

Results for the fiscal year ended March 2013 and Future Initiatives



May 2, 2013
West Japan Railway Company

I . Results for FY2013/3 and forecasts for FY2014/3

- I am Katsunori Matsuura, general manager of the finance department.
- I would like to explain the results for the fiscal year ended March 2013 (FY2013/3) and forecasts for the fiscal year ending March 2014 (FY2014/3) announced on April 30.

Financial Highlights



¥ Billions

| | Results FY2012/3 A | Results FY2013/3 B | YOY | | Forecasts FY2014/3 C | YOY | |
|---------------------------|--------------------------|--------------------------|--------------------------------|------------|----------------------------|--------------------------------|------------|
| | | | Increase/ (Decrease) B-A | % 1-B/A | | Increase/ (Decrease) C-B | % 1-C/B |
| 【Consolidated】 | | | | | | | |
| Operating Revenues | 1,287.6 | 1,298.9 | 11.2 | 0.9 | 1,310.5 | 11.5 | 0.9 |
| Operating Income | 109.7 | 129.4 | 19.6 | 17.9 | 125.0 | (4.4) | (3.5) |
| Recurring Profit | 82.4 | 104.6 | 22.2 | 26.9 | 101.5 | (3.1) | (3.0) |
| Net Income | 29.4 | 60.1 | 30.7 | 104.1 | 57.5 | (2.6) | (4.5) |
| 【Non-Consolidated】 | | | | | | | |
| Operating Revenues | 862.1 | 868.5 | 6.3 | 0.7 | 866.5 | (2.0) | (0.2) |
| Transportation Revenues | 758.7 | 769.1 | 10.3 | 1.4 | 775.0 | 5.8 | 0.8 |
| Operating Expenses | 772.8 | 766.1 | (6.7) | (0.9) | 772.5 | 6.3 | 0.8 |
| Personnel costs | 237.9 | 233.3 | (4.5) | (1.9) | 235.0 | 1.6 | 0.7 |
| Non personnel costs | 339.5 | 342.7 | 3.2 | 0.9 | 351.5 | 8.7 | 2.5 |
| Energy costs | 36.2 | 37.1 | 0.9 | 2.5 | 44.0 | 6.8 | 18.5 |
| Maintenance costs | 133.3 | 136.5 | 3.1 | 2.4 | 140.5 | 3.9 | 2.9 |
| Miscellaneous costs | 169.9 | 169.1 | (0.8) | (0.5) | 167.0 | (2.1) | (1.2) |
| Depreciation | 140.7 | 134.7 | (6.0) | (4.3) | 131.0 | (3.7) | (2.8) |
| Operating Income | 89.2 | 102.3 | 13.0 | 14.6 | 94.0 | (8.3) | (8.1) |
| Recurring Profit | 62.8 | 77.5 | 14.6 | 23.4 | 71.0 | (6.5) | (8.5) |
| Net Income | 22.1 | 41.9 | 19.7 | 89.2 | 43.5 | 1.5 | 3.8 |

Note: Figures in bracket () are negative values.

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- This sheet explains financial highlights of the results for FY2013/3 and forecasts for FY2014/3.
- In FY2013/3, operating revenues and income rose from the previous fiscal year on both a consolidated and non-consolidated basis, due mainly to the rebound from the negative impact of the Great East Japan Earthquake and strong leisure demand. Especially, 1,298.9 billion yen of operating revenues and 60.1 billion of net income were the highest ever.
- In FY2014/3, operating revenues on consolidated basis are anticipated to renew the highest record of by increasing 11.5 to 1,310.5 billion yen from the previous fiscal year. Operating income on consolidated basis, however, are forecasted to decrease 4.4 to 125.0 billion yen due to increase in costs associated with rise in electricity charges.

Non-Consolidated Financial Results



| | Results FY2012/3 A | FY2013/3 | | YOY | | Difference from the forecasts Increase/ (Decrease) C-B |
|--|--------------------------|--------------------------------|--------------|--------------------------------|-------|--|
| | | Forecasts (As of 1/30) B | Results C | Increase/ (Decrease) C-A | % | |
| | | | | | | |
| Operating Revenues | 862.1 | 863.5 | 868.5 | 6.3 | 0.7 | 5.0 |
| Transportation revenues | 758.7 | 765.0 | 769.1 | 10.3 | 1.4 | 4.1 |
| Other | 103.4 | 98.5 | 99.3 | (4.0) | (3.9) | 0.8 |
| Operating Expenses | 772.8 | 764.5 | 766.1 | (6.7) | (0.9) | 1.6 |
| Personnel costs | 237.9 | 233.0 | 233.3 | (4.5) | (1.9) | 0.3 |
| Non-personnel costs | 339.5 | 341.5 | 342.7 | 3.2 | 0.9 | 1.2 |
| Energy costs | 36.2 | 38.0 | 37.1 | 0.9 | 2.5 | (0.8) |
| Maintenance costs | 133.3 | 134.5 | 136.5 | 3.1 | 2.4 | 2.0 |
| Miscellaneous costs | 169.9 | 169.0 | 169.1 | (0.8) | (0.5) | 0.1 |
| Rental payments, etc. | 23.6 | 23.5 | 23.4 | (0.1) | (0.5) | (0.0) |
| Taxes | 30.9 | 32.0 | 31.7 | 0.7 | 2.5 | (0.2) |
| Depreciation | 140.7 | 134.5 | 134.7 | (6.0) | (4.3) | 0.2 |
| Operating Income | 89.2 | 99.0 | 102.3 | 13.0 | 14.6 | 3.3 |
| Non-operating revenues and expenses | (26.4) | (24.5) | (24.7) | 1.6 | (6.2) | (0.2) |
| Non-operating revenues | 7.1 | 6.5 | 6.4 | (0.7) | — | (0.0) |
| Non-operating expenses | 33.5 | 31.0 | 31.1 | (2.3) | — | 0.1 |
| Recurring Profit | 62.8 | 74.5 | 77.5 | 14.6 | 23.4 | 3.0 |
| Extraordinary profit and loss, net | (1.7) | 1.5 | 0.1 | 1.9 | — | (1.3) |
| Extraordinary profit | 23.1 | — | 39.9 | 16.8 | — | — |
| Extraordinary loss | 24.8 | — | 39.7 | 14.9 | — | — |
| Net Income | 22.1 | 41.0 | 41.9 | 19.7 | 89.2 | 0.9 |

Note: Figures in bracket () are negative values.

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- Operating income in FY 2013/3 increased 13.0 to 102.3 billion yen from the previous fiscal year. The result was 3.3 billion yen above the initial forecast. This was mainly because transportation revenues rose and non-personnel costs and depreciation decreased.

Major Factors of Increase/Decrease in Transportation Revenues



| Results FY2013/3 | | | | | ¥ Billions |
|--|-------|-------------------------|-----|--|------------|
| Transportation revenues | | YOY Increase/(Decrease) | | Major factors | |
| | | Amount | % | | Amount |
| Shinkansen | 357.0 | 5.5 | 1.6 | Fundamentals 1.5% | 5.2 |
| | | | | Special factors | |
| | | | | Rebound of the Great East Japan Earthquake | 1.0 |
| | | | | Golden week-Convenient holidays | 1.1 |
| | | | | Direct service between the Sanyo and the Kyushu Shinkansen | (2.0) |
| | | | | etc. | |
| Kyoto-Osaka-Kobe Area conventional lines | 291.4 | 4.0 | 1.4 | Fundamentals 1.1% | 3.2 |
| | | | | Special factors | |
| | | | | Rebound of the Great East Japan Earthquake | 0.6 |
| | | | | Golden week-Convenient holidays | 0.3 |
| | | | | etc. | |
| Other conventional lines | 120.6 | 0.7 | 0.7 | Fundamentals 0.2% | 0.2 |
| | | | | Special factors | |
| | | | | Rebound of the Great East Japan Earthquake | 0.5 |
| | | | | Golden week-Convenient holidays | 0.3 |
| | | | | etc. | |
| Conventional lines | 412.0 | 4.8 | 1.2 | | |
| Total | 769.1 | 10.3 | 1.4 | | |

Note: Revenues from luggage transportation are omitted due to the small amount.
Figures in bracket() are negative values.

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- Transportation revenues in FY2013/3 increased 10.3 to 769.1 billion yen due mainly to the rebound from the negative impact of the Great East Japan Earthquake, and strong leisure demand for holidays especially in Golden Week holidays and convenient holidays in autumn.
- Regarding to the direct service with Kyushu Shinkansen, we have made efforts to increase demands through such measures as increasing frequency of trains by timetable revision in March 2012.
- The positive effect by direct service decreased 2.0 billion yen from the FY2011/3 to 13.0 billion yen, mainly because of the rebound of opening boom and the negative impact of heavy rain in Kyusyu area. This result, however, was in line with the initial forecast for the second year.

