

(Translation)

## **NOTICE OF THE 31ST ORDINARY GENERAL MEETING OF SHAREHOLDERS**

To Our Shareholders:

We should like to extend our heartfelt gratitude for your continued understanding of business operations of West Japan Railway Group (the "Group").

The Group very seriously takes its responsibility for the train accident on the Fukuchiyama Line we caused on April 25, 2005 and the gravity of its consequences, and has continued to implement various measures in terms of both physical and intangible aspects to improve safety.

In spite of that, in December 2017, the Group caused a critical incident on the Shinkansen and we once again recognized that we still had challenges to railway safety.

In consideration of this review, I, as well as all officers and employees of the Group, have determined to faithfully perform our roles in our respective positions with a sense of responsibility to build a safer railway system.

In April 2018, the Group launched a "JR-West Group Medium-Term Management Plan 2022" and its core component, a "JR-West Group Railway Safety Think-and-Act Plan 2022." Based on our resolve never to cause another accident like that on the Fukuchiyama Line, we will implement plans toward the realization of our corporate philosophy and management vision and contribute to the creation of "a safe and comfortable society filled with meetings among people and smiles" which is our vision.

The economic environment surrounding the Group is extremely challenging as we will face changes in the social structure, such as market contraction and labor shortages resulting from the decline in the population. On the other hand, however, customers visiting Japan from overseas are increasing and we are also advancing multiple large-scale projects. Thus, we have a substantial number of opportunities for growth in the future.

In these situations, by continuing to enhance our strengths in cooperation with local communities and in the development of initiatives as a unified group and becoming a "company that continues to take on challenges" from our perspective based on our vision, we will strive to contribute to social and economic development and enhance its enterprise value on a medium to long term.

On that basis, the entire Group will continually work to achieve growth and open up the future.

Hence, we cordially seek the continued understanding and support of our shareholders.

June 2018

Tatsuo Kijima  
President and Representative Director

(Securities Code: 9021)  
June 1, 2018

To the Shareholders:

NOTICE OF THE 31ST ORDINARY GENERAL MEETING  
OF SHAREHOLDERS

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Dear Shareholders:

Please take notice that the 31st Ordinary General Meeting of Shareholders of the Company will be held as described below and you are cordially requested to attend the meeting.

Since voting rights can be exercised in writing or via the Internet or other methods even if you are not present at the meeting, please review the accompanying "Reference Document for the General Meeting of Shareholders" and exercise your voting rights by June 20 (Wednesday), 2018.

Yours very truly,

Tatsuo Kijima  
President and Representative Director

West Japan Railway Company  
4-24, Shibata 2-chome,  
Kita-ku, Osaka, Japan

## Description

1. Date and hour of the meeting:

June 21 (Thursday), 2018, at 10:00 a.m.

2. Place of the meeting:

RIHGA Royal Hotel  
3-68, Nakanoshima 5-chome, Kita-ku, Osaka, Japan

3. Matters forming the objects of the meeting:

Matters to be reported:

1. Report on the business report, the consolidated financial statements and the financial statements for the 31st fiscal year (from April 1, 2017 to March 31, 2018)
2. Report on the results of audit of the consolidated financial statements for the 31st fiscal year by the account auditors and the Audit & Supervisory Board

Matter to be resolved:

- Proposition No. 1: Appropriation of retained earnings  
Proposition No. 2: Amendment to the Articles of Incorporation  
Proposition No. 3: Election of 15 Directors  
Proposition No. 4: Election of one (1) Audit & Supervisory Board Member

4. Other matters determined upon convening the General Meeting of Shareholders:

- (1) Your voting rights can be exercised by proxy, who must be a shareholder (being one (1) person) of the Company entitled to vote at this General Meeting of Shareholders.
- (2) If voting rights are exercised both in writing and via the Internet or other methods, the voting rights exercised via the Internet or other methods shall be treated as effective.
- (3) If voting rights are exercised more than once via the Internet or other methods, the voting rights last exercised shall be treated as effective.

### **Information on the matters to be posted on our Internet website**

- (1) The business report, the consolidated financial statements, the financial statements and the audit reports required to be attached to the Notice of the General Meeting of Shareholders are as set forth on page 30 to page 71 herein. However, the systems required to secure the properness of business activities, the notes to consolidated financial statements and the notes to non-consolidated financial statements are posted on our Internet website (<http://www.westjr.co.jp/company/ir/stock/meeting/>)\* in accordance as provided for in laws and ordinances and the Articles of Incorporation of the Company.

The business report that has been audited by the Audit & Supervisory Board Members and the consolidated financial statements and financial statements that have been audited by the account auditors and the Audit & Supervisory Board Members are comprised of the systems required to secure the properness of business activities, the notes to consolidated financial statements and the notes to non-consolidated financial statements posted on the abovementioned website as well as the documents included in this Notice of the General Meeting of Shareholders.

- (2) In the event of the revision of any matter in the Reference Document for the General Meeting of Shareholders, the business report, the consolidated financial statements and the financial statements, it will be posted on our Internet website (<http://www.westjr.co.jp/company/ir/stock/meeting/>).\*

Internet website of the Company

<http://www.westjr.co.jp/company/ir/stock/meeting/>\*

- (\*) For your reference, the English translation of the matters presented on the Japanese website above will be provided on the Company's English website (<http://www.westjr.co.jp/global/en/ir/news/2018/>).

**Information on the exercise of voting rights**

Before exercising your voting rights, please refer to the Reference Document for the General Meeting of Shareholders (on page 6 to page 29).

The following three methods are available for exercising voting rights:

(i) Exercise of voting rights by attending the meeting	Please present the enclosed voting form to a receptionist at the place of the meeting.
(ii) Exercise of voting rights in writing by mail  Must reach us no later than June 20 (Wednesday), 2018	Please indicate your votes for or against each proposition in the enclosed voting form and return the form by mail.
(iii) Exercise of voting rights via the Internet  Will be acceptable no later than June 20 (Wednesday), 2018	Please refer to the "Notice on Exercise of Voting Rights via the Internet" on the next page before exercising your voting rights via the Internet in advance.

**Platform for electronic exercise of voting rights for institutional investors:**

"ICJ Platform", a platform for electronic exercise of voting rights for institutional investors operated by ICJ Inc., will be available to institutional investors who have applied for the use of the platform in advance.

## **Information on Exercise of Voting Rights via the Internet**

Any exercise of voting rights via the Internet will be possible only on the website for the exercise of voting rights listed below:

Website for the exercise of voting rights: <https://www.web54.net>

### **For the use of the website for the exercise of voting rights:**

1. The "code for the exercise of voting rights" and the "password" are printed in the enclosed voting form.
2. Any exercise of voting rights via the Internet will be acceptable no later than the day immediately preceding the date of this Ordinary General Meeting of Shareholders, or June 20 (Wednesday), 2018. However, for the expedient counting of the voting rights exercised, it would be appreciated if you could exercise your voting rights early.
3. Fees payable to Internet service providers and telecommunication carriers in accessing the website for the exercise of voting rights must be borne by the shareholders.

For further information on the exercise of voting rights via the Internet:

If you have any question about the exercise of voting rights via the Internet, please contact:

Sumitomo Mitsui Trust Bank, Limited

Stock Transfer Agency Business Planning Dept.

Web Support Dedicated Phone No: 0120-652-031 (toll-free) (9:00 a.m. to 9:00 p.m.)

(Request for forms, etc. and other inquiries: 0120-782-031 (toll-free) (9:00 a.m. to 5:00 p.m. on weekdays))

## Reference Document for the General Meeting of Shareholders

### Propositions and Information

#### Proposition No. 1: Appropriation of retained earnings

The Company recognizes it important to distribute profits to its shareholders on a long-term and constant basis and will, subject to the situation of achievement of the targets set in the "JR-West Group Medium-Term Management Plan 2017" updated in April 2015, has aimed to attain an approximately 3% "rate of total distribution on net assets"\* on a consolidated basis for the fiscal year ending March 31, 2018.

By taking into consideration that the Company has almost attained the targets set in the "JR-West Group Medium-Term Management Plan 2017", management proposes to appropriate retained earnings for the fiscal year under review, as set forth below:

#### 1. Matters concerning year-end dividends:

With regard to dividends for the fiscal year under review, management has intended to pay an annual dividend of ¥160 per share. As an interim dividend of ¥80 per share was paid in December 2017, management proposes to pay a year-end dividend of ¥80 per share.

##### (1) Kind of property to be distributed as dividends:

Cash

##### (2) Matter concerning the allocation of the property to be distributed to the shareholders as dividends and the aggregate amount thereof:

¥80 per share of common stock of the Company

¥15,498,748,160 in the aggregate

##### (3) Date on which the distribution of retained earnings shall become effective:

June 22, 2018

(\*) Rate of total distribution on net assets (%) = (aggregate amount of dividends + total amount of payments for the acquisition of its own shares) / consolidated net assets × 100

#### 2. Other matters concerning the appropriation of retained earnings:

To be prepared for unforeseeable changes in the business environments in the future, management proposes to provide for ¥40 billion as general reserve.

##### (1) Item of retained earnings to be increased and the amount thereof:

General reserve: ¥40,000,000,000

##### (2) Item of retained earnings to be decreased and the amount thereof:

Retained earnings carried forward: ¥40,000,000,000

**Proposition No. 2: Amendment to the Articles of Incorporation**

1. Reasons for the amendment:

With the aim of building up a management system to respond to changes in the business environment in the future, more clearly defining management responsibilities and further strengthening corporate governance by increasing the opportunities to gain shareholder confidence, the Company desires to shorten the term of office of Directors from the current two (2) years to one (1) year. Accordingly, the Company will make necessary amendment to Article 22 (Term of office of Directors) of its current Articles of Incorporation.

2. The particulars of the proposed amendment:

The particulars of the proposed amendment are as follows:

(Underlines show the amendment.)

Existing Articles of Incorporation	Proposed amendment to the Articles of Incorporation
<p>(Term of office of Directors)</p> <p>Article 22. The term of office of Directors shall expire at the close of the Ordinary General Meeting of Shareholders relating to the last of the fiscal years to end within <u>two (2) years</u> after their election.</p> <p><u>2. The term of office of Directors elected to fill vacancies or to increase the number of Directors shall expire at such time as the term of office of the other Directors currently in office expires.</u></p>	<p>(Term of office of Directors)</p> <p>Article 22. The term of office of Directors shall expire at the close of the Ordinary General Meeting of Shareholders relating to the last of the fiscal years to end within <u>one (1) year</u> after their election.</p> <p>(To be deleted)</p>



### Proposition No. 3: Election of 15 Directors

The term of office of the Directors, 14 in all, will expire at the close of this Ordinary General Meeting of Shareholders. Hence, to allow the Company to address management issues more appropriately, it is hereby proposed that the number of Directors be increased by one and 15 Directors be elected.

The candidates for Director are as follows:

Candidate No.	Name	Position and assignment in the Company	Attendance at the meetings of the Board of Directors during the fiscal year under review
1	[Reelection] Seiji Manabe	Chairman and Director	13/13 (100%)
2	[Reelection] Yumiko Sato Independent officer Candidate for external Director	External Director	13/13 (100%)
3	[Reelection] Yuzo Murayama Independent officer Candidate for external Director	External Director	13/13 (100%)
4	[Reelection] Norihiko Saito Independent officer Candidate for external Director	External Director	13/13 (100%)
5	[Reelection] Hideo Miyahara Independent officer Candidate for external Director	External Director	10/13 (76%)
6	[New election] Hikaru Takagi Independent officer Candidate for external Director	—	—

Candidate No.	Name	Position and assignment in the Company	Attendance at the meetings of the Board of Directors during the fiscal year under review
7	[Reelection] Tatsuo Kijima	President and Representative Director, In charge of "Three Pillars of Management"	13/13 (100%)
8	[Reelection] Fumito Ogata	Executive Vice President and Representative Director, Provides general assistance to President  In charge of safety enhancement, innovation of railway technology, Railway Operations Headquarters, Safety Research Institute, Structural Engineering Office and Construction Department	13/13 (100%)
9	[Reelection] Kazuaki Hasegawa	Executive Vice President and Representative Director, Provides general assistance to President  In charge of Business Development Headquarters	13/13 (100%)
10	[Reelection] Nobutoshi Nikaido	Executive Vice President and Representative Director, Provides general assistance to President, in charge of furthering of reform  In charge of Supporting Headquarters for the Victims of the derailment accident on the Fukuchiyama Line, Deliberation Department of the Derailment Accident on the Fukuchiyama Line, Inquiry & Auditing Department, Corporate Ethics & Risk Management Department, Corporate Planning Headquarters, IT Headquarters, Secretary Office, General Affairs Department, Corporate Communications Department, Personnel Department, Finance Department and Tokyo Headquarters	13/13 (100%)
11	[Reelection] Yoshihisa Hirano	Executive Vice President and Representative Director, Provides general assistance to President, in charge of mid- to long-term strategies for the safety and technology of the Shinkansen	13/13 (100%)

Candidate No.	Name	Position and assignment in the Company	Attendance at the meetings of the Board of Directors during the fiscal year under review
12	[Reelection] Shinichi Handa	Director, In charge of safety enhancement, and Transport Safety Department, Railway Operations Headquarters	13/13 (100%)
13	[New election] Shoji Kurasaka	Senior Executive Officer, Senior General Manager, Supporting Headquarters for the victims of the derailment accident on the Fukuchiyama Line	-
14	[New election] Kejiro Nakamura	Senior Executive Officer, Senior General Manager, Kansai Urban Area Regional Head Office	-
15	[New election] Toshihiro Matsuoka	Senior Executive Officer, Deputy Senior General Manager, Railway Operations Headquarters; General Manager, Shinkansen Supervising Department, Railway Operations Headquarters	-

