

Securities Code: 9401  
June 4, 2013

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 86th Ordinary General Meeting of Shareholders**

You are cordially invited to attend the 86th 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 Wednesday, June 26, 2013 (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. Time and Date of the Meeting</b> | 10:00 A.M. [Thursday], June 27, 2013                    |
| <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 the audit results of the consolidated financial statements by the Accounting Auditors and the Audit & Supervisory Board for the 86th fiscal year (from April 1, 2012 to March 31, 2013);
2. Report on the non-consolidated financial statements for the 86th fiscal year (from April 1, 2012 to March 31, 2013).

#### Matters for Resolution

<b>First Item of Business:</b>	Appropriation of Surplus
<b>Second Item of Business:</b>	Election of Sixteen (16) Directors
<b>Third Item of Business:</b>	Provision of Officers' Bonuses

### 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 mail 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 Voting Rights Exercise Form to the reception at the meeting place (Akasaka BLITZ). To save resources, please bring this "Notice of Convocation of the 86th Ordinary General Meeting of Shareholders" in paper, on the day of the meeting.

Please be advised that a person without voting rights of the Company, such as a proxy who is not a shareholder of the Company or an accompanying person of yours, will not be permitted admittance into the meeting venue. As the reception will be extremely crowded immediately before the opening of the meeting, we sincerely ask you to go to the meeting place a little earlier (the reception will start at 9:00 A.M.).

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, 2012 to March 31, 2013

## **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 went on to recover until the summer but it came to a standstill on the back of the slowdown of the Chinese and other overseas economies in addition to the European debt crisis. Then it rallied again as the excessively high yen appreciation was corrected and the stock market rose supported partly by the economic policy of the new administration together with the recovery in overseas economies.

In the broadcasting industry, the TV advertising market grew active in the first quarter as a reaction to the slowdown following the Great Earthquake. The market remained favorable until the summer owing partly to the positive effect of the London Olympics. However, some of the momentum was lost in and after October partly due to the weak prospect for corporate earnings under the sluggish overseas economies and a slow consumption.

In this operating environment, while the TBS Group (hereinafter referred to as “the Group”) made efforts to further strengthen its core terrestrial television programs, 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.

As a result of these developments, consolidated net sales of the Group in the fiscal year ended March 31, 2013 increased by 1.7% from the previous fiscal year to ¥352,351 million, and ordinary income increased by 23.5% to ¥17,671 million. Net income, however, decreased by 21.4% from the previous fiscal year to ¥9,173 million, owing to factors such as gain on sales of subsidiaries and affiliates’ stocks recorded in the previous fiscal year.

#### <<Broadcasting>>

Consolidated net sales from the Broadcasting Business increased by 3.8% from the previous fiscal year to ¥211,780 million, while operating income improved by ¥3,265 million to ¥3,866 million.

#### <Television>

Terrestrial television time sales rose from the previous year’s result supported by the contribution of special programming sales of major sports programs, such as *Women’s and Men’s Volleyball World Final Qualification for the London Olympics*, a football championship *UEFA EURO2012, the London Olympics* and *World Baseball Classic*, while regular programming sales were flat at the levels of the previous fiscal year.

Spot sales rallied as a reaction to the slowdown following the Great Earthquake and remained brisk until the summer. Although the advertising market slowed down in and after October partly due to the weak prospect for corporate earnings under the sluggish overseas economies and a slow consumption, full-year spot sales were up slightly from the previous fiscal year.

The average audience ratings for the terrestrial television dropped slightly from the previous fiscal year across all time slots (6.6%), in the golden time slot (9.5%), and in the prime time slot (9.6%). However, in the second half of the year, we advanced to the third place in the monthly average audience ratings in March across all time slots as well as in the golden time slot and the prime time slot, leveraging the momentum that started from strong ratings of the special programs over the year-end and new-year holidays.

In the variety show category, Friday night programs are doing well as *Bakuhou! THE Friday*, *Pittanko Kan Kan*, and Masahiro Nakai’s *Kinyoubi no Sumatachi e* (“To the Friday SMA-Wives”) continued to deliver high ratings. Saturday night programs *Honoo-no Taiiku-kai TV* (“Burning Athletic Club TV”) and *Job Tune* were also strong as popular weekend entertainment for the family. In addition, *Mote Mote Ninety Nine* whose marriage promotion section is very popular and the revamped *Sanma’s Gimmick TV* are making progress in terms of audience rating.

In the drama category, *Nichiyo Gekijo* (“Sunday Theater”) *ATARU* achieved an average audience rating of 15.6% supported by broad audience. Another *Nichiyo Gekijo*’s program *Tombi* (“Black Kite”), a moving story of love and strong bonds between parents and children, pulled the heartstrings of the audience and recorded an average audience rating of 15.5%. Likewise, the serial dramas of *Hancho 6*, *Summer Rescue-A*

*Clinic in the Sky*, and *Yakou Kanransha* (“Midnight Ferris Wheel”) maintained the support of many fans. With respect to special programs, a special drama for three nights consecutively *Blackboard: Teachers Who Fought against Time*, which describes the life of teachers who fought for the sake of better education in the midst of turbulent times, was highly appraised. In addition, *Double Face*, a collaboration program with satellite broadcasting WOWOW, became a hit for its large scale production.

In the sports category, TBS broadcasted the exciting moments of the London Olympic games every day during the summer, and has achieved an average audience rating of 9.1%, placing it the second among other commercial TV broadcasting companies. In particular, *Women’s and Men’s Volleyball World Final Qualification for the London Olympics*, a joint live broadcast with Fuji Television Network, earned a higher average audience rating compared to the previous one. Meanwhile, in the *World Baseball Classic* aired in March, the first-round playoff “Japan vs. Cuba” hit an audience rating of 22.8% and the second-round of two matches “Japan vs. Holland” recorded 34.4% and 30.4%, both exceeding the threshold of 30%. The semi-final match “Japan vs. Puerto Rico” recorded an audience rating of 20.3% despite the quiet time slot of Monday morning, which indicated the high level of interest from viewers.

In the category of across-the-board information programs, *Mino Monta no Asa Zuba!* (“Mino Monta’s Morning Bang!”) and *HIRUOBI!* successfully maintained stable audience. In particular, the afternoon slot of *HIRUOBI!*, and also its morning slot (later in the second half), have achieved the top average audience ratings on an annual basis in the relevant time slot, respectively. With respect to special programs, the program *3.8 Billion Years of Life: Latest Gene Mystery-What Is a Human Being?* and a four-hour special program *Urgent! Think about Huge Earthquakes with Akira Ikegami: How to Protect Yourself during an Earthquake* were highly popular, satisfying the intellectual curiosity of the viewing audience.

In the news category, we strived to continuously provide quality news focusing on the leading news programs *N Studio* and *NEWS23X* (cross). The documentary drama *Being Forcibly Returned to Homeland: Forgotten Brides*, which was created in commemoration of the 40th anniversary of the normalization of diplomatic relations between Japan and China, describing people in unfortunate times, was highly appreciated by the viewing audience. At the end of 2012, we aired a special long TV program *Day of News 2012* using a simultaneous documentary approach to introduce the 60 year history of TV news.

As of March 31, 2013, 28 companies throughout Japan were affiliated with the Group’s JNN television network. The number was unchanged from the previous fiscal year.

BS digital broadcasting, a rapidly growing media business, saw stable growth resulting from the success of programming targeting generations different from those for terrestrial television programs. However, there still remain concerns such as intensified competition with the new participation of channels and stagnant growth in penetration rates. In this operating environment, BS-TBS, INC. has been working to improve its brand image and profitability by providing quality programs with original content. One such effort has been to create *GARYO NO TEN: Masamune Date Who Was Called the One-eyed Dragon*, a large-scale samurai drama for the first time for commercial BS companies.

#### <Radio>

Time sales grew steadily supported by advertising revenues from major sponsors in the toiletries and health food sectors. In addition, we acquired new sponsors in the music and automobile sectors for the midnight time slot, for which sales had been sluggish despite favorable audience ratings. Nevertheless, these factors were not enough to offset a decrease in sponsors for TV programs and night baseball games on a national TV network. As a result, overall results in time sales decreased from the previous fiscal year.

Spot sales had solid growth as revenues from live advertising using radio personalities increased particularly in the areas of toiletries and health food. In addition, revenues from campaign spots in the foreign cars and food sectors grew steadily. However, there was also a negative factor of declining sponsors, which as a result led to slight declines in overall results of spot sales from the previous fiscal year.

In terms of programming, we started a new long program *Tamamusubi* on weekday afternoons. In the program, two female personalities Tamao Akae (Monday to Thursday) and TBS announcer Haruka Kobayashi (Friday) talk with various unique partners on each weekday such as Bibiru Oki and Ryota Yamasato (Nankai Candies). The program currently maintains a favorable level of audience ratings. In addition, being ranked as top in the audience rating surveys in the Tokyo Metropolitan area, TBS Radio maintains its position as a leading radio company in the area for 70 consecutive periods since fiscal year 2001 (ended August). This is due mainly to the success of long programs on weekdays and *Sinichiro Azumi’s Sunday Heaven* being aired on Sunday mornings. Furthermore, TBS Radio achieved the top audience rating among other commercial radio companies with its special program for election returns of the Lower House general election aired in December 2012, which proved its high level of credibility.

