Tokyu Corporation

Consolidated Financial Statements

Fiscal 2007

(April 1, 2007 – March 31, 2008)

SUMMARY OF FINANCIAL STATEMENTS (Consolidated)

For the Fiscal year Ended March 31, 2008

Tokyu Corporation May 15, 2008

Stock Code:	9005	Listed exchanges:	Tokyo Stock Exchange first section
URL	http://www.tokyu.co.jp/	Inquiries:	Takeshi Hino, Senior Manager
President	Toshiaki Koshimura		Accounting, Group Strategy & IR Division
Planned date of general meeting of shareholders:		June 27, 2008	Telephone: 81-3-3477-6168
Scheduled day of commencing dividend payment:		June 30, 2008	
Planned date for submission of financial reports:		June 30, 2008	* Amounts less than ¥1 million have been ignored.

1. Consolidated Financial Results for Fiscal Year Ended March 31, 2008

1) Consolidated Operating Results *(Figures in percentages denote the year-on-year change)*

Millions of yen

	FY ended March 31, 2008		FY ended March 31, 2007	
		Change (%)		Change (%)
Operating revenue	1,372,952	(0.7)	1,381,975	(0.5)
Operating profit	86,738	8.3	80,088	(6.5)
Recurring profit	88,037	8.4	81,227	9.7
Net income	46,007	(21.7)	58,722	39.9
Net income per share (¥)	¥37.79		¥49.43	
Net income per share (diluted) (¥)	¥36.49		¥46.58	
Return on equity (%)	13.4%		20.0%	
Ratio of recurring profit to net assets (%)	4.5%		4.1%	
Ratio of recurring profit to operating revenue (%)	6.3%		5.8%	

Reference:
Equity in income (losses) of equity-method affiliates: FY ended March 31, 2008: ¥7,732 million; FY ended March 31, 2007: ¥7,652 million

2) Consolidated Financial Position

Millions of yen

	As of March 31, 2008	As of March 31, 2007
Total assets	1,943,590	1,949,350
Net assets	390,733	363,282
Equity ratio (%)	18.4%	16.9%
Net assets per share (¥)	¥294.48	¥269.77

Reference: Shareholders' equity: FY ended March 31, 2008: ¥358,518 million; FY ended March 31, 2007: ¥328,506 million

3) Consolidated Cash Flows

Millions of yen

	FY ended March 31, 2008	FY ended March 31, 2007
Operating activities	119,098	156,130
Investing activities	(102,889)	(88,744)
Financing activities	(9,074)	(75,195)
Cash and cash equivalents at end of year	37,234	29,959

2. Dividends

	FY ending March 31, 2009 (forecast)	FY ended March 31, 2008	FY ended March 31, 2007
Dividend per share – interim (¥)	3.00	3.00	3.00
Dividend per share – end of term (¥)	3.00	3.00	3.00
Dividend per share – annual (¥)	6.00	6.00	6.00
Total cash dividends (annual)		7,316	7,214
Dividend payout ratio (consolidated) (%)	18.7	15.9	12.1
Net assets dividend ratio (consolidated) (%)		2.1	2.5

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2009 (April 1, 2008 to March 31, 2009)

(Percentage figures for the full year denote the year-on-year change.)

Millions of yen

	First half		Full year	
		Change (%)		Change (%)
Operating revenue	656,500	(1.9)	1,364,000	(0.7)
Operating profit	32,000	(30.7)	71,000	(18.1)
Recurring profit	27,000	(41.3)	64,000	(27.3)
Net income	12,000	(53.5)	39,000	(15.2)
Net income per share (¥)	9.86		32.03	

4. Others

(1) Important changes of subsidiaries during the term
(change of specified subsidiaries that lead to a change in the scope of consolidation): No

(2) Changes in accounting principles and procedures and the presentation method, etc. of consolidated financial statements (those which are included in change in significant accounting policies that will be the bases for preparing consolidated financial statements)

1) Changes associated with the revision of accounting principles, etc.: Yes

2) Change other than 1): Yes

(Note) For details see from Basis of Presentation of Consolidated Financial Statements (page 21) to Change in Presentation (page 25)

(3) Number of shares issued (common stock)

1) Number of shares issued at the end of the term (including treasury stock) (shares)
FY ended March 31, 2008: 1,221,550,213 FY ended March 31, 2007: 1,221,546,909

2) Number of treasury stock at the end of the term (shares)
FY ended March 31, 2008: 4,086,957 FY ended March 31, 2007: 3,813,279

(Note) For the number of shares that is the basis for the calculation of consolidated net income per share, please see Page 34, "Per Share Information."

(Reference) Summary of Non-consolidated Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2008

1) Non-consolidated Operating Results *(Figures in percentages denote the year-on-year change)*

Millions of yen

	FY ended March 31, 2008		FY ended March 31, 2007	
		Change (%)		Change (%)
Operating revenue	256,167	(2.9)	263,712	7.9
Operating profit	59,043	7.8	54,760	(14.2)
Recurring profit	52,757	16.5	45,278	(16.5)
Net income	18,388	40.3	13,109	(65.2)
Net income per share (¥)	¥15.08		¥11.02	
Net income per share (diluted) (¥)	¥14.59		¥10.40	

2) Non-consolidated Financial Position *Millions of yen*

	As of March 31, 2008	As of March 31, 2007
Total assets	1,404,819	1,413,835
Net assets	314,269	309,919
Equity ratio (%)	22.4%	21.9%
Net assets per share (¥)	¥257.75	¥254.12

Reference: Shareholders' equity: FY ended March 31, 2008: ¥314,269 million; FY ended March 31, 2007: ¥309,919 million

2. Non-consolidated Forecast for the Fiscal Year Ending March 31, 2009 (April 1, 2008 to March 31, 2009)

(Percentage figures for the full year denote the year-on-year change.)

Millions of yen

	First half		Full year	
		Change (%)		Change (%)
Operating revenue	122,400	3.4	272,900	6.5
Operating profit	23,000	(29.0)	50,200	(15.0)
Recurring profit	18,500	(36.8)	42,000	(20.4)
Net income	10,000	(20.8)	26,300	43.0
Net income per share (¥)	¥8.20		¥21.57	

The forecast results presented above are based on information available on the date of this announcement.
Actual results may differ materially from forecasts depending on a number of factors.
Please refer to 1. Review of Operations (2) Outlook for Fiscal 2008 on page 5 for more details on these forecasts.

1. Review of Operations

1. Analysis of Results

(1) Overview of the Fiscal Year under Review

The Japanese economic recovery finally petered out during the fiscal year under review. Improvements in corporate earnings were restricted by movements in the stock and foreign exchange markets and trends in commodities prices in the second half of the term. The employment situation remained difficult, and personal spending continued to be sluggish.

In this environment, the Group (the Company and its consolidated subsidiaries and equity method affiliates) adopted a very proactive approach to its operations, increased business efficiency, and took steps to improve performance. Specifically, we sought to reform our profit structure and achieve sustainable growth through collaboration between our operations in the areas served by Tokyu's railway lines. The initiatives were in line with our three-year, medium-term management plan, in its final year, which seeks sustainable growth and the financial health to support that growth.

Real estate sales fell, especially in areas along the Company's Den-en toshi Line. In contrast, the cost of the disposal of fixed assets in our railway operations declined with the completion of large-scale improvement work in the preceding fiscal year. As a consequence, operating revenue stood at ¥1,372.952 billion (down 0.7% year on year), and operating profit was ¥86.738 billion (up 8.3%). With a reduction in interest costs, etc., recurring profit was ¥88.037 billion (rising 8.4%), and net income ¥46.007 billion (falling 21.7%).

All three consolidated targets set in the medium-term management plan for the three years ending the fiscal year under review were achieved. Tokyu EBITDA (operating profit + depreciation and amortization cost + amortization of goodwill + disposal cost of fixed assets) was ¥160.0 billion (the target was ¥153.0 billion or more), interest-bearing debt was ¥995.9 (the target was less than ¥1,120.0 billion), and the equity ratio was 18.4% (target was 13.2% or more).

Operating results on a segmental basis are as follows and include inter-segment internal revenues or transfers where applicable.

Transportation

Safety is at the very heart of all our operations. In our railway operations, we are endeavoring to prevent accidents from occurring or recurring by bolstering safety management throughout the Company, from management to workers onsite, in addition to reminding all employees of the safety management regulations. To improve safety in our passenger train service, we replaced the signal system in the Oimachi Line with the superior automatic train control (ATC) system, and installed obstacle detection devices at 11 railroad crossings. To attenuate congestion on the Den-en toshi Line, we started an express service on the stretch between Oimachi and Futakotamagawa on the Oimachi Line, thereby adding an option to the routes to central Tokyo via the Den-en-toshi Line. We introduced 36 new cars for the express service. We also revised the schedule of the Den-en-toshi Line to enhance convenience, increasing the number of trains in the morning rush hours and in the evening. We have also added six trains that incorporate six-door cars with retractable seats to prevent delays and alleviate crowding in the morning rush hour. Meanwhile, we continue to make major improvements to bolster transportation capacity, reduce congestion, and improve convenience on other lines.

The number of passengers carried rose 3.8% year on year, with the numbers of commuters and non-commuters carried rising 2.7% and 5.3%, respectively. Revenue from fares rose 2.7%. These results reflected the rising population in areas along the railway lines, network effects, and the effect of a change in accounting methods in association with the introduction of the PASMO IC card.

The number of passengers carried by consolidated subsidiaries Izukyu Corp. and Ueda Dentetsu Corp. also rose 0.6% and 0.9%, respectively.

In our bus operations, Tokyu Bus Corp. continued to attract new customers by opening new routes for business and revising the schedules, especially the schedules for the morning rush hour and late evening. As a result, the number of passengers carried rose.

Operating revenue of the Transportation segment was ¥197.777 billion (up 2.7% year on year), affected by the increase in the number of passengers carried in the railway operations. Operating profit was ¥33.907 billion (rising 31.9%), the result of the elimination in railway operations of the effect of the costs associated with the disposal of fixed assets for the major improvements that were completed in the same period last year.

Real Estate

In the real estate sales business, the Company sold built-for-sale houses and condominiums, mainly in the Tama Den-en toshi areas.

In the real estate leasing business, we strived to improve the value of our properties through renovations and by seeking tenants suited to the features of our office and commercial buildings.

Tokyu Facility Service, which engages in real estate management, continued to operate in difficult conditions, attributable to tougher competition for orders and falling prices. Nonetheless, it received orders for renovations and remodeling, supported by healthy capital expenditure on the part of customers.

Total operating revenue of the Real Estate division was ¥139.187 billion (down 8.4%), and operating profit was ¥24.945 billion (declining 4.1%), reflecting a fall in the sale of properties for companies in the Tama Den-en-toshi areas from the year-ago level in the real estate sales business.

Retail

In its department store operations, Tokyu Department Store promoted choice, especially in priority categories, and introduced sales initiatives to bolster its sales power. It also instituted restructuring, including radical reviews of selling floor operations, to establish a stable profit structure.

In its chain store operations, Tokyu Store Chain continued to develop stores and private brand products in a bid to win customer support and become a customer-oriented company, based on the concept of quality improvement.

