

Results for the first half ended September 30, 2014 and Future Initiatives



October 31, 2014

West Japan Railway Company

I . Results for the first half and Forecasts for FY2015/3 **2**

II . Future Initiatives **18**

1. Medium-Term Management Plan 2017, and Summary of Results for the first half and Forecasts for FY2015/3 **19**
2. Initiatives in each business strategy
 ~ Shinkansen, Kansai Urban Area,
 Business Development (Non-Transportation business) ~ **24**
3. Capital Expenditure Plan, Cash Flows and Financial Status,
 Returns to Shareholders **34**

I . Results for the first half and Forecasts for FY2015/3

Financial Highlights

¥ Billions

| | 6 months ended Sep 30, 2013 | 6 months ended Sep 30, 2014 | YoY | | Results FY2014/3 | Forecasts FY2015/3 | | YoY | | Difference between the forecasts Increase/ (Decrease) E-D |
|---------------------------|--------------------------------|--------------------------------|-------------------------|-------|---------------------|--------------------|--------------|-------------------------|-------|--|
| | | | Increase/ (Decrease) | % | | As of July 30 | As of Oct 29 | Increase/ (Decrease) | % | |
| | | | B-A | 1-B/A | | | | C | D | |
| | A | B | | | | | | | | |
| 【Consolidated】 | | | | | | | | | | |
| Operating Revenues | 642.1 | 651.5 | 9.3 | 1.5 | 1,331.0 | 1,319.5 | 1,330.0 | (1.0) | (0.1) | 10.5 |
| Operating Income | 74.8 | 82.1 | 7.3 | 9.8 | 134.5 | 117.5 | 124.0 | (10.5) | (7.9) | 6.5 |
| Recurring Profit | 61.5 | 72.4 | 10.9 | 17.7 | 112.9 | 98.5 | 105.0 | (7.9) | (7.0) | 6.5 |
| Net Income | 36.8 | 54.4 | 17.5 | 47.6 | 65.6 | 58.5 | 65.5 | (0.1) | (0.2) | 7.0 |
| 【Non-Consolidated】 | | | | | | | | | | |
| Operating Revenues | 433.5 | 440.7 | 7.1 | 1.6 | 873.6 | 874.5 | 881.0 | 7.3 | 0.8 | 6.5 |
| Transportation Revenues | 388.6 | 394.8 | 6.2 | 1.6 | 780.6 | 781.5 | 788.0 | 7.3 | 0.9 | 6.5 |
| Operating Expenses | 371.2 | 371.5 | 0.3 | 0.1 | 771.8 | 779.5 | 779.5 | 7.6 | 1.0 | — |
| Personnel costs | 117.2 | 116.9 | (0.2) | (0.2) | 235.4 | 233.0 | 233.0 | (2.4) | (1.1) | — |
| Non personnel costs | 161.3 | 166.2 | 4.9 | 3.1 | 351.6 | 369.0 | 369.0 | 17.3 | 4.9 | — |
| Energy costs | 21.4 | 22.7 | 1.2 | 5.9 | 43.1 | 46.5 | 46.5 | 3.3 | 7.9 | — |
| Maintenance costs | 59.9 | 62.0 | 2.1 | 3.5 | 139.0 | 146.5 | 146.5 | 7.4 | 5.4 | — |
| Miscellaneous costs | 79.9 | 81.5 | 1.5 | 1.9 | 169.5 | 176.0 | 176.0 | 6.4 | 3.8 | — |
| Depreciation | 62.8 | 61.1 | (1.6) | (2.6) | 129.3 | 127.0 | 127.0 | (2.3) | (1.8) | — |
| Operating Income | 62.3 | 69.1 | 6.8 | 11.0 | 101.7 | 95.0 | 101.5 | (0.2) | (0.3) | 6.5 |
| Recurring Profit | 49.6 | 57.5 | 7.9 | 15.9 | 79.9 | 75.0 | 81.5 | 1.5 | 1.9 | 6.5 |
| Net Income | 30.4 | 39.0 | 8.5 | 28.2 | 48.6 | 43.0 | 50.0 | 1.3 | 2.7 | 7.0 |

Note: Figures in brackets () are negative values.

Non-Consolidated Financial Results

¥ Billions

| | 6 months ended Sep 30, 2013 | 6 months ended Sep 30, 2014 | YoY | |
|-------------------------------------|--------------------------------|--------------------------------|--------------------------------|------------|
| | | | Increase/ (Decrease) B-A | % 1-B/A |
| | A | B | | |
| Operating Revenues | 433.5 | 440.7 | 7.1 | 1.6 |
| Transportation revenues | 388.6 | 394.8 | 6.2 | 1.6 |
| Other | 44.9 | 45.8 | 0.8 | 2.0 |
| Operating Expenses | 371.2 | 371.5 | 0.3 | 0.1 |
| Personnel costs | 117.2 | 116.9 | (0.2) | (0.2) |
| Non personnel costs | 161.3 | 166.2 | 4.9 | 3.1 |
| Energy costs | 21.4 | 22.7 | 1.2 | 5.9 |
| Maintenance costs | 59.9 | 62.0 | 2.1 | 3.5 |
| Miscellaneous costs | 79.9 | 81.5 | 1.5 | 1.9 |
| Rental payments, etc. | 11.8 | 9.2 | (2.6) | (22.5) |
| Taxes | 17.9 | 17.8 | (0.0) | (0.2) |
| Depreciation | 62.8 | 61.1 | (1.6) | (2.6) |
| Operating Income | 62.3 | 69.1 | 6.8 | 11.0 |
| Non-operating revenues and expenses | (12.6) | (11.6) | 1.0 | (8.5) |
| Non-operating revenues | 1.5 | 1.5 | (0.0) | — |
| Non-operating expenses | 14.2 | 13.1 | (1.0) | — |
| Recurring Profit | 49.6 | 57.5 | 7.9 | 15.9 |
| Extraordinary profit and loss, net | (0.3) | (2.7) | (2.3) | — |
| Extraordinary profit | 3.0 | 3.7 | 0.7 | — |
| Extraordinary loss | 3.3 | 6.4 | 3.0 | — |
| Net Income | 30.4 | 39.0 | 8.5 | 28.2 |

Note: Figures in brackets () are negative values.

Major Factors of Increase/Decrease in Transportation Revenues

¥ Billions

| Results for 6 months ended Sep 30, 2014 | | | | | |
|--|-------|-------------------------|-----|------------------------------------|--------|
| Transportation revenues | | YoY Increase/(Decrease) | | Major factors | |
| | | Amount | % | | Amount |
| Shinkansen | 184.6 | 3.4 | 1.9 | Fundamentals 1.5% | 2.7 |
| | | | | Special factors | |
| | | | | Expanding revenue via the internet | 0.5 |
| | | | | Seniors demand | 0.2 |
| | | | | USJ | 0.2 |
| | | | | Inbound demand | 0.1 |
| | | | | One fewer three-day holiday | (0.6) |
| | | | | etc. | |
| Kansai Urban Area (Kyoto-Osaka-Kobe Area) | 148.0 | 2.0 | 1.4 | Fundamentals 1.0% | 1.4 |
| | | | | Special factors | |
| | | | | Inbound demand | 0.3 |
| | | | | New large commercial buildings | 0.3 |
| | | | | One fewer three-day holiday | (0.1) |
| | | | | etc. | |
| Other lines | 62.1 | 0.7 | 1.2 | Fundamentals 1.4% | 0.8 |
| | | | | Special factors | |
| | | | | One fewer three-day holiday | (0.1) |
| | | | | | |
| | | | | etc. | |
| Conventional lines | 210.2 | 2.7 | 1.3 | | |
| Total | 394.8 | 6.2 | 1.6 | | |

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

Figures in brackets() are negative values.

Transportation Revenues and Passenger-Kilometers



Transportation Revenues

¥ Billions

| | Results for 6 months ended Sep 30 (4/1~9/30) | | | 3 months (2Q) (7/1~9/30) | | |
|--|---|----------|-------------|-----------------------------|----------|-----------------|
| | FY2014/3 | FY2015/3 | YoY | FY2014/3 | FY2015/3 | YoY |
| Total | 388.6 | 394.8 | 6.2 1.6% | 200.4 | 204.0 | 3.5 1.8% |
| Shinkansen | 181.1 | 184.6 | 3.4 1.9% | 94.4 | 96.2 | 1.8 2.0% |
| Commuter Passes | 4.6 | 4.6 | 0.0 0.0% | 2.3 | 2.2 | (0.0) (2.6%) |
| Non-Commuter Passes | 176.4 | 179.9 | 3.4 2.0% | 92.0 | 93.9 | 1.9 2.1% |
| Conventional Lines | 207.4 | 210.2 | 2.7 1.3% | 106.0 | 107.7 | 1.7 1.6% |
| Commuter Passes | 71.6 | 72.4 | 0.7 1.0% | 35.5 | 35.9 | 0.4 1.1% |
| Non-Commuter Passes | 135.8 | 137.8 | 2.0 1.5% | 70.4 | 71.7 | 1.3 1.9% |
| Kansai Urban Area (Kyoto-Osaka-Kobe Area) | 146.0 | 148.0 | 2.0 1.4% | 73.6 | 74.9 | 1.3 1.8% |
| Commuter Passes | 57.8 | 58.4 | 0.6 1.1% | 28.7 | 29.1 | 0.4 1.5% |
| Non-Commuter Passes | 88.1 | 89.6 | 1.4 1.6% | 44.9 | 45.7 | 0.8 2.0% |
| Other Lines | 61.4 | 62.1 | 0.7 1.2% | 32.3 | 32.8 | 0.4 1.4% |
| Commuter Passes | 13.8 | 13.9 | 0.1 0.7% | 6.8 | 6.8 | (0.0) (0.2%) |
| Non-Commuter Passes | 47.6 | 48.2 | 0.6 1.3% | 25.5 | 25.9 | 0.4 1.8% |

Passenger-Kilometers

Millions of passenger-kilometers

| | Results for 6 months ended Sep 30 (4/1~9/30) | | | 3 months (2Q) (7/1~9/30) | | |
|--|---|----------|-----------------|-----------------------------|----------|-----------------|
| | FY2014/3 | FY2015/3 | YoY | FY2014/3 | FY2015/3 | YoY |
| Total | 27,941 | 28,027 | 86 0.3% | 14,275 | 14,343 | 68 0.5% |
| Shinkansen | 8,722 | 8,885 | 163 1.9% | 4,584 | 4,680 | 96 2.1% |
| Commuter Passes | 380 | 371 | (8) (2.4%) | 190 | 191 | 1 0.9% |
| Non-Commuter Passes | 8,341 | 8,513 | 172 2.1% | 4,394 | 4,488 | 94 2.2% |
| Conventional Lines | 19,219 | 19,142 | (77) (0.4%) | 9,691 | 9,663 | (28) (0.3%) |
| Commuter Passes | 11,760 | 11,551 | (208) (1.8%) | 5,762 | 5,643 | (119) (2.1%) |
| Non-Commuter Passes | 7,458 | 7,590 | 131 1.8% | 3,928 | 4,020 | 91 2.3% |
| Kansai Urban Area (Kyoto-Osaka-Kobe Area) | 14,565 | 14,519 | (46) (0.3%) | 7,279 | 7,268 | (11) (0.2%) |
| Commuter Passes | 9,487 | 9,360 | (127) (1.3%) | 4,659 | 4,587 | (72) (1.5%) |
| Non-Commuter Passes | 5,077 | 5,159 | 81 1.6% | 2,620 | 2,681 | 60 2.3% |
| Other Lines | 4,653 | 4,622 | (31) (0.7%) | 2,411 | 2,394 | (17) (0.7%) |
| Commuter Passes | 2,272 | 2,191 | (81) (3.6%) | 1,103 | 1,055 | (47) (4.3%) |
| Non-Commuter Passes | 2,380 | 2,431 | 50 2.1% | 1,308 | 1,338 | 30 2.3% |

Note: Figures in brackets () are negative values.

