

Results for the first half ended September 30, 2013 and Future Initiatives



November 1, 2013
West Japan Railway Company

I . Results for the first half and forecasts for FY2014/3

Financial Highlights

¥ Billions

	6 months ended Sep 30, 2012	6 months ended Sep 30, 2013	YoY		Results FY2013/3	Forecasts FY2014/3 As of Oct 29*	YoY	
			Increase/ (Decrease) B-A	% B/A-1			Increase/ (Decrease) D-C	% D/C-1
	A	B			C	D		
【Consolidated】								
Operating Revenues	639.4	642.1	2.7	0.4	1,298.9	1,310.5	11.5	0.9
Operating Income	71.7	74.8	3.0	4.3	129.4	125.0	(4.4)	(3.5)
Recurring Profit	57.8	61.5	3.7	6.4	104.6	101.5	(3.1)	(3.0)
Net Income	34.7	36.8	2.0	6.0	60.1	57.5	(2.6)	(4.5)
【Non-Consolidated】								
Operating Revenues	436.7	433.5	(3.2)	(0.7)	868.5	866.5	(2.0)	(0.2)
Transportation Revenues	385.0	388.6	3.6	0.9	769.1	775.0	5.8	0.8
Operating Expenses	375.5	371.2	(4.2)	(1.1)	766.1	772.5	6.3	0.8
Personnel costs	116.9	117.2	0.3	0.3	233.3	235.0	1.6	0.7
Non personnel costs	162.9	161.3	(1.5)	(1.0)	342.7	351.5	8.7	2.5
Energy costs	18.7	21.4	2.7	14.6	37.1	44.0	6.8	18.5
Maintenance costs	60.1	59.9	(0.2)	(0.4)	136.5	140.5	3.9	2.9
Miscellaneous costs	84.0	79.9	(4.0)	(4.8)	169.1	167.0	(2.1)	(1.2)
Depreciation	65.8	62.8	(3.0)	(4.6)	134.7	131.0	(3.7)	(2.8)
Operating Income	61.2	62.3	1.0	1.8	102.3	94.0	(8.3)	(8.1)
Recurring Profit	47.1	49.6	2.4	5.2	77.5	71.0	(6.5)	(8.5)
Net Income	25.4	30.4	4.9	19.5	41.9	43.5	1.5	3.8

Note: Figures in bracket () are negative values.

* Forecasts has not been revised since July 30, 2013.

Non-Consolidated Financial Results and Forecasts

¥ Billions

	6 months ended Sep 30, 2012	6 months ended Sep 30, 2013	YoY		Results FY2013/3	Forecasts FY2014/3 As of Oct 29*	YoY	
			Increase/ (Decrease)	%			Increase/ (Decrease)	%
	A	B	B-A	B/A-1	C	D	D-C	D/C-1
Operating Revenues	436.7	433.5	(3.2)	(0.7)	868.5	866.5	(2.0)	(0.2)
Transportation revenues	385.0	388.6	3.6	0.9	769.1	775.0	5.8	0.8
Other	51.7	44.9	(6.8)	(13.2)	99.3	91.5	(7.8)	(7.9)
Operating Expenses	375.5	371.2	(4.2)	(1.1)	766.1	772.5	6.3	0.8
Personnel costs	116.9	117.2	0.3	0.3	233.3	235.0	1.6	0.7
Non personnel costs	162.9	161.3	(1.5)	(1.0)	342.7	351.5	8.7	2.5
Energy costs	18.7	21.4	2.7	14.6	37.1	44.0	6.8	18.5
Maintenance costs	60.1	59.9	(0.2)	(0.4)	136.5	140.5	3.9	2.9
Miscellaneous costs	84.0	79.9	(4.0)	(4.8)	169.1	167.0	(2.1)	(1.2)
Rental payments, etc.	11.9	11.8	(0.0)	(0.3)	23.4	23.5	0.0	0.0
Taxes	17.9	17.9	(0.0)	(0.1)	31.7	31.5	(0.2)	(0.8)
Depreciation	65.8	62.8	(3.0)	(4.6)	134.7	131.0	(3.7)	(2.8)
Operating Income	61.2	62.3	1.0	1.8	102.3	94.0	(8.3)	(8.1)
Non-operating revenues and expenses	(14.0)	(12.6)	1.3	(9.8)	(24.7)	(23.0)	1.7	(7.1)
Non-operating revenues	1.4	1.5	0.0	—	6.4	6.2	(0.2)	—
Non-operating expenses	15.5	14.2	(1.2)	—	31.1	29.2	(1.9)	—
Recurring Profit	47.1	49.6	2.4	5.2	77.5	71.0	(6.5)	(8.5)
Extraordinary profit and loss, net	2.8	(0.3)	(3.2)	—	0.1	—	(0.1)	—
Extraordinary profit	23.2	3.0	(20.2)	—	39.9	—	—	—
Extraordinary loss	20.4	3.3	(17.0)	—	39.7	—	—	—
Net Income	25.4	30.4	4.9	19.5	41.9	43.5	1.5	3.8

Note: Figures in bracket () are negative values.

* Forecasts has not been revised since July 30, 2013.

Major Factors of Increase/Decrease in Transportation Revenues

¥ Billions

Results for 6 months ended Sep 30, 2013					
Transportation revenues		YoY Increase/(Decrease)		Major factors	
		Amount	%		Amount
Shinkansen	181.1	2.3	1.3	Fundamentals 1.0%	1.7
				Special factors	
				Three consecutive holidays (Sep.)	0.6
				Inbound demand	0.4
				Competitive factors, etc.	(0.7)
				etc.	
Kansai Urban Area (Kyoto-Osaka-Kobe Area)	147.5	1.6	1.1	Fundamentals 0.8%	1.1
				Special factors	
				Three consecutive holidays (Sep.)	0.1
				Opening of Grand Front Osaka	0.4
Other lines	59.9	(0.3)	(0.6)	Fundamentals (0.6%)	(0.3)
				Special factors	
				Three consecutive holidays (Sep.)	0.1
				etc.	
Conventional lines	207.4	1.2	0.6		
Total	388.6	3.6	0.9		

Note: Revenues from luggage transportation are omitted due to the small amount.

Figures in bracket() are negative values.

Transportation Revenues and Passenger-Kilometers

Transportation Revenues

¥ Billions

	Results for 6 months ended Sep 30 (4/1~9/30)			3 months (2Q) (7/1~9/30)		
	FY2013/3	FY2014/3	YoY	FY2013/3	FY2014/3	YoY
Total	385.0	388.6	3.6 0.9%	197.2	200.4	3.2 1.6%
Shinkansen	178.8	181.1	2.3 1.3%	92.3	94.4	2.0 2.2%
Commuter Passes	4.6	4.6	0.0 1.5%	2.2	2.3	0.0 2.4%
Non-Commuter Passes	174.2	176.4	2.2 1.3%	90.0	92.0	2.0 2.2%
Conventional Lines	206.1	207.4	1.2 0.6%	104.8	106.0	1.1 1.1%
Commuter Passes	71.3	71.6	0.2 0.4%	35.3	35.5	0.2 0.6%
Non-Commuter Passes	134.7	135.8	1.0 0.8%	69.5	70.4	0.9 1.3%
Kansai Urban Area (Kyoto-Osaka-Kobe Area)	145.8	147.5	1.6 1.1%	73.1	74.4	1.2 1.8%
Commuter Passes	57.5	57.8	0.2 0.4%	28.5	28.7	0.1 0.7%
Non-Commuter Passes	88.3	89.7	1.4 1.6%	44.6	45.7	1.0 2.4%
Other Lines	60.3	59.9	(0.3) (0.6%)	31.6	31.5	(0.1) (0.5%)
Commuter Passes	13.8	13.8	0.0 0.1%	6.8	6.8	0.0 0.3%
Non-Commuter Passes	46.4	46.0	(0.4) (0.9%)	24.8	24.6	(0.1) (0.7%)

