(Translation)

To the Shareholders:

JR-West's Business Report

DOCUMENTS ATTACHED TO
THE NOTICE OF THE 28TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

(From April 1, 2014 to March 31, 2015)

West Japan Railway Company

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To Our Shareholders:

West Japan Railway Group very seriously takes its responsibility for the train accident on the Fukuchiyama Line we caused on April 25, 2005 and the gravity of its consequences, and all officers and employees are making a group-wide effort to establish a safe, secure and trusted rail service. To continue to take the accident seriously and build a safer railway system, I, as well as all other officers and employees, am determined to make greater efforts in conducting day-to-day operations.

In March 2013, we formulated a "JR-West Group Medium-Term Management Plan 2017" and its central core "Safety Think-and-Act Plan 2017", which have continued to place "Three Pillars of Management", comprising "measures to have ourselves accepted as acting with the best intentions by the victims of the train accident", "measures to enhance safety" and "furthering of reform", as our high-priority issues for management and to give shape to our management vision, newly announced "Our Future Direction - The Ideal Form for JR-West" to substantiate the direction of our management.

In terms of "The Ideal Form for JR-West," we aim to fulfill "Our Mission" of sustained railway operations as a social infrastructure, whereby contributing to the creation of a safe and enriched society, and contribute to the invigoration of local communities as a "Company Coexisting with Communities" that will advance with the communities. To materialize it, we have exerted a group-wide effort to implement, as the Priority Strategies, the "Three Basic Strategies" of "Safety", "Customer Satisfaction" and "Technologies" and the "Four Business Strategies" of "Shinkansen", "Kansai Urban Area", "Other West Japan Area" and "Business Development".

In April 2015, as a review of the last two years, and based on the changes in the business environment and other factors, we formulated a "JR-West Group Medium-Term Management Plan 2017 Progress and Future Priority Measures (Update)" and made revisions and additions to the measures to be implemented to achieve our objectives.

We have enjoyed general popularity of the Hokuriku Shinkansen, which opened in the segment between Nagano and Kanazawa in March 2015, and "LUCUA osaka", which opened in April 2015. We will move forward with measures by taking advantage of the effects of these projects and also focus on improving our services in the light of circumstances where foreign visitors to Japan for sightseeing are increasing.

While a population decline, an increase in the number of intensifying natural disaster and competition from other modes of transport, among others, are anticipated in the future, we will continue to make a concerted effort as a corporate group to implement various measures under the medium-term management plan and take the next step for a new era to enhance our corporate value over a medium and long term.

Hence, we cordially seek the continued understanding and further support of our shareholders.

May 2015

Seiji Manabe,
President and Representative Director

BUSINESS REPORT FOR THE 28TH FISCAL YEAR

(From April 1, 2014 to March 31, 2015)

1. Matters concerning the situations of West Japan Railway Group (the "Group")

(1) Developments and results of business activities

(i) General developments:

On April 25, 2005, the Company caused an extremely serious accident when one of its trains derailed between Tsukaguchi and Amagasaki stations on the Fukuchiyama Line, resulting in 106 fatalities and more than 500 injuries of passengers. Since the accident, the Company has exerted its full effort with regard to its three pillars of management, specifically "measures to have ourselves accepted as acting with the best of intentions by the victims of the train accident," "measures to enhance safety" and "furthering of reform."

During the fiscal year under review (April 1, 2014 to March 31, 2015), the Company conducted a memorial service for the victims of the Fukuchiyama Line accident, held explanatory meetings regarding the proposed preservation of the accident site and continued to make concerted efforts for all persons affected by the accident.

For the "JR-West Group Medium-Term Management Plan 2017" and its core component, the "Safety Think-and-Act Plan 2017," based on the principles of "thinking and acting based on the field" and "customer-based management," we took deliberate measures to achieve our strategic targets, centered on safety and customer satisfaction. In particular, for the highest priority measure of "Safety," we made a concerted effort as a corporate group to implement specific measures in the "Safety Think-and-Act Plan 2017." We are making all-out efforts to realize our goals of "No accidents that cause any injury or death to customers" and "No labor accidents that result in fatalities among our employees."

The Company considered the fiscal year ended March 31, 2015 as a key year for building the foundations to ensure future growth, with upfront costs to facilitate this growth. For the Hokuriku Shinkansen, we moved forward with preparations to commence operations, opening the segment between Nagano and Kanazawa on March 14, 2015 and completing the transfer of the parallel conventional lines. For the commercial facility in the West Wing of the North Gate Building of OSAKA STATION CITY, we made preparations for the April 2 grand opening of LUCUA 1100.

The business environment for the Company remains harsh, due to such factors as a population decline, competition from other modes of transport and measures to counter natural disasters such as increasingly frequent localized torrential rains, as well as rising costs of labor and electricity and other expenses. At the same time, we consider new sources of demand, such as overseas visitors to Japan and seniors, as a business opportunity and are improving our products and services. Amid such circumstances, with the aim of enhancing our corporate value over a medium to long term, by deepening interaction and ties with the communities and working together as a corporate group to develop businesses with close ties to specific areas, we took steps to enhance the quality of the railway to

expand non-transportation operations and promote new business creation, thereby establishing a foundation for sustainable growth.

For the Kosei Line, in July 2014 the lease period from the Japan Railway Construction, Transport and Technology Agency (JRTT) terminated and the Company acquired the line for value. Also, as of October 2014, the Company is no longer subject to the provisions of the WTO Agreement on Government Procurement. However, we will continue to enhance transparency in procurement and pursue non-discriminatory procurement, treating domestic and foreign interests equally, of superior products that are safe and high in quality at reasonable prices and for which sufficient after-sales service is included. We will also make efforts to actively utilize domestic and foreign technologies in order to provide a safer and higher quality rail transport service.

As a result, performance in the fiscal year under review was boosted by steady implementation of measures in accordance with the medium-term management plan. Operating revenues rose 1.5% from the previous fiscal year to ¥1,350.3 billion. Operating income increased 3.8% from a year earlier to ¥139.7 billion, with recurring profit up 8.0% to ¥121.9 billion and net income up 1.6% to ¥66.7 billion.

(2) Results by business segment

<Transportation Business>

The Company has implemented specific measures and made safety-related investments based on the "Safety Think-and-Act Plan 2017."

The Company has enhanced safety for level crossing systems and implemented safety measures for platforms. Based on the trial for the "automatic platform gates (rope style)" at Sakurajima Station, in December 2014, we began a trial operation at Rokkomichi Station to test functions and operation with trains of varying configuration. Based on the positive results, we concluded that the system was beneficial and feasible, and decided to continue using the gates installed. We also completed construction of, and began using, the station extension at Amagasaki Station, designed to ease congestion on the platform.

For measures to limit damage from earthquakes and tsunamis, we conducted seismic retrofitting for pillars supporting elevated tracks, continued work to install derailment prevention guards on the Sanyo Shinkansen and upgraded our tsunami evacuation equipment. We also conducted trainings in accordance with the "Rules for Tsunami Evacuation Guidance" and other manuals formulated based on the lessons of the Great East Japan Earthquake. For measures to counter strong winds, we decided to extend the protective wind fences on the Kosei Line between Shiga and Hira stations, and on the Hokuriku Main Line between Komaiko and Mikawa stations, and Komatsu and Meiho stations.

For risk assessment, we edited a Risk Assessment Handbook with relevant information systematically organized, and distributed it to all employees. In addition, to achieve the goal of "Increasing safety awareness and implementing think-and-act initiatives

with the highest priority on human life," we conducted employee training and other measures through the Railway Safety Education Center established to teach systematically the lessons learned from accidents. Further, in January 2015 we established a Safety Perception Refinement Building in the staff training center for the purpose of providing instruction on railway safety systems and the prevention of labor accidents.

In transportation operations, the Company implemented a timetable revision in March 2015, began commercial operations of *Kagayaki*, *Hakutaka* and *Tsurugi* trains following the opening of the Nagano-Kanazawa segment on the Hokuriku Shinkansen, and transferred the operation of parallel conventional lines to semi-public corporations. In the Hokuriku area, we newly introduced limited expresses *Noto Kagaribi* and *Dinostar* trains, shortened the travel time for certain *Nozomi* trains on the Sanyo Shinkansen and enhanced convenience for the Osaka Loop Line. In the Hiroshima area, we introduced 227 series commuter trains, opened the Shin-Hakushima Station between Hiroshima and Yokogawa stations and improved access to central Hiroshima through direct links with the Astram Line.

The Company also began construction on the extension of the Kabe Line, with completion scheduled for spring 2017.

