TBS President's Presentation at the Analysts Meeting in May 23, 2006

(The following draft may not coincide with the actual speech of the president)

Hiroshi Inoue, President; Kazuo Hiramoto, Managing Director
Briefing Session at the end of fiscal 2005

ANA Hotel Tokyo, Ballroom PROMINENCE; May 23, 2006 (Tuesday)

President Hiroshi Inoue

Good day and welcome. My name is Hiroshi Inoue, and I am the President of Tokyo Broadcasting System. I would like to thank all of you for attending our briefing session today.

I apologize for taking time from your busy schedules.

[J1]Now, let's turn to highlights for fiscal 2005, the year ended March 2006.

- Consolidated and non-consolidated net sales increased, operating income declined, and net income rose.
- Non-consolidated operating income was fairly lackluster, but subsidiaries registered strong performance, and their average operating income increased about 15%.
- The parent company's operating revenues continued rising and reached a record high of ¥25.8 billion.
- Grande Marché, a subsidiary in the shopping business, recorded growth in business revenues of 25% and operating income of 257%.
- TBS R&C has received the top audience rating 29 straight times covering a four year and 10 month period in rating surveys taken every two months.
- The TBS channel, which broadcasts classical works of drama and other esteemed programming, has been profitable since November 2005. It reached profitability on a full year basis three and a half years since it started operations.

Next, we outline our forecasts for fiscal 2006, the year ended March 2007.

- We forecast consolidated net sales of ¥319.7 billion, up about ¥13.7 billion from the previous fiscal year;

  consolidated operating income of ¥23.8 billion, up about ¥7.4 billion;

consolidated ordinary income of ¥24.3 billion, up about ¥8.9 billion;

and consolidated net income of ¥13.2 billion, largely unchanged from fiscal 2005.

We forecast that consolidated operating income rises substantially, owing to two main factors.

1. On the non-consolidated basis, we project that sales rise about ¥13.1 billion while business expenditures, principally production costs, decline modestly.

2. A one-lump write-off of goodwill on impaired losses on shares in Yokohama Bay Stars professional baseball team at the end of fiscal 2005 should reduce operating expenditures by ¥1.2 billion.

In addition, we anticipate an upturn in net non-operating income from the write-off of impaired losses in the Yokohama Bay Stars and from improving performance at BS-i. In turn, we forecast stronger gains in ordinary income (¥8.9 billion) than in operating income (¥7.4 billion).

Our forecasts are premised on assumptions for television revenues, which are outlined as follows.

We expect time sales to increase sharply in the first half. This reflects negotiations for rate revisions since the second half of fiscal 2005, which resulted in some unit price hikes. In addition, changes from the individual sale for recording time sales used by TBS, the key broadcaster, to the package sale for the network broadcasters has increased the percentage of sales accounted for by the latter method, which has buoyed revenues.

Under the package sale, transmission fees paid to the networks are bundled with rates. This will seemingly add about ¥5.0 billion in revenues. However, the increase will be offset by fees paid to the network and costs for commissions paid to ad agents.

Fortunately, we anticipate especially strong revenues from the World Cup Soccer Tournament in June and time sales to clear our target for the first quarter of the fiscal year.

Now, let's turn to the V!-up plan, which we unveiled to you in February 2006.

In the current quarter, two subsidiaries that have been registering higher revenues in the multi visual ventures and cultural events area are scheduled to be transferred to this business segment from the broadcasting segment. Based on this assumption, segment categories have been altered somewhat for our forecasts.

By business segment, we forecast operating income of ¥15.3 billion in broadcasting, ¥8.0 billion in multi visual ventures and cultural events, and ¥500 million in real estate in fiscal 2006.

We project operating cash flow of ¥25 billion and have set goals for an viewer rating in the all-day viewer rating of 8.1% and a 21.5% market share among the five key broadcasters in Tokyo.

At this point, all-day viewer rating is slightly below the 8.1% target, but share among the five key broadcasters is clearing the 21.5% goal.