Total operating revenue of the Retail segment fell to ¥649.428 billion yen (down 1.6%). Sapporo Tokyu Store Chain changed in the year-ago period its closing from March to February, so the situation where its revenue reflected performance for just 11 months ended. However, leasing of certain sales floors of Tokyu Department Store had an adverse impact. Operating profit was ¥14.903 billion (falling 7.5%) because of a downturn in the performance of Tokyu Store Chain in the first half and an increase in expenses in Tokyu Department Store.

Leisure and Services

Our CATV operation (its communications Inc.) enjoyed an increase in the number of subscribers to both its broadcast and communications services as a result of efforts to attract new customers. At the end of the fiscal year under review there were 598,176 connected households, 41,575 more than at the end of fiscal 2006.

In the advertising business, Tokyu Agency Inc. received fewer orders as advertisers reviewed their budgets, but took a number of steps to reduce costs. Overall operating revenue from leisure and services operations was ¥182.747 billion (down 0.3%) and operating profit was ¥3.275 billion (up 2.1%).

Hotels

In its hotel operations, Tokyu Hotels was affected by the suspension of business due to remodeling and antiseismic work, while certain hotels are facing severe competition from new competitors. The occupancy rate at hotels under the direct control of Tokyu Hotels fell 0.7 percentage point year on year, to 79.5%. Operating revenue of the Hotel business rose to ¥100.458 billion (up 1.4%), as the start of operations at the directly managed Pan Pacific Yokohama Bay Hotel Tokyu in June last year offset negative factors such as the closing of Capitol Tokyu Hotel. Operating profit was ¥3.618 billion (down 2.6%) as a result of the sale of certain hotels overseas.

Other businesses

Tokyu Car Corp., which manufactures rolling stock for railway operations, posted increases in both sales and profit, thanks to sustained strength in sales of railway cars for JR and other private railway companies. Overall operating revenue from other businesses was ¥189.79 billion (up 11.5%), and operating profit was ¥6.035 billion (rising 21.5%).

(2) Outlook for Fiscal 2008

Operating profit looks set to fall on adverse factors, including increases in depreciation and amortization and costs associated with the disposal of fixed assets in the railway operations of the Company, costs for renovating certain stores in the Retail business, and an increase in renovation outlays in the Hotels business. In addition, non-operating profit, including the negative amortization of goodwill and dividends from SPCs, will decline. As a consequence, we forecast operating revenue of ¥1,364 billion (down 0.7% year on year), operating profit of ¥71 billion (falling 18.1%), recurring profit of ¥64 billion (declining 27.3%), and net income of ¥39 billion (slipping 15.2%).

The forecasts for each operating segment are as follows:

Billions of yen

	Operating revenue		Operating profit	
	Fiscal 2008	YoY change	Fiscal 2008	YoY change
Transportation	202.0	4.2	23.8	(10.1)
Real Estate	152.9	13.7	24.3	(0.6)
Retail	638.9	(10.5)	12.5	(2.4)
Leisure and Services	186.0	3.2	3.4	0.1
Hotels	101.8	1.3	2.6	(1.0)
Other	165.2	(24.5)	4.2	(1.8)
Total	1,446.8	(12.5)	70.8	(15.8)
Eliminations	(82.8)	3.6	0.2	0.1
Consolidated	1,364.0	(8.9)	71.0	(15.7)

2. Analysis of Financial Position

Total assets at the end of the fiscal year were ¥1,943.59 billion, a decline of ¥5.76 billion from the end of the previous fiscal year. An increase in inventories was more than offset by a fall in the market value of investment securities, reduced guarantee money paid, and other factors.

Liabilities fell ¥33.211 billion, to ¥1,552.856 billion, the result of payments of interest-bearing debt and a fall in accrued income taxes, among other factors.

Net assets rose ¥27.451 billion, to ¥390.733 billion, as net income more than offset net unrealized losses on investment securities.

Cash flows in the interim period under review are as follows:

Net cash generated by operating activities was ¥119.098 billion, reflecting income before income taxes of ¥71.397 billion, depreciation and amortization of ¥58.871 billion, an impairment loss of ¥16.079 billion, and other factors that were offset by income taxes paid of ¥21.283 billion among others. Compared with the previous fiscal year, cash generated declined ¥37.032 billion, mainly because of increases in the payment of trade payables and income taxes.

Net cash used in investing activities was ¥1,02.889 billion, an increase in payments of ¥14.144 billion from the year-ago level, attributable to a fall in proceeds from the sale of fixed assets. Proceeds from subsidies received for construction of ¥17.829 billion and proceeds from the sale of investment securities of ¥14.646 billion were more than offset by payments for the purchases of fixed assets of ¥145.182 billion resulting from continued investment in improvement works, among other factors in the Company’s railway operations.

Net cash used in financing activities was ¥9.074 billion, reflecting payments for the redemption of bonds and other factors.

As a result, cash and cash equivalents at the end of the fiscal year stood at ¥37.234 billion, an increase of ¥7.275 billion from the end of the previous fiscal year.

(Reference) Consolidated cash flow-related indicator trends:

	Fiscal 2004	Fiscal 2005	Fiscal 2006	Fiscal 2007
Equity ratio (%)	8.8	12.8	16.9	18.4
Market price based equity ratio (%)	30.3	46.6	57.3	31.8
Ratio of interest bearing debt to cash flows (years)	9.6	6.9	6.5	8.4
Interest coverage ratio (times)	6.1	7.7	8.4	6.6

Equity ratio = shareholders equity/total assets

Market price based equity ratio = market capitalization/total assets

Ratio of interest bearing debt to cash flows = interest bearing debt/operating cash flow

Interest coverage ratio = operating cash flow/total interest paid

Notes:

1. Each ratio is calculated on a consolidated basis.
2. Market capitalization is calculated by multiplying the share price at the end of the period by the total number of shares outstanding at the end of the period (after deduction of treasury stock).
3. Operating cash flow figures are obtained from the consolidated cash flow statements.

3. Dividend Policy and Dividends for Fiscal 2007 and 2008

Railway operations constitute the main business of Tokyu Corp and given the extremely public nature of these operations, we need 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 increase carrying capacity and safety, promote barrier-free access and enhance services.

We have made various capital expenditures to improve our railway services. For example, a combined total of ¥297.9 billion has been used for improvements to the Meguro-Tamagawa stretch of the Meguro Line and quadruple tracking of lines between Tamagawa and Hiyoshi on the Toyoko Line. We have also made capital expenditures totaling ¥156.4 billion on improvements to the Oimachi-Futakotamagawa stretch of the Oimachi Line and for quadruple tracking on the Den-en toshi Line between Futakotamagawa and Mizonokuchi. These measures have been taken to ease congestion, and to build an efficient transport network that will stimulate greater use of the Meguro and Oimachi Lines. We also plan to strengthen the function of the Toyoko Line in the metropolitan area transport network and increase the attractiveness of Shibuya by establishing a mutual direct train service between the Toyoko Line and Tokyo Metro Fukutoshin Line. In addition we intend to introduce 10-car (currently 8-car) operation for limited express, commuter express and express trains on the Toyoko Line in order to ease congestion and improve convenience and in total we plan to spend ¥159.3 billion on improvements to the Toyoko Line between Shibuya and Yokohama.

The Company will focus capital expenditure especially on major landmark projects under its three-year, medium-term management plan from FY2008. To ensure steady progress with our large and long-term capital projects, we will continue to bolster our business foundations and establish a profit base that will enable us to achieve sustainable growth and fulfill our mission as a public transportation organization.

Our basic policy for the distribution of profits emphasizes stable dividends. We target a 2% ratio of dividends to shareholders' equity (total dividends / consolidated shareholders' equity at the end of the preceding fiscal year × 100) in the period of the medium-term management plan. Under this basic policy, we plan to pay an annual dividend of ¥6 (an interim dividend of ¥3 and a year-end dividend of ¥3) for the term ended March 31, 2008 and the term ending March 31, 2009.

2. The Tokyu Group

The Tokyu Group comprises 178 subsidiaries and 20 affiliates. Their main business operations are as follows.

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

Description of Principal Business Lines as of the End of the Term of Fiscal 2007: Transportation

Railway Operations: The Company operates seven railway lines–the Toyoko Line, Meguro Line, Den-en toshi Line, Oimachi Line, Ikegami Line, Tokyu Tamagawa Line, Kodomonokuni Line and a streetcar line, the Setagaya Line, in southwestern Tokyo and Kanagawa Prefecture. The total track length is 100.1km. Izukyu Corp., a consolidated subsidiary, operates a 45.7km line between Ito and Izukyu Shimoda in the Izu peninsula. Ueda Dentetsu Corp., another consolidated subsidiary, operates an 11.6km long passenger line between Ueda and Bessho Onsen, in Nagano Prefecture.

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

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-rise condominiums, and resort housing. Tokyu Land Corp. is also engaged in joint marketing of detached houses, a system in which Tokyu Land Corp. works with Tokyu Corporation to build and market detached houses on residential land developed by Tokyu Corporation.

Real estate leasing: 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 a 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 residential property brokerage and related services.

Retail

Department store operations: Tokyu Department Store Co., Ltd., a consolidated subsidiary, operates department stores in Tokyo, Kanagawa Prefecture and Sapporo City in Hokkaido. In addition, a consolidated subsidiary, Nagano Tokyu Department Store Co., Ltd. has a similar operation in Nagano Prefecture. Kitami Tokyu Department Store closed its business at the end of October 2007.

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

Shopping center operations: Tokyu Malls Development Inc., a consolidated subsidiary, operates city-oriented fashion malls mainly in the Shibuya district of Tokyo, and also operates commercial facilities mainly in the area around Tokyu's railway lines.

Leisure and Services

Golf course operations: The Tokyu Group comprises 8 golf course operators including consolidated subsidiaries such as Three Hundred Club Co., Ltd., Tokyu Seven Hundred Club Co., Ltd., etc. Three companies were sold or liquidated during the fiscal year.

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 in the area around Tokyu's railway lines in Tokyo, Kawasaki and Yokohama.

Advertising operations: Tokyu Agency Inc., a consolidated subsidiary, offers a wide variety of advertising agency services.

Hotel

In Japan, consolidated subsidiary Tokyu Hotels Co., Ltd. operates four hotel brands: Tokyu Hotel, Excel Hotel Tokyu, Tokyu Inn, and Tokyu Resorts (Total: 44 directly managed hotels as of the end of March 2008), which together comprise the "Tokyu Hotels" chain.

All shares of Pan Pacific Hotels and Resorts Pte. Ltd., a former consolidated subsidiary, were transferred in the fiscal year under review as agreed in the preceding fiscal year. As a result, the company and its four subsidiaries have been excluded from the Group.

The Company absorbed Tokyu Hotel Chain Co., Ltd., a former consolidated subsidiary, in the fiscal year under review.

Other

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

Rolling stock manufacturing: Consolidated subsidiary Tokyu Car Corp. specializes in the manufacture of rolling stock for railway operations, specialty vehicles and elevated parking systems. Tokyu Techno System 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.
Tokyu Techno System was formerly Toyoko Industry Co., Ltd. The name was changed on March 20, 2008.

