IR Meeting (FY2014/3)

Results for the fiscal year ended March 2014 and Future Initiatives

May 2, 2014

West Japan Railway Company

JR-WEST

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

1

○ I am Katsunori Matsuura, general manager of the finance department.

○ I would like to explain the results for the fiscal year ended March 2014 (FY2014/3) and forecasts for the fiscal year ending March 2015 (FY2015/3) announced on April 30.

Financial Highlights

JR-WEST

¥ Billions

	Results FY2013/3 A	Results FY2014/3 B	YoY Increase/(Decrease) B-A	YoY % B/A-1	Forecasts FY2015/3 C	YoY Increase/(Decrease) C-B	YoY % 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.

2

- This sheet explains financial highlights of the results for FY2014/3 and forecasts for FY2015/3.
- In FY2014/3, operating revenues rose from the previous fiscal year on both a consolidated and non-consolidated basis, due mainly to strong transportation revenue by the positive effects of economic upturn, favorable revenues from subsidiaries such as in real estate business and in construction segment in other businesses. Operating income on a non-consolidated basis slightly declined year on year because non personnel costs increased due mainly to rise in electricity charges. However, operating income on a consolidated basis increased by striving to reduce costs in retail business.
- On consolidated basis, operating revenue, recurring profit, and net income were the highest ever after the disclosure of financial results on consolidated basis in 1993. In addition, transportation revenues was 780.6 billion yen, back to the level before the failure of Lehman Brothers. On non-consolidated basis, net income was the highest ever since the Company was established.
- However, we expect that forecasts for FY2015/3 will be very severe, and therefore both operating revenues and income on consolidated basis are planned to decrease sharply. Operating revenues on consolidated basis are anticipated to decrease 11.5 billion yen to 1,319.5 billion yen from the previous fiscal year. Operating income on consolidated basis is forecasted to decrease 17.0 billion yen to 117.5 billion yen. The factors behind this decline include upfront expenses for the opening of the Kanazawa segment of the Hokuriku Shinkansen on non-consolidated basis, and revenue decline in retail and real estate businesses due mainly to construction works.

Non-Consolidated Financial Results

¥ Billions

	Results FY2013/3 A	FY2014/3 Forecasts (As of Jan 30) B	FY2014/3 Results C	YoY Increase/(Decrease) C-A	YoY % C/A-1	Difference from the forecasts Increase/(Decrease) C-B
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.

3

- ○ Transportation revenues rose 11.4 billion yen from the previous fiscal year. As a result, operating revenue increased 5.1 billion yen year on year in spite of lower earnings from other JR companies which scarcely affect operating incomes.
- ○ On the other hand, operating expenses increased 5.6 billion year from the previous fiscal year due mainly to rise in electricity charges and in maintenance costs. Consequently, operating income decreased 0.5 billion yen from the previous fiscal year.

Major Factors of Increase/Decrease in Transportation Revenues

¥ Billions

Transportation revenues	Results FY2014/3	YoY Increase/(Decrease) Amount	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.	(1.1)
				etc.	
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	0.1
				etc.	
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.

4

○ Transportation revenues in FY2014/3 increased 11.4 to 780.6 billion yen, due mainly to economic upturn, and strong demand during the peak periods such as summer vacation and New Year holidays.

○ As for Shinkansen, although the usage was affected to some extent by such factors as increases in airline flight frequencies, we believe that the adverse effect was limited to 1.1 billion yen due to our countermeasures, such as the revision of timetables and the sale of “Super Haya-Toku” early discount tickets.

○ Usage in the Kansai Urban Area remained firm against a background of the positive effect of newly opened big commercial facilities such as Grand Front Osaka and Abeno Harukas, as well as solid leisure demand.

Transportation Revenues and Passenger-Kilometers

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Transportation Revenues* (¥ Billions) / Passenger-Kilometers (Millions of passenger-kilometers)

	Transportation Revenues: Fiscal Year (4/1 ~ 3/31)			Transportation Revenues: 3 months (4Q) (1/1 ~ 3/31)			Passenger-Kilometers: Fiscal Year (4/1 ~ 3/31)			Passenger-Kilometers: 3 months (4Q) (1/1 ~ 3/31)		
	FY2013/3	FY2014/3	YoY	FY2013/3	FY2014/3	YoY	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%*	54,769	55,894	1,124 *2.1%*	12,986	13,733	747 *5.8%*
Shinkansen	357.0	364.4	7.4 *2.1%*	84.6	87.5	2.9 *3.5%*	17,171	17,617	446 *2.6%*	4,020	4,206	186 *4.6%*
Commuter Passes	9.0	9.3	0.2 *2.6%*	2.2	2.3	0.1 *6.8%*	736	762	26 *3.6%*	177	200	23 *13.0%*
Non-Commuter Passes	347.9	355.1	7.1 *2.1%*	82.4	85.2	2.7 *3.4%*	16,434	16,854	419 *2.6%*	3,842	4,005	163 *4.2%*
Conventional Lines	412.0	416.1	4.0 *1.0%*	101.4	103.2	1.8 *1.8%*	37,598	38,276	678 *1.8%*	8,965	9,527	561 *6.3%*
Commuter Passes	140.2	141.0	0.8 *0.6%*	33.4	33.8	0.3 *1.1%*	22,728	23,157	428 *1.9%*	5,277	5,726	449 *8.5%*
Non-Commuter Passes	271.8	275.0	3.2 *1.2%*	67.9	69.4	1.4 *2.2%*	14,869	15,119	249 *1.7%*	3,688	3,801	112 *3.1%*
Kansai Urban Area (Kyoto-Osaka-Kobe Area)	288.9	292.1	3.1 *1.1%*	71.0	72.3	1.2 *1.8%*	28,490	29,012	522 *1.8%*	6,808	7,233	425 *6.3%*
Commuter Passes	113.2	113.8	0.5 *0.5%*	27.1	27.3	0.1 *0.6%*	18,398	18,724	325 *1.8%*	4,308	4,643	335 *7.8%*
Non-Commuter Passes	175.7	178.3	2.5 *1.5%*	43.9	45.0	1.1 *2.5%*	10,091	10,288	197 *2.0%*	2,499	2,590	90 *3.6%*
Other Lines	123.0	123.9	0.8 *0.7%*	30.3	30.9	0.5 *1.9%*	9,108	9,264	155 *1.7%*	2,157	2,294	136 *6.3%*
Commuter Passes	26.9	27.1	0.2 *0.9%*	6.3	6.5	0.1 *3.1%*	4,330	4,433	103 *2.4%*	969	1,083	114 *11.8%*
Non-Commuter Passes	96.1	96.7	0.6 *0.7%*	24.0	24.3	0.3 *1.6%*	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 Increase/(Decrease)	YoY %	Major factors (YoY)
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.

6

- ○ As for operating expenses on non-consolidated basis, although there were some decreases in depreciation and amortization, personnel costs increased 2.0 billion yen from the previous year, due mainly to change in the rate of health insurance. Furthermore, energy costs, the issue of concern, increased 5.9 billion yen from the previous year due mainly to rise in electricity charges. Besides, maintenance costs also increased 2.4 billion yen from the previous fiscal year because we are in the peak period for maintenance.
- ○ As a result, operating expenses increased 5.6 billion yen.

Consolidated Financial Results

JR-WEST

¥ Billions

	Results FY2013/3 A	FY2014/3 Forecasts (As of Jan 30) B	FY2014/3 Results C	YoY Increase/(Decrease) C-A	YoY % C/A-1	Difference from the forecasts Increase/(Decrease) C-B
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
Comprehensive Income	*55.0*	-	*67.9*	*12.8*	*23.4*	-

Note: Figures in bracket ( ) are negative values.

