The Rakuten logo, a stylized red character resembling a person with arms and legs, is positioned behind the main title text. The background is a textured, brownish-gold surface.

**Report on
Exchange of a Memorandum
with Rakuten Inc.
and an
Approach to Enhancing Enterprise Value**

Tokyo Broadcasting System, Inc.

November 30, 2005

Attendees of the session

President

Hiroshi Inoue

Senior Managing Director

Keizo Zaitzu

Senior Managing Director,

Tokyo Broadcasting System Television, Inc.

Kenichiro Kidokoro

Managing Director

Kazuo Hiramoto

Chairperson:

Division President, Division of Corporate Planning

Shinya Yamaguchi



The image features a red running man logo, a stylized figure with a single antenna on its head, positioned centrally on a textured, brownish-gold background. The logo is slightly offset to the right of the main text.

**Exchange of a Memorandum with
Rakuten Inc.**

President

Hiroshi Inoue

Outline of the Memorandum



- 1 TBS and Rakuten will enter serious discussions and studies on realization of a possible alliance between broadcasting and the internet, forming a joint business alliance committee.**
- 2 Rakuten will temporarily withdraw their management integration proposal.**
- 3 During the discussions, Rakuten will keep the stake in TBS below 10%. Any portion of their stake exceeding this level will be placed in a trust with Mizuho Trust & Banking Co., Ltd.**
- 4 TBS and Rakuten will negotiate the eventual ratio of TBS stake to be held by Rakuten.**
- 5 The deadline for the end of the discussions is March 31, 2006, which may be extended.**

(The authority to exercise voting rights on the TBS stake to be entrusted will transfer to Mizuho Trust & Banking.)

A red, stylized, cartoonish figure with a single antenna on its head, positioned behind the main title text. The figure has a rounded head with two small eyes, a single antenna with a red ball at the top, and a body that tapers into two long, curved legs.

TBS Value-up Plan 2010
Business and Financial Strategies

Senior Managing Director
Keizo Zaitso

TBS Value-up Plan 2010

Overview of the Value-up Plan 2010



Business goals toward FY2010

- 1 Maximize the value of the broadcasting business**
 - (1) All-day viewer rating: **9% in FY2010**
 - (2) TBS's share of spot sales among 5 key broadcasters in Tokyo: **25% in FY2010**

- 2 Maximize the value of non- broadcasting businesses**

Consolidated operating revenues from real estate and other businesses from outside customers:

¥150 billion in FY2010
(¥43 billion in FY2004)

- 3 Make the real estate business a profit-earning segment.**

Clarify the segment in or near January 2008 (when construction of the buildings and facilities for the Akasaka Redevelopment Project is scheduled for completion.)

- 4 Clarify the profit-earning responsibility of the content-related business.**

TBS Value-up Plan 2010

Overview of the Value-up Plan 2010



Financial goals toward FY2010

1 Consolidated operating cash flow

¥50 billion in FY2010

2 Capital efficiency-conscious management

Measures to increase ROE and ROA Approaches from profits and assets

3 Increase returns to shareholders

(1) Dividend payout ratio of 30% to be realized in FY 2006

(2) Use the DOE (Dividend on Equity) as a sub indicator.

We will aim to become a top broadcaster through (1) and (2).

TBS Value-up Plan 2010

Overview of the Value-up Plan 2010



Recent returns to shareholders

	Year ending March 2006 (Consolidated)			
	Total dividend paid	DOE	Dividend payout ratio	ROE
Fuji Television	11,752	2.6%	51.1%	5.1%
Nippon Television Network	2,536	0.7%	28.2%	2.4%
TV Asahi	1,408	0.6%	16.2%	3.7%
TBS	4,180	1.2%	23.6%	5.0%

(millions of yen) (forecast) (forecast) (forecast)

The above comparison is based on the financial summary for the first half of the fiscal year (of the respective companies) ending March 31, 2006, and the following computational foundation:

- * Total dividend paid is the product of the respective companies' total number of outstanding shares (including treasury stock) and the projected annual dividend for the year.
- * The shareholders' equity uses the data as of September 30, 2005 on a consolidated basis.
- * Net income uses the forecast data for the fiscal year ending March 31, 2006 on a consolidated basis.

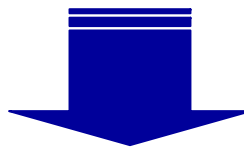
The ROE of TBS is one of the best when compared with the other key broadcasters in Tokyo. We aim to bring the total dividend paid and DOE (Dividend on Equity) up to the top-class as well.

