

[Translation for reference only]

ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT

This is an English translation of the original Japanese-language document and is provided for convenience only. In all cases, the Japanese-language original shall prevail.

(Securities code: 9024)

June 2, 2015

To our shareholders

Takashi Goto

President and CEO

Seibu Holdings Inc.

1-16-15 Minami-Ikebukuro, Toshima-ku, Tokyo

Notice of the 10th Annual General Meeting of Shareholders

You are cordially invited to attend the 10th Annual General Meeting of Shareholders of Seibu Holdings Inc. (hereinafter “the Company”), which will be held as described below.

If you are unable to attend the meeting, you may exercise your voting rights in writing or via the internet. Please review the Reference Documents for the General Meeting of Shareholders provided at the back of this document, and make sure that your votes are submitted no later than 5:00 p.m. on Monday, June 22, 2015 (Japan time).

1. Date and Time: Tuesday, June 23, 2015, at 10:00 a.m. (Japan Standard Time)
(The reception desk is scheduled to open at 9:00 a.m.)

2. Venue: Kusunoki Hall (8th floor), Seibu Daini Building
1-11-2 Kusunokidai, Tokorozawa-shi, Saitama

3. Purpose of the Meeting

Matters to be reported:

1. Business Report, Consolidated Financial Statements and Audit Reports for the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board, for the 10th Fiscal Year (from April 1, 2014 to March 31, 2015)
2. Non-consolidated Financial Statements for the 10th Fiscal Year (from April 1, 2014 to March 31, 2015)

Matters to be resolved:

<Proposals by the Company (Proposals No. 1 and No. 2)>

Proposal No. 1: Appropriation of surplus

Proposal No. 2: Election of five (5) Directors

<Proposals by shareholders (Proposals No. 3 through No. 5)>

Proposal No. 3: Appropriation of surplus

Proposal No. 4: Partial amendment to the Articles of Incorporation (Measures regarding false accusations of groping)

Proposal No. 5: Election of Director

Details with respect to the above proposals are provided in the Reference Documents for the General Meeting of Shareholders provided at the back of this document.

4. Other Matters Concerning the Meeting

- (1) If you vote more than once, either using the voting form or via the internet, the vote cast on the latest date will be deemed as valid. Moreover, if you vote more than once both through the voting form and via the internet, the vote cast via the internet will be deemed as valid.

- (2) If you do not indicate your approval or disapproval with respect to each of the listed proposals on the voting form, we will count your vote as an approval with respect to the proposals of the Company and as a disapproval with respect to the proposals of shareholders.
- (3) If unable to attend the General Meeting of Shareholders, you may designate one (1) proxy shareholder with voting rights of the Company to attend the meeting on your behalf, provided that written proof of that individual's right of proxy is submitted.

- ◎ When attending the Meeting, you are kindly requested to present the enclosed voting form to the receptionist.
- ◎ Please note that any modifications to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Non-consolidated Financial Statements and the Consolidated Financial Statements shall be posted on the Company's website. (<http://www.seibuholdings.co.jp/>)

Method of Exercising Voting Rights

There are the following three methods of exercising your voting rights at the Annual General Meeting of Shareholders.

Exercise of voting rights in attendance at the Annual General Meeting of Shareholders

You are kindly requested to present the enclosed voting form to the receptionist.

Date and Time	Tuesday, June 23, 2015, at 10:00 a.m. (Japan Standard Time) (The reception desk opens at 9:00 a.m.)
Venue	Kusunoki Hall (8th floor), Seibu Daini Building 1-11-2 Kusunokidai, Tokorozawa-shi, Saitama

Exercise of voting rights by mailing the Document for the Exercise of Voting Rights

Please indicate your approval or disapproval of the proposals on the enclosed Document for the Exercise of Voting Rights and mail the document without putting stamps.

Deadline for Exercise	5 p.m. on Monday, June 22, 2015 (The mail must arrive by 5 p.m.)
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Exercise of voting rights via the Internet

Please access the website for exercising voting rights (<http://www.it-soukai.com>) designated by the Company, and, after entering your “voter code” and “password” printed on the enclosed Document for the Exercise of Voting Rights form, input your approval or disapproval according to the instructions on the screen.

Deadline for Exercise	5 p.m. on Monday, June 22, 2015 (You must complete inputting by 5 p.m.)
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1. Website for exercising voting rights

Exercise of voting rights via the Internet may be possible only through the use of the following website for exercising voting rights designated by the Company.

[URL of website for exercising voting rights] <http://www.it-soukai.com>

2. Treatment of exercise of voting rights

- (1) If you vote more than once, both by mailing the Document for the Exercise of Voting Rights and via the Internet, etc., the vote submitted via the Internet will be valid. If you vote more than once via the Internet, etc., the vote submitted last will be valid.
- (2) Although we have done operational check of the website for exercising voting rights using a common Internet access device, you may not use the website depending on your device. Any costs associated with Internet access are to be covered by you.

3. Treatment of voter code and password

- (1) The voter code and password printed on the right-hand side of the Document for the Exercise of Voting Rights are valid for this General Meeting of Shareholders only.
- (2) Password is a means to verify the identity of a person who exercises voting rights as the shareholder. For security reason, you will need to change your password when accessing the website for the first time.
- (3) If you repeatedly enter a wrong password for a certain number of times, your password will be disabled. If you wish to have a password reissued, please follow the instructions on the screen for the necessary procedures.

**Contact information for inquiries
concerning how to use personal
computer, etc.**

The Stock Transfer Agency Department of
Mizuho Trust & Banking Co., Ltd.

0120-768-524

(toll-free in Japan, weekdays from 9:00 a.m. to 9:00 p.m.)

Use of electronic voting platform (for institutional investors)

If you are a nominee shareholder such as a trust bank (including a standing proxy), you are, by making an application for using the voting platform in advance, entitled to use the Electronic Voting Platform operated by ICJ, Inc. established by the Tokyo Stock Exchange, etc., as a method for exercising your voting rights.

Business Report

(From April 1, 2014 to March 31, 2015)

1. Status of the corporate group

(1) Progress and results of operations

Review of the fiscal year ended March 31, 2015

During the fiscal year ended March 31, 2015, the Japanese economy continued to experience a gradual recovery, and consumer sentiment also showed signs of improvement. Looking ahead, there is a sense of anticipation regarding an increase in foreign visitors travelling to Japan, the improving employment and income environment and the effects of the government's economic stimulus measures. However, the outlook remains unpredictable, clouded by factors such as negative risks for business conditions including a downturn in overseas economies.

Under these conditions, the Seibu Group is working to maximize its corporate value under the Seibu Group's Long-Term Strategy, by making effective use of its management resources while expanding the areas in which it can provide a combination of various businesses and services and added value in order to develop as a corporate group that will support customers in all scenarios of their everyday lives. During the fiscal year ended March 31, 2015, the Group strived to achieve specific targets in each business by working to i) strengthen its existing businesses and ii) establish a long-term business foundation based on the theme of "tackling innovation with speed from new perspectives."

The Group proceeded with its major project TOKYO GARDEN TERRACE (the development project of the site where the Grand Prince Hotel Akasaka was previously located). Moreover, in an effort to support customers' everyday living, the Group continued to promote the Seibu Group Children's Support Project and the Smiling Seniors Project. In other initiatives, the Group has attractive facilities that can appeal to foreign visitors to Japan in various regions throughout the country, and has adopted a Group-wide slogan of "Aiming to Become the corporate group at the center of "Tourism-oriented Japan." Under this slogan, the Group will demonstrate its appeal to the fullest extent, strengthening its efforts to attract more overseas customers visiting Japan to use its facilities. As part of these efforts, the Group concluded a Comprehensive Business Cooperation Friendship Agreement with the Taiwan Railways Administration, aimed at strengthening the relationship of mutual friendship between the two. The Group also launched its first ever TV commercial targeted at overseas audiences in 16 countries and regions. Meanwhile, Prince Hotels, Inc. expanded its sales bases in Asia by establishing new offices in Taipei, Taiwan and in Bangkok, Thailand.

As a result of these efforts, the Group recorded the following results for the fiscal year ended March 31, 2015. Operating revenue was ¥481,727 million, up ¥8,285 million, or 1.7%, year on year; operating income was ¥49,620 million, up ¥2,910 million, or 6.2%, year on year, and EBITDA was ¥90,051 million, up ¥3,721 million, or 4.3%, year on year. Ordinary income was ¥42,099 million, up ¥3,987 million, or 10.5%, year on year. Net income was ¥34,912 million, up ¥16,595 million, or 90.6%, year on year.

Operating results by segment for the fiscal year ended March 31, 2015

(Millions of yen)

Segment	Operating revenue			Operating income			EBITDA		
	For the year ended March 31, 2015	Change from previous year	Change (%)	For the year ended March 31, 2015	Change from previous year	Change (%)	For the year ended March 31, 2015	Change from previous year	Change (%)
Urban Transportation and Regional	155,732	(353)	(0.2)	23,009	555	2.5	44,599	513	1.2
Hotel and Leisure	175,121	5,752	3.4	10,550	1,903	22.0	21,617	2,232	11.5
Real Estate	48,571	2,185	4.7	14,757	1,175	8.7	18,650	1,574	9.2
Construction	97,991	3,714	3.9	2,809	1,157	70.1	3,105	1,174	60.8
Hawaii Business	13,955	2,233	19.0	(1,367)	(171)	—	333	118	54.9
Other	36,574	(949)	(2.5)	875	(451)	(34.0)	3,301	(403)	(10.9)
Total	527,947	12,582	2.4	50,634	4,170	9.0	91,606	5,208	6.0
Adjustment	(46,220)	(4,296)	—	(1,013)	(1,259)	—	(1,555)	(1,487)	—
Consolidated	481,727	8,285	1.7	49,620	2,910	6.2	90,051	3,721	4.3

Notes: 1. Adjustment consist mainly of eliminations of inter-segment transactions.

2. EBITDA is calculated by adding depreciation to operating income.

Urban Transportation and Regional

In the railway operations for the fiscal year ended March 31, 2015, the number of passengers decreased 0.6% year on year (of which commuters decreased 0.3% and non-commuters decreased 1.1%), while passenger transportation sales declined 0.5% year on year (of which commuters decreased 0.6% and non-commuters decreased 0.5%). The result reflects a fallback following a surge in demand particularly for coupon tickets, ahead of the consumption tax hike in April 2014. Under these conditions, the Company focused primarily on ensuring safety and implemented initiatives for both the hard and soft aspects of operations, as well as working to improve convenience for customers. Safety initiatives included improving the function of automatic train stop (ATS) devices and proceeding with construction work on a continuous grade-separated crossing between Nakai and Nogata stations on the Shinjuku Line. In the continuous grade-separated crossing on the Ikebukuro Line, work to elevate all tracks of the business area between Sakuradaai and Oizumi-gakuen stations was completed. In an effort to improve convenience for customers, we have been proceeding with work on refurbishing Ikebukuro Station, the largest terminal in the Seibu Railway network, to provide more comfortable services. Furthermore, to publicize the appeal of the Chichibu sightseeing area along its railway line, the Company launched a series of TV commercials on the theme of “Traveling in Chichibu on Foot” for the fall and winter of 2014 and continued to hold the Chichibu Short Film Festival, which started last year. In other activities, the Company, planning to attract overseas visitors in Japan to Kawagoe, sold Kawagoe Access Ticket at the Shinjuku Prince Hotel, which has a large number of overseas guests. In addition, as a service for such visitors, the Company and NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION collaborated to set up free Wi-Fi environments using HIKARI STATION at Hon-Kawagoe Station on the Shinjuku Line and at Seibu-Chichibu Station on the Seibu Chichibu Line. Seibu Railway Co., Ltd. concluded a “sister railway agreement” with the Taiwan Railways Administration, covering mutual assistance following major disasters, mutual public relations activities for tourism, and sales of commemorative train tickets. Other initiatives include operating Mystery Beer Train and holding a stamp rally based on the popular anime characters from the Yokai Watch, with many customers participating.

In the bus operations, route bus services performed strongly by reorganizing the bus timetable to make it easier for customers to use. Another initiative was the launch of sales of the Seibu Bus IC Commuter Pass, which enables pass holders to travel anywhere within the fare zones designated at the time of purchase. The Company also worked to offer even greater convenience by operating

seasonal winter highway bus services to transport customers to Naeba Ski Resort and Karuizawa Prince Hotel Ski Resort, among other measures.

In leisure facilities along railway lines, the Company actively promoted sales measures, such as introducing new attractions at swimming pool operations in the Toshimaen and Seibuen Amusement parks and holding illumination events, in an effort to attract visitors.

However, the Urban Transportation and Regional business, recorded operating revenue of ¥155,732 million, a decrease of ¥353 million, or 0.2%, year on year due to a fallback following a surge in demand, particularly for coupon tickets, ahead of the consumption tax hike in April 2014, as well as the effects of poor weather. Segment operating income increased by ¥555 million, or 2.5%, year on year to ¥23,009 million, partly due to continuing efforts to improve operation efficiencies and declining fuel expenses. EBITDA was ¥44,599 million, up ¥513 million, or 1.2%, year on year.

Operating revenue

(Millions of yen)			
	For the year ended March 31, 2014	For the year ended March 31, 2015	Change
Urban Transportation and Regional	156,086	155,732	(353)
Railway operations	102,580	102,346	(233)
Bus operations	24,924	25,102	178
Leisure facilities along railway lines	21,657	21,533	(123)
Others	6,925	6,750	(175)

Hotel and Leisure

In the overall hotel operations, amid an upturn in business sentiment, the Company achieved increased RevPAR^{*1} year on year through such efforts as continuing to implement revenue management^{*2} and promoting measures focused on average room rate.

Under these conditions, Prince Hotels, Inc. carried out efforts to stimulate and capture demand inside and outside Japan. It also concluded a marketing alliance agreement with major Thailand-based hotel group Dusit International, under which the two parties have strengthened their mutual use of one another's sales and marketing networks. For example, with the aim of capturing even more foreign visitors to Japan, which are expected to continue to increase, the Company expanded its sales bases with the opening of overseas offices in Taipei, Taiwan, and in Bangkok, Thailand. It also established a Hokuriku Sales Center in Kanazawa, Ishikawa Prefecture.

*1 RevPAR: Revenue Per Available Room. RevPAR is calculated by dividing total room sales for a given period by the aggregate number of days per room for which each room was available during such period.

*2 Revenue management is a method for maximizing profit by providing services to customers at prices that are seasonally appropriate based on demand forecasts.

In the city hotel operations, occupancy rates of hotel rooms and the average room rate increased steadily as the Company worked to attract more foreign visitors by continuing to hold discussion meetings abroad and stepping up efforts to acquire individual travelers. Banquets saw strong growth, especially in city hotels in Tokyo Metropolitan area, reflecting continued efforts to enhance sales for MICE*. Furthermore, the name of a new hotel planned to open in Tokyo Garden Terrace was decided as "The Prince Gallery Tokyo Kioicho." The hotel does not belong to any of the existing Prince Hotel brands, and is to be positioned as the highest grade hotel in the Prince Hotel group.

* MICE: Meetings, Incentive travel, Convention, Exhibition/Events. MICE is a general term for business events that draw in visitors, such as corporate business meetings, incentive and research travel held by companies, conventions of international organizations, groups, and academic societies, and exhibitions, trade fairs, and other events.

Operating revenue

(Millions of yen)

	For the year ended March 31, 2014	For the year ended March 31, 2015	Change
Hotel and Leisure	169,370	175,121	5,752
City hotel operations	96,664	100,182	3,519
Resort hotel operations	35,326	36,245	920
Golf course operations	11,850	12,171	321
Others	25,531	26,521	991

Note: The city hotel operations include mainly hotels located in the central commercial areas of major cities or in the vicinity of transportation terminals. The resort hotel operations mainly include hotels located in sightseeing areas or summer resorts across Japan.

In the resort hotel operations, despite strong increases in occupancy rates of hotel rooms and average room rates in the Karuizawa area, in other areas RevPAR was mostly flat year on year. In this situation, the Company opened The Prince Villa Karuizawa as well as a guests-only bathing facility, BRISA MARINA, in the Kawana Hotel. In addition, large scale construction work aimed at increasing value was completed at the Hakodate-Onuma Prince Hotel and the Hakone Sengokuhara Prince Hotel, which carried out renewal openings in April 2015. The Company will work to capture demand, which is expected to increase going forward, and to further expand its earnings.

In the golf course operations, the population of players continues to decline, but the Company anticipates an increase in corporate demand due to the pick-up in business sentiment and other factors. Under these conditions, in the Karuizawa 72 Golf East Course, the World Amateur Team Championships were held, with many athletes and related parties visiting from all over the world to make a lively event. Prior to the event, the Company opened a new club house at the course with an added competition room that can be divided into six spans and be used by up to 200 people.

In other initiatives, the Company carried out initiatives to increase demand among children and young people at ski resorts operated by Prince Hotels, Inc., including the Kids Free Program, which makes chair lifts free for children of elementary school age and younger, and the 20-year-old Weekday Free Lifts Program. In addition, Jilin Seibu Hotels & Resorts Consulting Co., Ltd. commenced operations at the Lake Songhua Seibu Prince Hotel and the Lake Songhua Ski Course, which it opened in Jilin Province, China.

As a result of these initiatives, the Hotel and Leisure business segment recorded operating revenue of ¥175,121 million, an increase of ¥5,752 million, or 3.4%, year on year, and segment operating income of ¥10,550 million, up ¥1,903 million, or 22.0%, year on year. EBITDA was ¥21,617 million, an increase of ¥ 2,232 million, or 11.5%, year on year.

Real Estate

In the leasing operations, the Company promoted effective utilization of the Group's assets under the Seibu Group's Asset Strategy. As part of this, "Emio Shakujii-kōen (East)" commenced operations at "Eminade Shakujii-kōen," a development area around Shakujii-kōen Station on the Ikebukuro Line, and the Company made progress in store refurbishments in line with the improvement project at Ikebukuro Station with the opening of Phase 1 of "Emio Ikebukuro." Furthermore, at Oizumi-gakuen Station on the Ikebukuro Line, "Grand Emio Oizumi-gakuen" opened in April 2015. Another initiative used the space beneath an overpass between Fujimidai and Nerima-Takanodai stations on the Ikebukuro Line to attract development of a clinic mall. At "Emilive Ikebukuro" and "Emilive Nerima," tenants began moving in and operations are proceeding briskly. At Karuizawa Prince Shopping Plaza, the Company extended the floor space to add 54 stores, including six stores opening outlet formats for the first time. Looking ahead the Company aims to continue increasing the appeal of this facility and to carry on operating it as a shopping mall that can satisfy the needs of a wide range of customers.

