

Situation of Group Businesses

27 March 2003

Explanatory Meeting for Investors



Tokyu Corporation

(9005)

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

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Impairment Loss Scheme (1)

【Background】

1. Due to early application of impairment loss accounting, strict evaluation of Tokyu Construction's assets carried out
2. Significant possibility that application of “the Guideline for Multi-Creditor Out-of-Court Workouts” may impair operating activities
3. Offset impairment losses of more than ¥100 billion with gains on the transfer of rights to certain operations to a third party entity based on estimates of future income and ¥60 billion in shareholders' equity

【Objectives】

- Radical approach to construction-related impairment losses
- Create new Tokyu Vision based on the formulation of a new management plan

1. Recast Tokyu Construction as independent business partner of Tokyu Corporation, and shift to a portfolio company founded on EVA approach
2. Relist on the market to reduce burden on existing shareholders
3. Increase independence by redefining role of Tokyu Corporation management as external directors
4. Make additional investments to normalize the credit standing of asset holding companies

Impairment Loss Scheme (2)

Impairment Losses - ¥ (100) billion

**Evaluation of
Impairment Losses
¥ 100 billion**

**Gains on transfer of rights to
certain operations
Several ¥ billions
(As of 1 Oct. 2003)**

[FY 3/2003 (Forecast)]

Capital	¥ 37 billion
Surplus Capital	¥ 25 billion
Total	¥ 62 billion

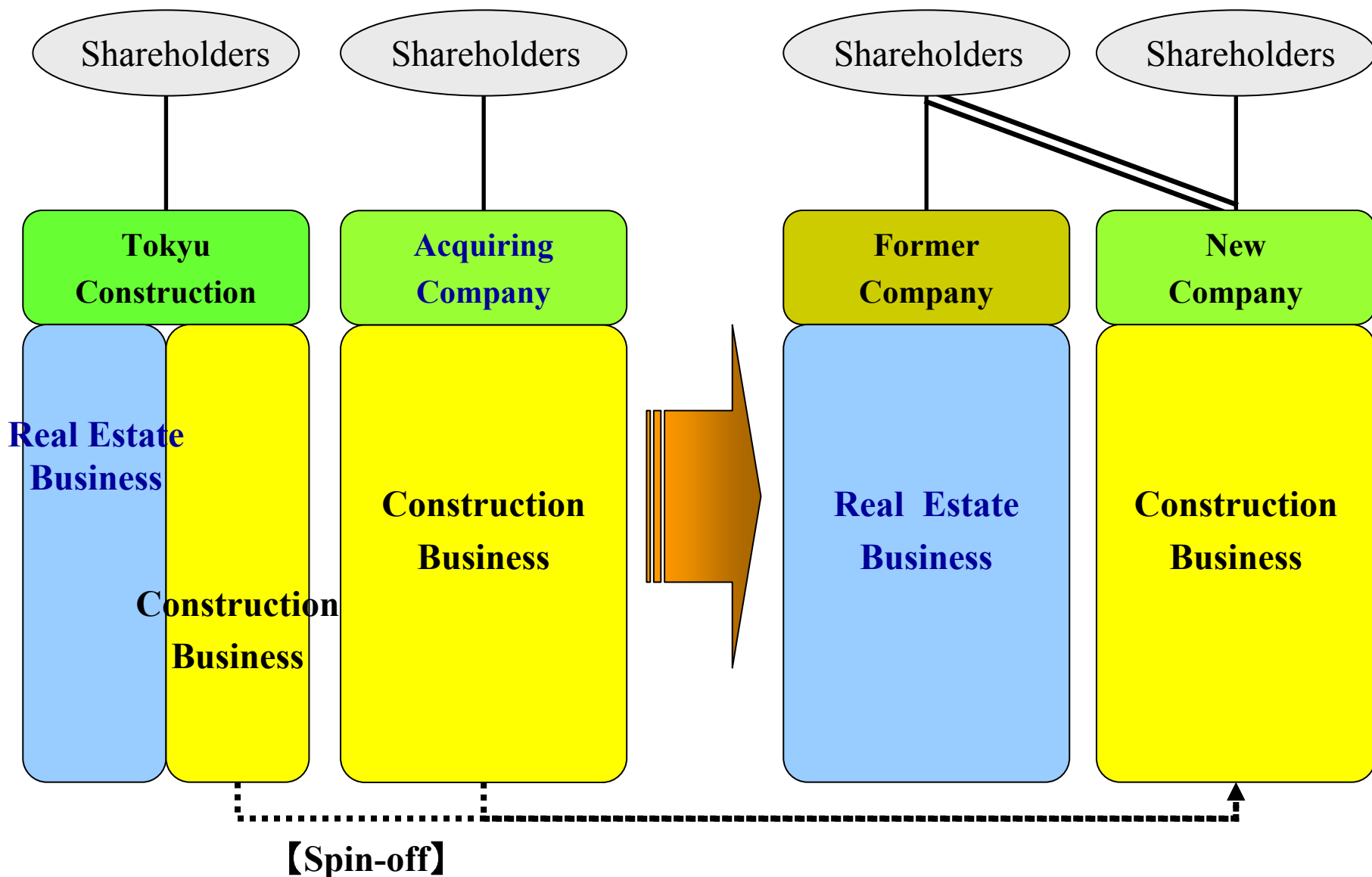
Real Estate	¥ 130 billion
Other Assets	¥ 47 billion
Borrowings	¥ 174 billion
Portion of Capital	¥ 2 billion

