

The President's Message



Seiji Manabe

President, Representative Director,
and Executive Officer

In March 2013, JR-West formulated the JR-West Group Medium-Term Management Plan 2017 and the Safety Think-and-Act Plan 2017. These plans incorporate the Group's management vision, which states that "The JR-West Group will strive to contribute to the invigoration of the West Japan area through its business activities, and to that end we will strive to be a corporate group that excels in safety management and earns the trust of customers, communities, and society." In line with this vision, we have defined "Our Future Direction — The Ideal Form for JR-West." To realize "The Ideal Form for JR West," we have positioned the five years covered by the plan as a "period for contributing to the establishment of a foundation for decisive management."

Specifically, as we strive to realize "The Ideal Form for JR-West," we will fulfill our mission of continued operation of railway services as social infrastructure and we will work to contribute to the creation of a safe, comfortable society. As a "railway company that coexists with communities," we will contribute to the invigoration of communities by increasing the quality of railway operations and expanding the scale of non-railway operations. In this way, the JR-West is striving to achieve consolidated operating revenues of ¥1.4 trillion in fiscal 2031.

To make progress toward "The Ideal Form for JR-West," the entire Group is working to advance the priority strategies, which comprise the Three Basic Strategies (Safety, Customer Satisfaction, and Technologies) and the Four Business Strategies (Shinkansen, Kansai Urban Area, Other West Japan Area, and Business Development).

Overview of Fiscal 2014

The past fiscal year marked the start of the Medium-Term Management Plan and its core component, the Safety Think-and-Act Plan.

In regard to safety, we implemented initiatives targeting the realization of five specific quantitative objectives, which include "no railway accidents that result in casualties among our customers" and "no labor accidents that result in fatalities among our employees" over the five-year period through fiscal 2018. However, in September there was a fatal labor accident involving an employee at an affiliated company. We deeply regret this incident, and we will continue to implement a variety of countermeasures in the future to prevent any recurrence and to achieve further increases in safety.

We implemented a variety of measures in line with our priority strategies. The Sanyo Shinkansen is facing increasing competition from airlines, and in response we introduced the new N700A Series rolling stock, which offers improved safety and comfort, and we expanded the range of highly price-competitive products. In lifestyle-related services, we developed a Via-inn budget hotel in Nagoya, which is outside our service area.

As a result of our ability to launch these types of initiatives and to ensure that the management plan got off to a solid start, we achieved increases in revenues and profits for fiscal 2014.

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Initiatives in Fiscal 2015

In fiscal 2015, consumer sentiment is expected to worsen due to the increase in the consumption tax in April 2014. In addition, low-cost carriers and other airlines will commence flights on new routes and increase flights on existing routes, and the expressway network is scheduled to be extended further. In particular, we will incur costs to pave the way for future growth, including preparations for the opening of the Kanazawa segment of the Hokuriku Shinkansen and the thorough renovation of the West Wing of the OSAKA STATION CITY North Gate Building. As a result, the management environment is expected to become even more severe.

For the Hokuriku Shinkansen, we will move forward with thorough preparations for the opening of the Kanazawa segment and we will develop tourism routes in cooperation with communities and travel companies. In this way we will advance a variety of initiatives to maximize the positive effects of the opening. Further, in the thorough renovation of the North Gate Building, we will develop appealing stores in a manner that leverages the strengths of both department stores and shopping centers.

In sales of goods and food services, we will use business alliances to increase the appeal of stores in stations. In budget hotels, we will advance operational development by acquiring businesses from other companies. In these ways, we will make the most of tie-ups with companies that have abundant know-how as we strive to achieve growth over the medium to long term.

We expect conditions in fiscal 2015 to be challenging, but we are determined to build a foundation for increases



in corporate value over the medium to long term in fiscal 2016 and subsequent years. In addition, we will continue working to provide a long-term, stable return to shareholders.

I would like to ask our shareholders and investors for continued understanding and support in the years ahead.

April 2014

Seiji Manabe
President, Representative Director, and Executive Officer