

In October 2010, the Company revised the JR-West Group's Medium-Term Management Plan 2008–2012, which outlines JR-West's goal of contributing to the invigoration of the West Japan area and create strong bonds of trust with all of its stakeholders. While continuing to stay true to our original purpose of realizing our Corporate Philosophy, the revised plan offers a fresh start. In doing so, the JR-West has identified three new strategies—coexistence with local communities, innovation by technology, and thinking and acting based on the field—and laid out the roadmap for a new quest in pursuit of sustainable growth. In this section, we will offer an overview of the revised plan. In addition, we will introduce the Group's initiatives with regard to the operation of Osaka Station City and the direct services between the Sanyo and the Kyushu Shinkansen lines—both of which are symbolic embodiments of these new strategies.

Original Purpose, **A Fresh Start**

REVISION OF THE JR-WEST GROUP'S MEDIUM-TERM MANAGEMENT PLAN 2008–2012

Background and Goals of the Revision

The Company caused an extremely serious accident that occurred on the Fukuchiyama Line. As a result, the JR-West Group established the Basic Safety Plan, a five-year plan targeting the goal of building a corporate culture that places top priority on safety, which was implemented in fiscal 2008. All Group members have subsequently worked tirelessly toward achieving this goal.

The Medium-Term Management Plan 2008–2012 was established in May 2008. The basic policies of this plan emphasized the importance of returning to the starting point of the Group's business, which can be described as realizing JR-West Corporate Philosophy. The plan also outlined medium- to long-term strategies geared toward accomplishing this objective.

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However, the operating environment has become significantly harsher than it was at the time the JR-West Group's Medium-Term Management Plan 2008–2012 was formulated. Factors contributing to this harsh environment include the rapid deterioration of the economy that began in fall 2008 and the implementation of government initiatives such as the March 2009 lowering of expressway tolls.

Further, in fall 2009, a serious compliance-related issue was uncovered within the Company, which not only caused great emotional distraught for the victims of the Fukuchiyama Line accident, but also severely damaged society's trust in the Company.

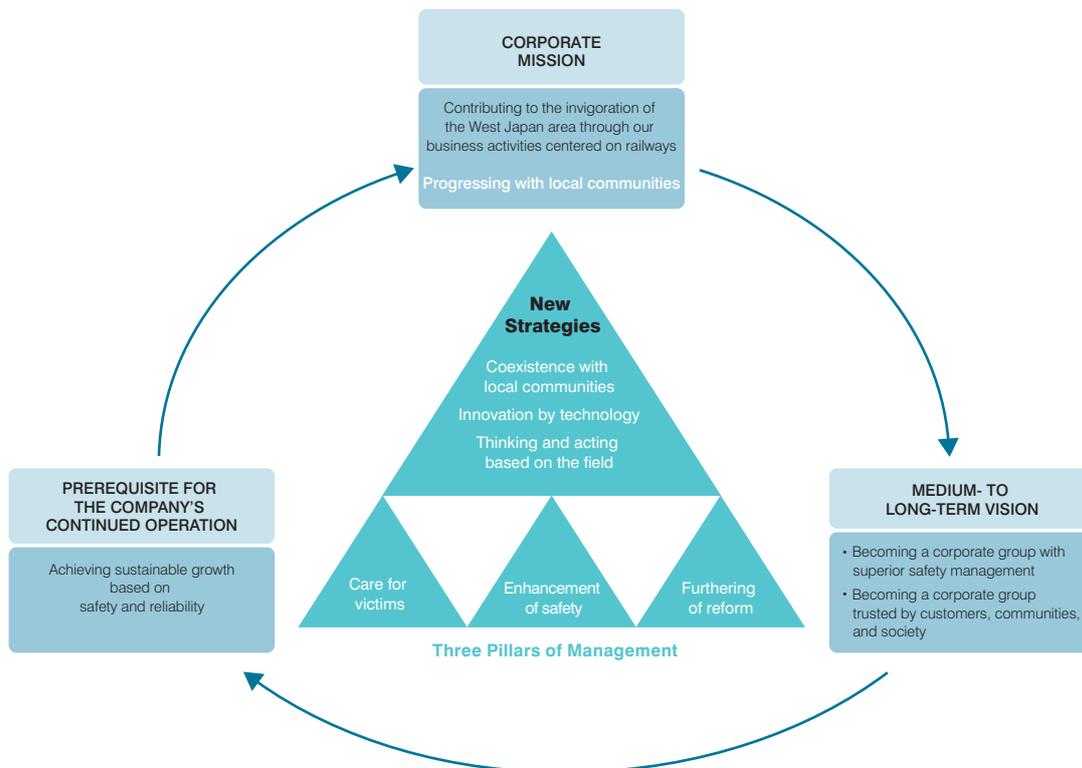
Faced with this unprecedented harsh environment, we decided to revise the current medium-term management plan, scheduled to end in fiscal 2013. We want to focus emphasis on

