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Notice regarding Subsidiary Share Cancellation Loss Resulting from Merger

As announced on January 27, 2006, Tokyu Corporation (hereinafter referred to as "TOKYU") merged with Shibuya Kaihatsu, Inc. (hereinafter referred to as "Shibuya Kaihatsu"), TOKYU's wholly owned subsidiary, as of April 1, 2006. We will post a subsidiary share cancellation loss resulting from this merger as follows.

1. Posting of Subsidiary Share Cancellation Loss Resulting from Merger

The difference between the net assets which TOKYU accepted from Shibuya Kaihatsu and the book value of their shares was 8,744 million yen. We will post this amount as an extraordinary loss for our non-consolidated account settlement ending March 2007.

2. Future Prospects

The above mentioned subsidiary share cancellation loss resulting from the merger has been included in the non-consolidated financial results forecast released today. As this is a merger with a consolidated subsidiary, there will be no impact on the consolidated financial results.