

Results for the first half ended September 30, 2015 and Future Initiatives



November 2, 2015
West Japan Railway Company

Contents



I . Results for the first half of FY2016.3	2
II . Forecasts for FY2016.3	11
III . Future Initiatives	18
1. Three Key Growth Themes	19
2. Initiatives in each business strategy	
~ Shinkansen, Kansai Urban Area,	
Business Development (Non Rail Business) ~	25
3. Capital Expenditure Plan, Returns to Shareholders	32

I . Results for the first half of FY2016.3

2

- I am Yutaka Nakanishi, general manager of the finance department.
- I will explain the results for the first half of the fiscal year ending March 2016 (FY2016.3) and the forecasts for FY2016.3, which were announced on October 30.

Financial Highlights



	¥ Billions									
	6 months ended Sep 30, 2014	6 months ended Sep 30, 2015	YoY		Results FY2015.3	Forecasts FY2016.3		YoY		Difference between the forecasts Increase/ (Decrease) E-D
			Increase/ (Decrease) B-A	% 1-B/A		As of July 30 D	As of Oct 30 E	Increase/ (Decrease) E-C	% 1-E/C	
A	B			C						
【Consolidated】										
Operating Revenues	651.5	709.4	57.8	8.9	1,350.3	1,411.5	1,437.0	86.6	6.4	25.5
Operating Income	82.1	110.5	28.3	34.5	139.7	162.0	171.5	31.7	22.7	9.5
Recurring Profit	72.4	99.7	27.2	37.6	121.9	143.5	153.0	31.0	25.4	9.5
Profit attributable to owners of parent	54.4	66.0	11.6	21.3	66.7	90.5	96.0	29.2	43.9	5.5
【Non-Consolidated】										
Operating Revenues	440.7	478.7	38.0	8.6	890.9	937.5	949.0	58.0	6.5	11.5
Transportation Revenues	394.8	427.7	32.8	8.3	797.0	836.0	847.0	49.9	6.3	11.0
Operating Expenses	371.5	388.2	16.7	4.5	778.9	808.0	814.0	35.0	4.5	6.0
Personnel costs	116.9	115.2	(1.7)	(1.5)	233.0	233.0	233.0	(0.0)	(0.0)	—
Non personnel costs	166.2	178.3	12.0	7.2	369.0	384.5	390.5	21.4	5.8	6.0
Energy costs	22.7	22.7	0.0	0.1	45.3	47.0	46.5	1.1	2.6	(0.5)
Maintenance costs	62.0	65.7	3.6	5.9	146.7	149.5	153.5	6.7	4.6	4.0
Miscellaneous costs	81.5	89.8	8.3	10.2	176.9	188.0	190.5	13.5	7.7	2.5
Depreciation	61.1	63.1	1.9	3.2	126.0	132.0	132.0	5.9	4.7	—
Operating Income	69.1	90.4	21.2	30.7	112.0	129.5	135.0	22.9	20.5	5.5
Recurring Profit	57.5	78.9	21.3	37.1	92.1	111.0	116.5	24.3	26.5	5.5
Net Income	39.0	53.4	14.4	36.9	47.3	72.5	76.0	28.6	60.4	3.5

Note: Figures in brackets () are negative values.

3

- Please see page 3. This page shows our results for the first six months of FY2016.3 and the full-year forecasts for FY2016.3.
- In the first half of the fiscal year, transportation revenues were favorable in both the first and second quarters, and results were also generally favorable in non-rail businesses. As a result, revenues and profits increased on both a consolidated and a non-consolidated basis.
- In consideration of the situation in the first half of the fiscal year, we implemented upward revisions to our forecasts for the full fiscal year on both a consolidated and a non-consolidated basis.
- The upward revisions are based on the assumption that the favorable conditions in the first half will continue through the third quarter.

Non-Consolidated Financial Results



¥ Billions

	6 months ended Sep 30, 2014	6 months ended Sep 30, 2015	YoY	
			Increase/ (Decrease) B-A	% 1-B/A
	A	B		
Operating Revenues	440.7	478.7	38.0	8.6
Transportation revenues	394.8	427.7	32.8	8.3
Other	45.8	51.0	5.1	11.3
Operating Expenses	371.5	388.2	16.7	4.5
Personnel costs	116.9	115.2	(1.7)	(1.5)
Non-personnel costs	166.2	178.3	12.0	7.2
Energy costs	22.7	22.7	0.0	0.1
Maintenance costs	62.0	65.7	3.6	5.9
Miscellaneous costs	81.5	89.8	8.3	10.2
Rental payments, etc.	9.2	13.4	4.2	45.8
Taxes	17.8	18.1	0.2	1.5
Depreciation	61.1	63.1	1.9	3.2
Operating Income	69.1	90.4	21.2	30.7
Non-operating revenues and expenses	(11.6)	(11.5)	0.0	(0.7)
Non-operating revenues	1.5	1.4	(0.0)	—
Non-operating expenses	13.1	13.0	(0.1)	—
Recurring Profit	57.5	78.9	21.3	37.1
Extraordinary profit and loss, net	(2.7)	0.7	3.4	—
Extraordinary profit	3.7	5.8	2.1	—
Extraordinary loss	6.4	5.1	(1.3)	—
Net Income	39.0	53.4	14.4	36.9

Note: Figures in brackets () are negative values.

4

- Next, please look at page 4 for our non-consolidated financial results.
- In the first half, operating expenses increased ¥16.7 billion due to higher non-personnel costs, rental payments, and depreciation accompanying the opening of the Hokuriku Shinkansen. However, transportation revenues rose substantially, due in part to the opening of the Hokuriku Shinkansen, and operating income increased ¥21.2 billion, to ¥90.4 billion.
- Also, due to lower disaster recovery expenses and other factors, extraordinary profit and loss, net, improved by ¥3.4 billion.

Major Factors of Increase/Decrease in Transportation Revenues



¥ Billions

Results for 6 months ended Sep 30, 2015					
Transportation revenues		YoY Increase/(Decrease)		Major factors	
		Amount	%		Amount
Shinkansen	220.5	35.9	19.5	Fundamentals 4.0%	7.3
				Special factors	
				Hokuriku Shinkansen	24.0
				Silver Week (a five-day holiday in September)	2.3
				Golden Week	0.8
				The mid-summer Obon holidays	0.5
				Inbound demand	0.1
				Seniors demand etc.	0.1
Kansai Urban Area (Kyoto-Osaka-Kobe Area)	151.9	3.8	2.6	Fundamentals 1.2%	1.7
				Special factors	
				Inbound demand	0.7
				The mid-summer Obon holidays	0.5
				Golden Week	0.4
				Silver Week (a five-day holiday in September)	0.2
				etc.	
Other lines	55.1	(7.0)	(11.3)	Fundamentals 0.8%	0.4
				Special factors	
				Separation of management of the conventional lines between Kanazawa and Naetsu parallel to Hokuriku Shinkansen	(8.7)
				Silver Week (a five-day holiday in September)	0.3
				The mid-summer Obon holidays etc.	0.3
Conventional lines	207.1	(3.1)	(1.5)		
Total	427.7	32.8	8.3		

Note: Revenues from luggage transportation are omitted due to the small amount.
Figures in brackets() are negative values.

5

- Next, page 5 explains the major factors of increase/decrease in transportation revenues.
- For both the Shinkansen and the Kansai Urban Area, results were favorable, including special factors, and fundamentals were exceptionally strong. Accordingly, transportation revenues in the first six months were up ¥32.8 billion YoY, to ¥427.7 billion.
- In regard to Shinkansen services, revenues were up ¥11.8 billion on the Sanyo Shinkansen and ¥24.0 billion on the Hokuriku Shinkansen, for a combined increase of ¥35.9 billion. In addition to Silver Week (a five-day holiday in September), there were increases in users in Golden Week and the mid-summer Obon holiday period. As a result, Shinkansen transportation revenues were up 19.5% YoY.
- In the Kansai Urban Area, transportation revenues increased ¥3.8 billion, due in part to the invitation/relocation of universities to our railway belts, and the opening effect of commercial facilities along our railway belts.
- In other conventional lines, there was a decrease of ¥8.7 billion accompanying the separation of a parallel conventional line, and accordingly transportation revenues declined ¥7.0 billion.
- Overall, usage in periods of heavy customer traffic — Golden Week, Obon, and Silver Week — was favorable. In addition, the trend in fundamentals on the Sanyo Shinkansen was especially favorable at 4%. We believe that this is the result of the success of our initiatives to capture inbound visitor demand and demand from active seniors.
- In regard to the Hokuriku Shinkansen, we continue to strengthen sales promotions and we are advancing initiatives to sustain the opening effect.

