

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

My name is Katsunori Matsuura, and I am general manager of the finance department.

I would like to explain the results for the first half of the fiscal year ending March 2012, and our forecasts for the future.

This fiscal year is a special year for us, during which we completed our two major projects, “Direct Service between the Sanyo and the Kyushu Shinkansen” and “Grand opening of Osaka Station City”.

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						
【Consolidated】										
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
【Non-Consolidated】										
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

In the first half of this fiscal year, operating revenues rose considerably from the previous fiscal year on both a consolidated and non-consolidated basis, due mainly to the commencement of direct service with the Kyushu Shinkansen and the grand opening of Osaka Station City.

Operating income, recurring profit, and net income, however, declined from the previous fiscal year on both a consolidated and non-consolidated basis, because operating expenses increased more than revenues with the initial cost and depreciation for these two major projects.

JR-West revised upward its full year forecast for both operating revenues and operating income on both a consolidated and non-consolidated basis, in anticipation of increased revenues and income from the previous fiscal year.

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

On a non-consolidated basis, operating revenues rose from the previous fiscal year, as transportation revenues increased by 12.1 billion yen year on year.

However, operating income, recurring profit, and net income declined as a result of a 12.8 billion yen increase in operating expenses, such as non-personnel costs and depreciation.

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%)	348.3	24.4	7.5	17.3	
				Special factors					0.5
				Direct service between the Kyushu Shinkansen and the Kyushu conventional lines					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%)	286.3	1.9	0.7	0.5	
				Special factors					(1.2)
				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%)	119.2	(0.3)	(0.3)	1.0	
				Special factors					(0.4)
				Golden week*Summer holidays*Convenient holidays					0.2
				The Great East Japan Earthquake					(0.5)
				Typhoons					(0.3)
				etc.					
				Total					377.1

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

4

Transportation revenues for the subject period increased 12.1 billion yen from the same period of the previous fiscal year to 377.1 billion yen, as a result of several positive factors, such as 8.8 billion yen from the impact of the direct service with the Kyushu Shinkansen, 2.3 billion yen from the grand opening of Osaka Station City, and more passengers than expectation during the “golden week” and summer holidays.

In terms of the effects from the Great East Japan Earthquake, we estimate the negative impact through June at 2.2 billion yen, but since July the impact has been minimal.

JR-West revised upward its estimate of the positive impact from the direct through-service with the Kyushu Shinkansen, from 12.0 to 15.0 billion yen, taking into considering the positive trend in Shinkansen use. We also lowered our estimate for the negative impact from the Great East Japan Earthquake from 13.0 to 2.2 billion yen. As a result, JR-West increased its forecast for transportation revenues in this fiscal year by 19.0 billion yen to 754.0 billion yen, an increase of 25.9 billion yen from the previous fiscal year.

4. Transportation Revenues and Passenger-Kilometers



Transportation Revenues							Passenger-Kilometers					
	Results for 6 months ended Sep 30, 2011			2Q Result (3 months ended Sep 30, 2011)			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	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%	26,619	27,197	578 2.2%	13,529	14,025	496 3.7%
Shinkansen	161.0	174.3	13.3 8.3%	83.5	93.0	9.4 11.3%	7,696	8,359	663 8.6%	4,034	4,503	469 11.6%
Commuter Passes	4.5	4.5	(0.0) (0.2%)	2.2	2.2	(0.0) (0.4%)	368	368	(0) (0.1%)	182	181	(0) (0.3%)
Non-Commuter Passes	156.4	169.8	13.3 8.5%	81.3	90.7	9.4 11.7%	7,328	7,991	663 9.1%	3,851	4,322	470 12.2%
Conventional Lines	204.0	202.8	(1.2) (0.6%)	103.6	103.9	0.3 0.3%	18,923	18,838	(84) (0.4%)	9,495	9,522	26 0.3%
Commuter Passes	71.4	71.4	(0.0) 0.0%	35.3	35.3	0.0 0.2%	11,747	11,755	7 0.1%	5,735	5,741	5 0.1%
Non-Commuter Passes	132.5	131.3	(1.2) (0.9%)	68.3	68.5	0.2 0.4%	7,175	7,082	(92) (1.3%)	3,759	3,780	21 0.6%
Kyoto-Osaka-Kobe Area	143.6	143.4	(0.1) (0.1%)	71.9	72.4	0.4 0.6%	14,310	14,282	(27) (0.2%)	7,114	7,145	30 0.4%
Commuter Passes	57.5	57.6	0.0 0.1%	28.4	28.5	0.0 0.2%	9,463	9,478	15 0.2%	4,632	4,640	8 0.2%
Non-Commuter Passes	86.1	85.8	(0.2) (0.3%)	43.5	43.8	0.3 0.9%	4,847	4,804	(43) (0.9%)	2,482	2,504	22 0.9%
Other Lines	60.3	59.3	(1.0) (1.7%)	31.6	31.5	(0.1) (0.3%)	4,612	4,555	(57) (1.2%)	2,380	2,377	(3) (0.1%)
Commuter Passes	13.8	13.8	(0.0) (0.4%)	6.8	6.8	(0.0) (0.1%)	2,284	2,276	(7) (0.3%)	1,102	1,100	(2) (0.2%)
Non-Commuter Passes	46.4	45.5	(0.9) (2.1%)	24.8	24.6	(0.1) (0.6%)	2,327	2,278	(49) (2.1%)	1,277	1,276	(1) (0.1%)

Note: Figures in bracket () are negative values.

