

September 27, 2004

**TOKYU CORPORATION**  
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**Notice Regarding Adoption of Defined Contribution Pension Plan, Transfer of Fixed Assets, Transfer of Affiliated Company's Shares, Appraisal Losses of Real estate for Sale of Consolidated Subsidiary, and Modifications to Performance Forecast for Fiscal Half Year Ending September 2004 and Dividend Forecast**

**1. Adoption of Defined Contribution Pension Plan**

The Board of Directors of Tokyu Corporation (hereinafter referred to as "TOKYU") at a meeting held on September 27, 2004, resolved to adopt a defined contribution pension plan and revise the retirement benefit scheme from October 1, 2004 as follows:

1) Revision of the Retirement Benefit Scheme

TOKYU currently adopts a retirement benefit scheme which consists of a severance indemnity plan and a qualified pension plan. However, with the approval of the Minister of Health and Welfare, we will adopt the defined contribution pension plan from October 1, 2004 and we will shift to the new retirement benefit scheme which consists of a severance indemnity and a defined contribution pension plan (a defined benefits pension plan for employees over 53 years old as of October 1, 2004, the revision date).

2) Effects on Performance

We plan to post an extraordinary loss of 12.4 billion yen resulting from a lump-sum amortization of the unamortized balance of Projected Benefit Obligation (PBO) to transit to the defined contribution pension plan in the non-consolidated and consolidated account settlements respectively for the fiscal half year ending September 2004.

The amount of extraordinary loss was calculated based on tentative conditions. Therefore, we may need to change it reflecting the result of pension assets management by the end of the mid-term account settlement period.

**2. Transfer of Fixed Assets**

The Board of Directors of TOKYU at a meeting held on September 27, 2004, resolved to transfer fixed assets as follows:

1) Reasons for the Transfer

We will transfer land and buildings of hotel business owned by Tokyu to TH.Properties Co., Ltd. (hereinafter referred to as "THP"), which is a consolidated company. It is

a company of holding hotel properties and we will consolidate the hotel properties to THP, make THP play a role of a function holding the assets in hotel business.

2) Details of the Property Transferred

(Millions of Yen)

The property and its location	Book value	Transfer price	Current Status
<p>Yokohama Excel Hotel Tokyu            1-3, Minamisaiwai-1chome, Nishi-ku,            Yokohama-shi, Kanagawa            Land 1,893.00 square-meter            Building 9 stories above the ground and            2 underground stories            Steel framed reinforced concrete            structure            Total Floor Space            15,165.31 square-meter</p>	1,344	6,030	Hotel
<p>Shimbashi Atagoyama Tokyu Inn            13, Atago-1chome, Minato-ku, Tokyo            Land 1,223.47 square-meter            Building 12 stories above the ground and            1 underground story            Steel framed reinforced concrete            structure            Total Floor Space            7,384.11 square-meter</p>	443	2,610	Hotel
<p>Kokura Tokyu Building            147-1, Konyamachi, Kokurakita-ku,            Kitakyusyu-shi, Fukuoka            Land 1,360.29 square-meter            Building 13 stories above the ground            Steel framed reinforced concrete            structure            Total Floor Space            8,099.60 square-meter</p>	921	1,400	Hotel

The property and its location	Book value	Transfer price	Current Status
<p>Kushiro Tokyu Inn 1-19, Kitaodori-13chome, Kushiro-shi, Hokkaido</p> <p>Land 1,215.79 square-meter Building 10 stories above the ground and 1 underground story Steel framed reinforced concrete structure</p> <p>Total Floor Space 5,969.57 square-meter</p>	542	565	Hotel
<p>Obihiro Tokyu Inn 2, minami-11chome,Nishiichijo,- Obihiro-shi, Hokkaido</p> <p>Land 2,142.12 square-meter Building 8 stories above the ground and 1 underground story Steel framed reinforced concrete structure</p> <p>Total Floor Space 8,317.19 square-meter</p>	668	685	Hotel
Total	3,920	11,290	

### 3) Outline of Transferee Company

Trade name	T.H.Properties Co., Ltd
Location of head office	5-6, Nampeidai-cho, Shibuya-ku, Tokyo
Representative	Katsuhisa Suzuki, President and Director
Capital	50 million yen
Main businesses	Real estate leasing
Relationship with TOKYU	<p>(Capital) Number of Trustee's shares owned by TOKYU One hundred (100%) Number of TOKYU's shares owned by Trustee ---</p> <p>(Management) Director of TOKYU hold posts of the president and director of THP.</p>

#### 4) Schedule for the Transfer

September 27, 2004	Resolved the transfer at the Board Meeting of THP
September 30, 2004 (Planned)	Execute the sales agreement Handover the subject property Settle the purchase price in funds

#### 5) Future Prospects

We intend to post a gain on sales of fixed assets of 7,370 million yen resulting from this transfer as an extraordinary gain in our non-consolidated account settlement for the Interim period ending September 2004.

### 3. Establishment of a Fixed Assets Trust and the Transfer of Trust Beneficiary Right

The Board of Directors of TOKYU at a meeting held on September 27, 2004, resolved to establish a fixed assets trust and transfer trust beneficiary right as follows:

#### 1) Reasons for the Transfer

We have raised funds proactively through re-examining our own assets and the above transfer is in the process of being expedited.

