

Keisei Electric Railway Co., Ltd.
June 7, 2010

NOTICE OF THE 167th ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholder:

You are cordially invited to attend the 167th Ordinary General Meeting of Shareholders of Keisei Electric Railway Co., Ltd. (the "Company"), which will be held on Tuesday, June 29, 2010, at 10:00 a.m. in the Rose Room on the sixth floor of KEISEI HOTEL MIRAMARE, 15-1 Honchiba-cho, Chuo-ku, Chiba-city, Chiba. The agenda is as shown below.

If you are unable to attend the meeting in person, you may exercise your voting rights in writing. Please review the attached Reference Materials for General Meeting of Shareholders, then indicate "for" or "against" for each agenda item listed on the enclosed Voting Rights Exercise Form, and post it back to the Head Office of the Company. To be valid, your proxy must be received by 6 p.m. on the day before the meeting (June 28, 2010).

Faithfully yours,

Tsutomu Hanada, President and Representative Director
Keisei Electric Railway Co., Ltd.

1-10-3 Oshiage, Sumida-ku
Tokyo, Japan

MEETING AGENDA

Items to be Reported:

- 1: The Business Report, Consolidated Financial Statements for the 167th term, extending from April 1, 2009 to March 31, 2010, the Report of Accounting Auditors, and the Report of the Board of Auditors concerning the results of the audit of the Consolidated Financial Statements will be reported at the meeting.
- 2: The Financial Statements for the 167th term, extending from April 1, 2009 to March 31, 2010, will be reported at the meeting.

Items to be Resolved:

- Item 1: Approval of the appropriation of surplus for the 167th term (from April 1, 2009 to March 31, 2010)
- Item 2: Amendment to the Articles of Incorporation
- Item 3: Election of fifteen (15) Directors
- Item 4: Election of two (2) Corporate Auditors
- Item 5: Bonuses for Directors
- Item 6: Amendment to the remuneration for Directors
- Item 7: Maintenance of the Policy toward a Large-scale Purchase (Anti-takeover Defenses) of Shares, etc. of the Company

Instructions on the exercise of your voting rights:

- 1: Exercise of your voting rights by proxy
If you are unable to attend the meeting, you can still exercise your voting rights by a proxy who is also a shareholder of the Company having voting rights; provided, however, that the proxy submit a document proof of proxy authority.
- 2: Method of notice in case any reference materials for general meeting of shareholders or item included in attached materials is amended.
Please be informed that in the event any reference materials for general meeting of shareholders or item included in attached materials is amended, the Company web site furnishes such information on:
<http://www.keisei.co.jp/>

- * If attending the meeting in person, please present the enclosed Voting Rights Exercise Form to the receptionist at the meeting.

Note: This Document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

REFERENCE MATERIALS FOR GENERAL MEETING OF SHAREHOLDERS

Agenda items and reference materials

Item 1: Approval of the appropriation of surplus for the 167th term (from April 1, 2009 to March 31, 2010)

The Company's basic policy is to give its shareholders a stable, consistent return, while ensuring the internal reserves to develop its operations as well as continuing to reinforce and stabilize the Company's fundamentals.

Concerning the year-end dividend for the term under review, we propose the amount stated below, including a commemorative dividend of 1 yen per share in appreciation for your continued support upon the 100th anniversary of the Company in June last year:

Items on year-end dividend

1. Type of dividend property
Cash
2. Items on allocation of dividend property to shareholders and its total amount
3.5 yen per share (ordinary dividend: 2.5 yen; commemorative dividend: 1 yen), with total amount of 1,198,286,485 yen
As we paid 2.5 yen per share as the interim dividend, the total annual dividend for the term will be 6 yen per share.
3. Effective date
June 30, 2010

Item 2: Amendment to the Articles of Incorporation

1. Reason for the amendment

- (1) As part of our efforts to improve our services for shareholders, we intend to add a new provision to our Articles of Incorporation to make it possible for each holder of shares less than one unit to request the Company to sell to a shareholder the number of shares required to constitute one unit of shares when added to the shares of less than one unit held by the shareholder.
- (2) Further, we intend to renumber some articles in connection with the amendment stated in (1) above.

2. Details of the amendment

The details of the amendment are as follows:

(Underlines indicate amended or additional text.)

Current provisions	Proposed amended provisions
<p>Chapter 2. Shares</p> <p>(New Provisions)</p> <p>Article <u>9</u></p> <p>(Omitted)</p> <p>(Share Handling Rules)</p> <p>Article <u>10</u></p> <p>The procedures and fees in connection with the handling of shares and subscription rights to shares and the exercise of shareholders’ rights, including registration or recording in the shareholder registry and the registry of subscription rights to shares and purchase of shares less than one unit shall comply with the Share Handling Rules as prescribed by the Board of Directors.</p> <p>Article <u>11</u> to Article <u>49</u></p> <p>(Omitted)</p>	<p>Chapter 2. Shares</p> <p><u>(Additional Sale of Shares Less Than One Unit)</u></p> <p><u>Article 9</u></p> <p><u>Any shareholder who holds shares of the Company less than one unit may request the Company to sell the shareholder the number of shares less than one unit required to constitute one unit of shares when added to the shares held by the shareholder in accordance with the provisions of the Share Handling Rules (hereinafter referred to as “Additional Sale”).</u></p> <p>Article <u>10</u></p> <p>(Unchanged)</p> <p>(Share Handling Rules)</p> <p>Article <u>11</u></p> <p>The procedures and fees in connection with the handling of shares and subscription rights to shares and the exercise of shareholders’ rights, including registration or recording in the shareholder registry and the registry of subscription rights to shares and purchase <u>or Additional Sale</u> of shares less than one unit shall comply with the Share Handling Rules as prescribed by the Board of Directors.</p> <p>Article <u>12</u> to Article <u>50</u></p> <p>(Unchanged)</p>

Item 3: Election of fifteen (15) Directors

The terms of office of all the current fifteen (15) directors expire at the conclusion of this year's Ordinary General Meeting of Shareholders. Accordingly, we hereby propose the election of fifteen (15) directors.

Details of the candidates are as follows:

No. of candidate	Name (Date of birth)	Career summary (positions and responsibilities in the Company, and significant concurrent positions)	Numbers of shares of the Company owned by the candidate
1	Tsutomu Hanada (Jan. 15, 1944)	Apr. 1966 Joined the Company Jun. 1998 Director Jun. 2000 Managing Director Jun. 2002 Senior Managing Director Jun. 2004 President (to the present) Significant concurrent positions Director of Shin-Keisei Electric Railway Co., Ltd. Executive Director of Oriental Land Co., Ltd.	139,000
2	Norio Saigusa (Feb. 11, 1949)	Apr. 1971 Joined the Company Jun. 2004 Director Jun. 2006 Managing Director Jun. 2008 Senior Managing Director Jun. 2009 Senior Managing Director in charge of accounting, Railway Headquarters (to the present) Significant concurrent positions Director of Shin-Keisei Electric Railway Co., Ltd.	62,000
3	Kentaro Kaneko (Jul. 18, 1948)	Jul. 2003 Vice Commandant of Japan Coast Guard Jul. 2004 President of Japan Association of Travel Agents Jun. 2006 Director of the Company Jun. 2008 Managing Director and Deputy Manager, Railway Headquarters (to the present) Significant concurrent positions President of Chiba Newtown Railway Co., Ltd. Senior Managing Director of Nippori Station Reorganization Co., Ltd.	42,000
4	Osamu Matsumura (Sep. 25, 1949)	Apr. 1972 Joined the Company Jun. 2006 Director Jun. 2008 Managing Director, in charge of real estate development and others (to the present)	46,000
5	Takehiro Mikoda (Jan. 16, 1953)	Apr. 2004 Executive Officer and General Manager of Fukuoka Branch of Mizuho Corporate Bank, Ltd. Jun. 2006 Director of the Company Jun. 2009 Managing Director in charge of internal audit, management supervision and group strategy (to the present) Significant concurrent positions Corporate Auditor of Shin-Keisei Electric Railway Co., Ltd.	38,000
6	Kosei Yonekawa (Mar. 30, 1950)	Apr. 1974 Joined the Company Jun. 2006 Director Jun. 2009 Managing Director in charge of general affairs and personnel (to the present)	40,000

No. of candidate	Name (Date of birth)	Career summary (positions and responsibilities in the Company, and significant concurrent positions)	Numbers of shares of the Company owned by the candidate
7	Akira Iguchi (Jan. 26, 1947)	Apr. 1969 Joined the Company Jun. 2000 Director Jun. 2004 Managing Director Jun. 2007 Senior Managing Director Jun. 2008 Board Chairman of Keisei Kaihatsu Co., Ltd. (current Keisei Insurance Consulting Co., Ltd.) (to the present) Jun. 2009 President of Youreim Keisei Co., Ltd. (to the present) Jun. 2009 President of Chiba Keisei Hotel Co., Ltd. (to the present) Jun. 2009 Director of the Company (to the present) Significant concurrent positions President of Youreim Keisei Co., Ltd. President of Chiba Keisei Hotel Co., Ltd. Board Chairman of Keisei Insurance Consulting Co., Ltd.	75,000
8	Takayoshi Kasai (May 22, 1947)	Apr. 1970 Joined the Company Jun. 2002 Director Jun. 2004 Managing Director Jun. 2007 Senior Managing Director Jun. 2008 Director and Vice President of Shin-Keisei Electric Railway Co., Ltd. (to the present) Jun. 2009 Director of the Company (to the present) Jun. 2009 President of Hokuso-Railway Co., Ltd. (to the present) Significant concurrent positions Director and Vice President of Shin-Keisei Electric Railway Co., Ltd. (Note 1) President of Hokuso-Railway Co., Ltd. (Note 2)	66,000
9	Ken Omuro (Jan. 13, 1949)	Apr. 1971 Joined the Company Jun. 2006 Director and Vice President, Keisei Bus Co., Ltd. (to the present) Jun. 2006 Director and General Manager, Management Supervision Dept. of the Company (to the present) Significant concurrent positions Director and Vice President of Keisei Bus Co., Ltd.	38,000
10	Hiroyuki Miyata (Oct. 28, 1951)	Apr. 1974 Joined the Company Jun. 2006 Director and General Manager, Accounting Dept. (to the present)	38,000
11	Kenichi Komori (Feb. 8, 1951)	Apr. 1973 Joined the Company Jun. 2008 Director and General Manager, Real Estate Development Dept. (to the present)	27,000
12	Hiroshi Sakayori (Jan. 13, 1952)	Apr. 1974 Joined the Company Jun. 2008 Director and General Manager, Transportation Dept., Railway Headquarters (to the present)	28,000
13	*Toshikazu Iijima (Oct. 12, 1951)	Apr. 1974 Joined the Company Jul. 2004 General Manager attached to Human Resources Dept. May 2007 President of Chiba Kaihin-bus (to the present) Significant concurrent positions President of Chiba Kaihin-bus	12,000

