IR Meeting (FY2016.3)

Results for the Fiscal Year Ended March 31, 2016 and Future Initiatives

May 2, 2016

West Japan Railway Company

Contents

Ⅰ. Results for FY2016.3

2

- My name is Yutaka Nakanishi, and I am general manager of the Finance Department.

- I will be providing a brief explanation of the Company's financial results in the fiscal year ended March 31, 2016 (FY2016.3), and our forecasts for the fiscal year ending March 31, 2017 (FY2017.3), which were announced on April 27, 2016.

Financial Highlights

JR-WEST

¥ Billions

	Results FY2015.3 A	Results FY2016.3 B	YoY Increase/(Decrease) B-A	YoY % B/A-1	Forecasts FY2017.3 C	YoY Increase/(Decrease) C-B	YoY % C/B-1
【Consolidated】							
Operating Revenues	1,350.3	1,451.3	100.9	7.5	1,450.0	(1.3)	(0.1)
Operating Income	139.7	181.5	41.7	29.9	175.5	(6.0)	(3.3)
Recurring Profit	121.9	162.2	40.2	33.0	159.5	(2.7)	(1.7)
Profit attributable to owners of parent	66.7	85.8	19.1	28.7	106.5	20.6	24.0
【Non-Consolidated】							
Operating Revenues	890.9	954.2	63.2	7.1	952.5	(1.7)	(0.2)
Transportation Revenues	797.0	850.0	53.0	6.7	848.5	(1.5)	(0.2)
Operating Expenses	778.9	817.0	38.1	4.9	816.5	(0.5)	(0.1)
Personnel costs	233.0	233.3	0.2	0.1	223.0	(10.3)	(4.4)
Non personnel costs	369.0	392.4	23.4	6.3	390.5	(1.9)	(0.5)
Energy costs	45.3	44.1	(1.2)	(2.7)	42.0	(2.1)	(4.8)
Maintenance costs	146.7	152.8	6.0	4.1	153.0	0.1	0.1
Miscellaneous costs	176.9	195.4	18.5	10.5	195.5	0.0	0.0
Depreciation	126.0	132.3	6.2	5.0	137.5	5.1	3.9
Operating Income	112.0	137.2	25.1	22.5	136.0	(1.2)	(0.9)
Recurring Profit	92.1	116.7	24.6	26.7	119.0	2.2	1.9
Net Income	47.3	61.1	13.7	29.0	82.0	20.8	34.2

Note: Figures in brackets ( ) are negative values.

3

- First, we will look at slide 3. This slide displays financial highlights from FY2016.3, and our forecasts for FY2017.3.

- In FY2016.3, due to favorable economic conditions, non-consolidated transportation revenues grew substantially and performance in non-transportation operations proved favorable overall. As a result, revenues and income were up on both a consolidated and a non-consolidated basis.

- In FY2017.3, we forecast that consolidated operating revenues will decline ¥1.3 billion year on year, to ¥1,450.0 billion, and that operating income will decrease ¥6.0 billion, to ¥175.5 billion. These drops in performance will be attributable to lower revenues stemming from a myriad of factors including a deteriorating economic environment, a decline in the benefits from the Hokuriku Shinkansen opening, and the absence of the beneficial arrangement of holidays over Silver Week in Japan in 2015. In addition, we expect higher expenses resulted from the recording of an allowance reserve for the large-scale renovation of Shinkansen infrastructure and increases in line usage fees. At the same time, non-transportation operations are projected to suffer from a decrease in condominium sales and construction orders, both areas in which performance can fluctuates significantly, as a rebound from the strong performance in FY2016.3.

Non-Consolidated Financial Results

JR-WEST

¥ Billions

	Results FY2015.3 A	FY2016.3 Forecasts (As of Jan 29) B	FY2016.3 Results C	YoY Increase/ (Decrease) C-A	YoY % C/A-1	Difference from the forecasts Increase/(Decrease) C-B
Operating Revenues	890.9	949.0	954.2	63.2	7.1	5.2
Transportation revenues	797.0	847.0	850.0	53.0	6.7	3.0
Other	93.9	102.0	104.1	10.2	10.9	2.1
Operating Expenses	778.9	814.0	817.0	38.1	4.9	3.0
Personnel costs	233.0	233.0	233.3	0.2	0.1	0.3
Non personnel costs	369.0	390.5	392.4	23.4	6.3	1.9
Energy costs	45.3	46.5	44.1	(1.2)	(2.7)	(2.3)
Maintenance costs	146.7	153.5	152.8	6.0	4.1	(0.6)
Miscellaneous costs	176.9	190.5	195.4	18.5	10.5	4.9
Rental payments, etc.	18.7	26.5	26.9	8.1	43.4	0.4
Taxes	32.0	32.0	31.9	(0.0)	(0.1)	(0.0)
Depreciation	126.0	132.0	132.3	6.2	5.0	0.3
Operating Income	112.0	135.0	137.2	25.1	22.5	2.2
Non-operating revenues and expenses	(19.8)	(18.5)	(20.4)	(0.5)	2.9	(1.9)
Non-operating revenues	6.5	6.6	6.3	(0.1)	-	(0.2)
Non-operating expenses	26.4	25.1	26.8	0.3	-	1.7
Recurring Profit	92.1	116.5	116.7	24.6	26.7	0.2
Extraordinary profit and loss, net	(4.5)	(3.0)	(15.5)	(11.0)	-	(12.5)
Extraordinary profit	60.6	-	19.5	(41.0)	-	-
Extraordinary loss	65.1	-	35.0	(30.0)	-	-
Net Income	47.3	76.0	61.1	13.7	29.0	(14.8)

Note: Figures in brackets (　) are negative values.

4

- Next, we will look at non-consolidated financial results on slide 4.

- Operating revenues were up by a massive ¥63.2 billion, largely due to a ¥53.0 billion increase in transportation revenues.

- The higher revenues led operating income to rise ¥25.1 billion, despite the fact that operating expenses rose ¥38.1 billion due to the recording of expenses related to the Hokuriku Shinkansen, additional maintenance and miscellaneous expenses incurred for measures during FY2016.3, and higher sales handling fees stemming from the strong transportation revenues.

- Non-consolidated net income amounted to ¥61.1 billion, falling below our forecast. This outcome was due to in part the recording of ¥12.9 billion under extraordinary loss in the form of an allowance for costs for disposal of waste containing low concentration PCB, an occurrence that was not accounted for in our forecasts. Another contributing factor was a ¥6.3 billion reversal of deferred taxed assets that was conducted in response to a decrease in corporate tax.

Major Factors of Increase/Decrease in Transportation Revenues

JR-WEST

¥ Billions

Results FY2016.3					
Transportation revenues		YoY Increase/(Decrease) Amount	YoY Increase/(Decrease) %	Major factors	Amount
Shinkansen	437.2	61.3	16.3	Fundamentals 3.4%	12.9
				Special factors	
				Hokuriku Shinkansen	43.3
				Silver Week (a five-day holiday in September), leap year effect, etc.	2.0
				Golden Week	0.8
				The mid-summer Obon holidays	0.5
				Inbound demand	0.4
				Seniors demand	0.4
				etc.	
Kansai Urban Area (Kyoto-Osaka-Kobe Area)	302.2	5.9	2.0	Fundamentals 0.8%	2.3
				Special factors	
				Inbound demand	1.6
				Silver Week (a five-day holiday in September), leap year effect, etc.	0.6
				The mid-summer Obon holidays	0.5
				Golden Week	0.4
				etc.	
Other lines	110.5	(14.2)	(11.4)	Fundamentals 0.7%	0.8
				Special factors	
				Separation of management of the conventional lines between Kanazawa and Naoetsu parallel to Hokuriku Shinkansen	(16.2)
				Silver Week (a five-day holiday in September), leap year effect, etc.	0.3
				The mid-summer Obon holidays	0.3
				Inbound demand	0.2
				etc.	
Conventional lines	412.7	(8.3)	(2.0)		
Total	850.0	53.0	6.7		

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

5

- We will now move on to slide 5, which explains major factors behind increases and decreases in transportation revenues.

- Fundamentals were incredibly strong for Shinkansen lines and the Kansai Urban Area, with a particularly impressive increase of 3.4% seen in fundamentals for Shinkansen lines, a level that has not been achieved in recent years. As a result, total transportation revenues displayed a year-on-year increase of ¥53.0 billion, climbing to record high of ¥850.0 billion in FY2016.3.

- A new record was also set for Shinkansen revenues, which totaled ¥437.2 billion and came to represent more than 50% of total transportation revenues, a noteworthy change in the composition of revenues. This impressive result can be attributed in part to the benefits of opening of the Hokuriku Shinkansen, which were enjoyed throughout the fiscal year. Also contributing to this result was the strong performance achieved by the Sanyo Shinkansen both on weekdays and holidays as we took advantage of business demand, inbound visitor demand, and travel demand from active senior citizens.

- In the Kansai Urban Area, transportation revenues were up ¥5.9 billion. Ongoing measures for enhancing the value of railway belts, such as station renovations and relocations of universities to areas neighboring railway belts, bore results. In addition, urban tourism trends were favorable due to the benefits of the opening of LUCUA osaka and other facilities alongside railway belts as well as the reopening of Himeji Castle and the draw of Universal Studios Japan. The number of inbound visitors also increased.

- Revenues from conventional lines, meanwhile, were down ¥14.2 billion. However, as the separation of management of conventional lines running parallel to the Hokuriku Shinkansen resulted in a revenue decrease of ¥16.2 billion, it can be said that performance was actually solid for other conventional lines.

