

ESTABLISHING SOLID FOUNDATIONS

JR-West will advance management with the pursuit of safety as its first priority and thereby build a brand of safety and reliability. Also, as key growth drivers, the Company is focusing on maximizing the potential of the Sanyo Shinkansen Line high-speed intercity passenger service and proceeding the Osaka Station Development Project. These efforts are aimed at increasing JR-West's corporate value. This special feature provides an overview of the strategies and measures JR-West is implementing to strengthen its foundations for enhancing safety and realizing growth in its business operations.

Enhancing Safety

BASIC SAFETY POLICY

Following the Fukuchiyama Line accident, JR-West formulated its new Corporate Philosophy, which sets out the direction in which the Company must strive toward and the Company's sense of values. The first article of the Corporate Philosophy stipulates, "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."

Safety Charter

Since JR-West defines safety as the one value that must always be upheld with the highest priority, JR-West has set out its Safety Charter as a specific code of conduct for employees regarding safety.

We, ever mindful of the railway accident that occurred on April 25, 2005, conscious of our responsibility for protecting the truly precious lives of our customers, and based on the conviction that ensuring safety is our foremost mission, establish this Safety Charter.

- 1 Safety is ensured primarily through understanding and complying with rules and regulations, a strict execution of each individual's duty, and improvements in technology and expertise, and built up through ceaseless efforts.
- 2 The most important actions for ensuring safety are to execute basic motions, to rigorously enforce safety checks, and to implement flawless communication.
- 3 To ensure safety, we must make a concerted effort, irrespective of our organizational affiliation, rank, or assignment.
- 4 When uncertain about a decision, we must choose the most assuredly safe action.
- 5 Should an accident occur, our top priorities are to prevent concomitant accidents, and to aid passengers.

Stance of Safety Measures

Following the reflection over the Fukuchiyama Line accident, we believe that our greatest failure lies in not having been able to detect beforehand the factors that contributed to the accident. For this reason, we have subsequently striven to increase our sensitivity to safety, identify dangers and risks before they materialize, and build a system to enable the necessary steps to be taken in implementing proactive safety measures. To achieve this, we believe that it is necessary to establish an effective framework as well as instill safety awareness among employees.

Establishment of a Framework

With regard to the identification of dangers and risks before they materialize and the implementation of measures to address serious risks, we have introduced risk assessments as a specific means of enabling uniform responses on a Company-wide basis.

As a system to facilitate the smooth and appropriate implementation of such measures, we have radically overhauled the Company's entire concept of accidents, and are working to enhance our technical capabilities, improve communication, enhance frontline capabilities, and reinforce coordination with Group companies.

Instilling Safety Awareness

Safety awareness is the starting point for safety and is also essential as a means of compensating for any incompleteness within the system. For these reasons, we formulated the Safety Charter as a specific code of conduct regarding safety and

BASIC SAFETY PLAN

We have formulated the Basic Safety Plan as our initiatives aimed at building a system of proactive safety measures. We are working together with our Group companies in an all-out effort to reach our attainment targets under the Basic Safety Plan.

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 labor 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

In pursuing these targets, we have specified the responsible department and related departments for each item and formulated a clear schedule for the implementation of measures. The Basic Safety Plan Implementation Committee and other bodies evaluate progress and confirm policies, and improvements are carried out as necessary.

have encouraged employees to take concrete action in accordance with the values set in the Charter.