Transportation Revenues and Passenger-Kilometers



	Transportation Revenues						Passenger-Kilometers					
	Results for 6 months ended Sep 30 (4/1~9/30)			3 months (3Q) (7/1~9/30)			Results for 6 months ended Sep 30 (4/1~9/30)			3 months (3Q) (7/1~9/30)		
	FY2015.3	FY2016.3	YoY	FY2015.3	FY2016.3	YoY	FY2015.3	FY2016.3	YoY	FY2015.3	FY2016.3	YoY
Total	394.8	427.7	32.8 8.3%	204.0	221.8	17.8 8.8%	28,027	29,526	1,499 5.3%	14,343	15,149	805 5.6%
Shinkansen	184.6	220.5	35.9 19.5%	96.2	116.2	19.9 20.8%	8,885	10,256	1,371 15.4%	4,680	5,439	758 16.2%
Commuter Passes	4.6	5.0	0.4 9.2%	2.2	2.5	0.2 11.0%	371	409	37 10.1%	191	202	10 5.5%
Non-Commuter Passes	179.9	215.4	35.5 19.7%	93.9	113.7	19.7 21.0%	8,513	9,846	1,333 15.7%	4,488	5,236	748 16.7%
Conventional Lines	210.2	207.1	(3.1) (1.5%)	107.7	105.6	(2.1) (2.0%)	19,142	19,270	128 0.7%	9,663	9,709	46 0.5%
Commuter Passes	72.4	71.7	(0.7) (1.0%)	35.9	35.6	(0.3) (0.8%)	11,551	11,746	195 1.7%	5,643	5,759	116 2.1%
Non-Commuter Passes	137.8	135.4	(2.4) (1.8%)	71.7	69.9	(1.8) (2.6%)	7,590	7,523	(66) (0.9%)	4,020	3,950	(69) (1.7%)
Kansai Urban Area (Kyoto-Osaka-Kobe Area)	148.0	151.9	3.8 2.6%	74.9	76.6	1.7 2.3%	14,519	15,017	497 3.4%	7,268	7,513	244 3.4%
Commuter Passes	58.4	58.7	0.2 0.4%	29.1	29.2	0.0 0.3%	9,360	9,625	265 2.8%	4,587	4,726	138 3.0%
Non-Commuter Passes	89.6	93.2	3.6 4.1%	45.7	47.4	1.6 3.6%	5,159	5,391	232 4.5%	2,681	2,786	105 3.9%
Other Lines	62.1	55.1	(7.0) (11.3%)	32.8	28.9	(3.8) (11.8%)	4,622	4,252	(369) (8.0%)	2,394	2,196	(197) (8.3%)
Commuter Passes	13.9	13.0	(0.9) (6.8%)	6.8	6.4	(0.3) (5.5%)	2,191	2,120	(70) (3.2%)	1,055	1,033	(22) (2.1%)
Non-Commuter Passes	48.2	42.1	(6.0) (12.6%)	25.9	22.4	(3.4) (13.4%)	2,431	2,132	(299) (12.3%)	1,338	1,163	(175) (13.1%)

Note: Figures in brackets () are negative values.

- Page 6 shows results for transportation revenues and passenger-kilometers. I will move on to the next page.

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



¥ Billions

Item	Results for 6 months ended Sep 30, 2015			
		YoY		Major factors
		Increase/ (Decrease)	%	
Personnel costs	115.2	(1.7)	(1.5)	· Decrease in retirement allowance (0.5), etc.
Energy costs	22.7	0.0	0.1	
Maintenance costs	65.7	3.6	5.9	· Increase in removal costs +1.3 · Increase in maintenance costs for structures +0.9, etc.
Miscellaneous costs	89.8	8.3	10.2	· Increase in payments for other JR companies +3.4 · Increase in advertising expenses +1.1 · Increase in sales charge +0.7, etc.
Rental Payments, etc	13.4	4.2	45.8	· Hokuriku Shinkansen
Taxes	18.1	0.2	1.5	
Depreciation and amortization	63.1	1.9	3.2	· Depreciation of Hokuriku Shinkansen rolling stock, etc.
Total	388.2	16.7	4.5	

Note: Figures in brackets () are negative values.

7

- Page 7 shows operating expenses on a non-consolidated basis.
- Due principally to the opening of the Hokuriku Shinkansen, rental payments increased ¥4.2 billion, depreciation and amortization was up ¥1.9 billion, and, in miscellaneous costs, payments for other JR companies rose ¥3.4 billion. Payments for other JR companies were basically offset by an increase in other revenues.
- As mentioned, we implemented additional spending on advertising and marketing to sustain favorable results on the Hokuriku Shinkansen. Maintenance costs increased due to certain structure-related expenses and other costs being moved forward slightly and to higher removal costs.
- Consequently, operating expenses were up ¥16.7 billion YoY, to ¥388.2 billion.

Consolidated Financial Results



	¥ Billions			
	6 months ended Sep 30, 2014	6 months ended Sep 30, 2015	YoY	
	A	B	Increase/ (Decrease) B-A	% 1-B/A
Operating Revenues	651.5	709.4	57.8	8.9
Operating Expenses	569.3	598.8	29.4	5.2
Operating Income	82.1	110.5	28.3	34.5
Non-operating revenues and expenses	(9.7)	(10.8)	(1.1)	11.5
Non-operating revenues	3.7	2.3	(1.3)	-
Non-operating expenses	13.4	13.1	(0.2)	-
Recurring Profit	72.4	99.7	27.2	37.6
Extraordinary profit and loss, net	3.1	0.5	(2.6)	-
Extraordinary profit	10.9	6.6	(4.2)	-
Extraordinary loss	7.7	6.1	(1.6)	-
Profit attributable to owners of parent	54.4	66.0	11.6	21.3
<i>Comprehensive Income</i>	55.5	67.6	12.0	21.7

Note: Figures in brackets () are negative values.

8

- Next, please look at page 8, which shows our consolidated financial results.
- Operating revenues rose ¥57.8 billion, to ¥709.4 billion, owing to favorable non-consolidated transportation revenues and to basically favorable revenues at subsidiaries on the background of solid railway usage.
- Operating expenses rose ¥29.4 billion, to ¥598.8 billion, due in part to higher expenses associated with sales growth at subsidiaries. Operating income increased ¥28.3 billion YoY, to ¥110.5 billion.

Consolidated Financial Results (Segment Information)



¥ Billions

	6 months ended Sep 30, 2014	6 months ended Sep 30, 2015	YoY	
			Increase/ (Decrease)	%
			B-A	1-B/A
Operating Revenues* ¹	651.5	709.4	57.8	8.9
Transportation	429.3	466.1	36.8	8.6
Retail	111.3	114.2	2.9	2.7
Sales of goods and food services	65.9	72.2	6.2	9.5
Department Stores	41.1	38.0	(3.0)	(7.5)
Real estate	42.9	53.3	10.4	24.3
Shopping center	24.9	28.3	3.4	13.7
Real estate lease and sale* ³	17.1	24.1	6.9	40.9
[2.7]	[2.7]	[9.4]	6.6	247.5
Other businesses	68.0	75.6	7.6	11.2
Hotel	16.7	17.7	1.0	6.0
Nippon Travel Agency	19.5	18.8	(0.7)	(3.6)
Operating Income* ²	82.1	110.5	28.3	34.5
Transportation	63.1	84.2	21.1	33.5
Retail	1.9	3.0	1.1	59.4
Sales of goods and food services	2.7	2.9	0.2	10.0
Department stores	(0.9)	(0.0)	0.9	-
Real estate	14.0	17.6	3.6	26.0
Shopping center	3.8	4.7	0.9	24.7
Real estate lease and sale	5.0	7.3	2.2	45.8
Other businesses	2.2	5.0	2.7	122.1
Hotel	0.8	1.3	0.5	66.1
Nippon Travel Agency	(0.2)	(0.4)	(0.1)	-

