odakyu ELECTRIC RAILWAY

13

ANNUAL REPORT 2013

Year ended March 31, 2013

GAIN MOMENTUM

TO OUR SHAREHOLDERS AND INVESTORS

Yorihiko Osuga, Chairman Toshimitsu Yamaki, Executive President

The Odakyu Group operates high-quality transportation services. Its mainstay Odakyu railway network is composed of three lines that span a total of 120.5 kilometers, connecting Shinjuku (Japan's largest railway terminal) with Odawara (the gateway to Hakone)—one of Japan's premier tourist regions—as well as Katase-Enoshima (a popular marine resort area) and Karakida. In addition, the Odakyu Group conducts real estate leasing and development operations to make the areas along the Odakyu lines ever more convenient for both residents and commuters.

The Odakyu Group currently comprises 98 group companies engaged in a wide variety of businesses closely linked to people's daily lives, such as transportation, merchandising, real estate and other services. In accordance with the corporate philosophy of contributing "irreplaceable times" and "rich and comfortable lifestyles" for customers, the Group companies cooperate with each other to provide services targeting "excellent quality" and "a moving experience" in terms of safety, convenience and comfort.

The Odakyu Group also sees its social responsibility as developing hand in hand with the communities it serves by carrying out all daily operations with integrity. We have designated three priority areas—"achieving security and safety," "addressing changes in local communities" and "promoting eco-friendly initiatives"—and are pushing forward with a range of activities to bolster security, promote universal access and preserve the natural environment. We aim to become a corporate group that develops together with customers of the Odakyu lines and residents along the lines, and wins their high regard, by working to enhance the value of areas along the Odakyu lines. In all our efforts, we sincerely ask for your continued understanding and support.

September 2013

MANAGEMENT PRINCIPLE

The Odakyu Group helps its customers create "irreplaceable times" and "rich and comfortable lifestyles."

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CONSOLIDATED FINANCIAL HIGHLIGHTS

Odakyu Electric Railway Co., Ltd. and consolidated subsidiaries

Years ended March 31	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Results for the year:			
Revenue from operations	**¥ 515,224**	¥ 508,332	**$ 5,465,985**
Operating income	**44,119**	38,631	**468,060**
Income before income taxes and minority interests	**30,320**	29,979	**321,662**
Comprehensive income	**29,692**	19,361	**314,995**
Net income	**19,675**	17,838	**208,731**
Per share of common stock (in yen and U.S. dollars):			
Net income—basic	**¥ 27.26**	¥ 24.71	**$ 0.29**
Year-end financial position:			
Total assets	**¥1,264,502**	¥1,311,185	**$13,415,043**
Net assets	**245,546**	221,604	**2,604,984**
Revenues by business segment:			
Revenues			
Transportation	**¥ 169,610**	¥ 165,731	**$ 1,799,381**
Merchandising	**223,649**	223,690	**2,372,683**
Real Estate	**60,772**	60,886	**644,726**
Other Businesses	**96,290**	91,622	**1,021,541**

Notes concerning Financial Data and Graphs That Appear in This Annual Report

- The U.S. dollar amounts have been translated from Japanese yen, for convenience, and as a matter of arithmetic computation only, at the rate of U.S.$1.00=¥94.26, the approximate exchange rate prevailing on March 31, 2013.
- Information on segment-based revenues represents total operating revenues from external customers and intersegment transactions.
- The composition of operating revenues excludes intercompany transactions. The operating income ratio excludes eliminations.

FORWARD-LOOKING STATEMENTS

The plans, strategies and other statements related to the outlook of future results in this annual report reflect the assumptions and beliefs of management based on currently available information. However, it should be noted that there is a possibility for actual results to differ significantly owing to such factors as changing social and economic conditions.

CORPORATE GOVERNANCE

Basic Stance Regarding Corporate Governance

Odakyu Electric Railway Co., Ltd. recognizes it as vital to make decisions on key strategies and carry them out efficiently and speedily, as well as to strengthen the oversight of business execution, with a view to maximizing the interest of various stakeholders, including our shareholders, creditors, business partners, customers and local communities. We are implementing a variety of measures to improve and bolster our corporate governance.

Company Organization and the State of Development of Internal Control Systems

Company Organization

We have adopted a corporate auditors' system, under which we are focusing efforts to improve our corporate governance system to achieve efficient and sound business management. Our Board of Directors, which comprises 14 directors, including one outside director, makes decisions on important business matters and other items required by law and oversees business execution. There are five auditors in total, including three external auditors. Each auditor refers to the audit standards for corporate auditors formulated by the Board of Auditors and follows auditing policies and auditing plans in carrying out stringent audit. Additionally, the corporate auditors attend Board of Directors' and other important meetings, review important approved documents, investigate the business and financial conditions of the Company, monitor and evaluate the development and operational status of the internal control systems.

Moreover, aiming to strengthen supervisory functions of the Board of Directors with regard to business operations and to optimize the decision-making process, we have adopted an executive officer system consisting of directors and department heads in charge of business execution.

Development of Internal Control Systems

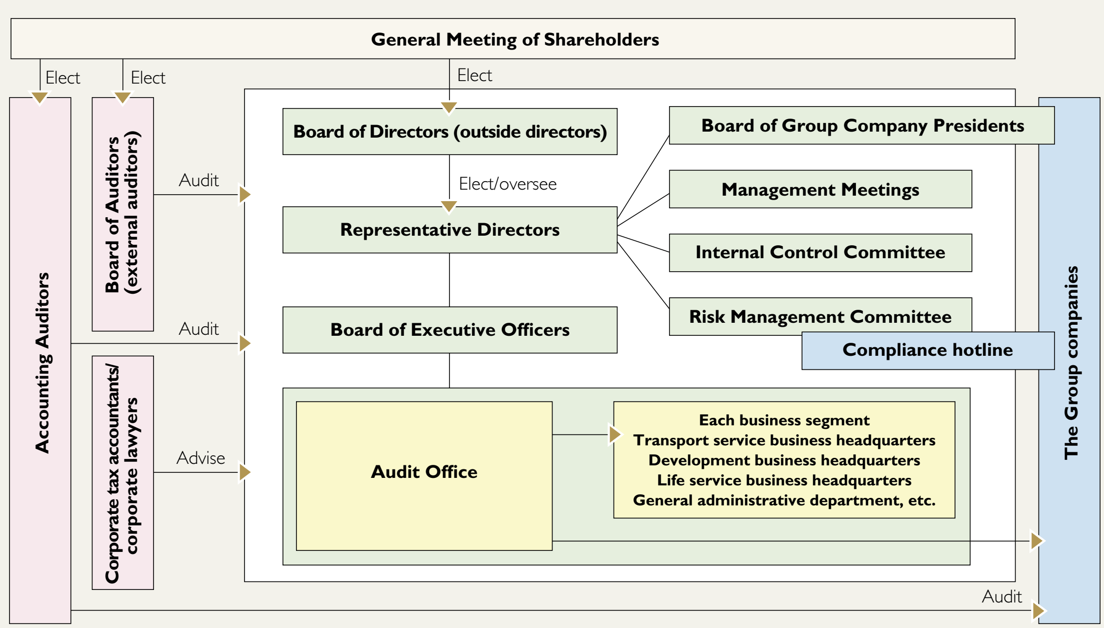
We have resolved on basic policies regarding the development of internal control systems at our Board of Directors' meetings and are currently developing internal control systems, including the establishment of frameworks for risk management and taking the conditions of internal audit into consideration.

The overview of the basic policies is as follows.

● Systems for ensuring compliance with laws and the Articles of Incorporation in the performance of duties by directors and employees

- Regard compliance as part of risk management and establish and implement a compliance system under a Risk Management Committee.
- Draw up a Compliance Manual as a code of behavior to be observed by directors and employees from the viewpoint of not only the regulations and articles of incorporation but also

Odakyu Electric Railway Co., Ltd's Corporate Governance



conventional wisdom and corporate value, and respond appropriately to antisocial forces, based on the manual.
- Set up a Compliance Hotline as on internal reporting system and identify and rectify compliance issues quickly.

● Systems for retaining and managing information regarding the performance of duties by directors

- Store and manage documents and other information relating to the execution of responsibilities by directors properly, according to internal rules.
- Respond appropriately to requests for reviews of the information defined above by directors and corporate auditors.

● Regulations and other systems regarding the management of risk of loss

- Implement company-wide systems, with the Risk Management Committee to play a central role and manage the risk surrounding our business precisely.
- Upon the discovery of an incident that can cause large-scale damage, assemble a General Task Force and address the issue properly.
- Ensure the safety of transportation proactively under a Supervisory Safety Management Committee.
- Carry out appropriate and timely disclosure when risk is detected or exposed.

● Systems for ensuring the efficient performance of duties by directors

- Adopt an executive officer system and strengthen the supervisory function of the Board of Directors and improve their decision-making properly and efficiently.
- Each business segment performs their duties within the scope of authority and responsibility defined in the Company rules and in accordance with the medium-term management plans and the department policies and budget for the respective fiscal year.
- Assess and control corporate performance properly, using unified company-wide indicators.
- As part of the internal control systems, the Audit Office, under the direct control of the Executive President, audits each business segment routinely and reports on the result directly to the Executive President and the auditors.

● Systems for ensuring the proper operation of the corporate group consisting of the Company and its subsidiaries

- Conduct routine hearings concerning the implementation of the medium-term management plan, the state of business execution and the financial situation as well as facilitate the Group's information-sharing among the Board of Group Company Presidents.
- Improve the risk management system for the entire Group under the Odakyu Group Risk Management Policies and perform proper risk management.
- Based on the code of behavior applied throughout the Group, each Group company formulates its own code of conduct and implements an internal reporting system, and ensures full compliance.
- Reinforce the auditing system mainly by having our internal auditing department audit Group companies one by one.
- Follow up on and improve the internal control system of the entire Group including financial reporting through the Internal Control Committee.

● Matters regarding employees designated by the auditors to assist with their job responsibilities, if such a designation is requested

- Set up a Corporate Auditors Office staffed by full-time employees.

● Matters regarding the independence of employees in the previous paragraph from directors

- Employees assigned to the Corporate Auditors Office carry out their duties according to instructions from auditors, and not to those from representative directors.

● Systems for reporting to auditors by directors and employees and other systems regarding reporting to auditors

- Develop the framework according to which auditors check important matters sequentially through minutes of meetings of executive officers and internal documents requesting approval.
- Directors and others report on the state of business execution and other important matters to auditors, as needed.
- The internal audit department reports routinely on an audit plan and the result of the audit to auditors and facilitates mutual information-sharing.

● Other systems for ensuring effective audit by auditors

- Develop the framework according to which auditors attend important meetings, and strengthen the provision of information to auditors as well as enhance its propriety.
- Construct systems for promoting cooperation between auditors, the internal audit department and accounting auditors.

