

Keihan Group Management Vision

“Our Challenge to Keihan as First Choice”



INTRODUCTION

We are pursuing business activities, based on the following management principle: “The Keihan Group will create a comfortable living environment and contribute to society by establishing a network of dreams, hope, and trust.”

As a strategy based on this management principle, we established the Keihan Group Management Vision “Evolving Keihan-Vision 100” in April 2000, which looks ahead to FY2011, when we will mark the 100th Railway Opening Anniversary.

Everybody from the executives to the employees has worked together to pursue the “Re-Born21” plan, based on this management vision, so that our company could gain the financial strength needed to attain the profit-producing growth set up in “Vision 100,” and we were successfully listed on the first section of Tokyo Stock Exchange. We have therefore established ourselves as a successful company.

However, we are still just a "small" successful company. In the new Keihan Group Management Vision “Our Challenge to Keihan as First Choice”, we are aiming to become a “large” successful company. A “large” successful company is a company valuable enough to be chosen by many customers.

The new Vision “Our Challenge to Keihan as First Choice” is based on the following fundamental policy: “Create a Keihan Group worthy to be chosen by more customers, with a mission of supporting and enriching people’s lives.” This is looking ahead to FY2021, 10 years after the 100th Railway Opening Anniversary.

This is our decision: to become a company worthy to be chosen by more customers, and to be evaluated not as “Keihan is good enough” but as “Keihan is my first choice.”



Shigetaka Sato
President & CEO
Keihan Electric Railway Co., Ltd.

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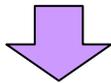
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POSITONING OF MANAGEMENT VISION

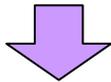
Management Principles

The Keihan Group will create a comfortable living environment and contribute to society by establishing a network of dreams, hope, and trust.



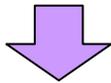
Management Policies

Guideline for the fundamental approach to achieve the management principles, which is based on management decision-making.



Management Vision

**“Our Challenge to Keihan as First Choice”
toward FY2021**



Mid-term Management Plan

FY 2007 to FY2009
Jump21 (Announced in April 2005)
~ Three-Year Mid-Term Management Plan to enhance profitability for growth ~

MANAGEMENT ENVIRONMENT

We formulated the management vision with emphasis on the following four points.

Coming of age of tough competition among railway lines

Various problems such as depopulation, the trend toward the nuclear family, and increasing single-person households would accelerate the liquidation of residential areas, which, as a result, will cause customers to select their own favorite living areas, thus inviting an age of tough competition among railway lines.

Lifestyle Diversification and Enhancement

Diversification of individual values and the progress of information technology tend to cause customers to respect their own lifestyle values, and to pursue those things that can truly satisfy them.

Increasing Expectation of the Social Role of Companies

Customer awareness of safety and the environment is being raised, which will make the social role of the company in these areas much more prominent.

Generalization of Business Expansion with Tie-ups

Tie-ups and M&As enable business expansion methods to be diversified and generalized, so as to realize new capital tie-ups and alliances.

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.