Transportation Revenues and Passenger-Kilometers

JR-WEST

Transportation Revenues

¥ Billions

	Fiscal Year (4/1 ~ 3/31)			3 months (4Q) (1/1 ~ 3/31)		
	FY2015.3	FY2016.3	YoY	FY2015.3	FY2016.3	YoY
Total	797.0	850.0	53.0 6.7%	195.2	203.7	8.5 4.4%
Shinkansen	375.9	437.2	61.3 16.3%	91.6	102.7	11.1 12.2%
Commuter Passes	9.3	10.1	0.8 8.8%	2.2	2.5	0.2 8.9%
Non-Commuter Passes	366.5	427.1	60.5 16.5%	89.3	100.2	10.9 12.2%
Conventional Lines	421.0	412.7	(8.3) (2.0%)	103.5	100.9	(2.6) (2.5%)
Commuter Passes	142.3	141.0	(1.3) (0.9%)	34.0	33.8	(0.1) (0.6%)
Non-Commuter Passes	278.7	271.7	(7.0) (2.5%)	69.5	67.1	(2.4) (3.5%)
Kansai Urban Area (Kyoto-Osaka-Kobe Area)	296.2	302.2	5.9 2.0%	73.2	73.7	0.4 0.7%
Commuter Passes	115.2	115.6	0.4 0.4%	27.8	27.8	0.0 0.1%
Non-Commuter Passes	181.0	186.5	5.5 3.0%	45.4	45.8	0.4 1.0%
Other Lines	124.8	110.5	(14.2) (11.4%)	30.3	27.2	(3.1) (10.3%)
Commuter Passes	27.1	25.3	(1.7) (6.4%)	6.1	5.9	(0.2) (3.4%)
Non-Commuter Passes	97.6	85.1	(12.5) (12.8%)	24.1	21.2	(2.9) (12.0%)

Passenger-Kilometers

Millions of passenger-kilometers

	Fiscal Year (4/1 ~ 3/31)			3 months (4Q) (1/1 ~ 3/31)		
	FY2015.3	FY2016.3	YoY	FY2015.3	FY2016.3	YoY
Total	56,078	58,341	2,262 4.0%	13,461	13,884	422 3.1%
Shinkansen	18,109	20,449	2,339 12.9%	4,348	4,806	458 10.5%
Commuter Passes	743	804	61 8.2%	187	198	11 6.1%
Non-Commuter Passes	17,366	19,644	2,278 13.1%	4,161	4,608	446 10.7%
Conventional Lines	37,969	37,891	(77) (0.2%)	9,112	9,077	(35) (0.4%)
Commuter Passes	22,557	22,764	206 0.9%	5,295	5,350	55 1.0%
Non-Commuter Passes	15,411	15,127	(284) (1.8%)	3,817	3,726	(90) (2.4%)
Kansai Urban Area (Kyoto-Osaka-Kobe Area)	28,830	29,522	691 2.4%	6,966	7,078	111 1.6%
Commuter Passes	18,356	18,714	357 1.9%	4,365	4,431	65 1.5%
Non-Commuter Passes	10,473	10,808	334 3.2%	2,601	2,647	46 1.8%
Other Lines	9,138	8,369	(768) (8.4%)	2,145	1,998	(147) (6.9%)
Commuter Passes	4,201	4,050	(150) (3.6%)	929	919	(10) (1.1%)
Non-Commuter Passes	4,937	4,319	(618) (12.5%)	1,216	1,079	(137) (11.3%)

Note: Figures in brackets ( ) are negative values.

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

¥Billions

Item	Results FY2016.3	YoY Increase/(Decrease)	YoY %	Major factors (YoY)
Personnel costs	233.3	0.2	0.1	
Energy costs	44.1	(1.2)	(2.7)	· Decrease in adjustment amount for fuel cost (1.5), etc.
Maintenance costs	152.8	6.0	4.1	· Increase in maintenance costs for structures +0.7, etc.
Miscellaneous costs	195.4	18.5	10.5	· Increase in payments for other JR companies +6.6 · Increase in advertising expenses +2.4 · Increase in sales charge +1.1 · Increase in system related costs +1.1, etc.
Rental Payments, etc	26.9	8.1	43.4	· Hokuriku Shinkansen
Taxes	31.9	(0.0)	(0.1)	
Depreciation and amortization	132.3	6.2	5.0	· Depreciation of Hokuriku Shinkansen rolling stock, etc.
Total	817.0	38.1	4.9	

Note: Figures in brackets ( ) are negative values.

7

- Let us now move on to slide 7 on which you will see factors effecting non-consolidated operating expenses.

- Personnel costs were relatively unchanged year on year while energy costs decreased ¥1.2 billion due to a drop in the price of crude oil. Conversely, we conducted measures entailing the recording of an additional ¥11.0 billion in maintenance costs and miscellaneous costs in light of the impressive revenue trends. Meanwhile, there were increases in line usage fees, payments for other JR companies, depreciation and amortization, and other expenses associated with the Hokuriku Shinkansen. As a result, total non-consolidated operating expenses were up ¥38.1 billion year on year, to ¥817.0 billion.

Consolidated Financial Results

JR-WEST

¥ Billions

	Results FY2015.3 A	FY2016.3 Forecasts (As of Jan 29) B	FY2016.3 Results C	YoY Increase/(Decrease) C-A	YoY % C/A-1	Difference from the forecasts Increase/(Decrease) C-B
Operating Revenues	1,350.3	1,437.0	1,451.3	100.9	7.5	14.3
Operating Expenses	1,210.5	1,265.5	1,269.7	59.1	4.9	4.2
Operating Income	139.7	171.5	181.5	41.7	29.9	10.0
Non-operating revenues and expenses	(17.7)	(18.5)	(19.2)	(1.5)	8.5	(0.7)
Non-operating revenues	9.0	7.6	7.8	(1.2)	-	0.2
Non-operating expenses	26.8	26.1	27.1	0.2	-	1.0
Recurring Profit	121.9	153.0	162.2	40.2	33.0	9.2
Extraordinary profit and loss, net	0.7	(5.5)	(17.1)	(17.8)	-	(11.6)
Extraordinary profit	69.5	-	21.5	(47.9)	-	-
Extraordinary loss	68.7	-	38.6	(30.1)	-	-
Profit attributable to owners of parent	66.7	96.0	85.8	19.1	28.7	(10.1)
Comprehensive Income	*74.2*	-	*104.8*	*30.5*	*41.2*	-

Note: Figures in brackets ( ) are negative values.

8

- Next, please look at slide 8. This slide shows our consolidated financial results.

- Operating revenues increased ¥100.9 billion year on year, to ¥1,451.3 billion; operating expenses rose ¥ 59.1 billion, to ¥1,269.7 billion, and operating income grew ¥41.7 billion, to ¥181.5 billion.

Consolidated Financial Results (Segment Information)

JR-WEST

¥ Billions

	Results FY2015.3 A	FY2016.3 Forecasts (As of Jan 29) B	FY2016.3 Results C	YoY Increase/ (Decrease) C-A	YoY % C/A-1	Difference from the forecasts Increase/(Decrease) C-B
Operating Revenues*1	1,350.3	1,437.0	1,451.3	100.9	7.5	14.3
Transportation	868.4	925.1	928.7	60.3	6.9	3.6
Retail	220.1	231.0	232.0	11.8	5.4	1.0
Sales of goods and food services	133.6	143.2	144.9	11.3	8.5	1.7
Department stores	78.2	80.2	79.1	0.8	1.1	(1.0)
Real estate	87.2	106.6	108.8	21.6	24.9	2.2
Shopping center	50.6	57.2	57.8	7.1	14.2	0.6
Real estate lease and sale*3	34.7 【5.8】	47.7 【18.4】	49.2 【19.5】	14.4 【13.7】	41.7 【235.7】	1.5 【1.1】
Other businesses	174.4	174.3	181.5	7.0	4.1	7.2
Hotel	34.8	35.8	36.5	1.6	4.8	0.7
Nippon Travel Agency	42.5	41.4	41.6	(0.8)	(2.1)	0.2
Operating Income*2	139.7	171.5	181.5	41.7	29.9	10.0
Transportation	100.6	121.8	125.1	24.5	24.3	3.3
Retail	1.5	5.1	5.3	3.7	233.0	0.2
Sales of goods and food services	3.9	-	4.6	0.7	17.9	-
Department stores	(2.2)	-	0.3	2.6	-	-
Real estate	25.1	31.8	32.7	7.5	29.9	0.9
Shopping center	7.3	-	9.3	1.9	26.3	-
Real estate lease and sale	8.1	-	12.5	4.3	53.1	-
Other businesses	15.6	16.0	22.4	6.7	43.5	6.4
Hotel	2.1	-	2.7	0.5	28.3	-
Nippon Travel Agency	0.6	-	0.4	(0.2)	(33.0)	-

Note: Figures in brackets ( ) 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 brackets 【 】 are the sales of condominiums. (Revenues from third parties) (Included in Real estate lease and sale)

9

- We will look next at slide 9, which displays consolidated financial results by segment.

- In the Retail Business segment, operating revenues increased ¥11.8 billion, to ¥232.0 billion, due to the conversion of in-station stores to Seven-Eleven Japan franchised stores and a rise in customers at stores in stations resulted from higher railway users. Operating income similarly rose ¥3.7 billion, to ¥5.3 billion, thanks to an improved balance of income and expenses at an Osaka department store.

- The Real Estate Business segment posted operating revenues of ¥108.8 billion, up ¥21.6 billion year on year, and operating income of ¥32.7 billion, up ¥7.5 billion. These increases were a result of favorable trends in condominium sales as well as the benefits the opening of LUCUA 1100 and the renewal of shopping centers in the Hokuriku regions in our shopping center operations.

- Operating revenues in the Other Businesses segment rose ¥7.0 billion, to ¥181.5 billion, and operating income was up ¥6.7 billion, to ¥22.4 billion. Travel agency operations suffered from the impacts of a slump in overseas travel while solid demand for other travel supported solid performance in hotel operations. In construction operations, which are subject to significant fluctuations in performance, we witnessed a substantial upswing in performance.

Consolidated Financial Situation and Statements of Cash Flows

JR-WEST

¥ Billions

	As of March 31, 2015 A	As of March 31, 2016 B	Difference increase/(decrease) B-A
Assets	2,786.4	2,843.1	56.7
Liabilities	1,939.7	1,916.8	(22.9)
Net assets	846.7	926.3	79.6
Balance of Long-term Debt and Payables	1,004.2	1,001.8	(2.3)
【Average interest rate (%) 】	【2.40】	【2.25】	【 (0.15) 】
Shinkansen Purchase Liability	167.6	134.6	(32.9)
【Average interest rate (%) 】	【6.05】	【6.28】	【0.23】
Bonds	479.9	494.9	15.0
【Average interest rate (%) 】	【2.08】	【2.00】	【 (0.08) 】
Equity ratio (%)	28.8	30.9	2.1
Net assets per share (¥)	4,138.65	4,534.29	395.64

	Results FY2015.3 A	Results FY2016.3 B	YoY increase/(decrease) B-A
Cash flows from operating activities	223.6	259.8	36.2
Cash flows from investing activities	(212.9)	(233.2)	(20.3)
Free cash flows	10.7	26.6	15.9
Cash flows from financing activities	1.6	(31.3)	(33.0)
Change in cash and cash equivalents, net	12.3	(4.6)	(17.0)
Cash and cash equivalents at the end of the period	85.3	80.6	(4.6)

Note: Figures in brackets ( ) are negative values.

