

Presentation Handout

5 December 2001

Explanatory Meeting for Investors



Tokyu Corporation

(9005)

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

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Consolidated Financial Results (Interim)

Consolidated Financial Results for FY3/2002 Interim

(¥ million)

	Consolidated Financial Results FY3/2002 Interim		Consolidated Financial Results FY3/2001 Interim	Annual Forecast (Consolidated) FY3/2002 (As of 3 Dec. 2001)
	Actual	Forecast (As of 11 Jun. 2001)		
Operating revenues	471,869	440,000	447,921	1,100,000
Operating income	28,384	20,700	37,226	52,500
Recurring income	9,792	3,900	18,647	21,500
Net income	4,518	-2,500	-16,677	10,500

Comparison of Non-Consolidated railway transportation results with prior interim

- Passenger Volume +8,208 thousand passengers
Increase of 1.7%
- Passenger revenue +1,912 million yen
Increase of 3.4%

FY3/2001

Single amortization of unrecognized net obligation due to changes in retirement benefit accounting standards

¥ 69.5 billion
(Amortized half in interim)

Merger of JAS and JAL

By realigning operations of both companies by its different fields under a joint holding company, we aim to achieve an efficient management optimizing characteristics of each business segment.

■ Purpose of Merger

<Establishment of Business Foundation that Withstands Severe Global Competition>

■ Future Schedule

◇ Preparation of Integration

- Set up “Integration Preparation Committee”

◇ Approval of Integration at Shareholders’ Meeting (June 2002)

- Approval of establishment of a joint holding company under the share transfer system

◇ First Stage of Integration (September 2002)

- Establish a joint holding company and have the two companies affiliated with it.

◇ Second Stage of Integration

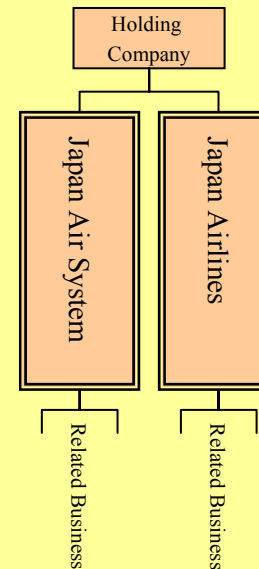
- Complete the realignment process companies under the joint holding company

■ Effect of Integration

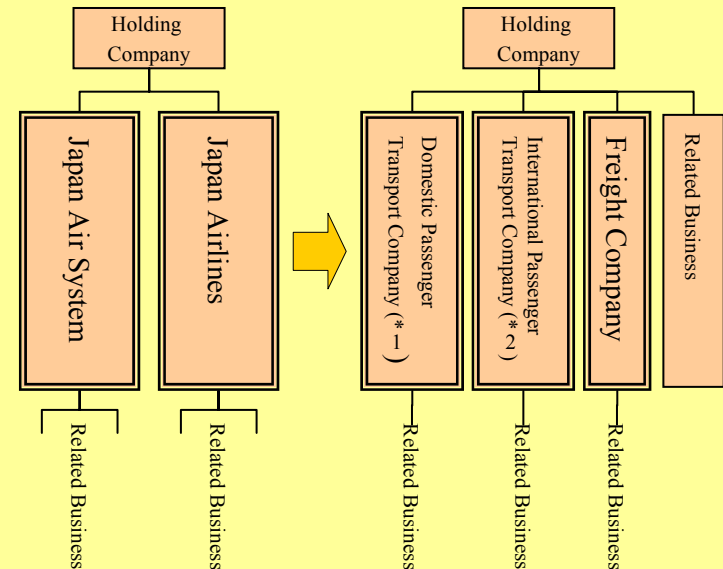
- Improvement of user-convenience
- Enhancement of shareholder value
- Maintain and secure of stable employment and promote optimal utilization of human resources

■ Basic Framework of Integration

<First Stage of Integration>
(September 2002)



<Second Stage of Integration>



(*1): JAS is planned to be the legal successor of the key company.

(*2): JAL is planned to be the legal successor of the key company.

Restructuring of Tokyu Group Business through 'Selection and Concentration' Merger of Building-Management Subsidiaries



Strive to strengthen business foundation corresponding to changes in the business climate

■ Characteristics of Two Companies to be Integrated

- ◇ Tokyu Service Corp. General building-management company including cafeteria operation, temporary staff dispatcher service, as well as cleaning, security and equipment management of buildings
- ◇ Tokyu Building Service, Inc. General building-management company having its strength in hotel room management

■ Outline of Integration

- ◇ Integration Method Merger of Tokyu Building Service Inc. by Tokyu Service Corp.
- ◇ Legal Successor Tokyu Service Corp.
- ◇ Name of New Company Tokyu Facility Service Co., Ltd.
- ◇ Merger Ratio 1:0.6
(0.6 share of Tokyu Service is issued to 1 share of Tokyu Building Service)
- ◇ Merger Date 1 July 2002

■ Future Schedule

- ◇ 19 Dec. 2001 Merger contract to be approved at extraordinary shareholders' meetings of both companies
- ◇ 1 July 2002 Merger and change of company name



REIT Business

Alliance strategy based on management policy
→ **Growth strategy utilizing third party capital**

■ Outline of Joint Ventures

- ◇ Currently studying methods including equity participation of Lend Lease Corp. in Tokyu Real Estate Investment Management INC.
- ◇ Launch of multiple funds including JREIT in the Future
- ◇ Equity Position: Lend Lease 50%, Tokyu Group 50%

■ What our company expects from REIT business

- ◇ Investment capital for areas along the Tokyu Lines
 - Higher added value for areas along the Tokyu Lines and higher earnings from the railway business

■ Management Policy of REIT

- ◇ Long-term, stable profit structure
 - Secure profits of customers living in the Tokyu area, investors, Tokyu and Lend Lease



Management after Business Restructuring

- **Continuation of the decision-making system by “Tokyu Group Corporate Executive Committee”**
- **Hold fast to the governance system by Tokyu Corporation**

■ The First Restructuring Phase (up to March 2003)

- ◇ Reorganize Tokyu Group by business segment
- ◇ Group management objective to restore sound business

< Interest-bearing Debt / EBITDA Multiple = less than 10 times >

■ Theme for the Second Restructuring Phase

- ◇ Business structural reform to enhance profitability, growth and shareholder value
- ◇ Management objectives to improve profitability on consolidated and segment bases

< Consolidated Objective >

- An index that enables comparison with other companies in terms of EBITDA and total market capitalization

<Segment Objective>

- An index that clearly demonstrates profitability, growth potential and business efficiency of individual segment
- Simple index that can be easily used as an incentive