In the broadcast related business, we started a new business “T2D” that offers services of concert sound-source recording and fee-based distributions after concerts based mainly in Akasaka BLITZ. The business has attracted the attention of the music industry as well. Meanwhile, the housing business went well including the opening of TBS Housing Shibuya, for the first time in the metropolitan area. However, overall results in the broadcast related business decreased from the previous fiscal year mainly due to increased costs in the software business.

As of March 31, 2013, 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>>

Although net sales from the Multi Visual Ventures and Cultural Events Business decreased by 1.6% from the previous fiscal year to ¥125,230 million, operating income increased by 5.8% to ¥5,442 million.

In the cultural events business, newly opened Tokyu Theatre Orb (Shibuya, Tokyo) presented its first play *West Side Story*, which ended with great applause. Likewise, the French-version musical *Roméo & Juliette* was also highly successful. Akasaka ACT Theater presented a wide variety of plays responding to the expectation of audience which include: *Roméo & Juliette* by Takeru Sato and Satomi Ishihara; *Chicago* by Ryoko Yonekura who made her Broadway debut; *The Cloistered Flower of Yamato Protects Her Kimono Sleeve from the Alien Rain* by living national treasure Tamasaburo Bando; *Bring Me My Chariot of Fire* by Tsuyoshi Kusanagi, Cha Seung-Won and others; and *Akasaka Oo-Kabuki: Kaidan Chibusa-no-Enoki* by Kankuro Nakamura and Shichinosuke Nakamura. The Tetsuya Kumakawa K-Ballet Company continued to enchant its fans with staging productions such as *Le Corsaire*, *Triple Bill*, *Don Quixote*, *The Nutcracker*, and *Cinderella*. The live event of South Korea’s popular drama *Big* also attracted many visitors.

In the exhibition business, the exhibition *The Inka Empire Revealed: Century After the Machu Picchu “Discovery”* held in the National Museum of Nature and Science attracted more than 450,000 visitors. The exhibition was designed to explore the entire picture of the Inka Empire based on the three domains of archaeology, anthropology and historical science. Other exhibitions such as *From Renaissance to Rococo: Four centuries of European drawing, painting and sculpture, Masterworks from the collections of the Prince of Liechtenstein*, and *Peter Paul Rubens: Italian origin and Antwerp studio of glory* were also favorably received.

We hosted seasonal events in the Akasaka Sacas commercial complex, including *2012 Spring Sacas: Active Children Squqre* and *2012 Summer Sacas: Smiling Door* in the Sacas Square and other spots. We also held our annual event called *Sacaspo! White Sacas Sports Festa* by offering the outdoor skating rink and other facilities, which attracted around 6 million visitors a year.

In the video business, a cinema film *The Floating Castle* released in November 2012 earned ¥2.8 billion. The film was highly appraised and won best prizes in 10 categories of the Japan Academy Prize. Other films such as *Theatrical version SPEC-Heaven* and *Love for Beginners* attracted young fans and achieved increased number of audience. *Tenchi: The Samurai Astronomer* and *The Castle of Crossed Destinies* were also popular.

In the DVD business, the DVD and Blu-ray Disc (BD) editions of TV dramas such as *ATARU*, *My Daddy is an Idle!*, *Beginners!* and *Monsters* were released at the same time, which enjoyed strong sales. The BD edition of midnight TV program *Momokuro Dan* was also received favorably by its fans and others. In the animations business, the DVD and BD editions of cinema film *K-ON! MOVIE* released last year achieved strong sales, while *Hidamari Sketch × Hanikamu* and *Boku wa Tomodachi ga Sukunai Next* steadily increased their popularity among animation fans.

In the program syndication business, sales of TV program formats targeting overseas, which offers TV program concepts, grew steadily. The popular TV program *SASUKE* and *Takeshi’s Castle* have been aired in some 160 countries and regions, while the *America’s Funniest Home Videos of Fun TV with Kato-chan and Ken-chan* has been aired 500 times in the golden time slot. Furthermore, a new format of *Brain Survivor* has been favorably received, as the quiz show was aired in more than 70 countries/regions and nominated for the Emmy Award.

In the communication satellite business, TBS On Demand (video distribution service) expanded its services for fixed-rate unlimited viewing plans operated by NTT Docomo, KDDI, Softbank and other telecommunication operators. In addition, the re-distribution service for the serial drama *Yakou Kanransha* (“Midnight Ferris Wheel”) and other animation programs has been favorably welcomed, contributing to strong sales growth. As for the communication satellite program, we expanded our broadcasting system to three channels, by newly adding “TBS Channel 2” in October 2012. This move will enable us to actively offer more masterpiece dramas as well as sports and original programs, which has been difficult with our existing two

channels “TBS Channel 1” and “TBS News Bird” only. By so doing, we aim to further expand the number of subscribers.

In the license business, we implemented a collaborative advertising event for TV drama *Monsters* through collaboration with about 14,800 major convenience stores across Japan. In addition, we hosted “Hanamaru Market Omeza Fair” at the “Tree Village” shop in the world’s tallest tower, the Tokyo Sky Tree. The shop is jointly run by five commercial TV broadcasting companies in Tokyo, where they sell their TV program-related products. The fair attracted many visitors: in particular, “Madame Brulee”, an original baumkuchen sweet under the Madame Shinco brand, proved to be very popular and sold out every day.

In the shopping business, sales from *Women’s Shopping Mission 4* aired in November 2012 hit a record high, including sales from its rebroadcast. We also took new approaches including a special TV shopping program *Machaaki’s Fancy Shopping Laboratory* with Masaaki Sakai as presenter aired in February 2013.

In the digital business, our original social network game *SPEC: Card Collection* achieved strong sales. This indicates that the game development business to which we have made a full-scale entry will become a new revenue source. We also expanded our digital signage service “Campus TV” to around 60 universities across Japan, as well as adding new informational programs to develop the business further. In addition, we actively promoted the second-screen service which integrates broadcasting and mobile device (such as smartphones) services, by introducing it in *All Star Thanksgiving Festival* and other programs.

#### <<Real Estate Business>>

Net sales from the Real Estate Business increased by 0.4% from the previous fiscal year to ¥15,341 million, and operating income increased by 7.3% to ¥6,889 million.

Akasaka Sacas, which has reached the fifth anniversary of its opening, has established itself as a popular cultural and entertainment center through the provision of various performances and events held in Sacas Square. The sales of the Akasaka Biz Tower commercial complex recovered from the effect of the earthquake disaster, and Akasaka The Residence residential facility continued to have a high rate of successful contracts.

## (2) Capital Investment

Total capital investment in the fiscal year under review was ¥11.5 billion. The principal investment item was facilities related to digital terrestrial broadcasting.

The Company completed the transition to digital terrestrial broadcasting in the Kanto Area in July 2011 and continued work in the fiscal year under review to upgrade facilities in cooperation with other commercial TV broadcasting companies and NHK. Such work included the accommodation of new technologies for broadcasting in the areas where access to terrestrial digital broadcasting is limited and frequency resetting (repacking) after the termination of analog broadcasting. At the Tokyo Skytree, which is scheduled to become the new transmitter station from May this year, we are continuing preparations toward the start of broadcasting and have now installed the broadcasting facilities for use in terrestrial digital broadcasting. We have also installed live-feed cameras from the Tokyo Skytree viewing platform to provide a 360-degree view of the Kanto Area, enabling viewers to enjoy scenes from the 375 meter high platform when watching certain programs etc.

As for program production facilities, we upgraded the visual/audio system of M1 Studio of Midoriyama Studios (the main facility for drama production). At the Akasaka Broadcasting Center, the main facility for variety show programs and live programs, we upgraded the audio system in Studio A and the camera/visual/audio system in Studio B to enhance our production technical capabilities and further ensure smooth production.

As for the various operations related to program recording, editing and broadcasting conducted at the broadcasting center, we are steadily working toward a transition to a data file system that uses personal computers and servers in place of video tapes. In the fiscal year under review, we completed the design of sports news system, and some of the functions of this system, such as recording, have started being used in production. Our next project will be to develop similar systems for news and current affairs programs and across-the-board information programs. Through such measures, we plan to significantly reduce video tape costs and improve operational efficiency.

### (3) Capital Procurement

Total interest-bearing debt of the Group at the end of the fiscal year under review was ¥107.2 billion (excluding lease obligations), consisting of ¥50.0 billion in bonds payable and ¥57.2 billion in long-term loans payable (including the current portion).

