April 28, 2009

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West Japan Railway Company

Flash Report (Consolidated and Non-Consolidated Basis)

Results for the year ended March 31, 2009

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;
- 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 April 28, 2009 based on information available to JR-West as of the date April 28, 2009 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

President: Masao Yamazaki

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Scheduled Date for the General Meeting of Shareholders: Undecided

Planned filing of an annual security report: Undecided Planned start of dividend payments: Undecided

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

1. Performance

(1) Operating results

1. Years ended March 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	%
2009	1,275,308	(1.2)	122,519	(10.8)	94,850	(12.9)	54,529	(5.5)
2008	1,290,190	2.2	137,413	1.5	108,857	4.5	57,707	1.6

	Net income per share	Net income per share after dilution	Return on equity	Recurring profit-to-total assets ratio	Operating income-to-operating revenues ratio
	Yen	Yen	%	%	%
2009	27,729.03	---	8.4	3.9	9.6
2008	28,954.78	---	9.3	4.5	10.7

(Reference) Gain on investment by equity method: Year ended March 31, 2009: ¥986 million, Year ended March 31, 2008: ¥1,298 million

(2) Financial position

At March 31

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2009	2,461,889	689,602	26.7	339,113.24
2008	2,462,831	670,838	25.9	322,294.60

(Reference) Total shareholders' equity: March 31, 2009: ¥656,664 million, March 31, 2008: ¥638,670 million

(3) Cash flows

Years ended March 31

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financial activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
2009	178,840	(172,651)	(10,185)	41,184
2008	222,183	(179,281)	(55,879)	44,606

2. Dividends

Record date	Dividends per share					Total amount of dividends (for the entire fiscal year)	Payout ratio	Dividends-to-net assets ratio
	June 30	Sept. 30	Dec. 31	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
2008	---	3,000.00	---	3,000.00	6,000.00	11,947	20.7	1.9
2009	---	3,500.00	---	3,500.00	7,000.00	13,650	25.2	2.1
2010 (Forecast)	---	3,500.00	---	3,500.00	7,000.00		46.7	

3. Forecasts for Fiscal Year ending March 31, 2010

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

	Operating revenues		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim period	610,000	(3.9)	44,000	(39.6)	28,000	(50.9)
Fiscal year	1243,000	(2.5)	80,000	(34.7)	51,000	(46.2)

	Net income		Net income per share
	Millions of yen	%	Yen
Interim period	15,500	(53.6)	8,004.48
Fiscal year	29,000	(46.8)	14,976.12

4. Other

1. Significant changes in subsidiaries during the subject fiscal year (Transfer of particular subsidiaries following a change in the scope of consolidation): None

2. Changes in accounting rules, procedures or method of presentation relating to the preparation of the consolidated financial statements (Matters included in changes to significant items that form the basis for preparation of the consolidated financial statements).
   a. Changes in accordance with revisions to accounting standards: Yes
   b. Other changes: None

3. Number of Shares Outstanding (Common stock)
   Number of shares outstanding at fiscal year-end:
   2009: 2,000,000 shares 2008: 2,000,000 shares
   Number of treasury stocks at fiscal year-end:
   2009: 63,584 shares 2008: 18,365 shares

(Reference) FLASH REPORT (NON-CONSOLIDATED BASIS)

1. Performance

(1) Operating results

Years ended March 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	%
2009	875,030	(0.5)	102,094	(7.0)	73,411	(8.2)	44,380	(1.7)
2008	879,460	1.6	109,824	0.8	79,974	2.9	45,128	1.0

	Net income per share	Net income per share after dilution
	Yen	Yen
2009	22,557.62	---
2008	22,632.52	---

(2) Financial position

At March 31

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2009	2,215,108	560,789	25.3	289,462.54
2008	2,222,947	552,445	24.9	278,651.89

(Reference) Total shareholders' equity: March 31, 2009: ¥560,789 million, March 31, 2008: ¥552,445 million

2. Forecasts for Fiscal Year ending March 31, 2010

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

	Operating revenues		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim period	422,000	(4.7)	39,000	(40.2)	23,000	(53.4)
Fiscal year	852,000	(2.6)	65,000	(36.3)	36,500	(50.3)

	Net income		Net income per share
	Millions of yen	%	Yen
Interim period	13,000	(55.5)	6,710.21
Fiscal year	23,500	(47.0)	12,129.99

The forward-looking statements made in this document, including the aforementioned forecasts, are based on all information available to the management at the time of this document's release. Actual results may differ from the results anticipated in the statements.

QUALITATIVE INFORMATION RELATED TO BUSINESS PERFORMANCE AND FINANCIAL STATEMENTS

1. BUSINESS PERFORMANCE

1. Analysis of Business Performance

(1) Overview of 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 to support the bereaved families and all those who were victims of the accident.

JR-West has also undertaken a range of measures to improve safety. We have 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.

During the subject fiscal year ended March 31, 2009, to further enhance the safety program we formulated a Basic Safety Plan in April 2008, and implemented other measures that included briefing sessions on the Basic Safety Plan for everyone affected by the Fukuchiyama Line accident, along with a memorial service.

JR-West has also formulated a new Medium-Term Management Plan in May 2008 for the five-year period through the fiscal year ending March 2013. Under this plan, in accordance with the Corporate Philosophy and Safety Charter adopted in March 2006, we will establish “a corporate culture that places top priority on safety,” make further improvements in safety and regain customer trust, building on this foundation to achieve sustainable growth into the future. In particular, as part of our measures to address the most essential issue of improving safety, we have incorporated the Basic Safety Plan at the heart of the new Medium-Term Management Plan. Working to “Build a corporate system to ensure no accidents to produce causalities among our customers and no serious labor accidents to our employees,” we have established a safety management system based on risk assessment, and implemented a range of other measures.

In terms of reforming of the corporate culture and atmosphere that goes hand in hand with measures to improve safety, based on the recommendations of an Advisory Panel for reform of corporate culture made up of experts from outside the Company, we have established and are implementing a range of measures that cover everything from raising awareness to general operations. In January 2009 we issued the JR-West CSR Report, a compilation of the overall measures being implemented to realize our Corporate Philosophy.

Further, in July 2008 JR-West established an additional basic organization framework to help strengthen the technologies unique to railroad operations, including a Transport Security Systems Office, Structural Engineering Office, and Rolling Stock Design Office. We also bolstered the functions of our branch offices, which are the centers of operations.

Through these efforts JR-West has devoted its full effort to enhancing safety in its mainstay railway business, while also working to improve 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.

Nevertheless, sales and earnings declined on a consolidated basis during the subject fiscal year, impacted by the rise in fuel costs during the first half of the subject period, and the acute deterioration in the economy during the second. On a consolidated basis, operating revenues for the subject fiscal year (April 1, 2008 to March 31, 2009) declined 1.2% from the previous fiscal year to ¥1,275.3 billion. Operating income declined 10.8% to ¥122.5 billion, with recurring profit down 12.9% to ¥94.8 billion, and net income down 5.5% from the previous fiscal year to ¥54.5 billion.

