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(Securities Code 9001)
June 1, 2021

To Shareholders with Voting Rights:

Yoshizumi Nezu
President and Representative Director
TOBU RAILWAY CO., LTD.
Registered Office: 1-2 Oshiage 1-chome,
Sumida-ku, Tokyo
Head Office: 18-12 Oshiage 2-chome,
Sumida-ku, Tokyo

**NOTICE OF
THE 201ST ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

You are hereby notified that the 201st Annual General Meeting of Shareholders of TOBU RAILWAY CO., LTD. (the "Company") will be held for the purposes as follows.

In order to prevent the spread of the novel coronavirus (COVID-19), it is recommended that you exercise your voting rights in advance either by mail or via the Internet, and refrain from attending the Meeting.

Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 6:15 p.m. on Tuesday, June 22, 2021 (Japan time).

- 1. Date and Time:** Wednesday, June 23, 2021 at 10:00 a.m. (Japan time)
(The reception desk will open at 8:45 a.m.)
- 2. Place:** Nishiki on the 4th floor of TOBU HOTEL LEVANT TOKYO located at 2-2, Kinshi 1-chome, Sumida-ku, Tokyo, Japan
The venue and start time, etc. are subject to change.
Details will be posted on the Company's website, if any.
- 3. Purposes:**
 - Items to be reported:**
 1. The Business Report, Consolidated Financial Statements for the Company's 201st Fiscal Year (from April 1, 2020 to March 31, 2021) and results of audits by the Independent Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company's 201st Fiscal Year (from April 1, 2020 to March 31, 2021)
 - Items to be resolved:**
 - Proposal 1:** Appropriation of Surplus
 - Proposal 2:** Election of Twelve (12) Directors
 - Proposal 3:** Election of One (1) Audit & Supervisory Board Member
 - Proposal 4:** Continuation of the Countermeasures to Large-scale Purchase of Shares of the Company (Takeover Defense Measures)
- 4. Predetermined Terms of the Convening:**
 - (1) If you exercise your voting rights both by mail and via the Internet, the vote exercised via the Internet will be counted as valid.
 - (2) If you exercise your voting rights multiple times via the Internet, the last vote exercised will be counted as valid.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

The Company proposes the appropriation of surplus as follows:

Matters regarding year-end dividend

In order to strengthen the management base over the long-term, the Company has a basic policy of continuing stable dividend payments by giving consideration to financial soundness as well as comprehensively taking into account its business performance and management environment.

The spread of COVID-19 had a major impact on the Group's entire business during the fiscal year under review, severely depressing its financial results. Accordingly, the Company would like to pay a year-end dividend for the fiscal year under review as follows:

(1) Type of dividend property

Cash

(2) Distribution of dividend property to shareholders and total amount

¥10 per share of common stock of the Company

Total amount: ¥2,087,474,950

(Accordingly, the annual dividend, including the interim dividend of ¥10 per share, amounts to ¥20 per share, a decrease of ¥20 from the previous fiscal year.)

(3) Effective date of distribution

June 24, 2021

Proposal 2: Election of Twelve (12) Directors

All of the twelve (12) Directors will complete their respective terms of office at the conclusion of this General Meeting of Shareholders. Accordingly, the election of twelve (12) Directors is proposed.

The candidates are as follows:

The contents of this Proposal were determined at the Board of Directors' meeting after consultation with the "Nomination and Remuneration Committee," which comprises two Independent Outside Directors and a Representative Director, and is presided over by the chair selected from among Independent Outside Directors.

(Reference) List of Candidates

No.	Name		Position in the Company
1	Yoshizumi Nezu	Reappointment Male	President and Representative Director
2	Hiroaki Miwa	Reappointment Male	Representative Director
3	Akihiro Ojira	Reappointment Male	Director
4	Toshiaki Onodera	Reappointment Male	Director
5	Yoshimi Yokota	Reappointment Male	Director
6	Tsutomu Yamamoto	Reappointment Male	Director
7	Atsushi Shigeta	Reappointment Male	Director
8	Mitsuyoshi Shibata	Reappointment Male Outside Director Independent Director	Director
9	Takaharu Ando	Reappointment Male Outside Director Independent Director	Director
10	Noriko Yagasaki	Reappointment Female Outside Director Independent Director	Director
11	Masanori Yanagi	Reappointment Male Outside Director Independent Director	Director
12	Toshiya Yoshino	New appointment Male	-

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	<p>Yoshizumi Nezu (October 26, 1951)</p> <p>[Reappointment] [Male]</p>	<p>April 1974 Joined the Company</p> <p>April 1988 General Manager with special assignment of Group Administration Office</p> <p>May 1990 General Manager of Group Administration Office</p> <p>June 1990 Director, General Manager of Group Administration Office</p> <p>April 1991 Managing Director</p> <p>June 1993 Representative Director (current)</p> <p>June 1993 Senior Managing Director</p> <p>June 1995 Vice President and Representative Director</p> <p>June 1999 President and Representative Director</p> <p>April 2018 President & Representative Director and Executive Officer (current)</p> <p>[Responsibilities in the Company] Overall company affairs</p> <p>[Significant concurrent positions] Outside Director, Matsuya Co., Ltd. External Audit & Supervisory Board Member, FUKOKU MUTUAL LIFE INSURANCE COMPANY</p> <p>[Reason for nomination as a candidate for Director] Mr. Yoshizumi Nezu has served in important positions of group administration division, etc., and he is well familiar with general operations of the Group. He also performs his duties by making use of his rich management experience and broad insight as a Director of the Company. From 1999, he has directed management of the Group with strong leadership as President and Representative Director, realizing improved corporate value by enhancing our management foundation. We have determined him to be the proper person for pursuing further improvement of corporate value in the future. Therefore, we nominate him as a candidate for Director again.</p>	402,300 shares

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
2	<p>Hiroaki Miwa (November 23, 1958)</p> <p>[Reappointment] [Male]</p>	<p>April 1981 Joined the Company</p> <p>October 2005 General Manager with special assignment of Planning and Administration Department, Railway Business Division</p> <p>April 2006 General Manager of Human Resources Department</p> <p>June 2011 Director, General Manager of Human Resources Department</p> <p>June 2015 Managing Director, Head of Lifestyle Service Creation Division and General Manager of Human Resources Department</p> <p>July 2015 Managing Director, Head of Lifestyle Service Creation Division</p> <p>April 2016 Managing Director</p> <p>June 2017 Representative Director</p> <p>June 2017 Senior Managing Director</p> <p>July 2017 Senior Managing Director, Head of Corporate Planning Division</p> <p>April 2018 Senior Managing Director & Representative Director and Senior Managing Executive Officer, Head of Corporate Planning Division</p> <p>June 2018 Director and Senior Managing Executive Officer, Head of Corporate Planning Division</p> <p>June 2019 Director and Senior Managing Executive Officer (current)</p> <p>June 2020 Representative Director (current)</p> <p>[Responsibilities in the Company] Internal Audit Department, Finance and Accounting Department, Asset Management Department</p> <p>[Significant concurrent position] President, General Incorporated Foundation Tobu Museum</p> <p>[Reason for nomination as a candidate for Director] Mr. Hiroaki Miwa has served in important positions in the corporate organization and human resources division and the real estate business division, etc., and he is well familiar with general operations of the Group. He also performs his duties by making use of his rich management experience and broad insight as a Director of the Company. Currently he is demonstrating leadership primarily in the planning and realization of the finance strategy and asset management strategy, which are aimed at improving our corporate value. We have determined him to be the proper person for pursuing further improvement of corporate value in the future. Therefore, we nominate him as a candidate for Director again.</p> <p>[Special interest between the candidate and the Company] Mr. Hiroaki Miwa is the President of the General Incorporated Foundation Tobu Museum, to which the Company entrusts the business concerning operations of the Tobu Museum.</p>	6,100 shares

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
3	<p>Akihiro Ojiro (June 8, 1958)</p> <p>[Reappointment] [Male]</p>	<p>April 1982 Joined the Company</p> <p>October 2006 General Manager of Condominium Business Department, Real Estate Subdivision Business Division</p> <p>April 2010 General Manager with special assignment of Railway Area Development Business Division</p> <p>June 2012 Director, General Manager with special assignment of Railway Area Development Business Division</p> <p>July 2012 Director, General Manager of Living Environment Development Department, Lifestyle Service Creation Division</p> <p>June 2015 Director, Deputy Head of Lifestyle Service Creation Division and General Manager of Living Environment Development Department</p> <p>October 2015 Director, Deputy Head of Lifestyle Service Creation Division and General Manager of Building Leasing Business Department</p> <p>April 2016 Director, Head of Lifestyle Service Creation Division and General Manager of Building Leasing Business Department</p> <p>June 2016 Managing Director, Head of Lifestyle Service Creation Division and General Manager of Building Leasing Business Department</p> <p>July 2017 Managing Director, Head of Lifestyle Service Creation Division</p> <p>April 2018 Managing Director and Managing Executive Officer, Head of Lifestyle Service Creation Division</p> <p>June 2018 Senior Managing Executive Officer, Head of Lifestyle Service Creation Division</p> <p>June 2019 Director and Senior Managing Executive Officer, Head of Lifestyle Service Creation Division</p> <p>February 2020 Director and Senior Managing Executive Officer, Head of Lifestyle Service Creation Division and General Manager of Asset Strategy Department</p> <p>June 2020 Director and Senior Managing Executive Officer, Head of Lifestyle Service Creation Division (current)</p> <p>[Responsibilities in the Company] Human Resources Department, Lifestyle Service Creation Division</p> <p>[Reason for nomination as a candidate for Director] Mr. Akihiro Ojiro has served in important positions in the real estate business division, etc., and he is well familiar with general operations of the Group. He also performs his duties by making use of his rich management experience and broad insight as a Director of the Company. Currently he is demonstrating leadership primarily in the planning and realization of the corporate organization strategy as well as the lifestyle service business and area development business strategy, which are aimed at improving our corporate value. We have determined him to be the proper person for pursuing further improvement of corporate value in the future. Therefore, we nominate him as a candidate for Director again.</p>	6,600 shares

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
4	Toshiaki Onodera (September 6, 1959) [Reappointment] [Male]	<p>April 1982 Joined the Company</p> <p>October 2010 General Manager of General Affairs Department and General Manager of Research Office</p> <p>July 2013 General Manager of Transport Department, Railway Business Division and General Manager of Train Crew Training Center</p> <p>June 2015 General Manager of General Affairs and Legal Department and General Manager of Research Office</p> <p>June 2016 Director, General Manager of General Affairs and Legal Department and General Manager of Research Office</p> <p>April 2018 Director and Executive Officer, General Manager of General Affairs and Legal Department and General Manager of Research Office</p> <p>June 2018 Director and Managing Executive Officer, General Manager of General Affairs and Legal Department and General Manager of Research Office</p> <p>June 2019 Director and Managing Executive Officer</p> <p>June 2020 Director and Senior Managing Executive Officer (current)</p> <p>[Responsibilities in the Company] General Affairs and Legal Department, Public Relations Department, Research Office</p> <p>[Reason for nomination as a candidate for Director] Mr. Toshiaki Onodera has served in important positions in the general affairs division and the railway business division, etc., and he is well familiar with general operations of the Group. He also performs his duties by making use of his rich management experience and broad insight as a Director of the Company. Currently he is demonstrating leadership primarily in the planning and realization of corporate legal strategy and public relations strategy, which are aimed at improving our corporate value. We have determined him to be the proper person for pursuing further improvement of corporate value in the future. Therefore, we nominate him as a candidate for Director again.</p>	6,600 shares

