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For Immediate Release

TOKYU CORPORATION
Representative: Toshiaki Koshimura,
President & Representative Director
(Code No. 9005, Tokyo Stock Exchange First Section)
Contact: Takeshi Hino
Senior Manager
Accounting & IR Division
Finance, Accounting & Group Strategy
Headquarters
Telephone: +81-3-3477-6168

Tokyu Store Chain Co., Ltd.
Representative: Ichiro Takahashi
President, Representative Director
(Code No. 8197, Tokyo Stock Exchange First Section)
Contact: Kazuo Nagura
Manager of President's Office, Director
President's Office
Telephone: +81-3711-0109

**Notice Regarding Share Exchange Through Which Tokyu Store Chain
Will Become a Wholly-Owned Subsidiary of Tokyu Corporation**

Tokyu Corporation and Tokyu Store Chain Co., Ltd. (hereinafter "Tokyu Store Chain") are pleased to announce that their respective Boards of Directors, at meetings held today, resolved to carry out a share exchange (hereinafter the "Share Exchange") to take effect on July 1, 2008. The Share Exchange will make Tokyu Store Chain a wholly owned subsidiary of Tokyu Corporation. The two companies have entered into a share exchange agreement.

Shares of Tokyu Store Chain will be delisted from the Tokyo Stock Exchange before the effective date of the Share Exchange.

Details of the Share Exchange are as follows:

1. Purpose of the Share Exchange

Under the Tokyu Group Management Policy developed by Tokyu Corporation in 2000, in order to maximize shareholder value, Tokyu Corporation has conducted a sweeping review of the management structure of the Tokyu Group, become more operationally selective through reorganization, and developed a Group management structure. Meanwhile, Tokyu Corporation has pursued growth strategies centered on the development of operations along Tokyu's railway lines.

In its medium-term management plan for the three years beginning fiscal 2005, Tokyu Corporation developed a basic strategy of reforming its profit structure and achieving sustainable growth through collaboration among the company's operations in the areas served by Tokyu's railway lines. Tokyu Corporation has positioned its retail-related business, which is its third core business after its transportation and real-estate businesses, as part of its growth strategy. With its Retail-Related Business Committee, Tokyu Corporation has also acted to centralize management of its retail operations along Tokyu's railway lines. In its new medium-term management plan for the three years beginning fiscal 2008, Tokyu Corporation is continuing to emphasize the enhancement of retail-related operations and the development of focal points along Tokyu railway lines.

Meanwhile, as a store chain with operating bases in areas along Tokyu railway lines, Tokyu Store Chain has developed a retail business, handling mainly food items, but also apparel and household necessities. To overcome market saturation and intensifying competition in the supermarket industry, Tokyu Store Chain has expanded its operations with flexible responses to consumption trends. For example, it has developed Precce stores, a new type of store focusing on luxury foodstuffs, and stores in shopping malls and in regions outside the Tokyo metropolitan area. It has also expanded the range of lines that it handles. In the medium-term management plan for the three years ending fiscal 2006, in line with the Tokyu Group's strategy of reforming the profit structure and achieving sustainable growth through collaboration among the operations in the areas served by Tokyu's railway lines, Tokyu Store Chain promoted initiatives to become a customer-oriented company (based on the concept of quality improvement), to play a central role in retail-related operations, and to enhance the value of areas along Tokyu's railway lines. However, the operating environment surrounding Tokyu Store Chain is changing at an accelerating pace, with intensifying competition with both similar and different types of retail competitors.

Based on this situation, Tokyu Store Chain has developed a new medium-term management plan for the three years beginning fiscal 2008, which is based on the basic policies of improving earnings through a scrap and build approach, returning existing stores to profitability, and promoting efficiency through business restructuring and business improvement. To ensure progress in the management plan and in an effort to steadily expand operating profit, Tokyu Store Chain has determined that it is necessary to improve its synergies with the Tokyu Group, and that this can be done by cooperating more closely with Tokyu Corporation, the center of the Tokyu Group, which will enable Tokyu Store Chain to improve its ability to make quick management decisions.

Tokyu Store Chain believes that through the Share Exchange, which will consolidate the management and strategies of Tokyu Corporation and Tokyu Store Chain, Tokyu Store Chain can achieve faster decision making, create more efficient and flexible business initiatives, and maximize group synergies. As a result, Tokyu Store Chain believes it will be able to achieve sustainable growth and continue to play a role in the Tokyu Group in enhancing the value of the areas along Tokyu's railway lines.

Tokyu Corporation has also determined in its new three-year medium-term management plan that in continuing to bolster its retail-related business, it is most appropriate that Tokyu Corporation make Tokyu Store Chain a wholly owned subsidiary to strengthen its corporate governance, to pursue flexibility and efficiency through consolidated management, and to produce results by investing in management resources.

