

# Results for the First Half ended September 30, 2011 and Future Initiatives



October 2011  
West Japan Railway Company

# I . Results for the first half and future forecasts for 2012/3

# 1. Financial Highlights



¥ Billions

	6 months ended Sep 30, 2010	6 months ended Sep 30, 2011	YOY		Result FY2011/3	Forecast FY2012/3		YOY		Difference between the forecasts Increase/ (Decrease) E-D
			Increase/ (Decrease) B-A	% 1-B/A		As of July 27 D	As of Oct 27 E	Increase/ (Decrease) E-C	% 1-E/C	
	A	B			C					
<b>【Consolidated】</b>										
Operating Revenues	595.6	628.1	32.4	5.5	1,213.5	1,272.0	1,282.0	68.4	5.6	10.0
Operating Income	64.6	60.3	(4.3)	(6.7)	95.9	78.0	96.0	0.0	0.0	18.0
Recurring Profit	49.6	44.7	(4.9)	(10.0)	68.9	51.5	67.5	(1.4)	(2.1)	16.0
Net Income	28.7	25.7	(2.9)	(10.4)	34.9	30.5	40.0	5.0	14.3	9.5
<b>【Non-Consolidated】</b>										
Operating Revenues	414.3	426.2	11.8	2.9	828.6	835.5	856.0	27.3	3.3	20.5
Transportation Revenues	365.0	377.1	12.1	3.3	728.0	735.0	754.0	25.9	3.6	19.0
Operating Expenses	357.3	370.1	12.8	3.6	752.8	772.0	775.0	22.1	2.9	3.0
Personnel costs	116.6	117.9	1.2	1.1	235.3	236.0	236.0	0.6	0.3	-
Non personnel costs	148.5	153.7	5.2	3.5	333.4	336.5	339.5	6.0	1.8	3.0
Energy costs	16.9	17.9	0.9	5.6	33.7	37.0	37.0	3.2	9.7	-
Maintenance costs	55.4	55.4	(0.0)	(0.0)	135.8	134.5	135.5	(0.3)	(0.2)	1.0
Miscellaneous costs	76.1	80.4	4.3	5.7	163.8	165.0	167.0	3.1	1.9	2.0
Depreciation	61.2	67.9	6.6	10.9	129.1	143.0	143.0	13.8	10.8	-
Operating Income	57.0	56.0	(0.9)	(1.6)	75.8	63.5	81.0	5.1	6.8	17.5
Recurring Profit	41.8	41.1	(0.6)	(1.5)	48.5	36.5	54.0	5.4	11.3	17.5
Net Income	24.6	24.0	(0.5)	(2.4)	28.5	21.5	31.5	2.9	10.4	10.0

Note: Figures in bracket ( ) are negative values.

## 2. Non-Consolidated Financial Results



¥Billions

	6 months ended Sep 30, 2010	6 months ended Sep 30, 2011	YOY	
			Increase/ (Decrease)	%
			B-A	1-B/A
	A	B		
Operating Revenues	414.3	426.2	11.8	2.9
Transportation revenues	365.0	377.1	12.1	3.3
Other	49.2	49.0	(0.2)	(0.5)
Operating Expenses	357.3	370.1	12.8	3.6
Personnel costs	116.6	117.9	1.2	1.1
Non personnel costs	148.5	153.7	5.2	3.5
Energy costs	16.9	17.9	0.9	5.6
Maintenance costs	55.4	55.4	(0.0)	(0.0)
Miscellaneous costs	76.1	80.4	4.3	5.7
Rental payments, etc.	12.6	12.6	(0.0)	(0.3)
Taxes	18.2	17.9	(0.3)	(1.9)
Depreciation	61.2	67.9	6.6	10.9
Operating Income	57.0	56.0	(0.9)	(1.6)
Non-operating revenues and expenses	(15.1)	(14.8)	0.3	-
Non-operating revenues	1.8	1.7	(0.0)	-
Non-operating expenses	17.0	16.6	(0.4)	-
Recurring Profit	41.8	41.1	(0.6)	(1.5)
Extraordinary profit and loss, net	(0.0)	(0.7)	(0.7)	-
Extraordinary profit	9.3	7.0	(2.2)	-
Extraordinary loss	9.3	7.7	(1.5)	-
Net Income	24.6	24.0	(0.5)	(2.4)

Note: Figures in bracket ( ) are negative values.

### 3. Major Factors for Increase/Decrease in Transportation Revenues



¥ Billions

	Results for 6 months ended Sep 30, 2011					Forecasts for fiscal year ending March 31, 2012			
	Transportation revenues	YOY Increase/(Decrease)		Major factors		Transportation revenues	YOY Increase/(Decrease)		Difference from the previous forecast Increase/Decrease
		Amount	%		Amount		Amount	%	
Shinkansen	174.3	13.3	8.3	Fundamentals (100.3%)	0.5	348.3	24.4	7.5	17.3
				Special factors					
				Direct service between the San'yo and the Kyushu Shinkansen	8.8				
				Golden week·Summer holidays·Convenient holidays	1.8				
				Osaka Station City	0.6				
				Abolition of toll-free expressways	0.4				
				The Great East Japan Earthquake etc.	(1.0)				
Kyoto-Osaka-Kobe Area conventional lines	143.4	(0.1)	(0.1)	Fundamentals (99.1%)	(1.2)	286.3	1.9	0.7	0.5
				Special factors					
				Osaka Station City	1.6				
				Golden week·Summer holidays·Convenient holidays	0.3				
				The Great East Japan Earthquake	(0.6)				
				Typhoons	(0.4)				
				etc.					
Other conventional lines	59.3	(1.0)	(1.7)	Fundamentals (99.2%)	(0.4)	119.2	(0.3)	(0.3)	1.0
				Special factors					
				Golden week·Summer holidays·Convenient holidays	0.2				
				The Great East Japan Earthquake	(0.5)				
				Typhoons	(0.3)				
etc.									
Total	377.1	12.1	3.3			754.0	25.9	3.6	19.0

Note: Revenues from ferry are omitted due to the small amount.  
 Figures in bracket() are negative values.

# 4. Transportation Revenues and Passenger-Kilometers



Transportation Revenues

¥Billions

	Results for 6 months ended Sep 30, 2011			2Q Result (3 months ended Sep 30, 2011)		
	FY2011/3	FY2012/3	YOY	FY2011/3	FY2012/3	YOY
Total	365.0	377.1	12.1 3.3%	187.2	197.0	9.7 5.2%
Shinkansen	161.0	174.3	13.3 8.3%	83.5	93.0	9.4 11.3%
Commuter Passes	4.5	4.5	(0.0) (0.2%)	2.2	2.2	(0.0) (0.4%)
Non-Commuter Passes	156.4	169.8	13.3 8.5%	81.3	90.7	9.4 11.7%
Conventional Lines	204.0	202.8	(1.2) (0.6%)	103.6	103.9	0.3 0.3%
Commuter Passes	71.4	71.4	(0.0) 0.0%	35.3	35.3	0.0 0.2%
Non-Commuter Passes	132.5	131.3	(1.2) (0.9%)	68.3	68.5	0.2 0.4%
Kyoto-Osaka-Kobe Area	143.6	143.4	(0.1) (0.1%)	71.9	72.4	0.4 0.6%
Commuter Passes	57.5	57.6	0.0 0.1%	28.4	28.5	0.0 0.2%
Non-Commuter Passes	86.1	85.8	(0.2) (0.3%)	43.5	43.8	0.3 0.9%
Other Lines	60.3	59.3	(1.0) (1.7%)	31.6	31.5	(0.1) (0.5%)
Commuter Passes	13.8	13.8	(0.0) (0.4%)	6.8	6.8	(0.0) (0.1%)
Non-Commuter Passes	46.4	45.5	(0.9) (2.1%)	24.8	24.6	(0.1) (0.6%)

Note: Figures in bracket ( ) are negative values.

Passenger-Kilometers

Millions of passenger-kilometers

	Results for 6 months ended Sep 30, 2011			2Q Result (3 months ended Sep 30, 2011)		
	FY2011/3	FY2012/3	YOY	FY2011/3	FY2012/3	YOY
Total	26,619	27,197	578 2.2%	13,529	14,025	496 3.7%
Shinkansen	7,696	8,359	663 8.6%	4,034	4,503	469 11.6%
Commuter Passes	368	368	(0) (0.1%)	182	181	(0) (0.3%)
Non-Commuter Passes	7,328	7,991	663 9.1%	3,851	4,322	470 12.2%
Conventional Lines	18,923	18,838	(84) (0.4%)	9,495	9,522	26 0.3%
Commuter Passes	11,747	11,755	7 0.1%	5,735	5,741	5 0.1%
Non-Commuter Passes	7,175	7,082	(92) (1.3%)	3,759	3,780	21 0.6%
Kyoto-Osaka-Kobe Area	14,310	14,282	(27) (0.2%)	7,114	7,145	30 0.4%
Commuter Passes	9,463	9,478	15 0.2%	4,632	4,640	8 0.2%
Non-Commuter Passes	4,847	4,804	(43) (0.9%)	2,482	2,504	22 0.9%
Other Lines	4,612	4,555	(57) (1.2%)	2,380	2,377	(3) (0.1%)
Commuter Passes	2,284	2,276	(7) (0.3%)	1,102	1,100	(2) (0.2%)
Non-Commuter Passes	2,327	2,278	(49) (2.1%)	1,277	1,276	(1) (0.1%)