Candidate No.	Name (Date of birth)	Brief history, position, assignment and important concurrent office	Number of shares of the Company held by Candidate
1	<p style="text-align: center;"><b>Seiji Manabe</b> (October 21, 1953)</p> <p style="text-align: center;">[Reelection]</p> <p style="text-align: center;">Attendance at the meetings of the Board of Directors 13/13 (100%)</p>	<p>April 1976    Joined JNR</p> <p>Mar. 1985    Deputy Manager, Payroll Section, Staff Administration Department of JNR</p> <p>April 1987    Deputy Manager, Labor Section, Personnel Department of the Company</p> <p>Oct. 2001    General Manager, Corporate Planning Headquarters of the Company</p> <p>June 2003    Executive Officer; General Manager, Finance Department of the Company</p> <p>June 2005    Senior Executive Officer; Deputy Senior General Manager, Corporate Planning Headquarters of the Company</p> <p>June 2006    Director and Senior Executive Officer; Senior General Manager, Corporate Planning Headquarters of the Company</p> <p>June 2009    Executive Vice President, Representative Director and Executive Officer; Senior General Manager, Tokyo Headquarters of the Company</p> <p>Oct. 2009    Executive Vice President, Representative Director and Executive Officer of the Company</p> <p>May 2012    President, Representative Director and Executive Officer of the Company</p> <p>June 2016    Chairman and Director of the Company (present post)</p>	10,000 shares
<p>[Reason for selecting him as a candidate for Director]</p> <p>Since May 2012, Mr. Seiji Manabe, as President and Representative Director of the Company, had formulated and implemented the "JR-West Group Medium-Term Management Plan 2017" and the "Safety Think-and-Act Plan 2017". Since June 2016, he, as Chairman and Director, has held the office of Chairman of the Board of Directors to exercise appropriate supervision and control to enhance safety and increase the enterprise value. For the purpose of sustainable development of the entire JR West Japan Group, the Company believes that his objective decision-making ability, forward-thinking skills and ability to deliver are appropriate to assume the responsibility for its management and that he is qualified as a Director of the Company.</p>			

Candidate No.	Name (Date of birth)	Brief history, position, assignment and important concurrent office	Number of shares of the Company held by Candidate
2	<p>Yumiko Sato (September 20, 1951)</p> <p>[Reelection]</p> <p>Independent officer Candidate for external Director</p> <p>Attendance at the meetings of the Board of Directors 13/13 (100%)</p>	<p>April 1975    Joined Suntory Co., Ltd.</p> <p>Mar. 1998    General Manager, Research Institute on Continuity and Change in Life, Suntory Co., Ltd.</p> <p>Mar. 2005    General Manager, Next Generation Institute, Suntory Co., Ltd.</p> <p>April 2008    Senior Research Fellow, Suntory Foundation (incorporated foundation)</p> <p>May 2010    Senior Research Fellow, Suntory Foundation (public interest incorporated foundation)</p> <p>June 2010    Director of the Company (present post)</p> <p>Oct. 2013    Special Professor, Institute for Creating Local Culture, Otemon Gakuin University</p> <p>May 2014    Specially-appointed Professor, Otemon Gakuin University</p> <p>Director, Center for Mature Society Research, Otemon Gakuin Educational Foundation</p> <p>Mar. 2015    Professor, Faculty of Regional Development Studies, Otemon Gakuin University (present post)</p> <p>April 2016    Director, Center for Mature Society Research, Otemon Gakuin University (present post)</p> <p>&lt;Important concurrent offices&gt;</p> <ul style="list-style-type: none"> <li>- Professor, Faculty of Regional Development Studies, Otemon Gakuin University</li> <li>- Director, Center for Mature Society Research, Otemon Gakuin University</li> <li>- Member of the Board of Governors, Japan Broadcasting Corporation</li> </ul>	2,000 shares
<p>[Reason for selecting her as a candidate for Director] Ms. Yumiko Sato has long studied various aspects of livelihoods and cultures and the changes in lifestyles in generations and also has been active in various fields as an opinion leader. Based on her accumulated experience and expertise, she has provided useful advice to the Company on management and the Company believes that she is qualified as an external Director.</p>			

Candidate No.	Name (Date of birth)	Brief history, position, assignment and important concurrent office	Number of shares of the Company held by Candidate
3	Yuzo Murayama (February 21, 1953)  [Reelection]  Independent officer Candidate for external Director  Attendance at the meetings of the Board of Directors 13/13 (100%)	<p>April 1982    Joined Nomura Research Institute, Ltd. June 1985    Deputy Chief Research Fellow, Economic Investigation Division, Nomura Research Institute, Ltd. July 1985    London Branch, Nomura Research Institute, Ltd. April 1989    Full-time Lecturer, Department of English and American Languages, Kansai Gaidai University Oct. 1993    Assistant Professor, American Studies, Department of Area Studies, Osaka University of Foreign Studies Jan. 2001    Professor, Osaka University of Foreign Studies April 2004    Professor, Doshisha Business School April 2009    Professor and Dean, Doshisha Business School June 2010    Director of the Company (present post) April 2011    Professor, Doshisha University Graduate School of Business (present post) April 2014    Vice President, Doshisha University</p> <p>&lt;Important concurrent office&gt; - Professor, Doshisha University Graduate School of Business</p>	1,800 shares
<p>[Reason for selecting him as a candidate for Director] Mr. Yuzo Murayama has been acting as Professor, Doshisha Business School and also studied issues of CSR and what should be management strategies in changing international relationships. Based on his professional knowledge and accumulated expertise as to economic and business trends, he has provided useful advice to the Company and the Company believes that he is qualified as an external Director.</p>			

Candidate No.	Name (Date of birth)	Brief history, position, assignment and important concurrent office	Number of shares of the Company held by Candidate
4	<p>Norihiko Saito (February 11, 1946)</p> <p>[Reelection]</p> <p>Independent officer Candidate for external Director</p> <p>Attendance at the meetings of the Board of Directors 13/13 (100%)</p>	<p>April 1970    Joined The Kansai Electric Power Company, Incorporated</p> <p>June 1997    Assistant Manager, The Kansai Electric Power Company, Incorporated</p> <p>June 1999    Manager, The Kansai Electric Power Company, Incorporated</p> <p>June 2001    Director, The Kansai Electric Power Company, Incorporated</p> <p>June 2003    Managing Director, The Kansai Electric Power Company, Incorporated</p> <p>June 2005    Vice President and Representative Director, The Kansai Electric Power Company, Incorporated</p> <p>June 2007    Statutory Auditor, Kinden Corporation</p> <p>June 2011    Retired as Vice President and Representative Director, The Kansai Electric Power Company, Incorporated</p> <p>June 2011    Chairman, Kinden Corporation</p> <p>June 2012    Director of the Company (present post)</p> <p>June 2016    Senior Advisor, Kinden Corporation (present post)</p> <p>&lt;Important concurrent offices&gt;</p> <ul style="list-style-type: none"> <li>- Senior Advisor, Kinden Corporation</li> <li>- Outside Director, The Kinki Sharyo Co., Ltd.</li> </ul>	3,900 shares
<p>[Reason for selecting him as a candidate for Director]</p> <p>After serving The Kansai Electric Power Company, Incorporated as Managing Director and Vice President and Representative Director, Mr. Norihiko Saito assumed the office of Chairman and Representative Director of Kinden Corporation in June 2011 and has provided advice to management since he assumed the office of Senior Advisor of the company. Based on his professional knowledge and accumulated expertise as a management executive, he has provided useful advice to the Company and the Company believes that he is qualified as an external Director.</p>			

Candidate No.	Name (Date of birth)	Brief history, position, assignment and important concurrent office	Number of shares of the Company held by Candidate
5	<p>Hideo Miyahara (June 21, 1943)</p> <p>[Reelection]</p> <p>Independent officer Candidate for external Director</p> <p>Attendance at the meetings of the Board of Directors 10/13 (76%)</p>	<p>Jan. 1973 Doctor of engineering, Osaka University</p> <p>April 1973 Assistant, Faculty of Engineering, Kyoto University</p> <p>April 1980 Associate Professor, School of Engineering Science, Osaka University</p> <p>Oct. 1989 Professor, School of Engineering Science, Osaka University</p> <p>April 1998 Dean, Graduate School of Engineering Science and School of Engineering Science, Osaka University</p> <p>Aug. 2003 President, Osaka University</p> <p>Sept. 2007 President, National Institute of Information and Communications Technology</p> <p>April 2013 Specially-appointed Professor, Graduate School of Information Science and Technology, Osaka University</p> <p>June 2013 Director of the Company (present post)</p> <p>April 2016 Visiting Professor, Graduate School of Information Science and Technology, Osaka University (present post)</p> <p>&lt;Important concurrent offices&gt;</p> <ul style="list-style-type: none"> <li>- Research Director and Member of the Board, Asia Pacific Institute of Research</li> <li>- Representative Director, Knowledge Capital Association</li> <li>- Outside Director, Osaka Gas Co., Ltd.</li> </ul>	300 shares
<p>[Reason for selecting him as a candidate for Director]</p> <p>Mr. Hideo Miyahara has served Osaka University successively as Professor, School of Engineering Science; Dean, Graduate School of Engineering Science; Dean, School of Engineering Science; and President. Based on his accumulated expertise in information engineering, he has provided useful advice to the Company on technology in general and the Company believes that he is qualified as an external Director.</p>			



Candidate No.	Name (Date of birth)	Brief history, position, assignment and important concurrent office	Number of shares of the Company held by Candidate
6	<p><b>Hikaru Takagi</b> (December 12, 1954)</p> <p>[New election] Independent officer Candidate for external Director</p>	<p>April 1977    Assistant, Tokyo University  Aug. 1980    Associate Professor, Faculty of Law, Kobe University  April 1990    Professor, Faculty of Law, Kobe University  April 1991    Professor, Faculty of Law, Gakushuin University  April 2004    Professor, Graduate School of Law, Gakushuin University  April 2007    Professor, Graduate School of Law, Kyoto University (present post)</p> <p>&lt;Important concurrent office&gt;  - Professor, Graduate School of Law, Kyoto University</p>	0 share
	<p>[Reason for selecting him as a candidate for Director]  Mr. Hikaru Takagi has been engaged in research and education at Tokyo University, Kobe University, Gakushuin University and Kyoto University. Hence, the Company expects him to provide useful advice to the Company on management based on his accumulated knowledge as a jurist and believes that he is qualified as an external Director.</p>		

Candidate No.	Name (Date of birth)	Brief history, position, assignment and important concurrent office	Number of shares of the Company held by Candidate
7	<p style="text-align: center;"><b>Tatsuo Kijima</b> (September 22, 1954)</p> <p style="text-align: center;">[Reelection]</p> <p style="text-align: center;">Attendance at the meetings of the Board of Directors 13/13 (100%)</p>	<p>April 1978    Joined JNR</p> <p>Feb. 1986    Manager, Personal Section, Administration Department, Shinkansen Division of JNR</p> <p>April 1987    Deputy Manager, Labor Section, Personnel Department of the Company</p> <p>June 2002    General Manager, Corporate Communications Department of the Company</p> <p>June 2006    Executive Officer; General Manager, Personnel Department of the Company</p> <p>June 2009    Senior Executive Officer; Senior General Manager, Corporate Planning Headquarters of the Company</p> <p>Oct. 2009    Senior Executive Officer; Senior General Manager, Corporate Planning Headquarters; Senior General Manager, Tokyo Headquarters of the Company</p> <p>June 2010    Director and Senior Executive Officer; Senior General Manager, Corporate Planning Headquarters; Senior General Manager, Tokyo Headquarters of the Company</p> <p>June 2012    Executive Vice President, Representative Director and Executive Officer of the Company</p> <p>Nov. 2012    Executive Vice President, Representative Director and Executive Officer; Senior General Manager, Supporting Headquarters for the victims of the derailment accident on the Fukuchiyama Line of the Company</p> <p>June 2016    President, Representative Director and Executive Officer of the Company (present post)</p>	7,800 shares
<p>[Reason for selecting him as a candidate for Director]</p> <p>Since June 2016, Mr. Tatsuo Kijima, as President, Representative Director and Executive Officer of the Company, has endeavored to enhance its enterprise value and also exhibited his skill in formulating the "JR-West Group Medium-Term Management Plan 2022" and the "JR-West Group Railway Safety Think-and-Act Plan 2022". For the purpose of steady implementation of such plans and sustainable development of the entire JR West Japan Group, the Company believes that his objective decision-making ability, forward-thinking skills and ability to deliver are appropriate to assume the responsibility for its management and that he is qualified as a Director of the Company.</p>			

Candidate No.	Name (Date of birth)	Brief history, position, assignment and important concurrent office	Number of shares of the Company held by Candidate
8	<p>Fumito Ogata (March 16, 1958)</p> <p>[Reelection]</p> <p>Attendance at the meetings of the Board of Directors 13/13 (100%)</p>	<p>April 1981    Joined JNR</p> <p>Mar. 1985    Budget Section, Accounting Department of JNR</p> <p>April 1987    Section Manager, Himeji Track Maintenance Section, Kinki Area Operations Headquarters of the Company</p> <p>June 2008    Deputy Senior General Manager, Corporate Planning Headquarters of the Company</p> <p>Dec. 2009    Executive Officer; General Manager, Corporate Ethics &amp; Risk Management Department of the Company</p> <p>April 2011    Executive Officer; General Manager, Corporate Ethics &amp; Risk Management Department; General Manager, Inquiry &amp; Auditing Department of the Company</p> <p>June 2011    Executive Officer; General Manager, Corporate Ethics &amp; Risk Management Department of the Company</p> <p>June 2012    Executive Officer; General Manager, Corporate Communications Department of the Company</p> <p>June 2014    Senior Executive Officer; Senior General Manager, Corporate Planning Headquarters; Senior General Manager, Tokyo Headquarters of the Company</p> <p>June 2016    Director, Senior Executive Officer; Senior General Manager, Corporate Planning Headquarters; Senior General Manager, IT Headquarters of the Company</p> <p>June 2017    Director, Senior Managing Executive Officer; Senior General Manager, Corporate Planning Headquarters; Senior General Manager, IT Headquarters of the Company</p> <p>Jan. 2018    Executive Vice President, Representative Director and Executive Officer; Senior General Manager, Railway Operations Headquarters of the Company (present post)</p>	5,400 shares
<p>[Reason for selecting him as a candidate for Director]</p> <p>Mr. Fumito Ogata has accumulated experience in the technology divisions of the Company and also has performed important roles in its planning and general affairs divisions for a long time. Through his activities in these wide sectors, he is familiar with the operations of the Company in general. For the purpose of addressing management issues, including further enhancement of safety, and sustainable development of the entire JR West Japan Group, the Company believes that his objective decision-making ability, forward-thinking skills and ability to deliver are appropriate to assume the responsibility for its management and that he is qualified as a Director of the Company.</p>			

