

[Translation: Please note that the following purports to be an accurate translation of excerpt contents of the original Japanese document, prepared for foreign shareholders solely as a reference material. In case of any discrepancy between the translation and the Japanese original, the latter shall prevail. Please also be advised that certain explanations for the domestic voting procedures are omitted or modified in this translation.]

Securities Code: 9401  
June 6, 2011

Dear Shareholders:

**TOKYO BROADCASTING SYSTEM HOLDINGS, INC.**  
(the “Company”)  
Toshichika Ishihara  
President and Representative Director  
5-3-6 Akasaka, Minato-ku, Tokyo

### **Notice of Convocation of the 84th Ordinary General Meeting of Shareholders**

You are cordially invited to attend the 84th Ordinary General Meeting of Shareholders of the Company to be held as described below.

If you are unable to attend the meeting, you can exercise voting rights either in writing or via Internet. Please review the following reference materials for the General Meeting of Shareholders, complete the enclosed Voting Rights Exercise Form by indicating your approval or disapproval for each matter for resolution and send it to the Company before 5:30 P.M. on Tuesday, June 28, 2011 (JST).

#### **[Exercising Voting Rights by Mail]**

Please indicate your approval or disapproval for the items of business below on the enclosed Voting Rights Exercise Form, and return it to the Company by the deadline above.

#### **[Exercising Voting Rights via Internet]**

*Note: Voting via Internet is only available for registered shareholders in Japan with Japanese Language only.*

Please check the description entitled “Guidance for the Exercise of Voting Rights via Internet” below (*Note: intentionally omitted*), and access the designated site for exercising your voting rights (<http://www.evotep.jp/> available only in Japanese), and then indicate your approval or disapproval of each of the items by the deadline above by following the instruction of the display.

#### **Details**

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|--|---|
| <b>1. Date and Time of the Meeting</b> | 10:00 A.M. [Wednesday], June 29, 2011                   |
| <b>2. Place of the Meeting</b>         | Akasaka BLITZ<br>5-3-2 Akasaka, Minato-ku, Tokyo, JAPAN |

### 3. Purpose of the Meeting

#### Matters for Reporting:

1. Report on the business report, the consolidated financial statements, and report on the audit results of the consolidated financial statements by the Accounting Auditors and the Board of Corporate Auditors for the 84th fiscal year (from April 1, 2010 to March 31, 2011);
2. Report on the non-consolidated financial statements for the 84th fiscal year (from April 1, 2010 to March 31, 2011).

#### Matters for Resolution

<b>First Item of Business:</b>	Appropriation of Surplus
<b>Second Item of Business:</b>	Partial Amendment to the Articles of Incorporation of the Company
<b>Third Item of Business:</b>	Election of Sixteen (16) Directors

### 4. Matters Concerning Exercise of Voting Rights

#### (1) Exercising Voting Rights by Proxy

If you are unable to attend the General Meeting of Shareholders, you are entitled to attend the General Meeting of Shareholders by designating another shareholder with voting rights of the Company as your proxy. Provided, however, a document certifying the power of proxy needs to be submitted.

#### (2) Exercising Voting Rights in Contrasting Votes

If you intend to exercise voting rights in contrasting votes (that is, exercising some voting rights for and some against the same proposal), please notify the Company in writing of your intention and reasons no later than three (3) days prior to the date of the General Meeting of Shareholders.

#### (3) Handling of Voting Rights Exercised Twice or More

- (i) In case of exercising voting rights twice or more by post and via Internet, the content of voting rights exercised via Internet shall be treated as valid.
- (ii) In case of exercising voting rights twice or more times via Internet, the content of last voting rights exercised shall be treated as valid.

- End -

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When attending the meeting, please submit the enclosed form for exercising voting rights to the reception at the meeting place (Akasaka BLITZ).

Immediately before the opening of the meeting, the reception will be extremely crowded, we sincerely ask you to go to the meeting place a little earlier (the reception will start at 9 A.M.).

To save resources, please bring this "Notice of Convocation of the 84th Ordinary General Meeting of Shareholders" in paper, on the day of the meeting.

In the event of any amendment to the Business Report, Consolidated Financial Statements, Non-Consolidated Financial Statements and Reference Materials for the General Meeting of the Shareholders, please note that amendments to such documents might be posted on the Company's website (<http://www.tbsholdings.co.jp/>).

# **Business Report**

From April 1, 2010 to March 31, 2011

## **1. The Current Position of Tokyo Broadcasting System Holdings, Inc. and its Subsidiaries**

### **(1) Business Activities and Results**

During the fiscal year under review, the Japanese economy has stayed the course toward recover for the most part, supported by favorable corporate production activities and exports. However, the Great East Japan Earthquake that occurred on March 11, 2011 inflicted a dramatic change in this trend and the economic environment was aggravated under strong downward pressure created in part by a significant drop in various production activities due to the damage to production facilities and disruption of distribution logistics, combined with the effect of scheduled rolling blackouts.

In the broadcasting industry, the spot advertising market, which had been sluggish, started to rally gradually from the second half of the previous fiscal year. Time sales also showed some signs of bottoming out at last in the second half of the fiscal year under review. However, the Earthquake was a major blow to the broadcasting industry as well and spot advertising market conditions deteriorated rapidly.

In this operating environment, the TBS Group (hereinafter referred to as “the Group”) celebrated its 60th anniversary and, taking that as a great opportunity, aggressively offered special programs and major sports programs, in addition to working to further strengthen its core television and radio programs. Furthermore, the Group worked to build operating revenues and business development revenues through events held in the Akasaka Sacas commercial complex and made other efforts to ensure revenues from a broad range of business segments.

Although as a result of these developments, consolidated net sales of the Group in the fiscal year ended March 31, 2011 decreased by 2.4% from the previous fiscal year to ¥342,754 million, ordinary income increased considerably by 136.1% to ¥9,215 million. Although loss on valuation of investment securities was recorded, net income was ¥103 million, an improvement of ¥2,417 million from the previous fiscal year.

In the past, the Group’s operations were segmented into “Broadcasting Business,” “Multi Visual Ventures and Cultural Events Business,” “Real Estate Business,” and “Others” for reporting purposes. Starting from the fiscal year under review, the Group has changed its segmentation and “Broadcasting Business,” “Multi Visual Ventures and Cultural Events Business,” “Real Estate Business” are used for segment reporting.

In order to present the change from the previous fiscal year, the previous fiscal year’s results were recalculated based on the new business segment classification.

#### <<Broadcasting>>

Although consolidated net sales from the Broadcasting Business decreased by 2.2% from the previous fiscal year to ¥196,860 million, operating loss improved by ¥8,158 million to ¥2,166 million.

#### <Television>

On April 1, 2009, the Company split off Tokyo Broadcasting System Television, Inc., to which the Television Business was transferred, together with the TV broadcasting license.

Terrestrial television time sales declined particularly with regard to regular programming in the programming changes in April though they stopped declining in the programming changes in October, maintaining the level of the first half of the fiscal year. In spite of the significant contribution of programs in the special programming such as the FIFA World Cup, the 2010 FIVB Women’s Volleyball World Championship, and the TBS 60th Anniversary Drama, total terrestrial television time sales fell short of the figure from the previous fiscal year as the effect of the decline in revenue from regular programming was more significant.

Spot sales increased from the previous fiscal year as the spot advertising volume in the Tokyo region was firm throughout the fiscal year under review, with steady growth in such sectors as “entertainment and hobby,” “medical and pharmaceutical products,” “restaurant and hospitality,” and “automobile and transportation equipment.”

Immediately after the outbreak of the Great East Japan Earthquake on March 11, 2011, we aired special news programs for three days without inserting commercials and advertising revenue during that period dropped accordingly.

The average audience rating of TBS Television across all time slots for the fiscal year under review decreased by 0.1 percentage points from the previous fiscal year to 6.5%, though the average ratings for the golden time slot (7 p.m. to 10 p.m.) and for the prime time slot (7 p.m. to 11 p.m.) both increased by 0.2 percentage points to 9.7% and 9.9%, respectively. The comparison between the first half and second half of the fiscal year shows a good sign for the future as the average audience ratings improved in the second half of the fiscal year by 0.1 percentage points across all time slots, by 0.8 percentage points for the golden time slot, and by 0.6 percentage points for the prime time slot. In particular, *Mino Monta no Asa Zuba!* (“Mino Monta’s Morning Bang!”), *Hanamaru Market*, and *Hiruobi!* enjoyed higher audience ratings due to the effect of the *Kokoro Genki Week* (“Heart Energy Week”) project in which several heartwarming episodes, among others, were aired during across-the-board information programs for two weeks starting January 31, 2011. Moreover, the audience ratings also rose for news programs such as *N Suta* (“N Studio”) and *NEWS23X*, which is an additional factor in favor of future programming.

In the variety show category, *Pittanko Kan Kan* and Masahiro Nakai’s *Kinyoubi no Sumatachi e* (“To the Friday SMA-Wives”) contributed to the solid ratings both as regular and special programs. In addition, *Himitsu no Arashi-chan* (“Secret Arashi’s TV Show”) has grown to be one of the most popular TBS Television programs, scoring consistently high audience ratings. In terms of information programs, *Jouhou 7 Days Newscaster* (“Information 7 Days Newscaster”), which takes up various incidents and accidents in a timely manner, boasts high popularity (yearly average audience rating of 12.8%) as a weekend news and information program. Meanwhile, in a 2-hour program *Supamoku!!* (“Super Thursday”) from Thursday 7 p.m., we actively aired special programs that have the potential to grow into regular programs. We have also strived to develop novel programs to be aired in other time slots such as late at night.

In the drama category, we aired *99 Nen no Ai—Japanese Americans* (“99 Years of Love—Japanese Americans”) five nights in a row as a TBS 60th anniversary special series in November 2010, which received a high average audience rating of 15.4% in addition to favorable review on its contents. Furthermore, a special drama *Kikoku* (“Repatriation”) featuring the end of WWII, which provided the audience with an opportunity to revisit the significance of war to the Japanese citizens, also recorded a high average audience rating of 14.7%. In terms of regular programming, *Shinzanmono* (“The Newcomer”) and *Fuyu no Sakura* (“Winter Cherry Blossoms”), both of which were aired on *Nichiyo Gekijo* (“Sunday Theater”), delivered outstanding results with average audience ratings of 15.2% and 14.0%, respectively, while *Relentless is Found Everywhere* remained one of the audience’s favorites (with an average rating of 12.8%).

In the sports category, Germany vs. England, which was one of the drawing cards in the first round of the FIFA World Cup tournament, gained an average audience rating of 18.9%, while Japan vs. Paraguay in the same tournament, which drew nationwide attention, recorded a historic high of 57.3% in terms of audience ratings ever attained by TBS Television. The 2010 FIVB Women’s Volleyball World Championship – Japan, aired under the united efforts of the whole Company, created immense excitement with outstanding average rating results of 21.6% for Japan vs. Brazil and 20.5% for Japan vs. USA in the final round, owing partly to the exceptional achievement by the all-Japan team, who won a medal in the World Championship for the first time in 32 years. In the world of professional boxing, “WBA Flyweight Title Match Daiki Kameda vs. Takefumi Sakata” marked an average audience rating of 14.6%, while “WBC Minimumweight Championship Match Oleydong Sithsamerchai vs. Kazuto Ioka” resulting in Ioka winning the world title in the 7th match after his professional debut, the fastest record for a Japanese boxer.

In the news category, *N Suta* in the evening and *NEWS23X* late at night, both of which started in the spring 2010, have established themselves firmly as two biggest feature news programs. Upon the outbreak of the Great East Japan Earthquake, all broadcasting stations affiliated with the Group’s JNN television network coordinated all-out news gathering efforts and reported day-to-day developments regarding the status of the afflicted regions and the quake-stricken nuclear power plants. Based on the recognition that the Great Earthquake is a big theme that continues to warrant all-out efforts by our entire television and radio network going forward, we are making various efforts that are aimed at supporting the victims and helping the recovery and restoration of the afflicted regions, for example, through the *Kizuna Project* (“Bonds Project”) organized immediately after the outbreak of the Great Earthquake.

As of March 31, 2011, 28 companies throughout Japan were affiliated with the Group’s JNN television network. The number was unchanged from the previous fiscal year.

Digital satellite broadcasting services continued to achieve steady market penetration, with cumulative receiver shipments of 106.00 million units as of March 31, 2011. In this operating environment, BS-TBS, INC., an equity method affiliate, continued to post net income each fiscal year including the fiscal year under review by providing high-quality programs while striving to restrain costs.

\* All audience ratings are household audience ratings in the Kanto region, surveyed by Video Research Ltd.

<Radio>

On October 1, 2001 the Company split off its radio operation as a separate company, TBS Radio & Communications, Inc. (TBS R&C), to which the broadcasting license was transferred.

Total time sales increased from the previous fiscal year as a result of robust revenue from advertising by major sponsors targeted at the middle-aged and elderly, traffic information sales during the year-end and new-year holidays, online advertisement in morning-time across-the-board programs etc., supported by favorable audience ratings despite the significant impact of the Great East Japan Earthquake.

Spot sales were also higher than the previous fiscal year as longer-length spot advertising continued to be firm, with additional contribution by placement of major ads in programs aimed at cheering up students preparing for an entrance examination, despite the effect of the Great Earthquake.

In terms of programming, *Kojima Keiko Kira Kira* (“Sparkling Keiko Kojima”), a weekday afternoon program, continued to boast high popularity, while *Dig*, a news exploration radio program aired in the night on weekdays which started in April 2010, has been strongly supported, in particular, by both male and female audience in their 40s.

Ranking first in audience rating surveys in the Tokyo Metropolitan Area for 58 consecutive periods (nine years and eight months) since the first survey conducted in the period ending August 2001, TBS Radio has made its position as a leading radio company in the Tokyo Metropolitan Area permanent.

In relation to the Great East Japan Earthquake, we aired special news programs for a continued period of more than 190 hours immediately after the outbreak of the disaster on March 11, 2011 until the programming returned to normal. We also launched a campaign to provide the afflicted regions with radios, which can serve as a valuable information source in disaster situation and the audience responded to the campaign by donating about 6,700 radios. We were able to send most of them after making any necessary repairs to evacuation sites in the afflicted regions with the cooperation of affiliated stations in Iwate, Miyagi, and Fukushima as well as municipalities in Ibaraki.

TBS Radio began providing free online programming on a trial basis in collaboration with radio stations in the Tokyo Metropolitan Area and the Kansai Area from March 2010. This shifted to full-fledged operation from December 2010 under the name of *radiko*, which has been evaluated favorably as a tool that can make the presence of audio media felt once again including under emergency situations such as earthquake disasters.

In the broad-cast related business, we aggressively sought to develop new sources of revenue, including the launch of *Radicon* through which chargeable audio contents is provided online. However, total net sales fell short of the figure from the previous fiscal year due to the significant negative effect of the Great East Japan Earthquake including the cancellation of two major public performances scheduled in March 2011.

As of March 31, 2011, 34 companies throughout Japan were affiliated with the TBS radio network JRN. This number is unchanged from the previous fiscal year.

<<Multi Visual Ventures and Cultural Events>>

On April 1, 2009, the Company split off Tokyo Broadcasting System Television, Inc., to which the Multi Visual Ventures and Cultural Events Business was transferred.

Net sales from the Multi Visual Ventures and Cultural Events Business decreased by 3.0% from the previous fiscal year to ¥129.562 billion, and operating income decreased by 55.9% to ¥2.681 billion.

This is because sales of cloths and cosmetics, the staple products of the StylingLife Group, were slow due to weak consumption among the younger generation and operating figures from the film business fell short of those from the previous fiscal year, a year of record high profit.

In the cultural events business, a wide variety of offerings, including a Broadway musical *Dreamgirls*, Kanzaburo Nakamura’s *Akasaka Okabuki*, Tamasaburo Bando’s *Botantei*, Takao Osawa’s musical *Phantom*, Shun Oguri’s Punk Opera *A Clockwork Orange*, enchanted the audience. Theatrical performances adapted from titles that attracted huge attention as cinema films and TV dramas, such as *Okuribito* (“Departures”), *Tumbling*, and *Kikoku* (“Repatriation”), were also successful. The Tetsuya Kumakawa K-Ballet Company continued to be highly popular with staging productions such as *The Sleeping Beauty*, *Coppelia*, and *Swan Lake*. In the concert business, the *Eagles*, who came to Japan for the first time in seven years, satisfied the audience with their performance as they always used to do. Tomomi Nishimoto’s *Fate—Romeo and Juliet* also delivered favorable results. In the exhibition business, *Van Gogh: The Adventure of Becoming an Artist* held at three venues in Tokyo, Fukuoka and Nagoya including The National Art Center draw more than one million visitors in total. Other successful exhibitions included *Great Mammals—Friends of the Earth*, *Great Mammals—Friends of the Sea*, *Napoli, la Bellezza e la Corte—Capolavori del Museo di Capodimonte* (“Capodimonte Museum Exhibition”), *Vermeer “Geographer”—The Golden Age of Dutch and*

*Flemish Paintings from the Städel Museum, and Masterpieces from the Pola Museum of Art: Impressionists and Ecole de Paris*, as well as the established favorite *Ultraman Festival*.

In the video business, the cinema film *SPACE BATTLESHIP YAMATO* released in December 2010 earned box office revenues of more than ¥4.0 billion, in addition to *HANAMIZUKI—May your love bloom a hundred year* released in August and *Ohoku* (“Inner Palace”) in October that earned ¥2.8 billion and ¥2.3 billion, respectively. In terms of animation titles, the *Keion!* series enjoyed overwhelming popularity and became the first TV series program whose cumulative sales reached 780,000 Blu-ray Discs, which led to the decision to cinematize it. Contributed also by other popular titles including *AMAGAMI SS*, *Infinite Stratos*, and *Yumekui Merry* (“Dream Eater Merry”), the animation business continued to deliver excellent performance for the fiscal year under review. With regard to DVDs, drama titles such as *SPEC*, *Tokujo Kabachi!!* (“Legal Eagle, First Class”), *Yamato Nadeshiko Shichihenge* (“The Wallflower”), *Bloody Monday—Season 2* are enjoying brisk sales.

We are also actively implementing overseas business development strategies. In the program syndication business, we have the best track record in terms of overseas sales among Japanese television stations and the first series of the drama program *JIN* was granted the MIPCOM Buyers’ Award for Japanese Drama at MIPCOM, the world’s entertainment content market, held last year in Cannes, France. As a result, we were able to secure agreements for distribution of its second series in 80 countries all over the world before its April release in Japan. Moreover, *Fuun! Takeshi-jo* (“Adventures! Takeshi’s Castle”) and *SASUKE* are sold to more than 150 countries and regions. In the U.S., *SASUKE*, which is distributed under the title of *Ninja Warrior*, has been so popular that we were able to secure an agreement that it will be aired in the golden time slot by NBC, one of the three biggest television networks in the U.S. In Asia, we participated in the production of the Korean drama *IRIS* from the planning stage and implemented multimedia business strategies involving domestic distribution of the drama through such media as terrestrial television, broadcasting satellite, communication satellite, on demand, and DVD. In addition, we are actively negotiating coproduction and format sales arrangements with TV stations in South Korea, Singapore and China.

In the communication satellite business, TBS Channel and TBS Newsbird steadily increased the number of subscribers by strengthening their contents. In the video distribution service, sales of TBS On Demand increased two fold to post a single-year profit for two fiscal years in a row. The synergy effect from the integrated management of the communication satellite business and the video on demand business is being realized as exemplified by our undertakings in prior distribution of terrestrial television drama programs, which was carried out for the first time in the industry.

In the licensing planning and development business, the popularity of the animation title *Keion!* was outstanding with more than 1,000 related merchandises sold. Other commercial promotion tie-ups that drew much attention included the second collaboration project between the TV program *Lincoln* and men’s cosmetics called *Lincoln X AXE*, *Murabito no Okazu Desuyo* produced in a project within a TV show *Shinsuke Shacho no Produce Daisakusen!* (“President Shinsuke’s Operation Produce”), and *Izakaya EXILE* (“Tavern EXILE”) associated with *EXILE Damashii* (“EXILE Spirit”). In the shopping business, both regular and special shopping program are enjoying brisk sales supported by a new order processing system that was put into operation in May.

In the digital business, in response to the rapid growth of smartphones and tablet terminals, efforts are being made to develop new contents that are compatible with various applications and social media in addition to traditional mobile contents. In addition, we strive to develop new businesses including contents distribution and advertising client acquisition using various digital signage including monitors installed on train cars from the fiscal year under review. We also work to promote the effective use of digital media during disaster. For example, in relation to the Great East Japan Earthquake, our communication satellite program TBS Newsbird started urgent distribution of information contents through Ustream and YouTube ahead of other stations.

