

JR-West Group Medium-Term Management Plan 2017 (Update) and Results for the Fiscal Year Ended March 2015



May 1, 2015

West Japan Railway Company

- I . Results for FY2015/3
and Forecasts for FY2016/3

- II . Update of the Medium-Term Management
Plan and Future Initiatives

I . Results for FY2015/3 and Forecasts for FY2016/3

Financial Highlights

¥ Billions

	Results FY2014/3 A	Results FY2015/3 B	YoY		Forecasts FY2016/3 C	YoY	
			Increase/ (Decrease)	%		Increase/ (Decrease)	%
			B-A	B/A-1		C-B	C/B-1
【Consolidated】							
Operating Revenues	1,331.0	1,350.3	19.3	1.5	1,391.5	41.1	3.0
Operating Income	134.5	139.7	5.1	3.8	148.5	8.7	6.2
Recurring Profit	112.9	121.9	9.0	8.0	130.0	8.0	6.6
Net Income <small>Net income attributable to shareholders of the parent company*</small>	65.6	66.7	1.0	1.6	81.5	14.7	22.2
【Non-Consolidated】							
Operating Revenues	873.6	890.9	17.2	2.0	919.5	28.5	3.2
Transportation Revenues	780.6	797.0	16.3	2.1	818.0	20.9	2.6
Operating Expenses	771.8	778.9	7.0	0.9	803.0	24.0	3.1
Personnel costs	235.4	233.0	(2.4)	(1.0)	233.0	(0.0)	(0.0)
Non personnel costs	351.6	369.0	17.3	4.9	379.5	10.4	2.8
Energy costs	43.1	45.3	2.2	5.2	47.0	1.6	3.7
Maintenance costs	139.0	146.7	7.7	5.6	146.5	(0.2)	(0.2)
Miscellaneous costs	169.5	176.9	7.3	4.4	186.0	9.0	5.1
Depreciation	129.3	126.0	(3.3)	(2.6)	132.0	5.9	4.7
Operating Income	101.7	112.0	10.2	10.1	116.5	4.4	4.0
Recurring Profit	79.9	92.1	12.1	15.2	98.0	5.8	6.4
Net Income	48.6	47.3	(1.2)	(2.7)	63.5	16.1	34.0

Note: Figures in brackets () are negative values.

* Expression reflects the revised accounting standards applied in the fiscal year ending March 2016.

Non-Consolidated Financial Results



¥ Billions

	Results FY2014/3 A	FY2015/3		YoY		Difference from the forecasts Increase/(Decrease) C-B
		Forecasts (As of Jan 30) B	Results C	Increase/ (Decrease) C-A	% C/A-1	
Operating Revenues	873.6	886.5	890.9	17.2	2.0	4.4
Transportation revenues	780.6	793.5	797.0	16.3	2.1	3.5
Other	93.0	93.0	93.9	0.9	1.0	0.9
Operating Expenses	771.8	778.5	778.9	7.0	0.9	0.4
Personnel costs	235.4	233.0	233.0	(2.4)	(1.0)	0.0
Non personnel costs	351.6	368.0	369.0	17.3	4.9	1.0
Energy costs	43.1	45.5	45.3	2.2	5.2	(0.1)
Maintenance costs	139.0	146.5	146.7	7.7	5.6	0.2
Miscellaneous costs	169.5	176.0	176.9	7.3	4.4	0.9
Rental payments, etc.	23.6	18.5	18.7	(4.8)	(20.5)	0.2
Taxes	31.6	32.0	32.0	0.3	1.0	0.0
Depreciation	129.3	127.0	126.0	(3.3)	(2.6)	(0.9)
Operating Income	101.7	108.0	112.0	10.2	10.1	4.0
Non-operating revenues and expenses	(21.7)	(20.0)	(19.8)	1.8	(8.7)	0.1
Non-operating revenues	6.5	6.6	6.5	(0.0)	-	(0.0)
Non-operating expenses	28.3	26.6	26.4	(1.9)	-	(0.1)
Recurring Profit	79.9	88.0	92.1	12.1	15.2	4.1
Extraordinary profit and loss, net	1.2	(8.5)	(4.5)	(5.7)	-	3.9
Extraordinary profit	23.8	-	60.6	36.7	-	-
Extraordinary loss	22.6	-	65.1	42.5	-	-
Net Income	48.6	55.0	47.3	(1.2)	(2.7)	(7.6)

Note: Figures in brackets () are negative values.

Major Factors of Increase/Decrease in Transportation Revenues

¥ Billions

Results FY2015/3					
Transportation revenues		YoY Increase/(Decrease)		Major factors	
		Amount	%		
Shinkansen	375.9	11.4	3.1	Fundamentals 2.2%	7.9
				Special factors	
				Hokuriku Shinkansen	2.6
				Expanding revenue via the internet	1.1
				USJ	0.6
				Inbound demand	0.3
				Seniors demand	0.3
				Two fewer three-day holidays	(1.2)
				etc.	
Kansai Urban Area (Kyoto-Osaka-Kobe Area)	296.2	4.1	1.4	Fundamentals 1.0%	2.9
				Special factors	
				Inbound demand	0.7
				New large commercial buildings	0.5
				Two fewer three-day holidays	(0.2)
				etc.	
Other lines	124.8	0.8	0.7	Fundamentals 1.3%	1.5
				Special factors	
				Separation of management of the conventional lines between Kanazawa and Naoetsu parallel to Hokuriku Shinkansen	(0.8)
				Two fewer three-day holidays	(0.2)
etc.					
Conventional lines	421.0	4.9	1.2		
Total	797.0	16.3	2.1		

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

	Fiscal Year (4/1 ~ 3/31)			3 months (4Q) (1/1 ~ 3/31)		
	FY2014/3	FY2015/3	YoY	FY2014/3	FY2015/3	YoY
Total	780.6	797.0	16.3 2.1%	190.8	195.2	4.3 2.3%
Shinkansen	364.4	375.9	11.4 3.1%	87.5	91.6	4.0 4.6%
Commuter Passes	9.3	9.3	(0.0) (0.2%)	2.3	2.2	(0.0) (2.4%)
Non-Commuter Passes	355.1	366.5	11.4 3.2%	85.2	89.3	4.1 4.8%
Conventional Lines	416.1	421.0	4.9 1.2%	103.2	103.5	0.3 0.3%
Commuter Passes	141.0	142.3	1.2 0.9%	33.8	34.0	0.2 0.6%
Non-Commuter Passes	275.0	278.7	3.6 1.3%	69.4	69.5	0.1 0.2%
Kansai Urban Area (Kyoto-Osaka-Kobe Area)	292.1	296.2	4.1 1.4%	72.3	73.2	0.9 1.3%
Commuter Passes	113.8	115.2	1.3 1.2%	27.3	27.8	0.5 1.9%
Non-Commuter Passes	178.3	181.0	2.7 1.6%	45.0	45.4	0.3 0.9%
Other Lines	123.9	124.8	0.8 0.7%	30.9	30.3	(0.5) (1.9%)
Commuter Passes	27.1	27.1	(0.0) (0.2%)	6.5	6.1	(0.3) (5.0%)
Non-Commuter Passes	96.7	97.6	0.9 0.9%	24.3	24.1	(0.2) (1.1%)

Passenger-Kilometers

Millions of passenger-kilometers

	Fiscal Year (4/1 ~ 3/31)			3 months (4Q) (1/1 ~ 3/31)		
	FY2014/3	FY2015/3	YoY	FY2014/3	FY2015/3	YoY
Total	55,894	56,078	184 0.3%	13,733	13,461	(272) (2.0%)
Shinkansen	17,617	18,109	492 2.8%	4,206	4,348	142 3.4%
Commuter Passes	762	743	(19) (2.5%)	200	187	(13) (6.8%)
Non-Commuter Passes	16,854	17,366	511 3.0%	4,005	4,161	156 3.9%
Conventional Lines	38,276	37,969	(307) (0.8%)	9,527	9,112	(415) (4.4%)
Commuter Passes	23,157	22,557	(600) (2.6%)	5,726	5,295	(431) (7.5%)
Non-Commuter Passes	15,119	15,411	292 1.9%	3,801	3,817	16 0.4%
Kansai Urban Area (Kyoto-Osaka-Kobe Area)	29,012	28,830	(182) (0.6%)	7,233	6,966	(266) (3.7%)
Commuter Passes	18,724	18,356	(367) (2.0%)	4,643	4,365	(277) (6.0%)
Non-Commuter Passes	10,288	10,473	184 1.8%	2,590	2,601	10 0.4%
Other Lines	9,264	9,138	(125) (1.4%)	2,294	2,145	(148) (6.5%)
Commuter Passes	4,433	4,201	(232) (5.2%)	1,083	929	(154) (14.2%)
Non-Commuter Passes	4,830	4,937	107 2.2%	1,211	1,216	5 0.5%

Note: Figures in brackets () are negative values.

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



¥ Billions

Item	Results FY2015/3			Major factors (YoY)
		YoY		
		Increase/ (Decrease)	%	
Personnel costs	233.0	(2.4)	(1.0)	<ul style="list-style-type: none"> Decrease in retirement allowance (3.9) Increase in the rate of health insurance and employees' pension insurance +1.1, etc.
Energy costs	45.3	2.2	5.2	<ul style="list-style-type: none"> Rise in fuel costs and renewable energy power promotion surcharge +1.9 Increase in Hokuriku Shinkansen-related costs +0.3, etc.
Maintenance costs	146.7	7.7	5.6	<ul style="list-style-type: none"> Rise in construction unit price +2.8 Increase in Hokuriku Shinkansen-related costs +0.4, etc.
Miscellaneous costs	176.9	7.3	4.4	<ul style="list-style-type: none"> Increase in Hokuriku Shinkansen-related costs +3.1 Increase in payments for other JR companies +0.7 Rise in fuel costs and renewable energy power promotion surcharge +0.3, etc.
Rental Payments, etc	18.7	(4.8)	(20.5)	<ul style="list-style-type: none"> Termination of the lease period for Kosei Line (5.2) Hokuriku Shinkansen +0.4
Taxes	32.0	0.3	1.0	
Depreciation and amortization	126.0	(3.3)	(2.6)	<ul style="list-style-type: none"> Increase in Hokuriku Shinkansen-related costs +1.3 Progress of depreciation and amortization, etc.
Total	778.9	7.0	0.9	

Note: Figures in brackets () are negative values.