**Normal
Credit Standing**

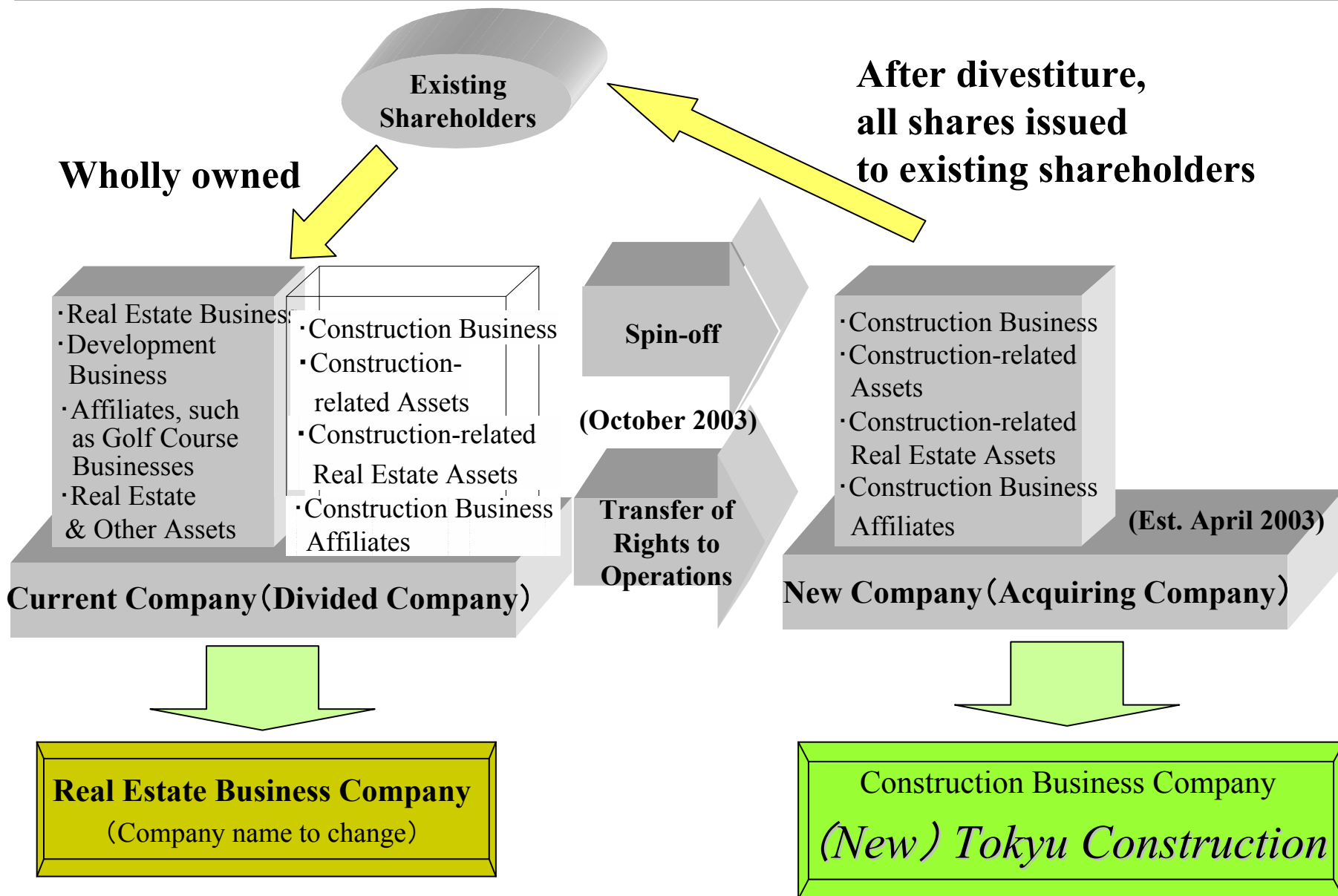
**Debt surplus
after evaluation
- ¥ 38 billion**

