JR-West Group
Medium-Term Management Plan 2017

March 18, 2013

West Japan Railway Company

1. Highlights

- The JR-West Group's Medium-Term Management Plan 2017 calls on the Group to heighten corporate value over the medium-to-long term by creating stable cash flows even amid the increasingly uncertain business conditions stemming from a declining population, growing disparity among areas, and diversifying values.
- Regarding its relationship with shareholders, through dividends, etc. the Group will provide stable shareholder returns over the long term based on the value it creates.
- Railway operations are unlikely to see significant revenue growth because they belong to a mature industry. In addition, we expect high operating expenses and capital expenditures. However, by growing non-railway operations steadily, we aim to increase consolidated revenues and earnings for the final fiscal year of the medium-term management plan versus the projections for fiscal 2013, the year ending March 31, 2013.
- During the five-year period from fiscal 2014 through fiscal 2018, in railway operations we will invest management resources in areas that are growing or stable while discussing the future of regional transport.
- Further, viewing this period as a period for contributing to the establishment of a foundation for decisive management, we will grow the existing businesses of non-railway operations steadily and develop and nurture new fields of business for the future.
- As a result, by 2030 we will have enhanced medium-to-long-term corporate value by enhancing the value and the network of the Shinkansen network, increasing the value of the railway belts in the Kansai urban area, advancing area management that invigorates the strengths of the other West Japan area, and establishing new pillars in non-railway operations.

I am Seiji Manabe, the President of JR West.

I will use these materials to explain the "JR-West Group Medium-Term Management Plan 2017."

We have completed the first quarter century since the establishment of the JR West Group, and this plan will be our guide as we take the next step forward.

We face the need to achieve growth over the medium to long term and to realize sustainable management, even in an operating environment that is affected by the trends toward a low birthrate and an aging population. Accordingly, the plan includes two elements of Our Future Direction, and outlines the form that we want to achieve in five years in order to realize that vision.

2. Review of the "Revision of JR-West Group's Medium-Term Management Plan 2008-2012"

Strategies of the "Revision of JR-West Group's Medium-Term Management Plan 2008-2012"

Ensure sustainable growth ⇨

- Enhance safety
- Invigorate communities and secure revenues
- Reduce fixed costs
- Strengthen business management foundations

⇨

- Advance Basic Safety Plan
- Advance two major projects
- Direct service with the Kyushu Shinkansen Line
- Osaka Station City
- Coexistence with communities
- Innovation by technology
- Thinking and acting based on the field

✓ Reduced risk by risk assessment, enhanced safety by strengthening operational equipment and facilities of railways and enhancing safety foundations

✓ Began operations of two major projects
  - Direct service with the Kyushu Shinkansen Line (started in March 2011: increased revenues by approx. ¥15 billion for FY2012)
  - Osaka Station City (opened in May 2011: increased revenues by approx. ¥47 billion for FY2012)

✓ Strengthened cooperation with local communities (concluded comprehensive collaboration agreement with Shiga Prefecture)

✓ Increased value of railway belts mainly in the Kansai urban area (discussions about new station establishment, improvement of station facilities and access, invitation of day-care facilities for children)

✓ Helped contribution to invigoration of the West Japan area (success of Sanin Destination Campaign)

✓ Took measures to optimize regional transport to reflect usage (implemented pilot program on the Sanko Line)

- Upgrade efforts with view to becoming corporate group excelling in safety management
- Entrench and expand benefits of beginning two major projects
- Fundamentally reevaluate North Gate Building of Osaka Station City
- Deepen coexistence with communities

Shift to business management aimed at further sustainable growth

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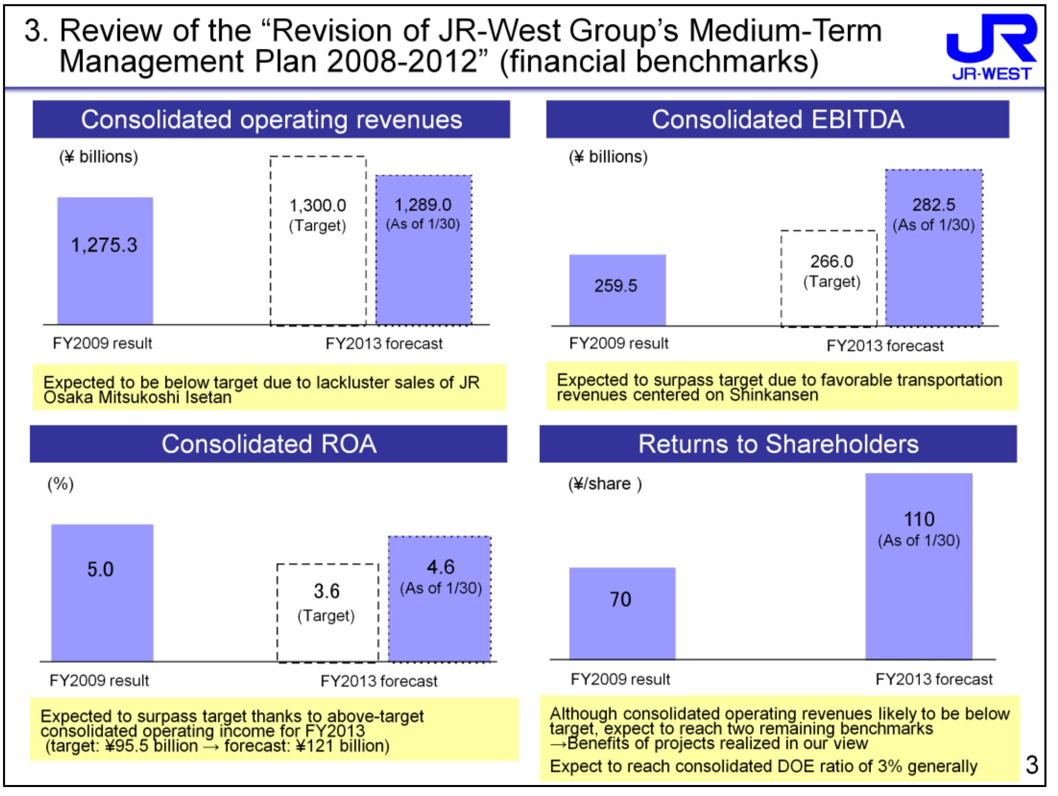
The current fiscal year is the final year of the previous medium-term management plan. We revised that plan in October 2010, and we have implemented strategies to ensure sustainable growth.



As a result, looking at our three key financial benchmarks, we do expect to exceed our targets for consolidated EBITDA and consolidated ROA, although we will not reach the target for consolidated operating revenues.

In consideration of these results, we are planning dividends of ¥110 per share for the year. As a result, we will basically achieve our shareholder return policy that called for a "consolidated DOE ratio of 3% in the final year of the plan."

4. Backdrop to Preparation of New Medium-Term Management Plan

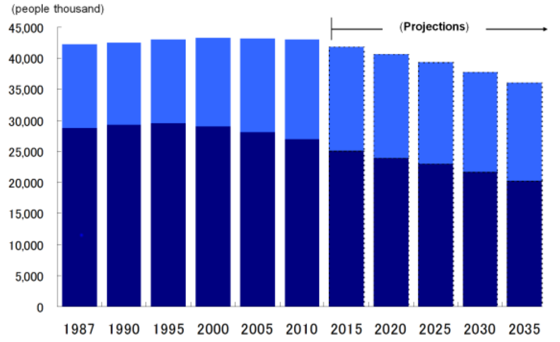
JR-WEST

【Future Business Conditions】

- Population declining in earnest
- Growing disparity among areas
- Diversifying values
- Increasing globalization
- Increasing prevalence of networks
- Aggressive initiatives from other transportation modes

・Heightening uncertainty about outlook for social and economic conditions
・Intensifying competition

❖ Projections for total population and working-age population of JR-West's service area



- Results: Long-term-time-series data, Statistics Bureau, Ministry of Internal Affairs and Communications (October 1 of each year)
- Projections: "Population Projections by Prefecture" in Japan, National Institute of Population and Social Security Research (projections as of May 2007)

○ Need to step up efforts in preparation for future

Tasks to further ensure long-term sustainable growth
(1) Continued operation of railways
(2) Establish earnings foundations for each business area

Need to clarify direction going forward:
"Our Future Direction—The Ideal Form for JR-West"