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Ⅱ. Forecasts for FY2017.3

Non-Consolidated Financial Forecasts

JR-WEST

¥ Billions

	Results FY2016.3 A	Forecasts FY2017.3 B	YoY Increase/ (Decrease) B-A	YoY % B/A-1
Operating Revenues	954.2	952.5	(1.7)	(0.2)
Transportation revenues	850.0	848.5	(1.5)	(0.2)
Other	104.1	104.0	(0.1)	(0.2)
Operating Expenses	817.0	816.5	(0.5)	(0.1)
Personnel costs	233.3	223.0	(10.3)	(4.4)
Non personnel costs	392.4	390.5	(1.9)	(0.5)
Energy costs	44.1	42.0	(2.1)	(4.8)
Maintenance costs	152.8	153.0	0.1	0.1
Miscellaneous costs	195.4	195.5	0.0	0.0
Rental payments, etc.	26.9	30.5	3.5	13.2
Taxes	31.9	35.0	3.0	9.5
Depreciation	132.3	137.5	5.1	3.9
Operating Income	137.2	136.0	(1.2)	(0.9)
Non-operating revenues and expenses	(20.4)	(17.0)	3.4	(17.0)
Non-operating revenues	6.3	6.5	0.1	-
Non-operating expenses	26.8	23.5	(3.3)	-
Recurring Profit	116.7	119.0	2.2	1.9
Extraordinary profit and loss, net	(15.5)	(1.0)	14.5	-
Extraordinary profit	19.5	-	-	-
Extraordinary loss	35.0	-	-	-
Net Income	61.1	82.0	20.8	34.2

Note: Figures in brackets ( ) are negative values.

13

- Moving on, please turn to slide 13. This slide details our non-consolidated financial forecasts for FY2017.3.

- In FY2017.3, non-consolidated operating revenues are forecast to decrease ¥1.7 billion year on year, to ¥952.5 billion, due to lower transportation revenues. Meanwhile, non-consolidated operating expenses will be a slightly ¥0.5 billion lower, at ¥816.5 billion. As a result, non-consolidated operating income will decrease ¥1.2 billion, coming to ¥136.0 billion. Non-consolidated net income, meanwhile, will increase massively due to the absence of the allowance recorded for costs for disposal of waste containing low concentration PCB in FY2016.3.

Transportation Revenue Forecasts

¥ Billions

	Results FY2016.3 A	Forecasts FY2017.3 B	YoY Increase/ (Decrease) B-A	YoY % B/A-1
Shinkansen	437.2	435.5	(1.7)	(0.4)
Kansai Urban Area (Kyoto-Osaka-Kobe Area)	302.2	302.9	0.6	0.2
Other lines	110.5	110.0	(0.4)	(0.4)
Conventional lines	412.7	412.9	0.2	0.1
Transportation revenues	850.0	848.5	(1.5)	(0.2)

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

14

- Next, please turn to slide 14.

- Transportation revenues are forecast to decline ¥1.5 billion in FY2017.3, to ¥848.5 billion. In addition to worsening economic conditions, revenues will also be adversely impacted by extraordinary factors, such as the rebound from the benefits associated with the days on which holidays fell during Silver Week and other parts of the year in FY2016.3. The forecast figure also accounts for the effects of our efforts to continue boosting Shinkansen competitiveness, encourage railway usage by inbound visitors and senior citizens, and limit the extent to which the benefits of the Hokuriku Shinkansen opening decline. Transportation revenues are expected to show positive growth when the impacts of this decline are excluded.

- Although operations along all Kyushu Shinkansen lines have been resumed, the extent to which revenues will be impacted by lingering effects of the 2016 Kumamoto earthquake is currently difficult to predict due to the fact that the frequency of services and travel times differ from normal operation. For this reason, our forecasts for FY2017.3 do not incorporate these impacts. The direct impacts, namely the halt on services during April 2016, are expected to decrease transportation revenues by roughly ¥1.0 billion based on a preliminary calculation employing certain assumptions. However, we cannot currently measure the indirect impacts from factors, such as people refraining from visiting the Kyushu region.

- The effects of the impending consumption tax hike have also not been incorporated into forecasts for FY2017.3.

Operating Expenses Forecasts (Non-Consolidated)

JR-WEST

¥ Billions

Item	Forecasts FY2017.3	YoY Increase/ (Decrease)	YoY %	Major factors (YoY)
Personnel costs	223.0	(10.3)	(4.4)	· Decrease in amortization of accumulated unrecognized actuarial differences of retirement benefits obligation · Difference in personnel, etc
Energy costs	42.0	(2.1)	(4.8)	· Decrease in adjustment amount for fuel cost, etc.
Maintenance costs	153.0	0.1	0.1	· Allowance reserve for the large-scale renovation · Decrease in maintenance costs for structures, etc.
Miscellaneous costs	195.5	0.0	0.0	· Increase in system related costs · Decrease in advertising expenses, etc.
Rental Payments, etc	30.5	3.5	13.2	· Increase in amount equivalent to fixed asset tax for Hokuriku Shinkansen infrastructure
Taxes	35.0	3.0	9.5	· Increase in business tax, etc.
Depreciation and amortization	137.5	5.1	3.9	· Increase in facilities
Total	816.5	(0.5)	(0.1)	

Note: Figures in brackets ( ) are negative values.

15

- Moving on, please look at slide 15.

- In FY2017.3, non-consolidated operating expenses are forecast to show a slight decline of ¥0.5 billion year on year, amounting to ¥816.5 billion.

- As we begin assembling an allowance reserve for the large-scale renovation of Shinkansen infrastructure, expenses are expected to rise ¥4.1 billion, and an additional ¥3.5 billion in expenses will be recorded to reflect line usage fees associated with the increase in the amount equivalent to fixed asset tax for Hokuriku Shinkansen infrastructure. At the same time, business taxes are forecast to rise ¥1.6 billion due to the expansion of pro-forma standard taxation while depreciation and amortization increases by ¥5.1 billion as a result of the recently high level of capital expenditures. However, overall non-consolidated operating expenses are expected to decline because these various expense-increasing factors will be counterbalanced by reductions such as a large ¥10.3 billion decrease in personnel costs following the completion of the amortization of accumulated unrecognized actuarial differences of retirement benefits obligation and the rebound from previously issued employee bonus payments as well as a ¥2.1 billion decrease in energy costs due to the low price of crude oil.

- In regard to maintenance costs and miscellaneous costs, for which an extra ¥11.0 billion for instituting certain measures was incurred in FY2016.3, these costs are anticipated to be relatively unchanged year on year as a portion of these additional measures from the previous year will not be ongoing. This factor will offset the aforementioned expenses associated with the allowance reserve for the large-scale renovation of Shinkansen infrastructure as well as the ¥1.8 billion increase in system-related costs.

Consolidated Financial Forecasts

JR-WEST

¥ Billions

	Results FY2016.3 A	Forecasts FY2017.3 B	YoY Increase/(Decrease) B-A	YoY % B/A-1
Operating Revenues	1,451.3	1,450.0	(1.3)	(0.1)
Operating Expenses	1,269.7	1,274.5	4.7	0.4
Operating Income	181.5	175.5	(6.0)	(3.3)
Non-operating revenues and expenses	(19.2)	(16.0)	3.2	(17.0)
Non-operating revenues	7.8	7.5	(0.3)	-
Non-operating expenses	27.1	23.5	(3.6)	-
Recurring Profit	162.2	159.5	(2.7)	(1.7)
Extraordinary profit and loss, net	(17.1)	(2.5)	14.6	-
Extraordinary profit	21.5	-	-	-
Extraordinary loss	38.6	-	-	-
Profit attributable to owners of parent	85.8	106.5	20.6	24.0
Net income per share(¥)	443.53	550.09	-	-

Note: Figures in brackets ( ) are negative values.

16

- I would now like to explain our consolidated financial forecasts by looking at slide 16.

- In FY2017.3, we project operating revenues of ¥1,450.0 billion, down ¥1.3 billion year on year; operating expenses of ¥1,274.5 billion, up ¥4.7 billion; and operating income of ¥175.5 billion, down ¥6.0 billion. The main cause for the decreases in earnings will be extraordinary factors, such as the rebounds from prior robust condominium sales in real estate and strong performance in construction operations as well as the recording of allowance reserve for the large-scale renovation of Shinkansen infrastructure. If these extraordinary factors are excluded, earnings are expected to continue showing a growth trend.

Consolidated Financial Forecasts (Segment Information)

¥ Billions

	Results FY2016.3 A	Forecasts FY2017.3 B	YoY Increase/(Decrease) B-A	YoY % B/A-1
Operating Revenues*[1]	1,451.3	1,450.0	(1.3)	(0.1)
Transportation	928.7	925.7	(3.0)	(0.3)
Retail	232.0	241.8	9.7	4.2
Sales of goods and food services	144.9	152.1	7.1	4.9
Department stores	79.1	80.7	1.5	2.0
Real estate	108.8	104.4	(4.4)	(4.1)
Shopping center	57.8	59.9	2.0	3.5
Real estate lease and sale*[2]	49.2 【19.5】	42.7 【11.6】	(6.5) 【(7.8)】	(13.4) 【(40.3)】
Other businesses	181.5	178.1	(3.4)	(1.9)
Hotel	36.5	36.6	0.0	0.1
Nippon Travel Agency	41.6	42.8	1.1	2.8
Operating Income	181.5	175.5	(6.0)	(3.3)
Transportation	125.1	122.3	(2.8)	(2.3)
Retail	5.3	5.4	0.0	1.5
Real estate	32.7	31.4	(1.3)	(4.1)
Other businesses	22.4	19.9	(2.5)	(11.3)

Note: Figures in brackets ( ) 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 brackets 【 】 are the sales of condominiums. (Revenues from third parties) (Included in Real estate lease and sale)

17

- Moving on, please look at slide 17, where you will see our forecasts by segment.

