



Masao Yamazaki

The train derailment on the Fukuchiyama Line on April 25, 2005 caused the death of 106 passengers, with more than 500 injured. We maintain our commitment to helping those who have suffered as a result of the accident, and will continue to devote our full effort to respond sincerely to their needs and feelings.

West Japan Railway Company (JR-West) was launched as part of a program of railway revitalization following the Japanese National Railway's reform in April 1987. In the 18 years since then, we have overcome such calamities as the Great Hanshin Earthquake, and have continued to make steady efforts to enhance and strengthen our business infrastructure. JR-West was listed on the stock market in 1996, with all shares sold in 2004, thereby completing our transition to a fully private firm, one of our management goals since the Company's founding.

However, when the Company caused the Fukuchiyama Line accident it lost a considerable amount of the trust it had established among customers and society. We recognize that we must, as a Group, provide a beneficial service to society, and establish a solid foundation to ensure sustainable growth, built on providing a worry-free, high-quality, trusted transportation service.

We are now making steady progress with the Safety Enhancement Plan formulated on May 31, 2005. This plan embodies our efforts to establish a corporate culture that places a top priority on safety, and includes specific measures, covering both equipment and internal structures, to prevent accidents. The timetable revisions made in March 2006 were based on the Safety Enhancement Plan.

The accident has also prompted wide-reaching discussion on the nature of the Company, and the values that it should respect. Accordingly, in April 2006 we formulated a new Corporate Philosophy, and with the conviction that ensuring safety is our top priority, created a new Safety Charter with specific guidelines regarding safety. These two documents will help guide us as we continue to make a full-scale effort to improve safety and regain trust.

Regarding transportation and marketing for railway operations, faced with an extremely competitive business environment we are working to provide a worry-free, trusted transportation service, based on the timetable revision in March 2006. In terms of sales measures, we are further expanding our Internet train reservation system. We are pushing ahead with strategies to incorporate IT and the use of IC cards, and working to increase the number of holders of the J-WEST Card with which these services are used.

In Sales of Goods and Food Services and the Real Estate Business, we are making steady progress with the renovation of Osaka Station and development of the New North Building, and are moving ahead with our NexStation Plan and other initiatives. These measures will expand our business within stations and surrounding areas, and increase revenues for the entire Group.


Further, we recognize the importance of our Company's role in and duty toward society. Working together as a Group, and squarely facing the fundamental issue of making efforts to improve safety and quality, we will faithfully implement corporate social responsibility (CSR) and other measures to ensure

compliance in all of our business activities, centered on our newly formed Compliance Committee and Risk Management Committee.

Although the JR-West Group announced a new medium-term business plan, entitled "Challenge 2008—Together with Our Customers," in March 2005, we are currently revising this plan in line with our newly created Corporate Philosophy and Safety Charter, and in accordance with the implementation of our Safety Enhancement Plan to regain customer trust by prioritizing safety.

Through these measures and initiatives, we are working to respond to the mandate given us by our shareholders. We sincerely appreciate your continued support of JR-West.

June 2006



Masao Yamazaki

President, Representative Director and Executive Officer