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November 27, 2002

Consolidated Earnings Report

for Six Months Ended September 30, 2002

(April 1, 2002 – September 30, 2002)

Company Name:	Tokyu Corporation
Stock Exchange Listing:	Tokyo Stock Exchange
Code Number:	9005
URL:	http://www.tokyu.co.jp/
President:	Kiyofumi Kamijo
Head office:	Tokyo
SEC accounting standards:	The company does not apply SEC accounting standards.

1. Consolidated Results of Operations for Fiscal 2002 Interim (April 1, 2002 – September 30, 2002)

(1) Consolidated Business Results *(Figures less than ¥1 million are rounded down)*

	Revenue from Operations		Operating Income		Recurring Income		Net Income	
	¥ mln	%	¥ mln	%	¥ mln	%	¥ mln	%
Fiscal 2002 Interim	599,702	27.1	35,017	23.4	20,223	106.5	(12,078)	-
Fiscal 2001 Interim	471,869	5.3	28,384	(23.8)	9,792	(47.5)	4,518	-
Fiscal 2001	1,058,156		52,719		18,293		11,891	

	Net income per share	Net income per share (diluted)
	¥	¥
Fiscal 2002 Interim	(10.81)	-
Fiscal 2001 Interim	4.08	-
Fiscal 2001	10.66	10.00

Notes:

(1) Equity in income (losses) of equity-method affiliates:
Fiscal 2002 Interim: ¥613 million, Fiscal 2001 Interim: ¥ (1,408) million, Fiscal 2001: ¥ (2,678) million

(2) Weighted average number of shares (Consolidated):
Fiscal 2002 Interim: 1,117,781,457, Fiscal 2001 Interim: 1,108,167,165, Fiscal 2001: 1,115,195,410

(3) Changes in accounting standards were not applicable to the above figures.

(4) The percentage figures accompanying revenue, operating income, recurring income and net income represent year-on-year changes.

(2) Consolidated Financial Position

	Total assets (¥ mln)	Shareholders' equity (¥ mln)	Shareholders' equity ratio (%)	Shareholders' equity per share (¥)
Fiscal 2002 Interim	2,553,458	139,324	5.5	124.68
Fiscal 2001 Interim	2,528,029	151,562	6.0	135.01
Fiscal 2001	2,497,041	156,143	6.3	139.11

Number of shares outstanding at the end of Fiscal 2002 Interim: 1,117,437,478, Fiscal 2001 Interim:1,122,574,677, Fiscal 2001 1,122,439,190

(3) Consolidated Cash Flows

	Operating Activities	Investing Activities	Financing Activities	Cash and Cash Equivalents at End of the Period
	¥ mln	¥ mln	¥ mln	¥ mln
Fiscal 2002 Interim	42,810	(28,150)	(44,533)	74,688
Fiscal 2001 Interim	13,885	(30,225)	(27,453)	90,805
Fiscal 2001	65,559	(70,342)	(30,846)	99,735

(4) Scope of Consolidation and Adoption of the Equity Method

Consolidated subsidiaries: 247

Unconsolidated subsidiaries accounted for by the equity method: 1

Affiliates accounted for by the equity method: 37

(5) Changes in Extent of Consolidation and Affiliates Accounted for under the Equity Method

Consolidated subsidiaries:

New 18

Excluded 14

Affiliates accounted for under equity method:

New 1

Excluded 5

2. Consolidated Forecast for Fiscal 2002 (April 1, 2002 – March 31, 2003)

	Revenue from Operations (¥ mln)	Recurring Income (¥ mln)	Net Income (¥ mln)
Full year	1,400,000	53,600	2,000

Reference: Projected net income per share for the full year: ¥1.79

Note: The forecast results presented above are based on information available on the date of this earnings release. Actual results may differ substantially from forecasts depending on a number of factors.

Please refer to page 13 for more details on these forecasts.

1. The Tokyu Group

The Tokyu Group comprises 248 subsidiaries and 38 affiliates. Their business operations are as follows.

Grouping by business types is identical to the breakdown by operating segments.

(1) Transportation (53 companies)

Main businesses	Companies
Railway operations	Tokyu Corp., Izukyu Corp. #1 A, C, Ueda Kotsu Corp. #1
Bus operations	Tokyu Bus Corp. #1 A, B, C, Jotetsu Corp. #1, Tokyu Shachi Bus Co., Ltd. #1 C, Kusakaru Corp. #1 A, B
Cargo Transportation	Tokyu Logistic Co., Ltd. (Formerly Sotetsu Transportation Co., Ltd.) #1 A,B, Tokyu Air Cargo Co., Ltd. #1, Nihon Kamotsu Kyuso Co., Ltd. #1 A, Tokyo Tsuun Co., Ltd. #1 A
Flight operations	Japan Air System Co., Ltd. #2
	41 other companies

(2) Real Estate (46 companies)

Main businesses	Companies
Real estate sales	Tokyu Corp., Tokyu Land Corp. #2 A, B, C
Real estate leasing	Tokyu Corp., Tokyu YMM Properties Co., Ltd. #1, Shibuya Development Inc. #1 A, Kitami Tokyu Building #1 C
Real estate management	Tokyu Community Corp. #2 A, B, C, Tokyu Facility Service Co., Ltd. (Formerly Tokyu Service Corp.) #1 A, B, Yanchep Sun City PTY. LTD. #1 B
Real estate brokerage services	Tokyu Livable, Inc. #2 A, B
	37 other companies

(3) Retail (35 companies)

Main businesses	Companies
Department store operations	Tokyu Department Store Co., Ltd. #2 A, C, D, Nagano Tokyu Department Store Co., Ltd. #2 D
Retail operations	Tokyu Store Chain Co., Ltd. #1 A, D, Sapporo Tokyu Store Chain Co., Ltd. #1, Tokyu Hands Inc. #2 A, D, Toko Shoji #1 A, B
General trading operations	Kowa #1, Tokyu Geox Co., Ltd. #1 D
	27 other companies

(4) Leisure and Services (64 companies)

Main businesses	Companies
Travel agency	Tokyu Tourist Corp. #1 A
Movie theater operations	Tokyu Recreation Co. Ltd. #2 A
Golf course operations	Tokyu Corp., Three Hundred Club Co., Ltd. #1, Tokyu Herbhill Golf Club #1
Advertising agency	Tokyu Agency Inc. #2 A, B
CATV operations	its communications Inc. #1 A, B
Rental car operations	Nippon Rent'a Car Tokyu Co., Ltd. #1 A, Nippon Rent'a Car Hokkaido #1
	55 other companies

(5) Hotels (67 companies)

Main business	Companies
Hotels	Tokyu Corp., Tokyu Hotel Chain Co., Ltd. #1 A, Kansai Tokyu Inn and 25 other companies #1 B, Pan Pacific Hotels and Resorts Pte. Ltd. #1, Mauna Lani Resort (Operation), Inc. #1 37 other companies

(6) Construction (15 companies)

Main business	Companies
Construction	Tokyu Construction Co., Ltd. #1 A, B, Seikitokyu Kogyo Co., Ltd. #2 A 13 other companies

(7) Other (31 companies)

Main businesses	Companies
Manufacture and maintenance of rolling stock for railway operations	Tokyu Car Corp. #2 A, B, C, D, Toyoko Industry Co., Ltd. #1 A, B, D
Automotive parts manufacturing	Shiroki Corp. #2
Telecommunications marketing	Toyoko Denko Co., Ltd. #1 B
Research activities	Tokyu Research Institute, Inc. #1 B
Food products manufacturing	Gold Pak Co., Ltd. #1 D
	25 other companies

Notes #1 Subsidiary, #2 Affiliate

1. There is an overlap of the following companies in segmentation by business lines: Tokyu Corp, Tokyu Construction Co., Ltd., Guam Pacific Tokyu Construction, Inc., Life Systems Co., Ltd., Tokyu Tourist Corp., Izukyu Corp., Jotetsu Corp., Kusakaru Corp., Tokyu Facility Service Co., Ltd., Tokyu Bus Corp., Tokyu Canada Corp. and Mauna Lani Resort (Operation), Inc., Tokyu Logistic Co., Ltd., Tokyo Tsuun Co., Ltd., Abashiri Kotsu, Inc.
2. Tokyu Corp., Tokyu Tourist Corp., Seikitokyu Kogyo Co., Ltd., Tokyu Store Chain Co., Ltd., Tokyu Community Corp., and Tokyu Livable, Inc. are listed on the 1st Section of the Tokyo Stock Exchange. Tokyu Construction Co., Ltd. and Tokyu Land Corp. are listed on the 1st Sections of the Tokyo Stock Exchange and Osaka Securities Exchange. Tokyu Department Store Co. Ltd. is listed on the 1st Section of the Tokyo Stock Exchange and on the Sapporo Securities Exchange. Shiroki Corp. is listed on the 1st Sections of Tokyo Stock Exchange and Nagoya Stock Exchange. Izukyu Corp., Tokyu Recreation Co., Ltd., Tokyu Logistic Co., Ltd are listed on the 2nd Section of Tokyo Stock Exchange. Nagano Tokyu Department Store Co., Ltd. is registered on the OTC market.
3. The Company rents facilities to companies marked (A)
4. The Company outsources work to companies marked (B)
5. The Company leases facilities from companies marked (C)
6. The Company procures merchandise from companies marked (D)

Description of Principal Business Lines as of the End of the Interim Fiscal 2002:

Transportation

Railway Operations: The Company operates seven railway lines and a streetcar line –Toyoko Line, Meguro Line, Den-en-toshi Line, Oimachi Line, Ikegami Line, Tokyu Tamagawa Line, Kodomonokuni Line and Setagaya Line in southwestern Tokyo and Kanagawa Prefecture. The total track length is 102.1 kilometers. Izukyu Corp., a consolidated subsidiary, operates a 45.7km line between Ito and Izukyu Shimoda in the Izu peninsula. Ueda Kotsu Corp., another consolidated subsidiary, operates an 11.6km long passenger line between Ueda and Bessho Onsen, in Nagano Prefecture.