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

¥ Billions

| Item | Results for 6 months ended Sep 30, 2014 | | | |
|-------------------------------|---|-------------------------|--------|--|
| | | YoY | | Major factors |
| | | Increase/ (Decrease) | % | |
| Personnel costs | 116.9 | (0.2) | (0.2) | <ul style="list-style-type: none"> Decrease in retirement allowance (2.0) Increase in the rate of health insurance and employees' pension insurance +0.6, etc. |
| Energy costs | 22.7 | 1.2 | 5.9 | <ul style="list-style-type: none"> Rise in fuel costs and renewable energy power promotion surcharge +1.3, etc. |
| Maintenance costs | 62.0 | 2.1 | 3.5 | <ul style="list-style-type: none"> Rise in construction unit price +1.3 Preparation costs for the opening of the Kanazawa segment of the Hokuriku Shinkansen +0.0, etc. |
| Miscellaneous costs | 81.5 | 1.5 | 1.9 | <ul style="list-style-type: none"> Increase in payments for other JR companies +0.5 Preparation costs for the opening of the Kanazawa segment of the Hokuriku Shinkansen +0.4 Increase in system related costs +0.3, etc. |
| Rental Payments, etc | 9.2 | (2.6) | (22.5) | <ul style="list-style-type: none"> Termination of the lease period for Kosei Line (2.7), etc. |
| Taxes | 17.8 | (0.0) | (0.2) | |
| Depreciation and amortization | 61.1 | (1.6) | (2.6) | <ul style="list-style-type: none"> Preparation costs for the opening of the Kanazawa segment of the Hokuriku Shinkansen +0.3 Progress of depreciation and amortization, etc. |
| Total | 371.5 | 0.3 | 0.1 | |

Note: Figures in brackets () are negative values.

Consolidated Financial Results

¥ Billions

| | 6 months ended Sep 30, 2013 | 6 months ended Sep 30, 2014 | YoY | |
|-------------------------------------|--------------------------------|--------------------------------|--------------------------------|------------|
| | | | Increase/ (Decrease) B-A | % 1-B/A |
| | A | B | | |
| Operating Revenues | 642.1 | 651.5 | 9.3 | 1.5 |
| Operating Expenses | 567.3 | 569.3 | 2.0 | 0.4 |
| Operating Income | 74.8 | 82.1 | 7.3 | 9.8 |
| Non-operating revenues and expenses | (13.2) | (9.7) | 3.5 | (26.8) |
| Non-operating revenues | 1.5 | 3.7 | 2.1 | - |
| Non-operating expenses | 14.8 | 13.4 | (1.4) | - |
| Recurring Profit | 61.5 | 72.4 | 10.9 | 17.7 |
| Extraordinary profit and loss, net | (0.5) | 3.1 | 3.7 | - |
| Extraordinary profit | 3.3 | 10.9 | 7.6 | - |
| Extraordinary loss | 3.9 | 7.7 | 3.8 | - |
| Net Income | 36.8 | 54.4 | 17.5 | 47.6 |
| <i>Comprehensive Income</i> | 38.3 | 55.5 | 17.2 | 44.9 |

Note: Figures in brackets () are negative values.

Consolidated Financial Results (Segment Information)

¥ Billions

| | 6 months ended Sep 30, 2013 | 6 months ended Sep 30, 2014 | YoY | |
|--|--------------------------------|--------------------------------|-------------------------|------------|
| | | | Increase/ (Decrease) | % |
| | | | A | B |
| Operating Revenues*¹ | 642.1 | 651.5 | 9.3 | 1.5 |
| Transportation | 422.3 | 429.3 | 6.9 | 1.7 |
| Retail | 116.8 | 111.3 | (5.5) | (4.7) |
| Sales of goods and food services | 68.2 | 65.9 | (2.2) | (3.4) |
| Department Stores | 43.8 | 41.1 | (2.7) | (6.2) |
| Real estate | 42.8 | 42.9 | 0.1 | 0.3 |
| Shopping center | 27.3 | 24.9 | (2.4) | (8.9) |
| Real estate lease and sale* ³ | 14.6 | 17.1 | 2.4 | 16.8 |
| | [0.9] | [2.7] | | |
| Other businesses | 60.2 | 68.0 | 7.8 | 13.0 |
| Hotel | 16.2 | 16.7 | 0.5 | 3.3 |
| Nippon Travel Agency | 18.3 | 19.5 | 1.1 | 6.4 |
| Operating Income*² | 74.8 | 82.1 | 7.3 | 9.8 |
| Transportation | 57.1 | 63.1 | 5.9 | 10.4 |
| Retail | 2.0 | 1.9 | (0.0) | (3.9) |
| Sales of goods and food services | 2.4 | 2.7 | 0.2 | 8.8 |
| Department stores | (0.6) | (0.9) | (0.3) | - |
| Real estate | 12.2 | 14.0 | 1.8 | 14.8 |
| Shopping center | 4.3 | 3.8 | (0.5) | (12.1) |
| Real estate lease and sale | 3.3 | 5.0 | 1.6 | 49.5 |
| Other businesses | 2.5 | 2.2 | (0.2) | (10.5) |
| Hotel | 0.9 | 0.8 | (0.1) | (14.9) |
| Nippon Travel Agency | (0.2) | (0.2) | (0.0) | - |

Note: Figures in brackets () 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 brackets [] 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 | | YoY | | Difference between the forecasts Increase/ (Decrease) C-B |
|-------------------------------------|------------------------------|------------------------|-----------------------|------------------------------------|----------------|--|
| | | As of July 30 B | As of Oct 29 C | Increase/ (Decrease) C-A | % 1-C/A | |
| Operating Revenues | 873.6 | 874.5 | 881.0 | 7.3 | 0.8 | 6.5 |
| Transportation revenues | 780.6 | 781.5 | 788.0 | 7.3 | 0.9 | 6.5 |
| Other | 93.0 | 93.0 | 93.0 | (0.0) | (0.0) | — |
| Operating Expenses | 771.8 | 779.5 | 779.5 | 7.6 | 1.0 | — |
| Personnel costs | 235.4 | 233.0 | 233.0 | (2.4) | (1.1) | — |
| Non personnel costs | 351.6 | 369.0 | 369.0 | 17.3 | 4.9 | — |
| Energy costs | 43.1 | 46.5 | 46.5 | 3.3 | 7.9 | — |
| Maintenance costs | 139.0 | 146.5 | 146.5 | 7.4 | 5.4 | — |
| Miscellaneous costs | 169.5 | 176.0 | 176.0 | 6.4 | 3.8 | — |
| Rental payments, etc. | 23.6 | 18.5 | 18.5 | (5.1) | (21.7) | — |
| Taxes | 31.6 | 32.0 | 32.0 | 0.3 | 1.0 | — |
| Depreciation | 129.3 | 127.0 | 127.0 | (2.3) | (1.8) | — |
| Operating Income | 101.7 | 95.0 | 101.5 | (0.2) | (0.3) | 6.5 |
| Non-operating revenues and expenses | (21.7) | (20.0) | (20.0) | 1.7 | (8.2) | — |
| Non-operating revenues | 6.5 | 6.6 | 6.6 | 0.0 | — | — |
| Non-operating expenses | 28.3 | 26.6 | 26.6 | (1.7) | — | — |
| Recurring Profit | 79.9 | 75.0 | 81.5 | 1.5 | 1.9 | 6.5 |
| Extraordinary profit and loss, net | 1.2 | (8.5) | (8.5) | (9.7) | — | — |
| Extraordinary profit | 23.8 | — | — | — | — | — |
| Extraordinary loss | 22.6 | — | — | — | — | — |
| Net Income | 48.6 | 43.0 | 50.0 | 1.3 | 2.7 | 7.0 |

Note: These financial forecasts do not incorporate income and expenses related to the start of operations on the Hokuriku Shinkansen (scheduled for March 14, 2015).

Figures in brackets () are negative values.

Transportation Revenue Forecasts

¥ Billions

| | Results FY2014/3 A | Forecasts FY2015/3 | | YoY | | Difference between the forecasts Increase/ (Decrease) C-B |
|--|------------------------------|------------------------|-----------------------|------------------------------------|----------------|--|
| | | As of July 30 B | As of Oct 29 C | Increase/ (Decrease) C-A | % 1-C/A | |
| Shinkansen | 364.4 | 365.9 | 368.6 | 4.1 | 1.1 | 2.6 |
| Kansai Urban Area (Kyoto-Osaka-Kobe Area) | 292.1 | 292.1 | 294.6 | 2.4 | 0.8 | 2.4 |
| Other lines | 123.9 | 123.3 | 124.7 | 0.8 | 0.6 | 1.3 |
| Conventional lines | 416.1 | 415.5 | 419.3 | 3.2 | 0.8 | 3.8 |
| Transportation revenues | 780.6 | 781.5 | 788.0 | 7.3 | 0.9 | 6.5 |

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

Operating Expenses Forecasts (Non-Consolidated)

¥ Billions

| Item | Forecasts FY2015/3 | | | | |
|-------------------------------|--------------------|-------------------------|--------|---|---|
| | | YoY | | Major factors (YoY) | Difference from the previous forecast Increase/(Decrease) |
| | | 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 brackets () are negative values.

Consolidated Financial Forecasts

¥ Billions

| | Results FY2014/3 A | Forecasts FY2015/3 | | YoY | | Difference between the forecasts Increase/ (Decrease) C-B |
|-------------------------------------|------------------------------|--------------------|-------------------|--------------------------------|------------|--|
| | | As of July 30 B | As of Oct 29 C | Increase/ (Decrease) C-A | % 1-C/A | |
| Operating Revenues | 1,331.0 | 1,319.5 | 1,330.0 | (1.0) | (0.1) | 10.5 |
| Operating Expenses | 1,196.4 | 1,202.0 | 1,206.0 | 9.5 | 0.8 | 4.0 |
| Operating Income | 134.5 | 117.5 | 124.0 | (10.5) | (7.9) | 6.5 |
| Non-operating revenues and expenses | (21.6) | (19.0) | (19.0) | 2.6 | (12.2) | - |
| Non-operating revenues | 7.7 | 8.1 | 8.1 | 0.3 | - | - |
| Non-operating expenses | 29.4 | 27.1 | 27.1 | (2.3) | - | - |
| Recurring Profit | 112.9 | 98.5 | 105.0 | (7.9) | (7.0) | 6.5 |
| Extraordinary profit and loss, net | (1.2) | (9.0) | (9.0) | (7.7) | - | - |
| Extraordinary profit | 26.3 | - | - | - | - | - |
| Extraordinary loss | 27.6 | - | - | - | - | - |
| Net Income | 65.6 | 58.5 | 65.5 | (0.1) | (0.2) | 7.0 |
| Net income per share(¥) | 338.98 | 302.16 | 338.32 | - | - | - |

Note: Figures in brackets () are negative values.