No. of candidate	Name (Date of birth)	Career summary (positions and responsibilities in the Company, and significant concurrent positions)	Numbers of shares of the Company owned by the candidate
14	*Mitsugu Saito (Aug. 12, 1957)	Apr. 1982 Joined the Company Jul. 2006 General Manager, General Affairs and Personnel Dept. Jun. 2008 General Manager, Group Strategy Dept. (to the present)	5,000
15	*Toshiya Kobayashi (Jul. 30, 1959)	Apr. 1982 Joined the Company Jul. 2006 General Manager, Group Strategy Dept. Jun. 2008 General Manager, Administration Dept., Railway Headquarters (to the present)	5,000

Notes:

1. The Company is engaged in transactions of the same business category as Shin-Keisei Electric Railway Co., Ltd.: general railway transport and selling/buying and leasing of land and buildings.
2. There are vehicle-leasing transactions between the Company and Hokuso-Railway Co., Ltd. The Company is engaged in transactions in the same business category as Hokuso-Railway Co., Ltd.: general railway transport.
3. Persons marked with *are new candidates for directors.

Item 4: Election of two (2) Corporate Auditors

The term of office of Corporate Auditor Kyoichiro Uenishi expires at the conclusion of this year's Ordinary General Meeting of Shareholders, while Corporate Auditor Tsuyoshi Nahara resigns as such at the conclusion of this year's Ordinary General Meeting of Shareholders. Accordingly, we hereby propose the election of two (2) corporate auditors.

With the agreement of the Board of Auditors, the following candidates are proposed.

Details of the candidates are as follows:

No. of candidate	Name (Date of birth)	Career summary (positions in the Company and significant concurrent positions)	Numbers of shares of the Company owned by the candidate
1	Kyoichiro Uenishi (Jan. 15, 1958)	Apr. 2009 President and COO, President Officer of Oriental Land Co., Ltd. (to the present) Jun. 2009 Corporate Auditor of the Company (to the present) Significant concurrent positions President and COO, President Officer of Oriental Land Co., Ltd. (to the present)	0
2	*Kiyoshi Ujihara (Nov. 28, 1948)	Jul. 2008 Senior Managing Executive Officer of Nippon Life Insurance Company Mar. 2010 Executive Vice President of Nippon Life Insurance Company (to the present) Significant concurrent positions Executive Vice President of Nippon Life Insurance Company Director of ULVAC, Inc.	0

Notes:

1. The Company maintains a business partner relationship with Oriental Land Co., Ltd. and also conducts transactions with them, including the renting of buildings. The Company is also engaged in transactions of the same business category as Oriental Land Co., Ltd.: selling/buying and leasing of land and buildings.
2. Kiyoshi Ujihara is a candidate for external corporate auditor.
3. The reason for selecting Kiyoshi Ujihara as a candidate for external corporate auditor is that as his career records show, and that we expect that he can provide us with useful advice for the Board of Directors with his executive experiences and his fine discriminations in addition to auditing the legality of our business administration objectively and neutrally.
4. Kiyoshi Ujihara is Executive Vice President of Nippon Life Insurance Company, which received business improvement orders concerning its insurance payment management system and business management system from the Financial Services Agency in July 2006 and July 2008.
5. Corporate auditor candidate Kiyoshi Ujihara is to be elected to fill the vacancy for Corporate Auditor Tsuyoshi Nahara, and for this reason his term of office is to expire, as prescribed in the Articles of Incorporation of the Company, upon expiry of the term of office of retiring Tsuyoshi Nahara.
6. Persons marked with *are new candidates for corporate auditors.

Item 5: Bonuses for Directors

We hereby propose total bonuses of 37 million yen for the 15 Directors as of the end of the term under review considering the Company performance for the term.

Item 6: Amendment to the remuneration for Directors

Fourteen years has passed since current remuneration for Directors of 24 million yen or less per month was resolved at the 153rd Ordinary General Meeting of Shareholders held on June 27, 1996. Considering that the subsequent change in the economic situation and that enforcement of the Companies Act has resulted in bonuses for directors being treated as remuneration and the possibility that the intended amendment will increase the flexibility of our future remuneration policy, we propose changing the basis of remuneration from a monthly basis to a yearly basis, paying an amount equivalent to each directors' bonus within the yearly remuneration amount, and amending remuneration for directors to 400 million yen or less per year.

As before, Directors' remuneration does not include amounts paid for services provided in the capacity of employees by directors who are concurrently employees.

If Item 3 "Election of fifteen (15) Directors" is approved, the number of directors will be 15, which is the same as the current number.

Item 7: Maintenance of the Policy toward a Large-scale Purchase (Anti-takeover Defenses) of Shares, etc. of the Company

At its 165th ordinary general meeting of shareholders held on June 27, 2008, the Company obtained approval for the adoption of a policy toward a large-scale purchase (anti-takeover defenses) of our shares, etc. (hereinafter referred to as the "Original Policy"), as an approach to preventing the company from being controlled by a person who is inappropriate in light of our "Basic Policy on Control of the Company". The effective term of the Original Policy will expire at the conclusion of this general meeting of shareholders.

Since then, the Company has given further consideration to whether or not it will maintain the Original Policy as a measure to maintain and improve the corporate and equity values of the Company and its subsidiaries and affiliates (hereinafter collectively referred to with the Company as the "Group"), as well as to its contents, in light of the changes in social and economic conditions, the development of discussions on anti-takeover defenses, and other pertinent factors and information.

As a result, at its meeting held on May 11, 2010, the Board of Directors decided, subject to approval by a resolution passed at the Company's general meeting of shareholders, on a policy toward a large-scale purchase (anti-takeover defenses) of our shares, etc. under which the Original Policy will be maintained with some modifications (hereinafter referred to as the "Policy").

In response to the above decision, we ask our shareholders to approve the continued adoption of the Policy in accordance with the provisions of Article 15 of the Articles of Incorporation (which will be Article 16 subject to the approval and passage of Proposal No.2, "Amendment to the Articles of Incorporation").

I. Purpose and Outline of the Policy

The basic policy on the qualifications of the person who may control decisions regarding the Company's financial and business policies is as described in part II below. The Company has formulated the Policy in order to maintain and improve the Group's corporate value and the common interests of its shareholders, as an approach to preventing decisions regarding the Company's financial and business policies from being controlled by a person who is inappropriate in light of such basic policy.

1. Establishment of the Large-scale Purchase Rules

To being with, the Policy establishes rules to be complied with by each large-scale purchaser (as defined in section 1(1) of part IV below) who intends to conduct a large-scale purchase (as defined in section 1(1) of part IV below) (which is referred to as the "Large-scale Purchase Rules" in the Policy), which will require such large-scale purchaser: (1) to provide in advance certain information on the large-scale purchaser and the proposed large-scale purchase which is necessary to allow the Company's shareholders and the Board of Directors to make their decision on the large-scale purchase; and (2) to refrain from carrying out the proposed large-scale purchase for a certain period, in order to allow time for the Board of Directors to examine and assess the proposed large-scale purchase, to negotiate with the large-scale purchaser, and to present or offer its opinion or an alternative proposal to the Company's shareholders.

2. Establishment of Independent Committee

In addition, the Policy provides for the establishment of an independent committee, which will consist of persons who are independent of the management operating the Company's business (which is referred to as the "Independent Committee" in the Policy), in order to ensure objective and reasonable judgments of the Board of Directors on any countermeasures that may be taken by the Company against a large-scale purchase (which is referred to as "Countermeasures against a Large-scale Purchase" in the Policy) and related matters.

3. Contents of and conditions and procedures for taking Countermeasures against a Large-scale Purchase

With respect to the Countermeasures against a Large-scale Purchase, the Policy provides: (1) that, with respect to the contents of the countermeasures, the countermeasures shall, in principle, consist of the allotment of share options without contributions; (2) that, with respect to the conditions for taking the countermeasures, they may be taken (i) if the large-scale purchaser fails to comply with the Large-scale Purchase Rules or if the proposed large-scale purchase is likely to cause significant damage to the Group's corporate value or the common interests of its shareholders, and (ii) if such countermeasures are reasonable as such against the relevant large-scale purchase; and (3) that, with respect to the procedures for taking countermeasures, they shall be taken only after a resolution to do so is passed by the Board of Directors of the Company, which shall be passed, in principle, after giving the utmost consideration to the recommendations of the Independent Committee described in paragraph 2 above.

4. Effective term of the Policy

Considering that the E1 Plan covers up to fiscal year 2012 (the business year ending on March 31, 2013), the Policy shall remain effective until the conclusion of the ordinary general meeting of shareholders (scheduled for June 2013) for the last business year ending within three years following the conclusion of the ordinary general meeting of shareholders at which the Policy was approved and passed.

II. Basic Policy on the Qualifications of the Person Who May Control Decisions regarding the Company's Financial and Business Policies

1. The Group's basic philosophy on business operations

The Group is basically engaged in transportation services (mainly railway operations) which provide a social infrastructure of a highly public nature (which is referred to the "Core Business" in the Policy). The Group has social responsibility that comes along with this service.

