

(Translation)

November 1, 2013  
West Japan Railway Company

**Results for the First Half ended September 30, 2013**  
**Q&A Summary at the conference held in Japan**

Q1: Would you explain why Shinkansen revenues increased year on year in the the second quarter even though they were basically flat year on year in the first quarter?

A1: Business conditions, which have improved since the end of the previous fiscal year, got somewhat stronger in the second quarter in comparison with the first quarter. Also, unlike the previous year, there were two three-day weekends in September of this year. Shinkansen usage was especially robust on the second of these, leading to the increase in second-quarter revenues.

Q2: What steps are you taking to address competition with airlines?

A2: Shinkansen usage has been influenced to a certain extent by such factors as increases in airline flight frequencies and the opening of Iwakuni Kintaiko Airport. On the other hand, we believe that the adverse effect was limited to ¥0.7 billion due to our countermeasures, such as the development of the Super Haya-Toku early discount ticket and other products and services. We are conducting fine-tuned sales management for the Super Haya-Toku ticket, such as an advance purchase requirement and a limitation on the number of seats on each train, and we believe that the results are visible in increased revenues. In the second half of the fiscal year, the competitive environment will remain difficult, including increases in airline flight frequencies, but through a variety of marketing initiatives, we will strive to limit the adverse effects to a lower level than in the first half.

Q3: What is the reason for not revising the full-year plan even though non-consolidated operating expenses were down year on year in the first half?

A3: We manage our non-personnel and other expenses in accordance with plans that are formulated on a fiscal year basis, and in railway operations we expect to record many expenses in the second half of the fiscal year. In regard to the first half, certain expenses were incurred later than expected, but in the second half we expect to manage expenses in line with the plan formulated at the beginning of the year, so there is no change to the full-year plan.

Q4: Would you discuss the direction for revitalizing the business at the JR Osaka Mitsukoshi Isetan?

A4: We are moving ahead with consideration of this issue, targeting a post-reform reopening in spring 2015. We will strive to disclose these plans within the fiscal year. We are moving forward with discussions with Isetan Mitsukoshi Holdings Ltd. regarding the establishment of commercial facilities that leverage our strengths in both department stores and shopping centers.