## 5. Major Factors for Increase/Decrease in Operating Expenses (Non-consolidated)



¥ Billions

Item	Results for 6 months ended Sep 30, 2011				Forecasts for fiscal year ending March 31, 2012				Difference from the previous forecast Increase/Decrease
		YOY		Major factors		YOY		Major factors	
		Increase/ (Decrease)	%			Increase/ (Decrease)	%		
Personnel costs	117.9	1.2	1.1	•Increase in amortization of accumulated unrecognized actuarial differences due to revision of basic rate of retirement benefits obligation 0.4, etc.	236.0	0.6	0.3	•Increase in amortization of accumulated unrecognized actuarial differences due to revision of basic rate of retirement benefits obligation, etc.	—
Energy costs	17.9	0.9	5.6	•Increase in fuel price 0.7 •Increase in train-kilometer 0.4 etc.	37.0	3.2	9.7	•Increase in fuel price •Increase in train-kilometer	—
Maintenance costs	55.4	(0.0)	(0.0)	•Decrease in maintenance work contributed by third parties (1.8) •Increase in maintenance costs for structures 0.3, etc.	135.5	(0.3)	(0.2)	•Decrease in maintenance work contributed by third parties	1.0
Miscellaneous costs	80.4	4.3	5.7	•Increase in advertising expenses 1.2 •Increase in payments for other JR companies 0.8 •Increase in sales charge 0.4 etc.	167.0	3.1	1.9	•Increase in payments for other JR companies	2.0
Rental Payments, etc	12.6	(0.0)	(0.3)		25.0	(0.1)	(0.5)		—
Taxes	17.9	(0.3)	(1.9)	•Decrease in property taxes, etc.	31.5	1.6	5.6	•Increase in property taxes, etc.	—
Depreciation and amortization	67.9	6.6	10.9	•Increase in facilities	143.0	13.8	10.8	•Increase in facilities	—
Total	370.1	12.8	3.6		775.0	22.1	2.9		3.0

Note: Figures in bracket() are negative values.

## 6. Consolidated Financial Results



¥ Billions

	6 months ended Sep 30, 2010	6 months ended Sep 30, 2011	YOY	
			Increase/ (Decrease) B-A	% 1-B/A
	A	B		
Operating Revenues	595.6	628.1	32.4	5.5
Operating Expenses	530.9	567.7	36.7	6.9
Operating Income	64.6	60.3	(4.3)	(6.7)
Non-operating revenues and expenses	(15.0)	(15.6)	(0.6)	-
Non-operating revenues	2.9	2.4	(0.4)	-
Non-operating expenses	17.9	18.1	0.2	-
Recurring Profit	49.6	44.7	(4.9)	(10.0)
Extraordinary profit and loss, net	0.0	(0.3)	(0.4)	-
Extraordinary profit	10.1	9.4	(0.7)	-
Extraordinary loss	10.1	9.8	(0.3)	-
Net Income	28.7	25.7	(2.9)	(10.4)
<i>Comprehensive Income</i>	<i>27.0</i>	<i>24.9</i>	<i>(2.1)</i>	<i>(7.8)</i>

Note: Figures in bracket ( ) are negative values.



## 7. Consolidated Financial Results (Segment Information)



¥ Billions

	6 months ended Sep 30, 2010 A	6 months ended Sep 30, 2011 B	YOY	
			Increase/ (Decrease) B-A	% 1-B/A
Operating Revenues* <sup>1</sup>	595.6	628.1	32.4	5.5
Transportation	403.3	414.6	11.2	2.8
Sales of goods and food services	99.7	115.0	15.3	15.4
Sales of goods and food services	67.0	67.0	0.0	0.0
Department Store	30.1	45.3	15.1	50.1
Real estate	35.9	43.7	7.8	21.8
Shopping center	23.7	26.7	3.0	12.7
Real estate lease and sale* <sup>3</sup>	11.3 [0.6]	16.2 [3.0]	4.8	42.9
Other businesses	56.6	54.6	(1.9)	(3.5)
Hotel	15.8	15.2	(0.6)	(4.0)
Nippon Travel Agency	17.4	15.3	(2.0)	(12.0)
Operating Income* <sup>2</sup>	64.6	60.3	(4.3)	(6.7)
Transportation	49.8	49.5	(0.3)	(0.6)
Sales of goods and food services	2.0	(1.9)	(3.9)	-
Sales of goods and food services	1.7	1.9	0.1	8.3
Department Store	0.0	(4.0)	(4.1)	-
Real estate	11.4	11.6	0.1	1.3
Shopping center	3.7	3.9	0.1	5.3
Real estate lease and sale	1.4	3.1	1.7	123.6
Other businesses	0.8	0.3	(0.5)	(58.3)
Hotel	0.6	0.3	(0.2)	(43.7)
Nippon Travel Agency	(1.2)	(1.6)	(0.4)	-

Note: Figures in bracket ( ) are negative values.

\*<sup>1</sup> Operating revenues are the revenues from third parties (= customers).

The breakdowns of operating revenues by each segment are the sums of revenues of major subsidiaries.

\*<sup>2</sup> The breakdowns of operating income by each segment are the sums of incomes of major subsidiaries before eliminating internal transactions.

\*<sup>3</sup> Figures in bracket [ ] are the sales of condominiums. (Included in Real estate lease and sale)

## 8. Non-Consolidated Financial Forecasts



¥ Billions

	Result FY2011/3  A	Forecast FY2012/3		YOY		Difference between the forecasts
		As of July 27	As of Oct 27	Increase/ (Decrease)	%	Increase/ (Decrease)
		B	C	C-A	1-C/A	C-B
Operating Revenues	828.6	835.5	856.0	27.3	3.3	20.5
Transportation revenues	728.0	735.0	754.0	25.9	3.6	19.0
Other	100.6	100.5	102.0	1.3	1.4	1.5
Operating Expenses	752.8	772.0	775.0	22.1	2.9	3.0
Personnel costs	235.3	236.0	236.0	0.6	0.3	-
Non personnel costs	333.4	336.5	339.5	6.0	1.8	3.0
Energy costs	33.7	37.0	37.0	3.2	9.7	-
Maintenance costs	135.8	134.5	135.5	(0.3)	(0.2)	1.0
Miscellaneous costs	163.8	165.0	167.0	3.1	1.9	2.0
Rental payments, etc.	25.1	25.0	25.0	(0.1)	(0.5)	-
Taxes	29.8	31.5	31.5	1.6	5.6	-
Depreciation	129.1	143.0	143.0	13.8	10.8	-
Operating Income	75.8	63.5	81.0	5.1	6.8	17.5
Non-operating revenues and expenses	(27.2)	(27.0)	(27.0)	0.2	-	-
Non-operating revenues	7.0	6.5	6.5	(0.5)	-	-
Non-operating expenses	34.3	33.5	33.5	(0.8)	-	-
Recurring Profit	48.5	36.5	54.0	5.4	11.3	17.5
Extraordinary profit and loss, net	(0.4)	-	-	-	-	-
Extraordinary profit	48.9	-	-	-	-	-
Extraordinary loss	49.4	-	-	-	-	-
Net Income	28.5	21.5	31.5	2.9	10.4	10.0

Note: Figures in bracket ( ) are negative values.

# 9. Consolidated Financial Forecasts



¥ Billions

	Result FY2011/3 A	Forecast FY2012/3		YOY		Difference between the forecasts
		As of July 27 B	As of Oct 27 C	Increase/ (Decrease) C-A	% 1-C/A	Increase/ (Decrease) C-B
Operating Revenues	1,213.5	1,272.0	1,282.0	68.4	5.6	10.0
Operating Expenses	1,117.5	1,194.0	1,186.0	68.4	6.1	(8.0)
Operating Income	95.9	78.0	96.0	0.0	0.0	18.0
Non-operating revenues and expenses	(27.0)	(26.5)	(28.5)	(1.4)	—	(2.0)
Non-operating revenues	9.4	8.6	7.6	(1.8)	—	(1.0)
Non-operating expenses	36.5	35.1	36.1	(0.4)	—	1.0
Recurring Profit	68.9	51.5	67.5	(1.4)	(2.1)	16.0
Extraordinary profit and loss, net	(7.9)	(1.5)	(2.5)	5.4	—	(1.0)
Extraordinary profit	51.1	—	—	—	—	—
Extraordinary loss	59.0	—	—	—	—	—
Net Income	34.9	30.5	40.0	5.0	14.3	9.5
Net income per share (¥) <sup>*1</sup>	18,066.01	157.51	206.57	—	—	—

Note: Figures in bracket ( ) are negative values.

\*1 JR-West made a stock split at the ratio of one share to 100 shares as of June 30, 2011.

# 10. Consolidated Financial Forecasts (Segment Information)



¥ Billions

	Result FY2011/3  A	Forecast FY2012/3		YOY		Difference between the forecasts
		As of 7/27	As of 10/27	Increase/ (Decrease)	%	Increase/ (Decrease)
		B	C	C-A	1-C/A	C-B
<b>Operating Revenues*<sup>1</sup></b>	1,213.5	1,272.0	1,282.0	68.4	5.6	10.0
Transportation	806.4	813.4	833.9	27.4	3.4	20.5
Sales of goods and food services	201.3	250.3	235.9	34.5	17.2	(14.4)
Sales of goods and food services	132.2	129.6	132.1	(0.1)	(0.1)	2.5
Department Store	63.4	115.3	98.4	34.9	55.1	(16.9)
Real estate	75.7	91.3	93.2	17.4	23.0	1.9
Shopping center	47.7	51.9	53.8	6.0	12.7	1.9
Real estate lease and sale* <sup>3</sup>	26.4 【4.8】	37.7 【10.2】	37.7 【10.2】	11.2	42.8	-
Other businesses	129.9	117.0	119.0	(10.9)	(8.4)	2.0
Hotel	32.4	32.3	32.0	(0.4)	(1.3)	(0.3)
Nippon Travel Agency	39.4	34.2	36.5	(2.9)	(7.5)	2.3
<b>Operating Income*<sup>2</sup></b>	95.9	78.0	96.0	0.0	0.0	18.0
Transportation	61.1	49.3	68.2	7.0	11.5	18.9
Sales of goods and food services	3.5	(0.5)	(3.1)	(6.6)	-	(2.6)
Real estate	22.2	24.0	24.0	1.7	7.9	-
Other businesses	9.6	5.8	7.5	(2.1)	(22.5)	1.7

Note: Figures in bracket ( ) are negative values.