Consolidated Financial Results

¥ Billions

	Results FY2014/3 A	FY2015/3		YoY		Difference from the forecasts Increase/(Decrease) C-B
		Forecasts (As of Jan 30) B	Results C	Increase/ (Decrease) C-A	% C/A-1	
Operating Revenues	1,331.0	1,339.5	1,350.3	19.3	1.5	10.8
Operating Expenses	1,196.4	1,208.0	1,210.5	14.1	1.2	2.5
Operating Income	134.5	131.5	139.7	5.1	3.8	8.2
Non-operating revenues and expenses	(21.6)	(19.0)	(17.7)	3.8	(17.8)	1.2
Non-operating revenues	7.7	8.1	9.0	1.3	-	0.9
Non-operating expenses	29.4	27.1	26.8	(2.5)	-	(0.2)
Recurring Profit	112.9	112.5	121.9	9.0	8.0	9.4
Extraordinary profit and loss, net	(1.2)	(9.0)	0.7	1.9	-	9.7
Extraordinary profit	26.3	-	69.5	43.1	-	-
Extraordinary loss	27.6	-	68.7	41.1	-	-
Net Income	65.6	68.0	66.7	1.0	1.6	(1.2)
<i>Comprehensive Income</i>	<i>67.9</i>	-	<i>74.2</i>	<i>6.2</i>	<i>9.3</i>	-

Note: Figures in brackets () are negative values.

Consolidated Financial Results (Segment Information)



¥ Billions

	Results FY2014/3 A	FY2015/3		YoY		Difference from the forecasts Increase/(Decrease) C-B
		Forecasts (As of Jan 30) B	Results C	Increase/ (Decrease) C-A	% C/A-1	
Operating Revenues* ¹	1,331.0	1,339.5	1,350.3	19.3	1.5	10.8
Transportation	851.3	864.8	868.4	17.0	2.0	3.6
Retail	240.1	217.8	220.1	(19.9)	(8.3)	2.3
Sales of goods and food services	135.1	131.3	133.6	(1.5)	(1.2)	2.3
Department stores	94.5	78.0	78.2	(16.2)	(17.2)	0.2
Real estate	102.2	86.7	87.2	(15.0)	(14.7)	0.5
Shopping center	53.5	50.0	50.6	(2.8)	(5.3)	0.6
Real estate lease and sale* ³	47.1	35.0	34.7	(12.3)	(26.2)	(0.2)
	【19.1】	【5.7】	【5.8】			
Other businesses	137.1	170.2	174.4	37.2	27.2	4.2
Hotel	33.4	34.6	34.8	1.4	4.4	0.2
Nippon Travel Agency	41.5	42.8	42.5	0.9	2.3	(0.2)
Operating Income* ²	134.5	131.5	139.7	5.1	3.8	8.2
Transportation	91.0	96.8	100.6	9.6	10.6	3.8
Retail	4.4	1.5	1.5	(2.8)	(63.9)	0.0
Sales of goods and food services	3.9	-	3.9	0.0	0.9	-
Department stores	0.2	-	(2.2)	(2.5)	-	-
Real estate	27.7	23.7	25.1	(2.6)	(9.4)	1.4
Shopping center	7.9	-	7.3	(0.5)	(6.7)	-
Real estate lease and sale	10.3	-	8.1	(2.1)	(21.1)	-
Other businesses	11.8	10.0	15.6	3.7	31.8	5.6
Hotel	2.0	-	2.1	0.1	5.8	-
Nippon Travel Agency	0.8	-	0.6	(0.2)	(26.0)	-

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 FY2015/3 A	Forecasts FY2016/3 B	YoY	
			Increase/ (Decrease) B-A	% B/A-1
Operating Revenues	890.9	919.5	28.5	3.2
Transportation revenues	797.0	818.0	20.9	2.6
Other	93.9	101.5	7.5	8.1
Operating Expenses	778.9	803.0	24.0	3.1
Personnel costs	233.0	233.0	(0.0)	(0.0)
Non personnel costs	369.0	379.5	10.4	2.8
Energy costs	45.3	47.0	1.6	3.7
Maintenance costs	146.7	146.5	(0.2)	(0.2)
Miscellaneous costs	176.9	186.0	9.0	5.1
Rental payments, etc.	18.7	26.5	7.7	41.1
Taxes	32.0	32.0	(0.0)	(0.0)
Depreciation	126.0	132.0	5.9	4.7
Operating Income	112.0	116.5	4.4	4.0
Non-operating revenues and expenses	(19.8)	(18.5)	1.3	(7.0)
Non-operating revenues	6.5	6.6	0.0	-
Non-operating expenses	26.4	25.1	(1.3)	-
Recurring Profit	92.1	98.0	5.8	6.4
Extraordinary profit and loss, net	(4.5)	(3.0)	1.5	-
Extraordinary profit	60.6	-	-	-
Extraordinary loss	65.1	-	-	-
Net Income	47.3	63.5	16.1	34.0

Note: Figures in brackets () are negative values.

Transportation Revenue Forecasts

¥ Billions

	Results FY2015/3 A	Forecasts FY2016/3 B	YoY	
			Increase/ (Decrease) B-A	% B/A-1
Shinkansen	375.9	411.6	35.7	9.5
Kansai Urban Area (Kyoto-Osaka-Kobe Area)	296.2	297.6	1.3	0.4
Other lines	124.8	108.6	(16.1)	(12.9)
Conventional lines	421.0	406.3	(14.7)	(3.5)
Transportation revenues	797.0	818.0	20.9	2.6

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

Figures in brackets () are negative values.

Operating Expenses Forecasts (Non-Consolidated)

¥ Billions

Item	Forecasts FY2016/3			Major factors (YoY)
		YoY		
		Increase/ (Decrease)	%	
Personnel costs	233.0	(0.0)	(0.0)	
Energy costs	47.0	1.6	3.7	· Rise in fuel costs and renewable energy power promotion surcharge, etc.
Maintenance costs	146.5	(0.2)	(0.2)	
Miscellaneous costs	186.0	9.0	5.1	· Increase in payments for other JR companies · Increase in system related costs · Rise in fuel costs and renewable energy power promotion surcharge, etc.
Rental Payments, etc	26.5	7.7	41.1	· Hokuriku Shinkansen
Taxes	32.0	(0.0)	(0.0)	
Depreciation and amortization	132.0	5.9	4.7	· Depreciation of Hokuriku Shinkansen rolling stock, etc.
Total	803.0	24.0	3.1	

Note: Figures in brackets () are negative values.

Consolidated Financial Forecasts

¥ Billions

	Results FY2015/3 A	Forecasts FY2016/3 B	YoY	
			Increase/ (Decrease) B-A	% B/A-1
Operating Revenues	1,350.3	1,391.5	41.1	3.0
Operating Expenses	1,210.5	1,243.0	32.4	2.7
Operating Income	139.7	148.5	8.7	6.2
Non-operating revenues and expenses	(17.7)	(18.5)	(0.7)	4.1
Non-operating revenues	9.0	7.6	(1.4)	-
Non-operating expenses	26.8	26.1	(0.7)	-
Recurring Profit	121.9	130.0	8.0	6.6
Extraordinary profit and loss, net	0.7	(5.5)	(6.2)	-
Extraordinary profit	69.5	-	-	-
Extraordinary loss	68.7	-	-	-
Net Income Net income attributable to shareholders of the parent company *	66.7	81.5	14.7	22.2
Net income per share(¥)	344.58	420.96	-	-

Note: Figures in brackets () are negative values.

* Expression reflects the revised accounting standards applied in the fiscal year ending March 2016.

Consolidated Financial Forecasts (Segment Information)

¥ Billions

	Results FY2015/3 A	Forecasts FY2016/3 B	YoY	
			Increase/ (Decrease) B-A	% B/A-1
Operating Revenues* ¹	1,350.3	1,391.5	41.1	3.0
Transportation	868.4	895.6	27.1	3.1
Retail	220.1	227.0	6.8	3.1
Sales of goods and food services	133.6	139.2	5.5	4.2
Department stores	78.2	80.2	1.9	2.5
Real estate	87.2	102.6	15.3	17.7
Shopping center	50.6	56.2	5.5	10.9
Real estate lease and sale* ²	34.7	44.7	9.9	28.5
	【5.8】	【15.3】		
Other businesses	174.4	166.3	(8.1)	(4.7)
Hotel	34.8	34.8	(0.0)	(0.3)
Nippon Travel Agency	42.5	43.4	0.8	2.1
Operating Income	139.7	148.5	8.7	6.2
Transportation	100.6	103.3	2.6	2.6
Retail	1.5	4.1	2.5	156.6
Real estate	25.1	30.3	5.1	20.3
Other businesses	15.6	14.0	(1.6)	(10.4)

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 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 March 31, 2015 B	Difference increase/(decrease) B-A
Assets	2,687.8	2,786.4	98.5
Liabilities	1,880.5	1,939.7	59.2
Net assets	807.3	846.7	39.3
Balance of Long-term Debt and Payables	980.7	1,004.2	23.4
【Average interest rate (%) 】	【2.63】	【2.40】	【(0.23)】
Shinkansen Purchase Liability	205.1	167.6	(37.4)
【Average interest rate (%) 】	【5.85】	【6.05】	【0.20】
Bonds	459.9	479.9	20.0
【Average interest rate (%) 】	【2.08】	【2.08】	【(0.00)】
Equity ratio (%)	29.2	28.8	(0.4)
Net assets per share (¥)	4,048.31	4,138.65	90.34

	Results FY2014/3 A	Results FY2015/3 B	YoY increase/(decrease) B-A
Cash flows from operating activities	237.7	223.6	(14.1)
Cash flows from investing activities	(165.3)	(212.9)	(47.5)
Free cash flows	72.3	10.7	(61.6)
Cash flows from financing activities	(47.8)	1.6	49.5
Change in cash and cash equivalents, net	24.5	12.3	(12.1)
Cash and cash equivalents at the end of the period	72.9	85.3	12.3

Note: Figures in brackets () are negative values.