7

○ On a consolidated basis, operating revenues increased 32.1 to 1, 331.0 billion yen, operating expenses increased 27.0 to 1,196.4 billion yen, and operating income increased 5.0 to 134.5 billion yen.

Consolidated Financial Results (Segment Information)

¥Billions

	Results FY2013/3 A	FY2014/3 Forecasts (As of Jan 30) B	FY2014/3 Results C	YoY Increase/(Decrease) C-A	YoY % C/A-1	Difference from the forecasts Increase/(Decrease) C-B
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 【6.9】	49.4 【21.8】	47.1 【19.1】	12.8	37.4	(2.2)
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)

8

Retail Business

○ Operating revenues increased 5.4 from the previous fiscal year, due mainly to full-year contributions by in-station shopping zone "EKI MARCHE Osaka" at Osaka Station and the new opening of budget hotel "Via-inn" in Nagoya. As for operating income/loss, the segment posted 4.4 billion yen of operating income, 4.9 billion yen better than the previous fiscal year. This gain was attributable to cost reduction initiatives and a reduction in the depreciation burden due to the asset impairment on JR Osaka Mitsukoshi Isetan in FY2013/3, as well as the revenue increase.

Real Estate Business

○ Operating revenues increased sharply by such factors as the opening of a shopping center "piole Himeji" and an increase in revenues from condominium sales segment by capturing the surge in demand prior to the increase in the consumption tax rate. On the other hand, operating income recorded 27.7 billion yen, almost same as the previous fiscal year due mainly to non-recurring rise in opening costs accompanying the opening of shopping centers and some influence by renovation construction.

Other Businesses

○ Operating revenue were up 8.7, to 137.1 billion yen mainly because hotel and travel agency revenues were firm, and in construction segment, there were more increase in orders of construction works related to Hokuriku Shinkansen. However, operating income recorded 11.8 billion yen, almost same as the previous fiscal year, mainly due to revision of rent in Hotel Business.

Non-Consolidated Financial Forecasts

JR-WEST

¥Billions

	Results FY2014/3 A	Forecasts FY2015/3 B	YoY Increase/(Decrease) B-A	YoY % 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.

○ The sheets from page 9 to 11 explain non-consolidated financial forecasts.

Transportation Revenue Forecasts

¥Billions

	Results FY2014/3 A	Forecasts FY2015/3 B	YoY Increase/(Decrease) B-A	YoY % 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.

10

○ Transportation revenues in the current fiscal year are expected to increase 0.8 to 781.5 billion yen, considering such factors as economic downturn accompanying increase in consumption tax rate.

Operating Expenses Forecasts (Non-Consolidated)

¥Billions

Item	Forecasts FY2015/3	YoY Increase/(Decrease)	YoY %	Major factors (YoY)
Personnel costs	233.0	(2.4)	(1.1)	- Decrease in retirement allowance - Change in the rate of health insurance and employees' pension insurance, etc.
Energy costs	46.5	3.3	7.9	- 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	- 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	- 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)	- Termination of the lease period for Kosei Line, etc.
Taxes	32.0	0.3	1.0	- Real estate acquisition tax, etc.
Depreciation and amortization	127.0	(2.3)	(1.8)	- 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.

11

- ○ For non-consolidated operating expenses in the current fiscal year, there are around 10.0 billion yen of negative factors, including decrease in personnel costs mainly by change in accounting standard for retirement benefits, in rental payments by termination of the lease period for Kosei Line, in depreciation and amortization.
- ○ On the other hand, we expect about 3.0 billion yen of increase in electricity charges by rise in fuel costs and renewable energy power promotion surcharge. In addition, construction unit price is expected to rise due to increase in labor work unit price. Furthermore, we anticipate a 6.6 billion of increase in upfront expenses for the opening of the Kanazawa segment of the Hokuriku Shinkansen.
- ○ Consequently, on non-consolidated basis, operating expenses are anticipated to increase 7.6 billion yen from the previous year. Considering operating revenue to increase 0.8 billion yen, we forecast that operating income will decrease 6.7 billion yen from the previous year.

Consolidated Financial Forecasts

¥ Billions

	Results FY2014/3 A	Forecasts FY2015/3 B	YoY Increase/ (Decrease) B-A	YoY % 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.

12

○ In current fiscal year, consolidated operating revenues are forecasted to be 11.5 billion yen lower, operating costs to be 5.5 billion yen higher, and operating income 17.0 billion yen lower than previous year.

○ Besides, our equity-method affiliate, DAITETSU KOGYO, acquired its own shares, and therefore the proportion of our voting rights became 51.63% on April 24th. Consequently, DAITETSU KOGYO and its subsidiary JR WEST BUILT became consolidate subsidiaries of JR West. As a result, we expect 37.5 billion yen of increase in operating revenues, 0.5 billion yen of operating income, and around 7.0 billion yen of gains from the negative goodwill. Considering those factors, we plan the decreased revenues and income.

Consolidated Financial Forecasts (Segment Information)

JR-WEST

¥ Billions

	Results FY2014/3 A	Forecasts FY2015/3 B	YoY Increase/ (Decrease) B-A	YoY % 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 【19.1】	37.5 【8.1】	(9.6)	(20.4)
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)

13

Retail Business

○ We forecast that operating revenues will decrease 25.8 to 214.3 billion yen and that operating income will decrease 3.4 billion yen from the previous year, taking it into account that sales of department stores are anticipated to decrease due to the commencement of works in summer for renovation of JR Mitsukoshi Osaka Isetan, and that the revenues from sales of goods and food services will decrease due to renewal works accompanying station improvement at such stations as Shin-Osaka and Hiroshima.

Real Estate Business

○ Considering rebound from rush demand ahead of tax hike, we expect that sales of condominiums will decrease 11.0 billion to 8.1 billion yen, although the sales recorded 19.1 billion yen in the previous fiscal year. In addition, there will be an impact of renewal works of shopping centers at Osaka station, etc. Consequently, operating revenues are expected to be down 13.0 billion yen year on year, and operating income to be down 4.0 billion yen.

Other Businesses

○ Although operating revenues are expected to increase due to inclusion of DAITETSU KOGYO and its subsidiary in the scope of consolidation, in ordinary construction business, construction works related to Hokuriku Shinkansen have almost finished. As a result, operating income is forecasted to decrease 2.3 billion yen from the previous fiscal year.

Consolidated Financial Situation and Statements of Cash Flows

JR-WEST

¥ 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

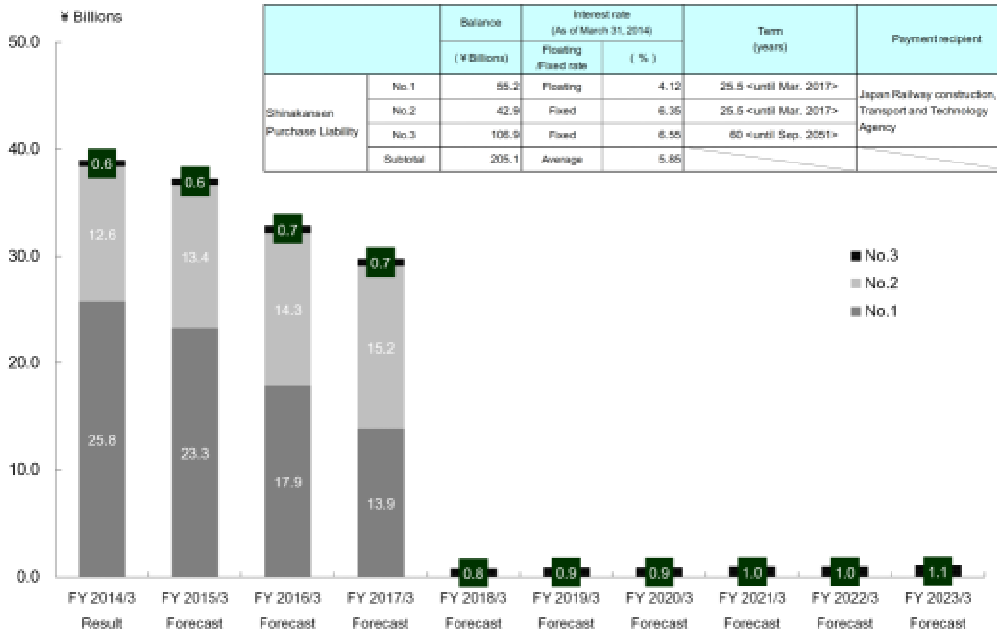
Note: Figures in bracket ( ) are negative values.

