

December 27, 2000

Reorganization of the Tokyu Group's Hotel Business

Making Tokyu Hotel Chain Co., Ltd. a wholly owned subsidiary of Tokyu Corporation

A new entity will be created by Tokyu Corporation to assume management of all domestic business operations of the hotel chain of the Tokyu Group, and it will be named:

Tokyu Hotel Management Co., Ltd.

Tokyu Corporation
Tokyu Hotel Chain Co., Ltd.

At the meetings of the board of directors of Tokyu Corporation (Headquarters: Shibuya-ku, Tokyo; President: Shinobu Shimizu) and Tokyu Hotel Chain, Co., Ltd. (Headquarters: Chiyoda-ku, Tokyo; President: Yozo Inagaki; hereinafter referred to as "Tokyu Hotel Chain") held today, December 27, 2000, respectively, a decision was made to make Tokyu Hotel Chain a wholly owned subsidiary of Tokyu Corporation through a share exchange. As a result, Tokyu Corporation and Tokyu Hotel Chain executed the share exchange agreement on the same day.

Another resolution was also adopted on the same day at the meeting of the board of directors of Tokyu Corporation, that a new entity, named Tokyu Hotel Management Co., Ltd., would be created to manage the domestic business activities of the hotel chain of the Tokyu Group.

In April this year, it was announced in "Tokyu Group Management Policy Implementation" that the hotel business would be deemed a part of the Tokyu Group's core businesses in its business strategy. Based on this policy, given the rapid changes of business environment occurring in the hotel industry such as an increasing number of foreign hotel chains entering the Japanese market and popularization of internet reservations, we have felt that immediate implementation of an efficient management system to take advantage of the characteristics and the strengths of the both hotel chains of Tokyu Corporation (d/b/a Tokyu Inn Chain) and Tokyu Hotel Chain would be necessary in order to meet clients' needs on a timely basis, thereby ensuring that our current clients remain clients in the future, and to develop the business so that it will greatly contribute toward promoting positive recognition of the value of "Tokyu" brand. The following items have been taken into consideration in search for the ideal domestic hotel business in the Tokyu Group:

- (1) To keep pace with the changes in the management environment and client needs, it is necessary to develop our hotel businesses based on the "Tokyu" hotel business strategy in which both of these hotel chains would be combined.

- (2) In order to develop expertise, improve the ability to keep pace with the industry changes, and increase management efficiency, as well as make the “Tokyu” hotel business more convenient for our clients, it is advisable to separate the owner function and the operator function of the hotels.

We have come to the conclusion that with regard to item (1), by making Tokyu Hotel Chain a wholly owned subsidiary of Tokyu Corporation, we would be able to develop the “Tokyu” hotel business under a unified business strategy, and that with regard to item (2), increased management efficiency and customer convenience would be achieved by combining the management divisions of both hotel chains into a newly created corporate entity which specializes in operation. Today's resolutions were adopted based on the conclusions above.

In the future, under the above-described management system, we will continue our efforts to become a hotel chain that would be accessible and convenient to our clients as we meet their needs in a timely manner.

More specifically, we will restructure Tokyu Hotel Chain doing business as “Tokyu Hotel,” as well as Tokyu Corporation doing business as “Excel Hotel Tokyu,” “Tokyu Inn,” and “Tokyu Resort,” in accordance with the current status of each hotel brand and have them aim at different target customer classes, so as to make the value of each hotel brand more distinct. In addition, in April 2001, the hotel operation section of Tokyu Corporation’s hotel business division will be transferred to the newly created Tokyu Hotel Management Co., Ltd. (“Tokyu Hotel Management”). By July 2001, we plan to consolidate the reservation and sales systems of both hotel chains, and after January 2002, to gradually transfer the operation section of Tokyu Hotel Chain to the new company, and thereby make the new company the unified operation company for the “Tokyu” hotel business. By consolidating the administrative functions of both hotel chains within Tokyu Hotel Management, we will improve efficiency in reservations, sales and marketing, IT investments and staffing, and increase profitability and decrease costs, so as to establish efficient operations of our hotel business.

In the future, with Tokyu Hotel Management at the center, we plan to increase the number of affiliate hotels by providing management services to other hotels and develop an extensive hotel chain network.

Details for the restructuring of the Tokyu Group’s domestic hotel business are as follows:

Details for the Restructuring of the Tokyu Group’s Domestic Hotel Business

1. Objectives of the restructuring of the domestic hotel business

To promote speedily and effectively the comprehensive business strategy through the unification of Tokyu Corporation (d/b/a Tokyu Inn Chain) and Tokyu Hotel Chain, to strengthen our competitiveness and profitability as a hotel chain in a difficult

business environment prevailing in the hotel industry, and to establish a positive brand image of the “Tokyu” hotel business.