Bus Operations: Tokyu Bus Corp. operates scheduled bus services in the southwestern Tokyo and Kanagawa Prefecture. In Hokkaido, consolidated subsidiary Jotetsu Corp. operates scheduled bus services, and also provides chartered bus services throughout Hokkaido. Consolidated subsidiary Tokyu Shachi Bus Co., Ltd. operates a chartered bus service in Aichi Prefecture.

Cargo Transportation: Freight transportation services are operated by consolidated subsidiaries Tokyu Logistic Co., Ltd., Nihon Kamotsu Kyuso Co., Ltd., Tokyo Tsuun Co. Ltd. Most of their operations are centered in metropolitan Tokyo. The light and heavy cargoes carried extend from fresh food and amenity goods to steel and construction materials. The Group also offers a wide range of logistics services, including packaging and warehousing. Tokyu Air Cargo Co., Ltd., a consolidated subsidiary, is engaged in freight forwarding of air and marine cargos. The company provides all required import and export-related services, including customs clearance, collection and delivery, inventory management and logistics processing services.

Flight Operations: Japan Air System Co., Ltd, an affiliate, operates scheduled and non-scheduled flights, mainly on domestic routes. Japan Air System has become a Japan Airlines Group company following integration in October 2002 with Japan Airlines Co., Ltd. under a newly established joint holding company, Japan Airlines System Corporation.

Real Estate

Real estate sales: The Company's principal operations include land development, primarily at Tama Garden City, housing construction and marketing and real estate consulting. Affiliate Tokyu Land Corp. operates in metropolitan Tokyo, the Kinki region and major urban centers in regional Japan. The company is engaged in residential land development and marketing, and the construction and marketing of detached houses, medium to high-rise condominiums, and resort housing. Tokyu Land is also engaged in joint marketing of built-for-sale houses, a system in which the company works with Tokyu Corporation to build and market family homes on residential land developed by Tokyu Corporation.

Real estate leasing: The Company's real estate leasing operations primarily focus on renting office buildings along the railway lines we operate in Tokyo and Kanagawa prefecture. Tokyu Land Corp., an affiliate, is also engaged in the real estate leasing business, mainly office building leasing, and operates primarily in the Tokyo metropolitan area, the Kinki region and in major regional cities.

Real estate management: Tokyu Community Corp., an affiliate, and consolidated subsidiary Tokyu Facility Service Co., Ltd. are engaged in comprehensive building management services (management of building facilities, cleaning and security services), and condominium management services (including administration and facilities management).

Real estate brokerage services: Tokyu Livable, Inc., an affiliate, has an extensive network closely linked to local communities in principal cities in the Kanto region and surrounding areas, where it offers real estate brokerage and related services.

Retail

Department store operations: Tokyu Department Store Co., Ltd., an affiliate, operates department stores in Shibuya, Kichijoji, Machida and Sapporo. Nagano Tokyu Department Store Co., Ltd. operates department stores in Nagano Prefecture.

Retail operations: Tokyu Store Chain Co., Ltd., another affiliate, operates chain stores, handling foods, apparel, and household necessities, principally in the Tokyo metropolitan region. Sapporo Tokyu Store Chain Co., Ltd., a consolidated subsidiary, operates a similar chain, with most of its stores in Sapporo City in Hokkaido.

General trading operations: Tokyu Geox Co., Ltd., a consolidated subsidiary, manufactures and markets aggregates, and Kowa, another subsidiary, deals mainly with materials.

Leisure and Services

Travel agency: Consolidated subsidiary Tokyu Tourist Corp. partners with domestic transportation companies, hotels, Japanese inns, and tourist facilities to provide domestic travel services for individuals, groups and educational institutions. Tokyu Tourist Corp. also handles individual and group travel overseas through agreements with international airlines, overseas hotels and local travel agents.

Golf course operations: The Company operates eight golf courses in Japan, including "Five Hundred Club" in Susono City, Shizuoka Prefecture. The Tokyu Group comprises six golf course operators including consolidated subsidiary Three Hundred Club Co., Ltd.

CATV operations: its communications Inc., a consolidated subsidiary, offers CATV and ISP services through a fiber-optics network and a co-axial cable network, primarily along the Company's railway lines in Tokyo, Kawasaki and Yokohama.

Hotel: In Japan, Tokyu Corporation and consolidated subsidiary Tokyu Hotel Chain Co., Ltd. integrated their respective hotel chains, Tokyu Inn Chain and the Tokyu Hotel Chain, into a single hotel chain named "Tokyu Hotels." The two companies currently operate this hotel chain, which consists of several brands: Tokyu Hotel, Excel Hotel Tokyu, Tokyu Inn and Tokyu Resort (Total: 50 hotels). Consolidated subsidiary Tokyu Hotel Management Co., Ltd. provides hotel reservations services and is also engaged in marketing.

In April 2003, the Company plans to transfer its hotel business to Tokyu Hotel Chain Co., Ltd.

Overseas, consolidated subsidiary Pan Pacific Hotels and Resorts Pte. Ltd. operates hotels and provides hotel management services. The company manages 15 hotels in 10 countries, most of which are located in the Asia-Pacific region.

Construction

Consolidated subsidiary Tokyu Construction Co., Ltd. is responsible for construction of housing, office buildings, government buildings, as well as civil engineering projects for highways and railways and land development. Seikitokyu Kogyo Co., Ltd., an affiliate, focuses on civil engineering, road pavement, water works, and other general construction.

Other

Rolling stock: Affiliate Tokyu Car Corp. specializes in the manufacture of rolling stock for railway operations, specialty vehicles and elevated parking systems. Toyoko Industry Co., Ltd., a consolidated subsidiary, is responsible for the design, manufacture, maintenance and scheduled inspection of equipment for rolling stock for railway operations, and also designs and installs railroad-related electrical equipment.

Automotive parts: Affiliate Shiroki Corp. manufactures and markets major automobile parts, such as door sashes, directly to leading automakers. The company also produces and markets transportation machinery and equipment parts.

Food products manufacturing: Consolidated subsidiary Gold Pak Co., Ltd. manufactures and markets vegetable and fruit juice drinks and manufactures products for beverage companies on an OEM basis.

2. Management Policy

(1) Basic Management Policy

The Tokyu Group traces its roots back to the establishment of Meguro-Kamata Railway Company in 1922. As of September 30, 2002, the Group consisted of 398 companies and 9 public corporations, with Tokyu Corporation the core company. The Group's operations focus on urban development centered on railway operations. Over the years, the Group has diversified to provide a wide range of services related to the daily lives of people. The Group is also actively involved in social programs and environmental activities through foundations, social activities, and Tokyu Association programs.

The Group seeks to fulfill its social responsibilities by building a business deeply rooted in local communities. In 1997, the Group spelled out its core management policy: "Work independently and in collaboration to raise Group synergy and establish a trusted and beloved brand." Toward this goal, the Group adopted the slogan "Toward a Beautiful Age," and has been working toward realizing its Group philosophy of "Creating a Beautiful Living Environment." Stronger collaboration among Group companies coupled with respect for their autonomy are key to harnessing creativity so as to maximize synergies. The Group ultimately seeks to endear the Tokyu brand to the public, making it a symbol of trust.

To sustain growth in the 21st century, the Tokyu Group is implementing the measures outlined in the Tokyu Group Management Policy formulated in April 2000. The management policy emphasizes the Company's position as the major shareholder of the companies comprising the Tokyu Group and as the owner of the Tokyu brand. The Tokyu Group Basic Management Policy and the Tokyu Group Management Policy Implementation Plan are the cornerstones of the Group. These initiatives have placed Tokyu firmly on track to achieving its current management goals in March 2003. Preparations are now underway for formulating the next action plan to take the Tokyu Group to the next stage of its growth.

(2) Medium- to Long-Term Management Strategy and Pressing Issues

The Tokyu Group's management strategy revolves around three overarching themes. One is the establishment of Group governance by the Company. The second theme is driving growth through business alliances inside and outside the Group. The third is compliance-based risk management. Based on these themes, the Group outlined the following three action plans.

1. Group Realignment: Focusing Resources on Core Businesses

First, we have identified our core businesses as those that add more value and spur greater activity along our railway lines, including strategic locations such as Shibuya; and those that significantly raise the value of the Tokyu brand. The Group's operations will be reorganized by focusing resources on these businesses. A number of actions have already been taken. We have sold certain Group taxi companies, reorganized regional bus operations and withdrawn from petroleum sales. We are also significantly reorganizing our domestic hotel business, from the viewpoint of strengthening hotel operators and clearly separating property holding, hotel management and hotel operation. This led to the establishment of Tokyu Hotel Management Co., Ltd. in January 2001 and Tokyu Hotel Chain Co., Ltd. became a wholly owned subsidiary in July the same year through an exchange of shares. In April 2002, we integrated our two hotel chains, the Tokyu Hotel Chain and the Tokyu Inn Chain under a single brand, "Tokyu Hotels," as part of our strategy to align our brands according to category. In April 2003, the Company's hotel business will be transferred to Tokyu Hotel Chain Co., Ltd., a holding company for this business.