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)

9

- Next, page 9 shows financial results by segment.
- Transportation revenues were up ¥36.8 billion, due to higher railway transportation revenues.
- In the retail business, operating revenues increased ¥2.9 billion. Of this increase, sales of goods and food services were up ¥6.2 billion, while revenues in the department store business were down ¥3.0 billion. In regard to sales of goods and food services, the increase was due to such factors as the effects of the conversion to Seven-Eleven franchised stores and, accompanying the opening of the Hokuriku Shinkansen, favorable results at in-station stores in the Hokuriku region. On the other hand, revenues in the department store business declined due to a reduction in sales area floor space at Osaka store. In the retail business operating income was up ¥1.1 billion.
- In the real estate business, operating revenues were up ¥10.4 billion. In the shopping center business, favorable factors included the LUCUA1100 opening effect and shopping centers in the Hokuriku region, which benefited from the opening of the Hokuriku Shinkansen. In addition, real estate leasing and sale revenues increased ¥6.6 billion due to favorable results in condominium sales. Operating income in the real estate business was up ¥3.6 billion.
- In the other businesses segment, the hotel business recorded solid results on the background of strong inbound demand. On the other hand, the travel business captured domestic travel demand and inbound demand, but due to the weak yen and other factors, conditions in the overseas travel business were unfavorable, and operating revenues in the travel business were down ¥0.7 billion. However, new orders were received in the construction business. As a result, operating revenues in the other businesses segment were up ¥7.6 billion overall, and the segment's operating income rose ¥2.7 billion.

Consolidated Financial Situation and Statements of Cash Flows



¥Billions

	As of March 31, 2015 A	As of Sep 30, 2015 B	Difference increase/ (decrease) B-A
Assets	2,786.4	2,779.6	(6.8)
Liabilities	1,939.7	1,877.7	(62.0)
Net assets	846.7	901.9	55.2
Balance of Long-term Debt and Payables	1,004.2	1,020.6	16.4
[Average interest rate(%)]	[2.40]	[2.33]	【(0.07)】
Shinkansen Purchase Liability	167.6	152.5	(15.1)
[Average interest rate(%)]	[6.05]	[6.14]	[0.09]
Bonds	479.9	494.9	15.0
[Average interest rate(%)]	[2.08]	[2.05]	【(0.03)】
Equity ratio (%)	28.8	30.8	2.0
Net assets per share (¥)	4,138.65	4,417.99	279.34

	6 months ended Sep 30, 2014 A	6 months ended Sep 30, 2015 B	YoY increase/ (decrease) B-A
Cash flows from operating activities	61.7	88.2	26.4
Cash flows from investing activities	(77.9)	(76.6)	1.3
Free cash flows	(16.1)	11.6	27.7
Cash flows from financing activities	(10.1)	3.2	13.3
Change in cash and cash equivalents, net	(26.3)	14.8	41.1
Cash and cash equivalents at the end of the period	46.6	100.1	53.5

Note: Figures in brackets () are negative values.

10

- Page 10 shows our consolidated financial situation and statements of cash flows.
- In assets and liabilities, there are differences in accounts payable and accounts receivable between the beginning of the fiscal year and the end of the first half.
- In cash flow, operating cash flow increased significantly YoY.

II . Forecasts for FY2016.3

Non-Consolidated Financial Forecasts



¥ Billions

	Results FY2015.3 A	Forecasts FY2016.3		YoY		Difference between the forecasts Increase/ (Decrease) C-B
		As of July 30 B	As of Oct 30 C	Increase/ (Decrease) C-A	% 1-C/A	
Operating Revenues	890.9	937.5	949.0	58.0	6.5	11.5
Transportation revenues	797.0	836.0	847.0	49.9	6.3	11.0
Other	93.9	101.5	102.0	8.0	8.6	0.5
Operating Expenses	778.9	808.0	814.0	35.0	4.5	6.0
Personnel costs	233.0	233.0	233.0	(0.0)	(0.0)	—
Non personnel costs	369.0	384.5	390.5	21.4	5.8	6.0
Energy costs	45.3	47.0	46.5	1.1	2.6	(0.5)
Maintenance costs	146.7	149.5	153.5	6.7	4.6	4.0
Miscellaneous costs	176.9	188.0	190.5	13.5	7.7	2.5
Rental payments, etc.	18.7	26.5	26.5	7.7	41.1	—
Taxes	32.0	32.0	32.0	(0.0)	(0.0)	—
Depreciation	126.0	132.0	132.0	5.9	4.7	—
Operating Income	112.0	129.5	135.0	22.9	20.5	5.5
Non-operating revenues and expenses	(19.8)	(18.5)	(18.5)	1.3	(7.0)	—
Non-operating revenues	6.5	6.6	6.6	0.0	—	—
Non-operating expenses	26.4	25.1	25.1	(1.3)	—	—
Recurring Profit	92.1	111.0	116.5	24.3	26.5	5.5
Extraordinary profit and loss, net	(4.5)	(3.0)	(3.0)	1.5	—	—
Extraordinary profit	60.6	—	—	—	—	—
Extraordinary loss	65.1	—	—	—	—	—
Net Income	47.3	72.5	76.0	28.6	60.4	3.5

Note: Figures in brackets () are negative values.

12

- Next, please see page 12. This page explains our non-consolidated financial forecasts.
- In regard to non-consolidated financial forecasts, with consideration for such factors as results in the first six months of the fiscal year and future economic trends, the forecast for operating revenues has been increased by ¥11.5 billion, to ¥949.0 billion. The forecast for operating expenses has been increased by ¥6.0 billion, to ¥814.0 billion, and the forecast for operating income has been increased by ¥5.5 billion, to ¥135.0 billion.

Transportation Revenue Forecasts



¥ Billions

	Results FY2015.3 A	Forecasts FY2016.3		YoY		Difference between the forecasts Increase/ (Decrease) C-B
		As of July 30 B	As of Oct 30 C	Increase/ (Decrease) C-A	% 1-C/A	
Shinkansen	375.9	424.9	434.6	58.7	15.6	9.7
Kansai Urban Area (Kyoto-Osaka-Kobe Area)	296.2	300.7	301.9	5.6	1.9	1.2
Other lines	124.8	110.3	110.4	(14.4)	(11.5)	0.0
Conventional lines	421.0	411.0	412.3	(8.7)	(2.1)	1.2
Transportation revenues	797.0	836.0	847.0	49.9	6.3	11.0

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

13

- Next, please see page 13.
- The full-year forecast for transportation revenues has been revised upward to ¥847.0 billion, an increase of ¥49.9 billion from the previous year and of ¥11.0 billion from the previous forecast.
- External factors, such as the weak yen and high stock prices, are supporting the effectiveness of the Company's initiatives, and in transportation revenues we expect the favorable results of the first half to extend through the third quarter. On the other hand, the initial forecast for the fourth quarter has not been revised because there is a possibility that the uncertain economic situation will change significantly, given such factors as higher interest rates in the United States and deceleration in the Chinese economy.
- Of course, even in an uncertain environment, we will continue to steadily implement initiatives to sustain the effects of the Sanyo Shinkansen and Hokuriku Shinkansen, as will be described subsequently in the explanations of our initiatives in the second half.

Operating Expenses Forecasts (Non-Consolidated)



¥ Billions

Item	Forecasts FY2016.3				
		YoY		Major factors (YoY)	Difference from the previous forecast Increase/(Decrease)
		Increase/ (Decrease)	%		
Personnel costs	233.0	(0.0)	(0.0)		—
Energy costs	46.5	1.1	2.6	· Rise in fuel costs and renewable energy power promotion surcharge, etc.	(0.5)
Maintenance costs	153.5	6.7	4.6	· Increase in maintenance costs for structures, etc.	4.0
Miscellaneous costs	190.5	13.5	7.7	· Increase in payments for other JR companies · Increase in advertising expenses · Rise in fuel costs and renewable energy power promotion surcharge, etc.	2.5
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	814.0	35.0	4.5		6.0

Note: Figures in brackets () are negative values.

