

Results for the first half ended September 30, 2012
and Future Initiatives



November 2012
West Japan Railway Company

I . Results for the first half and forecasts for FY2013/3

I am Katsunori Matsuura, general manager of the finance department.

I would like to explain the results for the first half ended September 30, 2012 and forecasts for the fiscal year ending March 2013 announced on October 30.

Financial Highlights



	¥ Billions									
	6 months ended Sep 30, 2011	6 months ended Sep 30, 2012	YOY		Results FY2012/3 C	Forecasts FY2013/3		YOY		Difference between the forecasts Increase/ (Decrease) E-D
			Increase/ (Decrease) B-A	% 1-B/A		As of July 27 D	As of Oct 30 E	Increase/ (Decrease) E-C	% 1-E/C	
A	B									
【Consolidated】										
Operating Revenues	628.1	639.4	11.3	1.8	1,287.6	1,288.0	1,289.0	1.3	0.1	1.0
Operating Income	60.3	71.7	11.3	18.8	109.7	111.5	121.0	11.2	10.2	9.5
Recurring Profit	44.7	57.8	13.1	29.4	82.4	86.5	96.0	13.5	16.4	9.5
Net Income	25.7	34.7	8.9	34.9	29.4	51.0	56.0	26.5	89.9	5.0
【Non-Consolidated】										
Operating Revenues	426.2	436.7	10.5	2.5	862.1	862.5	863.5	1.3	0.2	1.0
Transportation Revenues	377.1	385.0	7.8	2.1	758.7	760.0	765.0	6.2	0.8	5.0
Operating Expenses	370.1	375.5	5.3	1.5	772.8	772.0	764.5	(8.3)	(1.1)	(7.5)
Personnel costs	117.9	116.9	(0.9)	(0.8)	237.9	233.5	233.0	(4.9)	(2.1)	(0.5)
Non personnel costs	153.7	162.9	9.1	5.9	339.5	347.5	341.5	1.9	0.6	(6.0)
Energy costs	17.9	18.7	0.8	4.6	36.2	39.5	38.0	1.7	4.9	(1.5)
Maintenance costs	55.4	60.1	4.7	8.5	133.3	135.0	134.5	1.1	0.8	(0.5)
Miscellaneous costs	80.4	84.0	3.5	4.5	169.9	173.0	169.0	(0.9)	(0.6)	(4.0)
Depreciation	67.9	65.8	(2.1)	(3.1)	140.7	135.0	134.5	(6.2)	(4.5)	(0.5)
Operating Income	56.0	61.2	5.1	9.3	89.2	90.5	99.0	9.7	10.9	8.5
Recurring Profit	41.1	47.1	6.0	14.6	62.8	66.0	74.5	11.6	18.5	8.5
Net Income	24.0	25.4	1.4	6.0	22.1	41.0	41.0	18.8	85.0	—

Note: Figures in bracket () are negative values.

In the first half of this fiscal year, operating revenues, operating income, recurring profit and net income rose from the previous fiscal year on both a consolidated and non-consolidated basis, due mainly to the strong trend of transportation revenues owing to the rebound from negative impact of the Great East Japan Earthquake last year.

Taking the results for the first half and current trend into account, JR-West revised slightly upward the forecast for this fiscal year.

Non-Consolidated Financial Results



¥ Billions

	6 months ended Sep 30, 2011 A	6 months ended Sep 30, 2012 B	YOY	
			Increase/ (Decrease) B-A	% 1-B/A
Operating Revenues	426.2	436.7	10.5	2.5
Transportation revenues	377.1	385.0	7.8	2.1
Other	49.0	51.7	2.7	5.6
Operating Expenses	370.1	375.5	5.3	1.5
Personnel costs	117.9	116.9	(0.9)	(0.8)
Non personnel costs	153.7	162.9	9.1	5.9
Energy costs	17.9	18.7	0.8	4.6
Maintenance costs	55.4	60.1	4.7	8.5
Miscellaneous costs	80.4	84.0	3.5	4.5
Rental payments, etc.	12.6	11.9	(0.6)	(5.5)
Taxes	17.9	17.9	0.0	0.3
Depreciation	67.9	65.8	(2.1)	(3.1)
Operating Income	56.0	61.2	5.1	9.3
Non-operating revenues and expenses	(14.8)	(14.0)	0.8	(5.5)
Non-operating revenues	1.7	1.4	(0.2)	—
Non-operating expenses	16.6	15.5	(1.0)	—
Recurring Profit	41.1	47.1	6.0	14.6
Extraordinary profit and loss, net	(0.7)	2.8	3.6	—
Extraordinary profit	7.0	23.2	16.2	—
Extraordinary loss	7.7	20.4	12.6	—
Net Income	24.0	25.4	1.4	6.0

Note: Figures in bracket () are negative values.

3

In the first half, although non-personnel costs increased from the previous year, operating income increased 5.1 to 61.2 billion yen because transportation revenues rose more than non personnel costs.

Also, as announced before, JR-West has recorded an extraordinary profit of 18.4 billion yen by reversing provision for retirement benefits due to the establishment of a new reemployment system for managerial-level employees. On the other hand, JR-West has recorded extraordinary loss of 15.2 billion yen, following with the recording of loss on impairment of fixed assets of West Japan Railway Isetan Limited, which is one of JR-West's consolidated subsidiaries.

Major Factors of Increase/Decrease in Transportation Revenues



¥ Billions

Results for 6 months ended Sep 30, 2012					
Transportation revenues		YOY Increase/(Decrease)		Major factors	
		Amount	%		Amount
Shinkansen	178.8	4.4	2.6	Fundamentals 2.0%	3.5
				Special factors	
				Rebound of the Great East Japan Earthquake	1.0
				Golden week	0.3
				Rebound of Typhoon	0.1
				Direct service between the San'yo and the Kyushu Shinkansen etc.	(1.3)
Kyoto-Osaka-Kobe Area conventional lines	145.8	2.4	1.7	Fundamentals 0.9%	1.2
				Special factors	
				Rebound of the Great East Japan Earthquake	0.6
				Rebound of Typhoon	0.4
				Golden week	0.2
				etc.	
Other conventional lines	60.3	0.9	1.6	Fundamentals 0.2%	0.0
				Special factors	
				Rebound of the Great East Japan Earthquake	0.5
				Rebound of Typhoon	0.3
				Golden week	0.2
etc.					
Conventional lines	206.1	3.3	1.7		
Total	385.0	7.8	2.1		

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

4

Operating revenues increased 7.8 to 385.0 billion yen mainly because the rebound from the negative impact of the Great East Japan Earthquake last year and strong trend in "Golden week holiday" in May.

On the other hand, the positive impact of the direct service with Kyushu Shinkansen in the first half decreased 1.3 billion yen from the previous year mainly because of the rebound of opening boom last year and heavy rain in the northern Kyushu.

Transportation Revenues and Passenger-Kilometers



	Transportation Revenues						Passenger-Kilometers					
	Results for 6 months ended Sep 30 (4/1~9/30)			3 months (2Q) (7/1~9/30)			Results for 6 months ended Sep 30 (4/1~9/30)			3 months (2Q) (7/1~9/30)		
	FY2012/3	FY2013/3	YOY	FY2012/3	FY2013/3	YOY	FY2012/3	FY2013/3	YOY	FY2012/3	FY2013/3	YOY
	¥ Billions						Millions of passenger-kilometers					
Total	377.1	385.0	7.8 2.1%	197.0	197.2	0.2 0.1%	27,197	27,741	543 2.0%	14,025	14,046	20 0.1%
Shinkansen	174.3	178.8	4.4 2.6%	93.0	92.3	(0.7) (0.8%)	8,359	8,595	236 2.8%	4,503	4,456	(47) (1.1%)
Commuter Passes	4.5	4.6	0.0 1.3%	2.2	2.2	0.0 1.2%	368	376	8 2.3%	181	185	3 2.2%
Non-Commuter Passes	169.8	174.2	4.4 2.6%	90.7	90.0	(0.7) (0.8%)	7,991	8,219	227 2.8%	4,322	4,270	(51) (1.2%)
Conventional Lines	202.8	206.1	3.3 1.7%	103.9	104.8	0.9 0.9%	18,838	19,145	307 1.6%	9,522	9,590	67 0.7%
Commuter Passes	71.4	71.3	(0.0) (0.1%)	35.3	35.3	(0.0) (0.0%)	11,755	11,763	8 0.1%	5,741	5,746	5 0.1%
Non-Commuter Passes	131.3	134.7	3.4 2.6%	68.5	69.5	0.9 1.4%	7,082	7,381	298 4.2%	3,780	3,843	62 1.7%
Kyoto-Osaka-Kobe Area	143.4	145.8	2.4 1.7%	72.4	73.1	0.7 1.1%	14,282	14,499	216 1.5%	7,145	7,195	50 0.7%
Commuter Passes	57.6	57.5	(0.0) (0.1%)	28.5	28.5	(0.0) (0.0%)	9,478	9,486	7 0.1%	4,640	4,643	3 0.1%
Non-Commuter Passes	85.8	88.3	2.4 2.8%	43.8	44.6	0.7 1.8%	4,804	5,013	209 4.4%	2,504	2,551	47 1.9%
Other Lines	59.3	60.3	0.9 1.6%	31.5	31.6	0.1 0.5%	4,555	4,645	90 2.0%	2,377	2,394	16 0.7%
Commuter Passes	13.8	13.8	(0.0) (0.0%)	6.8	6.8	0.0 0.1%	2,276	2,277	0 0.0%	1,100	1,102	1 0.2%
Non-Commuter Passes	45.5	46.4	0.9 2.1%	24.6	24.8	0.1 0.6%	2,278	2,368	89 3.9%	1,276	1,291	15 1.2%

Note: Figures in bracket () are negative values.

