

Operating Results by Business Segment

Transportation Operations

JR-West's transportation operations segment consists of railway operations and small-scale bus and ferry services. Its core railway operations encompass 18 prefectures in the western half of Japan's main island of Honshu and the northern tip of Kyushu, covering a total service area of approximately 104,000 square kilometers. The service area has a population of approximately 43 million people, equivalent to 34% of the population of Japan. The railway network comprises a total of 1,195 railway stations, with an operating route length of 5,007.1 kilometers, almost 20% of the total passenger railway length in Japan. This network includes the Shinkansen (Sanyo Shinkansen and Hokuriku Shinkansen), a high-speed

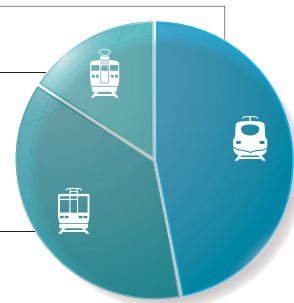
intercity railway line; the Kansai Urban Area, serving the Kyoto–Osaka–Kobe metropolitan area; and other conventional railway lines.

Railway Revenues

Shinkansen

Other Conventional Lines

Kansai Urban Area (Kyoto–Osaka–Kobe Area)



The Shinkansen operated by JR-West consists of the Sanyo Shinkansen and the Hokuriku Shinkansen lines.

The Sanyo Shinkansen is a high-speed intercity passenger service between Shin-Osaka Station in Osaka City and Hakata Station in Fukuoka City. The line runs through several major cities in western Japan, including Kobe, Okayama, Hiroshima, and Kitakyushu. It has a total operating length of 644.0 kilometers and has 19 railway stations, including Shin-Osaka Station. JR-West owns the entirety of the railway facilities related to the existing Sanyo Shinkansen, and with the exception of Shin-Osaka Station owned by Central Japan Railway Company (JR-Central), operates all of the other 18 railway stations.

The Nozomi, Hikari, and Kodama services

have been operating on the Sanyo Shinkansen Line for some years. Many of the Nozomi services allow passengers to travel from Tokyo or Nagoya to the major stations of the Sanyo Shinkansen Line, such as Okayama, Hiroshima, and Hakata, without changing trains. These services are enabled by direct services with the services of the Tokaido Shinkansen Line, which JR-Central operates between Tokyo and Shin-Osaka. In addition, following the March 12, 2011 commencement of operations on all lines of the Kyushu Shinkansen, JR-West launched the Mizuho and Sakura services, which travel directly between the Sanyo Shinkansen and Kyushu Shinkansen lines. These new services enable customers to travel between Shin-Osaka and Kagoshima-Chuo in as little as 3 hours and 42 minutes.

The Hokuriku Shinkansen is one of the new Shinkansen lines approved for construction under the Nationwide Shinkansen Railway Development Act established in 1970. On March 14, 2015, the segment between Nagano Station and Kanazawa Station opened. Of this segment, JR-West is the operator of the Joetsu Myoko to Kanazawa portion. This segment spans a distance of 168.6 operating kilometers. JR-West leases railway facilities and five stations from the Japan Railway Construction, Transport and Technology

Agency, with the exception of Joetsu Myoko Station which is administered by JR-East. JR-West owns and operates the rolling stock.

Services on the Hokuriku Shinkansen line between Tokyo and Kanazawa include Kagayaki, the fastest service which operates the segment in two hours 28 minutes only stopping at a limited number of stations, and Hakutaka, which stops at every station in the Hokuriku area. In addition, the Tsurugi services are also offered, which are shuttle services between Toyama and Kanazawa.

Transportation Revenues

¥375.9 billion

(Billions of yen)



Number of Passengers

69 million

(Millions of passengers)



Core Initiatives

Further enhancing revenue of Shinkansen as a pillar of businesses going forward

I. Heightening competitiveness

Enhancing safety, comfort and convenience

- Introducing N700A rolling stock
- Reducing mobile phone no-service areas

Strengthening Internet marketing

- Expanding membership for Internet reservations

Enhancing convenience, appeal of stations and in-station facilities

- Shin-Osaka, Kanazawa, Toyama, Hiroshima, Himeji, etc.