Candidate No.	Name (Date of birth)	Brief history, position, assignment and important concurrent office	Number of shares of the Company held by Candidate
9	<p style="text-align: center;"><b>Kazuaki Hasegawa</b> (May 1, 1957)</p> <p style="text-align: center;">[Reelection]</p> <p>Attendance at the meetings of the Board of Directors 13/13 (100%)</p>	<p>April 1981    Joined JNR</p> <p>Feb. 1987    Secretariat Section, President's Office of JNR</p> <p>April 1987    Secretariat Section, General Affairs Department of the Company</p> <p>June 2005    General Manager in charge of Corporate Planning Headquarters of the Company</p> <p>June 2006    Deputy Senior General Manager, Corporate Planning Headquarters of the Company</p> <p>June 2008    Executive Officer; General Manager, Okayama Branch of the Company</p> <p>June 2012    Director and Senior Executive Officer, Senior General Manager, Kansai Urban Area Regional Head Office of the Company</p> <p>June 2016    Executive Vice President, Representative Director and Executive Officer; Senior General Manager, Business Development Headquarters of the Company (present post)</p>	9,200 shares
<p>[Reason for selecting him as a candidate for Director]</p> <p>Mr. Kazuaki Hasegawa has accumulated experience in the business divisions and administration of branch offices as well as the planning and general affairs divisions of the Company, among others. He also excels in organizational administration in the fields and is at home in group management. As such, he is familiar with general businesses of the entire Group. For the purpose of sustainable development of the entire JR West Japan Group, the Company believes that his objective decision-making ability, forward-thinking skills and ability to deliver are appropriate to assume the responsibility for its management and that he is qualified as a Director of the Company.</p>			

Candidate No.	Name (Date of birth)	Brief history, position, assignment and important concurrent office	Number of shares of the Company held by Candidate
10	Nobutoshi Nikaido (September 6, 1957)  [Reelection]  Attendance at the meetings of the Board of Directors 13/13 (100%)	<p>April 1980    Joined JNR</p> <p>Feb. 1986    Deputy Manager, Accounts Section, Accounting Department of JNR</p> <p>April 1987    Deputy Manager, Account Division, Finance Department of the Company</p> <p>June 2006    General Manager, Management Promotion Department, Corporate Planning Headquarters of the Company</p> <p>June 2008    On loan to West Japan Railway Daily Service Net Company Managing Director, West Japan Railway Daily Service Net Company</p> <p>June 2010    Executive Officer; General Manager, Kyoto Branch of the Company</p> <p>Dec. 2010    Executive Officer; Deputy Senior General Manager, Kansai Urban Area Regional Head Office; General Manager, Kyoto Branch, Kansai Urban Area Regional Head Office of the Company</p> <p>June 2012    Senior Executive Officer; Senior General Manager, Corporate Planning Headquarters; Senior General Manager, Tokyo Headquarters of the Company</p> <p>June 2014    Director and Senior Executive Officer; General Manager, Deliberation Department of the Derailment Accident on the Fukuchiyama Line; General Manager, General Affairs Department; General Manager, Finance Department of the Company</p> <p>June 2015    Director and Senior Executive Officer; General Manager, Deliberation Department of the Derailment Accident on the Fukuchiyama Line; General Manager, General Affairs Department of the Company</p> <p>June 2016    Director and Senior Executive Officer; General Manager, Deliberation Department of the Derailment Accident on the Fukuchiyama Line; General Manager, General Affairs Department; Senior General Manager, Tokyo Headquarters of the Company</p> <p>June 2017    Director and Senior Managing Executive Officer; General Manager, Deliberation Department of the Derailment Accident on the Fukuchiyama Line; General Manager, General Affairs Department; Senior General Manager, Tokyo Headquarters of the Company</p>	6,200 shares

Candidate No.	Name (Date of birth)	Brief history, position, assignment and important concurrent office	Number of shares of the Company held by Candidate
		Jan. 2018 Executive Vice President, Representative Director and Executive Officer; General Manager, Deliberation Department of the Derailment Accident on the Fukuchiyama Line; Senior General Manager, Corporate Planning Headquarters; Senior General Manager, IT Headquarters; General Manager, General Affairs Department; Senior General Manager, Tokyo Headquarters of the Company (present post)	
<p>[Reason for selecting him as a candidate for Director]</p> <p>Mr. Nobutoshi Nikaido has been engaged in the planning and general affairs divisions, among others and also has accumulated experience in the management of group companies and administration of branch offices. He has exhibited his skill in formulating the "JR-West Group Medium-Term Management Plan 2022" and is familiar with general businesses of the entire Company. For the purpose of sustainable development of the entire JR West Japan Group, the Company believes that his objective decision-making ability, forward-thinking skills and ability to deliver are appropriate to assume the responsibility for its management and that he is qualified as a Director of the Company.</p>			

Candidate No.	Name (Date of birth)	Brief history, position, assignment and important concurrent office	Number of shares of the Company held by Candidate
11	<p>Yoshihisa Hirano (March 28, 1958)</p> <p>[Reelection] Attendance at the meetings of the Board of Directors 13/13 (100%)</p>	<p>April 1982    Joined JNR</p> <p>Feb. 1987    General Manager, Okayama Signal and Communication Branch-station, Okayama Electric Station, Shinkansen Division of JNR</p> <p>April 1987    General Manager, Okayama Signal and Communication Branch-station, Okayama Electric Station, Shinkansen Operations Headquarters of the Company</p> <p>Dec. 2005    General Manager in charge of Electrical Engineering Department, Railway Operations Headquarters of the Company</p> <p>July 2008    General Manager, Transport Security Systems Office, Railway Operations Headquarters of the Company</p> <p>June 2012    Technology Director; General Manager, Transport Security Systems Office, Railway Operations Headquarters of the Company</p> <p>June 2014    Executive Officer; General Manager, Technical Research &amp; Development Department, Railway Operations Headquarters of the Company</p> <p>June 2016    Director and Senior Executive Officer; General Manager, Kansai Urban Area Regional Head Office of the Company</p> <p>Jan. 2018    Executive Vice President, Representative Director and Executive Officer of the Company (present post)</p>	4,800 shares
<p>[Reason for selecting him as a candidate for Director] Mr. Yoshihisa Hirano has endeavored to build up the technical basis based on his accumulated experience in the technology divisions and greatly contributed to safe and stable railway transport from his position responsible for railway operations in the Kansai Urban Area. He also excels in organizational administration in the fields and is at home in technology strategies instrumental in railway operations in the future. For the purpose of sustainable development of the entire JR West Japan Group, the Company believes that his objective decision-making ability, forward-thinking skills and ability to deliver are appropriate to assume the responsibility for its management and that he is qualified as a Director of the Company.</p>			

Candidate No.	Name (Date of birth)	Brief history, position, assignment and important concurrent office	Number of shares of the Company held by Candidate
12	<p><b>Shinichi Handa</b> (November 14, 1959)</p> <p>[Reelection]</p> <p>Attendance at the meetings of the Board of Directors 13/13 (100%)</p>	<p>April 1982    Joined JNR</p> <p>Feb. 1987    Track Maintenance Section, Track &amp; Structures Department, Osaka Railway Operations Division of JNR</p> <p>April 1987    Track Maintenance Section, Track &amp; Structures Department, Kinki Area Operations Headquarters of the Company</p> <p>Dec. 2009    General Manager in charge of Secretary Office of the Company</p> <p>Dec. 2010    General Manager in charge of Corporate Planning Headquarters of the Company</p> <p>June 2011    General Manager, Inquiry &amp; Auditing Department of the Company</p> <p>June 2012    Executive Officer; General Manager, Wakayama Branch of the Company</p> <p>June 2014    Executive Officer; General Manager, Track &amp; Structures Department, Railway Operations Headquarters of the Company</p> <p>June 2016    Director and Senior Executive Officer; Deputy Senior General Manager, Railway Operations Headquarters; General Manager, Transport Safety Department, Railway Operations Headquarters of the Company</p> <p>Jan. 2018    Director and Senior Executive Officer; Deputy Senior General Manager, Railway Operations Headquarters; General Manager, Transport Safety Department, General Manager, Track &amp; Structures Department, Railway Operations Headquarters of the Company</p> <p>Feb. 2018    Director and Senior Executive Officer; Deputy Senior General Manager, Railway Operations Headquarters; General Manager, Transport Safety Department, Railway Operations Headquarters of the Company (present post)</p>	3,800 shares
<p>[Reason for selecting him as a candidate for Director]</p> <p>Mr. Shinichi Handa has accumulated experience in the technology divisions and has made efforts to implement the "Safety Think-and-Act Plan 2017", while he has exhibited his skill in formulating the "JR-West Group Railway Safety Think-and-Act Plan 2022". As such, he is familiar with railway operations of the Company in general. He also has held important posts in the planning and audit divisions and made a contribution to governance from the perspective of safety. For the purpose of sustainable development of the entire JR West Japan Group, the Company believes that his objective decision-making ability, forward-thinking skills and ability to deliver are appropriate to assume the responsibility for its management and that he is qualified as a Director of the Company.</p>			



Candidate No.	Name (Date of birth)	Brief history, position, assignment and important concurrent office	Number of shares of the Company held by Candidate
13	<b>Shoji Kurasaka</b> (June 7, 1962) [New election]	April 1985    Joined JNR April 1987    Personnel Section, Personnel Department of the Company June 2008    General Manager in charge of Personnel Department of the Company June 2009    Executive Officer; General Manager, Personnel Department of the Company June 2012    Executive Officer, Deputy Senior General Manager, Kansai Urban Area Regional Head Office; General Manager, Osaka Branch, Kansai Urban Area Regional Head Office of the Company June 2014    Executive Officer, General Manager, Corporate Communications Department of the Company June 2016    Senior Executive Officer, Senior General Manager, Supporting Headquarters for the victims of the derailment accident on the Fukuchiyama Line of the Company (present post)	4,900 shares
		<p>[Reason for selecting him as a candidate for Director]            Mr. Shoji Kurasaka has been engaged in the planning and general affairs divisions, among others and also has experience in business divisions and the administration of branch offices. Currently, he is engaged in the "measures to have ourselves accepted as acting with sincerity by the victims of the train accident", which is one of the three pillars of management of the Company. He has extensive knowledge of the operations of the entire Group in general. For the purpose of sustainable development of the entire JR West Japan Group, the Company believes that his objective decision-making ability, forward-thinking skills and ability to deliver are appropriate to assume the responsibility for its management and that he is qualified as a Director of the Company.</p>	

Candidate No.	Name (Date of birth)	Brief history, position, assignment and important concurrent office	Number of shares of the Company held by Candidate
14	<p style="text-align: center;"><b>Keijiro Nakamura</b> (July 10, 1960) [New election]</p>	<p>April 1985    Joined JNR</p> <p>April 1987    Track Maintenance Section, Track &amp; Structures Department, Kinki Area Operations Headquarters of the Company</p> <p>Sept. 2005    General Manager in charge of Track &amp; Structures Department, Railway Operations Headquarters of the Company</p> <p>July 2007    Deputy General Manager, Shinkansen Management Division of the Company</p> <p>June 2011    Deputy Senior General Manager, Shinkansen Management Division of the Company</p> <p>June 2012    Executive Officer; Senior General Manager, Shinkansen Management Division of the Company</p> <p>June 2014    Executive Officer; General Manager, Okayama Branch of the Company</p> <p>June 2016    Executive Officer; Senior General Manager, Shinkansen Management Division of the Company</p> <p>Jan. 2018    Senior Executive Officer, Senior General Manager, Kansai Urban Area Regional Head Office of the Company (present post)</p>	5,800 shares
<p>[Reason for selecting him as a candidate for Director] Mr. Keijiro Nakamura has long been engaged in the technology divisions and also has accumulated experience in the administration of branch offices. Currently, as a person responsible for railway operations in the Kansan Urban Area, he has exerted efforts to enhance the value of the Urban Network, which is the important railway belt of the railway division of the Company. He is familiar with railway operations of the Company in general and also excels in organizational administration in the fields. For the purpose of sustainable development of the entire JR West Japan Group, the Company believes that his objective decision-making ability, forward-thinking skills and ability to deliver are appropriate to assume the responsibility for its management and that he is qualified as a Director of the Company.</p>			

Candidate No.	Name (Date of birth)	Brief history, position, assignment and important concurrent office	Number of shares of the Company held by Candidate
15	Toshihiro Matsuoka (September 10, 1959)  [New election]	<p>April 1985    Joined JNR</p> <p>April 1987    Rolling Stock Engineering Section, Suita Faculty, Kinki Area Operations Headquarters of the Company</p> <p>July 2006    General Manager in charge of Rolling Stock Department, Railway Operations Headquarters of the Company</p> <p>Dec. 2010    General Manager, Rolling Stock Department of the Company</p> <p>June 2014    Executive Officer; General Manager, Yonago Branch of the Company</p> <p>June 2017    Senior Executive Officer, Deputy Senior General Manager, Railway Operations Headquarters; General Manager, Shinkansen Supervising Department, Railway Operations Headquarters of the Company (present post)</p>	1,300 shares
<p>[Reason for selecting him as a candidate for Director]</p> <p>Mr. Toshihiro Matsuoka has long been engaged in the technology divisions and also has accumulated experience in the administration of branch offices. Currently, he has exerted efforts to formulate strategies and solve problems with regard to the Shinkansen. He is familiar with railway operations of the Company in general and also excels in organizational administration in the fields. For the purpose of sustainable development of the entire JR West Japan Group, the Company believes that his objective decision-making ability, forward-thinking skills and ability to deliver are appropriate to assume the responsibility for its management and that he is qualified as a Director of the Company.</p>			

- (Notes)
- Each of the Candidates has no special interest in the Company.
  - Candidates Yumiko Sato, Yuzo Murayama, Norihiko Saito, Hideo Miyahara and Hikaru Takagi are candidates for external director as provided for in Article 2, paragraph 3, item 7 of the Regulations to Enforce the Companies Act of Japan. Candidates Yumiko Sato, Yuzo Murayama, Norihiko Saito and Hideo Miyahara are external Directors currently in office. The years of service of Ms. Yumiko Sato, Messrs. Yuzo Murayama, Norihiko Saito and Hideo Miyahara as external Directors will be eight years, eight years, six years and five years, respectively, at the close of this General Meeting of Shareholders.
  - The Company has registered Candidates Yumiko Sato, Yuzo Murayama, Norihiko Saito and Hideo Miyahara, each of whom has satisfied its "Criteria for Independence of External Officers" and the requirements for independent officers specified by the Tokyo Stock Exchange, as independent officers in accordance with the rules of each financial instruments exchange on which its shares are listed.

Candidate Hideo Miyahara belongs to National Universities Corporation Osaka University, to which the Company has made donations. However, those donations were research grants in the sector of medicine, which is not his special field of study, and have been commenced since he retired as the President of the university in August 2007. Therefore, management believes that such fact will have no effect on his independence.
  - Candidate Hikaru Takagi has satisfied the "Criteria for Independence of External Officers" of the Company and the requirements for independent officers specified by the Tokyo Stock Exchange. If his election is approved, the Company will register him as an independent officer in

accordance with the rules of each financial instruments exchange on which its shares are listed.