- Operating revenues in the Retail Business segment are anticipated to rise ¥9.7 billion, to ¥241.8 billion, following the conversion of in-station stores to Seven-Eleven Japan franchised stores. Operating income in this segment will grow only slightly, to ¥5.4 billion, as the aforementioned store conversion will not begin creating income contributions until after all stores have been converted.

- In the Real Estate Business segment, the impacts of the rebound from the strong condominium sales experienced in FY2016.3 will be substantial. As a result, operating revenues will decrease ¥4.4 billion year on year, to ¥104.4 billion, and operating income will decline ¥1.3 billion, to ¥31.4 billion.

- The Other Businesses segment will benefit from slightly higher revenues and income from hotel and travel agency operations, but these benefits will be outweighed by the heavy impacts of the rebound from prior high performance levels in construction operations. Accordingly, operating revenues will drop ¥3.4 billion year on year, to ¥178.1 billion, and operating income will fall ¥2.5 billion, to ¥19.9 billion.

- With this, I conclude my portion of today's presentation.

Other Data

Persons, ¥ Billions

	Results FY2015.3	Results FY2016.3	Forecasts FY2017.3
ROA (%, Consolidated)	5.1	6.4	6.1
ROE (%, Consolidated)	8.4	10.2	11.6
EBITDA (Consolidated)*1	289.3	338.1	338.5
Depreciation (Consolidated)	149.5	156.6	163.0
Capital Expenditure (Consolidated, own fund)	225.6	233.1	193.0
Capital Expenditure (Non-consolidated, own fund)	186.4	198.7	163.0
Safety related capital expenditure	90.2	126.0	104.5
Dividends per share (¥)	125	135	140

*1 EBITDA = Operating Income + Depreciation

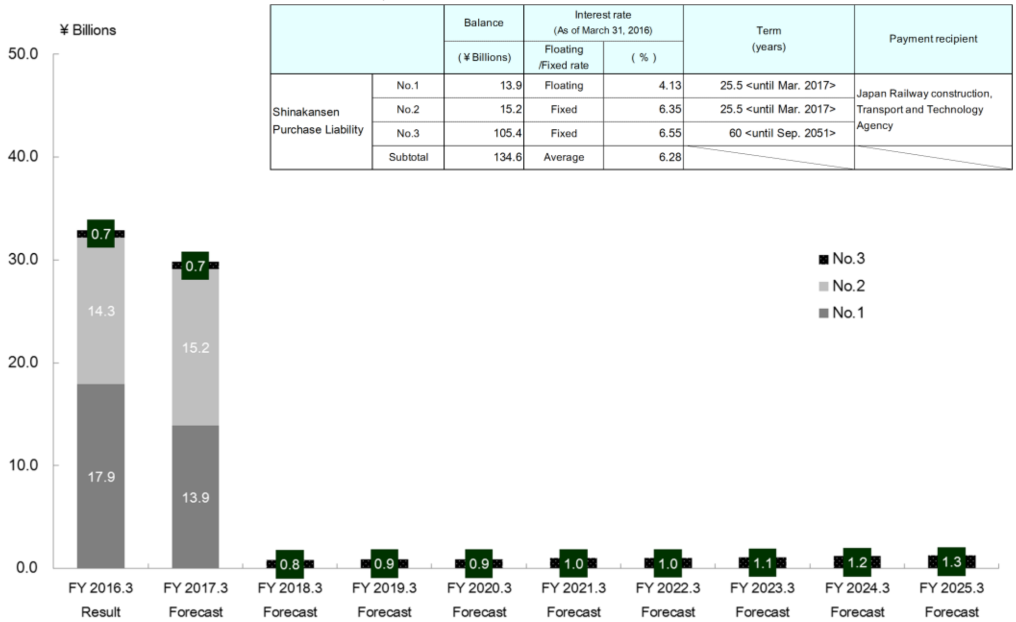
	Results FY2015.3		Results FY2016.3		Forecasts FY2017.3	
	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated
No. of employees at the end of period	47,565	26,886	47,456	26,555	-	-
Financial Expenses, net	(24.9)	(24.3)	(23.3)	(22.6)	(22.0)	(21.3)
Interest and dividend income	0.9	1.4	0.7	1.5	0.6	1.2
Interest expenses	25.8	25.7	24.1	24.1	22.6	22.5

Note: Figures in brackets ( ) are negative values.

Redemption Plan of Shinkansen Purchase Liability

【As of March 31, 2016】

		Balance	Interest rate (As of March 31, 2016)		Term (years)	Payment recipient
		(¥Billions)	Floating /Fixed rate	(%)		
Shinkansen Purchase Liability	No.1	13.9	Floating	4.13	25.5 <until Mar. 2017>	Japan Railway construction, Transport and Technology Agency
	No.2	15.2	Fixed	6.35	25.5 <until Mar. 2017>	
	No.3	105.4	Fixed	6.55	60 <until Sep. 2051>	
	Subtotal	134.6	Average	6.28		



19

JR-WEST

Ⅲ. Future Initiatives

20

- I am Seiji Manabe, president of JR-West.
- I would like to review the FY2016.3 and explain the initiatives we have planned for the future.

Review and Initiatives in FY2017.3

JR-WEST

Summary of progress of Updated Medium-Term Management Plan

			Targets		FY2013.3 results	FY2016.3 results(※)
Safety		Railway accidents that result in casualties among our customers		0 over 5 years	0	0 over 3 years
		Labor accidents that result in fatalities among our employees		0 over 5 years	0	1 over 3 years
		Railway accidents with casualties on platforms	FY18.3	30% reduction in comparison to FY13.3 (9)	13	10
		Accidents at level crossings	FY18.3	40% reduction in comparison to FY13.3 (25)	41	15
		Transportation disruptions due to internal factors	FY18.3	50% reduction in comparison to FY13.3 (140)	281	176
Customer Satisfaction		Customer satisfaction survey results	FY18.3	4.0 or above	3.47	3.76
Three Key Growth Themes	Hokuriku Shinkansen and Invigoraton of Hokuriku Region	Revenue increase from Hokuriku Shinkansen	FY18.3	¥13.0 billion	---	¥28.9 billion (First-year effect)
	New "LUCUA osaka"	Tenant sales target	FY16.3	¥77.0 billion	---	¥76.1 billion
		Visitor number target	FY16.3	70 million people	---	77 million people
	Response to Inbound Visitor Demand	Number of inbound tourism users	FY18.3	1 million people	200 thousand people	1 million people
		Consolidated operating revenues	FY18.3	¥10.0 billion increase (in comparison to FY13.3)	---	¥11.9 billion increase (in comparison to FY13.3)
Shinkansen		Number of senior customers traveling for leisure purpose	FY18.3	2.2 million people	1.9 million people	2.22 million people
Financial Benchmarks		Consolidated operating revenues	FY18.3	¥1,423.0 billion	¥1298.9 billion	¥1451.3 billion
		Consolidated EBITDA	FY18.3	¥325.5 billion	¥290.3 billion	¥338.1 billion
		Consolidated ROA	FY18.3	5.5%	4.9%	6.4%
		Consolidated ROE	FY18.3	9.8%	8.3%	10.2%

(※) Safety figures for FY2016.3 are preliminary figures.

Some objectives were achieved ahead of schedule, and steady progress was made toward the achievement of certain other objectives. On the other hand, there are also objectives that are still issues.

Initiatives in FY2017.3

- **Implementing initiatives to make steady progress toward the achievement of the objectives of the Medium-Term Management Plan in the area of fundamental company strengths, such as safety and customer satisfaction.**
- **Implementing initiatives to increase corporate value over the medium to long term, including securing demand in fields recording notable growth, such as inbound visitors; preparing for the introduction of seamless ticket services; and expanding business development in cities outside our railways in fields where the Company has strengths.**

21

- Please look at slide 21.

- In FY2016.3, our financial results were most impressive. These results were driven by the exceptionally strong performance of the Sanyo Shinkansen as well as progress with regard to the three key growth themes described in the updated Medium-Term Management Plan.

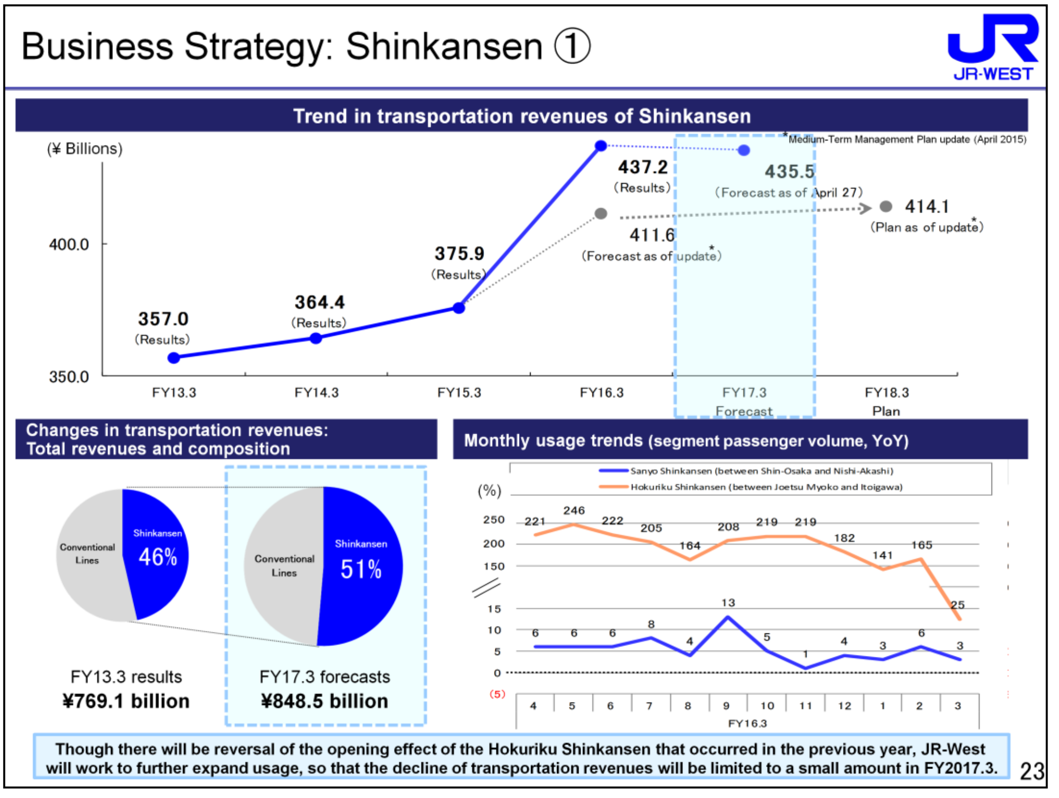
- The chart on this slide displays our progress toward the targets set in the updated Medium-Term Management Plan released in April 2015. Progress on this front is steady, as we have met our financial benchmarks and are set to accomplish our safety targets in the final year of the plan. However, it is clear that we need to redouble our efforts in relation to customer satisfaction targets. With regard to the three key growth themes, we were able to achieve our goals for the Hokuriku Shinkansen and inbound visitors due to strong performance in both areas. In addition, I feel that we essentially achieved our target for LUCUA osaka. Overall, exceptional progress was made in FY2016.3.