**Investment in Tokyu Construction to Cover Shortfall: ¥40 billion
(Recoverable from proceeds from sale of assets)**

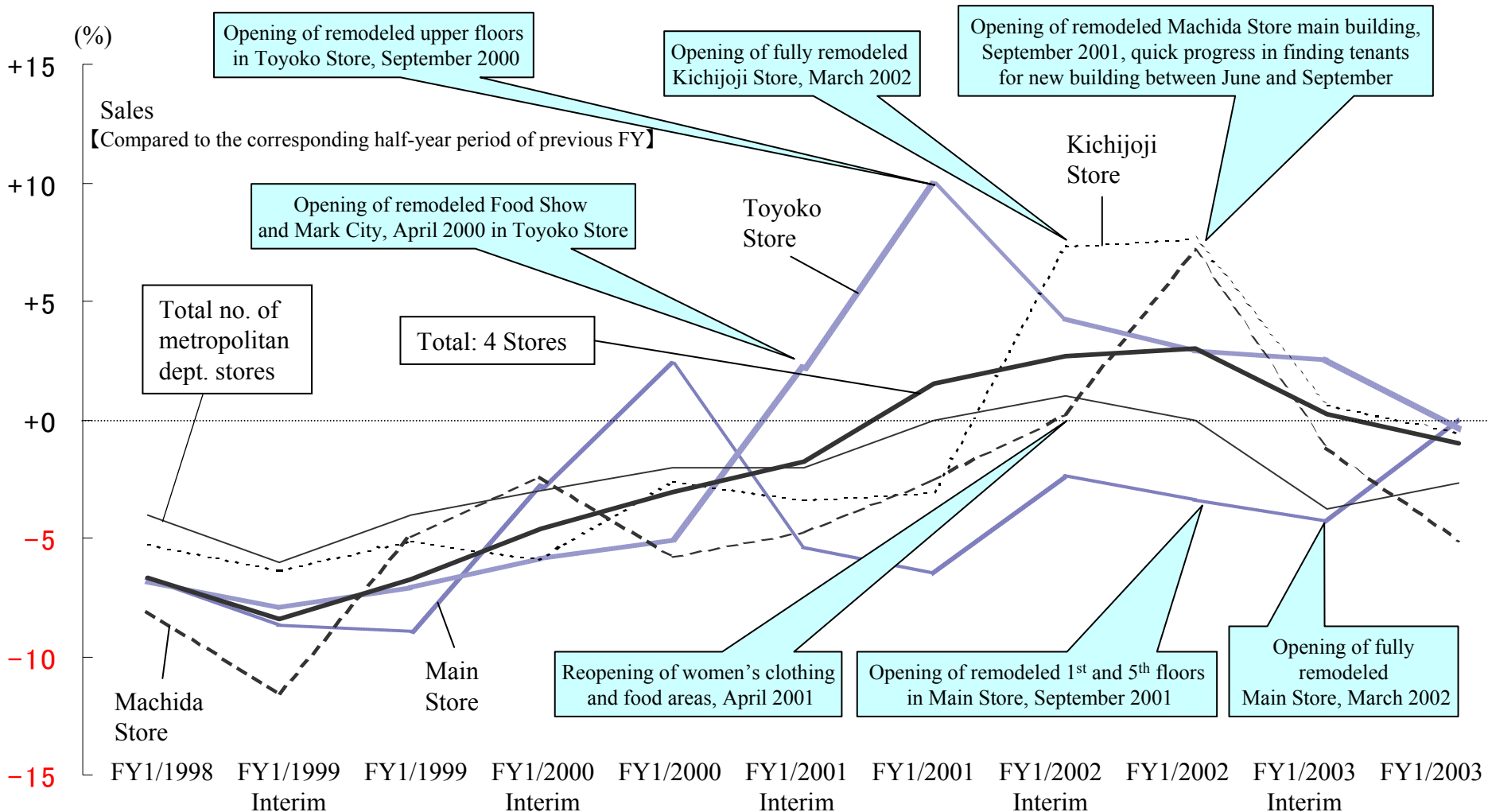
Corporate Divestiture Overview (Spin-off) (1)