Consolidated Financial Forecasts (Segment Information)



¥ Billions

| | Results FY2014/3 A | Forecasts FY2015/3 | | YoY | | Difference between the forecasts Increase/ (Decrease) C-B |
|--|------------------------------|------------------------|-----------------------|------------------------------------|----------------|--|
| | | As of July 30 B | As of Oct 29 C | Increase/ (Decrease) C-A | % 1-C/A | |
| Operating Revenues*¹ | 1,331.0 | 1,319.5 | 1,330.0 | (1.0) | (0.1) | 10.5 |
| Transportation | 851.3 | 852.8 | 859.3 | 7.9 | 0.9 | 6.5 |
| Retail | 240.1 | 214.3 | 214.3 | (25.8) | (10.8) | - |
| Sales of goods and food services | 135.1 | 129.8 | 129.8 | (5.3) | (4.0) | - |
| Department Stores | 94.5 | 76.0 | 76.0 | (18.5) | (19.6) | - |
| Real estate | 102.2 | 89.2 | 89.2 | (13.0) | (12.8) | - |
| Shopping center | 53.5 | 50.0 | 50.0 | (3.5) | (6.6) | - |
| Real estate lease and sale* ³ | 47.1 | 37.5 | 37.5 | (9.6) | (20.4) | - |
| | 【19.1】 | 【8.1】 | 【8.1】 | | | |
| Other businesses | 137.1 | 163.2 | 167.2 | 30.0 | 21.9 | 4.0 |
| Hotel | 33.4 | 34.1 | 34.1 | 0.6 | 2.0 | - |
| Nippon Travel Agency | 41.5 | 41.8 | 41.8 | 0.2 | 0.6 | - |
| Operating Income*² | 134.5 | 117.5 | 124.0 | (10.5) | (7.9) | 6.5 |
| Transportation | 91.0 | 83.8 | 90.3 | (0.7) | (0.8) | 6.5 |
| Retail | 4.4 | 1.0 | 1.0 | (3.4) | (77.4) | - |
| Real estate | 27.7 | 23.7 | 23.7 | (4.0) | (14.7) | - |
| Other businesses | 11.8 | 9.5 | 9.5 | (2.3) | (19.9) | - |

Note: Figures in brackets () 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 brackets [] 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, 2014 A | As of Sep 30, 2014 B | Difference increase/ (decrease) B-A |
|--|------------------------------|----------------------------|--|
| Assets | 2,687.8 | 2,695.5 | 7.6 |
| Liabilities | 1,880.5 | 1,856.8 | (23.7) |
| Net assets | 807.3 | 838.7 | 31.3 |
| Balance of Long-term Debt and Payables | 980.7 | 976.0 | (4.7) |
| 【Average interest rate(%)】 | 【2.63】 | 【2.57】 | 【(0.06)】 |
| Shinkansen Purchase Liability | 205.1 | 189.4 | (15.7) |
| 【Average interest rate(%)】 | 【5.85】 | 【5.92】 | 【0.07】 |
| Bonds | 459.9 | 469.9 | 10.0 |
| 【Average interest rate(%)】 | 【2.08】 | 【2.07】 | 【(0.01)】 |
| Equity ratio (%) | 29.2 | 29.5 | 0.3 |
| Net assets per share (¥) | 4,048.31 | 4,107.65 | 59.34 |

| | 6 months ended Sep 30, 2013 A | 6 months ended Sep 30, 2014 B | YoY increase/ (decrease) B-A |
|--|-------------------------------------|-------------------------------------|---------------------------------------|
| Cash flows from operating activities | 69.6 | 61.7 | (7.8) |
| Cash flows from investing activities | (60.2) | (77.9) | (17.6) |
| Free cash flows | 9.3 | (16.1) | (25.5) |
| Cash flows from financing activities | (13.2) | (10.1) | 3.0 |
| Change in cash and cash equivalents, net | (3.8) | (26.3) | (22.4) |
| Cash and cash equivalents at the end of the period | 44.5 | 46.6 | 2.0 |

Note: Figures in brackets () are negative values.

Other Data

Persons, ¥Billions

| | 6 months ended Sep 30, 2013 | 6 months ended Sep 30, 2014 | Results FY2014/3 | Forecasts FY2015/3 As of Oct 29 |
|--|--------------------------------|--------------------------------|---------------------|---------------------------------------|
| ROA (% Consolidated) | 2.9 | 3.1 | 5.1 | 4.5 |
| ROE (% Consolidated) | 4.9 | 6.9 | 8.6 | 8.3 |
| EBITDA (Consolidated) *1 | 149.8 | 154.4 | 288.4 | 276.0 |
| Depreciation (Consolidated) | 75.0 | 72.2 | 153.9 | 152.0 |
| Capital Expenditures (Consolidated, own fund) | 46.2 | 73.7 | 166.7 | 224.0 |
| Capital Expenditures (Non-consolidated, own fund) | 37.3 | 58.3 | 144.5 | 188.0 |
| Safety related capital expenditure | 24.0 | 22.4 | 89.3 | 90.0 |
| Dividends per share (¥) | 55 | 60 | 115 | 120 |

*1 EBITDA = Operating Income + Depreciation

| | 6 months ended Sep 30, 2013 | | 6 months ended Sep 30, 2014 | | Results FY2014/3 | | Forecasts FY2015/3 As of Oct 29 | |
|---------------------------------------|--------------------------------|------------------|--------------------------------|------------------|---------------------|------------------|---------------------------------------|------------------|
| | Consolidated | Non-Consolidated | Consolidated | Non-Consolidated | Consolidated | Non-Consolidated | Consolidated | Non-Consolidated |
| No. of employees at the end of period | 46,127 | 27,370 | 48,203 | 27,362 | 46,006 | 27,300 | - | - |
| Financial Expenses, net | (13.8) | (13.1) | (12.5) | (12.1) | (27.5) | (26.3) | (25.5) | (24.5) |
| Interest and dividend income | 0.3 | 0.9 | 0.5 | 0.9 | 0.5 | 1.4 | 0.5 | 1.4 |
| Interest expenses | 14.1 | 14.0 | 13.0 | 13.0 | 28.0 | 27.8 | 26.0 | 26.0 |

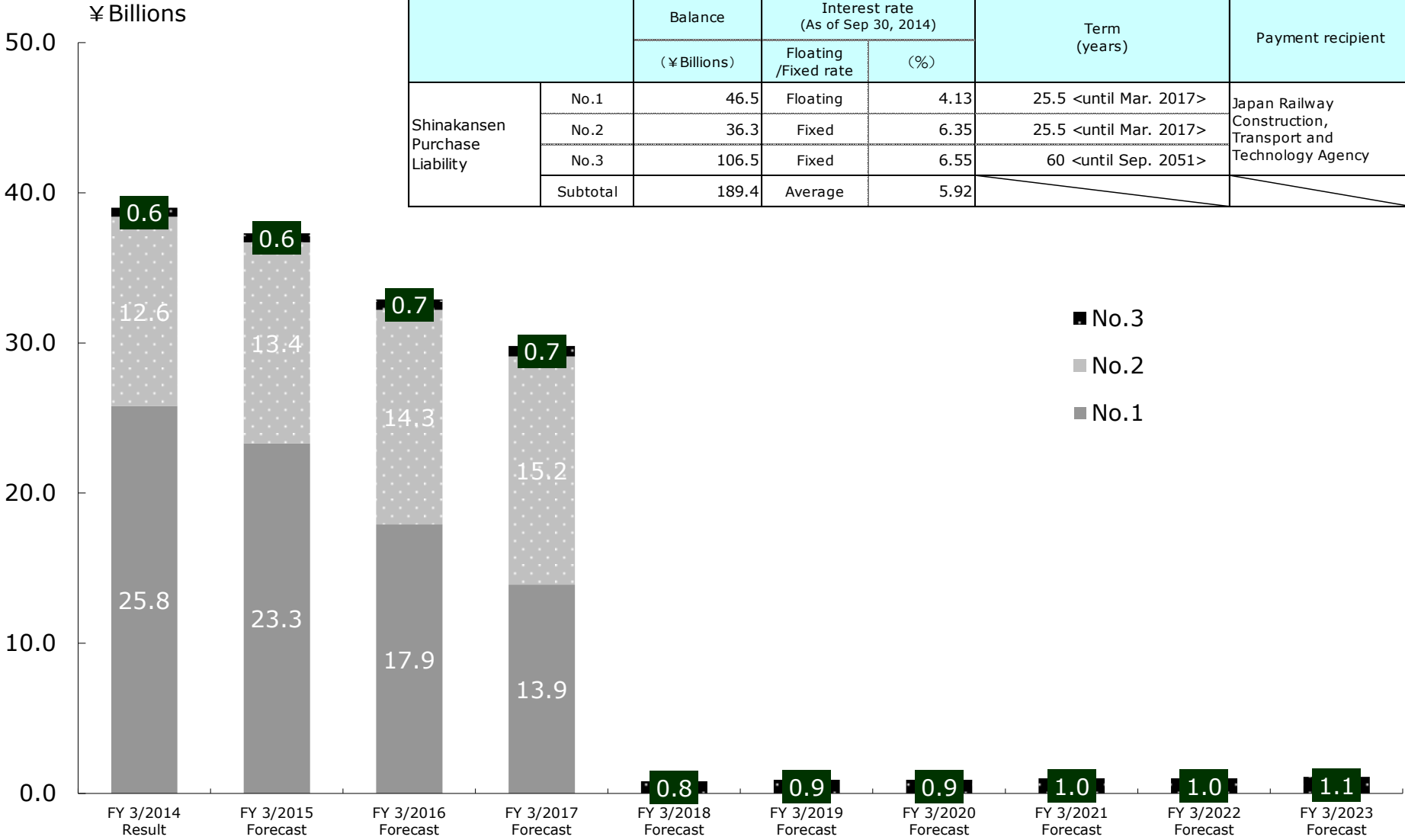
Note: Figures in brackets () are negative values.

