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June 11, 2001

Summary of Consolidated Earnings Report for Fiscal 2001

Company Name:	Tokyu Corporation
Stock Listings:	Tokyo Stock Exchange
Code Number:	9005
Head office:	Tokyo
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	Manager Accounting Section Finance & Accounting Dept.

SEC accounting standards: The company does not apply SEC accounting standards

1. Consolidated Results of Operations for Fiscal 2001 (April 1, 2000 – March 31, 2001)

(1) Consolidated Business Results

(Rounded down to ¥million)

	Gross sales		Operating Profit		Recurring Profit		Net income	
	¥ mln	%	¥ mln	%	¥ mln	%	¥ mln	%
FY to 3/01	1,012,890	1.8	64,374	6.6	23,634	(24.4)	(30,163)	-
FY to 3/00	995,228	73.6	60,416	23.4	31,249	27.8	1,764	-

	Net income per share	Net income per share (diluted)	Return on equity	Recurring profit to total capital ratio	Recurring profit ratio
	¥	¥	%	%	%
FY to 3/01	(27.50)	-	(19.1)	0.9	2.3
FY to 3/00	1.62	-	1.0	1.3	3.1

Notes:

(1) Returns on investments under the equity method:
FY to 3/01: (- ¥ 8,299 million); FY to 3/00: (- ¥ 1,789 million)

(2) Weighted average number of shares (Consolidated): FY to 3/01: 1,096,958,697, FY to 3/00: 1,087,511,524:

(3) Changes in accounting standards were applicable to the above figures

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

(2) Consolidated Financial Situation

	Total assets (¥ mln)	Shareholders' equity (¥ mln)	Shareholders' equity ratio (%)	Shareholders' equity per share (¥)
FY to 3/01	2,499,886	139,066	5.6	126.64
FY to 3/00	2,528,353	176,465	7.0	161.00

Number of shares outstanding at the end of FY to 3/01:1,098,085,620, FY to 3/00: 1,095,831,773

(3) Consolidated Cash flow Situation

	Operating activities	Investing activities	Financial activities	End of year cash and cash equivalents
	¥ mln	¥ mln	¥ mln	¥ mln
FY to 3/01	89,217	(63,421)	(42,910)	124,328
FY to 3/00	114,194	(86,548)	24,042	137,589

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

Consolidated subsidiaries 223

Unconsolidated subsidiaries accounted for by the equity method 1

Affiliates accounted for by the equity method 46

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

Consolidated subsidiaries:

New 4

Excluded 13

Affiliates accounted for under equity method:

New 5

Excluded 4

2. Consolidated Forecast for FY 2002 (April 1, 2001 – March 31, 2002)

	Gross sales (¥ mln)	Recurring profit (¥ mln)	Net income (¥ mln)
Interim	440,000	3,900	(2,500)
Entire year	1,040,000	24,000	12,000

Reference – Predicted net income per share for the entire year: ¥10.93

1.The Tokyu Group

The Tokyu Group comprises 224 subsidiaries and 48 affiliates. Their business operations are as follows.

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

(1) Transportation (55 companies)

Description of business	Companies
Railways	Tokyu Corp., Izukyu Corp. #1 A,C,D; Ueda Kotsu Corp. #1
Buses	Tokyu Bus Corp. # 1 A, B, C, D, Abashiri Kotsu,Inc. #1, Jotetsu Corp. #1 , Gunma Bus Corp. #1 C, Tokyu Shachi Bus Co., Ltd. #1 C,D, Kusakaru Corp. #1 A, B, C
Cargo / Freight Transport	Tokyu Air Cargo Co., Ltd. #1 C, Nihon Kamotsu Kyuso Co., Ltd. #1 A, C, Tokyu Freight Service Co., Ltd. #1 A, B, C, Tokyo Tsuun Co., Ltd. #1 A, C, Sotetsu Transportation Co., Ltd. #2 A, C
Air Transportation	Japan Air System Co., Ltd. #2 A, C
	40 other firms

(2) Real Estate (42 companies)

Description of business	Companies
Real estate sales	Tokyu Corp., Tokyu Land Corp. #2 A, B, C, D
Real estate leasing	Tokyu Corp., Tokyu YMM Properties Co., Ltd. #1, Shibuya Development Inc. #1 A, Kitami Tokyu Bldg. Co., Ltd. #1 D
Real estate management	Tokyu Community Corp. #2 A, B, C, D, Tokyu Service Corp. #1 A, B, C; Tokyu Building Service Inc. #1 A, B, C; Yanchep Sun City PTY. LTD. #1 B,
Real estate brokerage	Tokyu Livable Inc. #2 A, B, C
	32 other firms

(3) Trade and Distribution (30 companies)

Description of business	Companies
Department stores	Tokyu Department Store Co., Ltd. #2 A, C, E
Retailing	Tokyu Store Chain Co., Ltd. #2 A, C, E, Sapporo Tokyu Store Chain Co., Ltd. #1, Tokyu Hands Inc. #2 A, C, E
General trading	Kowa Co., Ltd. #1, Tokyu Geox Co., Ltd. #1 C, E
Oil & gasoline sales	Tokyu Corp., Jotetsu Kogyo #1 C
	22 other companies

(4) Leisure / Services (116 companies)

Description of business	Companies
Travel services	Tokyu Tourist Corp. #1 A, C
Cinemas	Tokyu Recreation Co. Ltd. #2 A, C
Hotels	Tokyu Corp., Tokyu Hotel Chain Co., Ltd. #2 A, C, Kansai Tokyu Inn. Co., Ltd. and 27 other firms #1 B; Tokyu Canada Corp. #1, Pan Pacific Hotels & Resorts Pte. Ltd. #1, Mauna Lani Resort (Operation) Inc. #1
Golf course management	Tokyu Corp., Three Hundred Club Co., Ltd. #1 C, Tokyu Herbhill Golf Club. #1
Advertising	Tokyu Agency Inc. #2 A, B, C
CATV	Tokyu Cable Television Co., Ltd. #1 A, B, C
Car rental	Nippon Rent'a Car Tokyu Co., Ltd. #1 A, C, Nippon Rent'a Car Hokkaido Co., Ltd. #1
	75 other companies

(5) Construction (17 companies)

Description of business	Companies
Construction	Tokyu Construction Co., Ltd. #1 A, B, C, Seikitokyu Kogyo Co., Ltd. #2 B, C
	15 other companies

(6) Other Businesses (31 companies)

Description of business	Companies
Rolling stock maintenance	Tokyu Car Corp. #2 A, B, C, E, Toyoko Industry Co., Ltd. #1 A, B, C, E
Automotive parts	Shiroki Corp. #2
Telecommunications marketing	Toyoko Denko Co., Ltd. #1 A, B
Research Lab	Tokyu Research Institute, Inc. #1 B
Food Manufacturing	Gold Pak Co., Ltd. #1 C, E
	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 Corporation Inc., Tokyu Tourist Corp., Tokyu Kanko Service Tohoku Inc. Tokyu Kanko Service Co., Ltd., Tokyu Kanko Service Nishinippon Inc. Izukyu Corp., Jotestsu Corp., Kusakaru Corp. and Tokyu Service Corp.
2. Tokyu Corp., Tokyu Tourist Corp., Tokyu Hotel Chain Co., Ltd., Seikitokyu Kogyo Co., Ltd., Tokyu Store Chain Co., Ltd., and Tokyu Community Corp. are listed on the 1st Section of Tokyo Stock Exchange. Tokyu Construction Co., Ltd., Tokyu Land Corp., and Tokyu Car Corp. are listed on the 1st Sections of Tokyo Stock Exchange and Osaka Securities Exchange. Tokyu Department Store Co. Ltd., is listed on the 1st Section of Tokyo Stock Exchange and on Sapporo Stock Exchange. Shiroki Corp. is listed on 1st Sections of Tokyo Stock Exchange and Nagoya Stock Exchange. Izukyu Corp., Tokyu Recreation Co., Ltd., Tokyu Livable Inc., Sotetsu Transportation Co., Ltd are listed on the 2nd Section of Tokyo Stock Exchange. Japan Air Systems Co., Ltd. is registered on the OTC market.
3. The Company rents facilities to company (A)
4. The Company outsources work to company (B)
5. The Company sells merchandise to Company (C)
6. The Company rents facilities from company (D)
7. The Company procures merchandise from company (E)

Description of Principal Business Lines as of the End of the Fiscal Year:

Transportation

Railroad Operations: The Company operates eight railway lines – the Toyoko Line, Meguro Line, Den-en Toshi Line, Oimachi Line, Ikegami Line, Tamagawa Line and Kodomonokuni Line – in Southwest of Tokyo and Kanagawa prefecture, in addition to the single-track Setagaya Line. The total track length is 102.1 kilometers. Izukyu Corporation, a consolidated subsidiary, operates a 45.7km line between Ito and Izukyu Shimoda in the Izu peninsula. Ueda Kotsu. Corp. 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 Southwest of Tokyo and Kanagawa prefecture. In Hokkaido, Jotetsu Corp. operates scheduled bus services, and also leases buses throughout Hokkaido. Tokyu Shachi Bus Co., Ltd., operates chartered bus service in Aichi prefecture and Gunma Bus Corp. operates similar chartered bus services in Gunma prefecture.

