

Details of Tokyu Group Management Policy Implementation Plan

April 18, 2000



Tokyu Corporation

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Background of Tokyu Group Management Policy Formulation



1997

“Work independently and in collaboration” was formulated as the core management policy, developing business focusing on people’s life values.

1998

About 50 major companies of Tokyu Group were requested to formulate a “Three-year management plan”, including specific plans for working independently.

〔 Presentation of the “Those who do not work independently can not be involved in collaboration” policy 〕

1999

Strategy and Investor Relations Committee was formulated as a counter measure to address shrinking credibility and falling stock prices, as well as a measure to promote group management and IR activities.

2000

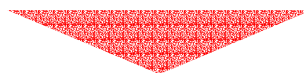
Settlement, announcement, and implementation of Tokyu Group Management Policy.



Tokyu Group Basic Management Policy

Realization of the core management policy “Work independently and in collaboration” with the three concepts epitomizing the Tokyu Group Basic Management Policy: Governance, Alliance, and Compliance.

Tokyu Corporation = The largest shareholder of Tokyu Group companies



Establishment of Tokyu Group governance to meet the expectations of stakeholders, including the improvement of shareholder value.

Growth by alliance both inside and outside of Tokyu Group to promote growth and customer satisfaction.

Risk management through Tokyu Group compliance management, whose business domain is in life infrastructure.

Tokyu Group Management Policy Implementation Plan



Maximization of shareholder value through policy implementation

Selection and concentration through restructuring of Tokyu Group business

Construction of Tokyu Group Management

Vitalization of business with promotion of Tokyu Group growth strategy



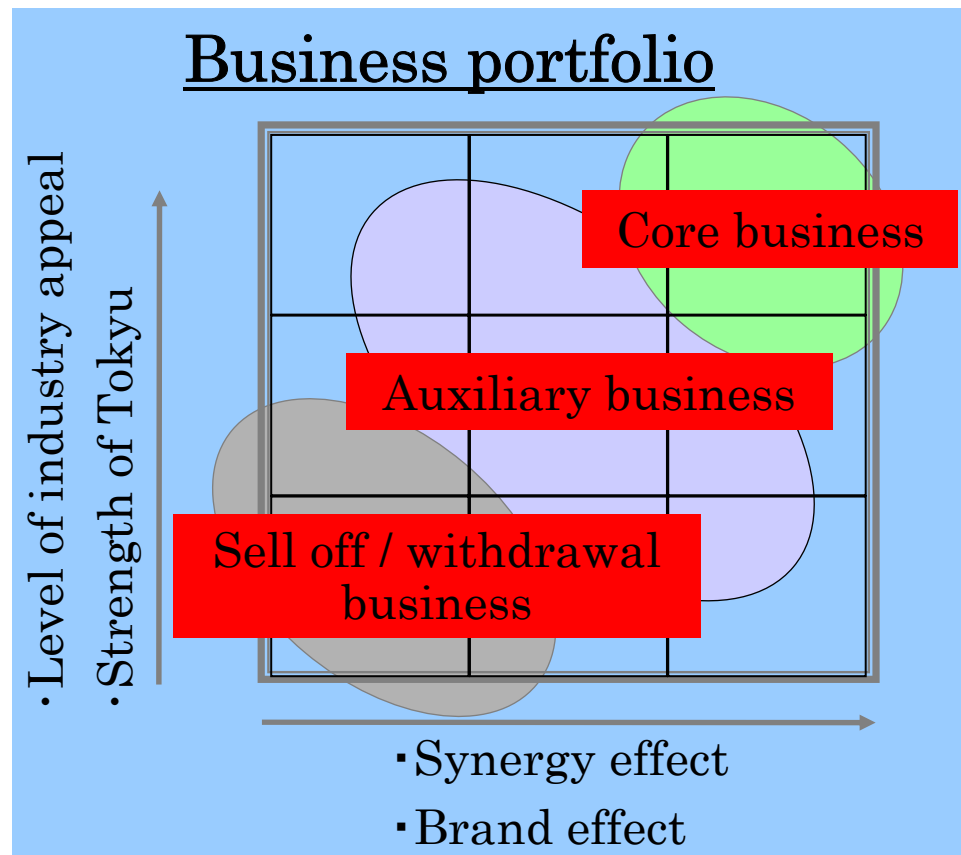
Selection and concentration through restructuring of Tokyu Group business

