

Results for the fiscal year ended March 2014 and Future Initiatives



May 2, 2014

West Japan Railway Company

I . Results for FY2014/3 and forecasts for FY2015/3

Financial Highlights



¥ Billions

	Results FY2013/3 A	Results FY2014/3 B	YoY		Forecasts FY2015/3 C	YoY	
			Increase/ (Decrease) B-A	% B/A-1		Increase/ (Decrease) C-B	% C/B-1
【Consolidated】							
Operating Revenues	1,298.9	1,331.0	32.1	2.5	1,319.5	(11.5)	(0.9)
Operating Income	129.4	134.5	5.0	3.9	117.5	(17.0)	(12.7)
Recurring Profit	104.6	112.9	8.2	7.9	98.5	(14.4)	(12.8)
Net Income	60.1	65.6	5.4	9.0	58.5	(7.1)	(10.9)
【Non-Consolidated】							
Operating Revenues	868.5	873.6	5.1	0.6	874.5	0.8	0.1
Transportation Revenues	769.1	780.6	11.4	1.5	781.5	0.8	0.1
Operating Expenses	766.1	771.8	5.6	0.7	779.5	7.6	1.0
Personnel costs	233.3	235.4	2.0	0.9	233.0	(2.4)	(1.1)
Non personnel costs	342.7	351.6	8.8	2.6	369.0	17.3	4.9
Energy costs	37.1	43.1	5.9	16.1	46.5	3.3	7.9
Maintenance costs	136.5	139.0	2.4	1.8	146.5	7.4	5.4
Miscellaneous costs	169.1	169.5	0.4	0.3	176.0	6.4	3.8
Depreciation	134.7	129.3	(5.3)	(4.0)	127.0	(2.3)	(1.8)
Operating Income	102.3	101.7	(0.5)	(0.5)	95.0	(6.7)	(6.7)
Recurring Profit	77.5	79.9	2.4	3.1	75.0	(4.9)	(6.2)
Net Income	41.9	48.6	6.7	16.1	43.0	(5.6)	(11.7)

Note: Figures in bracket () are negative values.

Non-Consolidated Financial Results

	Results FY2013/3 A	FY2014/3		YoY		Difference from the forecasts Increase/(Decrease) C-B
		Forecasts (As of Jan 30) B	Results C	Increase/ (Decrease) C-A	% C/A-1	
Operating Revenues	868.5	869.5	873.6	5.1	0.6	4.1
Transportation revenues	769.1	778.0	780.6	11.4	1.5	2.6
Other	99.3	91.5	93.0	(6.3)	(6.4)	1.5
Operating Expenses	766.1	770.5	771.8	5.6	0.7	1.3
Personnel costs	233.3	235.0	235.4	2.0	0.9	0.4
Non personnel costs	342.7	349.5	351.6	8.8	2.6	2.1
Energy costs	37.1	43.0	43.1	5.9	16.1	0.1
Maintenance costs	136.5	139.5	139.0	2.4	1.8	(0.4)
Miscellaneous costs	169.1	167.0	169.5	0.4	0.3	2.5
Rental payments, etc.	23.4	23.5	23.6	0.1	0.6	0.1
Taxes	31.7	31.5	31.6	(0.0)	(0.2)	0.1
Depreciation	134.7	131.0	129.3	(5.3)	(4.0)	(1.6)
Operating Income	102.3	99.0	101.7	(0.5)	(0.5)	2.7
Non-operating revenues and expenses	(24.7)	(23.0)	(21.7)	2.9	(12.1)	1.2
Non-operating revenues	6.4	6.2	6.5	0.1	-	0.3
Non-operating expenses	31.1	29.2	28.3	(2.8)	-	(0.8)
Recurring Profit	77.5	76.0	79.9	2.4	3.1	3.9
Extraordinary profit and loss, net	0.1	(1.0)	1.2	1.0	-	2.2
Extraordinary profit	39.9	-	23.8	(16.1)	-	-
Extraordinary loss	39.7	-	22.6	(17.1)	-	-
Net Income	41.9	46.0	48.6	6.7	16.1	2.6

Note: Figures in bracket () are negative values.

Major Factors of Increase/Decrease in Transportation Revenues



¥ Billions

Results FY2014/3					
Transportation revenues		YoY Increase/(Decrease)		Major factors	
		Amount	%		
Shinkansen	364.4	7.4	2.1	Fundamentals 1.4%	5.0
				Special factors	
				Three consecutive holidays (Sep.) and New Year's holiday	1.0
				Inbound demand	0.9
				Strong demand before the consumption tax hike	1.0
				Competitive factors, etc. etc.	(1.1)
Kansai Urban Area* (Kyoto-Osaka-Kobe Area)	292.1	3.1	1.1	Fundamentals 0.7%	1.9
				Special factors	
				Three consecutive holidays (Sep.) and New Year's holiday	0.2
				Opening of Grand Front Osaka	1.0
Other lines*	123.9	0.8	0.7	Fundamentals 0.8%	1.0
				Special factors	
				Three consecutive holidays (Sep.) and New Year's holiday etc.	0.1
Conventional lines	416.1	4.0	1.0		
Total	780.6	11.4	1.5		

Note: Revenues from luggage transportation are omitted due to the small amount.

Figures in bracket() are negative values.

*In transportation revenues for conventional lines, the allocation method for Kansai Urban Area and Other Lines has been revised.

Transportation Revenues and Passenger-Kilometers



Transportation Revenues*

¥ Billions

Passenger-Kilometers

Millions of passenger-kilometers

	Fiscal Year (4/1 ~ 3/31)			3 months (4Q) (1/1 ~ 3/31)		
	FY2013/3	FY2014/3	YoY	FY2013/3	FY2014/3	YoY
Total	769.1	780.6	11.4 1.5%	186.0	190.8	4.7 2.6%
Shinkansen	357.0	364.4	7.4 2.1%	84.6	87.5	2.9 3.5%
Commuter Passes	9.0	9.3	0.2 2.6%	2.2	2.3	0.1 6.8%
Non-Commuter Passes	347.9	355.1	7.1 2.1%	82.4	85.2	2.7 3.4%
Conventional Lines	412.0	416.1	4.0 1.0%	101.4	103.2	1.8 1.8%
Commuter Passes	140.2	141.0	0.8 0.6%	33.4	33.8	0.3 1.1%
Non-Commuter Passes	271.8	275.0	3.2 1.2%	67.9	69.4	1.4 2.2%
Kansai Urban Area (Kyoto-Osaka-Kobe Area)	288.9	292.1	3.1 1.1%	71.0	72.3	1.2 1.8%
Commuter Passes	113.2	113.8	0.5 0.5%	27.1	27.3	0.1 0.6%
Non-Commuter Passes	175.7	178.3	2.5 1.5%	43.9	45.0	1.1 2.5%
Other Lines	123.0	123.9	0.8 0.7%	30.3	30.9	0.5 1.9%
Commuter Passes	26.9	27.1	0.2 0.9%	6.3	6.5	0.1 3.1%
Non-Commuter Passes	96.1	96.7	0.6 0.7%	24.0	24.3	0.3 1.6%

	Fiscal Year (4/1 ~ 3/31)			3 months (4Q) (1/1 ~ 3/31)		
	FY2013/3	FY2014/3	YoY	FY2013/3	FY2014/3	YoY
Total	54,769	55,894	1,124 2.1%	12,986	13,733	747 5.8%
Shinkansen	17,171	17,617	446 2.6%	4,020	4,206	186 4.6%
Commuter Passes	736	762	26 3.6%	177	200	23 13.0%
Non-Commuter Passes	16,434	16,854	419 2.6%	3,842	4,005	163 4.2%
Conventional Lines	37,598	38,276	678 1.8%	8,965	9,527	561 6.3%
Commuter Passes	22,728	23,157	428 1.9%	5,277	5,726	449 8.5%
Non-Commuter Passes	14,869	15,119	249 1.7%	3,688	3,801	112 3.1%
Kansai Urban Area (Kyoto-Osaka-Kobe Area)	28,490	29,012	522 1.8%	6,808	7,233	425 6.3%
Commuter Passes	18,398	18,724	325 1.8%	4,308	4,643	335 7.8%
Non-Commuter Passes	10,091	10,288	197 2.0%	2,499	2,590	90 3.6%
Other Lines	9,108	9,264	155 1.7%	2,157	2,294	136 6.3%
Commuter Passes	4,330	4,433	103 2.4%	969	1,083	114 11.8%
Non-Commuter Passes	4,778	4,830	51 1.1%	1,188	1,211	22 1.9%

Note: Figures in bracket () are negative values.

* The breakdown of transportation revenues is based on certain assumptions.

To better reflect actual circumstances, we have revised the allocation method for revenue from non-commuter passes on conventional lines (Kansai Urban Area and Other Lines).

All figures in the above chart, including results from the previous fiscal year, have been calculated using the new allocation method.

Major Factors of Increase/Decrease in Operating Expenses (Non-consolidated)

¥ Billions

Item	Results FY2014/3			
		YoY		Major factors (YoY)
		Increase/ (Decrease)	%	
Personnel costs	235.4	2.0	0.9	· Increase in the rate of health insurance and employees' pension insurance +1.3, etc.
Energy costs	43.1	5.9	16.1	· Increase in electricity charges and fuel price +5.7, etc.
Maintenance costs	139.0	2.4	1.8	· Difference in progress of maintenance work, etc.
Miscellaneous costs	169.5	0.4	0.3	· Decrease in payments for other JR companies (5.7) · Increase in electricity charges and fuel price +0.9 · Increase in sales charge 0.8 · Increase in system related costs +0.7, etc.
Rental Payments, etc	23.6	0.1	0.6	
Taxes	31.6	(0.0)	(0.2)	
Depreciation and amortization	129.3	(5.3)	(4.0)	· Progress of depreciation and amortization, etc.
Total	771.8	5.6	0.7	

Note: Figures in bracket () are negative values.

Consolidated Financial Results



¥ Billions

	Results FY2013/3 A	FY2014/3		YoY		Difference from the forecasts Increase/(Decrease) C-B
		Forecasts (As of Jan 30) B	Results C	Increase/ (Decrease) C-A	% C/A-1	
Operating Revenues	1,298.9	1,316.0	1,331.0	32.1	2.5	15.0
Operating Expenses	1,169.4	1,186.0	1,196.4	27.0	2.3	10.4
Operating Income	129.4	130.0	134.5	5.0	3.9	4.5
Non-operating revenues and expenses	(24.8)	(23.0)	(21.6)	3.1	(12.9)	1.3
Non-operating revenues	6.8	7.2	7.7	0.9	-	0.5
Non-operating expenses	31.6	30.2	29.4	(2.2)	-	(0.7)
Recurring Profit	104.6	107.0	112.9	8.2	7.9	5.9
Extraordinary profit and loss, net	(4.9)	(4.0)	(1.2)	3.7	-	2.7
Extraordinary profit	41.5	-	26.3	(15.2)	-	-
Extraordinary loss	46.5	-	27.6	(18.9)	-	-
Net Income	60.1	60.5	65.6	5.4	9.0	5.1
<i>Comprehensive Income</i>	<i>55.0</i>	-	<i>67.9</i>	<i>12.8</i>	<i>23.4</i>	-

Note: Figures in bracket () are negative values.

