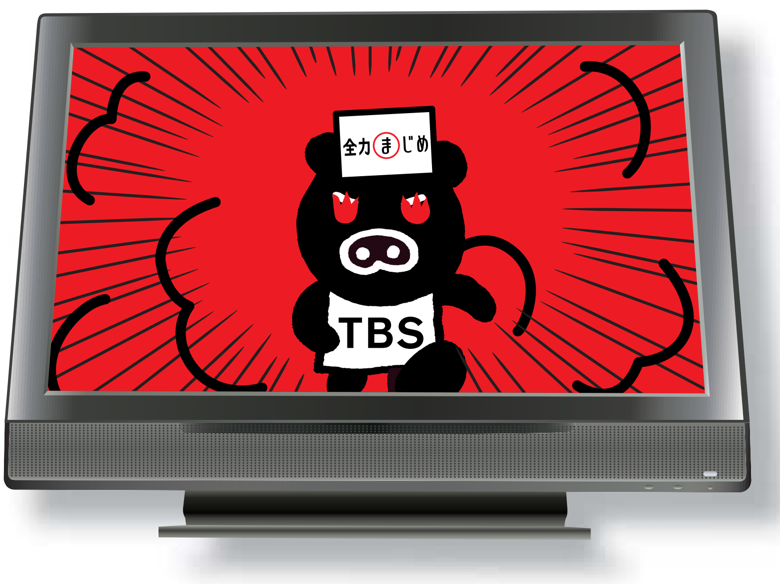
TBS



Tokyo Broadcasting System, Inc.

Annual Report 2008

For the year ended March 31, 2008

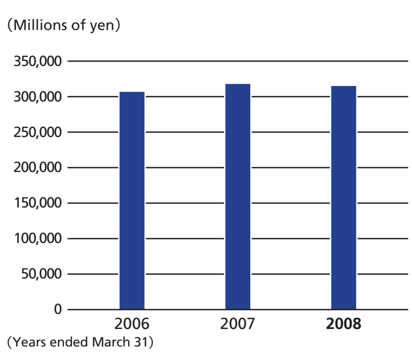
Financial Highlights

Tokyo Broadcasting System, Inc. and Consolidated Subsidiaries
Years ended March 31

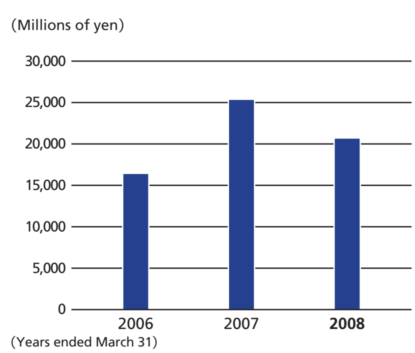
	Millions of yen		
	2006	2007	**2008**
Net sales	¥306,041	¥318,700	**¥315,175**
Broadcasting	254,469	262,762	**255,462**
Multi Visual Ventures & Cultural Events	48,709	53,181	**55,713**
Real Estate	2,545	2,475	**3,816**
Others	318	282	**184**
Operating income	¥ 16,405	¥ 25,328	**¥ 20,624**
Broadcasting	9,036	15,906	**12,265**
Multi Visual Ventures & Cultural Events	6,647	8,637	**7,913**
Real Estate	623	696	**424**
Others	110	84	**81**
Net cash provided by operating activities	¥ 23,261	¥ 50,886	**¥ 21,175**
All-day viewer rating	8.0%	7.8%	**7.6%**
TBS's share of spot sales among 5 key broadcasters in Tokyo	21.2%	21.7%	**21.3%**

Notes: 1. Segment sales figures represent sales to outside customers.
2. Effective from the year ended March 31, 2008, the Company separated the Multi Visual Venture & Cultural Events segment from the Others segment.

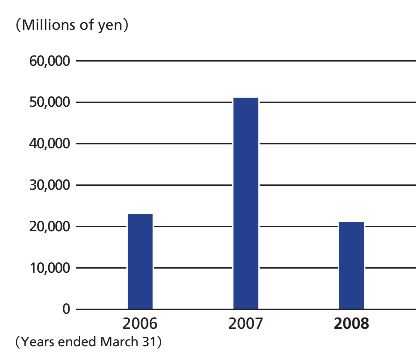
Net sales



Operating income



Net cash provided by operating activities



Forward-looking statements

This annual report includes forward-looking statements pertaining to expectations, plans, strategies, management goals, future performance, expenses, revenues, income and other forecasts formulated on past experiences. Forward-looking statements necessarily entail some degree of uncertainty, and the content conveyed in the results as well as underlying factors identified in the report may differ materially from actual results depending on changes in those factors.

FULL STEAM AHEAD

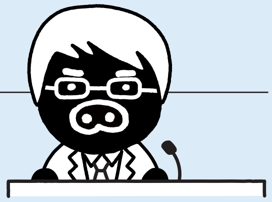
Breaking Away from Stagnant Viewer Ratings

Amid an increasingly severe business environment in fiscal 2008, ended March 31, 2008, our viewer ratings struggled in the all day, golden, and prime-time time slots. In fiscal 2009, TBS will go all-out to respond to viewers' needs and create programs that only TBS can produce. In each and every genre—drama, news, sport, comedy, and entertainment—we will exert our utmost efforts to act with sincerity, dedication, and wholeheartedness.

Contents

Hiroshi Inoue
President

TBS must aspire to be a unique broadcasting company renowned for excellent dramas and distinctive news coverage. For many years, we have been well-known as "TBS, the broadcaster of drama and news coverage," and I strongly believe that we should be confident and proud of our leading position in these genres. To maintain this position, we have implemented drastic measures to reinforce program lineups for the season starting in October 2008 and the following spring and are aggressively developing attractive new programs based on the successful results of the season that began in April 2008.



Changes Surrounding TBS

Q1 At TBS's results briefing, you mentioned "structural problems" in the TV broadcasting industry. Could you be more specific?

The TV broadcasting industry continued to see stagnant viewer ratings in fiscal 2009, ending March 31, 2009. Analyzing this trend, we discovered some changes in the structure of the Japanese viewing audience. Particularly in the Tokyo metropolitan area, the traditional model of families watching TV together is hardly seen these days, rather, viewing preferences are diversifying even among family members. Also, there used to be a clear spike in viewer ratings in the golden time slot (19:00-22:00). Today, however, changes in viewer preferences have softened this spike to a gentle curve. At the same time, an increasing number of people are opting to watch TV in the late-night or early-morning time slots. In other words, it has become difficult to get large viewer ratings in any one particular time slot although overall viewer ratings have not declined. These trends put us, particularly the mass media, at somewhat of a disadvantage. Nevertheless, TV remains the strongest of all the information media.

Q2 What trends do you anticipate for the future?

With the whole world feeling the impact of soaring crude oil prices, our loyal advertisers in the beverage, food and toiletry industries are feeling the pinch. Therefore, we think that optimism in our business outlook is unwarranted. The TV broadcasting industry has seen weak business results since the second half of fiscal 2008. Therefore, we must strive to maintain revenue at a level on par with that of the corresponding period of the previous fiscal year.

On the positive side, the Akasaka Redevelopment Project was completed and *akasaka Sacas* newly opened adjacent to our Akasaka headquarters as an information and media culture center, welcoming more than one million visitors over the 18 days of its opening festival. With its ability to draw visitors, *akasaka Sacas* is showing considerable potential to expand our earnings. Specifically, original events in collaboration with broadcasting operations are serving to further strengthen our business foundation and exceed our initial expectations. While TV excels at reaching a large-scale population at one time, diversification of individual preference is accelerating. Amid such trends, we would like to make effective use of *akasaka Sacas* to ensure that it meets diverse needs.

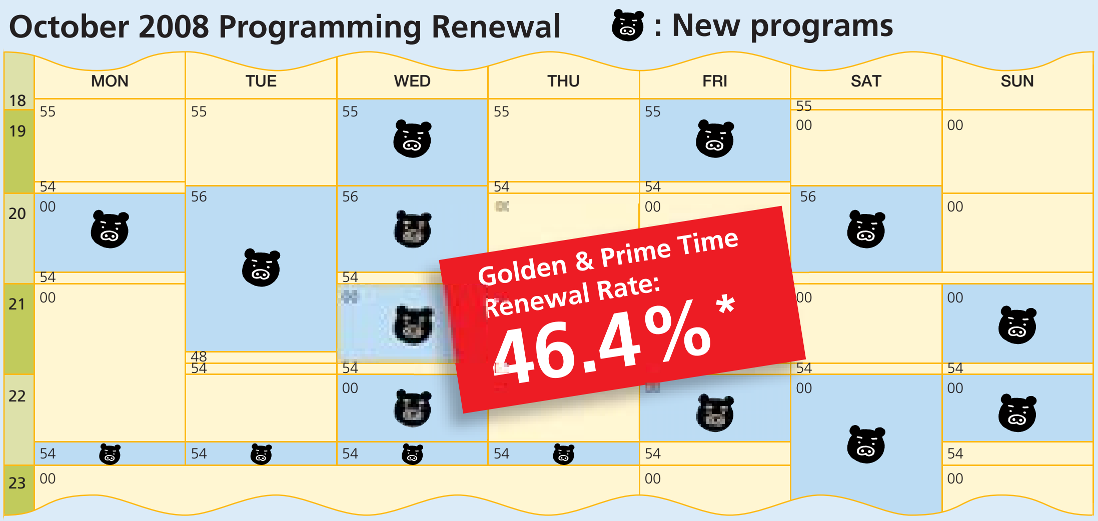
Toward Rebuilding the Broadcasting Business

Q3 Among the new programs launched in April 2008, the two dramas *ROOKIES* and *AROUND 40* enjoyed strong success. How will TBS maintain this momentum?

We cannot as yet say anything definitive as we are in the midst of change. However, we intend to continue focusing on new means of promotion via the Internet, like we did with *ROOKIES* in addition to building on the success of these dramas.

To maintain and boost momentum, we will strive to drastically renew program schedules for the season starting in October as well as for next spring while aggressively developing attractive new programs.

October 2008 Programming Renewal



* Including some drama and programs aired by the Mainichi Broadcasting System, Inc.

As for dramas, we are looking to create programs that will appeal to adult viewers in such time slots as the popular Sunday 9 P.M. slot. Together with this, we will strive to produce dramas for the Saturday 8 P.M. slot, in which we will present programs targeting younger and family viewers with such themes as school life.

With regard to variety programs, it is difficult for TBS to demonstrate its uniqueness as all the broadcasting companies present similar programs. Nevertheless, we strongly believe that we need to introduce appealing programs in this genre. With this in mind, we are making every effort to reinforce our program lineups to become a distinctive and successful broadcaster in this category.

Q4 What approach is TBS taking with regard to program production costs amid the current severe conditions?

Some say program quality will suffer; indeed, if we cut production costs at this juncture, we might find ourselves facing a reduced production capacity. However, I believe we can restructure our program production process to reduce costs.

We will, of course, strive for the efficient allocation of budget items to maximize time slots and programs, but we also work to restructure the program production process with the aim of controlling costs without dampening enthusiasm at the production level or downgrading program quality.

Keys to Future Growth

Q5 How is TBS going to leverage the success of its dramas and *akasaka Sacas*?

ROOKIES and *akasaka Sacas* are great examples of success, but the creation of new programs is largely a trial and error process. We have also learned from the example of *BOYS OVER FLOWERS.* This program represented a new genre for us, and its success encouraged us to participate in other genres. Moreover, the smooth in-house cooperation of staff with regard to the secondary use of programs resulted in efficient production. For a long time, our corporate culture has been rather too sedate despite our lack of a strict hierarchy. Over the next few years as we gradually evolve toward a more energetic culture, however, I expect that we will become more aggressive and proactive. We have been hiring a certain number of new university graduates for the last seven or eight years based on a changing recruitment policy. These rookies are now reaching their early 30s, the period when they are expected to display their maximum ability. Therefore, I am confident that those young employees will establish new successful cases.

Recently, I have been telling the people in the production divisions to remind themselves of what they really wanted to do when they first joined TBS. What kind of dramas did they envision themselves making? What kind of entertainment program was it that they were looking for? Such examination of our original intentions will help us to find the motivation and energy for switching to the offensive. By bringing together and harnessing the energy of individual employees, TBS will be able to fulfill its responsibility to enhance corporate value in a sustainable manner to meet all stakeholders' expectations.

2008 Spring Season Drama, *ROOKIES*: Success through Multifaceted Promotion

The Broadcasting Business is driven by the actions of two divisions: the TV Programming Division, which takes the initiative in broadcast scheduling, the factor that determines our competitive edge by offering viewers the high-quality programs they expect, and the TV Sales Division, which cultivates and maintains relationships with sponsor companies. The following is an overview of the roles being played by the TV Programming and TV Sales divisions in bringing TBS's Broadcasting Business back on track.

Channel 6: Aiming to Be the Viewers' First Choice

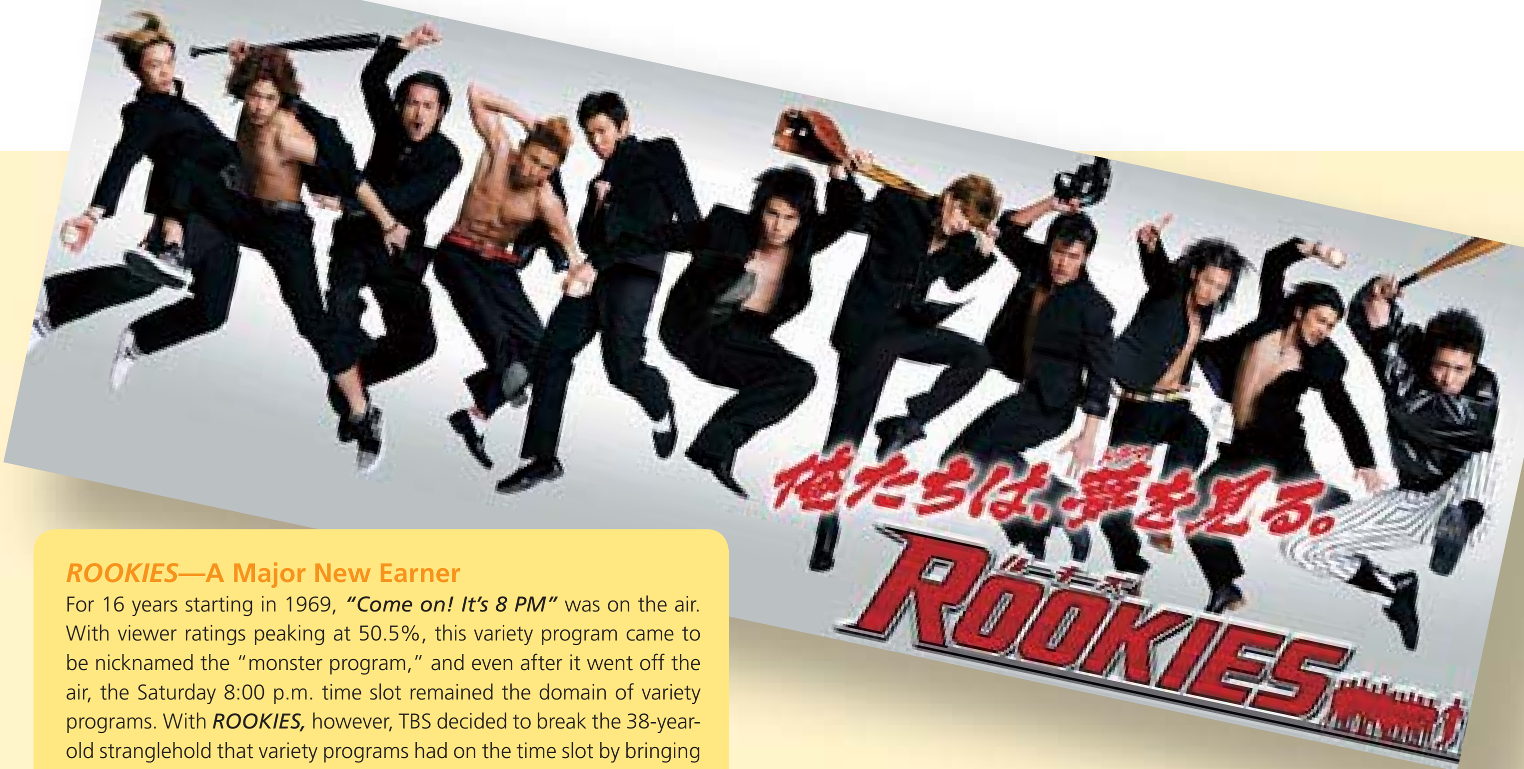
Takashi Yoshizaki Division President, TV Programming Division

Fiscal 2009 Is the Year to Break the Pattern of Stagnant Viewer Ratings

In fiscal 2009, the year ending March 31, 2009, TBS intends to break the pattern of stagnant viewer ratings. Before we can proceed, we must first face the facts, in particular, we must acknowledge that we have been severely beaten by the competition in the race for ratings. Moving forward from this point, we need to adopt a new mind-set, one that is a true departure from precedent. In short, we need to avoid becoming trapped by tradition and thus unable to act. If we fail to do so, we will never win. To win against the competition, we must reinforce and heighten the drawing power of our offerings in the three core genres of drama, news, and heartwarming entertainment programs. Specifically, we must create programs that can be viewed and shared by all the family.

Now, we must hoist and rally round the TBS flag. It seems to me that we have lost sight of the winning formula. Therefore, I believe that we must "hoist a flag" to give us something to aim for. Actually, two flags are required—one for specific hit programs, the other for time slots outside prime time. By establishing these two clear goals, TBS will be able to clearly indicate what it is aiming for and where it wants to go with its programming.

For example, such hit programs as *ROOKIES* and *Around 40* account for single, one-hour slots in a seven-day week of 24-hour days. We achieved something of a hit with *ROOKIES,* which delivered a thrilling and inspiring story for a younger audience. This achievement, as represented by *ROOKIES,* will serve as the flag for the production front. Although the majority of *ROOKIES* viewers can be termed new rather than loyal customers, as they watch



2008 spring season drama, *ROOKIES*

ROOKIES—A Major New Earner

For 16 years starting in 1969, ***"Come on! It's 8 PM"*** was on the air. With viewer ratings peaking at 50.5%, this variety program came to be nicknamed the "monster program," and even after it went off the air, the Saturday 8:00 p.m. time slot remained the domain of variety programs. With ***ROOKIES,*** however, TBS decided to break the 38-year-old stranglehold that variety programs had on the time slot by bringing back a drama to this time slot, a flagship program that heralded an array of new programs launched in April 2008.

the program week after week, these viewers will come to make TBS their first choice.

On the other time slots front, TBS needs to become its viewers' first choice, in any time slot and any genre.

With these two flags in sight, TBS is on its way to being its viewers' first choice and to attracting a wider audience through the introduction of new programs. All we need to do is to work steadily to repeat these successes. There is a danger that, if we try something unlikely for TBS in pursuit of higher viewer ratings, we might enjoy a temporary spike in viewer ratings only for viewers to leave us later with disappointment. One thing that is certain, however, is that even those viewers who do leave us will return when we present programs that appeal to them. With this in mind, we will strive to create heartwarming programs that can be shared by all the family and that viewers will look forward to seeing every week. Appealing programs include attractive themes that match current trends.

