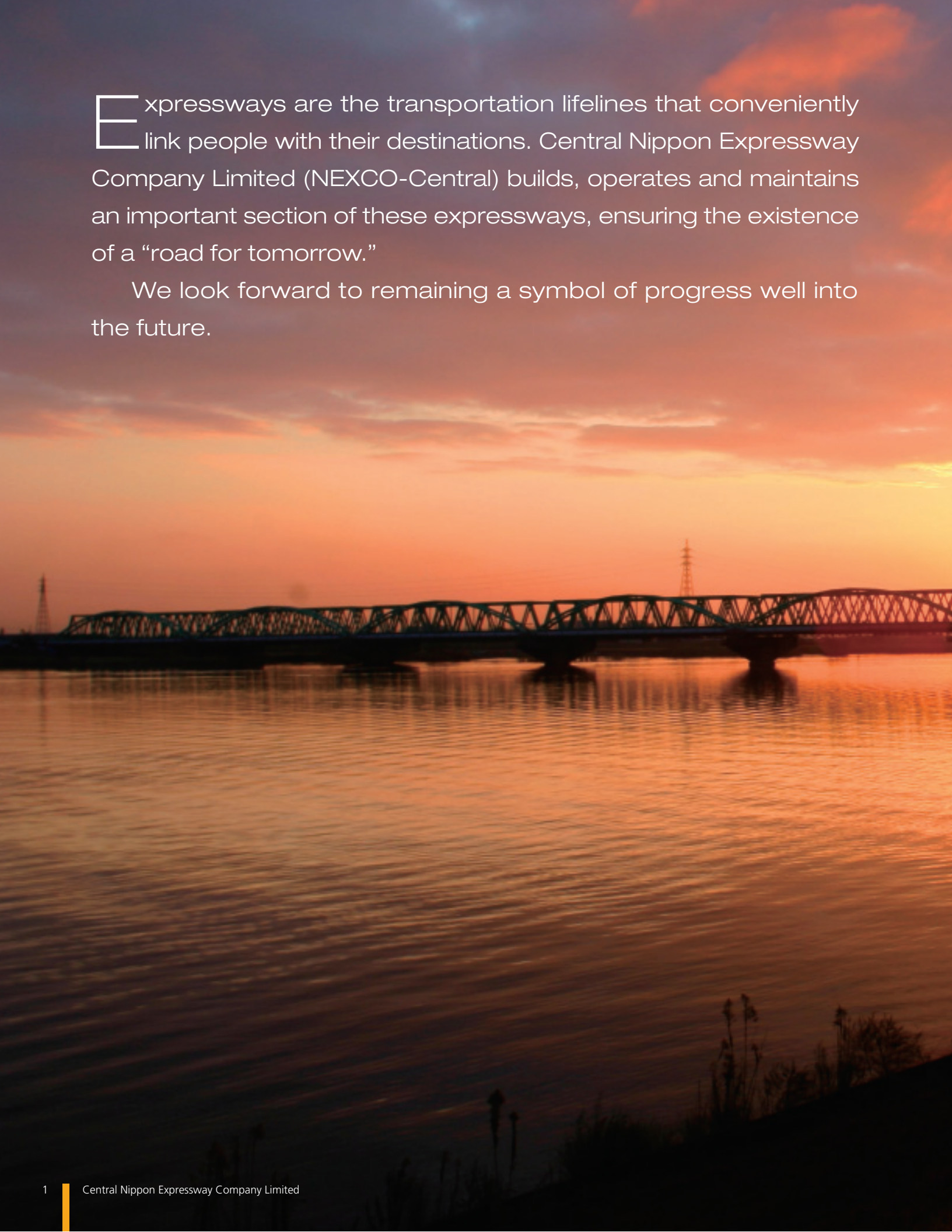
For the year ended March 31, 2009

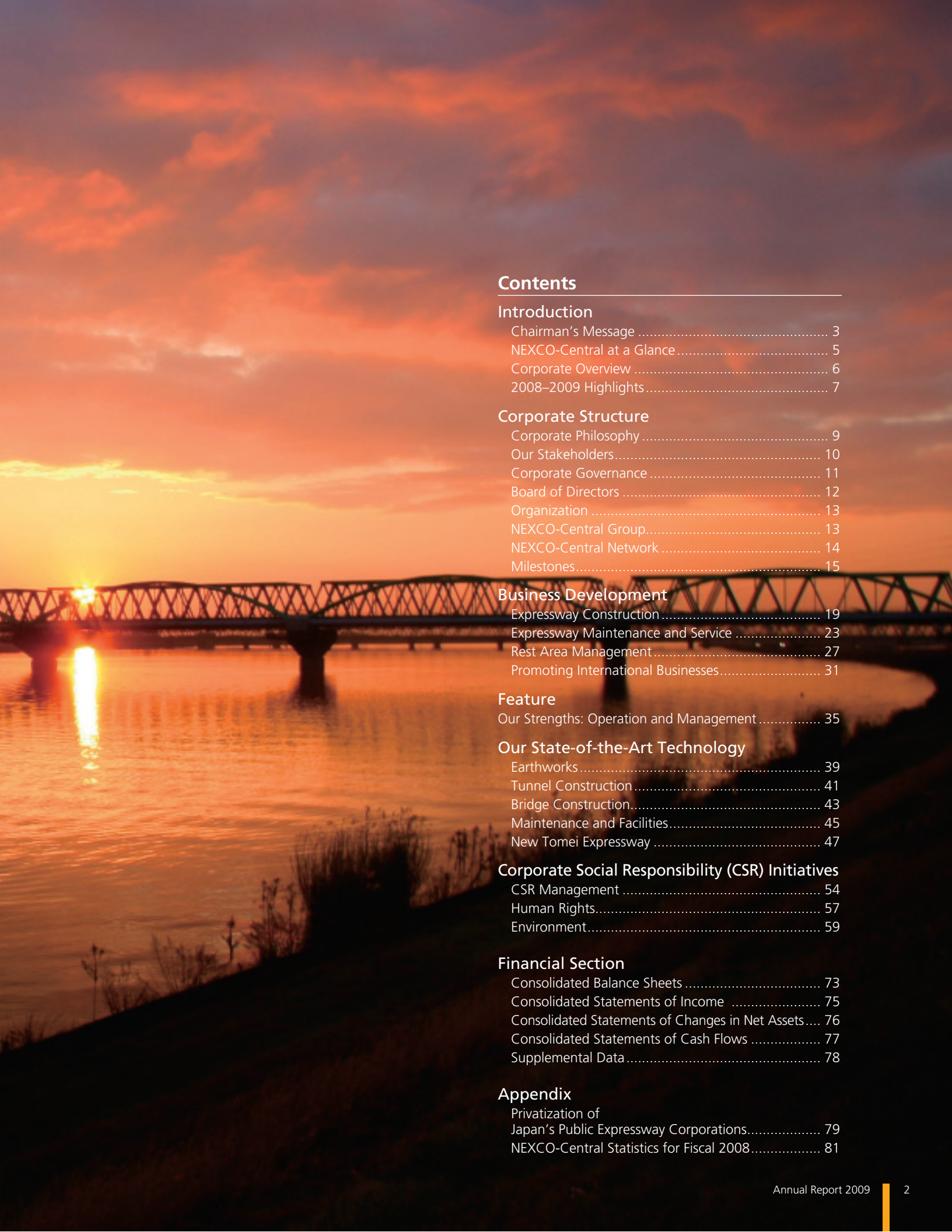
Expressways are the transportation lifelines that conveniently link people with their destinations.
NEXCO-Central builds, operates and maintains an important section of these expressways,
Remaining a symbol of progress, ensuring the existence of a "road for tomorrow."

NEXCO
中日本

Expressways are the transportation lifelines that conveniently link people with their destinations. Central Nippon Expressway Company Limited (NEXCO-Central) builds, operates and maintains an important section of these expressways, ensuring the existence of a “road for tomorrow.”

We look forward to remaining a symbol of progress well into the future.





Contents

>> Chairman's Message

Aspiring to Be a Better and Stronger Company

Hironori Yano
Chairman and CEO

History and New Management Plan

NEXCO-Central was established in October 2005 through the privatization of the Japan Highway Public Corporation, which was split geographically into three companies. Since becoming a privatized company, we have raised the efficiency of our operations while striving to strengthen Group management through subsidiaries. We have also taken an active stance toward fulfilling our corporate social responsibilities (CSR) and helping to solve global environmental issues.

In fiscal 2009, we launched a management plan to guide us during the five years ending in fiscal 2013, defining major policy thrusts that emphasize CSR promotion and Group management. The plan stresses operational appropriateness and flexibility, attaching importance to speed and sensitivity to change. The new plan also highlights the goal of applying the wealth of technical expertise we have accumulated through our daily operations.

Corporate Philosophy

Our corporate philosophy is a key component of the new plan. We consider this philosophy to be permanent and unaffected by the passage of time. The essence of the philosophy is incorporated in our slogan, "Aspiring to be a better and stronger company." This is the true articulation of a corporate ideal shared throughout the Group.

Considering a company's substantial impact on society, we aim to evolve consistently to become a "better" company by putting the customer first and enhancing the satisfaction and trust of customers and other stakeholders. Consequently, we will become a "stronger" company that is financially sound and earns steady profits.

Roles and Initiatives

Our operating environment is changing dramatically, affected by the worldwide economic recession that started in the United States in 2008, as well as such societal factors as globalization and value diversification. Amid such circumstances, we must adapt quickly to our business environment, addressing various challenges on a groupwide basis.

The 10th Meeting of the Conference on Biological Diversity (COP10) will be held in 2010 in Nagoya, Aichi Prefecture, our operational headquarters. We plan to address CSR and global environmental issues by participating in events surrounding the convention.

As an expressway operator, we continue to develop and improve the vital expressway network spanning central Japan, renovating aging road assets and refurbishing and upgrading rest areas. We also strive to provide safer, more secure and more comfortable expressways and related facilities.

We are developing business overseas, which we intend to expand into a pillar of the Company's operations. Our initial efforts focus on Asia. Meanwhile, in Japan we are enhancing services for overseas tourists, working in tandem with the Japanese government's initiatives to promote Japan as a tourist destination. Other aspects of our business development include travel agency and credit card services.

Overseas Business

We opened our first overseas office in Hanoi in December 2008. The creation of the Vietnam office demonstrates our intention to pursue business overseas and marks a major acceleration of our project development business in that country. We will contribute internationally through a variety of business activities linked to expressway operations and management in Vietnam and other countries.

I hope that this annual report facilitates the readers' understanding of NEXCO-Central.

December 31, 2009

Hironori Yano
Chairman and CEO

Support for the United Nations Global Compact

NEXCO-Central supports the 10 principles of the Global Compact with respect to human rights, labor rights, the protection of the environment and anti-corruption to actively promote our CSR activities (announced in July 2008).

We are committed to making the global compact and its principles part of the strategy, culture and day-to-day operations of our Company and to clearly stating this commitment to our employees, partners, clients and the public. Also, we espouse public accountability and transparency and will report our progress publicly.

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.

>> Corporate Overview

Company Profile

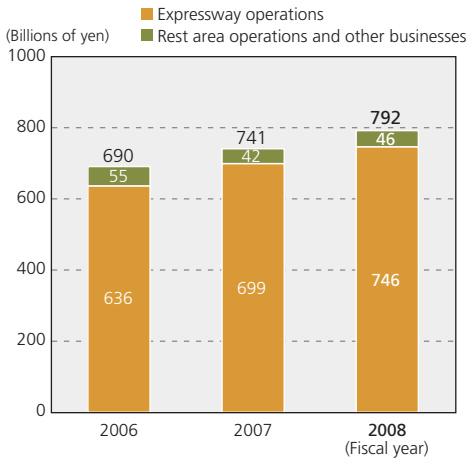
Name	Central Nippon Expressway Company Limited (NEXCO-Central)
Chairman and CEO	Hironori Yano
President and COO	Fumio Takahashi
Head office	Nagoya, Japan
Established	October 1, 2005
Employee	2,111 (8,161 consolidated)
Group companies	12 (wholly owned by NEXCO-Central)
Capital	¥65 billion (US$662 million)

Business Data

Expressways in operation	1,759 kilometers	As of Dec. 1, 2009
Traffic volume	1.68 million vehicles/day	Year ended Mar. 31, 2009
Operating revenues	¥791.7 billion (US$8.1 billion)	Year ended Mar. 31, 2009
Expressways under construction	420 kilometers	As of Dec. 1, 2009
Rest areas	166	As of Dec. 1, 2009
Rest area store sales revenue	¥130.1 billion (US$1.3 billion)	Year ended Mar. 31, 2009

Financial Highlights

Operating Revenues



Operating Income

>> 2008–2009 Highlights

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.

Rehabilitating Damaged and Aging Expressways

On August 11, 2009, western Shizuoka Prefecture was struck by a major earthquake of magnitude 6.5. The earthquake affected certain sections of the Tomei Expressway, causing temporary closures to this most important artery. By bringing to bear its extensive expertise and rapid-response capabilities, NEXCO-Central succeeded in reopening the closed sections only four days later—an unusually short amount of time. In addition to repairing damage, we rehabilitate aging expressways and reinforce the seismic resistance of road assets to ensure their longevity and reliability.

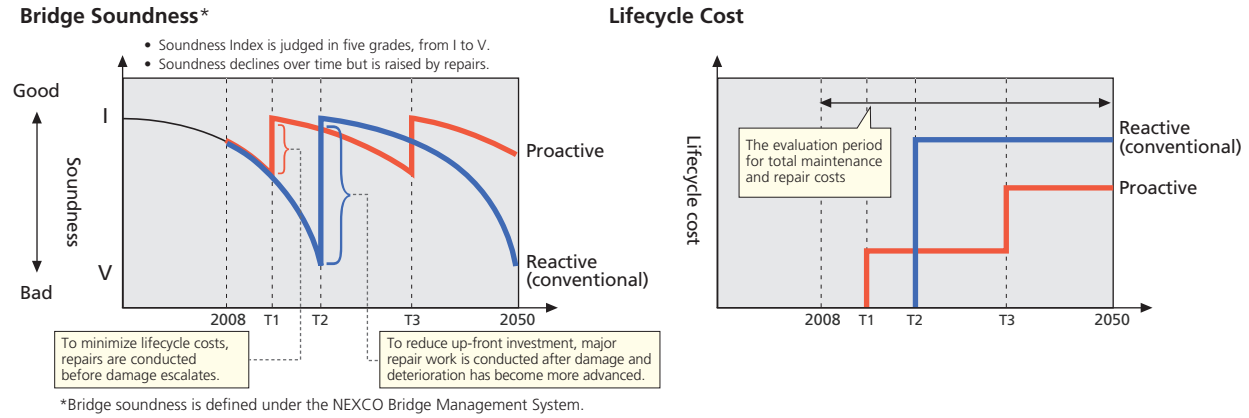
Immediately after earthquake

After repairs were completed

Efficiently Managing and Maintaining Road Assets

NEXCO-Central has introduced a long-term road asset maintenance plan that focuses on proactive, rather than reactive, maintenance. Addressing potential issues before they become problems allows more effective and efficient management, enhances the overall soundness of road assets and reduces lifecycle cost.

Effective Bridge Maintenance Management



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

Creating Attractive and Comfortable Rest Areas

NEXCO-Central aims at satisfying customers with impressive and comfortable rest areas. We are renovating rest areas on a large scale based on the concept of creating the atmosphere of shopping malls by developing brand-new goods and services for customers. We will make our rest areas more attractive to meet various needs of customers.

Opening More Convenient Rest Areas

While we opened a number of highly popular convenience stores in fiscal 2008, we also provide opportunities to shops operated by local companies to cooperate with and bring profits to regional communities.

Locally run store in operation at our rest area

Convenience store and fast food shop integrated into our rest area

Designing Rest Areas to Attract More Visitors

We are renovating facilities at rest areas that present particular advantages from a business perspective—such as large available spaces, numerous visitors and urban accessibility. By populating such facilities extensively with restaurants and stores, we are converting rest area as places to simply relax into "expressway shopping malls." We plan to adopt this approach to renew three major rest areas by the end of 2010.

>> Corporate Philosophy

Our Mission

We aim for continual innovation and improvement, as well as the creation of safe, reliable and comfortable-to-use expressways that lead to a new era. We contribute to the development of regional communities and an improved quality of life, which will result in the invigoration of the Japanese economy.

Aspiration for Our Corporate Image

We aspire to be a "better" and "stronger" company.

- **A better company**: A promise-keeping, honest company, one that is useful and trusted in the community, inspiring others, and respected by employees and their families.
- **A stronger company**: A company that maintains sound financing and earns steady profits.

By being a better company, we also become a stronger company.

Our Five Basic Policies

1. Put the customer first
2. Benefit from the wisdom of many
3. Think and act from the bottom up
4. Remain innovative
5. Keep promises

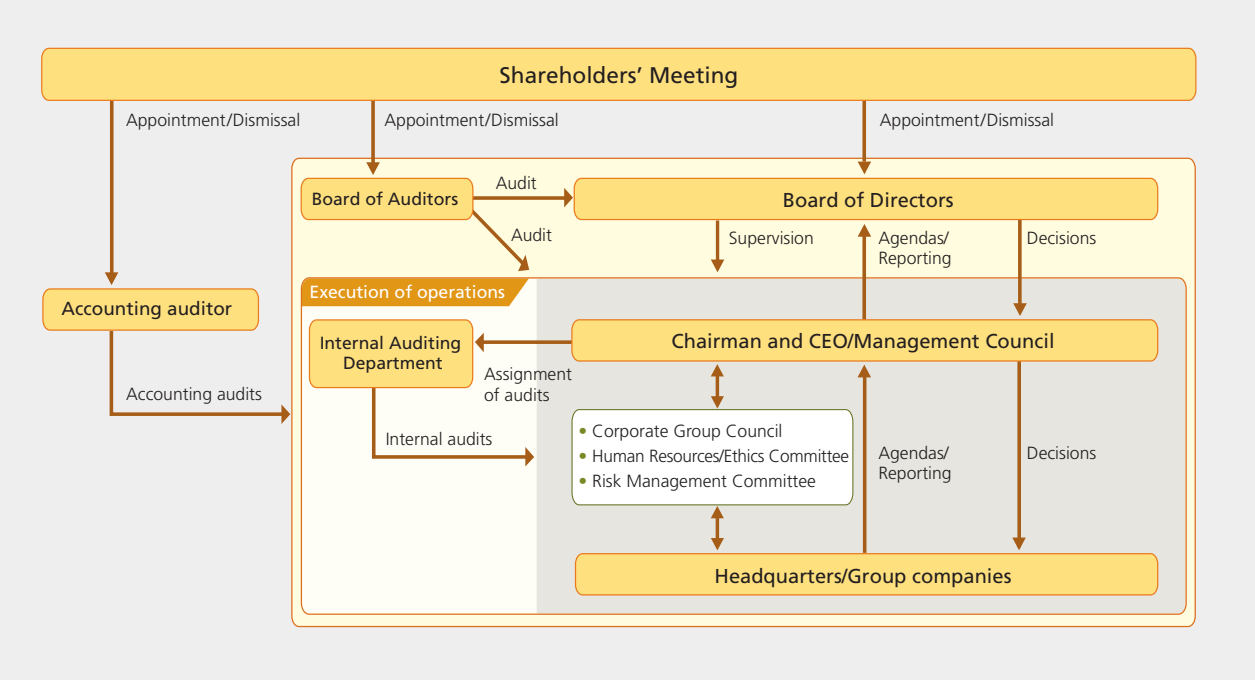
>> Our Stakeholders

>> Corporate Governance

Governance Structure

The Board of Directors convenes monthly to determine key issues and execute its duties. In addition, all board members and executive officers attend a corporate strategy meeting held twice 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

