



JR-West Group
Medium-Term Management Plan 2017



March 13, 2013

West Japan Railway Company



Aiming to Restore Trust

JR-West caused an accident on the Fukuchiyama Line on April 25, 2005, resulting in 106 fatalities and more than 500 injuries among passengers. Viewing our responsibility for the accident and its consequences with the utmost gravity, we pray for all the victims of the accident while offering our sincerest apologies to their bereaved families as well as to the injured and their families.

Currently, we are working unstintingly to build a safe railway that gives peace of mind and earns trust. We have seen the benefits of these efforts emerge steadily. On the other hand, issues have emerged, which we will tackle with redoubled energy to restore trust.

Reviewing the Previous Medium-Term Management Plan

In October 2010, JR-West announced the "Revision of JR-West Group's Medium-Term Management Plan 2008-2012," which stated that the Company's newly defined business management vision was to become a corporate group that earns the trust of customers, local communities, and society by realizing excellent safety management and contributing to the invigoration of the West Japan area through its business activities. Since then, we have sought to realize this vision.

Regarding safety, we have been taking measures in accordance with a Basic Safety Plan during the five-year period since 2008. Risk assessment, one of the main pillars of the plan, is reducing a range of risks and heightening safety awareness among personnel. However, because operational railway accidents and fatal industrial accidents continue to occur, we will continue improving our measures further through the Safety think-and-act Plan 2017.

Our two major projects, Osaka Station City and direct service with the Kyushu Shinkansen Line, have attracted numerous customers and invigorated exchanges between regions. However, we intend to regenerate our department stores operations.

In relation to strategies aimed at coexistence with communities, innovation by technology, and thinking and acting based on the field, our initiatives centered on new collaborations and personnel are beginning to produce benefits in various regions. We intend to continue advancing such initiatives.

As for financial benchmarks, although we are unlikely reach the target for consolidated operating revenues, we expect to reach targets for consolidated EBITDA (operating income + depreciation) and consolidated ROA (operating income basis).

With respect to the enhancement of returns to shareholders, in light of the performance of our two major projects and the financial benchmarks we reached, and based on our policy of a consolidated DOE (dividend on equity) ratio of 3%, we plan to pay an annual dividend of ¥110 per share for the fiscal year ending March 2013.

Taking the Next Step. Working together with communities.

We are approaching an era in which forecasting business conditions will become even more problematic due to a declining population, globalization, the increasing prevalence of networks, growing disparities among regions, and diversifying values.

The business management of the JR-West Group is at a significant turning point because sustainable growth is likely to become difficult based only on the railway-centered business model that the Group has followed until now.

With this in mind, while keeping "measures to have ourselves accepted as acting with the best intentions by the victims of the train accident," "measures to enhance safety," and "furthering of reform" as the three pillars of management, Medium-Term Management Plan 2017 sets out a new goal: "Our Future Direction - The Ideal Form for JR-West." With a view to realizing this goal, we will advance priority strategies.

Setting its sights on a new era, the JR-West Group will take the next step and working together with communities.

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01. Introduction

Three Pillars of Management

The three pillars of management set out below remain our priority business management strategies in the Medium-Term Management Plan 2017.

With firm resolve, our management team will continue to spearhead efforts to advance these strategies steadily and restore trust.

Measures to Have Ourselves Accepted as Acting with the Best Intentions by the Victims of the Train Accident

The JR-West Group's commitment to facing victims sincerely and doing its utmost to respond to them will not change.

We will continue to take appropriate measures that reflect the feelings and opinions of victims.

Measures to Enhance Safety

The greatest responsibility of the JR-West Group is to build a safe railway that gives peace of mind and earns trust so that it never again causes an accident of the kind that occurred on the Fukuchiyama Line.

We will steadfastly implement the newly prepared Safety Think-and-Act Plan 2017, based on a review of the benefits and issues arising from initiatives to date, and make an all-out effort to raise safety levels even further.

Moreover, we intend to ensure the safety and reliability of the business activities of the Group as a whole.

Furthering of Reform

To build a safe railway that gives peace of mind and earns trust, as well as personnel on the ground—the frontline of safety and services—Group personnel working in all types of workplaces must always be aware of customers, share information about various issues occurring on the ground, and then, with a sense of urgency, act autonomously as well as collaboratively to resolve these issues.

We believe that inculcating this type of “thinking and acting based on the field” as a fundamental principle of conduct for each personnel member will help reform our corporate culture. Through persistent efforts to reform our corporate culture, we will build a corporate culture in which each personnel member is able to work with pride because they are always aware of customers and have a real sense that their work helps enhance safety and restore trust and contributes to local communities and society.

Outline of Medium-Term Management Plan

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

To give shape to our management vision, the JR-West Group has announced "Our Future Direction – The Ideal Form for JR West"

We will implement the Priority Strategies, which comprise the Three Basic Strategies and the Four Business Strategies. In addition, we will proceed with Building Management and Operational Foundations, fulfill our responsibilities as a member of society, and take the Next Step as we work to realize the New JR-West Group for the next era.

