

Medium-Term Management Plan

March 28, 2008



Tokyu Corporation

(9005)

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

Contents



I. Introduction	
1. Summary of Present Management Plan (FY2005 to FY2007)	3
2. Progress in Present Management Plan	4
3. Summary of New Management Plan	6
4. Asset Portfolio Committee	7
5. Period and Milestones of the Plan	8
II. Performance Indicators	
1. Management Challenges	10
2. Performance Indicators	11
3. Capital Policy	15
4. Summary of Financial Plan	16
III. Highlights of Each Business	
1. Expected Changes in Population of 17 Cities and Wards along Tokyu's Railway Lines	18
2. Sustained Business Growth	19
3. Business Strategies of Three Core Segments	20
4. Changes in Capital Expenditure	21
(1) Transportation	
1. Large-Scale Improvement Work	23
2. Trends in Number of Passengers Carried	25
3. Car Addition and Replacement Plan	26
(2) Development Projects	
1. Outline of Development Projects	28
2. Development of Tama Plaza Station Area (Tama Plaza Terrace) ..	29
3. Outline of Nagatacho 2-chome Plan	30
4. Outline of Futago-Tamagawa East Region Redevelopment (First Phase)	31
5. Outline of Area III of Futago-Tamagawa East Region Redevelopment (First Phase)	32
6. Outline of Futago-Tamagawa East Region Redevelopment (Second Phase)	33
7. Outline of Joint Development of Shibuya Culture Area	34
8. Direction of Shibuya Station Area and Toyoko Line Site Area	35
(3) Real Estate	
1. Real Estate Leasing	37
2. Real Estate Sales	38
3. Reforming the Structure of the Real Estate Business	39
(4) Retail	
1. Retail (Tokyu Department Store)	41
2. Retail (Tokyu Store Chain)	42
(5) Hotels	
1. Hotels	44
IV. Financial Plans	
1. Operating Results (by Segment)	46
2. Cash Flows	47

I. Introduction



Train commemorating the 80th anniversary of the Toyoko Line



Tokyu Greening Campaign Green Present

Summary of Present Management Plan



Goal

Achieving sustainable growth and securing the financial health to support it

Basic strategy

Reforming our profit structure and achieving sustainable growth through collaboration between our operations in the areas served by Tokyu's railway lines

Three growth strategies

Exploiting synergies through collaboration among our three core businesses in areas along Tokyu railway lines

- 1. A more focused area strategy**
- 2. Development of focal points in Tokyu areas**
- 3. Promotion of retail-related operations**

Progress in Present Management Plan (1)



Reviewing the three growth strategies

1. A more focused area strategy

- Developed specific plans suitable for each area along the Tokyu lines
 - **Not only maximized revenues from individual businesses but also achieved a balance between individual businesses and improvements in the value of the entire Company and areas along Tokyu lines**

2. Development of focal points in Tokyu areas

- Executed each plan as part of the strategy for areas served by Tokyu railway lines
 - **Completed each plan as scheduled**

3. Promotion of retail-related operations

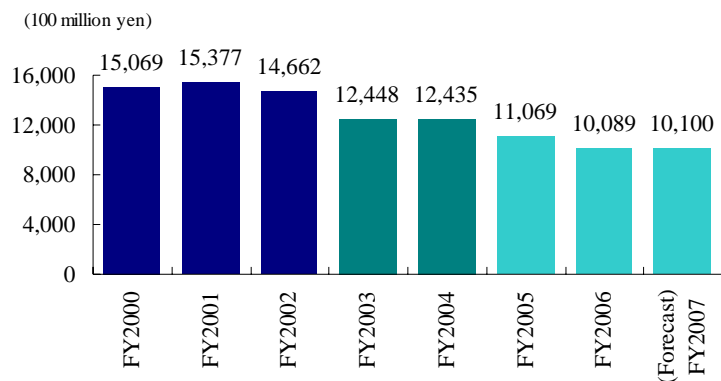
- Achieved management from the perspective of consolidated operations by the Retail-related Business Committee
- Promoted the Refinement Plan
 - **Continued to maximize operational effectiveness in accordance with the characteristics of each location**

Progress in Present Management Plan (2)

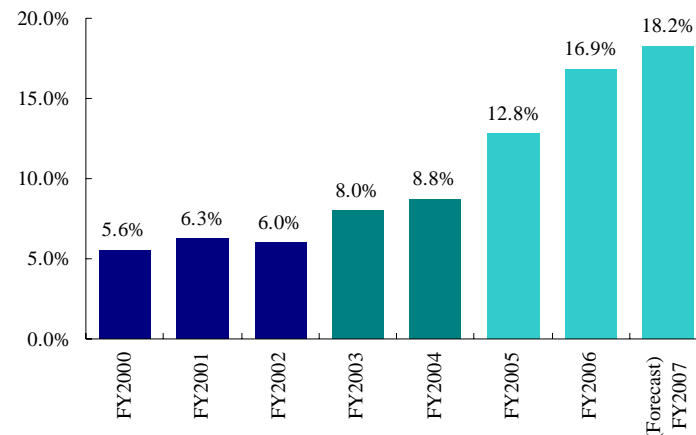


Financial health has achieved ahead of plan
Earnings capacity has increased, exceeding the plan

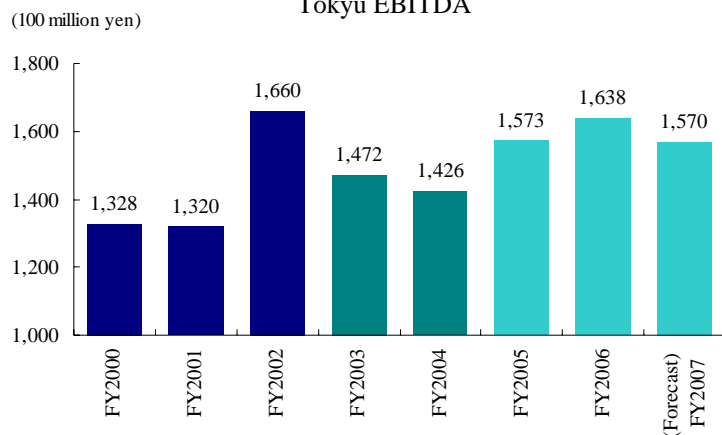
Interest-bearing debt



Equity ratio



Tokyu EBITDA



[Legends]

- Three-Year Medium-Term Management Plan (From FY2000 to FY2002)
- Two-Year Medium-Term Management Plan (From FY2003 to FY2004)
- (Present) Three-Year Medium-Term Management Plan (From FY2005 to FY2007)

* Figures show results except for those for FY2007

Summary of New Management Plan



Medium- to long-term vision

**Areas served by Tokyu's railway lines will continue to be the main focus
The Tokyu Group will become a self-reliant and strong profit organization
centered around Tokyu Corporation**

Goal

Realizing growth strategies

Key points in the new management plan

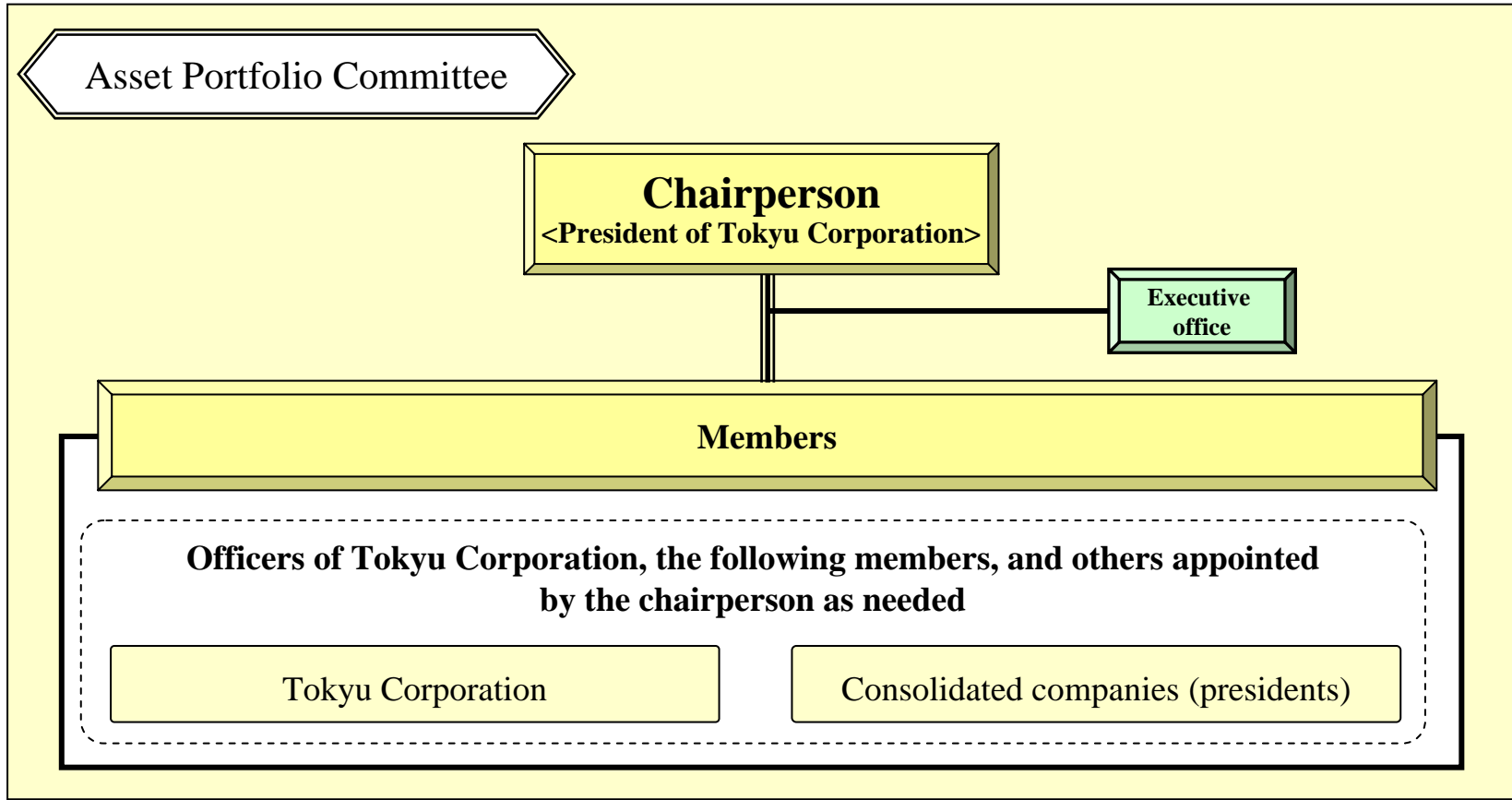
- 1. Changing the structure of the Real Estate business**
- 2. Using assets most efficiently through asset portfolio management**
- 3. Constantly pursuing an optimized Group business portfolio**