In April 2002, we amalgamated the management of three Group freight transportation companies under Sotetsu Transportation Co., Ltd., which was consolidated and subsequently renamed Tokyu Logistic Co., Ltd. This move, and the consolidation of Tokyu Store Chain Co., Ltd. were aimed at adding value along our railway lines and strengthening Group-wide financial health.

To promote the real estate investment trust (REIT) business, a key element of our future growth strategy, we merged in July 2002 consolidated subsidiaries Tokyu Service Corp. and Tokyu Building Service, Inc. to form Tokyu Facility Service Co., Ltd. to strengthen comprehensive building management services.

In October 2002, Tokyu Car Corp. was made a wholly owned subsidiary through a share exchange. The goal is to speed up the restructuring of this company and make effective use of resources.

In the same month, equity-method affiliate Japan Air System Co., Ltd. and Japan Airlines Co., Ltd. integrated their operations under a joint holding company to build a strong operation that can rise above global competition. As a result, Japan Air System Co., Ltd. became part of the Japan Airlines Group.

In February 2003, the Company will absorb wholly owned subsidiary Tokyu YMM Properties Co., Ltd., which is active in the rental of real estate and the operation of commercial facilities at the Yokohama Minato Mirai 21 waterfront area. The concentration of resources is expected to yield better sales activities and improved operating efficiency.

2. Aligning Tokyu Group Management

Second, in order to improve the effectiveness of management policies, we are enhancing decision-making procedures, implementing performance evaluation of Group companies, and managing our brand better.

For example, we established the Tokyu Group Corporate Executive Committee as the ultimate policy and decision-making body for the Tokyu Group to enable us to adapt speedily to changes in our operating environment. Headed by the chairman of the board of Tokyu Corporation, the committee is responsible for major policies regarding Group business development, capital policy, evaluation of Group companies' performance and brand management. The establishment of this committee to define policies that involve the exercise of rights and the fulfillment of obligations under the Commercial Code has enhanced management transparency.

In 2001, we formed the Group Company Management Council and Monitoring Council to evaluate business performance. By setting and evaluating progress made toward meeting goals, we can accurately determine the circumstances of each Group company. This translates into improved Group governance.

In July 2001, we set up the Compliance Division within Corporate Headquarters. In January 2002, we formulated the Tokyu Group Compliance Manual to strengthen "Compliance-Based Risk Management," one of the themes of our basic management policy.

3. Invigorate Businesses Through the Tokyu Group Growth Strategy

Third, we will invigorate businesses and areas along our railway lines by focusing resources on Shibuya and other areas along or railways lines. Several growth strategies will support this drive, including those related to media operations, strengthening our customer base, entry into REIT business, upgrading of station functions, and expanding our in-house venture system for starting new businesses.

Regarding REITs, Tokyu Corp. and Tokyu Land Corp. jointly established Tokyu Real Estate Investment Management Inc., a real estate management firm, in June 2001, with the view to listing a J-REIT within fiscal 2002 or by early fiscal 2003. The two companies also signed a Memorandum of Understanding in June 2001 with Australian firm Lend Lease Corporation to examine the feasibility of collaborating on a wide range of real estate investment-related businesses in Japan, with emphasis on J-REITs. After conducting the feasibility study for one year, the three parties agreed that the two Tokyu companies alone will prepare for the planned J-REIT listing, in view of differences over the timing of the listing. The three companies, however, will continue to discuss collaboration in a wide range of businesses.

In an initiative to add value to stations, we opened the first store in the "ranKing ranQueen" chain in the Shibuya Station Complex in July 2001. This all-new theme store, which has been well received by customers, displays and sells a diverse range of top-selling brands based on product ranking information from research firms and Tokyu Group companies, as well as provides information on new products. We plan to open a second store in the Shinjuku Station Complex in December this year with East Japan Railway Company (JR East), which owns the station, as part of our alliance strategy.

In January 2002, we decided to provide a direct link between the Toyoko Line and Eidan Line No. 13 with a planned commencement in fiscal 2012. This will make the Toyoko Line an even more vital part of the metropolitan area transport network and invigorate Shibuya.

The successful implementation of these initiatives should maximize shareholder value.

(3) Management Performance Targets

One of the Tokyu Group's key management performance targets is to reduce the ratio of interest-bearing debt to EBITDA (operating income + depreciation and amortization) to 10 times or less by March 31, 2003. This highlights our efforts to restore our financial soundness by placing emphasis on cash flow-based parameters that measure our ability to generate profits from operating activities and to repay interest-bearing debt. This target will also apply to non-consolidated Group companies. We will make a concerted effort Group-wide to achieve this goal.

Furthermore, we are currently considering the introduction of profitability-oriented performance targets in April 2004 or thereafter.

(4) Basic Policy on Distribution of Profits

Railway operations constitute the main business of Tokyu Corp. Given the vital public nature of these operations, we are able to sustain stable business results over long periods. While working to further strengthen our operating base, we have carried out on-going capital expenditure programs to enhance carrying capacity and safety, promote barrier-free access and enhance services. Under its fundamental policy of consistently paying dividends to shareholders, Tokyu Corp. has maintained an annual dividend of ¥5 per share since the fiscal year ended March 1983. We will continue to maintain stable dividends as we make further efforts to lift per-share earnings levels to enhance shareholder value.

We are making various capital expenditures to improve our rail services. For example, a total of ¥297.9 billion has been used for improvements to the Meguro-Tamagawa stretch of the Meguro Line and quadruple-tracking lines between Tamagawa and Hiyoshi on the Toyoko Line. We have also made capital expenditures totaling ¥156.4 billion on improvements to the Oimachi-Futako-tamagawa stretch of the Oimachi Line and for quadruple-tracking the Den-en-toshi Line between Futako-tamagawa and Mizunokuchi. Together, these measures have been taken to ease congestion on the Toyoko and Den-en-toshi lines, and to build an efficient transport network that will stimulate greater use of the Meguro and Oimachi lines. We have taken the decision to establish a direct link between the

Toyoko Line and Eidan Line No. 13 to make the Toyoko Line an even more vital element of the metropolitan area transport network and increase the attractiveness of Shibuya—we expect to use ¥76.0 billion on construction to shift the Daikanyama-Shibuya stretch of the Toyoko Line underground. We are determined to earmark as much retained earnings as possible to run a stable and sizable capital expenditure program over the long term. In these and other ways, we are dedicated to strengthening our operating base so as to fulfill our social responsibilities as a provider of public transport.

3. Review of Operations and Financial Position

I. Review of Operations

(1) Overview of Fiscal 2002 Interim

During the interim period under review, Japan's economy remained unable to dig itself out of recession, as consumer spending and capital expenditures languished. Although certain sectors of the economy appeared to bottom out thanks to an upturn in exports, a subsequent slowing of the U.S. economy dampened export growth. Falling stock prices and worsening non-performing loan and other structural issues also cast a pall over the economy.

In this economic climate, the Tokyu Group (the parent company, consolidated subsidiaries and equity-method affiliates) aggressively pursued business activities in all operating segments, while working to raise management efficiencies to reduce expenses.

Consolidated revenue from operations increased 27.1% year on year to ¥599,702 million, while operating income climbed 23.4% to ¥35,017 million and recurring income rose 106.5% to ¥20,223 million. But the Group booked extraordinary losses of ¥45 billion, mainly consisting of losses on the sale and revaluation of property and equipment, resulting in a net loss of ¥12,078 million.

Operating results by segment are as follows. (Revenue from operations for each segment includes inter-segment internal revenues and transfers.)

1. Transportation

In railway operations, we held training programs for station personnel on customer assistance to further enhance service quality, and implemented various environmental measures, such as those aimed at reducing noise, vibration and the power consumption of trains. We worked to improve customer convenience by introducing a new model of rolling stock with enhanced barrier-free access and information services. Revenue from railway operations of the Company increased over the interim period of the previous fiscal year, lifted by greater passenger traffic. This partly reflected the operation of routes that directly link the Meguro Line with the Eidan Namboku Line and the Toei Mita Line since September 2000. However, passenger traffic at consolidated subsidiaries continued to decline.

In bus operations, the number of passengers increased in the Tokyo metropolitan area, thanks to the introduction of new routes and the scheduling of more buses during special events, boosting revenues. However, in regional bus operations, centered mainly in Hokkaido, overall revenues decreased due to realignment of this business and other factors.

In freight operations, we pressed ahead with the realignment of our freight transport businesses, a key initiative of the Tokyu Group Management Policy. Sotetsu Transportation Co., Ltd. and Tokyu Freight Service Co., Ltd. merged and the new company was subsequently renamed Tokyu Logistic Co., Ltd., which became a subsidiary of the Company. And Tokyu subsidiary Tokyo Tsuun Co., Ltd. became a wholly owned subsidiary of Tokyu Logistic through an exchange of shares. This integration will raise operating efficiency by allowing facilities and vehicles to be used more effectively and strengthen our operating base through the expansion of orders. In addition, revenues from international freight operations experienced a decline caused by a fall in the transportation of mobile communications-related equipment and devices, and industrial equipment to Europe.

As a result, revenue from transportation operations rose 2.7% from the previous year to ¥130,729 million and operating income increased 18.1% to ¥24,891 million.

2. Real Estate

The Company sold ready-built houses, land for detached houses and condominiums mainly at the Tama Garden City project. Real-estate leasing operations were supported by strong demand for office and hotel space at Cerulean Tower, a mixed-use high-rise building that opened in April 2001 in Shibuya.

The Company's occupancy rates remained at high levels. In real estate management, new orders declined due to the prolonged economic downturn and customers called for contract revisions and lower rates, making for difficult operating conditions. Against this background, Tokyu realigned its building management businesses, as it did with its freight transportation operations, in line with the Tokyu Group Management Policy. Tokyu Service Corp. and Tokyu Building Service, Inc. were merged to form Tokyu Facility Service Co., Ltd. to build a strong operating base for the provision of comprehensive building management services.