In addition, the Company continued construction work on TOKYO GARDEN TERRACE (the development project of the site where the Grand Prince Hotel Akasaka was previously located), and it was decided that the main tenants for the office section would move in. Moreover, the Company opened a Karuizawa Villa Sales Center inside the Karuizawa Prince Shopping Plaza to improve services for resort-home-area customers in the Karuizawa area and to bolster sales capabilities.

As a result of these initiatives, the Real Estate business segment recorded operating revenue of ¥48,571 million, an increase of ¥2,185 million, or 4.7%, year on year, and segment operating income of ¥14,757 million, an increase of ¥1,175 million, or 8.7%, year on year. EBITDA was ¥18,650 million, an increase of ¥1,574 million, or 9.2%, year on year.

Construction

In the construction operations, the Company undertook construction work for railway construction, residential houses for sale, and public sector investment as well as decontamination-related work. The Company also took a rigorous approach to managing orders received and ongoing credit management, and also strengthened its cost management. Furthermore, orders continue to be strong, with orders received mainly for large-scale civil engineering projects and projects in the Tohoku region related to reconstruction following the Great East Japan Earthquake.

As a result of these initiatives and an increase in construction projects carried over from the previous fiscal year, the Construction business segment recorded operating revenue of ¥97,991 million, an increase of ¥3,714 million, or 3.9%, year on year. Segment operating income was ¥2,809 million, up ¥1,157 million, or 70.1%, year on year due to the increase in operating revenues and successful efforts to improve profitability. EBITDA was ¥3,105 million, up ¥1,174 million, or 60.8%, year on year.

Hawaii Business

In the Hawaii business segment, RevPAR increased as the Company continued to take revenue management initiatives with a view to realizing the full effect of refurbishments to the guest rooms at the Mauna Kea Beach Hotel and the Hapuna Beach Prince Hotel.

As a result of these initiatives, the Hawaii business segment recorded operating revenue of ¥13,955 million, an increase of ¥2,233 million, or 19.0%, year on year partly due to the effect of the yen's depreciation. However, the segment recorded an operating loss of ¥1,367 million, compared with an operating loss of ¥1,196 million in the same period of previous fiscal year. This was mainly due to the absence of sales of real estate holdings recorded in the same period of previous fiscal year. EBITDA was ¥333 million, an increase of ¥118 million, or 54.9%, year on year.

Other

The Company operated business with close ties to local communities focused on the Izu and Hakone areas in the Izuhakone Business and the Lake Biwa area of Shiga Prefecture in the Ohmi Business. In the Izuhakone Business, the Company continued its aim of fulfilling a vital role as a company in the local area by opening "Emies Kamonomiya" as a second combined facility for short-stay and day services, and started providing services for overseas visitors by collaborating with NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION to set up free Wi-Fi environments using HIKARI STATION at Hakone area sightseeing and leisure facilities. In the Ohmi Business, to make effective use of its real estate, the Company opened "Emile Ohmihachiman Ichibankan," a commercial building in front of Ohmihachiman Station.

In the Seibu Lions Business, as part of the Company's efforts to invigorate the SEIBU PRINCE DOME area, efforts were made to strengthen sales by hosting attractions such as concerts and various events on dates when baseball games were not being held. Moreover, a portion of the spectator seats of the SEIBU PRINCE DOME will be renewed into a style suitable for spectators attending in groups to better accommodate customer needs.

Despite the above efforts, the Other businesses segment recorded operating revenue of ¥36,574 million, a decrease of ¥949 million, or 2.5%, year on year, partly due to a decrease in spectators going to watch the Seibu Lions' games reflecting a dip in the team's performance. The segment also recorded operating income of ¥875 million, down ¥451 million, or 34.0%, year on year. EBITDA was ¥3,301 million, a decrease of ¥403 million, or 10.9%, year on year.

(2) Changes in assets and results of operation

(Millions of yen)

	7th fiscal year ended March 31, 2012	8th fiscal year ended March 31, 2013	9th fiscal year ended March 31, 2014	10th fiscal year ended March 31, 2015
Operating revenue	438,358	459,220	473,441	481,727
Ordinary income	21,235	30,733	38,111	42,099
Net income	8,441	15,608	18,317	34,912
Basic net income per share (Yen)	24.68	45.63	53.55	102.50
Total assets	1,389,083	1,403,025	1,420,449	1,519,911
Net assets	215,068	242,044	267,689	367,437
Equity-to-asset ratio (%)	15.4	17.1	18.7	24.1
Return on equity (ROE) (%)	4.0	6.9	7.2	11.1

<Reference> Key performance indicators of each business

(Millions of yen)

	7th fiscal year ended March 31, 2012	8th fiscal year ended March 31, 2013	9th fiscal year ended March 31, 2014	10th fiscal year ended March 31, 2015
Transportation performance in the railway operations at Seibu Railway Co., Ltd.				
Number of passengers (Thousand)	610,325	620,477	632,405	628,496
Passenger transportation sales	92,534	94,132	95,563	95,048
Other revenue	6,945	6,530	4,127	4,098
Operating status of at Prince Hotels, Inc.				
Occupancy rates of hotel rooms (%)	65.6	67.6	70.2	69.8
Average room rates (Yen)	10,508	11,387	12,005	12,960
Operating status of leasing space				
Leasing space at end of period (Thousand m ²)	Commercial retail	200	208	215
	Office/residential	51	56	59
Vacancy rate for leasable space at end of period (%)	Commercial retail	1.5	0.9	1.0
	Office/residential	11.1	12.3	6.7
Status of orders received by the Construction business				
Orders carried over from the previous fiscal year	—	37,052	58,012	62,321
Orders received during the fiscal year	—	79,125	73,057	92,037
Orders carried over to the next fiscal year	—	58,012	62,321	84,335

(3) Issues to address

The Seibu Group aims to achieve sustainable and healthy growth by developing business activities in the spirit of the Group Vision. The Company has established a foundation for growth by pursuing improvements in earnings capability and efficiency. Now, the Company will focus on tackling the following three issues in particular.

Increasing business earnings capabilities

Guided by the Group Vision, the Seibu Group will consider each individual customer in its respective businesses to be a customer of the entire Group, and will always provide services that accurately reflect customers' needs and services based on new perspectives and ideas in response to changes in the structure of consumers. Our Group will always take measures to improve customer satisfaction by proactively cooperating with entities inside and outside the Group, and thus focus on increasing earnings capabilities.

Furthermore, in February 2015, the Group announced the three-year Business Plan for the three years beginning in the fiscal year ending March 31, 2016, which is designed to steer the Group in a broader direction for the next 10 years, as set out in the Seibu Group's Long-Term Strategy. This plan is centered on the theme of "taking advantage of our strengths to realize the strongest Seibu group" in order to achieve the targeted management benchmarks of the fiscal year ending March 31, 2018, the final year of the plan. For key initiatives in the plan, we will work to establish a long-term business foundation (develop new business models) and to strengthen existing businesses (pursue efficiency).

(a) Establish a long-term business foundation (develop new business models)

By responding to paradigm shifts such as increasing numbers of foreign visitors to Japan and changes in the composition of the population by expanding its targeting of markets including inbound tourism, senior citizens and children, the Group will develop new business models, establish a long-term business foundation and create further earnings opportunities.

(b) Strengthen existing businesses (pursue efficiency)

The Group will continue initiatives including the sweeping cost structure reforms and portfolio re-balancing to make the most effective use of its assets it has hitherto conducted in order to improve profit and loss at its existing businesses and realize efficient management. Moreover, the Group will thoroughly eliminate waste and systemize its operations to lead to a further low-cost operation structure and help to further strengthen the corporate structure.

Specific issues and initiatives for each segment are described below.

Urban Transportation and Regional

The Company considers it especially important to ensure safety in the railway and bus operations. It will therefore continue to make the required investments in safety, strengthen its safety management systems, and apply PDCA cycles appropriately in transport safety management.

In terms of sources of improvement of corporate value, the Company will uphold its position as a provider of social infrastructure, while seeking to meet the demands of the environment and local communities to increase the value of areas along the Seibu Railway lines. At the same time, the Company will deal with the aging of the Japanese population and the long-term trend of population decline by promoting the attractiveness of sightseeing areas and leisure facilities and strengthening efforts to attract inbound tourism, among other measures. Through these measures, the Company will pursue efficient management.

Moreover, the Company will work to provide comfortable, safe, and secure services. It has started work to introduce a continuous grade-separated crossing in the vicinity of Nakai Station to Nogata Station and in the vicinity of Higashi-Murayama Station on the Shinjuku Line, and it has introduced new-type commuter trains and new-type express trains. In other initiatives the Company will work to create sophisticated and attractive services, including by enhancing station functions and services, and renovating Ikebukuro Station on the Ikebukuro Line. Through these efforts, the Company will help to revitalize local communities as well as attract customers from along and outside the train lines.

The Company will also pursue low-cost operation by introducing and renewing low-maintenance equipment and facilities, appropriately deploying human resources, and other measures.

Hotel and Leisure

To drive its corporate value even higher, the Company will fully leverage its advantages as one of Japan's largest hotel chains while strengthening its services to enhance its net sales, earnings power, level of customer's emotion, and global business development capability.

Based on the RevPAR^{*1}-focused strategy that the Company has followed to date, it will work to enhance revenue management^{*2} and increase net sales by carrying out strategic capital investment and continuous renovations of guest rooms, while continuing its efforts to strengthen its earnings capability by driving down costs through measures such as efficient operation of a central reservation center, and implementing centralized purchasing and appropriate human resource deployment.

The Company will also focus on the MICE business, inbound tourism, and bridal services, making use of the strengths and characteristics of its businesses, such as having multiple large-scale banquet spaces and hotels located in prime urban and resort locations, as a key measure to stimulate demand to help increase net sales. In order to steadily capture increasing inbound tourism demand, the Company will not only carry out vigorous sales activities using overseas sales bases, but also develop franchises and management contracts^{*3} grounded in strategies to attract overseas visitors to Japan, and work to establish a system for receiving orders. Furthermore, the Company will work to increase customer satisfaction by adopting an index to measure customer satisfaction and striving to provide services from the customers' perspective by using the index, new customer groups, and other means.

- *1. RevPAR: Revenue Per Available Room. RevPAR is calculated by dividing total room sales for a given period by the aggregate number of days per room for which each room was available during such period.
- *2. Revenue management is a method for maximizing profit by providing services to customers at prices that are seasonally appropriate based on demand forecasts.
- *3. Management contracts refer to a system where building owners undertake construction and business management, while Prince Hotels, Inc. undertakes dispatch of key personnel and operational management.

Real Estate

As a key to increasing corporate value, the Company focuses its efforts in the leasing operations and in real estate-related operations to strengthen the Group's stable earnings base by effectively leveraging its assets based on the Seibu Group's Asset Strategy formulated on October 18, 2012.

To establish a sustainable and stable earnings base, the Company will invigorate the Seibu Railway lines by steadily working to improve the convenience of its existing facilities by means of redevelopment and others in accordance with the business environment. This includes efforts to promote a development plan in Ikebukuro and develop attractive retail facilities at stations, to revitalize the areas surrounding its stations, such as Tokorozawa Station on the Seibu Railway and Shakujii-kōen Station on the Ikebukuro Line on the Ikebukuro Line, and to rebuild the Seibu Railway Ikebukuro Building.

The Company will also promote initiatives to draw out the latent earnings potential of its assets, such as TOKYO GARDEN TERRACE (the development project of the site where the Grand Prince Hotel Akasaka was previously located)^{*} by strengthening its real estate portfolio management and creating a platform for effectively utilizing its real estate assets. Moreover, the Company will invigorate the areas along the Seibu Railway lines and expand its earnings base by vigorously pushing ahead with efforts in new business fields such as development of rental apartments and childcare centers.

- * TOKYO GARDEN TERRACE (the development project of the site where the Grand Prince Hotel Akasaka was previously located)

This project is a multipurpose redevelopment project for constructing two buildings: an office and hotel building comprising leasable office space, a hotel, and commercial retail space, and a residential building for rental residences with operation scheduled to start in 2016. The Group has positioned this project as a model case for a real estate project that holds the key to increasing the Group's corporate value by working together with the local community and administration on urban development.

The place is located in a hard-to-find area because, although the vicinity including the project site has abundant green spaces such as Benkeibori Moat and Shimizudani Park, and is rich in history from the Edo-period onwards, it is a highly convenient area, located close to Akasaka-mitsuke station and Nagatacho station, with access to five subway lines. To further enhance the convenience of the area, and to contribute to developing and reinvigorating

it, the Company will promote the development project with the objective to creating a “Multipurpose urban area full of international characteristics” surrounded by green spaces and rooted in history.

Overview of TOKYO GARDEN TERRACE (the development project of the site where the Grand Prince Hotel Akasaka was previously located) (Subject to change as the project progresses)

■ Site Overview

Location:	1-2 Kioicho, Chiyoda-ku, Tokyo
Site area:	Approx. 30,400 m ²
Total floor area:	Approx. 227,200 m ²
Primary uses:	Leasable office space approx. 110,000 m ² Hotel approx. 28,700 m ² Residential space approx. 22,700 m ² Commercial retail space approx. 10,800 m ² and others
Total capital:	Approx. ¥98.0 billion (Note)
Scheduled opening:	Summer 2016

Note: Of the above total cost, approximately half is scheduled to be paid in the fiscal year ending March 31, 2017. Of the remaining half, approximately ¥28.2 billion was paid by the fiscal year ended March 31, 2015.

■ Overview of Office and Hotel Building

Primary uses:	Offices and hotel *Hotel to be operated by Prince Hotels, Inc. as “The Prince Gallery Tokyo Kioicho”
No. of floors:	36 floors above ground, 2 floors below ground
Hotel:	36F–30F
Offices:	28F–5F
Retail facilities:	4F–1F
Height:	Approx. 180 m (from Kioicho Street)
Structure:	Steel construction, etc. (Seismic damping structure)

■ Overview of Residential Building

Primary uses:	Residences
No. of floors:	21 floors above ground
Residences:	21F– 2F floors below ground
Height:	Approx. 90 m (from Prince Street)
Structure:	High-strength ferroconcrete construction (Seismic isolation structure)

Construction, Hawaii Business, and Other

In the Construction business segment, the Company will work to improve safety and quality control, and to increase its earnings capability by strengthening its initiatives in the fields of renovation and the environment. Moreover, the Company will continue its efforts to reduce costs as it works to improve profitability.

In the Hawaii Business segment, the Company will work to enhance profitability at the Mauna Kea Beach Hotel by opening new sales channels through membership of the Autograph Collection and reinforcing the sales system. At other hotels, the Company will work to improve profit and loss by seeking to enhance attractiveness by such means as renewal investment, and work to contribute to the Group through cooperating in mutual customer referrals with Japan.

In Other Businesses, the Company will aim to achieve business development with strong community ties and stable growth in the Izuhakone Business and Ohmi Business. In the Seibu Lions Business, the Company will invigorate the area around the Seibu Prince Dome all year round and diversify the fan base by hosting concerts and working to enhance the attractiveness of the area around the dome.

Other Initiatives

Having adopted a Group-wide slogan of “Aiming to Become the corporate group at the center of “Tourism-oriented Japan,” the Group will come together and strengthen its efforts to obtain inbound tourism. As part of these efforts, the Group has been broadcasting television commercials targeted at overseas markets since October 2014 in order to widely publicize the attractiveness of the vacations that can be offered with the Seibu Group’s services, facilities and others. The Group has also initiated the Seibu Group Children’s Support Project as an initiative for all Group companies, and provides opportunities for children to experience various activities throughout the year through the Seibu-Juku learning program. In these ways, the Group is utilizing the business knowhow it has built up over the years and its diverse human resources and facilities to help children grow up healthily and prepare for their roles in the future as the next generation. At the same time, the initiatives aim to provide opportunities for families to spend time together. Furthermore, the Group launched the Smiling Seniors Project, in which the Seibu Group is utilizing its diverse and manifold business characteristics to respond to diversifying needs among senior citizens, promoting and supporting enjoyable outings and travel, and aiming to provide safe and appropriate living environments.

Looking ahead, the Group companies will continue their collaborative efforts to provide new services.

Strengthening efforts to make effective use of the Company’s assets

The Group holds large scale assets as business properties, mainly hotels, in areas such as Kioicho, which is situated in a highly convenient central urban location, the Takanawa and Shinagawa area, the Shibakoen area, and also Toshimaen.

The Group seeks to make even more effective use of these assets and to unleash their potential earning power in order to maximize the Group’s corporate value. To this end, the Group formulated the Seibu Group’s Asset Strategy on October 18, 2012.

Specifically, in order to maximize the value of its assets, the Group will promote each strategy from the three perspectives of i) enhancement of the value of existing assets, ii) portfolio re-balancing, and iii) concentration of management resources on core businesses. In enhancement of the value of existing assets, the Group will expand, rebuild and renovate its real estate for lease along the lines of its current use to maintain and enhance its competitive capabilities. In realigning its portfolio, the Group will take TOKYO GARDEN TERRACE (the development project of the site where the Grand Prince Hotel Akasaka was previously located) as a model case for multipurpose redevelopment undertaken with local communities to pursue expansion of business opportunities, and re-balance its asset portfolio, primarily between offices, hotels, retail, and rental accommodation. By concentrating management resources on its core assets, the Group will use cash generated by expropriating and selling its assets, and other means, to reinvest in assets with potential to increase its revenues in line with the Group management strategy. The Group will also make use of under-utilized land and other under-utilized assets and areas underneath overpasses to make efficient use of, and to realize earning capability of its assets.

In promoting the above asset strategy, the abovementioned TOKYO GARDEN TERRACE (the development project of the site where the Grand Prince Hotel Akasaka was previously located) may play an important role, along with the Takanawa and Shinagawa area and Toshimaen.

The Takanawa and Shinagawa area has been designated as an area for urgent urban revitalization based on the Act on Special Measures concerning Urban Reconstruction, and the Group’s assets are included in this area. The Group plans to work in step with the planning progress of the government going forward, and to pursue the potential to expand business opportunities, including the possibility of multi-purpose redevelopment.

Moreover, Toshimaen has been positioned as a priority zone under the Tokyo Metropolitan Government’s Development Policy for City-planned Parks and Green Spaces, and the Group recognizes the need to respond accordingly.

The Company will take the central role in promoting the above asset strategies as the holding company, and will work to ensure that the Group’s assets are used as effectively as possible.