Passenger-Kilometers

Millions of passenger-kilometers

	Results for 6 months ended Sep 30 (4/1~9/30)			3 months (2Q) (7/1~9/30)		
	FY2013/3	FY2014/3	YoY	FY2013/3	FY2014/3	YoY
Total	27,741	27,941	200 0.7%	14,046	14,275	229 1.6%
Shinkansen	8,595	8,722	126 1.5%	4,456	4,584	128 2.9%
Commuter Passes	376	380	4 1.1%	185	190	4 2.4%
Non-Commuter Passes	8,219	8,341	122 1.5%	4,270	4,394	123 2.9%
Conventional Lines	19,145	19,219	73 0.4%	9,590	9,691	101 1.1%
Commuter Passes	11,763	11,760	(3) (0.0%)	5,746	5,762	16 0.3%
Non-Commuter Passes	7,381	7,458	77 1.0%	3,843	3,928	85 2.2%
Kansai Urban Area (Kyoto-Osaka-Kobe Area)	14,499	14,565	66 0.5%	7,195	7,279	84 1.2%
Commuter Passes	9,486	9,487	1 0.0%	4,643	4,659	15 0.3%
Non-Commuter Passes	5,013	5,077	64 1.3%	2,551	2,620	68 2.7%
Other Lines	4,645	4,653	7 0.2%	2,394	2,411	17 0.7%
Commuter Passes	2,277	2,272	(4) (0.2%)	1,102	1,103	0 0.1%
Non-Commuter Passes	2,368	2,380	12 0.5%	1,291	1,308	16 1.3%

Note: Figures in bracket () are negative values.

Transportation Revenue Forecasts

¥ Billions

		Results FY2013/3 A	Forecasts FY2014/3 As of Oct 29* B	YoY	
				Increase/ (Decrease) B-A	% B/A-1
Shinkansen		357.0	362.7	5.7	1.6
	Kansai Urban Area (Kyoto-Osaka-Kobe Area)	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.

* Forecasts has not been revised since July 30, 2013.

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

¥ Billions

Item		Results for 6 months ended Sep 30, 2013		
		YoY		Major factors
		Increase/ (Decrease)	%	
Personnel costs	117.2	0.3	0.3	• Increase in the rate of health insurance and employees' pension insurance +0.6, etc.
Energy costs	21.4	2.7	14.6	• Increase in electricity charges and fuel price +2.6, etc.
Maintenance costs	59.9	(0.2)	(0.4)	• Decrease in retirement costs of fixed assets (1.2) • Decrease in removal costs, excluding contributions from third parties (0.8) • Difference in progress of maintenance work, etc.
Miscellaneous costs	79.9	(4.0)	(4.8)	• Decrease in payments for other JR companies (6.2) • Increase in electricity charges and fuel price +0.4 • Increase in system related costs +0.2, etc.
Rental Payments, etc	11.8	(0.0)	(0.3)	
Taxes	17.9	(0.0)	(0.1)	
Depreciation and amortization	62.8	(3.0)	(4.6)	• Progress of depreciation and amortization
Total	371.2	(4.2)	(1.1)	

Note: Figures in bracket () are negative values.

Operating Expenses Forecasts (Non-Consolidated)

¥ Billions

Item		Forecasts FY2014/3 As of Oct 29*		
		YoY		Major factors (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 and fuel price, 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.

* Forecasts has not been revised since July 30, 2013.

Consolidated Financial Results and Forecasts

¥ Billions

	6 months ended Sep 30, 2012 A	6 months ended Sep 30, 2013 B	YoY		Results FY2013/3 C	Forecasts FY2014/3 As of Oct 29* D	YoY	
			Increase/ (Decrease) B-A	% B/A-1			Increase/ (Decrease) D-C	% D/C-1
Operating Revenues	639.4	642.1	2.7	0.4	1,298.9	1,310.5	11.5	0.9
Operating Expenses	567.6	567.3	(0.3)	(0.1)	1,169.4	1,185.5	16.0	1.4
Operating Income	71.7	74.8	3.0	4.3	129.4	125.0	(4.4)	(3.5)
Non-operating revenues and expenses	(13.9)	(13.2)	0.6	(4.8)	(24.8)	(23.5)	1.3	(5.3)
Non-operating revenues	1.8	1.5	(0.2)	–	6.8	6.7	(0.1)	–
Non-operating expenses	15.7	14.8	(0.9)	–	31.6	30.2	(1.4)	–
Recurring Profit	57.8	61.5	3.7	6.4	104.6	101.5	(3.1)	(3.0)
Extraordinary profit and loss, net	(1.1)	(0.5)	0.5	–	(4.9)	(3.0)	1.9	–
Extraordinary profit	23.8	3.3	(20.4)	–	41.5	–	–	–
Extraordinary loss	24.9	3.9	(21.0)	–	46.5	–	–	–
Net Income	34.7	36.8	2.0	6.0	60.1	57.5	(2.6)	(4.5)
Comprehensive Income	25.9	38.3	12.4	47.9	55.0	–	–	–

Note: Figures in bracket () are negative values.

* Forecasts has not been revised since July 30, 2013.

Consolidated Financial Results and Forecasts (Segment Information)

¥ Billions

	6 months ended Sep 30, 2012	6 months ended Sep 30, 2013	YoY		Results FY2013/3	Forecasts FY2014/3 As of Oct 29*1	YoY	
			Increase/ (Decrease)	%			Increase/ (Decrease)	%
	A	B	B-A	B/A-1	C	D	D-C	D/C-1
Operating Revenues*2	639.4	642.1	2.7	0.4	1,298.9	1,310.5	11.5	0.9
Transportation	424.9	422.3	(2.6)	(0.6)	844.9	844.0	(0.9)	(0.1)
Retail	115.2	116.8	1.5	1.4	234.6	236.4	1.7	0.7
Sales of goods and food services	66.9	68.2	1.2	1.8	134.4	131.6	(2.8)	(2.1)
Department Stores	45.2	43.8	(1.3)	(3.1)	93.5	96.0	2.4	2.7
Real estate	43.7	42.8	(0.9)	(2.2)	90.9	103.8	12.8	14.2
Shopping center	27.1	27.3	0.2	0.9	55.0	52.7	(2.3)	(4.3)
Real estate lease and sale*4	15.8	14.6	(1.2)	(7.7)	34.2	49.4	15.1	44.0
	[2.2]	[0.9]			[6.9]	[21.8]		
Other businesses	55.4	60.2	4.7	8.6	128.4	126.3	(2.1)	(1.6)
Hotel	15.9	16.2	0.3	1.9	33.0	33.1	0.0	0.2
Nippon Travel Agency	17.2	18.3	1.1	6.6	38.8	38.5	(0.3)	(1.0)
Operating Income*3	71.7	74.8	3.0	4.3	129.4	125.0	(4.4)	(3.5)
Transportation	55.0	57.1	2.1	3.9	90.1	82.7	(7.4)	(8.2)
Retail	(0.6)	2.0	2.6	-	(0.4)	3.1	3.5	-
Sales of goods and food services	2.3	2.4	0.1	7.4	3.3	-	-	-
Department stores	(3.1)	(0.6)	2.5	-	(4.0)	-	-	-
Real estate	14.1	12.2	(1.9)	(13.8)	28.0	27.7	(0.3)	(1.1)
Shopping center	4.5	4.3	(0.2)	(4.8)	8.7	-	-	-
Real estate lease and sale	3.9	3.3	(0.6)	(15.3)	8.1	-	-	-
Other businesses	2.4	2.5	0.0	3.3	12.3	11.9	(0.4)	(3.7)
Hotel	0.7	0.9	0.1	21.4	2.3	-	-	-
Nippon Travel Agency	(0.2)	(0.2)	(0.0)	-	0.7	-	-	-

Note: Figures in bracket () are negative values.