The StylingLife Group, a group of companies engaging mainly in the retail & shopping business that were included in the scope of consolidation in July 2008, is in the process of reorganization for profitability improvement to achieve sustainable growth under the tough operating environment marked with continued weakness in personal consumption exacerbated partly by the prolonged blackout and power-saving requirements after the Great East Japan Earthquake.

#### <<Real Estate Business>>

Net sales from the Real Estate Business slightly decreased by 0.2% from the previous fiscal year to ¥16.331 billion, and operating income decreased by 4.7% to ¥7.185 billion.

Entering into the third year of its opening, Akasaka Sacas has established itself as a popular cultural and entertainment center through the provision of various performances and events held in Sacas Square. As a result, its retail complex continued to attract a good crowd, while the occupancy rate of the residential tower remained stable.

## **(2) Capital Investment**

Total capital investment in the fiscal year under review was ¥10.5 billion. The principal investment item was facilities related to digital terrestrial broadcasting.

The Company began digital terrestrial broadcasting in the Kanto region in December 2003 and continued to make efforts to upgrade and expand broadcasting facilities and program production facilities in the fiscal year under review.

With regard to broadcasting facilities, the establishment of relay station network was promoted steadily, with the construction of 47 digital terrestrial broadcasting relay stations in locations including Nagayama and Ome in Tokyo and Totsuka in Kanagawa in partnership with private-sector broadcasters and NHK. As a result, we were able to start the operation of all relay stations indicated in the digital terrestrial broadcasting relay stations roadmap by December, 2010. As for promotion production facilities, large HD relay vehicles used for major live sports programs were replaced and the new vehicles are highly sustainable with the ability to save electricity used by broadcasting equipment approximately by half as compared with old large relay vehicles. In addition, lighting equipment, elevators, audio-visual equipment and cranes in A Studio, which had been in use since the opening of the broadcasting center in October 1994, were also renewed. Furthermore, the renewal of the camera system of Midoriyama M2 and M5 Studios, which are mainly used for drama production, enabled us to improve the image quality with the use of higher-sensitivity cameras and to shoot scenes with the quality equivalent to film-based cinema.

## **(3) Capital Procurement**

Interest-bearing debt of the Group at the end of the fiscal year under review was approximately ¥147.2 billion (excluding lease obligations), consisting of ¥50.0 billion in bonds payable (including the current portion), ¥60.5 billion in long-term loans payable (including the current portion), and approximately ¥36.7 billion in short-term loans payable (including approximately ¥3.9 billion from non-consolidated subsidiaries and affiliates through the cash management system for the concentration of funds from the Group).

In order to ensure flexible access to business funds and operating capital, as of the end of the fiscal year under review, the Company and StylingLife Holdings Inc. had established the commitment lines agreements, totaling ¥54.0 billion with multiple financial institutions (the balance of the funds drawn is ¥32.8 billion, and the available balance is ¥21.2 billion).

Besides the above, with the aim of streamlining of funds, some of the account receivables are in the process of liquidation.

**(4) Assets and Income in the Past Three Business Years**

	81st Business Term Year ended March 31, 2008	82nd Business Term Year ended March 31, 2009	83rd Business Term Year ended March 31, 2010	84th Business Term Year ended March 31, 2011 (fiscal year under review)
Net sales (millions of yen)	315,175	372,306	351,262	342,754
Ordinary income (millions of yen)	23,088	19,979	3,902	9,215
Net income (loss) (millions of yen)	19,022	1,655	(2,313)	103
Net income (loss) per share (yen)	100.14	8.71	(12.18)	0.54
Net assets (millions of yen)	360,376	342,231	357,076	344,658
Total assets (millions of yen)	537,211	556,780	627,683	593,023

**(5) Status of Parent Company and Principal Subsidiaries**

## 1. Parent Company

Tokyo Broadcasting System Holdings, Inc. has no parent company.

## 2. Principal Subsidiaries

Company name	Capital stock (millions of yen)	Voting rights owned (%)	Main business activities
Tokyo Broadcasting System Television, Inc.	300	100	Television broadcasting Planning, production and sales of television programs etc.
TBS Radio & Communications, Inc.	478	100	Radio broadcasting Planning and production of radio programs
TBS Service, Inc.	200	100	Planning and production of sound and video recordings, printing, sales of broadcast programs
TBS-Vision, Inc.	100	100	Planning and production of television programs etc.
Nichion, Inc.	50	100	Administration and development of copyright, scout and development of artists, song pitching, planning and production of master recordings etc.
Midoriyama Studio City Inc.	100	100	Leasing, operation and management of buildings, studios etc.
Art Communication System Inc.	30	100	Planning, production and procurement of studio sets, costumes, and designs, sound effect, management and operation of studio equipment etc.
Tokyo Broadcasting System International, Inc.	US\$3.28 million	100	Collection of media information and news coverage in the United States

Company name	Capital stock (millions of yen)	Voting rights owned (%)	Main business activities
TBS Kikaku Co., Ltd.	150	100	Real estate leasing, operation and management of parking lots, insurance agency services
TBS Sun Work, Inc.	40	100	Operation, maintenance and management of buildings and auxiliary facilities, temporary staffing service, transport service, repair and maintenance of cars, car service arrangement etc.
TBS Media Research Institute Inc.	12	100	Surveys and research on broadcasting and multimedia, collection and supply of media information
Yokohama BayStars Baseball Club, Inc.	100	* 69.2	Baseball promotion
Akasaka Heat Supply Co., Ltd.	400	70	Heat supply services under the Heat Supply Business Law
OXYBOT, Inc.	200	100	Planning, production and sales of computer-generated video, cinema film investment
TC Entertainment, Inc.	200	51	Planning, production and duplication etc. of video and audio software and computer software
StylingLife Holdings Inc.	1,048	51	Planning of management strategy as an operating holding company, general imported merchandise retail business, production and sales of cosmetics etc.
FF TOHO Inc.	30	* 100	VTR editing of news and collation of materials, editing and filming etc. of information programs
TBS TriMedia, Inc.	10	* 100	Planning and production of television and radio programs, planning and production of events, food service business, operation of convenience stores, advertising agency business etc.
Akasaka Video Center Co., Ltd.	100	* 100	Post production services etc., including VTR editing, dubbing and MA
Akasaka Graphics Art, Inc.	10	* 100	Planning, production and sales of computer graphic screens
Dreamax Television Inc.	220	* 74.7	Planning and production of programs, production of commercials, production staff dispatch services
Grand Marché, Inc.	360	* 60	Mail order sales, mail order sales agency services, store operation etc.
Telecom Sounds, Inc.	20	* 100	Planning and production of broadcasting programs, planning and production of events for radio, temporary staffing services
Pro Cam., Inc.	150	* 100	Production and sales etc., of broadcast programs and general video, rental and leasing service of broadcasting equipments

Company name	Capital stock (millions of yen)	Voting rights owned (%)	Main business activities
Jasc, Inc.	10	* 100	Temporary staffing services, broadcast program production services
VuCast, Inc.	10	* 100	Production of videos, including television programs and video packages, temporary staffing services
LightUp Shopping Club Inc.	480	* 100	Store and non-store sales of cloths, sports and leisure goods, electronic products, and household products
B&C Laboratories (China) Inc.	200	* 100	Import and export of cosmetics and cosmetic utensils, cleaning products and sanitary goods, etc.
CP Cosmetics Inc.	100	* 100	Planning, production and sales of cosmetics and quasi drugs
Maxim's de Paris Corporation	100	* 100	Operation of French restaurants, light meal restaurants and coffee shops, production and sales of confectionary

Note 1: The Company's consolidated subsidiaries are the 30 principal subsidiaries listed above.

Note 2: An asterisk (\*) indicates the shareholding ratio, including shares held by subsidiaries, parties closely connected with the Company, and parties having agreements with the Company.

Note 3: On April 1, 2010, TBS Kikaku Co., Ltd. acquired TBS Kaikan Co., Ltd., formerly a consolidated subsidiary of the Company.

Note 4: On April 1, 2010, Tohoseisaku, Inc. acquired F&F Inc., formerly a consolidated subsidiary of the Company, and changed its name to FF TOHO, Inc.

Note 5: On May 1, 2010, StylingLife Holdings Inc. acquired PLAZASTYLE CORPORATION, formerly a consolidated subsidiary of the Company. Further, on January 1, 2011, StylingLife Holdings Inc. acquired B&C Laboratories Inc., formerly a consolidated subsidiary of the Company.

## (6) Priorities

The Japanese economy was on the way to recovery in the second half of the fiscal year under review, but was forced to retreat rapidly under the effect of the Great East Japan Earthquake that occurred in March 2011. The Great Earthquake also dealt a blow to the broadcasting industry, which is about to shift completely to digital terrestrial broadcasting, and spot advertising market conditions deteriorated rapidly. Meanwhile, time sales also remained weak and the weakness is expected to continue for some time. The Group will strive to ensure profitability while fulfilling its responsibility as a key media group that plays an important role in the lifeline of the Japanese society.

First of all, we will make all-out efforts to strengthen the Broadcasting Business, the core business of the Group. In the TV broadcasting business in the fiscal year under review, programs such as the drama *Shinzanmono* ("The Newcomer"), the entertainment programs *Pittanko Kan Kan* and Masahiro Nakai's *Kinyoubi no Sumatachi e* ("To the Friday SMA-Wives"), and the information program *Jouhou 7 Days Newscaster* ("Information 7 Days Newscaster") garnered stably high audience ratings. The average audience rating of TBS Television for the golden time slot and for the prime time slot both increased by 0.2 percentage points from the previous fiscal year, though the level of increase fell short of the initial target. In the drama category, *99 Nen no Ai—Japanese Americans* ("99 Years of Love—Japanese Americans") aired five nights in a row as a TBS 60th anniversary special series received a highly favorable review on its contents, thereby contributing to the enhancement of the TBS brand value. Audience ratings of across-the-board programs, golden time programs and prime time programs have generally started rising since April. Under these circumstances, we will continue to focus our efforts on the improvement of regular programming and the development of attractive new programs in order to win the broad support of the viewers and sponsors.

In the radio business, TBS Radio & Communications, Inc. extended its string of first-place rankings in audience ratings surveys to 58 consecutive survey periods (i.e., almost 10 years) as of the survey conducted in February 2011 and is continuing to monopolize the first-place position in program ranking as well. Although the operating environment surrounding the radio business is becoming even harsher than before, cost control will be further promoted to ensure revenues, while maintaining the quality of broadcasts.

The BS digital broadcasting is gaining a position as an established media channel as its subscription expands. The Company has recently made BS-TBS, INC. a consolidated subsidiary. Moving forward, recognizing the importance of the terrestrial broadcasting and the BS digital broadcasting as two pillars of the Group's Broadcasting Business, we will work to solidify the revenue basis of the Group by further enhancing the synergy effect between them.

In the Multi Visual Ventures and Cultural Events Business in the fiscal year under review, the art exhibition *Van Gogh: The Adventure of Becoming an Artist* drew approximately 1.11 million visitors and was ranked first among all art exhibitions held in 2010 in terms of the number of visitors. In addition, *Great Mammals—Friends of the Earth* and *Great Mammals—Friends of the Sea* were a huge success. In the film business, *SPACE BATTLESHIP YAMATO*, *Ohoku* ("Inner Palace"), and *HANAMIZUKI—May your love bloom a hundred year* became major hits and contributed to the establishment of the reputation of TBS in filmmaking. Recognizing the risk of decrease in the number of audience and visitors going forward due to the effect of the Great Earthquake, we will continue with our endeavor to further improve the contents.

Meanwhile, the animation business posted a record profit in the fiscal year under review. Although this was primarily due to the phenomenal hit of the *Keion!* series, we have continued to deliver a series of other hits including *Infinite Stratos*, which is an indication that the animation business is growing into one of the important pillars in the Multi Visual Ventures and Cultural Events Business.

In the media commerce business, Grand Marché, Inc. achieved annual sales of over ¥14.0 billion for the fiscal year under review. The company will make continued efforts to increase the Group's revenues through special shopping programs and other means. The StylingLife Group, which has been negatively affected weak consumption, is making efforts to build up its revenue-generating capability through various means including the character strategy to promote *Suzy's Zoo*.

In the Real Estate Business, rent income from properties including the Akasaka Biz Tower office and retail complex and Akasaka the Residence housing complex, both of which are in the Akasaka Sacas area, generated stable profit again for the fiscal year under review. Continued efforts will be made to increase consolidated revenues through events linking the Sacas Square to broadcasts.

In terms of efforts relating to the corporate social responsibilities in the fiscal year under review, we conducted various activities including programming aimed at encouraging even slightly the earthquake victims, raising donations, and sending radios to afflicted regions under the *Kizuna Project* ("Bonds Project") organized immediately after the outbreak of the Great Earthquake. We also continue to make similar group-wide efforts such as exhibition of cheer-up messages from the cast at various locations in the afflicted regions on a rotating basis. Going forward, the Group will remain committed to fulfill its roles and responsibilities as a fact-reporting media group and also as a broadcasting station to provide entertainment programs.

With regard to the court proceedings for the determination of purchase price pertaining to the share purchase demand by Rakuten, Inc., the Supreme Court ruled that the appeal by Rakuten be rejected on April 19, 2011 and as a result of this ruling, the purchase price was finally determined to be ¥1,294 per share as asserted by the Company. Since the Company already completed the payment of the full purchase amount in the form of suspense payment based on said purchase price, there will be no further payments in relation to this matter. The acquired shares will be handled in an appropriate manner as part of the future implementation of the overall capital policy of the Group.

The Group is currently carrying out a medium-term management plan called "Group Management Plan 2014." Our goal under the Plan is to boost revenue by pushing our mainstay Broadcasting Business to a leading position within the industry in terms of average all-day audience ratings of terrestrial TV programs by FY2014. Meanwhile, in response to the rapid changes in the business environment caused by digitization, we aim to expand and diversify our revenue sources and intend also to actively develop business in overseas markets. The Company will, based on careful reconsideration of the outlook of the economy and the advertising market as well as our growth strategy in the post-quake period, continue to remain flexible to be able to respond promptly to any further changes in the environment. Given that, the Group aims to establish the position as the "best media group" in terms of delivering the "most powerful contents," and maximize the corporate values of the Company and of the Group, as well as the common interests of all shareholders. The Group is committed to make the best efforts to fulfill the mandate of the shareholders by achieving sustainable growth. Continued support by the current and future shareholders will be much appreciated.

## (7) Main Business Activities (As of March 31, 2011)

The core activities of the Group are television and radio broadcasting, the production and sales of video and audio software, and cultural activities. Other areas of activity include maintenance and services relating to these core activities.

Activities in the fiscal year under review were as follows:

Segment	Activities
Broadcasting	* Broadcasting-related business Broadcasting, program production, video technology, art production, computer graphics, audio technology, lighting technology, camera filming, cable TV investment, video investment, surveys and research etc.
Multi Visual Ventures and Cultural Events	* Events, baseball promotion, planning and production of video software etc. Production and sales of video and audio software, events and programs, program syndication, production and sales of video and audio software, baseball promotion, retail of general merchandise, mail-order marketing, production and sales of cosmetics, restaurant operation, production and sales of confectionary etc.
Real Estate	* Real estate leasing, maintenance and services Studio management, cooling and heating services, parking lot management, equipment leasing, insurance agency services, real estate leasing etc.

## (8) Principal Sales Office (As of March 31, 2011)

### 1. Tokyo Broadcasting System Holdings, Inc.

Sales Office	Address
Head office and studios	5-3-6 Akasaka, Minato-ku, Tokyo

### 2. Subsidiaries

Company name	Location
Tokyo Broadcasting System Television, Inc. (Note 1), TBS Radio & Communications, Inc., TBS Service, Inc., TBS-Vision, Inc., Nichion, Inc., TBS Kikaku Co., Ltd., TBS Sun Work, Inc., Art Communication Systems, Inc., TBS Media Research Institute Inc., TBS TriMedia, Inc., Akasaka Video Center Co., Ltd., Akasaka Graphics Art, Inc., FF TOHO Inc., Telecom Sounds, Inc., Akasaka Heat Supply Co., Ltd., Dreamax Television Inc., Pro Cam, Inc., VuCast, Inc., Jasc, Inc., Grand Marché, Inc., OXYBOT, Inc., TC Entertainment, Inc., LightUp Shopping Club Inc.	Minato-ku, Tokyo
CP Cosmetics Inc. (Note 2)	Shinagawa-ku, Tokyo
Maxim's de Paris Corporation (Note 3)	Chiyoda-ku, Tokyo
StylingLife Holdings Inc. (Note 4)	Shibuya-ku, Tokyo
Midoriyama Studio City Inc., Yokohama BayStars Baseball Club, Inc.	Yokohama City, Kanagawa Prefecture
B&C Laboratories (China) Inc.	Shanghai, China
Tokyo Broadcasting System International, Inc.	New York, U.S.A.

Note 1: Tokyo Broadcasting System Television, Inc. has Kansai Branch Office in Osaka City, Osaka Prefecture, a studio in Yokohama City, Kanagawa Prefecture, and a TV transmitter station in Minato-ku, Tokyo.

Note 2: CP Cosmetics Inc. also has sales offices in Sapporo City, Hokkaido, Yokohama City, Kanagawa Prefecture, Nagoya City, Aichi Prefecture, Osaka City, Osaka Prefecture, and Fukuoka City, Fukuoka Prefecture.

Note 3: Maxim's de Paris Corporation also has principal sales offices in Chuo-ku and Minato-ku, Tokyo.

Note 4: StylingLife Holdings Inc. registered its head office in Minato-ku, Tokyo. Further, during the fiscal year under review, the subsidiary acquired through absorption-type merger two companies, which have business offices in Minato-ku and Shinagawa-ku, Tokyo. StylingLife Holdings operates a

nationwide store network in Japan consisting of 73 Plaza stores, 6 directly operated Miniplaza stores and 39 affiliated Miniplaza stores etc. and have its main plant in Yaizu City, Shizuoka Prefecture.

**(9) Work Force (As of March 31, 2011)**

Segment	Number of employees	Change since end of previous fiscal year
Broadcasting	2,432	Decrease of 39
Multi Visual Ventures and Cultural Events	2,408	Increase of 47
Real Estate	112	Same as previous year
Corporate (shared)	378	Increase of 25
Total	5,330	Increase of 33

Note 1: In the fiscal year under review, the Company changed its business segment categorization to the following three segments: “Broadcasting Business,” “Multi Visual Ventures and Cultural Events Business,” and “Real Estate Business.” In order to present the change from the previous fiscal year, the number of employees for the previous fiscal year was recalculated based on the new business segment classification.

Note 2: Employees classed as “corporate (shared)” are administrative employees who cannot be allocated to any specific segment.

**(10) Main Lenders (As of March 31, 2011)**

Lender	Amount
Syndicated loan (1)	¥16.80 billion
Syndicated loan (2)	¥13.50 billion
Syndicated loan (3)	¥13.20 billion
Nippon Life Insurance Company	¥10.00 billion
Meiji Yasuda Life Insurance Company	¥3.00 billion
Sumitomo Life Insurance Company	¥2.00 billion
TAIYO LIFE INSURANCE COMPANY	¥2.00 billion

Note 1: The syndicated loan (1) was provided by fifteen financial institutions, with the Sumitomo Mitsui Banking Corporation and The Bank of Tokyo-Mitsubishi UFJ, Ltd. acting as arrangers.

Note 2: The syndicated loan (2) was provided by four financial institutions, with the Sumitomo Mitsui Banking Corporation acting as an arranger.

Note 3: The syndicated loan (3) was provided by nine financial institutions, with the Sumitomo Mitsui Banking Corporation and The Bank of Tokyo-Mitsubishi UFJ, Ltd. acting as arrangers.