Transportation Revenues and Passenger-Kilometers



| Transportation Revenues | | | | | | | Passenger-Kilometers | | | | | | |
|------------------------------|------------------------|--------------|-----------------|----------------------------------|--------------|-----------------|------------------------|---------------|----------------|--------------------------|---------------|----------------|--|
| | Fiscal Year (4/1-3/31) | | | 3 months (4Q) (1/1-3/31) | | | Fiscal Year (4/1-3/31) | | | 3 months (4Q) (1/1-3/31) | | | |
| | ¥ Billions | | | Millions of passenger-kilometers | | | | | | | | | |
| | FY2012/3 | FY2013/3 | YOY | FY2012/3 | FY2013/3 | YOY | FY2012/3 | FY2013/3 | YOY | FY2012/3 | FY2013/3 | YOY | |
| Total | 758.7 | 789.1 | 10.3 1.4% | 184.8 | 186.0 | 1.2 0.7% | 54,117 | 54,769 | 652 1.2% | 12,943 | 12,986 | 42 0.3% | |
| Shinkansen | 351.5 | 357.0 | 5.5 1.6% | 84.0 | 84.6 | 0.5 0.7% | 16,878 | 17,171 | 293 1.7% | 3,978 | 4,020 | 41 1.0% | |
| Commuter Passes | 8.9 | 9.0 | 0.1 1.3% | 2.1 | 2.2 | 0.0 1.1% | 722 | 736 | 13 1.9% | 178 | 177 | 0.9% | |
| Non-Commuter Passes | 342.5 | 347.9 | 5.4 1.6% | 81.8 | 82.4 | 0.5 0.7% | 16,155 | 16,434 | 279 1.7% | 3,802 | 3,842 | 39 1.0% | |
| Conventional Lines | 407.2 | 412.0 | 4.8 1.2% | 100.7 | 101.4 | 0.6 0.7% | 37,239 | 37,598 | 359 1.0% | 8,965 | 8,965 | 0 0.0% | |
| Commuter Passes | 140.4 | 140.2 | (0.2) (0.2%) | 33.6 | 33.4 | (0.1) (0.6%) | 22,788 | 22,728 | (59) (0.3%) | 5,340 | 5,277 | (63) (1.2%) | |
| Non-Commuter Passes | 266.7 | 271.8 | 5.0 1.9% | 67.0 | 67.9 | 0.8 1.3% | 14,450 | 14,869 | 419 2.9% | 3,624 | 3,688 | 63 1.8% | |
| Kyoto-Osaka-Kobe Area | 287.3 | 291.4 | 4.0 1.4% | 70.8 | 71.7 | 0.9 1.3% | 28,218 | 28,490 | 271 1.0% | 6,792 | 6,808 | 15 0.2% | |
| Commuter Passes | 113.4 | 113.2 | (0.1) (0.2%) | 27.3 | 27.1 | (0.1) (0.5%) | 18,440 | 18,398 | (41) (0.3%) | 4,358 | 4,308 | (48) (1.1%) | |
| Non-Commuter Passes | 173.8 | 178.1 | 4.2 2.4% | 43.4 | 44.5 | 1.0 2.5% | 9,778 | 10,091 | 313 3.2% | 2,438 | 2,499 | 63 2.6% | |
| Other Lines | 119.8 | 120.6 | 0.7 0.7% | 29.9 | 29.6 | (0.2) (0.9%) | 9,020 | 9,108 | 87 1.0% | 2,172 | 2,157 | (14) (0.7%) | |
| Commuter Passes | 27.0 | 28.9 | (0.0) (0.3%) | 6.3 | 6.3 | (0.0) (0.8%) | 4,348 | 4,330 | (18) (0.4%) | 983 | 989 | (14) (1.5%) | |
| Non-Commuter Passes | 92.8 | 93.7 | 0.8 0.9% | 23.5 | 23.3 | (0.2) (0.9%) | 4,672 | 4,778 | 106 2.3% | 1,188 | 1,188 | 0 0.0% | |

Note: Figures in bracket () are negative values.

Major Factors of Increase/Decrease in Operating Expenses (Non-consolidated)



| Item | | Results FY2013/3 | | Major factors |
|-------------------------------|-------|-------------------------|-------|---|
| | | YOY | | |
| | | Increase/ (Decrease) | % | |
| Personnel costs | 233.3 | (4.5) | (1.9) | *Decrease in amortization of accumulated unrecognized actuarial differences due to revision of basic rate of retirement benefits obligation (2.9), etc. |
| Energy costs | 37.1 | 0.9 | 2.5 | *Increase in fuel price, etc. |
| Maintenance costs | 136.5 | 3.1 | 2.4 | *Increase in removal costs, excluding contributions from third parties, etc. |
| Miscellaneous costs | 169.1 | (0.8) | (0.5) | *Decrease in payments for other JR companies (4.0) *Increase in system related costs 1.0 |
| Rental Payments, etc | 23.4 | (0.1) | (0.5) | |
| Taxes | 31.7 | 0.7 | 2.5 | *Increase in property taxes, etc. |
| Depreciation and amortization | 134.7 | (6.0) | (4.3) | *Decrease in the conclusion of the additional depreciation of residual value related to the change in the system of depreciation in 2007, etc. |
| Total | 766.1 | (6.7) | (0.9) | |

Note: Figures in bracket () are negative values.

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- This sheet explains main factors of change in operating expenses from the previous year.
- Personnel costs decreased 4.5 billion yen from the previous year, due mainly to decrease in amortization of accumulated unrecognized actuarial differences due to revision of basic rate of retirement benefits obligation in 2001.
- Regarding non-personnel costs, energy costs increased 0.9 billion yen due to the increase in energy costs stemming from rise in fuel price. The maintenance costs also increased 3.1 billion yen mainly due to increase in removal costs associated with construction works. On the other hand, miscellaneous costs decreased 0.8 billion yen due to decrease in payments for other JR companies.
- Depreciation and amortization decreased 0.6 billion yen, mainly because of the conclusion of the additional depreciation of residual value related to the change in the system of depreciation in 2007.
- As a result, operating expenses decreased 6.7 billion yen. Since transportation revenues increased, operating income increased 13.0 billion yen from the previous fiscal year accordingly.

Consolidated Financial Results



¥ Billions

| | Results FY2012/3 A | FY2013/3 | | YOY | | Difference from the forecasts Increase/ (Decrease) C-B |
|--|--------------------------|--------------------------------|--------------|--------------------------------|------------|--|
| | | Forecasts (As of 1/30) B | Results C | Increase/ (Decrease) C-A | % 1-C/A | |
| Operating Revenues | 1,287.6 | 1,289.0 | 1,298.9 | 11.2 | 0.9 | 9.9 |
| Operating Expenses | 1,177.8 | 1,168.0 | 1,169.4 | (8.4) | (0.7) | 1.4 |
| Operating Income | 109.7 | 121.0 | 129.4 | 19.6 | 17.9 | 8.4 |
| Non-operating revenues and expenses | (27.3) | (25.0) | (24.8) | 2.5 | (9.2) | 0.1 |
| Non-operating revenues | 7.9 | 7.0 | 6.8 | (1.1) | - | (0.1) |
| Non-operating expenses | 35.2 | 32.0 | 31.6 | (3.6) | - | (0.3) |
| Recurring Profit | 82.4 | 96.0 | 104.6 | 22.2 | 26.9 | 8.6 |
| Extraordinary profit and loss, net | (2.2) | (3.0) | (4.9) | (2.7) | - | (1.9) |
| Extraordinary profit | 27.6 | - | 41.5 | 13.9 | - | - |
| Extraordinary loss | 29.8 | - | 46.5 | 16.7 | - | - |
| Net Income | 29.4 | 56.0 | 60.1 | 30.7 | 104.1 | 4.1 |
| Comprehensive Income | 27.6 | - | 55.0 | 27.3 | 98.9 | - |

Note: Figures in bracket () are negative values.

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- On a consolidated basis, operating revenues increased 11.2 to 1,298.9 billion yen, the highest ever after the disclosure of financial results on consolidated basis in 1993. operating expenses decreased 8.4 to 1,169.4 billion yen, and operating income increased 19.6 to 129.4 billion yen.

Consolidated Financial Results (Segment Information)



¥ Billions

| | Results FY2012/3 A | FY2013/3 | | YOY | | Difference from the forecasts Increase/ (Decrease) C-B |
|--|--------------------------|--------------------------------|--------------|--------------------------------|------------|--|
| | | Forecasts (As of 1/30) B | Results C | Increase/ (Decrease) C-A | % 1-C/A | |
| | | | | | | |
| Operating Revenues*¹ | 1,287.6 | 1,289.0 | 1,298.9 | 11.2 | 0.9 | 9.9 |
| Transportation | 839.0 | 840.4 | 844.9 | 5.8 | 0.7 | 4.5 |
| Retail | 233.5 | 235.8 | 234.6 | 1.1 | 0.5 | (1.1) |
| Sales of goods and food services | 133.4 | 133.7 | 134.4 | 0.9 | 0.7 | 0.7 |
| Department Stores | 94.9 | 97.6 | 93.5 | (1.4) | (1.5) | (4.1) |
| Real estate | 93.5 | 89.5 | 90.9 | (2.6) | (2.9) | 1.4 |
| Shopping center | 54.3 | 54.3 | 55.0 | 0.7 | 1.3 | 0.7 |
| Real estate lease and sale* ³ | 37.6 | 33.7 | 34.2 | (3.3) | (8.9) | 0.5 |
| | [10.7] | [6.5] | [6.9] | | | |
| Other businesses | 121.4 | 123.3 | 128.4 | 6.9 | 5.7 | 5.1 |
| Hotel | 32.1 | 32.9 | 33.0 | 0.9 | 2.8 | 0.1 |
| Nippon Travel Agency | 37.2 | 38.8 | 38.8 | 1.6 | 4.4 | 0.0 |
| Operating Income*² | 109.7 | 121.0 | 129.4 | 19.6 | 17.9 | 8.4 |
| Transportation | 76.7 | 86.5 | 90.1 | 13.3 | 17.4 | 3.6 |
| Retail | (2.9) | (1.6) | (0.4) | 2.4 | - | 1.1 |
| Sales of goods and food services | 3.1 | - | 3.3 | 0.2 | 7.1 | - |
| Department stores | (6.3) | - | (4.0) | 2.2 | - | - |
| Real estate | 25.9 | 26.2 | 28.0 | 2.0 | 7.7 | 1.8 |
| Shopping center | 8.2 | - | 8.7 | 0.5 | 6.6 | - |
| Real estate lease and sale | 6.3 | - | 8.1 | 1.7 | 27.8 | - |
| Other businesses | 10.3 | 10.2 | 12.3 | 1.9 | 19.0 | 2.1 |
| Hotel | 1.6 | - | 2.3 | 0.6 | 39.6 | - |
| Nippon Travel Agency | 0.3 | - | 0.7 | 0.4 | 107.2 | - |