Tokyu Corporation, which will become the sole shareholder of Tokyu Store Chain, will ensure that it executes the medium- to long-term growth strategies of the Tokyu Group. Tokyu Corporation will seek to increase the corporate value of both companies to maximize the benefits that the stakeholders of Tokyu Store Chain have enjoyed.

Application for delisting and related matters

As a result of the Share Exchange, Tokyu Corporation will become the parent company of Tokyu Store Chain on July 1, 2008, the effective date of the Share Exchange. The common stock of Tokyu Store Chain, which will become a wholly owned subsidiary of Tokyu Corporation, will be delisted on June 25, 2008 through the procedures set out in the Tokyo Stock Exchange's securities listing regulations. After the delisting, Tokyu Store Chain stock will not be tradable on the Tokyo Stock Exchange.

Purpose of delisting and related matters

As described above, the purpose of the Share Exchange is to enable Tokyu Store Chain to pursue business initiatives with greater efficiency and flexibility, to establish a basis for sustainable growth as stated in the company's new three-year medium-term management plan, and thereby improve the corporate value of Tokyu Store Chain and Tokyu Corporation through the consolidation of the management and strategies of both companies. The delisting of the common stock of Tokyu Store Chain is not itself the direct purpose of the Share Exchange.

However, the common stock of Tokyu Store Chain will be delisted after the Share Exchange.

The common stock of Tokyu Corporation to be received by Tokyu Store Chain shareholders as a result of the Share Exchange will remain listed on the Tokyo Stock Exchange and will be tradable on the stock exchange after the Share Exchange. Because the purpose of the Share Exchange is to improve the corporate value of both companies, we believe that we will be able to meet the expectations of the shareholders of Tokyu Corporation, including the shareholders of Tokyu Store Chain who will hold Tokyu Corporation common stock.

Measures to ensure fairness

To ensure the fairness and appropriateness of the share exchange ratio, each party has requested an independent financial advisor (hereinafter “financial advisor”) to separately to assess the Share Exchange ratio. Both parties reached an agreement on the share exchange ratio for the Share Exchange through careful negotiations and consultation based on analysis obtained from the financial advisors. Tokyu Corporation has received from Nomura Securities Co., Ltd. (hereinafter “Nomura Securities”) an opinion stating that the agreed share exchange ratio is fair to Tokyu Corporation from a financial point of view. Tokyu Store Chain has received from GCA Savvian Corporation (hereinafter “GCAS”) an opinion stating that the agreed share exchange ratio is fair to the minority shareholders of Tokyu Store Chain from a financial point of view.

Measures to avoid a conflict of interest

One of the directors of Tokyu Store Chain concurrently serves as representative director of Tokyu Corporation, and in order to avoid a conflict of interest, such director has not participated in the discussions and resolutions of Tokyu Store Chain’s Board of Directors meetings regarding the Share Exchange. For the same reason, an outside corporate auditor of Tokyu Store Chain who concurrently serves as a director of Tokyu Corporation has not participated in discussions regarding the Share Exchange or expressed opinions regarding the Share Exchange at Tokyu Store Chain’s Board of Directors meetings.

2. Summary of the Share Exchange

(1) Schedule of the Share Exchange

Record date for the shareholders’ meeting (Tokyu Store Chain)	Friday, February 29, 2008
Board of Directors meeting to adopt a resolution for the Share Exchange (both companies)	Thursday, March 27, 2008
Enter into a share exchange agreement (both companies)	Thursday, March 27, 2008
(Annual) shareholders’ meeting to approve the Share Exchange (Tokyu Store Chain)	Thursday, May 22, 2008 (plan)
Date of delisting (Tokyu Store Chain)	Wednesday, June 25, 2008 (plan)
Scheduled date of the Share Exchange (effective date)	Tuesday, July 1, 2008 (plan)
Date of delivery of share certificates	Late August 2008 (plan)

(Note) Under Article 796, Paragraph 3 of the Companies Act, Tokyu Corporation will carry out the Share Exchange through a simplified share exchange procedure without the approval of a meeting of Tokyu Corporation’s shareholders.

(2) Allotment of shares in relation to the Share Exchange

Company	Tokyu Corporation (Parent company)	Tokyu Store Chain (Wholly owned subsidiary)
Allotment of shares in relation to the Share Exchange	1	1
Number of new shares to be issued in relation to the Share Exchange	Common stock: 42,381,489 shares	

(Note 1) Share allotment ratio

One share of Tokyu Corporation will be delivered for one share of Tokyu Store Chain. Tokyu Corporation holds 27,781,353 common shares of Tokyu Store Chain. There will be no share allocation for the Tokyu Store Chain common shares that Tokyu Corporation will hold on the date of the Share Exchange.