Other Data

Persons, ¥ Billions

	Results FY2014/3	Results FY2015/3	Forecasts FY2016/3
ROA (% , Consolidated)	5.1	5.1	5.3
ROE (% , Consolidated)	8.6	8.4	9.8
EBITDA (Consolidated)*1	288.4	289.3	307.0
Depreciation (Consolidated)	153.9	149.5	158.5
Capital Expenditure (Consolidated, own fund)	166.7	225.6	231.0
Capital Expenditure (Non-consolidated, own fund)	144.5	186.4	199.0
Safety related capital expenditure	89.3	90.2	123.0
Dividends per share (¥)	115	125	130

*1 EBITDA = Operating Income + Depreciation

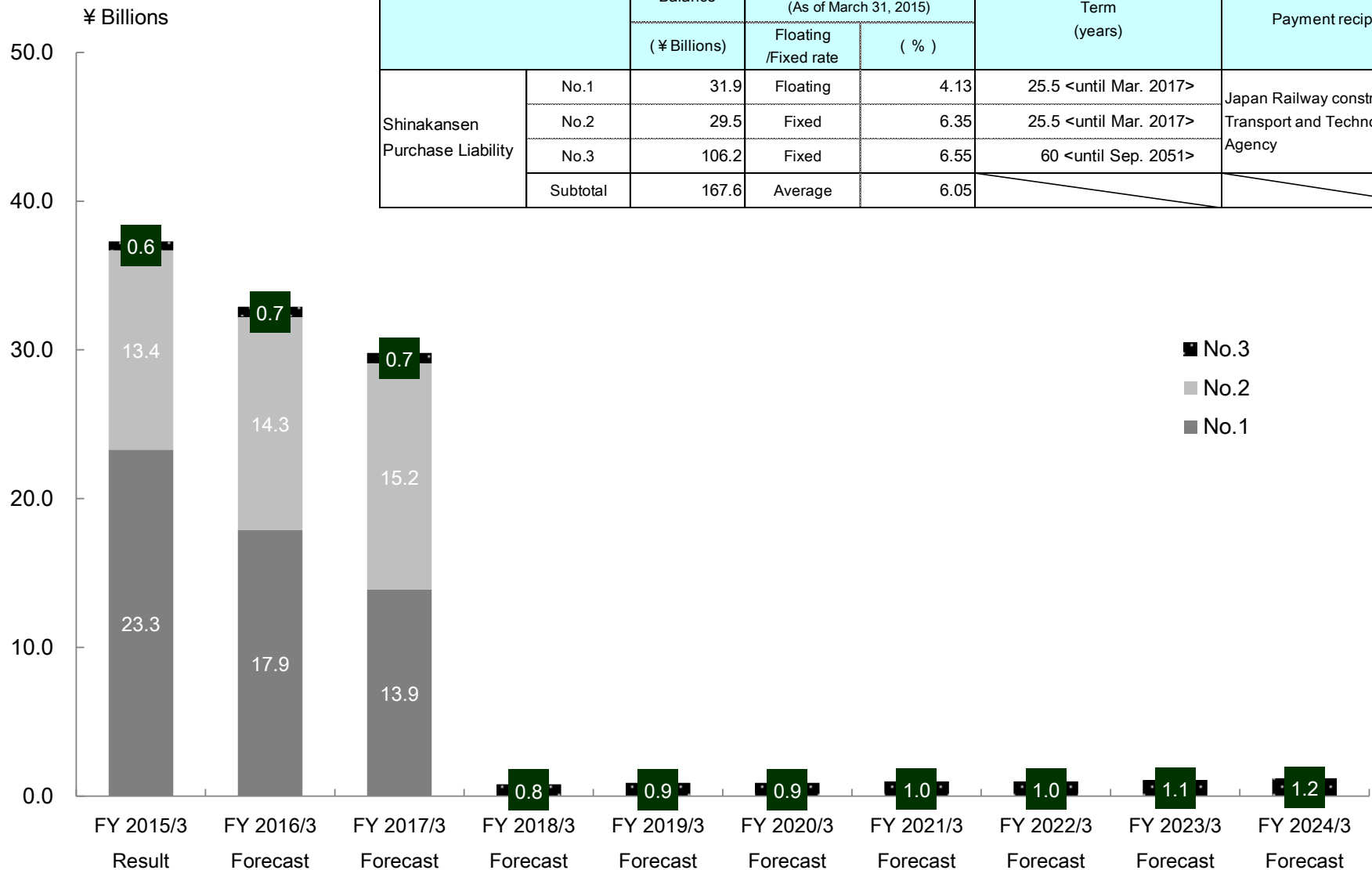
	Results FY2014/3		Results FY2015/3		Forecasts FY2016/3	
	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated
No. of employees at the end of period	46,006	27,300	47,565	26,886	-	-
Financial Expenses, net	(27.5)	(26.3)	(24.9)	(24.3)	(24.0)	(23.1)
Interest and dividend income	0.5	1.4	0.9	1.4	0.6	1.3
Interest expenses	28.0	27.8	25.8	25.7	24.6	24.5

Note: Figures in brackets () are negative values.

Redemption Plan of Shinkansen Purchase Liability

【As of March 31, 2015】

		Balance (¥ Billions)	Interest rate (As of March 31, 2015)		Term (years)	Payment recipient
			Floating /Fixed rate	(%)		
Shinkansen Purchase Liability	No.1	31.9	Floating	4.13	25.5 <until Mar. 2017>	Japan Railway construction, Transport and Technology Agency
	No.2	29.5	Fixed	6.35	25.5 <until Mar. 2017>	
	No.3	106.2	Fixed	6.55	60 <until Sep. 2051>	
	Subtotal	167.6	Average	6.05		



II . Update of the Medium-Term Management Plan and Future Initiatives

Positioning of the update: Interim report reflecting progress to date and the opening of the Hokuriku Shinkansen

Medium-Term Management Plan 2017

Review of First 2 years and Changes

Update

Business direction

- Advancing priority strategies to realize “Our Future Direction - The Ideal Form for JR-West”
- Priority strategies
 - Three Basic Strategies Safety, Customer Satisfaction, Technologies
 - Four Business Strategies Shinkansen, Kansai Urban Area, Other West Japan Area, Business development

- Results and issues with each strategy
- Changes in the operating environment
 - Manifestation of projected threats and growth fields

- No change in direction
- Maximizing customer value through coordination inside and outside the Group
- Strengthening/adding initiatives to increase corporate value based on review of past initiatives and operating environment changes
 - **Further enhancement of safety**
 - **Focus on growth fields (three key growth themes)**
 - **Medium-to-long-term initiatives with a focus on fiscal 2019 and thereafter**

Revenues/ expenses and capital Expenditures (plan)

- Created with consideration for economic outlook, etc., as of 2013

- Results exceeding initial expectations due to the effect of Company measures, economic recovery, etc.

- Total capital expenditures: +¥40.0 billion
 - Safety-related CAPEX: +¥10.0 billion
 - Growth-related CAPEX: +¥30.0 billion

- Not included the increase in revenues and line usage fees regarding the opening of Hokuriku Shinkansen in the plan
- Renovation plan of the West Wing of the OSAKA STATION CITY North Gate Building

- March 2015 Opening of the Kanazawa segment of the Hokuriku Shinkansen
- April 2015 Opening of LUCUA1100

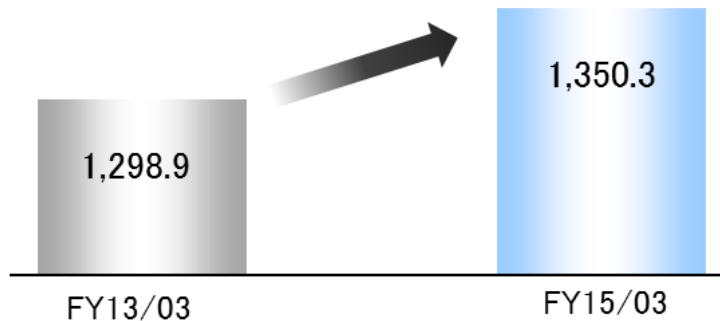
- Revising revenue and expense plan in consideration of three key growth themes and current economic environment, etc.

- Incorporating revenue and expense plan for Hokuriku Shinkansen

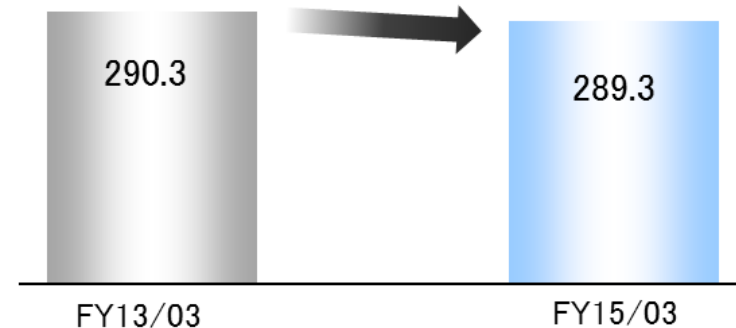
Review of First 2 years (Financial Benchmarks)

- **Expectation:** In the first half of the period covered by the Medium-Term Management Plan, the revenue/expense situation would be difficult due to preparations for the opening of the Kanazawa segment of the Hokuriku Shinkansen, the renovation of the North Gate Building, and other factors.
- **Result:** Exceeded initial expectations as various measures to address operating environment changes, which were implemented in line with the medium-term management plan, took effect.