For the sections of the San-in Main Line, Yamaguchi Line and Sanko Line where services had been suspended from the previous fiscal year as a result of heavy rains, with the cooperation of local authorities and residents, we were able to resume operations by August 2014. During the fiscal year under review, services were also suspended from August to September 2014 on some segments of the Fukuchiyama and Kabe lines, but full operations have now been resumed. With the approach of Typhoon No. 19 in October 2014, to prevent damage, we suspended all operations on the conventional lines in the Kyoto-Osaka-Kobe area, upon giving prior notice to customers.

In marketing initiatives, the Company implemented measures to stimulate demand among seniors by launching special discount tickets "Nori-nori Kippu" and "San-in Meguri Pass 50" for customers 60 years of age and older, and launching an "Otonabi" service to provide special discount tickets and travel packages to customers 50 years of age and older. To expand services for overseas visitors to Japan, the Company expanded areas with free public Wi-Fi services, launched a free public Wi-Fi service on *Haruka* limited express trains and set up a new ticket reservation office for overseas visitors at Kansai Airport Station. In addition, taking into consideration competition with other modes of transport, the Company made efforts to promote the use of the Shinkansen, including expanding the designated segments for the "Super Haya-toku" early discount tickets, conducting a campaign to commemorate the 40th anniversary in March 2015 of the opening of all lines of the Sanyo Shinkansen, launching "USJ Special Tickets," conducting a "Remember Kyushu Campaign" and selling commemorative tickets in conjunction with JR Kyushu. In accordance with the opening of the Kanazawa segment of the Hokuriku Shinkansen, we took steps to expand the use of services in the Hokuriku area, including publicizing basic information on timetables, travel time and tickets and expanding the online tickets available through the "e5489" service, as well as selling and promoting the use of travel packages allowing broad excursions across the Hokuriku and Shinetsu regions. We also conducted a "Destination Campaign" for Wakayama as part of the nationwide promotional activities by JR Group

companies.

In terms of measures to establish mutually beneficial relationships with local communities, we opened a special website for the " Sanin Iimono Search Team " program conducted in conjunction with regional areas and concluded a comprehensive agreement with Okayama Prefecture regarding stimulating tourism and other measures.

In bus services, we worked to enhance customer convenience with measures, including transportation improvements and flexible pricing schemes designed around the usage trends.

In ferry services (the Miyajima Line), we established a sales structure to handle the peak customer season, and took other steps to secure revenue.

As a result, operating revenues for the Transportation Business segment increased 2.0% from the previous fiscal year to ¥868.4 billion, with operating income up 10.6% to ¥100.6 billion.

<Retail Business>

For the JR Osaka Mitsukoshi Isetan department store, at the end of July 2014 we began renovation work, opening in April 2015 a store in LUCUA 1100 as "isetan," with revised strength in sales space creation. In March 2015, we opened Eki Marché Shin-Osaka, a large-scale commercial facility inside the area through the ticket gates, which has been popular. Through our business alliance with Seven-Eleven Japan Co., Ltd., we have opened 70 stores, which have recorded a steady increase in sales, and enhanced the appeal of our stations.

As a result, operating revenues in the Retail Business segment declined 8.3% from the previous fiscal year to ¥220.1 billion, with operating income down 63.9% from a year earlier to ¥1.5 billion.

<Real Estate Business>

We made progress with renovation work at major stations, including Shin-Osaka, Hiroshima and Kanazawa stations, to support future growth. With the opening of the Nagano-Kanazawa segment of the Hokuriku Shinkansen, in an effort to vitalize the region by providing attractive products and services, in July 2014 we opened a "Kanazawa 100 Bangai Anto" commercial facility underneath the elevated tracks at Kanazawa Station, and in March 2015 opened a renovated "Kanazawa 100 Bangai Rinto" with expanded floor space. We also renovated the "Marier Toyama" facility in front of JR Toyama Station and opened "Kitokito Ichiba Toya Marché" underneath the Shinkansen tracks. Further, for the OSAKA STATION CITY North Gate Building, in August 2014 we renovated the East Wing LUCUA section, and for the West Wing "LUCUA 1100," made preparations for the opening in April 2015 of a new type of commercial facility that integrates "isetan" with specialty shops that would draw customers and generate buzz. The grand opening was held on April 2, 2015.

In addition, as part of an effort to actively develop the areas along our railway lines, we acquired property in front of Kishibe Station.

To stimulate business in the area around Osaka Station, we conducted area management activities in association with local business operators. We also developed residential apartments in the areas along our railway lines but revenue declined due in part to the rebound from the demand rush that preceded the consumption tax hike effected last year.

As a result, operating revenues for the Real Estate Business segment decreased 14.7% from the previous fiscal year to ¥87.2 billion, with operating income down 9.4% from a year earlier to ¥25.1 billion.

<Other Businesses>

In hotel operations, we worked to expand sales, including measures to capture demand from overseas visitors to Japan. In travel agency operations, we strengthened marketing efforts in response to an increase in overseas visitors to Japan, expanded Internet sales and took steps to increase sales of products that utilize railways. For the ICOCA e-money service, we maximized the effect of the nationwide reciprocal service of transport IC cards and enhanced convenience through such efforts as in-train sales on the Sanyo Shinkansen and launching ICOCA payment services at shopping centers and shops inside stations in the Hokuriku area. In terms of taking on the challenge of new business fields, for agriculture business, to support the development of agriculture in the West Japan region, in April 2014, we made a capital investment in Farm Alliance Management Co., Ltd. and in October 2014, established a business alliance with a rice wholesaler Shinmei Holdings Co., Ltd. For foods business, we made a capital investment in a food production company Gomangoku Chisatosanso Co., Ltd. and concluded a business alliance with Glocal-i Co., Ltd. in the business of promoting functional foods.

For golf business, which we expect will face a difficult business environment, with the consent of the local community and club members, in October 2014 we transferred the business to a major golf course operating company Accordia Golf Co., Ltd.

DAITETSU KOGYO Co., Ltd. and JR WEST BUILT Co., Ltd. became consolidated subsidiaries in April 2014. We will continue to pursue efforts to enhance safety and quality in construction and other businesses.

As a result, operating revenues for the Other Businesses segment increased 27.2% from the previous fiscal year to ¥174.4 billion, with operating income up 31.8% from a year earlier to ¥15.6 billion.

(2) Capital expenditure

During the fiscal year under review, the Group made capital investments by placing the full weight of its effort on enhancing safety. The Group also made investments to improve services and profitability and build up its transportation infrastructures, among other things.

The investments totaled ¥248.0 billion.

A. Major projects completed during the fiscal year under review are as follows:

- Construction to build new stations (Shin-Hakushima on the Sanyo Main Line and Shin-Takaoka on the Johana Line).
- Construction to build new rolling stock (Shinkansen: 120 railcars, conventional railway lines: 44 railcars).

B. Major projects under construction as of the end of the fiscal year under review are as follows:

- Construction to improve the Takatsuki station on the JR Kyoto Line.
- CTC construction on the Sanyo Main Line.
- Construction to build new stations (one on the JR Kyoto Line and two on the JR Kobe Line).
- Construction to improve the concourse of the Shin-Osaka station.
- Construction to improve the Hiroshima station on the Sanyo Main Line.
- Construction to extend the Kabe Line.
- Construction to build new rolling stock (Shinkansen: 140 railcars, conventional railway lines: 236 railcars).
- Construction to build a new Hiroshima General Hospital of West Japan Railway Company on a new site.
- Construction to build the Kyoto Railway Museum.

(3) Fund-raising

The Group borrowed ¥40.0 billion in domestic straight bonds and ¥67.2 billion in long-term debt for the purposes of debt redemption and capital expenditure.

(4) Issues to be addressed

The Group takes very seriously its responsibility for the Fukuchiyama Line accident and the gravity of its consequences, and is making a concerted effort to establish a safe and trusted rail service. In March 2013, the Company formulated a "JR-West Group Medium-Term Management Plan 2017" and its core component, the "Safety Think-and-Act Plan 2017." This medium-term management plan retains as its highest priority the "Three Pillars of Management" of "measures to have ourselves accepted as acting with the best intentions by the victims of the train accident," "measures to enhance safety" and "furthering of reform," while also newly establishing as "Our Future Direction –The Ideal Form for JR-West," the objectives of fulfilling "Our Mission" of sustained railway operations, and contributing to the invigoration of local communities as a "Company Coexisting with Communities."

Further, in April 2015, as a review of the last two years, and based on the changes in the business environment and other factors, we formulated a "JR-West Group

Medium-Term Management Plan 2017 Progress and Future Priority Measures (Update)."

To achieve the goals of the plan, as our basic strategy, we will concentrate on the three aspects of "Safety," "Customer Satisfaction" and "Technologies." In our four business areas of "Shinkansen," "Kansai Urban Area," "Other West Japan Area" and "Business Development," we will set targets for fiscal 2017 and clarify our direction, and seek long-term, sustainable growth through various strategies to achieve these targets, the promotion of foundation building and the fulfilling of our responsibilities as a member of society.