Chairman and CEO

Hironori Yano

1963 Joined Toshiba Corporation
1997 Corporate Representative Europe of Toshiba Corporation
1999 Director of Japan Business Federation
2006 Joined NEXCO-Central, Chairman and CEO

President and COO

Fumio Takahashi

1972 Joined Japan Highway Public Corporation (JH)
2002 Director General of Tokyo Construction Bureau, JH
2003 Senior Director of Public Relations Promotion, JH
2005 Executive Director of NEXCO-Central in transition, President and COO

Executive Officer and Senior Managing Officer

Takashi Nishiyama
Executive Officer
Corporate Strategy

Yutaka Harada
Senior Managing Officer
Business Development

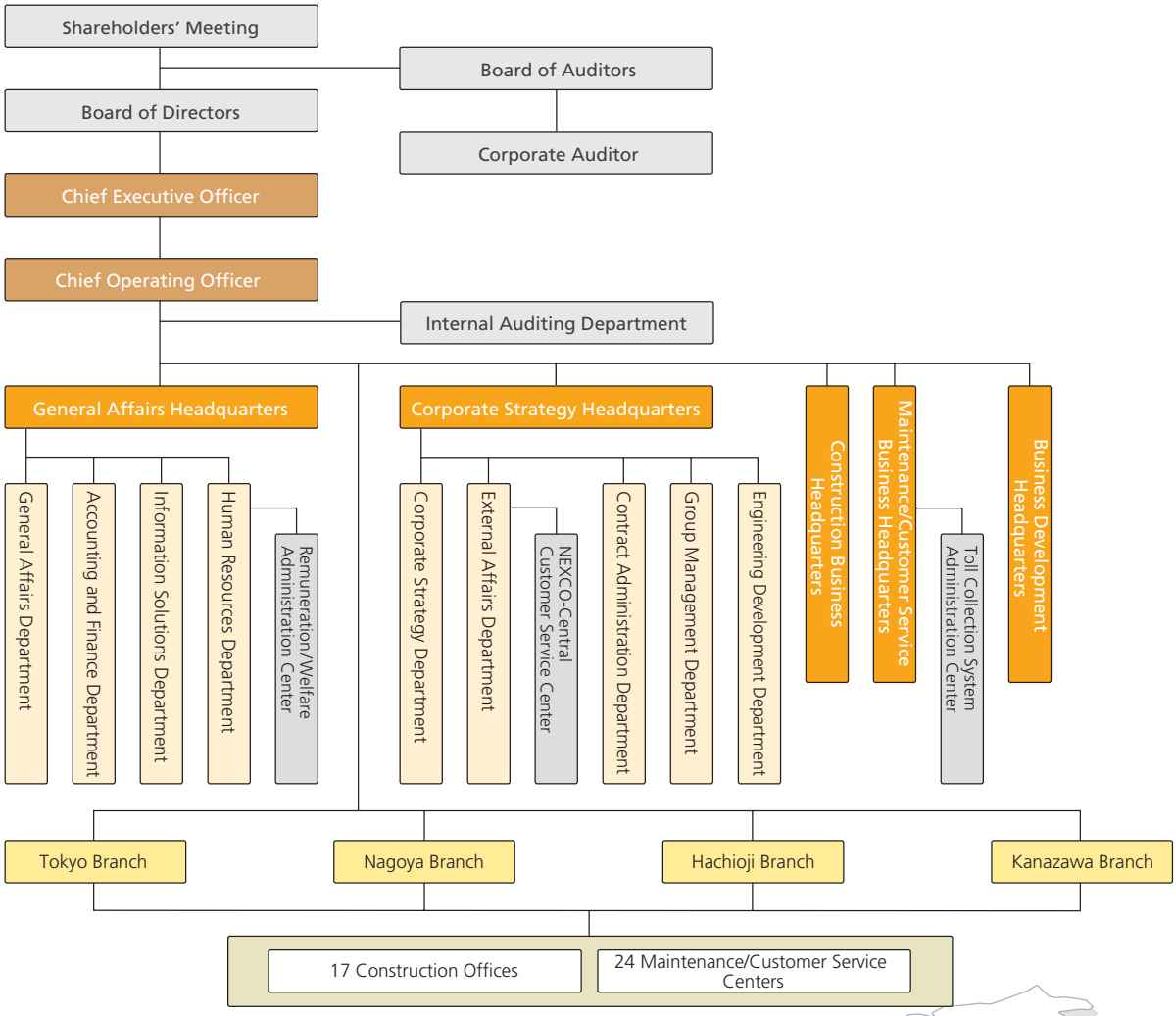
Ryoichi Yoshikawa
Senior Managing Officer
Maintenance/CS

Senior Corporate Auditor

Tatsuji Takahashi

Masaaki Yamamoto

>> Organization



>> NEXCO-Central Group

Group Companies

- **Road Maintenance and Inspection**
  - Central Nippon Highway Engineering Tokyo Company Limited
  - Central Nippon Highway Engineering Nagoya Company Limited
- **Toll Collection Service**
  - Central Nippon Extoll Yokohama Company Limited
  - Central Nippon Extoll Nagoya Company Limited
- **Expressway Patrol**
  - Central Nippon Highway Patrol Tokyo Company Limited
  - Central Nippon Highway Patrol Nagoya Company Limited
- **Rest Area Management**
  - Central Nippon Exis Company Limited
- **Road Repair and Maintenance**
  - Central Nippon Highway Maintenance Tomei Company Limited
  - Central Nippon Highway Maintenance Chuoh Company Limited
  - Central Nippon Highway Maintenance Nagoya Company Limited
  - Central Nippon Highway Maintenance Hokuriku Company Limited
- **Manpower Staffing Service**
  - Nexco Central Nippon Services Company Limited

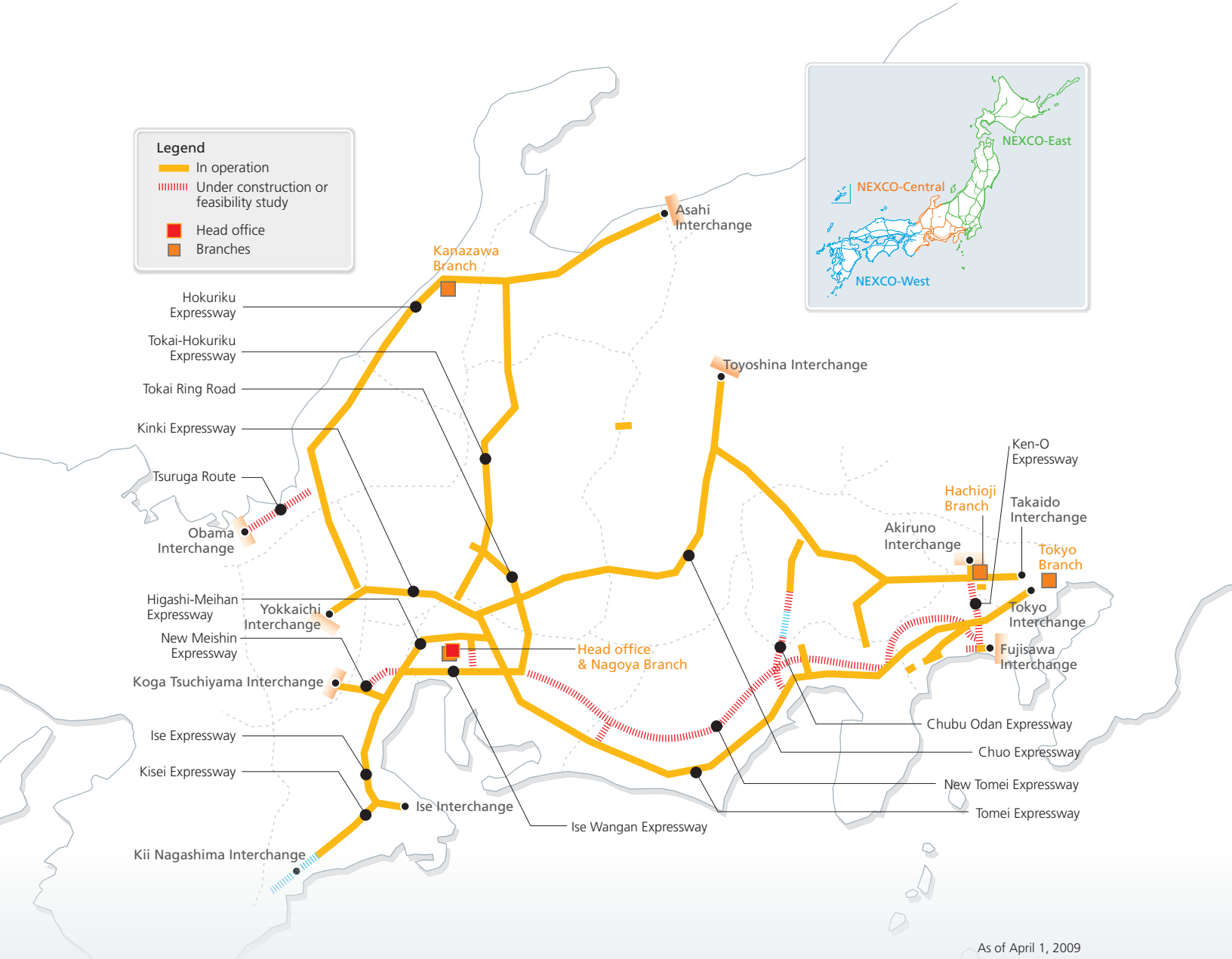
Affiliated Companies

- **Engineering Development and Research**
  - Nippon Expressway Research Institute Company Limited
- **System Operation Management**
  - Nexco Systems Company Limited
- **Insurance Service**
  - Nexco Insurance Services Company Limited
- **Physical Distribution Center**
  - Hokuriku Expressway Terminal Company Limited
- **Toll Collection System Maintenance**
  - Highway Toll Systems Co., Ltd.

>> NEXCO-Central Network

NEXCO-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.



As of April 1, 2009

>> 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.

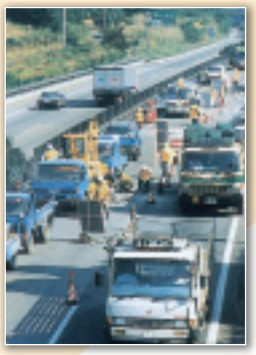
Oct.1987 The total length of JH's expressways exceeds 4,000 kilometers.

2005 2009

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 to assist the aging expressway implemented.

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

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

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

Privatization

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

NEXCO 中日本

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

Dec. 2007 MOU signed with Vietnam Expressway Corporation.

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

Apr. 2008 International Business Team established.

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

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

Satisfying Customers Each and Every Day

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

>> Expressway Construction

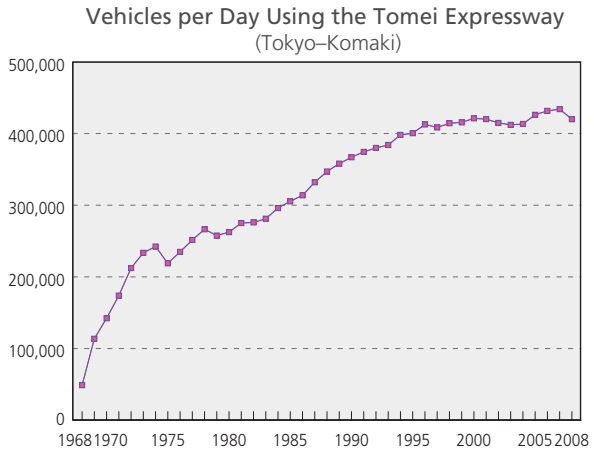
The New Tomei and New Meishin Expressways

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

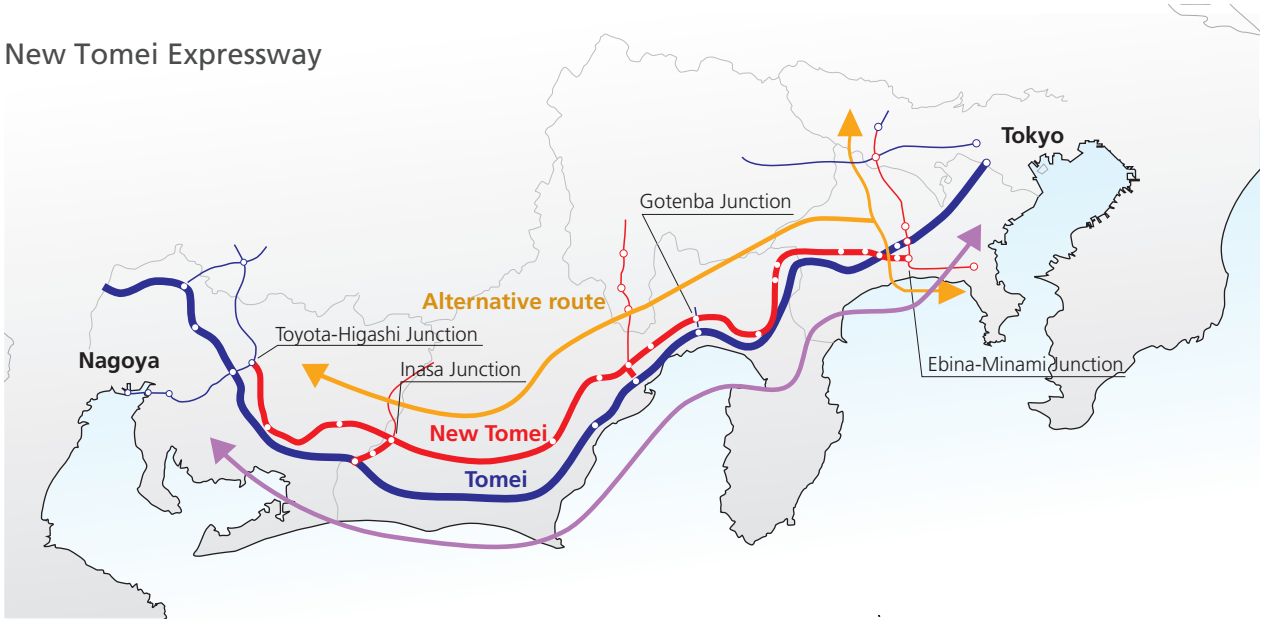
The Tomeishin historically has been the main artery connecting Japan's three largest metropolitan areas: the Kanto, Chubu and Kinki regions. However, these two older expressways now handle 3.7 times their initial traffic volume. This overload has resulted in chronic delays and traffic congestion. The New Tomeishin network is expected to solve these problems.

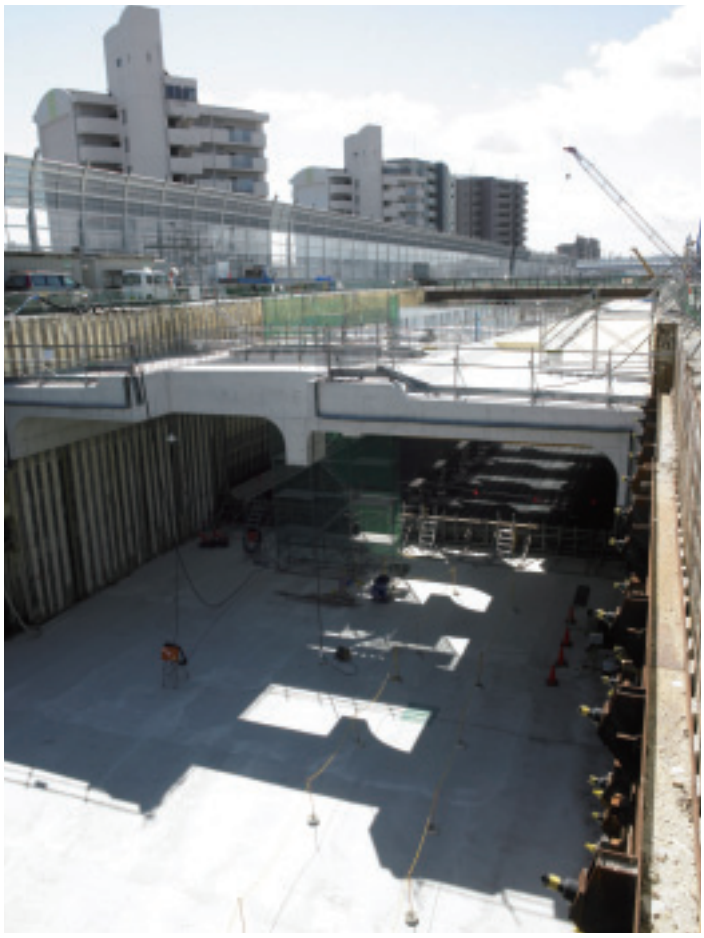
By serving as complementary networks, the New Tomeishin and current Tomeishin networks will make traveling and commuting more predictable, even during maintenance periods, accidents and emergencies.

Opening the stretch of the New Tomeishin between the Ebina-Minami Junction and the Toyota-Higashi Junction is scheduled for 2020. The 49.7-kilometer section between the Kameyama Junction and the Kusatsu-Tanakami Junction has already opened, and the section between the Gotenba and Inasa Junctions is scheduled for completion in fiscal 2012.



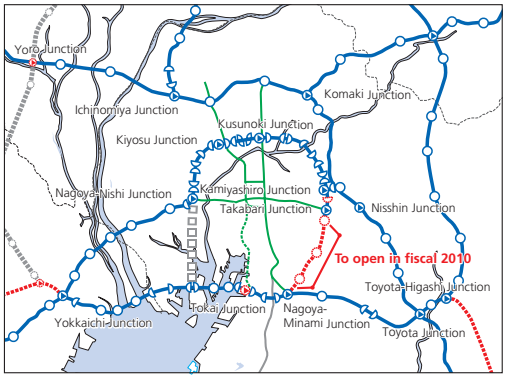
New Tomei Expressway

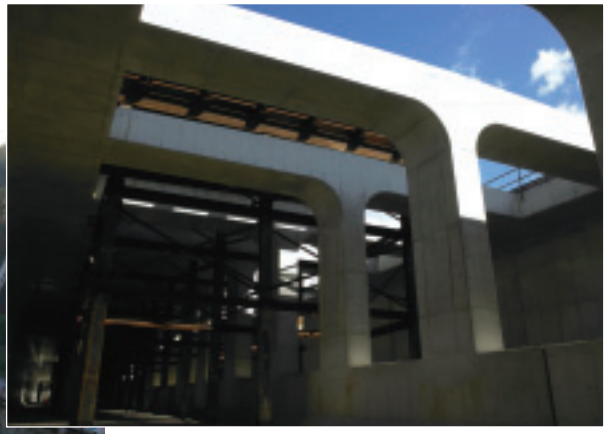




Construction of the Greater Nagoya Ring Road

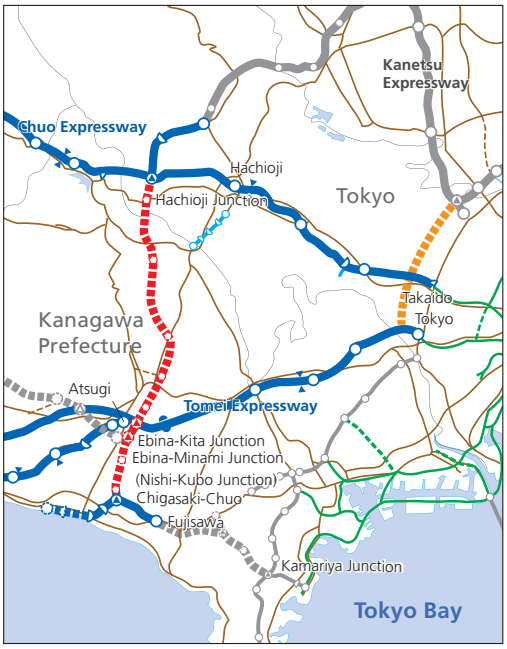
The Nagoya Ring Road No. 2 encircles the city at a radius of 10 kilometers and consists of expressways and National Highway 302. The ring road will provide solutions to traffic congestion and environmental deterioration in urban areas. The new road will reorganize greater Nagoya and significantly improve traffic conditions. With the opening of the expressway section between the Takabari and Nagoya-Minami Junctions, scheduled for 2010, the greater Nagoya ring roads will be 80% complete.