Cargo Transport: Freight transportation services are operated by Nihon Kamotsu Kyuso Co., Ltd., and Tokyo Tsuun Co., Ltd., consolidated subsidiaries, and Sotetsu Transportation Co., Ltd, an affiliate. 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, consolidation, warehousing and packaging.

Air Operations: Japan Air System Co., Ltd, an affiliate, operates scheduled and non-scheduled flights, mainly on domestic routes.

Real Estate

Real estate sales: The principal operations include land development, centering on Tama Garden City, housing construction and marketing, plus real estate consulting. Tokyu Land Corp. an affiliate is engaged in residential land development and marketing, and the construction and marketing of detached houses, medium to high-rise condominiums, and resort housing. The company is also engaged in joint marketing of houses built-for-sale, a system in which the company works with other firms to build and market family homes built on residential land developed by the company.

Real estate leasing: Real estate leasing operations primarily focus on renting office buildings, mainly along the railway lines we operate in Tokyo and Kanagawa prefecture. Tokyu Land Corp. an affiliate, is also engaged in 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 Tokyu Service Corp. and Tokyu Building Service Inc. both consolidated subsidiaries, are engaged in comprehensive building management (management of building facilities, cleaning and security services) services, and condominium management services (administration, facilities management etc.).

In real estate brokerage services, Tokyu Livable Inc., an affiliate, has an extensive network closely linked to local communities in principal cities, where it offers housing sales, brokerage and related services.

Trading

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

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. manufactures and markets aggregates, and Kowa Co., Ltd. is mainly deals with petrol and construction materials.

Petro Sales: Petrol is purchased directly from refineries to be sold at our directly managed petro stations, located mainly in the region of our railways, or directly to some major users. The company withdrew from petro gas sales as of end of March 2001.

Leisure / Services

Travel services: Tokyu Tourist Corp., a consolidated subsidiary, partners with major transportation companies, hotels, Japanese inns, and tourist facilities to provide domestic travel services for individuals, groups and educational institutions like schools. In travels to abroad, the company partners with international airlines, hotels overseas and local travel agents. Services include overseas travel arrangements for individuals and groups.

Hotel operations: In hotel operations, the Company's main business is in the operation of three hotel chains: Tokyu Inn Chain (29 hotels), Excel Hotels (4 hotels) and Tokyu Resorts (3 hotels). Overseas, a consolidated subsidiary, Pan Pacific Hotels and Resorts PTE. Ltd. operates hotels and provides hotel management services. The company manages 16 hotels in 10 countries, most of them in Asia. An affiliate, Tokyu Hotel Chain Co., Ltd., is also engaged in the operation and management of hotels, and manages 16 hotels in Japan.

Golf course management operations: The Company's golf-related operations started with the opening of the "Five Hundred Club," a golf club in Susono city in Shizuoka prefecture. The company now operates eight golf courses in Japan. The Group also includes 6 golf-club management firms, including the Three Hundred Club Co., Ltd. a consolidated subsidiary

CATV operations: Tokyu Cable Television Co., Ltd., a consolidated subsidiary, offers CATV service and Internet provider services through a co-axial cable network and a fiber-optics network, primarily along the Company's railway lines.

Construction

Construction operations include construction of housing, office buildings, government buildings, highways and railway lines and land development. The Company is involved in the construction business through its consolidated subsidiary, Tokyu Construction Co., Ltd. Seikitokyu Kogyo Co., Ltd., an affiliate, focuses on civil engineering work, road pavement, water works, and other general construction contracting.

Other Businesses

In other business, Tokyu Car Corp., an affiliate, specializes in the manufacture of rolling stock, specialty vehicles and elevated parking systems. Toyoko Industry Co., Ltd., an affiliate, focuses on the design, manufacture, testing and maintenance of rolling stock for railway operations, and on railroad-related electrical construction work.

In automotive parts, Shiroki Corp., an affiliate, manufactures and markets automobile parts, including door sashes (an important automobile part), and also manufactures parts under direct contracts from automobile manufacturers.

In food products manufacturing, Gold Pak Co., Ltd., an affiliate, manufactures and markets health foods, mainly vegetable juices.

2.Management Policy

(1) Basic Management Policy

Tokyu Group's roots go back to 1922 and the establishment of Meguro Kamata Railway. The Group has now expanded to 434 companies and 10 organizations, with Tokyu Corporation as the nucleus. The Group's core operations focus on urban development centered on railroad operations. Over the years, the group has diversified to provide a wide range of services related to the daily lives of the people in the communities it serves. The Group is also actively involved in social programs and environmental activities through foundations, social activities, and Tokyu Kai programs.

By building a business deeply rooted in local communities, the Group seeks to fulfill its social responsibilities. 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 Era, " and has been working toward "Creating Beautiful Lifestyle Environment" to meet varying consumer needs and to make Tokyu the brand of choice.

To assure continuing growth in the 21st century, we are implementing the initiatives outlined in the Tokyu Group Management Policy of April 2000. The management plan emphasizes the Company's position as the major shareholder of the companies comprising the Tokyu Group and as the steward of the Tokyu brand. In effect, Tokyu Corporation will be positioned as a holding company with a strategic decision-making function. These initiatives will help us to create a new image for the Tokyu Group by March 2003.

(2) Medium to Long term Management Strategy and its Tasks

The Group has formulated a basic policy based on "Establishment of Group Governance led by the Parent Company," "Growth through joint business tie-ups and alliances," and "Risk Management Through Compliance" in order to realize our doctrine ""Independence and Cooperation."

First, we identified our core priorities: defining redevelopment areas along our railway lines, including strategic terminals such as Shibuya, and building a strong brand. The Group's business will be reorganized through such selective focus. As a part of the program to reorganize our hotel operations, we have already sold off our taxi company and withdrawn from petro sales. In addition, we established Tokyu Hotel Management Co., Ltd. and in July made Tokyu Hotel Chain Co., Ltd. a wholly owned subsidiary. Plans call for consolidating our three logistics services firms by merging them with Sotetsu Transportation Co., Ltd. by April 2002.

Second, in order to improve the effectiveness of the management policy, adjustments will be made to decision making system, business performance evaluation system, brand management and the likes.

Third, we will promote media operations by defining growth strategies based on strengthening our customer base. We will use our management resources in Shibuya and along our railway lines to revitalize our existing businesses. Establishment of Tokyu Real Estate Investment Management Co., Ltd., to diversify into the real-estate investment trust business, and expanding the "ranKing ranQueen" store chain established in July as an initiative to strengthen station services, are parts of the program to accelerate growth.

We are confident that successful implementation of these initiatives will maximize shareholders' value.

(3) Realigning Tokyu Group Management

In April 2000 we formed The Tokyu Group Corporate Executive Committee, chaired by the president. Establishing this decision-making committee to define policy to exercise our rights under the Commercial Code shows our commitment to enhancing management transparency. The committee will be responsible for major business decisions and financial policies related to the Group's business, evaluation of performance of companies in the Tokyu Group and brand management. Needless to say, Group firms will comply strictly with the decisions made by the board of directors and the general shareholders meeting. The new organization will thus separate the strategic decision-making and implementation functions. With this development the Company has taken another step in the direction of becoming a holding company.

In July 2000, we implemented several corporate reorganization measures, setting up a corporate headquarters and a business strategy promotion division to fully implement the Tokyu Group's business policies. Corporate headquarters will be responsible for restructuring the Group's business and developing Group management systems, to restore the Group's business on a sound footing. The group strategy implementation division will promote group strategies in order to revitalize our business and to increase profitability.

(4) Yardsticks of Management Performance

Management performance criteria set by the executive committee will be applied to all Group firms, including those that are not consolidated. In order to raise brand equity, the Company, as the largest shareholder of the Tokyu Group, will continue to monitor the business and provide management guidance until individual Group firms return to a sound financial condition and are capable of operating independently of the parent company.

By applying cash flow based parameters, we intend to restore the profitability of the core business and the ability to service interest-bearing debt, and to bring down the interest-bearing debt to EBITDA (operating income + depreciation) multiple of less than 10 by March 2003. In order to achieve our goal, all of the Tokyu Group shall place in a fully dedicated management effort as a unified body.

3. Review of Operations

(1) Outline of this fiscal term

Japanese economy during this fiscal term had slightly picked up in capital spenditure in areas such as Information Technology (IT) which brought forth the expectation for a possible economic recovery although it failed in the end, due to continual negative trend on personal consumption. In the end, the decline in exports and the share prices caused by the rapid downfall of the US economy made it unable to ease the uncertainty over the future economy outlook.