Quest for a Winning Program Schedule

Among the issues raised in society today are those of struggling for success or dealing with life's disappointments. We must reflect these issues in our programs whether they are dramas, entertainment, news, or infotainment. I believe the TV Programming Division must take the initiative in the production of such programs and work to create a strong programming schedule.

In pursuit of creating such programs, TBS will make every effort to hoist a flag first on the programming front as it strives to compile a winning program schedule. Adopting three-step approach covering fall 2008, spring and fall 2009, we are strengthening our programming, especially for adult viewers.

Nothing Ventured, Nothing Gained

The path of righteousness is always arduous. Put the other way around, those who are taking the arduous route are on the path of righteousness.

For example, if we were sailing out on rough seas to discover a new continent, there would naturally be a number of injuries, disputes between people and/or damage to the ship. In other words, it is only natural that things may not at first seem to work out. We must regard each setback as a necessary lesson as we work to achieve a successful result.

We must experience success and failure to produce hit programs.

In order to break the grip of the status quo, we must permit ourselves the occasional failure. "Nothing ventured, nothing gained," we will never succeed or fail unless we try. It is now time to let the younger generation of TBS employees lead the way with new and innovative thinking. Only then will we meet with success.

With Sensitivity and Hospitality

Ryoichi Nitta Division President, TV Sales Division

Responding to Needs while Maintaining Originality

Right now, TBS is facing an extremely severe business environment. Thus far in fiscal 2009, ending March 31, 2009, our spot sales in the Tokyo area have been well below the levels recorded in fiscal 2008. In the market in general, we are seeing prices for spot and time advertising sales continuing to decline due to the worsening supply-demand situation. We have never before experienced such conditions and are feeling a strong sense of crisis.

Advertisers have been keeping a tight hold on their purse strings over the last couple of years, maintaining a sharp eye on quarterly results and shelling out for spot advertising only when they need to win. They are also working to avoid incurring any fixed expenses. Therefore, advertisers are aiming for the greatest possible cost-efficiency in their spot advertising purchases, an approach that has resulted in harsh competition for specific time slots.

In addition, advertisers' purposes have polarized, with advertisers opting either to purchase 15-second spots to promote newly launched products or to sponsor programs in order to promote their corporate image and brand. Even in the latter case, however, there is growing demand for 30-minute or shorter programs, not our regular one-hour allotment, in other words, programs long enough for advertisers to present a program-linked corporate image.

Responding to this demand, in October 2008 TBS began marketing six-minute prime time "mini-net slots" to be aired Monday through Thursday. These slots were completely sold out and this success was entirely attributable to our realization of what advertisers needed and willingness to work with the TV Programming Division to review and revise our programming timetable. However, if single-sponsor programs become prominent in our programming timetable, our spot sales might be negatively affected. In fact, our programming itself could be put in jeopardy by efforts to satisfy the wishes of the TV Sales Division. At the same time, the TV Sales Division is increasingly under pressure to balance meeting the advertisers' needs with maintaining program values. When I joined TBS, one of my seniors made a strong impression on me. He said, "the TV Programming Division should think about making profits while the TV Sales Division thinks about ensuring program values." I believe that such sensitivity is particularly needed now.

In addition, I often advise sales people to constantly be vigilant to maintain a service mindset and to keep in mind that, no matter what their job or position, all businesses are built upon relationships between people. Moreover, we must always extend sensitivity and hospitality as we

Maintain a Service

Novelized book of 2008 spring season drama, *Around 40*

Around 40—The Buzzword of the Year

Around 40 focuses on the generation of people—and in particular women—who are now around 40 years old. Adolescents in the early 1980s, they came of age around the same time that the Equal Employment Opportunity Law came into effect. Their entry into the employment market was when the economic bubble was at its peak, and as they entered the workforce they became known as the "new generation." Today, however, despite working hard for many years, they have been labeled "losers." For better or worse, this generation of women has always been regarded as a symbol of the times. They are viewed as waverers, as they were the first generation to attempt to balance both work and child rearing. At the same time, they face a wide variety of choices with regard to lifestyle and represent a spectrum of values.

Mindset

fulfill our duties so that the greatest possible number of people—including those both inside and outside of TBS, viewers and advertisers alike—benefit and are satisfied.

Television is the most powerful of contemporary media, with a 100% reach. Nevertheless, we need to offer proposals that will simultaneously sell products across various media, in other words, a "cross marketing" or "cross media" system. Based on this idea, TBS is striving to make complementary use of radio, the Internet, mobile devices and outdoor advertising that leverages TV's unique characteristics. In addition, we are putting *akasaka Sacas* to practical use as an "out of the home media venue." *akasaka Sacas* continues to attract a large number of visitors and has proved a success at presenting events combined with spot advertising, earning a favorable reputation on both counts.

The "Live" Momentum

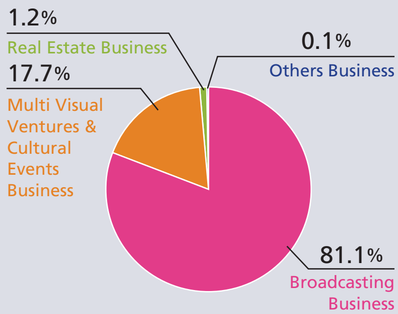
Despite the achievements mentioned here, we regret to say that TBS programming has hit unprecedented lows in audience appeal. At such times, sales people find their raison d'être called into question. It is thus time to maximize our division's established power in the area of human relations. With this in mind, I am urging sales people to support their colleagues in the TV Production Division until they regain their true strength to create good programs. Each salesperson is required to brush up his/her sense of program production and journalism so that he/she will eventually acquire superior skills that qualify him/her as a broadcasting specialist rather than a mere salesperson. Using to best advantage their position as the Company's primary contact with the world, salespeople must act as conduits bringing back information to the workplace, including the program production frontline.

What most distinguishes a broadcasting company from other media is the "live telecast," the most typical example of which is sporting events. However, hit programs in any genre are always talked about the next day. Therefore, it is important to keep producing contemporary, up-to-the-minute programs that viewers feel that they "must watch now." TBS needs this "live" momentum. Given this need, I believe salespeople must strive to keep their fellow employees inside TBS apprised of the latest trends and needs.

Review of Operations

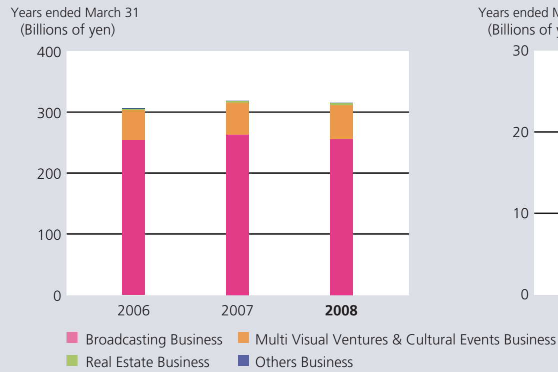
Tokyo Broadcasting System, Inc. and Consolidated Subsidiaries

Composition of Net Sales

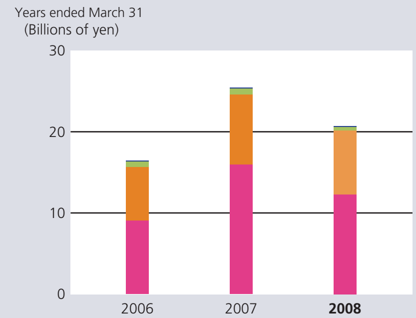


Year ended March 31, 2008

Net Sales



Operating Income



Broadcasting Business

Serving as both a TV and radio broadcaster, TBS airs pre-recorded and live programs through a nationwide network, with profits mainly from advertisements sold to sponsor companies in the form of time slots and programs. With TV broadcasting positioned as the Group's core business, TBS has provided a number of timeless masterpieces that reinforce its reputation for top dramas and news coverage.

During fiscal 2008, although TBS carried out aggressive time sales for various large-scale, one-time programs, sales fell below those of the previous fiscal year. In addition, spot sales declined in all-day, golden and prime-time time slots year on year amid the harsh business conditions. Nevertheless, the International Association of Athletics Federations (IAAF) World Championships in Athletics Osaka held in August 2007 hit record-high sales for a one-time event, owing to the Groupwide endeavors, and the nine-day live broadcasts averaged viewer ratings of 16.9%, mainly in the golden time and prime time time slots. Furthermore, the drama *Fufudo* received the Best Drama Award from the Japan/South Korea/China TV Producers Forum, and the drama *Utahime* won the Galaxy Awards' My Best TV Award, which is determined by public vote. This high acceptance among viewers attests to TBS's quality production capability in addition to good viewer ratings. In the area of variety programs, *Pittanko Kan Kan* and *Nakai Masahiro's Kinyobi no Sumatachi E* remained extremely popular among women and *Lincoln* received the strong support of our younger viewers. *Mino Monta No Asa Zuba!*, *Sunday Morning* and other programs were especially attractive to viewers for their straightforwardness and reliability. In news, TBS was the first to report the resignation of the former Prime Minister Shinzo Abe, demonstrating its coverage capability. Furthermore, *Yomei 1-kkagetsu no Hanayome* (Bride with One Month to Live), a serial project for the *Evening Five* news program and aired as a special program in the golden time time slot, recorded a 16.6% viewer rating. The solid audience response prompted the publication of a book based on the program and its subsequent reprinting. Spurred by this popularity, an eagerly awaited movie of this story is planned for release next year.

In Japan's satellite digital TV broadcasting business, the number of receivers shipped during the fiscal year under review topped 36 million units. TBS' equity-method affiliate BS-i gained profitability for the first time on a single-year basis. This was attributable to its reinforced sales promotion activities and cost-control efforts as well as heightening recognition for its high-quality comprehensive planning since its inauguration.

Meanwhile, TBS Radio & Communications, Inc. (TBS R&C) boasted top listener ratings for the seventh consecutive year. The OTTAVA, a classical music program introduced in April 2007, saw more than 130,000 listeners register in its one year of operations. OTTAVA offers a range of highly popular services, including podcasts. TBS R&C's long-running eco and other events, including *Dialogue in the Dark*, enjoy a high reputation, reflecting TBS R&C's unique approach and sensitivity to its subject matter.


Broadcasting
エキサイトベースボール
TBSラジオ 954kHz
NEWS 23
王様のブランチ
朝ズバッ!
YOKOHAMA BayStars
Around 40
〜注文の多いオンナたち〜
ひみつのアラシちゃん!
山田太郎ものがたり
夫婦道
Tomorrow
さんまのからくりTV SUPER
Sanma's Karakuri-TV
金曜日のスマたちへ
サンデーモーニング
うたばん
ピンポン!
噂の!東京マガジン
THE 世界遺産
世界ふしぎ発見!
だいすき!!
サンデージャポン
ブロードキャスター
報道特集 NEXT
アッコにおまかせ!
魔王
ROOKIES
BS-i
東京少女
かくて名画は生まれた。
TBS RADIO & COMMUNICATIONS
大沢悠里のゆうゆうワイド
森本毅郎 Stand-by スタンバイ!
OTTAVA
Contemporary Classical Music Radio Station
DIALOG IN THE DARK 2007

Multi Visual Ventures & Cultural Events Business

In liaison with the Broadcasting Business, the Multi Visual Ventures & Cultural Events Business, centered on the multiple use of content, has come to play an increasingly important role in recent years as a business to complement and reinforce the Broadcasting Business. The business domains and opportunities these operations cover are ever expanding: sales of programs and program formats both in Japan and overseas; the production and release of movies; planning and operation of various events, including art exhibitions and musical concerts; the licensing businesses, including the sale of program-related goods and publication; TV and catalogue shopping businesses; the production of animations; the production and sale of original DVDs from our valuable archive; pay-TV services, including cable TV; Internet, Mobile and Broadband businesses that produce and manage websites for TV programs and handle mobile pay-content as well as one-segment services.

Software Business

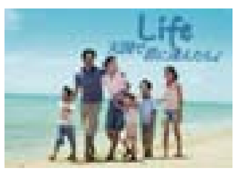
Movies

TBS has launched a number of box-office hits in recent years, including *Crying Out Love, in the Center of the World* and *SINKING OF JAPAN.* In 2008, the Movie Production Department was spun off in order to focus more on theatrical productions. *Sky of Love ~Someone I love is there~,* a film that drew 3.15 million viewers, mainly junior high and high school students, and became a social phenomenon, generated sales of topping ¥3.8 billion. *CROWS-Episode 0,* originally a popular comic, marked sales of over ¥2.5 billion. Furthermore, *The Black Swindler* and *The Glorious Team Batista* recorded solid results.

Sky of Love ~Someone I love is there~
©2007 "Sky of Love" Production Committee

CROWS-Episode 0
©2007 "CROWS–Episode 0" Production Committee

The Glorious Team Batista
©2007 "The Glorious Team Batista" Production Committee



Life ~Tengokude Kimini Aetara~
©2007 "Life ~Tengokude Kimini Aetara~" Production Committee

Battery
©2007 "Battery" Production Committee

Note: Pictures are not displayed on the Web site due to copy-rights.

The Black Swindler
©2007 "The Black Swindler" Production Committee

Program Sales Business

TBS boasts 40 years of experience in the sale of dramas, animations and variety programs as well as movies backed by TBS itself in both Japan and more than 100 countries in five continents. In program format sales, TBS proactively develops new businesses, including the creation of overseas editions and DVDs and the sale of remake rights, and has produced several thousand episodes in over 200 countries. In fiscal 2008, the U.S. version of *SASUKE, Ninja Warrior,* recorded phenomenal viewer ratings on G4, the fastest-growing U.S. cable TV broadcaster, and was named one of the best 10 TV programs of 2007 in various magazines, enjoying favorable comments from mass media.

SASUKE, *"Ninja Warrior"*

CROWS-Episode 0 the Movie Taiwanese Version
©2007 "CROWS–Episode 0" Production Committee

Videos and DVDs

In fiscal 2008, *BOYS OVER FLOWERS 2 (Returns)* marked record-high sales among TV drama DVDs. In addition, such other dramas as *The Family, YAMADA TARO MONOGATARI* and *Utahime* recorded favorable results. Sales of animation DVDs including *CLANNAD* and *Kanon* were also robust, and the DVD performance collection set of traditional *rakugo* storyteller Kokontei Shincho, released under the Rakugo Study Group label, became a good example of putting TBS's valuable archives to effective use. For the 2008 spring season drama *ROOKIES,* TBS released several episodes as boxed DVD sets before the TV series ended, the first time such a move has been made and saw unit sales of over 90 thousand. The *ROOKIES's 2nd* boxed DVD set saw its first shipment reach 100 thousand, taking first place on our drama DVD sales list.

ROOKIES

Rakugo Study Group, *The Complete Works of Kokontei Shincho*

Come on! It's 8 PM

K-1 PREMIUM 2007 Dynamite!!

Seven Days of a Daddy and a Daughter

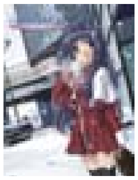
CLANNAD
©VisualArt's / Key / Hikarisaka High School Drama Club

Note: Pictures are not displayed on the Web site due to copy-rights.

The Black Swindler

Tetsuya Kumakawa, *Dancer*

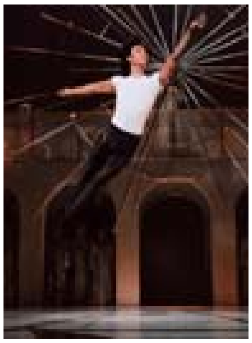
xxxHoLiC 2
©2008 CLAMP KODANSHA / Ayakashi Workshop



Kanon
©Visual Art's / Key / Hyakkaya

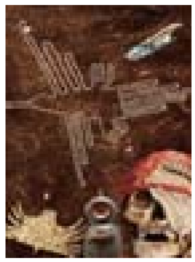
Event Business—Music, Play, Exhibition, and Sport

We have presented various live events and performances, including K-1 fighting and volleyball games, in parallel with the broadcast of such events, enhancing our popularity. The exhibition *Nasca: Wonder of the World–Message Etched on the Desert Floor,* was particularly well received and resulted in calls for a second exhibition. Meanwhile, Akasaka ACT Theater had grand opening featuring the premier of Tetsuya Kumakawa K-Ballet Company's new performance *Beethoven's No. 9.* In addition, TBS and Lawson Ticket jointly acquired shares in the U.S. KEY BRAND ENTERTAINMENT, INC., to gain preferential negotiating rights for a number of Broadway shows and their Japanese language version performing rights. KEY BRAND ENTERTAINMENT purchased the theatrical entertainment business of one of the world's largest promoter and owns performing rights of the abovementioned broadway shows.



Tetsuya Kumakawa K-Ballet Company
Beethoven's No. 9 ©Hirotsugu Okamura

Turandot
©Tomohiro Akutsu



Nasca: Wonder of the World–Message Etched on the Desert Floor
Photograph: Yutaka Yoshii

Shangri-La by Yang Li-Ping

Yoshida Brothers

Internet / Mobile / One-Segment

TBS engages in the planning, production and administration of program websites, billing content and one-segment services. For the 2008 spring drama *ROOKIES,* collaborating with Yahoo! JAPAN, TBS conducted proactive promotion activities by means of the Internet before its launch. In the One-Segment sector, a Yokohama BayStars baseball game became TBS's first ever non-simulcast broadcast.

Licensing & Shopping Business

In the Licensing Business, TBS plans various program-related goods. Recently, TBS teamed up with makers to jointly develop products for sale at convenience stores and apparel chain stores and saw favorable results accruing to program and movie promotion. In the Shopping Business, TBS is aggressively expanding businesses via diverse channels, including terrestrial, BS and CS broadcasting, radio broadcasting, mobile content, the Internet and catalogs.

Novelized Book, *Yomei 1-kkagetsu no Hanayome* (Bride with One Month to Live)

Ice cream
(*King's Brunch* + Lotte)

Snack pies
(*King's Brunch* + Lotte)

Phone strap
(BOYS OVER FLOWERS the Movie)

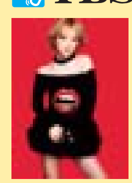
T-shirt
(*ROOKIES* + Right-on)

Pizza (*ROOKIES*+ PiZZA-LA)

Pay-TV

Our pay-CS (communications satellite) business expects to enjoy further growth thanks to increase in potential audience. The number of households capable of receiving the *TBS Channel,* which boast valuable archives, up-to-the-minute live videos and content, and the 24-hour news channel *News Bird* exceeded 31.2 million and 45.6 million, respectively. In on-demand programming, we are aggressively streaming our original, attractive programs.

