

July 29, 2009

Last posted on July 29, 2009

West Japan Railway Company

Flash Report (Consolidated Basis)

Results for the first quarter ended June 30, 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 airline 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 July 29, 2009 based on information available to JR-West as of the date July 29, 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>

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Quarterly report filing date (Planned): August 12, 2009

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

1. Results for the first quarter of fiscal 2009 (from April 1, 2009 to June 30, 2009)

(1) Operating results

Three months ended June 30

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 | 282,426 | (8.3) | 15,646 | (55.6) | 7,723 | (71.7) | 4,150 | (74.3) |
| 2008 | 308,090 | — | 35,222 | — | 27,272 | — | 16,153 | — |

| | Net income per share | Net income per share after dilution |
|------|----------------------|-------------------------------------|
| | Yen | Yen |
| 2009 | 2,143.20 | — |
| 2008 | 8,151.64 | — |

(2) Financial Position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|----------------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| June 30, 2009 | 2,447,078 | 687,645 | 26.8 | 338,285.41 |
| March 31, 2009 | 2,461,889 | 689,602 | 26.7 | 339,113.24 |

(Reference) Total shareholders' equity: June 30, 2009: ¥655,061 million, March 31, 2009: ¥656,664 million

2. Dividends

| Record date | Dividends per share | | | | |
|-----------------|---------------------|--------------|-------------|----------|----------|
| | June 30 | September 30 | December 31 | Year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| 2009 | — | 3,500.00 | — | 3,500.00 | 7,000.00 |
| 2010 | — | — | — | — | — |
| 2010 (Forecast) | — | 3,500.00 | — | 3,500.00 | 7,000.00 |

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

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 | 592,500 | (6.7) | 33,500 | (54.0) | 19,000 | (66.7) |
| Fiscal year | 1,215,000 | (4.7) | 65,000 | (46.9) | 37,000 | (61.0) |

| | Net income | | Net income per share |
|----------------|-----------------|--------|----------------------|
| | Millions of yen | % | Yen |
| Interim period | 9,500 | (71.5) | 4,905.97 |
| Fiscal year | 20,000 | (63.3) | 10,328.36 |

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

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. Adoption of simplified accounting practices and special accounting policy for quarterly financial reporting: None
3. Changes from accounting methods, procedures and the presentation of the quarterly consolidated financial statements:
 - 1) Changes based on revision of accounting standards: Yes
 - 2) Changes other than 1) above: None
4. Number of shares issued and outstanding (Common share)
 - 1) Number of shares issued and outstanding (including treasury stock):
June 30, 2009: 2,000,000 shares March 31, 2009: 2,000,000 shares
 - 2) Number of treasury stock
June 30, 2009: 63,584 shares March 31, 2009: 63,584 shares
 - 3) Average number of shares outstanding for each period (cumulative term):
Three months ended June 30 2009: 1,936,416 shares 2008: 1,981,635 shares

(Reference)

Non-Consolidated 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 | 410,000 | (7.4) | 30,000 | (54.0) | 15,000 | (69.6) |
| Fiscal year | 831,500 | (5.0) | 51,500 | (49.6) | 23,500 | (68.0) |

| | Net income | | Net income per share |
|----------------|-----------------|--------|----------------------|
| | Millions of yen | % | Yen |
| Interim period | 8,000 | (72.6) | 4,129.36 |
| Fiscal year | 15,500 | (65.1) | 8,000.63 |

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

QUALITATIVE INFORMATION RELATED TO BUSINESS PERFORMANCE AND FINANCIAL STATEMENTS

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 first quarter period (April 1 to June 30, 2009), JR-West held a memorial service for the victims of the Fukuchiyama Line accident, and continued to make a concerted effort to the families of the victims, and all those affected by the accident. Further, in consideration of the Fukuchiyama Line accident, on April 1, 2009, we established the JR West Anshin Foundation with the aim of fostering a safe and secure society.

JR-West also worked to achieve the goal of the Medium-Term Management Plan, formulated 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 Medium-Term Management Plan. Working to “Build a corporate system to ensure no accidents to produce casualties 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.

Further, to promote these measures throughout the entire JR-West Group, to put in place a structure to steadily implement the Basic Safety Plan, and to continually support improvements in the technological capabilities that underpin safety, we established the new position of Technical Director, and took other steps to further enhance the management foundation.