Major Factors of Increase/Decrease in Operating Expenses
(Non-consolidated)



¥ Billions

Item		Results for 6 months ended Sep 30, 2012		Major factors
		YOY		
		Increase/ (Decrease)	%	
Personnel costs	116.9	(0.9)	(0.8)	*Decrease in amortization of accumulated unrecognized actuarial differences due to revision of basic rate of retirement benefits obligation (1.4), etc.
Energy costs	18.7	0.8	4.6	*Increase in fuel price 1.0, etc.
Maintenance costs	60.1	4.7	8.5	*Difference in progress of maintenance work 2.5 *Increase in removal costs, excluding contributions from third parties 1.0, etc.
Miscellaneous costs	84.0	3.5	4.5	*Increase in payments for other JR companies 1.6 *Increase in system related costs 0.5 *Increase in sales charge 0.3, etc.
Rental Payments, etc	11.9	(0.6)	(5.5)	*Decrease in rental payments of Tozai line (0.7), etc.
Taxes	17.9	0.0	0.3	
Depreciation and amortization	65.8	(2.1)	(3.1)	*Decrease in the conclusion of the additional depreciation of residual value related to the change in the system of depreciation in 2007 (2.9), etc.
Total	375.5	5.3	1.5	

Note: Figures in bracket () are negative values.

6

Non-consolidated operating expenses in the first half increased 5.3 to 375.5 billion yen from the previous year, due mainly to an increase in maintenance costs as a result of difference in progress of maintenance work and increase in a miscellaneous costs as a result of a revision of payments for other JR companies.

Consolidated Financial Results



¥ Billions

	6 months ended Sep 30, 2011 A	6 months ended Sep 30, 2012 B	YOY	
			Increase/ (Decrease) B-A	% 1-B/A
Operating Revenues	628.1	639.4	11.3	1.8
Operating Expenses	567.7	567.6	(0.0)	0.0
Operating Income	60.3	71.7	11.3	18.8
Non-operating revenues and expenses	(15.6)	(13.9)	1.7	(11.2)
Non-operating revenues	2.4	1.8	(0.6)	-
Non-operating expenses	18.1	15.7	(2.3)	-
Recurring Profit	44.7	57.8	13.1	29.4
Extraordinary profit and loss, net	(0.3)	(1.1)	(0.7)	-
Extraordinary profit	9.4	23.8	14.3	-
Extraordinary loss	9.8	24.9	15.1	-
Net Income	25.7	34.7	8.9	34.9
<i>Comprehensive Income</i>	24.9	25.9	0.9	3.9

Note: Figures in bracket () are negative values.

7

Operating revenues increased 11.3 to 639.4 billion yen due mainly to strong trend of transportation revenues.

Operating expenses was 567.6 billion yen, which is the same level as the previous year, owing to a rebound of opening costs for OSAKA STATION CITY in the previous year, although non-personnel costs rose on non-consolidated basis. As a result, operating income rose 11.3 to 71.7 billion yen.

While we are seeing some benefits from the merchandising improvements implemented with regard to JR Osaka Mitsukoshi Isetan, sales in these operations remain below initial forecasts and the overall situation remains mostly unchanged. Accordingly, we chose not to wait for the effects of the radical reforms being developed to revitalize the business. Instead, we formulated a conservative outlook for the future of the business, and, based on discussions with the independent auditor, recorded impairment loss of 18.8 billion yen on fixed assets related to this business.

Consolidated Financial Results (Segment Information)



¥ Billions

	6 months ended Sep 30, 2011 A	6 months ended Sep 30, 2012 B	YOY	
			Increase/ (Decrease) B-A	% 1-B/A
Operating Revenues*¹	628.1	639.4	11.3	1.8
Transportation	414.6	424.9	10.3	2.5
Retail	115.0	115.2	0.1	0.2
Sales of goods and food services	67.0	66.9	(0.0)	(0.1)
Department Stores	45.3	45.2	(0.0)	(0.2)
Real estate	43.7	43.7	(0.0)	0.0
Shopping center	26.7	27.1	0.4	1.5
Real estate lease and sale* ³	16.2	15.8	(0.3)	(2.3)
[2.9]	[2.9]	[2.2]		
Other businesses	54.6	55.4	0.7	1.4
Hotel	15.2	15.9	0.6	4.5
Nippon Travel Agency	15.3	17.2	1.9	12.6
Operating Income*²	60.3	71.7	11.3	18.8
Transportation	49.5	55.0	5.4	11.0
Retail	(1.9)	(0.6)	1.2	-
Sales of goods and food services	1.9	2.3	0.3	19.3
Department stores	(4.0)	(3.1)	0.8	-
Real estate	11.6	14.1	2.5	21.7
Shopping center	3.9	4.5	0.6	16.8
Real estate lease and sale	3.1	3.9	0.7	24.7
Other businesses	0.3	2.4	2.0	569.6
Hotel	0.3	0.7	0.4	130.7
Nippon Travel Agency	(1.6)	(0.2)	1.4	-

Note: Figures in bracket () are negative values.

*¹ Operating revenues are the revenues from third parties (= customers).

*² The breakdowns of operating revenues by each segment are the sums of revenues of major subsidiaries.

*³ The breakdowns of operating income by each segment are the sums of incomes of major subsidiaries before eliminating internal transactions.

*⁴ Figures in bracket [] are the sales of condominiums. (Revenues from third parties) (Included in Real estate lease and sale)

8

Operating income for the retail and real estate businesses was at the same level as in the previous year as a result of positive factors such as OSAKA STATION CITY producing benefits throughout the entire year and a rebound from impacts of the Great East Japan Earthquake. These factors offset negative factors such as closure of several stores in stations due to station renovations and a decrease in sales of condominiums.

On the other hand, operating income increased 1.2 billion yen in retail business and 2.5 billion yen in real estate business from the previous year, owing to reduction of opening costs for OSAKA STATION CITY.

In terms of other businesses, both operating revenues and income rose due to a rebound from the negative impact of the Great East Japan Earthquake in hotels and a travel agency.

Non-Consolidated Financial Forecasts



	Results FY2012/3 A	Forecasts FY2013/3		YOY		Difference between the forecasts Increase/ (Decrease) C-B
		As of July 27 B	As of Oct 30 C	Increase/ (Decrease) C-A	% 1-C/A	
Operating Revenues	862.1	862.5	863.5	1.3	0.2	1.0
Transportation revenues	758.7	760.0	765.0	6.2	0.8	5.0
Other	103.4	102.5	98.5	(4.9)	(4.8)	(4.0)
Operating Expenses	772.8	772.0	764.5	(8.3)	(1.1)	(7.5)
Personnel costs	237.9	233.5	233.0	(4.9)	(2.1)	(0.5)
Non personnel costs	339.5	347.5	341.5	1.9	0.6	(6.0)
Energy costs	36.2	39.5	38.0	1.7	4.9	(1.5)
Maintenance costs	133.3	135.0	134.5	1.1	0.8	(0.5)
Miscellaneous costs	169.9	173.0	169.0	(0.9)	(0.6)	(4.0)
Rental payments, etc.	23.6	23.6	23.5	(0.1)	(0.5)	(0.1)
Taxes	30.9	32.4	32.0	1.0	3.4	(0.4)
Depreciation	140.7	135.0	134.5	(6.2)	(4.5)	(0.5)
Operating Income	89.2	90.5	99.0	9.7	10.9	8.5
Non-operating revenues and expenses	(26.4)	(24.5)	(24.5)	1.9	(7.2)	—
Non-operating revenues	7.1	6.5	6.5	(0.6)	—	—
Non-operating expenses	33.5	31.0	31.0	(2.5)	—	—
Recurring Profit	62.8	66.0	74.5	11.6	18.5	8.5
Extraordinary profit and loss, net	(1.7)	—	1.5	3.2	—	1.5
Extraordinary profit	23.1	—	—	—	—	—
Extraordinary loss	24.8	—	—	—	—	—
Net Income	22.1	41.0	41.0	18.8	85.0	—

Note: Figures in bracket () are negative values.

9

Taking into account results in the first half of the year as well as current railway usage trends, JR-West revised its full-year forecast to 863.5 billion yen for operating revenues, 1.0 billion yen higher than the previous forecast; 764.5 billion yen for operating expenses, 7.5 billion yen lower; and 99.0 billion yen for operating income, 8.5 billion yen higher.