2013–2017



Current Situation

Future

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04. Promotion of the Medium-Term Management Plan 2017

Achieving the Medium-Term Management Plan through the Think-and-Act Initiatives of Each Individual Employee

The Medium-Term Management Plan 2017 is positioned as a “plan that will be achieved through the think-and-act initiatives of each individual employee.”

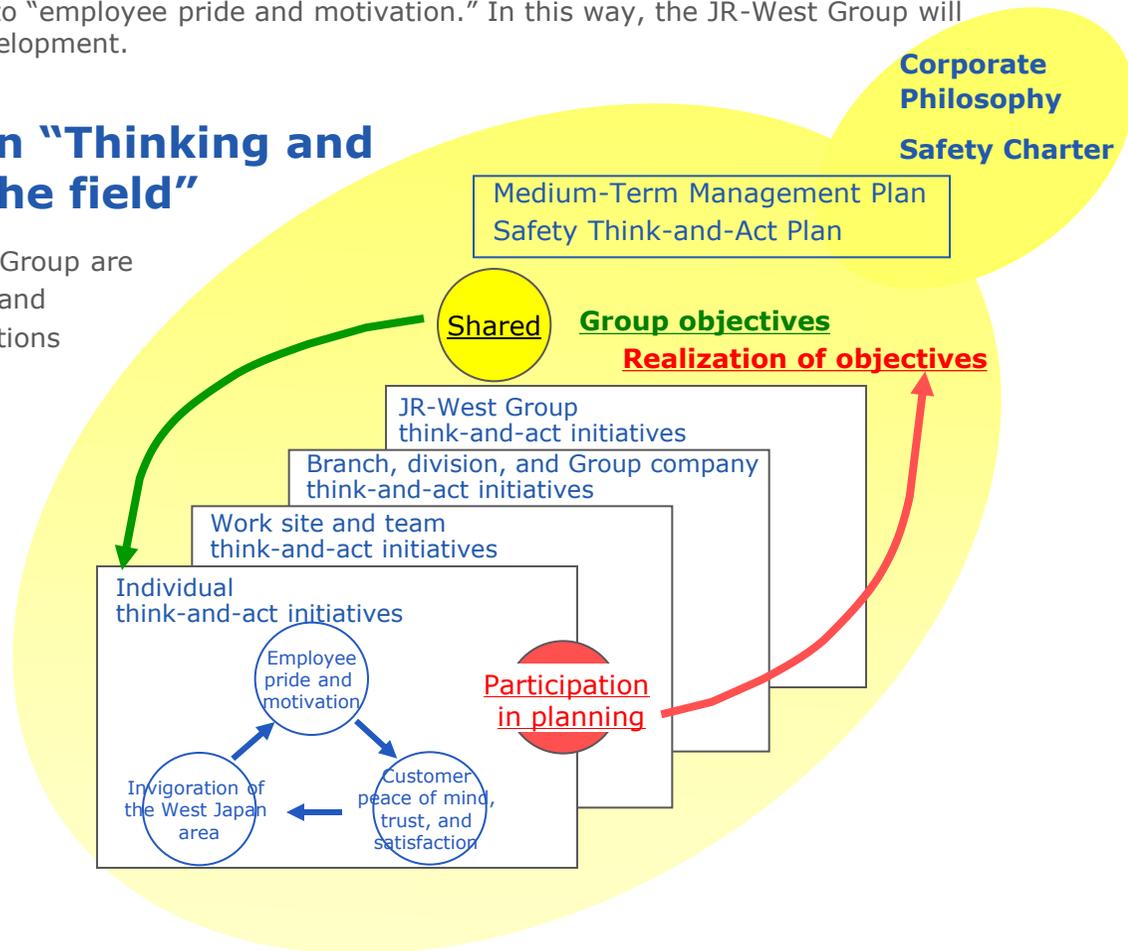
The Group will formulate specific measures for the sharing of objectives throughout the entire Group and for the fulfillment of responsibilities by the head office, branches, front-line work sites, and Group companies.

Group employees will participate in initiatives targeting the realization of objectives through “individual think-and-act initiatives.” The Group will create a virtuous cycle in which “employee pride and motivation” → “customer peace of mind, trust, and satisfaction” → “contribution to invigoration of the West Japan area” which in turn leads back to “employee pride and motivation.” In this way, the JR-West Group will strive to achieve continued development.

Placing priority on “Thinking and acting based on the field”

The operations of the JR-West Group are an aggregation of cooperation and mutual support, and our operations require both solid teamwork and individual capabilities.

By concentrating the front-line-based individual think-and-act initiatives implemented on a team basis, the Group will promote the Medium-Term Management Plan and “take the next step” toward the achievement of its objectives.