Note: Figures in bracket () are negative values.

*¹ Operating revenues are the revenues from third parties (+ customers).

The breakdowns of operating revenues by each segment are the sums of revenues of major subsidiaries.

*² The breakdowns of operating income by each segment are the sums of incomes of major subsidiaries before eliminating internal transactions.

*³ Figures in bracket [] are the sales of condominiums. (Revenues from third parties) (Included in Real estate lease and sale)

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Retail Business

- Operating revenues increased 1.1 to 234.6 billion yen. This is mainly because revenues increased from the opening in last autumn of in-station shopping zone “Eki Marche” and business hotel “Via-inn Okayama”, while revenues from in-station shops decreased because of station renovations and revenues from department stores was slightly worse than the previous year. The segment posted 0.4 billion yen of operating loss, 2.4 billion yen better than the previous year, mainly because of decrease in opening costs of the JR Osaka Mitsukoshi Isetan department store.

Real Estate Business

- Condominium sales decreased while the shopping center LUCUA that consists of Osaka Station City remains popular even in the second year. As a result, operating revenues decreased 2.6 to 90.9 billion yen. On the other hand, operating income increased 2.0 to 28.0 billion yen mainly because of the cost decrease by conclusion of the initial costs of the Osaka Station City.

Other Businesses

- For both hotels and travel agencies, there were positive impacts of the rebound of the Great East Japan Earthquake and strong leisure demand. Also there were more orders of construction works related to Hokuriku Shinkansen.

Non-Consolidated Financial Forecasts



| | ¥Billions | | | |
|--|---------------------|-----------------------|--------------------------------|------------|
| | Results FY2013/3 | Forecasts FY2014/3 | YOY | |
| | | | Increase/ (Decrease) B-A | % 1-B/A |
| A | B | | | |
| Operating Revenues | 868.5 | 866.5 | (2.0) | (0.2) |
| Transportation revenues | 769.1 | 775.0 | 5.8 | 0.8 |
| Other | 99.3 | 91.5 | (7.8) | (7.9) |
| Operating Expenses | 766.1 | 772.5 | 6.3 | 0.8 |
| Personnel costs | 233.3 | 235.0 | 1.6 | 0.7 |
| Non personnel costs | 342.7 | 351.5 | 8.7 | 2.5 |
| Energy costs | 37.1 | 44.0 | 6.8 | 18.5 |
| Maintenance costs | 136.5 | 140.5 | 3.9 | 2.9 |
| Miscellaneous costs | 169.1 | 167.0 | (2.1) | (1.2) |
| Rental payments, etc. | 23.4 | 23.5 | 0.0 | 0.0 |
| Taxes | 31.7 | 31.5 | (0.2) | (0.8) |
| Depreciation | 134.7 | 131.0 | (3.7) | (2.8) |
| Operating Income | 102.3 | 94.0 | (8.3) | (8.1) |
| Non-operating revenues and expenses | (24.7) | (23.0) | 1.7 | (7.1) |
| Non-operating revenues | 6.4 | 6.2 | (0.2) | — |
| Non-operating expenses | 31.1 | 29.2 | (1.9) | — |
| Recurring Profit | 77.5 | 71.0 | (6.5) | (8.5) |
| Extraordinary profit and loss, net | 0.1 | — | (0.1) | — |
| Extraordinary profit | 39.9 | — | — | — |
| Extraordinary loss | 39.7 | — | — | — |
| Net Income | 41.9 | 43.5 | 1.5 | 3.8 |

Note: Figures in bracket () are negative values.

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- For the current fiscal year, transportation revenues are expected to increase 5.8 billion year on year. However, other revenues are likely to decrease 7.8 billion yen due to lower earnings from other JR companies since October last year. As a result, operating revenues will decrease 2.0 to 866.5 billion yen. Further, payments for other JR companies, which are recognized in miscellaneous costs, will largely offset earnings from other JR companies. Consequently, the lower earnings from other JR companies will not affect operating income. As a result, this can be seen as a substantive increase in revenues.
- Operating expenses are forecasted to increase 6.3 to 772.5 billion yen and operating income is anticipated to decrease 8.3 to 94.0 billion yen, owing to increase in personnel costs and non-personnel costs. As a result, operating income is forecasted to remain almost the same as in the last year if we exclude 8.0 billion yen of the negative impacts of increases in electricity-related costs.

Transportation Revenue Forecasts



¥ Billions

| | Results FY2013/3 A | Forecasts FY2014/3 B | YOY | |
|--------------------------------|--------------------------|----------------------------|--------------------------------|------------|
| | | | Increase/ (Decrease) B-A | % 1-B/A |
| Shinkansen | 357.0 | 362.7 | 5.7 | 1.6 |
| Kyoto-Osaka-Kobe Area lines | 291.4 | 292.3 | 0.9 | 0.3 |
| Other lines | 120.6 | 119.8 | (0.7) | (0.6) |
| Conventional lines | 412.0 | 412.2 | 0.1 | 0.0 |
| Transportation revenues | 769.1 | 775.0 | 5.8 | 0.8 |

Note: Revenues from luggage transportation are omitted due to the small amount.
 Figures in bracket () are negative values.

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- For transportation revenues in the current fiscal year, we expect the overall fundamentals will reflect current solid usage and edge up 0.6%. As for the Shinkansen, which responds to the business climate, in light of recent economic trends, we project a 1.5% increase. Kansai Urban Aria is likely to be unchanged, while others are likely to edge down 0.7%.
- Considering the opening of Grand Front Osaka in addition to the factors mentioned above, transportation revenues are anticipated to increase 5.8 to 775.0 billion yen.

Operating Expenses Forecasts (Non-Consolidated)



| Item | | Forecasts FY2014/3 | | Major factors (YOY) |
|-------------------------------|-------|-------------------------|-------|---|
| | | YOY | | |
| | | Increase/ (Decrease) | % | |
| Personnel costs | 235.0 | 1.6 | 0.7 | *Increase in the rate of health insurance and employees' pension insurance, etc. |
| Energy costs | 44.0 | 6.8 | 18.5 | *Increase in electricity charges and fuel price, etc. |
| Maintenance costs | 140.5 | 3.9 | 2.9 | *Increase in rail replacement costs, etc. |
| Miscellaneous costs | 167.0 | (2.1) | (1.2) | *Decrease in payments for other JR companies *Increase in system related costs *Increase in electricity charges, etc. |
| Rental Payments, etc | 23.5 | 0.0 | 0.0 | |
| Taxes | 31.5 | (0.2) | (0.8) | *Decrease in property taxes, etc. |
| Depreciation and amortization | 131.0 | (3.7) | (2.8) | *Progress of depreciation and amortization |
| Total | 772.5 | 6.3 | 0.8 | |

Note: Figures in bracket () are negative values.

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- Personnel costs are expected to increase 1.6 billion yen due mainly to increase in the rate of health insurance and employees' pension insurance.
- Regarding to non-personnel costs, energy costs are anticipated to 6.8 billion yen mainly because of increase in electricity charges and fuel price. The total cost increase related to electricity is anticipated to be 8.0 billion yen, consisting of about 4.0 billion yen of increase in electricity charges and of about 4.0 billion yen of increase in fuel price. Among the 8.0 billion yen, 6.8 billion yen is for energy costs and the rest is for miscellaneous costs.
- Maintenance costs are anticipated to increase 3.9 billion yen because we are in the peak period of maintenance works, such as rail replacements needed for ongoing management of operations.

