(Translation)

West Japan Railway Company

Takeshi Kakiuchi,
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Trading code: 9021
Listed with Tokyo Stock Exchange, Osaka Securities Exchange, Nagoya Stock Exchange, and Fukuoka Stock Exchange

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Notice of acquisition of the business operations of a consolidated subsidiary, amendment of railway usage charges in connection with the JR Tozai Line, changes in early retirement system and revision of business forecast

Please take notice that we have amended as below our business forecast for the fiscal year ending March 2004 (April 1, 2003 through March 31, 2004) which was previously announced in our semi-annual earnings release dated November 7, 2003, in accordance with the resolutions made at today's Board Meeting.

Description

I. Acquisition of the business operations of a consolidated subsidiary

1. Background of acquisition

We have resolved to acquire the business operations of Tamba Kogen Kaihatsu Co., Ltd. ("Tamba Kogen"), our consolidated subsidiary that operates the Grandvert Kyoto Golf Club, to improve the performance and financial health of the business. In connection with the acquisition of the business, we will dissolve and liquidate Tamba Kogen and establish a new golf course operator to which we will entrust the operation of the golf course, in an effort to turn around the business and achieve efficient golf course operations.

2. Description of acquisition

(1) Schedule

JR West's board meeting to approve the acquisition: January 28, 2004
Date of acquisition: Same day as Tamba Kogen's shareholders' meeting to approve the above transaction, which is scheduled to be held between April and June 2004.

※ A board meeting of Tamba Kogen to approve the above transaction will be held on January 29, 2004.

※ There will be no meeting of JR West's shareholders to approve the transaction because the transaction meets the requirements for treatment as a summary transfer of business defined under the Article 245-5 of the Commercial Code of Japan.

(2) Assets and liabilities to be acquired

JR West will acquire all of the assets of the business at fair value.

JR West will also takeover all of the club memberships other than those held by JR West already, and will assume all of the deposit liabilities associated with the memberships.

(3) Dissolution and liquidation of a subsidiary

① Company profile

Name of company	Tamba Kogen Kaihatsu Co., Ltd.
Location	4-1, Aza Jisse Koaza Uenotani, Tamba-cho, Funai-gun, Kyoto
Company representative	Minoru Moriya, President and Representative Director
Capital	¥4,950 million
Outline of business	Golf course operator
Foundation	November 1, 1988
Number of employees	33 (as of March 31, 2003)
Voting rights held by JR West	99.39%

② Schedule

Tamba Kogen will hold a shareholders' meeting for approval of the business transfer and dissolution of the company. The liquidation process will be concluded by September 2004.

3. Possible effects on our results of operations

We expect to record an extraordinary loss of about ¥21 billion at the end of the fiscal year ending March 31, 2004 as a result of the acquisition of the golf course business and liquidation of Tamba Kogen.

II. Amendment of agreements on rail usage charges in connection with JR Tozai Line

1. Outline of the amendment

We pay rail usage charges as a Type 2 Railway Business to Kansai Rapid Railway Co. Ltd., a Type 3 Railway Business, in connection with our use of the JR Tozai Line, which has been in operation since March 8, 1997.

The lease agreement entered into with Kansai Rapid Railway set the initial annual rail usage charges at ¥13.8 billion for a term of 30 years with a 10% increase in the rail usage charges every 3 years. However, due to changes in economic circumstances such as the recent decrease in interest rates, we have agreed with Kansai Rapid Railway to amend the payment provisions to provide for equal installments of ¥16.6 billion per year starting in the fiscal year ending March 31, 2005, with further amendment as necessary pursuant to periodic reviews every three years.

2. Possible effects on our results of operations

We currently allocate the expenses associated with the rail usage charges we pay for our use of the JR Tozai Line evenly over the 30 year period of the lease agreement, expensing approximately ¥22.6 billion each fiscal year. We record as a provision for "long-term accrued rail usage charges" on our balance sheet the difference between the cash amounts paid pursuant to the lease agreement and the amount expensed each year.

We will change the above method to appropriate an expense based on the amount actually paid during each term starting in the fiscal year ending March 31, 2005. Additionally, we will recognize an extraordinary gain in the current fiscal year of ¥52.7 billion as a result of the reversal of the provision for long-term accrued rail usage charges.

III. Changes in our retirement systems

1. Outline of changes

(1) Review of early retirement system

We introduced our current early retirement system in 1995 and it is scheduled to expire in the fiscal year ending March 31, 2007. We will extend this system after its expiration for the period from the fiscal year ending March 31, 2008 to the fiscal year ending March 31, 2012 so that we will be able to continue to provide choices to our employees regarding their retirement decisions, to balance the distribution of our employees' ages and rationalize personnel expenses in the future.

(2) Introduction of re-employment system

Considering current social circumstances in Japan, including the introduction of the phase-in delayed allowance of full benefits conducted by the government in conjunction with amendments in the national pension system and trends in recent labor markets, we will introduce a re-employment system in which we will rehire some of our employees who retire when they reach retirement age and who are scheduled to retire between the fiscal year ending March 31, 2007 to the fiscal year ending March 31, 2012, as from the day after retirement up to the time such rehired employee turns age 63. Additionally, we will pay additional retirement allowances to such employees during the periods when the employees have not been rehired but are not yet entitled to receive the full retirement benefit amount.

2. Possible effects on our results of operations

We expect to recognize an extraordinary loss for recognition of prior service cost for past-year employment of ¥38 billion at the end of the fiscal year ending March 31, 2004, as a result of the anticipated increase in the retirement benefit liabilities associated with changes in our retirement systems.

IV. Revised business forecast for the fiscal year ending March 2004 (from April 1, 2003 to March 31, 2004)

1. Consolidated

(millions of yen)

	Revenues	Recurring profit	Net profit for the term
Previously announced forecast (A)	1,205,600	84,800	49,800
Revised forecast (B)	1,212,900	85,400	44,200
Difference (B-A)	7,300	600	-5,600
Increase/decrease (%)	0.6	0.7	-11.2
Business results of the Previous term ended March 2003	1,165,571	78,739	41,644

2. Non-consolidated

(millions of yen)

	Revenues	Recurring profit	Net profit for the term
Previously announced forecast (A)	837,400	65,800	41,600
Revised forecast (B)	843,700	66,400	36,000
Difference (B-A)	6,300	600	-5,600
Increase/decrease (%)	0.8	0.9	-13.5
Business results of the Previous term ended March 2003	849,090	61,391	33,490

3. Factors for revision

Both consolidated and non-consolidated revenues are projected to exceed the previous forecast due to increased sales in transportation services by JR-West as a result of timetable revisions introduced in October 2003, and better sales performance by consolidated subsidiaries than was previously forecast.

Projected increases in recurring profits are expected to be moderate as a result of increased operational expenses accompanied by active promotional efforts which offset increased revenues.

We expect net profits to fall short of the previous forecast due to the extraordinary gains and losses described in I, II and III above.