

January 27, 2006

TOKYU CORPORATION
Representative: Toshiaki Koshimura,
President & Representative Director
(Code No.9005, Tokyo Stock Exchange First Section)
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Notice regarding Merger

The Board of Directors of Tokyu Corporation (hereinafter referred to as “TOKYU”) at a meeting held on January 27, 2006 resolved to merge with Shibuya Development Co., Ltd. (hereinafter referred to as “Shibuya Development”), our wholly owned subsidiary, effective on April 1, 2006. This merger will be carried out in accordance with the “simple merger” procedure. The details of the merger are as follows.

1. Purpose of the Merger

Shibuya Development is a wholly owned subsidiary of TOKYU. It has owned properties mainly in Shibuya-ku, Tokyo including Tokyu Department Store (Toyoko Store) which is shared by TOKYU and has been engaged in the business of real estate leasing. We have decided to execute this merger on April 1, 2006. It will concentrate management resources on TOKYU in order to increase business efficiency.

2. Outline of the Merger

(1) Schedule for the Merger

January 27, 2006

Approved the merger contract by the Board of Directors

Signed the merger contract

February 13, 2006

Approve the merger contract at a shareholders meeting of Shibuya Development.

April 1, 2006

The date of merger

April 3, 2006

The date of merger registration

(2) Method of the Merger

TOKYU will be the merging company and Shibuya Development will be dissolved. TOKYU will carry out this merger following the simple merger method specified in Article 413-3 of the Commercial Code of Japan without attaining approval at a shareholders meeting of Tokyu.

(3) Merger Ratio

As this is a merger with a wholly owned subsidiary, no new shares will be issued and no merger consideration will be paid.

3. Outline of the Parties to Merger

(1) Trade name	Tokyu Corporation (Merging company) as of September 2005	Shibuya Development Co., Ltd (Dissolved company) as of July 2005
(2) Line of business	Railway business Real estate business	Real estate leasing
(3) Date of incorporation	September 2, 1921	August 10, 1966
(4) Head office address	5-6, Nampeidai, Shibuya-ku, Tokyo	5-6, Nampeidai, Shibuya-ku, Tokyo
(5) Representative	Toshiaki Koshimura President and Representative Director	Katsuhisa Suzuki President and Representative Director
(6) Capital	108,821 million yen	9,021 million yen
(7) Total number of issued and outstanding shares	1,181,213,535 shares	5,483,600 shares
(8) Shareholders' equity	261,288 million yen	12,325 million yen
(9) Total assets	1,458,776 million yen	27,906 million yen
(10) Fiscal year end	March 31	January 31
(11) Number of employees	3,528	1
(12) Names and shareholdings of major shareholders	The Dai-ichi Mutual Life Insurance Company 7.04% Nippon Life Insurance Company 6.34% Japan Trustee Service Bank, Ltd. (Trust Account) 4.28%	Tokyu Corporation 100%

(13) Correspondent banks	The Bank of Tokyo -Mitsubishi, Ltd. The Chuo Mitsui Trust and Banking Company, Limited and others	The Chuo Mitsui Trust and Banking Company, Limited Mizuho Corporate Bank, Ltd. and others
(14) Relationships between parties	Capital	TOKYU owns all outstanding shares of Shibuya Development.
	Personnel	One of the directors of TOKYU holds a position of president of Shibuya Development and one of the auditors of TOKYU holds a position of auditor of Shibuya Development.

(15) Business performance for the last three fiscal years

(Millions of yen)

Fiscal years ended	Tokyu Corporation (Merging company)			Shibuya Development Co.,Ltd (Dissolved company)		
	March 2003	March 2004	March 2005	January 2003	January 2004	January 2005
Revenue from operations	297,845	240,208	248,272	1,577	1,503	1,571
Operating profit	49,749	33,174	57,334	174	386	233
Recurring profit (loss)	30,544	25,267	46,175	50	248	46
Net Income (loss)	6,950	-63,106	23,405	-1,381	105	-20
Net Income per share (yen)	6.07	-55.57	20.45	-280.27	21.49	-3.84
Annual dividend per share (yen)	5.00	5.00	5.00	-	-	-
Shareholders' equity per share (yen)	239.64	196.02	207.52	2,078.18	2,099.67	2,221.10

4. After Completion of the Merger

- (1) Trade name: Tokyu Corporation
- (2) Line of business: Railway business, Real estate business
- (3) Head office address: 5-6, Nampeidai, Shibuya-ku, Tokyo
- (4) Representative: Toshiaki Koshimura, President and Representative Director
- (5) Capital: Capital will not be increased due to the merger.
- (6) Total assets: The impact of this merger on the total assets is expected to be minimal.
- (7) Fiscal year end: March 31

5. Future Prospects

As this is a merger with a consolidated subsidiary, there will be no impact on the consolidated performance.