Consolidated Financial Forecasts



¥ Billions

| | Results FY2013/3 A | Forecasts FY2014/3 B | YOY | |
|--|--------------------------|----------------------------|--------------------------------|------------|
| | | | Increase/ (Decrease) B-A | % 1-B/A |
| Operating Revenues | 1,298.9 | 1,310.5 | 11.5 | 0.9 |
| Operating Expenses | 1,169.4 | 1,185.5 | 16.0 | 1.4 |
| Operating Income | 129.4 | 125.0 | (4.4) | (3.5) |
| Non-operating revenues and expenses | (24.8) | (23.5) | 1.3 | (5.3) |
| Non-operating revenues | 6.8 | 6.7 | (0.1) | - |
| Non-operating expenses | 31.6 | 30.2 | (1.4) | - |
| Recurring Profit | 104.6 | 101.5 | (3.1) | (3.0) |
| Extraordinary profit and loss, net | (4.9) | (3.0) | 1.9 | - |
| Extraordinary profit | 41.5 | - | - | - |
| Extraordinary loss | 46.5 | - | - | - |
| Net Income | 60.1 | 57.5 | (2.6) | (4.5) |
| Net income per share(¥) | 310.87 | 296.94 | - | - |

Note: Figures in bracket () are negative values.

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- In current fiscal year, consolidated operating revenues are forecasted to be a record high of 1,310.5 billion yen, 11.5 billion yen higher than the previous year, mainly due to increase in transportation revenue and sales of condominiums. Considering that operating expenses are anticipated to increase 16.0 billion yen, we forecast that operating income will decrease 4.4 to 125.0 billion yen.

Consolidated Financial Forecasts (Segment Information)



| | ¥ Billions | | | |
|--|---------------------|-----------------------|--------------------------------|------------|
| | Results FY2013/3 | Forecasts FY2014/3 | YOY | |
| | | | Increase/ (Decrease) B-A | % 1-B/A |
| A | B | | | |
| Operating Revenues* ¹ | 1,298.9 | 1,310.5 | 11.5 | 0.9 |
| Transportation | 844.9 | 844.0 | (0.9) | (0.1) |
| Retail | 234.6 | 236.4 | 1.7 | 0.7 |
| Sales of goods and food services | 134.4 | 131.6 | (2.8) | (2.1) |
| Department Stores | 93.5 | 96.0 | 2.4 | 2.7 |
| Real estate | 90.9 | 103.8 | 12.8 | 14.2 |
| Shopping center | 55.0 | 52.7 | (2.3) | (4.3) |
| Real estate lease and sale* ² | 34.2 | 49.4 | 15.1 | 44.0 |
| | [6.9] | [21.8] | | |
| Other businesses | 128.4 | 126.3 | (2.1) | (1.6) |
| Hotel | 33.0 | 33.1 | 0.0 | 0.2 |
| Nippon Travel Agency | 38.8 | 38.5 | (0.3) | (1.0) |
| Operating Income | 129.4 | 125.0 | (4.4) | (3.5) |
| Transportation | 90.1 | 82.7 | (7.4) | (8.2) |
| Retail | (0.4) | 3.1 | 3.5 | - |
| Real estate | 28.0 | 27.7 | (0.3) | (1.1) |
| Other businesses | 12.3 | 11.9 | (0.4) | (3.7) |

Note: Figures in bracket () are negative values.

*¹ Operating revenues are the revenues from third parties (= customers).

The breakdowns of operating revenues by each segment are the sums of revenues of major subsidiaries.

*² Figures in bracket [] are the sales of condominiums. (Revenues from third parties) (Included in Real estate lease and sale)

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Retail Business

- We forecast that operating revenues will increase 1.7 to 236.4 billion yen, taking it into account that sales of department stores are anticipated to increase due to synergetic effects of Grand Front Osaka and rush demand ahead of consumption tax hike while the sales of in-station shops are expected to decrease due to station renovations at Shin-Osaka, Fukuyama, Hiroshima stations, and etc.
- Operating income is forecasted to increase 3.5 to 3.1 billion yen mainly because of decrease in depreciation and amortization accompanied by impairment loss on fixed assets related to JR Osaka Mitsukoshi Isetan and cost reduction.

Real Estate Business

- We expect that operating revenue will increase 12.8 to 103.8 billion yen, considering about 20 billion yen of increase in sales of condominiums due to an increase in the number of handover and rush demand ahead of tax hike.

Other Businesses

- Both hotels and travel agencies are facing fiercer competition and cost increase associated with system investments. Therefore, operating revenues are anticipated to be 126.3 billion yen and accordingly both operating revenues and income will decrease from the previous year.

Consolidated Financial Situation and Statements of Cash Flows



| ¥ Billions | | | |
|---|------------------------------|------------------------------|--|
| | As of March 31, 2012 A | As of March 31, 2013 B | Difference increase/ (decrease) B-A |
| Assets | 2,642.9 | 2,613.7 | (29.2) |
| Liabilities | 1,909.4 | 1,845.5 | (63.8) |
| Net assets | 733.5 | 768.1 | 34.6 |
| Balance of Long-term Debt and Payables at the end of FY | 1,068.8 | 983.0 | (85.7) |
| [Average interest rate(%)] | [2.86] | [2.84] | [▲0.02] |
| Shinkansen Purchase Liability | 284.5 | 244.2 | (40.2) |
| [Average interest rate(%)] | [5.56] | [5.69] | [0.13] |
| Bonds | 454.9 | 449.9 | (4.9) |
| [Average interest rate(%)] | [2.07] | [2.11] | [0.04] |
| Equity ratio (%) | 26.6 | 28.5 | 1.9 |
| Net assets per share (¥) | 3,632.41 | 3,850.82 | 218.41 |
| | Results FY2012/3 A | Results FY2013/3 B | YOY increase/ (decrease) B-A |
| Cash flows from operating activities | 206.2 | 238.0 | 31.7 |
| Cash flows from investing activities | (199.1) | (154.7) | 44.4 |
| Free cash flows | 7.0 | 83.2 | 76.1 |
| Cash flows from financing activities | (36.8) | (85.2) | (48.4) |
| Change in cash and cash equivalents, net Cash and cash equivalents at the end of the period | (29.7) | (1.9) | 27.7 |
| | 50.3 | 48.3 | (1.9) |

Note: Figures in bracket () are negative values.

Other Data



Persons, ¥Billions

| | Results FY2012/3 | | Results FY2013/3 | | Forecasts FY2014/3 | |
|--|------------------|------------------|------------------|------------------|--------------------|------------------|
| | Consolidated | Non-Consolidated | Consolidated | Non-Consolidated | Consolidated | Non-Consolidated |
| ROA (% Consolidated) | 4.1 | | 4.9 | | 4.7 | |
| ROE (% Consolidated) | 4.2 | | 8.3 | | 7.5 | |
| EBITDA (Consolidated) *1 | 279.1 | | 290.3 | | 281.0 | |
| Depreciation (Consolidated) | 169.3 | | 160.8 | | 156.0 | |
| Capital Expenditure (Consolidated, own fund) | 195.4 | | 152.9 | | 192.0 | |
| Capital Expenditure (Non-consolidated, own fund) | 150.8 | | 124.8 | | 165.0 | |
| Safety related capital expenditure | 97.7 | | 72.7 | | 89.0 | |
| Dividends per share (¥) | 90 | | 110 | | 110 | |

*1 EBITDA = Operating Income + Depreciation

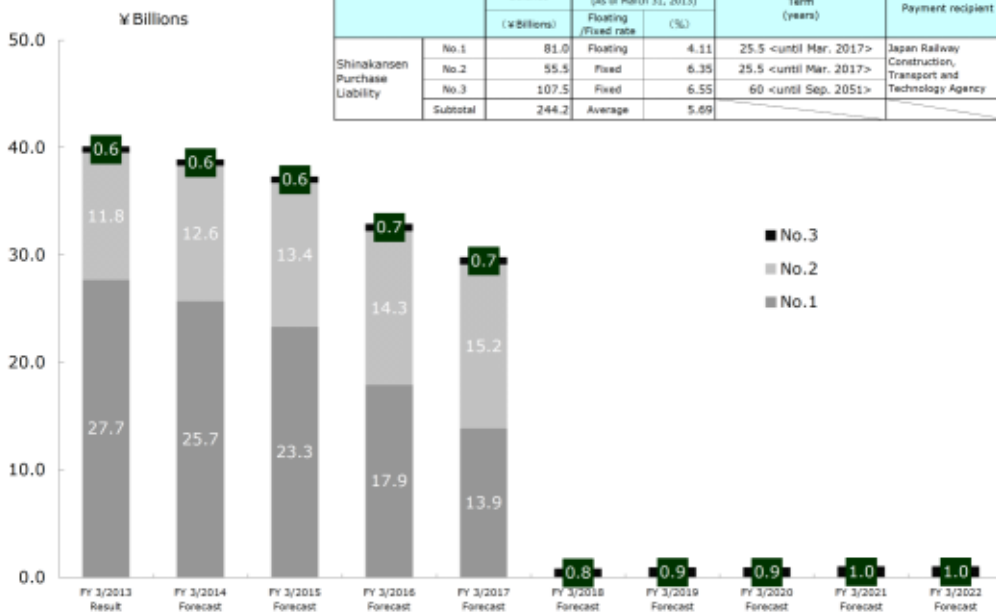
| | Results FY2012/3 | | Results FY2013/3 | | Forecasts FY2014/3 | |
|---------------------------------------|------------------|------------------|------------------|------------------|--------------------|------------------|
| | Consolidated | Non-Consolidated | Consolidated | Non-Consolidated | Consolidated | Non-Consolidated |
| No. of employees at the end of period | 45,402 | 26,778 | 45,326 | 26,889 | - | - |
| Financial Expenses, net | (32.4) | (31.2) | (30.0) | (28.9) | (28.1) | (27.0) |
| Interest and dividend income | 0.4 | 1.4 | 0.3 | 1.3 | 0.4 | 1.3 |
| Interest expenses | 32.9 | 32.6 | 30.4 | 30.3 | 28.5 | 28.3 |

Note: Figures in bracket () are negative values.

