

(Translation)

October 31, 2014
West Japan Railway Company

**Results for the first half ended September 30, 2014 and Future Initiatives
Q&A Summary at the conference**

Q1

Passenger volume on the Sanyo Shinkansen seems to have been gradually dropping since the summer of 2014. Is this result related to the economic downturn?

A1

We believe that a variety of factors are in play. For example, even though there was one less three-day holiday in September 2014 than in the previous September, overall performance was solid, at essentially 100% year on year. In the second half, concern exists that results may be affected by an economic downturn and a backlash from higher demand in the previous fiscal year ahead of the consumption tax hike. For these reasons, we do not expect the first-half trend to simply continue as is, but neither do we foresee a downward trend. We anticipate a year-on-year increase in revenues for the second half, and we are working to develop a number of promotional initiatives to achieve this goal.

Q2

How is the initiative to renovate the West Wing of the North Gate Building progressing?

A2

With regard to leasing on the West Wing, beginning with DAIKANYAMA TSUTAYA BOOKS we are making steady progress with tenant negotiations with a view to meeting our revenue targets; we will announce the status of these negotiations when the timing is appropriate. In August 2014, we conducted a large-scale renovation on the East Wing shopping center LUCUA, and we see the results as being largely in line with our expectations. This is one step in our aim to push forward steadily with initiatives to link this with future West Wing development.

Q3

It will soon be 40 years since the Sanyo Shinkansen commenced operations. What are your thoughts regarding future investments in repairs, maintenance, and upgrades?

A3

We have continued to perform scheduled maintenance to ensure safety on the Sanyo Shinkansen, but as equipment deteriorates over time we recognize that we will need to take measures at an early stage. We conducted repairs as a result of the inspections following 1999 accidents in which concrete facing fell in tunnels, so we do not expect renovation to be as concentrated as they would be for other companies. Nevertheless, facilities do need to be updated over time, and we intend to bring this work forward and

level it out so that renovation is not concentrated. As part of this task, we will need to take a look at our provision for large-scale renovation.

Q4

Due to the opening of the Hokuriku Shinkansen, it seems likely that passenger demand from Hokuriku to Kansai will fall off as demand shifts toward Tokyo. What are your thoughts on this? Also, will this have any bearing on determining line usage fees?

A4

Traffic may shift toward Tokyo, but as a railway operator, while maintaining demand from Hokuriku to Kansai, we also aim to ensure demand from Kansai to Hokuriku, as well as on the Hokuriku Shinkansen. We believe there is room to develop promotional initiatives to this end. When approving line usage fees, the Minister of Land, Infrastructure, Transport and Tourism will take into account a variety of factors, including changes in demand.

Q5

What are some of the positive and negative factors that currently come to mind regarding the revision of your Medium-Term Management Plan? Also, how and to what extent have you taken into account the impact of the Hokuriku Shinkansen's start of operations?

A5

On the Medium-Term Management Plan, revenue and expense forecasts did not include the impact of revenues from the opening of the Hokuriku Shinkansen and line usage fees, so we plan to make the necessary revisions after the shinkansen commences operation next spring. We have made revisions to medium-term management plans in the past, but the current revisions are unlikely to be extensive, as the business environment has not changed significantly, whereas the economic environment had changed significantly at the time we made our previous revisions. In the railway and non-transportation business, the initiatives that we have been enacting over the past two years have put in place a structure for generating profits. We plan to promote these initiatives during the remaining three years, which should contribute to revisions to some extent. On the cost side, we are unable to provide figures at the moment, because currently we are uncertain about the level of line usage fees for the Hokuriku Shinkansen. We will update our forecasts based on progress over the past two years and taking into account the opening of the Hokuriku Shinkansen next spring.

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