

# Presentation Handout

February 27, 2004  
Investors Meeting



**Tokyu Corporation**

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(9005)

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# Privatize Izukyu Corporation as a wholly-owned subsidiary through share exchange



## Purpose

- Concentrate business resources on its main business of railway operation to increase business efficiency.
- Implement prompt decision-making led by Tokyu Corp. and flexible capital policy.

## Terms and Conditions

	Tokyu Corporation (Wholly owning parent company)	Izukyu Corporation (Wholly owned subsidiary)
Share exchange ratio	1	1.50

\* Each common share of Izukyu stock shall be exchanged for 1.5 common shares of Tokyu stock.

- ◇ Number of new shares to be issued 4,073,079 common shares
- ◇ Number of treasury stocks to be transferred in lieu of new share to be issued 2,500,000 common shares

## Schedule

- February 27, 2004 Approval of the share exchange agreement by the board of directors / Execution of the share exchange agreement
- June 24, 2004(Tentative) Ordinary general meeting of the shareholders of Izukyu (approval of the share exchange agreement)
- October 1, 2004(Tentative) Date of share exchange

# Other Disclosed Issues as of February 27, 2004



## Entrust the Fixed Assets and Transfer its Trust Beneficiary Rights

- ◇ Entrust the property of “Cerulean Tower” (in Shibuya-ku, Tokyo) and transfer its trust beneficiary rights. <Gains from Sales of Fixed Assets: 3.7 billion yen>

## Transfer the Fixed Assets

- ◇ Transfer the roles and position of the property of “Nihonbashi 1-chome Building” (in Chuo-ku, Tokyo) and its business (Share: 30%) to Mitsui Fudosan <Gains from Sales of Fixed Assets: 2.5 billion yen>

## Recognize Losses on Cancellation of Land Sales Contract

- ◇ Accept cancellation of the land sales contract of property (in Miyamae-ku, Kawasaki) sold in fiscal 2001 <Extraordinary Loss (Soil improvement cost, Compensation for damages, Revaluation loss) 14.2 billion yen>

## Establish Retirement Benefit Trust

- ◇ Plan to establish 35.0 billion-yen worth Trust (by March 31, 2004) <Gains from the establishment of the retirement benefit trust 25.0 billion yen (estimated)>

# Actual of 3rd Quarter FY03/2004 & Forecast of FY03/2004

(Billions of yen)

	Actual Third Quarter Fiscal Year ending March 2004	Forecast Fiscal Year Ending March 2004 as of 02/27/04	Forecast Fiscal Year Ending March 2004 as of 11/27/03	Change
Operating Revenue	941.1	1,200.0	1,200.0	0
Operating Profit	53.2	53.6	54.0	(0.4)
Recurring Profit	41.0	40.2	40.1	0.1
Extra-ordinary Gain	27.7	134.7	150.6	(15.9)
Extra-Ordinary Loss	50.8	223.3	261.8	(38.5)
Net Profit (Loss)	24.6	(15.0)	(15.0)	0

## <Breakdown of Operating Profit>

	Forecast Fiscal Year Ending March 2004 as of 02/27/04	Forecast Fiscal Year Ending March 2004 as of 11/27/03	Change
Transportation	21.1	26.2	(5.1)
Real Estate	19.3	14.9	4.4
Retail	6.1	6.3	(0.2)
Leisure/Services	0.3	(0.6)	0.9
Hotel	2.6	2.9	(0.3)
Construction	2.3	2.2	0.1
Other	1.6	2.1	(0.5)
<b>Total</b>	<b>53.6</b>	<b>54.0</b>	<b>(0.4)</b>

<Tokyu Construction> (49.0)  
 Gains from transfer of trade right  
 Gains from establishment of retirement benefit trust 25.0

<Tokyu Construction> Gains from transfer of assets upon separation (50.0)  
 Loss on cancellation of land sales contract 14.2

# Consolidated Forecast of FY03/2004 -1



(Millions of yen)

