

(Translation)

August 10, 2017

To whom it may concern:

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Notice Regarding the Acquisition of Shares (New Subsidiary Company)

Kyushu Railway Company (hereinafter “JR Kyushu” or “the Company”) announces that, at a Board of Directors’ meeting held on August 10, 2017, a resolution was passed to acquire all shares in a new company to be established through a corporate split (new incorporation-type split) of Caterpillar Kyushu Ltd. (Chikushino City, Fukuoka Prefecture; Akira Okada, President), and to then convert the new company into a subsidiary of JR Kyushu. The details are as follows.

1. Reason for Acquiring Shares

The JR Kyushu Group aims to become a corporate group involved in comprehensive city-building (community enhancement and vitalization). Positioning Safety, Service, Human Resources, and Design and Story as the four pillars that support its business operations, the Group has adopted a basic policy of promoting three key strategies: “Build robust railways that provide the foundation for all our businesses,” “Actively participate in city-building in the Kyushu area,” and “Take on the challenges of new businesses and expanding outside of the Kyushu area.”

Caterpillar Kyushu Ltd. is the Kyushu area’s specialized distributor for Caterpillar Japan LLC, which is the Japanese subsidiary of Caterpillar Inc., the world’s largest construction machinery manufacturer. Adopting the basic management policy of “Building trust-based relationships with our customers,” Caterpillar Kyushu supports large-scale construction projects in the Kyushu area, such as expressway and dam construction, through the supply of high-performance construction machinery and provision of comprehensive after-sales services.

The acquisition of all shares in the new company slated to be established represents part of the Group's efforts to expand its business domains to include new fields other than the railway business. These efforts are supported by the "Safety" and "Service" that the Group has cultivated through its railway business. As part of its partnership with Caterpillar Japan, the Group will work to create synergies by fostering collaboration between the new company and the Group's existing businesses. At the same time, the Group aims to improve its corporate value by promoting city-building that involves the establishment of safe and secure infrastructure.

2. Overview of New Subsidiary Company (Scheduled)

(1) Name	Caterpillar Kyushu Ltd. (newly established company) ^{*1}	
(2) Address	3-6-1 Harisurihigashi, Chikushino City, Fukuoka Prefecture	
(3) Names of company representatives	Chairman: Takuya Maki President: Akira Okada	
(4) Business details	Sale, rental, and maintenance of Caterpillar Inc.'s construction machines, diesel engines, and power generators, as well as training on using such equipment	
(5) Capital	¥100 million	
(6) Date of establishment	October 2, 2017 (scheduled)	
Major shareholders and (7) percentage of shares held	Caterpillar Kyushu Ltd. (split company): 100%	
(8) Relationships with the listed company	Capital relationships	No noteworthy capital relationships
	Personal relationships	No noteworthy personal relationships
	Business relationships	No noteworthy business relationships.
(9) Recent business performance ^{*2}		
Net sales	¥28,306 million	
Operating income	¥632 million	

*1 The new company is scheduled to adopt the name Caterpillar Kyushu Ltd. from the split company.

*2 As the new company will be established through a new incorporation-type split, it has yet to specify the most recent fiscal year. As such, the net sales and operating income of Caterpillar Kyushu Ltd. recorded directly before the split was carried out are listed (year ended March 31, 2017).

3. Outline of Other Parties Involved in the Acquisition

(1)	Name	Caterpillar Kyushu Ltd. (split company) ^{*3}	
(2)	Address	3-6-1 Harisurihigashi, Chikushino City, Fukuoka Prefecture	
(3)	Names of company representatives	Chairman: Takuya Maki President: Akira Okada	
(4)	Business details	Real estate rental business	
(5)	Capital	¥100 million	
(6)	Date of establishment	November 12, 1965	
(7)	Major shareholders and percentage of shares held (as of March 31, 2017)	Takuya Maki: 39.0% Seiryō Co., Ltd.: 35.5% Polestar Co., Ltd.: 25.5%	
(8)	Relationships with the listed company	Capital relationships	No noteworthy capital relationships
		Personal relationships	No noteworthy personal relationships
		Business relationships	No noteworthy business relationships
		Status of relationships with related parties	No noteworthy items

*3 Caterpillar Kyushu Ltd. (split company) intends to change its company name to West Holdings Co., Ltd., on October 2, 2017.

4. Number of Shares Acquired and Status of Ownership before and after Transfer

(1)	Shares owned before transfer	0 (Number of voting rights held: 0) (Ratio of voting rights held: 0%)
(2)	Number of shares acquired	200,000 (Number of voting rights held: 200,000)
(3)	Acquisition price	Due to a duty of confidentiality with related parties, the Company is refraining from disclosing the acquisition price. However, the acquisition price was determined after discussions were held with the parties involved in the acquisition and based on an appraised value calculated via a third party.

(4)	Shares owned after transfer	200,000 (Number of voting rights held: 200,000) (Ratio of voting rights held: 100%)
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5. Schedule

(1)	Date of Board of Directors' resolution	August 10, 2017
(2)	Date of transfer agreement conclusion	August 10, 2017
(3)	Date of new company establishment via company split	October 2, 2017 (scheduled)
(4)	Date of share transfer	October 13, 2017 (scheduled)

6. Forecast

The Company is currently investigating the impact that this share acquisition may have on its consolidated business performance in the fiscal year ending March 31, 2018. JR Kyushu will promptly disclose any items related to this matter for which disclosure is deemed necessary.

7. Other

Discussions are being held between the JR Kyushu Group and the parties involved in the acquisition regarding the potential acquisition of shares in Aisai Farm Co., Ltd. (Isahaya City, Nagasaki Prefecture; Akira Okada, President), a subsidiary of Caterpillar Kyushu Ltd. (split company) that engages primarily in the agriculture business. This acquisition would be carried out to strengthen and expand the Group's agriculture business. JR Kyushu will promptly disclose any items related to this matter for which disclosure is deemed necessary.