

*Goal is to Establish Management
Practices at Consolidated Level*

Two-Year Medium-term Management Plan

(From April 1, 2003 to March 31, 2005)

March 26, 2003



Tokyu Corporation

(9005)

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



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Group Management Principles & Policy



“Tokyu Group Management Principles”

**Work self-dependently and in collaboration
to raise Group synergy and
establish a trusted and beloved brand.**

Basic Management Policy of “Tokyu Group Management Policy” Apr. 2000

1. Governance

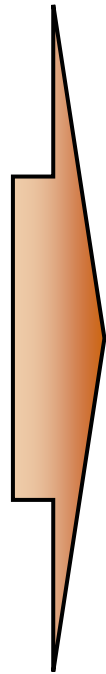
- Establishment of Tokyu Group governance by Tokyu Corp.

2. Alliance

- Growth by alliance both within and outside Tokyu Group

3. Compliance

- Risk management through Tokyu Group compliance management



Action Plans for “Tokyu Group Management Policy” Apr. 2000

1. Restructuring of Tokyu Group Business through ‘Selection and Concentration’

2. Development of the New Tokyu Group Management System

3. Vitalization of Business through Promotion of Tokyu Group Growth Strategy

Background of New Management Plan Formulation



1997

Defined “Self-dependency/responsibility and collaboration” as core management policy.

1998

Presented a policy of “Those who do not have Self-dependency/responsibility are not eligible to participate in the collaboration network” and requested “Three year management plan to Self-dependency/responsibilities” to 50 key companies.

1999

Established Strategy and Investor Relations Committee to overcome shrinking credibility and falling stock prices, as well as to promote group management and IR activities.

2000

Drew, announced, executed Tokyu Group Management Policy; Established a Tokyu Group Corporate Executive Committee to ensure the group governance system.

2001

Privatized Tokyu Hotel Chain Co., Ltd. as a wholly-owned subsidiary (integration of domestic hotel business); Withdrew petroleum sales business and reduced transportation businesses in regions.

2002

Integrated management in freight transportation business; Reorganized Tokyu Store Chain Co., Ltd. as a consolidated subsidiary; Privatized Tokyu Car Corp. as a wholly-owned subsidiary; Integrated management of JAS and JAL; Sold-out non-core businesses to outside entities; Downsized overseas businesses; Achieved group management target; Announced early adoption of impairment accounting.

The period of
the previous management plan

Restored Group-wide Financial Health



<A Quantitative Summary of the Previous Management Plan (Through 31 March 2003)>

■ Targeted Benchmarks

Target for Restoring Financial Health

Reduce Group-wide interest-bearing debt to no more than 10 times EBITDA

■ Recovery Since Year Ended 31 March 1999

	Interest-bearing debt (A)	EBITDA (B)	A/B
Actual for Year Ended 31 March 1999	¥3,039.7 billion	¥188.3 billion	16.1
Forecast for Year Ending 31 March 2003 (As of 27 November 2002)	¥2,188.2 billion	¥223.8 billion	9.8

“Target for EBITDA ratio is within reach”

Results of 'Selection and Concentration'



FY3/2000 Result	FY3/2003 Forecast	Difference
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(as of 27 Nov. 2002)

Number of group companies	479 companies	358 companies	-121 companies
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< Figures of Tokyu Group Publicly Traded Companies Combined >

Operating Revenues	3,070.9 billion yen	2,564.3 billion yen	-506.5 billion yen
Operating Profit	106.3 billion yen	121.8 billion yen	15.4 billion yen
Recurring Profit	43.1 billion yen	82.6 billion yen	39.4 billion yen
Net Income	-5.4 billion yen	23.1 billion yen	28.5 billion yen
Total Assets	4,927.5 billion yen	3,961.2 billion yen	-966.2 billion yen
Interest-bearing Debt	2,977.8 billion yen	2,188.2 billion yen	-789.5 billion yen
Interest Expenses	76.4 billion yen	50.0 billion yen	-26.3 billion yen
EBITDA	218.4 billion yen	223.8 billion yen	5.4 billion yen
Interest-bearing Debt / EBITDA Multiple	13.6 times	9.8 times	-3.9 Point

Business Principles and Management Goals of New Strategy



Business Principles

The First SVA Concept: Stakeholder Value Added

Corporations coexist with all stakeholders.

Good companies contribute to society
by creating value efficiently.

【 Business Principles 】

Public infrastructure
is the foundation
of Tokyu's business.