Regarding our response to the victims of the Fukuchiyama Line accident (one of the "Three Pillars of Management"), we will continue to listen carefully to their opinions and make every effort to deal with them honestly.

In terms of "Safety," the highest priority of the Three Basic Strategies, based on the issues recognized over the last two years, we will further strengthen measures to achieve the "Safety Think-and-Act Plan 2017," including coping with the intensifying natural disasters, enhancing platform safety, preventing railway labor accidents that result in fatalities and bolstering risk management, thereby enhancing safety and fulfilling our mission. Further, in consideration of the level crossing accident in February 2015 where passengers aboard a train were injured, we will continue to analyze the factors that led to the accident, take steps to increase safety at crossings and implement necessary measures to further identify risks and counter these risks.

In terms of "Customer Satisfaction," we have set a goal of making customers "into fans of JR-West" and based on the recognition of the newly formulated "Customer Satisfaction Vision 2017/Declaration of Think-and-Act for Customer Satisfation ," and recognizing that everything we do is related to customers, we will deepen communications with customers, work to enhance and improve services and pursue measures that meet customers' desires for safety, comfort and other needs. At the same time, we will further implement such measures as minimizing impacts of transportation disruptions and improving guidance information.

For "Technologies," we will focus on continuous innovations to support the basic strategies of "Safety" and "Customer Satisfaction" in order to pursue technical development aimed at fostering advances in railway operations systems. We will also seek to use technology to address such issues as engineer training and the development of gauge change trains.

Regarding the "Four Business Strategies," for "Shinkansen," we will work to further improve safety and reliability and provide a competitive transport service. We will also generate new demand by expanding services for seniors and overseas visitors to Japan. In addition, taking advantage of the opportunity provided by the opening of the Kanazawa segment of the Hokuriku Shinkansen, we will enhance the potential of the Shinkansen by partnering with local communities and residents to expand exchanges between the Kansai and Hokuriku areas in a wide range of sectors, including tourism, culture and economics.

For "Kansai Urban Area," through a focus on further safety and measures for a

thoroughly reliable transport service, we will raise the quality of our rail service, so that it is used repeatedly by customers. We will vitalize the entire region with such measures as the refurbishment of the Osaka Loop Line through the Osaka Loop Line Renovation Project and newly establishing the Kyoto Railway Museum, and we will enhance the value of our railway belts with new stations and other measures to brighten the appeal of the urban areas.

For "Other West Japan Area," we will increase the safety and convenience of inter-city and intra-city transport and make efforts to stimulate tourism through "destination campaigns" and other measures. We will also introduce as a new sleeper train *Twilight Express Mizukaze*, which will allow passengers to experience the appeal of the San-in and Sanyo regions through rail journeys. We will further leverage the positive qualities and strengths of the region by working together with local communities to establish a sustainable local transport, and from the standpoint of "coexistence with communities" will develop businesses with close ties to specific areas.

For "Business Development," we will expand lifestyle-related services, including promoting the conversion of stores to Seven-Eleven allied stores, as well as enhance the value of our group assets through the development of terminal stations, and the new "LUCUA osaka" including the "LUCUA 1100" in the West Wing of OSAKA STATION CITY North Gate Building. We will also foster business creation through the cultivation and nurturing of new business fields.

To effectively achieve these strategies, we will undertake specific measures toward "building foundations" for sound business and operational management as a company. These include "Enhance Front-Line Capabilities," in which employees at all workplaces identify issues and resolve them on their own, as well as securing and training human resources and raising their motivations.

We will properly apply the corporate governance code that will take effect in June 2015 and through disclosure, crisis management and global environmental initiatives, will fulfill our responsibilities as a member of society.

The business environment for the Company is expected to remain strained by such factors as a population decline, an increase in the number of natural disasters and competition from other modes of transport. However, we will maximize the benefits from the measures based on an increase in overseas visitors to Japan and growing demand from seniors, the commencement of services on the Nagano-Kanazawa segment of the Hokuriku Shinkansen and the opening of the "LUCUA 1100" in the West Wing of OSAKA STATION CITY North Gate Building .

The Company will also move forward steadily with the Osaka Loop Line Renovation Project presented in the "JR-West Group Medium-Term Management Plan 2017," as well as such measures as the Osaka Higashi Line Project and the establishment of new stations.

The Group, through the principle of "thinking and acting based on the field," will continue to make a concerted effort as a corporate group to take the next step into a new era and while working together with communities, strive to enhance its corporate value over a medium and long term.

We cordially seek the continued understanding and support of our shareholders.

(5) Assets and profits

Item	25th April 1, 2011 - Mar. 31, 2012	26th April 1, 2012 - Mar. 31, 2013	27th April 1, 2013 - Mar. 31, 2014	28th (current year) April 1, 2014 - Mar. 31, 2015
Operating revenues (billion yen)	1,287.6	1,298.9	1,331.0	1,350.3
Recurring profit (billion yen)	82.4	104.6	112.9	121.9
Net income (billion yen)	29.4	60.1	65.6	66.7
Net income per share (yen)	152	310	338	344
Total assets (billion yen)	2,642.9	2,613.7	2,687.8	2,786.4
Net assets (billion yen)	733.5	768.1	807.3	846.7

(6) State of major subsidiaries, etc. (as of March 31, 2015)

(i) State of major subsidiaries:

Name	Paid-in capital (million yen)	Equity ownership by the Company (%)	Main business
West Japan Railway Hotel Development Limited	18,000	100.0	Hotels
West Japan Railway Isetan Limited	14,000	60.0	Department store
Kyoto Station Building Development Co., Ltd.	6,000	61.4 (61.9)	Real estate leasing
Osaka Terminal Building Company	5,500	76.2	Real estate leasing
Nippon Travel Agency Co., Ltd.	4,000	79.8	Travel agency
Chugoku JR Bus Company	2,840	100.0	Bus services
West Japan Railway Daily Service Net Company	2,300	100.0	Retail sales
West Japan JR Bus Company	2,110	100.0	Bus services
DAITETSU KOGYO Co., Ltd.	1,232	36.9	Construction
JR-West Japan Real Estate & Development Company	620	100.0	Real estate leasing
West Japan Marketing Communications, Inc.	200	65.0 (100.0)	Advertising services

Name	Paid-in capital (million yen)	Equity ownership by the Company (%)	Main business
West Japan Electric System Co., Ltd.	81	51.5	Electric engineering

(Notes) 1. The percentages in the parentheses represent the Company's equity ownership including shares held indirectly through the subsidiaries of the Company.

2. The ratio of voting rights held by the Company in DAITETSU KOGYO Co., Ltd. is 51.6%.

(ii) State of major affiliated companies:

Name	Paid-in capital (million yen)	Equity ownership by the Company (%)	Main business
Kansai Rapid Railway Co., Ltd.	75,280	23.9 (24.2)	Railway services
Osaka Soto-Kanjo Railway Co., Ltd.	19,584	23.4 (24.8)	Railway services
Kosei Construction Co., Ltd.	780	20.3 (35.6)	Construction

(Note) The percentages in the parentheses represent the Company's equity ownership including shares held indirectly through the subsidiaries of the Company.

(7) Major businesses and offices (as of March 31, 2015)

The major businesses the Group engages in and the offices therefor are as follows:

(i) Transportation Business:

In addition to the railway services, the Group engages in bus services and other services.

• The Company (Kita-ku, Osaka-City)
• Chugoku JR Bus Company (Minami-ku, Hiroshima-City)
• West Japan JR Bus Company (Konohana-ku, Osaka-City)

The outline of the railway services is as follows:

Office	Route length			Number of stations	Number of rolling stock cars
	Shinkansen	Conventional railway lines	Total		
	km	km	km		
Shinkansen Administration Department	644.0	8.5	652.5	3	991
Kanazawa Branch	168.6	(28.0) 459.8	(28.0) 628.4	136	631
Kansai Urban Area Regional Head Office	-	946.0	946.0	333	3,569
Wakayama Branch	-	282.5	282.5	86	0
Fukuchiyama Branch	-	331.7	331.7	71	179
Okayama Branch	-	601.0	601.0	154	380
Yonago Branch	-	605.7	605.7	154	241
Hiroshima Branch	-	959.3	959.3	258	620
Total	812.6	(28.0) 4,194.5	(28.0) 5,007.1	1,195	6,611

(Notes) 1. Fukuoka Branch has been established under the Shinkansen Administration Department. Kyoto, Osaka and Kobe Branches have been established under the Kansai Urban Area Regional Head Office.

2. The kilometers in the parentheses are shown separately for Category III railway services (Nanao Line (between Wakura-Onsen and Anamizu)). The conventional railway lines of the Kansai Urban Area Regional Head Office include 28.6 kilometers of Category II railway services (Kansai-Airport Line (between Rinku-Town and Kansai-Airport), JR Tozai Line (between Kyobashi and Amagasaki) and Osaka Higashi Line (between Hanaten and Kyuhoji)). The other lines are all for Category I railway services.