Redemption Plan of Shinkansen Purchase Liability

JR-WEST

【As of March 31, 2014】

		Balance	Interest rate (As of March 31, 2014)		Term (years)	Payment recipient
		(¥Billions)	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		



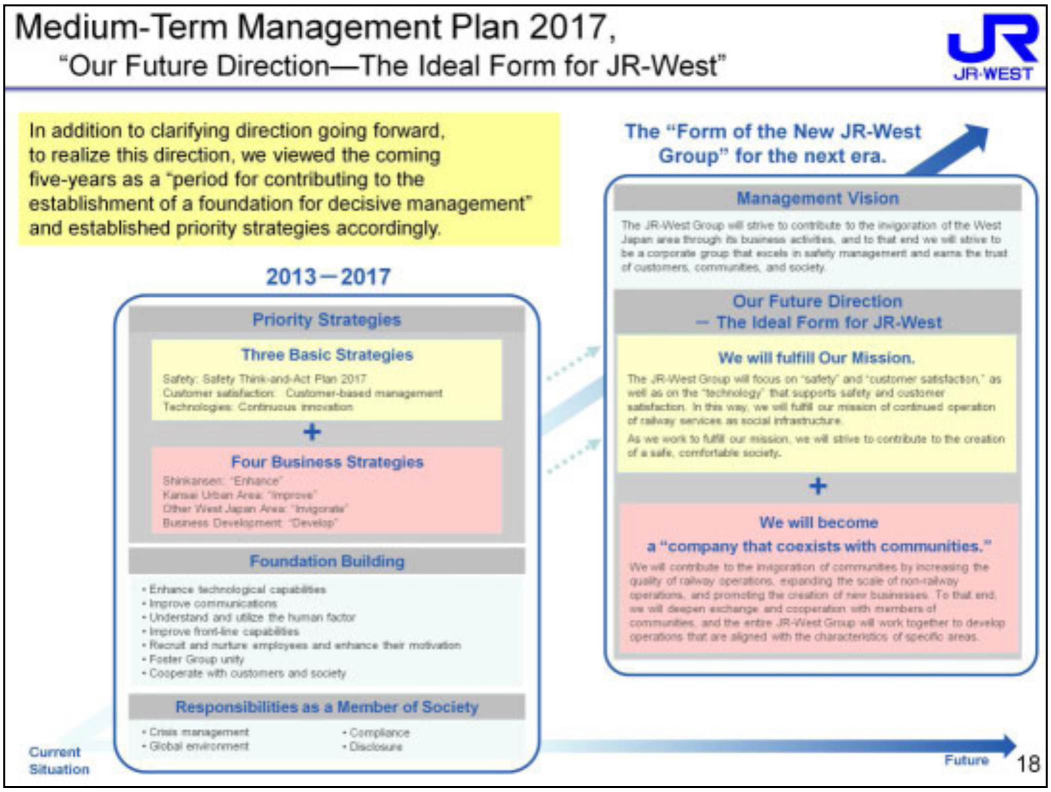
JR-WEST

Ⅱ. Future initiatives

17

○ I am Seiji Manabe, president of JR-West.

○ I would like to explain the review of the previous year and our future initiatives.



○ The "Medium-Term Management Plan 2017", announced in the last year, shows our medium-term direction and ideal form, and the management targets. So far, I believe we have made solid start. We started implementing key strategies, and therefore a number of initiatives have steadily progressed or been crystalized. For instances, in business development, non-transportation business, expansion of business outside our operating area and initiatives for new business development have been gradually progressing.

Results in FY2014/3 and Forecasts for FY2015/3

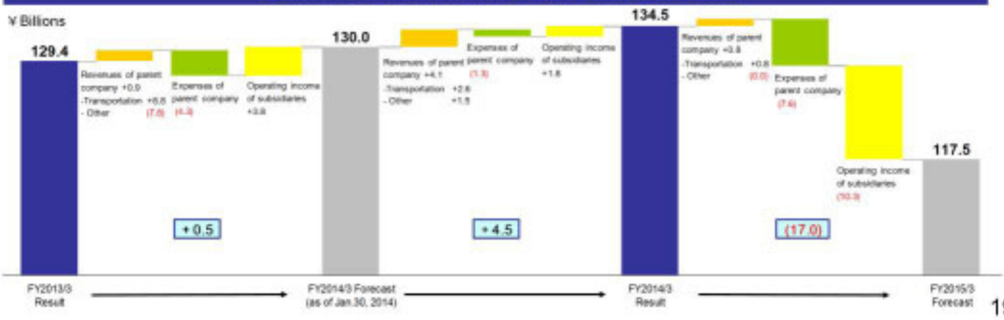
JR-WEST

Consolidated Financial Results and Forecasts

¥ Billions

	FY2014/3 Results	YOY Increase/(Decrease)		FY2014/3 Forecasts	YOY Increase/(Decrease)	
		Amount	%		Amount	%
Operating Revenues	1,331.0	32.1	2.5	1,319.5	(11.5)	(0.9)
Operaing 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



19

○ We started the previous fiscal year with the financial forecasts of lower profits on higher revenues on the consolidated basis, considering factors such as rise in electricity prices and increase in maintenance costs. In the event, however, supported by the positive effects of the improved economic environment and the opening of the big commercial facilities such as GFO and Harukus, our marketing initiatives contributed to the large increase in transportation usage. Accordingly, we achieved an in crease in consolidated revenues and income. Operating revenues and net income were the highest ever since the Company was established. On the other hand, we forecast the sharp decrease in operating profits in all segments including transportation business.

Major Factors of Increase /Decrease in Operating Income and Expenses

JR-WEST

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

¥Billions

	Forecasts FY2015/3	
	YoY Increase/(Decrease)	Major Factors
Non-Consolidated	7.6	･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)