In the Group's business, this type of social responsibility can be fulfilled by providing stable transport service while ensuring the safety and convenience of its users. For this purpose, the Group believes that it is essential to manage its safety measures, railway maintenance, improvement and expansion of facilities, development of areas along railways and other activities from medium- and long-term perspectives with an eye to various changes in our business environment.

It is also important in the Group's business to give maximum consideration to the interests of a wide range of stakeholders while the Group proceeds with its business activities. Such consideration must be given not only to the Group's customers, shareholders, clients and employees but also to harmony with the communities involved and the Group's environment, in order to fulfill its social responsibility described above.

As a result of the Group's business expansion efforts based on medium- and long-term perspectives and on consideration to a wide range of stakeholders as described above, its business has expanded to include a wide range of activities, including railway service as the core and transportation (including bus and taxi operations), distribution, real estate activities, leisure and service businesses, and construction. The Company believes that the Group's corporate value should be maintained and improved by symbiotically linking the transportation service as the Core Business and these related activities.

2. Our policy for handling a large-scale purchase

The Company believes that it is as a result of free trade on the stock market that a listed company has shareholders at any given time, and that whether or not a proposed large-scale purchase is accepted by a shareholder should ultimately be left to the judgment of the shareholder, even if the proposed large-scale purchase is such that it will result in a transfer of control of the company.

Once a large-scale purchase is completed, however, the large-scale purchaser will acquire control that will enable the large-scale purchaser to exert an immediate, significant influence on the Group's operations. Thus, a large-scale purchase may have a material impact on the Group's corporate value and the common interests of its shareholders.

As a matter of fact, however, it is difficult for shareholders to make appropriate judgments as to the potential influence of a large-scale purchase upon the Group's corporate value and the common interests of its shareholders without obtaining sufficient information on the large-scale purchaser and the large-scale purchase. In addition, the Group's corporate value is surrounded by the special circumstances described above, which require particular consideration. Under such circumstances, the Company believes that its Directors have the following responsibilities: To ensure that the large-scale purchaser provides sufficient information necessary for the shareholders to make a decision; to examine and assess through the Board of Directors the potential impact of the management policies, etc. proposed by the large-scale purchaser upon the Group's corporate value and to provide assessment results to shareholders for their information; and, if necessary, to hold negotiations or discussions between the Board of Directors and the large-scale purchaser on the proposed large-scale purchase or the Group's management policies, or to offer to shareholders, alternative management policies developed by the Board of Directors for the Group.

Further, under the recent Japanese capital market and legal system, one cannot totally deny the possibility that a large-scale purchase will be conducted in a manner that may result in obvious damage to the Group's corporate value or the common interests of its shareholders. Under the circumstances, the Company believes that its Directors also have the following responsibilities: To establish procedures for ensuring the provision of information by a large-scale purchaser and the examination and assessment by the Board of Directors; and to prepare countermeasures against a large-scale purchase in order to prevent obvious damage to the Group's corporate

value and the common interests of its shareholders.

III. Special Approaches to Help Realize the Basic Policy

1. The Group's management philosophy

Based on the philosophy described above, the Group aims at contributing to the development of society through its daily business activities, by fulfilling its social responsibilities as a business corporation and achieving sound business development. To this end, the Group has established the Group Management Philosophy that "the Group should contribute to the development of society by providing high-quality goods and services in a safe, appropriate manner and achieving sound business development". At the same time, the Group has strived, with the intention of realizing the above philosophy, to maintain and improve its corporate value by establishing the Group Action Guidelines, which consist of the following five items: safety, customer service, development, corporate ethics, and the environment.

2. The Group's management plan

Under the Group's management philosophy described above, the Group makes a Medium-Range Management Plan every three years in order to clarify the policy for and goals of the management of the Group as a whole. The Group's basic policy in these plans is to strengthen the system to maximize group synergy and to strive to maximize the corporate value of the entire Group.

In the E1 Plan, which covers fiscal years 2010 through 2012, the Group plans to seek the maximization of the corporate value of the entire Group based on the following basic policies: to further enhance the profitability of the railway business, to improve the image of the Group as a whole, and to promote the vitalization of the areas along our railway lines, in view of the opening of the Narita Airport Line; to continue to promote steady business operations focused on transportation services as the Core Business; to strengthen our financial standing by securing reasonable business cash flows and making capital investments within the limits of the allowance for depreciation; to select good investment projects and to keep the size of investments within an appropriate limit in order to achieve the steady growth of our business; and to further strengthen our competitiveness by maximizing the Group's synergy and improving its brand value.

With respect to transportation services, the Group plans to promote the following activities: achieving the smooth operation of the Narita Airport Line; fully ensuring safe transportation and further improving customer services; securing qualified drivers and keeping labor costs down in bus and taxi operations; and promoting the reorganization of passenger bus lines and the expansion of expressway bus lines.

As for real estate activities, the Group intends to: secure stable profits by increasing real estate assets for lease focusing on the areas in which the Group is based; make better use of the Group companies' assets; and enhance the Group's product planning and marketing abilities in its real estate sales business.

In the distribution, leisure and service businesses and related activities, the Group plans to diligently promote measures that will contribute to the improvement of the value of areas along railways and of the Group.

In addition, the Group intends to improve its earning power, profitability, and investment efficiency by setting the following numerical goals (on a consolidated basis) for the last fiscal year (2012) covered by the E1Plan: an operating income of at least 23 billion yen (with an operating income margin of 9% or higher); an ordinary income of at least 22 billion yen; and an EBITDA ratio (interest-bearing debt/ [operating income + depreciation]) of 9 or lower.

With the opening of the Narita Airport Line scheduled for July this year, the Group's businesses will undergo significant changes. By maximizing the beneficial effects of the new line at an early stage through business efforts made throughout the Group, the Group intends to further enhance the earning power of its Core Business throughout the term of the plan.

3. The philosophy of returning profits to customers

The Group's businesses are of a highly public nature, with railway operations being at the core. For this reason, the Company's basic policy is to return its profits to customers in a stable, continuous manner, while maintaining internal reserves necessary to develop business and to strengthen and stabilize the business foundation in the future, as well as taking the Company's performance and other factors into account.

The Company intends to expand internal reserves in order to meet the expected capital demands, as we plan to continue to strengthen our transportation capacity and to improve our operational security and passenger service.

IV. Contents of the Policy

1. The Large-scale Purchase Rules

(1) Scope

The Large-scale Purchase Rules will apply to a person who conducts or intends to conduct a Large-scale Purchase (which is referred to as a "Large-scale Purchaser" in the Policy), which means any of the activities listed below in (a) through (d) or similar activities that have not been consented to by the Company's Board of Directors in advance (which is referred to as a "Large-scale Purchase" in the Policy).

- (a) A purchase of or other activity to obtain Shares, Etc.¹ of the Company² which would result in the purchaser's Shareholding Ratio³ being 20% or higher.
- (b) A purchase of or other activity to obtain Shares, Etc.⁴ issued by the Company⁵ which

¹ "Shares, Etc." means "shares, etc." as defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act; the same applies hereinafter.

² "A purchase of or other activity to obtain Shares, Etc. of the Company" includes: holding the right to demand delivery of such Shares, Etc. under a purchase or any other agreement; and conducting any of the transactions set forth in Article 14-6 of the Enforcement Order for the Financial Instruments and Exchange Act.

³ "Shareholding Ratio" means "shareholding ratio" as defined in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act; the same applies hereinafter. In the calculation of a Shareholding Ratio, the total number of shares issued (meaning the "total number of shares issued" in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act) may be drawn from the most recent of the following: the securities report, the quarterly securities report, and the share buyback report most recently submitted to the competent authorities.

⁴ "Shares, Etc." means "shares, etc." as defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act; the same applies hereinafter in this item (b) only.

⁵ "A purchase of or other activity to obtain Shares, Etc. issued by the Company" includes: purchases and other transfers made for a consideration; and other activities similar to transfers made for a consideration set forth in Article 14-6 of the Enforcement Order for the Financial Instruments and Exchange Act.

would result in the sum of the Share, Etc. ownership ratio⁶ of the purchaser and that of its Special Interested Parties⁷ being 20% or higher.

- (c) An agreement or other activity by the person with one or more other shareholders of the Company whereby the person would become a Joint-Holder⁸ of the shares held by the other shareholder(s) and which would result in the sum of the Shareholding Ratio of the person and that of the other shareholder(s) being 20% or higher.
- (d) An activity by the person with one or more other shareholders of the Company whereby a relationship would be established between the person and the other shareholder(s) where one substantially controls the other, or both parties are placed under common control, or the person and the other shareholder(s) are to act jointly or in cooperation, and which would result in the sum of the Shareholding Ratio of the person and that of the other shareholder(s) being 20% or higher.

(2) Submission of a Letter of Intention

A Large-scale Purchaser will be requested to submit to the Representative Director of the Company, prior to carrying out or commencing the proposed Large-scale Purchase, a "Letter of Intention to Conduct a Large-Scale Purchase" (which is referred to as a "Letter of Intention" in the Policy) indicating information on the matters listed below in (a) through (g). The Letter of Intention must be written in Japanese and must be signed by, or affixed with the name and seal of, the Large-scale Purchaser or its representative. The purpose of this requirement is to allow the Company's Board of Directors and shareholders to perceive the existence of the proposed Large-scale Purchase and to obtain basic information on the Large-scale Purchaser.

- (a) A declaration that the document is intended to be a Letter of Intention submitted pursuant to the Large-scale Purchase Rules.
- (b) Whether the Large-scale Purchaser is a natural or legal person, or a statement that it is an association, organization or other entity without corporate status, if that is the case.
- (c) If the Large-scale Purchaser is a natural person, its name, nationality, address and place of employment.
- (d) If the Large-scale Purchaser is not a natural person, its trade name or other official name, the address of its head office or principal place of business, the governing law of incorporation, and the name of its representative.
- (e) The following information on the Large-scale Purchaser's point of contact in Japan: the name of the contact person, address or location, telephone number, facsimile number, and relationship with the Large-scale Purchaser.