Construction of the Ken-O Expressway

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 Kanetsu Expressways and is playing an increasing role in smoothing transportation, reducing environmental impact and enhancing road connections. The Chuo Expressway, Tomei Expressway and Shin Shonan Bypass will be connected by fiscal 2012, significantly shortening travel time from Yokohama harbor to inland cities and encouraging more freight transport.



Opening of the Tokai-Hokuriku Expressway

The completion of the Tokai-Hokuriku Expressway in July 2008 linked the economies of the Tokai and Hokuriku regions. This expressway has shortened the distance between the Meishin Ichinomiya and Hokuriku Toyama Interchanges by 65 kilometers, thus reducing travel time by 15 minutes (35 minutes for larger vehicles) compared with taking the existing Hokuriku Expressway. The final hurdle was the 10.7-kilometer Hida Tunnel—the second-longest expressway tunnel in Japan. Although poor geological conditions and enormous water volumes hampered construction, cutting-edge technology enabled the tunnel to be completed in 12 years.

>> Expressway Maintenance and Service

Maintenance and Service

Our priority is to see our customers enjoy comfortable driving at all times. To this end, we maintain and operate our expressways with the primary concerns being safety and comfort.

To provide customers with reliable, safe and comfortable expressways, we operate daily traffic management, traffic control, toll collection and inspection/maintenance.

Traffic Management

- Monitoring traffic conditions
- Processing and providing information
- Instructing patrol staff and other relevant teams
- Monitoring and controlling facilities

Traffic Control

- Conducting routine patrols
- Collecting traffic information
- Regulating traffic, responding to accidents, removing obstacles and handling other on-site activities

Toll Collection

- Ensuring appropriate number of open toll gates according to traffic conditions
- Responding to accidents, disasters and illegal tollgate pass-throughs
- Rectifying equipment problems and other issues in ETC lanes

Inspection/Maintenance

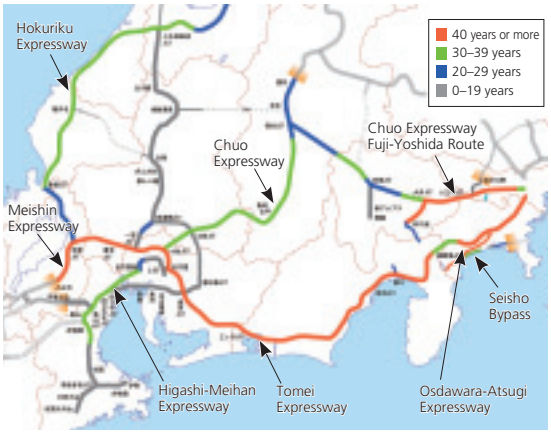
- Inspecting pavement, bridges, tunnels, slopes, facilities and buildings
- Cleaning, planting, cutting and trimming
- Performing accident recovery work, removing snow
- Maintaining pavement, bridges, tunnels, slopes, facilities and buildings

Hundred-Year Durability

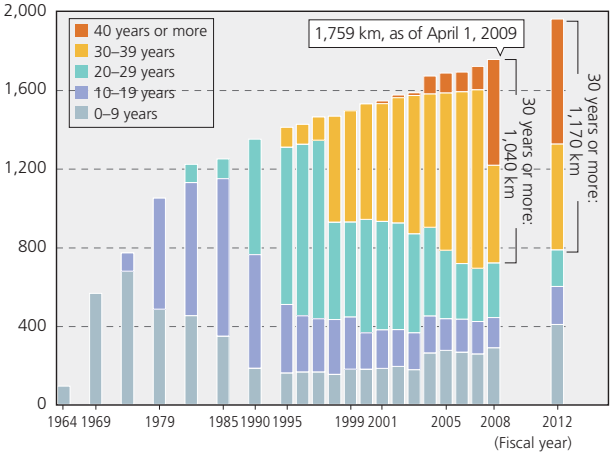
More than 60% of our expressways were constructed 30 or more years ago, and by 2012 this figure will reach 1,170 kilometers. By planning and conducting maintenance from a long-term perspective, we aim to provide customers with expressways that are safe and comfortable 100 years into the future.

In addition, we will conduct major renewals of the Tomei, Meishin and Higashi-Meihan Expressways. This renewal, in line with our long-term maintenance plans, will be carried out in time to complement the new network.

Expressway Ages as of April 1, 2009



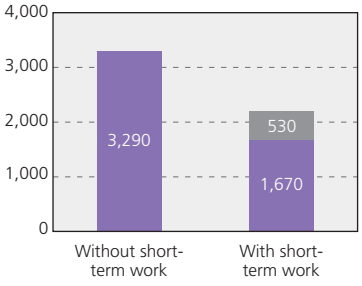
Length of Expressways under Operation (Kilometers)



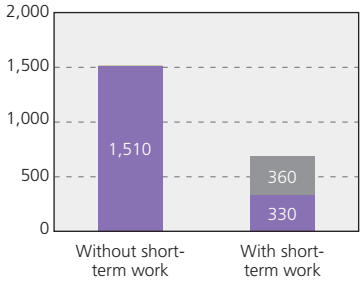
Short-Term Concentration of Maintenance Work

Regulating flows on heavy-traffic expressways can cause congestion. To avoid this situation, since 1998 we have been managing short-term concentration of maintenance works, reducing the need to regulate traffic flows and avoiding congestion.

Traffic Regulation*



Traffic Congestion*



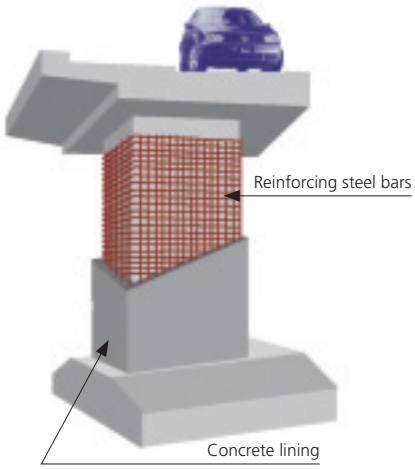
* Estimated number of instances without short-term concentration of maintenance work

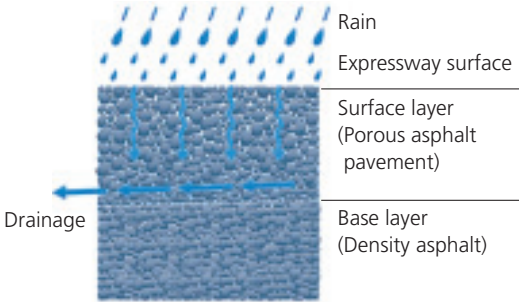
Strengthening Our Inspection System

We perform routine, periodic and detailed inspections and maintain and improve roads and facilities to ensure road safety and driving comfort. Since fiscal 2008, we have been performing special inspections to enhance expressway safety and reliability. Special inspections raise safety levels by preventing third-party damage from such factors as falling concrete blocks. We will complete our special inspections of 36,000 locations by the end of fiscal 2009.

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 will be completed by fiscal 2010.





Upgrading to Porous Asphalt Pavement

This pavement reduces water splatter and hydroplaning, thereby decreasing the number of accidents on wet roads during rainy weather. Its porous nature also enables the pavement to absorb sound and dissipate traffic noise. We have been replacing conventional pavement with porous asphalt in recent years. Now, 76% of our expressways are porous asphalt.

Expanding ETC System Usage

We encourage customers to use our Electronic Toll Collection (ETC) system. Currently, 85% 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.

>> Rest Area Management

Rest Area Management

Aiming to create more comfortable, convenient and pleasant rest areas, we collaborate with local government and corporate entities and strive to make optimal use of regional characteristics when introducing new types of rest areas. We work to meet the needs of our customers by operating our expressways and rest areas in a hospitable manner. We also focus on improving our quality of service. We currently manage 166 rest areas and plan to open 34 more.

	Existing	Planned
Service Areas*1	50	10
Parking Areas*2	116	24
Total	**166**	**34**

*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.

Creating Comfortable Facilities

We are establishing convenience stores at more rest areas to help ensure consistent service quality. Our service areas feature 40 convenience stores. As they operate around the clock, convenience stores are an ideal fit with expressways.

We also attract customers with cafés and patisseries. Our service areas now host 24 Starbucks, Tully's and other brand-name coffee shops, and some locations offer famous patisseries. The clientele these shops attract contributes to the diversity of service area customers.

Highway Oasis: New Leisure Spots

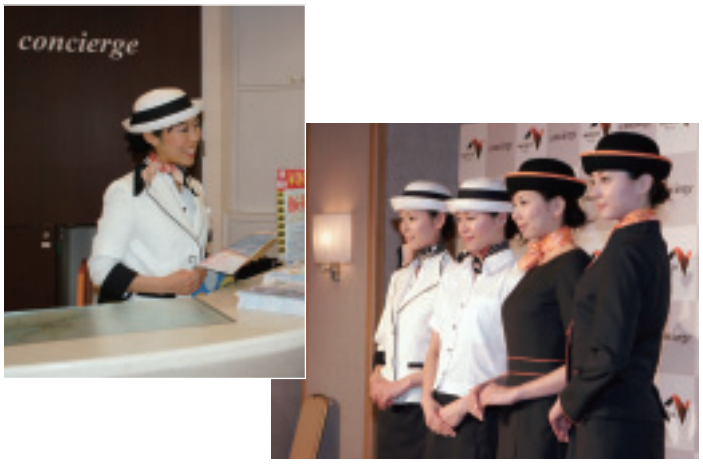
We are creating Highway Oasis with facilities including parks and hot springs. As they are connected to rest areas, drivers can use them without exiting the expressway system. Each of the eight facilities in operation is managed by a local municipality or third-party business, and each facility offers a unique feature. For example, the Kariya Highway Oasis on the Ise-Wangan Expressway has 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.



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, service 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 tourism products in cooperation with local communities and other companies. In fiscal 2008, we conducted four tours, including the New Tomei Expressway Study Bus Tour and the Hida Tunnel Study Bus Tour. These tours proved successful, attracting nearly 1,900 participants.

Web

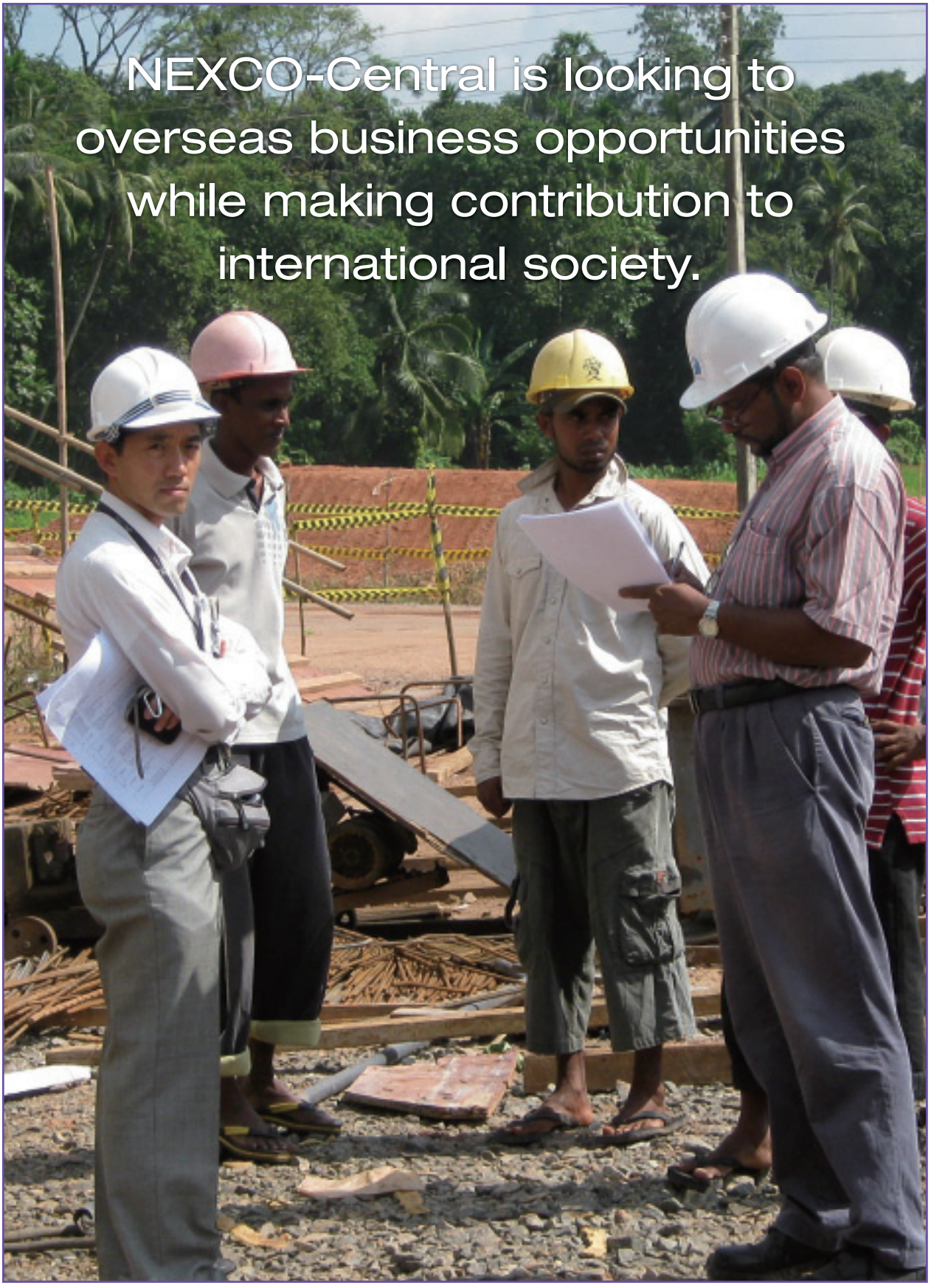
Our website provides search engines for information about tolls and routes, tourist attractions, local events and gourmet food at rest areas, as well as an online shopping mall. The website also facilitates our travel business by providing information about special deals on accommodation and offering online reservations. We also recently launched a website for mobile devices that offers traffic and other useful information.

URL: http://kousokubiyori.jp/

Car Parks and Other Services

We operate other businesses that put to use available space near or under our expressways. For example, currently 32 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.

>> Promoting International Businesses



Principles and Basic Strategy

Principles

We develop international business activities as well as promoting global cooperation and making substantial contributions to other countries.

Profitable International Business

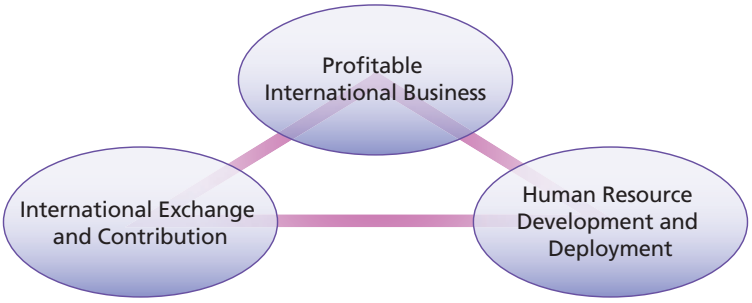
We pursue international business opportunities primarily in Asia, particularly in Vietnam, where we have a local office. Our overseas activities include investigating toll road projects, and we dispatch employees to conduct long-term research. We also are expanding our overseas consulting business.

International Exchange and Contribution

We promote personnel and knowledge exchanges with overseas expressway operators and contribute to various international activities, participating in road-related bodies such as PIARC, IBTTA, ISAP and REAAA. Furthermore, we contribute to overseas cooperation programs through the ODA from Japan.

Human Resource Development and Deployment

We take full advantage of the skills of employees, including those at Group companies, who can take part in ongoing international business. We are committed to training existing personnel to develop their skills.



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 (through FY2009)	Medium Term (from FY2010)
<Regional Development> No specific regions targeted Experience: Vietnam, other countries <Structure> Subcontracts, joint ventures	<Regional Development> No specific regions targeted Primary contracts

Remarks

- As international business develops, we will switch to a more profitable order structure. We aim to improve profitability by working with local consultants, involving ourselves in projects within NEXCO-Central's areas of expertise.
- We will target such potential clients as trading firms to increase new business opportunities.

Construction, Operation and Management

Activities

- Construction contracts
- Concession contracts
- Investments

Current (through FY2009)	Medium Term (from FY2010)
<Regional Development> Target business in Asia, with Vietnam an immediate possibility.	<Regional Development> Target business in Asia, with Vietnam an immediate possibility. Investigate potential in other regions.

Remarks

<Investment Scenario>
NEXCO-Central's funding sources may include Company cash, loans from Group companies and banks, or combinations of these sources.

Profitable International Business

Vietnam Office

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

Consultation

We have completed two O&M projects involving technical engineering on Vietnamese expressways. For these projects, we dispatched one employee to Vietnam for two months in fiscal 2008 and another for a month in 2009. We are currently involved in another O&M project in Vietnam and are conducting a pre-feasibility study involving an expressway in the Philippines.

International Exchange and Contribution

Personnel Exchange with PLUS (Malaysia)

We signed a memorandum of understanding (MOU) with PLUS Expressway Bhd., in February 2009, in which we agreed to conduct joint projects and exchange personnel and information. We began a six-month personnel exchange in July 2009, dispatching one person and receiving two.

Training at VEC (Vietnam)

Based on an MOU concluded in 2007, in July 2008 we dispatched employees to Vietnam to train Vietnam Expressway Corporation (VEC) personnel on expressway construction, maintenance and management. We plan to host VEC trainees in 2010.

Participating in International Organizations

We are members of such international organizations as IBTTA and REAAA. We attend various conferences organized by these organizations to disseminate and collect information. In fiscal 2008, 19 employees participated in 11 conferences. At the 15th ITS World Congress in New York in November 2008, we operated a booth promoting our technical skills. In addition, we gathered ITS information from participants from other countries.

In September 2009, a senior managing officer of NEXCO-Central participated in the 13th REAAA Conference in South Korea. There, he delivered the keynote speech, entitled "Expressway for Tomorrow—New Tomei Expressway."