In regard to the loss on valuation of securities that accompanied the impairment loss on fixed assets related to JR Osaka Mitsukoshi Isetan, our forecasts remain unchanged at 41.0 billion yen. This is because we are currently unable to record deferred tax assets, and income taxes will not decrease as a result.

Transportation Revenue Forecasts



¥ Billions

	Results FY2012/3 A	Forecasts FY2013/3		YOY		Difference between the forecasts Increase/ (Decrease) C-B
		As of July 27 B	As of Oct 30 C	Increase/ (Decrease) C-A	% 1-C/A	
Shinkansen	351.5	353.5	354.0	2.4	0.7	0.4
Kyoto-Osaka-Kobe Area lines	287.3	286.7	290.3	3.0	1.1	3.6
Other lines	119.8	119.6	120.6	0.7	0.6	0.9
Conventional lines	407.2	406.4	410.9	3.7	0.9	4.5
Transportation revenues	758.7	760.0	765.0	6.2	0.8	5.0

Note: Revenues from luggage transportation are omitted due to the small amount.

The company revised upward the forecast transportation revenues in this fiscal year by 5.0 to 765.0 billion yen, which is 6.2 billion yen higher than the previous fiscal year.

In the first half, transportation revenues increased by 7.8 billion yen due mainly to a rebound from the negative impact of the Great East Japan Earthquake. In the second half, however, transportation revenues are forecasted to be decrease 1.5 billion yen because the usage trend of Shinkansen is below the trend in the previous year although that of conventional lines is positive.

Operating Expenses Forecasts (Non-Consolidated)



¥ Billions

Item		Forecasts FY2013/3			Difference from the previous forecast Increase/(Decrease)
		YOY		Major factors (YOY)	
		Increase/ (Decrease)	%		
Personnel costs	233.0	(4.9)	(2.1)	Decrease in amortization of accumulated unrecognized actuarial differences due to revision of basic rate of retirement benefits obligation, etc.	(0.5)
Energy costs	38.0	1.7	4.9	Increase in fuel price, etc.	(1.5)
Maintenance costs	134.5	1.1	0.8	Difference in progress of maintenance work, etc.	(0.5)
Miscellaneous costs	169.0	(0.9)	(0.6)	Decrease in payments for other JR companies, etc.	(4.0)
Rental Payments, etc	23.5	(0.1)	(0.5)		(0.1)
Taxes	32.0	1.0	3.4	Increase in property taxes, etc.	(0.4)
Depreciation and amortization	134.5	(6.2)	(4.5)	Decrease in the conclusion of the additional depreciation of residual value related to the change in the system of depreciation in 2007, etc.	(0.5)
Total	764.5	(8.3)	(1.1)		(7.5)

Note: Figures in bracket () are negative values.

11

Miscellaneous costs in this fiscal year is forecasted to decrease 4.0 billion yen from the previous forecast, due to decrease in payments for other JR companies. However, impact to profit is neutral as other revenues (non-transportation revenues) are going to decrease the almost same amount.

Operating costs revised downward by 7.5 to 764.5 billion yen, following to the downward revision of other costs considering the progress of maintenance and constructions.

Consolidated Financial Forecasts



¥ Billions

	Results FY2012/3 A	Forecasts FY2013/3		YOY		Difference between the forecasts Increase/ (Decrease) C-B
		As of July 27 B	As of Oct 30 C	Increase/ (Decrease) C-A	% 1-C/A	
Operating Revenues	1,287.6	1,288.0	1,289.0	1.3	0.1	1.0
Operating Expenses	1,177.8	1,176.5	1,168.0	(9.8)	(0.8)	(8.5)
Operating Income	109.7	111.5	121.0	11.2	10.2	9.5
Non-operating revenues and expenses	(27.3)	(25.0)	(25.0)	2.3	(8.6)	-
Non-operating revenues	7.9	7.0	7.0	(0.9)	-	-
Non-operating expenses	35.2	32.0	32.0	(3.2)	-	-
Recurring Profit	82.4	86.5	96.0	13.5	16.4	9.5
Extraordinary profit and loss, net	(2.2)	(2.0)	(3.0)	(0.7)	-	(1.0)
Extraordinary profit	27.6	-	-	-	-	-
Extraordinary loss	29.8	-	-	-	-	-
Net Income	29.4	51.0	56.0	26.5	89.9	5.0
Net income per share(¥)	152.29	263.37	289.19	-	-	-

Note: Figures in bracket () are negative values.

12

The forecast of operating revenues for this fiscal year revised upward by 1.0 billion to 1 trillion 289.0 billion yen, operating costs revised downward by 8.5 billion to 1 trillion 168.0 billion yen, and operating income revised upward 9.5 to 121.0 billion yen.

The loss on valuation of securities recorded on a non-consolidated basis was eliminated on consolidated basis. Also, in regard to the extraordinary losses resulted from loss on impairment of fixed assets related to West Japan Railway Isetan Limited, the Company recorded as minority interest in loss an amount corresponding to the 40% investment in West Japan Railway Isetan Limited held by Isetan Mitsukoshi Holdings Ltd.

However, the extraordinary profit resulted from the establishment of the new reemployment system is expected to reduce the impacts of these losses, and the overall impact will be light accordingly.

Consolidated Financial Forecasts (Segment Information)



¥ Billions

	Results FY2012/3 A	Forecasts FY2013/3		YOY		Difference between the forecasts Increase/ (Decrease) C-B
		As of July 27 B	As of Oct 30 C	Increase/ (Decrease) C-A	% 1-C/A	
Operating Revenues*¹	1,287.6	1,288.0	1,289.0	1.3	0.1	1.0
Transportation	839.0	839.4	840.4	1.3	0.2	1.0
Retail	233.5	235.8	235.8	2.2	1.0	-
Sales of goods and food services	133.4	133.7	133.7	0.2	0.2	-
Department Stores	94.9	97.6	97.6	2.6	2.8	-
Real estate	93.5	89.5	89.5	(4.0)	(4.4)	-
Shopping center	54.3	54.3	54.3	(0.0)	(0.1)	-
Real estate lease and sale* ³	37.6	33.7	33.7	(3.9)	(10.5)	-
	[10.7]	[6.5]	[6.5]			
Other businesses	121.4	123.3	123.3	1.8	1.5	-
Hotel	32.1	32.9	32.9	0.7	2.4	-
Nippon Travel Agency	37.2	38.8	38.8	1.5	4.2	-
Operating Income*²	109.7	111.5	121.0	11.2	10.2	9.5
Transportation	76.7	78.0	86.5	9.7	12.7	8.5
Retail	(2.9)	(2.4)	(1.6)	1.3	-	0.8
Real estate	25.9	26.0	26.2	0.2	0.8	0.2
Other businesses	10.3	10.2	10.2	(0.1)	(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. (Revenues from third parties) (Included in Real estate lease and sale)

13

The forecast of operating revenues in retail, real estate, and other businesses have not been changed, as they have been mostly in line with the initial forecast.

On the other hand, operating loss in retail revised upward 0.8 to 1.6 billion yen and operating income in real estate revised upward 0.2 to 26.2 billion yen, taking decrease in costs into consideration.

Consolidated Financial Situation and Statements of Cash Flows



¥Billions

	As of March 31, 2012 A	As of Sep 30, 2012 B	Difference increase/ (decrease) B-A
Assets	2,642.9	2,573.2	(69.7)
Liabilities	1,909.4	1,823.5	(85.9)
Net assets	733.5	749.7	16.2
Balance of Long-term Debt and Payables at the end of FY	1,068.8	1,032.6	(36.1)
【Average interest rate(%)】	[2.86]	[2.86]	-
Shinkansen Purchase Liability	284.5	268.4	(16.0)
【Average interest rate(%)】	[5.56]	[5.60]	[0.04]
Bonds	454.9	439.9	(14.9)
【Average interest rate(%)】	[2.07]	[2.13]	[0.06]
Equity ratio (%)	26.6	28.3	1.7
Net assets per share (¥)	3,632.41	3,759.46	127.05

	6 months ended Sep 30, 2011 A	6 months ended Sep 30, 2012 B	YOY increase/ (decrease) B-A
Cash flows from operating activities	62.6	92.5	29.8
Cash flows from investing activities	(106.4)	(65.5)	40.8
Free cash flows	(43.7)	26.9	70.7
Cash flows from financing activities	4.0	(39.9)	(44.0)
Change in cash and cash equivalents, net	(39.6)	(12.9)	26.6
Cash and cash equivalents at the end of the period	40.4	37.3	(3.0)

Note: Figures in bracket () are negative values.