As a result, revenue from operations increased 4.0% from the previous interim period to ¥68,655 million and operating income rose 26.8% to ¥11,394 million.

3. Retail

The retail industry in Japan as a whole continued to face difficult conditions. Sales failed to turn around amid deepening deflation, consumer confidence was shaken by successive mislabeling scandals in the food industry, and customers tightened their belts. During the period, consolidated Group companies opened new stores, closed unprofitable ones and worked to reinvigorate existing stores. In addition, companies are conducting proactive sales activities guided by regional marketing strategies and developing private-label brands focused on quality.

Beginning with the interim period under review, Tokyu Store Chain Co., Ltd. is included in the scope of consolidation.

Revenue from retail operations increased 251.0% year on year to ¥197,096 million. Operating income rose 297.7% to ¥2,720 million.

4. Leisure and Services

In travel agency operations, overall demand, which was hit hard by the September 11 terrorist attacks in the U.S., is gradually recovering, led by an upturn in demand from individual travelers. However, group and individual bookings dropped sharply due to Japan's delayed economy recovery and falling unit travel prices. Travelers also tended to remain in the country for the 2002 World Cup Soccer Tournament. In CATV operations, cable TV operator its communications Inc. reported higher revenues due to an increase in the number of subscribers to both its broadcasting and communications services.

Overall, revenue from leisure and services operations decreased 4.8% to ¥44,595 million, while the operating loss narrowed by ¥2,479 million to ¥1,208 million.

5. Hotel

In April 2002, the name of Tokyu Inn Chain hotels, which are operated by the Company, and hotels operated by Tokyu Hotel Chain Co., Ltd. were unified under the common brand of "Tokyu Hotels." We also reexamined the brand portfolio of the former two chains, which consists of four brands—Tokyu Hotel, Excel Hotel Tokyu, Tokyu Inn and Tokyu Resort. This review led to realignment of brands according to the nature of services provided by each hotel.

We also took this as an opportunity to integrate the handling of customer information, as well as centralize and raise the efficiency of sales for the two chains. Meanwhile, efforts have also been directed at enhancing hotel services based on a precise understanding of customer needs.

Tokyu Hotel Chain Co., Ltd. and its 19 subsidiaries were consolidated in fiscal 2001. However, the consolidated financial statements of Tokyu Group for the same fiscal year include only the second-half operating results of Tokyu Hotel Chain Co., Ltd. and its 19 subsidiaries, as the share exchange date fell close to the end of the interim period of fiscal 2001.

As a result of the above, revenue from hotel operations increased 74.5% year on year to ¥59,901 million, while the operating loss narrowed by ¥507 million to ¥516 million.

6. Construction

An exacting market for capturing orders continued to shape construction operations during the period, as public works projects were downsized further due to fiscal constraints and the private sector, particularly manufacturers, scaled back capital expenditures.

Revenue from construction operations consequently decreased 24.8% to ¥101,098 million, while the operating loss was ¥3,486 million, due to fewer completed construction projects.

Note that seasonal factors apply to revenue from construction operations. Historically, revenue from construction operations vary significantly from the first to second half of the year, as a greater proportion of construction projects are completed in the second half of the year. Illustrating this, revenues in the first half of the previous fiscal year were ¥134,511 million but for the full year they were ¥364,618 million.

7. Other

Although the successive launch and renewal of sugar-free beverages were expected to substantially boost the top line, revenues from food processing operations decreased, as teas lost momentum and sales of vegetable juices declined. Revenues from rolling stock maintenance operations decreased, due to fewer orders for rolling stock refurbishing projects.

As a result of the above, revenue from operations decreased 1.2% to ¥35,651 million, while operating income fell 45.0% to ¥964 million.

(2) Outlook

For the fiscal year ending March 31, 2003, Tokyu Corporation forecasts revenue from operations of ¥1,400,000 million (up 32.3% year on year), operating income of ¥75,100 million (up 42.5%), recurring income of ¥53,600 million (up 193.0%) and net income of ¥2,000 million (down 83.2%). These forecasts mainly reflect the inclusion of Tokyu Store Chain Co., Ltd. and Tokyu Logistic Co., Ltd. from the first half and Tokyu Car Corp. from the second half in consolidated results.

The projections for each operating segment are as follows:

	Revenue from Operations (¥ million)		Operating Income (¥ million)	
	Fiscal 2002 (projected)	YoY change	Fiscal 2002 (projected)	YoY change
Transportation	262,500	11,600	39,100	5,100
Real Estate	167,200	16,800	22,100	3,600
Retail	389,700	279,000	6,300	5,400
Leisure and Services	90,600	(4,600)	(2,500)	3,300
Hotel	118,000	26,100	(2,300)	100
Construction	387,300	22,600	8,900	(900)
Other	110,000	32,800	3,100	1,000
Total	1,525,300	384,500	74,700	17,800
Elimination/Headquarters	(125,300)	(42,600)	400	4,500
Consolidated	1,400,000	341,800	75,100	22,300

II Financial Position

Total assets as of September 30, 2002 stood at ¥2,553,458 million, an increase of ¥56,417 million from the end of March 2002. Total liabilities were ¥2,366,219 million, up ¥47,416 million. Net shareholders' equity stood at ¥139,324 million, down ¥16,818 million.

Consolidated Cash Flows

Net cash provided by operating activities was ¥42,810 million, ¥28,924 million more than in the interim period of the previous fiscal year, mainly on account of lower income taxes paid. Significant add backs to loss before income taxes of ¥18,595 million were depreciation of ¥33,023 million, a loss on disposal of property and equipment of ¥15,678 million and a decrease in accounts receivable of ¥39,761 million.

Net cash used in investing activities was ¥28,150 million, ¥2,074 million less than in the first half of fiscal 2001. The purchase of property and equipment used cash of ¥53,777 million, primarily for continued investment in railway operations for improvements to railway lines, such as in construction projects to quadruple-track certain segments. However, this outflow was partly offset by proceeds from the sale of property and equipment and the receipt of contributions for construction and other items.

Net cash used in financing activities was ¥44,533 million, ¥17,080 million more than in Fiscal 2001 Interim, reflecting repayment of debt and the redemption of bonds.

As a result, cash and cash equivalents at the end of the interim period stood at ¥74,688 million.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

（Unit: ¥ mln）

Item	Fiscal 2002 Interim As of September 30, 2002	Fiscal 2001 Interim As of September 30, 2001	Fiscal 2001 As of March 31, 2002
(Assets Section)			
Current Assets	623,669	677,267	650,865
Cash and deposits	67,796	92,334	100,834
Trade notes and accounts receivable	131,004	147,976	172,269
Securities	553	450	441
Inventories	364,279	374,699	333,053
Deferred tax assets	9,727	4,879	5,706
Other current assets	56,446	62,966	44,987
Allowance for doubtful accounts	(6,136)	(6,039)	(6,428)
Fixed Assets	1,929,788	1,850,761	1,846,175
Tangible fixed assets	1,562,010	1,516,095	1,504,391
Buildings & structures	624,747	612,505	608,664
Machinery & autos	69,782	67,531	64,819
Land	508,212	450,896	443,901
Construction in progress	337,331	363,407	366,841
Others	21,936	21,754	20,164
Intangible fixed assets	61,213	59,884	66,361
Consolidated adjustment account	23,734	20,326	26,060
Others	37,478	39,558	40,300
Investments & others	306,564	274,781	275,423
Investment securities	157,663	167,663	169,275
Long-term loans receivable	3,247	3,133	3,227
Deferred tax assets	56,393	33,852	33,955
Others	104,352	85,143	83,985
Allowance for doubtful accounts	(15,092)	(15,011)	(15,019)
Total assets	2,553,458	2,528,029	2,497,041

(Unit: ¥ mln)

Liabilities, Minority Interest and Shareholders' Equity Sections			
Item	Fiscal 2002 Interim As of September 30, 2002	Fiscal 2001 Interim As of September 30, 2001	Fiscal 2001 As of March 31, 2002
(Liabilities Section)			
Current Liabilities	1,199,005	1,192,912	1,131,358
Trade notes and accounts payable	164,718	163,984	189,142
Short-term debt	619,537	605,384	601,744
Current portion of corporate bonds	78,000	71,640	37,640
Accrued income taxes	12,391	6,986	8,483
Reserve for guarantees for completed contracts	481	520	590
Reserve for employees' bonuses	14,225	12,925	11,811
Advances received	228,373	235,463	193,397
Commercial paper	-	-	8,000
Others	81,276	96,007	80,549
Long-term Liabilities	1,124,919	1,123,307	1,143,673
Corporate bonds	311,101	307,101	336,101
Long-term debt	547,404	552,815	554,238
Reserve for employees' retirement benefits	90,207	83,665	79,127
Reserve for directors' retirement benefits	3,506	3,246	3,307
Liabilities resulting from application of equity method accounting	3,205	5,932	3,432
Guarantee deposits	137,365	139,102	136,829
Deferred tax liabilities	12,494	10,555	10,176
Deferred tax liabilities from revaluation from land	7,605	7,466	7,605
Others	12,028	13,422	12,855
Special legal reserve	42,294	45,273	43,771
Urban Railways Improvement Reserve	42,294	45,273	43,771
Total Liabilities	2,366,219	2,361,492	2,318,803
(Minority Interests)			
Minority interests	47,913	14,973	22,094
(Shareholders' Equity Section)			
Common stock	-	108,819	108,819
Capital surplus	-	120,702	120,702
Revaluation balance	-	9,496	10,871
Accumulated deficit	-	76,275	72,983
Unrealized holding gains (loss) on securities	-	581	(743)
Foreign currency translation adjustment account	-	(11,293)	(9,980)
Treasury stock	-	(93)	(182)
Parent company stock held by subsidiaries	-	(376)	(360)
Total Shareholders' Equity	-	151,562	156,143
Common stock	108,819	-	-
Capital surplus	120,715	-	-
Retained earnings (Accumulated deficit)	(88,077)	-	-
Premises revaluation difference	10,878	-	-
Unrealized holding gains on securities	1,759	-	-
Foreign currency translation adjustment account	(11,729)	-	-
Treasury stock	(3,042)	-	-
Total Shareholders' Equity	139,324	-	-
Total Liabilities, Minority Interests & Shareholders' Equity	2,553,458	2,528,029	2,497,041

