

January 31, 2011

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West Japan Railway Company

Flash Report [Based on Japanese GAAP] (Consolidated Basis)

Results for the third quarter ended December 31, 2010

Forward-Looking Statements

This release 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 January 31, 2011 based on information available to JR-West as of the date January 31, 2011 and JR-West does not undertake to update or revise any of its forward-looking statements or reflect future events or circumstances.

FLASH REPORT (CONSOLIDATED BASIS)

Company name: **West Japan Railway Company**

Stock listings: Tokyo Stock Exchange, Osaka Securities Exchange, Nagoya and Fukuoka Stock Exchanges

Code number: 9021 URL: <http://www.westjr.co.jp>

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Quarterly report filing date (Planned): February 9, 2011

Start of dividend payments (Planned): —

Quarterly supplemental explanatory material prepared: Yes

Quarterly results briefing held: None

(Figures less than ¥1 million have been omitted.)

1. Results for the Third Quarter of Fiscal 2010 (from April 1, 2010 to December 31, 2010)

(1) Operating Results

Nine months ended December 31

Percentages indicate year-on-year increase/ (decrease).

| | Operating revenues | | Operating income | | Recurring profit | | Net income | |
|------|--------------------|-------|------------------|--------|------------------|--------|-----------------|--------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| 2010 | 904,057 | 1.5 | 102,113 | 41.6 | 79,408 | 67.9 | 46,001 | 78.8 |
| 2009 | 890,612 | (7.4) | 72,107 | (36.4) | 47,293 | (47.3) | 25,721 | (51.2) |

| | Net income per share | Net income per share after dilution |
|------|----------------------|-------------------------------------|
| | Yen | Yen |
| 2010 | 23,755.87 | — |
| 2009 | 13,283.02 | — |

(2) Financial Position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|-------------------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| December 31, 2010 | 2,653,780 | 732,650 | 26.4 | 361,507.21 |
| March 31, 2010 | 2,546,384 | 702,141 | 26.3 | 345,568.31 |

(Reference) Total shareholders' equity: December 31, 2010: ¥700,028 million, March 31, 2010: ¥669,164 million

2. Dividends

Year ended/ ending March 31

| | Dividends per share | | | | |
|-----------------|---------------------|--------------|-------------|----------|----------|
| | June 30 | September 30 | December 31 | Year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| 2010 | — | 3,500.00 | — | 3,500.00 | 7,000.00 |
| 2011 | — | 4,000.00 | — | | |
| 2011 (Forecast) | | | | 4,000.00 | 8,000.00 |

(Note) Revision of dividends forecast for this period: None

3. Forecasts for Fiscal 2010 Ending March 31, 2011

Percentages indicate year-on-year increase/ (decrease).

| | Operating revenues | | Operating income | | Recurring profit | |
|-------------|--------------------|-----|------------------|------|------------------|------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Fiscal year | 1,213,000 | 1.9 | 95,500 | 24.8 | 66,500 | 38.2 |

| | Net income | | Net income per share |
|-------------|-----------------|------|----------------------|
| | Millions of yen | % | Yen |
| Fiscal year | 38,000 | 52.9 | 19,623.88 |

(Note) Revision of earnings forecast for this period: Yes

4. Other

1. Significant changes in subsidiaries during the subject period: None

Note: Indicates whether there was any change in a specific subsidiary related to a change in the scope of consolidation during the subject accounting period.

2. Adoption of simplified accounting practices and special accounting policy for quarterly financial reporting: None

Note: Indicates whether simplified accounting practices or special accounting practices in the preparation of the consolidated financial statements were applied.

3. Changes from accounting methods, procedures and the presentation of the quarterly consolidated financial statements:

1) Changes based on revision of accounting standards: Yes

2) Changes other than 1) above: None

Note: Indicates whether there were any changes in accounting principles and procedures, or presentation method, related to the preparation of the consolidated financial statements, noted in "Significant Changes Fundamental to the Preparation of Financial Statements."

4. Number of shares issued and outstanding (Common share)

| | | | | |
|--|----------------|-----------|----------------|-----------|
| 1) Number of shares issued and outstanding (including treasury stock): | Fiscal 2010 3Q | 2,000,000 | Fiscal 2009 | 2,000,000 |
| 2) Number of treasury stock | Fiscal 2010 3Q | 63,584 | Fiscal 2009 | 63,584 |
| 3) Average number of shares outstanding for each period (cumulative term): | Fiscal 2010 3Q | 1,936,416 | Fiscal 2009 3Q | 1,936,416 |

* Indication regarding the status of quarterly review procedures

These financial statements are not subject to quarterly review procedures under the Financial Instruments and Exchange Act. The review of these financial statements in accordance with the Financial Instruments and Exchange Act had not been completed at the time of disclosure.

<Reference>

1. Results for the Third Quarter of Fiscal 2010 (from October 1, 2010 to December 31, 2010)

(1) Consolidated Operating Results

Three months ended December 31

Percentages indicate year-on-year increase/ (decrease).

| | Operating revenues | | Operating income | | Recurring profit | | Net income | |
|------|--------------------|-------|------------------|--------|------------------|--------|-----------------|--------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| 2010 | 308,425 | 3.0 | 37,418 | 32.6 | 29,732 | 50.8 | 17,238 | 100.6 |
| 2009 | 299,579 | (8.3) | 28,221 | (30.3) | 19,716 | (39.8) | 8,595 | (55.4) |

| | Net income per share | Net income per share after dilution |
|------|----------------------|-------------------------------------|
| | Yen | Yen |
| 2010 | 8,902.25 | — |
| 2009 | 4,438.90 | — |

2. Non-Consolidated Forecasts for Fiscal 2010 Ending March 31, 2011

Percentages indicate year-on-year increase/ (decrease).