Asset Portfolio Committee

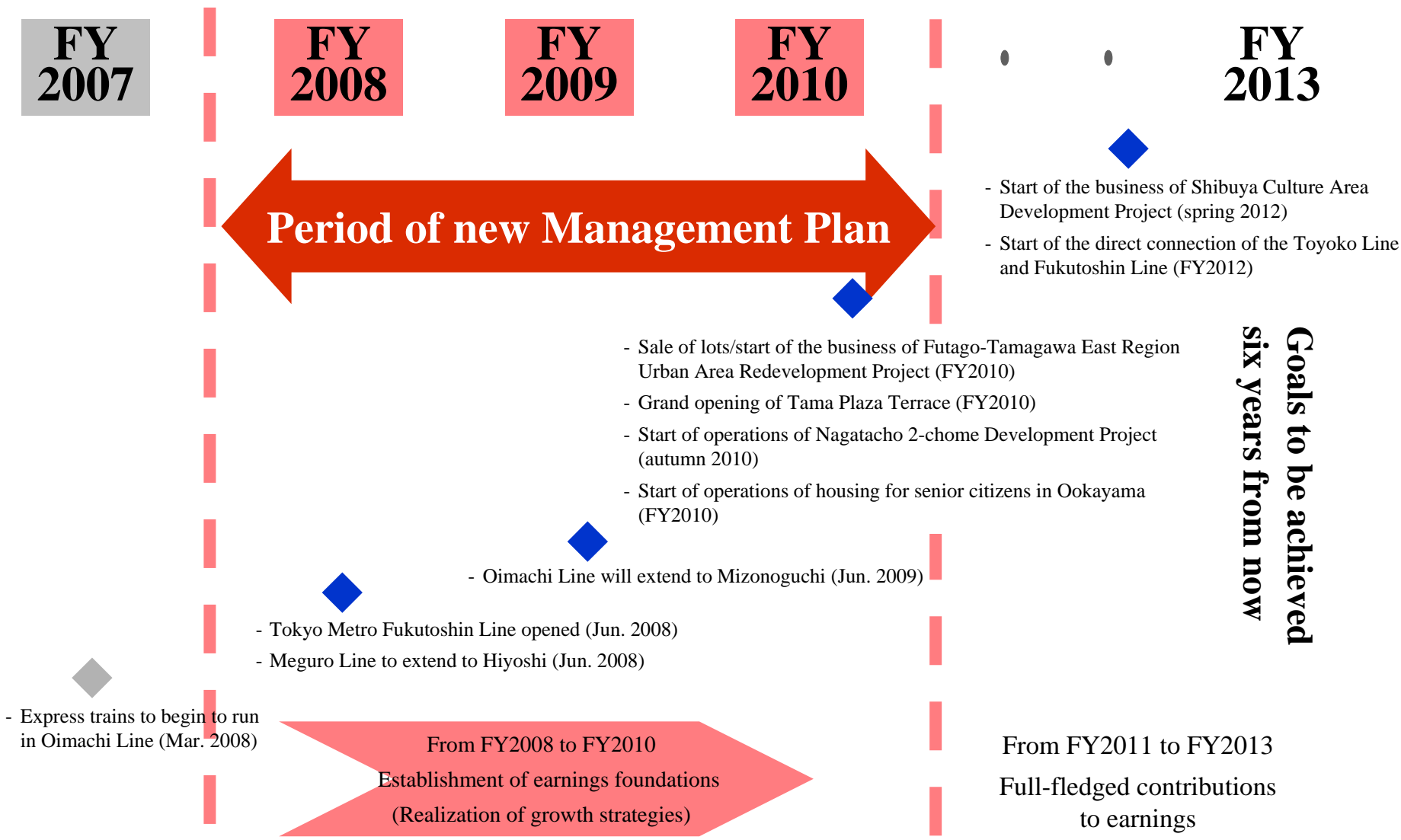
Forming an Asset Portfolio Committee chaired by the president of Tokyu Corporation

[Purpose] Developing and implementing plans to use the assets along Tokyu's railway lines of Tokyu Corporation and consolidated companies most effectively with the aim of optimizing the asset portfolio of the entire Group





Period and Milestones of the Plan



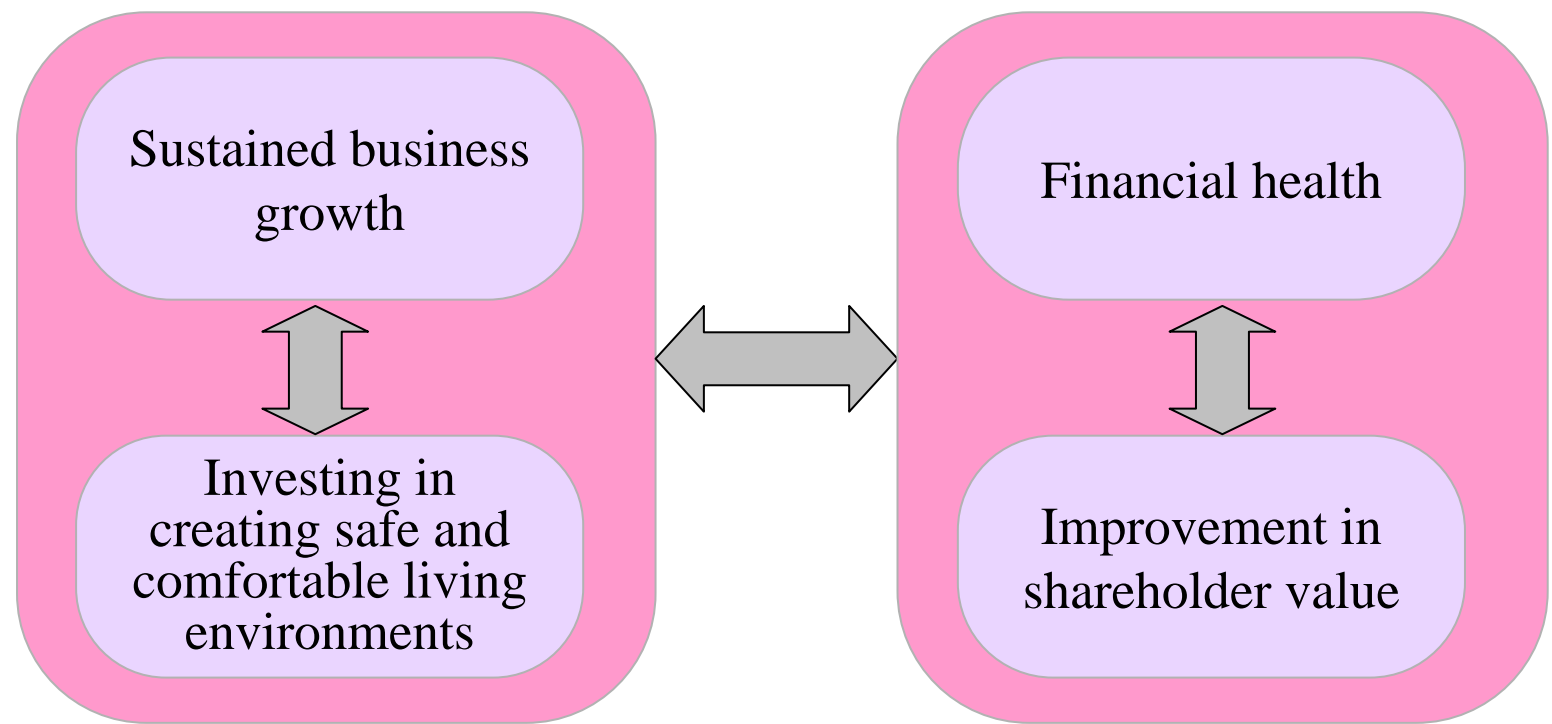
* All the timings after FY2008 are plans.

II. Performance Indicators

Management Challenges

In the previous management plan, the restoration of financial health was one of the key goals and a reduction in interest-bearing debt was prioritized.

Under the new management plan, we will focus on the sustained growth of our businesses and will invest actively in creating a safe and comfortable living environment, while considering the balance between these activities and financial health and improvements in shareholder value.



Performance Indicators (1)



	FY2007 forecast	FY2010 target	FY2013 target
Operating profit	83.6 billion yen	86.0 billion yen	100.0 billion yen or more
Tokyu EBITDA *1	157.0 billion yen	164.0 billion yen	190.0 billion yen or more
Asset efficiency *2	7.9%	7.4%	8.0% or more
D/E ratio *3	2.8 times	2.2 times	2.0 times

*1: Operating profit + Depreciation and amortization + Amortization of goodwill + Disposal cost of fixed assets

*2: Tokyu EBITDA/Average total assets during the term x 100

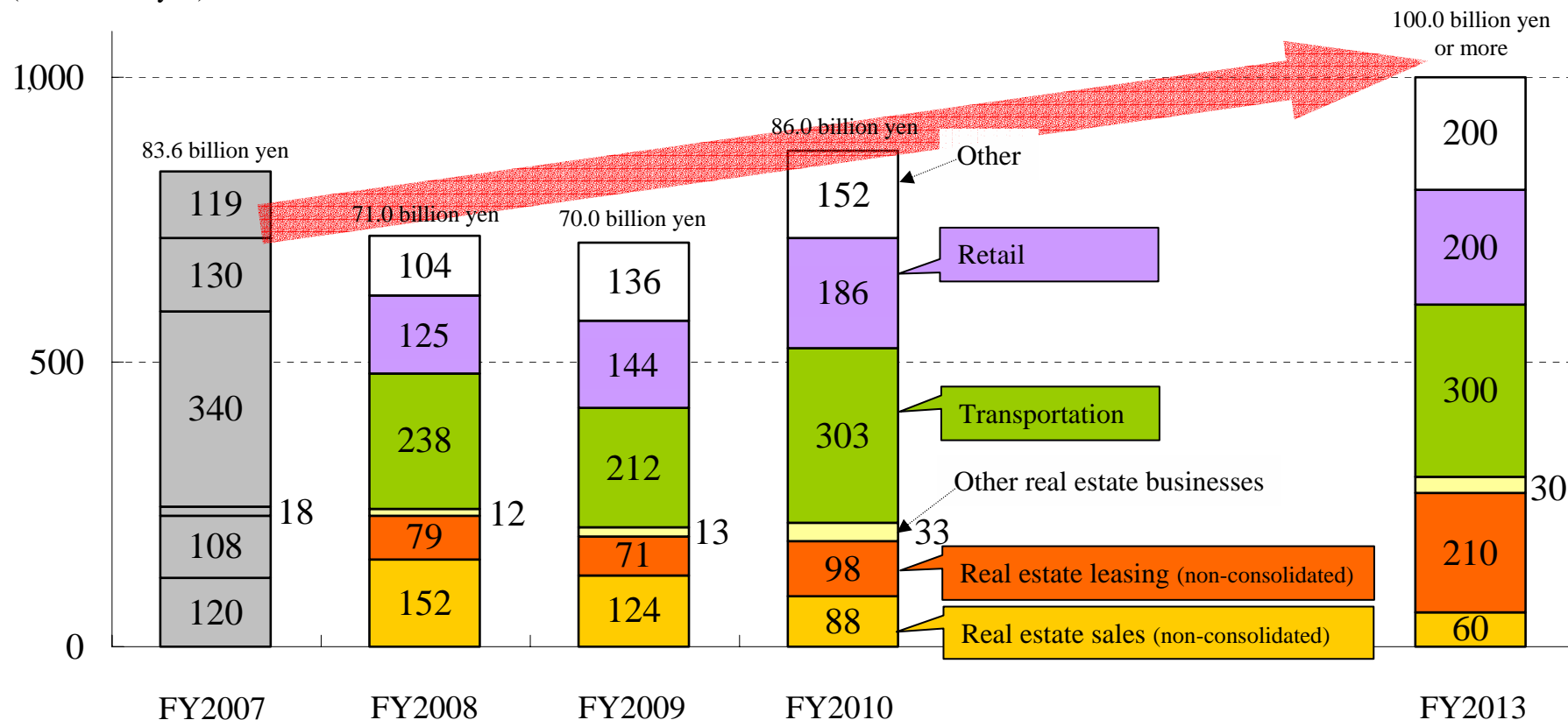
*3: Interest-bearing debt at the end of the term/Equity at the end of the term