Note 4: The Company and StylingLife Holdings, Inc. have signed contracts with multiple financial institutions to establish a ¥54.0 billion commitment line.  
(Refer to “1. The Current Position of Tokyo Broadcasting System Holdings, Inc. and its Subsidiaries (3) ”: the balance of the funds drawn is ¥32.8 billion, and the available balance is ¥21.2 billion)

## 2. The Current Position of Tokyo Broadcasting System Holdings, Inc.

### (1) Common Stock (As of March 31, 2011)

1. Total Number of Shares Issuable 400,000,000 shares
2. Issued Number of Shares 190,434,968 shares  
(no change from the previous fiscal year)
3. Number of Shareholders 13,063  
(a decrease of 304 compared with the previous fiscal year)

#### 4. Major Shareholders and Number of Shares Held (Top 10)

Shareholders	Number of shares held	Percentage of shares held (%)
Rakuten, Inc.	37,770,700	19.83
The Master Trust Bank of Japan, Ltd. (Pension Account-Pension Trust Account held for DENTSU INC.)	9,310,500	4.88
The Master Trust Bank of Japan, Ltd. (Trust Account)	8,249,900	4.33
Nippon Life Insurance Company	7,821,735	4.10
Mainichi Broadcasting System, Inc.	6,166,000	3.23
Sumitomo Mitsui Banking Corporation	5,745,267	3.01
Mitsui Fudosan Co., Ltd.	5,713,728	3.00
MITSUI & CO., LTD.	4,288,000	2.25
BIC CAMERA INC.	4,190,000	2.20
Kodansha Ltd.	3,771,200	1.98

- Note 1: Treasury stock (30,374 shares), which was registered in the shareholders' register list as of March 31, 2011, was excluded when percentages of shares held were calculated.
- Note 2: Percentage of shares held was rounded down to two decimals.
- Note 3: The percentage of voting rights held by foreign shareholders at the end of the fiscal year under review, as defined in Radio Law, was 6.78%.
- Note 4: 9,310,500 shares held by the Master Trust Bank of Japan, Ltd. Pension Account-Pension Trust Account held for DENTSU INC. are the Company's shares owned by DENTSU INC. and deposited in DENTSU INC.'s pension trust.

#### 5. Other Important Matters Concerning the Company's Stock

In connection with an absorption-type split implemented effective April 1, 2009 between the Company and Tokyo Broadcasting System Television, Inc., a wholly owned subsidiary of the Company, Rakuten, Inc., a dissenting shareholder of the Company, demanded the purchase of their shares in the Company under the provisions of Paragraph 1, Article 785 of the Companies Act. On May 10, 2011, the Company acquired all of said shares (37,770,700 shares) as treasury stock.

### (2) Corporate Officers

#### 1. Directors and Corporate Auditors (As of March 31, 2011)

Position	Name	Areas of responsibility
Chairman and Representative Director	Hiroshi Inoue	
President and Representative Director	Keizo Zaitu (Note 1)	(Office of Internal Business Audit)

Position	Name	Areas of responsibility
Director	Toshichika Ishihara (Note 2)	
Managing Director	Yukio Kinugasa	In charge of Overall Businesses, and President's Office
Director	Shinji Takeda (Note 3)	In charge of Group Management and Planning Division
Director and Executive Advisor	Kiyoshi Wakabayashi	Owner, Yokohama BayStars Baseball Club, Inc.
Director	Takafumi Kannari	In charge of Office of Compliance, Administration Office, Finance Division, and Human Resources and Labor Division
Director	Kazuo Hiramoto	
Director	Morihiro Kodama	
Director	Masahiro Yamamoto	
Director	Shouei Utsuda	
Director	Tatsuyoshi Takashima	
Director	Yutaka Asahina	
Standing Statutory Corporate Auditor	Kunio Ogawa	
Standing Statutory Corporate Auditor	Tadaaki Oda	
Corporate Auditor	Keiichiro Okabe	
Corporate Auditor	Takeo Tanaka	
Corporate Auditor	Yasushi Akashi	

Note 1: President and Representative Director, Mr. Keizo Zaitzu assumed the office of Representative Director on April 1, 2011, after the end of the fiscal year under review. Mr. Zaitzu is scheduled to assume the office of Vice-chairman and Representative Director on June 29, 2011.

Note 2: Director, Mr. Toshichika Ishihara assumed the office of President and Representative Director on April 1, 2011, after the end of the fiscal year under review.

Note 3: Director, Mr. Shinji Takeda assumed the office of Managing Director on April 1, 2011, after the end of the fiscal year under review.

Note 4: The responsibilities of the Directors were changed as follows, effective April 1, 2011, after the end of the fiscal year under review.

President and Representative Director	Toshichika Ishihara	(Office of Internal Business Audit)
Managing Director	Yukio Kinugasa	In charge of site operations of Television Business
Director	Takafumi Kannari	In charge of Administration Office, and Finance Division

Note 5: Among the Directors, Mr. Masahiro Yamamoto, Mr. Shouei Utsuda, Mr. Tatsuyoshi Takashima and Mr. Yutaka Asahina are Outside Directors.

Note 6: Among the Corporate Auditors, Mr. Keiichiro Okabe, Mr. Takeo Tanaka and Mr. Yasushi Akashi are Outside Corporate Auditors.

Note 7: Corporate Auditor, Mr. Keiichiro Okabe has an experience as the director in charge of financial affairs and accounting at COSMO OIL CO., LTD. and has considerable knowledge of finance and accounting.

Note 8: Corporate Auditor, Mr. Takeo Tanaka has an experience as the head of financial affairs and accounting at Tokyo Electron Ltd. and has considerable knowledge of finance and accounting.

Note 9: Important positions of other organizations concurrently assumed by Directors and Corporate Auditors relevant to the fiscal year under review are as follows:

- Chairman and Representative Director, Mr. Hiroshi Inoue concurrently serves as Chairman and Representative Director of Tokyo Broadcasting System Television, Inc. He also serves as an Outside Director of Mainichi Broadcasting System, Inc. and Tokyo Electron Ltd., and as an Outside Corporate Auditor for RKB Mainichi Broadcasting Corp.
- President and Representative Director, Mr. Keizo Zaitzu concurrently serves as an Outside Director of The Mainichi Newspapers Co., Ltd. He also assumed the office of Director of Tokyo

Broadcasting System Television, Inc. on March 17, 2011, and the office of Vice-chairman and Director of the company on April 1, 2011, after the end of the fiscal year under review.

- Director, Mr. Toshichika Ishihara concurrently serves as President and Representative Director of Tokyo Broadcasting System Television, Inc.
- Managing Director, Mr. Yukio Kinugasa concurrently serves as Managing Director of Tokyo Broadcasting System Television, Inc.
- Director, Mr. Shinji Takeda concurrently serves as Director and Chairman of TBS Radio & Communications, Inc. and as Director of Tokyo Broadcasting System Television, Inc. He assumed the office of Managing Director of Tokyo Broadcasting System Television, Inc. on April 1, 2011, after the end of the fiscal year under review. He also concurrently serves as an Outside Director of BS-TBS, INC. and StylingLife Holdings Inc., and as an Outside Corporate Auditor for SKY Perfect JSAT Holdings Inc.
- Director and Executive Advisor, Mr. Kiyoshi Wakabayashi concurrently serves as Club Owner and Director of Yokohama BayStars Baseball Club, Inc.
- Director, Mr. Takafumi Kannari concurrently serves as an Outside Corporate Auditor of StylingLife Holdings Inc. He assumed the office of Director of Tokyo Broadcasting System Television, Inc. on March 17, 2011.
- Director, Mr. Toshichika Ishihara concurrently serves as President and Representative Director of Tokyo Broadcasting System Television, Inc.
- Director, Mr. Kazuo Hiramoto concurrently serves as President and Representative Director of BS-TBS, INC.
- Director, Mr. Morihiro Kodama concurrently serves as President and Representative Director of TBS Service, Inc.
- Director, Mr. Masahiro Yamamoto is Supreme Advisor of Mainichi Broadcasting System, Inc. and serves concurrently as an Outside Director of Tokyo Broadcasting System Television, Inc. Upon completion of his term, he retired from the office of an Outside Director of The Mainichi Newspapers Co., Ltd. on June 24, 2010, and the office of an Outside Director of RKB Mainichi Broadcasting Corp. on June 29, 2010.
- Director, Mr. Shouei Utsuda is Director and Chairman of MITSUI & CO., LTD. and serves concurrently as an Outside Director of Tokyo Broadcasting System Television, Inc.
- Director, Mr. Tatsuyoshi Takashima is President, Representative Director and Senior Corporate Officer of DENTSU INC., and also serves concurrently as a Supervisory Board member of the Publicis Groupe S.A., and as Vice Chairman of the Board of Directors of Japan Association for the Promotion of Creative Events and an Outside Director of Tokyo Broadcasting System Television, Inc. Further, he assumed the office of Chairman of DENTSU INC. on April 1, 2011, after the end of the fiscal year under review. He retired from the office of an Outside Director of J-WAVE, INC. upon completion of his term on June 28, 2010.
- Director, Mr. Yutaka Asahina is President and Representative Director of The Mainichi Newspapers Co., Ltd. He serves concurrently as an Outside Director of Mainichi Broadcasting System, Inc., RKB Mainichi Broadcasting Corp., and Tokyo Broadcasting System Television, Inc. Further, he assumed the office of President and Representative Director of Mainichi Sponichi Holdings Co., Ltd., which was established on April 1, 2011, after the end of the fiscal year under review. Mainichi Building, of which Mr. Asahina served as President and Representative Director, merged with The Mainichi Newspapers Co., Ltd. on October 1, 2010.
- Corporate Auditor, Mr. Kunio Ogawa concurrently serves as a Corporate Auditor of Tokyo Broadcasting System Television, Inc. and TBS Radio & Communications, Inc.
- Corporate Auditor, Mr. Keiichio Okabe is Chairman and Representative Director of COSMO OIL CO., LTD. He serves concurrently as an Outside Corporate Auditor of Tokyo Broadcasting System Television, Inc.
- Corporate Auditor, Mr. Takeo Tanaka is a Corporate Auditor of Tokyo Electron Device Ltd. He serves concurrently as an Outside Corporate Auditor of Tokyo Broadcasting System Television, Inc.
- Corporate Auditor, Mr. Yasushi Akashi is Chairman of the International House of Japan, President of JOICFP (Japanese Organization for International Cooperation in Family Planning) and Representative of the Government of Japan for Peace-Building, Rehabilitation and Reconstruction in Sri Lanka. He serves concurrently as an Outside Corporate Auditor of Tokyo Broadcasting System Television, Inc.

Mr. Akashi retired as Chairman of the Japan Center for Conflict Prevention when his term of office expired on March 31, 2011.

## 2. Amounts of Fees etc. Paid to Directors and Corporate Auditors

Category	Recipients	Total amount of fees etc.
Directors	11	¥279 million
(subtotal: outside directors)	(4)	(¥29 million)
Corporate Auditors	5	¥67 million
(subtotal: outside corporate auditors)	(3)	(¥22 million)

Note 1: The above recipients do not include the directors to whom the Company does not pay fees.

Note 2: Resolutions were passed at the 70th Ordinary General Meeting of Shareholders held on June 27, 1997 stipulating maximum amounts of ¥50 million per month (¥600 million per year) for directors' fees (not including salaries paid to directors who were also employees) and ¥6 million per month (¥72 million per year) for corporate auditors' fees.

Note 3: Outside directors and outside corporate auditors, who concurrently serve at the subsidiaries of the Company, do not receive fees from said subsidiaries.

## 3. Items Pertaining to Outside Officers

### (a) Principal Activities in the Fiscal Year under Review

- Activities of Outside Directors

Of the meetings of the Board of Directors held in the fiscal year under review, Mr. Masahiro Yamamoto attended 8 out of 12, Mr. Shouei Utsuda attended 7 out of 12, Mr. Tatsuyoshi Takashima attended 7 out of 12, and Mr. Yutaka Asahina attended 12 out of 12. All four outside directors provided appropriate advice based on their extensive experiences and knowledge as corporate managers and others, in positions independent from TBS executives.

- Activities of Outside Corporate Auditors

There were 12 meetings of the Board of Directors and 9 meetings of the Board of Corporate Auditors in the fiscal year under review, of which Mr. Keiichiro Okabe attended 8 and 6, respectively, and Mr. Takeo Tanaka attended 11 and 8, respectively. Mr. Yasushi Akashi attended 9 and 7, respectively. All three outside corporate auditors offered questions, advice and other contributions based on their extensive experiences and knowledge acquired as managers of business corporations or in activities in the international organizations.

### (b) General Intent of Limited Liability Agreement

The Articles of Incorporation of the Company was amended at the 82nd Ordinary General Meeting of Shareholders held on June 26, 2009 to include provisions on limited liability agreements with outside directors and outside corporate auditors.

The general intent of the limited liability agreement that the Company entered into with each of the outside directors and outside corporate auditors pursuant to the Articles of Incorporation is as follows:

- The liability of an outside director or an outside corporate auditor pursuant to Article 423, Paragraph 1 of the Companies Act is limited to the minimum amount stipulated in Article 425, Paragraph 1 of the Companies Act in the absence of ill intent and gross negligence on the part of the relevant director or corporate auditor in the execution of his or her responsibilities.

### (c) Relationships between the Company and Other Companies Where Positions Are Held Concurrently

Directors Mr. Masahiro Yamamoto, Mr. Shouei Utsuda, Mr. Tatsuyoshi Takashima and Mr. Yutaka Asahina concurrently serve as Outside Directors, and Corporate Auditors Mr. Keiichiro Okabe, Mr. Takeo Tanaka and Mr. Yasushi Akashi concurrently serve as Outside Corporate Auditors of Tokyo Broadcasting System Television, Inc., which as a subsidiary of the Company, forms the core of the Group.

The relationships between the Company and other significant companies, where outside directors of the Company concurrently serve, are as follows:

- Tokyo Broadcasting System Television, Inc. competes in the broadcasting business, but also has an ongoing business relationship in areas such as broadcast syndication and television frequency fees, with Mainichi Broadcasting System, Inc., where Director Mr. Masahiro Yamamoto serves as Supreme Advisor, as well as with RKB Mainichi Broadcasting Corp. where Mr. Yamamoto concurrently served as an Outside Director until June 29, 2010. In addition, Tokyo Broadcasting System Television, Inc.

has an ongoing business relationship, in areas such as the placement of advertisement and provision of news materials, with The Mainichi Newspapers Co., Ltd. where Mr. Yamamoto served as an Outside Director until June 24, 2010.

- Tokyo Broadcasting System Television, Inc. has an ongoing business relationship, in areas such as the sale of airtime and programming, with DENTSU INC. where Director Mr. Tatsuyoshi Takashima served as President, Representative Director and Executive Officer. Further, Tokyo Broadcasting System Television, Inc. competes, among other things, in the broadcasting business with J-WAVE, INC. where Mr. Takashima served as an Outside Director until June 28, 2010.
- Tokyo Broadcasting System Television, Inc. has an ongoing business relationship, in areas such as the placement of advertisement and provision of news materials, with The Mainichi Newspapers Co., Ltd. where Director Mr. Yutaka Asahina serves as President and Representative Director. Further, Tokyo Broadcasting System Television, Inc. competes in the broadcasting business, but also has an ongoing business relationship in areas such as broadcast syndication and television frequency fees with Mainichi Broadcasting System, Inc. and RKB Mainichi Broadcasting Corp. where Mr. Asahina concurrently serves as an Outside Director.

### (3) Accounting Auditors

(i) Name of Accounting Auditor: KPMG AZSA LLC

Note: KPMG AZSA & Co., the accounting auditor of the Company, changed its name to KPMG AZSA LLC on July 1, 2010 when it converted to a different classification of audit corporation.

(ii) Fees etc. Paid to Accounting Auditors in the Fiscal Year under Review

	Amount paid
A. Fees etc. pertaining to the fiscal year under review	¥ 54 million
B. Total amount of cash and other asset-based benefits payable to the accounting auditors of Tokyo Broadcasting System Holdings, Inc. and its subsidiaries	¥ 94 million

Note: The audit agreement between the Company and the accounting auditor does not separate the amounts of fees etc., for audits under the Companies Act from the amounts of fees etc., for audits under the Financial Instruments and Exchange Act. Since it is essentially impossible to separate these amounts, the amount shown for A. above represents the sum of both.

(iii) Policy on Dismissal or Non-Reappointment of Accounting Auditor

If there are grounds for dismissal under the provisions of Article 340, Paragraph 1 of the Companies Act, the Board of Corporate Auditors of the Company will dismiss the accounting auditor, subject to approval by all corporate auditors.

The Board of Directors will submit a proposal to a General Meeting of Shareholders concerning dismissal or non-reappointment of the accounting auditor, with the agreement of or at the request of the Board of Corporate Auditors, if this is deemed necessary, such as when the accounting auditor is deemed to be incapable of performing the duties.

### **3. Systems Ensuring that Directors Perform their Duties in Accordance with the Laws and Regulations and the Articles of Incorporation and that Other Operations are Conducted Appropriately**

The Company adopted the “policy concerning the establishment of the system necessary to ensure appropriate operation as a stock company,” as stipulated in Item 6, Paragraph 4 of Article 362 of the Companies Act and Paragraphs 1 and 3 of Article 100 of the Ordinances for Enforcement of the Companies Act.

#### Introduction

As a certified broadcast holding company, with broadcasters under its umbrella that are entrusted with the use of finite and valuable electromagnetic waves, Tokyo Broadcasting System Holdings, Inc. is profoundly aware of the social responsibilities and public mission, as stated in the TBS Group Activities Charter, and will continue to fulfill and strengthen its corporate governance.

As part of our efforts to carry out our business activities appropriately and efficiently while maintaining and enhancing the corporate value of the TBS Group, we have established the TBS Group Corporate Activities Committee to build and implement internal control systems for the Group. The Committee is chaired by the President and made up of directors from the Company and its Group companies, as well as outside members. Its responsibilities are as follows:

1. Matters pertaining to the development, evaluation and improvement of internal control systems
2. Matters pertaining to upholding business ethics
3. Matters pertaining to the risk management and the appropriate and efficient performance of operations
4. Matters pertaining to information disclosure
5. Matters pertaining to questions from the Board of Directors of TBS Group Companies

#### **(1) Systems Ensuring that Directors Perform their Duties in Accordance with the Laws and Regulations and the Articles of Incorporation**

- (a) All officers and employees swear a basic oath under the TBS Group Activities Charter, which defines the corporate philosophy under which the TBS Group is working to achieve growth based on excellence as a corporate Group. We are working to ensure the full implementation of the TBS Group Activities Standards, which were formulated as standards for the realization of the Charter.
- (b) We have formulated the TBS Group Information Disclosure Policies, and we will fulfill our responsibilities to provide good explanations to shareholders as a corporate Group through the timely disclosure of accurate information.
- (c) The Special Committee for Appraising Corporate Value, consisting of outside directors, outside corporate auditors and outside experts, assesses policies from the perspective of maximizing corporate value in response to questions submitted by the Board of Directors, and advises the Board of Directors of the results of its deliberations.
- (d) Tokyo Broadcasting System Holdings, Inc. is audited by the Board of Corporate Auditors, formed by standing statutory auditors and outside corporate auditors. The important subsidiary, Tokyo Broadcasting System Television, Inc. does not set the Board of Corporate Auditors but is audited by outside corporate auditors on the basis of the structure of Tokyo Broadcasting System Holdings, Inc.

#### **(2) Systems Concerning the Storage and Management of Information Pertaining to the Performance of Directors' Duties**

- (a) We have formulated the Document Handling Regulations, which define standards for the handling of documents containing information pertaining to the performance of directors' duties. Documents are stored and managed appropriately and reliably during the periods stipulated in those regulations.
- (b) We will maintain document storage and management systems capable of responding promptly to requests from directors and auditors who wish to peruse documents pertaining to the performance of directors' duties.

### **(3) Risks of Loss Management Regulations and Other Systems**

- (a) We will set the TBS Group Risk Management Policies, TBS Group Risk Management Regulations and other regulations required to support ongoing control of the risk of losses affecting our business activities and operations, and establish risk management systems. We will maintain risk management systems to evaluate the risk management condition for the previous financial term and implement those systems appropriately. In this context, the risk management plan for the coming financial term will be approved by the TBS Group Risk Management Committee, which is the sub-committee of the TBS Group Corporate Activities Committee.
- (b) We have formulated Basic Policies for Managing Market Risk. This policy is reviewed semi-annually to ensure an appropriate response to the risk of share price, foreign exchange rate and interest rate fluctuations.
- (c) We have formulated the Investment and Financial Management Regulations to support the management, coordination and efficient use of investments and finance. The appropriateness of investments and loans is assessed by the Investment and Financial Judging Committee after consultation with Group Managerial Strategy Council.
- (d) To ensure an appropriate response to risks, we have formulated the TBS Group Crisis Response Regulations, which define organizational structures, operational procedures, information management methods and other systems to be employed in the event of a serious risk situation, such as damage to our corporate brand.
- (e) We have formulated the Information Security Policy to ensure appropriate network use and prevent threats, such as unauthorized access, system damage caused by computer viruses etc., and data leakage or tampering etc.