SELECTED FINANCIAL DATA

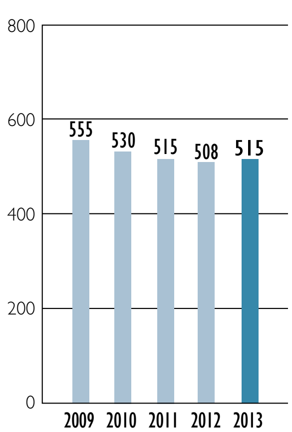
Year ended March 31

Consolidated	2013	2012	2011	2010	2009
	Millions of yen				
Results for the year:					
Revenue from operations	**¥ 515,224**	¥ 508,332	¥ 514,663	¥ 530,405	¥ 554,760
Operating income	**44,119**	38,631	32,729	32,188	33,737
Income before income taxes and minority interests	**30,320**	29,979	18,774	25,958	19,921
Comprehensive income	**29,692**	19,361	3,532	14,836	—
Net income	**19,675**	17,838	10,423	12,231	10,341
Per share of common stock (in yen):					
Net income—basic	**¥ 27.26**	¥ 24.71	¥ 14.42	¥ 16.79	¥ 14.19
Year-ended financial position:					
Total assets	**¥1,264,502**	¥1,311,185	¥1,276,437	¥1,299,290	¥1,309,739
Net assets	**245,546**	221,604	207,181	213,218	203,274

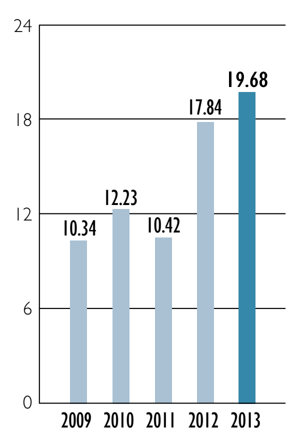
Non-Consolidated	2013	2012	2011	2010	2009
	Millions of yen				
Results for the year:					
Revenue from operations	**¥ 158,467**	¥ 154,877	¥ 154,599	¥ 158,214	¥ 159,465
Operating income	**32,860**	31,478	26,422	29,473	31,366
Income before income taxes and minority interests	**17,828**	25,351	16,293	22,967	13,253
Net income	**10,763**	14,269	9,149	13,474	7,930
Per share of common stock (in yen):					
Net income—basic	**¥ 14.83**	¥ 19.66	¥ 12.59	¥ 18.40	¥ 10.81
Cash dividends	**7.50**	7.00	6.50	6.50	6.00
Year-ended financial position:					
Total assets	**¥1,102,186**	¥1,117,720	¥1,071,321	¥1,058,132	¥1,056,631
Net assets	**217,237**	203,282	192,369	199,528	188,604

CONSOLIDATED DATA

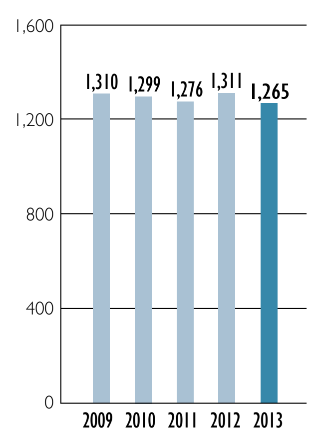
Revenue from operations
(Billions of yen)



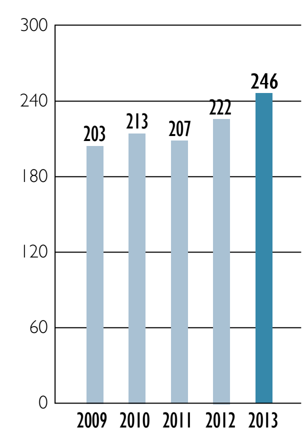
Net income
(Billions of yen)



Total assets
(Billions of yen)



Net assets
(Billions of yen)



MANAGEMENT'S DISCUSSION AND ANALYSIS

Years ended March 31, 2013 and 2012

Results of Operations

During the fiscal year under review, the outlook for the Japanese economy remained uncertain, as sluggish private consumption and capital expenditure overshadowed a gradual recovery in corporate earnings to some degree. However, signs of an economic recovery emerged in expectations of positive effects from a variety of bold economic measures announced by the new administration after Prime Minister Shinzo Abe took office in December 2012.

Against this backdrop, each of the Group companies pushed ahead with aggressive marketing activities and benefited from an upturn from the low levels of business reported in the aftermath of the Great East Japan Earthquake, especially in the first half of the previous fiscal year. Revenue from operations rose ¥6,892 million (or 1.4%) year on year to ¥515,224 million. As a result, operating income grew ¥5,488 million (or 14.2%) year on year to ¥44,119 million. Net income totaled ¥19,675 million, a year-on-year increase of ¥1,837 million (or 10.3%), despite a loss on impairment of fixed assets.

Cash Flows

The Odakyu Group makes continuous capital expenditures in its railway business and each of its other businesses. These expenditures are mainly aimed at providing comfortable and speedy railway services and realizing respective area strategies to raise the value of areas along the Odakyu lines.

We also take a proactive approach to implement appropriate safety measures to prevent accidents. In the fiscal year under review, capital expenditures for the year totaled ¥53,358 million, representing a 33.9% drop from the previous fiscal year, including the investment amount in intangible assets.

Capital expenditures in the Transportation segment totaled ¥34,905 million, which was used primarily for railway operations. To maximize the effects of the augmented passenger carrying capacity, the construction of multiple double tracks between Higashi-Kitazawa and Izumi-Tamagawa stations was launched. The project received ¥7,005 million (including ¥5,423 million for a Japan Railway Construction, Transport and Technology Agency project).

In the Merchandising segment, the Group invested ¥4,642 million, primarily to renovate existing stores and construct new locations of the Odakyu OX supermarket operated by Odakyu Shoji Co., Ltd.

The Real Estate segment spent ¥10,855 million, mainly for the construction of new buildings for lease and refurbishing of existing ones. Major projects included the acquisition of the Nittochi Shinyurigaoka Building (¥2,784 million) by Odakyu Real Estate Co., Ltd. and the construction of new hot spring facilities (¥833 million) by Hakone Facilities Development Co., Ltd.

The Other Businesses segment was allocated ¥2,956 million, primarily for the renovation of existing restaurants and the launch of new locations in the restaurant business.

Currently, one of the Group's immediate priorities is to realize competitive advantages through the early completion of multiple double-track construction, and as such, capital expenditures have exceeded depreciation in recent years.

The Group takes a comprehensive view of the market environment and interest rate changes before selectively determining fundraising methods for capital investment in its railway business. These include the use of funding schemes from the Development Bank of Japan Inc. as well as the issuance of corporate bonds and borrowing from private-sector financial institutions. For the construction of multiple double tracks currently in progress, the Company utilizes public subsidy programs, such as the Special Reserve for the Expansion of Railway Transport Facilities and the "Private Railway Method" from the Japan Railway Construction, Transport and Technology Agency.

To boost the efficiency of fundraising across the board, the Group has introduced a cash management system (CMS). When there is a need for funds over the short term due to cash flow fluctuations, the Group uses its internal CMS funds to the greatest extent possible and also issues commercial paper.

As the Group generates daily revenue, primarily in its railway and merchandising businesses, it is possible to maintain a sufficient level of liquidity. This capital is utilized effectively within the Group thanks to centralized management based on the CMS.

Financial Position

Total assets at March 31, 2013 stood at ¥1,264,502 million, representing a decrease of ¥46,683 million from a year ago. The decrease was attributable mainly to progress of depreciation in property and equipment and reduction in property and equipment with the settlement of the contract works. Liabilities also fell ¥70,625 million, to ¥1,018,956 million, due mainly to a decrease in borrowing.

Net assets including minority interests rose ¥ 23,942 million from the end of the previous fiscal year, to ¥ 245,546 million due to growth in retained earnings.

Critical Accounting Policies and Estimates

The Odakyu Group's consolidated financial statements are prepared in conformity with accounting practices generally accepted in Japan. The preparation of these financial statements requires the use of estimates by management, which affects the reported amounts of assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses for the period presented. These estimates are based on rational judgments taking the historical results and circumstances into consideration. Because such estimates involve particular uncertainties, the actual results may differ. Critical accounting policies and estimates are included in the following paragraphs. Forward-looking statements contained in this section are based on determinations made by the Group at the date of this report.

(1) Valuation of Inventories

The Odakyu Group retains a large volume of inventory and has adopted "Accounting Standard for Measurement of Inventories" (Accounting Standards Board of Japan (ASBJ) Statement No. 9 issued on July 5, 2006). Additionally, the Company records land acquired for the construction of multiple double tracks as fixed assets. If it is determined that this land can be used for subdivided housing after completion of the multiple double tracks, the land is reclassified as inventory and the valuation is determined in the same manner as explained above.

(2) Impairment of Securities

The Odakyu Group holds securities issued by various financial institutions and business partners. The Group records an impairment on marketable securities if their market value declines by 50% or more below their respective carrying value. For securities whose market value has declined by more than 30% but less than 50% below the carrying value, the Group considers the possibility of recovery and records the amount expected to be unrecoverable as an impairment. There is a risk that market prices of these securities could fluctuate and the Group could thus incur a loss on these securities.

(3) Impairment of Fixed Assets

The Odakyu Group owns numerous fixed assets. The recoverable value of these assets is calculated based on numerous assumptions such as future cash flows, the discount rate, and the residual net sale value. Therefore, changes to any of these assumptions could result in a loss on impairment of fixed assets.

(4) Deferred Tax Assets

The Odakyu Group records a valuation allowance to reduce deferred tax assets to their highly probable realizable value. Taxable income for future fiscal years is considered in determining the appropriate valuation allowance. However, in the event that the anticipated future taxable income declines or increases due to a change in future business results, it could become necessary to revise the valuation allowance accordingly.

(5) Retirement Benefit Obligations and Costs

Calculation of obligations and costs arising from retirement benefits is based on actuarial assumptions. These assumptions include the discount rate, retirement ratio, mortality rate, and rate of return on pension plan assets. However, any difference between the actual results and the assumptions or a change in those assumptions could have an impact on the stated obligations and costs arising from retirement benefits.

Takeover Defense Measure

The Company has adopted a policy regarding mass purchases of the Company's shares (a takeover defense plan), based on the belief that the party that controls the Company's financial and business policy decisions must be one that has a thorough understanding of the Company's financial and business conditions and undertakings as well as the sources of its corporate value as well as an ability to safeguard and enhance the corporate value and common interests of shareholders on a continuing and sustainable basis.

For more details on the plan, please read the press release issued on May 22, 2012 titled "Continuation of Takeover Defense Policy Regarding Mass Purchases of Company Shares (Takeover Defense Plan)," available at http://www.odakyu.jp/ir/index.html (in Japanese only).

Dividend Policy

Internal reserves have been invested in important and growing fields to raise the value of areas along the Odakyu lines. At the same time, to return continuously the gains to shareholders obtained by investments, the Company has made it a dividend policy to return a maximum of 2.5% of consolidated shareholders' equity to shareholders. The policy also includes if net income decreases from the previous year, dividends per share would remain unchanged. Moreover, if the Company records a large loss caused by natural disasters or other factors, dividends would be determined after considering the financial statements.

From the year ending March 31, 2014, while continuing to invest in important and growing fields and to return continuously the gains to shareholders obtained by investments, the Company will change its dividend policy. The new policy states that internal reserves will be invested in important and growing fields to further improve business performance and dividends will be provided in a stable and continuous manner, targeting a consolidated dividend payout ratio of 30% based on the principle of distribution of returns in accordance with consolidated operating results.

The Company intends to continue its policy of making two dividend payments each year, at the end of the first half of the fiscal year and at the end of the fiscal year. The dividend from the capital surplus for shareholders during a fiscal year is stipulated in the articles of incorporation, according to which the Company can provide the interim dividend by a resolution of the Board of Directors in addition to the dividend by resolution at the general meeting of shareholders.

Based on the previous policy, the Company paid a year-end of ¥4.0 per share for the fiscal year ended March 31, 2013, resulting in an annual payout of ¥7.5, of which ¥3.5 was paid as the interim dividend.

Business and Other Risks

A risk management structure for the entire Odakyu Group has been in place based on the Odakyu Group Risk Management Policy. Risks are identified and evaluated first by each Group company using uniform techniques, and risks with potentially material impact on corporate management are referred to the Group, which in turn conducts further reviews and creates and undertakes measures to circumvent such risks. The following risks have been identified by the Group as major risk factors that could significantly impact the investment decisions of investors.

Forward-looking statements contained below are based on the information available to the Odakyu Group at the time of submission of this report. Please note that the following does not cover all the risks with potential impact on the Group.

(1) Earthquakes and Other Natural Disasters

The Odakyu Group's businesses are concentrated in Tokyo and Kanagawa prefectures primarily along the Odakyu lines. In the event of a large-scale earthquake or other natural calamities causing direct damages of its premises and equipment as well as indirect damages such as constraints to business activities due to electric power shortage and lower revenues due to a downturn in consumer confidence, the Group's business results could be adversely affected. It should be noted that a part of the geographical territory where the Group operates is located in the zone designated as an area requiring the implementation of enhanced earthquake preparatory measures with respect to the Tokai region.

(2) Accidents and System Failures

A large-scale accident and a system failure triggered by a human error, malfunctioning equipment, and illegal acts such as terrorism, among others, in any of the Group's business segments could hinder the Group's business operations, tarnish its reputation and give rise to additional expenses to be shouldered in conjunction with the restoration of facilities and equipment and damage compensations. The Group's operating results could suffer as a result.

(3) Population Decline and Accelerated Aging of the Population with Fewer Children

The Odakyu Group operates railway service and a variety of other businesses that are closely tied to daily lives of people who live along the Odakyu lines in particular. A decline in population or a change in demographics caused by an aging population with fewer children in the target market where Odakyu operates could be translated into fewer passengers to be carried by the Company's railway business and impact other businesses, with adverse consequences on the Group's operating results.