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

General trading operations: Tokyu Geox Co., Ltd., a consolidated subsidiary, manufactures and markets aggregates.

Grouping by business types is as follow:

Customers and Business Partners

Tokyu Corporation, 178 subsidiaries and 20 affiliated companies

Tokyu Corporation

- Railway operations
- Real estate sales
- Real estate

Transportation (24 companies)

Tokyu Corporation → Transportation: Leasing of facilities, Consignment of operations, etc.

Main companies

Railway operations
- Izukyu Corp. #1
- Ueda Dentetsu Corp. #1

Bus operations
- Tokyu Bus Corp. #1
- Jotetsu Corp. #1

Real Estate (29 companies)

Tokyu Corporation → Real Estate: Leasing of facilities, Consignment of operations, etc.

Main companies

Real estate sales
- Tokyu Land Corp. #2

Real estate leasing
- Tokyu Land Corp. #2

Real estate management
- Tokyu Community Corp. #2
- Tokyu Facility Service Co., Ltd. #1

Real estate brokerage services
- Tokyu Livable, Inc. #2

Retail (31 companies)

Tokyu Corporation → Retail: Leasing of retail premises, Procurement of goods, etc.

Main companies

Department store operations
- Tokyu Department Store Co., Ltd. #1
- Nagano Tokyu Department Store Co., Ltd. #1

Chainstore operations
- Tokyu Store Chain Co., Ltd. #1
- Sapporo Tokyu Store Chain Co., Ltd. #1

Shopping center operations
- Tokyu Malls Development Inc. #1

Credit card operations
- Tokyu Card, Inc. #1

Leisure and Services (42 companies)

Tokyu Corporation → Leisure and Services: Leasing of facilities, Consignment of operations, etc.

Main companies

Movie theatre operations
- Tokyu Recreation Co., Ltd. #2

Golf course operations
- Three Hundred Club Co., Ltd. #1

Advertising
- Tokyu Agency Inc. #1

CATV operations
- its Communications inc. #1

Hotels (52 companies)

Tokyu Corporation → Hotels: Hotel facilities

Main companies

Hotel operations
- Tokyu Hotel Chain Co., Ltd. #1
- Mauna Lani Resort (Operation) Inc. #1

Other (39 companies)

Tokyu Corporation → Other: Procurement of goods, Consignment of perations, etc.

Main companies

Construction
- Tokyu Construction Co., Ltd. #2
- Seikitokyu Kogyo Co., Ltd. #2

Maintenance of rolling stock for railway
- Tokyu Car Corp. #1
- Tokyu Techno System Co., Ltd. #1 *1

Automotive parts
- Shiroki Corp. #2

General trading operations
- Tokyu Geox Co., Ltd. #1

Food manufacturing
- Gold Pak Co., Ltd. #2

Notes: #1 represents a subsidiary, #2 represents an affiliate

*1. Toyoko Industry Co., Ltd. changes its name to Tokyu Techno System Co., Ltd. on March 20, 2008.

1. There is an overlap of the following companies in segmentation by business lines: Tokyu Corp, TC Properties Co., Ltd, Izukyu Land Corp., Izukyu Housing, Jotetsu Corp., Tokyu Bus Corp., Tokyu Facility Service Co., Ltd., Mauna Lani Resort (Operation), Inc., Abashiri Kotsu, Inc.

2. The companies below are listed on the following stock exchanges:

Tokyo Stock Exchange	1st Section	Tokyu Corp., Tokyu Store Chain Co., Ltd.*2, Tokyu Land Corp., Tokyu Construction Co., Ltd., Seikitokyu Kogyo Co., Ltd., Tokyu Community Corp., Tokyu Livable, Inc., Shiroki Corp.
	2nd Section	Tokyu Recreation Co., Ltd.
1st Section of the Nagoya Stock Exchange		Shiroki Corp.
JASDAQ Securities Exchange		Nagano Tokyu Department Store Co., Ltd., GOLD-PAK CO., LTD.

*2. Tokyu Store Chain Co., Ltd. will be delisted on June 25, 2008 in association with a share exchange with the Company.

3. Management Policy

(1) Our Fundamental Operating Policy

Tokyu Group's roots began with the establishment of Meguro-Kamata Railway Company in 1922 and as of the end of March 2008, the Group is composed of 279 companies and 9 non-profit corporations, with Tokyu Corporation as the nucleus. The Group's core 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 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 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 "Creating a Beautiful Living Environment" to meet varying consumer needs and to establish Tokyu as a loved and trusted brand.

To sustain growth in the 21st century, the Tokyu Group has adopted the initiatives outlined in the Tokyu Group Management Policy of April 2000. The management policy emphasizes the Company's position as the core company of the Tokyu Group. The pillars of the policy are the Tokyu Group Basic Management Policy and the Implementation of the Tokyu Group Management Policy. The Basic Management Policy consists of three points: the establishment by the Company of governance for the Tokyu Group, growth through alliances both inside and outside the Tokyu Group, and risk management as part of compliance.

Based on its management policy, the Company introduced a new three-year medium-term management plan in April 2008. The basic strategy of the management plan is developing operations in anticipation of qualitative and quantitative changes in the population, and the visions of the plan are as follows: (1) Areas served by Tokyu's railway lines will continue to be popular users; and (2) The Tokyu Group will become a self-reliant and strong profit organization centered on Tokyu Corporation. To achieve these two visions, the Company will continue to pursue the growth strategies and the plans for subsidiary and affiliate management that were set out in the previous management plan and will develop new operations in response to demographic and consumption trends. The Company is confident that it can achieve sustainable growth with this approach.

(2) Management indicators and objectives

The Company sets targets for the period of the medium-term management plan as milestones to reach its long-term target management indicators. Specifically, we aim to achieve a consolidated operating profit of ¥100 billion, a consolidated Tokyu EBITDA[1] of ¥190 billion, and an 8% asset efficiency (Tokyu EBITDA / average total assets during the term × 100) by FY2013. The targets for FY2010, the last fiscal year of the three-year plan, are a consolidated operating profit of ¥86 billion, a consolidated Tokyu EBITDA of ¥164 billion, and asset efficiency of 7.4%.

(3) Our medium- to long-term goals

The Company will focus on the following three challenges in its medium-term management plan and will establish a profit base that will enable sustainable growth:

(i) Changing the structure of the Real Estate business (shifting to the real-estate rental business)

The Company will shift the core of the Real Estate segment to the real-estate rental business by executing major landmark developments as planned, with the aim of securing consistent revenues.

[1] Tokyu EBITDA = Operating profit + Depreciation and Amortization cost + Amortization of Goodwill (the consolidation adjustment account) + Disposal cost of fixed asset.

(ii) Using assets most efficiently through asset portfolio management

The Company will select properties that it can use most effectively for optimization for the entire Group from the properties held by the Company and consolidated companies in the areas served by Tokyu's railway lines. We will develop and execute plans for using the selected properties, enhancing asset efficiency.

(iii) Always pursuing an optimized business portfolio for the Group

The Company will identify the areas of business and geographical domains where the Group should operate and will always seek to optimize Group companies and businesses to build a portfolio appropriate for those areas and domains.

The Tokyu Group puts safety at the foundation of all its businesses. Given its mission of public transportation, the Company recognizes safety as its greatest and most important responsibility, and safety initiatives are underway throughout the Company. In June 2006, the Company set a Safety Promotion Committee within its organization, and in October 2006, it established a safety management system by developing an operating policy as well as operation and management systems, along with rules to ensure safe transportation. It also adopted safety management regulations to maintain and improve transportation safety. Ensuring safety is an ongoing business challenge and we remain fully committed in this area.

As a corporate citizen, the Tokyu Group is fully aware of the importance of its social responsibilities. We continue to bolster Group-wide efforts to ensure compliance and will practice CSR management through our commitment to protect the environment and our social action programs. We established the Tokyu Group Compliance Manual in January 2002 and undertook a wide range of CSR activities. In February 2008, we set out the Group Internal Control Guidelines to remind Group companies of the importance of compliance and CSR. We are bolstering our risk management system and identifying major Company-wide risks. We will communicate with stakeholders more closely, improve management transparency and the adequacy of operations, and fulfill our corporate social responsibility.

Through these activities, we aim to achieve sustainable growth and maximize corporate value.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Millions of yen

Item	As of March 31, 2008	As of March 31, 2007	Change
Assets			
Current Assets	358,378	359,389	(1,011)
Cash and deposits	38,851	31,828	7,023
Trade notes & accounts receivable	134,928	134,405	522
Securities	22	63	(40)
Inventories	142,113	134,582	7,531
Deferred tax assets	17,688	19,405	(1,716)
Others	25,873	40,486	(14,612)
Allowance for doubtful accounts	(1,099)	(1,380)	280
Fixed Assets	1,585,212	1,589,961	(4,748)
Tangible fixed assets	1,252,023	1,235,454	16,569
Buildings & Structures	533,204	537,016	(3,811)
Rolling stock & machinery	58,856	49,632	9,224
Land	487,160	490,057	(2,897)
Construction in progress	155,067	139,541	15,526
Others	17,734	19,207	(1,472)
Intangible fixed assets	44,030	49,388	(5,358)
Goodwill	10,336	14,251	(3,915)
Others	33,694	35,137	(1,442)
Investments & Others	289,157	305,118	(15,960)
Investment securities	145,753	152,538	(6,784)
Long-term loans receivable	390	524	(133)
Deferred tax assets	12,507	13,317	(810)
Others	131,996	140,847	(8,851)
Allowance for doubtful accounts	(1,489)	(2,108)	619
Total Assets	1,943,590	1,949,350	(5,760)

Millions of yen

Item	As of March 31, 2008	As of March 31, 2007	Change
Liabilities			
Current Liabilities	636,129	649,311	(13,181)
Trade notes & accounts payable	143,430	147,767	(4,336)
Short-term debt	258,132	259,378	(1,246)
Current portion of corporate bonds	64,697	52,000	12,697
Accrued income taxes	11,637	20,039	(8,402)
Reserve for employees' bonuses.	12,422	13,089	(667)
Advances received	42,841	50,834	(7,993)
Others	102,968	106,202	(3,233)
Long-term Liabilities	895,994	911,355	(15,360)
Corporate bonds	154,800	210,499	(55,699)
Long-term debt	518,328	487,018	31,310
Reserve for employees' retirement benefits	37,743	40,468	(2,725)
Reserve for directors' and corporate auditors' retirement benefits	–	1,885	(1,885)
Allowance for loss on redemption of merchandise coupons	1,796	–	1,796
Deposits from tenants and club members	115,750	118,941	(3,190)
Deferred tax liabilities	30,533	25,475	5,058
Deferred tax liabilities from revaluation	11,383	11,439	(55)
Others	25,657	15,627	10,029
Special legal reserves	20,732	25,401	(4,669)
Urban Railways Improvement Reserve	20,732	25,401	(4,669)
Total Liabilities	1,552,856	1,586,068	(33,211)
Net Assets			
Shareholders' Equity	338,557	299,869	38,688
Common Stock	121,724	121,723	1
Capital surplus	117,192	117,166	25
Retained income	102,089	63,184	38,905
Treasury stock	(2,448)	(2,205)	(243)
Valuation, translation and other	19,961	28,637	(8,676)
Net unrealized gains (losses) on investment securities, net of taxes	11,417	20,119	(8,702)
Net unrealized gains (losses) on hedging instruments, net of taxes	(16)	(7)	(9)
Land revaluation reserve	8,868	9,086	(217)
Foreign currency translation adjustment account	(308)	(561)	253
Minority interests	32,214	34,775	(2,560)
Total Net assets	390,733	363,282	27,451
Total Liabilities and Net Assets	1,943,590	1,949,350	(5,760)