### **(4) Systems Ensuring the Efficient Performance of Directors' Duties**

- (a) In principle, the Board of Directors meets regularly once every month. This is the basic system for ensuring the efficient performance of directors' duties.
- (b) Important matters pertaining to management policy and strategies are discussed at Group Managerial Strategy Council, which is in principle held once a week. Decisions on executive actions are taken after these deliberations.
- (c) The Group Managerial Strategy Council, which advises the President, supports comprehensive long-term management planning by facilitating and coordinating long-term management planning activities.

### **(5) Systems Ensuring that Employees Perform their Duties in Compliance with Laws and Regulations and the Articles of Incorporation**

- (a) We have formulated the TBS Group Activities Charter as a basic oath that all officers and employees are required to uphold. We have also adopted the TBS Group Activities Standards as standards for the realization of the Charter.
- (b) We will ensure that the Office of Compliance is able to function effectively and appropriately as the coordinating unit for the development and operation of our internal control and compliance system, and that the Office of Internal Business Audit can function effectively and appropriately as the internal audit unit.
- (c) We will maintain the TBS Hotline as an internal reporting system for the Group, and we will make effective use of the Office of Internal Business Audit and outside law offices as contact points for the reporting of problems, such as situations that contravene laws and regulations or corporate rules.
- (d) We will maintain internal checks and balances, such as personnel-related systems, to eliminate the concentration of authority in the hands of individual employees.

**(6) Systems Ensuring the Appropriateness of the Business Operations of the Group Consisting of Tokyo Broadcasting System Holdings, Inc. and Its Subsidiaries**

- (a) We will apply the TBS Group Activities Charter and the TBS Group Activities Standards as the oath and behavior guidelines for the Group.
- (b) Tokyo Broadcasting System Television, Inc. and TBS Radio & Communication, Inc., our owned broadcasters under the company, will set the Broadcast Council in accordance with the Broadcast Law, and Broadcast Council will be the committee for consultation and proposal of all queries, aiming for the improvement and the development of broadcast programs.
- (c) For Tokyo Broadcasting System Television, Inc., which has a large influence, the Broadcasting and Human Rights Special Committee, formed mainly by the outside experts, will counsel with the President of Tokyo Broadcasting System Television, Inc. about any needs on human rights at broadcasting environments. The Company will then receive a report from Tokyo Broadcasting System Television, Inc. to handle with given situations.
- (d) The Company will set the Office of Internal Business Audit to audit the operations of all related Group companies.
- (e) Each company within the Group will lay down the TBS Group Corporate Governance to straighten the system of the relationship between the parent company and subsidiaries in the Group to improve the penetration of formulation and the operation of internal control systems.
- (f) Each company within the Group will participate in the TBS Hotline to set out the structure that covers surrounded situations and operate.
- (g) We have formulated the Subsidiaries and Affiliates Management Regulations as the basis for efforts to enhance the management efficiency of the Group and accelerate their development through the provision of guidance.

**(7) Systems Ensuring the Effectiveness of Audits Conducted by the Corporate Auditors**

- 1. Items Pertaining to Employees in the Auditor Support Organization and the Independence of those Employees from Directors
  - (a) We will ensure that the Office of Corporate Auditors is able to function as a support unit for the activities of the auditors, and we will maintain regulations pertaining to the employees who provide that support.
  - (b) The Board of Corporate Auditors will establish a Board of Corporate Auditors Headquarters if required, such as when there are matters requiring investigation by the auditors. Employees nominated by the Board of Corporate Auditors will provide assistance to the Board of Corporate Auditors Headquarters or the auditors.
  - (c) The approval of the auditors will be obtained for personnel appraisals and transfers of employees who assist in the work of the auditors, and for any disciplinary action against such employees.
- 2. Systems for Reporting to the Corporate Auditors by Directors and Employees and for Other Reports to the Corporate Auditors
  - (a) The directors and employees will report to Corporate Auditors whenever there are important matters affecting operations or performance.
  - (b) The Corporate Auditors may require reports from directors or employees as required at any time.
  - (c) We will operate the TBS Hotline appropriately and maintain appropriate reporting systems, so that the Corporate Auditors can be informed of any compliance issues, including violations of laws and regulations.
  - (d) The Corporate Auditors will receive reports on the results of internal audits conducted by the Office of Internal Business Audit.
  - (e) The Corporate Auditors can attend important meetings, peruse documents concerning important decisions, and require directors to provide reports concerning the performance of operations. If necessary, the Corporate Auditors can also hold direct hearings in any department.
  - (f) The Corporate Auditors, Accounting Auditors and Office of Internal Business Audit will share information to maintain effective and efficient internal control systems.

## **4. Basic Policy Regarding Parties Deciding on Financial and Business Policies of Tokyo Broadcasting System Holdings, Inc.**

The Basic Policy Regarding Parties Deciding on Financial and Business Policies of the Company (hereinafter “Basic Policy”) was implemented by the Company at the Board of Directors’ meeting held on February 28, 2007. In connection with the formulation and execution of “Group Management Plan 2014,” a new medium-term management plan of the Group, the sections of the Basic Policy that are related to the medium-term management plan were revised as follows at the Board of Directors’ meeting held on May 13, 2010.

### **(1) Basic Policy**

As a listed company, the Company has a responsibility to contribute to the development of market economy. We also have an important public mission as a certified broadcast holding company, with broadcasters under our umbrella that are entrusted with the use of finite and valuable electromagnetic waves. The corporate characteristics of the Company are expressed as follows in “II. Activities Charter” of the “TBS Group Activities Charter,” which was formulated by the Company. “We consistently commit ourselves to the freedom of expression and make efforts to transmit fair, honest and accurate information that contributes to both society and culture, thereby fulfilling the mission expected of a news medium” and “We place a great importance on relations with society and harmonious coexistence with nature, and commit ourselves to a positive social contribution as well as in the realization of a better global environment through our business and individual activities across the board.” In addition, the Company is given a vital role as a certified broadcast holding company with broadcasters under its umbrella that are, as our country’s key media, expected to perform the function of social lifeline particularly at the time of disasters and emergencies without any delay.

With the emergence of full-scale digital terrestrial broadcasting and the arrival of the multimedia era, the challenge for the broadcasting industry is the improvement of program production, planning and development capabilities and program quality.

We recognize our work force, including the employees and associated workers of Tokyo Broadcasting System Holdings, Inc. and its subsidiaries (hereinafter referred to as the “TBS Group”) as a business resource that is vital to the fulfillment of our public mission and social role, and to our efforts to improve program production, planning and development capabilities and program quality, which are key to our competitiveness as a broadcaster. Furthermore, the relationships of trust that we have built over many years with our contractors and suppliers, and with all of the people who contribute to the development of programs and content, play an extremely important role as a business resource. These above all are the sources of our corporate value.

To maximize our corporate value and the common interests of our shareholders, we must develop and strengthen the sources of our corporate value from a medium to long-term perspective. Decisions concerning our financial and business policies need to be based on an awareness of these facts.

As a listed company, we are not opposed to a Large-Scale Acquisition of our shares if this contributes to the maximization of our corporate value and the common interests of our shareholders. Nor are we opposed to the proposal of ideas relating to these actions. However, if decisions on our corporate financial and business policies are controlled by parties who do not share our belief in the need to strengthen the aforementioned sources of our corporate value from a medium to long-term perspective, there is a risk that these resources will be impaired in the medium to long-term. If so, this would compromise our efforts to maximize our corporate value and the common interests of all shareholders.

For these reasons, and in keeping with the spirit of the Broadcasting Act and the Radio Act, Tokyo Broadcasting System Holdings, Inc. may, under certain circumstances, take steps to secure and maximize its corporate value and the common interests of all shareholders, within the limits allowable under the laws and regulations and the Articles of Incorporation of Tokyo Broadcasting System Holdings, Inc. We may take such steps if there is a risk that a specific party or group, or its related parties (hereinafter collectively referred to as the “acquirer etc.”), may damage the sources of our corporate value from a medium to long-term perspective, for instance through the acquisition of voting rights equivalent to 20% or more of the total voting rights in Tokyo Broadcasting System Holdings, Inc., where the acquirer etc., is unsuitable as a party controlling decisions concerning the financial or business policies of Tokyo Broadcasting System Holdings, Inc.

The certified broadcast holding company structure is intended to provide new management platforms

that enable broadcasters to further promote management efficiency in line with the purport of the principle of excluding multiple ownerships of the media by granting broadcasters avail of the holding company structure. Under the structure, those shareholders with the legal voting right more than 33% are restricted from holding the portion of the voting right in excess of 33% for the purpose of securing pluralism, diversity and regionality of broadcasting. Thus, this restriction is already applied to the Company shareholders as the result of the Company's shift to a certified broadcast holding company.

Even after the shift to a certified broadcast holding company, the Company has been placing "all-around business alliance policy" in a tie-up policy that aims at adherence to the impartiality of broadcasting and realization of optimal tie-ups with optimal business partners in each field, thereby building all-around relationships with various business partners as a whole. In light of this policy, however, the appearance of shareholders with a shareholding ratio exceeding 20% still remains unfavorable for the Company's corporate value as well as the common interest of our shareholders unless it is expected to bring more benefit than the case where the tie-up policy above is strictly observed. Accordingly, regardless of an application of the voting right holding restriction structure to the Company as the result of the shift to a certified broadcast holding company system, the Company will continuously maintain its engagement to prevent controls over the decision on the Company's financial and business policies by inappropriate parties in light of the Basic Policy. Further, the Company formulated "Group Management Plan 2014" on May 13, 2010 as a new medium-term management plan of the Group.

## **(2) Raising Corporate Value and Maximizing the Common Interests of Shareholders under the Group Management Plan 2014**

The Company and the Group will continue to use television and radio broadcasting to serve the public's right to access information, and to provide quality entertainment that will appeal to a wide range of audiences. At the same time, in order to make further progress as a leading company in the digital content business, the Company announced "V! up Plan" in 2006 as a medium-term management plan of the Group and has been working since on the implementation of the plan. In order for the Group to achieve sustainable growth by responding flexibly to the drastic changes in the corporate environment inside and outside of Japan, both now and in the future, the medium-term management plan was revised to "Group Management Plan 2014" for the period leading to 2014, with the intent to make an all-out effort for a successful implementation.

Our goal under "Group Management Plan 2014" is to link the broadcasting business to the multi visual ventures and cultural events, the real estate and other businesses to achieve net sales of ¥400 billion and operating income to net sales ratio of 7% on a consolidated basis in 2014, mainly by pushing the broadcasting business to a leading position within the industry in terms of average all-day audience ratings of terrestrial TV programs by 2014 and increasing our sales share of TV spot advertising to more than 25% of the five broadcasters based in Tokyo.

Through "Group Management Plan 2014," the Group aims to establish a position as the "best media group" in terms of delivering the "most powerful contents," thereby maximizing the corporate values of the Company and of the Group, as well as the common interests of the shareholders. At the same time, the Group will aspire to fulfill the mandate of our shareholders.

(Note) "Group Management Plan 2014" is currently under review for potential revision in view of the effect of the Great East Japan Earthquake that occurred on March 11, 2011 and other changes in the external environment surrounding the Group that occurred after the initial establishment of the Group Management Plan. If, as a result of this review, there are any changes in facts and circumstances that warrant disclosure, they will be announced separately in an appropriate and timely manner.

## **(3) Outline of Approaches to Prohibiting Control by Inappropriate Parties in Light of Basic Policy**

In accordance with a resolution adopted by the Board of Directors on February 28, 2007, the Company has made the amendments to its policy for responding to takeover proposals, which was announced on May 18, 2005 (hereinafter referred to as the "year 2005 plan"). We have retained the essence of the plan, which is intended to secure and improve our corporate value and the common interests of all shareholders, while making the changes to place an even greater emphasis on the wishes of shareholders. The amended policy will be referred to hereinafter as "the Plan." The Plan and its continuation was approved at the 80th

Ordinary General Meeting of Shareholders held on June 28, 2007 (hereinafter referred to as the “2007 shareholders’ meeting”) by a majority vote of the shareholders present who may exercise their right to vote. Subsequently, the Plan was partially amended, within the necessary and minimum scope, within a frame of the resolution approved at the 2007 shareholders’ meeting with the prior and unanimous approval of all incumbent members of the Special Committee for Appraising Corporate Value (hereinafter referred to as the “Special Committee”). As described above, the amendment was in line with the Company’s shift to a certified broadcast holding company as of April 1, 2009 and such changes in the legal environment as the amendment and enforcement of the Companies Act and the Financial Instruments and Exchange Act Details of the Plan are as indicated below. It is partially simplified/rationalized to secure the understandability of descriptions as in a business report.

## **1. Plan Details**

### **(a) Procedures for Triggering the Plan**

#### **(i) Acts Subject to the Plan**

The Plan is applied when an act that falls under any item from I. through III. below (hereinafter, “Large-Scale Acquisition”) is implemented and the Plan procedures shall be initiated when a party emerges that maintains a policy of conducting such act (including a party that the Company’s Board of Directors reasonably determines as having such policy based on the recommendations of the Special Committee, but excluding cases in which the Board of Directors has given a prior approval).

The details of the countermeasures against a Large-Scale Acquisition are as set out in (iv) below, but the countermeasures under the Plan shall not be triggered as a matter of course when a party as described above emerges, and the decision to trigger the countermeasures against such party shall be determined in strict accordance with the procedures in (ii), (iii) and (v) or (vii) below.

- I. A tender offer intended to result in the holding ratio of share certificates, etc. of the tender offeror group amounting to a total of 20% or more of the share certificates, etc. issued by the Company after the acquisition;
- II. An acquisition, etc. that would result in the owning ratio of share certificates, etc. of a Large-Scale Acquisition group amounting to 20% or more of the share certificates, etc. issued by the Company after the acquisition;
- III. Notwithstanding the implementation by the Company of a tender offer or other acquisition of share certificates, etc. issued by the Company, (i) an agreement or other act made or conducted between the Large-Scale Acquisition group and another shareholder of the Company whose total owning ratio of share certificates, etc. together with the Large-Scale Acquisition group is 20% or more of the total ownership in the Company’s share certificates, and results in such other shareholder becoming a joint holder of such Large-Scale Acquisition group, or (ii) an act that establishes a relationship between the Company’s core shareholders in the Large-Scale Acquisition group and other shareholders where one party has substantial control over the other party, or that leads to the parties taking joint or collaborative action.

The tender offeror group, the Large-Scale Acquisition group and the other shareholders in III. above, shall be collectively referred to as the “Acquirer Group.”

#### **(ii) Request etc. of Information from the Acquirer Group**

Unless the Company’s Board of Directors determines otherwise, the Acquirer Group shall, before the commencement or implementation of the Large-Scale Acquisition, submit a written document with the information set out in the items below (“Necessary Information”), and if during the Board of Director’s evaluation period (as defined in (iii) below) or as a result of the evaluation period, the Company’s Board of Directors resolves to convene a General Meeting of Shareholders pursuant to (vi) below, a written document stating that the Company’s share certificates may not be purchased during the waiting period of 21 days following such point of time (“Waiting Period”), and a covenant pledging its compliance with the Plan procedures (together with the Necessary Information, collectively, the “Statement of Acquisition Intent”).

If the Special Committee finds the submitted information insufficient as Necessary Information, it may request the Acquirer Group to provide additional information by a suitable reply deadline (as a general rule, 60 days).

- I. A Summary of the Acquirer Group
- II. The purpose, method and details of the Large-Scale Acquisition
- III. Whether or not there was communication of intent between a third party in regards to the Large-Scale Acquisition and if the communication of intent occurred, the name of the other party, a brief description of the party, the specific manner in which the intent was communicated and the details thereof;
- IV. The basis for the calculation of the consideration for the Large-Scale Acquisition and the process of calculation
- V. The underlying funds for the Large-Scale Acquisition
- VI. The Company and the Group's management policy, business plan, financial plan, funding plan, investment plan, capital and dividend policies, and program scheduling policy planned for after the Large-Scale Acquisition is conducted, and other policies dealing with the treatment of the Company and the Group's officers, employees, clients, customers, business collaborators and other interested parties after the completion of the Large-Scale Acquisition;
- VII. Existence of connections with antisocial powers or terrorist organizations and policies for dealing with such;
- VIII. The Company's approach to fulfilling its public mission as a certified broadcast holding company and Tokyo Broadcasting System Television, Inc. as a broadcasting station
- IX. Other information that the Company's Board of Directors or the Special Committee reasonably deems necessary.

(iii) Consideration by the Board of Directors and the Special Committee

The Company's Board of Directors and the Special Committee shall stipulate either I. or II. stated below that complies with the details of the Large-Scale Acquisition disclosed by the Acquirer Group, as the period for the Company's Board of Directors to evaluate, consider, form an opinion, devise an alternative proposal and negotiate with the Acquirer Group (hereinafter referred to as the "Board of Directors Evaluation Period").

- I. If all the Company's shares etc. are acquired through a tender offer where the consideration is only in cash (yen): 60 days.
- II. If a Large-Scale Acquisition other than I. above is conducted: 90 days.

The Company's Board of Directors shall, within the Board of Directors Evaluation Period, evaluate, consider, form an opinion, devise an alternative proposal and negotiate with the Acquirer Group with respect to a Large-Scale Acquisition proposed by the Acquirer Group based on the Necessary Information provided by the Acquirer Group with a view to maximizing the corporate value of the Company and the common interests of the shareholders.

At that time, the Special Committee shall also evaluate and consider the Acquirer Group's proposal and may obtain advice from third-party professionals independent from the Company's Board of Directors during such evaluation and consideration as necessary, and the expenses shall be borne by the Company.

The Special Committee may, when it acknowledges that the Acquirer Group has initiated the Large-Scale Acquisition without complying with the Plan procedures herein, recommend for the Company's Board of Directors to trigger the required countermeasures provided in (iv) below, such as the gratis allotment of the Stock Acquisition Rights, except in unusual situations where further consultations and negotiations with the Acquirer Group are required in order to obtain the Necessary Information. In such case, the Company's Board of Directors shall trigger the required countermeasures in (iv) below, such as the gratis allotment of the Stock Acquisition Rights, with the utmost respect to the Special Committee's aforementioned recommendation, except in unusual situations where the director has obviously breached the duty of care as a good manager.

(iv) Specific Details of the Countermeasure

The countermeasures against the Large-Scale Acquisition to be triggered by the Company in accordance with the Plan shall be, as a general rule, a gratis allotment of the Stock Acquisition Rights. Provided, however, that if it is determined that the triggering of other countermeasures granted under the Companies Act, other laws and regulations, or the Company's Articles of Incorporation are appropriate, such countermeasures shall be triggered instead.

A summary regarding the gratis allotment of the Stock Acquisition Rights as a countermeasure against the Large-Scale Acquisition is as set out in "3. Outline of Gratis Allotment of Stock Acquisition Rights" below, but for the actual gratis allotment of the Stock Acquisition Rights to take place the following, as well as the exercise period, exercise terms and acquisition terms etc., in view of its effectiveness as a countermeasure for the Large-Scale Acquisition, shall be included:

- (i) Terms that prohibit the Exceptional Party (defined in (c) of "3. Outline of Gratis Allotment of Stock Acquisition Rights" below) from exercising their Stock Acquisition Rights;
- (ii) Acquisition provisions which provide that the Company may acquire the Stock Acquisition Rights through various considerations depending on whether or not the Acquisition Rights holder is an Exceptional Party (provisions that provide that the Stock Acquisition Rights held by a Stock Acquisition Rights holder who is not an Exceptional Party shall be acquired by the Company in exchange for shares of common stock, and if the Company deems it appropriate, a Stock Acquisition Rights holder who is an Exceptional Party, may acquire new stock acquisition rights and other assets as a replacement for the Stock Acquisition Rights), or
- (iii) Acquisition provisions which provide that when acquiring a part of the Stock Acquisition Rights, the Company may only acquire the Stock Acquisition Rights held by a Stock Acquisition Rights holder who is not an Exceptional Party.

(v) Recommendation to Non-trigger the Countermeasures

Regardless of whether or not the Directors Evaluation Period is complete, the Special Committee shall make a recommendation to the Company's Board of Directors that the countermeasure of a gratis allotment of the Stock Acquisition Rights should not be triggered if the Special Committee determines that the Acquirer Group is not, overall, an abusive acquirer in accordance with the Company's guidelines after considering the Acquirer Group's Large-Scale Acquisition and the acquisition proposal details, consulting or negotiating with such group, and the incumbent members of the Special Committee reaching a unanimous decision.