The business environment for JR-West was very challenging, with the sharp downturn in the Japanese economy compounded by deep discounts for expressway tolls, the spread of the new influenza virus, and other issues. Faced with these conditions, with the aim of long-term improvements in its corporate value, JR-West has devoted its full effort to enhancing safety in its mainstay railway business, while also working to 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. We also developed various marketing strategies to

stimulate travel demand, and worked to secure earnings, as well as established a Management Improvement Headquarters in March 2009, and revised the entire business operating structure to strengthen management foundations.

Nevertheless, operating revenues for the subject quarter declined from the same period of the previous fiscal year, down 8.3% to ¥282.4 billion. Operating income was down 55.6% from a year earlier to ¥15.6 billion, recurring profit fell 71.7% to ¥7.7 billion, and net income was down 74.3% to ¥4.1 billion.

1. Qualitative Information on Consolidated Business Results

Consolidated Results for the First Quarter of Fiscal 2010 (April – June 2009)

| | |
|---------------------|----------------|
| Operating revenues: | ¥282.4 billion |
| Operating income: | ¥15.6 billion |
| Recurring profit: | ¥7.7 billion |
| Net income: | ¥4.1 billion |

Results by Business Segment

(1) 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 moved forward with and worked to establish risk assessment measures. We also continued with such measures as convening regular safety meetings to allow top management and officers on the one hand, and employees in the field on the other, to directly exchange opinions.

In terms of facilities, along with expansion of the ATS-P system, JR-West enhanced the safety of crossings, and strengthened pillars supporting elevated tracks against earthquakes. Further, taking to heart the seriousness of accidents now and in the future, we expanded to all JR-West Group employees the safety training session conducted at the Railway Safety Education Center, established to teach systematically the lessons learned from accidents.

In transportation operations, in June 2009 JR-West introduced new rolling stock for the limited express train *Thunderbird*, and worked to enhance convenience through such measures as operating additional *Hakutaka* limited express trains between Kanazawa and Echigoyuzawa stations.

In marketing initiatives, JR-West continued to promote use of the Sanyo Shinkansen by operating additional trains, and implementing a proactive campaign to highlight the comfort of the N700 Series, and the convenience and price advantages of the Express Reservation system. Also, amid the economic decline and the implementation of deep discounts for expressway tolls, JR-West actively worked to sell special promotional packages, such as the Kodama Reserved Seat Return Ticket, and West Japan Pass. We also worked in cooperation with local governments, travel agents

and other JR companies to stimulate demand for tourism, such as through the Aitai Hyogo Destination Campaign.

For customer service initiatives, in consideration of social trends such as the prevention of exposure to secondhand smoke, in June 2009 JR-West banned smoking all limited express trains on conventional lines. We also continued to expand the system of screens that display current information on train operations during emergencies or other disruptions.

In environmental issues, JR-West continued to implement the “Think and Act Eco” initiative to encourage every employee to reconsider their lifestyles and work from an environmental perspective. We also continued to implement the “carbon offset awards” launched in April 2008, and after accumulating points through the generosity of our customers and making contributions in the equivalent amount, received a certificate of appreciation from the relevant organizations.

In ferry services (the Miyajima Line), JR-West established a subsidiary in February 2009 in order to put in place a structure that allows for timely and appropriate decision-making, as well as to enhance safety and develop detailed marketing measures. The ferry service was transferred to this subsidiary in April 2009.

In bus services, amid a highly competitive environment marked by deep discounts on expressway tolls and other factors, JR-West worked to enhance customer convenience with measures including timetable revisions and additional bus stops.

However, as a result of the sharp decline in the Japanese economy, discounted expressway tolls, the spread of the new influenza virus and other factors, operating revenues for the Transportation Operations segment decreased 9.0% from the same period of the previous fiscal year, to ¥191.4 billion, with operating income down 61.3%, to ¥11.3 billion.

(2) Sales of Goods and Food Services

For the new department store in the New North Building of Osaka Station, JR-West began making preparations for opening centered on the development planning office for the facility’s main business operator West Japan Railway Isetan Ltd. We also continued to work to make stations more attractive, such as by opening restaurants in the Himeji Station building, and a “gift market” in Hakata Station following the building’s renovation.

However, as a result of the sharp decline in the Japanese economy, the spread of the new influenza virus and other factors, operating revenues in the Sales of Goods and Food Services segment declined 7.3% from the same period of the previous fiscal year, to ¥48.2 billion, with operating income down 86.1% to ¥0.1 billion.

(3) Real Estate Business

JR-West worked to develop station premises and surrounding areas, including renovation of the EST shopping center underneath Osaka Station, and opening of the JR Takatsuki Station NK Building in front of JR Takatsuki 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 expansion of the ACTY Osaka building. In addition, we continued to actively develop condominium apartments on land formerly used for

housing for company employees.

