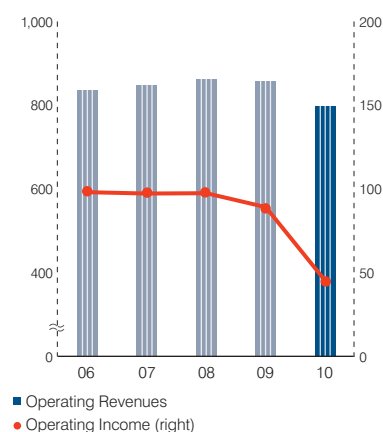


Operating Results by Business Segment

TRANSPORTATION OPERATIONS

OPERATING RESULTS

Billions of yen



JR-West's Transportation Operations consist of railway operations and small-scale bus and ferry services. Railway operations encompass 18 prefectures in the western half of Honshu, Japan's main island, and the northern tip of Kyushu, 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 Company operates 51 railway lines with a total of 1,222 railway stations. Operating route length totals 5,012.7 kilometers, almost 20% of passenger railway kilometerage in Japan. This network comprises the Sanyo Shinkansen, a high-speed intercity railway line, the Urban Network, covering the Kyoto–Osaka–Kobe metropolitan area, and other conventional railway lines (excluding the three branch offices in Kyoto, Osaka, and Kobe). In fiscal 2010, operating revenues in the segment declined 6.9%, to ¥797.4 billion, reflecting such factors as a sharp recession in the domestic economy, a reduction in expressway tolls, and the impact of the spread of a new influenza virus during the first half of the period under review. Most of this revenue is derived from passenger railway revenue of parent company JR-West, which declined 6.9%, to ¥720.0 billion. In addition, an increase in depreciation and amortization accompanying safety-related investments resulted in a 49.3% decrease in operating income, to ¥45.2 billion.



Sanyo Shinkansen



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.

There are four types of services in operation on the Sanyo Shinkansen: the express services Nozomi, Hikari Rail Star, and Hikari, and the local service Kodama. The fastest of these is the Nozomi service, which operates at a maximum speed of 300 kilometers per hour, linking Shin-Osaka and Hakata Stations in 2 hours and 23 minutes at its fastest. The majority of the Nozomi services are through-services operating on Tokaido Shinkansen tracks operated by JR-Central and link Tokyo and Shin-Osaka Stations. This allows passengers to travel across the Tokaido Shinkansen from Tokyo or Nagoya to the major railway stations along the Sanyo Shinkansen—Okayama, Hiroshima, and

Hakata—without having to change trains.

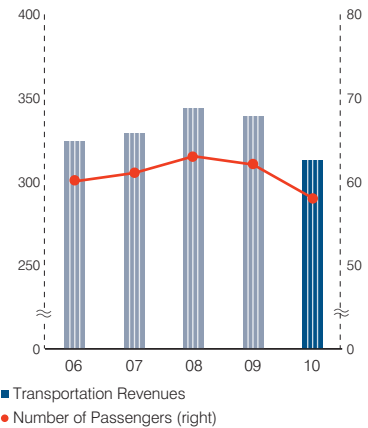
Transportation revenues from the Sanyo Shinkansen began declining after fiscal 1997 due to the slowdown in the Japanese economy, and more-intense competition from competing transportation services, such as airlines and highway buses. However, usage began to rise following an October 2003 timetable revision, primarily to reflect the switchover from Hikari to Nozomi services, and a lowering of fares for Nozomi services, which accompanied this switchover. Subsequently, thanks to further revisions of timetables, mainly to enable an increase in Nozomi services, and such marketing initiatives as the introduction of the Express Reservation system, revenues from the Sanyo Shinkansen rose for five consecutive years until fiscal 2008.



TRANSPORTATION REVENUES

Sanyo Shinkansen

Billions of yen / Millions of passengers



FISCAL 2010 RESULTS

In response to intensifying competition between JR-West's services on certain line segments and airline services, in March 2009 the Company began operating N700 Series trains on the two Nozomi services that operate between Tokyo and Hiroshima Stations every hour. In addition, we increased direct Nozomi services between Tokyo and Hakata Stations on the Tokaido and the Sanyo Shinkansen during the morning and evening. In other initiatives to further heighten the competitiveness of our Shinkansen services, in March 2010 we converted all direct regular Nozomi services that operate between Tokyo and Hakata Stations to N700 Series trains and expanded the number of hours each day when three Nozomi services per hour operate between Tokyo and Hakata Stations.

