

Ensuring Safety, Delivering Growth

JR-West will achieve higher safety levels by moving forward with reforms to renew employees' awareness and the Company's corporate culture. Based on those initiatives, JR-West will advance management with the pursuit of safety as its first priority and thereby build a brand of safety and reliability. Further, by upgrading existing operations in its operational segments while making forays into new business areas, the JR-West Group will achieve sustainable growth. Our efforts to increase corporate value will focus on such growth areas as the transportation services of the Sanyo Shinkansen Line and enhancement of the value of our railway belts in the Kyoto–Osaka–Kobe area. This special feature looks at JR-West's initiatives for safety and growth.



Ensuring Safety

Basic Safety Policy

- We deeply regret the Fukuchiyama Line accident, and we are determined that there will never be a repetition of such an accident within our service area. Based on that commitment, in May 2005 the Company prepared the Safety Enhancement Plan, which reflects JR-West's basic philosophy of establishing a corporate culture that places top priority on safety. Since then, JR-West has done its utmost to advance that plan.
- The first item of JR-West's Corporate Philosophy, which expresses the Company's overriding goals, states that, "We, being conscious of our responsibility for protecting the truly precious lives of our customers, and incessantly acting on the basis of safety first, will build a railway that assures our customers of its safety and reliability." We believe commitment to safety is the most important value. In accordance with its Corporate Philosophy, JR-West will implement and inculcate its Safety Charter, which stipulates a specific code of conduct for employees involved in safety.
- Gravely accepting the Aircraft and Railway Accidents Investigation Commission's investigative report on the derailment accident on the Fukuchiyama Line, we will respond sincerely and promptly in relation to the items the report indicates.
- JR-West prepared a Basic Safety Plan as its most important plan among efforts to build a corporate culture that places top priority on safety. All JR-West officers and employees are working to achieve that plan's target of building a corporate system to ensure no accidents that produce casualties among our customers and no serious labor accidents to our employees.

Basic Safety Plan

JR-West prepared the Basic Safety Plan by identifying tasks that were not completed from among the initiatives to improve safety implemented following the Fukuchiyama Line accident. Furthermore, the Company received recommendations from the Safety Consultative Committee¹ and recommendations on policies for measures to improve safety from the Advisory Panel on Safety Promotion². In light of tasks identified and those recommendations, JR-West first clarified safety-related tasks it must address then set out targets and compiled measures to reach these targets in a plan covering the five-year period from fiscal 2009.

Attainment Target

Building a corporate system to ensure no accidents that produce casualties among our customers and no serious labor accidents to our employees.

Specifically, through the measures of the five-year Basic Safety Plan, we aim to implement and establish the following initiatives:

- (1) Identification of risks that could lead to the death or injury of customers or serious industrial accidents among employees, sharing results of evaluations on the seriousness of each risk among related individuals
- (2) Implementation of countermeasures for risks that need to be given priority
- (3) Reception of a large amount of safety information from employees, establishment of appropriate systems for monitoring risk

Given that JR-West manages railway operations with Group companies, the whole JR-West Group should share this target.

¹ The committee debates to decide policies on overall safety countermeasures relating to physical infrastructure, procedures, and awareness. In June 2005, JR-West established the committee, which comprises six outside experts and five of the Company's employees.