Consolidated Financial Results (Segment Information)



¥ Billions

	Results FY2013/3 A	FY2014/3		YoY		Difference from the forecasts Increase/(Decrease) C-B
		Forecasts (As of Jan 30) B	Results C	Increase/ (Decrease) C-A	% C/A-1	
Operating Revenues* ¹	1,298.9	1,316.0	1,331.0	32.1	2.5	15.0
Transportation	844.9	847.0	851.3	6.4	0.8	4.3
Retail	234.6	236.4	240.1	5.4	2.3	3.7
Sales of goods and food services	134.4	133.6	135.1	0.7	0.6	1.5
Department stores	93.5	94.0	94.5	1.0	1.1	0.5
Real estate	90.9	103.8	102.2	11.3	12.5	(1.5)
Shopping center	55.0	52.7	53.5	(1.5)	(2.9)	0.8
Real estate lease and sale* ³	34.2	49.4	47.1	12.8	37.4	(2.2)
	【6.9】	【21.8】	【19.1】			
Other businesses	128.4	128.8	137.1	8.7	6.8	8.3
Hotel	33.0	33.1	33.4	0.3	1.2	0.3
Nippon Travel Agency	38.8	41.0	41.5	2.6	6.8	0.5
Operating Income* ²	129.4	130.0	134.5	5.0	3.9	4.5
Transportation	90.1	87.7	91.0	0.9	1.0	3.3
Retail	(0.4)	3.1	4.4	4.9	-	1.3
Sales of goods and food services	3.3	-	3.9	0.5	17.6	-
Department stores	(4.0)	-	0.2	4.3	-	-
Real estate	28.0	27.7	27.7	(0.2)	(0.8)	0.0
Shopping center	8.7	-	7.9	(0.8)	(9.5)	-
Real estate lease and sale	8.1	-	10.3	2.2	27.2	-
Other businesses	12.3	11.9	11.8	(0.4)	(4.0)	(0.0)
Hotel	2.3	-	2.0	(0.3)	(13.5)	-
Nippon Travel Agency	0.7	-	0.8	0.0	9.5	-

Note: Figures in bracket () are negative values.

*¹ Operating revenues are the revenues from third parties (= customers).

The breakdowns of operating revenues by each segment are the sums of revenues of major subsidiaries.

*² The breakdowns of operating income by each segment are the sums of incomes of major subsidiaries before eliminating internal transactions.

*³ Figures in bracket 【 】 are the sales of condominiums. (Revenues from third parties) (Included in Real estate lease and sale)

Non-Consolidated Financial Forecasts

¥ Billions

	Results FY2014/3 A	Forecasts FY2015/3 B	YoY	
			Increase/ (Decrease) B-A	% B/A-1
Operating Revenues	873.6	874.5	0.8	0.1
Transportation revenues	780.6	781.5	0.8	0.1
Other	93.0	93.0	(0.0)	(0.0)
Operating Expenses	771.8	779.5	7.6	1.0
Personnel costs	235.4	233.0	(2.4)	(1.1)
Non personnel costs	351.6	369.0	17.3	4.9
Energy costs	43.1	46.5	3.3	7.9
Maintenance costs	139.0	146.5	7.4	5.4
Miscellaneous costs	169.5	176.0	6.4	3.8
Rental payments, etc.	23.6	18.5	(5.1)	(21.7)
Taxes	31.6	32.0	0.3	1.0
Depreciation	129.3	127.0	(2.3)	(1.8)
Operating Income	101.7	95.0	(6.7)	(6.7)
Non-operating revenues and expenses	(21.7)	(20.0)	1.7	(8.2)
Non-operating revenues	6.5	6.6	0.0	-
Non-operating expenses	28.3	26.6	(1.7)	-
Recurring Profit	79.9	75.0	(4.9)	(6.2)
Extraordinary profit and loss, net	1.2	(8.5)	(9.7)	-
Extraordinary profit	23.8	-	-	-
Extraordinary loss	22.6	-	-	-
Net Income	48.6	43.0	(5.6)	(11.7)

Note: Figures in bracket () are negative values.

Transportation Revenue Forecasts

¥ Billions

	Results FY2014/3 A	Forecasts FY2015/3 B	YoY	
			Increase/ (Decrease) B-A	% B/A-1
Shinkansen	364.4	365.9	1.4	0.4
Kansai Urban Area (Kyoto-Osaka-Kobe Area)	292.1	292.1	0.0	0.0
Other lines	123.9	123.3	(0.5)	(0.5)
Conventional lines	416.1	415.5	(0.5)	(0.1)
Transportation revenues	780.6	781.5	0.8	0.1

Note: Revenues from luggage transportation are omitted due to the small amount.

Figures in bracket () are negative values.

Operating Expenses Forecasts (Non-Consolidated)

Item	Forecasts FY2015/3			Major factors (YoY)
		YoY		
		Increase/ (Decrease)	%	
Personnel costs	233.0	(2.4)	(1.1)	<ul style="list-style-type: none"> Decrease in retirement allowance Change in the rate of health insurance and employees' pension insurance, etc.
Energy costs	46.5	3.3	7.9	<ul style="list-style-type: none"> Preparation costs for the opening of the Kanazawa segment of the Hokuriku Shinkansen Rise in fuel costs and renewable energy power promotion surcharge, etc.
Maintenance costs	146.5	7.4	5.4	<ul style="list-style-type: none"> Preparation costs for the opening of the Kanazawa segment of the Hokuriku Shinkansen Rise in construction unit price Increase in testing cost of the gage change trains, etc.
Miscellaneous costs	176.0	6.4	3.8	<ul style="list-style-type: none"> Preparation costs for the opening of the Kanazawa segment of the Hokuriku Shinkansen Increase in system related costs Rise in fuel costs and renewable energy power promotion surcharge, etc.
Rental Payments, etc	18.5	(5.1)	(21.7)	<ul style="list-style-type: none"> Termination of the lease period for Kosei Line, etc.
Taxes	32.0	0.3	1.0	<ul style="list-style-type: none"> Real estate acquisition tax, etc.
Depreciation and amortization	127.0	(2.3)	(1.8)	<ul style="list-style-type: none"> Preparation costs for the opening of the Kanazawa segment of the Hokuriku Shinkansen Progress of depreciation and amortization, etc.
Total	779.5	7.6	1.0	

Note: Figures in bracket () are negative values.

Consolidated Financial Forecasts

¥ Billions

	Results FY2014/3 A	Forecasts FY2015/3 B	YoY	
			Increase/ (Decrease) B-A	% B/A-1
Operating Revenues	1,331.0	1,319.5	(11.5)	(0.9)
Operating Expenses	1,196.4	1,202.0	5.5	0.5
Operating Income	134.5	117.5	(17.0)	(12.7)
Non-operating revenues and expenses	(21.6)	(19.0)	2.6	(12.2)
Non-operating revenues	7.7	8.1	0.3	-
Non-operating expenses	29.4	27.1	(2.3)	-
Recurring Profit	112.9	98.5	(14.4)	(12.8)
Extraordinary profit and loss, net	(1.2)	(9.0)	(7.7)	-
Extraordinary profit	26.3	-	-	-
Extraordinary loss	27.6	-	-	-
Net Income	65.6	58.5	(7.1)	(10.9)
Net income per share(¥)	338.98	302.16	-	-

Note: Figures in bracket () are negative values.

Consolidated Financial Forecasts (Segment Information)

¥ Billions

	Results FY2014/3 A	Forecasts FY2015/3 B	YoY	
			Increase/ (Decrease)	%
			B-A	B/A-1
Operating Revenues* ¹	1,331.0	1,319.5	(11.5)	(0.9)
Transportation	851.3	852.8	1.4	0.2
Retail	240.1	214.3	(25.8)	(10.8)
Sales of goods and food services	135.1	129.8	(5.3)	(4.0)
Department stores	94.5	76.0	(18.5)	(19.6)
Real estate	102.2	89.2	(13.0)	(12.8)
Shopping center	53.5	50.0	(3.5)	(6.6)
Real estate lease and sale* ²	47.1	37.5	(9.6)	(20.4)
	【19.1】	【8.1】		
Other businesses	137.1	163.2	26.0	19.0
Hotel	33.4	34.1	0.6	2.0
Nippon Travel Agency	41.5	41.8	0.2	0.6
Operating Income	134.5	117.5	(17.0)	(12.7)
Transportation	91.0	83.8	(7.2)	(7.9)
Retail	4.4	1.0	(3.4)	(77.4)
Real estate	27.7	23.7	(4.0)	(14.7)
Other businesses	11.8	9.5	(2.3)	(19.9)

Note: Figures in bracket () are negative values.

*¹ Operating revenues are the revenues from third parties (= customers).

The breakdowns of operating revenues by each segment are the sums of revenues of major subsidiaries.

*² Figures in bracket 【 】 are the sales of condominiums. (Revenues from third parties) (Included in Real estate lease and sale)

Consolidated Financial Situation and Statements of Cash Flows

¥ Billions

	As of March 31, 2013 A	As of March 31, 2014 B	Difference increase/(decrease) B-A
Assets	2,613.7	2,687.8	74.1
Liabilities	1,845.5	1,880.5	34.9
Net assets	768.1	807.3	39.2
Balance of Long-term Debt and Payables	983.0	980.7	(2.3)
【Average interest rate (%)】	【2.84】	【2.63】	【(0.21)】
Shinkansen Purchase Liability	244.2	205.1	(39.0)
【Average interest rate (%)】	【5.69】	【5.85】	【0.16】
Bonds	449.9	459.9	10.0
【Average interest rate (%)】	【2.11】	【2.08】	【(0.03)】
Equity ratio (%)	28.5	29.2	0.6
Net assets per share (¥)	3,850.82	4,048.31	197.49

	Results FY2013/3 A	Results FY2014/3 B	YoY increase/(decrease) B-A
Cash flows from operating activities	238.0	237.7	(0.2)
Cash flows from investing activities	(154.7)	(165.3)	(10.6)
Free cash flows	83.2	72.3	(10.8)
Cash flows from financing activities	(85.2)	(47.8)	37.4
Change in cash and cash equivalents, net	(1.9)	24.5	26.5
Cash and cash equivalents at the end of the period	48.3	72.9	24.5

Note: Figures in bracket () are negative values.