Category I railway services:	Transportation services provided by using its own railway tracks
Category II railway services:	Transportation services provided by leasing railway tracks from other operators
Category III railway services:	Possession of railway tracks that are used by operators of Category II railway services for transportation services

(ii) Retail Business:

The Group engages in department store business, as well as sales of goods and food services.

• West Japan Railway Isetan Limited (Shimogyo-ku, Kyoto-City)
• West Japan Railway Daily Service Net Company (Amagasaki-City, Hyogo-Prefecture)

(iii) Real Estate Business:

The Group engages in sales and lease of real estate by use of its own real estate and other properties and operations of shopping centers.

- Kyoto Station Building Development Co., Ltd. (Shimogyo-ku, Kyoto-City)
- Osaka Terminal Building Company (Kita-ku, Osaka-City)
- JR-West Japan Real Estate & Development Company (Amagasaki-City, Hyogo-Prefecture)

(iv) Others:

The Group engages in hotel and advertising businesses by use of its own properties, travel agency business that has highly synergistic effects with its transportation services, and various construction and engineering works.

- West Japan Railway Hotel Development Limited (Shimogyo-ku, Kyoto-City)
- Nippon Travel Agency Co., Ltd. (Chuo-ku, Tokyo)
- West Japan Marketing Communications, Inc. (Kita-ku, Osaka-City)
- West Japan Electric System Co., Ltd. (Yodogawa-ku, Osaka-City)
- DAITETSU KOGYO Co., Ltd. (Yodogawa-ku, Osaka-City)

(8) State of employees

(as of March 31, 2015)

Segment description	Number of employees (increase or decrease compared with the end of the previous fiscal year)
Transportation Business	27,879 (-377)
Retail Business	2,278 (-71)
Real Estate Business	968 (+34)
Others	16,440 (+1,973)
Total	47,565 (+1,559)

(Note) The number of employees represents the number of those actually at work in the respective segments.

(9) Major lenders

(as of March 31, 2015)

Lender	Debt payable (billion yen)
Development Bank of Japan	39.7
Nippon Life Insurance Company	37.5
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	36.8
Sumitomo Mitsui Banking Corporation	27.0
Mizuho Bank, Ltd.	21.1
Resona Bank, Limited	17.6
Sumitomo Mitsui Trust Bank, Limited	16.0
The Norinchukin Bank	15.0
Meiji Yasuda Life Insurance Company	14.0
Sumitomo Life Insurance Company	12.0
The Dai-ichi Life Insurance Company, Limited	12.0

2. Matters concerning shares (as of March 31, 2015)

(1) Total number of issuable shares 800,000,000 shares

(2) Total number of issued shares 193,735,000 shares

(Note) 606 shares of treasury stock are included in the total number of issued shares.

(3) Number of shareholders 148,614 persons

(4) 10 major shareholders

Name	Number of shares (shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Unit)	7,704,400	3.98
Sumitomo Mitsui Banking Corporation	6,400,000	3.30
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	6,300,000	3.25
Japan Trustee Services Bank, Ltd. (Trust Unit)	5,192,400	2.68
Mizuho Bank, Ltd.	4,600,000	2.37
JR-West Employee Stock-Sharing Plan	4,332,800	2.24
Nippon Life Insurance Company	4,000,000	2.06
Sumitomo Mitsui Trust Bank, Limited	3,200,100	1.65
STATE STREET BANK WEST CLIENT - TREATY 505234	2,744,458	1.42
THE BANK OF NEW YORK MELLON SA/NV 10	2,441,821	1.26

(Note) For the purpose of computing the shareholding ratios, 606 shares of treasury stock are excluded from the total number of issued shares of the Company.

3. **Matters concerning corporate officers** (as of March 31, 2015)

(1) Names of Directors and Corporate Auditors, etc.

Title	Name	Duties and major concurrent posts
Chairman and Director (Chairman of the Board of Directors)	Takayuki Sasaki	
Director	Tadashi Ishikawa	Special Counsel, Oh-Ebashi LPC & Partners
Director	Yumiko Sato	Professor, Faculty of Regional Development Studies, Otemon Gakuin University Director, Mature Society Research Institute, Otemon Gakuin Educational Foundation Member of the Board of Governors, Japan Broadcasting Corporation
Director	Yuzo Murayama	Vice President of Doshisha University Professor of Business Course, Graduate School, Doshisha University
Director	Norihiko Saito	Chairman and Representative Director, Kinden Corporation
Director	Hideo Miyahara	Specially-appointed Professor, Graduate School of Information Science and Technology, Osaka University Research Director and Member of the Board, Asia Pacific Institute of Research Representative Director, Knowledge Capital Association Outside Director, Osaka Gas Co., Ltd.
President and Representative Director	Seiji Manabe	In charge of responses to the victims of the accident on the Fukuchiyama Line of the Company
Executive Vice President and Representative Director	Akiyoshi Yamamoto	Provides general assistance to President. In charge of safety enhancement, Railway Operations Headquarters, Structural Engineering Office and Construction Department
Executive Vice President and Representative Director	Shizuka Yabuki	Provides general assistance to President. In charge of Business Development Headquarters

Title	Name	Duties and major concurrent posts
Executive Vice President and Representative Director	Tatsuo Kijima	Provides general assistance to President. In charge of furthering of reform, Supporting Headquarters for the victims of the derailment accident on the Fukuchiyama Line of the Company, Corporate Planning Headquarters, Secretary Office, Corporate Communication Department, Personnel Department and Tokyo Headquarters
Director	Akihiro Horisaka	In charge of IT Development Headquarters and Marketing Division, Railway Operations Headquarters
Director	Kazuaki Hasegawa	In charge of Kansai Urban Area Regional Head Office
Director	Norihiko Yoshie	In charge of innovation of railway technology, and Technical Research & Development Department and Shinkansen Supervising Department, Railway Operations Headquarters
Director	Nobutoshi Nikaido	In charge of Deliberation Department of the Derailment Accident on the Fukuchiyama Line, Corporate Ethics and Risk Management Department, General Affairs Department, Inquiry & Auditing Department and Finance Department
Full-time Corporate Auditor	Yasutaka Kikuchi	
Full-time Corporate Auditor	Tsutomu Iwasaki	
Corporate Auditor	Ikuo Uno	Councilor, Nippon Life Insurance Company External Director, Toyota Motor Corporation External Director, Panasonic Corporation External Director, Fujikyuko Co., Ltd. External Corporate Auditor, Odakyu Electric Railway Co., Ltd. External Corporate Auditor, Tohoku Electric Power Company, Incorporated External Corporate Auditor, Sumitomo Mitsui Financial Group, Inc.
Corporate Auditor	Yasumi Katsuki	Certified public accountant, Katsuki Office External Director, Sumitomo Seika Chemicals Company Limited External Corporate Auditor, Sakata Inx Corporation

(Notes) 1. Directors Tadashi Ishikawa, Yumiko Sato, Yuzo Murayama, Norihiko Saito and Hideo Miyahara are external directors as provided for in Article 2, item 15 of the Companies Act of Japan.

2. Full-time Corporate Auditor Tsutomu Iwasaki, Corporate Auditors Ikuo Uno and Yasumi Katsuki are external auditors as provided for in Article 2, item 16 of the Companies Act of Japan.
3. The Company has registered all of its external officers (external directors and auditors) as independent officers as provided for by the financial instruments exchanges on which its shares are listed.
4. Corporate Auditor Yasumi Katsuki, who is qualified as a certified public accountant, has considerable knowledge of financing and accounting.
5. The Company has a business relationship with Nippon Life Insurance Company. It has no special relation with any other company or institution with which the external Directors and Corporate Auditors hold concurrent posts as listed above.

(2) Total amount of remuneration, etc. for Directors and Corporate Auditors

Classification	Number	Amount
Director	15	¥471 million
Corporate Auditor	4	¥76 million
Total	19	¥547 million

(Note) The total amount of remuneration, etc. for eight external officers for the fiscal year under review was ¥88 million.