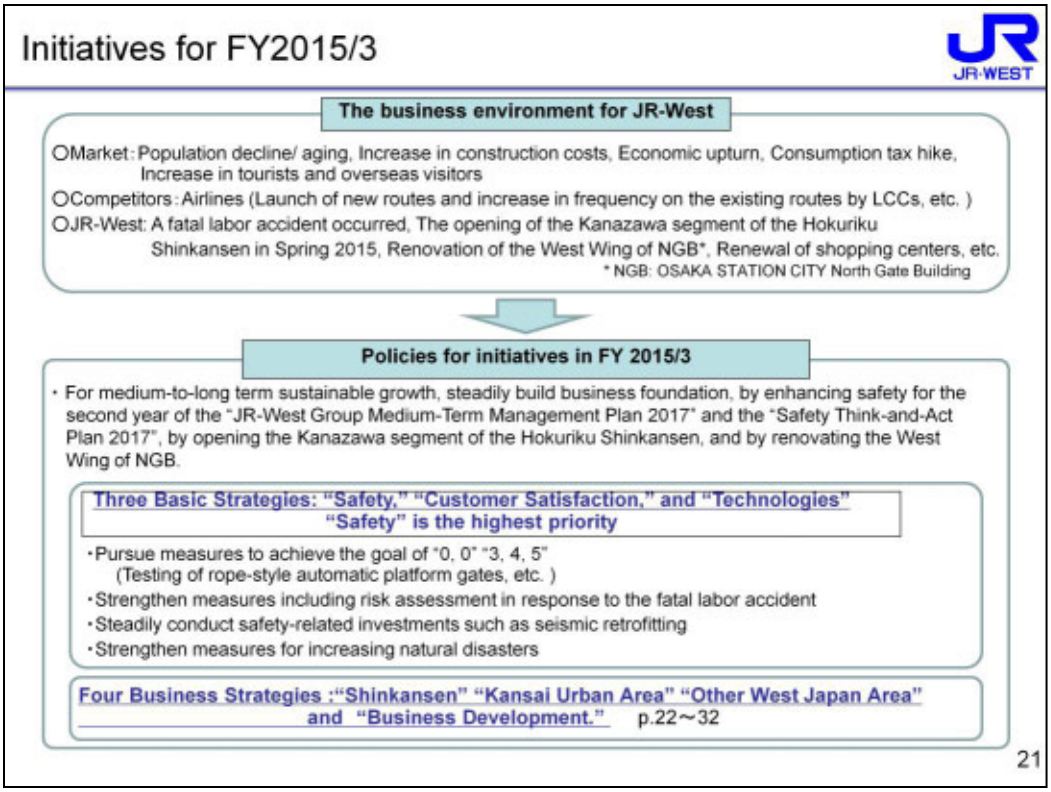
¥Billions

	Forecasts FY2015/3*	
	YoY Increase/(Decrease)	Major Factors
Retail	(25.8)	･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)	･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	･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.)

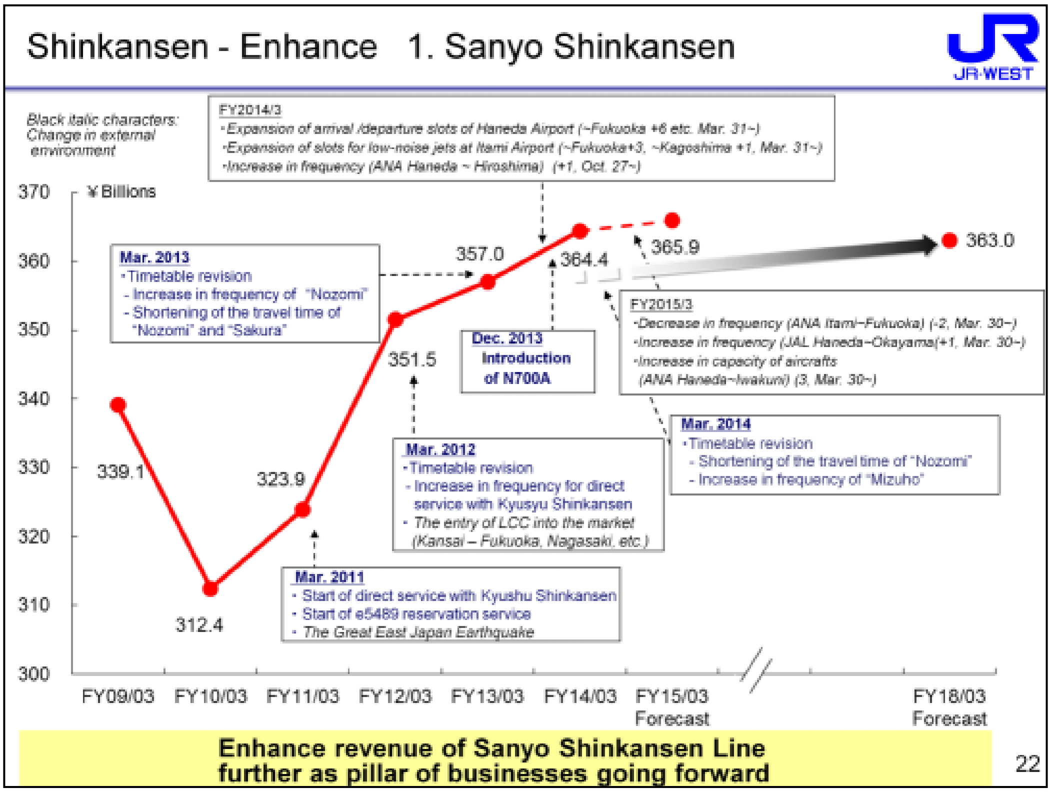
Note: Figures in bracket ( ) are negative values.
*1 Operating revenues are the revenues from third parties (= customers).

20

○ As we show the main points in page 20,in this fiscal year, we expect the increase in upfront expenses for factors including the opening of the Kanazawa segment of the Hokuriku Shinkansen and renovation of the West Wing of the OSAKA STATION CITY North Gate Building. In addition, we anticipate a decrease in sales of condominiums due to a rebound from the rush demand and in sales of shopping centers at stations including Shin-Osaka Station due to the continuous renewal. Because of these factors, the financial forecasts for this fiscal year are harsh, in spite of inclusion of DAITETSU KOGYO and its subsidiary in the scope of consolidation.



○ However, shown in page 21, we regard this fiscal year as the important year for foundation building for medium-to-long growth in FY2015/3 and subsequent years. This fiscal year will be the key year that, in order to achieve the targets of our management plan, we will steadily implement initiatives such as measures to enhance safety and to maximize the positive effects of the opening of the Kanazawa segment of the Hokuriku Shinkansen as well as each strategy formulated in our medium-term management plan.



- Next topic is about our future initiatives. Shinkansen revenue renewed a record high of 364.4 billion yen in the last fiscal year. Not only leveraging the positive effects of the improved economic environment, but also, in response to airlines' increase in flight frequency and LCCs' aggressive initiatives, we could appropriately implement a variety of measures to improve competitiveness of our Shinkansen, such as timetable revisions and pricing strategies by sales "Super-Hayatoku" early discount tickets.
- Although we take into account the effects of the expected slowdown in economic growth due to the increase in the consumption tax rate and the decrease in the number of consecutive holidays, we are targeting to renew a record high of 365.9 billion yen by effectively developing measures such as further enhancement of competitiveness and tourism demand boosting.

Shinkansen - Enhance 2. Sanyo Shinkansen

JR-WEST

Heighten competitiveness

○Enhance safety and comfort

- ・Introduce N700A (Dec. 2013), Modificate 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)

Tokaido Sanyo Shinkansen N700A

○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

Direct Service Operations with the Kyushu Shinkansen Mizuho/ Sakura

○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

インターネット予約限定 スーパー早特きっぷ

23

- ○ On page 23, we have outlined a variety of initiatives to increase competitiveness in consideration of competition with airlines. In order to enhance safety and comfort, we continue to steadily advance measures including modification of existing N700 Series to reflect the function of N700A Series, a new series of rolling stock, and expansion of areas in which mobile phones can be used.
- ○ In addition, in timetable revisions in March 2014, for the usage to and from Tokyo metropolitan area, we shortened the travel time and enhance frequency mainly for Hiroshima and Tokuyama areas. For the usage to and from Kyusyu, we increased Mizuho service departures and have Mizuho service stop at Himeji.
- ○ Besides, in consideration of new demand creation and competition with airlines such as LCC, we continue selling "Super Haya-toku" early discount tickets on the Osaka/Kobe to Kyusyu route from the last fiscal year. Looking at the usage on the Osaka – Hakata route which shows a 5% increase in the last fiscal year, we believe we were able to attract new demand that exceeded the effect of the reduction in prices.
- ○ In the years ahead, we strive to maximize revenues through yield management, including the control of seat availability in accordance with the number of seats sold as well as fine-tuned control depending on operating days and hours, and types of trains, based on the past record of sales.