- Despite this progress, we forecast that operating income will decline due to several extraordinary factors in FY2017.3. These factors will include a changing economic environment, the recording of an allowance reserve for the large-scale renovation of Shinkansen infrastructure, increases in line usage fees, the absence of the beneficial arrangement of holidays, and the fact that low condominium sales are projected.

- Nonetheless, seeing as how the final year of the Medium-Term Management Plan is drawing close, we believe that now is a time in which we need to push forward with measures for accomplishing our goals centered on safety and customer satisfaction, which represent fundamental company strengths. We will operate our business over the coming year while placing such measures as a top priority.

- FY2017.3 will be a difficult year in terms of income and expenditures, but we feel that the railway business is one in which a long-term perspective must be adopted in conducting necessary expenditures. While this business can experience various fluctuations in conditions over the short term, we are committed to raising corporate value over the medium to long term.

Initiatives in each strategy



- Next, I would like to discuss our future initiatives.

- Please turn to slide 23, which begins our explanation of JR-West's Shinkansen business strategy.

- In FY2016.3, we succeeded in maximizing the opening effect of the Hokuriku Shinkansen, and the performance of the Sanyo Shinkansen was incredibly impressive as well. This strong performance arose from initiatives for boosting the Shinkansen's competitiveness by expanding usage of Internet reservation services and our efforts to take advantage of demand from senior citizens and inbound visitors. Supported by favorable economic conditions, these undertakings led to record-breaking transportation revenues of ¥437.2 billion. In addition, the portion of transportation revenues accounted for by Shinkansen revenues climbed to 51%, exceeding 50% for the first time ever.

- In FY2017.3, transportation revenues are projected to decline due to the absence of the favorable arrangement of holidays as well as the recoil reduction of the Hokuriku Shinkansen opening, which were felt throughout the previous year. The deterioration of economic conditions will be another factor behind this decline. Nonetheless, we will effectively deploy measures to heighten competitiveness and stimulate tourism demand while also working to minimize the extent to which the benefits of the Hokuriku Shinkansen opening dissipate.

Business Strategy: Shinkansen ②

JR-WEST

Future initiatives in Sanyo Shinkansen

Heightening competitiveness

○ Enhancing safety, comfort and convenience

- Advancing the introduction of rolling stock with enhanced safety and comfort
  - Existing N700: Modification of all 16 sets completed (~ FY2016.3)
  - New N700A: Additional introduction of 4 sets (FY2017.3)
- Reducing mobile phone no-service areas
  - Completed on all lines (planned at the end of FY2017.3)
- Initiatives to further enhance safety
  - Renewal of ATC system (completion planned for spring 2017)
  - The large-scale renovation of Shinkansen infrastructure: Start to record allowance

○ Advancing self-service ticket purchasing / ticketless boarding

- Preparing for introduction of new ticketless services (planned for summer 2017)

Sanyo Shinkansen New rolling stock N700A

Image for new ticketless service

Stimulating tourism demand

○ Rolling out tourism campaigns, leveraging tourism contents

- Implementing campaign to mark fifth anniversary of the direct service operations between the Sanyo and Kyushu Shinkansen services
  - Selling special travel packages, implementing various promotions
- Destination Campaign (DC)
  - Okayama DC (April to June, 2016)
- Leveraging tourism contents
  - Kyoto Railway Museum, Universal Studios Japan: 15th anniversary, Tokyo DisneySea: 15th anniversary
- Developing tourism materials, rolling out promotions
  - Participating in the Inland Sea, SETOUCHI Tourism Authority (established April 2016)

○ Fostering tourism demand among seniors

- Expanding membership for "Otonabi" membership service for senior customers
  - Enhancing products exclusively for members, etc.

○ Capturing inbound visitor demand (→ P.30)

Campaign to mark 5th anniversary of the direct service operations of the Sanyo and Kyushu Shinkansen services

Okayama DC sightseeing train "La Malle de Bois"

24

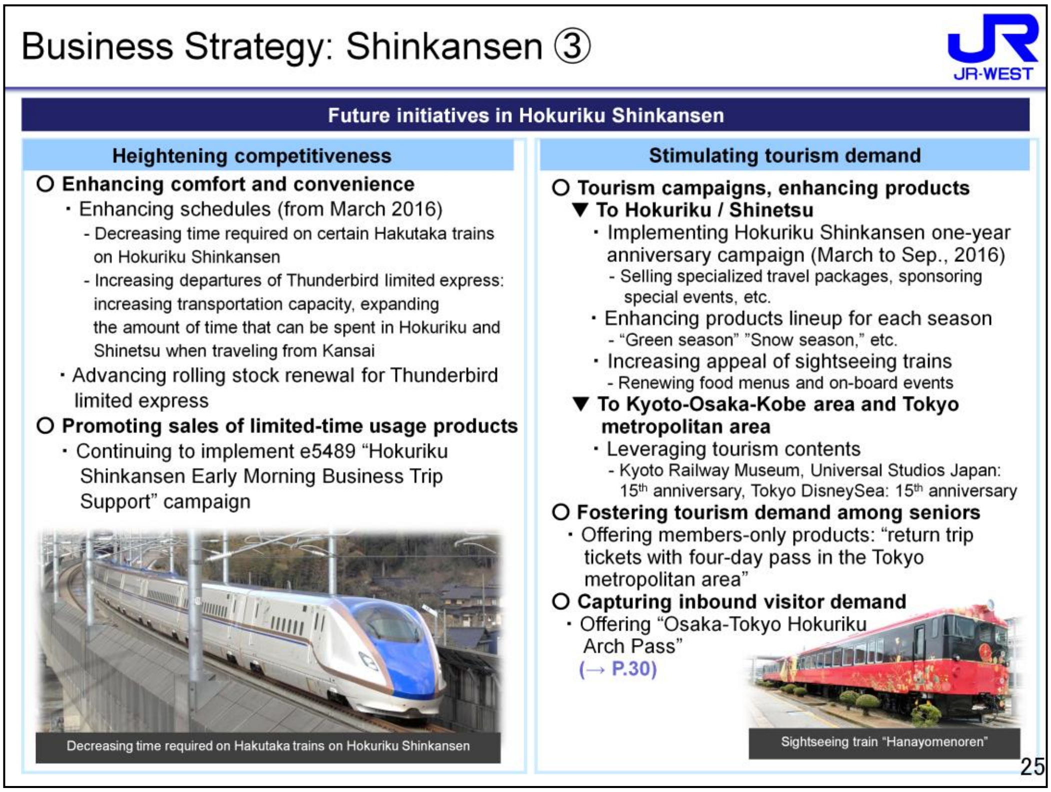
- Moving on to slide 24, you will see the initiatives we have planned with regard to the Sanyo Shinkansen for heightening competitiveness in consideration of our need to compete with airlines and stimulating tourism demand.

- We are not optimistic in our outlook for businesses that are easily influenced by changes in economic conditions over the coming year. However, in regard to tourism for example, we believe that there are still growth opportunities to be taken advantage of in relation to senior citizens and inbound visitors. We thereby aim to ensure that we are able to capture such demand.

- With regard to heightening competitiveness, I would like to begin by discussing our plans to enhance Shinkansen safety, comfort, and convenience. Specifically, we will introduce another four sets of N700A rolling stock to expand upon initiatives from FY2016.3. We also plan to complete measures for reducing mobile phone no-service areas in FY2017.3, thereby making it possible to receive mobile phone signals on all Sanyo Shinkansen lines.

- Furthermore, in summer of 2017, we plan to introduce a new, convenience-enhancing service that will allow online seat reservation and ticketless boarding services on the Tokaido and Sanyo Shinkansen, previously only available to EX-IC card-holding members of the Express Reservation service, to be used by anyone with an ICOCA or other transportation IC card. Preparations for the launch of these services will be advanced over the coming year. In this manner, we plan to increase the scope of Internet service usage and thereby greatly expand our foundations for conducting fine-tuned marketing initiatives.