Corporate Divestiture Overview (Spin-off) (2)



Operating Performance (1)



Despite posting stronger year-on-year sales growth compared to competitors operating in the same geographies, forecasting further growth at present is unrealistic

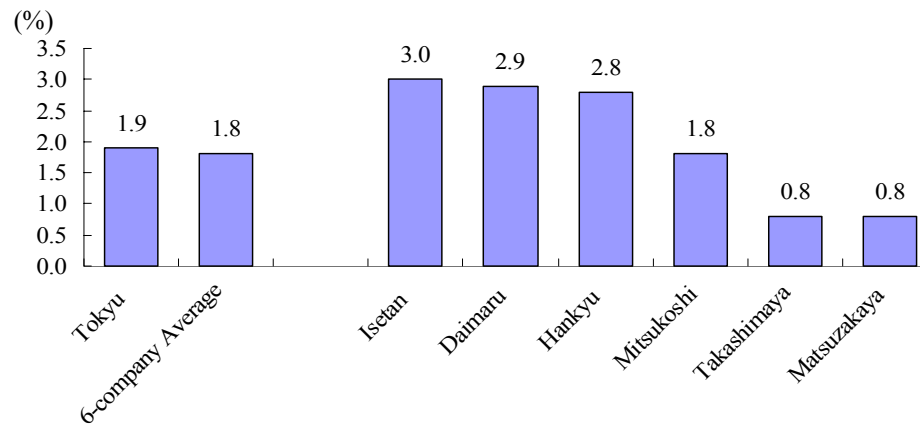
Operating Performance (2)

< Fiscal 2001 >

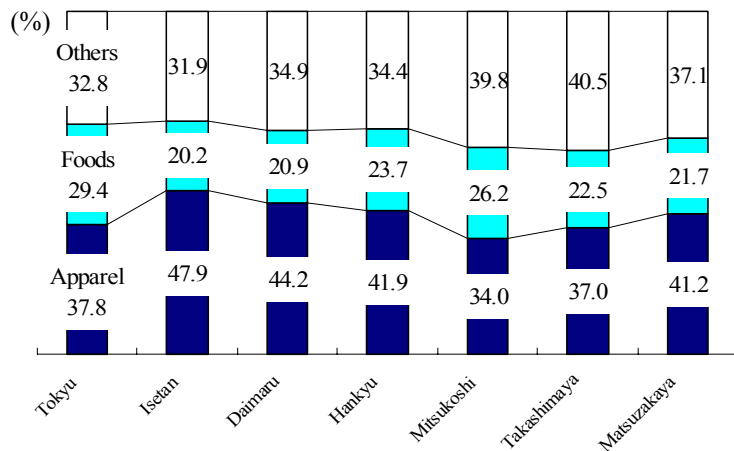
【 Industry Performance Comparison 】

(¥ billion)							
Name	Tokyu	Isetan	Daimaru	Hankyu	Mitsukoshi	Takashimaya	Matsuzakaya
Year Ended	02/1	02/3	02/2	02/3	02/2	02/2	02/2
Sales	250.4	440.5	423.9	305.7	680.2	984.8	339.1
Gross Profit	63.8	120.0	116.8	86.7	177.0	268.7	79.5
Gross Margin (%)	25.48	27.26	27.57	28.38	26.03	27.29	23.45
Operating Income	4.8	13.2	12.1	8.4	11.9	8.3	2.5
Operating Margin (%)	1.9	3.0	2.9	2.8	1.8	0.8	0.8
EBITDA Ratio	15.3	5.2	4.9	1.6	5.9	11.4	9.1
Interest-bearing Debt	120.8	97.0	79.3	20.4	121.0	185.2	57.7