Performance Indicators (2)



Operating profit

(100 million yen)

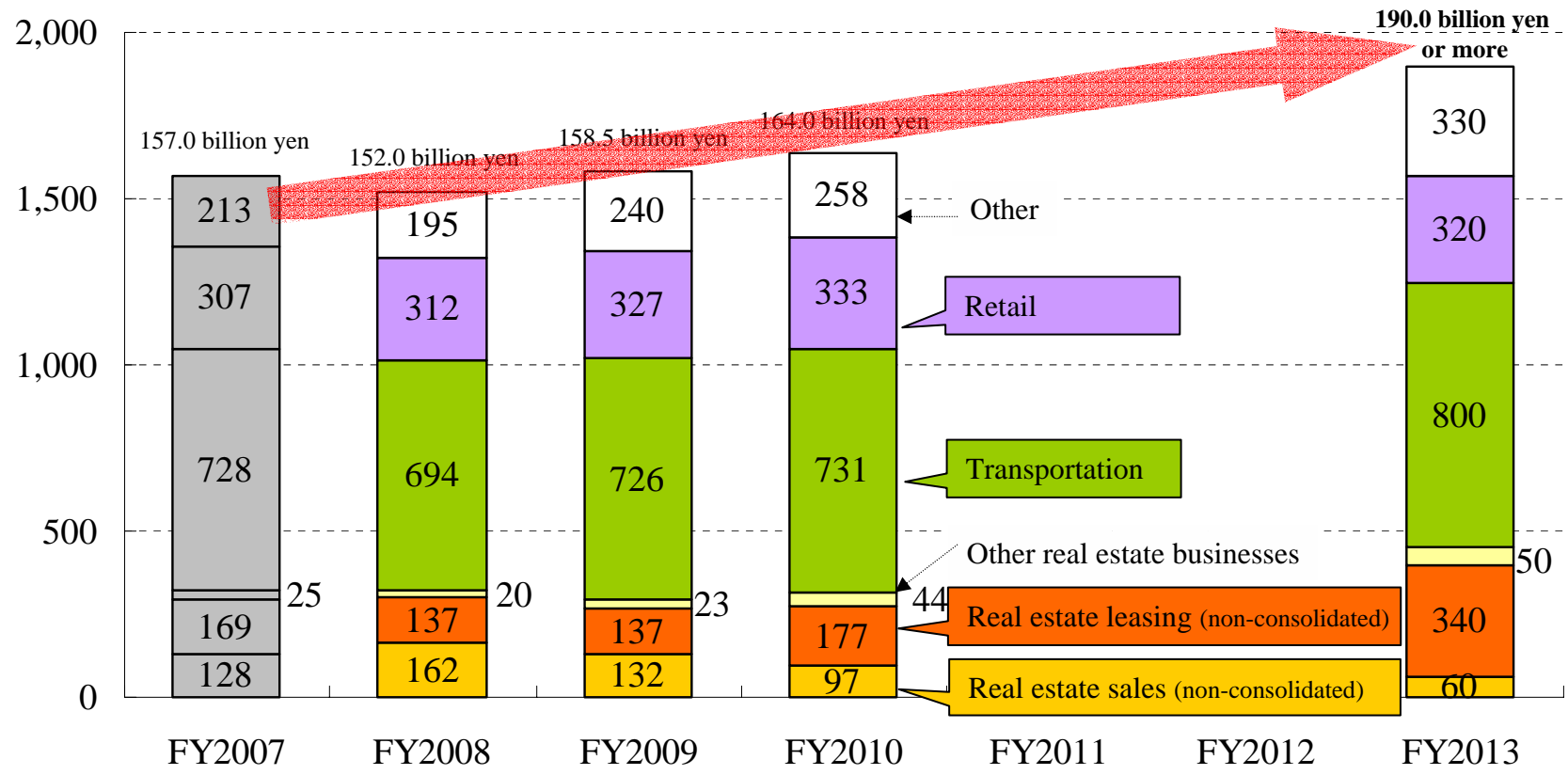




Performance Indicators (3)

Tokyu EBITDA

(100 million yen)



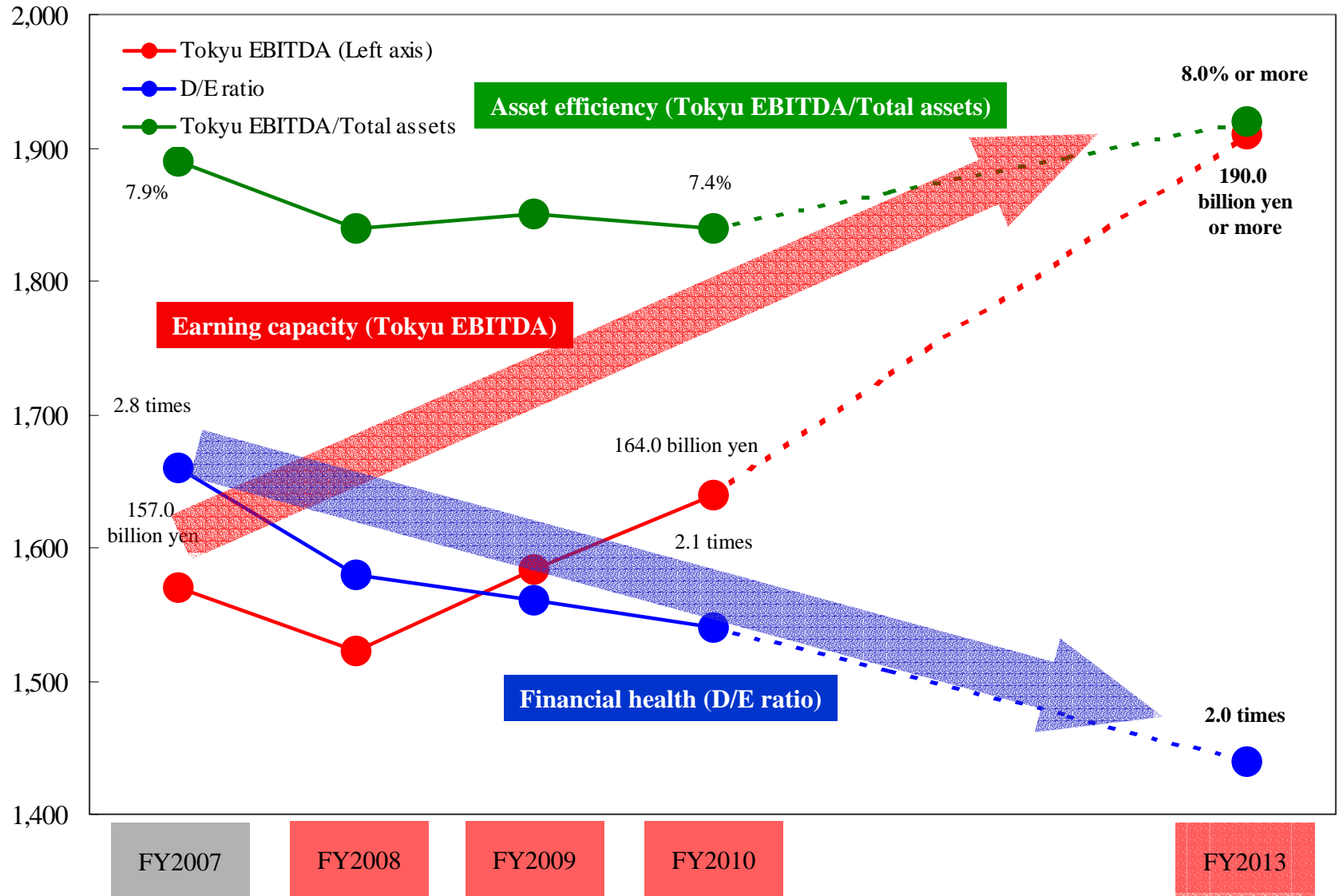
Transportation.....Operating profit will fall temporarily as a result of increases in depreciation, amortization and the disposal cost of fixed assets, but Tokyu EBITDA will remain at high levels.

Real estate leasing...Tokyu EBITDA will grow ahead of an increase in operating profit ,as a result of new properties opening for business.



Performance Indicators (4)

(100 million yen)



Capital policy

We aim to achieve an ROE of at least 10% while keeping the equity ratio at 20% or more after the last fiscal year of the management plan.

* ROE: Net income/Average shareholders' equity during the term

Dividend policy

We will pay stable dividends, aiming for a dividend on equity ratio (DOE) of 2%.

(We will set dividends to reflect progress with the plan and capital demand.)

* Dividend on equity ratio: Dividends / Equity (Net Assets - Minority Interests) at the end of the previous fiscal year

Summary of Financial Plan



Changes in Consolidated Results	FY2007 forecast	Three-Year Medium-term Management Plan (prepared in March 2008)			(100 million yen)
		FY2008	FY2009	FY2010	FY2013 target
		Operating revenue	13,717	13,640	13,900
Operating profit	836	710	700	860	1,000 or more
Recurring profit	808	640	625	780	900
Net income	450	390	390	500	570
Equity *2	3,662	*1 4,480	4,780	5,180	-
Interest-bearing debt	10,100	*1 10,100	10,550	10,900	-
Tokyu EBITDA *3	1,570	1,520	1,585	1,640	1,900 or more
Equity ratio	18.2%	21.5%	22.1%	22.9%	20.0% or more
D/E ratio	2.8 times	2.3 times	2.2 times	2.1 times	2.0 times
Interest-bearing debt/ Tokyu EBITDA	6.4 times	6.6 times	6.7 times	6.6 times	-
Asset efficiency (Tokyu EBITDA/total assets)	7.9%	7.4%	7.5%	7.4%	8.0% or more
ROE	13.0%	9.6%	8.4%	10.0%	10.0% or more

*1 The 51st unsecured convertible bonds: A total of ¥26.2 billion (maturity: March 31, 2009; conversion price: ¥605) is expected to be converted.

