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FOR IMMEDIATE RELEASE

TOKYU CORPORATION
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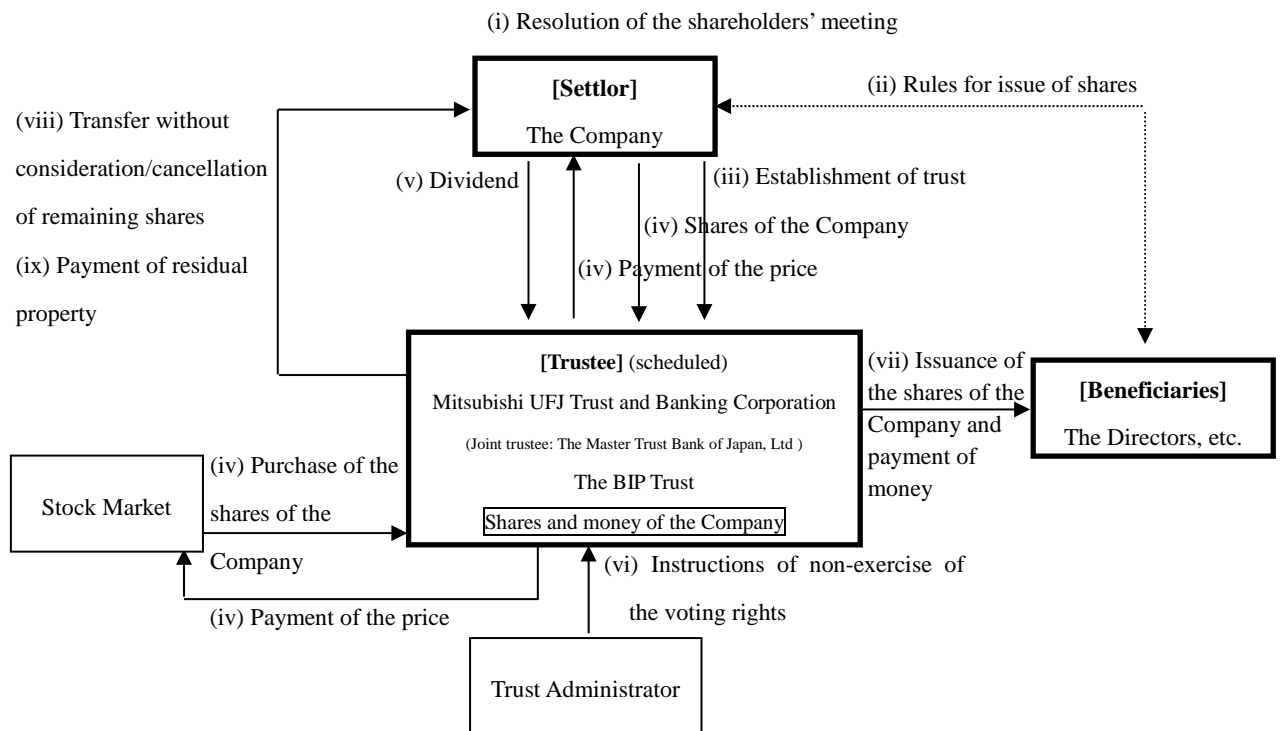
**Notice Regarding Introduction of Stock-Based Compensation Plan
for Directors, etc. of the Company**

Tokyu Corporation (hereinafter “the Company”) announces that a meeting of its Board of Directors held on May 26, 2017 decided to introduce the stock-based compensation plan (hereinafter “the Plan”) for Directors and Executive Officers of the Company (other than outside directors and overseas residents; hereinafter “the Directors, etc.”), as described below.

1. Purpose of Introduction of the Plan

- (1) The Company will introduce the Plan for the Directors, etc. to further increase their awareness of contributing to improving business results in the medium to long term and maximizing shareholder value.
- (2) The introduction of the Plan shall be subject to the approval of the agenda item for the introduction of the Plan for directors at the 148th annual general meeting of shareholders to be held on June 29, 2017 (hereinafter “the Shareholders’ Meeting”).
- (3) In the introduction of the Plan, the scheme called the Board Incentive Plan Trust (hereinafter “the BIP Trust”) shall be adopted. The BIP Trust is a plan similar to the Performance Share and Restricted Stock in Europe and America under which the shares of the Company and the amount of money equivalent to the proceeds from the disposal of the shares of the Company (hereinafter “the Shares of the Company”) will be issued and paid (hereinafter “the Issue”) to the Directors, etc. according to their position, etc.