TBS Value-up Plan 2010

Overview of the Value-up Plan 2010



<u>Business Goals</u>	<u>Financial Goals</u>
<ol style="list-style-type: none">1 Maximize the value of the broadcasting business<ol style="list-style-type: none">(1) All-day viewer rating: 9% in FY2010(2) TBS's share of spot sales among 5 key broadcasters in Tokyo: 25% in FY20102 Consolidated operating revenues of non-broadcasting businesses from outside customers: ¥150 billion in FY20103 Make the real estate business a profit-earning segment in Jan. 20084 Clarify the profit to be earned in the content-related business as well.	<ol style="list-style-type: none">1 Consolidated operating cash flow: ¥50 billion in FY20102 Measures to increase ROE and ROA3 Increase returns to shareholders<ol style="list-style-type: none">(1) Dividend payout ratio of 30% to be realized in FY 2006(2) Use the DOE as a sub indicator. <p>We will aim to become a top broadcaster.</p>



Midterm business plan toward the goals for FY2010
(9%, 25%, ¥150bln, ¥50bln)
is to be established and announced by Feb. 2006
(by the time of the financial results briefing for the 9 months).

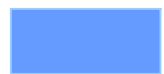
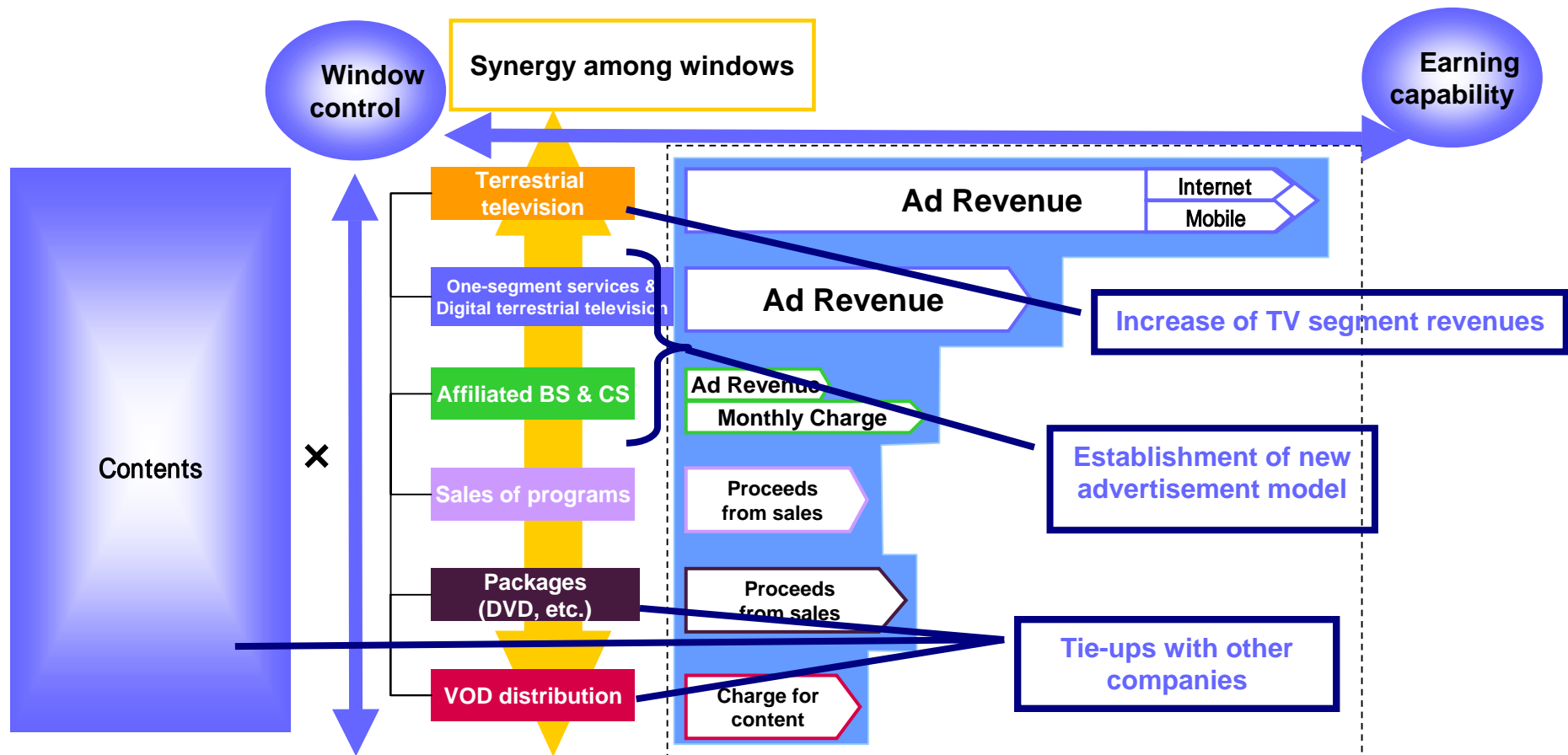