| | Operating revenues | | Operating income | | Recurring profit | |
|-------------|--------------------|-----|------------------|------|------------------|------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Fiscal year | 831,000 | 1.7 | 78,000 | 33.3 | 50,000 | 67.8 |

| | Net income | | Net income per share |
|-------------|-----------------|------|----------------------|
| | Millions of yen | % | Yen |
| Fiscal year | 30,000 | 45.8 | 15,485.09 |

(Note) Revision of earnings forecast for this period: Yes

1. QUALITATIVE INFORMATION ON THE RESULTS FOR THE SUBJECT PERIOD

On April 25, 2005, JR-West caused an extremely serious accident when one of its trains derailed between Tsukaguchi and Amagasaki stations on the Fukuchiyama Line, resulting in 106 fatalities and more than 500 injuries of passengers. Since the accident JR-West has exerted its full effort with regard to its three pillars of management, specifically “Measures to have ourselves accepted as acting with the best of intentions by the victims of the train accident,” “Measures to enhance safety,” and “Furthering of reform.” We have also humbly accepted the report on the Fukuchiyama Line accident released by the Aircraft and Railway Accidents Investigation Commission in June 2007, and are working to make improvements by sincerely and quickly addressing its proposals, opinions and other issues raised.

In response to the serious compliance issues uncovered in September 2009 that occurred during the investigation of the Fukuchiyama Line accident conducted by the Aircraft and Railway Accidents Investigation Commission, JR-West implemented measures to prevent a reoccurrence, and stepped up its efforts with regard to the three pillars of management adopted for corporate revitalization.

In October 2010, JR-West formulated and announced the “Revision of the JR-West Group’s Medium-Term Management Plan 2008-2012” in response to the unprecedented harsh situation the company faced, and the rapid deterioration in the business climate since fall 2008. The revisions shift the focus of management more toward long-term sustainability, while clarifying the direction of medium to long-term management, along with specific measures.

During the subject nine-month period through the third quarter (April 1, 2010 to December 31, 2010), JR-West conducted memorial services and held explanatory briefings for the victims of the Fukuchiyama Line accident, and continued to make concerted efforts with regard to the families of the victims that they would be able to accept with sincerity. We also conducted measures to help foster a safe and secure society through the JR West Anshin Foundation, a public-interest association established in the wake of the Fukuchiyama Line accident.

Further, in accordance with the Corporate Philosophy and Safety Charter adopted in March 2006, and in order to establish “a corporate culture that places top priority on safety,” make further improvements in safety, regain customer trust, and realize the goal of the Basic Safety Plan to “Build a corporate system to ensure no accidents to produce casualties among our customers and no serious labor accidents to our employees,” JR-West implemented measures to establish a safety management system based on risk assessment. At the same time, in response to events that resulted in a loss of customer trust, we investigated the causes, as well as formulated and implemented improvement measures to address the issue.

As part of its reform effort, JR-West, in accordance with the recommendations submitted by the Advisory Panel for reform of corporate culture made up of experts from outside the Company, implemented a range of measures that include raising awareness and general operations, in the recognition that such measures are the necessary counterpart to improving safety.

In response to the serious compliance issues uncovered in September 2009, JR-West took steps toward preventing a reoccurrence and corporate revitalization, including convening regular

meetings of the Corporate Ethics Committee that acts as a consultative body for the Board of Directors. We also implemented measures aimed at firmly establishing corporate ethics, including corporate ethics training for directors, and employee training utilizing case studies that call for difficult decisions in everyday operations. We also implemented various measures to reform the corporate culture, centered on the Corporate Revival Headquarters established in December 2009. In December 2010 JR-West made a report to the Minister of Land, Infrastructure and Transport on the progress of its improvement measures, and established a “Thinking and Acting Promotion Office” to continue and further the measures for reform and revitalization taken up to this point.

In December 2010 JR-West also established the Kansai Urban Area Regional Head Office, an organization that will work closely with railway offices and local communities to implement measures across the Kansai region, and coordinate railway operations.

The business environment for JR-West was extremely challenging, with uncertainty regarding the future of the Japanese economy and deep discounts for expressway tolls and other issues. Faced with these conditions, with the aim of long-term improvements in its corporate value, JR-West has devoted its full effort to enhancing safety in its mainstay railway business, while also working to enhance the value of our railway belts, by developing a variety of measures that draw on the unique characteristics of each of its businesses, including other Group operations, and effectively utilizing their assets. We also developed various marketing strategies to stimulate travel demand, worked to secure earnings, and under the Management Improvement Headquarters established in March 2009, revised the entire business operating structure to strengthen management foundations.

As a result, on a consolidated basis, operating revenues for the subject nine-month period (April 1 to December 31, 2010) rose 1.5% from the same period of the previous fiscal year to ¥904.0 billion. Operating income increased 41.6% from a year earlier to ¥102.1 billion, recurring profit 67.9% to ¥79.4 billion, and net income 78.8% to ¥46.0 billion.

(1) Qualitative Information on Consolidated Business Results

Consolidated Results for the Third Quarter of Fiscal 2010 (April – December 2010)

| | |
|---------------------|----------------|
| Operating revenues: | ¥904.0 billion |
| Operating income: | ¥102.1 billion |
| Recurring profit: | ¥79.4 billion |
| Net income: | ¥46.0 billion |

Results by Business Segment

a. Transportation Operations

In the railway business, JR-West continued to pursue improvement measures that reflected the remarks, including the proposals and opinions, noted in the investigation report on the Fukuchiyama Line accident. Further, to enhance safety we continued to implement risk assessment measures aimed at “building a corporate system to ensure no accidents to produce casualties among our customers and no serious labor accidents to our employees” in accordance with the Basic Safety Plan formulated in April 2008. Specifically, these measures were enhanced through efforts that

include sharing information on risks, and the horizontal development of recommended initiatives for effective countermeasures and risk assessment. We also continued with such measures as convening regular safety meetings to allow top management and officers on the one hand, and employees in the field on the other, to directly exchange opinions.