Looking ahead, the Group will utilize its characteristics as a holder of large-scale assets, mainly

located in city centers throughout Japan, and work to further increase asset efficiency and profitability from the three perspectives of the Seibu Group's Asset Strategy, namely, enhancing the value of existing assets, re-balancing its portfolio, and concentrating management resources on core businesses. In this way, the Group aims to maximize its corporate value.

Enhancing the Business Management System and Strengthening the Compliance System

As part of its efforts to increase corporate value, as a holding company the Company aims to appropriately and effectively demonstrate Group strategy formulation functions, such as formulating Group business strategies and pursuing synergies, and management and oversight functions over its subsidiaries and associates. To achieve this, the Company manages its subsidiaries and associates based on the Seibu Group Common Rules, which are collective management rules for the Group, including the Seibu Group Corporate Code of Ethics. Going forward, the Company will revise and optimize the Group's business processes, organizational management, and business portfolio in order to maximize the value of its assets. At the same time, the Company will work to streamline its operations and reduce costs, and to strengthen its management and financial base.

In terms of compliance, the Company conducts a compliance questionnaire for all Group executive officers and employees and provides feedback on the results, as well as reflecting selected issues into the following year's compliance program (basic plan) and taking other measures to strengthen the compliance system for the entire Group and make it more effective.

Going forward, the Group will work proactively to reinforce its corporate governance and internal control systems, enhance its business management systems, and strengthen its compliance systems, recognizing these as key issues for helping to increasing the corporate value of the entire Group over the medium to long term.

The Company has established an internal management system by undertaking measures for internal control (evaluation) required by the Financial Instruments and Exchange Act, taking initiatives to eliminate influence from antisocial forces, aligning and streamlining Group companies, promoting and inculcating compliance, and strengthening corporate governance. Going forward, the Company will continue to strengthen its corporate governance and internal management systems in order to achieve further sustainable and sound growth.

(4) Capital expenditures

Capital expenditures for the fiscal year under review amounted to ¥63,139 million, which included the following major outlays.

Major facilities completed

Segment	Company name	Major capital expenditures
Urban Transportation and Regional	Seibu Railway Co., Ltd.	Renovating automatic tickets gates
Urban Transportation and Regional	Seibu Bus Co., Ltd.	Purchase of buses
Hotel and Leisure	Prince Hotels, Inc.	Newly building “The Prince Villa Karuizawa”
Hotel and Leisure	Prince Hotels, Inc.	Rebuilding a club house at the Karuizawa 72 Golf East Course
Real Estate	Seibu Railway Co., Ltd.	Rental apartment Emilive Ikebukuro
Real Estate	Seibu Railway Co., Ltd.	Extending floor space at Karuizawa Prince Shopping Plaza

New construction and expansion of major facilities in progress

Segment	Company name	Major capital expenditures
Urban Transportation and Regional	Seibu Railway Co., Ltd.	Continuous grade-separated crossing between Nakai and Nogata stations on the Shinjuku Line (underground)
Urban Transportation and Regional	Seibu Railway Co., Ltd.	Ikebukuro Station renewal
Real Estate	Seibu Railway Co., Ltd.	Building Ikebukuro former head office building
Real Estate	Seibu Properties Inc.	TOKYO GARDEN TERRACE (the development project of the site where the Grand Prince Hotel Akasaka was previously located)

(5) Financing activities

The Company raised ¥14,000 million by setting up a syndicated loan totaling ¥70,000 million in March 2015 as finance relating to TOKYO GARDEN TERRACE (development project of the site where the Grand Prince Hotel Akasaka was previously located). Moreover, to ensure liquidity we have established committed lines of credit totaling ¥70,000 million.

(6) Major parent company and subsidiaries**Relationship with parent company**

No items to report.

Major subsidiaries

The Company has 52 consolidated subsidiaries, including the 9 companies listed below, and 1 equity-method associate.

Company name	Capital stock (Millions of yen)	Ratio of voting rights held by the Company (%)	Major businesses
Seibu Railway Co., Ltd.	21,665	100.0	Railway operations, Leisure facilities along railway lines
Prince Hotels, Inc.	3,600	100.0	Hotel operations, Golf course operations
Seibu Bus Co., Ltd.	100	100.0	Bus operations
Seibu Properties Inc.	300	100.0	Leasing operations
Seibu Construction Co., Ltd.	11,000	100.0	Construction operations
Seibu Lions, Inc.	100	100.0	Professional baseball team management
Izuhakone Railway Co., Ltd	640	74.0	Railway operations
Ohmi Railway Co., Ltd.	405	96.4	Railways operations
Prince Resorts Hawaii, Inc.	(Thousands of U.S. dollars) 1	100.0	Oversight of leisure businesses in Hawaii

Notes: 1. The ratios of voting rights shown include rights with respect to direct holdings of the Company as well as rights involving indirect holdings through ownership stakes of the Company's subsidiaries and other entities.

2. The ratios of voting rights shown are rounded to the first decimal place.

Business combination

- (a) PRINCE HOTELS (THAILAND) Co., Ltd. was established on October 28, 2014 (Thai standard time).
- (b) ADHOC CO, LTD. changed its trade name to SEIBU PET CARE Co., Ltd. as of November 1, 2014.
- (c) Yodosei Inc. was excluded from the scope of consolidation due to the transfer of shares of the relevant company held by the Company's subsidiary as of March 31, 2015.

(7) Major businesses and offices

Segment	Businesses	Major offices
Urban Transportation and Regional	Railway operations	[Seibu Railway Co., Ltd.] Operating length: 179.8 km, number of stations: 102 (including signal stations and cargo stations), number of vehicles: 1,274
	Bus operations	[Seibu Bus Co., Ltd.] Number of sales offices: 11 (Tokyo and Saitama) number of vehicles: 867
	Leisure facilities along railway lines	[Seibu Railway Co., Ltd.] Seibuen Amusement Park (Tokorozawa-shi, Saitama) Toshimaen (Nerima-ku, Tokyo) BIG BOX Higashiyamato (Higashiyamato-shi, Tokyo)
Hotel and Leisure	City hotel operations	[Prince Hotels, Inc.] The Prince Park Tower Tokyo (Minato-ku, Tokyo) The Prince Sakura Tower Tokyo (Minato-ku, Tokyo) Grand Prince Hotel Takanawa (Minato-ku, Tokyo) Grand Prince Hotel New Takanawa (Minato-ku, Tokyo) Grand Prince Hotel Kyoto (Kyoto-shi, Kyoto) Grand Prince Hotel Hiroshima (Hiroshima-shi, Hiroshima) Shinagawa Prince Hotel (Minato-ku, Tokyo) Shin-Yokohama Prince Hotel (Yokohama-shi, Kanagawa)
	Resort hotel operations	[Prince Hotels, Inc.] The Prince Karuizawa (Karuizawa-machi, Nagano) The Prince Hakone Lake Ashinoko (Hakone-machi, Kanagawa) Sapporo Prince Hotel (Sapporo-shi, Hokkaido) Kawana Hotel (Ito-shi, Shizuoka)
	Golf course operations	[Prince Hotels, Inc.] Kuni Country Club (Hanno-shi, Saitama) Karuizawa 72 Golf (Karuizawa-machi, Nagano) Kawana Hotel Golf Course (Ito-shi, Shizuoka) Daihakone Country Club (Hakone-machi, Kanagawa) Seta Golf Course (Otsu-shi, Shiga)
	Others	[Prince Hotels, Inc.] Naeba Ski Area (Yuzawa-machi, Niigata) Kagura Ski Area (Yuzawa-machi, Niigata) [Yokohama Hakkeijima Inc.] Yokohama Hakkeijima Sea Paradise (Yokohama-shi, Kanagawa)
Real Estate	Leasing business	[Seibu Properties Inc.] Karuizawa Prince Shopping Plaza (Karuizawa-machi, Nagano) Shin-Yokohama Prince PePe (Yokohama-shi, Kanagawa) BIG BOX Takadanobaba (Shinjuku-ku, Tokyo)
Construction	Construction operations	[Seibu Construction Co., Ltd.] Number of branches: 7 (Toshima-ku, Tokyo and others) Number of business offices: 6 (Karuizawa-machi, Nagano and others)
Hawaii Business	Leisure business	[Hawaii Prince Hotel Waikiki LLC] Hawaii Prince Hotel Waikiki (Hawaii, USA) Hawaii Prince Golf Club (Hawaii, USA) [Mauna Kea Resort LLC] Mauna Kea Beach Hotel (Hawaii, USA) Mauna Kea Golf Course (Hawaii, USA)
Other Businesses	Izuhakone Business	[Izuhakone Railway Co., Ltd.] Operating length: 29.4 km, number of stations: 25, number of vehicles: 70
	Ohmi Business	[Ohmi Railway Co., Ltd.] Operating length: 59.5 km, number of stations: 33, number of vehicles: 48
	Seibu Lions Business	[Seibu Lions, Inc.] Seibu Prince Dome (Tokorozawa-shi, Saitama)

(8) Employees

Segment	Number of employees	
Urban Transportation and Regional	7,564	[793]
Hotel and Leisure	8,079	[4,351]
Real Estate	583	[509]
Construction	1,265	[388]
Hawaii Business	1,240	[187]
Other	3,006	[408]
Corporate	293	[-]
Total	22,030	[6,636]

- Notes: 1. The number of employees represents individuals working within the Group, excluding employees seconded outside the Group from the Group but including employees seconded to the Group from outside the Group. In addition, employees retired as of March 31, 2015 are included therein.
2. The average number of temporary employees for the fiscal year under review is shown in brackets. Temporary employees are not included in the figure indicating number of employees described in Note 1.

(9) Major lenders

Lender	Outstanding amount of loans (Millions of yen)
Development Bank of Japan Inc.	128,977
Mizuho Bank, Ltd.	126,325
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	83,282
Sumitomo Mitsui Trust Bank, Limited	80,253
Sumitomo Mitsui Banking Corporation	64,568

Note: Outstanding amount of loans includes ¥48,000 million of loans under syndicate loan contracts and commitment line contracts.

(10) Other important matters

With respect to legal matters as of May 12, 2015, some former shareholders of Seibu Railway Co., Ltd. have filed five lawsuits, currently pending before the Supreme Court of Japan, against the Seibu Group companies Seibu Railway Co., Ltd. and Prince Hotels, Inc. for compensatory damages amounting to ¥25,002 million for losses they allegedly incurred in relation to issues with disclosures in the annual security reports and other documents pertaining to the shares of Seibu Railway. As the judgments have been rendered on all of five remanded cases, the amount which the Company claimed to have been already paid and which the judgments confirmed to have been actually paid to the plaintiffs is deducted from the amount in dispute. So as shown above, the compensatory damages claimed in total are ¥25,002 million.

2. Shares of the Company

(1) Total number of shares authorized: 1,300,000,000 shares

(2) Total number of shares issued: 342,124,820 shares (including 67,751 treasury shares)

(3) Number of shareholders: 22,023

(4) Major shareholders (Top 10)

Name of shareholder	Number of shares held (Thousands of shares)	Shareholding ratio (%)
NW Corporation Inc.	51,158	14.96
Promontoria Japan Holding III B.V. (SJH)	28,813	8.42
Promontoria Japan Holding I B.V. (SJH)	20,597	6.02
Promontoria Japan Holding II B.V. (SJH)	19,558	5.72
Cerberus Japan Institutional Holding B.V.	16,972	4.96
S-H Japan L.P.	10,387	3.04
Development Bank of Japan Inc.	9,906	2.90
Keikyu Corporation	7,655	2.24
The Norinchukin Bank	7,650	2.24
Mizuho Bank, Ltd.	7,114	2.08

Note: The shareholding ratio is calculated after deducting the amount of treasury shares (67,751 shares).

(5) Other important matters

In April 2014, the Company introduced a Stock Benefit Trust Disposition-type Employee Stock Ownership Plan (ESOP) with the aim of enhancing employee benefits and providing incentives for employees to increase the corporate value of the Company.

To initiate the ESOP, the Company concluded the “Stock Benefit Trust (disposition-type ESOP) Agreement” (the trust established pursuant to the agreement shall be referred to as the “ESOP Trust”), whereby the Company is to act as administrator and the role of trustee is assigned to Mizuho Trust & Banking Co., Ltd. (the “Trustee”). Also, an agreement was concluded under which the Trustee is to re-trust shares of the Company and other assets of the ESOP Trust to an account with ancillary trustee Trust & Custody Services Bank, Ltd. (the “Trust Account E”).

The Trust Account E acquires shares of the Company that the Seibu Holdings Employee Stock Holding Partnership (“Stock Holding Partnership”) is expected to obtain over the five years after the trust was set up, and periodically sells its holdings to the Stock Holding Partnership. If, by the time of the ESOP Trust’s termination, gains equivalent to capital gains on sales of shares are accumulated within the ESOP Trust through sales of Company shares by the Trust Account E to the Stock Holding Partnership, then those gains will be distributed as residual assets to Stock Holding Partnership enrollees who meet the requirements for eligible beneficiaries. Furthermore, to guarantee funds borrowed by the Trustee which enable the Trust Account E to acquire Company shares, the Company is to repay any such remaining borrowings pursuant to a guarantee agreement, in the event that there are any remaining borrowings equivalent to losses on sales of shares due to a downturn in the price of Company shares up until termination of the ESOP Trust. Any acquisition or sale of shares acquired by the Trust Account E will be accounted for by the Company and stated in the financial statements as increase or decrease in treasury shares. The Company’s shares held by Trust Account E is 1,419 thousand shares (0.42%) at end of the fiscal year ended March 31, 2015.

3. Subscription rights to shares, etc. of the Company

(1) Subscription rights to shares held by Directors and Audit & Supervisory Board Members of the Company as of the end of the fiscal year under review

Name	The first Subscription Rights to Shares	
Date of resolution for issuance	June 25, 2014	
Number of holders	9 Directors (excluding Outside Directors)	
Number of subscription rights to shares	385	
Class and number of shares underlying subscription rights to shares	Common shares of the Company	38,500 shares
Issue value	¥1,974 per share	
Amount to be paid in upon exercise of subscription rights to shares	¥1 per share	
Exercise period	From July 12, 2014 to July 11, 2044	
Conditions for exercise	1. A holder of Subscription Rights to Shares may, during the period of ten (10) days immediately following the day on which such holder loses the position as a director of the Company (excluding death), exercise his/her offered Subscription Rights to Shares. 2. In the event of death of a holder of the Subscription Rights to Shares, his/her successor may exercise the rights. 3. Other conditions shall be as prescribed in the “Subscription Rights to Shares Allotment Agreement” to be concluded by and between the Company and a holder of Subscription Rights to Shares.	

(2) Subscription rights to shares delivered to employees, etc. during the fiscal year under review

No items to report.

4. Officers

(1) Directors and Audit & Supervisory Board Members

Position	Name	Responsibilities	Important concurrent positions outside the Company
President and Representative Director	Takashi Goto	Compliance Dept.	Chairman of the Board of Seibu Railway Co., Ltd. Director of Prince Hotels, Inc.
Director	Kaoru Takahashi	Corporate Planning Div., Overseas Business Planning Dept., Finance Affairs Dept.	
Director	Akihisa Uwano	President's Office	
Director	Tomoyuki Nishii	Corporate Planning Dept.	Director of Prince Hotels, Inc.
Director	Fumiyasu Goto	Accounting Dept.	Director of Seibu Railway Co., Ltd.
Director	Ryuichiro Nishiyama	Corporate Communication Dept.	Director of Seibu Railway Co., Ltd.
Director	Masanori Kobayashi		President and Representative Director of Prince Hotels, Inc.
Director	Hisashi Wakabayashi		President and Representative Director of Seibu Railway Co., Ltd.
Director	Hiroo Ando		President and Representative Director of Seibu Properties Inc.
Director	Kimio Kitamura		Director of Seibu Railway Co., Ltd.
Director	Eiko Ohya		Outside Director of Takashimaya, Co., Ltd.
Director	Takehiko Ogi		
Audit & Supervisory Board Member (Standing)	Nozomi Kawakami		Audit & Supervisory Board Member of Seibu Railway Co., Ltd.
Audit & Supervisory Board Member	Masayoshi Akashi		(Standing) Audit & Supervisory Board Member of Prince Hotels, Inc.
Audit & Supervisory Board Member	Isao Fukasawa		Outside Audit & Supervisory Board Member of Seibu Railway Co., Ltd. Attorney
Audit & Supervisory Board Member	Eiji Sakomoto		Outside Audit & Supervisory Board Member of Prince Hotels, Inc. Representative Member of Ginza K.T.C Tax Corporation Representative Director of Ginza K.T. C. Consulting Co., Ltd. Outside Corporate Auditor of Nagatanien Co., Ltd. Certified Public Accountant, Licensed Tax Accountant

- Notes: 1. Director Eiko Ohya retired as Outside Director of Takashimaya, Co., Ltd. on May 20, 2014.
2. Director Kimio Kitamura resigned as Director of Seibu Railway Co., Ltd. on December 31, 2014.
3. Eiko Ohya and Takehiko Ogi are Outside Directors.
4. Isao Fukasawa and Eiji Sakomoto are Outside Audit & Supervisory Board Members.
5. Audit & Supervisory Board Member Eiji Sakomoto is qualified as a certified public accountant and licensed tax accountant, and possesses extensive financial and accounting knowledge.
6. The Company has designated Directors Eiko Ohya and Takehiko Ogi, and Audit & Supervisory Board Members Isao Fukasawa and Eiji Sakomoto as independent directors/auditors in accordance with the rules and regulations of the Tokyo Stock Exchange, and has registered them as such with the TSE.

(2) Amount of remuneration for Directors and Audit & Supervisory Board Members

	Number	Total amount paid (Millions of yen)
Directors [Of the above, Outside Directors]	10 [2]	334 [26]
Audit & Supervisory Board Members [Of the above, Outside Audit & Supervisory Board Members]	3 [2]	53 [27]

- Notes: 1. Payments include the portion of the provision for directors' retirement benefits during the current fiscal year (this includes ¥12 million for the eight Directors, of which ¥0 million is for the two Outside Directors; and includes ¥2 million for the three Audit & Supervisory Board Members, of which ¥1 million is for the two Outside Audit & Supervisory Board Members). Furthermore, such payments include ¥75 million recorded as stock option expense for nine Directors during the current fiscal year.
2. The amount of remuneration for Directors determined by resolutions of the General Meeting of Shareholders is not more than ¥600 million annually (of which not more than ¥60 million is for Outside Directors). In addition, apart from the relevant amount of remuneration, the amount for remuneration based on stock option to be granted to Directors (excluding Outside Directors) is not more than ¥250 million annually.
3. The amount of remuneration for Audit & Supervisory Board Members determined by resolutions of the General Meeting of Shareholders is not more than ¥100 million annually.