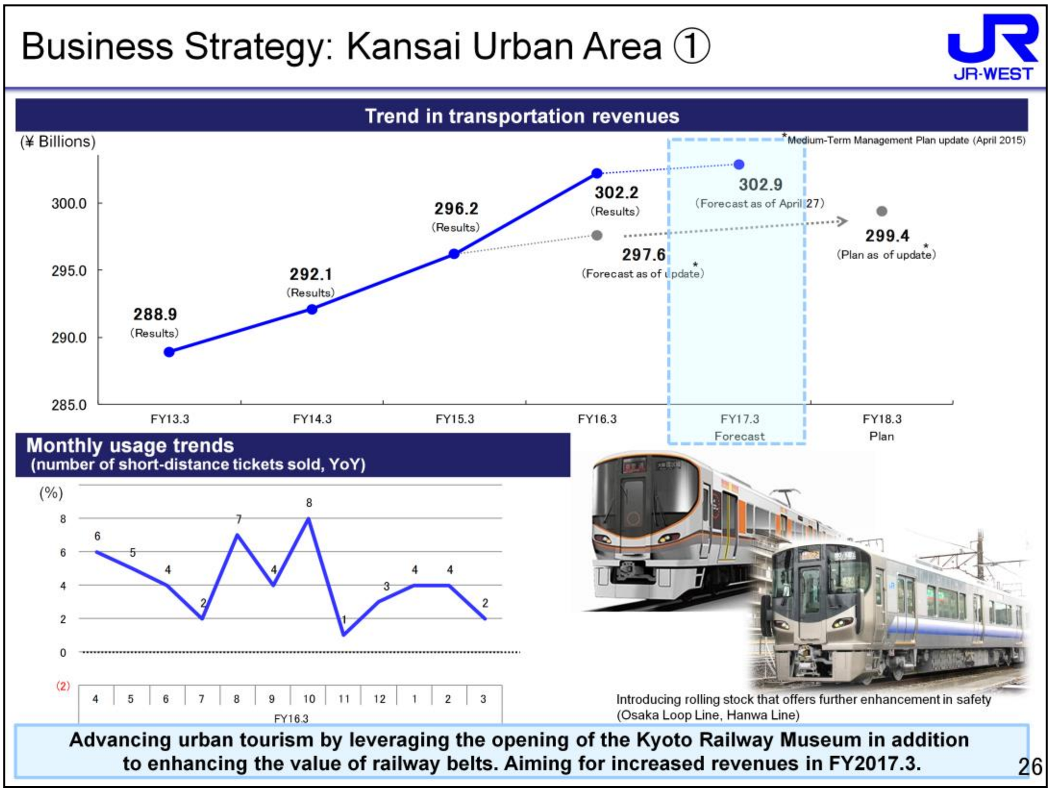
- Next, I will talk about our plans for stimulating tourism demand. In FY2017.3, we will implement a campaign to mark the fifth anniversary of the direct service operations between the Sanyo and Kyushu Shinkansen services as well as the Okayama Destination Campaign. Also, as you may know, Kumamoto was heavily impacted by the recent earthquake. At JR-West, we feel that it is our duty to support the economy of this quake-stricken region, and we will work to accomplish this objective by transporting passengers to the Kumamoto region after its recovery. Meanwhile, we will work to attract tourists from various locations by taking advantage of the opening of the Kyoto Railway Museum and the 15th anniversary of Universal Studios Japan. At the same time, we will enhance products exclusively for members of the "Otonabi" membership service. We also began participating in the Inland Sea, SETOUCHI Tourism Authority.



- Looking now at slide 25, I would next like to discuss the initiatives that will be conducted with regard to the Hokuriku Shinkansen for heightening competitiveness in consideration of our need to compete with airlines and stimulating tourism demand. The Hokuriku Shinkansen will enter into the second year since its opening and we therefore aim to minimize the extent to which the benefits of this opening dissipate while also simulating latent demand to entrench usage of this line.

- In regard to heightening competitiveness, we enhanced our schedules in March 2016 to decrease the travel time required on certain Hakutaka trains. Through this move, we also increased the number of Thunderbird limited express departures from Osaka in order to raise transportation capacity and extend the amount of time that can be spent in the Hokuriku region. In addition, we will continue implementing the e5489 "Hokuriku Shinkansen Early Morning Business Trip Support" campaign, which is only available early in the morning, in order to increase train usage during this time period, which is currently characterized by high airline usage.

- Meanwhile, as part of our initiatives for stimulating tourism demand, we plan to hold a campaign commemorating the 1-year anniversary of the Hokuriku Shinkansen. We will also enhance our product lineups for each season, snow season for example, in order to increase the number of passengers traveling from the Kansai region to Niigata or Nagano. At the same time, members-only products will be established in order to foster tourism demand among senior citizens. To capture inbound visitor demand, we will launch the new "Osaka-Tokyo Hokuriku Arch Pass," which we expect to serve as new premier travel route for use in attracting customers to the Hokuriku region.



- Next, we will take a look at our initiatives in the Kansai Urban Area on slide 26.

- In FY2016.3, transportation revenues in the Kansai Urban Area displayed a strong year-on-year increase of 2.0%, to ¥302.2 billion. This increase was due in part to favorable economic conditions as well as a rise in outing demand due to the reopening of Himeji Castle after its so-called “Heisei Era Restoration” as well as the opening of LUCUA 1100. Other contributing factors included our ability to take advantage of the robust inbound visitor demand as well as the benefits of efforts to enhance the value of railway belts.

- In FY2017.3, transportation revenues in the Kansai Urban Area are expected to be relatively unchanged year-on-year at ¥302.9 billion. This forecast is based on the assumption that operations will be impacted by sluggish economic growth and the absence of the last year’s beneficial arrangement of holidays in a similar fashion to Shinkansen operations.

Business Strategy: Kansai Urban Area ②

JR-WEST

Future initiatives

Enhancing the value of railway belts

O Creating railway belts that people want to reside in ★: Osaka Loop Line Renovation Project

- Opening new stations:
  Maya, Higashi-Himeji (March 2016), etc.
- Introducing new rolling stock:
  Osaka Loop Line★, Hanwa Line
- Promoting renewal of stations:
  Momodani★, Shin-Osaka, etc.

O Advancing more-seamless services

- Expanding ICOCA area: Following up Wakayama, Hyogo area expansion with start of Hokuriku area expansion (planning for April 2017)
- Expanding ICOCA collaboration: Sales of ICOCA/ ICOCA commuter passes by other companies such as Osaka Municipal Transportation Bureau, Nankai, etc. (planning for spring 2017)

Promoting urban tourism

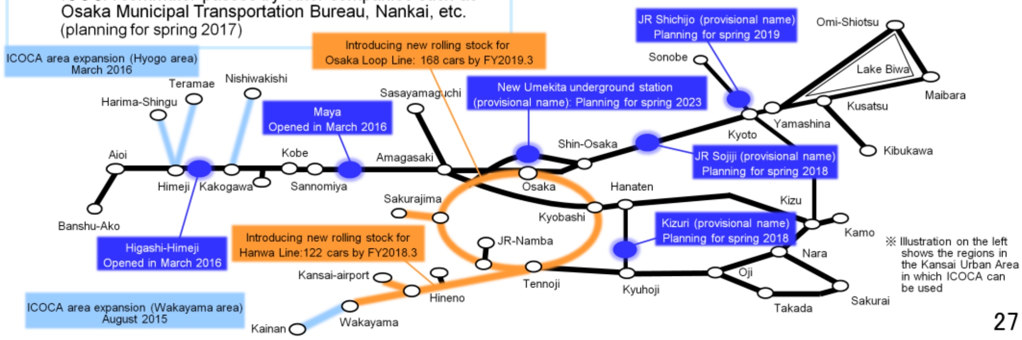
O Expanding usage through collaboration with tourism facilities along our railways

- Implementing joint PR activities in conjunctions with the 15th anniversary of Universal Studios Japan
- Attracting customers from a wide area

O Opening of the Kyoto Railway Museum

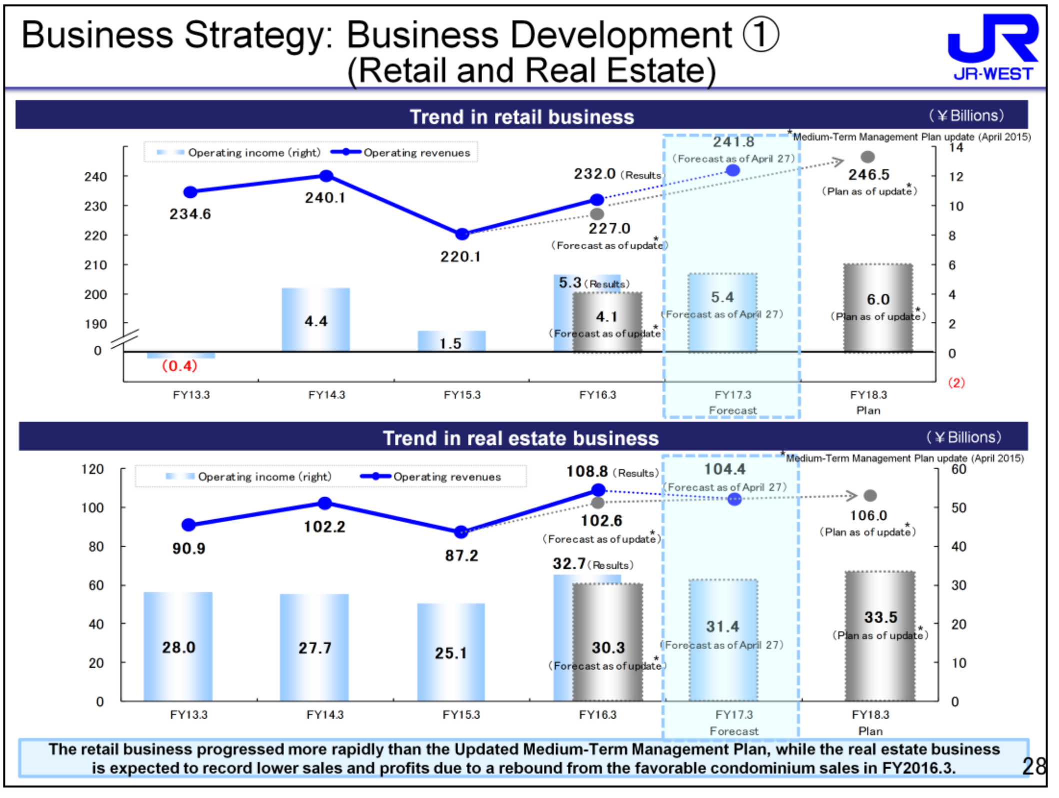
- Invigorating Kyoto Umekoji area through collaboration with the local partners
- Maximizing opening effect by attracting customers from a wide area

O Capturing inbound visitor demand (→P.30)



27

- As shown on slide 27, initiatives for enhancing the value of railway belts included the opening of Maya and Higashi-Himeji stations in March 2016. Looking ahead, we plan to advance the Osaka Loop Line Renovation Project and conduct the renewal of Shin-Osaka Station. We will also expand the area in which ICOCA cards can be used and encourage other transportation companies to issue ICOCA commuter passes in order to grant customers the option of more-seamless movement over a wider range of areas. Meanwhile, initiatives for promoting urban tourism will include campaigns utilizing the sightseeing draws of the Kyoto Railway Museum and Universal Studios Japan as we endeavor to increase railway usage by attracting customers from various regions.



