

1 Fundamental Policy

“To create a Keihan Group worthy of being chosen by more customers,

with a mission of supporting and enriching people’s lives.”

2 Business Area

■ Improve the Keihan area’s attractiveness

We regard the entire area where the Keihan group conducts its business as the Keihan area. The Keihan group will conduct business on its own initiative, with the cooperation of the group companies, so as to encourage more customers to live in and visit this area.

■ Expand the Keihan Area

We will aggressively promote our business, to improve the Keihan brand value and expand the Keihan area.

■ Increase the Number of Customers

To exhort more people inside as well as outside the Keihan area to become Keihan group customers, we will fortify the information transmission capacity of the business network within the Keihan area.

3 BUSINESS CONFIGURATION

The Keihan group will clarify the respective business roles and utilize an optimum combination of concentration and expansion to promote our business. The Keihan group will also aggressively work on new business, utilizing its technology and superiority in the market.

Transportation

Centering the railway business, we will endeavor to expand our safe, secure, convenient, and comfortable traffic network, to sustain the core business of the Keihan group. In addition, we will utilize our industry-leading efficiency and aggressive marketing to achieve high profitability.

Retail

We will expand retail so that this business can take the initiative in increasing the attractiveness of the Keihan area, to create a comfortable living environment and improve the Keihan brand value. We will especially focus on profitability improvement to strengthen our competitiveness. Furthermore, we will aggressively promote our business to expand the Keihan area.

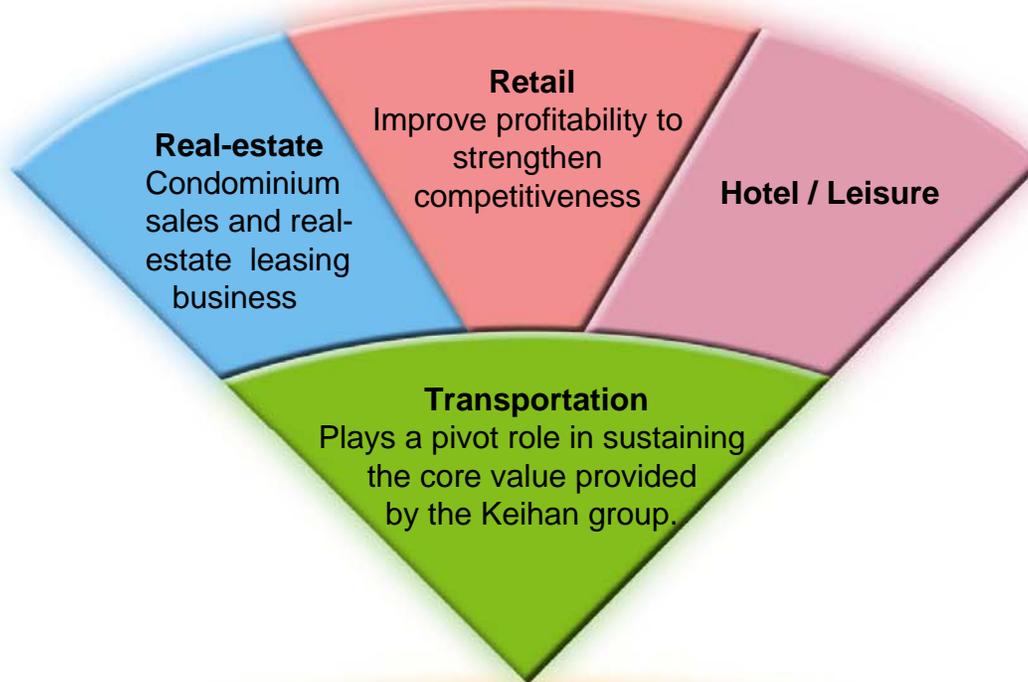
Real Estate

Focusing on real-estate leasing and short-term payback real-estate sales, centered on condominiums, we will increasingly expand this core group business. We especially regard the real-estate leasing business as a core for expansion. As an urban developer, we will create an attractive living environment, and aggressively work to expand the Keihan area.

Hotel /Leisure

We will develop and expand the hotel business. Specifically, we will aggressively work to expand the Keihan area, focusing on superior business hotels as our strength, thus promoting the Keihan brand value.

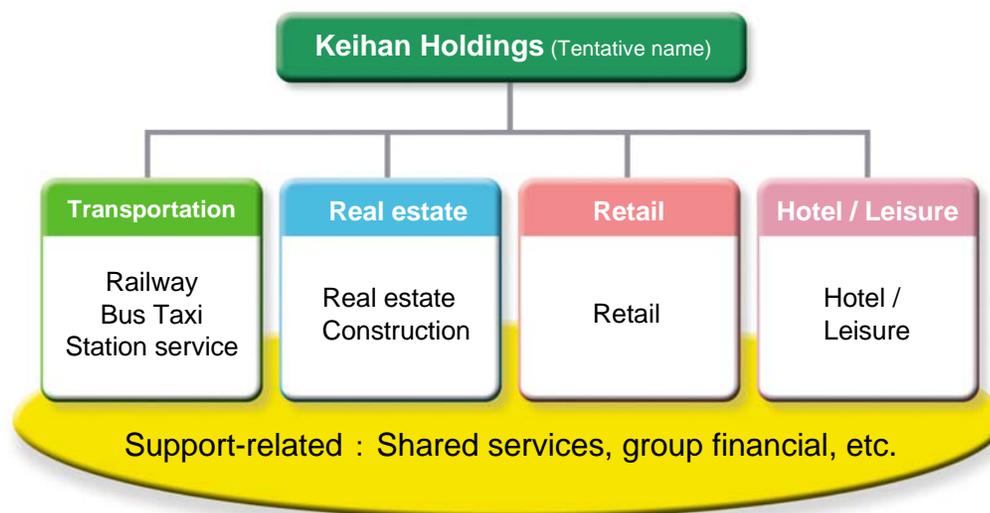
Other businesses will support business development, utilizing their expert know-how.



We will work to expand and improve the attractiveness of the Keihan area.

4 ORGANIZATIONAL FORM

The Keihan group, using a holding company system, will promote the separation of management and business in the areas of transportation, real estate, retail and leisure, to clarify responsibility and realize agile business development. We will promote shared services to enhance management efficiency. Furthermore, we plan to shift to a genuine holding company system around 2010 (our 100th railway opening anniversary) in order to initiate capital tie-ups.



【Business Holding Company and Genuine Holding Company】

There are two types of holding companies: business holding companies, and genuine holding companies. A genuine holding company manages different companies by holding shares in them.

A business holding company manages different companies as well, but also participates in the business. The Keihan group will shift to a genuine holding company system around 2010 in order to realize various merits such as separation of strategy and business, acceleration of management structural reform, reasonable performance evaluation of subsidiary companies, and clarification of management responsibilities.

【Shared Service】

Shared Services is a method used to share accounting and personnel divisions across multiple companies, in order to improve business standards and efficiency.

In the Keihan group, Keihan Business Management will be responsible for this role.