(4) Interest Rate Fluctuations

The Group undertakes continuous capital investments centered on its railway business, which are largely funded by debt financing and the issuance of corporate bonds. Interest rate fluctuations and changes in the Company's ratings could affect financial conditions of the Company.

(5) Management of Personal Information

The Group operates credit card business and holds customer-related and other personal information in conjunction with the credit card and other operations. Although stringent control over personal information is in place, any improper disclosure of personal information for whatever reason could result in compensation claims and tarnish its reputation with potential impact on the Group's operating results.

(6) Defects and Faults of Assets Owned and Merchandise Sold

If defects or faults with regard to the assets held by the Group are discovered and the Group is consequently held liable for adverse effects of such assets on the health of residents and on the surrounding environment, the Group could incur expenses for improvement and restorative works, damage compensations and others. Similarly, if the merchandise sold by the Group is found to be defective or otherwise faulty, the Group could incur expenses for improvements and damage compensations and suffer reputation damage. As a result, the Group's operating results could be impacted.

(7) Significant Litigation

A civil lawsuit has been filed against the Company in relation to noise and vibration caused by its railway operations. Outcome of the lawsuit could affect business performance and operations of the railway business.

In addition, administrative lawsuit is pending in connection with the Company's multiple double tracks project. It is the administrative lawsuit against the Kanto Regional Development Bureau Chief as defendant, in which the annulment of the approval given to the urban planning project for the segment between Yoyogi-Uehara and Umegaoka stations is sought.

(8) Legal Restrictions

The Group's operations are subject to various laws and ordinances, including the Railway Business Act, the Road Transportation Act, the Act on the Measures by Large-Scale Retail Stores for Preservation of Living Environment and the Construction Standards Act, and regulations including the Emission Standards, among others. A change in these laws, ordinances and regulations in general or changes applicable to Tokyo and Kanagawa prefectures in particular could affect the Group's operating results.

The Group's railway operations are governed by fare restrictions described below.

A railway business operator is required by law to obtain approval of the Minister of Land, Infrastructure, Transport and Tourism when it wishes to set forth or change the upper limits of its passenger fares (Article 16, Section 1 of the Railway Business Act).

A railway business operator may set forth or change passenger fares within such approved upper limits or add-on charges for express trains and others, provided that advance filing is made to the said Minister (Article 16, Sections 3 and 4 of the Railway Business Act).

(9) Outbreaks of Infectious Diseases

The Group has managed a large number of facilities for customers of its railway, bus and commercial institutions centering on the area around the Odakyu lines. If a massive infectious disease epidemic such as swine influenza should occur in the Group's business area, it is feared that this would cause customers to refrain from utilizing its facilities, or even result in its operations being unable to continue, particularly its railway operations. Such a situation may have an impact on the Group's results of operations.

CONSOLIDATED BALANCE SHEETS

March 31, 2013 and 2012

ASSETS	Millions of yen 2013	Millions of yen 2012	Thousands of U.S. dollars (Note 3) 2013
Current assets:			
Cash and time deposits (Notes 13 and 20)	**¥ 29,956**	¥ 30,994	**$ 317,796**
Marketable securities (Notes 14 and 20)	**10**	10	**106**
Trade receivables (Note 13)	**20,188**	19,603	**214,176**
Inventories (Note 4)	**46,910**	50,340	**497,667**
Deferred tax assets (Note 10)	**5,482**	5,149	**58,158**
Other current assets	**28,503**	25,735	**302,387**
Allowance for doubtful accounts	**(199)**	(227)	**(2,109)**
Total current assets	**130,850**	131,604	**1,388,181**
Investments and long-term loans:			
Investments in:			
Unconsolidated subsidiaries and affiliates	**7,498**	6,133	**79,548**
Other securities (Note 14)	**55,359**	41,425	**587,300**
Long-term loans	**350**	123	**3,711**
Other investments	**18,086**	19,032	**191,873**
Allowance for doubtful accounts	**(732)**	(748)	**(7,764)**
Total investments and long-term loans	**80,561**	65,965	**854,668**
Property and equipment (Notes 6 and 8)**:**			
Land	**446,509**	422,584	**4,736,997**
Buildings and structures	**990,877**	943,155	**10,512,169**
Machinery, equipment, rolling stock, and other vehicles	**268,275**	266,090	**2,846,121**
Lease (Note 11)	**3,381**	3,066	**35,865**
Construction in progress	**31,032**	136,413	**329,215**
Others	**49,909**	49,034	**529,478**
	1,789,983	1,820,342	**18,989,845**
Less accumulated depreciation	**(756,657)**	(727,487)	**(8,027,335)**
Property and equipment, net	**1,033,326**	1,092,855	**10,962,510**
Goodwill	**98**	857	**1,039**
Deferred tax assets (Note 10)	**6,101**	5,545	**64,721**
Other assets	**13,566**	14,359	**143,924**
Total assets	**¥1,264,502**	¥1,311,185	**$13,415,043**

LIABILITIES AND NET ASSETS	Millions of yen 2013	2012	Thousands of U.S. dollars (Note 3) 2013
Current liabilities:			
Short-term loans (Notes 6 and 13)	**¥ 161,135**	¥ 165,811	**$ 1,709,473**
Current portion of long-term debt (Notes 6 and 13)	**114,909**	111,177	**1,219,061**
Accounts payable (Note 13)	**27,433**	26,203	**291,040**
Accrued expenses	**40,197**	39,182	**426,449**
Allowance for unredeemed gift certificates and others	**799**	728	**8,473**
Income taxes payable (Note 10)	**9,106**	10,766	**96,607**
Advances received	**3,535**	46,585	**37,505**
Deferred tax liabilities (Note 10)	**1**	0	**6**
Other current liabilities	**42,360**	42,624	**449,401**
Total current liabilities	**399,475**	443,076	**4,238,015**
Long-term liabilities:			
Long-term debt (Notes 6 and 13)	**526,733**	517,252	**5,588,083**
Employees' retirement benefits (Note 12)	**23,021**	24,495	**244,231**
Long-term advances received	**—**	33,383	**—**
Deferred tax liabilities (Note 10)	**8,367**	6,937	**88,764**
Other long-term liabilities (Note 7)	**51,960**	50,338	**551,241**
Total long-term liabilities	**610,081**	632,405	**6,472,319**
Special reserve for expansion of railway transport facilities (Note 5)	**9,400**	14,100	**99,725**
Contingent liabilities (Note 19)			
Net assets (Note 9)			
Shareholders' equity:			
Common stock, with no par value:			
Authorized – 2,200,000,000 shares			
Issued – 736,995,435 shares	**60,360**	60,360	**640,355**
Capital surplus	**58,549**	58,555	**621,142**
Retained earnings	**111,935**	97,672	**1,187,515**
Treasury stock, at cost	**(9,904)**	(9,752)	**(105,068)**
Total shareholders' equity	**220,940**	206,835	**2,343,944**
Accumulated other comprehensive income:			
Net unrealized gain on securities	**22,173**	12,569	**235,233**
Reserve for land revaluation	**(619)**	(590)	**(6,566)**
Total accumulated other comprehensive income	**21,554**	11,979	**228,667**
Minority interests	**3,052**	2,790	**32,373**
Total net assets	**245,546**	221,604	**2,604,984**
Total liabilities and net assets	**¥1,264,502**	¥1,311,185	**$13,415,043**

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF INCOME

Years ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2013	2012	**2013**
Revenue from operations	**¥515,224**	¥508,332	**$5,465,985**
Cost of revenue from operations	**471,105**	469,701	**4,997,925**
Operating income	**44,119**	38,631	**468,060**
Other income:			
Interest and dividend income	**1,078**	1,068	**11,434**
Gain on sale of property and equipment	**3,303**	565	**35,043**
Construction costs allotted to and received from others	**52,372**	269	**555,617**
Draw-downs from special reserve for expansion of railway transport facilities	**4,700**	4,700	**49,862**
Other	**3,317**	3,363	**35,184**
	64,770	9,965	**687,140**
Other expenses:			
Interest expense	**10,003**	11,113	**106,126**
Loss on sale of property and equipment	**301**	31	**3,195**
Loss on disposal of property and equipment	**2,280**	2,107	**24,184**
Loss on deduction of property and equipment	**52,347**	1,079	**555,347**
Loss on impairment of fixed assets (Note 21)	**11,403**	1,190	**120,969**
Other	**2,235**	3,097	**23,717**
	78,569	18,617	**833,538**
Income before income taxes and minority interests	**30,320**	29,979	**321,662**
Income taxes (Note 10)**:**			
Current	**14,676**	13,007	**155,702**
Deferred	**(4,413)**	(767)	**(46,823)**
	10,263	12,240	**108,879**
Income before minority interests	**20,057**	17,739	**212,783**
Minority interests in income of consolidated subsidiaries	**382**	(99)	**4,052**
Net income	**¥ 19,675**	¥ 17,838	**$ 208,731**
	Yen		U.S. dollars (Note 3)
Net income per share of common stock (Note 18)**:**			
Basic	**¥ 27.26**	¥ 24.71	**$ 0.29**

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2013	2012	**2013**
Income before minority interests	**¥20,057**	¥17,739	**$212,783**
Other comprehensive income (Note 17)**:**			
Unrealized gain (loss) on securities	**9,312**	1,437	**98,789**
Reserve for land revaluation	**—**	176	**—**
Share of other comprehensive income of associates accounted for using equity method	**323**	9	**3,423**
Total other comprehensive income	**9,635**	1,622	**102,212**
Comprehensive income	**¥29,692**	¥19,361	**$314,995**
Comprehensive income attributable to:			
Owners of the parent	**¥29,280**	¥19,455	**$310,625**
Minority interests	**412**	(94)	**4,370**

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2013	2012	**2013**
Cash flows from operating activities:			
Income before income taxes and minority interests	**¥ 30,320**	¥ 29,979	**$ 321,662**
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	**50,424**	55,411	**534,951**
Loss on impairment of fixed assets	**11,403**	1,190	**120,969**
Amortization of goodwill	**809**	1,569	**8,578**
Interest and dividend income	**(1,078)**	(1,068)	**(11,434)**
Interest expense	**10,003**	11,113	**106,125**
(Decrease) increase in employees' retirement benefits	**(1,474)**	(4,611)	**(15,636)**
Loss (gain) on sale of property and equipment, net	**(3,002)**	(533)	**(31,849)**
Construction costs allotted to and received from others	**(52,372)**	(269)	**(555,617)**
Draw-downs from special reserve for expansion of railway transport facilities	**(4,700)**	(4,700)	**(49,862)**
Loss on deduction of carrying amounts of property and equipment	**52,347**	1,079	**555,347**
Loss on valuation of inventories	**1,519**	230	**16,116**
Decrease (increase) in trade receivables	**(591)**	(923)	**(6,271)**
(Increase) decrease in inventories	**1,840**	337	**19,523**
(Decrease) increase in accounts payables	**1,331**	319	**14,120**
Other	**15**	4,379	**158**
Subtotal	**96,794**	93,502	**1,026,880**
Interest and dividends received	**1,217**	1,210	**12,913**
Interest paid	**(10,122)**	(11,132)	**(107,384)**
Income taxes paid	**(16,406)**	(5,681)	**(174,049)**
Net cash provided by operating activities	**71,483**	77,899	**758,360**
Cash flows from investing activities:			
Acquisition of property and equipment	**(57,592)**	(88,119)	**(610,994)**
Proceeds from sales of property and equipment	**4,357**	1,995	**46,226**
Proceeds from long-term advances received	**8,348**	5,834	**88,561**
Advances received	**9,863**	8,641	**104,634**
Other	**275**	1,422	**2,923**
Net cash used in investing activities	**(34,749)**	(70,227)	**(368,650)**
Cash flows from financing activities:			
Net increase (decrease) in short-term loans	**(4,677)**	(8,620)	**(49,613)**
Proceeds from long-term debt	**84,135**	89,487	**892,582**
Repayments of long-term debt	**(111,282)**	(74,886)	**(1,180,584)**
Cash dividends paid	**(5,418)**	(4,696)	**(57,484)**
Acquisition of treasury stock	**(154)**	(84)	**(1,635)**
Other	**(375)**	(841)	**(3,977)**
Net cash provided by (used in) financing activities	**(37,771)**	360	**(400,711)**
Effect of exchange rate changes on cash and cash equivalents	**0**	0	**0**
Net (decrease) increase in cash and cash equivalents	**(1,037)**	8,032	**(11,001)**
Cash and cash equivalents at beginning of the year	**30,898**	22,866	**327,793**
Cash and cash equivalents at end of the year (Note 20)	**¥ 29,861**	¥ 30,898	**$ 316,792**