Other Data

Persons, ¥ Billions

	Results FY2013/3	Results FY2014/3	Forecasts FY2015/3
ROA (% , Consolidated)	4.9	5.1	4.3
ROE (% , Consolidated)	8.3	8.6	7.5
EBITDA (Consolidated)*1	290.3	288.4	269.5
Depreciation (Consolidated)	160.8	153.9	152.0
Capital Expenditure (Consolidated, own fund)	152.9	166.7	224.0
Capital Expenditure (Non-consolidated, own fund)	124.8	144.5	188.0
Safety related capital expenditure	72.7	89.3	90.0
Dividends per share (¥)	110	115	120

*1 EBITDA = Operating Income + Depreciation

	Results FY2013/3		Results FY2014/3		Forecasts FY2015/3	
	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated
No. of employees at the end of period	45,326	26,889	46,006	27,300	-	-
Financial Expenses, net	(30.0)	(28.9)	(27.5)	(26.3)	(25.5)	(24.5)
Interest and dividend income	0.3	1.3	0.5	1.4	0.5	1.4
Interest expenses	30.4	30.3	28.0	27.8	26.0	26.0

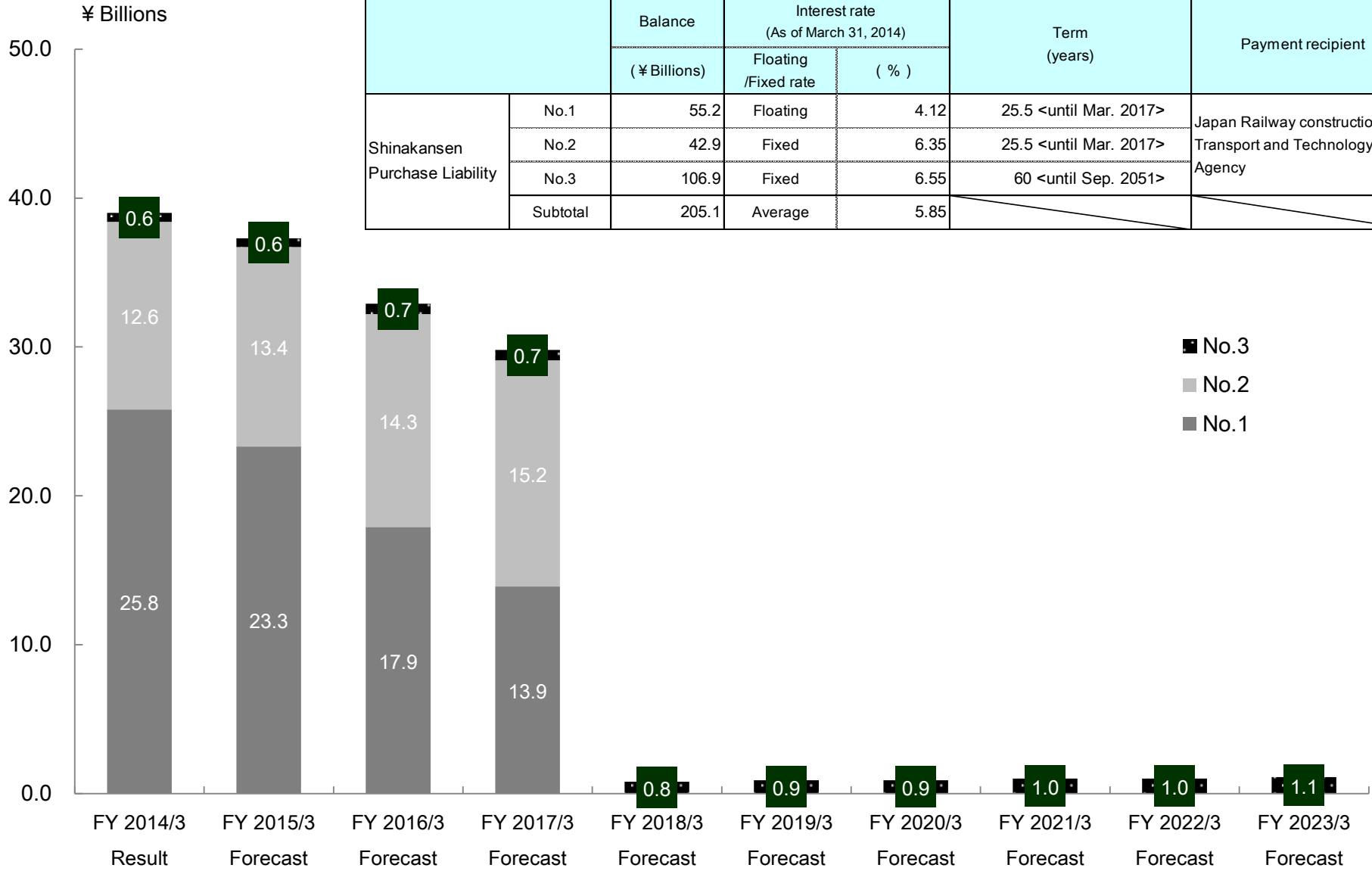
Note: Figures in bracket () are negative values.

Redemption Plan of Shinkansen Purchase Liability



【As of March 31, 2014】

		Balance (¥ Billions)	Interest rate (As of March 31, 2014)		Term (years)	Payment recipient
			Floating /Fixed rate	(%)		
Shinkansen Purchase Liability	No.1	55.2	Floating	4.12	25.5 <until Mar. 2017>	Japan Railway construction, Transport and Technology Agency
	No.2	42.9	Fixed	6.35	25.5 <until Mar. 2017>	
	No.3	106.9	Fixed	6.55	60 <until Sep. 2051>	
	Subtotal	205.1	Average	5.85		



II . Future initiatives

Medium-Term Management Plan 2017, “Our Future Direction—The Ideal Form for JR-West”



In addition to clarifying direction going forward, to realize this direction, we viewed the coming five-years as a “period for contributing to the establishment of a foundation for decisive management” and established priority strategies accordingly.

The “Form of the New JR-West Group” for the next era.



Current Situation

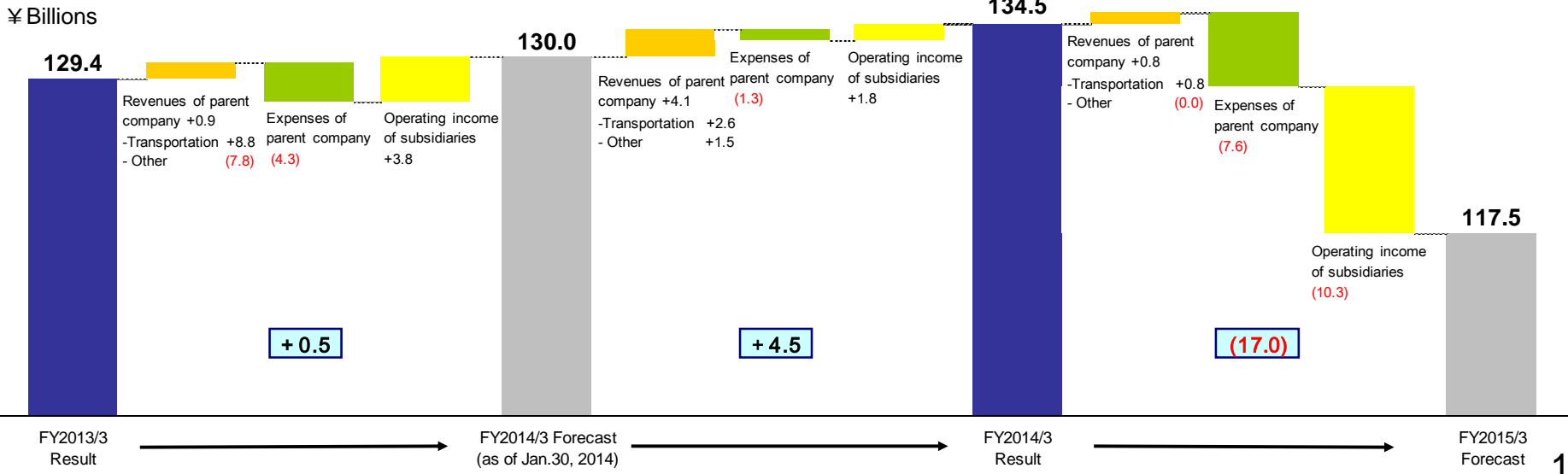
Future ➔ 18

Consolidated Financial Results and Forecasts

¥ Billions

	FY2014/3 Results			FY2014/3 Forecasts		
		YOY Increase/(Decrease)			YOY Increase/(Decrease)	
		Amount	%		Amount	%
Operating Revenues	1,331.0	32.1	2.5	1,319.5	(11.5)	(0.9)
Operating Expenses	1,196.4	27.0	2.3	1,202.0	5.5	0.5
Operating Income	134.5	5.0	3.9	117.5	(17.0)	(12.7)
Recurring Profit	112.9	8.2	7.9	98.5	(14.4)	(12.8)
Net Income	65.6	5.4	9.0	58.5	(7.1)	(10.9)

Trend of consolidated operating income



Major Factors of Increase /Decrease in Operating Income and Expenses

Factors of Increase /Decrease in Operating Expenses (Transportation Operations)

¥ Billions

	Forecasts FY2015/3	
	YoY Increase/(Decrease)	Major Factors
Non-Consolidated	7.6	<ul style="list-style-type: none"> · Preparation costs for the opening of the Kanazawa segment of the Hokuriku Shinkansen +6.6 · Rise in fuel costs and renewable energy power promotion surcharge +3.3 · Rise in construction unit price +3.2, · Termination of the lease period for Kosei Line (5.2), etc.

Factors of Increase /Decrease in Operating Revenues (Non-Transportation Operations)

¥ Billions

	Forecasts FY2015/3*	
	YoY Increase/(Decrease)	Major Factors
Retail	(25.8)	<ul style="list-style-type: none"> · Department stores (18.5) (JR Osaka Mitsukoshi Isetan (17.5) : Decrease due to renovation of the West Wing of the OSAKA STATION CITY North Gate Building, etc.) · Sales of goods and food services (5.3) (Decrease due to renewal works accompanying station improvements (Shin-Osaka, Hiroshima, Kanazawa, etc.), etc.)
Real Estate	(13.0)	<ul style="list-style-type: none"> · Real estate lease and sale (9.6) (Decrease in sales of condominiums (11.0), etc.) · Shopping center (3.5) (Decrease due to renewal works (Shin-Osaka, Kanazawa, etc.), etc.)
Other Businesses	26.0	<ul style="list-style-type: none"> · Construction business +24.6 (DAITETSU KOGYO and its subsidiary newly included in the scope of consolidation +37.5, Decrease in Hokuriku Shinkansen related construction works, etc.)

Note: Figures in bracket () are negative values.

*1 Operating revenues are the revenues from third parties (= customers).

