(Translation)

May 2, 2014
West Japan Railway Company

Results for the year ended March 2014 and future initiatives
Q&A Summary at the conference

Q1
What is the Company’s view regarding competition with airlines in the previous fiscal year?
A1
We believe that there were some adverse factors, such as increased flight frequencies. On the other hand, we took steps to improve our competitiveness, including the sale of "Super Haya-toku" early discount tickets, the implementation of yield management utilizing those tickets, and the revision of timetables. As a result, we believe that we were able to limit the adverse effects to ¥1.1 billion on a net basis.

Q2
What is the background to the forecasts for transportation revenues for the current fiscal year?
A2
Taking into account the expected slowdown in the rate of economic growth due to the increase in the consumption tax rate and other factors, we expect the overall fundamental trend to be about 1.0% lower than in the previous year. In addition, in the first quarter we are anticipating an additional adverse effect of about 0.5% due to a rebound from the rush demand that occurred ahead of the consumption tax hike. Furthermore, the number of three consecutive holidays in this fiscal year will decrease from the previous fiscal year. Overall, conditions will be challenging. However, by implementing a range of initiatives, we are planning total transportation revenues of ¥781.5 billion, an increase of ¥0.8 billion year on year.

Q3
In regard to upfront expenses, etc., for the opening of the Kanazawa segment of the Hokuriku Shinkansen, what is the outlook for next year and thereafter?
A3
For the current year, we are planning an increase in upfront expenses of ¥6.6 billion. This includes non-recurring expenses, such as for system improvement and the start-up of new work-sites, as well as operational expenses, such as energy costs for test runs. Following the opening in spring 2015, the non-recurring expenses will no longer be recorded, but, in conjunction with depreciation on rolling stock, etc., operational expenses will be recorded in line with the operation of the service.
In regard to the influence of the Hokuriku Shinkansen on profits, in addition to that

mentioned previously for spring 2015 and thereafter, the influence will depend on new Shinkansen revenues, revenues and costs from the separation of the parallel conventional lines, and rental payments for tracks, which will be determined in consideration of those factors.

Q4

Revenues and profits will decline in the fiscal year ending March 31, 2014. Does the Company expect rebounds in the future?

A4

The factors behind this decline in profits include the following.

• Upfront expenses for the opening of the Kanazawa section of the Hokuriku Shinkansen.
• Higher construction unit costs, etc.
• Several factors at subsidiaries:
  -A rebound from non-recurring increases in the previous year (sales of condominiums aimed at capturing some of the rush demand ahead of the consumption tax hike and construction prior to the opening of the Hokuriku Shinkansen)
  -A decline in department store operations due to fundamental renovation of the West Wing of the OSAKA STATION CITY North Gate Building.
  - Lower sales of goods and food services due to renewal of in-station stores.
  - Lower sales at shopping centers due to renewal.

Some of these will be difficult to reverse, such as factors influenced by price increase, but we will do our utmost in accordance with our positioning of the year ahead as a period for building a foundation for growth in FY2015 and subsequent years.

Q5

You have entered a business alliance with Seven-Eleven Japan in sales of goods and food services. In the future, will the Company consider similar tie-ups with other companies, without necessarily handling everything in-house?

A5

Our strength lies in our stations and in the services that we provide to customers who are traveling, commuting to work, or commuting to school. In sales of goods and food services, we will retain fields in which we have strengths, such as souvenirs, etc., and we will utilize external resources in areas that are specialties of convenience stores, such as operational scale, service, and product lineup. We believe that this approach is better for both customers and our in-station retail business. In that sense, we will not insist on doing everything ourselves. Also, in regard to management of Group companies overall, we believe that it might be necessary for each segment to refer to excellent companies in each industry and to perhaps enter business alliances with them.

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