(3) Matters concerning Outside Directors and Outside Audit & Supervisory Board Members**Relationship between the Company and other organizations where Outside Directors concurrently hold key positions**

Organizations where Outside Directors concurrently hold key positions include the Company's subsidiaries Seibu Railway Co., Ltd. and Prince Hotels, Inc., as listed in "(1) Directors and Audit & Supervisory Board Members." No special relationships exist between the Company and other corporations or other entities.

Major activities of Outside Audit & Supervisory Board Members during the current fiscal year

Name	Position	Major activities
Eiko Ohya	Outside Director	She attended 24 out of the 25 meetings of the Board of Directors held during the fiscal year under review, and contributed to discussions drawing on knowledge and experience she has gained through activities as a critic and a member of various panels and committees.
Takehiko Ogi	Outside Director	He attended 24 out of the 25 meetings of the Board of Directors held during the fiscal year under review, and contributed to discussions drawing on his practical experience and proven track record with managerial reform of companies in various industries.
Isao Fukasawa	Outside Audit & Supervisory Board Member	He attended all 25 meetings of the Board of Directors and all 16 meetings of the Audit & Supervisory Board held during the fiscal year under review, and contributed to discussions from his professional point of view as an attorney.
Eiji Sakomoto	Outside Audit & Supervisory Board Member	He attended all 25 meetings of the Board of Directors and all 16 meetings of the Audit & Supervisory Board held during the fiscal year under review, and contributed to discussions mainly from his professional point of view as a certified public accountant and licensed tax accountant.

Overview of limitation of liability agreements

The Company and its Outside Directors have concluded agreements limiting the liability of the Outside Directors for damages under Article 423, paragraph 1 of the Companies Act of Japan, to the minimum amount stipulated in Article 425, paragraph 1 thereof.

5. Accounting Auditor

(1) Name of Accounting Auditor

Ernst & Young ShinNihon LLC

(2) Amount of remunerations to Accounting Auditor for the current fiscal year

Remunerations payable to the Accounting Auditor for the fiscal year under review

¥190 million

Total amount of money and other financial profits to be paid by the Company and its subsidiaries

¥408 million

Note: The audit agreement between the Company and its Accounting Auditor does not distinguish remuneration paid for audit work performed in conformity with the Companies Act and remuneration paid for audit work performed in conformity with the Financial Instruments and Exchange Act, and it is effectively impossible to do so. Therefore, the figure presented in the remunerations payable to the Accounting Auditor for the fiscal year under review above shows the total amount.

(3) Description of non-auditing services

The Company made payment of consideration to the Accounting Auditor for its advice on promoting measures related to information security that is not included in the scope of services prescribed in Article 2, paragraph 1 of the Certified Public Accountants Act (non-auditing services).

(4) Policy for decisions on dismissal and non-reappointment of Accounting Auditor

The Audit & Supervisory Board will dismiss the Accounting Auditor, with the unanimous consent of the Audit & Supervisory Board Members, in the event the Accounting Auditor is recognized as falling under any of the item listed in Article 340, paragraph 1 of the Companies Act.

Moreover, the Audit & Supervisory Board shall call for the dismissal or non-reappointment of the Accounting Auditor at a general meeting of shareholders if it is deemed that the Accounting Auditor's ability to properly execute its duties has been impeded and the reliability of its audit has been undermined due to a legal violation or other such act.

Note: Policy for decisions on dismissal and non-reappointment of Accounting Auditor provided above is the latest one after amendments in line with the enforcement of the "Act for Partial Amendments to the Companies Act" (Act No. 90 of 2014).

(5) Accounting Audit of subsidiaries

Prince Resorts Hawaii, Inc., a major subsidiary of the Company, is audited by an auditing firm other than the Accounting Auditor of the Company.

6. Systems to ensure that Directors perform their duties in compliance with relevant laws and regulations and the Articles of Incorporation, and other systems to ensure appropriate Company operations (Final revision: effective on May 1, 2015)

(1) Objectives

The purpose of this statement of basic policy is to specify matters for Seibu Group companies, which include Seibu Holdings Inc. (hereinafter collectively referred to as the "Seibu Group"), such that pertain to Seibu Group initiatives to develop systems of internal control designed to ensure the adequacy and legal compliance of its business operations so that the Seibu Group can build a managerial platform to enable sustainable growth achieved in the spirit of the "Group Vision". The Seibu Group swiftly implements specific measures on the basis of the policies stipulated below, checks on implementation of such measures, and ceaselessly works to make improvements.

(2) System to ensure that Directors and employees of the Seibu Group perform their duties in compliance with relevant laws and regulations and the Articles of Incorporation

- The Seibu Group adheres to the Seibu Group Corporate Ethics Code of Conduct which spells out the fundamental rules that all Seibu Group Directors and employees must take to heart, the aim of which is to ensure that the Group acts as part of society in upholding its responsibilities and earning the trust of others. The Seibu Group also instills a firm awareness of the Seibu Group Corporate Ethics Code of Conduct by stipulating guidelines for behavior to be practiced when executing job duties, and through other means that include distributing compliance manuals to the Directors and employees and providing them with training in that regard.
- In accordance with the Seibu Group Basic Rules on Compliance Systems, the Company has established the Seibu Group Corporate Ethics Committee, which is chaired by the President and works on developing a compliance framework for the Seibu Group and also checks on how the framework is operating. The Company also has a Compliance Department which comprises the department's general manager and staff members and is tasked with overseeing compliance matters. Moreover, the Company also sets up corporate ethics hotlines as well as sexual harassment and human relations hotlines both within and outside the Company, to enable swift identification and resolution of issues pertaining to Seibu Group compliance.
- The Seibu Group vows to sever any and all ties with antisocial forces. The Seibu Group also works with law enforcement authorities, attorneys and others in standing against such elements of society and otherwise takes a firm and organized stand in handling such matters, in accordance with the Seibu Group Basic Rules on Dealings with Antisocial Forces which stipulate fundamental principles for addressing matters involving antisocial forces.
- The Seibu Group maintains internal regulations that comply with laws and regulations and the Articles of Incorporation, and the Directors and employees perform their duties in accordance with such regulations.
- The Seibu Group establishes a legal compliance framework to ensure proper execution of duties, and works to improve units handling legal affairs so that the Group is ready to take firm action when laws and regulations are revised.
- The Seibu Group properly maintains, operates and evaluates internal control systems for financial reporting, and ensures that respective financial reports are reliable, in accordance with the Seibu Group Basic Rules on Internal Controls for Financial Reporting.
- The Company has established the Internal Audit and Internal Control Department, which functions independently of operating units. The department is tasked with performing internal audits, and duly monitors Seibu Group operations to ensure that they are adequate and in compliance with relevant laws and regulations and internal rules.

(3) System for retaining and managing information pertaining to the performance of duties by Directors

- The Company clearly stipulates which units are to maintain responsibility for managing information and mechanisms in that regard, and also properly safeguards, manages and uses its overall information assets, in accordance with the Seibu Group Rules on Information Management.
- All documents pertaining to the performance of Company duties, such as minutes of Board of Directors and Management Council meetings (including details recorded on electronic media), are tracked, stored, retained and discarded in accordance with procedures set forth in the Rules on Documentation. The Company's Directors and Audit & Supervisory Board Members may inspect all documents and other such information that has been stored and retained.
- The Company ensures proper safeguarding, management and use of information assets contained in information systems, in accordance with the Seibu Group Rules on Information Security.

(4) Rules and other systems to manage financial risk of the Seibu Group

- The Company establishes units in charge of controlling risk, while also assessing risk, preemptively addressing risk-related matters, and forging a framework that enables measures to be taken swiftly should any specific risk materialize, in accordance with the Seibu Group Risk Management Policy and the Seibu Group Rules on Risk Management, which stipulates fundamental approaches and control frameworks for managing risk in the Seibu Group.
- The Company's Internal Audit and Internal Control Department monitors the efficacy and efficiency of its risk control framework. Any details regarding risk that emerges through such monitoring is shared with units in charge of risk management.

(5) System to ensure that Directors of the Seibu Group perform their duties efficiently

- The Company holds meetings of the Board of Directors at least once per month, as a general rule, for the purpose of deliberating on matters of managerial importance. The Company has also established the Management Council, which comprises managing officers and others and adequately deliberates on matters of importance with respect to business execution.
- The "Group Vision" of the Seibu Group is shared among its Directors and employees, while Seibu Group Directors and executives also work to achieve objectives targeted in accordance with business plans established with the aim of realizing the "Group Vision" in mind. The Company's Board of Directors requests that performance reports be provided to executive divisions on a regular basis, and checks on progress toward achieving planned objectives.
- Individual companies of the Seibu Group establish respective organizational structures, divisions of job duties, and rules on administrative authority to ensure that operations are performed efficiently and in a systematic manner.
- The Company's Internal Audit and Internal Control Department monitors operations to ensure that they are performed efficiently.

(6) System to ensure proper business operations in the Group, comprising the stock company and its parent company and subsidiaries

- The Seibu Group shares the "Group Vision" across the entire group, and engages in business activities drawing on the whole group toward making the "Group Vision" a reality. Moreover, each company of the Seibu Group adheres to the Seibu Group Corporate Ethics Code of Conduct and acts as a part of society in upholding their responsibilities.
- The Seibu Group ensures that decision making and business operations of respective Seibu Group companies are performed properly and efficiently in accordance with the Seibu Group Rules on Subsidiary and Associate Management. Furthermore, matters of importance with respect to business operations of subsidiaries are referred or reported to the Company in accordance with the categories for operation procedures prescribed in the Seibu Group rules on Subsidiary and Associate Management.
- The Company's Compliance Department and Internal Audit and Internal Control Department readily act in conjunction with relevant units of respective Seibu Group companies in cooperating, providing guidance and lending support with respect to compliance efforts and internal audits, aggregating risk data, and forging mechanisms that enable shared contingency response measures.
- The Seibu Group ensures that business operations are efficient through active use of information technologies, while also seeing to it that information systems are managed and operated properly, in accordance with the Seibu Group Basic Policy on Information Technology, the Seibu Group Rules on Management and Operation of Information Systems, and the Seibu Group Rules on Information Security Systems.

(7) Matters relating to employees who assist Audit & Supervisory Board Members upon request of such Audit & Supervisory Board Members for assistance

- The Seibu Group establishes Audit & Supervisory Board Member's Offices each with their own respective general managers and staff members and act as units that assist the Audit & Supervisory Board Members in their duties. Audit & Supervisory Board Member's Offices staffing is determined upon giving due consideration to the views of the Audit & Supervisory Board Members.

(8) Matters relating to independence from Directors of employees who assist Audit & Supervisory Board Members and ensuring effectiveness of instructions given to the relevant employees

- Staff members of Audit & Supervisory Board Member's Offices perform their duties under the Audit & Supervisory Board Members' chain of command.
- Matters such as employee reassignment and personnel evaluations involving staff of Audit & Supervisory Board Member's Offices are determined upon gaining approval of the Audit & Supervisory Board Members.

(9) System for Directors, employees, and directors, audit & supervisory board members, employees, etc. of subsidiaries to report to Audit & Supervisory Board Members

- Directors and employees of the Company, and directors, audit & supervisory board members and employees of subsidiaries or persons who received reports from the foregoing persons provide necessary reports and information to the Audit & Supervisory Board Members.
- Reports and information provided to the Audit & Supervisory Board Members, as stipulated in the previous item, mainly include details regarding:
 - (a) Upgrades and maintenance of internal control systems;
 - (b) Internal audits, compliance and risk controls;
 - (c) Material matters involving litigation and disputes;
 - (d) The state of initiatives involving internal audit units of individual Seibu Group companies;
 - (e) Disclosure of corporate information;
 - (f) Circulation of important documents pertaining to the performance of business operations such as minutes of Management Committee meetings and approval documents (*ringi*); and
 - (g) Other matters involving requests of the Audit & Supervisory Board Members for reports or information.
- Directors and employees of the Company, and directors, company auditors and employees of subsidiaries or persons who received reports from the foregoing persons will not be treated unfavorably on account of their reporting to the Audit & Supervisory Board Members.

(10) Other systems to ensure that Audit & Supervisory Board Members perform audits effectively

- The Audit & Supervisory Board Members may attend, and state their views at important meetings such as those of the Management Council.
- In order to perform efficient and effective audits, the Audit & Supervisory Board Members may seek cooperation from individuals and entities including the Compliance Department, Internal Audit and Internal Control Department, and representative directors and company auditors of respective Seibu Group companies.
- The Audit & Supervisory Board Members may seek advice as necessary from outside experts (attorneys, certified public accountants, licensed tax accountants, etc.).
- Expenses necessary for the performance of duties of the Audit & Supervisory Board Members are to be borne by the Company. When spending audit costs, the Audit & Supervisory Board Members pay attention to the efficiency and fairness thereof.
- The Representative Directors hold regular meetings with the Audit & Supervisory Board Members where they exchange views regarding key issues pertaining to audits and other such matters.

Consolidated Balance Sheet

(As of March 31, 2015)

(Millions of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
I. Current assets	104,618	I. Current liabilities	323,334
1. Cash and deposits	23,586	1. Notes and accounts payable - trade	26,188
2. Notes and accounts receivable - trade	50,498	2. Short-term loans payable	194,558
3. Land and buildings for sale in lots	9,377	3. Lease obligations	526
4. Merchandise and finished goods	1,338	4. Income taxes payable	8,981
5. Costs on uncompleted construction contracts	3,300	5. Advances received	23,658
6. Raw materials and supplies	2,413	6. Provision for bonuses	4,983
7. Deferred tax assets	4,230	7. Other provision	2,735
8. Other	9,950	8. Asset retirement obligations	51
Allowance for doubtful accounts	(78)	9. Other	61,650
II. Non-current assets	1,415,293	II. Non-current liabilities	829,139
1. Property, plant and equipment	1,268,350	1. Long-term loans payable	599,922
(1) Buildings and structures	402,022	2. Long-term accounts payable to Japan railway construction, transport and technology agency	38,186
(2) Machinery, equipment and vehicles	49,269	3. Lease obligations	1,223
(3) Land	749,594	4. Deferred tax liabilities	120,743
(4) Leased assets	1,631	5. Deferred tax liabilities for land revaluation	13,080
(5) Construction in progress	54,657	6. Provision for directors' retirement benefits	1,420
(6) Other	11,174	7. Provision for loss on litigation	7,650
2. Intangible assets	6,815	8. Other provision	398
(1) Leased assets	51	9. Net defined benefit liability	20,140
(2) Other	6,763	10. Asset retirement obligations	1,956
3. Investments and other assets	140,127	11. Other	24,418
(1) Investment securities	72,962	Total liabilities	1,152,474
(2) Long-term loans receivable	327	Net assets	
(3) Net defined benefit asset	56,505	I. Shareholders' equity	261,912
(4) Deferred tax assets	3,855	1. Capital stock	50,000
(5) Other	7,525	2. Capital surplus	129,172
Allowance for doubtful accounts	(1,048)	3. Retained earnings	85,126
		4. Treasury shares	(2,386)
		II. Accumulated other comprehensive income	103,761
		1. Valuation difference on available-for-sale securities	19,564
		2. Revaluation reserve for land	18,304
		3. Foreign currency translation adjustment	10,478
		4. Remeasurements of defined benefit plans	55,414
		III. Subscription rights to shares	75
		IV. Minority interests	1,686
		Total net assets	367,437
Total assets	1,519,911	Total liabilities and net assets	1,519,911

Consolidated Statement of Income

(From April 1, 2014 to March 31, 2015)

(Millions of yen)

Item	Amount	
I. Operating revenue		481,727
II. Operating expenses		
1. Operating expenses and cost of sales of transportation	401,528	
2. Selling, general and administrative expenses	30,577	432,106
Operating income		49,620
III. Non-operating income		
1. Interest income	14	
2. Dividend income	525	
3. Subsidy to keep a bus on a regular route	808	
4. Share of profit of entities accounted for using equity method	37	
5. Insurance income	549	
6. Reversal of allowance for doubtful accounts	23	
7. Other	1,198	3,157
IV. Non-operating expenses		
1. Interest expenses	10,119	
2. Other	558	10,678
Ordinary income		42,099
V. Extraordinary income		
1. Gain on sales of non-current assets	499	
2. Contribution for construction	3,899	
3. Subsidy income	75	
4. Gain on sales of shares of subsidiaries	1,368	
5. Amortization of actuarial gain on return of retirement benefits trust	1,618	
6. Other	16	7,478
VI. Extraordinary losses		
1. Impairment loss	1,862	
2. Loss on sales of non-current assets	15	
3. Loss on retirement of non-current assets	1,665	
4. Reduction entry of land contribution for construction	3,756	
5. Loss on reduction of non-current assets	63	
6. Loss on valuation of investment securities	519	
7. Provision for loss on litigation	247	
8. Other	1,118	9,249
Income before income taxes and minority interests		40,328
Income taxes - current	14,367	
Income taxes - deferred	(8,902)	5,465
Income before minority interests		34,862
Minority interests in income (loss)		(49)
Net income		34,912

Consolidated Statement of Changes in Equity

(From April 1, 2014 to March 31, 2015)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2014	50,000	129,172	52,448	(67)	231,552
Cumulative effects of changes in accounting policies			(113)		(113)
Restated balance	50,000	129,172	52,335	(67)	231,439
Changes of items during period					
Dividends of surplus			(2,394)		(2,394)
Net income			34,912		34,912
Reversal of revaluation reserve for land			273		273
Purchase of treasury shares				(2,713)	(2,713)
Disposal of treasury shares				394	394
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	32,791	(2,318)	30,473
Balance as of March 31, 2015	50,000	129,172	85,126	(2,386)	261,912

	Accumulated other comprehensive income					Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance as of April 1, 2014	14,564	17,660	3,338	(1,120)	34,442	–	1,693	267,689
Cumulative effects of changes in accounting policies							(41)	(155)
Restated balance	14,564	17,660	3,338	(1,120)	34,442	–	1,651	267,534
Changes of items during period								
Dividends of surplus								(2,394)
Net income								34,912
Reversal of revaluation reserve for land								273
Purchase of treasury shares								(2,713)
Disposal of treasury shares								394
Net changes of items other than shareholders' equity	5,000	644	7,140	56,534	69,319	75	34	69,429
Total changes of items during period	5,000	644	7,140	56,534	69,319	75	34	99,903
Balance as of March 31, 2015	19,564	18,304	10,478	55,414	103,761	75	1,686	367,437

Notes to Consolidated Financial Statements

Notes on significant matters forming the basis for preparing consolidated financial statements

1. Scope of consolidation

- (1) Number of consolidated subsidiaries: 52 companies

Names of principal consolidated subsidiaries

Seibu Railway Co., Ltd.
Prince Hotels, Inc.
Seibu Bus Co., Ltd.
Seibu Properties Inc.
Seibu Construction Co., Ltd.
Seibu Lions, Inc.
Izuhakone Railway Co., Ltd.
Ohmi Railway Co., Ltd.
Prince Resorts Hawaii, Inc.

