

Operating Review

TRANSPORTATION

In railway operations, as a result of the establishment of a new ticket gate accompanying the opening of the second terminal at Haneda Airport and of aggressive PR activities, the number of passengers using Haneda Airport Station rose and the number of passengers carried by Keikyu during the year under review increased 0.5% from the previous year. In addition, we worked to enhance passenger services and increase revenues, and we moved ahead with renovations targeting the alleviation of station congestion and increased convenience.



In bus operations, we took steps to increase operational efficiency, such as establishing a Haneda Airport connection bus and transferring routes to a subsidiary.

As a result, the Transportation Group's operating revenues declined 0.1%, to ¥116.9 billion, and operating income rose 20.8%, to ¥19.6 billion.

Haneda Airport Station: In 1998, Keikyu established a station at Tokyo International Airport (Haneda Airport), thereby realizing a direct rail link between Haneda Airport and New Tokyo International Airport (Narita Airport). At present, Haneda Airport mostly handles domestic flights. However, with plans calling for the upgrading and expansion of runway facilities and an increase in the number of international flights at Haneda, the number of passengers is expected to rise. In response, Keikyu is considering the establishment of a new station linked directly with the international terminal.

REAL ESTATE

During the year under review, in conjunction with Group companies, we concentrated on the construction and sale of high-quality residential properties and condominiums along Keikyu railway lines. In addition, we expanded such operations as construction of buildings for lease.



As a result, the Real Estate Group's operating revenues increased 1.6%, to ¥36.7 billion, and operating income declined 12.6%, to ¥6.1 billion.

TOURISM AND LEISURE

At Keikyu's flagship city hotel, Le Meridien Grand Pacific Tokyo, we worked to secure not only individual leisure customers but also groups, such as large conferences. Also, at the Hotel Pacific Tokyo, we aggressively implemented marketing activities targeting customers using the Tokaido Shinkansen bullet train line at Shinagawa Station and Haneda Airport, as well as business demand from nearby companies.



In addition, favorable performances were recorded at spa facilities along Keikyu railway lines and a newly established food-oriented theme park.

As a result, the Tourism and Leisure Group's operating revenues declined 2.7%, to ¥51.7 billion, and operating income declined 35.3%, to ¥0.7

billion.

DISTRIBUTION

Keikyu Department Store Co., Ltd., due in part to renovation work implemented in the previous fiscal year, achieved year-on-year increases in monthly consolidated net sales for 89 consecutive months as of March 2005. In addition, Keikyu Store Co., Ltd. opened a new store in December.

As a result, the Distribution Group's operating revenues increased 2.9%, to ¥102.4 billion, and operating income declined 8.9%, to ¥1.7 billion.



OTHERS

In the year under review, Keikyu Service Co., Ltd., established offices offering home nursing and housework services, and Keikyu Travel Co., Ltd. separated its insurance division into a new company, thereby increasing operational efficiency.

As a result, the Other Group's operating revenues increased 5.8%, to ¥56.9 billion, and operating income rose 0.9%, to ¥2.6 billion.