(Note 2) Number of new shares to be issued in the Share Exchange

The number of new shares of Tokyu Corporation to be issued in association with the Share Exchange may change as a result of Tokyu Store Chain writing off treasury stock or for other reasons.

(3) Basis for the valuation of the share exchange ratio

(i) Basis and background for the valuations

Nomura Securities adopted the market stock price average method and reviewed the recent trading performance of the common stock of Tokyu Corporation and that of Tokyu Store Chain, because the shares are listed on the First Section of the Tokyo Stock Exchange and thus have market prices. Nomura Securities also adopted the comparable companies analysis and the discounted cash flow method (hereinafter “DCF method”), on the grounds that analysis from other perspectives, in addition to the market stock price average method, is appropriate. The analysis of the stock exchange ratio was submitted to Tokyu Corporation. The number of common shares of Tokyu Corporation to be allotted per common share of Tokyu Store Chain by each valuation method is as follows:

Method	Range of Share Exchange Ratio Valuations
Market stock price average method	0.76 to 0.78
Comparable companies analysis	0.86 to 1.06
DCF method	0.88 to 1.02

With the market stock price average method, stock exchange ratios were evaluated based on the closing price on March 26, 2008 (hereinafter the “Immediately Preceding Day”), the average of closing prices in the week ending on the Immediately Preceding Day (from March 21, 2008 to March 26, 2008), and the average of closing prices during the period from the day following the date of certain announcements regarding material information of Tokyu Store Chain (a “Notice of Posting of Extraordinary Loss, Reversal of Deferred Tax Assets, and Revision of Full-Year Forecast” and a “Notice of Development of a New Three-Year Medium-Term Management Plan” dated February 27, 2008) to the Immediately Preceding Day (i.e., from February 28, 2008 to March 26, 2008).

GCAS adopted the market stock price method (i.e., the market stock price average method) to evaluate the common stock of Tokyu Corporation and that of Tokyu Store Chain, because the shares are listed on the First Section of the Tokyo Stock Exchange and thus have market prices. GCAS also adopted the DCF method, on the grounds that analysis from other perspectives, in addition to the market stock price method (i.e., the market stock price average method), is appropriate. The analyses of stock exchange ratios were submitted to Tokyu Store Chain. The number of common shares of Tokyu Corporation to be allotted per common share of Tokyu Store Chain by each valuation method is as follows:

Method	Range of Share Exchange Ratio Valuations
Market stock price method (i.e., market stock price average method)	0.758 to 0.769
DCF method	0.948 to 1.273

With the market stock price method (i.e., market stock price average method), stock exchange ratios were evaluated based on the volume weighted average price on March 25, 2008 and the volume weighted average price from February 26, 2008 to March 25, 2008.

Tokyu Corporation and Tokyu Store Chain carefully examined the share exchange ratio based on the valuations submitted by the above independent financial advisors, and discussed and negotiated the ratio. As a result, both companies determined the share exchange ratio for the Share Exchange at their respective Board of Directors meetings held on March 27, 2008, and entered into a share exchange agreement on the same day. Tokyu Corporation has received from Nomura Securities a report stating that the agreed share exchange ratio is fair to Tokyu Corporation from a financial point of view. Tokyu Store has received from GCAS an opinion stating that the agreed share exchange ratio is fair to the minority shareholders of Tokyu Store Chain from a financial point of view.

(ii) Relationship with the valuation organizations

Neither Nomura Securities nor GCAS is affiliated with Tokyu Corporation or Tokyu Store Chain.

(4) Handling of stock acquisition rights and bonds with stock acquisition rights

Tokyu Store Chain has not issued any stock acquisition rights or bonds with stock acquisition rights.

3. Profiles of the Parties to the Share Exchange

(1) Business name	Tokyu Corporation (Parent company)	Tokyu Store Chain (Wholly owned subsidiary)
(2) Businesses	Transportation, real estate, retail, leisure & services, hotels, rolling stock manufacturing, and general trading operations	Retail, food manufacturing, processing, and wholesale, services, etc.
(3) Established	September 2, 1922	December 22, 1947
(4) Home office address	5-6 Nanpeidaicho, Shibuya-ku, Tokyo	1-21-12 Kamimeguro, Meguro-ku, Tokyo
(5) Title and name of representative	President & Representative Director Toshiaki Koshimura	President & Representative Director Ichiro Takahashi
(6) Capital	121,723 million yen	10,838 million yen
(7) Number of shares outstanding	1,221,548,561 shares	70,162,842 shares
(8) Net assets	381,720 million yen (consolidated)	39,614 million yen (consolidated)
(9) Total assets	1,946,383 million yen (consolidated)	131,072 million yen (consolidated)
(10) End of fiscal year	Last day of March	Last day of February
(11) Number of employees	24,825 (consolidated)	3,030 (consolidated)
(12) Major shareholders and their holding ratios	The Dai-ichi Mutual Life Insurance Company: 6.81% Nippon Life Insurance Company: 6.05% The Master Trust Bank of Japan, Ltd. (trust account): 3.91% Japan Trustee Services Bank, Ltd. (trust account): 3.80% The Chuo Mitsui Trust and Banking Company, Limited: 3.14%	Tokyu Corporation: 39.60% Tokyu Store Chain employees' ownership: 6.97% Japan Trustee Services Bank, Ltd. (trust account 4): 2.38% Japan Trustee Services Bank, Ltd. (Mitsui Asset Trust and Banking Company re-trust portion, CMTB Equity Investments trust account) 2.01% Mitsubishi UFJ Trust and Banking Corporation: 1.93%