Redemption Plan of Shinkansen Purchase Liability



【As of Sep 30, 2014】

| | | Balance (¥Billions) | Interest rate (As of Sep 30, 2014) | | Term (years) | Payment recipient |
|-------------------------------|----------|------------------------|---------------------------------------|------|------------------------|---|
| | | | Floating /Fixed rate | (%) | | |
| Shinkansen Purchase Liability | No.1 | 46.5 | Floating | 4.13 | 25.5 <until Mar. 2017> | Japan Railway Construction, Transport and Technology Agency |
| | No.2 | 36.3 | Fixed | 6.35 | 25.5 <until Mar. 2017> | |
| | No.3 | 106.5 | Fixed | 6.55 | 60 <until Sep. 2051> | |
| | Subtotal | 189.4 | Average | 5.92 | | |



II . Future Initiatives

1. Medium-Term Management Plan 2017, and Summary of Results for the first half and Forecasts for FY2015/3

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

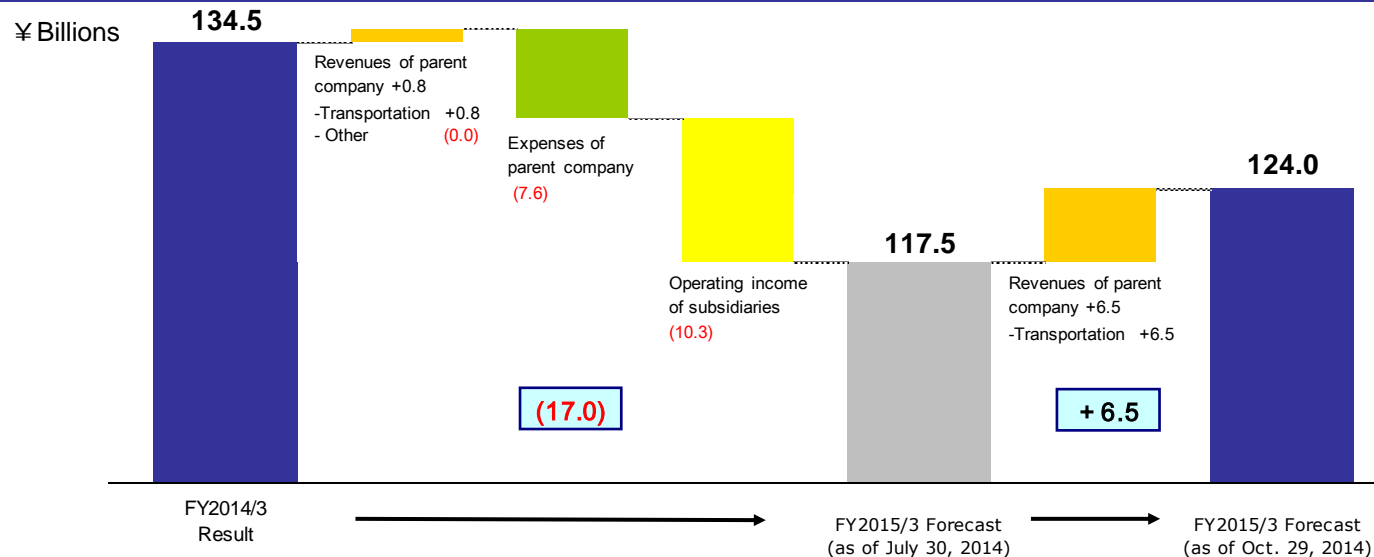
Future 20

Consolidated Financial Results and Forecasts

¥ Billions

| | First Half of FY2015/3 Results | | | FY2015/3 Forecasts | | | | | |
|--------------------|--------------------------------|-------------------------|------|--------------------|-------------|---|------|-------------------------|-------|
| | | YoY Increase/(Decrease) | | As of 7/30 | As of 10/29 | Difference from the previous forecast Increase/(Decrease) | | YoY Increase/(Decrease) | |
| | | Amount | % | | | Amount | % | Amount | % |
| Operating Revenues | 651.5 | 9.3 | 1.5 | 1,319.5 | 1,330.0 | 10.5 | 0.8 | (1.0) | (0.1) |
| Operating Expenses | 569.3 | 2.0 | 0.4 | 1,202.0 | 1,206.0 | 4.0 | 0.3 | 9.5 | 0.8 |
| Operating Income | 82.1 | 7.3 | 9.8 | 117.5 | 124.0 | 6.5 | 5.5 | (10.5) | (7.9) |
| Recurring Profit | 72.4 | 10.9 | 17.7 | 98.5 | 105.0 | 6.5 | 6.6 | (7.9) | (7.0) |
| Net Income | 54.4 | 17.5 | 47.6 | 58.5 | 65.5 | 7.0 | 12.0 | (0.1) | (0.2) |

Trend of consolidated operating income



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

¥ Billions

| | YoY Increase/(Decrease) | Forecasts FY2015/3 (as of Oct. 29, 2014) | 2Q Results |
|------------------|----------------------------|---|----------------------------|
| | | Major Factors | YoY Increase/(Decrease) |
| 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. | 0.3 |

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

¥ Billions

| | YoY Increase/(Decrease) | Forecasts FY2015/3 (as of Oct. 29, 2014)* | 2Q Results |
|------------------|----------------------------|--|----------------------------|
| | | Major Factors | YoY Increase/(Decrease) |
| 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.) | (5.5) |
| 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.) | 0.1 |
| Other Businesses | 30.0 | <ul style="list-style-type: none"> · Construction business +28.1 (DAITETSU KOGYO and its subsidiary newly included in the scope of consolidation +41.0, Decrease in Hokuriku Shinkansen related construction works, etc.) | 7.8 |

Note: Figures in brackets () 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 retrofitting
 - Strengthen measures for increasing natural disasters
- Steadily progressing on first-half initiatives
 - Enhanced awareness of catastrophic natural disasters

Four Business Strategies : “Shinkansen” “Kansai Urban Area” “Other West Japan Area” and “Business Development.” p.24~33

2. Initiatives in each business strategy

~ Shinkansen, Kansai Urban Area,

Business Development (Non-Transportation business) ~

Shinkansen – 1. Sanyo Shinkansen



Black italic characters: Change in external environment

FY2015/3

- Increase / Decrease in frequency (ANA *Itami~Fukuoka*) (-2, Mar. 30~ / -1~3, Jul. 1~ / +0~2, Oct. 26~)
- Increase in frequency (*Haneda~Okayama*)(JAL +1, Mar. 30~ / ANA +1, Oct. 26~)
- Increase in capacity of aircrafts (ANA Haneda~Iwakuni) (3, Mar. 30~)
- Launch of new routes (LCCs *Narita~Hiroshima* (+2) / *Takamatsu* (+1)) (Aug. 1~)
- Launch of new routes (LCCs *KIX~Kumamoto* (+2)) (Oct. 26~)

FY2014/3

- Expansion of arrival /departure slots of Haneda Airport (~Fukuoka +6 etc.)
- Expansion of slots for low-noise jets at Itami Airport (~Fukuoka+3, ~Kagoshima +1)
- Increase in frequency (ANA Haneda ~ Hiroshima) (+1, Oct.~)
- LCCs (*Nagoya~Hakata* +4, Mar./Apr., -2, Sep.) (*KIX~Fukuoka* +4, Oct., -4, Feb.)

[FY2015/3 First half results]
¥184.6 billion (YoY;+1.9%)

Mar. 2014

- Timetable revision
- Increase in the number of Nozomi trains that stop at Tokuyama Station
- Increase in frequency of "Mizuho"

Mar. 2013

- Timetable revision
- Increase in frequency of "Nozomi"
- Shortening of the travel time of "Nozomi" and "Sakura"

Dec. 2013

- Introduction of N700A

Mar. 2012

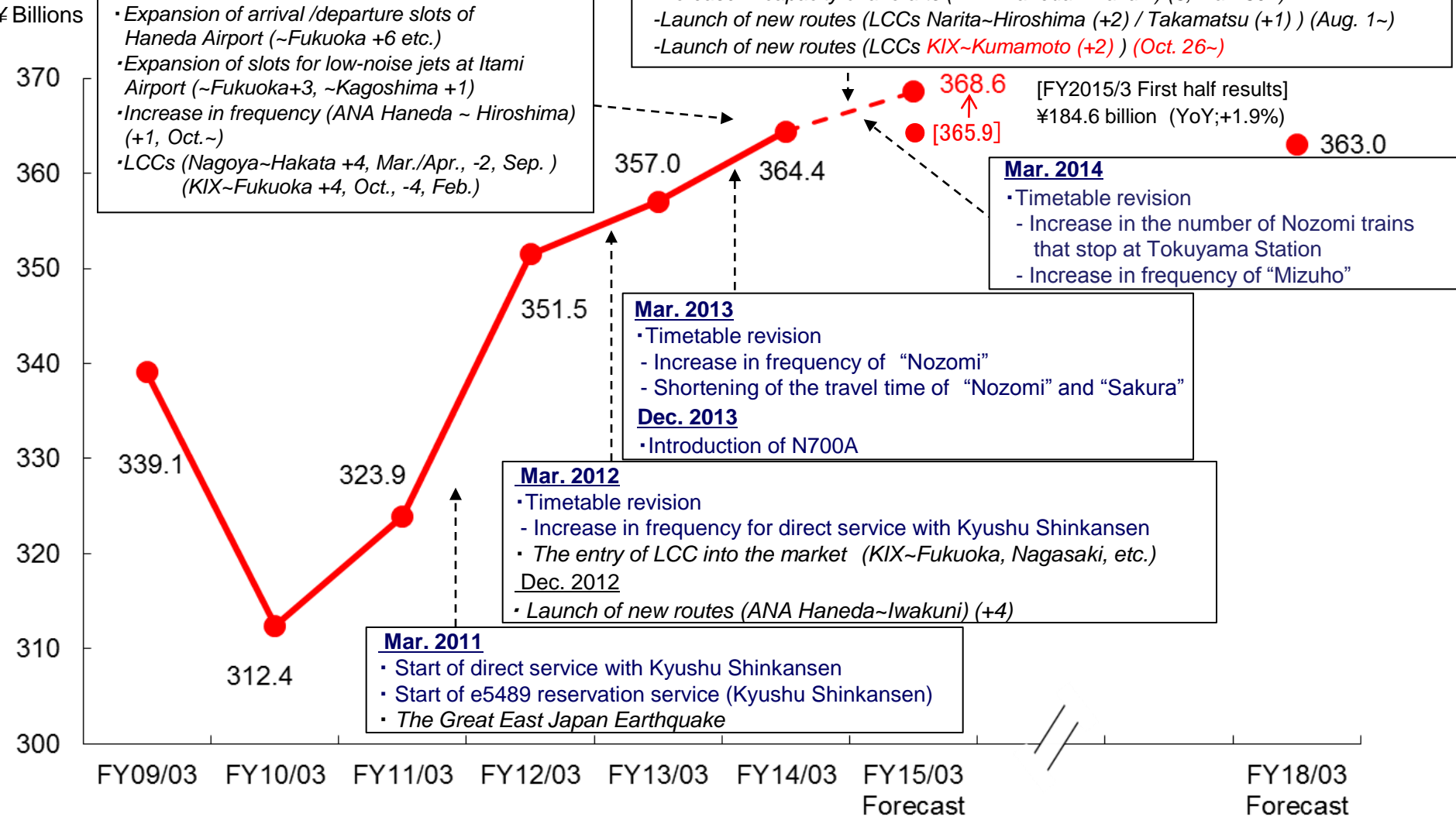
- Timetable revision
- Increase in frequency for direct service with Kyushu Shinkansen
- The entry of LCC into the market (*KIX~Fukuoka, Nagasaki, etc.*)