Candidate Hikaru Takagi belongs to National Universities Corporation Kyoto University, to which the Company has made donations. However, those donations were research grants in the sector of disaster risk management engineering, which is not his special field of study. Therefore, management believes that such fact will have no effect on his independence.

5. Management proposes to elect each of Candidates Yumiko Sato, Yuzo Murayama, Hideo Miyahara and Hikaru Takagi as external Director to have his/her accumulated experience and expertise as an academic expert reflected in the management of the Company. Neither of them has been engaged in corporate management. However, for the aforementioned reason, management believes that each of them will properly perform the duties of an external Director. Management proposes to elect Candidate Norihiko Saito as external Director to have his accumulated experience and expertise as a management executive reflected in the management of the Company.
6. The Company has entered into an agreement with each of Candidates for external Director Yumiko Sato, Yuzo Murayama, Norihiko Saito and Hideo Miyahara to limit his/her liabilities as provided for in Article 423, paragraph 1 of the Companies Act of Japan, to the amount as provided for in laws or ordinances. If the reelection of each of them is approved, the Company will maintain such agreement with each of them.
7. If Candidate Hikaru Takagi is elected, the Company will enter into an agreement with him to limit his liabilities as provided for in Article 423, paragraph 1 of the Companies Act of Japan, to the amount as provided for in laws or ordinances.
8. While Candidate Norihiko Saito was serving Kinden Corporation as Representative Director, with regard to a transaction relating to electric power transmission work ordered by The Kansai Electric Power Company, Incorporated, Kinden Corporation was subjected to a cease and desist order and an order for payment of surcharge by the Fair Trade Commission on January 31, 2014 because it was found to have violated Article 3 (Prohibition of Unreasonable Restraint of Trades) of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (or Antimonopoly Act) of Japan.

#### Proposition No. 4: Election of one (1) Audit & Supervisory Board Member

Audit & Supervisory Board Member Yasutaka Kikuchi will resign at the close of this Ordinary General Meeting of Shareholders. Hence, it is hereby proposed that one (1) Audit & Supervisory Board Member be elected to fill the vacancy.

The candidate for Audit & Supervisory Board Member is as follows.

The Audit & Supervisory Board has consented to the submission of this proposition.

Name (Date of birth)	Brief history, position, assignment and important concurrent office	Number of shares of the Company held by Candidate
<p>Naoki Nishikawa (September 13, 1950)</p> <p>[New election]</p>	<p>April 1975    Joined JNR</p> <p>Feb. 1986    Manager, Railway Station Section, Osaka Construction Office of JNR</p> <p>April 1987    Chief Engineer, Osaka Construction Office of the Company</p> <p>Oct. 2001    General Manager in charge of Corporate Planning Headquarters of the Company</p> <p>June 2003    Executive Officer; General Manager, Okayama Branch of the Company</p> <p>Nov. 2005    Senior Executive officer; Deputy Senior General Manager, Railway Operations Headquarters; General Manager, Transport Safety Department, Railway Operations Headquarters of the Company</p> <p>June 2006    Director, Senior Executive officer; Deputy Senior General Manager, Railway Operations Headquarters; General Manager, Transport Safety Department, Railway Operations Headquarters of the Company</p> <p>June 2008    Executive Vice President, Representative Director and Executive Officer, Senior General Manager, Railway Operations Headquarters of the Company</p> <p>June 2012    President and Representative Director of Osaka Terminal Building Company</p> <p>June 2014    Vice Chairman and Director, Daitetsu Kogyo Co., Ltd.</p> <p>June 2015    President and Representative Director, Daitetsu Kogyo Co., Ltd.</p> <p>March 2017    Senior Advisor and Director, Daitetsu Kogyo Co., Ltd. (present post)</p>	<p>11,200 shares</p>
<p>[Reason for selecting him as a candidate for Audit &amp; Supervisory Board Member]</p> <p>Mr. Naoki Nishikawa has accumulated experience in the technology divisions and has performed duties of general control over railway safety in general. He also has contributed to enhancing safety and increasing the enterprise value as Executive Vice President and Representative Director. Since his retirement from office of an executive officer of the Company, he has exhibited management skills for its group companies. To further strengthen governance for the purpose of sustainable development of the entire JR West Japan Group, the Company believes that he is qualified as an Audit &amp; Supervisory Board Member of the Company.</p>		

(Note) The Candidate has no special interest in the Company.

- END -

<For reference> Criteria for Independence of External Officers

The Board of Directors of the Company has established a criterial for independence to invite external officers who shall be able to perform effective monitoring and supervising activities from an objective perspective, independent of the Company.

1. Persons affiliated with the Group:

- (1) Such officer shall not be, or shall have not been, any executive (which shall mean an executive director, operating officer, executive officer and other similar employee; the same applies hereinafter) of the Company or any of its subsidiaries (the "Group Companies"), for the current fiscal year or any of the previous ten fiscal years.
- (2) Any relative of such officer in second or less degree shall not be, or shall have not been, any executive of any of the Group Companies, for the current fiscal year or any of the previous ten fiscal years.

2. Persons affiliated with the major clients:

The transaction amount of such major client with the Company shall be, or shall have been, less than an average of 2% of consolidated net sales (in case of borrowings, the amount of consolidated total assets) of the Company or the client, for the current fiscal year or any of the previous three fiscal years (if the client is a body corporate, the person affiliated with the client shall not be, or shall have not been, any executive of the client, for the current fiscal year or any of the previous three fiscal years).

3. Legal professionals, etc.:

The fees of such professional, excluding remuneration as an officer, received from the Company shall not be, or shall have not been, more than an annual average of ¥10 million (if the professional belongs to a body corporate, the fees shall be, or shall have been, less than 2% of consolidated net sales of the body corporate), for the current fiscal year or any of the previous three fiscal years.

4. Other:

- (1) Such officer shall not be, or shall not have been, any director or other executive of any entity to which the Company has made donations in the amount of more than an annual average of ¥10 million, for the current fiscal year or for the previous three fiscal years.
- (2) Any officer shall not be, or shall have not been, any major shareholder (whose shareholding ratio shall be 10% or more of the total voting rights) of the Company, for the current fiscal year or any of the previous five fiscal years (if the major shareholder is a body corporate, such officer shall not be, or shall have not been, any executive of the body corporate, for the current fiscal year or any of the previous five fiscal years).
- (3) Such officer shall have, or shall have had, no material interest in any of the Group Companies, for the current fiscal year or any of the previous three fiscal years.

## **DOCUMENTS ATTACHED TO THE NOTICE OF THE 31ST ORDINARY GENERAL MEETING OF SHAREHOLDERS**

### **BUSINESS REPORT** (from April 1, 2017 to March 31, 2018)

#### **1. Matters concerning the situations of West Japan Railway Group (the "Group")**

##### (1) Developments and results of business activities

##### (i) General developments:

On April 25, 2005, the Company caused an extremely serious accident when one of its trains derailed between Tsukaguchi and Amagasaki stations on the Fukuchiyama Line, resulting in 106 fatalities and more than 500 injuries to passengers. The Company would like to express once more its deepest regret and condolences to the victims of this accident and the bereaved families, as well as all of the injured and their families. The Company will continue to make concerted efforts to face with sincerity all persons affected by the accident, and enhance its diligent efforts to improve safety.

The Group, based on the "JR-West Group Medium-Term Management Plan 2017" (the "Management Plan 2017") and the "Safety Think-and-Act Plan 2017", the core component of the plan, steadily implemented various measures to enhance enterprise value over the medium to long term. By setting targets for each strategy of the plan, and repeatedly applying Plan-Do-Check-Act (PDCA) cycles, the Company achieved positive results, including reducing the number of railway transportation accidents and transport disruptions due to internal factors, and increasing customer satisfaction. The Company also took steps to maximize the opening effect of the Hokuriku Shinkansen, develop Osaka station and other terminal stations, and capture demand from overseas tourists, generating new vitality in regional areas. As a result, all finance-related key performance indicators (KPIs) exceeded the targets by a significant margin. At the same time, the Company was unable to meet certain safety-related targets, such as preventing railway worker accidents, and the Company recognizes the critical incident involving the Shinkansen to be a major issue.

With these circumstances in mind, beginning in the fiscal year ending March 31, 2019, the Company has launched a "JR-West Group Medium-Term Management Plan 2022" and its core component, a "JR-West Group Railway Safety Think-and-Act Plan 2022." The Company also formulated a "Technology Vision" to explore how to achieve its ideal form from a technical aspect.

Based on its resolve never to cause another accident like that on the Fukuchiyama Line, the Company will continue to exert its full efforts to improve safety in its core railway business, strive to meet the expectations of each and every customer, and work together with communities to create a safe and prosperous society. Further, the entire Group will constantly evolve to achieve growth, and pave the way for the future.

During the fiscal year under review (April 1, 2017 to March 31, 2018), transportation revenues rose amid a moderate economic expansion, mainly as a result of active use during holidays and other busy periods, and a rebound in railway use from the downturn following the Kumamoto earthquake in April 2016. The Sales of Goods and Food Services and Real Estate Business also grew steadily. As a result, operating revenues for the fiscal year under review rose 4.1% from the previous fiscal year to ¥1,500.4 billion, with operating income up 8.5% to ¥191.3 billion, recurring profit up 10.6% to ¥177.7 billion, and profit attributable to owners of parent up 21.0% to ¥110.4 billion.

## (ii) Results by Business Segment

### < Transportation Business >

#### Safety Enhancements

The Group, based on the "Safety Think-and-Act Plan 2017", has implemented various safety-related measures aimed at establishing a structure to ensure safety throughout the entire organization and foster a corporate culture that prioritizes safety. In addition, the Company upgraded its physical facilities, including installing safety equipment to prevent transport accidents, carrying out seismic reinforcements and other improvements to mitigate natural disasters, and enhancing safety on platforms and crossings.

As a result, the number of railway transportation accidents, transport disruptions due to internal factors and serious labor accidents has been declining overall. However, as noted in the previous section, the Company was unable to meet certain safety-related targets such as preventing railway worker accidents, and the Company recognizes the critical incident involving the Shinkansen to be a major issue.

Bearing in mind the results achieved, as well as the nonattainment of certain targets and other factors, the Company will continue to pursue measures for greater safety under the "JR-West Group Railway Safety Think-and-Act Plan 2022."

During the fiscal year under review, based on the "Safety Think-and-Act Plan 2017," the Company implemented various measures to enhance safety in terms of both physical and intangible aspects. The Company made safety-related investments in line with the plan. To enhance safety on platforms, the Company steadily moved forward with the installation of platform gates at stations with 100,000 or more daily passengers boarding and alighting and other stations with fewer than 100,000 daily passengers, and other initiatives. The Company also took steps to address intensifying natural disasters, including countermeasures against earthquakes, tsunami and heavy rains. Further, in December 2017, the Company consolidated safety-related information and risk-assessment information into a single database, introducing a "Safety Management Integrated System", allowing for viewing and analysis at all office locations.

Further, in terms of measures for technologies that support safety, the Company has worked to develop new technologies to improve safety and work efficiency.



With regard to the critical Shinkansen incident, the Company took its failure to detect abnormalities in the bogie seriously and has made all-out efforts to ensure safety of the rolling stock by improving measures to detect abnormalities, such as tests by ultrasonic flaw detection and elaborate visual checkups. The Company also recognized it a serious issue to fail to discontinue the operation of the train in spite of the abnormalities being detected during running, and immediately after the occurrence of the incident, formulated measures to adequately respond to abnormalities and has steadily implemented the measures.

To strengthen the safety management structure for the Shinkansen, in January 2018, the Company newly appointed an Executive Vice President and Representative Director in charge of the Shinkansen to supervise the prompt establishment of a safety management structure based on the circumstances of the recent incident, and manage internal measures related to the safe operation of the Shinkansen.

In March 2018, the Company received from external members a report of the Expert Committee on the Critical Shinkansen Incident. The Company takes the recommendations in the report seriously and will, taking leadership at the management level, together with technical and operational personnel, make a concerted effort as an organization to identify the potential risks in the systems supporting Shinkansen operations, and through repeated PDCA cycles, work to improve safety. Specifically, in addition to the measures implemented up to now, the Company will make additional efforts, including installing systems to detect abnormalities in the bogies, further improving the quality of train inspections with renovations of the Hakata Depot, and increasing the number of rolling stock to allow for more flexible vehicle operations. The Company will also establish a Shinkansen-specific organizational structure to provide for comprehensive and specialized considerations regarding the Shinkansen and allow for prompt decision-making.

Through these measures, the Company will work to quickly enhance the Shinkansen safety management structure overall.

(Main specific measures during the fiscal year under review)

#### A. Platform safety enhancements

- Installation of platform gates (Osaka station Tracks 6 and 7 (April/May 2017))
- Remote security cameras that notify station staff of abnormal occurrences on platforms installed (At Tennoji and Tsuruhashi stations (Both in April 2017), Kyoto station (December 2017) and Amagasaki Station (March 2018))
- Employees encouraged to acquire qualifications as service assistance professionals in order to learn safe assistance skills.

#### B. Countermeasures against natural disasters

- Installation of derailment prevention guards continued on the Sanyo Shinkansen
- Educational materials for train crew utilizing virtual reality distributed as a tsunami protection measure for the Kisei Line (April 2017)

- For conventional lines, slope disaster prevention work was conducted, including reinforcement of slopes and installation of drainage facilities
- For conventional lines, implementation of a weather hazard response system to provide unified management of weather-related factors, including rainfall, wind speed and seismic intensity

#### C. Measures for technologies to support safety

- Development of a "Track Facility Diagnostic System" that performs inspections using an on-vehicle device (instead of the current system of visual observation by technicians), and trial implementation of the system on the Sanyo Shinkansen (September 2017)
- Development of a "Utility Pole Handling Vehicle" to enhance the efficiency of utility pole replacement work (October 2017)
- For conventional lines, development and introduction of a "Train Car Status Monitoring System" to automatically measure and record the condition of train cars when trains enter a depot or other area

#### Marketing initiatives

Customer satisfaction (CS) has been one of the basic strategies of the Management Plan 2017. The Company has pursued measures to meet the diverse needs of customers, while working to capture and create business and tourism demand.

During the fiscal year under review, along with various measures to increase customer satisfaction, the Company has worked to raise transport service quality on the Shinkansen, enhance the value of the railway belts in the Kansai Urban Area and promote region-affiliated tourism in the West Japan Area. The Company also took steps to ensure readiness to welcome overseas visitors to Japan, and enhance the appeal of the "Otonabi" member organization for seniors.