In these difficult circumstances, both at home and overseas, the Group (the Company plus its consolidated subsidiaries and affiliates treated by the equity method of accounting) aggressively promoted business in all operations, with a focus on enhancing management efficiencies and working toward cost reduction.

The result of this fiscal term was: operating revenue ¥1T12.89 billion (yoy up 1.8%), operating income ¥64.374 billion (yoy up 6.6%), recurring profit of ¥23.634 billion (yoy down 24.2%). However, current income declined 24.4% to ¥23.634 billion. We registered a net loss of ¥30.163 billion, a consequence of lump-sum amortization of liabilities (¥69.546 billion) arising from changes in the retirement benefit accounting standards.

Operating results by segment are as follows:

1. Transportation

In railroad transportation, we invested in safety equipment, emergency training, increasing passenger capacity and development of an efficient railroad network, and in improvements on the service side, such as service quality and customer assistance in order to enhance passenger safety, convenience and comfort. Revenue from railway operations increased over the previous fiscal year, due in part to growing passenger traffic, reflecting the establishment of more commercial facilities along our lines. However, traffic on consolidated subsidiaries' lines continued to fall. In bus services, the number of passengers carried resumed growth at Tokyu Bus Corporation and Tokyu TRANSSES. The number of passengers carried by regional bus companies, primarily in Hokkaido, remained flat. Cargo operations continued to face strong headwinds, affected by lower freight rates and decline in the number of leased coaches.

Revenue from operations in this division increased 8.2% from the previous year to ¥259.795 billion. Divisional operating income rose 21.1% to ¥36.754 billion. As a result, the transportation segment recorded growth in both revenue and income.

2. Real Estate

The Company engaged in aggressive sales of single-family homes, land for single-family homes, and condominiums at the Tama Garden City project. In real-estate leasing, performance of Shibuya Mark City, a three-way joint project led by the Company (the two other partners are Teito Kosokudo Kotsu Eidan and Keio Electric Railway Co., Ltd.) was favorable, with occupancy rates staying at high levels. Despite intensifying competition and declining fees, we expanded our real estate management operations by offering high quality services at economic price.

As a result, operating income declined 22.6% from the previous fiscal year to ¥22.347 billion although operating revenues rose 16.2% to ¥150.071 billion.

3. Trading

In retailing, competition turned brutal, as retailers rushed to open new stores ahead of the introduction of the Large Retail Store Law. Due to severe competition, the decline in the unit price made it difficult for net sales growth. We focused on recovering profitability in our petro gas sales by closing down unprofitable petro stations, but concluded that it was not possible to restore profitability. As a result, we liquidated our oil and gasoline operations.

Operating revenue dropped 5.9% from the previous fiscal year to ¥101.424 billion. Divisional operating income rose to ¥294 million, an improvement of ¥359 million.

4. Leisure Services

In travel services, consumer demand was favorable, underpinned by our efforts to stimulate demand through the Happy Monday Program and the underlying trend toward leisure. However, corporate demand remained weak, and as result the division found itself in a continuing severe situation. In hotel operations, occupancy rates and restaurant sales were favorable at the Shibuya Excel Hotel, opened in April 2000. Occupancy rates were also high in our overseas hotels.

Revenue from operations increased 6.7% to ¥150.597 billion. Nevertheless, the division reported an operating loss of ¥4.943 billion, though this was a ¥6.896 billion improvement over the previous fiscal year.

5. Construction

Construction demand from the manufacturing sector showed signs of revival, but demand for construction of office buildings and condominiums remained weak. Overall private sector construction demand was weak and government-related demand was also on the decline. As a result, the overall environment for orders continued to be severe.

Revenue from operations declined 3.2% from the previous fiscal year to ¥412.195. Operating income was down 1.6% to ¥14.713 billion.

6. Other Businesses

Competition for orders was extremely severe in rolling stock maintenance, the main business in this segment. However, divisional revenue and income rose as the result of success in winning and commencing orders for large long-term projects and projects related to making coaches barrier-free. Although divisional revenue rose 6.4% from the previous fiscal year to ¥19.643 billion, operating income was down 21.3% to ¥1.52 billion.

Effective from the current term, we started consolidating Gold Pak Co., Ltd., only in the balance sheet, since plans call for increasing our shareholding in the company shortly.

(2) Cash Flows

Cash flow from operating activities totaled ¥89.217 billion. The pre tax net loss of ¥24.988billion, ¥56.185 billion in depreciation, and a ¥26.516 billion gain on transfer of securities to employees retirement benefit trust. The main use of cash in operating activities was a ¥14.789 billion loss on removal of fixed assets.

The principal use of cash in investment activities was ¥107.326 billion on fixed asset acquisition spending, due to aggressive capital investment to lay two double track lines. Proceeds from the sale of fixed assets and subsidiary stock partially offset the outflow. As a result, net cash used in investing activities was ¥63.421 billion.

Cash flow from financing activities declined ¥42.91 billion, due mainly to redemption of commercial paper and corporate bonds.

(3) Outlook

Forecast for the next result will be an operating revenue of ¥1.04 T (yoy up 2.7%), recurring profit ¥24 billion (yoy up 1.5%), net profit improvement of ¥42.1 billion improvement resulting in ¥12 billion.

4.Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: ¥ mln)

Assets Section			
Item	Current term-end As of March 31, 2001	Previous term-end As of March 31, 2000	Increase/Decrease
(Assets Section)			
Current Assets	719,489	816,773	(97,283)
Cash and deposits	125,759	139,807	(14,048)
Notes & accounts receivable	178,595	175,850	2,745
Securities	453	73,934	(73,481)
Inventories	353,161	369,296	(16,134)
Deferred assets	5,806	4,259	1,546
Other current assets	61,785	57,202	4,583
Allowance for doubtful accounts	(6,072)	(3,577)	(2,495)
Fixed Assets	1,780,396	1,693,973	86,422
Tangible fixed assets	1,453,941	1,442,707	11,234
Buildings & Structures	551,433	542,935	8,498
Machinery & Autos	68,844	53,107	15,737
Land	419,698	431,496	(11,798)
Const. In progress	393,931	395,600	(1,668)
Others	20,033	19,567	465
Intangible fixed assets	46,801	43,185	3,615
Cons. Adjustment account	7,441	4,672	2,768
Others	39,359	38,512	846
Investments & Others	279,654	208,081	71,572
Investment securities	179,913	116,287	63,625
Long-term loans receivable	3,118	3,104	13
Deferred tax assets	28,353	14,101	14,252
Others	81,989	85,996	(4,006)
Allowance for doubtful receivables	(13,720)	(11,408)	(2,312)
Translation adjustment account	-	17,605	(17,605)
Total assets	2,499,886	2,528,353	(28,466)

(Unit: ¥ mln)

Liabilities, Minority Interest and Shareholders' Equity Sections			
Item	Current term-end As of March 31, 2001	Previous term-end As of March 31, 2000	Increase/Decrease
(Liabilities Section)			
Current Liabilities	1,158,301	1,142,405	15,895
Notes & Accounts payable	186,804	182,158	4,646
Short-term loans payable	572,571	594,354	(21,783)
Current portion of long-term bonds	57,300	23,500	33,800
Accrued Corporation Tax	25,473	3,847	21,625
Provision of reserve for Guarantee on completed contracts	597	450	146
Provision of reserve for bonuses	11,946	12,053	(107)
Advances and advances on work in process	202,527	204,139	(1,612)
Commercial paper	-	24,000	(24,000)
Others	101,081	97,901	3,180
Fixed Liabilities	1,142,320	1,138,208	4,111
Corporate bonds	303,741	340,340	(36,599)
Long-term loans payable	573,304	554,637	18,667
Reserve for retirement allowances	-	37,548	(37,548)
Reserve for retirement allowances	75,747	-	75,747
Reserve for officers' retirement allowances	3,554	3,725	(170)
Reserve for possible loss on development projects	6,238	9,000	(2,762)
Guarantee deposits	147,382	156,454	(9,072)
Deferred tax liabilities	10,637	10,000	637
Deferred tax assets (Re-assessment-related)	7,466	7,496	(29)
Others	14,247	19,005	(4,758)
Special legal reserve	46,768	49,836	(3,067)
Urban Railways Improvement Reserve	46,768	49,836	(3,067)
Total Liabilities	2,347,390	2,330,450	16,939
(Minority Interest)			
Minority interest	13,429	21,436	(8,007)
(Shareholders' Equity Section)			
Common stock	107,542	107,542	-
Capital reserve	106,222	106,222	-
Revaluation difference	9,291	3,519	5,771
Deficit	77,574	40,012	37,561
Securities revaluation difference (Other)	6,679	-	6,679
Translation adjusting account	(13,036)	-	(13,036)
Treasury stock	(17)	(26)	8
Parent company stock held by subsidiaries	(41)	(781)	739
Total Shareholders' Equity	139,066	176,465	(37,399)
Total Liabilities, Minority Interest & Shareholders' Equity	2,499,886	2,528,353	(28,466)

