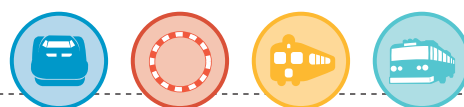


CONTRIBUTING

to Regional Development through Our Business

TRANSPORTATION OPERATIONS



JR-West's transportation operations segment consists of railway operations and small-scale bus and ferry services. Its railway operations encompass 18 prefectures in the western half of Japan's main island of Honshu and the northern tip of Kyushu, covering a total service area of approximately 104,000 square kilometers. The service area has a population of approximately 43 million people, equivalent to 34% of the population of Japan. The railway network comprises a total of 1,222 railway stations, with an operating route length of 5,012.7 kilometers, almost 20% of passenger railway kilometerage in Japan. This network includes the Sanyo Shinkansen, a high-speed intercity railway line; the Urban Network, serving the Kyoto–Osaka–Kobe metropolitan area; and other conventional railway lines (excluding the three JR-West branch offices in Kyoto, Osaka, and Kobe).



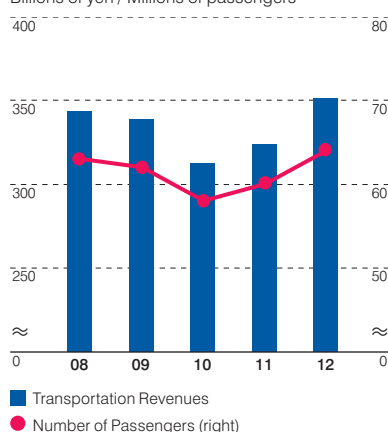
Sanyo Shinkansen



TRANSPORTATION REVENUES

Sanyo Shinkansen

Billions of yen / Millions of passengers



The Sanyo Shinkansen is a high-speed intercity passenger service between Shin-Osaka Station in Osaka and Hakata Station in Fukuoka in northern Kyushu.

The line runs through several major cities in western Japan, including Kobe, Okayama, Hiroshima, and Kitakyushu. It has a total operating kilometerage of 644.0 kilometers and has 19 railway stations, including Shin-Osaka Station. JR-West owns the entirety of the railway facilities related to the existing Sanyo Shinkansen, and with the exception of Shin-Osaka Station (owned by JR-Central), operates all of the other 18 railway stations.

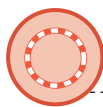
The Nozomi, Hikari, and Kodama services have been operating on the Sanyo Shinkansen Line for some years. Many of the Nozomi services allow

passengers to travel from Tokyo or Nagoya to the major stations of the Sanyo Shinkansen Line, such as Okayama, Hiroshima, and Hakata, without changing trains.

These services are enabled by direct services with the services of the Tokaido Shinkansen Line, which Central Japan Railway Company (JR-Central) operates between Tokyo and Shin-Osaka. In addition, following the March 12, 2011 commencement of operations on all lines of the Kyushu Shinkansen, JR-West launched the Mizuho and Sakura services, which travel directly between the Sanyo Shinkansen and Kyushu Shinkansen lines. These new services enable customers to travel between Shin-Osaka and Kagoshima-Chuo in as little as 3 hours and 42 minutes.



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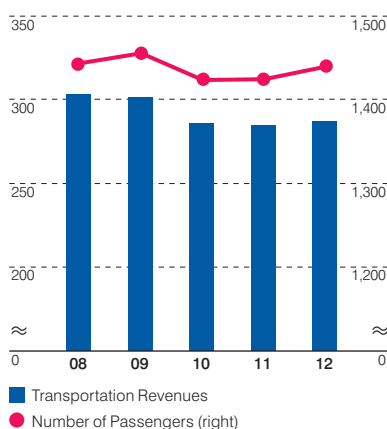


Kansai Urban Region (including the Urban Network)



