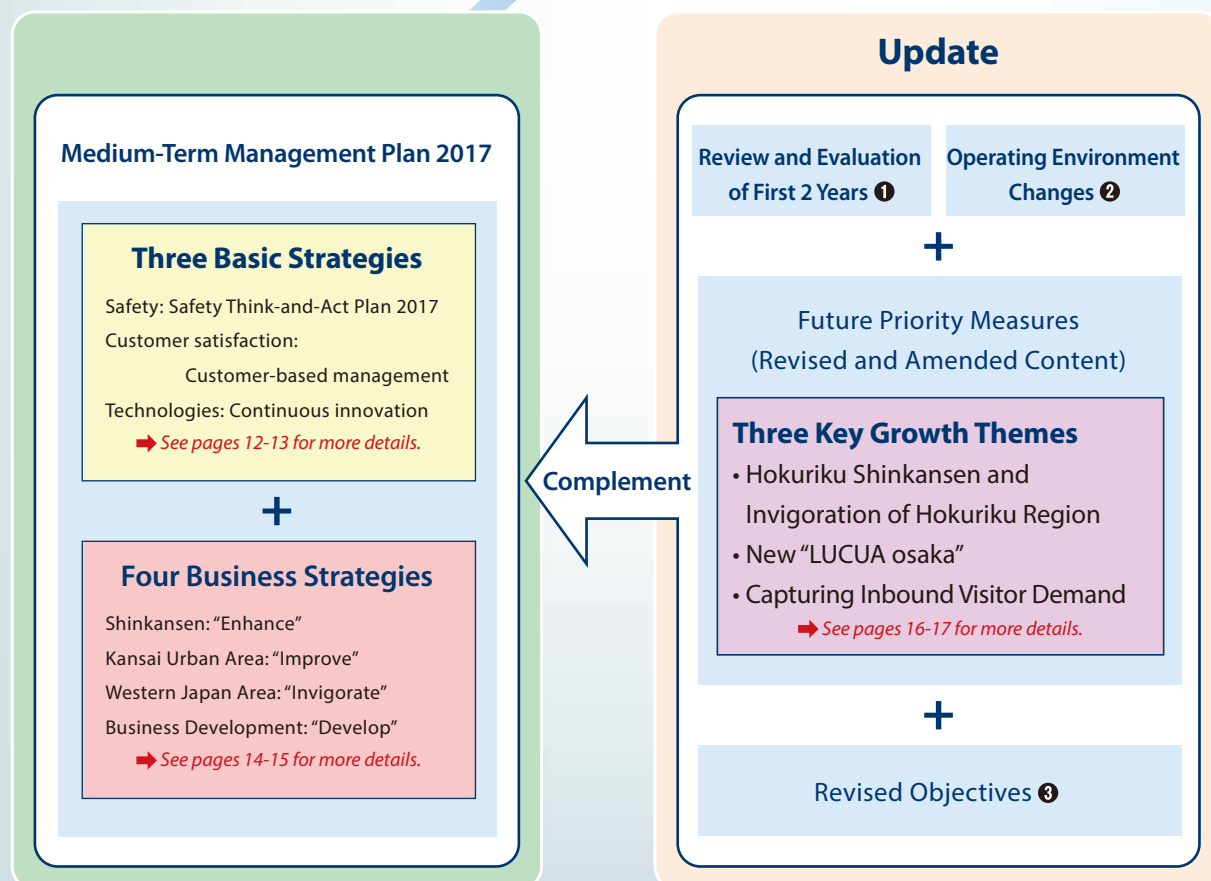


Medium-Term Management Plan 2017 —Update—

Positioning of the Update

Two years ago, we formulated the JR-West Group Medium-Term Management Plan 2017, which defined the “Form of the New JR-West Group” for the next era. In March 2015, the Kanazawa segment of the Hokuriku Shinkansen was opened, a development that is invigorating the entire Hokuriku region. In addition, April 2015 saw the opening of the new LUCUA 1100 in OSAKA STATION CITY, bringing an even wider range of customers to this facility. In this update, we will review our initiatives and progress over the first two years of the plan, and discuss the priority measures that will be implemented in the future based on changes in our operating environment.