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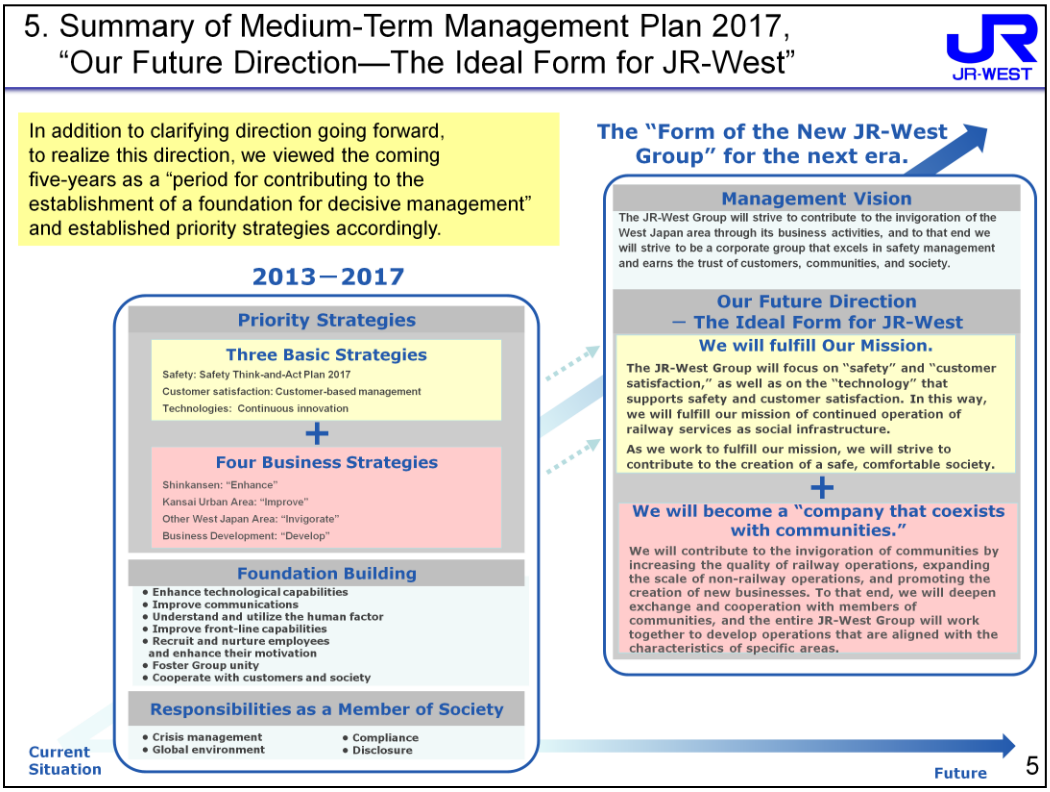
We think that it will be difficult to achieve sustainable growth in the years ahead with a business model that is centered on a mature industry, such as the railway industry . Accordingly, we will need to step up our efforts in preparation for the future, and the new medium-term management plan was prepared on that basis.



This slide gives an overall view of the plan.

The right side shows the two elements of "The Ideal Form for JR West." We will fulfill our mission of continued operation of railway services as social infrastructure. In addition, we will strive to deepen cooperation with communities, and the entire JR-West Group will work together to develop operations that are aligned with the characteristics of specific areas.

To realize this future direction, we have positioned the coming five years as a "period for contributing to the establishment of a foundation for decisive management," and we have established our priority strategies accordingly.

6. Direction of Business during Five-Year Period (priority strategies)

JR-WEST

Three basic strategies for continued operation of railways

"Safety"	→	Establish safety management of the JR-West Group
"Customer satisfaction"	→	Advance initiatives targeting customer based management
"Technologies"	→	Change systems for railway operations

Four business strategies for business management based on close ties to areas

Shinkansen "Enhance"	→	Enhance the potential of the Shinkansen and promote exchange • Focus deployment of management resources on Shinkansen as pillar of business management going forward • Provide transportation services that are even safer, more reliable, and more competitive, expand and improve network
Kansai urban area "Improve"	→	Improve the value of the Kansai urban area • Deploy management resources efficiently to secure stable transportation revenues and grow non-railway operations • Provide safe, stable transportation, maintain and increase revenues by enhancing value of railway belts
Other West Japan areas "Invigorate"	→	Invigorate the strengths of other West Japan areas • Focus on sustainable business management • Explore optimal regional transport while undertaking integrated development of railway and non-railway operations that is based on close ties to areas by strengthening cooperation with local communities
Businesses development "Develop"	→	Develop new businesses • Develop lifestyle-related services as another pillar of management • Expand existing fields, establish new pillars by taking on the challenge of new business fields

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Our priority strategies comprise three basic strategies and four business strategies.

Each business strategy entails the implementation of selection and concentration. In railway operations, we will invest management resources in fields that are growing or stable. On the other hand, in regard to local lines in outlying areas, we would like to start discussions about the ideal form for regional transport.

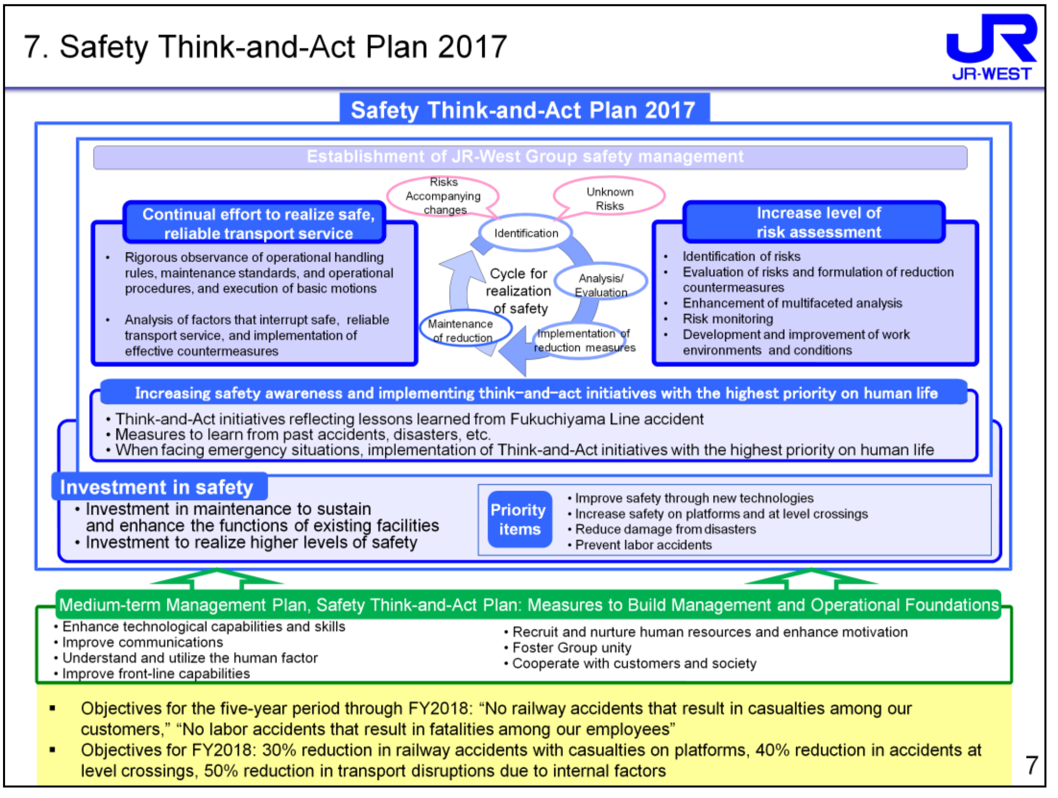
In non-railway operations, we will work to achieve steady growth in existing businesses. At the same time, we will focus on fields with high growth potential and strive to develop and nurture them in order to build a foundation for management in the future.

On the nonconsolidated basis, we do not foresee substantial growth in transportation revenues due to such factors as the declining population. Moreover, operating expenses will remain at a high level. Consequently, we are entering a period in which it will be difficult to achieve growth in profits.

Nonetheless, we can offset the decline in transportation revenues by generating steady growth in non-railway operations. Compared with fiscal 2013 (fiscal year ended March 31, 2013) , this plan calls for increases in consolidated revenues and profits in fiscal 2018, the plan's final year, and for growth over the medium to long term.