TBSチャンネルHD
TBSチャンネル
TBS NEWS BIRD
TBSオンデマンド

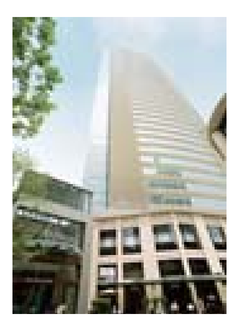


Ayumi Hamasaki, Year-end Countdown Live

Special Program of Korean Stars
Photograph: BOFi

Real Estate Business

At the end of January 2008, construction on all buildings inside the premises of *akasaka Sacas,* including the Akasaka Biz Tower rental office and retail facilities and the rental housing tower Akasaka The Residence, was completed in accordance with the Akasaka Redevelopment Project, and a grand opening for the new *akasaka Sacas* complex was held on March 20, 2008. Owing to this, revenue from the Real Estate Business surged 54.2% year on year. In fiscal 2009 and beyond, TBS expects stable and high profits due to the full-year operation of the *akasaka Sacas.* The approximately 33,000m^2 site adjoining the TBS Broadcasting Center houses the Akasaka ACT Theater, Akasaka BLITZ live house and Sacas Square, where programs are recorded in front of a live audience and various events are held. Moreover, in and around the premises, we have planted a total of 100 cherry trees that includes 11 different varieties, helping to make *akasaka Sacas* one of Tokyo's hottest new sightseeing venues—a place where visitors can come into direct contact with TBS' programs as well as the base where the buds of a new culture will bloom.



Akasaka Biz Tower

The Success Story of *BOYS OVER FLOWERS*—From Television to the Big Screen

Concluding Sequel to the Record-Breaking TV Drama Hits the Big Screen

Note: Pictures are not displayed on the Web site due to copyrights.

Dec. 2008

Boxed DVD set, *BOYS OVER FLOWERS the Movie* will be released

Souvenir pamphlets sold
+500,000

June 2008

***BOYS OVER FLOWERS the Movie* released**

63.5 million moviegoers for **¥7.7 billion** in box office sales
(In the 90-day period following release)

Advance tickets sold
+250,000

Premium preview
+250,000 applicants
for 6,000 seats

Feb. & Mar. 2007

Official site:
Over 100 million page views
TBS site: 160 million page views/month

Mar. 2007

Boxed DVD set, *BOYS OVER FLOWERS 2 (Returns)* launched

544,000 unit sales
(As of June 2008)

+100,000 applicants
Answered the open call for 12,000 extras for the final episode

Jan. 2007

TV drama, *BOYS OVER FLOWERS 2 (Returns)* on air

Note: Pictures are not displayed on the Web site due to copyrights.

Highest viewer rating: 27.6%
Average viewer rating: 21.6%

No. 1 ORICON's 2007 customer satisfaction ranking for dramas

Mar. 2006

Boxed DVD set, *BOYS OVER FLOWERS* launched

3 months
Short delay following end of TV series

416,000 unit sales
(As of June 2008)

No. 1 The best-selling TV drama DVD in Japan

Sales agency: TBS
Distributor: TC Entertainment
Based on Yoko Kamio's *Hana Yori Dango*, Margaret Comics published by SHUEISHA Inc.

Oct. 2005

TV drama, *BOYS OVER FLOWERS* on air

Highest viewer rating: 22.4%
Average viewer rating: 19.8%

No. 4 Among 2005 commercial TV dramas

Yoko Kamio, *Hana Yori Dango (BOYS OVER FLOWERS)*
Serialized in the bi-weekly magazine *Margaret* (SHUEISHA Inc.), from 1992 to 2004
27 books in standard edition, 20 books in deluxe edition
A best seller in the shojo (young female) manga genre with approx. 60 million copies sold

Now is the Time to Work It Out. Creating a Hit-Making Engine amid Adverse Challenges

Katsuaki Setoguchi
Program Producer *(BOYS OVER FLOWERS)*
Division of TV Production

An Ideal Set Created at the Eleventh Hour

In spring 2005, I had finished up a drama project and was looking for good ideas. Then, I came across a complete set of the comic book series *BOYS OVER FLOWERS* ("Hana Yori Dango"). Swept up in a feeling of nostalgia as I remembered my elder sister lending me her prized comic books, I once again delved into this classic love story peopled with unique and memorable characters. It struck me then that this story could be a great hit, and I said to myself "someday, I'd like to dramatize this." Soon after, I was talking to some staff about realizing this goal when the programming planned for that fall met with a setback. Suddenly, we were in a position to get the dramatization made.

I felt somewhat as if fate had a hand in this, that someone somewhere was giving the whole project a supportive push, but was worried because we had only one month until the start of filming. Of course, we had not yet appointed a screenwriter or cast any actors. After three nonstop days and nights of work, we had created a script that was not just a love story but a multilevel drama interweaving the first story with another centered on a family. Until then, most people thought that girls' comics were too difficult to dramatize, and a senior colleague of mine advised me that "we can tell one big lie in a drama, but everything else has to be real." Since the premise of the story itself was already highly improbable, we decided to make the parts, including the characters' emotional journeys, as real as possible. Then we rushed off to begin filming.

The adverse circumstances of the project's beginnings served to strengthen and unify the project team. In addition, our dedication to preserving the highest level of "reality" in the *BOYS OVER FLOWERS* world throughout the drama eventually affected other staff as well as the actors. It was as if everyone worked more effectively in response to our unwavering determination to maintain integrity. This generated an ideal work environment for producing programs. Moreover, our enthusiasm for the project reached the audience through the TV monitor, and viewer feedback encouraged us even more. This program proved to be truly groundbreaking.

We Cannot Change the Past, but We Can Change the Future

Everyone, from those inside and outside TBS, industry participants and, of course, the audience, eagerly awaited the sequel. However, in the end, it was us who did not give the green light to the project. We felt that we could not make a show unless we had full confidence in it. Anything less, and we were in danger of disappointing viewers. When you are facing a true challenge, your entire way of thinking is different than when you are set a task where all that is expected of you is to do your best and allowance is made for failure. It is even harder when you are working to meet people's expectations in the wake of success. Thus, we ourselves were probably the most cautious about making *BOYS OVER FLOWERS the Movie.* In the end, though, we finally were confident of our plot and went all out to produce the best movie we could in order to pay our viewers back for their support.

At TBS, we value things that happen on the set. For example, what would happen if someone on the set came up with an idea better than what had already been decided on in a meeting? The easiest course of action is outright rejection on the grounds of feasibility or time; however, we our duty is not to ourselves but to our audience. Making that extra effort is sure to benefit the program. The Company enjoys a reputation as "TBS, a broadcaster of excellent dramas." With those who are senior to us setting an example of how we should move forward, we must now realize our role and take the lead. In one year, we can make a huge difference through conscious dedication to improving our position. In addition, we strongly believe that *BOYS OVER FLOWERS* taught us valuable lessons as members of the TBS team.

A New Entertainment Complex, *akasaka, Sacas* Opens

Creating a Unique Town Center that Highlights Our Broadcasting Roots

Sacas—blooming with culture and smiles

Sacas—['sȧ·kȧ·sü], coming from Japanese word "sakasu," or "cause to bloom"

Akasaka Biz Tower Shops & Dining Atrium

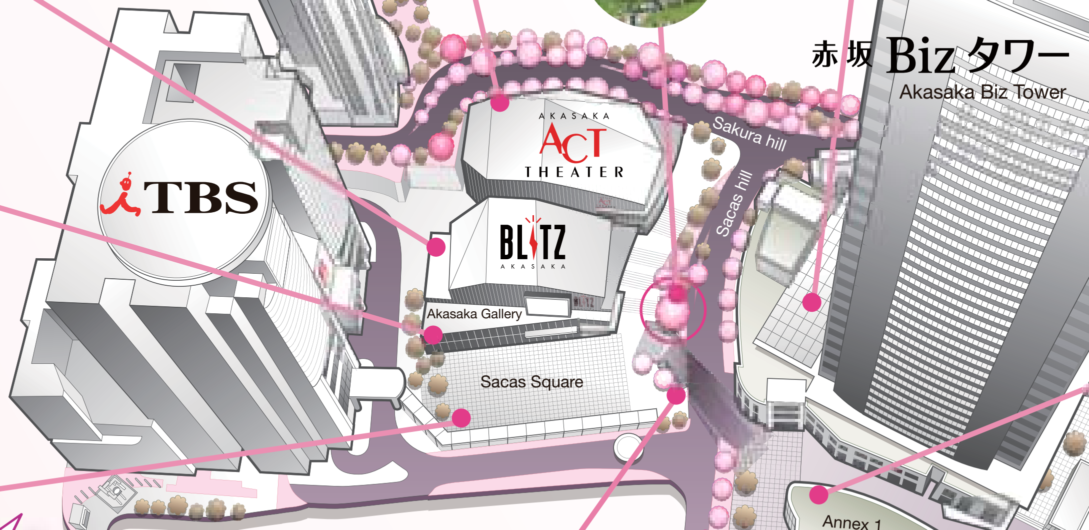
Akasaka ACT Theater

"Miharu no Takizakura"
The site features a tree grafted from the famed Takizakura cherry tree of Miharu-cho, Fukushima Prefecture, which has been designated a "natural monument." The Takizakura is one of the three most treasured cherry trees in Japan.

Akasaka BLITZ

Akasaka Gallery

Sacas Square, a multipurpose space



A place where everybody—the audience, cast and staff—smiles.

Media Stairs (B1F)

Sacas offers a "touch & response" interface for visitors

Source: The Flower Association of Japan

There are 100 blossoming cherry trees representing 11 varieties gracing *akasaka Sacas* site.

A Place Filled with Smiles—Generating Enormous Energy

Naohiko Kishi
Vice President, Director of *akasaka Sacas* Promotion Department

TBS Store

Sacas Front (B2F)

Wall mural

Great Potential of Akasaka

"Let's develop a cheerful town center that exemplifies the unique characteristics of a broadcasting company, that is, TBS!"

In 2005, we confirmed our plan for the new *akasaka Sacas* area development. Commanding a central location in the Akasaka district, *akasaka Sacas* aims to attract a growing number of people and create new flow of visitors to the area. In addition, in undertaking this development project, we wanted to pay homage to the history of the area, including the origin of the name Akasaka (literally, red hill) itself, which comes from "Akanezaka [literally, deep red hill] in the glow of sunset." With these goals in mind, we hope to help as many people as possible discover the joys of Akasaka, both old and new. The *akasaka Sacas* opening festival, which started on March 20, 2008, welcomed approximately 1,075,000 visitors in 18 days. *akasaka Sacas* is a place where new things are constantly introduced to people. Today, *akasaka Sacas* is definitely the place to set new trends and introduce fresh concepts.

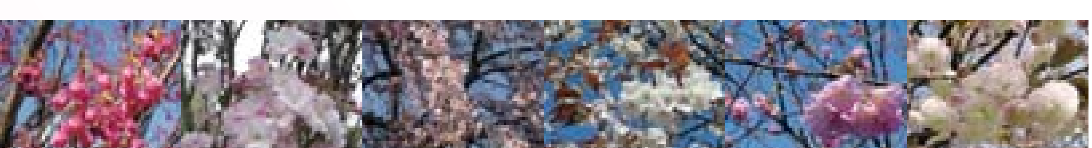
akasaka Sacas gives us the freedom to constantly introduce new things by rearranging the event space and gallery as well as the displays on the Media Stairs and the big monitor. Every time you visit it, *akasaka Sacas* presents you with something new. We held the 45-day "Natsu Sacas '08," a summer festival featuring TBS programs. In addition, we held "Akasaka Art Flower 08," an exhibition of contemporary artists who are active both in Japan and overseas, in autumn. For the future, we will install an outdoor skating rink named "White Sacas—The Rink at *akasaka Sacas*" this winter.

To Be a Place Blooming with Smiles

With its ability to draw visitors, akasaka Sacas is utilized by a number of companies for their events. This is because akasaka Sacas is the ideal setting for consumer "touch & response," the way of direct communication with viewers and visitors required most by companies. Moreover, viewers who see TBS event programs on TV are attracted to visit *akasaka Sacas* in person. This creates a positive cycle that draws still more visitors.

Through direct contact with many TBS viewers at *akasaka Sacas,* I have come to realize that when we are designing attractions, we must look to the details and thoroughly plan how we are going to meet the needs of and satisfy visitors. At the same time, *akasaka Sacas* provides people with the opportunity to physically touch and feel things and thus experience them with a vividness and degree of detail that can hardly be conveyed through TV. In other words, through events at *akasaka Sacas*, we have the opportunity to glean direct responses, including voice and facial expressions, from our audience. When *akasaka Sacas* really becomes a place filled with smiles, amazing things are sure to happen for TBS.

"Sacas," a Japanese word for "bloom," is not a passive term but an active concept. With *akasaka Sacas* inspiring us to "attract more visitors" and "produce better programs," we now have the opportunity to bring new value to Akasaka. This place that blooms with smiles is generating a whole new level of energy that TBS can utilize to further improve and grow.



The TBS Group Eco-Vision

TBS is strongly aware of its social responsibility as a media company. In particular, we actively report on drastic changes in the global environment and advocate the preservation of the natural environment through TV and radio programs as well as various events.
In January 2007, TBS established TBS Group Eco-Vision and declared the commencement of environmental activities based on clear objectives.

In line with a basic policy of "Ensuring the ability to dream: a 50-year perspective," TBS will take the initiative in global environmental protection in its role as a media company.

EcoBoo,
TBS's eco-character

http://www.tbs.co.jp/eco/

Basic Policy

1. Role as a Media Company

In order to fulfill its social responsibility as a media company, the TBS Group will proactively advocate the importance and urgency of environmental protection activities through various programs on TV and radio as well as a variety of events.

2. Maintenance and Upgrade of Environmental System

The TBS Group continuously carries out small-scale activities in which individual employees can participate while making Groupwide efforts to promote the effective use of energy, recycling and the elimination of waste byproducts to reduce the environmental burden created through its business activities.

3. Aiming to Achieve Our Goals

The TBS Group has set up the TBS Global Eco-Committee and Eco-Office to promote the further reduction of CO_2 emissions. In addition, the Group will contribute to CO_2 emission reduction activity on a global scale in accordance with the framework of the Kyoto Protocol.

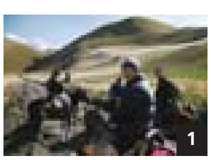
A Variety of CSR Activities throughout the Broadcasting Business

With the theme of preserving the global environment, TBS has focused on various issues, including global warming, natural disasters and greenhouse gases through its programs. During fiscal 2008 and the 2008 spring season, TBS produced a number of special programs specifically aimed at informing viewers about what is happening in the global environment and what the future holds. Drawing on these special programs, TBS periodically focuses on these environmental issues in its regular daily programs, keeping viewers up to date while looking ahead.

Regular programs

The Lineup of Environmental Programs for Fiscal 2008 and the 2008 Spring Season

1. *Urgent Proposal: To the Children of the Future—How to Spend Money to Save the Earth*
2. *World in One Second III—Astonishing Truth of a Changing World and the Plea of Life*
3. *Earth Odyssey: What is the Earth?*
4. *Earth Regeneration Mystery: Mother Earth's Miracle Island, the Galapagos*
5. *The Earth of Life: Efforts Made to Address 50 Clear and Present Dangers*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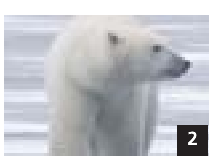
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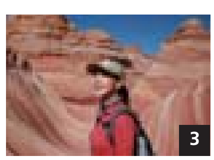
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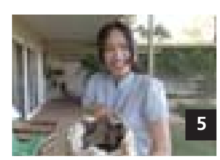
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TBS also broadcasts a number of other special programs.

TBS will continue to present topical subjects, including the relationship between crude oil prices and alternative energy, as well as such issues as deteriorating mountain habitats.

TBS Wins the NAB International Broadcasting Excellence Award in Recognition of its Efforts for the Global Environment

On April 14, 2008, TBS received a 2008 International Broadcasting Excellence Award from the National Association of Broadcasters (NAB). The NAB is an association with membership of 8,700 broadcasting stations in the United States and approximately 300 major broadcasting stations worldwide. The International Broadcasting Excellence Awards are granted annually to international NAB members who have contributed to the improvement of the entire broadcasting industry's status by demonstrating exceptional social contribution or technological innovation as a business enterprise.

Specifically, the award was given in recognition of the Zero-CO_2 Emission*1 initiative TBS instituted during the IAAF World Championship in Athletics Osaka 2007 in August 2007 and the "Lights Off Campaign"*2 carried out by its subsidiary TBS Radio & Communications, Inc. (TBS R&C) in addition to efforts aimed at reducing the TBS Broadcasting Center's CO_2 emissions.*3 These activities were instituted Companywide, going well beyond the boundaries of programs, and TBS was highly praised for exhibiting "exceptional leadership in addressing global warming issues within the broadcasting industry with regard to countermeasures against global warming."

Awards ceremony

*1 TBS became the first terrestrial broadcasting company to introduce the Green Power Certification System (a system to indirectly reduce greenhouse gas emissions by purchasing certified environmentally friendly energy generated by natural resources, such as wind power and solar energy) and realized zero CO_2 emissions by providing its own electricity for all live telecasts of sporting events and other related programs

*2 This campaign involved turning off the unnecessary illumination of such facilities as Tokyo Tower to raise people's awareness of the global environment. Expanding its environmental campaign beyond national boundaries, TBS R&C also encouraged the South Korean broadcaster MBC to switch off the Seoul Tower. By broadcasting news of/coverage of such initiatives in special programs, TBS R&C continues to offer its listeners opportunities to think about the global warming issue.

*3 At the TBS Broadcasting Center, the Company made various efforts, including streamlining its power generation system and initiating energy consumption reduction initiatives related to lighting equipment, to reduce CO_2 emissions a total 2,585 tons (7.7% of total fiscal 2003 emissions) over the fiscal 2003-2007 period. In addition, TBS's office garbage recycling ratio reached 75%, reflecting a commitment to recycling that dates back to 1994. Aiming high, TBS will make Groupwide efforts to address the global warming issue.

The Voluntary Eco-Action Plan

TBS Group Eco-Vision declares the commencement of environmental activities based on clear objectives. To that end, TBS set up the Independent Eco-Action Plan as a specific measure to promote its basic policy and course of action.

The TBS Broadcasting Center's total CO_2 annual emissions averaged 34,086 tons over the fiscal 2003-2007 period (as reported to the Tokyo metropolitan government in July 2006). The main focus of the Independent Eco-Action Plan is reducing the TBS Broadcasting Center's annual CO_2 emissions a further 732 tons, an approximately 2.15% cut from the average yearly level, over the next five years. This reduction, along with the planned reduction in line with the plan, will yield a 9.8% cut compared with the fiscal 2003 level.

Eco-campaign stickers

TBS will continue to make daily efforts to prevent global warming by implementing measures to save energy in house. By doing so, TBS will strive to achieve its goals.

As of March 31, 2008

Our Basic Policy

As a broadcaster entrusted with the utilization of a valuable and tightly defined radio frequency, TBS's basic corporate governance policy is underpinned by a fundamental credo: to fulfill broadcasting's social responsibilities and to strive to maximize corporate value by improving management efficiency. Based on this policy, the Company regards its social responsibilities to encompass the execution of compliance management by promoting speedy operating decision making and reinforcing its monitoring systems. TBS believes that this mindset will lead to a robust corporate structure.