Dispatching JICA Experts

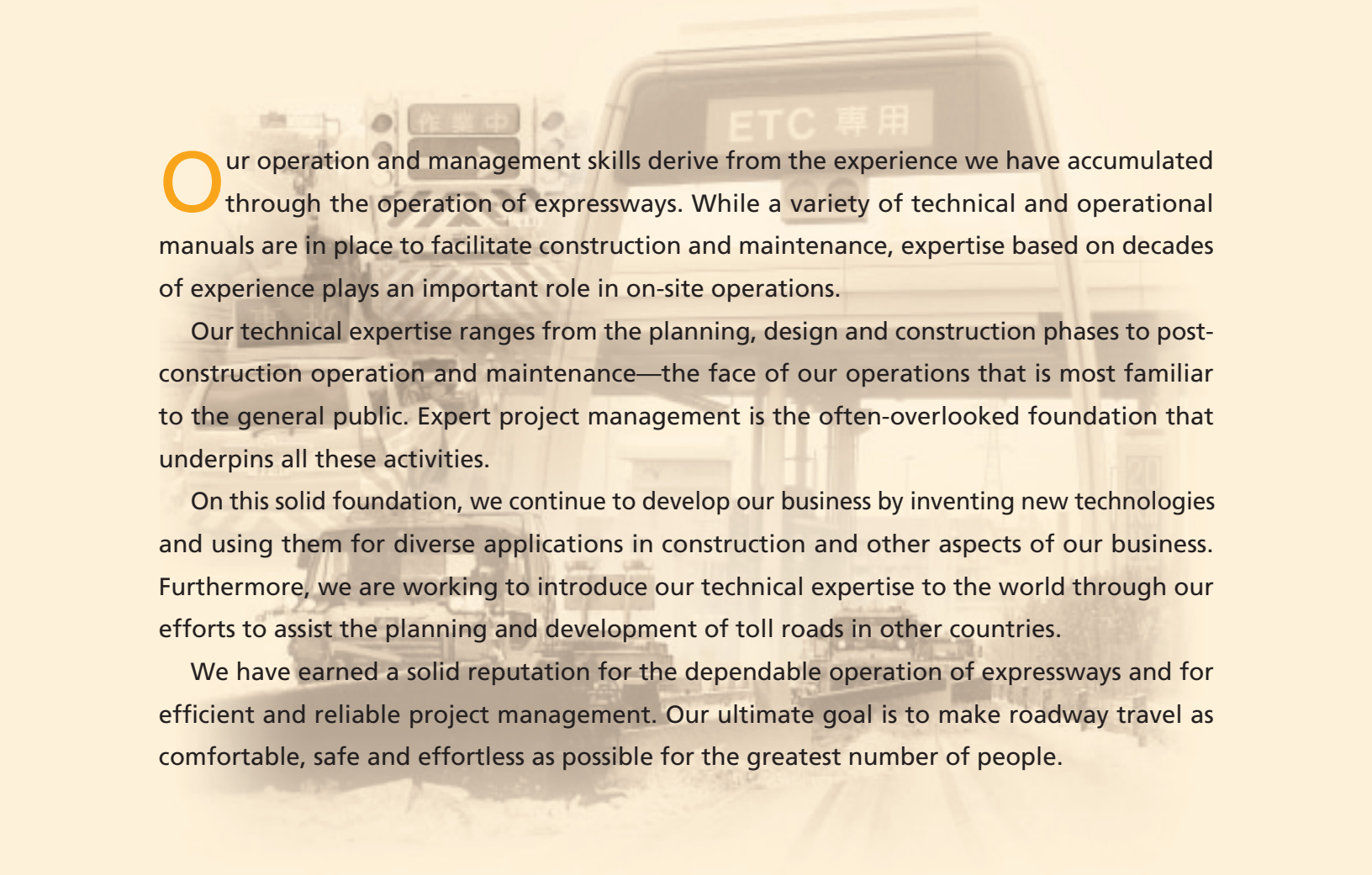
We have sent employees to various countries as Japan International Cooperation Agency (JICA) experts since 1963. Since 2008, one employee has served as a long-term JICA expert with the Sri Lanka Road Development Agency. In 2009, two personnel were dispatched to India's Ministry of Shipping, Road Transport and Highways as short-term JICA experts. There, they help prepare guidelines for expressway engineers and improve expressway-related training courses.

Hosting Overseas Missions

Through our business, we welcome guests from numerous countries and organizations. In fiscal 2008, guests from 26 countries visited NEXCO-Central. They included Mr. Ngo Thinh Duc, Vietnam's Senior Vice Minister of Transport, and his delegation in February 2009. Also visiting were two other vice ministers from Vietnam, as well as Mr. Frans Sunito, President of PT Jasa Marga, an Indonesian toll road operator.

>> Our Strengths: Operation and Management (O&M)

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, safe and effortless as possible for the greatest number of people.

NEXCO-Central Group Structure for O&M

Solid O&M ensures safe, high-quality road systems that operate around the clock, as well as ensuring the prompt and appropriate handling of emergencies and incidents, which enables reliable services. 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 10 subsidiaries specialized in one of the following areas: engineering, maintenance, traffic patrol and toll collection. These companies, which have accumulated specialized expertise, work with NEXCO-Central to optimize operational and economic efficiency.

Such experienced-based expertise, which cannot be obtained overnight, is a valuable asset for 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

Engineering


Four subsidiaries

- Repair
- Cleaning
- Snow removal

Maintenance

NEXCO 中日本

NEXCO-Central

- Operation
- Management

Traffic Patrol

Two subsidiaries

- Patrol
- Traffic and road information

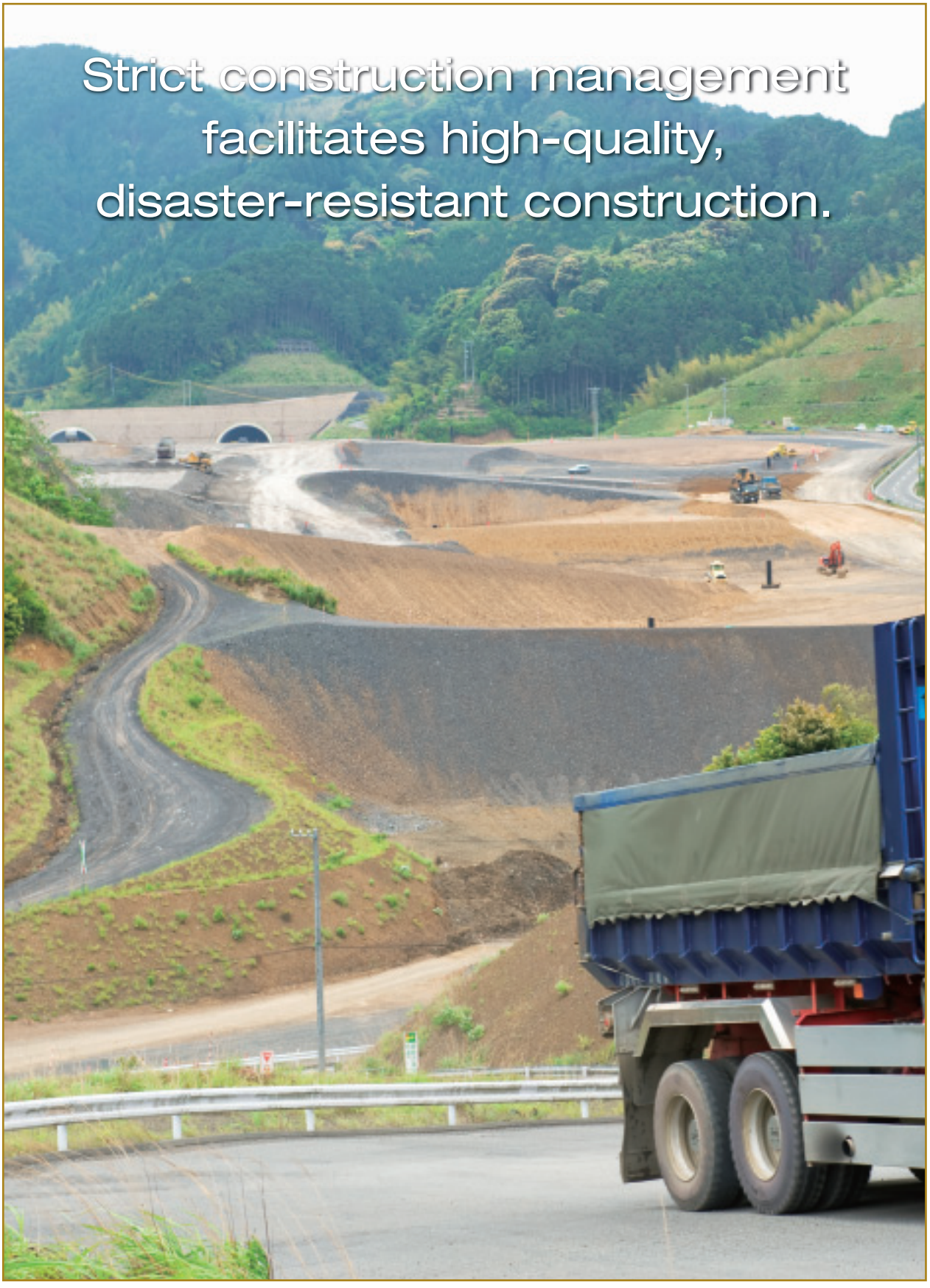

Toll Collection

Two subsidiaries

- Toll collection
- ETC services


Maximizing Safety through Applied Technology

NEXCO-Central applies unique methods, materials and expertise to ensure the safety of its customers by providing state-of-the-art expressways.


Strict construction management
facilitates high-quality,
disaster-resistant construction.

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 advanced pilot tunnel excavation method using a tunnel boring machine (TBM), the NATM method and the open-cut method, according to site conditions.

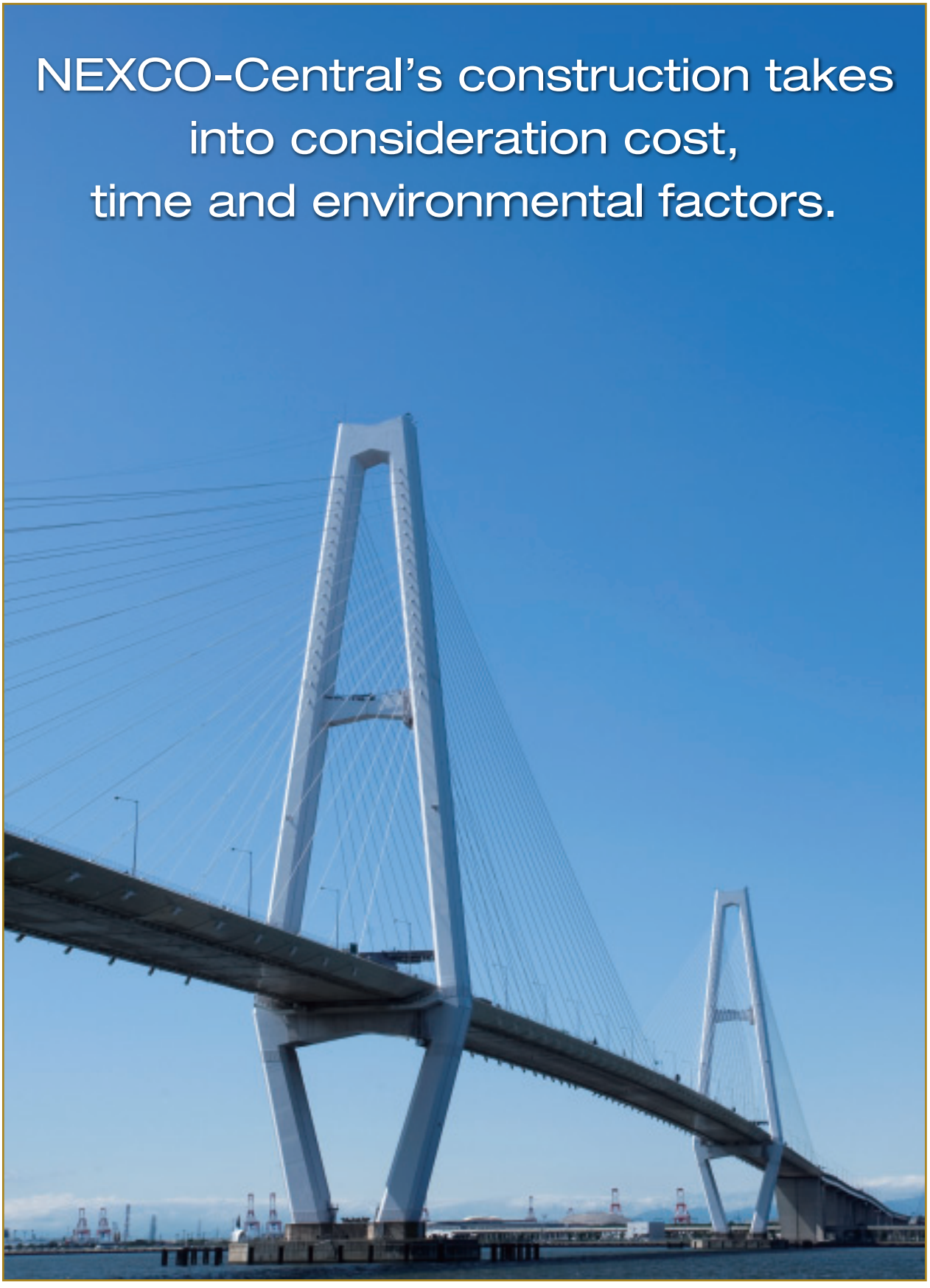
Tunnel construction sites present a multitude of issues, such as fragile ground, fracture zones, spring water outbreaks and topographical deformations. We resolve each challenge by drawing on our most valuable assets—experience, know-how and technology gained from years of completing projects.

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

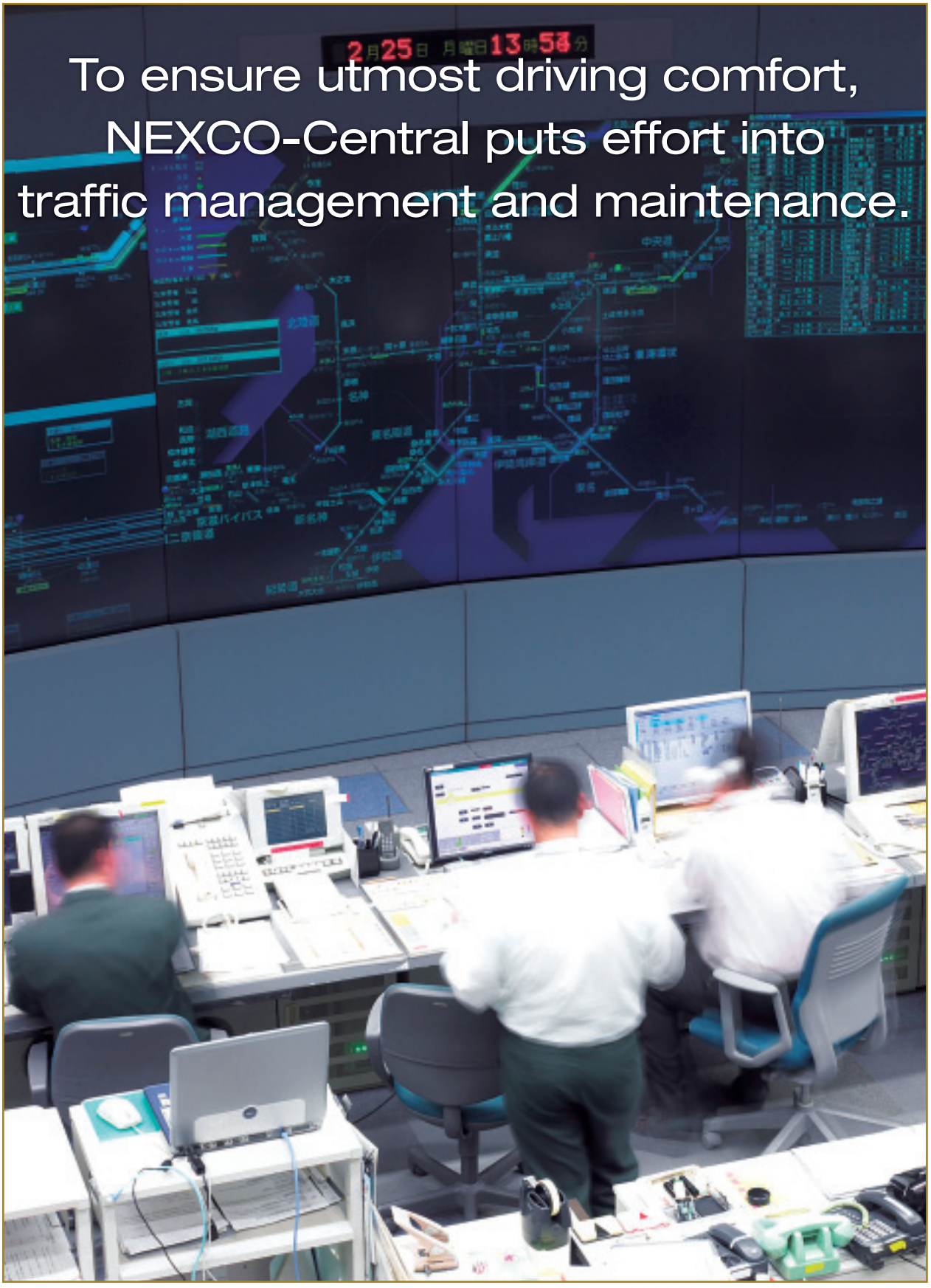
As 70% of Japan is mountainous and it remains one of the most earthquake-prone countries in the world, its people have learned to incorporate many world-renowned technologies in their bridge construction.

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 straightforward 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.

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.

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.


To ensure utmost driving comfort,
NEXCO-Central puts effort into
traffic management and maintenance.

Carrying Out a 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.

Roads of the Future

The roads of the future will provide transportation for people and goods from point to point. These roads will support regional societies and contribute to economic growth by ensuring shorter travel time, less traffic congestion and more support for emergency medical systems (i.e., shorter travel times to medical facilities). New roads will also offer alternate routes when hazards hinder traffic.

To meet these social needs, we are building the New Tomei Expressway to complement the Tomei Expressway and invigorate local regions and enhance lifestyles, as well as to contribute to Japan's overall development. We will integrate the world-renowned, cutting-edge technology developed in Japan's automotive, communications, construction and other industries into the building and management of our expressways.

Future Expressway Services

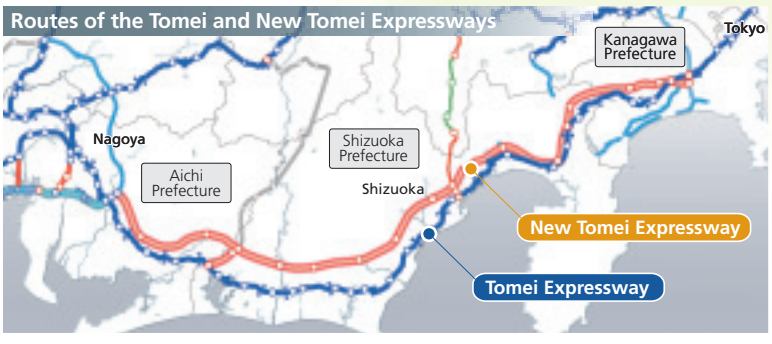
With the integration of advanced technology in future expressways, we envision roads featuring multiple functions. Here, we introduce systems to help create the expressways of the future.

Supporting "Eco-Driving" with Advance Driving Information

Help drivers maintain better control by providing prior information on road conditions and restrictions. This prevents fluctuations in traffic speed by reducing the need for sudden speed decreases or increases due to sag sections (areas between steep declines and inclines) and road work areas, thereby reducing CO_2 emissions.

Accurate Travel Time Estimations

Provide drivers with segment trip times on roadway displays based on current traffic data. This approach makes up-to-the-minute and precise travel times available. The data also can be used to anticipate traffic jams accurately.



Effective Safety Information Service Through an Intelligent Transport System

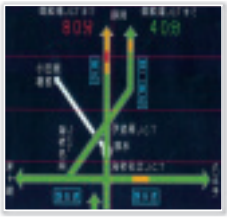
Provide information about road alignment, merging vehicles, fallen objects and so forth through on-board Intelligent Transport System (ITS) devices. Install car navigation monitors for safer driving conditions.

Installation of Traffic-Monitoring Cameras

Monitor roads with as many cameras as possible to spot unusual circumstances quickly. When an unusual incident involving an accident or fallen object is detected, the information will be quickly sent to drivers.