(2) Consolidated Statements of Income

(Unit: ¥ mln)

Item	Current Fiscal Year From April 1,2000 To March 31,2001	Previous Fiscal Year From April 1,1999 To March 31,2000	Change (Amount)	Change (%)
Revenue from operations	1,012,890	995,228	17,661	1.8
Cost of revenue from operations	948,515	934,811	13,703	1.5
Operating expenses & cost of sales (Transportation etc.)	841,922	806,299	35,623	4.4
SG&A expenses	106,593	128,512	(21,919)	(17.1)
Operating income	64,374	60,416	3,957	6.6
Non-operating income	9,635	19,432	(9,796)	(50.4)
Interest & Dividend	2,543	2,640	(97)	(3.7)
Other income	7,092	16,792	(9,699)	(57.8)
Non-operating expenses	50,375	48,600	1,775	3.7
Interest	38,873	38,939	(66)	(0.2)
Interest in losses of affiliates	8,299	1,789	6,510	363.8
Other expenses	3,202	7,871	(4,668)	(59.3)
Current income	23,634	31,249	(7,614)	(24.4)
Extraordinary income	55,863	42,821	13,042	30.5
Extraordinary loss	104,487	68,237	36,249	53.1
Net income before income taxes	(24,988)	5,833	(30,822)	-
Corporation, Residential and Enterprise Taxes	29,659	9,587	20,072	209.4
Corporation Tax adjustment	(19,530)	(2,479)	(17,050)	-
Minority interest in losses of consolidated subsidiaries	4,954	3,038	1,915	63
Net income	(30,163)	1,764	(31,928)	-

(Note)

	Current Fiscal year ¥ mln	Previous Fiscal Year ¥ mln
Breakdown of extraordinary income		
Gain on sale of fixed assets	¥ 21,370mln	¥ 26,516mln
Gain on sale of subsidiary stock	¥ 12,650mln	¥ -mln
Gain on establishment of retirement benefit trust	¥ 7,040mln	¥ -mln
Reversal from Urban Railways Improvement Reserve	¥ 5,307mln	¥ 5,307mln
Reversal of valuation gain on parent company stock held by subsidiaries	¥ -mln	¥ 4,406mln
Breakdown of extraordinary loss		
Amortization of difference arising from adoption of retirement benefit accounting	¥ 69,546mln	¥ -mln
Securities valuation loss	¥ 6,116mln	¥ 1,580mln
Provision of allowance for doubtful accounts	¥ 4,955mln	¥ 5,757mln
Valuation loss on real estate for sale	¥ 4,193mln	¥ 31,242mln
Loss on sale of fixed assets	¥ 3,872mln	¥ 3,080mln
Loss on removal of fixed assets	¥ 3,719mln	¥ 2,241mln
Provision of allowance for Urban Railway Improvement Reserve	¥ 2,239mln	¥ 2,189mln
Loss on development project	¥ -mln	¥ 3,474mln
Loss on sale of parent company stock held by subsidiaries	¥ -mln	¥ 3,025mln

（３）Consolidated Statements of Retained Earnings

（Unit: ¥ mln）

Item	Current Fiscal Year From April 1,2000 To March 31,2001	Previous Fiscal Year From April 1,1999 To March 31,2000
Indisposed deficit brought forward	40,012	39,169
Indisposed deficit brought forward	40,012	31,544
Past period deferred tax adjustment	-	7,625
Decline in deficit	206	5,212
Decline in deficit due to increase in consolidated subsidiaries	-	830
Decline in deficit due to decrease in consolidated subsidiaries	206	1,135
Decline in deficit due to increase in affiliates accounted by the equity method	-	3,247
Increase in deficit	7,604	7,821
Reversal of valuation differences	1,372	-
Increase in deficit due to revaluation of land at subsidiaries accounted by the equity method	-	2,155
Increase in deficit due to revaluation of land at a consolidated subsidiary of an affiliate accounted by the equity method	582	-
Dividend	5,491	5,491
Officers' bonus	158	174
Net income	(30,163)	1,764
Indisposed deficit carried forward	77,574	40,012

（4）**Consolidated Statements of Cash Flows**

（Unit: ¥ mln）

Item	Current Fiscal Year From 4.1.00 To 3.31.01	Previous Fiscal Year From 4.1.99 To 3.31.00
Ⅰ Cash flows from operating activities		
Income before income taxes	(24,988)	5,833
Depreciation	56,185	50,908
Amortization of consolidation adjusting account	611	1,566
Decrease in employees' retirement benefit reserve	(37,548)	(4,359)
Increase in employees retirement benefit reserve	75,633	-
Establishment of employees' retirement benefit trust	26,516	-
Gain on establishment of employees' retirement benefit trust	(7,040)	-
Increase (decrease) in reserve for probable loss On development projects	(2,762)	9,000
Decrease in Urban Railways Improvement Reserve	(3,067)	(3,117)
Contribution for construction received	(1,354)	(1,104)
Reduction in contribution for construction	1,339	1,093
Gain on sale of subsidiary stock	(12,620)	-
Reversal of valuation gain on parent company stock held by Subsidiaries	-	(4,406)
Gain of sale of parent company stock held by subsidiaries	(287)	-
Loss on sale of parent company stock held by subsidiaries	-	3,025
Gain (Loss) on revaluation of investment securities	6,116	-
Gain (Loss) on sale of fixed assets	(17,497)	(24,697)
Los on removal of fixed assets	14,789	26,345
Loss on revaluation of real estate for sale	4,193	31,242
Gain (Loss) on revaluation of securities	-	4,690
Equity in earnings of unconsolidated subsidiaries	8,299	1,789
Gain on change in equity interest	(2,736)	-
Gain (Loss) on sale of securities	-	(9,206)
Increase (decrease) in accounts receivable	9,349	23,950
Increase (decrease) in inventories	33,079	36,738
Increase (Decrease) in accounts payable	1,362	(17,432)
Increase (decrease) in advances received	(24,385)	14,928
Interest and dividend income	(2,543)	(2,593)
Interest expense	38,873	38,939
Other	(6,137)	(14,731)
Subtotal	133,380	168,405
Interest and dividends received	3,102	2,509
Interest paid	(38,809)	(38,960)
Income taxes paid	(8,456)	(17,759)
Net cash provided by operating activities	89,217	114,194

Ⅱ Cash flows from investing activities		
Payment for purchase of securities	(0)	(15,102)
Proceeds from sale of securities	273	43,257
Payment for purchase of fixed assets	(107,326)	(148,599)
Proceeds from sale of fixed assets	31,747	41,383
Payment for purchase of investment securities	(12,092)	(9,123)
Proceeds from sale of investment securities	3,040	3,132
Proceeds from sale of subsidiary stock	11,949	-
Payment for purchase of subsidiary stock, resulting in changes In the scope of consolidation	(8,063)	(11,009)
Proceeds from sale of subsidiary stock, resulting in changes In the scope of consolidation.	870	-
Proceeds from receipt of contribution for construction	24,127	1,104
Disbursement of loans receivable	(1,358)	(2,708)
Collection of loans receivable	2,219	11,117
Other	(8,807)	-
Net cash used in investing activities	(63,421)	(86,548)
Ⅲ Cash flows from financing activities		
Payment of short-term loans, net	(34,051)	(36,674)
Proceeds from long-term debt	111,731	130,801
Repayment of long-term debt	(92,644)	(92,140)
Proceeds from issuance of commercial paper	14,000	35,000
Redemption of commercial paper	(38,000)	(31,000)
Proceeds from bond issue	20,616	51,967
Payment for redemption of bonds	(23,500)	(35,590)
Gain on sale of parent company stock held by subsidiaries	1,101	7,275
Dividends paid by parent company	(5,491)	(5,491)
Proceeds from issuance of stock to minority shareholders	3,388	-
Dividends paid to minority shareholders	(64)	(80)
Other	3	(23)
Net cash used in financing activities	(42,910)	24,042
Ⅳ Effect of exchange rate changes on cash and cash equivalents	3,897	(2,397)
Ⅴ Increase (decrease) in cash and cash equivalents	(13,217)	49,291
Ⅵ Cash and cash equivalents at beginning of period	137,589	70,404
Ⅶ Decrease in cash and cash equivalents due to exclusion of subsidiary from consolidation	(44)	-
Ⅷ Increase in cash and cash equivalents due to Inclusion of subsidiary in consolidation.	-	17,893
Ⅸ Cash and cash equivalents at end of period	124,328	137,589

(5) Basis of Presentation of Consolidated Financial Statements

1. Matters Concerning the Scope of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its 223 consolidated subsidiaries, including Tokyu Construction Co., Ltd. Izukyu Corp., and Tokyu Tourist Corp.