long-term sustainability in our approach to management while further clarifying and realizing our medium- to long-term management vision.

Under this new plan, all Group employees will come together as one, working to rebuild society's trust in the Company and facilitate the recovery of its business results.

MANAGEMENT VISION

We, ever mindful of the Fukuchiyama Line accident, pursuing sustainable growth based on safety and reliability, contributing to the invigoration of the West Japan area through our business activities, and establishing safety management systems, will seek to be a corporate group trusted by customers, communities, and society in order to realize our Corporate Philosophy.



CONTINUATION OF OUR THREE PILLARS OF MANAGEMENT

Regardless of the revision of the medium-term management plan, we will continue to vigorously promote management based on our three pillars of management, which are outlined below. Based on these pillars, the Group is cultivating a “safety first” mindset as well as developing a railway that can give customers peace of mind and is worthy of their trust.

Measures to Have Ourselves Accepted as Acting with the Best Intentions by the Victims of the Train Accident

- JR-West is earnestly approaching the victims of the train accident. By offering them our sympathy and support, we aim to address their concerns in a courteous and mindful manner. Additionally, we will continue to hold meetings with them in order to explain our initiatives to enhance safety, remain receptive toward their opinions of the Company, and respond to any questions they might have.
- Further, we will continue to provide venues for victims to discuss with us their opinions and desires of the Company in the hope of better being able to respond to their various needs. Also, we will develop measures to enable us to offer emotional support to victims and help alleviate any uncertainties they may have for the future. Going forward, the Company will thoroughly discuss the development of such measures while taking into consideration the opinions of the victims.

Measures to Enhance Safety

- In 2008, JR-West established the Basic Safety Plan in order to promote the enhancement of safety.

A major goal set forth in this plan was the goal of building a corporate system that ensured no accidents producing casualties among our customers and no serious labor accidents affecting our employees occurred. This was also presented as a management goal in the medium-term management plan announced in May 2008. Accordingly, the Group will continue to work unceasingly to achieve this goal and complete the initiatives outlined in the Basic Safety Plan.

Furthering of Reform

- JR-West is implementing initiatives to reform its overly top-down corporate culture. At the same time, the Company is pushing forward comprehensive improvement measures that take into account its reflections regarding such issues as the information leaks that occurred during the investigation of the accident. Through these efforts, all Group members are working to reform the corporate culture through stronger corporate governance and a more open organizational structure.



VALUE PROVIDED TO AND SHARED WITH STAKEHOLDERS

We will create a virtuous cycle of value creation by achieving harmony with our stakeholders in the long-term and aim to increase our overall value (realizing a plus-sum game). We will then share the benefits this creates with stakeholders.



Customers

- Safety and security
 - Enhancement of safety
 - Elimination of occurrences that could make our customers feel uneasy
- Improved customer satisfaction
 - Reliable transportation
 - User-friendly timetables, facilities, and sales channels
 - Friendly service
- Innovative products and services
 - Response to the aging, declining population and the internationalization of customers

Society

- Invigoration of local communities
 - Improvement of our railway stations as well as town facilities in the Kansai urban area to make it a convenient, attractive place to live (enhancing the value of our railway belts)
 - Provision of public transportation to make the West Japan area a convenient, attractive place to live
 - Expansion of tourism demand to bring more visitors to the area
- Promotion of CSR and compliance

Employees

- Job satisfaction and pride
 - Improved teamwork through smooth communication
 - Respect for assertive, active mindsets and opinions
 - Increased awareness of corporate ethics
- Sense of acceptance
 - Clarification of the purpose, circumstances, and direction of each individual's work
- Transference and improvement of technical skills