\*<sup>1</sup> Operating revenues are the revenues from third parties (= customers).

The breakdowns of operating revenues by each segment are the sums of revenues of major subsidiaries.

\*<sup>2</sup> The breakdowns of operating income by each segment are the sums of incomes of major subsidiaries before eliminating internal transactions.

\*<sup>3</sup> Figures in bracket [ ] are the sales of condominiums. (Included in Real estate lease and sale)

# 11. Consolidated Financial Situation and Statements of Cash Flows



¥Billions

	As of March 31, 2011 A	As of Sep 30, 2011 B	Difference increase/ (decrease) B-A
Assets	2,672.4	2,630.0	(42.3)
Liabilities	1,951.1	1,891.3	(59.7)
Net assets	721.2	738.6	17.4
Balance of Long-term Debt and Payables at the end of FY	1,102.6	1,100.0	(2.5)
【Average interest rate(%)】	【2.97】	【2.92】	-
Shinkansen Purchase Liability	322.9	307.1	(15.8)
【Average interest rate(%)】	【5.46】	【5.49】	-
Bonds	444.9	454.9	10.0
【Average interest rate(%)】	【2.09】	【2.07】	-
Equity ratio (%)	25.8	26.9	—
Net assets per share (¥) <sup>*1</sup>	355,712.84	3,651.30	—

\*1 JR-West made a stock split at the ratio of one share to 100 shares as of June 30,2011.

	6 months ended Sep 30, 2010 A	6 months ended Sep 30,2011 B	YOY increase/ (decrease) B-A
Cash flows from operating activities	90.4	62.6	(27.7)
Cash flows from investing activities	(128.6)	(106.4)	22.2
Free cash flows	(38.2)	(43.7)	(5.5)
Cash flows from financing activities	58.1	4.0	(54.0)
Change in cash and cash equivalents, net	19.9	(39.0)	(59.0)
Cash and cash equivalents at the end of the period	71.0	40.4	(30.5)

Note: Figures in bracket ( ) are negative values.

## 12. Other Data



Persons, ¥Billions

	6 months ended Sep 30, 2010		6 months ended Sep 30, 2011		Result FY2011/3		Forecast FY2012/3	
	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated
ROA (% , Consolidated)	2.5		2.3		3.7		3.6	
ROE (% , Consolidated)	4.2		3.7		5.2		5.7	
EBITDA (Consolidated) *1	136.6		142.6		246.8		269.0	
Depreciation (Consolidated)	71.9		82.2		150.8		173.0	
Capital Expenditure (Consolidated, own fund)	96.3		87.1		260.0		205.0	
Capital Expenditure (Non-consolidated, own fund)	69.9		57.2		208.5		155.0	
Safety related capital expenditure	37.4		37.4		125.1		96.0	
Dividends per share (¥)*2	4,000		40		8,000		80	

\*1 EBITDA = Operating Income + Depreciation

\*2 JR-West made a stock split at the ratio of one share to 100 shares as of June 30,2011.

	6 months ended Sep 30, 2010		6 months ended Sep 30, 2011		Result FY2011/3		Forecast FY2012/3	
	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated
No. of employees at the end of period	46,212	26,894	45,978	26,989	45,703	26,705	-	-
Financial Expenses, net	(16.5)	(15.9)	(16.3)	(15.7)	(33.3)	(32.1)	(32.7)	(31.4)
Interest and dividend income	0.2	0.8	0.2	0.8	0.4	1.3	0.4	1.4
Interest expenses	16.8	16.7	16.6	16.5	33.7	33.4	33.1	32.8

Note: Figures in bracket ( ) are negative values.

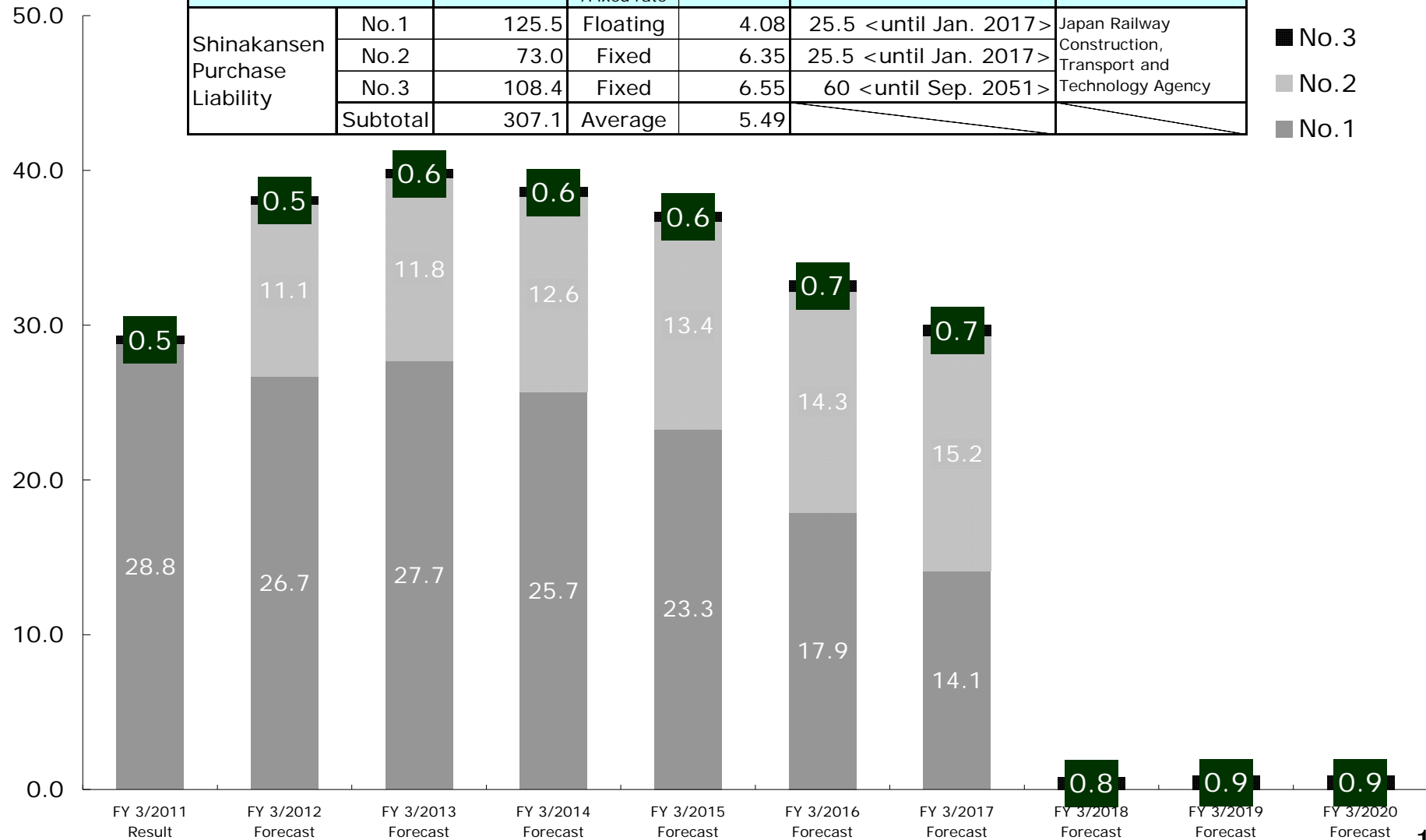
# 13. Redemption Plan of Shinkansen Purchase Liability



【As of Sep 30, 2011】

		Balance	Interest rate		Term (years)	Payment recipient
		(¥ Billions)	Floating /Fixed rate	(%)		
Shinkansen Purchase Liability	No.1	125.5	Floating	4.08	25.5 <until Jan. 2017>	Japan Railway Construction, Transport and Technology Agency
	No.2	73.0	Fixed	6.35	25.5 <until Jan. 2017>	
	No.3	108.4	Fixed	6.55	60 <until Sep. 2051>	
	Subtotal	307.1	Average	5.49		

¥ Billions




## II . Future Initiatives



# Basic Management Policy for FY2012/3

## Steady implementation of key strategies of Medium-Term Management Plan

- **Accomplishment of "Basic Safety Policy" and furthering of new measures to prevent accidents**
- **Maximizing the effects of two major projects**
  - Direct Services between the Sanyo and the Kyushu Shinkansen
  - OSAKA STATION CITY
- **Coexistence with local communities**
  - Enhancement of the value of our railway belts, focusing on the Kinki region
  - Helping make cities convenient and attractive places to live
  - Stimulate of local economies through tourism
  - Providing transport services best suited to local needs
- **Innovation through technology**
  - System changes for railway operation
- **Thinking and acting based on the field**
  - "Changing our operational framework from the perspective of business field"

 Establish a process for business operation based on the Medium-Term Management Plan by forming a cross-sectional team for each goal

## Further promotion for measures to improve safety and customer service

- Provision of safe and reliable transport service
- Improvements in Customer Satisfaction
- Development of human resources

## Promotion of CSR and Compliance

- Corporate Social Responsibility (CSR)
- Corporate Governance, Compliance

## Resolve management issues identified after earthquake

- Measures to ensure safety in the event of disaster (including tsunami preparedness, earthquake-proofing, and train stop system)
- Business continuity plan (BCP) established assuming earthquake and tsunami (including system for stable procurement of maintenance parts)
- Management improvements targeting both revenues and costs (including securing revenues and revision of service levels, including conserving electricity in line with social trends)

Realizing sustainable growth by strengthening management foundation

The JR-West Group will concentrate its efforts on maximize the effects of the two long-awaited major projects "Direct services between the Sanyo and the Kyushu Shinkansen" and "Osaka Station City".