Corporate Governance Structure

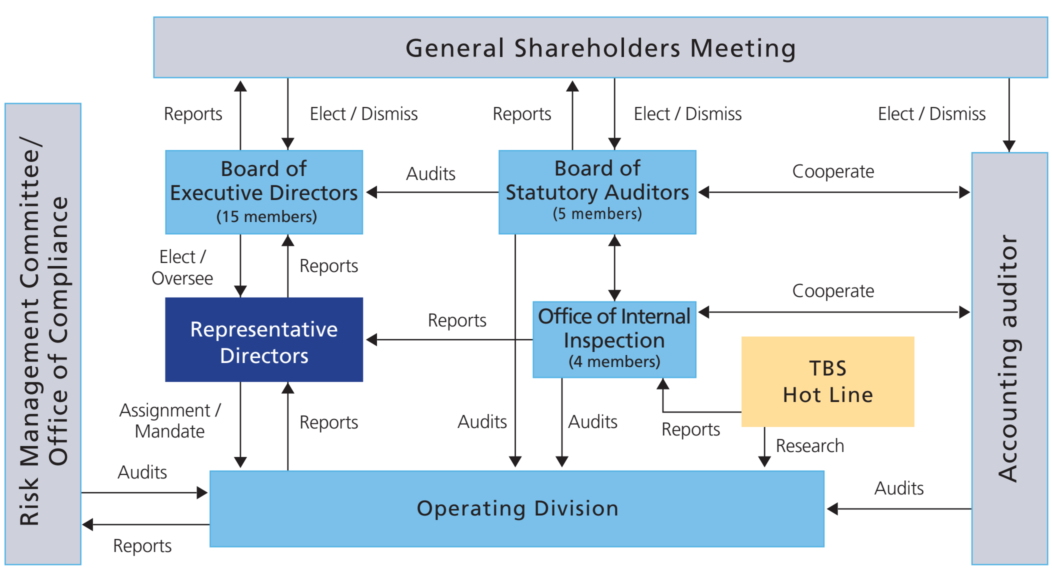
TBS established its Board of Directors and Board of Statutory Auditors to act as the framework to reinforce its corporate governance. In addition to these structures, the Company adopted an executive officer system.

Board of Directors

TBS's 15-member Board of Directors includes 11 standing and four external directors. In principle, the Board of Directors meets monthly to make important business decisions and report on crucial matters for the purpose of assuring that directors are performing their duties efficiently. In addition, the Company established the Board of Executive Directors as a consultative body to assist the president's decision-making. The Board of Executive Directors currently comprises nine members and meets weekly in principle for deliberations prior to the enactment of general management and administration policies. In addition, TBS has a number of committees, such as the Long-Term Management Planning Committee, that serve as internal advisers to the president and executive directors. Furthermore, the Management Liaison Committee, made up of standing directors and executive officers, meets on a monthly basis to coordinate goals and share information about key business issues.

The Board of Statutory Auditors is comprised of five auditors, three of whom are external auditors. Auditors attend and make remarks at important meetings, including those of the Board of Directors, inspect important accounting documents, listen to reports of directors on various business issues and conduct audits by inspecting

Corporate Governance Structure



financial reports. In addition, auditors implement auditing and the inspection of resolutions and progress at the Board of Directors' meetings regarding the internal control system based on the Japan's Corporation Law.

Internal Control and Risk Management Systems

The TBS Group Corporate Activities Committee, chaired by the president, was set up to formulate and facilitate the internal control system as a corporate group and to ensure that TBS continues to expand its corporate value by promoting fair and efficient business operations. This committee is composed of TBS and TBS Group companies' directors and external members (attorneys).

For the internal control system required under Japan's Corporation Law, other laws and regulations, TBS established the TBS Group Risk Management Committee to consistently control the risk of losses that may result from business activities or in business processes. Specifically, the Company assigned a TBS Group Risk Management Administrator in each division and Group company and drew up the wide-ranging regulations necessary to conduct appropriate business operations. To cover other risks concerning stock prices, foreign currency exchange and interest rate fluctuations, TBS formulated the Basic Policies for Managing Market Risk, reviewing policies every six months and taking appropriate action. In order to ensure the administration, adjustment and efficient management of investments and financing, the Company adopted the Investment and Financial Management Regulations, while the Investment and Financial Judging Committee conducts prior screenings of investments and financing. Furthermore, TBS formulated the TBS Group Crisis Response Regulations, which stipulate the building of an organizational structure and set out operational procedures and information control mechanisms to guard against any major risks that may occur and damage its brand value. By doing so, the Company is enacting relevant measures to contain risks that may arise. In the case of digital data, TBS put in place the Basic Policies for Information Security to prevent illegal access, system destruction due to computer viruses, leakage and theft of data, while aiming to make appropriate use of its network.

To ensure that its business operations comply with laws and regulations, TBS has created the following organizations and systems: (1) the Office of Compliance, which effectively and appropriately functions as the structure on which to build and operate internal control systems; (2) the Office of Internal Inspection of Business, which acts as an independent internal inspection division, with four members who appointed to advise on ways to improve the internal control system based on their monitoring and evaluation of the Company's internal control initiatives; (3) the TBS Hot Line, which along with consultation centers at the Office of Internal Inspection of Business and an external law firm that employees can contact to report any violations of laws and Company rules, acts as an internal notification system; and (4) an internal system of checks and balances, including personnel initiatives to avoid centralizing authority among particular employees.

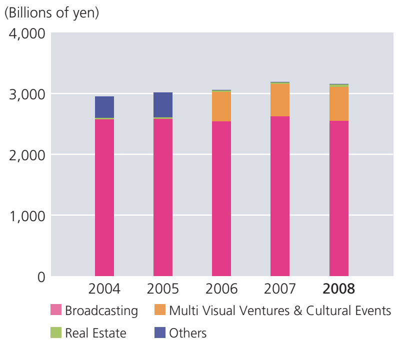
TBS screens programs scheduled for broadcasting before they are aired and mainly has the Division of Program Review and Media Literacy monitor live programs on a daily basis to ensure that they meet broadcasting standards. The Company holds the Broadcast Ethics Committee once a month. Chaired by the board director responsible, the Broadcast Ethics Committee reports on and discusses issues within its remit with members from across the Company for the purpose of sharing information and raising ethical awareness. Furthermore, TBS endeavors to enhance its broadcasting ethics and prevent human rights violations by annually revising the Guidelines on News Ethics by TBS News. In addition to these efforts, TBS has formulated Insider Trading Regulations to prevent its executives and employees from engaging in unfair securities transactions. The Company has also drawn up a Privacy Policy, enforced by the Privacy Management Committee, to prevent misuse of personal information and data leakage.

TBS has appointed KPMG AZSA & Co as its accounting auditor based on Corporate Law and on Securities and Exchange Law. There are no conflicts of interest between the corporate auditing company or the auditors seconded to audit the Company.

Fact Sheet

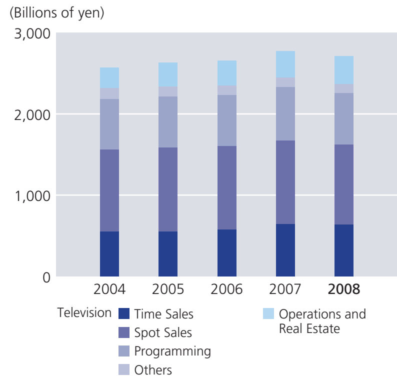
Tokyo Broadcasting System, Inc. and Consolidated Subsidiaries
Years ended March 31

Net Sales by Segment

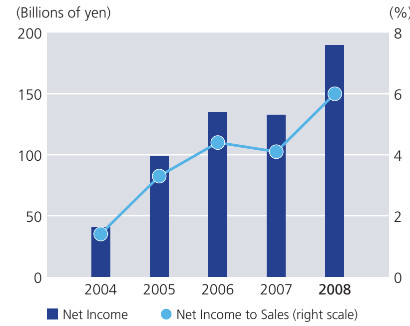


Note: Effective from the year ended March 31, 2007, the Company separated the Multi Visual Ventures & Cultural Events segment from the Others segment. Information by business for the year ended 31 March, 2006 is modified in the new business segment.

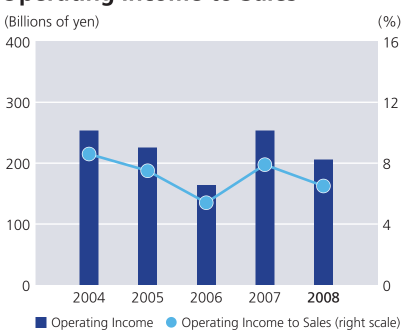
Non-Consolidated Net Sales by Segment



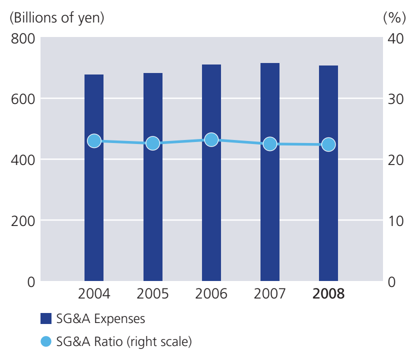
Net Income / Net Income to Sales



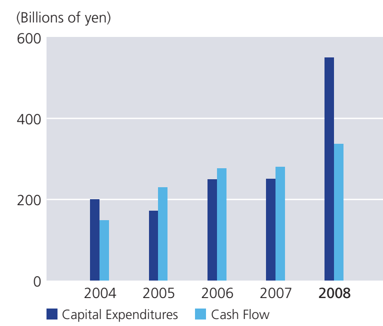
Operating Income / Operating Income to Sales



SG&A Expenses / SG&A Ratio

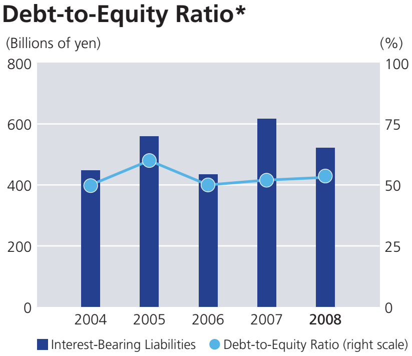


Capital Expenditures / Cash Flow*



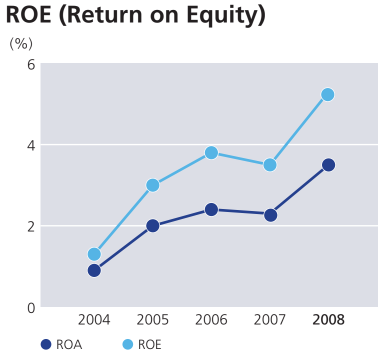
*Cash flow = Net income + Depreciation and Amortization, including investments in movie production

Interest-Bearing Liabilities / Debt-to-Equity Ratio*

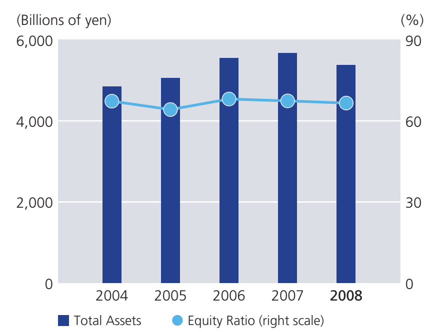


*Debt-to-Equity Ratio = Total Liabilities ÷ Total Net Assets (Total Shareholders' Equity) × 100

ROA (Return on Assets) / ROE (Return on Equity)



Total Assets / Equity Ratio



Six-Year Summary

Tokyo Broadcasting System, Inc. and Consolidated Subsidiaries
Years ended March 31

	Millions of yen						Thousands of U.S. dollars
	2008	2007	2006	2005	2004	2003	**2008**
For the year:							
Net sales	**¥315,175**	¥318,700	¥306,041	¥301,731	¥295,016	¥294,840	**$3,145,773**
Broadcasting	**255,462**	262,762	254,469	258,374	257,387	258,817	**2,549,775**
Multi Visual Ventures & Cultural Events	**55,713**	53,181	48,709	—	—	—	**556,073**
Real Estate	**3,816**	2,475	2,545	2,512	2,865	3,939	**38,088**
Others	**184**	282	318	40,845	34,764	32,084	**1,837**
Cost of sales	**223,828**	221,798	218,658	210,957	201,924	197,992	**2,234,035**
Gross profit	**91,347**	96,902	87,383	90,774	93,092	96,848	**911,738**
Selling, general and administrative expenses	**70,723**	71,574	70,978	68,264	67,821	72,521	**705,889**
Operating income	**20,624**	25,328	16,405	22,510	25,271	24,327	**205,849**
Income before income taxes and minority interests	**33,033**	23,810	27,615	17,201	10,305	23,730	**329,704**
Net income	**19,023**	13,299	13,514	9,891	4,077	10,599	**189,869**
Capital expenditures	**55,021**	25,101	25,005	17,196	20,018	13,805	**549,167**
Depreciation	**14,646**	14,699	14,082	13,079	10,811	10,023	**146,182**
At year-end:							
Total assets	**¥537,211**	¥567,722	¥555,272	¥506,126	¥484,606	¥443,779	**$5,361,922**
Interest-bearing liabilities	**52,074**	61,646	43,402	55,944	44,748	49,497	**519,753**
Total net assets	**360,376**	385,298	—	—	—	—	**3,596,926**
Total shareholders' equity	**—**	—	378,027	324,724	326,108	298,288	**—**
Per share data (in yen and U.S. dollars)**:**							
Net income—basic	**¥ 100.14**	¥ 70.07	¥ 72.17	¥ 54.59	¥ 21.73	¥ 59.10	**$ 1.000**
Net assets	**1,884.02**	2,016.23	—	—	—	—	**18.804**
Shareholders' equity	**—**	—	1,990.91	1,842.34	1,850.28	1,692.03	**—**
Ratios (%)**:**							
Return on assets	**3.5%**	2.3%	2.4%	2.0%	0.9%	2.2%	
Return on equity	**5.1**	3.5	3.8	3.0	1.3	3.4	
Equity ratio	**66.6**	67.4	68.1	64.2	67.3	67.2	

Notes: 1. The U.S. dollar amounts in this report are provided for convenience only and have been converted at the rate of ¥100.19 to $1.00, the approximate rate of exchange in effect as of March 31, 2008.
2. Effective from the year ended March 31, 2007, the Company separated the Multi Visual Ventures & Cultural Events segment from the Others segment. Information by business for the year ended 31 March, 2006 is modified in the new business segment for useful information.
3. The figures for capital investment are for purchases of property and equipment on an accrual basis and include investment for movies.
4. The figures for depreciation include depreciation charged for investment for movies.

Reference Information
Non-Consolidated Net Sales

Tokyo Broadcasting System, Inc.
Years ended March 31

	Millions of yen						Thousands of U.S. dollars
	2008	2007	2006	2005	2004	2003	**2008**
Television:	**¥237,431**	¥244,900	¥235,227	¥233,919	¥231,920	¥234,004	**$2,369,807**
Time sales	**64,206**	64,588	57,601	55,379	55,322	54,861	**640,842**
Spot sales	**98,206**	103,049	103,019	103,556	101,110	101,295	**980,198**
Programming	**63,491**	65,579	62,898	62,587	62,237	63,670	**633,706**
Others	**11,528**	11,684	11,709	12,397	13,251	14,178	**115,061**
Operations and real estate	**33,974**	32,500	30,468	28,994	24,744	23,560	**339,096**

Note: The U.S. dollar amounts in this report are provided for convenience only and have been converted at the rate of ¥100.19 to $1.00, the approximate rate of exchange in effect as of March 31, 2008.

Management's Discussion and Analysis

Overview

During the fiscal year ended March 31, 2008, the broadcasting industry saw sales of TV and radio advertising fall below the previous fiscal year's levels. The poor market performance came on the back of uncertainty regarding the U.S. economy, which negatively affected the Japanese exporters that have long led domestic economic growth, as well as stagnant corporate spending on advertising as sponsors worked to minimize the impact of escalating raw material prices on product prices.

Amid this environment, the TBS Group strove to reinforce its program lineups to ensure success in the intensifying digital multimedia era. In addition, the Group expanded the Multi Visual Ventures & Cultural Events Business, including the software business, while implementing proactive and detailed sales activities to meet diverse needs of advertising clients.

As a result, consolidated net sales slipped 1.1% from the previous fiscal year to ¥315,175 million. In contrast, although operating income decreased 18.6% year on year to ¥20,624 million, net income surged 43.0% to ¥19,023 million due to a gain on sales of investment securities.

Segment Analysis

Broadcasting Business

During the fiscal year under review, the Broadcasting Business revenues declined 2.8% year on year to ¥255,462 million and operating income fell 22.9% to ¥12,265 million.

Television

Terrestrial broadcasting time sales were down compared with the previous fiscal year despite record-high single-event sales associated with the International Association of Athletics Federations (IAAF) World Championships in Athletics Osaka in August 2007 and our aggressive promotion of large-scale one-time programs, including special dramas and intelligent entertainment programs, such as life science, nature and environment programs. Reflecting the severe market environment, spot sales also fell, particularly in the Kanto region. By client segment, sales were strong in such areas as pharmaceuticals, entertainment & hobbies, real estate & construction and transportation & leisure.

With regard to programming, average viewer ratings for both the golden time (7 p.m. to 10 p.m.) and prime time (7 p.m. to 11 p.m.) slots were down 1.0% from the previous year, to 11.7% and 11.6%, respectively. In addition, viewer ratings for the all-day time slot edged down 0.2% despite stable viewer ratings for news and lifestyle information programs in the morning and afternoon.

Amid such conditions, the entire TBS Group worked hard to showcase the dynamic performances of world-class athletes during the nine days of the IAAF World Championships in Athletics Osaka in August 2007. This effort paid off in the form of average live broadcasting audience ratings of 16.4% in both the golden and prime-time time slots.

Among dramas, *Daisuki!!* and *Seven Days of a Daddy & a Daughter,* which feature popular, currently hot actors, as well as the Friday-night drama *YAMADA TARO MONOGATARI* achieved solid ratings. Furthermore, the drama *Fufudo* received the Best Drama Award from the Japan/South Korea/China TV Producers Forum.

In the area of variety programs, including TBS' long-running *Tokyo Friendly Park II,* average viewer ratings remained around 15% thanks to a strong fan base, particularly among women. Special programs also did well with the semiannual *All-Star Thanksgiving* recording a 17.4% rating in September 2007 and 15.7% in March 2008, while the four-hour program *DOORS* drew an average 17.5% of the audience. These achievements demonstrate the outstanding popularity of TBS's large-scale special variety programs.

In news coverage, TBS was the first to report the resignation of the former Prime Minister Shinzo Abe, demonstrating its capability in coverage. Furthermore, *Yomei 1-kkagetsu no Hanayome* (Bride with One Month to Live), a special program for the golden time time slot developed in collaboration with the *Evening Five* news program, recorded 16.6% of viewer rating, a strong audience response.

Meanwhile, sales of BS digital broadcasting steadily grew on the back total receiver shipments topping 36 million units at the end of the fiscal year under review. Spurred by such conditions, TBS's equity-method affiliate BS-i, Incorporated, further reinforced its sales promotion activities, while offering high-quality programs and taking cost control measures. As a result, BS-i reached profitability for the first time in its business operations during fiscal 2008.