2. Details of making Tokyu Hotel Chain Co., Ltd. a wholly owned subsidiary of Tokyu Corporation

- (1) Objective: To establish a system of business development under a comprehensive business strategy of Tokyu Corporation (d/b/a Tokyu Inn Chain) and Tokyu Hotel Chain.
- (2) Method: To establish Tokyu Hotel Chain as a wholly owned subsidiary of Tokyu Corporation through a share exchange.
- (3) Conditions for the share exchange:
As prescribed in Article 358, Paragraph 1 (Simplified Share exchange) of the Commercial Code, Tokyu Corporation will effect this share exchange without obtaining the approval of the general meeting of shareholders for the share exchange agreement. Tokyu Hotel Chain, on the other hand, expects to obtain the approval on this matter at the annual general meeting of shareholders scheduled for March 27, 2001.

[1] Schedule for share exchange:

December 27, 2000	Meetings of the board of directors for approval of the share exchange
December 27, 2000	Signing of the share exchange agreement (“Share Exchange Agreement”)
December 28, 2000	Public notice of simplified share exchange (Tokyu Corporation)
March 27, 2001	Annual general meeting of shareholders of Tokyu Hotel Chain (approval of Share exchange Agreement)
July 17, 2001	Due date for the share exchange (due date for making Tokyu Hotel Chain a wholly owned subsidiary of Tokyu Corporation)

[2] Rate of exchange for share exchange

The Tokyu Corporation had the rate of share exchange calculated by KPMG Corporate Finance Co., Ltd., and Tokyu Hotel Chain, by Arthur Andersen (Global Management Directions Co., Ltd.). Taking the results of those calculations into consideration, Tokyu Corporation and Tokyu Hotel Chain have determined and agreed upon the following; provided, however, that if any material change occurs regarding the conditions upon which the determination of the rate of share exchange is based, the companies may change the rate upon mutual consultation.

	Tokyu Corporation	:	Tokyu Hotel Chain
	(Wholly owning parent company)		(Wholly owned subsidiary)
Conversion rate	1	:	0.32

0.32 shares of the Tokyu Corporation's stock will be issued in exchange for 1 share of Tokyu Hotel Chain's stock.

- [3] The date on which the calculation of dividends for the new shares of Tokyu Corporation, which are issued pursuant to the share exchange, will commence: April 1, 2001
- [4] Number of new shares to be issued by Tokyu Corporation pursuant to the share exchange: 25,537,165 shares (par value: ¥ 50)
- (4) Others (System for preferential treatment of shareholders, etc.)

Tokyu Corporation is considering making an offer for a limited time to holders of partial shares as a result of the share exchange to issue additional shares so that they will have an integral number of shares.

In addition, under the preferential treatment system for shareholders, discount coupons for accommodations at Tokyu Inn Chain and Pan Pacific Hotels and Resorts are currently being distributed to shareholders of full stock blocks. As of October 2001, the preferential treatment system will be expanded to include discount coupons at all hotels in Tokyu Hotel Chain.

3. Outline of Tokyu Hotel Management Co., Ltd.

- (1) Purposes of Establishment: To improve hotel management and marketing by consolidating the operator functions and to unify the systems of reservations and sales, thereby to improve the management efficiency, as well as to establish a system whereby "Tokyu" hotels will be accessible and convenient to clients.
- (2) Trade Name: Tokyu Hotel Management Co., Ltd.
- (3) Headquarters Address: Nanpeidai-cho 5-6, Shibuya-ku, Tokyo
- (4) Capital: ¥300,000,000

Number of issued and outstanding shares: 6,000 shares (Number of authorized shares: 24,000 shares)

Par value: ¥ 50,000

- (5) Types of Business:
- [1] Hotel management
 - [2] Restaurant management
 - [3] Travel business
 - [4] Architectural design
 - [5] Management of tennis courts and other sports facilities
 - [6] Management of game arcades and other indoor leisure facilities
 - [7] Sale of alcohol, tobacco products, revenue stamps pharmaceutical products, clothing, sundries, foodstuffs, and folk crafts.
 - [8] Property management
 - [9] All business operations incidental or related to all of the above items
- (6) Settlement of Accounts: The end of March (once a year)
- (7) Shareholder: Tokyu Corporation 100%
- (8) Incorporator: One person Shinobu Shimizu, Representative Director, Tokyu Corporation
- (9) Schedule for Incorporation (planned)
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|-----------------|--|
| January 4, 2001 | Payment of capital contributions |
| January 5, 2001 | Election of Directors and Statutory Auditors |
| January 5, 2001 | Meeting of the Board of Directors |
| January 9, 2001 | Registration of Incorporation |
| April 1, 2001 | Commencement of business |

4. Schedule for Restructuring

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|--------------|--|
| January 2001 | Establishment of Tokyu Hotel Management Co., Ltd. |
| April 2001 | Commencement of business of Tokyu Hotel Management Co., Ltd. |
| July 2001 | After Tokyu Hotel Chain Co., Ltd. becomes a wholly owned subsidiary of Tokyu Corporation, the reservations and the sales offices are consolidated. |
| January 2002 | onward: Gradual transfer of the business operations of Tokyu Hotel Chain Co., Ltd. to Tokyu Hotel Management Co., Ltd. |

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It may be difficult for any U.S. shareholder to enforce his rights and any claim he may have arising under the federal securities laws, since the issuer is located in Japan, and most of its officers and directors are residents of Japan. Such U.S. shareholder may not be able to sue a Japanese company or its officers or directors in a Japanese court for violations of the U.S. securities laws. It may be difficult to compel a Japanese company and its affiliates to subject themselves to a U.S. court's judgment.