- (2) Names, etc. of principal non-consolidated subsidiaries

Names of non-consolidated subsidiaries

PRINCE HOTELS (THAILAND) Co., Ltd.

The non-consolidated subsidiary is small in size and the aggregate total assets, net sales, net income (based on the Company's ownership percentage), retained earnings (based on the Company's ownership percentage) and other indicators do not have a material effect on the consolidated financial statements and has therefore been excluded from the scope of consolidation.

2. Application of the equity method

- (1) Number of associates accounted for using the equity method: 1 company

Company name

Ikebukuro Shopping Park Co., Ltd.

- (2) The subsidiary not accounted for by the equity method (PRINCE HOTELS (THAILAND) Co., Ltd.) has a minimal effect on net income, retained earnings and others and is not material as a whole, and has therefore been excluded from the scope of application of the equity method.

- (3) Since the accounting period of Ikebukuro Shopping Park Co., Ltd., an associate accounted for using the equity method, is different from that of the Company, financial statements for the associate's fiscal year are used.

3. Fiscal year end of consolidated subsidiaries

Of companies included in the number of consolidated subsidiaries described in "1. Scope of consolidation," companies whose accounting period is different from that of the Company are as follows:

Company name	Balance sheet date
• Prince Resorts Hawaii, Inc. and other 8 companies (foreign subsidiaries)	December 31 *1

*1 The financial statements as of the balance sheet date of the respective consolidated subsidiaries are used. However, for significant transactions that occurred between that date and the consolidated balance sheet date, the necessary adjustments are made in the consolidated financial statements.

4. Accounting principles

- (1) Valuation bases and methods of significant assets

i. Securities

Other securities

Securities with fair value

Stated at fair value based on the market price or the like at the fiscal year-end.

(Unrealized gains and losses are included in a separate component of net assets, and cost of sales is determined based on the moving-average method.)

Securities without fair value

Stated at cost based on the moving-average method.

Contributions to limited liability partnerships engaged in investment business and similar partnerships (contributions deemed as securities as per Article 2, paragraph 2 of the Financial Instruments and Exchange Act) are reported using a method that treats the amount (net) equivalent to the equity ownership portion based on the latest available financial statements depending on the reporting date stipulated in the partnership agreement.

ii. Inventories

Inventories held for sale in the ordinary course of business

Stated at cost.

(Amounts on the balance sheet for inventories other than costs on uncompleted construction contracts are determined based on the method of writing down the book value in accordance with the declining in profitability of assets.)

Land and buildings for sale in lots

Principally, average cost method (weighted average cost method) or identified cost method for land, and identified cost method for buildings

Merchandise and finished goods

Principally, average cost method (weighted average cost method)

Costs on uncompleted construction contracts

Stated using the identified cost method.

Raw materials and supplies

Principally, average cost method (weighted average cost method or moving average method)

(2) Depreciation and amortization method for significant depreciable assets

i. Property, plant and equipment (excluding leased assets)

Depreciation method for Urban Transportation and Regional business, etc.

Depreciated mainly using the declining balance method. However, buildings (excluding accompanying facilities) acquired on or after April 1, 1998 are depreciated using the straight-line method.

Depreciation method for Hotel and Leisure business, etc.

Depreciated mainly using the straight-line method.

The useful lives for major assets are as follows:

Buildings and structures 2 to 75 years

Machinery, equipment and vehicles 2 to 20 years

ii. Intangible assets (excluding leased assets)

Amortized using the straight-line method.

Software for internal use is stated using the straight-line method based on usable period within the Company (mainly 5 years).

iii. Leased assets

Leased assets under finance lease transactions that transfer ownership

Depreciated using the same method as that applied to self-owned property, plant and equipment.

Leased assets under finance lease transactions that do not transfer ownership

Depreciated by the straight-line method assuming the lease periods as useful lives without residual value.

(3) Significant allowances and provisions

i. Allowance for doubtful accounts

To prepare for losses from bad debt, an estimated uncollectible amount is recognized either by making an estimation using the historical bad debt rate for general receivables, or based on individual consideration of collectability for specific receivables such as doubtful accounts, etc.

ii. Provision for bonuses

To prepare for the payment of bonuses to employees, the amount expected to be paid is recognized.

- iii. Provision for directors' retirement benefits
To prepare for the payment of retirement benefits to Directors, the amount to be paid at the fiscal year-end, based on the Rules on Directors' Retirement Benefits, is recognized.
 - iv. Provision for loss on litigation
To prepare for the payment of loss on litigation, the amount deemed as necessary is recognized by estimating a loss that may be borne in the future.
- (4) Other significant matters for preparing the consolidated financial statements
- i. Recognition of net sales and cost of sales of completed construction contracts
Construction activities whose outcomes from the completed portion as of the fiscal year end are deemed to be definite are stated using the percentage-of-completion method (the cost-to-cost method is used to estimate the percentage of completion). Other construction activities are stated using the completed-contract method.
 - ii. Translation of major assets or liabilities denominated in foreign currencies
Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates as of the consolidated balance sheet date. The foreign exchange gains and losses from translation are recognized as profit and loss in the consolidated statements of income. Assets and liabilities of foreign subsidiaries are translated into yen at the spot exchange rates in effect at the balance sheet date. Revenue and expenses are translated into yen at the average rate of exchange in effect during the year. Differences arising from the translation are presented as foreign currency translation adjustments in net assets.
 - iii. Method of significant hedge accounting
The Company and certain domestic subsidiaries adopt hedge accounting.
 - Method of hedge accounting
Special treatment is applied for interest rate swaps.
 - Hedging instruments and hedged items
Interest rate swap transactions are used for interest on variable-rate long-term loans payable.
 - Hedging policy
To mitigate interest rate fluctuation risks, hedges are performed to the extent that requirements of hedge accounting are met.
 - Method of assessing hedge effectiveness
Assessment of effectiveness is omitted for interest rate swaps since special treatment is applied for them.
 - iv. Recognition of net defined benefit liability
To prepare for the payment of employees' retirement benefits, the amount of retirement benefit obligations minus plan assets is recorded as net defined benefit liability, based on the estimated amount at the end of the current fiscal year.
Past service costs are amortized as incurred by the straight-line method over periods (principally 10 to 13 years) which are shorter than the average remaining years of service of the eligible employees.
Actuarial gains and losses are amortized in the year following the year in which the gains or losses are recognized by the straight-line method over periods (principally 10 to 15 years) which are shorter than the average remaining years of service of the eligible employees.
Unrecognized actuarial gains and losses and unrecognized past service costs are recorded as remeasurements of defined benefit plans in accumulated other comprehensive income under net assets, after adjustment of tax effects.
 - v. Treatment of consumption taxes
Items subject to national consumption tax and local consumption tax are accounted for at amounts exclusive of consumption taxes.
 - vi. Treatment of contribution for construction
In engaging in construction, etc. of facilities in the railway operation and other operations, some consolidated subsidiaries have received contribution for construction from local municipalities as part of construction costs.
This contribution for construction is recorded by directly reducing the acquisition cost of non-current assets for which contribution for construction was received at the completion of the construction.

In the consolidated statement of income, “Contribution for construction” is recorded in extraordinary income, and the amount directly reduced from the acquisition cost of non-current assets is recorded as “Reduction entry of land contribution for construction” in extraordinary losses.

For expenses incidental to assets acquired with contribution for construction in the railway operations, the amount corresponding to contribution for construction is directly deducted from “Contribution for construction.”

vii. Recognition of interest expenses, etc. in cost

Interest expenses, etc. for long-term and large real estate development operations that meet certain conditions are recognized in acquisition cost of the relevant non-current assets.

In the current fiscal year, the amount recognized in acquisition cost was ¥2,049 million.

Notes on changes in accounting policies

Application of the Accounting Standard for Retirement Benefits and its Guidance

Regarding the “Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012)” and the “Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, March 26, 2015)”, effective from the fiscal year ended March 31, 2015, the Company has applied the provisions specified under the main clauses of Section 35 of the Accounting Standard for Retirement Benefits and Section 67 of the Guidance on Accounting Standard for Retirement Benefits, reviewed its calculation method for retirement benefit obligations and current service costs, and changed its method of attributing expected benefits to periods from the straight-line basis to mainly the benefit formula basis. In addition, the Company has reviewed and changed the method for determining the discount rate from one that uses a discount rate based on a period approximate to the expected average remaining working lives of employees, to one that uses a single weighted average discount rate reflecting the estimated timing and amount of benefit payment.

Application of the Accounting Standard for Retirement Benefits and its Guidance is in line with the transitional measures provided in Section 37 of the Accounting Standard for Retirement Benefits. In accordance with such measures, the effect of the change in the determination of retirement benefit obligations and current service costs has been added to or deducted from retained earnings at the beginning of the fiscal year ended March 31, 2015.

The effect of this application on net defined benefit liability and retained earnings at the beginning of the fiscal year ended March 31, 2015 and the effect of this application on operating income, ordinary income and income before income taxes and minority interests, net asset per share, basic net income per share and diluted net income per share for the fiscal year ended March 31, 2015 are immaterial.

Notes on changes in presentation

Matters concerning the consolidated statements of income

Insurance income

“Insurance income,” which was included in “Other” under non-operating income in the fiscal year ended March 31, 2014, is separately presented due to the increased significance of the amount.

In the fiscal year ended March 31, 2014, “Insurance income” included in “Other” under non-operating income was ¥82 million.

Notes to the consolidated balance sheet

1. Accumulated depreciation of assets

Accumulated depreciation of property, plant and equipment ¥864,332 million
Accumulated depreciation includes accumulated impairment loss.

2. Pledged assets and secured debts

(1) Assets pledged as collateral are as follows:

Foundation collateral

Land	¥129,627 million
Buildings and structures	¥161,137 million
Machinery, equipment and vehicles	¥30,634 million
“Other” in property, plant and equipment	¥1,520 million
Total	¥322,920 million

Other assets pledged as collateral

Cash and deposits	¥30 million
Land	¥4,599 million
Buildings and structures	¥1,020 million
Total	¥5,649 million

Obligations secured are as follows:

Long-term loans payable	¥91,229 million
Current portion of long-term loans payable (short-term loans payable)	¥11,791 million
Long-term accounts payable to Japan railway construction, transport and technology agency	¥37,279 million
Accounts payable to Japan railway construction, transport and technology agency (“Other” under current liabilities)	¥4,799 million
Notes and accounts payable - trade	¥30 million

(2) In addition to the above, a pledge is created over the investment securities of ¥220 million as security for obligations by the investee companies.

3. Assets pledged for lending stocks

Pledged assets for and funds procured with lending stocks are as follows:

(1) Assets pledged for lending stocks

Investment securities	¥771 million
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(2) Funds procured with lending stocks

“Other” in current liabilities	¥500 million
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4. Amount of inventories corresponding to provision for loss on construction contracts

Inventories for construction contracts on which losses are expected and provisions for loss on construction contracts (“Other provision” under current liabilities) are not offset and are presented as is. For inventories for construction contracts on which losses are expected, the amount corresponding to provision for loss on construction contracts is as follows:

Costs on uncompleted construction contracts	¥183 million
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5. Notes on non-consolidated subsidiaries and associates

The amount to non-consolidated subsidiaries and associates is as follows:

Investment securities (stocks)	¥2,166 million
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6. Guarantee obligations

Guarantees have been made for loans payable, etc. as follows:

Housing loan guarantees	¥35 million
Tie-up loan guarantees	¥73 million
Total	¥108 million

7. Notes receivable discount and notes receivable endorsed

Notes receivable endorsed	¥61 million
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8. Accumulated contributions for construction

Accumulated contributions for construction directly reduced from acquisition cost of non-current assets are as follows:

¥141,403 million

9. Revaluation of land used for business

Pursuant to the Act on Revaluation of Land (Act No. 34, promulgated on March 31, 1998 and Act No. 24, promulgated on March 31, 1999), land used for business was revaluated, and revaluation reserve for land was recorded in net assets.

• Revaluation method

The revaluation is calculated by making reasonable adjustments based on the assessed value of non-current assets stipulated in Article 2, Item 3 of the Order for Enforcement of the Act on Revaluation of Land (Cabinet Order No. 119, promulgated on March 31, 1998).

• Date of revaluation

March 31, 2000

• The amount calculated by deducting the fair value from the book value of revaluated land after the revaluation at the end of the current fiscal year is as follows:

¥18,580 million

10. Loan commitment agreements

The Company has entered into loan commitment agreements with eight banks to efficiently raise working capital.

The balance of unexecuted loans payable at the end of the current fiscal year is as follows:

Total amount of loan commitments	¥70,000 million
Loans payable outstanding	¥32,400 million
Balance of unexecuted loans payable	¥37,600 million

11. Restrictive financial covenant for maintaining net assets and profits

(1) The Company has made a commitment for its loans payable described below as follows. If the Company violates the commitment, the benefit of time may be forfeited for the relevant obligations.

Loans

Short-term loans payable	¥12,320 million
Long-term loans payable	¥460 million
Total	¥12,780 million

Commitments

- In the consolidated balance sheet at the end of each fiscal year and at the end of the second quarter, the Company shall maintain its total net assets of 75% or higher compared to that in the immediately preceding fiscal year (including the second quarter) and ¥143,000 million or more.
- In the consolidated statement of income for each fiscal year, operating losses are not incurred for two periods in a row.

- (2) Other than the above, the Company has made a commitment for its loans payable described below as follows. If the Company violates the commitment, the benefit of time may be forfeited for the relevant obligations.

Loans

Short-term loans payable	¥26,000 million
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Commitments

- In the consolidated balance sheet at the end of each fiscal year and at the end of the second quarter, the Company shall maintain its total net assets of 75% or higher compared to that in the immediately preceding fiscal year (including the second quarter) and ¥154,700 million or more.
- In the consolidated statement of income for each fiscal year, operating losses are not incurred for two periods in a row.

- (3) Other than the above, the Company has made a commitment for its loans payable described below as follows. If the Company violates the commitment, the benefit of time may be forfeited for the relevant obligations.

Loans

Short-term loans payable	¥236 million
Long-term loans payable	¥37,646 million
Total	¥37,882 million

Commitments

- In the consolidated balance sheet at the end of each fiscal year and at the end of the second quarter, the Company shall maintain its total net assets of 75% or higher compared to that in the immediately preceding fiscal year (including the second quarter) and ¥161,300 million or more.
- In the consolidated statement of income for each fiscal year, operating losses are not incurred for two periods in a row.

- (4) Other than the above, the Company has made a commitment for its loans payable described below as follows. If the Company violates the commitment, the benefit of time may be forfeited for the relevant obligations.

Loans, etc.

Short-term loans payable	¥59 million
Long-term loans payable	¥44,941 million
Total	¥45,000 million

Commitments

- In the consolidated balance sheet at the end of each fiscal year and at the end of the second quarter, the Company shall maintain its total net assets of 75% or higher compared to that in the immediately preceding fiscal year (including the second quarter) and ¥181,500 million or more.
- In the consolidated statement of income for each fiscal year, operating losses are not incurred for two periods in a row.

- (5) Other than the above, the Company has made a commitment for its loans payable, etc. described below as follows. If the Company violates the commitment, the benefit of time may be forfeited for the relevant obligations.

Loans, etc.

Long-term loans payable	¥14,000 million
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Besides, the total amount of loan commitments described in “10.” above is also subject to the financial covenant.

Commitments

- In the consolidated balance sheet at the end of each fiscal year and at the end of the second quarter, the Company shall maintain its total net assets of 75% or higher compared to that in the immediately preceding fiscal year (including the second quarter) and ¥200,800 million or more.
- In the consolidated statement of income for each fiscal year, operating losses are not incurred for two periods in a row.

Notes to the consolidated statement of changes in equity

1. Class and total number of shares issued

(Shares)

Class of shares	Number of shares at the beginning of the current fiscal year	Increase	Decrease	Number of shares at the end of the current fiscal year
Common shares	342,124,820	–	–	342,124,820

2. Dividends

(1) Amount of dividend payments

Resolution	Class of shares	Total amount of dividends	Dividends per share	Record date	Effective date
Annual General Meeting of Shareholders held on June 25, 2014	Common shares	¥1,026 million	¥3.00	March 31, 2014	June 26, 2014
Board of Directors meeting held on November 13, 2014	Common shares	¥1,368 million	¥4.00	September 30, 2014	December 8, 2014

Note: Total amount of dividends by a resolution of the Board of Directors meeting held on November 13, 2014 includes the dividends of ¥6 million on the Company's shares held by Trust & Custody Services Bank, Ltd. (Trust Account E).

(2) Dividends for which record date is in the current fiscal year with effective date in the following fiscal year

Resolution	Class of shares	Source of dividends	Total amount of dividends	Dividends per share	Record date	Effective date
Proposal of the Annual General Meeting of Shareholders to be held on June 23, 2015	Common shares	Retained earnings	¥1,368 million	¥4.00	March 31, 2015	June 24, 2015

Note: Total amount of dividends by a resolution of the Annual General Meeting of Shareholders held on June 23, 2015 includes the dividends of ¥5 million on the Company's shares held by Trust & Custody Services Bank, Ltd. (Trust Account E).

3. Class and number of shares underlying subscription rights to shares at the end of the current fiscal year (excluding those for which the exercise period has not started).

Common shares 38,500 shares

Financial instruments

1. Status of financial instruments

(1) Policy for financial instruments

In principle, the Group concentrates transactions with external financial institutions in the Company and improves the efficiency of financing and fund management by centralizing funds within the Group. As the policy, the Group utilizes derivatives for the purpose of hedging interest rate fluctuation risks on loans payable and does not enter into such transactions for speculative purposes.

(2) Content and risks of financial instruments and risk management system

Notes and accounts receivable – trade, which are operating receivables, are exposed to credit risks of customers. For such risks, the Group researches credit risks of business partners as needed and conducts transactions based on the necessary internal procedures.