2. Scheme of the BIP Trust



- (i) The Company will obtain the approval necessary for executive compensation at the Shareholders' Meeting with respect to the introduction of the Plan.
- (ii) Regarding the introduction of the Plan, the Company will establish the rules for the issue of stock for the purpose of executive compensation at a meeting of the board of directors.
- (iii) The Company will entrust funds for compensation to the Directors, etc. to the extent approved by the resolution of the Shareholders' Meeting described in (i) above and establish a trust (the Trust) for the benefit of the Directors who meet the requirements for beneficiaries.
- (iv) The Trust will acquire the shares of the Company with the funds contributed as described in (iii) above from the Company (disposal of treasury stock) or on the stock market according to the instructions of the trust administrator. The number of shares that the Trust acquires shall be within the scope approved by the resolution of the Shareholders' Meeting of the Company described in (i) above.
- (v) Dividends will be paid for the shares of the Company within the Trust in the same manner as for the other shares of the Company.
- (vi) The voting rights of the shares of the Company within the Trust shall not be exercised through the trust period.
- (vii) Specified points will be granted to the Directors, etc. according to their position during the trust period under the rules for the issue of stock, and such points will be accumulated. The Shares of the Company will be Issued to the Directors, etc. who meet the specified requirements for beneficiaries according to the said accumulated points when they retire.

- (viii) If there are any stocks remaining upon the expiry of the trust period due to a decrease in the number of Directors, etc. or any other reasons during the trust period, the Trust shall continue to be used as an incentive plan of the same kind as the Plan by amending and extending the trust agreement and establishing an additional trust, or the said remaining stocks shall be transferred from the Trust to the Company without consideration and the Company shall cancel the said stocks that it acquires without consideration.
- (ix) The residual property distributed to the beneficiaries upon the termination of the Trust shall be vested in the Company to the extent of the reserve for trust expenses obtained by deducting the funds for the acquisition of shares from the trust money. In addition, any portion exceeding the reserve for trust expenses shall be donated to an organization with no interest in the Company or the Directors, etc.

(Note) If there are no shares of the Company remaining in the trust due to the Issue of the Shares of the Company to the Directors, etc. who meet the requirements for beneficiaries, the trust will be terminated before the expiry of the trust period. In addition, additional funds may be contributed to the Trust for the purpose of the initial acquisition of shares to the extent approved by the Shareholders' Meeting.

3. Specifics of the Plan

(1) Summary of the Plan

The Plan is to Issue the Shares of the Company as executive compensation for the five fiscal years from the fiscal year ending March 31, 2018 to the fiscal year ending March 31, 2022 (if the Trust continues as described in (4) below, the following five consecutive fiscal years).

(2) Resolution of the Shareholders' Meeting for the Introduction of the Plan

The Company will have the maximum amount of funds contributed to the Trust for the purpose of compensation for the directors of the Company (other than outside directors and overseas residents; hereinafter "the Directors") and the maximum number of points granted to the Directors each year according to the rules for the issue of stock, among other necessary matters, approved at the Shareholders' Meeting.

In addition, if the trust period is extended as described in (4) b. below, the amendment to and extension of the trust agreement and the establishment of an additional trust shall be decided by resolution of the board of directors upon the expiry of the trust period to the extent approved by the Shareholders' Meeting.

(3) Persons Eligible for the Plan (Requirements for Beneficiaries)

The Shares of the Company shall be Issued to the Directors, etc. according to their accumulated points (described in (5) below) on the condition that they meet the following requirements for beneficiaries.

