

(Translation)

May 2, 2012  
West Japan Railway Company

Q What do you think the revenue benefits of the direct services between the Sanyo and Kyushu Shinkansen lines will be in the fiscal year ending March 31, 2013?

A The fiscal year ending March 31, 2013, will be the second year of operation for these direct services. In this year, we expect that revenues from these services will be adversely impacted by the rebound from the initial demand that followed the service launch. However, we will work to combat these declines by enhancing our ability to compete with airline companies and by taking advantage of previously unexplored demand. One of our flagship initiatives in this area is the March 2012 timetable revision, which increased the number of Mizuho and Sakura Shinkansen services that connect directly with the Kyushu Shinkansen. We anticipate that this and other initiatives will result in these services boosting revenues to the same degree as seen in fiscal year ended March 31, 2012.

Q What do you feel the impact of the rise in low-cost airline carriers will be on the usage of your services?

A At this moment in time, we do not anticipate that the presence of such carriers will have a significant impact on Shinkansen usage. Regardless, it is conceivable that as the amount of routes and frequency of flights offered by these carriers increase they may come to have a material impact on our operations.

Q At what level do you expect to see non-consolidated operating expenses in the fiscal year ending March 31, 2014, and onward?

A We have yet to prepare concrete forecasts for after the fiscal year ending March 31, 2013. Therefore, I can only offer you an overview of the circumstances we are projecting. The peak period of investment associated with the two major projects launched in the year under review has ended, but we plan to continue conducting investment for safety purposes and will also invest in rolling stock in conjunction with the extension of the Hokuriku Shinkansen Line into Kanazawa City, Ishikawa Prefecture. Accordingly, we are not expecting any large declines in depreciation and amortization. Also, were the operation of nuclear power plants in West Japan to be suspended for an extended period of time, it is possible that electricity rates may increase, causing a subsequent rise in energy costs. Meanwhile, other costs should remain in line with those forecasted for the fiscal year ending March 31, 2013. Due to these factors, we do not believe that operating expenses will decrease to any notable degree in the near future.

Q How will you prioritize the use of cash flows?

A For the time being, we intend to continue pursuing our current cash flow strategy, which prioritizes usage in this order: (1) capital expenditures for safety and future growth, (2) improving shareholders' equity, and (3) reducing long-term debt and payables.

Q Do you think the Company will be able to issue dividend payments sufficient enough to achieve a consolidated dividend on equity (DOE) ratio of 3% at the end of the fiscal year ending March 31, 2013? Also, what are your policies regarding dividends for the fiscal year ending March 31, 2014, onward?

A In the fiscal year ending March 31, 2013, we will be faced with the risk of business performance deterioration presented by the unclear operating environment. I therefore believe we should consider dividend payments only after fully evaluating these issues as well as the benefits of the two major projects and the likelihood of our meeting the financial targets defined in our medium-term management plan. While we currently have no established policy regarding dividend payments in subsequent fiscal years, we aim to continue issuing dividend payments on a stable basis.

Q As the new president of the Company, what management policies do you wish to emphasize?

A Advancing safety and disaster response measures should form the foundation of the Company's management. In addition, I feel it is important that we include specific strategies for individual segments in the next medium-term management plan to be developed, strategies that should be formulated based on consideration of how the Company has changed over the 25 years since its founding and how it should change over the coming 25 years. For Shinkansen operations, we will develop growth strategies that focus on responding to competition while working to grow the Kyoto-Osaka-Kobe area into a more appealing place to live through coexistence with local communities. For other conventional lines, we will concentrate on area management and practice coexistence with local communities to develop our operations in a region-specific manner and amplify the charm of all of the communities in which we operate. Also for other conventional lines, we are considering the introduction of battery cars and other ways to establish more efficient operating systems through innovation by technology. We realize that the railway industry as well as Japan as a whole will continue to change as time progresses. Therefore, JR-West will take a long-term perspective and begin acting now to address projected future changes.