Dec. 2012

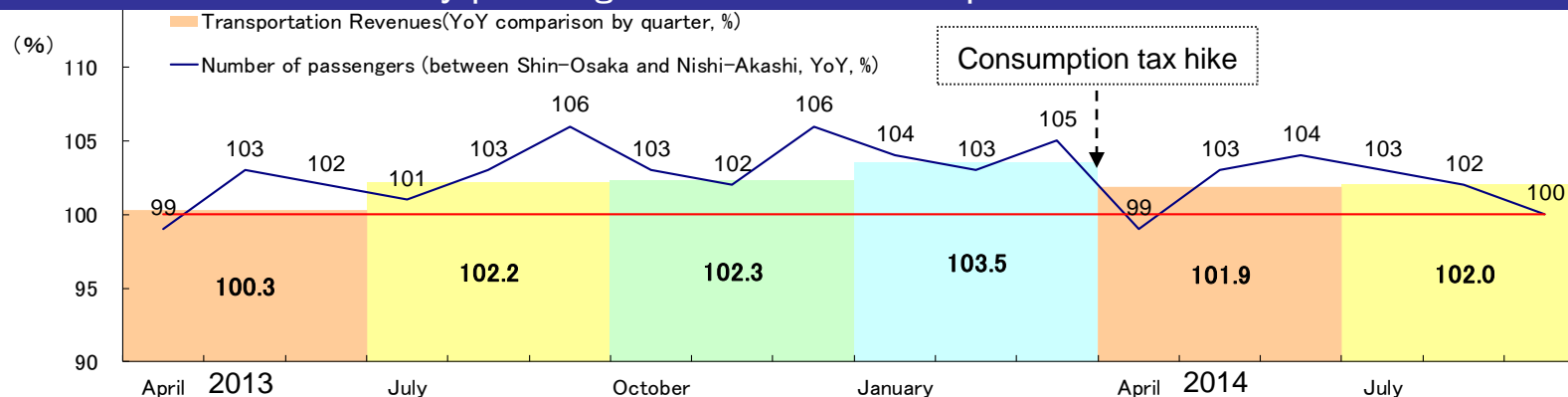
- Launch of new routes (ANA Haneda~Iwakuni) (+4)

Mar. 2011

- Start of direct service with Kyushu Shinkansen
- Start of e5489 reservation service (Kyushu Shinkansen)
- The Great East Japan Earthquake



Monthly passenger volume and transportation revenue



In the first half, succeeded in expanding product variations and with Internet initiatives

⇒ In the second half, continue to strengthen competitiveness and cultivate demand for tourism

Heighten competitiveness

○ Enhance safety and comfort

- Sequentially modify 16 sets of N700 Series (~ FY2016/3)
- Expand areas in which mobile phones can be used: to Shin-Yamaguchi (within FY2015/3)

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

- To and From Tokyo metropolitan area, increase the number of Nozomi trains stopping at Tokuyama
- 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

- Leverage appeal of the Express Reservation system and the e5489's convenience to acquire new members and retain business customers

○ Enhance the product range (Pricing strategy)

- To and From Tokyo metropolitan area, continue sales of "Tokyo round-trip Super Haya-Toku" early discount tickets
- To and From Kyushu, continue sales of "Super Haya-Toku" early discount tickets

Stimulate tourism demand

○ Sightseeing campaign

- "Wakayama Destination Campaign" (Sep. ~ Dec.)
- Pre-campaign for "Hokuriku Destination Campaign" "Japanese Beauty Hokuriku" (Oct. ~ Dec.)

○ Stimulate seniors' travel demand

- Target members of organizations for seniors with discount products and special types of travel products linked with tourism campaigns

○ Capture inbound demand

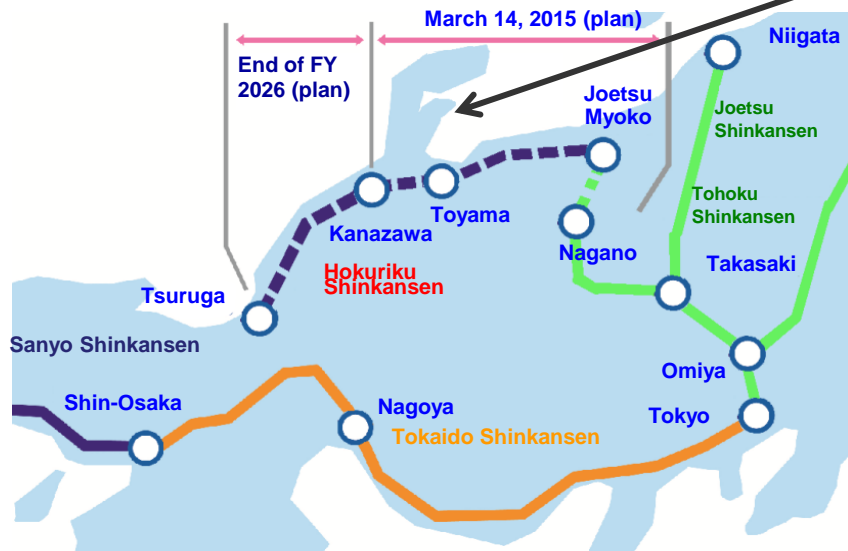
- Launch new products: "Tourist Pass" (Oct. ~)
 - For "Tokaido-Sanyo Shinkansen", available for Nozomi
 - For "Takayama-Hokuriku Area"
- Promote the establishment of products by making visits to travel agents in East and Southeast Asia

Released overview of Hokuriku Shinkansen

| | |
|-------------------------|---|
| JR-West's service area | Joetsu Myoko ~ Kanazawa (approx.170km) |
| Beginning of operations | March 14, 2015 |
| Travel time ※1 | <ul style="list-style-type: none"> • Kanazawa ~ Tokyo: 2h 28m (▲79m) • Toyama ~ Tokyo: 2h 8m (▲63m) |
| Price ※2 | <ul style="list-style-type: none"> • Kanazawa ~ Tokyo: 14,120 yen • Toyama ~ Tokyo: 12,730 yen |
| Service types | <ul style="list-style-type: none"> • Tokyo ~ Kanazawa (The fastest operation): "Kagayaki" 10 round trips • Tokyo ~ Kanazawa (Stopping at most stations): "Hakutaka" 14 round trips • Toyama ~ Kanazawa (Shuttle operation): "Tsurugi" 18 round trips • Tokyo ~ Nagano (Corresponding to existing Nagano Shinkansen Service): "Asama" 16 round trips |

※1 Travel time: Travel time of the fastest train. Shortened travel time is in comparison with fastest train service currently available.

※2 Price: Total amount of basic fare and reserved seat limited express surcharge for adult in normal season (filed a request for approval in October)

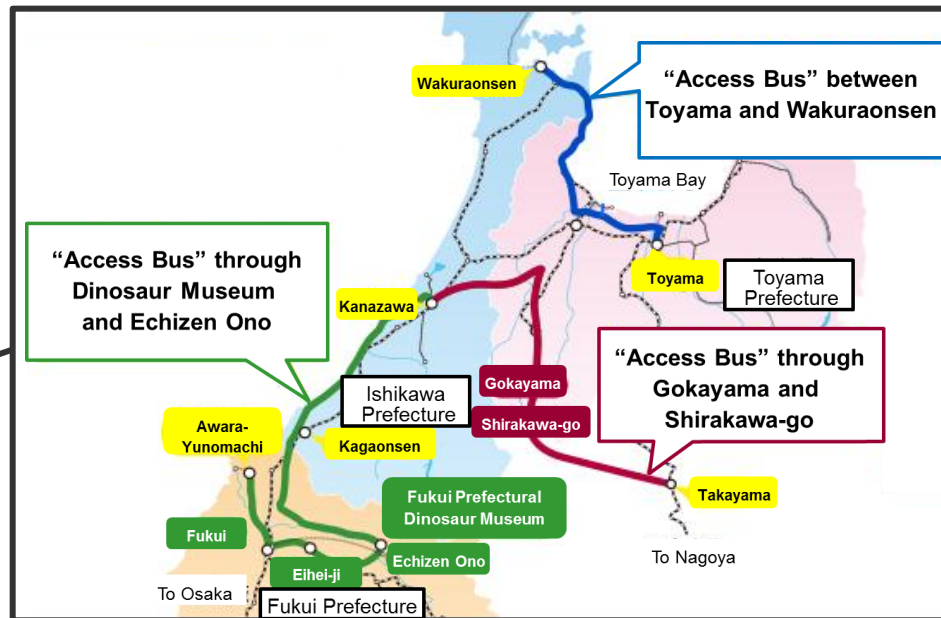


Initiatives to maximize opening effect

○ Establishment of wide-area sightseeing route

• "Access Bus"

- Link with pre-campaign for "Hokuriku Destination Campaign" to establish three routes and create products
- ⇒ Refresh toward the opening of Hokuriku Shinkansen



• Sightseeing train on Nanao Line (Start on Oct. 2015)

- Link with "Access Bus" to promote the Kanazawa-Noto-Takaoka/Toyama triangular sightseeing route