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
5	Yoshimi Yokota (August 1, 1961) [Reappointment] [Male]	<p>April 1984 Joined the Company</p> <p>June 2012 General Manager of Corporate Planning Department</p> <p>April 2015 General Manager of Corporate Planning Department and General Manager of Ikebukuro Development Project</p> <p>June 2015 Director, General Manager of Corporate Planning Department and General Manager of Ikebukuro Development Project</p> <p>January 2016 Director, General Manager of Corporate Planning Department</p> <p>June 2017 Managing Director, General Manager of Corporate Planning Department</p> <p>July 2017 Managing Director, Deputy Head of Corporate Planning Division</p> <p>April 2018 Managing Director and Managing Executive Officer, Deputy Head of Corporate Planning Division</p> <p>June 2018 Managing Executive Officer, Deputy Head of Corporate Planning Division</p> <p>July 2018 Managing Executive Officer</p> <p>June 2019 Managing Executive Officer, Executive Manager of Area Development Management Department of Lifestyle Service Creation Division</p> <p>June 2020 Director and Managing Executive Officer, Executive Manager of Area Development Management Department of Lifestyle Service Creation Division (current)</p> <p>[Responsibilities in the Company] In charge of area development</p> <p>[Reason for nomination as a candidate for Director] Mr. Yoshimi Yokota has served in important positions in the corporate planning division, etc., and he is well familiar with general operations of the Group. He also performs his duties by making use of his management experience and broad insight as a Director of the Company. Currently he is demonstrating leadership primarily in the planning and realization of large-scale development business strategy, which is aimed at improving our corporate value. We have determined him to be the proper person for pursuing further improvement of corporate value in the future. Therefore, we nominate him as a candidate for Director again.</p>	5,700 shares

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
6	<p>Tsutomu Yamamoto (September 9, 1964)</p> <p>[Reappointment] [Male]</p>	<p>April 1989 Joined the Company</p> <p>June 2015 General Manager of Finance and Accounting Department</p> <p>June 2017 Director, General Manager of Finance and Accounting Department</p> <p>April 2018 Director and Executive Officer, General Manager of Finance and Accounting Department</p> <p>June 2018 Director and Managing Executive Officer, General Manager of Finance and Accounting Department</p> <p>June 2019 Director and Managing Executive Officer, Head of Corporate Planning Division (current)</p> <p>[Responsibilities in the Company] Corporate Planning Division, Information and Communication Technology Promotion Department</p> <p>[Reason for nomination as a candidate for Director] Mr. Tsutomu Yamamoto has served in important positions in the finance and accounting division, etc., and he is well familiar with general operations of the Group. He also performs his duties by leveraging his rich management experience and broad insight as a Director of the Company. Currently, he is demonstrating leadership primarily in the planning and realization of the management strategy and information and communication technology promotion strategy of the Group, which are aimed at improving our corporate value. We have determined him to be the proper person for pursuing further improvement of corporate value in the future. Therefore, we nominate him as a candidate for Director again.</p>	2,900 shares

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
7	<p data-bbox="209 544 392 600">Atsushi Shigeta (March 31, 1957)</p> <p data-bbox="213 636 387 692">[Reappointment] [Male]</p>	<p data-bbox="432 264 1286 600"> April 1979 Joined Fuji Bank March 2006 Executive Officer of Mizuho Corporate Bank, Ltd. April 2008 Managing Executive Officer of Mizuho Corporate Bank, Ltd. May 2010 Senior Managing Director of Tobu Department Store Co., Ltd. May 2011 Representative Senior Managing Director of Tobu Department Store Co., Ltd. April 2013 President and Representative Director of Tobu Department Store Co., Ltd. June 2015 President of Tobu Hotel Management Co., Ltd. June 2020 Director and Managing Executive Officer of the Company (current) </p> <p data-bbox="432 607 1187 663">[Responsibilities in the Company] Hotel-Business Strategy Department, Group Administration Department</p> <p data-bbox="432 672 1286 963">[Reason for nomination as a candidate for Director] Mr. Atsushi Shigeta has served in important positions, including Director of the Company's Group companies, and he is well familiar with general operations of the Group. He also performs his duties by making use of his management experience and broad insight as a Director of the Company and its Group companies. Currently, he is demonstrating leadership primarily in the planning and realization of the hotel-business strategy and the Group's business strategy, which are aimed at improving our corporate value. We have determined him to be the proper person for pursuing further improvement of corporate value in the future. Therefore, we nominate him as a candidate for Director again.</p>	400 shares

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
8	<p>Mitsuyoshi Shibata (November 5, 1953)</p> <p>[Reappointment] [Male] [Outside Director] [Independent Director]</p>	<p>April 1977 Joined Furukawa Electric Co., Ltd. June 2008 Corporate Vice President of Furukawa Electric Co., Ltd. June 2009 Corporate Senior Vice President of Furukawa Electric Co., Ltd. June 2010 Director, Corporate Senior Vice President of Furukawa Electric Co., Ltd. April 2012 President and Representative Director of Furukawa Electric Co., Ltd. April 2017 Chairman of the Board of Furukawa Electric Co., Ltd. (current) June 2018 Director of the Company (current)</p> <p>[Significant concurrent positions] Chairman of the Board, Furukawa Electric Co., Ltd. Outside Director, Isuzu Motors Limited Outside Statutory Auditor, Asahi Mutual Life Insurance Company</p> <p>[Reason for nomination as a candidate for Outside Director and overview of expected roles] Mr. Mitsuyoshi Shibata has rich experience and broad insight as a corporate manager. He is also capable of providing opinions and advice regarding the business execution from an objective point of view independent from the management, thereby contributing to ensuring the efficiency and fairness of management. We have determined him to be the proper person for pursuing further improvement of corporate value in the future. Therefore, we renominate him as a candidate for Outside Director. We expect him to continue to play the above roles after he is elected.</p> <p>[Term of office as Outside Director (at the conclusion of this General Meeting of Shareholders)] 3 years</p> <p>[Independence] The Company has designated Mr. Mitsuyoshi Shibata as an Independent Director as specified by the Tokyo Stock Exchange and notified the same Exchange to that effect. If he is re-elected, the Company will designate him as an Independent Director again. Mr. Mitsuyoshi Shibata serves as Chairman of the Board of Furukawa Electric Co., Ltd. (Furukawa Electric), and there is no business relationship between Furukawa Electric and the Company. The Company is engaged in transactions, which involve the sale and purchase of products with a subsidiary of Furukawa Electric. However, the annual transaction amount from such transactions was less than 1% of the consolidated operating revenue of the Company or less than 1% of the consolidated net sales of Furukawa Electric, respectively, and thus the Company has determined the transactions to have no impact on his independence.</p> <p>[Overview of the liability limitation agreement] The Company has entered into a liability limitation agreement with Mr. Mitsuyoshi Shibata, in accordance with Article 423 Paragraph 1 of the Companies Act to limit his liability to the amount stipulated by laws and regulations when he acts in good faith without gross negligence. If he is re-elected, the Company intends to renew the agreement.</p>	400 shares

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
9	<p>Takaharu Ando (August 31, 1949)</p> <p>[Reappointment] [Male] [Outside Director] [Independent Director]</p>	<p>April 1972 Joined National Police Agency August 1999 Director of Public Security Bureau of Tokyo Metropolitan Police Department August 2004 Director General of Commissioner General’s Secretariat of National Police Agency June 2009 Commissioner General of National Police Agency (retired in October 2011) June 2018 Director of the Company (current)</p> <p>[Significant concurrent positions] External Director, AMUSE INC. Outside Director, ZENSHO HOLDINGS CO., LTD. Outside Director (Audit & Supervisory Committee Member and Chairman), NITORI Holdings Co., Ltd.</p> <p>[Reason for nomination as a candidate for Outside Director and overview of expected roles] Mr. Takaharu Ando has rich experience of serving in important positions, such as Commissioner General of National Police Agency, and broad insight, as well as experience of serving as outside directors at other companies. He is also capable of providing opinions and advice regarding the business execution from an objective point of view independent from the management, thereby contributing to ensuring the efficiency and fairness of management. We have determined him to be the proper person for pursuing further improvement of corporate value in the future. Therefore, we renominate him as a candidate for Outside Director. We expect him to continue to play the above roles after he is elected. Although he has not engaged in corporate management in a role other than as an outside officer, based on the reasons described above, we have deemed that he will provide appropriate supervision and advice for overall management as an Outside Director of the Company.</p> <p>[Term of office as Outside Director (at the conclusion of this General Meeting of Shareholders)] 3 years</p> <p>[Independence] The Company has designated Mr. Takaharu Ando as an Independent Director as specified by the Tokyo Stock Exchange and notified the same Exchange to that effect. If he is re-elected, the Company will designate him as an Independent Director again.</p> <p>[Overview of the liability limitation agreement] The Company has entered into a liability limitation agreement with Mr. Takaharu Ando, in accordance with Article 423 Paragraph 1 of the Companies Act to limit his liability to the amount stipulated by laws and regulations when he acts in good faith without gross negligence. If he is re-elected, the Company intends to renew the agreement.</p>	0 shares

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
10	<p>Noriko Yagasaki (April 22, 1963)</p> <p>[Reappointment] [Female] [Outside Director] [Independent Director]</p>	<p>April 1987 Joined Sumitomo Bank</p> <p>October 1989 Presiding Chief Researcher of Consulting Division of The Japan Research Institute, Limited</p> <p>October 2008 Director of the Japan Tourism Agency, Ministry of Land, Infrastructure, Transport and Tourism (in charge of Tourism Economy)</p> <p>July 2011 Research Associate Professor of Faculty of Urban Environmental Sciences at Tokyo Metropolitan University</p> <p>April 2014 Associate Professor of Faculty of Regional Development Studies at Toyo University</p> <p>June 2015 Director of the Company</p> <p>April 2018 Professor of Faculty of International Tourism Management at Toyo University</p> <p>April 2019 Professor of Department of Community Design, Division of Global Social Sciences, School of Arts and Sciences at Tokyo Woman's Christian University (current)</p> <p>June 2020 Director of the Company (current)</p> <p>[Significant concurrent positions] Professor, Department of Community Design, Division of Global Social Sciences, School of Arts and Sciences at Tokyo Woman's Christian University Outside Director, Japan Freight Railway Company</p>	500 shares
		<p>[Reason for nomination as a candidate for Outside Director and overview of expected roles] Ms. Noriko Yagasaki has rich experience and broad insight as an academic in transport policy and tourism policy, as well as experience of serving as an outside director at other companies. She is also capable of providing opinions and advice regarding the business execution from an objective point of view independent from the management, thereby contributing to ensuring the efficiency and fairness of management. We have determined her to be the proper person for pursuing further improvement of corporate value in the future. Therefore, we renominate her as a candidate for Outside Director. We expect her to continue to play the above roles after she is elected. Although she has not engaged in corporate management in a role other than as an outside officer, based on the reasons described above, we have deemed that she will provide appropriate supervision and advice for overall management as an Outside Director of the Company.</p>	
		<p>[Term of office as Outside Director (at the conclusion of this General Meeting of Shareholders)] 1 year</p>	
		<p>[Independence] The Company has designated Ms. Noriko Yagasaki as an Independent Director as specified by the Tokyo Stock Exchange and notified the same Exchange to that effect. If she is re-elected, the Company will designate her as an Independent Director again.</p>	
		<p>[Overview of the liability limitation agreement] The Company has entered into a liability limitation agreement with Ms. Noriko Yagasaki, in accordance with Article 423 Paragraph 1 of the Companies Act to limit her liability to the amount stipulated by laws and regulations when she acts in good faith without gross negligence. If she is re-elected, the Company intends to renew the agreement.</p>	

