

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

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- I am Katsunori Matsuura, general manager of the finance department.
- I would like to explain the results for the first half ended September 30, 2013 and forecasts for the fiscal year ending March 2014 announced on October 29.

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.

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- In the first half of the year, consolidated operating revenues increased for the fourth consecutive period, due in large part to strong transportation revenues at the parent company and to favorable revenues from subsidiaries in retail and other businesses. On a non-consolidated basis, operating revenues declined because other revenues decreased due to lower earnings from other JR companies. However, operating income, recurring profit, and net income increased year on year for the second consecutive period, on both consolidated and non-consolidated bases.
- Considering the results for the first half and current trend, we have not changed the consolidated and non-consolidated full-year forecasts.

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)	%
			B/A	B/A-1			D-C	D/C-1
	A	B			C	D		
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.

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- In the first half, although transportation revenues rose ¥3.6 billion year on year, operating revenues decreased ¥ 3.2 billion year on year because other revenues decreased ¥ 6.8 billion year on year due to lower earnings from other JR companies.
- In regard to revenues from and payments to other JR companies, both revenues and costs decreased about ¥6.0 billion year on year, due to decreases in the unit prices for the borrowing and lending of train cars among JR companies since October last year. Consequently, operating income was not affected.
- On the other hand, in non-personnel costs, energy costs rose about ¥3 billion. Nonetheless, operating expenses declined by ¥4.2 billion due to such factors as a decrease in depreciation and a fewer expenses recorded in the first half in comparison with the full-year forecast. Consequently, operating income was up ¥1.0 billion year on year.

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
				etc.	
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.

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- In the first half, transportation revenues increased ¥3.6 billion year on year, or 0.9%, to ¥388.6 billion due mainly to strong leisure demand since July especially on summer holiday. The revenues in the second quarter increased ¥3.2 billion year on year, or 1.6%, although in the first quarter they were basically flat, an increase of ¥0.4 billion year on year, or 0.2%.
- Shinkansen usage has been influenced to a certain extent by increases in airline flight frequencies and other factors. On the other hand, we believe that the adverse effect was limited to ¥0.7 billion due to our countermeasures, such as the development of the Super Haya-Toku early discount ticket and other products, and timetable revision.
- Usage in the Kansai Urban Area remained firm against a background of the positive effect of newly opened big commercial facilities such as Grand Front Osaka and Abeno Harukas.

Transportation Revenues and Passenger-Kilometers



	Transportation Revenues						Passenger-Kilometers					
	Results for 6 months ended Sep 30 (4/1~9/30)			3 months (2Q) (7/1~9/30)			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	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%	27,741	27,941	200 0.7%	14,046	14,275	229 1.6%
Shinkansen	178.8	181.1	2.3 1.3%	92.3	94.4	2.0 2.2%	8,595	8,722	126 1.5%	4,456	4,584	128 2.9%
Commuter Passes	4.6	4.6	0.0 1.5%	2.2	2.3	0.0 2.4%	376	380	4 1.1%	185	190	4 2.4%
Non-Commuter Passes	174.2	176.4	2.2 1.3%	90.0	92.0	2.0 2.2%	8,219	8,341	122 1.5%	4,270	4,394	123 2.9%
Conventional Lines	206.1	207.4	1.2 0.6%	104.8	106.0	1.1 1.1%	19,145	19,219	73 0.4%	9,590	9,691	101 1.1%
Commuter Passes	71.3	71.6	0.2 0.4%	35.3	35.5	0.2 0.6%	11,763	11,760	(3) (0.0%)	5,746	5,762	16 0.3%
Non-Commuter Passes	134.7	135.8	1.0 0.8%	69.5	70.4	0.9 1.3%	7,381	7,458	77 1.0%	3,843	3,928	85 2.2%
Kansai Urban Area (Kyoto-Osaka-Kobe Area)	145.8	147.5	1.6 1.1%	73.1	74.4	1.2 1.6%	14,499	14,565	66 0.5%	7,195	7,279	84 1.2%
Commuter Passes	57.5	57.8	0.2 0.4%	28.5	28.7	0.1 0.7%	9,486	9,487	1 0.0%	4,643	4,659	15 0.3%
Non-Commuter Passes	88.3	89.7	1.4 1.6%	44.6	45.7	1.0 2.4%	5,013	5,077	64 1.3%	2,551	2,620	68 2.7%
Other Lines	60.3	59.9	(0.3) (0.6%)	31.6	31.5	(0.1) (0.5%)	4,645	4,653	7 0.2%	2,394	2,411	17 0.7%
Commuter Passes	13.8	13.8	0.0 0.1%	6.8	6.8	0.0 0.3%	2,277	2,272	(4) (0.2%)	1,102	1,103	0 0.1%
Non-Commuter Passes	46.4	46.0	(0.4) (0.9%)	24.8	24.6	(0.1) (0.7%)	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.