In April 2009 JR-West merged two consolidated subsidiaries in the Okayama area that operate a shopping center and develop property under elevated tracks, with the aim of strengthening their competitiveness and overall capabilities.

As a result, operating revenues for the Real Estate segment declined 0.4% from the same period of the previous fiscal year, to ¥16.8 billion, with operating income down 5.7%, to ¥5.5 billion.

(4) Other Businesses

In travel agency operations, JR-West worked to expand sales through such means as utilizing the new internet sales system.

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

For the ICOCA e-money service, JR-West took steps to expand the number of stores around town where the service can be used, such as major convenience store chains and restaurants in the ICOCA area.

However, as a result of the sharp decline in the Japanese economy, the spread of the new influenza virus and other factors, operating revenues in the Other Businesses segment declined 10.0% from the same period of the previous fiscal year to ¥25.8 billion, with the segment posting an operating loss for the period of ¥1.7 billion.

2. Qualitative Information on the Consolidated Financial Position

(1) Cash flows from operating activities

Cash used in operating activities amounted to ¥13.1 billion, a decline of ¥0.3 billion from the same period of the previous fiscal year. This was due mainly to declines in expenditures for payment of accounts payable and income taxes paid, offsetting the decline in income before income taxes and minority interests.

(2) Cash flows from investing activities

Cash used in investing activities amounted to ¥35.8 billion, a decline of ¥4.6 billion from the same period of the previous fiscal year. This was due mainly to a decrease in expenditures for purchases of investments in securities.

(3) Cash flows from financing activities

Cash provided by financing activities amounted to ¥56.0 billion, an increase of ¥12.1 billion from the same period of the previous fiscal year. This was due mainly to an increase in proceeds from the issuance of bonds.

As a result, cash and cash equivalents at the end of the subject first quarter period totaled ¥50.4 billion, an increase of ¥9.2 billion from the end of the previous fiscal year (March 31, 2009).

3. Qualitative Information on Consolidated Forecasts

The operating environment for the JR-West Group is very challenging. JR-West's Transportation Operations revenue has been impacted by the sharp decline in the Japanese economy, along with deep discounts for expressway tolls, the spread of the new influenza virus, and other factors. Consolidated subsidiaries are also affected by declines in the domestic economy, especially in our retailing, travel and hotel businesses.

The JR-West Group is working to improve its balance of revenues and expenses through such means as implementing various marketing initiatives in response to the changes in the business environment. The Company is taking steps to strengthen its management foundations, including such efforts as launching measures to reduce costs for overall business management, while ensuring and improving safety by revising the structures for work. The Japanese economy remains weak, however, and a considerable decline in transportation revenue is inevitable.

As a result, JR-West is revising downward its interim and full-year forecasts for operating revenues, operating income, recurring profit and net income for the fiscal year ending March 2010, from the forecasts announced on April 28, 2009.

Consolidated Forecasts for the Six-Month Ending September 30, 2009

| | | |
|---------------------|----------------|------------------|
| Operating revenues: | ¥592.5 billion | (down 6.7% YoY) |
| Operating income: | ¥33.5 billion | (down 54.0% YoY) |
| Recurring profit: | ¥19.0 billion | (down 66.7% YoY) |
| Net income: | ¥9.5 billion | (down 71.5% YoY) |

Consolidated Forecasts for the Year Ending March 31, 2010

| | | |
|---------------------|------------------|------------------|
| Operating revenues: | ¥1,215.0 billion | (down 4.7% YoY) |
| Operating income: | ¥65.0 billion | (down 46.9% YoY) |
| Recurring profit: | ¥37.0 billion | (down 61.0% YoY) |
| Net income: | ¥20.0 billion | (down 63.3% YoY) |

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

4. Changes in Accounting Principles, Procedures or Presentation of Results Relevant to Preparation of the Quarterly Financial Statement

(1) Changes due to changes in accounting standards

Change in standard for recognizing revenues and costs of completed construction projects

In its accounting standard for recognizing revenues and costs of construction contracts, JR-West has until now used the percentage-of-completion method for construction projects with a contract value of ¥1.0 billion or more, or construction period of over one year, and the completed-contract method for other construction projects. From the subject fiscal year, however, JR-West has applied Accounting Standards Board of Japan (ASBJ) Statement No. 15 (December 27, 2007), "Accounting Standard for Construction Contracts" and ASBJ Guidance No. 18 (December 27, 2007), "Guidance

on Accounting Standard for Construction Contracts.” As a result, in its calculation of the percentage of completion at the end of the subject first quarter for construction contracts that began during the subject first quarter, JR-West has used the percentage-of-completion method for construction projects for which the percentage of completion can be reliably estimated (estimates of the percentage of completion are made mainly by calculating the percentage of the cost incurred to the estimated total cost), and the completed-contract method for other construction projects.