Tokyu Hotel Management Co., Ltd., a newly established subsidiary and Gold Pak Co., Ltd., in which we increased our equity ownership, and two other firms, were added to the consolidated group. The accounts of Gold Pak Co., Ltd. are included in the balance sheet only, since the increase in equity ownership was effected close to the fiscal year end. Kogen Service Co., Ltd., Kakeyu Spa Hotel Tokyu Inc., and Kitami Sankyo Saiseki were excluded from consolidation, as they merged with other consolidated subsidiaries. Sapporo Tokyu Joy Garden Co., Ltd., Sapporo Central Meat Co., Ltd., Do Co., Ltd., Izukogen Yamamo Plaza Corp., Izukyu Shoji Corp., and Izukogen Bridal Service Co., Ltd. were liquidated and excluded from consolidation. Jyotetsu Kanko Co., Ltd, Takasaki Taxi Co., Ltd., Gunkita Jidosha Kotsu Co., Ltd., and Kento Taxi Co., Ltd. were excluded from consolidation as we reduced our equity holdings and they no longer qualify as our subsidiaries. In addition, AizenEn Co., Ltd. was excluded from consolidation because the scale of operations is small and the company has no significant impact on consolidated financial statements.

2. Matters Concerning Treatment Under the Equity Method of Accounting

Only one non-consolidated subsidiary AizenEn Co., Ltd. is accounted for by the equity method. The 46 affiliates accounted for by the equity method include Tokyu Corporation, Tokyu Department Store Co., Ltd, and Tokyu Hotel Chain Co., Ltd. The equity method of accounted was also applied to the following new affiliates: Seinan Mediaware Co., Ltd., Nihon Digital Distribution Co., Ltd., AII Co., Ltd., Melissa Corporation, and E-learning Co., Ltd. Two companies, including Gold Pak Co., Ltd., were excluded from treatment under the equity method of accounting, as they became consolidated subsidiaries. Tokyu Construction Development SDN. BHD, a non-consolidated subsidiary accounted by the equity method, has been excluded from treatment under the equity method since the company has been liquidated. Wuxi Grand Hotel, Ltd., an affiliate treated by the accounting method, has been excluded from treatment under the equity method since we sold our equity holding in the company.

3. Fiscal Year End of Consolidated Subsidiaries

Among the consolidated subsidiaries, 67 companies, including Tokyu Tourist Corp. close their books on December 31 or February 28. Financial statements as of their respective balance sheet dates were used for the preparation of consolidated financial statements. The consolidated financial statements were adjusted for material transactions between the fiscal year end of subsidiaries and the balance sheet date.

Among the consolidated subsidiaries, eight companies, including Three Hundred Club Co., Ltd. close their books on May 31 or June 30. These were adjusted to reflect the financial position and results of operations as of and for years ended March 31, 2001.

4. Summary of Significant Accounting Practices

(1) The Evaluation Criteria and its Method on Main Assets

(a) Securities

Bonds held to maturity:

Bonds are valued using the cost amortization method.

Securities with market quotations

Securities with market quotations are valued at market on the 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

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

(b) Derivatives

Derivatives are valued at market.

(c) Inventories

Residential land lots and buildings are valued at cost, and specific identification method, cost being determined by the weighted average (for the region) method. Other inventories are valued at cost, which is determined by one or other of the specific identification method, the weighted average method or the last cost method.

(2) Method of Depreciation on Main Depreciated 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 83 consolidated subsidiaries is computed in combination with the straight-line method. Depreciation on building (excluding fixtures) acquired by the Company and its domestic subsidiaries after April 1, 1998 is computed mainly by the straight-line method. 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 useful life of 5 years.

(3) Deferred assets

Bond issue expenses are charged lump sum to income as incurred.

(4) Reserves

(a) Reserve for doubtful receivables

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' 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 period.

(d) Retirement benefit reserve

Accrued employee retirement benefits are provided for on the basis of the amount of severance benefits to be paid by the company, reduced by the fair value of pension fund assets as of the balance sheet date.

Differences attributable to changes in accounting rules (¥69,546 million) were amortized in the current consolidated accounting period. Differences in the actuarially computed value of benefits are charged to income (from the following year) over the remaining period to retirement of the employee, by the straight-line method.

(e) Officers retirement benefit reserve

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

(f) Reserve for losses on real estate development projects

The allowance to cover expected losses in the real estate development business of affiliates of the Company is provided for on the basis of estimated future losses (including losses arising from the performance of loan guarantees).

(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 at the balance sheet dates, 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 at the balance sheet date. Revenue and expenses are translated into yen amounts at the average exchange rate for the fiscal year 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

All finance lease transactions by the Company and its consolidated subsidiaries, other than those deemed to transfer ownership of the leased assets to lessees, are accounted for by the method similar to that applicable to ordinary operating leases.

(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. Assets and liabilities of consolidated subsidiaries

Assets and liabilities of consolidated subsidiaries are valued at market.

6. Consolidation adjustment account

The consolidation adjustment account is amortized in equal installments over five years. Small amounts are amortized in the year of accrual.

7. Appropriation of retained earnings

The appropriation of retained earnings reflected in the accompanying consolidated financial statements represent appropriations that were approved and disposed of during that consolidated accounting period by consolidated subsidiaries.

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

For the purpose of consolidated cash flow statements, the company considers 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 as funds (cash and cash equivalents).

(Accounting Changes)

Until interim period ended September 2000, the Company accounted for revenue from the media business in non-operating income account. In accounting for sales of cellular phones, the amount obtained after offsetting costs against revenues was stated in the non-operating income account. Effective this term, revenue from the media business is included in operating revenue. In accounting for revenue from cellular phones, revenue, net of cost, was stated in the non-operating income account. As a result of this change, revenue increased ¥4,420 million, operating income declined ¥353 million, and non-operating income declined ¥1,176 million, as compared with the amounts that would have been reported if the previous method had been applied consistently.

The change reflects our focus on the said business in our media business strategy. The Company has set up a strategic business promotion division and is expanding the network of media business offices. The reclassification of the income statements reflects our understanding that a system in which revenue from the said business should be reported as the result of business activities has been adopted.

The above mentioned business network started operating in the second half of the fiscal year, and therefore revenue and income from the media business were reported in interim business results in according to the previous methods.

For the interim period ended September 2000, operating revenue was ¥2,798 million lower, operating income was ¥63 million higher and non-operating income was ¥468 million higher, as compared with the amounts that would have been reported if the new method had been applied.

(Supplementary Information)

Accounting for retirement benefits

Effective April 1, 2000, retirement benefits are computed by the method prescribed by statements (June 16, 1998: Accounting Standards for Retirement Benefit Accounting) issued by the Business Accounting Deliberation Council (BADC) of Japan. As a result, retirement benefit expense declined ¥4,535 million, current income increased ¥4,535 million, and net loss before income taxes increased ¥65,010 million, as compared with the amounts that would have been reported if the previous method had been applied consistently.

Unfunded prior period retirement benefit reserve and corporate pension fund reserve liabilities are included in retirement benefit reserve.

Accounting for financial instruments

Effective April 1, 2000, financial instruments are accounted for by a method prescribed by statements (January 22, 1999: Accounting Standards for Financial Instruments) issued by the Business Accounting Deliberation Council (BADC) of Japan. The method of valuing securities and golf memberships and the method of appropriation to the reserve for doubtful accounts were changed. As a result, current income increase ¥3,637 million and net loss before income taxes increased ¥3,681 million as compared with the amounts that would have been reported if the previous methods had been applied consistently.

Accordingly, the purpose of investments in securities held at the beginning of the period was reviewed. Bonds with maturities of less than 1 year included in Bonds Held to Maturity and Other Securities account were reclassified into the Marketable Securities account in the Current Assets Section. Other securities are represented as Investment Securities. As a result of the above, Marketable Securities in the Current Assets section declined ¥73,248 million and investment securities increased by the equivalent amount.

Translation of foreign currency denominated transactions

Effective April 1, 2000, the translation into Japanese yen of foreign currency denominated transactions is made by the method prescribed by the statements (October 22, 1999: Revision of Standards for Foreign Currency Denominated Transactions) issued by the Business Accounting Deliberation Council (BADC) of Japan. As a result of the above, current income increased ¥88 million and net loss before income taxes was reduced by the equivalent amount.

Foreign currency translation adjustment accounts stated in the assets section in prior periods are now included in the assets section and the Minority Interest account, in compliance with the revisions of Regulations of Consolidated Financial Statements.