*1 Forecasts has not been revised since July 30, 2013.

*2 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.

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

*4 Figures in bracket [] are the sales of condominiums. (Included in Real estate lease and sale)

Consolidated Financial Situation and Statements of Cash Flows

¥ Billions

	As of March 31, 2013 A	As of Sep 30, 2013 B	Difference increase/ (decrease) B-A
Assets	2,613.7	2,586.9	(26.8)
Liabilities	1,845.5	1,791.1	(54.4)
Net assets	768.1	795.7	27.6
Balance of Long-term Debt and Payables at the end of FY	983.0	987.4	4.3
【Average interest rate(%)】	【2.84】	【2.76】	【(0.08)】
Shinkansen Purchase Liability	244.2	228.2	(15.9)
【Average interest rate(%)】	【5.69】	【5.74】	【0.05】
Bonds	449.9	459.9	10.0
【Average interest rate(%)】	【2.11】	【2.08】	【(0.03)】
Equity ratio (%)	28.5	29.9	1.4
Net assets per share (¥)	3,850.82	3,991.76	140.94

	6 months ended Sep 30, 2012 A	6 months ended Sep 30, 2013 B	YoY increase/ (decrease) B-A
Cash flows from operating activities	92.5	69.6	(22.8)
Cash flows from investing activities	(65.5)	(60.2)	5.2
Free cash flows	26.9	9.3	(17.5)
Cash flows from financing activities	(39.9)	(13.2)	26.7
Change in cash and cash equivalents, net	(12.9)	(3.8)	9.1
Cash and cash equivalents at the end of the period	37.3	44.5	7.1

Note: Figures in bracket () are negative values.

Other Data

Persons, ¥Billions

	6 months ended Sep 30, 2012	6 months ended Sep 30, 2013	Results FY2013/3	Forecasts FY2014/3 As of Oct 29 ^{*2}
ROA (% , Consolidated)	2.8	2.9	4.9	4.7
ROE (% , Consolidated)	4.9	4.9	8.3	7.5
EBITDA (Consolidated) ^{*1}	150.7	149.8	290.3	281.0
Depreciation (Consolidated)	78.9	75.0	160.8	156.0
Capital Expenditures (Consolidated, own fund)	49.9	46.2	152.9	192.0
Capital Expenditures (Non-consolidated, own fund)	37.6	37.3	124.8	165.0
Safety-related capital expenditures	19.4	24.0	72.7	89.0
Dividends per share (¥)	55	55	110	110

	6 months ended Sep 30, 2012		6 months ended Sep 30, 2013		Results FY2013/3		Forecasts FY2014/3 As of Oct 29 ^{*2}	
	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated
No. of employees at the end of period	45,642	26,971	46,127	27,370	45,326	26,889	-	-
Financial Expenses, net	(15.3)	(14.6)	(13.8)	(13.1)	(30.0)	(28.9)	(28.1)	(27.0)
Interest and dividend income	0.2	0.7	0.3	0.9	0.3	1.3	0.4	1.3
Interest expenses	15.5	15.4	14.1	14.0	30.4	30.3	28.5	28.3

Note: Figures in bracket () are negative values.

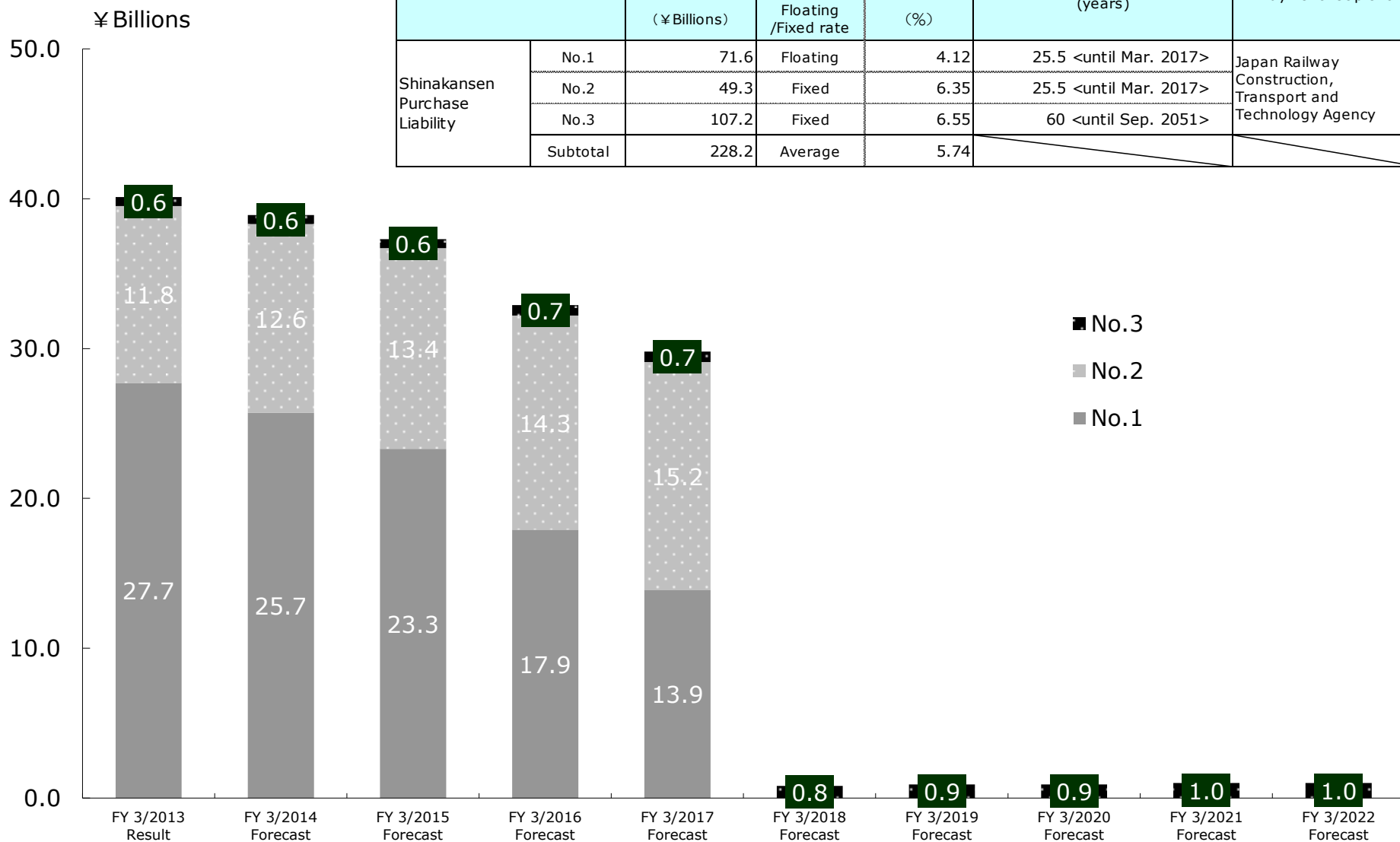
*1 EBITDA = Operating Income + Depreciation

*2 Forecasts has not been revised since July 30, 2013.

Redemption Plan of Shinkansen Purchase Liability

【As of Sep 30, 2013】

		Balance	Interest rate (As of Sep 30, 2013)		Term (years)	Payment recipient
		(¥ Billions)	Floating /Fixed rate	(%)		
Shinkansen Purchase Liability	No.1	71.6	Floating	4.12	25.5 <until Mar. 2017>	Japan Railway Construction, Transport and Technology Agency
	No.2	49.3	Fixed	6.35	25.5 <until Mar. 2017>	
	No.3	107.2	Fixed	6.55	60 <until Sep. 2051>	
	Subtotal	228.2	Average	5.74		



Ⅱ . Future initiatives

In addition to clarifying direction going forward, to realize this direction, we viewed the coming five-years as a “period for contributing to the establishment of a foundation for decisive management” and established priority strategies accordingly.