To give shape to our management vision, we have announced “Our Future Direction - The Ideal Form for JR-West” and we will work to realize a “New JR-West Group” for the next era.

1. Fulfill “Our Mission.”

In a maturing society, the JR-West Group will focus on “safety” and “customer satisfaction,” as well as on the “technology” that supports safety and customer satisfaction. We will fulfill our mission of continued operation of railways as social infrastructure, and we will contribute to the creation of a safe, comfortable society.

(1) Safety

- Work to ensure that customers are transported safely to their destinations, and we work to steadily increase the level of safety so that there are no incidents of serious injuries or fatalities among anyone involved in our operations

(2) Customer satisfaction

- Increase customer satisfaction through “customer based management” that continually provides value (safety and service) to meet customer needs.

(3) Technologies

- Further increase safety and convenience through innovation in the technologies that support “safety” and “customer satisfaction.”

2. Be a “railway company that coexists with communities.”

We will contribute to the invigoration of communities by increasing the quality of railway services, expanding non-railway operations, and promoting the creation of new businesses. To that end, we will deepen exchange and cooperation with members of communities, and the entire JR-West Group will work together to develop operations that are aligned with the characteristics of specific areas.

Through harmonious coexistence with communities, we will realize “area management” that supports sustainable growth over the long term. In this way, we will strive to achieve consolidated operating revenues of ¥1.4 trillion in 2030.

(1) Shinkansen

- Shinkansen services will continue to drive the growth of the JR-West Group as a pillar of our operations, and will contribute to the invigoration of the West Japan area through the promotion of exchange among people.

(2) Kansai Urban Area

- Centered on railway operations and lifestyle-related services that offer peace of mind and reliability, we will provide “value” that supports comfortable lifestyles, and we will play a central role in the creation of a comfortable Kansai urban area.

(3) Other West Japan area

- Together with members of local communities, we will consider the best modality for sustainable regional exchange. In addition, we will work in cooperation with local government entities, companies, and other concerned parties, and the JR-West Group will work in a unified manner to develop “businesses with close ties to areas.” In these ways, we will strive to achieve an indispensable presence in the region.

(4) Business Development

- We will take steps to achieve further growth in lifestyle-related services and to develop these services in new areas. In addition, by taking on the challenge of new business fields, we will contribute to the development of comfortable lifestyles and society. Further, with consideration for overseas development, we will establish businesses that comprise a “new pillar” of our operations and contribute to the sustainable growth of the JR-West Group.

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Our Future Direction
- The Ideal Form for JR-West

Priority Strategies

To realize Our Future Direction – The Ideal Form for JR West, we have positioned the five-year period through the fiscal year ending March 31, 2018, as a “period for contributing to the establishment of a foundation for decisive management.” The “Three Basic Strategies” and “Four Business Strategies,” which will contribute to future growth and sustainable management, will be implemented through close cooperation between the railway division and the business development division.

Three Basic Strategies

- Start the new Safety Think-and-Act Plan and strive to higher levels of safety.
- Seek to understand the needs and expectations of customers and to implement customer-based management.
- Strive for continuous innovation in the technologies that support safety and customer satisfaction.



Four Business Strategies

- Enhance the potential of the Shinkansen, which incorporates world-leading technologies, and promote exchange among people.
- In the Kansai urban area, which is at the center of the West Japan area, increase the value of our railway belts and enhance the appeal of urban areas.
- In the other West Japan area, make full use of JR-West's merits and strengths through the development of businesses with close ties to areas and the realization of sustainable regional transport.
- Strive to realize a new JR-West Group for the next era, and take steps to establish new businesses.



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06. Priority Strategies

The JR-West Group's Next Step for Safety

We will launch the Safety Think-and-Act Plan 2017.

"Ensuring that an accident such as that on the Fukuchiyama Line will never again occur" is the duty of the JR-West Group, and our determination to fulfill that duty will never change.

In accordance with this determination, we will work to ensure that the customers who use the railway services of the JR-West Group are transported safely to their destinations, and we will work to steadily increase the level of safety so that there are no incidents of serious injuries or fatalities among anyone involved in our operations. The Safety Think-and-Act Plan 2017 gives shape to the actions that we will take to achieve those objectives.

As we start the Safety Think-and-Act Plan 2017, all employees of the JR-West Group will once again resolve to ensure that "an accident such as that on the Fukuchiyama Line will never again occur." All employees will implement think-and-act initiatives so that customers can directly

experience how "JR West has truly become safe and reliable."

The following chart shows the major details of the "Safety Think-and-Act Plan 2017," which is the core of our Medium-Term Management Plan.