⁶ "Share Etc. Ownership Ratio" means "share ownership ratio" as defined in Article 27-2, Paragraph 8 of the Financial Instruments and Exchange Act; the same applies hereinafter. In the calculation of a Share Etc. Ownership Ratio, the total number of voting rights (meaning the "total number of voting rights" in Article 27-2, Paragraph 8 of the Financial Instruments and Exchange Act) may be drawn from on the more recent of the following: the securities report and the quarterly securities report most recently submitted to the competent authorities.

⁷ "Special Interested Parties" means "special interested parties" as defined in Article 27-2, Paragraph 7 of the Financial Instruments and Exchange Act; the same applies hereinafter.

⁸ "Joint-Holder" means "joint-holder" as defined in Article 27-23, Paragraph 5 of the Financial Instruments and Exchange Act and includes all persons who are deemed to be joint-holders pursuant to Paragraph 6 of the same article; the same applies hereinafter.

- (f) An outline of the proposed Large-scale Purchase in terms of measures, timing, purpose and other respects.
- (g) A covenant that the Large-scale Purchaser will comply with the applicable laws and regulations and the Large-scale Purchase Rules.

Upon submission of the Letter of Intention by a Large-scale Purchaser, the Company will, in accordance with the applicable laws and regulations and the rules of the financial instruments exchange, disclose the fact that such Letter of Intention has been submitted as well as other information deemed by the Board of Directors to be appropriate for disclosure.

(3) Provision of information on the Large-scale Purchase

The Large-scale Purchaser will also be requested to provide, prior to carrying out or commencing the proposed Large-scale Purchase, information in the Japanese language necessary for shareholders to make their decision on the Large-scale Purchase, for the Board of Directors and the Independent Committee to form their view as to whether or not to accept the proposed Large-scale Purchase, and for the Board of Directors to formulate an alternative proposal to be offered to shareholders (which is referred to as "Large-scale Purchase Information" in the Policy). The purpose of this requirement is to ensure that shareholders will be able to make appropriate decisions on the Large-scale Purchase and that the Board of Directors will be able to examine and assess the Large-scale Purchase in an appropriate manner.

Specifically, following the submission of the Letter of Intention, the Large-scale Purchaser will be requested to provide the Representative Director of the Company with the information listed below in (a) through (d). If the Large-scale Purchaser is unable to provide any part of the information listed below in (a) through (d), the Large-scale Purchaser will be requested to provide the Company with specific reasons for such inability.

- (a) The information listed below in (i) through (x) on the Large-scale Purchaser and its group⁹ (such group and the Large-scale Purchaser are collectively referred to as the "Large-scale Purchaser Group" in the Policy):
 - (i) History;
 - (ii) Each officer's name, career summary, and any previous violations of law;
 - (iii) Description of business;
 - (iv) Capital structure or contribution ratios;
 - (v) A group organization chart;
 - (vi) Financial statements or consolidated financial statements;
 - (vii) If the Large-scale Purchaser has submitted securities reports or equivalent

⁹ "Large-scale Purchaser and its group" includes: any and all Joint-Holders and Special Interested Parties, all major shareholders, contributors, partners or members, and all major subsidiaries and affiliates, of the Large-scale Purchaser; and if the Large-scale Purchaser is a special purpose company whose purpose is to hold Shares, Etc. of the Company and other Shares, Etc., the person controlling decisions regarding the Large-scale Purchaser's financial and business policies and the person(s) continuously providing the Large-scale Purchaser with advice on investments.

documents to the competent authorities or the financial instruments exchange, the securities reports or equivalent documents for the most recent three years;

- (viii) The Shareholding Ratio for Shares, Etc. of the Company held by the Large-scale Purchaser Group during the past year and historical changes of such ratio;
 - (ix) Any and all prior business and competitive relationships between the Large-scale Purchaser Group and the Group's major clients; and
 - (x) Performance and history of past investments¹⁰.
- (b) The information listed below in (i) through (iii) on the proposed Large-scale Purchase:
- (i) The specific purpose, measures and contents of the proposed Large-scale Purchase¹¹;
 - (ii) Whether or not any communication has been made with a third party regarding the proposed Large-scale Purchase and, if so, an outline of the specific contents of the communication and the identity of such third party; and
 - (iii) The bases for calculation of the value of consideration for the proposed Large-scale Purchase¹² and proof of funds for the proposed Large-scale Purchase¹³.
- (c) The information listed below in (i) through (vii) on the policies, plans and measures to be taken following completion of the proposed Large-scale Purchase:
- (i) The Group's proposed management policies, management and business plans, financial, capital and dividend policies, numerical goals for operation and financial statements for the first three years and the bases for calculation of such goals, and the names and brief personal histories of the proposed officers¹⁴;

¹⁰ "Investments" include all investments in businesses of the same type as, or a similar type to, the Company's Core Business.

¹¹ "Contents of the proposed Large-scale Purchase" include, among others: the nature and value of consideration for the proposed Large-scale Purchase; the scheduled timing of commencement and completion of and payment for the proposed Large-scale Purchase; a summary of related transactions; legitimacy of the proposed Large-scale Purchase and a legal opinion thereon; and the feasibility of the proposed Large-scale Purchase and related transactions.

¹² "The bases for calculation of the value of consideration for the proposed Large-scale Purchase" include, among others: the facts or assumptions on which the calculation is based; the calculation method; the agent which did the calculation; numerical data used in the calculation; and the amount of synergy effect expected from the proposed Large-scale Purchase and other related transactions and the bases for the calculation thereof.

¹³ "Proof of funds for the proposed Large-scale Purchase" includes: a summary of the direct and indirect financiers (including their names, addresses and capital structures); the terms and conditions and the mechanisms of the series of transactions for fundraising; security interest, if any, created over Shares, Etc. of the Company already held by the Large-scale Purchaser; and whether or not and, if so, when, the Large-scale Purchaser plans to create a security interest over the Company's assets and/or Shares, Etc.

¹⁴ This information item includes: the proposed plans for sale, provision as security and other disposition of the Company's assets following completion of the proposed Large-scale Purchase; and the proposed policy on the listing of Shares, Etc. of the Company.

- (ii) The basic policies and specific contents of safety measures, rail route maintenance, facilities expansion and other business deployments of the Core Business, and other specific measures to improve the corporate value of the Group in a stable, continuous manner, and the justification for these business deployments and measures as a means to improve the corporate value of the Group;
 - (iii) The expected functions and position of the Group in the Large-scale Purchaser's group;
 - (iv) The proposed policies on, and any changes to be made, and the details of such changes (if any), with respect to relationships between the Group and its officers, employees, major clients, customers (including users of railways, etc.), local communities concerned, and other stakeholders of the Group;
 - (v) The purpose, specific contents, terms and conditions and timing of the important proposal, etc.¹⁵, if any, which the Large-scale Purchaser intends to make, or is likely to make after the completion of the proposed Large-scale Purchase;
 - (vi) The policies on the holding and trading of the Shares, Etc. of the Company, the recovery of investments made, and the exercise of the voting rights associated with the Shares, Etc. of the Company; and
 - (vii) Specific measures to prevent conflicts of interest with other shareholders of the Company.
- (d) A covenant that all information provided by the Large-scale Purchaser to the Company (which is referred to as "Large-scale Purchaser Derived Information" in the Policy) is true and accurate in all material respects and does not include any misleading statements or omissions of a material fact.

If the Large-scale Purchaser Derived Information is considered by the Board of Directors to be insufficient as Large-scale Purchase Information, the Board of Directors may request the Large-scale Purchaser to provide additional information within a reasonable period designated by the Board of Directors. As the specific contents of Large-scale Purchase Information inevitably vary depending on the attributes of the Large-scale Purchaser, the substance of the Large-scale Purchase and other relevant factors, additional information that may be requested from the Large-scale Purchaser may include information other than that listed in (i) through (iv) above. However, the Large-scale Purchaser Derived Information should be limited to the extent necessary and sufficient for shareholders to make their decisions on, and for the Board of Directors to conduct appropriate examination and assessment as to, whether or not to accept the Large-scale Purchase.

If the Large-scale Purchaser Derived Information is considered by the Board of Directors to be sufficient as Large-scale Purchase Information, the Company will notify the Large-scale Purchaser, and will also disclose in accordance with the applicable laws and regulations and the rules of the financial instruments exchange, that it has completed the provision of Large-scale Purchase Information. However, if any change occurs in the Large-scale Purchaser Derived Information after the notification to the Large-scale Purchaser of completion of the provision of Large-scale Purchase Information, the Large-scale Purchaser must promptly provide the changed information.

In making its decision on whether or not the Large-scale Purchaser Derived Information is

¹⁵ "Important proposal, etc." means "important proposal, etc." as defined in Article 27-26, Paragraph 1 of the Financial Instruments and Exchange Act; the same applies hereinafter.

sufficient as Large-scale Purchase Information, the Board of Directors may seek advice from the Independent Committee. Any advice provided by the Independent Committee must be respected to the maximum extent possible.

The Large-scale Purchaser Derived Information will be disclosed to shareholders to the extent deemed by the Board of Directors to be necessary and appropriate for shareholders to make decisions, whenever deemed appropriate by the Board of Directors.

(4) Establishment of Board's Assessment Period

Next, the Large-scale Purchaser will be requested to refrain from commencing or conducting the proposed Large-scale Purchase during the period necessary for the Board of Directors and the Independent Committee to examine and assess the proposed Large-scale Purchase and to form their view as to whether or not to accept the proposed Large-scale Purchase, and for the Board of Directors to formulate an alternative proposal to be offered to shareholders (which is referred to as the "Board's Assessment Period" in the Policy).