*2 Equity = Net Assets - Minority Interests

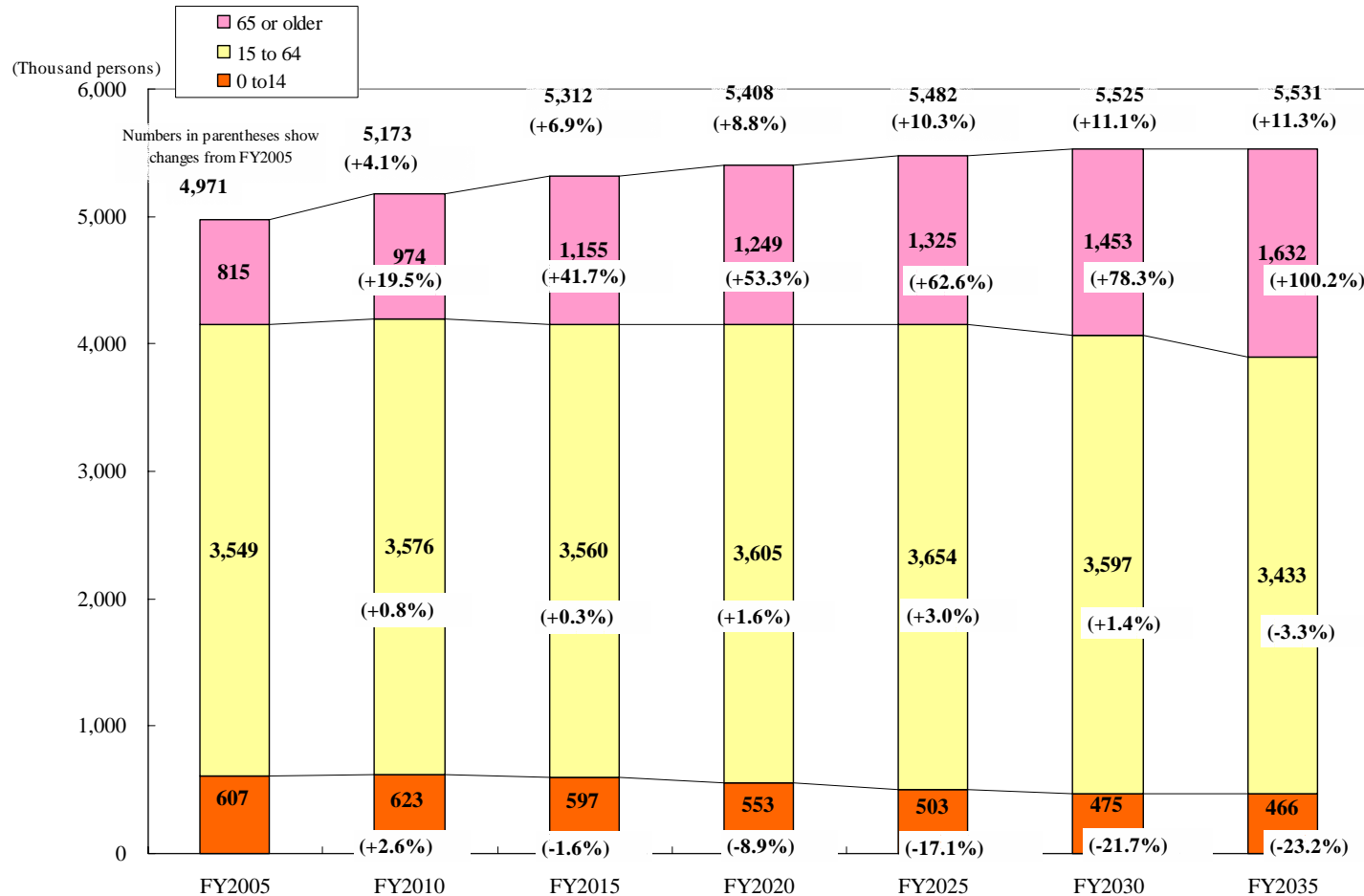
*3 Tokyu EBITDA = Operating profit + Depreciation and amortization + Amortization of goodwill + Disposal cost of fixed assets

III. Highlights of Each Business

Expected Changes in Population of 17 Cities and Wards along Tokyu's Railway Lines



- The population of the areas along Tokyu's railway lines will continue to increase until 2035.
- The working-age population will remain almost unchanged, before starting to decline around 2030.
 - We will tailor our business initiatives to reflect the aging population and falling birthrate.



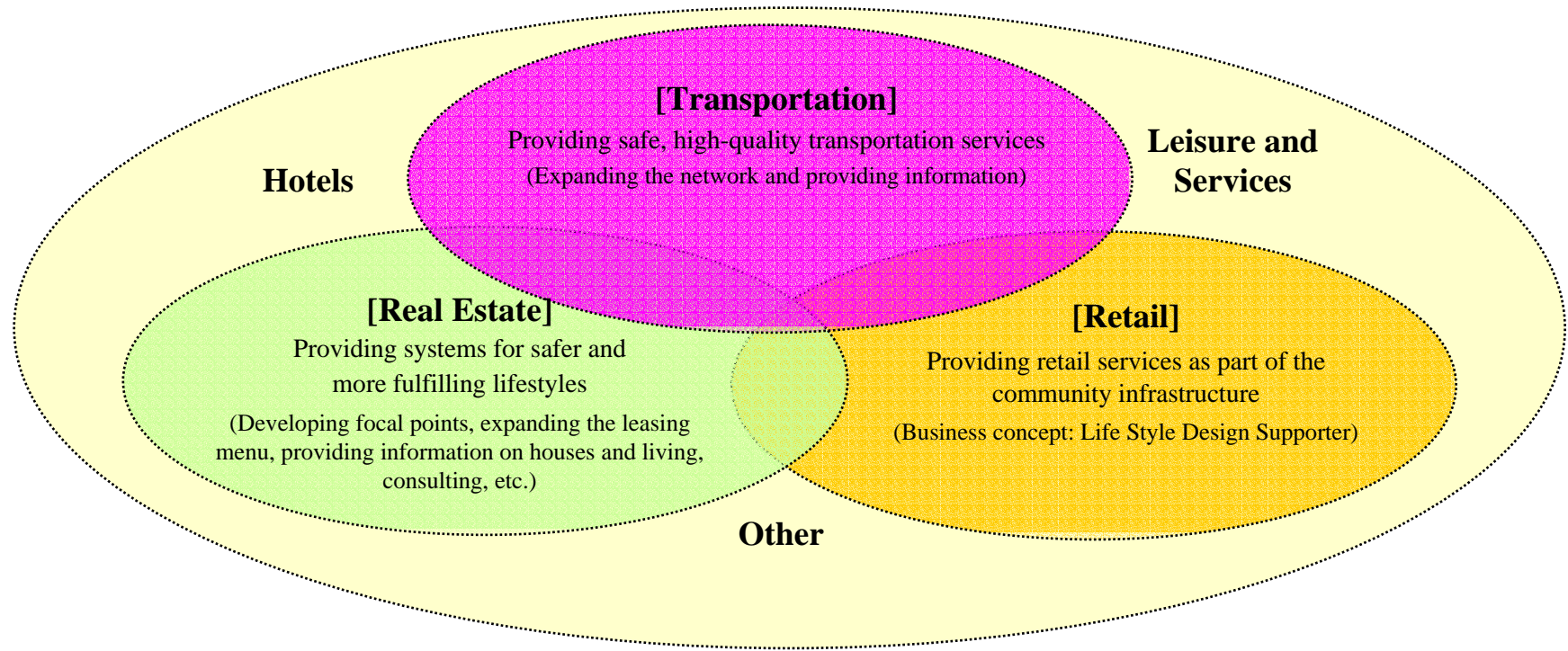
Sources: The Company has prepared the graph based on national census data, National Institute of Population and Social Security Research, etc.

Sustained Business Growth

Basic strategy

Developing businesses ahead of qualitative and quantitative changes in the population

Business strategies of core businesses



Business Strategies of Three Core Segments



Transportation [Railway operations]

To provide safe, high-quality transportation services for areas served by Tokyu railway lines, we will continue to develop our network through major improvements and will step up our efforts to improve customer services, such as the provision of information.

Real Estate [Real estate in areas served by Tokyu's railway lines]

We will create safe and comfortable living spaces and will provide systems that offer fulfilling and convenient living conditions.

By developing focal points in areas along Tokyu's railway lines and expanding the menu of new leasing services, we will increase the area of leased properties and move forward with structural reforms of the real estate business of the Company.

By providing comprehensive information on houses and living and improving our consulting services, we will increase the volume of information on housing and the sale of properties, enabling us to generate consistent earnings.

Retail

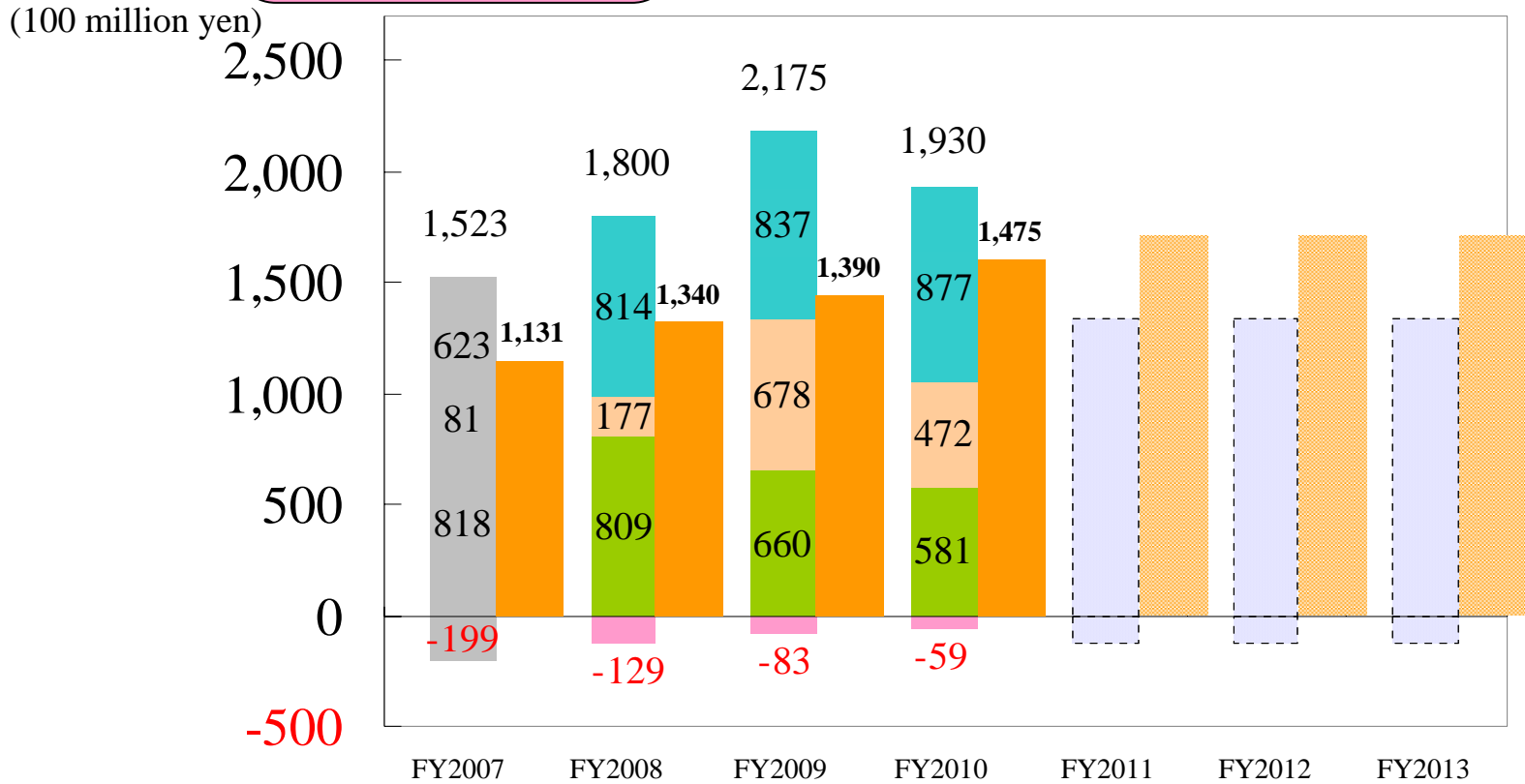
The concept of the business is to become a Lifestyle Design Supporter, to continue to increase the attractiveness of the lifestyles of people living in "the area along Den-en toshi Line and other uptown area".