This chart shows transportation revenues and amounts.

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

Operating expenses on a non-consolidated basis for the subject period increased 12.8 billion yen from the previous fiscal year to 370.1 billion yen, due mainly to the increase in miscellaneous costs such as advertising expenses and sales charge, along with depreciation in accordance with the commencement of two major projects.

Operating expenses in this fiscal year is anticipated to increase 22.1 billion yen from the previous fiscal year to 775.0 billion yen.

6. Consolidated Financial Results



¥ 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	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

In terms of the financial results for the subject period, on a consolidated basis operating revenues rose 32.4 billion yen from the previous fiscal year to 628.1 billion yen, while operating income declined 4.3 billion yen to 60.3 billion yen, recurring profit declined 4.9 billion yen to 44.7 billion yen, and net income declined 2.9 billion yen to 25.7 billion yen.

7. Consolidated Financial Results (Segment Information)



	¥ 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* ¹	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* ³	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* ²	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.

*¹ 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.

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

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

8

In the retail business, segment operating revenues increased 15.3 billion yen from the previous fiscal year to 115.0 billion yen owing to the opening of JR Osaka Mitsukoshi Isetan, although the sales trend is below initial expectations. In terms of operating income, however, the segment posted an operating loss of 1.9 billion yen, a decrease of 3.9 billion yen from the previous fiscal year. This was due mainly to the increase in initial expenses and depreciation in accordance with the department store opening.

In the real estate business, segment operating revenues increased 7.8 billion yen from the previous fiscal year to 43.7 billion yen, with operating income up 0.1 billion yen to 11.6 billion yen. This was due mainly to the positive sales trend at the shopping center "LUCUA", the opening of business offices in the North Gate Building, and an increase in condominium sales.

In the other businesses, segment operating revenues from hotels and the travel agency decreased in the first quarter due to the Great East Japan Earthquake, but gradually recovered in the second quarter. As a result, operating revenues decreased only 1.9 billion yen from the previous fiscal year; with operating income down only 0.5 billion yen.

8. Non-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	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

JR-West revised upward its forecast for operating revenues in the current fiscal year on non-consolidated basis by 20.5 billion yen to 856.0 billion yen, as the transportation revenue forecast was revised upward by 19.0 billion yen to 754.0 billion yen. The forecast for operating expenses for the current fiscal year was revised upward to 775.0 billion yen, due mainly to a 1.0 billion yen increase in maintenance costs, and a 2.0 billion yen increase in miscellaneous costs.

As a result, operating income in the current fiscal year, on a non-consolidated basis, is anticipated to increase 17.5 billion yen from the previous forecast to 81.0 billion yen.

9. Consolidated Financial Forecasts



	Result FY2011/3 A	Forecast FY2012/3		YOY		Difference between the forecasts Increase/ (Decrease) C-B
		As of July 27 B	As of Oct 27 C	Increase/ (Decrease) C-A	% 1-C/A	
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 (¥) ^{*1}	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

For its consolidated financial forecast, JR-West revised upward the forecast of operating revenues in the current fiscal year by 10.0 billion yen from the previous forecast to 1,282.0 billion yen, mainly as JR-West increased the forecast for non-consolidated operating revenues by 20.5 billion yen, and decreased the forecast for sales of JR Osaka Mitsukoshi Isetan.

The forecast of operating expenses has been revised downward by 8.0 billion yen from the previous result to 1,186.0 billion yen, due mainly to a decrease in costs in proportion to the decrease in sales. As a result, operating income in this fiscal year on a consolidated basis is anticipated to increase 18.0 billion yen from the previous forecast to 96.0 billion yen.

10. Consolidated Financial Forecasts (Segment Information)



	Result FY2011/3	Forecast FY2012/3		YOY		¥ Billions	
		A	B	C	Increase/ (Decrease) C-A	%	Difference between the forecasts
							As of 7/27
Operating Revenues* ¹	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* ³	26.4	37.7	37.7	11.2	42.8	-	
[4.8]	[4.8]	[10.2]	[10.2]				
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	
Operating Income* ²	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.

¹ 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.

² The breakdowns of operating income by each segment are the sums of incomes of major subsidiaries before eliminating internal transactions.

³ Figures in bracket [] are the sales of condominiums. (Included in Real estate lease and sale)

11

In the retail business, JR-West revised its full year forecast for operating revenues downward by 14.4 billion yen from the previous forecast to 235.9 billion yen, and the forecast for operating loss downward by 2.6 billion yen from the previous forecast to 3.1 billion yen, due mainly to the decrease in the sales forecast for JR Osaka Mitsukoshi Isetan.