Although the Hokuriku Shinkansen is scheduled to open during the period covered by the plan, the plan does not incorporate the related revenues and railway usage charges because it is not possible to calculate them at this stage. These two items will be explained at an appropriate time.

Also, by clarifying and expanding the items outlined in the business strategies, we will work to speed up decision making and thereby link the strategies to improvement in these financial benchmarks.



To address "Safety," one of the basic strategies, we formulated the "Safety Think-and-Act Plan 2017" to address the challenges and goals that we face.

To further increase safety, we will work to realize safe, reliable transport service and to increase the level of our risk assessment.

In regard to investment in safety, the plan incorporates investment in maintenance to sustain and increase the level of safety. It also includes the development of new technologies to realize higher levels of safety as well as investment in disaster prevention and in the reduction of damage from disasters, which have been the focus of increased attention following the Great East Japan Earthquake in 2011. The plan calls for investment in safety of approximately ¥470.0 billion, about the same as the previous plan.

This investment is necessary to reduce the risks of accidents and disasters and to build a strong management foundation for sustainable growth. Accordingly, we will steadily implement this investment.

8. Shinkansen—Enhance 1) Sanyo Shinkansen Line

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1) Further increase the safety and reliability
2) Maintain and increase market share versus competing transportation modes (LCC, opening of Iwakuni Kintaikyo Airport, increase in arrival and departure slots at Haneda Airport)
3) Expand business area as population declines in earnest

1) Promote measures to sustain sound facilities and services into the future, enhance ability to respond to natural disasters
   - i. Maintain and manage tunnels, elevated railway tracks, and other structures appropriately, introduce new ATC
   - ii. Advance earthquake and tsunami countermeasures and derailment prevention measures
2) Increase market share by heightening competitiveness
   - ○ Enhance and publicize competitive advantages
     - Enhance and publicize frequency, on-board communications environment, Internet reservations, punctuality, and comfort
     - Introduce N700A
   - ○ Expand the variety of special tickets and products
3) Expand business area by creating new demand
   - i. Capture seniors' demand
     - Strengthen membership organization initiatives (Club DISCOVER WEST, Zipangu Club), roll out new products in line with needs
   - ii. Capture inbound demand
     - Develop West Japan tourism routes, increase and improve products, and enhance at stations, etc. reception systems for visitors to Japan
4) Entrench and expand benefits of direct service with the Kyushu Shinkansen Line
   - ○ Continue campaigns and product development in cooperation with local communities

Enhance profitability of Sanyo Shinkansen Line further as pillar of operations going forward

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Next, I will explain our four business strategies.

The Shinkansen will be the pillar of the Group's operations in the future. Accordingly, the Shinkansen will have a high priority for the allocation of our management resources as we aim to achieve growth. First, to provide services that offer peace of mind and reliability in the future, we will steadily conduct maintenance of structures and enhance our countermeasures for natural disasters such as earthquakes.

While maintaining a focus on customer needs and on tracking the competitive environment in the years ahead, we will work to enhance transport service and reinforce our competitiveness versus air transport. We will take steps to enhance the superiority of the Shinkansen in such areas as frequency and the on-board communications environment, and we will continue to implement PR initiatives. We will introduce discount products in response to the strategies of airline companies, and expand the product range, including pricing options. In these ways, we will work to sustain and expand the use of the Shinkansen.

In addition, our plans call for the N700A, which offers greater safety and comfort, to be gradually introduced from December 2013.

Furthermore, we will also strive to foster and capture demand from senior citizens and travelers from overseas, both of which are expected to grow. We will generate revenues both by increasing our market share and by expanding the overall market scale itself.

In addition, targeting sustainable growth in the future, we will move ahead with new ATC installation accompanying the replacement of the operational system. Over the period covered by the plan, investment will total about ¥50.0 billion, but safety and comfort will increase, and more-precise train operations will make it possible to set efficient schedules.

Consequently, during the plan we will take steps to boost our competitiveness versus other modes of transportation over medium to long distances. The steps will include decreasing the time required by Kodama due to a reduction in the time spent waiting for express trains to pass.

Consequently, Shinkansen revenues in fiscal 2018 are expected to increase about 2.5%, or about ¥9.0 billion, in comparison with fiscal 2013, to ¥363.0 billion.

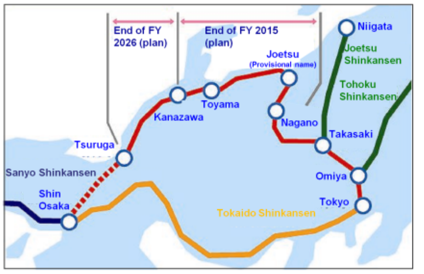
9. Shinkansen—Enhance 2) Hokuriku Shinkansen Line

JR-WEST

(Overview of Hokuriku Shinkansen Line)

	Nagano - Kanazawa (approx. 230km)	Kanazawa - Tsuruga (approx. 130km)
JR-West's service area	Joetsu (provisional name) - Kanazawa (approx. 170km)	Kanazawa –Tsuruga (Approx. 130km)
Beginning of operations	End of FY2015 (plan)	End of FY2026 (plan) (construction commencement authorized on June 29, 2012)
Construction contractor	Japan Railway Construction, Transport and Technology Agency (JRTT) (JR-West will operate commercial services, paying a usage fee ※1 to JRTT that does not exceed the earnings received.)	
Travel time ※2	Kanazawa–Tokyo: 2h 36m (−71m) Toyama–Tokyo: 2h 17m (−54m)	Undecided
Rolling stock	Introduction of 10 trains planned (12 railcars per train)	Will advance practical application of gauge change trains to heighten convenience for passengers when changing between conventional lines and the Shinkansen at Tsuruga Station

(Hokuriku Shinkansen Line Route Map)



*1 Line usage fees are determined at a level (fixed amount) that does not exceed the earnings received and which balances JR-West's revenues and expenses over the 30-year period after beginning operations.
We have not included the increase in revenues and line usage fees in this medium-term management plan because at the present juncture we have not determined the timetables and fare structures that form the basis of their calculation, making objective and rational calculation difficult.

*2 Travel time: This is based on a comparison with the fastest train service to Tokyo using conventional lines as of March 2012 and assumes an average Shinkansen speed of 190km/h.

1) Promote Usage
- i. Increase travel between Hokuriku and Tokyo metropolitan area
  - Development tourism routes in cooperation with communities and travel companies and conduct Hokuriku destination campaigns
  - Introduce highly convenient Internet reservations
- ii. Maintain and increase travel between Hokuriku and Kansai
- iii. Develop and publicize Hokuriku route for travel between Kansai and Joetsu

2) Prepare for beginning of operations to Tsuruga
- ○ Develop technology for gauge change trains

❖ Average travel volume per day between Ishikawa/Toyama and Kanto area (FY2012)

(People)

	Railway	Aircraft	Total	Market share
Ishikawa–Kanto	2,823	4,448	7,271	38.8%
Toyama–Kanto	2,895	1,954	4,849	59.7%
Total	5,718	6,402	12,120	47.2%

* Estimates based on "Air Transportation Statistics" of Ministry of Land, Infrastructure, Transport and Tourism, etc.

Advance preparation for beginning operations on the Hokuriku Shinkansen Line and maximize benefits of beginning operations

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In regard to the Hokuriku Shinkansen, the Nagano-Kanazawa segment is scheduled to open in spring 2015.

In cooperation with JR East, we expect to be able to provide service between Tokyo and Toyama in a little more than two hours, and between Tokyo and Kanazawa in about two and a half hours. In addition to investing in rolling stock, we will steadily move ahead with preparations for the commencement of this service.

Although we don't incorporate the revenue/expense related to the Hokuriku Shinkansen in this plan, the opening of the Hokuriku Shinkansen is a key event. Therefore, we will strive to generate tourism demand utilizing Hokuriku's abundant tourism resources, and we will work to foster exchange between Hokuriku and Kansai through the enhancement and promotion of the appeal of Kansai. We will also take steps to generate new demand through the development of tourism routes utilizing the Hokuriku Shinkansen for travel between Kansai and Joetsu. In these ways, we will work to maximize the effects of the opening.