The Board's Assessment Period will commence on the date of notice by the Company to the Large-scale Purchaser of completion of the provision of Large-scale Purchase Information and will, in principle, continue for a period of 60 days in the case of the purchase of all Company shares by a takeover bid with cash (yen)-only consideration or 90 days in the case of any other Large-scale Purchase (excluding the first day in both cases).

However, if reasonably necessary for the Independent Committee to form its view on any matter relating to whether or not it is appropriate to take any Countermeasures against a Large-scale Purchase or any other matter for which advice has been sought by the Board of Director, the Independent Committee may recommend the Board of Directors to extend the Board's Assessment Period, in which case the Board of Directors may extend the Board's Assessment Period for up to a period of 30 days (excluding the first day). If the Board of Directors passes a resolution to extend the Board's Assessment Period, the Company will notify the Large-scale Purchaser of, and will also disclose in accordance with the applicable laws and regulations and the rules of the financial instruments exchange, the period of and reason for such extension.

During the Board's Assessment Period, the Board of Directors will examine and assess the proposed Large-scale Purchase based on the Large-scale Purchaser Derived Information and will carefully form the Board's opinion on the proposed Large-scale Purchase. If necessary, the Board of Directors will offer to shareholders an alternative proposal, or will negotiate and discuss with the Large-scale Purchaser in order to improve the terms of the proposed Large-scale Purchase or for other purposes.

2. Independent Committee

(1) Establishment and composition of the Independent Committee

In association with the adoption of the Policy, the Company will establish an Independent Committee consisting of persons who are independent of the management operating the Company's business, in order to ensure objective and reasonable judgments of the Board of Directors on Countermeasures against a Large-scale Purchase that may be taken by the Company or on other matters.

The Independent Committee will have no less than three members. In order to ensure independence from the management operating the Company's business, all members of the Independent Committee will be appointed from the Company's outside Directors, the Company's outside Corporate Auditors or outside experts. Brief personal histories of the

members of the Independent Committee at the time of adoption of the Policy are shown in Appendix 1.

Details of the Independent Committee will be determined by the Board of Directors, in addition to those described in the Policy.

(2) Recommendation on whether or not it is appropriate to take countermeasures

In response to inquiries by the Board of Directors, the Independent Committee will examine whether or not the conditions for taking Countermeasures against a Large-scale Purchase have been met and will, before expiration of the Board's Assessment Period, make recommendations to the Board as to whether or not it is appropriate to take Countermeasures against a Large-scale Purchase. The Board of Directors must respect the recommendations of the Independent Committee to the maximum extent possible.

At any time after the Independent Committee has made recommendations as to whether or not it is appropriate to take Countermeasures against a Large-scale Purchase and the Board of Directors has passed a resolution to take countermeasures or has decided not to take any countermeasures, the Independent Committee may withdraw any recommendations that have already been made or may make additional recommendations that are different from those that have already been made, if the substance of the recommendations that have already been made are no longer reasonable due to any change in the facts on which such recommendations were based or for any other reason.

(3) Authority of the Independent Committee

In addition to making recommendations as described in paragraph (2) above, the Independent Committee will make recommendations or provide advice to the Board of Directors in response to inquiries made by the Board on a voluntary basis, on such matters as: whether or not the Large-scale Purchase Rules should apply to a certain situation; whether or not the Large-scale Purchaser Derived Information is sufficient as Large-scale Purchase Information; whether or not an alternative proposal formulated by the Board is reasonable; and whether or not certain Countermeasures against a Large-scale Purchase contemplated by the Board are reasonable. The Board of Directors must also respect this advice of the Independent Committee to the maximum extent possible.

In the process of formation of recommendations or opinions on inquiries made by the Board of Directors, the Independent Committee will refer to the Large-scale Purchaser Derived Information and information, materials, analyses, opinions, proposals, etc. provided by the Board, and may obtain for itself from the Large-scale Purchaser, the Board of Directors or outside third parties, information, etc. necessary to make its judgment.

If necessary, the Independent Committee will also seek advice from outside independent third parties (including financial advisors, consultants, lawyers, certified public accountants, licensed tax accountants and other professionals) at the Company's expense.

(4) Resolutions by the Independent Committee

In principle, a resolution by the Independent Committee shall be passed at a meeting attended by all members when it is voted for by a majority of the members in attendance; provided, however, that if any of the members is unavailable for any unexpected reason or under other unavoidable circumstances, a resolution may be passed at a meeting attended by a majority of all members when it is voted for by a majority of the members in attendance.

(5) Disclosure of recommendations and advice

If the Independent Committee provides the Board of Directors with recommendations or advice with respect to inquiries made by the Board, the Company will, in accordance with the applicable laws and regulations and the rules of the financial instruments exchange, promptly disclose a summary of such recommendations or advice of the Independent Committee as well as other information deemed by the Board of Directors to be appropriate for disclosure.

3. Countermeasures against a Large-scale Purchase

(1) Contents of Countermeasures against a Large-scale Purchase

In principle, if the Company chooses to take a specific Countermeasure against a Large-scale Purchase pursuant to the Policy, such countermeasure shall be to issue share options by means of allotment to existing shareholders of the Company without contributions. However, the Board of Directors may pass a resolution to take any other Countermeasure against a Large-scale Purchase which is allowed under the Companies Act or any other law or regulation and the Articles of Incorporation of the Company, if such countermeasure is deemed by the Board to be reasonable as a Countermeasure against a Large-scale Purchase.

Appendix 2 outlines the matters concerning the allotment of share options to existing shareholders without contributions, if the Company chooses to make such allotment as a specific Countermeasure against a Large-scale Purchase. These share options may be subject to the discriminatory conditions listed below:

- (a) the condition for exercise which prohibits certain ineligible persons (as defined in Appendix 2) from exercising their share options; and/or
- (b) the condition for the acquisition of share options which allows the Company to acquire share options held by persons other than ineligible persons in exchange for common shares of the Company.

In order to ensure the expeditious issuance of share options, the Company plans to file an additional revised registration of issuance of share options, after the Policy comes into effect.

(2) Conditions for taking Countermeasures against a Large-scale Purchase

The Board of Directors may pass a resolution to take specific Countermeasures against a Large-scale Purchase if and only if: (a) it is necessary to take such Countermeasures against a Large-scale Purchase against the relevant proposed Large-scale Purchase; and (b) the specific Countermeasures against a Large-scale Purchase are reasonable as countermeasures against the proposed Large-scale Purchase.

(a) Necessity for taking Countermeasures against a Large-scale Purchase

Taking Countermeasures against a Large-scale Purchase shall be deemed necessary only in either of the following events:

A. In the event that the Large-scale Purchaser fails to comply with the Large-scale Purchase Rules

If the Large-scale Purchaser conducts the Large-scale Purchase without submitting a Letter of Intention or without providing information sufficient as

Large-scale Purchase Information, or if the Large-scale Purchaser conducts the Large-scale Purchase before the elapse of the Board's Assessment Period, or otherwise if the Large-scale Purchaser fails to comply with the Large-scale Purchase Rules, the Board of Directors may pass a resolution to take Countermeasures against the Large-scale Purchase.

- B. In the event that the Large-scale Purchase is likely to cause significant damage to the Group's corporate value or the common interests of its shareholders

If the Large-scale Purchaser complies with the Large-scale Purchase Rules, the Board of Directors will not, in principle, pass a resolution to take Countermeasures against the Large-scale Purchase, even if the Board of Directors has formed a view against the Large-scale Purchase, although the Board of Directors may express itself against the Large-scale Purchase, or offer an alternative proposal to shareholders, or attempt to persuade shareholders to accept such proposal.

However, even if the Large-scale Purchaser complies with the Large-scale Purchase Rules, the Board of Directors may pass a resolution to take Countermeasures against the Large-scale Purchase if the Large-scale Purchase is considered to cause significant damage to the Group's corporate value or the common interests of its shareholders. Specifically, we believe that if a Large-scale Purchase falls under any of the following items (i) through (x), it will cause significant damage to the Group's corporate value or the common interests of its shareholders:

- (i) If the purpose of the Large-scale Purchase or the acquisition of control of the Group is not to truly participate in the management of the Company but to inflate the price of shares, etc. of the Company and force persons involved in the Company to purchase them at a high price (so-called greenmail tactics);
- (ii) If the main purpose of the Large-scale Purchase or the acquisition of control of the Group is to transfer real property, movable property, intellectual property rights, know-how, trade secret information, major clients, customers and/or other assets of the Group to the Large-scale Purchaser Group (so-called scorched-earth tactics);
- (iii) If the main purpose of the Large-scale Purchase or the acquisition of control of the Group is to appropriate all or a substantial part of the Group's assets as security for obligations or funds for debt payment of the Large-scale Purchaser Group;
- (iv) If the main purpose of the Large-scale Purchase or the acquisition of control of the Group is to transfer, lease, provide as security or otherwise dispose of all or a substantial part of the business facilities owned by the Group;
- (v) If the main purpose of the Large-scale Purchase or the acquisition of control of the Group is to dispose of real property, securities and other expensive assets owned by the Group by temporarily controlling operations and to use proceeds from such disposal to cause the Company to pay high dividends temporarily or to sell the Shares, Etc. of the Company at high prices by taking advantage of surging share prices due to temporary high dividends;
- (vi) If the Large scale Purchase or the method of transaction associated therewith is deemed likely to restrict the Company's shareholders'

opportunities and freedom of decision and practically force the Company's shareholders to sell the Company's shares, by such means as failing to make a tender offer for all shares in the initial buying but setting disadvantageous or unclear conditions for buying in a second tender offer (a so-called coercive two-tier tender offer);

- (vii) If the terms of acquisition of the Company's Shares, Etc. in the proposed Large-scale Purchase (including, but not limited to, the nature and value of consideration and the bases for calculation of such value, and other details, timing and method of acquisition) are considerably inadequate or improper in light of the corporate value of the Group;
- (viii) If the proposed Large-scale Purchase is likely to result in irreparable destruction or loss of the Company's relationships not only with its shareholders but also with the Group's employees, clients including customers (including users of railways, etc.), local communities concerned and other stakeholders of the Group
- (ix) If the Large-scale Purchase is likely to significantly undermine the safety or public nature of the railway operations or the maintenance of users' interests because of the Large-scale Purchaser's inadequate or inappropriate management policies, business plans or other plans to be used following the proposed Large-scale Purchase; or
- (x) If the Large-scale Purchaser would be inappropriate as the controlling shareholder of the Company from the viewpoint of public order and morals.