In the real estate business, JR-West revised upward its full year forecast for operating revenues by 1.9 billion yen from the previous forecast to 93.2 billion yen, due mainly to the positive sales trend for the shopping center LUCUA. The full year forecast for operating income is anticipated to be 24.0 billion yen, the same as in the previous forecast.

In other businesses, JR-West revised its full year forecast for operating revenues upward by 2.0 billion yen from the previous forecast to 119.0 billion yen, and that for operating income upward by 1.7 billion yen from the previous forecast to 7.5 billion yen, due mainly to the gradual recovery from the negative impact of the Great East Japan Earthquake, and the positive sales trend in overseas travel in travel agency operations owing to the strong yen.

Regarding the effects of the Great East Japan Earthquake, JR-West had been anticipating 23.5 billion yen in negative impact in the current fiscal year on a consolidated basis. However, this was revised to 8.0 billion yen considering that no further negative impact was recognized after July, except for some businesses such as hotels and the travel agency.

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 (¥) ^{*1}	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

This chart shows the consolidated financial position and cash flows.

12. Other Data



Persons, ¥ Billions

	6 months ended Sep 30, 2010	6 months ended Sep 30, 2011	Result FY2011/3	Forecast FY2012/3
ROA (% Consolidated)	2.5	2.3	3.7	3.6
ROE (% Consolidated)	4.2	3.7	5.2	5.7
EBITDA (Consolidated) **	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.

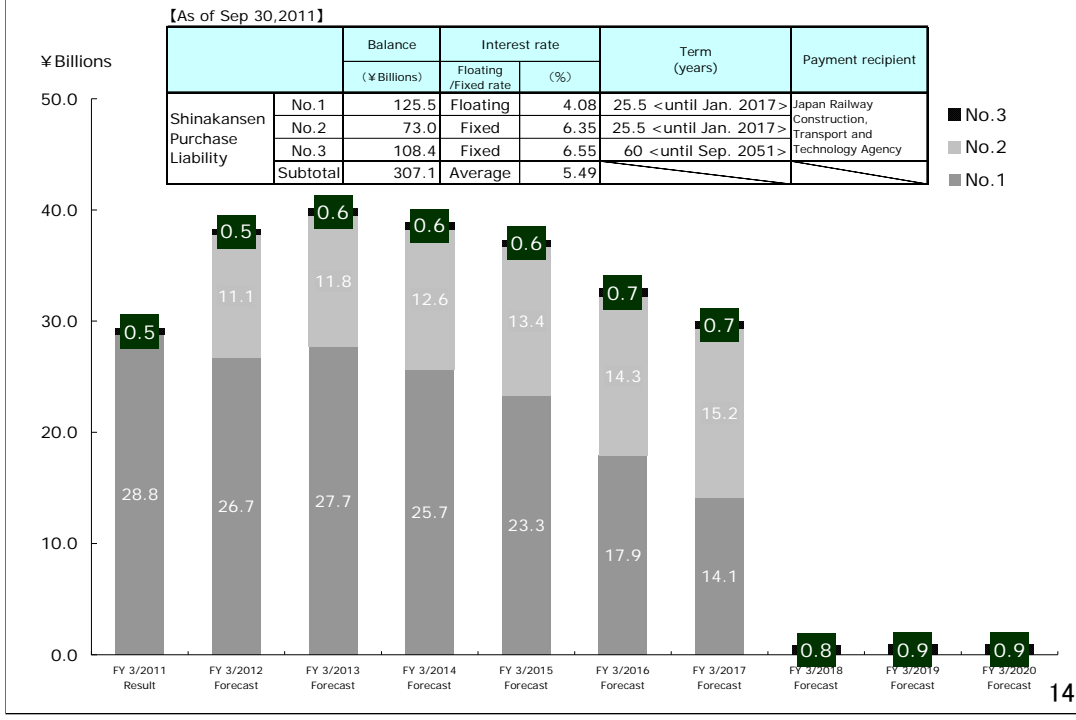
	6 months ended Sep 30, 2010		6 months ended Sep 30, 2011		Result FY2011/3		Forecast FY2012/3	
	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated
No. of employees at the end of period	46,212	26,894	45,978	26,989	45,703	26,705	-	-
Financial 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

This chart shows other data such as financial indices and capital expenditures.