(2) Results by Business Segment

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 help "build a corporate system to ensure no accidents to produce causalities among our customers and no serious labor accidents to our employees" in accordance with the Basic Safety Plan formulated in April 2008, we introduced a new risk assessment system, as well as continued to move forward with and establish measures to analyze and respond to safety issues identified through reports and other feedback from employees. 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, we enhanced the safety of rolling stock though revision to the structure of train cars, improved the safety of crossings, replaced grade crossings with overpasses, and strengthened pillars supporting elevated tracks against earthquakes. Further, taking to heart the seriousness of the accident now and in the future, we enhanced safety education through utilization of the Railway Safety Education Center established in April 2007 to teach systematically the lessons learned from accidents, and further expanded our program of "case studies of unequivocal verbal communication," a training method to help prevent mistakes arising from miscommunication. We also conducted a series of simulation trainings in order to better aid passengers and provide an improved response when an accident occurs.

In transportation operations, in March 2009 JR-West revised its timetables in accordance with usage patterns, running N700-series *Nozomi* trains twice hourly between Tokyo and Hiroshima, and for conventional lines extending operating hours of Special Rapid late-night service on the JR Kyoto Line and JR Kobe Line. We also took steps to increase convenience, in October 2008 opening Katsuragawa Station on the JR Kyoto Line between Nishioji and Mukomachi stations, and in January 2009 laying double track on the Seto Ohashi Line between Bitchu-Mishima and Chayamachi.

In marketing initiatives, JR-West promoted use of the Sanyo Shinkansen by revising the timetable to include additional trains, implementing a proactive campaign to highlight the comfort of the N700 Series and the convenience and price advantages of the Express Reservation system, as well as offering special tickets such as the Kodama Reserved Seat Return Ticket. We also worked in cooperation with local governments, travel agents and other JR companies to stimulate demand for tourism, such as through the DISCOVER WEST Campaign, and the Yamaguchi Destination

Campaign. We further made reservations more convenient by launching the “5489” telephone reservation system in Shikoku, introducing a ticket-less limited express service for the *Haruka* and *Biwako Express* trains, and broadening the area covered by the “e5489plus” internet reservation service.

For customer service initiatives we worked to make railways more user-friendly through such measures as increasing the number of multi-functional ticket machines, and installing elevators, escalators and other barrier-free facilities, as well as introducing and steadily expanding system of screens that display current information on train operations during emergencies or other disruptions. We also completed installation of automated external defibrillator (AED) systems on all Sanyo Shinkansen trains.

In environmental issues, to address the social issue reducing CO_2 emissions JR-West established a structure for Group-wide promotion of environmental measures, and launched a “Think and Act Eco” initiative to encourage every employee to reconsider their lifestyles and work from an environmental perspective. Also, to efficiently utilize the electric energy generated by regenerative braking, we prepared a plan to install the DC feeding system between up and down line that had been introduced on an experimental basis on the Gakken-Toshi Line and JR Takarazuka Line in all lines. We also established “carbon offset awards” for J-West points, and released information to promote JR-West as a railway friendly to the global environment.

In R&D initiatives, JR-West developed a system to prevent improper operation of train doors, which could cause passengers to stumble on trains with a single conductor. The system was introduced on trains running on the Kansai Line (between Kamo and Kameyama stations).

In ferry services (the Miyajima Line) JR-West established a subsidiary to which it transferred the ferry services business, establishing a structure that allows for timely and appropriate decision-making. We also further enhanced safety and developed detailed marketing measures.

In bus services, with competition for highway bus services continuing to intensify, JR-West worked to provide services that fit the varied needs of customers, including establishing a new route between Hokuriku and Nagoya, and revising timetables for routes from the Kyoto, Osaka and Kobe area to Shinjuku, Tokyo, and for routes to Awajishima and Naruto.

As a result of falling revenues due to the acute economic decline, along with increased energy and miscellaneous costs related to higher fuel prices, and an increase in depreciation and amortization stemming from safety-related investments, operating revenues for Transportation Operations segment decreased 0.6% from the previous fiscal year, to ¥856.1 billion, with operating income down 8.6%, to ¥89.1 billion.

Sales of Goods and Food Services

JR-West decided on West Japan Railway Isetan Ltd. as the main business operator for the new department store in the New North Building of Osaka Station, established a development planning office in the company, and began making preparations for opening. We also continued to work to make stations more attractive, such as through opening the Kobe Food Terrace restaurant zone within Kobe Station, and a Daily Inn convenience store stand at Himeji Station following completion of work to elevate railway tracks.

As a result, although operating revenues in the Sales of Goods and Food Services segment rose 1.2% over the previous fiscal year, to ¥215.3 billion, operating income declined 9.4%, to ¥4.7 billion, due mainly to declines in sales at department stores and increased costs associated with opening new stores, which offset the increased sales revenue.

Real Estate Business

JR-West worked to develop station premises and surrounding areas, including opening the JR Fukuchiyama Station No.1 and No. 2 NK Building, with a large electronics volume retailer as a tenant on the south side of Fukuchiyama Station, as well as opening the PLiE HIMEJI shopping center at the main central entrance of Himeji Station, and the JR Nara Station NK Building with a hotel and other facilities on the east exit of Nara Station. We also moved steadily forward with the plan for the Osaka Station Development Project, including making progress with the renovation of Osaka Station and work to develop the New North Building, as well as beginning work on the ACTY Osaka expansion. In addition, we continued to actively develop condominium apartments on land formerly used for housing for company employees.

As a result, operating revenues for the Real Estate segment declined 7.3% over the previous fiscal year, to ¥71.1 billion, with operating income down 8.2%, to ¥22.6 billion. This was due mainly to a year-on-year decline in condominium sales at JR West Real Estate & Development Company.

Other Businesses

In travel agency operations, amid an extremely difficult business environment, JR-West worked to expand Internet-related sales, such as by expanding the lineup of Internet-only products. We also strengthened development of products utilizing a new overseas travel information system.

In hotel operations, JR-West promoted sales with renovations to its guest rooms, restaurants and banquet halls, as well as hosted various events. Further, to achieve a synergistic benefit from linking existing hotels and the railway business, West Japan Railway Hotel Development, Ltd. acquired shares in Hopinn Aming, a hotel on north exit of Amagasaki Station, and incorporated it into a JR-West hotel in January 2009.

For the ICOCA e-money service we worked to enhance the value of ICOCA through efforts to expand the number of stores in stations and around town where the service can be used, such as at Kiosk stands in the Kinki region. We also took steps to increase the number of cardholders for the J-West Card, including issuing tie-up cards with other companies.

As a result, operating revenues in the Other Businesses segment declined 4.8% over the previous fiscal year, to ¥132.6 billion, with operating income down 39.0% to ¥6.7 billion. This was due mainly to a falloff in income in the travel and hotel business during the fiscal year due to the impact from the sluggish economy.

(3) Forecast for Fiscal 2010 (ending March 31, 2010)

Though the business environment for JR-West will likely remain extremely harsh, we will redouble our efforts to establish a corporate culture that places top priority on safety, and building on a foundation of providing a safe and reliable, high-quality transport service, as a corporate group will seek to provide a beneficial service to society, and achieve sustainable growth into the future while increasing earnings.