Development of Sophisticated Graphic Variable Message Signs

Implement eight-color LED variable message sign (VMS) boards to display alternative routes rapidly, when required, as well as estimated travel times.



Provision of Logistical Information

On-board ETC units can be used to collect information about trucks as well as their cargos, providing location and other data to distribution companies. These systems are expected to foster advances in logistics management.

Consolidation of Truck Traffic

Introduce strategic planning at interchanges, rest areas and distribution centers close to expressways, so that trucks and trailers can travel efficiently in groups to interchanges or rest areas near their destinations.

Separation of Trucks from General Traffic

Establish freight-only lanes to separate large trucks from general traffic to improve safety and comfort.

Rest Areas of the Future

We are tireless in our quest to create rest area facilities that are convenient and attractive, while maximizing natural energy sources and the benefits of information technology.

LED-Guided Parking Space Availability

Embedded LEDs in rest area roadways guide drivers to empty parking spaces quickly and safely with color-coded lighting.

Internet Connections

Future expressways will feature a communication environment that offers Internet access from anywhere along the expressway, including at rest areas.

Actively Sending Information Such as Segment Trip Times and Sightseeing Details

Drivers will receive information on estimated travel times to sightseeing spots near rest areas on major sections, utilizing information and communication technologies. In this way, drivers will be provided with useful information in a timely manner.

To first interchange	15 min.
To second interchange	30 min.
To third interchange	45 min.

Rest Areas Powered by Solar and Other Natural Energy Sources

Generating systems using natural power sources such as solar energy and wind power at rest areas supply expressway facilities with electric power.

Solar energy generation

Wind power generation

Smart Interchanges, Approaches to Distribution

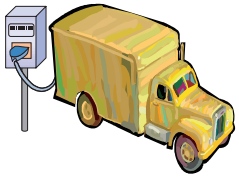
Smart Interchanges enable ETC users to enter and exit expressways at facilities such as rest areas, to smooth vehicle distribution.

Power generation using natural energy

Heliport for emergency flights

Recharging Electric Vehicles

Recharging equipment for electric cars will be installed in rest areas as well as on main expressways. This is one way we can help to reduce CO_2 emissions and protect the natural environment surrounding expressways.



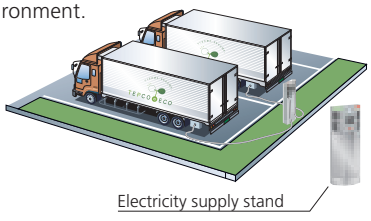
Additional toilets for large vehicle drivers

Providing Safety Information via In-Vehicle ETC/ITS Devices

Road-to-vehicle communications send pertinent information to drivers via on-board ETC units based on car position and movement detected by sensors and cameras installed on main roads.
The information will also be broadcast on electronic message signs. This kind of direct information flow will enhance driver attentiveness and reduce accidents.

Electricity Supply Station to Stop Engine Idling

Drivers idle their engines so that they can use air conditioners and heaters while stopping for a rest or time adjustment. Power stations at rest areas car supply trucks with electricity, resulting in convenience for drivers without harming the surrounding environment.



Electricity supply stand

Ongoing Effort to be a Better Company

NEXCO-Central continuously strives to benefit society as a whole by maintaining a "customer-first" perspective.

Our Corporate Social Responsibility as a Leading Expressway 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 as specified in our Management Plan 2009. We understand that our expressways are an infrastructure with 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.

>> CSR Management

CSR Promotion

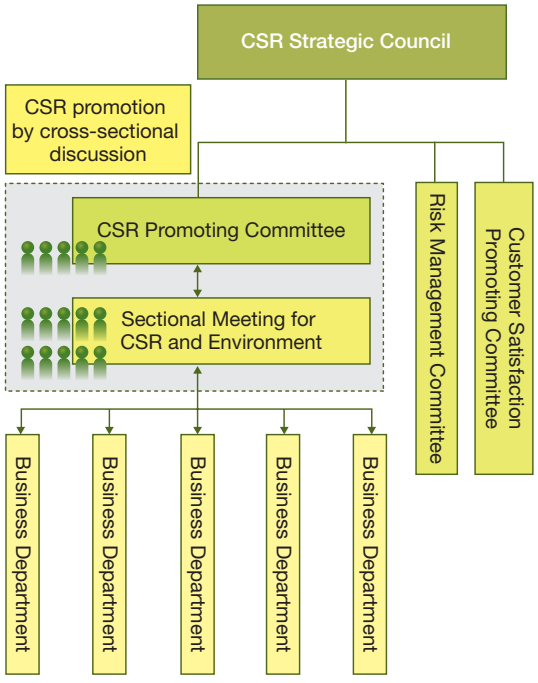
We strategically develop CSR activities under the CSR Strategic Council, which is chaired by the Chief Executive Officer and comprises three committees. One of these is the CSR Promoting Committee, where managing directors discuss CSR issues from a variety of perspectives.

The *CSR Report* details our yearly CSR activities. We strive to improve the quality of this report by incorporating the opinions of all our stakeholders. Also, our executives have an opportunity to exchange ideas on CSR with select experts during 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 each spring and autumn, and occasionally include visits to construction sites to examine NEXCO-Central projects from a CSR perspective.

CSR discussion meeting on May 26, 2009

Construction site visit

CSR Promotion Structure



Risk Management

Risk Management System

Our risk management system is overseen by a risk management committee, an organization responsible for companywide 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 is a systematic and on-going evaluation of the various risks affecting our management.

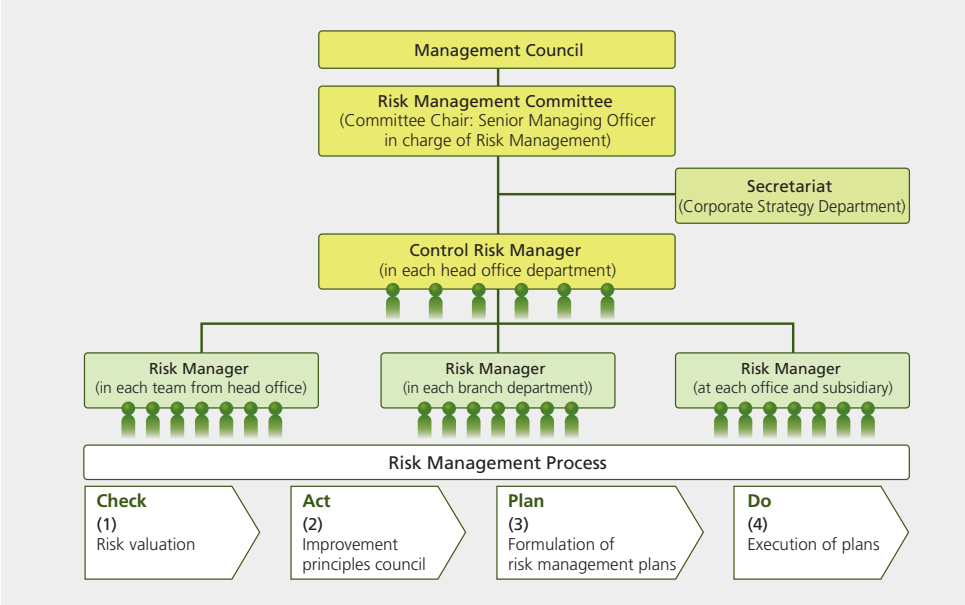
We optimize risk management from a companywide perspective by employing the PDCA cycle. Since April 2009, each Group company has introduced its own risk management system to augment the practice of Group risk management.

Action Plan to Prepare for the Spread of Bird Flu

We promote bird flu epidemic preparedness at each of our branches and offices. To ensure continuous expressway operation and to minimize health risks to customers, employees and their families, we formulated an action plan to prepare for the spread of bird flu in March 2009. Given that expressways are a part of the social infrastructure supporting socioeconomic activities, and recognizing that proactive measures contribute significantly to an effective and rapid response, careful preparation for continued operations is crucial.

Example of proactive measures for bird flu epidemic (a toll collector wearing a mask)

Risk Management Structure



Partnership for Advanced CSR

Participation in the Japan Committee of Caux Round Table

In February 2008, we joined the Japan Committee of Caux Round Table (CRT). Based in Switzerland, CRT is a social network of business leaders who promote and propagate CSR. CRT actively conducts surveys and research on CSR promotion, including CSR Innovation, a program that evaluates corporate CSR activities. We participate in seminars and symposiums hosted by the Japan Committee to enhance our understanding of CSR.

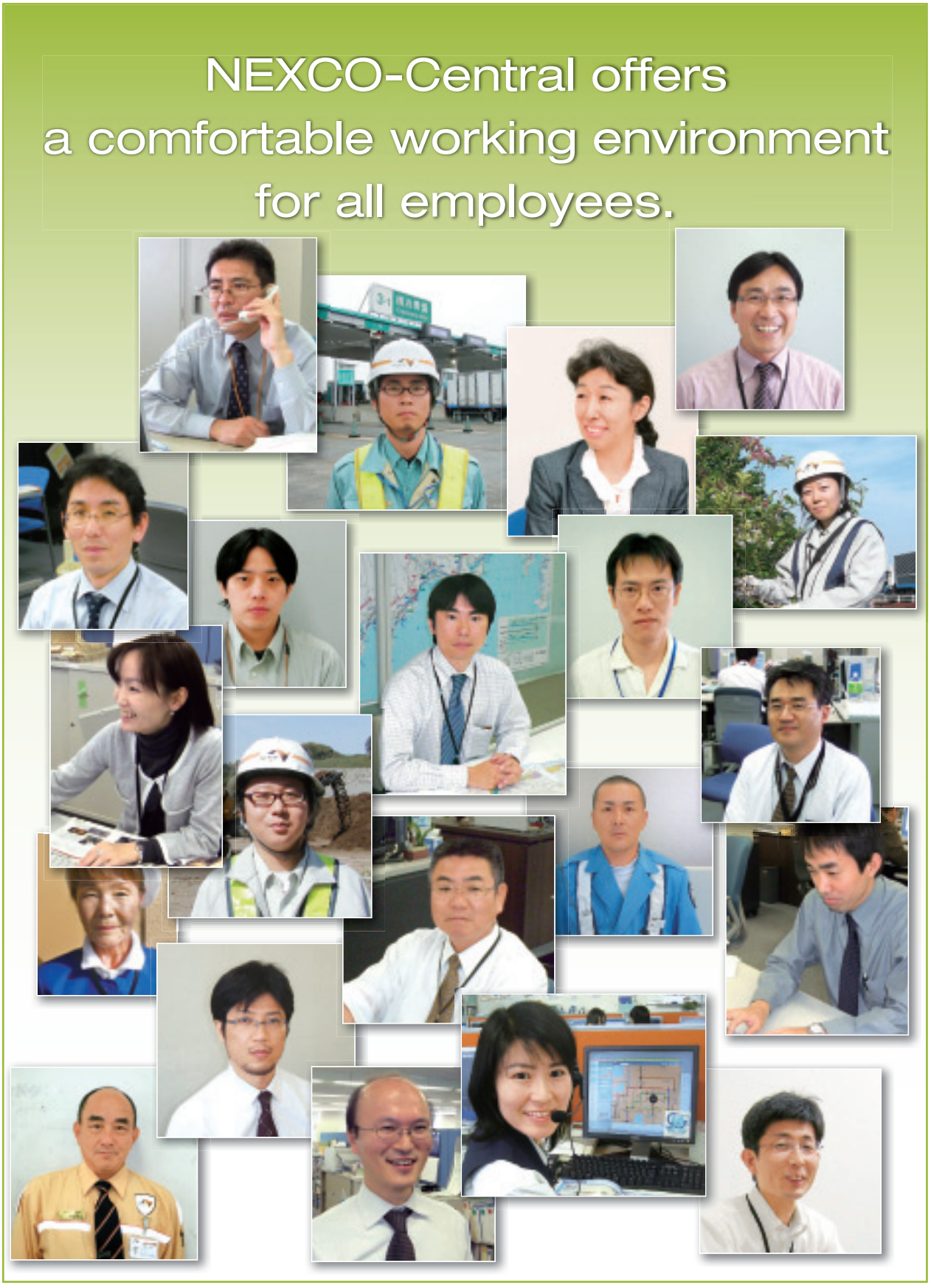
Support for the United Nations Global Compact

We support the 10 principles of the Global Compact with respect to human rights, labor rights, the protection of the environment and anti-corruption (announced in July 2008). We are committed to incorporating Global Compact principles, accountability and transparency into the strategy, culture and day-to-day operations of our Company. We are a member of the Global Compact Japan Network and attend meetings to discuss global warming, CSR report improvements and exchange opinions with representatives from member companies.

Symposium hosted by the Japan Committee of Caux Round Table

GC Japan Network Annual General Meeting

>> Human Rights



Balancing Work with Family Life

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.

Eliminating Work-Related Accidents

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.

Currently, we are building corridors for toll collectors to safely cross ETC lanes in light of a fatal accident that occurred at an ETC lane in 2006. Forty-four corridors have been completed since 2006, with the remaining ETC lanes to be safely accessible from toll collection offices by the end of fiscal 2009.

We also make every effort to prevent accidents at construction sites and during maintenance and repair. In the unfortunate event of an accident, we thoroughly investigate the cause and implement proactive measures to prevent recurrence.

Corridors for toll collectors

Human Resource Management

We appropriately control the total hours worked by employees and encourages them to spend time with their families rather than work overtime. To realize effective time management, we introduced the Working-Hour Management System. We strive to make our operations efficient and reduce total working hours through this system in conjunction with a time management training program.

At present, women represent about 10% of our employees, however they make up 18% of our new hires. We plan to hire more women and encourage their participation in the workplace.

Our employment rate for disabled people has improved from 1.0% in fiscal 2007 to 1.4% in fiscal 2008. In addition to providing them with employment opportunities, our offices are being renovated so that disabled as well as elderly staff can work comfortably and conveniently.

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

Our Vision and Goals

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 Philosophy

Proactive and efficient maintenance of the expressway network ensures safety and comfort. In addition to these efforts, by offering drivers more high-quality services, we provide support to urban and regional communities, economic activities and the conveniences of daily life. These activities aim to alleviate congestion, contain global warming and promote the 3Rs (reduce, reuse and recycle) to lower our impact on regional environments.

Basic Environmental Policies

Efforts to Contain Global Warming

Our efforts to construct expressway networks, promote the diffusion of ETC, reduce traffic congestion and facilitate smooth distribution help to contain global warming. Global warming is a worldwide issue closely linked with transport sector, so it is one of our missions to prevent it as a leading toll operator.

Promoting the 3Rs

We strive to reduce impacts on the environment by helping society to develop an environmentally sound materials cycle. We foster a sustainable society by promoting the 3Rs in all our business activities.

Taking Regional Communities into Consideration

In all our business activities, we seek to decrease the noise and atmospheric impacts of the expressway environment. Furthermore, we promote eco-roads (roads constructed with consideration for the surrounding natural environment) to reduce our impact on natural habitats and the growth and development of local flora and fauna.

Cooperating with Customers and Regional Communities

We promote cooperation with customers and regional communities to facilitate environmental communication aiming for a better partnership.

Targets to Achieve a Better Roadside Environment

Initiatives	Units	Fiscal 2008		Planned for fiscal 2009	Planned for fiscal 2013
		Target	Result		
Implementation of traffic congestion countermeasures					
Expressway network completion (Efforts to open expressways quickly)	Kilometers	35	35	5	(2009–2013) Total: 226
ETC usage	%	76	80.3	83	87
Expressway slope greening	Hectares	97% (1,261/1,300)	97% (1,261/1,300)	98% (1,274/1,300)	100% (1,300/1,300)
Reduction of noise from expressway usage					
Installation of noise barriers	Kilometers	882	893	899	(Installed per request)
Use of porous asphalt pavement	Installation rate (out of 6,129 lane-km)	76% (4,683 lane-km)	76% (4,679 lane-km)	78% (4,795 lane-km)	87% (5,328 lane-km)

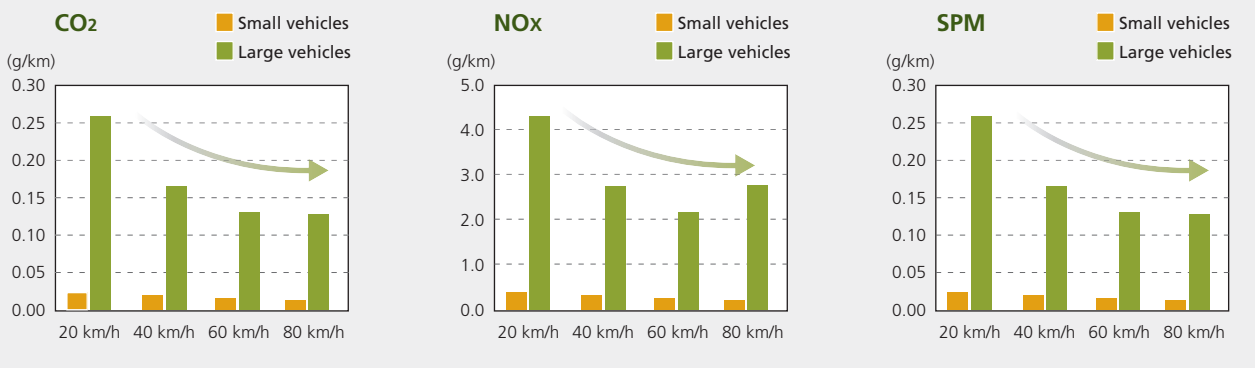
Global Warming Prevention Initiatives

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.

Alleviating Traffic Congestion

Traffic congestion adversely affects punctuality and efficiency. There is a direct connection between drop-offs in driving speeds and higher levels of emissions that impact the environment, including carbon dioxide (CO_2), nitrous oxides (NO_X) and suspended particulate matter (SPM). Repeated stops and starts also produce many types of emissions that damage the environment.

Emission Levels by Speed



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

We are expediting construction to alleviate traffic congestion and improve network functionality. We plan to construct 261 kilometers of new expressway during fiscal 2008–2012, which is expected to reduce annual CO_2 emissions by 1.5 million tons. We are also expanding two-way expressways from two to four lanes and constructing additional lanes in areas of chronic traffic congestion. We estimate that our efforts in fiscal 2008 resulted in a reduction of approximately 2,000 tons of CO_2 emissions compared to fiscal 2007 levels.