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
11	<p data-bbox="209 846 392 902">Masanori Yanagi (October 6, 1950)</p> <p data-bbox="209 936 392 992">[Reappointment] [Male]</p> <p data-bbox="209 1003 392 1037">[Outside Director]</p> <p data-bbox="209 1048 392 1081">[Independent Director]</p>	<p data-bbox="432 264 1286 533"> April 1974 Joined Japan Development Bank October 2006 Senior Executive Director of Development Bank of Japan October 2008 Director and Managing Executive Officer of Development Bank of Japan Inc. June 2011 Deputy President of Development Bank of Japan Inc. June 2015 President and CEO of Development Bank of Japan Inc. (retired in June 2018) August 2018 President, The Japan Economic Research Institute (current) June 2020 Director of the Company (current) [Significant concurrent positions] President, The Japan Economic Research Institute Outside Director, Kintetsu Group Holdings Co., Ltd. External Director, FUKOKU MUTUAL LIFE INSURANCE COMPANY External Director, Sumitomo Mitsui Trust Holdings, Inc. (scheduled to assume office on June 23, 2021) </p>	1,130 shares
		<p data-bbox="432 723 1214 779">[Reason for nomination as a candidate for Outside Director and overview of expected roles]</p> <p data-bbox="432 790 1254 1014">Mr. Masanori Yanagi has rich experience and broad insight as a corporate manager. He is also capable of providing opinions and advice regarding the business execution from an objective point of view independent from the management, thereby contributing to ensuring the efficiency and fairness of management. We have determined him to be the proper person for pursuing further improvement of corporate value in the future. Therefore, we renominate him as a candidate for Outside Director. We expect him to continue to play the above roles after he is elected.</p>	
		<p data-bbox="432 1032 1262 1088">[Term of office as Outside Director (at the conclusion of this General Meeting of Shareholders)]</p> <p data-bbox="432 1099 504 1133">1 year</p>	
		<p data-bbox="432 1126 592 1160">[Independence]</p> <p data-bbox="432 1171 1278 1272">The Company has designated Mr. Masanori Yanagi as an Independent Director as specified by the Tokyo Stock Exchange and notified the same Exchange to that effect. If he is re-elected, the Company will designate him as an Independent Director again.</p> <p data-bbox="432 1283 1278 1485">Mr. Masanori Yanagi engaged in the business execution of Development Bank of Japan Inc., but since June 2018, he has not engaged in the business execution of the bank. The Group has transactions of borrowing with the bank, and the amount of borrowing from the bank as of March 31, 2021 (189,329 million yen) was less than 12% of the Company's total consolidated assets. The bank is one of several lenders and not a lender on which the Company relies to the extent that there are no alternatives for funding.</p>	
		<p data-bbox="432 1496 919 1529">[Overview of the liability limitation agreement]</p> <p data-bbox="432 1541 1286 1662">The Company has entered into a liability limitation agreement with Mr. Masanori Yanagi, in accordance with Article 423 Paragraph 1 of the Companies Act to limit his liability to the amount stipulated by laws and regulations when he acts in good faith without gross negligence. If he is re-elected, the Company intends to renew the agreement.</p>	

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
12	Toshiya Yoshino (May 3, 1963) [New appointment] [Male]	<p>April 1987 Joined the Company</p> <p>April 2011 General Manager of Railway Vehicles Department, Railway Business Division</p> <p>June 2018 Executive Officer, Deputy Head of Railway Business Division and General Manager of Railway Vehicles Department</p> <p>October 2018 Executive Officer, Deputy Head of Railway Business Division, Head of Sales Management Division and General Manager of Railway Vehicles Department</p> <p>June 2019 Managing Executive Officer, Head of Railway Business Division (current)</p> <p>[Reason for nomination as a candidate for Director] Mr. Toshiya Yoshino has served in important positions in the railway business division and he has performed his duties by making use of his rich business experience and broad insight. Currently he is demonstrating leadership primarily in the planning and realization of the railway business strategy, which is aimed at improving our corporate value. We have determined him to be the proper person for pursuing further improvement of corporate value in the future. Therefore, we nominate him as a candidate for Director.</p>	6,100 shares

(Notes) 1. Overview of the directors and officers liability insurance contract

The Company has entered into a directors and officers liability insurance contract as stipulated in Article 430-3 of the Companies Act, which insures all of its Directors and whose overview is given below, to ensure that Directors can duly perform their expected roles and to attract talents. If each candidate under this Proposal is elected as a Director, the Company plans to renew the directors and officers liability insurance contract, which insures each candidate and whose overview is given below, and insurance premiums will be fully borne by the Company.

[Overview of the insurance contract]

• Overview of insured events covered

The insurance contract covers damages that may arise when the insured assumes liability for the execution of his/her duties or receives a claim related to the pursuit of such liability. However, there are certain exemptions, such as a claim for damage caused by the insured's action taken with the knowledge that it violates laws and regulations.

2. The Company has determined that the candidates for Outside Director are adequately independent by the "Criteria for Independence of Outside Directors and Outside Audit & Supervisory Board Members," which objectively determine the independence of Outside Directors and Outside Audit & Supervisory Board Members.

(Reference)

Criteria for Independence of Outside Directors and Outside Audit & Supervisory Board Members

The Company deems Outside Directors and Outside Audit & Supervisory Board Members to be independent when they do not fall under any of the following items.

- (1) A principal shareholder who holds 10% or more of the total number of voting rights of the Company at the end of the fiscal year, or its executive person
- (2) Of the lenders to the Company, a financial institution or other principal creditor that the Company depends upon for funding to the extent that it is not replaceable at the end of the fiscal year, or its executive person
- (3) Of the business partners of the Company, a party which receives the payment of 2% or more of the consolidated operating revenue for the fiscal year from the Company at the end of such fiscal year, or its executive person
- (4) Of the business partners of the Company, a party which pays to the Company at the end of the fiscal year of the party 2% or more of the consolidated operating revenue for such fiscal year, or its executive person
- (5) A person who receives from the Company donations or subsidies of an annual amount exceeding ¥10 million during the fiscal year, or its executive person
- (6) An attorney, certified public accountant, tax accountant, consultant or the like who receives from the Company compensation other than the compensation as Director or Audit & Supervisory Board Member of an annual amount exceeding ¥10 million during the fiscal year
- (7) A person who belongs to an organization, at the end of the fiscal year, such as a corporation (law firm, audit firm, tax accountant firm, consulting firm, etc.) or a union that receives from the Company money or other financial benefits whose amount exceeds 2% of consolidated operating revenue for the fiscal year of such organization
- (8) A person who served as an executive person of the Company or its subsidiaries during the past 10 years
- (9) The “fiscal year” mentioned in Items 1 to 7 falls under a year within the past three years.
- (10) When a person who falls under any of Items 1 to 8 serves in an important position, his/her spouse or relatives within the second degree of kinship

(Reference) Approach to the composition of the Board of Directors

The Company believes that to improve its corporate value, it is desirable that the Board of Directors be composed of Directors from within the Company who have a thorough understanding of the business characteristics and are well-versed in the business operations and back-office divisions that support business, and Independent Outside Directors who strengthen the oversight function and contribute to ensuring the fairness and transparency of management. The Company also strives to create a well-balanced composition in terms of diversity, knowledge, experience, and skill-sets.

Name	Expertise and knowledge							
	Corporate management and management strategy	Finance and accounting	Human resource development and organizational strategy	Legal affairs and risk management	Transportation business	Development business	Tourism business	Internationality
Yoshizumi Nezu	○		○	○				
Hiroaki Miwa	○	○	○		○	○		
Akihiro Ojio			○			○		
Toshiaki Onodera			○	○	○			
Yoshimi Yokota						○	○	
Tsutomu Yamamoto		○					○	
Atsushi Shigeta	○	○	○					○
Mitsuyoshi Shibata	○	○		○				○
Takaharu Ando			○	○				○
Noriko Yagasaki					○		○	○
Masanori Yanagi	○	○		○				
Toshiya Yoshino					○		○	

Proposal 3: Election of One (1) Audit & Supervisory Board Member

Audit & Supervisory Board Member Mr. Hiroya Otsuka will resign at the conclusion of this General Meeting of Shareholders. Accordingly, the election of one (1) Audit & Supervisory Board Member as a substitute is proposed.

In accordance with the Articles of Incorporation, the term of office of an Audit & Supervisory Board Member elected as a substitute is the remaining term of office of the retired Audit & Supervisory Board Member.

The Audit & Supervisory Board has previously given its approval to this proposal.

The candidate is as follows:

Name (Date of birth)	Career summary, positions and significant concurrent positions	Number of shares of the Company held
<p>Tomoya Sugiyama (January 17, 1963)</p> <p>[New appointment] [Male]</p>	<p>April 1985 Joined the Company</p> <p>June 2013 General Manager of Finance and Accounting Department</p> <p>June 2015 General Manager of Internal Audit Department</p> <p>September 2017 Managing Director of Tobu Hotel Management Co., Ltd.</p> <p>June 2019 Executive Officer of the Company</p> <p>June 2020 Executive Officer, General Manager of Group Administration Department (Group Administration Section) (current)</p>	<p>2,400 shares</p>
	<p>[Reason for nomination as a candidate for Audit & Supervisory Board Member]</p> <p>Mr. Tomoya Sugiyama has served in important positions in the finance and accounting and internal control divisions, etc., possesses considerable expertise in finance and accounting, and he is well familiar with general operations of the Group. He is expected to perform audit duties by making use of his rich management experience and broad insight gained during his services as a Director of a Group company, and is expected to play an appropriate role in securing sound and sustainable growth of the Company and in establishing a quality corporate governance system that earns the trust of society. Therefore, we nominate him as a candidate for Audit & Supervisory Board Member.</p>	
	<p>[Overview of the liability limitation agreement]</p> <p>If Mr. Tomoya Sugiyama is elected, the Company intends to enter into a liability limitation agreement with him, in accordance with Article 423 Paragraph 1 of the Companies Act to limit his liability to the amount stipulated by laws and regulations when he acts in good faith without gross negligence.</p>	
<p>[Overview of the directors and officers liability insurance contract]</p> <p>The Company has entered into a directors and officers liability insurance contract as stipulated in Article 430-3 of the Companies Act, which insures all of its Audit & Supervisory Board Members and whose overview is given below, to ensure that Audit & Supervisory Board Members can duly perform their expected roles and to attract talents. If Mr. Tomoya Sugiyama is elected, the Company plans to renew the directors and officers liability insurance contract, which insures him and whose overview is given below, and insurance premiums will be fully borne by the Company.</p> <p><Overview of the insurance contract></p> <ul style="list-style-type: none"> • Overview of insured events covered <p>The insurance contract covers damages that may arise when the insured assumes liability for the execution of his/her duties or receives a claim related to the pursuit of such liability. However, there are certain exemptions, such as a claim for damage caused by the insured's action taken with the knowledge that it violates laws and regulations.</p>		

Proposal 4: Continuation of the Countermeasures to Large-scale Purchase of Shares of the Company (Takeover Defense Measures)

The Countermeasures to Large-scale Purchase of Shares of the Company (Takeover Defense Measures) (hereinafter the “Existing Plan”) were approved at the 198th Annual General Meeting of Shareholders held on June 22, 2018, with a view to ensuring and enhancing the Company’s corporate value and common interests of its shareholders, as well as the safety of transport provided by the Company as the basis of the customer confidence. However, the effective period of the Existing Plan will expire at the conclusion of this General Meeting of Shareholders. In order to continue to fulfill the purpose mentioned above, the Company has reviewed a renewal of the Existing Plan, taking into account the Company’s management environment and opinions from its shareholders.