Shinkansen - Enhance 3. Sanyo Shinkansen

JR-WEST

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

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)

Website "JR-West Yo Yo"

○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 stuffs 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)

JR-WEST FREE Wi-Fi

24

○ On page 24, we have shown initiatives to enhance Shinknansen demand. One of the initiatives is to further enhance demand by launching "Super Haya-toku"early discount tickets on Okayama/Hiroshima to Kumamoto/Kagoshima route in May.

○ For senior generation, in addition to planning to implement several tourism campaigns in cooperation with local communities, we continue to sell "Nori-Nori" ticket that won popularity in the last year. The ticket can be used by group of two people including seniors over 60 years old, and used for Shinkansen and express trains in our whole operating area for three days. We expect that the tickets stimulate the travel of not only senior generation but also the two or three generation family.

○ Furthermore, in the condition that inbound demand has been increasing, we have develop West Japan tourism routes and products, strengthen promotion in South East Asia,etc.,and improved system to support foreign customers such as expanding free public Wi-Fi services at major stations where there is a high need.

Shinkansen - Enhance 4. Hokuriku Shinkansen

JR-WEST

(Overview of Hokuriku Shinkansen Line)

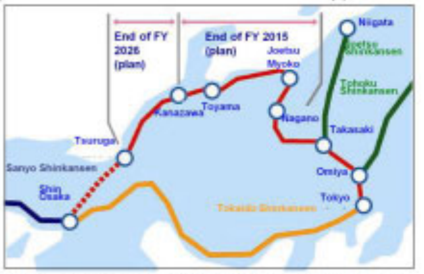
	Nagano - Kanazawa (approx. 230km)	Kanazawa - Tsuruga (approx. 130km)
JR-West's service area	Joetsu (provisional name) - Kanazawa (approx. 170km)	Kanazawa –Tsuruga (approx. 130km)
Beginning of operations	End of FY2015 (plan)	End of FY2026 (plan) (construction commencement authorized on June 29, 2012)
Construction contractor	Japan Railway Construction, Transport and Technology Agency (JRTT) (JR-West will operate commercial services, paying a usage fee to JRTT 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

*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.

(Hokuriku Shinkansen Line Route Map)



○ 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"

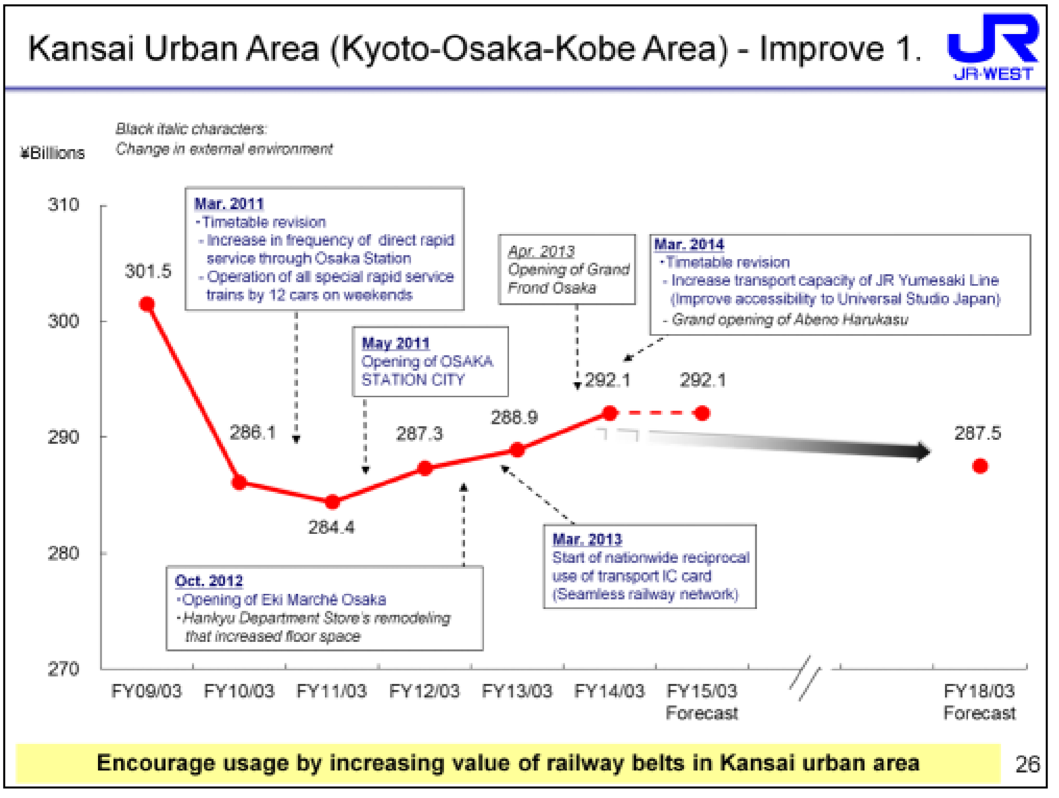
○ Promote Usage

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

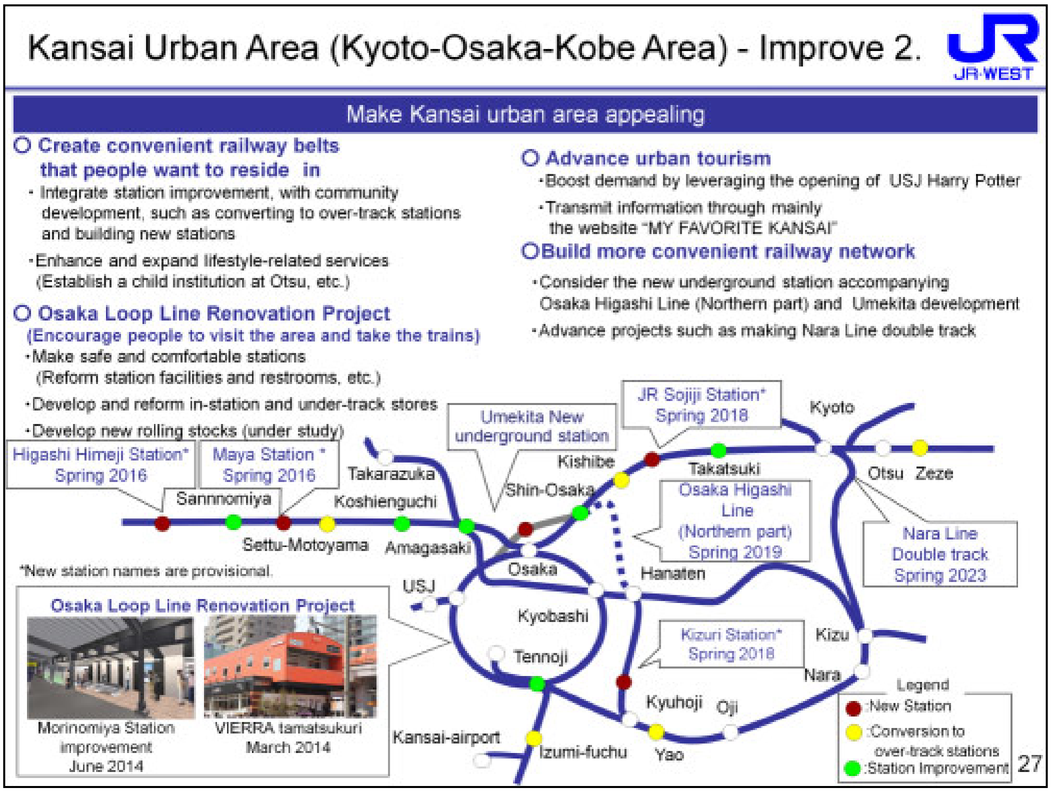
25

○ The Kanazawa segment of Hokuriku Shinkansen is planned to open in the end of this fiscal year. In the last month, the first set ofW7 Series of new rolling stock for Hokuriku Shinkansen was carried in Hakusan Car Maintenance Center, and accordingly the expectation and attention from local communities have been gradually growing.