The business environment for JR-West

- Market: Population decline/ aging, Increase in construction costs, Economic upturn, Consumption tax hike, Increase in tourists and overseas visitors
 - Competitors: Airlines (Launch of new routes and increase in frequency on the existing routes by LCCs, etc.)
 - JR-West: A fatal labor accident occurred, The opening of the Kanazawa segment of the Hokuriku Shinkansen in Spring 2015, Renovation of the West Wing of NGB*, Renewal of shopping centers, etc.
- * NGB: OSAKA STATION CITY North Gate Building



Policies for initiatives in FY 2015/3

- For medium-to-long term sustainable growth, steadily build business foundation, by enhancing safety for the second year of the “JR-West Group Medium-Term Management Plan 2017” and the “Safety Think-and-Act Plan 2017”, by opening the Kanazawa segment of the Hokuriku Shinkansen, and by renovating the West Wing of NGB.

Three Basic Strategies: “Safety,” “Customer Satisfaction,” and “Technologies” “Safety” is the highest priority

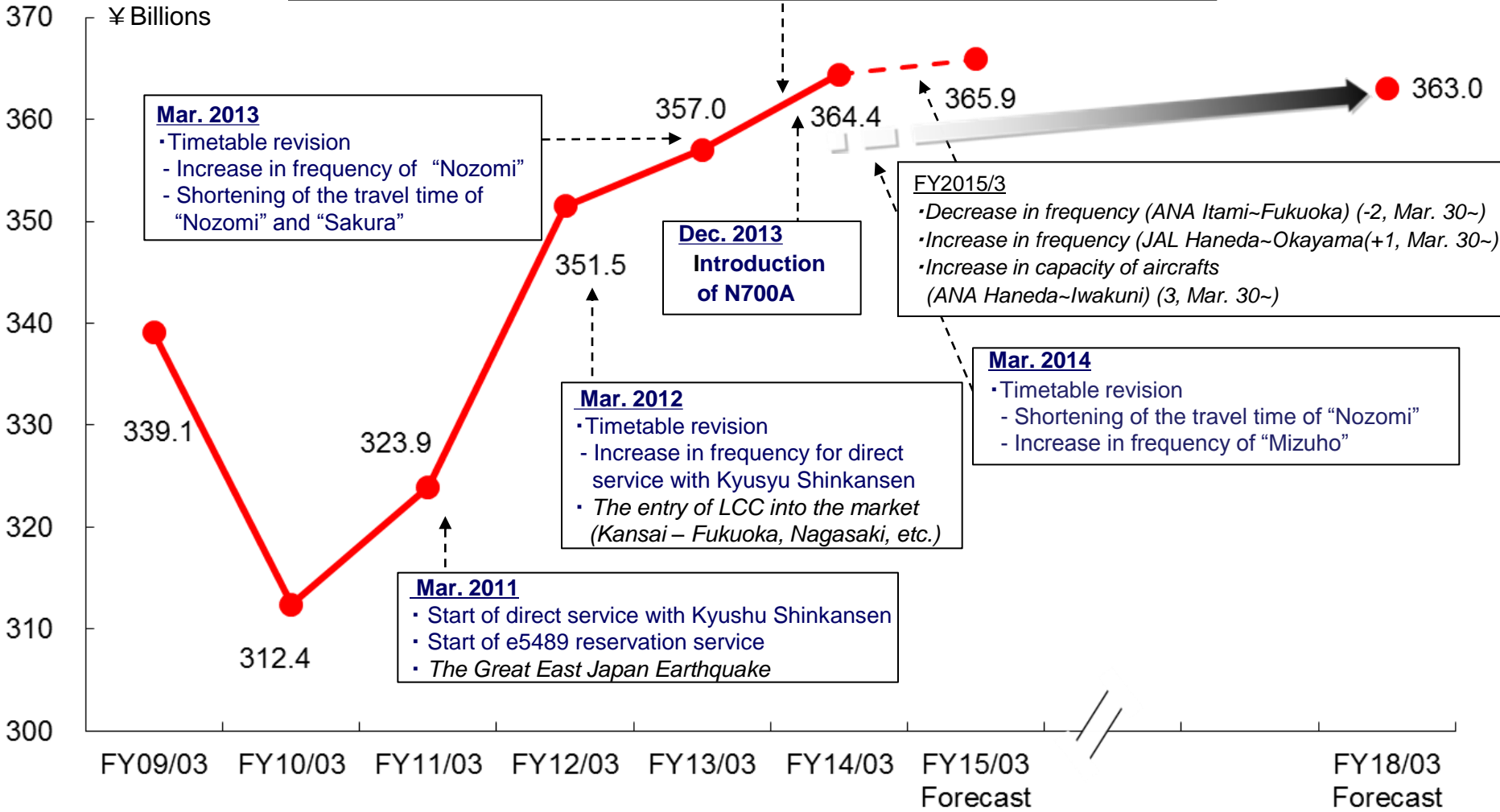
- Pursue measures to achieve the goal of “0, 0” “3, 4, 5”
(Testing of rope-style automatic platform gates, etc.)
- Strengthen measures including risk assessment in response to the fatal labor accident
- Steadily conduct safety-related investments such as seismic retrofiting
- Strengthen measures for increasing natural disasters

Four Business Strategies : “Shinkansen” “Kansai Urban Area” “Other West Japan Area” and “Business Development.” p.22~32

Shinkansen - Enhance 1. Sanyo Shinkansen

*Black italic characters:
Change in external
environment*

FY2014/3
 • Expansion of arrival /departure slots of Haneda Airport (~Fukuoka +6 etc. Mar. 31~)
 • Expansion of slots for low-noise jets at Itami Airport (~Fukuoka+3, ~Kagoshima +1, Mar. 31~)
 • Increase in frequency (ANA Haneda ~ Hiroshima) (+1, Oct. 27~)



Enhance revenue of Sanyo Shinkansen Line further as pillar of businesses going forward

Heighten competitiveness

○ Enhance safety and comfort

- Introduce N700A (Dec. 2013), Modify 16 sets of N700 Series (~ FY2016/3)
- Modify 500 Series “Kodama” to have 4 seats per row in reserved seating areas (8 sets)
- Expand areas in which mobile phones can be used: Shin-Iwakuni ~ Tokuyama (Within 2014)
(Currently Shin-Osaka ~ Shin-Iwakuni)

○ Shorten the travel time and enhance frequency (Timetable revision in Mar. 2014)

《To and From Tokyo metropolitan area》

- Set time between Nozomi departures at about 20 min. during daytime (Hiroshima Station)
Reduce Nozomi /Kodama connection time (Hiroshima Station)
- Increase the number of Nozomi trains that stop at Tokuyama Station
- Reduce by about 3 minutes the time required for the Tokyo~Hiroshima/Hakata segment for certain Nozomi trains

《To and From Kyushu》

- Increase Mizuho service departures and have Mizuho service stop at Himeji
- Increase the number of Sakura trains stopping at Shin-Yamaguchi

○ Enlarge membership of the highly convenient Internet reservation service

- Free of Charge Campaign for the first-year annual membership fee of J-West Express Card, “Sanyo~Tokyo Metropolitan Area” Point Reward Campaign
- Retain business customers by utilizing reward points for the Express Reservation system

○ Expand the product range (Pricing strategy)

- Continue sales of “Super Haya-Toku” tickets:
Shin-Osaka / Shin-Kobe ~ Kokura/ Hakata/ Kumamoto/ Kagoshima/ Nagasaki
- Retain members by establishing exclusive products for J-West Internet Members
- Conduct fine-tuned yield management by controlling seat availability



Tokaido Sanyo Shinkansen
N700A



Direct Service Operations
with the Kyushu Shinkansen
Mizuho/ Sakura



Stimulate tourism demand

○Launch new products

- Launch sales of “Super Haya-Toku” tickets : Okayama/ Hiroshima ~ Kumamoto/ Kagoshima
- Create new demand, Retain members by establishing exclusive products for J-West Internet Members

50歳からの知的な旅クラブ。
Club **D** ISCOVER WEST

Club DISCOVER
WEST

○Promote tourism through working together with local communities

- Develop tourism campaigns : “Remember Kyushu Campaign”, “Wakayama Destination Campaign”

○Stimulate seniors’ travel demand

- Leverage the senior membership services such as “Club DISCOVER WEST” and “Zipangu Club”
- Increase the members through strengthening appeal of member privilege and promoting sales of products for members
- Launch sales of discount tickets for seniors (“Nori-Nori” ticket)

○Create inbound demand

- Develop West Japan tourism routes and products
- Develop tourism routes in cooperation with local areas, etc. (The KIX to Kanazawa route, etc.)
- Expand product range for overseas travelers
- Launch “Hokuriku Area Pass”, Rerelease “Sanin Okayama Area Pass”, Continue “KANSAI WIDE Area Pass”, etc.
- Strengthen sales promotion
- Launch a new website for Taiwan (“JR-West Yo Yo”, Apr. 2014)
- Strengthen promotion in South East Asia as growing markets, besides Korea, Taiwan, and Hong Kong)
- Improve system to support foreign customers
- Expand the multilingual telephone translation service to cover JR-West’s operating area (Jul. 2013)
- Increase the numbers of staffs to guide in foreign languages at major stations including Kyoto Station (Apr. 2013)
- Expand coverage area of free public Wi-Fi for overseas visitors (May 2014)



Website “JR-West Yo Yo”

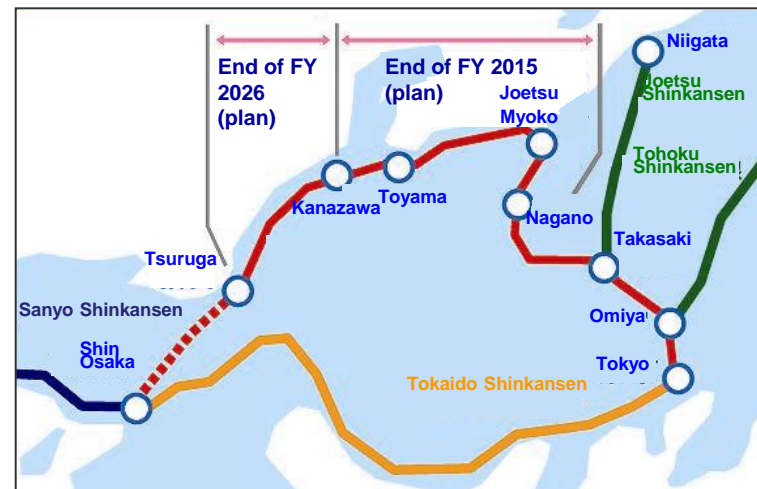


Shinkansen - Enhance 4. Hokuriku Shinkansen

(Overview of Hokuriku Shinkansen Line)

	Nagano - Kanazawa (approx. 230km)	Kanazawa - Tsuruga (approx. 130km)
JR-West's service area	Joetsu (provisional name) - Kanazawa (approx. 170km)	Kanazawa - Tsuruga (approx. 130km)
Beginning of operations	End of FY2015 (plan)	End of FY2026 (plan) (construction commencement authorized on June 29, 2012)
Construction contractor	Japan Railway Construction, Transport and Technology Agency (JR-CT) (JR-West will operate commercial services, paying a usage fee to JR-CT that does not exceed the earnings received.) ^{※1}	
Travel time ^{※2}	Kanazawa-Tokyo: 2h 36m (-71m) Toyama-Tokyo: 2h 17m (-54m)	Undecided
Rolling Stock, etc.	Introduction of 10 trains planned (12 railcars per train)	Will advance practical application of gauge change trains to heighten convenience for passengers when changing between conventional lines and the Shinkansen at Tsuruga Station

(Hokuriku Shinkansen Line Route Map)



*1 Line usage fees are determined at a level (fixed amount) that does not exceed the earnings received and which balances JR-West's revenues and expenses over the 30-year period after beginning operations.