Following the review, all Directors of the Company including the four Outside Directors unanimously approved at a meeting of the Board of Directors held on May 18, 2021, to propose to continue the takeover defense measures with some changes made to its content (hereinafter we refer to the hereby proposed takeover defense measures as the “Plan”) at this General Meeting of Shareholders.

Accordingly, we ask for your approval to continue the Takeover Defense Measures.

The main changes in the Plan are as follows.

- We organized our initiatives for ensuring and enhancing the Company’s corporate value and common interests of its shareholders, as well as ensuring and enhancing public interest, safety, and user benefit in social infrastructure businesses including the transportation business and the radio tower business.
- It was specified that the members of the Independent Committee were to be selected from Outside Directors or Outside Audit & Supervisory Board Members of the Company who have been notified to the Tokyo Stock Exchange as Independent Directors or Independent Audit & Supervisory Board Members.
- Regarding the countermeasures against the Plan, the expression “gratis allotment of stock acquisition rights in principle” was changed to “gratis allotment of stock acquisition rights.”
- Regarding the consideration and information provision period for the Board of Directors and the consideration period for the Independent Committee, the expression “X days in principle” was changed, and the upper limit was clarified.
- We limited the requirements so that the Plan can be amended with the approval of the Independent Committee only when it is deemed reasonably necessary due to changes to laws, regulations and guidelines, etc.
- In addition, some dates and wording were updated, and some wording was rearranged.

(Reference) Overview of the Plan	
Purpose	The Plan is intended, in the event of a large-scale purchase of shares of the Company, to ensure and enhance its corporate value and common interests of its shareholders, as well as to ensure and enhance public interest, safety, and user benefit in social infrastructure businesses including the transportation business and the radio tower business, through managing to secure necessary and sufficient information and time for shareholders to make an appropriate judgment, as well as the opportunity for the Company to negotiate with the purchaser.
Main features, etc. of the Plan	<p>(1) Proportion of Outside Directors and Outside Audit & Supervisory Board Members in the Independent Committee</p> <p>The members of the Independent Committee, who evaluate the operation of the Plan including its triggering, shall be made up of three Independent Outside Directors and Independent Outside Audit & Supervisory Board Members who are elected by shareholders and independent from the management engaged in execution of business of the Company (percentage of Outside Directors and Outside Audit & Supervisory Board Members: 100%).</p>
	<p>(2) Limitation on trigger criteria for countermeasures</p> <p>Criteria shall be limited to the so-called “four types cited by the high court” and “coercive two-tiered tender offers” to remove any doubt about arbitrary decisions by the Board of Directors of the Company.</p>
	<p>(3) Ensuring and enhancement of the Company’s corporate value and common interests of its shareholders on a continuous basis</p> <p>The Company believes that it is essential for the Company to continue to provide “safety and security” as the basis of its management, and pursue management from a mid- to long-term perspective, as well as keep maintaining and promoting as ever the basic principles concerning its public mission as a company who operates social infrastructure businesses including the transportation business and the radio tower business, in order to</p>

	continuously ensure and enhance its corporate value and common interests of its shareholders.
Impact on shareholders	<ul style="list-style-type: none"> • The continuation of Takeover Defense Measures on its own <u>will not effect a gratis allotment of stock acquisition rights itself or stock increase.</u> • In the event that a purchaser appears, triggering countermeasures following the Independent Committee’s consideration, one stock acquisition right is granted for one share of the Company held by a shareholder. • The Company may acquire the stock acquisition rights from shareholders other than the purchaser and, in exchange, issue the Company’s shares to them. In such case, shareholders other than the purchaser receive shares of the Company without exercising the stock acquisition rights. Thus, the value of the Company’s shares held by them will, in principle, not be diluted.

1. Reasons for the proposal (purpose of adopting the Plan and basic approach)

- (1) Initiative for ensuring and enhancing the Company’s corporate value and common interests of its shareholders, as well as ensuring and enhancing public interest, safety, and user benefit in social infrastructure businesses including the transportation business and the radio tower business

A. Source of the Group’s value

Tobu Group operates diversified and composite businesses, including “transportation,” “leisure,” “real estate” and “retail distribution,” as a corporate group contributing to the development of the areas along its railway lines, through the businesses that closely support customers’ daily lives. The Group believes that the core element of such business activities should be the provision of “safety and security,” and that it is critically important to fulfill its corporate social responsibility through achieving sustainable growth along with local communities, as a corporate group that supports customers’ lives, by promoting eco-friendly management while constantly generating profit from its business operations. It also believes that to keep providing “safety and security,” which are the basis of confidence in all businesses, and to keep maintaining as ever the basic principles concerning its public mission as a company responsible for social infrastructure businesses including the transportation business and the radio tower business, should be fundamental for the entire Tobu Group. These efforts will lead to building trusting and cooperative relationships with customers, local communities and other stakeholders, and ultimately contribute to the sustainable development of the Group and local communities.

B. Tobu Group’s approach to sustainability

Tobu Group has been pursuing various businesses with the aim of “achieving sustainable growth along with local communities” as stated in the Management Policy. Since its founding, Tobu Group has supported the development of local industries by providing rail transport for raw silk produced in the Ryomo region, and has subsequently played a part in economic growth by expanding tourism demand in the Nikko and Kinugawa area in partnership with local stakeholders and laying and operating quadruple tracks to meet commuting demand. Furthermore, the development of social infrastructure that functions as a radio tower with the construction of Tokyo Skytree and revitalization with the opening of Tokyo Skytree Town have enabled Tobu Group to achieve both social development and business growth.

The Group believes that its business foundation is the areas along its railway lines that extend over a wide area of the railway network, and that achieving the sustainable development of society particularly along its railway lines is the most important issue for the Group more than ever.

The business environment surrounding the Group faces various social issues, such as social changes due to the impact of COVID-19, declining birthrate and aging population, global warming, waste treatment and other environmental problems. Therefore, it is necessary to solve problems as well as build a new business model. To solve these problems, Tobu Group will make the best use of its assets, consolidate know-how it has cultivated so far and trusting relationships with our stakeholders, continue to provide “kindness” by leveraging the “connecting” capabilities, and create areas people want to continue living in or visit, thereby becoming a corporate group indispensable for society and realizing the sustainable development of society and the Group itself.

C. Medium-term business policy

Although the business environment surrounding Tobu Group is uncertain, the Group aims to prepare a new Medium-Term Business Plan at an early stage, and will formulate a business policy with the goals of “implementation of business restructuring,” “integration of and withdrawal from group businesses,” and “development of businesses to meet diversifying lifestyle needs” for fiscal 2021, while strengthening the Group’s management structure.

We are considering the roadmap for the future as follows.

First, with the two years from fiscal 2020 to fiscal 2021 designated as the period of “business restructuring,” we have been evaluating and preparing medium- to long-term measures, such as establishing a project team for successful structural reform of the railway business, considering measures to expand earnings in businesses other than the railway business, and reorganizing group companies.

From fiscal 2022 onward, based on a “next Medium-Term Business Plan” for a period of about three years, we will steadily implement the medium- to long-term measures evaluated and prepared during the business restructuring period mentioned above, to build a strong management structure and become a flexible organization that can respond quickly to changes in the business environment. After strengthening the Group’s management structure as described above, we will aim for a new growth stage beyond that step.

By carrying out these initiatives, the Company will continue to aim at ensuring and enhancing its corporate value and common interests of its shareholders, while paying attention to financial soundness, comprehensively considering business performance and business environment, and maintaining the basic policy of continuing stable dividends.

D. Tokyo Skytree, social infrastructure owned by the Company

Tokyo Skytree, which is operated by a wholly owned subsidiary of the Company, is important social infrastructure that supports our lives as a radio tower for the broadcasting business for television and radio, which is of a highly public nature.

However, there are currently no special laws and regulations regarding investment in the radio tower business. If a large-scale purchase of the shares of the Company, which owns the operating company of Tokyo Skytree, is unilaterally carried out, hindering public interest of the radio tower and the Company’s social responsibilities, it will not only harm our efforts for ensuring and enhancing common interests of our shareholders, etc. but also may endanger national interests.

As a private business enterprise that operates such important social infrastructure, the Group assumes a social responsibility for continuous and stable management with a strong sense of responsibility and firm belief.

E. Efforts to enhance corporate governance

We believe that building a fair and transparent management structure is an important issue in order to earn the trust of each stakeholder and aim for sustainable growth and improvement of corporate value over the medium- to long-term. As such, the Group is continuing its efforts to enhance corporate governance.

Year	Action
2009	Shortened the term of office of Directors from two years to one year
2015	Increased the number of Outside Directors from one to two Elected the first female Outside Director
2016	Established the Nomination and Remuneration Committee
2018	Introduced the executive officer system, reduced the number of Directors from 20 to 15 → The separation of execution from oversight to strengthen the functions of the Board of Directors Assessed the effectiveness of the Board of Directors using a third-

Year	Action
	party organization
	Established the Governance Committee
	Partially amended the regulations of the Nomination and Remuneration Committee → The chair elected from among Outside Directors presides over the committee.
2019	Introduced a stock remuneration plan for Directors
2020	Increased the number of Outside Directors from two to four (including one female Outside Director) → One-third of Directors are Outside Directors.
2021	Assessed the effectiveness of the Board of Directors the second time using a third-party organization

(2) Large-scale purchases of the Company's shares

Naturally, the Company would not flatly refuse all large-scale purchases of its shares, insofar as they may contribute to “ensuring and enhancing its corporate value and common interests of its shareholders, as well as ensuring and enhancing public interest, safety, and user benefit in social infrastructure businesses including the transportation business and the radio tower business” (hereinafter “ensuring and enhancing common interests of shareholders, etc.”). In addition, the Company believes that it should be ultimately up to the shareholders who hold its shares to decide whether or not to sell the shares in response to a large-scale purchase by a specific person.

However, there may be cases of large-scale purchase of shares in a company that are found not to contribute to ensuring and enhancing common interests of shareholders, etc., as they should, judging from their objectives, etc., clearly damage the efforts to ensure and enhance common interests of shareholders, etc., or may effectively coerce shareholders into selling their shares, or do not provide enough time and information for the Board of Directors and shareholders of the targeted company to fully review terms of the purchase, or for the Board of Directors of the targeted company to prepare alternative proposals.