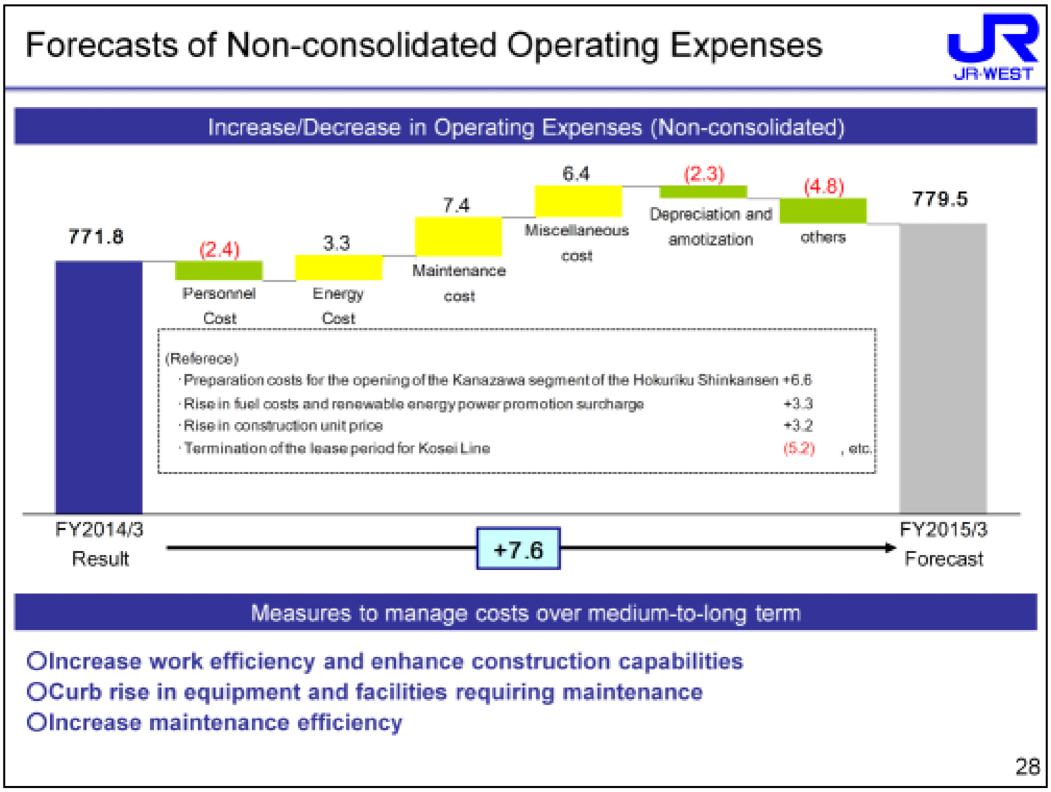
○ We regard it as important to steadily prepare the opening of operation, and to maximize the opening effects. We will develop tourism routes in cooperation with local communities and travel companies, and to conduct promotions in corporation with JR-East. At the same time, we will strive to maintain and increase travel between Hokuriku and Kansai urban area by highlighting the attractiveness of Kansai urban area and Hokuriku.



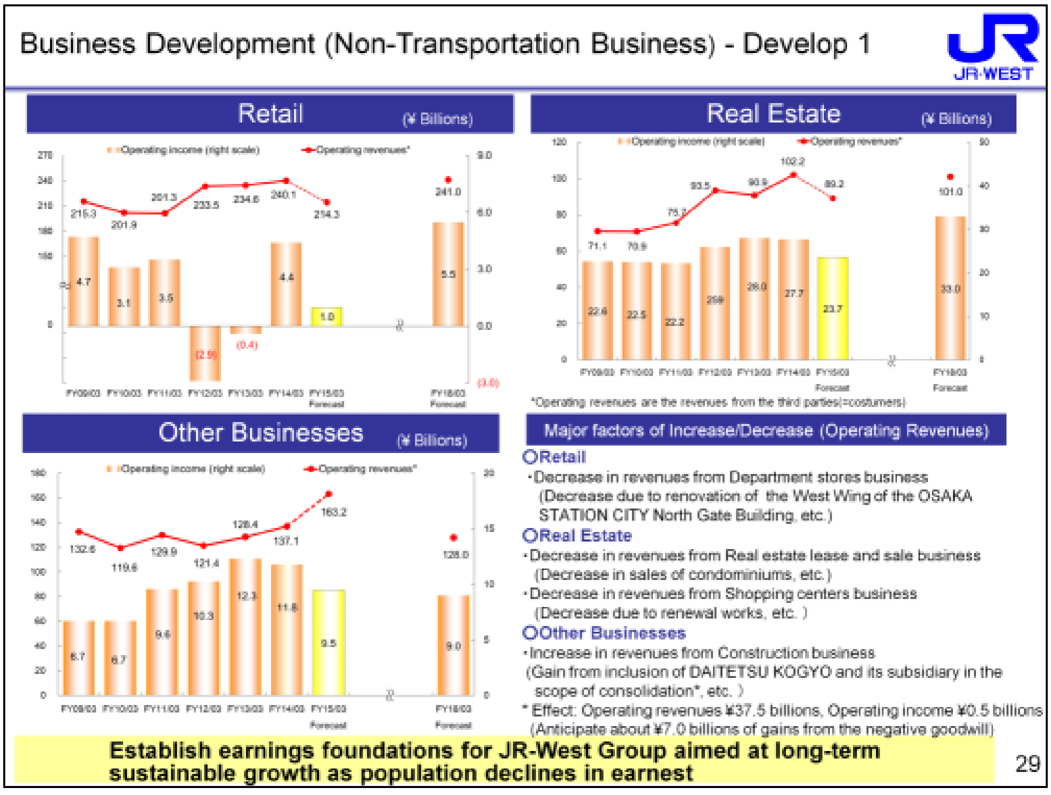
○ Supported by economic upturn and the opening of the big commercial facilities as well as the start of nationwide reciprocal use of transport IC card, revenues from the Kansai urban area in the previous fiscal year increased. Regarding to revenues for this fiscal year, we forecast to be 292.1 billion yen, remaining almost unchanged from the previous year, considering the influence of rise in consumption tax rate like Shinkansen revenue.



○ On page 27, we outlined the specific measures. We will continue initiatives to secure safe and stable transport operations, as well as striving to enhance the value of our railway belts by measures such as Osaka Loop Line Renovation Project. Furthermore, we will work to attract customers in the broad market, outside of Kansai area, by commoditizing the tourism routes leveraging the opening of The Wizarding World of Harry Potter at Universal Studios Japan in July, and by transmitting information about the attractiveness of Kansai area. Through these initiatives, we will sustain and expand usage of our service.



- ○ On page 28, we have shown forecasts of non-consolidated operating expenses and major factors of the increase and decrease. In terms of costs, needless to say, we will steadily implement measures to enhance safety based on Safety Think-and-Act Plan. In addition, in this fiscal year, we anticipate that the operating expenses as a whole will increase considerably as a result of upfront expenses for the opening of the Kanazawa segment of the Hokuriku Shinkansen, increase in electricity charges due mainly to fuel cost adjustments, and rise in construction unit price by increase in labor work unit price of the construction companies.
- ○ Under the circumstances, we continue initiatives to reduce costs. For instances, in the last fiscal year, we have installed an improved wagon to carry derailment prevention guards on the Sanyo Shinkansen, and we could improve the work efficiency by extending the length of the guards by four times that we can lay in a day.
- ○ Although it is not easy to reduce costs drastically in the short run, we will strive to continue efforts to control costs over medium-to-long term by developing technology, while we maintain and enhance safety.



