(Translation)

November 2, 2015
West Japan Railway Company

Results for the first half ended September 30, 2015 and Future Initiatives
Q&A Summary at the conference

Q1
What were the reasons for the favorable results of the Sanyo Shinkansen?
A1
Transportation revenue for the Sanyo Shinkansen increased 6.4% compared to the previous fiscal year. Amid soaring business and tourism demand, the latter was especially favorable due to the Silver Week (a five-day holiday in September) and other factors.

Regarding business demand, in order to capture external factors such as the expansion of favorable economic conditions from the Tokyo metropolitan area to the Kansai and Chugoku regions, as well as the favorable performance in the corporate sector, we engaged in various efforts to improve safety, comfort, and convenience. These efforts included expanding the use of Internet reservation services, revising timetables, reducing no-service areas for mobile phones, and introducing N700A. We believe that these efforts contributed to the strong performance of the Sanyo Shinkansen.

Also, concerning tourism demand, we took initiatives to capture such external factors as the increase in demand from inbound visitors and active senior citizens. For inbound visitors, we expanded both promotions through our overseas offices and exclusive products for inbound visitors. For active senior citizens, we introduced “Otonabi” membership service and enhanced products exclusively for “Otonabi.” We believe that these initiatives also contributed to the strong performance of the Sanyo Shinkansen.

Q2
How do you view the outlook for the Hokuriku Shinkansen in the next fiscal year?
A2
At this time, we do not necessarily have a plan in place for the second year after business openings. We believe that, in this fiscal year, we have succeeded in receiving the maximum benefits from business opening effects, due primarily to engaging in initiatives while taking on a certain amount of cost. This includes the strengthening of our marketing activities in the Hokuriku area. However, in general terms, it is difficult to assume that the momentum from a new business opening can continue completely uninterrupted in the second year.

JR-West is taking the following actions to prevent, to some extent, the positive business opening effects from wearing off. In terms of business, we are expanding the use of highly convenient Internet reservation services. In terms of tourism, we are fine-tuning tourism products that leverage the Hokuriku Destination Campaign, which is currently underway, and working to capture inbound visitor demand. In this way, we will strive to continue the positive trends of this fiscal year going forward.

Q3

JR-West made an upward revision to its outlook for transportation revenue for the entire fiscal year. What was the line of thinking that the Company based this revision on?

A3

We believe that the basic trend in non-commuter pass revenue that was present in first half of the fiscal year will continue into the third quarter. Therefore, we made an upward revision to the outlook for the entire fiscal year. Such external factors as the depreciating yen and higher stock prices are providing benefit to the effectiveness of the Company's initiatives, and we believe that the solid transportation revenues of the first half will continue into the third quarter. On the other hand, due to such factors as the possibility of increase in interest rates in the U.S. and economic decline in China, we believe we cannot rule out the possibility of significant movement in the unclear economic climate in the fourth quarter. This was another factor behind the revision.

Q4

The amount given in the outlook for non-consolidated operating expenses has increased. What was the line of thinking behind this increase?

A4

Based on solid revenue conditions, we have increased the outlook for non-consolidated operating expenses ¥6.0 billion, factoring in maintenance and miscellaneous costs. Specifically, this increase includes our plans to strengthen Shinkansen marketing activities in order to maintain the current favorable conditions in transportation revenue, as well as our plans to implement initiatives to accelerate structural repairs that will help reinforce our foundation for safe and stable transportation.

Q5

How is the performance of JR-West's non-rail businesses? Also, in what ways have you revised the outlook for the non-rail businesses for the entire fiscal year?

A5

In the non-rail businesses, both sales and revenue have increased. This increase resulted from the high level of condominium sales and the high performance of sales of goods and food service business and shopping center business, which include newly opened commercial facilities, on the background of solid railway usage. This increase offset unfavorable conditions in overseas travel in our travel services business, which was caused by such factors as yen depreciation.

Regarding the outlook for the entire fiscal period, in the same manner as the outlook for transportation revenue, we believe that positive first-half trends in the retail business, the shopping center business, and the hotel business, which are highly connected to our transportation operations, will continue throughout the third quarter. However, we are keeping our outlook for the fourth quarter unchanged from our predictions at the beginning of the fiscal year. As for our other businesses, we are making revisions to our outlook for the entire fiscal year based on the conditions of orders received and sales for each business.

Q6

Of the cash flows that are expected to surpass anticipated levels, what is the status of considerations regarding the planned allotment of ¥60.0 billion to growth investments?

A6

In our updated Medium-Term Management Plan, we have stated that, of the nearly ¥100.0 billion in net cash provided by operating activities (an amount that surpasses anticipated levels), we will allot approximately ¥60.0 billion, which we had yet to decide on how to use, to selective investments in growth projects over the next three years. At this time, we are unable to provide specifics on the status of considerations regarding these growth investments. However, we would like utilize these funds for projects that contribute to improving profit margins of existing businesses and projects that help expand businesses in which we have a high level of competitiveness in the market. Also, in the case that we are unable to adequately identify suitable growth projects, we intend to, for the most part, allocate remaining cash flows to shareholder returns, on the basis of financial stability.

Q7

Will JR-West revise the indicators adopted in the updated Medium-Term Management Plan?

A7

Of the indicators we adopted in the updated Medium-Term Management Plan, we are currently surpassing our financial indicators, while we have yet to achieve our indicators for safety and customer satisfaction. First, we will make solid efforts in the priority strategies adopted in the updated plan and the three key themes we assessed as opportunities for growth. In doing so, we will strive to achieve this period’s upwardly-revised outlooks for the entire fiscal year going forward.

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