Shareholders

- Ensured sustainability
 - Improvement in long-term operating revenues and reduction of fixed costs
- Long-term dividend stability
 - Dividend payment plans based on the consolidated DOE ratio

Suppliers

- Sincerity, fairness, and mutual trust
- Guaranteed safety and quality, and established compliance



NEW STRATEGIES TO REALIZE OUR MANAGEMENT VISION

With the aim of continuing to work toward realizing our management vision, we will continue pursuing the management goals and advancing the strategies outlined in Medium-Term Management Plan 2008–2012. At the same time, the Group will also focus its efforts on the implementation of its three new strategies: coexistence with local communities, innovation by technology, and thinking and acting based on the field.

Coexistence with Local Communities

- As a company that operates railways as its main business, JR-West cannot survive independent of the communities in which it operates. Thinking from the perspective of the communities we operate in, we will work to establish a comprehensive cooperative network of win-win relationships by strengthening our ties with local governments and other railway companies.
- Specifically, the entire Group will work to:
 - Enhance the value of our railway belts centered on the Kansai urban area,
 - Realize a plus-sum game in the West Japan area, and
 - Invigorate local communities through tourismin order to enrich the lives of the people of the communities in these areas.

Innovation by Technology

- As we enter an era of declining population, JR-West will undertake such challenges as the:
 - Transference of technical skills and improvement of technical and operational skills,
 - Resolution of issues through sophisticated technologies, and
 - Reform of the railway operation systemto ensure the sustainable growth of the Company.

- Specifically, the goal of the railway operation system reform will be to apply widely used technologies, as well as technologies in the fields of information and telecommunications, to further the:

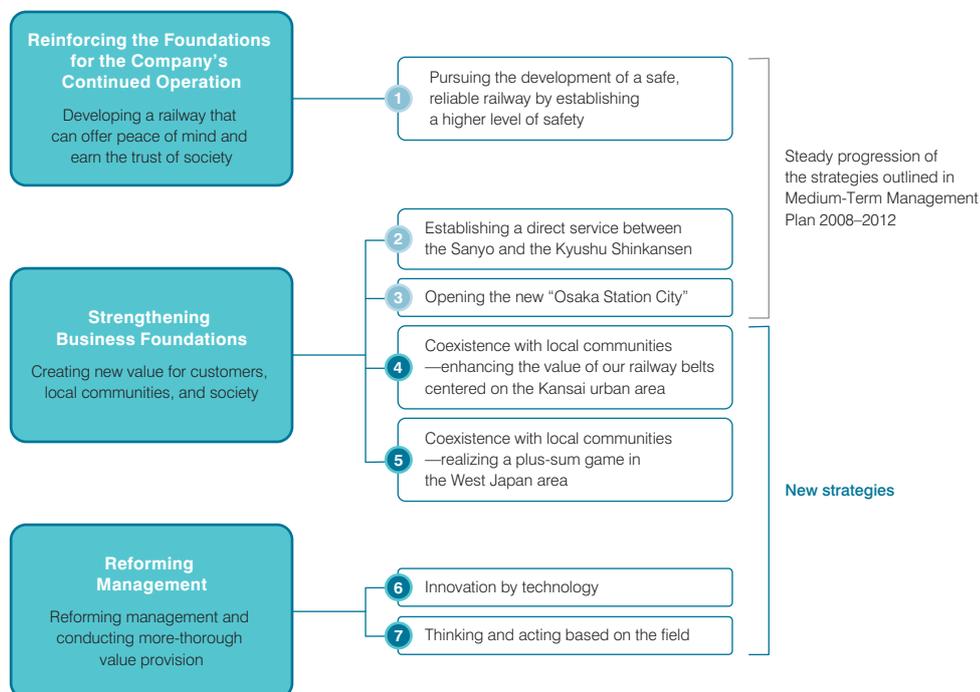
- Development of a new safety system,
- Development of an energy-saving railway system, and
- Innovation of traffic control and maintenance systems by utilizing network technology

in order to enhance safety, lower the fixed costs associated with railway operations, and reduce the amount of labor required for maintenance.