(2) Consolidated Statements of Income

Millions of yen

Item	April 1, 2007 to March 31, 2008	April 1, 2006 to March 31, 2007	Change	Percentage Change
Operating revenue	1,372,952	1,381,975	(9,022)	(0.7)
Cost of operating revenue	1,286,214	1,301,886	(15,672)	(1.2)
Operating expenses & cost of sales (Transportation etc.)	1,042,884	1,056,502	(13,618)	(1.3)
SG&A expenses	243,329	245,384	(2,054)	(0.8)
Operating profit	86,738	80,088	6,649	8.3
Non-operating profit	23,986	24,026	(39)	(0.2)
Interest & dividends	1,353	2,534	(1,180)	(46.6)
Investment gains from equity method	7,732	7,652	80	1.0
Other non-operating profit	14,900	13,838	1,061	7.7
Non-operating expenses	22,687	22,887	(199)	(0.9)
Interest	18,010	18,570	(559)	(3.0)
Other non-operating expenses	4,676	4,317	359	8.3
Recurring profit	88,037	81,227	6,810	8.4
Extraordinary gains	19,303	79,302	(59,998)	(75.7)
Extraordinary losses	35,943	75,450	(39,506)	(52.4)
Income before income taxes and minority interests	71,397	85,079	(13,682)	(16.1)
Income taxes	13,654	20,970	(7,316)	(34.9)
Income tax adjustment	12,737	4,469	8,268	185.0
Minority interests	(1,001)	916	(1,918)	–
Net income	46,007	58,722	(12,715)	(21.7)

Millions of yen

Notes	April 1, 2007 to March 31, 2008	April 1, 2006 to March 31, 2007	Change
Breakdown of extraordinary gains			
Gain on reversal of Urban Railways Improvement Reserve.	7,200	7,200	–
Gain on sale of fixed assets	3,830	9,992	(6,162)
Subsidies received for construction	3,155	51,079	(47,923)
Gain on sale of investment securities	1,349	4,820	(3,470)
Breakdown of extraordinary losses			
Impairment loss	16,079	14,568	1,510
Loss on disposal of fixed assets	6,514	3,660	2,853
Transfer to urban railways improvement reserve	2,531	2,464	67
Loss on reduction of subsidies received for construction.	2,326	39,335	(37,008)

(3) Consolidated Statements of Changes in Net Assets

(April 1, 2006 to March 31, 2007) *Millions of yen*

	Shareholders' equity				
	Common stock	Capital surplus	Retained income	Treasury stock	Total Shareholders' equity
Balance at March 31, 2006	110,608	106,011	11,326	(1,957)	225,989
Changes during the period					
Conversions of convertible bonds	11,115	11,114			22,229
Dividends (Note 1)			(6,519)		(6,519)
Directors' and corporate auditors' bonuses (Note 2)			(72)		(72)
Net income			58,722		58,722
Liquidation of land revaluation reserve			(274)		(274)
Purchases of treasury stock				(418)	(418)
Sale of treasury stock		40		168	209
Other			1	1	2
Changes other than those to shareholders' equity (net)					
Total changes during the period	11,115	11,155	51,857	(247)	73,880
Balance at March 31, 2007	121,723	117,166	63,184	(2,205)	299,869

	Valuation, translation and other					Minority interests	Total net assets
	Valuation differences on other investment securities	Unrealized gains (losses) on hedging instruments	Land revaluation reserve	Foreign exchange translation adjustment account	Total valuation, translation and others		
Balance at March 31, 2006	27,673	–	8,817	(3,752)	32,739	46,121	304,849
Changes during the period							
Conversions of convertible bonds							22,229
Dividends (Note 1)							(6,519)
Directors' and corporate auditors' bonuses (Note 2)							(72)
Net income							58,722
Liquidation of land revaluation reserve							(274)
Purchases of treasury stock							(418)
Sale of treasury stock							209
Other							2
Changes other than those to shareholders' equity (net)	(7,553)	(7)	268	3,191	(4,101)	(11,345)	(15,446)
Total changes during the period	(7,553)	(7)	268	3,191	(4,101)	(11,345)	58,433
Balance at March 31, 2007	20,119	(7)	9,086	(561)	28,637	34,775	363,282

Notes: 1. Of dividends, ¥2,963 million is a profit distribution item at the Annual General meeting of Shareholders held in June 2006.

2. Profit distribution items at the Annual General meeting of Shareholders held in June 2006.

(April 1, 2007 to March 31, 2008) *Millions of yen*

	Shareholders' equity				
	Common stock	Capital surplus	Retained income	Treasury stock	Total Shareholders' equity
Balance at March 31, 2007	121,723	117,166	63,184	(2,205)	299,869
Changes during the period					
Conversions of convertible bonds	1	0			1
Dividends			(7,315)		(7,315)
Net income			46,007		46,007
Liquidation of land revaluation reserve			216		216
Purchases of treasury stock				(378)	(378)
Sale of treasury stock		24		136	161
Other			(1)	(1)	(3)
Changes other than those to shareholders' equity (net)					
Total changes during the period	1	25	38,905	(243)	38,688
Balance at March 31, 2008	121,724	117,192	102,089	(2,448)	338,557

	Valuation, translation and other					Minority interests	Total net assets
	Valuation differences on other investment securities	Unrealized gains (losses) on hedging instruments	Land revaluation reserve	Foreign exchange translation adjustment account	Total valuation, translation and others		
Balance at March 31, 2007	20,119	(7)	9,086	(561)	28,637	34,775	363,282
Changes during the period							
Conversions of convertible bonds							1
Dividends							(7,315)
Net income							46,007
Liquidation of land revaluation reserve							216
Purchases of treasury stock							(378)
Sale of treasury stock							161
Other							(3)
Changes other than those to shareholders' equity (net)	(8,702)	(9)	(217)	253	(8,676)	(2,560)	(11,237)
Total changes during the period	(8,702)	(9)	(217)	253	(8,676)	(2,560)	27,451
Balance at March 31, 2008	11,417	(16)	8,868	(308)	19,961	32,214	390,733

(4) Consolidated Statements of Cash Flow

Item	April 1, 2007 to March 31, 2008	April 1, 2006 to March 31, 2007	Change
			Millions of yen
I. Cash flows from operating activities			
Income before income taxes	71,397	85,079	(13,682)
Depreciation and amortization	58,871	54,587	4,284
Amortization of goodwill	3,873	1,351	2,521
Impairment loss	16,079	14,568	1,510
Increase (Decrease) in employees' retirement benefit reserve	(1,147)	(3,043)	1,895
Increase (Decrease) in Urban Railways Improvement Reserve	(4,669)	(4,736)	67
Subsidies received for construction	(3,155)	(51,079)	47,923
Reduction in subsidies received for construction	2,326	39,335	(37,008)
Loss (gain) on sale of fixed assets	(3,420)	(2,825)	(595)
Loss on disposal of fixed assets	13,642	26,052	(12,409)
Investment (gain) losses from the equity method	(7,732)	(7,652)	(79)
Loss (gain) on sale of investment securities	(1,323)	(4,325)	3,001
Decrease (increase) in accounts receivable	(1,041)	(9,230)	8,188
Decrease (increase) in inventories	(3,364)	2,213	(5,578)
(Decrease) increase in trade payables	(5,678)	13,054	(18,733)
(Decrease) in deposits from tenants and club members	(1,503)	215	(1,719)
Interest and dividend income	(1,353)	(2,534)	1,180
Interest payable	18,010	18,570	(559)
Others	5,671	10,431	(4,760)
Subtotal	155,482	180,034	(24,552)
Interest and dividends received	2,855	2,929	(73)
Interest paid	(17,956)	(18,565)	609
Income taxes paid	(21,283)	(8,267)	(13,015)
Net cash provided by operating activities	**119,098**	**156,130**	**(37,032)**
II. Cash flows from investing activities			
Payments for purchases of fixed assets	(145,182)	(142,580)	(2,602)
Proceeds from sale of fixed assets	12,551	22,612	(10,061)
Payments for acquisition of investment securities	(2,641)	(2,877)	235
Proceeds from sale of investment securities	14,646	10,180	4,465
Proceeds from the redemption of preferred shares of affiliate companies	–	5,350	(5,350)
Payments for sale of subsidiaries' shares resulting in changes in the scope of consolidation	(380)	(2)	(377)
Proceeds from sale of subsidiaries' shares resulting in changes in the scope of consolidation	–	23	(23)
Proceeds from subsidies received for construction	17,829	18,695	(865)
Payments for disbursement of loans receivable	(238)	(191)	(46)
Proceeds from collection of loans receivable	400	506	(106)
Others	126	(461)	588
Net cash used in investing activities	**(102,889)**	**(88,744)**	**(14,144)**

(4) Consolidated Statements of Cash Flow (continued)

Item	April 1, 2007 to March 31, 2008	April 1, 2006 to March 31, 2007	Change
			Millions of yen
III. Cash flows from financing activities			
Increase (Decrease) in short-term debt, net	33,178	(31,624)	64,802
Proceeds from long-term debt	101,956	71,590	30,365
Repayment of long-term debt	(104,971)	(90,128)	(14,843)
Proceeds from issuance of commercial paper	131,500	21,500	110,000
Payments for redemption of commercial paper	(131,500)	(21,500)	(110,000)
Proceeds from bond issue	8,972	19,857	(10,885)
Payments for redemption of bonds	(52,000)	(43,500)	(8,500)
Proceeds from the procurement of finance lease obligations	12,278	–	12,278
Dividends paid by parent company	(7,315)	(6,519)	(796)
Proceeds from minority shareholders' contributions	–	5,900	(5,900)
Dividends paid to minority shareholders	(667)	(563)	(104)
Others	(505)	(209)	(295)
Net cash used in financing activities	**(9,074)**	**(75,195)**	**66,120**
IV. Effect of exchange rate changes on cash and cash equivalents	141	424	(283)
V. Increase (decrease) in cash and cash equivalents	7,275	(7,384)	14,659
VI. Cash and cash equivalents at beginning of period	29,959	49,032	(19,073)
VII. Decrease due to exclusion from consolidation	–	(11,688)	11,688
VIII. Cash and cash equivalents at end of period	37,234	29,959	7,275

(5) Basis of Presentation of Consolidated Financial Statements

1. Scope of Consolidation

The Group comprises 172 consolidated subsidiaries, including Izukyu Corp., Tokyu Department Store Co., Ltd., Tokyu Store Chain Co., Ltd., and Tokyu Hotels Co., Ltd. The Group has included newly established Tokyu Asset Management Inc. in the scope of consolidation. Meanwhile, the Group excluded from the scope of consolidation Tokyu Hotel Chain Co., Ltd. and two other companies through mergers, Pan Pacific Hotels and Resorts Pte. Ltd., seven other companies through stock sales, and Shirahama Beach Golf Club Co., Ltd. and one other company through liquidation. TC Properties Co., Ltd. and five other companies are non-consolidated subsidiaries, since they do not have a significant impact on the consolidated financial statements.