Shinkansen N700A



Eki Marché Shin-Osaka (in-station stores)

II. Stimulating tourism demand

Tourism development

- Tourism development that leverages Destination Campaigns and enhancing and solidifying wide-area tourism routes through collaborating with local partners

Fostering tourism demand among seniors

- Expanding membership for "Otonabi" membership service for senior customers, strengthening CRM

Capturing inbound visitor demand → See page 17 for more details.

Campaign commemorating 40th anniversary of opening all lines of Sanyo Shinkansen

- Implementing promotions to encourage people to visit Kansai
- Enhancing wide-area tourism routes



"Otonabi" membership service for senior customers



Destination Campaign



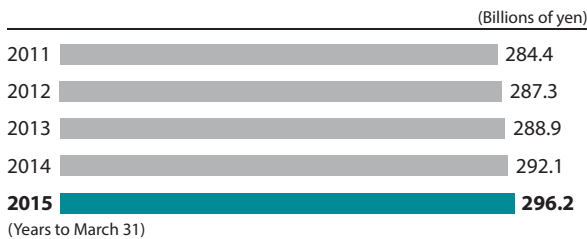
The Kansai Urban Area comprises the densely populated metropolises and surrounding areas of Kyoto, Osaka, and Kobe. (Population of the Kyoto–Osaka–Kobe metropolitan area is more than 20 million.) It has an operating route length of 946.0 kilometers, forming a comprehensive network stretching across the entire Kyoto–Osaka–Kobe Area.

The Kansai Urban Area includes the section of the Fukuchiyama Line between Tsukaguchi Station and Amagasaki Station, the location where JR-West caused a terrible accident on April 25, 2005, resulting in a substantial loss of the trust we have built with customers and society. We recognize that redoubling our efforts to prioritize safety and regaining that trust is one of our highest management priorities.

Furthermore, we held the grand opening of Osaka Station—the largest JR-West-operated hub station—as OSAKA STATION CITY on May 4, 2011. Osaka Station serves as the gateway to the Kansai region as well as the gateway into Osaka itself. For this reason, we hope that OSAKA STATION CITY will serve as a new landmark in Osaka, a landmark that embodies a sense of flair and sophistication befitting its role as a gateway. This strong desire was a key factor in our naming of OSAKA STATION CITY. Furthermore, it is our wish that it will come to be loved by all who visit it as a “city” that is both highly appealing and convenient.

Transportation Revenues

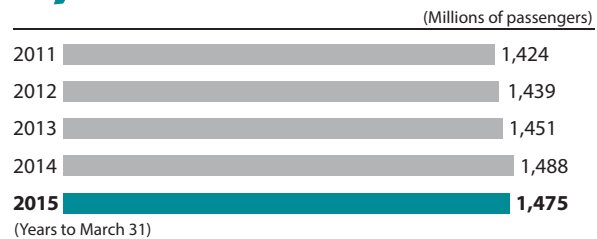
¥296.2 billion



(Years to March 31)

Number of Passengers

1,475 million



(Years to March 31)



- Boundary Stations between JR-West and Other JR Companies
- Shinkansen Line (Bullet Train)
- Intercity Lines
- Regional Lines
- Osaka Loop Line
- JR Kobe Line (Osaka–Himeji)
- JR Kyoto Line (Osaka–Kyoto)
- Biwako Line (Kyoto–Nagahama)
- Kosei Line (Yamashina–Omi-Shiotsu)
- JR Tozai Line (Kyobashi–Amagasaki)
- JR Yumesaki Line (Nishi-Kujo–Sakurajima)
- JR Takarazuka Line (Osaka–Sasayamaguchi)
- Sagano Line (Kyoto–Sonobe)
- Gakkentoshi Line (Kyobashi–Kizu)
- Nara Line (Kyoto–Kizu)
- Yamatoji Line (JR-Namba–Kamo)
- Hanwa Line (Tennoji–Wakayama)
- Kansai Airport Line (Hinenno–Kansai Airport)
- Osaka Higashi Line (Hanaten–Kyuhoji)



Core Initiatives

Expanding usage by advancing initiatives while collaborating with local partners and other businesses

I. Enhancing the value of railway belts

Creating railway belts that people want to reside in and are easy to use

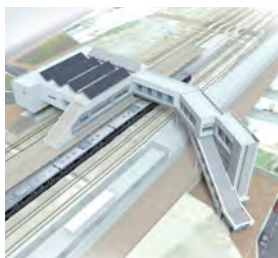
- Improving safety and comfort through introduction of new rolling stock
- Opening new stations (Maya*, Higashi Himeji*)
*Spring 2016, provisional name
- Enhancing convenience, appeal of stations, in-station facilities, and surrounding areas

Osaka Loop Line Renovation Project

- Timetables easier to use
- Promoting renewal of stations and in-station development

Promoting more-seamless service

- Expanding ICOCA (IC card) area and expanding collaboration with private railways, etc.