	FY3/2003 Actual A	FY3/2004 Forecast as of 11/27/03 B	FY3/2004 Forecast as of 02/27/04 B	Change B-A	Major Variance (B-A)
<b>Transportation</b>					<Revenue from operation> (1.5) % <Operating profit> (42.4) %
Revenues from operation	263,785	260,800	259,900	(3,885)	Tokyu Corp. 1,012 Tokyu Logistic (2,742)
Operating income	36,609	26,200	21,100	(15,509)	Tokyu Corp. (14,702), Tokyu Logistic (200)
<b>Real Estate</b>					<Revenue from operation> 15.7% <Operating profit> (30.7) %
Revenues from operation	148,769	168,500	172,200	23,431	Tokyu Corp. (268), TC Properties("Tokyu Construction") 11,262, TMD(*1) 9,340
Operating income	27,868	14,900	19,300	(8,568)	Tokyu Corp. (7,499), TC Properties("Tokyu Construction") (2,809), TMD(*1) 1,009
<b>Retail</b>					<Revenue from operation> (2.3) % <Operating profit> 10.3%
Revenues from operation	394,174	382,600	385,300	(8,874)	Tokyu Store (4,614), Kitami Tokyu Store(Dissolution) (1,764)
Operating income	5,531	6,300	6,100	569	Tokyu Store 763
<b>Leisure and Services</b>					<Revenue from operation> (3.5) %
Revenues from operation	89,004	85,700	85,900	(3,104)	Tokyu Tourist (3,367), it's communications 785
Operating income	(1,745)	(600)	300	2,045	Golf business 1,218, Tokyu Tourist 205
<b>Hotel</b>					<Revenue from operation> (7.6) %
Revenues from operation	117,334	109,400	108,400	(8,934)	Tokyu Corp. (49,938), Tokyu Hotel Chain 44,081, Tokyu Canada(Sale) (1,377)
Operating income	(2,684)	2,900	2,600	5,284	Tokyu Corp. 2,020, Tokyu Hotel Chain 463, Amortization of consolidation adjustment account 2,676
<b>Construction</b>					<Revenue from operation> (45.5) % <Operating profit> (75.8) %
Revenues from operation	387,136	211,400	211,100	(176,036)	Tokyu Construction (176,001)
Operating income	9,523	2,200	2,300	(7,223)	Tokyu Construction (8,096), Amortization of consolidation adjustment account 1,077
<b>Other</b>					<Revenue from operation> (25.3) % <Operating profit> (39.5) %
Revenues from operation	111,472	83,800	83,300	(28,172)	Gold Pak (*2) (43,181), Tokyu Car (*3) 19,064
Operating income	2,645	2,100	1,600	(1,045)	Gold Pak (*2) (1,665), Tokyu Car (*3) (1,012), Amortization of consolidation adjustment account 805
<b>Elimination / Headquarters</b>					
Revenues from operation	(126,238)	(102,200)	(106,100)	20,138	Tokyu Construction 31,027
Operating income	(820)	0	300	1,120	Tokyu Construction 1,311
<b>Consolidated</b>					<Revenue from operation> (13.4) % <Operating profit> (30.3) %
Revenues from operation	1,385,438	1,200,000	1,200,000	(185,438)	
Operating income	76,928	54,000	53,600	(23,328)	

\*1 Consolidated the income statement from the current fiscal year

\*2 Excluded the income statement from consolidation from the current fiscal year

\*3 Consolidated the income statement from the second half previous fiscal year

# Consolidated Forecast of FY03/2004 -2



(Millions of yen)