In terms of facilities, along with expansion of the ATS-P system, JR-West took additional steps that included enhancing the safety of crossings, and strengthening pillars supporting elevated tracks against earthquakes. Further, taking to heart the seriousness of accidents now and in the future, we expanded to all JR-West Group employees the safety training session conducted at the Railway Safety Education Center, established to teach systematically the lessons learned from accidents. Various types of training sessions were also conducted on caring for passengers and improved response in the event of an accident.

In transportation operations, on the Shinkansen lines JR-West increased the number of *Nozomi* trains providing direct service between Tokyo and Okayama, Hiroshima and Hakata during peak travel periods. For conventional rail lines, JR-West enhanced safety and convenience with the introduction of new train models, including for the *Hamakaze* limited express in November 2010, and in December 2010 for trains serving the suburban areas of the Kyoto-Osaka-Kobe metropolitan area. We also worked to increase convenience through measures including increasing the number of limited express trains during peak travel periods.

In marketing initiatives, JR-West worked to promote use of the Sanyo Shinkansen by operating additional trains, and implementing a proactive campaign to highlight the comfort of the N700 Series, along with the convenience and price advantages of the EX-IC service and the Express Reservation system. We also enhanced railway convenience by launching the ICOCA direct commuter pass service with Keihan Electric Railway Co., Ltd in May 2010. JR-West also heightened anticipation ahead of the full launch of the Kyushu Shinkansen in March 2011 and the commencement of through-service operations by releasing a summary of the service commencement date, timetable, fares, and the new internet reservation service “e5489.” We also participated in “The Shinkansen,” a joint campaign by the six JR passenger railway operators to promote Shinkansen services. In addition, JR-West worked in cooperation with local governments, travel agents and other JR companies to stimulate demand for tourism by offering various campaigns such as the Nara Destination Campaign, the Japanese Beauty Hokuriku Campaign, and the “*Kumamoto Surprisesans Campaign*”.

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. We also conducted campaigns to raise awareness of efforts to prevent groping.

For the renovation of Osaka Station, in November 2010 we opened a portion of structure over the tracks for use in changing trains, with full completion of the facility planned for April.

In environmental issues, JR-West implemented the “Think and Act Eco” initiative to encourage every employee to reconsider their lifestyles and work from an environmental perspective. We also continued with Group-wide measures incorporating customer participation, such as the “Eco Life Point” service.

In bus services, JR-West worked to enhance customer convenience with measures including timetable revisions and flexible pricing schemes.

In ferry services (the Miyajima Line), JR-West held special events to commemorate the first anniversary of our consolidated subsidiary’s ferry operations, marketed the service to travel

companies, and took other steps to secure revenue.

As a result, operating revenues for the Transportation Operations segment increased 1.2% from the same period of the previous fiscal year, to ¥609.2 billion, with operating income up 49.6%, to ¥77.8 billion.

b. Sales of Goods and Food Services

For the new department store JR Osaka Mitsukoshi Isetan in the new North Gate Building on the north side of Osaka Station, the facility's main business operator West Japan Railway Isetan Ltd. continued with preparations for the facility's opening. We also continued efforts to make stations more attractive, including opening new retail outlets and restaurants in Osaka and Hakata stations following station renovations, as well as furthering the integrated development and opening of shops inside Nada Station, including the small-scale convenience store Daily-In, and the café and bakery THIRD.

As a result, operating revenues in the Sales of Goods and Food Services segment fell 0.2% from the same period of the previous fiscal year, to ¥151.9 billion, on revenue declines in wholesale operations. Operating income, however, rose 42.9% to ¥3.5 billion due to a reduction in personnel expenses and other cuts.

c. Real Estate Business

JR-West moved forward with the development of stations and surrounding areas, including opening the JR Oji Station NK Building centered on restaurants, the JR Tamatsukuri Station NK Building comprising health clinics, and the VIERA Nara commercial facility underneath the elevated tracks at Nara Station. For the Osaka Station Development Project, in preparation for the grand opening of Osaka Station City in May 2011, JR-West expanded construction on the ACTY Osaka South Gate Building, developed the North Gate Building, and made various provisions for the opening of the Lucua specialty shop zone. We also worked in cooperation with local businesses around Osaka Station to promote activities in the area. JR-West also developed condominiums on former sites of company housing. In April 2010 we merged with two consolidated subsidiaries in the Hiroshima area that operate shopping centers, with the aim of strengthening their competitiveness and overall capabilities.

As a result, operating revenues for the Real Estate segment rose 0.2% from the same period of the previous fiscal year, to ¥54.0 billion, though operating income declined 2.3% to ¥17.0 billion.

d. Other Businesses

In hotel operations, JR-West worked to expand sales through such measures as renovation of restaurant facilities, and hosting various events.

In travel agency operations, JR-West worked to increase sales by developing and enhancing the convenience of travel packages sold through the internet sales system, and by expanding the lineup of products that utilize the railway.

For the ICOCA e-money service, we worked to provide more opportunities to use the service around town, such as for tickets to events and tourist facilities.

As a result, operating revenues in the Other Businesses segment rose 7.5% from the same period of the previous fiscal year, to ¥88.8 billion, with operating income of ¥3.0 billion.

(2) Qualitative Information on the Consolidated Financial Position

a. Cash Flows from Operating Activities

Cash provided by operating activities amounted to ¥143.5 billion, an increase of ¥40.7 billion compared to the same period of the previous fiscal year. This was due mainly to an increase in income before income taxes and minority interests, along with a decline in income taxes paid.

b. Cash Flows from Investing Activities

Cash used in investing activities amounted to ¥179.4 billion, an increase of ¥29.8 billion compared to the same period of the previous fiscal year. This was due mainly to increases in expenditures for acquisition of fixed assets, and investments in securities.

c. Cash Flows from Financing Activities

Cash provided by financing activities amounted to ¥70.9 billion, an increase of ¥9.7 billion compared to the same period of the previous fiscal year. This was due mainly to a decrease in repayment of long-term loans.