13. Redemption Plan of Shinkansen Purchase Liability



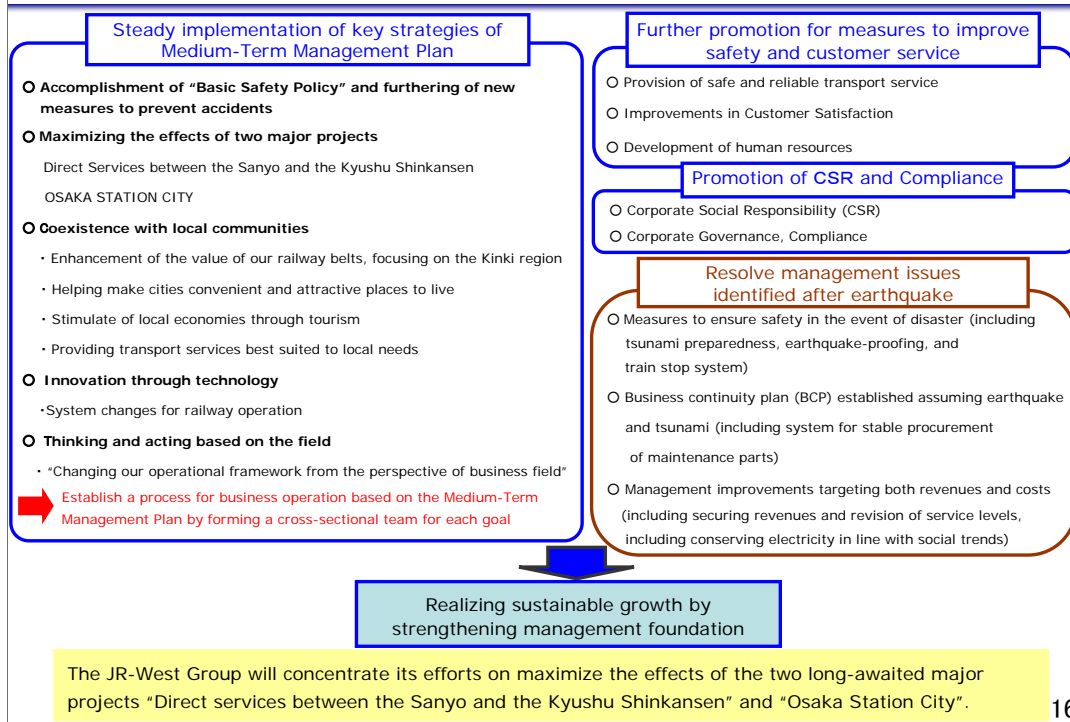
This chart shows the redemption plan for Shinkansen-related debt.

Ⅱ . Future Initiatives

My name is Seiji Manage, and I am vice president of JR-West.

I would like to explain our future initiatives considering the first half results.

Basic Management Policy for FY2012/3



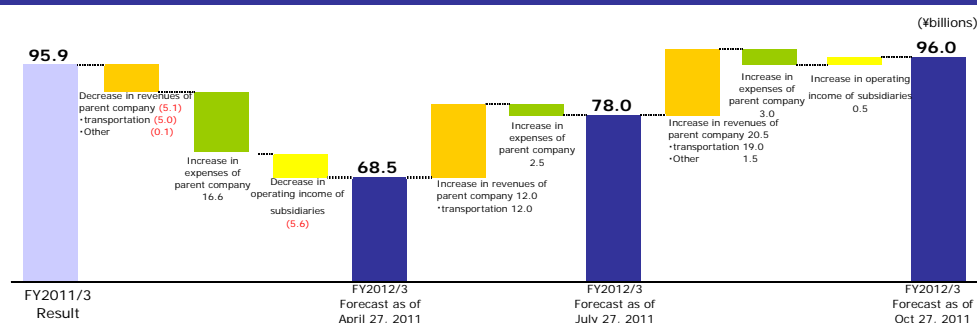
This diagram outlines our basic management policy after the announcement of the revision to the Medium-Term Management Plan in autumn 2010.

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



In terms of the financial results in the first half of the current fiscal year, operating revenues rose from the previous fiscal year due mainly to the commencement of direct service with the Kyushu Shinkansen. However, operating income, recurring profit, and net income declined because of an increase in depreciation from the two major projects.

Regarding the full year forecast, JR-West revised upward the positive impact from direct service with the Kyushu Shinkansen by 3.0 billion yen, and revised downward the negative impact from the Great East Japan Earthquake, which had been anticipated to be 23.5 billion yen, considering that no further negative impact has been recognized except in certain business aspects.

As a result, the forecast for operating revenues has been revised upward by 10.0 billion yen, and that for operating income by 18.0 billion yen.



[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 (ANAS,JAL7)
	Osaka⇄Kumamoto	15	8 (ANAS,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)

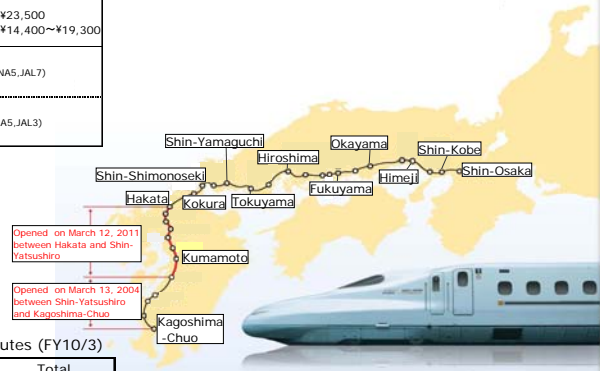
*Times are for fastest "Mizuho" Shinkansen.