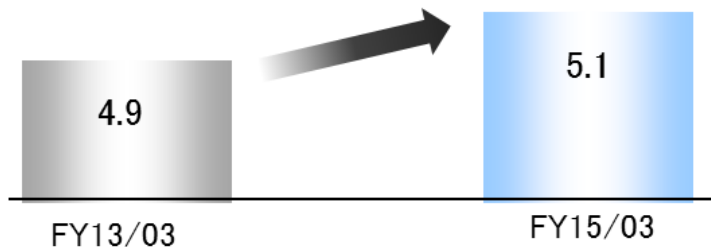
Operating Revenues (Consolidated) ¥ Billions



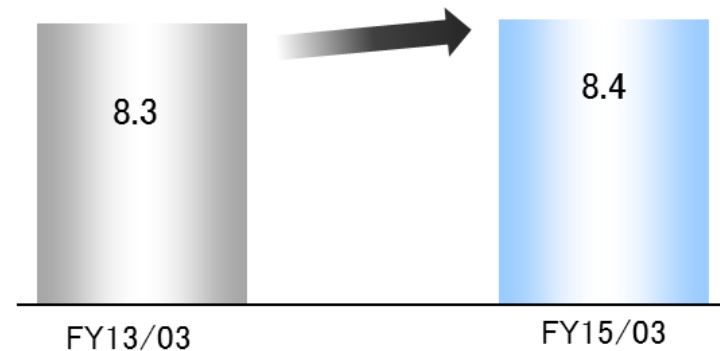
EBITDA (Consolidated) ¥ Billions



ROA (Consolidated) %



ROE (Consolidated) %



Review of first 2 years and manifestation of changes

Future initiatives

Opportunity of growth in a mature market

Rapid increase in inbound visitors

Increase in travel by senior citizens

Rise in a number of women and senior citizens in employment

Taking advantage of the opportunity presented by the opening of the Hokuriku Shinkansen to achieve the invigoration of the Hokuriku region

Invigoration of regions through tourism

Invigoration of terminals in Kansai area

Evolution of ICT

Focus on markets where growth is expected

- Pay attention to areas and segments
- Coordination among strategies

Improving safety and corporate value

Threats

Occurrence of a fatal labor accident / Did not achieve reduction in accidents with casualties on platforms

Intensification of natural disasters

Population decline

Intensified competition with airlines

Rising costs due to yen depreciation

Overcoming threats

Future Initiatives on Priority Strategies

Initiatives Over First 2 Year of Plan

Future Initiatives

Three Basic Strategies

Safety

Safety

Customer satisfaction

Customer satisfaction

Technologies

Technologies

Four Business Strategies

Shinkansen

Shinkansen

Kansai Urban Area

Kansai Urban Area

Other West Japan Area

Other West Japan Area

Business Development

Business Development

Strengthening/accelerating initiatives for each strategy in consideration of results and issues over the past two years

- Hokuriku Shinkansen and Invigoration of Hokuriku Region

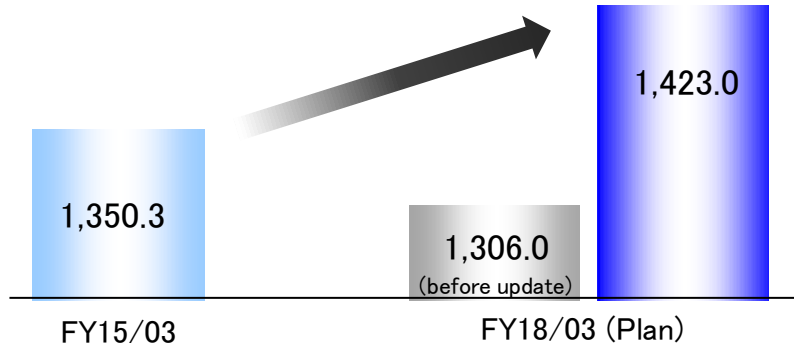
- New “LUCUA osaka”

- Response to Inbound Visitor Demand

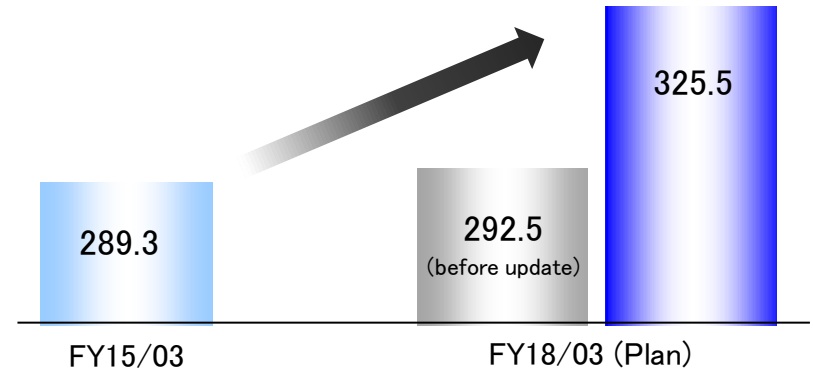
Three key growth themes related to multiple strategies

Through coordination, etc., with regions and other companies, working with a sense of speed to focus efforts on growth fields and advancing initiatives related to multiple strategies

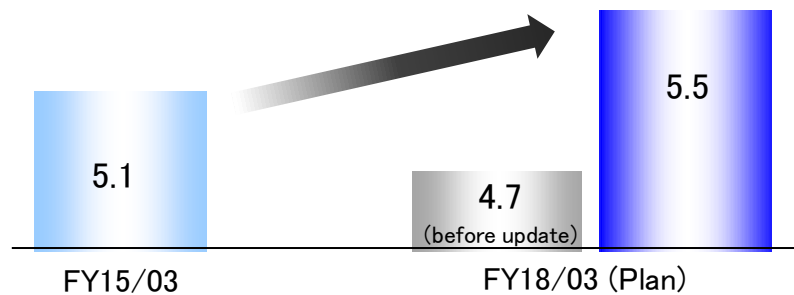
Operating Revenues (Consolidated) ¥ Billions



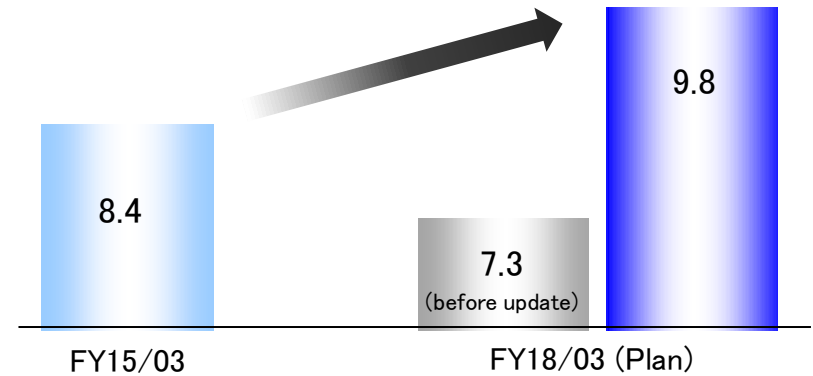
EBITDA (Consolidated) ¥ Billions



ROA (Consolidated) %



ROE (Consolidated) %



Priority Strategies and Three Key Growth Themes

Initiatives Over First 2 Year of Plan

Advancing initiatives based on Safety Think-and-Act Plan 2017

Intensification of natural disasters

Degree of completion of objectives

- Did not achieve reduction in railway accidents with casualties on platforms
- Occurrence of a fatal labor accident
- Reduction in accidents at level crossings, transport disruptions due to internal factors

Completion of approximately 40% of safety-related CAPEX over two years

- ▽ Safety-related investment
- ▽ Increasing safety awareness and implementing Think-and-Act initiatives with the highest priority in human life



Derailment prevention guards for Sanyo Shinkansen



Tsunami evacuation guidance training

Future Initiatives

Doing utmost to achieve objectives of Safety Think-and-Act Plan 2017

Working with increased focus to address issues identified over the past two years

Response toward intensifying natural disasters



Landslide prevention measures

- Improving disaster resilience
- Introducing meteorological disaster response system etc.

Improving platform safety



Automatic platform gates (rope style)

- Introducing automatic platform gates (rope style)
- Expanding usage of movable platform gates etc.

Preventing labor accidents that result in fatalities among our employees

Strengthening of risk management

Enhancement of internal audits and utilization of outside perspectives

Additional ¥10.0 billion in safety-related investment over next three years

Three key growth themes

① Hokuriku Shinkansen and Invigoration of Hokuriku Region (1)

Objectives

- ① Net revenue increase from Hokuriku Shinkansen: ¥13.0 billion (FY2018)
- ② Increasing mobility between Kansai, Hokuriku, and Shinetsu regions

○ Increasing mobility between Hokuriku region and Tokyo

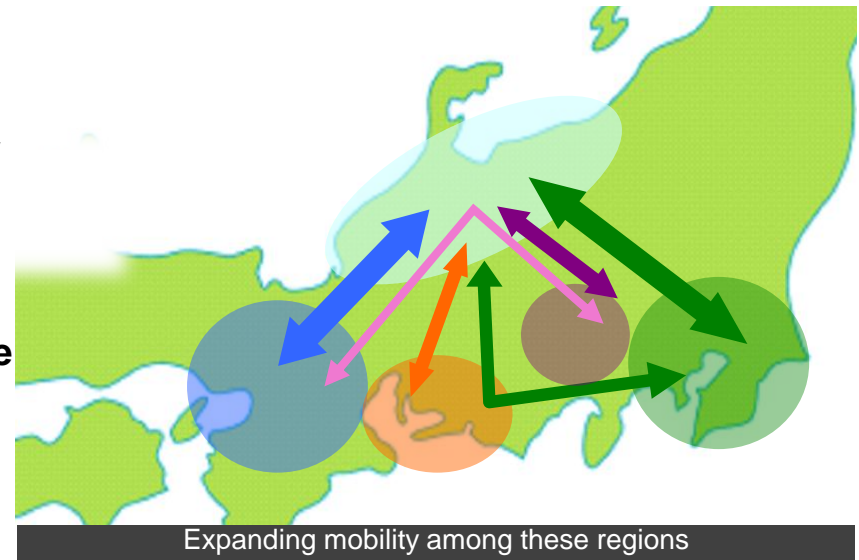
- Strengthening ability to compete with airlines (business travelers, etc.)
- Expanding tourism demand in collaboration with regions (senior citizens, inbound visitors, etc.)
- Introducing new rolling stock W7 series (10 sets in FY2015, 1 set in FY2016)

○ Increasing mobility between Kansai, Hokuriku, and Shinetsu regions

- Improving Thunderbird limited express transport service quality
- Further identifying, commercializing, and communicating regional appeal
- Communicating tourism appeal of Shinetsu (Niigata/Nagano) as new market from Kansai

○ Advancing non-railway operations and coexistence with communities in the Hokuriku region

- Maximizing effect from commercial facilities that have been opened/renewed
- Uncovering local specialty products, and communicating appeal of region



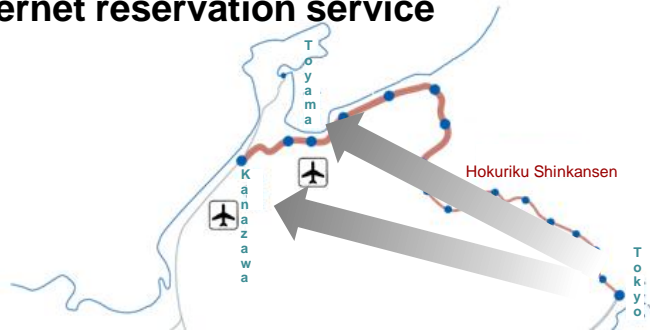
Drawing out appeal of Hokuriku region, increasing value of and synergies for both railway and non-railway operations, contributing to regional invigoration, and maximizing opening effect

Three key growth themes

① Hokuriku Shinkansen and Invigoration of Hokuriku Region (2)

Expanding share through increased competitiveness

- Strengthening competitiveness through high frequency and highly convenient Internet reservation service



		Travel Time	Fare (¥)	Frequency
Kanazawa – Tokyo	Shinkansen	2h 28m	14,120	24
	Airlines	approx. 2h 50m	24,890	12
Toyama – Tokyo	Shinkansen	2h 08m	12,730	24
	Airlines	approx. 2h 30m	24,890	6

• Travel time: Fastest time for Shinkansen. For airlines, includes time required for airport access and egress.
 • Fares: Standard fares for Shinkansen, airlines. Including Haneda Airport passenger facility usage fee for airlines.