As a result, cash and cash equivalents at the end of the subject third quarter period amounted to ¥86.1 billion, an increase of ¥35.0 billion from the end of the previous fiscal year (March 31, 2010).

(3) Qualitative Information on Consolidated Forecasts

JR-West is revising upward its forecasts for consolidated operating revenues, operating income, recurring profit and net income for the fiscal year ending March 2011 from those disclosed on October 28, 2010. Forecasts are being revised in consideration of the growth in railway operating revenues centered on the Shinkansen service, along with earnings from sales of goods and services, along with shopping center operations, that exceeded previously announced expectations.

The business climate for the JR-West group is expected to remain tight. However, we will continue, under the "Revision of the JR-West Group's Medium-Term Management Plan 2008-2012" announced in October 2010, to seek to provide peace of mind by establishing higher levels of safety, commence full service on the Kyushu Shinkansen and begin through-service operations in March 2011, and move steady forward with measures for the of new Osaka Station City in Osaka Station in May. At the same time, we will make a concerted effort as a corporate group to further our three new strategies (Coexistence with local communities; Innovation by technology; Thinking and acting based on the field), and realize sustainable growth.

Consolidated forecasts for the Year Ending March 31, 2011

| | | |
|---------------------|------------------|----------------|
| Operating revenues: | ¥1,213.0 billion | (up 1.9% YoY) |
| Operating income: | ¥95.5 billion | (up 24.8% YoY) |
| Recurring profit: | ¥66.5 billion | (up 38.2% YoY) |
| Net income: | ¥38.0 billion | (up 52.9% YoY) |

Note: Forecasts are based on certain assumptions considered reasonable at the time of this announcement, and are subject to change.

In addition, in October 2010, the JR-West Group revised the “JR-West Group’s Medium-Term Management Plan 2008-2012” in response to the changes in the managerial environment. This revision will clarify and specify the direction of the JR-West Group’s medium to long term management.

2. OTHER INFORMATION

(1) Changes in Accounting Principles, Procedures or Presentation Method

Application of “Accounting Standard for Equity Method of Accounting for Investments” and “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method”

From the first quarter of the subject fiscal year, JR-West has applied “Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16, March 10, 2008), and “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method” (PITF No. 24, March 10, 2008).

There is no impact on the consolidated financial statements as a result of this change.

Application of accounting standard for asset retirement obligations

From the first quarter of the subject fiscal year, JR-West has applied “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18, March 31, 2008) and “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21, March 31, 2008).

The impact on the consolidated financial statements as a result of this change is minimal.

Application of accounting standards for business combinations

From the first quarter of the subject fiscal year, JR-West has applied “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, December 26, 2008); “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, December 26, 2008); “Partial amendments to ‘Accounting Standard for Research and Development Costs’” (ASBJ Statement No. 23, December 26, 2008); “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, December 26, 2008); “Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16, December 26, 2008); and “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, December 26, 2008).

3. CONSOLIDATED FINANCIAL STATEMENTS

1. Consolidated Balance Sheets

| | Millions of yen | |
|---------------------------------------|-------------------|------------------|
| | December 31, 2010 | March 31, 2010 |
| ASSETS | | |
| Current assets: | | |
| Cash | 72,947 | 51,314 |
| Notes and accounts receivable-trade | 16,878 | 14,282 |
| Railway fares receivable | 20,851 | 22,714 |
| Accounts receivable | 32,641 | 42,038 |
| Short-term investment securities | 43,400 | — |
| Inventories | 48,024 | 29,534 |
| Deferred income taxes | 10,855 | 17,857 |
| Other current assets | 57,156 | 46,351 |
| Less allowance for doubtful accounts | (872) | (840) |
| Total current assets | 301,881 | 223,254 |
| Fixed assets: | | |
| Property, plant and equipment: | | |
| Buildings and structures | 957,791 | 989,472 |
| Machinery and transport equipment | 305,771 | 285,890 |
| Land | 659,234 | 658,809 |
| Construction in progress | 152,455 | 107,533 |
| Other property, plant and equipment | 27,347 | 30,570 |
| Total property, plant and equipment | 2,102,601 | 2,072,276 |
| Intangible fixed assets | 21,620 | 24,933 |
| Investments and other assets: | | |
| Investments in securities | 60,222 | 59,327 |
| Deferred tax assets | 139,849 | 139,030 |
| Other investments and assets | 28,874 | 28,729 |
| Less allowance for doubtful accounts | (1,282) | (1,188) |
| Total investments and other assets | 227,663 | 225,898 |
| Total fixed assets | 2,351,885 | 2,323,107 |
| Deferred assets: | 14 | 22 |
| Total assets | 2,653,780 | 2,546,384 |

| | Millions of yen | |
|---|-------------------|------------------|
| | December 31, 2010 | March 31, 2010 |
| LIABILITIES | | |
| Current liabilities: | | |
| Notes and accounts payable-trade | 38,231 | 47,999 |
| Short-term loans | 22,070 | 12,932 |
| Current portion of long-term debt | 30,858 | 33,428 |
| Current portion of long-term payables for acquisition of railway properties | 35,328 | 30,020 |
| Current portion of long-term accounts payable | 31 | 31 |
| Accounts payable | 65,178 | 102,385 |
| Accrued consumption tax | 6,393 | 1,901 |
| Accrued income tax | 11,753 | 13,793 |
| Prepaid railway fares received | 34,525 | 31,450 |
| Advances received | 62,036 | 35,060 |
| Allowance for bonuses | 16,611 | 33,032 |
| Allowance for point program | 938 | 580 |
| Other current liabilities | 113,071 | 85,586 |
| Total current liabilities | 437,029 | 428,201 |
| Fixed liabilities: | | |
| Bonds | 434,969 | 384,968 |
| Long-term debt | 301,283 | 260,820 |
| Long-term payables for acquisition of railway properties | 313,338 | 329,474 |
| Long-term accounts payable | 198 | 222 |
| Deferred tax liabilities | 243 | 213 |
| Accrued retirement benefits | 323,580 | 324,801 |
| Allowance for environmental safety measures | 7,642 | 9,039 |
| Provision for unredeemed gift certificates | 2,360 | 2,715 |
| Other long-term liabilities | 100,482 | 103,785 |
| Total fixed liabilities | 1,484,100 | 1,416,040 |
| Total liabilities | 1,921,130 | 1,844,242 |