# Results for the First Half and Future Forecasts for 2012/3

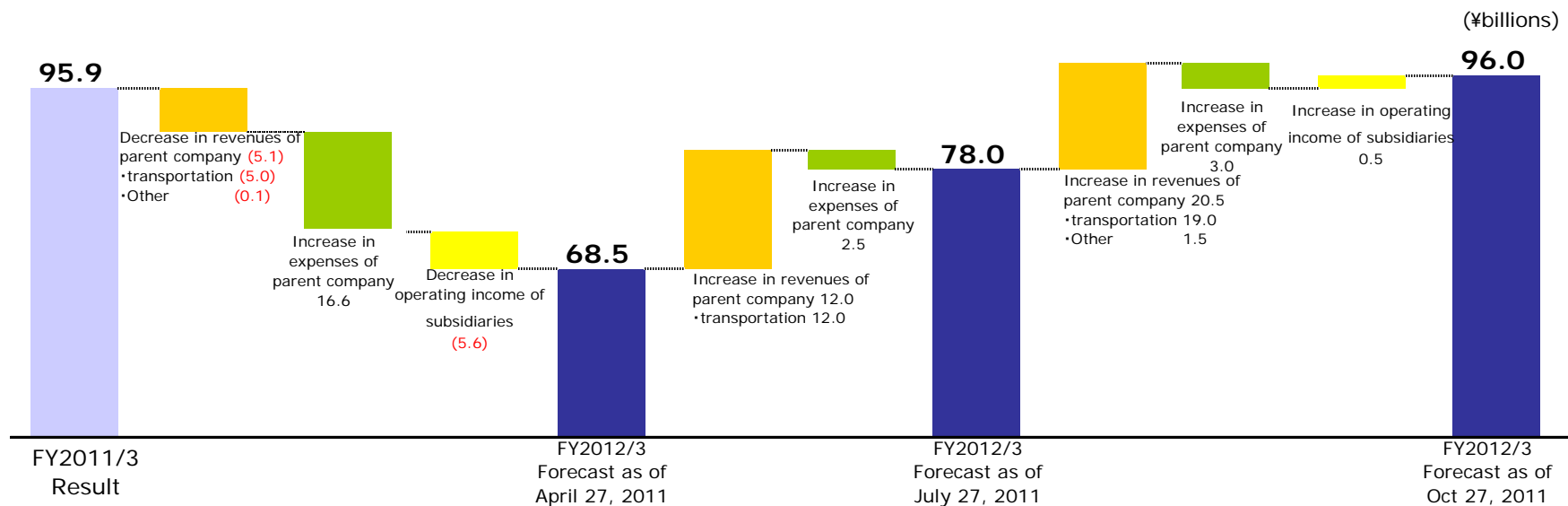


## Consolidated Financial Results and Forecasts

(Unit: Billion Yen, %)

	Result for the First Half of FY2012/3			Forecast FY2012/3				
		YOY Increase/(Decrease)		As of 4/27	As of 7/27	As of 10/27	Difference from the previous forecast Increase/(Decrease)	
		Amount	%				Amount	%
Operating Revenues	628.1	32.4	5.5	1,260.0	1,272.0	1,282.0	10.0	0.8
Operating Expenses	567.7	36.7	6.9	1,191.5	1,194.0	1,186.0	(8.0)	(0.7)
Operating Income	60.3	(4.3)	(6.7)	68.5	78.0	96.0	18.0	23.1
Recurring Profit	44.7	(4.9)	(10.0)	42.0	51.5	67.5	16.0	31.1
Net Income	25.7	(2.9)	(10.4)	25.0	30.5	40.0	9.5	31.1

## Major Factors of Increase/Decrease in Consolidated Operating Income



# The Two major projects: Direct Service between the Sanyo and the Kyushu Shinkansen 1



## 【Outline of Direct Service】

As of April 1, 2011

		Shinkansen	Airline
Travel time	Osaka⇄Kagoshima	"Mizuho" 3 hours 45 minutes* "Sakura" 4 hours 10 minutes* (Shin-Osaka⇄Kagoshima-Chuo)	approx. 3 hours 10 minutes (Central Osaka⇄Central Kagoshima)
	Osaka⇄Kumamoto	"Mizuho" 2 hours 59 minutes* "Sakura" 3 hours 20 minutes* (Shin-Osaka⇄Kumamoto)	approx. 3 hours (Central Osaka⇄Central Kumamoto)
Price (one way)	Osaka⇄Kagoshima	Normal "Mizuho" ¥21,600 "Sakura" ¥21,300 Discount ¥17,000	Normal ¥26,800 Discount ¥17,000~¥22,000
	Osaka⇄Kumamoto	Normal "Mizuho" ¥18,320 "Sakura" ¥18,020 Discount ¥14,400	Normal ¥23,500 Discount ¥14,400~¥19,300
Frequency (return/day)	Osaka⇄Kagoshima	14.5	12 (ANA5,JAL7)
	Osaka⇄Kumamoto	15	8 (ANA5,JAL3)



<Green car>



<Ordinary car reserved seats>

\*the fastest service

### (Effects of reducing travel time)

Route and Travel time	Hiroshima	Okayama	Shin-Osaka
Kumamoto	1 hour 37minutes (52 minutes)	2 hours 14minutes (52 minutes)	2 hours 59minutes (58 minutes)
Kagoshima-Chuo	2 hours 23minutes (71 minutes)	2 hours 59minutes (72 minutes)	3 hours 45minutes (77 minutes)

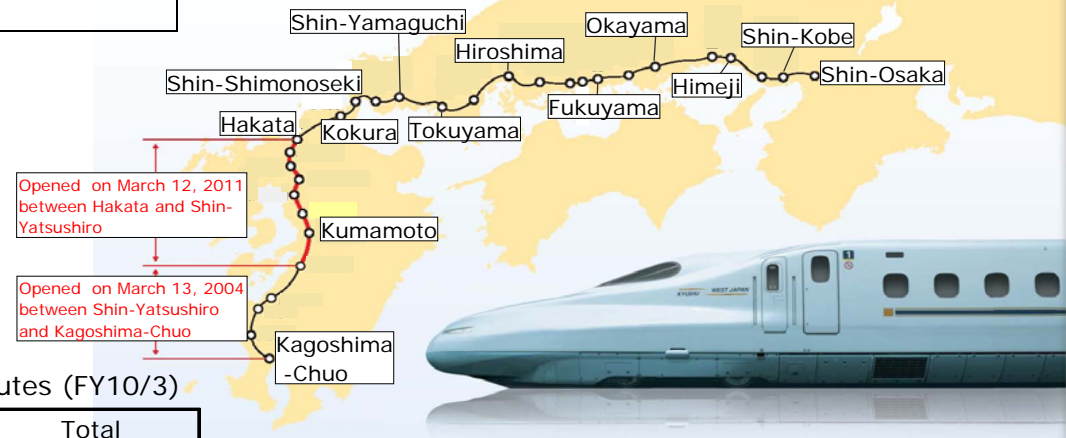
\*Times are for fastest "Mizuho" Shinkansen.

Times in parenthesis represent the reduction in travel time following the establishment of direct services.

### (Reference) Number of travelers by rail and air on major routes (FY10/3)

Routes	Railway	Airplane	Total
Kyoto-Osaka-Kobe area ⇄ Kagoshima	341 persons/day (10%)	2,980 persons/day (90%)	3,321 persons/day -
Kyoto-Osaka-Kobe area ⇄ Kumamoto	750 persons/day (32%)	1,614 persons/day (68%)	2,364 persons/day -

Source: Ministry of Land, Infrastructure and Transport



## Current situation and future forecast

### 【Monthly passenger volume】

	April	May	June	July	August	Sep	First half for the year	Oct (1-11)
Between Shin-Osaka and Nishi-Akashi	95%	99%	105%	108%	105%	110%	104%	107%
Between Kokura and Hakata	115%	120%	122%	123%	122%	127%	121%	122%

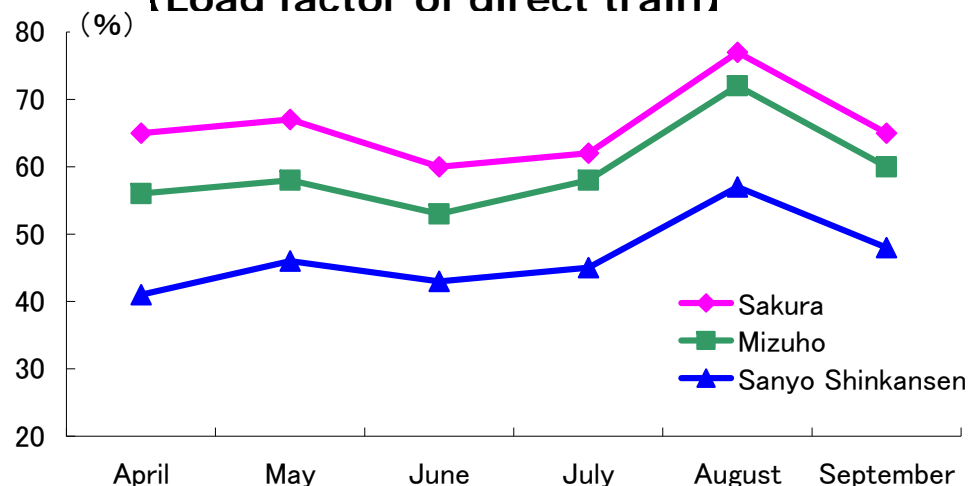
\*Passenger volume; year on year

### 【Increase of transport revenues in FY2012/3】

Result for the first half	Full year forecast		
	As of July 27 A	As of Oct 27 B	Between the difference B-A
8.8	12.0	15.0	3.0