Chronically congested provisional two-lane tunnel entrance

Congestion resolved after expansion to four lanes

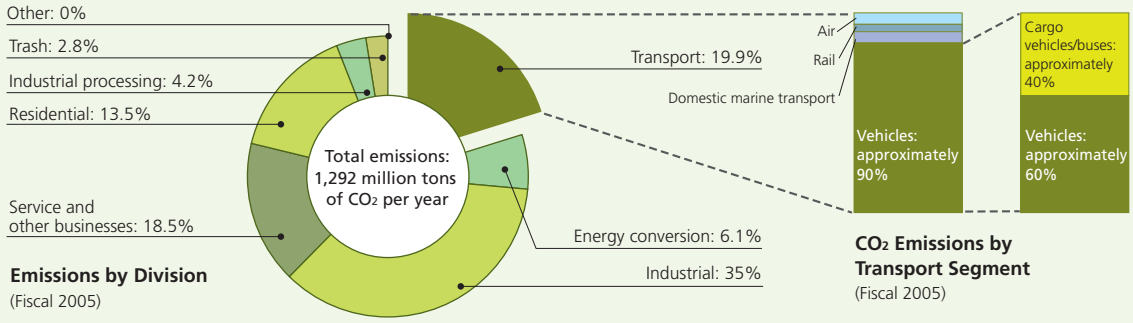
Reducing CO_2 through the ETC System

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_2 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 Isewangan Expressway

Roads and the Environment: Kyoto Protocol CO_2 Emissions Targets

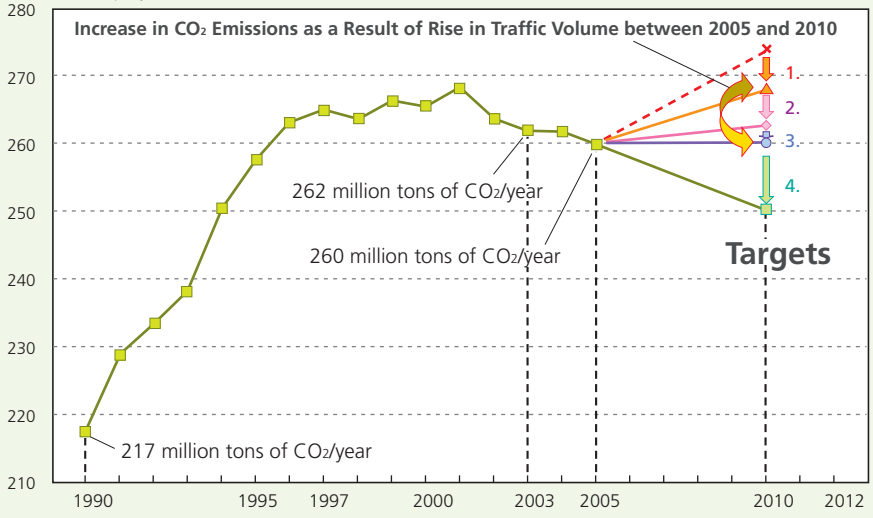
The Kyoto Protocol, which went into effect in February 2005, targets a 6% average reduction in CO_2 emissions from 1990 levels over the five-year period from 2008 to 2012. The transport sector accounts for approximately 20% of Japanese CO_2 emissions, of which approximately 90% (227 million tons) is from automobile traffic. NEXCO-Central promotes various traffic congestion countermeasures, including the utilization of the Intelligent Transport System (ITS), to increase operational efficiency, reduce CO_2 emissions and prevent global warming.



Emissions by Division
(Fiscal 2005)

CO_2 Emissions by Transport Segment
(Fiscal 2005)

CO_2 Emissions
(Millions of tons per year)



1. Decrease in per vehicle fuel consumption through improved fuel efficiency
2. Reduction of approximately 7 million tons of CO_2 per year through main congestion point countermeasures and loop expressways
3. Reduction of 1 million tons of CO_2 per year through ITS usage and reduced road construction

CO_2 reduction action program

4. Other measures (introduction of biomass fuels, higher transport efficiency, etc.)
Other opportunities to reduce CO_2 include reduced lane widths and control of inflows.

Note: Other opportunities to reduce CO_2 include reduced lane widths and control of inflows.

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 oncoming drivers. 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.

Before construction starts, native plant seeds are nurtured to create seedlings for newly built embankments that will protect the native vegetation.

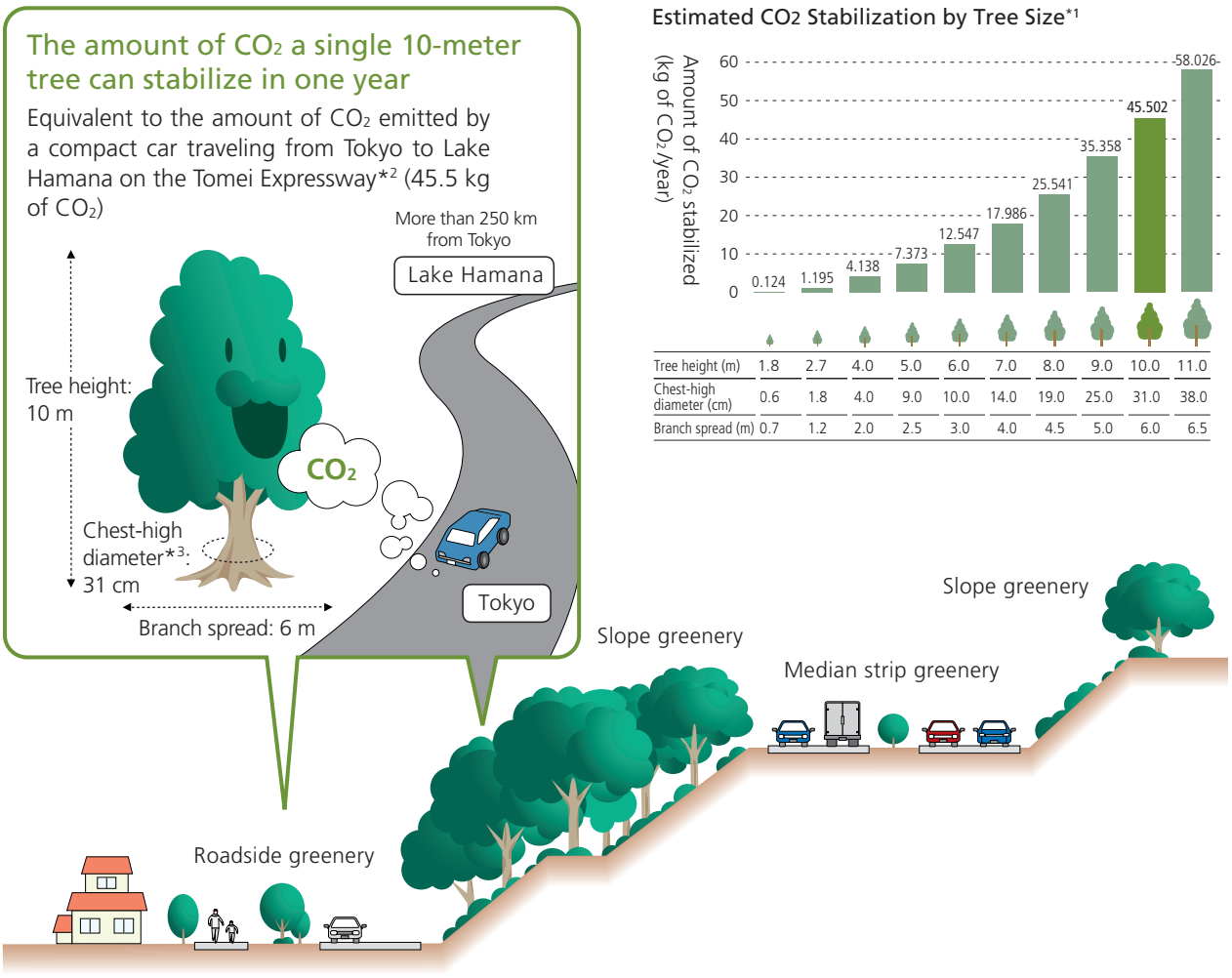
To improve the roadside environment, tall insulation walls reduce traffic noise. Shrubs and trees help the walls blend in with the natural surroundings.

Planting trees on the slopes alongside expressways contributes significantly to the absorption of CO_2 emitted from motor vehicles. Currently, there are 1,261 hectares of trees planted on roadside slopes, providing the absorption and stabilization of 13,000 tons of CO_2 each 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_2 as they grow larger.

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



Estimated CO_2 Stabilization by Tree Size*1

Tree height (m)	1.8	2.7	4.0	5.0	6.0	7.0	8.0	9.0	10.0	11.0
Chest-high diameter (cm)	0.6	1.8	4.0	9.0	10.0	14.0	19.0	25.0	31.0	38.0
Branch spread (m)	0.7	1.2	2.0	2.5	3.0	4.0	4.5	5.0	6.0	6.5

*1. Figures calculated according to an examination of the trees alongside the expressways.

*2. A 10 m tall tree with a chest-high diameter of 31 cm and a 6 m branch spread can stabilize 45.5 kg of CO_2 per year.

- A compact passenger vehicle travelling at 80 km per hour emits 0.178 kg of CO_2 per kilometer.
- In terms of travel distance, the amount of CO_2 stabilized by the tree can be calculated as 45.5 kg ÷ 0.178 kg = 256 km.
- Stabilizes the amount of CO_2 emitted by a compact passenger vehicle travelling 256 km.

*3. Chest-high diameter: The diameter of the tree trunk at a standing person's chest height (approximately 120 cm).

Source: *Green Information Sheet*, Japan Highway Landscape Association

Sustainability

Effective use of our limited resources is an important step toward creating a sustainable society and preventing global warming. We promote the 3Rs 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 2008 Targets	Fiscal 2008 Results	Long-Term Objectives (Fiscal 2012)
Reused Soil (Total)	Exceed long-term objectives	99.7% (7.07 million m³)	95.0% or more
Recycled Asphalt Chunks (Total)	Exceed long-term objectives	99.5% (309,000 tons)	98.0% or more
Recycled Concrete Chunks (Total)	Exceed long-term objectives	98.4% (69,000 tons)	98.0% or more
Recycling/Reduction of Lumber (Total)	Exceed long-term objectives	91.7% (17,000 tons)	95.0% or more
Recycling/Reduction of Sludge (Total)	Exceed long-term objectives	89.6% (9,000 tons)	95.0% or more

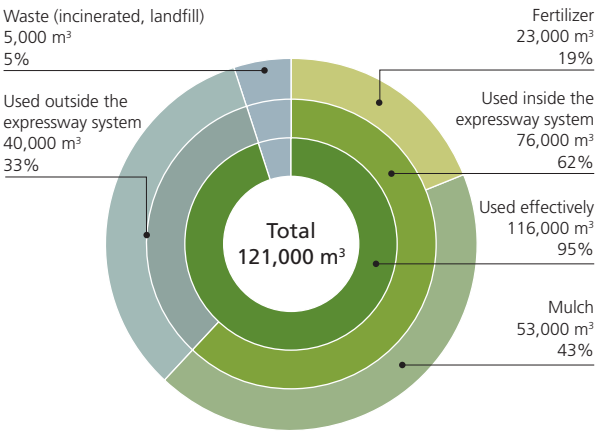
Crushed rock recovered from construction sites

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 95% in fiscal 2008.

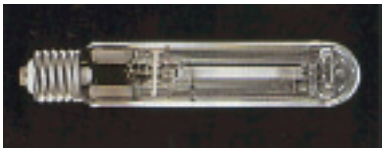
Recycling of Greenery (Fiscal 2008)



Our initiative of prolonging the life of high-pressure sodium lamps to illuminate expressways and tunnels increases lamp life by approximately 30%, from 18,000 to 24,000 hours. Longer lamp life reduces waste, lessens the impact on the environment and lowers running costs. In fiscal 2008, we installed 2,700 long-life high-pressure sodium lamps.

Also, we replace aging tunnel lighting equipment such as sodium lamps with more efficient high-frequency fluorescent lamps. As a result, we succeeded in reducing electricity consumption by approximately 30%.

High-pressure sodium lighting equipment



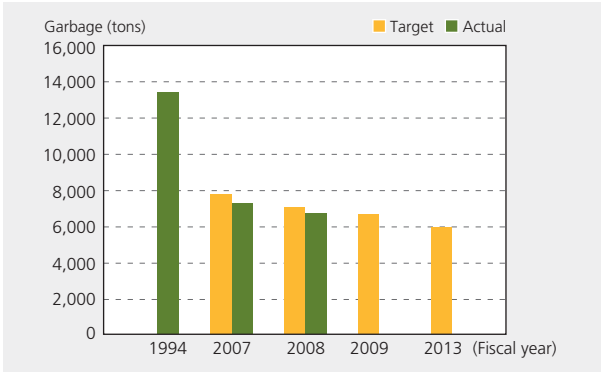
Long-life high-pressure sodium lamp

3R Initiatives at Rest Areas

Garbage disposal at rest areas totaled 6,740 tons in fiscal 2008, a 46% 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 awareness about reducing garbage while approximately 50% of the garbage at our rest areas is brought in from outside the expressway system.

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.

Garbage Generated in Rest Areas



Boxes for six types of waste

Initiatives for a Better Environment

Noise Reduction

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 and porous asphalt pavement. We also work with local municipalities, police departments, automakers, roadway administrators and drivers to lessen traffic noise.

Sound Insulation Walls and Environmental Zones

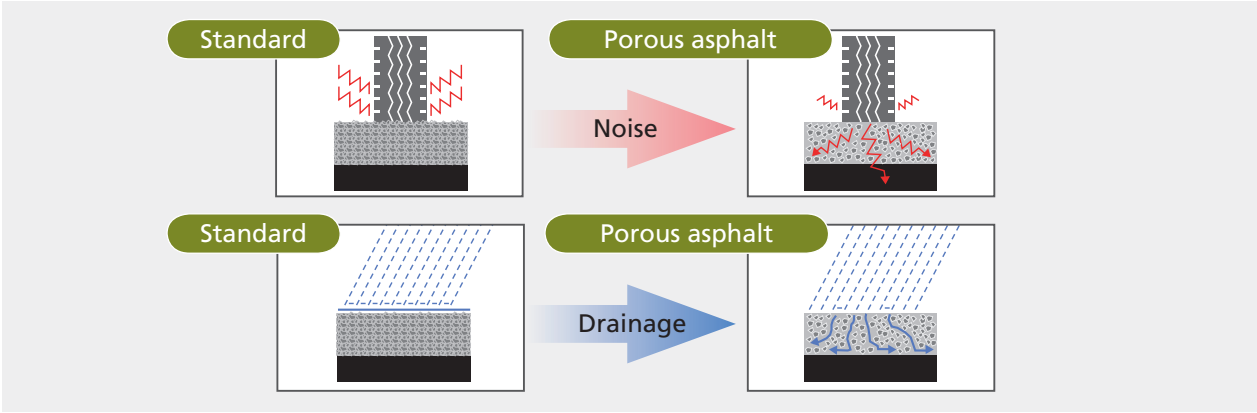
NEXCO-Central plans and installs sound insulation walls based on estimated noise levels and at the request of regional public organizations. In accordance with our five-year plan from fiscal 2009 to fiscal 2013, we will install sound insulation walls along more than 6 kilometers of expressway, bringing the total to about 900 kilometers, and raise the walls along several kilometers. In residential locations along the road, we will establish environmental zones to create a favorable residential environmemt. We assist with the soundproofing of residences in areas where traffic noise exceeds environmental standards, despite the implementation of roadside measures.

Environmental zones to preserve residential areas

Sound insulation walls

Porous Asphalt Pavement

We use porous asphalt pavement that improves road surfaces and decreases traffic noise. This new pavement reduces traffic noise by 2–4 decibels, compared with conventional pavement. From fiscal 2009 to fiscal 2013, we will lay 649 kilometers of high-performance pavement on 87% of current expressway lanes.



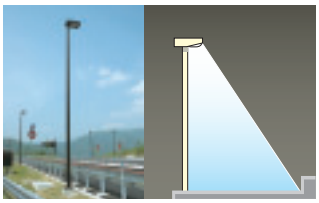
Light Pollution Countermeasures

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.

New Types of Lighting

We are replacing all standard lamps with new lighting that cuts leakage in the rear by focusing the light more on the roads, thus reducing light pollution. In fiscal 2007, about 90 lamps were replaced with new rear-cut lamps. We installed approximately 90 more rear-cut lights in fiscal 2008, and plan to install 20 more in fiscal 2009.

Previous model light



New rear-cut light

New lamp fitting (rear-cut)

Reduced-Height Lighting

Reduced-height lighting lessens light pollution in woods such as those around the Hachioji Junction on the Ken-O Expressway, which is a natural habitat for nocturnal flying squirrels.

Reduced-height lighting at the Ken-O Expressway, Hachioji Junction

Reduced-height lighting at the Ise-Wangan Expressway, Toyota-Higashi Interchange

New Road Signs

Black light signs use ultraviolet light to make them luminescent. Compared with traditionally illuminated road signs, black light signs do not leak visible light in the traffic lanes or nearby residential areas. Black lights decrease signs' light pollution while increasing their visibility.

Field trial using black light road signs at the Komagane Interchange on the Chuo Expressway

Quieter and Cleaner Construction

To protect regional environments, we are implementing the following countermeasures to lessen the impact of road construction and maintenance.

Reduced Noise and Vibration

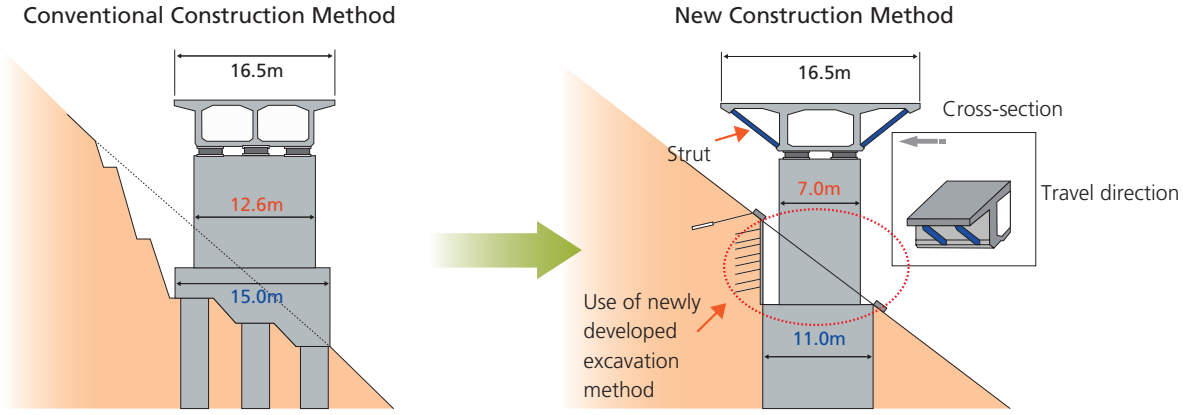
We limit construction hours and promotes the use of low-noise, low-vibration construction machinery. This equipment meets the standards set by the Ministry of Land, Infrastructure, Transport and Tourism in accordance with the Basic Law for Environmental Pollution Control, the Noise Regulation Law and the Vibration Regulation Law. When necessary, we build sound insulating walls in densely populated areas before roadwork begins.

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.

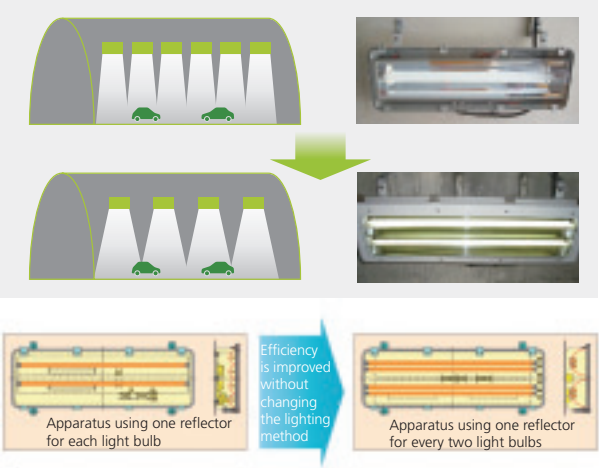


Using Greening Technology to Surmount Unfavorable Conditions

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.