(2) Consolidated Statements of Income (Unit: ¥ mln)

Item	Fiscal 2002 Interim From April 1,2002 to September 30, 2002	Fiscal 2001 Interim From April 1, 2001 to September 30, 2001	Fiscal 2001 From April 1, 2001 to March 31, 2002
Revenue from operations	599,702	471,869	1,058,156
Cost of revenue from operations	564,684	443,484	1,005,437
Operating expenses (Transportation, etc.) & cost of sales	469,203	384,874	886,519
SG&A expenses	95,480	58,609	118,918
Operating income	35,017	28,384	52,719
Non-operating income	4,690	3,628	9,517
Interest & dividends	981	1,106	1,560
Equity in income of affiliates	613	-	-
Other income	3,095	2,522	7,956
Non-operating expenses	19,484	22,220	43,943
Interest	16,836	18,253	35,362
Equity in losses of affiliates	-	1,408	2,678
Other expenses	2,647	2,559	5,902
Recurring income	20,223	9,792	18,293
Extraordinary gains	6,233	8,289	31,764
Extraordinary losses	45,053	6,277	26,089
Income (loss) before income taxes	(18,595)	11,803	23,968
Income taxes	12,810	6,723	13,571
Income tax adjustment	(18,925)	1,127	322
Minority interest in losses of consolidated subsidiaries	401	565	1,817
Net income (loss)	(12,078)	4,518	11,891

(¥ mln)

(Note)

	Fiscal 2002 Interim	Fiscal 2001 Interim	Fiscal 2001
Breakdown of extraordinary gains			
Reversal of Urban Railways Improvement Reserve	2,653	2,653	5,307
Gain on sale of property and equipment	2,045	3,172	7,693
Contribution for construction received	34	26	13,378
Breakdown of extraordinary losses			
Loss on sale of property and equipment	17,657	1,519	5,020
Valuation loss on property and equipment	15,678	-	1,511
Valuation loss on real estate for sale	2,809	289	1,787
Valuation loss on securities	2,548	386	1,444
Provision to the Urban Railways Improvement Reserve	1,176	1,157	2,310
Deferred loss on reduction in contribution for construction	34	21	7,510

(3) Consolidated Statements of Retained Earnings

(Unit: ¥ mln)

Item	Fiscal 2002 Interim From April 1,2002 to September 30, 2002	Fiscal 2001 Interim From April 1, 2001 to September 30, 2001	Fiscal 2001 From April 1, 2001 to March 31, 2002
Accumulated deficit, beginning of year	-	77,574	77,574
Increase in accumulated deficit	-	3,218	7,300
Reversal of revaluation balance	-	205	1,468
Increase in accumulated deficit due to decrease in consolidated subsidiaries	-	37	37
Increase in accumulated deficit due to increase in consolidated subsidiaries of equity-method affiliates	-	28	38
Dividends	-	2,745	5,555
Directors' bonuses	-	201	201
Net income	-	4,518	11,891
Accumulated deficit, end of year	-	76,275	72,983
(Capital surplus)			
Balance, beginning of period	120,702	-	-
Increase	13	-	-
Gain on retirement of treasury stock	13	-	-
Balance, end of period	120,715	-	-
(Retained earnings (Accumulated deficit))			
Balance, beginning of period	(72,983)	-	-
Increase in retained earnings	31	-	-
Increase due to decrease in number of equity-method affiliates	5	-	-
Increase due to merger of consolidated subsidiaries	25	-	-
Decrease in retained earnings	15,125	-	-
Net loss	12,078	-	-
Cash dividends	2,803	-	-
Directors' bonuses	223	-	-
Reversal of premises revaluation difference	19	-	-
Balance, end of period	(88,077)	-	-

(4) Consolidated Statements of Cash Flows

(Unit: ¥ mln)

Item	Fiscal 2002 Interim From April 1, 2002 To September 30, 2002	Fiscal 2001 Interim From April 1, 2001 To September 30, 2001	Fiscal 2001 From April 1, 2001 To March 31, 2002
I. Cash flows from operating activities			
Income (losses) before income taxes	(18,595)	11,803	23,968
Depreciation	33,023	30,031	62,308
Amortization of consolidation adjustment account	2,915	1,059	3,634
(Decrease) in employees' retirement benefit reserve	(14,138)	(1,300)	(5,837)
(Decrease) in reserve for probable loss on development projects	-	(6,238)	(6,238)
(Decrease) increase in liabilities resulting from application of equity-method accounting	(226)	5,932	3,432
(Decrease) in Urban Railways Improvement Reserve	(1,477)	(1,495)	(2,997)
Contribution from construction received	(34)	(26)	(13,378)
Reduction in contribution from construction	34	21	7,510
Loss (gain) on sale of subsidiary stock	578	(149)	(149)
(Gain) on sale of parent company stock held by subsidiaries	(16)	(12)	(11)
Loss on revaluation of investment securities	2,548	386	1,444
Loss (gain) on sale of property and equipment	15,612	(1,652)	(2,673)
Loss on disposal of property and equipment	3,750	3,670	14,000
Loss on revaluation of real estate for sale	2,809	289	1,787
Loss on revaluation of property and equipment	15,678	-	1,511
(Gain) loss on equity-method investments	(613)	1,408	2,678
(Gain) on change in equity interest	-	(550)	(552)
Decrease in accounts receivable	39,761	32,023	9,145
(Increase) decrease in inventories	(23,744)	(20,238)	26,471
(Decrease) in accounts payable	(28,050)	(24,099)	(1,445)
Increase (decrease) in advances received	25,474	24,717	(12,503)
Increase (decrease) in guarantee deposits	1,734	(9,686)	(11,959)
Interest and dividend income	(981)	(1,106)	(1,560)
Interest expense	16,836	18,253	35,362
Other	(4,198)	(7,236)	(3,220)
Subtotal	68,680	55,804	130,726
Interest and dividends received	1,078	1,379	2,026
Interest paid	(16,244)	(17,997)	(36,540)
Income taxes paid	(10,704)	(25,300)	(30,652)
Net cash provided by operating activities	42,810	13,885	65,559

(Unit: ¥ mln)

Item	Fiscal 2002 Interim From April 1, 2002 To September 30, 2002	Fiscal 2001 Interim From April 1, 2001 To September 30, 2001	Fiscal 2001 From April 1, 2001 To March 31, 2002
II. Cash flows from investing activities			
Proceeds from sale of securities	101	65	196
Payment for purchase of property and equipment	(53,777)	(50,688)	(109,505)
Proceeds from sale of property and equipment	22,561	14,211	29,620
Payment for purchase of investment securities	(1,941)	(5,463)	(16,423)
Proceeds from sale of investment securities	1,446	733	5,010
Payment for purchase of subsidiary stock	(7,471)	(39)	(172)
Proceeds from sale of subsidiary stock	10	103	107
Proceeds from purchase of subsidiary stock, resulting in changes in the scope of consolidation	-	162	162
Proceeds from sale of subsidiary stock, resulting in changes in the scope of consolidation	-	0	0
Proceeds from receipt of contribution for construction	9,064	7,791	16,297
Disbursement of loans receivable	(616)	(1,233)	(1,210)
Collection of loans receivable	1,392	684	1,340
Other	1,078	3,445	4,233
Net cash used in investing activities	(28,150)	(30,225)	(70,342)
III. Cash flows from financing activities			
Repayment of short-term loans, net	(28,560)	(8,862)	(30,187)
Proceeds from long-term debt	40,431	18,157	94,213
Repayment of long-term debt	(60,622)	(51,063)	(108,008)
Proceeds from issuance of commercial paper	-	7,000	15,000
Redemption of commercial paper	(8,000)	(7,000)	(7,000)
Proceeds from bond issue	29,810	17,975	68,692
Payment for redemption of bonds	(14,640)	(300)	(57,300)
Gain on sale of parent company stock held by subsidiaries	139	14	22
Dividends paid by parent company	(2,803)	(2,745)	(5,555)
Proceeds from issuance of stock to minority shareholders	117	193	193
Dividends paid to minority shareholders	(297)	(52)	(56)
Other	(107)	(770)	(858)
Net cash used in financing activities	(44,533)	(27,453)	(30,846)
IV. Effect of exchange rate changes on cash and cash equivalents	(1,732)	1,822	2,587
V. (Decrease) in cash and cash equivalents	(31,606)	(41,970)	(33,040)
VI. Cash and cash equivalents at beginning of period	99,735	124,328	124,328
VII. Decrease in cash and cash equivalents due to exclusion of subsidiary from consolidation	(1,254)	(289)	(289)
VIII. Increase in cash and cash equivalents due to inclusion of subsidiary in consolidation	7,814	8,738	8,738
IX. Cash and cash equivalents at end of period	74,688	90,805	99,735

(5) Basis of Presentation of Consolidated Financial Statements

1. Scope of Consolidation

The Tokyu Group comprises 247 consolidated subsidiaries, including Tokyu Construction Co., Ltd., Izukyu Corp., Tokyu Tourist Corp., Tokyu Logistic Co., Ltd. and Tokyu Store Chain Co., Ltd.