14

- Page 14 explains the forecasts for operating expenses on a non-consolidated basis.
- We are planning a decline of ¥0.5 billion in energy costs, in consideration of the weak yen and low oil prices. We are planning an increase in maintenance costs of ¥4.0 billion due to the implementation of maintenance activities, including the acceleration of certain activities. These activities included structural repairs for Shinkansen elevated tracks, which reinforce the foundation for safe, stable transportation. We are planning an increase of ¥2.5 billion in miscellaneous costs, due in part to advertising expenses to sustain favorable transportation revenues. Overall, we are planning an increase of ¥6.0 billion in operating expenses, to ¥814.0 billion.
- The increase in miscellaneous costs includes an increase of ¥0.5 billion in payments for other JR companies. Other revenues are forecast to increase by the same amount, and consequently the net effect should be basically neutral.

Consolidated Financial Forecasts



¥ Billions

	Results FY2015.3 A	Forecasts FY2016.3		YoY		Difference between the forecasts Increase/ (Decrease) C-B
		As of July 30 B	As of Oct 30 C	Increase/ (Decrease) C-A	% 1-C/A	
Operating Revenues	1,350.3	1,411.5	1,437.0	86.6	6.4	25.5
Operating Expenses	1,210.5	1,249.5	1,265.5	54.9	4.5	16.0
Operating Income	139.7	162.0	171.5	31.7	22.7	9.5
Non-operating revenues and expenses	(17.7)	(18.5)	(18.5)	(0.7)	4.1	-
Non-operating revenues	9.0	7.6	7.6	(1.4)	-	-
Non-operating expenses	26.8	26.1	26.1	(0.7)	-	-
Recurring Profit	121.9	143.5	153.0	31.0	25.4	9.5
Extraordinary profit and loss, net	0.7	(5.5)	(5.5)	(6.2)	-	-
Extraordinary profit	69.5	-	-	-	-	-
Extraordinary loss	68.7	-	-	-	-	-
Profit attributable to owners of parent	66.7	90.5	96.0	29.2	43.9	5.5
Net income per share(¥)	344.58	467.45	495.85	-	-	-

Note: Figures in brackets () are negative values.

15

- Page 15 explains consolidated financial forecasts.
- The forecast for operating revenues has been increased ¥25.5 billion, to ¥1,437.0 billion, comprising an increase of ¥11.5 billion from the previous forecast on a non-consolidated basis and an increase of ¥14.0 billion for subsidiaries.
- The forecast for operating expenses has been increased ¥16.0 billion, to ¥1,265.5 billion, and the forecast for operating income has been increased ¥9.5 billion from the previous forecast, to ¥171.5 billion.
- Next, page 16 shows the composition and scale of the upward revisions by segment.

Consolidated Financial Forecasts (Segment Information)



¥ Billions

	Results FY2015.3	Forecasts FY2016.3		YoY		Difference between the forecasts Increase/ (Decrease)
		As of July 30	As of Oct 30	Increase/ (Decrease)	%	
		A	B	C	C-A	
Operating Revenues* ¹	1,350.3	1,411.5	1,437.0	86.6	6.4	25.5
Transportation	868.4	913.6	925.1	56.6	6.5	11.5
Retail	220.1	229.0	231.0	10.8	4.9	2.0
Sales of goods and food services	133.6	141.2	143.2	9.5	7.2	2.0
Department Stores	78.2	80.2	80.2	1.9	2.5	-
Real estate	87.2	102.6	106.6	19.3	22.2	4.0
Shopping center	50.6	56.2	57.2	6.5	12.9	1.0
Real estate lease and sale* ²	34.7	44.7	47.7	12.9	37.1	3.0
	[5.8]	[15.3]	[18.4]	12.5	215.7	3.0
Other businesses	174.4	166.3	174.3	(0.1)	(0.1)	8.0
Hotel	34.8	35.3	35.8	0.9	2.6	0.5
Nippon Travel Agency	42.5	42.9	41.4	(1.1)	(2.6)	(1.5)
Operating Income	139.7	162.0	171.5	31.7	22.7	9.5
Transportation	100.6	116.3	121.8	21.1	21.0	5.5
Retail	1.5	4.6	5.1	3.5	219.2	0.5
Real estate	25.1	30.3	31.8	6.6	26.2	1.5
Other businesses	15.6	14.0	16.0	0.3	2.3	2.0

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 Figures in brackets [] are the sales of condominiums. (Revenues from third parties) (Included in Real estate lease and sale)

16

- Next, please see page 16. This page explains the full-year forecasts by segment, which have been revised upward. In regard to our approach to the revisions, in the retail, shopping center, and hotel businesses, which are highly correlated with the transportation business, we expect the favorable trend of the first half to extend through the third quarter as with transportation revenues. On the other hand, the initial forecast for the fourth quarter has not been changed.
- Revisions were made in consideration of the sales and orders situations for the condominium sales, construction, and travel businesses.
- In the retail business, the forecast for operating revenues has been increased ¥2.0 billion, to ¥231.0 billion, and the forecast for operating income has been increased ¥0.5 billion from the previous forecast, to ¥5.1 billion.
- In the real estate business, the forecast for operating revenues has been increased ¥4.0 billion from the previous forecast, to ¥106.6 billion, and the forecast for operating income has been increased ¥1.5 billion, to ¥31.8 billion.
- In the other business segment, as described previously, due to such factors as favorable orders in the construction business, the forecast for operating revenues has been increased ¥8.0 billion, to ¥174.3 billion, and the forecast for operating income has been increased ¥2.0 billion, to ¥16.0 billion.

Other Data



Persons, ¥Billions

	6 months ended Sep 30, 2014	6 months ended Sep 30, 2015	Results FY2015.3	Forecasts FY2016.3 As of Oct 30
ROA (% Consolidated)	3.1	4.0	5.1	6.1
ROE (% Consolidated)	6.9	8.0	8.4	11.5
EBITDA (Consolidated) *1	154.4	185.4	289.3	330.0
Depreciation (Consolidated)	72.2	74.8	149.5	158.5
Capital Expenditures (Consolidated, own fund)	73.7	79.2	225.6	231.0
Capital Expenditures (Non-consolidated, own fund)	58.3	67.5	186.4	199.0
Safety related capital expenditure	22.4	44.5	90.2	123.0
Dividends per share (¥)	60	65	125	135

*1 EBITDA = Operating Income + Depreciation

	6 months ended Sep 30, 2014		6 months ended Sep 30, 2015		Results FY2015.3		Forecasts FY2016.3 As of Oct 30	
	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated
No. of employees at the end of period	48,203	27,362	47,750	26,616	47,565	26,886	-	-
Financial Expenses, net	(12.5)	(12.1)	(11.9)	(11.3)	(24.9)	(24.3)	(24.0)	(23.1)
Interest and dividend income	0.5	0.9	0.3	0.9	0.9	1.4	0.6	1.3
Interest expenses	13.0	13.0	12.3	12.3	25.8	25.7	24.6	24.5

Note: Figures in brackets () are negative values.

17

- Page 17 shows a table for other data.
- Each initiative included in the medium-term management plan has gotten off to a favorable start, and the full-year forecasts have been revised upward. In these ways, the medium-term management plan has made favorable progress. Accordingly, in regard to shareholder return, one key point in the table for financial results is that dividends per share have been increased by an additional ¥5, for a full-year dividend of ¥135.
- At this point I will conclude my portion of today's presentation.

Ⅲ . Future Initiatives

18

- I am Tatsuo Kijima, vice president of JR-West.
- I will discuss future initiatives in consideration of results in the first half. I will also explain the three key growth themes in the updated medium-term management plan and the business strategies for the Shinkansen, Kansai Urban Area, and non-rail businesses.