TRANSPORTATION REVENUES

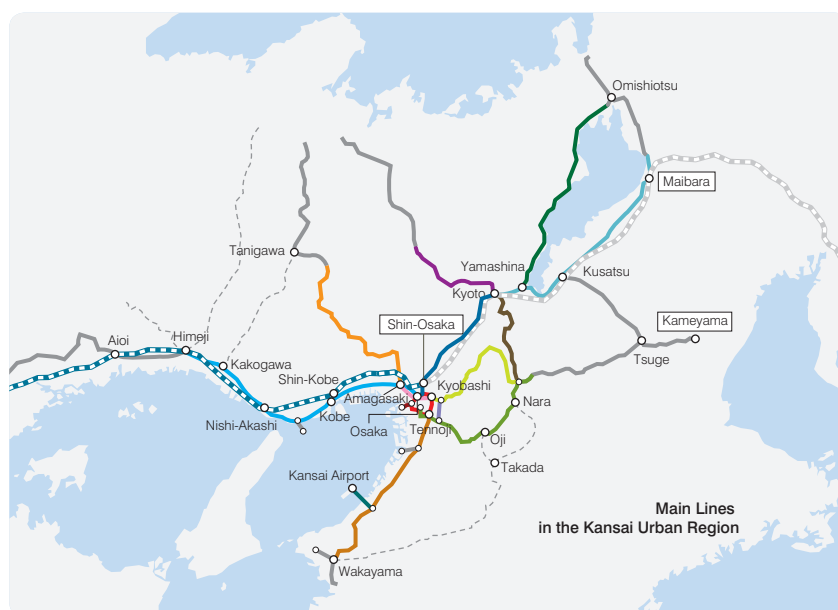
Kansai Urban Region (including the Urban Network)
Billions of yen / Millions of passengers



The Urban Network provides passenger services for the densely populated metropolises and surrounding areas of Kyoto, Osaka, and Kobe. (Population of the Kyoto–Osaka–Kobe metropolitan area is more than 20 million.). It has an operating route length of 622.0 kilometers (943.0 kilometers including the three JR-West branch offices in Kyoto, Osaka, and Kobe), forming a comprehensive network stretching across the entire Kyoto–Osaka–Kobe region.

The Urban Network area includes the section of the Fukuchiyama Line between Tsukaguchi Station and Amagasaki Station, the location where JR-West caused a terrible accident on April 25, 2005, resulting in a substantial loss of the trust we have built with customers and society. We recognize that redoubling our efforts to prioritize safety and regaining that trust is one of our highest management priorities.

Furthermore, we held the grand opening of Osaka Station—the largest JR-West-operated hub station—as Osaka Station City on May 4, 2011. Osaka Station serves as the gateway to the Kansai region as well as the gateway into Osaka itself. For this reason, we hope that Osaka Station City will serve as a new landmark in Osaka, a landmark that embodies a sense of flair and sophistication befitting its role as a gateway. This strong desire was a key factor in our naming of Osaka Station City. Furthermore, it is our wish that it will come to be loved by all who visit it as a “city” that is both highly appealing and convenient.





Other Conventional Lines



JR-West's other conventional lines comprise intercity transport provided by limited express and express services, regional transport for commuters and students in and around regional hub cities such as Hiroshima and Okayama, and local lines with low transport density. The other conventional lines have an operating route length of 3,425.7 kilometers.

The operating environment for other conventional lines continues to be

difficult due to the declining population of the areas it serves. However, considering that this network plays a role as a feeder for Shinkansen services as well as functions as a vital part of the overall JR-West railway network, we are working to provide more community-oriented services and undertake other management efforts, while placing priority on ensuring safety.



Bus and Ferry Services



JR-West's transportation operations segment includes bus services and ferry services. In bus services, JR-West heightened customer convenience by establishing flexible fares that are based on usage trends and by making the

Osaka Station Bus Terminal more functional.

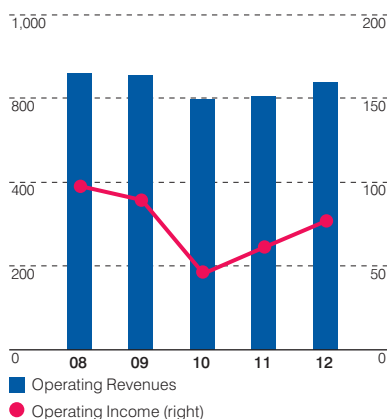
In ferry services (the Miyajima Line), JR-West secured revenue through such initiatives as marketing to travel companies.