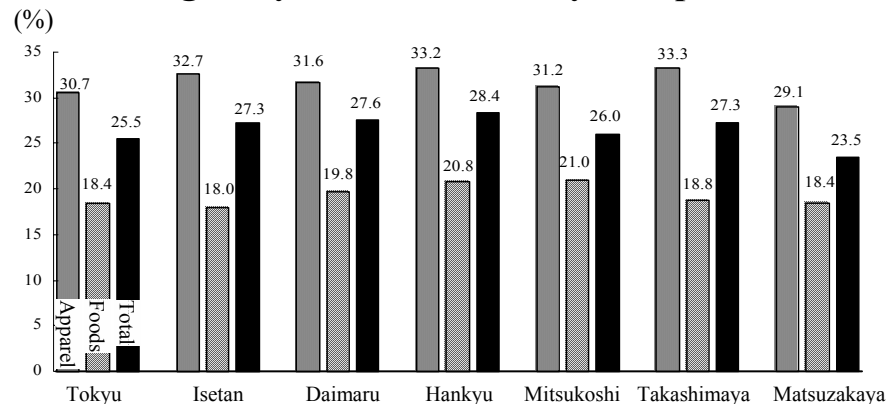
【 Operating Margins, Industry Comparison 】



【 Sales by Product, Industry Comparison 】



【 Gross Margins by Product, Industry Comparison 】



Although operating margins in the period ended 31st Jan. 2002 were on a par with our six main competitors, debts are still weighing heavily on operating performance

Reviewing Approach to Tokyu Department Store

■ Loss on sale of shares etc.	¥ 80.5 billion
■ Overseas investments	¥ 42.4 billion
■ Domestic Investments	¥ 58.8 billion
■ Early retirement expenses etc.	¥ 7.0 billion
■ Other losses	¥ 45.7 billion

■ Gains from sale of shares	¥ 84.8 billion
■ Gains from sale of assets	¥ 58.9 billion
■ Other	¥ 25.6 billion
■ Reversal of reserves etc.	¥ 74.3 billion

Realigning Inefficient Assets

Reform of Personnel System
Early Retirement etc.
¥ 3.8 billion

*Steps to Reform
Earnings
Structure*

- Introduction of wage system by job type/region
- Change in business format and profit management by product category
- More flexibility on store opening hours

Effects of Personnel
System Reforms

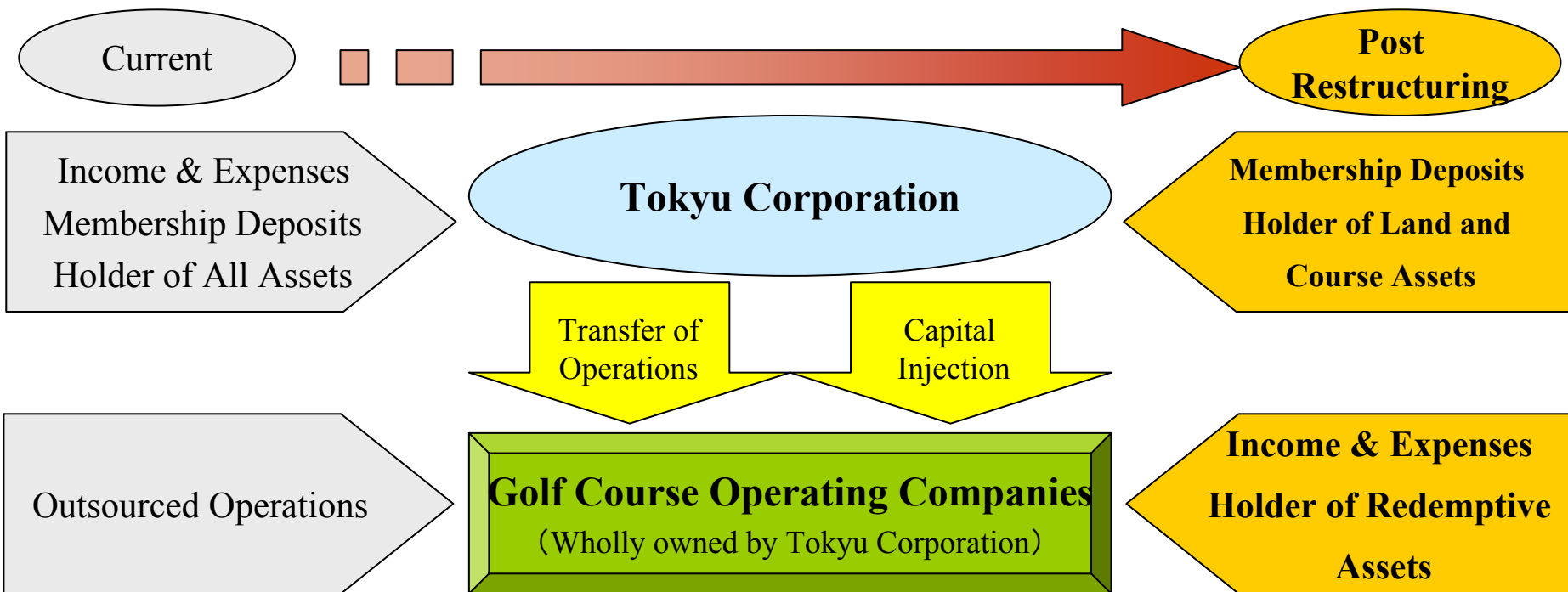
Effects of Daimaru
Store Opening
in Sapporo