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

5. Consolidated Financial Statements

1. Consolidated Balance Sheets

| | Millions of yen | |
|---------------------------------------|-----------------|----------------|
| | June 30, 2009 | March 31, 2009 |
| ASSETS | | |
| Current assets: | | |
| Cash | 40,637 | 41,414 |
| Notes and accounts receivable-trade | 11,164 | 15,726 |
| Railway fares receivable | 16,182 | 21,438 |
| Accounts receivable | 30,761 | 44,619 |
| Inventories | 34,946 | 24,143 |
| Deferred income assets | 13,884 | 19,743 |
| Other current assets | 53,862 | 42,055 |
| Less allowance for doubtful accounts | (683) | (597) |
| Total current assets | 200,756 | 208,544 |
| Fixed assets: | | |
| Property, plant and equipment: | | |
| Buildings and structures | 968,517 | 979,197 |
| Machinery and transport equipment | 272,103 | 278,663 |
| Land | 656,954 | 657,643 |
| Construction in progress | 82,473 | 75,811 |
| Other property, plant and equipment | 31,896 | 30,194 |
| Total property, plant and equipment | 2,011,946 | 2,021,511 |
| Intangible fixed assets | 20,061 | 20,839 |
| Investments and other assets: | | |
| Investments in securities | 59,258 | 60,494 |
| Deferred tax assets | 129,011 | 125,527 |
| Other investments and assets | 27,275 | 26,214 |
| Less allowance for doubtful accounts | (1,269) | (1,286) |
| Total Investments and other assets | 214,276 | 210,950 |
| Total fixed assets | 2,246,285 | 2,253,301 |
| Deferred assets | 37 | 42 |
| Total assets | 2,447,078 | 2,461,889 |

| | Millions of yen | |
|---|------------------|------------------|
| | June 30, 2009 | March 31, 2009 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Notes and accounts payable-trade | 31,850 | 46,164 |
| Short-term loans | 24,254 | 28,807 |
| Current portion of redemption of corporate bonds | 20,000 | 20,000 |
| Current portion of long-term debt | 12,260 | 42,739 |
| Current portion of long-term payables for acquisition of railway properties | 33,472 | 33,472 |
| Current portion of long-term accounts payable | 31 | 31 |
| Accounts payable | 47,005 | 103,271 |
| Accrued consumption tax | 6,219 | 5,759 |
| Accrued income tax | 1,839 | 26,857 |
| Prepaid railway fares received | 33,504 | 31,510 |
| Advances received | 61,160 | 45,258 |
| Allowance for bonuses | 17,149 | 34,253 |
| Allowance for point program | 640 | 563 |
| Other current liabilities | 99,284 | 90,676 |
| Total current liabilities | 388,674 | 509,365 |
| Fixed liabilities: | | |
| Bonds | 309,966 | 269,966 |
| Long-term debt | 284,276 | 227,349 |
| Long-term payables for acquisition of railway properties | 359,459 | 359,459 |
| Long-term accounts payable | 245 | 253 |
| Deferred tax liabilities | 185 | 176 |
| Accrued retirement benefits | 302,039 | 292,774 |
| Allowance for environmental safety measures | 10,087 | 10,193 |
| Allowance for unredeemed gift tickets | 2,735 | 2,808 |
| Other long-term liabilities | 101,762 | 99,937 |
| Total fixed liabilities | 1,370,758 | 1,262,920 |
| Total liabilities | 1,759,433 | 1,772,286 |

| | Millions of yen | |
|---|-----------------|----------------|
| | June 30, 2009 | March 31, 2009 |
| NET ASSETS | | |
| Shareholders' equity: | | |
| Common stock | 100,000 | 100,000 |
| Capital surplus | 55,000 | 55,000 |
| Retained earnings | 528,603 | 531,236 |
| Treasury stock, at cost | (30,343) | (30,343) |
| Total shareholders' equity | 653,260 | 655,893 |
| Valuation and translation adjustments: | | |
| Net unrealized holding gain on securities | 1,618 | 1,004 |
| Deferred gains or losses on hedges | 182 | (233) |
| Total valuation and translation adjustments | 1,801 | 770 |
| Minority interests | 32,583 | 32,938 |
| Total net assets | 687,645 | 689,602 |
| Total liabilities and net assets | 2,447,078 | 2,461,889 |