¥billions

### 【Load factor of direct train】



## Initiatives going forward

### ○ Stimulation of travel demand and service improvements

Increase number of repeat customers for business, sightseeing and other purposes by working with local authorities in Kyushu, travel agencies and travel operators to promote inter-regional tourism

- Kumamoto, Miyazaki and Kagoshima Destination Campaign  
Joint campaign conducted with five other JR companies and local authorities in Kumamoto, Miyazaki and Kagoshima  
(from October to December, 2011)
- Promotion of internet reservation system "e5489"  
System allows passenger to use the internet to reserve seats for major express trains in the JR-West, JR-Shikoku and JR-Kyushu regions, including the *Mizuho*, *Sakura* and *Tsubame*, as well as the *Nozomi*, *Hikari* and *Kodama* Shinkansen trains.
- Additional 10 trains providing direct services to be introduced next spring

Stimulation of travel demand and scheduling trains to meet the demand



<Kumamoto・Miyazaki・Kagoshima DC>

# The Two Major Projects: OSAKA STATION CITY 1

## 【 Overview of “OSAKA STATION CITY” 】

SOUTH GATE BUILDING

OSAKA STATION CITY

NORTH GATE BUILDING

<Existing area>

- HOTEL GRANVIA OSAKA
- DAIMARU Umeda

<Expanded area>

- DAIMARU Umeda (B2F-15F)

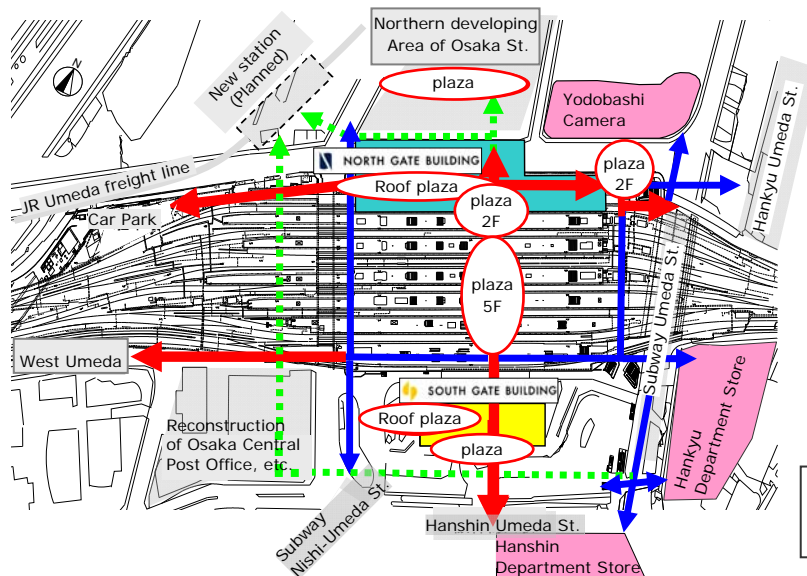


• Office tower (14F-27F)

- LAGUNAVEIL (Restaurant, Wedding: 28F)

- ISETAN MITSUKOSHI (B2F-10F)
- LUCUA (B1F-10F)
- 大塚映画/オセカシタシテイマ (Cinema complex: 11F)
- (Nursery: 11F)
- GRANCISE (Sports club: 12-13F)
- LUCUA DINING eat PARADISE (10F)

## 【 Greater accessibility 】

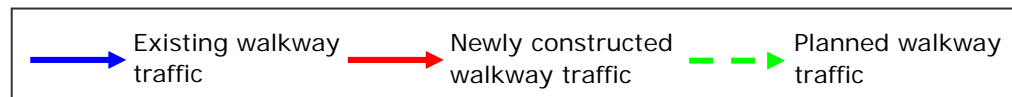


“North-South bridge”



“Toki-no-hiroba Plaza”

The pedestrian environment around Osaka Station has been improved by connecting north and south sides with plazas and bridges.



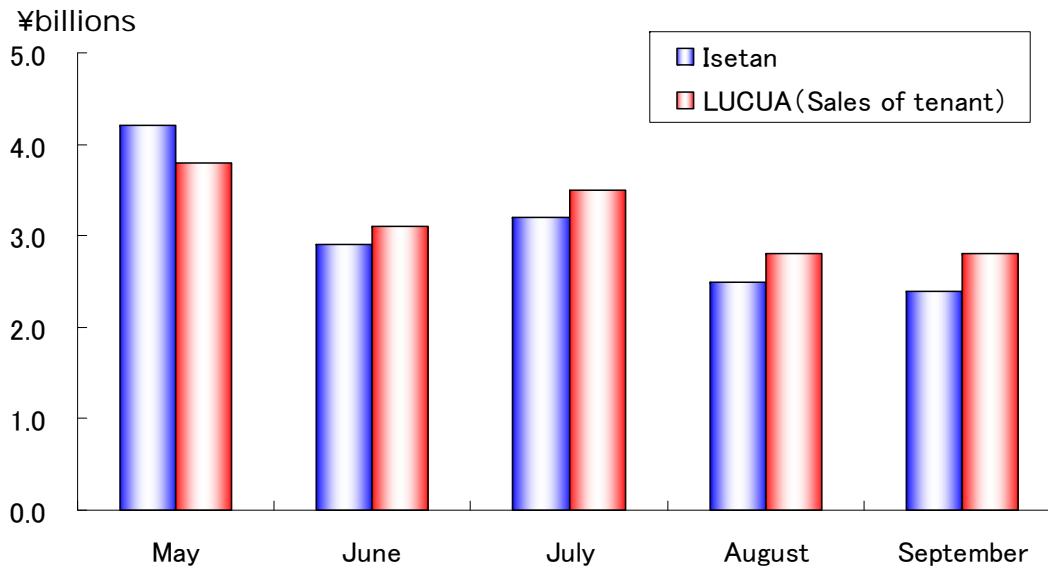


# The Two Major Projects: OSAKA STATION CITY 2



## Current situation and future forecast

**【Sales trend after opening (JR Osaka Mitsukoshi Isetan and LUCUA)】**



**【Sales for the first half of FY2012/3】**

¥billions

	(Retail)	(Real estate)
Sales for the first half (From May to Sep)	15.2	16.0

\*Sales of LUCUA is sales of tenant.

**【Sales increase of FY2012/3】**

¥billions

	Result for the first half	Future forecast of full year
Transportation	2.3	5.0
Retail	15.2	35.0
Real estate	5.2	10.5
<b>Total</b>	<b>22.7</b>	<b>50.5</b>

\*Operating revenues are the revenues from the third parties (=customers).

## Initiatives going forward

### OJR Osaka Mitsukoshi Isetan

- Customers numbers exceed initial expectation
- ⇒ Purchase rate to be improved
  - Improvement in product lineup
  - Marketing measures tailored to preferences of customers in Osaka with the uniqueness
- Retain the customers by promoting Mitsukoshi Isetan card (a membership of 50,000 members) and grocery point card

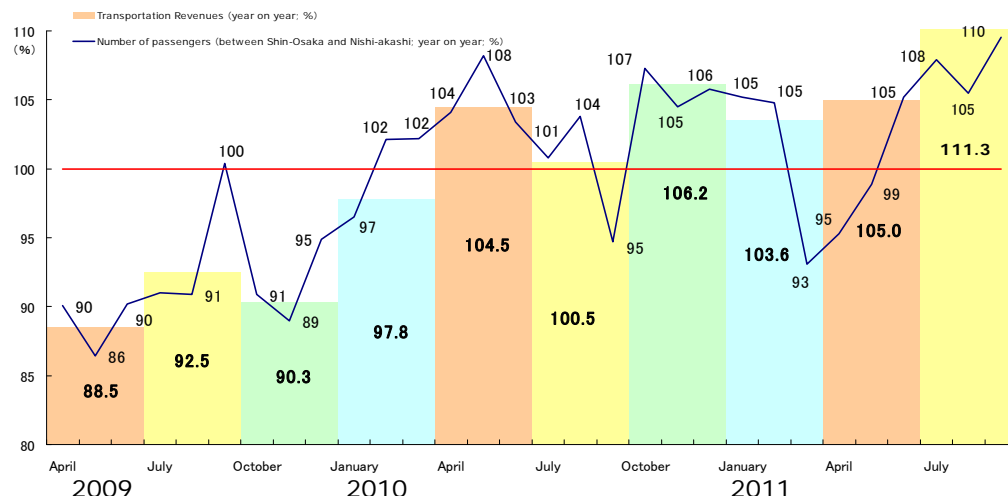


JR Osaka Mitsukoshi Isetan

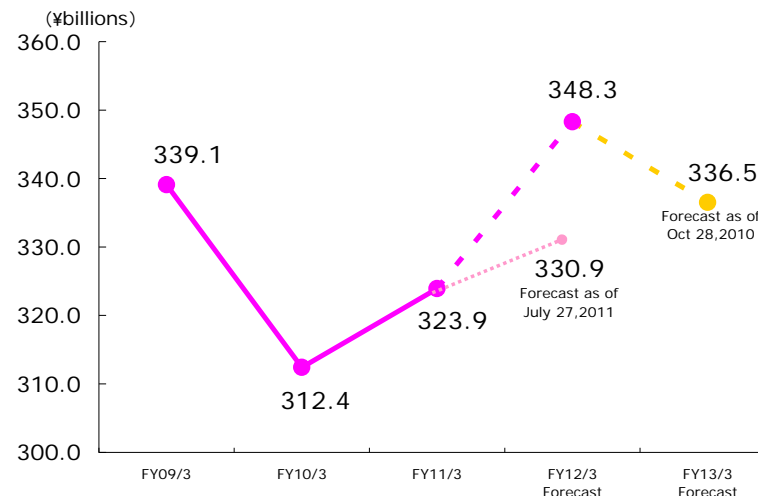
# Revenue Forecasts and Initiatives Going Forward: Shinkansen