(3) Securing information and time necessary for shareholders to make decisions, etc. (necessity of the Plan)

The Company believes that it is essential for the Company to continue to provide “safety and security” as the basis of its management, and pursue management from a mid- to long-term perspective, as well as keep maintaining and promoting as ever the basic principles concerning its public mission as a company who operates social infrastructure businesses, in order to continuously ensure and enhance its corporate value and common interests of its shareholders.

In the event that the aforementioned management style should be switched, by the large-scale purchaser of shares of the Company, to a management style in pursuit solely of short-term profit, it should impair the efforts to ensure and enhance common interests of shareholders, etc.

Furthermore, Japan already takes certain steps to regulate abusive large-scale purchases of shares using the tender offer system, but in principle, it does not apply to purchases in the market. Even if the tender offer system is applied, it is not possible to legally secure opportunities for information disclosure and consideration before the start of the tender offer. As such, it is thought that necessary and sufficient information and time may not be given to shareholders. The Company also recognizes that it is not always possible to eliminate abusive purchases such as coercive purchases.

In view of the aforementioned circumstances, the Board of Directors of the Company reached a conclusion that it is essential, for the purpose of preventing the inappropriate purchase of shares of the Company from impairing the efforts to ensure and enhance common interests of shareholders, etc., to maintain a framework against such large-scale purchase before it actually happens, which ensures sufficient information and time for shareholders to decide whether or not to accept the proposal for the purchase, and for the Board of Directors of the Company to prepare alternative proposals, enabling negotiating with the purchaser for the benefit of shareholders.

The Existing Plan was approved by our shareholders at the Annual General Meeting of Shareholders

held on June 22, 2018. However, the effective period of the Existing Plan will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the Board of Directors has decided to continue to adopt Takeover Defense Measures at normal times as described below in “3. Details of the Plan,” subject to an approval at this Annual General Meeting of Shareholders.

Currently, the Company does not face any specific threat such as an improper purchase of the Company’s shares as described above.

2. Outline of the Plan

The outline of the Plan is as follows.

(1) Purpose

The Plan is intended, in the event of a large-scale purchase of share certificates, etc. of the Company (share certificates, certificates of corporate bonds with stock acquisition rights, etc. Details are as described in Note 1 and Note 5.), to ensure and enhance common interests of shareholders, etc., through managing to secure necessary and sufficient information and time for shareholders to make an appropriate judgment, as well as the opportunity for the Company to negotiate with the purchaser.

(2) Establishment of procedures

The Plan sets forth procedures required to fulfill its purpose described in (1) above, including requesting that the purchaser provides information in advance when any party intends to conduct a purchase exceeding 20% of share certificates, etc., of the Company. (For further details of the procedures, please refer to “3. (1) Procedures related to the Plan” below.)

(3) Triggering of the Plan by gratis allotment of stock acquisition rights

If a purchaser does not comply with the procedures established in the Plan to purchase, or if it is likely that the purchase will clearly damage the efforts to ensure and enhance common interests of shareholders, etc. (for further details of the requirements, please refer to “3. (2) Requirements for gratis allotment of the Stock Acquisition Rights” below), stock acquisition rights (hereinafter the “Stock Acquisition Rights” and their outline is described in “3. (3) Outline of gratis allotment of the Stock Acquisition Rights” below) are allotted to all of the shareholders as of the allotment date by gratis allotment of the Stock Acquisition Rights, subject to the condition for exercise that the purchaser, etc., is not allowed to exercise such rights, and the terms of acquisition which allows the Company to acquire the stock acquisition right from parties other than the purchaser, etc.

If gratis allotment of the Stock Acquisition Rights is conducted in compliance with the Plan and the Company’s shares are delivered to the shareholders other than the purchaser, etc., in association with the exercise of such rights or acquisition of such rights by the Company, the purchaser’s voting rights ratio of the Company’s shares may be diluted to 50% or less compared with the ratio prior to the gratis allotment.

(4) Use of the Independent Committee

In order to remove any doubt about arbitrary decisions by the Board of Directors of the Company, the decision on whether to implement or not to implement a gratis allotment of the Stock Acquisition Rights or to acquire such rights shall be made by the Independent Committee (for further details, please refer to “3. (5) Establishment of the Independent Committee” below), established to consist exclusively of the members independent from the management engaged in execution of business of the Company (members shall be elected from among the Company’s Outside Directors or Outside Audit & Supervisory Board Members notified to the Tokyo Stock Exchange as Independent Directors or Independent Audit & Supervisory Board Members), in an objective manner and with transparency secured by information disclosure to the shareholders.

Even in the case where the Independent Committee finds it reasonable to implement the gratis allotment of the Stock Acquisition Rights, if the Committee believes that such implementation should be finalized subject to the resolution of the General Meeting of Shareholders, the Committee recommends the Board of Directors of the Company to convene the General Meeting of Shareholders and submit thereto the proposal for implementing the gratis allotment of the Stock Acquisition Rights. Unless it involves extreme difficulty

in holding such General Meeting for reasons including practicality, the Board of Directors of the Company shall make resolution to promptly convene a General Meeting of Shareholders and submit thereto such proposal.

3. Details of the Plan

(1) Procedures related to the Plan

A. Purchase, etc., subject to the Plan

The Plan is intended for the purchase of the Company's share certificates, etc., which falls under (i) or (ii) below or any similar act (hereinafter the "Purchase, etc.")

Any party that intends to conduct the Purchase, etc. (hereinafter the "Purchaser, etc.") shall follow the procedures set out under the Plan.

If the Purchase, etc. is found not to comply with the procedures set out under the Plan, the Independent Committee makes recommendation to the Board of Directors of the Company for implementation of gratis allotment of the Stock Acquisition Rights.

- (i) A purchase in which total holding ratio (Note 4) of the holder (Note 2) and its joint-holders (Note 3) of the share certificates, etc., (Note 1) issued by the Company exceeds 20%
- (ii) A public tender offer in which total ratio of the offeror's holding (Note 7) of share certificates, etc., (Note 5) issued by the Company, subject to the tender offer (Note 6), and the specially related parties' (Note 8) holding of such share certificates, etc., exceeds 20%

(Note 1) As defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act.

(Note 2) Includes any party comprising a "holder" under Article 27-23, Paragraph 3 of the Financial Instruments and Exchange Act (including any party that is approved by the Board of Directors of the Company to fall under this).

(Note 3) As defined in Article 27-23, Paragraph 5 of the Financial Instruments and Exchange Act. Include any party deemed to be a "joint holder" under Article 27-23, Paragraph 6 of the Act.

(Note 4) As defined in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act.

(Note 5) As defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act.

(Note 6) As defined in Article 27-2, Paragraph 6 of the Financial Instruments and Exchange Act.

(Note 7) As defined in Article 27-2, Paragraph 8 of the Financial Instruments and Exchange Act.

(Note 8) As defined in Article 27-2, Paragraph 7 of the Financial Instruments and Exchange Act (including any party that, the Board of Directors believes, meets such definition). However, the parties stipulated in Article 3, Paragraph 1 of the Cabinet Office Ordinance on Disclosure Required for Tender Offer for Share Certificates, etc. by Person Other Than the Issuer are excluded from the parties listed in Item 1 of the same paragraph.

B. Request for provision of information to the Purchaser, etc.

Unless otherwise provided for by the Board of Directors of the Company, the Purchaser, etc., who intends to conduct the Purchase, etc., will be requested to submit, prior to the execution of such Purchase, etc., a document (hereinafter collectively referred to as the "Purchase Statement") containing information stipulated in the following items (hereinafter the "Required Information") as well as the pledge to the effect that such Purchaser, etc., will comply with the procedures set out under the Plan when conducting the Purchase, etc., written in Japanese using a form determined by the Company.

If the Board of Directors of the Company receives the Purchase Statement mentioned above, it shall promptly provide the statement to the Independent Committee.

If the Independent Committee decides that the details stated in such Purchase Statement are inadequate as Required Information, the Committee may request that the Purchaser, etc., provide additional information within a specified period (of up to 60 days). In such case, the Purchaser, etc., is required to provide such additional information within such period.

- (i) Details (including information on specific names, capital structure, personal careers or corporate history, business operations, financial conditions and experiences in businesses similar to the Company's business) of the Purchaser, etc., and its group (including joint-holders (Note 9), specially related parties and (in the case of funds) partners and other members).
- (ii) Purpose, method and contents of the Purchase, etc. (including the amount and classes of considerations for the Purchase, etc., the timing of the Purchase, etc., the scheme of related transactions and the legality of the method of the Purchase, etc.)

- (iii) Existence of communications with any third party for the Purchase, etc., and in the case where communications exist, the contents of such communications.
- (iv) Basis for the calculation of the price of the Purchase, etc. (including the facts and assumptions forming the premise of the calculation, the calculation method, information on numerical data used in such calculation and the results expected from a series of transactions related to the Purchase, etc. (including the details of the distribution to other shareholders) and the basis for the calculation of such results.)
- (v) Financial support for the Purchase, etc. (including specific names of funds providers (including substantial providers) for the Purchase, etc., the funding methods, and the details of related transactions)
- (vi) Management policy, business plan, capital policy, dividend policy and policy on the use of assets, etc., (including transportation policy, safety management policy, investment policy and passengers fares policy, etc., in the transportation business) of the Group after the Purchase, etc.
- (vii) Contents and plans of safety measures in the Company's business, the amount of investment for safety measures, the safety management policy draft and the name, career summary and view on safety of the candidate safety administrator, etc., after the Purchase, etc.
- (viii) Treatment and handling policies on the Company's stakeholders including the Company's employees, labor union, business partners and customers, etc., after the Purchase, etc.
- (ix) Specific measures to avoid conflict of interest with other shareholders of the Company.
- (x) Other information that the Independent Committee decides is reasonably necessary.

(Note 9) Refers to a joint holder stipulated in Article 27-23, Paragraph 5 of the Financial Instruments and Exchange Act, and includes any party that is deemed a joint holder pursuant to Paragraph 6 of the same Article (including any party that the Board of Directors believes meets such definition).

If the Independent Committee believes that the Purchaser, etc., has initiated the Purchase, etc., without complying with the procedures established in the Plan, the Independent Committee shall make recommendation to the Board of Directors for implementation of gratis allotment of the Stock Acquisition Rights, as described in D (i) below, unless there are special circumstances where the Company should continue discussions and negotiations with the Purchaser, etc., to request that the Purchaser, etc., submits the Purchase Statement and Required Information.

C. Review of the details of the Purchase, etc., negotiation with the Purchaser, etc., and review of alternative proposals

- (i) Request for provision of information to the Board of Directors of the Company

If the Purchaser, etc., submits the Purchase Statement and information additionally requested by the Independent Committee from the perspective of ensuring and enhancing common interests of shareholders, etc. in order to make comparisons with the management plan, business plan, etc., established by the Board of Directors of the Company, the Independent Committee may request that the Board of Directors of the Company provides its opinions regarding the details of the Purchase, etc., by the Purchaser, etc. (including the withholding of opinions; the same shall apply hereinafter), along with supporting documents, as well as the alternative proposal and other information that the Committee believes is necessary as appropriate, within a reasonable period for responding (of up to 30 days). In such case, the Board of Directors of the Company shall present its opinion and alternative proposal as described above to the Independent Committee.
- (ii) Review, etc. by the Independent Committee

If the Independent Committee requests information on the Purchaser, etc., and makes a request to the Board of Directors of the Company for information described above, the Independent Committee reviews the details of the Purchase, etc., collects information and makes comparisons of the business plan, etc., of the Purchaser, etc., and the Board of Directors of the Company and reviews the alternative proposal provided by the Board of Directors of the Company, within 60 days in the case of Purchase, etc., whose consideration is paid in yen, or within 90 days in other cases of Purchase, etc., starting from the date of receiving such information (provided, however, that in the case provided for in D (iii) below, the Committee may extend such period for up to another 30 days) (hereinafter the "Independent Committee Consideration Period"). In addition, if

necessary for improving the details of such Purchase, etc., from the perspective of ensuring and enhancing common interests of shareholders, etc., the Independent Committee may, directly or via the Board of Directors of the Company, discuss and negotiate with the Purchaser, etc., on improvement, etc., of the purchase conditions, or present the alternative proposal provided by the Board of Directors of the Company to the shareholders.