If the Special Committee recommends to non-trigger the gratis allotment of Stock Acquisition Rights and other countermeasures, the Company's Board of Directors shall follow such recommendation and resolve not to trigger the gratis allotment of Stock Acquisition Rights and other countermeasures in accordance with the recommendation except in an unusual situation where the director has obviously breached the duty of care as a good manager.

(vi) Convocation of a General Meeting of Shareholders

If, after exploring the Acquirer Group's Large-Scale Acquisition and its proposal and as a result of consultations and negotiations with the Acquirer Group, the Special Committee cannot reach a unanimous decision by the incumbent Special Committee members to make the recommendation in (v) above, the Special Committee shall recommend for the Company's Board of Directors to seek the judgment of a General Meeting of Shareholders in order to determine whether to make a gratis allotment of the Stock Acquisition Rights, trigger the acquisition provision and other countermeasures. In such case, the Company's Board of Directors shall promptly carry out convocation procedures for a General Meeting of Shareholders at which the agenda items shall be to seek approval regarding the gratis allotment of Stock Acquisition Rights, and triggering of the acquisition provision and other countermeasures.

The resolution of the General Meeting of Shareholders shall be adopted by a majority vote of the shareholders present who may exercise their right to vote. The result of the General Meeting of Shareholders shall be disclosed promptly after such resolution is made.

(vii) Resolution of the Board of Directors

The Company's Board of Directors shall make a resolution regarding the gratis allotment of Stock Acquisition Rights, the triggering of the acquisition provision, and the triggering or non-triggering of other

countermeasures without delay, as an entity under the Companies Act, by following the prescribed Plan procedures and paying the utmost respect to the Special Committee's recommendations (recommendations regarding the triggering of the countermeasures pursuant to (iii) above, or the non-triggering of countermeasures pursuant to (v) above), and in accordance with the above resolution of the General Meeting of Shareholders, except in an unusual situation where a director has obviously breached the duty of care as a good manager.

The Acquirer Group shall not conduct the Large-Scale Acquisition unless the Company's Board of Directors has resolved not to trigger the gratis allotment of Stock Acquisition Rights or other such countermeasures by following the prescribed Plan procedures.

#### **(b) The Plan's Effective Period, Abolition and Changes**

The Plan will automatically renew for a successive period of three years and the same shall apply thereafter unless a resolution is passed to abolish the Plan at the first Ordinary General Meeting of Shareholders convened after April 2013.

However, if a resolution is made by the Company's Board of Directors or at the Company's General Meeting of Shareholders to abolish the Plan or the Special Committee unanimously resolves to abolish the Plan, the Plan shall be abolished at that point, even during the effective period.

The Plan may also be modified or changed prior to the expiration of the effective period by the Company's Board of Directors to the extent approved by the General Meeting of Shareholders subject to the approval of a majority of the incumbent members and a majority of the third-party professional members of the Special Committee.

## **2. Outline of the Company's Special Committee for Appraising Corporate Value**

The Company's Special Committee for Appraising Corporate Value is an outside advisory body separate from the Board of Directors that will consider the adequacy of measures for matters such as those inquired about by the Company's Board of Directors based on the Plan and other such matters in determining whether such items will maximize the Company's corporate value, and give recommendations based upon the results. The Company's Board of Directors will respect the Special Committee's recommendation to the utmost degree and make final decisions on preliminary responses based on the response policy and matters that are necessary to the countermeasures. The Company's Board of Corporate Auditors shall supervise the Board of Directors' and the Special Committee's decision making process.

The Special Committee shall consist of: (1) one or two of the Company's or Tokyo Broadcasting System Television Inc.'s outside directors; (2) one or two of the Company's or Tokyo Broadcasting System Television Inc.'s outside corporate auditors, and (3) three or four experts from outside the Company with achievements as attorneys-at-law, public accountants, persons experienced in investment banking companies, management, and experienced scholars knowledgeable about the Companies Act. The term of office for each committee member shall be two years.

## **3. Outline of Gratis Allotment of Stock Acquisition Rights**

### **(a) Entitled Shareholders**

The Company will make a gratis allotment of stock acquisition rights to the shareholders whose names are entered or recorded in the last register of shareholders on the record date determined by the Company's Board of Directors (the date immediately following the occurrence of the acts subject to the Plan as set out in the body of (a)(i) of "1. The Plan Details" above), for one stock acquisition right per share in the Company held by those shareholders (excluding shares of common stock held by the Company).

### **(b) Class and Number of Shares to be Issued upon Exercise of Stock Acquisition Rights**

The class of shares to be issued upon exercise of stock acquisition rights will be shares of common stock in the Company and the number of shares to be issued upon exercise will be one share or a fraction of one share of common stocks in the Company as determined by the Company's Board of Directors.

### **(c) Conditions for Exercise of Stock Acquisition Rights**

The Company's Board of Directors will determine the conditions for exercise of stock acquisition rights. (The Company may attach a condition for exercise that the Company will not allow an exercise of the rights by any party it designates pursuant to the procedures prescribed by the Board of Directors as a party who belongs to an Acquirer Group (the "Exceptional Party")).

(d) Acquisition of Stock Acquisition Rights by the Company

- (i) The Company may establish, by resolution of its Board of Directors, an acquisition clause allowing only an acquisition of (x) all stock acquisition rights or (y) the stock acquisition rights owned by stock acquisition rights holders other than the Exceptional Party upon the occurrence of certain events or the arrival of certain dates that are determined by the Board of Directors.
- (ii) If the Company establishes an acquisition clause set out in (i) above and acquires stock acquisition rights from a stock acquisition rights holder other than the Exceptional Party, the Company will, in exchange for one stock acquisition right, deliver to the stock acquisition rights holder the number of shares of common stock in the Company to be predetermined by the Board of Directors as one share or a fraction of one share. Also, if the Company acquires stock acquisition rights from a stock acquisition rights holder who is the Exceptional Party, the Company may, in exchange for one stock acquisition right, deliver to the stock acquisition rights holder new stock acquisition rights issued in place of the existing stock acquisition rights or other property.
- (iii) If, as a result of acquiring the stock acquisition rights pursuant to the acquisition clause set out in (i) above, foreign shareholders that do not fall under the Exceptional Party will hold 20% or more of the total voting rights of the Company, for those shares of common stock to be issued to those foreign shareholders as consideration for acquisitions that will compose 20% or more of the total voting rights of the Company, the Company will, in exchange for one stock acquisition right, deliver new stock acquisition rights or other property in place of the existing stock acquisition right, both in proportion to the holding ratio of each such foreign shareholders.

**(4) Positions of the Board of Directors Concerning Specific Initiatives, and Reasons for Those Positions**

The Plan aimed at ensuring and improving both the Company's corporate value and the common interests of shareholders and based on the year 2005 plan, adopted at the Board of Directors' meeting held on May 18, 2005, was repositioned and partially amended at the Board of Directors' meeting held on February 28, 2007 to prohibit inappropriate parties from controlling the decisions on the Company's financial and business policies, and approved at the 80th Ordinary General Meeting of Shareholders held on June 28, 2007. The partial amendment was made of the Board of Directors on April 3, 2009, which we assessed that the amendment made was within the approval at the 2007 General Meeting of Shareholders.

The response policy after the revision (the "Plan") was developed, adheres to the corporate legal systems such as the Companies Act, the "Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interests" jointly released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005 (the "Government Guidelines"), the "Partially Revised Listing Examination Criteria for Share Certificates Following an Overhaul of the Listing System Pertaining to the Introduction of Takeover Defense Policies" released by Tokyo Stock Exchange Inc. on March 7, 2006, and various Tokyo Stock Exchange Inc. rules, with sufficient regard to the shareholder's rights, the exercise thereof, and the Company shares' impact on the stock markets on which the Company's shares are listed, and a General Meeting of Shareholders will be convened as a general rule to allow direct canvassing of the wishes of shareholders before the countermeasures are triggered, and to ensure fairness and objectivity, a Special Committee for Appraising Corporate Value, consisting of highly independent outside directors, outside corporate auditors and outside experts, shall give advice about triggering or not triggering the Plan, and such advice shall be followed to the greatest possible extent, and the Plan can be terminated by a single resolution of a General Meeting of Shareholders. Accordingly the amended policy is

seen as contributing to our corporate value and the common interests of shareholders and not as a policy designed to maintain the positions of officers of the Company.

## Consolidated Balance Sheets

(As of March 31, 2011)

(Millions of yen)

ASSETS		LIABILITIES	
<b>Current assets:</b>	<b>184,924</b>	<b>Current liabilities:</b>	<b>117,058</b>
Cash and deposits	71,510	Notes and accounts payable-trade	32,548
Notes and accounts receivable-trade	33,496	Short-term loans payable (4)	36,722
Inventories	14,090	Current portion of long-term loans payable	1,750
Prepaid expenses	8,890	Current portion of bonds	20,000
Deferred tax assets	1,946	Accounts payable-other	9,886
Deposits paid	48,875	Income taxes payable	2,757
Other current assets	6,212	Accrued consumption taxes	764
Allowance for doubtful accounts	(97)	Accrued expenses	6,052
		Provision for directors' bonuses	114
<b>Noncurrent assets:</b>	<b>408,098</b>	Other current liabilities	6,463
<b>Property, plant and equipment: (1&amp;3)</b>	<b>220,227</b>	<b>Noncurrent liabilities:</b>	<b>131,305</b>
Buildings and structures	115,041	Bonds payable	30,000
Machinery, equipment and vehicles	10,892	Long-term loans payable	58,750
Tools, furniture and fixtures	2,571	Provision for retirement benefits	12,573
Land	84,720	Deferred tax liabilities	10,406
Lease assets	3,677	Other noncurrent liabilities	19,575
Construction in progress	3,322	<b>Total liabilities</b>	<b>248,364</b>
<b>Intangible assets:</b>	<b>32,905</b>	<b>NET ASSETS</b>	
Software	4,796	<b>Shareholders' equity:</b>	<b>327,094</b>
Goodwill	25,571	Capital stock	54,986
Lease assets	441	Capital surplus	60,254
Other intangible assets	2,095	Retained earnings	211,948
		Treasury stock	(96)
<b>Investments and other assets:</b>	<b>154,965</b>	<b>Accumulated other comprehensive income:</b>	<b>7,216</b>
Investment securities	139,958	Valuation difference on available-for-sale securities	8,399
Deferred tax assets	2,370	Deferred gains or losses on hedges	(1,002)
Other investments and other assets	13,204	Foreign currency translation adjustment	(180)
Allowance for doubtful accounts	(567)	<b>Minority interests</b>	<b>10,348</b>
		<b>Total net assets</b>	<b>344,658</b>
<b>Total assets</b>	<b>593,023</b>	<b>Total liabilities and net assets</b>	<b>593,023</b>

**Consolidated Statements of Income**  
(Fiscal Year from April 1, 2010 to March 31, 2011)

(Millions of yen)

Accounting Item	Amount	
Net sales		342,754
Cost of sales		245,305
<b>Gross profit</b>		<b>97,448</b>
Selling, general and administrative expenses		89,742
<b>Operating income</b>		<b>7,705</b>
Non-operating income		
Interest and dividends income	2,734	
Equity in earnings of affiliates	500	
Other non-operating income	916	4,151
Non-operating expenses		
Interest expenses	1,671	
Loss on retirement of noncurrent assets	282	
Commission fee	89	
Other non-operating expenses	597	2,641
<b>Ordinary income</b>		<b>9,215</b>
Extraordinary income		
Gain on sales of investment securities	6,814	
Gain on liquidation of subsidiaries and affiliates	89	6,904
Extraordinary loss		
Loss on valuation of investment securities	11,644	
Loss on adjustment for changes of accounting standard for asset retirement obligations	516	
Loss on disaster	149	
Impairment loss	138	
Loss on revision of retirement benefit plan	38	12,487
<b>Income before income taxes</b>		<b>3,632</b>
<b>Income taxes-current</b>	<b>3,657</b>	
<b>Income taxes-deferred</b>	<b>258</b>	<b>3,916</b>
<b>Loss before minority interests</b>		<b>(284)</b>
<b>Minority interests in loss</b>		<b>(387)</b>
<b>Net income</b>		<b>103</b>

**Consolidated Statements of Changes in Net Assets**  
(Fiscal Year from April 1, 2010 to March 31, 2011)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2010	54,986	60,254	212,844	(91)	327,995
Changes of items during the period					
Change of scope of equity method			(46)		(46)
Dividends from surplus			(952)		(952)
Net income			103		103
Purchase of treasury stock				(3)	(3)
Change in equity in affiliates accounted for by equity method-treasury stock				(1)	(1)
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	(895)	(4)	(900)
Balance at March 31, 2011	54,986	60,254	211,948	(96)	327,094

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at March 31, 2010	19,109	(733)	(117)	18,257	10,823	357,076
Changes of items during the period						
Change of scope of equity method						(46)
Dividends from surplus						(952)
Net income						103
Purchase of treasury stock						(3)
Change in equity in affiliates accounted for by equity method-treasury stock						(1)
Net changes of items other than shareholders' equity	(10,710)	(268)	(62)	(11,041)	(475)	(11,516)
Total changes of items during the period	(10,710)	(268)	(62)	(11,041)	(475)	(12,417)
Balance at March 31, 2011	8,399	(1,002)	(180)	7,216	10,348	344,658

# Notes to Consolidated Financial Statements

## Basis of Preparing Consolidated Financial Statements

### 1. Scope of Consolidation

#### (1) Consolidated Subsidiaries

Number of consolidated subsidiaries: 30

Names of principal consolidated subsidiaries

Principal subsidiaries are as listed in Business Report 1 (5) Status of Main Parent Company and Subsidiaries.

As TBS Kaikan Co., Ltd., formerly a consolidated subsidiary of the Company, was acquired by TBS Kikaku CO., Ltd., as of April 1, 2010, TBS Kaikan Co., Ltd. is excluded from the scope of consolidation.

As F&F Inc., formerly a consolidated subsidiary of the Company, was acquired by Tohoseisaku, Inc., as of as of April 1, 2010, F&F Inc. is excluded from the scope of consolidation.

As PLAZASTYLE CORPORATION and B&C Laboratories Inc., both of which were formerly consolidated subsidiaries of the Company, were acquired by StylingLife Holdings Inc., as of May 1, 2010 and January 1, 2011, respectively, PLAZASTYLE CORPORATION and B&C Laboratories Inc. are excluded from the scope of consolidation.

Tohoseisaku, Inc., a consolidated subsidiary of the Company, changed its name to FF TOHO Inc.

#### (2) Non-consolidated Subsidiaries

Name of principal non-consolidated subsidiary: Telepac Co. Ltd.

The 26 non-consolidated subsidiaries are all minor in terms of various items, including total assets, net sales, net income and retained earnings (based on the Company's share interest), and their overall effect on the Company's consolidated financial statements is minimal.

### 2. Application of Equity Method

#### (1) Affiliated Companies to Which Equity Method Is Applied

Number of companies: 5

TOTSU Inc., TLC Inc., BS-TBS, INC., Tomo-Digi Corp., and RG Marketing Inc.

#### (2) Affiliated Companies to Which Equity Method Is Not Applied

Name of principal non-equity-method company: C-TBS, Inc.

The 26 non-consolidated subsidiaries and 34 affiliated companies are all minor in terms of net income and retained earnings (based on the Company's share interest), and have minimal effect on the Company's consolidated financial statements. Because of their limited overall significance the equity method has not been applied and the companies have instead been valued at book value.

(Change to Accounting Policy)

"Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No. 16 dated March 10, 2008) and "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (ASBJ PITF No. 24 dated March 10, 2008) have been applied as of the fiscal year under review. The effect of this change on consolidated financial statements is immaterial.

### 3. Fiscal Year Ends of Consolidated Subsidiaries

Tokyo Broadcasting System International Inc., Yokohama BayStars Baseball Club, Inc. and B&C Laboratories (China) Inc. had a fiscal year that ended on December 31, 2010. The consolidated statements have been adjusted to reflect important transactions that took place between the respective term-ends of those companies and March 31, 2011.

#### 4. Notes on Accounting Standards

##### (1) Basis and Method of Valuation of Major Assets

###### a. Basis and method of valuation of securities

Shares in subsidiaries and affiliated companies: At cost, using the moving average method

Available-for-sale securities:

Those with market value: At market value, based on market price at fiscal year-end (Net unrealized gains/losses are shown in net assets. Realized gains/losses are calculated using the moving average method.)

Those without market value: At cost based on the moving average method

###### b. Basis of valuation of derivatives: At market value

###### c. Basis and method of valuation of inventories

Programs and work in progress:

Mainly at cost, using the identified cost method (book value written down based on decline in profitability)

Merchandise and finished goods:

Mainly at cost, using the moving average or total average method (book value written down based on decline in profitability)

Raw materials and supplies:

Mainly at cost, using the moving average or total average method (book value written down based on decline in profitability)

##### (2) Method of Depreciation of Major Depreciable Assets

Property, plant and equipment (excluding lease assets)

Declining balance method (straight-line method for buildings)

Intangible assets (excluding lease assets)

Straight-line method: Software (items used in-house) is amortized using the straight-line method over the estimated useful life of the item (five years).

Lease assets

Lease assets under finance leases that transfer ownership

Depreciated based on the same depreciation method as is applied to our own noncurrent assets.

Lease assets under finance leases that do not transfer ownership

Depreciated using the straight-line method over the lease period with no residual value.

Lease assets under finance leases that do not transfer ownership and whose commencement dates were on or before March 31, 2008, are accounted for using the methods used for ordinary rental transactions.

Long-term prepaid expenses

Amortized using the straight-line method

##### (3) Accounting Policies for Major Provisions

###### a. Allowance for doubtful accounts:

To provide against losses on defaults of notes and accounts receivable-trade, the Company provides the allowance for doubtful accounts based on a historical experience for general claims and on an estimate of collectability of specific doubtful receivables from customers in financial difficulties.

###### b. Provision for directors' bonuses:

The Company provides a provision for bonus payments to directors and statutory auditors based on the amount estimated at the end of the fiscal year.

###### c. Provision for retirement benefits:

The Company provides a provision for retirement and severance payments to employees based on the benefit obligations and fair value of pension assets estimated at the end of the fiscal year. Actuarial gains and losses are amortized starting from the following fiscal year after the period in which they are incurred.

##### (4) Other Significant Items for Preparing Consolidated Financial Statements

###### a. Major hedge accounting

Accounting method for hedges: Deferral hedge accounting is applied.

Hedging instruments: Derivatives (forward exchange contracts) covering accounts payable-trade  
Derivatives (interest rate swaps) covering interest expenses on borrowings

Hedged items: Items exposed to risk of loss resulting from market fluctuations but whose fluctuations are not reflected in its fair value, and items for which fluctuations can be avoided by fixing cash flows

Hedging policy

Foreign exchange fluctuation risk:

Hedged items are limited and hedging is used only for actual needs.

Interest rate fluctuation risk:

Fixed and floating interest rates are swapped to reduce interest on borrowings.

Assessment of hedging effectiveness:

Hedging effectiveness is assessed by analyzing fluctuation in cash flows and fair values.

b. Amortization of Goodwill

Goodwill is amortized on a straight-line basis over 20 years from the year of acquisition. However insignificant goodwill is charged or credited to income in the year of acquisition.

c. Consumption Taxes

In respect to consumption tax and local consumption tax, the Company has adopted the tax-exclusive method.

## Change in Accounting Policy

1. Application of the Accounting Standards for Asset Retirement Obligations

“Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18 dated March 31, 2008) and “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21 dated March 31, 2008) have been applied as of the fiscal year under review.

As a result of this change in accounting policy, both operating income and ordinary income decreased by ¥23 million, and income before income taxes decreased by ¥539 million. The application of these accounting pronouncements also resulted in a change of ¥637 million in the amount of asset retirement obligations.

2. Application of the Accounting Standards for Business Combinations and Related Accounting Standards

“Accounting Standard for Business Combinations” (ASBJ Statement No. 21 dated December 26, 2008), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22 dated December 26, 2008), “Partial Amendments to Accounting Standard for Research and Development Costs” (ASBJ Statement No. 23 dated December 26, 2008), “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7 dated December 26, 2008), “Revised Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16 dated December 26, 2008), and “Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10 dated December 26, 2008), have been applied as of the fiscal year under review.

## Changes in Presentation

1. Consolidated Statements of Income

Under the application of “Cabinet Office Ordinance for Partially Revising Regulation for Terminology, Forms and Preparation of Financial Statements, etc.” (Cabinet Office Ordinance No. 5 dated March 24, 2009) based on “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22 dated December 26, 2008), presentation using a line item “Loss before minority interests” has been introduced as of the fiscal year under review.