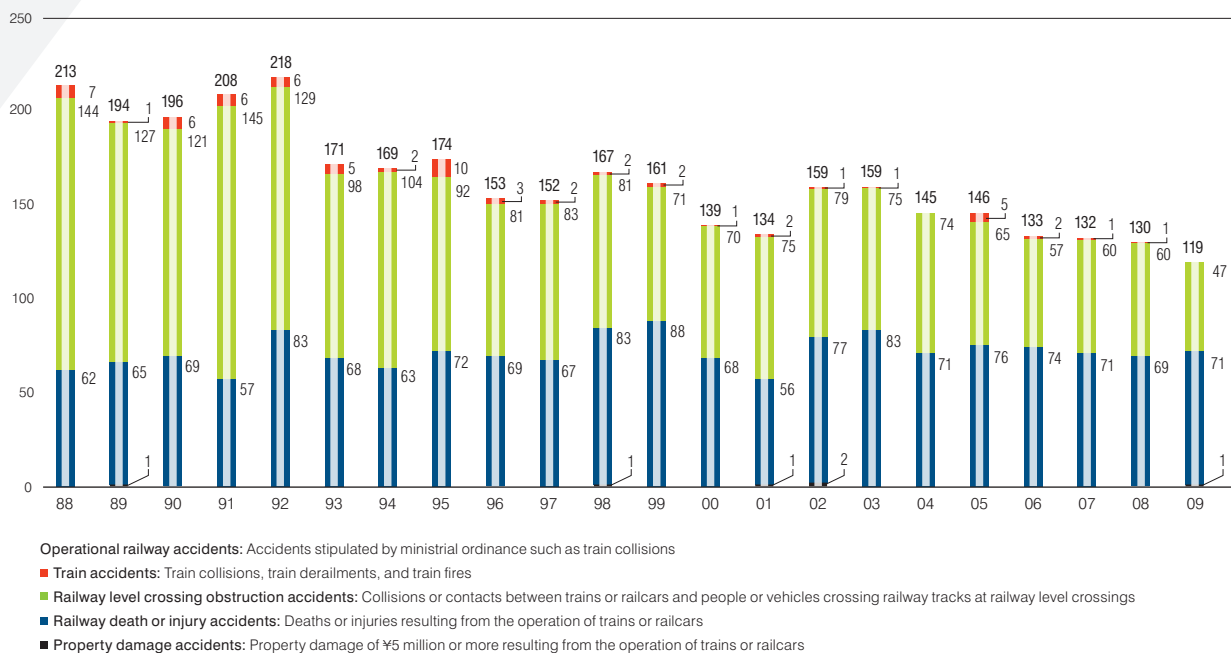
² Tasked with preparing basic plans to further improve safety, this panel comprises seven safety experts from outside the Company and six of the Company's employees and was established in September 2007.

Current Safety Status

Appreciating that, as a company with railway operations as its mainstay, securing the safety of transportation is a task of the highest priority and a fundamental requirement of business management. JR-West has advanced safety measures relating to physical infrastructure, procedures, and awareness. As a result, operational railway accidents in JR-West's service area have decreased since the Company's establishment. However, in fiscal 2006 an extremely serious accident, the Fukuchiyama Line accident, occurred in JR-West's service area. Mindful of that accident, the Company has taken various measures based

on its Safety Enhancement Plan and sincerely and promptly undertaken improvements in accordance with items indicated by the Aircraft and Railway Accidents Investigation Commission's investigative report on the derailment accident on the Fukuchiyama Line. In conjunction with those efforts, we steadily advanced measures under the Basic Safety Plan prepared in 2008. As a result of those efforts, the number of operational railway accidents in JR-West's service area in fiscal 2009 decreased by 11 from the previous fiscal year, to the lowest level since the Company's establishment.

Railway Operating Accidents



Delivering Growth

Sanyo Shinkansen Line Renaissance

During the period of the Medium-Term Management Plan, due to the further expansion of Haneda Airport in fall 2010 and the extension of the Kyushu Shinkansen Line to Hakata in spring 2011, among others, passenger transportation is expected to change drastically. Seizing the opportunity, we will intensively pour our management resources, strengthen cooperation with Central Japan Railway Company and Kyushu Railway Company (JR-Kyushu), and make maximum use of the potential of the Sanyo Shinkansen Line to accelerate its use. Specifically, we will strive to establish a competitive advantage over airlines in 900 km/4-hour areas.