**Maximize the value of media
to grow the TV advertisement market**

**Senior Managing Director,
Tokyo Broadcasting System Television, Inc.
Kenichiro Kidokoro**

Maximizing the value of media

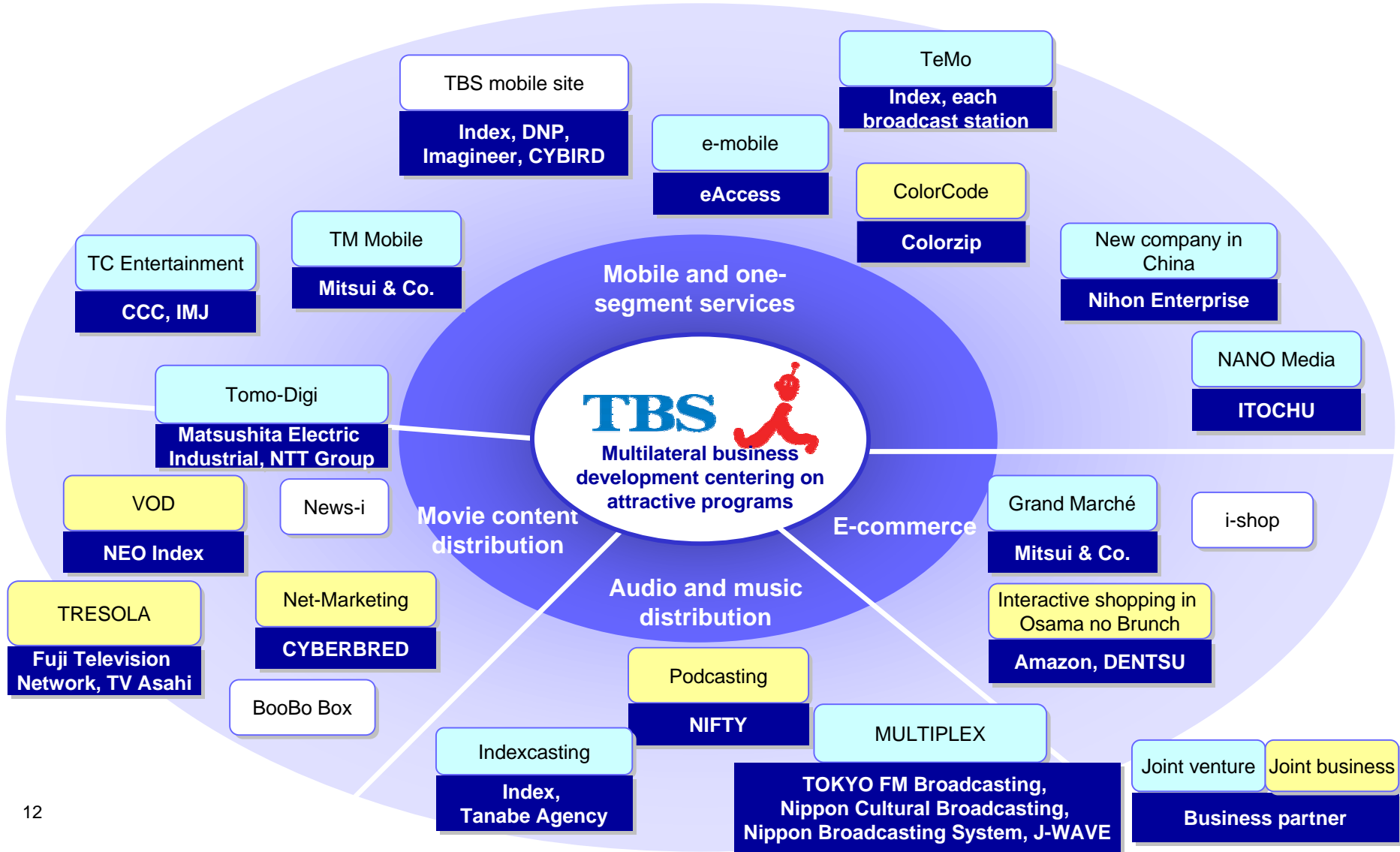
Window strategies centered around the broadcast program



Value of media = Contents x Window control x Earning capability

Maximizing the value of media

State of alliances in the mobile & internet industry



Maximizing the value of media

Television to take in internet advertisements



Access volume for digital terrestrial television is overwhelming.