The requirements for beneficiaries are as follows:

- (i) That the beneficiaries maintain their status as the Directors, etc. during the relevant period (including the Directors, etc. who take office as the Directors, etc. during the relevant period) (*1);
- (ii) That the beneficiaries retire from the office as the Directors, etc. or that it is decided that the beneficiaries are to become overseas residents upon overseas assignments;
- (iii) That the beneficiaries are not dismissed upon retirement or do not engage in any of the specified illegal acts while they are in office as the Directors, etc. or become employed by any other company of the same business as that of the Company without the permission of the Company;
- (iv) That the number of accumulated points described in (5) below for the beneficiaries has been determined; and
- (v) Any other requirements considered necessary for the achievement of the purpose of the stock-based compensation plan described above that are specified by the trust agreement or the rules for the issue of stock.

(*1) However, if the trust period is extended as described in (4) c. below and any persons eligible for the Plan are serving as the Directors, etc. at the time of the expiry of the extended period, the Trust shall be terminated at that time and the Shares of the Company will be Issued while the said persons serve as the Directors, etc.

(4) Trust Period

a. Initial trust period

The trust period of the Trust established under the Plan shall be about five (5) years from August 2017 (scheduled) to August 2022 (scheduled).

b. Extension of the Trust

Upon the expiry of the trust period, the Trust may be extended as a stock-based compensation plan of the same kind as the Plan by amending the trust agreement and making an additional contribution within the maximum limit of the trust money approved by the Shareholders' Meeting. In addition, during the extended trust period, the granting of points to the Directors, etc. shall be continued. However, in the case of such an additional contribution, the sum of the amount equivalent to the shares of the Company (other than the shares of the Company corresponding to the points granted to the Directors, etc. that are yet to be Issued) and the funds remaining in the trust property as of the end of the trust

period before extension (hereinafter “the Remaining Shares, etc.”), if any remain, and the amount of the trust money additionally contributed shall be within the maximum limit of the trust money approved by resolution of the shareholders’ meeting. This extension of the trust period is not limited to one occasion, and the trust period may be extended again in the same manner.

c. Treatment of termination of the Trust

If the Directors, etc. who may meet the requirements for beneficiaries maintain their status as the Directors, etc. at the time of the expiry of the trust period, points will not be granted to the Directors, etc. thereafter; however, the trust period of the Trust may be extended by specifying a certain period until the said Directors, etc. retire from their office and the Issue of the Shares of the Company to the said Directors, etc. is completed.

(5) The Shares of the Company to be Issued to the Directors, etc.

The number of the Shares of the Company to be Issued to the Directors, etc. will be determined based on the number of points granted and accumulated according to their position each year according to the rules for the issue of stock. In addition, one (1) point shall represent one (1) common share of the Company; and upon a stock split and stock consolidation of the shares of the Company within the Trust, among other cases, during the trust period, the number of shares of the Company to be Issued shall be adjusted in accordance with the ratio of the split or consolidation of the shares of the Company.

(6) Method of and Timing for Issue of the Shares of the Company to the Directors, etc.

The Directors, etc. who meet the requirements for beneficiaries described in (3) above shall be issued with the shares of the Company by the Trust corresponding to the accumulated points at the time of their retirement from office as the Directors, etc. of the Company (however, to secure the funds for the payment of tax, the shares of the Company corresponding to a certain percentage of up to 30% among such points shall be converted into cash within the Trust).

In addition, in the case of the death of any of the Directors, etc. during the trust period, the shares of the Company corresponding to the number of their accumulated points at that time shall all be converted into cash within the Trust, and the said cash shall be paid to the heirs of the said Directors, etc. If it is decided that any of the Directors, etc. become an overseas resident during the trust period, the shares of the Company corresponding to the number of their accumulated points at that time shall all be converted into cash within the Trust, and the said cash shall be promptly paid to the said Directors, etc.

(7) Amount of Trust Money Contributed to the Trust and Maximum Number of Points Granted per Year

The amount of trust money that the Company contributes to the Trust and the maximum number of points that the trust grants for a year shall be as follows:

(i) Amount of trust money contributed to the Trust (scheduled)

565 million yen (*2)

(*2) The amount above is the sum of the funds for the acquisition of shares by the Trust and the trust fees and expenses. In addition, the agenda item referred to the Shareholders' Meeting will propose a maximum amount of 500 million yen for the Directors as the funds for the acquisition of shares.