2. Application of the Equity Method

Non-consolidated subsidiary TC Properties Co., Ltd. and four other companies are accounted for by the equity method. Meanwhile, the 17 affiliates accounted for by the equity method include Tokyu Land Corp. and Tokyu Construction Co., Ltd.

The Group has excluded Pt. Sarini Tokyu Hotel International Corp. and another company whose shares were sold, and Yokkaichi Tokyu Golf Club Corp., which was liquidated from the scope of companies to which the equity method is applied. China Garden Co., Ltd., a non-consolidated subsidiary, and TMS Co., Ltd. and two other companies, associated companies, are not accounted for by the equity method because they do not have significant impacts on the consolidated financial statements.

3. Fiscal Year End of Consolidated Subsidiaries

Among the consolidated subsidiaries, Tokyu Geox Co., Ltd. and 36 other companies close their books on an annual basis on December 31 or February 29, etc. In preparing consolidated financial statements, the Group uses financial statements as of the closing dates and makes the necessary adjustments for important transactions that occurred between the closing dates and the consolidated closing date.

Hare Ski Resort Co., Ltd. and two other companies close their books on September 30, etc. The Group uses their financial statements based on the provisional settlement of accounts as of the consolidated closing date.

Starting the consolidated fiscal year under review, Sakura Service Inc. changed its closing date from December 31 to March 31. In association with the change, the results of the company for 15 months from January 1, 2007 to March 31, 2008 were consolidated. The effect of the change is minor.

4. Summary of Significant Accounting Policies

1) Valuation Standards and Accounting Treatment for Important Assets
(a) Securities

Bonds held to maturity:
Bonds are valued using the cost amortization method. (Straight-line method)

Other securities:
Securities with market quotations:
Securities with market quotations are valued at market on the balance sheet date using the market price method.

(The entire difference between the carrying value and the market value is recognized in net assets using the direct recognition method. Cost of sales is mainly 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.

In respect of investments in SPCs ('Other securities') the equivalent attributable amounts of the SPC profits and losses are recorded as non-operating profit and expenses and the 'Investment securities' account is adjusted accordingly.

(b) Derivatives

Derivatives are stated at market value.

(c) Inventories

Residential land lots and buildings are mainly valued at cost, using the weighted average (for the region) method or the specific-identification method. According to the type of business other inventories are valued at cost, which is determined by the specific-identification method, the weighted-average method at cost or the lower of cost and market method, the last cost method at cost, the first-in first-out method at cost, the retail method at cost or the moving-average method at cost, or the lower of cost or market.

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 certain consolidated subsidiaries is computed in combination with the straight-line method. Depreciation of buildings (excluding equipment attached to buildings) acquired by the Company and its domestic subsidiaries after April 1,1998 is computed by the straight-line method. Estimated useful life of tangible fixed assets is assumed as follows:

Buildings and structures: 2-75 years

(Change to accounting policy)

Starting the period under review, the Company and domestic consolidated subsidiaries excluding certain subsidiaries depreciate the tangible fixed assets that have been acquired since April 1, 2007 by the depreciation method under the revised Corporate Tax Law.

Because of the change, operating profit, recurring profit, and income before income taxes each fell ¥905 million. The effect of the change on each operating segment is described in the segment information below.

(Additional information)

In association with the revision of the Corporate Tax Law, the Company and domestic consolidated subsidiaries excluding certain subsidiaries depreciate equally the difference between the memorandum price and 5% of the acquisition price of the asset that was acquired before March 31, 2007 in five years from the fiscal year following the one when the asset is depreciated to 5% of the acquisition cost under the Corporate Tax Law before the revision.

Because of the change, operating profit, recurring profit, and income before income taxes each fell ¥1,206 million. The effect of the change on each operating segment is described in the segment information below.

(b) Intangible fixed assets

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

3) Deferred assets

Bond and share issue expenses are charged in full as one-time expenses to income as incurred.

4) Important Reserves

(a) Allowance 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 uncollectible receivables, based on management's estimate of the collectability of each, is provided when appropriate.

(b) Reserve for employees' bonus

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

(c) Reserve for employees' retirement benefits

Accrued employee retirement benefits are provided for on the basis of the retirement and severance benefit obligations at the end of the fiscal year and the estimated fair value of pension fund assets as of the balance sheet date. Differences in the value of benefits calculated are charged to income (from the following fiscal year) over a period (15 years) that is less than the average remaining years of service of eligible employees, using the straight-line method. Past service liabilities are accounted for mainly by the straight-line method based on a period (15 years) that is less than the average remaining years of service of eligible employees at the time they arise.

(d) Allowance for loss on redemption of merchandise coupons

To provide for losses caused by the redemption of merchandise coupons after the termination of the practice of recording merchandise coupons as liabilities, an amount expected to be redeemed is recorded based on past performance.

(Change to accounting policy)

The Company used to record as non-operating expenses redeemed merchandise coupons outstanding that have ceased to be recorded as liabilities after certain periods each time they are redeemed. However, following the announcement of the Audit Treatment of Reserves under the Special Taxation Measures Law, Allowances and Reserves under Special Laws, and Reserves for Officers' Retirement Benefits (The Japanese Institute of Certified Public Accountants Auditing and Assurance Practice Committee Report No. 42; April 13, 2007), the Company reasonably estimates the amount expected to be redeemed and records the amount as an allowance for loss on redemption of merchandise coupons in the consolidated balance sheets, starting the fiscal year under review.

Because of the change, a provision for previous fiscal years of ¥1,200 million that should be recorded at the beginning of the fiscal year under review is recorded as an extraordinary loss.

The Company also reasonably estimated the amount expected to be redeemed in relation to merchandise coupons outstanding that ceased to be recorded as liabilities in the fiscal year under review, and recorded the amount as a provision for the allowance for loss on the redemption of merchandise coupons.

As a result, recurring profit is ¥596 million less, and income before income taxes is ¥1,796 million less than if they were calculated based on the old accounting method.

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 date, and translation gains and losses are accounted for as a 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 period and the differences are included in the foreign currency 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) Accounting for subsidies received for construction in Railways Operations
Subsidies received by the Company and consolidated subsidiaries Izukyu Corporation and Ueda Dentetsu Corp. relating to construction projects are accounted for by deducting the total amount of subsidy for the said construction project directly from the acquisition cost of fixed assets once the project is completed.
In the consolidated statements of income, subsidies the Company has received for its construction projects are booked as an extraordinary profit while the amount deducted directly from the acquisition cost of fixed assets is accounted for as "reduction in subsidies received for construction", as an extraordinary loss resulting from subsidies received for construction projects.
Of the construction cost for which subsidies were received, the part relating to temporary structures that have been removed is included in cost of operating revenue (cost of disposal of fixed assets, etc.)

8) Accounting treatment of significant 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.

9) Significant hedge accounting methods
(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.

(b) Hedging methods and risks hedged
Hedging methods: interest rate swaps, forward foreign exchange contracts.
Risks hedged: corporate bonds, loans payable, foreign currency denominated monetary liabilities.

(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 mainly from their regular business operations.

(d) Assessing the effectiveness of a hedge
Rate of changes in the cash flows from hedging instruments methods and the risks hedged over their respective lapsed periods are mainly used as the yardsticks for measuring the effectiveness of the hedge.

10) Accounting for consumption tax
The consumption tax exclusion method is applied.

5. Assets and liabilities of Consolidated Subsidiaries
Assets and liabilities of consolidated subsidiaries are valued at market.

6. Amortization of Goodwill and Negative Goodwill

Goodwill and negative goodwill are amortized in equal installments over five years. Small amounts are written off in the year of accrual.

7. The Scope of Cash and Cash Equivalents for the Consolidated Cash Flow Statements

For the purpose of the consolidated cash flow statements, the company considers the following as 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.

(6) Change in Presentation

(In relation to the consolidated balance sheets)

The Company and certain domestic consolidated subsidiaries had presented the amount of directors' retirement benefits to be paid, which was determined by the shareholders' meeting, as directors' retirement benefit reserve until the previous fiscal year. However, following the announcement of the Audit Treatment of Reserves under the Special Taxation Measures Law, Allowances and Reserves under Special Laws, and Reserves for Officers' Retirement Benefits (The Japanese Institute of Certified Public Accountants Auditing and Assurance Practice Committee Report No. 42; April 13, 2007), the Company transferred ¥1,863 million, which remained at the beginning of the fiscal year under review, to Others under Long-Term Liabilities. The directors' retirement benefit reserve included in Others under Long-Term Liabilities at the end of the fiscal year is ¥1,345 million.

The directors' retirement benefit reserves that certain domestic consolidated subsidiary record (¥22 million at the end of the fiscal year under review) is included in Others under Long-Term Liabilities, since the amount is of little importance.

(7) Notes to Consolidated Financial Statements

(Notes to Consolidated Balance Sheets)

Millions of yen

	As of March 31, 2008	As of March 31, 2007
1. Accumulated depreciation of tangible fixed assets……………..	765,131	751,303
2. Contingent liabilities……………………………………………....	279	419
3. Notes discounted and endorsed………………………………..	531	246
4. Notes related to non-consolidated subsidiaries and affiliates. In the items below the main items related to non-consolidated subsidiaries and affiliates are:		
Investment securities……………………………………	58,517	53,973
5. Pledged assets and secured liabilities		
Pledged assets		
Inventory assets……………………………………………….	612	219
	[370]	[–]
Buildings and structures……………………………………….	335,325	325,388
	[267,121]	[260,533]
Rolling stock and machinery………………………………….	31,044	32,731
	[30,839]	[32,502]
Land…………………………………………………………….	121,037	120,336
	[48,025]	[47,770]
Investment securities………………………………………….	–	64
	[–]	[–]
Other assets…………………………………………………….	11,626	12,658
	[10,986]	[12,034]
Total……………………………………………………….	**499,645**	**491,399**
	[357,342]	**[352,840]**
Secured liabilities		
Short-term loans payable…………………………………….	49,665	33,477
	[24,852]	[3,160]
Long-term loans payable…………………………………….	262,127	299,468
	[192,337]	[226,770]
Others…………………………………………………………..	3,609	12,414
	[–]	[–]
Total……………………………………………………….	**315,401**	**345,360**
	[217,190]	**[229,930]**

[Parentheses]: Assets pledged and secured liabilities relate to borrowings from the Railway Foundation, Railway Track Foundation, Bus Foundation, Tourist Facilities Foundation, and Manufacturing Facilities Foundation.

6. Lending of securities

Millions of yen

Investment securities	1,050	1,792

7. Loan disbursements related to loan commitments for consolidated subsidiaries

(Tokyu Card, Inc.)

Millions of yen

	As of March 31, 2008	As of March 31, 2007
Total loan commitments	81,971	80,817
Loans extended	3,135	3,425
Remaining commitment	78,836	77,392

Note: The above loan commitment is to cover cash withdrawals using credit cards. Accordingly, the total amount may not necessarily need to be extended.