- Slide 28 begins our discussion of business development efforts, displaying, in particular, trends in our Retail Business and Real Estate Business segments, which have been positioned as major pillars for supporting growth.

- In FY2016.3, substantial revenue and income increases were seen in the Retail Business, Real Estate Business, and Other Businesses segments. Factors contributing to this impressive outcome include the on-schedule progress of development plans for the new LUCUA in Osaka Station as well as robust performance at renewed commercial facilities supported by favorable railway usage trends. Also, in-station stores that had been converted to Seven-Eleven Japan franchised stores witnessed smooth progress in sales. In addition, the Real Estate Business posted impressive sales of condominiums while construction operations, which are subject to significant fluctuations in performance, achieved operating income that exceeded our initial forecasts by more than ¥7.0 billion.

- In FY2017.3, while we expect to secure higher profits in the retail and shopping center operations, the rebound from the strong condominium sales and construction operations seen in FY2016.3 will weigh heavily on performance. As a result, overall income in non-transportation operations will be down.

Business Strategy: Business Development ② (Retail and Real Estate)

JR-WEST

Future initiatives

Retail / Shopping center (SC)

○ Qualitative improvements realized by increasing product / service quality and strengthening operating capabilities

- Converting stores to Seven-Eleven Japan franchised stores and maximizing benefits
  - Approx. 500 stores in five years
  - 193 stores as of the end of FY2016.3
    ⇒ 50% increase in sales compared to period before conversion (March 2016)
- Developing and renewing commercial facilities
  - Grand opening of Shin-Osaka Station shopping center "arde!" (spring 2017, plan)
  - Renewal of Otsu Station (completion in fall 2016, plan)

○ Actively developing businesses in cities outside our railways in fields where we have strengths

- JR-West's first SC development in cities
  - SUITA GREEN PLACE (opening in June 2016, plan)
- Developing budget hotels in cities
  - Tennoji (spring 2017, plan), Umeda (summer 2017, plan)

Image for the renewal of Otsu Station

Image for SUITA GREEN PLACE

Real estate lease and sale

○ Participating in projects in areas surrounding stations ～Community development centered on the station～

- Tsukaguchi ZUTTOCITY
  - Redeveloping large-scale vacant factory site in front of the station
  - Jointly developing condominiums (certain units available for occupancy from March 2016)
  - Developing "VIERRA Tsukaguchi" station building (opened in April 2016)

(Image for ZUTTOCITY)

○ Advancing sales of condominiums

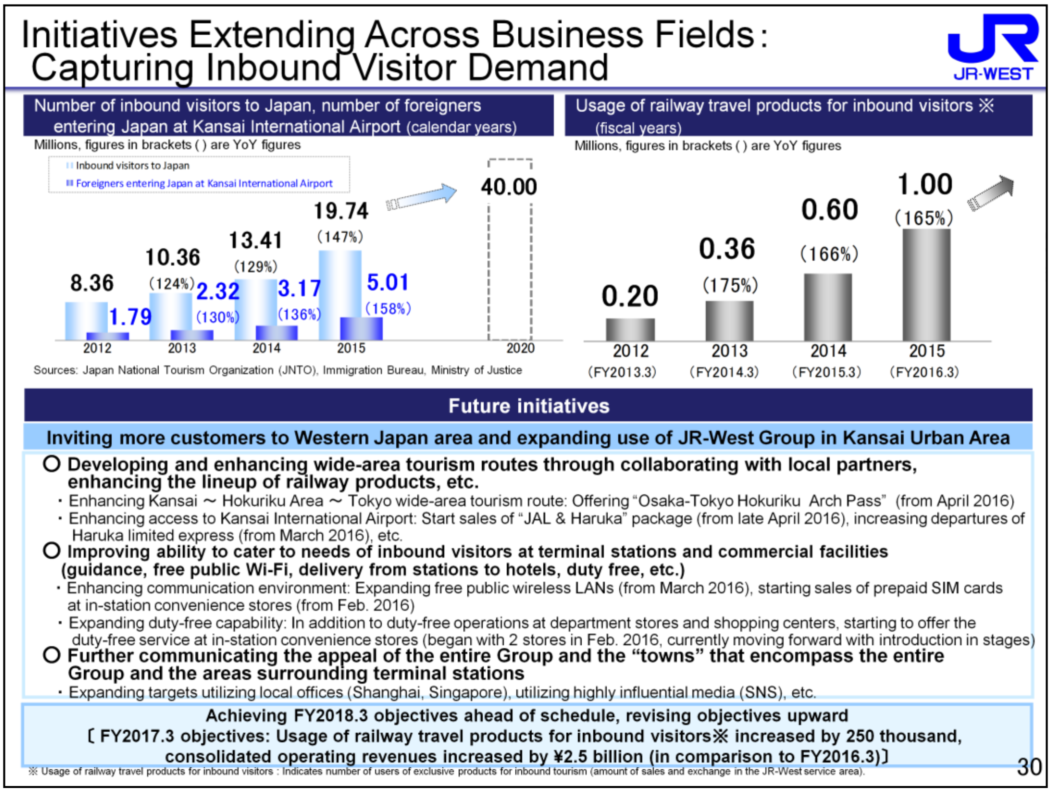
- New condominiums for sales from April 2016 and after

Name	Location	Handover (Plan)	Houses
GRACIA CITY KAWASAKI DAISHIGAWARA※	Kawasaki, Kanagawa	June 2016	558
BRANZ CITY TENJIMBASHISUJI 6-CHOME※	Osaka, Osaka	March 2017	420
PROUD CITY TSUKAGUCHI MARK FOREST※	Amagasaki, Hyogo	March 2017	587
KYOTO KATSURAGAWA TSUMUGI NO MACHI BRIGHT SQUARE※	Kyoto, Kyoto	March 2017	404
NISHINOMIYA CIY KOSHIENGUCHI PROJECT (provisional name)※	Nishinomiya, Hyogo	March 2017	16
J. GRAN THE HONOR SHIMOGAMO TADASU NO MORI	Kyoto, Kyoto	June 2017	99

※Joint projects with other companies

29

- Regardless of this negative outlook, we intend to advance the initiatives described on slide 29 during FY2017.3. These initiatives include converting stores to Seven-Eleven Japan franchised stores and developing and renewing commercial facilities at Shin-Osaka and Otsu Station. Also, as part of our efforts to develop businesses in cities outside of our railway belts in fields in which we have strengths, we plan to open SUITA GREEN PLACE, a suburban shopping center, in June 2016, while also preparing for the launch of budget hotels in Tennoji and Umeda. Meanwhile, station-centered community development initiatives will include participating in a redevelopment project at a large-vacant site in front of Tsukaguchi Station, which lies approximately 10 minutes from Osaka Station on the Fukuchiyama Line. Through this project, we opened a new station building in April 2016 and are also jointly developing condominiums. These initiatives align with our commitment to strategically improve corporate value over the medium to long term, and we will therefore continue our vigorous advancement of such initiatives, even when faced with harsh economic conditions.



- Next, please look at slide 30, where you will see information on our initiatives for capturing inbound visitor demand.

- The updated Medium-Term Management Plan set the targets of realizing a five-fold increase in the number customers using our exclusive products for inbound visitors, to 1 million customers, and a ¥10.0 billion increase in consolidated operating income over the five-year period. We successfully achieved these targets in FY2016.3.

- We therefore chose to implement an upward revision to these targets. Specifically, in FY2017.3, we will target year-on-year increases of 250,000 in usage of products for inbound visitors and ¥2.5 billion in consolidated operating income.

- To accomplish these targets, we will develop and enhance wide-area tourism routes through the previously mentioned establishment of the "Osaka-Tokyo Hokuriku Arch Pass" as well as through increased departures of the Haruka limited express. We will also strive to improve ability to cater to needs of inbound visitors at terminal stations and commercial facilities by providing free, public Wi-Fi and establishing duty-free stores. At the same time, overseas offices in Singapore and other locations will be used to expand the range of targets for promotional campaigns in order to attract visitors to various parts of the western Japan area.

- Moreover, initiatives will be advanced on a Groupwide basis in order to seize hold of demand in rapidly growing fields and thereby achieve our targets.

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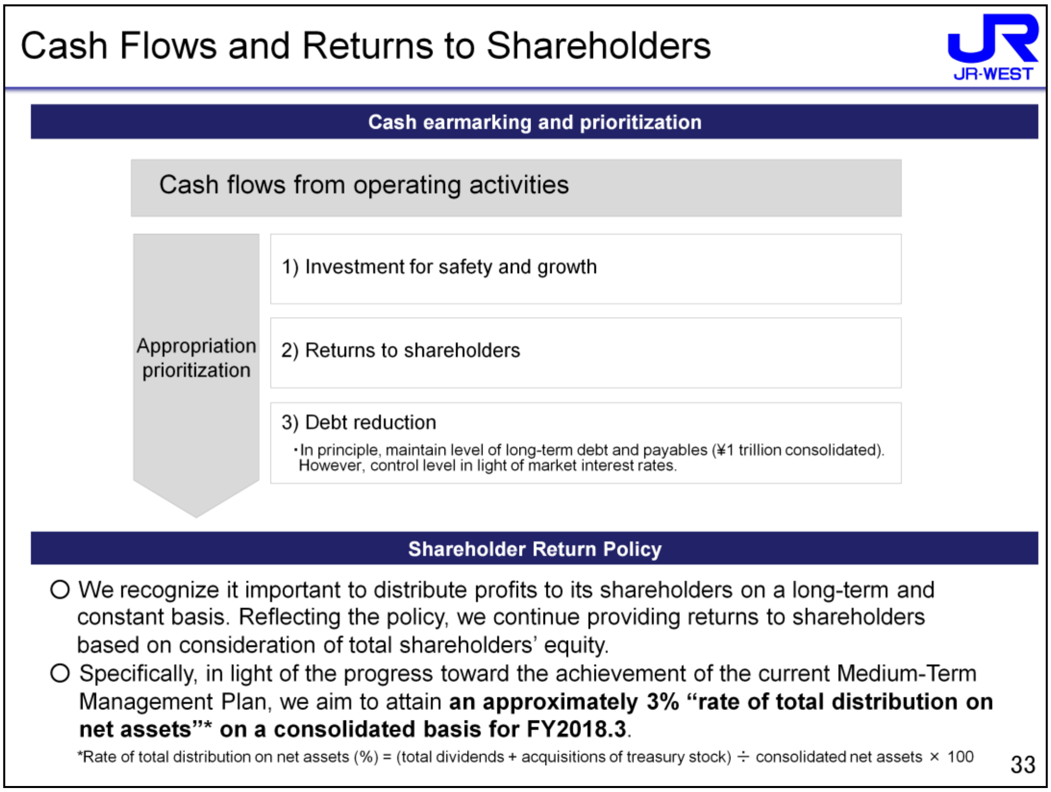
Capital Expenditure Plan, Cash Flows and Returns to Shareholders