Redemption Plan of Shinkansen Purchase Liability



[As of March 31, 2013]



Ⅱ . Review of the “Revision of JR-West Group’s Medium-Term Management Plan 2008-2012”

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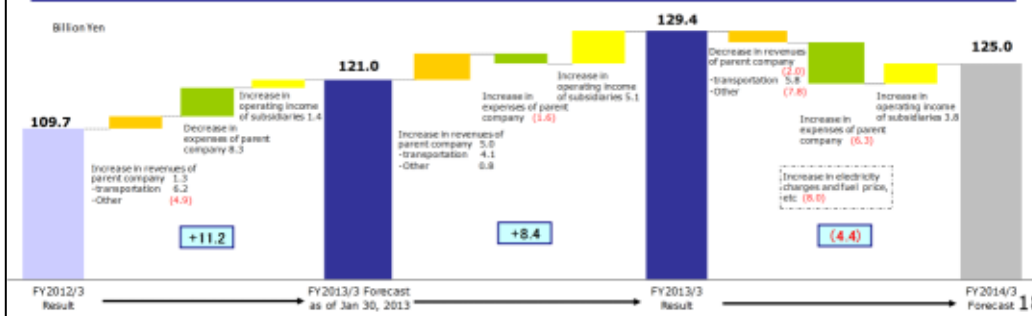
- I am Seiji Manabe, president of JR-West.
- I would like to explain the review of the “Revision of JR-West Group’s Medium-Term Management Plan 2008-2012”, and our future initiatives.

Consolidated Financial Results and Forecasts

¥ Billions

| | FY2013/3 Result | | | FY2014/3 Forecasts | | |
|--------------------|-----------------|-------------------------|-------|--------------------|-------------------------|-------|
| | | YOY Increase/(Decrease) | | | YOY Increase/(Decrease) | |
| | | Amount | % | | Amount | % |
| Operating Revenues | 1,298.9 | 11.2 | 0.9 | 1,310.5 | 11.5 | 0.9 |
| Operating Expenses | 1,169.4 | (8.4) | (0.7) | 1,185.5 | 16.0 | 1.4 |
| Operating Income | 129.4 | 19.6 | 17.9 | 125.0 | (4.4) | (3.5) |
| Recurring Profit | 104.6 | 22.2 | 26.9 | 101.5 | (3.1) | (3.0) |
| Net Income | 60.1 | 30.7 | 104.1 | 57.5 | (2.6) | (4.5) |

Trend of consolidated operating income



- During the previous medium-term management plan, we have steadily implemented Basic Safety Plan. In addition, we have advanced the strategies typified by two major projects of the opening of Osaka Station City and the direct through-service with the Kyushu Shinkansen.
- As a result, operating revenues on consolidated basis was 1,298.9 billion yen, the highest ever since JR-West started, and operating income on consolidated basis was 129.4 billion yen.
- Consequently, both consolidated EBITDA and consolidated ROA surpassed the targets among the financial benchmarks set out in the previous medium-term management plan. Also, consolidated operating revenues reached 1,300 billion of the target generally.
- In consideration of these results, we decided that benefits of projects realized in our view, and we are planning dividends of 110 yen per share for the year, following the dividend policy that “we aim DOE ratio of 3% in the final fiscal year of the plan”.
- In the current fiscal year, consolidated operating revenues are forecasted to renew the highest, increasing 11.5 to 1,310.5 billion yen, while operating income is expected to decrease 4.4 to 125.0 billion yen.

Financial Results and Forecasts during Medium-Term Management Plan



| | FY09/3 Results | FY10/3 Results | FY11/3 Results | FY12/3 Results | FY13/3 Results | ¥ Billions FY13/3 Forecasts (as of October 2010) |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--|
| Operating Revenues | 1,275.3 | 1,190.1 | 1,213.5 | 1,287.6 | 1,298.9 | 1,300.0 |
| Transportation | 856.1 | 797.4 | 806.4 | 839.0 | 844.9 | 824.5 |
| Retail | 215.3 | 201.9 | 201.3 | 233.5 | 234.6 | 258.5 |
| Real Estate | 71.1 | 70.9 | 75.7 | 93.5 | 90.9 | 88.0 |
| Other businesses | 132.6 | 119.6 | 129.9 | 121.4 | 128.4 | 129.0 |
| Operating Income | 122.5 | 76.5 | 95.9 | 109.7 | 129.4 | 95.5 |
| Transportation | 89.1 | 45.2 | 61.1 | 76.7 | 90.1 | 59.0 |
| Retail | 4.7 | 3.1 | 3.5 | (2.9) | (0.4) | 2.5 |
| Real Estate | 22.6 | 22.5 | 22.2 | 25.9 | 28.0 | 26.5 |
| Other businesses | 6.7 | 6.7 | 9.6 | 10.3 | 12.3 | 9.0 |
| Recurring Profit | 94.8 | 48.1 | 68.9 | 82.4 | 104.6 | 68.0 |
| Net Income | 54.5 | 24.8 | 34.9 | 29.4 | 60.1 | 38.5 |
| Transportation Revenues | 773.7 | 720.0 | 728.0 | 758.7 | 769.1 | 740.0 |
| Transportation | 339.1 | 312.4 | 323.9 | 351.5 | 357.0 | 336.5 |
| Retail | 301.5 | 286.1 | 284.4 | 287.3 | 291.4 | 286.0 |
| Real Estate | 132.5 | 121.4 | 119.6 | 119.8 | 120.6 | 117.5 |
| ROA | 5.0% | 3.1% | 3.7% | 4.1% | 4.9% | 3.6% |
| ROE | 8.4% | 3.7% | 5.2% | 4.2% | 8.3% | 5.4% |
| EBITDA | 259.5 | 218.4 | 246.8 | 279.1 | 290.3 | 266.0 |

Note: All the figures are the revenues from third parties (= customers).
 The breakdowns of operating income by each segment are the sums of incomes of major subsidiaries before eliminating internal transactions.
 Transportation revenues refer to the railway revenues of JR-West included in the operating revenues of the Transportation segment.
 Bold figures represent the financial indicators stated in "Revisions to the JR-West Group's Medium-Term Management Plan 2008-2012" announced on October 28, 2010.

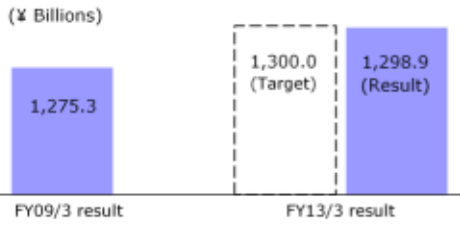
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- When we formulated the current medium-term management plan, we expected that income in FY2014/3 could be severe because of increases in energy costs and maintenance costs while revenues were expected to increase to some extent.
- When we made the forecasts for FY 2014/3, we realized that the current railway trends remained strong and we reevaluated costs. Accordingly, we formulated the improved forecasts compared to that in the medium-term management plan.
- Increases in electricity charges and fuel price are expected to cause the increase in energy costs and miscellaneous costs on non-consolidated basis. The amount of the impact is forecasted to be 8.0 billion yen in total. If we deduct the negative effect of about 8.0 billion yen, the operating income could be same level as last fiscal year on non-consolidated basis and could exceed that in last fiscal year on consolidated basis.
- Regarding current conditions, "Abenomics" have led to signs of improvement in the economic environment. Further, the opening of major projects in the area surrounding Osaka Station, such as Grand Front Osaka, is expected to invigorate the whole Kansai area. We intend to help invigorate the West Japan area by advancing the strategies set out in its medium-term management plan and thereby accumulate revenues and incomes.