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- We have not revised the full-year forecasts of transportation revenues in this fiscal year.

Shinkansen is likely to keep strong trend, and Conventional Lines are likely to be unchanged year on year. Consequently, transportation revenues are anticipated to increase ¥5.8 billion, or 0.8%, to ¥775.0 billion.

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



¥ Billions

Item	Results for 6 months ended Sep 30, 2013			Major factors
		YoY		
		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.

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- Non-consolidated operating expenses decreased ¥4.2 billion year on year, to ¥371.2 billion.
- Increase in electricity charge and fuel price is 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 in total in the full fiscal year, and was ¥3.0 billion in the first half.
- However, in the first half, operating expenses decreased ¥4.2 billion year on year, because of decrease in miscellaneous costs due to lower payments for other JR companies since October last year, and decrease in depreciation.

Operating Expenses Forecasts (Non-Consolidated)



¥ Billions

Item		Forecasts FY2014/3 As of Oct 29*		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 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.

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- Although in the first half operating income rose slightly year on year, we have not made a revision of the full-year forecasts. On non-consolidated basis, operating income is forecasted to decrease in the second half and in the full fiscal year.
- On non-consolidated basis, operating expenses are forecasted to increase ¥6.3 billion year on year, to ¥772.5 billion. Although depreciation is expected to decrease, operating expenses are forecasted to increase ¥6.3 billion year on year because we anticipate ¥8.0 billion of increase in electricity related costs and higher maintenance costs due to an increase in maintenance work.

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) B-A	% B/A-1			Increase/ (Decrease) D-C	% D/C-1
	A	B			C	D		
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.

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- In the first half, on consolidated basis, operating revenues rose ¥2.7 year on year to ¥642.1 billion, due in large part to strong transportation revenues at the parent company and to favorable revenues from subsidiaries in retail and other businesses.
- Although in subsidiaries non-personnel costs rose according to increase in operating revenues, on consolidated basis operating expenses decrease ¥0.3 billion year on year to ¥567.3 billion due to decrease in miscellaneous costs and depreciation on non-consolidated basis. Consequently, operating income rose ¥3.0 to ¥74.8 billion year on year.
- Taking the results for the first half and current trend into account, we have not revised the full-year forecasts.

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)	%
			B-A	B/A-1			D-C	D/C-1
	A	B			C	D		
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)

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- In the retail business segment, operating revenues declined in department store operations, but in sales of goods and services, full-year contributions were made by EKI MARCHE Osaka, a commercial facility inside a station, and Via Inn Okayama, a business hotel operated by a subsidiary, and the newly opened Via Inn Nagoya also made a contribution. As a result, operating revenues in the retail business segment were up ¥1.5 billion year on year, to ¥116.8 billion. Operating income/loss in the retail business segment improved by ¥2.6 billion year on year, to operating income of ¥2.0 billion. This gain was attributable to the higher revenues in sales of goods and food services, to cost reduction initiatives and to a reduction in the depreciation burden due to the impairment loss on JR Osaka Mitsukoshi Isetan.
- In the real estate business segment, a contribution to revenues was made by the opening of a shopping center in Himeji. However, revenues declined in condominium sales business, where we forecast a substantial increase in revenues for the full year. Consequently, operating revenues in the real estate business segment decreased ¥0.9 billion, to ¥42.8 billion. The segment recorded a temporary increase in expenses due to the opening of a shopping center, and there was a decline in revenues due to renovation construction at the shopping center at Shin-Osaka Station. In addition, there was a decline in revenues from condominium sales business. As a result, operating income in the real estate business segment was down ¥1.9 billion year on year, to ¥12.2 billion.
- In the other businesses segment, hotel and travel agency revenues were firm against a background of recovery in business conditions and solid leisure demand. In addition, in construction, a large increase in revenues was recorded, due in part to the receipt of orders for construction work related to the Hokuriku Shinkansen. However, the increase in construction orders resulted in a rise in non-personnel costs, and consequently operating revenues in the other businesses segment were up ¥4.7 billion, to ¥60.2 billion, while operating income edged up slightly year on year, to ¥2.5 billion.