New Maya Station



大阪環状線改造プロジェクト

Osaka Loop Line Renovation Project

II. Promoting urban tourism

Expanding usage through collaboration with tourism facilities along our railways

- New Harry Potter attraction area at Universal Studios Japan
- OSAKA STATION CITY (LUCUA Osaka), etc.

Kyoto Railway Museum opening effect

- Invigorating Kyoto Umekoji area through collaboration with the local partners
- Initiatives to attract customers from a wide area, as one special feature of urban tourism
- New JR Shichijo Station (Spring 2019, provisional name)

Promoting use of inbound tourists → See page 17 for more details.

Providing information about Kansai urban tourism

- "MY FAVORITE KANSAI"(website)



Kyoto Railway Museum



JR-West's other conventional lines comprise intercity transport provided by limited express and express services, regional transport for commuters and students in and around regional hub cities such as Hiroshima and Okayama, and local lines with low transport density. The other conventional lines have an operating route length of 3,248.5 kilometers.

The operating environment for other conventional lines continues to be difficult due to the declining population of the areas they serve. However, considering that this network plays a role as a feeder for Shinkansen services as well as functions as a vital part of the overall JR-West railway network, we are working to undertake various management efforts, while placing priority on ensuring safety.



Topics

Providing a unique rail travel experience rediscovering the beauty of Japan aboard the Twilight Express Mizukaze

The Twilight Express Mizukaze, which is scheduled to begin operating in the spring of 2017, will replace the original Twilight Express that was operated until March 2015.

Passengers will have the opportunity to enjoy the breathtaking scenery of the Sea of Japan, Mt. Daisen, and the beautiful Seto Inland Sea archipelago unfold from the windows. The train will also stop along the way to provide unique local historical and cultural experiences for passengers.



Overview

Schedule: One-night two-day one way and two-night three-day packages will be available, which will include one round trip tourist stop a day.

Departure/Arrival stations: Trains will depart from Kyoto/Osaka, and Shimonoseki stations and end in Shimonoseki and Osaka/Kyoto.

Route: The train will be operated on the Sanyo Main Line and San-in Main Line.

Passengers will be treated to tourism opportunities as well as ample hospitality and events expressing the attractiveness of the route during their itinerary.



JR-West's transportation operations segment includes bus and ferry services. In our bus services, we worked to enhance customer convenience with measures including transportation improvements and flexible pricing schemes designed around usage trends.

In our ferry services (the Miyajima Line), we established a sales structure to handle the peak customer season, and took other steps to secure revenue.



Fiscal 2015 Results
for the
Transportation
Operations
Segment

(Year Ended
March 31, 2015)

Operating revenues for the Transportation Operations segment increased 2.0% from the previous fiscal year to ¥868.4 billion, with operating income up 10.6% to ¥100.6 billion.

In transportation operations, JR-West implemented a timetable revision in March 2015, began commercial operation of Kagayaki, Hakutaka, and Tsurugi trains following the opening of the Nagano–Kanazawa segment on the Hokuriku Shinkansen, and transferred operation of parallel conventional lines to semi-public corporations. In the Hokuriku area, we newly introduced limited express Noto Kagaribi and Dinostar trains, shortened the travel times for certain Nozomi trains on the Sanyo Shinkansen, and enhanced convenience for the Osaka Loop Line. In the Hiroshima area, we introduced 227-series commuter trains, opened Shin-Hakushima Station between Hiroshima and Yokogawa stations, and improved access to central Hiroshima through direct links with the Astram Line. JR-West also began construction on the extension of the Kabe Line, with completion scheduled for spring 2017.