The “Form of the New JR-West Group” for the next era



Review and Evaluation of First 2 Years ①

- Set quantitative targets for each strategy and periodically measured progress while implementing PDCA cycle geared toward realizing “The Ideal Form for JR-West.”
- Despite fatal labor accident and rise in railway accidents with casualties on platforms in 1st year, made generally smooth progress toward high-priority strategy of ensuring safety in regard to all indicators during 2nd year.
- Made generally smooth progress in regard to all other indicators.

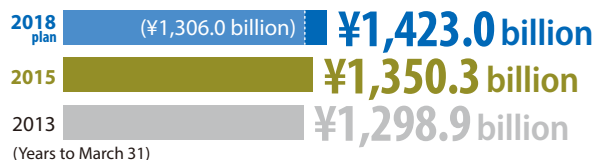
Operating Environment Changes ②

	Comprehensive environment recognition (At plan's formulation)	Changes appearing over 2 years
Opportunities	<ul style="list-style-type: none"> • Increase in inbound visitors • Increase in travel by senior customers • Globalization 	<ul style="list-style-type: none"> • Invigoration of Hokuriku region • Invigoration of Kansai region cities, burgeoning ability of terminal stations to attract customers • Regional development initiatives, Basic Act on Transport Policy, regional invigoration through tourism, etc. • Rapid increase in inbound visitors • Rise in number of women and senior citizens in employment • Evolution of ICT
Threats	<ul style="list-style-type: none"> • Population decline • Spread of network technologies • Greater inter-region disparities • Diversification of value systems • Intensified inter-transportation provider competition 	<ul style="list-style-type: none"> • Intensification of natural disasters • Prominent inter-region disparities • Serious difficulty finding employees due to tight labor market • Rising costs due to yen depreciation • Intensified competition with airlines

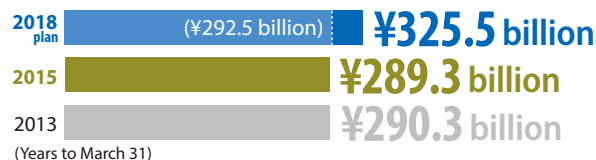
Financial Indicators ③

Given our results from the past two years and future initiatives, we have made upward revisions to the financial targets of the final year of the Medium-Term Management Plan as follows.

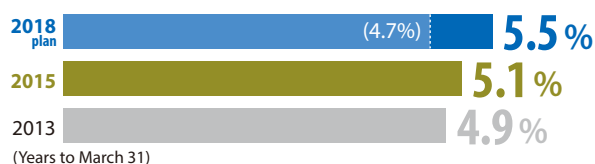
Consolidated operating revenues



Consolidated EBITDA



Consolidated ROA

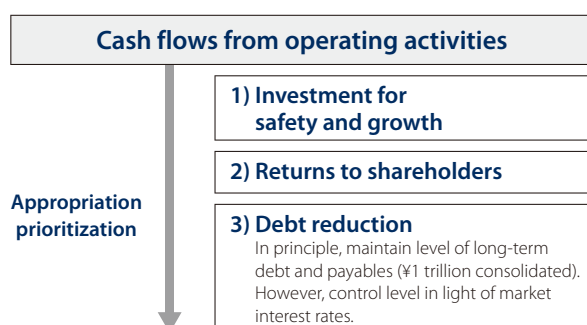


Consolidated ROE (Reference benchmark)



Figures in parentheses () represent pre-revision forecasts.

Cash Earmarking and Prioritization



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 Fiscal 2018 (year ending March 31, 2018).

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

Medium-Term Management Plan 2017 —Update—

Three Basic Strategies

Safety

As we work to achieve the goals of Safety Think-and-Act Plan 2017, we will redouble efforts to address the following tasks whose urgency was brought to light in the first two years of the plan.

Target Indicators

Railway accidents that result in casualties among our customers

2018 target **0** over 5 years
 2015 **0** fiscal 2014-2015
 2013 **0**
 (Years to March 31)

Labor accidents that result in fatalities among our employees

2018 target **0** over 5 years
 2015 **1** fiscal 2014-2015
 2013 **0**
 (Years to March 31)

Railway accidents with casualties on platforms

2018 target **9** 30% reduction*
 2015 **13**
 2013 **13**
 (Years to March 31)
 * In comparison to fiscal 2013

Accidents at level crossings

2018 target **25** 40% reduction*
 2015 **24**
 2013 **41**
 (Years to March 31)
 * In comparison to fiscal 2013

Transportation disruptions due to internal factors

2018 target **140** 50% reduction*
 2015 **229**
 2013 **281**
 (Years to March 31)
 * In comparison to fiscal 2013