Review of the "Revision of JR-West Group's Medium-Term Management Plan 2008-2012" (financial benchmarks)

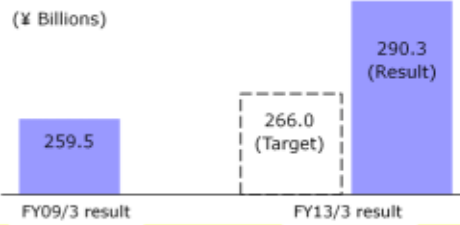


Consolidated operating revenues



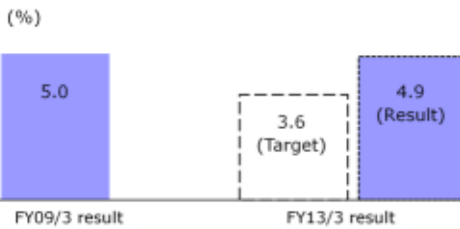
Reached target generally due to favorable transportation revenues centered on Shinkansen

Consolidated EBITDA



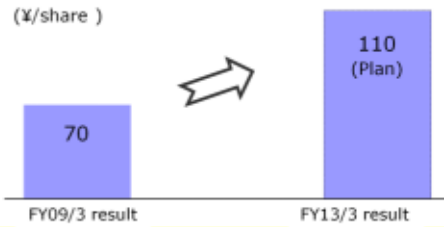
Surpassed target due to favorable transportation revenues centered on Shinkansen

Consolidated ROA



Surpassed target thanks to above-target consolidated operating income for FY2013/3 (target: ¥95.5 billion → Result: ¥129.4 billion)

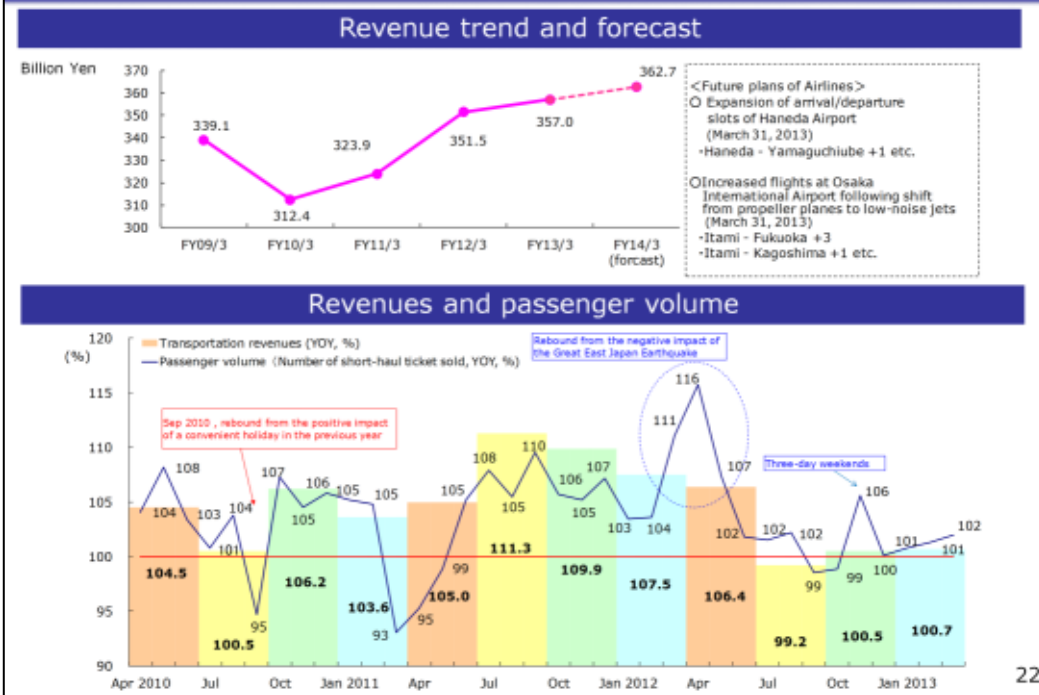
Returns to Shareholders



Based on the degree in achievement of three benchmarks, decided that benefits of projects realized in our view
 → Reached consolidated DOE ratio of 3% generally

Ⅲ. Future initiatives

Shinkansen—Enhance 1. Sanyo Shinkansen



- Next topic is about our future initiatives.
- Comparing the same dates of the previous year, passenger volume between Shin-Osaka and Nishi-Akashi for the Sanyo Shinkansen was up 2% in March but declined 1% in April. However, if we compare the same days, the volume in April also increased slightly year on year. Therefore, we expect firm trends to continue.
- In addition, given the tailwind that the improved economic environment promises to provide, for the current fiscal year we are targeting a 1.5% rise in the fundamentals of transportation revenues, to a record high of 362.7 billion yen.

Shinkansen—Enhance 2. Sanyo Shinkansen



Improve train timetable (Increase frequency)

- Shin-Osaka – Hakata :56.5 round trips /day, Maximum 5 round trips /hour (“Nozomi”, “Mizuho”, & “Sakura”)
- West Japan area :Increased frequency of “Nozomi” (Okayama/Hiroshima – Tokyo)
- Tokyo metropolitan area :Increased in “Nozomi” stops at Tokuyama Station (Mar. 2013)
- Increased frequency during holiday seasons :Set timetable to run extra “Mizuho” (Mar. 2013)
Increased extra “Nozomi”, “Hikari”, and “Sakura” during “Golden Week” (early-May holiday season)
- Kyusyu Shinkansen :22.5 round trips per day (Shin-Osaka - Kagoshima-Chuo) (Mizuho 5, Sakura 17.5)
Increased frequency of “Sakura” (Hiroshima – Kagoshima-Chuo) (Mar. 2013)
- Reduction in travel time :Shortened the travel time of nearly half of “Nozomi” and “Sakura” (Shin-Osaka - Hakata) (Mar. 2013)

Increase convenience of online reservation service

- Express Reservation : All sections in Sanyo Shinkansen(Sanyo and Tokaido Shinkansen) (July 2006~)
 - “e5489” : Sanyo and Kyusyu Shinkansen, and limited express trains etc. in West Japan, Shikoku, and Kyusyu areas (Mar. 2011~)
- * Both services offer reduced prices year-round, and users can change reservations until right before departure

Enhance safety and comfort

- Introduced the N700 Series in Sanyo Shinkansen Line (July 2007~)
- Introduced the N700 Series for Kyusyu Shinkansen (4 seats per row for reserved seats, luxurious green car) (Mar. 2011~)
- Started operation of JR Central’s N700A Series in Sanyo Shinkansen Line (Mar. 2013~)
- Gradually introduce JR West’s own N700A Series (Dec. 2013~)
- Expand area in which mobile phones can be used: Commence service between Shin-Osaka and Shin-Iwakuni within FY 2014/3 (Currently between Shin-Osaka and Mihara)

Expand the variety of special tickets

- Launched early purchase discount tickets (“Super Haya-Toku” ticket, etc.) (Spring 2013)

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- While competition with airlines have been getting intensive, we plan to maintain and expand market share against airline by enhancing the appeal of the Shinkansen such as the highly convenient train timetable and internet reservation system, safety, and comfort.
- In particular, by timetable revision in March 2013, we increased frequency of “Nozomi” between Okayama/ Hiroshima and Tokyo and increased in “Nozomi” stops at Tokuyama Station considering competition with airlines. Also, we newly set a “Sakura” between Hiroshima and Kagoshima-Chuo” in order to promote usage between Chugoku area and Kyusyu area.
- Moreover, we plan to sequentially introduce N700A Series with enhanced safety and comfort from December 2013, and to enable people use mobile phones between Shin-Osaka and Shin-Iwakuni within fiscal year ending 2014. In addition, we are expanding the variety of special discount tickets in consideration of airline strategies.

**Sustain sound facilities and services into the future
Enhance ability to respond to natural disasters**

1. Maintain and manage tunnels, elevated railway tracks, and other structures appropriately
2. Advance earthquake and tsunami countermeasures and derailment prevention measures
3. Introduce new ATC

Expand business area by creating new demand

1. Capture seniors' demand
 - "Nori Nori ticket" (discount tickets) for Zipangu Club members
 - "Remember Kyusyu" Campaign
2. Capture inbound demand
 - "ICOCA & HARUKA", "JR Sanyo-Shikoku-Kyusyu RAIL PASS" (discount tickets)
 - Expand targets for sales
 - Develop West Japan tourism routes in cooperation with local authorities, communities, and JR-West Group
 - Subtitles for displays in "Haruka" expresses available in 4 languages (Japanese, English, Korean, Chinese), open wireless Internet connections available at Shinkansen stations and major urban stations

Entrench and expand benefits of direct service with the Kyushu Shinkansen Line

- Continue campaigns and product development in cooperation with communities
 - "Detective Conan Mystery Tour in Kumamoto and Aso"
 - "Remember Kyusyu", "Air & Rail" in Miyazaki, Kumamoto and Kagoshima area
 - Sell products developed through "Kagoshima College" project
 - Publicize the attractiveness of Kansai area through "Santo Monogatari Web"

- We also work to expand market size by capturing seniors' and inbound travel demand.
- Particularly, we set new products and campaign targeting seniors. In regard to inbound businesses, we plan not only to develop new products but also to expand targets of sales toward emerging countries in Asia such as Thai, to develop West Japan tourism routes in cooperation with local authorities, communities, and JR-West Group, and to open wireless Internet connections available at major stations.
- By steadily advancing these measures and leveraging the positive effects of the improved economic environment, we strive to surpass the targets.