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



JR-West commenced direct services between the Sanyo and Kyushu Shinkansen lines on 12 March, 2011.

These services got off to a slow start, with the opening ceremony canceled because the Great East Japan Earthquake occurred the day before operations began. Nevertheless, the service has been received favorably due to the much more rapid access and more comfortable facilities of in the cars.

JR-West estimates that the market size for transportation between the Kyoto-Osaka-Kobe area and Kumamoto-Kagoshima area increased by 30% compared to the same period in the previous fiscal year. We estimate that our market share compared to air travel rose approximately 40% for transportation between Kyoto-Osaka-Kobe area and Kagoshima in the first quarter of this fiscal year (from April to June), and approximately 60% between Kyoto-Osaka-Kobe area and Kumamoto.

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%

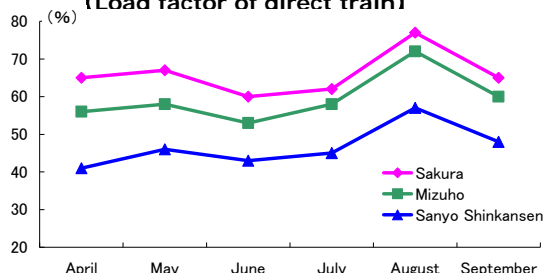
*Passenger volume: year on year

【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>

Passenger volume on the Shinkansen showed a positive trend during the first half of this fiscal year, with a 4% increase year on year between Shin-Osaka and Nishi-Akashi and 21% increase between Kokura and Hakata, owing to the direct service with the Kyushu Shinkansen. The average ridership for the Sanyo Shinkansen is roughly a little under 50%, however, that of the direct trains “Mizuho” and “Sakura” is roughly 60% as a result of their high popularity.

The positive impact of the direct service with the Kyushu Shinkansen is estimated to be 8.8 billion yen in the first half. JR-West revised the forecast for the positive impact in this fiscal year from 12.0 billion yen to 15.0 billion yen, taking into account recent trends in passenger volume.

During the second half of fiscal 2012, six JR companies are sponsoring the “Kumamoto, Miyazaki and Kagoshima Destination Campaign” from October to December, aiming at having more repeat customers to the south Kyushu area. Also, JR-West conducts promotions in cooperation with local governments, travel agencies and private railway companies to encourage customers from the Kyushu area to visit the Kansai area.

JR-West also makes efforts to increase the number of repeat customers for business, private and sightseeing demand by developing sightseeing spots, promoting the internet reservation system “e5489,” and working in cooperation with local governments and travel agencies.

Moreover, JR-West will introduce 10 additional trains for direct services during the current fiscal year, and is considering further increasing the number of direct service trains to the Kyushu Shinkansen after the timetable revision in spring 2012. JR-West hopes to increase the passenger volume from the next year as well by providing more convenient services to stimulate travel demand.

【 Overview of “OSAKA STATION CITY”】

SOUTH GATE BUILDING



OSAKA STATION CITY

NORTH GATE BUILDING

<Existing area>

- HOTEL GRANVIA OSAKA
- DAIMARU Umeda

<Expanded area>

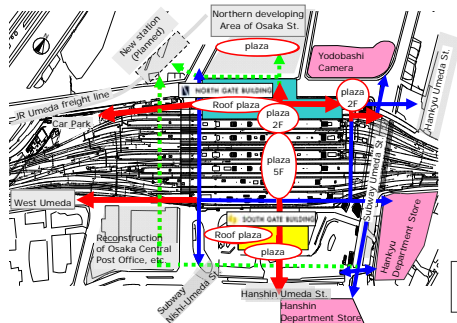
- DAIMARU Umeda (B2F-15F)



- Office tower (14F-27F)
- LAGUNAVEIL (Restaurant, Wedding: 28F)

- ISETAN MITSUKOSHI (B2F-10F)
- LUCUA (B1F-10F)
- Starry Sky (Cinema complex: 11F)
- JR OSAKA (Nursery: 11F)
- GRANCISE (Sports club: 12-13F)
- LUCUA DINING eot (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.

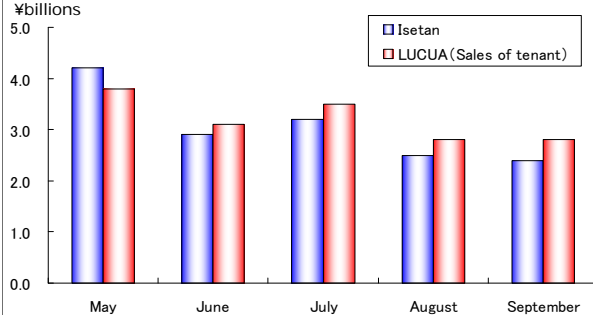
Many customers have been visiting Osaka Station City since its opening on 4 May, 2011, with an approximately 10% increase in short-haul passenger transport to Osaka station from the previous fiscal year. In addition, Osaka Station City draws customers from other local areas such as Kanazawa, Okayama and Hiroshima by super express and Shinkansen.