Other Data



Persons, ¥ Billions

	6 months ended Sep 30, 2011	6 months ended Sep 30, 2012	Results FY2012/3	Forecasts FY2013/3
ROA (% , Consolidated)	2.3	2.8	4.1	4.6
ROE (% , Consolidated)	3.7	4.9	4.2	7.8
EBITDA (Consolidated) **	142.6	150.7	279.1	282.5
Depreciation (Consolidated)	82.2	78.9	169.3	161.5
Capital Expenditure (Consolidated, own fund)	87.1	49.9	195.4	157.0
Capital Expenditure (Non-consolidated, own fund)	57.2	37.6	150.8	127.0
Safety related capital expenditure	37.4	19.4	97.7	69.0
Dividends per share (¥)	40	55	90	110

**1 EBITDA = Operating Income + Depreciation

	6 months ended Sep 30, 2011		6 months ended Sep 30, 2012		Results FY2012/3		Forecasts FY2013/3	
	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated
No. of employees at the end of period	45,978	26,989	45,642	26,971	45,402	26,778	-	-
Financial Expenses, net	(16.3)	(15.7)	(15.3)	(14.6)	(32.4)	(31.2)	(30.2)	(29.0)
Interest and dividend income	0.2	0.8	0.2	0.7	0.4	1.4	0.4	1.3
Interest expenses	16.6	16.5	15.5	15.4	32.9	32.6	30.7	30.4

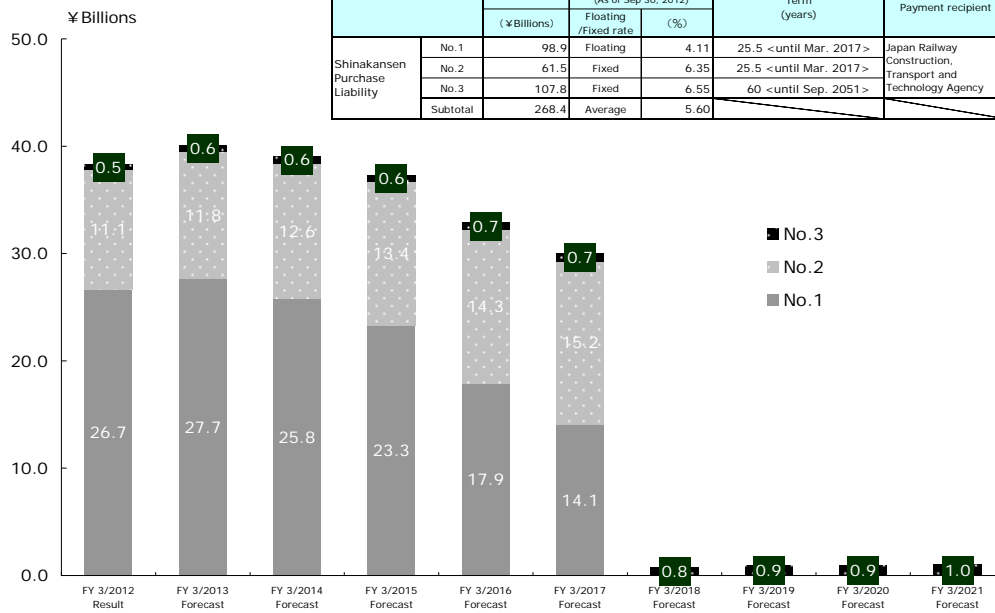
Note: Figures in bracket () are negative values.

Redemption Plan of Shinkansen Purchase Liability



[As of Sep 30, 2012]

	No.	Balance (¥Billions)	Interest rate (As of Sep 30, 2012)		Term (years)	Payment recipient
			Floating /Fixed rate	(%)		
Shinkansen Purchase Liability	No.1	98.9	Floating	4.11	25.5 <until Mar. 2017>	Japan Railway Construction, Transport and Technology Agency
	No.2	61.5	Fixed	6.35	25.5 <until Mar. 2017>	
	No.3	107.8	Fixed	6.55	60 <until Sep. 2051>	
	Subtotal	268.4	Average	5.60		



Ⅱ . Future initiatives

I am Tatsuo Kijima and assumed vice president this June.

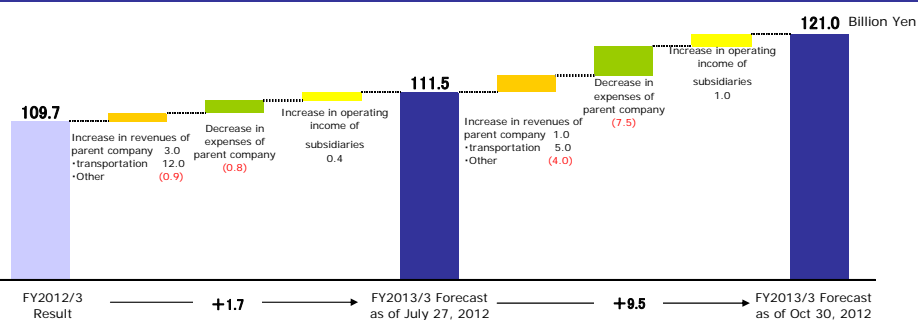
I would like to summarize the financial results first, then explain future initiatives and outline of next medium-term management plan.

Consolidated Financial Results and Forecasts

Billion Yen

	Results for the First Half of FY2013/3			Forecasts FY2013/3			
		YOY Increase/(Decrease)		As of 7/27	As of 10/30	Difference from the previous forecast	
		Amount	%			Amount	%
Operating Revenues	639.4	11.3	1.8	1,288.0	1,289.0	1.0	0.1
Operating Expenses	567.6	(0.0)	0.0	1,176.5	1,168.0	(8.5)	(0.7)
Operating Income	71.7	11.3	18.8	111.5	121.0	9.5	8.5
Recurring Profit	57.8	13.1	29.4	86.5	96.0	9.5	11.0
Net Income	34.7	8.9	34.9	51.0	56.0	5.0	9.8

Trend of consolidated operating income



Financial Results and Forecasts during Medium-Term Management Plan



	FY09/3 Results	FY10/3 Results	FY11/3 Results	FY12/3 Results	FY13/3 Forecasts (as of October 2012)	FY13/3 Forecasts (as of October 2010)
Operating Revenues	1,275.3	1,190.1	1,213.5	1,287.6	1,289.0	1,300.0
Transportation	856.1	797.4	806.4	839.0	840.4	824.5
Retail	215.3	201.9	201.3	233.5	235.8	258.5
Real Estate	71.1	70.9	75.7	93.5	89.5	88.0
Other businesses	132.6	119.6	129.9	121.4	123.3	129.0
Operating Income	122.5	76.5	95.9	109.7	121.0	95.5
Transportation	89.1	45.2	61.1	76.7	86.5	59.0
Retail	4.7	3.1	3.5	(2.9)	(1.6)	2.5
Real Estate	22.6	22.5	22.2	25.9	26.2	26.5
Other businesses	6.7	6.7	9.6	10.3	10.2	9.0
Recurring Profit	94.8	48.1	68.9	82.4	96.0	68.0
Net Income	54.5	24.8	34.9	29.4	56.0	38.5
Transportation Revenues	773.7	720.0	728.0	758.7	765.0	740.0
Shinkansen	339.1	312.4	323.9	351.5	354.0	336.5
Kyoto-Osaka-Kobe Area Lines	301.5	286.1	284.4	287.3	290.3	286.0
Other Lines	132.5	121.4	119.6	119.8	120.6	117.5
ROA	5.0%	3.1%	3.7%	4.1%	4.6%	3.6%
ROE	8.4%	3.7%	5.2%	4.2%	7.8%	5.4%
EBITDA	259.5	218.4	246.8	279.1	282.5	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 mean the railway revenues of JR-West included in the operating revenues of "transportation" segment.

Bold figures mean the financial indicators stated in "Revisions to the JR-West Group's Medium-Term Management Plan 2008-2012" announced on October, 2010.

20

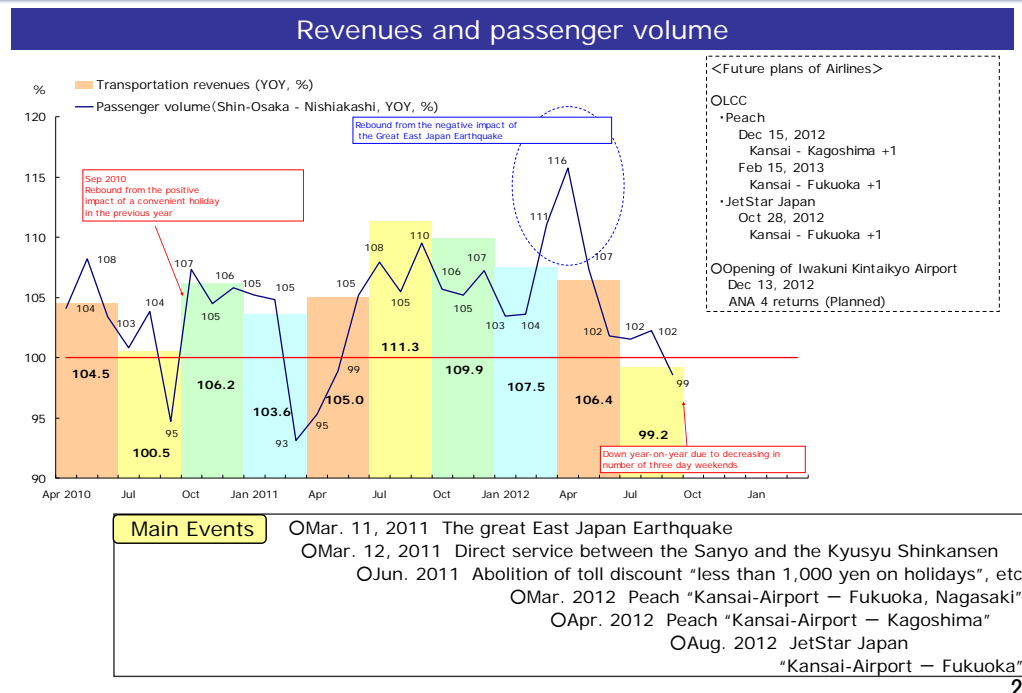
The company reevaluate some issues, passing the half of this fiscal year which is the final year of current medium-term management plan.