2. Consolidated Statements of Income

Three months ended June 30

| | Millions of yen | |
|--|-----------------|---------|
| | 2008 | 2009 |
| Operating revenues | 308,090 | 282,426 |
| Operating expenses: | | |
| Transportation, other services and cost of sales | 221,181 | 216,886 |
| Selling, general and administrative expenses | 51,686 | 49,893 |
| | 272,867 | 266,779 |
| Operating income | 35,222 | 15,646 |
| Non-operating revenues: | | |
| Interest received | 18 | 29 |
| Dividend income received | 216 | 98 |
| Reversal of administrative fee for entrusted construction | 28 | 8 |
| Equity in earnings of affiliates | 124 | 439 |
| Other | 433 | 388 |
| | 822 | 963 |
| Non-operating expenses: | | |
| Interest expense | 8,513 | 8,440 |
| Other | 259 | 445 |
| | 8,772 | 8,886 |
| Recurring profit | 27,272 | 7,723 |
| Extraordinary profits: | | |
| Gain on contributions received for construction | 13,563 | 3,020 |
| Other | 693 | 1,024 |
| | 14,257 | 4,044 |
| Extraordinary losses: | | |
| Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment | 13,401 | 2,849 |
| Other | 739 | 2,245 |
| | 14,141 | 5,095 |
| Income before income taxes and minority interests | 27,388 | 6,672 |
| Income taxes: | | |
| Current | 6,991 | 1,214 |
| Deferred | 4,090 | 1,648 |
| | 11,081 | 2,862 |
| Minority interests (loss) | 153 | (340) |
| Net income | 16,153 | 4,150 |

3. Consolidated Statements of Cash Flows

Three months ended June 30

| | Millions of yen | |
|--|-----------------|-----------------|
| | 2008 | 2009 |
| Cash flows from operating activities | | |
| Income before income taxes and minority interests | 27,388 | 6,672 |
| Depreciation and amortization | 32,736 | 33,493 |
| Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment | 13,401 | 2,849 |
| Loss on disposal of property, plant and equipment | 784 | 1,073 |
| Change in allowance for doubtful accounts | 86 | 69 |
| Change in allowance for retirement benefits | 9,094 | 9,264 |
| Change in allowance for accrued bonuses | (17,355) | (17,103) |
| Interest and dividend income | (235) | (127) |
| Interest expenses | 8,513 | 8,440 |
| Equity in earnings of affiliates | (124) | (439) |
| Gain on contributions received for construction | (13,563) | (3,020) |
| Change in notes and accounts receivable | 23,262 | 26,008 |
| Change in inventories | (9,715) | (10,798) |
| Change in notes and accounts payable | (43,560) | (33,093) |
| Change in accrued consumption tax | 4,016 | 460 |
| Other | (10,340) | (10,887) |
| Subtotal | 24,387 | 12,862 |
| Interest and dividends income received | 156 | 20 |
| Interest paid | (3,019) | (1,487) |
| Income taxes paid | (35,046) | (24,577) |
| Net cash provided by operating activities | (13,521) | (13,183) |
| Cash flows from investing activities | | |
| Purchases of property, plant and equipment | (52,945) | (51,162) |
| Proceeds from sales of property, plant and equipment | 529 | 231 |
| Contributions received for constructions | 14,424 | 14,620 |
| Increase in investments in securities | (2,023) | (6) |
| Payments on long-term loans receivable | (370) | (229) |
| Collections of long-term loans receivable | 50 | 164 |
| Other | (106) | 575 |
| Net cash used in investing activities | (40,441) | (35,806) |

(continued on page 15)

Three months ended June 30

| | Millions of yen | |
|--|-----------------|---------------|
| | 2008 | 2009 |
| Cash flows from financing activities | | |
| Change in short-term loans, net | 6,385 | (14,856) |
| Proceeds from long-term loans | 30,200 | 61,900 |
| Repayment of long-term loans | (35,376) | (35,459) |
| Proceeds from issuance of bonds | 25,000 | 40,000 |
| Cash dividends paid to the Company's shareholders | (5,613) | (6,440) |
| Cash dividends paid to minority shareholders of consolidated subsidiaries | (126) | (117) |
| Other | 23,442 | 10,985 |
| Net cash used in financing activities | 43,911 | 56,012 |
| Change in cash and cash equivalents, net | (10,051) | 7,022 |
| Cash and cash equivalents at the beginning of the period | 44,606 | 41,184 |
| Increase in cash and cash equivalents accompanying consolidation of additional subsidiaries | — | 2,201 |
| Increase in cash and cash equivalent due to the merger of consolidated and nonconsolidated subsidiaries | 17 | — |
| Cash and cash equivalents at the end of the period | 34,572 | 50,407 |

