

The President's Message



TAKAYUKI SASAKI

President, Representative Director,
and Executive Officer

We are working to create a sound corporate foundation to support sustainable growth and realize medium- to long-term improvements in corporate value.

OVERVIEW OF FISCAL 2010

In fiscal 2010, ended March 31, 2010, JR-West was significantly affected not only by the steep downturn in the Japanese economy but also by such factors as the lowering of expressway tolls and the spread of a new influenza virus. This adverse operating environment contributed to a substantial fall in operating revenues, centering on transportation revenues, making fiscal 2010 an extremely tough year for JR-West. Faced with these operating conditions, JR-West worked hard to secure operating revenues, including through the implementation of a range of measures aimed at stimulating travel demand. In addition, under the supervision of the Management Improvement Headquarters, which was established in March 2009, we strove to reinforce our management foundations by reviewing operational systems across all of JR-West's business operations. However, despite these efforts, the rate of decline in operating revenues was particularly large, resulting in a significant fall in revenues and income in fiscal 2010.

FORECAST FOR FISCAL 2011

For fiscal 2011, ending March 31, 2011, the outlook for the economy continues to remain unclear, but there is little hope for a swift recovery. Furthermore, we expect the operating environment to deteriorate amid such developments as moves toward making expressways toll-free or introducing a system of capping expressway tolls as well as increasing the number of departure and arrival slots at Haneda Airport, the main domestic airport serving Tokyo. Despite this adverse operating environment, JR-West will nevertheless continue to build a brand of safety and reliability through further safety improvements and aim to increase profitability through measures to secure and expand operating revenues. In addition to these efforts, we will also steadily promote strategies focused on sustainable growth to enhance our corporate value over the medium to long term.

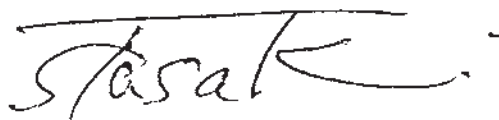
MANAGEMENT POLICY

As core assumptions within the plans outlined above, we will more strongly carry out measures under our three pillars of management—"measures to have ourselves accepted as acting with the best intentions by the victims of the train accident," "enhancement of safety," and "furthering of reform"—which we have previously promoted. Furthermore, with safety as our first priority, we will focus on our frontline operations and technology as well as build a corporate culture in which employees can work with free and vigorous exchange of opinion and realize employee satisfaction from the work that they do. By creating a JR-West in which employees respond to the trust vested in them by society with a sense of pride and satisfaction in their work, we are aiming to bolster the JR-West Group's organizational strength. Also, in light of the compliance issues that arose in the course of the Aircraft and Railway Accidents Investigation Commission's investigation into the Fukuchiyama Line accident, we have been implementing measures to prevent a recurrence, including through the establishment of clear corporate ethics and by reinforcing our corporate governance system.

In addition, JR-West is pursuing improvements in its profitability from both revenue and expenditure perspectives as it responds to the challenges posed by the adverse operating environment. First, we will capitalize on a broad array of opportunities to secure revenues and halt its steep decline. This reflects our strong commitment to stem the declining trend in revenues and subsequently to reverse it. On the expenditure side, the Management Improvement Headquarters is leading efforts to reduce costs while maintaining and enhancing safety. This process involves further deepening the review of operational systems across the entire group. Another key area is the steady preparations that we are undertaking for the full commencement of mutual through-services between the Sanyo and Kyushu Shinkansen Lines and the completion of the Osaka Station Development Project, which are both scheduled for spring 2011. We are working to stimulate demand prior to the opening of these new attractive services and facilities to ensure that we reap the maximum contribution to operating revenues.

Through the measures I have outlined above, we are striving to build a corporate group that is safe and wins the trust of all its stakeholders. We are also working to create a sound corporate foundation to support sustainable growth and realize medium- to long-term improvements in corporate value. In these endeavors, we look forward to the ongoing understanding and support of our shareholders and other investors.

May 2010



Takayuki Sasaki
President, Representative Director, and Executive Officer