In addition, the Group works to identify and reduce doubtful accounts as soon as possible by managing due dates and balances for each business partner.

Investment securities are mainly stocks of companies with which the Group has business relationships and exposed to risks of fluctuations in their market prices. However, their fair values obtained are reported to the Board of Directors periodically.

Notes and accounts payable – trade, which are operating debts, are mainly due within one year.

Loans payable, etc. (short-term loans payable, long-term loans payable and accounts payable to Japan railway construction, transport and technology agency) are for financing for business transactions and capital investment. Variable-rate loans payable are exposed to interest rate fluctuation risks, but derivatives (interest rate swaps) are utilized as hedging instruments by individual agreement for some of variable-rate long-term loans payable to hedge risks of fluctuations in interests paid and fix interest expenses. Since these interest rate swaps satisfy the requirements for special treatment, the assessment of the effectiveness is omitted due to this determination.

Derivatives are executed and managed in accordance with the internal rules that stipulate transaction authority. In utilizing derivatives, the Group has transactions only with high-rated financial institutions to mitigate credit risks.

Operating debts and loans payable are exposed to liquidity risks but are managed by means such as establishment of commitment lines and preparation of funding plans.

(3) Supplemental remarks on fair values of financial instruments

The fair values of financial instruments are based on market prices or reasonably calculated value if it has no market price. As changeable factors are included in calculating these values, if different assumptions, etc. are used, these values could vary.

2. Fair values of financial instruments

Carrying amounts in the consolidated balance sheet, fair value, and the difference between them as of March 31, 2015 are as shown below. Financial instruments whose fair value is considered to be extremely difficult to determine are not included (Please refer to Note 2.).

(Millions of yen)

	Carrying amount in the consolidated balance sheet	Fair value	Difference
(1) Cash and deposits	23,586	23,586	–
(2) Notes and accounts receivable - trade	50,498	50,498	–
(3) Investment securities	67,926	67,926	–
Total assets	142,011	142,011	–
(1) Notes and accounts payable - trade	26,188	26,188	–
(2) Short-term loans payable (*)	97,194	97,194	–
(3) Long-term loans payable (*)	697,286	704,727	7,441
(4) Long-term accounts payable to Japan railway construction, transport and technology agency	38,186	38,186	–
Liabilities total	858,855	866,296	7,441
Derivatives	–	–	–

(*) Current portion of long-term loans payable is included in “(3) Long-term loans payable.”

Notes: 1. Measurement methods for fair values of financial instruments and items concerning securities and derivatives

Assets

(1) Cash and deposits, (2) Notes and accounts receivable - trade

The book values are used as the fair values of these assets, given that the fair values are almost the same as the book values since they are settled in a short period of time.

(3) Investment securities

Fair values of shares, etc. are stated at the quoted market prices of the stock exchange. Fair values of bonds are stated at the quoted market prices of the stock exchange or the prices presented by the financial institutions with which the Company does business, etc.

Liabilities

(1) Notes and accounts payable - trade, (2) Short-term loans payable

The book values are used as the fair values of these liabilities, given that the fair values are almost the same as the book values since they are settled in a short period of time.

(3) Long-term loans payable

Fair values of these liabilities are determined as follows:

For loans payable with floating interest rates, the book values are used as the fair values, given that the fair values are deemed to approximate the book values since their interest rates are reviewed on a short-term interval to reflect market interest rates.

For loans payable with fixed interest rates, the fair values are calculated by discounting the sum of the principal and interest at the interest rates obtained assuming that similar loans are newly provided.

Interest rate swaps which are accounted for applying the special treatment are recorded using the method where their amounts are calculated by discounting the total amount of principal and interest that are treated in conjunction with the interest rate swaps at the interest rate assumed if a similar loan is newly made.

(4) Long-term accounts payable to Japan railway construction, transport and technology agency

Interest rates on these accounts payable fluctuate at regular intervals to reflect market interest rates and the same interest conditions are set for them even if similar accounts payable to Japan railway construction, transport and technology agency arise. Therefore, their fair values are based on the book values.

Derivatives

Because interest rate swaps which are accounted for applying the special treatment are treated in conjunction with long-term loans payable that are deemed as hedged items, fair values of the interest rate swaps are included in the fair values of the long-term loans payable.

2. Financial instruments whose fair values are considered to be extremely difficult to determine

(Millions of yen)

Category	Carrying amount in the consolidated balance sheet
Unlisted shares, etc.	2,870
Shares of non-consolidated subsidiaries and associates	2,166

The above are not included in “(3) Investment securities” because their market values are not available and their fair values are considered to be extremely difficult to determine. For shares of non-consolidated subsidiaries and associates, please refer to “Notes to the consolidated balance sheet.”

Investment and rental properties

1. Status of investment and rental properties

Some consolidated subsidiaries own rental commercial facilities, rental office buildings, rental apartments and idle properties in Tokyo and other areas.

Some of these rental facilities, which are used by the Company and some consolidated subsidiaries, are considered to be properties including the portion used as investment and rental properties.

The carrying amounts in the consolidated balance sheets and fair values of these investment and properties and properties including the portion used as investment and rental properties as follows:

2. Fair values of investment and rental properties

(Millions of yen)

	Carrying amount in the consolidated balance sheet	Fair value
Investment and rental properties	145,706	225,162
Properties including the portion used as investment and rental properties	11,049	17,627

- Notes: 1. The carrying amount in the consolidated balance sheet is the acquisition cost less accumulated depreciation and impairment loss.
2. The fair values of main properties are based on real estate appraisal value calculated by external real estate appraisers (including amounts adjusted using indicators, etc.), while the fair values of other properties are based on amounts adjusted using certain appraisal value and indicators considered to appropriately reflect market prices.
3. Because under TOKYO GARDEN TERRACE (carrying amount in the consolidated balance sheet: ¥101,414 million), a development plan in the site where the Grand Prince Hotel Akasaka was previously located, two buildings (an office and hotel building comprising leasable office space, a hotel, and commercial retail space, and a residential building for rental residences) will be constructed and the site is currently under development, it is extremely difficult to determine the fair values. Therefore, this property is not included in the above table.

Amounts per share

Net assets per share ¥1,073.50

Basic net income per share ¥102.50

Note: Shares of the Company retained in trust and recorded as treasury shares under shareholders' equity are included in treasury shares deducted from total number of issued shares at end of period when calculating net assets per share. Moreover, in calculating basic net income per share, they are included in the number of treasury shares deducted from the average number of outstanding shares during period.

The number of treasury shares at end of period deducted in calculating net assets per share was 1,419,700, and the average number of treasury shares during period deducted in calculating the basic net income per share was 1,462,452.

Significant events after the reporting period

No items to report.

Other notes

Additional information

(1) Transactions to offer the Company's shares to employees, etc. through trust

The Company conducts transactions to offer the Company's shares to the employee stock ownership plan through trust, with the aim of enhancing employee benefits and providing incentives for employees to increase the corporate value of the Company.

1) Description of transactions

In April 2014, the Company introduced a Stock Benefit Trust Disposition-type Employee Stock Ownership Plan (ESOP).

To initiate the ESOP, the Company concluded the "Stock Benefit Trust (disposition-type ESOP) Agreement" (the trust established pursuant to the agreement shall be referred to as the "ESOP Trust"), whereby the Company is to act as administrator and the role of trustee is assigned to Mizuho Trust & Banking Co., Ltd. (the "Trustee"). Also, an agreement was concluded under which the Trustee is to re-entrust shares of the Company and other assets of the ESOP Trust to an account with ancillary trustee Trust & Custody Services Bank, Ltd. (the "Trust Account E").

The Trust Account E acquires shares of the Company that the Seibu Holdings Employee Stock Holding Partnership ("Stock Holding Partnership") is expected to obtain over the five years after the trust was set up, and periodically sells its holdings to the Stock Holding Partnership. If, by the time of the ESOP Trust's termination, gains equivalent to capital gains on sales of shares are accumulated within the ESOP Trust through sales of Company shares by the Trust Account E to the Stock Holding Partnership, then those gains will be distributed as residual assets to Stock Holding Partnership enrollees who meet the requirements for eligible beneficiaries. Furthermore, to

guarantee funds borrowed by the Trustee which enable the Trust Account E to acquire Company shares, the Company is to repay any such remaining borrowings pursuant to a guarantee agreement, in the event that there are any remaining borrowings equivalent to losses on sales of shares due to a downturn in the price of Company shares up until termination of the ESOP Trust.

2) Company's shares remaining in trust

The Company's shares remaining in trust is recorded as treasury shares in the part of net assets at the book value in trust (excluding the amount as ancillary expenses). The book value and number of shares of the relevant treasury shares are ¥2,318 million and 1,419 thousand shares for the fiscal year ended March 31, 2015.

3) Book value of loans payable recorded using the gross method

Fiscal year ended March 31, 2015	¥2,249 million
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(2) Adjustment of amounts of deferred tax assets and deferred tax liabilities due to the change in the rate of income taxes

Following the promulgation of the "Act on Partial Revision of the Income Tax Act" (Act No. 9 of 2015) and the "Act on Partial Revision of the Local Tax Act" (Act No. 2 of 2015) on March 31, 2015, the income tax rates, etc. are to be lowered from the fiscal year starting on or after April 1, 2015. Accordingly, the statutory effective tax rate used for calculating deferred tax assets and deferred tax liabilities will be changed from the previous rate of 35.4% to 32.8% for temporary differences expected to be extinguished in the fiscal year beginning on April 1, 2015, and to 32.1% for temporary differences expected to be extinguished in the fiscal years beginning on or after April 1, 2016.

Due to this change in the tax rate, the amount of deferred tax liabilities (less the amount of deferred tax assets) decreased by ¥11,812 million and income taxes - deferred decreased by ¥10,350 million while valuation difference on available-for-sale securities increased by ¥924 million and remeasurements of defined benefit plans increased by ¥537 million.

In addition, deferred tax liabilities for land revaluation decreased by ¥1,349 million, income taxes - deferred decreased by ¥333 million, revaluation reserve for land increased by ¥918 million, minority interests increased by ¥146 million, and minority interests in income increased by ¥48 million.

Non-consolidated Balance Sheet

(As of March 31, 2015)

(Millions of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
I. Current assets	593,007	I. Current liabilities	204,121
1. Cash and deposits	1,575	1. Short-term loans payable	90,694
2. Accounts receivable - trade	1,155	2. Short-term loans payable to subsidiaries and associates	25,634
3. Short-term loans receivable from subsidiaries and associates	588,554	3. Current portion of long-term loans payable	85,056
4. Accounts receivable - other	1,407	4. Lease obligations	6
5. Prepaid expenses	132	5. Accounts payable - other	1,055
6. Deferred tax assets	167	6. Accrued expenses	398
7. Other	15	7. Income taxes payable	277
II. Non-current assets	492,340	8. Provision for bonuses	266
1. Property, plant and equipment	230	9. Other	730
(1) Buildings	3	II. Non-current liabilities	576,166
(2) Tools, furniture and fixtures	225	1. Long-term loans payable	504,623
(3) Construction in progress	1	2. Deferred tax liabilities	70,693
2. Intangible assets	896	3. Provision for retirement benefits	477
(1) Trademark right	50	4. Provision for directors' retirement benefits	371
(2) Software	722	Total liabilities	780,287
(3) Software in progress	85	Net assets	
(4) Leased assets	37	I. Shareholders' equity	304,983
3. Investments and other assets	491,213	1. Capital stock	50,000
(1) Investment securities	100	2. Capital surplus	228,604
(2) Shares of subsidiaries and associates	368,197	Legal capital surplus	228,604
(3) Long-term loans receivable from subsidiaries and associates	122,795	3. Retained earnings	28,765
(4) Other	120	Other retained earnings	28,765
		Retained earnings brought forward	28,765
		4. Treasury shares	(2,386)
		II. Subscription rights to shares	75
		Total net assets	305,059
Total assets	1,085,347	Total liabilities and net assets	1,085,347

Non-consolidated Statement of Income

(From April 1, 2014 to March 31, 2015)

(Millions of yen)

Item	Amount	
I. Operating revenue		
1. Dividends from subsidiaries and associates	2,725	
2. Commissions from subsidiaries and associates	7,902	
3. Other operating revenue	76	10,704
II. Selling, general and administrative expenses		7,715
Operating income		2,989
III. Non-operating income		
1. Interest income	12,816	
2. Interest on securities	3	
3. Dividend income	5	
4. Other	531	13,356
IV. Non-operating expenses		
1. Interest expenses	9,158	
2. Guarantee commission	2,654	
3. Other	214	12,027
Ordinary income		4,318
Income before income taxes		4,318
Income taxes - current	631	
Income taxes - deferred	(7,198)	(6,566)
Net income		10,885

Non-consolidated Statement of Changes in Equity

(From April 1, 2014 to March 31, 2015)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus		Retained earnings	
		Legal capital surplus	Total capital surpluses	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance as of April 1, 2014	50,000	228,604	228,604	20,274	20,274
Changes of items during period					
Dividends of surplus				(2,394)	(2,394)
Net income				10,885	10,885
Purchase of treasury shares					
Disposal of treasury shares					
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	—	8,491	8,491
Balance as of March 31, 2015	50,000	228,604	228,604	28,765	28,765

	Shareholders' equity		Subscription rights to shares	Total net assets
	Treasury shares	Total shareholders' equity		
Balance as of April 1, 2014	(67)	298,810	—	298,810
Changes of items during period				
Dividends of surplus		(2,394)		(2,394)
Net income		10,885		10,885
Purchase of treasury shares	(2,713)	(2,713)		(2,713)
Disposal of treasury shares	394	394		394
Net changes of items other than shareholders' equity			75	75
Total changes of items during period	(2,318)	6,172	75	6,248
Balance as of March 31, 2015	(2,386)	304,983	75	305,059

Notes to Non-consolidated Financial Statements

Important accounting policies

1. Valuation bases and methods of assets
 - (1) Valuation bases and methods of securities
 - Shares of subsidiaries
Stated at cost based on the moving-average method.
 - Other securities
Securities without fair value
Stated at cost based on the moving-average method.
2. Depreciation and amortization method for non-current assets
 - (1) Property, plant and equipment (excluding leased assets)
Depreciated using the declining balance method.
The useful lives are as follows:

Buildings	15 to 18 years
Tools, furniture and fixtures	2 to 20 years
 - (2) Intangible assets (excluding leased assets)
Amortized using the straight-line method.
Software for internal use is stated using the straight-line method based on usable period within the Company (mainly 5 years).
 - (3) Leased assets
Depreciated by the straight-line method assuming the lease periods as useful lives without residual value.
3. Allowances and provisions
 - (1) Provision for bonuses
To prepare for the payment of bonuses to employees, the amount expected to be paid is recognized.
 - (2) Provision for retirement benefits
To prepare for the payment of retirement benefits to employees, the amount based on the estimated retirement benefits obligation and fair value of plan assets as of the end of the current fiscal year is recognized.
Actuarial gains and losses are amortized in the year following the year in which the gains or losses are recognized by the straight-line method over periods (15 years) which are shorter than the average remaining years of service of the eligible employees.
 - (3) Provision for directors' retirement benefits
To prepare for the payment of retirement benefits to Directors, the amount to be paid at the fiscal year-end, based on the Rules on Directors' Retirement Benefits, is recognized.
4. Other significant matters that form the basis for preparing the non-consolidated financial statements
 - (1) Method of hedge accounting
 - i. Method of hedge accounting
Special treatment is applied for interest rate swaps.
 - ii. Hedging instruments and hedged items
Interest rate swap transactions are used for interest on variable-rate long-term loans payable.
 - iii. Hedging policy
To mitigate interest rate fluctuation risks, hedges are performed to the extent that requirements of hedge accounting for special treatment are met.
 - iv. Method of assessing hedge effectiveness
Assessment of effectiveness is omitted for interest rate swaps since special treatment is applied for them.

(2) Treatment of retirement benefits

The accounting method for unrecognized actuarial gains and losses, unrecognized past service costs and net retirement benefit obligation at transition for retirement benefits is different from the accounting method for these items in the consolidated balance sheet.

(3) Treatment of consumption taxes

Items subject to national consumption tax and local consumption tax are accounted for at amounts exclusive of consumption taxes.

Notes on changes in accounting policies

Application of the Accounting Standard for Retirement Benefits and its Guidance

Regarding the “Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012)” and the “Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, March 26, 2015)”, effective from the beginning of the fiscal year ended March 31, 2015, the Company has applied the provisions specified under the main clauses of Section 35 of the Accounting Standard for Retirement Benefits and Section 67 of the Guidance on Accounting Standard for Retirement Benefits, reviewed its calculation method for retirement benefit obligations and current service costs, and changed its method of attributing expected benefits to periods from the straight-line basis to the benefit formula basis. In addition, the Company has reviewed and changed the method for determining the discount rate from one that uses a discount rate based on a period approximate to the expected average remaining working lives of employees, to one that uses a single weighted average discount rate reflecting the estimated timing and amount of benefit payment.

This application has no effect on provision for retirement benefits and retained earnings brought forward at the beginning of the fiscal year ended March 31, 2015, and on operating income, ordinary income and income before income taxes for the fiscal year ended March 31, 2015.

Notes to the non-consolidated balance sheet

1. Accumulated depreciation of assets

Accumulated depreciation of property, plant and equipment	¥456 million
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2. Liabilities on guarantees

The Company has provided guarantees as follows on loans from financial institutions and (long-term) accounts payable to Japan railway construction, transport and technology agency of the company described below.

Seibu Railway Co., Ltd.	¥142,215 million
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3. Monetary claims and monetary debts to subsidiaries and associates (excluding items shown separately)

Short-term monetary claim	¥2,425 million
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Short-term monetary debt	¥487 million
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4. Loan commitment agreements

The Company has entered into loan commitment agreements with eight banks to efficiently raise working capital.

The balance of unexecuted loans payable at the end of the current fiscal year is as follows:

Total amount of loan commitments	¥70,000 million
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Loans payable outstanding	¥32,400 million
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Balance of unexecuted loans payable	¥37,600 million
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5. Restrictive financial covenant for maintaining net assets and profits

- (1) The Company has made a commitment for its loans payable described below as follows. If the Company violates the commitment, the benefit of time may be forfeited for the relevant obligations.