With regard to marketing activities, JR-West launched the EX-IC service for the Sanyo Shinkansen in August 2009 to enhance convenience and continued to undertake aggressive publicity campaigns aimed at stimulating usage of its Shinkansen services. These campaigns focused on such points as the increased frequency of the Sanyo Shinkansen, the comfort of N700 Series trains, the convenience of the

Express Reservation system, and the price advantages for passengers. In response to the weak economy, and amid significant reductions in expressway tolls, the Company implemented programs aimed at generating tourism demand by aggressively promoting sales of special-offer products. These included Kodama reserved-seat round-trip tickets and the West Japan Pass.

However, owing to the impact of a sharp recession in the domestic economy, a reduction in expressway tolls, and the spread of a new influenza virus, in fiscal 2010 the number of passengers that used the Sanyo Shinkansen declined 6.9%, to 58 million passengers, and total passenger-kilometers decreased 6.7%, to 14,818 million kilometers. Transportation revenues decreased ¥26.6 billion, or 7.9%, to ¥312.4 billion.

INITIATIVES GOING FORWARD

JR-West is faced with not only a harsh economic climate but also a range of factors affecting the competitive environment, including a substantial reduction in expressway tolls and the abolition of tolls on some routes as well as an increase in landing and takeoff slots at Haneda—Tokyo's main domestic airport. In preparation for the full opening of the Kyushu

Shinkansen Line in March 2011, we are setting timetables that offer a high level of convenience—including the operation of direct services between the Sanyo Shinkansen and Kyushu Shinkansen Lines—and building up our product lineup and marketing channels. Furthermore, we are undertaking initiatives aimed at increasing the use of our railway services, such as the creation of Shinkansen timetables that fully exploit the benefits of introducing N700 Series trains, the provision of comfortable, highly reliable transportation services that meet demand trends, and publicity campaigns highlighting the environment-friendliness of Shinkansen services. In addition, we are conducting publicity campaigns that focus on the convenience and price advantages of the Express Reservation system and the EX-IC service, and working to expand usage of the Sanyo Shinkansen and other services by offering the J-West Premium Program and the EX-Reservation Corporate Service. We are also utilizing destination campaigns and the DISCOVER WEST campaign as part of our efforts to generate tourism demand. This includes pursuing tie-ups with local organizations and travel agencies to bolster tourism-related products and services, and undertaking travel product planning and sales promotion activities.



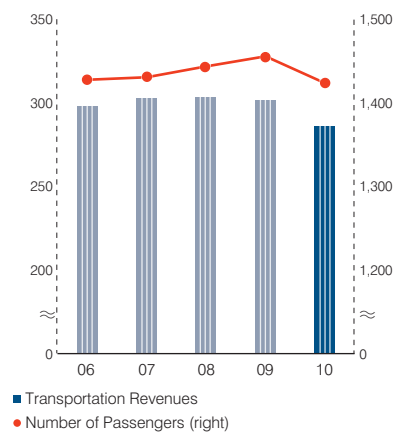
Urban Network Services



TRANSPORTATION REVENUES

Urban Network Services

Billions of yen / Millions of passengers



The Urban Network provides passenger services for the densely populated major cities of Kyoto, Osaka, and Kobe, and their surrounding areas. It has an operating route length of 622.0 kilometers (943.0 kilometers including the three 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 portion of the Fukuchiyama Line between Tsukaguchi and Amagasaki Stations 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.

FISCAL 2010 RESULTS

In accordance with the Basic Safety Plan prepared in April 2008, we advanced and established measures to analyze safety issues identified through reports and other feedback from employees and worked to implement countermeasures. Specifically, JR-West expanded the ATS-P system, increased the safety of trains by changing their structures, and improved the safety of equipment at railway crossings.

In transportation operations, the Company began using a new traffic control system on the Osaka Loop Line, Yamatoji Line, and other lines in October 2009 as part of measures to enhance safety and reliability. In March 2010, the Company increased the number of rapid trains on the Sagano Line between Kyoto and Sonobe Stations following completion of a double track along that segment to

enhance convenience for service users.

However, in fiscal 2010, owing to the impact of a weak domestic economy and the spread of a new influenza virus, the number of railway passengers on the Urban Network (including the three branch offices in Kyoto, Osaka, and Kobe) decreased 2.7%, to 1,423 million passengers, and total passenger-kilometers declined 2.8%, to 28,114 million kilometers. Transportation revenues decreased ¥15.4 billion, or 5.1%, to ¥286.1 billion.

INITIATIVES GOING FORWARD

JR-West is giving priority to measures to further improve safety, such as expansion of the ATS-P system, and is steadily implementing a range of forward-looking initiatives.