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

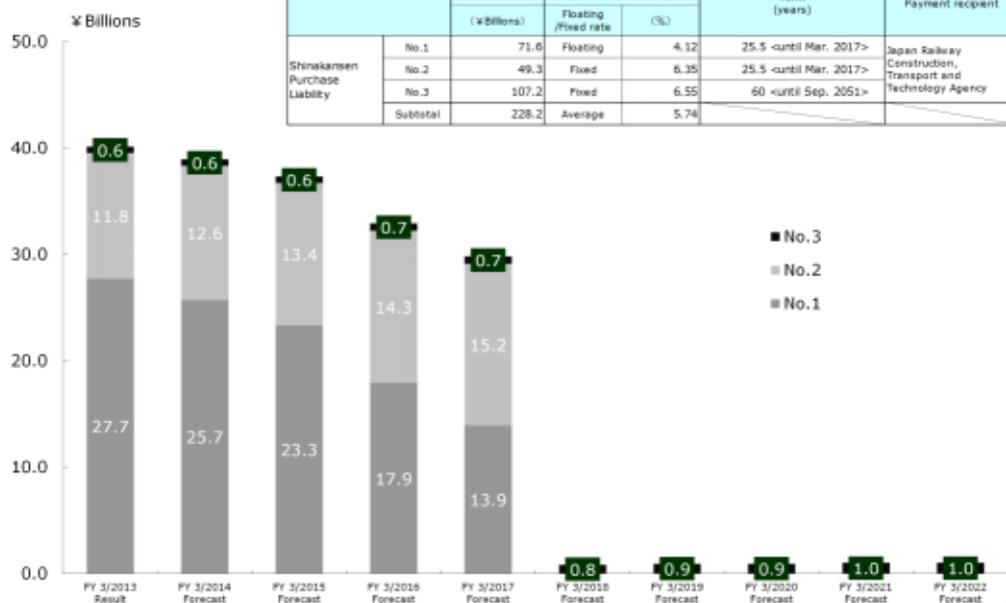
*2 Forecasts has not been revised since July 30, 2013.

Redemption Plan of Shinkansen Purchase Liability



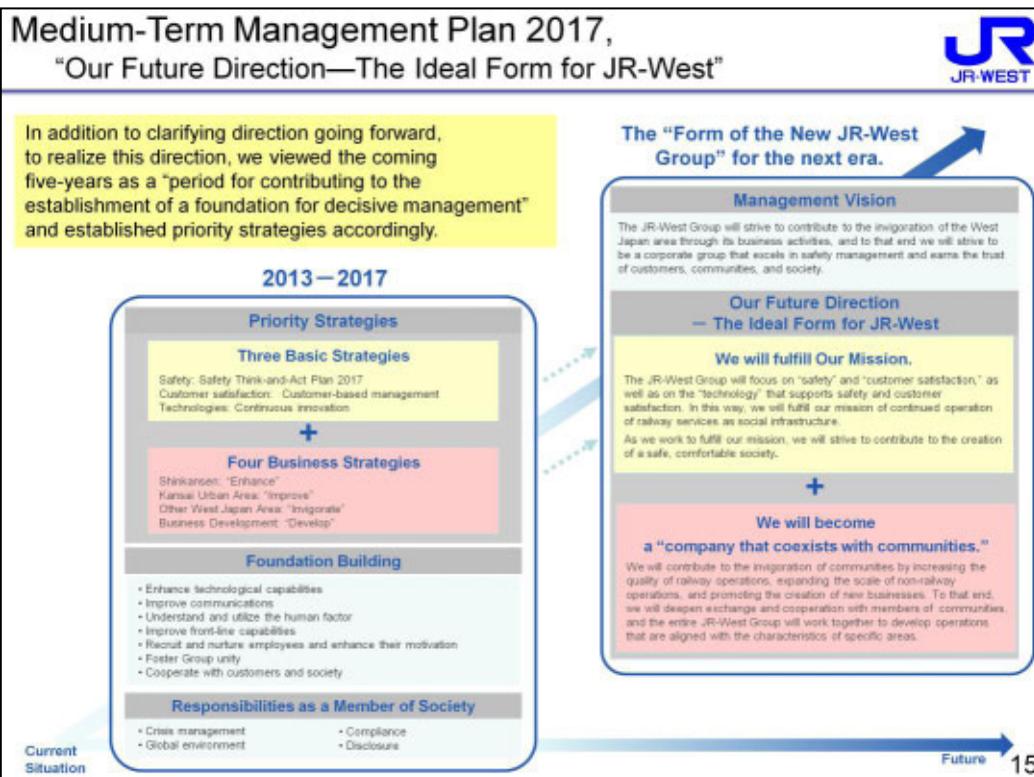
[As of Sep 30, 2013]