Generation of new advertising markets

Access from PC

Access from digital terrestrial TV and one-segment portals

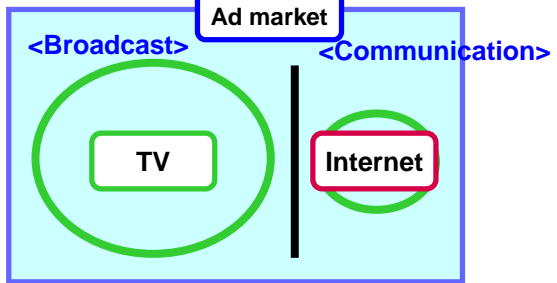
0.99Bln min^{*1} /day

Digital terrestrial TV^{*2}: 19.87Bln min/day
One-segment portal & mobiles^{*3}: 2.1Bln min/day

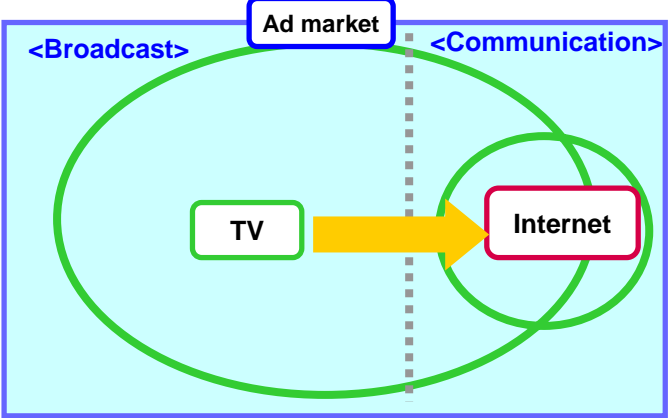
Internet space

- ◆ Launch of one-segment services and digital terrestrial television
- ◆ Moving into the internet space through such broadcasting
- ◆ Further spread of broadband

- ◆ Creation of new style advertisements by M x I^{*4}
- ◆ Incorporation of the internet ad market by TV broadcasts