Future Priority Measures

- (1) Response toward intensifying natural disasters ❶
- (2) Improvement of platform safety
- (3) Prevention of labor accidents that result in fatalities among our employees
- (4) Strengthening risk management
- (5) Enhancement of internal audits and utilization of outside perspectives

❶ Countermeasures against heavy rainfall

Although annual rainfall totals have not largely changed in recent years, there has been an increase in the number of short-duration heavy rains, with rainfall becoming more localized and intense in nature. JR-West has carried out a number of safety measures to prepare for damages from heavy rainfall, including installing rain gauges, reinforcing slopes based on regular inspections and improvements to water discharge facilities. To achieve even greater safety and stability in transportation operations, we have decided to carry out disaster mitigation work mainly on slopes in the Kyoto, Osaka and Kobe areas.



Slope reinforcement and other disaster mitigation measures have been implemented

Customer satisfaction

➔ See pages 34-35 for more details.

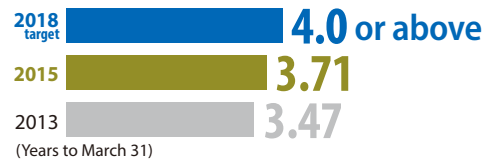
Based on the newly formulated Customer Satisfaction Vision 2017 and Think-and-Act Policy for Customer Satisfaction, we will enhance communication with customers to better implement measures in response to various customer needs, including those for safety and comfort.

Target Indicators

Develop “fans” of JR-West

Customer satisfaction survey result

(5-level, internal survey)



Future Priority Measures

- (1) Understanding customer expectations and responding to diverse needs
- (2) Building a railway with high transportation quality ②
- (3) Faithful response to customer feedback to improve service quality and expand service lineup
- (4) Active communication of information on our initiatives to customers and society

② Enhancing customer notifications onboard with the conductor tablet

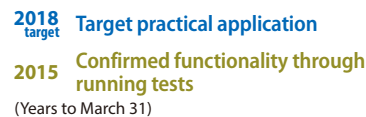
We have introduced conductor tablets primarily in the Kansai Urban Area that come with a number of apps useful for customer notifications and announcements. These apps have made it possible for conductors to provide customers with more detailed information than ever before, including notifications about detailed operating conditions during delays and announcements in foreign languages for non-Japanese passengers.



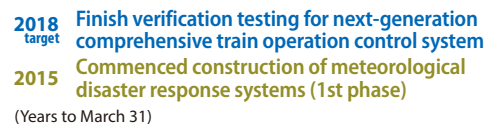
Technologies

Target Indicators

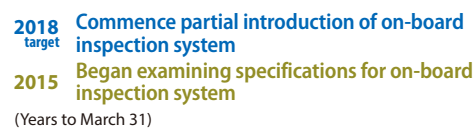
On-board oriented train control system (wireless)



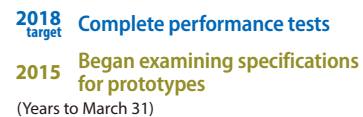
Next-generation comprehensive train operation control system



Transition from ground-based inspections to on-board inspections



Battery-powered trains



Gauge change trains



Future Priority Measures

- (1) Promoting technical development aimed at fostering a railway operations system change
- (2) Taking on the challenge of technical development of gauge change trains
- (3) Nurturing engineers deeply versed in each field of railway technology, and striving to resolve issues with technology
- (4) Promoting reductions in energy consumption and diversification of energy supply sources
(See pages 40-41 for more details.)

Medium-Term Management Plan 2017 —Update—

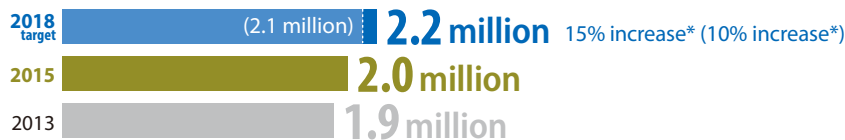
Four Business Strategies

Shinkansen

Enhance the potential of the Shinkansen and promote exchange.