Three Key Growth Themes

Three key growth themes

① Hokuriku Shinkansen and Invigoration of Hokuriku Region (1)



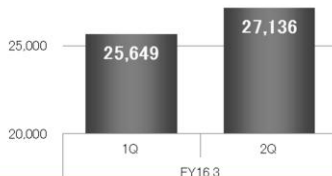
First-half initiatives

- **Strengthening competitiveness**
 - Increasing frequency
 - Shortening travel time
 - Highly convenient Internet reservation service
 - **Fostering tourism demand**
 - Establishing wide-area tourism routes (operating sightseeing tour buses, etc.)
 - **Aggressively implementing promotions**
 - Providing basic information, such as frequency and travel time
 - Identifying and promoting tourist attractions, such as through "Hokuriku College"
- ⇒ **Increase in both size of market and market share**



Usage trends (passenger volume between Joetsu Myoko and Itoigawa)

○ Number of passengers (person / day)



○ YoY comparison (%)



In addition to excitement surrounding the opening, achieving success with the Company's aggressive promotions to maximize the opening effect

20

- First, I will explain the three key growth themes.
- Please see page 20. In regard to the Hokuriku Shinkansen, the opening effect has continued. We have taken steps to strengthen competitiveness, such as by increasing frequency and reducing travel time, and have aggressively implemented promotions with the objective of sustaining the opening effect. As a result, the size of the market and our market share have both increased.
- Consequently, passenger volume between Joetsu Myoko and Itoigawa was up 208% versus the previous year. The number of passengers in the second quarter was also higher than in the first quarter.
- In addition, newly opened and renewed commercial facilities are recording favorable results. The excitement surrounding the opening has provided a tailwind, and in addition our aggressive promotions have also been effective. We believe that we have been successful in maximizing the opening effect.

Three key growth themes

① Hokuriku Shinkansen and Invigoration of Hokuriku Region (2)



Future initiatives

- **Expanding market share through strengthening competitiveness**
 - Expanding use of highly convenient Internet reservation service
 - Implementing “e5489 Hokuriku Shinkansen Early Morning Business Trip Support” campaign
- **Expanding market size through fostering tourism demand**
 - Leveraging Destination Campaign (tourism promotion campaign) as an opportunity to foster tourism demand
 - Operating sightseeing trains “Hanayome Noren” and “Belles montagnes et mer” (Oct. 2015 ~)
 - Preparing secondary access (operating sightseeing tour buses between Kanazawa and Takayama, etc.)
 - Creating travel packages, etc.
- **Advancing non rail business and coexistence with communities in the Hokuriku region**
 - Maximizing effects from commercial facilities that have been opened/renewed
 - Appealing to local customers through implementation of members-only sales, etc.

Legend:

- Blue arrow: Buses to Toyama's World Heritage and National Treasure sites
- Orange arrow: Buses to area with numerous three-star sightseeing spots
- Green arrow: Buses to Fukui Prefectural Dinosaur Museum / Okuechizen
- Grey arrow: Operating sightseeing tour buses

21

- Page 21 shows some of the initiatives that we will implement to sustain this opening effect.
- First, we will take steps to secure business demand, such as promoting the use of Internet reservation services to increase competitiveness with airlines operating between Hokuriku and the Tokyo Metropolitan Area.
- In addition, we are taking steps to leverage the opportunities presented by the Hokuriku Destination Campaign, which started in October, such as operating the “Hanayome Noren” and “Belles montagnes et mer” sightseeing trains and continuing to operate three sightseeing tour buses as secondary access. In these ways, we will work to expand and stabilize tourism demand from the three large metropolitan areas.

Three key growth themes

② New LUCUA osaka



First-half initiatives

○ Renovating the West Wing of the North Gate Building as LUCUA 1100

- Grand opening of LUCUA 1100 (Apr. 2)
- Opening high-profile shops in stages
 - Wolfgang's Steakhouse (Apr. 27)
 - UMEDA TSUTAYA BOOKS (May. 8)

○ Continuing to attract new tenants

- Opening total of five new shops (Aug. 26)
(four in LUCUA (East Wing),
one in LUCUA 1100 (West Wing))
- Relocating one shop in LUCUA (East Wing) and reopening it in a larger space (Sep. 14)



First-half results

- ① Tenant sales: approx. 30% increase YoY
- ② Visitor number: approx. 40% increase YoY

Targets for first fiscal year after opening

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

Continued implementation of adjustment initiatives regardless of achievement of results in line with planned levels through the integrated management of the East Wing and West Wing

Future initiatives

- Implementation of adjustment initiatives in accordance with usage conditions
 - Continued strengthening of merchandising in consideration of conditions for each floor and each shop
- Implementation of promotions
 - Implementing large-scale promotions, such as increased point days and New Year's sales, with effectively timed TV commercials and advertising

22

- Please see page 22 for information about LUCUA osaka.
- LUCUA 1100 had its grand opening in April. Subsequently, two of the main tenants — Wolfgang's Steakhouse and UMEDA TSUTAYA BOOKS — opened successively. In addition, we have continued working to attract new tenants.
- Consequently, in the first half tenant sales were up by approximately 30% YoY, and the number of visitors increased by approximately 40% YoY. We are seeing the effectiveness of the integrated management of LUCUA 1100 and the existing LUCUA, and we believe that results are in line with planned levels.
- However, in the Umeda district we face competition from neighboring facilities, and accordingly we do not believe that it will be easy to meet the targets for this year. Moving forward, we will continue to implement adjustment initiatives and work to achieve our targets while tracking conditions by floor and by store.

Three key growth themes

③ Capturing Inbound Visitor Demand (1)



First-half initiatives

○ Enhancing western Japan tourism routes

- Leveraging opportunities presented by the Hokuriku Shinkansen and the 40th anniversary of the Sanyo Shinkansen to enhance the lineup of products for the Hokuriku and Chugoku regions (March 2015 ~)

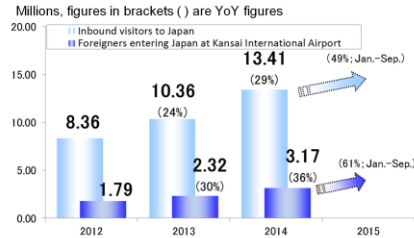
○ Enhancing ability to cater to the needs of inbound visitors

- Luggage checking and delivery service at Hiroshima station (April 2015 ~)

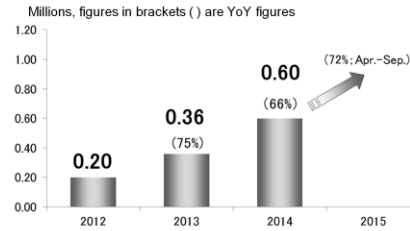
○ Implementing promotions

- Communicating appeal of western Japan area in Southeast Asia through the establishment of the Singapore Office (July 2015)

▼ Number of inbound visitors to Japan, number of foreigners entering Japan at Kansai International Airport (calendar years)



▼ Usage of railway travel products for inbound visitors ※ (fiscal years)



Sources: Japan National Tourism Organization (JNTO), Immigration Bureau, Ministry of Justice

First-half results

FY2018.3 target (in comparison to FY2013.3)

- ① Usage of railway travel products for inbound visitors: 450 thousand
- ② Consolidated operating revenues: ¥5.7 billion increase in comparison to FY2013.3

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

While growth in number of users exceeds growth in the number of inbound visitors to Japan and growth in the number of foreigners entering Japan at Kansai International Airport, there is still room for JR-West to secure further growth

※ Usage of railway travel products for inbound visitors : Indicates number of users of exclusive products for inbound tourism (amount of sales and exchange in the JR-West service area).

23

- Please see page 23 for information about capturing inbound visitor demand, the third key growth theme.
- Due to the weakness of the yen and the relaxation of conditions for visa issuance, the number of foreign visitors to Japan is increasing rapidly.
- To capture this demand, in the first half we took steps to encourage people to visit the western Japan area by enhancing specialized railway travel products for the Hokuriku and Chugoku areas. In addition, through the Singapore Office, which was established in July, we worked to strengthen sales initiatives through local travel exhibitions and local travel agents.
- As a result of these initiatives, the rate of growth in the number of users of JR-West's railway travel products for inbound visitors has reached 70%, substantially higher than the targeted growth rate and exceeding the rates of growth in the number of inbound visitors to Japan and the number of foreigners entering Japan at Kansai International Airport. With this growth, in the first half, the number of users reached 450,000, and consolidated operating revenues increased ¥5.7 billion in comparison with FY2013.3. We believe that we are making rapid progress toward our FY2018.3 targets. However, the ratio of JR-West users to users of Kansai International Airport is certainly not high, and we need to make further efforts to foster demand.
- Note that products especially for inbound visitors are included in results. To track the usage situation for other products used by inbound visitors, including ordinary tickets, we implemented embarkation surveys for Shinkansen services and limited express services on conventional lines, as well as fact-finding surveys at Kansai International Airport. In our provisional calculations, our rough estimate is that inbound revenues as a percentage of revenue from non-commuter passes (transportation revenues) are between 1% and 2% on both the Sanyo Shinkansen and conventional lines.