We will bolster our sustainability as a community-oriented company by maintaining and increasing the vitality of communities served by Tokyu's railway lines. In areas that are not served by Tokyu lines, we will develop our business to enhance Tokyu's corporate value and brand value.

Changes in Capital Expenditure

Capital expenditure will be at high levels until FY2010 due to large-scale improvement work on railway lines and development projects, but is expected to fall thereafter.

Capital Expenditure



- Railway operations (including outsourced construction work)
- Four large-scale development projects
- Other
- Subsidies received for construction (from local government)
- Cash flows from Operating Activities

Transportation

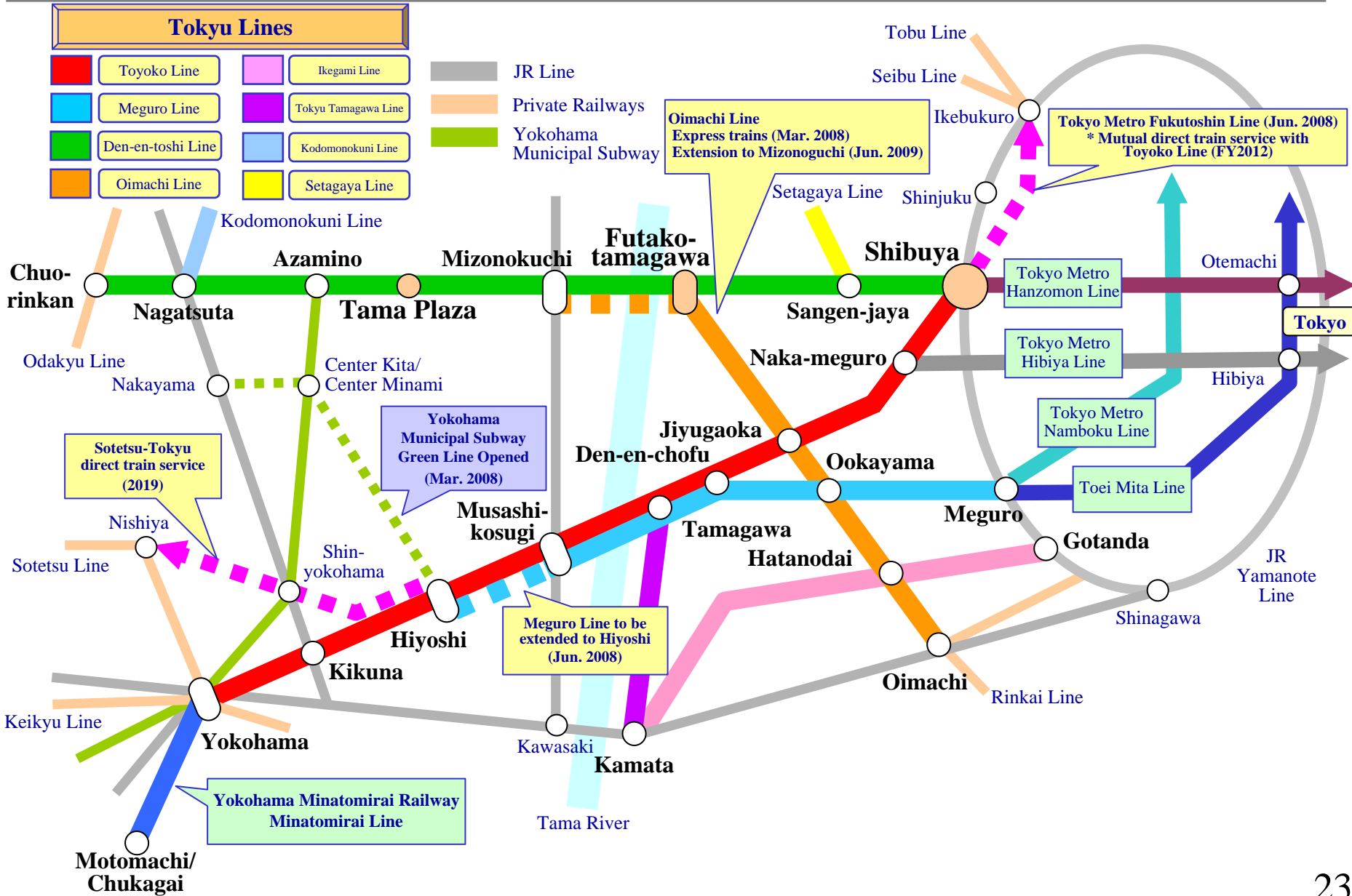


7000-type car



Introduction of local express trains on the Den-en toshi Line

Large-Scale Improvement Work (1)



Large-Scale Improvement Work (2)

Primary purposes of construction

- (1) Increase carrying capacity in response to population growth in areas served by Tokyu's railway lines (to ease congestion)
- (2) Enhance convenience through revisions to schedules in association with the extension of lines and a mutual direct train service

* Numbers in parentheses are estimates of future disbursements (as of March 2008)

NO.	Project name	Total investment *	Schedule	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
1	Meguro Line Grade Separation (Meguro - Senzoku)	About 300 billion yen (about 6 billion yen)	April 1991: Construction started FY2008: Construction to be completed	July 2006 Laid underground							
2	Meguro Line Extension (Musashikosugi - Hiyoshi)		FY2008: Construction to be completed	June 2008 To go into service							
3	Oimachi Line Express Service (Oimachi - Futako-tamagawa)	About 160 billion yen (about 25 billion yen)	October 1993: Work started March 2008: Express service started	March 2008 To go into service							
4	Oimachi Line Extension (Futako-tamagawa - Mizonokuchi)		October 1996: Work started June 2009: Going into service FY2010: Construction to be completed	June 2009 To go into service							
5	Improvement between Shibuya and Yokohama on Toyoko Line (Line between Shibuya and Daikanyama laid underground) (Mutual direct train service with Tokyo Metro Fukutoshin Line) (Longer trains, speed-up)	About 160 billion yen (about 130 billion yen)	May 2002: Work started FY2012: Mutual direct train service to go into service FY2014: To be completed	FY2012 Mutual direct train							
Depreciation (addition in association with large-scale improvement work)						2.5 billion yen	3.7 billion yen	3.6 billion yen			
				21.2 billion yen	6.2 billion yen	8.3 billion yen	11.6 billion yen	4.3 billion yen			
Cost of disposal of fixed assets			Major construction	Meguro Line laid underground	Hatanodai station improved	Meguro Line to be extended to Hiyoshi	Oimachi Line to be extended to Mizonoguchi				

Cost of disposal of fixed assets

The disposal cost is an expense without disbursement that arises when temporary structures constructed in association with large-scale improvement work, etc. are removed. To ensure financial health, the cost is posted when the improvement work is completed.

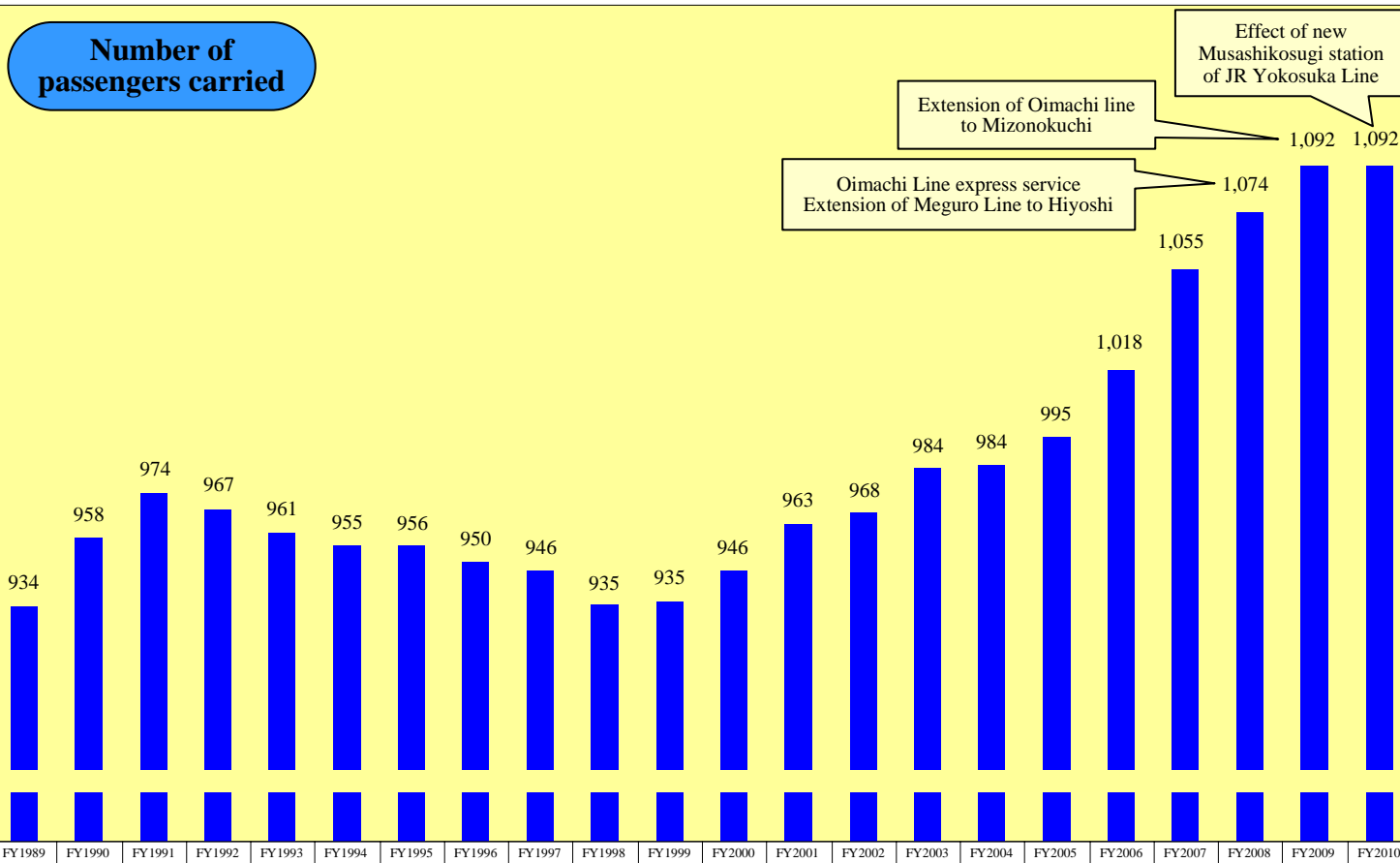
Trends in Number of Passengers Carried



The convenience of Tokyu railway lines has improved with network enhancements and large-scale improvement work. As a result, the number of passengers carried is increasing.

The number of passengers will continue to rise throughout the new management plan, thanks to the extension of lines and the start of a new express service.

(Million persons)



	FY1989	FY1990	FY1991	FY1992	FY1993	FY1994	FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Student commuter passes	150	152	151	150	148	146	145	141	137	131	130	127	126	125	126	127	126	127	129	130	131	131
Commuter passes	449	460	472	467	458	455	460	455	458	449	444	444	444	444	447	456	462	476	489	500	509	508
Coupon tickets	30	33	35	38	41	44	46	52	53	56	59	55	46	42	41	42	43	44	36	37	34	32
Normal tickets	305	314	317	314	314	311	305	302	299	299	303	321	348	357	370	360	364	372	401	409	418	421

Car Addition and Replacement Plan



To maintain safe and stable transportation services and bolster transportation capacity in response to the rising population along Tokyu lines, we will actively add and replace train cars.