Tokyu Bus Support, Tokyu Travel Entertainment and four other companies were newly established and included in the scope of consolidation. Tokyu Logistic Co., Ltd. (formerly Sotetsu Transportation Co., Ltd.) and its two subsidiaries were also included in the scope of consolidation through an increase in equity due to an exchange of shares and merger. Subsequently, Tokyu Store Chain Co., Ltd. and its eight subsidiaries were included in the scope of consolidation through the accompanying increase in equity.

Tokyu Freight Service Co. Ltd., Tokyu Building Service, Inc., Tokyu Sales Support, Yokohama Linen Supply and four other companies were excluded from consolidation as they merged with other consolidated subsidiaries. Bitetsu Bus, Saromako Tokyu Resort and four other companies were liquidated and excluded from consolidation.

Additionally, Aizenen Corp. was excluded from consolidation because it has no material effect on consolidated interim financial statements due to the small scale of its operations.

2. Application of the Equity Method

Only one non-consolidated subsidiary, Aizenen Corp. is accounted for by the equity method. Meanwhile, the 37 affiliates accounted for by the equity method include Tokyu Land Corp. and Tokyu Department Store Co., Ltd. The equity method of accounting was also applied to Nagano Tokyu Department Store Co., Ltd., which has become a Tokyu affiliate, as Tokyu Store Chain Co., Ltd. was made a consolidated subsidiary.

Tokyu Logistic Co., Ltd. (formerly Sotetsu Transportation Co., Ltd.), Tokyu Store Chain Co., Ltd. and one of its subsidiaries were excluded from the application of equity method accounting, as they became consolidated subsidiaries.

Hakodate Bus Corp. previously an equity method affiliate, and JAS Asahikawa Resort Development Co., Ltd. have been excluded from treatment under the equity method since Tokyu sold its equity holdings in those companies.

3. Fiscal Year End of Consolidated Subsidiaries

Among the consolidated subsidiaries, Tokyu Tourist Corp. and 93 other companies, close their books on a semi-annual basis on dates that differ from the Tokyu Group's interim balance sheet date, such as on June 30 or August 31. Financial statements as of their respective balance sheet dates were used for the preparation of interim consolidated financial statements. The interim consolidated financial statements were adjusted for material transactions between the balance sheet dates of subsidiaries and the Tokyu Group's interim balance sheet date.

Among the consolidated subsidiaries, Three Hundred Club Co., Ltd. and six other companies, close their books on a semi-annual basis on November 30 or December 31. These were adjusted to reflect the financial position and results of operations as of and for the six-month period ended September 30, 2002.

4. Summary of Significant Accounting Practices

(1) Valuation Standards and Accounting Treatment for Important Assets

(a) Securities

Bonds held to maturity:

Bonds are valued using the cost amortization method.

Other securities

Securities with market quotations are valued at market on the semi-annual balance sheet date. (The entire difference between the carrying value and the market value is capitalized. Cost of sales is computed by the moving average method.)

Securities without market quotations are valued at cost, determined by the moving average method.

(b) Derivatives

Derivatives are stated at market value.

(c) Inventories

Residential land lots and buildings are valued at cost, and the specific identification method, cost being determined by the weighted average (for the region) method. Other inventories are valued at cost, which is determined either by the specific identification method, the weighted average method, the last cost method, the first-in first-out method, the retail method or the moving average method.

(2) Method for Depreciating Important Assets

(a) Tangible fixed assets

Depreciation is computed mainly by the declining-balance method. Depreciation of certain leased facilities of the Company and tangible fixed assets of its consolidated subsidiaries is computed in combination with the straight-line method. Depreciation on buildings (excluding fixtures) acquired by the Company and its domestic subsidiaries after April 1, 1998 is computed mainly by the straight-line method. The estimated useful life of the buildings is assumed as follows:

Buildings and structures: 2-75 years

(b) Intangible fixed assets

Depreciation is computed by the straight-line method. Depreciation on software for in-house use is computed by the straight-line method, assuming a useful life of 5 years.

(3) Deferred assets

Bond issue expenses and new share issuance expenses are charged as one-time expenses to income as incurred.

(4) Reserves

(a) Reserve for doubtful accounts

The allowance for doubtful receivables is provided for at rates based on past collection experience. In addition, the amount deemed necessary to cover individual uncollectable receivables, based on management’s estimate of collectibility, is provided when appropriate.

(b) Reserve for guarantee on completed contracts

The allowance for guarantee on completed contracts is provided for at rates based on past experience.

(c) Bonus reserve

Accrued bonus liabilities (employees and employee directors of the company) are based on estimated amounts to be paid in subsequent periods.

(d) Retirement benefit reserve

Accrued employee retirement benefits are provided for on the basis of the retirement and severance benefit obligations accrued during the interim period and the estimated fair value of pension fund assets as of the balance sheet date. Differences in the actuarially computed value of benefits are charged to income (from the following year) over a fixed number of years (15 years) within the average remaining years of service of employees starting from the fiscal year after the difference accrues, by the straight-line method. The past service liabilities are calculated by the straight-line method based on a fixed number of years (13 years) within the average remaining years of service of employees.

(e) Directors' retirement benefit reserve

The allowance for directors' retirement benefits is provided for on the basis of the Company's internal rules.

(5) Translation of material foreign currency denominated assets and liabilities into Japanese yen

All foreign currency denominated credits and debts are translated into yen amounts at the rates of exchange in effect on the interim balance sheet date, and translation gains are accounted as profit or loss. Assets and liabilities of overseas subsidiaries are translated into yen amounts at the rates of exchange in effect on the interim balance sheet date. Revenue and expenses are translated into yen amounts at the average exchange rate for the interim period and the differences are included in the translation adjustment account in the shareholders' equity section.

(6) Special legal reserves (Urban Railways Improvement Reserve)

A reserve is provided for specific construction projects, in compliance with the provisions of Article 8 of the Law for the Urban Railways Improvement.

(7) Leases

Finance leases, other than those that transfer ownership of the leased assets to the lessee, are treated in the same way as ordinary operating leases for accounting purposes.

(8) Hedge accounting standards

(a) Hedge accounting

Deferred hedge accounting is used in principle. Special hedge accounting is applied for interest rate swaps that meet criteria for qualification for special hedge accounting. Foreign exchange forward contracts and currency swap contracts are allocated specific hedged risks when they meet the criteria for qualification.

(b) Hedging methods and risks hedged

Hedging method: interest rate swaps, currency swaps, foreign exchange forward contracts

Risks hedged: bonds, loans payable, foreign currency denominated credits and debts, scheduled foreign exchange

(c) Hedging policy

Rules regarding authority to enter into derivative transactions are defined in the Company's Operations Manual. Exposure to interest rate risk and currency risk is hedged in conformity with these regulations.

Consolidated subsidiaries engage in derivatives transactions in conformity with their own internal rules, as a means to reduce exposure to interest rate risk and currency risk arising from their regular business operations.

(d) Assessing the effectiveness of a hedge

Rate of changes in the cash flows from hedging instruments and the risks hedged over their respective lapsed periods are used as the yardsticks for measuring the effectiveness of the hedge.

(9) Accounting for consumption tax:

The tax exclusion method is applied.

5. Cash and Cash Equivalents for the Purpose of Consolidated Cash Flow Statements

For the purpose of interim consolidated cash flow statements, the Company considers the following as funds (cash and cash equivalents): cash on hand and in banks; and highly liquid short-term investments with original maturities of 3-months or less and without significant risk of change in value.

(Supplementary Information)

(Accounting for Treasury Stock and Transfer of Statutory Reserves)

The Company has applied Financial Accounting Standards No.1 "Accounting Standard for Treasury Stock and Transfer of Legal Reserves" beginning with the interim period under review. The adoption of this accounting standard had an immaterial effect on earnings for the interim period under review. However, treasury stock increased ¥1,868 million compared with the previous accounting method.

Furthermore, beginning with the interim period under review the Company has presented the shareholders' equity section of the balance sheet and the interim consolidated statements of retained earnings in accordance with amended guidelines for the preparation of interim consolidated financial statements.

(Transfer to Defined Contribution Pension Plan)

In line with the enactment of the Defined Contribution Pension Law, the Company's consolidated subsidiary Tokyu Store Chain Co., Ltd. transferred a portion of its lump-sum retirement payment plan to its defined contribution pension plan in April 2002, and applied the Financial Accounting Standards Implementation Guidance No.1 “Accounting for Transfers between Retirement Benefit Plans.”

The Company posted an extraordinary loss of ¥421 million on this transfer.