Radio

TBS' radio license was transferred to its subsidiary TBS Radio & Communications, Inc. (TBS R&C) along with a company spin-off on October 1, 2001.

In fiscal 2007, time sales fell below those of the previous fiscal year despite TBS R&C's efforts to promote large-scale special programs to offset weak sales of regular programs. In addition, against the backdrop of the severe sales environment in the second half of fiscal 2007 spot sales fell short of the previous fiscal year despite the company's attempt to gain new advertising clients through various advertising plans.

In audience rating surveys conducted every two months, TBS R&C consistently takes the top slot, and has held its top ranking for 40 consecutive periods, or for six years and eight months beginning in August 2001.

Multi Visual Ventures & Cultural Events Business

Revenues from the Multi Visual Ventures & Cultural Events Business rose 4.8% year on year to ¥55,713 million, while operating income fell 8.4% to ¥7,913 million.

In the cultural events business, TBS presented various events and performances during the year under review, including the opera company *Teatro Massimo,* the Broadway musical *RENT* and *Shangri-La by Yang Li-Ping,* a folk dance troupe hailing from Yunnan Province, China. TBS also presented and broadcast a variety of sport-related events, such as the combat sport events *K-1 WORLD MAX and K-1 PREMIUM Dynamite!!* and the female volleyball tournament *FIVB World Grand Prix 2007.* Among exhibitions, *Nasca: Wonder of the World—Message Etched on the Desert Floor* drew a number of visitors.

The number of visitors to The Museum of the Little Prince in Hakone, owned and operated by TBS since 2004, has grown significantly since the previous fiscal year. In March 2008, Akasaka BLITZ music hall and Akasaka ACT Theater were established in the premises of akasaka Sacas, an entertainment complex in the Akasaka Redevelopment Project, as new venues for cultural events. Akasaka ACT Theater marked its grand opening with the premier of *Beethoven's No. 9,* the Tetsuya Kumakawa K-Ballet Company's latest production.

In the software business, involving program software and content, *Sky of Love~Someone I love is there~* has proven to be extremely popular, generating sales of over ¥3.8 billion, while *CROWS-Episode 0* garnered ¥2.5 billion. In addition, the DVD sets of traditional rakugo storyteller Yanagiya Kosanji and Kokontei Shincho released under the Rakugo Study Group label enjoyed great popularity.

In the licensing business, *Yomei 1-kkagetsu no Hanayome* (Bride with One Month to Live), a special TV program airing on the *Evening Five* news, was also published as a book, marking the sale of 350,000 copies as of March 31, 2008.

In the Internet-related business, TBS began streaming a video-on-demand paid program that draws on subplots of the drama *Joshideka!*. In addition, TBS distributed paid mobile content consisting of skits from the variety program *Lincoln.*

Among Group companies, Grand Marche, Inc., a subsidiary in the media commerce field, posted strong sales owing to its shopping business and other operations.

Real Estate Business

Revenues from the Real Estate Business jumped 54.2% to ¥3,816 million and operating income fell 39.1% to ¥424 million. At the end of January 2008, the Akasaka Redevelopment Project, including the Akasaka Biz Tower with office and commercial space, was completed and the facilities commenced operations. Although the completion has resulted in substantial revenue increase in this segment, a decline in revenue was recorded during the fiscal year under review due to a temporary increase in business commencement expenses.

Others

Revenue from the Others Business dropped 34.5% year on year to ¥184 million and operating income declined 3.9% to ¥81 million.

Cash Flows

Cash and cash equivalents decreased ¥19,102 million year on year to ¥29,765 million. This was attributable to the use of ¥32,935 million for the purchase of property and equipment related to the Akasaka Redevelopment Project, ¥27,605 million for the purchase of investment securities and ¥10,040 million for the repayment of long-term borrowings despite income before income taxes and minority interests of ¥33,033 million (up 38.7% year on year) and a ¥13,168 million increase in deposits from tenants related to the Akasaka Biz Tower.

Cash flows from operating activities

Net cash provided by operating activities totaled ¥21,175 million, down ¥29,711 million from the previous fiscal year. Principal components of this result include income before income taxes and minority interests of ¥33,033, gain on sale of investment securities of ¥14,670 million and other factors related to other income and expenses as well as a decrease in notes and accounts receivable—trade of ¥4,811 million, down ¥20,384 million from the previous fiscal year due to the impact from liquidation of accounts receivable implemented in fiscal 2007.

Cash flows from investing activities

Net cash used in investing activities amounted ¥27,012 million, down ¥28,531 million year on year. This was due to a ¥9,874 million increase in payment for purchase of property and equipment of ¥32,935 million; a ¥20,557 million increase in proceeds from sale of investments in securities to ¥21,787 million; a ¥4,869 million decrease in payment for purchase of investments in securities to ¥27,605 million; and a ¥13,168 million increase in deposits from tenants of Akasaka Biz Tower.

Cash flows from financing activities

Net cash used in financing activities stood at ¥12,974 million, up ¥27,465 million. This reflected the absence of ¥10,000 million in redemption of bonds and ¥29,834 million in proceeds from issuance of bonds as recorded in the previous fiscal year as well as a ¥9,968 million increase in repayment of long-term borrowings to ¥10,040 million.

Shareholder Returns

TBS recognizes profit returns to its shareholders as a key management issue. With this in mind, the Company set up a basic policy of providing stable dividends while considering the balance between dividends and retained earnings to ensure that dividends are allotted in accordance with returns.

During the fiscal year under review, non-consolidated net income fell short of the forecast due to stagnant sales of TV advertising, reflecting, in particular, the drop in spot sales in the second half of fiscal 2008. However, TBS did not change its dividend target, paying our annual dividends of ¥24 per share.

Consolidated Balance Sheets

Tokyo Broadcasting System, Inc. and Consolidated Subsidiaries
As of March 31, 2008 and 2007

ASSETS	Millions of Yen 2008	Millions of Yen 2007	Thousands of U.S. dollars (Note 1) 2008
Current assets:			
Cash on hand and in banks (Note 3)	**¥ 30,045**	¥ 48,947	**$ 299,880**
Notes and accounts receivable-trade	**38,498**	43,309	**384,250**
Allowance for doubtful accounts	**(51)**	(130)	**(509)**
Inventories (Note 5)	**8,550**	10,079	**85,338**
Deferred tax assets (Note 8)	**4,927**	5,347	**49,177**
Prepaid expenses and other current assets	**14,966**	8,128	**149,376**
Total current assets	**96,935**	115,680	**967,512**
Property and equipment:			
Land	**84,753**	76,287	**845,923**
Buildings	**184,789**	117,730	**1,844,386**
Machinery and equipment (Note 6)	**95,524**	87,903	**953,428**
Construction in progress	**4,397**	38,258	**43,887**
Total property and equipment	**369,463**	320,178	**3,687,624**
Less: Accumulated depreciation	**(130,438)**	(120,977)	**(1,301,907)**
Property and equipment, net	**239,025**	199,201	**2,385,717**
Investments and other assets:			
Investments in securities (Note 12)			
Unconsolidated subsidiaries and affiliates	**6,659**	6,138	**66,464**
Other	**176,639**	227,662	**1,763,040**
Long-term prepaid expenses	**1,915**	1,034	**19,113**
Intangible and other assets	**14,906**	17,251	**148,777**
Allowance for doubtful accounts	**(579)**	(610)	**(5,779)**
Deferred tax assets (Note 8)	**1,711**	1,366	**17,078**
Total investments and other assets	**201,251**	252,841	**2,008,693**
Total assets	**¥ 537,211**	¥ 567,722	**$ 5,361,922**

The accompanying notes are an integral part of these consolidated balance sheets.

LIABILITIES AND NET ASSETS	Millions of Yen 2008	Millions of Yen 2007	Thousands of U.S. dollars (Note 1) 2008
Current liabilities:			
Short-term borrowings (Notes 7)	**¥ 2,074**	¥ 1,606	**$ 20,701**
Current portion of long-term debt (Notes 6 and 7)	**—**	10,040	**—**
Notes and accounts payable — trade	**32,100**	33,244	**320,391**
Accounts payable — other	**36,233**	18,523	**361,643**
Income taxes payable (Note 8)	**7,927**	3,552	**79,120**
Accrued expenses	**5,011**	4,736	**50,014**
Allowance for director's bonuses	**330**	323	**3,294**
Other current liabilities	**3,763**	4,410	**37,558**
Total current liabilities	**87,438**	76,434	**872,721**
Long-term liabilities:			
Long-term debt (Notes 7)	**50,000**	50,000	**499,052**
Allowance for retirement and severance benefits (Note 10)	**9,707**	9,294	**96,886**
Deferred tax liabilities (Note 8)	**12,867**	39,254	**128,426**
Negative goodwill	**—**	332	**—**
Other long-term liabilities	**16,823**	7,110	**167,911**
Total long-term liabilities	**89,397**	105,990	**892,275**
Total liabilities	**176,835**	182,424	**1,764,996**
Contingent liabilities (Notes 16)			
NET ASSETS (Note 9)**:**			
Shareholders' equity:			
Common stock	**54,959**	54,857	**548,538**
Authorized: 400,000,000 shares			
Issued and outstanding:190,406,968 shares in 2008 and 190,307,968 shares in 2007			
Capital surplus (Note 9)	**60,227**	60,126	**601,128**
Retained earnings (Note 9)	**217,692**	202,095	**2,172,802**
Treasury stock, at cost	**(79)**	(63)	**(789)**
Total shareholders' equity	**332,799**	317,015	**3,321,679**
Valuation and translation adjustments:			
Unrealized gains on available-for-sale securities, net of taxes (Note 12)	**25,647**	65,154	**255,984**
Unrealized gains on hedging derivatives, net of taxes	**(417)**	701	**(4,162)**
Foreign currency translation adjustments	**(73)**	17	**(729)**
Total valuation and translation adjustments	**25,157**	65,872	**251,093**
Minority interests	**2,420**	2,411	**24,154**
Total net assets	**360,376**	385,298	**3,596,926**
Liabilities and net assets	**¥537,211**	¥567,722	**$5,361,922**

The accompanying notes are an integral part of these consolidated balance sheets.

Consolidated Statements of Income

Tokyo Broadcasting System, Inc. and Consolidated Subsidiaries
Years ended March 31, 2008, 2007 and 2006

	Millions of Yen			Thousands of U.S. dollars (Note 1)
	2008	2007	2006	**2008**
Net sales (Notes 14 and 15)	**¥315,175**	¥318,700	¥306,041	**$3,145,773**
Cost of sales (Notes 13, 14 and 15)	**223,828**	221,798	218,658	**2,234,035**
Gross profit	**91,347**	96,902	87,383	**911,738**
Selling, general and administrative expenses (Notes 13, 14 and 15)	**70,723**	71,574	70,978	**705,889**
Operating income	**20,624**	25,328	16,405	**205,849**
Other income (expenses):				
Interest and dividend income	**3,244**	2,153	1,129	**32,378**
Interest expense	**(834)**	(635)	(96)	**(8,323)**
Equity in losses of affiliates	**(91)**	(706)	(1,809)	**(908)**
Gain on sale of investment securities	**14,670**	169	16,946	**146,422**
Loss on devaluation of investment securities	**(4,226)**	(185)	(145)	**(42,180)**
Loss on disposal of fixed assets	**(497)**	(826)	(926)	**(4,960)**
Lawsuits settlement payments	**(70)**	(1,851)	—	**(700)**
Amortization of long-term prepaid expenses	**—**	—	(1,204)	**—**
Amortization of goodwill	**344**	334	(1,862)	**3,433**
Impairment loss on fixed assets	**—**	(6)	(285)	**—**
Other, net	**(131)**	35	(538)	**(1,307)**
Total	**12,409**	(1,518)	11,210	**123,855**
Income before income taxes and minority interests	**33,033**	23,810	27,615	**329,704**
Income taxes (Note 8)**:**				
Current	**12,350**	8,377	12,137	**123,266**
Deferred	**1,559**	1,456	2,001	**15,561**
Total	**13,909**	9,833	14,138	**138,827**
Minority interests in income (loss) of consolidated subsidiaries	**101**	678	(37)	**1,008**
Net income	**¥ 19,023**	¥ 13,299	¥ 13,514	**$ 189,869**

	Yen			U.S. dollars (Note 1)
Per share of common stock:				
Net income — basic	**¥100.14**	¥70.07	¥72.17	**$1.000**
Net income — diluted	**100.04**	69.96	72.10	**0.999**
Cash dividends	**24.00**	12.00	22.00	**0.240**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Shareholders' Equity

Tokyo Broadcasting System, Inc. and Consolidated Subsidiaries
Years ended March 31, 2006

	Millions of Yen
	2006
Common stock:	
Balance at beginning of year	¥ 44,163
Issuance of common stock	10,522
Balance at end of year	54,685
Additional paid-in capital:	
Balance at beginning of year	42,562
Issuance of common stock and exercising stock option	12,163
Gain on sale of treasury stock	5,229
Balance at end of year	59,954
Retained earnings:	
Balance at beginning of year	182,924
Increase from the expanded scope of consolidated subsidiaries	—
Net income	13,514
Cash dividends paid	(3,855)
Bonuses to directors and statutory auditors	(274)
Decrease due to change in scope of consolidated subsidiaries	(12)
Balance at end of year	192,297
Accumulated other comprehensive income:	
Balance at beginning of year	55,497
Unrealized gain (loss) on available-for-sale securities	15,587
Foreign currency translation adjustment	47
Balance at end of year	71,131
Treasury stock, at cost:	(40)
2006: 398,968 shares	
Total shareholders' equity	¥378,027

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

Tokyo Broadcasting System, Inc. and Consolidated Subsidiaries
Years ended March 31, 2008, 2007 and 2006

Millions of Yen

	Shareholders' Equity					Valuation and Translation Adjustments						
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gains on available-for-sale securities, net of taxes	Unrealized gains on hedging derivatives, net of taxes	Foreign currency translation adjustments	Total valuation and translation adjustments	Share Subscription rights	Minority Interests	Total net assets
Balance at March 31, 2007	¥54,857	¥60,126	¥202,095	¥(63)	¥317,015	¥ 65,154	¥ 701	¥ 17	¥ 65,872	¥ —	¥2,411	¥385,298
Issuance of common stock and exercising stock option	**102**	**101**			**203**							**203**
Cash dividends paid			**(3,426)**		**(3,426)**							**(3,426)**
Net income			**19,023**		**19,023**							**19,023**
Acquisition of treasury stock			**—**	**(16)**	**(16)**			**—**				**(16)**
Net changes during the year						**(39,507)**	**(1,118)**	**(90)**	**(40,715)**	**—**	**9**	**(40,706)**
Balance at March 31, 2008	**¥54,959**	**¥60,227**	**¥217,692**	**¥(79)**	**¥332,799**	**¥ 25,647**	**¥ (417)**	**¥(73)**	**¥ 25,157**	**¥ —**	**¥2,420**	**¥360,376**

Millions of Yen

	Shareholders' Equity					Valuation and Translation Adjustments						
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gains on available-for-sale securities, net of taxes	Unrealized gains on hedging derivatives, net of taxes	Foreign currency translation adjustments	Total valuation and translation adjustments	Share Subscription rights	Minority Interests	Total net assets
Shareholder' equity at March 31, 2006 as previously reported.	¥54,685	¥59,954	¥192,297	¥(40)	¥306,896	¥ 71,117	¥ —	¥ 14	¥ 71,131	¥ —	¥ —	¥378,027
Reclassification due to adoption of new accounting standards for presentation of net assets in the balance sheet at April 1, 2006.										600	1,659	2,259
Net assets at April 1, 2006	¥54,685	¥59,954	¥192,297	¥(40)	¥306,896	¥ 71,117	¥ —	¥ 14	¥ 71,131	¥ 600	¥1,659	¥380,286
Issuance of common stock and exercising stock option	172	172			344							344
Cash dividends paid			(3,232)		(3,232)							(3,232)
Bonuses to directors and statutory auditors			(274)		(274)							(274)
Net income			13,299		13,299							13,299
Acquisition of treasury stock				(23)	(23)							(23)
Increase from the expanded scope of consolidated subsidiaries			5		5							5
Net changes during the year						(5,963)	701	3	(5,259)	(600)	752	(5,107)
Balance at March 31, 2007	¥54,857	¥60,126	¥202,095	¥(63)	¥317,015	¥ 65,154	¥ 701	¥ 17	¥ 65,872	¥ —	¥2,411	¥385,298

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

Tokyo Broadcasting System, Inc. and Consolidated Subsidiaries
Years ended March 31, 2008

	Thousands of U.S. dollars (Note 1)											
	Shareholders' Equity					Valuation and Translation Adjustments						
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gains on available-for-sale securities, net of taxes	Unrealized gains on hedging derivatives, net of taxes	Foreign currency translation adjustments	Total valuation and translation adjustments	Share Subscription rights	Minority Interests	Total net assets
Balance at March 31, 2007	$547,530	$600,120	$2,017,118	$(629)	$3,164,139	$ 650,305	$ 6,997	$ 169	$ 657,471	$ —	$24,064	$3,845,674
Issuance of common stock and exercising stock option	**1,018**	**1,008**			**2,026**							**2,026**
Cash dividends paid			**(34,195)**		**(34,195)**							**(34,195)**
Net income			**189,869**		**189,869**							**189,869**
Acquisition of treasury stock				**(160)**	**(160)**							**(160)**
Net changes during the year						**(394,321)**	**(11,159)**	**(898)**	**(406,378)**	**—**	**90**	**(406,288)**
Balance at March 31, 2008	**$548,548**	**$601,128**	**$2,172,792**	**$(789)**	**$3,321,679**	**$ 255,984**	**$ (4,162)**	**$(729)**	**$ 251,093**	**$ —**	**$24,154**	**$3,596,926**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

Tokyo Broadcasting System, Inc. and Consolidated Subsidiaries
Years ended March 31, 2008, 2007 and 2006