(b) Reasonableness of Countermeasures against a Large-scale Purchase

Specific Countermeasures against a Large-scale Purchase must be ones that are considered reasonable as countermeasures against the relevant Large-scale Purchase, when the following factors are comprehensively taken into account from the viewpoint of the necessity for taking the Countermeasures against a Large-scale Purchase as described in (a) above and from the viewpoint of the principle of shareholder equality or its original spirit, the principle of equity: the circumstances leading to the adoption of the Countermeasures against a Large-scale Purchase; whether or not and, if so, to what degree, such countermeasures will create a disadvantage for the Company's existing shareholders; the deterrent effect of the countermeasures on the Large-scale Purchase; and other relevant factors.

(3) Procedures for taking Countermeasures against a Large-scale Purchase

To ensure objective and reasonable judgments of the Board of Directors, the Board must seek advice from the Independent Committee as to whether or not it is appropriate to take the specific countermeasures which the Board intends to pass a resolution to take, before passing a resolution to do so.

If necessary, the Board of Directors will also seek advice from outside independent third parties (including financial advisors, consultants, lawyers, certified public accountants, licensed tax accountants and other professionals) at the Company's expense.

The Board of Directors must respect the recommendations or advice of the Independent Committee to the maximum extent possible, and may, in principle, pass a resolution to take Countermeasures against a Large-scale Purchase if and only if, the Independent Committee has recommended the Board to take them or has provided advice supporting use of the Countermeasures against a Large-scale Purchase. However, if it is objectively

clear that the Large-scale Purchaser has failed to comply with the Large-scale Purchase Rules and if waiting for the Independent Committee to make a recommendation before taking the Countermeasures against a Large-scale Purchase would cause significant damage to the Group's corporate value or the common interests of its shareholders, then the Board of Directors may pass a resolution to take the Countermeasures against a Large-scale Purchase without the Independent Committee's recommendation or advice.

If the Board of Directors passes a resolution to take or not to take Countermeasures against a Large-scale Purchase, the Company will, in accordance with the applicable laws and regulations and the rules of the financial instruments exchange, promptly disclose a summary of such resolution or decision as well as other information deemed by the Board of Directors to be appropriate for disclosure.

(4) Withdrawal of Countermeasures against a Large-scale Purchase

At any time after the Board of Directors has passed a resolution to take Countermeasures against a Large-scale Purchase, the Board may pass a resolution to withdraw the Countermeasures against a Large-scale Purchase or may, by taking the Independent Committee's recommendations or advice into consideration to the maximum extent possible, modify the contents of the Countermeasures against a Large-scale Purchase, if and only if: (i) taking the Countermeasures against a Large-scale Purchase is no longer appropriate due to such reasons as a change in the facts on which the resolution was based (e.g., the Large-scale Purchaser's discontinuation or withdrawal of its proposed Large-scale Purchase) or the Independent Committee's withdrawal of its recommendation to take the countermeasures; (ii) the rights of the shareholders which would accrue as a result of the Countermeasures against a Large-scale Purchase have not been established; and (iii) such withdrawal of the countermeasures will not result in damage to the interests of the shareholders.

If the Board of Directors passes a resolution to withdraw or modify Countermeasures against a Large-scale Purchase, the Company will, in accordance with the applicable laws and regulations and the rules of the financial instruments exchange, promptly disclose a summary of such resolution as well as other information deemed by the Board of Directors to be appropriate for disclosure.

4. Effective term and discontinuation and modification of the Policy

(1) Effective term of the Policy

The Policy will come into force subject to and upon the approval of the Policy by a resolution passed at the aforementioned ordinary general meeting of shareholders.

Considering that the E1 Plan, which is the Company's current medium-range management plan, covers up to fiscal year 2009 (the business year ending on March 31, 2013), the Policy shall remain effective until the conclusion of the ordinary general meeting of shareholders (scheduled for June 2013) for the last business year ending within three years following the conclusion of the ordinary general meeting of shareholders at which the Policy was approved and passed.

(2) Discontinuation of the Policy

At any time before the expiration of its effective term, the Policy may be discontinued by a resolution passed at a general meeting of shareholders or the Board of Directors of the Company.

(3) Modification of the Policy

If necessary, the Board of Directors will revise the Policy or take other appropriate measures in a timely manner from the viewpoint of the maintenance and improvement of the Company's corporate value and the common interests of its shareholders, by taking into consideration future amendments of applicable laws or regulations, the trends of judicial rulings, measures taken by the financial exchange on which the Company is listed and other relevant public authorities, and other circumstances.

In principle, any modification of the Policy will become effective upon approval by a resolution passed at a general meeting of shareholders of the Company. However, the Policy may be modified by a resolution of the Board of Directors, to the extent that it will not result in any disadvantage to the existing holders or prospective purchasers of the Company's Shares, Etc. If the enactment of any new law or regulation, or any amendment or abolition of any existing law or regulation, results in any change in the provisions or wording of any of the laws or regulations referred to in the Policy, such provisions or wording referred to in the Policy shall be, as appropriate, read as they have been so amended to the extent that such restatement is not contrary to the intention of the reference to such provisions or wording in the Policy, without a resolution of the general meeting of shareholders or the Board of Directors of the Company.

5. Effects of the Policy on shareholders and investors

(1) Effects of the Large-scale Purchase Rules on shareholders and investors

The Large-scale Purchase Rules are simply rules to be complied with by any Large-scale Purchaser in conducting its Large-scale Purchase and do not provide for the issuance of any share options or other shares, etc. Therefore, the Large-scale Purchase Rules do not have any immediate, specific effects on the rights or interests of shareholders or investors.

Shareholders and investors are reminded to keep an eye on each Large-scale Purchaser's behavior, since the Company may react differently to different proposed Large-scale Purchases depending on whether or not each Large-scale Purchaser complies with the Large-scale Purchase Rules.

(2) Effects of initiation of Countermeasures against a Large-scale Purchase on shareholders and investors

The initiation of a Countermeasure against a Large-scale Purchase may result in a loss of the legal rights or economic interests of ineligible persons, but is unlikely to result in any specific loss of the legal rights or economic interests of other shareholders. Whenever the Board of Directors passes a resolution to take any Countermeasures against a Large-scale Purchase, appropriate disclosure will be made in a timely manner in accordance with the applicable laws and regulations and the rules of the financial instruments exchange.

If, as a Countermeasure against a Large-scale Purchase, any share options are to be issued to the Company's shareholders by means of allotment without contributions, such share options will be allotted to each shareholder whose name is recorded in the register of shareholders as of the record date to be specified and publicly notified by the Board of Directors, according to the number of shares held by such shareholder. In order to exercise such share options, each shareholder will be required to pay, within the designated period, a certain amount of funds for the corresponding new shares to be acquired, failure of which will result in a reduction of the proportion of voting rights held by the shareholder. However, if an acquisition clause has been provided under which the Company may acquire such share options in exchange for delivery of the Company's shares and if the Company completes the procedures for such acquisition, then all

shareholders who hold any share options subject to such acquisition will receive the Company's shares without having to pay any funds (please note that, in such case, such shareholders may be requested to separately provide a written undertaking, in the form prescribed by the Company, certifying that they are not disqualified).

If the Board of Directors passes a resolution to allot share options without contributions as a Countermeasure against a Large-scale Purchase and subsequently intends to withdraw the countermeasure in accordance with section 3(4) above, the Company may: (i) cancel the proposed allotment of share options without contributions at any time during the period from the determination of the shareholders entitled to the allotment of share options to the actual allotment of the same; and (ii) acquire such share options without compensation at any time during the period from the actual allotment of such share options to the day immediately preceding the first day of the exercise period. Since no dilution of the value per share will occur in these cases, if any investor sells their shares after the determination of the shareholders entitled to the allotment of share options, expecting that the value per share will be diluted, then such investor may suffer a proportionate loss due to share price fluctuations.

V. Justifications for the Policy

1. Special approaches to help realize the basic policy (described in part III above)

The approaches to improve the Group's corporate value as described in part III above have been developed as specific measures to continuously maintain and improve the Group's corporate value and the common interests of its shareholders. As such, these approaches are in accordance with the basic policy and will not damage the common interests of the Company's shareholders, nor are they intended to help the Company's corporate officers maintain their positions.

2. The Policy (described in part IV above)

As described below, the Policy described in part IV above conforms to the three basic principles established by the "Policy Concerning Anti-takeover Defenses for Maintaining and Improving Corporate Value and Shareholders' Common Interests", which was issued by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005. The three basic principles are: (i) the principle of maintenance and improvement of corporate value and shareholders' common interests; (ii) the principle of prior disclosure and intention of shareholders; and (iii) the principle of necessity and reasonableness. The Policy is also in line with the report entitled "Takeover Defense Measures in Light of Recent Environmental Changes" published on June 30, 2008, by the Corporate Value Study Group. Therefore, the Policy is in accordance with the basic policy and will not damage the common interests of the Company's shareholders, nor is it intended to help the Company's corporate officers maintain their positions.

(1) Maintenance and improvement of corporate value and the common interests of shareholders

As described in part IV above, the Policy intends to maintain and improve the Group's corporate value and the common interests of its shareholders by establishing in advance the Large-scale Purchase Rules to be complied with by any Large-scale Purchaser and providing the conditions for and contents of Countermeasures against a Large-scale Purchase which may be taken by the Company, with the view to allow shareholders to make appropriate decisions as to whether or not to accept a Large-scale Purchase and preventing obvious damage to the Group's corporate value and the common interests of its shareholders.