(Reference) Today, this material is being distributed to the following press clubs:

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Please direct your inquiries in Japanese to:

Public Relations Office, Office of the President, Tokyu Corporation
Nemoto or Hirata, Tel: 03-3477-6086

Please direct your inquiries in English to:

Horie or Shimojima, Tel: 03-3477-9603

Information

Outline of Tokyu Hotel Chain

Trade Name	Tokyu Hotel Chain Co., Ltd.
Headquarters Address	6-6 Kojimachi, Chiyoda-ku, Tokyo
Capital	¥ 12,500,000,000
Date of Incorporation	November 20, 1950
Director and President	Yozo Inagaki
Types of Business	(1) Accommodations for domestic and foreign guests, rental space, restaurants, and parties (2) Hotel management and technical support (3) Hotel planning, design and construction (4) Travel agency business in accordance with the Travel Agency Business Law (5) Sales of alcohol, tobacco products, revenue stamps, pharmaceutical products, and sundries (6) Real estate rental and warehousing businesses (7) Management of bathhouses and leisure facilities (8) Management of parking facilities
Employees	1,329 (as of June 30, 2000)
Sales Volume	¥ 41,800,000,000 (for the fiscal term ended December 1999)
List of Hotels	18 hotels 5,834 rooms (Details) Direct management: 6 hotels, 2,066 rooms: Capitol Tokyu Hotel, Ginza Tokyu Hotel*, Akasaka Tokyu Hotel, Haneda Tokyu Hotel, Yokohama Tokyu Hotel, Shimoda Tokyu Hotel * Ginza Tokyu Hotel will be closed in January 2001. Management services provided to: 12 hotels, 3,768 rooms: Hakuba Tokyu Hotel, Nagoya Tokyu Hotel, Kyoto Tokyu Hotel, Osaka Tokyu Hotel, Sapporo Tokyu Hotel, Sendai Tokyu Hotel Tokyo Bay Hotel Tokyu, Numazu Tokyu Hotel, Kanazawa Tokyu Hotel, Okayama Tokyu Hotel**, Hakata Tokyu Hotel, Kagoshima Tokyu Hotel ** Okayama Tokyu Hotel will be closed in January 2001.

Outline of Tokyu Inn Chain

Management Company	Tokyu Corporation
Hotel Business Sales Volume	¥42,300,000,000 (for the fiscal term ended March 2000)
Employees	1,992 (as of December 26, 2000, for headquarters and direct management hotels)
List of Hotels	46 hotels, 10,031 rooms (Details)

Tokyu Inn

Direct management: 30 hotels 7,249 rooms

Kitami Tokyu Inn, Sapporo Tokyu Inn, Kushiro Tokyu Inn, Obihiro Tokyu Inn, Sakata Tokyu Inn, Niigata Tokyu Inn, Maebashi Tokyu Inn, Fukushima Tokyu Inn, Iwaki Tokyu Inn, Shinbashi Atagoyama Tokyu Inn, Shibuya Tokyu Inn, Kichijoji Tokyu Inn, Omori Tokyu Inn, Hotel Narita Tokyu, Matsumoto Tokyu Inn, Nagoya Marunouchi Tokyu Inn, Nagoya Sakae Tokyu Inn, Kyoto Tokyu Inn, Shin-Osaka Esaka Tokyu Inn, Osaka Tokyu Inn, Kobe Tokyu Inn, Wakayama Tokyu Inn, Matsue Tokyu Inn, Shimonoseki Tokyu Inn, Tokushima Tokyu Inn, Takamatsu Tokyu Inn, Matsuyama Tokyu Inn, Kokura Tokyu Inn, Saga Tokyu Inn*, Kagoshima Tokyu Inn

* Saga Tokyu Inn will be closed in March 2001, following the expiration of the lease agreement.

Franchisees: 4 hotels, 636 rooms

City Hirosaki Hotel, Ueda Tokyu Inn, Hiroshima Tokyu Inn, Kumamoto Tokyu Inn

Excel Hotel Tokyu

Direct management: 4 hotels, 1,314 rooms

Sapporo Excel Hotel Tokyu, Shibuya Excel Hotel Tokyu, Toyama Excel Hotel Tokyu, Hakata Excel Hotel Tokyu

Tokyu Resort

Direct management: 3 hotels, 465 rooms

Tadeshina Tokyu Resort, Imaiama Tokyu Resort, Miyakojima Tokyu Resort

Franchisees: 3 hotels, 227 rooms

Lake Saloma Tokyu Resort, Hotel Grandeco, Kakeyu Onsen Hotel Tokyu

Affiliate hotels: 2 hotels, 140 rooms

Kusatsu Onsen Hotel Tokyu, Ikaho Tokyu Villa

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