Purposes and effects

- Increasing transportation capacity
- Alleviate crowding
- Energy saving --reducing power consumption 40%
(compared with old cars)
- Cutting maintenance costs --reducing inspection personnel (man-hours) 45%

Investment plan

	FY2007	FY2008	FY2009	FY2010
Number of cars	106	122	61	66
Investment amount (100 million yen)	123	144	78	91
Depreciation (100 million yen)	10	41	47	56



Average age of cars

15.8 years (March 2008) → expected to be 13 years (March 2011)

Total number of cars

1,133 (March 2008) → 1,174 (March 2011)

Development Projects



Construction of new Shibuya station



Tama Plaza Gate Plaza 1st Phase

Outline of Development Projects

Four development projects are underway. Of these, business in three projects is scheduled to start in FY2010.

Project name	Property outline	Segment	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
Area Around Tama Plaza Station Development	<p><u>Project cost:</u> About 28 billion yen (Gate Plaza, South Plaza)</p> <p><u>Use:</u> Commercial facilities</p> <p><u>Total floor area:</u></p> <p>South Plaza: About 24,600m²</p> <p>Gate Plaza: About 85,300m²</p> <p>North Plaza: About 61,900m²</p> <p>Total: 171,800m²</p>	Retail	Main body construction						
	Housing plan etc.						Housing construction work		
Nagatacho 2-cho-me Plan	<p><u>Project cost:</u> About 50 billion yen</p> <p><u>Use:</u> Hotel Office, Housing</p> <p><u>Total floor area:</u></p> <p>Hotels: About 38,000m²</p> <p>Offices: About 31,000m²</p> <p>Housings: 3,000m²</p> <p>Other: About 16,000m²</p> <p>Total: About 88,000m²</p>	Real Estate Hotel		Main body construction			Will open in autumn 2010		
Futako-tamagawa East Region Urban Area Redevelopment Project	<p>(First phase)</p> <p><u>Project cost:</u> 28 billion yen (part of leasing business)</p> <p><u>Use:</u> Commercial facilities (Area I, Railway Area), offices (Area I), and housing (Area III)</p> <p><u>Total floor area:</u> Figures in parentheses show areas owned by the Company.</p> <p>Commercial facilities: About 85,400m² (about 50,900m²)</p> <p>Offices: About 30,000m² (about 16,500m²)</p> <p>Parking facilities etc.: About 42,300m² (about 28,700m²)</p> <p>Housings: About 114,300m² (about 70,900m²)</p> <p>Total: About 272,000m² (about 167,000m²)</p>	Real Estate			Construction of Area I		Will open in March 2011		
	Second phase business plan				Construction of Area III	Completion, delivery	Second phase construction		
Area Around Shibuya Station Development	<p>(Culture Area)</p> <p><u>Project cost:</u> About 90 billion yen</p> <p><u>Use:</u> Offices, Commercial facilities, Cultural facilities</p> <p><u>Total floor area:</u></p> <p>Commercial facilities: About 31,000m²</p> <p>Offices: About 49,000m²</p> <p>Cultural facilities: About 24,000m²</p> <p>Other: About 39,000m²</p> <p>Total: About 143,000m²</p>	Real Estate Retail		In June: Fukutoshin Line will open				Mutual direct train service between Toyoko Line and Fukutoshin Line will go into service (FY2012)	
	Station Area, Toyoko Line Site Area			Demolition Work	Main body construction			Will open in spring 2012	Construction of Station Area

Development of Tama Plaza Station Area (Tama Plaza Terrace)



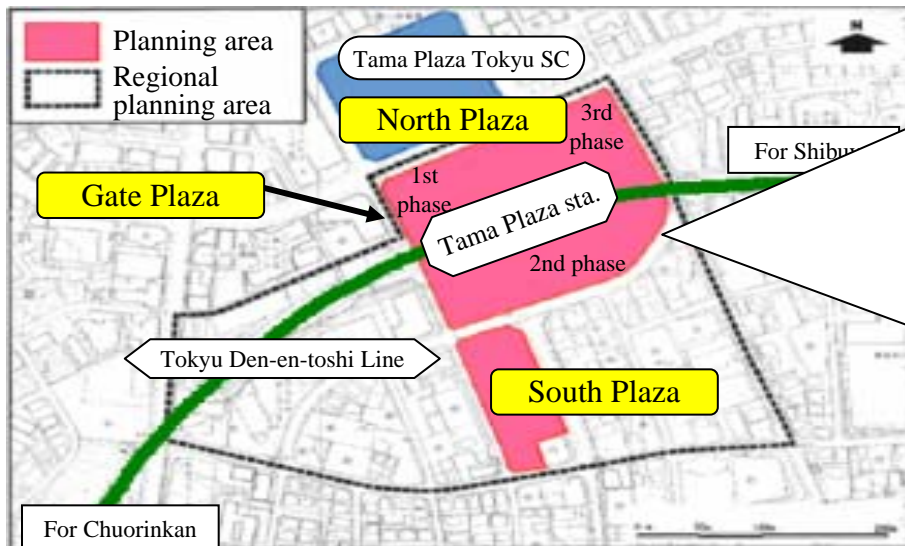
Invigorating the entire community by developing the area around the station with commercial facilities at the core

Concept of commercial facilities

“Lifestyle Community Center”

- A place that supports the lifestyles of community-based consumers -

Planning area



Conceptual drawing of Tama Plaza Terrace



Schedule

November 2005	Beginning of construction
January 2007	Opening of South Plaza
October 2007	Opening of the First part of Gate Plaza
2009	Opening of the Second part of Gate Plaza
2010	Grand opening of the entire facilities (Third part of Gate Plaza, remodeled North Plaza)

Outline of the property: Site area: 51,000m²

Total floor area: 171,800m²

[Construction of a low-rise shopping mall]

Stores and restaurants that will support the lifestyles of consumers

Number of stores and restaurants: expected to be about 120

Their area: 60,000m²

[Development of urban functions around the station]

A station square, parking facilities, etc.

[Supporting the lifestyles of consumers and the development of the community]

A gym, culture schools, open space, display space, etc.

Outline of Nagatacho 2-chome Plan



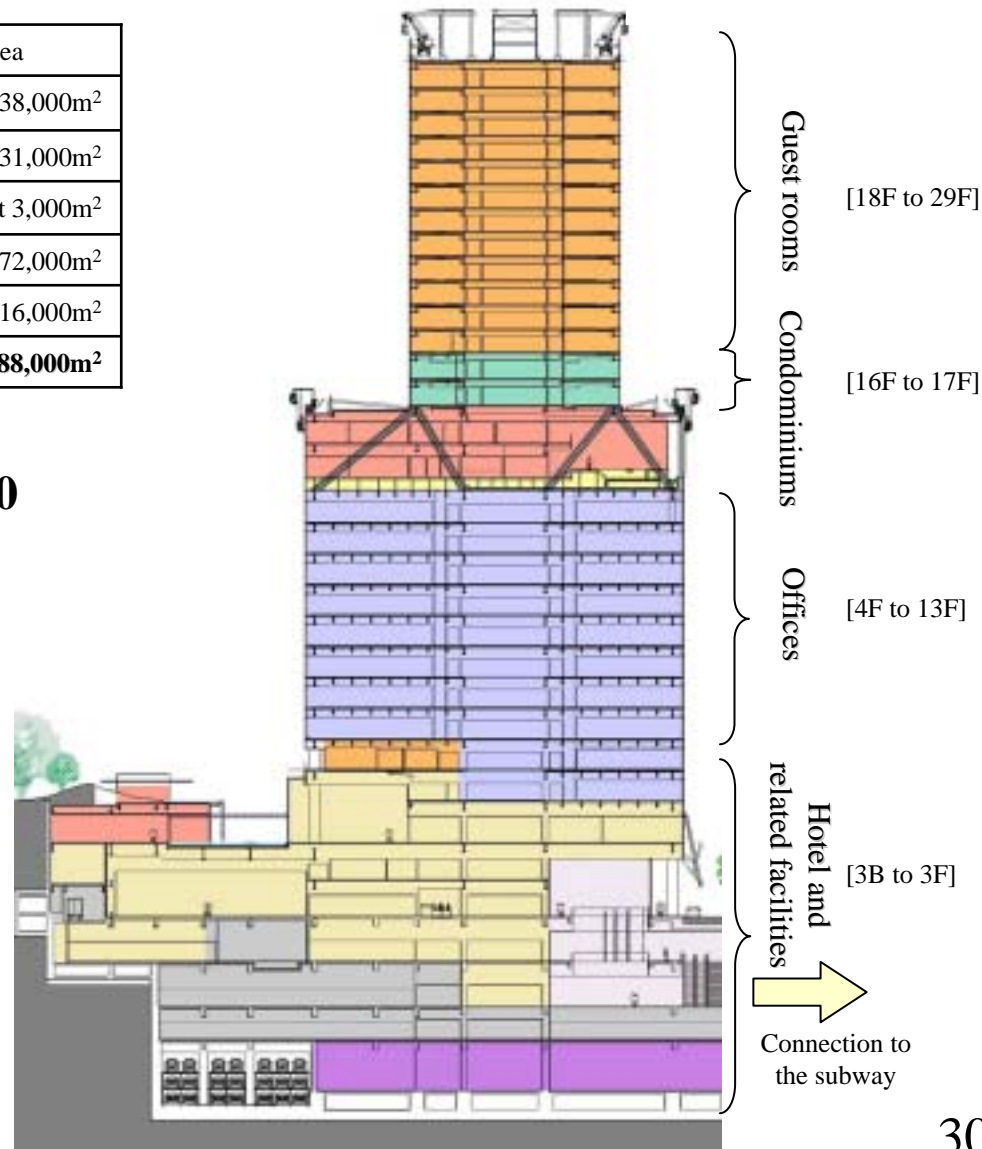
Size: 29 stories above ground and four basement levels

		Area
Area for floor-area ratio	Hotel and related facilities	About 38,000m ²
	Offices	About 31,000m ²
	Condominiums	About 3,000m ²
		About 72,000m ²
Other area	Parking facilities etc.	About 16,000m ²
Total floor area		About 88,000m²