(ii) Maximum number of points granted for a year under the Trust (scheduled)

130,000 points (*3)

(*3) The number of points above is set with reference to the amount of trust money and the stock price at the present time, among others. In addition, the agenda item referred to the Shareholders' Meeting will propose that the maximum number of points to be granted to the Directors be 120,000 points per year.

Together with this agenda, the agenda for the reverse stock split (hereinafter "the Reverse Stock Split") will be referred to the Shareholders' Meeting. When the said agenda is approved and the Reverse Stock Split becomes effective, the maximum total number of points that the Trust grants to the Directors for a year shall be changed to 60,000 points in accordance with the ratio of consolidation (of two (2) shares into one (1) share) under the Reverse Stock Split. For details of the Reverse Stock Split, please refer to the "Notice Regarding Change of Share Unit Number, Reverse Stock Split and Partial Amendment to Articles of Incorporation" announced separately today.

(8) Method of Acquisition of the Shares of the Company by the Trust

The Trust will initially acquire the shares of the Company from the Company (disposal of treasury stock) or on the stock market within the scope of the funds for the acquisition of shares and the number of points granted as described in (7) above.

(9) Exercise of the Voting Rights attached to the Shares of the Company within the Trust

To ensure management independence, the voting rights for the shares attached to the shares of the Company within the Trust (the shares of the Company yet to be Issued to the Directors, etc. as described in (6) above) shall not be exercised during the trust period.

(10) Treatment of Dividends for the Shares of the Company within the Trust

Dividends for the shares of the Company within the Trust shall be paid to the Trust and appropriated to the trust fees and expenses of the Trust. Any amount remaining after appropriation to the trust fees and expenses upon final termination of the trust shall be donated to an organization with no interest in the Company or the Directors, etc.

(11) Treatment upon Expiry of the Trust Period

If there are any stocks remaining upon the expiry of the trust period due to a decrease in the number of Directors, etc. or any other reasons during the relevant period, the Trust may continue to be used as an incentive plan of the same kind as the Plan by amending and extending the trust agreement and establishing an additional trust. When the Trust is terminated upon the expiry of the trust period, the said remaining stocks will be transferred from the Trust to the Company without consideration according to the trust agreement, and the Company will cancel the said stocks by resolution of the board of directors as the measure for return to the shareholders.

(Reference)

[Terms and Conditions of the Trust Agreement]

- (i) Type of trust: Money trust other than the individually operated designated money trust (third-party-benefit trust)
- (ii) Purpose of trust: Grant of incentives to the Directors, etc.
- (iii) Settlor: The Company
- (iv) Trustee: Mitsubishi UFJ Trust and Banking Corporation (scheduled)
(Joint trustee: The Master Trust Bank of Japan, Ltd.)
- (v) Beneficiary: The Directors, etc. who maintain their status as the Directors, etc. during the trust period and meet the requirements for beneficiaries
- (vi) Trust Administrator: Third party with no interest in the Company (certified public accountant)
- (vii) Date for execution of the trust agreement: August 2017 (scheduled)
- (viii) Period of trust: August 2017 (scheduled) to the end of August 2022 (scheduled)
- (ix) Date for start of the plan: August 2017 (scheduled)
- (x) Class of shares to be acquired: Common shares of the Company
- (xi) Exercise of the voting rights: Not to be exercised.
- (xii) Amount of trust money: 565 million yen (scheduled) (*4)

(*4) Including the funds for the acquisition of shares and the trust fees and expenses.

- (xiii) Holder of a vested right: The Company

(xiv) Residual property: The residual property that the Company, the holder of a vested right, may receive shall be within the reserve for trust expenses after deducting the funds for the acquisition of shares from the trust money.

[Specifics of Administrative Work for Trust and Shares]

- (i) Administrative work for the trust: Mitsubishi UFJ Trust and Banking Corporation will become the trustee of the BIP Trust and handle the administrative work for the trust.
- (ii) Administrative work for the shares: Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. will handle the administrative work for the issue of the shares of the Company to the beneficiaries according to the agreement for the entrustment of the administrative work.