Notes to Consolidated Financial Statements

Notes to Consolidated Balance Sheets (Unit: ¥ mln)

	Current fiscal year As of March 31, 2001	Previous fiscal year As of March 31, 2000
1. Accumulated depreciation (Tangible fixed assets)	673,845	622,858
2. Contingent liabilities	2,340	2,169
3. Notes discounted and endorsed	1,661	1,396

4. Matters concerning non-consolidated subsidiaries and affiliates

The following accounts include amounts related to non-consolidated subsidiaries and affiliates as follows:

Investment securities	83,573	85,196
Investments and Other (Investments)	-	225

5. Pledged assets and corresponding liabilities

Pledged assets

Securities	99 (-)	14,116 (-)
Buildings and structures	349,379 (218,184)	323,044 (202,564)
Machinery and Autos	54,391 (50,365)	13,515 (13,445)
Land	276,755 (48,224)	241,849 (47,873)
Investment securities	14,871 (-)	- (-)
Investment securities	31,834 (6,349)	52,098 (29,189)
Total	727,332 (323,124)	644,624 (293,072)

Liabilities secured with mortgage

Short-term loans payable	62,179 (-)	38,368 (-)
Corporate bonds	9,101 (6,201)	13,400 (10,500)
Long-term loans payable	387,216 (242,455)	416,144 (236,284)
Others	14,077 (5,570)	16,669 (9,224)
Total	472,574 (254,227)	484,583 (256,009)

Parentheses: Assets pledged and corresponding liabilities related to borrowings from the Railway Foundation, Railway Track Foundation, Highway Traffic Business Foundation, Tourist Facilities Foundation, and Manufacturing Facilities Foundation.

6. Securities loaned

Investment securities	253 (91,691 thousands of Thai baht)	-

	Current fiscal year As of March 31, 2001	Previous fiscal year As of March 31, 2000

7. Notes are accounted upon settlement. Since the balance sheet date was a business holiday, the following amount of notes receivable maturing on the balance sheet date are included in the outstanding balance of notes receivable.

Notes receivable	1,472	-
Notes payable	813	-

8. Allowance (Current fiscal year: ¥40,243 million, Previous fiscal year: ¥37,604) for "Claims in Bankruptcy and Claims in Receivership" included in the "Allowance for Doubtful Receivables" and accounted in the "Others" account in "Investments and Others," have been deducted directly from the "Allowance for Doubtful Receivables

9. Others

(Land revaluation)

The land owned for business by Izukyu Corp., a consolidated subsidiary, Tokyu Land Corp., Izukanko Kaihatsu Co., Ltd., affiliates treated under the equity method, Tokyu Recreation Co., Ltd. and Nagano Tokyu Department Store Co., Ltd. (Consolidated subsidiary of Tokyu Department Store Co., Ltd., an affiliate treated under the equity method) was revalued pursuant to the Law Concerning Land Revaluation (Law No. 34, promulgated March 31, 1998) and the revised Law Concerning Land Revaluation (Revised Law No. 19, promulgated March 31, 2001). The Company booked the share of revaluation difference account in shareholders' equity section. Method of revaluation, dates of revaluation and the book value before and after revaluation are as follows.

(1) Izukyu Corporation

Method of revaluation

The value of land is determined based on the price provided by the real estate appraiser, which is described in Article 2, Item 5 of the Ordinance Implementing the Law Concerning Land Revaluation (Government Ordinance No. 119, promulgated March 31, 1998). Value of certain sections of the land is determined based on Article 3 of the government ordinance.

Date of revaluation: March 31, 2000

Difference between the market value at fiscal year end and book value after revaluation: (¥121 million)

(2) Tokyu Land Corporation

Method of revaluation

a. The value of land is determined based on the price provided by the real estate appraiser, which is described in Article 2, Item 5 of the Ordinance Implementing the Law Concerning Land Revaluation (Government Ordinance No. 119, promulgated March 31, 1998). Value of certain sections of the land is determined based on Articles 2, 3, and 4 of the government ordinance.

Date of revaluation: March 31, 2000

Difference between the market value at fiscal year end and book value after revaluation: - ¥1,366 million

b. The value of land of companies acquired in the current fiscal year as a result of merger through acquisition is determined based on the price provided by the real estate appraiser, which is described in Article 2, Item 5 of the Ordinance Implementing the Law Concerning Land Revaluation (Government Ordinance No. 119, promulgated March 31, 1998).

Date of revaluation: March 31, 2001

Book value before revaluation: ¥3,068 million

Book value after revaluation: ¥22,800 million

(3) Izu Kankokaihatsu

Method of revaluation

The value of land is determined based on the price provided by the real estate appraiser, which is described in Article 2, Item 3 of the Ordinance Implementing the Law Concerning Land Revaluation (Government Ordinance No. 119, promulgated March 31, 1998).

Date of revaluation: January 31, 2001

Book value before revaluation: ¥993 million

Book value after revaluation: ¥993 million

(4) Tokyu Recreation Co., Ltd.

Method of revaluation

The value of land is determined based on the price provided by the real estate appraiser, which is described in Article 2, Item 3 of the Ordinance Implementing the Law Concerning Land Revaluation (Government Ordinance No. 119, promulgated March 31, 1998).

Date of revaluation: December 31, 2000

Book value before revaluation: ¥2,453 million

Book value after revaluation: ¥9,072 million

(5) Nagano Tokyu Department Store Co., Ltd.

Method of revaluation

The value of land is determined based on the price provided by the real estate appraiser, which is described in Article 2, Item 4 of the Ordinance Implementing the Law Concerning Land Revaluation (Government Ordinance No. 119, promulgated March 31, 1998).

Date of revaluation: January 31, 2001

Book value before revaluation: ¥8,323 million

Book value after revaluation: ¥8,752 million

(Reconciliation of Consolidated Income Statements)

Provision for reserves	Current FY	Previous FY
Provision of allowance for doubtful accounts reserve	5,777mln	7,080mln
Provision of allowance for bonuses	11,973mln	11,821mln
Provision of reserve for retirement allowance	-	10,201mln
Retirement allowance expense	78,677mln	-
(Provision of allowance for retirement allowance)		
Provision of reserve for officers' retirement allowance	467mln	1,479mln

(Reconciliation of Consolidated Cash Flow Statements)

	Current FY	Previous FY
The reconciliation of cash and cash equivalents in the cash and cash equivalents in the consolidated cash flow statements and the consolidated balance sheets is as follows:		
Cash and deposits in banks	125,759mln	139,807mln
Term deposits with maturities longer than 3 months	(1,639mln)	(2,217mln)
Securities included in cash and cash equivalents	208mln	-
Cash and cash equivalents	124,328min	137,589mln

5.Segment Information

Current Fiscal Year (April 1, 2000 – March 31 2001)

(Unit: ¥ mln)

	Transportation	R. Estate	Trading	Leisure Services	Const.	Others	Total	Eliminations Unallocatable	Cons.
Ⅰ Revenue & Op. income									
Revenue (1)Outside customers	256,632	145,347	98,708	149,128	348,920	14,152	1,012,890	-	1,012,890
Revenue (2)Inter-segment Internal or transfers	3,162	4,723	2,716	1,468	63,274	5,491	80,837	(80,837)	-
Total	259,795	150,071	101,424	150,597	412,195	19,643	1,093,727	(80,837)	1,012,890
Operating expenses	223,040	127,724	101,129	155,540	397,481	18,141	1,023,058	(74,542)	948,515
Operating income	36,754	22,347	294	(4,943)	14,713	1,502	70,669	(6,294)	64,374
Ⅱ Assets, depreciation and capital expenditure									
Assets	703,960	788,993	79,067	320,837	322,512	97,269	2,312,639	187,246	2,499,886
Depreciation	29,047	11,701	1,206	10,686	1,885	433	54,961	1,223	56,185
Capital expenditure	75,773	20,238	1,663	10,135	2,425	877	111,115	(3,798)	107,316

Previous Fiscal Year (April 1, 1999 – March 31, 2000)

(Unit: ¥ mln)

	Transportation	R. Estate	Trading	Leisure Services	Const.	Others	Total	Eliminations Unallocatable	Cons.
Ⅰ Revenue & Op. income									
Revenue (1)Outside customers	238,576	125,281	104,529	139,197	372,760	14,883	995,228	-	995,228
Revenue (2)Inter-segment Internal or transfers	1,516	3,858	3,237	1,948	53,160	3,574	67,295	(67,295)	-
Total	240,092	129,139	107,767	141,145	425,921	18,457	1,062,524	(67,295)	995,228
Operating expenses	209,741	100,269	107,831	152,985	410,968	16,549	998,347	(63,535)	934,811
Operating income	30,350	28,870	(64)	(11,839)	14,952	1,908	64,177	(3,760)	60,416
Ⅱ Assets, depreciation and capital expenditure									
Assets	677,371	807,486	93,227	339,324	341,158	54,026	2,312,594	215,758	2,528,353
Depreciation	25,302	10,801	1,088	10,164	1,834	382	49,573	1,335	50,908
Capital expenditure	94,725	36,132	768	13,966	2,568	168	148,329	(1,589)	146,739

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.