(Tokyu Finance and Accounting Co., Ltd.)

Total loan commitments	26,000	26,000
Loans extended	372	–
Remaining commitment	25,627	26,000

Note: The above loan commitment is extended to cover the cash management system offered to each member of the Group. Accordingly, the total amount may not necessarily need to be extended.

8. Total amount of subsidies received for construction directly deducted from purchase cost of fixed assets:

	Millions of yen
172,920	172,420

(Notes to Consolidated Statements of Income)

1. Additions to reserves were as follows:

	April 1, 2007 to March 31, 2008	April 1, 2006 to March 31, 2007
		Millions of yen
Addition to allowance for doubtful accounts reserve	810	1,218
Addition to allowance for employees' bonuses	12,422	13,089
Retirement benefit costs	8,997	7,932
(Addition to reserve for retirement benefit allowance)		
Addition to reserve for directors' retirement allowance	1	16

2. Impairment losses

Calculations of impairment losses were conducted by grouping assets in the smallest cash flow generating unit that was largely independent of other assets or asset groups. As a result, in fiscal 2007, for 95 cases of fixed asset groups where the market value was significantly below book value in line with the continued fall in land prices, and fixed asset groups that continued to generate losses, book value was written down to recoverable levels, and that write-down reported as an impairment loss resulting in an extraordinary loss of ¥16,079 million yen.

Region	Main cases	Type	Segment	Impairment loss
Tokyo metropolitan	Mainly stores, etc. Total 49 cases	Land & Buildings, etc.	Transportation Real Estate Retail Leisure and Services Hotels	¥7,443 million
Chubu and Hokuriku	Stores and rental real estate Total 14 cases	Land & Buildings, etc.	Real Estate Retail Leisure and Services Hotels	¥4,476 million
Kinki	Accommodation and recreation facilities Total 2 cases	Land & Buildings, etc.	Leisure and Services Hotels	¥34 million
Others	Mainly buildings, stores and hotels Total 30 cases	Land & Buildings, etc.	Transportation Real Estate Retail Leisure and Services Hotels	¥4,125 million

Break down of impairment losses on a region-by-region basis.

- Tokyo metropolitan area ¥7,443 million yen (Land=¥1,199 million, Buildings and structures=¥4,401 million, Others ¥1,842 million)
- Chubu and Hokuriku area ¥4,476 million (Land=¥3,918 million, Buildings and structures=¥397 million, Others ¥160 million)
- Kinki area ¥34 million (Land=¥1 million, Buildings and structures=¥25 million, Others ¥6 million)
- Others ¥4,125 million (Land=¥1,783 million, Buildings and structures=¥2,028 million, Others ¥313 million)

The recoverable value of this asset group was calculated by the net sale value method, or utility value. Calculations of recoverable value using the net disposal value method were assessed in line with land values or the capitalization method. Calculations of recoverable value using utility value were calculated by discounting future cash flows at 2.1% - 6.9%.

(Note to Consolidated Statement of Changes in Net Assets)
April 1, 2006 – March 31, 2007

1. Number and type of common shares issued and treasury stock *Thousand shares*

	Number of shares as of March 31, 2006	Increase of shares during fiscal 2006	Decrease of shares during fiscal 2006	Number of shares as of March 31, 2007
Shares issued				
Common shares (note 1)	1,187,111	34,435	–	1,221,546
Total	1,187,111	34,435	–	1,221,546
Treasury stock				
Common shares (note 2)	3,498	516	201	3,813
Total	3,498	516	201	3,813

Notes:
1. The increase of common shares issued was due to the conversion of convertible bonds.
2. (1) The increase in the number of treasury shares was attributable to the purchase of odd lot shares
   (2) The decrease of treasury shares was due to:
      (i) Decrease resulting from sale of odd lot shares: 198,000 shares.
      (ii) Decrease resulting from changes in the scope of consolidation or application of the equity method: 2,000 shares.

2. Matters relating to new share subscription rights and own share options

Not applicable.

3. Dividends

(1) Amounts paid

Date confirmed	Type of stock	Total dividends paid	Dividend per share	Dividend record date	Effective date
June 29, 2006 Shareholders' meeting	Common shares	¥2,964 million	¥2.5	March 31, 2006	June 30, 2006
October 27, 2006 Board of directors' meeting	Common shares	¥3,556 million	¥3.0	September 30, 2006	December 7, 2006

(2) Of dividends whose record dates belong to the fiscal year under review, those whose effective dates belong to the next fiscal year

Date confirmed	Type of stock	Total dividends paid	Source of dividends	Dividends per share	Dividend record date	Effective date
June 28, 2007 Shareholders' meeting	Common shares	¥3,658 million	Retained income	¥3.0	March 31, 2007	June 29, 2007

(Note to Consolidated Statement of Changes in Net Assets)
April 1, 2007 – March 31, 2008

1. Number and type of common shares issued and treasury stock *Thousand shares*

	Number of shares as of March 31, 2007	Increase of shares during fiscal 2007	Decrease of shares during fiscal 2007	Number of shares as of March 31, 2008
Shares issued				
Common shares (note 1)	1,221,546	3	–	1,221,550
Total	1,221,546	3	–	1,221,550
Treasury stock				
Common shares (note 2)	3,813	496	222	4,086
Total	3,813	496	222	4,086

Notes:

1. The increase of common shares issued was due to the conversion of convertible bonds.
2. (1) The increase of treasury shares was due to:
   (i) Increase due to purchase of odd lot shares: 492,000 shares.
   (ii) Increase resulting from a change in equity: 3,000 shares.
   (2) The decrease in treasury stock was a result of fractional share purchases.

2. Matters relating to new share subscription rights and own share options

Not applicable.

3. Dividends

(1) Amounts paid

Date confirmed	Type of stock	Total dividends paid	Dividend per share	Dividend record date	Effective date
June 28, 2007 Shareholders' meeting	Common shares	¥3,658 million	¥3.0	March 31, 2007	June 29, 2007
November 15, 2007 Board of directors' meeting	Common shares	¥3,658 million	¥3.0	September 30, 2007	December 6, 2007

(2) Of dividends whose record dates belong to the fiscal year under review, those whose effective dates belong to the next fiscal year

Date confirmed	Type of stock	Total dividends paid	Source of dividends	Dividends per share	Dividend record date	Effective date
June 27, 2008 Shareholders' meeting	Common shares	¥3,657 million	Retained income	¥3.0	March 31, 2008	June 30, 2008

(Notes to Consolidated Cash Flow Statements)

1. The reconciliation of period end cash and cash equivalents and amounts recorded in the consolidated balance sheets are as follows:

Millions of yen

	As of March 31, 2008	As of March 31, 2007
Cash and deposits	38,851	31,828
Term deposits with maturities longer than 3 months	(2,012)	(1,891)
Securities included in cash equivalents	22	22
Short-term loans included in cash equivalents	372	–
Cash and cash equivalents	37,234	29,959

Segment Information

(1) Segment information by business

April 1, 2006 – March 31, 2007

Millions of yen

	Transportation	Real Estate	Retail	Leisure and Services	Hotel	Other	Total	Elimination/ Headquarters	Consolidated
I. Operating revenue/ Operating profit Operating revenue									
(1) Outside customers	191,072	128,269	657,334	162,355	98,498	144,444	1,381,975	–	1,381,975
(2) Inter-segment internal revenues or transfers	1,564	23,748	2,936	20,928	600	25,839	75,618	(75,618)	–
Total	192,636	152,017	660,271	183,284	99,099	170,284	1,457,594	(75,618)	1,381,975
Operating expenses	166,937	125,997	644,156	180,076	95,384	165,318	1,377,871	(75,984)	1,301,886
Operating profit	25,699	26,020	16,114	3,208	3,714	4,966	79,722	365	80,088
II. Assets, depreciation, impairment losses and capital expenditure									
Assets	635,799	354,409	394,015	129,705	85,177	175,744	1,774,851	174,499	1,949,350
Depreciation	27,550	6,330	11,354	3,838	3,699	1,947	54,720	(133)	54,587
Impairment losses	753	2,779	2,384	4,404	3,949	296	14,568	–	14,568
Capital expenditure	75,498	29,282	28,872	4,304	16,411	3,844	158,214	(10,248)	147,966

April 1, 2007 – March 31, 2008

Millions of yen

	Transportation	Real Estate	Retail	Leisure and Services	Hotel	Other	Total	Elimination/ Headquarters	Consolidated
I. Operating revenue/ Operating profit Operating revenue									
(1) Outside customers	196,352	115,633	646,280	161,555	99,412	153,718	1,372,952	–	1,372,952
(2) Inter-segment internal revenues or transfers	1,425	23,553	3,148	21,192	1,045	36,072	86,437	(86,437)	0
Total	197,777	139,187	649,428	182,747	100,458	189,790	1,459,390	(86,437)	1,372,952
Operating expenses	163,869	114,241	634,524	179,472	96,839	183,755	1,372,703	(86,489)	1,286,214
Operating profit	33,907	24,945	14,903	3,275	3,618	6,035	86,686	51	86,738
II. Assets, depreciation, impairment losses and capital expenditure									
Assets	666,433	341,098	391,596	125,002	81,322	164,183	1,769,637	173,952	1,943,590
Depreciation	31,761	6,349	11,667	3,787	3,207	2,181	58,955	(83)	58,871
Impairment losses	338	7,511	6,275	754	1,199	–	16,079	–	16,079
Capital expenditure	91,162	14,533	20,706	3,226	6,468	3,293	139,391	4,573	143,965

Notes

1. Operating Segments

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

2. Description of operating segments
   - Transportation: railway operations and bus operations
   - Real Estate: real estate sales, real estate leasing and real estate management
   - Retail: department store operations, chain store operations and shopping center operations
   - Leisure and Services: advertising operations, golf course operations and CATV operations
   - Hotel: hotel operations
   - Other: maintenance of rolling stock for railway operations and general trading operations

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

4. Of assets in the fiscal year under review and in the previous fiscal year, the Company-wide assets included in Elimination/Headquarters were ¥236,428 million and ¥268,650 million, respectively. The principle items include surplus funds under management (cash), long-term investment funds (investment securities), and assets relating to the administration division in the parent company.

5. Change to accounting policy

(Fiscal year under review)

As mentioned in the change to accounting policy in paragraph 4 (2) of the Basis of Presentation of Consolidated Financial Statements, in association with the revision of the Corporate Tax Law, the Company and its domestic consolidated subsidiaries, with certain exceptions, depreciate tangible fixed assets that have been acquired since April 1, 2007 using the depreciation method under the revised Corporate Tax Law.

Because of the change, operating expenses rose ¥650 million in Transportation, ¥32 million in Real Estate, ¥147 million in Retail, ¥34 million in Leisure and Services, ¥20 million in Hotel, and ¥19 million in Other businesses. Operating profit declined by the same amounts.