Work period Start: March 2008

Completion: Autumn 2010

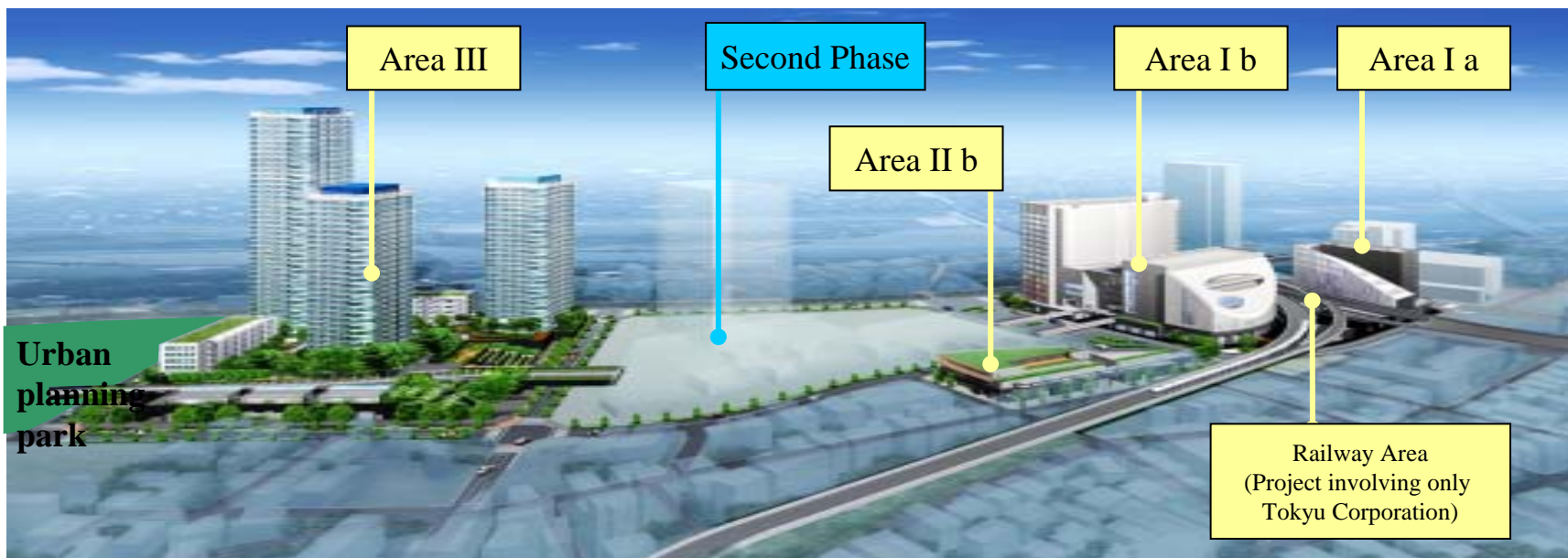
Hotel name: The Capitol Hotel Tokyu



Outline of Futako-tamagawa East Region Redevelopment (First Phase)



<Concept> Urban development in harmony with the rich natural environment of water, greenery, and light



Area	Use and size		Total floor area	
Area I a	Commercial area	8 stories above ground and one basement level	About 17,000m ²	Redevelopment association project
Area I b	Commercial area	8 stories above ground and two basement levels	About 106,900m ²	
	Commercial and office area	16 stories above ground and two basement levels		
Area II b	Commercial area	3 stories above ground and one basement level	About 9,100m ²	
Area III		42 stories above ground and one basement level	About 133,300m ²	
	Residential area	28 stories above ground and one basement level		1 block
		6 stories above ground		2 blocks
	Commercial area	2 stories above ground	3 blocks	
Railway Area	Commercial area	1 story above ground and one basement level	About 5,700m ²	Project involving only Tokyu Corporation

<Total floor area>
 Redevelopment area 266,300m²
 Redevelopment area + Railway area 272,000m²
<Land area> 8.1ha

Outline of Area III of Futako-tamagawa East Region Redevelopment (First Phase)



Area II a side

Futako-tamagawa
Park side

Tamagawa

- 42 stories above ground and one basement level
One high-rise condominium
- 28 stories above ground and one basement level
Two high-rise condominium
- 6 stories above ground
2 medium-rise condominiums
- 2 stories above ground
3 low-rise commercial buildings

Total floor area	133,300m ²
Area of condominiums	79,078m ²
Number of condominiums	1,033
Number of parking spaces	733

Outline of Futako-tamagawa East Region Redevelopment (Second Phase)



<Conceptual drawing>



Summary of the urban plan (determined in June 2000)

- Land area: 3.1ha
- Total floor area: About 168,700m²
- Uses: Stores, offices, hotels, and parking facilities

* The model in the picture was created based on the urban plan.

- Commencement of work: FY2010 (plan)

Outline of Joint Development of Shibuya Culture Area



An urban plan for a special urban redevelopment district was adopted on March 7 as a leading project in the development plan for the area around Shibuya station.

Shibuya Culture Platform Initiative

Shibuya Culture Platform Initiative aims to make all of Shibuya a cultural center. We will respond to trends in the new era and create streets that show the DNA of Shibuya.

The Shibuya Culture Platform Initiative seeks to make the entire district a place for creation, interaction, and information transmission, and to create a culture unique to Shibuya. The community, government, and companies will together encourage the development of the area around the station and the branding of the district, aiming to create a district in which people and minds will come from around the world, creating inspiration and culture.

Summary of plan

Address: 2-21 Shibuya, Shibuya-ku, Tokyo

Site area: About 9,640m²

Total Floor area: About 143,000m²

Height: About 188m

Floor-area ratio: 1,370%

Primary uses: Stores, cultural facilities, offices, parking facilities, etc.

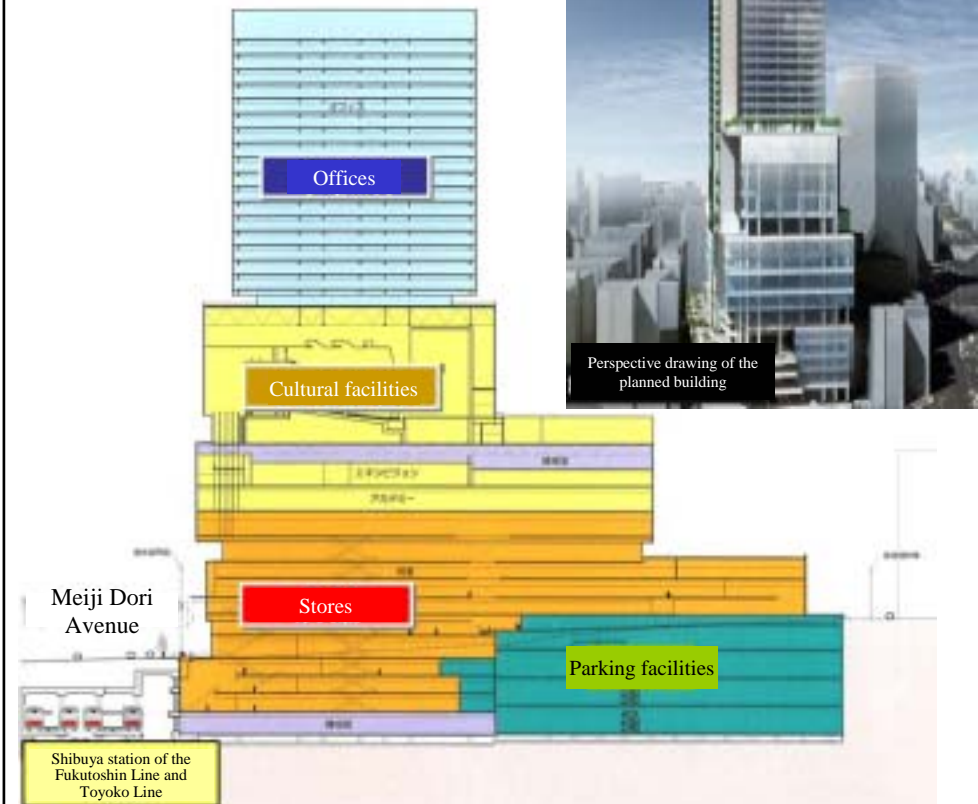
Size: 34 stories above ground and four basement levels

Construction schedule: (Body) spring 2009 to spring 2012

(Deck) spring 2012 to spring 2017

Planned grand opening: Spring 2012

Cross-section drawing of the building



Direction of Shibuya Station Area and Toyoko Line Site Area

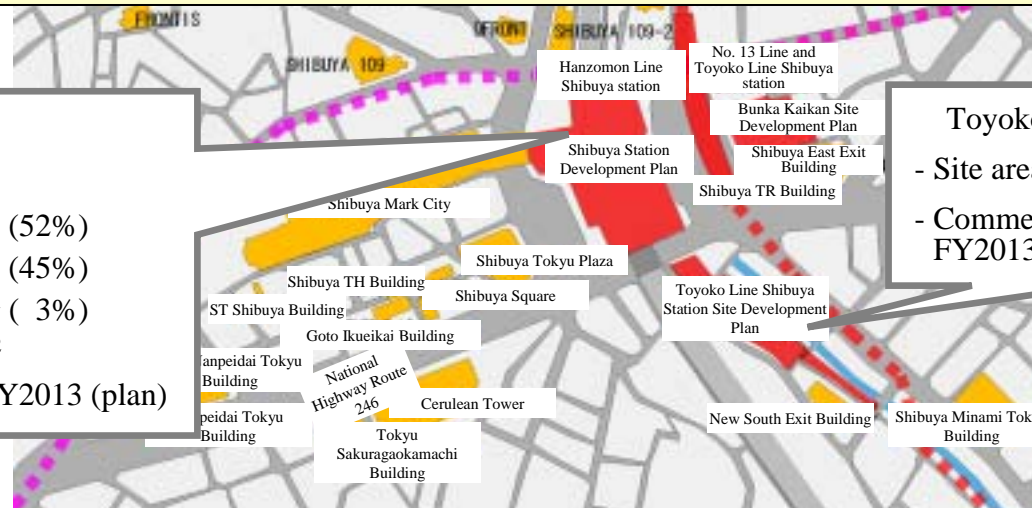


Direction of Shibuya Station Area and Toyoko Line Site Area

- December 2005: Designated as an urgent urban redevelopment district
- September 2007: Central Shibuya Station District Urban Development Guidelines 2007 were developed
- June 2008: Tokyo Metro Fukutoshin Line will open for service
- Spring 2012: Culture Area will open for business
- FY2012: Mutual direct train service between the Toyoko Line and Tokyo Metro Fukutoshin Line will go into service
- Subsequently: Development of Station Area and Toyoko Line Site Area will begin

Development goals in the area development policy (Tokyo Metropolitan Government) for the Shibuya station urgent urban redevelopment district

Creating a center for advanced living and culture established by past generations in harmony with the verdant environment, taking advantage of the commercial, business, and cultural functions set in a distinctive landscape.
 Updating and reorganizing the functions of the station facilities and instituting a comprehensive development policy for streets close to the station through a chain reaction of development triggered by the station facilities, creating a thriving and safe urban space, where people will enjoy walking from the station to unique streets around the station.



Station Area

- Land ownership

Tokyu	7,667m ² (52%)
JR East	6,665m ² (45%)
Tokyo Metro	445m ² (3%)
Total	14,777m²

- Commencement of work FY2013 (plan)

Toyoko Line Site Area

- Site area 6,056m²
- Commencement of work FY2013 (plan)

Real Estate



Dresser Utsukushino Mori



Trainchi

Real Estate Leasing

Basic strategy

Maximizing the value of real estate and achieving stable revenues

Using underperforming assets effectively, including sites after railway construction work, in accordance with strategies for areas along Tokyu railway lines

<Examples>

Nishikoyama (Tokyu Store Food Station), Jiyugaoka (Trainchi), etc.

<Plan>

We will develop leasing for multiple purposes, expanding rental housing as the third pillar following offices and commercial facilities, taking into consideration the characteristics of each area.