	No.	Balance (¥ Billions)	Interest rate (As of Sep 30, 2013)		Term (years)	Payment recipient
			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

- I am Tatsuo Kijima, vice president of JR-West.
I would like to explain future initiatives based on the results for the first half of this fiscal year.



- This fiscal year is the initial year of “Medium-Term Management Plan 2017”. To bring about a new form for the JR-West Group in the coming era, we are implementing key strategies. There are a number of small initiatives that are already underway, as well as initiatives that we are preparing to implement. At this point, I believe that we are off to a good start.
- In the short term, the prospects for the economy are brighter, as demonstrated by our results in the first half. Further, the opening of big commercial facilities, such as Grand Front Osaka, is expected to invigorate the whole Kansai area.
- On the other hand, the population is declining, and uncertain factors include the future of the electricity supply and intensifying competition with airlines. Accordingly, our operating environment does not support an overly optimistic outlook.
- Leveraging improved economic trends, we will implement the strategies shown in the plan. In this way, we strive not only to make sure to reach the targets, but also to surpass them.
- Moreover, it goes without saying that our ultimate mission is to further improve safety. In conjunction with initiatives to enhance content in a manner that contributes to future growth, the entire JR West Group will work to achieve medium-to-long-term growth and sustainable management.
- In today’s meeting, I would like to explain three business strategies in the plan, “Shinkansen”, “Kansai Urban Area”, and “Business Development”.

