



# NEWS RELEASE

Mar 5, 2010

## R&I Affirms AA/a-1+, Stable: West Japan Railway

Rating and Investment Information, Inc. (R&I) has announced the following:

**ISSUER:** West Japan Railway Co. (Sec. Code: 9021)  
Issuer Rating

**R&I RATING:** AA (Affirmed)  
**RATING OUTLOOK:** Stable

### Commercial Paper

**R&I RATING** a-1+ (Affirmed)

**Unsec. Str. Bonds No.25 & 26**  
**New Issue (issued under the Shelf Registration)**

**R&I RATING:** AA (Assigned)

### **RATIONALE:**

West Japan Railway Co. (JR West) operates in the entire western area in the main Honshu Island of Japan. Due to the economic downturn from the latter half of 2008, revenues from Sanyo Shinkansen Line operations have dropped sharply. However, revenues from transportation operations in the Keihanshin area remain relatively stable, and profits from businesses operated around railway stations, such as property leasing and retail, are on the increase, partly making up for the decline in Shinkansen Line operations. Profits and cash flow will very likely remain under pressure for the time being, but R&I believes that JR West will be able to maintain them at a decent level.

With the ratio of net debt to EBITDA below 5x, JR West's debt burden is light for a railway company. Investments may continue to far exceed depreciation costs due mainly to capital investments for safety enhancement, projects to develop and renovate Osaka Station, and mutual operation with the Kyushu Shinkansen Line. Nevertheless, in consideration of the comparatively stable cash flow generating capacity, R&I believes that there is only a minor possibility that the company's financial balance will be undermined significantly. Consequently, R&I has affirmed the rating of AA with a Stable Rating Outlook.

The primary rating methodology applied to this rating is provided at "Basic Methodologies for R&I's Credit Rating". The methodology is available at the web site listed below, together with other rating methodologies that are taken into consideration when assigning the rating.

<http://www.r-i.co.jp/eng/rating/rating/methodology.html>

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**R&I RATINGS:**

**ISSUER:** West Japan Railway Co. (Sec. Code: 9021)  
**ISSUER RATING:** AA (Affirmed)  
**RATING OUTLOOK:** Stable

**ISSUE:** Preliminary Rating for the Shelf Registration (Bonds)  
Issue Amount: Yen 200,000 million (Shelf Amount)  
Issue Period: Two years from Dec 22, 2008

**R&I RATING:** AA (Affirmed)

<b>LONG-TERM ISSUE RATING:</b>	<b>Issue Date</b>	<b>Redemption</b>	<b>Issue Amount (mn)</b>
Sec. Str. Bonds No.3 *	Dec 20, 1996	Dec 20, 2016	Yen 30,000
Sec. Str. Bonds No.5 *	Feb 02, 1998	Feb 02, 2018	Yen 50,000
Sec. Str. Bonds No.7 *	Dec 25, 1998	Dec 25, 2018	Yen 30,000
Unsec. Str. Bonds No.9	Mar 27, 2002	Mar 25, 2022	Yen 15,000
Unsec. Str. Bonds No.10	Dec 24, 2003	Sep 20, 2023	Yen 20,000
Unsec. Str. Bonds No.11	Jun 10, 2004	Mar 20, 2024	Yen 10,000
Unsec. Str. Bonds No.12	Jul 28, 2006	Jul 28, 2026	Yen 10,000
Unsec. Str. Bonds No.13	Feb 19, 2007	Feb 19, 2027	Yen 20,000
Unsec. Str. Bonds No.14	May 30, 2007	May 28, 2027	Yen 10,000
Unsec. Str. Bonds No.15	Feb 18, 2008	Dec 20, 2027	Yen 20,000
Unsec. Str. Bonds No.16	May 30, 2008	Mar 19, 2020	Yen 10,000
Unsec. Str. Bonds No.17	May 30, 2008	Mar 17, 2028	Yen 15,000
Unsec. Str. Bonds No.18	Dec 11, 2008	Dec 11, 2018	Yen 15,000
Unsec. Str. Bonds No.19	Dec 11, 2008	Dec 11, 2028	Yen 15,000
Unsec. Str. Bonds No.20	May 22, 2009	May 22, 2019	Yen 25,000
Unsec. Str. Bonds No.21	May 22, 2009	Mar 21, 2029	Yen 15,000
Unsec. Str. Bonds No.22	Sep 18, 2009	Sep 18, 2012	Yen 15,000
Unsec. Str. Bonds No.23	Sep 18, 2009	Sep 18, 2029	Yen 10,000
Unsec. Str. Bonds No.24	Dec 18, 2009	Dec 18, 2012	Yen 15,000

\* the bonds are provided with general security

**R&I RATING:** AA (Affirmed)

**PROGRAMME:** Commercial Paper  
Issue Limit: Yen 100,000 million

**R&I RATING:** a-1+ (Affirmed)

**New Issue**

<b>LONG-TERM ISSUE RATING:</b>	<b>Issue Date</b>	<b>Redemption</b>	<b>Issue Amount (mn)</b>
Unsec. Str. Bonds No.25	Mar 12, 2010	Mar 12, 2015	Yen 20,000
Unsec. Str. Bonds No.26	Mar 12, 2010	Mar 12, 2030	Yen 15,000

**R&I RATING:** AA (Assigned)

**Notes/Financial covenants:**

- 1) negative pledge clause, which covers other unsecured domestic bonds the firm issued or may issue in the future (including those to be issued this time and excluding those with a change of security status clause)

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In principle, an Issuer Rating is R&I's opinion on an issuer's overall capacity to repay its financial obligations as agreed and is assigned to all issuers. The rating of individual obligations includes the prospect of recovery and reflects the terms and conditions of the agreement and it may be lower or higher than the Issuer Rating.

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