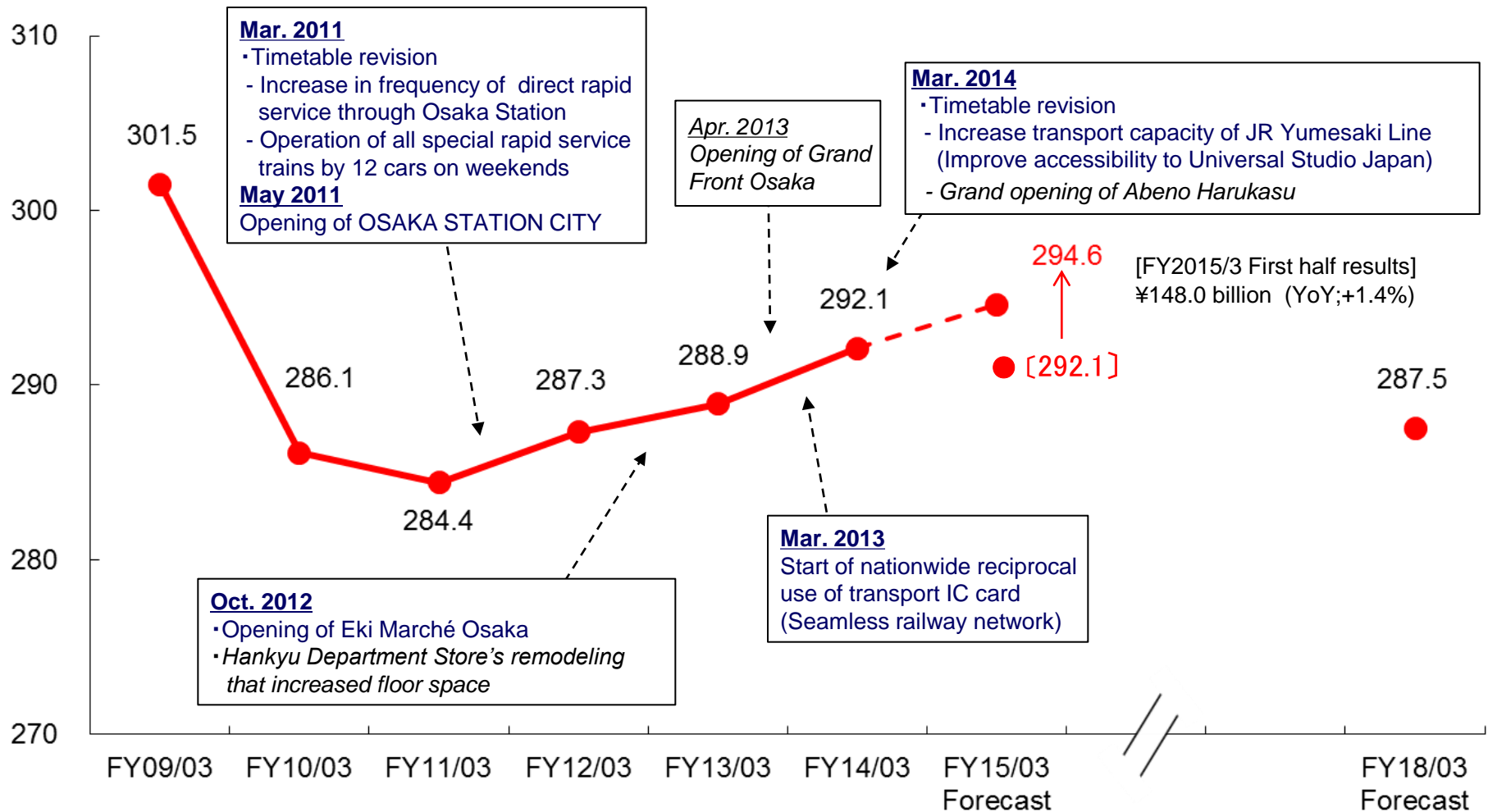
Sightseeing train on Nanao Line "Hanayome Noren" 27

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

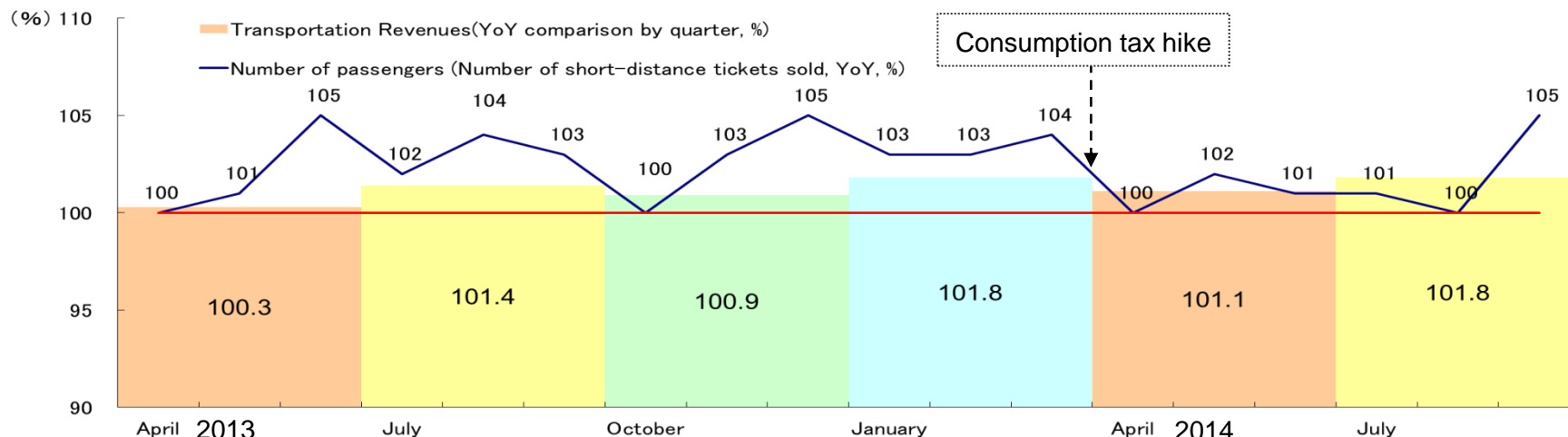
Black italic characters:

Change in external environment

¥Billions



Monthly passenger volume and transportation revenue



In the first half, favorable results stemming from visits to USJ and large commercial buildings, and inbound travel
 ⇒ Continue to promote short- and medium-term measures

Initiatives from now on

○ Enhance safety and comfort

- Rolling stock refurbishment: Enhance safety and barrier-free measures (221 and 207 Series)

○ Increase the value of railway belts

- Expand in-station stores when refurbishing station facilities
 - Settsu-Motoyama Station (Oct.), Amagasaki Station (Plan: Nov.), Shin-Osaka Station (Stage I : Spring 2015)
- Osaka Loop Line Renovation Project: Move forward on Morinomiya Station refurbishment and store development, and renew station toilets

○ Advance urban tourism

- Boost demand by leveraging the opening of the new Harry Potter attraction area at USJ
 - Timetable revision in March: Increase transport capacity of the line pass through the nearest station of USJ (weekdays morning)
 - Transmit information through the website “MY FAVORITE KANSAI”

○ Expand the usage of ICOCA

- Roll out campaign to mark sales of 10 million ICOCA cards (Oct.~)



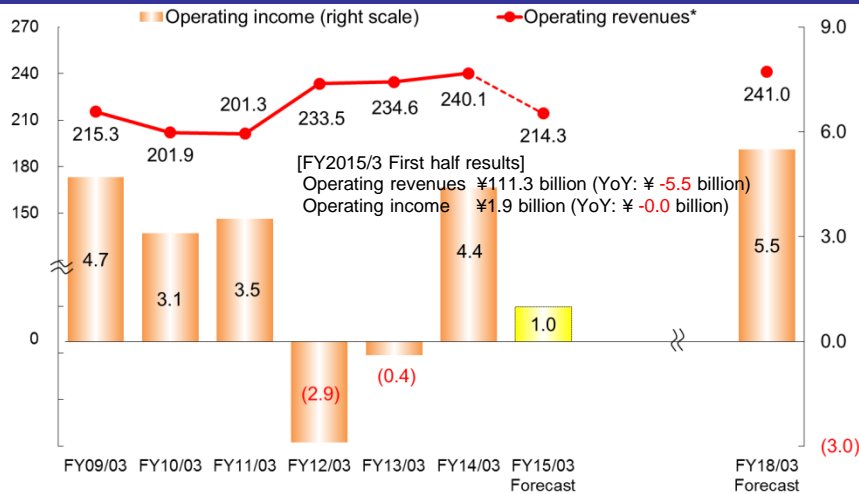
Refurbishment of 207 Series commuter train



Commercial facilities in the Shin-Osaka Station concourse

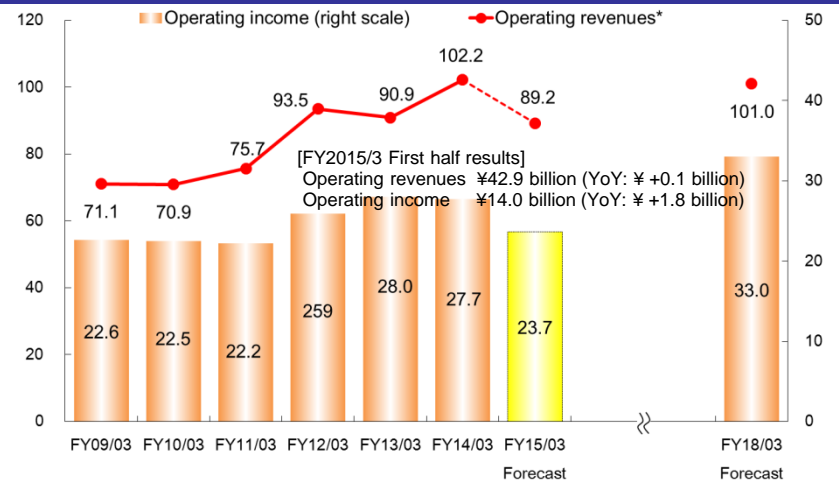
Retail

(¥ Billions)



Real Estate

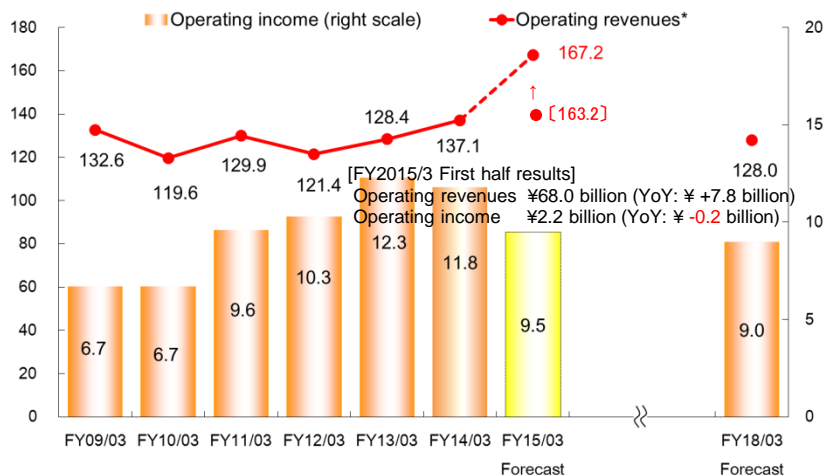
(¥ Billions)



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

Other Businesses

(¥ Billions)



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 ¥41.0 billions, Operating income ¥0.5 billions (¥7.3 billions of gains from the negative goodwill)

Despite planned negative impact of construction obstacles, progressing generally according to plan

Sales of goods and food services

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



• 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

- Current schedule

- ✓ Convert 70 stores within FY2015/3 (Plan)
- ✓ Finish the conversion of 17 stores by the end of September 2014

⇒ Sales up more than 50% in September YoY

(Note: Total for 13 stores for which comparisons are possible)

○ Implement aggressive development in new regions

• Transfer of budget hotel operations from ORIX Group

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

Department stores and Shopping centers

○ “OSAKA STATION CITY”

Thorough renovation of the West Wing of North Gate Building



Image of West Wing



Reference image: DAIKANYAMA TSUTAYA BOOKS

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

- West Wing:

Decided to open a shop that offers lifestyle proposals, taking the lead from DAIKANYAMA TSUTAYA BOOKS

- East Wing (LUCUA) :