Expand the market by fostering tourism demand

- Fostering tourism demand from three large metropolitan areas by preparing secondary access, commercializing tourism routes in collaboration with regions, creating experience-based products, etc.



Collaborating with non-railway operations, city development efforts

- Maximizing opening effect from commercial facilities that have been opened/renewed
- Collaborating with city development efforts
 - Toyama Station (Improving traffic congestion points, including transition to elevated tracks for conventional lines, etc.)
 - Kurobe-Unazuki onsen Station (Toyama Chiho Railway established new station adjacent to this station)



Build win-win relationships between JR-West and regions through railway operations and non-railway operations

Three key growth themes

② New LUCUA osaka (1)

Objectives (FY2016)

- ① Revenue target: Total of ¥77.0 billion for LUCUA 1100 and LUCUA
- ② Visitor number target: 70.0 million

○ Renovation of the OSAKA STATION CITY North Gate Building

- Securing wide range of customers through superiority of location and scale (largest concentration of commercial facilities in Osaka/Umeda area) , and ease of access within the buildings
- Leveraging promotional system and ability to attract highly popular specialty stores, cultivated through shopping center operations
- Opening isetan-brand shops in LUCUA 1100, specializing in fashion and sundries, in which Isetan has strengths



○ Synergies with railway operations

- Taking steps to enhance transport services, such as new rolling stock introduction and timetables
- Wide-area promotions, including Sanyo Shinkansen railway belt

**Further increasing customer-drawing power of OSAKA STATION CITY,
making Osaka Station the “terminal of choice”**

Three key growth themes

② New LUCUA osaka (2)

Characteristics of “LUCUA osaka”



1. Entrance



2. Isetan



3. Umeda Tsutaya Books (opened on May 8)



4. The first “ESTNATION” store in Kansai

Three key growth themes

② New LUCUA osaka (3)

Characteristics of “LUCUA osaka”

	LUCUA 1100	LUCUA	Principal stores in LUCUA 1100
10F	Dining		Wolfgang's Steakhouse by Wolfgang Zwiener, nana (Prepared dishes / Aburi-yaki / alcohol beverages), Higashiyama (Charcoal-broiled beef tongue)
9F	Books & Culture	Books & Café, Lifestyle Goods	UMEDA TSUTAYA BOOKS
8F	Men's Wear	Body Care & Cosmetics, Lifestyle Goods	INDISPENSABLE STRASBURGO, URBAN RESEARCH, MARGARET HOWELL, isetan Men's Style
7F	Living & Fashion, Lifestyle Goods	Men's Wear, Women's Wear	FLYING TIGER COPENHAGEN, UNITED TOKYO, unico
6F	Women's Wear, Men's Wear	Young Women's Wear	FOREVER 21, COLONY 2139, OLD NAVY
5F	Women's Wear, Men's Wear	Women's Wear, Men's Wear	Nano·universe Library, ACROSS THE VINTAGE
4F	Women's Wear, Men's Wear	Women's Wear, Men's Wear	isetan Closet
3F	Women's Wear, Men's Wear	Women's Wear, Men's Wear	ESTNATION, Traditional Weatherwear, SONIA BY SONIA RYKIEL
2F	Sundries from around the world	Women's Wear, Men's Wear	MAX BRENNER CHOCOLATE BAR, CASA VIA BUS STOP, NIPPON-ICHI, CHOUCHOU, isetan Cosmetics , isetan Urban Market
1F	Seasonal Products & Gifts	For Ladies Seasonal Products	isetan Seasonal Selection
B1F	Shoes & Handbags, Accessories	Women's Wear, Sweets, Food, and Cosmetics	Sarabeth's, isetan Shoes & Bags , isetan Accessories
B2F	Bar & Foods		isetan Food Hall

【Legend】

Specialty stores

“isetan”

Fusion of specialty stores and “isetan”

Walkway

5. Floor layout and principal stores

Three key growth themes

③ Response to Inbound Visitor Demand

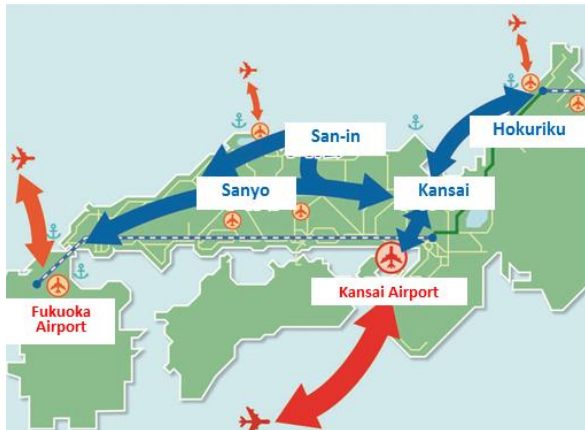
Objectives
(FY2018 target,
in comparison to FY2013)

- ① Usage of railway travel products for inbound visitors: 400% increase (upward revision from 200% increase)
- ② Consolidated operating revenues: ¥10.0 billion increase

○ Inviting more customers to “western Japan area” and expanding use of “JR-West Group” in Kansai Urban Area

- Developing and enhancing wide-area tourism routes through collaborating with regions, enhancing the lineup of railway products, etc.
- Improving ability to cater to needs of inbound visitors at terminal stations and commercial facilities that are frequented by such customers (guidance, free public Wi-Fi services, delivery from stations to hotels, duty free, etc.), developing budget hotels that are prepared to be used by inbound tourists
- Further communicating the appeal of the entire Group and the “towns” that encompass the entire Group and the areas surrounding terminal stations

※ Enhancing Group promotion system (establish Group Inbound Tourism Promotion Office, post an employee to Singapore)



Expanding products for inbound tourists, expanding usage from airports to western Japan area



Shopping center tenants with lineups of products popular among inbound tourists

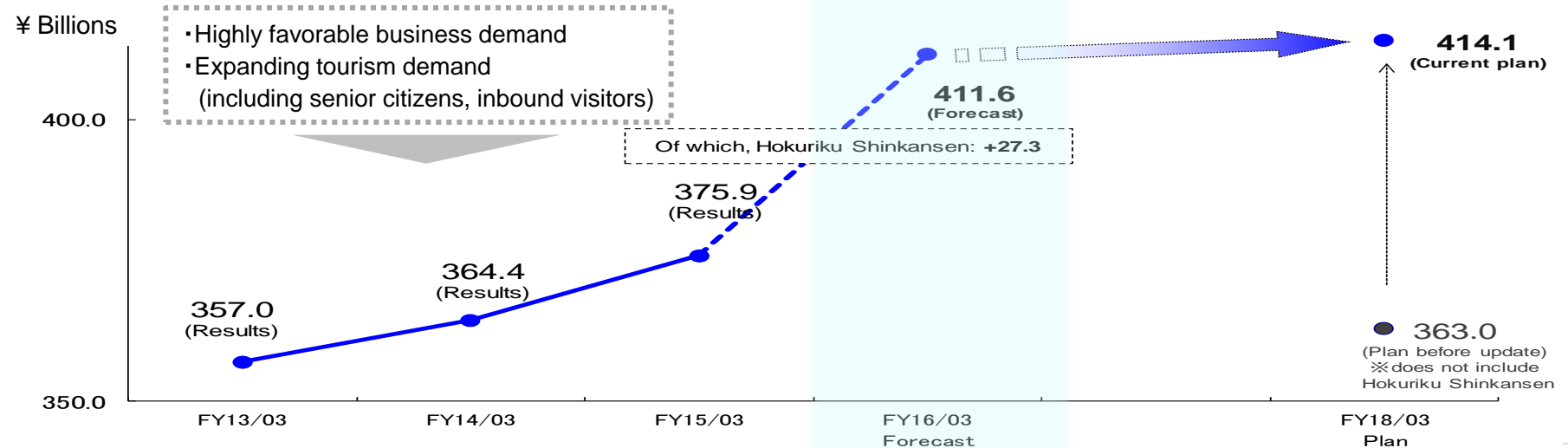


Promotions utilizing overseas SNS

Becoming the “area of choice” and “JR West — the Group of choice” among inbound tourists

Business Strategy: Shinkansen (1)

Trend in transportation revenues



Major initiatives

○Heightening competitiveness

Opening the Kanazawa segment of Hokuriku Shinkansen,

10 sets of W7 series (Mar. 2015) ▽

▽1 set of W7 series

▽Introducing 9 sets of N700A, modifying 16 sets of existing N700 series (FY2014 – FY2017)

Expanding areas in which mobile phones

can be used on Sanyo Shinkansen To Shin-Yamaguchi (Mar. 2015) ▽

▽Between Kokura and Hakata (in 2015)

▽"Super Haya-Toku" early discount tickets for Sanyo Shinkansen (Apr. 2013 ~)

▽"e5489" Internet reservation service for Hokuriku Shinkansen (Mar. 2015 ~)

○Stimulating tourism demand

"Hanayomenoren" sightseeing train (Oct. 2015 ~) ▽

▽New sleeper train (spring 2017)

Campaign commemorating 40th anniversary of opening

▽ all lines of Sanyo Shinkansen (Feb 2015 – Mar. 2016)

▽Expanding railway products for inbound tourists (from Mar. 2015 including products that can be used on Hokuriku Shinkansen)

▽"Otonabi" membership service for senior customers (Mar. 2015 ~)

"Destination Campaign" (DC) (travel campaign)

▽Hiroshima DC (summer 2013)

▽Wakayama DC (fall 2014)

▽Hokuriku DC (fall 2015)

▽Okayama DC (spring 2016)

▽Yamaguchi DC (fall 2017)

○Enhancing convenience,

appeal of stations and in-station facilities

Shopping center renewal in Kanazawa and Toyama stations (~ March 2015) ▽

Eki Marche Shin-Osaka ▽

(in-station stores) (~ spring 2016)

▽Shopping center in Shin-Osaka Station renewal (~ spring 2017)

Completing transition to over-track station and in-station development at Hiroshima Station (~ spring 2018) ▽

Heightening competitiveness

- **Enhancing safety, comfort and convenience**
 - Introducing N700A
 - Addressing mobile phone no-service areas
- **Strengthening Internet marketing**
 - Expanding membership for Internet reservations
- **Enhancing convenience, appeal of stations and in-station facilities**
 - Shin-Osaka, Kanazawa, Toyama, Hiroshima, Himeji, etc.