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Years ended March 31, 2013 and 2012

	Millions of yen				
	2013				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance as of April 1, 2012	¥60,360	¥58,555	¥ 97,672	¥(9,752)	¥206,835
Changes during the year:					
Cash dividends			**(5,441)**		**(5,441)**
Net income			**19,675**		**19,675**
Reversal of reserve for land revaluation			**29**		**29**
Repurchases of treasury stock				**(160)**	**(160)**
Disposition of treasury stock		**(6)**		**8**	**2**
Net changes in items other than shareholders' equity during the year					
Total changes during the year		**(6)**	**14,263**	**(152)**	**14,105**
Balance as of March 31, 2013	**¥60,360**	**¥58,549**	**¥111,935**	**¥(9,904)**	**¥220,940**

	Millions of yen				
	2013				
	Net unrealized gain on securities, net of taxes	Reserve for land revaluation	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance as of April 1, 2012	¥12,569	¥(590)	¥11,979	¥2,790	¥221,604
Changes during the year:					
Cash dividends					**(5,441)**
Net income					**19,675**
Reversal of reserve for land revaluation					**29**
Repurchases of treasury stock					**(160)**
Disposition of treasury stock					**2**
Net changes in items other than shareholders' equity during the year	**9,604**	**(29)**	**9,575**	**262**	**9,837**
Total changes during the year	**9,604**	**(29)**	**9,575**	**262**	**23,942**
Balance as of March 31, 2013	**¥22,173**	**¥(619)**	**¥21,554**	**¥3,052**	**¥245,546**

	Thousands of U.S. dollars (Note 3)				
	2013				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance as of April 1, 2012	$640,355	$621,209	$1,036,201	$(103,462)	$2,194,303
Changes during the year:					
Cash dividends			**(57,727)**		**(57,727)**
Net income			**208,731**		**208,731**
Reversal of reserve for land revaluation			**310**		**310**
Repurchases of treasury stock				**(1,700)**	**(1,700)**
Disposition of treasury stock		**(67)**		**94**	**27**
Net changes in items other than shareholders' equity during the year					
Total changes during the year		**(67)**	**151,314**	**(1,606)**	**149,641**
Balance as of March 31, 2013	**$640,355**	**$621,142**	**$1,187,515**	**$(105,068)**	**$2,343,944**

	Thousands of U.S. dollars (Note 3)				
	2013				
	Net unrealized gain on securities, net of taxes	Reserve for land revaluation	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance as of April 1, 2012	$133,339	$(6,256)	$127,083	$29,598	$2,350,984
Changes during the year:					
Cash dividends					**(57,727)**
Net income					**208,731**
Reversal of reserve for land revaluation					**310**
Repurchases of treasury stock					**(1,700)**
Disposition of treasury stock					**27**
Net changes in items other than shareholders' equity during the year	**101,894**	**(310)**	**101,584**	**2,775**	**104,359**
Total changes during the year	**101,894**	**(310)**	**101,584**	**2,775**	**254,000**
Balance as of March 31, 2013	**$235,233**	**$(6,566)**	**$228,667**	**$32,373**	**$2,604,984**

	Millions of yen				
	2012				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance as of April 1, 2011	¥60,360	¥58,566	¥84,496	¥(9,701)	¥193,721
Changes during the year:					
Cash dividends			(4,716)		(4,716)
Net income			17,838		17,838
Reversal of reserve for land revaluation			54		54
Repurchases of treasury stock				(96)	(96)
Disposition of treasury stock		(11)		45	34
Net changes in items other than shareholders' equity during the year					
Total changes during the year		(11)	13,176	(51)	13,114
Balance as of March 31, 2012	¥60,360	¥58,555	¥97,672	¥(9,752)	¥206,835

	Millions of yen				
	2012				
	Net unrealized gain on securities, net of taxes	Reserve for land revaluation	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance as of April 1, 2011	¥11,127	¥(710)	¥10,417	¥3,043	¥207,181
Changes during the year:					
Cash dividends					(4,716)
Net income					17,838
Reversal of reserve for land revaluation					54
Repurchases of treasury stock					(96)
Disposition of treasury stock					34
Net changes in items other than shareholders' equity during the year	1,442	120	1,562	(253)	1,309
Total changes during the year	1,442	120	1,562	(253)	14,423
Balance as of March 31, 2012	¥12,569	¥(590)	¥11,979	¥2,790	¥221,604

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2013 and 2012

1. Basis of presentation

The accompanying consolidated financial statements of Odakyu Electric Railway Co., Ltd. (the "Company") and consolidated subsidiaries (together, the "Companies") are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and have been compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information. Certain reclassifications have been made to present the accompanying consolidated financial statements in a format which is familiar to readers outside Japan.

2. Summary of significant accounting policies

(a) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and 45 consolidated subsidiaries over which substantial control is exerted either through majority ownership of voting stock and/or by other means. All significant intercompany balances and transactions have been eliminated in consolidation.

The Company applies the equity method to companies which it is able to influence to a material degree on financial and operating decision making through investment, personnel, finance, technology, trading, or other relationships.

Investments in unconsolidated subsidiaries and affiliates which are not accounted for by the equity method are carried at cost.

The fiscal year end of five consolidated subsidiaries is the end of February, which differs from that of the Company. The financial statements of these subsidiaries have been consolidated with appropriate adjustments for the intervening transactions and events between March 1 and March 31.

(b) Cash and cash equivalents

All highly liquid investments, generally with a maturity of three months or less when purchased which are readily convertible into known amounts of cash and are so near maturity that they represent only an insignificant risk of any change in value attributable to changes in interest rates, are considered cash equivalents.

(c) Marketable and investment securities

Marketable securities and investment securities are classified according to their holding objectives into held-to-maturity debt and other securities. Held-to-maturity debt securities are stated at amortized cost. Other securities are valued at market price and the resulting gains or losses are included, net of taxes, in accumulated other comprehensive income in the consolidated balance sheets.

Non-marketable available-for-sale securities are stated at cost determined by the moving-average method.

The Company records investments in limited liability investment partnerships, which are deemed "investments securities" under the provisions set forth in Article 2-2 of the Financial Instruments and Exchange Act of Japan, at the amount equivalent to its own percentage in the assets of such partnerships, based on the most recent financial statements available depending on the report date stipulated in the partnership agreement.

(d) Inventories

Inventories are stated at cost as follows:

Real estate developments
for sale ....the identified cost method
Merchandise...............principally, the retail cost method

(e) Allowance for doubtful accounts

An allowance for doubtful accounts has been provided based on the Company's and its consolidated subsidiaries' historical experience with respect to write-offs and based on an estimate of the amount of specific uncollectible accounts.

(f) Property and equipment (excluding leases)

Property and equipment is stated generally at cost. Depreciation is computed principally by the methods shown below at rates based upon the estimated useful lives of the assets. The range of the useful lives is from 3 to 60 years for buildings and structures and 3 to 17 years for machinery, equipment, rolling stock, and other vehicles.

Depreciation is calculated primarily by the declining-balance method except for buildings (excluding ancillary facilities) for which depreciation is calculated principally based on the straight-line method.

(g) Intangible fixed assets (excluding leases)

Intangible assets, including capitalized cost of software, are amortized by the straight-line method over their estimated useful lives (5 years for cost of software).

(h) Lease assets

Lease assets pertaining to finance lease transactions other than those where leases are deemed to transfer ownership of leased property to the lessee are valued by the straight-line method with the zero residual value over the term of the lease, which is deemed the useful life.

(i) Railway business construction fund

The Companies receive a portion of the construction costs applicable to work undertaken to elevate railway lines and crossings and for the improvement of grade crossings in the form of a construction fund provided by local and other public authorities.

Upon completion of construction, an amount equivalent to the construction fund is recorded as a deduction from the acquisition costs of the property and equipment purchased.

In addition, the construction fund portion received has been recorded as other income in the accompanying consolidated statements of income. The corresponding amount recorded as a deduction from the acquisition costs of property and equipment purchased has been posted to other expenses in the accompanying consolidated statements of income.

(j) Provision for bonuses

The Company provides for allowance for bonus based on the estimated amount of the payment for employees.

(k) Employees' retirement benefits

The allowance for employees' retirement benefits is recognized at the net total of the present value of the defined benefit obligation at the balance sheet date, plus any actuarial gain/loss not yet recognized, minus the fair value at the balance sheet date of the plan assets (if any) from which the obligations are to be settled directly. If the amount determined above is negative (an asset), the asset is recorded as a prepaid pension expense.

Net retirement benefit expense or income is recognized at the net amount of current service cost, interest cost, expected return on plan assets, actuarial gain/loss and past service cost recognized during the year. To determine the present value of the defined benefit obligation and the related current service cost and, where applicable, the past service cost, the project unit credit method is used. Past service cost is amortized by the straight-line method over a period of 10 years, which is shorter than the average estimated remaining years of service of the eligible employees.

Actuarial gain or loss and past service cost are recognized for each defined benefit plan and amortized over a period not exceeding the expected average remaining years of service of the employees participating in the plan. The Company and its subsidiaries recognize actuarial gain or loss by the declining-balance method over the 10 years following the fiscal year when such gain or loss is identified.

(l) Allowance for unredeemed gift certificates and others

The Company books expected use of unredeemed gift certificates and travel coupons, etc. to an allowance for unredeemed gift certificates and coupons, etc.

(m) Income taxes

Current income taxes are computed based on taxable income and comprise corporation, inhabitants' and enterprise taxes.

Provision is made for deferred income taxes arising from temporary differences between assets or liabilities as recorded or reported for financial or tax reporting purposes.

(n) Revenue and expenses

The Company adopts the method in which revenue and cost of revenue are posted when lease fees are received.

With regard to the accounting standard for construction revenue and construction costs, the percentage-of-completion method (the rate of completion of a construction project is estimated using the cost-comparison method) is applied to a construction work if the outcome of the construction activity is deemed certain for the progress made by the end of the year otherwise the completed-contract method is applied.

(o) Reserve for land revaluation

Pursuant to the "Law Concerning the Revaluation of Land" (the "Law"), land used for the business operations of two consolidated subsidiaries was revalued on March 31, 2000 and February 28, 2002. The excess of the book value over the revalued carrying amount before revaluation has been included in accumulated other comprehensive income in the amount of negative ¥619 million (negative $6,566 thousand). This represents the reserve for land revaluation calculated net of the related tax effect at March 31, 2013. The corresponding income taxes of negative ¥1,249 million (negative $13,251 thousand) have been included in deferred tax liabilities at March 31, 2013. These revaluations of land were determined based on the official standard notice prices in accordance with the relevant regulations of the Law with certain necessary adjustments.

(p) Derivative financial instruments

The Company states derivative financial instruments at fair value and recognize changes in the fair value as gains or losses unless derivative financial instruments are used for hedging purposes.

If derivative financial instruments are used as hedges and meet certain hedging criteria, the Company defers recognition of gain or loss resulting from the changes in the fair value of derivative financial instruments until the related loss or gain on the hedged items is recognized.

Also, if interest-rate swaps are used as hedges and meet certain hedging criteria, the net amount to be paid or received under the interest-rate swap agreements is added to or deducted from the interest on the assets or liabilities for which the swap agreement was executed.

The following summarizes hedging derivative financial instruments used by the Company and items hedged:

Hedging instruments:

Interest-rate swap agreements

Hedged items:

Interest expense on borrowings

The derivative transactions are executed in accordance with the resolution of the Fund Handling Department upon receiving approval from the individual responsible for settlements.

The Company evaluates hedge effectiveness by comparing the cumulative changes in cash flows or changes in the fair value of the hedged items, and the cumulative changes in cash flows or the changes in fair value of hedging instruments during the period from commencement of hedging to the point of evaluating effectiveness, based on changes in both amount and others. As for interest-rate swap agreements meeting the requirement for certain hedging criteria, the evaluation of hedge effectiveness is omitted.

(q) Amortization of goodwill

Goodwill is amortized over period of five year on a Straight-line basis.

(Standards Issued but Not Yet Effective)

On May 17, 2012, the ASBJ issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits.