Flipped or refurbished around 30% of shops in August

⇒ Sales up about 10% in September YoY

• Sales Targets

Approx. ¥80.0 billion total for East Wing (LUCUA) and West Wing

• Outlook for profitability

West Japan Railway Isetan Limited: Profitable in FY2016/3

• Opening schedule

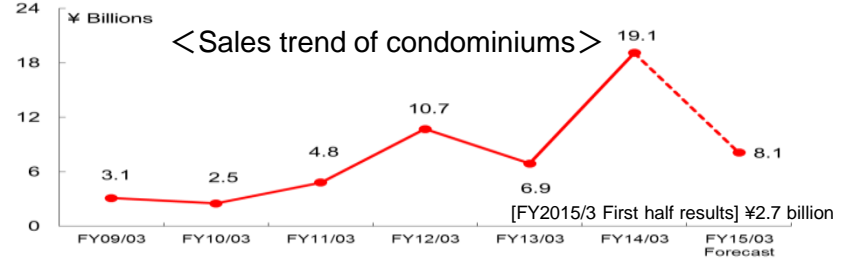
In spring 2015 (Plan) (Renovation work from Jul. 28)

Real estate sale

Advance sales of condominiums

- New condominiums for sales from fiscal 2015/3
※Joint projects with other companies

| Name | Location | Handover (Plan) | Houses |
|--|--------------------|-----------------|--------|
| MAYA CITY NADA EXCEED※ | Nada, Kobe | Aug. 2014 | 130 |
| J. GRAN SENRIOKA | Suita, Osaka | Mar. 2015 | 37 |
| J. GRAN L SAKAI | Sakai, Osaka | Sep. 2015 | 135 |
| KYOTO KATSURAGAWA TUMUGI NO MACHI GRAN SQUARE | Kyoto | Sep. 2015 | 431 |
| MAYA CITY COMFORT※ | Nada, Kobe | Mar. 2016 | 105 |
| MAYA CITY DELIGHT※ | Nada, Kobe | Mar. 2016 | 57 |
| (Tentatively named) KANSAI'S LARGEST REDEVELOPMENT PROJECT IN FRONT OF JR STATION (BLOCK A)※ | Amagasaki, Hyogo | Mar. 2016 | 247 |
| (Tentatively named) UP!LAND IBARAKI NEW CITY BLOCK CREATION PROJECT | Ibaraki, Osaka | Mar. 2016 | 283 |
| GRACIA CITY KAWASAKI DAISHIGAWARA※ | Kawasaki, Kanagawa | Jun. 2016 | 558 |



Real estate lease

Implement aggressive development in new regions

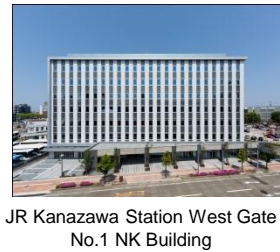
- "Fukuoka Tenjin NK Building" (Open in Dec. (Plan))
- Urban site acquisition and commercial building development

Enter business projects near major stations

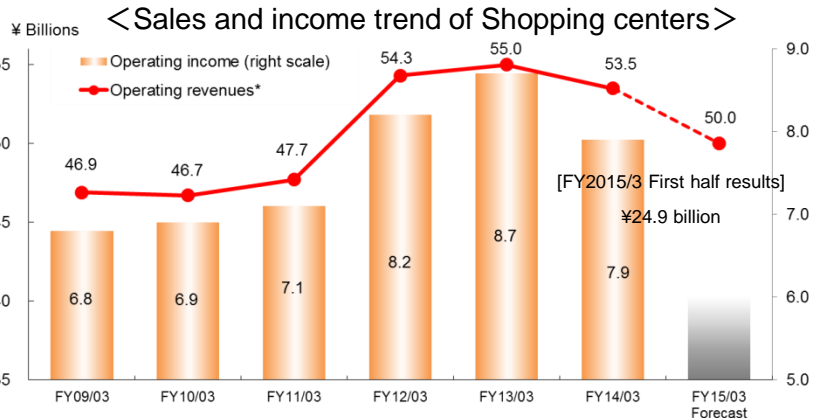
- Acquire land in front of Tsukaguchi Station (Amagasaki City)
- Make an entry into the business of station building and sales of condominiums

Use assets such as lands optimally

- "JR Kanazawa Station West Gate No.1 NK Building" (Office building, Complete in Jun.)
- Redevelopment of company housing site



Shopping Centers



Advance new development

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

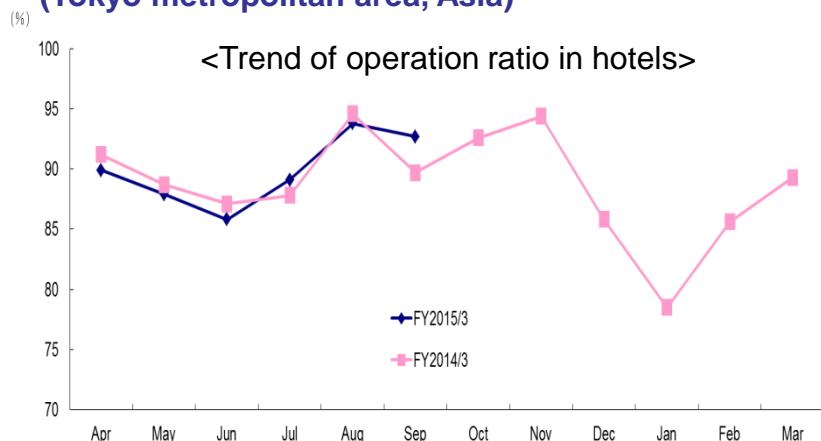
Renovation

- Kanazawa 100 Bangai "Anto" (Jul.)
- MEDIO Shin-Osaka (Full opening at the end of FY2017/3)
- Station Plaza Akashi (Plan to open in Autumn 2015, Renewal work from Jan. 2015)



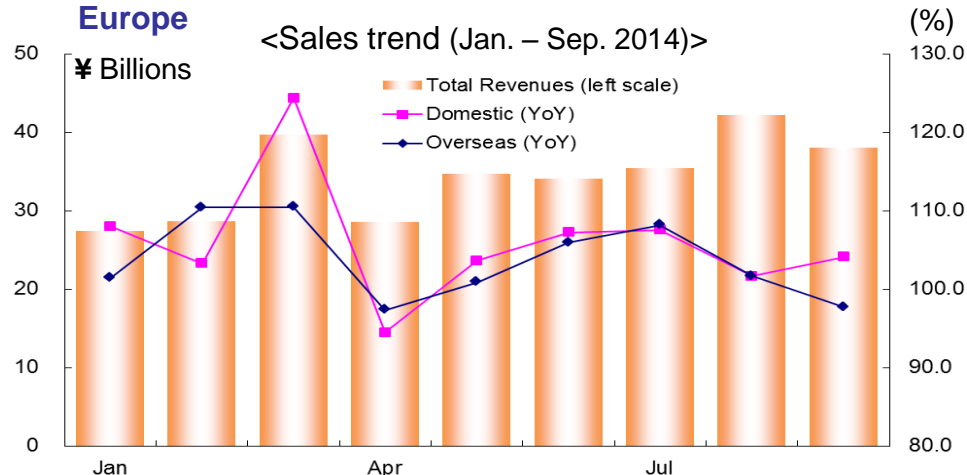
Hotel business

- Strengthen promotional campaigns targeting the establishment of repeat customers
- Enhance sales initiatives to acquire new customers (Tokyo metropolitan area, Asia)



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 Hofu (Apr.), Fushimi (Jul.), Kitayama-Amagasaki (Nov.)

- Expand businesses to agriculture related business and healthcare business, and contribute to the invigoration of communities

- Capital participation to Gomangoku Chisatosanso Co., Ltd. (Jul.) (Manufacturer and seller of frozen traditional New Year's foods)
- Business alliance with Glocal-i Co., Ltd. (Distributor of recipes for medical institutions) and SHINMEI CO., LTD (Rice wholesaler) (Oct.)

Business revision

- Transfer of golf business

- Transferred the golf business to Accordia Golf Co., Ltd., whose core business is golf course management (Oct.)

3. Capital Expenditure Plan, Cash Flows and Financial Status, Returns to Shareholders

Capital Expenditure Plan (Consolidated)

Capital Expenditures during the medium-term management plans

| (¥ Billions) | The previous plan (Results) | The current plan (Plan) |
|------------------|-----------------------------|-------------------------|
| 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

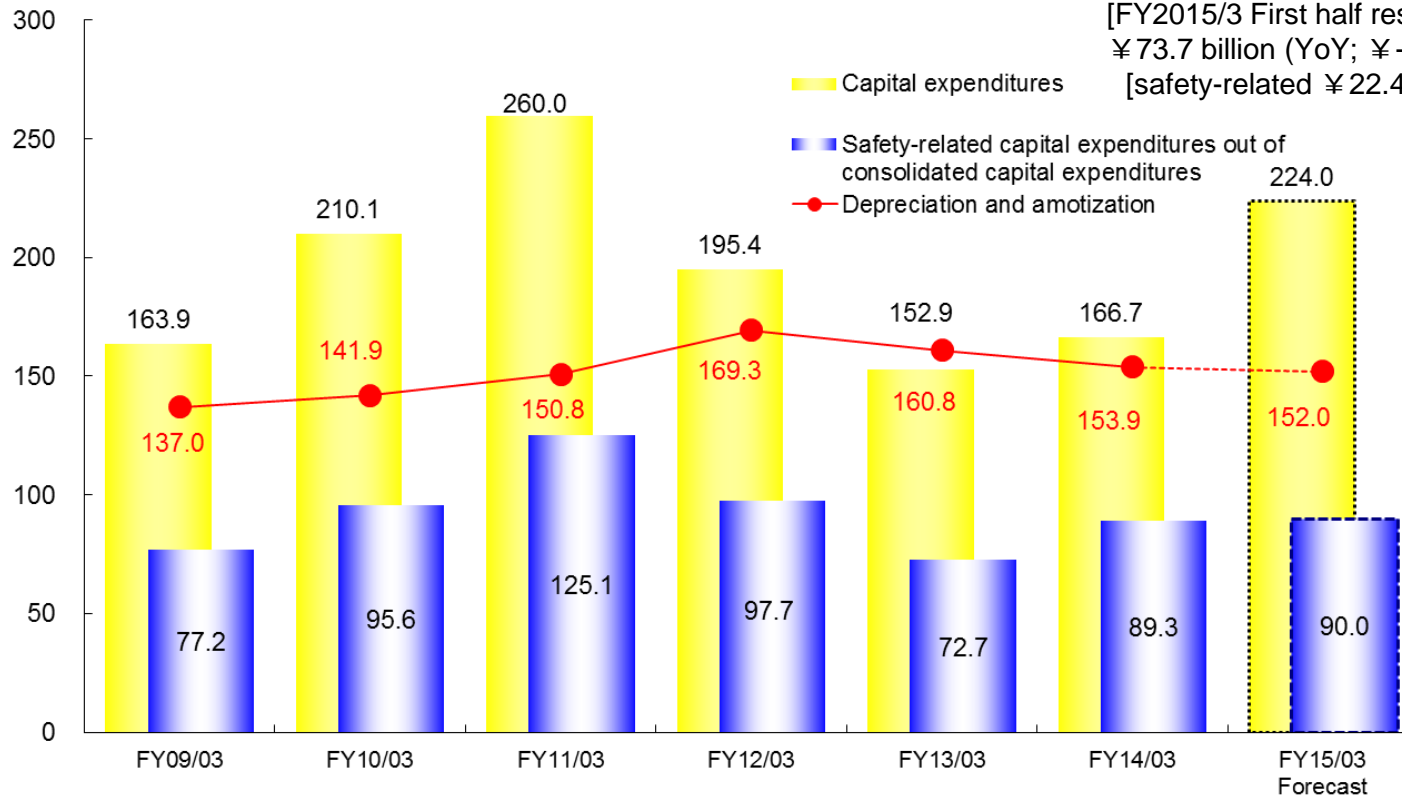
- Hokuriku Shinkansen
- New stations
- Commercial facility development at the West Wing of North Gate Building