4. Segment Information

Three months ended June 30, 2008

| | Millions of yen | | | | | | |
|---|-----------------|----------------------------------|-------------|------------------|---------|-----------------------------|--------------|
| | Transportation | Sales of goods and food services | Real estate | Other businesses | Total | Eliminations and intergroup | Consolidated |
| Operating revenues and income: | | | | | | | |
| Operating revenues from third parties | 210,417 | 52,027 | 16,933 | 28,711 | 308,090 | — | 308,090 |
| Intergroup operating revenues and transfers | 4,191 | 11,221 | 3,153 | 28,312 | 46,879 | (46,879) | — |
| Total sales | 214,608 | 63,248 | 20,087 | 57,024 | 354,969 | (46,879) | 308,090 |
| Operating income (loss) | 29,290 | 1,286 | 5,873 | (1,571) | 34,878 | 343 | 35,222 |

Three months ended June 30, 2009

| | Millions of yen | | | | | | |
|---|-----------------|----------------------------------|-------------|------------------|---------|-----------------------------|--------------|
| | Transportation | Sales of goods and food services | Real estate | Other businesses | Total | Eliminations and intergroup | Consolidated |
| Operating revenues and income: | | | | | | | |
| Operating revenues from third parties | 191,497 | 48,229 | 16,871 | 25,827 | 282,426 | — | 282,426 |
| Intergroup operating revenues and transfers | 4,076 | 11,896 | 3,106 | 29,503 | 48,582 | (48,582) | — |
| Total sales | 195,574 | 60,125 | 19,977 | 55,331 | 331,008 | (48,582) | 282,426 |
| Operating income (loss) | 11,348 | 179 | 5,538 | (1,712) | 15,353 | 293 | 15,646 |

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

2. Main activities of business segments

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

Reference Materials

Non-Consolidated Balance Sheets

| | Billions of yen | | |
|-------------------------------------|-----------------|----------------|---------------|
| | March 31, 2009 | June 30, 2009 | Change |
| ASSETS | | | |
| Current assets: | | | |
| Total current assets | 208.5 | 200.7 | (7.7) |
| Fixed assets: | | | |
| Fixed assets for railway operations | 1,966.5 | 1,949.5 | (17.0) |
| Construction in progress | 75.8 | 82.4 | 6.6 |
| Investments and other assets | 210.9 | 214.2 | 3.3 |
| Total fixed assets | 2,253.3 | 2,246.2 | (7.0) |
| Total assets | 2,461.8 | 2,447.0 | (14.8) |

| | Billions of yen | | |
|---|-----------------|----------------|----------------|
| | March 31, 2009 | June 30, 2009 | Change |
| LIABILITIES AND NET ASSETS | | | |
| Current liabilities: | | | |
| Current portion of long-term debt | 96.2 | 65.7 | (30.4) |
| Accounts payable | 413.1 | 322.9 | (90.2) |
| Total current liabilities | 509.3 | 388.6 | (120.6) |
| Fixed liabilities: | | | |
| Bonds and long-term debt | 857.0 | 953.9 | 96.9 |
| Accrued retirement benefits | 292.7 | 302.0 | 9.2 |
| Other fixed liabilities | 113.1 | 114.7 | 1.6 |
| Total fixed liabilities | 1,262.9 | 1,370.7 | 107.8 |
| Total liabilities | 1,772.2 | 1,759.4 | (12.8) |
| Shareholders' equity: | | | |
| Common stock | 100.0 | 100.0 | — |
| Capital surplus | 55.0 | 55.0 | — |
| Retained earnings | 531.2 | 528.6 | (2.6) |
| Treasury stock, at cost | (30.3) | (30.3) | — |
| Total shareholders' equity | 655.8 | 653.2 | (2.6) |
| Valuation and translation adjustments | 0.7 | 1.8 | 1.0 |
| Minority interests | 32.9 | 32.5 | (0.3) |
| Total net assets | 689.6 | 687.6 | (1.9) |
| Total liabilities and net assets | 2,461.8 | 2,447.0 | (14.8) |