(Main specific measures during the fiscal year under review)

#### A. Enhancing customer satisfaction

- Improved customer facilities (toilets, benches, waiting rooms, train car renovations, information provision facilities, etc.)
- Expanded guidance services for customers (enhanced functionality and expanded use of tablets by station staff) (June 2017)
- Trial of a chat-based response system for lost article inquiries (August 2017)
- Expanded coverage areas and lines for the train location information services (March 2018)

B. Shinkansen

- Conducted a "Beauty of Japan is in Hokuriku" campaign and other travel campaigns (April to November 2017)
- Launched an "e5489" settlement service at convenience stores and other locations (May 2017)
- Launch of a "Smart EX" service (September 2017)

C. Kansai Urban Area

- Introduction of new 323-model train cars on the Osaka Loop Line
- Conducted a Kyoto Railway Museum grand opening first anniversary campaign (March to May 2017)
- Launch of station renovation work (Kyobashi and Tamatsukuri stations (both in September 2017)
- Opened new stations on the JR Kyoto Line and Osaka Higashi Line (JR Sojiji and Kizuri-Kamikita stations, both in March 2018)

D. West Japan Area

- Began operations of the Twilight Express Mizukaze sleeper train (June 2017)
- Launch of "JR-West 30th Anniversary Open-type Tickets" (September 2017)
- Introduction of newly-built passenger cars for steam locomotive the Yamaguchi-go (September 2017)
- Conducted a Bakumatsu Ishin Yamaguchi destination campaign (September to December 2017)
- Conducted a "Kagoshima-e, Don! to Campaign" (January to March 2018)

E. Capturing and creating demand from overseas visitors

- Launched a "Smart EX" service for overseas visitors to Japan (October 2017)
- Renovation of the Hiroshima Station Information Center (October 2017)
- Introduced a station numbering system for the major railway belts in the Kansai Urban Area (March 2018)
- Introduced a short-term baggage storage service at Shin-Kobe station (March 2018)
- Expanded multilingual guidance and announcements in stations and trains

## F. Generating demand among seniors

- Conducted events for "Otonabi" members to mark achieving one million members ("Kyoto Railway Museum" exclusive event (August 2017), etc.)

In bus and ferry (the Miyajima Line) services, on the basis of safe transportation, the Company has worked to enhance convenience through such measures as implementing transportation improvements based on customer usage patterns.

In addition to these measures, amid the moderate economic expansion, the Transportation Business segment benefited from such factors as active use during holidays and other busy periods, and a rebound in railway use from the downturn following the Kumamoto earthquake in April 2016. Segment operating revenues rose 2.3% from the previous fiscal year to ¥950.8 billion, with operating income up 7.0% to ¥130.3 billion.

Regarding the Sanko Line service between Gotsu and Miyoshi stations, which discontinued operations on April 1, 2018, the Company will continue discussions with local residents regarding the "New Public Transportation Network to Replace the Sanko Line", a community-led initiative to establish a model case for public transportation, taking into account the needs of the region and a future vision for community development.

### < Sales of Goods and Food Services >

For Sales of Goods and Food Services during the period of the Management Plan 2017, the Company has mostly completed ahead of schedule its plan to convert the previous Heart-in convenience stores and other shops to tie-up stores with Seven Eleven Japan ("SEJ"). The Company has also moved forward with such measures as proactive opening of accommodation-oriented Via-inn hotels.

During the fiscal year under review, the Company converted and opened 30 SEJ tie-up stores, and in June 2017, opened an Entrée Marché at Hiroshima station, where the Company had been undertaking station improvements and developing in-station stores and other facilities. The Company also opened stores in areas other than stations and railway belts, and in July 2017, opened a Karafuneya CAFÉ at Abeno Q's Mall in Osaka.

For department stores, the Company conducted measures to capture demand from overseas visitors to Japan, and utilize the Kyoto Station Building 20th anniversary.

Further, for the accommodation-oriented hotels included in the Sales of Goods and Food Services segment, the Company opened Via-inn Abeno Tennoji in Osaka in April 2017 and Via-inn Umeda in Osaka in August 2017.

As a result, sales of goods and food services rose steadily at stores, including SEJ franchise stores, among others, leading to gains in the Sales of Goods and Food Services. Segment revenue rose 2.5% from the previous fiscal year to ¥239.8 billion, with operating income up 38.9% to ¥7.2 billion.

## < Real Estate Business >

For Real Estate Business during the period of the Management Plan 2017, in recognition that the real estate business has a high degree of affinity with the railway business in terms of utilizing the portfolio assets of the Group to improve customer convenience and enhance the value of the railway belts, the Company has pursued such businesses as the development and management of shopping centers, as well as sales of residential and other properties.

During the fiscal year under review, for properties held by the Company's consolidated subsidiary Ryoju Properties Co., Ltd., which conducts business operations in promising markets, including those outside the Company's railway belts or railway service area, the Company worked to expand the sales business and strengthen the leasing business, utilizing the know-how of the Group.

For LUCUA osaka, in September 2017, the Company fully opened the renovated B1 floor of LUCUA 1100 and in December 2017, expanded the Barchica restaurant zone on the B2 floor. At Hiroshima station, in October 2017, the Company opened a new "ekie" shopping center and in March 2018, an "ekie Dining" restaurant zone in the north exit 1F area. Further, in March 2018, the Company made regular brush-ups of its facilities, including renovations to Kyoto Porta, Umeda EST in Osaka, Tennoji MIO in Osaka and Piole Himeji in Hyogo.

As a result, the Real Estate Business segment was boosted by such factors as the consolidation of Ryoju Properties Co., Ltd. and steady growth in the property development and leasing business, including JR West Real Estate and Development Company. Segment revenues rose 27.5% from the previous fiscal year to ¥139.6 billion, with operating income up 11.1% to ¥35.7 billion.

## < Other Businesses >

For Hotel Business during the period of the Management Plan 2017, to meet firm accommodation demand and respond to the diverse needs of customers, the Company strengthened operational capabilities, including structures and facilities to accommodate overseas visitors to Japan and worked to develop new business styles.

During the fiscal year under review, in October 2017, the Company opened a high-end capsule hotel First Cabin Station Abenoso in Abeno, Osaka, and made preparations for opening high-class accommodation-oriented Hotel Vischios in Osaka and in Kyoto. In addition, the Company plans to develop new types of hotels, such as for customers enjoying personal leisure in the Kyoto-Umekoji area. Together with its existing Granvia brand of city hotels and Via-inn brand of accommodation-oriented hotels, the Company will expand its hotel businesses by utilizing a diverse brand structure, including in areas outside of its railway belts and railway service area.

In travel agency operations, the Company strengthened marketing to overseas visitors to Japan and made efforts to expand corporate sales, as well as sales of products for individuals such as web-only products.

As a result, in the Other Businesses segment, orders increased in the construction business and the use by overseas visitors to Japan increased in the travel agency business. However, due mainly to the impact of the closure of the Sannomiya Terminal Hotel in Kobe in the hotel business, operating revenues rose only 0.7% from the previous fiscal year to ¥170.0 billion and operating income declined 2.5% to ¥19.9 billion.

## (2) Capital expenditure

During the fiscal year under review, the Company made capital investments by placing the full weight of its effort on enhancing safety. The Company also made investments to improve services and profitability and build up its transportation infrastructures, among other things.

The investments totaled ¥199.5 billion.

### (i) Major projects completed during the fiscal year under review are as follows:

- Construction to improve the Hiroshima station on the Sanyo Main Line.
- Construction to build a new station ("JR Sojiji" on the JR Kyoto Line).
- Construction to build new rolling stock (Shinkansen: 48 railcars, conventional railway lines: 58 railcars).

### (ii) Major projects under construction as of the end of the fiscal year under review are as follows:

- Construction to relocate a portion of a drop line of the Tokaido Line underground and build a new station.
- Construction to build new stations (one on the Sagano Line).
- Construction to improve the Kyobashi station.
- Improvement of transport capacities of the Nara Line.
- Construction to build new rolling stock (Shinkansen: 192 railcars, conventional railway lines: 246 railcars).
- Construction to renovate the employee training center.

## (3) Fund-raising

During the fiscal year under review, the Company borrowed ¥40.0 billion in domestic straight bonds and ¥37.6 billion in long-term debt for the purposes of debt redemption and capital expenditure.

(4) Issues to be addressed

(i) Basic management policies

The Group, as a corporate group with social infrastructure business centered on railways, has positioned safety as the basis of management in its corporate philosophy and management vision.

To fulfill the corporate philosophy and management vision, the Company will implement the "JR-West Group Medium-Term Management Plan 2022" (the "Management Plan 2022"), and together with local communities, contribute to the realization of its vision for the future, the fostering of a "safe and prosperous society in which people come together and smiles appear."

To realize this vision for the future, the Company has established as its ideal form "fulfilling our mission as a company coexisting with the community" and "becoming a company that continually embraces new challenges." To allow all stakeholders to smile, the Company will provide the following values:

Values to be provided to stakeholders

- i. Customers: Services that make them feel safe, secure, comfortable and happy.
- ii. Communities: Creating places people want to visit and live in.
- iii. Shareholders: Continual increase in shareholder value.
- iv. Colleagues: Job satisfaction and pride.

In the Management Plan 2022, along with a stretch goal for 2030 of ¥2 trillion in consolidated operating revenues, the Company has outlined a vision for the West Japan area, and will pursue measures necessary to realize its vision for the future. Further, based on its resolve never to cause another accident like that on the Fukuchiyama Line, the Company will continue to exert its full efforts to improve safety in its core railway business, lay the foundations for the next 30 years, and pave the way for the future.

(ii) Business environment for the Group

The business environment for the Company will be negatively impacted by such factors as shrinking markets and diminished labor capacity due to a population decline, as well as increasing severe natural disasters. However, there are also opportunities for growth, driven by such factors as an increase in overseas visitors to Japan, the extension of the Hokuriku Shinkansen and development projects such as the Umekita (Osaka) underground station, as well as ventures that will bring the world exposition and integrated resorts to Osaka.

Amid such an environment, the Group will refine its strengths of coordinating with local communities and implementing measures as a corporate group, to develop new markets and business fields and as a company coexisting with the communities, fulfill

its mission.

(iii) Medium- to long-term management strategies

Under the Management Plan 2022, the Company will pursue three common group strategies and strategies for the railway and non-railway businesses, build management foundations for sustainable and healthy business operations, and advance ceaselessly toward growth of the entire Group.

Common group strategies and the values provided

A. Increase community value

The Company will work with local communities to create towns and neighborhoods along its railway lines that will appeal to a wide range of people as places to visit and live in.

B. Increase railway belt value

The Company will provide safe and high-quality railway and living support services to make life more convenient and comfortable.

C. Increase business value

The Company will enhance the qualities of the goods and services the Group provides.

Railway business strategies and values provided

• Basic strategies

A. Increase safety

The Company will maintain safety as the highest priority strategy, work to build structures to ensure safety throughout the organization and foster a corporate culture that prioritizes safety, to successfully conclude the "JR-West Group Medium-Term Management Plan 2022" and achieve the goal of preventing serious accidents and work accidents.

B. Improve customer satisfaction

The Company will pursue "customer-oriented management" with the aim of creating "JR-West fans" among customers.

C. Raise productivity

To continually provide railway and transportation services into the future, the Company will make improvements in terms of both physical and intangible



aspects to effectively provide a safe and high-quality railway services.

D. Innovation through cultivation of human assets and technologies

The Company will develop the human assets and technologies that support railway business operations to enhance the quality of railway services.

- Business strategies

A. Shinkansen

The Company will ensure the safety of the Shinkansen as a high-speed railway, refine its strength as the core of a wide-area railway network and contribute to the expansion of visitor population.

B. Kansai Urban Area

The Company will enhance the value of its railway belts with safe and reliable transportation services and development of the areas along its railway lines.

C. West Japan Area

Through dialogues and cooperation with the communities, the Company will develop businesses to fit specific areas and create a thriving environment in the West Japan area.

Non-railway business strategies and the values provided

- Basic strategies

A. Deeply cultivate main businesses

Centered on its major businesses, the Company will pursue community development along its railway lines with its stations as hubs, provide attractive products and services and enhance the value of the neighborhoods overall.

B. Enter new markets

For businesses that may allow the Company to utilize its strengths, the Company will strengthen chain competitiveness by entering new markets and build an optimal business portfolio that supports sustained growth.

C. Expand into new business areas

Through cooperation and engagements with the communities, the Company will promote local industries and pursue a new value creation that utilizes local resources, to contribute to revitalizing the communities.

D. Build foundations to support growth

The Company will proactively utilize ICT (information and communications technology) tools and external expertise, develop human assets and organizations to fit businesses, build structures to take advantage of the collective power of the corporate group, with the aim of establishing the foundations that support growth.

- Business strategies

A. Sales of goods and food services

The Company will strengthen the function of facilities as "life stations" and help make daily life and travel enjoyable.

B. Real estate leasing and sales

The Company will create neighborhoods where people want to visit and live and contribute to the development of its railway line areas and communities.

C. Shopping centers

The Company will provide goods and experiences to offer high-quality lifestyle solutions.

D. Hotels

The Company will respond to the diverse accommodation needs of customers and support comfortable stays.

Building management foundations

A. ESG initiatives

The Company will set priority fields from the standpoint of ESG (environment, society and governance), pursue measures bearing in mind SDGs\*, fulfill its responsibilities as a member of society and seek a long-term and sustainable growth.

\*SDGs: Sustainable Development Goals included as global goals for 2016 to 2030 in the "2030 Agenda for Sustainable Development" adopted at the United Nations Sustainable Development Summit in September 2015.

B. Organizational developments to benefit safety and growth

To increase safety and achieve growth for the corporate group overall, the Company will make preparations to shift to a group management structure (company system) that allows each business division to conduct more independent management, and adapt to changes in the business environment and promptly make decisions.

(iv) Capital expenditure plan

The Company is strengthening investments for safety, the basis of its management, and investments to benefit sustainable growth, and will steadily implement the plan.

Consolidated capital expenditure plan

(billion yen)

	Management Plan 2022 Period (April 1, 2018 to March 31, 2023)	Vs. Management Plan 2017 Period (April 1, 2013 to March 31, 2018)
Maintenance and improvements [of which, safety investments]	810.0 [530.0]	+100.0 [+40.0]
Growth investments	460.0	+180.0
Total	1,270.0	+280.0

(v) Management KPIs

Management Plan 2022 targets

	Fiscal year ending March 31, 2023	[Reference] Fiscal year ended March 31, 2018
Consolidated operating revenues	¥1,630.0 billion	¥1,500.4 billion
Consolidated EBITDA	¥400.0 billion	¥356.1 billion
Consolidated ROA	Mid 6% level	6.3%
[Reference benchmark] Consolidated ROE	Around 10%	11.3%

(vi) Priority for uses of funds and shareholder returns policy

A. Priority for uses of funds

The priority for the use of funds in the Management Plan 2022 is: 1) Investment for safety and growth; 2) Shareholder returns; and 3) Debt reduction.