For the sections of the San-in Line, Yamaguchi Line, and Sanko Line where services had been suspended from the previous fiscal year as a result of heavy rains, we were able to resume operations by August 2014 with the cooperation of local authorities and residents. During the subject fiscal year, services were also suspended from August to September 2014 on segments of the Fukuchiyama and Kabe lines, but full operations have now resumed. Of note, with the approach of Typhoon Vongfong in October 2014, to prevent damage we suspended all operations on conventional lines in the Kyoto–Osaka–Kobe area, giving prior notice to customers.

In marketing initiatives, JR-West implemented measures to stimulate demand among seniors by launching special discount “Nori-nori Kippu” tickets for customers 60 and older and the “San-in Meguri Pass 50”, and launching the “Otonabi” service to provide special discount tickets and travel packages to

persons 50 and older. To expand services for overseas visitors to Japan, JR-West expanded areas with free public Wi-Fi services, launched a free public Wi-Fi service on Haruka limited express trains, and set up a new ticket reservation office for overseas visitors at Kansai Airport Station. In addition, taking into consideration competition with other modes of transport, JR-West made efforts to promote use of the Shinkansen, including expanding the designated segments for “Super Haya-toku” early discount tickets, conducting a campaign to commemorate the 40th anniversary in March 2015 of the opening of all lines of the Sanyo Shinkansen, launching the “USJ Special Ticket,” conducting the “Remember Kyushu Campaign,” and selling commemorative tickets in conjunction with JR Kyushu. In accordance with the opening of the Kanazawa segment of the Hokuriku Shinkansen, we took steps to expand the use of services in the Hokuriku area, including publicizing basic information on timetables, travel times, and tickets, and expanding the online tickets available through the “e5489” service, as well as selling and promoting use of travel packages allowing broad excursions across the Hokuriku and Shinetsu regions. We also conducted a “Destination Campaign” for Wakayama as part of a nationwide promotion by JR Group companies.

In terms of measures to establish mutually beneficial relationships with local communities, JR-West opened a special website for the “San-in limono Tankentai” program conducted in conjunction with local partners, and concluded a comprehensive agreement with Okayama Prefecture regarding stimulating tourism and other measures.

Other initiative to achieve coexistence with communities include the establishment of a dedicated Sanin Good Thing Expedition website in collaboration with local partners and the conclusion of a comprehensive agreement concerning the promotion of tourism with Okayama Prefecture.

Operating Revenues

¥868.4 billion

(Billions of yen)

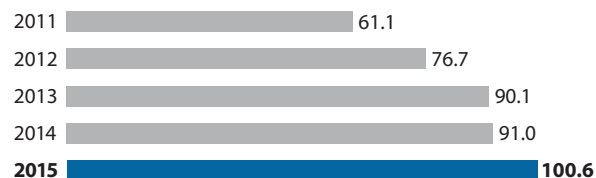


(Years to March 31)

Operating Income

¥100.6 billion

(Billions of yen)



(Years to March 31)

Non-Transportation Operations

JR-West's non-transportation operations segment comprises three operations: retail business, real estate business, and other businesses. Those operations contribute to the sustainable growth of the Group as a whole by vigorously taking advantage of their assets, improving services for customers using railway services and customers in areas alongside railway lines, as well as providing high-quality services that are safe and reliable to further increase the appeal of railway stations and earn the increased trust of customers. The Railway Operations Headquarters and the Business Development Headquarters will increase the value of its railway belts through initiatives that entail collaboration with local communities to develop individual railway stations and their surrounding areas.

In development initiatives, our basic approach is to clarify management responsibility in order to accelerate operational development and pursue development through Group companies. In

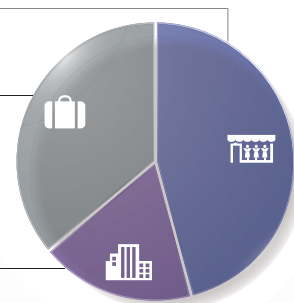
accordance with that approach, we will develop commercial facilities in and around railway stations as well as areas between railway stations, and conduct operations that use idle land for the development and sale of condominiums. Also, in order to foster earnings mainstays for the next era, JR-West is furthering initiatives to create new businesses through collaboration both inside and outside the Group.