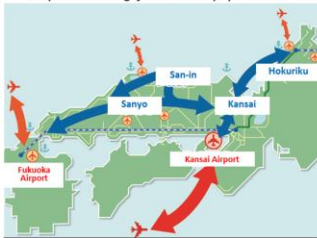
Three key growth themes

③ Capturing Inbound Visitor Demand (2)



Future initiatives for 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 local partners, enhancing the lineup of railway products, etc.**
 - Promoting sales of newly created Saiyu Kiko (enjoyable travel in western Japan) Setouchi Area Pass (July 2015 ~)
- **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, duty free, etc.)**
 - Establishing service center at Osaka Station for inbound visitors (parcel delivery service, ATM, etc.) (Oct. 2015 ~)
 - Establishing specialized sightseeing tour bus subsidiary to increase speed at which we address tourist bus demand (planning start of operations in early 2016)
 - Developing budget hotels that are prepared to be used by inbound tourists (Tennoji in spring 2017, Umeda in summer 2017)
 - Attracting tenants that are also popular with inbound tourists to in-station facilities (Osaka Station “EKIDONKI,” Oct. 2015)
- **Further communicating the appeal of the entire Group and the “towns” that encompass the entire Group and the areas surrounding terminal stations**
 - Implementing joint Group promotions to expand usage for the JR-West Group overall



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



Establishing service center for inbound visitors



Joint Group promotions

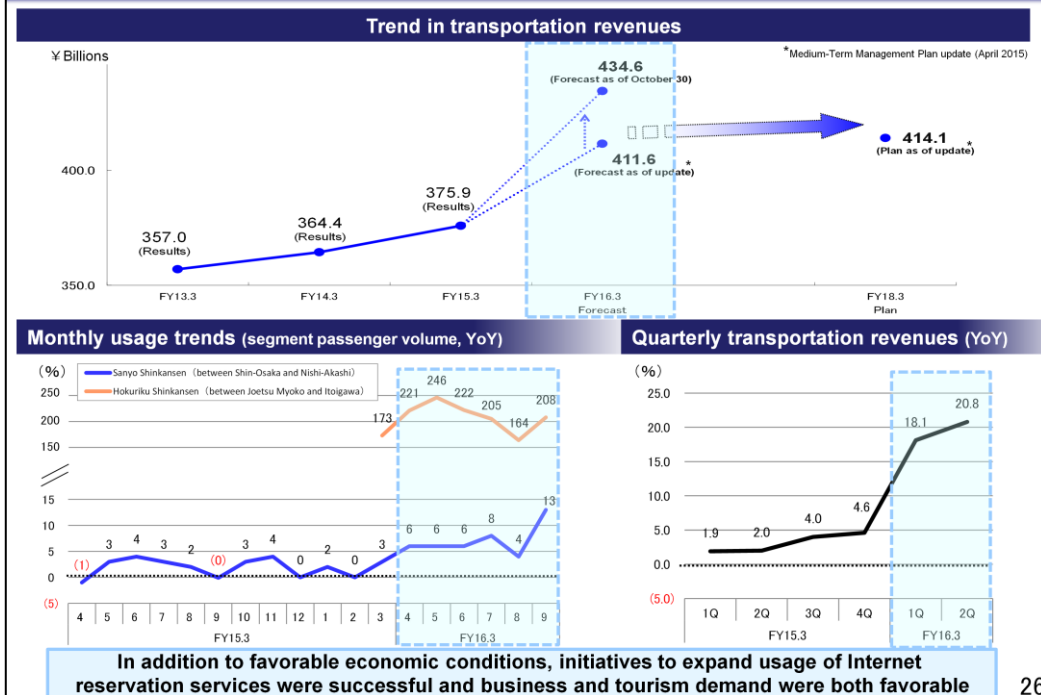
24

- As shown on page 24, we will focus on two initiatives — encouraging inbound visitors to travel to the western Japan area and expanding the use of the JR-West Group, such as hotels and commercial facilities, in the Kansai Urban Area.

Initiatives in each business strategy





~ Shinkansen, Kansai Urban Area,
Business Development (Non Rail Business) ~

Business Strategy: Shinkansen ①



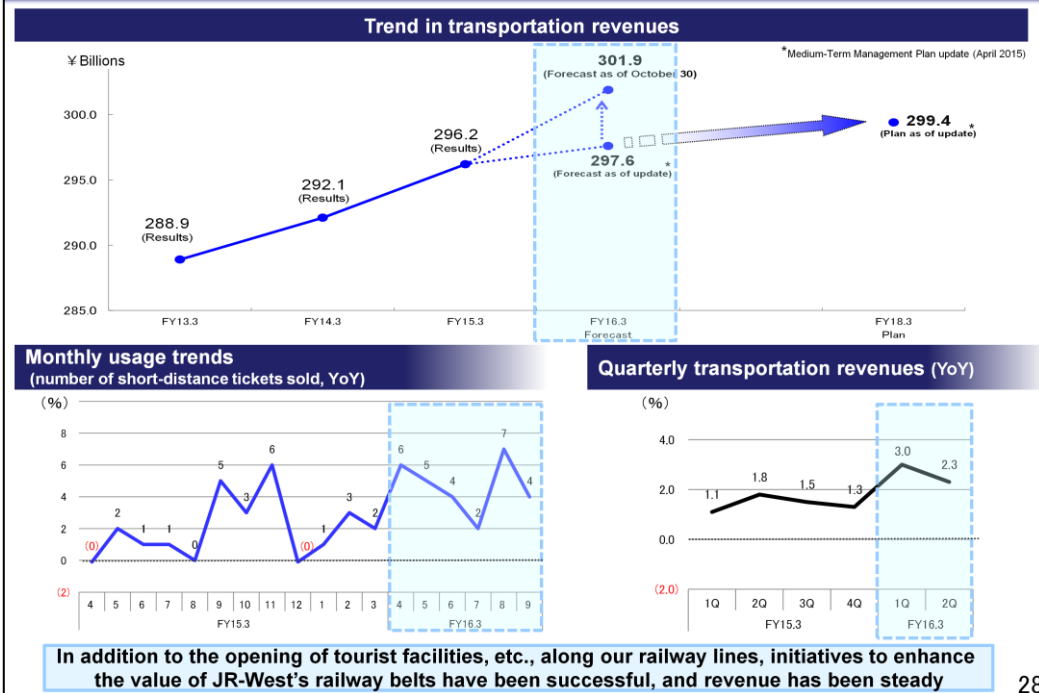
26

- The next topic is our business strategies. First, please see page 26 for information about the Shinkansen.
- In the first half, results on the Hokuriku Shinkansen were favorable. In addition, on the background of favorable economic conditions, we took steps to increase our competitiveness on the Sanyo Shinkansen, such as expanding usage of Internet reservation services. We also worked to capture demand from senior citizens and inbound visitors. Consequently, Shinkansen transportation revenues were up by 19.5% compared to the previous year.
- The future course of business conditions is still unclear, but it goes without saying that the Shinkansen is a pillar of our growth. We will continue working to increase our competitiveness, and we will take steps to foster tourism demand. In these ways, we will aim to achieve the full-year plan of transportation revenues of ¥434.6 billion.

