

To Shareholders with Voting Rights

Company Name: TOBU RAILWAY CO., LTD.  
Representative: Yoshizumi Nezu, President and Representative Director  
(Security Code 9001 Tokyo Stock Exchange, 1st Section)  
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### **The 198th Annual General Meeting of Shareholders of TOBU RAILWAY CO., LTD.: Supplementary Explanation on Proposal 3**

Regarding Proposal 3 “Election of Nine (9) Directors,” which will be presented at the 198<sup>th</sup> Annual general Meeting of Shareholders of TOBU RAILWAY CO., LTD. (the “Company”) scheduled to be held on June 22, 2018, a supplementary explanation is provided as follows concerning comments received from the Company’s shareholders (including proxy advisory firms) on the independence of a candidate for Director.

#### **1. Proposal concerned**

Proposal 3 “Election of Nine (9) Directors”

#### **2. Supplementary explanation (Independence of Candidate No. 8 Mr. Mitsuyoshi Shibata, a candidate for Outside Director)**

(1) There is no business relationship between the Company and Furukawa Electric Co., Ltd. (“Furukawa Electric”) for which Mr. Mitsuyoshi Shibata serves as Chairman of the Board.

The Company does have business with Furukawa Electric’s subsidiary involving purchase and sale of products. However, the total transaction size in the fiscal year ended March 31, 2018 was less than ¥65 million, which accounted for an extremely small percentage of the Company’s consolidated operating revenue (¥569,519 million) or of Furukawa Electric’s consolidated net sales (¥967,333 million), 0.01% and 0.006% respectively. Therefore, the Company determines that there are no issues concerning the independence of Mr. Shibata.

(2) While the Company holds 44,000 shares of Furukawa Electric, these shares account for a mere 0.06% of Furukawa Electric’s total number of shares issued and outstanding (70,666,917 shares as of March 31, 2018) and the Company therefore determines that there are no issues concerning the independence of Mr. Shibata.

(3) Based on the aforementioned (1) and (2), the Company determines that there are no interests between the Company and Mr. Mitsuyoshi Shibata and Furukawa Electric that would impact the independence of Mr. Shibata.

(4) As stated on page 8 (page 13 of original Japanese version) of the Notice of the 198<sup>th</sup> Annual General Meeting of Shareholders, Mr. Mitsuyoshi Shibata has rich experience and broad insight as a corporate manager. The Company has determined that reflecting his experience and insight, etc. in management of the Company and his playing a supervisory role of business execution from an objective point of view, being independent from the management of the Company, will contribute to enhancing corporate value going forward. Therefore, the Company has nominated him as a candidate for Outside Director.

#### **3. Note**

With regard to members of the Independent Committee in Proposal 4 “Delegation of Gratis Allotment of Stock Acquisition Rights for Takeover Defense Measures,” the Committee shall be composed of three (3) persons in total: two (2) Outside Directors, including Mr. Mitsuyoshi Shibata, and one (1) outside expert. As a result, the majority shall be Outside Directors who are entrusted by the shareholders and independent from the management, developing a system where decisions of independent Outside Directors are reflected in the resolutions made by the Independent Committee.

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