Effects of Impairment
Loss Accounting

Restructuring Golf Course Business Operations

April 2003

Excluding the golf course membership management business, Tokyu Corporation will transfer golf course business operations to golf course operating companies and inject capital



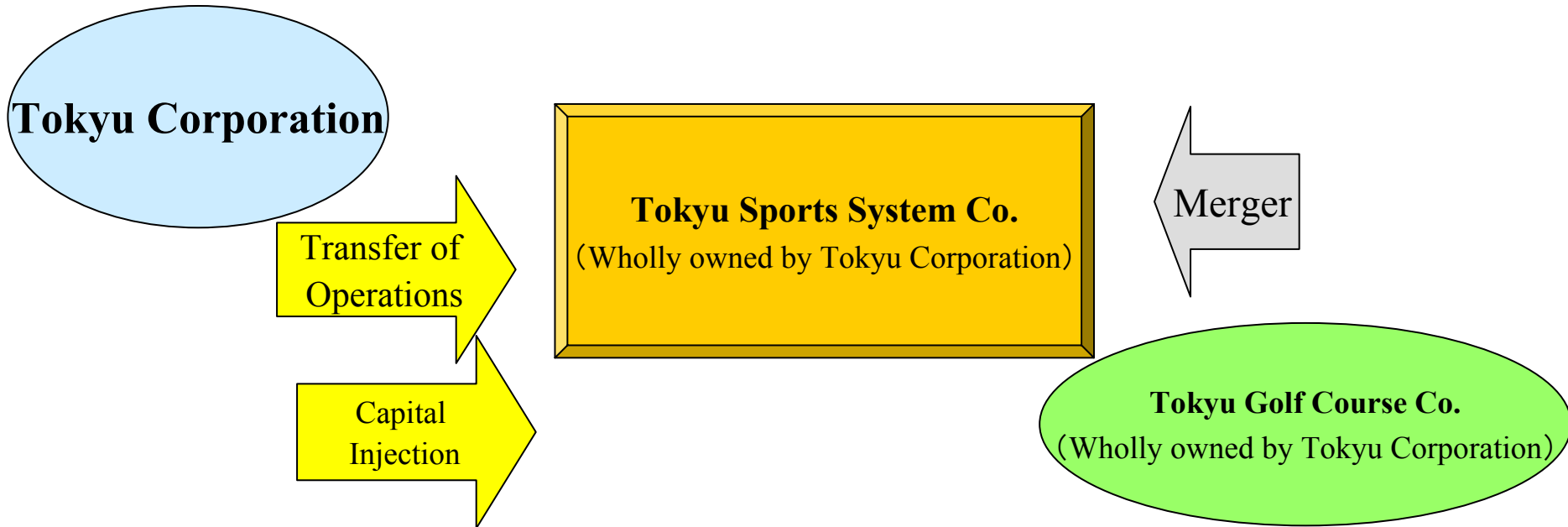
Move to golf course operations overseen by specialist operating companies means Tokyu will be better placed to respond to customer needs and shifts in the operating environment

Integrating the Sports Businesses



April 2003

Tokyu Corporation will transfer all its sports business operations to Tokyu Sports System Co. and merge Tokyu Golf Course Co. with the same company. Tokyu will secure capital for the new company.



By creating a specialist operating entity, Tokyu will be better placed to respond to customer needs and shifts in the operating environment.

Progress in the REIT Business

Aiming for a REIT Business market listing in the first half of FY2003

< Applications filed with the Land, Infrastructure and Transportation Ministry and under preparation at the Financial Services Agency >

< Real estate with an estimated value of over ¥ 70 billion secured >
 (Q-FRONT Building, Tokyu Corporation Head Office building and other properties contributed by Tokyu Group)