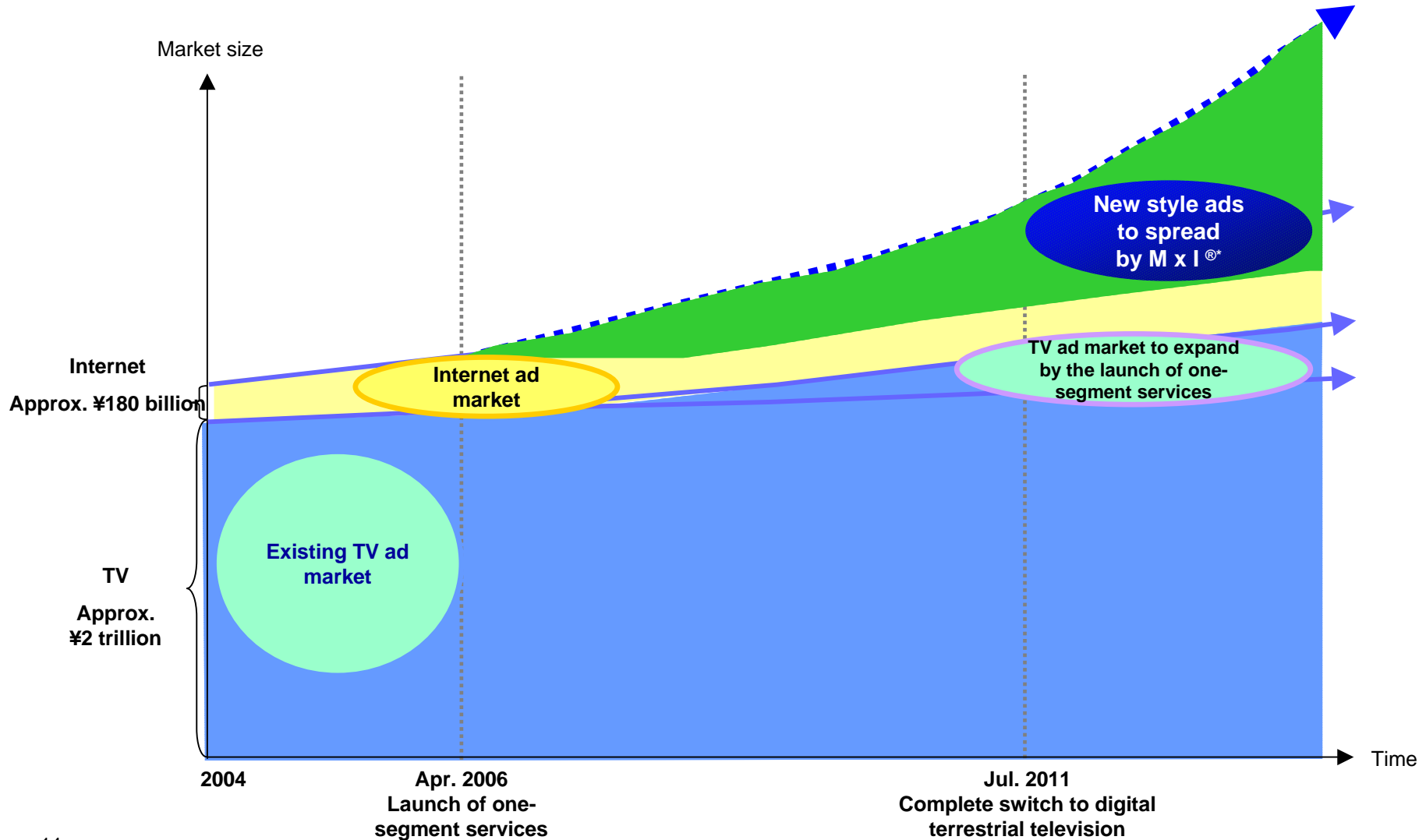
TV broadcast screen will become a big portal for access to the internet, replacing PCs.



Total population of people aged 10-69: 99,872.2 thousand (Source: National census taken by the Ministry of Internal Affairs and Communications of Japan)
 *1: 10 min. x 99,872.2 thousand people (Source: Video Research Ltd.)
 *2: 199 min. x 99,872.2 thousand people (Source: same as above)
 *3: 63.5min. x 33,130 thousand terminals (Viewing hours: 2001-2005 Research by HAKUHODO Inc. and TBS) x Number of mobile terminals (Average of the diffusion forecast figures for the year 2010 by DENTSU Communication Institute Inc., Fuji Chimera Research Institute, Inc., and Seed Planning, Inc.)
 *4: M (Mass media) x I (Interactive) is a registered trademark of DENTSU Inc.