2013—2017



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

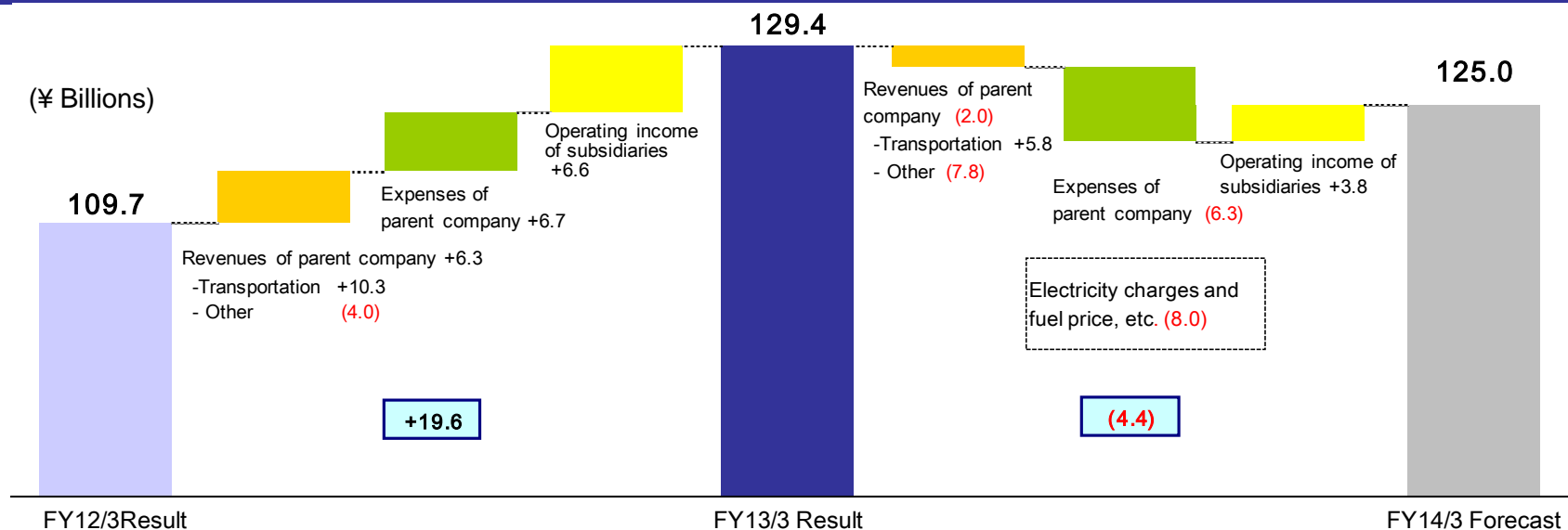


Consolidated Financial Results and Forecasts

¥ Billions

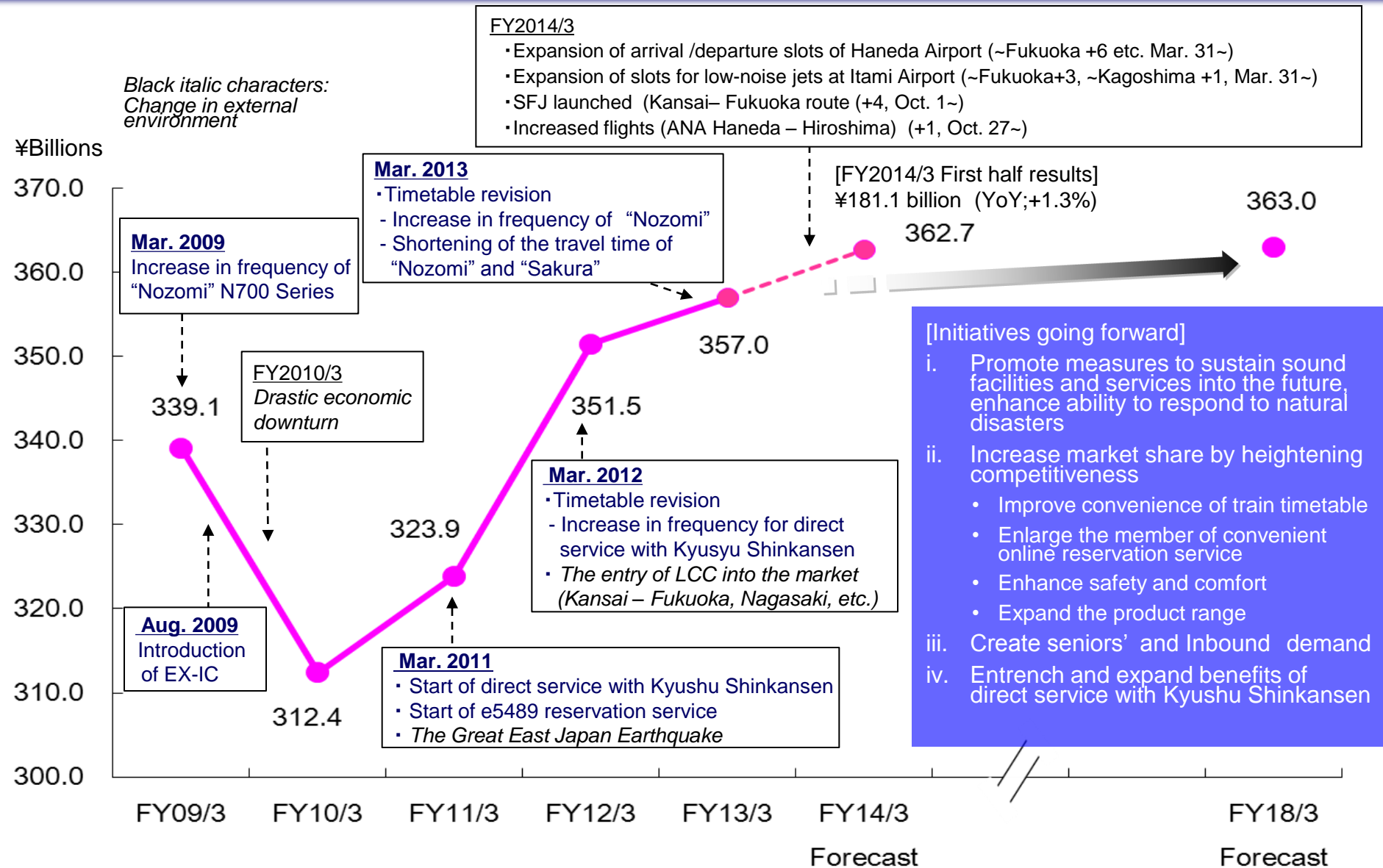
	First Half of FY2014/3 Results			FY2014/3 Forecasts		
		YOY Increase/(Decrease)			YOY Increase/(Decrease)	
		Amount	%		Amount	%
Operating Revenues	642.1	2.7	0.4	1,310.5	11.5	0.9
Operating Expenses	567.3	(0.3)	(0.1)	1,185.5	16.0	1.4
Operating Income	74.8	3.0	4.3	125.0	(4.4)	(3.5)
Recurring Profit	61.5	3.7	6.4	101.5	(3.1)	(3.0)
Net Income	36.8	2.0	6.0	57.5	(2.6)	(4.5)

Trend of consolidated operating income



*Figures in bracket () are negative values

Shinkansen—Enhance 1. Sanyo Shinkansen



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

Increase market share by heightening competitiveness

○Improve convenience of train timetable (Timetable revision in Mar. 2013)

- Increase frequency of “Nozomi” (Okayama/Hiroshima – Tokyo), Increase in “Nozomi” stops at Tokuyama Station, Newly set 1 round trip of “Sakura” (Hiroshima – Kagoshima-chuo)
- Shorten the travel time of nearly half of “Nozomi” and “Sakura” (Shin-Osaka – Hakata)