To ensure that the decisions of the Independent Committee are made for the sake of ensuring and enhancing common interests of shareholders, etc., the Independent Committee may, at the Company's expenses, obtain advice from independent third parties (including financial advisors, certified public accountants, lawyers, consultants and other experts).

In addition, if the Independent Committee requests, directly or via the Board of Directors of the Company, provision of review materials and other information and discussions and negotiations, the Purchaser, etc., must promptly respond to such requests.

(iii) Disclosure of information

The Company promptly discloses to its shareholders information to the effect that a Purchase Statement has been received from a Purchaser, etc., and that the Independent Committee Consideration Period has commenced, and Required Information and other information considered appropriate by the Independent Committee at a time considered appropriate by the Independent Committee.

D. Recommendations by the Independent Committee

If a Purchaser, etc., appears, the Independent Committee shall perform a review as described in C. above and make recommendations, etc., to the Board of Directors of the Company as follows.

If the Independent Committee makes recommendations, etc., to the Board of Directors of the Company in accordance with (i) to (iii) below, the Independent Committee promptly discloses the outline of the said recommendations, etc., and other matters considered appropriate by the Independent Committee (including the outline of the period and grounds for such extension, if the Independent Committee Consideration Period is extended in accordance with (iii) below), via the Board of Directors of the Company.

(i) Recommendations for the triggering of the Plan

If the Purchaser, etc., does not comply with the procedures established in the Plan, or if the Purchase, etc., by the Purchaser, etc., is found, following the review of the details of the Purchase, etc., and discussions and negotiations with the Purchaser, etc., to constitute a situation that meets one of the criteria set out under “(2) Requirements for gratis allotment of the Stock Acquisition Rights” below, reasonably justifying the judgment to implement gratis allotment of stock acquisition rights, the Independent Committee makes recommendation to the Board of Directors of the Company for such implementation.

However, if the Committee judged that it falls under either of the following events, even after recommending implementation of gratis allotment of the Stock Acquisition Rights, prior to the commencement of the exercise period for the Stock Acquisition Rights, the Committee is allowed to make new recommendations to the effect that the Company should suspend gratis allotment of the Stock Acquisition Rights in the case where such gratis allotment has not yet become effective, or the Company should gratuitously acquire the Stock Acquisition Rights in the case where such gratis allotment has become effective.

- I. The case where the Purchaser, etc., withdrew the Purchase, etc., or other cases where the Purchase, etc., no longer exists after such recommendation was made.
- II. The case where the facts on which such recommendation was based have changed and the Purchase, etc., by the Purchaser, etc., does not meet any of the criteria set out under “(2) Requirements for gratis allotment of the Stock Acquisition Rights” below, or the case where, even if the Purchase, etc., meets either of such requirements, it is inappropriate to implement gratis allotment of the Stock Acquisition Rights or admit the exercise of such Rights.

Even in the case where the Independent Committee finds it reasonable to implement the gratis allotment of the Stock Acquisition Rights, if the Committee believes that such implementation

should be finalized subject to the resolution of the General Meeting of Shareholders, the Committee recommends the Board of Directors of the Company to convene the General Meeting of Shareholders and submit thereto the proposal for implementing the gratis allotment of the Stock Acquisition Rights.

(ii) Recommendations for the non- triggering of the Plan

Following the review of the details of the Purchase, etc., discussions and negotiations with the Purchaser, etc., and review of alternative proposals, if the Purchase, etc., by the Purchaser, etc., is found not to meet any of the criteria set out under “(2) Requirements for gratis allotment of the Stock Acquisition Rights” below, or if, even though the Purchase, etc., is found to meet either of such requirements, it is found inappropriate to implement gratis allotment of the Stock Acquisition Rights, the Independent Committee makes recommendation to the Board of Directors of the Company not to implement the gratis allotment of the Stock Acquisition Rights.

However, even after recommending not to implement the gratis allotment of the Stock Acquisition Rights, if the facts on which such recommendation was based change, and the situation comes to fall under the cases where recommendations are made for triggering the Plan as described in (i) above, the Committee is allowed to make a new recommendation to the effect that the gratis allotment of the Stock Acquisition Rights should be implemented.

(iii) Extension of the Independence Committee Consideration Period

If the Independent Committee has not made a recommendation to implement or not to implement the gratis allotment of the Stock Acquisition Rights (including recommendation to convene a General Meeting of Shareholders and submit thereto the proposal for implementing the gratis allotment of the Stock Acquisition Rights) by the termination of the Independence Committee Consideration Period, the Committee makes resolution to extend the Independence Committee Consideration Period within the time frame required for review of the details of the Purchase, etc., discussion and negotiation with the Purchaser, etc., and review of alternative proposals. However, such extension shall be up to 30 days.

If the Independent Committee Consideration Period is extended by the resolution above, the Independent Committee shall continue the collection of information and review and make recommendation to implement or not to implement the gratis allotment of the Stock Acquisition Rights (including recommendation to convene a General Meeting of Shareholders and submit thereto the proposal for implementing the gratis allotment of the Stock Acquisition Rights) within the extended period.

E. Resolution by the Board of Directors

The Board of Directors of the Company, as a body under the Companies Act, shall make resolution to implement, or not to implement, the gratis allotment of the Stock Acquisition Rights, fully respecting the aforementioned recommendation by the Independent Committee.

However, the Board of Directors of the Company shall, in the event of the recommendation by the Independent Committee for convening the General Meeting of Shareholders, and submitting thereto the proposal for implementing the gratis allotment of the Stock Acquisition Rights, make resolution to promptly convene a General Meeting of Shareholders and submit thereto such proposal, unless it involves extreme difficulty in holding such General Meeting for reasons including practicality. If the proposal for implementing the gratis allotment of the Stock Acquisition Rights is approved at the General Meeting of Shareholders, the Board of Directors of the Company shall perform the procedures required for the gratis allotment of the Stock Acquisition Rights following the resolution at the General Meeting of Shareholders. (If the resolution is made to the effect that decisions on matters regarding the gratis allotment of the Stock Acquisition Rights shall be delegated to the Board of Directors of the Company at the General Meeting of Shareholders, the Board of Directors of the Company shall make resolution to implement the gratis allotment of the Stock Acquisition Rights.) If the proposal for the implementing the gratis allotment of the Stock Acquisition Rights is rejected at the General Meeting of Shareholders, the Board of Directors of the Company shall make resolution not to implement the gratis allotment of the Stock Acquisition Rights.

If resolutions are made at the Board of Directors of the Company or at the General Meeting of Shareholder as mentioned above, the Board of Directors of the Company shall promptly disclose information on the outline of such resolutions and other matters that the Board of Directors of the Company decides are appropriate.

The Purchaser, etc., shall not execute the Purchase, etc., before the Board of Directors of the Company makes resolution not to implement the gratis allotment of the Stock Acquisition Rights.

(2) Requirements for gratis allotment of the Stock Acquisition Rights

If the act, etc., of the Purchaser, etc., falls under either of the following events and it is found reasonable to implement the gratis allotment of the Stock Acquisition Rights, the Company shall implement the gratis allotment of the Stock Acquisition Rights, upon resolution at the Board of Director of the Company or the General Meeting of Shareholders as provided for in “E. of (1) Procedures related to the Plan.”

As mentioned above in “D. of (1) Procedures related to the Plan,” the Independent Committee shall review whether the implementation of the gratis allotment of the Stock Acquisition Rights meets either of the following requirements and is found reasonable, and never fail to make recommendation to implement, or not to implement the gratis allotment (including recommendation to convene a General Meeting of Shareholders and submit thereto the proposal for implementing the gratis allotment of the Stock Acquisition Rights). The Board of Directors of the Company shall make decisions, fully respecting such recommendations.

- (i) A Purchase, etc., without intention to participate in the management of the Company but with a purpose to raise the Company’s stock price by buying up the Company’s share certificates, etc., and make the Company’s related parties purchase the Company’s share certificates, etc., at a high price
- (ii) A Purchase, etc., to achieve an advantage for the Purchaser, etc. to the detriment of the Company, such as temporary control of the Company’s management in order to transfer assets, etc. of the Company or the Group companies to such Purchaser, etc. and its group companies, etc., at a low cost
- (iii) A Purchase, etc., to control business operations of the Company for the diversion of assets of the Company or the Group companies as funds for security or reimbursement of obligations of the Purchaser, etc., or its group companies, etc.
- (iv) A Purchase, etc., to temporarily control the Company’s management to bring about the disposal of the assets, etc. of the Company or the Group companies, with the intention to declare temporarily high dividends from the profits earned from the disposal, or to sell the share certificates, etc., of the Company at a high price, waiting for a surge in their price resulting from such temporarily high dividends
- (v) A Purchase, etc., that is likely to virtually force shareholders into selling their shares, such as coercive two-tiered tender offers (purchase of shares such as tender offer, whereby no solicitations for purchasing all the shares are made in the initial purchase, and disadvantageous purchase terms are set or the purchase terms are not made explicitly clear in the second stage)

(3) Outline of gratis allotment of the Stock Acquisition Rights

The outline of the gratis allotment of the Stock Acquisition Rights that will be implemented under the Plan is as follows.

A. Number of the Stock Acquisition Rights

We allot the same number of the Stock Acquisition Rights as the final total number of issued shares of the Company (excluding the number of the Company’s shares that the Company holds on the date below) on a date (hereinafter the “Allotment Date”) separately determined by a resolution (hereinafter the “Resolution for Gratis Allotment of the Stock Acquisition Rights”) made by the Board of Directors of the Company or the General Meeting of Shareholders for the gratis allotment of the Stock Acquisition Rights.

B. Shareholders eligible for allotment

Gratis Allotment of the Stock Acquisition Rights is implemented to all shareholders of the Company, except for the Company, registered on the Company's final shareholder registry as of the Allotment Date, at a ratio of one (1) Stock Acquisition Right for one (1) share of the Company held by the shareholder.

C. Effective date for gratis allotment of the Stock Acquisition Rights

The date shall be separately determined by the Resolution for Gratis Allotment of the Stock Acquisition Rights.

D. Number of shares to be acquired upon the exercise of the Stock Acquisition Rights

In principle, the number of the Company's shares to be acquired upon exercise of one (1) Stock Acquisition Right (hereinafter the "Applicable Number of Shares") shall be one (1) share.