Loans

Current portion of long-term loans payable	¥12,320 million
Long-term loans payable	¥460 million
Total	¥12,780 million

Commitments

- In the consolidated balance sheet at the end of each fiscal year and at the end of the second quarter, the Company shall maintain its total net assets of 75% or higher compared to that in the immediately preceding fiscal year (including the second quarter) and ¥143,000 million or more.
- In the consolidated statement of income for each fiscal year, operating losses are not incurred for two periods in a row.

- (2) Other than the above, the Company has made a commitment for its loans payable described below as follows. If the Company violates the commitment, the benefit of time may be forfeited for the relevant obligations.

Loans

Current portion of long-term loans payable	¥26,000 million
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Commitments

- In the consolidated balance sheet at the end of each fiscal year and at the end of the second quarter, the Company shall maintain its total net assets of 75% or higher compared to that in the immediately preceding fiscal year (including the second quarter) and ¥154,700 million or more.
- In the consolidated statement of income for each fiscal year, operating losses are not incurred for two periods in a row.

- (3) Other than the above, the Company has made a commitment for its loans payable described below as follows. If the Company violates the commitment, the benefit of time may be forfeited for the relevant obligations.

Loans

Current portion of long-term loans payable	¥236 million
Long-term loans payable	¥37,646 million
Total	¥37,882 million

Commitments

- In the consolidated balance sheet at the end of each fiscal year and at the end of the second quarter, the Company shall maintain its total net assets of 75% or higher compared to that in the immediately preceding fiscal year (including the second quarter) and ¥161,300 million or more.
- In the consolidated statement of income for each fiscal year, operating losses are not incurred for two periods in a row.

- (4) Other than the above, the Company has made a commitment for its loans payable described below as follows. If the Company violates the commitment, the benefit of time may be forfeited for the relevant obligations.

Loans, etc.

Current portion of long-term loans payable	¥59 million
Long-term loans payable	¥44,941 million
Total	¥45,000 million

Commitments

- In the consolidated balance sheet at the end of each fiscal year and at the end of the second quarter, the Company shall maintain its total net assets of 75% or higher compared to that in the immediately preceding fiscal year (including the second quarter) and ¥181,500 million or more.
- In the consolidated statement of income for each fiscal year, operating losses are not incurred for two periods in a row.

- (5) Other than the above, the Company has made a commitment for its loans payable, etc. described below as follows. If the Company violates the commitment, the benefit of time may be forfeited for the relevant obligations.

Loans, etc.

Long-term loans payable ¥14,000 million

Besides, the total amount of loan commitments described in “4.” above is also subject to the financial covenant.

Commitments

- In the consolidated balance sheet at the end of each fiscal year and at the end of the second quarter, the Company shall maintain its total net assets of 75% or higher compared to that in the immediately preceding fiscal year (including the second quarter) and ¥200,800 million or more.
- In the consolidated statement of income for each fiscal year, operating losses are not incurred for two periods in a row.

Notes to the non-consolidated statement of income

Amount of transactions with subsidiaries and associates (excluding items shown separately)

Volume of business transactions

Selling, general and administrative expenses ¥696 million

Volume of other transactions ¥16,034 million

Notes to the non-consolidated statement of changes in equity

Class and number of treasury shares

(Shares)				
Class of shares	Number of shares at beginning of the fiscal year	Increase	Decrease	Number of shares at end of the fiscal year
Common shares	67,458	1,661,593	241,600	1,487,451

Description of reasons for the change

- Major reasons for the increase are as follows:
Increase due to purchase of shares less than a unit: 293 shares
- Increase of treasury shares includes 1,661,300 shares acquired by Trust & Custody Services Bank, Ltd. (Trust Account E) and decrease thereof is due to the sale of 241,600 shares to the employee stock ownership plan from Trust & Custody Services Bank, Ltd. (Trust Account E).
- Total number of treasury shares indicated above includes the Company's shares of 1,419,700 held by Trust & Custody Services Bank, Ltd. (Trust Account E).

Tax effect accounting

Deferred tax assets arose mainly due to the recognition of provision for bonuses and provision for retirement benefits, while deferred tax liabilities arose because of shares of subsidiaries and associates.

Transactions with related parties

Subsidiaries

(Millions of yen)

Classification	Name of company, etc.	Ratio of voting rights, etc. held	Relationship with related parties	Transactions	Amount of transactions	Item	Balance at end of period
Subsidiary	Seibu Railway Co., Ltd.	Owning Direct 100%	Major Group company Interlocking directorate, etc.	Receipt of dividends (Note 1)	2,383	—	—
				Business management, etc. (Note 2)	4,092	Accounts receivable - trade	411
				Lending of loans (Note 3)	110,213	Short-term loans receivable from subsidiaries and associates	301,571
				Receipt of interest (Note 3)	5,513	Accounts receivable - other	474
				Guarantee of obligation (Note 4)	142,215	—	—
				Receipt of guarantee commission (Note 4)	289	Accounts receivable - other	23
				Receiving guarantee of obligation for bank loans, etc. of the Company (Note 5)	680,374	—	—
				Payment of guarantee commission (Note 5)	1,230	Accounts payable - other	105
	Prince Hotels, Inc.	Owning Direct 100%	Major Group company Interlocking directorate, etc.	Business management, etc. (Note 2)	3,231	Accounts receivable - trade	322
				Lending of loans (Note 3)	123,903	Short-term loans receivable from subsidiaries and associates	285,955
				Receipt of interest (Note 3)	5,303	Accounts receivable - other	440
				Receiving guarantee of obligation for bank loans, etc. of the Company (Note 5)	680,374	—	—
				Payment of guarantee commission (Note 5)	1,230	Accounts payable - other	105

Classification	Name of company, etc.	Ratio of voting rights, etc. held	Relationship with related parties	Transactions	Amount of transactions	Item	Balance at end of period
Subsidiary	Seibu Bus Co., Ltd.	Owning Indirect 100%	Major Group company	Borrowing of loans (Note 6)	23,867	Short-term loans payable to subsidiaries and associates	5,733
				Payment of interest (Note 6)	82	Accounts payable - other	6
	Seibu Construction Co., Ltd.	Owning Indirect 100%	Major Group company	Lending of loans (Note 3)	22,204	Short-term loans receivable from subsidiaries and associates	1,027
				Receipt of interest (Note 3)	22	Accounts receivable - other	7
				Borrowing of loans (Note 6)	37,421	Short-term loans payable to subsidiaries and associates	—
				Payment of interest (Note 6)	5	Accounts payable - other	—
	Seibu Properties Inc.	Owning Indirect 100%	Major Group company Interlocking directorate, etc.	Lending of loans (Note 3)	17,129	Long-term loans receivable from subsidiaries and associates	122,795
				Receipt of interest (Note 3)	1,967	Accounts receivable - other	167
				Receiving guarantee of obligation for bank loans, etc. of the Company (Note 5)	138,000	—	—
				Payment of guarantee commission (Note 5)	193	Accounts payable - other	16
				Borrowing of loans (Note 6)	110,000	Short-term loans payable to subsidiaries and associates	9,078
				Payment of interest (Note 6)	83	Accounts payable - other	5

Conditions of transaction and policy for deciding conditions of transaction

- Notes: 1. These are year-end dividends for the fiscal year ended March 31, 2014 (¥2.5 per share) and interim dividends for the fiscal year ended March 31, 2015 (¥3 per share) from Seibu Railway Co., Ltd.
2. This is mainly the receipt of fees for business management operations for Seibu Railway Co., Ltd. and Prince Hotels, Inc. Business management fees are determined based on reasonable calculation between the Company and Seibu Railway Co., Ltd., Prince Hotels, Inc. and other seven major group companies with which the Company has entered into a business management agreement.
3. These are loans to Seibu Railway Co., Ltd., Prince Hotels, Inc., Seibu Construction Co., Ltd. and Seibu Properties Inc. Interest rate on loans are reasonably determined in consideration of market interest rates.
4. These are guarantees for loans from financial institutions and (long-term) accounts payable to Japan railway construction, transport and technology agency of Seibu Railway Co., Ltd. Guarantee fees are reasonably determined through consultation.
5. The debts guaranteed by Seibu Railway Co., Ltd., Prince Hotels, Inc. and Seibu Properties Inc. for the Company's bank loans payable are for funds borrowed for the Company to lend funds to these three companies. Guarantee fees are reasonably determined through consultation.
6. The borrowing rate is reasonably determined in consideration of market interest rates.

Amounts per share

Net assets per share

¥895.33

Basic net income per share

¥31.96

Note: Shares of the Company retained in trust and recorded as treasury shares under shareholders' equity are included in treasury shares deducted from total number of issued shares at end of period when calculating net assets per share. Moreover, in calculating basic net income per share, they are included in the number of treasury shares deducted from the average number of outstanding shares during period.
The number of treasury shares at end of period deducted in calculating net assets per share was 1,419,700, and the average number of treasury shares during period deducted in calculating the basic net income per share was 1,462,452.

Significant events after the reporting period

No items to report.

Other notes

Additional information

- (1) Transactions to offer the Company's shares to employees, etc. through trust

The Company conducts transactions to offer the Company's shares to employee stock ownership plan through trust, with the aim of enhancing employee benefits and providing incentives for employees to increase the corporate value of the Company.

- 1) Description of transactions

In April 2014, the Company introduced a Stock Benefit Trust Disposition-type Employee Stock Ownership Plan (ESOP).

To initiate the ESOP, the Company concluded the "Stock Benefit Trust (disposition-type ESOP) Agreement" (the trust established pursuant to the agreement shall be referred to as the "ESOP Trust"), whereby the Company is to act as administrator and the role of trustee is assigned to Mizuho Trust & Banking Co., Ltd. (the "Trustee"). Also, an agreement was concluded under which the Trustee is to re-entrust shares of the Company and other assets of the ESOP Trust to an account with ancillary trustee Trust & Custody Services Bank, Ltd. (the "Trust Account E").

The Trust Account E acquires shares of the Company that the Seibu Holdings Employee Stock Holding Partnership ("Stock Holding Partnership") is expected to obtain over the five years after the trust was set up, and periodically sells its holdings to the Stock Holding Partnership. If, by the time of the ESOP Trust's termination, gains equivalent to capital gains on sales of shares are accumulated within the ESOP Trust through sales of Company shares by the Trust Account E to the Stock Holding Partnership, then those gains will be distributed as residual assets to Stock Holding Partnership enrollees who meet the requirements for eligible beneficiaries. Furthermore, to guarantee funds borrowed by the Trustee which enable the Trust Account E to acquire Company shares, the Company is to repay any such remaining borrowings pursuant to a guarantee agreement, in the event that there are any remaining borrowings equivalent to losses on sales of shares due to a downturn in the price of Company shares up until termination of the ESOP Trust.

- 2) Company's shares remaining in trust

The Company's shares remaining in trust is recorded as treasury shares in the part of net assets at the book value in trust (excluding the amount as ancillary expenses). The book value and number of shares of the relevant treasury shares are ¥2,318 million and 1,419 thousand shares for the fiscal year ended March 31, 2015.

- 3) Book value of loans payable recorded using the gross method

Fiscal year ended March 31, 2015	¥2,249 million
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- (2) Adjustment of amounts of deferred tax assets and deferred tax liabilities due to the change in the rate of income taxes

Following the promulgation of the "Act on Partial Revision of the Income Tax Act" (Act No. 9 of 2015) and the "Act on Partial Revision of the Local Tax Act" (Act No. 2 of 2015) on March 31, 2015, the income tax rates, etc. are to be lowered from the fiscal year starting on or after April 1, 2015. Accordingly, the statutory effective tax rate used for calculating deferred tax assets and deferred tax liabilities will be changed from the previous rate of 35.4% to 32.8% for temporary differences expected to be extinguished in the fiscal year beginning on April 1, 2015, and to 32.1% for temporary differences expected to be extinguished in the fiscal years beginning on or after April 1, 2016.

Due to this change in the tax rate, the amount of deferred tax liabilities (less the amount of deferred tax assets) decreased by ¥7,254 million and income taxes - deferred decreased by the same amount.

Independent Auditor's Report

May 15, 2015

The Board of Directors
Seibu Holdings Inc.

Ernst & Young ShinNihon LLC
Yasunori Arao [Seal]
Certified Public Accountant
Designated and Engagement Partner
Tohru Ohshitanai [Seal]
Certified Public Accountant
Designated and Engagement Partner
Motoki Yoshimura [Seal]
Certified Public Accountant
Designated and Engagement Partner

Pursuant to Article 444, Section 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements of Seibu Holdings Inc. (the "Company") applicable to the fiscal year from April 1, 2014 through March 31, 2015.

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 financial position and results of operations of the Seibu Group, which consisted of the Company and consolidated subsidiaries, applicable to the fiscal year ended March 31, 2015 in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

Independent Auditor's Report

May 15, 2015

The Board of Directors
Seibu Holdings Inc.

Ernst & Young ShinNihon LLC
Yasunori Arao [Seal]
Certified Public Accountant
Designated and Engagement Partner
Tohru Ohshitanai [Seal]
Certified Public Accountant
Designated and Engagement Partner
Motoki Yoshimura [Seal]
Certified Public Accountant
Designated and Engagement Partner

Pursuant to Article 436, Section 2, Paragraph 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, the notes to the financial statements and the related supplementary schedules of Seibu Holdings Inc. (the "Company") applicable to the 10th fiscal year from April 1, 2014 through March 31, 2015.

Management's Responsibility for the Financial Statements and the Related Supplementary Schedules

Management is responsible for the preparation and fair presentation of these financial statements and the related supplementary schedules 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 financial statements and the related supplementary schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements and the related supplementary schedules 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 financial statements and the related supplementary schedules are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the related supplementary schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and the related supplementary schedules, whether due to fraud or error. The purpose of an audit of the 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 financial statements and the related supplementary schedules 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 financial statements and the related supplementary schedules. 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 financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of Seibu Holdings Inc. applicable to the 10th fiscal year ended March 31, 2015 in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

Audit Report

Based on the audit report prepared by each Audit & Supervisory Board Member with regard to the performance of duties by the Directors of Seibu Holdings Inc. (the "Company") for the 10th fiscal year (from April 1, 2014 to March 31, 2015), the Audit & Supervisory Board of the Company prepares this audit report after deliberation and hereby report, by a unanimous show of hands, as follows:

1. Auditing methods used by Audit & Supervisory Board Members and the Audit & Supervisory Board, and details of audit

The Audit & Supervisory Board specified audit policies, assigned duties to each Audit & Supervisory Board Member and received reports from each Audit & Supervisory Board Member on the status of implementation and results of audit, and received reports from Directors, etc. and accounting auditors on the status of the performance of their duties and asked them for explanations as necessary.

In conformity with the auditing standards stipulated by the Audit & Supervisory Board, and in accordance with auditing policies and the assignment of duties, all Audit & Supervisory Board Members strived to achieve effective communication with Directors, the Internal Audit Department and other employees, collected information and improved the audit environment. In addition, all Audit & Supervisory Board Members attended the meetings of the Board of Directors and other important meetings, received reports from Directors and employees about the status of the performance of their duties, obtained explanations as necessary, reviewed important approval documents, and conducted investigations on the status of the business operations and assets of the Company at its head office. Furthermore, Audit & Supervisory Board Members received reports periodically from Directors and employees on the content of the resolution made by the Board of Directors' concerning the development of a system for ensuring that the performance of duties by Directors conforms with laws and regulations and the Company's Articles of Incorporation, as described in the Company's business report, and other systems prescribed in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Company Law as systems necessary for ensuring proper business conduct by a stock company (internal control system), as well as the construction and status of operation of the internal control system developed based on said resolution. As necessary, Audit & Supervisory Board Members also asked for explanations from Directors and employees and expressed opinions. As for internal controls over financial reporting, reports made by Directors, etc. and Ernst & Young ShinNihon LLC about the status of assessment and audit of said internal controls were provided to Audit & Supervisory Board Members, who asked for explanations as necessary. Audit & Supervisory Board Members also worked to facilitate communication and information exchange with the Directors, Audit & Supervisory Board Members and others of the subsidiaries of the Company, and received reports on the business conditions of subsidiaries as necessary. Based on the methods mentioned above, we have reviewed the business report for the said fiscal year and its supplementary schedules.

We have also monitored and verified whether the accounting auditor maintained independence and properly implemented its audit, received from the accounting auditor reports on the performance of its duties, and asked it for explanations as necessary. The accounting auditor reported to us that the "Systems for Ensuring Proper Execution of Duties" (listed in each item of Article 131 of Ordinance on Accounting of Companies) have been developed in accordance with the "Quality Control Standards concerning Audit" (Business Accounting Council, October 28, 2005) and other applicable regulations, and we asked the accounting auditor for explanations as necessary. Based on the methods mentioned above, we have reviewed the financial statements (balance sheet, statement of income, statement of changes in net assets, and notes to financial statements), and their supplementary schedules, and consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and notes to consolidated financial statements) for the said fiscal year.

2. Audit results

(1) Results of audit of the business report, etc.

- i. We confirm that the business report and its supplementary schedules present fairly the situation of the Company in accordance with relevant laws and regulations and the Company's Articles of Incorporation.

- ii. With respect to the Directors' performance of their duties, we confirm that there has been no improper act committed or important violation of applicable laws and regulations or of the Articles of Incorporation.
- iii. We confirm that the details of the resolution made by the Board of Directors concerning the internal control system are proper. With respect to the description in the business report and the Directors' performance of their duties regarding the said internal control system, we confirm that there is no matter to be pointed out.

(2) Results of audit of financial statements and their supplementary schedules

We confirm that the auditing methods and results of Ernst & Young ShinNihon LLC, an accounting auditor, are proper.

(3) Results of audit of consolidated financial statements

We confirm that the auditing methods and results of Ernst & Young ShinNihon LLC, an accounting auditor, are proper.

May 19, 2015

The Audit & Supervisory Board,
Seibu Holdings Inc.

Nozomi Kawakami [Seal]
Standing Audit & Supervisory Board Member

Masayoshi Akashi [Seal]
Audit & Supervisory Board Member

Isao Fukasawa [Seal]
Outside Audit & Supervisory Board Member

Eiji Sakomoto [Seal]
Outside Audit & Supervisory Board Member

Reference Documents for the General Meeting of Shareholders

<Proposals by the Company (Proposals No. 1 and No. 2)>

Proposal No. 1: Appropriation of surplus

The Seibu Group's business activities primarily focus on the urban transportation and regional, the hotel and leisure, and the real estate business segments, through which we pursue our operational objective of achieving sustainable and healthy growth. Accordingly, the Company is committed to strengthening the managerial foundations of the entire Seibu Group and heightening its corporate value, to which end our basic policy on dividends calls for us to improve our financial position by fortifying internal reserves while continuing to deliver consistent dividends.