○Enlarge the member of the convenient online reservation service

- Hold campaigns to promote the use of “e5489” and “EX” reservation service

○Enhance safety and comfort

- Sequentially introduce N700A (Dec. 2013~), Modify 16 sets of N700 Series (Oct. 2013~)
- Modify 500 Series “Kodama” to have 4 seats per row in reserved seating areas (8 sets, Planned completion in Jan. 2014)
- Expand area in which mobile phones can be used: Shin-Osaka - Shin-Iwakuni (within FY2014/3) (Currently Shin-Osaka - Mihara)



N700A



500 Series “Kodama”
4 seats per row

○Expand the product range (Pricing strategy)

- “Super Haya-Toku” ticket (Apr. 2013: Shin-Osaka – Hakata, Jul. 2013: Shin-Osaka – Kumamoto/Kagoshima)
Extend the term until the end of FY2014/3
- “Super Haya-Toku” ticket (Dec. 2013: Shin-Osaka – Nagasaki) Newly start the sales

Create new demand of Seniors' and Inbound

○Stimulate seniors' travel demand

- Expand use of “Nori Nori” discount ticket on weekends and holidays, Hold “Remember Kyushu” Campaign

○Create inbound demand

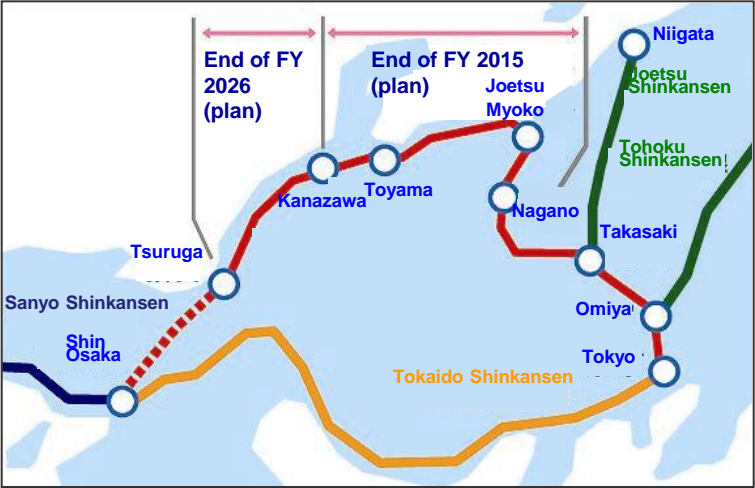
- Promote sales of convenient discount tickets for foreign travelers
- Develop West Japan tourism routes in cooperation with local authorities, communities, and JR-West Group
- Improve system to accept foreign customers
 - Begin providing free public Wi-Fi at major stations
 - Expand multilingual telephone translation services throughout the company



(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 to JRTT that does not exceed the earnings received.) ^{※1}	
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.

○ Service types and train names

- Tokyo - Kanazawa, The fastest operation: “Kagayaki”
- Toyama - Kanazawa, Shuttle operation: “Tsurugi”
- Tokyo - Kanazawa, Stopping at most stations: “Hakutaka”
- Tokyo - Nagano, Corresponding to existing Nagano Shinkansen service: “Asama”

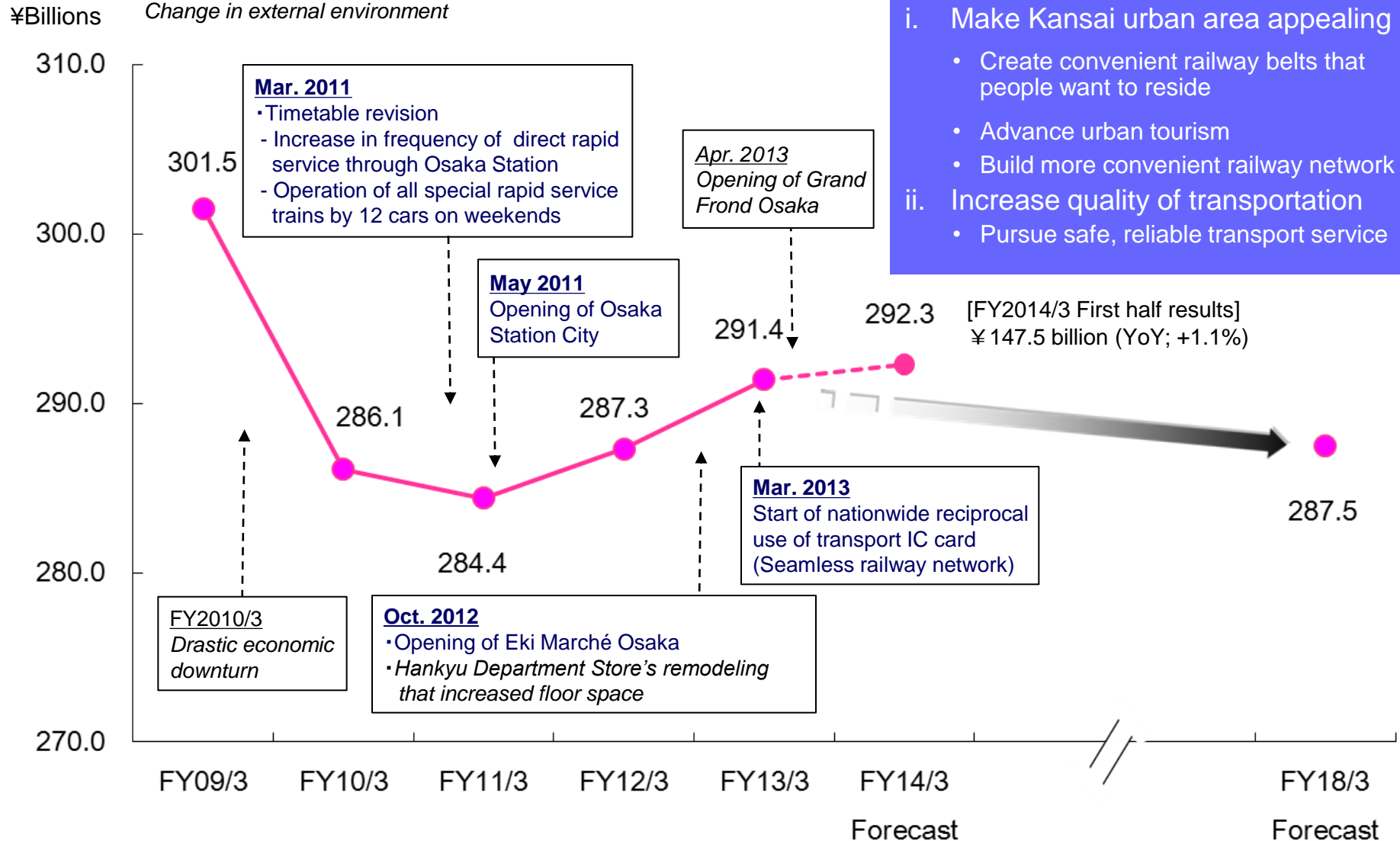
○ Promote Usage

1. Increase travel between Hokuriku and Tokyo metropolitan area
 - Develop tourism routes in cooperation with communities and travel companies, Conduct Hokuriku Destination Campaign (Oct. – Dec. 2015)
 - Introduce highly convenient online reservation service
2. Maintain and increase travel between Hokuriku and Kansai
3. Develop Hokuriku route for travel between Kansai /Hokuriku and Nagano/Niigata

Kansai Urban Area—Improve 1

Black italic characters:

Change in external environment



[Initiatives going forward]

i. Make Kansai urban area appealing

- Create convenient railway belts that people want to reside
- Advance urban tourism
- Build more convenient railway network

ii. Increase quality of transportation

- Pursue safe, reliable transport service

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

Make Kansai urban area appealing

○ Create convenient railway belts that people want to reside

- Elevate tracks of stations, Build new stations, Integrate station improvement 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 Sojiji	JR Kyoto Line	Spring 2018
Kizuri	Osaka Higashi Line	Spring 2018