## Quarterly revenue and monthly passenger volume



## Transportation revenue trend and forecast



## Initiatives going forward

### ○ Provide more convenient services and secure loyal customers

- Increase the number of J-West Card members
- Promote "Express Reservation" and "e5489"
- Increase in the frequency of the J-West premier program
- Launch of discount return tickets to Tokyo using early reservation system

(Unit:: Yen)

Type	Departure	Price(return)	Discount
Ordinary car	Okayama	24,000	7,680
	Hiroshima	26,000	8,820
Green car	Okayama	32,000	11,260
	Hiroshima	35,000	13,680

※Applicable period: October 14 to December 31,2011

Limited availability: Purchases must be made 22days to 28 days before first day of travel

### ○ Expand travel demand

- Development of tourist spots and secondary access
- Introduction of more attractive travel package
- Introduction of website "Santo Monogatari Web" providing travel information on Kyoto-Osaka-Kobe area, along with travel packages including Shinkansen tickets



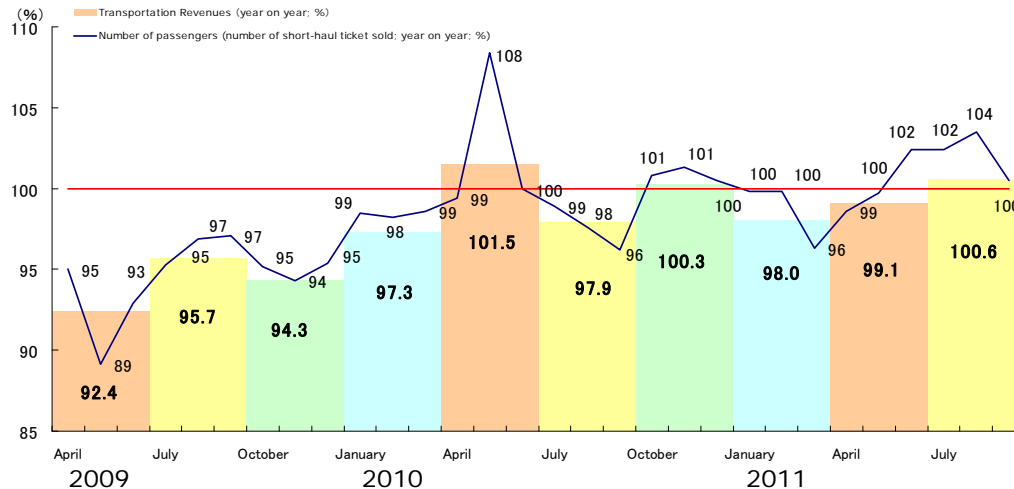
### ○ Stimulate inbound tourism demand

- Cerate Kansai railway map for overseas visitors in collaboration with other private railways
- Develop new sightseeing route to attract visitors to western Japan
- Developing sales channels
- Introduction of internet-based reservation system for the JR-WEST RAIL PASS

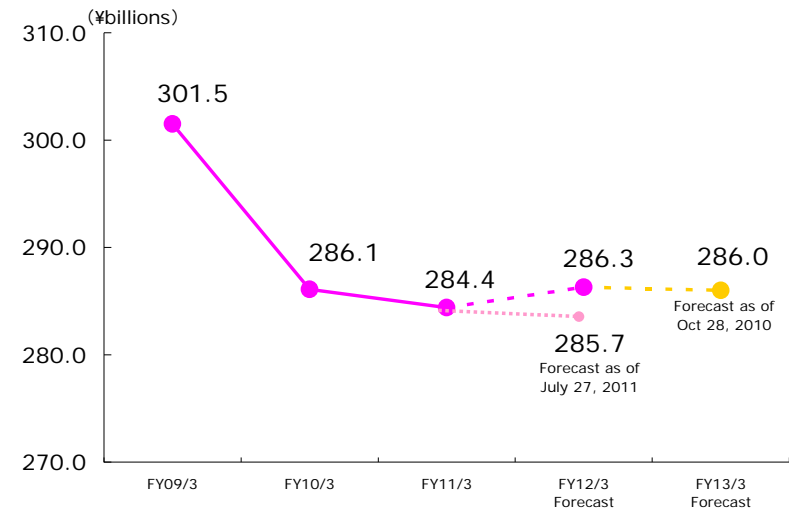
# Revenue Forecasts and Initiatives Going Forward: Kyoto-Osaka-Kobe Area



## Quarterly revenue and monthly passenger volume

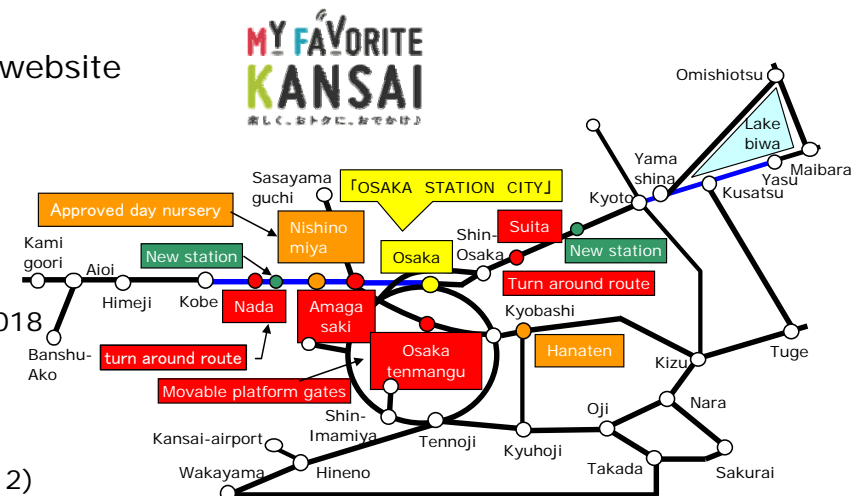


## Transportation revenue trend and forecast



## Initiatives going forward

- Improving accessibility to OSAKA STATION CITY
- Cross-media promotion of "MY FAVORITE KANSAI", a travel website for the Kansai region travel
- Enhancing of the value of our railway belts based on the principle of "Coexistence with local communities"
  - Improving railway station and surrounding town facilities
    - Opening of certified day care centers (Nishinomiya and Hanaten stations)
    - New station to be established between Ibaraki and Settsu-Tonda in 2018
  - Ensuring a safe and reliable transport service, and making improvements to respond to operational disruptions
    - Introduction of turn round facilities at Amagasaki, Suita and Nada stations during FY2012
    - Installation of movable platform gates (Osakatenmangu station, FY2012)
- Enhancement of railway service through IC-card "ICOCA"
  - Collaboration with other public transport operators (Keihan, Kintetsu, etc.)





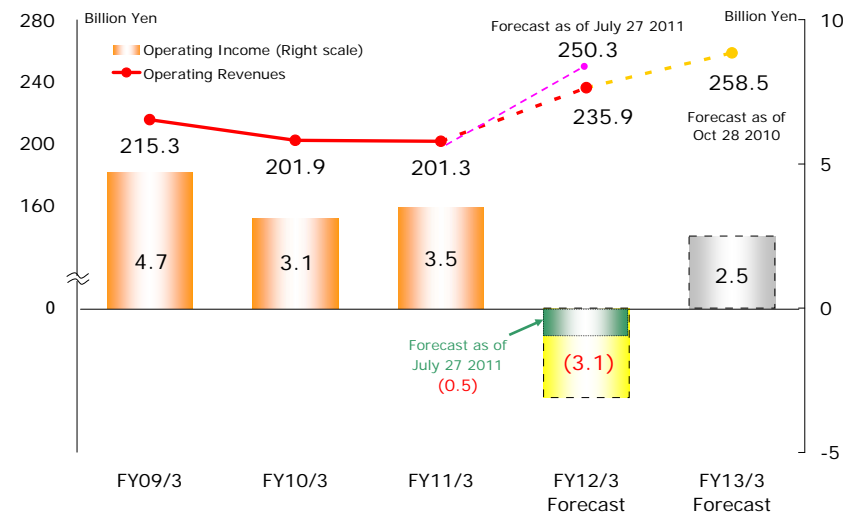
# Non-transportation Business – Retail Businesses



## Results and Trend

	1H Result	YOY	Main Factors	FY12/3 Forecast	YOY	Difference from the previous forecast
Operating Revenues*	115.0	15.3 [15.4%]	Sales of goods and food services 0.0 Department stores 15.1	235.9	34.5 17.2%	(14.4)
Operating Income	(1.9)	(3.9) [-]	Sales of goods and food services 0.1 Department stores (4.1)	(3.1)	(6.6) [-]	(2.6)

\*Operating revenues are the revenues from third parties (=customers)



## Initiatives going forward

### 【Sales of goods and food services】

#### ○ Store renewals in line with station renovations

- Shin-Osaka station (Planned for 2012)
- Sannomiya station (Planned for 2013)



(Image) Renewed Shin-Osaka station

#### ○ Opening of business hotel “Via-inn”

Plans for opening new hotels in Tokyo area and areas along the Sanyo Shinkansen

- Via-inn Shinsaibashi (opened in April 2011, 205 rooms)
- Via-inn Okayama (opening planned for 2012, about 250 rooms)