In the railway business, amid difficult economic circumstances and competition from the substantial reduction in expressway tolls and other areas, JR-West will implement a Shinkansen timetable that maximizes the benefit from the introduction of N700 series trains, as well as work to promote use of the Express Reservation service, and expand the Express IC (EX-IC) service to be launched for the Sanyo Shinkansen in summer 2009.

In the areas of sales of goods and food services and real estate, JR-West will implement measures to enhance the value of the areas along its railway lines, with the railway division working in cooperation with local governments and communities to maximize asset efficiency, and from the standpoint of enhancing the potential of stations and surrounding areas, and stimulating growth in areas in between, seek to create districts with full offerings in stations and surrounding areas, provide ample convenience, and are attractive places to live. We will also steadily continue with the Osaka Station Renovation and other projects, as well as enhance the value of the ICOCA e-money service by expanding the number of stores accepting ICOCA.

Despite these efforts, considering the harsh economic conditions that have existed since fall 2008, at this point we are revising our forecasts for the fiscal year ending March 31, 2010, as follows.

Forecasts for the fiscal year ending March 31, 2010, as of the date of this statement, are as follows:

Operating revenues:	¥1,243.0 billion	Down	2.5%	YOY
Operating income:	¥80.0 billion	Down	34.7%	YOY
Recurring profit:	¥51.0 billion	Down	46.2%	YOY
Net income:	¥29.0 billion	Down	46.8%	YOY

Note: Forecasts are based on assumptions considered reasonable at the present time, and are subject to change.

2. Analysis of Financial Position

(1) Cash flows from operating activities

Cash provided by operating activities amounted to ¥178.8 billion, a decline of ¥43.3 billion from the previous fiscal year. This was due mainly to an increase in income taxes paid.

(2) Cash flows from investing activities

Cash used in investing activities amounted to ¥172.6 billion, a decline of ¥6.6 billion from the previous fiscal year. This was due mainly to a decrease in expenditures for purchases of property, plant and equipment.

(3) Cash flows from financing activities

Cash used in financing activities amounted to ¥10.1 billion, a decline of ¥45.6 billion from the previous fiscal year. This was due mainly to a decline in the reduction of long-term debt.

As a result, cash and cash equivalents at the end of the subject fiscal year, decreased ¥3.4 billion from March 31, 2008, to ¥41.1 billion.

(Reference) Cash Flow Indicators

Years ended March 31

	2005	2006	2007	2008	2009
Equity ratio (%)	22.2	23.9	25.3	25.9	26.7
Equity ratio, based on market value (%)	36.9	42.2	45.3	35.2	24.5
Interest-bearing debt to cash flow ratio (Times)	7.4	6.1	5.1	4.2	5.2
Interest coverage ratio (Times)	3.1	3.4	3.6	3.9	3.6

Notes:

Equity ratio: shareholders' equity/ total assets

Market-based rate of equity ratio: total market capitalization/ total assets

Interest-bearing debt to cash flow ratio: interest-bearing debt/ operating cash flows

Interest coverage ratio: (operating income + interest & dividend income)/ interest expense

Notes:

1. All of the figures in the above table were calculated on a consolidated basis.
2. Total market capitalization was calculated by multiplying the closing stock price at the end of the term by the total amount of outstanding stock at the end of the term (excluding treasury stock).
3. Cash flow is defined as operating cash flow.
4. Interest-bearing debt is defined as interest-bearing debt of long-term debt and payables.

3. Basic Policy Regarding Distribution of Earnings

JR-West's basic policy, in consideration of the steady improvement in the stability and soundness of its finances, is to place priority on the strengthening and expansion of its business foundation with sufficient investments for improved safety and growth, and enhance the corporate value of the Company.

Regarding the specific policy for dividends, JR-West considers it important to maintain and improve its return on capital, and to provide sufficient shareholder returns in accordance with shareholders' equity and the status of long-term debt. On the premise that current project achieve results as planned, from fiscal 2013 (ending March 31, 2013) we plan to achieve 3% of consolidated dividend on equity (DOE).

For the subject fiscal year, JR-West plans to pay a dividend of ¥7,000 per share, consisting of the ¥3,500 per share interim dividend already paid, and a year-end dividend of ¥3,500 per share.

2. MANAGEMENT POLICIES

On April 25, 2005, an extremely serious accident between Tsukaguchi and Amagasaki stations on the Fukuchiyama Line resulted in 106 fatalities and injuries to more than 500 passengers.

We pray for all the victims of the accident and offer our sincerest apologies to their bereaved families. We would also like to express our deepest sympathies and sincerest apologies to the injured, and hope they recover as soon as possible. We further offer deep apologies to passengers, shareholders and local residents for the excessive strain and trouble that we have caused.

We pledge never to forget this accident, and to remain conscious of our responsibility for protecting the truly precious lives of our customers. We also persistently act on the basis of safety first, and are working to build a railway that assures our customers of safety and reliability, in accordance with our Corporate Philosophy and Safety Charter.

1. Basic Management Policies

The JR-West Group, concentrating on its core business of railway operations, will work to establish a corporate culture that places a top priority on safety, regain trust as quickly as possible, and pursue sustainable development as a corporate group. In particular, we will devote our efforts as a group to achieve a tri-part management, consisting of a sincere response to victims of the accident, measures to enhance safety, and the furthering of reform.

Going forward, JR-West will strive to improve its corporate value by accurately identifying market trends, providing high-quality services and products that customers repeatedly select with confidence, and implementing various measures in a strategic and timely manner. Amid a difficult operating environment, these efforts will be made in accordance with the Corporate Philosophy and Safety Charter, and founded on the principle of safety as a priority.

2. Medium-Term Management Strategies

The JR-West Group announced its “JR-West Group’s Medium-Term Management Plan 2008-2012” in May 2008, formulated from the standpoint of realizing our Corporate Philosophy, the common values that we as a company must strive to achieve. In addition to the ultimate goal of the Basic Safety Plan formulated and announced in April 2008 to “Build a corporate system to ensure no accidents to produce causalities among our customers and no serious labor accidents to our employees”, JR-West has established three main management goals for the period of this plan: 1) Establish a brand of safety and reliability; 2) Pursue business strategies for sustainable growth; and 3) Foster a management vision from a long-term perspective. Through its corporate activities aimed at achieving these goals, JR-West will meet the expectations of all stakeholders, including its customers, shareholders, its employees and their families, as well as local communities and society at large.

Management indices for the fiscal year ending March 31, 2013, are as follows:

Consolidated operating revenues:	¥1,430.0 billion
Consolidated EBITDA*:	¥345.0 billion
*EBITDA=operating income + depreciation and amortization	
Consolidated return on assets (ROA) (operating income basis):	7.0%
Consolidated return on equity (ROE) (net income basis):	10.0%

3. Management Issues

JR-West is redoubling its efforts to establish a corporate culture that places top priority on safety, and places the highest management priority on regaining the trust of customers and society lost as a result of the Fukuchiyama Line accident. Building on a foundation of providing a safe and reliable, high-quality transport service, JR-West recognizes that it must, as a corporate group, strive to provide a beneficial service to society, and achieve sustainable growth into the future while increasing earnings.