The Company, to realize its vision for the future and ideal form, will steadily make investments for safety and growth and seek a long-term and sustainable growth.

B. Shareholder returns policy

The Company considers it important to provide stable shareholder returns over the long term.

Specifically, the Company will pay stable dividends, aiming for a dividend payout ratio of approximately 35% in the fiscal year ending March 31, 2023.

In addition, over the aggregate period of the Management Plan 2022, the Company's yardstick will be a total return ratio of approximately 40%, and the Company will make flexible acquisitions of treasury stock.

The Company will also work to enhance shareholder benefits in order to build long-term, stable relationships with its shareholders.

The Company seeks the understanding and support of the shareholders.

Note: For the details of the Management Plan 2022, please refer to the pages of the website of the Company (<http://www.westjr.co.jp/company/>)

(\* ) For your reference, the English translation of the matters presented on the Japanese website above will be provided on the Company's English website (<http://www.westjr.co.jp/global/en/ir/news/2018/>).

(5) Assets and profits

Item	28th April 1, 2014 - Mar. 31, 2015	29th April 1, 2015 - Mar. 31, 2016	30th April 1, 2016 - Mar. 31, 2017	31st (current year) April 1, 2017 - Mar. 31, 2018
Operating revenues (billion yen)	1,350.3	1,451.3	1,441.4	1,500.4
Recurring profit (billion yen)	121.9	162.2	160.7	177.7
Profit attributable to owners of parent (billion yen)	66.7	85.8	91.2	110.4
Profit per share (yen)	344	443	471	570
Total assets (billion yen)	2,786.4	2,843.1	3,007.8	3,072.9
Net assets (billion yen)	846.7	926.3	1,032.6	1,116.3

(6) State of major subsidiaries, etc. (as of March 31, 2018)

(i) State of major subsidiaries:

Name	Paid-in capital (million yen)	Equity ownership by the Company (%)	Main business
West Japan Railway Hotel Development Limited	18,000	100.0	Hotels
Kyoto Station Building Development Co., Ltd.	6,000	61.4 (61.9)	Real estate leasing
Osaka Terminal Building Company	5,500	76.2	Real estate leasing
Nippon Travel Agency Co., Ltd.	4,000	79.8	Travel agency
Chugoku JR Bus Company	2,840	100.0	Bus services
West Japan Railway Daily Service Net Company	2,300	100.0	Retail sales
West Japan JR Bus Company	2,110	100.0	Bus services
Daitetsu Kogyo Co., Ltd.	1,232	36.9	Construction
JR-West Japan Real Estate & Development Company	620	100.0	Real estate sales and leasing
JR West Japan Communications Company	200	65.0 (100.0)	Advertising services
West Japan Railway Isetan Limited	100	60.0	Department store
West Japan Electric System Co., Ltd.	81	51.5	Electric engineering
Ryoju Properties Co., Ltd.	50	70.0	Real estate sales and leasing

- (Notes)
1. The percentages in the parentheses represent the Company's equity ownership including shares held indirectly through the subsidiaries of the Company.
  2. The ratio of voting rights held by the Company in Daitetsu Kogyo Co., Ltd. is 51.6%.
  3. The ratio of voting rights held by the Company in West Japan Electric System Co., Ltd. is 100.0%.

(ii) State of major affiliated companies:

Name	Paid-in capital (million yen)	Equity ownership by the Company (%)	Main business
Kansai Rapid Railway Co., Ltd.	75,280	23.9 (24.0)	Railway services
Osaka Soto-Kanjo Railway Co., Ltd.	23,807	24.4 (25.6)	Railway services
Kosei Construction Co., Ltd.	780	20.3 (35.6)	Construction

- (Note) The percentages in the parentheses represent the Company's equity ownership including shares held indirectly through the subsidiaries of the Company.

(7) Major businesses and offices (as of March 31, 2018)

The major businesses the Group engages in and the offices therefor are as follows:

(i) Transportation Business:

In addition to the railway services, the Group engages in bus services and other services.

- The Company (Kita-ku, Osaka-City)
- Chugoku JR Bus Company (Minami-ku, Hiroshima-City)
- West Japan JR Bus Company (Konohana-ku, Osaka-City)

The outline of the railway services is as follows:

Office	Route length			Number of stations	Number of rolling stock cars
	Shinkansen	Conventional railway lines	Total		
Shinkansen Management Division	km 644.0	km 8.5	km 652.5	3	991
Kanazawa Branch	168.6	(28.0) 459.8	(28.0) 628.4	136	558
Kansai Urban Area Regional Head Office	-	946.0	946.0	337	3,555
Wakayama Branch	-	282.5	282.5	86	0
Fukuchiyama Branch	-	331.7	331.7	71	168
Okayama Branch	-	601.0	601.0	154	380
Yonago Branch	-	605.7	605.7	154	250
Hiroshima Branch	-	960.9	960.9	261	596
Total	812.6	(28.0) 4,196.1	(28.0) 5,008.7	1,202	6,498

- (Notes)
1. The Shinkansen Management Division was reorganized into a "Shinkansen Operations Division" as of June 1, 2018.
  2. Kyoto, Osaka and Kobe Branches have been established under the Kansai Urban Area Regional Head Office.
  3. The railway service of the Sanko Line (between Gotsu and Miyoshi stations) was discontinued as of April 1, 2018. The respective route lengths and numbers of stations of the Yonago Branch and all offices as of April 1, 2018 are as follows:

Office	Route length			Number of stations
	Shinkansen	Conventional railway lines	Total	
Yonago Branch	km -	km 497.6	km 497.6	121
Total	812.6	(28.0) 4,088.0	(28.0) 4,900.6	1,169

4. The kilometers in the parentheses are shown separately for Category III railway services (Nanao Line (between Wakura-Onsen and Anamizu)). The conventional railway lines of the Kansai Urban Area Regional Head Office include 28.6 kilometers of Category II railway services (Kansai-Airport Line (between Rinku-Town and Kansai-Airport), JR Tozai Line (between Kyobashi and Amagasaki) and Osaka Higashi Line (between Hanaten and Kyuhoji)). The other lines are all for Category I railway services.

Category I railway services:	Transportation services provided by using its own railway tracks
Category II railway services:	Transportation services provided by leasing railway tracks from other operators
Category III railway services:	Possession of railway tracks that are used by operators of Category II railway services for transportation services

(ii) Sales of Goods and Food Services:

The Group engages in department store business, as well as sales of goods and food services.

- West Japan Railway Isetan Limited (Shimogyo-ku, Kyoto-City)
- West Japan Railway Daily Service Net Company (Amagasaki-City, Hyogo-Prefecture)

(iii) Real Estate Business:

The Group engages in sales and lease of real estate by use of its own real estate and other properties and operations of shopping centers.

- Kyoto Station Building Development Co., Ltd. (Shimogyo-ku, Kyoto-City)
- Osaka Terminal Building Company (Kita-ku, Osaka-City)
- JR-West Japan Real Estate & Development Company (Amagasaki-City, Hyogo-Prefecture)
- Ryoju Properties Co., Ltd. (Minato-ku, Tokyo)

(iv) Other Businesses:

The Group engages in hotel and advertising businesses by use of its own properties, travel agency business that has highly synergistic effects with its transportation business, and various construction and engineering works.

- West Japan Railway Hotel Development Limited (Shimogyo-ku, Kyoto-City)
- Nippon Travel Agency Co., Ltd. (Chuo-ku, Tokyo)
- JR West Japan Communications Company (Kita-ku, Osaka-City)
- West Japan Electric System Co., Ltd. (Yodogawa-ku, Osaka-City)
- Daitetsu Kogyo Co., Ltd. (Yodogawa-ku, Osaka-City)

## (8) State of employees

(as of March 31, 2018)

Segment description	Number of employees (increase or decrease compared with the end of the previous fiscal year)	
Transportation Business	26,229	(-529)
Sales of Goods and Food Services	2,795	(+442)
Real Estate Business	1,389	(+75)
Other Businesses	17,456	(+499)
Total	47,869	(+487)

(Note) The number of employees represents the number of those actually at work in the respective segments.

## (9) Major lenders (largest 10)

(as of March 31, 2018)

Lender	Debt payable (billion yen)
Sumitomo Mitsui Banking Corporation	38.0
Nippon Life Insurance Company	37.5
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	36.8
Resona Bank, Limited	33.1
Sumitomo Mitsui Trust Bank, Limited	21.5
Mizuho Bank, Ltd.	20.7
The Bank of Kyoto, Ltd.	18.8
Development Bank of Japan	16.7
The Norinchukin Bank	15.0
Meiji Yasuda Life Insurance Company	14.0

(Note) The Bank of Tokyo-Mitsubishi UFJ, Ltd. changed its name to MUFG Bank, Ltd. as of April 1, 2018.

**2. Matters concerning shares** (as of March 31, 2018)

(1) Total number of shares authorized to be issued 800,000,000 shares

(2) Total number of issued shares 193,735,000 shares

(Note) 648 shares of treasury stock are included in the total number of issued shares.

(3) Number of shareholders 144,696 persons



(4) 10 major shareholders

Name	Number of shares (shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Unit)	9,385,700	4.84
Japan Trustee Services Bank, Ltd. (Trust Unit)	8,114,600	4.19
Sumitomo Mitsui Banking Corporation	6,400,000	3.30
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	6,300,000	3.25
Japan Trustee Services Bank, Ltd. (Trust Unit 9)	4,424,900	2.28
Nippon Life Insurance Company	4,000,000	2.06
JR-West Employee Stock-Sharing Plan	3,458,900	1.79
Japan Trustee Services Bank, Ltd. (Trust Unit 5)	3,448,100	1.78
State Street Bank West Client - Treaty 505234	3,311,442	1.71
Mizuho Bank, Ltd.	3,250,000	1.68

(Note) For the purpose of computing the shareholding ratios, 648 shares of treasury stock are excluded from the total number of issued shares of the Company.

### 3. Matters concerning corporate officers (as of March 31, 2018)

#### (1) Names of Directors and Audit & Supervisory Board Members, etc.

Title	Name	Duties and major concurrent posts
Chairman and Director (Chairman of the Board of Directors)	Seiji Manabe	
Director	Tadashi Ishikawa	Special Counsel, Oh-Ebashi LPC & Partners
Director	Yumiko Sato	Professor, Faculty of Regional Development Studies, Otemon Gakuin University Director, Center for Mature Society Research, Otemon Gakuin University Member of the Board of Governors, Japan Broadcasting Corporation
Director	Yuzo Murayama	Professor, Business Course, Graduate School, Doshisha University
Director	Norihiko Saito	Counselor, Kinden Corporation Outside Director, The Kinki Sharyo Co., Ltd.
Director	Hideo Miyahara	Visiting Professor, Graduate School of Information Science and Technology, Osaka University Research Director and Member of the Board, Asia Pacific Institute of Research Representative Director, Knowledge Capital Association Outside Director, Osaka Gas Co., Ltd.
Director and Senior Adviser	Takayuki Sasaki	Outside Director, Osaka Gas Co., Ltd.
President and Representative Director	Tatsuo Kijima	In charge of "Three Pillars of Management"
Executive Vice President and Representative Director	Fumito Ogata	Provides general assistance to President, in charge of safety enhancement, innovation of railway technology  In charge of Railway Operations Headquarters, Safety Research Institute, Structural Engineering Office and Construction Department
Executive Vice President and Representative Director	Kazuaki Hasegawa	Provides general assistance to President  In charge of Business Development Headquarters

Title	Name	Duties and major concurrent posts
Executive Vice President and Representative Director	Nobutoshi Nikaido	Provides general assistance to President, in charge of furthering of reform.  In charge of Supporting Headquarters for the victims of the derailment accident on the Fukuchiyama Line, Deliberation Department of the Derailment Accident on the Fukuchiyama Line, Inquiry & Auditing Department, Corporate Ethics & Risk Management Department, Corporate Planning Headquarters, IT Headquarters, Secretary Office, General Affairs Department, Corporate Communications Department, Personnel Department, Finance Department and Tokyo Headquarters
Executive Vice President and Representative Director	Yoshihisa Hirano	Provides general assistance to President, in charge of mid- to long-term strategies for the safety and technology of the Shinkansen
Director	Shinichi Handa	In charge of safety enhancement, and Transport Safety Department, Railway Operations Headquarters
Director	Norihiko Yoshie	In charge of the Shinkansen
Full-time Audit & Supervisory Board Member	Yasutaka Kikuchi	
Full-time Audit & Supervisory Board Member	Mikiya Chishiro	
Audit & Supervisory Board Member	Yasumi Katsuki	Certified public accountant, Katsuki Office External Director, Sumitomo Seika Chemicals Company Limited External Corporate Auditor, Sakata Inx Corporation
Audit & Supervisory Board Member	Yoshinobu Tsutsui	President and Representative Director, Nippon Life Insurance Company External Director, Imperial Hotel Ltd. Outside Director, Panasonic Corporation Outside Director, Sumitomo Mitsui Financial Group, Inc.

- (Notes) 1. Directors Tadashi Ishikawa, Yumiko Sato, Yuzo Murayama, Norihiko Saito and Hideo Miyahara are external directors as provided for in Article 2, item 15 of the Companies Act of Japan.
2. Full-time Audit & Supervisory Board Member Mikiya Chishiro, Audit & Supervisory Board Members Yasumi Katsuki and Yoshinobu Tsutsui are external auditors as provided for in Article 2, item 16 of the Companies Act of Japan.

3. The Company has registered all of its external officers (external Directors and external Audit & Supervisory Board Members) as independent officers as provided for by the financial instruments exchanges on which its shares are listed.
4. Audit & Supervisory Board Member Yasumi Katsuki, who is qualified as a certified public accountant, has considerable knowledge of financing and accounting.
5. The Company has a business relationship with Nippon Life Insurance Company. It has no special relation with any other company or institution with which the external Directors and Audit & Supervisory Board Members hold concurrent posts as listed above.
6. Audit & Supervisory Board Member Yoshinobu Tsutsui assumed the office of Chairman and Representative Director of Nippon Life Insurance Company as of April 1, 2018.
7. As of January 5, 2018, changes were made in the offices of Directors as follows:  
 Executive Vice President and Representative Director: Fumito Ogata (Director)  
 Executive Vice President and Representative Director: Nobutoshi Nikaido (Director)  
 Executive Vice President and Representative Director: Yoshihisa Hirano (Director)  
 Director: Norihiko Yoshie (Executive Vice President and Representative Director)  
 The titles in the parentheses are those before such changes were made.