Station Improvement	Opening period
Settsu-Motoyama	Fall 2013
Koshienguchi	Spring 2014
Amagasaki	Spring 2015
Takatsuki	Spring 2016

- Enhance and expand lifestyle-related services
 - Attract a licensed child institution (Otsu Station) (Plan: Apr. 2014)
 - Improve business ability of commercial facilities in Osaka Loop Line
“VIERRA morinomiya” (The Second stage, Sep.2013)
 - Commercial facility development at Tamatsukuri Station South exit (Spring, 2014)



VIERRA morinomiya
The second Stage, Sep.2013

○ Advance urban tourism

- Boost demand by information website “MY FAVORITE KANSAI”
- Plan joint magazine together with Kintetsu Corporation and Nankai Electric Railway with information for area along railway belts

○ Build more convenient railway network

- Advance creation of seamless railway network
 - Start of nationwide reciprocal use of transport IC card (Mar 23, 2013~)
- Build a new underground station accompanying development operations on Umekita and Osaka Higashi Line (northern part),
Construct double-track on Nara Line

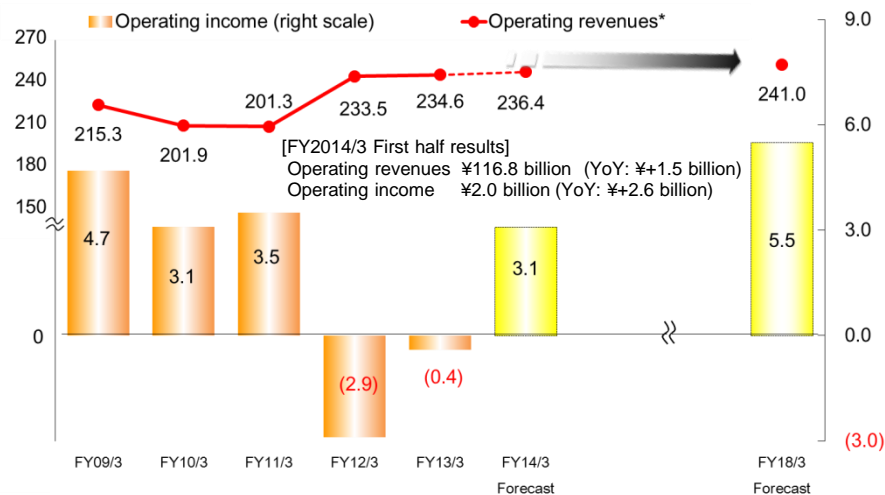
Increase quality of transportation

○ Pursue safe, reliable transport service

- Renovate Operation Control System of Hanwa line (Sep. 2013), Increase facilities for turn back operation (3 stations, Dec. 2013)
- Run trials of automatic platform gate (Lifting type) (Sakurajima Station, JR Yumesaki Line Dec. 2013~)
- Enhance guidance during timetable disruptions (Increase frequency of providing information, Deploy smartphones with Super-TID for business use to major stations)

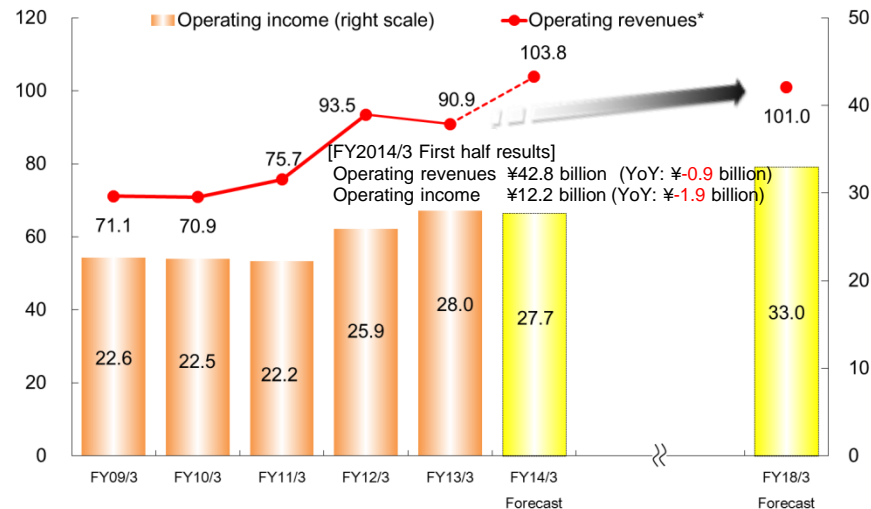
Retail

(¥ Billions)



Real Estate

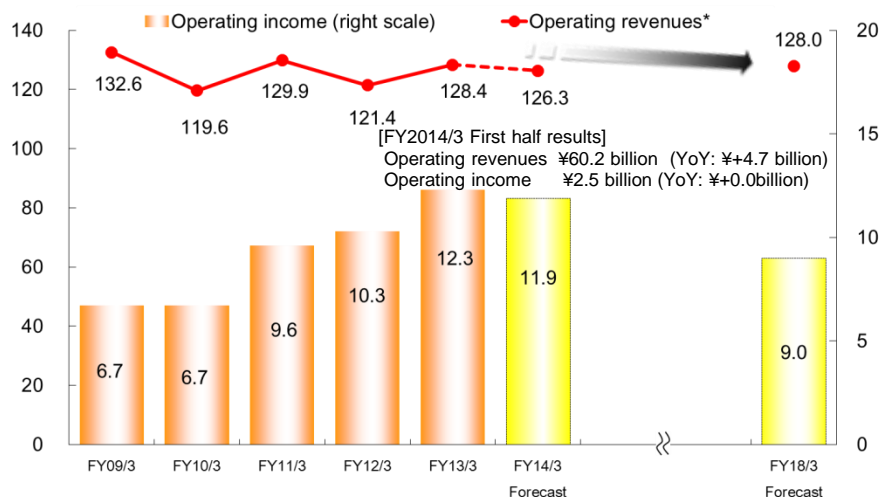
(¥ Billions)



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

Other Businesses

(¥ Billions)



[Initiatives going forward]

- i. Expand lifestyle – related services businesses
 - Strengthen and expand existing businesses (sales of goods and food services, shopping center businesses)
 - Implement aggressive development in new regions (Business hotels, Real estate sale and lease businesses)
- ii. Use Group's management resources optimally
 - Promote terminal station development
 - Fundamentally reevaluate North Gate Building of Osaka Station City
- iii. Develop and pioneer new business formats and fields
- iv. Consider business expansion with an eye to the global market

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

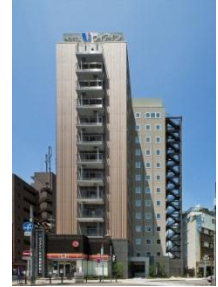
Sales of goods and food services

○Renovate stores inside stations accompanying station improvement

- Tennoji Station Concourse (Nov. 2012)
- Tottori Station Concourse (Mar. 2013)
- Sannomiya Station Concourse (Spring 2014)



Entrée Marché
at Sannomiya Station



Via-inn Nagoya

○Implement aggressive development in new regions

(regions other than those alongside tracks and those in our service area)

- Business Hotel “Via-inn Nagoya” (Jul. 2013)
(The 14th hotel as the hotel chain, 4 hotels in the Tokyo Metropolitan Area, 1 hotel in Tokai Area)

Department Store

○Fundamentally reevaluate North Gate Building of Osaka Station City

- Renovate stores taking advantage of strengths of department stores and shopping centers : Formulate basic plan within FY2014/3
 - Opening period: Spring 2015 (plan)
 - Outlook for profitability
 - West Japan Railway Isetan Limited: Profitable in FY2016/3
 - JR Osaka Mitsukoshi Isetan, nonconsolidated: Profitable rapidly