Shinkansen N700A



Eki Marche Shin-Osaka (in-station stores)

Stimulating tourism demand

- **Tourism development**
 - Tourism development that leverages destination campaign and enhancing and solidifying wide-area tourism routes through collaborating with regions
- **Fostering tourism demand among seniors**
 - Expanding membership for “Otonabi” membership service for senior customers, strengthening CRM
- **Capturing inbound visitor demand** (→ Three key growth themes ③)
- **Campaign commemorating 40th anniversary of opening all lines of Sanyo Shinkansen**
 - Implementing promotions to encourage people to visit Kansai
 - Enhancing wide-area tourism routes



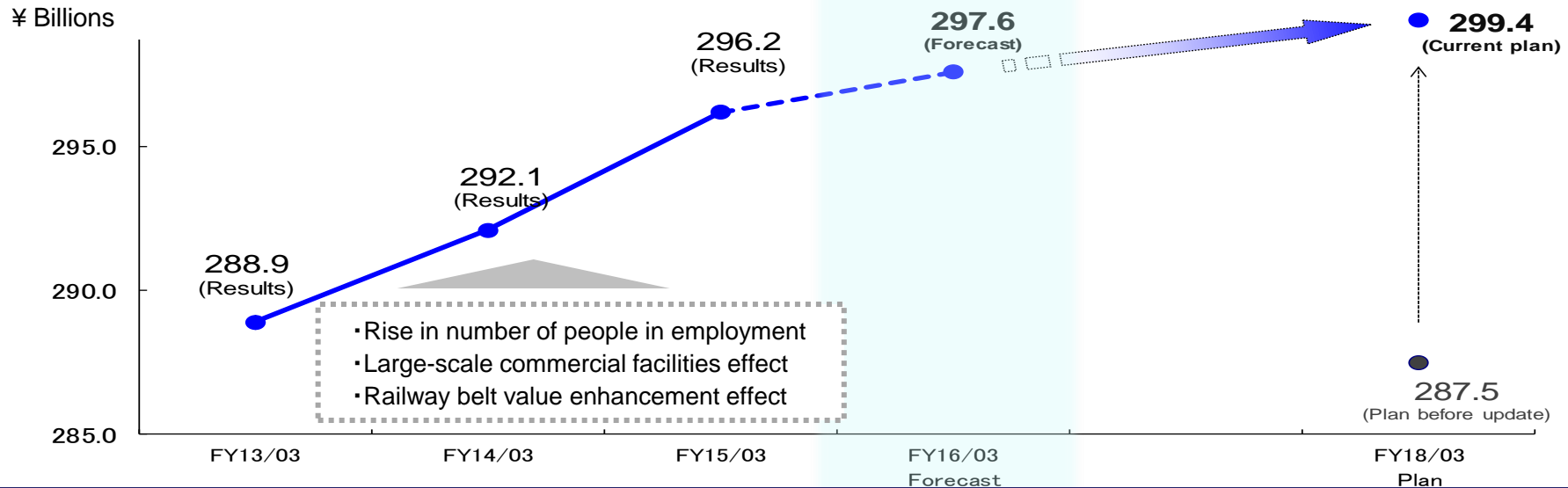
“Otonabi” membership service for senior customers



Destination campaign

Enhancing revenue of Shinkansen further as pillar of businesses going forward

Trend in transportation revenues



Major initiatives

- Enhancing safety**
 - Automatic platform gates (rope style):
 - ▽Sakurajima (trial)
 - ▽Rokkomichi (Dec. 2014 ~)
 - ▽Takatsuki (spring 2016)
 - Movable platform Gates:
 - ▽Kyobashi (spring 2016)
- Enhancing the value of railway belts**
 - (※New station names are provisional)
 - ▽Osaka Loop Line Renovation Project (Dec. 2013 ~)
 - ▽Introducing 122 new railcars on Hanwa Line (~ FY2018)
 - ▽Introducing 168 new railcars on Osaka Loop Line (FY2017 - FY2019)
 - New JR Sojiji Station ▽ New JR Shichijo Station ▽ (spring 2019)
 - New Kizuri Station ▽
 - ▽New Maya Station
 - ▽New Higashi Himeji Station (spring 2016)
 - Ibaraki Station: station improvement (~ spring 2018) ▽
 - ▽Opening of "LUCUA 1100" (Apr. 2015)
 - Opening of all lines of Osaka Higashi Line ▽ (spring 2019)
 - ▽Opening of Himeji station building (Apr. 2013)
 - Settsu-Motoyama Station: transition to over-track station and in-station development (~ Oct. 2014) ▽
 - Amagasaki Station: station improvement and in-station development (~ Nov. 2014) ▽
 - Expanding ICOCA Collaborations:
 - ▽Start of nationwide reciprocal use of transport IC card (Mar. 2013 ~)
 - ▽Starting sales of direct IC commuter passes, such with Hanshin and Kobe New Transit (Mar. 2015)
 - ▽Starting sales of ICOCA/ICOCA commuter passes from Osaka Municipal Transportation Bureau, Nankai and Senboku (spring 2017)
- Promoting urban tourism**
 - ▽Improving access to USJ (spring 2014)
 - ▽Kyoto Railway Museum (spring 2016)

Enhancing the value of railway belts

- **Creating railway belts that people want to reside in and are easy to use**
 - Improving safety and comfort through introduction of new rolling stock
 - Opening new stations (Maya, Higashi Himeji ※2016 spring, provisional name)
 - Enhancing convenience, appeal of stations, in-station facilities, and surrounding areas
- **Osaka Loop Line Renovation Project**
 - Timetables easier to use
 - Promoting renewal of stations and in-station development
- **Promoting more-seamless movement**
 - Expanding ICOCA area and expanding collaboration with private railways, etc.



Promoting urban tourism

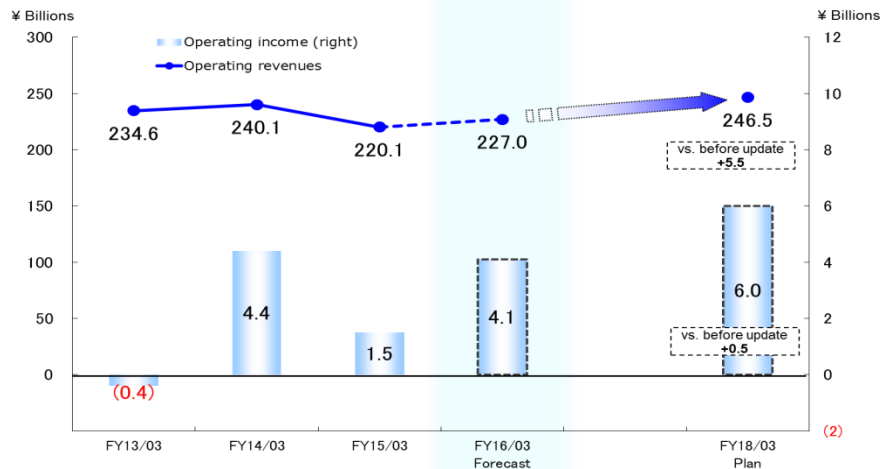
- **Expanding usage through collaboration with tourism facilities along our railways**
 - New Harry Potter attraction area at USJ
 - OSAKA STATION CITY (LUCUA osaka), etc.
- **Leveraging Kyoto Railway Museum opening effect**
 - Invigorating Kyoto Umekoji area through collaboration with the region
 - Initiatives to attract customers from a wide area, as one special feature of urban tourism
 - New JR Shichijo Station (2019 spring, provisional name)



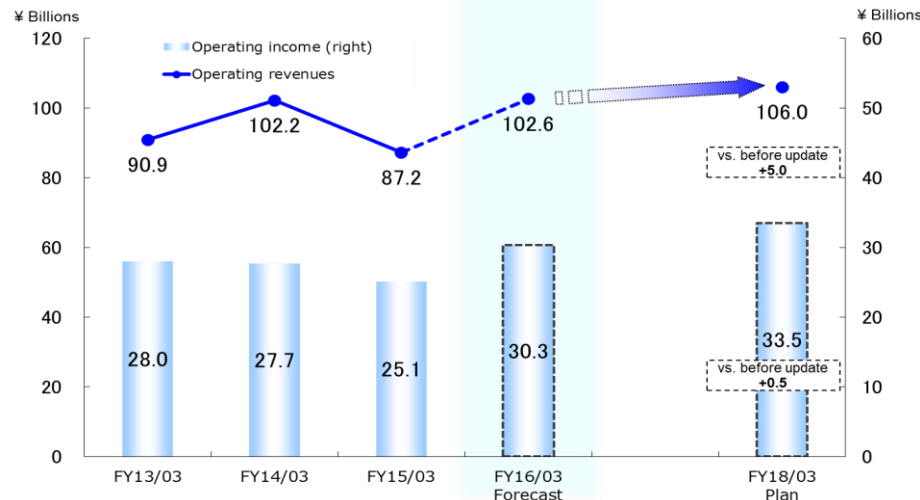
- **Promoting use of inbound tourists** (→ Three key growth themes ③)
- **Providing information about Kansai urban tourism**
 - “MY FAVORITE KANSAI”(WEBSITE)

Expanding usage by advancing initiatives while collaborating with regions and other businesses