In accordance with this basic recognition, as its medium-term vision to realize the principles of its Corporate Philosophy and Safety Charter, JR-West will devote its full effort to becoming a corporation with exceptional safety management, to providing an outstanding service that customers perceive as reliable and with high degrees of satisfaction and value, and to achieving the JR-West Group's Medium-Term Management Plan formulated in May 2008 with goal of enhancing the value of areas along the railway lines through the combined efforts of the railway and business creation divisions.

We also recognize that being responsive to the bereaved families and all those who suffered as a result of the Fukuchiyama Line accident is one of our highest priorities, and in addition to listening sincerely their opinions and requests, will provide an even more careful and attentive response.

For measures to improve safety, JR-West will continue to seek to "Build a corporate system to ensure no accidents to produce causalities among our customers and no serious labor accidents to our employees" in accordance with the Basic Safety Plan at the heart of the Medium-Term Management Plan, as well as further enhance our safety management structure in line with the Railway Safety Management Manual.

Further, to promote reform of the corporate culture and atmosphere that goes hand in hand with measures to improve safety, JR-West will create a corporate culture that emphasizes safe operations and the earning of trust, as well as individual proactive thinking and action. Specifically, we will utilize the JR-West CSR Report 2008 to foster a sense of common values.

In the railway business, based on the Basic Safety Plan, JR-West will further pursue risk assessment measures, and work to establish safety management based on risk assessments, including far-reaching analysis and measures in response to safety issues. In addition, for the various requirements that comprise safety, such as increases in technological capabilities, improvement in communication, and the securing and development of high-quality personnel, we will implement measures that enhance these aspects. We will also make regular investments to maintain and upgrade equipment and facilities, as well as investments to improve railway safety and enhance disaster prevention, such as expansion of the ATS-P system, measures to counter excessive speed buildup on downward grades, antiseismic measures such as the reinforcement of elevated track supports and installation of seismographs, and measures to prevent accidents at railway crossings. Further, we will pursue measure to ensure that the Fukuchiyama Line accident is never forgotten, including expanding training at the Railway Safety Education Center to Group companies, and take other steps to enhance safety awareness.

In transportation operations, for sales and marketing, amid difficult economic circumstances and competition from the substantial reduction in expressway tolls and other areas, JR-West will formulate Shinkansen timetables that maximize the benefit from the introduction of N700 series trains, along with other efforts to offer a comfortable and highly reliable transportation service responsive to demand. We will also move ahead with measures to increase use of the Shinkansen, including advertising campaigns promoting the environmentally friendly aspects of Shinkansen service. To further enhance the convenience of sales channels, we will promote use of the Express Reservation system, and in the summer of 2009 expand the Express IC (EX-IC) service on the Sanyo Shinkansen. We will design, develop and promote travel packages in cooperation with local governments and travel agents by utilizing the DISCOVER WEST Campaign, destination campaigns and other promotions, and will further work to stimulate demand for tourism focusing on Kyoto, including with private railways. We will also generate tourism demand by offering special tickets such as the Western Japan Pass, and such measures as upgrading secondary access. JR-West will also steadily move forward with a variety of projects in the railway business, such as preparing for the start of Kyushu Shinkansen service to Hakata with its operator, JR Kyushu, including through-service operations between the Kyushu and Sanyo Shinkansen commence in spring 2011. Further, JR-West will proactively implement measures to make stations and trains more user-friendly and enhance customer satisfaction, including bolstering the overall level of service, from ticket windows and other station and train services, and making stations more accessible through such measures as installation of “barrier free” facilities in conjunction with local governments and other organizations.

In the areas of sales of goods and food services and real estate, JR-West will implement measures to enhance the value of the areas along its railway lines, with the railway division working in cooperation with local governments and communities to maximize asset efficiency. Further, from the standpoint of enhancing the potential of stations and surrounding areas, and stimulating growth in areas in between, we will seek to create districts with full offerings in stations and surrounding areas, that provide ample convenience, and are attractive places to live. For the area encompassing Kyoto, Osaka and Kobe in particular, we will pursue specific measures based on market trends and other aspects of each rail belt. We will also move steadily forward with the Osaka Station Renovation and other projects, including making preparations for the opening of the department store by West Japan Railway Isetan Ltd. in the New North Building of Osaka Station, anticipating completion in the spring of 2011. Further, we will enhance the value of the ICOCA e-money service through such measures as expanding the number of stores accepting ICOCA.

With regard to the pursuit of corporate social responsibility (CSR), JR-West recognizes the importance of and is further implementing CSR, centering on its CSR Promotion Committee. We will also further enhance our internal control functions, such through measures that include the establishment of proper business operations for all business activities in general, led by the Compliance Committee and Crisis Management Committee. For global environmental issues, seeking to be an environmentally conscious corporate group, JR-West will foster environmental awareness in each employee, and promote proactive measures throughout the JR-West Group to reduce CO_2 emissions. We will also provide support for the activities of a foundation established in April 2009, and pursue other measures beneficial to the establishment of a sustainable, stable society.

We expect the business environment for JR-West to remain extremely difficult going forward, as Japan's economy falls into an acute and serious downturn as a result of the impact from the global recession stemming from the sharp slowdown in the world economy and financial crisis from the fall of 2008. In response to these circumstances, JR-West will take steps to secure earnings by implementing effective management initiatives responsive to the changes in the business environment, as well as work to bolster its management practices through reform of the operational framework for all business operations while ensuring and improving safety. Further, in accordance with the JR-West Group's Medium-Term Management Plan, JR-West will work to establish a brand of safety and reliability, steadily pursue business strategies aimed at sustainable development, and enhance its medium to long-term corporate value.

3. CONSOLIDATED FINANCIAL STATEMENTS

1. Consolidated Balance Sheets

March 31

	Millions of yen	
	2008	**2009**
ASSETS		
Current assets:		
Cash	44,836	41,414
Notes and accounts receivable-trade	19,139	15,726
Railway fares receivable	21,836	21,438
Accounts receivable	48,451	44,619
Income tax refundable	108	340
Inventories	22,246	24,143
Deferred income taxes	19,938	19,743
Other current assets	44,917	41,715
Less allowance for doubtful accounts	(335)	(597)
Total current assets	**221,138**	**208,544**
Fixed assets:		
Property, plant and equipment:		
Buildings and structures	979,074	979,197
Machinery and transport equipment	282,599	278,663
Land	657,469	657,643
Construction in progress	81,301	75,811
Other property, plant and equipment	28,195	30,194
Total property, plant and equipment	**2,028,639**	**2,021,511**
Intangible fixed assets	**20,017**	**20,839**
Investments and other assets:		
Investments in securities	60,038	60,494
Deferred tax assets	109,035	125,527
Other investments and assets	24,897	26,214
Less allowance for doubtful accounts	(998)	(1,286)
Total investments and other assets	**192,973**	**210,950**
Total fixed assets	**2,241,630**	**2,253,301**
Deferred income taxes:		
Development expenses	62	42
Total deferred income taxes	**62**	**42**
Total assets	**2,462,831**	**2,461,889**