In order to ensure flexible access to operating capital, as of the end of the fiscal year under review, StylingLife Holdings Inc., a consolidated subsidiary of the Company, had established the commitment lines agreements, totaling ¥5.5 billion with multiple financial institutions (the balance of the funds drawn is nil, and the available balance is ¥5.5 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

	83rd Business Term Year ended March 31, 2010	84th Business Term Year ended March 31, 2011	85th Business Term Year ended March 31, 2012	86th Business Term Year ended March 31, 2013 (fiscal year under review)
Net sales (millions of yen)	351,262	342,754	346,538	352,351
Ordinary income (millions of yen)	3,902	9,215	14,313	17,671
Net income (loss) (millions of yen)	(2,313)	103	11,671	9,173
Net income (loss) per share (yen)	(12.18)	0.54	74.71	60.27
Net assets (millions of yen)	357,076	344,658	322,597	344,473
Total assets (millions of yen)	627,683	593,023	555,159	559,626

### (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.

Company name	Capital stock (millions of yen)	Voting rights owned (%)	Main business activities
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
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
OXYBOT, Inc.	200	100	Planning, production and sales of computer-generated video, cinema film investment
TBS-TEX, Co., Ltd. (Note 1)	150	100	Production and sales of broadcast programs, general video and sound recordings, recording and transmitting services, etc. of broadcast programs
TBS ProNex, Inc. (Note 2)	10	100	Planning and production of broadcasting programs, planning and production of music, audio contents, cinema, video contents etc.
Akasaka Heat Supply Co., Ltd.	400	70	Heat supply services under the Heat Supply Business Law
Grand Marché, Inc.	360	60	Mail order sales, mail order sales agency services, store operation etc.
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.
BS-TBS, INC.	5,844	51.9	Provision of broadcast services via broadcast satellites, planning, production and sales of programming etc.
FF TOHO Inc.	30	* 100	VTR editing of news and collation of materials, editing and filming etc. of information programs



Company name	Capital stock (millions of yen)	Voting rights owned (%)	Main business activities
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 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
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.	100	* 100	Store and non-store sales of cloths, sports and leisure goods, electronic products, and household products
B&C Laboratories (China) Inc.	350	* 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: On October 1, 2012, Akasaka Video Center Co., Ltd. and Pro Cam., Inc., which are consolidated subsidiaries of the Company, conducted an absorption-type merger with Pro Cam., Inc. as the surviving company, changing the company name to TBS-TEX, Co., Ltd.

Note 2: On October 1, 2012, Telecom Sounds, Inc., a consolidated subsidiary of the Company, conducted an absorption type merger with TAC Corporation, a subsidiary of the Company, with TAC Corporation as the surviving company, changing the company name to TBS ProNex, Inc.

Note 3: The Company's consolidated subsidiaries are the 29 principal subsidiaries listed above.

Note 4: An asterisk (\*) indicates the shareholding ratio, including shares held by subsidiaries, parties closely connected with the Company, and parties having agreements with the Company.

## (6) Priorities

The environment surrounding the broadcasting industry is undergoing a major change including an increasing number of companies choosing to shift their business locations to overseas, rapidly declining birthrate and increasing aging population, and the diversification of devices due to the advancement of digital technology. The Group will properly respond to such changes in the operating environment, work to improve the overall strengths of the Group, and aim to achieve sustained growth.

Our basic corporate philosophy is to establish ourselves as the best media group that can deliver the most powerful contents focusing on the broadcasting business. We believe that our ultimate mission is to create quality programs that deliver inspirations to the audience. To achieve this, we will make our every effort to become a "broadcasting company with a strong responsibility for the future of Japan" while maintaining our pioneering spirit to constantly challenge new ideas and high aspirations to create quality programs.

In the TV broadcasting business, we successfully maintained a good level of audience ratings during the fiscal year under review, in particular, for the across-the-board programs such as *HIRUOBI!* However, there are some factors indicating that the overall business is still in the transition phase.

Under such circumstances, we will pursue higher audience ratings by enhancing our content development capabilities and formulating strategies for programming reflecting the changes of times and

people's needs. While working to streamline the production process, we will ensure to produce high quality programs with unique TBS characteristics to gain further support by the audience and the sponsors alike.

BS-TBS, INC. continues to grow at a favorable pace partly due to the increased value of the medium. We will strive to further strengthen the revenue basis of the Group by maximizing the synergy effect among Group companies.

In the radio business, we have maintained the No. 1 position in terms of audience rating for a period of 11 years and 8 months. Although the operating environment surrounding the radio business is becoming even more demanding, we will aim to secure new revenue streams from businesses that are linked to radio broadcasting in addition to further efforts toward strict cost control.

As for the rest of the businesses of the Group, we will strive to expand our revenue sources through diversification by appropriately responding to the rapid changes in the business environment driven by the advancement of digital technology. In addition to working to increase revenues from our ongoing businesses such as movies, exhibitions, events held in Sacas Square, pay-per-view TV, and shopping, we will aggressively expand into new businesses. We are already making aggressive efforts to expand content development for social network games and smartphones as well as content distribution in overseas markets particularly in Asia.

Since last year, we have been addressing three core management issues, "to strengthen the Broadcasting Business", "to expand revenue sources through diversification" and "to improve group-wide profitability." This year we add a new challenge of "to strengthen comprehensive media strategies." By so doing, we will strive to maximize the value of media content by making full use of various kinds of media including terrestrial, BS, CS and radio broadcasting as well as the Internet and mobile devices. By leveraging the total strength of the Group and paving the way for the new age, we will seek to enhance the enterprise value and maximize the interest of all shareholders.

The Group will make all-out efforts to respond to the shareholders' mandate by establishing itself as the "best media group" in terms of delivering the "most powerful contents," and by achieving sustained growth. Continued support by the current and future shareholders will be much appreciated.

#### **(7) Main Business Activities (As of March 31, 2013)**

The core activities of the Group are television and radio broadcasting, and the production and sales of video and audio software and cultural events. Other areas of activity include maintenance, 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, 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, mail-order marketing, retail of general merchandise, 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 control services, parking lot management, equipment leasing, insurance agency services, real estate leasing etc.

**(8) Principal Sales Office (As of March 31, 2013)**

## 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., Art Communication Systems, Inc., TBS Kikaku Co., Ltd., TBS Sun Work, Inc., TBS Media Research Institute Inc., Akasaka Heat Supply Co., Ltd., OXYBOT, Inc., TC Entertainment, Inc., BS-TBS, INC., FF TOHO Inc., TBS TriMedia, Inc., Akasaka Graphics Art, Inc., Dreamax Television Inc., Grand Marché, Inc., TBS ProNex, Inc., TBS-TEX, Co., Ltd., Jasc, Inc., VuCast, Inc.	Minato-ku, Tokyo
StylingLife Holdings Inc. (Note 2) LightUp Shopping Club Inc. CP Cosmetics Inc. (Note 3)	Shinjuku-ku, Tokyo
Maxim's de Paris Corporation (Note 4)	Chuo-ku, Tokyo
Midoriyama Studio City 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: StylingLife Holdings Inc. operates a nationwide store network in Japan consisting of 77 Plaza stores, etc. and has its main plant in Yaizu City, Shizuoka Prefecture.

Note 3: 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 4: Maxim's de Paris Corporation also has principal sales offices in Minato-ku, Tokyo.

**(9) Work Force (As of March 31, 2013)**

Segment	Number of employees	Change since end of previous fiscal year
Broadcasting	2,569	Increase of 14
Multi Visual Ventures and Cultural Events	2,232	Decrease of 38
Real Estate	87	Decrease of 46
Corporate (shared)	346	Increase of 33
Total	5,234	Decrease of 37

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

**(10) Main Lenders (As of March 31, 2013)**

Lender	Amount
Syndicated loan (1)	¥16.80 billion
Syndicated loan (2)	¥13.20 billion
Syndicated loan (3)	¥10.20 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 nine financial institutions, with the Sumitomo Mitsui Banking Corporation and The Bank of Tokyo-Mitsubishi UFJ, Ltd. acting as arrangers.

Note 3: The syndicated loan (3) was provided by six financial institutions, with the Sumitomo Mitsui Banking Corporation acting as an arranger.

Note 4: StylingLife Holdings, Inc., a consolidated subsidiary, has signed contracts with multiple financial institutions to establish a ¥5.5 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 nil, and the available balance is ¥5.5 billion)

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

### (1) Common Stock (As of March 31, 2013)

1. Total Number of Shares Issuable 400,000,000 shares
2. Issued Number of Shares 190,434,968 shares  
(no change from the end of the previous fiscal year)
3. Number of Shareholders 14,276  
(an increase of 1,576 compared with the end of the previous fiscal year)

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

Shareholders	Number of shares held (shares)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (Pension Account-Pension Trust Account held for DENTSU INC.)	9,310,500	6.09
The Master Trust Bank of Japan, Ltd. (Trust Account)	8,729,500	5.71
Nippon Life Insurance Company	6,257,735	4.09
Mainichi Broadcasting System, Inc.	6,166,000	4.03
Sumitomo Mitsui Banking Corporation	5,745,267	3.76
Mitsui Fudosan Co., Ltd.	5,713,728	3.74
MITSUI & CO., LTD.	4,288,000	2.80
BIC CAMERA INC.	4,190,000	2.74
Kodansha Ltd.	3,771,200	2.47
Panasonic Corporation	3,083,180	2.02

Note 1: The Company holds treasury stock of 37,803,516 shares as of March 31, 2013; however, it is excluded from the list of major shareholders shown above.