Thinking and Acting Based on the Field

- Employees utilizing the skills that they have learned “on the field of play” play a major role in enhancing safety and improving customer satisfaction. Also, ideas to further cost reductions and technological development are often found on the field. In recognizing this, we have defined “changing our operational frameworks from the perspective of the business field” as one of our principal directives. Accordingly, we realize that issues that occur on the field are also important management issues, and we will tackle these issues head-on with renewed vigor.
- Specifically, based on the results of company revitalization and reform initiatives, from the viewpoints of:
 - Focusing on actual “places,” “materials,” and “people” on the field,
 - Solving problems autonomously on the field,
 - Solving problems through the bottom-up approach, and
 - Simplifying the process of developing strategic measures and decision makingwe will rebuild operational systems based on the field.

KEY STRATEGIES TO REALIZE OUR MANAGEMENT VISION



FINANCIAL OUTLOOK FOR FISCAL 2013

Financial Indicators

Consolidated operating revenues: ¥1,300 billion

Consolidated EBITDA*: ¥266 billion

Consolidated ROA: 3.6%

* EBITDA = Operating income + Depreciation

Total Capital Expenditures for Fiscal 2009 to Fiscal 2013

Consolidated: ¥980 billion

Non-consolidated: ¥780 billion

(safety-related capital expenditures: ¥430 billion)

SHAREHOLDER RETURNS

We aim to create a virtuous cycle of value creation by achieving harmony with our stakeholders in the long-term and increase our overall value (realizing a plus-sum game). To these ends, we plan to offer shareholders robust returns as follows.

We believe providing shareholder returns that are stable in the long-term is an important management responsibility. Therefore, we are aiming for consolidated DOE of 3% in fiscal 2013, based on the expectation that our projects yield sufficient results.

In line with this projection, we raised the dividend payments for fiscal 2011 from ¥3,500 for both the interim and year-end dividends to ¥4,000 for both the interim and year-end dividends, making for total dividend payments of ¥8,000 per share.

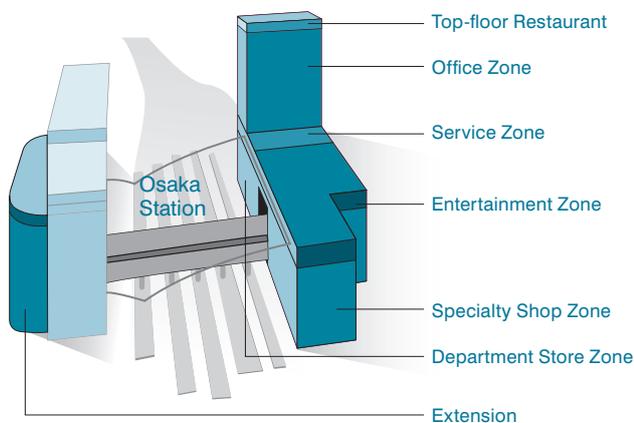
Note: JR-West made a stock split at the ration of 1 share to 100 shares as of June 30, 2011



OPENING OF OSAKA STATION CITY

Used by approximately 850,000 people per day, Osaka Station is the largest terminal station operated by the Company. Additionally, with over 2.5 million people using the facilities in the surrounding area on a daily basis, including those related to other modes of transportation, the Osaka Station railway station could be considered the focal point of West Japan. As a result, we aim to develop Osaka Station into a facility befitting its role as the gateway to Osaka, which in turn will help boost the revenues of the entire Group. At the same time, we hope to revitalize both the area surrounding Osaka Station as well as the Kansai region in general. This integrated plan was named the Osaka Station Development Project, which we have subsequently advanced, conducting investments totaling approximately ¥210 billion. On May 4, 2011, this development project reached a successful end, marked by the grand opening of Osaka Station City.

NEW FACILITIES



NORTH GATE BUILDING

The newly constructed North Gate Building, located on the north side of Osaka Station, is divided into a number of "zones," including the Department Store Zone, Specialty Shop Zone, and Office Zone.