March 31

	Millions of yen	
	2008	**2009**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes and accounts payable-trade	48,109	46,164
Short-term loans	13,630	28,807
Current portion of redemption of corporate bonds	45,000	20,000
Current portion of long-term debt	42,979	42,739
Current portion of long-term payables for acquisition of railway properties	34,598	33,472
Current portion of long-term accounts payable	31	31
Accounts payable	126,772	103,271
Accrued consumption tax	3,135	5,759
Accrued income tax	37,589	26,857
Railway deposits received	1,560	1,250
Deposits received	59,171	54,640
Prepaid railway fares received	31,260	31,510
Advances received	66,574	45,258
Allowance for bonuses	34,817	34,253
Allowance for compensation of completion of construction	54	58
Allowance for point program	670	563
Other current liabilities	32,740	34,726
Total current liabilities	**578,698**	**509,365**
Fixed liabilities:		
Bonds	234,964	269,966
Long-term debt	206,531	227,349
Long-term payables for acquisition of railway properties	392,872	359,459
Long-term accounts payable	285	253
Deferred tax liabilities	141	176
Accrued retirement benefits	257,038	292,774
Allowance for antiseismic reinforcement measures	2,222	---
Allowance for environmental safety measures	11,466	10,193
Provision for unredeemed gift certificates	2,667	2,808
Other long-term liabilities	105,105	99,937
Total fixed liabilities	**1,213,294**	**1,262,920**
Total liabilities	**1,791,993**	**1,772,286**

(continued on page 16)

	Millions of yen	
	2008	**2009**
NET ASSETS		
Total shareholders' equity:		
Common stock	100,000	100,000
Capital surplus	55,000	55,000
Retained earnings	489,366	531,236
Treasury stock, at cost	(10,343)	(30,343)
Total shareholders' equity	**634,022**	**655,893**
Valuation and translation adjustments:		
Net unrealized holding gain on securities	4,552	1,004
Deferred gains or losses on hedges	95	(233)
Total Valuation and translation adjustments	**4,647**	**770**
Minority interests	**32,167**	**32,938**
Total net assets	**670,838**	**689,602**
Total liabilities and net assets	**2,462,831**	**2,461,889**

2. Consolidated Statements of Income

Years ended March 31

	Millions of yen	
	2008	**2009**
Operating revenues	**1,290,190**	**1,275,308**
Operating expenses:		
Transportation, other services and cost of sales	944,207	944,505
Selling, general and administrative expenses	208,569	208,283
Total operating expenses	**1,152,777**	**1,152,789**
Operating income	**137,413**	**122,519**
Non-operating revenues:		
Interest income	105	173
Dividend income	355	414
Insurance bonus	2,003	2,026
Transfer from administrative fee of contracted construction	1,394	1,700
Equity in earnings of affiliates	1,298	986
Other	2,760	2,910
Total non-operating revenues	**7,918**	**8,212**
Non-operating expenses:		
Interest expense	35,424	34,592
Other	1,049	1,288
Total non-operating expenses	**36,473**	**35,881**
Recurring profit	**108,857**	**94,850**
Extraordinary profits:		
Gain on contributions received for construction	25,891	54,935
Compensation for expropriation	3,666	10,968
Proceeds from sales of fixed assets	8,097	4,802
Other	7,019	1,915
Total extraordinary profits	**44,675**	**72,622**
Extraordinary losses:		
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	24,864	53,338
Loss on reduction entry of compensation for expropriation	3,644	10,540
Other	23,439	8,942
Total extraordinary losses	**51,948**	**72,821**
Income before income taxes and minority interests	**101,584**	**94,651**
Income taxes- Current	56,559	52,432
Income taxes- Deferred	(14,737)	(13,621)
Total income taxes	41,822	38,810
Minority interests	2,054	1,311
Net income	**57,707**	**54,529**

3. Consolidated Statements of Changes in Net Assets

Years ended March 31

	Millions of yen	
	2008	**2009**
Shareholders' equity:		
Common stock:		
Balance at the previous year-end	100,000	100,000
Balance at the current year-end	100,000	100,000
Capital surplus:		
Balance at the previous year-end	55,000	55,000
Balance at the current year-end	55,000	55,000
Retained earnings:		
Balance at the previous year-end	443,658	489,366
Change in the fiscal year:		
Dividends from surplus	(12,000)	(12,816)
Net income	57,707	54,529
Changes in the scope of equity method application	---	(193)
Increase in merger and acquisition	---	351
Total	45,707	41,870
Balance at the current year-end	489,366	531,236
Treasury stock, at cost:		
Balance at the previous year-end	(327)	(10,343)
Change in the fiscal year:		
Increase/decrease in treasury stock resulting from change in shares of an affiliate	(16)	---
Acquisition of treasury stock	(9,999)	(19,999)
Total	(10,016)	(19,999)
Balance at the current year-end	(10,343)	(30,343)
Total shareholders' equity:		
Balance at the previous year-end	598,331	634,022
Change in the fiscal year:		
Dividends from surplus	(12,000)	(12,816)
Net income	57,707	54,529
Changes in the scope of equity method application	---	(193)
Increase in merger and acquisition	---	351
Increase/decrease in treasury stock resulting from change in shares of an affiliate	(16)	---
Acquisition of treasury stock	(9,999)	(19,999)
Total	35,691	21,870
Balance at the current year-end	634,022	655,893

Years ended March 31

	Millions of yen	
	2008	**2009**
Valuation and translation adjustments:		
Net unrealized holding gain on securities:		
Balance at the previous year-end	8,864	4,552
Change in the fiscal year:		
Net changes in items other than shareholders' equity	(4,312)	(3,548)
Total	(4,312)	(3,548)
Balance at the current year-end	4,552	1,004
Deferred gains or losses on hedges:		
Balance at the previous year-end	348	95
Change in the fiscal year:		
Net changes in items other than shareholders' equity	(253)	(328)
Total	(253)	(328)
Balance at the current year-end	95	(233)
Total valuation and translation adjustments:		
Balance at the previous year-end	9,212	4,647
Change in the fiscal year:		
Net changes in items other than shareholders' equity	(4,565)	(3,876)
Total	(4,565)	(3,876)
Balance at the current year-end	4,647	770
Minority interests:		
Balance at the previous yea-end	30,305	32,167
Change in the fiscal year:		
Net changes in items other than shareholders' equity	1,862	770
Total	1,862	770
Balance at the current year-end	32,167	32,938
Total net assets:		
Balance at the previous year-end	637,849	670,838
Change in the fiscal year:		
Dividends from surplus	(12,000)	(12,816)
Net income	57,707	54,529
Changes in the scope of equity method application	---	(193)
Increase in merger and acquisition	---	351
Increase/decrease in treasury stock resulting from change in shares of an affiliate	(16)	---
Acquisition of treasury stock	(9,999)	(19,999)
Net changes in items other than shareholders' equity	(2,703)	(3,106)
Total	32,988	18,764
Balance at the current year-end	670,838	689,602