Objectives for the Five-Year Period through FY2018 (Fiscal Year Ending March 31, 2018)

- No railway accidents that result in casualties among our customers
- No labor accidents that result in fatalities among our employees

Objectives for FY2018:

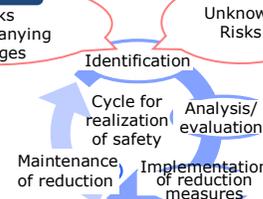
- 30% reduction in railway accidents with casualties on the platform
- 40% reduction in accidents at level crossings
- 50% reduction in transport disorders due to internal factors

Safety Think-and-Act Plan 2017

Establishment of JR-West Group safety management

Continual effort to realize safe, reliable transport service

- Rigorous observance of operational handling rules, maintenance standards, and operational procedures, and execution of basic motions
- Analysis of factors that interrupt safe, reliable transport service, and implementation of effective countermeasures



Increase level of risk assessment

- Identification of risks
- Evaluation of risks and formulation of reduction countermeasures
- Enhancement of multifaceted analysis
- Risk monitoring
- Development and improvement of work environments and conditions

Increasing safety awareness and implementing think-and-act initiatives with the highest priority on human life

- Think-and-Act initiatives reflecting lessons learned from Fukuchiyama Line accident
- Measures to learn from past accidents, disasters, etc.
- When facing emergency situations, implementation of Think-and-Act initiatives with the highest priority on human life

Investment in safety

- Investment in maintenance to sustain and enhance the functions of existing facilities
- Investment to realize higher levels of safety

Priority items

- Improve safety through new technologies
- Increase safety on platforms and at level crossings
- Reduce damage from disasters
- Prevent labor accidents

Medium-term Management Plan, Safety Think-and-Act Plan: Measures to Build Management and Operational Foundations

- Enhance technological capabilities and skills
- Improve communications
- Understand and utilize the human factor
- Improve front-line capabilities
- Recruit and nurture human resources and enhance motivation
- Foster Group unity
- Cooperate with customers and society

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The JR-West Group's Next Step for Customer Satisfaction

We will implement customer-based initiatives to increase the value that we provide.



The JR-West Group has implemented “customer-based management,” and in the years ahead the Group must continue to implement that style of management in order to earn the trust of customers and society. To that end, it is important that we understand the needs and expectations of customers and that we continually provide levels of safety and service that meet those needs and expectations. (= value that we provide)

We will implement measures aimed at ensuring that these types of business activities, which have a sustained focus on the customer, become a fixed part of our corporate culture (= customer-based management)

Objectives for FY2018:

Develop “fans” of JR-West

→ Customer satisfaction survey result of 4.0 or above (five levels, in-house survey)

(1) Grasp customer expectations and work to meet diverse needs

1. Identify the diverse needs that will be the starting point for the development of products and services
 - Identify customer needs, which are becoming more sophisticated and diverse in line with changing times, with a high degree of sensitivity through our daily operations, and take steps to ensure that our products and services address those needs
2. Human resources development targeting the cultivation of customer satisfaction awareness
 - Enhance human resources development and cultivate customer satisfaction awareness; strive to establish a corporate culture in which each of us independently thinks of what can be done for customers and then takes action.

(2) Build a railway with high transport quality

- Implement rigorous measures for stable transport, provide guidance from the customer's point of view
- In the event that transport is interrupted, strive to minimize the adverse effects and work to enhance and improve guidance from the customer's point of view.

(3) Seek out customer feedback and work to enhance and improve services

1. Take “customer feedback” seriously
 - Respond in a prompt yet serious manner to “customer feedback,” which we receive about 35,000 times per year
2. Enhance and improve services from the customer's point of view
 - Enhance and improve services from the customer's point of view in accordance with “customer feedback”

(4) Actively provide customers and society with information about the measures that we implement

1. Provide information about examples of improvements and the services that the Group strives to offer
2. Continuously implement operations in a manner that earns a positive response from customers in regard to the our initiatives
 - Continue working to foster understanding of our initiatives and to develop “fans” of the JR-West Group by providing a wide range of information to society and customers, including examples of improvements based on “customer feedback” and the services that the Group intends to provide

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- **Customer Satisfaction**

The Next Step in “Technologies” that Support Safety and Customer Satisfaction

We will strive for continuous innovation.



U@tech conventional line technological test train

We will promote technical development aimed at fostering a railway operations system change. In addition, we will nurture engineers who are deeply versed in each field of railway technology, and we will strive to use technology to resolve issues that we face.

Objectives for FY2018:

- Set target for practical implementation of on-board oriented train control system (wireless)
- Complete battery-powered train performance testing
- Complete verification of next-generation total operation control system
- Produce gauge change testing trains, implement running testing

(1) Promote technical development aimed at fostering a railway operations system change.

1. Change transport system through on-board oriented train control system (wireless)
2. Reduce energy consumption and fixed costs through the development of battery-powered trains, including efforts to make them smaller and lighter
3. Increase the quality of transport services through the development of next-generation Total Operations Control System
4. Increase maintenance quality by transitioning from ground-based inspections to on-board inspections
5. Utilize superior technologies from Japan and overseas, cooperate with companies that have technological capabilities

(2) Take on the challenge of technical development of gauge change trains.

