TRANSLATION FOR REFERENCE ONLY

26th March 2003
Tokyu Corporation

Tokyu Unveils Two-Year Medium-term Management Plan

Goal is Establishment of Management Practices at Consolidated Level Under a Holding Company Framework

Tokyu Corporation (Head Office: Shibuya-ku, Tokyo; President: Kiyofumi Kamijo) today unveiled a Two-Year Medium-term Management Plan that will take effect in April 2003.

This new management plan will see Tokyu resolve key financial issues, such as the adoption of new impairment accounting rules and the reduction of interest-bearing debt, in line with existing management policies. At the same time, Tokyu will establish management practices at the consolidated level that emphasize the development of businesses with steady flows of revenues, rather than those that rely solely on the size of their asset bases.

Since April 2000, the Tokyu Group has been implementing a range of measures based on three key themes set forth by the Tokyu Group Management Policy—focus resources on key businesses by realigning the group; improve group management; and revitalize businesses by advancing Group-wide growth strategies. These measures have driven sharp earnings and balance-sheet improvements throughout the Group over the three-year period through March 2003. Recurring profit has nearly doubled from ¥43.1 billion. Interest-bearing debt, which was initially ¥2,977.8 billion, was lowered by approximately ¥800.0 billion. And the number of group companies, which was 479 three years ago, has been reduced by around 120. Tokyu is projecting interest-bearing debt of 9.8 times EBITDA, and is thus on track to surpass its targeted ratio of no more than 10 times by 31st March 2003.

Please refer to the separate attachment for further details on Tokyu's Two -Year Medium-term Management Plan.

Reference

Overview of Tokyu Corp.'s Two-Year Medium-term Management Plan

1. Time Frame

From 1st April 2003 to 31st March 2005

2. Fundamental Principles

The new management plan will draw on the fundamental policies for the entire Tokyu Group that were first announced in April 2000. These include the establishment of a Group governance system led by the parent company; growth through business tie-ups and alliances both inside and outside the Group; and the management of risk by conducting a strict compliance program. Also, from the viewpoint of increasing value for all stakeholders, the priorities outlined below will be crucial.

1) Sustainability (sustainable business growth)
Target business domains that promise sustainable growth and introduce the necessary new management systems.
2) Visibility (transparent management)
Simplify the Group's organizational structure and processes so that they are easy to understand.
3) Accountability (clarification of responsibilities)
Fulfill obligation to report operating data, management policies and other pertinent information to all stakeholders.

These two overarching SVA concepts—<u>S</u>takeholder <u>V</u>alue <u>A</u>dded and <u>S</u>ustainability, <u>V</u>isibility and <u>A</u>ccountability—will form the basis of the new management plan.

3. Targets for the Year Ending 31st March 2005

(1) Qualitative Goals

1) Establish a management framework at consolidated level
2) Switch from an asset to a cash-flow driven business structure

(2) Quantitative Goals

Consolidated Targets:

1) Reduce consolidated net interest-bearing debt to less than 10 times operating cash flow.
2) Consolidated ROE of at least 10%.

Additional Group-wide Target:

Further reduce Group-wide interest-bearing debt to less than 9 times EBITDA.

4. Measures to Meet Targets

(1) Convert Tokyu Corporation into a Holding Company and Establish an Optimal Group-wide Portfolio

The Tokyu Group will work to establish an organizational framework that maximizes benefits for the entire Group. The Group, which was previously a loosely knit alliance of companies, will be restructured into three categories, each with clearly defined roles. The three categories are Tokyu Corporation, Function-based Subsidiaries and Portfolio Companies.

1) Convert Tokyu Corporation into a Holding Company and Realign Corporate Divisions

Operating departments will be placed within one of the two primary headquarters: the Railway Headquarters and the Urban Development Headquarters, which will provide lifestyle services for consumers living in communities centered around Tokyu's railway lines. Corporate departments will be placed under the jurisdiction of one of two headquarters: the Management Headquarters, which will formulate and implement management policies; and the Finance, Accounting & Group Strategy Headquarters, which will implement Group-wide financial strategies.

2) Function-based subsidiaries
These companies will perform specific functions required by the operations of Tokyu Corporation.

3) Portfolio companies
These companies will conduct businesses in accordance with Group principles and policies.

(2) Strengthen Group Management Practices by Introducing Group-wide Benchmarks

Adopt EVA as a Group-wide benchmark of internal control.

(3) Clarify Tokyu's Business Domains and Advance Growth Strategies

1) Tokyu will focus on two primary business domains: railway operations and urban development businesses. Another focus will be on developing a third core business that accelerates Tokyu's shift from asset-based to cash flow-driven businesses.

2) Tokyu's regional focus will be on areas alongside its railways. A strategy of selection and concentration will be applied to businesses that are conducted outside of those regions.

*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 readers that actual results may differ materially from expectations.