(13) Main financing banks	The Development Bank of Japan The Bank of Tokyo-Mitsubishi UFJ, Ltd. The Chuo Mitsui Trust and Banking Company, Limited	The Chuo Mitsui Trust and Banking Company, Limited Mitsubishi UFJ Trust and Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd.
(14) Relations between the parties (as of August 31, 2007)	Capital relationship	Tokyu Corporation holds 39.6% of the issued and outstanding shares of Tokyu Store Chain (39.8% if indirect holdings are included).
	Personnel relationship	One of the directors of Tokyu Store Chain concurrently serves as representative director of Tokyu Corporation. One of the corporate auditors of Tokyu Store Chain concurrently serves as a director of Tokyu Corporation. Two Tokyu Store Chain employees are on loan to Tokyu Corporation. One Tokyu Corporation employee is on loan to Tokyu Store Chain.
	Business relationship	Tokyu Corporation rents land and buildings to Tokyu Store Chain.
	Relevant party or not	Because Tokyu Store Chain is a consolidated subsidiary of Tokyu Corporation, it is a relevant party.

(Note) Data for Tokyu Corporation is as of September 30, 2007. Data for Tokyu Store Chain is as of August 31, 2007.

(15) Results of the past three years
(Consolidated)

(Million yen)

End of fiscal year	Tokyu Corporation (Parent company)			Tokyu Store Chain (Wholly owned subsidiary)		
	Mar. 2005	Mar. 2006	Mar. 2007	Feb. 2005	Feb. 2006	Feb. 2007
Operating revenue	1,055,564	1,388,554	1,381,975	262,920	258,874	306,489
Operating profit	77,014	85,654	80,088	5,351	5,128	6,777
Recurring profit	67,034	74,052	81,227	4,455	3,828	5,934
Net income or loss	35,432	41,962	58,722	2,231	-2,504	4,421
Net income or loss per share (yen)	31.11	35.64	49.43	31.48	-35.79	63.23
Net assets per share (yen)	162.21	218.53	269.77	544.81	500.06	552.31

(Non-consolidated)

(Million yen)

End of fiscal year	Tokyu Corporation (Parent company)			Tokyu Store Chain (Wholly owned subsidiary)		
	Mar. 2005	Mar. 2006	Mar. 2007	Feb. 2005	Feb. 2006	Feb. 2007
Operating revenue	248,272	244,434	263,712	258,536	254,774	252,127
Operating profit	57,334	63,804	54,760	4,621	4,560	5,099
Recurring profit	46,175	54,222	45,278	3,608	3,635	4,258
Net income or loss	23,405	37,656	13,109	1,675	-2,835	2,939
Net income or loss per share (yen)	20.45	31.89	11.02	23.56	-40.50	42.02
Dividend per share (yen)	5.00	5.00	6.00	10.00	10.00	10.00
Net assets per share (yen)	207.52	242.57	254.12	562.36	512.66	544.84

4. Company Profile after the Share Exchange

(1) Business name	Tokyu Corporation
(2) Businesses	Transportation, real estate, retail, leisure & services, hotels, rolling stock manufacturing, and general trading operations
(3) Home office address	5-6 Nanpeidaicho, Shibuya-ku, Tokyo
(4) Title and name of representative	President & Representative Director Toshiaki Koshimura
(5) Capital	To be determined
(6) Net assets	To be determined
(7) Total assets	To be determined
(8) End of fiscal year	March 31

(9) Summary of accounting procedures

The Share Exchange is expected to be categorized as a common control transaction, and specifically a transaction with minority shareholders. The goodwill to be generated in Tokyu Corporation is likely to be about 6 billion, and is expected to be amortized using the straight-line method over five years.

(10) Outlook

Since Tokyu Store Chain is a consolidated subsidiary of Tokyu Corporation, the effect of the Share Exchange on the results of Tokyu Corporation, whether consolidated or non-consolidated, is expected to be minor.