Note 2: Percentage of shares held was calculated excluding treasury stock and 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 8.73%.

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.

## (2) Corporate Officers

### 1. Directors and Audit & Supervisory Board Members (As of March 31, 2013)

Position	Name	Areas of responsibility
Chairman and Representative Director	Hiroshi Inoue	
Vice Chairman and Representative Director	Keizo Zaitso	
President and Representative Director	Toshichika Ishihara	(Office of Internal Business Audit)
Senior Managing Director	Shinji Takeda	In charge of Overall Sales and Programming of Television Business In charge of Business Innovation Office
Managing Director	Ichiro Nobukuni	In charge of Overall Site Operations of Television Business
Managing Director	Toshiei Toyonaka	In charge of Overall Technology of Television Business
Director	Tetsuya Fujita	In charge of President's Office, Office of Compliance, Administration Office and Human Resources and Labor Division
Director	Kazuhiro Namba	In charge of Programming of Television Business
Director	Yoshikazu Kato	In charge of Finance Division and Group Management and Planning Division
Director	Makoto Hoshino	In charge of News and Information of Television Business
Director	Ryoichi Nitta	In charge of Multi Visual Ventures and Cultural Events of Television Business
Director	Kazuo Hiramoto	
Director	Masahiro Yamamoto	
Director	Shouei Utsuda	
Director	Tatsuyoshi Takashima	
Director	Yutaka Asahina	
Standing Statutory Audit & Supervisory Board Member	Kunio Ogawa	
Standing Statutory Audit & Supervisory Board Member	Takafumi Kannari	
Audit & Supervisory Board Member	Keiichiro Okabe	
Audit & Supervisory Board Member	Takeo Tanaka	
Audit & Supervisory Board Member	Yasushi Akashi	

Note 1: At the 85th Ordinary General Meeting of Shareholders held on June 28, 2012, Mr. Toshiei Toyonaka, Mr. Yoshikazu Kato, Mr. Makoto Hoshino, and Mr. Ryoichi Nitta were newly elected as Directors and assumed the office. Upon completion of their term, Mr. Yukio Kinugasa, Mr. Yasuyoshi Ishikawa, Mr. Kiyoshi Wakabayashi and Mr. Takafumi Kannari retired from the office of Director, respectively, on June 28, 2012.

- Note 2: At the meeting of the Board of Directors held on June 28, 2012, Mr. Toshiei Toyonaka was newly elected as Managing Director, and he assumed the office.
- Note 3: At the 85th Ordinary General Meeting of Shareholders held on June 28, 2012, Mr. Takafumi Kannari was newly elected as Audit & Supervisory Board Member and assumed the office. Upon completion of his term, Mr. Tadaaki Oda retired from the office of Standing Statutory Audit & Supervisory Board Member on June 28, 2012.
- Note 4: At the meeting of the Audit & Supervisory Board held on June 28, 2012, Mr. Takafumi Kannari was newly elected as Standing Statutory Audit & Supervisory Board Member, and he assumed the office.
- Note 5: The responsibilities of the Directors were changed as follows, effective April 1, 2013, after the end of the fiscal year under review.

Senior Managing Director	Shinji Takeda	In charge of Overall Site Operations of Television Business In charge of Business Innovation Office
Managing Director	Ichiro Nobukuni	In charge of Overall Businesses, Office of Compliance, Administration Office and Finance Division
Director	Tetsuya Fujita	In charge of President's Office, Human Resources and Labor Division and Group Management and Planning Division
Director	Kazuhiro Namba	In charge of Multi Visual Ventures and Cultural Events of Television Business
Director	Yoshikazu Kato	In charge of Production, News and Information of Television Business
Director	Makoto Hoshino	In charge of sales of Television Business
Director	Ryoichi Nitta	In charge of Programming of Television Business

- Note 6: Among the Directors, Mr. Masahiro Yamamoto, Mr. Shouei Utsuda, Mr. Tatsuyoshi Takashima and Mr. Yutaka Asahina are Outside Directors.
- Note 7: Among the Audit & Supervisory Board Members, Mr. Keiichiro Okabe, Mr. Takeo Tanaka and Mr. Yasushi Akashi are Outside Audit & Supervisory Board Members.
- Note 8: The Company has registered Directors, Mr. Shouei Utsuda and Mr. Yutaka Asahina, and Audit & Supervisory Board Members, Mr. Keiichiro Okabe, Mr. Takeo Tanaka, and Mr. Yasushi Akashi as independent directors/audit & supervisory board members with the Tokyo Stock Exchange.
- Note 9: Standing Statutory Audit & Supervisory Board Member, Mr. Takafumi Kannari has an experience as General Manager of Finance Division and Director in charge of accounting at the Company and has considerable knowledge of finance and accounting.
- Note 10: Audit & Supervisory Board Member, 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 11: Audit & Supervisory Board Member, 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 12: Important positions of other organizations concurrently assumed by Directors and Audit & Supervisory Board Members relevant to the fiscal year under review are as follows:

Category	Name	Company in which Directors and Audit & Supervisory Board Members of the Company hold a concurrent position	Concurrent position held	Specific notes
Directors	Hiroshi Inoue	The Japan Commercial Broadcasters Association (JBA)	President	
		Tokyo Broadcasting System Television, Inc.	Chairman and Representative Director	
		Mainichi Broadcasting System, Inc. Tokyo Electron Ltd.	Outside Director Outside Director	
	Keizo Zaitso	Tokyo Broadcasting System Television, Inc.	Vice Chairman and Director	
	Toshichika Ishihara	Tokyo Broadcasting System Television, Inc.	President and Representative Director	
		RKB Mainichi Broadcasting Corp. The Mainichi Newspapers Group Holdings, Co., Ltd.	Outside Audit & Supervisory Board Member Outside Director	
	Shinji Takeda	Tokyo Broadcasting System Television, Inc.	Senior Managing Director	
		StylingLife Holdings Inc. SKY Perfect JSAT Holdings Inc.	Outside Director Outside Audit & Supervisory Board Member	
	Ichiro Nobukuni	Tokyo Broadcasting System Television, Inc.	Managing Director	
		StylingLife Holdings Inc. WOWOW INC.	Outside Director Outside Director	
	Toshiei Toyonaka	Tokyo Broadcasting System Television, Inc.	Managing Director	
		Broadcasting System of Niigata Inc.	Outside Director	
	Tetsuya Fujita	Tokyo Broadcasting System Television, Inc.	Director	
Kazuhiro Namba	Tokyo Broadcasting System Television, Inc.	Director		
Yoshikazu Kato	Tokyo Broadcasting System Television, Inc.	Director		
	TBS Radio & Communications, Inc. BS-TBS, INC.	Director and Chairman Director	Resigned from the office of Director and Chairman of TBS Radio & Communications, Inc. on March 31, 2013	
Makoto Hoshino	Tokyo Broadcasting System Television, Inc.	Director		
Ryoichi Nitta	Tokyo Broadcasting System Television, Inc.	Director		
Kazuo Hiramoto	BS-TBS, INC.	President and Representative Director		
Masahiro Yamamoto	Tokyo Broadcasting System Television, Inc.	Outside Director		
	Mainichi Broadcasting System, Inc.	Supreme Advisor		



Category	Name	Company in which Directors and Audit & Supervisory Board Members of the Company hold a concurrent position	Concurrent position held	Specific notes
	Shouei Utsuda	Tokyo Broadcasting System Television, Inc. MITSUI & CO., LTD.	Outside Director Director and Chairman	
	Tatsuyoshi Takashima	Tokyo Broadcasting System Television, Inc. DENTSU INC. Japan Advertising Agencies Association	Outside Director Chairman President	
	Yutaka Asahina	Tokyo Broadcasting System Television, Inc. The Mainichi Newspapers Group Holdings, Co., Ltd. The Mainichi Newspapers Co., Ltd. Mainichi Broadcasting System, Inc. RKB Mainichi Broadcasting Corp.	Outside Director President and Representative Director President and Representative Director Outside Director Outside Director	
Audit & Supervisory Board Members	Kunio Ogawa	Tokyo Broadcasting System Television, Inc. TBS Radio & Communications, Inc.	Audit & Supervisory Board Member Audit & Supervisory Board Member	
	Takafumi Kannari	Tokyo Broadcasting System Television, Inc. StylingLife Holdings Inc.	Audit & Supervisory Board Member Outside Audit & Supervisory Board Member	
	Keiichiro Okabe	Tokyo Broadcasting System Television, Inc. COSMO OIL CO., LTD.	Outside Audit & Supervisory Board Member Honorary Chairman, Director	
	Takeo Tanaka	Tokyo Broadcasting System Television, Inc.	Outside Audit & Supervisory Board Member	
	Yasushi Akashi	Tokyo Broadcasting System Television, Inc. International House of Japan JOICFP Peace-Building, Rehabilitation and Reconstruction in Sri Lanka	Outside Audit & Supervisory Board Member Chairman President Representative of the Government of Japan	

- Mr. Ichiro Nobukuni assumed the office of Director and Chairman of TBS Radio & Communications, Inc. on April 1, 2013, after the end of the fiscal year under review.