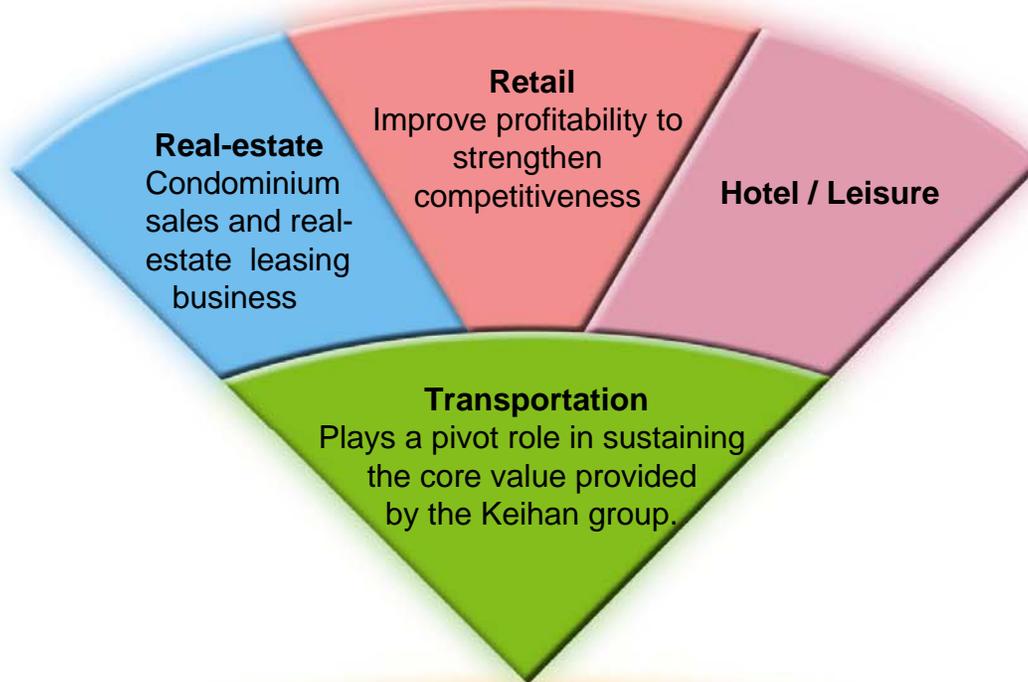
Real Estate

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.

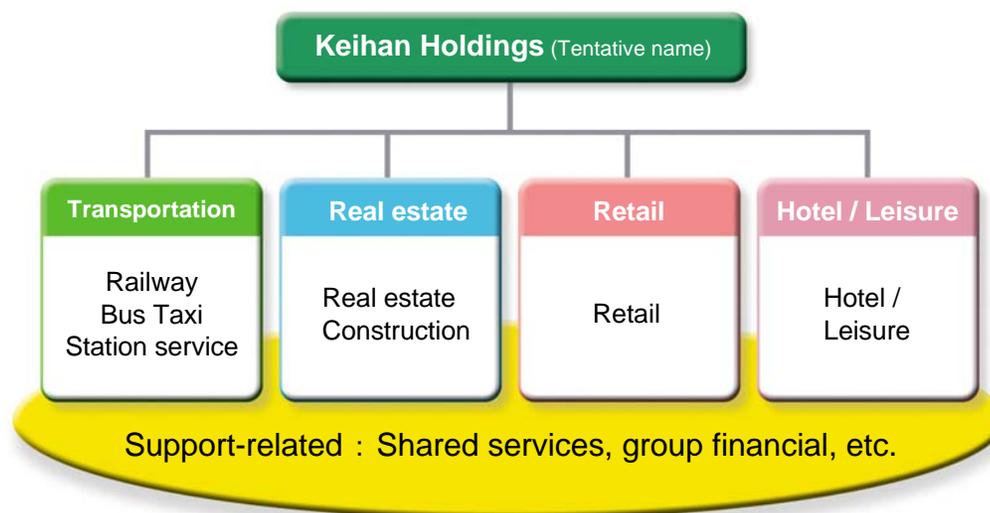
Other businesses will support business development, utilizing their expert know-how.



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.

THINGS TO DO TO IMPLEMENT THE VISION

1 Improve the Keihan Area's Attractiveness

■ Nakanoshima

By promoting the Keihan group's comprehensive business as a new economic and cultural base in Osaka, and aggressively promoting travel, we will develop Nakanoshima into a core Osaka urban area for the Keihan group. We will promote this development with an eye to the further extension of the Nakanoshima line to reinforce the traffic network.

■ Kyoto

We will fortify the sightseeing business in the international tourist city of Kyoto by working together with the group companies, centering on transportation and hotels. We will expand our information network and advertise Kyoto to the world, to establish our position of "Kyoto is Keihan. Keihan is Kyoto."

■ Implement Aggressive Redevelopment in the Keihan Area

As for the group's existing facilities, we will aggressively work towards redevelopment and continue to improve the attractiveness of the area. We will also aggressively work to improve the attractiveness of redeveloped facilities along the lines not directly related to the group.