In marketing initiatives, capitalizing on its railway network in the Kyoto–Osaka–Kobe area, JR-West will advance initiatives to develop tourism, which will include collaboration with other railway operators and be centered on Kyoto, Nara, and Sakai. Also, we will move forward steadily with the Osaka Station Development Project. In conjunction with those efforts, we will improve accessibility and the quality of transportation services for the area surrounding Osaka Station, which, with completion of the Osaka Station Development Project, will likely attract dramatically more customers in the near future. Other initiatives will include increasing the values of its railway belts through initiatives in which the railway division and the business development division work in unison and collaborate with local communities to develop railway stations and their surrounding areas.



The ICOCA IC card

Use of the ICOCA non-contact IC card, a service introduced in the Urban Network area in November 2003, has steadily increased, with the number of cards issued reaching 5.23 million within the first six-and-a-half years of the launch of the service. In August 2004, we began offering reciprocal use with the Suica IC card issued by East Japan Railway Company (JR-EAST), and in January 2006 reciprocal use with the PiTaPa IC card issued by Surutto Kansai Association, an organization composed of public and private railway operators in the Kansai region. We have steadily broadened the area in which the ICOCA IC card

can be used, introducing the service in the Okayama and Hiroshima areas from September 2007, and offering interoperability with Central Japan Railway Company (JR-Central)'s TOICA IC card from March 2008. In addition, in December 2009 we began discussions on tie-up services with Surutto Kansai Association utilizing IC card passenger tickets, and reached an agreement that aims to enhance railway passenger convenience by coordinating services.

Also, to coincide with the February 2006 launch of the J-WEST card, we began issuing the SMART ICOCA IC card, which allows cardholders to add money to their IC card without using cash.

For the ICOCA electronic money service launched in October 2005, we are working to further expand the number of stores in cities and towns where the service can be used, such as major convenience store and restaurant chains. Previously, in March 2008 we began reciprocal use with Suica, an electronic money service provided by JR-EAST, and in March 2010 we commenced reciprocal use with JR-Central's TOICA IC card. From spring 2011, we plan to begin reciprocal use with Kyushu Railway Company (JR-Kyushu)'s SUGOCA service. These measures are designed to enhance ICOCA IC card user convenience in combination with usage on railway services.



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 areas served by these lines. However, considering that these lines play a role as feeders for Shinkansen services and function as a

vital part of the railway network, we are working to provide community-oriented services and undertake other management efforts, while placing priority on ensuring safety. We also introduced new rolling stock for the limited express train Thunderbird and increased the number of Hakutaka limited express trains.

The number of railway passengers on the other conventional lines during fiscal 2010 decreased 3.7%, to 361 million, although total passenger-kilometers were down 5.6%, to 9,078 million kilometers. Transportation revenues decreased 8.4%, or ¥11.1 billion, to ¥121.4 billion.



Bus and Ferry Services



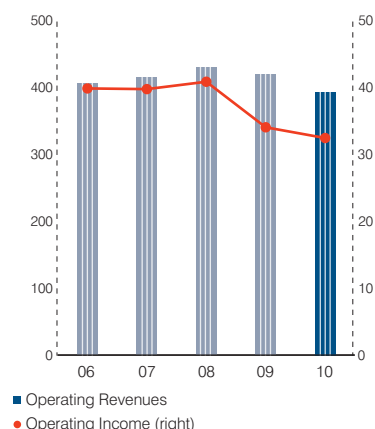
The Transportation Operations segment also includes bus and ferry services. In bus services, amid a continuing harsh competitive environment—including a substantial reduction in expressway tolls—we worked to enhance passenger convenience through such measures as timetable revisions, the addition of new bus stops, and the development of a flexible pricing system.

In ferry services (the Miyajima Line), to implement a structure that facilitates timely and appropriate decision making, as well as to enhance safety and develop finely tuned marketing strategies, JR-West transferred ferry services to subsidiary JR West Miyajima Ferry Co. Ltd. in April 2009.

NON-TRANSPORTATION OPERATIONS

OPERATING RESULTS

Billions of yen



JR-West's Non-Transportation Operations comprise three operations: Sales of Goods and Food Services, 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 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 railway stations and their surrounding areas. In development, 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 and 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 generation, JR-West is furthering initiatives to create new businesses through collaborations inside and outside the Group.



Sales of Goods and Food Services



JR-West's retail services mainly target railway passengers, consisting of convenience stores, specialty stores, and other food and beverage establishments located in and around station buildings, as well as the JR Kyoto Isetan department store.

through the opening of a souvenir and gift market and other stores and restaurants following the refurbishment of Hakata Station, and the opening of the Eki Marché Takarazuka shopping center in Takarazuka Station accompanying the completion of an overhead connection bridge.