## 2. Amounts of Fees etc. Paid to Directors and Audit & Supervisory Board Members

Category	Recipients	Total amount of fees etc.
Directors (subtotal: outside directors)	18 (4)	¥492 million (¥33 million)
Audit & Supervisory Board Members (subtotal: outside audit & supervisory board members)	6 (3)	¥75 million (¥25 million)

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

Note 2: The amounts of fees, etc. include directors' bonuses totaling ¥62 million (including a total of ¥4 million for the four outside directors) and audit & supervisory board members' bonuses totaling ¥8 million (including a total of ¥3 million for the three outside audit & supervisory board members), in accordance with a proposal concerning directors' bonuses to be submitted to the 86th Ordinary General Meeting of Shareholders, which is scheduled for June 27, 2013.

Note 3: 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 audit & supervisory board members' fees.

Note 4: Outside directors and outside audit & supervisory board members, 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 9 out of 12, Mr. Shouei Utsuda attended 9 out of 12, Mr. Tatsuyoshi Takashima attended 8 out of 12, and Mr. Yutaka Asahina attended 11 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 Audit & Supervisory Board Members

There were 12 meetings of the Board of Directors and 10 meetings of the Audit & Supervisory Board in the fiscal year under review, of which Mr. Keiichiro Okabe attended 10 and 10, respectively, and Mr. Takeo Tanaka attended 12 and 10, respectively. Mr. Yasushi Akashi attended 11 and 9, respectively. All three outside audit & supervisory board members 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 audit & supervisory board members.

The general intent of the limited liability agreement that the Company entered into with each of the outside directors and outside audit & supervisory board members pursuant to the Articles of Incorporation is as follows:

- The liability of an outside director or an outside audit & supervisory board member 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 audit & supervisory board member 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 Audit & Supervisory Board Members Mr. Keiichiro Okabe, Mr. Takeo Tanaka and Mr. Yasushi Akashi concurrently serve as Outside Audit & Supervisory Board Members 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.
- 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 serves as Chairman.
- 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

(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	¥44 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	¥86 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) Non-Audit Services

The Company paid fees to the accounting auditor for accounting training courses for directors of Group companies, which is not a service stipulated under Article 2, Paragraph 1 of the Certified Public Accountants Law of Japan.

(iv) 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 Audit & Supervisory Board of the Company will dismiss the accounting auditor, subject to approval by all audit & supervisory board members.

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 Audit & Supervisory Board, 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 radio 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 audit & supervisory board members 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 Audit & Supervisory Board, formed by standing statutory audit & supervisory board members and outside audit & supervisory board members. The important subsidiary, Tokyo Broadcasting System Television, Inc. does not set the Audit & Supervisory Board but is audited by outside audit & supervisory board members 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 audit & supervisory board members 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 the 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 the 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., broadcasters under its umbrella, 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 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, aim the penetration of formulation and operation of internal control systems, and straighten the system to maintain the soundness of the parent and subsidiary relationships in the Group.
- (f) Each company within the Group will participate in the TBS Hotline and set out and operate a structure to raise awareness of the participation.
- (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 Audit & Supervisory Board Members**

- 1. Items Pertaining to Employees in the Audit & Supervisory Board Member Support Organization and the Independence of those Employees from Directors
  - (a) We will ensure that the Office of Audit & Supervisory Board Members is able to function as a support unit for the activities of the audit & supervisory board members, and we will maintain regulations pertaining to the employees who provide that support.
  - (b) The Audit & Supervisory Board will establish an Audit & Supervisory Board Headquarters if required, such as when there are matters requiring investigation by the audit & supervisory board members. Employees nominated by the Audit & Supervisory Board will provide assistance to the Audit & Supervisory Board Headquarters or the audit & supervisory board members.
  - (c) The approval of the audit & supervisory board members will be obtained for personnel appraisals and transfers of employees who assist in the work of the audit & supervisory board members, and for any disciplinary action against such employees.
- 2. Systems for Reporting to the Audit & Supervisory Board Members by Directors and Employees and for Other Reports to the Audit & Supervisory Board Members
  - (a) The directors and employees will report to Audit & Supervisory Board Members whenever there are important matters affecting operations or performance.
  - (b) The Audit & Supervisory Board Members 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 Audit & Supervisory Board Members can be informed of any compliance issues, including violations of laws and regulations.
  - (d) The Audit & Supervisory Board Members will receive reports on the results of internal audits conducted by the Office of Internal Business Audit.
  - (e) The Audit & Supervisory Board Members can attend important meetings, peruse documents concerning important decisions, and require directors to provide reports concerning the

performance of operations. If necessary, the Audit & Supervisory Board Members can also hold direct hearings in any department.

- (f) The Audit & Supervisory Board Members, 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 Medium-term Management Plan 2015,” 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 10, 2013.

### **(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 radio 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 and affiliates 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 Medium-term Management Plan 2015" on May 10, 2013 as a new medium-term management plan of the Group.

## **(2) Raising Corporate Value and Maximizing the Common Interests of Shareholders under the Group Medium-term Management Plan 2015**

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 formulated "V! up Plan" in 2006 as a medium-term management plan of the Group and worked on the implementation of the plan from that time. Then the Company revised the medium-term management plan to "Group Management Plan 2014" and worked on the implementation of the revised plan during the period leading to 2014. Now, after taking into account the development and evolution of digital devices along with the changes to the business environment, the Company has newly formulated "Group Medium-term Management Plan 2015."

Through "Group Medium-term Management Plan 2015," 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.

## **(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. 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 Directors 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 Audit & Supervisory Board 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 audit & supervisory board members, 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. 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 resolution approved at the 2007 shareholders' meeting.

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 audit & supervisory board members and outside experts, shall give advice about triggering or not triggering the countermeasures, 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, 2013)

(Millions of yen)

ASSETS		LIABILITIES	
<b>Current assets:</b>	<b>139,130</b>	<b>Current liabilities:</b>	<b>96,090</b>
Cash and deposits	68,243	Notes and accounts payable-trade	34,814
Notes and accounts receivable-trade	37,568	Current portion of long-term loans payable	31,200
Inventories	15,905	Accounts payable-other	11,431
Prepaid expenses	6,477	Income taxes payable	3,982
Deferred tax assets	5,044	Accrued consumption taxes	684
Other current assets	6,030	Accrued expenses	5,761
Allowance for doubtful accounts	(139)	Provision for directors' bonuses	191
		Provision for measures associated with the relocation of transmitting station	1,080
<b>Noncurrent assets:</b>	<b>420,496</b>	Other current liabilities	6,944
<b>Property, plant and equipment: (1&amp;3)</b>	<b>212,030</b>	<b>Noncurrent liabilities:</b>	<b>119,062</b>
Buildings and structures	107,213	Bonds payable	50,000
Machinery, equipment and vehicles	8,526	Long-term loans payable	26,000
Tools, furniture and fixtures	2,150	Provision for retirement benefits	13,431
Land	84,554	Deferred tax liabilities	12,681
Lease assets	2,837	Other noncurrent liabilities	16,948
Construction in progress	6,748		
		<b>Total liabilities</b>	<b>215,152</b>
		<b>NET ASSETS</b>	
<b>Intangible assets:</b>	<b>29,178</b>	<b>Shareholders' equity:</b>	<b>295,150</b>
Software	4,768	Capital stock	54,986
Goodwill	22,360	Capital surplus	60,254
Lease assets	347	Retained earnings	228,882
Other intangible assets	1,702	Treasury stock	(48,973)
		<b>Accumulated other comprehensive income:</b>	<b>33,314</b>
<b>Investments and other assets:</b>	<b>179,286</b>	Valuation difference on available-for-sale securities	33,468
Investment securities	164,463	Deferred gains or losses on hedges	(46)
Deferred tax assets	1,706	Foreign currency translation adjustment	(106)
Other investments and other assets	13,845	<b>Minority interests</b>	<b>16,008</b>
Allowance for doubtful accounts	(728)		
		<b>Total net assets</b>	<b>344,473</b>
<b>Total assets</b>	<b>559,626</b>	<b>Total liabilities and net assets</b>	<b>559,626</b>

**Consolidated Statements of Income**  
(Fiscal Year from April 1, 2012 to March 31, 2013)

(Millions of yen)