Developing offices and commercial facilities in accordance with trends in land prices in the Tokyo metropolitan area

Rebuilding plan

Tokyu Ginza Building



Rental housing

Image of a rental apartment building



Image of an apartment building for senior citizens





Real Estate Sales

Funds turnover-type sales

Land acquisition policy

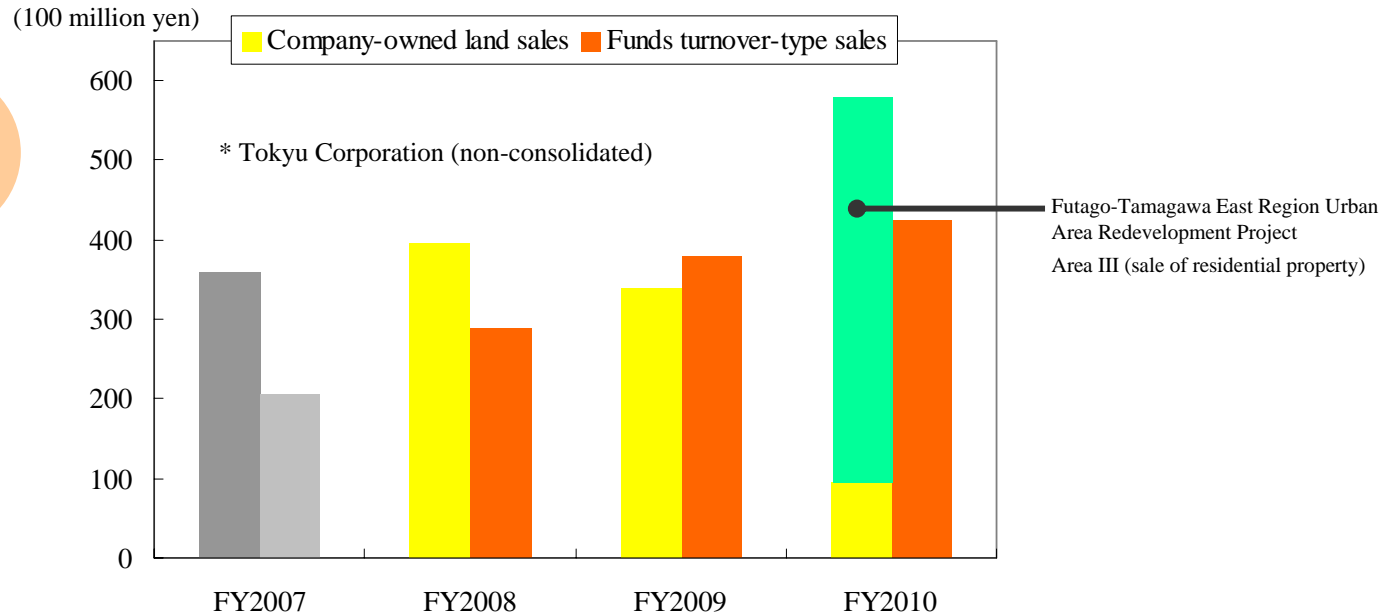
The core areas are those served by Tokyu lines.
The sub-core areas are the Josai and Jonan districts.

Company-owned land sales

Sales policy

Selling Company-owned land systematically to maximize the value of real estate and thus to secure stable revenues in changing the structure of real estate business

Sales plan (Sales)



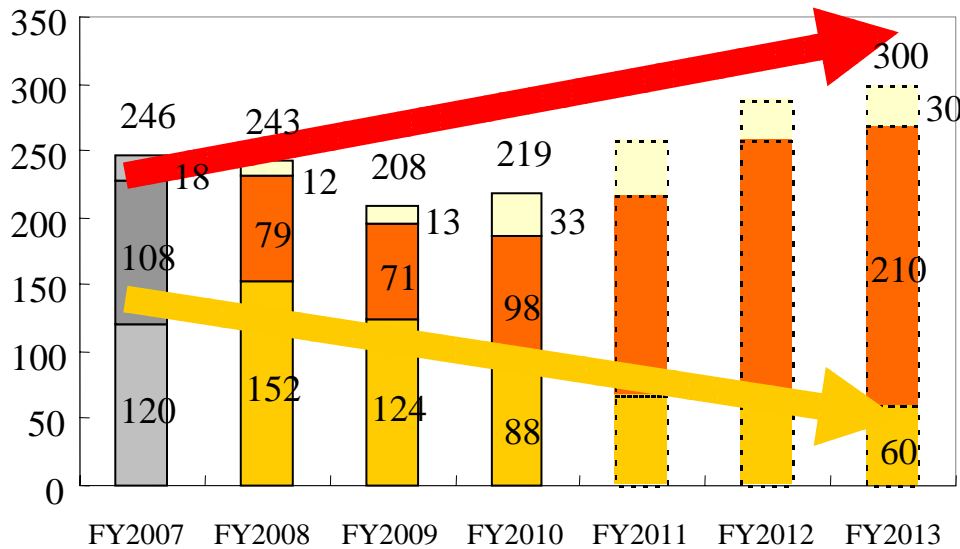
Reforming the Structure of the Real Estate Business



Achieving sustained growth by changing the business structure from sales to leasing

Operating profit of the Real Estate business

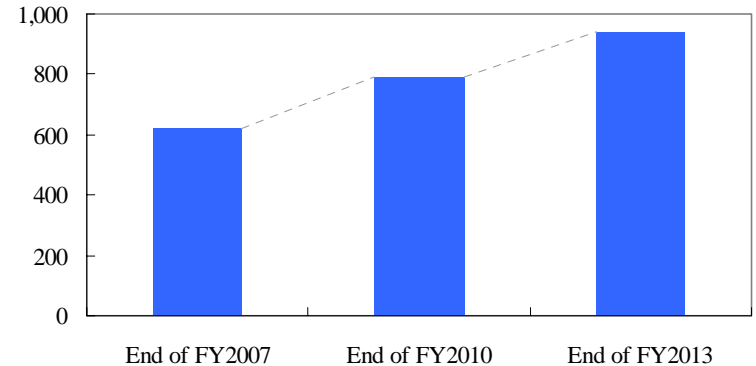
(100 million yen)



- Other
- Real estate leasing (non-consolidated)
- Real estate sales (non-consolidated)

Changes in rentable area in buildings owned by Tokyu Corporation (non-consolidated)*

(1,000 m²)



* Rentable area (excluding common use space, space owned by other companies, and rentable land area)

Retail



Tama Plaza South Plaza



remy gotanda

Retail (Tokyu Department Store)



Basic strategy

(1) Establishing a growth model for the department store operations

- Establishing a revenue model, especially for Tama Plaza and Shibuya development, a model that will contribute to the development along Tokyu's railway lines
- Establishing a central planning and central control system and a business flow
- Enhancing the sales base by bolstering the sales force
- Bolstering merchandizing (improving the competitiveness of each store)

(2) Standardizing operations in SC stores and securing stable profits

Remodeling plan

Expanding and remodeling the selling floors of the Tama Plaza store (Tama Plaza Terrace and North Plaza)

(It will open for business in the spring of 2010)

- Store space: 24,000m² → 30,000m²
- Schedule: The plan will be implemented by floor in a phased manner from spring 2009.

Opening a store on commercial floors of the Shibuya Culture Area

- A store will be opened on commercial floors of the Culture Area in Shibuya (in the spring of 2012).

Retail (Tokyu Store Chain)

Basic strategy

- (1) Improving earnings through a scrap-and-build plan
- (2) Recovering the earnings capacity of existing stores
- (3) Emphasizing efficiency through business reform and improvement

Store planning

<Store opening strategy>

- Opening dominant supermarkets in areas served by Tokyu's railway lines

<Opening and closing>

- Planning to open ten stores and close ten stores during the period of the management plan.
- Executing radical reform plans including closing for unprofitable stores.

Planned openings

Store name	Opening	Store space m ²
Nishikoyama store	Apr. 2008	559
Kugahara store	Apr. 2008	1,670
Mukogaokayuen store	Nov. 2008	693

Planned closings due to earthquake resistant construction of elevated railway tracks

Store name	Closing	Store space m ²
Okurayama store	May 2008	430
Gakugeidaigaku store	Mar. 2008	1,473

Tokyu Store Food Station

- A new type of business to meet demand for home-meal replacements including deli items, suitable for areas where there are many single-person and DINKS households
- Food Stations will be opened, especially in front of stations, after the construction of the railway lines is complete.



**FOOD
STATION**
TOKYU STORE

Hotels



Nagatacho 2-chome Plan (The Capitol Hotel Tokyu)

Basic strategy

Aiming for more focused growth, emphasizing quality improvements

Establishing flagship hotels

Developing strategic opening models

- Hotel Tokyu Bizfort
- New Excel Hotel Tokyu



The Capitol Hotel Tokyu (entrance side)

New openings

The Capitol Hotel Tokyu (Autumn 2010)

Three Hotel Tokyu Bizfort hotels (FY2009)
(new openings thereafter)

Renovation plan

Renovating primarily flagships and hotels in large cities

- Pan Pacific Yokohama Bay Hotel Tokyu
- Cerulean Tower Tokyu Hotel
- Akasaka Excel Hotel Tokyu
- Tokyu Miyakojima Resort

IV. Financial Plans

Operating Results (by Segment)



Consolidated Operating Results	FY2007 forecast	Three-Year Medium-term Management Plan (prepared in March 2008)			(100 million yen)
		FY2008	FY2009	FY2010	FY2013 target
		Operating revenue	13,717	13,640	13,900
Transportation	1,969	2,020	2,055	2,066	2,200
Real Estate	1,410	1,529	1,633	2,008	1,950
Retail	6,472	6,389	6,387	6,610	6,780
Leisure and Services	1,836	1,860	1,911	1,944	
Hotels	994	1,018	1,040	1,054	5,210
Other	1,865	1,652	1,722	1,819	
Elimination	-829	-828	-848	-891	-940
Operating profit	836	710	700	860	1,000 or more
Transportation	340	238	212	303	
Tokyu Corp. railway	325	232	200	286	300
(Cost of disposal of fixed assets)	(62)	(83)	(116)	(43)	
Real Estate	246	243	208	219	300
Real estate sales of Tokyu Corp.	120	152	124	88	60
Real estate leasing of Tokyu Corp.	108	79	71	98	210
Retail	130	125	144	186	200
Leisure and Services	31	34	44	54	
Hotels	35	26	37	43	
Other	49	42	53	53	200
Elimination	2	2	2	2	

Cash Flows

(100 million yen)

Consolidated Cash Flows	FY2007 forecast	Three-Year Medium-term Management Plan (prepared in March 2008)		
		FY2008	FY2009	FY2010
CF from operating activities	1,131	1,340	1,390	1,475
Net income before income taxes	708	605	587	718
Depreciation and amortization	593	647	689	722
Disposal cost of fixed assets	130	116	171	110
Gain or loss on sale of fixed assets	-41	0	0	0
Gain or loss on sale of securities	-12	0	0	0
Urban Railways Improvement Reserve	-47	7	7	7
Income tax paid	-206	-113	-165	-234
CF from investing activities	-1,182	-1,520	-1,740	-1,720
Capital expenditure	-1,523	-1,800	-2,175	-1,930
Subsidies received for construction	199	129	83	59
Sale of fixed assets and securities	191	150	350	150
CF from financing activities	51	180	350	245
Interest-bearing debt	11	262	450	350
Dividends	-73	-75	-90	-96
Increase in cash and cash equivalents	0	0	0	0
Cash and cash equivalents at end of period	300	300	300	300

* Dividends are temporarily calculated as 2% of the equity at the end of the previous fiscal year.

Forward-looking statements

All statements contained in this document other than historical facts are forward-looking statements that reflect the judgments of the management of Tokyu Corporation based on information currently available. Actual results may differ materially from the statements.