Department Store Zone

The JR Osaka Mitsukoshi Isetan department store, operated by consolidated subsidiary West Japan Railway Isetan Limited, occupies the west side of the North Gate Building on the 12 floors from its second basement floor to the 10th above-ground floor. Following the JR Kyoto Isetan department store, this is the

second store operated by this subsidiary, and it is the fourth department store located in the Umeda District of Osaka. While the total area of the sales floor is only 50,000m², smaller than that of the other department stores in the surrounding area, it features a unique atmosphere as the first department store to carry both the Isetan and Mitsukoshi names. Merging elements from both of its namesakes, JR Osaka Mitsukoshi Isetan features a number of uniquely arranged areas that mix the fashion traditionally provided by Isetan with the cultured and artistic nature characteristic of Mitsukoshi. In this way, JR Osaka Mitsukoshi Isetan is an entirely new type of department store, which is one of the reasons it has become popular among shoppers.

Specialty Shop Zone

The east side of the North Gate Building is home to the LUCUA shopping center, which is located on the 11 floors from the first basement floor to the 10th above-ground floor. Operated by consolidated subsidiary JR West Japan Shopping Center Development Company, LUCUA is a shopping center with 198 commercial tenants, roughly half of which are stores that are either the first location opened in Osaka's Umeda District, the first location in the Kansai region, or the first location in all of Japan. The main targets of this shopping center are fashion- and trend-conscious working women to which the center provides a sense of luxury that can be enjoyed in one's daily life and offers the opportunity to realize sensitive, sophisticated lifestyles. These characteristics have earned LUCUA a strong reputation with shoppers, a fact that can be seen in the smiles of the many satisfied customers that fill the shops.

Office Zone

The 14 floors from the 14th to 27th floor in the upper level of the North Gate Building are designated as the Office Zone, spanning a total floor space of approximately 21,000m². Each floor has a floor space of 1,500 m², which is free of obstructions such as pillars, thereby making it easily customized to meet the needs of tenants. This, as well as the convenience of being directly connected to the railway station, has helped this zone earn the praise of the tenants that occupy it. There are currently no vacancies in the Office Zone.

SOUTH GATE BUILDING

Located on the south side of Osaka Station, the South Gate Building is also divided into a number of zones, including the Department Store Zone and Hotel Zone.

Department Store Zone

The South Gate Building's Department Store Zone is currently occupied by Daimaru Umeda. The recent expansion of the South Gate Building increased the sales floor of this zone from 40,000m² to 64,000m², while existing areas of the zone were renovated as well.

Hotel Zone

The Hotel Zone is currently occupied by a hotel operated by consolidated subsidiary Hotel Granvia Osaka Co., Ltd. As part of the recent expansion, this subsidiary opened a restaurant in the LUCUA shopping center, located in the Specialty Shop Zone of the North Gate Building, and expanded the lobby and lounge on the first floor of the hotel. Further, in spring 2012, it plans to open an executive suite floor on the 27th floor of the South Gate Building.

DEVELOPING OPEN SQUARES AND CONNECTING PASSAGEWAYS—ENHANCING THE STATION'S APPEAL

We have developed eight open squares within Osaka Station City in the hope of allowing greater access to all that it has to offer, including access to the station, shopping, and entertainment. We also believe this will help Osaka Station City better offer a sense of relaxation, while also maintaining a level of energy. In addition, we have created underground and elevated passageways (as high as the second floor of a building) that extend in all directions in order to better connect Osaka Station City with its surrounding area. These connecting passageways help ease the process of changing to or from private railway or subway lines as well as offer smooth access to and from the surrounding area. The Company has also renovated the facilities of the railway station, creating new ticket gates and concourses, as well as built dome-shaped roofs, which are the symbol of this development project, over the platforms. Moreover, many measures have been taken to ensure that Osaka Station City is friendly toward the environment, including the installation of solar power generators to utilize natural energy. The efficient use of energy is promoted by taking advantage of dry mist cooling systems to reduce the

need for air conditioning and installing double glazed windows in office buildings to provide better insulation. In addition, effective use is made of collected rainwater. Also, we have placed garbage reciprocals with divisions for different types of garbage on platforms to promote recycling and are actively reusing resources to lower the environmental impact of Osaka Station City.

IMPROVING RAILWAY ACCESS TO OSAKA

In March 2011, JR-West revised its timetables with the aim of encouraging people from areas throughout its service area to visit Osaka by train. Special rapid services on weekends and public holidays using trains with 12 cars were introduced on the line spanning from Himeji to Maibara. Additionally, the number of rapid services connecting directly to Osaka Station from Takarazuka, Kansai International Airport, and Nara were increased from two trains per hour to four trains per hour during the daytime.