4. Consolidated Statements of Cash Flows

Years ended March 31

	Millions of yen	
	2008	**2009**
Cash flows from operating activities		
Income before income taxes and minority interests	101,584	94,651
Depreciation and amortization	128,085	137,009
Loss on Impairment of fixed assets	4,103	51
Loss on deduction of contributions received for construction from acquisition costs of property, plan and equipment	24,864	53,338
Loss on disposal of property, plan and equipment	11,111	7,394
Change in allowance for doubtful accounts	275	520
Change in allowance for retirement benefits	37,344	35,729
Change in allowance for accrued bonuses	468	(595)
Change in other reserves	(157)	(3,419)
Interest and dividend income	(461)	(588)
Interest expenses	35,424	34,592
Equity in earnings of affiliates	(1,298)	(986)
Gain on contributions received for construction	(25,891)	(54,935)
Change in notes and accounts receivable	4,235	8,095
Change in inventories	(2,866)	(1,826)
Change in notes and accounts payable	(21,504)	(33,736)
Change in accrued consumption tax	(2,177)	2,611
Other	5,606	(1,568)
Subtotal	**298,747**	**276,338**
Interest and dividends income received	472	648
Interest paid	(35,564)	(34,827)
Income taxes paid	(41,472)	(63,318)
Net cash provided by operating activities	**222,183**	**178,840**
Cash flows from investing activities		
Payments for time deposits with a maturity of more than three months	(230)	(230)
Proceeds for time deposits with a maturity of more than three months	230	230
Purchases of property, plant and equipment	(224,864)	(201,716)
Proceeds from sales of property, plant and equipment	2,847	2,481
Contributions received for constructions	45,027	40,928
Increase in investments in securities	(1,198)	(12,023)
Proceeds from sales of investments in securities	44	18
Payments on long-term loans receivable	(641)	(828)
Collections of long-term loans receivable	736	681
Other	(1,232)	(2,192)
Net cash used in investing activities	**(179,281)**	**(172,651)**

(continued on page 22)

	Millions of yen	
	2008	**2009**
Cash flows from financing activities		
Change in short-term loans	1,526	14,447
Proceeds from long-term loans	26,300	63,606
Repayment of long-term debt	(49,383)	(43,060)
Proceeds from issuance of bonds	29,982	55,000
Repayment of redemption of bonds	---	(45,000)
Repayment of long-term payables for acquisition of railway properties	(36,431)	(34,539)
Payment of acquisition of treasury stock	(9,999)	(19,999)
Cash dividends paid to the Company's shareholders	(12,025)	(12,825)
Cash dividends paid to minority shareholders of consolidated subsidiaries	(112)	(126)
Other	(5,735)	12,311
Net cash used in financing activities	**(55,879)**	**(10,185)**
Change in cash and cash equivalents, net	**(12,978)**	**(3,996)**
Cash and cash equivalents at the beginning of the period	**57,584**	**44,606**
Change in cash and cash equivalents accompanying consolidation of additional subsidiaries	**---**	**574**
Cash and cash equivalents at the end of the period	**44,606**	**41,184**

5. Fundamental to the Preparation of Financial Statements

Depreciation Method for Significant Depreciable Assets

Lease assets

Lease assets from financial lease transactions other than ownership transfer

Depreciation is calculated by the straight-line method, with the lease period equivalent to the serviceable life of the asset, with no residual value.

Among financial lease transactions other than those recognized as a transfer of ownership of the lease asset to the lessee, lease transactions with an initiation date prior to the fiscal year in which *Accounting Standard for Lease Transactions* (ASBJ Statement No. 13, revised March 30, 2007) was applied, are accounted for using ordinary methods for lease transactions.

6. Significant Changes Fundamental to the Preparation of Financial Statements

Accounting standards for lease transactions

From the subject fiscal year, JR-West has applied *Accounting Standard for Lease Transactions* (ASBJ Statement No. 13, revised March 30, 2007) and *Guidance on Accounting Standard for Lease Transactions* (ASBJ Guidance No. 16, revised March 30, 2007). Financial lease transactions other than ownership transfers with a commencement date up to March 31, 2008, are accounted for in accordance with ordinary methods for lease transactions, while those with a commencement date from April 1, 2008, are accounted for as ordinary sales transactions. Depreciation for these lease assets is calculated by the straight-line method, with the lease period equivalent to the serviceable life of the asset, with no residual value.

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

CONSOLIDATED FINANCIAL STATEMENTS OF CHANGES IN NET ASSETS

1. Kind and number of shares outstanding

Kind of shares	Number of shares at March 31, 2008	Year ended March 31, 2009		Number of shares at March 31, 2009
		Increase	Decrease	
Common stock	2,000,000	---	---	2,000,000

2. Kind and number of treasury stock

Kind of shares	Number of shares at March 31, 2008.	Year ended March 31, 2009		Number of shares at March 31, 2009
		Increase	Decrease	
Common stock	18,365	45,219	---	63,584

The increase in treasury stock of 45,219 shares of common stock is from an acquisition of treasury stock by the Company.

3. Dividends

(1) Dividends paid

Resolution	Kind of shares	Total amount of dividends paid	Dividends per share	Date of record	Effective date
		Millions of yen	Yen		
June 24, 2008 General Meeting of the Shareholders	Common stock	5,947	3,000	March 31, 2008	June 25, 2008
October 31, 2008 Board of Directors Meeting	Common stock	6,869	3,500	September 30, 2008	November 28, 2008

(2) Dividend payments for which the record date is the subject year have an effective date in the succeeding consolidated fiscal year.

Resolution (Plan)	Kind of shares	Total amount of dividends paid	Dividend resource	Dividends per share	Date of record	Effective date
		Millions of yen		Yen		
June 2009 General Meeting of the Shareholders	Common stock	6,780	Retained earnings	3,500	March 31, 2009	Undecided

7. Retirement Benefits for Employees

1. Overview of the Retirement Benefits System Adopted by the Company

The Company and its consolidated subsidiaries have established defined benefit plans, consisting of a qualified pension plan and a retirement lump-sum payment plan. Certain consolidated subsidiaries have a funded defined contribution pension plan administered by a government agency. In addition, premium severance pay may be available for retiring employees.

2. Retirement Benefit Obligation (March 31, 2009)

	Millions of yen
(1) Retirement benefit obligation	(373,335)
(2) Plan assets at fair value	8,879
(3) Unfunded retirement benefit obligation [(1) + (2)]	(364,455)
(4) Unrecognized net retirement benefit obligation at transition	36,365
(5) Unrecognized actuarial loss	37,536
(6) Unrecognized prior service cost	(1,772)
(7) Net retirement benefit obligation [(3) + (4) + (5) + (6)]	(292,326)
(8) Prepaid pension cost	448
(9) Accrued retirement benefits [(7) – (8)] (Note)	(292,774)

Note: Some subsidiaries adopt the simplified method in calculating retirement benefit obligations.

3. Retirement Benefit Expenses (Year ended March 31, 2009)

	Millions of yen
(1) Service cost	15,315
(2) Interest cost	7,459
(3) Expected return on plan assets	(234)
(4) Amortization of net retirement benefit obligation at transition	31,458
(5) Amortization of actuarial loss	7,573
(6) Amortization of prior service cost	(231)
(7) Total [(1) + (2) + (3) + (4) + (5) + (6)]	61,341

Note: Retirement benefit expenses of consolidated subsidiaries which adopt the simplified method are stated in (1) Service cost.

