

(Translation)

May 2, 2016
West Japan Railway Company

**Results for the Fiscal Year ended March 2016 and Future Initiatives
Q&A Summary at the conference**

Q1

Would you comment on the forecast for transportation revenues for the Hokuriku Shinkansen in the current fiscal year?

A1

The Hokuriku Shinkansen will mark its second year of operation. When direct service operations between the Sanyo and Kyushu Shinkansen services were implemented, the amount of the increase in transportation revenues on the Sanyo Shinkansen in the second year was about 10% less than the amount of the increase in the first year. However, for the Hokuriku Shinkansen, we will strive to secure demand without a decline on that scale. In April, the decline in usage was 7% year on year, which was close to the forecast for the percentage decline in transportation revenues for the full year. Also, the usage of the Thunderbird limited express in April was favorable, and moving forward we will strive to link this demand from Kansai to the entire Hokuriku area and to uncover potential demand, including the Tokyo metropolitan area.

Q2

What results have been seen with initiatives to promote the use of Internet reservation service and to foster demand among seniors?

A2

The number of J-West Internet Members at the end of the previous fiscal year was 2.54 million, an increase of 470 thousand from a year earlier. In addition, in the previous fiscal year the number of customers who used railway products for seniors was 2.22 million, a year-on-year increase of 220 thousand, with a contribution of +¥500 million to transportation revenues.

Accordingly, we believe that the initiatives to promote the use of our Internet reservation service and to foster demand among seniors are showing favorable results.

Q3

Of the operating cash flows that are expected to exceed anticipated levels, plans call for approximately ¥60.0 billion to be allocated to growth investments. In consideration of the results in the previous fiscal year, are you considering increasing this amount further? Also, would you comment on the state of progress to date in investments in growth projects?

A3

When we updated the medium-term management plan, we stated that of the approximately ¥100.0

billion in operating cash flow that surpasses anticipated levels, we would allocate about ¥40.0 billion to capital expenditures and the remaining ¥60.0 billion to investment in growth projects that we would identify in the future.

We are steadily implementing the ¥40.0 billion in initiatives that were added to capital expenditures. To achieve the greatest possible effects in the final fiscal year of the medium-term management plan, we have followed a policy of rapidly making investments that can be implemented quickly.

In regard to the remaining ¥60.0 billion that is planned for allocation to growth projects, in consideration of the recognition that free cash flow will further surpass expectations, we believe that we need to identify growth projects. As for the progress, the investment in the urban passenger railway business in Brazil is the largest, while other projects are in the range of several hundred million yen. Overall, the total is now in the range of ¥10.0 billion to ¥20.0 billion. There remain some projects for which we must conduct negotiations.

Q4

Problems have arisen in the gauge change train operational testing being conducted in Kyushu. What effect will this have on the company's development plans for gauge change trains?

A4

The gauge change trains that we are developing depend on the gauge change train technology on the Nagasaki route of the Kyushu Shinkansen. Accordingly, if development on the Nagasaki route is delayed, then our development will be delayed.

END