Non-Consolidated Statements of Income

Three months ended June 30

| | Billions of yen | | | % |
|--|-----------------|-------|--|--------|
| | 2008 | 2009 | Change from the same period of the previous year | |
| Operating revenues: | | | | |
| Transportation | 191.9 | 173.4 | (18.5) | (9.7) |
| Transportation incidentals | 5.4 | 5.0 | (0.4) | (7.9) |
| Other operations | 5.2 | 5.2 | 0.0 | 1.3 |
| Miscellaneous | 12.7 | 12.9 | 0.2 | 2.1 |
| | 215.3 | 196.7 | (18.6) | (8.7) |
| Operating expenses: | | | | |
| Personnel costs | 67.5 | 66.9 | (0.5) | (0.8) |
| Non personnel costs: | | | | |
| Energy costs | 8.6 | 8.2 | (0.3) | (4.6) |
| Maintenance costs | 23.8 | 23.9 | 0.1 | 0.7 |
| Miscellaneous costs | 37.0 | 37.6 | 0.6 | 1.7 |
| | 69.5 | 69.8 | 0.3 | 0.5 |
| Rental payments | 6.4 | 6.4 | (0.0) | (0.6) |
| Taxes | 11.6 | 10.2 | (1.3) | (11.7) |
| Depreciation and amortization | 27.7 | 28.1 | 0.4 | 1.7 |
| | 182.8 | 181.7 | (1.1) | (0.6) |
| Operating income | 32.4 | 14.9 | (17.5) | (54.0) |
| Non-operating revenues and expenses, net: | | | | |
| Non-operating revenues | 0.9 | 0.6 | (0.3) | |
| Non-operating expenses | 8.7 | 8.6 | (0.1) | |
| | (7.8) | (7.9) | (0.1) | 2.0 |
| Recurring profit | 24.6 | 6.9 | (17.6) | (71.7) |
| Extraordinary profit and loss, net: | | | | |
| Extraordinary profit | 13.7 | 3.8 | (9.8) | |
| Extraordinary loss | 13.8 | 3.8 | (9.9) | |
| | (0.0) | 0.0 | 0.1 | |
| Income before income taxes | 24.5 | 7.0 | (17.5) | (71.4) |
| Income taxes | 9.7 | 2.9 | (6.8) | |
| Net income | 14.8 | 4.1 | (10.7) | (72.2) |

Passenger-Kilometers and Transportation Revenues

| | Millions of passenger-kilometers | | | | Billions of yen | | | |
|-----------------------|----------------------------------|--------|--------|--------|----------------------------|-------|--------|--------|
| | Passenger-Kilometers | | | | Transportation Revenues | | | |
| | Three months ended June 30 | | Change | | Three months ended June 30 | | Change | |
| | 2008 | 2009 | Amount | % | 2008 | 2009 | Amount | % |
| Sanyo Shinkansen | | | | | | | | |
| Commuter Passes | 180 | 184 | 3 | 1.9 | 2.2 | 2.2 | 0.0 | 2.4 |
| Non-Commuter Passes | 3,679 | 3,278 | (400) | (10.9) | 81.4 | 71.8 | (9.6) | (11.9) |
| Total | 3,859 | 3,462 | (397) | (10.3) | 83.6 | 74.0 | (9.6) | (11.5) |
| Conventional Lines | | | | | | | | |
| Commuter Passes | 6,134 | 6,046 | (88) | (1.4) | 36.9 | 36.4 | (0.5) | (1.5) |
| Non-Commuter Passes | 3,675 | 3,349 | (325) | (8.9) | 71.1 | 62.8 | (8.2) | (11.6) |
| Total | 9,809 | 9,395 | (413) | (4.2) | 108.1 | 99.3 | (8.8) | (8.2) |
| Kyoto-Osaka-Kobe Area | | | | | | | | |
| Commuter Passes | 4,937 | 4,864 | (72) | (1.5) | 29.8 | 29.3 | (0.4) | (1.5) |
| Non-Commuter Passes | 2,511 | 2,294 | (217) | (8.7) | 46.6 | 41.3 | (5.3) | (11.4) |
| Total | 7,448 | 7,158 | (290) | (3.9) | 76.4 | 70.6 | (5.7) | (7.6) |
| Other Lines | | | | | | | | |
| Commuter Passes | 1,197 | 1,181 | (15) | (1.3) | 7.1 | 7.0 | (0.0) | (1.3) |
| Non-Commuter Passes | 1,163 | 1,055 | (108) | (9.3) | 24.5 | 21.5 | (2.9) | (12.1) |
| Total | 2,361 | 2,237 | (123) | (5.2) | 31.6 | 28.6 | (3.0) | (9.6) |
| Total | | | | | | | | |
| Commuter Passes | 6,315 | 6,230 | (85) | (1.3) | 39.2 | 38.7 | (0.5) | (1.3) |
| Non-Commuter Passes | 7,354 | 6,627 | (726) | (9.9) | 152.6 | 134.6 | (17.9) | (11.8) |
| Total | 13,669 | 12,858 | (811) | (5.9) | 191.8 | 173.3 | (18.4) | (9.6) |