1. Outline

   The accounting standard and guidance for retirement benefits were revised in view of improvements to financial reporting and international trends, with the focus mainly on how to account for actuarial gains and losses and past service costs yet to be recognized as profit and loss, how to determine retirement benefit obligations and service costs and how to enhance disclosure.

2. Effective date

The accounting standard and guidance are scheduled to go into effect on March 31, 2014. However, revisions to the determination of retirement benefit obligations and service costs are scheduled to go into effect on April 1, 2014.

3. Impact of the accounting standard and guidance's application

The impact will be evaluated in the course of formulating the Company's consolidated financial statements going forward.

(Changes in accounting policies)

Change in Depreciation

Following the revision of the Corporate Tax Law of Japan, the Company and its domestic consolidated subsidiaries began applying the depreciation method based on the revised Corporate Tax Law to property and equipment acquired since April 1, 2012. The impact on consolidated financial statements as a result of this change was minimal.

3. U.S. dollar amounts

The Company and its domestic consolidated subsidiaries and affiliates maintain their books of account and other records in yen. The U.S. dollar amounts are included solely for convenience and are stated as a matter of arithmetic computation only at U.S.$1.00=¥94.26, the approximate exchange rate prevailing on March 31, 2013. This translation should not be construed as a representation that the yen amounts actually represent, or have been, or could be, converted into U.S. dollars at the above or any other rate.

4. Inventories

Inventories consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Real estate developments for sale	**¥34,502**	¥37,676	**$366,026**
Merchandise	**10,710**	11,015	**113,624**
Supplies and other	**1,698**	1,649	**18,017**
	¥46,910	¥50,340	**$497,667**

5. Special reserve for expansion of railway transport facilities

Under Article 8 of the "Special Measures Law for the Expansion of Railway Transport Facilities," the Company was required to provide a special reserve for certain railway construction projects authorized by the Ministry of Land, Infrastructure and Transport. This special reserve was provided at the rate of 6% of the annual railway passenger fares received on and after May 18, 1988. The annual provision for this reserve was deductible for income tax purposes until the completion of the relevant construction projects or for 10 years after December 28, 1987, whichever date came earlier. After completion of the projects, the reserve was to be reversed to income over a 10-year period.

The period for the provision of this special reserve ended on December 27, 1997, and the Company ceased providing the special reserve as of that date.

Of the Special Reserve for the Expansion of Railway Transport Facilities, ¥4,700 million in the aggregate has been recognized as other income during the fiscal year.

6. Short-term loans and long-term debt

The weighted average interest rates on short-term loans at March 31, 2013 and 2012 were 0.60% and 0.62%, respectively.

Long-term debt at March 31, 2013 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
3.0% bonds due 2018	**¥ 20,000**	¥ 20,000	**$ 212,179**
1.53% bonds due 2012	**—**	15,000	**—**
1.95% bonds due 2013	**10,000**	10,000	**106,090**
2.24% bonds due 2016	**20,000**	20,000	**212,179**
1.377% bonds due 2013	**30,000**	30,000	**318,269**
0.63% bonds due 2012	**—**	15,000	**—**
0.932% bonds due 2014	**10,000**	10,000	**106,090**
1.718% bonds due 2019	**10,000**	10,000	**106,090**
0.43% bonds due 2013	**—**	15,000	**—**
0.31% bonds due 2013	**15,000**	15,000	**159,134**
0.496% bonds due 2015	**15,000**	15,000	**159,134**
0.956% bonds due 2017	**10,000**	10,000	**106,090**
1.367% bonds due 2020	**10,000**	10,000	**106,090**
0.39% bonds due 2014	**15,000**	15,000	**159,134**
0.38% bonds due 2014	**15,000**	15,000	**159,134**
0.34% bonds due 2015	**15,000**	15,000	**159,134**
0.24% bonds due 2015	**15,000**	—	**159,134**
0.846% bonds due 2022	**10,000**	—	**106,090**
0.22% bonds due 2016	**15,000**	—	**159,134**
Loans from banks, insurance companies and others, maturing from 2014 to 2033 at a weight average interest rate of 1.63%			
Secured	**134,119**	140,491	**1,422,865**
Unsecured	**134,499**	141,576	**1,426,887**
Long-term liabilities incurred for purchase of railway transport facilities maturing from 2013 to 2038 at a weight average interest rate of 1.45%	**138,024**	104,603	**1,464,287**
	641,642	626,670	**6,807,144**
Less current portion	**114,909**	111,040	**1,219,061**
	¥526,733	¥515,630	**$5,588,083**

Long-term liabilities incurred for purchase of railway transport facilities are loan of its buying railway facilities from the Japan Railway Construction, Transport and Technology Agency. The above amounts are equivalent sum of figures of the consolidated balance sheets that removed consumption taxes.

Assets pledged as collateral for long-term debt amounted to ¥571,210 million ($6,059,939 thousand) and ¥521,893 million at March 31, 2013 and 2012, respectively, and are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Pledged assets at net book value:			
Buildings and structures	**¥298,148**	¥266,323	**$3,163,040**
Machinery, equipment, rolling stock, and other vehicles	**48,986**	53,656	**519,687**
Land	**221,189**	199,038	**2,346,579**
Others in property and equipment	**2,887**	2,876	**30,633**
	¥571,210	¥521,893	**$6,059,939**

7. Other long-term liabilities

Other long-term liabilities principally consisted of security and lease deposits received. The Companies have received security and lease deposits from tenants for property leased under certain agreements. These security and lease deposits are refundable to the tenants when the respective lease periods expire.

8. Accumulated construction fund deducted from the acquisition cost of property and equipment purchased

The amounts of the accumulated construction fund deducted from the acquisition cost of property and equipment purchased as of March 31, 2013 and 2012 were ¥207,958 million ($2,206,214 thousand) and ¥155,758 million, respectively.

9. Net assets

Net assets comprise three subsections, which are shareholders' equity, accumulated other comprehensive income and minority interests.

Under the Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Corporation Law, in cases where dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend and the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve is required to be set aside as additional paid-in capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with the Law.

At the annual shareholders' meeting held on June 27, 2013, the shareholders approved a resolution for the distribution of cash dividends amounting to ¥2,902 million ($30,789 thousand). Such distribution has not been accrued in the consolidated financial statements as of March 31, 2013, but is recognized in the period in which it was approved.

10. Income taxes

The Companies are subject to a number of taxes based on income which, in the aggregate, resulted in a statutory tax rate of approximately 38.0%. The effective tax rates in the accompanying consolidated financial statements differ from the statutory tax rate principally because of certain expenses which were not deductible for income tax purposes for the years ended March 31, 2013 and 2012.

The significant components of deferred income tax assets and liabilities at March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
Deferred tax assets:	**2013**	2012	**2013**
Employees' retirement benefits	**¥ 10,206**	¥ 10,848	**$ 108,280**
Loss on impairment of fixed assets	**8,161**	4,598	**86,577**
Unrealized profits	**6,857**	7,042	**72,742**
Net operating loss carryforwards	**6,129**	6,324	**65,019**
Other	**12,228**	12,490	**129,728**
Gross deferred tax assets	**43,581**	41,302	**462,346**
Less valuation allowance	**(18,899)**	(20,949)	**(200,501)**
Total deferred tax assets	**¥ 24,682**	¥ 20,353	**$ 261,845**
Deferred tax liabilities:			
Unrealized gains on securities	**¥ (11,950)**	¥ (6,998)	**$ (126,778)**
Liabilities for pension and severance payments	**(1,589)**	(1,589)	**(16,858)**
Reserve for deduction of property and equipment	**(6,254)**	(6,294)	**(66,342)**
Other	**(425)**	(446)	**(4,508)**
Total deferred tax liabilities	**(20,218)**	(15,327)	**(214,486)**
Net deferred tax assets	**¥ 4,464**	¥ 5,026	**$ 47,359**

The net amounts of deferred tax assets and liabilities are included in the following categories of the consolidated balance sheet at March 31, 2013: (in millions of yen)

Current assets—Deferred tax assets ....¥ 5,482
Noncurrent assets—Deferred tax assets ....¥ 6,101
Current liabilities—Deferred tax liabilities..........................¥ (1)
Long-term liabilities—Deferred tax liabilities ....¥(7,118)

Aside from the above, deferred tax assets and liabilities related to land revaluation were as follows.

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Deferred tax asset related to land revaluation	**¥ 1,023**	¥ 1,023	**$ 10,858**
Less: Valuation allowance	**(1,023)**	(1,023)	**(10,858)**
Total	**—**	—	**—**
Deferred tax liabilities related to land revaluation	**(1,249)**	(1,269)	**(13,251)**
Net deferred tax assets and liabilities related to land revaluation	**¥(1,249)**	¥(1,269)	**$(13,251)**

A reconciliation of the statutory tax rate to the effective income tax rates is as follows:

	Years ended March 31	
	2013	2012
Statutory tax rate in Japan	**38.0%**	—
Change in valuation allowance	**(5.9)**	—
Permanently non-deductible expenses	**0.7**	—
Permanently non-taxable income	**(1.0)**	
Other	**2.0**	—
Effective income tax rate	**33.8%**	—

Note: A reconciliation of the statutory tax rate to the effective income tax rates for the year ended March 31, 2012 has been omitted since the difference was less than 5%.

11. Leases

(a) Finance leases

The description on the financial lease transactions for the years ended March 31, 2013 and 2012 is omitted because it is immaterial.

(b) Operating leases as a lessee

Future minimum lease payments for only non-cancelable contracts as of March 31, 2013 of operating lease transactions amounted to ¥5,859 million ($62,156 thousand); payments due within one year were ¥2,460 million ($26,098 thousand) and those due after one year were ¥3,399 million ($36,058 thousand). Future minimum lease payments for only non-cancelable contracts as of March 31, 2012 of operating lease transactions amounted to ¥7,428 million; payments due within one year were ¥2,458 million and those due after one year were ¥4,970 million.

(c) Operating leases as a lessor

Future minimum lease receipts for only non-cancelable contracts as of March 31, 2013 of operating lease transactions amounted to ¥1,617 million ($17,154 thousand); receipts due within one year were ¥864 million ($9,170 thousand) and those due after one year were ¥753 million ($7,984 thousand). Future minimum lease receipts for only non-cancelable contracts as of March 31, 2012 of operating lease transactions amounted to ¥2,399 million; receipts due within one year were ¥1,097 million and those due after one year were ¥1,302 million.

(d) Sub-lease transaction

With regard to sub-lease transaction for the year ended March 31, 2013 and 2012, due to little material significance, information concerning finance lease transactions is omitted.

12. Employees' retirement benefits

The following tables summarize obligation and expenses of employees' retirement benefits as March 31, 2013 and 2012.

(a) Details of employees' retirement benefits obligation

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Projected benefit obligations	**¥(93,785)**	¥(93,334)	**$(994,956)**
Fair value of plan assets	**67,422**	62,570	**715,274**
Funded status	**(26,363)**	(30,764)	**(279,682)**
Unrecognized actuarial loss	**4,259**	7,509	**45,185**
Unrecognized prior service cost	**(705)**	(908)	**(7,480)**
Net amount recognized	**(22,809)**	(24,163)	**(241,977)**
Prepaid pension cost	**212**	332	**2,254**
Employees' retirement benefits	**¥(23,021)**	¥(24,495)	**$(244,231)**

(b) Details of employees' retirement benefits expenses

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Service cost	**¥2,806**	¥ 2,938	**$29,770**
Interest cost	**1,796**	1,873	**19,055**
Expected return on plan assets	**(732)**	(735)	**(7,767)**
Recognized actuarial loss	**1,476**	1,927	**15,664**
Amortization of prior service cost	**(227)**	(1,032)	**(2,410)**
Net periodic benefit cost	**¥5,119**	¥ 4,971	**$54,312**

Assumptions used in accounting for the employees' retirement benefit plans are summarized as follows:

	2013	2012
Discount rate	**Primarily 1.6%**	Primarily 2.0%
Expected rate of return on plan assets	**Primarily 1.0%**	Primarily 1.0%

13. Financial instruments

At March 31, 2013 and 2012, information on financial instruments was as follows.

(a) Policies on financial instruments

It is the policy of the Group to limit its fund management to safe and highly liquid deposits while raising funds primarily through loans from financial institutions and the issuance of corporate bonds in view of the market climate, interest-rate trends. Derivatives are utilized for hedging against the risks described below not for speculative purposes.