(3) Major activities of external officers

Classification	Name	Major activities
External Director	Tadashi Ishikawa	Mr. Ishikawa attended all of the 12 sessions of the Board of Directors held during the fiscal year under review and expressed his opinions from time to time, principally from the professional perspective of an attorney at law.
	Yumiko Sato	Ms. Sato attended all of the 12 sessions of the Board of Directors held during the fiscal year under review and expressed her opinions from time to time, principally from the professional perspective of an academic expert.
	Yuzo Murayama	Mr. Murayama attended all of the 12 sessions of the Board of Directors held during the fiscal year under review and expressed his opinions from time to time, principally from the professional perspective of an academic expert.
	Norihiko Saito	Mr. Saito attended all of the 12 sessions of the Board of Directors held during the fiscal year under review and expressed his opinions from time to time, principally from the perspective of an experienced management executive.
	Hideo Miyahara	Mr. Miyahara attended all of the 12 sessions of the Board of Directors held during the fiscal year under

Classification	Name	Major activities
		review and expressed his opinions from time to time, principally from the professional perspective of an academic expert.
External Corporate Auditor	Tsutomu Iwasaki	Mr. Iwasaki attended 11 of the 12 sessions of the Board of Directors and all of the 13 sessions of the Board of Corporate Auditors held during the fiscal year under review and expressed his opinions from time to time, principally with his wide experience in public administration.
	Ikuo Uno	Mr. Uno attended 11 of the 12 sessions of the Board of Directors and all of the 13 sessions of the Board of Corporate Auditors held during the fiscal year under review and expressed his opinions from time to time, principally from the perspective of an experienced management executive.
	Yasumi Katsuki	Mr. Katsuki attended 11 of the 12 sessions of the Board of Directors and all of the 13 sessions of the Board of Corporate Auditors held during the fiscal year under review and expressed his opinions from time to time, principally from the professional perspective of a certified public accountant.

(4) Summary of the agreements to limit liabilities

The Company has entered into an agreement with each of the External Directors and External Corporate Auditors to limit his/her liabilities as provided for in Article 423, paragraph 1 of the Companies Act of Japan in accordance with Article 427, paragraph 1 of the said act. The maximum amount of the liabilities under the agreement is as provided for in laws and ordinances.

4. Matters concerning account auditors (as of March 31, 2015, except for item (4))

(1) Name of the account auditors

Ernst & Young ShinNihon LLC

(2) Amount of remuneration, etc. for the account auditors

(i) Amount of remuneration, etc. payable for the fiscal year under review: ¥178 million

(ii) Total amount of money and other proprietary benefits payable by the Company and its subsidiaries: ¥434 million

(Note) The amount of remuneration payable to the account auditors for their audits under the Companies Act of Japan and the amount of remuneration payable for their audits under the Financial Instruments and Exchange Act of Japan are not specifically separated in the audit contract between the Company and the account auditors and cannot be separated practically. Hence, such amounts are stated collectively in the

amount in (i) above.

(3) Content of non-auditing services

The Company has entrusted the account auditors with, and paid remuneration for, advisory services for the preparation of CSR reports and others, which services are not covered by Article 2, paragraph 1 of the Certified Public Accountant Act of Japan.

(4) Policy on determination of dismissal and non-reappointment (as of May 1, 2015)

In the event that the account auditors are considered to fall under any of the items of Article 340, paragraph 1 of the Companies Act of Japan, the Company shall, upon determination by the Board of Corporate Auditors, dismiss the account auditors. In addition, if it is considered difficult for the account auditors to properly execute their duties, the Company shall, upon determination by the Board of Corporate Auditors, submit a proposition to dismiss or not to reappoint the account auditors to a general meeting of shareholders.

5. Systems to secure the properness of business activities (as of April 30, 2015)

The matters concerning the establishment of the systems to secure the execution by the Directors of their duties to comply with laws or ordinances and the Articles of Incorporation and other systems to secure the properness of business activities of the Company are described below:

(1) Systems to secure the execution by the Directors and employees of their duties to comply with laws or ordinances and the Articles of Incorporation

The Company has instituted a "Corporate Philosophy" and a "Safety Charter" as the basis of management. To materialize the philosophy and the charter, the Board of Directors of the Company determines medium-term management plans and annual business operation policies for the entire Group (including the Company and its subsidiaries; the same applies hereinafter) to share the directions for the entire Group to follow.

Furthermore, to establish corporate ethics, the Company has instituted its code of conduct and code of ethics in accordance with the "Corporate Philosophy", made its officers comply with these codes and exercise the initiative in materializing the "Corporate Philosophy" and generate a sense of common values that will constitute the bases of honest and fair business behaviors. Through the following measures, the Company shall endeavor to improve its systems to ensure compliance with law and establish corporate ethics in its business operations in general:

(i) Adequate operation of the Board of Directors

- The Company shall make a clear distinction between Directors to engage exclusively in monitoring and supervision and Directors to execute business (concurrently serving as Executive Officers) as well, have two or more external Directors and improve the system of distributing information to the external

Directors.

- The Board of Directors of the Company shall meet once every month, in principle, to deliberate on important matters for management and report the development of execution of business and matters concerning corporate ethics on a timely and appropriate manner.

- The Company shall clearly present the risks of measures and the position thereof in a medium-term management plan to ensure the enhancement of efficiencies of the Board of Directors.

Through these measures, the Company shall strengthen the functions of appropriate decision-making of the Board of Directors and its functions of monitoring and supervision of corporate management.

(ii) Securement of proper execution of duties

- The Company shall ensure transparency thereof by devising schemes that may allow checking functions, including a system of circulating requests for managerial decision, as well as various committees to be established from time to time.

- The Company shall make the Inquiry & Auditing Department, responsible for internal audits, audit business of the Company in general from the perspectives of compliance with laws or ordinances and regulations.

- For the purpose of the establishment of systems to evaluate and audit internal control over financial reporting, the Company shall maintain and improve internal control over financial reporting through the evaluation of the effectiveness thereof by the department responsible for internal audits to ensure the correctness and credibility of financial reporting.

- The Company shall clarify the criteria for the selection of Directors and Executive Officers to ensure objectivity and transparency.

- The Directors and Executive Officers shall submit "Letters of Confirmation of Execution of Duties", which shall state that they have committed no misdeed or material violation of laws or ordinances or other rules in connection with the execution of their duties, at the close of each fiscal year.

- Against antisocial forces, the Company shall establish general supervising divisions and sections and manuals to cope with them. The Company shall also work closely with external specialized agencies and deal with them in a resolute attitude, and have no truck with them.

(iii) Institution of a deliberative organ for the establishment of corporate ethics and the improvement of the internal reporting system

- The Company shall establish a "Corporate Ethics Committee" with the President acting as chairman, which shall deliberate on and evaluate important matters for the establishment of corporate ethics and submit necessary reports to the Board of Directors.

- The Company shall also accept consultations as to questionable acts from the perspective of law or corporate ethics through contacts with the "Ethics Office" of the Company and outside attorneys and improve its internal reporting system.

(2) Systems concerning storage and management of information on the execution by the Directors of their duties

- Pursuant to laws or ordinances and the document management manuals of the Company, information on the execution by the Directors of their duties shall be prepared, stored and managed properly by the respective sections in charge thereof and shall be made available for inspection by the Directors and Corporate Auditors at all times whenever necessary.

(3) Regulations concerning management of exposure to the risk of loss and other systems

Taking seriously that on April 25, 2005, it caused a very grave accident to occur between Tsukaguchi and Amagasaki on the Fukuchiyama Line in which 106 lives were claimed and more than 500 passengers were injured, and with a resolve never to permit the occurrence of such any accident, the Company shall work to establish a safe, secure and trusted rail service in accordance with its "Corporate Philosophy" and "Safety Charter". Simultaneously, through the following efforts, the Company shall build up a system for appropriate risk management in its business activities in general:

- The Company shall steadily implement measures in response to remarks, including "proposals" and "opinions" stated in the report on the investigation of the train accident on the Fukuchiyama Line publicized by the Aircraft and Railway Accidents Investigation Commission in June 2007.

- The Company shall also steadily enhance the levels of safety by focusing on "continual effort to realize safe, reliable transport service", "increasing the level of risk assessment", "increasing safety awareness and implementing think-and-act initiatives with the highest priority on human life" and "investment in safety", which have all been set forth in the "Safety Think-and-Act Plan 2017" formulated in March 2013.

- The Company shall build a stronger safety management system based on its "Railway Safety Management Manual" instituted in accordance with the amended Railway Business Act of Japan enforced in October 2006.

Additionally, the "Risk Management Committee" with the President acting as chairman shall keep track of risks and critical factors that may have material effects on management of the Company, prepare manuals and deliberate on and determine important policies to respond thereto, prepare to establish a rapid initial response system and implement appropriate measures in the event of a wide-scale disaster or any other serious crisis, and examine and evaluate the risk management schemes and systems.

(4) Systems to secure efficient execution by the Directors of their duties

- The Directors in charge of their respective sections shall, based on the medium-term management plan and annual business operation policy determined by the Board of Directors at the beginning of each fiscal year, execute their duties properly with regard to the measures of the respective sections by formulating the policies of such sections or otherwise in accordance with the authority and decision-making rules under the Company's regulations of its organization and execution of business.

- The Company shall convene a session of the Executive Committee consisting of the Representative Directors and the Executive Officers serving at the head office of the Company once every week in principle, to deliberate on fundamental matters for execution of business, and introduce a system of executive officers to delegate authorities to the Executive Officers, whereby ensuring stronger functions of the Board of Directors to monitor and supervise and its speedier decision-making.

