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**This presentation relates to a proposed business combination which involves the securities of a foreign company. It is subject to disclosure requirements of a foreign country that are different from those in the United States. Financial statements included in the document, if any, have been prepared in accordance with foreign accounting standards that may not be comparable to the financial statements of United States companies.**

**It may be difficult for any U.S. shareholder to enforce his rights and any claim he may have arising under the federal securities laws, since the issuer is located in a foreign country, and some or all of its officers and directors may be residents of a foreign country. Such U.S. shareholder may not be able to sue a foreign company or its officers or directors in a foreign court for violations of the U.S. securities laws. It may be difficult to compel a foreign company and its affiliates to subject themselves to a U.S. court's judgment. You should be aware that the Tokyu may purchase securities otherwise than pursuant to the tender offer, such as in open market or privately negotiated purchases.**

# Reference

**September 27, 2004**

**Investors Meeting**



**Tokyu Corporation**

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**(9005)**

<http://www.ir.tokyu.co.jp/>

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# Acquire Tokyu Department Store (TDS) as a Wholly-owned Subsidiary through Share Exchange



## Purposes

- To strengthen the Tokyu group's retail business by significantly raising operational efficiencies through the full integration of the businesses.
- To prepare for the rapid redevelopment of the area around Shibuya station by mobilizing the overall strengths of the group.

## Conditions and methods

	Tokyu Corp. (wholly-owning parent company)	Tokyu Department Store (Wholly-owned subsidiary)
Share exchange ratio	1	0.32

\*Allotment ratio of shares:

0.32 shares of Tokyu common share will be exchanged for each one share of TDS common share.

\*Total number of new shares to be issued pursuant to the share exchange:

Pending upon the outcome of the tender offer.

\*Possibilities for simple share exchange:

If Tokyu's tender offer for TDS shares is successful, Tokyu will not be required to and will not hold an extraordinary shareholders' meeting.

## Schedule

Sep. 27, 2004	Execution of the Memorandum of Understanding for the Share Exchange
Nov. 15, 2004 (plan)	Execution of the Share Exchange Agreement
Late in Jan. 2005 (plan)	Extraordinary general shareholders' meetings to approve the Share Exchange Agreement
Apr. 1, 2005 (plan)	Date of execution of the share exchange

# Tender Offer for Shares of Tokyu Department Store (TDS)



## Purposes

- Execute the share exchange smoothly and rapidly.
- Through the share exchange, reduce the dilutive effect of newly issued shares.

## Period

From Sep. 28, 2004 to Nov. 4, 2004 (38 days)

## Tender Offer Price

175 yen per share

## Number of Shares

117,100,000 shares (max.)

## Change in number of Shares

Shares owned prior : 67,483,580 shares  
(24.37 % of total issued and outstanding)  
Shares to be owned after : 184,583,580 shares  
(66.67 % of total issued and outstanding)

## Funds required

20,770 millions of yen (max.)

# Summary of Tokyu Department Store Business

## 【 Operation Summary ( Consolidated ) 】

( Billions of yen )

	FY01/2003 Actual	FY01/2004 Actual	FY01/2005 Forecast
Operating revenue	423.2	366.8	335.5
Operating profit	9.1	9.5	9.4
Recurring profit	3.5	5.1	5.9
Net income	11.3	(9.2)	2.5
Interest-bearing debt	131.1	110.8	103.3

## 【 Major Action Plans 】

**June 2003**

**Implement early retirement incentive program**

**Improve high cost structure**

- Early retirement volunteers 752
- Replaced with contract employees
- Full-time employee ratio 55%
- Extend performance-based salary system

**October 2003**

**Remodeled "Toyoko Norengai"**

**Establish the image of 'Excellent Food Provider - Tokyu Department Store'**

- Synergy with 'Tokyu Food Show'

**February 2004**

**Merge with Aoba Tokyu Department Store**

**Integrate management resources into the core business**

**Realignment Cost 9.9**  
**Loss in addition to business investment loss reserve 5.5**

**FY01/2003  
Achieved return to profitability**



## Adoption of Defined Contribution Pension Plan

- ◇ Losses incurred upon change of retirement benefit scheme.  
(Transition from Qualified Pension Plan (Defined Benefit Plan) to Defined Contribution Pension Plan)  
Consolidation/Non-consolidation  
<Extraordinary losses : 12.4 billion yen (estimated amount)>

## Transfer of Fixed Assets

- ◇ Hotel properties of Tokyu are transferred to TH properties, wholly owned subsidiary, which holds hotel properties.
- ◇ Part of reorganization of hotel business (differentiate management, operation and property holding functions)  
Non-consolidation <Extraordinary gains : 7.3 billion yen>