	Millions of Yen			Thousands of U.S. dollars (Note 1)
	2008	2007	2006	**2008**
Cash flows from operating activities:				
Income before income taxes and minority interests	**¥ 33,033**	¥ 23,810	¥27,615	**$ 329,704**
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:				
Depreciation	**14,646**	14,699	14,082	**146,182**
Amortization of long-term prepaid expenses	**711**	786	3,108	**7,097**
Impairment loss on fixed assets	**—**	6	285	**—**
Loss on devaluation of investment securities	**4,226**	185	145	**42,180**
Retirement and severance benefit expenses	**413**	94	1,037	**4,122**
Increase (Decrease) in allowance for doubtful accounts	**(111)**	25	143	**(1,108)**
Interest and dividend income	**(3,244)**	(2,153)	(1,129)	**(32,378)**
Interest expense	**834**	635	96	**8,323**
Equity in earnings of affiliates	**91**	706	1,809	**908**
Gain on sale of investment securities	**(14,670)**	(169)	(16,946)	**(146,422)**
Loss on disposal of fixed assets	**497**	826	926	**4,960**
Decrease in notes and accounts receivable — trade	**4,811**	25,195	(6,212)	**48,019**
Decrease in inventories	**1,529**	665	697	**15,261**
Decrease in notes and accounts payable — trade	**(1,143)**	750	5,866	**(11,408)**
Others, net	**(14,908)**	(6,566)	5,714	**(148,797)**
Subtotal	**26,715**	59,494	37,236	**266,643**
Interest and dividends received	**3,248**	2,113	1,139	**32,418**
Interest paid	**(830)**	(446)	(95)	**(8,284)**
Income taxes paid	**(7,958)**	(10,275)	(15,019)	**(79,429)**
Net cash provided by operating activities	**21,175**	50,886	23,261	**211,348**
Cash flows from investing activities:				
Proceeds from sales (Payment for purchase) of marketable securities, net	**9**	—	19,999	**90**
Payment for purchase of property and equipment	**(32,935)**	(23,061)	(23,491)	**(328,725)**
Proceeds from sales of property and equipment	**35**	86	10	**349**
Payment for purchase of intangible assets	**(1,627)**	(1,544)	(3,271)	**(16,239)**
Payment for purchase of investments in securities	**(27,605)**	(32,474)	(60,113)	**(275,527)**
Proceeds from sale of investments in securities	**21,787**	1,230	17,019	**217,457**
Increase in deposits from tenants	**13,168**	—	—	**131,430**
Others, net	**156**	220	29	**1,557**
Net cash used in investing activities	**(27,012)**	(55,543)	(49,818)	**(269,608)**
Cash flows from financing activities:				
Proceeds from short-term borrowings	**1,104**	421	542	**11,019**
Repayment of short-term borrowings	**(637)**	(2,104)	(2,838)	**(6,358)**
Repayment of long-term borrowings	**(10,040)**	(72)	(72)	**(100,209)**
Proceeds from issuance of bonds	**—**	29,834	—	**—**
Redemption of bonds	**—**	(10,000)	(10,000)	**—**
Payment for purchase of treasury stock	**(16)**	(24)	(22)	**(160)**
Proceeds from sale of treasury stock	**—**	—	5,633	**—**
Proceeds from Issuance of common stock	**203**	344	22,589	**2,026**
Dividends paid	**(3,496)**	(3,232)	(3,855)	**(34,894)**
Dividends paid to minority shareholders	**(92)**	(76)	(17)	**(918)**
Others, net	**—**	(600)	660	**—**
Net cash provided by (used in) financing activities	**(12,974)**	14,491	12,620	**(129,494)**
Effect of exchange rate change on cash and cash equivalents	**(291)**	6	91	**(2,904)**
Net increase (decrease) in cash and cash equivalents	**(19,102)**	9,840	(13,846)	**(190,658)**
Cash and cash equivalents at beginning of year	**48,867**	38,767	52,613	**487,743**
Cash and cash equivalents of newly consolidated subsidiaries	**—**	260	—	**—**
Cash and cash equivalents at end of year (Note 3)	**¥ 29,765**	¥ 48,867	¥38,767	**$ 297,085**

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

Tokyo Broadcasting System, Inc. and Consolidated Subsidiaries

1. Basis of Presentation of Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

The accounts of overseas subsidiary are based on its accounting records maintained in conformity with generally accepted accounting principles prevailing in the country of domicile. The accompanying consolidated financial statements have been restructured and translated into English (with some expanded disclosure and the inclusion of the consolidated statements of shareholders' equity for 2006) from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Certain supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2008, which was ¥100.19 to U.S.$1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. Summary of Significant Accounting Policies

(a) Principles of consolidation

Consolidation

The consolidated financial statements include the accounts of the Company and its significant subsidiaries which are controlled by the Company through substantial ownership of more than 50% of the voting rights or through ownership of 40-50% of the voting rights and the existence of certain conditions evidencing control by the Company of the decision-making body of such companies. Material inter-company balances, transactions and profits have been eliminated in consolidation.

The number of the consolidated subsidiaries for the year ended March 31, 2008, 2007 and 2006 was 29, 30 and 29, respectively. The number of the unconsolidated subsidiaries for the year ended March 31, 2008, 2007 and 2006 was 23, 21 and 19, respectively. The total assets, net sales, net income and retained earnings of the unconsolidated subsidiaries were not material to the consolidated financial statements.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are recorded at the fair value at the time the Company acquired control of the respective subsidiaries. The amount of the difference between the cost of investment in consolidated subsidiaries and the underlying net equity at the acquisition dates based on the fair value (hereafter, "goodwill") is generally amortized over a period of five years on a straight-line basis, except that the goodwill related to Yokohama Baystars Baseball Club, inc. (hereafter, "Yokohama BayStars") was amortized over twenty years on a straight-line basis and an immaterial difference is expensed in the year of acquisition.

The goodwill related to "Yokohama BayStars" was supposed to be amortized over twenty years on a straight-line basis. However, as the Company recognized loss on devaluation of equity securities issued by its subsidiary "Yokohama BayStars" in non-consolidated statement of income, the unamortized balance of the goodwill amounting to ¥1,862 million was amortized in a lump sum and recorded as other expenses in consolidated statement of income for the year ended March 31, 2006.

TBS Plaza Co., Ltd. was merged into TBS TriMedia, Inc. on October 1, 2007.

The accounts of the consolidated subsidiaries are included on the basis of their respective fiscal years, which ended mainly on March 31. Significant transactions made after the respective fiscal year-end other than March 31 are adjusted for consolidation as necessary.

Equity method

Investments in unconsolidated subsidiaries and certain companies where the Company has 20% or more of the voting rights, or has more than 15% of the voting rights and has the ability to significantly influence their financial, operational or business policies are accounted for using the equity method. The number of companies accounted for under the equity method was 4 for 2008, 2007 and 2006.

(b) Foreign currency translation

All monetary assets and liabilities denominated in foreign currencies are translated at the current exchange rates at the balance sheet date, and the translation gains and losses are charged to income.

Balance sheets and statements of income of the consolidated overseas subsidiary are translated into Japanese yen at the year-end rate except for net assets accounts, which are translated at the historical rates.

(c) Marketable securities and investments in securities

The Company and its consolidated subsidiaries assess the intent of holding each security and classify those securities as (a) securities held for trading purposes (hereafter, "trading securities"), (b) debt securities intended to be held to maturity (hereafter, "held-to-maturity debt securities"), (c) equity securities issued by subsidiaries and affiliated companies and (d) for all other securities that are not classified in any of the above categories (hereafter, "available-for-sale securities").

The Company and its subsidiaries do not have trading securities and held-to-maturity debt securities. Equity securities issued by subsidiaries and affiliated companies which are not consolidated or accounted for using the equity method are stated at cost based on the moving average method. Available-for-sale securities with available fair market value are required to be stated at fair market value as of each balance sheet date. Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of net assets. The cost of securities sold is determined by the moving average method.

(d) Inventories

Inventories are stated at cost, determined by the specific identification method.

(e) Property and equipment

Property and equipment are stated at cost. Depreciation of property and equipment is computed by the declining-balance method at rates based on the estimated useful lives of assets except that depreciation of buildings is computed mainly by the straight-line method over their estimated useful lives.

(Change in accounting policy)

The Companies have changed the depreciation method following the revised corporation tax law from this consolidated accounting period regarding property and equipment acquired on and after April 1, 2007.

As a result, operating income, income before income taxes and net income have decreased by ¥378 million ($3,773 thousand), ¥378 million ($3,773 thousand) and ¥224 million ($2,236 thousand), respectively.

(Additional information)

The assets acquired before March 31, 2007 were depreciated to the residual value, which is 5% of the acquisition cost under the pre-revised corporation tax law. Following the revised corporation tax law, when the assets are depreciated to the residual value based on the pre-revised corporation tax law, the residual value is equally depreciated over five years of period.

As a result, operating income, income before income taxes and net income have decreased by ¥403 million ($4,022 thousand), ¥403 million ($4,022 thousand) and ¥239 million($2,385 thousand), respectively.

(f) Intangible assets

Amortization of intangible assets is computed by the straight-line method at rates based on the estimated useful lives.

(Software costs)

Amortization of the software for internal use is computed by the straight-line method at rates based on the estimated useful lives (five years).

(g) Long-term prepaid expenses

Amortization of long-term prepaid expenses is computed by the straight-line method.

(Advertisement effect related to Yokohama BayStars)

The Company and BS-i, Inc. (an affiliated company) acquired 700,000 shares of Yokohama BayStars for ¥14,000 million (470,000 shares for ¥9,400 million by the Company and 230,000 shares for ¥4,600 million by BS-i) during the year ended March 31, 2002. Acquisition price paid by the Company included the estimated fair value of the expected advertisement effect through Yokohama BayStars in the amount of ¥6,019 million, which was recorded as long-term prepaid expenses and amortized over five years on a straight-line basis.

The long-term prepaid expenses related to "Yokohama BayStars" had been amortized over five years. However, as the Company recognized loss on devaluation of equity securities issued by its subsidiary "Yokohama BayStars" in non-consolidated statement of income, the unamortized balance of the long-term prepaid expenses amounting to ¥1,204 million was amortized in a lump sum and recorded as other expenses in consolidated statement of income for the year ended March 31,2006.

(h) Impairment of fixed assets

Effective from the year ended March 31, 2006, the Company and its subsidiaries adopted the new accounting standard for impairment of fixed Assets ("Opinion Concerning Establishment of Accounting Standard for Impairment of Fixed Assets" issued by the Business Accounting Deliberation Council on August 9, 2002) and the implementation guidance for the accounting standard for impairment of fixed assets (the Financial Accounting Standard Implementation Guidance No. 6 issued by the Accounting Standards Board of Japan on October 31, 2003).

(i) Allowance for doubtful accounts

The Company provides allowance for doubtful accounts for probable collection losses by applying the actual rate of bad debt losses experienced in the past reference period for normal receivables and by individual assessment of collectibility for other accounts receivable.

(j) Allowance for bonuses to directors and statutory auditors

Allowance for bonuses to directors and statutory auditors is provided for at the necessary amounts based on the estimated amounts payable at the end of current fiscal year.

The Company and its subsidiaries adopted the Accounting Standard for Directors' Bonus (Accounting Standard Board of Japan Statement No.4 issued by Accounting Standard Board of Japan on November 29, 2005) from the year ended March 31, 2007. The standard is to be applied for the fiscal year ending on or after May 1, 2006, on which the Corporate Law takes effective.

(k) Allowance for retirement and severance benefits

(1) Employees' retirement and severance benefits

The liabilities and expenses for retirement and severance benefits are determined based on the amounts actuarially calculated using certain assumptions.

Actuarial gains or losses incurred during the year are recognized in the following year.

On April 1, 2005, the Company terminated tax-qualified pension plans, and transferred them to defined contribution pension plans, advanced retirement allowance plans and lump-sum severance indemnity plans. The Company applied "Accounting Treatment upon Transferring Retirement Remuneration Plans" (Financial Standards Implementation Guidance No.1). As a result, in the year ended March 31, 2005, losses of ¥8,486 million were recognized in consolidated statement of income.

(2) Directors' retirement and severance benefits

The Company's 25 consolidated subsidiaries resolved and terminated the plan of the allowance for directors' retirement and severance benefits in the shareholder's meeting. Accordingly, the allowance for directors' retirement and severance benefits for the subsidiaries in an amount of ¥558 million was recorded as other long-term liabilities as of March 31, 2006.

(l) Leases

Finance leases, except those leases for which the ownership of the leased assets is considered to be transferred to the lessee, are accounted for in the same manner as operating leases.

(m) Income taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred income taxes for the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

(n) Derivative transaction and hedge accounting

The Company and its subsidiaries utilize forward foreign exchange contracts, interest rate swap agreements and securities price exchange contracts as derivative transactions, in order to hedge foreign currency risks, interest rate risks and securities price risks arising from normal business transactions.

Derivative instruments are stated at fair value. Changes in the fair values are recognized as gains or loss unless derivative transactions are used for hedging purposes.

If derivative transactions are used as hedges and meet certain hedging criteria, the Company and its subsidiaries defer recognition of gains or losses resulting from changes in fair value of derivative transactions until the related losses or gains on the hedged items are recognized.

(o) Accounting Standard for Presentation of Net Assets in the Balance Sheet

Effective from the year ended March 31, 2007, the Company and its subsidiaries adopted the new accounting standard, “Accounting Standard for Presentation of Net Assets in the Balance Sheet” (Statement No.5 issued by the Accounting Standards Board of Japan on December 9, 2005), and the implementation guidance for the accounting standard for presentation of net assets in the balance sheet (the Financial Accounting Standard Implementation Guidance No. 8 issued by the Accounting Standards Board of Japan on December 9, 2005), (collectively, “the New Accounting Standards”).

Under the New Accounting Standards, the net assets section includes unrealized gains on hedging derivatives, net of taxes. Under the previous presentation rules, unrealized gains on hedging derivatives were included in the assets or liabilities section without considering the related income tax effects. Under the New Accounting Standards, share subscription rights and minority interests are included in the net assets section. Under the previous presentation rules, companies were required to present share subscription rights and minority interests in the liabilities section and between the long-term liabilities and the shareholders’ equity sections, respectively.

(p) Accounting Standard for Statement of Changes in Net Assets

Effective from the year ended March 31, 2008, the Company and its subsidiaries adopted the new accounting standard, “Accounting Standard for Statement of Changes in Net Assets” (Statement No.6 issued by the Accounting Standards Board of Japan on December 27, 2005), and the implementation guidance for the accounting standard for statement of changes in net assets (the Financial Accounting Standard Implementation Guidance No. 9 issued by the Accounting Standards Board of Japan on December 27, 2005), (collectively, “the Additional New Accounting Standards”).

The Company prepared the accompanying consolidated statement of changes in net assets for the year ended March 31, 2008 and 2007 in accordance with the Additional New Accounting Standards. The accompanying consolidated statement of shareholders’ equity for the year ended March 31, 2006, which was voluntarily prepared for inclusion in the consolidated financial statements, has not been adapted to the new presentation rules of 2007.

(q) Per share information

Net income per share is computed based on the weighted-average number of shares of common stock outstanding during each year. Dividends per share have been presented on an accrual basis and include dividends approved or to be approved after March 31 but applicable to the year then ended.

(r) Statement of cash flows

In preparing the consolidated statement of cash flows, cash on hand, readily-available deposits and short-term highly liquid investments with maturities of not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

(s) Reclassification

Certain prior period amounts in the consolidated financial statements have been reclassified to conform to the March 31, 2008 presentation. These reclassifications had no effect on the Company’s consolidated net income or net assets.

(t) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Cash and Cash Equivalents

Cash and cash equivalents at March 31, 2008, 2007 and 2006 were as follows:

	Millions of Yen			Thousands of U.S. dollars
	2008	2007	2006	**2008**
Cash on hand and in banks	**¥30,045**	¥48,947	¥38,859	**$299,880**
Time deposits with the original maturity over three months	**(280)**	(80)	(92)	**(2,795)**
Cash and cash equivalents	**¥29,765**	¥48,867	¥38,767	**$297,085**

4. Statement of Cash Flows

As of July 1, 2006, a consolidated subsidiary (Yokohama Baystars, Inc.) merged Baystars-soft, Inc. The assets and the liabilities taken over acquired by Yokohama Baystars, Inc. through the merger were summarized as follows:

	Millions of Yen
Current assets	¥335
Investment and other assets	1
Total assets	336
Current liabilities	188
Long-term liabilities	2
Total liabilities	¥190

5. Inventories

Inventories at March 31, 2008 and 2007 were as follows:

	Millions of Yen		Thousands of U.S. dollars
	2008	2007	**2008**
Program rights	**¥8,287**	¥ 9,957	**$82,713**
Real property held for sale and other	**263**	122	**2,625**
Total	**¥8,550**	¥10,079	**$85,338**

Program rights represent the costs incurred in connection with the production of programming or the purchase of rights to programs that are available to be broadcast in the future.

6. Pledged Assets

The net carrying value of pledged assets at March 31, 2008 and 2007 was as follows:

	Millions of Yen		Thousands of U.S. dollars
	2008	2007	**2008**
Machinery and equipment	**¥ —**	¥ 351	**$ —**
Total	**¥ —**	¥ 351	**$ —**

These assets listed above were pledged to secure long-term borrowings (¥40 million at March 31, 2007) including current portion (¥40 million at March 31, 2007).

7. Short-term Borrowings and Long-term Debt

Short-term borrowings represent 365-day notes issued to banks with the average interest rate of 0.38% at March 31, 2008 and 2007.
Long-term debt at March 31, 2008 and 2007 were as follows:

	Millions of Yen		Thousands of U.S. dollars
	2008	2007	**2008**
1.67% unsecured bonds due 2011	**¥20,000**	¥ 20,000	**$199,621**
2.26% unsecured bonds due 2016	**10,000**	10,000	**99,810**
Long-term borrowings from banks	**20,000**	30,040	**199,621**
	50,000	60,040	**499,052**
Less current portion	**—**	(10,040)	**—**
Total	**¥50,000**	¥ 50,000	**$499,052**

At March 31, 2008, maturity dates for long-term borrowings (excluding current portion) with the average interest rate of 0.64% per annum (excluding current portion) ranged from February 2007 to February 2010.
The annual maturities of long-term debt (including bonds and long-term borrowings) are as follows:

Year ending March 31	Millions of Yen	Thousands of U.S. dollars
2009	**¥ —**	**$ —**
2010	**20,000**	**199,621**
2011	**20,000**	**199,621**
2012	**—**	**—**
2013 and thereafter	**10,000**	**99,810**
Total	**¥50,000**	**$499,052**

8. Income Taxes

Significant components of the deferred income taxes of the Company at March 31, 2008 and 2007 were as follows:

	Millions of Yen		Thousands of U.S. dollars
	2008	2007	**2008**
Excess allowance for retirement and severance benefits for employees	**¥ 3,862**	¥ 3,707	**$ 38,547**
Accrued expense due to change in retirement benefit plans	**1,534**	3,166	**15,311**
Excess accrued bonuses	**1,637**	1,677	**16,339**
Enterprise taxes	**684**	469	**6,827**
Long-term accounts payable	**254**	401	**2,535**
Devaluation of investments in securities	**1,216**	927	**12,137**
Loss on program rights	**468**	473	**4,671**
Unrealized gain on available-for-sale securities	**(17,923)**	(45,100)	**(178,890)**
Amortization of long-term prepaid expenses	**2,450**	2,449	**24,454**
Other	**2,039**	1,740	**20,352**
Less valuation allowance	**(2,450)**	(2,449)	**(24,454)**
Deferred tax liabilities, net	**¥ (6,229)**	¥(32,540)	**$ (62,171)**

Reconciliation of the difference between the statutory tax rate and the effective tax rate has been omitted because the difference between effective tax rate and statutory tax rate was not material.

9. Net Assets

Net assets comprises three subsections, which are the shareholders' equity, valuation and translation adjustments and minority interests. The Japanese Corporate Law ("the Law") became effective on May 1, 2006, replacing the Japanese Commercial Code ("the Code"). The Law is generally applicable to events and transactions occurring after April 30, 2006 and for fiscal years ending after that date.

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Law, in cases where a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in-capital and legal earnings reserve must be set aside as additional paid-in-capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Under the Code, companies were required to set aside an amount equal to at least 10% of the aggregate amount of cash dividends and other cash appropriations as legal earnings reserve until the total of legal earnings reserve and additional paid-in capital equaled 25% of common stock.