Accounting Item	Amount	
Net sales		352,351
Cost of sales		245,187
<b>Gross profit</b>		<b>107,164</b>
Selling, general and administrative expenses		90,975
<b>Operating income</b>		<b>16,188</b>
Non-operating income		
Interest and dividends income	2,684	
Equity in earnings of affiliates	43	
Other non-operating income	811	3,538
Non-operating expenses		
Interest expenses	1,308	
Other non-operating expenses	747	2,055
<b>Ordinary income</b>		<b>17,671</b>
Extraordinary income		
Gain on bargain purchase	126	
Gain on sales of investment securities	1	127
Extraordinary loss		
Loss on measures associated with the relocation of transmitting station	1,377	
Loss on valuation of investment securities	716	
Impairment loss	711	
Office transfer expenses	518	
Loss on revision of retirement benefit plan	67	3,392
<b>Income before income taxes</b>		<b>14,407</b>
<b>Income taxes-current</b>	<b>5,363</b>	
<b>Income taxes-deferred</b>	<b>(1,979)</b>	<b>3,383</b>
<b>Income before minority interests</b>		<b>11,023</b>
<b>Minority interests in income</b>		<b>1,850</b>
<b>Net income</b>		<b>9,173</b>



**Consolidated Statements of Changes in Net Assets**  
(Fiscal Year from April 1, 2012 to March 31, 2013)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2012	54,986	60,254	222,303	(48,972)	288,572
Changes of items during the period					
Dividends from surplus			(2,594)		(2,594)
Net income			9,173		9,173
Purchase of treasury stock				(1)	(1)
Net changes of items other than shareholders' equity					
Total changes of items during the period	–	–	6,578	(1)	6,577
Balance at March 31, 2013	54,986	60,254	228,882	(48,973)	295,150

	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 April 1, 2012	20,329	(357)	(186)	19,785	14,238	322,597
Changes of items during the period						
Dividends from surplus						(2,594)
Net income						9,173
Purchase of treasury stock						(1)
Net changes of items other than shareholders' equity	13,138	310	79	13,528	1,769	15,298
Total changes of items during the period	13,138	310	79	13,528	1,769	21,875
Balance at March 31, 2013	33,468	(46)	(106)	33,314	16,008	344,473

# Notes to Consolidated Financial Statements

## Basis of Preparing Consolidated Financial Statements

### 1. Scope of Consolidation

#### (1) Consolidated Subsidiaries

Number of consolidated subsidiaries: 29

Names of principal consolidated subsidiaries

Principal subsidiaries are as listed in Business Report 1. The Current Position of Tokyo Broadcasting System Holdings, Inc. and its Subsidiaries (5).

On October 1, 2012, Akasaka Video Center Co., Ltd. and Pro Cam., Inc., which are consolidated subsidiaries of the Company, conducted an absorption-type merger with Pro Cam., Inc. as the surviving company, changing the company name to TBS-TEX, Co., Ltd. On October 1, 2012, Telecom Sounds, Inc., a consolidated subsidiary of the Company, conducted an absorption type merger with TAC Corporation, a non-consolidated subsidiary of the Company, with TAC Corporation as the surviving company, changing the company name to TBS ProNex, Inc. They are included in the scope of consolidation.

#### (2) Non-consolidated Subsidiaries

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

The 25 non-consolidated subsidiaries are all minor in terms of various items, including total assets, net sales, net income/loss (based on the Company's share interest) 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: 3

TOTSU Inc., TLC Inc. and Tomo-Digi Corp.

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

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

The 25 non-consolidated subsidiaries and 37 affiliated companies are all minor in terms of net income/loss (based on the Company's share interest) 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 cost.

### 3. Fiscal Year Ends of Consolidated Subsidiaries

Tokyo Broadcasting System International Inc. and B&C Laboratories (China) Inc. had fiscal years that ended on December 31, 2012. The consolidated financial statements were prepared using their financial statements as of their term-ends and have been adjusted to reflect important transactions that took place between the term-ends of those companies and March 31, 2013.

### 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)

(Changes in accounting policies that are difficult to distinguish from changes in accounting estimates)

Pursuant to a revision to the Corporation Tax Act, the Company and its consolidated subsidiaries in Japan have changed the depreciation method for property, plant and equipment acquired on or after April 1, 2012 based on the revised Act from the fiscal year under review.

As a result of this change, operating income, ordinary income and income before income taxes and minority interests in the fiscal year under review increased by ¥207 million, respectively, compared to figures calculated using the previous method.

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 and loans receivable, 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 audit & supervisory board members based on the amount estimated at the end of the fiscal year.

c. Provision for measures associated with the relocation of transmitting station:

The Company provides a provision based on a reasonable estimate of the cost of measures to handle transmission disruption associated with the relocation of the TV transmitter station from Tokyo Tower to the Tokyo Skytree.

d. 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, and prior service cost 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, in principle, 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.

## Consolidated Balance Sheets

- |    |  |                       |
|----|--|-----------------------|
| 1. | Accumulated depreciation of property, plant and equipment  | ¥185,845 million      |
|    | Accumulated depreciation of property, plant and equipment includes accumulated impairment loss.  |                       |
| 2. | Guarantee liabilities  |                       |
|    | Employees' housing loans   | ¥3,578 million        |
|    | Joint guarantee on lease agreement for RCC Broadcasting Co., Ltd.  | ¥150 million          |
|    | Joint guarantee on lease agreement for i-Television Inc.   | <u>¥131 million</u>   |
|    | Total  | <u>¥3,859 million</u> |
| 3. | Amount deducted from acquisition prices of property, plant and equipment for state subsidies etc. received   | ¥2,355 million        |
| 4. | Commitment Line Agreement  |                       |
|    | StylingLife Holdings Inc., a consolidated subsidiary, has commitment line agreements with multiple financial institutions in order to secure flexible funding for 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   | ¥5,500 million        |
|    | <u>Balance of borrowings</u>   | <u>—</u>              |
|    | Difference   | <u>¥5,500 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 Beginning of Fiscal Year under Review	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)	38,225,599	1,195	–	38,226,794
Total	38,225,599	1,195	–	38,226,794

Note: The increase of common stock in treasury stock is due to 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 28, 2012	Common stock	1,526	10	Mar. 31, 2012	Jun. 29, 2012
Board of Directors' meeting on November 1, 2012	Common stock	1,068	7	Sep. 30, 2012	Dec. 7, 2012

#### (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 27, 2013	Common stock	1,678	Retained earnings	11	Mar. 31, 2013	Jun. 28, 2013

## 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 mainly to provide funds for working capital, capital investments, business finance 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, 2013 (the consolidated balance sheets date) are as follows:

	(Millions of yen)		
	Consolidated balance sheets amount (*)	Fair value (*)	Difference
(1) Cash and Deposits	68,243	68,243	-
(2) Notes and Accounts Receivable-trade	37,568	37,568	-
(3) Investment Securities			
Available-for-sale Securities	136,808	136,808	-
(4) Notes and Accounts Payable-trade	(34,814)	(34,814)	-
(5) Accounts Payable-other	(11,431)	(11,431)	-
(6) Bonds Payable	(50,000)	(51,154)	(1,154)
(7) Long-term Loans Payable	(57,200)	(58,251)	(1,051)
(8) Derivative Transactions	(84)	(84)	-

(\*) 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) 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.

##### (6) Bonds payable

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

##### (7) 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.

##### (8) 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 ¥27,655 million) are not included in "(3) Investment securities," since the fair values thereof are deemed extremely difficult to determine because no market price is available and it is impossible to estimate future cash flows.

#### 3. Long-term loans payable include ¥ 31,200 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 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
88,272	221,801

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 ¥2,158.00
2. Net income per share ¥60.27

## Non-Consolidated Balance Sheets

(As of March 31, 2013)

(Millions of yen)

ASSETS		LIABILITIES	
<b>Current assets:</b>	<b>65,484</b>	<b>Current liabilities:</b>	<b>130,750</b>
Cash and deposits	63,138	Accounts payable-trade (3)	951
Accounts receivable-trade (3)	537	Short-term loans payable to subsidiaries and affiliates (3)	98,505
Programs	221	Current portion of long-term loans payable	30,000
Short-term loans receivable from subsidiaries and affiliates (3)	273	Accounts payable-other (3)	114
Prepaid expenses	40	Income taxes payable	316
Accounts receivable-other (3)	590	Accrued consumption taxes	72
Deferred tax assets	764	Accrued expenses	610
Other current assets	21	Provision for directors' bonuses	70
Allowance for doubtful accounts	(103)	Other current liabilities	108
<b>Noncurrent assets:</b>	<b>448,299</b>	<b>Noncurrent liabilities:</b>	<b>98,171</b>
<b>Property, plant and equipment:</b>	<b>105,753</b>	Bonds payable	50,000
(1)		Long-term loans payable	17,000
Buildings	49,751	Long-term deposits received (3)	13,389
Structures	1,630	Provision for retirement benefits	8,252
Machinery and equipment	506	Deferred tax liabilities	9,285
Vehicles	0	Other noncurrent liabilities	243
Tools, furniture and fixtures	487		
Land	53,373		
Construction in progress	2		
<b>Intangible assets:</b>	<b>308</b>	<b>Total liabilities</b>	<b>228,921</b>
Software	257	<b>NET ASSETS</b>	
Other intangible assets	51	<b>Shareholders' equity:</b>	<b>258,181</b>
<b>Investments and other assets:</b>	<b>342,237</b>	Capital stock	54,986
Investment securities	63,781	Capital surplus	56,693
Stocks of subsidiaries and affiliates	286,550	Legal capital surplus	55,026
Investments in capital of subsidiaries and affiliates	0	Other capital surplus	1,667
Long-term loans receivable	28	Gain on disposal of treasury stock	1,667
Long-term prepaid expenses	700	Retained earnings	195,455
Other investments and other assets	2,279	Legal retained earnings	4,217
Allowance for doubtful accounts	(314)	Other retained earnings	191,238
Allowance for investment devaluation	(10,789)	General reserve	186,312
		Retained earnings brought forward	4,926
		Treasury stock	(48,954)
		<b>Valuation and translation adjustments:</b>	<b>26,681</b>
		Valuation difference on available-for-sale securities	26,681
		<b>Total net assets</b>	<b>284,862</b>
<b>Total assets</b>	<b>513,784</b>	<b>Total liabilities and net assets</b>	<b>513,784</b>



