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THE COMPANY DOES NOT INTEND TO CONDUCT THE SHARE EXCHANGE IN THE U.S.**

February 27, 2004

TOKYU CORPORATION

Representative: Kiyofumi Kamiyo,
President & Representative Director
(Code No.9005, Tokyo Stock Exchange First Section)

IZUKYU CORPORATION

Representative: Yoshimi Yuasa,
President & Representative Director
(Code No.9019, Tokyo Stock Exchange Second Section)

Notice regarding Izukyu Corporation becoming a Wholly-owned Subsidiary of Tokyu Corporation through share exchange

Tokyu Corporation (hereinafter referred to as “TOKYU”) and Izukyu Corporation (hereinafter referred to as “IZUKYU”) respectively, at the Board of Directors’ Meeting held today, resolved to make IZUKYU a wholly-owned subsidiary of TOKYU through share exchange and the two companies executed a share exchange agreement accordingly.

This share exchange is planned to be effective on October 1, 2004 subject to approval at an ordinary general meeting of shareholders of IZUKYU scheduled for June 24, 2004. TOKYU will not seek approval for the transaction at a general shareholder meetings in accordance with the provisions of Article 358 (Simplified Share Exchange) of the Commercial Code of Japan.

Transaction details

1. Purpose of making IZUKYU a wholly-owned subsidiary through share exchange

TOKYU formulated the Tokyu Group Management Policy in April 2000 and has reorganized its group operational structure aiming to maximize shareholders’ value. And up to the present time, TOKYU has revised its group management structure through a policy of “Selection and Concentration” while pursuing a growth strategy focusing on developing business in areas alongside of its railway lines. Further, TOKYU

has formulated its Two-year Medium-term Business Plan in March 2003, in order to ensure implementation of Group business policies and a shift to a consolidated management system.

IZUKYU, since its incorporation as Izu Shimoda Electric Railway in 1959, has contributed to developments of the communities and improvement in convenience in operation areas of the east coast of Izu Peninsula, providing mainly railway services and real estate development. However, the business performance of IZUKYU has been deteriorated in recent years due to the severe business environment such as the decline in passenger volume and the stagnancy of real estate business. The company has implemented payroll reduction and other measures to recover the incomes and to reform the financial position through business reform plans. TOKYU has supported IZUKYU operationally by rationalizing the operation of railway business as well as financially by purchasing newly issued shares through its 100% subsidiary.

However, in view of urgent needs to reorganize IZUKYU in these days, TOKYU and IZUKYU have resolved that it is appropriate that IZUKYU become a wholly-owned subsidiary of TOKYU to integrate management practices for the following purposes:

- (1) It is needed to increase business efficiency by concentrating its business resources into railway operation in order to revitalize IZUKYU, which has a public mission as regional transportation provider, by reforming the financial position drastically.
- (2) It is inevitable to permit TOKYU to take a leading role in ensuring swift management decision-making and implementing effective capital policy to accomplish reform of IZUKYU.

Hereafter, TOKYU will make efforts to reorganize the business of IZUKYU in the revitalization view points of “Selection and Concentration” as measures of Tokyu Group Management Policy and also to contribute to the communities by accomplishing its public mission. Through such avenues, Tokyu aims to expand the corporate value of the Tokyu Group.

2. Terms and conditions of share exchange

(1) Share exchange schedule

| | |
|-------------------|--|
| February 27, 2004 | Approval of the share exchange agreement by the board of directors of both companies |
| February 27, 2004 | Execution of the share exchange agreement |

June 24, 2004(Tentative) Ordinary general meeting of the shareholders of IZUKYU (approval of the share exchange agreement)

October 1, 2004(Tentative) Date of share exchange

(2) Share exchange ratio

| Name of company | Tokyu Corporation (Wholly owning parent company) | Izukyu Corporation (Wholly owned subsidiary) |
|----------------------|---|---|
| Share exchange ratio | 1 | 1.50 |

Notes:

1. Share exchange ratio
Each common share of IZUKYU stock shall be exchanged for 1.5 common shares of TOKYU stock.
2. Basis of calculation of share exchange ratio
TOKYU had share exchange ratio calculated by Mizuho Securities Co., Ltd. and IZUKYU by KPMG Corporate Finance K.K., respectively. Taking the results of those calculations into consideration, TOKYU and IZUKYU determined and agreed upon the above ratio.
3. Results, methods, and bases of calculation by third parties
Mizuho Securities Co., Ltd. calculated the share exchange ratio by using a composite of DCF (Discount Cash Flow) method and the market value method. KPMG Corporate Finance K.K. calculated the assumed value of the shareholders' equity of each company by using a composite of the market value method, DCF method, the adjusted present value method and the adjusted book value method, and computed the share exchange ratio accordingly.
4. Number of new share to be issued pursuant to share exchange
4,073,079 common shares
5. Number of treasury stock to be transferred in lieu of new share to be issued
2,500,000 common shares

