

August 30, 2016

(Translation)

Company name: West Japan Railway Company
President: Tatsuo Kijima
(Code number: 9021; stock listings: First
Sections of Tokyo and Nagoya Stock
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Notice of JR-West Enters Capital and Business Alliance with Nippon Signal Co., Ltd. (Code Number: TSE 6741)

On August 30, 2016, JR-West signed a capital and business alliance agreement with Nippon Signal Co., Ltd. (HQ: Chiyoda-ku, Tokyo; President & COO: Hidehiko Tsukamoto; hereinafter, "Nippon Signal"), as outlined below.

1. Objective of the Capital and Business Alliance

In March 2013, JR-West announced the JR-West Medium-Term Management Plan 2017 and its core component, the Safety Think-and-Act Plan 2017, with the aim of continued operation of railway services and contribution to the creation of a safe, comfortable society. Under these plans, we are working to resolve management issues through technology.

JR-West has been in a technical alliance in the field of electric signals for railway with Nippon Signal since 2009. Under this alliance, we are developing devices for signal system aimed at providing safe and reliable transport service and engaging in personnel exchanges.

Based on the new alliance, we will promote the development, design, and manufacture of new devices for signal systems in collaboration with Nippon Signal and JR-West subsidiary Tetsuden Co., Ltd. (HQ: Toyonaka, Osaka; President and Representative Director: Masahiro Yamamoto; hereinafter, "Tetsuden").

2. Details of the Capital and Business Alliance

(1) Details of the Business Alliance

JR-West and Nippon Signal will collaborate with Tetsuden on the development, design, and manufacture of new signal system equipment in the aim of further enhancing railway safety in JR-West's operating area; increasing the efficiency of construction, operation, and maintenance; and promoting overall system optimization.

(2) Details of the Capital Alliance

JR-West is slated to acquire a portion of Nippon Signal's shares (2,050,200 shares, equivalent to 3.0% of total outstanding shares), with Nippon Signal acquiring shares in Tetsuden (490 shares, equivalent to 49.0% of total outstanding shares) from JR-West.

3. Future Outlook

Any impact of this alliance on JR-West's operating performance for the fiscal year ending March 31, 2017, is expected to be slight. However, we believe the alliance will contribute to the Company's operating performance over the medium to long term.