Employees

Households

Users

Customers

Shareholders

Debt holders

Government

Residents

A Strong Focus
on Urban Development

Clients

Consistency with Group Principles

【Management Goals】

Maximize
Stakeholder
Value

||

Maximize
Corporate
Value

Strengthen Management Approach



Business Principles



The First SVA Concept: Stakeholder Value Added

Management's approach to stakeholders

1. *Governance*
2. *Alliance*
3. *Compliance*

+

S

Sustainability

(sustainable business growth)

Target business domains that promise sustainable growth and introduce the necessary new management systems.

V

Visibility

(visible management)

Execute simple and visible group organizational structures and processes.

A

Accountability

(clear responsibilities)

Fulfill obligation to account for status of management to all stakeholders.

**The Second
SVA Concept**

Drive Growth through the Tokyu Domain Strategy

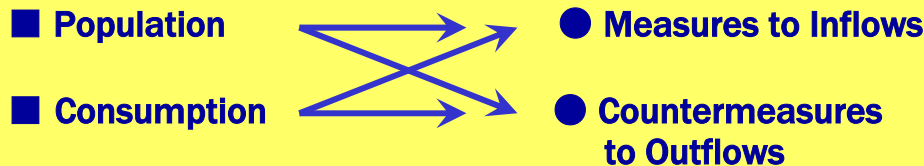


The Greater Tokyo Area

Target areas alongside Tokyu railways

Deepen business models that capture synergies with railway operations

【Focal points】



【Growth Strategy – focus resources on core businesses】

■ Realign real estate business in areas alongside railways

■ Development of Shibuya etc.

■ Enhance retail functions alongside railways

Can this become a 3rd core business?

Support from the REIT business

Expand successful business model developed in areas along railways to nationwide

Expand brands

Expand business models

Nationwide

■ Expand specific types of businesses

Selection and Concentration in each business

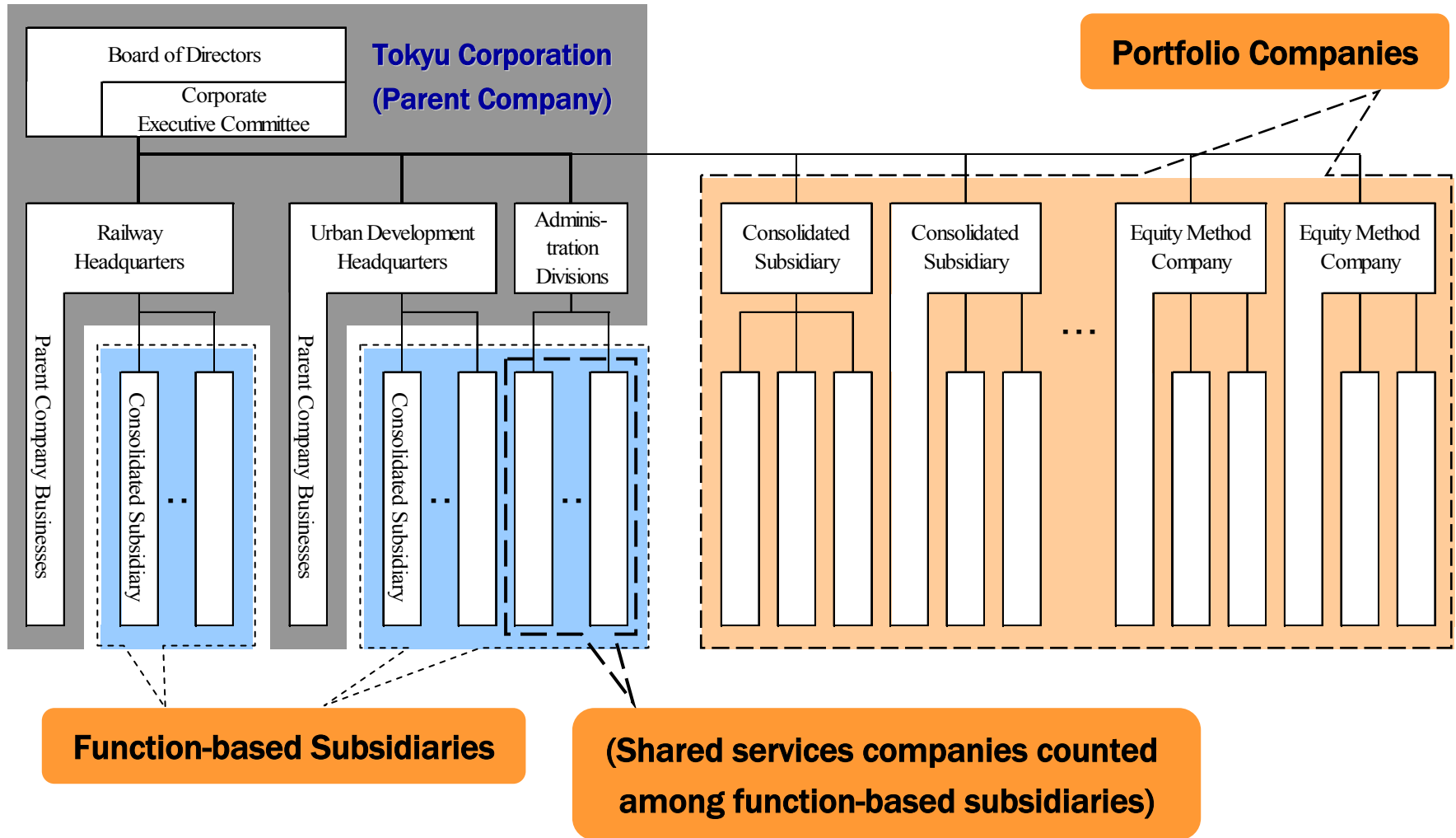
■ Business Expansion in targeted regions

