

(Translation)

July 30, 2014  
West Japan Railway Company

**FY3/15 1Q Financial Results Briefing**  
**Summary of Question and Answer Session**

Q With regard to Sanyo Shinkansen transportation revenues, what has been the effect of the continuation and new setup of “Super Haya-toku” early discount tickets?

A We began selling “Super Haya-toku” early discount tickets last fiscal year in recognition of competition from other modes of transport and to boost demand. We started in the first quarter of last fiscal year with the introduction of these tickets on the Osaka–Fukuoka route. After the second quarter, we commenced sales on the Osaka–Kumamoto/Kagoshima and Osaka–Nagasaki routes, and we are continuing these offerings in the current fiscal year. Our analysis indicates that promoting use of the Internet, as with these “Super Haya-toku” early discount tickets, had a ¥0.2 billion positive effect on Shinkansen revenues in the first quarter.

Q Your plans for this fiscal year call for a ¥6.6 billion year-on-year increase in up-front expenses for the opening of the Kanazawa segment of the Hokuriku Shinkansen. How is your progress on this front as of the end of the first quarter, and what is the outlook going forward?

A As of the end of the first quarter, these expenses were up ¥0.3 billion year on year for the preparation of on-site equipment. We are making steady progress on preparations for opening the segment next spring, such as beginning test runs in August. We expect up-front expenses to be skewed toward the second half of the fiscal year, as the date for opening this segment nears.

Q For the Real Estate Business, you are forecasting a decrease in income for the full fiscal year, but income rose in this segment during the first quarter. Why was this?

A Last year, the number of condominiums transferred was particularly high, spurred by demand just ahead of the consumption tax hike. We anticipate a comparative backlash in the current fiscal year, which is one reason for our forecast of lower income in the Real Estate Business. During the last fiscal year, the transfer of condominiums was concentrated in the second half. We therefore assume that the greatest year-on-year decline will be evident in the second half of the current fiscal year, by comparison. However, sales of condominiums amounted to ¥0.3 billion in the first quarter of last fiscal year. During the first quarter of this year, the figure was up ¥0.7 billion. Also, last fiscal year we ran aggressive advertising promotions to harness the rush in demand. By comparison, expenses were lower in the first quarter of the current fiscal year. These factors led to the year-on-year increase in income.

Q What was the impact of newly including DAITETSU KOGYO CO., LTD., and other companies into the scope of consolidation?

A During the first quarter, the impact of converting DAITETSU KOGYO and other companies to consolidated subsidiaries had the effect of augmenting operating revenues ¥4.1 billion and reducing operating income ¥0.1 billion. Also, negative goodwill generated resulted in non-operating revenues (gain on investment by equity method) of ¥0.9 billion and extraordinary profit of ¥6.4 billion, totaling ¥7.3 billion. The amount of negative goodwill generated as non-operating revenues came from DAITETSU KOGYO's ownership of shares in KOSEI KENSETSU CO., LTD., an associated company of JR West accounted for under the equity method, thereby boosting our percentage ownership in KOSEI KENSETSU. We posted all negative goodwill generated as a lump sum during the first quarter.

END