10. Kansai Urban Area—Improve 1)

JR-WEST

1) Increase and maintain market scale and JR West's share as population declines in earnest while city-center population increases again
2) Increase appeal of railway belts by developing terminal stations and effectively exploiting underutilized assets
3) Maintain and increase market share by enhancing transportation quality (reduce transport disruptions even further and minimize train delays when transport disruptions occur)

❖ Increase the value of railway belts

1) Make Kansai urban area appealing
   i. Create convenient railway lines that people want to reside in railway belts and are easy to use
      - Integrate development of stations, such as conversion to over-track stations and building of new stations, with community development
      - Develop terminal stations (enhance Osaka Station City's customer drawing power, Sannomiya Station, Tennoji Station, etc.)
      - Enhance and expand lifestyle-related services (develop Eki Naka (in-station) and station buildings, lifestyle-support facilities for child-rearing, etc.)
   ii. Enhance the Osaka Loop Line
      - Upgrade stations, enhance appeal of areas under elevated railway tracks and around stations (Morinomiya Station, etc.)
   iii. Build more convenient railway network
      - Advance creation of seamless railway network (from March 23, 2013, start of nationwide reciprocal use of transport IC cards)
      - Promote new underground station facilities in step with development of Umekita and Osaka Higashi Line (northern part)

Nada new station building
Spring 2013 (plan)

2) Increase quality of transportation
   - Pursue safe, reliable transport service
   - Replace rolling stock, introduce new safety system, increase safety at level crossings, increase facilities for turn back operation, take natural disaster countermeasures
   - Increase and improve guidance for customers during transport disruptions

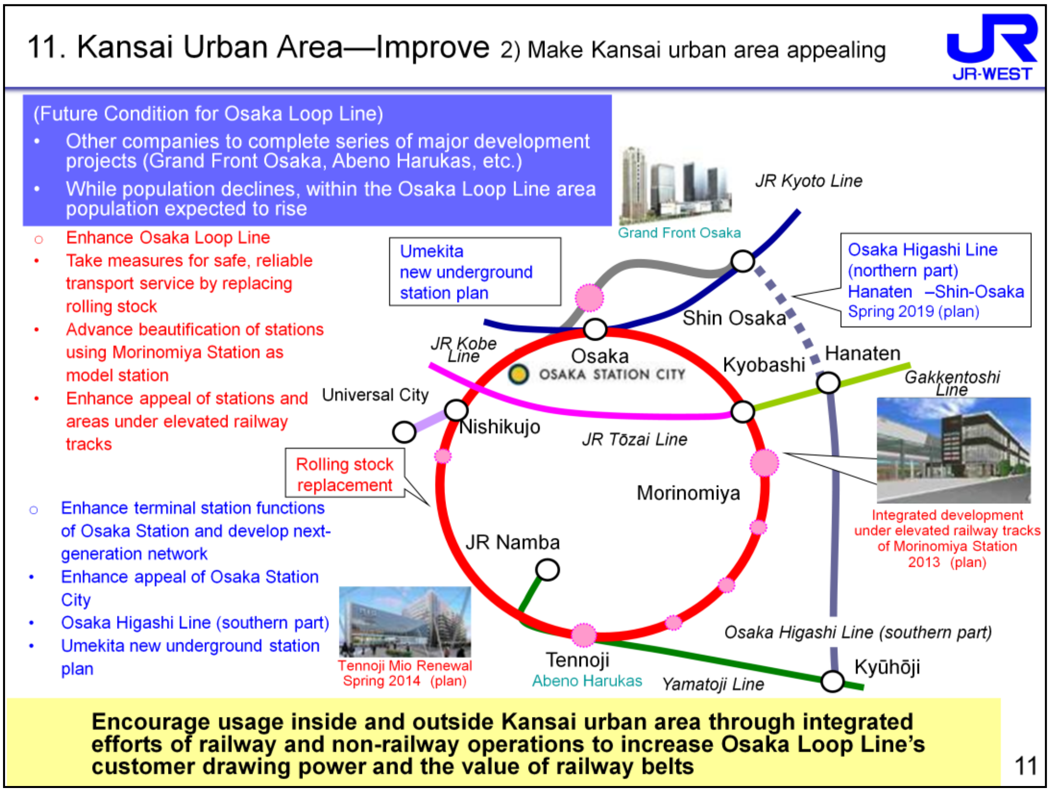
Encourage usage by increasing value of railway belts in Kansai urban area 10

Under the previous plan, we worked to "increase the value of railway belts" in the Kansai urban area. We moved ahead with initiatives to improve transport services and build communities that people want to live in along the JR Kobe Line and Biwako Line. Even as the overall population declines, we have implemented initiatives to encourage young families with children to live alongside our railway lines.

Under the new plan, we will continue taking steps to increase the value of railway belts, such as enhancing the station and community functions by allocating management resources. In this way we will strive to secure stable revenues from railway operations. In addition, we will work to build a stable revenue foundation and achieve growth in non-railway operations.

To that end, we will continue to focus on safe, reliable transport. We will replace rolling stock, increase safety at level crossings, reduce transport disruptions, and enhance natural disaster countermeasures.

Through these types of initiatives, we will support railway revenues, even in the face of the trend toward a declining population. We are targeting fiscal 2018 railway revenues in the Kansai urban area of ¥287.5 billion, which would limit the decline from the current year's forecast to ¥2.8 billion.



In the Kansai urban area, a number of large-scale development projects are planned for the area surrounding the Osaka Loop Line. In addition, within the loop the population is expected to increase due to a trend toward people returning to the city center.

Accordingly, we will implement focused investment on the loop line. We will take steps to enhance railway and non-railway operations in an integrated fashion, such as introducing new rolling stock, improving stations, and developing under elevated tracks and around stations.

Moreover, there is room to expand initiatives for Osaka as a tourist city. It will be necessary to provide sufficient information, so we will consider promotions using Internet web sites as well as sales of discount tickets and joint promotions implemented in cooperation with private railways in Kansai. In these ways, we will invigorate Osaka as a tourist city.

Furthermore, looking ahead, there are plans to extend the Osaka Higashi Line to Shin Osaka in 2019, and plans to move tracks in the Umekita Phase II area underground and build new stations. Moving forward, we will steadily enhance our network.

Through these types of measures, we will build appeal for Osaka and the rest of the Kansai urban area, and work to increase not only travel from within the area but also travel from outside the area.

12. Other West Japan Areas—Invigorate 1)

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Pursue sustainability as population declines and disparities among areas grow

1. Undertake development of operations that is based on close ties to areas

1) Encourage usage

  i. Undertake integrated Group efforts contributing to station-centered community development
   - Build relationships with local authorities and collaborate with local companies

  ii. Encourage usage by working together with local communities to promote tourism
   - Destination campaigns (July–September 2013: Hiroshima, September–December 2014: Wakayama)
   - Introduce new luxury trains

  iii. Enhance Hiroshima and Okayama metropolitan areas
   - Enhance and expand railway network
     (Extend Kabe Line, establish new station (provisional name: Hakushima), renew safety systems and rolling stock)
   - Enhance station's functions as terminal
     (Convert Hiroshima station into over-track station, develop stores)

2) Build efficient operational system

  ○ Set train schedules that meet customer needs

2. Aim for sustainable regional transportation

  ○ Seek appropriate form for regional transport through exploration with areas of optimal transportation modes

New Shimonoseki Station Building
March 2014 (plan)

Undertake development of operations that is based on close ties to areas and seek appropriate form for regional transport