We have not included the increase in revenues and line usage fees in this medium-term management plan because at the present juncture we have not determined the timetables and fare structures that form the basis of their calculation, making objective and rational calculation difficult.

*2 Travel time: This is based on a comparison with the fastest train service to Tokyo using conventional lines as of March 2012 and assumes an average Shinkansen speed of 190km/h.

○ Service types and train names

- Tokyo - Kanazawa, The fastest operation: "Kagayaki" • Toyama - Kanazawa, Shuttle operation: "Tsurugi"
- Tokyo - Kanazawa, Stopping at most stations: "Hakutaka"
- Tokyo - Nagano, Corresponding to existing Nagano Shinkansen service: "Asama"

○ Promote Usage

1. Increase travel between Hokuriku and Tokyo metropolitan area
 - Develop tourism routes in cooperation with communities and travel companies, Conduct Hokuriku Destination Campaign (Oct. - Dec. 2015)
 - Introduce highly convenient Internet reservation service
2. Maintain and increase travel between Hokuriku and Kansai
3. Develop Hokuriku route for travel between Kansai /Hokuriku and Nagano/Niigata

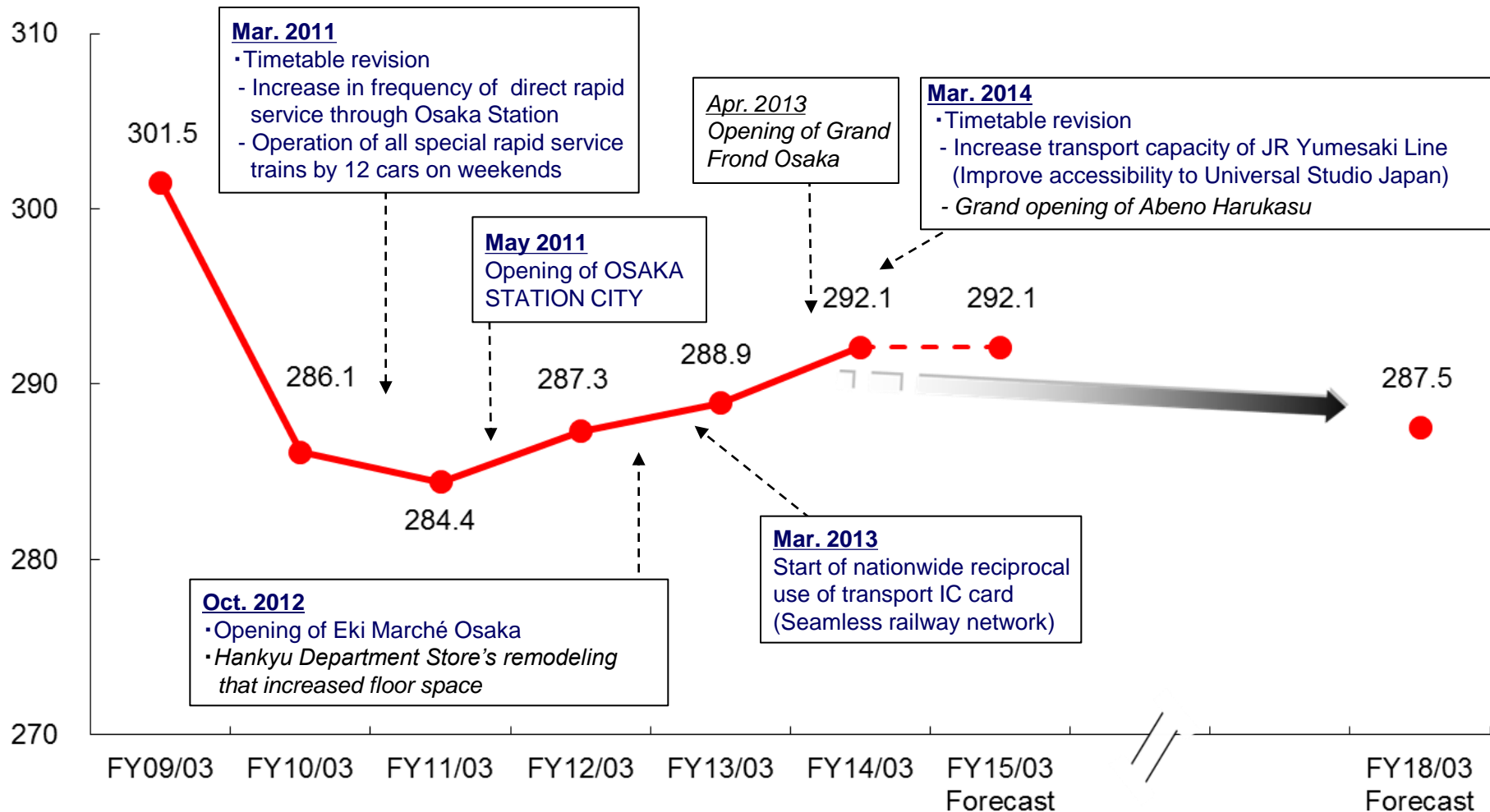
Kansai Urban Area (Kyoto-Osaka-Kobe Area) - Improve 1.



Black italic characters:

Change in external environment

¥Billions



Encourage usage by increasing value of railway belts in Kansai urban area

Make Kansai urban area appealing

○ Create convenient railway belts that people want to reside in

- Integrate station improvement, with community development, such as converting to over-track stations and building new stations
- Enhance and expand lifestyle-related services (Establish a child institution at Otsu, etc.)

○ Osaka Loop Line Renovation Project (Encourage people to visit the area and take the trains)

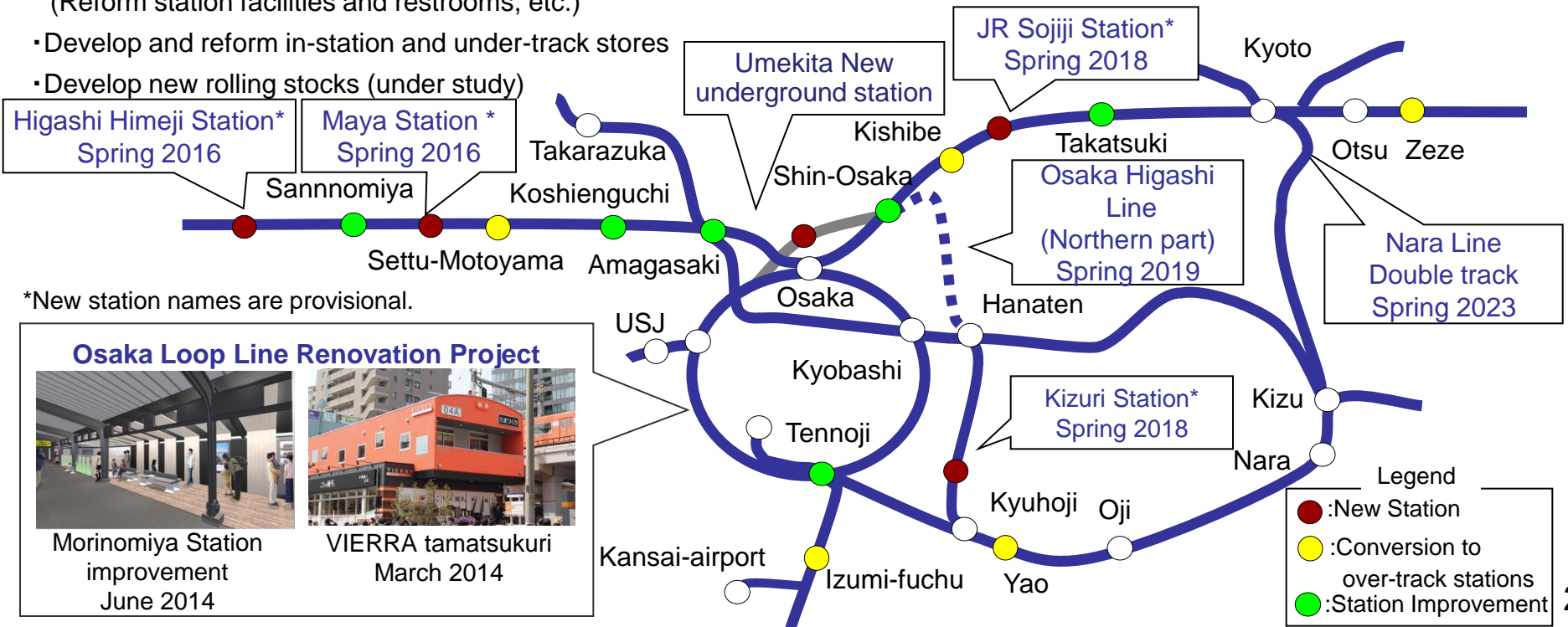
- Make safe and comfortable stations (Reform station facilities and restrooms, etc.)
- Develop and reform in-station and under-track stores
- Develop new rolling stocks (under study)

○ Advance urban tourism

- Boost demand by leveraging the opening of USJ Harry Potter
- Transmit information through mainly the website "MY FAVORITE KANSAI"