Firstly, the company appropriated an extraordinary profit according to a new reemployment system for managerial-level employees, and an extraordinary loss according to recording of impairment loss on fixed assets in JR Osaka Mitsukoshi Isetan.

Secondly, the company decided to cancel certain shares of treasury stock.

Thirdly, in terms of return for shareholders, the company revised the forecast of dividend upward 10 to 110 yen per share, for the purpose of achieving our target of 3% of DOE (dividend on equity).

This is because the company judged that it is able to achieve the financial target indicated in medium-term management plan except consolidated operating revenues, although uncertain outlook for business environment has not been cleared.



Passenger volume of Shinkansen increased from the previous fiscal year in the first quarter due mainly to a rebound from the Great East Japan Earthquake. In the second quarter, the trend of passenger volume has been still positive, even though there was negative impact of disasters such as typhoon and decreasing in number of three day weekends.

However, we need to develop initiatives more in the second half, as recent trend of passenger volume is somewhat weak.

Future initiatives

【Expand Market Size】

- Maximize the positive effect of the direct service between the Sanyo and the Kyushu Shinkansen
 - ・Develop tourism resources and launch campaigns (“Kagoshima College”, “Kumamoto Campaign”)
 - ・Stimulate travel demand Kyushu area ⇒ Kyoto-Osaka-Kobe area, Hiroshima-Okayama area ⇔ Kyusyu area (“Okayama ⇔ Kumamoto Campaign”)
- Stimulate travel demand of senior generation
 - ・ “Club DISCOVER WEST”, “Zipangu Club”
 - ・ Sell discount tickets for senior generation (“Nori-Nori ticket”)
- Initiatives to address demand from inbound travel
 - ・Developing sales channels and establishing systems for receiving visitors
 - ・Sell convenient and discount tickets
 “JR-WEST RAIL PASS (Kansai WIDE Area Pass)” expand the area covering

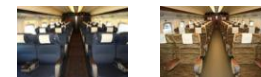
< Kagoshima College >
 Kagoshima College is a program in which university students, based on experiences such as their interactions with community members, transmit information about the appeal of traveling in Kagoshima through Facebook. JR-West will participate in this program by posting trip plans on its website.



Kumamoto Campaign

【Expand Market Share against Airlines】

- Brush-up and appeal of the competitive advantage of the Sanyo Shinkansen
 - ・High frequency (Shin-Osaka – Hakata 57.5 returns per day, Shin-Osaka – Kagoshima 22.5 returns per day)
 - ・Convenience of internet reservations → Promote “Express Reservation” and “e5489”
 - ・Advantage of mobile phone usage → Improve mobile phone coverage along the train line (Shin-osaka – Hiroshima: to be completed in 2013)
 - ・Punctuality and comfort of the seats



<Green Car> <Standard Car>

【Efficiency improvements】

- Improving efficiency of transportation and sales through time tables and products developed in consideration of demand

Specifically, we will work to expand the market size by maximizing the positive effects of the direct services between the Sanyo and the Kyushu Shinkansen and stimulating travel demand among the senior generation. Further, we will promote usage of Express Reservation services to expand our market share against airlines.

In the fiscal year ending March 31, 2013, we had initially projected that Kyushu Shinkansen would generate revenues in line with the previous year of 15.0 billion yen. However, as these revenues were down approximately 1.0 billion yen year on year in the six-month period ended September 30, 2012, we have adjusted full-year forecasts in consideration of current usage trends. The revised full-year forecasts project revenues that are 2.0 billion yen less than those projected by the initial forecasts. With the aim of reclaiming these profits, we will continue our efforts to stimulate demand through sighting campaigns, and at the same time we will conduct promotional campaigns to encourage increased travel from Kyushu to the Kansai region and West Japan.

Low-cost carriers (LCCs) have been offering services that compete with JR-West’s services since March 2012. However, looking at Shinkansen usage trends, we do not expect LCC services to Fukuoka to have any significant impacts on JR-West’s operations at this point in time. Nevertheless, we cannot ignore trends in this area, such as Jetstar Japan Co., Ltd., increasing the number of flights from Kansai International Airport to Fukuoka Airport in October 2012, and Peach Aviation Limited announcing plans to increase the number of flights from Kansai International Airport to Kagoshima Airport and from Kansai International Airport to Fukuoka Airport in December 2012 and February 2013 respectively. We must take a vigilant stance in discerning the potential future impacts of these developments.

Rather than getting involved in price competition, JR-West aims to combat such carriers by enhancing the benefits of Shinkansen services, including the high frequency of services, convenience of Internet reservations, and ability to make data communications while on trains. We will also advertise the competitive advantages of Shinkansen services over LCC services. These include the punctuality of Shinkansen services and their comfortable seats.

At the same time, we realize that the rise in short-distance international services among LCCs has the potential to increase inbound travel to Japan from other countries. Accordingly, we will develop convenient and discount tickets and conduct promotional activities in order to take advantage of the demand this will create.

Development of Hokuriku Shinkansen

○ Nagano – Kanazawa (Approx. 230km)

Open date (planned): the end of FY2015/3

Construction contractor: Japan Railway Construction, Transport and Technology Agency
(JR-West will operate commercial services, paying a usage fee to JR TT to the extent of earnings received.)

Our operating area: Joetsu (provisional name) – Kanazawa (Approx. 170km)

Travel time (Approx.)

	JR		Airplane ^{*3}
	Present ^{*1} (As of September 2012)	The time of Launching service ^{*2}	
Kanazawa - Tokyo	3h 50m	2h 40m	2h 50m
Toyama - Tokyo	3h 10m	2h 20m	2h 30m

^{*1} Joetsu Shinkansen + limited express train "Hakutaka"
^{*2} Average speed of Shinkansen Assumes 190 km/h
^{*3} Travel time includes the time between airport and city center

○ Kanazawa - Tsuruga (Approx. 130km)

Approved and commenced construction on June 29, 2012

⇒ start operations at some point more than 10 years after the start of operations at the Nagano – Kanazawa

※Planned to start services on all lines running to Osaka

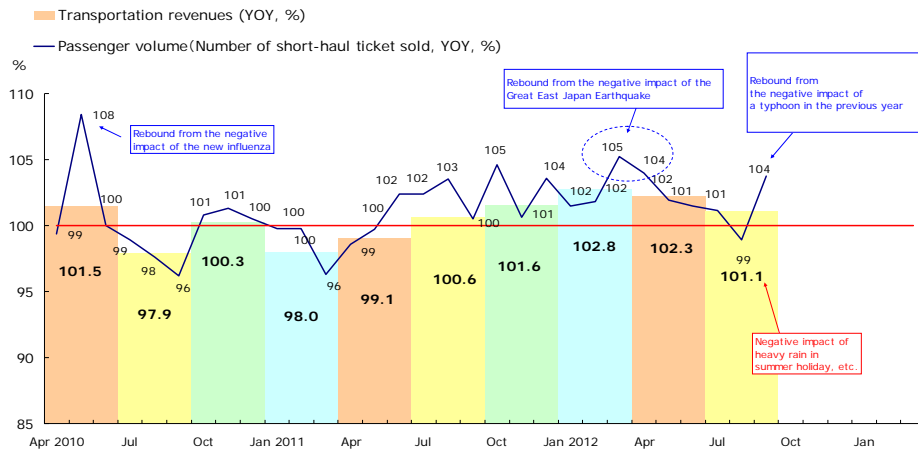
※JR-West is considering practical use of gauge change trains to enhance convenience when changing trains at Tsuruga once services to that station commence.

The map shows the Hokuriku Shinkansen route from Nagano to Kanazawa, connecting to other lines like Joetsu, Tohoku, and Tokaido. Below the map are three photos of train interiors: the 'Hokuriku Shinkansen W7 series' (a high-speed train), 'Gran Class' (luxury seating), and 'Green Car' (premium seating).

The company has recently announced the outline of Hokuriku Shinkansen trains.

We steadily go ahead with preparations for the opening between Nagano and Kanazawa at the end of the fiscal year ending March 2015.