1. Implement technical survey of Hokuriku route specifications targeting commercialization
2. Implement test train design and production, operational testing

(3) Nurture engineers deeply versed in each field of railway technology, and strive to resolve issues with technology.

1. Use technology to resolve daily operational issues
2. Resolve management issues through the accumulation and utilization of advanced technologies.

(4) Promote reductions in energy consumption and diversification of energy supply sources

1. Promote reduction of energy consumption
 - a. Reduce energy consumption through the introduction of energy-saving trains, the promotion of energy-efficient operations, etc.
 - b. Effectively utilize regenerative electric power through the use of electric power storage equipment and direct current electric power converter
 - c. Reduce power transmission loss through expanded installation of tie feeding system between up and down line
2. Promote diversification of energy supply sources
 - Utilize new energy supply sources (photovoltaic power generation, etc.)

Major development activities:

- On-board oriented train control system (wireless)
- Battery-powered trains
- Next-generation Total Operation Control System
- Gauge change trains
- Transition from ground-based inspections to on-board inspections

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The Next Step, We will Enhance the Potential of the Shinkansen and Promote Exchange.

On a base of further increases in safety and reliability, we will strive to provide services that are the choice of customers and to enhance our network.

Objectives for FY2018:

- 10% increase in number of senior customers traveling for leisure purposes
- Threefold increase in number of passengers using railway travel package for visitors from overseas
- Maximize the effects of the opening of the Hokuriku Shinkansen

(1) Further increase the safety and reliability of the Shinkansen

- Promote measures to sustain sound facilities and services into the future
 - Conduct appropriate maintenance management for structures (tunnels, elevated bridges, etc.), introduce new ATC and new Shinkansen model (N700A)
 - Establish new maintenance bases and improve existing bases
- Enhance ability to respond to natural disasters
 - Steadily promote earthquake countermeasures (earthquake resistance reinforcement, derailment prevention measures)
 - Steadily promote information provision, evacuation guidance measures

(2) Work to provide competitive transport services and to expand usage of those services

- Enhance superiority of Shinkansen
 - Schedules, on-board communications environment, rolling stock, station facilities
 - Increase convenience of "e5489" Internet reservations, increase card members and corporate members
- Introduce new model (N700A) and utilize "Kodama"

(3) Create new demand through enhancement of services for seniors and visitors to Japan

- Seniors
 - Strengthen membership organization initiatives, roll out new products in line with needs
- Visitors to Japan
 - Develop West Japan tourism routes, expand products and enhance reception system at stations, etc.

(4) Expand Shinkansen network

- Move ahead with preparations for opening of Hokuriku Shinkansen Kanazawa (FY 2014 year-end) and maximize the effects of the opening
 - Implement preparations for the provision of safe, comfortable transport services
 - Introduce highly convenient Internet reservations
 - In cooperation with regional entities and travel companies, develop tourism routes and open Hokuriku destination campaign
 - Expand travel between Hokuriku and Kansai

Major investments:

- Related to opening of Hokuriku Shinkansen
- New ATC
- Establishment of new maintenance bases and improvement of existing bases
- Earthquake countermeasures
- Countermeasures for mobile phone no-service areas
- Station facility refurbishment (Hiroshima)
- Introduction of N700A new model



*FY2015: the fiscal year ending March 2015
*FY2026: the fiscal year ending March 2026

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- Shinkansen "Enhance"

The Next Step, We will improve the Value of the Kansai Urban Area.

We will work to achieve higher levels of safety and to increase service quality in such areas as stable transport and convenience. Accordingly, we will take steps to increase the value of railway belts, such as launching lifestyle-related services that meet customer needs.

Objectives for FY2018:

- 50% reduction in transport disorders due to internal factors
- No. of IC card users: 2.2 million/day (+300,000) *Including Okayama/Hiroshima
- Increase resident satisfaction

(1) Build a railway that offers high-quality transport and is used repeatedly by customers

1. Pursue higher levels of safety
 - Increase safety at level crossings and on platforms, introduce new train models
2. Implement thoroughgoing measures for reliable transport
 - Enhance transport disorders countermeasures, minimize influence on customers (reduce downtime)
3. Put hospitality into practice
 - Offer a marked increase in level of service, such as through enhancement of guidance for customers when there are problems
4. Build easy-to-use transport network
 - Increase convenience and improve operational efficiency by expanding ICOCA services (March 2013, start of nationwide reciprocal use of transport IC cards)

(2) Build sustainable railway system through appropriate maintenance

- Reform inspection operations, convert to simple system through unification of functions/specifications, increase work efficiency/enhance construction capabilities

(3) Increase the value of railway belts, create areas adjacent to railway lines that people want to reside in and are easy to use.