E. Amount of assets to be contributed upon the exercise of the Stock Acquisition Rights

The purpose of contributions made upon the exercise of the Stock Acquisition Rights shall be cash. The amount of assets per share of the Company to be contributed upon the exercise of the Stock Acquisition Rights shall be an amount separately determined by the Resolution for Gratis Allotment of the Stock Acquisition Rights, within the range between the lower limit of one yen and the upper limit of 50% of the market price of one such share. The "Market price" means the amount equivalent to the average closing prices (including quotations) for regular transactions of the common stock of the Company on the Tokyo Stock Exchange on each day during the 90 day period (excluding the days when trades were not made) prior to the Resolution for Gratis Allotment of the Stock Acquisition Rights, with any fractions less than one yen to be rounded up to the nearest whole yen.

F. Exercise Period of the Stock Acquisition Rights

The commencement date (hereinafter the "Exercise Period Commencement Date") of the exercise period shall be separately determined and the period shall be separately determined by the Resolution for Gratis Allotment of the Stock Acquisition Rights; provided, however, if the Company acquires the Stock Acquisition Rights in accordance with the provisions of I (ii) below, the exercise period of the Stock Acquisition Rights with respect to such acquisition shall end on the preceding day of such acquisition. Furthermore, if the final day of the exercise period falls on a holiday for the place handling payment of the cash to be paid upon exercise, the preceding business day shall be the final day.

G. Conditions for the exercise of the Stock Acquisition Rights

A (I) specified large-scale holder (Note 10), (II) joint holder of and person in special relationship with the specified large-scale holder, (III) specified large-scale purchaser (Note 11), (IV) joint holder of or person in special relationship with the specified large-scale purchaser, (V) any person who has been transferred or inherited the Stock Acquisition Rights from any person who falls under (I) through (IV) above, without obtaining approval of the Board of Directors of the Company, or, (VI) any affiliated person (Note 12) who falls under (I) through (V) above (hereinafter collectively referred to as the "Unqualified Persons") may not exercise the Stock Acquisition Rights in principle. In addition, non-residents who are required to perform certain procedures for exercising the Stock Acquisition Rights under the applicable foreign laws and regulations may not exercise the Stock Acquisition Rights, in principle. (However, certain non-residents, such as those to whom exemption provisions may be applied under the applicable foreign laws and regulations, are allowed to exercise the Stock Acquisition Rights. Furthermore, the Stock Acquisition Rights of non-residents may also be subject to acquisition by the Company with consideration of shares of the Company, as described in I. below.)

(Note 10) A "Specified large-scale holder" means, in principle, a person who holds share certificates etc., issued by the Company and whose holding ratio of share certificates, etc. of the Company is 20% or more (including any person who is deemed by the Board of Directors of the Company to fall under these). However, any person whose acquisition or holding of share certificates, etc., of the Company is deemed by the Board of Directors of the Company not to be detrimental to ensuring and enhancing common interests of shareholders, etc. (the Board of Directors of the Company is allowed to make such judgment at all times, and, if the Board of

Directors of the Company judged that it shall not be detrimental to ensuring and enhancing common interests of shareholders, etc., subject to certain conditions, this shall only apply when such conditions are met) and other certain persons who are separately determined by the Resolution for Gratis Allotment of the Stock Acquisition Rights shall not fall under specified large-scale holders.

(Note 11) A “specified large-scale purchaser” means, in principle, a person who makes a public announcement to make a Purchase, etc., (as defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act) of share certificates, etc., (as defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act) issued by the Company through a tender offer and whose total holding ratio of share certificates, etc., in terms of the person’s holding (including the case provided for in Article 7, Paragraph 1 of the Order for Enforcement of the Financial Instruments and Exchange Act as being equivalent thereto) after such Purchase, etc., added with the holding ratio of the person in special relation therewith, exceeds 20% (including a person who is deemed to fall under them by the Board of Directors of the Company). However, any person whose acquisition or holding of share certificates, etc., of the Company is deemed by the Board of Directors of the Company not to be detrimental to ensuring and enhancing common interests of shareholder, etc. (the Board of Directors of the Company is allowed to make such judgment at all times, and, if the Board of Directors of the Company judged that it shall not be detrimental to ensuring and enhancing common interests of shareholders, etc. subject to certain conditions, this shall only apply when such conditions are met) and other certain persons who are separately determined by the Resolution for Gratis Allotment of the Stock Acquisition Rights shall not fall under specified large-scale purchasers.

(Note 12) An “affiliated person” of a certain party means a person who is deemed by the Board of Directors of the Company to be a person who substantially controls the certain party, is controlled by the certain party, or is in common control of the certain party (including a person who is deemed by the Board of Directors of the Company to fall under this), or a person who is deemed by the Board of Directors of the Company to be a person who acts in cooperation with such party. The term “control” as used herein means “to control decisions on financial and business policies” of other companies, etc. (as defined in Article 3, Paragraph 3 of the Ordinance for Enforcement of the Companies Act).

H. Transfer of the Stock Acquisition Rights

Any acquisition of the Stock Acquisition Rights through transfer requires an approval by the Board of Directors of the Company.

I Acquisition of the Stock Acquisition Rights by the Company

- (i) At any time before one day prior to the Exercise Period Commencement Date, if the Board of Directors of the Company deems that it is appropriate for the Company to acquire the Stock Acquisition Rights, the Company may, on a date separately determined by the Board of Directors of the Company, acquire all of the Stock Acquisition Rights without consideration.
- (ii) Upon the arrival of the date separately determined by the Board of Directors of the Company, the Company may acquire all of the Stock Acquisition Rights held by persons other than the Unqualified Persons that have not been exercised one day prior to the date determined by the Board of Directors of the Company, and, in exchange, deliver shares of the Company in the number of the Applicable Number of Shares for every one (1) Stock Acquisition Right. Furthermore, if, after the date upon which the aforesaid acquisition takes place, the Board of Directors of the Company recognizes the existence of a person other than the Unqualified Persons among persons who hold the Stock Acquisition Rights, the Company may, upon the arrival of the date separately determined by the Board of Directors of the Company after the date upon which the acquisition described above takes place, acquire all of the Stock Acquisition Rights held by that person that have not been exercised up to the date prior to a date separately determined by the Board of Directors of the Company and, in exchange, deliver shares of the Company in the number of the Applicable Number of Shares for every one (1) Stock Acquisition Right. The same shall apply thereafter. The details of the condition for acquisition of the Stock Acquisition Rights shall be determined by the Resolution for Gratis Allotment of the Stock Acquisition Rights

- J. Grant of the Stock Acquisition Rights in the case of merger (limited to cases where the Company is to be dissolved as a result of merger), absorption-type company split, incorporation-type company split, exchange of shares and transfer of shares

The details of such grant shall be separately determined by the Resolution for Gratis Allotment of the Stock Acquisition Rights.

K. Issuance of stock acquisition right certificates

Stock acquisition right certificates related to the Stock Acquisition Rights shall not be issued.

L. Revisions due to amendment of laws and regulations, etc.

The provisions of the laws and regulations referred to above are subject to the provisions of any laws and ordinances effective as of May 18, 2021. If it becomes necessary after such date to revise the terms and conditions or definitions of terms set out in the aforesaid paragraphs due to the establishment, amendment or abolishment of laws and regulations, the terms and conditions or definitions of terms set out in the aforesaid paragraphs may be read or replaced accordingly to a reasonable extent, taking into consideration the purposes of such establishment, amendment or abolishment.

(4) Procedures for introducing the Plan

Pursuant to Article 12 of the Articles of Incorporation of the Company (Note 13), the introduction of the Plan shall be subject to the condition that, at this General Meeting of Shareholder, a proposal is submitted to the effect that the authority to decide matters regarding the gratis allotment of the Stock Acquisition Rights shall be delegated to the Board of Directors of the Company subject to the condition provided in the Plan and such proposal is approved.

(Note 13) Article 12 of the Articles of Incorporation of the Company stipulates that “any matters regarding the gratis allotment of stock acquisition rights shall be decided by a resolution of the Board of Directors of the Company or a resolution of the General Meeting of Shareholders or a resolution of the Board of Directors of the Company based on the delegation of the power by a resolution at a General Meeting of Shareholders.”

(5) Establishment of the Independent Committee

For the introduction of the Plan, the Company shall establish the Independent Committee as a body that eliminates any doubt about arbitrary decisions by the Board of Directors of the Company and makes substantial decisions related to the operation of the Plan including its triggering from an objective standpoint and for the benefit of shareholders.

The members of the Independent Committee at the time of the introduction of the Plan shall consist of three Outside Directors and Outside Audit & Supervisory Board Members of the Company, who are highly independent from the Company and its management (Details of the members of the Independent Committee at the time of the introduction of the Plan are as described below in “Names and career summary of the members of the Independent Committee.”).

When the Purchase, etc., is actually executed, as is described above in “(1) Procedures related to the Plan,” the Independent Committee shall make a substantial decision on whether or not such Purchase, etc., will impair the efforts to ensure and enhance common interests of shareholders, etc., and make recommendation to the Board of Directors of the Company to implement, or not to implement, the gratis allotment of the Stock Acquisition Rights (Even in the case where the Independent Committee finds it reasonable to implement the gratis allotment of the Stock Acquisition Rights, if the Committee believes that such implementation should be finalized subject to the resolution of the General Meeting of Shareholders, the Committee makes a recommendation to convene the General Meeting of Shareholders and submit thereto the proposal for implementing the gratis allotment of the Stock Acquisition Rights.) The Board of Directors of the Company shall make a resolution under the Companies Act, fully respecting such decision made by the Committee.

(6) Effective period, abolishment and amendment of the Plan

The period during which the authority of making decisions on matters regarding the gratis allotment of the Stock Acquisition Rights is delegated by a resolution at a General Meeting of Shareholders as described above in “(4) Procedures for introducing the Plan” (hereinafter the “Effective Period”) expires at the

conclusion of the Annual General Meeting of Shareholders for the last one of the fiscal years that will end within three years after the conclusion of this Annual General Meeting of Shareholders.

However, the Plan shall be abolished at any time before the expiry of its effective period, subject to (i) the resolution of the General Meeting of Shareholders of the Company, to withdraw the aforementioned delegation to the Board of Directors for the decisions on the matters related to gratis allotment of stock acquisition rights with respect to the Plan, or subject to (ii) the resolution of the Board of Directors of the Company to abolish the Plan.

Even during the Effective Period of the Plan, the Board of Directors of the Company may revise or amend the Plan subject to an approval by the Independent Committee as long as it is deemed reasonably necessary due to amendments of laws, regulations and guidelines, etc. and such revision or amendment does not conflict with the purpose of the delegation by a resolution of the General Meeting of Shareholders described in “(4) Procedures for introducing the Plan.”

If the Plan was abolished, revised or amended, the Company shall promptly disclose the facts of such abolishment, revision or amendment and (in the case of revision or amendment) the details of such revision or amendment and other related matters.

4. Rationality of the Plan

(1) Satisfying the requirements of the Guidelines Regarding Takeover Defense, etc.

The Plan shall satisfy the three principles set forth in the “Guidelines Regarding Takeover Defense for the Purposes of Ensuring and Enhancing Corporate Value and Common Interests of Shareholders” announced by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005. Furthermore, the Plan shall conform to the “Takeover Defense Measures in Light of Recent Environmental Changes” published by the Corporate Value Study Group on June 30, 2008.

(2) Respecting the shareholders’ intention

As described above in “3. (4) Procedures for introducing the Plan,” the Plan shall be introduced by a resolution for the delegation related to the Plan at the General Meeting of Shareholders of the Company.