Revenues and passenger volume



Main Events

- OMar. 11, 2011 The great East Japan Earthquake
- OMay 4, 2011 Opening of the OSAKA STATION CITY
- OSep. 2011 Typhoon 12th
- OOct. 2012 Opening of Eki Marche Osaka

In terms of Kyoto-Osaka-Kobe area, the trend of passenger volume is mostly positive as the passenger volume of the Osaka station has been almost the same level as the previous fiscal year in which OSAKA STATION CITY opened, although it in whole Kyoto-Osaka-Kobe area decreased in August due to heavy rain.

Future initiatives

○ Promote invigoration of main stations

- Osaka: Further strengthening attraction of OSAKA STATION CITY and initiatives of area management for the opening of "Grand Front Osaka" (April 2013)
- Kyoto: 15th anniversary of Kyoto station building
- Sannomiya: Renewal of concourse (opening planned for 2013)

梅田でつながる。梅田がつながる。
UMEDA CONNECT

○ Enhance value of our railway belts based on the principle of "Coexistence with local communities"

- Enhance services in stations and neighborhoods
Open new stations ("Rokkomichi - Nada" Spring 2016, "Ibaraki - Settsutonda" Spring 2018)
Improving convenience of transfers to shuttle buses and usability of station facilities
Expand station-based services such as the "Ekirinkun" rental bicycle service and child daycare facilities
- Provide safer and more reliable transportation service



<child daycare facilities>

○ Railway use promotion in cooperation with private operators

- Improving convenience of transfers
- Enabling seamless transfers between railways through start of nationwide reciprocal usage of transportation-use IC cards (Spring 2013)



< ICOCA & HARUKA >

○ Stimulate inbound tourism demand

- Sell convenient and discount tickets
"JR-WEST RAIL PASS (Kansai WIDE Area Pass)"
"ICOCA & HARUKA*" *the Kansai-Airport express

{ ICOCA (2,000yen) + Discount ticket for "HARUKA"
Kansai-Airport - ShinOsaka/Kyoto
One way: 3,000yen, round trip: 4,000yen } 25

The working age population in the Kyoto-Osaka-Kobe area peaked in 1995 and the total population peaked in 2010, and both numbers have been decreasing since. For this reason, the market cannot be expected to expand in the future.

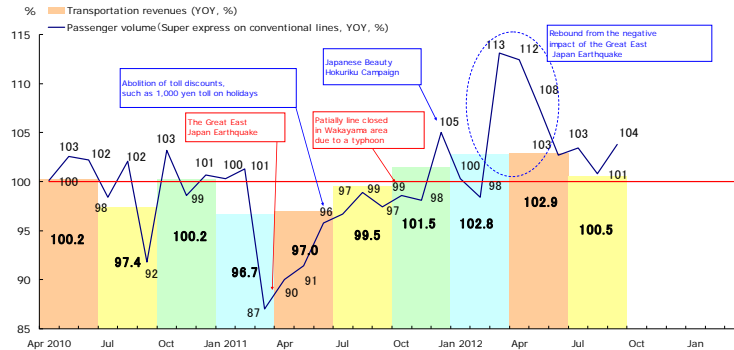
Under these conditions, we will develop our operations by constructing new stations along the JR Kobe Line and the JR Kyoto Line while also improving the convenience of connections between trains and buses and making station facilities easier to use. In addition, we will enhance stations and their surrounding areas through the establishment of clinics, daycare services, and other amenities. In these ways, we aim to make the cities we serve more comfortable places to live.

Through these efforts, we hope to encourage the young generation that will raise the next generation of children to live along our railways. Promoting usage in this manner will enable the Company to maintain revenue levels regardless of the declines in population.

In April 2013, operations are scheduled to commence at Grand Front Osaka, a facility being developed through the UMEKITA Phase 1 project, and advancing preparations for this event are under way. It is our hope that the opening of this facility will lead to increased usage of JR-West's services.

In addition, JR-West will work together with other railway operators in the Kansai region to further promote railway usage by establishing seamless transfers between different lines. To this end, we will improve guidance for transfers, sell ICOCA cards in stations along lines operated by Kintetsu Corporation and Keihan Electric Railway Co, Ltd, and commence reciprocal usage of transportation-use IC cards (Spring 2013).

Revenues and passenger volume



Future initiatives

○ Sustainable management matched to community characteristics

- Invigorating communities and promoting railway usage by encouraging tourism through coordination with communities

Sanin Destination Campaign (Oct - Dec 2012)

- More efficient operation systems

Simplifying maintenance and operational procedures (Developing of battery train, etc.)

- Optimized regional transportation systems based on usage trends

Conducting social experiment involving increasing service on the Sanko Line (Oct -Dec 2012)



< Sanin Destination Campaign >

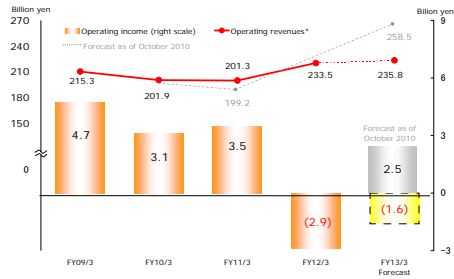
In regard to other conventional lines, due to such factors as the decline in the population in the Company's service area and the advance of motorization, railway usage has basically been on a consistent downward trend, and the management environment is extremely severe.

The Company will continue to take steps to address this situation, such as the promotion of usage through tourism campaigns and the reduction of costs. In addition, in conjunction with other regions, we will consider the optimal regional transportation system in accordance with usage trends. Since October, we have been conducting a social experiment involving increased service on the Sanko Line through the use of buses. Including the data from these trials and other factors, we will strive to make these initiatives into a platform for the consideration of the optimal regional transportation system.

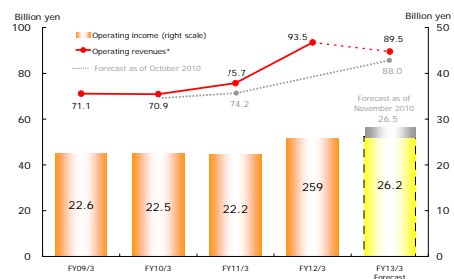
Non-Transportation Business



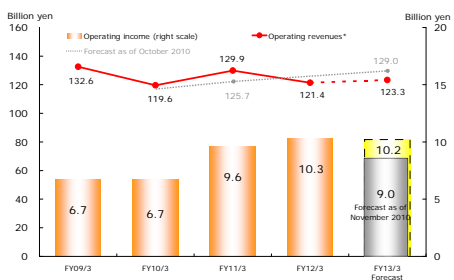
Retail



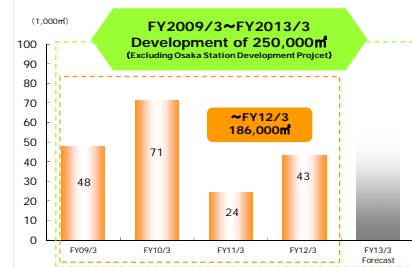
Real Estate



Others



Plan and Results for Development in and around Stations



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

This explains the trend of the non-transportation business.

Future initiatives

【Sales of goods and food services】

- Store renewals in line with station renovations
 - “Eki Marche Osaka” (opened on Oct 31, 2012)
 - Renovation of concourse in Tennoji station (opening planned for Nov. 2012)
 - Tottori station (opening in 2013)
 - Sannomiya station (opening in 2013)
- Developing of business hotel “Via-inn”
 - Opening new hotels in Tokyo area and areas along the Sanyo Shinkansen
 - Okayama (opened in Oct. 2012: 251 rooms)



<Eki Marche Osaka>
JR-WEST's biggest *ekinaka* (in-station) shops
Total floor space: approx. 7,200㎡ (82 stores)
First year sales target: approx. 7.0 billion yen

【Department store】

- JR Osaka Mitsukoshi Isetan
 - ~Develop measures to increase sales focused more on customers tastes in trading area~
 - Introduce new brands to further expand product lineups
 - Utilize various special benefit promotions and events to create department stores that reflect the unique aspects of the trading area
 - Highlight the benefits of the MI card and foods point card to gain repeat customers
 - Improve customer service of sales clerk
- JR Kyoto Isetan
 - ~Conduct sales promotions in conjunction with the store's 15th anniversary~
 - Conduct various sales promotions linked to events to commemorate the 15th anniversary of the opening of the Kyoto Station Building



<Renovation of concourse in Tennoji station>



<Souvenir shop in Tottori station> 28

On October 31, “Eki Marche Osaka” opened in Osaka station as the biggest in-station shops in JR-West’s area. We would like to increase the sales in retail business as well as the usage of railway by developing such kind of facilities effectively.

Also on October, a shopping center and business hotel opened near the west gate of Okayama station. Going forward, we will continue to develop Himeji Station, Hiroshima Station, and other stations in major prefectural cities. At the same time, we will establish new businesses that, much like the rehabilitation services business described on slide 30, not only meet the needs of specific areas and railway segments but also enable us to leverage management resources already held by the Group. In this way, we will create new businesses that are synergistic with our railway operations.