COOPERATING WITH LOCAL BUSINESSES TO ATTRACT CUSTOMERS

The area surrounding Osaka Station is densely populated by businesses. While these businesses serve as competition for the Group's commercial facilities in this area, we think it is important that we work together with these businesses in order to improve the appeal of this area, thereby attract more visitors to the area. The Company is a member of the Umekita Phase 1 Development Area Project TMO Committee, which consists of three companies in addition to the Company: Hankyu Corporate, Hanshin Electric Railway Co., Ltd., and Mitsubishi Estate Co., Ltd. Together with these companies, JR-West has established the Umeda Area Management Organization. In addition, it also jointly develops area maps, actively holds a number of promotional events, communicates information regarding these events as well as the development project itself via the Internet, and conducts other area management activities.



DIRECT SERVICES WITH THE KYUSHU SHINKANSEN LINE

On March 12, 2011, in conjunction with the commencement of operations of all sectors of the Kyushu Shinkansen, the Company began offering direct services between the Sanyo and Kyushu Shinkansen lines. Using these new direct services, passengers can travel between Shin-Osaka Station and Kago-shima-Chuo Station in as little as 3 hours and 45 minutes, and between Shin-Osaka Station and Kumamoto Station in as little as 2 hours and 59 minutes. Unfortunately, the start of these services was overshadowed by the Great East Japan Earthquake, which occurred on March 11, 2011, the day before the opening ceremony. Despite the circumstances in which the services were launched, we are aiming to offer a higher quality Shinkansen-travel experience through these direct services by introducing new rolling stock based on the state-of-the-art, highly reliable N700 Series trains. At the same time, we are working to stimulate tourism demand in Kyushu by advertising the appeal of Kyushu's various sightseeing spots. Due to these and other efforts, the direct services have produced notable results in the months after being launched.

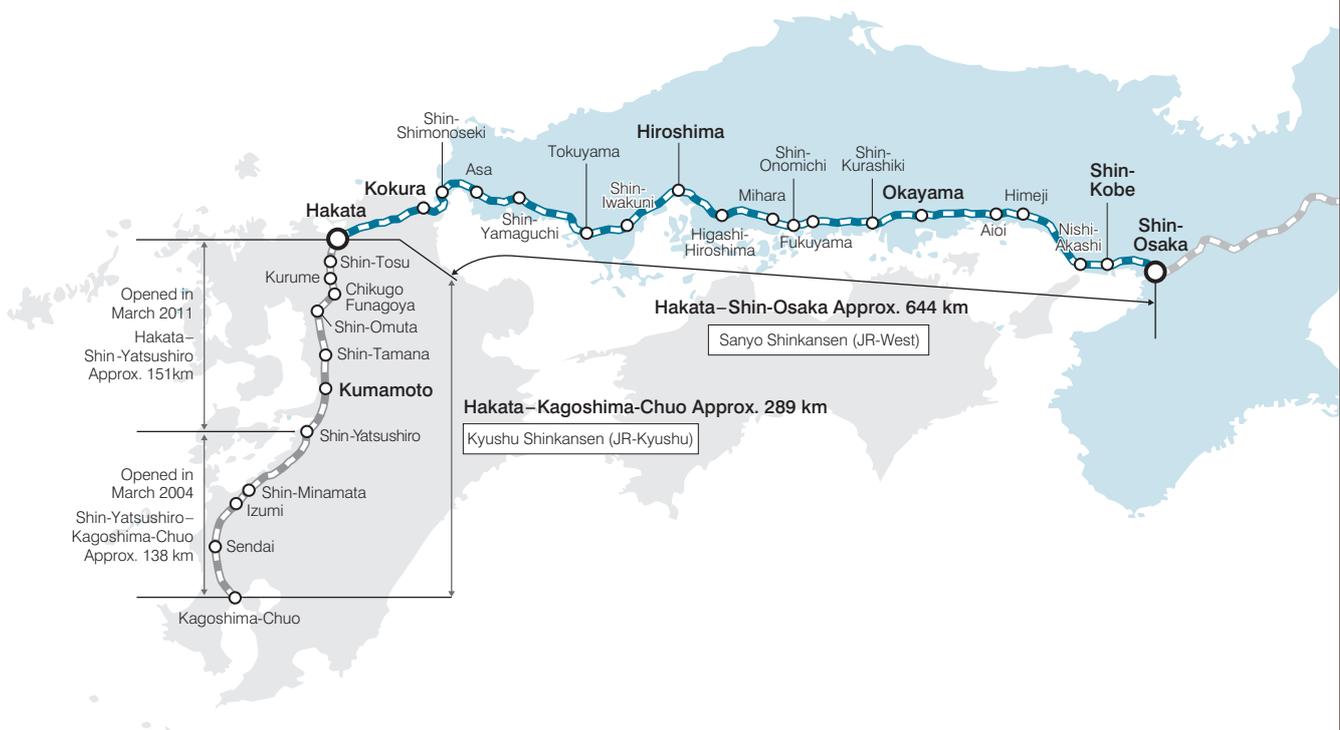
Further, we launched the online reservation service "e5489" in March 2011. This service increases the convenience of railway travel by allowing passengers to reserve tickets online for the Mizuho and Sakura Shinkansen services, which are used on the new direct services, as well as for the Company's traditional Nozomi and Hikari Shinkansen services. JR-West is also taking steps to ensure that its Shinkansen services offer sufficient price