Shinkansen—Enhance 4. Hokuriku Shinkansen



(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 26, 2012) |
| Construction contractor | Japan Railway Construction, Transport and Technology Agency (JR-CT) (JR-West will operate commercial services, paying a usage fee to JR-CT that does not exceed the earnings received.) | |
| Travel time ⁽³⁾ | 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 train to help improve 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

1. 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

2. Maintain and increase travel between Hokuriku and Kansai

- 3. Develop and publicize Hokuriku route for travel between Kansai and Joetsu

2) Prepare for beginning of operations to Tsuruga

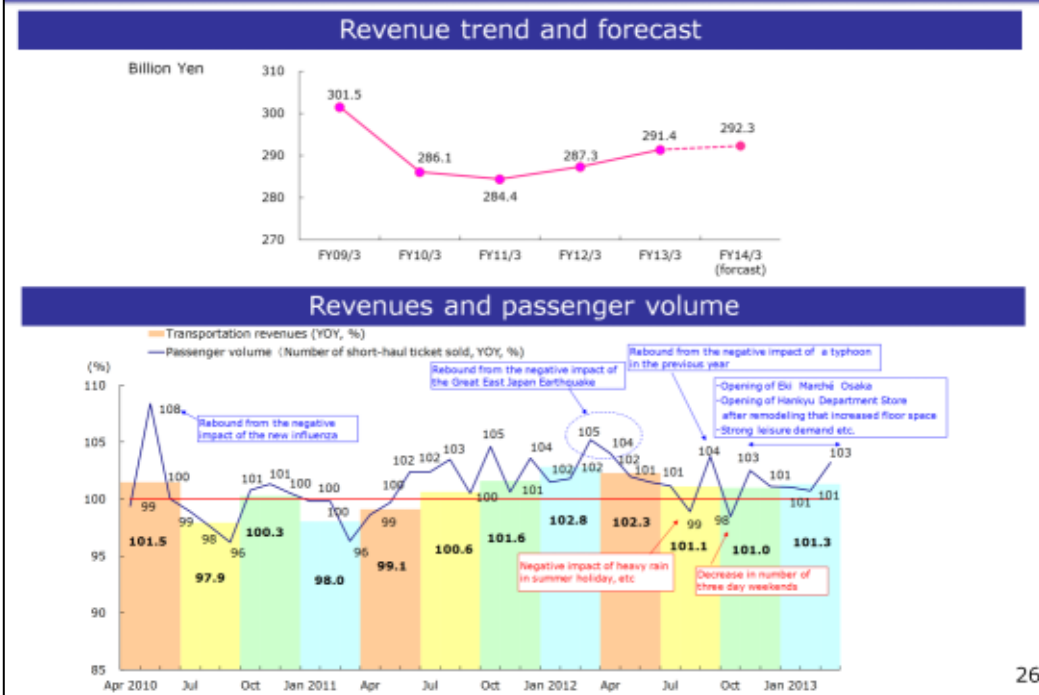
- Develop technology for gauge change trains

◇ Average travel volume per day between Ishikawa/Toyama and Kanto area (FY2012/3)
(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.

- For Hokuriku Shinkansen, we will steadily go ahead with preparation for the opening of operation. We decided to hold Hokuriku Destination Campaign since October 2015. We will strive to maximize the effect of the opening by these promotion.



- Passenger volume in April remained firm, comparing the same dates of previous year. The opening of Hankyu Department Store after renovation in last autumn, the opening of Eki Marché, and strong leisure demand contributed positively, while there were negative impacts of strong low-pressure in early April and earthquake in Awaji island area.
- We plan the fundamentals for transportation revenue to be unchanged for the current fiscal year, taking it into account the facts that population has been declining in earnest, that upturn trend of economic conditions in the Company's service area is relatively weak compared to nationwide economics, and that electricity price issues remain uncertain.
- On the other hand, travels from within and from outside Kansai urban area are expected to increase due to major projects around Osaka Loop Line such as Grand Front Osaka that opened on April 26 and Abeno Harukas that is scheduled to preopen on June 13.
- By connecting the positive impact effectively to the revenue, we expect that transportation revenue will be 292.3 billion yen, higher than that in the previous year.

1) Make Kansai urban area appealing

1. Create convenient railway belts that people want to reside

- Integrate development of stations, such as conversion to over-track stations and building of new stations, with community development

| New stations (provisional name) | Line | Opening period (plan) |
|---------------------------------|--------------------|-----------------------|
| Maya | JR Kobe Line | Spring 2016 |
| Higashi-Himeji | JR Kobe Line | Spring 2016 |
| JR Sojji | JR Kyoto Line | Spring 2018 |
| Kizuri | Osaka Higashi Line | Spring 2018 |

| Station improvement | Completing period (plan) |
|---------------------|--------------------------|
| Sannomiya | Summer 2013 |
| Tennoji | Summer 2013 |
| Amagasaki | Spring 2015 |
| Takatsuki | Spring 2016 |

- Enhance and expand lifestyle-related services

- Attract a licensed child institution (Otsu Station): "Second Chausuyama Child Institution" (provisional name)

2. Advance urban tourism

- Provide information about restaurants along Osaka Loop Line (Osaka Loop Line Gurunavi)

3. Build more convenient railway network

- Advance creation of seamless railway network
 - Start of nationwide reciprocal use of transport IC card (Mar 23, 2013~)
- Promote new underground station facilities in step with development of Umekita and Osaka Higashi Line (northern part)



Licensed child institution (Otsu Station)
 ·Capacity: 100 people
 (Nursery school 70, kindergarten 30)
 ·Opening period: Apr 2014)

2) Increase quality of transportation

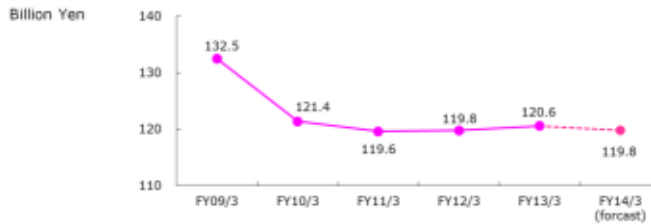
○ Pursue safe, reliable transport service

- 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

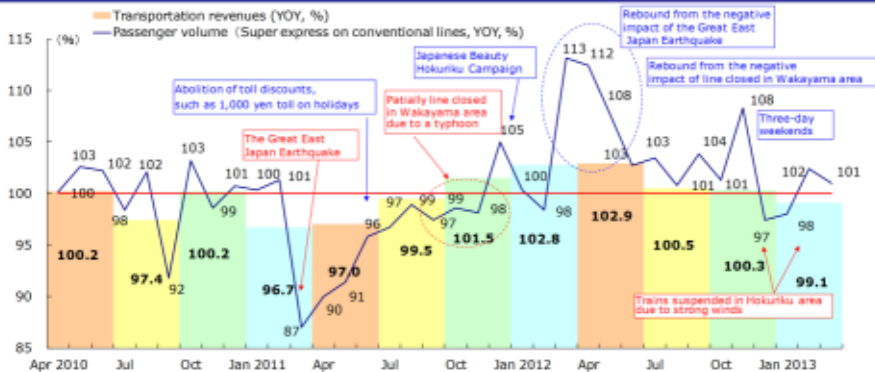
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- We continue to strive to enhance the value of railway belts. We announced the attraction of child institution to Otsu Station as well as the plan of two new stations of Shigashi-Himeji and Kizuri. We will take measures to maintain and increase the demand while population as a whole declines.
- The recent trend of passenger volume at Osaka station has hovered at high level of around +10% year on year, reflecting the opening of Grand Front Osaka.

Revenue trend and forecast



Revenues and passenger volume



- In the Other West Japan Area, a variety of events are expected to be planned during this fiscal year such as “Sengu” (ritual ceremonies along with renovation work) conducted in every 60 year at Izumo Taisha Shrine and “Setouchi International Art Festival” and Hiroshima Destination Campaign in July.
- While anticipating situations such as population decline, we will take steps to invigorate the demand for railway and JR Group’s businesses by stimulating travel demand in cooperation with local communities.
- For passenger volume of limited expresses in April, it decreased 1% year on year comparing the same date of the previous year. However, it slightly exceeded the previous year if we compare the same day of the previous year. We consider that the firm trends continue.

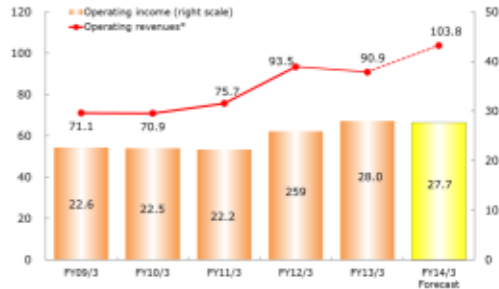
Business Development—Develop 1



Retail (Billion Yen)



Real Estate (Billion Yen)



Others (Billion Yen)



*Operating revenues are the revenues from the third parties (=costumer)

The consequent slides explain Business Development.

Sales of goods and food services

1) Strengthen and expand existing businesses

1. Renew stores inside stations along with station improvement
 - Concourse at Sannomiya Station (2013, plan)
2. Implement aggressive development in new regions (regions other than those alongside tracks and those in our service area)
 - Open business hotel "Via-inn Nagoya" (The 14th hotel as the hotel chain)
 - Opening Day: July 19, 2013
 - The number of rooms: 238 rooms (Single 211 rooms, Twin 27 rooms)



<Via-inn Nagoya>

2) Utilize Group management resources optimally

- Pursue higher levels of customer satisfaction and increased operational efficiency through consolidation of Group companies in Sanin area

Department Store

1) Fundamentally reevaluate North Gate Building of Osaka Station City

1. Renovate stores taking advantage of strengths of department stores and shopping centers
 - Opening period: Spring 2015 (plan)
 - Outlook for profitability
 - West Japan Railway Isetan Limited: Profitable in FY2016/3
 - JR Osaka Mitsukoshi Isetan, nonconsolidated: Profitable rapidly

2. Initiatives to enhance customer drawing power

- Increase sales by leveraging the enhanced customer drawing power of the Umeda district following the opening of GRAND FRONT OSAKA
- Strengthen special event sales and initiatives targeting holders of JR West's cards, etc.