Fiscal 2012 Results

OPERATING RESULTS

Billions of yen



In transportation operations, the full opening of the Kyushu Shinkansen and the grand opening of Osaka Station City led to increased use of the Sanyo Shinkansen and JR-West's Urban Network. We implemented several measures to enhance convenience, including revision to train timetables in March 2012, increasing the number of Mizuho Shinkansen and Sakura Shinkansen services providing direct service on the Sanyo Shinkansen and Kyushu Shinkansen lines, introducing new railcars to Kuroshio limited express trains, and replacing train cars on the Takarazuka and Hanwa lines with newer models.

In marketing initiatives, following the full opening of the Kyushu Shinkansen in March 2011 and the commencement of

direct service operations between the Sanyo Shinkansen and Kyushu Shinkansen lines, JR-West worked to promote use of the railway through an ongoing proactive information campaign stressing the convenience and price advantages of the Internet early reservation service "e5489." Furthermore, for the "Kumamoto, Miyazaki, and Kagoshima Destination Campaign" and the "Sanyo Shinkansen and Kyushu Shinkansen Direct Service First Anniversary Campaign" conducted in cooperation with local governments, other JR companies, and travel agents, JR-West developed travel packages and held tourism events in conjunction with local governments to help expand mutual exchanges between West Japan and Kyushu. We also conducted a variety of campaigns to stimulate travel demand, such as the "Detective Conan Okayama and Kurashiki Mystery Tour," the "San-in and Nakaumi Campaign," and the "Japanese Beauty Hokuriku Campaign." Furthermore, in March 2012 we began providing the ICOCA e-money service at JR Shikoku's Takamatsu and Sakaide stations.

For customer service initiatives, JR-West expanded efforts including the use of video on station and in-car displays to provide guidance to help passengers use the railway in safety and comfort. In addition, in April 2011 we

expanded service hours for "women only" cars to all day.

For the renovation of Osaka Station, in April 2011 we fully opened the renewed facilities and in May held the grand opening of Osaka Station City, an event that attracted an extremely large number of customers.

Typhoon No. 12 in September 2011 caused extensive damage, including washing out a bridge on the Kisei Main Line in Wakayama. As a result of a concerted restoration effort, operations on all lines had resumed by December 2011. We also conducted the "Wakayama Campaign" as one of our regional revitalization initiatives and other initiatives in conjunction with local governments and travel agencies to bolster restoration efforts.

In environmental issues, JR-West implemented the "Think and Act Eco" initiative to encourage all employees to reconsider their lifestyles and work from an environmental perspective. We also continued with Groupwide measures incorporating customer participation, such as the "Eco Life Point" service.

As a result, operating revenues for the transportation operations segment increased 4.0% from the previous fiscal year, to ¥839.0 billion, with operating income up 25.5%, to ¥76.7 billion.

Future Initiatives in Transportation Operations

In order to maximize the benefits of direct services between the Sanyo Shinkansen and Kyushu Shinkansen lines, we will further increase the competitiveness of Shinkansen services by providing high-quality services through such initiatives as establishing even more convenient timetables and increasing the use of the "e5489" online reservation service. In conjunction with these efforts, JR-West will collaborate with regions to

encourage mutual exchanges between regions; generate tourism demand, including visitors from overseas; and develop IT infrastructure. In addition, JR-West intends to enhance the practical capabilities and skills of its personnel, promote system changes in railway operations, and innovate technology to protect the global environment and realize other benefits.

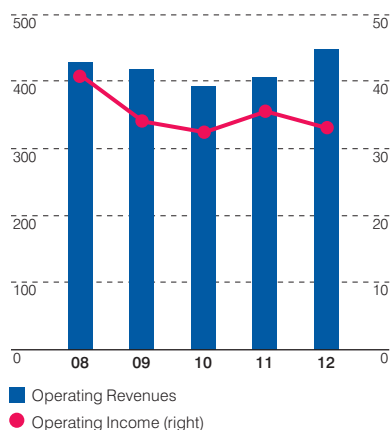


NON-TRANSPORTATION OPERATIONS



OPERATING RESULTS

Billions of yen



JR-West's non-transportation operations segment comprises three operations: retail business, real estate business, and other businesses. Those operations contribute to the sustainable growth of the Group as a whole by vigorously taking advantage of their assets, improving services for customers using railway services and customers in areas alongside railway lines, as well as providing high-quality services that are safe and reliable to further increase the appeal of railway stations and earn the increased trust of customers. The Railway Operations Headquarters and the Business Development Headquarters will increase the value of its railway belts through initiatives that entail collaboration with local communities to develop individual railway stations and their surrounding areas.