Capital Expenditures

Consolidated Basis

| | Three months ended June 30 | | Change from the same period of the previous year | | Plan for year ending March 31, 2010 |
|--|----------------------------|-----------------|--|--------|-------------------------------------|
| | 2008 | 2009 | Billions of yen | % | |
| | Billions of yen | Billions of yen | | | |
| Capital expenditures | 24.3 | 24.8 | 0.4 | 1.9 | |
| Capital expenditures, excluding contributions received for constructions | 19.4 | 21.8 | 2.3 | 12.3 | 230.0 |
| Contributions received for constructions | 4.9 | 2.9 | (1.9) | (39.4) | |

Non-Consolidated Basis

| | Three months ended June 30 | | Change from the same period of the previous year | | Plan for year ending March 31, 2010 |
|--|----------------------------|-----------------|--|--------|-------------------------------------|
| | 2008 | 2009 | Billions of yen | % | |
| | Billions of yen | Billions of yen | | | |
| Capital expenditures | 21.2 | 20.7 | (0.5) | (2.4) | |
| Capital expenditures, excluding contributions received for constructions | 16.3 | 17.7 | 1.4 | 8.8 | 180.0 |
| [Safety-related capital expenditures] | [9.2] | [9.4] | [0.1] | [1.8] | [95.0] |
| Contributions received for constructions | 4.9 | 2.9 | (1.9) | (39.4) | |

Major Capital Expenditures

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

Forecasts for fiscal 2009 Ending March 31, 2010

Consolidated Statements of Income

| | Year ended March 31, 2009 | Year ending March 31, 2010 | | Change from the same period of the previous year | | Six months ended September 30, 2009 |
|-------------------------------------|------------------------------|-------------------------------|---------|---|--------|---|
| | Billions of yen | Billions of yen | | Billions of yen | % | Billions of yen |
| Operating revenues: | <1.46> | <1.46> | | | | |
| Transportation | 856.1 | 810.7 | | (45.4) | (5.3) | |
| Sales of goods and food services | 215.3 | 207.2 | | (8.1) | (3.8) | |
| Real estate | 71.1 | 71.3 | | 0.1 | 0.2 | |
| Other businesses | 132.6 | 125.8 | | (6.8) | (5.1) | |
| | 1,275.3 | [1,243.0] | 1,215.0 | (60.3) | (4.7) | [610.0] 592.5 |
| Operating income: | | | | | | |
| Transportation | 89.1 | 38.3 | | (50.8) | (57.0) | |
| Sales of goods and food services | 4.7 | 2.3 | | (2.4) | (51.8) | |
| Real estate | 22.6 | 21.3 | | (1.3) | (5.8) | |
| Other businesses | 6.7 | 3.8 | | (2.9) | (43.5) | |
| Elimination and corporation | (0.7) | (0.7) | | | | |
| | 122.5 | [80.0] | 65.0 | (57.5) | (46.9) | [44.0] 33.5 |
| Recurring profit | 94.8 | [51.0] | 37.0 | (57.8) | (61.0) | [28.0] 19.0 |
| | <1.23> | <1.29> | | | | |
| Net income | 54.5 | [29.0] | 20.0 | (34.5) | (63.3) | [15.5] 9.5 |

- Note: 1. Figures in bracket [] are announced on April 28, 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): 2.6%

Consolidated return on equity (ROE) (net income basis): 3.0%

Non-Consolidated Statements of Income

| | Year ended March 31, 2009 | Year ending March 31, 2010 | | Change from the same period of the previous year | | Six months ended September 30, 2009 |
|--------------------|------------------------------|-------------------------------|-------|---|--------|---|
| | Billions of yen | Billions of yen | | Billions of yen | % | Billions of yen |
| Operating revenues | 875.0 | [852.0] | 831.5 | (43.5) | (5.0) | [422.0] 410.0 |
| Operating income | 102.0 | [65.0] | 51.5 | (50.5) | (49.6) | [39.0] 30.0 |
| Recurring profit | 73.4 | [36.5] | 23.5 | (49.9) | (68.0) | [23.0] 15.0 |
| Net income | 44.3 | [23.5] | 15.5 | (28.8) | (65.1) | [13.0] 8.0 |

Note: Figures in bracket [] are announced on April 28, 2009.