Notes to Consolidated Financial Statements

Notes to Consolidated Balance Sheets

(Unit: ¥ mln)

	Fiscal 2002 Interim As of Sept. 30, 2002	Fiscal 2001 Interim As of Sept. 30, 2001	Fiscal 2001 As of March 31, 2002
1. Accumulated depreciation (Tangible fixed assets)	832,273	741,861	760,439
2. Contingent liabilities	5,991	1,988	3,684
3. Notes discounted and endorsed	1,277	1,780	1,570
4. Pledged assets and corresponding liabilities			
Pledged assets			
Securities	199	178	169
	(-)	(-)	(-)
Buildings and structures	354,772	365,032	352,723
	(223,624)	(223,858)	(224,782)
Machinery and Autos	49,420	50,531	47,830
	(45,173)	(47,971)	(45,486)
Land	271,839	252,626	247,602
	(51,397)	(49,189)	(51,388)
Investment securities	13,253	14,879	14,854
	(-)	(-)	(-)
Inventories	29,747	21,698	25,302
	(-)	(-)	(-)
Other assets	14,703	16,045	16,964
	(4,900)	(5,758)	(5,228)
Total	733,935	720,992	705,448
	(325,095)	(326,778)	(326,886)
Collateral-backed liabilities			
Short-term loans payable	84,568	85,003	88,998
	(13,576)	(10,841)	(3,802)
Corporate bonds	8,801	8,801	8,801
	(6,201)	(6,201)	(6,201)
Long-term loans payable	381,933	371,107	382,890
	(242,996)	(227,075)	(246,733)
Others	9,556	11,079	11,574
	(1,326)	(3,662)	(1,696)
Total	484,859	475,991	492,264
	(264,100)	(247,780)	(258,434)

Parentheses: Mortgaged assets comprising the Railway Foundation, Streetcar Track Foundation, Highway Traffic Business Foundation, Tourist Facilities Foundation, and Manufacturing Facilities Foundation and corresponding liabilities.

5. Securities loaned			
Investment securities	386 (136,581 thousand bahts)	228 (85,005 thousand bahts)	417 (136,581 thousand bahts)

6. Notes maturing at the end of the period are settled on the date of exchange. Since the balance sheet date of the previous interim period (the previous fiscal year) was a business holiday, the following amounts of notes receivable maturing on the balance sheet date of the previous interim period (the previous fiscal year) are included in the outstanding balance of notes receivable.

Notes receivable	-	1,384	1,290
Notes payable	-	1,494	2,258

7. The allowance for "Claims in Bankruptcy and Claims in Receivership" (Fiscal 2002 interim term-end: ¥39,850 million, fiscal 2001 interim term-end: ¥40,562 million, fiscal 2001 year-end: ¥39,325 million) accounted for in "Others" account in "Investments and others," which provides for the full amount of "Claims in Bankruptcy and Claims in Receivership", has been deducted directly from said claims.

8. Loan disbursements related to loan commitments of consolidated subsidiaries

(Tokyu Card, Inc.)

Total loan commitments	¥91,073 million	¥6,875 million	¥6,999 million
Loans extended	¥ 1,745 million	¥ 169 million	¥166 million
Remaining commitment	¥89,328 million	¥6,706 million	¥6,533 million

Note: The above loan commitment is to cover cash withdrawals using credit cards. Accordingly, it may not be necessary to extend the total amount.

(Tokyu Finance and Accounting Co., Ltd.)

Total loan commitments	¥38,000 million	¥ - million	¥5,500 million
Loans extended	¥ 8,494 million	¥ - million	¥ - million
Remaining commitment	¥29,505 million	¥ - million	¥5,500 million

Note: The above loan commitment is extended in line with the cash management system offered to each member of the Group. Accordingly, it may not be necessary to extend the total amount.

(Tokyu Construction Co., Ltd.)

Total loan commitments	¥2,630 million	¥2,630 million	¥2,630 million
Loans extended	¥ 1,718 million	¥1,138 million	¥1,668 million
Remaining commitment	¥ 912 million	¥1,492 million	¥ 962 million

Note: The above loan commitment may not be exercised in full, as Tokyu Construction Co., Ltd. extends loans within limits set in light of the use of funds and prospective borrowers' financial position.

(Reconciliation of Consolidated Cash Flow Statements)

The reconciliation of cash and cash equivalents in the consolidated cash flow statements and the consolidated balance sheets is as follows:

(¥ mln)

	Fiscal 2002 Interim As of Sept. 30, 2002	Fiscal 2001 Interim As of Sept. 30, 2001	Fiscal 2001 As of March 31, 2002
Cash and deposits in banks	67,796	92,334	100,834
Term deposits with maturities longer than 3 months	(1,730)	(1,650)	(1,167)
Securities included in cash and cash equivalents	127	120	68
Short-term loans included in cash and cash equivalents	8,494	–	–
Cash and cash equivalents	74,688	90,805	99,735

5. Segment Information

Fiscal 2002 Interim Period (April 1, 2002 - September 30, 2002)

(Unit: ¥ mln)

	Transportation	Real Estate	Retail	Leisure and Services	Hotel	Construction	Other	Total	Elimination / Headquarters	Consolidated
I. Revenues/Operating income										
Revenue from operations										
(1) Outside customers	127,935	62,375	186,679	44,017	59,739	89,803	29,150	599,702	-	599,702
(2) Inter-segment Internal or transfers	2,793	6,280	10,416	578	162	11,294	6,500	38,025	(38,025)	-
Total	130,729	68,655	197,096	44,595	59,901	101,098	35,651	637,727	(38,025)	599,702
Operating expenses	105,837	57,261	194,375	45,804	60,418	104,584	34,686	602,968	(38,284)	564,684
Operating income	24,891	11,394	2,720	(1,208)	(516)	(3,486)	964	34,759	258	35,017

Fiscal 2001 Interim Period (April 1, 2001 - September 30, 2001)

(Unit: ¥ mln)

	Transportation	Real Estate	Retail	Leisure and Services	Hotel	Construction	Other	Total	Elimination / Headquarters	Consolidated
I. Revenues/Operating income										
Revenue from operations										
(1) Outside customers	126,325	63,388	54,976	46,205	34,233	116,128	30,611	471,869	-	471,869
(2) Inter-segment Internal or transfers	1,005	2,648	1,185	650	96	18,383	5,484	29,454	(29,454)	-
Total	127,331	66,036	56,161	46,856	34,330	134,511	36,095	501,323	(29,454)	471,869
Operating expenses	106,259	57,049	55,477	50,544	35,354	133,419	34,342	472,446	(28,961)	443,484
Operating income	21,072	8,987	684	(3,688)	(1,023)	1,092	1,753	28,877	(492)	28,384

Fiscal 2001 (April 1, 2001 - March 31, 2002)

(Unit: ¥ mln)

	Transportation	Real Estate	Retail	Leisure and Services	Hotel	Construction	Other	Total	Elimination / Headquarters	Consolidated
I. Revenues/Operating income										
Revenue from operations										
(1) Outside customers	248,451	144,208	108,555	93,892	91,647	315,327	56,074	1,058,156	-	1,058,156
(2) Inter-segment Internal or transfers	2,416	6,140	2,127	1,399	221	49,291	21,034	82,631	(82,631)	-
Total	250,867	150,349	110,682	95,292	91,868	364,618	77,109	1,140,788	(82,631)	1,058,156
Operating expenses	216,912	131,868	109,855	101,180	94,324	354,722	75,077	1,083,941	(78,504)	1,005,437
Operating income	33,955	18,480	827	(5,888)	(2,456)	9,896	2,032	56,846	(4,127)	52,719

Notes

1. Operating Segments

Operating segments are based on Standard Industrial Classifications in Japan and are designed to accurately reflect the diversified nature of the Company's business.

(Business segment changes)

Beginning with the interim period under review, Tokyu Linen Supply Co., a subsidiary of Tokyu Hotel Chain Co., Ltd. and one other company were reclassified from the Leisure and Services segment to the Hotel segment, in line with the Company's decision to transfer the hotel business to Tokyu Hotel Chain Co., Ltd., which will become a holding company for hotel business.

The retroactive application of the segment classification in the fiscal 2002 interim period to the previous interim period had no effect on earnings in the fiscal 2001 interim period and an immaterial effect on full year earnings for fiscal 2001.

2. Description of operating segments

- Transportation: railway operations, bus operations and cargo transportation
- Real Estate: real estate sales, real estate leasing and real estate management
- Retail: retail operations and general trading operations
- Leisure and Services: travel agency, golf course operations and CATV operations
- Hotel: hotel operations
- Construction: buildings and general construction, civil engineering works
- Other: manufacture and maintenance of rolling stock for railway operations, food products manufacturing

3. No unallocated operating expenses were included in "Elimination / Headquarters."

(2) Geographical Segment Information

Fiscal 2002 Interim (April 1, 2002 - September 30, 2002), Fiscal 2001 Interim (April 1, 2001 - September 30, 2001), and Fiscal 2001 (April 1, 2001 - March 31, 2002):

Geographical segment information is not included since revenue from domestic operations represents more than 90% of the total revenues for all segments.

(3) Overseas sales

Fiscal 2002 Interim (April 1, 2002 - September 30, 2002), Fiscal 2001 Interim (April 1, 2001 - September 30, 2001), and Fiscal 2001 (April 1, 2001 - March 31, 2002):

Overseas revenue is not disclosed since it represents less than 10% of total consolidated revenue from operations.