Under the Code, legal earnings reserve and additional paid-in capital could be used to eliminate or reduce a deficit by a resolution of the shareholders' meeting or could be capitalized by a resolution of the Board of Directors. Under the Law, both of these appropriations generally require a resolution of the shareholders' meeting.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. Under the Code, however, on condition that the total amount of legal earnings reserve and additional paid-in capital remained equal to or exceeded 25% of common stock, they were available for distribution by resolution of the shareholders' meeting. Under the Law, all additional paid-in-capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with Japanese laws and regulations.

At the annual shareholders' meeting held on June 27, 2008, the shareholders approved cash dividends amounting to ¥3,426million($34,195 thousand). Such appropriations have not been accrued in the consolidated financial statements as of March 31, 2007. Such appropriations are recognized in the period in which they are approved by the shareholders.

10. Employees' Retirement and Severance Benefits

The company and its subsidiaries provide defined benefit plans, which are the tax-qualified pension plans, the lump-sum indemnities plans, the welfare pension fund plans, and defined contribution plans, which are the defined contribution pension plans and the prepaid retirement allowance plans. Extra payments may be added upon retirement of employees.

The liabilities for retirement and severance benefits included in the consolidated balance sheets as of March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. dollars
	2008	2007	**2008**
Projected benefit obligation	**¥12,583**	¥12,357	**$125,591**
Less: Fair value of plan assets	**(2,869)**	(3,205)	**(28,635)**
Unfunded obligation	**9,714**	9,152	**96,956**
Unrecognized actuarial differences	**(7)**	142	**(70)**
Liability for retirement and severance benefits	**¥ 9,707**	¥ 9,294	**$ 96,886**

Since the Company revised the retirement benefits plans on April 1, 2005, the assets have been transferred to the defined contribution pension plans and the prepaid retirement allowance plans over a period of four years.

The amount which have not been transferred by the end of the fiscal year is ¥3,769 million ($37,619 thousand), and is included in Accounts payable—other.

Included in the consolidated statements of income for each of the three years ended March 31, 2008 were retirement and severance benefit expenses comprised of the following:

	Millions of Yen			Thousands of U.S. dollars
	2008	2007	2006	**2008**
Service costs-benefits earned during the year	**¥1,068**	¥ 797	¥ 559	**$10,660**
Interest cost on projected benefit obligation	**177**	178	175	**1,766**
Amortization of actuarial differences	**(141)**	137	355	**(1,407)**
Amortization of prior service costs	**—**	—	940	**—**
Costs of defined contribution plans and advanced retirement allowance plans	**727**	665	674	**7,256**
Retirement and severance benefit expenses	**¥1,831**	¥1,777	¥2,703	**$18,275**

The discount rate used by the Company is 2.25% as of March 31, 2008, 2007 and 2006. The estimated amount of all retirement benefits to be paid at the future retirement date is allocated equally to each service year based on the estimated number of total service years. Actuarial differences are to be charged to income in the following year of recognition.

11. Leases

Finance Leases

Finance leases, excluding those leases for which the ownership of the leased assets is considered to be transferred to the lessee, as of and for the years ended March 31, 2008 and 2007 were as follows:

(1) As if capitalized amounts of purchase price, accumulated depreciation and book value of leased assets:

	Millions of Yen		Thousands of U.S. dollars
	2008	2007	**2008**
Purchase price:			
Buildings	**¥ —**	¥ 57	**$ —**
Machinery	**1,502**	3,242	**14,991**
Equipment	**1,323**	1,182	**13,205**
	¥2,825	¥4,481	**$28,196**
Accumulated depreciation:			
Buildings	**¥ —**	¥ 50	**$ —**
Machinery	**1,026**	2,359	**10,241**
Equipment	**717**	534	**7,156**
	¥1,743	¥2,943	**$17,397**
Book value:			
Buildings	**¥ —**	¥ 7	**$ —**
Machinery	**475**	883	**4,741**
Equipment	**607**	648	**6,058**
	¥1,082	¥1,538	**$10,799**

(2) Lease commitments (including interest portion):

	Millions of Yen		Thousands of U.S. dollars
	2008	2007	**2008**
Due within one year	**¥ 491**	¥ 761	**$ 4,901**
Due after one year	**591**	777	**5,899**
Total	**¥1,082**	¥1,538	**$10,800**

(3) Lease expenses and depreciation equivalents:

	Millions of Yen			Thousands of U.S. dollars
	2008	2007	2006	**2008**
Lease expenses	**¥821**	¥1,389	¥2,014	**$8,194**
Depreciation equivalents	**¥821**	¥1,389	¥2,014	**$8,194**

Depreciation equivalents are computed by the straight-line method over the lease terms with no residual value.

Operating Lease

Future rental revenue under operating leases at March31, 2008 and 2007 were as follows:

	Millions of Yen		Thousands of U.S. dollars
	2008	2007	**2008**
Due within one year	**¥ 4,000**	¥ —	**$ 39,924**
Due after one year	**72,000**	—	**718,635**
Total	**¥76,000**	¥ —	**$758,559**

12. Securities

The following tables summarize acquisition costs, book values and fair value of securities with available fair market values as of March 31, 2008:

(1) Securities with book values exceeding acquisition costs

	Millions of Yen			Thousands of U.S. dollars		
Type	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference
Available-for-sale securities with available fair market values:						
Equity securities	**¥26,183**	**¥88,700**	**¥62,517**	**$261,333**	**$885,318**	**$623,985**
Debt securities	**—**	**—**	**—**	**—**	**—**	**—**
Other securities	**—**	**—**	**—**	**—**	**—**	**—**
Total	**¥26,183**	**¥88,700**	**¥62,517**	**$261,333**	**$885,318**	**$623,985**

(2) Other securities

	Millions of Yen			Thousands of U.S. dollars		
Type	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference
Available-for-sale securities with available fair market values:						
Equity securities	**¥78,615**	**¥60,436**	**¥(18,179)**	**$784,659**	**$603,214**	**$(181,445)**
Debt securities	**—**	**—**	**—**	**—**	**—**	**—**
Other securities	**451**	**382**	**(69)**	**4,502**	**3,813**	**(689)**
Total	**¥79,066**	**¥60,818**	**¥(18,248)**	**$789,161**	**$607,027**	**$(182,134)**

Total sales of available-for-sale securities during the year ended March 31, 2008 amounted to ¥21,259 million ($212,187 thousand) and the related gains to ¥14,194 million ($141,671 thousand).

The following table summarizes book values of securities with no available fair market values as of March 31, 2008:

	Millions of Yen	Thousands of U.S. dollars
Non-listed equity securities	**¥ 6,659**	**$ 66,464**
Available-for-sale securities	**27,121**	**270,695**
Total	**¥33,780**	**$337,159**

The following tables summarize acquisition costs, book values and fair value of securities with available fair market values as of March 31, 2007:

(1) Securities with book values exceeding acquisition costs

	Millions of yen		
Type	Acquisition cost	Book value	Difference
Available-for-sale securities with available fair market values:			
Equity securities	¥67,490	¥181,565	¥114,075
Debt securities	—	—	—
Other securities	421	521	100
Total	¥67,911	¥182,086	¥114,175

(2) Other securities

	Millions of yen		
Type	Acquisition cost	Book value	Difference
Available-for-sale securities with available fair market values:			
Equity securities	¥22,116	¥18,700	¥(3,416)
Debt securities	—	—	—
Other securities	—	—	—
Total	¥22,116	¥18,700	¥(3,416)

Total sales of available-for-sale securities during the year ended March 31, 2007 amounted to ¥1,230 million and the related gains to ¥169 million.

The following table summarizes book values of securities with no available fair market values as of March 31, 2007:

	Millions of Yen
Non-listed equity securities	¥ 6,138
Available-for-sale securities	26,876
Total	¥33,014

13. Research and Development Expenses

Research and development expenses are included in both cost of sales and selling, general and administrative expenses. Research and development expenses for the years ended March 31, 2008, 2007 and 2006 were ¥275 million ($2,745 thousand), ¥340 million and ¥376 million, respectively.

14. Related Party Transactions

Some of the Company's directors and statutory auditors (collectively, "the said directors") served as a representative director of other parties ("the said parties"). In this connection, the transactions between the Company and the said parties have been recognized as related party transactions in Japan. All of the following related party transactions were entered into by the said directors on behalf of the said parties and were consummated at arm's length.

The summary of related party transactions for each of the three years ended March 31, 2008 was as follows:

	Millions of Yen			Thousands of U.S. dollars
Description of transactions (Nature of related parties)	**2008**	2007	2006	**2008**
Revenues:				
a) Directors				
Sales of advertising time (from certain broadcasting stations, an advertising agency and a newspaper publishing company)	**¥117,601**	¥120,464	¥85,966	**$1,173,780**
Room rent (from some associations)	**1**	3	3	**10**
Advertisement fee (from some associations)	**—**	—	2	**—**
b) Affiliated company				
Production fee	**1,489**	1,731	1,742	**14,862**
Expenses:				
a) Directors				
Dealing commission (to an advertising agency)	**26,476**	25,033	17,734	**264,258**
Network compensation (to certain broadcasting stations)	**2,950**	3,140	2,893	**29,444**
Advertisement in the paper (to a certain newspaper publishing company)	**27**	46	10	**269**
Donation (to a certain entity)	**—**	30	30	**—**
Interest expense (to a certain financial institute)	**—**	—	—	**—**
Commission expense (to a certain financial institute)	**—**	—	12	**—**
Commission expense (to a real estate agency)	**6**	—	—	**60**
b) Affiliated company				
Program purchase expense	**636**	566	628	**6,348**
Interest expense	**7**	3	6	**70**
Others:				
a) Affiliated company				
Repayment of short-term borrowings, net	**(467)**	1,683	2,296	**(4,661)**

	Millions of Yen		Thousands of U.S. dollars
Description of receivables and payables (Nature of related parties)	**2008**	2007	**2008**
Receivable pertaining to:			
a) Directors			
Sales of advertising time (from certain broadcasting stations, an advertising agency and a newspaper publishing company)	**¥9,841**	¥10,192	**$98,223**
Room rent (from some associations)	**—**	—	**—**
b) Affiliates			
Production fee (from a broadcasting station)	**165**	175	**1,647**
Payable pertaining to:			
a) Directors			
Dealing commission (to an advertising agency)	**1,348**	1,283	**13,454**
Network compensation (to certain broadcasting stations)	**804**	743	**8,025**
Advertisement in the paper (to a certain newspaper publishing company)	**—**	—	**—**
Commission expense (to a certain financial institute)	**—**	—	**—**
Commission expense (to a real estate agency)	**1**	—	**10**
b) Affiliates			
Short-term borrowings	**2,074**	1,606	**20,701**
Program purchase expense (to a broadcasting station)	**33**	80	**329**

15. Segment Information

The Company's and its subsidiaries' businesses are divided into the broadcasting segment, Multi Visual Ventures & Cultural Events (MVV&CE) segment, real estate segment and other segment. The major business of each segment is as follows:

Segment	Business
Broadcasting	Television and radio broadcasting and related businesses
Multi visual ventures & Cultural Events	Planning and production of events and video software, management of a professional baseball club, etc.
Real estate	Leasing of land and buildings, and related businesses
Others	Limo service and research, etc.

Financial information by industry segment for the years ended March 31, 2008, 2007 and 2006 were summarized as follows:

	Millions of Yen						
Year ended March 31, 2008	Broadcasting	MVV &CE	Real estate	Others	Total	Elimination/ Headquarters	Consolidated
1. Operating revenues and operating income							
Operating revenues							
(1) Outside customers	¥255,462	¥55,713	¥ 3,816	¥ 184	¥315,175	¥ —	¥315,175
(2) Inter-segment	2,032	5,736	4,907	1,501	14,176	(14,176)	—
Total	257,494	61,449	8,723	1,685	329,351	(14,176)	315,175
Operating expenses	245,229	53,536	8,299	1,604	308,668	(14,117)	294,551
Operating income	¥ 12,265	¥ 7,913	¥ 424	¥ 81	¥ 20,683	¥ (59)	¥ 20,624
2. Assets, depreciation and capital expenditures							
Assets	¥171,232	¥49,970	¥163,732	¥ 119	¥385,053	¥152,158	¥537,211
Depreciation	¥ 10,448	¥ 1,857	¥ 2,331	¥ 10	¥ 14,646	¥ —	¥ 14,646
Capital expenditures	¥ 7,986	¥ 7,716	¥ 39,307	¥ 12	¥ 55,021	¥ —	¥ 55,021

	Thousands of U.S. dollars						
Year ended March 31, 2008	Broadcasting	MVV &CE	Real estate	Others	Total	Elimination/ Headquarters	Consolidated
1. Operating revenues and operating income							
Operating revenues							
(1) Outside customers	$2,549,775	$556,073	$ 38,088	$ 1,837	$3,145,773	$ —	$3,145,773
(2) Inter-segment	20,282	57,252	48,977	14,981	141,492	(141,492)	—
Total	2,570,057	613,325	87,065	16,818	3,287,265	(141,492)	3,145,773
Operating expenses	2,447,639	534,345	82,833	16,010	3,080,827	(140,903)	2,939,924
Operating income	$ 122,418	$ 78,980	$ 4,232	$ 808	$ 206,438	$ (589)	$ 205,849
2. Assets, depreciation and capital expenditures							
Assets	$1,709,073	$498,752	$1,634,215	$ 1,188	$3,843,228	$1,518,694	$5,361,922
Depreciation	$ 104,282	$ 18,534	$ 23,266	$ 100	$ 146,182	$ —	$ 146,182
Capital expenditures	$ 79,708	$ 77,014	$ 392,325	$ 120	$ 549,167	$ —	$ 549,167

	Millions of Yen						
Year ended March 31, 2007	Broadcasting	MVV &CE	Real estate	Others	Total	Elimination/ Headquarters	Consolidated
1. Operating revenues and operating income							
Operating revenues							
(1) Outside customers	¥262,762	¥53,181	¥ 2,475	¥ 282	¥318,700	¥ —	¥318,700
(2) Inter-segment	1,936	7,120	4,919	1,512	15,487	(15,487)	—
Total	264,698	60,301	7,394	1,794	334,187	(15,487)	318,700
Operating expenses	248,792	51,664	6,698	1,710	308,864	(15,492)	293,372
Operating income	¥ 15,906	¥ 8,637	¥ 696	¥ 84	¥ 25,323	¥ 5	¥ 25,328
2. Assets, depreciation and capital expenditures							
Assets	¥184,447	¥45,226	¥133,641	¥ 255	¥363,569	¥204,153	¥567,722
Depreciation	¥ 10,535	¥ 2,462	¥ 1,689	¥ 13	¥ 14,699	¥ —	¥ 14,699
Capital expenditures	¥ 7,556	¥ 380	¥ 17,158	¥ 7	¥ 25,101	¥ —	¥ 25,101

Year ended March 31, 2006	Broadcasting	MVV &CE	Real estate	Others	Total	Elimination/ Headquarters	Consolidated
	Millions of Yen						
1. Operating revenues and operating income							
Operating revenues							
(1) Outside customers	¥254,469	¥48,709	¥ 2,545	¥ 318	¥306,041	¥ —	¥306,041
(2) Inter-segment	2,404	6,264	4,972	1,455	15,095	(15,095)	—
Total	256,873	54,973	7,517	1,773	321,136	(15,095)	306,041
Operating expenses	247,837	48,326	6,894	1,663	304,720	(15,084)	289,636
Operating income	¥ 9,036	¥ 6,647	¥ 623	110	¥ 16,416	¥ (11)	¥ 16,405
2. Assets, depreciation and capital expenditures							
Assets	¥209,297	¥52,293	¥109,582	¥ 316	¥371,488	¥183,784	¥555,272
Depreciation	¥ 11,171	¥ 1,290	¥ 1,606	¥ 14	¥ 14,081	¥ —	¥ 14,081
Capital expenditures	¥ 7,773	¥ 4,209	¥ 12,997	¥ 26	¥ 25,005	¥ —	¥ 25,005

Note: Information by business for the year ended 31 March, 2006 is modified in the new business segment for useful information.

Headquarters assets, consisting primarily of the Company's cash, marketable securities and investments in securities, were included in elimination / headquarters and were ¥157,044million ($1,567,462 thousand), ¥206,340 million and ¥186,705 million for the years ended March 31, 2008, 2007 and 2006, respectively.

As the sales and assets of the foreign operations of the Company and its consolidated subsidiaries constituted less than 10% of the consolidated totals for each of the three years ended March 31, 2008, the disclosure of geographical segment information has been omitted.

Also, the disclosure of the overseas sales of the Company and its subsidiaries for each of the three years ended March 31, 2008 was omitted as such sales were less than 10% of the consolidated net sales.

16. Contingent Liabilities

Contingent liabilities at March 31, 2008 were as follows:

	Millions of Yen	Thousands of U.S. dollars
	2008	**2008**
Guarantee of bank loans for employees	**¥6,663**	**$66,504**
Guarantee of bank loans for other parties	**877**	**8,753**
Guarantee of leases obligations for other parties	**1,842**	**18,385**
Total	**¥9,382**	**$93,642**

The Company has a commitment line provided by co-financing consisted of several correspondent financial institutions for the purpose of securing operating capital. The commitment line amount was ¥110,000 million ($1,097,914 thousand), however, there is no amount of loans as of March 31, 2008.

17. Stock options

Information on stock options existed the year ended March 31, 2008 and 2007 were as follows:

(1) Content of stock options

	Stock options Granted in 2001	Stock options Granted in 2003	Stock options Granted in 2004
Persons granted	9 directors and 65 executive employees	10 directors 9 corporate officers 46 executive employees and 38 directors of subsidiary companies	10 directors 8 corporate officers 45 executive employees and 39 directors of subsidiary companies
Number of shares	common stock 330,000 shares	common stock 292,000 shares	common stock 292,000shares
Date of grant	August 21, 2001	August 27, 2003	August 30, 2004
Vesting conditions	Not stipulated	Not stipulated	Not stipulated
Service period	Not stipulated	Not stipulated	Not stipulated
Exercise period	July 1, 2003 to June 30, 2007	July 1, 2005 to June 30, 2007	July 1, 2006 to June 30, 2008

	Stock options Granted in 2005
Persons granted	10 directors 11 corporate officers 37 executive employees and 35 directors of subsidiary companies
Number of shares	common stock 296,000 shares
Date of grant	August 30, 2005
Vesting conditions	Not stipulated
Service period	Not stipulated
Exercise period	July 1, 2007 to June 30, 2009

(2) Number and movement of stock options

The number of stock options is convertible into the number of shares.