(continued on page 13)

| | Millions of yen | |
|---|-------------------|------------------|
| | December 31, 2010 | March 31, 2010 |
| NET ASSETS | | |
| Shareholders' equity: | | |
| Common stock | 100,000 | 100,000 |
| Capital surplus | 55,000 | 55,000 |
| Retained earnings | 574,784 | 543,323 |
| Treasury stock, at cost | (30,343) | (30,343) |
| Total shareholders' equity | 699,441 | 667,980 |
| Valuation and translation adjustments: | | |
| Net unrealized holding gain on securities | 715 | 1,292 |
| Deferred gains or losses on hedges | (128) | (108) |
| Total Valuation and translation adjustments | 587 | 1,183 |
| Minority interests | 32,621 | 32,977 |
| Total net assets | 732,650 | 702,141 |
| Total liabilities and net assets | 2,653,780 | 2,546,384 |

2. Consolidated Statements of Income

Nine months ended December 31

| | Millions of yen | |
|--|-----------------|----------------|
| | 2009 | 2010 |
| Operating revenues | 890,612 | 904,057 |
| Operating expenses: | | |
| Transportation, other services and cost of sales | 670,569 | 678,951 |
| Selling, general and administrative expenses | 147,935 | 122,992 |
| Total operating expenses | 818,504 | 801,943 |
| Operating income | 72,107 | 102,113 |
| Non-operating revenues: | | |
| Interest income | 138 | 149 |
| Dividend income | 245 | 247 |
| Transfer from administrative fee of contracted construction | 177 | 186 |
| Equity in earnings of affiliates | 117 | 1,757 |
| Other | 1,503 | 1,893 |
| Total non-operating revenues | 2,181 | 4,234 |
| Non-operating expenses: | | |
| Interest expense | 25,881 | 25,373 |
| Other | 1,115 | 1,565 |
| Total non-operating expenses | 26,996 | 26,939 |
| Recurring profit | 47,293 | 79,408 |
| Extraordinary profits: | | |
| Gain on contributions received for construction | 15,773 | 13,835 |
| Other | 4,665 | 2,373 |
| Total extraordinary profits | 20,438 | 16,209 |
| Extraordinary losses: | | |
| Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment | 15,319 | 13,561 |
| Other | 7,302 | 3,937 |
| Total extraordinary losses | 22,622 | 17,499 |
| Income before income taxes and minority interests | 45,109 | 78,118 |
| Income taxes- Current | 22,339 | 25,839 |
| Income taxes- Deferred | (2,284) | 6,601 |
| Total income taxes | 20,054 | 32,441 |
| Income before minority interests in loss | — | 45,676 |
| Minority interests in loss | (665) | (324) |
| Net income | 25,721 | 46,001 |

Three months ended December 31

| | Millions of yen | |
|--|-----------------|----------------|
| | 2009 | 2010 |
| Operating revenues | 299,579 | 308,425 |
| Operating expenses: | | |
| Transportation, other services and cost of sales | 221,918 | 229,161 |
| Selling, general and administrative expenses | 49,440 | 41,845 |
| Total operating expenses | 271,358 | 271,006 |
| Operating income | 28,221 | 37,418 |
| Non-operating revenues: | | |
| Interest income | 56 | 63 |
| Dividend income | 67 | 79 |
| Transfer from administrative fee of contracted construction | 98 | 70 |
| Equity in earnings of affiliates | — | 529 |
| Other | 553 | 552 |
| Total non-operating revenues | 775 | 1,296 |
| Non-operating expenses: | | |
| Interest expense | 8,702 | 8,523 |
| Other | 578 | 459 |
| Total non-operating expenses | 9,280 | 8,983 |
| Recurring profit | 19,716 | 29,732 |
| Extraordinary profits: | | |
| Gain on contributions received for construction | 7,350 | 5,338 |
| Other | 1,250 | 984 |
| Total extraordinary profits | 8,600 | 6,323 |
| Extraordinary losses: | | |
| Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment | 7,246 | 5,278 |
| Other | 4,040 | 2,360 |
| Total extraordinary losses | 11,286 | 7,638 |
| Income before income taxes and minority interests | 17,030 | 28,417 |
| Income taxes- Current | 3,518 | 5,411 |
| Income taxes- Deferred | 5,141 | 5,743 |
| Total income taxes | 8,659 | 11,154 |
| Income before minority interests in loss | — | 17,262 |
| Minority interests in equity (loss) | (225) | 24 |
| Net income | 8,595 | 17,238 |