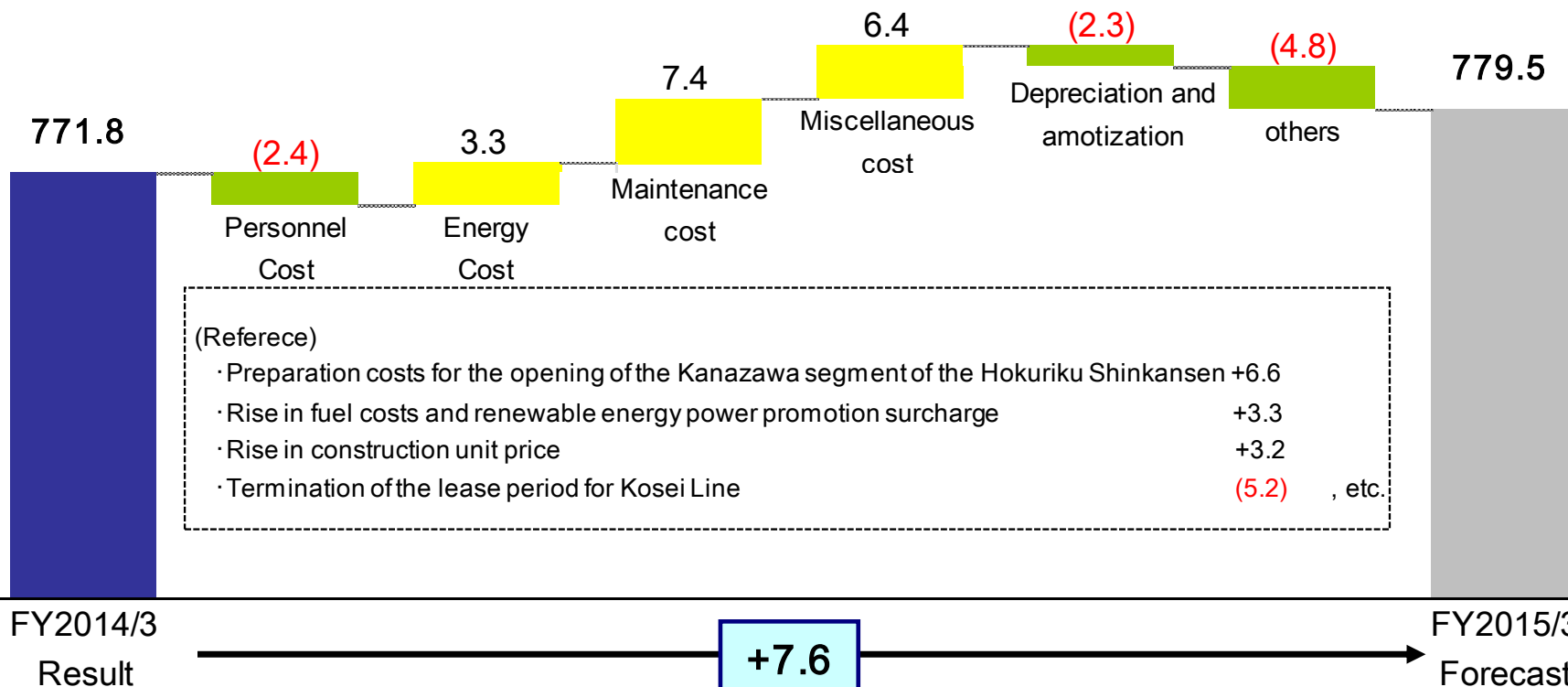
○ Build more convenient railway network

- Consider the new underground station accompanying Osaka Higashi Line (Northern part) and Umekita development
- Advance projects such as making Nara Line double track



Forecasts of Non-consolidated Operating Expenses

Increase/Decrease in Operating Expenses (Non-consolidated)

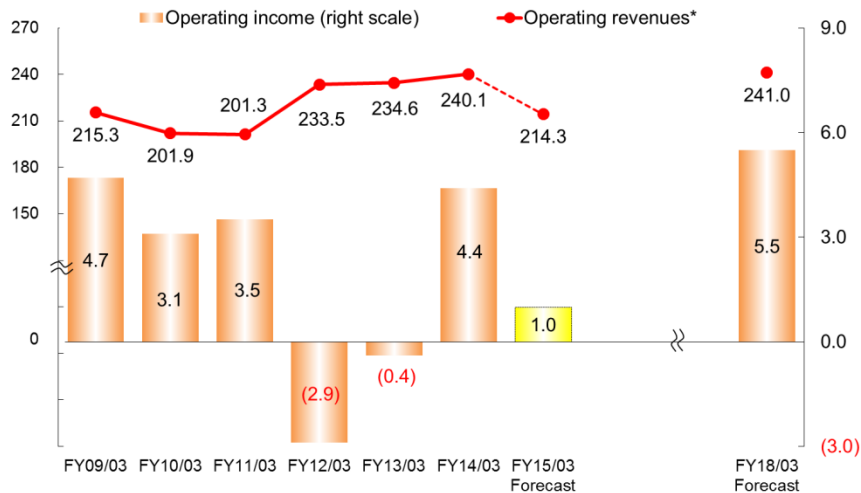


Measures to manage costs over medium-to-long term

- Increase work efficiency and enhance construction capabilities
- Curb rise in equipment and facilities requiring maintenance
- Increase maintenance efficiency

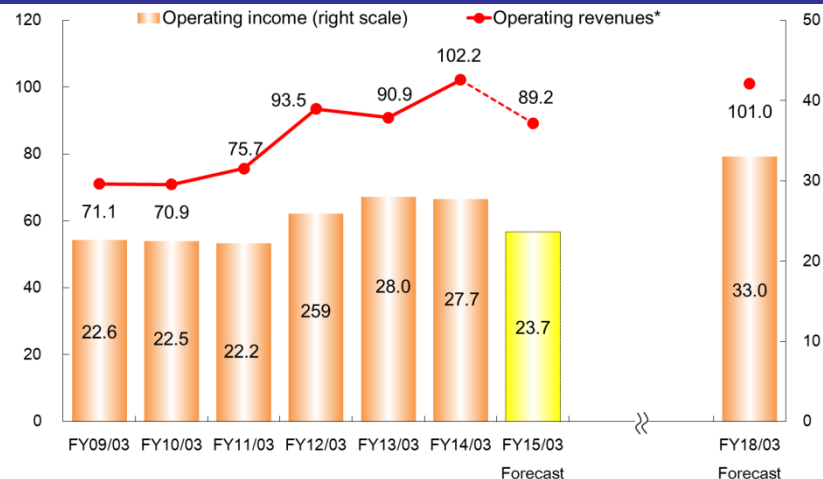
Retail

(¥ Billions)



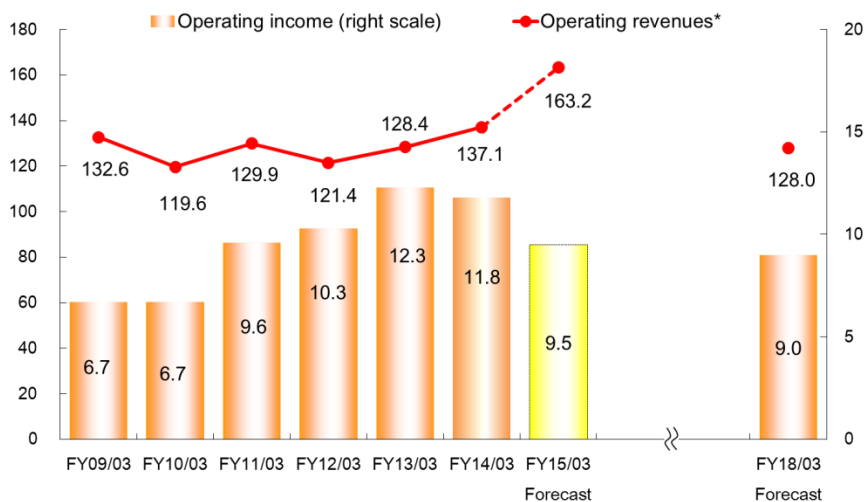
Real Estate

(¥ Billions)



Other Businesses

(¥ Billions)



*Operating revenues are the revenues from the third parties(=customers)

Major factors of Increase/Decrease (Operating Revenues)

○Retail

- Decrease in revenues from Department stores business (Decrease due to renovation of the West Wing of the OSAKA STATION CITY North Gate Building, etc.)

○Real Estate

- Decrease in revenues from Real estate lease and sale business (Decrease in sales of condominiums, etc.)
- Decrease in revenues from Shopping centers business (Decrease due to renewal works, etc.)

○Other Businesses

- Increase in revenues from Construction business (Gain from inclusion of DAITETSU KOGYO and its subsidiary in the scope of consolidation*, etc.)

* Effect: Operating revenues ¥37.5 billions, Operating income ¥0.5 billions (Anticipate about ¥7.0 billions of gains from the negative goodwill)

Establish earnings foundations for JR-West Group aimed at long-term sustainable growth as population declines in earnest

Sales of goods and food services

○ Improve quality by strengthening competitiveness of product, service, and operation

- Reform in-station stores accompanying station improvements (Hiroshima, Amagasaki, etc.)
- **Business alliance with Seven-Eleven Japan**
 - Convert the current in-station stores (approx. 500 stores) to allied stores within about 5 years, and enhance the appeal of stations
 - Project the revenue increase effect of ¥20.0 billions within about 5 years



<The current schedule>

Early Jun. 2014

Plan to open the allied stores at Kyoto(2 stores), Okayama, Shimonoseki, Hakata Station

○ Implement aggressive development in new regions (Budget hotels)

- Transfer of business from ORIX Group (3 hotels) (Asakusa, Shinsaibashi Nagahori-dori, Hiroshima Kanayama-cho) (Re-brand open as “Via-inn” in Jun. 2014)
 - West Japan Railway Hotel Development Limited makes an entry into the business, and manage/ operate the two hotels (Asakusa, Hiroshima Kanayama-cho)
- ⇒ Expand and develop the businesses flexibly by leveraging the comprehensive strengths of JR West Group.