Future initiatives	
<p>Heightening competitiveness</p> <ul style="list-style-type: none"> ○ Enhancing safety, comfort and convenience <ul style="list-style-type: none"> Introducing new rolling stock with enhanced safety and comfort <ul style="list-style-type: none"> - Introducing four sets of N700A on the Sanyo Shinkansen (FY2016.3) - Reducing mobile phone no-service areas <ul style="list-style-type: none"> - between Kokura and Hakata (in 2015) <p>[Major initiatives in next fiscal year and thereafter]</p> <ul style="list-style-type: none"> - Further introducing four sets of N700A on the Sanyo Shinkansen (FY2017.3) - Reducing mobile phone no-service areas (between Shin-Yamaguchi and Kokura) ○ Strengthening Internet marketing <ul style="list-style-type: none"> - Promoting usage of Internet reservation service <ul style="list-style-type: none"> - "Sanyo ~ Tokyo metropolitan area business trip support campaign," etc. ○ Enhancing convenience, appeal of stations and in-station facilities <ul style="list-style-type: none"> - Eki Marché Shin-Osaka (Full opening in Dec. 2015) 	<p>Stimulating tourism demand</p> <ul style="list-style-type: none"> ○ Fostering tourism demand among seniors <ul style="list-style-type: none"> - Expanding membership for "Otonabi" membership service for senior customers <ul style="list-style-type: none"> - Enhancing products exclusively for members, etc. ○ Capturing inbound visitor demand (→ Three key growth themes ③) ○ Tourism promotion campaigns <ul style="list-style-type: none"> - Campaign commemorating 40th anniversary of opening Sanyo Shinkansen <ul style="list-style-type: none"> - Operating "500 TYPE EVA" (Nov. 2015 ~) - Creating travel packages - Destination Campaign (DC) <ul style="list-style-type: none"> - Hokuriku DC (fall 2015) (→ Three key growth themes ①) - Leveraging Okayama DC as an opportunity to identify and communicate the regional appeal <p>[DC held in JR-West's service area in next fiscal year and thereafter]</p> <ul style="list-style-type: none"> - Okayama DC (spring 2016) - Yamaguchi DC (fall 2017)
 <p>Sanyo Shinkansen N700A</p>  <p>Eki Marché Shin-Osaka (in-station stores)</p>	 <p>500 TYPE EVA</p>  <p>Pop-up shop inside Okayama Station ticket gates</p>

- Page 27 shows our major initiatives to heighten competitiveness and stimulate tourism demand.
- In regard to heightening competitiveness, we will implement initiatives in three areas — enhancing safety, comfort, and convenience; strengthening Internet marketing; and enhancing the convenience and appeal of stations and in-station facilities.
- In regard to tourism demand, in particular we will focus on expanding membership for “Otonabi,” a membership service for senior customers. To that end, we will work to enhance our lineup of products exclusively for members and take steps to further utilize and invigorate membership services.
- In addition, we will work to further increase demand by leveraging the 40th anniversary of the opening of the Sanyo Shinkansen, working together with local partners to identify tourist attractions that reflect the distinctive characteristics of each area, and establishing travel products.

Business Strategy: Kansai Urban Area ①



- Next, I will discuss the Kansai Urban Area. Please see page 28.
- In the first half, in addition to the strong economic conditions, there was favorable outing demand, such as for the public reopening of Himeji Castle and the opening of LUCUA 1100, and we were also able to capture inbound demand.

Future initiatives

Enhancing the value of railway belts

- **Creating railway belts that people want to reside in and are easy to use**
 - Opening new stations
 - Maya, Higashi-Himeji (spring 2016)
- [Planned new stations in next fiscal year and thereafter] (names are provisional)**
 - JR Soujiji, Kizuri (spring 2018), JR Shichijo (spring 2019)
- **Enhancing convenience, appeal of stations and surrounding areas**
 - Leveraging opening of Ritsumeikan University's new campus as an opportunity to improve Ibaraki Station (renewal starts in March 2015)
 - Advancing renewal of stations and in-station facilities (Shin-Osaka, etc.)
- **Osaka Loop Line Renovation Project**
 - Promoting renewal of stations and in-station development
 - Following up Morinomiya Station (completed in May 2015) with start of renewal of Momodani Station (planning for completion in summer 2016)
- [Major initiatives in next fiscal year and thereafter]**
 - Introducing 168 new rolling stock (FY2017.3 – 19.3)
- **Promoting more-seamless service**
 - Expanding ICOCA area
 - Following up Wakayama area expansion (August 2015) with start of Hyogo area expansion (planning for March 2016)

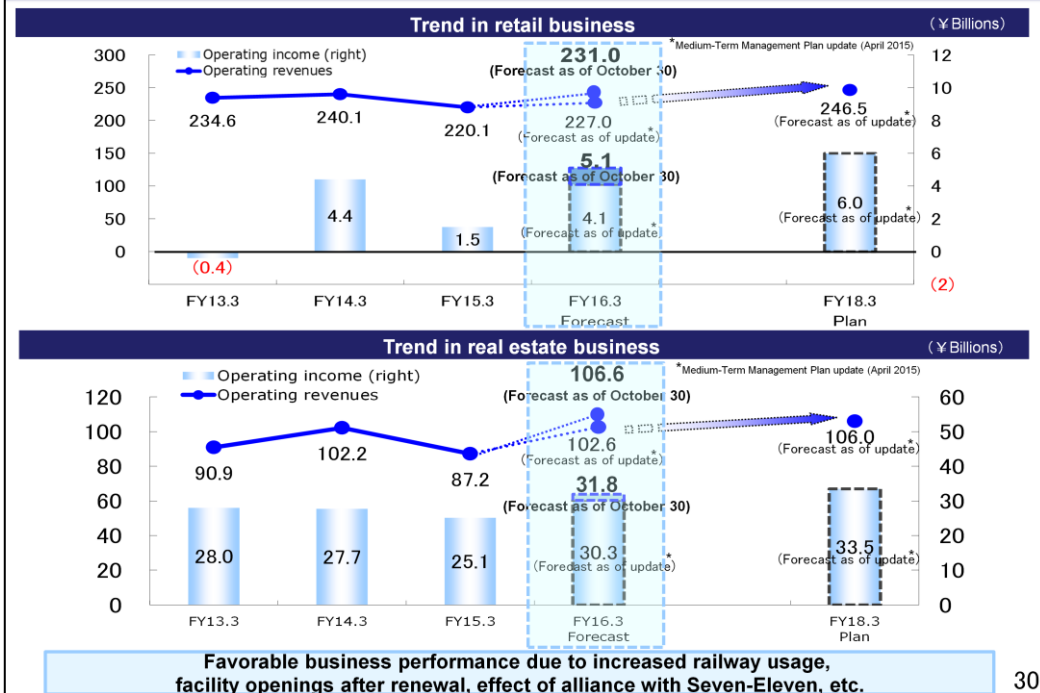
Promoting urban tourism

- **Expanding usage through collaboration with tourism facilities along our railways**
 - Himeji Castle completes "Heisei Era Large-Scale Repair Initiative"
 - OSAKA STATION CITY (LUCUA osaka), etc.
- **Advancing preparations for opening of Kyoto Railway Museum**
 - Invigorating Kyoto Umekoji area through collaboration with the local partners
- **Capturing inbound visitor demand**
(→ Three key growth themes ③)



- As shown on page 29, in the second half we will continue striving to enhance the value of railway belts through new station openings, station renewal and in-station development, and advancement of the Osaka Loop Line Renovation project. In these ways, we will work to promote usage.

Business Strategy: Non Rail Business ① (Retail and Real Estate)



30

- Next, the status of non-rail business is shown from page 30, with a special focus on the retail and real estate businesses.
- As I said at the beginning, in the first half, on the background of solid railway usage, commercial facilities had favorable results, especially those that were opened after renewal. In addition, the conversion of stores to Seven-Eleven franchised stores made favorable progress, and the condominium sales business was favorable. Accordingly, we made upward revisions to the results forecasts for both segments.