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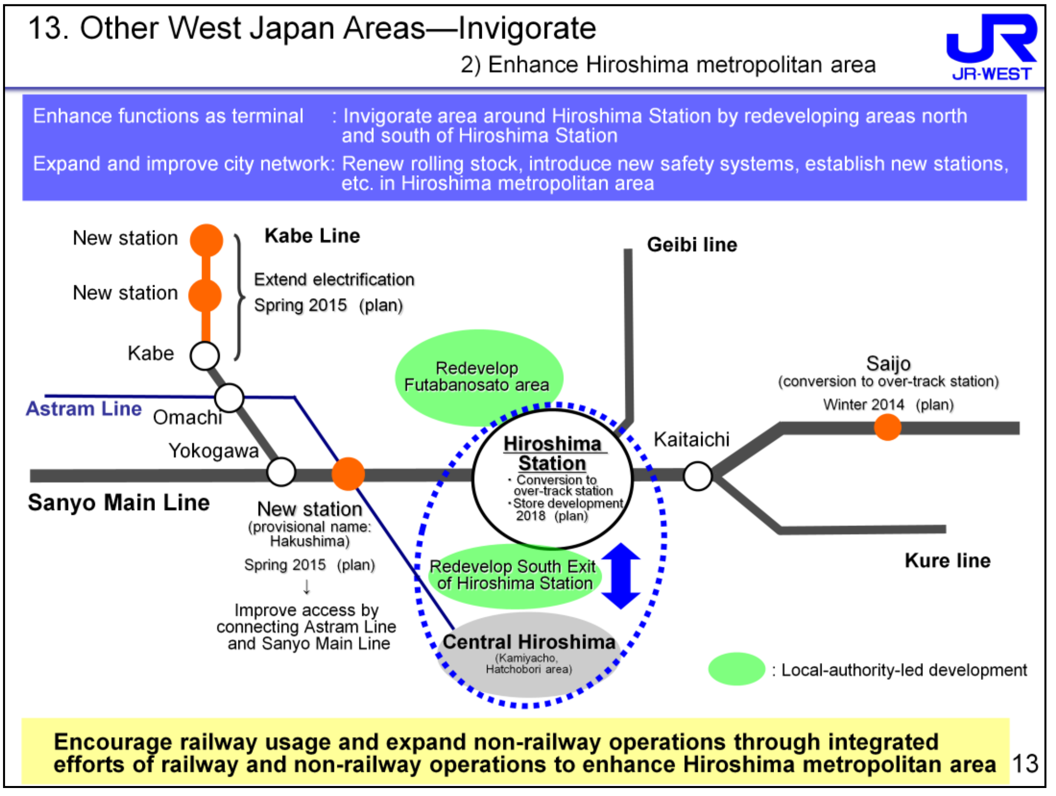
Railway usage is declining throughout the West Japan area, but there are some differences in usage trends between different areas. Developing businesses that leverage the Company's various strengths in response to the specific needs of each area will help ensure the continuation of our operations.

We will undertake the development of operations based on close ties to areas by working together with communities and integrating railway and non-railway operations. These efforts will include station-centered community development projects as well as tourism promotion through means such as campaigns and the introduction of luxury trains.

In regard to line issues in outlying areas, as we promote railway usage, we will also take other steps to seek out the appropriate form of regional transport through discussing issues with communities and sharing information on conditions and issues, exploring optimal modes of transportation, and taking other steps to seek out the appropriate form of regional transport.

We are forecasting revenues from railway operations in other West Japan areas of ¥113.5 billion in fiscal 2018, ¥7.3 billion lower than in the fiscal year ended March 31, 2013.



We will actively invest in community-development, working together with communities in Hiroshima and Okayama, both major prefectural cities with high growth potential.

Hiroshima is a key focus of this plan. In our railway operations in this area, we will expand and improve our city network by replacing the old rolling stock used since our days as Japanese National Railways and installing new safety systems. At the same time, we will enhance the terminal station functions of Hiroshima Station by converting it into an over-track station and developing stores. This will be accomplished by coordinating with redevelopment projects in areas surrounding the station.

14. Business Development—Develop 1)

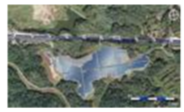
Take on the challenge of expanding lifestyle-related service businesses and developing/nurturing new fields of business

1) Strengthen and expand existing businesses
   - i. Achieve qualitative improvements by strengthening products and service capabilities (sales of goods and food services, shopping center businesses)
   - ii. Implement aggressive development in new regions (regions other than those alongside tracks and those in our service area)
     - Expand business hotel openings in major urban areas. Strengthen real estate development/leasing businesses in Tokyo metropolitan area, Fukuoka area, etc.
   - iii. Consider participating in businesses around main stations

2) Use Group's management resources optimally
   - i. Optimize overall use of Group assets
     - Promote terminal station development (Sannomiya Station, etc.)
     - Create business spaces and exploit underutilized assets effectively
   - ii. Increase appeal through combined initiatives with existing businesses
     - Implement a thorough reevaluation of OSAKA STATION CITY North Gate Building
     - Strengthen collaboration between railway and non-railway operations (card businesses, etc.), optimize overall business management by reorganizing subsidiaries, etc., advance area management

"Piole" shopping center, new Himeji Station building April 2013 (plan)

3) Develop and pioneer new business formats and business fields
   - i. Develop new business formats for lifestyle services business
   - ii. Move into new business fields through such means as the effective use of assets and technologies
     - Step up development of rehabilitation services business
     - Enter renewable energy business, consider agriculture-related businesses (indoor hydroponic cultivation business)
   - iii. Establish new business-matching capabilities promote business development



Photovoltaic power generation business in Asa

4) Consider business development with sights set on global market

Establish earnings foundations for JR-West Group aimed at long-term sustainable growth as population declines in earnest

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We plan to develop new businesses in various new fields.

Lifestyle-related service businesses, which are centered on retail and real estate businesses, have steadily contributed to improved revenues and income. Going forward, these operations will be positioned as a growth field of the same caliber as Shinkansen operations.

Development of stations and the surrounding areas will remain key. We will strengthen existing businesses, such as sales of goods and food services and shopping center businesses. In addition, in real estate and other businesses, we will develop new operations in new regions, including regions other than those alongside tracks and those in our service area.

For example, we currently operate 13 business hotels, and we will expand hotel openings into the Tokyo metropolitan area, Nagoya, and other major urban areas. Also, we are participating in real estate development projects in the Tokyo metropolitan area and the Fukuoka area, and we have also acquired land for our real estate leasing business in these areas. Going forward, we will actively participate in and develop projects in which the Group can leverage its strengths.

In addition, we will develop new lifestyle-related service businesses and effectively utilize the Group's assets and technologies to advance into new business areas and develop these operations into pillars for supporting operations.

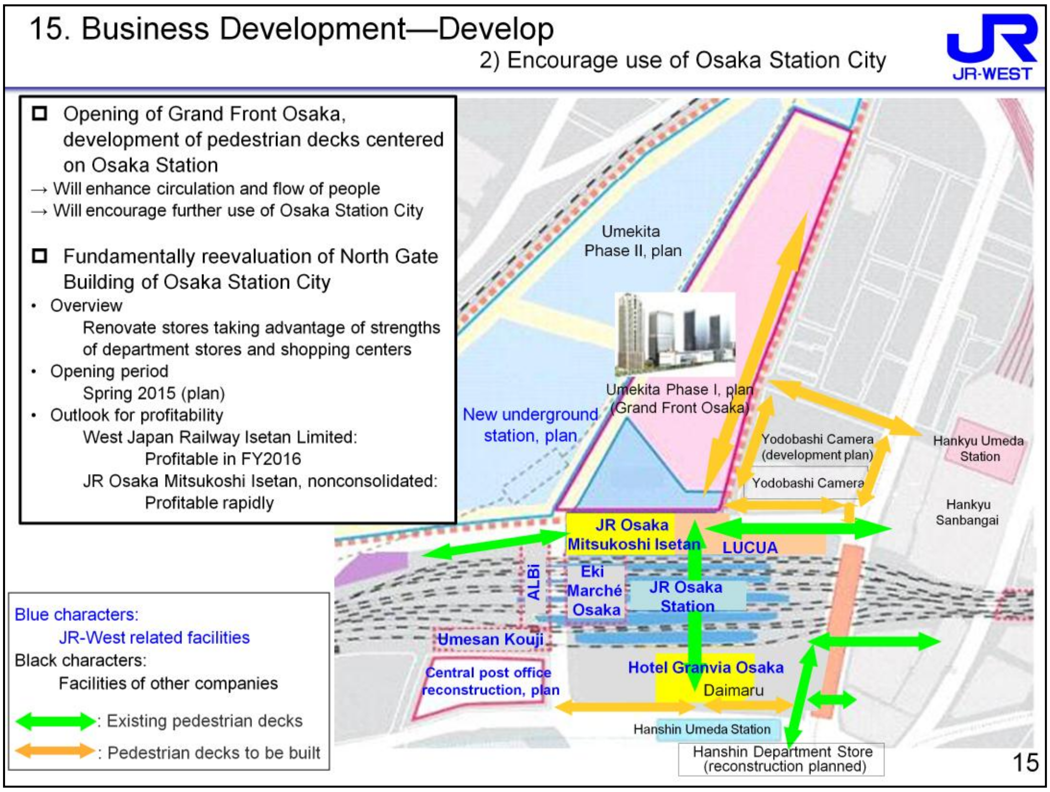
Such business areas will include pharmacies located in stations and car sharing operations with direct access to stations, which we believe will generate synergies with railway operations. Further, we will consider expanding our rehabilitation services business into Hiroshima, Mihara, and all other areas in which the Company operates. Through these efforts, we will help develop communities in which people can live with peace of mind.