Selection and Concentration in each region

Group Business Holding Company and Group-wide Portfolio



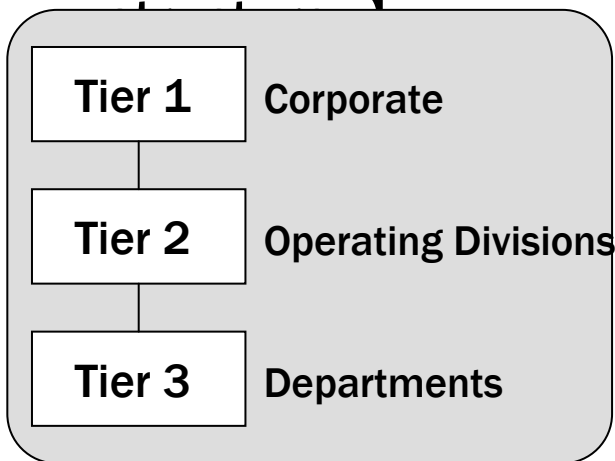
【 Schematic 】 < Positioning of Tokyu Corporation and Subsidiaries, etc. >



Realign Functions at Parent Company Operating Divisions

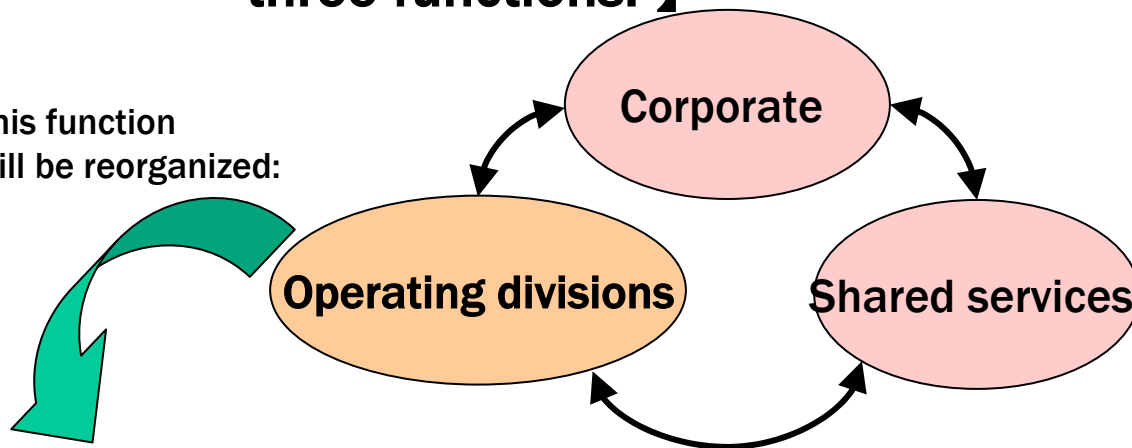


【 Previously, Tokyu Corp. had a three-tier

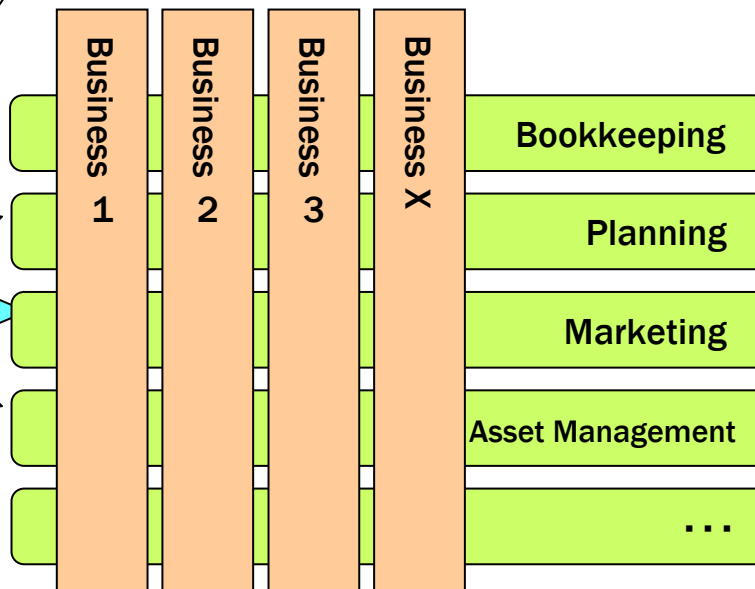