Mutual Through-Service Operations with the Kyushu Shinkansen Line

To coincide with the beginning of services on all segments of the Kyushu Shinkansen Line scheduled for spring 2011, JR-West plans to provide mutual through-services between the Sanyo Shinkansen Line and the Kyushu Shinkansen Line, operated by JR-Kyushu. These services will shorten the journey time between Shin-Osaka and Kagoshima-Chuo Stations to approximately four hours. We expect to increase revenue by introducing a new railcar based on the latest N700 Series—which has earned an outstanding reputation for reliability—that will provide even higher-quality Shinkansen travel and by developing demand for sightseeing through campaigns promoting the wealth of tourist destinations in Kyushu. In March 2009, we decided to name trains operating on the mutual through-services “Sakura.” JR-West will collaborate in promotions with local governments to further heighten the visibility of the new mutual through-services. Planned total investment for this project is about ¥100 billion.





Enhancement of the Value of our Railway Belts in the Kyoto–Osaka–Kobe Area

In the Kyoto–Osaka–Kobe area, the Railway Operations Headquarters and the Business Development Headquarters work together to enhance the value of our railway belts by improving railway station and town facilities to make these areas convenient, attractive places to live. To that end, we will collaborate with local governments and communities to maximize asset efficiency, enhance the potential of stations and surrounding areas, and invigorate areas between stations. Specifically, we will implement the following initiatives.

- Improvement of the quality of our railway services placing priority on selected areas, based on the business environments along our railway lines
- Enhancement of the amenity, convenience, and functions of our stations
- Promotion of the project to develop Osaka Station and its periphery
- Expansion of sales of goods and food services and real estate business centered on our major stations
- Promotion of development of the premises surrounding our stations and the premises between our stations

Osaka Station Development Project

The Osaka Station Renovation and New North Building Development Plan was formulated in December 2003 with the aim of making Osaka Station—JR-West’s foremost terminal station located in the heart of Osaka’s Kita District—a facility befitting its status as the gateway to Osaka. The plan will also increase the earnings of the corporate group, and help to revitalize both the Osaka Station area and the Kansai region. The three main elements of the plan are a fundamental renovation of the station, enhancement of station concourses and public areas, and development of the New North Building, which together will enhance the comfort and convenience of Osaka Station, and provide it with the stateliness appropriate to a terminal station.

The focus of the station renovation and improvement is on alleviating overcrowding, providing more convenience for changing trains, and making facilities barrier-free. The plan includes substantial revisions to the passenger flow and station layout, along with improvements that make the station easier to use. It also incorporates elements to create an attractive, symbolic station space, such as the erection of a large dome. Further, in conjunction with the station renovation, we will improve the circulation of passengers in the area surrounding Osaka Station by creating walkways and open areas in the new building and over the railway station. At the same time, as part of initiatives to protect the global environment, we will introduce solar power generation, hydroelectric power generation, and rooftop greening to create an environment-friendly railway station.

SPECIAL FEATURE

The New North Building will have 210,000 square meters of floor space, and incorporate a symbolic atrium in its central portion. The anchor tenant will be a department store, and there are plans for a mall of specialty stores, offices, a cinema complex, and other facilities. Station renovation work began in spring 2004, and groundbreaking for the New North Building in fall 2006. The opening of the New North Building, along with the walkways and public areas, is planned for spring 2011.

Along with the renovation of Osaka Station and development of the New North Building, JR-West also formulated a plan to remodel the southside station entrance as a new gateway, and provide for a balance and uniform flow with the north side. Work on expansion of the existing south building, ACTY Osaka, began in May 2008. Specific plans include expanding the floor space

of the ACTY Osaka building by 35,000 square meters and constructing a connecting concourse linking the north and south sides of the station together with a multi-story public space, along with other measures to make the south side of the station more like a main entrance. The renovation will help link the north and south districts of Osaka Station, and make a substantial contribution to the vitality of the entire Osaka Station area.

JR-West plans to make West Japan Railway Isetan Limited the core tenant of the New North Building. The department store will benefit from the collective strengths and resources of JR-West and Isetan Mitsukoshi Holdings Ltd. In light of stepped-up safety measures and environment-friendly measures, JR-West has revised the total cost that the Group will shoulder for the project from approximately ¥200 billion to approximately ¥210 billion.