**Non-Consolidated Statements of Income**  
(Fiscal Year from April 1, 2012 to March 31, 2013)

(Millions of yen)

Accounting Item	Amount	
Operating revenue (1)		
Rent income of real estate	14,993	
Other revenue	1,882	16,875
Operating expenses (1)		
Expenses of real estate rent	7,499	
Other business expenses	898	
General and administrative expenses	5,066	13,464
<b>Operating income</b>		<b>3,411</b>
Non-operating income		
Interest and dividends income (1)	1,843	
Other non-operating income (1)	58	1,901
Non-operating expenses		
Interest expenses (1)	1,345	
Other non-operating expenses	34	1,380
<b>Ordinary income</b>		<b>3,932</b>
Extraordinary income		
Gain on sales of investment securities	1	1
Extraordinary loss		
Loss on valuation of investment securities	54	
Loss on valuation of golf club membership	12	
Provision of allowance for investment devaluation	9	77
<b>Income before income taxes</b>		<b>3,856</b>
<b>Income taxes-current</b>	<b>207</b>	
<b>Income taxes-deferred</b>	<b>744</b>	<b>951</b>
<b>Net income</b>		<b>2,904</b>

**Non-Consolidated Statements of Changes in Net Assets**  
(Fiscal Year from April 1, 2012 to March 31, 2013)

(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
					General reserve	Retained earnings brought forward		
Balance at April 1, 2012	54,986	55,026	1,667	56,693	4,217	178,312	12,616	195,145
Changes of items during the period								
Provision of general reserve						8,000	(8,000)	—
Dividends from surplus							(2,594)	(2,594)
Net income							2,904	2,904
Purchase of treasury stock								
Net changes of items other than shareholders' equity								
Total changes of items during the period	—	—	—	—	—	8,000	(7,690)	309
Balance at March 31, 2013	54,986	55,026	1,667	56,693	4,217	186,312	4,926	195,455

	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 April 1, 2012	(48,953)	257,872	24,960	24,960	282,832
Changes of items during the period					
Provision of general reserve		—			—
Dividends from surplus		(2,594)			(2,594)
Net income		2,904			2,904
Purchase of treasury stock	(1)	(1)			(1)
Net changes of items other than shareholders' equity			1,721	1,721	1,721
Total changes of items during the period	(1)	308	1,721	1,721	2,029
Balance at March 31, 2013	(48,954)	258,181	26,681	26,681	284,862

# 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) Basis and method of valuation of inventories

##### a. Programs:

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

### 2. Method of Depreciation of Noncurrent Assets

Property, plant and equipment

Declining balance method (straight-line method for buildings)

(Changes in accounting policies that are difficult to distinguish from changes in accounting estimates)

Pursuant to a revision to the Corporation Tax Act, the Company has changed its depreciation method for property, plant and equipment acquired on or after April 1, 2012 based on the revised Act from the fiscal year under review.

As a result of this change, operating income, ordinary income and income before income taxes in the fiscal year under review increased by ¥10 million, respectively, compared to figures calculated using the previous method.

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 directors' bonuses

The Company provides a provision for bonus payments to directors and audit & supervisory board members for the estimated amount payable at the end of the fiscal year under review.

#### (3) 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.

(4) 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.

### Non-Consolidated Balance Sheets

1. Accumulated depreciation of property, plant and equipment	¥21,690 million
2. Guarantee liabilities	
Employees' housing loans	¥3,578 million
Joint guarantee on lease agreement for RCC Broadcasting Co., Ltd.	¥150 million
Joint guarantee on lease agreement for i-Television Inc.	<u>¥131 million</u>
Total	<u>¥3,859 million</u>
3. Short-term receivables from subsidiaries and affiliates	¥953 million
Short-term payables to subsidiaries and affiliates	¥98,778 million
Long-term payables to subsidiaries and affiliates	¥152 million

### Non-Consolidated Statements of Income

1. Transactions with subsidiaries and affiliates	
Operating revenue	¥2,562 million
Operating expenses	¥1,537 million
Transactions other than ordinary operation	¥1,918 million

### Non-Consolidated Statements of Changes in Net Assets

1. Class and number of shares of treasury stock

	Number of shares at beginning of fiscal year under review	Increase during fiscal year under review	Decrease during fiscal year under review	Number of shares at end of fiscal year under review
Common stock	37,802,321	1,195	–	37,803,516
Total	37,802,321	1,195	–	37,803,516

Note: The increase of common stock in treasury stock is due to the purchase of less-than-one-unit shares.

## Tax Effect Accounting

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

	Millions of yen
Deferred tax assets—current	
Accrued enterprise taxes	110
Accrued bonuses	88
Loss carried forward	558
Others	<u>43</u>
Subtotal	800
Valuation reserve	<u>(36)</u>
Total	<u>764</u>
Deferred tax assets—noncurrent (Deferred tax liabilities—noncurrent)	
Investment securities	4,541
Provision for retirement benefits	2,941
Valuation difference on available-for-sale securities	(14,247)
Loss carried forward	1,730
Others	<u>679</u>
Subtotal	(4,353)
Valuation reserve	<u>(4,931)</u>
Total	<u>(9,285)</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 (adjusted)	38.01%
Entertainment expenses	1.70%
Dividends income	(12.39%)
Increase (decrease) in valuation reserve	(4.61%)
Others	<u>1.97%</u>
Effective income tax rate after applying tax effect accounting	<u>24.68%</u>

## Transactions with Related Parties

### (1) 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)  Interest expenses (Note 1)	5,540 (Note 2)  163	Short-term loans payable to subsidiaries and affiliates	60,963
Subsidiary	BS-TBS, INC.	Directly owning: 51.9%	Sharing of officers Borrowing of funds	Borrowings (Note 1)	698 (Note 2)	Short-term loans payable to subsidiaries and affiliates	7,582

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. The figures in the “amount” column do not include consumption taxes.

### Per Share Information

- |                         |           |
|-------------------------|-----------|
| 1. Net assets per share | ¥1,866.34 |
| 2. Net income per share | ¥19.03    |

## Independent Auditors' Report (Consolidated Statutory Report)

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

### Independent Auditors' Report

May 7, 2013

The Board of Directors  
Tokyo Broadcasting System Holdings, Incorporated

KPMG AZSA LLC

Takaya Abe  
Designated and Engagement Partner  
Certified Public Accountant

Yutaka Toryuu  
Designated and Engagement Partner  
Certified Public Accountant

Tetsuaki Noda  
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, 2013 and for the year from April 1, 2012 to March 31, 2013 in accordance with Article 444 (4) of the Companies Act.

Responsibility of Management for the Consolidated Statutory Report etc.

Management is responsible for the preparation and fair presentation of the consolidated statutory report in accordance with accounting standards generally accepted in Japan. The responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated statutory report that are free from material misstatement due to fraud or error.

Responsibility of the Auditor

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 develop the audit plan and conduct audit on the basis of it so as to obtain reasonable assurance about whether the consolidated statutory reports are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated statutory report. The procedure selected depends on the auditor's judgment including the assessment of the risks of material misstatement of the consolidated statutory report due to fraud or error. In making those risk assessments, the auditor considers those internal controls that are relevant to the entity's preparation and fair presentation of the consolidated statutory report in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit 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 we have obtained sufficient and appropriate audit evidence to serve as a basis for our opinion.

**Audit 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.

**Interests**

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.



## Independent Auditors' Report (Statutory Report)

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

### Independent Auditors' Report

May 7, 2013

The Board of Directors  
Tokyo Broadcasting System Holdings, Incorporated

KPMG AZSA LLC

Takaya Abe  
Designated and Engagement Partner  
Certified Public Accountant

Yutaka Toryuu  
Designated and Engagement Partner  
Certified Public Accountant

Tetsuaki Noda  
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, 2013 and for the year from April 1, 2012 to March 31, 2013 in accordance with Article 436 (2) (a) of the Companies Act.

Responsibility of Management for the Statutory Report etc.

Management is responsible for the preparation and fair presentation of the statutory report and supporting schedules in accordance with accounting standards generally accepted in Japan. The responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the statutory report and supporting schedules that are free from material misstatement due to fraud or error.