【 Hereinafter, restructure three functions: 】

This function will be reorganized:



From a vertical hierarchy to a cross-functional organization



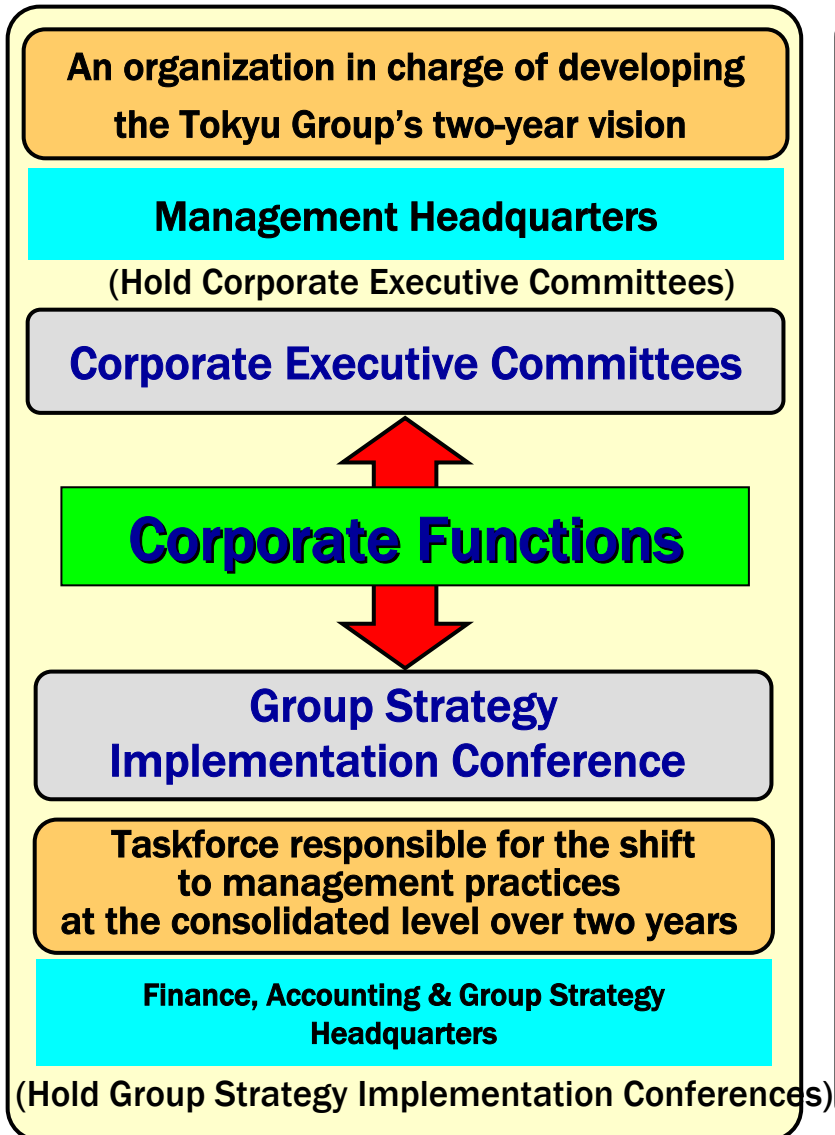
The hierarchical image of operating divisions will be replaced with the following concepts:

- Vertical functions (Individual businesses)
- Cross-functions (Common to all businesses)