The Company believes that the contents of the Large-scale Purchase Rules and the contents of and the conditions for taking Countermeasures against a Large-scale Purchase described in part IV above are reasonable in light of the purpose of maintaining and improving the Group's corporate value and the common interests of its shareholders, and do not constitute undue restrictions on Large-scale Purchases which may contribute to the maintenance and improvement of the Group's corporate value and the common interests of its shareholders.

(2) Prior disclosure

The Company believes that the Policy is sufficiently predictable to shareholders, investors and potential Large-scale Purchasers, since the contents of the Large-scale Purchase Rules and the contents of and the conditions for taking Countermeasures against a Large-scale Purchase under the Policy are specifically and clearly described in part IV above.

(3) Reflection of shareholders' intentions

As described in section 4 of part IV above, the Policy will come into force subject to the approval of the Policy by a resolution of the general meeting of shareholders. In addition, the Policy may be discontinued by a resolution of the general meeting of shareholders at any time during its effective term. Further, in principle, any modification of the Policy becomes effective upon approval by a resolution of the general meeting of shareholders.

Therefore, the Company believes that its shareholders' intentions will be reflected in decisions as to whether or not to adopt, maintain, discontinue or modify the Policy.

The term of office of each Director expires on the date of conclusion of the ordinary general meeting of shareholders for the last business year ending within one year after the appointment of the Director. Therefore, the Company believes that its shareholders' intentions will be reflected appropriately as to whether or not to take Countermeasures against a Large-scale Purchase and other matters, through the appointment of the Directors.

(4) Ensuring objective and reasonable judgments of the Board of Directors

As described in section 2 of part IV above, the Policy provides for the establishment of an Independent Committee consisting of persons who are independent of the management operating the Company's business. Under the Policy, this Independent Committee will provide the Board of Directors with advice as to whether or not it is appropriate to take Countermeasures against a Large-scale Purchase and will also provide the Board with recommendations or advice in response to inquiries made by the Board. The Board must respect the recommendations of the Independent Committee to the maximum extent possible.

In addition, as described in section 3 (2) of part IV above, the Policy establishes the objective and clear conditions for taking Countermeasures against a Large-scale Purchase, and thereby eliminates, as much as possible, the possibility of arbitrary decisions being made by the Board of Directors as to whether or not the conditions for taking these countermeasures are fulfilled.

Therefore, the Company believes that the Policy is equipped with sufficient systems to ensure objective and reasonable judgments of the Board of Directors in passing resolutions to take Countermeasures against a Large-scale Purchase.

(5) The Policy is not a dead hand or slow hand poison pill

As described in section 4 of part IV above, the Policy may be discontinued by a resolution of the general meeting of shareholders or by a resolution of the Board of Directors consisting of Directors appointed at a general meeting of shareholders. It is thus possible for a Large-scale Purchaser to discontinue the Policy by appointing Directors at a general meeting of shareholders and then causing these Directors to pass a resolution to discontinue the Policy at the Board of Directors' meeting. For this reason, the Policy is not a so-called dead hand poison pill, whose initiation cannot be avoided by replacing a majority of the directors constituting the board of directors.

In addition, the term of office of all Directors expires on the date of conclusion of the ordinary general meeting of shareholders for the last business year ending within one year after the appointment of the Director. Therefore, the Policy does not constitute a so-called slow hand poison pill, whose initiation cannot be avoided for a considerable time because of the inability to replace all directors at the same time.

Brief Personal Histories of Independent Committee Members

Shinya Matsuno

[Brief personal history]

Born February 1945

April 1968

Joined the Japan Development Bank

October 1999

Appointed director of the Development Bank of Japan

June 2003

Appointed director of the Japan Economic Research Institute

June 2004-present

President and Director of New Business Investment Co., Ltd.

June 2005-present

Outside auditor of the Company

Note: Mr. Shinya Matsuno is the Company's outside auditor as defined in Article 2, Item 16 of the Companies Act.

Note: Mr. Matsuno has no specific interest in the Company.

Tadashi Omiya

[Brief personal history]

Born September 1943

April 1967

Joined the Ministry of International Trade and Industry (MITI)

December 1990

Vice Governor of Kyoto Prefecture

December 1994

Appointed Director-General for Commerce and Distribution Policy, Minister's Secretariat, MITI

July 1996

Appointed director of the Japan External Trade Organization

July 2000

Appointed operating officer of Mitsubishi Motors Corporation

June 2001

Appointed outside director of Dainippon Screen Mfg. Co., Ltd.

June 2002

Appointed managing officer of Mitsubishi Motors Corporation

February 2006

Registered as an attorney-at-law (member of the Daini Tokyo Bar Association)

July 2007-present

Attorney-at-law at Nishimura & Asahi

Note: Mr. Tadashi Omiya has no specific interest in the Company.

Kenzo Takeuchi

[Brief personal history]

Born December 1958

April 1993

Appointed assistant professor of Faculty of Engineering, Nagaoka University of Technology

April 1994

Appointed assistant professor of Department of Sociology and Economics, Arts and Sciences, Tokyo Woman's Christian University

February 2002

Visiting researcher at Institute for Transport Policy Studies, Institution for Transport Policy Studies

April 2002

Professor of Department of Sociology and Economics, Arts and Sciences, Tokyo Woman's Christian University

April 2009-present

Professor of Department of Economics, Division of Global Social Sciences, School of Arts and Sciences, Tokyo Woman's Christian University

Note: Mr. Kenzo Takeuchi has no specific interest in the Company.

Outline of Allotment of Share Options without Contributions

I. Terms and Conditions of Allotment of Share Options without Contributions

1. Terms and conditions and number of share options to be granted:

The terms and conditions of share options shall be as set forth in section II below. The total number of share options to be granted shall be determined by the Board of Directors up to 350,000,000 share options. The Board of Directors may grant share options more than once within the said maximum number in total.

2. Effective date of allotment of share options without contributions:

The date on which the allotment of share options without contributions takes effect (which is referred to as the "Effective Date" in the Policy) shall be separately designated by the Board of Directors.

3. Shareholders who are entitled to receive share options and the conditions of allotment thereof:

One share option shall be granted to a shareholder, per one share held by such shareholder (excluding the shares held by the Company as treasury stock), whose name is recorded in the register of shareholders as of the record date to be specified and publicly notified by the Board of Directors.

II. Terms and conditions of Share Options

1. Type and number of shares to be acquired upon exercise of share options:

The type of shares to be acquired upon the exercise of share options shall be common stock, and the number of shares to be acquired upon the exercise of one share option shall be one share; provided, however, that the necessary adjustments shall be made if the Company conducts a share split, share consolidation, etc.

2. Amount of property to be contributed upon exercise of a share option:

The property to be contributed upon the exercise of share options shall be cash. The amount of such contribution shall be determined by the Board of Directors. The amount shall be no less than one yen and may be up to one half of the market price of the Company's stock.

3. Term of exercise of share options:

The period during which share options may be exercised shall commence on the Effective Date for the allotment of share options or a day separately designated by the Board of Directors and shall continue for a period separately determined by the Board of Directors, which shall be up to three months. However, if the share options are acquired by the Company, such period shall continue up to the business day immediately preceding the date of such acquisition.

4. Increase of capital and capital reserve due to issuance of shares as a result of exercise of share options:

The amount by which capital and capital reserve is increased due to the issuance of the Company's shares as a result of the exercise of share options shall be separately determined by the Board of Directors.

5. Restriction on transfer of share options:

Share options may only be transferred with the approval of the Board of Directors.

6. Terms of exercise of share options:

The persons listed below (which is collectively referred to as the "Ineligible Persons" in the Policy) might be prohibited from exercising their share options. Details of such prohibition shall be separately determined by the Board of Directors.

- (1) Any person recognized by the Board of Directors as a member of the Large-scale Purchaser Group;
- (2) Any Joint-Holder or Special Interested Party of any of the members of the Large-scale Purchaser Group;
- (3) Any person to whom share options have been assigned or transferred from any person falling under item (1) or (2) above without the approval of the Board of Directors; and
- (4) Any person recognized by the Board of Directors as substantially controlling, or being controlled by, or being under common control with, or acting jointly or in cooperation with, any person falling under any of items (1) through (3) above.

7. Acquisition clause of share options:

Share options may contain the following acquisition clause, details of which shall be separately determined by the Board of Directors.

- (1) An acquisition clause to the effect that share options held by persons other than the Ineligible Persons may be acquired by the Company in exchange for common shares of the Company.

8. Share option certificate:

The certificates of share options shall not be issued.

English Translation of Financial Statements Originally Issued in the Japanese Language

CONSOLIDATED BALANCE SHEET

Keisei Electric Railway Co., Ltd.
As of March 31, 2010

	Million yen
ASSETS	
Current assets:	
Cash and deposits	26,221
Notes receivable and accounts receivable	14,046
Land and structures for subdivision	23,532
Merchandise	2,296
Work in process	1,211
Raw materials and supplies	1,427
Deferred tax assets	2,392
Other current assets	15,151
Allowance for doubtful accounts	(69)
Total current assets	86,210
Fixed assets:	
Tangible fixed assets:	
Buildings and structures	265,893
Machinery and equipment	22,497
Land	138,837
Lease assets	23,948
Construction in progress	59,419
Other tangible fixed assets	2,191
Total tangible fixed assets	512,787
Intangible fixed assets:	
Goodwill	828
Lease assets	2,433
Others	8,532
Total intangible fixed assets	11,795
Investments and long-term receivables:	
Investment securities	104,731
Long-term loans receivable	801
Deferred tax assets	16,809
Other investments	6,163
Allowance for doubtful accounts	(909)
Total investments and long-term receivables	127,596
Total fixed assets	652,179
Deferred assets:	206
Total assets	738,595

Note: The figures presented are rounded down to the nearest million yen.

