

JR-WEST GROUP'S MEDIUM-TERM MANAGEMENT PLAN

In May 2008, JR-West formulated the JR-West Group's Medium-Term Management Plan 2008–2012, for the years ending March 31, 2013. However, economic conditions have been significantly different from our assumptions due to a rapid and deep recession in Japan, reflecting the considerable effect of the worldwide recession triggered by a dramatic slowdown in the global economy and a financial crisis from fall 2008. The recession significantly affected JR-West, which posted results for fiscal 2009, ended March 31, 2009, below the targets set out in the Medium-Term Management Plan at the beginning of fiscal 2009.

Due to the scale of the present recession, the economic outlook is uncertain. Consequently, it is quite difficult to rationally estimate future performance at this point of time. However, JR-West will implement strategies and policies in accordance with its Medium-Term Management Plan, which include building a brand of safety and reliability by continuously improving safety and moving forward steadily with projects for growth, such as direct service between the Sanyo and the Kyushu Shinkansen Lines and the Osaka Station Development Project. As well as maximizing the benefits of such initiatives, we will strengthen management foundations, primarily through various efforts led by the Management Improvement Headquarters, with a view to reaching the management targets set out in the Medium-Term Management Plan.

Further, for returns to shareholders, we have not changed our target to achieve consolidated DOE (dividend on equity) of 3% for fiscal 2013 on condition that our projects will yield results. Also, we have not changed our policy to acquire our own shares flexibly in consideration of our cash flow conditions.

Management Targets of the Medium-Term Management Plan

We will build a corporate system to ensure no accidents that produce casualties among our customers and no serious labor accidents to our employees.

- Taking to heart the invaluable lesson taught by the railway accident on the Fukuchiyama Line, we will make it a principle to attain higher safety levels and strive to build a brand of safety and reliability by revitalizing our organization with the reform of the mind-set of our employees and our corporate culture serving as the driving force, seeking customer satisfaction, enhancing technology and expertise, and performing our corporate social responsibilities.
- By making ourselves chosen by customers, we will strive to enhance our corporate value, whereby establishing an upward spiral structure to further enhance safety, improve our services, and expand our growth field and achieve sustainable growth as a corporate group.
- We will build a management vision from a long-term perspective, covering the innovation of our railway systems, among others, and work for the early realization thereof.

Management Indices in Fiscal 2013 under the Medium-Term Management Plan

Consolidated	
operating revenues:	¥1,430 billion
Consolidated EBITDA*:	¥345 billion
Consolidated ROA:	7%
Consolidated ROE:	10%

Total capital expenditures for fiscal 2009 to fiscal 2013 are projected as follows:

Consolidated:	¥980 billion
Non-consolidated:	¥780 billion
	(safety-related capital expenditures: ¥430 billion)

* EBITDA = Operating income + Depreciation and amortization