Real estate lease and sale

1) Advance real estate lease

| Name | Location | Month of handover (Plan) | Houses |
|-----------------------------------|-----------------|--------------------------|--------|
| J.GRAN GARDEN KITAHANADA | Kita, Sakai | Sep. 2013 | 11 |
| J.GRAN SHIN NAGATA | Nagata, Kobe | Dec. 2013 | 122 |
| J.GRAN ABENO FUMINOSATO | Abeno, Osaka | Nov. 2013 | 113 |
| J.GRAN ABENO FUMINOSATO RESIDENCE | Abeno, Osaka | Mar. 2014 | 24 |
| WELLITH MAIKO | Tanumi, Kobe | Feb. 2014 | 145 |
| J.GRAN FRESIA KUSATSUNISHIOJI* | Kusatsu, Shiga | Feb. 2014 | 58 |
| J.GRAN SENRICHUOH | Toyonaka, Osaka | Mar. 2014 | 140 |
| URAWA TOKIWA THE RESIDENCE* | Urawa, Saitama | Mar. 2014 | 295 |
| MAYA CITY NADA EXCEED* | Nada, Kobe | Aug. 2014 | 130 |
| Sum | | | 1,038 |

*Joint projects with other companies

<Sales trend of condominiums>



2) Use Group's management resources optimally

- Consolidate Group real estate companies to unify management foundation and facilitate aggressive business expansion

Shopping Center

1) Advance development and renewal

1. "piole HIMEJI"(Opened in April 30, 2013)
2. "Shamine Tottori" (Opening planned for spring 2014)



<piole HIMEJI>

2) Use Group's management resources optimally

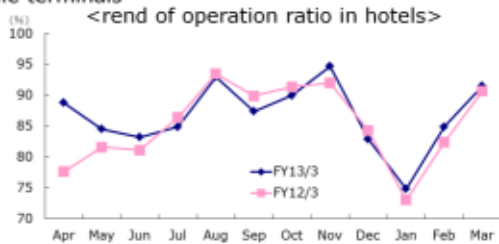
- Renewal of "Porta" and "The CUBE" at Kyoto Station (FY2014/3)
- Total optimization of merchandising at Kyoto Station

- Stores: 202 stores
- Floor area: around 23,000 m²
- Sales Target: 16.5 billion Yen in the first year

- Sales of condominiums mainly along our railway belts are expected to largely increase from the previous year, because we expect that real estate market is bottoming out and we intend to steadily capture rush demand before consumption tax hike.
- In addition, as shown in the current medium-term plan, we regard lifestyle-related service businesses as a growth field of the same caliber as Shinkansen operations, and accordingly we renewed stores inside Sannomiya Station associated with its improvement and opened shopping center "piole Himeji" on April 30^t. Moreover, we will go forward to strengthen and expand existing businesses such as "Shamine Tottori", and to utilize group management resources effectively, and to develop and pioneer new business formats and business fields.

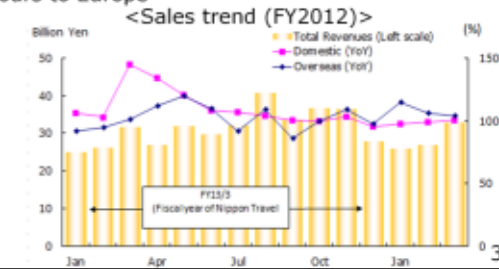
[Hotel business]

- Strengthen promotional campaigns targeting the establishment of repeat customers
- Enhance sales initiatives to acquire new customers (Tokyo metropolitan area, Asia)
- Solicit services to individuals by utilizing mobile terminals



[Travel Agency (Nippon Travel Agency)]

- Strengthen website sales, business travel management (BTM) service and inbound tourist services, etc.
- Expand sales of package tours using JR and tours to Europe



*Operating revenues are the revenues from the third parties (=CODTurner)

Capital Expenditure Plan (Consolidated)

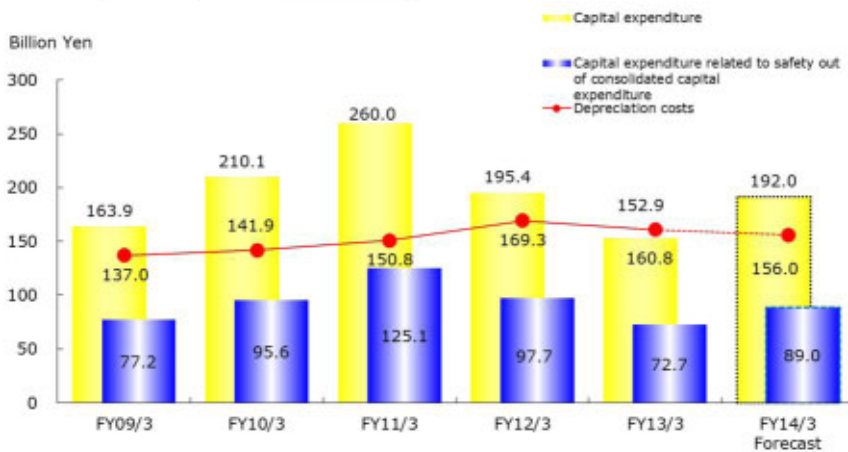


[Difference between the previous and current midium-term management plans]

| Billion Yen | The previous plan | | The current plan |
|------------------|-------------------|--------|------------------|
| | Forecast | Result | |
| Consolidated | 980.0 | 982.4 | 920.0 |
| Non-consolidated | 780.0 | 778.0 | 800.0 |
| (Safety-related) | 460.0 | 468.3 | 470.0 |

Major Capital expenditure projects for FY14/3

- <CAPEX for growth, etc>
 - Hokuriku Shinkansen
 - New stations, station renewal
 - Osaka Station Development Project
 - Photovoltaic power generation business
 - Renewal of passenger gate system
- <Safety-related CAPEX>
 - Renewal of ATC in Sanyo Shinkansen Line
 - Earthquake and tsunami countermeasures
 - Introduction of N700A
 - New safety system



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- Consolidated capital expenditure for the current fiscal year is forecasted to be 192.0 billion yen including 89.0 billion yen of safety related capital expenditure. This is because Hokuriku Shinkansen related capital expenditure will get into full swing and we will firmly invest on renewal of ATC in Sanyo Shinkansen Line and on earthquake and tsunami countermeasures.
- Even though the level of capital expenditure is anticipated to increase from the previous fiscal year in which capital expenditure decreased by the rebound of investments of two big projects, we will ensure the total asset efficiency by evaluating return on investments and implementing systematically and effectively. Moreover, we will continuously evaluate new chances and additionally invest on business fields that we regard have potential for growth.

Finance and Cash Flows, and Returns to Shareholders



Balance of long-term debt and payables, and Shareholders' equity ratio (consolidated)



Cash flows forecast (consolidated)



Returns to Shareholders

- Continue providing returns to shareholders based on consideration of total shareholders' equity, reflecting our emphasis on providing stable shareholder returns over the long term.
 - Specifically, aim for a rate of total distribution on net assets* of around 3% for FY2018, 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
- * Rate of total distribution on net assets (%) = (total dividends + acquisitions of treasury stock) ÷ consolidated net assets × 100
 → Plan to pay a full-year dividend of ¥110 per share

- Free cash flow in last fiscal year was 83.2 billion yen, largely exceeding the previous fiscal year because capital expenditure toward two big projects peaked out.
- In the current fiscal year, however, free cash flow is expected to decrease significantly because capital expenditure will increase again.
- In terms of returns to shareholders, based on the policy of the current medium-term management plan, we plan to pay a full-year dividend of 110 yen per share, the same as last fiscal year, on condition of free cash flow.
- Let me add a few words to conclude.
- We achieved the increases in revenues and income from those in last fiscal year, by largely surpassing the original forecast. The current fiscal year has started with favorable transportation demand continuously.
- Leveraging improved economic trends, we will implement the strategies shown in JR-West Group Medium-Term Management Plan 2017 and measures mentioned today. In these ways, we strive not only to make sure to reach the targets, but also to surpass them.

Cautionary Statement Regarding Forward-looking Statements



- This presentation contains forward-looking statements that are based on JR-West's current expectations, assumptions, estimates and projections about its business, industry, and capital markets around the world.
- These forward-looking statements are subject to various risks and uncertainties. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "may", "will", "expect", "anticipate", "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 materially different from expectations include, but are not limited to:
 - expenses, liability, loss of revenue or adverse publicity associated with property or casualty losses;
 - economic downturn, deflation and population decreases;
 - adverse changes in laws, regulations and government policies in Japan;
 - service improvements, price reductions and other strategies undertaken by competitors such as passenger railway and airlines companies;
 - infectious disease outbreak and epidemic;
 - earthquake and other natural disaster risks; and
 - failure of computer telecommunications systems disrupting railway or other operations
- All forward-looking statements in this release are made as of May 2013 based on information available to JR-West as of May 2013 and JR-West does not undertake to update or revise any of its forward-looking statements or reflect future events or circumstances.
- Compensation for damages caused by the accident on Fukuchiyama Line happened on April 25, 2005 is NOT considered in this presentation.