(2) Total amount of remuneration, etc. for Directors and Audit & Supervisory Board Members

Classification	Number	Amount
Director	14	¥447 million
Audit & Supervisory Board Member	4	¥77 million
Total	18	¥525 million

(Note) The total amount of remuneration, etc. for eight external officers for the fiscal year under review was ¥96 million.

(3) Major activities of external officers

Classification	Name	Major activities
External Director	Tadashi Ishikawa	Mr. Ishikawa attended 12 of the 13 sessions of the Board of Directors held during the fiscal year under review and expressed his opinions from time to time, principally from the professional perspective of an attorney at law.
	Yumiko Sato	Ms. Sato attended all of the 13 sessions of the Board of Directors held during the fiscal year under review and expressed her opinions from time to time, principally from the professional perspective of an academic expert.
	Yuzo Murayama	Mr. Murayama attended all of the 13 sessions of the Board of Directors held during the fiscal year under review and expressed his opinions from time to time, principally from the professional perspective of an academic expert.
	Norihiko Saito	Mr. Saito attended all of the 13 sessions of the Board of Directors held during the fiscal year under review and expressed his opinions from time to time, principally from the perspective of an experienced management executive.
	Hideo Miyahara	Mr. Miyahara attended 10 of the 13 sessions of the Board of Directors held during the fiscal year under review and expressed his opinions from time to time, principally from the professional perspective of an academic expert.
External Audit & Supervisory Board Member	Mikiya Chishiro	Mr. Chishiro attended all of the 13 sessions of the Board of Directors and all of the 14 sessions of the Audit & Supervisory Board held during the fiscal year under review and expressed his opinions from time to time, principally with his wide experience in public administration.
	Yasumi Katsuki	Mr. Katsuki attended all of the 13 sessions of the Board of Directors and all of the 14 sessions of the Audit & Supervisory Board held during the fiscal year under review and expressed his opinions from time to time, principally from the professional perspective of a certified public accountant.
	Yoshinobu Tsutsui	Mr. Tsutsui attended all of the 13 sessions of the Board of Directors and all of the 14 sessions of the Audit & Supervisory Board held during the fiscal year under review and expressed his opinions from time to time, principally from the perspective of an experienced management executive.

(4) Summary of the agreements to limit liabilities

The Company has entered into an agreement with each of the external Directors and external Audit & Supervisory Board Members to limit his/her liabilities as provided for in Article 423, paragraph 1 of the Companies Act of Japan in accordance with Article 427, paragraph 1 of the said act. The maximum amount of the liabilities under the agreement is as provided for in laws and ordinances.

**4. Matters concerning account auditors**

(1) Name of the account auditors

Ernst & Young ShinNihon LLC

(2) Amount of remuneration, etc. for the account auditors

(i) Amount of remuneration, etc. payable for the fiscal year under review:

¥185 million

(ii) Total amount of money and other proprietary benefits payable by the Company and its subsidiaries: ¥562 million

- (Notes) 1. The amount of remuneration payable to the account auditors for their audits under the Companies Act of Japan and the amount of remuneration payable for their audits under the Financial Instruments and Exchange Act of Japan are not specifically separated in the audit contract between the Company and the account auditors and cannot be separated practically. Hence, such amounts are stated collectively.
2. The Audit & Supervisory Board obtained necessary materials and received reports from the Directors, the related internal divisions of the Company and the account auditors and also confirmed the status of the audits made during the previous fiscal year, as well as the content of the audit plans, the appropriateness of remuneration estimates, etc. for the fiscal year under review. As a result, the Audit & Supervisory Board determined that the remuneration, etc. for the account auditors was appropriate and consented thereto.

(3) Content of non-auditing services

The Company has entrusted the account auditors with, and paid remuneration for, advisory services for the preparation of CSR reports and others, which services are not covered by Article 2, paragraph 1 of the Certified Public Accountant Act of Japan.

(4) Policy on determination of dismissal and non-reappointment

In the event that the account auditors are considered to fall under any of the items of Article 340, paragraph 1 of the Companies Act of Japan, the Audit & Supervisory Board of the Company shall determine to dismiss the account auditors. In addition, if the account auditors are considered difficult to properly execute their duties, the Company shall, in accordance with the resolution of the Audit & Supervisory Board, submit a proposition to dismiss or not to reappoint the account auditors to the General Meeting of Shareholders.

## **5. Overview of the status of implementation of the systems required to secure the properness of business activities**

### **(1) Measures to secure compliance with law**

With risks diversifying, the Company established a "Risk Management Committee" in April 2017 to provide the President and other officers in the positions of responsibility with a proper understanding of the risks that have critical impacts on the Group's management, as well as to establish a risk management style of unified risk management and efforts to mitigate such risks, thus strengthening its previous risk management structure.

The Committee shall select material risks and deliberate on and evaluate policies to respond to such risks and other issues, and file necessary reports with the Board of Directors. With regard to such policies of the Risk Management Committee, the Company has established a system under which the "Corporate Ethics Committee" shall deliberate on and evaluate important matters concerning the establishment of corporate ethics by seeking broad knowledge from experts.

The Corporate Ethics Committee has deliberated on fundamental policies on the establishment of corporate ethics and others. The "Ethics Office (including outside contacts)", which is responsible for internal reporting, has properly handled internal reporting and the Company has disseminated the methods of communication and consultation, etc. to its employees and Group Companies.

### **(2) Measures to ensure the proper and efficient execution by the Directors and employees of the Company of their duties**

To strengthen the monitoring and supervising functions of the Board of Directors, the Company has, in conjunction with the system of distributing information to outside officers, created opportunities other than meetings of the Board of Directors to give explanations on important managerial issues, including explanations on propositions to a meeting of the Board of Directors in advance, and organized site visits to provide information on the managerial conditions and backgrounds of the implementation of measures, to external Directors and external Audit & Supervisory Board Members.

At each meeting of the Board of Directors, explanations have proactively been given on the positioning and effect and risk of each measure in the medium-term management plan and the details of the discussions in the Company prior to such meeting to enhance the effectiveness of the Board of Directors. In addition, opinions of the outside officers at the meetings of the Board of Directors have been reported to the Management Committee for the purposes of risk management and safety control and otherwise utilized by the management.

For the purpose of internal control, as a measure to "improve the quality of internal audits", the Company has positioned its internal audit division as the "third defense line" to allow the division to make audits from an essential perspective, as to whether the mechanisms of business activities function effectively, among others and select and audit

such themes as considered riskier among the managerial issues.

(3) Measures to manage exposure to the risk of loss

To enhance the safety of railway business, the Company has promoted the measures set forth in its "Safety Think-and-Act Plan 2017". The Company, reflecting on the plan and taking the critical incident caused on the Shinkansen in December 2017 seriously, formulated a "JR-West Group Railway Safety Think-and-Act Plan 2022" in February 2018. To follow the new plan, the Company has been working to further enhance safety through the enhancement of organizational safety management (safety management system) on the basis of fostering the spread of safety-first awareness. In addition, the Company has evaluated and verified, and had third parties evaluate and verify, its safety management system.

Furthermore, for the purpose of risk management of other businesses than railway, based on the policies selected by the Risk Management Committee to respond to critical risks and other issues, the Company has made various committees deliberate on and evaluate measures and other issues on a case-by-case basis. In this regard, the Company has established a system under which the "Crisis Measures Committee" shall deliberate on and evaluate important matters relating to the establishment of a rapid initial response system in the event of a wide-scale disaster or any other serious crisis, by seeking broad knowledge from experts.

(4) Measures to secure the properness of business activities of the corporate group

The Company has held discussions on management and other policies with its Group Companies and sent executives to the important Group Companies to steadily promote group management. In addition, with regard to the establishment of corporate ethics and risk management of the entire Group, the Company has allowed its various committees, including the Corporate Ethics Committee and the Risk Management Committee to deliberate on and evaluate countermeasures on a case-by-case basis based on the Risk Management Committee's policies to select and respond to material risks, and afford necessary support for risk management of the entire Group.

Furthermore, the Company has promoted measures to strengthen its Group governance to respond to changes in the business environment surrounding the Group.

By implementing these measures, the Company has secured the properness of business activities of its corporate group.

(5) Measures to ensure effective audits by the Audit & Supervisory Board Members

The Company has strengthened, and endeavored to implement, the system to report the matters concerning the Company and its Group Companies to the Audit & Supervisory Board Members.

The Audit & Supervisory Board Members of the Company have attended meetings of the Board of Directors, sessions of the Management Committee and other important meetings,



and exchanged opinions with the Representative Directors, the Chairman, each Director, the internal audit division and the Group Companies on a regular basis to verify the status of internal control.

(6) Measures to eliminate antisocial forces

The Company has appointed "personnel responsible for preventing undue claims" and held lectures in collaboration with attorneys at law to strengthen its preventive system and also promoted training and education through various measures and response manuals for the elimination of antisocial forces.

The "Systems Required to Secure the Properness of Business Activities" determined by the Board of Directors of the Company are posted on our website. (<http://www.westjr.co.jp/company/ir/stock/meeting/>)\*

(\* ) For your reference, the English translation of the matters presented on the Japanese website above will be provided on the Company's English website (<http://www.westjr.co.jp/global/en/ir/news/2018/>).

## **CONSOLIDATED BALANCE SHEET**

(As of March 31, 2018)

<u>ASSETS</u>	(million yen)
Current assets:	419,089
Cash and deposits.....	82,995
Trade notes and accounts receivable.....	28,180
Railway fares receivable .....	40,186
Accounts receivable .....	72,713
Marketable securities .....	18,700
Inventories.....	101,258
Deferred tax assets .....	19,547
Others.....	56,323
Less allowance for doubtful accounts.....	(815)
Fixed assets:	2,653,876
Tangible fixed assets:	2,364,537
Buildings and structures .....	1,144,690
Machinery, equipment and transport equipment .....	351,382
Land .....	758,987
Construction in progress .....	73,063
Other tangible fixed assets.....	36,413
Intangible fixed assets:	35,867
Investments and other assets:	253,471
Investment in securities .....	86,817
Net defined benefit asset.....	1,868
Deferred tax assets .....	123,648
Others.....	43,961
Less allowance for doubtful accounts.....	(2,823)
 TOTAL ASSETS	 3,072,965

(Note) Figures are indicated by discarding fractions of one million yen.

(million yen)

LIABILITIES

Current liabilities:	530,327
Trade notes and accounts payable.....	65,057
Short-term borrowings .....	17,252
Current portion of bonds.....	25,000
Current portion of long-term debt.....	34,126
Current portion of long-term payables for the acquisition of railway properties.....	1,580
Accounts payable .....	95,188
Accrued consumption taxes .....	11,835
Accrued income taxes .....	31,130
Railway deposits received.....	1,893
Deposits.....	93,768
Prepaid railway fares received .....	38,860
Advances received .....	29,551
Allowance for bonuses.....	39,187
Allowance for point program.....	2,204
Others.....	43,690
Long-term liabilities:	1,426,334
Bonds .....	499,983
Long-term debt.....	367,161
Long-term payables for the acquisition of railway properties .....	104,375
Deferred tax liabilities.....	3,544
Provision for large scale renovation of Shinkansen infrastructure .....	8,333
Allowance for environment and safety measures .....	15,838
Provision for loss on liquidation of railway belts .....	10,170
Allowance for gift certificates yet to be redeemed .....	2,414
Net defined benefit liability .....	301,783
Others.....	112,730
<b>TOTAL LIABILITIES</b>	<b>1,956,661</b>

NET ASSETS

Shareholders' equity:	1,005,615
Common stock .....	100,000
Capital surplus .....	56,171
Retained earnings.....	849,925
Treasury stock.....	(481)
Accumulated other comprehensive income:	15,344
Evaluation difference on other securities.....	4,018
Deferred hedge income (loss) .....	83
Accumulated adjustments to retirement benefits .....	11,242
Non-controlling interests:	95,343
<b>TOTAL NET ASSETS</b>	<b>1,116,304</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>3,072,965</b>

(Note) Figures are indicated by discarding fractions of one million yen.

## CONSOLIDATED STATEMENT OF INCOME

(From April 1, 2017 to March 31, 2018)

(million yen)

Operating revenues		1,500,445
Operating expenses:		
Transportation and other services and cost of sales	1,113,026	
Selling, general and administrative expenses	196,052	1,309,079
Operating income		191,365
Non-operating income:		
Interest income	33	
Dividend income	670	
Equity in earnings of affiliates	2,480	
Others	5,914	9,098
Non-operating expenses:		
Interest expenses	20,906	
Others	1,777	22,684
Recurring profit		177,780
Extraordinary profits:		
Proceeds from construction contract	25,533	
Expropriation compensation	1,237	
Gain on sales of fixed assets	247	
Others	5,875	32,894
Extraordinary expenses:		
Loss on reduction entry of proceeds from construction	24,208	
Loss on reduction entry of expropriation	976	
Impairment loss	2,391	
Others	12,419	39,995
Income before income tax		170,679
Corporation, inhabitant and enterprise taxes	48,260	
Income taxes – deferred	6,400	54,661
Profit		116,018
Profit attributable to non-controlling interests		5,524
Profit attributable to owners of parent		110,493

(Note) Figures are indicated by discarding fractions of one million yen.

## CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(From April 1, 2017 to March 31, 2018)

(million yen)

	Shareholders' equity					Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Evaluation difference on other securities	Deferred hedge income (loss)	Accumulated adjustments to retirement benefits	Total accumulated other comprehensive income		
Balance as of April 1, 2017	100,000	55,068	768,358	(481)	922,945	3,763	188	13,538	17,491	92,173	1,032,610
Changes during the year:											
Dividends from surplus			(29,060)		(29,060)						(29,060)
Profit attributable to owners of parent			110,493		110,493						110,493
Change of scope of consolidation			(2)		(2)						(2)
Increase by merger			136		136						136
Disposal of treasury stock		0		0	0						0
Change in equity in affiliates accounted for using equity method - treasury stock				0	0						0
Purchase of shares of consolidated subsidiaries		1,102			1,102						1,102
Changes in items other than shareholders' equity during the year (net)						255	(105)	(2,296)	(2,146)	3,169	1,023
Total changes during the year	-	1,102	81,567	0	82,670	255	(105)	(2,296)	(2,146)	3,169	83,693
Balance as of March 31, 2018	100,000	56,171	849,925	(481)	1,005,615	4,018	83	11,242	15,344	95,343	1,116,304

(Note) Figures are indicated by discarding fractions of one million yen.