Focussed allocation of management resources to the establishment of railwayside area vitalization business and brand creating business as core businesses

① Reorganization and consolidation through reconstruction of specified fields

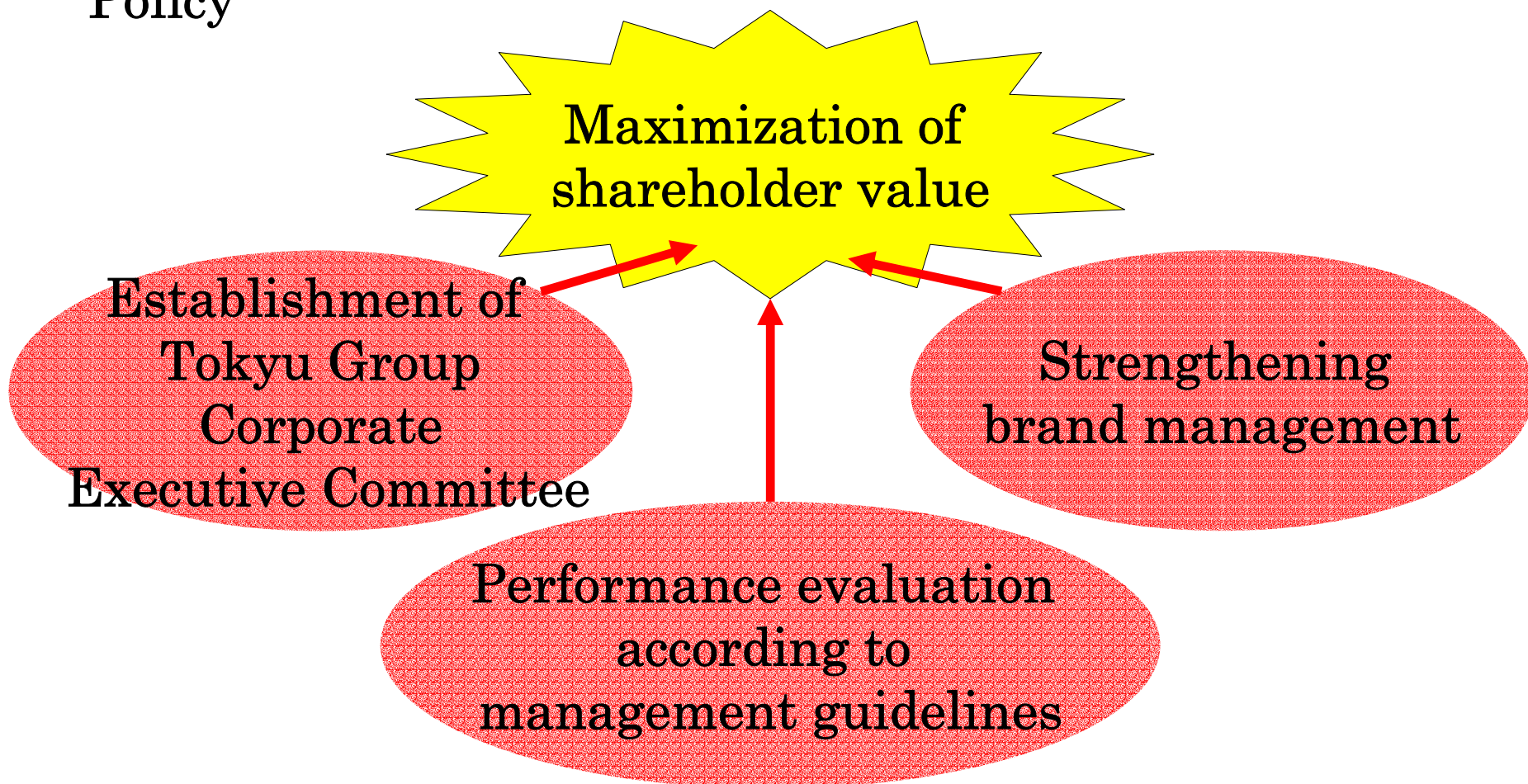
② Capital tie-up of businesses with external capital, except core business

③ Clarification of withdrawal standards



Construction of Tokyu Group Management

Construction of Tokyu Group Management for the smooth promotion of Tokyu Group Management Policy





Establishment of Tokyu Group Corporate Executive Committee

Reorganization of the current-summit system and establishment of “Tokyu Group Corporate Executive Committee” : The President of Tokyu Corporation shall be committee chairman, and as so shall be responsible for committee promotion, as well as the appointment of committee members principally from Managing Directors of Tokyu Corporation.