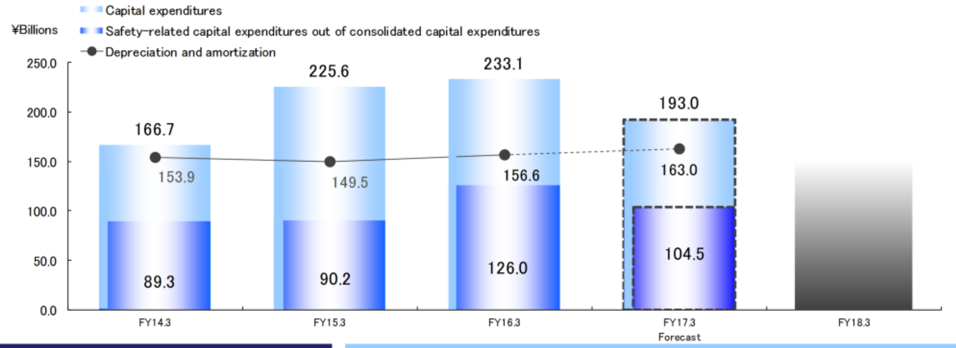


- Looking at slide 33, you will see our policies for cash earmarking and prioritization and shareholder returns. This slide reiterates the policies that have been explained in the past.

Capital Expenditure Plan

JR-WEST

Capital Expenditures during Period of Medium-Term Management Plan (FY2014.3 – FY2018.3)



Total CAPEX during the Plan

(¥Billions)	Current plan (as of April 2015)
Consolidated	**960.0**
CAPEX for growth	260.0
CAPEX for ongoing operations	700.0
Safety-related CAPEX	480.0
Non-Consolidated	**820.0**

Capital expenditure plan for FY2017.3 (Major projects)

○ CAPEX for growth

- New station construction
  - New Umekita underground station, etc.
- Enhancing seamlessness
  - Expanding ICOCA area
- Expansion of lifestyle-related operations
  - Conversion to Seven-Eleven Japan franchised stores
  - Development of SUITA GREEN PLACE, etc.

○ CAPEX for ongoing operations

▼ Safety-related CAPEX

- Replacing / renovating rolling stock
  - Sanyo Shinkansen N700A
  - Kansai Urban Area (Osaka Loop Line, Hanwa Line)
- Implementing safety / disaster prevention measures, replacing above-ground facilities
  - Earthquake / tsunami countermeasures
  - Complete replacement of Sanyo Shinkansen ATC system
  - New safety system on conventional lines

▼ Others Enhancing customer satisfaction, barrier-free, etc.

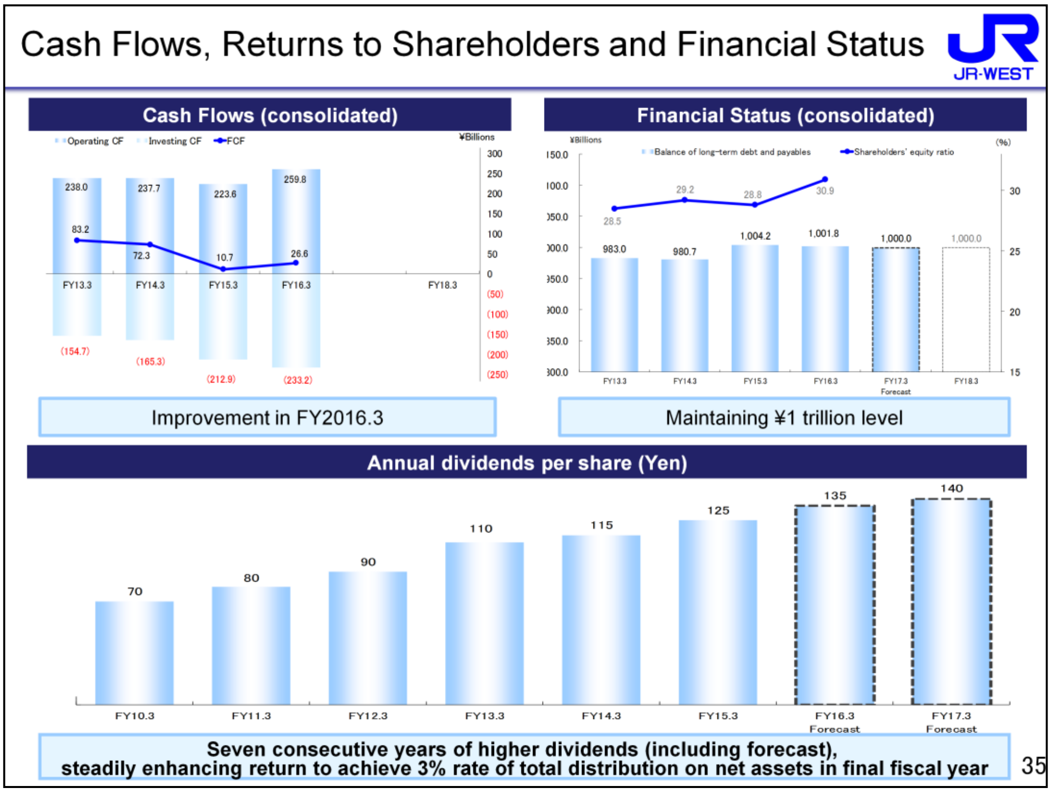
34

- Slide 34 details our capital expenditure plan.

- Capital expenditures in FY2016.3 were at the highest level expected to be seen during the period of the Medium-Term Management Plan, amounting to ¥233.1 billion on a consolidated basis, ¥126.0 billion of which was used for safety-related capital expenditures.

- The capital expenditure budget contained in the Medium-Term Management Plan will decrease in each fiscal year beginning with FY2017.3, for which the lower budget of ¥193.0 billion on a consolidated basis has been set. Expenditures in this year will include CAPEX for growth for the construction of the new Umekita underground station as well as other stations, the expansion of the ICOCA-usage area, the conversion of in-station stores to Seven-Eleven Japan franchised stores, and the development of SUITA GREEN PLACE. We will also advance steady investments related to safety and customer satisfaction aimed at achieving the goals of the Medium-Term Management Plan.

- In addition, we plan to examine the possibility of seeking out additional growth investment candidates to serve as means of utilizing the projected increase in operating cash flows.



- Next, we will look at slide 35, which details cash flows, shareholder returns, and the Company's financial status.

- Despite the high level of capital expenditures, free cash flow improved in FY2016.3, as a result of the plentiful operating cash flows generated amidst impressive business performance. The balance of long-term debt and payables was around ¥1 trillion on a consolidated basis, and we intend to maintain this level in FY2017.3.

- We emphasize issuing stable shareholder returns on a long-term basis. Returns are provided based on consideration of net assets, and we will continue targeting an approximately 3% rate of total distribution on net assets on a consolidated basis for FY2018.3.

- In regard to dividends for FY2016.3, we plan to issue full-year dividends of ¥135 per share, as previously announced. In FY2017.3, we intend to raise dividends by ¥5, to ¥140 per share, despite the projected decrease in income.

Financial Results and Forecasts

*Medium-Term Management Plan update
¥ Billions

	FY2016.3		FY2017.3	FY2018.3
	Update* (as of Apr, 2015)	Results	Forecasts (as of Apr, 2016)	Update* (as of Apr, 2015)
Operating Revenues	1,391.5	1,451.3	1,450.0	1,423.0
Transportation	895.6	928.7	925.7	902.5
Retail	227.0	232.0	241.8	246.5
Real Estate	102.6	108.8	104.4	106.0
Other businesses	166.3	181.5	178.1	168.0
Operating Income	148.5	181.5	175.5	157.0
Transportation	103.3	125.1	122.3	105.0
Retail	4.1	5.3	5.4	6.0
Real Estate	30.3	32.7	31.4	33.5
Other businesses	14.0	22.4	19.9	14.0
Recurring Profit	130.0	162.2	159.5	141.0
Net Income	81.5	85.8	106.5	91.5
Transportation Revenues	818.0	850.0	848.5	820.5
ROA	5.3%	6.4%	6.1%	5.5%
ROE	9.8%	10.2%	11.6%	9.8%
EBITDA	307.0	338.1	338.5	325.5

Note: All the figures are the revenues from third parties (=customers).
Operating income by segment is before eliminating internal transactions.
Transportation revenues mean the railway revenues of JR-West included in operating revenues of "transportation" segment.

36

- Slide 36 displays our financial results forecasts.

- Based on the planned initiatives I have discussed thus far, we are forecasting declines in both revenues and income in FY2017.3. However, these declines will be largely due to extraordinary factors, such as the rebound from prior strong performance in construction operations and the recording of an allowance reserve for the large-scale renovation of Shinkansen infrastructure. The growth trend in earnings is anticipated to continue if these factors are excluded. In addition, consolidated net income is expected to climb to a record-breaking level of more than ¥100.0 billion.

- FY2017.3 will be a difficult year in terms of income and expenditures, but we remain committed to pursuing medium- to long-term improvements in corporate value.

- This concludes my portion of today's presentation.

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 May 2, 2016 based on information available to JR-West as of May 2, 2016 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.