1. Offer station facilities that are an integral part of community building, such as over-track stations, new station facilities, taking steps to attract colleges
2. Take steps to further invigorate comfortable, easy-to-use stations and terminal stations
 - a. Create barrier-free facilities, beautify stations, enhance guidance facilities
 - b. Refurbish station interiors (Sannomiya Station, Shin Osaka Station, Tennoji Station)
3. Enhance lifestyle-related services that make daily lives more comfortable
 - Conduct development of Eki Naka (in-station), station buildings, housing, lifestyle-support facilities (child-rearing support facilities, etc.)

(4) Take steps to create an appealing Kansai urban area, such as enhancing the Osaka Loop Line

1. Turn the Osaka Loop Line into a railway belt that people want to visit and use
 - Implement initiatives in the areas of station improvement/beautification, new rolling stock, increasing the appeal of spaces under elevated tracks and around stations, cooperation with local governments and other companies, and enhancement of reception systems for visitors to Japan
2. Enhance terminal station functions of Osaka Station and develop next-generation network
 - a. Increase appeal of OSAKA STATION CITY
 - b. Promote operations on Osaka Higashi Line (Northern part); accompanying Umekita development, promote new underground station facilities

(5) Open new railway museum in the Kyoto Umekoji area, establish railway culture base (spring 2016)

- Build new appeal for Kyoto, an international tourism destination; promote tourist attraction measures, centered on railway museum

Major investments:

- Rolling stock replacement
- New safety system
- Increase facilities for turn back operation
- Increase safety at level crossings
- Disaster countermeasures (lightning, etc.)
- New stations (Maya (provisional name), Sojiji (provisional name))
- Station improvement (Sannomiya, Shin Osaka, Tennoji, Amagasaki)
- Station building development (Takatsuki, Koshienguchi, Zeze)
- New railway museum building



Maintenance of level crossings



Eki Marche Osaka



New railway museum building (illustration)

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- Kansai urban area "improve"

The Next Step,

We will invigorate the strengths of the other West Japan area.

We will carefully develop businesses that leverage the appeal of each individual region in West Japan.

In addition, we will strive to foster a shared understanding with the people of the region regarding the current state of regional transport, and to resolve issues for the next generation.

Objectives for FY2018:

- 10% increase in number of users during destination campaigns
- Ongoing progress in promoting “businesses with close ties to areas,” with the entire Group working together in cooperation with local companies and other partners in each area
- Ongoing progress in fostering a shared understanding between the Company and local communities in regard to the best direction for regional transport

(1) Develop businesses with close ties to areas and move forward in tandem with communities.

1. Increase the safety and convenience of inter-city transport and intra-city transport
 - a. Increase safety at level crossings and on platforms and implement natural disaster countermeasures
 - b. Set train schedules that meet customer needs and ensure reliable transport
2. Work together with local governments in community building initiatives, centered on stations, and strive to create lively environments as JR-West Group
 - a. Build relationships with local governments and cooperate with local companies
 - b. Promote development and build a management system as JR-West Group
 - c. Nurture human resources who will implement management in the other West Japan area in the future
3. Leverage the strengths of railways and work together with local communities to promote tourism
 - a. Implement tourism campaigns, such as the 2013 Hiroshima and 2014 Wakayama destination campaigns.
 - b. Introduce new luxury trains.
4. Expand the city network in the Hiroshima metropolitan area and leverage the characteristics of the Hiroshima station area as a terminal station
 - a. Introduce new safety systems and new rolling stock
 - b. Implement initiatives in such areas as a new station (Hakushima (provisional name)), extension of the Kabe Line, transitioning to elevated tracks at Hiroshima Station, Eki-Naka (in-station) development, and the relocation of Hiroshima General Hospital of West Japan Railway Company to new building
5. Enhance railway facilities in the Okayama metropolitan area and leverage the terminal station characteristics of major stations

(2) Work together with local communities, we will strive to realize sustainable regional transport that reflects usage conditions

1. Promote the usage of and invigorate railways through cooperation with local communities
2. Seek out the best modality for sustainable regional transport by fostering a shared understanding with local communities and studying optimal transport modes, etc.



Major investments: • New luxury trains • New safety systems • Change of rolling stock (Hiroshima region)
• New station (Hakushima (provisional name)) • Kabe Line extension • Hiroshima Station development
• Station improvement, store development (Shimonoseki, Shinyamaguchi, Tokuyama)
• Relocation of Hiroshima General Hospital of West Japan Railway Company to new building • Introduction of CTC in Okayama area

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- Other West Japan area “Invigorate”

The Next Step, We will work to develop new businesses.

With consideration for the future, we will actively take on the challenge of expanding lifestyle-related service businesses and developing/nurturing new fields of business in order to achieve sustainable growth over the long term.