Department stores

○ “OSAKA STATION CITY”

Thorough renovation of the West Wing of North Gate Building

- Combine topical shopping centers and department stores specializing in fields where they have a competitive advantage
 - Renovate to create an entirely new, attractive facility



- Sales Targets
 - Approx. ¥80.0 billion total for East Wing (Lucua) and West Wing
- Outlook for profitability
 - West Japan Railway Isetan Limited: Profitable in FY 2016/3
- Opening schedule
 - In spring 2015 (Plan)

Real estate lease and sale

○ Advance sales of condominiums

• New condominiums for sales in fiscal 2015/3

Name	Location	Handover (Plan)	Houses
MAYA CITY NADA EXCEED※	Nada, Kobe	Aug. 2014	130
J. GRAN SENRIOKA	Suita, Osaka	Mar. 2015	37

※Joint project with other companies

○ Implement aggressive development in new regions

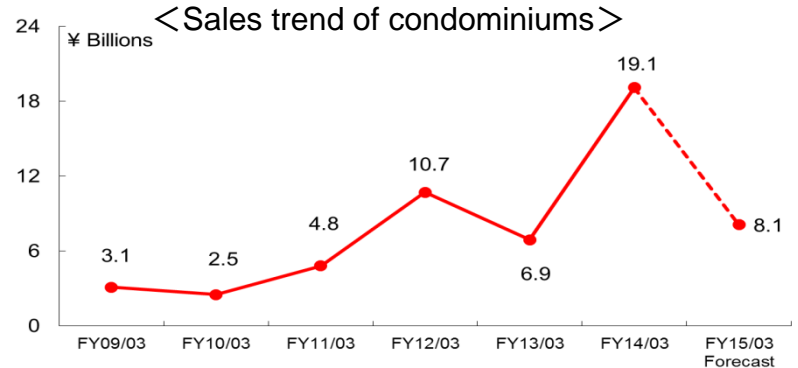
- “Fukuoka Tenjin NK Building”
(CANDEO HOTELS plans to move in) (Open in Fall 2014)
- Invite a grocery store in Northern Kyoto (Open in Fall 2014)

○ Enter business projects near major stations

- Acquire land in front of Tsukaguchi Station (Amagasaki City)
(Make an entry into the business of station building and sales of condominiums)

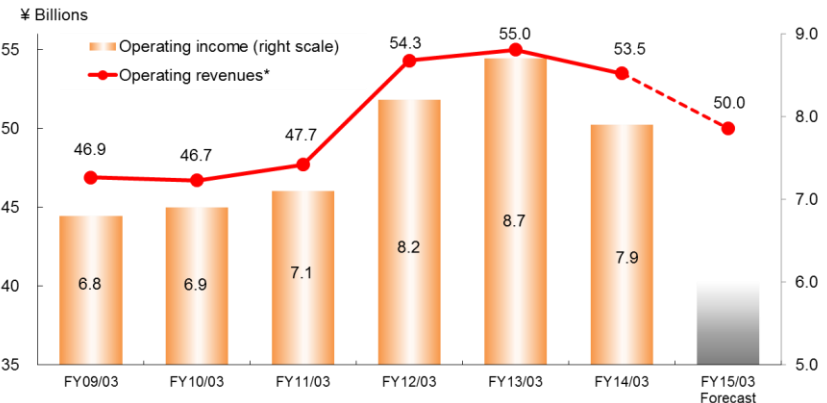
○ Use assets such as lands optimally

- JR Kanazawa Station West Gate No.1 NK Building
(Office building, Plan to complete in May 2014)



Shopping Centers

<Sales and income trend of Shopping centers>



○ Advance new development

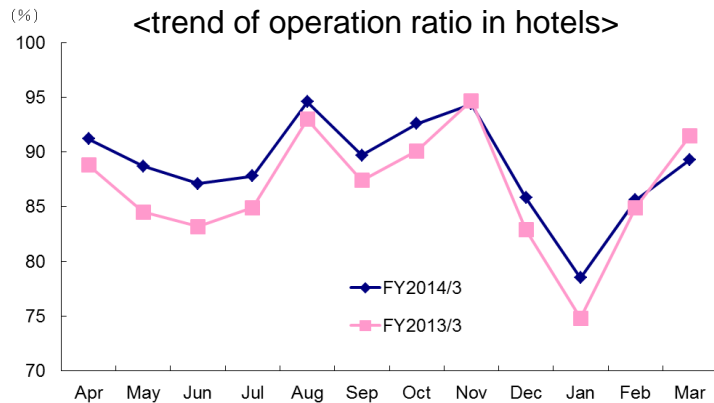
- Commercial facilities under elevated Shinkansen railway tracks
Toyama and Kanazawa Station (Plan to open in Spring 2015)

○ Renovation ※Figures in bracket [] are the periods of commencement of renewal works

- Kanazawa 100bangai (Summer, 2014[Feb. 2014])
- MEDIO Shin-Osaka
(Stage I : Dec. 2013 [Jun. 2013], II : Summer 2014 [Jun. 2013], III : Spring 2015 [Feb. 2014], IV : Summer 2016 [Spring 2015])
- LUCUA (Fall 2014 [After summer 2014, continuously])

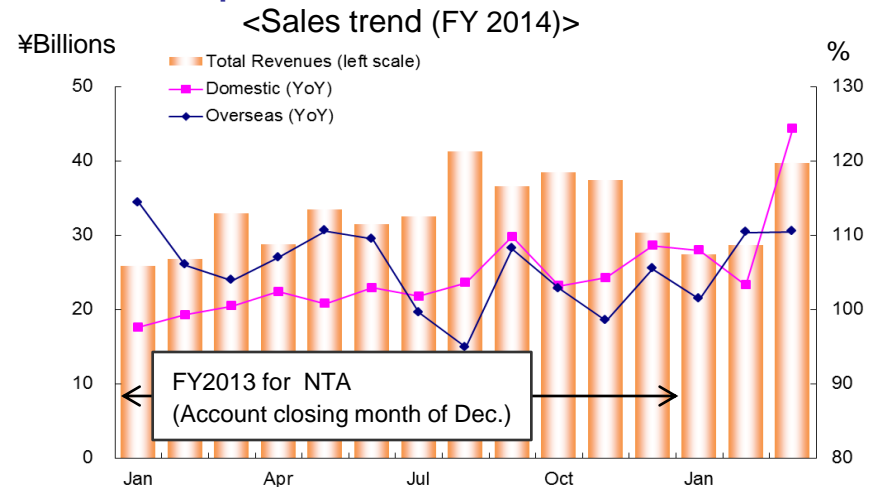
Hotel business

- Strengthen promotional campaigns targeting the establishment of repeat customers
- Enhance sales initiatives to acquire new customers (Tokyo metropolitan area, Asia)
- Enter in the field of budget hotels (Via-inn Asakusa, Hiroshima Kanayama-cho)



Travel Agency (Nippon Travel Agency)

- Strengthen website sales, business travel management (BTM) service and inbound tourist services, etc.
- Expand sales of package tours using JR and tours to Europe



Challenge new business fields

○ Cultivate new business fields by leveraging assets and technologies

- **Day service business specializing in rehabilitation**
 - Expand businesses by making POSSIBLE Medical Science a subsidiary
 - Develop stores and services in JR West's operating area
Hiroshima (Jun. 2013), Mihara (Aug. 2013), Hofu (Apr. 2014)

▪ **Agriculture related business**

- Acquire capital in Farm Alliance Management
- Make a full-scale entry into agriculture, which is a business field that contributes to the growth and stability of local industry



Day service business

Promote a railway operations system change

○ Additional share Acquisition and Business Alliance : Asia Air Survey Co.,Ltd.

- By bolstering collaboration, further increase safety, save maintenance works, and reinforce disaster measures

Expand lifestyle-related services

○ Business alliance with Seven-Eleven Japan

- Convert the current in-station stores (approx. 500 stores) to aligned stores within about 5 years



Via-inn Asakusa
Jun. 2014

○ Acquisition of business from ORIX Group (Budget hotels)

- Re-brand open of 3 hotels as “Via-inn” (Jun. 2014)

Enhance the value of group assets

○ Thorough renovation of the West Wing of North Gate Building

- Renovate to create an entirely new, attractive facility by leveraging strengths of shopping centers and department stores (Spring. 2015)

Cultivate new business fields by leveraging assets and technologies

○ Day service business specializing in rehabilitation

- Expand businesses by making POSSIBLE Medical Science a subsidiary

○ Internet retailing for customers overseas

- Internet retailing of local goods and provision of information (Business Alliance with Navibird, Inc.)



JAPAN
SQUARE

Consider participation in businesses around major stations

○ Share Acquisition : Kobe Chikagai Co.,Ltd

- Contribute to activation of the Sannomiya area through cooperation with companies in the surrounding region

Enhance the safety and quality

○ Include DAITETSU KOGYO in the scope of consolidation

- Enhance the safety and quality of the JR-West Group's construction operations

Capital Expenditure Plan (Consolidated)

Capital Expenditures during the medium-term management plans

(¥Billions)	The previous plan (Results)	The current plan(Results)
Consolidated	982.4	920.0
Non-consolidated	778.0	800.0
(Safety-related)	468.3	470.0

Major Capital expenditure projects for FY2015/3

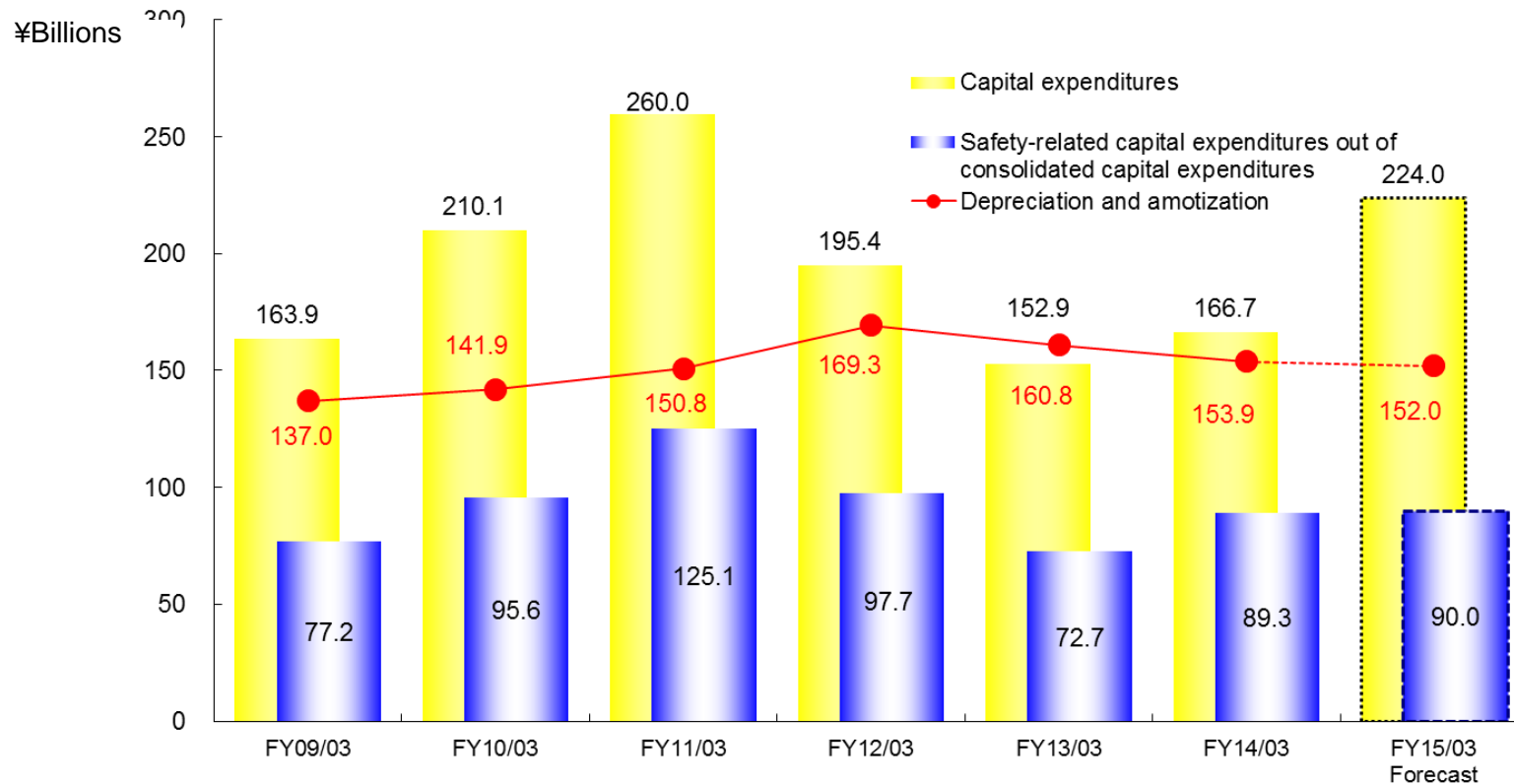
○ CAPEX for growth

- Hokuriku Shinkansen
- New stations
- Commercial facility development at the West Wing of North Gate Building