(5) Systems to secure the properness of business activities of the corporate group

The Company shall institute group-wide medium-term management plans to share the directions for the entire Group to follow. To fulfill its responsibility as a member of society, the Company shall enhance awareness about compliance and establish corporate ethics, and develop the following systems to secure the properness of business activities of the corporate group:

(i) Fundamental system to promote group management

- The Company shall establish a section of its own responsible for promoting group management and with regard to important managerial matters of the group companies, including business plans, establish a system to allow them to consult with the Company in advance and file ex-post facto reports in accordance with the group company management rules to be prescribed by the Company.

- The Company shall regularly hold various meetings and training sessions for officers and employees of its group companies to share information among the Group.

(ii) Assumption of the offices of officers of group companies by officers of the Company

- The Company shall make its officers assume the offices of directors and corporate auditors of its important group companies to ensure legitimate and effective management of the Group.

(iii) Establishment of corporate ethics in the entire Group and the formulation of risk management systems

- The Company shall determine policies on the establishment of corporate ethics in the entire Group by taking into consideration deliberations at its "Corporate Ethics Committee".

- The Company shall determine fundamental matters for risk management of the entire Group at its "Risk Management Committee".

- The Company shall establish a section responsible for risk management of the entire Group and each group company shall take measures to establish committees and regulations, whereby formulating a system for the establishment of corporate ethics and appropriate risk management of the entire Group.

- Furthermore, for specific risk management of the entire Group, each section and each branch of the Company and each group company shall take the initiative in detecting serious risks and developing a system to implement countermeasures, whereby allowing the section responsible for risk management of the entire Group to cooperate with the internal audit sections to manage each progress situation and afford support.

(iv) Internal reporting system

- With regard to the internal reporting system, the Company shall respond to consultations concerning any group company through contacts established in and outside of the Company. The Company shall also make the system well known among the group companies.

(v) Performance of internal audits of group companies

- For the purpose of its internal audits, the Company shall, whenever necessary, confirm the observation of laws or ordinances and regulations concerning execution of business by the group companies.

- With regard to the "evaluation of internal control over financial reporting", the Company shall promote its group-wide efforts as the business on a consolidated basis is subjected to such evaluation.

(6) Matters concerning the employees to assist the Corporate Auditors to execute their duties and their independence from the Directors and the matters concerning the securement of efficiencies of directions to such employees

- The Company shall establish a Corporate Auditors' Office under the direct control of the Corporate Auditors and appoint its employees to engage exclusively in assisting the Corporate Auditors.

- The employees belonging to the Corporate Auditors' Office shall, independently of any section, execute their duties under the orders and instructions of the Corporate Auditors.

- The Company shall develop a cooperative system to provide information or otherwise for such employees executing their duties.

- In consideration of such employees' assuming a key role of engaging in part of the auditing functions, the Company shall appoint them by taking into full account their experience and knowledge and make their personnel changes and evaluations by giving serious consideration to the opinions of the Corporate Auditors.

(7) System for reporting by Directors and employees of the Company and its subsidiaries or any party receiving reports from such persons to the Corporate Auditors and other systems for reporting to the Corporate Auditors, and a system to ensure the prevention of unfair treatment because of such reporting

- The Directors, Executive Officers and employees of the Company, as well as the directors, executive officers, corporate auditors and employees of its group companies, shall give to the Corporate Auditors or the Board of Corporate Auditors reports promptly upon the occurrence of any grave accident, any act in violation of any law or ordinance or the Articles of Incorporation and any event that may cause material damage to the Company or any group company.

- They shall also give reports on the state of performance of internal audits, the particulars of information provided with the "Ethics Office", the particulars of the measures taken by the President's Special Aide, the details of business and problems of each section and such other matters as requested by the Corporate Auditors or the Board of Corporate Auditors, from time to time and on a regular basis.

- Any person who gives such any report shall be protected properly by instituting internal rules by the Company and each group company.

(8) Other systems to ensure effective audits by the Corporate Auditors

- The Directors of the Company shall formulate systems necessary for the Corporate Auditors to expediently perform audits, including those to allow the Corporate Auditors to attend important meetings, inspect decision documents and

other important documents, cooperate with its internal audit section and account auditors and exchange opinions with the Representative Directors and other officers on a regular basis.

- All expenses incurred by the Corporate Auditors in executing their duties, including consultation with attorneys, auditing firms and other third-party professionals as the necessity arises, shall be borne by the Company.

- The sections responsible for the business offices of the Company shall coordinate and cooperate with each other to allow the Corporate Auditors to visit the offices to perform effective and efficient audits.

- The Company shall improve and strengthen the system of audits by corporate auditors of the entire Group that can respond to regular meetings, such as liaison conferences of corporate auditors of the Group consisting of the Full-time Corporate Auditors of the Company and corporate auditors of its group companies.

(Note) The "Act to Ament Part of the Companies Act" (2014 Act No. 90) and the "Ministerial Ordinance to Amend Part of the Regulations to Enforce the Companies Act, Etc." (2015 Ordinance of the Ministry of Justice No. 6) were to come into effect on May 1, 2015. Accordingly, the content of this section was partly revised by the resolution adopted at the meeting of the Board of Directors held on April 30, 2015 and the above fundamental policy is presented herein as amended. The audit report by the Board of Corporate Auditors of the Company covers the adequacy of its systems before such revision.

CONSOLIDATED BALANCE SHEET

(As of March 31, 2015)

(million yen)

ASSETS

Current assets:	363,544
Cash and deposits	53,592
Trade notes and accounts receivable	33,922
Railway fares receivable	35,098
Accounts receivable	79,074
Marketable securities	32,000
Inventories	57,755
Deferred tax assets	18,475
Others	54,397
Less allowance for doubtful accounts	(770)
Fixed assets:	2,422,882
Tangible fixed assets:	2,164,245
Buildings and structures	1,080,084
Machinery, equipment and transport equipment	315,824
Land	671,123
Construction in progress	61,453
Other tangible fixed assets	35,759
Intangible fixed assets:	31,359
Investments and other assets:	227,278
Investment in securities	61,723
Assets for retirement benefits	2,592
Deferred tax assets	134,591
Others	29,415
Less allowance for doubtful accounts	(1,043)
Deferred assets:	43
TOTAL ASSETS	2,786,470

(Note) Figures are indicated by discarding fractions of one million yen.

(million yen)

LIABILITIES

Current liabilities:	527,032
Trade notes and accounts payable	82,558
Short-term borrowings	16,335
Current portion of long-term debt	48,098
Current portion of long-term payables for the acquisition of railway properties	33,613
Current portion of long-term payables	31
Accounts payable	96,636
Accrued consumption taxes	15,704
Accrued income taxes	20,757
Railway deposits received	2,054
Deposits	77,114
Prepaid railway fares received	38,412
Advances received	16,350
Allowance for bonuses	37,166
Allowance for rewards based on points	1,566
Others	40,631
Long-term liabilities:	1,412,736
Bonds	479,977
Long-term debt	304,291
Long-term payables for the acquisition of railway properties	138,140
Long-term payables	64
Deferred tax liabilities	4,040
Allowance for environment and safety measures	9,627
Allowance for gift certificates yet to be redeemed	2,551
Liabilities for retirement benefits	375,285
Others	98,758
TOTAL LIABILITIES	1,939,768

NET ASSETS

Shareholders' equity:	797,717
Common stock	100,000
Capital surplus	55,000
Retained earnings	643,198
Treasury stock	(480)
Accumulated other comprehensive income:	3,547
Evaluation difference on other securities	4,955
Deferred hedge income (loss)	638
Accumulated adjustments to retirement benefits	(2,047)
Minority interests:	45,436
TOTAL NET ASSETS	846,701
TOTAL LIABILITIES AND NET ASSETS	2,786,470

(Note) Figures are indicated by discarding fractions of one million yen.

CONSOLIDATED STATEMENT OF INCOME

(From April 1, 2014 to March 31, 2015)

(million yen)

Operating revenues		1,350,336
Operating expenses:		
Transportation and other services and cost of sales	1,028,221	
Selling, general and administrative expenses	182,340	1,210,562
Operating income		139,774
Non-operating income:		
Interest income	67	
Dividend income	880	
Equity in earnings of affiliates	1,901	
Others	6,222	9,071
Non-operating expenses:		
Interest expenses	25,898	
Others	948	26,846
Recurring profit		121,999
Extraordinary profits:		
Proceeds from construction contract	52,395	
Expropriation compensation	5,263	
Gain on sales of fixed assets	3,005	
Others	8,842	69,506
Extraordinary expenses:		
Loss on reduction entry of proceeds from construction	51,494	
Loss on reduction entry of expropriation	1,677	
Impairment loss	246	
Others	15,376	68,793
Income before income tax		122,712
Corporation, inhabitant and enterprise taxes	41,334	
Income taxes – deferred	14,328	55,662
Income before income tax and minority interests		67,049
Minority interests		336
Net income		66,712

(Note) Figures are indicated by discarding fractions of one million yen.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, ETC.