In regard to JR Osaka Mitsukoshi Isetan Limited, we are progressively implementing improvement measures to better align merchandising and sales promotion measures as well as prices and other factors with the needs of customers in Osaka. While there is still room for improvement, we are already beginning to see the benefits of such measures. This is demonstrated by the fact that monthly sales exceeded last year’s levels for the first time in September and October’s sales remained at approximately the same level.

Isetan Mitsukoshi Holdings Ltd, West Japan Railway Isetan Limited, and the Company are currently in the process of thoroughly examining possible radical reforms that could be implemented to further revitalize the business.

Further, we hope to create synergies between JR Osaka Mitsukoshi Isetan and Grand Front Osaka, which will open in April 2013.

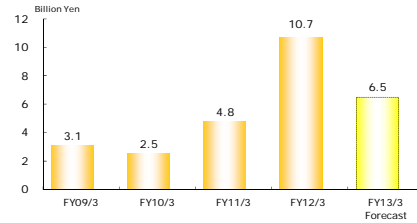
Future initiatives

【Real estate lease and sale】

○ Sales of condominiums

Name	Location	Month of handover	Houses
J-Gran Suita Senrioka	Suita, Osaka	July 2012	117
J-Gran EL Kobe Hyogo	Hyogo, Kobe	Feb. 2013(Planned)	99
Maya City NADA FRONT	Nada, Kobe	Feb. 2013(Planned)	77
J-Gran Okamoto	Higashi-nada, Kobe	Mar. 2013(Planned)	39
J-Gran Abeno Fuminosato	Abeno, Osaka	Nov. 2013(Planned)	113
J-Gran Shinnagata	Nagata, Kobe	Dec. 2013(Planned)	122
Wellith Maiko	Tarumi, Kobe	Feb. 2014(Planned)	145

<Sales trend of condominiums>



【Shopping Center】

○ Okayama Station West Gate Building (opened in Oct. 2012)

“Sun Station Terrace Okayama West”

Total floor space: approx. 8,900m², 14F, Hotel & shopping center

○ Himeji Station Building

(opening in 2013)

Total floor space: approx. 31,000m², B1F-6F



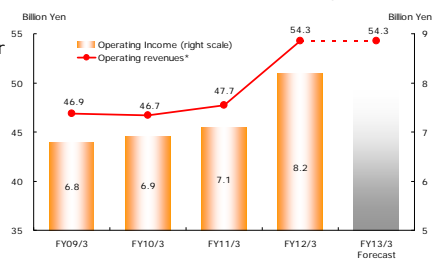
(Image) Himeji Station Building



Sun Station Terrace Okayama West

*Business hotel in upper levels

<Sales and income trend of shopping centers>

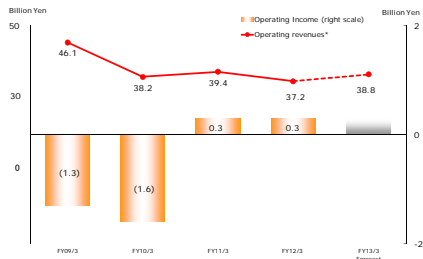


*Operating revenues are the revenues from the third parties (=customer)

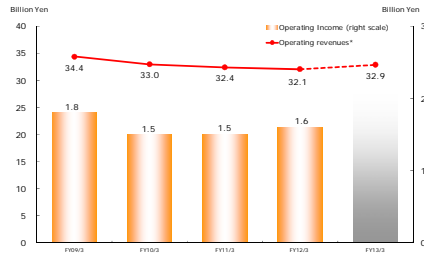
Future initiatives

【Travel Agency (Nippon Travel Agency)】

- Strengthen of website sales, business travel management (BTM) service and inbound tourist services, etc.
- Sales growth of package tours using JR and tours to Europe



【 Hotel business 】



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

【 Others 】

- Launch of rehabilitation services business
 - “J-Palette Minami-Tanabe” opened on Oct 1, 2012
 - Conducted by West Japan Railway MAINTEC Co., Ltd., using Company buildings
 - Rehabilitation conducted in cooperation with POSSIBLE Medical Science Co., Ltd.



< J-Palette Minami-Tanabe >

Capital Expenditure Plan (Consolidated)



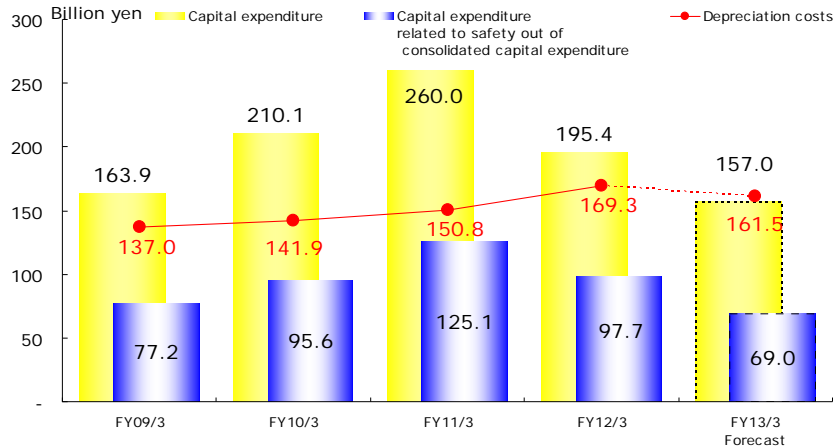
【Difference between the forecasts】

(Billion Yen)	Forecast as of May 2008	Forecast as of April 2012
Consolidated	980.0	980.0
Non-consolidated	780.0	780.0
(Safety-related capital expenditure)	430.0	460.0

Major Capital expenditure projects for FY13/3

<CAPEX for future growth>
 ○Renewal of passenger gate system
 ○Barrier-free facilities
 ○Osaka Station Development Project

<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
 ○Measures to prevent a derailment of Shinkansen
 ○Introduction of new rolling stock for express train "Kuroshio"

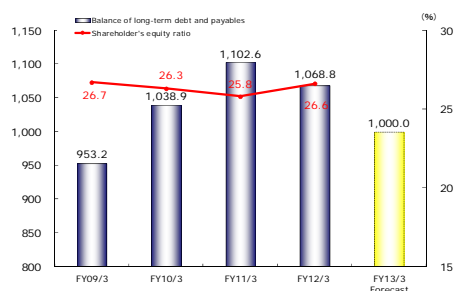


31

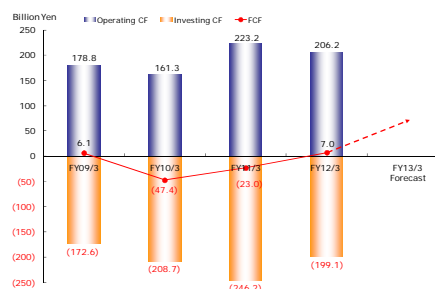
Capital expenditures are proceeding in line with the medium-term management plan, which indicates 980.0 billion yen in consolidated basis and 780.0 billion yen in non-consolidated basis.

Safety related capital expenditure is forecasted to increase 30.0 billion yen from the initial plan to approximately 460.0 billion yen.

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



Cash flows forecast (consolidated)



Financial situation

- JR-West's equity ratio is at a high level compared to other railway companies.
- Slowdown in capital investments for the two major projects is expected to provide leeway in terms of free cash flow.

Dividend policy

"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"

Medium-term management plan targets expected to be met in the fiscal year ending March 31, 2013
 ⇒ Judged that projects have produced results

Dividend of 110 yen per share is planned for FY13/3 (+20 yen per share (YOY))

In terms of return to shareholders, JR-West has been holding the policy "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". For the purpose of achieving this policy, the company decided to increase the dividend by 10 to 110 yen per share, judging that Medium-term management plan targets expected to be met as a result of having been steadily progressing strategies including "Direct service between the Sanyo and the Kyushu Shinkansen" and "OSAKA STATION CITY".

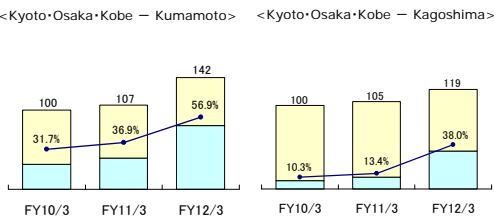
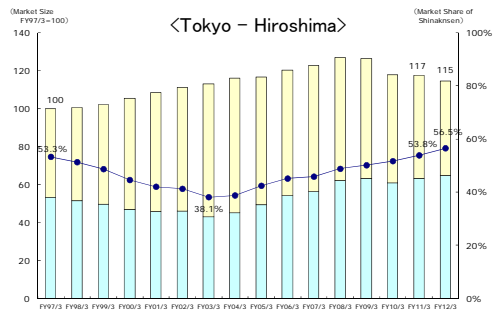
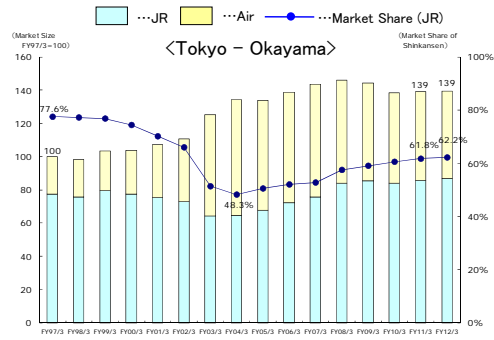
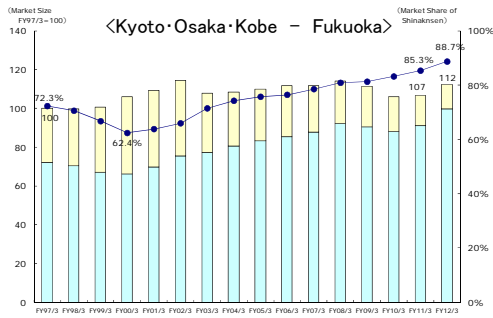
The Company recently chose to cancel certain shares of treasury stock. While it is the Company's policy to utilize treasury stock when forming capital alliances that will contribute to improved safety, competitiveness, and profitability, it also has the policy of canceling shares of treasury stock that have been held for five years. In accordance with this policy, the Company canceled 1,743,400 shares of treasury stock acquired in the fiscal year ended March 31, 2008.