(3) Cash consideration for share exchange

No cash consideration will be distributed in connection with share exchange

3. Summary of parties involved in the share exchange

(Data for TOKYU as of September 30, 2003; for IZUKYU as of January 1, 2004)

| | | |
|---|---|---|
| Trade name | Tokyu Corporation (Wholly owning parent Company) | Izukyu Corporation (Wholly owned subsidiary) |
| Line of business | Railway business Real estate business | Railway business Real estate business |
| Date of incorporation | September 2, 1921 | April 11, 2004 |
| Location of head office | 5-6, Nampeidai, Shibuya-ku, Tokyo | 1-21-6, Dogen-zaka, Shibuya-ku, Tokyo |
| Representative | Kiyofumi Kamijo President and Representative Director | Yoshimi Yuasa President and Representative Director |
| Capital | 108,819 million yen | 4,348 million yen |
| Total number of issued and outstanding shares | 1,140,970 thousand shares | 11,196 thousand shares |
| Shareholders' equity | 239,559 million yen | 4,363 million yen |
| Total assets | 1,641,705 million yen | 69,754 million yen |
| Fiscal year end | March 31 | March 31 |
| Number of employees | 3,656 | 302 |
| Names and shareholdings of major shareholders | The Dai-ichi Mutual Life Insurance Company 7.23% Nippon Life Insurance Company 6.88% The Chuo Mitsui Trust and Banking Company, Limited 3.30% Japan Trustee Service Bank, Ltd. (Trust Account) 3.25% Mizuho Corporate Bank of Japan, Ltd. 3.24% | Tokyu Corporation 60.86% Nippon Life Insurance Company 4.70% The Dai-ichi Mutual Life Insurance Company 3.57% Tokyu Land Corporation 2.28% Tokyu Department Store Co., Ltd. 2.13% |
| Correspondent banks | The Bank of Tokyo-Mitsubishi, Ltd. The Chuo Mitsui Trust and Banking Company, Limited and others | Mizuho Corporate Bank, Ltd. The Bank of Tokyo-Mitsubishi, Ltd. |
| Capital relationships between parties. | TOKYU holds 60.86% of all issued and outstanding IZUKYU shares | |

Effective January 1, 2004, IZUKYU has acquired and merged Izu Kanko Shisetsu K.K.

4. Business performance for the last three fiscal years

Yen (Millions)

| Fiscal years ended | Tokyu Corporation (Wholly owning parent Company) | | | Izukyu Corporation (Wholly owned subsidiary) | | |
|--------------------------------------|---|------------|------------|---|------------|------------|
| | March 2000 | March 2001 | March 2002 | March 1999 | March 2000 | March 2001 |
| Revenue from operations | 292,499 | 301,959 | 297,845 | 9,789 | 8,980 | 7,730 |
| Operating profit | 46,333 | 42,196 | 49,749 | 1,379 | 958 | 31 |
| Recurring profit (loss) | 18,443 | 17,473 | 30,544 | 325 | 105 | (846) |
| Net Income (loss) | 6,997 | 7,656 | 6,950 | 694 | 364 | (13,382) |
| Net Income per share (yen) | 6.37 | 6.86 | 6.07 | 79.91 | 41.95 | (1,596.47) |
| Annual dividend per share (yen) | 5.00 | 5.00 | 5.00 | - | - | - |
| Shareholders' equity per share (yen) | 226.55 | 229.19 | 239.64 | 1,730.85 | 1,773.23 | 223.64 |

5. Outlook after share exchange

(1) Trade name, line of business, location of head office and representative

Trade name, line of business, location of head office and representative of either company remain unchanged from the corresponding entries found above in "3. Summary of parties involved in the share exchange."

(2) Amount of capital of TOKYU

This share exchange will not increase the amount of capital of TOKYU.

(3) Effects on business performance

There is no impact from this share exchange on the consolidated performance of TOKYU in the current fiscal year since IZUKYU is currently a consolidated subsidiary of TOKYU. Hereafter as a wholly-owned subsidiary, the business of IZUKYU will be restructured, management efficiency raised and financial position strengthened; this can be expected to result in an improvement to TOKYU's consolidated business results.

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