Results for the first half and forecasts for FY2014/3

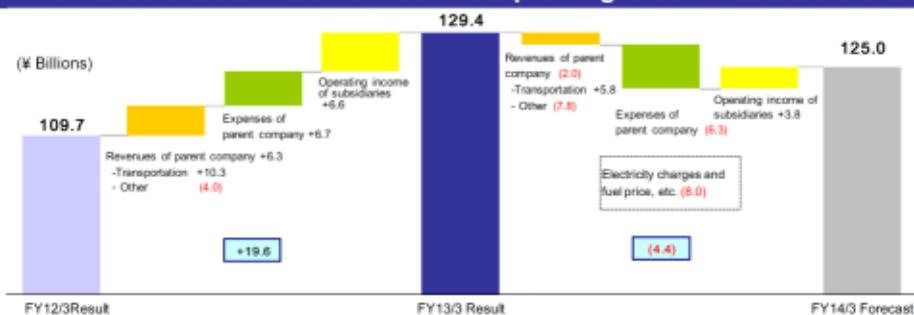


Consolidated Financial Results and Forecasts

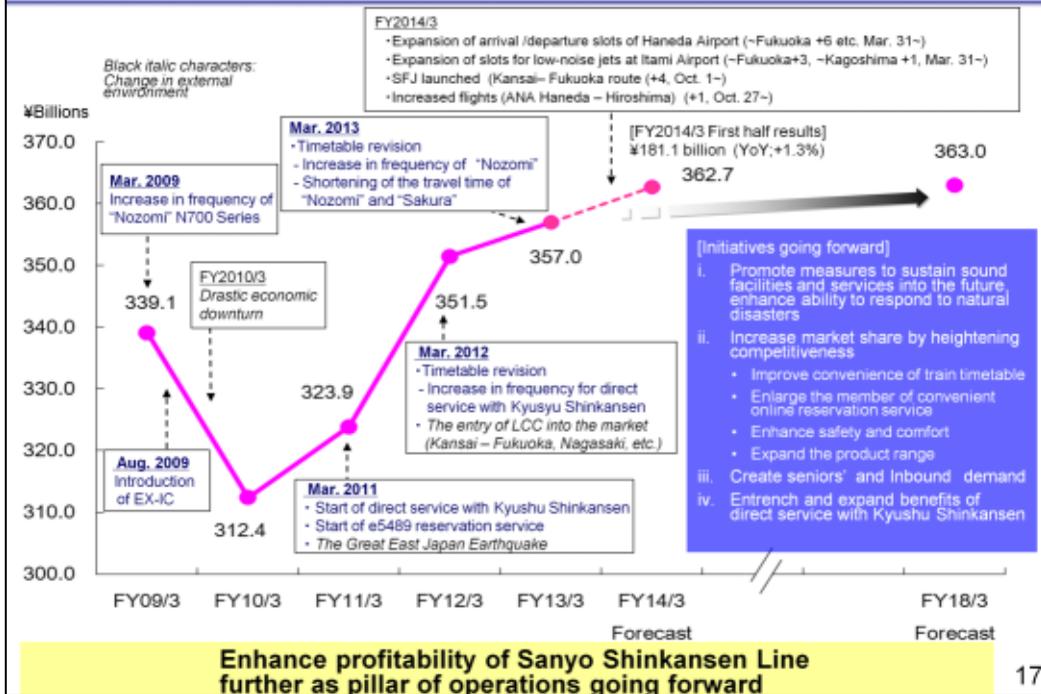
¥ Billions

	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



Shinkansen—Enhance 1. Sanyo Shinkansen



- In the first half transportation revenues proceeded according to the forecasts, due to strong leisure demand especially on summer holidays and three consecutive holidays in September.
- On the other hand, we compete with airlines in the provision of transportation services, and it goes without saying that our management environment is increasingly challenging. For example, in December 2012, the Iwakuni Airport opened in Yamaguchi Prefecture; in March 2013, flights were increased at Haneda and Itami airports; and in October 2013 a new flight was inaugurated between Kansai and Fukuoka.

Shinkansen—Enhance 2. Sanyo Shinkansen



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)



N700A



500 Series "Kodama"
4 seats per row

○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~), Modificate 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)

○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



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- On page 18, we have outlined a variety of initiatives to increase competitiveness, and moving forward we will strive to rapidly implement these initiatives.
- In particular, by timetable revision in March 2013, considering competition with airlines, we carry out measures such as shortening the travel time of nearly half of "Nozomi" and "Sakura", increasing frequency of "Nozomi" between Okayama/ Hiroshima and Tokyo, and increasing in "Nozomi" stops at Tokuyama Station.
- For the e5489 and EX reservation services, the number of members and the number of uses are recording favorable growth. Through campaign activities, we will work to ensure that customers understand the high level of convenience offered by these services. We will strive to achieve further gains in the number of members and in usage, to secure further growth in repeat customers, and to focus on attracting new customers.
- In addition, in regard to rolling stock, we will endeavor to further increase convenience through such means as introducing the new N700A Shinkansen rolling stock and modifying the existing N700 series rolling stock.
- At the same time, on routes where the competitive environment has intensified, since spring 2013 we have worked to enhance our products to reflect airline pricing. We began to offer the Super Haya-Toku early discount ticket on the Osaka-Hakata route, with tourism customers as the principal target.
- Looking at the results of these initiatives, special research in the first quarter showed a 5% increase in Shinkansen usage on the Osaka-Hakata route. We believe that we were able to uncover new demand, centered on comparatively young customers, that exceeded the effect of the reduction in prices.
- Accordingly, to achieve further expansion in demand, we extended the Super Haya-Toku ticket to Kumamoto and Kagoshima in Kyushu. We continue to offer these tickets in the second half. In marketing, we will pay careful attention to yield management, such as controlling the number of seats in accordance with the time period.
- In addition, in areas where demand is expected to increase—such as senior citizen tourism and inbound travel—we will take steps to capture demand.
- The depreciation of the yen is leading to an increase in inbound customers, and in response we are taking steps to develop appealing products as well as West Japan tourism routes. In addition, we will work to implement "soft" initiatives, such as installing wireless LANs in major stations where there is a high need and expanding interpretation services for multiple languages.
- By effectively implementing these marketing initiatives, and considering the favorable trend of improvement in the economic environment, we are endeavoring to achieve our plan for the current fiscal year, which calls for transportation revenues of ¥362.7 billion, a record high.