## Entrust Fixed Assets and Transfer Related Trust Beneficiary Rights

- ◇ Entrust the properties of welfare facilities and transfer its trust beneficiary rights.  
Consolidation/Non-consolidation  
< Extraordinary gains : 3.9 billion yen/Extraordinary losses : 0.2 billion yen>



## Transfer of Affiliated Company Stocks

- ◇ Transfer of TOKYU HANDS INC. stocks (Affiliated companies subject to equity method)  
(Stock Holding Ratio 25% → 0%)  
(Transfer stocks CHUO MITSUI Growth Capital Investment Limited Partnership)  
Consolidation < Extraordinary gains : 1.4 billion yen >  
Non-consolidation < Extraordinary gains : 4.1 billion yen >

## Appraisal Losses on real estate for sale in consolidated subsidiary

- ◇ TC Properties Appraisal loss on real estate for sale  
Consolidation < Extraordinary losses : 11.8 billion yen >
- ◇ The appraisal loss of TC Properties stocks which Tokyu Corp. holds (FY03/2005 Interim)  
Non-consolidation < Extraordinary losses : 28.2 billion yen (estimate) >

FY03/2005 Interim, Tokyu is expected to accumulate subsidiary appraisal losses on stock holdings of 28.2 billion yen (Non-consolidation). Original calculations of net property evaluations of TC Properties in FY03/2005 Interim statements included losses on sales of fixed assets of 11.0 billion yen disclosed July 27, 2004 and appraisal losses on real estate for sale of 11.8 billion yen.

# FY03/2005 Interim Revised Forecast for Financial Summary (1)



## FY03/2005 Interim Revised Forecast for Financial Summary (Non-consolidation)

Non-consolidation

(Billions of yen)

	FY03/2005 Interim Forecast as of May 17,2004	FY03/2005 Interim Forecast as of Sep. 27,2004	Change	Major variance
Operating Revenue	<b>122.4</b>	<b>118.9</b>	<b>(3.5)</b>	Real Estate (3.3)
Operating Profit	<b>29.2</b>	<b>31.4</b>	<b>2.2</b>	Real Estate 1.4 Retail 0.8
Recurring Profit	<b>22.6</b>	<b>25.5</b>	<b>2.9</b>	
Extraordinary Gain	<b>5.9</b>	<b>31.0</b>	<b>25.1</b>	Gain on sales of fixed assets 11.3 (Hotel business 7.4 Welfare facilities 3.9) Gain on the establishment of the retirement benefit trust 9.5 Gain on sales of investments in affiliate companies 4.1
Extraordinary Loss <small>(Loss on sales of fixed assets etc.)</small>	<b>11.2</b>  10.0	<b>45.0</b>	<b>33.8</b>	Appraisal loss on share of subsidiaries 28.2 Loss following the change of retirement benefit scheme 12.4
Interim Net Income	<b>10.4</b>	<b>7.0</b>	<b>(3.4)</b>	



# FY03/2005 Interim Revised Forecast for Financial Summary (2)



## FY03/2005 Interim Revised Forecast for Financial Summary (Consolidation)

Consolidation

(Billions of yen)

	FY03/2005 Interim Forecast as of May 17,2004	FY03/2005 Interim Forecast as of Sep. 27,2004	Change	Major variance
Operating Revenue	510.0	510.0	0.0	
Operating Profit	38.0	40.6	2.6	Tokyu Corp. 2.2 Izukyu Corp. 0.4
Recurring Profit	31.2	34.6	3.4	Tokyu Corp. 2.9 Izukyu Corp. 0.4
Extraordinary Gain	6.4	29.0	22.6	Gain on the establishment of the retirement benefit trust 16.8 Gain on sales of fixed assets 3.9 (Welfare facilities) Gain on sales of investments in affiliate companies 1.4
Extraordinary Loss <small>(Loss on sales of fixed assets etc.)</small>	12.1 10.0	42.0	29.9	Loss on sales of fixed assets 13.3 (TC Properties 11.0 TH Properties 2.1) Appraisal loss on real estate held for resale 11.8 Loss following the change of retirement benefit scheme 12.4
Interim Net Income	14.0	13.0	(1.0)	

### Revised dividend anticipation

Interim dividend 2.5yen Year-end dividend 2.5yen Annual dividend 5.0yen  
 (as of May 17,2004 Interim dividend, Year-end dividend TBD Annual dividend 5.0yen)

**\*Forward-looking Statements**

**All statements contained in this document other than historical facts are forward-looking statements representing the beliefs and assumptions of Tokyu Corporation based on information currently available. Tokyu wishes to caution that actual results may differ materially from expectations.**