(b) Qualitative information (risks and risk management system) on financial instruments

Trade receivables, which are operating receivables, are exposed to credit risk of customers. In regard to the credit risk, the business management departments of each business unit periodically monitor the status of collection of trade receivables by each customer, manage due dates and balances of trade receivables, and identify and mitigate the default risk of customers at an early stage.

Investment securities are mainly equities acquired in connection with business and are exposed to volatility risks of their market prices. The monitored fair values are reported periodically to the Board of Directors.

Accounts payable, which are operating liabilities, are mostly due within one year.

Borrowings and corporate bonds are intended to procure funds necessary mainly for capital investments and working capital. Borrowings with floating interest rates are exposed to interest rate fluctuation risk. The long-term portions of borrowings are utilized as derivative transactions (interest-rate swaps) to hedge the risks. These derivative transactions are utilized for every individual agreement to convert variable interest rates on borrowings to fixed interest rates. As for interest-rate swap agreements meeting the requirement for certain hedging criteria, the evaluation of hedge effectiveness is omitted.

In addition, the borrowings and account payable are exposed to liquidity risks. The Group manages liquidity risks in such a manner that each group company makes and updates its cash flow management plan on a monthly basis.

(c) Supplemental information on fair values

The fair values of financial instruments are based on their market prices. The fair values of financial instruments with no available market prices are determined by using prices calculated in a reasonable manner. However, as various factors are incorporated into these calculations, the resulting values may differ if different assumptions are provided.

(d) Fair values of financial instruments

Book values and fair values of the financial instruments (excluding those whose fair values were hard to determine) on the consolidated balance sheets at March 31, 2013 and 2012 were as follows:

	Millions of yen			Thousands of U.S. dollars		
March 31, 2013	Book value	Fair value	Difference	Book value	Fair value	Difference
(1) Cash and time deposits	**¥ 29,956**	**¥ 29,956**	**¥ —**	**$ 317,796**	**$ 317,796**	**$ —**
(2) Trade receivables	**20,188**	**20,188**	**—**	**214,176**	**214,176**	**—**
(3) Investment securities						
(a) Held-to-maturity debt securities	**46**	**47**	**1**	**491**	**499**	**8**
(b) Available-for-sale securities	**50,962**	**50,962**	**—**	**540,656**	**540,656**	**—**
Total assets	**¥ 101,152**	**¥ 101,153**	**¥ 1**	**$ 1,073,119**	**$ 1,073,127**	**$ 8**
(4) Accounts payable	**¥ (27,433)**	**¥ (27,433)**	**¥ —**	**$ (291,040)**	**$ (291,040)**	**$ —**
(5) Short-term loans	**(161,135)**	**(161,135)**	**—**	**(1,709,473)**	**(1,709,473)**	**—**
(6) Corporate bonds*1	**(235,000)**	**(242,062)**	**7,062**	**(2,493,105)**	**(2,568,030)**	**74,925**
(7) Long-term loans*2	**(268,618)**	**(283,264)**	**14,646**	**(2,849,752)**	**(3,005,132)**	**155,380**
(8) Long-term liabilities incurred for purchase of railway transport facilities*3	**(141,606)**	**(141,606)**	**—**	**(1,502,286)**	**(1,502,286)**	**—**
Total liabilities	**¥(833,792)**	**¥(855,500)**	**¥21,708**	**$(8,845,656)**	**$(9,075,961)**	**$230,305**
Derivatives	**¥ —**	**¥ —**	**¥ —**	**$ —**	**$ —**	**$ —**

*1. Corporate bonds include its redemptions due within one year.
*2. Long-term loans include a current portion of long-term debts.
*3. Long-term liabilities incurred for purchase of railway transport facilities includes its repayments due within one year.

March 31, 2012	Millions of yen Book value	Fair value	Difference
(1) Cash and time deposits	¥ 30,994	¥ 30,994	¥ —
(2) Trade receivables	19,603	19,603	—
(3) Investment securities			
(a) Held-to-maturity debt securities	36	36	0
(b) Available-for-sale securities	36,801	36,801	—
Total assets	¥ 87,434	¥ 87,434	¥ 0
(4) Accounts payable	¥ (26,203)	¥ (26,203)	¥ —
(5) Short-term loans	(165,811)	(165,811)	—
(6) Corporate bonds*1	(240,000)	(246,921)	6,921
(7) Long-term loans*2	(282,067)	(292,394)	10,327
(8) Long-term liabilities incurred for purchase of railway transport facilities*3	(106,362)	(106,362)	—
Total liabilities	¥(820,443)	¥(837,691)	¥17,248
Derivatives	¥ —	¥ —	¥ —

*1. Corporate bonds include its redemptions due within one year.
*2. Long-term loans include a current portion of long-term debts.
*3. Long-term liabilities incurred for purchase of railway transport facilities includes its repayments due within one year.

Notes:

1. Calculation method of fair values of financial instruments

(1) Cash and time deposits and (2) trade receivables

The book values of cash and time deposits and trade receivables approximate fair value because of their short maturities.

(3) Investment securities

The fair values of stocks are determined using the quoted price at the stock exchange while the fair values of receivables are determined using the quoted price at the stock exchange or the quoted price obtained from the financial institutions.

Regarding notes to securities according to holding purposes, refer to Note 14, "Securities."

(4) Accounts payable and (5) short-term loans

The book values of accounts payable and short-term loans approximate fair value because of their short maturities.

(6) Corporate bonds

The fair value of corporate bonds is based on the quoted market price.

(7) Long-term loans

For long-term loans, fair value is determined by discounting the total amount of principal and interest at the assumed interest rate on new loans of the same type. Long-term loans with floating interest rates are subject to interest-rate swap exceptional procedures, and, therefore, the fair value is determined by discounting the total amount of interest and principal together with the interest-rate swap at the interest rate assumed in a reasonable manner for new loans of the same type.

(8) Long-term liabilities incurred for purchase of railway transport facilities

The book value of long-term liabilities incurred for purchase of railway transport facilities approximates fair value because these are floating rate loans.

Derivatives:

Please see Note 15, "Derivatives financial instruments," for information on derivative transactions.

2. Financial instruments whose fair values are not readily determinable

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Unlisted stocks	**¥3,647**	¥3,649	**$38,689**
Investment in limited partnerships and the like	**714**	949	**7,570**

These items are not included in "(b) Available-for-sale securities in (3) Investment securities," because it is very difficult to identify fair values.

3. Redemption schedule for financial assets with maturities

	Millions of yen				Thousands of U.S. dollars			
	2013	From 2014 to 2018	From 2019 to 2023	Thereafter	2013	From 2014 to 2018	From 2019 to 2023	Thereafter
Cash and time deposits	**¥29,956**	**¥—**	**¥—**	**¥—**	**$317,796**	**$ —**	**$ —**	**$—**
Trade receivables	**20,188**	**—**	**—**	**—**	**214,176**	**—**	**—**	**—**
Held-to-maturity debt securities								
Government bonds	**10**	**26**	**10**	**—**	**106**	**276**	**106**	**—**
Total	**¥50,154**	**¥26**	**¥10**	**¥—**	**$532,078**	**$276**	**$106**	**$—**

	Millions of yen			
	2012	From 2013 to 2017	From 2018 to 2022	Thereafter
Cash and time deposits	¥30,994	¥—	¥—	¥—
Trade receivables	19,603	—	—	—
Held-to-maturity debt securities				
Government bonds	10	26	—	—
Total	¥50,607	¥26	¥—	¥—

4. Redemption schedule for corporate bonds, long-term loans and long-term liabilities incurred for purchase of railway transport facilities after the balance-sheet date

	Millions of yen					
March 31, 2013	Within one year	One to two years	Two to three years	Three to four years	Four to five years	Over five years
Corporate bonds*[1]	**¥70,000**	**¥40,000**	**¥45,000**	**¥20,000**	**¥10,000**	**¥ 50,000**
Long-term loans*[2]	**34,862**	**20,380**	**31,496**	**27,389**	**17,839**	**136,652**
Long-term liabilities incurred for purchase of railway transport facilities*[3]	**10,047**	**10,212**	**9,494**	**9,629**	**9,767**	**88,875**

	Thousands of U.S. dollars					
	Within one year	One to two years	Two to three years	Three to four years	Four to five years	Over five years
Corporate bonds*[1]	**$742,627**	**$424,358**	**$477,403**	**$212,179**	**$106,090**	**$ 530,448**
Long-term loans*[2]	**369,849**	**216,203**	**334,142**	**290,566**	**189,256**	**1,449,736**
Long-term liabilities incurred for purchase of railway transport facilities*[3]	**106,586**	**108,339**	**100,722**	**102,158**	**103,613**	**942,869**

	Millions of yen					
March 31, 2012	Within one year	One to two years	Two to three years	Three to four years	Four to five years	Over five years
Corporate bonds*[1]	¥45,000	¥70,000	¥40,000	¥15,000	¥20,000	¥ 50,000
Long-term loans*[2]	57,584	34,860	20,268	31,076	26,969	111,310
Long-term liabilities incurred for purchase of railway transport facilities*[3]	8,455	8,590	8,728	8,000	8,126	62,704

*1. Corporate bonds include its redemptions due within one year.
*2. Long-term loans include a current portion of long-term debts.
*3. Long-term liabilities incurred for purchase of railway transport facilities includes its repayments due within one year. The above amounts are equivalent sum of figures of the consolidated balance sheets that removed consumption taxes.

14. Securities

The following tables summarize the acquisition cost, book value and fair value of securities as of March 31, 2013 and 2012.

(a) Marketable held-to-maturity debt securities

	Millions of yen			Thousands of U.S. dollars		
March 31, 2013	Book value	Fair value	Difference	Book value	Fair value	Difference
Securities, whose fair value exceeds their book value:						
Government bonds	**¥36**	**¥37**	**¥ 1**	**$385**	**$393**	**$ 8**
Subtotal	**36**	**37**	**1**	**385**	**393**	**8**
Securities ,whose fair value does not exceed their book value:						
Government bonds	**10**	**10**	**(0)**	**106**	**106**	**(0)**
Subtotal	**10**	**10**	**(0)**	**106**	**106**	**(0)**
Total	**¥46**	**¥47**	**¥ 1**	**$491**	**$499**	**$ 8**

	Millions of yen		
March 31, 2012	Book value	Fair value	Difference
Securities, whose fair value exceeds their book value:			
Government bonds	¥26	¥26	¥0
Subtotal	26	26	0
Securities, whose fair value does not exceed their book value:			
Government bonds	10	10	(0)
Subtotal	10	10	(0)
Total	¥36	¥36	¥0

(b) Marketable other securities

	Millions of yen			Thousands of U.S. dollars		
March 31, 2013	Acquisition cost	Fair value	Difference	Acquisition cost	Fair value	Difference
Securities, whose fair value exceeds their acquisition cost:						
Stocks	**¥14,092**	**¥48,409**	**¥34,317**	**$149,502**	**$513,574**	**$364,072**
Subtotal	**14,092**	**48,409**	**34,317**	**149,502**	**513,574**	**364,072**
Securities, whose fair value does not exceed their acquisition cost:						
Stocks	**2,926**	**2,553**	**(373)**	**31,044**	**27,082**	**(3,962)**
Subtotal	**2,926**	**2,553**	**(373)**	**31,044**	**27,082**	**(3,962)**
Total	**¥17,018**	**¥50,962**	**¥33,944**	**$180,546**	**$540,656**	**$360,110**

	Millions of yen		
March 31, 2012	Acquisition cost	Fair value	Difference
Securities, whose fair value exceeds their acquisition cost:			
Stocks	¥10,189	¥31,101	¥20,912
Subtotal	10,189	31,101	20,912
Securities, whose fair value does not exceed their acquisition cost:			
Stocks	6,934	5,700	(1,234)
Subtotal	6,934	5,700	(1,234)
Total	¥17,123	¥36,801	¥19,678

(c) The net gain (loss) on sale of other marketable securities

The description on the net gain (loss) on sale of other marketable securities for the year ended March 31, 2013 and 2012 is omitted because it is immaterial.

(d) Impairment losses on marketable securities

The impairment losses on marketable securities for the year ended March 31, 2013 and 2012 is omitted because it is immaterial.

The Group records an impairment on marketable securities if their market value declines by 50% or more below their respective book value. For securities whose market value has declined by more than 30% but less than 50% below the book value, the Group considers the possibility of recovery and records the amount expected to be unrecoverable as an impairment.