Target Indicator

Number of senior customers traveling for leisure purposes



Figures in parentheses () represent pre-revision forecasts.
* in comparison to fiscal 2013

Future Priority Measures

- (1) Further improvement of Shinkansen safety and reliability
- (2) Provision of competitive transportation services and expansion of usage
- (3) Enhancement of services for senior citizens to create new demand



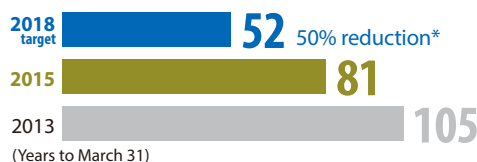
Tokaido/Sanyo Shinkansen N700A

Kansai Urban Area

Improve the value of the Kansai Urban Area.

Target Indicators

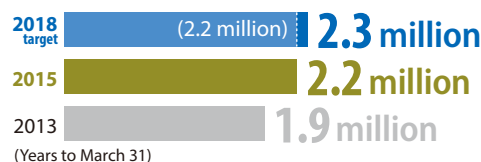
Transport disruptions due to internal factors



* in comparison to fiscal 2013

Number of IC card users

(people/day)



Figures in parentheses () represent pre-revision forecasts.

Increase resident satisfaction

2018 target **Ongoing improvement trend seen along major railway belts**

2014 **Improvement trend seen along Osaka Loop Line and Kobe Line**

(Years to March 31)

Future Priority Measures

- (1) Creation of railway providing high-quality transportation to encourage repeat usage
- (2) Improvement of railway belt value to increase ease of use and make areas around lines appealing places to live
- (3) Enhancement of the Kansai Urban Area's appeal by improving the Osaka Loop Line
- (4) Opening of new railway museum in Umekoji, Kyoto, and creation of railway culture sights (spring 2016) (See pages 36-37 for more details.)



Kyoto Railway Museum

Western Japan Area

Other conventional lines

➔ See page 22 for more details.

Invigorate the strengths of western Japan area.

Target Indicators

Customer traffic during destination campaigns

2018 target **10% increase***
2015 **29% increase***
Wakayama destination campaign
 (Years to March 31)
 * In comparison to fiscal 2013

Sharing challenges with local partners regarding improvements in regional transportation systems

2018 target **Sharing challenges with local partners regarding improvements in regional transportation systems**
2015 **Discussions underway with a few organizations**
 (Years to March 31)

Advancement of businesses with close ties to areas through concerted Group efforts coordinated with local partner companies in each area

2018 target **Businesses with close ties to areas advanced through concerted Group efforts**
2015 **Collaboration agreements concluded with a few organizations**
Investments in community-rooted businesses
 (Years to March 31)

Future Priority Measures

- (1) Progress together with communities through businesses with close ties to areas
- (2) Working with local partners for sustainable regional transportation systems matched to usage conditions



Twilight Express Mizukaze
(See page 22 for more details.)

Business Development

Non-Transportation Business

➔ See pages 24-27 for more details.

Work to develop new businesses.

Target Indicators

Revenues from life-style related businesses

2018 target **¥35.0 billion increase*** (¥25.0 billion increase*1)
2015 **¥9.7 billion decrease*** *1 *2
 (Years to March 31)

Figures in parentheses () represent pre-revision forecasts.

*1 in comparison to fiscal 2013

*2 Due to impact from commencement of renovation work at JR Osaka Mitsukoshi Isetan in July 2014

Revenues from new businesses

2018 target **¥1.0 billion increase***
2015 **¥0.6 billion increase***
 (Years to March 31)

Ratio of consolidated operating revenues from non-transportation segments (retail, real estate, other businesses) 10 years from now

2023 target **40%**
2015 **36%**
2013 **35%**
 (Years to March 31)

Future Priority Measures

- (1) Expansion of lifestyle-related businesses to support comfortable lifestyles
- (2) Improvement of Group asset value
- (3) Ongoing exploration of new business fields
- (4) Cultivation of growth as a Group with consideration for the global market



Redevelopment project concept for Tsukaguchi Station east exit area

Medium-Term Management Plan 2017 —Update—

Three Key Growth Themes

Key Growth Theme

1

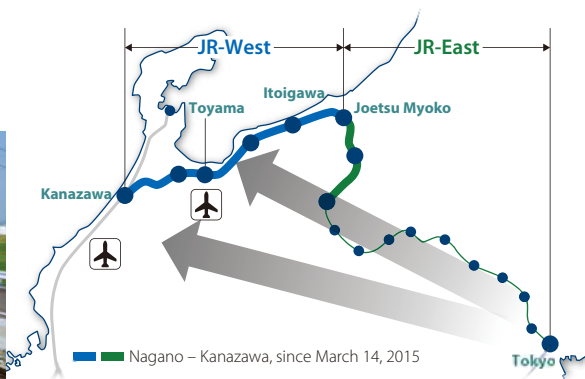
Hokuriku Shinkansen and Invigoration of Hokuriku Region