Maximizing the value of media

Time-line of TV advertising market growth

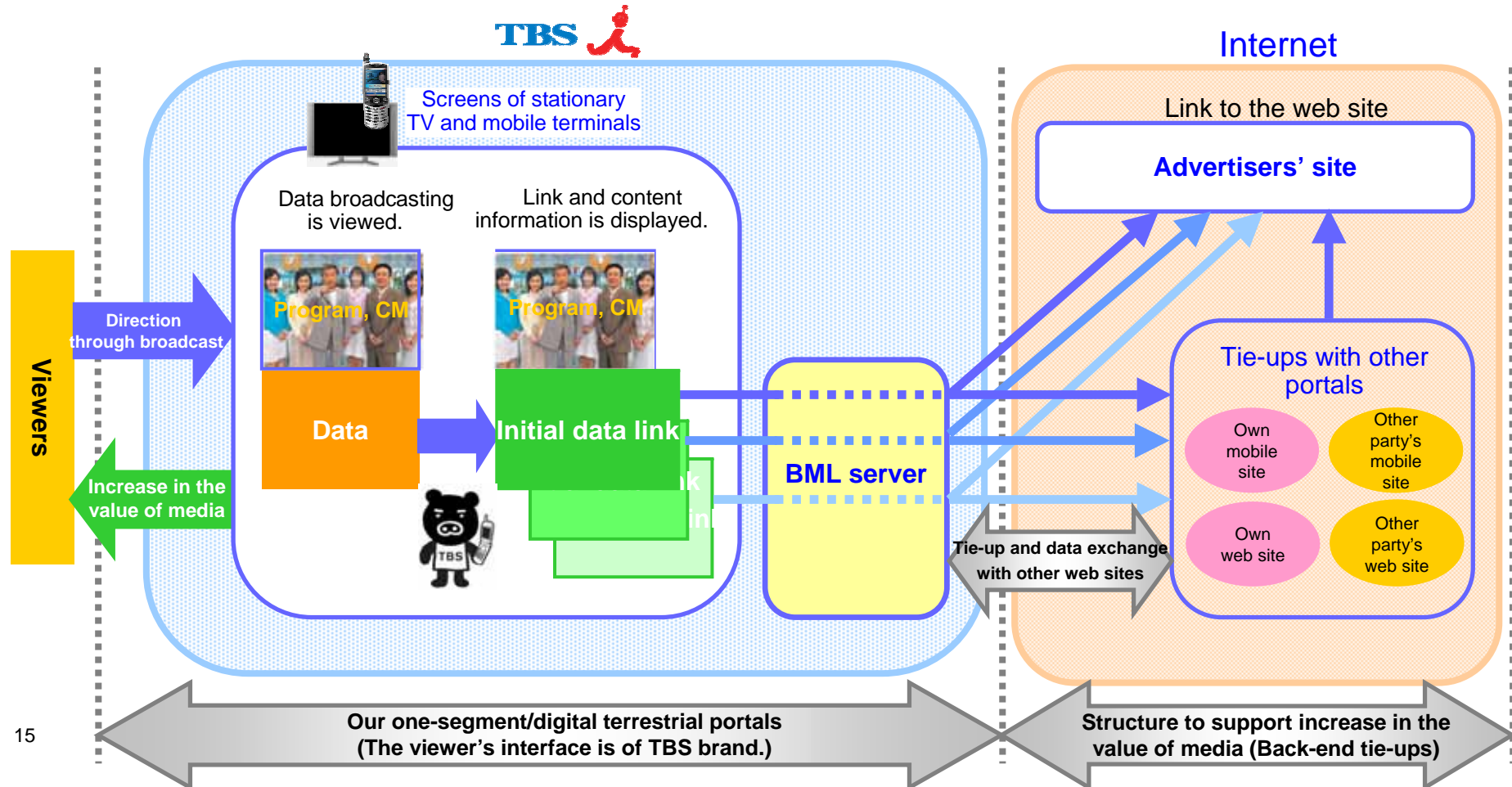



Maximizing the value of media



Reach of TV evolving with the digital technology

- ◆ Utilization of the mass reach, the advantage of broadcasting
- ◆ Establishment of a value chain uniformly managed by TBS from the entrance (initial data link) to the exit (directing viewers to the relevant site)
- ◆ Increase of ad value by providing more exposure to the advertisers' site
- ◆ Provision of a wide variety of entertainment, information and convenience to viewers





**Infinite potential of
digital terrestrial television and
one-segment services**

Infinite potential of digital terrestrial television and one-segment services

Concrete examples of the services



Possibility of the new service style linked with programs and commercials

New services can be provided by **linkage with programs and commercials.**



<p>Information provision & content distribution</p>	<ul style="list-style-type: none"> ◆ Display <u>supplementary information</u>. ◆ Display <u>detailed information</u> linked to the news and commercials on air. ◆ Receive <u>local area information</u> linked to emergency and warning broadcasting over disasters and so on.
<p>Ads & promotion</p>	<ul style="list-style-type: none"> ◆ Provide <u>ring melodies and still images</u> linked to dramas, music programs and commercials. ◆ Provide <u>coupons</u> linked to commercials and travel information programs.
<p>Commerce</p>	<ul style="list-style-type: none"> ◆ Promote <u>purchases</u> through linkage with shopping programs and commercials.
<p>Participation of viewers</p>	<ul style="list-style-type: none"> ◆ Promote interaction with (participation in) programs such as quiz shows <u>using cellular phones</u>. ◆ <u>Telephone communication</u> linked to live broadcasts.
<p>Others</p>	<ul style="list-style-type: none"> ◆ Offer <u>information downloadable to mobile terminals</u> in conjunction with cooking programs. ◆ Programs can be <u>registered on</u> mobile terminals in conjunction with dramas, sports and other program schedules.

Infinite potential of digital terrestrial television and one-segment services

Demo 1: Promoting sales by enabling communication linked to the program



Product information is distributed in a program.