Non-Transportation Revenues

Retail Business

Other Businesses

Real Estate Business



Operating Revenues

¥481.8 billion

(Billions of yen)



Operating Income

¥42.4 billion

(Billions of yen)





JR-West's retail services, centered on railway passengers, consist of convenience stores, specialty stores, and food and beverage outlets located in and around station buildings, as well as department stores such as JR Kyoto Isetan department store.

Fiscal 2015 Results

Operating revenues in the Retail Business segment declined 8.3% from the previous fiscal year to ¥220.1 billion, with operating income down 63.9% from a year earlier to ¥1.5 billion.

For the JR Osaka Mitsukoshi Isetan department store, at the end of July 2014, JR-West began renovation work, and in April 2015, opened the store in LUCUA 1100 as "isetan," with revised strength in sales space creation. In March 2015, we opened Eki Marché Shin-Osaka, a large-scale commercial facility inside the area through the ticket gates, which has been extremely popular. Through our business alliance with Seven-Eleven Japan Co., Ltd. we have opened 70 stores, which have recorded a steady increase in sales, and enhance the appeal of stations.

Operating Revenues

¥220.1 billion

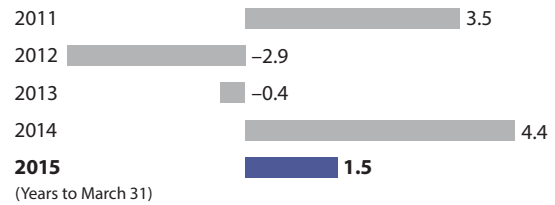
(Billions of yen)



Operating Income

¥1.5 billion

(Billions of yen)



JR-West's real estate business consists of the management of shopping centers in station buildings and other facilities, the operation of large station buildings at hub railway stations, the development of commercial facilities near railway station areas and underneath elevated tracks, and real estate sales and leasing operations for residential and urban development focused on railway lines.

Fiscal 2015 Results

Operating revenues for the Real Estate Business segment decreased 14.7% from the previous fiscal year to ¥87.2 billion, with operating income down 9.4% from a year earlier to ¥25.1 billion.

JR-West made progress with renovation work at major stations, including Shin-Osaka, Hiroshima, and Kanazawa stations, to support future growth. With the opening of the Nagano-Kanazawa segment of the Hokuriku Shinkansen, in an effort to invigorate the region by providing attractive products and services, in July 2014 we opened the "Kanazawa 100 Bangai Anto" commercial facility underneath the elevated tracks at Kanazawa Station, and in

March 2015 opened the renovated "Kanazawa 100 Bangai Rinto" with expanded floor space. We also renovated the "Marier Toyama" facility at JR Toyama Station, and opened "Kitokito Ichiba Toya Marché" underneath the Shinkansen tracks. Further, for the OSAKA STATION CITY North Gate Building, in August 2014, JR-West renovated the East Wing LUCUA section, and for the West Wing "LUCUA 1100," made preparations for the opening in April 2015 of a new type of commercial facility that integrates "isetan" with specialty shops that draw customers and generate buzz. The grand opening was held on April 2, 2015.

In addition, as part of an effort to actively develop areas along railway lines, JR-West acquired property in front of Kishibe Station.

To stimulate business in the area around Osaka Station, JR-West conducted area management activities in association with local business operators. We also developed residential apartments in areas along railway lines, but revenue declined in part due to the rebound from the demand rush that preceded the consumption tax hike in April 2014.



Operating Revenues

¥87.2 billion

(Billions of yen)



(Years to March 31)

Operating Income

¥25.1 billion

(Billions of yen)



(Years to March 31)



JR-West's other businesses consist of the travel agency business operated by Nippon Travel Agency, the hotel business, an advertising agency business, maintenance and engineering services, and other businesses to facilitate the smooth and efficient operation of the mainstay railway business.

Fiscal 2015 Results

Operating revenues for the Other Businesses segment increased 27.2% from the previous fiscal year to ¥174.4 billion, with operating income up 31.8% to ¥15.6 billion.