	FY3/2003 Actual	FY3/2004 Forecast as of 11/27/03	FY3/2004 Forecast as of 02/27/04	Change	Remarks (B)
	A		B	B-A	
<b>Non-operating income</b>	<b>13,833</b>	<b>21,800</b>	<b>21,700</b>	<b>7,867</b>	
Interest and dividend income	1,452	2,100	2,800	1,348	Interest income 400, Dividend income 2,400
Investment gains from equity method	2,514	1,000	1,200	(1,314)	
Amortization of the consolidation adjusting account	4,050	5,900	5,800	1,750	
Others	5,820	12,800	11,900	6,080	Distribution from SPC 3,845
<b>Non-operating expenses</b>	<b>38,839</b>	<b>35,700</b>	<b>35,100</b>	<b>(3,739)</b>	
Interest expenses	33,000	28,400	27,800	(5,200)	Tokyu Corp. 20,500
Others	5,839	7,300	7,300	1,461	
<b>Recurring profit</b>	<b>51,921</b>	<b>40,100</b>	<b>40,200</b>	<b>(11,721)</b>	<b>(22.6) %</b>
<b>Extraordinary gains</b>	<b>80,696</b>	<b>150,600</b>	<b>134,700</b>	<b>54,004</b>	
Gains from sales of fixed assets	52,242	7,000	19,000	(33,242)	Tokyu Corp. 11,400
Gains from sale of subsidiary stocks	117	304	398	281	
Gain from sales of investment securities	773	1,200	1,200	427	
Contribution by subsidiaries for construction	17,618	67,300	67,800	50,182	Tokyu Corp. 67,800
Gains on reversal of Urban Railways Improvement Reserve	5,307	5,300	5,307	0	
Gains from assignment of trade rights	—	51,600	2,548	2,548	MBO of Tokyu Construction<Gains from assignment of trade rights 68,000x75.46% Loss on assignment of fixed assets upon separation (48,765)>
Gains from assignment of the substitutional portion of employee pension fund liabilities	—	5,271	5,271	5,271	Tokyu Store 5,271
Deduction from allowance for retirement benefit	—	5,164	5,164	5,164	Tokyu Construction 5,164
Gains from establishment of retirement benefit trust	—	—	25,000	25,000	
Others	4,638	7,461	3,012	(1,626)	
<b>Extraordinary losses</b>	<b>119,245</b>	<b>261,800</b>	<b>223,300</b>	<b>104,055</b>	
Loss on sales of fixed assets	22,268	26,000	34,900	12,632	Tokyu Corp. 24,500 (Assignment of business of Gran Deco 9,897, Assignment of motorway business 6,530), TC Properties 9,600
Advanced depreciation deductions of fixed assets	11,702	61,200	58,000	46,298	Tokyu Corp. 58,000
Loss on disposal of fixed assets	2,537	5,000	5,900	3,363	Tokyu Corp. 3,900
Appraisal loss of fixed assets	20,077	150,000	90,000	69,923	TC Properties 40,000, Tokyu Corp. 35,000 <Golf courses 20,000>
Amortization of the consolidation adjusting account	9,420	5,800	5,800	(3,620)	Tokyu Construction 5,800
Provision for Urban Railways improvement Reserve	2,335	2,400	2,400	65	
Appraisal loss on real estate for sale	13,045	2,330	2,330	(10,715)	
Appraisal loss of investment securities	10,573	227	227	(10,346)	
Retirement pay	1,878	255	346	(1,532)	
Addition to business investment loss reserve	14,865	—	—	(14,865)	
Exchange loss	2,058	—	—	(2,058)	
Loss on sales of subsidiary stocks	1,831	—	4,942	3,111	Tokyu Herhill Golf Club 4,942
Loss on cancellation of land sales contract	—	—	14,200	14,200	
Others	6,650	8,588	4,255	(2,395)	
<b>Income (loss) before income taxes</b>	<b>13,373</b>	<b>(71,100)</b>	<b>(48,400)</b>	<b>(61,773)</b>	
Current income taxes	27,000	6,600	6,400	(20,600)	
Deferred taxes	(14,230)	(48,700)	(26,000)	(11,770)	
Minority interests in income of consolidated subsidiaries	(2,813)	(14,000)	(13,800)	(10,987)	
<b>Net income (loss)</b>	<b>3,416</b>	<b>(15,000)</b>	<b>(15,000)</b>	<b>(18,416)</b>	



(Millions of yen)