6. Additional information

(Fiscal year under review)

As mentioned in additional information in paragraph 4 (2) of the Basis of Presentation of Consolidated Financial Statements, in association with the revision of the Corporate Tax Law, the Company and domestic consolidated subsidiaries, with certain exceptions, depreciate equally the difference between the memorandum price and 5% of the acquisition price of an asset acquired before March 31, 2007 over five years from the fiscal year following the year in which the asset is depreciated to 5% of the acquisition cost under the Corporate Tax Law before the revision.

Because of this change, operating expenses increased ¥699 million in Transportation, ¥173 million in Real Estate, ¥86 million in Retail, ¥66 million in Leisure and Services, ¥39 million in Hotel, and ¥141 million in Other businesses. Operating profit fell by the same amounts.

(2) Geographical Segment Information

Fiscal 2007: April 1, 2007 – March 31, 2008; Fiscal 2006: April 1, 2006 – March 31, 2007

Geographical segment information is not disclosed since the amount of domestic operating revenue and assets of domestic operations each represents more than 90% of the respective total amounts for all segments.

(3) Overseas sales

Fiscal 2007: April 1, 2007 – March 31, 2008; Fiscal 2006: April 1, 2006 – March 31, 2007

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

Per Share Information

April 1, 2007 – March 31, 2008		April 1, 2006 – March 31, 2007	
Net assets per share	¥294.48	Net assets per share	¥269.77
Net income per share	¥37.79	Net income per share	¥49.43
Net income per share (diluted)	¥36.49	Net income per share (diluted)	¥46.58

Note: The basis for the calculation of net income per share and the net income per share (diluted) is as follows:

	April 1, 2007 to March 31, 2008	April 1, 2006 to March 31, 2007
Net income per share:		
Net income (¥ million)	46,007	58,722
Amount not attributable to common shareholders (¥ million)	–	–
Net income attributable to common shares (¥ million)	46,007	58,722
Average number of outstanding common shares during the period (1,000 shares)	1,217,560	1,187,972
Net income per share (diluted)		
Net income adjustment (¥ million)	31	31
[Of which, interest paid (after deducting tax equivalent)]	[31]	[31]
Increase in the number of common shares (1,000 shares)	43,302	73,282
[Of which, convertible bonds]	[43,302]	[73,282]
Residual securities not included in the calculation of the diluted net income due to the fact that these securities had no dilutive effect.	--------------------	--------------------

(Omission of disclosure)

Notes to lease transactions, securities and derivatives transactions, retirement benefits, tax effect accounting, transactions with relevant parties, and other items are omitted because their significance is minor.

Additional Information
(Making Tokyu Store Chain a wholly owned subsidiary through a share exchange)

1. Purpose of the share exchange
The Company and Tokyu Store Chain decided at meetings of their Boards of Directors held on March 27, 2008 to carry out a share exchange to take effect on July 1, 2008. The share exchange makes Tokyu Corporation the parent company and Tokyu Store Chain a wholly owned subsidiary of Tokyu Corporation. The two companies concluded a share exchange agreement on March 27, 2008.
The Company determined that the best approach is to develop a management structure to consolidate the two companies and achieve the following:
(1) Bolster the retail-related business, the third core business
(2) Promote rapid decision making and efficient and flexible management initiatives through consolidated management and strategies
(3) Achieve sustainable growth and corporate value by expanding synergy

2. Summary of the share exchange
(1) Scheduled date of the share exchange (effective date)
July 1, 2008 (plan)

(Note) Under the provision of Article 796, Paragraph 3 of the Companies Act, the Company will conduct the share exchange through a simplified share exchange procedure that does not require the approval of a shareholders' meeting.

(2) Allotment of shares in relation to the share exchange

Company	Tokyu Corporation (Parent company)	Tokyu Store Chain (Wholly owned subsidiary)
Allotment of shares in relation to the share exchange	1	1
Number of new shares to be issued in relation to the share exchange	Common stock: 42,381,489 shares (plan)	

(Note 1) Allotment of shares
One share of Tokyu Corporation will be delivered for one share of Tokyu Store Chain. There will be no share allocation for the Tokyu Store Chain common shares that Tokyu Corporation holds at the date of the share exchange.
(Note 2) Number of new shares to be issued in the share exchange
The number of new Tokyu Corporation shares to be issued in the share exchange could be revised because of a write-off of treasury stock by Tokyu Store Chain or other reasons.

3. Profile of Tokyu Store Chain
(1) Business name
Tokyu Store Chain Co., Ltd.
(2) Address
1-21-12 Kamimeguro, Meguro-ku, Tokyo
(3) Title and name of representative
President & Representative Director Ichiro Takahashi

(4) Capital
¥10,838 million
(5) Businesses
Retail, food manufacturing, processing, wholesale, services, etc.

5. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

Millions of yen

Item	As of March 31, 2008	As of March 31, 2007	Change
Assets			
Current Assets	128,996	137,549	(8,553)
Cash and deposits	2,006	2,719	(712)
Accrued fares	5,948	2,311	3,637
Accounts receivable	13,140	27,086	(13,946)
Accrued income	1,648	1,895	(247)
Securities	–	29	(29)
Land and buildings for sale	81,906	76,879	5,026
Inventory assets	3,630	3,440	189
Prepaid expenses	925	880	44
Deferred tax assets	10,057	10,750	(693)
Other current assets	9,734	11,553	(1,819)
Allowance for doubtful accounts	(2)	–	(2)
Fixed Assets	1,275,823	1,276,285	(462)
Fixed assets for railway operations	448,779	430,957	17,821
Fixed assets for real estate business	276,573	273,921	2,652
Fixed assets relating to other businesses	32,754	28,644	4,109
Construction in progress	152,967	139,610	13,356
Investments & Others	364,748	403,151	(38,403)
Affiliated company's stocks	194,346	218,548	(24,201)
Investment securities	74,374	82,152	(7,777)
Other securities of affiliates	1,853	3,330	(1,477)
Investment	–	688	(688)
Long-term loans receivable	38,828	37,883	944
Long term prepaid expenses	6,034	6,676	(642)
Prepaid pension expenses	49,998	51,355	(1,357)
Other investment, etc.	8,453	7,282	1,170
Allowance for doubtful accounts	(9,141)	(4,766)	(4,375)
Total Assets	1,404,819	1,413,835	(9,015)

Millions of yen

Item	As of March 31, 2008	As of March 31, 2007	Change
Liabilities			
Current Liabilities	357,315	336,078	21,236
Short-term debt	176,258	152,378	23,880
Bonds due within one year	38,500	52,000	(13,500)
Convertible bonds due within one year	26,197	–	26,197
Accrued amount payable	25,436	30,214	(4,778)
Accrued expenses	3,941	5,267	(1,325)
Accrued consumption tax, etc.	978	729	248
Accrued income tax, etc.	6,890	13,767	(6,876)
Connection fare deposits	3,339	3,890	(551)
Deposits	30,422	22,537	7,885
Advance fares	8,094	11,379	(3,285)
Advances received	29,198	36,180	(6,982)
Reserve for employees' bonuses.	3,846	4,015	(169)
Reserve for directors' and corporate auditors' bonuses	–	80	(80)
Other current liabilities	4,212	3,638	574
Long-term Liabilities	712,501	742,435	(29,934)
Corporate bonds	154,800	184,300	(29,500)
Convertible bonds	–	26,199	(26,199)
Long-term debt	435,956	420,029	15,927
Deferred tax liabilities	21,702	19,005	2,696
Reserve for directors' and corporate auditors' retirement benefits	–	552	(552)
Deposits from tenants and club members	80,774	82,252	(1,477)
Other long-term liabilities	19,268	10,097	9,170
Special legal reserves	20,732	25,401	(4,669)
Urban Railways Improvement Reserve	20,732	25,401	(4,669)
Total Liabilities	1,090,549	1,103,916	(13,366)
Net Assets			
Shareholders' Equity	303,966	293,109	10,856
Common Stock	121,724	121,723	1
Capital surplus	113,721	113,696	25
Capital reserve	68,871	68,870	0
Other capital surplus	44,850	44,825	24
Retained income	69,919	58,847	11,071
Other retained income	69,919	58,847	11,071
Net retained income forwarded	69,919	58,847	11,071
Treasury stock	(1,399)	(1,157)	(241)
Valuation, translation and other	10,303	16,809	(6,505)
Net unrealized gains (losses) on investment securities, net of taxes	10,303	16,809	(6,505)
Total Net assets	314,269	309,919	4,350
Total Liabilities and Net Assets	1,404,819	1,413,835	(9,015)

(2) Non-consolidated Statements of Income

Millions of yen

Item		April 1, 2007 to March 31, 2008	April 1, 2006 to March 31, 2007	Change
Railway operations	Operating revenue	145,938	141,882	4,056
	Cost of operating revenue	113,730	118,659	(4,928)
	Operating profit	32,207	23,222	8,984
Real estate business	Operating revenue	110,229	121,830	(11,601)
	Cost of operating revenue	83,393	90,292	(6,898)
	Operating profit	26,835	31,537	(4,702)
All businesses	Operating profit	59,043	54,760	4,282
Non-operating profit		16,782	10,873	5,908
Interest & dividends		3,704	3,524	179
Other non-operating profit		13,077	7,348	5,728
Non-operating expenses		23,067	20,355	2,712
Interest		15,311	15,674	(362)
Other non-operating expenses		7,756	4,681	3,074
Recurring profit		52,757	45,278	7,478
Extraordinary gains		15,437	76,085	(60,647)
Extraordinary losses		34,247	90,034	(55,787)
Income before income taxes		33,947	31,329	2,618
Income taxes		7,705	13,934	(6,229)
Income tax adjustment		7,853	4,285	3,568
Net income		18,388	13,109	5,279

(3) Non-consolidated Statements of Income by Segment

Millions of yen

Item		April 1, 2007 to March 31, 2008	April 1, 2006 to March 31, 2007	Change
Railway operations	Operating revenue	143,963	139,965	3,998
	Cost of operating revenue	111,491	116,513	(5,021)
	Operating profit	32,471	23,451	9,019
Tramway operations	Operating revenue	1,974	1,916	58
	Cost of operating revenue	2,239	2,146	92
	Operating profit	(264)	(229)	(34)
Railway operations	Operating revenue	145,938	141,882	4,056
	Cost of operating revenue	113,730	118,659	(4,928)
	Operating profit	32,207	23,222	8,984
Real estate sales	Operating revenue	56,595	68,718	(12,122)
	Cost of operating revenue	44,207	53,274	(9,066)
	Operating profit	12,387	15,443	(3,055)
Real estate leasing	Operating revenue	53,633	53,111	521
	Cost of operating revenue	39,185	37,017	2,168
	Operating profit	14,447	16,094	(1,646)
Real estate business	Operating revenue	110,229	121,830	(11,601)
	Cost of operating revenue	83,393	90,292	(6,898)
	Operating profit	26,835	31,537	(4,702)
All businesses	Operating revenue	256,167	263,712	(7,544)
	Cost of operating revenue	197,124	208,951	(11,827)
	Operating profit	59,043	54,760	4,282

(4) Non-consolidated Statements of Changes in Net Assets

(April 1, 2006 to March 31, 2007) (Millions of yen)

	Shareholders' equity					
	Common stock	Capital surplus			Retained income	
		Capital reserve	Other capital surplus	Total capital surplus	Other retained income Net retained income forwarded	Total retained income
Balance at March 31, 2006	110,608	57,755	44,785	102,541	52,329	52,329
Changes during the period						
Conversions of convertible bonds	11,115	11,114		11,114		
Dividends (Note 1)					(6,520)	(6,520)
Directors' and corporate auditors' bonuses (Note 2)					(71)	(71)
Net income					13,109	13,109
Purchases of treasury stock						
Sale of treasury stock			40	40		
Changes other than those to shareholders' equity (net)						
Total changes during the period	11,115	11,114	40	11,155	6,518	6,518
Balance at March 31, 2007	121,723	68,870	44,825	113,696	58,847	58,847

	Shareholders' equity		Valuation, translation and other		Total net assets
	Treasury stock	Total Shareholders' equity	Valuation differences on other investment securities	Total valuation, translation and others	
Balance at March 31, 2006	(731)	264,747	22,915	22,915	287,663
Changes during the period					
Conversions of convertible bonds		22,229			22,229
Dividends (Note 1)		(6,520)			(6,520)
Directors' and corporate auditors' bonuses (Note 2)		(71)			(71)
Net income		13,109			13,109
Purchases of treasury stock	(532)	(532)			(532)
Sale of treasury stock	106	146			146
Changes other than those to shareholders' equity (net)			(6,106)	(6,106)	(6,106)
Total changes during the period	(426)	28,362	(6,106)	(6,106)	22,255
Balance at March 31, 2007	(1,157)	293,109	16,809	16,809	309,919

Notes: 1. Of dividends, ¥2,964 million is a profit distribution item at the Annual General meeting of Shareholders held in June 2006.