**BALANCE SHEET**  
(As of March 31, 2018)

(million yen)

**ASSETS**

Current assets:	251,011
Cash and deposits.....	60,961
Railway fares receivable .....	41,256
Accounts receivable .....	37,490
Accrued income .....	5,740
Short-term loans.....	19,906
Marketable securities .....	18,700
Materials and supplies.....	19,805
Prepaid expenses .....	2,072
Deferred tax assets .....	12,018
Others.....	33,568
Less allowance for doubtful accounts.....	(510)
 Fixed assets:	 2,408,342
Fixed assets for railway operations.....	1,720,291
Fixed assets for related businesses.....	72,303
Other relevant fixed assets .....	58,756
Construction in progress .....	63,218
Investments and other assets .....	493,772
Stocks of affiliates.....	266,028
Investment in securities.....	20,740
Long-term loans receivable.....	97,778
Long-term prepaid expenses .....	8,682
Deferred tax assets .....	102,213
Others.....	6,376
Less allowance for doubtful accounts.....	(8,047)
 TOTAL ASSETS	 2,659,354

(Note) Figures are indicated by discarding fractions of one million yen.

<u>LIABILITIES</u>	(million yen)
Current liabilities:	592,014
Short-term borrowings .....	213,237
Current portion of bonds .....	25,000
Current portion of long-term debt .....	31,300
Current portion of long-term payables for acquisition of railway properties ..	1,580
Other accounts payable .....	149,275
Accrued expenses .....	18,805
Accrued consumption taxes .....	7,703
Accrued income taxes .....	20,047
Railway deposits received .....	1,649
Deposits .....	29,629
Prepaid railway fares received .....	38,617
Advances received .....	25,234
Prepaid income received .....	895
Allowance for bonuses .....	27,789
Allowance for point program .....	729
Others .....	521
Long-term liabilities:	1,305,635
Bonds .....	499,983
Long-term debt .....	364,782
Long-term payables for acquisition of railway properties .....	104,375
Provision for large scale renovation of Shinkansen infrastructure .....	8,333
Retirement allowances for employees .....	293,437
Allowance for environment and safety measures .....	15,834
Provision for loss on liquidation of railway belts .....	10,170
Others .....	8,719
<b>TOTAL LIABILITIES</b>	<b>1,897,650</b>
<u>NET ASSETS</u>	
Shareholders' equity:	758,771
Common stock .....	100,000
Capital surplus .....	55,000
Capital reserve .....	55,000
Other capital surplus .....	0
Retained earnings .....	603,775
Retained earnings reserve .....	11,327
Other retained earnings .....	592,447
Reserve for advanced depreciation of fixed assets .....	24,644
General reserve .....	410,000
Retained earnings carried forward .....	157,803
Treasury stock .....	(3)
Valuation and translation adjustments:	2,931
Evaluation difference on other securities .....	2,931
<b>TOTAL NET ASSETS</b>	<b>761,703</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>2,659,354</b>

(Note) Figures are indicated by discarding fractions of one million yen.

## STATEMENT OF INCOME

(From April 1, 2017 to March 31, 2018)

(million yen)

Railway operations		
Operating revenues	947,876	
Operating expenses	818,616	
Operating income		129,259
Related businesses		
Operating revenues	28,400	
Operating expenses	13,285	
Operating income		15,114
Operating income		144,374
Non-operating income		
Interest and dividend income	1,250	
Others	4,960	6,210
Non-operating expenses		
Interest expenses and bond interest	20,873	
Others	1,057	21,931
Recurring profit		128,654
Extraordinary profits		
Proceeds from construction contract	25,533	
Expropriation compensation	1,152	
Gain on sales of fixed assets	271	
Others	2,924	29,882
Extraordinary expenses		
Loss on reduction entry of proceeds from construction	25,310	
Loss on reduction entry of expropriation	862	
Impairment loss	1,060	
Others	11,859	39,093
Income before income tax		119,443
Corporation, inhabitant and enterprise taxes	32,290	
Income taxes - deferred	6,409	38,700
Net income		80,742

(Note) Figures are indicated by discarding fractions of one million yen.



## STATEMENT OF CHANGES IN NET ASSETS

(From April 1, 2017 to March 31, 2018)

(million yen)

	Shareholders' equity											Valuation and translation adjustments	Total net assets
	Common stock	Capital surplus			Retained earnings					Treasury stock	Total shareholders' equity	Evaluation difference on other securities	
		Capital reserve	Other capital surplus	Total capital surplus	Retained earnings reserve	Other retained earnings			Total retained earnings				
						Reserve for advanced depreciation of fixed assets	General reserve	Retained earnings carried forward					
Balance as of April 1, 2017	100,000	55,000	-	55,000	11,327	25,463	380,000	135,301	552,092	(3)	707,088	2,870	709,959
Changes during the year:													
Distribution of surplus								(29,060)	(29,060)		(29,060)		(29,060)
Net income								80,742	80,742		80,742		80,742
Provision of reserve for advanced depreciation of fixed assets						291		(291)	-		-		-
Reversal of reserve for advanced depreciation of fixed assets						(1,110)		1,110	-		-		-
Provision of general reserve							30,000	(30,000)	-		-		-
Disposal of treasury stock			0	0						0	0		0
Changes in items other than shareholders' equity during the year (net)												61	61
Total changes during the year	-	-	0	0	-	(818)	30,000	22,505	51,682	0	51,683	61	51,744
Balance as of March 31, 2018	100,000	55,000	0	55,000	11,327	24,644	410,000	157,803	603,775	(3)	758,771	2,931	761,703

(Note) Figures are indicated by discarding fractions of one million yen.

Copy of Account Auditors' Audit Report Relating to Consolidated Financial Statements

INDEPENDENT AUDITORS' REPORT

May 8, 2018

The Board of Directors  
West Japan Railway Company

Ernst & Young ShinNihon LLC

Kenji Nishihara (seal)  
Designated and Limited Engagement Partner  
Certified Public Accountant

Yutaka Matsumura (seal)  
Designated and Limited Engagement Partner  
Certified Public Accountant

Naoya Nishino (seal)  
Designated and Limited Engagement Partner  
Certified Public Accountant

We have audited the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to consolidated financial statements of West Japan Railway Company (the "Company"), applicable to its consolidated fiscal year from April 1, 2017 to March 31, 2018 pursuant to Article 444, paragraph 4 of the Companies Act of Japan.

Management's Responsibility for Consolidated Financial Statements

The responsibility of the Company's management is to prepare and present properly these consolidated financial statements in accordance with corporate accounting standards generally accepted in Japan. This includes maintaining and improving internal control considered necessary by management to prepare and present properly these consolidated financial statements free of material misstatement by fraud or error.

Account Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements from an independent standpoint, based on our audit conducted. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require us to formulate an audit plan and conduct an audit based thereon to obtain reasonable assurance about whether these consolidated financial statements are free of material misstatement.

In an audit, procedures are taken to obtain audit evidence as to the amount in consolidated financial statements and disclosure thereof. Audit procedures, on our own

judgment, are selected and applied based on our risk assessment of material misstatement in the consolidated financial statements by fraud or error. An audit is not contemplated to express an opinion on the effectiveness of internal control. However, in assessing risk, we assess internal control related to the preparation and proper presentation of these consolidated financial statements to form a plan for adequate audit procedures according to conditions. An audit also includes assessing the accounting policies and methods of application thereof employed by management and estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

We believe that our audit provides sufficient and appropriate audit evidence forming a basis for our opinion.

#### Account Auditors' Opinion

We are of the opinion that the above consolidated financial statements present properly the financial position and profit and loss of the corporate group comprised of West Japan Railway Company and its consolidated subsidiaries for the period related to the consolidated financial statements in all material respects in conformity with the corporate accounting standards generally accepted in Japan.

#### Financial Interest

We have no financial interest in the Company which is required to be disclosed under the provisions of the Certified Public Accountant Act of Japan.

- END -

Copy of Account Auditors' Audit Report

INDEPENDENT AUDITORS' REPORT

May 8, 2018

The Board of Directors  
West Japan Railway Company

Ernst & Young ShinNihon LLC

Kenji Nishihara (seal)  
Designated and Limited Engagement Partner  
Certified Public Accountant

Yutaka Matsumura (seal)  
Designated and Limited Engagement Partner  
Certified Public Accountant

Naoya Nishino (seal)  
Designated and Limited Engagement Partner  
Certified Public Accountant

We have audited the balance sheet, the statement of income, the statement of changes in net assets and the notes to non-consolidated financial statements, and the supplementary financial schedules of West Japan Railway Company (the "Company"), applicable to its 31st fiscal year from April 1, 2017 to March 31, 2018 pursuant to Article 436, paragraph 2, item 1 of the Companies Act of Japan.

Management's Responsibility for Financial Statements, etc.

The responsibility of the Company's management is to prepare and present properly these financial statements and the supplementary financial schedules in accordance with corporate accounting standards generally accepted in Japan. This includes maintaining and improving internal control considered necessary by management to prepare and present properly these financial statements and the supplementary financial schedules free of material misstatement by fraud or error.

Account Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements and the supplementary financial schedules from an independent standpoint, based on our audit conducted. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require us to formulate an audit plan and conduct an audit based thereon to obtain reasonable assurance about whether these financial statements and the supplementary financial schedules are free of material misstatement.

In an audit, procedures are taken to obtain audit evidence as to the amount in financial statements and supplementary financial schedules and disclosure thereof. Audit procedures, on our own judgment, are selected and applied based on our risk assessment of

material misstatement in the financial statements and the supplementary financial schedules by fraud or error. An audit is not contemplated to express an opinion on the effectiveness of internal control. However, in assessing risk, we assess internal control related to the preparation and proper presentation of these financial statements and the supplementary financial schedules to form a plan for adequate audit procedures according to conditions. An audit also includes assessing the accounting policies and methods of application thereof employed by management and estimates made by management, as well as evaluating the overall presentation of these financial statements and the supplementary financial schedules.

We believe that our audit provides sufficient and appropriate audit evidence forming a basis for our opinion.

#### Account Auditors' Opinion

We are of the opinion that the above financial statements and the supplementary financial schedules present properly the financial position and profit and loss for the period related to the financial statements and the supplementary financial schedules in all material respects in conformity with the corporate accounting standards generally accepted in Japan.

#### Financial Interest

We have no financial interest in the Company which is required to be disclosed under the provisions of the Certified Public Accountant Act of Japan.

- END -

## Copy of Audit Report of the Audit & Supervisory Board

### AUDITORS' REPORT

We, the Audit & Supervisory Board of the Company, based on the audit report prepared by each Audit & Supervisory Board Member on the performance by the Directors of their duties during the 31st fiscal year from April 1, 2017 to March 31, 2018, prepared this audit report upon deliberation and hereby report as follows:

1. Method of Audit by the Audit & Supervisory Board Members and the Audit & Supervisory Board and the Particulars thereof:

- (1) The Audit & Supervisory Board determined the audit policy, audit plans, etc. and received from each Audit & Supervisory Board Member reports on the state of his performance of audits and the results thereof. We also received from the Directors, the account auditors, etc., reports on the state of performance of their duties and demanded their explanations whenever necessary.
- (2) The Audit & Supervisory Board Members, pursuant to the rules of audits by Audit & Supervisory Board Members determined by the Audit & Supervisory Board and in accordance with the audit policy, audit plans, etc., maintained constant communication with the Directors, internal audit divisions and other employees, etc. in an effort to collect information and improve the environment for auditing, and conducted audits in accordance with the following methods:
  - (i) We attended meetings of the Board of Directors and other important meetings, received from the Directors and employees, etc., reports on the state of performance of their duties, demanded their explanations whenever necessary, inspected important decision documents, etc., and made investigation into the state of activities and property at the head office and principal business offices of the Company.

With regard to its subsidiaries, we maintained constant communication and exchanged information with the directors, audit & supervisory board members, etc. thereof and required the subsidiaries to render reports on their business operations and made investigation into the state of their activities and property whenever necessary.

- (ii) With regard to the details of the resolutions of the Board of Directors for establishing such systems to secure that the performance by the Directors of their duties will comply with laws or ordinances and the Articles of Incorporation as described in the business report and such other systems provided for in Article 100, paragraphs 1 and 3 of the Regulations to Enforce the Companies Act of Japan as necessary to secure the adequacy of business of the corporate group comprised of a joint-stock corporation and its subsidiaries, as well as the systems (internal control systems) established pursuant to such resolutions, we received from the Directors, internal audit divisions and other employees, etc., reports on the status of the establishment and operation of the systems and demanded their explanations whenever necessary.

- (iii) We monitored and verified whether the Account Auditors had maintained an independent position and conducted adequate audits, and received from the Account Auditors reports on the state of performance of their duties and demanded their explanations whenever necessary. In addition, we received from the Account Auditors a notice that the "systems to secure adequate performance of duties" (as listed in the items of Article 131 of the Corporate Accounting Regulations) had been established in accordance with the "Standard for Quality Control Concerning Audits" (the Accounting Standards Board of Japan, October 28, 2005) and demanded their explanations whenever necessary.

In accordance with such methods, we investigated the business report and its supplementary schedules, the financial statements (the balance sheet, the statement of income, the statement of changes in net assets and the notes to non-consolidated financial statements) and the supplementary financial schedules, as well as the consolidated financial statements (the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to consolidated financial statements), for the fiscal year under review.

2. Results of Audit:

(1) Results of audit of the business report, etc.:

We are of the opinion:

- (i) That the business report and its supplementary schedules fairly present the state of the Company in accordance with laws or ordinances and the Articles of Incorporation;
- (ii) That in connection with the performance by the Directors of their duties, no dishonest act or material fact of violation of laws or ordinances or the Articles of Incorporation exists; and
- (iii) That the details of the resolutions of the Board of Directors on internal control systems are proper and that the details of the descriptions in the business report and the performance by the Directors of their duties concerning such internal control systems contain nothing to be pointed out.

(2) Results of audit of the financial statements and the supplementary financial schedules:

We are of the opinion that the method and results of the audit made by the Account Auditors, Ernst & Young ShinNihon LLC, are proper.

(3) Results of audit of the consolidated financial statements:

We are of the opinion that the method and results of the audit made by the Account Auditors, Ernst & Young ShinNihon LLC, are proper.

May 9, 2018

The Audit & Supervisory Board  
West Japan Railway Company

Yasutaka Kikuchi (seal)  
Full-time Audit & Supervisory Board Member

Mikiya Chishiro (seal)  
Full-time Audit & Supervisory Board Member  
(External Audit & Supervisory Board Member)

Yasumi Katsuki (seal)  
External Audit & Supervisory Board Member

Yoshinobu Tsutsui (seal)  
External Audit & Supervisory Board Member