	FY3/2003 Actual A	FY3/2004 Forecast as of 11/27/03	FY3/2004 Forecast as of 02/27/04 B	Change B-A	Major Variance (B-A)
<b>Railway</b>					<Revenue from Operations> 0.8% <Operating income> (45.9) %
Revenue from operations	133,584	134,500	134,600	1,016	
Passenger revenue	118,503	119,854	120,275	1,772	·1.5%
Commuter	50,987	51,186	51,117	130	·0.3% (Business 0.2%, Student 1.0%)
Non-commuter	67,515	68,667	69,158	1,643	·2.4% (Ordinary tickets 3.0%, Coupon tickets (3.6) %)
Misc. transport revenue	15,081	14,646	14,325	(756)	
Cost of revenue from operations	102,000	112,400	117,500	15,500	·Loss on disposal of fixed assets* 7,000, Repairment 2,500
Operating income	31,584	22,100	17,100	(14,484)	<Passenger Volume>Total 1.2%, Commuter 0.3% (Business 0.2%, Student 0.8%), Non-commuter 2.4% (Ordinary tickets 3.2%, Coupon tickets (3.8) %)
<b>Real Estate</b>					<Revenue from Operations> 0.4% <Operating income>(31.1) %
<b>Real Estate Sales</b>					<Revenue from Operations> (6.4) % <Operating income> (34.6) %
Revenue from operations	51,398	44,700	48,100	(3,298)	
Cost of revenue from operations	39,019	39,400	40,000	981	
Operating income	12,379	5,300	8,100	(4,279)	·Profit from Land & Housing sales -4,900
<b>Real Estate Leasing</b>					<Revenue from Operations> 7.7% <Operating income> (27.5) %
Revenue from operations	48,467	52,300	52,200	3,733	
Cost of revenue from operations	36,746	44,800	43,700	6,954	
Operating income	11,720	7,500	8,500	(3,220)	
<b>Hotel</b>					
Revenue from operations	50,623	-	-	(50,623)	Assignment of business as of April 1, 2003
Cost of revenue from operations	54,511	-	-	(54,511)	
Operating income	(3,888)	-	-	3,888	
<b>Others</b>					<Revenue from Operations> (79.7) %
Revenue from operations	13,771	2,800	2,800	(10,971)	Assignment of golf business and sports operation business as of April 1, 2003
Cost of revenue from operations	15,817	3,700	3,800	(12,017)	
Operating income	(2,045)	(900)	(1,000)	1,045	
<b>Total</b>					<Revenue from Operations> (20.2) % <Operating income> (34.3) %
Revenue from operations	297,845	234,300	237,700	(60,145)	
Cost of revenue from operations	248,095	200,300	205,000	(43,095)	
Operating income	49,749	34,000	32,700	(17,049)	

\* Majority of disposal of fixed assets consists of that of temporary structures for construction of new railroads and relating facilities over or under previously operated railroads upon completion . Rest of it is other properties and equipment on book.



# Non-consolidated Forecast of FY03/2004 -2



(Millions of yen)

	FY3/2003 Actual	FY3/2004 Forecast as of 11/27/03	FY3/2004 Forecast as of 02/27/04	Change	Remarks	(B)
	A		B	B-A		
Non-operating income	8,245	13,500	11,600	3,355		
Interest and dividend income	4,597	3,200	3,200	(1,397)		
Others	3,648	10,300	8,400	4,752	Distribution from SPC 3,845	
Non-operating expenses	27,450	24,700	22,200	(5,250)		
Interest expenses	21,904	20,900	20,500	(1,404)		
Others	5,545	3,800	1,700	(3,845)		
Recurring Profit	30,544	22,800	22,100	(8,444)		
Extraordinary gains	71,642	77,100	110,600	38,958		
Contribution by subsidies for construction	17,583	67,300	67,800	50,217		
Gains on reversal from Urban Railways Improvement Reserve	5,307	5,300	5,307	0		
Gain from sales of fixed assets	48,410	3,300	11,400	(37,010)		
Gains from establishment of retirement benefit trust	-	-	25,000	25,000		
Others	341	1,200	1,093	752		
Extraordinary losses	79,051	200,100	220,000	140,949		
Appraisal loss on fixed assets	-	35,000	35,000	35,000	Golf courses 20,000	
Advanced depreciation deductions of fixed assets	10,739	61,200	58,000	47,261		
Addition to business investment loss reserve	14,865	-	-	(14,865)		
Loss on sales of fixed assets	16,828	23,600	24,500	7,672	Assignment of business of Gran Deco 9,897, Assignment of motorway business 6,530	
Loss on sales of affiliates stocks	-	-	6,000	6,000	Tokyu Herbill Golf Club 5,740	
Loss on disposal of fixed assets*	-	3,400	3,900	3,900		
Addition to Urban Railways Improvement reserve	2,335	2,400	2,400	65		
Appraisal loss on real estate for resale	2,708	1,200	1,200	(1,508)		
Appraisal loss on investments in subsidiaries and affiliates	21,771	67,000	72,000	50,229		
Appraisal loss on investment securities	8,866	152	200	(8,666)		
Loss on cancellation of land sales contract	-	-	14,200	14,200		
Others	935	6,148	2,600	1,665		
Income (loss) before income taxes	23,136	(100,200)	(87,300)	(110,436)		
Current Income taxes	18,621	-	-	(18,621)		
Deferred taxes	(2,436)	(35,900)	(23,000)	(20,564)		
Net income (loss)	6,950	(64,300)	(64,300)	(71,250)		

\* Majority of disposal of fixed assets consists of that of temporary structures for construction of new railroads and relating facilities over or under previously operated railroads upon completion . Rest of it is other properties and equipment on book.

**\*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.**