○Initiatives to enhance customer drawing power

- Strengthen initiatives targeting holders of JR West's cards
- Hold effective events
- Further improve pedestrian flow

Other retail businesses

○Promote development through a merger of two consolidated subsidiaries in the San-in area

- Inaugurate West Japan Railway Sanin Development Company
(Merge formerly Japan Railway Service Net Yonago Company and formerly Japan Railway San-in Station Development Co., Ltd.)
- Renovate a shopping center “Shamine Tottori” at Tottori Station (Spring 2014)

Real estate lease and sale

○Advance sales of condominiums

- Revenue Forecasts (FY2015/3): ¥21.8 billion

Name	Location	Handover	Houses
J.GRAN GARDEN KITAHANADA	Kita, Sakai	Oct. 2013	38
J.GRAN SHIN NAGATA	Nagata, Kobe	Dec. 2013	122
J.GRAN ABENO FUMINOSATO	Abeno, Osaka	Nov. 2013	113
WELLITH MAIKO*	Tarumi, Kobe	Feb. 2014	145
J.GRAN FRESIA KUSATSUNISHIOJI*	Kusasu, Shiga	Feb. 2014	58
J.GRAN ABENO FUMINOSATO RESIDENCE	Abeno, Osaka	Mar. 2014	24
J.GRAN SENRICHUOH	Toyonaka, Osaka	Mar. 2014	140
URAWA TOKIWA THE RESIDENCE*	Urawa, Saitama	Mar. 2014	295
J.GRAN L KUSATSU	Kusasu, Shiga	Mar. 2014	47
J.GRAN TAKATSUKI KOSOBECCHO	Takatsuki, Osaka	Mar. 2014	49
MAYA CITY NADA EXCEED*	Nada, Kobe	Aug. 2014	130
Sum			1,161

*Joint projects with other companies

○Implement aggressive development in new regions

- Sales of condominiums in Saitama City (Handover, Mar. 2014)
- “Fukuoka Tenjin NK Building” (CANDEO HOTELS plan to move in) (Fall 2014)
- Commercial facility development in Northern Kyoto (FY2015/3)

○Enter business projects near major stations

- Land acquisition in front of Tsukaguchi Station (Amagasaki City) (Station Building, Sales of condominiums)

○Use assets such as lands optimally

- “JR Higashimaizuru Station NK Building” (Aug. 2013)
- “JR Fukuchiyama Station the 3rd NK Building” (Sep. 2013)
- Invitation of a college to former company housing sites in Suita city (Spring 2014)
- Development of former company housing sites in Okayama City (Spring 2014)

Shopping Center

○Advance new development

- “piole HIMEJI” (Apr. 2013)
- “ripie” at Shimonoseki Station, Fukuyama Station South exit development

○Renovate commercial facilities at large scale

- “PLiCO ROKKOMICHI”, “MEDIO Shinosaka (a part)” (Winter 2013)
- Sequential renewal of fashion zone “Porta” and “The CUBE” at Kyoto Station, “Tennoji Mio Plaza-kan” (Spring 2014)



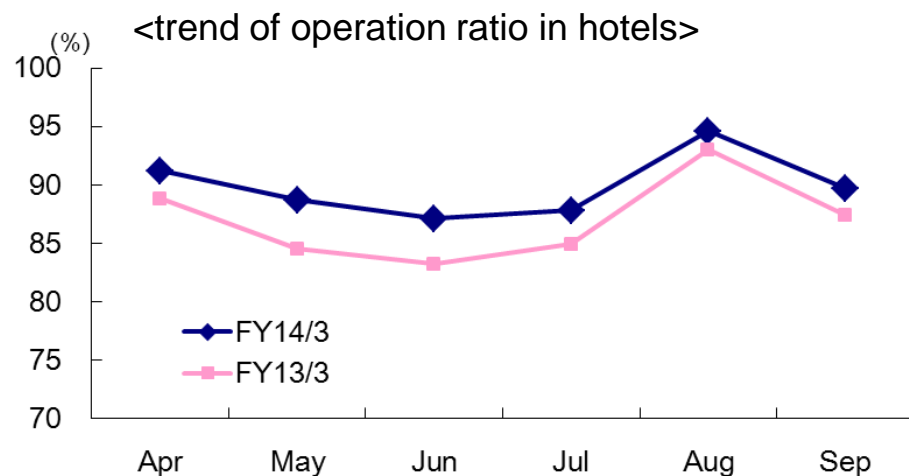
“ripie” at Shimonoseki Station



Fukuyama Station South exit development

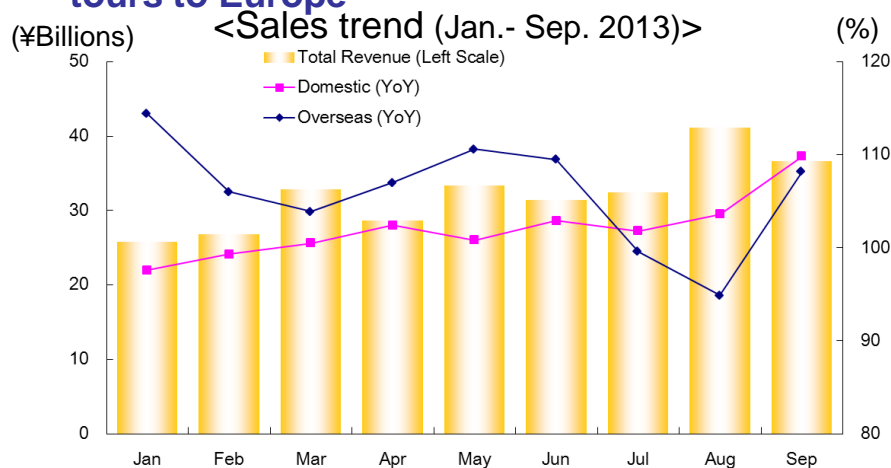
Hotel business

- Strengthen promotional campaigns targeting the establishment of repeat customers
- Enhance sales initiatives to acquire new customers (Tokyo metropolitan area, Asia)



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



Develop and pioneer new business formats and business fields

○ Set up Business Promotion Group in Business Development Headquarters

- Act as point of contact for external communication regarding new business projects and promote business development within Group

○ Day service facility specializing in rehabilitation “POSSIBLE”

- Open at Hiroshima (Jun. 2013), Open at Mihara (Aug. 2013)

○ Car sharing “Rail and Car Sharing”

- Open at major 10 stations (Apr. 2013): Hiroshima/Okayama (Oct. 2013) (Target 100 sites)

○ Photovoltaic power generation business (Asa area in Yamaguchi prefecture, Start operation in winter 2014)



POSSIBLE Mihara Photovoltaic power generation

Capital Expenditure Plan (Consolidated)