(Image) Via-inn Okayama 6-14F

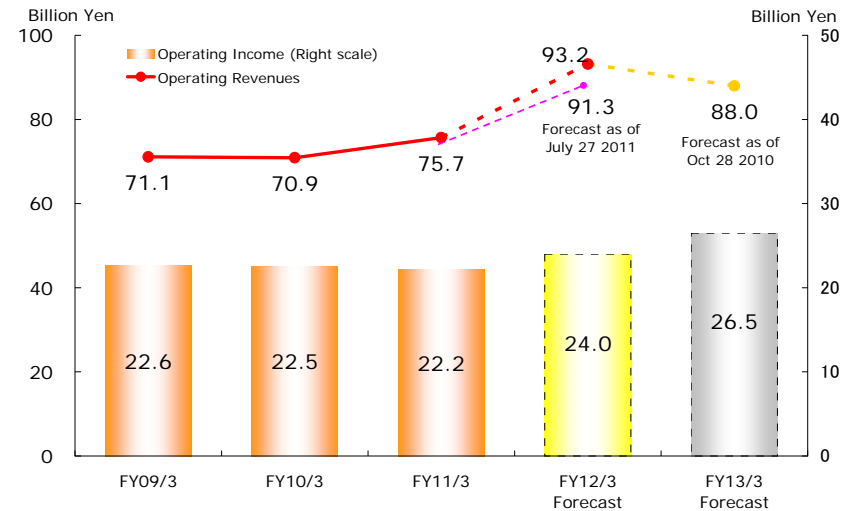
# Non-transportation Business – Real Estate Businesses



## Results and Trend

	1H Result	YOY	Main Factors	FY12/3 Forecast	YOY	Difference from the previous forecast
Operating Revenues*	43.7	7.8 [21.8%]	Lease and sale 4.8 Sopping Center 3.0	93.2	17.4 [23.0%]	1.9
Operating Income	11.6	0.1 [1.3%]	Lease and sale 1.7 Sopping Center 0.1	24.0	1.7 [7.9%]	—

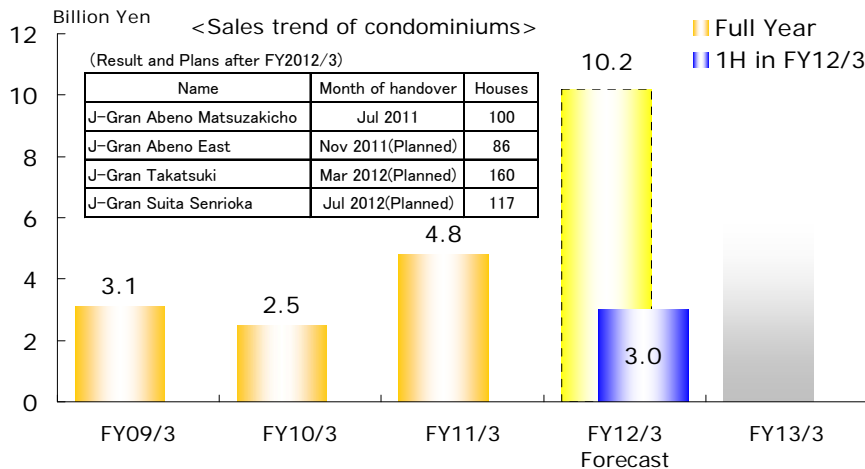
\*Operating revenues are the revenues from third parties (=customers)



## Initiatives going forward

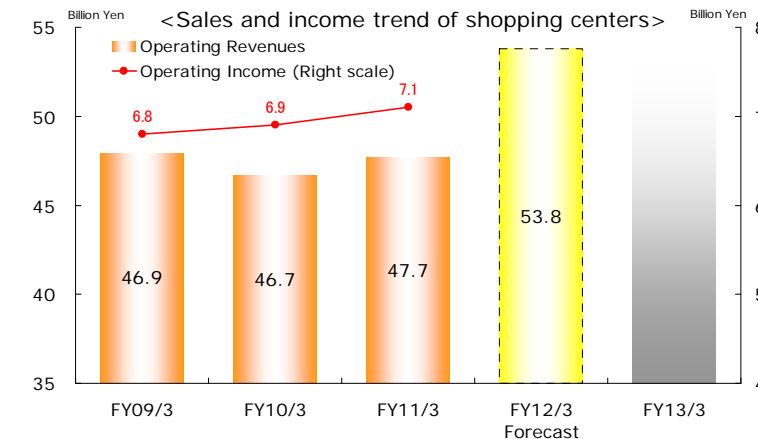
### 【Real estate lease and sale】

- Leasing: Development of the former Kyoto Yayoi Kaikan building
- Sales: Sales of condominiums



### 【Shopping centers】

- Renovation of “Viento Kobe” (planned for March 2012)
- Development of Okayama West-Gate Building (planned for 2012)
- Development of Himeji Station Building (planned for 2013)



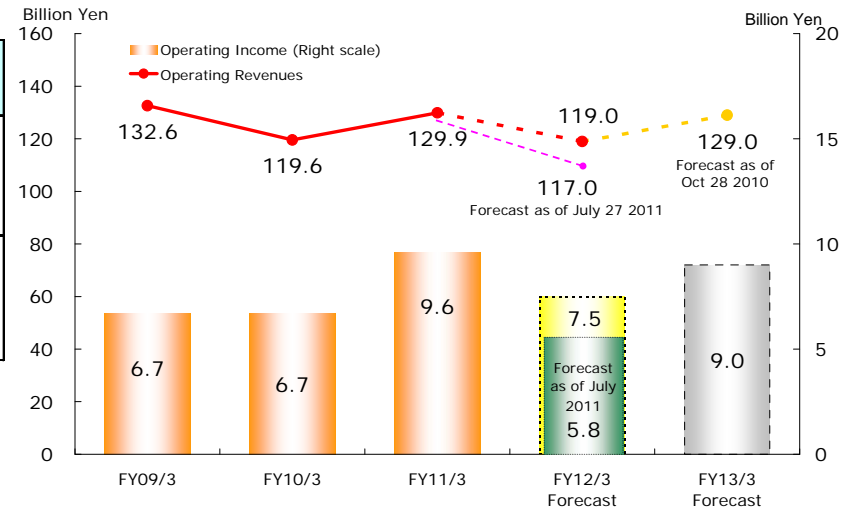
# Non-transportation Business – Other Businesses



## Results and Trend

	1H Result	YOY	Main Factors	FY12/3 Forecast	YOY	Difference from the previous forecast
Operating Revenues*	54.6	(1.9) [(3.5%)]	Hotel (0.6) Travel Agency (2.0)	119.0	(10.9) [(8.4%)]	2.0
Operating Income	0.3	(0.5) [(58.3%)]	Hotel (0.2) Travel Agency (0.4)	7.5	(2.1) [(22.5%)]	1.7

\*Operating revenues are the revenues from third parties (=customers)

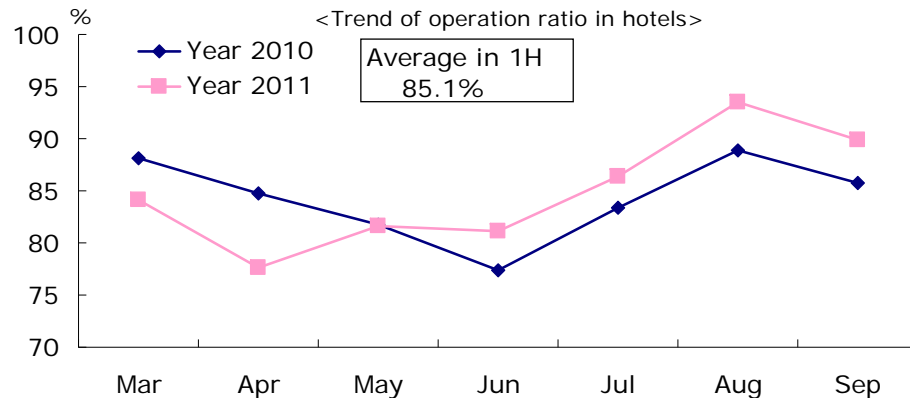


## Initiatives going forward

### 【Hotel business】

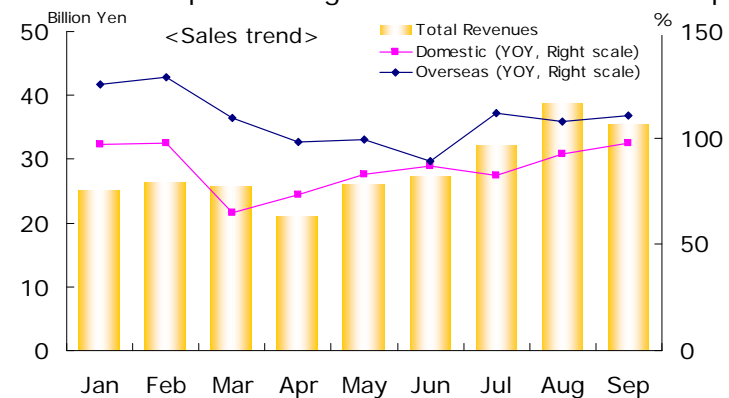
○ Opening the “Granvia Floor” (27th floor in Hotel Granvia Osaka)

First class hotel rooms being planned in conjunction with the opening of Osaka Station City and the office development project on the north side of the station (68 rooms to be available from April 2012)



### 【Travel Agency (Nippoin Travel Agency)】

- Renovation of TiS Osaka branch (April 2011)
- Launch of website sales, business travel management (BTM) service, and inbound services
- Sales of travel plans using JR-West with tours to Europe