Demand for railways overseas is on the rise. Going forward, we will consider the possibility of developing overseas operations through such means as entering into the urban railway operations or maintenance businesses or other business areas in which the Company can leverage its strengths.

To accomplish these goals, the Company must efficiently allocate management resources to explore new business areas and enhance the organizations responsible for implementing capital measures.

In fiscal 2018, we are forecasting revenues from lifestyle-related service businesses that are ¥25.0 billion higher than those achieved in fiscal 2013, and aim to achieve revenues of ¥1.0 billion from new businesses during this year.

Going forward, we will simultaneously develop a concrete list of businesses to be developed for future growth and accelerate the pace at which we establish these businesses. At the same time, we will evaluate potential investment projects for future growth. Investments that are deemed to feature significant growth potential will be invested in regardless of whether or not they are included in this plan.



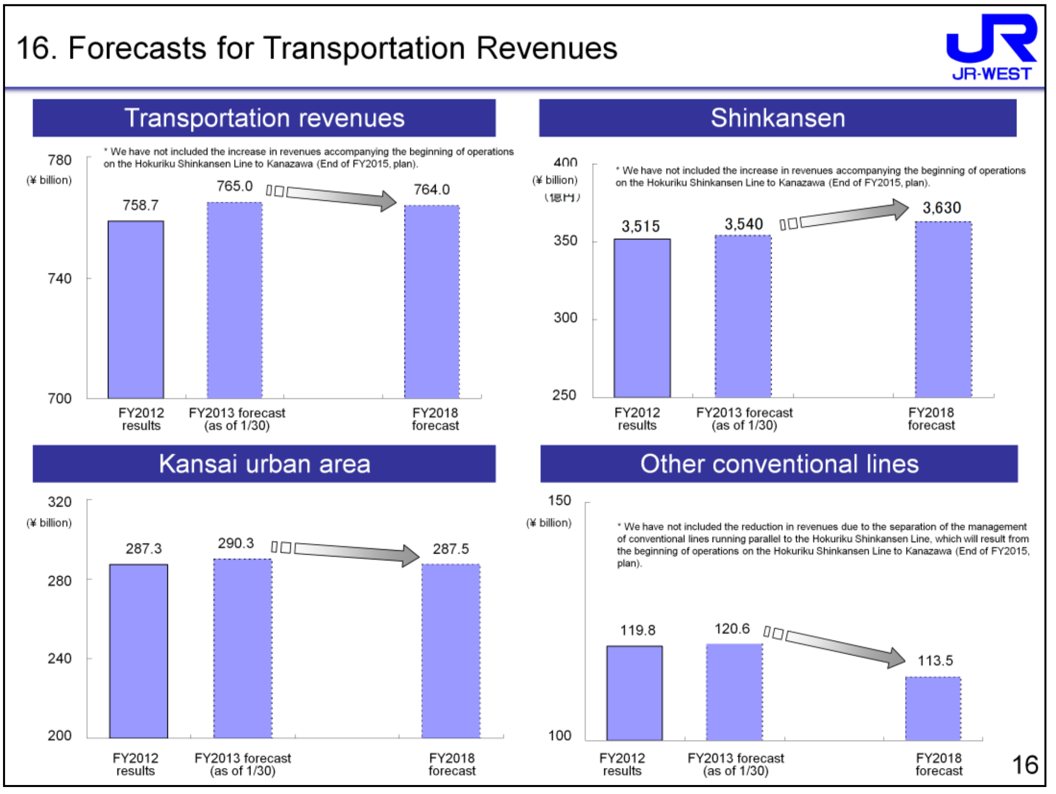
With the opening of Grand Front Osaka in April, the concentration of commercial facilities around Osaka Station will increase significantly, thereby enhancing the appeal of the area. Further, Osaka Station City, Grand Front Osaka, and the surrounding establishments will be connected by pedestrian decks, greatly improving ease of mobility around Osaka Station. Taking advantage of these new developments, we will provide visitors to the Umeda district with new discoveries and surprises to promote usage of Osaka Station City.

Competition is intensifying. Regardless, the Company will work to encourage people from the Kansai urban area and other areas to visit the Umeda district by collaborating with local businesses to enhance its appeal of the area and by enhancing the transmission of related information.

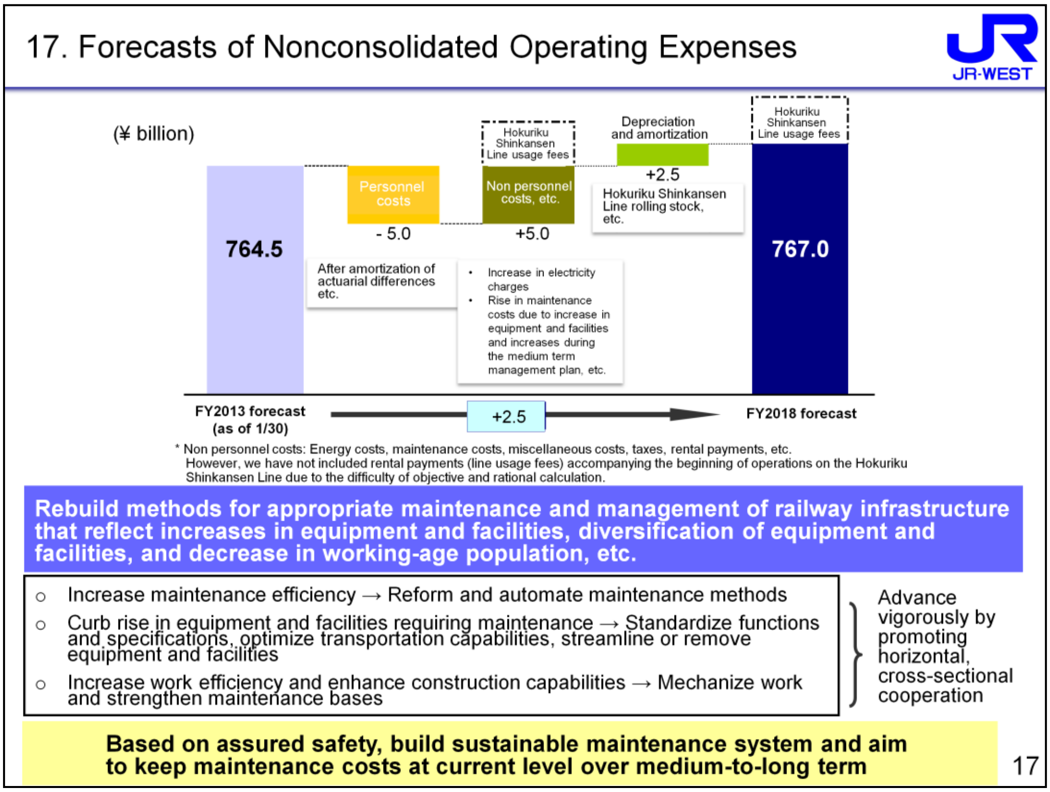
Currently, JR Osaka Mitsukoshi Isetan is the newest department store in the Umeda district. As a new contender in this area, we developed the facility to be highly unique through means such as increasing the amount of floor space that is coordinated directly by the department store. However, the product lineups of these stores, as well as their atmosphere and the customer service and sales skills of their employees, proved to be insufficient for winning the support of customers in Osaka. As a result, initial sales figures were substantially lower than forecasts.

However, we have developed fundamental reform measures together with Isetan Mitsukoshi Holdings Ltd. Utilizing our strengths with regard to both department store and shopping center merchandising, we will reform the department store area as well as the North Gate Building to create a new type of commercial facility. These facilities now welcome a wide range of visitors to their site adjacent to the Osaka Station terminal.

In light of the increased flow of people following the opening of Grand Front Osaka, we will implement measures with the aim of achieving profitability in department store operations in fiscal 2016. Detailed plans and schedules will be established in the future through discussions with Isetan Mitsukoshi Holdings.