As described above in “3. (6) Effective period, abolishment and amendment of the Plan,” the Plan adopts the so-called “sunset clause” with an effective period of about three years. Furthermore, the Plan shall be abolished at any time before the expiry of its effective period, subject to the resolution of the General Meeting of Shareholders of the Company to withdraw the aforementioned delegation to the Board of Directors of the Company, or subject to the resolution of the Board of Directors of the Company to abolish the Plan. In this context, the intentions of the shareholders will be reflected on the existence of this Plan.

In addition, the term of office for the Company’s Directors is one year and the shareholders’ intention on whether the Plan should be abolished or not will be verified through the election of Directors at an Annual General Meeting of Shareholders.

Furthermore, even in the case where the Independent Committee finds it reasonable to implement the gratis allotment of the Stock Acquisition Rights, if the Committee believes that such implementation of gratis allotment of the Stock Acquisition Rights should be finalized subject to the resolution of the General Meeting of Shareholders, the Committee recommends the Board of Directors of the Company to convene the General Meeting of Shareholders and submit thereto the proposal for implementing the gratis allotment of the Stock Acquisition Rights. Unless it involves extreme difficulty in holding such General Meeting for reasons including practicality, the Board of Directors of the Company shall make resolution to promptly convene a General Meeting of Shareholders and submit thereto a proposal for the implementation of the gratis allotment of the Stock Acquisition Rights, which enables direct verification of the shareholders’ intentions when necessary.

(3) Focus on decisions made by highly independent external persons and information disclosure

As described above in “3. (5) Establishment of the Independent Committee,” substantial decisions related to the operation of the Plan including its triggering shall be made by the Independent Committee, established to consist exclusively of the members independent from the management engaged in execution

of business of the Company (members shall be elected from among the Company's Outside Directors or Outside Audit & Supervisory Board Members notified to the Tokyo Stock Exchange as Independent Directors or Independent Audit & Supervisory Board Members).

The outline of such decisions shall be disclosed to the shareholders, ensuring a framework for transparent operation of the Plan, suitable for ensuring and enhancing common interests of shareholders, etc.

(4) Establishment of rational and objective requirements

As described above in "D. in 3. (1) Procedures related to the Plan" and "3. (2) Requirements for gratis allotment of the Stock Acquisition Rights," the Plan is designed so that the Plan will not be triggered unless rational and objective requirements are met, ensuring a framework for preventing triggering of the Plan that may lead to suspicion about arbitrary decisions by the Board of Directors of the Company.

(5) Obtaining opinions of third-party experts

As described above in "C (ii) in 3. (1) Procedures related to the Plan," if a Purchaser, etc., actually appeared, the Independent Committee may, at the expense of the Company, obtain advice from independent third parties (including financial advisors, certified public accountants, lawyers, consultants and other experts), strongly ensuring the fairness and objectivity of the decisions made by the Independent Committee.

(6) No dead-hand or slow-hand takeover defense measures

As described above in "3. (6) Effective period, abolishment and amendment of the Plan," it is possible that a person who made a large-scale purchase of share certificates, etc. of the Company, at the General Meeting of Shareholders, elects Directors nominated by himself/herself, and through the Board of Directors comprising such Directors, abolishes the Plan. Therefore, the Plan is not a dead-hand takeover defense measure (takeover defense measure whose triggering cannot be blocked even if a majority of the Directors is replaced).

The term of office of Directors of the Company is one year and the Company does not employ a system of staggered term of office for Directors. Thus, the Plan is not a slow-hand takeover defense measure (takeover defense measure that requires considerable time to block the triggering of such measure since it is impossible to replace members of the Board of Directors at one time).

5. Impacts on shareholders

(1) Impacts on shareholders and investors at the time of introduction of the Plan

At the time of introduction of the Plan, the authorization to make decisions for gratis allotment of the Stock Acquisition Rights is delegated to the Board of Directors of the Company based on a resolution at the General Meeting of Shareholders, and the gratis allotment of the Stock Acquisition Rights itself is not implemented. Thus, at this point, there is no specific and direct impact on shareholders and investors.

(2) Impacts on shareholders and investors at the time of the gratis allotment of the Stock Acquisition Rights

A. Procedures for gratis allotment of the Stock Acquisition Rights and procedures for registration of transfer of shares

If the Board of Directors of the Company resolves to implement the gratis allotment of the Stock Acquisition Rights, the Board of Directors of the Company determines an Allotment Date in such resolution and makes a public notice of such fact. In such case, one Stock Acquisition Right is allotted gratuitously to one share of the Company held by a shareholder (hereinafter the "Entitled Shareholders") who is recorded in the Company's final shareholder registry as of the Allotment Date. Since the Entitled Shareholders automatically become holders of the Stock Acquisition Rights on the Effective Date of the gratis allotment of the Stock Acquisition Rights, they are not required to make application and other procedures.

However, even if a Resolution for Gratis Allotment of the Stock Acquisition Rights is once made, fully respecting the recommendation by the Independent Committee provided for in the proviso of "D

(i) of 3. (1) Procedures related to the Plan” above, prior to the day before the Exercise Period Commencement Date of the gratis allotment of the Stock Acquisition Rights, the Company may suspend the gratis allotment of the Stock Acquisition Rights in the case where such gratis allotment has not yet become effective, or the Company may gratuitously acquire the Stock Acquisition Rights in the case where such gratis allotment has become effective. In such cases, the value per share is not diluted, and thus investors who sold or bought the Company’s shares assuming that the value per share would be diluted may incur certain loss due to fluctuations in stock price.

B. Procedures for the exercise of the Stock Acquisition Rights

In principle, the Company will send to the Entitled Shareholders a request form for the exercise of the Stock Acquisition Rights (a document using a form specified by the Company that contains required items such as content, number, and the exercising day of the Stock Acquisition Rights, as well as representations and warranties clauses that show the shareholder satisfies the conditions for the exercise of the Stock Acquisition Rights, indemnity clauses and other pledges) and other documents required for the exercise of the Stock Acquisition Rights.

After the gratis allotment of the Stock Acquisition Rights, the shareholders will be issued one (1) share of the Company per one (1) Stock Acquisition Right upon submitting these necessary documents within the Exercise Period of the Stock Acquisition Rights, and in principle, by paying cash equivalent to the exercise amount determined by the Resolution for Gratis Allotment of the Stock Acquisition Rights by the Board of Directors, within a range of one (1) yen as a minimum and the upper limit of 50% of the market price per share of the Company as a maximum to the place handling such payment.

If a shareholder does not exercise the Stock Acquisition Rights or pay cash equivalent to the exercise amount, the value of the Company’s shares that such shareholder holds will be diluted by the exercise of the Stock Acquisition Rights by other shareholders.

However, the Company may acquire the Stock Acquisition Rights from shareholders other than the Unqualified Persons and, in exchange, deliver the Company’s shares to them, in accordance with the statements in C. below. If the Company takes such procedures for acquisition, shareholders other than the Unqualified Persons receive shares of the Company without exercising the Stock Acquisition Rights and paying cash equivalent to the exercise amount. Thus, the value of the Company’s shares held by them will, in principle, not be diluted.

C. Procedures for the Company’s acquisition of the Stock Acquisition Rights

If the Board of Directors of the Company makes a decision to acquire the Stock Acquisition Rights, the Company may acquire such Rights from the shareholders other than Unqualified Persons, and in exchange, deliver shares of the Company, on the date separately determined by the Board of Directors of the Company, in accordance with the procedures stipulated in the law. In such case, such shareholders will not pay cash equivalent to the exercise amount but receive, in principle, one share of the Company for one Stock Acquisition Right as consideration for such acquisition of the Stock Acquisition Right by the Company. In such case, we will request certain shareholders to submit a document using a form specified by the Company, containing representations and warranties clauses that show the shareholder is not an Unqualified Person, indemnity clauses and other pledges.

D. In addition to the above, please kindly confirm details of the allotment method, exercise method, and method of the acquisition made by the Company are decided by the Resolution for Gratis Allotment of the Stock Acquisition Rights, which we will disclose or notify to the shareholders.

6. Outline of the Independent Committee

- (1) The Independent Committee shall be established by a resolution of the Board of Directors of the Company.
- (2) The members of the Independent Committee consist of not less than three persons and the Board of Directors of the Company shall elect such members from those who are independent from the management engaged in execution of business of the Company and those who are the Company’s Outside Directors or

Outside Audit & Supervisory Board Members notified to the Tokyo Stock Exchange as Independent Directors or Independent Audit & Supervisory Board Members.

- (3) The Independent Committee shall perform duties that the Plan determines are the duties of the Independent Committee in accordance with the rules for the Committee. Each member of the Independent Committee must perform the duties from a perspective of whether or not they contribute to ensuring and enhancing common interests of shareholders, etc. and must not aim to gain personal interests of themselves or the Company's management.
- (4) The term of office for the members of the Independent Committee shall expire at the conclusion of the Annual General Meeting of Shareholders for the last fiscal year ending within three years after the conclusion of this Annual General Meeting of Shareholders. However, this does not apply if otherwise provided by a resolution of the Board of Directors of the Company.
- (5) In principle, a resolution by the Independent Committee shall be made by a majority at a meeting where not less than two thirds of the members are present. However, under unavoidable circumstances, the Committee may make a resolution by a majority of voting rights of those present at a meeting where a majority of the members are present.
- (6) Each member of the Independent Committee may, at all times, convene a meeting of the Independent Committee in the event of the Purchase, etc., is made or on any other occasions.
- (7) The Independent Committee may obtain advice from the independent third parties at the expense of the Company (including financial advisors, certified public accountants, lawyers, consultants and other experts).

(Name and career summary of the members of the Independent Committee)

The Company plans to appoint the following three persons as the members of the Independent Committee at the time of introduction of the Plan.

Mitsuyoshi Shibata

[Career summary]

November 1953 Born

April 1977 Joined Furukawa Electric Co., Ltd.

June 2008 Corporate Vice President of Furukawa Electric Co., Ltd.

June 2009 Corporate Senior Vice President of Furukawa Electric Co., Ltd.

June 2010 Director, Corporate Senior Vice President of Furukawa Electric Co., Ltd.

April 2012 President and Representative Director of Furukawa Electric Co., Ltd.

April 2017 Chairman of the Board of Furukawa Electric Co., Ltd. (current)

June 2018 Outside Director of the Company (current)

Takaharu Ando

[Career summary]

August 1949 Born

April 1972 Joined National Police Agency

August 1999 Director of Public Security Bureau of Tokyo Metropolitan Police Department

August 2004 Director General of Commissioner General's Secretariat of National Police Agency

June 2009 Commissioner General of National Police Agency (retired in October 2011)

June 2018 Outside Director of the Company (current)

Shuji Fukuda

[Career summary]

December 1951 Born

April 1974 Joined Onoda Cement Co., Ltd. (currently TAIHEIYO CEMENT CORPORATION)

April 2008 Executive Officer of TAIHEIYO CEMENT CORPORATION

August 2010 Director, Managing Executive Officer of TAIHEIYO CEMENT CORPORATION

April 2012 President and Representative Director of TAIHEIYO CEMENT CORPORATION

April 2018 Chairman and Director of TAIHEIYO CEMENT CORPORATION (current)

June 2020 Outside Audit & Supervisory Board Member of the Company (current)