Business Strategy: Non Rail Business ② (Retail and Real Estate)



Future initiatives

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

- **Convert stores to Seven-Eleven Japan franchised stores and maximize benefits**
 - Approx. 500 stores in five years
 - Approx. 190 at the end of FY2016.3 (plan), 110 stores as of the end of September
 - ⇒ 50% increase in sales from period before conversion (Sep. 2015)
- **Developing and renewing commercial facilities, and maximizing their opening effects**
 - Retail
 - "Eki Marché Shin-Osaka" (Full opening in Dec. 2015)
 - Osaka Station "EKIDONKI" (Oct. 2015)
 - Shopping center
 - "LUCUA osaka" (→ Three key growth themes ②)
 - "Anto" in Kanazawa Station, "Toya Marché" in Toyama Station, etc. (→ Three key growth themes ①)
 - Akashi Station SC renewal "piole Akashi" (scheduled for February 2016)



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

- **Budget hotel**
 - Currently, 17 hotels in operation (5 in Tokyo metropolitan area, 1 in Chukyo area, 11 in western Japan area)
 - Future openings in areas where JR-West currently does not operate budget hotels
 - Tennoji (scheduled for spring 2017)
 - Umeda (scheduled for summer 2017)
- **Shopping center**
 - Developing SC on site of company housing in Suita City (scheduled for spring 2016)
- **Sales of goods and food services**
 - Acquisition of shares of Karufuneya Coffee (Aug. 2015)
 - ⇒ Use as content for business development initiatives in cities

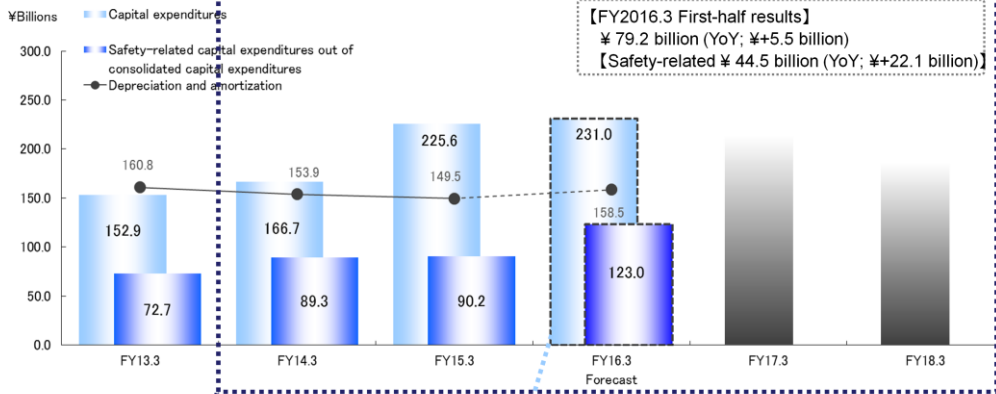


31

- As shown on page 31, in the second half, working to achieve the targets that have been revised upward, we will implement initiatives in two areas — increasing the profitability of existing businesses and expanding businesses in cities outside our railways, in business fields in which the Group has market competitiveness.
- In regard to our business alliance with Seven-Eleven Japan, as of the end of September conversion had been completed at 110 stores, and sales at converted stores are up more than 50% from the period before conversion.
- In regard to the renewal of commercial facilities, Eki Marché Shin-Osaka, which was partially opened in March and is being used by many customers, will have its grand opening in December. In addition, in Osaka Station, EKIDONKI, the first in-station Don Quijote store, opened on October 30. To also encourage use by inbound visitors, we are planning initiatives to capture demand.
- In regard to initiatives in cities, in business fields in which we have strengths, first, in regard to budget hotels, we will move ahead with preparations for 2017 openings in the Tennoji and Umeda areas. In the shopping center business, we have decided to develop the first open-mall type shopping center in a city, and we are moving forward with preparations at the former site of Company housing in Suita. Also, in food services, we have acquired shares of Karufuneya Coffee, which we will utilize as content for business development initiatives in cities.

Capital Expenditure Plan, Returns to Shareholders

Capital Expenditure



Total CAPEX during the Medium-Term Management Plan (FY2014.3 - FY2018.3)

(¥ Billions)

	Plan before update	Current plan
Consolidated	920	960
Growth-related	230	260
Non-Consolidated	800	820
Safety-related	470	480

Capital expenditure plan for FY2016.3 (Major projects)

- CAPEX for growth
 - Hokuriku Shinkansen (Introducing 1 set of W7 series rolling stock)
 - New station construction
 - Expansion of lifestyle-related operations (Investment for conversion of stores to Seven-Eleven Japan franchised stores, etc.)
- CAPEX for ongoing operations
 - **Safety-related CAPEX**
 - Shinkansen N700A introduction
 - Conventional line rolling stock replacement
 - Earthquake and tsunami countermeasures
 - Renewal of ATC in Sanyo Shinkansen Line
 - Barrier-Free and station improvement, etc.

- Next, please see page 33 for information about capital expenditures.
- Consolidated capital expenditures in the first half are shown here. This year includes a large amount of investment for the introduction of N700A rolling stock on the Sanyo Shinkansen and for new rolling stock on conventional lines, and consequently, on a consolidated basis, capital expenditures will reach ¥231.0 billion, an increase from the previous year, despite a decline in capital expenditures related to the Hokuriku Shinkansen. Currently, plans are making favorable progress, and as a result there is no change to this forecast.

Returns to Shareholders

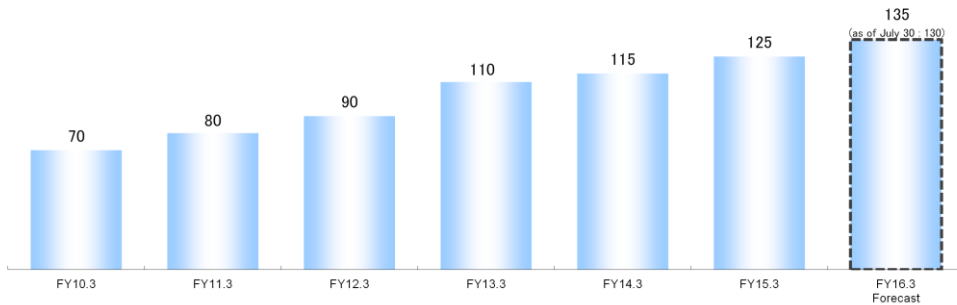


Shareholder Return Policy

- We recognize it important to distribute profits to our 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

Annual dividends per share (Yen)



Six consecutive years of higher dividends (including forecasts).
Dividend forecast increased by ¥5 in consideration of forecasts for steady progress in performance.

34

- Please see page 34 for information about shareholder return.
- We will work in accordance with our shareholder return policy, under which we are aiming for an approximately 3% "rate of total distribution on net assets" for FY2018.3. In FY2016.3, in consideration of the upward revision in full-year forecasts, we plan to increase dividends per share by ¥5, for an annual dividend of ¥135 per share.

Financial Results and Forecasts



*Medium-Term Management Plan update Billion Yen, %

	FY2015.3	FY2016.3			FY2018.3
	Results	Update* (as of Apr, 2015)	Forecasts (as of July, 2015)	Forecasts (as of Oct, 2015)	Update* (as of Apr, 2015)
Operating Revenues	1,350.3	1,391.5	1,411.5	1,437.0	1,423.0
Transportation	868.4	895.6	913.6	925.1	902.5
Retail	220.1	227.0	229.0	231.0	246.5
Real Estate	87.2	102.6	102.6	106.6	106.0
Other businesses	174.4	166.3	166.3	174.3	168.0
Operating Income	139.7	148.5	162.0	171.5	157.0
Transportation	100.6	103.3	116.3	121.8	105.0
Retail	1.5	4.1	4.6	5.1	6.0
Real Estate	25.1	30.3	30.3	31.8	33.5
Other businesses	15.6	14.0	14.0	16.0	14.0
Recurring Profit	121.9	130.0	143.5	153.0	141.0
Net Income	66.7	81.5	90.5	96.0	91.5
Transportation Revenues	797.0	818.0	836.0	847.0	820.5
ROA	5.1%	5.3%	5.8%	6.1%	5.5%
ROE	8.4%	9.8%	10.9%	11.5%	9.8%
EBITDA	289.3	307.0	320.5	330.0	325.5

Note: 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.

35

- Finally, in addition to the three key growth themes discussed today, we will work to achieve the targets in the medium-term management plan, centered on business strategies for the Shinkansen, Kansai Urban Area, etc. We want these initiatives to contribute to the enhancement of safety and to increases in corporate value.
- This concludes my portion of today's presentation.

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 Nov. 2, 2015 based on information available to JR-West as of Nov. 2, 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.