In fiscal, we aim to maintain the same level of transportation revenues as seen in fiscal 2013, regardless of the harsh operating environment.



Conversely, nonconsolidated operating expenses are expected to be high.
Energy costs will rise due to the increase in electricity charges. Also, maintenance costs (basic costs and experiment costs) are expected to increase as a result of expenses to maintain and replace aged structures and advance development of gauge change trains to facilitate future growth.
In addition, depreciation and amortization expenses will be recorded with regard to investment in rolling stock for the Hokuriku Shinkansen Line.

In order to address higher energy costs, we will implement energy-saving measures, such as switching to more energy-efficient rolling stock.
We realize that maintenance costs are unavoidable in ensuring the ongoing safe operation of railways. However, we do intend to take steps to limit increases in maintenance costs over the medium- to long-term. These will include developing more sustainable maintenance systems through technological innovation, reforming inspection procedures, shifting to simpler maintenance systems, improving the efficiency of workflow processes, and strengthening construction capabilities.

18. Business Results Forecast for FY2018 (consolidated)

(¥billion)

	Result FY2012/3	Forecast FY2013/3 (As of 1/30)	Forecast FY2018/3	Change versus FY2013/3
Operating Revenues	1,287.6	1,289.0	1,306.0	17.0
Transportation	839.0	840.4	836.0	(4.4)
Retail	233.5	235.8	241.0	5.2
Real estate	93.5	89.5	101.0	11.5
Other businesses	121.4	123.3	128.0	4.7
Operating Income	109.7	121.0	127.5	6.5
Transportation	76.7	86.5	80.5	(6.0)
Retail	(2.9)	(1.6)	5.5	7.1
Real estate	25.9	26.2	33.0	6.8
Other businesses	10.3	10.2	9.0	(1.2)
Recurring Profit	82.4	96.0	106.5	10.5
Net Income	29.4	56.0	66.0	10.0
Transportation Revenues	758.7	765.0	764.0	(1.0)
ROA	4.1%	4.6%	4.7%	+ 0.1%
ROE	4.2%	7.8%	7.3%	▲ 0.5%
EBITDA	279.1	282.5	292.5	10.0

Notes:

Operating revenues are the revenues from third parties (= customers)

Operating income by segment is before eliminating internal transactions.

For transportation revenues, "Transportation" comprises JR-West's railway revenues in transportation operations.

Figures in brancket () are negative values.

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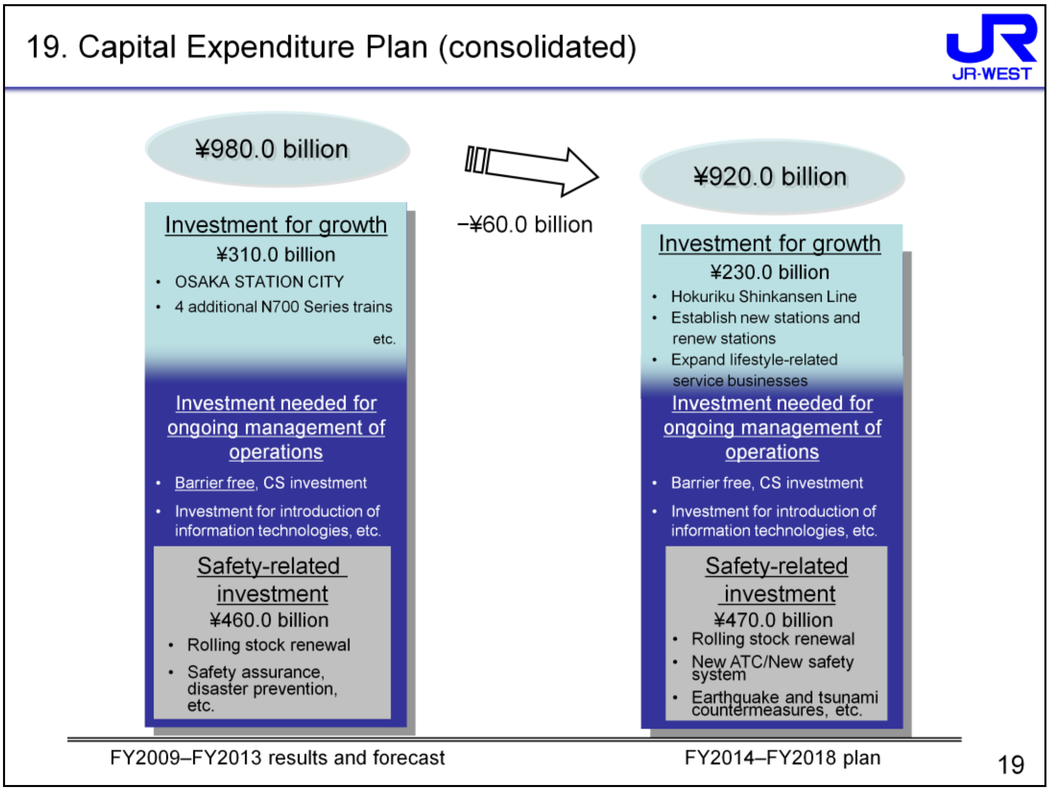
By advancing these strategies, we project that consolidated operating revenues in fiscal 2018, the final year of the plan, will be higher than seen in fiscal 2013. Even in the forecasted harsh operating environment, we believe the measures described in this plan can be effectively put in place, thereby leading to continuous growth in corporate value.

Further, consolidated operating revenues and net income are forecasted to reach record highs in fiscal 2018.



On a consolidated basis, the capital expenditures that will form the backbone of this plan are expected to total approximately ¥920.0 billion over the five-year period. While this is roughly ¥60.0 billion lower than in the previous plan, due to the completion of the two major projects, this does not change the fact that this plan once again calls for substantial capital expenditures.

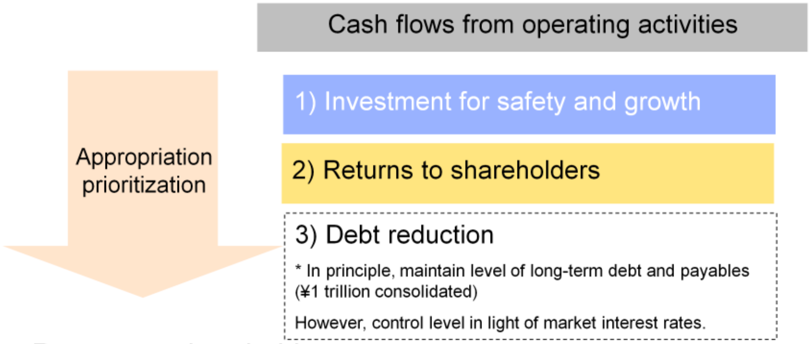
Of this, ¥230.0 billion is designated as investment for growth, including investment in10-car W7 trains for the Hokuriku Shinkansen Line and expansion of lifestyle-related service businesses.

Investments needed for the ongoing management of operations will include those for improving safety and efficiency through technological innovation, providing reliable transportation through consistent maintenance, and developing railway systems that are resilient to natural disasters. These investments will total ¥690.0 billion, of which ¥470.0 billion will be safety-related investment.

Going forward, we will make investment decisions based on careful analyses of the benefits of each individual project while also placing an emphasis on asset efficiency.

20. Cash Flows and Returns to Shareholders

■ Cash earmarking and prioritization
(unchanged from previous medium-term management plan)



■ Returns to shareholders

Reflecting our emphasis on providing stable shareholder returns over the long term, we will continue providing 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 will aim for a rate of total distribution on net assets* of around 3% for FY2018.

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

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The plan projects the generation of cash flows from operating activities that are slightly higher than those created by the previous plan. This will be the result of steady growth.

The prioritization of the appropriation of cash flows is, for the most part, unchanged from the previous plan.