【Difference between the previous and current
midium-term management plans】

(¥Billions)	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

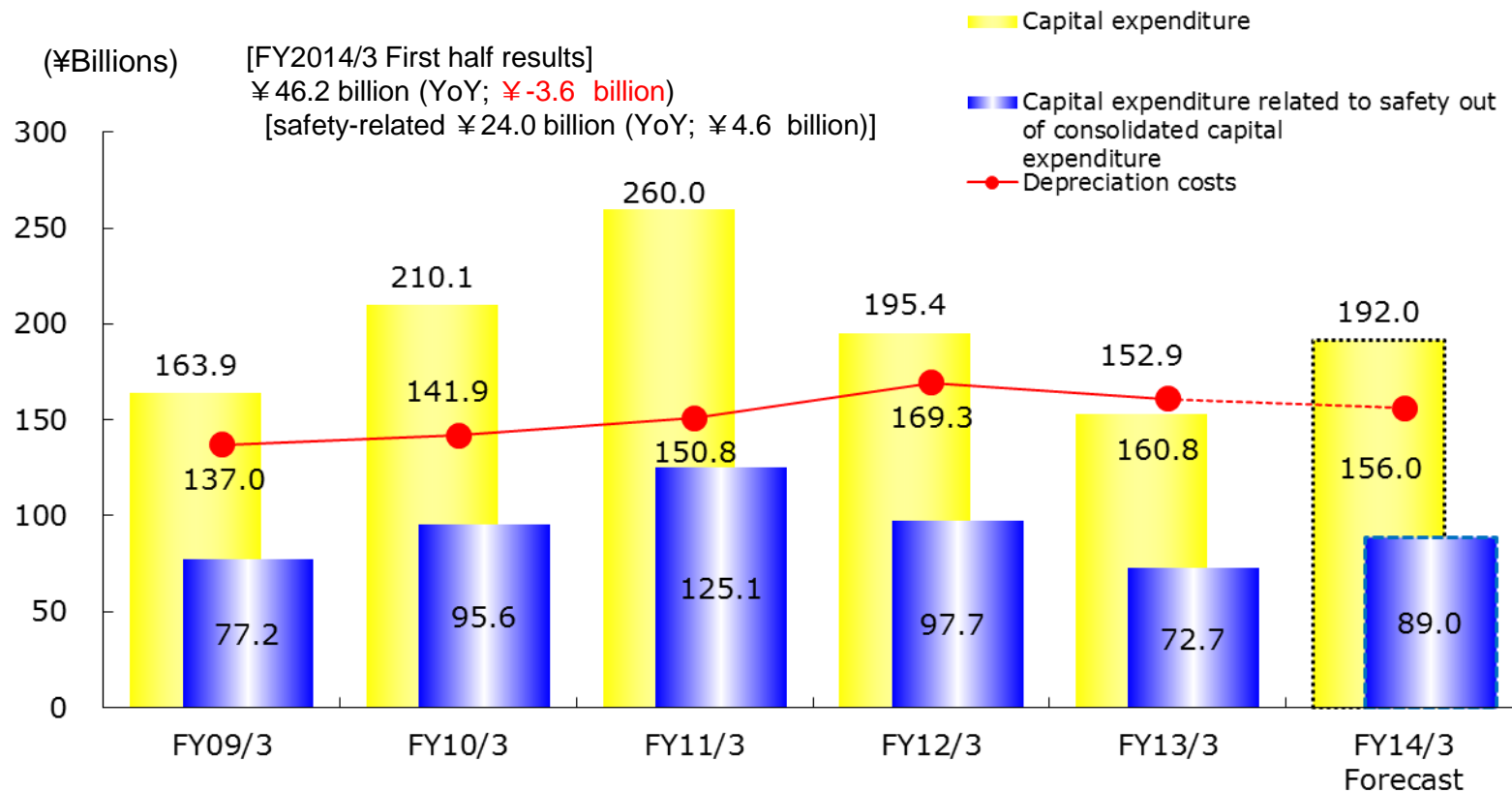
Major Capital expenditure projects for FY14/3

<CAPEX for growth, etc>

- Hokuriku Shinkansen
- New stations, station renewal
- Osaka Station Development Project
- Photovoltaic power generation business
- Renewal of passenger gate system

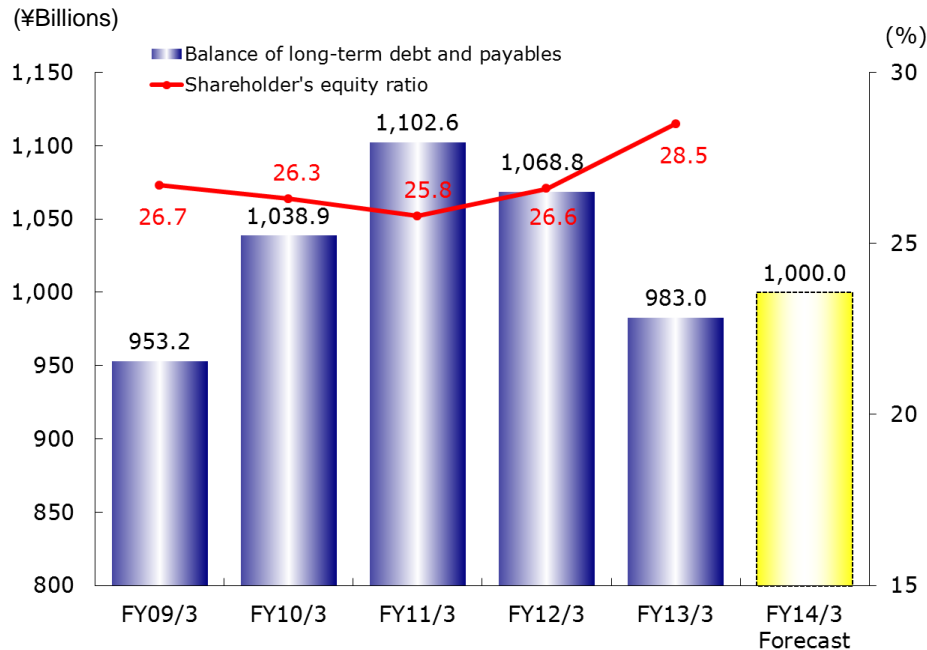
<Safety-related CAPEX>

- Renewal of ATC in Sanyo Shinkansen Line
- Earthquake and tsunami countermeasures
- Introduction of N700A
- New safety system

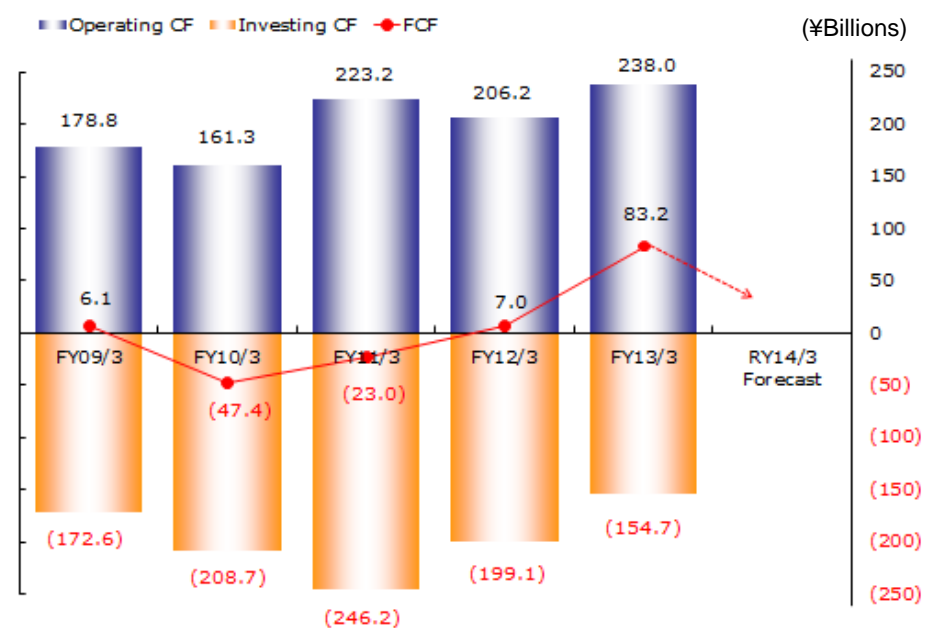


Finance and Cash Flows, and Returns to Shareholders

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

- Cancellation of Treasury Stock: Number of shares 4,521,600 Date of cancellation Nov. 15, 2013

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.
- Known or unknown risks, uncertainties and other factors could cause the actual results to differ materially from those contained in any forward-looking statements. JR-West cannot promise that the expectations expressed in these forward-looking statements will turn out to be correct. JR-West's actual results could be materially different from and worse than expectations.
- 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 November 2013 based on information available to JR-West as of November 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.