3. Consolidated Statements of Cash Flows

Nine months ended December 31

| | Millions of yen | |
|--|------------------|------------------|
| | 2009 | 2010 |
| Cash flows from operating activities | | |
| Income before income taxes and minority interests | 45,109 | 78,118 |
| Depreciation and amortization | 103,826 | 109,689 |
| Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment | 15,319 | 13,561 |
| Loss on disposal of property, plant and equipment | 4,306 | 4,311 |
| Change in allowance for doubtful accounts | 162 | 125 |
| Change in allowance for retirement benefits | 25,130 | (1,222) |
| Change in allowance for accrued bonuses | (17,115) | (16,421) |
| Interest and dividend income | (383) | (396) |
| Interest expenses | 25,881 | 25,373 |
| Equity in earnings of affiliates | (117) | (1,757) |
| Gain on contributions received for construction | (15,773) | (13,835) |
| Change in notes and accounts receivable | 16,379 | 11,088 |
| Change in inventories | (18,699) | (18,489) |
| Change in notes and accounts payable | 3,144 | 13,403 |
| Change in accrued consumption tax | (225) | 4,491 |
| Other | (21,553) | (19,354) |
| Subtotal | 165,392 | 188,686 |
| Interest and dividends income received | 332 | 365 |
| Interest paid | (18,751) | (18,368) |
| Income taxes paid | (44,157) | (27,158) |
| Net cash provided by (used in) operating activities | 102,816 | 143,525 |
| Cash flows from investing activities | | |
| Payments for time deposits with a maturity of more than three months | (35,050) | (200) |
| Proceeds for time deposits with a maturity of more than three months | 10,000 | 200 |
| Purchase of short-term investment securities | — | (30,000) |
| Purchases of property, plant and equipment | (154,459) | (176,864) |
| Proceeds from sales of property, plant and equipment | 1,559 | 353 |
| Contributions received for constructions | 29,225 | 28,084 |
| Increase in investments in securities | (812) | (317) |
| Payments of loans receivable | (511) | (677) |
| Collections of long-term loans receivable | 514 | 725 |
| Other | (139) | (787) |
| Net cash used in investing activities | (149,674) | (179,484) |

(continued on page 17)

| | Millions of yen | |
|---|-----------------|---------------|
| | 2009 | 2010 |
| Cash flows from financing activities | | |
| Change in short-term loans | (15,325) | 2,714 |
| Proceeds from long-term loans | 61,900 | 47,300 |
| Repayment of long-term debt | (39,929) | (9,430) |
| Proceeds from issuance of bonds | 80,000 | 50,000 |
| Repayment of long-term payables for acquisition of railway properties | (11,036) | (10,827) |
| Cash dividends paid to the Company's shareholders | (13,573) | (14,540) |
| Cash dividends paid to minority shareholders of consolidated subsidiaries | (117) | (117) |
| Other | (736) | 5,837 |
| Net cash provided by financing activities | 61,180 | 70,937 |
| Change in cash and cash equivalents, net | 14,322 | 34,978 |
| Cash and cash equivalents at the beginning of the period | 41,184 | 51,084 |
| Increase in cash and cash equivalents from newly consolidated subsidiaries | 2,690 | 54 |
| Cash and cash equivalents at the end of the period | 58,197 | 86,117 |

4. Segment Information

Information by Business Segment

Nine months ended December 31, 2009

| | Millions of yen | | | | | | |
|---|-----------------|----------------------------------|-------------|------------------|-----------|-----------------------------|--------------|
| | Transportation | Sales of goods and food services | Real estate | Other businesses | Total | Eliminations and intergroup | Consolidated |
| Operating revenues: | | | | | | | |
| Operating revenues from third parties | 601,807 | 152,303 | 53,883 | 82,618 | 890,612 | — | 890,612 |
| Intergroup operating revenues and transfers | 12,117 | 35,374 | 10,178 | 104,562 | 162,232 | (162,232) | — |
| Total sales | 613,924 | 187,678 | 64,061 | 187,180 | 1,052,845 | (162,232) | 890,612 |
| Operating income (loss) | 52,012 | 2,480 | 17,510 | (34) | 71,968 | 139 | 72,107 |

Notes: 1. Method of defining business segments: With the standard breakdown of Japanese manufacturers as a base, business segments have been determined in a way that shows as precisely and accurately as possible the actual diversity of present business conditions.

2. Main activities of business segments

| | |
|-----------------------------------|--|
| Transportation: | Railways, ferries, buses |
| Sales of goods and food services: | Department store, sales of goods, food and beverages, wholesale of various goods, etc. |
| Real estate business: | Selling and leasing of real estate, operation of shopping center |
| Other businesses: | Hotels, travel services, construction, etc. |

Segment Information

(1) Overview of Reportable Segments

The JR-West Group's reportable segments allow it to acquire financial data separated into the various components of the corporate group. The scope of the segments is reviewed on a regular basis in order to allow the Board of Directors to determine the allocation of management resources, and evaluate earnings performance.

The JR-West Group's principal business segments are "Transportation," "Sales of Goods and Food Services" and "Real Estate." Classification by category of the businesses that compose JR-West and its Group companies allows for management of business operations by JR-West or the respective Group company.

Accordingly, the JR-West Group comprises segments by business, and has the three reportable segments of "Transportation," "Sales of Goods and Food Services" and "Real Estate." The "Transportation" segment comprises the railway business, ferry business, and passenger vehicle transport operations. The "Sales of Goods and Food Services" segment comprises department store operations, retail goods and food service operations, and wholesale operations for various types of goods. The "Real Estate" segment comprises real estate sales and leasing operations, and shopping center management operations.

(2) Operating Revenues and Earnings (or Loss) by Reportable Segment

Nine months ended December 31, 2010

| | Millions of yen | | | | | | |
|---|-----------------|----------------------------------|-------------|------------------|-----------|-----------------------------|--------------|
| | Transportation | Sales of goods and food services | Real estate | Other businesses | Total | Eliminations and intergroup | Consolidated |
| Operating revenues: | | | | | | | |
| Operating revenues from third parties | 609,268 | 151,926 | 54,007 | 88,855 | 904,057 | — | 904,057 |
| Intergroup operating revenues and transfers | 13,162 | 36,845 | 10,363 | 101,629 | 162,000 | (162,000) | — |
| Total operating revenues | 622,430 | 188,771 | 64,370 | 190,485 | 1,066,058 | (162,000) | 904,057 |
| Operating income | 77,820 | 3,544 | 17,098 | 3,060 | 101,525 | 588 | 102,113 |

Notes: 1. The “Other Businesses” category is a business segment not including in reportable segments. It includes such operations as hotels, travel services, and construction business.

2. The segment earnings adjustment of ¥588 million mainly comprises unrealized gains on fixed assets that straddle segments.