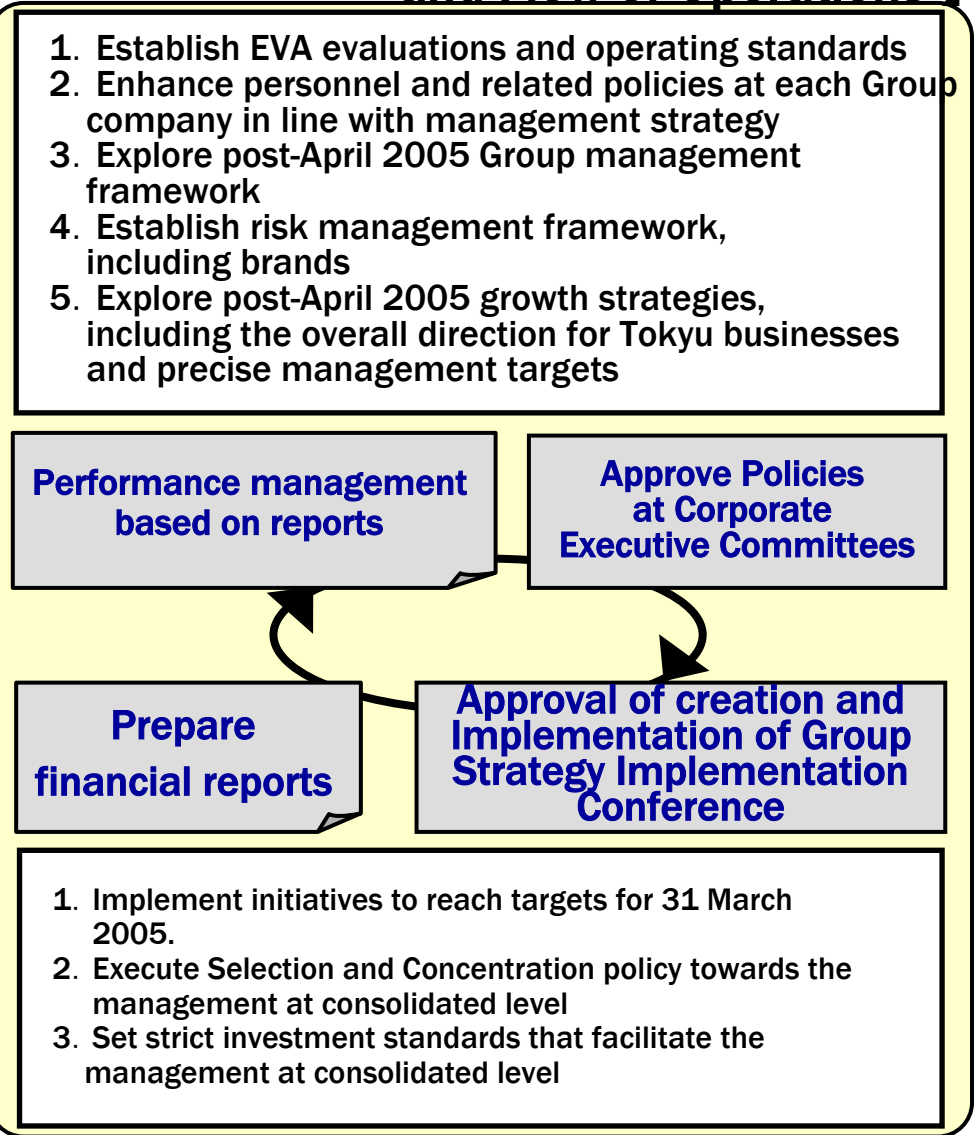
Strengthen Corporate Division Functions



【 Overview of Conferences 】



【 Missions of Corporate Divisions and Flow of Operations 】



Management Targets at Consolidated Level



【 Main Targets 】

	FY 3/2002 Actual	FY 3/2005 Target
Consolidated Net Interest-bearing Debt / Operating Cash Flow	21.9 times	Less than 10 times
Consolidated ROE	8.1 %	More than 10 %

【 Secondary Group-wide Target 】

Group-wide Interest-bearing Debt / EBITDA Multiple	11.8 times	Less than 9 times
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Three Goals of New Management Plan



Qualitative Goals

- 1. Establish a consolidated management framework**
- 2. Reform management structure of Tokyu Corporation**
- 3. Nurture a third core business**

Quantitative Goals

- 1. Achieve consolidated management targets**
- 2. Generate profit in all consolidated segments**
- 3. Increase consolidated ordinary income to two times of non-consolidated one**

Post Achievement of the Targets



	Consolidated		
	FY 3/2002 Actual	FY 3/2005 Target	Difference
Operating Revenues	1,058.1 billion yen	1,040.0 billion yen	- 18.1 billion yen
Interest-bearing Debt	1,537.7 billion yen	1,200.0 billion yen	- 337.7 billion yen
Operating Cash Flow	65.5 billion yen	112.0 billion yen	46.5 billion yen
Number of Companies	FY 3/2002 243 Consolidated Subsidiaries, 42 Equity-method Companies		

***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.