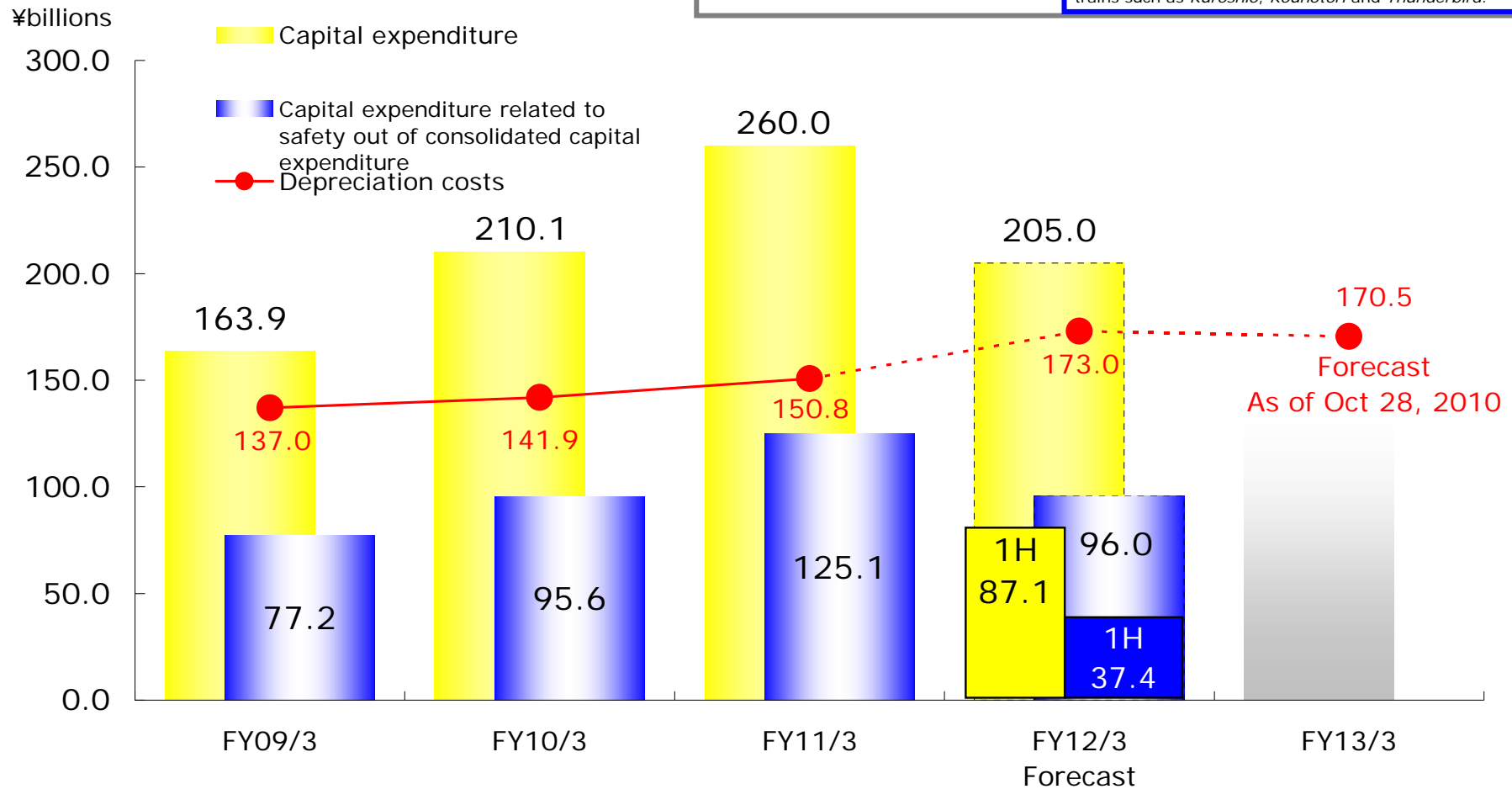
# Capital Expenditure Plan (Consolidated)



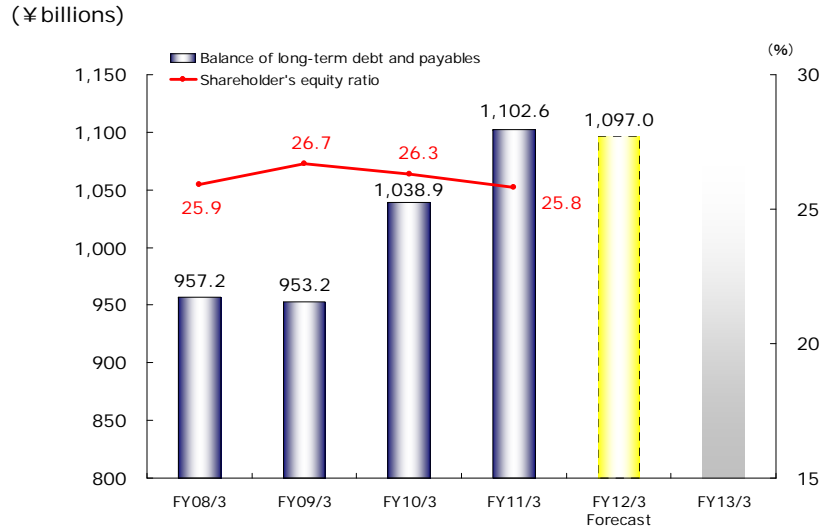
○Medium-Term Management Plan  
 (FY09/3 -FY13/3)  
 Total ¥980 billion  
 (Safety-related CAPEX: ¥430 billion)

Major capital expenditure projects for FY12/3

<CAPEX for future growth> •Osaka Station Development Project •Facilities with accessibility for the disabled •Renewal of passenger gate system	<Safety-related CAPEX> •Safety measures and disaster prevention facilities such as ATS-P •Train operating status recorder •Measures to prevent physical injuries and railway crossing accidents, Introduction of 10 trains for direct service between the Sanyo and the Kyushu Shinkansen •Introduction of new rolling stock for special rapid service in Kyoto-Osaka-Kobe area and express trains such as <i>Kuroshio</i> , <i>Kounotori</i> and <i>Thunderbird</i> .
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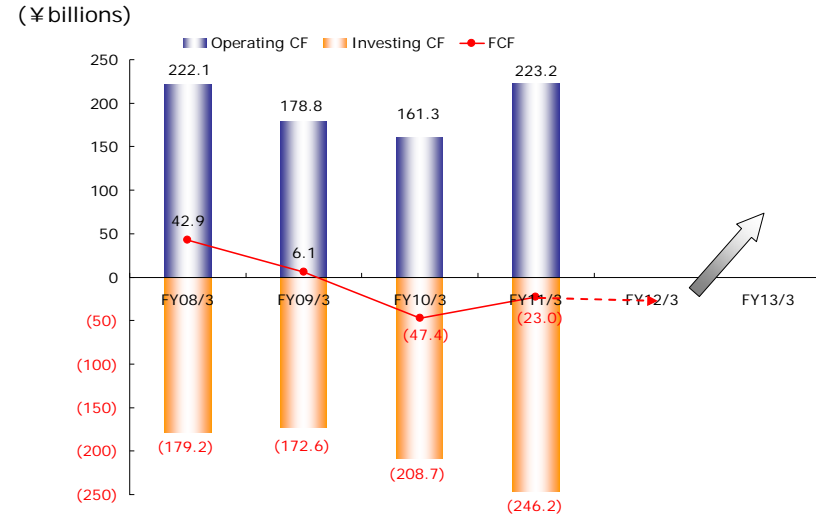


## Shareholders' equity ratio, and long-term debt and payables (consolidated)



- The balance of long-term debt and payables as of the end of September 2011 was 1,100 billion yen and the shareholders' equity ratio was 26.9%.
- The forecast for long-term debt and payables at the end of FY2012 is 1,097.0 billion yen. This forecast has not been revised.
- Our understanding is that JR-West's equity ratio is at a high level compared to other railway companies.

## Cash flows trend (consolidated)



- Free cash flow is expected to remain negative as a result of capital expenditures for Osaka Station City, the introduction of rolling stock for direct service between the Sanyo and the Kyushu Shinkansens, and deferred payment for construction.
- Free cash flow is expected to exceed forecast from April 27, 2011, with the upward revision to the income forecast.

- We maintain our target of 3% of DOE (dividend on equity) for the fiscal year ending March 2013 on condition that our projects yield results.
- We plan to pay a dividend of 80 yen per share for the fiscal year ending March 2012, considering the unpredictable outlook, such as the global economic downturn, etc.

# Financial Results and Forecasts during Medium-Term Management Plan



¥ Billions

	FY09/3 Result	FY10/3 Result	FY11/3 Result	FY12/3 Forecast (as of October 2011)	FY13/3 Forecast (as of October 2010)
Operating Revenues	1,275.3	1,190.1	1,213.5	1,282.0	1,300.0
Transportation	856.1	797.4	806.4	833.9	824.5
Retail	215.3	201.9	201.3	235.9	258.5
Real Estate	71.1	70.9	75.7	93.2	88.0
Other businesses	132.6	119.6	129.9	119.0	129.0
Operating Income	122.5	76.5	95.9	96.0	95.5
Transportation	89.1	45.2	61.1	68.2	59.0
Retail	4.7	3.1	3.5	(3.1)	2.5
Real Estate	22.6	22.5	22.2	24.0	26.5
Other businesses	6.7	6.7	9.6	7.5	9.0
Recurring Profit	94.8	48.1	68.9	67.5	68.0
Net Income	54.5	24.8	34.9	40.0	38.5
Transportation Revenues	773.7	720.0	728.0	754.0	740.0
ROA	5.0%	3.1%	3.7%	3.6%	3.6%
ROE	8.4%	3.7%	5.2%	5.7%	5.4%
EBITDA	259.5	218.4	246.8	269.0	266.0

Note: All the figures are the revenues from third parties (= customers).

The breakdowns of operating income by each segment are the sums of incomes of major subsidiaries before eliminating internal transactions.

Transportation revenues refer to the railway revenues of JR-West included in the operating revenues of the Transportation segment.