Shinkansen—Enhance 3. 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 29, 2012)
Construction contractor	Japan Railway Construction, Transport and Technology Agency (JR-CTT) (JR-West will operate commercial services, paying a usage fee to JR-CTT 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 train to begin; 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

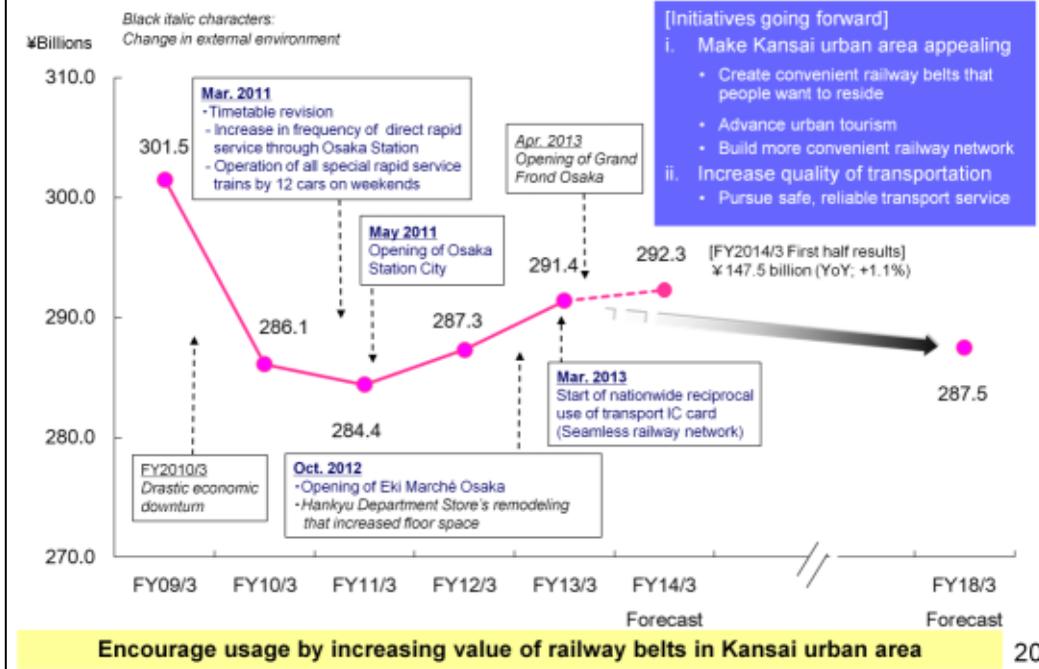
- Tokyo - Kanazawa, The fastest operation: "Kagayaki" •Toyama - Kanazawa, Shuttle operation: "Tsurugi"
- Tokyo - Kanazawa, Stopping at most stations: "Hakutaka"
- Tokyo - Nagano, Corresponding to existing Nagano Shinkansen service: "Asama"

○ 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

- We have just announced service types and train names of Hokuriku Shinkansen and will strive to have promotions in cooperation with JR-East.

Kansai Urban Area—Improve 1



- Due in part to the opening of Grand Front Osaka and other big commercial facilities, usage in the Kansai urban area is following a favorable trend. When Osaka Station City opened in 2011, we revised the timetable with a view to enhancing the role of the Umeda region as a hub of the Kansai urban area, such as expanding the number of through-service rapid trains to Osaka station. We believe that these initiatives have had a positive effect on the current trend.
- Moving forward, we will work to sustain and expand usage of our services by advancing initiatives to make the Kansai urban area more appealing and increase the quality of transportation.

Kansai Urban Area—Improve 2



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



VIERRA morinomiya
The second Stage, Sep.2013

• 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)