English Translation of Financial Statements Originally Issued in the Japanese Language

CONSOLIDATED BALANCE SHEET

Keisei Electric Railway Co., Ltd.
As of March 31, 2010

	Million yen
LIABILITIES AND NET ASSETS	
LIABILITIES:	
Current liabilities:	
Notes payable and trade accounts payable	15,619
Short-term borrowings	65,634
Bonds and debentures due within one year	15,100
Lease obligations	1,507
Income taxes payable	4,312
Advance received	48,398
Allowance for employees' bonuses	2,980
Reserve for directors' bonuses	118
Other current liabilities	30,440
Total current liabilities	184,112
Fixed liabilities:	
Bonds and debentures	76,150
Long-term borrowings	172,159
Long-term accounts payable of Japan Railway Construction, Transport and Technology Agency	75,834
Lease obligations	12,122
Deferred tax liabilities	1,817
Allowance for employees' severance and retirement benefits	32,164
Allowance for retirement benefits for directors	567
Negative goodwill	1,748
Other fixed liabilities	10,850
Total fixed liabilities	383,414
Total liabilities	567,526
NET ASSETS:	
Owners' equity	165,642
Capital stock	36,803
Capital surplus	27,938
Retained earnings	102,947
Treasury stock	(2,046)
Valuation and translation adjustments	675
Valuation difference on available-for-sale securities	779
Deferred gains or losses on hedges	(103)
Minority interests	4,750
Total net assets	171,069
Total liabilities and net assets	738,595

Note: The figures presented are rounded down to the nearest million yen.

English Translation of Financial Statements Originally Issued in the Japanese Language

CONSOLIDATED STATEMENT OF INCOME

Keisei Electric Railway Co., Ltd.
For the fiscal year ended March 31, 2010

	Million yen	
Operating revenues		242,523
Operating costs and expenses:		
Transport operating expenses and cost of sales	182,634	
Selling, general and administrative expenses	37,670	220,304
Operating income		22,219
Non-operating revenues:		
Interests and dividend income	531	
Investment income of affiliates	6,225	
Other non-operating revenues	2,504	9,261
Non-operating expenses:		
Interests expenses	7,753	
Other non-operating expenses	1,740	9,493
Recurring income		21,987
Non-recurring income:		
Construction costs allotted and received from others	2,944	
Gain on sales of fixed assets	1,798	
Other non-recurring income	103	4,846
Non-recurring losses:		
Advanced depreciation loss on fixed assets	3,637	
Loss on asset impairment	1,786	
Loss on disposal of fixed assets	1,129	
Other non-recurring losses	486	7,039
Income before income taxes and minority interests		19,794
Income taxes:		
Current	6,119	
Deferred	(66)	
Corporate and other taxes		6,052
Minority interests in net income of consolidated subsidiaries		478
Net income		13,263

Note: The figures presented are rounded down to the nearest million yen.

English Translation of Financial Statements Originally Issued in the Japanese Language

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Keisei Electric Railway Co., Ltd.
For the fiscal year ended March 31, 2010

(Million yen)

	Owners' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total Owners' equity
Balance as of March 31, 2009	36,803	27,997	91,564	(2,006)	154,360
Changes of items during the period					
Dividends from surplus			(1,880)		(1,880)
Net income			13,263		13,263
Purchase of treasury stock				(4)	(4)
Purchase of treasury stock from subsidiaries in consolidation		(221)			(221)
Allotment of treasury stock by share exchanges		161		47	209
Changes resulting from changes in shareholding ratio of affiliates				(83)	(83)
Net changes of items other than owners' equity					
Total changes of items during the period	-	(59)	11,382	(40)	11,282
Balance as of March 31, 2010	36,803	27,938	102,947	(2,046)	165,642

	Valuation and translation adjustments			Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance as of March 31, 2009	102	(65)	36	5,944	160,341
Changes of items during the period					
Dividends from surplus					(1,880)
Net income					13,263
Purchase of treasury stock					(4)
Purchase of treasury stock from subsidiaries in consolidation					(221)
Allotment of treasury stock by share exchanges					209
Changes resulting from changes in shareholding ratio of affiliates					(83)
Net changes of items other than owners' equity	676	(38)	638	(1,193)	(555)
Total changes of items during the period	676	(38)	638	(1,193)	10,727
Balance as of March 31, 2010	779	(103)	675	4,750	171,069

Note: The figures presented are rounded down to the nearest million yen.

English Translation of Financial Statements Originally Issued in the Japanese Language

NON-CONSOLIDATED BALANCE SHEET

Keisei Electric Railway Co., Ltd.
As of March 31, 2010

	Million yen
ASSETS	
Current assets:	
Cash and deposits	7,927
Fares receivable	2,671
Accounts receivable	3,194
Short-term loans receivable	2,518
Land and structures for subdivision	24,542
Supplies	1,029
Prepaid expenses	325
Deferred tax assets	805
Other current assets	7,902
Allowance for doubtful accounts	(7)
Total current assets	50,909
Fixed assets:	
Tangible fixed assets:	
Fixed assets, railway operations	224,930
Fixed assets, real estate development operations	92,758
Fixed assets related to each operation	2,545
Construction in progress	37,113
Investment and other assets	103,627
Stocks of associated companies	68,116
Investment securities	8,065
Long-term loans receivable	24,276
Deferred tax assets	2,122
Other investments	1,047
Total fixed assets	460,975
Deferred assets:	206
Corporate debenture issue cost	206
Total assets	512,090

Note: The figures presented are rounded down to the nearest million yen.

English Translation of Financial Statements Originally Issued in the Japanese Language

NON-CONSOLIDATED BALANCE SHEET

Keisei Electric Railway Co., Ltd.
As of March 31, 2010

	Million yen
LIABILITIES AND NET ASSETS	
LIABILITIES:	
Current liabilities:	
Short-term borrowings	52,032
Bonds and debentures due within one year	15,000
Lease obligations	972
Other accounts payable	10,844
Accrued expenses	1,530
Accrued consumption taxes	67
Income taxes payable	1,963
Connecting fares received	748
Deposits received	31,622
Prepaid fares received	2,309
Advance received	25,694
Allowance for employees' bonuses	1,061
Reserve for directors' bonuses	37
Other current liabilities	71
Total current liabilities	143,956
Fixed liabilities:	
Bonds and debentures	76,000
Long-term borrowings	155,305
Lease obligations	10,285
Allowance for employees' severance and retirement benefits	18,945
Other fixed liabilities	4,256
Total fixed liabilities	264,792
Total liabilities	408,748
NET ASSETS:	
Owners' equity	103,011
Capital stock	36,803
Capital surplus	27,845
Capital reserve	27,845
Retained earnings	39,764
Legal reserve	3,038
Other retained earnings	36,726
General reserve	8,095
Unappropriated retained earnings at the end of the term	28,630
Treasury stock	(1,402)
Valuation and translation adjustments	330
Valuation difference on available-for-sale securities	330
Total net assets	103,342
Total liabilities and net assets	512,090

Note: The figures presented are rounded down to the nearest million yen.

English Translation of Financial Statements Originally Issued in the Japanese Language

NON-CONSOLIDATED STATEMENT OF INCOME

Keisei Electric Railway Co., Ltd.
For the fiscal year ended March 31, 2010

	Million yen	
Railway:		
Operating revenues	53,303	
Operating expenses	43,841	
Operating income		9,461
Real Estate Development and Others:		
Operating revenues	14,497	
Operating expenses	12,835	
Operating income		1,662
Operating income from all operations		11,124
Non-operating revenues:		
Interests and dividend income	4,434	
Other revenues	1,637	6,071
Non-operating expenses:		
Interests expenses	5,741	
Other expenses	794	6,536
Recurring income		10,659
Non-recurring income:		
Construction costs allotted to and received from others	2,518	
Gain on sales of fixed assets	1,147	
Other extraordinary income	2	3,668
Non-recurring losses:		
Advanced depreciation loss on fixed assets	3,136	
Loss on asset impairment	1,563	
Loss on disposal of fixed assets	387	
Other non-recurring losses	65	5,154
Net income before income taxes		9,174
Income taxes:		
Current	2,742	
Deferred	(278)	
Corporate and other taxes		2,464
Net income		6,710

Note: The figures presented are rounded down to the nearest million yen.

English Translation of Financial Statements Originally Issued in the Japanese Language

STATEMENTS OF CHANGES IN NET ASSETS

Keisei Electric Railway Co., Ltd.
For the fiscal year ended March 31, 2010

(Million yen)

	Owners' equity									
	Capital stock	Capital surplus			Legal reserve	Retained earnings			Treasury stock	Total owners' equity
		Capital reserve	Other capital surplus	Total capital surplus		General reserve	Unappropriated retained earnings at the end of the term	Total retained earnings		
Balance as of March 31, 2009	36,803	27,845	-	27,845	3,038	8,095	23,829	34,963	(24)	99,588
Changes of items during the period										
Dividends from surplus							(1,889)	(1,889)		(1,889)
Net income							6,710	6,710		6,710
Purchase of treasury stock									(1,606)	(1,606)
Allotment of treasury stock by share exchanges			(20)	(20)					229	209
Transfer of loss on disposal of treasury stock			20	20			(20)	(20)		0
Net changes of items other than owners' equity										
Total changes of items during the period	-	-	0	0	-	-	4,800	4,800	(1,377)	3,423
Balance as of March 31, 2010	36,803	27,845	-	27,845	3,038	8,095	28,630	39,764	(1,402)	103,011

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance as of March 31, 2009	(70)	(70)	99,517
Changes of items during the period			
Dividends from surplus			(1,889)
Net income			6,710
Purchase of treasury stock			(1,606)
Allotment of treasury stock by share exchanges			209
Transfer of loss on disposal of treasury stock			0
Net changes of items other than owners' equity	401	401	401
Total changes of items during the period	401	401	3,824
Balance as of March 31, 2010	330	330	103,342

Note: The figures presented are rounded down to the nearest million yen.