## Consolidated Balance Sheets

1. Accumulated depreciation of property, plant and equipment	¥171,731 million
Accumulated depreciation of property, plant and equipment includes accumulated impairment loss.	
2. Guarantee liabilities	
Employees' housing loans	¥4,863 million
Joint guarantee on lease agreement for RCC Broadcasting Co. Ltd.	¥454 million
Joint guarantee on lease agreement for i-Television Inc.	<u>¥396 million</u>
Total	<u>¥5,714 million</u>
3. Amount deducted from acquisition prices of property, plant and equipment for state subsidies etc. received	¥2,331 million
4. Commitment Line Agreement	
The Company and StylingLife Holdings Inc., a consolidated subsidiary of the Company, have commitment line agreements with multiple financial institutions in order to secure flexible funding for business and operations. The maximum amount of borrowings available and the balance of borrowings as of the end of the fiscal year under review are as follows.	
Maximum amount of borrowings available	¥54,000 million
<u>Balance of borrowings</u>	<u>¥32,800 million</u>
Difference	<u>¥21,200 million</u>

## Consolidated Statements of Changes in Net Assets

### 1. Class and Total Numbers of Shares Issued, and Class and Numbers of Shares of Treasury Stock

(Shares)

	Number of Shares at End of Previous Fiscal Year	Increase during Fiscal Year under Review	Decrease during Fiscal Year under Review	Number of Shares at End of Fiscal Year under Review
Numbers of Shares Issued				
Common stock	190,434,968	—	—	190,434,968
Total	190,434,968	—	—	190,434,968
Treasury stock				
Common stock (Note)	418,165	35,487	—	453,652
Total	418,165	35,487	—	453,652

Note : The increase of 35,487 shares of treasury stock resulted from the increase in equity ratio of affiliated company to which equity method applies and the purchase of less-than-one-unit shares.

### 2. Dividends

#### (1) Cash dividends paid

Resolution	Class of Shares	Total Dividends (Millions of Yen)	Dividends Per Share (Yen)	Record Date	Effective Date
Ordinary General Meeting of Shareholders on June 29, 2010	Common stock	380	2	Mar. 31, 2010	Jun. 30, 2010
Board of Directors' meeting on November 2, 2010	Common stock	571	3	Sep. 30, 2010	Dec. 10, 2010

#### (2) Dividends for which the record date is in the fiscal year under review, and the effective date is in the following fiscal year.

Scheduled Resolution	Class of Shares	Total Dividends (Millions of Yen)	Source of Dividends	Dividends Per Share (Yen)	Record Date	Effective Date
Ordinary General Meeting of Shareholders on June 29, 2011	Common stock	571	Retained earnings	3	Mar. 31, 2011	Jun. 30, 2011

## Notes on Financial Instruments

### 1. Status of Financial Instruments

The Company and the Group limit our fund management options to short-term savings and the like, procuring funding through loans from banks and other financial institutions, as well as the issuance of bonds.

Efforts are made to reduce client credit risk regarding notes and accounts receivable-trade by regularly monitoring clients' financial positions. Investment securities mainly consist of stock of companies which have business relationships with the Company and are exposed to market price fluctuation risks. However, the market values of listed stocks are monitored on a quarterly basis.

Loans were made and bonds were issued to provide funds for working capital, capital investments and repayment of loans.

The purpose of derivative transactions is to hedge risks of fluctuations in foreign exchange and interest rates. They are conducted within actual demand in accordance with internal management rules.

### 2. Fair Values of Financial Instruments

The consolidated balance sheets amounts, fair values, and differences between the two as of March 31, 2011 (the consolidated balance sheets date) are as follows:

(Millions of yen)

	Consolidated balance sheets amount (*)	Fair value (*)	Difference
(1) Cash and Deposits	71,510	71,510	—
(2) Notes and Accounts Receivable-trade	33,496	33,496	—
(3) Investment Securities			
Available-for-sale Securities	111,860	111,860	—
(4) Notes and Accounts Payable-trade	(32,548)	(32,548)	—
(5) Short-term Loans Payable	(36,722)	(36,722)	—
(6) Accounts Payable-other	(9,886)	(9,886)	—
(7) Bonds Payable	(50,000)	(50,946)	(946)
(8) Long-term Loans Payable	(60,500)	(61,017)	(517)
(9) Derivative Transactions	(1,254)	(1,254)	—

(\*) The liability items are in brackets ( ).

Notes:

#### 1. Fair value measurement of financial instruments and securities & derivative transactions

##### (1) Cash and deposits, (2) Notes and accounts receivable-trade

Since they are settled within a short period, the fair values thereof are essentially equal to the book values. Accordingly, the corresponding book value is used as the fair value.

##### (3) Investment securities

The market quotation at the exchange is used as the fair value.

##### (4) Notes and accounts payable-trade, (5) Short-term loans payable, (6) Accounts payable-other

Since they are settled within a short period, the fair values thereof are essentially equal to the book values. Accordingly, the corresponding book value is used as the fair value.

##### (7) Bonds payable

The market price is used as the fair value for a bond issued by the Company.

##### (8) Long-term loans payable

The fair value of a long-term loans payable is calculated by discounting the aggregate amount of the principal and interest by the interest rate deemed applicable to newly arranged loans of the similar quality and amount.

##### (9) Derivative transactions

The fair value is calculated based on the price and other information presented by the correspondent financial institution and other entities.

#### 2. Unlisted stocks (consolidated balance sheets amount of ¥28,097 million) are not included in “(3) Investment securities,” since the fair values thereof is deemed extremely difficult to determine, since no market price is available and it is impossible to estimate future cash flows.

#### 3. Bonds payable include ¥20,000 million of current portion of bonds.

#### 4. Long-term loans payable include ¥1,750 million of current portion of long-term loans payable.

## Notes on Investment and Rental Properties

### 1. Status of Investment and Rental Properties

The Company and some of its consolidated subsidiaries own office buildings (including land) for rent in Tokyo and other locations.

### 2. Fair Values of Investment and Rental Properties

(Millions of yen)

Consolidated balance sheets amount	Fair value at the end of the fiscal year under review
94,145	248,204

Notes:

1. The consolidated balance sheets amount was obtained by deducting the accumulated depreciation from the acquisition cost.
2. The fair values of major properties at the end of the fiscal year under review were based on the appraisal report(s) prepared by an external real-estate appraiser(s). However, in case that no significant changes have occurred in certain estimated values and the index that seems to reflect market price appropriately since the latest evaluation, the corresponding estimated value and index are used for adjustment. The fair values of other properties were evaluated internally with reference to the "Real Estate Appraisal Standard."

## Per Share Information

1. Net assets per share ¥1,759.70
2. Net income per share ¥0.54

## Notes on Significant Subsequent Events

### 1. Determination of the Purchase Price of the Company's Shares Subject to the Purchase Demand and Purchase of Treasury Stock

Effective April 1, 2009, in accordance with the resolution adopted at the Extraordinary Meeting of Shareholders held on December 16, 2008, an absorption-type split was implemented with regard to the Company's TV Broadcasting Business and the Multi-visual Ventures and Cultural Events Business, with Tokyo Broadcasting System Television, Inc., a wholly owned subsidiary of the Company, as the succeeding company, and the Company was converted into a certified broadcast holding company.

In connection with this absorption-type split, Rakuten, Inc. a dissenting shareholder of the Company, and one other shareholder demanded the purchase of their shares in the Company on March 31, 2009 under the provisions of Article 785, Paragraph 1 of the Companies Act. Following the receipt of these demands, an attempt was made to negotiate a purchase price. However, these negotiations failed to produce an agreement within 30 days of the date of effect, and an application was therefore made to the Tokyo District Court for a ruling on the purchase price for the shares on May 1, 2009. (The total number of shares to be purchased is 37,770,800, which is equivalent to 19.83% of the total number of shares issued by the Company as of March 31, 2009.)

On March 5, 2010, the Tokyo District Court ruled that the purchase price be ¥1,294 per share and on July 7, 2010, the Tokyo High Court also ruled that the purchase price be ¥1,294 per share. Objecting to these rulings, Rakuten, Inc. filed an immediate appeal with the Tokyo High Court and the appeal was accepted on August 16, 2010 for court proceedings.

With regard to this immediate appeal, the Supreme Court ruled that the appeal be rejected on April 19, 2011 and the Company received a notice of this ruling on April 20, 2011. As a result of this ruling, the purchase price for the shares subject to the demand was finally determined to be ¥1,294 per share as asserted by the Company since the initial receipt of the demand.

Rakuten, Inc. also filed a special appeal against the ruling with the Supreme Court on July 9, 2010, but withdrew it on September 9, 2010. With regard to the 100 shares in the Company held by another shareholder, both the immediate appeal and the special appeal were rejected. Therefore, the purchase price for the shares subject to the demand was finally determined to be ¥1,294 per share as ruled by the Tokyo High Court. On

August 31, 2010, the Company purchase said 100 shares from this shareholder.

On May 10, 2011, the Company and Rakuten, Inc., in accordance with the final ruling on the purchase price by the Supreme Court, completed the share purchase procedure pertaining to the share purchase demand.

As a result, treasury stock increased by ¥48,875,285,800 and deposits decreased by the same amount. Consequently, total assets and net assets also decreased by the same amount.

Since the estimated statutory interest and other expenses pursuant to Article 786, Paragraph 4 of the Companies Act were already posted as “commission for purchase of treasury stock” under Extraordinary Loss for the previous consolidated fiscal year, there is and will be no effect on earnings for the consolidated fiscal year under review and the following fiscal year starting April 1, 2011.

**Non-Consolidated Balance Sheets**  
(As of March 31, 2011)

(Millions of yen)

ASSETS		LIABILITIES	
<b>Current assets:</b>	<b>73,839</b>	<b>Current liabilities:</b>	<b>90,600</b>
Cash and deposits	22,272	Accounts payable-trade (3)	2,850
Accounts receivable-trade (3)	585	Short-term loans payable to subsidiaries and affiliates (3)	36,928
Short-term loans receivable from subsidiaries and affiliates (3)	296	Short-term loans payable (4)	28,800
Prepaid expenses	412	Current portion of bonds	20,000
Accounts receivable-other (3)	834	Accounts payable-other	90
Deferred tax assets	617	Income taxes payable	191
Deposits paid	48,875	Accrued consumption taxes	67
Other current assets	22	Accrued expenses	1,575
Allowance for doubtful accounts	(76)	Other current liabilities	96
<b>Noncurrent assets:</b>	<b>445,745</b>	<b>Noncurrent liabilities:</b>	<b>107,382</b>
<b>Property, plant and equipment:</b> (1)	<b>111,091</b>	Bonds payable	30,000
Buildings	54,477	Long-term loans payable	47,000
Structures	2,111	Long-term deposits received (3)	13,353
Machinery and equipment	505	Provision for retirement benefits	8,247
Vehicles	0	Deferred tax liabilities	8,460
Tools, furniture and fixtures	622	Other Noncurrent liabilities	322
Land	53,373		
<b>Intangible assets:</b>	<b>437</b>	<b>Total liabilities</b>	<b>197,983</b>
Software	374	<b>NET ASSETS</b>	
Other intangible assets	63	<b>Shareholders' equity:</b>	<b>300,987</b>
<b>Investments and other assets:</b>	<b>334,217</b>	Capital stock	54,986
Investment securities	55,567	Capital surplus	56,693
Stocks of subsidiaries and affiliates	286,041	Legal capital surplus	55,026
Investments in capital of subsidiaries and affiliates	0	Other capital surplus	1,667
Long-term loans receivable (3)	227	Gain on disposal of treasury stock	1,667
Long-term prepaid expenses	1,063	Retained earnings	189,384
Other investments and other assets	2,328	Legal retained earnings	4,217
Allowance for doubtful accounts	(234)	Other retained earnings	185,167
Allowance for investment devaluation	(10,776)	Reserve for special depreciation	1,817
		General reserve	178,312
		Retained earnings brought forward	5,037
		Treasury stock	(76)
		<b>Valuation and translation adjustments:</b>	<b>20,613</b>
		Valuation difference on available-for-sale securities	20,613
		<b>Total net assets</b>	<b>321,601</b>
<b>Total assets</b>	<b>519,585</b>	<b>Total liabilities and net assets</b>	<b>519,585</b>

**Non-Consolidated Statements of Income**  
(Fiscal Year from April 1, 2010 to March 31, 2011)

(Millions of yen)

Accounting Item	Amount	
Operating revenue (1)		
Rent income of real estate	15,893	
Other revenue	3,003	18,897
Operating expenses (1)		
Expenses of real estate rent	7,517	
Other business expenses	703	
General and administrative expenses	8,441	16,662
<b>Operating income</b>		<b>2,234</b>
Non-operating income		
Interest and dividends income (1)	2,144	
Other non-operating income	342	2,486
Non-operating expenses		
Interest expenses (1)	1,616	
Other non-operating expenses	206	1,823
<b>Ordinary income</b>		<b>2,898</b>
Extraordinary income		
Gain on sales of investment securities	6,771	
Gain on liquidation of subsidiaries and affiliates	89	6,861
Extraordinary loss		
Loss on valuation of investment securities	7,308	
Provision of allowance for investment devaluation	11	
Loss on valuation of investments in capital of subsidiaries and affiliates	10	7,330
<b>Income before income taxes</b>		<b>2,429</b>
<b>Income taxes-current</b>	<b>6</b>	
<b>Income taxes-deferred</b>	<b>321</b>	<b>327</b>
<b>Net income</b>		<b>2,102</b>

**Non-Consolidated Statements of Changes in Net Assets**  
(Fiscal Year from April 1, 2010 to March 31, 2011)

(Millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings
						Reserve for special depreciation	General reserve	Retained earnings brought forward	
Balance at March 31, 2010	54,986	55,026	1,667	56,693	4,217	1,348	178,312	4,355	188,234
Changes of items during the period									
Provision of reserve for special depreciation						688		(688)	—
Reversal of reserve for special depreciation						(219)		219	—
Dividends from surplus								(952)	(952)
Net income								2,102	2,102
Purchase of treasury stock									
Net changes of items other than shareholders' equity									
Total changes of items during the period	—	—	—	—	—	468	—	681	1,150
Balance at March 31, 2011	54,986	55,026	1,667	56,693	4,217	1,817	178,312	5,037	189,384

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at March 31, 2010	(73)	299,841	29,580	29,580	329,421
Changes of items during the period					
Provision of reserve for special depreciation		—			—
Reversal of reserve for special depreciation		—			—
Dividends from surplus		(952)			(952)
Net income		2,102			2,102
Purchase of treasury stock	(3)	(3)			(3)
Net changes of items other than shareholders' equity			(8,966)	(8,966)	(8,966)
Total changes of items during the period	(3)	1,146	(8,966)	(8,966)	(7,819)
Balance at March 31, 2011	(76)	300,987	20,613	20,613	321,601

# Notes to Non-Consolidated Financial Statements

## Basis of Preparing Non-Consolidated Financial Statements

### 1. Basis and Method of Valuation of Assets

#### (1) Basis and method of valuation of securities

Stocks of subsidiaries and affiliates:

At cost, using the moving average method

Available-for-sale securities:

##### a Those with market value:

At market value, based on market price at fiscal year-end (Net unrealized gains/losses are shown in net assets. Realized gains/losses are calculated using the moving average method.)

##### b Those without market value:

At cost based on the moving average method

### 2. Method of Depreciation of Noncurrent Assets

Property, plant and equipment

Declining balance method (straight-line method for buildings)

Intangible assets

Straight-line method: Software (items used in-house) is amortized using the straight-line method over the estimated useful life of the item (five years).

Long-term prepaid expenses

Amortized using the straight-line method

### 3. Accounting Policies for Provisions

#### (1) Allowance for doubtful accounts

To provide against losses on defaults of notes and accounts receivable-trade, the Company provides the allowance for doubtful accounts based on a historical experience for general claims and on an estimate of collectability of specific doubtful receivables from customers in financial difficulties.

#### (2) Provision for retirement benefits

The Company provides a provision for retirement and severance payments to employees based on the benefit obligations estimated at the end of the fiscal year under review. Actuarial gains and losses are amortized in the following fiscal year after the period in which they are incurred.

#### (3) Allowance for investment devaluation

The Company provides for losses from investments in its subsidiaries and affiliates etc. for the amount deemed necessary, taking into account the extent of declines in the substantial value of the companies concerned, the prospect of a future recovery, and other factors.

### 4. Other Significant Basic Items for Preparing Financial Statements

#### (1) Consumption Taxes

In respect to consumption tax and local consumption tax, the Company has adopted the tax-exclusive method.

## Change in Accounting Policy

### 1. Application of the Accounting Standards for Asset Retirement Obligations

“Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18 dated March 31, 2008) and “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21 dated March 31, 2008) have been applied as of the fiscal year under review.

The change has no effect on earnings as the resulting depreciation expense, interest expense etc. will be fully charged to TBS Radio & Communications, Inc., a subsidiary of the Company. The application of these accounting pronouncements resulted in a change of ¥67 million in the amount of asset retirement obligations.

## Non-Consolidated Balance Sheets

1. Accumulated depreciation of property, plant and equipment	¥16,269 million
2. Guarantee liabilities	
Employees' housing loans	¥4,863 million
Joint guarantee on lease agreement for RCC Broadcasting Co., Ltd.	¥454 million
Joint guarantee on lease agreement for i-Television Inc.	<u>¥396 million</u>
Total	<u>¥5,714 million</u>
3. Short-term receivables from subsidiaries and affiliates	¥1,092 million
Long-term receivables from subsidiaries and affiliates	¥200 million
Short-term accounts payable to subsidiaries and affiliates	¥39,189 million
Long-term accounts payable to subsidiaries and affiliates	¥152 million
4. Commitment line agreement	
The Company has commitment line agreements with multiple financial institutions in order to secure flexible funding for business and operations. The maximum amount of borrowings available and the balance of borrowings as of the end of the fiscal year under review are as follows.	
Maximum amount of borrowings available	¥50,000 million
<u>Balance of borrowings</u>	<u>¥28,800 million</u>
Difference	<u>¥21,200 million</u>

## Non-Consolidated Statements of Income

1. Transactions with subsidiaries and affiliates	
Operating revenue	¥3,912 million
Operating expenses	¥4,249 million
Transactions other than ordinary operation	¥1,400 million

## Non-Consolidated Statements of Changes in Net Assets

### 1. Class and number of shares of treasury stock

	(shares)			
	Number of shares at end of previous fiscal year	Increase during fiscal year under review	Decrease during fiscal year under review	Number of shares at end of fiscal year under review
Common stock	27,493	2,881	—	30,374
Total	27,493	2,881	—	30,374

Note: The increase of 2,881 shares of treasury stock resulted from the purchase of less-than-one-unit shares etc.

## Tax Effect Accounting

### 1. Main sources of deferred tax assets and liabilities

	Millions of yen
Deferred tax assets—current (Deferred tax liabilities—current)	
Accrued enterprise taxes	65
Accrued bonuses	122
Loss carried forward	74
Others	<u>385</u>
Subtotal	648
Valuation reserve	<u>(31)</u>
Total	<u>617</u>
Deferred tax assets—noncurrent (Deferred tax liabilities—noncurrent)	
Investment securities	5,053
Provision for retirement benefits	3,356
Long-term prepaid expenses	2,449
Loss on valuation of stocks of subsidiaries and affiliates	1,195
Valuation difference on available-for-sale securities	(14,144)
Reserve for special depreciation	(1,246)
Loss carried forward	3,248
Others	<u>623</u>
Subtotal	534
Valuation reserve	<u>(8,995)</u>
Total	<u>(8,460)</u>

### 2. Main reasons for significant differences, if any, between the effective statutory tax rate and the effective income tax rate after applying tax effect accounting

Effective statutory tax rate	40.69%
(adjusted)	
Entertainment expenses	1.27%
Dividends income	(24.18%)
Increase (decrease) in valuation reserve	(5.81%)
Others	<u>1.50%</u>
Effective income tax rate after applying tax effect accounting	<u>13.47%</u>

## Transactions with Related Parties

### (1) Major Corporate Shareholders

(Millions of yen)

Classification	Name of Company etc.	Voting rights ownership	Relationship	Item	Year-end balance
Main Shareholder	Rakuten Inc.	Directly owned: 19.83%	Accrual of statutory interest	Deposits paid	48,875
			Suspense payment for the purchase of shares	Accrued expenses	835

### (2) Subsidiaries

(Millions of yen)

Classification	Name of Company etc.	Voting rights ownership	Relationship	Nature of transactions	Amount	Item	Year-end balance
Subsidiary	Tokyo Broadcasting System Television, Inc.	Directly owning: 100%	Operation management Sharing of officers Borrowing of funds	Borrowings (Note 1)	1,474 (Note 2)	Short-term loans payable to subsidiaries and affiliates	6,624
Subsidiary	Yokohama BayStars Baseball Club, Inc.	Directly owning: 51.5%	Sharing of officers Payment of advertising expenses	Payment of advertising expenses	2,953 (Note 3)	Accounts payable -trade	—

Transaction terms and conditions, and policy for setting transaction terms and conditions etc.