	Stock options Granted in 2001	Stock options Granted in 2003	Stock options Granted in 2004
Before vesting options (Number of shares)			
Balance at March 31, 2007	—	—	—
Granted	—	—	—
Exercised	—	—	—
Forfeited	—	—	—
Balance at March 31, 2008	—	—	—
After vesting options (Number of shares)			
Balance at March 31, 2007	276,000	57,000	196,000
Granted	—	—	—
Exercised	25,000	26,000	30,000
Forfeited	251,000	31,000	—
Balance at March 31, 2008	—	—	166,000

	Stock options Granted in 2005
Before vesting options (Number of shares)	
Balance at March 31, 2007	—
Granted	—
Exercised	—
Forfeited	—
Balance at March 31, 2008	—
After vesting options (Number of shares)	
Balance at March 31, 2007	296,000
Granted	—
Exercised	18,000
Forfeited	—
Balance at March 31, 2008	278,000

(3) Price per share

	Stock options Granted in 2001	Stock options Granted in 2003	Stock options Granted in 2004
Option price (Yen)	2,452	1,696	1,962
Weighted-average stock price (Yen)	3,895	3,868	2,874
Fair value at grant date (Yen)	—	—	—

	Stock options Granted in 2005
Option price (Yen)	2,145
Weighted-average stock price (Yen)	2,832
Fair value at grant date (Yen)	—

(1) Content of stock options

	Stock options Granted in 2000	Stock options Granted in 2001	Stock options Granted in 2002
Persons granted	18 directors and 25 employees	9 directors and 65 executive employees	11 directors 16 corporate officers and 44 executive employees
Number of shares	common stock 225,000 shares	common stock 330,000 shares	common stock 342,000shares
Date of grant	August 21, 2000	August 21, 2001	August 27, 2002
Vesting conditions	Not stipulated	Not stipulated	Not stipulated
Service period	Not stipulated	Not stipulated	Not stipulated
Exercise period	July 1, 2002 to June 30, 2006	July 1, 2003 to June 30, 2007	July 1, 2004 to June 30, 2006

	Stock options Granted in 2003	Stock options Granted in 2004	Stock options Granted in 2005
Persons granted	10 directors 9 corporate officers 46 executive employees and 38 directors of subsidiary companies	10 directors 8 corporate officers 45 executive employees and 39 directors of subsidiary companies	10 directors 11 corporate officers 37 executive employees and 35 directors of subsidiary companies
Number of shares	common stock 292,000 shares	common stock 292,000 shares	common stock 296,000 shares
Date of grant	August 27, 2003	August 30, 2004	August 30, 2005
Vesting conditions	Not stipulated	Not stipulated	Not stipulated
Service period	Not stipulated	Not stipulated	Not stipulated
Exercise period	July 1, 2005 to June 30, 2007	July 1, 2006 to June 30, 2008	July 1, 2007 to June 30, 2009

(2) Number and movement of stock options

The number of stock options is convertible into the number of shares.

	Stock options Granted in 2000	Stock options Granted in 2001	Stock options Granted in 2002
Before vesting options (Number of shares)			
Balance at March 31, 2006	—	—	—
Granted	—	—	—
Exercised	—	—	—
Forfeited	—	—	—
Balance at March 31, 2007	—	—	—
After vesting options (Number of shares)			
Balance at March 31, 2006	225,000	315,000	339,000
Granted	—	—	—
Exercised	—	39,000	3,000
Forfeited	225,000	—	336,000
Balance at March 31, 2007	—	276,000	—

	Stock options Granted in 2003	Stock options Granted in 2004	Stock options Granted in 2005
Before vesting options (Number of shares)			
Balance at March 31, 2006	—	—	—
Granted	—	—	—
Exercised	—	—	—
Forfeited	—	—	—
Balance at March 31, 2007	—	—	—
After vesting options (Number of shares)			
Balance at March 31, 2006	88,000	292,000	296,000
Granted	—	—	—
Exercised	31,000	96,000	—
Forfeited	—	—	—
Balance at March 31, 2007	57,000	196,000	296,000

(3) Price per share

	Stock options Granted in 2000	Stock options Granted in 2001	Stock options Granted in 2002
Option price (Yen)	4,870	2,452	2,682
Weighted-average stock price (Yen)	—	4,071	2,768
Fair value at grant date (Yen)	—	—	—

	Stock options Granted in 2003	Stock options Granted in 2004	Stock options Granted in 2005
Option price (Yen)	1,696	1,962	2,145
Weighted-average stock price (Yen)	3,381	3,925	—
Fair value at grant date (Yen)	—	—	—

Independent Auditors' Report

To the Shareholders and Board of Directors of
Tokyo Broadcasting System, Inc.:

We have audited the accompanying consolidated balance sheets of Tokyo Broadcasting System, Inc. and consolidated subsidiaries as of March 31, 2008 and 2007, the related consolidated statements of income for each of the three years ended March 31, 2008, the consolidated statement of net assets for each of the two years in the period ended March 31, 2008, the consolidated statement of shareholders' equity for the year ended March 31, 2006, and the consolidated statements of cash flows for each of the three years ended March 31, 2008, expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Tokyo Broadcasting System, Inc. and subsidiaries as of March 31, 2008 and 2007, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2008, in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2008 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA & Co.

Tokyo, Japan
June 27, 2008

As of March 31, 2008

Tokyo Broadcasting System, Inc.

Date of Establishment

May 10, 1951 (Registered on May 17)

Head Office

5-3-6 Akasaka, Minato-ku, Tokyo 107-8006, Japan

Stock Exchange Listing

Tokyo Stock Exchange

Paid-in Capital

¥54,959,240,896

Number of Employees (parent company)

1,140

Fiscal Year-End

March 31

Cash Dividends

Payable to registered shareholders as of March 31

Semi-Annual Cash Dividends

Payable to registered shareholders as of September 30, based on the resolution of the Board of Directors

Shareholders' Meeting

June

Business Activities

General broadcasting (television broadcasting) in accordance with the Broadcast Law and other broadcasting regulations; production and distribution of television programs and DVDs, videos, etc.; telecommunication services; TV broadcasting: JORX-TV; terrestrial digital TV broadcasting: JORX-DTV

Principal Businesses Operated by the Company

The main businesses of the Group are television and radio program broadcasting and the production and marketing of visual and audio content. In addition, the Group engages in auxiliary maintenance and other services.

During the term under review (consolidated basis), the Group's businesses were categorized as follows.

Broadcasting	**Broadcasting-related businesses:** Broadcasting, program production, visual content technology, stage and studio set production, computer graphics, audio technology, lighting technology, video camera newsgathering, investment in cable television, investment in visual content, etc.
Program sales and cultural events	**Promotion of various events and baseball games, production and distribution of TV programs, etc.:** Production and marketing of visual and audio content, marketing of all kinds of events and programming, production and marketing of video content, planning and production of music content, mail-order operations, baseball team management, etc.
Real estate	**Real estate (rental, maintenance and services):** Studio management, air-conditioning/heating systems, car park management, equipment leasing, insurance agency, real estate rental, etc.
Other businesses	**Other services:** Transportation, food and beverage services, etc.

Group Employee Breakdown by Company Type

Segment Service	Number of Employees	Change from Mar. 2007
Broadcasting	2,199	72
Program sales and cultural events	488	55
Real estate	347	38
Other businesses	105	(12)
Companywide (common)	139	22
Total	3,278	175

Notes: 1. Number of full-time employees at March 31 2008.
2. The number of employees for the entire Group includes those who belong to administration divisions that cannot be classified as being in a specific segment.

Board of Directors, Auditors and Executive Officers

President	Hiroshi Inoue
Senior Managing Directors	Keizo Zaitsu
	Kenichiro Kidokoro
Executive Director	Kazuo Hiramoto
Managing Director	Yukio Kinugasa
Senior Adviser Director	Kiyoshi Wakabayashi
Directors	Toshichika Ishihara
	Yoshitomo Mori
	Shinji Takeda
	Toshishige Namai
	Youji Shimizu
	Masahiro Yamamoto
	Tateo Mataki
	Masatou Kitamura
	Shoei Utsuda
Standing Statutory Auditors	Kunio Ogawa
	Tadaaki Oda
Auditors	Keiichiro Okabe
	Takeo Tanaka
	Yasushi Akashi
Executive Officers	Makoto Ishikawa
	Shinichiro Kasugai
	Shouzo Fukui
	Kenji Watano
	Susumu Motoda
	Yasuyoshi Ishikawa
	Shigenori Kanehira
	Yasuo Yagi
	Fuyuhiko Tashiro
	Ichiro Nobukuni
	Toshiei Toyonaka
	Shinya Kimura
	Mitsuo Yoda
	Yuu Inada

Notes: 1. Four directors, Masahiro Yamamoto, Tateo Mataki, Masatou Kitamura and Shoei Utsuda, are external directors.
2. Three auditors, Keiichiro Okabe, Teruo Tanaka and Yasushi Akashi, are external auditors.

Consolidation Status

Company	Capital (millions of yen)	TBS Holdings (%)	Services
TOKYO BROADCASTING SYSTEM TELEVISION, INC.	300	100.0	Planning, production and marketing of TV programming, etc.
TBS Radio & Communications, Inc.	478	100.0	Planning and production of radio broadcasts and programming
TBS Service, Inc.	200	100.0	Planning and production of audio and visual content, marketing of printing services and broadcasts
TBS-VISION, Inc.	100	100.0	Planning and production of TV programming, etc.
NICHION, INC.	50	100.0	Distribution and management of music products, planning and production of original recordings, etc.
Midoriyama Studio City, Inc.	100	100.0	Lease, operation and management of buildings and studios, etc.
TBS KAIKAN Co., Ltd.	20	100.0	Real estate management business
Art Communication System, Inc.	30	100.0	Planning, production and procurement of studio sets, costumes, design, etc.
TOKYO BROADCASTING SYSTEM INTERNATIONAL, INC.	US$3.28 million	100.0	Monitoring of media-related information in the U.S.A. and news-gathering
TBS Kikaku Co., Ltd.	150	100.0	Operation and management of car parks, insurance agency
TBS Sunwork, Inc.	40	100.0	Operation, maintenance and management of buildings and related facilities and personnel service
TBS MEDIA RESEARCH INSTITUTE INCORPORATED	12	100.0	Media research
YOKOHAMA BAYSTARS BASEBALL CLUB, INC.	100	51.5 (Note 3)	Promotion of baseball games
Akasaka Heat Supply, Co., Ltd.	400	70.0	Heat supply services based on the Heat Supply Business Act
OXYBOT, Inc.	200	100.0	Planning, production and marketing of screen and visual content using computer graphics
TC Entertainment Incorporated	200	51.0	Planning, production and duplication of movie and music software
TOHOSEISAKU, Inc.	30	100.0*	News video editing, material coordination, editing and shooting of information programs
TBS TriMedia, Inc.	10	100.0*	Planning and production of TV and radio programming and events
Akasaka Video Center Co., Ltd.	100	100.0*	Post-production work, including VTR editing, duplication, MA, etc.
AKASAKA GRAPHICS ART, INC.	10	100.0*	Planning, production and sales of computer graphics
DREAMAX TELEVISION, INC.	220	74.7*	Planning and production of TV programs
SOUNDS ART Co., Ltd.	30	100.0*	Production of video and audio software, management and maintenance of broadcast studios
Grand Marche, Inc.	360	60.0*	Mail-order services, commissioned mail-order services and store operations
TRC, Co., Ltd.	12	100.0*	Automobile transportation and maintenance
F&F, Inc.	25	100.0*	Planning and production of broadcast programming, video production, editing services, etc.
TELECOM SOUND, Inc.	20	100.0*	Planning and production of broadcast programming and radio events
ProCam, Inc.	150	100.0*	Production and sales of broadcast programming and general videos
JASC (Japan Artvideo Service Collaborative, Inc.)	10	75.4*	Temporary staffing services, broadcast programming production
Vucast, Inc.	10	100.0*	Production of images for TV programs and video packages, temporary staffing services

Notes: 1. TBS's key consolidated subsidiaries are the abovementioned 29 companies. TBS TriMedia, Inc. acquired TBS subsidiary TBS Plaza Co., Ltd. on October 1, 2007.
2. The * mark shows the investment ratio, including investments by subsidiaries.
3. The TBS equity-method affiliate BS-i, Incorporated holds 17.6% of Yokohama BayStars Baseball Club, Inc. shares.

As of March 31, 2008

Tokyo Broadcasting System, Inc.

Consolidated Subsidiaries

Broadcasting

15
Companies

TOKYO BROADCASTING SYSTEM TELEVISION, INC.
TBS Radio & Communications, Inc.
TBS-VISION, Inc.
Art Communication System, Inc.
TOKYO BROADCASTING SYSTEM INTERNATIONAL, INC.
TOHOSEISAKU, Inc.
Akasaka Video Center Co., Ltd.
AKASAKA GRAPHICS ART, INC.
DREAMAX TELEVISION, INC.
SOUNDS ART Co., Ltd.
F&F, Inc.
TELECOM SOUND, Inc.
ProCam, Inc.
JASC (Japan Artvideo Service Collaborative, Inc.)
VuCast, Inc.

Multi Visual Ventures & Cultural Events

7
Companies

TBS Service, Inc.
NICHION, INC.
OXYBOT, Inc.
Grand Marche, Inc.
TC Entertainment Incorporated
TBS TriMedia, Inc.
YOKOHAMA BAYSTARS BASEBALL CLUB, INC.

Real Estate

5
Companies

Midoriyama Studio City, Inc.
TBS KAIKAN Co., Ltd.
TBS Kikaku Co., Ltd.
Akasaka Heat Supply, Co., Ltd.
TBS Sunwork, Inc.

Others

2
Companies

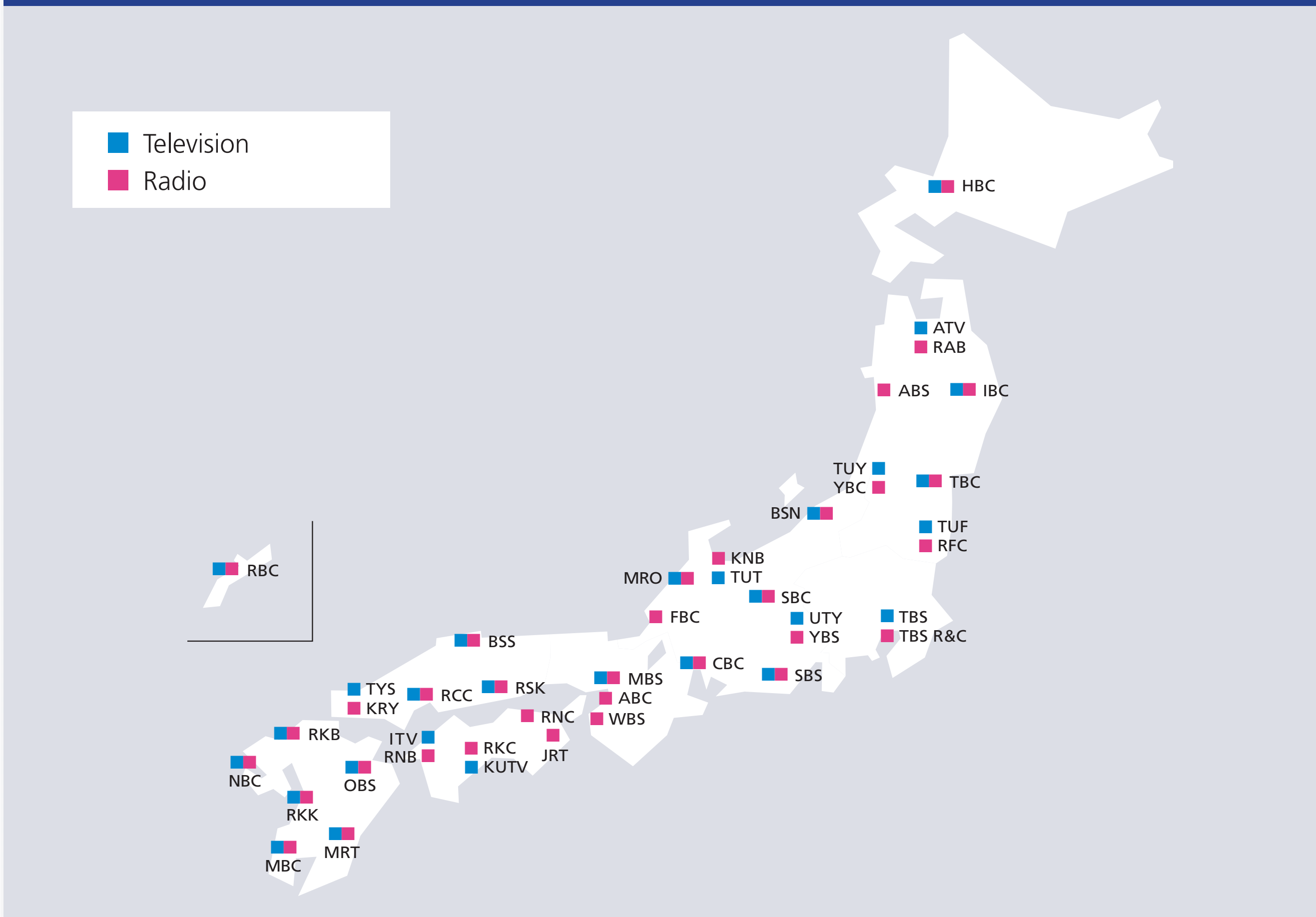
TBS MEDIA RESEARCH INSTITUTE INCORPORATED
TRC, Co., Ltd.

Companies under the Equity Method

4
Companies

BS-i, Incorporated
Tomo-Digi Corporation
Totsu Inc.
TLC Co., Ltd.

JNN (Japan News Network, 28 Stations) JRN (Japan Radio Network, 34 Stations)



JNN Overseas Bureaus

As of March 31, 2008

Common Stock

Number of Shares Authorised	400,000,000
Common Shares Issued	190,406,968
Number of Shareholders	11,166

Primary Shareholders

Shareholders	Number of shares held	Ratio to total shares issued (% ownership)
Rakuten Media Investment, Inc.	31,401	16.49
The Master Trust Bank of Japan, Ltd. (Pension Account—Pension Trust Account held for Dentsu Inc.)	9,310	4.89
The Master Trust Bank of Japan, Ltd. (Trust Account)	8,515	4.47
Nippon Life Insurance Company	7,821	4.10
Trust & Custody Services Bank, Ltd.	6,379	3.35
Mainichi Broadcasting System, Inc.	6,166	3.23
Sumitomo Mitsui Banking Corporation	5,745	3.01
Mitsui Fudosan Co., Ltd.	5,713	3.00
Nomura Securities Co.,Ltd.	4,954	2.60
Mitsui & Co.,Ltd.	4,288	2.25

Notes: 1. Shareholding ratios are calculated after subtracting treasury stock (20,059 shares).
2. Shareholding ratios are rounded off to the third decimal point.
3. Foreigners had 3.21% of total voting rights under the Radio Law at the end of the consolidated fiscal period.

Further Information

For further information about TBS's operations, current programs, and more, please see our website at:

http://www.tbs.co.jp/

An interactive version of our Annual Report 2007 and back numbers from 2000 to 2006 can be found at:

http://www.tbs.co.jp/ir/index.html

If you would like complimentary copies of our latest annual report, please write to our Investor Relations Department at the following address:

Department of Investor Relations
Tokyo Broadcasting System, Inc. 5-3-6 Akasaka, Minato-ku, Tokyo 107-8006, Japan


See you !

TBS

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www.tbs.co.jp

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