- In the last fiscal year, revenues in retail, real estate, and other businesses increased. This is because of a variety of business development initiatives. Those include development in lifestyle-related services such as retail and real estate businesses, which are positioned as pillars for future growth, the opening of a shopping center in Himeji Station, the opening of a budget hotel in Nagoya, and aggressive sales of condominiums. In this fiscal year, because of various factors such as preparations for the thorough renovation of the West Wing of the OSAKA STATION CITY North Gate Building, renewal of in-station stores and shopping centers, and rebound from increases in sales of condominiums in the previous year, unfortunately operating profits in each segment of non-transportation business are also expected to record sharp decrease.

Business Development (Non-Transportation Business) - Develop 2. Retail

JR-WEST

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)

30

○ However, as we noted on page 30, development of measures for future growth is now in progress. The measures include improvement of profitability by business alliance with Seven-Eleven Japan, and further expansion of budge hotel operations by transfer of business. Regarding to renovation of the West Wing of the OSAKA STATION CITY North Gate Building, in order to win a place in the highly competitive Osaka market, we will create a new facility which combine both strengths of department stores and successful shopping centers. To prepare for this renovation, we will close most of the West Wing in this summer. However, the suspension of business is for growth in FY2015/3 and subsequent years, and we will steadily and intensively work to accomplish the renovation.

Business Development (Non-Transportation Business)
- Develop 3. Real Estate

JR-WEST

Real estate lease and sale

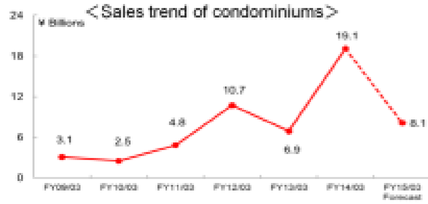
○ Advance sales of condominiums

・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

<Sales trend of condominiums>



○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])

31

- In real estate business outlined on page 31, we aggressively develop measures such as renewals of shopping centers in areas including Shin-Osaka and Kanazawa and expansion of real estate development toward areas outside our railway belts.

Business Development (Non-Transportation Business) – Develop 4. Other businesses

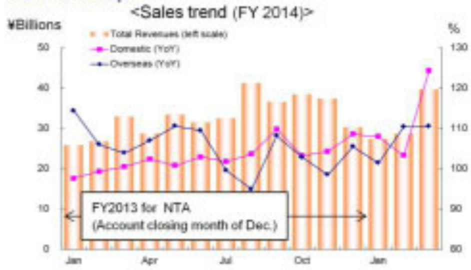
JR-WEST

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

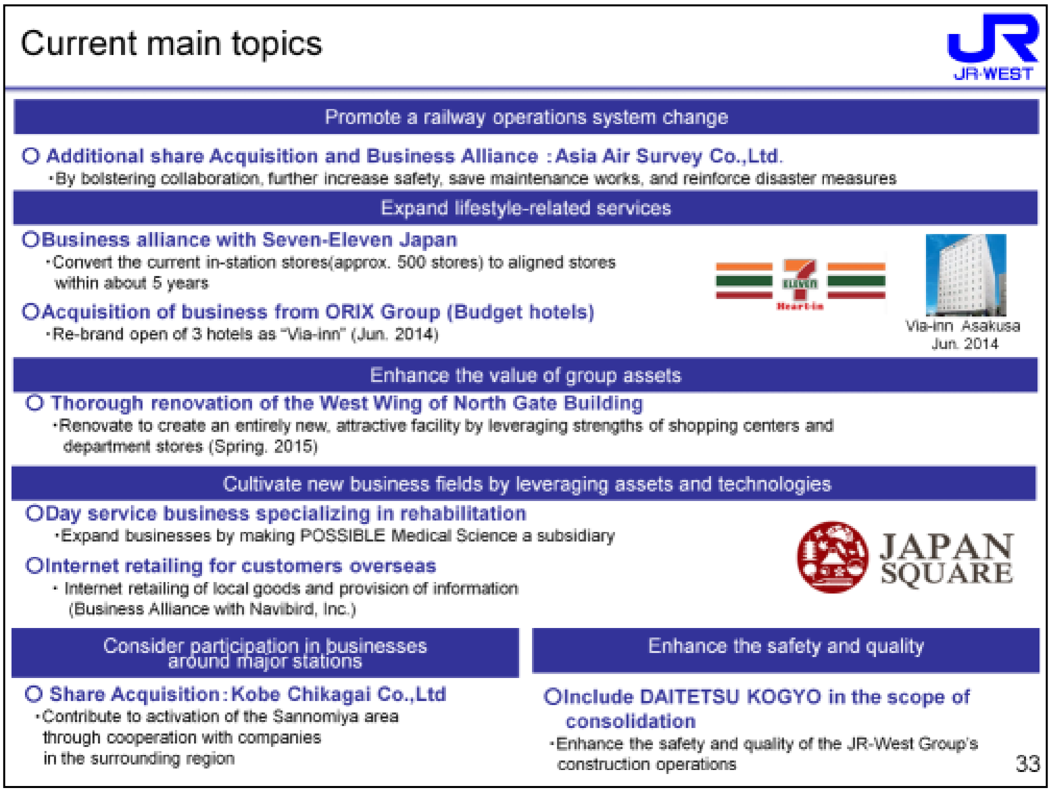
Cultivate new business fields by leveraging assets and technologies

- **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)

Day service business

- **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

32



- ○ Many projects are now on the way, which contribute to future growth and sustainable businesses, by improving profitability of the existing businesses, by the business areas toward outside our operating area, and by cultivating new business fields. These projects include making stations more attractive by business alliance with Seven–Eleven Japan, increasing the number of "Via-inn" budget hotels from 14 to 17 by the transfer of the hotel operations, and expanding of nursing care business by making POSSIBLE Medical Science our subsidiary.
- ○ In the years ahead, in both transportation and non-transportation businesses, we will build up measures to enhance safety, improve profitability, and promote operation efficiency from medium-to-long term perspective, by considering to leverage external resources through investments or business alliances and by capturing various opportunities, even small ones.

Capital Expenditure Plan (Consolidated)

JR-WEST

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

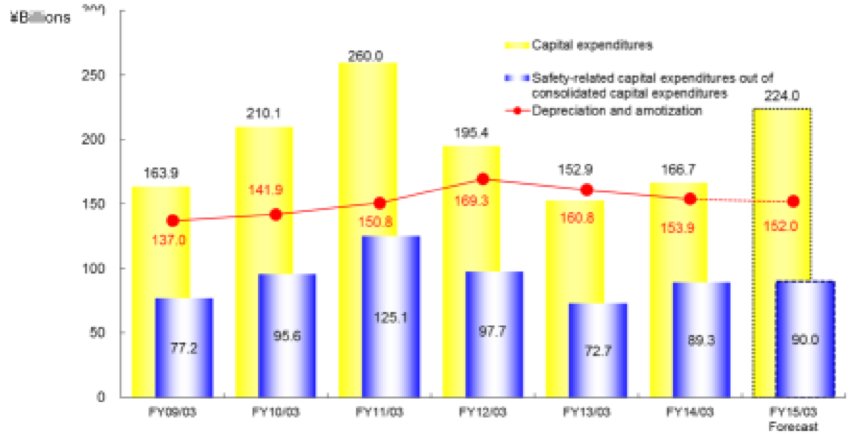
Major Capital expenditure projects for FY2015/3

○ CAPEX for growth
- ・Hokuriku Shinkansen
- ・New stations
- ・Commercial facility development at the West Wing of North Gate Building