6. Leases

(1) Finance lease transactions other than those by which the ownership of leased assets is transferred to lessees. (Lessees).

a. The acquisition cost equivalents, accumulated depreciation equivalents, and balance equivalents of leased assets at the end of period

(Unit: ¥ mln)

	Fiscal 2002 Interim			Fiscal 2001 Interim			Fiscal 2001		
	Acquisition cost equivalents	Accumulated depreciation equivalents	Balance equivalents at the end of period	Acquisition cost equivalents	Accumulated depreciation equivalents	Balance equivalents at the end of period	Acquisition cost equivalents	Accumulated depreciation equivalents	Balance equivalents at the end of period
Machinery & Autos	8,451	5,713	2,738	8,064	5,093	2,970	7,737	5,143	2,593
Others	18,478	9,941	8,536	16,850	9,150	7,700	17,648	9,984	7,663
Total	26,930	15,655	11,274	24,914	14,243	10,670	25,385	15,128	10,257

Note: Since outstanding lease commitments (as of the end of the period) constitute an immaterial portion of tangible fixed assets (as of the end of the period), acquisition cost equivalents are computed by the interest-inclusive method.

b. Outstanding lease commitment equivalents	Fiscal 2002 Interim Term-end ¥ mln	Fiscal 2001 Interim Term-end ¥ mln	Fiscal 2001 Year end ¥ mln
Within one year	4,080	3,741	3,669
More than one year	7,194	6,929	6,588
Total	11,274	10,670	10,257

Note: Since outstanding lease commitments (as of the end of the period) constitute an immaterial portion of tangible fixed assets (as of the end of the period), outstanding lease commitment equivalents are computed by the interest-inclusive method.

c. Lease rental charge and depreciation equivalents	Fiscal 2002 Interim ¥ mln	Fiscal 2001 Interim ¥ mln	Fiscal 2001 ¥ mln
Lease rental charge	2,307	2,145	3,939
Depreciation equivalents	2,307	2,145	3,939

d. Method of calculating depreciation equivalents

Depreciation equivalents are calculated assuming the lease period to be the useful life and residual value to be zero.

(2) Operating leases (Lessees)

Outstanding lease commitment equivalents	Fiscal 2002 Interim Term-end ¥ mln	Fiscal 2001 Interim Term-end ¥ mln	Fiscal 2001 Year-end ¥ mln
Within one year	2,907	3,333	3,071
More than one year	21,766	24,939	22,905
Total	24,674	28,272	25,977

(3) Finance lease transactions other than those by which the ownership of leased assets is transferred to lessees.

(Lessor)

a. The acquisition cost, accumulated depreciation, and balance of leased assets at the end of period

	Fiscal 2002 Interim			Fiscal 2001 Interim			Fiscal 2001		
	Acquisition cost	Accumulated depreciation	Balance at the end of period	Acquisition cost	Accumulated depreciation	Balance at the end of period	Acquisition cost	Accumulated depreciation	Balance at the end of period
	¥ mln	¥ mln	¥ mln	¥ mln	¥ mln	¥ mln	¥ mln	¥ mln	¥ mln
Machinery & Autos	13	12	0	2	0	1	13	11	1
Others	7,566	4,206	3,359	7,885	4,240	3,645	8,582	4,955	3,626
Total	7,579	4,218	3,360	7,887	4,241	3,646	8,595	4,967	3,628

	Fiscal 2002 Interim	Fiscal 2001 Interim	Fiscal 2001
b. Outstanding lease commitment equivalents	¥ mln	¥ mln	¥ mln
Within one year	1,316	1,367	1,398
More than one year	2,044	2,278	2,229
Total	3,360	3,646	3,628

Note: Since the sum total of outstanding lease commitment (as of the end of the period) and the estimated residual value constitute an immaterial portion of accounts receivable (as of the end of the period), the outstanding lease commitment equivalents are computed by the interest-inclusive method.

	Fiscal 2002 Interim	Fiscal 2001 Interim	Fiscal 2001
c. Lease rental receivable and depreciation	¥ mln	¥ mln	¥ mln
Lease rental receivable	753	793	1,511
Depreciation	753	793	1,511

(4) Operating Leases (Lessor)

	Fiscal 2002 Interim	Fiscal 2001 Interim	Fiscal 2001
Outstanding lease commitments	¥ mln	¥ mln	¥ mln
Within one year	504	509	367
More than one year	1,547	1,117	843
Total	2,052	1,626	1,210

7. Securities

(1) Bonds held to maturity (with market quotations)

(Unit: ¥ mln)

	Fiscal 2002 Interim As of Sept. 30, 2002			Fiscal 2001 Interim As of Sept. 30, 2001			Fiscal 2001 As of March 31, 2002		
	Book value	Market value	Unrealized gain (loss)	Book value	Market value	Unrealized gain (loss)	Book value	Market value	Unrealized gain (loss)
(1)JGB, municipal bonds	428	438	10	578	605	27	478	497	18
(2)Corporate bonds	100	96	(3)	100	95	(4)	100	95	(4)
(3) Others	169	169	0	217	217	0	177	177	(0)
Total	697	704	6	896	919	23	756	770	13

(2) Other securities (with market quotations)

(Unit: ¥ mln)

	Fiscal 2002 Interim As of Sept. 30, 2002			Fiscal 2001 Interim As of Sept. 30, 2001			Fiscal 2001 As of March 31, 2002		
	Acquisition Cost	Book value	Unrealized gain (loss)	Acquisition Cost	Book value	Unrealized gain (loss)	Acquisition Cost	Book value	Unrealized gain (loss)
(1)Equity securities	52,659	55,332	2,672	55,337	55,639	302	54,862	53,587	(1,275)
(2) Debt securities									
JGB, municipal bonds	1,415	1,467	52	1,141	1,179	37	1,445	1,472	26
Corporate bonds	34	37	2	34	38	3	34	38	3
Others	-	-	-	30	30	(0)	-	-	-
(3)Others	330	279	(50)	309	296	(12)	342	309	(33)
Total	54,439	57,116	2,676	56,854	57,185	331	56,686	55,407	(1,278)

Note:

The book value after write down of appraisal loss is deemed the acquisition cost. The Company booked an appraisal loss of ¥2,341 million for the six months ended September 30, 2002 on the write down of stocks.

(3) Securities not valued at market

（Unit: ¥ mln）

	Fiscal 2002 Interim As of Sept. 30, 2002	Fiscal 2001 Interim As of Sept. 30, 2001	Fiscal 2001 As of March 31, 2002
	Book value	Book value	Book value
(1) Bonds held to maturity			
Matured interest-bearing govt. bonds	10	8	10
Privately placed bonds	1	1	1
(2) Other securities			
Unlisted stock (excl. OTC)	34,975	29,428	34,630
Medium-term JGB fund	26	98	-
Money management fund	99	20	68
Free financial fund	2	-	-

8. Derivatives

(1) Currency-related

(Unit: ¥ mln)

Item	Instrument	Fiscal 2002 Interim (as of Sept. 30, 2002)				Fiscal 2001 Interim (as of Sept. 30, 2001)			
		Contracted value	More than one year	Market value	Unrealized gain (loss)	Contracted value	More than one year	Market value	Unrealized gain (loss)
Off-floor transactions	Foreign exchange forward contracts								
	To buy:								
	US dollars	305	-	280	(25)	-	-	-	-
	Swiss Francs	-	-	-	-	-	-	-	-
	Australian dollars	16	-	16	(0)	-	-	-	-
Total		322	-	296	(25)	-	-	-	-

Item	Instrument	Fiscal 2001 (as of March 31, 2002)			
		Contracted value	More than one year	Market value	Unrealized gain (loss)
Off-floor transactions	Foreign exchange forward contract				
	To buy:				
	US dollars	296	-	305	8
	Swiss Francs	27	-	28	0
	Australian dollars	32	-	33	0
Total		357	-	366	9

Note:

Fiscal 2002 Interim (as of Sept. 30, 2002)	Fiscal 2001 Interim (as of Sept. 30, 2001)	Fiscal 2001 (as of March 31, 2002)
1. Market value is based on quotations on the futures market.	-	1. Market value is based on quotations on the future market.
2. Derivatives treated under the hedge accounting method are undisclosed.	-	2. Derivatives treated under the hedge accounting method are undisclosed.

(2) Interest rate-related

(Unit: ¥ mln)

Item	Instrument	Fiscal 2002 Interim (as of Sept. 30, 2002)				Fiscal 2001 Interim (as of Sept. 30, 2001)			
		Contracted value	More than one year	Market value	Unrealized gain (loss)	Contracted value	More than one year	Market value	Unrealized gain (loss)
Off-floor transactions	Interest rate swaps Receivable floating rate/ Payable fixed rate	1,400	1,400	(83)	(83)	1,000	1,000	82	82
Total		1,400	1,400	(83)	(83)	1,000	1,000	82	82

Item	Instrument	Fiscal 2001 (as of March 31, 2002)			
		Contracted value	More than one year	Market value	Unrealized gain (loss)
Off-floor transactions	Interest rate swaps Receivable floating rate/ Payable fixed rate	1,400	1,400	(100)	(100)
Total		1,400	1,400	(100)	(100)

Note:

Fiscal 2002 Interim (as of Sept. 30, 2002)	Fiscal 2001 Interim (as of Sept. 30, 2001)	Fiscal 2001 (as of March 31, 2002)
1. Market value amounts are based on quotations provided by financial institutions (Counter parties).	1. As left	1. As left
2. Derivatives treated under the hedge accounting method are undisclosed.	2. As left	2. As left

9. Tokyu Car Corp. Becomes a Wholly Owned Subsidiary through a Share Exchange

At the respective meetings of the Boards of Directors held on April 25, 2002, the Company and equity-method affiliate Tokyu Car Corp. resolved to convert Tokyu Car Corp. into a wholly owned subsidiary of Tokyu Corporation through a share exchange. On October 1, 2002, Tokyu Car Corp. became a wholly owned subsidiary of the Company through an exchange of every share in Tokyu Car Corp. held by shareholders excluding Tokyu Corp., for 0.167 of Tokyu Corporation common stock.

Profile of the New Wholly Owned Subsidiary

(1) Company name: Tokyu Car Corporation

(2) Address: 3-1 Okawa, Kanazawa-ku, Yokohama, Kanagawa

(3) Name of representative: Takeo Momose, President

(4) Capital: ¥14,047 million

(5) Business lines: railway rolling stock, specialty vehicles, elevated parking systems