15. Derivatives financial instruments

At March 31, 2013 and 2012, information on derivative transactions was as follows.

(a) Derivatives to which hedge accounting is not applied.

There are no derivative transactions for the year ended March 31, 2013 and 2012 to which hedge accounting is not applied.

(b) Derivatives to which hedge accounting is applied.

March 31, 2013

Hedge accounting method	Type of derivatives	Major hedged item	Millions of yen			Thousands of U.S. dollars		
			Contract amount	Due after one year	Fair value	Contract amount	Due after one year	Fair value
Special treatment for interest-rate swap	Interest-rate swaps Receive floating rate Pay fixed rate	Long-term loans	**¥19,998**	**¥16,828**	(Note)	**$212,153**	**$178,522**	(Note)

Note: The interest-rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the paid or received under the swap agreements is recognized and included in interest expenses of income of the long-term loans as hedged items. Accordingly, the fair value of the interest-rate swaps is considered to be included in the fair value of the long-term loans.

March 31, 2012

Hedge accounting method	Type of derivatives	Major hedged item	Millions of yen		
			Contract amount	Due after one year	Fair value
Special treatment for interest-rate swap	Interest-rate swaps Receive floating rate Pay fixed rate	Long-term loans	¥20,287	¥19,998	(Note)

Note: The interest-rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the paid or received under the swap agreements is recognized and included in interest expenses of income of the long-term loans as hedged items. Accordingly, the fair value of the interest-rate swaps is considered to be included in the fair value of the long-term loans.

16. Leasing real estate

The Company and certain consolidated subsidiaries own leasing commercial facilities and leasing office buildings centering on the area around Tokyo and Kanagawa prefectures. As real estate of which some portions are used as leasing property includes portions used by the Company and certain consolidated subsidiaries, it is shown as "Other properties used as leasing properties."

The book values in the consolidated balance sheets, changes during the fiscal under review and fair values of real estate, of which some portions are used as leasing property, are determined as follows.

(a) Fair value of leasing and other properties

	Millions of yen			
	Book value			Fair value
	March 31, 2012	Changes during the year	March 31, 2013	March 31, 2013
Leasing properties	**¥128,779**	**¥ (892)**	**¥127,887**	**¥160,837**
Other properties used as leasing properties	**164,204**	**(2,177)**	**162,027**	**194,324**

	Thousands of U.S. dollars			
	Book value			Fair value
	March 31, 2012	Changes during the year	March 31, 2013	March 31, 2013
Leasing properties	**$1,551,180**	**$(194,430)**	**$1,356,750**	**$1,706,308**
Other properties used as leasing properties	**1,977,882**	**(258,943)**	**1,718,939**	**2,061,573**

Notes: 1. The amount posted in the consolidated balance sheet is gained by deducting the cumulative depreciation and amortization from the acquisition cost.
2. The main component of the increase during the year is ¥2,784 million ($29,538 thousand) in acquisition of Nittochi Shinyurigaoka Building. The main factors attributable to the decrease are depreciation and amortization.
3. The market value as of March 31, 2013 is based, for main transactions, on a Real Estate Survey Report prepared by a certified real estate appraiser, and for other transactions, on appraised value or price index considered to reflect the fair value.

	Millions of yen			
	Book value			Fair value
	March 31, 2011	Changes during the year	March 31, 2012	March 31, 2012
Leasing properties	¥146,016	¥(17,237)	¥128,779	¥158,748
Other properties used as leasing properties	115,832	48,372	164,204	198,561

Notes: 1. The amount posted in the consolidated balance sheet is gained by deducting the cumulative depreciation and amortization from the acquisition cost.
2. The main component of the changes during the year are increase of ¥34,582 million in acquisition of Shinjuku Subaru Building.
3. The market value as of March 31, 2012 is based, for main transactions, on a Real Estate Survey Report prepared by a certified real estate appraiser, and for other transactions, on appraised value or price index considered to reflect the fair value.

(b) Profit and loss on leasing properties

	Millions of yen			
Year ended March 31, 2013	Leasing income	Leasing expenses	Difference	Others gains or losses
Leasing properties	**¥11,847**	**¥ 7,110**	**¥4,737**	**¥ (240)**
Other properties used as leasing properties	**21,422**	**14,332**	**7,090**	**1,822**

	Thousands of U.S. dollars			
Year ended March 31, 2013	Leasing income	Leasing expenses	Difference	Others gains or losses
Leasing properties	**$125,690**	**$ 75,434**	**$50,256**	**$(2,549)**
Other properties used as leasing properties	**227,268**	**152,053**	**75,215**	**19,333**

Note: Other gains and losses represent mainly gains on sales of properties or losses on disposal of properties as other income (expense).

	Millions of yen			
Year ended March 31, 2012	Leasing income	Leasing expenses	Difference	Others gains or losses
Leasing properties	¥11,982	¥ 7,048	¥4,934	¥ (309)
Other properties used as leasing properties	20,638	15,969	4,669	(1,478)

17. Other comprehensive income

The components of other comprehensive income for the year ended March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
Unrealized gain on securities:	**2013**	2012	**2013**
Gain arising during the year	**¥14,174**	¥ 511	**$150,369**
Reclassification adjustments	**92**	210	**981**
Amount before income tax effect	**14,266**	721	**151,350**
Income tax effect	**(4,954)**	716	**(52,561)**
Subtotal	**9,312**	1,437	**98,789**
Reserve for land revaluation:			
Income tax effect	**—**	176	**—**
Subtotal	**—**	176	**—**
Share of other comprehensive income of associates accounted for using equity method:			
Gain arising during the year	**323**	9	**3,423**
Reclassification adjustments	**—**	(0)	**—**
Total other comprehensive income	**¥ 9,635**	¥1,622	**$102,212**

18. Amounts per share

In accordance with the accounting standard for earnings per share, basic net income per share is computed based on the net income available for distribution to shareholders of common stock and the weighted-average number of shares of common stock outstanding during the year. Diluted net income per share is computed based on the net income available for distribution to the shareholders and the weighted-average number of shares of common stock outstanding during each year assuming full conversion or exercise of the common stock equivalents.

Net assets per share are based on the number of shares of common stock outstanding at each year end.

	Years ended March 31		
	Yen		U.S. dollars
	2013	2012	**2013**
Net income—basic	**¥27.26**	¥24.71	**$0.29**

	March 31		
	Yen		U.S. dollars
	2013	2012	**2013**
Net assets	**¥336.05**	¥303.15	**$3.57**

Diluted net income per share is not presented as the Companies did not hold any potentially dilutive securities for the years ended March 31, 2013 and 2012.

19. Contingent liabilities

The Companies were contingently liable as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Guarantees of loans on behalf of:			
Unconsolidated subsidiaries and affiliates	**¥ 129**	¥ —	**$ 1,365**
Employees and others	**1,015**	1,287	**10,776**
	¥1,144	¥1,287	**$12,141**

The outstanding amount of which the Company was contingently liable under debt assumption agreement was ¥20,000 million of the 22nd series of unsecured bonds.

20. Supplementary cash flow information

The following table represents a reconciliation of cash and cash equivalents and cash and time deposits in the consolidated balance sheets as of March 31, 2013 and 2012:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Cash and time deposits	**¥29,956**	¥30,994	**$317,796**
Marketable securities	**10**	10	**106**
Time deposits with a maturity of more than 3 months	**(95)**	(96)	**(1,004)**
Equity and debt securities with a maturity of more than 3 months	**(10)**	(10)	**(106)**
Cash and cash equivalents	**¥29,861**	¥30,898	**$316,792**

21. Loss on impairment of fixed assets

The Group recognized an impairment loss of ¥11,403 million ($120,969 thousand) for certain intangible assets and business properties of a hotel in Shinjuku, Tokyo and a store in Setagaya, Tokyo, as there was no expectation of initially forecasted profits. The carrying amounts of these assets were written down to a recoverable amount.

Impairment losses that the Group recognized for the years ended March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Buildings and structures	**¥10,754**	¥ 967	**$114,086**
Machinery, equipment, rolling stock, and other vehicles	**125**	22	**1,325**
Land	**—**	98	**—**
Lease	**20**	4	**216**
Intangible assets	**27**	5	**284**
Others	**477**	94	**5,058**
Total	**¥11,403**	¥1,190	**$120,969**

The Group bases its grouping for assessing impairment losses on its business segments or on an individual property and store basis. The recoverable amounts of assets are measured at their estimated selling value, which is principally equivalent to the valuation submitted by real estate appraisers. When the recoverable amounts are measured at their value in use, a discount rate of 4.0% is used for the computation of present value of future cash flows for the assets.

22. Segment information

(a) Overview of the reportable segments

The Group's reportable segments are determined on the basis that separate financial information for such segments is available and examined periodically by the Board of Directors, which makes decisions regarding the allocation of management resources and assesses the business performances of such segments.

The Group's businesses provide goods and services that support our customers' daily lives primarily along the Odakyu lines, centered on transportation but including merchandising, real estate, hotel, restaurant and other services. For this reason, the Group consists of business segments with the business department as the basis. The three reportable segments are "transportation," "merchandising," and "real estate."

The main goods and services that fall under these reportable segments are listed below.

Transportation......railway, bus, taxi, sightseeing boat, ropeway
Retail ....department store, supermarket
Real estate............sale of land and buildings, leasing of buildings

(b) Valuation method for reportable operating income (loss) and asset amounts

The accounting method for reportable business segments is presented in accordance with "Summary of significant accounting policies" in Note 2. The reportable operating income figures are based on operating income. Intersegment transactions are presented based on the current market prices at the time of this report.

Information about sales, operating income, assets and others by reportable segment, for the years ended March 31, 2013 and 2012 was as follows:

	(Millions of yen)						
	Reportable segment						
Year ended March 31, 2013	Transportation	Merchandising	Real Estate	Other	Total	Adjustment	Consolidated
Operating revenues	¥166,382	¥221,062	¥ 55,333	¥ 72,447	¥ 515,224	¥ —	¥ 515,224
Intragroup sales and transfers	3,228	2,587	5,439	23,843	35,097	(35,097)	—
Total	¥169,610	¥223,649	¥ 60,772	¥ 96,290	¥ 550,321	¥(35,097)	¥ 515,224
Operating income	¥ 26,444	¥ 3,813	¥ 10,372	¥ 3,307	¥ 43,936	¥ 183	¥ 44,119
Total assets	¥672,542	¥ 77,397	¥381,329	¥ 86,432	¥1,217,700	¥ 46,802	¥1,264,502
Other							
Depreciation and amortization	¥ 31,504	¥ 5,141	¥ 9,681	¥ 4,342	¥ 50,668	¥ (244)	¥ 50,424
Amortization of goodwill	—	—	744	26	770	39	809
Loss on impairment of fixed assets	46	231	4	11,122	11,403	—	11,403
Investment for affiliates applied for equity methods	6,440	—	—	—	6,440	—	6,440
Capital expenditures	34,905	4,642	10,855	2,956	53,358	—	53,358

	(Thousand of U.S. dollars)						
	Reportable segment						
Year ended March 31, 2013	Transportation	Merchandising	Real Estate	Other	Total	Adjustment	Consolidated
Operating revenues	$1,765,133	$2,345,237	$ 587,021	$ 768,594	$ 5,465,985	$ —	$ 5,465,985
Intragroup sales and transfers	34,248	27,446	57,705	252,947	372,346	(372,346)	—
Total	$1,799,381	$2,372,683	$ 644,726	$1,021,541	$ 5,838,331	$(372,346)	$ 5,465,985
Operating income	$ 280,544	$ 40,453	$ 110,033	$ 35,089	$ 466,119	$ 1,941	$ 468,060
Total assets	$7,134,966	$ 821,104	$4,045,501	$ 916,949	$12,918,520	$ 496,523	$13,415,043
Other							
Depreciation and amortization	$ 334,230	$ 54,538	$ 102,711	$ 46,061	$ 537,540	$ (2,589)	$ 534,951
Amortization of goodwill	—	—	7,890	277	8,167	411	8,578
Loss on impairment of fixed assets	483	2,451	44	117,991	120,969	—	120,969
Investment for affiliates applied for equity methods	68,325	—	—	—	68,325	—	68,325
Capital expenditures	370,300	49,248	115,161	31,363	566,072	—	566,072

Notes:

1. “Other” represents the following businesses, which are not included in the above reportable segment: hotel, restaurant, travel agent, golf course, railway maintenance service, motor service station and car dealer, building management and maintenance, advertising agency, horticulture and gardening, insurance agency, bookkeeping service, nursing and child care
2. Adjustments are as follows:
   (1) Adjustments of ¥183 million ($1,941 thousand) for operating income include ¥222 million ($2,352 thousand) of intersegment elimination and negative ¥39 million (negative $411 thousand) of amortization of goodwill.
   (2) Adjustments for segment assets amounting to ¥46,802 million ($496,523 thousand) include negative ¥120,966 million (negative $1,283,321 thousand) of intersegment elimination and ¥167,768 ($1,779,844 thousand) of the Group assets that have not been distributed to reportable segments.
   (3) Adjustments for depreciation and amortization amounting to negative ¥244 million (negative $2,589 thousand) represents intersegment elimination.
3. Operating income is adjusted to operating income of consolidated statements of income.
4. Increases in depreciation and amortization, capital expenditures include amortization and additions to long-term prepaid expenses.