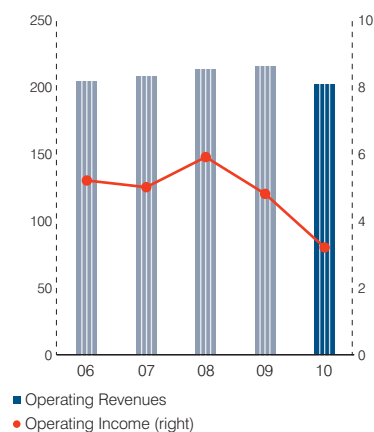
FISCAL 2010 RESULTS

With regard to the department store that will occupy a part of the New North Building of Osaka Station, the Company pursued preparations for the opening of the new store, centered on the development planning office of the main operator, West Japan Railway Isetan Limited. We also undertook measures aimed at increasing the appeal of railway stations, including

However, owing to the impact of such factors as a sharp recession in the domestic economy and the spread of a new influenza virus during the first half of the fiscal year under review, operating revenues in the Sales of Goods and Food Services segment decreased 6.2%, to ¥201.9 billion. Operating income declined 33.6%, to ¥3.1 billion, mainly reflecting cost increases relating to new-store openings.

OPERATING RESULTS

Billions of yen



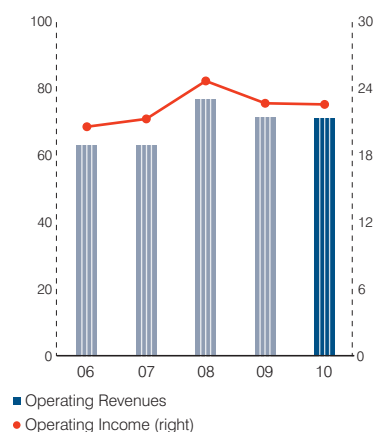


Real Estate Business



OPERATING RESULTS

Billions of yen



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 terminal 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.

In shopping center operations, JR-West has strengthened the Group's tenant leasing functions, and accelerated its efforts to attract preferential tenants. At the same time, we have enhanced the drawing power and freshness of our facilities through regular merchandise and tenant changeovers. In real estate sales and leasing, JR-West seeks to effectively utilize its real estate holdings by steadily developing shopping centers in station buildings, as well as developing and selling condominiums on former sites of Company housing units and leisure facilities. We are also currently renovating Osaka Station and developing the New North Building, which are planned for completion in spring 2011.

FISCAL 2010 RESULTS

During the period under review, JR-West pursued the development of station facilities and surrounding areas. We carried out a full renovation of Station Plaza Tennoji in Tennoji Station and opened a new shopping center, Wakayama Mio, in the Wakayama Station building. On the west side of Sumakaihinkoen Station, we opened the JR Sumakaihinkoen Station West NK Building, which features a fitness club and other facilities. We also made steady progress on the Osaka Station Development Project, including renovation of Osaka Station, construction related to the development of the New North Building, and expansion of the ACTY Osaka building. We also pursued condominium developments on land formerly occupied by Company housing.

As a result, operating revenues for the Real Estate segment declined 0.3%, to ¥70.9 billion, and operating income decreased 0.5%, to ¥22.5 billion.



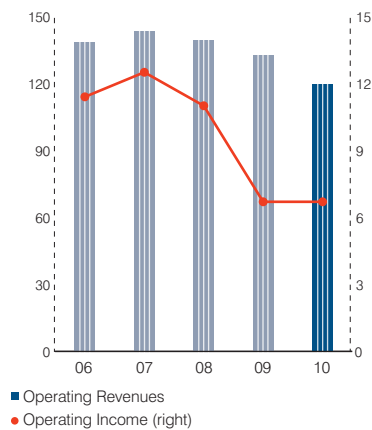
Other Businesses



JR-West's other businesses consist of the travel agency business operated by Nippon Travel Agency, which became a consolidated subsidiary of JR-West in fiscal 2004, the hotel business centered on the Hotel Granvia Kyoto, an advertising agency business, maintenance and engineering services, and other businesses to facilitate the smooth and efficient operation of the mainstay railway business.

OPERATING RESULTS

Billions of yen



FISCAL 2010 RESULTS

In the hotel business, we worked to expand sales through such measures as renovation of guest facilities and by hosting a range of events. In the travel agency business, amid extremely harsh operating conditions, we strove to increase sales utilizing our Internet marketing channel.

However, owing to the impact of such factors as a sharp recession in the domestic economy and the spread of a new influenza virus during the first half of the fiscal year, operating revenues in the Other Businesses segment declined 9.7%, to ¥119.6 billion. Operating income for the segment amounted to ¥6.7 billion.