#### 2) Details of the Transferred Assets

(Millions of Yen)			
The property and its location	Book value	Transfer price	Current Status
25-1, Enokigaoka, Aoba-ku, Yokohama, Kanagawa; and other five sites for fringe benefit facilities Land 19,257.25 square meters			Sites for fringe benefit facilities
Total	2,406	6,147	

3) Trustee and Transferee of the Trust Beneficiary Rights

a) Outline of Trustee

Trade name	The Mitsubishi Trust and Banking Corporation			
Location of head office	4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo			
Representative	Haruya Ueda, President & CEO			
Capital (As of March 31, 2004)	324,279 million yen			
Major shareholder (As of March 31, 2004)	Name	Address	Number of shares owned	Ratio to the outstanding shares
	Mitsubishi Tokyo Financial Group, Inc.	Chiyoda-ku, Tokyo	2,014,112 thousand	100%
Main businesses	Trust banking, finance businesses, etc.			
Relationship with TOKYU (As of March 31, 2004)	(Capital) Number of Trustee's shares owned by TOKYU --- Number of TOKYU's shares owned by Trustee 25,046 thousand (Management) None (Business) Loan balance to Trustee      43,277 million yen			

b) Outline of Transferee of the Trust Beneficiary Rights

Trade name	Opus Six Y.K..
Location of head office	4-22, Yaesu-1chome, Chuo-ku, Tokyo
Representative	Minoru Tanaka, Director
Date of incorporation	August 20, 2004
Main businesses	Possession and trade of trust beneficiary rights
Relationship with TOKYU	Not applicable

#### 4) Schedule for the Transfer

September 27, 2004	Resolved the transfer at the Board Meeting
September 29, 2004	Execute the sales agreement
(Planned)	Handover the subject property
	Settle the purchase price in funds

#### 5) Future Prospects

After the transfer, we will rent the assets from the Mitsubishi Trust and Banking Corporation.

We intend to post a gain on fixed assets of 3,979 million yen resulting from the above mentioned transfer as an extraordinary gain and post a loss on sale of fixed assets of 239 million yen as an extraordinary loss in the non-consolidated and consolidated account settlements respectively for the Interim period ending September 2004.

### 4. Transfer of Affiliated Company's Shares

The Board of Directors of TOKYU at a meeting held on September 27, 2004, resolved to transfer shares of Tokyu Hands INC.(hereinafter referred to as "Tokyu Hands"), an affiliated company of Tokyu subject to equity method, as follows:

#### 1) Reasons for the Transfer

We have owned 25% of shares of Tokyu Hands, a consolidated subsidiary of Tokyu Land Corporation. Recently, Chuo Mitsui Capital Co., Ltd. which appreciated the potential of Tokyu Hands with strategies for its further growth in the future, proposed to acquire its shares. We decided to transfer all the shares we owned (ownership rate: 25%), because we considered that it would improve a corporate value of the company.

#### 2) Details of the Transferred Affiliate

(1) Corporate name	Tokyu Hands INC.	
(2) Head office address	10-7, Dougenzaka-1chome, Shibuya-ku, Tokyo	
(3) Representative	Jiro Kusakabe, president	
(4) Date of establishment	August 28, 1976	
(5) Business	Sale of DIY related goods and hobby items, etc.	
(6) Fiscal year end	March	
(7) Capital	400 million yen	
(8) Number of outstanding shares	14,400,000 shares	
(9) Major shareholders and ownership rates		
	Tokyu Land Corporation	9,800,000 shares (ownership rate: 68.1%)
	TOKYU	3,600,000 shares (ownership rate: 25.0%)
	Tokyu Community Co., Ltd.	350,000 shares (ownership rate: 2.4%)
	Tokyu Livable, Inc.	350,000 shares (ownership rate: 2.4%)

### 3) Transferee of the Shares

Trade name	CHUO MITSUI Growth Capital Investment Limited Partnership
Location of head office	2-8, Nihonbashi-muromachi-3chome, Chuo-ku, Tokyo
Representative	Yuji Ootsuki, General manager; Representative Director of Chuo Mitsui Capital Company, Limited
Main businesses	Investment business
Relationship with TOKYU	Not applicable

### 4) Number of Transferred Shares, Transfer Price, and Number of Owned Shares Before and After the Transfer

- (1) Number of owned shares before the transfer: 3,600,000 shares (ownership rate: 25.0%)  
(2) Number of transferred shares: 3,600,000 shares (ownership rate: 25.0%)  
(3) Number of owned shares after the transfer: ---  
(4) Transfer price: 4,200 million yen

### 5) Schedule for the Share Transfer

September 27, 2004	Resolved the transfer at the Board Meeting
September 30, 2004 (planned)	Transfer the shares

### 6) Future Prospects

Associated with the above-mentioned share transfer of the affiliated company, we intend to post a gain on sales of affiliated company shares of 4,100 million yen as an extraordinary gain in the non-consolidated account settlement for the Interim period ending September 2004 and post a gain on sales of affiliated company shares of approximately 1,400 million yen as an extraordinary gain in the consolidated account settlement for the same period respectively.