competitiveness relative to airlines. For example, the newly introduced "e-early reservation discount tickets" feature reduced prices. Using these tickets, a passenger can travel between Shin-Osaka and Kagoshima-Chuo stations for ¥17,000 one way, and between Shin-Osaka and Kumamoto stations for ¥14,400 one way.

Going forward, the Company will implement a number of initiatives geared toward boosting usage of the Sanyo Shinkansen. These will include conducting promotional tourism campaigns in coordination with local governments and raising the degree of cooperation with JR-Kyushu with the aim of encouraging more exchanges between Kyushu and major areas in West Japan, such as the Kyoto–Osaka–Kobe area, Okayama, and Hiroshima. Further, we intend to revise timetables next spring to introduce new rolling stock and increase the number of trains offering direct services. Through such efforts, our aim is to significantly improve our market share of the combined air travel–railway market, increasing our share of travel between the Kyoto–Osaka–Kobe area and Kagoshima from the fiscal 2010's 10% to around 50%, and increasing our share of travel between the Kyoto–Osaka–Kobe area and Kumamoto from fiscal 2010's 32% to around 60%.

A total investment of approximately ¥100 billion is estimated to be necessary to implement these initiatives, the majority of which will be invested in new rolling stock.





SHARE OF PASSENGER MARKET: SHINKANSEN VS. AIRLINES (FISCAL 2010)

		Railways	Airlines	Total
Kyoto–Osaka–Kobe area–Kagoshima	Number of passengers (Market share)	341 people/day (10%)	2,980 people/day (90%)	3,321 people/day —
Kyoto–Osaka–Kobe area–Kumamoto	Number of passengers (Market share)	750 people/day (32%)	1,614 people/day (68%)	2,364 people/day —

Source: Survey on regional passenger flow, Ministry of Land, Infrastructure and Transport

SERVICE, DAILY FREQUENCY, TRAVEL TIME, FARE

	Service	Frequency	Travel Time (Fastest service)	Fare
Shin-Osaka–Kagoshima-Chuo	Mizuho	4 round trips per day	3h 45m	¥21,600 (¥17,000 with e-early reservation discount ticket)
	Sakura	10.5 round trips per day	4h 10m	¥21,300 (¥17,000 with e-early reservation discount ticket)
Shin-Osaka–Kumamoto	Mizuho	4 round trips per day	2h 59m	¥18,320 (¥14,400 with e-early reservation discount ticket)
	Sakura	11 round trips per day	3h 20m	¥18,020 (¥14,400 with e-early reservation discount ticket)

* The fastest Mizuho service runs a total of four times per day in the morning and evening.

TRAVEL TIME (REDUCTION)

	Hiroshima	Okayama	Shin-Osaka
Kumamoto	1h 37m (52m)	2h 14m (52m)	2h 59m (58m)
Kagoshima-Chuo	2h 23m (71m)	2h 59m (72m)	3h 45m (77m)

Note: Travel times are for the fastest Mizuho Shinkansen service.

Times in parentheses represent the reduction in travel time following the establishment of direct services.