2. Profit distribution items at the Annual General meeting of Shareholders held in June 2006.

(April 1, 2007 to March 31, 2008) (Millions of yen)

	Shareholders' equity					
	Common stock	Capital surplus			Retained income	
		Capital reserve	Other capital surplus	Total capital surplus	Other retained income Net retained income forwarded	Total retained income
Balance at March 31, 2007	121,723	68,870	44,825	113,696	58,847	58,847
Changes during the period						
Conversions of convertible bonds	1	0		0		
Dividends					(7,316)	(7,316)
Net income					18,388	18,388
Purchases of treasury stock						
Sale of treasury stock			24	24		
Changes other than those to shareholders' equity (net)						
Total changes during the period	1	0	24	25	11,071	11,071
Balance at March 31, 2008	121,724	68,871	44,850	113,721	69,919	69,919

	Shareholders' equity		Valuation, translation and other		Total net assets
	Treasury stock	Total Shareholders' equity	Valuation differences on other investment securities	Total valuation, translation and others	
Balance at March 31, 2007	(1,157)	293,109	16,809	16,809	309,919
Changes during the period					
Conversions of convertible bonds		1			1
Dividends		(7,316)			(7,316)
Net income		18,388			18,388
Purchases of treasury stock	(378)	(378)			(378)
Sale of treasury stock	136	161			161
Changes other than those to shareholders' equity (net)			(6,505)	(6,505)	(6,505)
Total changes during the period	(241)	10,856	(6,505)	(6,505)	4,350
Balance at March 31, 2008	(1,399)	303,966	10,303	10,303	314,269

APPENDIX – Tokyu Corporation

1. Summary of Financial results (Consolidated)

Item	April 1, 2007 to March 31, 2008	April 1, 2006 to March 31, 2007	Change	
	Millions of yen			%
Operating revenue				
Transportation	197,777	192,636	5,140	2.7
Real estate	139,187	152,017	(12,830)	(8.4)
Retail	649,428	660,271	(10,842)	(1.6)
Leisure and Services	182,747	183,284	(536)	(0.3)
Hotel	100,458	99,099	1,359	1.4
Other	189,790	170,284	19,505	11.5
Total	1,459,390	1,457,594	1,795	0.1
Elimination/Headquarters	(86,437)	(75,618)	(10,818)	–
Consolidated	1,372,952	1,381,975	(9,022)	(0.7)
Operating profit				
Transportation	33,907	25,699	8,208	31.9
Real estate	24,945	26,020	(1,074)	(4.1)
Retail	14,903	16,114	(1,210)	(7.5)
Leisure and Services	3,275	3,208	67	2.1
Hotel	3,618	3,714	(95)	(2.6)
Other	6,035	4,966	1,068	21.5
Total	86,686	79,722	6,963	8.7
Elimination/Headquarters	51	365	(313)	(85.8)
Consolidated	86,738	80,088	6,649	8.3
Equity method profit	7,732	7,652	80	1.0
Recurring profit	88,037	81,227	6,810	8.4
Net income	46,007	58,722	(12,715)	(21.7)

2. Summary of Forecasts (Consolidated)

Item	April 1, 2008 to March 31, 2009 *Forecast*	April 1, 2007 to March 31, 2008	Change	
	Millions of yen			%
Operating revenue				
Transportation	202,000	197,777	4,222	2.1
Real estate	152,900	139,187	13,712	9.9
Retail	638,900	649,428	(10,528)	(1.6)
Leisure and Services	186,000	182,747	3,252	1.8
Hotel	101,800	100,458	1,341	1.3
Other	165,200	189,790	(24,590)	(13.0)
Total	1,446,800	1,459,390	(12,590)	(0.9)
Elimination/Headquarters	(82,800)	(86,437)	3,637	–
Consolidated	1,364,000	1,372,952	(8,952)	(0.7)
Operating profit				
Transportation	23,800	33,907	(10,107)	(29.8)
Real estate	24,300	24,945	(645)	(2.6)
Retail	12,500	14,903	(2,403)	(16.1)
Leisure and Services	3,400	3,275	124	3.8
Hotel	2,600	3,618	(1,018)	(28.1)
Other	4,200	6,035	(1,835)	(30.4)
Total	70,800	86,686	(15,886)	(18.3)
Elimination/Headquarters	200	51	148	285.5
Consolidated	71,000	86,738	(15,738)	(18.1)
Equity method profit	7,200	7,732	(532)	(6.9)
Recurring profit	64,000	88,037	(24,037)	(27.3)
Net income	39,000	46,007	(7,007)	(15.2)

APPENDIX – Tokyu Corporation

1. Summary of Financial results (Non-consolidated)

(1) Statements of Income

Item	April 1, 2007 to March 31, 2008	April 1, 2006 to March 31, 2007	Change	
	Millions of yen			%
Operating revenue				
Railway operations	145,938	141,882	4,056	2.9
Real estate business	110,229	121,830	(11,601)	(9.5)
Real estate sales	56,595	68,718	(12,122)	(17.6)
Real estate leasing	53,633	53,111	521	1.0
Total	256,167	263,712	(7,544)	(2.9)
Operating profit				
Railway operations	32,207	23,222	8,984	38.7
Real estate business	26,835	31,537	(4,702)	(14.9)
Real estate sales	12,387	15,443	(3,055)	(19.8)
Real estate leasing	14,447	16,094	(1,646)	(10.2)
Total	59,043	54,760	4,282	7.8
Recurring profit	52,757	45,278	7,478	16.5
Net income	18,388	13,109	5,279	40.3

(2) Transport performance of railway operations

Item	April 1, 2007 to March 31, 2008	April 1, 2006 to March 31, 2007	Change	
	Thousand persons			%
Passengers carried				
Passengers without commutation tickets	438,331	416,219	22,112	5.3
Passengers with commutation tickets	618,646	602,270	16,376	2.7
Total	1,056,977	1,018,489	38,488	3.8
	Millions of yen			%
Revenue from fare				
Passengers without commutation tickets	71,888	69,987	1,901	2.7
Passengers with commutation tickets	56,618	55,096	1,522	2.8
Total	128,506	125,083	3,423	2.7

(3) Capital expenditure

Item	April 1, 2007 to March 31, 2008	April 1, 2006 to March 31, 2007	Change	
	Billions of yen			%
Railway operations	63.8	51.3	12.5	24.4
Real estate business	38.1	35.6	2.5	7.0
Real estate sales	1.5	1.3	0.2	15.4
Real estate leasing	36.5	34.2	2.3	6.7
Other	21.8	18.3	3.5	19.1
Contract railway construction	17.4	17.4	0.0	0.0
Total	123.8	105.2	18.6	17.7

(4) Depreciation costs

Item	April 1, 2007 to March 31, 2008	April 1, 2006 to March 31, 2007	Change	
	Millions of yen			%
Railway operations	26,296	22,888	3,408	14.9
Real estate business	8,451	8,234	217	2.6
Real estate sales	528	446	81	18.2
Real estate leasing	7,922	7,787	135	1.7
Total	34,747	31,122	3,625	11.6

2. Summary of Forecasts (Full-year)

(1) Statements of Income

Non-consolidated

Item	April 1, 2008 to March 31, 2009 *Forecast*	April 1, 2007 to March 31, 2008	Change	
	Millions of yen			%
Operating revenue				
Railway operations	149,200	145,938	3,261	2.2
Real estate business	123,700	110,229	13,470	12.2
Real estate sales	69,700	56,595	13,104	23.2
Real estate leasing	54,000	53,633	366	0.7
Total	272,900	256,167	16,732	6.5
Operating profit				
Railway operations	23,200	32,207	(9,007)	(28.0)
Real estate business	27,000	26,835	164	0.6
Real estate sales	15,200	12,387	2,812	22.7
Real estate leasing	11,800	14,447	(2,647)	(18.3)
Total	50,200	59,043	(8,843)	(15.0)
Recurring profit	42,000	52,757	(10,757)	(20.4)
Net income	26,300	18,388	7,911	43.0

(2) Transport performance of railway operations

Item	April 1, 2008 to March 31, 2009 *Forecast*	April 1, 2007 to March 31, 2008	Change	
	Thousand persons			%
Passengers carried				
Passengers without commutation tickets	444,675	438,331	6,344	1.4
Passengers with commutation tickets	629,736	618,646	11,090	1.8
Total	1,074,411	1,056,977	17,434	1.6
	Millions of yen			%
Revenue from fare				
Passengers without commutation tickets	73,147	71,888	1,259	1.8
Passengers with commutation tickets	57,695	56,618	1,077	1.9
Total	130,842	128,506	2,336	1.8

(3) Capital expenditure

Item	April 1, 2008 to March 31, 2009 *Forecast*	April 1, 2007 to March 31, 2008	Change	
	Billions of yen			%
Railway operations	66.5	63.8	2.7	4.2
Real estate business	56.8	38.1	18.7	49.1
Real estate sales	2.0	1.5	0.5	33.3
Real estate leasing	54.8	36.5	18.3	50.1
Other	16.6	21.8	(5.2)	(23.9)
Contract railway construction	11.7	17.4	(5.7)	(32.8)
Total	140.0	123.8	16.2	13.1

(4) Depreciation costs

Item	April 1, 2008 to March 31, 2009 *Forecast*	April 1, 2007 to March 31, 2008	Change	
	Millions of yen			%
Railway operations	31,453	26,296	5,156	19.6
Real estate business	8,470	8,451	18	0.2
Real estate sales	545	528	16	3.0
Real estate leasing	7,925	7,922	2	0.0
Total	39,924	34,747	5,176	14.9