In the real estate business, in Osaka Station City sales at the shopping center LUCUA have remained strong since its opening. Offices are also fully occupied, and are popular because of the direct access from Osaka Station.

At JR Osaka Mitsukoshi Isetan, however, sales have been below forecast since the start of the current fiscal year. JR-West has revised downward its forecast for sales in the current fiscal year.

Current situation and future forecast

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



【Sales for the first half of FY2012/3】

	ISETAN MITSUKOSHI (Retail)	LUCUA (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】

	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
Total	22.7	50.5

*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

The positive impact from the opening of Osaka Station City on consolidated operating revenues in the current fiscal year is forecasted to be 5.0 billion yen in the transportation business, 35.0 billion yen in the retail business, and 10.5 billion yen in the real estate business. Osaka Station City got off a fairly good start, though the sales trends vary by business.

JR Osaka Mitsukoshi Isetan opened as the 4th department store near Osaka station. To differentiate itself from the other department store, it has a high proportion of custom-designed sales spaces, and offers unique services such as holding purchases for customers at the department store.

Unfortunately, however, the department store has been unable to attract a sufficient number of customers, so the type of promotions need to be reconsidered. Also, the management will replace products for each season, checking the price, quality and layout case by case, as well as assess the differences in customer preferences between Osaka and Tokyo, in order to better meet customer demand.

At the same time, the number of the Mitsukoshi Isetan Card members is favorably increasing. Isetan's management hopes to retain customers by promoting the benefits of the Mitsukoshi Isetan Card.

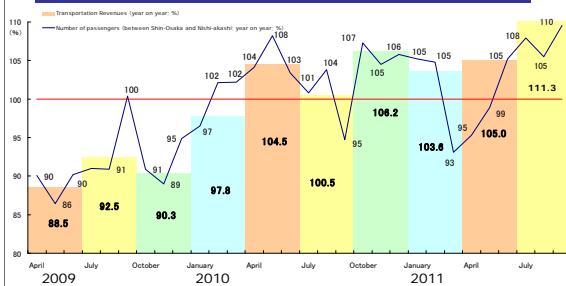
JR Kyoto Isetan has yielded good results by gradually modifying its merchandising since its opening in 1997. Following this example, JR Osaka Mitsukoshi Isetan is trying to become a department store preferred by customers by gradually modifying its merchandising as well, and by taking advantage of the opening of the neighboring "GRAND FRONT OSAKA" in two years, which will lead to an increase in passenger traffic on the second floor and the basement floor in front of JR Osaka Mitsukoshi Isetan.

JR-West will make its best effort to attract more customers to Osaka Station City using JR, from all areas including the Kyoto-Osaka-Kobe area, utilize the IC card ICOCA, offering package travel plans, organizing events, and promoting including provision of information.

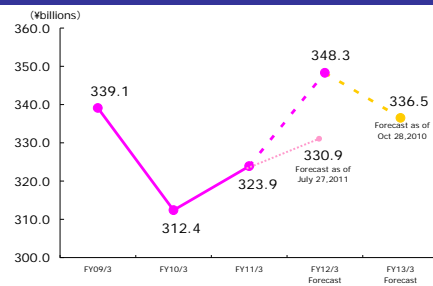
Revenue Forecasts and Initiatives Going Forward: Shinkansen



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

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

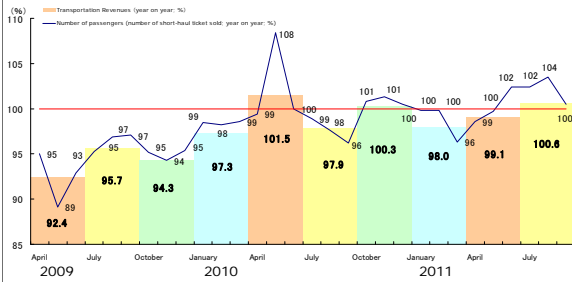
※Applicable period: October 14 to December 31, 2011
 Limited availability: Purchases must be made 22days to 28 days before first day of travel

- 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
 - Create 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

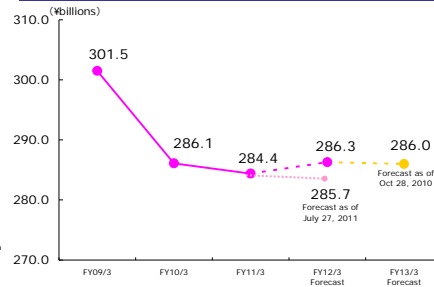


In terms of Shinkansen services, JR-West will make an effort to increase revenues by expanding the market size and its share, improving convenience, and boosting sightseeing demand.