In development initiatives, our basic approach is to clarify management responsibility in order to accelerate operational development and pursue development through Group companies. In accordance with that approach, we will develop commercial facilities in and around railway stations as well as areas between railway stations, and conduct operations that use idle land for the development and sales of condominiums. Also, in order to foster earnings mainstays for the next era, JR-West is furthering initiatives to create new businesses through collaborations both inside and outside the Group.



Retail Business



JR-West's retail services, centered on railway passengers, consist of convenience stores, specialty stores, and food and beverage outlets located in and around station buildings, as well as the Isetan department stores.

Fiscal 2012 Results

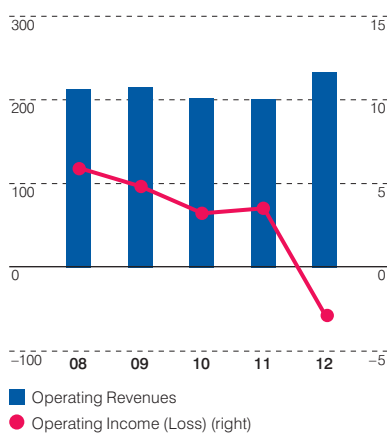
May 2011 saw JR-West launch the JR Osaka Mitsukoshi Isetan department store in Osaka Station's North Gate Building. Since then, we have offered highly original goods and services and created stores able to earn local customers' endorsement in the challenging commercial climate. Other initiatives to

make stations even more appealing included opening stores and restaurants, such as Daily-In and Deli Cafe Express, as part of Osaka Station's renovation and opening the Entree Marche commercial center as part of Shin-Osaka Station's renovation.

As a result, operating revenues in the retail business segment rose 16.0% from the previous fiscal year, to ¥233.5 billion. However, the segment incurred an operating loss of ¥2.9 billion, mainly due to higher non-personnel costs stemming from the opening of the JR Osaka Mitsukoshi Isetan department store.

OPERATING RESULTS

Billions of yen





Real Estate Business



JR-West's real estate business consists of the management of shopping centers in station buildings and other facilities, the operation of large station buildings at hub railway stations, the development of commercial facilities near railway station areas and underneath elevated tracks, and real estate sales and leasing operations for residential and urban development focused on railway lines.

Fiscal 2012 Results

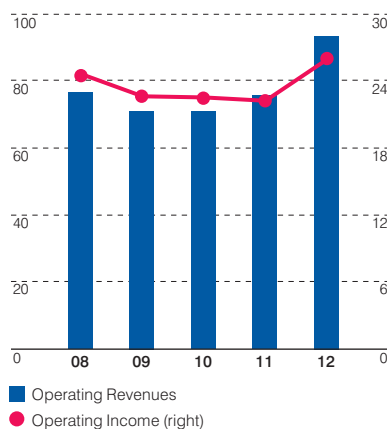
JR-West further developed stations and their surrounding areas. New openings included the VIERA Okubo commercial center on the south side of Okubo Station, the ALBi commercial center underneath the elevated tracks on the west side of Osaka Station, VIERA Nara underneath the elevated tracks of Nara Station, and the PLiCO Kobe shopping center in the newly renovated area

underneath the elevated tracks on the east side of Kobe Station. As part of the Osaka Station Development Project, we unveiled Osaka Station City in May 2011. In the North Gate Building, we opened the LUCUA specialty shop zone, which has met with a favorable reception, and began leasing office space. Aiming to revitalize the area around Osaka Station, we collaborated with nearby businesses to manage the area. Also, we developed condominiums on the former sites of company housing. Furthermore, JR-West merged two consolidated subsidiaries that manage shopping centers at Tennoji Station in July 2011 to enhance their competitiveness and overall strength.

As a result, the real estate business segment achieved year-on-year increases of 23.5% in operating revenues, to ¥93.5 billion, and 16.8% in operating income, to ¥25.9 billion.

