

Cancellation of the Travel Businesses Integration

4th, February 2002

West Japan Railway Company

The integration between Nippon Travel Agency Co., Ltd and Kinki Nippon Tourist Co., Ltd, which was announced on January 18, 2001, has been canceled. The reasons for this integration cancellation are as follows:

- The business conditions encompassing the travel industry continue to grow more severe. Our initial goal for the integration was to construct a strong new system of business operation that would allow us to meet the fluctuating conditions of the travel industry and the diversifying demands for travel services. The multiple terrorist attacks in the United States last September, however, have adversely affected the travel industry far more than anyone could have ever anticipated, resulting in an unfortunate but undeniable drop in both sales and finances of Nippon Travel Agency Co., Ltd and Kinki Nippon Tourist Co., Ltd.
- The integration, which was scheduled for January 2003, aimed to create a new company with a strengthened system of operation. However, with such unexpected events, our companies have concluded that it would be extremely difficult to proceed with the integration as initially planned, and therefore, we have decided to cancel the integration of our companies.

Both Nippon Travel Agency Co., Ltd and Kinki Nippon Tourist Co., Ltd will now be focusing all of their efforts on maximizing the capabilities of their own respective operational foundations.