Core business development
in the Osaka urban areas

Advertise
"Kyoto is Keihan.
Keihan is Kyoto."

KYOTO



NAKANOSHIMA

Area Along our Railway
Line

Implement Aggressive
Redevelopment



② Expand the Keihan Area

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

③ Establish the Keihan Brand

As an important strategy, we will continue to establish the Keihan brand, based on our intention and client evaluations.

④ Maintain and improve customer confidence

To continuously maintain and improve customer confidence, we will continue to develop the company culture and structure, so that the entire Keihan group understands that our mission is to provide safe and secure railway transportation.

⑤ Intensify sales ability from the viewpoint of the customer

We will strengthen our ability to present ourselves to our customers, to become a company group highly regarded for its sales ability. The company business cannot stand without customers. We must always consider customer viewpoints and requests, in order to satisfy their needs.

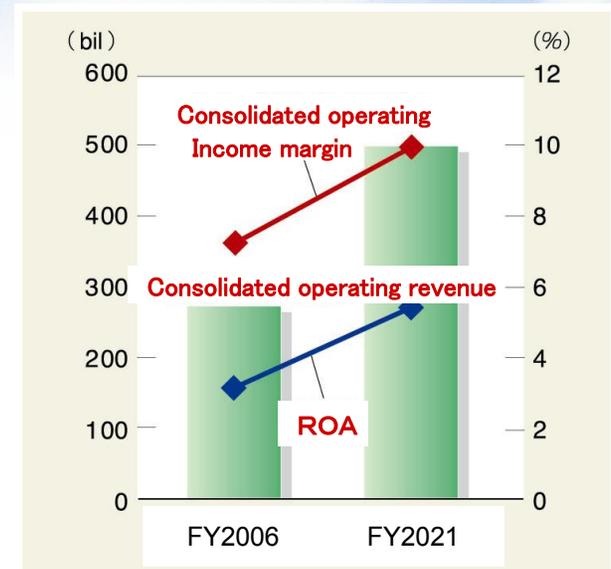
⑥ Aggressive and vigorous business tie-ups

For services, products, and business that cannot be provided by the Keihan group alone, we will aggressively initiate tie-ups with partner companies that are highly evaluated by customers, once we understand how they can help improve the attractiveness of the Keihan area.

NUMERIC TARGETS

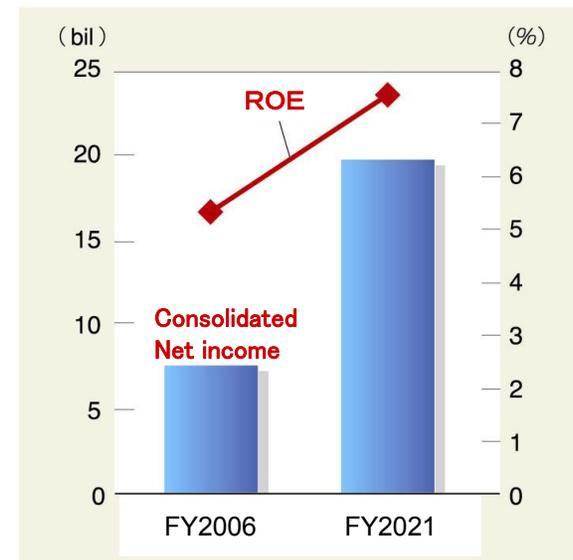
1 Items targeted to achieve the vision

	Target for FY 2021 (Year ended March 31,2021)
Consolidated operating revenue	¥ 500 bil
Consolidated operating income margin	10 %
Return on Assets (ROA)	5.5 %



2 Profitability targeted as a result of the vision

	Target for FY 2021 (Year ended March 31,2021)
Consolidated net income	¥ 20 bil
Return on Equity (ROE)	7.5 %





Keihan Electric Railway Co.,Ltd. (9045)
Corporate Management Office
Corporate planning

February, 2007