2. Description of operating segments

- Transportation: railways, buses and domestic distribution services
- Real Estate: purchases and sales of real estate, rental of real estate and property management services
- Trading: retailing, trading and sale of oil and gasoline

- Leisure and Services: travel agency, hotels, golf clubs, and CATV
- Construction: civil engineering works, buildings and general construction
- Others: rolling stock maintenance and food products manufacturing

3. No unallocated operating expenses were included in eliminations or unallocated column.

4. Assets included in the eliminations and unallocated column as of the beginning of the previous and current fiscal years were ¥321,199 million and ¥326,433 million, respectively. Principal items in this category are excess funds under management at the parent company (cash and securities), long-term investment funds (investment securities) and assets belonging to the administration division.

5. As stated in the "Basis of Presenting the Consolidated Financial Statements" and in Supplementary Information," the Company adopted the retirement benefit accounting system effective from the current term. As a result of the above, segment operating expenses declined as follows and segment operating income increased by the equivalent amount, as compared with the amounts that would have been reported if the previous method had been applied consistently. Transportation: ¥3,024 million; real estate: ¥406 million; trading: ¥45 million; leisure and services: ¥91 million; construction: ¥777 million; others: ¥189 million.

6. Accounting Changes

   As stated in the "Basis of Presenting the Consolidated Financial Statements" and in Supplementary Information," until interim period ended September, 2000, the Company accounted for revenue from the media business in the non-operating income account. In accounting for revenue from cellular phones, revenue, net of cost, was stated in the non-operating income account. Effective this term, revenue from media business is accounted for in the Leisure and Services segment. Regarding cellular phones, the company adopted a method based on reporting total cellular phone revenue and costs. As a result of this change, Leisure and Services segment revenue increased ¥4,420 million, operating income declined ¥353 million, non-operating income declined ¥1,176 million; segment assets increased ¥703 million and assets in the eliminations and unallocated column declined by an equivalent amount, as compared with the amounts that would have been reported if the previous method had been applied consistently.

   For the interim period ended September 2000, operating revenue for the Leisure and Services segment was ¥2,798 million lower, operating income was ¥63 million higher and non-operating income was ¥468 million higher; segment assets were ¥194 million lower and assets in the eliminations and unallocatable column declined by an equivalent amount, as compared with the amounts that would have been reported if the new method had been applied.

(2) Geographical Segment Information

Current fiscal year (April 1, 2000 – March 31, 2001) and previous fiscal year (April 1, 1999 – March 31, 2000): Geographical segment information is not included since revenue and assets of the Company's domestic operations represent more than 90% of the total revenues and operating income for all segments.

(3) Overseas sales

Current fiscal year (April 1, 2000 – March 31, 2001) and previous fiscal year (April 1, 1999 – March 31, 2000): Overseas revenue is not disclosed since it represents less than 10% of total consolidated revenue.

６．Leases

(1) Finance leases 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

	Current Fiscal Year End			Previous Fiscal Year End		
	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
	¥ mln	¥ mln	¥ mln	¥ mln	¥ mln	¥ mln
Machinery & Autos	8,293	5,509	2,784	8,016	5,002	3,014
Others	17,495	9,457	8,037	12,279	7,428	4,850
Total	25,789	14,967	10,821	20,296	12,431	7,864

Note: Since outstanding lease commitments (as of the end of the period), as a percentage of tangible fixed assets (as of the end of the term), is small, acquisition cost equivalents are computed by the interest-inclusive method.

b. Outstanding lease commitment equivalents	(Current FY end) ¥ mln	(Previous FY end) ¥ mln
Within 1 year	3,732	2,576
More than 1 year	7,089	5,288
Total	10,821	7,864

Since outstanding lease commitments (as of the end of the period), as a percentage of tangible fixed assets (as of the end of the period), is small outstanding lease commitment equivalents are computed by the interest-inclusive method.

c. Lease rental charge and depreciation equivalents	(Current FY end) ¥ mln	(Previous FY end) ¥ mln
Lease rental charge	4,105	3,320
Depreciation equivalents	4,105	3,320

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	(Current FY end) ¥ mln	(Previous FY end) ¥ mln
Within 1 year	2,393	2,752
More than 1 year	22,023	22,629
Total	24,417	25,381

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

（Lessor）

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

	Current Fiscal Year End			Previous Fiscal Year End		
	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
	¥ mln	¥ mln	¥ mln	¥ mln	¥ mln	¥ mln
Machinery & Autos	16	14	1	36	23	13
Others	9,163	4,696	4,467	2,071	1,241	830
Total	9,179	4,710	4,468	2,108	1,264	843

b. Outstanding lease commitment equivalents	(Current FY end) ¥ mln	(Previous FY end) ¥ mln
Within 1 year	1,507	340
More than 1 year	2,961	503
Total	4,468	843

Note: Since the total of outstanding lease commitment equivalents (as of the end of the period) and the estimated residual value, as a percentage of accounts receivable (as of the end of the period), is small, the outstanding lease commitment equivalents are computed by the interest-inclusive method.

c. Lease rental receivable and depreciation	(Current FY end) ¥ mln	(Previous FY end) ¥ mln
Lease rental receivable	1,625	397
Depreciation	1,625	397

(4) Operating Leases（Lessor）

Outstanding lease commitments	(Current FY end) ¥ mln	(Previous FY end) ¥ mln
Within 1 year	297	316
More than 1 year	232	246
Total	529	562

7. *Transactions With Related Parties*

None

8. Deferred Tax Accounting

Significant components of deferred tax assets and liabilities

	Current Fiscal Year	Previous Fiscal Year
Deferred Tax Assets	¥ mln	¥ mln
Deficit brought forward	47,329	44,349
Reserve for retirement allowance	-	6,131
Reserve for retirement allowance	32,930	-
Reserve for doubtful accounts	13,807	12,124
Real estate for sale	13,267	18,415
Securities	13,008	3,642
Unrealized profit	8,296	9,650
Work in process	5,860	11,208
Reserve for probable loss on development projects	2,626	3,789
Reserve for bonus	2,585	1,937
Accrued Corporation and Enterprise Taxes	2,421	412
Reserve for officers' retirement allowance	1,487	1,373
Fixed Assets	438	635
Others	3,536	2,859
Deferred Tax Assets (Subtotal)	147,595	116,528
Valuation reserve	(99,130)	(85,019)
Deferred Tax Assets (Subtotal)	48,464	31,509
Deferred Tax Liabilities		
Gain on land revaluation	(9,448)	(9,945)
Advanced on work in process	(6,335)	(11,937)
Other temporary differences (Securities valuation)	(4,657)	-
Reserve for reduction of fixed assets acquisition cost	(1,164)	(1,098)
Others	(3,338)	(166)
Total Deferred Tax Liabilities	(24,944)	(23,148)
Net Deferred Tax Assets	23,519	8,360
Deferred tax liabilities on gain from land revaluation		
Deferred tax liabilities on revaluation	(7,466)	(7,496)
Total Deferred Tax Liabilities	(7,466)	(7,496)

9. Securities

Current Fiscal Year（As of March 31, 2001）

（１） Bonds held to maturity (with market quotations) （Unit: ¥ mln）

	Instrument	Book value	Market value	Unrealized gain or loss
Securities with valuation gains	(1) JGB, Municipal bonds	673	721	48
	(2) Corporate bonds	22	26	3
	(3) Others	170	173	2
	Subtotal	866	921	54
Securities with no valuation gains	(1) JGB, Municipal bonds	11	10	(0)
	(2) Corporate bonds	100	89	(10)
	(3) Others	50	48	(1)
	Subtotal	161	148	(13)
Total		1,028	1,069	41

（２） Other securities (with market quotations) （Unit: ¥ mln）

	Instrument	Acquisition cost	Book value	Unrealized gain or loss
Securities with valuation gains	(1) Equity securities	33,197	45,939	12,742
	(2) Debt securities			
	JGB, Municipal Bonds	995	998	3
	Corporate bonds	14	15	0
	Others	-	-	-
	(3) Other securities	200	202	2
	Subtotal	34,407	47,155	12,748
Securities with no valuation gains	(1) Equity securities	18,972	17,177	(1,795)
	(2) Debt securities			
	JGB, Municipal bonds	-	-	-
	Corporate bonds	-	-	-
	Others	-	-	-
	(3) Other securities	110	100	(10)
	Subtotal	19,083	17,277	(1,805)
Total		53,490	64,433	10,942

（３） Other securities sold in current fiscal year

（Unit: ¥ mln）

Proceeds from sale	Total gain on sale	Total loss on sale
3,513	1,690	310

（４） Securities not valued at market

（Unit: ¥ mln）

	Book value
1．Bonds held to maturity	
Matured interest-bearing govt. bonds	8
2．Other securities	
Unlisted stock（Excluding OTC stocks）	31,113
Commercial paper	100
Money management fund	88
Medium-term govt. bond fund	20

（5）Maturity schedule of securities with fixed maturities and securities held to maturity (in Other Securities Account)

（Unit: ¥ mln）

	Less than 1 year	1 to 5 years	5 to 10 years	Longer than 10 years
1．Bonds				
（1）JGBs and municipal bonds	174	1,512	5	-
（2）Corporate bonds	-	138	-	-
（3）Others	170	150	-	-
2．Other securities				
Investment trusts	-	48	20	-
Total	344	1,849	25	-

Previous Fiscal Year（As of March 31, 2000）

（Unit: ¥ mln）

Instrument	Previous fiscal year （As of March 31, 2000）		
	Book value	Market value	Valuation gain or loss
Current Assets			
Equity securities	71,964	87,639	15,675
Debt securities	1,118	1,196	78
Others	470	407	(63)
Subtotal	73,553	89,243	15,690
Fixed assets			
Equity securities	66,552	69,706	3,153
Debt securities	228	189	(39)
Others	29	35	5
Subtotal	66,811	69,931	3,119
Total	140,364	159,175	18,810

Notes

1. Valuation methods

(1) Listed securities

Valuation is based mainly at closing prices on Tokyo Stock Exchange.