Notes:

1. The interest rate for loans payable is reasonably determined, taking market interest rates into account.
2. This amount is the net of borrowings and repayments of short-term loans.
3. This payment is made for effects of advertising effects generated by general baseball club activities.
4. The figures in the “amount” column above do not include consumption taxes.

## Per Share Information

- |                         |           |
|-------------------------|-----------|
| 1. Net assets per share | ¥1,689.04 |
| 2. Net income per share | ¥11.04    |

## Notes on Significant Subsequent Events

1. Determination of the Purchase Price of the Company’s Shares Subject to the Purchase Demand and Purchase of Treasury Stock

Effective April 1, 2009, in accordance with the resolution adopted at the Extraordinary Meeting of Shareholders held on December 16, 2008, an absorption-type split was implemented with regard to the Company’s TV Broadcasting Business and the Multi-visual Ventures and Cultural Events Business, with Tokyo Broadcasting System Television, Inc., a wholly owned subsidiary of the Company, as the succeeding company, and the Company was converted into a certified broadcast holding company.

In connection with this absorption-type split, Rakuten, Inc. a dissenting shareholder of the Company, and one other shareholder demanded the purchase of their shares in the Company on March 31, 2009 under the provisions of Article 785, Paragraph 1 of the Companies Act. Following the receipt of these demands, an attempt was made to negotiate a purchase price. However, these negotiations failed to produce an agreement within 30 days of the date on which the changes took effect, and an application was therefore made to the Tokyo District Court for a ruling on the purchase price for the shares on May 1, 2009. (The total number of shares to be purchased is 37,770,800, which is equivalent to 19.83% of the total number of shares issued by the Company as of March 31, 2009.)

On March 5, 2010, the Tokyo District Court ruled that the purchase price be ¥1,294 per share and on July 7, 2010, the Tokyo High Court also ruled that the purchase price be ¥1,294 per share. Objecting to these

rulings, Rakuten, Inc. filed an immediate appeal with the Tokyo High Court and the appeal was accepted on August 16, 2010 for court proceedings.

With regard to this immediate appeal, the Supreme Court ruled that the appeal be rejected on April 19, 2011 and the Company received a notice of this ruling on April 20, 2011. As a result of this ruling, the purchase price for the shares subject to the demand was finally determined to be ¥1,294 per share as asserted by the Company since the initial receipt of the demand.

Rakuten, Inc. also filed a special appeal against the ruling with the Supreme Court on July 9, 2010, but withdrew it on September 9, 2010. With regard to the 100 shares in the Company held by another shareholder, both the immediate appeal and the special appeal were rejected. Therefore, the purchase price for the shares subject to the demand was finally determined to be ¥1,294 per share as ruled by the Tokyo High Court. On August 31, 2010, the Company purchase said 100 shares from this shareholder.

On May 10, 2011, the Company and Rakuten, Inc., in accordance with the final ruling on the purchase price by the Supreme Court, completed the share purchase procedure pertaining to the share purchase demand.

As a result, treasury stock increased by ¥48,875,285,800 and deposits decreased by the same amount. Consequently, total assets and net assets also decreased by the same amount.

Since the estimated statutory interest and other expenses pursuant to Article 786, Paragraph 4 of the Companies Act were already posted as “commission for purchase of treasury stock” under Extraordinary Loss for the previous fiscal year, there is and will be no effect on earnings for the fiscal year under review and the following fiscal year starting April 1, 2011.

## Copy of the Independent Auditors' Report (Consolidated)

[English Translation of the Auditors' Report Originally Issued in the Japanese Language]

### Independent Auditors' Report

May 11, 2011

The Board of Directors  
Tokyo Broadcasting System Holdings, Incorporated

KPMG AZSA LLC

Takaya Abe  
Designated and Engagement Partner  
Certified Public Accountant

Yutaka Yuguchi  
Designated and Engagement Partner  
Certified Public Accountant

Yutaka Toryuu  
Designated and Engagement Partner  
Certified Public Accountant

We have audited the consolidated statutory report, comprising the consolidated balance sheets, the consolidated statements of income, the consolidated statements of changes in net assets and the related notes of Tokyo Broadcasting System Holdings, Incorporated as of March 31, 2011 and for the year from April 1, 2010 to March 31, 2011 in accordance with Article 444 (4) of the Companies Act. The consolidated statutory report is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated statutory report based on our audit as independent auditors.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require us to obtain reasonable assurance about whether the consolidated statutory reports are free from material misstatement. An audit is performed on a test basis, and includes assessing the accounting principles used, the method of their application and estimates made by management, as well as evaluating the overall presentation of the consolidated statutory report. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated statutory report referred to above presents fairly, in all material respects, the financial position and the results of operations of Tokyo Broadcasting System Holdings, Incorporated and its consolidated subsidiaries for the period, for which the consolidated statutory report was prepared, in conformity with accounting principles generally accepted in Japan.

As in the Notes on Significant Subsequent Events, Tokyo Broadcasting System Holdings, Incorporated completed the share purchase procedure pertaining to the share purchase demand in accordance under the provisions of Article 785, Paragraph 1 of the Companies Act.

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

## Copy of the Independent Auditors' Report

[English Translation of the Auditors' Report Originally Issued in the Japanese Language]

### **Independent Auditors' Report**

May 11, 2011

The Board of Directors  
Tokyo Broadcasting System Holdings, Incorporated

KPMG AZSA LLC

Takaya Abe  
Designated and Engagement Partner  
Certified Public Accountant

Yutaka Yuguchi  
Designated and Engagement Partner  
Certified Public Accountant

Yutaka Toryuu  
Designated and Engagement Partner  
Certified Public Accountant

We have audited the statutory report, comprising the balance sheets, the statements of income, the statements of changes in net assets and the related notes, and its supporting schedules of Tokyo Broadcasting System Holdings, Incorporated as of March 31, 2011 and for the year from April 1, 2010 to March 31, 2011 in accordance with Article 436 (2) (a) of the Companies Act. The statutory report and supporting schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on the statutory report and supporting schedules based on our audit as independent auditors.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require us to obtain reasonable assurance about whether the statutory report and supporting schedules are free of material misstatement. An audit is performed on a test basis, and includes assessing the accounting principles used, the method of their application and estimates made by management, as well as evaluating the overall presentation of the statutory report and supporting schedules. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statutory report and supporting schedules referred to above present fairly, in all material respects, the financial position and the results of operations of Tokyo Broadcasting System Holdings, Incorporated for the period, for which the statutory report and supporting schedules were prepared, in conformity with accounting principles generally accepted in Japan.

As in the Notes on Significant Subsequent Events, Tokyo Broadcasting System Holdings, Incorporated completed the share purchase procedure pertaining to the share purchase demand in accordance under the provisions of Article 785, Paragraph 1 of the Companies Act.

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

## Copy of the Board of Corporate Auditors' Report

[English Translation of the Auditors' Report Originally Issued in the Japanese Language]

### AUDIT REPORT

The Board of Corporate Auditors has received the reports of the business performance of the directors during the 84th business term from April 1, 2010 through March 31, 2011 from each of the corporate auditors. After discussing the reports we have prepared this Audit Report and report as follows.

#### 1. Method and Details of Audit Performed by Corporate Auditors and the Board of Corporate Auditors

The Board of Corporate Auditors established the audit policy and division of responsibilities, received reports on the status and results of audits from corporate auditors, received reports on the status of execution of duties from directors and independent auditors, and requested explanations when necessary.

Each of the auditors, in accordance with the auditing standards established by the Board of Corporate Auditors, audit plan and division of responsibilities, worked to communicate with directors, the Office of Compliance, the Office of Internal Business Audit and other employees, made efforts to gather information and establish the audit environment, in addition to attending the meetings of the Board of Directors and other important meetings, receiving reports from the directors and other managers on their duties, requesting explanations when necessary, inspecting documents concerning matters such as important decisions, and investigating the conditions of the business and financial conditions. In addition, we received periodic reports from directors and employees, and monitored and verified the content of the resolution of the Board of Directors concerning the establishment of the systems necessary to ensure that the business performance by the directors complies with laws and the Articles of Incorporation, and other systems necessary to ensure the properness of operations of a Stock Company stipulated in Paragraphs 1 and 3 of Article 100 the Enforcement Regulations of the Corporation Act and the status of the system based on such resolution (internal control system). We examined the principal of policies and efforts of controlling the company (Item 3 (a) and (b) of Article 118 of the Ordinances for Enforcement of the Companies Act) as shown in the Business Report, understanding discussions made at the Board of Directors' meeting or other occasions. We worked to communicate and exchange information with the directors of subsidiaries and received reports on operations from subsidiaries when necessary. The above methods were used to examine the Business Report and supporting schedules for the fiscal year under review.

Furthermore, in addition to monitoring and examining whether the independent auditor maintained an independent position and performed auditing appropriately, we received reports from the independent auditor on the execution of its duties and requested explanations when necessary. In addition, we received notice from the independent auditor that "The systems for ensuring the proper execution of duties" (set forth in each Item of Article 131 of the Ordinance for Corporate Accounting) is organized in accordance with the "Standards for Quality Control of Audit" (Business Accounting Council) and other relevant standards, and sought explanations whenever necessity arose. Based on the above methods, we examined the non-consolidated financial statements (balance sheets, statements of income, statements of changes in shareholder's equity, note to non-consolidated financial statements), supporting schedules, and the consolidated financial statements (consolidated balance sheets, consolidated statements of income, consolidated statements of changes in shareholder's equity, note to consolidated financial statements) for the fiscal year under review.

#### 2. Result of Audit

##### (1) Result of audit of Business Report

- i) The Business Report and supporting schedules fairly represent the condition of the

- company in accordance with the law and the Articles of Incorporation of the company.
- ii) We have determined that there were no serious occurrences of dishonest or false activity or violations of any laws or the company's Articles of Incorporation by any of the directors in carrying out their duties.
  - iii) We believe the details of resolutions of the Board of Directors regarding the internal control system are appropriate. We found no matters of note regarding the contents of the Business Report and the execution of duties of directors regarding the internal control system.
  - iv) Nothing has to be reported to point out in the principle policies for controlling the company as a part of the Business Report.  
We have assured that the efforts made to realize the policies in the Business Report are accordance with Item 3 (b) of Article 118 of the Ordinances for Enforcement of the Companies Act and they are aiming at neither harming the common interest of shareholders nor protecting own interests of the directors of the company.

- (2) Result of audit of non-consolidated financial statements and supporting schedules  
In our opinion, the audit procedures and audit results received from the independent auditor KPMG AZSA LLC are appropriate.
- (3) Result of audit of consolidated financial statements  
In our opinion, the audit procedures and audit results received from the independent auditor KPMG AZSA LLC are appropriate.

May 12, 2011

Board of Corporate Auditors of  
Tokyo Broadcasting System Holdings,  
Incorporated

Corporate Auditor (full-time)  
Kunio Ogawa

Corporate Auditor (full-time)  
Tadaaki Oda

Outside Corporate Auditor  
Keiichiro Okabe

Outside Corporate Auditor  
Takeo Tanaka

Outside Corporate Auditor  
Yasushi Akashi

## Reference Materials for General Meeting of Shareholders

### Items of Business and Reference Matters

#### **First Item of Business: Appropriation of Surplus**

Since returning the Company's profits to the shareholders is one of the significant managerial issues, the Company takes policies to implement annual dividends depending upon business results, with a target of a dividend payout ratio of 30% of the consolidated net income for the fiscal year under review. With respect to the dividends for the fiscal year under review, taking business results for the fiscal year under review, conditions of internal reserve and possible continuation of dividends, among other things into consideration comprehensively, it is proposed as follows:

#### **Matters related to year-end dividend:**

- (1) Type of dividend property: Cash
- (2) Matters related to distribution of cash to shareholders and total amount:  
¥3 per share of common stock of the Company  
The total amount: ¥571,213,782
- (3) Effective date for dividends from surplus to shareholders:  
June 30, 2011

#### **Second Item of Business: Partial Amendment to the Articles of Incorporation of the Company**

##### **1. Reasons for the Amendment**

- (1) The purpose of the proposed amendment is to amend the business purpose of the Company prescribed in Article 2 of the current Articles of Incorporation in response to the change in the provisions concerning the definition of "private broadcaster" of Article 2 of the Broadcast Law (Act No. 132 of 1950) introduced by the enactment of the Law for Partial Revision of the Broadcast Law, etc. (Act No. 65 of 2010).  
This amendment to the Article of Incorporation is proposed to take effect as of the date of the enactment of the Law for Partial Revision of the Broadcast Law, etc. (Act No. 65 of 2010).
- (2) The second purpose of the propose amendment is to delegate the power to make decisions on the convenor and the chairperson of the general meeting of shareholders and meetings of the Board of Directors and on the appointment of executive directors to the Board of Directors in order to ensure flexibility in the administration of the general meeting of shareholders and the Board of Directors, by amending the current Articles of Incorporation as follows:
  - (i) Decisions to select the convenor and the chairperson of the general meeting of shareholders and meetings of the Board of Directors be delegated to the Board of Directors and the terms "Director and President" and "Director and Chairman" be replaced with "director appointed by the Board of Directors in advance;"
  - (ii) The determination of the specific titles of executive directors other than "Chairman" and "President," which are specifically indicated as examples of these titles, be delegated to the Board of Directors; and
  - (iii) Other necessary adjustments such as changing the Article numbering and other changes for consistency of expression.

## 2. Contents of the Amendment

The proposed amendment is as follows. Specific changes in the text are indicated with underline.

Current text	Proposed amendment
Article 1 (Omitted)	Article 1 (Unchanged)
<p>Article 2 (Purpose)</p> <p>1. The business purpose of the Company is to control, manage, and support the business activities of companies (including foreign companies), partnerships (including entities equivalent to partnerships in foreign nations) and other similar entities engaging in the following businesses through the ownership of shares or equity in such entities:</p> <p>1. <u>Private Broadcast Business and Other Broadcast Business</u> as defined by the Broadcast Law;</p> <p>2. through 37. (Omitted)</p> <p>2. (Omitted)</p>	<p>Article 2 (Purpose)</p> <p>1. The business purpose of the Company is to control, manage, and support the business activities of companies (including foreign companies), partnerships (including entities equivalent to partnerships in foreign nations) and other similar entities engaging in the following businesses through the ownership of shares or equity in such entities:</p> <p>1. <u>Broadcast Business</u> as defined by the Broadcast Law;</p> <p>2. through 37. (Unchanged)</p> <p>2. (Unchanged)</p>
Articles 3 through 12 (Omitted)	Articles 3 through 12 (Unchanged)
<p><b>Chapter 3 General Meeting of Shareholders</b></p>	<p><b>Chapter 3 General Meeting of Shareholders</b></p>
<p>Article 13 (Convenor and Chairperson)</p> <p>1. Unless otherwise prescribed by law, the general meeting of shareholders shall be convened and chaired by the <u>Director and President</u> pursuant to a resolution by the Board of Directors.</p> <p>2. In the event of accident to the <u>Director and President</u>, another director shall convene and chair the general meeting of shareholders on a rotating basis in the order <u>predetermined by the Board of Directors</u>.</p>	<p>Article 13 (Convenor and Chairperson)</p> <p>1. Unless otherwise prescribed by law, the general meeting of shareholders shall be convened and chaired by the <u>director appointed by the Board of Directors in advance</u> pursuant to a resolution by the board of directors.</p> <p>2. In the event of accident to the <u>director prescribed in the preceding paragraph</u>, another director shall convene and chair the general meeting of shareholders on a rotating basis in the order <u>predetermined by the Board of Directors</u>.</p>
Articles 14 through 20 (Omitted)	Articles 14 through 20 (Unchanged)
<p><b>Chapter 4 Directors and Board of Directors</b></p>	<p><b>Chapter 4 Directors and Board of Directors</b></p>
<p>Article 21 (Representative Director and Executive Directors)</p> <p>1. The Representative Director shall be appointed by a resolution of the Board of Directors.</p> <p>2. The Board of Directors may <u>appoint</u>, by its resolution, Director and Chairman, Director and President, <u>Vice President, Senior Managing Director, or Managing Director</u>.</p>	<p>Article 21 (Representative Director and Executive Directors)</p> <p>1. The Representative Director shall be appointed by a resolution of the board of directors.</p> <p>2. The Board of Directors may <u>appoint</u>, by its resolution, Director and Chairman, Director and President, <u>or with other managerial titles</u>.</p>

Current text	Proposed amendment
<p>Article 22 (Convener and Chairperson of the Board of Directors)</p> <ol style="list-style-type: none"> <li>1. Unless otherwise prescribed by law, meetings of the Board of Directors shall be convened and chaired by the <u>Director and Chairman</u>.</li> <li>2. <u>In the event that the position of Director and Chairman is vacant, or there is an accident to the Director, the Director and President shall convene and chair meetings of the Board of Directors. In the event of accidents to both of the aforementioned Directors, another director shall convene and chair meetings of the Board of Directors on a rotating basis in the order predetermined by the Board of Directors.</u></li> </ol> <p>Articles 23 through 27 (Omitted)</p> <p><u>Article 28 (Advisor and Special Advisor)</u>  <u>The Company may appoint Advisors and Special Advisors by a resolution of the Board of Directors.</u></p> <p>Articles <u>29</u> through <u>43</u> (Omitted)</p> <p style="text-align: center;">(New)</p>	<p>Article 22 (Convener and Chairperson of the Board of Directors)</p> <ol style="list-style-type: none"> <li>1. Unless otherwise prescribed by law, meetings of the Board of Directors shall be convened and chaired by the <u>director appointed by the Board of Directors in advance</u>.</li> <li>2. In the event of accident to the <u>director prescribed in the preceding paragraph</u>, another director shall convene and chair meetings of the Board of Directors on a rotating basis in the order predetermined by the Board of Directors.</li> </ol> <p>Articles 23 through 27 (Unchanged)</p> <p style="text-align: center;">(Deleted)</p> <p>Articles <u>28</u> through <u>42</u> (Unchanged)</p> <p style="text-align: center;"><b><u>Supplementary Provisions</u></b></p> <p><u>Article 1</u>  <u>The revision of Article 2, Paragraph 1, Item 1 shall take effect as of the date of the enactment of the Law for Partial Revision of the Broadcast Law, etc. (Act No. 65 of 2010) and the provisions of this article shall be deleted as of the same date.</u></p>

### Third Item of Business: Election of Sixteen (16) Directors

The terms of all thirteen (13) Directors of the Company will expire at the conclusion of this Ordinary General Meeting of Shareholders. It is proposed in this meeting that in order to respond promptly to the rapidly changing operating environment surrounding the Group and to further strengthen and enhance the operating foundation of the mainstay Television Business and other businesses and the corporate value of the Company, the number of Directors be increased by three (3) and the following sixteen (16) candidates in total be elected as Directors of the Company.