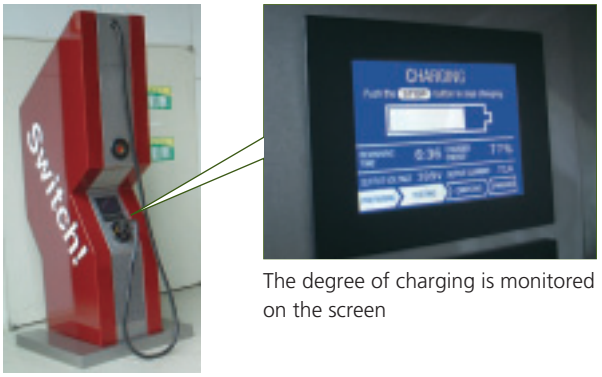
Adoption of Newly Developed Tunnel Lighting

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



Quick Battery Recharger for Electric Vehicles

Electric vehicles (EVs) are being developed in hopes of reducing CO_2 emissions. As the number of EVs is expected to increase dramatically in the near future, we have begun determining rest area locations for quick battery rechargers. In this way, we are contributing to the use of EVs and helping improve roadside environments.



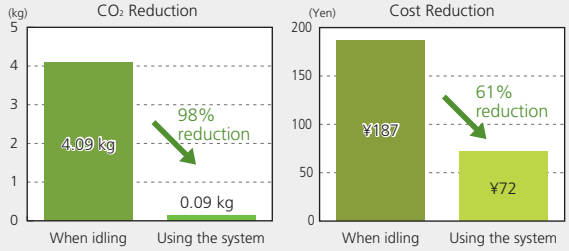
The degree of charging is monitored on the screen

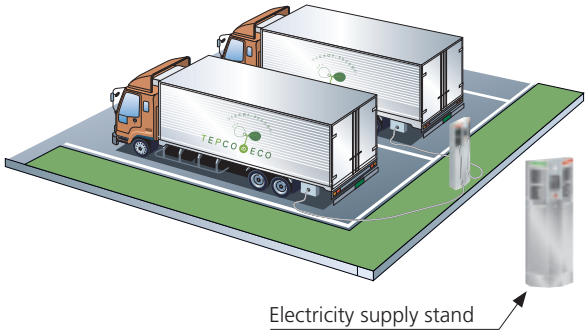
Quick battery recharger (made by Tokyo Electric Power Company)

Electricity Supply Stations at Rest Areas

Drivers idle their vehicles' engines so they can run air conditioners and heaters while stopping for a rest or to adjust schedules. Idling also causes air pollution and global warming, due to added emissions of NO_2, SPM and CO_2. We have addressed this situation by installing power stations at some rest areas to supply trucks with electricity, resulting in convenience for drivers without harming the surrounding environment. In 2009, we installed 15 electricity supply stands at four major rest areas. We plan to gradually increase this number.

Results due to One Large Truck Idling for One Hour





Anti-Corruption

Compliance

Compliance is essential to our corporate image (as a "better" and "stronger" company), and accordingly we perform compliance-related activities on a daily basis. 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 formulated a manual outlining NEXCO-Central's ethical standards and outlining behavioral guidelines that all board members and employees must follow. We revised the manual in August 2007 to encompass activities involving all Group employees. The manual's contents are available on our intranet website and provided in a portable card format to widely notify board members and employees.

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, expertise, and affordability when selecting business partners. As to affordability, the lowest contract price was conventionally given topmost priority during bidding. However, construction undertaken by general contractors whose bidding prices are extremely low can present concerns involving quality, the impact on subcontractors, working conditions and safety measures. Consequently, we conduct surveys of 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 incorporating technical proposals and other factors. We expect to apply this system to more contracts, as we work toward overall efficiency and optimization.

Additionally, we are enhancing the transparency of our procurement by disclosing a variety of information on our website, making it easily available to all stakeholders. Furthermore, we follow the laws concerning the procurement of eco-friendly goods and services as part of our effort to contribute to a better environment.

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, 2009. 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 ¥98.16 to $1, the approximate rate of exchange at March 31, 2009. 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.

Contents

Consolidated Balance Sheets

As of March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
ASSETS			
Current assets			
Cash and deposits	**¥ 38,037**	¥ 26,657	**$ 387,500**
Accounts receivable from expressway business operations	**84,254**	44,807	**858,333**
Other accounts receivable	**8,526**	11,060	**86,858**
Marketable securities	**60,050**	73,000	**611,756**
Unfinished roads	**853,877**	775,307	**8,698,828**
Inventories	**2,013**	1,847	**20,507**
Deferred tax assets	**1,475**	1,976	**15,026**
Others	**19,652**	34,827	**200,204**
Allowance for doubtful accounts	**(26)**	(38)	**(265)**
Total current assets	**1,067,862**	969,444	**10,878,790**
Fixed assets			
Property and equipment			
Buildings, less accumulated depreciation	**30,626**	28,838	**312,001**
Structures, less accumulated depreciation	**22,146**	20,248	**225,611**
Machinery, less accumulated depreciation	**41,942**	39,713	**427,282**
Transportation equipment, less accumulated depreciation	**3,508**	3,954	**35,738**
Tools and other equipment, less accumulated depreciation	**4,434**	4,357	**45,171**
Land	**115,966**	116,118	**1,181,398**
Lease assets, less accumulated depreciation	**151**	—	**1,538**
Construction in progress	**5,980**	5,041	**60,921**
Total property and equipment	**224,757**	218,273	**2,289,700**
Intangible fixed assets	**7,549**	6,412	**76,905**
Investments and other assets			
Investment securities	**2,268**	2,326	**23,105**
Deferred tax assets	**1,017**	838	**10,361**
Others	**5,048**	5,809	**51,426**
Allowance for doubtful accounts	**(406)**	(594)	**(4,136)**
Total investments and other assets	**7,928**	8,380	**80,766**
Total fixed assets	**240,235**	233,065	**2,447,382**
Deferred assets			
Issuing expenses for bonds related to road construction	**1,300**	894	**13,244**
Total deferred assets	**1,300**	894	**13,244**
Total assets	**¥1,309,398**	¥1,203,405	**$13,339,425**

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
LIABILITIES			
Current liabilities			
Accounts payable for expressway business operation	**¥ 55,456**	¥ 88,776	**$ 564,955**
Current portion of long-term debt	**5,553**	5,487	**56,571**
Other accounts payable	**19,204**	14,031	**195,640**
Income taxes payable	**1,874**	5,972	**19,091**
Reserve for employee bonuses	**2,827**	2,671	**28,800**
Reserve to cover losses due to forged expressway cards	**247**	340	**2,516**
Reserve to cover losses on unfinished roads	**—**	1,244	**—**
Others	**22,870**	24,068	**232,987**
Total current liabilities	**108,034**	142,592	**1,100,591**
Fixed liabilities			
Bonds related to road construction	**573,528**	433,814	**5,842,787**
Long-term debt related to road construction	**352,940**	352,646	**3,595,558**
Other long-term debt	**17,777**	23,345	**181,102**
Reserve for retirement benefits	**51,160**	51,940	**521,190**
Reserve for officers' retirement bonuses	**114**	78	**1,161**
Reserve for ETC mileage service	**6,607**	6,882	**67,308**
Reserve for card point service	**72**	21	**733**
Others	**18,366**	17,839	**187,103**
Total fixed liabilities	**1,020,567**	886,566	**10,396,974**
Total liabilities	**1,128,601**	1,029,159	**11,497,565**
NET ASSETS			
Shareholders' equity			
Capital stock	**65,000**	65,000	**662,184**
Additional paid-in capital	**71,650**	71,650	**729,931**
Retained earnings	**43,190**	35,097	**439,996**
Total shareholders' equity	**179,840**	171,747	**1,832,111**
Valuation and translation adjustments			
Valuation differences on other marketable securities	**(43)**	(15)	**(438)**
Total valuation and translation adjustment	**(43)**	(15)	**(438)**
Minority interests	**999**	2,514	**10,177**
Total net assets	**180,797**	174,246	**1,841,860**
Total liabilities and net assets	**¥1,309,398**	¥1,203,405	**$13,339,425**

Consolidated Statements of Income

Years Ended March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Operating revenues	**¥791,729**	¥741,702	**$8,065,699**
Operating expenses			
Road rental expenses	**439,043**	466,497	**4,472,728**
Expressway business administrative and cost-of-sales expenses	**286,562**	202,644	**2,919,336**
Selling, general and administrative expenses	**54,347**	54,580	**553,657**
Total operating expenses	**779,953**	723,722	**7,945,731**
Operating income	**11,775**	17,979	**119,957**
Non-operating revenues			
Interest income	**369**	421	**3,759**
Land and property rental fees	**363**	501	**3,698**
Income from exemption of consumption tax and others	**635**	—	**6,469**
Return on investments by the equity method	**—**	117	**—**
Income from collection of penalty	**355**	—	**3,617**
Others	**929**	689	**9,464**
Total non-operating revenues	**2,653**	1,730	**27,027**
Non-operating expenses			
Interest expense	**440**	540	**4,482**
Others	**141**	218	**1,436**
Total non-operating expenses	**582**	758	**5,929**
Ordinary income	**13,846**	18,950	**141,055**
Extraordinary income			
Gain on sale of fixed assets	**87**	133	**886**
Gain on sale of investment securities	**—**	54	**—**
Prior period adjustment profit	**162**	181	**1,650**
Adjustment profit on posting of fixed assets	**—**	135	**—**
Gain on anonymous investment partnership	**198**	—	**2,017**
Others	**69**	30	**703**
Total extraordinary income	**517**	535	**5,267**
Extraordinary losses			
Loss on sale of fixed assets	**89**	188	**907**
Loss on disposal of fixed assets	**87**	—	**886**
Prior period adjustment loss	**254**	—	**2,588**
Business expenses for social contribution	**—**	339	**—**
Loss on revision of retirement benefit scheme	**212**	—	**2,160**
Loss on changes in equity	**110**	—	**1,121**
Others	**7**	23	**71**
Total extraordinary losses	**761**	550	**7,753**
Net income before taxes and minority interests	**13,602**	18,935	**138,570**
Income, inhabitant and enterprise taxes	**4,903**	8,263	**49,949**
Deferred taxes	**255**	(187)	**2,598**
Total taxes	**5,158**	8,075	**52,547**
Minority interests (loss)	**350**	(40)	**3,566**
Net income	**¥ 8,093**	¥ 10,900	**$ 82,447**

Consolidated Statements of Changes in Net Assets

Years Ended March 31, 2009, 2008 and 2007

(Millions of yen)

	Shareholders' Equity				Valuation and Translation Adjustments			
	Capital Stock	Additional Paid-in Capital	Retained Earnings	Total Shareholders' Equity	Valuation Differences on Other Marketable Securities	Total Valuation and Translation Adjustment	Minority Interests	Total Net Assets
Balance at March 31, 2007	65,000	71,650	24,196	160,847	—	—	—	160,847
Net changes during the year								
Net income	—	—	10,900	10,900	—	—	—	10,900
Net change during the year to items other than shareholders' equity	—	—	—	—	(15)	(15)	2,514	2,499
Total net change during the year	—	—	10,900	10,900	(15)	(15)	2,514	13,399
Balance at March 31, 2008	65,000	71,650	35,097	171,747	(15)	(15)	2,514	174,246
Changes during the year								
Net income	**—**	**—**	**8,093**	**8,093**	**—**	**—**	**—**	**8,093**
Changes in items other than shareholders' equity (net)	**—**	**—**	**—**	**—**	**(27)**	**(27)**	**(1,514)**	**(1,542)**
Total net change during the year	**—**	**—**	**8,093**	**8,093**	**(27)**	**(27)**	**(1,514)**	**6,550**
Balance at March 31, 2009	**65,000**	**71,650**	**43,190**	**179,840**	**(43)**	**(43)**	**999**	**180,797**

(Thousands of U.S. dollars)

	Shareholders' Equity				Valuation and Translation Adjustments			
	Capital Stock	Additional Paid-in Capital	Retained Earnings	Total Shareholders' Equity	Valuation Differences on Other Marketable Securities	Total Valuation and Translation Adjustment	Minority Interests	Total Net Assets
Balance at March 31, 2008	662,184	729,931	357,549	1,749,664	(153)	(153)	25,611	1,775,122
Changes during the year								
Net income	**—**	**—**	**82,447**	**82,447**	**—**	**—**	**—**	**82,447**
Changes in items other than shareholders' equity (net)	**—**	**—**	**—**	**—**	**(275)**	**(275)**	**(15,424)**	**(15,709)**
Total net change during the year	**—**	**—**	**82,447**	**82,447**	**(275)**	**(275)**	**(15,424)**	**66,728**
Balance at March 31, 2009	**662,184**	**729,931**	**439,996**	**1,832,111**	**(438)**	**(438)**	**10,177**	**1,841,860**

Consolidated Statements of Cash Flows

Years Ended March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Cash flows from operating activities			
Net income before taxes and minority interests	**¥ 13,602**	¥ 18,935	**$ 138,570**
Depreciation and amortization	**13,353**	12,535	**136,033**
(Gain) Loss on investments by the equity method	**(132)**	(117)	**(1,345)**
Increase (Decrease) in reserve for retirement benefits	**(240)**	(151)	**(2,445)**
Increase (Decrease) in reserve for employee bonuses	**155**	(114)	**1,579**
Increase (Decrease) in reserve for ETC mileage service	**(274)**	(1,562)	**(2,791)**
Increase (Decrease) in reserve to cover losses on unfinished roads	**(1,244)**	1,244	**(12,673)**
Increase (Decrease) in allowance for doubtful accounts	**(201)**	(106)	**(2,048)**
Interest and dividend income	**(488)**	(426)	**(4,971)**
Interest expense	**13,506**	11,475	**137,592**
(Gain) Loss on sale of fixed assets	**1**	54	**10**
Loss on disposal of fixed assets	**839**	1,364	**8,547**
(Increase) Decrease in accounts receivable-trade	**(29,013)**	(6,001)	**(295,568)**
(Increase) Decrease in inventories	**(78,680)**	(192,054)	**(801,548)**
Increase (Decrease) in accounts payable	**(33,381)**	(9,653)	**(340,067)**
Others	**4,236**	2,181	**43,154**
Subtotal	**(97,961)**	(162,396)	**(997,973)**
Interest and dividends received	**446**	375	**4,544**
Interest paid	**(13,354)**	(10,996)	**(136,043)**
Income taxes paid	**(9,390)**	(8,761)	**(95,660)**
Income taxes refunded	**1,574**	6,640	**16,035**
Net cash used in operating activities	**(118,685)**	(175,138)	**(1,209,097)**
Cash flows from investing activities			
Payments for placement of time deposits	**(23,000)**	(4,000)	**(234,311)**
Proceeds from redemption of time deposits	**3,620**	8,280	**36,879**
Payments for purchase of investment securities	**—**	(380)	**—**
Proceeds from sale of investment securities	**101**	113	**1,029**
Payments for purchase of fixed assets	**(21,704)**	(14,493)	**(221,108)**
Proceeds from sale of fixed assets	**277**	969	**2,822**
Proceeds from acquisition of shares of newly consolidated subsidiaries	**—**	3,462	**—**
Payments for business transfer	**(470)**	—	**(4,788)**
Proceeds from business transfer	**—**	13	**—**
Payments for business acquirement	**(49)**	(376)	**(499)**
Repayment from fund of anonymous investment partnership	**262**	—	**2,669**
Others	**42**	(737)	**428**
Net cash used in investing activities	**(40,920)**	(7,149)	**(416,870)**
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	**—**	(151)	**—**
Proceeds from long-term debt	**121,100**	115,000	**1,233,700**
Repayment of long-term debt	**(126,308)**	(95,371)	**(1,286,756)**
Proceeds from issuance of bonds related to road construction	**178,975**	168,906	**1,823,299**
Redemption of bond related to road construction	**(40,000)**	—	**(407,498)**
Purchase of treasury share by subsidiary	**(128)**	—	**(1,304)**
Others	**(25)**	—	**(255)**
Net cash provided by financing activities	**133,612**	188,383	**1,361,165**
Effect of exchange rate changes on cash and cash equivalents	**0**	—	**0**
Net increase (decrease) in cash and cash equivalents	**(25,993)**	6,096	**(264,802)**
Cash and cash equivalents at beginning of year	**102,530**	96,434	**1,044,519**
Cash and cash equivalents at end of year	**¥ 76,537**	¥102,530	**$ 779,717**

Supplemental Data

Segment Information

Year Ended March 31, 2009

(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	745,817	25,626	20,285	**791,729**	—	**791,729**
(2) Intersegment revenues	25	14	2	**42**	(42)	**—**
Total	745,842	25,640	20,288	**791,771**	(42)	**791,729**
Operating expenses	739,778	19,336	20,883	**779,998**	(44)	**779,953**
Operating income (loss)	6,064	6,303	(594)	**11,773**	2	**11,775**
II. Assets, depreciation and amortization, and capital expenditures:						
Total assets	1,052,958	139,204	10,983	**1,203,146**	106,252	**1,309,398**
Depreciation and amortization	9,769	1,693	63	**11,526**	1,826	**13,353**
Capital expenditures	28,540	6,838	25	**35,405**	2,208	**37,613**

(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	7,597,973	261,064	206,652	**8,065,699**	—	**8,065,699**
(2) Intersegment revenues	255	143	20	**428**	(428)	**—**
Total	7,598,227	261,206	206,683	**8,066,127**	(428)	**8,065,699**
Operating expenses	7,536,451	196,985	212,744	**7,946,190**	(448)	**7,945,731**
Operating income (loss)	61,777	64,211	(6,051)	**119,937**	20	**119,957**
II. Assets, depreciation and amortization, and capital expenditures:						
Total assets	10,726,956	1,418,134	111,889	**12,256,989**	1,082,437	**13,339,425**
Depreciation and amortization	99,521	17,247	642	**117,421**	18,602	**136,033**
Capital expenditures	290,750	69,662	255	**360,687**	22,494	**383,181**

>> Privatization of Japan's Public Expressway Corporations

Privatization Framework of the Four Public Expressway Corporations

Objectives

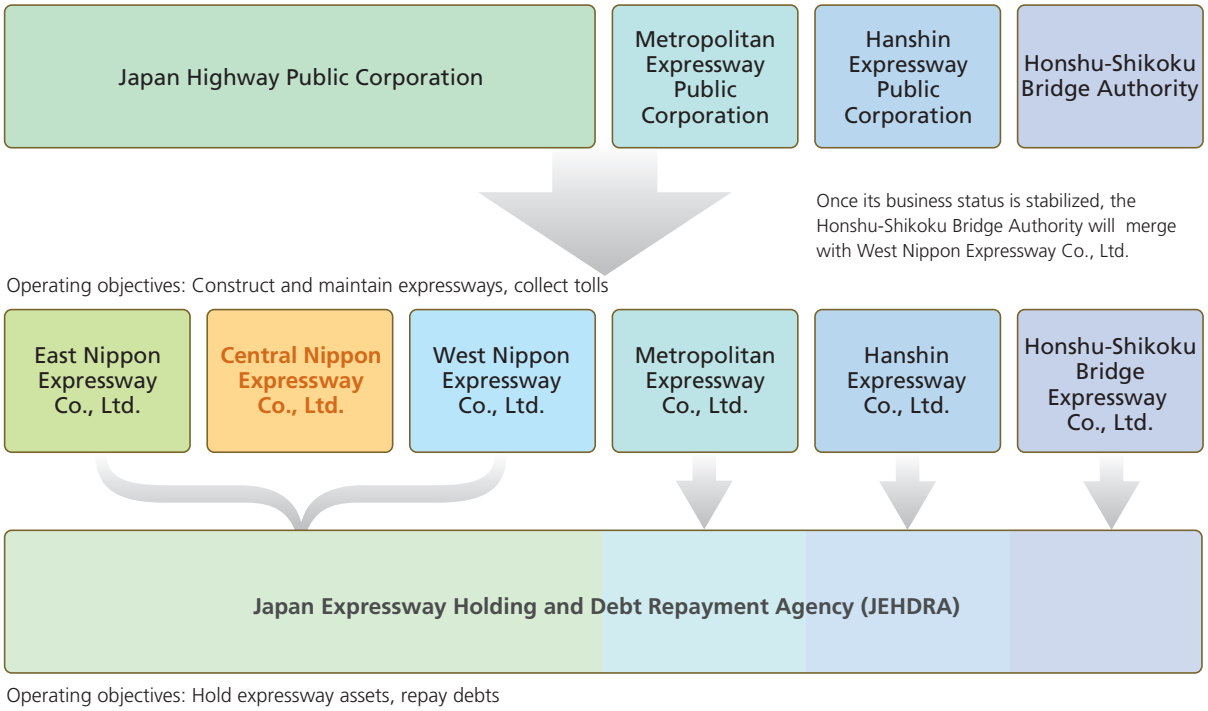
Based on the principle that tasks that can be performed by the private sector should be entrusted to it, Japan's public expressway corporations have been privatized to achieve the following objectives.