○ 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

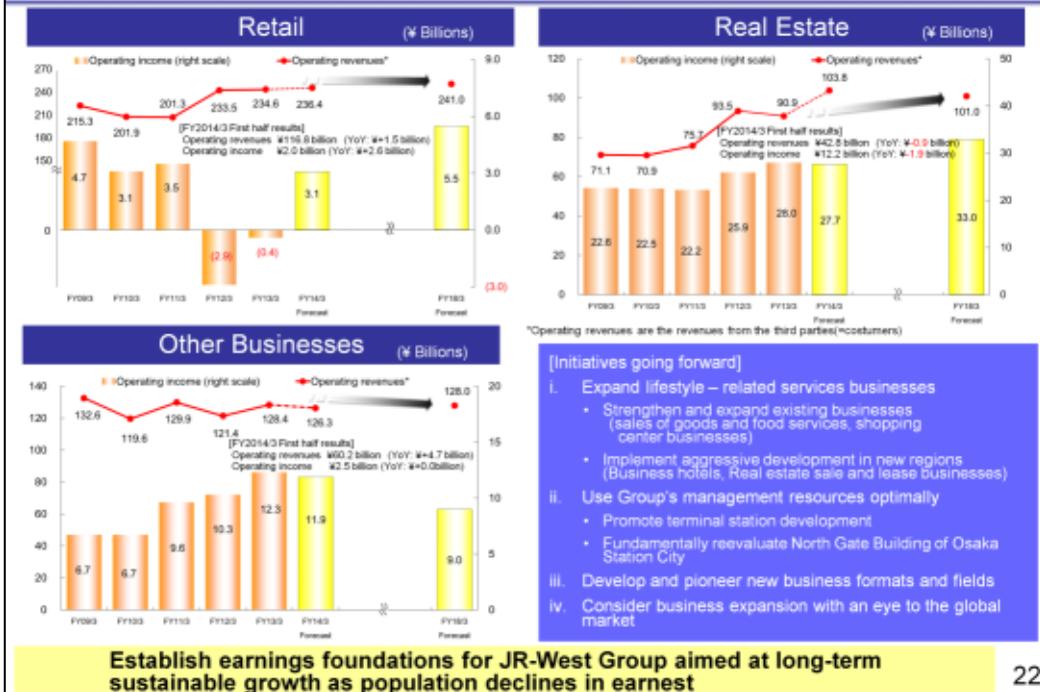
○ Pursue safe, reliable transport service

- 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)

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- Specifically, on the JR Kobe Line and JR Kyoto Line we will add new stations and improve existing stations. In addition, on the Osaka Loop Line we will promote development under elevated bridges and enhance the functionality of the stations and surrounding areas. In these ways, we will take a comprehensive approach to enhancing the value of our railway belts.
- In addition, through information sites and other means, we will work to provide information about the appeal of the Kansai region, centered on Osaka Station City, which had 300 million visitors in October. Working together with private railways in Kansai, we will strive to draw customers from an even wider area.
- In addition, to further enhance the rail network, we will steadily advance projects such as development of the Osaka Higashi Line.

Business Development—Develop 1



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

- Business development is positioned as a pillar of our growth, along with the Shinkansen and the Kansai urban area. In lifestyle-related services businesses, such as retail and real estate, we are steadily advancing projects that were incorporated in the medium-term management plan. As outlined on page 23, we will take steps to strengthen and expand existing businesses. These will include the renovation of stores inside stations accompanying station improvement activities at Tennoji and Sannomiya, as well as large-scale shopping center renovations.
- In addition, we will conduct aggressive development in fields/businesses where we can leverage our strengths, such as the start of commercial facility development through site acquisition in the Fukuoka region, the westernmost part of our service area.
- Also, as a new initiative that was not initially included in the medium-term management plan, we have acquired a site in front of Tsukaguchi Station on the Fukuchiyama Line, and we are now considering the potential uses of this site in conjunction with the station building and condominium sales business.
- Furthermore, we have established the Business Promotion Group in the Business Development Headquarters, and we are moving ahead with a variety of considerations regarding new business formats and fields.

Business Development—Develop 2. Retail



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)

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- In regard to JR Osaka Mitsukoshi Isetan, while Grand Front Osaka drew large numbers of customers immediately after its opening in spring 2013, subsequent marketing initiatives designed to draw customers who use the north side of Osaka Station gradually began to take effect. Nonetheless, from the second half of last year the competitive environment in the Umeda area has intensified, and in comparison with the forecast for the full year, revenues in the first half were somewhat weak.
- For the second half, we will implement a variety of creative marketing initiatives while taking steps to verify their diverse effects. For example, in card operations, where the number of members and usage rates are increasing, we will work to secure new members and offer sales promotions for members. We will also implement events that are effective and appealing. We will steadily secure revenue while capturing demand in the period prior to the increase in the consumption tax.
- At the same time, making a project group with Isetan Mitsukoshi Holdings Ltd, we are moving ahead with consideration of this issue, targeting a post-reform reopening in spring 2015. We will strive to disclose these plans within the fiscal year.