(From April 1, 2014 to March 31, 2015)

(million yen)

	Shareholders' equity					Accumulated other comprehensive income					
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Evaluation difference on other securities	Deferred hedge income (loss)	Accumulated adjustments to retirement benefits	Total accumulated other comprehen-sive income	Minority interests	Total net assets
Balance as of April 1, 2014	100,000	55,000	632,187	(359)	786,828	3,429	557	(6,906)	(2,920)	23,470	807,378
Cumulative effect of changes in accounting policies			(32,454)		(32,454)						(32,454)
Restated balance	100,000	55,000	599,733	(359)	754,374	3,429	557	(6,906)	(2,920)	23,470	774,924
Changes during the year:											
Distribution of surplus			(23,248)		(23,248)						(23,248)
Net income			66,712		66,712						66,712
Change in equity in affiliates accounted for equity method - treasury stock				(121)	(121)						(121)
Changes in items other than shareholders' equity during the year (net)						1,526	81	4,859	6,467	21,965	28,433
Total changes during the year	-	-	43,464	(121)	43,343	1,526	81	4,859	6,467	21,965	71,776
Balance As of March 31, 2015	100,000	55,000	643,198	(480)	797,717	4,955	638	(2,047)	3,547	45,436	846,701

(Note) Figures are indicated by discarding fractions of one million yen.

BALANCE SHEET
(As of March 31, 2015)

(million yen)

ASSETS	
Current assets:	253,287
Cash and deposits	27,313
Railway fares receivable	35,476
Accounts receivable	53,587
Accrued income	4,962
Short-term loans	25,278
Marketable securities	32,000
Materials and supplies	15,566
Prepaid expenses	1,853
Deferred tax assets	12,126
Others	27,616
Less allowance for doubtful accounts	(494)
Fixed assets:	2,209,164
Fixed assets for railway operations	1,664,209
Fixed assets for related businesses	72,893
Other relevant fixed assets	59,006
Construction in progress	58,652
Investments and other assets	354,403
Stocks of affiliates	150,295
Investment in securities	14,716
Long-term loans receivable	67,996
Long-term prepaid expenses	6,807
Deferred tax assets	113,644
Others	7,074
Less allowance for doubtful accounts	(6,132)
TOTAL ASSETS	2,444,451

(Note) Figures are indicated by discarding fractions of one million yen.

LIABILITIES	(million yen)
Current liabilities:	531,684
Short-term borrowings	170,263
Current portion of long-term debt	46,124
Current portion of long-term payables for acquisition of railway properties	33,613
Other accounts payable	140,518
Accrued expenses	19,513
Accrued consumption taxes	9,167
Accrued income taxes	13,300
Railway deposits received	1,813
Deposits	18,818
Prepaid railway fares received	38,218
Advances received	11,865
Prepaid income received	971
Allowance for bonuses	26,765
Allowance for rewards based on points	551
Others	180
Long-term liabilities:	1,281,182
Bonds	479,977
Long-term debt	299,862
Long-term payables for acquisition of railway properties	138,140
Retirement allowances for employees	349,894
Allowance for environment and safety measures	9,462
Others	3,845
TOTAL LIABILITIES	1,812,866
NET ASSETS	
Shareholders' equity:	627,432
Common stock	100,000
Capital surplus	55,000
Capital reserve	55,000
Retained earnings	472,435
Retained earnings reserve	11,327
Other retained earnings	461,107
Reserve for advanced depreciation of fixed assets	24,949
General reserve	360,000
Retained earnings carried forward	76,158
Treasury stock	(2)
Evaluation and exchange differences, etc.:	4,152
Evaluation difference on other securities	4,152
TOTAL NET ASSETS	631,584
TOTAL LIABILITIES AND NET ASSETS	2,444,451

(Note) Figures are indicated by discarding fractions of one million yen.

STATEMENT OF INCOME

(From April 1, 2014 to March 31, 2015)

(million yen)

Railway operations		
Operating revenues	867,281	
Operating expenses	767,099	
Operating income		100,182
Related businesses		
Operating revenues	23,658	
Operating expenses	11,815	
Operating income		11,843
Operating income		112,026
Non-operating income		
Interest and dividend income	1,454	
Others	5,077	6,532
Non-operating expenses		
Interest expenses and bond interest	25,791	
Others	636	26,428
Recurring profit		92,130
Extraordinary profits		
Proceeds from construction contract	52,395	
Expropriation compensation	5,249	
Gain on sales of fixed assets	2,314	
Others	679	60,638
Extraordinary expenses		
Loss on reduction entry of proceeds from construction	51,975	
Loss on reduction entry of expropriation	1,662	
Others	11,546	65,184
Income before income tax		87,584
Corporation, inhabitant and enterprise taxes	28,995	
Income taxes - deferred	11,206	40,202
Net income		47,382

(Note) Figures are indicated by discarding fractions of one million yen.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, ETC.

(From April 1, 2014 to March 31, 2015)

(million yen)

	Shareholders' equity									Evaluation and exchange differences, etc.	
		Capital surplus	Retained earnings								
				Other retained earnings							
	Common stock	Capital reserve	Retained earnings reserve	Reserve for advanced depreciation of fixed assets	General reserve	Retained earnings carried forward	Total retained earnings	Treasury stock	Total shareholders' equity	Evaluation difference on other securities	Total net assets
Balance as of April 1, 2014	100,000	55,000	11,327	21,834	360,000	88,468	481,629	(2)	636,626	2,863	639,490
Cumulative effect of changes in accounting policies						(33,328)	(33,328)		(33,328)		(33,328)
Restated balance	100,000	55,000	11,327	21,834	360,000	55,139	448,301	(2)	603,298	2,863	606,161
Changes during the year:											
Distribution of surplus						(23,248)	(23,248)		(23,248)		(23,248)
Net income						47,382	47,382		47,382		47,382
Transfer to reserve for advanced depreciation of fixed assets				4,504		(4,504)	-		-		-
Reversal of reserve for advanced depreciation of fixed assets				(1,389)		1,389	-		-		-
Changes in items other than shareholders' equity during the year (net)										1,289	1,289
Total changes during the year	-	-	-	3,115	-	21,018	24,133	-	24,133	1,289	25,423
Balance as of March 31, 2015	100,000	55,000	11,327	24,949	360,000	76,158	472,435	(2)	627,432	4,152	631,584

(Note) Figures are indicated by discarding fractions of one million yen.

Copy of Account Auditors' Audit Report Relating to Consolidated Financial Statements

INDEPENDENT AUDITORS' REPORT

May 7, 2015

The Board of Directors
West Japan Railway Company

Ernst & Young ShinNihon LLC

Mikio Konishi (seal)
Designated and Limited Engagement Partner
Certified Public Accountant

Yutaka Matsumura (seal)
Designated and Limited Engagement Partner
Certified Public Accountant

Naoya Nishino (seal)
Designated and Limited Engagement Partner
Certified Public Accountant

We have audited the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in shareholders' equity, etc. and the notes to consolidated financial statements of West Japan Railway Company (the "Company"), applicable to its consolidated fiscal year from April 1, 2014 to March 31, 2015 pursuant to Article 444, paragraph 4 of the Companies Act of Japan.

Management's Responsibility for Consolidated Financial Statements

The responsibility of the Company's management is to prepare and present properly these consolidated financial statements in accordance with corporate accounting standards generally accepted in Japan. This includes maintaining and improving internal control considered necessary by management to prepare and present properly these consolidated financial statements free of material misstatement by fraud or error.

Account Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements from an independent standpoint, based on our audit conducted. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require us to formulate an audit plan and conduct an audit based thereon to obtain reasonable assurance about whether these consolidated financial statements are free of material misstatement.

In an audit, procedures are taken to obtain audit evidence as to the amount in consolidated financial statements and disclosure thereof. Audit procedures, on our own judgment, are selected and applied based on our risk assessment of material misstatement in the consolidated financial statements by fraud or error. An audit is not contemplated to

express an opinion on the effectiveness of internal control. However, in assessing risk, we assess internal control related to the preparation and proper presentation of these consolidated financial statements to form a plan for adequate audit procedures according to conditions. An audit also includes assessing the accounting policies and methods of application thereof employed by management and estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

We believe that our audit provides sufficient and appropriate audit evidence forming a basis for our opinion.

Account Auditors' Opinion

We are of the opinion that the above consolidated financial statements present properly the financial position and profit and loss of the corporate group comprised of West Japan Railway Company and its consolidated subsidiaries for the period related to the consolidated financial statements in all material respects in conformity with the corporate accounting standards generally accepted in Japan.