○ CAPEX for ongoing operations

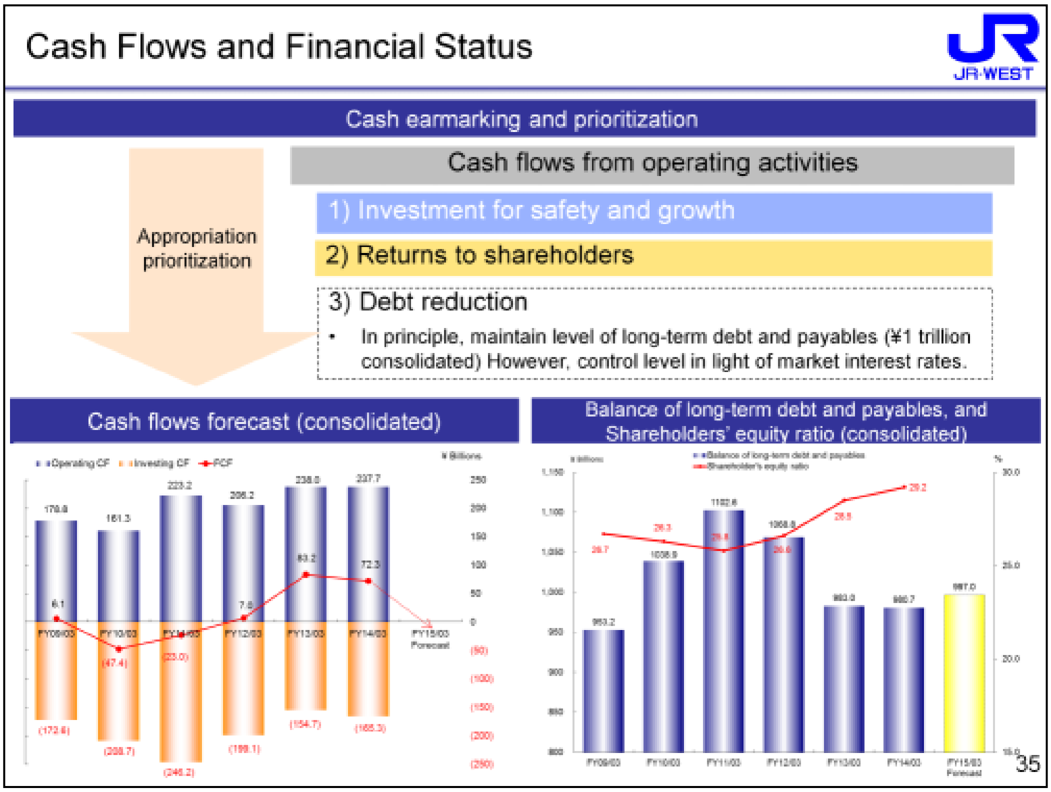
<Safety-related CAPEX>
- ・Renewal of ATC in Sanyo Shinkansen Line
- ・Earthquake and tsunami countermeasures
- ・Replacement of rolling stock on conventional lines
- ・New safety system

・Barrier-Free ・Station improvement



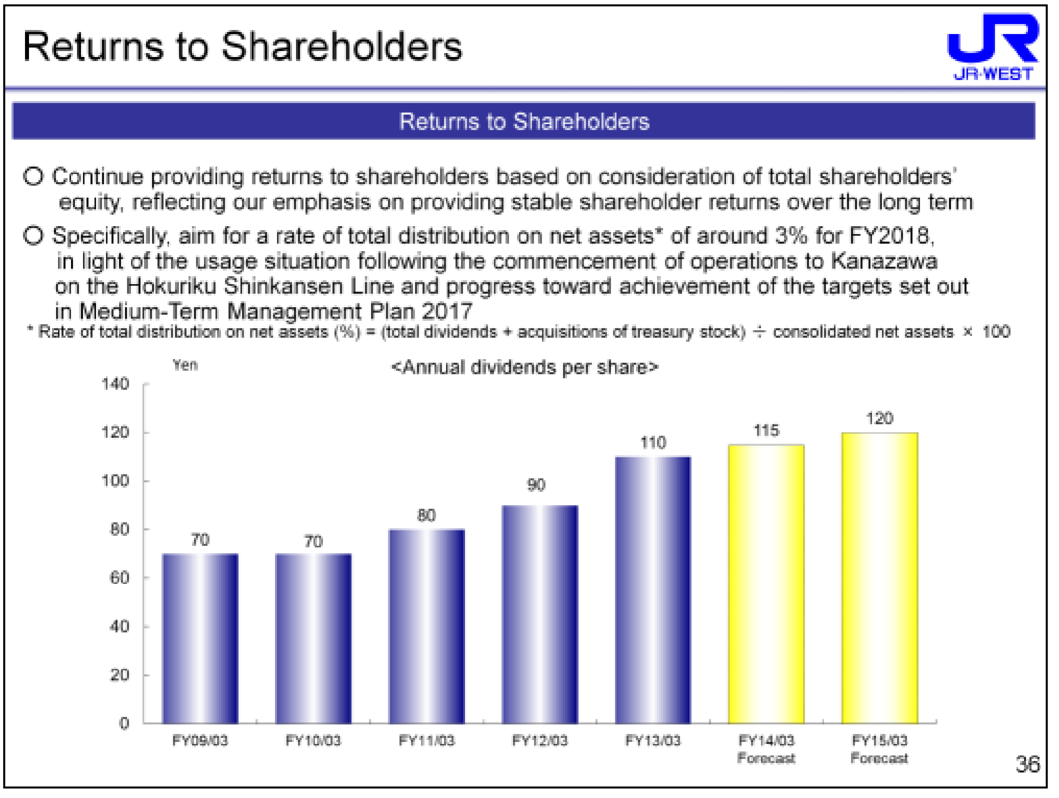
34

○ In the previous fiscal year, consolidated CAPEX was 166.7 billion yen including safety related CAPEX of 89.3 billion yen. CAPEX in this fiscal year is planned to be 224.0 billion yen on consolidated basis. The main factors behind this large capital expenditure plans include the renewal of ATC in Sanyo Shinkansen Line, safety related investments for such as earthquake and tsunami countermeasures, introduction of 10 sets of W7 Series rolling stock for Hokuriku Shinkansen, and the renovation of the West Wing of the North Gate Building. Although the amount of capital expenditure is expected to be high, we will implement investments in planned manner based on firm examination of each project. In addition, as for CAPEX for growth, we will keep looking for the growth opportunities and add projects which we can see their profitability.



○ Long-term debt and payables as of the end of March 2014 was 980.7 billion yen, and shareholders' equity ratio reached 29.2%, record high. Based on the fact, we recognize that our financial stability and soundness have been steadily improving.

○ In this fiscal year, because of large CAPEX as well as decline in profits, FCF is expected to be negative, and long-term debts and payables at the end of the fiscal year are expected to increase to be 997.0 billion yen on consolidated basis.



- We will provide returns to shareholders based on consideration of total shareholders' equity, reflecting our emphasis on stable shareholder returns over the long term, and aim for a rate of total distribution on net assets of around 3% for FY2018/3.
- As for dividends in FY2014/3, since free cash flows have improved, by exceeding the financial forecasts. Therefore, we plan to increase the dividend by 5 yen per share at the end of the fiscal year, and to pay an annual dividend of 115 yen. We expect FY2015/3 to be challenging, but we are determined to build a foundation for growth in FY2016/3 and subsequent years. Reflecting the determination, we plan to pay an annual dividend of 120 per share.
- Our policy for cash earmarking and prioritization and targets for returns to shareholders will be unchanged, but in terms of the way to achieve the target, we will decide year by year considering the conditions including the cash flow status.

END

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.
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- 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.