In closing, I would like to offer a brief explanation of our policies with regard to the next medium-term management plan, which we are currently in the process of formulating. In JR-West's operating area, we are seeing the start of a full-blown decline in population, and there is a growing disparity between major cities and other areas. Also, new competition has appeared in the form of LCCs. Amid these changes, there is concern that we may not be able to continue growing if we maintain the course we have held up until this point.

In light of this danger, we realized the importance of establishing a vision for the ideal form of the Company to be achieved over the next 10 or 20 years. In establishing this vision, we will thoroughly review the policies and initiatives we have implemented over the past 25 years and examine their results. We will then develop specific strategies to be carried out over the next three to five years in order to help us approach this ideal form. I believe we will be able to release this plan in spring 2013.

Reference

Market share trend



Note: Figures for the FY2012/3 is preliminary.
 Each vertical graph bar represents the number of passengers using JR and airlines: the bars indicate the total number of passengers using JR or airlines compared to the base year index of 100 (FY1997/3)
 Source: Ministry of Land, Infrastructure and Transport

Outline

(Comparison between Shinkansen and airlines)

As of October 1, 2012

		Shinkansen	Airline	
			JAL, ANA	Peach Aviation
Travel time	Osaka ⇄ Kagoshima ^{*2}	"Mizuho" 3h 42m ^{*1} "Sakura" 4h 6m ^{*1} (Shin-Osaka⇄Kagoshima-Chuo)	approx. 3h 10m (Central Osaka⇄Central Kagoshima)	approx. 3h 40m (Central Osaka⇄Central Kagoshima)
	Osaka ⇄ Kumamoto	"Mizuho" 2h 58m ^{*1} "Sakura" 3h 18m ^{*1} (Shin-Osaka⇄Kumamoto)	approx. 3h (Central Osaka⇄Central Kumamoto)	-
Price (one way)	Osaka ⇄ Kagoshima ^{*2}	Normal "Mizuho" ¥21,600 "Sakura" ¥21,300 Discount ¥17,000	Normal ¥26,800 Discount ¥17,000-¥22,000	¥4,290-¥13,290 [¥5,990-¥17,790 ^{*3}]
	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 ^{*2}	22.5	12 (ANA5, JAL7)	2 ^{*4}
	Osaka ⇄ Kumamoto	23	8 (ANA5, JAL3)	-

^{*1} The fastest time
^{*2} Peach aviation started operation between Kansai (Osaka) and Kagoshima on April 1, 2012.
^{*3} "The Happy Peach Plus" including seat reservation, keeping luggage, and free internet reservation change services.
^{*4} Planned to increase to 3 returns per day from December 15, 2012.

(Effects of reducing travel time)

	Hiroshima	Okayama	Shin-Osaka
Kumamoto	1h 37m (52 minutes)	2h 13m (53 minutes)	2h 58m (59 minutes)
Kagoshima-Chuo	2h 21m (73 minutes)	2h 57m (74 minutes)	3h 42m (80 minutes)

Note: Times are for fastest "Mizuho" Shinkansen.
 Times in parenthesis represent the reduction in travel time following the establishment of direct services.

(Positive Impact on revenues : comparison with FY2011/3)

FY2012/3 Result	FY2013/3 Forecast	
	As of Jul 27	As of Oct 30
15.0	15.0	13.0



The Two major projects: OSAKA STATION CITY



Outline

SOUTH GATE BUILDING



OSAKA STATION CITY

NORTH GATE BUILDING

<Originally Existed area>

- HOTEL GRANVIA OSAKA
- DAIMARU Umeda

<Expanded area>

- DAIMARU Umeda (B2F-15F)



Office tower (14F-27F)

- LAGUNAVILLE (Restaurant, Wedding: 28F)

- ISETAN MITSUKOSHI (B2F-10F)
- LUCUQ (B1F-10F)
- シネマコンプレックス (Cinema complex: 11F)
- 保育園 (Nursery: 11F)
- GRANCISE (Sports club: 12-13F)
- LUCUQ DINING (10F)

•Developing area: 245,000 m²

•Total expenses: 210.0 billion yen

•Opened on May 4, 2011

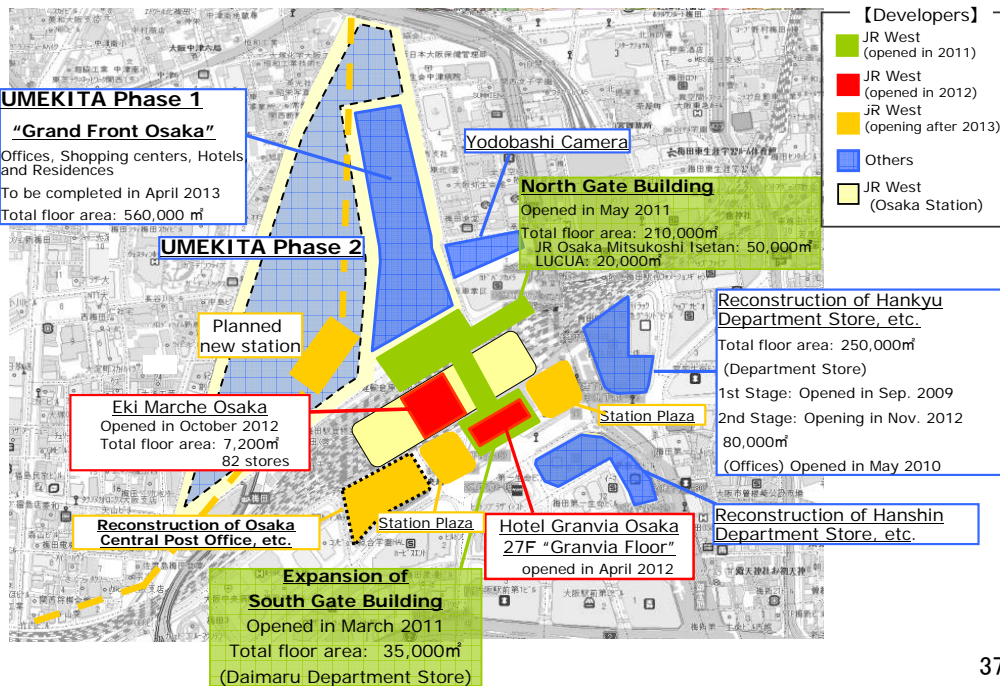
【Positive impact on revenues】

(comparison with FY2011/3)

Billion Yen

	FY2012/3 Results	FY2013/3	
		Results for the first half	Forecasts for full year
Retail	31.0	15.2	34.0
Real estate	10.9	5.8	11.3
Total	41.9	21.0	45.3

Development Projects around Osaka Station



Cautionary Statement Regarding Forward-looking Statements

- This presentation contains forward-looking statements that are based on JR-West's current expectations, assumptions, estimates and projections about its business, industry, and capital markets around the world.
- These forward-looking statements are subject to various risks and uncertainties. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "may", "will", "expect", "anticipate", "plan" or similar words. These statements discuss future expectations, identify strategies, contain projections of results of operations or of JR-West's financial condition, or state other forward-looking information.
- Known or unknown risks, uncertainties and other factors could cause the actual results to differ materially from those contained in any forward-looking statements. JR-West cannot promise that the expectations expressed in these forward-looking statements will turn out to be correct. JR-West's actual results could be materially different from and worse than expectations.
- Important risks and factors that could cause actual results to be materially different from expectations include, but are not limited to:
 - expenses, liability, loss of revenue or adverse publicity associated with property or casualty losses;
 - economic downturn, deflation and population decreases;
 - adverse changes in laws, regulations and government policies in Japan;
 - service improvements, price reductions and other strategies undertaken by competitors such as passenger railway and airlines companies;
 - infectious disease outbreak and epidemic;
 - 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 November 2012 based on information available to JR-West as of November 2012 and JR-West does not undertake to update or revise any of its forward-looking statements or reflect future events or circumstances.
- Compensation for damages caused by the accident on Fukuchiyama Line happened on April 25, 2005 is NOT considered in this presentation.