

April 28, 2022

(Translation)

To All concerned Parties

Company name: West Japan Railway Company

President: Kazuaki Hasegawa

Code number: 9021,

Stock listings: Tokyo Stock Exchange Prime Market

For further information, please contact: Yuichi Kozawa,

General Manager, Corporate Communications Department

Notice Regarding the Introduction of a Restricted Stock Remuneration Plan

West Japan Railway Company (hereinafter, “the Company”), at a meeting of the Board of Directors held today, resolved to introduce a restricted stock remuneration plan (hereinafter, “the Plan”). The Plan will be presented as a matter for approval at the 35th Ordinary General Meeting of Shareholders (hereinafter, “the Shareholders’ Meeting”), which is scheduled to be held on June 23, 2022.

Description

1. Purpose and Other Matters Regarding the Introduction of the Plan

(1) Purpose of the Introduction of the Plan

The purpose of the Plan is to provide incentives to the Company’s Directors (excluding Directors who are members of the Audit & Supervisory Committee and External Directors) (hereinafter, “the Eligible Directors”) to work toward sustainable growth in the Company’s corporate value and to promote further shared value with the Company’s shareholders.

(2) Conditions for the Introduction of the Plan

The approval at the Shareholders’ Meeting of the transition to a company with an audit

and supervisory committee is a condition for the introduction of the Plan. This transition was announced in the “Notice Concerning Transition to a Company with an Audit and Supervisory Committee,” dated January 31, 2022.

In addition, under the Plan, monetary claims will be provided to the Eligible Directors as remuneration to be used for the granting of the restricted shares. Accordingly, the Plan is subject to the receipt of shareholder approval at the Shareholders’ Meeting for the payment of such remuneration. The amount of remuneration for directors was approved at the 8th Ordinary General Meeting of Shareholders, held on June 27, 1995, at a monthly amount of not more than ¥77 million. However, at the Shareholders’ Meeting, accompanying the transition to a company with an audit and supervisory committee, the Company intends to ask shareholders to approve the new establishment of the amount of remuneration for the Company’s directors (excluding Directors who are members of the Audit & Supervisory Committee) and the amount of remuneration for the Company’s directors who are members of the Audit & Supervisory Committee. The Company also intends to ask shareholders to approve the establishment of a Plan-related remuneration limit for the Eligible Directors, separate from the above-mentioned remuneration limit.

2. Overview of the Plan

In accordance with the plan, the total amount of monetary claims provided to the Eligible Directors will be ¥75 million or less per year, and the total number of shares of common stock newly issued or disposed of by the Company will be 20,000 shares or less per year. (However, in the event that a stock split (including the gratis allotment of the Company’s common stock) or a reverse stock split of the Company’s common stock is implemented with an effective date on or after the date of the resolution of the Shareholders’ Meeting, or in the event that it becomes necessary to adjust the total number of restricted shares allotted for another reason, then, as necessary, the total number of shares will be adjusted from the effective date, within a reasonable range, in accordance with the stock split ratio, reverse stock split ratio, etc.)

The Eligible Directors will pay-in all of the monetary claims provided by the Company under the Plan as contribution-in-kind assets, and in return will receive shares of the Company's common stock that will be issued or disposed of by the Company. The amount to be paid-in per share will be decided by the Board of Directors based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day prior to the date of each Board of Directors' resolution. (In the event that no transactions were completed on that date, then the decision will be based on the closing price on the most recent trading day prior to that date.) The Board of Directors will decide the amount within a range that is not especially advantageous to the Eligible Directors who will take up the common stock. The specific timing and allocation of payments to each Eligible Director will be decided by the Board of Directors following inquiries by the Personnel and Remuneration Advisory Committee.

Moreover, a condition for the issuance or disposal of the Company's common stock under the Plan (hereinafter, "the Shares") is that the Company and the Eligible Directors will enter into agreements for the allocation of restricted shares, which will include the following terms.

- (1) During the period from the date of delivery of the Shares to the date of resignation or retirement from the position of Company director or any other positions determined by the Company's Board of Directors (hereinafter, "the Transfer-Restriction Period"), the Shares cannot be transferred to a third party, used as collateral, or otherwise disposed of.
- (2) In certain circumstances, the Company may acquire the Shares at no cost.

During the Transfer-Restriction Period, plans call for the Shares to be managed in dedicated accounts opened by the Eligible Directors at Nomura Securities Co., Ltd., so that the Eligible Directors cannot transfer, use as collateral, or otherwise dispose of the Shares during the Transfer-Restriction Period.

(For reference)

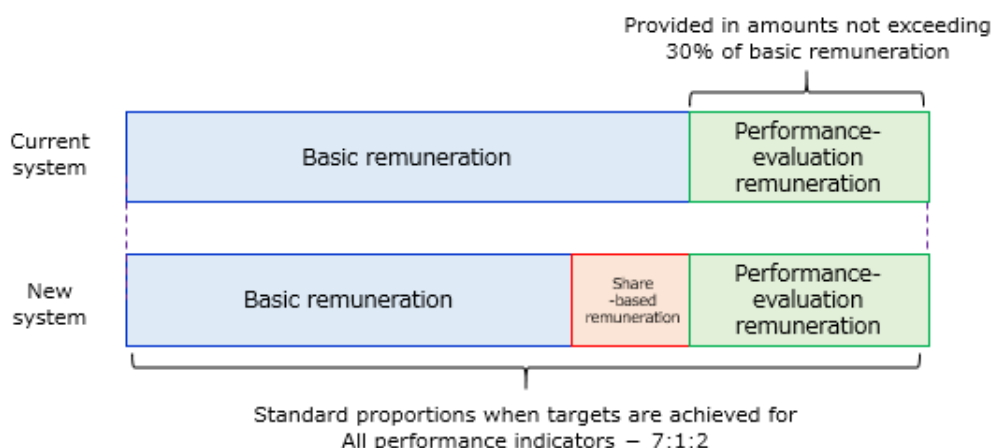
Subject to the approval at the Shareholders' Meeting of the resolution related to the Plan, the Company also intends to introduce a restricted stock remuneration plan,

similar to the Plan, for Company executives, such as executive officers. (The Eligible Directors and these executives will be referred to collectively as “the Eligible Directors, etc.”)

Under the Company’s new remuneration system, the remuneration of the Eligible Directors, etc., will comprise (1) basic remuneration, (2) performance-evaluation remuneration, and (3) share-based remuneration. Following the transition to the new remuneration system, the amount of remuneration calculated by adding types 1, 2, and 3 will be equal to the amount of remuneration under the current system. A portion of the current basic remuneration will be allocated for the newly established share-based remuneration.

Furthermore, in general, the proportions of basic remuneration, performance-evaluation remuneration, and shared-based remuneration will be set at 7:2:1 for the Eligible Directors when the targets set at the beginning of the previous fiscal year are met for all of the performance indicators (securing railway safety, consolidated revenue, consolidated profits, and asset efficiency).

Composition of remuneration for directors (excluding directors who are members of the Audit & Supervisory Committee and external directors)



End