Select the "Buy" (Purchase) option.

Select the "Talk" (Call) option.

The cellular phone automatically calls the number for ordering.



Infinite potential of digital terrestrial television and one-segment services

Demo 2: Promoting purchases by providing detailed information linked to a CM



Press the display button if you are interested in the commercial.



More detailed information on the product is displayed.

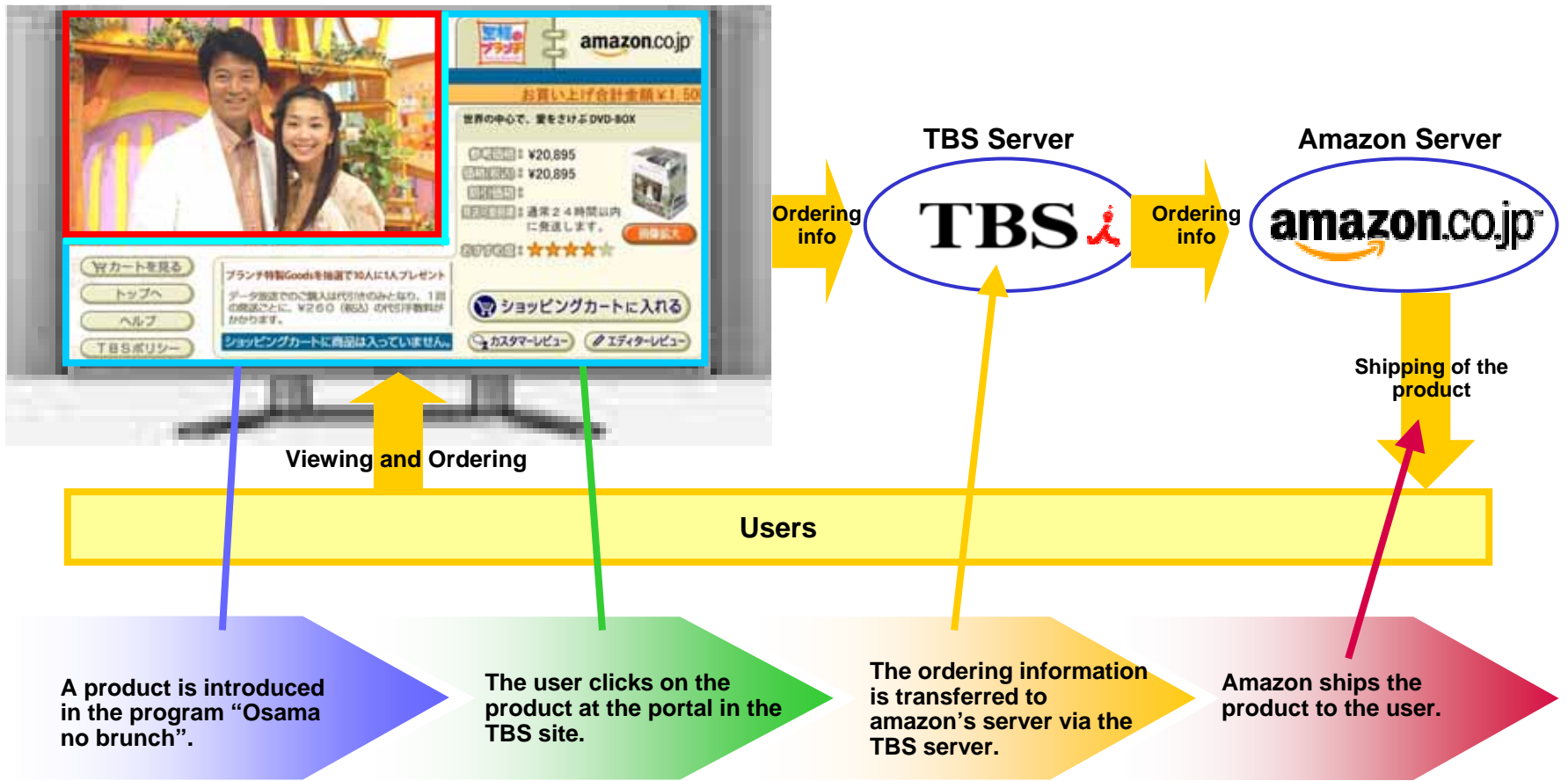


Infinite potential of digital terrestrial television and one-segment services

E-commerce experiment involving billing and settlement using a remote control



TV commerce by interactive linkage with commerce sites





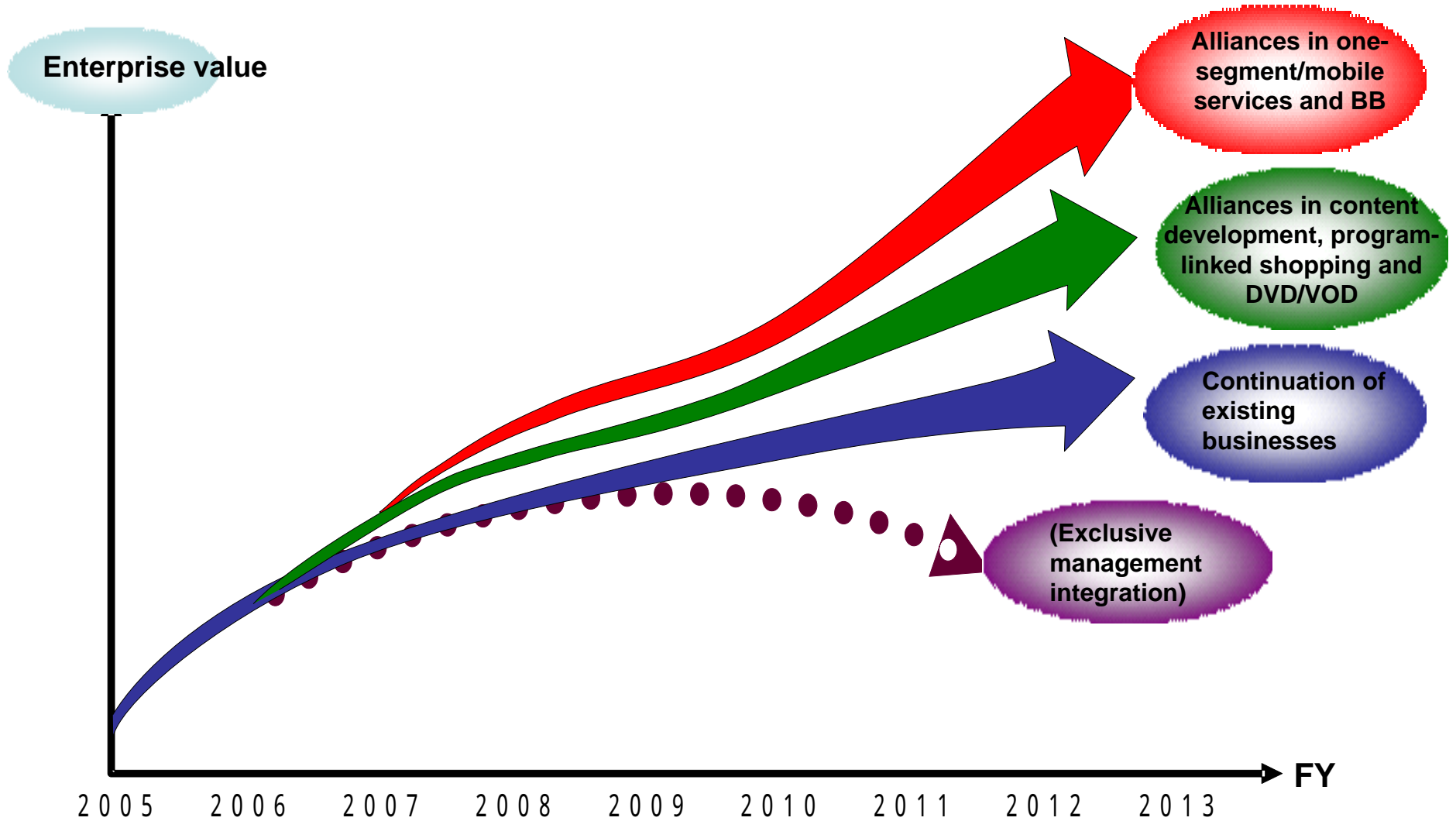
Determination of your company

President

Hiroshi Inoue

Determination of your company

Enhancement of enterprise value by optimized business alliances



Quality broadcast programs
are the source of everything.

Note on future projections



All the information presented in this report, including projections of the company's operating performance, is based on our judgment at the time of preparing this report. Therefore, we do not assure or guarantee the realization of the planned figures presented, which include some risk and uncertainty. Please note that actual operating performance may differ from the stated projections, depending on changes in economic climate, market trends, business environment, etc.

Contact for Inquiries

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