3. Segment earnings (or loss) are adjusted to the operating income figure on the Consolidated Statements of Income.

Additional Information

From the first quarter of the subject fiscal year, JR-West has applied “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No. 17, March 27, 2009), and “Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20, March 21, 2008).

Reference Materials

Non-Consolidated Balance Sheets

| | Billions of yen | | |
|-------------------------------------|-----------------|-------------------|-------------|
| | March 31, 2010 | December 31, 2010 | Change |
| ASSETS | | | |
| Current assets: | | | |
| Total current assets | 157.5 | 221.1 | 63.6 |
| Fixed assets: | | | |
| Fixed assets for railway operations | 1,734.9 | 1,727.5 | (7.3) |
| Construction in progress | 65.5 | 84.7 | 19.2 |
| Investments and other assets | 329.0 | 346.0 | 17.0 |
| Total fixed assets | 2,129.4 | 2,158.4 | 28.9 |
| Total assets | 2,286.9 | 2,379.5 | 92.5 |

| | Billions of yen | | |
|---|-----------------|-------------------|-------------|
| | March 31, 2010 | December 31, 2010 | Change |
| LIABILITIES AND NET ASSETS | | | |
| Current liabilities: | | | |
| Current portion of long-term debt | 61.2 | 64.0 | 2.7 |
| Accounts payable | 368.0 | 362.0 | (5.9) |
| Total current liabilities | 429.3 | 426.1 | (3.1) |
| Fixed liabilities: | | | |
| Bonds and long-term debt | 960.8 | 1,036.5 | 75.6 |
| Accrued retirement benefits | 303.8 | 303.1 | (0.7) |
| Other fixed liabilities | 24.8 | 22.2 | (2.5) |
| Total fixed liabilities | 1,289.5 | 1,361.8 | 72.3 |
| Total liabilities | 1,718.8 | 1,788.0 | 69.1 |
| Shareholders' equity: | | | |
| Common stock | 100.0 | 100.0 | |
| Capital surplus | 55.0 | 55.0 | |
| Retained earnings | 442.0 | 465.9 | 23.9 |
| Treasury stock, at cost | (29.9) | (29.9) | |
| Total shareholders' equity | 567.0 | 590.9 | 23.9 |
| Valuation and translation adjustments | 1.0 | 0.5 | (0.5) |
| Total net assets | 568.1 | 591.5 | 23.4 |
| Total liabilities and net assets | 2,286.9 | 2,379.5 | 92.5 |

Non-Consolidated Statements of Income

Nine months ended December 31

| | Billions of yen | | | % |
|--|-----------------|---------------|--|--------------|
| | 2009 | 2010 | Change from the same period of the previous year | |
| Operating revenues: | | | | |
| Transportation | 544.1 | 551.8 | 7.6 | 1.4 |
| Transportation incidentals | 15.1 | 14.5 | (0.5) | (3.7) |
| Other operations | 15.8 | 16.4 | 0.5 | 3.5 |
| Miscellaneous | 41.0 | 42.7 | 1.7 | 4.3 |
| | 616.2 | 625.6 | 9.4 | 1.5 |
| Operating expenses: | | | | |
| Personnel costs | 200.0 | 175.0 | (25.0) | (12.5) |
| Non personnel costs: | | | | |
| Energy costs | 25.3 | 25.2 | (0.0) | |
| Maintenance costs | 85.4 | 84.1 | (1.2) | |
| Miscellaneous costs | 112.4 | 115.4 | 3.0 | |
| | 223.1 | 224.8 | 1.6 | 0.8 |
| Rental payments | 18.9 | 18.8 | (0.0) | (0.2) |
| Taxes | 24.3 | 24.7 | 0.3 | 1.5 |
| Depreciation and amortization | 87.6 | 93.6 | 5.9 | 6.8 |
| | 554.1 | 537.1 | (17.0) | (3.1) |
| Operating income | 62.0 | 88.4 | 26.4 | 42.6 |
| Non-operating revenues and expenses, net: | | | | |
| Non-operating revenues | 1.7 | 2.4 | 0.6 | |
| Non-operating expenses | 26.2 | 25.5 | (0.6) | |
| | (24.4) | (23.0) | 1.3 | (5.7) |
| Recurring profit | 37.5 | 65.3 | 27.8 | 74.1 |
| Extraordinary profit and loss, net: | | | | |
| Extraordinary profit | 19.2 | 15.2 | (3.9) | |
| Extraordinary loss | 17.3 | 15.8 | (1.4) | |
| | 1.9 | (0.5) | (2.4) | |
| Income before income taxes | 39.4 | 64.7 | 25.3 | 64.2 |
| Income taxes | 15.8 | 26.3 | 10.5 | |
| Net income | 23.6 | 38.4 | 14.8 | 62.6 |