4. Items related to Basis for Calculation of Retirement Benefit Obligation

(1) Method allocating projected retirement benefits over period	Straight-line standards
(2) Discount rates	Mainly 2.0%
(3) Expected rate of return on plan assets	Mainly 2.5%
(4) Amortization period of net obligation at transition	Mainly 10 years
(5) Amortization period of actuarial gain or loss	Mainly 10 years
(6) Amortization period of prior service	Mainly amortized in the year occurred

8. Tax-Effect Accounting

1. Breakdown and Principal Sources of Deferred Tax Assets and Liabilities

	Millions of yen
	March 31, 2009
Deferred tax assets:	
Allowance for Accrued bonuses	13,971
Accrued enterprise tax included in accrued income taxes	2,378
Allowance for retirement benefits	118,930
Unrealized gain on property, plant and equipment	7,354
Tax loss carryforwards	229
Others	24,034
Subtotal	166,899
Valuation allowance	(6,270)
Total	160,628
Deferred tax liabilities:	
Unrealized holding gain on securities	(561)
Contributions for construction deducted from acquisition costs of property, plant and equipment	(13,092)
Gain on valuation of assets of consolidated subsidiaries	(1,443)
Others	(434)
Total	(15,532)
Deferred tax assets, net	145,095

（Note） Deferred tax assets and deferred tax liabilities, net are included in the following items on the consolidated balance sheet.

	Millions of yen
Current assets --- Deferred tax assets	19,743
Fixed assets --- Deferred tax assets	125,527
Fixed liabilities --- Deferred tax liabilities	176

2. Difference in the Burden of Corporate and Other Taxes between the Statutory Tax Rate and after Application of Tax-Effect Accounting

The presentation of corresponding information has been omitted because the difference between the statutory tax rate and the effective tax rates was less than five percent of the statutory tax rate.

9. Segment Information

Information by business segment

Year ended March 31, 2008 (April 1, 2007 to March 31, 2008)

	Millions of yen						
	Transportation	Sales of goods and food services	Real estate	Other	Total	Eliminations and intergroup	Consolidated
Operating revenues and income:							
Operating revenues from third parties	861,273	212,803	76,757	139,356	1,290,190	---	1,290,190
Intergroup operating revenues and transfers	16,577	42,772	13,883	165,640	238,873	(238,873)	---
Total sales	877,850	255,576	90,640	304,996	1,529,064	(238,873)	1,290,190
Operating expenses	780,371	250,305	65,994	293,959	1,390,631	(237,853)	1,152,777
Operating income	97,479	5,270	24,646	11,036	138,433	(1,020)	137,413
Assets, depreciation, and capital expenditures:							
Total assets	1,846,782	89,093	305,049	266,962	2,507,888	(45,056)	2,462,831
Depreciation	107,026	2,866	11,665	6,527	128,085	---	128,085
Capital expenditures	194,365	5,320	15,686	9,215	224,588	---	224,588

Year ended March 31, 2009 (April 1, 2008 to March 31, 2009)

	Millions of yen						
	Transportation	Sales of goods and food services	Real estate	Other	Total	Eliminations and intergroup	Consolidated
Operating revenues and income:							
Operating revenues from third parties	856,184	215,371	71,140	132,612	1,275,308	---	1,275,308
Intergroup operating revenues and transfers	16,439	44,974	13,073	168,335	242,823	(242,823)	---
Total sales	872,624	260,345	84,213	300,947	1,518,131	(242,823)	1,275,308
Operating expenses	783,500	255,568	61,595	294,220	1,394,884	(242,095)	1,152,789
Operating income	89,124	4,776	22,618	6,727	123,246	(727)	122,519
Assets, depreciation, and capital expenditures:							
Total assets	1,831,341	99,729	306,405	255,672	2,493,150	(31,261)	2,461,889
Depreciation	115,792	3,317	11,334	6,564	137,009	---	137,009
Capital expenditures	160,407	2,522	26,544	8,320	197,793	---	197,793

Notes: 1. Fractional sums less than ¥1 million have been omitted.

2. 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.

3. 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: brokerage and leasing of real estate, operation of shopping center

Other: hotels, travel services, rental of goods, construction, etc.

4. The company-wide assets included in “Eliminations and Intergroup” consist mainly of the Company’s surplus funds (cash and cash equivalents), and deferred tax assets.

Year ended March 31, 2008: ¥152,610 million

Year ended March 31, 2009: ¥161,333 million

Reference Materials

1. NON-CONSOLIDATED BALANCE SHEETS

March 31

	2008	**2009**	Change
	Billions of yen	Billions of yen	Billions of yen
ASSETS			
Current assets:			
Total current assets	**148.8**	**140.0**	**(8.8)**
Fixed assets:			
Fixed assets for railway operations	1,715.7	1,713.8	(1.9)
Construction in progress	76.3	55.9	(20.4)
Investments and other assets	281.8	305.3	23.4
Total fixed assets	**2,074.0**	**2,075.1**	**1.0**
Total assets	**2,222.9**	**2,215.1**	**(7.8)**

	2008	**2009**	Change
	Billions of yen	Billions of yen	Billions of yen
LIABILITIES AND NET ASSETS			
Current liabilities:			
Current portion of long-term debt	120.0	93.9	(26.0)
Accounts payable	467.5	420.1	(47.3)
Total current liabilities	**587.5**	**514.1**	**(73.4)**
Fixed liabilities:			
Bonds and long-term debt	815.6	840.3	24.7
Accrued retirement benefits	238.5	273.3	34.7
Other long-term liabilities	28.7	26.4	(2.2)
Total fixed liabilities	**1,082.9**	**1,140.1**	**57.2**
Total liabilities	**1,670.5**	**1,654.3**	**(16.1)**
Total shareholders' equity:			
Common stock	100.0	100.0	---
Capital surplus	55.0	55.0	---
Retained earnings	403.4	435.0	31.5
Treasury stock, at cost	(9.9)	(29.9)	(19.9)
Total shareholders' equity	**548.4**	**560.0**	**11.5**
Valuation and translation adjustments	**4.0**	**0.7**	**(3.2)**
Total net assets	**552.4**	**560.7**	**8.3**
Total liabilities and net assets	**2,222.9**	**2,215.1**	**(7.8)**