Objectives for FY2018:

- Revenues from lifestyle-related service businesses: + ¥25.0 billion
- Revenues from new businesses: +¥1.0 billion

→ In 10 years, share of revenues contributed by the non-transportation segments (Retail, Real estate, Other businesses): 40%

(1) Expand lifestyle-related operations and provide support for the realization of comfortable daily lives

1. Achieve qualitative improvements through the reinforcement of products, services, and operational capabilities (sales of goods and food services, shopping centers, card businesses, etc.)
2. Implement aggressive development in new regions (regions other than those alongside tracks and those in our service area)
 - a. Business hotels (Expand openings in major urban areas)
 - b. Real estate development/leasing operations (Business development in Tokyo metropolitan area, Fukuoka area etc.)
3. Take steps to join into businesses around terminal stations

(2) Increase the value of Group assets

1. Make full use of land and other assets
 - a. Promote terminal station development (Opening of new Himeji Station Building (April 2013), Consideration of development of Sannomiya, etc.)
 - b. Make effective use of sites around terminal stations (Osaka Station, Tennoji Station, etc.)
 - c. Promote development under elevated tracks and joint development with surrounding areas (VIERRA Morinomiya, etc.)
 - d. Promote effective use of assets such as stations (Search the most appropriate use along the railway line, such as Osaka Loop Line)
 - e. Make effective use of company housing sites and other assets (taking steps to attract colleges (Suita), clinics/offices (Kanazawa), perinatal medical center (Sumiyoshi), condominium development (Higashinada))
2. Increase appeal through combined initiatives with existing businesses
 - a. Implement a thorough reevaluation of OSAKA STATION CITY North Gate Building (Revising stores, making the most of the advantages of department stores and shopping centers, aiming at spring 2015)
 - b. Increase functionality through the reorganization of subsidiaries and promote area management

(3) Continue to take on the challenge of new business fields

1. Develop new business formats in lifestyle-related service businesses (dispensing pharmacies in stations, car-sharing businesses directly connected to stations, etc.)
2. Move into new business fields through such means as the effective use of assets and technologies
 - a. Renewable energy business (photovoltaic power generation business in Asa)
 - b. Health-related service business (expansion and development of rehabilitation service business)
 - c. Consider opportunities in agriculture-related operations (indoor hydroponic cultivation, etc.)
3. Promote the functions through the establishment of organizations which deal with business matching

(4) Cultivate growth as a Group With consideration for the global market

1. Nurture global human resources through cooperation in overseas railway maintenance and operations.
2. Uncover new business opportunities through such means as participation in overseas railway projects.
3. Consider the advance of non-transportation business into overseas markets



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- Business development
"Develop"

All the Employees of the JR-West Group Will Make a Concerted Effort to Lay the Foundations for Sound Business and Operational Management of the Company.

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(1) Enhance Technological Capabilities

Our business is supported by acquiring a variety of specialized knowledge and specific technological capabilities and continuing to hone them supports railway operations. We intend to enhance technological capabilities and skills steadily and pass them on to the next generation because such efforts are key to the ongoing management of operations.

(2) Improve Communications

To realize the provision of safe high-quality services and products that are customers' first choice requires each individual to perform their role reliably as well as close collaboration among individuals and organizations performing various roles. A precondition for such collaboration are initiatives to facilitate communication by increasing and improving communication that transcends generational gaps between coworkers, senior personnel and junior personnel, and superiors and subordinates within organizations as well as organizational gaps among head office, branches, sites, and Group companies.

(3) Understand and Utilize the Human Factor

A negative attribute of people is they make unintentional errors, while a positive attribute is they are able to respond flexibly to unexpected situations. We will take steps to understand and utilize these human factors fully and provide safe high-quality services and products.

(4) Enhance Front-Line Capabilities

We define "front-line capabilities" as the ability to autonomously find solutions to problems noticed in day-to-day operations through the participation of diverse personnel regardless of their rank or age. To improve front-line capabilities, it is important for personnel, not only at on-site locations or Group companies but also at head office and branches, to identify or recognize a range of problems from their various standpoints and respond by thinking and taking action themselves. Accordingly, we will take measures focused on providing organizational support that encourages this type of mindset.

(5) Recruit and nurture employees and enhance their motivation

In addition to securing the personnel needed for future operational management, we will take steps to ensure that each individual is physically and mentally healthy and develops as they tackle work with a high degree of motivation. Moreover, we aim to ensure that the dynamism of each individual contributes to the dynamism of the organization as a whole.

(6) Foster Group Unity

By fulfilling their respective roles and cooperating with each other in common areas, the personnel of Group companies, associated companies, and JR-West enable the JR-West Group's operations. We will seek unified operational management by encouraging reconfirmation of respective roles and even more robust collaboration.