Moreover, the Seibu Group's Long-Term Strategy sets forth a financial strategy of ensuring returns to our stakeholders (customers, shareholders, creditors, employees, etc.) coupled with a policy requiring that we optimally balance those returns with investment geared toward achieving growth.

With a view to enhancing returns to shareholders based on the fact that operating results stayed and are expected to stay firm, while actively promoting the investments in large-scale projects contributing to future growth, such as Tokyo Garden Terrace, Building Ikebukuro former head office building, development of Tokorozawa, etc., it is hereby proposed that the amount of dividends paid out for the end of our 10th fiscal year be ¥4 per share, ¥1 up from the previous fiscal year.

If this proposal is approved and passed as above, the amount of annual dividends per share including the interim dividend (¥4 per share) for the fiscal year ended March 31, 2015 is ¥8 per share, up ¥2 from the previous fiscal year.

(1) Type of dividend property

Money

(2) Allotment of dividend property and its total amount

¥4 per Company's common share

Total: ¥1,368,228,276

(3) Effective date of dividends from surplus

June 24, 2015

Proposal No. 2: Election of five (5) Directors

Upon the conclusion of this General Meeting of Shareholders, the terms of office of four (4) Directors, Masanori Kobayashi, Hiroo Ando, Eiko Ohya and Takehiko Ogi, will expire, and Director Kimio Kitamura will resign. Therefore, it is hereby proposed that five (5) Directors be elected.

The candidates for Director are as follows:

Candidate number	Name (Date of birth)	Career summary, position and responsibilities in the Company, and important concurrent positions outside the Company	Number of Company shares owned
1	Masanori Kobayashi (April 1, 1947) <u>To be reelected</u>	Mar. 1971 Joined Kokudo Keikaku Co., Ltd. (current Prince Hotels, Inc.) Jul. 2002 General Manager, Accounting Department of the company Jun. 2003 Director of the company Jun. 2005 General Manager, Accounting Department of the company Nov. 2005 General Manager, Accounting Department and Corporate Planning Department of the company Feb. 2006 Director, General Manager, Corporate Planning Department and Accounting Department of Prince Hotels, Inc. Director of Seibu Holdings Inc. Senior Managing Officer, General Manager, Accounting Department of the Company Jun. 2006 Director, Senior Managing Officer, General Manager, Corporate Planning Department and Accounting Department of Prince Hotels, Inc. Jun. 2007 Executive Managing Director, Executive Managing Officer of the company Jun. 2008 Director, Executive Managing Officer of the company Jun. 2009 Representative Director, Senior Executive Managing Officer of the company Director of Seibu Holdings Inc. (present) Executive Managing Officer of the Company Jun. 2010 President and Representative Director of Prince Hotels, Inc. (present) Apr. 2011 President and Representative Director of Seibu Golf Co. Ltd. (current Prince Hotels, Inc.)	1,322
[Reason for nomination as Director]			
As President and Representative Director of Prince Hotels, Inc., Mr. Kobayashi promoted measures to steadily incorporate demand for inbound tourism and MICE, which are the areas of focus. In addition, he led efforts for renewing facilities and bolstering sales in an attempt to strengthen the earnings base of the company. We are certain that he will continue to contribute to the formulation and implementation of medium- to long-term strategies for the hotel and leisure business, and accordingly nominate him as a Director.			
[Message to shareholders from the Director candidate]			
Prince Hotels, which have city hotels equipped with large scale banquet spaces located in central urban areas and other favorable locations, resort hotels located in major sightseeing areas in Japan, would like to propose a variety of ways to spend their time to our guests. We would also like to make positive efforts for publicizing Japanese hospitality, or “omotenashi”, to the world, enhancing the awareness of the Prince Hotels brand, and expanding new business overseas.			

Candidate number	Name (Date of birth)	Career summary, position and responsibilities in the Company, and important concurrent positions outside the Company	Number of Company shares owned
2	Hiroo Ando (May 6, 1947) To be reelected	Mar. 1966 Joined TOTETSU KOGYO CO., LTD. Feb. 1978 Joined Seibu Construction Co., Ltd. Apr. 1997 Deputy Operating Manager, Construction Division, Chief Operating Manager, Civil Engineering Department of the company Apr. 1998 Branch Manager, Osaka Branch, West Japan Office of the company Jul. 1999 Branch Manager, Kansai Branch of the company Jun. 2001 Director, Branch Manager, Kansai Branch of the company Jun. 2005 Director, Executive Managing Officer, Branch Manager, Kansai Branch of the company Jul. 2005 Director, Executive Managing Officer, General Manager, West Japan Office, Deputy Operating Manager, Operations Division of the company Apr. 2006 Director, Executive Managing Officer, Chief Operating Manager, Civil Engineering Division, Deputy Operating Manager, Operations Division of the company Jun. 2008 Director, Senior Executive Managing Officer, Chief Operating Manager, Civil Engineering Division of the company Apr. 2011 President and Representative Director of the company Apr. 2012 President and Representative Director of Seibu Properties Inc. (present) Jun. 2013 Director of Seibu Holdings Inc. (present)	2,161
[Reason for nomination as Director] As President and Representative Director of Seibu Properties Inc., Mr. Ando has promoted positive measures to improve its earnings capability in areas along the Seibu Railway lines, central urban areas, and resort areas including Karuizawa in addition to promoting the large-scale project of “Tokyo Garden Terrace,” which is under construction at the former site of the Grand Prince Hotel Akasaka. We are certain that he will continue to contribute to the formulation and implementation of medium- to long-term strategies for the real estate business, and accordingly nominate him as a Director.			
[Message to shareholders from the Director candidate] The strength of the Seibu Group lies in its possession of abundant real estate, and a significant growth is expected of the real estate business segment as the “key to enhancing the Group’s corporate value.” Besides “Tokyo Garden Terrace,” scheduled to open around summer of 2016, we will promote development plans leading to the invigoration of local areas in Ikebukuro and Tokorozawa. I would like to continue to endeavor for the development of local communities and the further enhancement of the Seibu Group’s corporate value by making effective use of real estate possessed by the Group.			

Candidate number	Name (Date of birth)	Career summary, position and responsibilities in the Company, and important concurrent positions outside the Company	Number of Company shares owned
3	Eiko Ohya (February 23, 1941) To be reelected Outside Director Candidate Independent Director	Jun. 1969 Representative Director of Nippon Information Systems Inc. Aug. 1984 Representative Director of Office E Co., Ltd. July. 1991 Representative Director of Ohya Eiko Jimusho Co., Ltd. (present) Jun. 2001 Audit & Supervisory Board Member (external) of Shiseido Company, Ltd. May 2007 Outside Director of Takashimaya Company, Limited Apr. 2008 President of Oya Soichi Bunko (current Oya Soichi Library) (present) Jun. 2013 Outside Director of Seibu Holdings Inc. (present)	644
		[Reason for nomination as Director] As is widely known through long years of her activities as journalist and commentator, Ms. Ohya has abundant knowledge and insight irrespective of areas. Her opinions and advice from the broad perspective of consumers and women have contributed to discussion in light of diverse values at the meeting of the Board of Directors of the Company. We are certain that she will certainly continue to contribute toward enhancing the corporate value of the Seibu Group, and accordingly nominate her as an Outside Director.	
		[Message to shareholders from the Director candidate] As the Seibu Group is engaged in a wide variety of business that is closely related to and enriches customers' lives, opinions and ideas from a pluralistic perspective are required of the Group. I have positively made a contribution to discussion at the meetings of the Board of Directors from an objective point of view and based on my experience and knowledge. I would like to continue to contribute to enhancing corporate governance and internal control system further by making a great use of my experience gained through my activities as members of numerous councils, outside director of other companies, etc.	

Candidate number	Name (Date of birth)	Career summary, position and responsibilities in the Company, and important concurrent positions outside the Company	Number of Company shares owned
4	Takehiko Ogi (August 8, 1961) To be reelected Outside Director Candidate Independent Director	Apr. 1984 Joined the Ministry of International Trade and Industry (current Ministry of Economy, Trade and Industry) May 2000 President and Representative Director of TSUTAYA online Corporation Jun. 2002 Representative Managing Director of Culture Convenience Club Co., Ltd. Jul. 2004 Managing Director of Industrial Revitalization Corporation of Japan Nov. 2004 President and Chief Executive Officer of Kanebo Ltd. Apr. 2007 President of Maruzen Company, Limited Feb. 2010 President of CHI Group Co., Ltd. (current Maruzen CHI Holdings, Co., Ltd.) Dec. 2010 President of 2Dfacto, Inc. Jun. 2013 Outside Director of Seibu Holdings Inc. (present)	322
[Reason for nomination as Director] Mr. Ogi has impressive results particularly in the area of consumer-focused corporate management as evidenced by his proven track record of bringing about managerial reform in companies across various industries. His opinions as Outside Director backed by his track record and experience are being applied to the Company's management and thereby helping us to improve our medium- to long-term corporate value. We are certain that he will certainly continue to contribute toward enhancing the corporate value of the Seibu Group, and accordingly nominate him as an Outside Director.			
[Message to shareholders from the Director candidate] I think that the purpose of corporate management is to make a contribution to the society as set forth in the corporate vision in a sustainable manner from a medium- to long-term perspective. I would like to endeavor to construct such corporate governance that implements the group vision of the Seibu Group in a faithful and sustainable manner and enhances its corporate value so that the Group may fulfil its social responsibility as a listed company and meet shareholders' expectation.			

Candidate number	Name (Date of birth)	Career summary, position and responsibilities in the Company, and important concurrent positions outside the Company	Number of Company shares owned
5	Keiji Goto (July 30, 1959) To be newly elected Outside Director Candidate Independent Director	Apr. 1982 Joined the National Police Agency Jun. 1992 Assistant Counsellor of Cabinet Secretariat of Cabinet Legislation Bureau Apr. 2001 Director, Community Safety Department of Osaka Prefectural Police Headquarters Jan. 2003 Director, Police Administration Department of Aichi Prefectural Police Headquarters Aug. 2004 Counsellor of Cabinet Secretariat (in charge of security and crisis management) Aug. 2005 Registered as attorney at law Joined Nishimura & Partners (current Nishimura & Asahi) Mar. 2006 Outside Audit & Supervisory Board Member of Hakuyosha Co., Ltd. (present) Jul. 2008 Established Goto Compliance Law Firm Apr. 2009 Outside Audit & Supervisory Board Member of Prince Hotels, Inc. May 2012 Outside Audit & Supervisory Board Member of Central Security Patrols, Co., Ltd. (present) Jun. 2013 Outside Director of Prince Hotels, Inc. (present)	1,128
[Reason for nomination as Director] Although Mr. Goto lacks experience in terms of direct involvement with company management, as an attorney, he possesses a high degree of expertise and knowledge as well as abundant experience with respect to corporate legal affairs. We are certain that applying his opinions from a broad perspective based on his knowledge, experience, etc. to the Company's management will helps us to improve our medium- to long-term corporate value, and accordingly nominate him as an Outside Director.			
[Message to shareholders from the Director candidate] The Seibu Group has a variety of ongoing operations and projects expected to grow in the future. As an Outside Director, I would like to endeavor to strengthen corporate governance further in order to contribute to the sustained growth of the Company and the enhancement of its corporate value in a medium- to long- term by making use of my career including my experience as an outside audit & supervisory board member for other companies, for instance, by positively voicing my opinions from an independent standpoint at the meeting of the Board of Directors and on other occasions.			

- Notes: 1. No relationships involving special interests exist between any of the candidates and the Company.
2. The number of the Company's shares that each candidate holds includes the number of shares held under the name of the Executive Shareholding Association.
3. Takehiko Ogi is scheduled to assume the position of Outside Director of MISUMI Group Inc. on June 12, 2015.
4. Eiko Ohya's and Takehiko Ogi's period of office as Outside Directors will be 2 years at the conclusion of this General Meeting of Shareholders.
5. The Company has concluded agreements limiting the liability of the Outside Directors for damages under Article 423, Paragraph 1 of the Companies Act of Japan, to the minimum amount stipulated in Article 425, Paragraph 1 thereof with both Eiko Ohya and Takehiko Ogi. If the appointment of Eiko Ohya, Takehiko Ogi, and Keiji Goto is approved, the Company will conclude the same type of agreement having the same content with each of them.
6. The Company has designated Eiko Ohya and Takehiko Ogi as independent directors in accordance with the rules and regulations of the Tokyo Stock Exchange, and has registered them as such with the Exchange. If the appointment of Eiko Ohya and Takehiko Ogi is approved, they will be registered as independent directors again. If the appointment of Keiji Goto is approved, he will be newly registered as an independent director.

<Proposals by shareholders (Proposals No. 3 through No. 5)>
Proposals No. 3 through No. 5 were made by 6 shareholders.

Proposal No. 3: Appropriation of surplus

1. Content of proposal

(1) Type of dividend property

Money

(2) Allotment of dividend property and its total amount

¥5 per Company's common share

Total amount: The amount obtained by multiplying the number of shares issued and outstanding (excluding treasury stock) by ¥5

(3) Effective date of dividends from surplus

The day following the Annual General Meeting of Shareholders held in June 2015

2. Reasons for proposal

While the average dividend payout ratio of corporations listed on the First Section of the Tokyo Stock Exchange is around 25%, that of the Seibu Group, at to no more than 11.2% on the basis of last year's earnings results, was not even half the average. As a company in its mature stage of development, the Seibu Group should offer a payout ratio exceeding the average. Therefore, taking into account the need to balance this with development of consistent dividend allocations, it is hereby proposed that the Seibu Group pay out a year-end dividend of ¥5 per share.

Note from the Company: The content of proposal and the reasons for proposal shown above have been provided as submitted by shareholders (in Japanese), without alteration.

◆ Opinion of the Board of Directors regarding the above proposal

The Board of Directors opposes the proposal.

It is the Company's basic policy to deliver dividends from surplus consistently and continuously as described in page 57 of the Notice of Annual General Meeting of Shareholders. Based on this basic policy, the Company determines the appropriation of surplus comprehensively by appropriately balancing returns to stakeholders including our shareholders and investments contributing to the growth. Under this policy, the year-end dividend will be increased by ¥1 per share from the previous fiscal year, with a view to enhancing returns to shareholders. If Proposal No. 1 is approved and passed as proposed, the amount of annual dividends per share including the interim dividend (¥4 per share) for the fiscal year ended March 31, 2015 is ¥8 per share, up ¥2 from the previous fiscal year.

Proposal No. 4: Partial amendment to the Articles of Incorporation (Measures regarding false accusations of groping)

1. Content of proposal

It is proposed that the following provision be added to the Articles of Incorporation.

“To address the matter of incidents arising on the Seibu Line involving false accusations of groping, efforts must be made to equip railway carriages with security cameras and provide men-only carriages as a means of protecting railway passengers so that all passengers may have peace of mind using the Seibu Line, knowing that no passenger will not be dealt with unjustly in the form of a frivolous claim of damage through false accusation based on tenuous pretexts, reckless identification of an individual as a criminal, or unfair treatment by investigating authorities.”

2. Reasons for proposal

After the first incident of an investigation drawing on video footage from security camera-equipped railway carriages already introduced on the JR East Japan Saikyo Line, the media reported that based on the footage authorities were unable to corroborate the alleged victim's claim that the suspect had engaged in criminal activity (Kyodo News Service, October 13, 2010). As such, installation of security cameras has proven to be effective, for one as a means of averting contemptible situations where an individual is caused profound damage upon having been falsely accused of groping, and also when used in other types of criminal investigations. Accordingly, railway carriages equipped with security cameras would provide an equipment-based solution implemented by railway operators. Moreover, from an operational perspective, men-only railway carriages would enable passengers themselves to take initiative in avoiding situations where they might fall prey to a false accusation of groping, while such railway carriages also should be introduced from the perspective of equitability, given that women-only railway carriages are already being provided.

Note from the Company: The content of proposal and the reasons for proposal shown above have been provided as submitted by shareholders (in Japanese), without alteration.

◆ **Opinion of the Board of Directors regarding the above proposal**

The Board of Directors opposes the proposal.

Our Directors are obligated to address a vast range of managerial challenges, and to exercise judgment in that regard. As such, the Company does not state individual managerial issues explicitly in the Articles of Incorporation. Moreover, adding wording to the Articles of Incorporation, such as that proposed, would impede our mobility and would be inappropriate given the purpose of the Articles of Incorporation.

We ask for the understanding of our shareholders with respect to our position in this regard, given that our Directors who act as executive officer are to properly address all individual issues in the course of executing their duties for the Seibu Group.

Proposal No. 5: Election of a Director

1. Content of proposal

Appointment of Mitsutaka Yamaguchi (Born January 26, 1967, appointment has been approved) in place of Takehiko Ogi

2. Reasons for proposal

During the time of the Industrial Revitalization Corporation of Japan, Takehiko Ogi arranged to issue new Kanebo shares at ¥320 per share to Kanebo Cosmetics. In barely six months since then, he sold the said shares for ¥201, and he did not make the price public. Against the backdrop, the fund consortium launched a takeover offer of as low as ¥162 per share, far below the post-war record low of ¥277.

Moreover, as soon as he judged that shareholders would not subscribe, he transferred the business without a shareholders' meeting held. The business transfer would not have been possible if Mr. Ogi and others had not issued subordinated shares. The transfer price of ¥201 is too low as evidenced by the fact that later the Supreme Court deemed ¥360 as the fair value of Kanebo shares. In addition, Mr. Ogi transferred ¥3 billion of claims to Kanebo Brazil and the shares of Kanebo Brazil for only ¥10 million.

Kanebo Brazil is an excellent company, and the transfer for the price significantly lower than the amount of claims even poses a suspicion of his breach of trust.

Note from the Company: The content of proposal and the reasons for proposal shown above have been provided as submitted by shareholders (in Japanese), without alteration.

◆ Opinion of the Board of Directors regarding the above proposal

The Board of Directors opposes the proposal.

Mr. Ogi, as shown in page 61 in the Notice of Annual General Meeting of Shareholders, has achieved exceptional performance as evidenced by his proven track record of impressive results particularly in the area of consumer-focused corporate management, such as bringing about managerial reform in companies across various types of business. His opinions as an Outside Director backed by his track record and experience are being applied to Company operations, and thereby helping us to improve our medium- to long-term corporate value.

We believe that he will continuously contribute to the improvement of corporate value of the Company, and based on this view, he was nominated as a candidate for Outside Director in Proposal No. 2. Therefore, we oppose this proposal.