- 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.

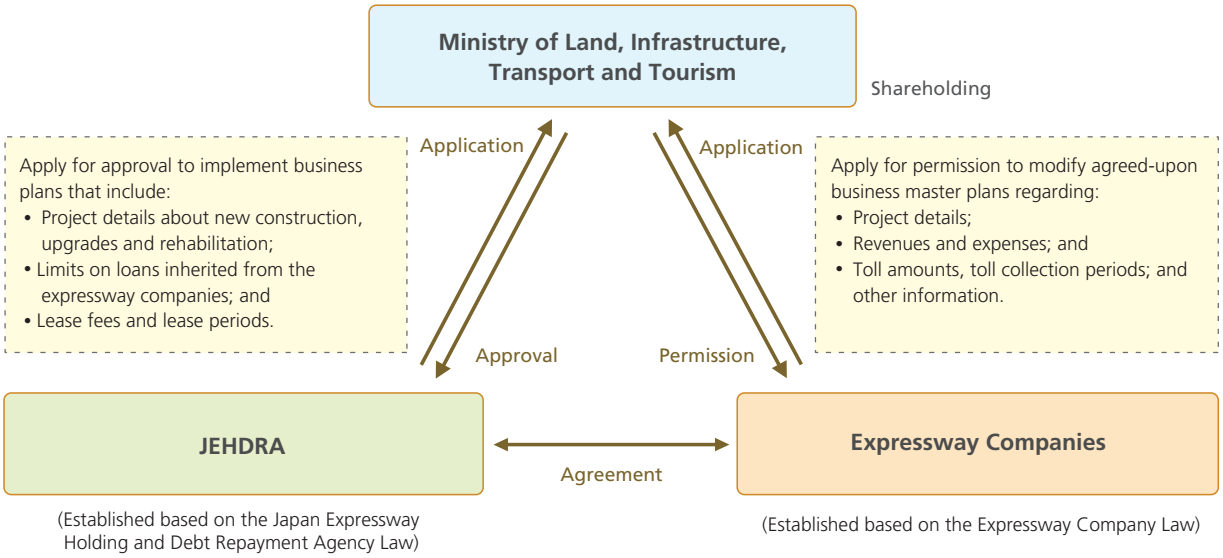
Principal Laws Concerning the Privatization of the Four Public Expressway Corporations

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

Privatization Scheme



Relationship Among the Organizations

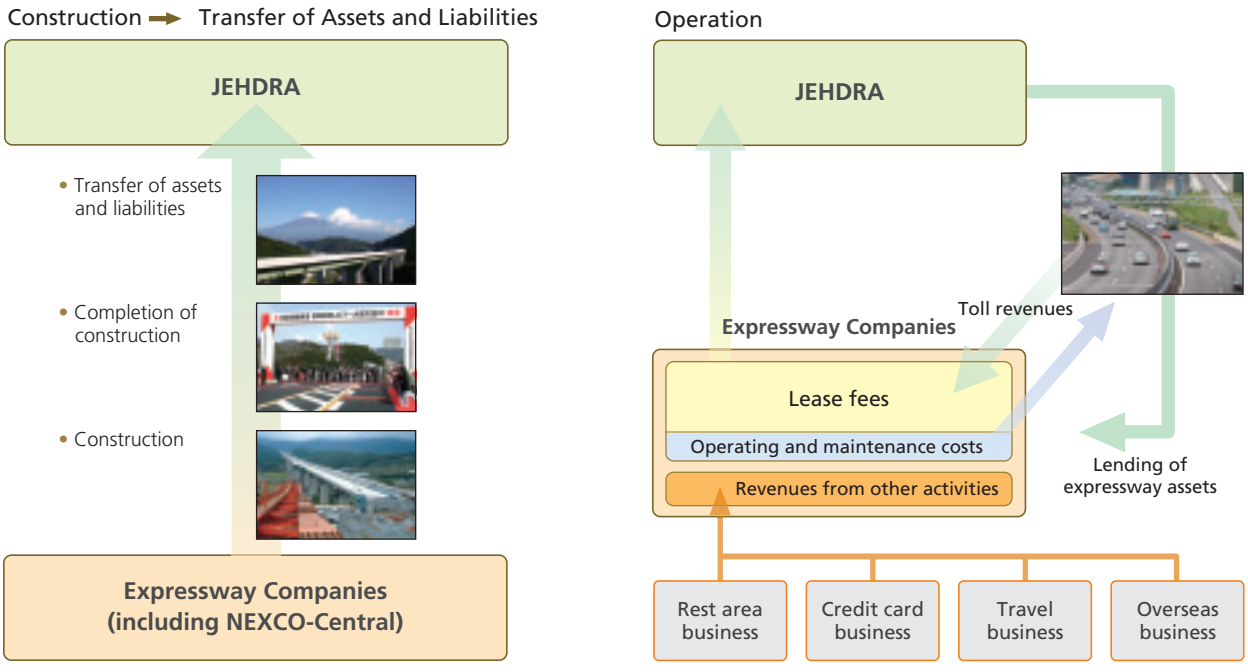


Roles of JEHDRA and the Expressway Companies

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

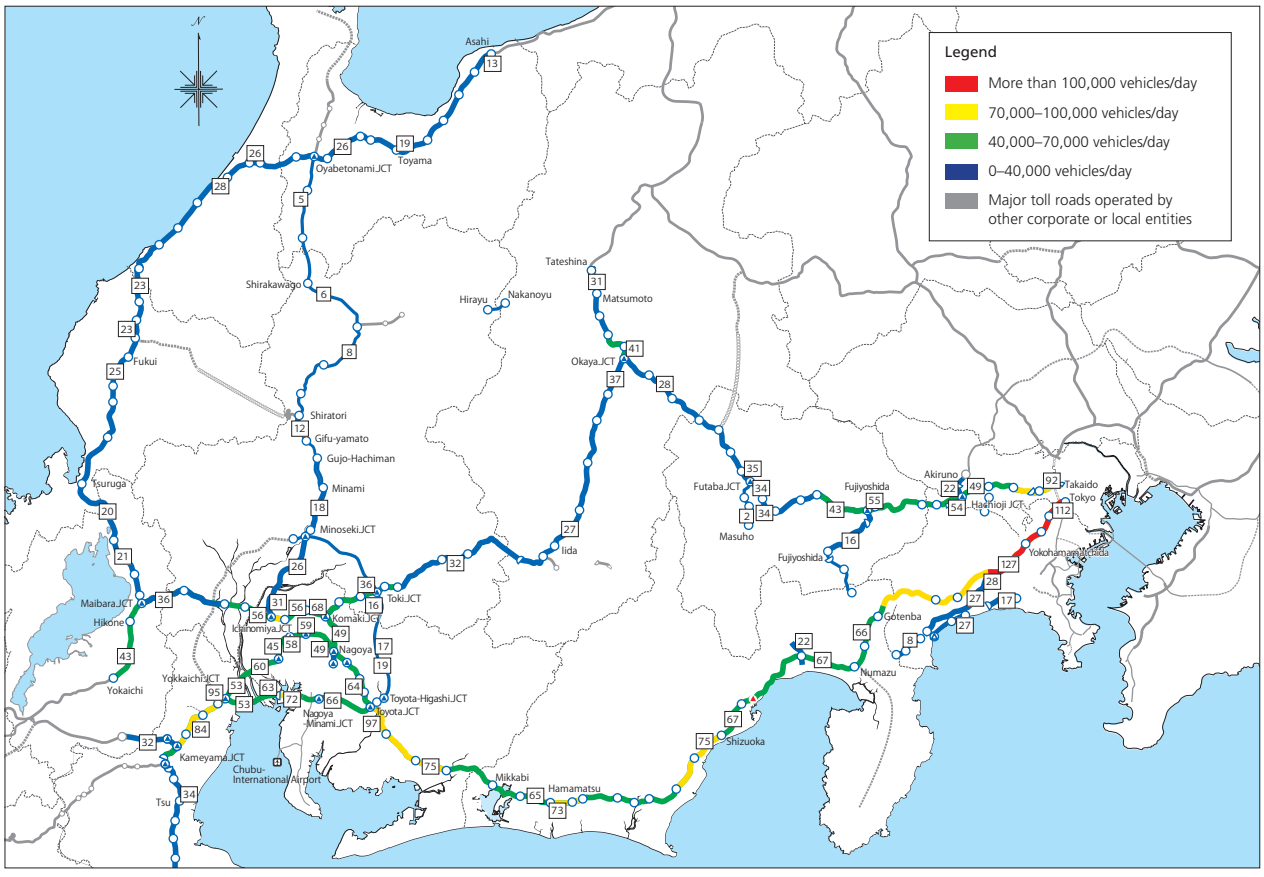
Note: Expressway companies may not earn profits or make losses through expressway construction and operation. However, expressway companies are eligible for certain incentive payments if construction is completed at a lower cost than originally estimated, as and when the Agency recognizes that such cost 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 2008

Expressways and Toll Roads

Route	Section	Length (Kilometers)	Lanes	Average Daily Traffic Volume	Cumulative Daily Traffic Volume
Chuo Expressway	Takaido–Hachioji	25.8	4	81,269	117,137
	Hachioji–Lake Kawaguchi	68.1	4–7	40,892	56,692
	Otsuki Junction–Komaki Junction	272.9	4–6	32,751	93,945
Meishin Expressway	Komaki–Youkaichi	87.5	4	48,023	72,140
Nagano Expressway	Okaya Junction–Toyoshina	33.1	4	36,407	35,492
Tomei Expressway	Tokyo–Komaki	346.7	4–7	75,162	419,983
Tokai-Hokuriku Expressway	Ichinomiya Junction–Oyabe-Tonami Junction	184.8	2–4	12,643	51,763
Chubu Odan Expressway	Masuho–Futaba Junction	16.0	2	2,589	1,949
Hokuriku Expressway	Asahi–Maibara	282.1	4	22,809	95,541
Higashi-Meihan Expressway	Takabari–Nagoya-Nishi	30.9	4	60,795	118,897
	Nagoya-Nishi–Kameyama-Minami Junction	55.1	4	67,662	95,980
Ise Expressway	Seki Junction–Ise	68.8	4	23,105	33,240
Ise-Wangan Expressway	Toyota-Higashi–Tokai	30.6	6	59,786	93,666
	Tobishima–Yokkaichi Junction	19.6	6	55,706	47,983
New Meishin Expressway	Kameyama Junction–Kokatsuchiyama	18.8	4–6	29,201	—
Kisei Expressway	Seiwataki Junction–Kisei-Ouchiyama	23.8	2	5,521	2,781
Shin-Shonan Bypass	Fujisawa–Chigasakikaigan	8.7	4	16,802	23,258
Seisho Bypass	Seisyo-Ninomiya–Hakoneguchi	14.5	4	26,353	38,832
Higashi-Fuji-Goko Road	Fujiyoshida–Subashiri	18.0	2	9,603	18,041
Odawara-Atsugi Road	Odawara-Nishi–Atsugi	31.7	4	29,712	65,026
Ise-Wangan Road	Tokai–Tobishima	6.1	6	72,142	81,173
Ken-O Expressway	Hachioji Junction–Akiruno	9.2	4	21,202	10,210
Tokai Kanjo Expressway	Toyota-Higashi Junction–Minoseki Junction	75.9	4	14,127	41,604
Hakone Shindo	Yamazaki–Hakone Toge	13.8	2	7,924	7,924
Hachioji Bypass	Aihara–Uchikoshi	4.5	4	32,042	32,042
Nishi Fuji Road	Fuji–Fujinomiya	6.8	4	21,611	21,611
Chubu Jukan Expressway	Kamitakara–Azumi	5.6	2	2,676	2,676
	Total	1,759.4			1,679,585



Length of Expressways in Operation

Fiscal Year	Total Expressway Network (Kilometers)	Portion Operated by NEXCO-Central (Kilometers)	Remarks
1989	4,661	1,315	
1990	4,869	1,350	
1991	5,055	1,361	
1992	5,404	1,382	
1993	5,574	1,410	
1994	5,677	1,410	
1995	5,930	1,411	
1996	6,114	1,426	
1997	6,395	1,464	
1998	6,453	1,468	
1999	6,615	1,495	
2000	6,851	1,530	
2001	6,949	1,545	
2002	7,187	1,576	
2003	7,343	1,587	
2004	7,363	1,673	
2005	7,389	1,687	Kisei Expressway (13.4 kilometers) opened March 11, 2006.
2006	7,422	1,693	Chubu Odan Expressway (6.2 kilometers) opened December 16, 2006.
2007	7,553	1,721	New Meishin Expressway (18.8 kilometers) opened February 23, 2008. Ken-O Expressway (9.2 kilometers) opened June 23, 2007.
2008	7,625	1,757	Kisei Expressway (10.4 kilometers) opened February 7, 2009. Tokai-Hokuriku Expressway (24.9 kilometers) opened July 5, 2008.

Traffic Volume at Major Interchanges

Route	Toll Gate	Daily Traffic Volume Entering and Exiting Toll Gate
Tomei Expressway	Tokyo	111,382
	Yokohama-Machida	79,902
	Atsugi	75,272
	Shizuoka	27,208
	Hamamatsu	27,222
	Okazaki	27,256
	Nagoya	65,059
Meishin Expressway	Ichinomiya	43,281
	Gifu-Hashima	17,983
Chuo Expressway	Mitaka	44,281
	Chofu	17,524
	Kunitachi-Fuchu	18,318
	Hachioji	24,210
	Kofu-Showa	14,404
	Suwa	16,213
Nagano Expressway	Okaya	12,564
	Matsumoto	18,588
Hokuriku Expressway	Tsuruga	12,893
	Kanazawa-Nishi	19,942
	Toyama	16,137
Ise-Wangan Expressway	Toyoake	25,442
	Nagoya-Minami	22,318
	Tokai	16,646
Higashi-Meihan Expressway	Kameyama	27,905
	Yokkaichi	16,205

Percentage of Vehicles Using ETC

Unit: %

Route	Oct. 1, 2005	Mar. 1, 2006	Oct. 1, 2006	Mar. 1, 2007	Oct. 1, 2007	Mar. 1, 2008	Oct. 1, 2008	Nov. 1, 2008	Dec. 1, 2008	Jan. 1, 2009	Feb. 1, 2009	Mar. 1, 2009	Apr. 1, 2009
Tomei Expressway	57.5	63.0	68.7	71.3	75.4	76.8	80.0	80.3	80.7	80.9	81.9	82.0	84.5
Meishin Expressway	56.2	63.8	69.6	72.7	76.3	77.7	80.8	80.7	81.8	82.1	83.1	83.2	85.5
Chuo Expressway	53.7	60.4	66.3	69.5	73.7	75.3	78.8	78.8	80.0	80.3	81.2	81.2	83.5
Chubu Odan Expressway	53.9	61.4	66.0	69.4	73.4	77.3	77.5	78.6	80.5	81.7	83.2	79.5	85.0
Nagano Expressway	52.6	61.0	65.7	70.1	73.2	76.1	78.6	77.8	80.5	81.4	82.8	82.4	84.6
Hokuriku Expressway	50.4	57.5	62.4	65.0	69.0	71.1	74.4	74.6	76.5	77.5	78.2	78.3	81.4
Tokai-Hokuriku Expressway	48.7	56.6	63.4	70.6	71.8	75.1	77.2	78.3	80.4	81.3	81.8	82.2	84.2
Ise-Wangan Expressway (Toyota-Higashi–Tokai-Daiichi)	56.6	64.7	71.1	74.3	78.5	79.7	83.1	83.0	83.4	84.1	84.9	84.8	87.5
Ise-Wangan Expressway (Tobishima-Daiichi–Mie-Asahi)	53.4	60.4	66.5	70.0	72.2	75.5	79.4	79.9	79.5	80.3	81.4	81.8	84.8
Higashi-Meihan Expressway	54.1	61.8	68.5	71.5	75.3	76.5	80.0	80.1	80.4	81.0	81.9	82.1	84.2
Ise Expressway	46.7	53.0	61.2	63.6	69.2	70.5	75.6	75.8	76.8	76.8	78.3	78.5	82.0
Kisei Ixpressway	—	44.1	56.3	60.2	65.9	68.0	72.5	74.1	75.2	74.4	74.4	76.7	80.1
Shin-Shonan Bypass	41.5	47.4	54.2	56.4	61.7	63.0	67.0	66.9	66.5	67.3	67.5	67.9	70.3
Nishi Fuji Road	36.4	41.9	46.6	49.9	53.6	54.6	58.0	58.0	57.5	58.8	59.7	60.6	64.8
Seisho Bypass	32.6	37.9	44.8	47.7	52.4	54.2	57.2	57.9	57.9	58.8	59.1	59.1	61.3
Odawara-Atsugi Road	44.9	49.9	56.7	58.5	63.0	65.1	68.6	69.1	69.3	70.0	70.6	70.4	73.2
Hakone Shindo	45.1	50.4	55.2	57.3	61.5	63.1	65.3	65.1	66.2	66.1	67.4	66.3	69.3
Hachioji Bypass	47.1	52.6	58.3	60.6	65.0	66.6	70.1	69.9	70.3	70.5	71.2	71.2	73.8
Higashi-Fuji-Goko Road	46.2	52.0	57.9	61.4	66.8	65.9	72.6	72.9	74.2	74.4	76.0	75.4	80.5
Ken-O Expressway	—	—	—	—	69.6	73.0	74.9	76.4	77.6	78.8	79.4	78.9	82.0
Tokai Kanjo Expressway	48.4	58.6	65.5	70.5	75.1	77.2	80.5	79.6	81.4	82.6	83.1	84.0	85.8
Ise-Wangan Road (Tokai-Daini–Tobishima-Daiichi)	52.7	62.6	71.1	73.2	78.5	80.2	83.9	83.5	83.7	84.0	84.6	84.8	86.7

Telephone Inquiries

	FY2006	FY2007	FY2008
ETC discounts	40,052	60,816	139,957
Tolls	33,208	57,792	92,267
Other	11,798	37,953	66,518
Traffic or expressway information	41,971	62,103	76,866
Total	127,029	218,664	375,608

Illegal Tollgate Pass-Throughs

	FY2006	FY2007	FY2008
Illegal pass-throughs	85,551	67,419	54,392

Traffic Accidents

	Accidents with Fatalities	Accidents with Non-Fatal Injuries	Accidents per Billion Vehicle-Kilometers	Billions of Vehicle-Kilometers
2001	80	2,555	1.13	23.32
2002	73	2,492	1.11	23.02
2003	69	2,311	1.03	23.02
2004	69	2,247	1.00	23.27
2005	75	2,316	1.02	23.41
2006	47	2,302	0.95	24.63
2007	53	2,255	0.92	25.06
2008	42	1,886	0.78	24.69

Source: National Police Agency

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