○ 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

¥Billions



Cash earmarking and prioritization

Cash flows from operating activities

Appropriation prioritization

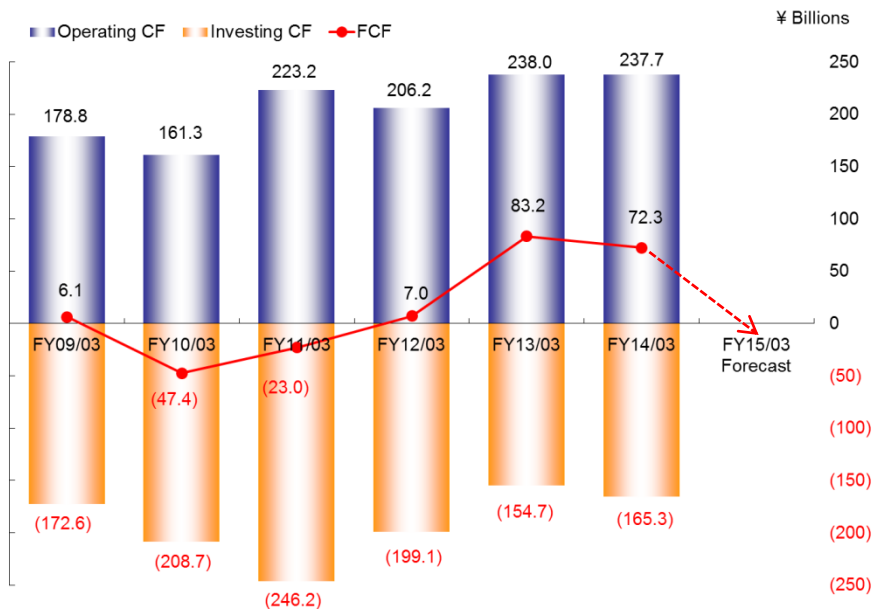
1) Investment for safety and growth

2) Returns to shareholders

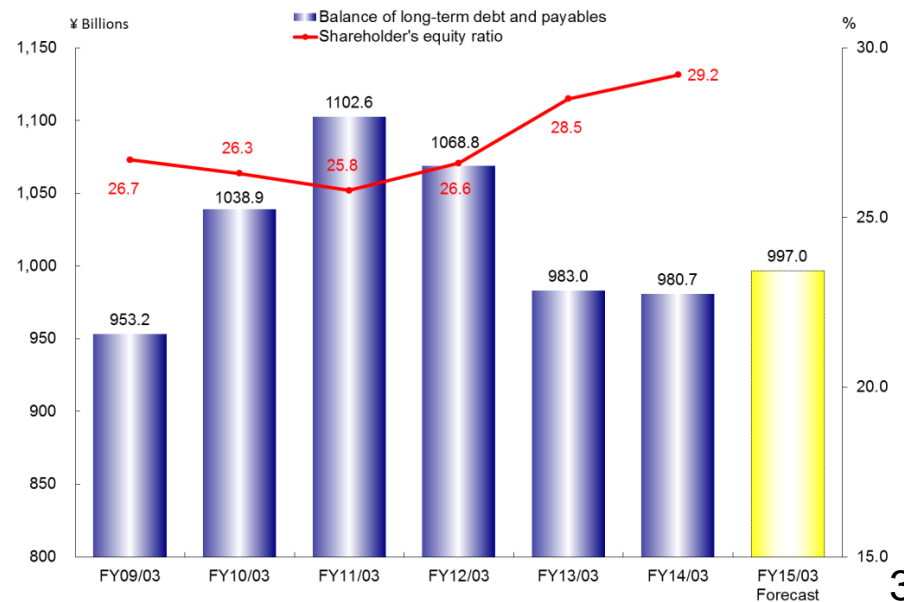
3) Debt reduction

•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)



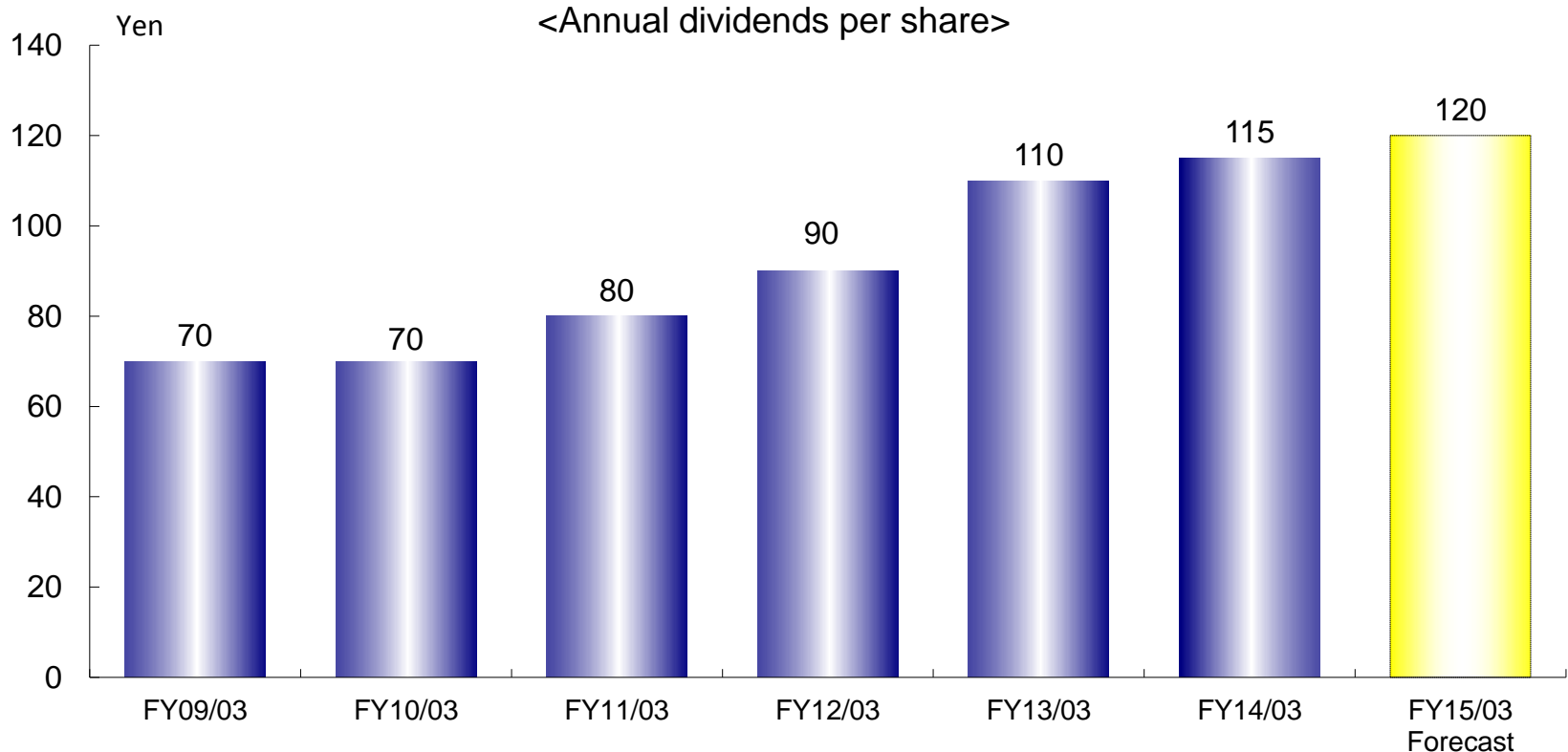
Balance of long-term debt and payables, and Shareholders' equity ratio (consolidated)



Returns to Shareholders

- We recognize it important to distribute profits to its shareholders on a long-term and constant basis. Reflecting the policy, we continue providing returns to shareholders based on consideration of total shareholders' equity.
- Specifically, we aim to attain an approximately 3% "rate of total distribution on net assets"* on a consolidated basis for FY2018/3, in light of the situation of utilization of the Kanazawa segment of the Hokuriku Shinkansen after its opening and the situation of achievement of the targets set in Medium-Term Management Plan 2017.

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



Financial Results and Forecasts



Billion Yen

| | FY13/3 Forecasts as of Jan. 2013 | FY13/3 Results | FY14/3 Results | FY15/3 Forecasts as of Oct. 2014 | FY18/3 Forecasts as of Mar. 2013 |
|--------------------------------|--|-------------------|-------------------|--|--|
| Operating Revenues | 1,289.0 | 1,298.9 | 1,331.0 | 1,330.0 | 1,306.0 |
| Transportation | 840.4 | 844.9 | 851.3 | 859.3 | 836.0 |
| Retail | 235.8 | 234.6 | 240.1 | 214.3 | 241.0 |
| Real Estate | 89.5 | 90.9 | 102.2 | 89.2 | 101.0 |
| Other businesses | 123.3 | 128.4 | 137.1 | 167.2 | 128.0 |
| Operating Income | 121.0 | 129.4 | 134.5 | 124.0 | 127.5 |
| Transportation | 86.5 | 90.1 | 91.0 | 90.3 | 80.5 |
| Retail | (1.6) | (0.4) | 4.4 | 1.0 | 5.5 |
| Real Estate | 26.2 | 28.0 | 27.7 | 23.7 | 33.0 |
| Other businesses | 10.2 | 12.3 | 11.8 | 9.5 | 9.0 |
| Recurring Profit | 96.0 | 104.6 | 112.9 | 105.0 | 106.5 |
| Net Income | 56.0 | 60.1 | 65.6 | 65.5 | 66.0 |
| Transportation Revenues | 765.0 | 769.1 | 780.6 | 788.0 | 764.0 |
| ROA | 4.6% | 4.9% | 5.1% | 4.5% | 4.7% |
| ROE | 7.8% | 8.3% | 8.6% | 8.3% | 7.3% |
| EBITDA | 282.5 | 290.3 | 288.4 | 276.0 | 292.5 |

Note: Figures in brackets () are negative values.

All the figures are the revenues from third parties (=customers).

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

Transportation revenues mean the railway revenues of JR-West included in operating revenues of "transportation" segment.

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 Oct. 31, 2014 based on information available to JR-West as of Oct. 31, 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.