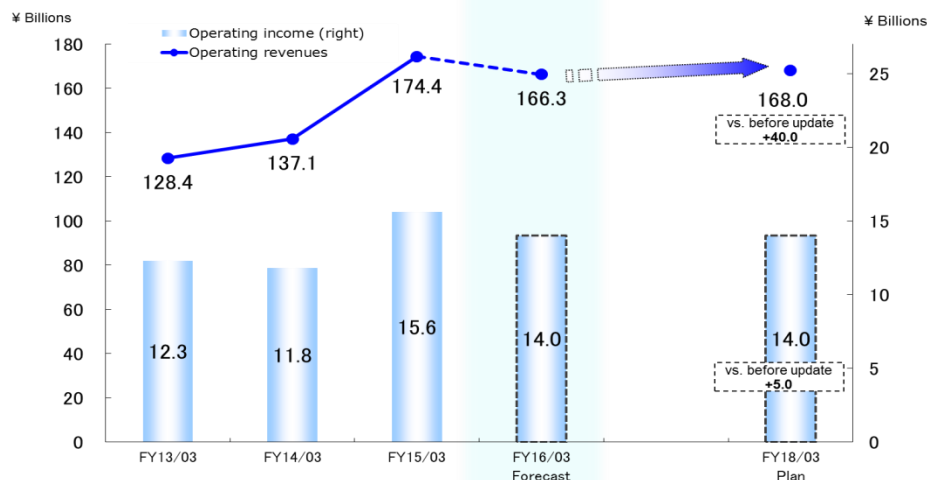
Retail



Real Estate



Other Businesses



Major factors of Increase/Decrease in FY2016 (operating revenues)

- Retail**
 - Increase in sales of goods and food services: Promoting conversions of stores to Seven-Eleven Japan allied stores, etc.
- Real Estate**
 - Increase in real estate lease and sale: Increase in revenues from condominium business, etc.
 - Increase in shopping center business: Increase from refurbished shopping centers, such as LUCUA osaka and Kanazawa Hyakubangai, etc.
- Other Businesses**
 - Decrease from construction business: Decrease in construction related to Hokuriku Shinkansen, etc.

Establishing Group revenue foundation for sustainable growth in an environment marked by a declining population

Major initiatives

FY13/03

FY14/03

FY15/03

FY16/03

FY17/03

FY18/03

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

▽Converting of stores to Seven-Eleven Japan allied stores (approx. 500 stores by FY2019)
(70 stores in FY2015) (approx. 120 stores in FY2016)

▽Opening of "LUCUA 1100" (Apr. 2015)

Renewal of shopping centers in Kanazawa and Toyama stations

Completing transition to over-track station and in-station

(~ Mar.2015)▽

development at Hiroshima Station (~ spring 2018) ▽

Renewal of shopping center in Shin-Osaka Station (~ spring 2017)▽

Renewal of shopping center in Akashi Station (~ fall 2015)▽

Renewal of shopping center in Kurashiki Station (~ Apr. 2015)▽

▽Renewal of shopping center in Matsue Station

Settsu-Motoyama Station: transition to over-track station
and in-station development (~ Oct. 2014) ▽

Eki Marche Shin-Osaka▽
(in-station stores)(~ spring 2016)

(~end of FY2016)

Amagasaki Station: station improvement
and in-station development (~ Nov. 2014)▽

○Actively developing operations in cities (including regions other than those alongside tracks and those in our service area)

Urawa condominium▽
(March. 2014 ~)

▽Shopping center in Katayama, Suita City
(FY2017 plan)

▽Kawasaki condominium (June 2016 plan)

▽Acquisition of business from ORIX Group (3 hotels opened after rebranding in June 2014)

Developing rental building at Tenjin, Fukuoka City▽
(Dec. 2014)

▽Expand budget hotel operations
(Tokyo metropolitan area, Kansai
Urban Area (Umeda, Tennoji), etc.)
(FY2017- FY2018 plan)

○Advancing development linking railways with community renovations

Front of Tsukaguchi Station (site acquisition, station building, condominium)▽

Front of Kishibe Station (site acquisition, development)▽

○Taking on the challenge of new business fields

▽Healthcare-related businesses (rehabilitation day service business)

▽Agriculture-related businesses

▽In-station dispensing pharmacies

▽Food-related businesses (manufacture and sale of traditional

▽Car-sharing directly connected to stations

New Year's food (frozen), etc.)

▽Renewable energy businesses (photovoltaic power generation)

▽Internet sales targeting overseas customers

Retail / Shopping center

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

- Convert stores to Seven-Eleven Japan allied stores and maximize benefits
 - Approx. 500 stores in five years
 - 70 stores in FY2015, approx. 120 in FY2016 (plan)
- Developing and renewing commercial facilities, and maximizing their opening effects
 - Shin-Osaka, Kanazawa, Toyama, Amagasaki, Akashi, Kurashiki, Matsue, Hiroshima, etc.
 - New “LUCUA osaka”

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

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

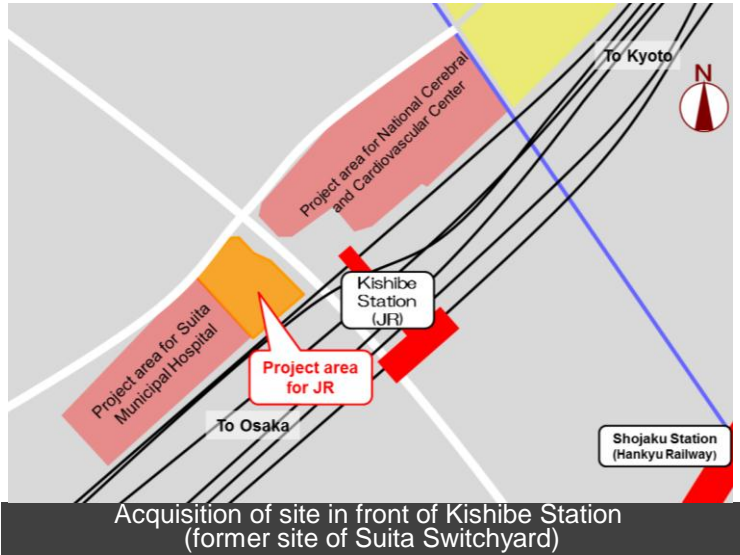
○ Capturing inbound visitor demand (→ Three key growth themes ③)



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

Real estate lease

- Fully utilizing land and other assets
 - Hirooka, Kanazawa City (redevelopment of former sites of Company housing)
- Participating in projects in areas surrounding major stations
 - Tsukaguchi (acquisition of site in front of station, development of station building and condominium)
 - Kishibe (acquisition of site in front of station, development)



- Actively developing operations in regions other than those alongside tracks and those in our service area
 - Tenjin, Fukuoka City (Dec. 2014)
 - Tokyo metropolitan area (Nishi-Shimbashi) (June 2014)

Real estate sale

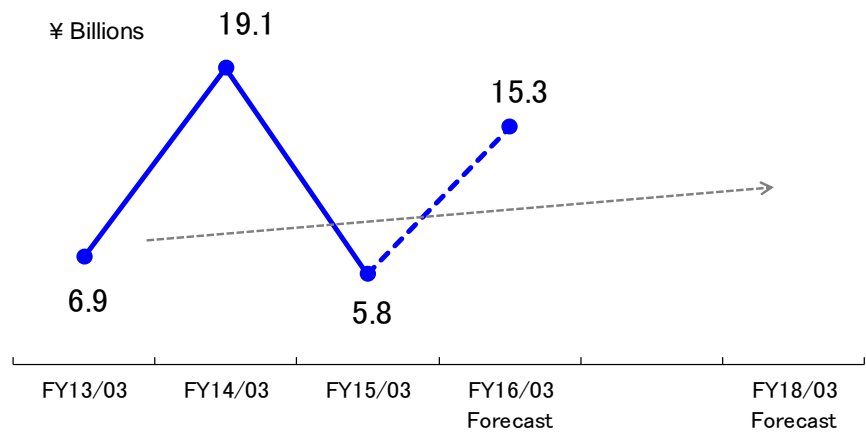
○ Advancing sales of condominiums

New condominiums fore sales from FY2016 and after

Name	Location	Handover (Plan)	Houses
J. GRAN L SAKAI	Sakai, Osaka	Sep. 2015	135
KYOTO KATSURAGAWA TUMUGI NO MACHI GRAN SQUARE※	Kyoto	Sep. 2015	431
KYOTO KATSURAGAWA TUMUGI NO MACHI MARK SQUARE※	Kyoto	Mar. 2016	162
MAYA CITY COMFORT※	Nada, Kobe	Mar. 2016	105
MAYA CITY DELIGHT※	Nada, Kobe	Mar. 2016	57
PROUD CITY TSUKAGUCHI MARK FRONT※	Amagasaki, Hyogo	Mar. 2016	247
J. GRAN L IBARAKI	Ibaraki, Osaka	Mar. 2016	283
GRACIA CITY KAWASAKI DAISHIGAWARA※	Kawasaki, Kanagawa	Jun. 2016	558

※Joint projects with other companies

Sales trend of condominiums



Future initiatives

FY2019 and thereafter
(medium to long term)

○ Changing railway operation system through use of ICT, etc.

- Battery-powered trains
- Transition from ground-based inspections to on-board inspections
- Considering simplification of railway equipment etc.

**Safety enhancement /
labor-saving /
cost reductions**

○ Providing more-seamless ticket services

- Advancing self-service ticket purchases or ticketless boarding using IT and IC, considering ways to reduce total travel times

Shinkansen growth

○ Increasing revenues, including through the use of external resources

- Considering expanding new business alliances, etc., to enhance market competitiveness

**Growth centered on
non-railway operations**

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.

- Operating cash flow over five years forecast to reach approximately ¥1.1 trillion, ¥100.0 billion more than initial plans.