Quarterly revenue and monthly passenger volume

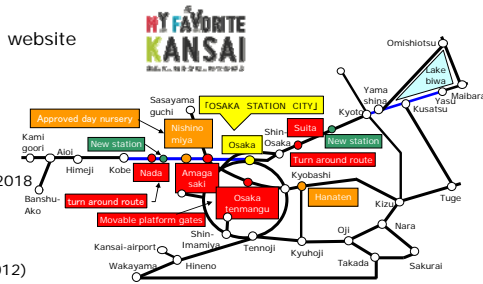


Transportation revenue trend and forecast



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.)



For the Kyoto-Osaka-Kobe area, JR-West will attract more customers to Osaka Station City, and enhance the value of its railway belt from the viewpoint of coexistence with local communities, as stated in the "Revision of the JR-West Group's Medium-term Management Plan 2008-2012."

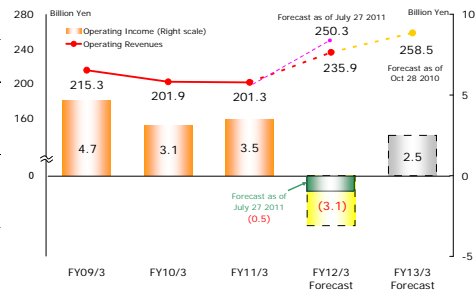
Non-transportation Business – Retail Businesses



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

In the retail business, JR-West revised downward its forecast for operating revenues in department stores for the current fiscal year, and upward for sales of goods and food services. As a result, JR-West lowered its forecast for operating revenues by 14.4 billion yen for the current fiscal year, and for operating income by 2.6 billion yen.

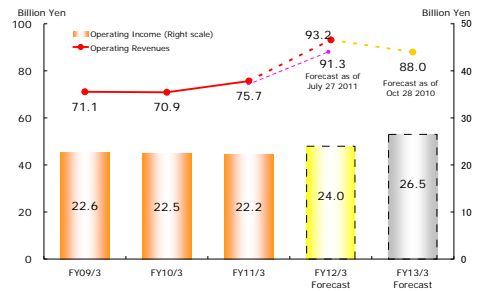
Non-transportation Business – Real Estate Businesses



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%]	—

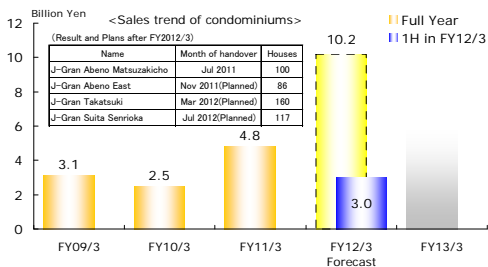
*Operating revenues are the revenues from third parties (=customers)



Initiatives going forward

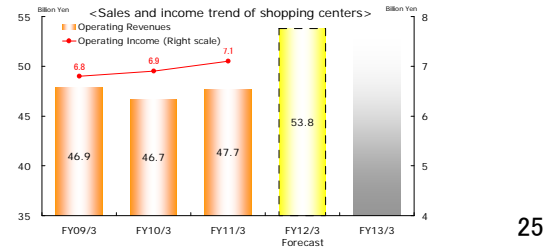
【Real estate lease and sale】

- 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)



25

In the real estate business, JR-West has increased its forecast for operating revenues for the current fiscal year by 1.9 billion yen.

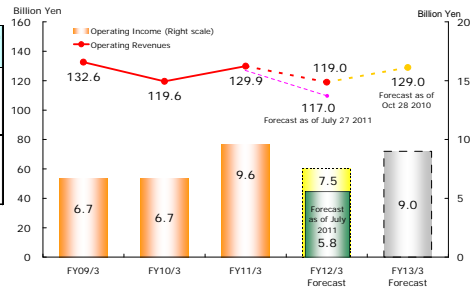
Non-transportation Business – Other Businesses



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)

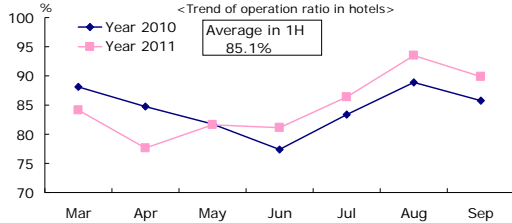


Initiatives going forward

【Hotel business】

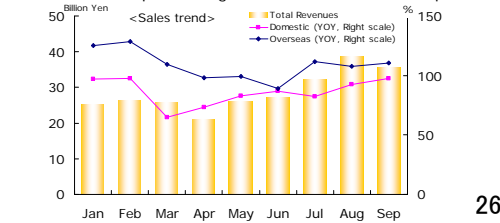
○ Opening the "Granvia Floor" (27th floor in Hotel Granvia Osaka)

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 (Nippon 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



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In other businesses, JR-West revised upward forecasts for both operating revenues and operating income for the current fiscal year, taking into account the gradual recovery in Nippon Travel Agency from the decline after the Great East Japan Earthquake.