Organizational Structure

Shareholders

Board of Directors

Statutory Auditors

Tokyu Group Corporate Executive Committee

- Decisions upon key policies related to Tokyu Group business promotion
- Decisions upon key policies that seriously effect the management of each company
- Decisions upon the capital plans of each company
- Performance evaluation of each company
- Brand management
- Other items instructed by the committee chairman

Main Points

Establishment of “Tokyu Group Corporate Executive Committee” as the top decision making system of Tokyu Group management

President of Tokyu Corporation shall be committee chairman

Tokyu Corporation shall make decisions on policy as the major shareholder of each company

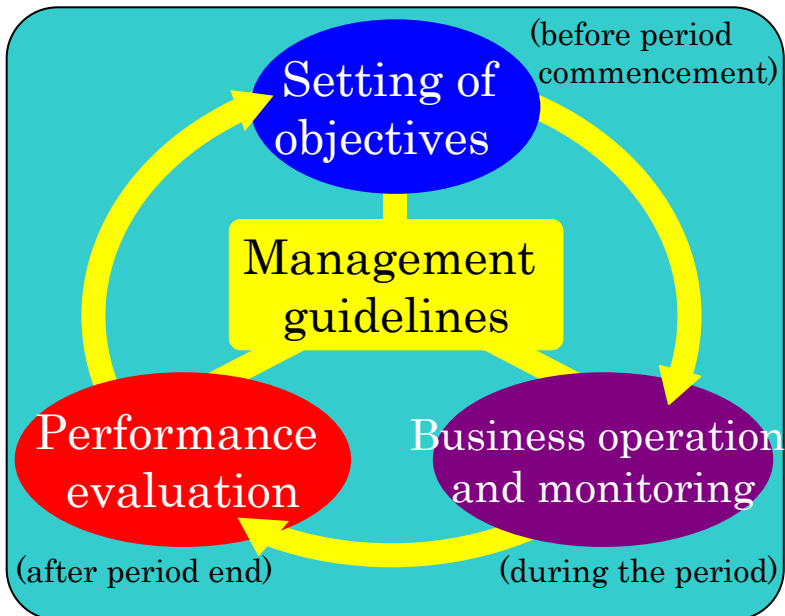
In substance, Tokyu Corporation shall be a business holding company

Strategy decision-making and business operation shall be dealt with separately



Performance evaluation according to management guidelines

Evaluation of Tokyu Group companies through assessment of guideline achievement



Monitoring of stability

- Debt redemption ability
(interest-bearing debt / EBITDA multiple)
- Free cash flow
(EBITDA – capital expenditure
– interest expense)
- Interest coverage
(operating profit / interest expense ratio)

Monitoring of profitability

Examining the introduction of the following

- return on assets (ROA)
- return on equity (ROE)
- economic added-value (index similar to EVA)

- Individual account focuses on earnings per share and substantial owner's capital
- Policy sets the profit level, which sets dividend as the lowest profit level, to raise accumulated profits



Financial stability targets of Tokyu Group as a whole

Target for the restoration of stability (March 2003)

Interest-bearing debt / EBITDA multiple
= less than 10

(Example)

Combined interest-bearing debt of Tokyu Group companies
500 billion yen cut

Combined EBITDA of Tokyu Group companies
30% increase

Vitalization of business by promoting Tokyu Group growth strategy



Heavy allocation of management resources to vitalize Shibuya and railwayside area

Media business strategy

Strengthening of customer based strategies

Maximization of shareholder value

Examination of REIT (real estate investment trust) business

Reassessment of station functions

Expansion of in-house business venture systems