2. NON-CONSOLIDATED STATEMENTS OF INCOME

Years ended March 31

	2008	**2009**	Change from the same period of the previous year	
	Billions of yen	Billions of yen	Billions of yen	%
Operating revenues:				
Transportation	781.7	773.7	(8.0)	(1.0)
Transportation incidentals	22.2	21.8	(0.3)	(1.8)
Other operations	19.6	20.9	1.2	6.5
Miscellaneous	55.7	58.4	2.7	4.9
	879.4	**875.0**	**(4.4)**	**(0.5)**
Operating expenses:				
Personnel costs	269.9	268.6	(1.3)	(0.5)
Non personnel costs:				
Energy costs	34.4	38.2		
Maintenance costs	148.6	135.8		
Miscellaneous costs	155.8	159.8		
	338.8	333.9	(4.9)	(1.5)
Rental payments, etc	24.6	25.3	0.6	2.8
Taxes	28.6	29.1	0.4	1.7
Depreciation	107.5	115.9	8.3	7.8
	769.6	**772.9**	**3.2**	**0.4**
Operating income	**109.8**	**102.0**	**(7.7)**	**(7.0)**
Non-operating revenues and expenses, net:				
Non-operating revenues	6.2	6.7	0.5	
Non-operating expenses	36.0	35.4	(0.6)	
	(29.8)	**(28.6)**	**1.1**	**(3.9)**
Recurring profit	**79.9**	**73.4**	**(6.5)**	**(8.2)**
Extraordinary profit and loss, net:				
Extraordinary profit	40.9	70.3	29.4	
Extraordinary loss	44.8	69.2	24.4	
	(3.8)	**1.1**	**5.0**	
Income before income taxes	**76.0**	**74.5**	**(1.5)**	**(2.0)**
Income taxes	30.9	30.1	(0.8)	
Net income	**45.1**	**44.3**	**(0.7)**	**(1.7)**

Passenger-Kilometers and Transportation Revenues

	Millions of Passenger-Kilometers				Billions of yen			
	Passenger-Kilometers				**Transportation Revenues**			
	Years ended March 31		Change		Years ended March 31		Change	
	2008	**2009**	Amount	%	2008	**2009**	Amount	%
Sanyo Shinkansen								
Commuter Passes	679	697	18	2.7	8.5	8.7	0.2	2.8
Non-Commuter Passes	15,252	15,189	(62)	(0.4)	335.0	330.3	(4.6)	(1.4)
Total	15,931	15,887	(44)	(0.3)	343.5	339.1	(4.3)	(1.3)
Conventional Lines								
Commuter Passes	23,052	23,044	(8)	0.0	143.2	143.5	0.2	0.2
Non-Commuter Passes	15,600	15,510	(89)	(0.6)	294.5	290.6	(3.9)	(1.3)
Total	38,653	38,555	(97)	(0.3)	437.8	434.1	(3.6)	(0.8)
Kyoto-Osaka-Kobe Area								
Commuter Passes	18,659	18,648	(10)	(0.1)	115.8	115.9	0.1	0.1
Non-Commuter Passes	10,303	10,285	(18)	(0.2)	187.5	185.6	(1.9)	(1.0)
Total	28,962	28,933	(29)	(0.1)	303.3	301.5	(1.8)	(0.6)
Other Lines								
Commuter Passes	4,393	4,396	2	0.1	27.4	27.5	0.1	0.5
Non-Commuter Passes	5,296	5,225	(71)	(1.3)	106.9	104.9	(1.9)	(1.9)
Total	9,690	9,621	(68)	(0.7)	134.4	132.5	(1.8)	(1.4)
Total								
Commuter Passes	23,731	23,742	10	0.0	151.7	152.2	0.5	0.3
Non-Commuter Passes	30,853	30,700	(152)	(0.5)	629.5	621.0	(8.5)	(1.4)
Total	54,585	54,442	(142)	(0.3)	781.3	773.2	(8.0)	(1.0)

3. CAPITAL EXPENDITURES

Consolidated Basis

Years ended March 31

	2008	**2009**	Change from the same period of the previous year	
	Billions of yen	Billions of yen	Billions of yen	%
Capital expenditures	224.5	197.7	(26.7)	(11.9)
Capital expenditures, excluding contributions received for constructions	187.9	163.9	(24.0)	(12.8)
Contributions received for constructions	36.6	33.8	(2.7)	(7.5)

Non-Consolidated Basis

Years ended March 31

	2008	**2009**	Change from the same period of the previous year	
	Billions of yen	Billions of yen	Billions of yen	%
Capital expenditures	196.2	162.2	(34.0)	(17.3)
Capital expenditures, excluding contributions received for constructions	159.6	128.4	(31.2)	(19.6)
[Safety-related capital expenditures]*	[99.8]	[77.2]	[(22.6)]	[(22.7)]
Contributions received for constructions	36.6	33.8	(2.7)	(7.5)

*Safety-related capital expenditures will be made as per the initial plan (¥77.0 billion).

Major Capital Expenditures

Safety and accident-prevention measures, including installation of ATS; introduction of new rolling stock (N700 Series Shinkansen and the 223 Series), Osaka Station Renovation and the New North Building; Others

4. FORECASTS FOR FISCAL 2009, ENDING MARCH 31, 2010

Consolidated Statements of Income

	Year ended March 31, 2009	Forecast for year ending March 31, 2010	Change from the same period of the previous year	
	Billions of yen	Billions of yen	Billions of yen	%
	<1.46>	<1.46>		
Operating revenues:				
Transportation	856.1	831.6	(24.5)	(2.9)
Sales of goods and food services	215.3	211.2	(4.1)	(1.9)
Real estate	71.1	72.4	1.2	1.8
Others	132.6	127.8	(4.8)	(3.6)
	1,275.3	[610.0] 1,243.0	(32.3)	(2.5)
Operating expenses	1,152.7	1,163.0	10.2	0.9
Operating income:				
Transportation	89.1	52.0	(37.1)	(41.7)
Sales of goods and food services	4.7	2.4	(2.3)	(49.7)
Real estate	22.6	21.3	(1.3)	(5.8)
Others	6.7	5.0	(1.7)	(25.7)
Elimination and corporation	(0.7)	(0.7)		
	122.5	[44.0] 80.0	(42.5)	(34.7)
Recurring profit	94.8	51.0	(43.8)	(46.2)
	<1.23>	<1.23>		
Net income	54.5	[15.5] 29.0	(25.5)	(46.8)

Note: 1. Figures in bracket [ ] are for the six months ending September 30, 2009.
2. Figures in bracket < > are the consolidated-to-parent ratio.
3. Revenues by each segment are from third parties.

Fiscal year ending March 31, 2010

Consolidated return on assets (ROA) (operating income basis):	3.2%
Consolidated return on equity (ROE) (net income basis):	4.4%
Capital expenditures (own fund):	¥230.0 billion
Balance of long-term debt and payables:	¥1,020.0 billion

Non-Consolidated Statements of Income

	Year ended March 31, 2009	Forecast for year ending March 31, 2010	Change from the same period of the previous year	
	Billions of yen	Billions of yen	Billions of yen	%
Operating revenues	875.0	[422.0] 852.0	(23.0)	(2.6)
Operating expenses	772.9	[383.0] 787.0	14.0	1.8
Operating income	102.0	[39.0] 65.0	(37.0)	(36.3)
Recurring profit	73.4	[23.0] 36.5	(36.9)	(50.3)
Net income	44.3	[13.0] 23.5	(20.8)	(47.0)

Note: Figures in bracket [ ] are for the six months ending September 30, 2009.

Fiscal year ending March 31, 2010

Capita expenditures (own fund):	¥180.0 billion
[Safety-related capital expenditure	¥95.0 billion]
Balance of long-term debt and payables:	¥1,005.0 billion