Target Indicators

- 1 Net revenue increase from Hokuriku Shinkansen: ¥13.0 billion (fiscal 2018)**
- 2 Increasing mobility between Kansai, Hokuriku, and Shinetsu regions**

Expanding market share

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

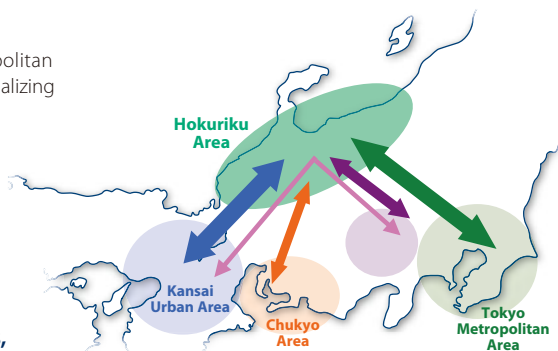


		Travel Time	Fare (¥)	Frequency
Kanazawa – Tokyo	Shinkansen	2h 28m	14,120	24
	Airlines	approx. 2h 50m	24,890	12
Toyama – Tokyo	Shinkansen	2h 08m	12,730	24
	Airlines	approx. 2h 30m	24,890	6

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

Expanding market size

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



Expanding mobility among regions

Collaborating with non-railway business, city development efforts

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

Shopping centers in Hokuriku area



Rinto in Kanazawa Station



Toya Marché in Toyama Station

Scheme for the Hokuriku Shinkansen

- Japan Railway Construction, Transport and Technology Agency (JR-CT) constructs infrastructure.
- JR-West owns rolling stock, operates and pays line usage fees (fixed amount).
- Parallel conventional lines are transferred from JR-West to semi-public corporations.

Key Growth Theme

2

New “LUCUA osaka”

Target Indicators (fiscal 2016)

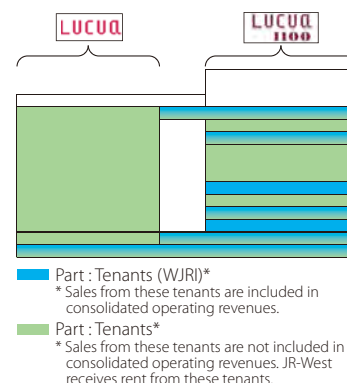
1 Tenant sales target: Total of ¥77.0 billion for LUCUA 1100 and LUCUA*

* All of the tenant sales are not included in consolidated operating revenues.

2 Visitor number target: 70.0 million

Renovation of the OSAKA STATION CITY North Gate Building

- Integrated operation of East Wing (existing LUCUA) and West Wing (new LUCUA 1100) under one shopping center company
- Securing wide range of customers through superiority of location and scale (largest shopping center in Osaka/Umeda area), and ease of access within the buildings
- Utilizing the strength of promotional system and ability to attract highly popular specialty stores, cultivated through our shopping center operations
- Opening isetan-brand shops as tenants in LUCUA 1100, specializing in fashion and sundries, in which West Japan Railway Isetan Limited (WJRI) has strengths



Synergies with railway business

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



Sales floors in LUCUA 1100



Key Growth Theme

3

Capturing Inbound Visitor Demand

Target Indicators (fiscal 2018 target, in comparison to fiscal 2013)

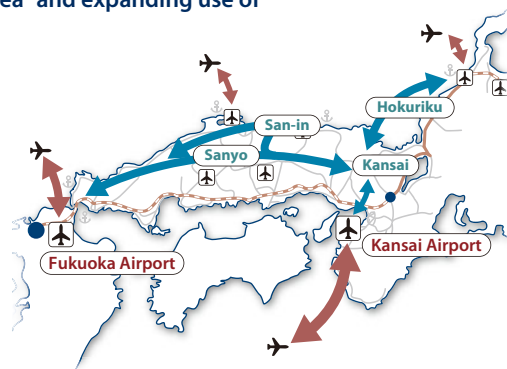
1 Usage of railway travel products for inbound visitors: 400% increase (upward revision from 200% increase)

2 Consolidated operating revenues: ¥10.0 billion increase

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

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

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



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