## 5. Appraisal Losses on Real Estate for Sale of a Consolidated Subsidiary

TC Properties(hereinafter referred to as “TCP”), our consolidated subsidiary, will post appraisal losses on real estate for sale of which real prices have decreased by more than 50% over their book values.

(A) Appraisal losses of real estate for sale	11,800 million yen
(B) Consolidated net assets for the fiscal year ended March 2004 (A/B x 100)	160,962 million yen (7.3%)
(C) Consolidated recurring profit for the fiscal year ended March 2004 (A/C x 100)	52,949 million yen (22.3%)
(D) Average consolidated net income for the last 5 fiscal years (A/D x 100)	3,414 million yen (345.6%)

Note: Since consolidated net income for the fiscal year ended March 2004 was less than 1 billion yen, the average consolidated net income for the last 5 years was used.

We intend to post appraisal losses on real estate for sale the above mentioned, as an extraordinary loss in the consolidated account settlement for the Interim period ending September 2004.

Also as TCP posted the appraisal loss on real estate for sale the above mentioned and the loss on sales of fixed asset which was released on July 27, 2004, in our non-consolidated account settlement for the Interim period ending September 2004, we forecast an appraisal loss of TCP shares owned by Tokyu of 28,200 million yen.

## 6. Modifications to the Performance Forecast of the Account Settlement (Consolidated and Non-consolidated) for the Interim period Ending September 2004 and Dividend Forecast

1. Modifications to the Non-consolidated Performance Forecast for the Interim period ending September 2004.

1) We will modify the non-consolidated performance forecast for the Interim period ending September 2004 (from April 1, 2004 to September 30, 2004) which was released on May 17, 2004 as follows:

The non-consolidated financial results for the Interim period ended September 2004 (the period from April 1, 2004 to September 30, 2004)

(Millions of Yen)

	Total revenue	Recurring profit	Net income (loss)
The original forecast (A)	122,400	22,600	10,400
The revised forecast (B)	118,900	25,500	7,000
Changes in amounts (B-A)	(3,500)	2,900	(3,400)
Rate of changes (%)	(2.9)	12.8	(32.7)
Interim period ended September 2003 actual (reference)	114,642	16,594	(39,595)



## 2) Reasons for the modification

We previously forecasted that sales of 122.4 billion yen, recurring profit of 22.6 billion yen and net income of 10.4 billion yen for the Interim period ending September 2004. However, we now expect that sales of 118.9 billion yen decrease by 3.5 billion yen compared with our original forecast (A), because large properties are to be delivered in the second fiscal half year in the real estate sales business. On the other hand, in our revised forecast recurring profit will be 25.5 billion yen, increase by 2.9 billion yen over the original forecast, because the sales of detached housing and subdivisions will be expected to exceed the plan in the real estate sales business and the real estate leasing business will produce more profit than planned. Regarding net income, we reduced the original forecast by 3.4 billion yen to 7.0 billion yen, reflecting the above mentioned extraordinary gains and losses.

## 2. Modifications to the consolidated Performance Forecast for the Interim period ending September 2004

1) We will modify the consolidated performance forecast for the Interim period ending September 2004 (from April 1, 2004 to September 30, 2004) which was released on August 24, 2004 as follows:

The consolidated financial results for the fiscal half year ended September 2004 (the period from April 1, 2004 to September 30, 2004)

(Millions of Yen)

	Total revenue	Recurring profit	Net income (loss)
The original forecast (A)	510,000	31,200	14,000
The revised forecast (B)	510,000	34,600	13,000
Changes in amounts (B-A)	---	3,400	(1,000)
Rate of changes (%)	---	10.9	(7.1)
Interim period ended September 2003 actual(reference)	686,216	22,970	27,205

## 2) Reasons for the modification.

We previously forecasted that sales of 510.0 billion yen, recurring profit of 31.2 billion yen and net income of 14.0 billion yen for the Interim period ending September 2004. After reflecting the increase in recurring profit of our company and the above mentioned extraordinary gains and losses, we expect that recurring profit will increase by 3.4 billion yen to 34.6 billion yen and Interim net income will decrease by 1.0 billion yen to 13.0 billion yen.

## 3. Modifications to the Dividend Forecast

We will modify the dividend forecast for the fiscal year ending March 2005 released together with the account settlement on May 17, 2004 as follows:

The fiscal year ending March 2005 (from April 1, 2004 to March 31, 2005)

	Mid-term	Fiscal year end	Annual
Original forecast (May 17, 2004)	Undecided	Undecided	5.0 yen
Modified forecast	2.5 yen	2.5 yen	5.0 yen
Dividend per share for the previous fiscal year (reference)	---	5.0 yen	5.0 yen

2) Reasons for the modification.

When the account settlement was released on May 17, 2004, the mid-term dividend was 'undecided', but since we expect 7.0 billion yen net income for the Interim period ending September 2004 (non-consolidated), we intend to pay a dividend of 2.5 yen per share. The annual dividend of 5.0 yen will not be changed.