Shareholder Return Policy

- 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, in light of the progress toward the achievement of the current Medium-Term Management Plan, we aim to attain **an approximately 3% “rate of total distribution on net assets”* on a consolidated basis for FY2018/3.**

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

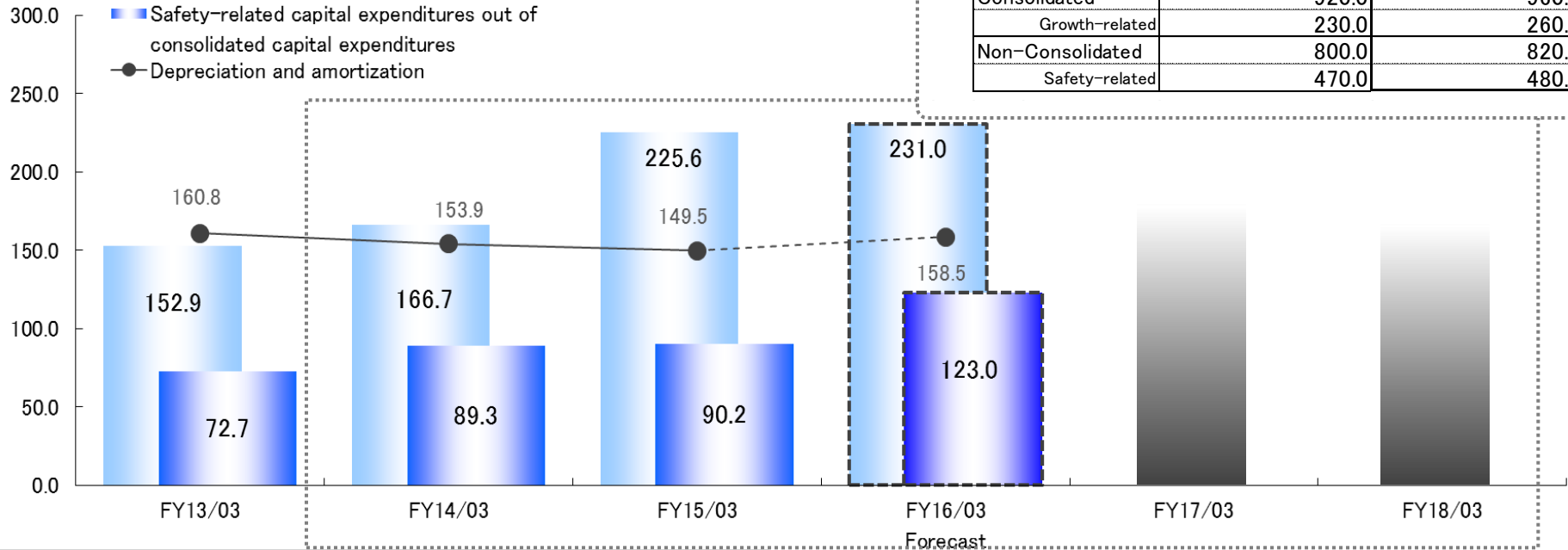
Capital Expenditure

¥Billions

Capital expenditures

Safety-related capital expenditures out of consolidated capital expenditures

Depreciation and amortization



▼ Total CAPEX for FY2014 – FY2018 (¥Billions)

	Plan before update	Current plan
Consolidated	920.0	960.0
Growth-related	230.0	260.0
Non-Consolidated	800.0	820.0
Safety-related	470.0	480.0

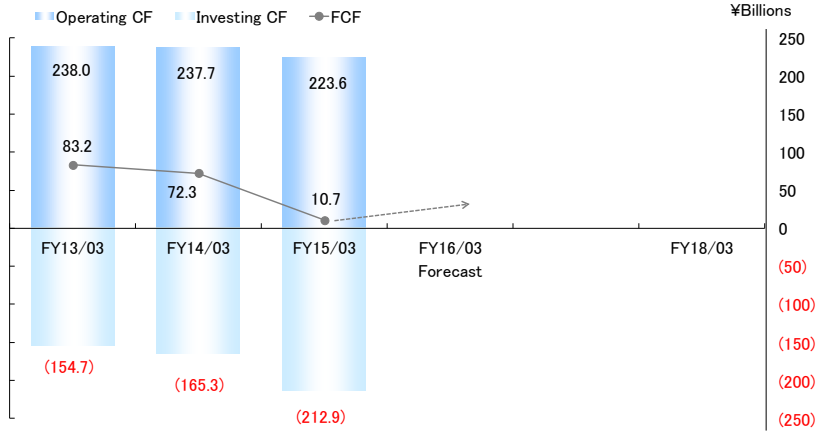
Review of First 2 Years

- Progress basically in line with initial plan
 - Safety-related investment: Introduction of new ATC on Sanyo Shinkansen, etc.
 - Growth-related investment: Investment for the opening of the Kanazawa segment of the Hokuriku Shinkansen, and for the renovation of the West Wing of the North Gate Building, etc.
- Projects added since the start of the Medium-Term Management Plan
 - Growth-related investment: Investment for conversion of stores to Seven-Eleven Japan allied stores, etc.

Future Initiatives

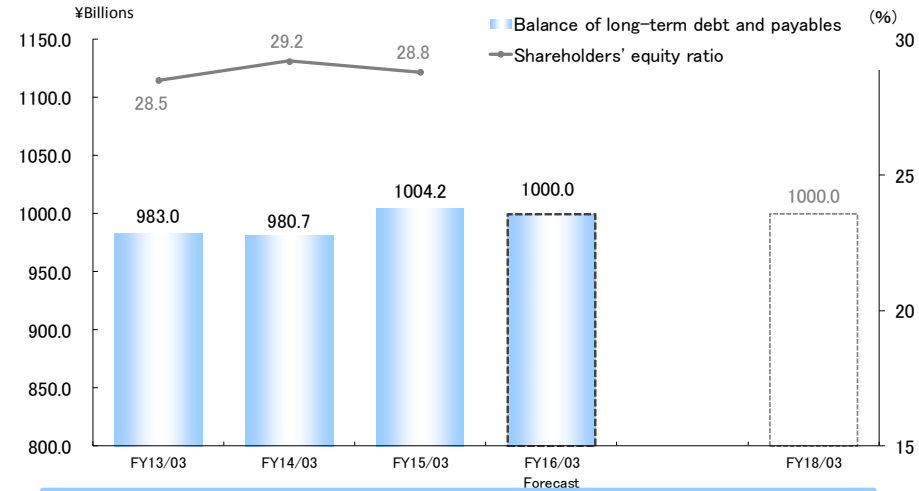
- Additional investment for safety enhancement and sustainable growth (+ ¥40.0 billion vs. plan before update)
 - Safety-related investment: Natural disaster countermeasures, etc.
 - Growth-related investment: Promoting self-service ticket purchases or ticketless boarding using IT and IC, purchasing real estate, etc.
 - Implementation after careful investigation of projects effects, with a focus on asset efficiency
- Capital expenditure plan for FY2016
 - + ¥5.3 billion vs. previous year
 - Major projects: N700A introduction, conventional line rolling stock replacement, etc.

Cash Flows



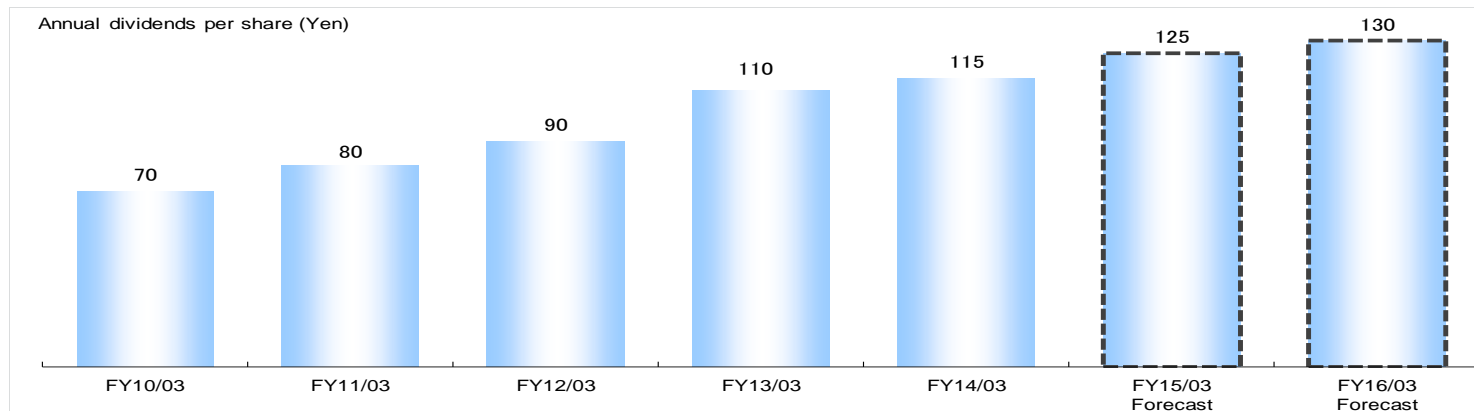
Forecasting improvement

Financial Status



Maintaining ¥1 trillion level

Returns to Shareholders



Six consecutive years of higher dividends (including forecast), steadily enhancing return to achieve 3% rate of total distribution on net assets in final fiscal year

Financial Results and Forecasts

Billion Yen, %

	FY2013/3		FY2015/3	FY2016/3	FY2018/3	
	Forecasts (as of Jan, 2013)	Results	Results	Forecasts	Plan before update (as of Mar. 2013)	Current plan
Operating Revenues	1289.0	1298.9	1350.3	1391.5	1306.0	1423.0
Transportation	840.4	844.9	868.4	895.6	836.0	902.5
Retail	235.8	234.6	220.1	227.0	241.0	246.5
Real Estate	89.5	90.9	87.2	102.6	101.0	106.0
Other businesses	123.3	128.4	174.4	166.3	128.0	168.0
Operating Income	121.0	129.4	139.7	148.5	127.5	157.0
Transportation	86.5	90.1	100.6	103.3	80.5	105.0
Retail	(1.6)	(0.4)	1.5	4.1	5.5	6.0
Real Estate	26.2	28.0	25.1	30.3	33.0	33.5
Other businesses	10.2	12.3	15.6	14.0	9.0	14.0
Recurring Profit	96.0	104.6	121.9	130.0	106.5	141.0
Net Income	56.0	60.1	66.7	81.5	66.0	91.5
Transportation Revenues	765.0	769.1	797.0	818.0	764.0	820.5
ROA	4.6%	4.9%	5.1%	5.3%	4.7%	5.5%
ROE	7.8%	8.3%	8.4%	9.8%	7.3%	9.8%
EBITDA	282.5	290.3	289.3	307.0	292.5	325.5

Note: Figures in brackets () are negative values.

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

Operating income by segment is 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.
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 - 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 1, 2015 based on information available to JR-West as of May 1, 2015 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.