○ CAPEX for ongoing operations

<Safety-related CAPEX>

- Renewal of ATC in Sanyo Shinkansen Line
- Earthquake and tsunami countermeasures
- Replacement of rolling stock on conventional lines
- New safety system
- Barrier-Free
- Station improvement



Cash earmarking and prioritization

Cash flows from operating activities

Appropriation prioritization

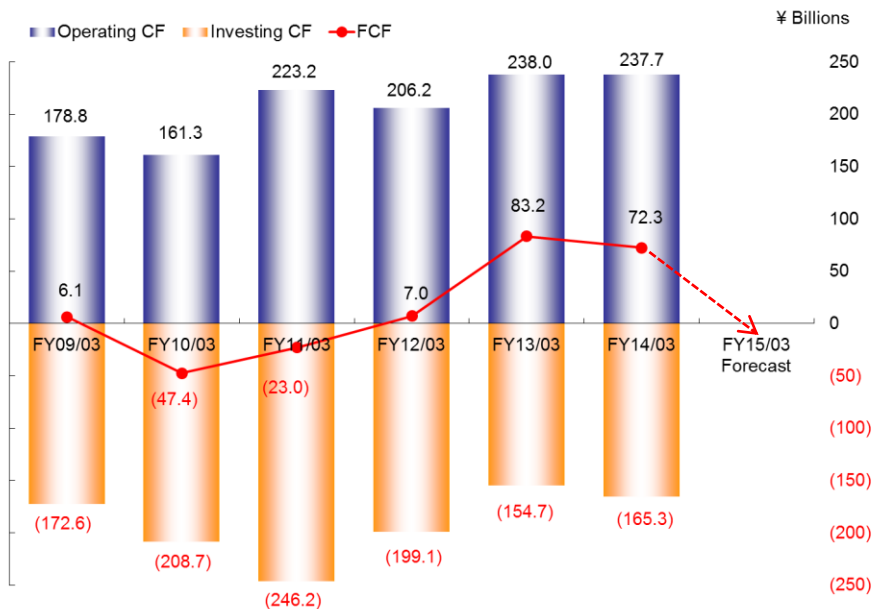
1) Investment for safety and growth

2) Returns to shareholders

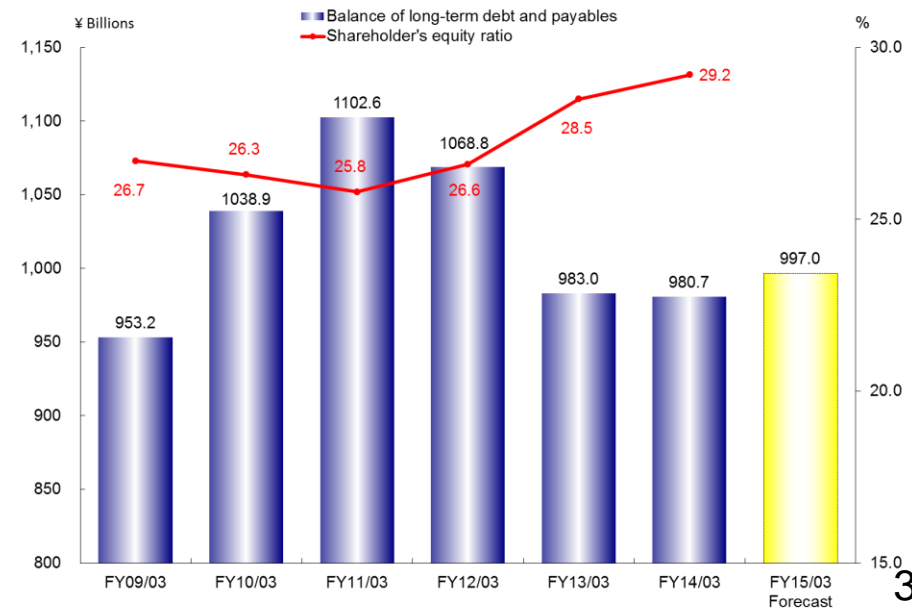
3) Debt reduction

- In principle, maintain level of long-term debt and payables (¥1 trillion consolidated) However, control level in light of market interest rates.

Cash flows forecast (consolidated)



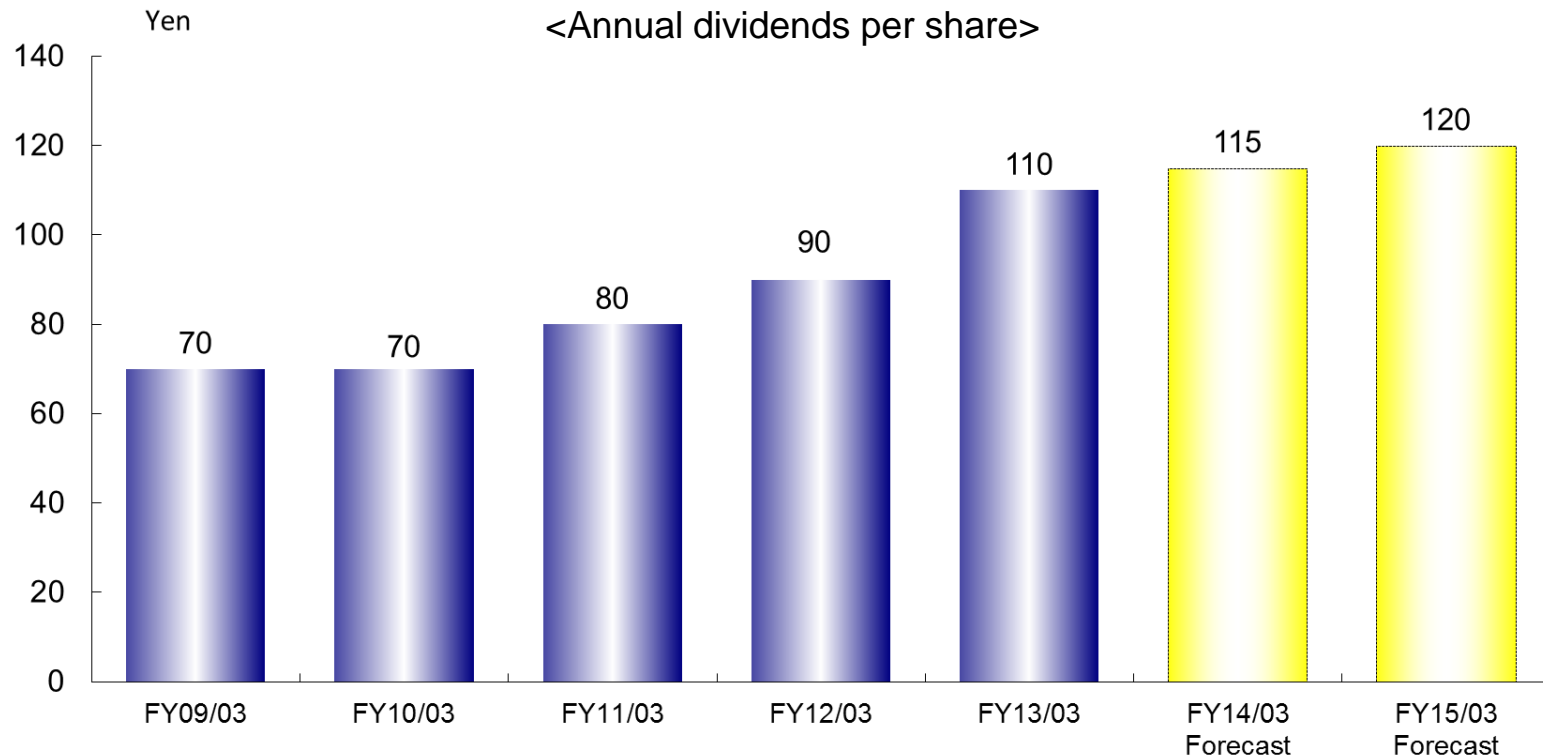
Balance of long-term debt and payables, and Shareholders' equity ratio (consolidated)



Returns to Shareholders

- Continue providing returns to shareholders based on consideration of total shareholders' equity, reflecting our emphasis on providing stable shareholder returns over the long term
- Specifically, aim for a rate of total distribution on net assets* of around 3% for FY2018, in light of the usage situation following the commencement of operations to Kanazawa on the Hokuriku Shinkansen Line and progress toward achievement of the targets set out in Medium-Term Management Plan 2017

* Rate of total distribution on net assets (%) = (total dividends + acquisitions of treasury stock) ÷ consolidated net assets × 100



Cautionary Statement Regarding Forward-looking Statements

- This presentation contains forward-looking statements that are based on JR-West's current expectations, assumptions, estimates and projections about its business, industry, and capital markets around the world.
- These forward-looking statements are subject to various risks and uncertainties. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as “may”, “will”, “expect”, “anticipate”, “plan” or similar words. These statements discuss future expectations, identify strategies, contain projections of results of operations or of JR-West's financial condition, or state other forward-looking information.
- Known or unknown risks, uncertainties and other factors could cause the actual results to differ materially from those contained in any forward-looking statements. JR-West cannot promise that the expectations expressed in these forward-looking statements will turn out to be correct. JR-West's actual results could be materially different from and worse than expectations.
- Important risks and factors that could cause actual results to be materially different from expectations include, but are not limited to:
 - expenses, liability, loss of revenue or adverse publicity associated with property or casualty losses;
 - economic downturn, deflation and population decreases;
 - adverse changes in laws, regulations and government policies in Japan;
 - service improvements, price reductions and other strategies undertaken by competitors such as passenger railway and airlines companies;
 - infectious disease outbreak and epidemic;
 - earthquake and other natural disaster risks; and
 - failure of computer telecommunications systems disrupting railway or other operations
- All forward-looking statements in this release are made as of May 2, 2014 based on information available to JR-West as of May 2, 2014 and JR-West does not undertake to update or revise any of its forward-looking statements or reflect future events or circumstances.
- Compensation for damages caused by the accident on Fukuchiyama Line happened on April 25, 2005 is NOT considered in this presentation.