Passenger-Kilometers and Transportation Revenues

| | Millions of passenger-kilometers | | | | Billions of yen | | | |
|-----------------------|----------------------------------|--------|--------|-------|----------------------------------|-------|--------|-------|
| | Passenger-Kilometers | | | | Transportation Revenues | | | |
| | Nine months ended December 31 | | Change | | Nine months ended December 31 | | Change | |
| | 2009 | 2010 | Amount | % | 2009 | 2010 | Amount | % |
| Sanyo Shinkansen | | | | | | | | |
| Commuter Passes | 536 | 545 | 9 | 1.7 | 6.7 | 6.8 | 0.0 | 1.0 |
| Non-Commuter Passes | 10,707 | 11,295 | 588 | 5.5 | 230.2 | 238.9 | 8.6 | 3.8 |
| Total | 11,243 | 11,841 | 597 | 5.3 | 237.0 | 245.7 | 8.7 | 3.7 |
| Conventional Lines | | | | | | | | |
| Commuter Passes | 17,439 | 17,419 | (20) | (0.1) | 107.3 | 106.7 | (0.5) | (0.5) |
| Non-Commuter Passes | 10,857 | 10,827 | (29) | (0.3) | 199.8 | 199.2 | (0.5) | (0.3) |
| Total | 28,296 | 28,247 | (49) | (0.2) | 307.1 | 306.0 | (1.0) | (0.3) |
| Kyoto-Osaka-Kobe Area | | | | | | | | |
| Commuter Passes | 14,082 | 14,050 | (31) | (0.2) | 86.5 | 86.0 | (0.5) | (0.6) |
| Non-Commuter Passes | 7,305 | 7,321 | 15 | 0.2 | 129.2 | 129.4 | 0.1 | 0.1 |
| Total | 21,387 | 21,372 | (15) | (0.1) | 215.8 | 215.5 | (0.3) | (0.2) |
| Other Lines | | | | | | | | |
| Commuter Passes | 3,357 | 3,368 | 11 | 0.3 | 20.7 | 20.7 | (0.0) | 0.0 |
| Non-Commuter Passes | 3,551 | 3,506 | (44) | (1.3) | 70.5 | 69.8 | (0.7) | (1.1) |
| Total | 6,908 | 6,875 | (33) | (0.5) | 91.2 | 90.5 | (0.7) | (0.8) |
| Total | | | | | | | | |
| Commuter Passes | 17,975 | 17,965 | (10) | (0.1) | 114.0 | 113.5 | (0.4) | (0.4) |
| Non-Commuter Passes | 21,564 | 22,123 | 558 | 2.6 | 430.1 | 438.2 | 8.1 | 1.9 |
| Total | 39,540 | 40,088 | 548 | 1.4 | 544.1 | 551.8 | 7.6 | 1.4 |

Capital Expenditures

Consolidated Basis

| | Nine months ended December 31 | | Change from the same period of the previous period | | Plan for year ending March 31, 2011 |
|--|----------------------------------|-----------------|--|--------|---|
| | 2009 | 2010 | Billions of yen | % | |
| | Billions of yen | Billions of yen | | | |
| Capital expenditures | 130.7 | 153.7 | 22.9 | 17.6 | |
| Capital expenditures, excluding contributions received for constructions | 114.2 | 143.0 | 28.8 | 25.2 | 285.0 |
| Contributions received for constructions | 16.5 | 10.6 | (5.8) | (35.6) | |

Non-Consolidated Basis

| | Nine months ended December 31 | | Change from the same period of the previous period | | Plan for year ending March 31, 2011 |
|--|----------------------------------|-----------------|--|--------|---|
| | 2009 | 2010 | Billions of yen | % | |
| | Billions of yen | Billions of yen | | | |
| Capital expenditures | 97.6 | 121.7 | 24.1 | 24.7 | |
| Capital expenditures, excluding contributions received for constructions | 81.1 | 111.1 | 30.0 | 37.0 | 215.0 |
| [Safety-related capital expenditures] | [43.0] | [66.9] | [23.8] | [55.4] | [120.0] |
| Contributions received for constructions | 16.5 | 10.6 | (5.8) | (35.6) | |

Major Capital Expenditures

Safety and accident-prevention measures, including installation of ATS; introduction of new rolling stock (the 225 Series), Osaka Station Development Project, etc.

Forecasts for Fiscal 2010, Ending March 31, 2011

Consolidated Basis

| | Year ended March 31, 2010 | Forecast for year ending March 31, 2011 | | Change from the same period of the previous year | | |
|----------------------------------|---------------------------|---|---------|--|-------|------|
| | Billions of yen | Billions of yen | | Billions of yen | % | |
| Operating revenues: | <1.46> | <1.46> | | | | |
| Transportation | 797.4 | [1,204.5] | 809.4 | 11.9 | 1.5 | |
| Sales of goods and food services | 201.9 | | 201.9 | (0.0) | 0.0 | |
| Real estate | 70.9 | | 75.3 | 4.3 | 6.1 | |
| Others | 119.6 | | 126.4 | 6.7 | 5.6 | |
| | 1,190.1 | | 1,213.0 | 22.8 | 1.9 | |
| Operating expenses | 1,113.6 | [1,115.0] | 1,117.5 | 3.8 | 0.3 | |
| Operating income: | | | | | | |
| Transportation | 45.2 | | 64.0 | 18.7 | 41.6 | |
| Sales of goods and food services | 3.1 | | 3.2 | 0.0 | 0.8 | |
| Real estate | 22.5 | | 21.7 | (0.8) | (3.6) | |
| Others | 6.7 | | 8.1 | 1.3 | 20.4 | |
| Elimination and corporation | (1.0) | | (1.5) | (0.4) | | |
| | 76.5 | [89.5] | 95.5 | 18.9 | 24.8 | |
| Recurring profit | 48.1 | [60.5] | 66.5 | 18.3 | 38.2 | |
| Net income | <1.21> | <1.27> | [34.5] | 38.0 | 13.1 | 52.9 |

Note: 1. Figures in bracket [] were announced previously on October 28, 2010.

2. Figures in bracket < > are the consolidated-to-parent ratio.

3. Revenues by each segment are from third parties.

Non-Consolidated Basis

| | Year ended March 31, 2010 | Forecast for year ending March 31, 2011 | | Change from the same period of the previous year | |
|---------------------|---------------------------|---|-------|--|-------|
| | Billions of yen | Billions of yen | | Billions of yen | % |
| Operating revenues: | 816.7 | [827.0] | 831.0 | 14.2 | 1.7 |
| Transportation | 720.0 | [726.0] | 730.0 | 9.9 | 1.4 |
| Operating expenses | 758.2 | [753.0] | 753.0 | (5.2) | (0.7) |
| Operating income: | 58.5 | [74.0] | 78.0 | 19.4 | 33.3 |
| Recurring profit | 29.8 | [46.0] | 50.0 | 20.1 | 67.8 |
| Net income | 20.5 | [27.5] | 30.0 | 9.4 | 45.8 |

Note: Figures in bracket [] were announced previously on October 28, 2010.