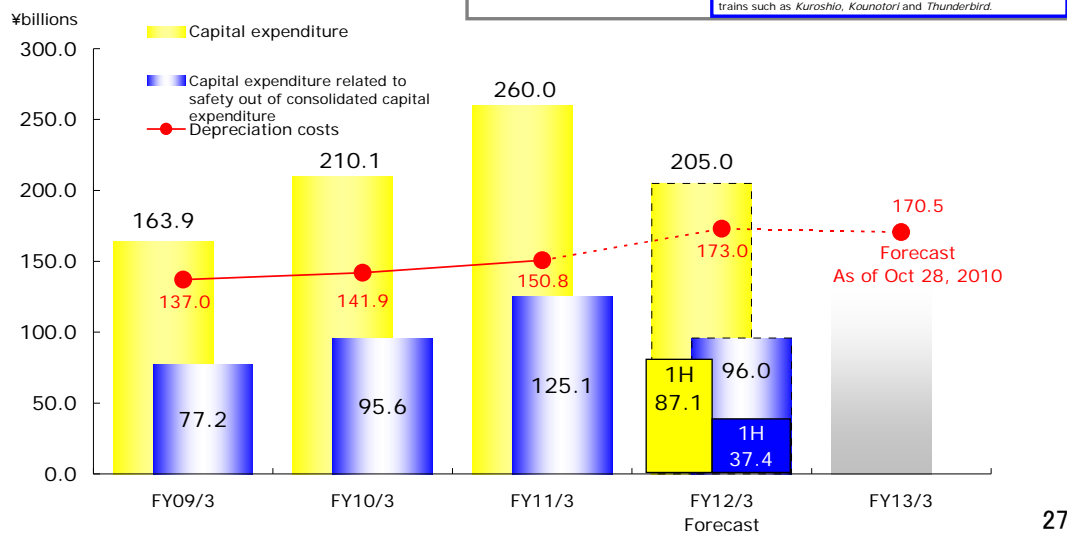
Capital Expenditure Plan (Consolidated)



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

Major capital expenditure projects for FY12/3

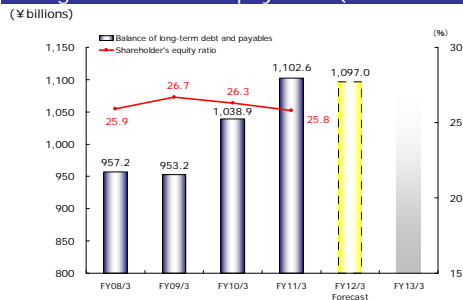
<CAPEX for future growth>	<Safety-related CAPEX>
<ul style="list-style-type: none"> Osaka Station Development Project Facilities with accessibility for the disabled Renewal of passenger gate system 	<ul style="list-style-type: none"> Safety measures and disaster prevention facilities such as ATS-P Train 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>.



Capital expenditures for the full fiscal year are forecast to be 205.0 billion yen, including the 87.1 billion yen spent in the first half. Although expenditures peaked in the previous fiscal year, the investment for Osaka Station City is ongoing, and JR-West plans to introduce 10 additional trains for direct service with the Kyushu Shinkansen.

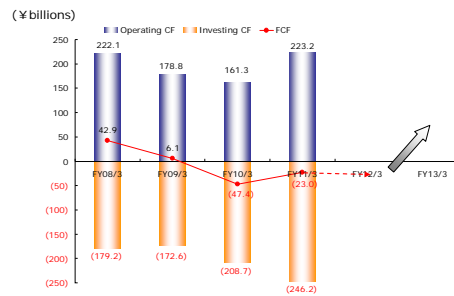
JR-West has not changed its original capital expenditure plan, comprising a total of 980.0 billion yen in investment over five years until the fiscal year ending March 2013. Therefore, spending is expected to decrease in the next fiscal year.

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.

Free cash flow in the current fiscal year is forecasted to be negative, due to the remaining investment for two major projects and a delay in the payment for constructions in the previous fiscal year. However, there is a possibility that cash flow will exceed expectations if operating income is greater than forecast.

In terms of returns to shareholders, JR-West has not changed its policy to aim for consolidated DOE of 3% in the fiscal year ending March 2013, on condition that projects yield results. However, we plan to maintain our dividend plan for the current fiscal year at 80 yen per share, taking into account such risks as the concern for global recession arising from debt issues in Europe, and the situation regarding electric power supplies this winter.

¥ 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.

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JR-West announced its forecast of consolidated operating income of 95.5 billion yen when the medium-term management plan was revised in autumn 2010. However, consolidated operating income for this fiscal year is forecasted to exceed that target.

During fiscal year ending March 2013, there will be several positive factors such as the absence of any negative impact from the East Great Japan Earthquake, a revenue increase owing to full year contribution from Osaka Station City, and improvement in operating income for the two major projects, due to a decrease in depreciation. At the same time, some concerns remain, such as the global recession and uncertainty in the electric power supply.

Consequently, JR-West will make an effort to increase income by steadily implementing the initiatives stated at the beginning of this presentation, without being overly optimistic.