In hotel operations, JR-West worked to expand sales, including measures to capture demand from overseas visitors. In travel agency operations, JR-West strengthened marketing efforts in response to the increase in overseas visitors, expanded Internet sales, and took steps to increase sales of products that utilize railways. For the ICOCA e-money service, we maximized the effect of nationwide reciprocal service of transport IC cards, and enhanced convenience through such efforts as in-train sales on the Sanyo Shinkansen, and launching ICOCA payment services at shopping centers and shops inside stations in the Hokuriku area. In terms of taking on the challenge of new business fields, for the

agriculture business, to support the development of agriculture in the western Japan area, in April 2014, JR-West made a capital investment in Farm Alliance Management Co., Ltd., and in October 2014, established a business alliance with the rice wholesaler SHINMEI Co., Ltd. For the foods business, JR-West made a capital investment in the food production company Gomangoku Chisatosanso Co., Ltd., and concluded a business alliance with Glocal-i Co., Ltd., in the business of promoting functional foods.

For the golf business, which we expect will face a difficult business environment, with the consent of the local community and club members, in October 2014 we transferred the business to the major golf course operating company Accordia Golf Co., Ltd.

Of note, two companies, DAITETSU KOGYO CO., LTD. and JR WEST BUILT CO., LTD., became consolidated subsidiaries in April 2014. We will continue to pursue efforts to enhance safety and quality in construction and other businesses.

Operating Revenues

¥174.4 billion

(Billions of yen)

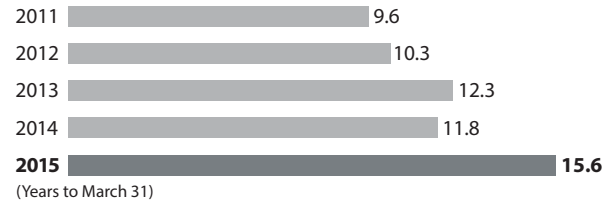


(Years to March 31)

Operating Income

¥15.6 billion

(Billions of yen)



(Years to March 31)

Core Initiatives

Making full use of assets held and increasing the value of railway belts

I. Retail / Shopping center

Qualitative improvements realized by increasing product/service quality and strengthening operating capabilities

- Convert stores to Seven-Eleven Japan allied stores and maximize benefits
 - Approx. 500 stores in five years
 - 70 stores in fiscal 2015, approx. 120 in fiscal 2016 (planned)
- Developing and renewing commercial facilities, and maximizing their opening effects
 - Shin-Osaka, Kanazawa, Toyama, Amagasaki, Akashi, Kurashiki, Matsue, Hiroshima, etc.
 - New "LUCUA osaka"

Actively developing businesses in cities outside our railways in fields where we have strengths

- Developing shopping centers in cities (Suita City)
- Expand budget hotel operations

Capturing inbound visitor demand

➡ See page 17 for more details.



Conversion to Seven-Eleven Japan allied stores



Eki Marché Shin-Osaka (in-station stores)

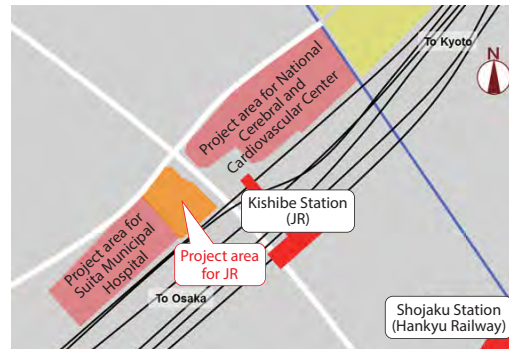
II. Real estate lease

Fully utilizing land and other assets

- Hirooka, Kanazawa City (redevelopment of former sites of Company housing)

Participating in projects in areas surrounding major stations

- Tsukaguchi (acquisition of site in front of station, development of station building and condominium)
- Kishibe (acquisition of site in front of station, development)



Acquisition of site in front of Kishibe Station (former site of Suita Switchyard)

Actively developing operations in regions other than those alongside tracks and those in our service area

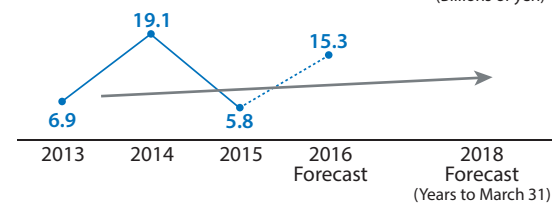
- Tenjin, Fukuoka City (Dec. 2014)
- Tokyo metropolitan area (Nishi-Shimbashi) (June 2014)

III. Real estate sale

Advancing sales of condominiums

- Sales trend of condominiums

(Billions of yen)



(Years to March 31)