(2) OTC issues

Valuation is based on quotations announced by Japan Securities Dealers Association.

(3) Securities with Quotations (Excluding securities in Items (1) and (2))

Valuation is based on OTC Standard Bond Quotations announced by Japan Securities Dealers Association.

(4) Unlisted Securities Investment Trust Beneficiary Certificates

Valuation is based on net asset value.

(5) Bonds Other than the Above (Excluding those where valuation is difficult)

Valuation is based on the yields on OTC standard bond quotations and on remaining period to maturity

2. Carrying amounts of securities excluded from above schedule

Current assets

■ Unlisted stocks, excluding OTC issues	¥ 2mln
■ JGB's with remaining period to maturity of less than 1 year	¥121mln
■ Medium-term government bond funds	¥ 3mln
■ Money management funds	¥222mln
■ Free financial funds	¥ 31mln

Fixed assets

■ Unlisted stocks, excluding OTC issues	¥49,355mln
Others	¥120mln

10. Derivatives

(1) Interest rate

(Unit: ¥ mln)

Item	Instrument	Current FY (As of March 31,2001) Contracted amount	Current FY Contracted amount: Over 1 year	Current FY Market value	Current FY Valuation Gain/loss	Previous FY (As of March 31,2000) Contracted amount	Previous FY Contracted amount: Over 1 year	Previous FY Market value	Previous FY Valuation gain/loss
Off-floor transactions	Interest rate swaps Floating payment/Fixed receipt	2,000	1,000	67	67	57,655	25,700	(694)	(694)
	Interest rate swaps Long positions	- (-)	- (-)	-	-	500 (17)	- (-)	10	(7)
Total		2,000	1,000	67	67	58,155	25,700	(683)	(701)

Note:

Current Fiscal Year

(As of March 31, 2001)

1. Market value amounts are based on quotations provided by financial institutions (Counter parties).
2. Derivatives treated under the hedge accounting method are excluded from the schedule.

Previous Fiscal Year

(As of March 31, 2000)

1. Market value amounts are based on quotations provided by financial institutions (Counter parties).
2. Parentheses: Interest rate swap options premium included in the contract amount.

（2）Foreign Currency

（Unit: ￥ mln）

Item	Instrument	Current FY (As of March 31,2001)				Previous FY (As of March 31,2000)			
		Contracted amount		Market value	Unrealized gain or loss	Contracted amount		Market value	Unrealized gain or loss
			Over 1 year				Over 1 year		
Off-floor transactions	Currency swaps Purchase US$ against yen	-	-	-	-	3,000	3,000	(77)	(77)
Total		-	-	-	-	3,000	3,000	(77)	(77)

Current Fiscal Year

(As of March 31, 2001)

1. Market value amounts are based on quotations provided by financial institutions (Counter parties).
2. Derivatives treated under the hedge accounting method are excluded from the schedule.

Previous Fiscal Year

(As of March 31, 2000)

1. Market value amounts are based on quotations provided by financial institutions (Counter parties).

11. Retirement and Severance Benefits

(1) Employees retirement benefit system

The Company participates in Small Enterprise Mutual Aid System for Retirement Fund and employees are also entitled to lump sum benefits upon retirement. Substantially all employees of the Company and its domestic subsidiaries are also entitled to defined-benefit pension, which include, Welfare Pension Insurance, Qualified Retirement Pension, upon retirement. In certain cases employees are entitled to additional retirement benefits. Such benefits are actuarially valued based on the retirement benefit system, but are not defined as liabilities. The Company has also established a retirement benefit trust.

(2) Matters concerning retirement benefit liabilities

		(Unit: ¥ mln)
a.	Retirement benefit liabilities	(168,319)
b.	Pension fund assets	80,942
c.	Unfunded retirement benefit liabilities (a + b)	(87,376)
d.	Unamortized difference resulting from changes in accounting standards	-
e.	Unrecognized actuarial liabilities	12,122
f.	Unrecognized prior service liabilities	-
g.	Net carried on consolidated balance sheets (c + d + e + f)	(75,253)
h.	Prepaid pension costs	493
i.	Reserve for retirement allowance (g - h)	(75,747)

(3) Matters concerning retirement benefit expenses (April 1, 2000 – March 31, 2001)

		(Unit: ¥ mln)
a.	Service expense	6,383
b.	Interest expense	4,292
c.	Expected management returns	(1,544)
d.	Amortization of difference arising from change of accounting standards	69,546
e.	Amortization of difference arising from actuarial valuation.	-
f.	Amortization of prior service liability	-
g.	Retirement benefit expenses (a + b ; c + d + e + f)	78,677

Notes

1. Apart from the above retirement benefit expense, ¥1,073 million was paid in additional retirement benefits. These were charged to income as extraordinary loss.
2. Retirement benefit expenses of consolidated subsidiaries that use simplified approach to computing retirement benefits are included in " a: Service expense ".

(4) Basis of presentation of retirement benefit liabilities

a. Allocation of estimated retirement benefit amounts: Straight-line
b. Discount rate: Primarily 3%
c. Expected rate of return: Primarily 3%
d. Amortization period for past service liabilities:
e. Amortization period of actuarial differences: Primarily 15 years
f. Amortization period of difference arising from changes in accounting standards: 1 year

12. Others

(1) Conversion of Tokyu Hotel Chain Co., Ltd. into Wholly Owned Subsidiary through Exchange of Stock

The board of directors of the Company and Tokyo Hotel Chain Co., Ltd., a subsidiary accounted by the equity method, met separately on December 27, 2000 and approved resolutions authorizing the conversion of Tokyu Hotel Chain Co., Ltd., into a wholly owned subsidiary through exchange of stock on July 17, 2001. An agreement to the effect was concluded on the same day.

Tokyu Hotel Chain Co.'s general shareholders meeting on March 27, 2001 approved the agreement to exchange stock.

The move will enable the Company (Tokyu Inn Chain) and Tokyu Hotel Chain Co., Ltd. (Tokyu Hotel Chain) to cooperate and dynamically and efficiently implement comprehensive business strategies. These initiatives aim at strengthening competitive position of the hotel chains, and enhance their earnings power, in addition to building a powerful brand in the hotel industry, at a time when the hotel business is facing severe environment.

Exchange of stock will be carried out in compliance with Commercial Code Article 358-1 (Simple exchange of stock). The Company will not seek approval at general shareholders meeting for the agreement to exchange stock.

(2) Tokyu Freight Service Co., Ltd. to Merge with Sotetsu Transportation Co. Ltd.
Sotetsu Transportation Co., Ltd. to acquire all Outstanding Shares of Tokyo Tsuun Co., Ltd.

The board of directors of the Company and Sotetsu Transportation Co., Ltd., an affiliate treated under the equity method of accounting, met separately on May 28, 2001 and approved resolutions authorizing Sotetsu Transportation Co., Ltd. to acquire all outstanding stock of Tokyo Tsuun Co., Ltd., a consolidated subsidiary, and convert it into a wholly owned subsidiary, and to merge with Tokyu Freight Service Co., Ltd., also a consolidated subsidiary.

An agreement to exchange stock was concluded between Sotetsu Transportation Co., Ltd. and Tokyo Tsuun Co., Ltd., and a merger agreement was concluded between Sotetsu Transportation Co., Ltd. and Tokyu Freight Service Co., Ltd. on the same day.

The merger scheduled for April 1, 2002 will raise the Company's equity interest in Sotetsu Transportation Co., Ltd. to 49%. Sotetsu Transportation Co., Ltd. will become a consolidated subsidiary, as a result. Sotetsu Transportation Co., Ltd. will change its name to Tokyu Logistics Co., Ltd. on the day of the merger.

The Company, together with Sotetsu Transportation Co., Ltd. carefully examined the options for strengthening competitive position of its transportation business and developing a program to contribute to Tokyu Group's growth strategy and came to the conclusion that focusing management resources by integrating the Group's transportation business in the metropolitan Tokyo region was imperative. Restructuring of the Group's transportation business in the Tokyo metropolitan region centering on Sotetsu Transportation Co., Ltd. reflects these considerations.