(7) Cooperate with Customers and Society

The JR-West Group will do its utmost to pursue higher levels of safety and create a railway that passengers can use with peace of mind. To support and ensure the achievement of these goals, collaboration with customers and communities is vital. Therefore, we will strive to obtain their understanding and cooperation as we work together to build safety.

Regarding these initiatives, the JR-West Group's site managers, branch managers, and managers of respective head office divisions will set goals in accordance with the particular circumstances of their respective locations, share them, and then prepare concrete measures and mobilize their organizations to make concerted efforts to reach these goals.

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All Group Employees Will Enable Us to Meet Our Responsibilities as a Member of Society.

(1) Compliance

Aiming to be a Group that earns the trust of communities, we will heighten compliance awareness while expanding and enhancing corporate governance, including the establishment of corporate ethics and the strengthening of monitoring and oversight functions for business management.

(2) Disclosure

Always upholding strong ethical values, we will disclose a range of information relevant to business management and risk proactively and equitably.

(3) Crisis Management

Amid the diversification of risks the Group's operational management faces, such as natural disasters and information safety, as a Group responsible for infrastructure critical to society and people's day-to-day lives, the JR-West Group will heighten its crisis response capabilities by verifying and upgrading its business continuity plan (BCP).

(4) Global Environment

To contribute to the realization of a sustainable society, the Group will unite in the pursuit of initiatives to protect the global environment. These initiatives will include developing and introducing new technologies, encouraging personnel to "think and act eco," stepping up efforts to save energy and resources, and promoting the use of railways as an environment-friendly mode of transportation.

(FY2018 Environmental Targets)

1. Energy Saving

a. Energy consumption rate (versus FY2011): -3%

b. Energy consumption volume (versus FY2011): -2%

c. Energy consumption volume of conventional line operations and station offices (versus FY2011): -9%

2. Resource Saving

Recycle rate for station and train waste (resource waste): at least 96%



An eco station (illustration)

Financial Benchmarks

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- Forecast of financial benchmarks for the FY2018 (fiscal year ending March 2018)

Consolidated operating revenues: ¥1,306 billion

Consolidated EBITDA (operating income + depreciation): ¥292.5 billion

Consolidated ROA (operating income basis): 4.7%

- Forecast of total capital expenditures between FY2014 and FY2018

Consolidated: ¥920 billion

Non-consolidated: ¥800 billion

(of which safety-related investment: ¥470 billion)

Note: Because this plan does not include the increases in revenues and railway usage charges accompanying the commencement of operations to Kanazawa on the Hokuriku Shinkansen Line, it will be revised as required.

Returns to Shareholders

- The JR-West Group considers it important to provide stable shareholder returns over the long term. Continuing the policy of previous medium-term management plan, during the term of Medium-Term Management Plan 2017 the JR-West Group will provide returns to shareholders based on consideration of total shareholders' equity.
- Specifically, in light of the usage situation following the commencement of operations to Kanazawa on the Hokuriku Shinkansen Line and progress toward achievement of the targets set out in Medium-Term Management Plan 2017, we are aiming for around 3% for the rate of total distribution on net assets* in FY2018.

*rate of total distribution on net assets (%)

= (total dividends + acquisitions of treasury stock) ÷ consolidated net assets × 100

- Further, with a view to building long-term stable relationships with shareholders, we will strive to increase and improve dialogue with shareholders as well as shareholder benefits.

Forward-Looking Statements

Please be advised that statements about future business results in this document are based on forecasts at the present juncture and actual business results could differ significantly due to changes in business conditions and other factors.



As personnel working in the JR-West Group, based on a strong determination to never again cause an accident of the kind that occurred on the Fukuchiyama Line, we must give first priority to building a safe railway that gives peace of mind and earns trust.

Our railway transports five million passengers every day, 365 days a year. On a Group-wide basis, even more customers use our services on a daily basis. We will strive to create the safety and services that customers take for granted as ordinary parts of their everyday lives. To that end, we will draw on our extraordinary passion and conviction.

Our business is an aggregation of collaboration and mutual support.

We want to be a group that moves forward with a mindset that prefers “one hundred people taking a single step” to “one individual advancing one hundred steps.”

We regard the JR-West Group’s new medium-term management plan as a plan that will be realized through the thoughts and actions of each individual.

All of the Group’s personnel will be participants in this plan.

As for my role, I will lead these efforts and show the way forward.

“Taking the Next Step. Working together with communities.”

These phrases express the “goals” and “determination” that we share in the JR-West Group.

By uniting as a group to implement the new medium-term management plan and moving forward with communities, I want us to become a truly trusted company.

I want us to become a corporate group in which each person is able to think and act on a day-to-day basis while developing and pursuing their “ambitions.”

United in our commitment to “moving forward”, we will “take the next step” with a strong sense of purpose.

Handwritten signature of Seiji Manabe.

President, Representative Director, and Executive Officer

West Japan Railway Company



West Japan Railway Company