

March 26, 2003

TOKYU CORPORATION
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Notice Regarding Separation of a Subsidiary

The board of directors of Tokyu Construction Co., Ltd. (hereinafter referred to as “Tokyu Construction”) which is a subsidiary of Tokyu Corporation (hereinafter referred to as “TOKYU”), at the meeting held on March 26, 2003, resolved to separate the company as follows:

1. Objective of the Corporate Separation

Tokyu Construction which is a subsidiary of TOKYU has worked out a medium-term project that was formulated in February 2002 and has achieved some success in maintaining profitability. However, the environment surrounding the construction industry has considerably worsened; for example, investment in construction has further declined and the introduction of asset-impairment accounting has led to strict corporate evaluation.

In order to adapt the changes in the business environment and to revive itself to be a sound self-dependent company, the company decided that it was absolutely imperative to shed unprofitable businesses, as well as reform business structures by separating the company and drastically reduce interest-bearing debt.

Under the reason above, the company will be divided into a construction business and a real estate business. The construction company will aim to become an independent company by restoring the financial standing, concentrating management resources on construction business and promoting profit structural reforms. The real estate company will accelerate the implementation of asset-impairment accounting and repay debts by the early sale of properties.

2. Outline of the Corporate Separation

(1) Allocation of new shares to a third party

Tokyu Construction will allocate new shares to a third party to strengthen the capital base and improve the financial standing when it divides the company. TOKYU informally agreed to underwrite shares of 40 billion yen from all newly issued shares.

(2) Separation Method

a. Tokyu Construction will be a dividing company and the new shares issued by the succeeding company will be allocated to shareholders of Tokyu Construction, which is the method of absorption and separation.

b. Tokyu Construction will establish a new succeeding company based on the method of absorption and separation.

c. Tokyu Construction will separate the construction from the real estate business and the dividing company will focus on the real estate business. The succeeding company will succeed the construction business together with the

corporate name and aim to become a new steadily listed company. After the separation of the company, the dividing company will carry a new corporate name and discontinue being listed.

d. The succeeding company will take over assets, debts and the trade rights and the dividing company will post a profit resulting from this transfer (gains and losses from the assignment).

(3) Separation date

October 1st, 2003 (planned)

The details of the separation of the company including the outline of the succeeding company will be notified when finalized.