Matter for Emphasis

As described in the notes (Note to change in the accounting policies) above, the Company has applied the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012) and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, March 26, 2015) as from the fiscal year under review.

It has no effect on the results of our audit.

Financial Interest

We have no financial interest in the Company which is required to be disclosed under the provisions of the Certified Public Accountant Act of Japan.

- END –

Copy of Audit Report of the Board of Corporate Auditors Relating to Consolidated Financial Statements

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

We, the Board of Corporate Auditors of the Company, based on the audit report prepared by each Corporate Auditor on the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in shareholders' equity, etc. and the notes to consolidated financial statements for the 28th fiscal year from April 1, 2014 to March 31, 2015, prepared this audit report upon deliberation and hereby report as follows:

1. Method of Audit by the Corporate Auditors and the Board of Corporate Auditors and the Particulars thereof:

The Board of Corporate Auditors determined the audit policy, audit plans, etc. and received from each Corporate Auditor reports on the state of his performance of audits and the results thereof.

Each Corporate Auditor, in accordance with the audit policy, audit plans, etc., as determined by the Board of Corporate Auditors, received from Directors, employees, etc. reports on the consolidated financial statements and demanded their explanations whenever necessary. We also monitored and verified whether the Account Auditors had maintained an independent position and conducted adequate audits, and received from the Account Auditors reports on the state of performance of their duties and demanded their explanations whenever necessary. In addition, we received from the Account Auditors a notice that the "systems to secure adequate performance of duties" (as listed in the items of Article 131 of the Corporate Accounting Regulations) had been established in accordance with the "Standard for Quality Control Concerning Audits" (the Accounting Standards Board of Japan, October 28, 2005) and demanded their explanations whenever necessary. In accordance with such methods, we investigated the consolidated financial statements for the fiscal year under review.

2. Results of Audit:

We are of the opinion that the method and results of the audit made by the Account Auditors, Ernst & Young ShinNihon LLC, are proper.

May 8, 2015

The Board of Corporate Auditors
West Japan Railway Company

Yasutaka Kikuchi (seal)
Full-time Corporate Auditor

Tsutomu Iwasaki (seal)
Full-time Corporate Auditor
(External Corporate Auditor)

Ikuo Uno (seal)
External Corporate Auditor

Yasumi Katsuki (seal)
External Corporate Auditor

Copy of Account Auditors' Audit Report

INDEPENDENT AUDITORS' REPORT

May 7, 2015

The Board of Directors
West Japan Railway Company

Ernst & Young ShinNihon LLC

Mikio Konishi (seal)
Designated and Limited Engagement Partner
Certified Public Accountant

Yutaka Matsumura (seal)
Designated and Limited Engagement Partner
Certified Public Accountant

Naoya Nishino (seal)
Designated and Limited Engagement Partner
Certified Public Accountant

We have audited the balance sheet, the statement of income, the statement of changes in shareholders' equity, etc. and the notes to non-consolidated financial statements, and the supplementary financial schedules of West Japan Railway Company (the "Company"), applicable to its 28th fiscal year from April 1, 2014 to March 31, 2015 pursuant to Article 436, paragraph 2, item 1 of the Companies Act of Japan.

Management's Responsibility for Financial Statements, etc.

The responsibility of the Company's management is to prepare and present properly these financial statements and the supplementary financial schedules in accordance with corporate accounting standards generally accepted in Japan. This includes maintaining and improving internal control considered necessary by management to prepare and present properly these financial statements and the supplementary financial schedules free of material misstatement by fraud or error.

Account Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements and the supplementary financial schedules from an independent standpoint, based on our audit conducted. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require us to formulate an audit plan and conduct an audit based thereon to obtain reasonable assurance about whether these financial statements and the supplementary financial schedules are free of material misstatement.

In an audit, procedures are taken to obtain audit evidence as to the amount in financial statements and supplementary financial schedules and disclosure thereof. Audit

procedures, on our own judgment, are selected and applied based on our risk assessment of material misstatement in the financial statements and the supplementary financial schedules by fraud or error. An audit is not contemplated to express an opinion on the effectiveness of internal control. However, in assessing risk, we assess internal control related to the preparation and proper presentation of these financial statements and the supplementary financial schedules to form a plan for adequate audit procedures according to conditions. An audit also includes assessing the accounting policies and methods of application thereof employed by management and estimates made by management, as well as evaluating the overall presentation of these financial statements and the supplementary financial schedules.

We believe that our audit provides sufficient and appropriate audit evidence forming a basis for our opinion.

Account Auditors' Opinion

We are of the opinion that the above financial statements and the supplementary financial schedules present properly the financial position and profit and loss for the period related to the financial statements and the supplementary financial schedules in all material respects in conformity with the corporate accounting standards generally accepted in Japan.

Matter for Emphasis

As described in the notes (Note to change in the accounting policies) above, the Company has applied the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012) and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, March 26, 2015) as from the fiscal year under review.

It has no effect on the results of our audit.

Financial Interest

We have no financial interest in the Company which is required to be disclosed under the provisions of the Certified Public Accountant Act of Japan.

- END -

Copy of Audit Report of the Board of Corporate Auditors

AUDITORS' REPORT

We, the Board of Corporate Auditors of the Company, based on the audit report prepared by each Corporate Auditor on the performance by the Directors of their duties during the 28th fiscal year from April 1, 2014 to March 31, 2015, prepared this audit report upon deliberation and hereby report as follows:

1. Method of Audit by the Corporate Auditors and the Board of Corporate Auditors and the Particulars thereof:

The Board of Corporate Auditors determined the audit policy, audit plans, etc. and received from each Corporate Auditor reports on the state of his performance of audits and the results thereof.

Each Corporate Auditor, pursuant to the rules of audits by Corporate Auditors determined by the Board of Corporate Auditors and in accordance with the audit policy, audit plans, etc., maintained constant communication with the Directors, internal audit divisions and other employees, etc. in an effort to collect information and improve the environment for auditing, attended meetings of the Board of Directors and other important meetings, received from the Directors and employees, etc., reports on the state of performance of their duties, demanded their explanations whenever necessary, inspected important decision documents, etc., and made investigation into the state of activities and property at the head office and principal business offices of the Company. We also monitored and verified the details of the resolutions of the Board of Directors for establishing such systems to secure that the performance by the Directors of their duties will comply with laws or ordinances and the Articles of Incorporation as described in the business report and such other systems provided for in Article 100, paragraphs 1 and 3 of the Regulations to Enforce the Companies Act of Japan as necessary to secure the adequacy of business of joint-stock corporations, as well as the status of the systems (internal control systems) established pursuant to such resolutions. With regard to its subsidiaries, we maintained constant communication and exchanged information with the directors, corporate auditors, etc. thereof and required the subsidiaries to render reports on their business operations and made investigation into the state of their activities and property whenever necessary. In accordance with such methods, we investigated the business report and its supplementary schedules for the fiscal year under review.

We also monitored and verified whether the Account Auditors had maintained an independent position and conducted adequate audits, and received from the Account Auditors reports on the state of performance of their duties and demanded their explanations whenever necessary. In addition, we received from the Account Auditors a notice that the "systems to secure adequate performance of duties" (as listed in the items of Article 131 of the Corporate Accounting Regulations) had been established in accordance with the "Standard for Quality Control Concerning Audits" (the Accounting Standards Board of Japan, October 28, 2005) and demanded their explanations whenever necessary. In accordance

with such methods, we investigated the balance sheet, the statement of income, the statement of changes in shareholders' equity, etc. and the notes to non-consolidated financial statements, and the supplementary financial schedules for the fiscal year under review.

2. Results of Audit:

(1) Results of audit of the business report, etc.:

We are of the opinion:

(i) That the business report and its supplementary schedules fairly present the state of the Company in accordance with laws or ordinances and the Articles of Incorporation;

(ii) That in connection with the performance by the Directors of their duties, no dishonest act or material fact of violation of laws or ordinances or the Articles of Incorporation exists; and

(iii) That the details of the resolutions of the Board of Directors on internal control systems are proper and that the details of the descriptions in the business report and the performance by the Directors of their duties concerning such internal control systems contain nothing to be pointed out.

(2) Results of audit of the financial statements and the supplementary financial schedules:

We are of the opinion that the method and results of the audit made by the Account Auditors, Ernst & Young ShinNihon LLC, are proper.

May 8, 2015

The Board of Corporate Auditors
West Japan Railway Company

Yasutaka Kikuchi (seal)
Full-time Corporate Auditor

Tsutomu Iwasaki (seal)
Full-time Corporate Auditor
(External Corporate Auditor)

Ikuo Uno (seal)
External Corporate Auditor

Yasumi Katsuki (seal)
External Corporate Auditor