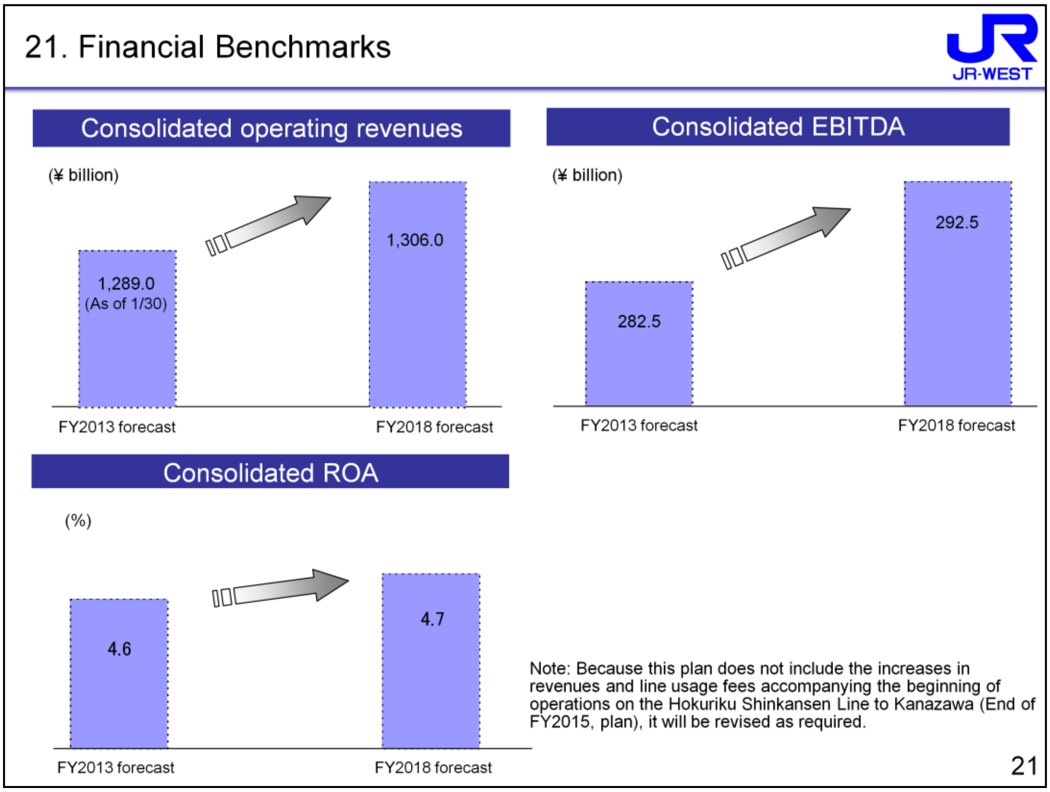
Our financial position is stable, and we will control the level of long-term debt and payables while carefully monitoring market interest rates to ensure that this level does not rise significantly from the current ¥1.0 trillion.

While we do not expect significant growth, we will continue providing stable shareholder returns.

We view the stability of shareholder returns over the long term as a matter of extreme importance. As such, we will continue providing returns to shareholders based on consideration of total shareholders' equity, the accumulated results of the Company's business activities. This will be our policy over the long term, rather than particularly focusing on each year's income. In addition, treasury stock acquisition will be considered as an option for enhancing shareholder returns.

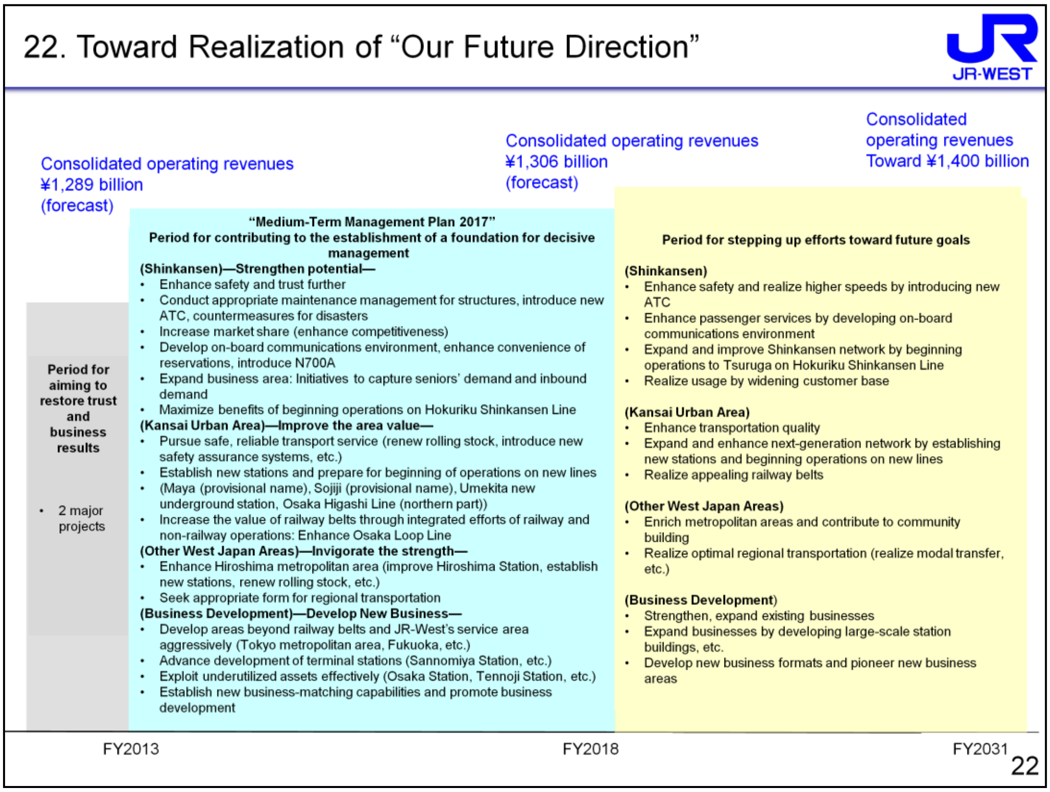
Meanwhile, we are currently unable to accurately incorporate into the plan railway usage charges and revenues from the Hokuriku Shinkansen Line, scheduled to commence operations in spring 2015. It will therefore be important to carefully monitor usage trends after operations on the line commence.

Specifically, our shareholder return policy for the five-year period calls for us to target a rate of total distribution on net assets of around 3% for fiscal 2018, the final year of the plan. This will be implemented with consideration for 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 believe this policy will also help us improve capital efficiency.



As in the previous plan, we will continue to focus on the following financial benchmarks: consolidated operating revenues, EBITDA, and ROA. Accordingly, we will strive to improve revenues over the medium- to long-term and generate ongoing cash flows, thereby increasing corporate value. We will also work to maintain and improve asset efficiency.

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



In closing, this slide lists the steps we will take toward accomplishing goals up until fiscal 2031.

This five-year plan has been formulated in consideration of this vision for the future.

Over the five-year period, we will develop and advance various measures with relation to each business strategy targeting future growth. In this manner, we will use this period to construct foundations for ensuring that results are produced in the future.

Through these efforts, we will work to overcome the adverse effects of population declines and other social and economic trends to achieve consolidated operating revenues of ¥1,400.0 billion in fiscal 2031, a level that greatly exceeds the levels projected in the JR-West Group’s Medium-Term Management Plan 2017.

Cautionary Statement Regarding Forward-Looking Statements

- This presentation contains forward-looking statements that are based on the current expectations, assumptions, estimates, and projections of JR-West about its business, industry, and capital markets around the world.
- These forward-looking statements are subject to various risks and uncertainties. Generally, forward-looking statements can be identified by the use of forward-looking terminology such as “may,” “will,” “expect,” “anticipate,” “estimate,” “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.
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- Important risks and factors that could cause actual results to be significantly different from expectations include, but are not limited to:
  - Expenses, liability, loss of revenue, or adverse publicity associated with property damage or casualties;
  - Economic downturn, deflation, and population decline;
  - Adverse changes in laws, regulations, and government policies in Japan;
  - Service improvements, price reductions, and other strategies undertaken by competitors such as passenger railway companies and airlines;
  - Earthquake and other natural disaster risks; and
  - Failure of computer telecommunications systems disrupting railway or other operations
- All forward-looking statements in this presentation are made as of March 18, 2013, based on information available to JR-West as of March 18, 2013. JR-West does not undertake to update or revise any of its forward-looking statements or reflect future events or circumstances.
- Furthermore, future compensation and other expenses for damages related to the train accident that occurred on the Fukuchiyama Line on April 25, 2005, have not been included in the forecasts of this presentation due to the difficulty of rationally estimating amounts at this juncture.

This document can be viewed at the JR-West Web site.
Investor Relations, JR-West Web site http://www.westjr.co.jp/company/ir/