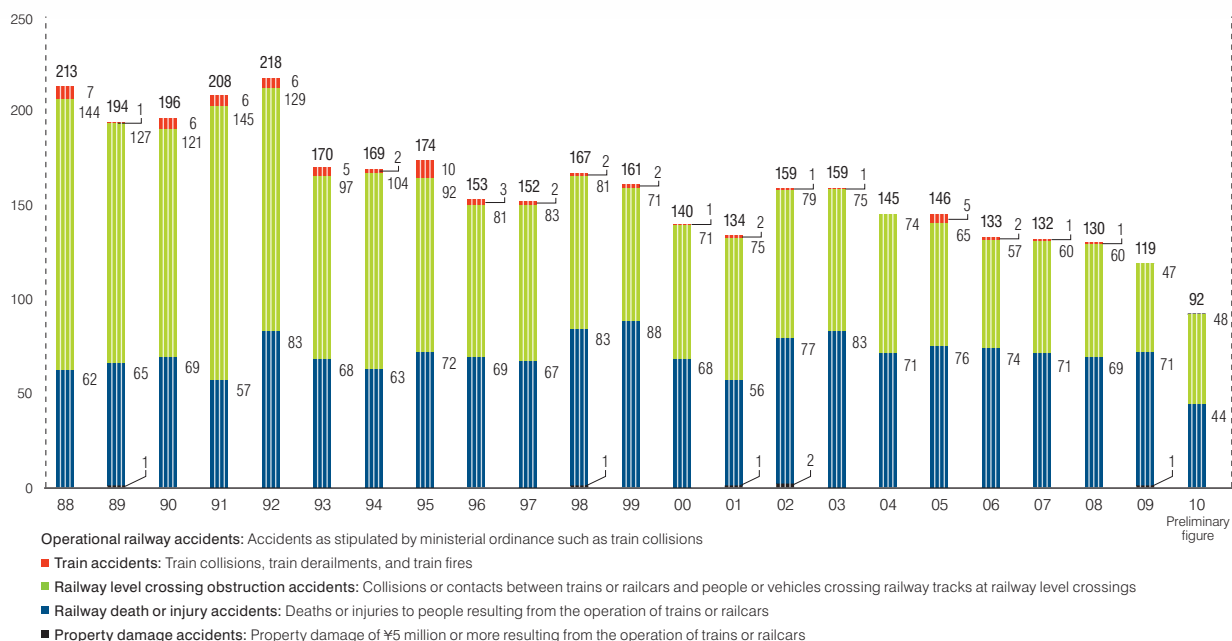
Furthermore, in training programs conducted at our Railway Safety Education Center, which we consider the starting point for our safety education, and at each operational site, we are pursuing measures to ensure that we maintain the lessons learned from the accident.

CURRENT SAFETY STATUS

Since the establishment of JR-West, as a result of a wide array of measures carried out to enhance safety, the number of operational railway accidents during fiscal 2010 was the lowest in the Company's history.

However, in light of the fact that a certain number of accidents still occur, we will aggressively implement measures for the continued enhancement of safety.

OPERATIONAL RAILWAY ACCIDENTS



Realizing Growth

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. Upon its completion, the plan will also increase the revenue of the corporate group, and help to revitalize both the Osaka Station area as well as the Kansai region. The three main elements of the plan are the 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 as well as 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 passengers changing trains, and making an environment that is 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 construction of a large dome. Further, in conjunction with the station renovation, we will improve the movement 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 our initiatives to protect the global environment, we will introduce solar power generation, hydro-electric power generation, and rooftop greening to create an environment-friendly railway station.

At present, construction work on the Osaka Station Development Project is proceeding smoothly, and it will see the launch of the new Osaka Station facilities in spring 2011. JR-West is making steady progress in its preparations for the opening of the new facilities, with the entire development area to be named "Osaka Station City." The New North Building, which is currently under construction, will be renamed "North Gate Building," and the Osaka Terminal Building will be renamed "South Gate Building" after additions have been completed.





The anchor tenant of the North Gate Building will be the JR Osaka Mitsukoshi Isetan department store, which will benefit from the collective strengths and resources of JR-West and Isetan Mitsukoshi Holdings Ltd.

The shopping center that will occupy part of the North Gate Building will be called "Lucua." JR-West plans to make Lucua into a substantial and attractive shopping center by leveraging the know-how it has accumulated in shopping center management.

The name Osaka Station City conveys the vision of creating a new landmark in Osaka, while also communicating the area's positioning as a highly attractive and innovative gateway to Osaka and the Kansai region. Boasting excellent amenities and a high degree of convenience, we look forward to Osaka Station City becoming one of the region's most loved and familiar locations.

For the entire JR-West Group, total project expenses are budgeted to be approximately ¥210 billion.



**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 March 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 also expect to increase revenue by introducing a new railcar based on the latest N700 Series trains—which has earned an outstanding reputation for reliability—that will provide even higher-quality Shinkansen travel and by creating tourist demand through aggressive promotion of the rich tourist destinations in Kyushu. In addition, to maximize the benefits of the opening of the Kyushu Shinkansen Line, JR-West intends to consider strategies for stimulating the tourism market in Kyushu for travel to Kyoto and Osaka, with the opening of such shopping attractions as the North Gate Building.

JR-West sees the commencement of these through-services as an important opportunity, and intends to aggressively commit management resources as well as further strengthen its cooperation with JR-Central and JR-Kyushu. By maximizing the potential of the Sanyo Shinkansen Line, JR-West aims to bolster passenger numbers. The Company also plans to collaborate with local government agencies in Kyushu on campaigns to strongly promote the convenience of the Kyushu Shinkansen Line and the attractions that Kyushu has to offer as a tourist destination. These campaigns will particularly target consumers in the Kyoto–Osaka–Kobe area as well as in Okayama, Hiroshima, and other parts of western Japan with the objective of further raising the tourism profile of Kyushu.

Planned total investment for this project is about ¥100 billion.