Year ended March 31, 2012	(Millions of yen) Reportable segment: Transportation	Merchandising	Real Estate	Other	Total	Adjustment	Consolidated
Operating revenues	¥ 162,838	¥ 221,235	¥ 54,661	¥ 69,598	¥ 508,332	¥ —	¥ 508,332
Intragroup sales and transfers	2,893	2,455	6,225	22,024	33,597	(33,597)	—
Total	¥ 165,731	¥ 223,690	¥ 60,886	¥ 91,622	¥ 541,929	¥ (33,597)	¥ 508,332
Operating income	¥ 25,904	¥ 3,459	¥ 8,192	¥ 895	¥ 38,450	¥ 181	¥ 38,631
Total assets	¥ 716,117	¥ 76,447	¥ 392,593	¥ 92,591	¥ 1,277,748	¥ 33,437	¥ 1,311,185
Other							
Depreciation and amortization	¥ 34,104	¥ 5,669	¥ 11,041	¥ 4,859	¥ 55,673	¥ (262)	¥ 55,411
Amortization of goodwill	—	21	1,487	26	1,534	35	1,569
Loss on impairment of fixed assets	231	432	250	277	1,190	—	1,190
Investment for affiliates applied for equity methods	5,088	—	—	—	5,088	—	5,088
Capital expenditures	31,427	3,372	43,976	1,993	80,768	—	80,768

Notes:

1. "Other" represents the following businesses, which are not included in the above reportable segment: hotel, restaurant, travel agent, golf course, railway maintenance service, motor service station and car dealer, building management and maintenance, advertising agency, horticulture and gardening, insurance agency, bookkeeping service, nursing and child care.
2. Adjustments are as follows:
   (1) Adjustments of ¥181 million for operating income include ¥216 million of intersegment elimination and negative ¥35 million of amortization of goodwill.
   (2) Adjustments for segment assets amounting to ¥33,438 million include negative ¥85,188 million of intersegment elimination and ¥118,626 of the Group assets that have not been distributed to reportable segments.
   (3) Adjustments for depreciation and amortization amounting to negative ¥262 million represents intersegment elimination.
3. Operating income is adjusted to operating income of consolidated statements of income.
4. Increases in depreciation and amortization, capital expenditures include amortization and additions to long-term prepaid expenses.

(c) Related information as of and for the year ended March 31, 2013

Information by product and service

Since the segments of products and services are the same as the reportable segments, information by product or service is omitted.

Information by geographical area information

(1) Revenue from operations

Since the revenues to external customers in Japan exceeds 90% of the revenues from operations on the consolidated statements of income, information is omitted.

(2) Property and equipment

Since the amount of property and equipment located in Japan exceeds 90% of the amount of property and equipment recorded on the consolidated balance sheets, information is omitted.

Information by major customer

Since sales to no customer account for 10% or more of the revenues from operations on the consolidated statements of income, information by major customer is omitted.

(d) Impairment loss of long-lived assets in reportable segments

The description on the Impairment loss of long-lived assets by segment for the year ended March 31, 2013 and 2012 is omitted because it is disclosed on "Segment information."

(e) Information on amortization of goodwill and unamortized balance by reportable segment

	(Millions of yen)					
Year ended March 31, 2013	Transportation	Merchandising	Real Estate	Other	Intercompany Eliminations and Corporate	Consolidated
Balance at the end of the fiscal year under review	**¥—**	**¥—**	**¥—**	**¥—**	**¥98**	**¥98**

	(Thousands of U.S. dollars)					
Year ended March 31, 2013	Transportation	Merchandising	Real Estate	Other	Intercompany Eliminations and Corporate	Consolidated
Balance at the end of the fiscal year under review	**\$—**	**\$—**	**\$—**	**\$—**	**\$1,039**	**\$1,039**

	(Millions of yen)					
Year ended March 31, 2012	Transportation	Merchandising	Real Estate	Other	Intercompany Eliminations and Corporate	Consolidated
Balance at the end of the fiscal year under review	¥—	¥—	¥744	¥26	¥88	¥858

Note: The amount of the amortization of goodwill for the year ended March 31, 2013 and 2012 is omitted because it is disclosed on "Segment information."

(f) Information on gain on negative goodwill by reportable segment

The description on gain on negative goodwill by segment for the year ended March 31, 2013 is omitted because it is immaterial.

23. Related party transactions

For the year ended March 31, 2013

There are no related party transactions to be applied.

For the year ended March 31, 2012

Transactions between consolidated subsidiary and related party.

Transactions between consolidated subsidiaries of the company that submitted consolidated financial statements (Odakyu Electric Railway Co., Ltd.) and Directors of Odakyu Electric Railway Co., Ltd. and major shareholders (individual shareholders only), etc.

Odakyu Nishi-Shinjuku Building Co., Ltd.

Attribute	Name of related party	Business	Voting interest	Description of the business relationship	Description of transaction	Transaction amounts (millions of yen)	Account title	Year-end balance (millions of yen)
Director	Tomijiro Morita	Director of Odakyu Electric Railway Co., Ltd. Chairman of the Board and Representative Director of The Dai-ichi Mutual Life Insurance Company	Directly 6.7%	Borrowed capital	Borrowed capital	¥ —	Long-term debt	¥36,100
					Payment of interest	200	—	—

Notes: 1. The transaction with the Dai-ichi Mutual Life Insurance Company is a transaction for third parties.
2. The voting interest of "6.7% directly owned" is the ratio at which the Dai-ichi Mutual Life Insurance Company owns the voting right, etc. of the Company.
3. The transaction amount and year-end balance do not include consumption taxes.
4. The rate of the fund borrowed from the Dai-ichi Mutual Life Insurance Company has been rationally determined in accordance with market interest rates.
5. Since the Company's director Tomijiro Morita retired the chairman of the board and director of the Dai-ichi Mutual Life Insurance Company on June 27, 2011, the above stated the transaction amount in office and the balance at the time of the retirement.

24. Subsequent events

(a) Merger with a subsidiary

At the Board of Directors' meeting held on December 19, 2012, Odakyu Electric Railway Co., Ltd. decided to effect a merger with its subsidiary, Odakyu Nishi-Shinjuku Building Co., Ltd. The Company, as the surviving company, completed the merger on April 1, 2013.

(1) Outline of the Merger
- (a) Name and business of the merged entity
  Odakyu Nishi-Shinjuku Building Co., Ltd.
  Real estate leasing business
- (b) Date of the merger
  April 1, 2013
- (c) Legal form of the merger
  The merger was an absorption-type merger, with the Company as the surviving company and Odakyu Nishi-Shinjuku Building Co., Ltd. as the company to be dissolved.
- (d) Name of the entity after the merger
  Odakyu Electric Railway Co., Ltd.
- (e) Purpose of the merger
  The Company undertook the merger to achieve more effective management and operational system for the adjacent assets held by the Company and Odakyu Nishi-Shinjuku Building Co., Ltd.

(2) Accounting method
The Company applied the following accounting treatments stipulated by "Accounting Standard for Business Combinations" (ASBJ Statement No. 21; December 26, 2008) and "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10; December 26, 2008) for the transaction under common control.

(b) Issuance of unsecured bond

The directors of the Company approved a resolution for the issuance of the 62th series of unsecured bonds at a meeting of the Board of Directors convened on June 27, 2013. Details of the issuance are summarized as follows:

(1) Amount:	¥15.0 billion
(2) Interest rate:	Less than 0.8 % per annum
(3) Date of issuance:	Between June 27, and July 31, 2013
(4) Term:	3 years
(5) Purpose:	Capital expenditures

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Independent Auditor's Report

The Board of Directors
Odakyu Electric Railway Co., Ltd.

We have audited the accompanying consolidated financial statements of Odakyu Electric Railway Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2013, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Odakyu Electric Railway Co., Ltd. and its consolidated subsidiaries as at March 31, 2013, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 3.

Ernst & Young ShinNihon LLC

June 27, 2013

CORPORATE INFORMATION

As of June 27, 2013

Corporate Data

Head Office: 1-8-3, Nishi-Shinjuku, Shinjuku-ku, Tokyo 160-8309, Japan

Established: June 1, 1948

Common Stock: ¥60,360 million

Employees: Consolidated: 13,164
Non-consolidated: 3,613

Independent Auditor: Ernst & Young ShinNihon LLC

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URL: http://www.odakyu.jp

Board of Directors, Auditors and Executive Officers

Chairman and Representative Director
Yorihiko Osuga*

Executive President and Representative Director
Toshimitsu Yamaki*

Executive Senior Managing Directors
Kazuyoshi Arai*
Osamu Kaneda*
Mikio Ogawa*

Executive Managing Directors
Yasuyuki Asahi*
Koji Hoshino*
Ichiro Kaneko*

Directors
Hiroyuki Dakiyama*
Tomijiro Morita
Michinobu Fujinami
Izumi Amano
Yoshihiko Shimooka
Jun Koyanagi

Standing Auditors
Minoru Hayano
Shunji Takahara

Auditors
Ikuo Uno
Takehisa Fukazawa
Masataka Ito

Executive Officers
Hiroyuki Hayakawa
Shu Igarashi
Isamu Arakawa
Takashi Hayama
Shinji Nagano

*Executive Officer

Stock Information

Fiscal Year: March 31

Regular General Meeting of Shareholders: Late June

Authorized Shares: 2,200,000,000

Issued Shares: 736,995,435 shares

Shareholders: 57,983

Stock Exchange Listing: Tokyo Stock Exchange

Transfer Agent: Sumitomo Mitsui Trust Bank, Limited
1-4-1, Marunouchi, Chiyoda-ku,
Tokyo 100-8233, Japan
Phone: +81-3-3286-1111

Principal Shareholders:

Name	Number of shares held (thousands)	Percentage
The Dai-ichi Life Insurance Company, Limited	47,417	6.43
Nippon Life Insurance Company	46,565	6.32
The Master Trust Bank of Japan, Ltd. (Trust account)	32,534	4.41
The Master Trust Bank of Japan, Ltd. (Retirement benefit trust account of Mitsubishi Electric Corporation account)	25,816	3.50
Japan Trustee Services Bank, Ltd. (Trust account)	16,844	2.29
Meiji Yasuda Life Insurance Company	15,353	2.08
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	11,500	1.56
Sumitomo Life Insurance Company	11,000	1.49
Sumitomo Mitsui Trust Bank, Limited	10,600	1.44
Sumitomo Mitsui Banking Corporation	9,417	1.28

Note: 1. The Dai-ichi Life Insurance Company, Limited has contributed an additional 4,000 thousand shares to establish a retirement benefit trust and retains rights of instruction in regard to shareholder voting rights of the shares.
2. The 25,816 thousand shares held by The Master Trust Bank of Japan, Ltd. (Retirement benefit trust account of Mitsubishi Electric Corporation account) are trust assets of a retirement benefit trust consigned by Mitsubishi Electric Corporation to The Master Trust Bank of Japan, Ltd. Mitsubishi Electric Corporation retains rights of instruction in regard to shareholder voting rights of the shares.
3. Sumitomo Mitsui Trust Bank, Limited has contributed an additional 9,124 thousand shares to establish a retirement benefit trust and retains rights of instruction in regard to shareholder voting rights of the shares.
4. Sumitomo Mitsui Banking Corporation has contributed an additional 1,554 thousand shares to establish a retirement benefit trust and retains rights of instruction in regard to shareholder voting rights of the shares.
5. The above excludes treasury stocks of 11,452 thousand shares held by the Company and 1,000 shares the Company has not been owned substantially.

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