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 MAKO*	Tanumi, Kobe	Feb. 2014	145
J.GRAN FRESIA KUSATSUNSHIQU*	Kusatsu, 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	Kusatsu, Shiga	Mar. 2014	47
J.GRAN TAKATSUKI KOSOBECHEO	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

- "piolo HIMEJI" (Apr. 2013)
- "riple" 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)



"riple" at Shimonoseki Station



Fukuyama Station South exit development

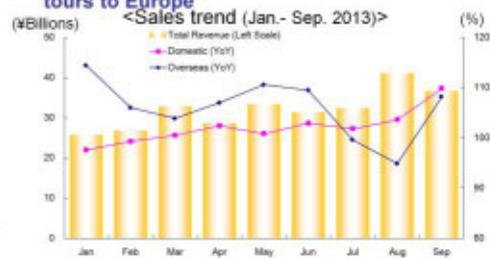
Hotel business

- 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)

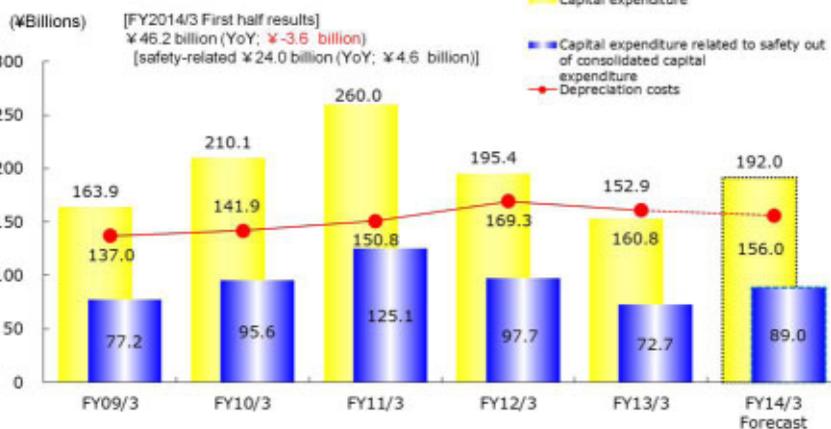


[Difference between the previous and current midium-term management plans]

(#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

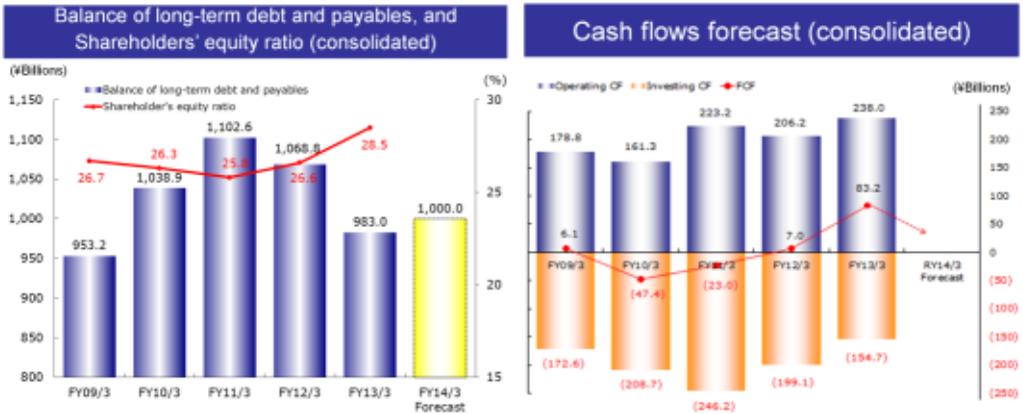
Major Capital expenditure projects for FY14/3

- <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



- Consolidated capital expenditure for the current fiscal year is forecasted to be ¥192.0 billion and was ¥46.2 billion in the first half. This is because Hokuriku Shinkansen related capital expenditure will get into full swing and we will invest on renewal of ATC in Sanyo Shinkansen Line and on earthquake and tsunami countermeasures.
- We will ensure the total asset efficiency (ROA) by evaluating return on investments and implementing systematically.
- 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



- ### 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

- In the current fiscal year, free cash flow is expected to decrease significantly from the previous fiscal year 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.
- We have cancelled the 4.52 million shares of treasury stock that we acquired in fiscal 2008.
- We had intended to use the treasury stock for capital alliances that would support increased safety and competitiveness. However, we had held the treasury stock for more than five years, and consequently we cancelled the shares in accordance with our basic policy.

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.