Plans call for raising sales in the broadcasting segment and consolidated net sales ¥5.0 billion in fiscal 2008 and fiscal 2010. However, as noted earlier, the percentage of time sales accounted for under the package sale for the network has increased, our figures of sales in the broadcasting segment are adjusted to account for the inflated numbers in fiscal 2006 and beyond.

Related expenditures for the ¥5.0 billion increase in sales comprise around 80% (¥4 billion) in network fees distributed to the network and 20% (¥1 billion) in commissions paid to ad agents. Basically, higher revenues will be negated by rising expenditures of the same amount. As such, our profit targets remain unchanged.

We disclose our forecast for the operating income breakdown in fiscal 2008 by segment for the first time. We expect operating income of ¥23.5 billion in broadcasting, ¥12.5 billion in multi visual ventures and cultural events, and ¥3.0 billion in real estate.

Moreover, The Nazca Lines, an exhibition highlighting aerial views of the lines that was sponsored by the Company's Division of Project Development, proved extremely popular. It probably will attract more than 300,000 visitors.

Services offered by Grande Marché, a subsidiary mentioned earlier, and TC Entertainment have been very popular as well. Another factor which is driving success for the V!-up plan has been the sharp rebound in earnings by TBS Group companies.

Next, let's have a look at progress for the V!-up plan. The Company established the V!-up Promotion Head Office, and I am serving as the general manager, as part of efforts to promote the plan. A total of six important Companywide themes have been pinpointed, and we have started building exploratory teams for establishing internal company themes.

1. Setting V!-up goals

We are examining proposals on how to reach our goal for a 9% all-day viewer rating. We believe that strengthening operations in the daytime slot should be the top priority.

Recently, I received mail directly from an employee in his second year at the Company. He outlined a strategy for reaching the 9% goal. I acknowledged his letter and passed it along to a manager overseeing our initiatives. The young employee wrote back saying he was truly surprised to receive a direct response from me, and that it was emblematic of the good atmosphere permeating the Company. We aim to achieve the V!-up goals on the back of this strong corporate climate.

2. Enhancing professionalism

The Company plans to create teams of professionals with the ability to produce the best possible content. This will enable us to control costs while also creating favorable content generating healthy earnings.

3. Hiring and training personnel and devising personnel policies for the new IT era

4. Developing content for multiple uses and looking into new business fields

5. Creating new business strategies and marketing practices for the digital age

6. Revamping practices in the and establishing new Group strategies

These important themes will be addressed and policies formulated through July 2006. Afterward, the various divisions will add their own business strategies and ideas. All employees will make concerted efforts to attain the goals of the V!-up plan. We hope our efforts meet with your understanding.

(end)

(Additional explanation concerning dividend policy)

Kazuo Hiramoto, Managing Director

TBS has set a target for dividend payouts at 20% of non-consolidated net income. For fiscal 2006, the Company plans to maintain a 20% payout, but it has not decided on a dividend policy for fiscal 2007.

We are aware that the Tokyo Stock Exchange recommends that dividends be based on consolidated results on all financial statement (*kessan tanshin*) reports from the year ended March 2007. We are considering whether we should convert or not to dividend payouts based on consolidated net income.

(Reference)

Statement at Tokyo Stock Exchange press conference on May 17, 2006

For the year ended March 2006, TBS forecast non-consolidated net income of ¥18.5 billion at the outset of the fiscal year. At that time, the Company publicly forecast dividend payments of ¥22 per share based on total shares outstanding.

Afterward, the Company revised down its forecast for non-consolidated net income to ¥16 billion when it announced interim results. At the end of the fiscal year, the Company effectively lowered its projection to ¥11.1 billion after having decided to record large extraordinary losses for writing off impaired losses on shares in Yokohama Bay Stars Baseball Club.

However, TBS opted not to reduce the dividend in view of its awareness of the need to provide returns to its shareholders. Accordingly, the dividend payout ratio was raised significantly to 36.5%. As part of its dividend policy, the Company has reiterated so far its policy of maintaining dividend payouts at 20% of non-consolidated net income.

(end)