

Management Policy

Key Management Policy

Inspired by the Keikyu Group philosophy—“To contribute to the development of society by creating new value through businesses that support urban lifestyles”—we are striving to provide high-quality services and products through the mainstay rail and bus transportation business as well as other businesses, including real estate, operation of hotels, leisure services and retailing. As a group closely linked to regional communities and lifestyles, we are strengthening Group management primarily along Keikyu railway lines with the goal of maximizing enterprise value.

Management Strategies

In order to ensure safety of not only the Group's core transportation business but also all of the Group's services and products, we will strive to enhance our safety initiatives and human resource training, while at the same time continuing to invest in safety measures.

Also, we will work to further enhance value along Keikyu railway lines by promoting new businesses and strengthening marketing of existing businesses at the Group's key strategic locations: Shinagawa, Haneda Airport, Yokohama, and the Miura Peninsula.

Moreover, we will step up our efforts to bolster the foundation of the business through ongoing review of businesses and organizations in response to changes in the operating environment, efficient use of resources, and maximization of asset efficiency. Also, we will work to enhance efficiency of Group management by promoting personnel exchanges within the Group.

As well as targeting improvement of financial performance, the Group will strive to increase free cash flow through reduction of interest-bearing debts in order to strengthen the financial position.

Basic Policy on the Distribution of Profits and Cash Dividends for Fiscal 2007 and Fiscal 2008

The Company's policy on the distribution of profits is to maintain stable dividend payments, taking into consideration financial performance and the financial position. For fiscal 2007 the Company paid cash dividends of ¥6 per share, consisting of an interim dividend of ¥2.5 and a year-end dividend of ¥3.5 including a special dividend of ¥1 yen. The Company has maintained payment of annual dividends of at least ¥5 per share for 26 consecutive fiscal years since 1982. The Company intends to pay cash dividends of ¥6 per share for fiscal 2008 in order to promote return of profits to shareholders.

Internal reserves are earmarked for capital investment in safety-related projects and for investment in strategic business locations, notably Shinagawa and Haneda Airport, as well as for repayment of interest-bearing debts in order to bolster the foundation of the business and strengthen the financial position. Also, in order to implement a flexible capital measure in response to changes in the operating environment, we will consider share buyback.

Outlook for Fiscal 2008

For fiscal 2008 management forecasts operating revenues of ¥317.0 billion, an increase of 0.8% year on year, owing to an increase in revenues from the retail business thanks to the impact of refurbishment. However, sharp increases in power costs, fuel costs, and materials costs are expected to result in lower profits. Management forecasts operating income of ¥30.1 billion yen, a 6.4% decrease, recurring income of ¥21.8 billion, a 12.2% decrease, and net income of ¥12.0 billion, a 10.5% decrease.