The candidates for Directors are as follows:

Candidate number	Name (Date of birth)	Summary of career (Position and areas of responsibility in the Company, and important concurrent position outside the Company)	Number of shares of the Company owned
1.	Hiroshi Inoue (Jan. 5, 1940)	<p>Apr. 1963: Joined the Company</p> <p>Jun. 1993: Director, General Manager of Sales Division</p> <p>May 1995: Director, General Manager of Programming Division</p> <p>Jun. 1996: Managing Director</p> <p>Jun. 1997: Senior Managing Director</p> <p>Jun. 2001: Vice President and Representative Director</p> <p>Jun. 2002: President and Representative Director</p> <p>Oct. 2004: President and Representative Director of Tokyo Broadcasting System Television, Inc.</p> <p>Apr. 2009: Chairman and Representative Director of the Company (to present)</p> <p>Chairman and Representative Director of Tokyo Broadcasting System Television, Inc. (to present)</p>	39,400 shares
2.	Keizo Zaitso (Sep. 16, 1945)	<p>Apr. 1968: Joined the Company</p> <p>May 1996: Senior Manager of President's Office</p> <p>Jun. 1997: General Manager of President's Office</p> <p>Jun. 1999: Director, General Manager of Administration Division</p> <p>Jun. 2001: Managing Director</p> <p>Oct. 2004: Senior Managing Director</p> <p>Jun. 2006: Representative Director and Senior Managing Director</p> <p>Apr. 2009: President and Representative Director</p> <p>Mar. 2011: Director of Tokyo Broadcasting System Television, Inc.</p> <p>Apr. 2011: Representative Director of the Company (to present)</p> <p>Vice-chairman and Representative Director of Tokyo Broadcasting System Television, Inc. (to present)</p>	33,800 shares

Candidate number	Name (Date of birth)	Summary of career (Position and areas of responsibility in the Company, and important concurrent position outside the Company)	Number of shares of the Company owned
3.	Toshichika Ishihara (Oct. 2, 1945)	<p>Apr. 1969: Joined the Company</p> <p>Jun. 1997: General Manager of Programming Division</p> <p>Jun. 1998: General Manager of JDC Promotion Division</p> <p>Nov. 1998: General Manager of BS Council</p> <p>Apr. 2002: General Manager of Digital Media Division</p> <p>Jun. 2002: Executive Officer, General Manager of Digital Media Division</p> <p>Jun. 2003: Director, General Manager of Digital Media Division</p> <p>May 2004: Director, General Manager of Head Office of Programming Division</p> <p>Oct. 2004: Director, General Manager of Head Office of Programming and Production Division, and Head Office of TBS News Division</p> <p>Apr. 2007: Director</p> <p>Jun. 2007: Senior Managing Director of Tokyo Broadcasting System Television, Inc.</p> <p>Apr. 2009: President and Representative Director of Tokyo Broadcasting System Television, Inc. (to present)</p> <p>Apr. 2011: President and Representative Director of the Company (to present) (Office of Internal Business Audit)</p>	24,400 shares
4.	Yukio Kinugasa (Sep. 22, 1949)	<p>Apr. 1973: Joined the Company</p> <p>Oct. 2004: General Manager of Human Resources and Labor Division</p> <p>Jun. 2005: Executive Officer, General Manager of Human Resources and Labor Division</p> <p>Jun. 2006: Director, General Manager of Human Resources and Labor Division</p> <p>May 2008: Director</p> <p>Jun. 2008: Managing Director (to present) In charge of site operations of Television Business</p> <p>Apr. 2009: Director of Tokyo Broadcasting System Television, Inc.</p> <p>Nov. 2009: Managing Director, General Manager of Programming Division of Tokyo Broadcasting System Television, Inc.</p> <p>May 2010: Managing Director, General Manager of Programming and Production Division of Tokyo Broadcasting System Television, Inc.</p> <p>Nov. 2010: Managing Director of Tokyo Broadcasting System Television, Inc. (to present)</p>	11,200 shares

Candidate number	Name (Date of birth)	Summary of career (Position and areas of responsibility in the Company, and important concurrent position outside the Company)	Number of shares of the Company owned
5.	Shinji Takeda (Jul. 5, 1952)	<p>Sep. 1975: Joined Matsudo City Government</p> <p>Apr. 1978: Joined The Mainichi Newspapers Co., Ltd.</p> <p>Nov. 1991: Joined the Company</p> <p>May 2004: General Manager of Sales Division, Head Office of Sales Division</p> <p>Jun. 2005: Executive Officer, Deputy General Manager of Head Office of Sales Division</p> <p>Apr. 2007: Executive Officer, General Manager of Management Media Division</p> <p>Jun. 2007: Director, General Manager of Management Media Division</p> <p>Apr. 2009: Director of the Company</p> <p>Apr. 2009: Director of Tokyo Broadcasting System Television, Inc.</p> <p>Jun. 2009: Director and Chairman of TBS Radio &amp; Communications, Inc. (to present)</p> <p>Apr. 2011: Managing Director of the Company (to present) In charge of Group Management and Planning Division Managing Director of Tokyo Broadcasting System Television, Inc. (to present)</p>	6,600 shares

Candidate number	Name (Date of birth)	Summary of career (Position and areas of responsibility in the Company, and important concurrent position outside the Company)	Number of shares of the Company owned
6.	Yasuyoshi Ishikawa * (Sep. 6, 1947) (1)	<p>Apr. 1972: Joined the Company</p> <p>Jun. 2002: Director, General Manager of Head Office of Production Division, and Program Production Division of TBS Sports Inc.</p> <p>Apr. 2003: Director General of Programming Division of the Company</p> <p>Jun. 2003: Director, General Manager of Head Office of Production Division of TBS Sports Inc.</p> <p>May 2004: Director General of Head Office of Programming Division of the Company</p> <p>Jun. 2004: President and Representative Director of TBS Sports Inc. (2)</p> <p>Oct. 2004: Director General of Head Office of Programming and Production Division of the Company General Manager of Sports Division, Head Office of Programming and Production Division of Tokyo Broadcasting System Television, Inc.</p> <p>Jun. 2006: Executive Officer, Deputy General Manager of Head Office of Programming and Production Division of the Company Director, General Manager of Sports Division, Head Office of Programming and Production Division of Tokyo Broadcasting System Television, Inc.</p> <p>Apr. 2007: Executive Officer, General Manager of Head Office of Sales Division of the Company Director, General Manager of Head Office of Sales Division, and Sales Division, and Sales Promotion Center of Tokyo Broadcasting System Television, Inc.</p> <p>Mar. 2008: Director, General Manager of Head Office of Sales Division of Tokyo Broadcasting System Television, Inc.</p> <p>Jun. 2008: Managing Director, General Manager of Head Office of Sales Division of Tokyo Broadcasting System Television, Inc.</p> <p>Apr. 2009: Managing Director of Tokyo Broadcasting System Television, Inc. (to present)</p> <p>Apr. 2011: Executive Officer of the Company (to present) In charge of sales of Television Business</p>	9,350 shares

Candidate number	Name (Date of birth)	Summary of career (Position and areas of responsibility in the Company, and important concurrent position outside the Company)	Number of shares of the Company owned
7.	Ichiro Nobukuni * (Apr. 2, 1954) (1)	<p>Apr. 1978: Joined the Company</p> <p>Apr. 2005: General Manager of Operation Division, Head Office of Operation Division of Tokyo Broadcasting System Television, Inc.</p> <p>May 2006: General Manager of Content Business Division, Head Office of Operation Division, and Visual Business Division of Tokyo Broadcasting System Television, Inc.</p> <p>Jun. 2006: Director, General Manager of Content Business Division, Head Office of Operation Division and Visual Business Division of Tokyo Broadcasting System Television, Inc.</p> <p>Jul. 2006: Director, General Manager of Content Business Division, Head Office of Operation Division of Tokyo Broadcasting System Television, Inc.</p> <p>Apr. 2007: General Manager of Head Office of Operation Division of the Company Director, General Manager of Head Office of Operation Division of Tokyo Broadcasting System Television, Inc.</p> <p>Jun. 2007: Executive Officer, General Manager of Head Office of Operation Division of the Company</p> <p>Dec. 2008: Executive Officer, General Manager of Head Office of TBS News and Information Division, and Head Office of Operation Division of the Company Director, General Manager of Head Office of News and Information Division, and Head Office of Operation Division of Tokyo Broadcasting System Television, Inc.</p> <p>Apr. 2009: Director of Tokyo Broadcasting System Television, Inc.</p> <p>Apr. 2011: Executive Officer of the Company (to present) In charge of Multi Visual Ventures and Cultural Events of Television Business Managing Director of Tokyo Broadcasting System Television, Inc. (to present)</p>	10,000 shares
8.	Kiyoshi Wakabayashi (Oct. 3, 1942)	<p>Apr. 1967: Joined the Company</p> <p>May 1995: General Manager of Sales Division</p> <p>Jun. 1996: Director, General Manager of Sales Division</p> <p>Jun. 1997: Managing Director</p> <p>Jun. 2004: Vice President and Director</p> <p>Jun. 2006: Director</p> <p>Jun. 2007: Director Senior Advisor to the Board (to present) (Owner of Yokohama BayStars Baseball Club, Inc.)</p>	19,700 shares
9.	Takafumi Kannari (Jun. 8, 1956)	<p>Apr. 1980: Joined the Company</p> <p>Jun. 2007: General Manager of Finance Division</p> <p>Jun. 2009: Director (to present) In charge of Administration Office and Finance Division Executive Officer of Tokyo Broadcasting System Television, Inc.</p> <p>Mar. 2011: Director of Tokyo Broadcasting System Television, Inc. (to present)</p>	13,100 shares

Candidate number	Name (Date of birth)	Summary of career (Position and areas of responsibility in the Company, and important concurrent position outside the Company)	Number of shares of the Company owned
10.	Tetsuya Fujita * (Jun. 24, 1957) (1)	<p>Apr. 1980: Joined the Company</p> <p>May 2008: General Manager of Human Resources and Labor Division</p> <p>Jun. 2010: General Manager of Human Resources and Labor Division of Tokyo Broadcasting System Television, Inc.</p> <p>Mar. 2011: Director, General Manager of Human Resources and Labor Division of Tokyo Broadcasting System Television, Inc. (to present)</p> <p>Apr. 2011: Executive Officer, General Manager of Human Resources and Labor Division of the Company (to present) In charge of President's Office and Office of Compliance</p>	600 shares
11.	Kazuhiro Namba * (Jan. 1, 1958) (1)	<p>Apr. 1980: Joined the Company</p> <p>May 2008: General Manager of Operation Division, Head Office of Operation Division of Tokyo Broadcasting System Television, Inc.</p> <p>Apr. 2009: General Manager of Operation Division of Tokyo Broadcasting System Television, Inc.</p> <p>May 2009: General Manager of Corporate Planning Office of the Company General Manager of Office of Corporate Planning of Tokyo Broadcasting System Television, Inc.</p> <p>Apr. 2010: General Manager of Group Management and Planning Division of the Company</p> <p>Nov. 2010: General Manager of Programming and Production Division of Tokyo Broadcasting System Television, Inc.</p> <p>Mar. 2011: Director, General Manager of Programming and Production Division of Tokyo Broadcasting System Television, Inc. (to present)</p> <p>Apr. 2011: Executive Officer of the Company (to present) In charge of Programming and Production of Television Business</p>	3,400 shares
12.	Kazuo Hiramoto (Oct. 16, 1945)	<p>Apr. 1969: Joined the Company</p> <p>Jun. 1999: General Manager of TBS News &amp; Live Division</p> <p>Jun. 2002: Executive Officer, General Manager of TBS News &amp; Live Division</p> <p>Jun. 2003: Director</p> <p>Jun. 2005: Managing Director</p> <p>Jun. 2008: Senior Managing Director</p> <p>Jun. 2009: Director (to present) President and Representative Director of BS-TBS, INC. (3) (to present)</p>	18,500 shares

Candidate number	Name (Date of birth)	Summary of career (Position and areas of responsibility in the Company, and important concurrent position outside the Company)	Number of shares of the Company owned
13.	Masahiro Yamamoto (Jun. 17, 1940)	<p>Apr. 1964: Joined Mainichi Broadcasting System, Inc.</p> <p>Jun. 1997: Director and General Manager of Radio Division of Mainichi Broadcasting System, Inc.</p> <p>Jun. 1999: Managing Director and General Manager of Head Office of Television Division of Mainichi Broadcasting System, Inc.</p> <p>Jun. 2001: Senior Managing Director and General Manager of Head Office of Television Division of Mainichi Broadcasting System, Inc.</p> <p>Jun. 2002: President and Representative Director of Mainichi Broadcasting System, Inc. Director of the Company (to present)</p> <p>Jun. 2007: Chairman and Representative Director of Mainichi Broadcasting System Inc.</p> <p>Apr. 2009: Director of Tokyo Broadcasting System Television, Inc. (to present)</p> <p>Jun. 2010: Supreme Advisor of Mainichi Broadcasting System, Inc. (to present)</p>	0 shares
14.	Shouei Utsuda (Feb. 12, 1943)	<p>Apr. 1967: Joined MITSUI &amp; CO., LTD.</p> <p>Jun. 1997: Director and General Manager of Machinery and Information Administration Division of MITSUI &amp; CO., LTD.</p> <p>Jun. 2000: Representative Director, Managing Director and General Manager of Operation Division of MITSUI &amp; CO., LTD.</p> <p>Apr. 2002: Representative Director and Senior Managing Executive Officer, Chief Strategic Officer (Manager of Operation Division) of MITSUI &amp; CO., LTD.</p> <p>Oct. 2002: President and Representative Director of MITSUI &amp; CO., LTD.</p> <p>Jun. 2007: LTD.</p> <p>Apr. 2009: Director of the Company (to present) Chairman of the Board and Director of MITSUI CO., LTD. (to present) Director of Tokyo Broadcasting System Television, Inc. (to present)</p>	0 shares
15.	Tatsuyoshi Takashima (Jan. 1, 1944)	<p>Apr. 1966: Joined DENTSU INC.</p> <p>Jun. 1993: General Manager of Newspaper Division of Tokyo Head Office of DENTSU INC.</p> <p>Jun. 1997: Director of DENTSU INC.</p> <p>Jun. 1999: Managing Executive Officer of DENTSU INC.</p> <p>Jun. 2000: Managing Director of DENTSU INC.</p> <p>Jun. 2002: Senior Managing Director of DENTSU INC.</p> <p>Jun. 2004: Vice President and Director of DENTSU INC.</p> <p>Jun. 2007: President and Representative Director of DENTSU INC.</p> <p>Apr. 2009: President and Representative Director and Chief Executive Officer of DENTSU INC.</p> <p>Jun. 2009: Director of the Company (to present) Director of Tokyo Broadcasting System Television, Inc. (to present)</p> <p>Apr. 2011: Chairman of DENTSU INC. (to present)</p>	0 shares

Candidate number	Name (Date of birth)	Summary of career (Position and areas of responsibility in the Company, and important concurrent position outside the Company)	Number of shares of the Company owned
16.	Yutaka Asahina (Sep. 14, 1947)	<p>Jul. 1971: Joined The Mainichi Newspapers Co., Ltd.</p> <p>Jun. 2002: General Manager of Editing Office of Tokyo Head Office of The Mainichi Newspapers Co., Ltd.</p> <p>Jun. 2004: Director and General Manager of President's Office of The Mainichi Newspapers Co., Ltd.</p> <p>Jun. 2006: Managing Director of The Mainichi Newspapers Co., Ltd.</p> <p>Jun. 2008: President and Representative Director of The Mainichi Newspapers Co., Ltd. (3) (to present)</p> <p>Jun. 2009: Director of the Company (to present) Director of Tokyo Broadcasting System Television, Inc. (to present)</p> <p>Apr. 2011: President and Representative Director of Mainichi Sponichi Holdings Co., Ltd. (to present)</p>	0 shares

Note 1: Persons with an asterisk (\*) following their names are newly-appointed candidates for Directors. Important positions of other organizations concurrently assumed by newly-appointed candidates for Directors other than those listed above are as follows:

Candidate number 7 Ichiro Nobukuni Outside Director of StylingLife Holdings Inc.

Please also refer to the "2.(2) 1. Directors and Auditors" in the Business Report of this Notice of Convocation about the condition of incumbent candidates for Directors who concurrently assume important positions of organizations on page 14 to 17.

Note 2: On October 1, 2004, the three television production divisions, TBS Entertainment Inc. TBS Sports Inc., and TBS Live Inc. merged to form Tokyo Broadcasting System Television Inc.

Note 3: Special interest between the candidates and the Company:

Mr. Kazuo Hiramoto is the President and Representative Director of BS-TBS, INC. ("BS-TBS"), of which the equity method of accounting is applied to. BS-TBS's business falls under the same business segment where Tokyo Broadcasting System Television, Inc. ("TBS TV"), a key subsidiary of the Group, belongs to, and it has continued business transactions with TBS TV relating to, among other things, sales of programs.

In addition, the Company plans to raise its share of voting rights in BS-TBS to more than 50% and make it a consolidated subsidiary on July 1, 2011.

Mr. Yutaka Asahina is the President and Representative Director of The Mainichi Newspapers Co., Ltd. and it has continued business transactions with TBS TV, a key subsidiary of the Group, with respect to placing advertisement and supply of news materials.

Each of other candidates has no special interest in the Company.

Note 4: Messrs. Masahiro Yamamoto, Shouei Utsuda, Tatsuyoshi Takashima and Yutaka Asahina are candidates for Outside Directors.

Note 5: The followings are specific notes on the candidates for Outside Directors:

(1) Reasons for the nomination of the candidates as Outside Directors:

Messrs. Masahiro Yamamoto, Shouei Utsuda, Tatsuyoshi Takashima and Yutaka Asahina have plenty of experiences and a high degree of knowledge as a member of top management of a broadcasting, general trading company, advertisement and newspaper, respectively, and all of them deeply understand the source of corporate value and business characteristics of the Company. They are enthusiastic about maximizing corporate value of the Company and have affluent knowledge to achieve it. The Company believes that they can contribute to strengthen corporate governance of the Company, and maximize corporate value and common interests of the shareholders. Therefore, the Company nominates them as the candidates for Outside Directors of the Company.

(2) The facts occurred, in the case that there were any violations of laws and ordinances or the Articles of Incorporation, or any undue businesses executions within the other companies, where the candidates for Outside Directors held the office of directors, executive officers or corporate auditors of other companies in the last five (5) years, and any countermeasures taken by the

candidates to settle or prevent those violations and undue businesses, in the case that the candidates held the office of outside directors or outside corporate auditors of such other companies, are as follows:

Mainichi Broadcasting System Inc., of which Mr. Masahiro Yamamoto held the office of the Chairman and Representative Director since June 2007 to June 2010, was severely warned by the Kinki Bureau of Telecommunications on inappropriate expression in some programs. Also, Mainichi Broadcasting System Inc. received a judgment to pay compensation to the plaintiff due to certain practice to illegally gather news information in two (2) programs which were televised during the term of his office.

At MITSUI & CO., LTD. ("Mitsui"), of which Mr. Shouei Utsuda has held the office of the Chairman of the Board and Director since April 2009, there were facts that Mitsui Oil (Asia) Pte. Ltd., a wholly owned subsidiary of Mitsui in Singapore, had hidden losses arising out of forged market prices relating to Naphtha transactions, which sales division of Kyushu Main Branch had engaged in irrelevant circulatory dealings, including certain false dealings of agricultural materials for local business partners during the period from September 2000 to February 2008, and sales division of Performance Chemicals Business Unit of Mitsui had pretended certain false dealings without substantial sale and purchase to be export trade dealings for the South East Asia including Indonesia, etc. during the period from April 2004 to August 2008.

During the term when Messrs. Masahiro Yamamoto and Shouei Utsuda have held the office of Outside Directors of TBS TV, it was severely warned by the Ministry of Internal Affairs and Communications due to gross negligence on editorial contents of some program, which was televised during the term of their offices. Although these Outside Directors were not involved in the program, they were reported on the fact after the occurrence, and called attention to prevent recurrences of such misconducts.

- (3) Number of years since the candidates assumed the office of Outside Directors:
1. The term of office of Mr. Masahiro Yamamoto as Outside Director, at the close of this Ordinary General Meeting of Shareholders, will have been nine (9) years.
  2. The term of office of Mr. Shouei Utsuda as Outside Director, at the close of this Ordinary General Meeting of Shareholders, will have been four (4) years.
  3. The term of office of Mr. Tatsuyoshi Takashima as Outside Director, at the close of this Ordinary General Meeting of Shareholders, will have been two (2) years.
  4. The term of office of Mr. Yutaka Asahina as Outside Director, at the close of this Ordinary General Meeting of Shareholders, will have been two (2) years.

- (4) Liability Limitation Agreement with the Outside Director:
- The Company prescribes in the Articles of Incorporation that it may enter into a contract with an Outside Director limiting his or her liability for compensation pursuant to Article 423, Paragraph 1 of the Companies Act, in order to enable the Outside Director to fully exercise his or her duties as expected. The Company has entered the contract for limitation of liability with the candidates for Outside Directors, Messrs. Masahiro Yamamoto, Shouei Utsuda, Tatsuyoshi Takashima and Yutaka Asahina, respectively. The amount of limited liability under the contract is the minimum amount provided for in laws and ordinances. If the re-election of Messrs. Masahiro Yamamoto, Shouei Utsuda, Tatsuyoshi Takashima and Yutaka Asahina is approved at this Ordinary General Meeting of Shareholders, the Company will continue the said contract for limitation of liability with each of them.

End