OPERATING RESULTS

Billions of yen





Other Businesses



JR-West's other businesses consist of the travel agency business operated by Nippon Travel Agency, the hotel business, an advertising agency business, maintenance and engineering services, and other businesses to facilitate the smooth and efficient operation of the mainstay railway business.

Fiscal 2012 Results

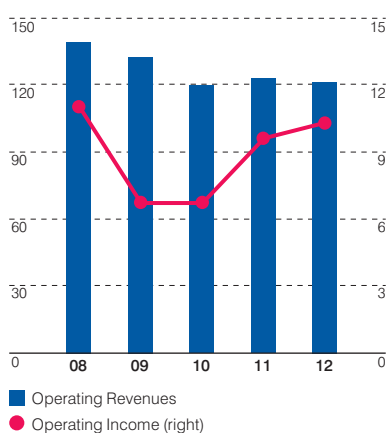
In the hotel business, JR-West worked to increase sales through such measures as opening restaurant facilities and hosting various events. In the travel agency business, we strengthened inbound marketing, sought to increase Internet sales, and worked to increase sales of products that utilize the services of our railway network, such as the Sanyo Shinkansen and Kyushu Shinkansen services. For the J-WEST Card, we

increased cardholders by recruiting members for the Osaka Station City J-WEST Card. Regarding the ICOCA e-money service, we increased its usability beyond stations. For example, we made it usable for a major home delivery company, a major restaurant chain, convenience stores in Shikoku, and entry tickets for events and tourist attractions.

Despite these efforts, operating revenues for the other businesses segment declined 6.5% year on year, to ¥121.4 billion, primarily reflecting lower revenue from the travel agency business due to sluggish domestic travel demand. Nevertheless, operating income rose 7.3%, to ¥10.3 billion, thanks to lower non-personnel costs.

OPERATING RESULTS

Billions of yen



Future Initiatives in Non-Transportation Operations

JR-West will ensure that Osaka Station City realizes its full potential while intensifying area management for the environs of Osaka Station. Also, JR-West will increase the number of J-WEST Card cardholders, add to the number of stores where the ICOCA e-money service is usable, and take other steps to enhance convenience for customers in conjunction with their use of the Company's railway service.

Furthermore, JR-West aims to enhance the value of railway belts. To this end, working in collaboration with local governments and communities, railway divisions and related business divisions will mount concerted efforts focused on maximizing asset efficiency, enhancing the potential of stations and their surrounding areas, and stimulating the growth of areas between stations.

Hotel Granvia Osaka—The Granvia Floor

Aiming to Be a New Type of City Hotel and Further Enhance Brand Appeal

Hotel Granvia Osaka, located in Osaka Station City's South Gate Building, expanded its floor area to include the building's top floor. On this floor, the hotel created its highest class of guest rooms and unveiled them as the Granvia Floor in April 2012. This hotel is directly linked to Osaka Station and its environs. This area is set to strengthen its position as the Kansai region's hub by accumulating amenities through such development projects as Osaka Station City, which has already opened, and the Osaka Station North District Development Plan. Moreover, as well as such development initiatives, expansion and improvement of transportation infrastructure and increasing demand for offices promise to attract a broad group of customers that includes business and leisure customers.

During the 30 years since launching operations, the Hotel Granvia Osaka has accommodated numerous guests thanks to favorable access, the reputation for hospitality it has

earned, and themed remodeling of guest rooms. However, in recent years the hotel has sought to cater to the diversifying needs of guests, including those that seek high-end interior decoration, facilities, and services. As a result, responding to changes in the area and the types of customers it attracts, the hotel designated the existing 21st to 23rd floors, which comprise standard guest rooms, the "standard floors" and the 24th to 26th floors, each of which has a different theme aimed at customers with highly developed tastes, the "concept floors." Furthermore, the hotel expanded to include the building's uppermost floor, the 27th floor, where it established new premium-quality guest rooms.

This initiative has given the hotel a wide range of guest room categories, from standard through to premium quality. The Hotel Granvia Osaka's goal is to be a new type of city hotel—at the heart of the region and able to meet the needs of many different guests.