Responsibility of the Auditor

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 develop the audit plan and conduct audit on the basis of it so as to obtain reasonable assurance about whether the statutory report and supporting schedules are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statutory report and supporting schedules. The procedure selected depends on the auditor's judgment including the assessment of the risks of material misstatement of the statutory report and supporting schedules due to fraud or error. In making those risk assessments, the auditor considers those internal controls that are relevant to the entity's preparation and fair presentation of the statutory report and supporting schedules in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit 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 we have obtained sufficient and appropriate audit evidence to serve as a basis for our opinion.

**Audit 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.

**Interests**

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.

## Audit & Supervisory Board' Report

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

### AUDIT REPORT

The Audit & Supervisory Board has received the reports of the business performance of the directors during the 86th business term from April 1, 2012 through March 31, 2013 from each of the audit & supervisory board members. After discussing the reports we have prepared this Audit Report and report as follows.

#### 1. Method and Details of Audit Performed by Audit & Supervisory Board Members and the Audit & Supervisory Board

The Audit & Supervisory Board established the audit policy and division of responsibilities, received reports on the status and results of audits from audit & supervisory board members, received reports on the status of execution of duties from directors and independent auditors, and requested explanations when necessary.

Each of the Audit & Supervisory Board Members, in accordance with the auditing standards established by the Audit & Supervisory Board, 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 on the status with respect to 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, as shown in the Business Report, 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 of the Ordinances for Enforcement of the Companies Act and the status of the system based on such resolution (internal control system). When necessary, we expressed opinions. 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 10, 2013

Audit & Supervisory Board of  
Tokyo Broadcasting System Holdings, Incorporated

Standing Statutory Audit & Supervisory Board Member  
Kunio Ogawa

Standing Statutory Audit & Supervisory Board Member  
Takafumi Kannari

Outside Audit & Supervisory Board Member  
Keichiro Okabe

Outside Audit & Supervisory Board Member  
Takeo Tanaka

Outside Audit & Supervisory Board Member  
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 elements of revenues for the fiscal year under review and the financial conditions, 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:  
¥11 per share of common stock of the Company  
The total amount: ¥1,678,945,972
- (3) Effective date for dividends from surplus to shareholders:  
June 28, 2013

**Second Item of Business: Election of Sixteen (16) Directors**

The terms of all sixteen (16) Directors of the Company will expire at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, the Company would like shareholders to elect sixteen (16) Directors at this Ordinary General Meeting of Shareholders.

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> <p>Apr. 2012: President of the Japan Commercial Broadcasters Association (JBA) (to present)</p>	44,100 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</p> <p>Vice Chairman and Director of Tokyo Broadcasting System Television, Inc. (to present)</p> <p>Jun. 2011: Vice Chairman and Representative Director of the Company (to present)</p>	41,400 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>Jun. 2004: President and Representative Director of TBS Live Inc. (1)</p> <p>Oct. 2004: Director, General Manager of Head Office of Programming and Production Division, and Head Office of TBS News Division of the Company Managing Director of Tokyo Broadcasting System Television, Inc.</p> <p>Apr. 2007: Director of the Company</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>	35,900 shares
4.	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 Director of Tokyo Broadcasting System Television, Inc.</p> <p>Jun. 2009: Director and Chairman of TBS Radio &amp; Communications, Inc.</p> <p>Apr. 2011: Managing Director of the Company Managing Director of Tokyo Broadcasting System Television, Inc.</p> <p>Apr. 2012: Senior Managing Director of the Company (to present) In charge of Overall Site Operations of Television Business, and Business Innovation Office Senior Managing Director of Tokyo Broadcasting System Television, Inc. (to present)</p>	11,600 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
5.	Ichiro Nobukuni (Apr. 2, 1954)	<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 Managing Director of Tokyo Broadcasting System Television, Inc. (to present)</p> <p>Jun. 2011: Managing Director of the Company (to present)</p> <p>Apr. 2013: Director and Chairman of TBS Radio &amp; Communications, Inc. (to present) In charge of Overall Businesses, Office of Compliance, Administration Office, and Finance Division</p>	12,700 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.	Toshiei Toyonaka (Dec. 14, 1950)	<p>Apr. 1974: Joined the Company</p> <p>May 2002: General Manager of Station Technology Center, Technology Division</p> <p>May 2004: General Manager of Station Technology Center, Technology Division, Head Office of Technology Division</p> <p>Oct. 2004: General Manager of Station Technology Center, Technology Division, Head Office of Technology Division of Tokyo Broadcasting System Television, Inc.</p> <p>Apr. 2005: Deputy General Manager of Head Office of Technology Division of the Company General Manager of Technology Division, Head Office of Technology Division, and Station Technology Center of Tokyo Broadcasting System Television, Inc.</p> <p>Jun. 2005: General Manager of Technology Division, Head Office of Technology Division of Tokyo Broadcasting System Television, Inc.</p> <p>Apr. 2007: General Manager of Head Office of Technology Division of the Company General Manager of Head Office of Technology Division, and Technology Division of Tokyo Broadcasting System Television, Inc.</p> <p>Jun. 2007: Executive Officer, General Manager of Head Office of Technology Division of the Company Director, General Manager of Head Office of Technology Division, and Technology Division of Tokyo Broadcasting System Television, Inc.</p> <p>Jan. 2008: Director, General Manager of Head Office of Technology Division, Technology Division, and Production Technology Center of Tokyo Broadcasting System Television, Inc.</p> <p>May 2008: Director, General Manager of Head Office of Technology Division, and Technology Division of Tokyo Broadcasting System Television, Inc.</p> <p>Sep. 2008: Director, General Manager of Head Office of Technology Division, Technology Division, and Production Technology Center of Tokyo Broadcasting System Television, Inc.</p> <p>Oct. 2008: Director, General Manager of Head Office of Technology Division, and Technology Division of Tokyo Broadcasting System Television, Inc.</p> <p>Apr. 2009: Director, General Manager of Technology Division of Tokyo Broadcasting System Television, Inc.</p> <p>Jun. 2010: Director, Chief Engineer, and General Manager of Technology Division of Tokyo Broadcasting System Television, Inc. Director, Chief Engineer of Tokyo Broadcasting System Television, Inc.</p> <p>Apr. 2012: Executive Officer of the Company Managing Director, Chief Engineer of Tokyo Broadcasting System Television, Inc. (to present)</p> <p>Jun. 2012: Managing Director of the Company (to present) In charge of Overall Technology of Television Business</p>	4,200 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
7.	Tetsuya Fujita (Jun. 24, 1957)	<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.</p> <p>Apr. 2011: Executive Officer, General Manager of Human Resources and Labor Division of the Company</p> <p>Jun. 2011: Director, General Manager of Human Resources and Labor Division of the Company</p> <p>Apr. 2012: Director of the Company (to present) In charge of President's Office, Human Resources and Labor Division and Group Management and Planning Division Director of Tokyo Broadcasting System Television, Inc. (to present)</p>	2,000 shares
8.	Kazuhiro Namba (Jan. 1, 1958)	<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.</p> <p>Apr. 2011: Executive Officer of the Company</p> <p>Jun. 2011: Director of the Company (to present)</p> <p>Apr. 2012: Director of Tokyo Broadcasting System Television, Inc. (to present) In charge of Multi Visual Ventures and Cultural Events of Television Business</p>	4,700 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
9.	Yoshikazu Kato (May 28, 1956)	<p>Apr. 1979: Joined the Company</p> <p>May 2006: Director General of Head Office of Programming and Production Division</p> <p>Apr. 2007: Deputy General Manager of Head Office of Operation Division of the Company General Manager of Content Business Division, Head Office of Operation Division of Tokyo Broadcasting System Television, Inc.</p> <p>Aug. 2008: General Manager of Content Business Division, Head Office of Operation Division, and Media Business Center of Tokyo Broadcasting System Television, Inc.</p> <p>Jan. 2009: General Manager of Content Business Division, Head Office of Operation Division of Tokyo Broadcasting System Television, Inc.</p> <p>Apr. 2009: General Manager of Content Business Division of Tokyo Broadcasting System Television, Inc.</p> <p>Jun. 2009: Executive Officer of the Company President and Representative Director of TBS Radio &amp; Communications, Inc.</p> <p>Mar. 2012: Director of Tokyo Broadcasting System Television, Inc. (to present)</p> <p>Apr. 2012: Director and Chairman of TBS Radio &amp; Communications, Inc.</p> <p>Jun. 2012: Director of the Company (to present) In charge of Production, News and Information of Television Business</p>	9,127 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.	Makoto Hoshino (Apr. 27, 1955)	<p>Apr. 1980: Joined the Company</p> <p>Jun. 2005: General Manager of Edit Center, News Division, Head Office of Programming and Production Division of Tokyo Broadcasting System Television, Inc.</p> <p>Apr. 2007: Director General of Head Office of TBS News Division of the Company Director General of News Division, Head Office of Programming and Production Division of Tokyo Broadcasting System Television, Inc.</p> <p>Oct. 2007: Deputy General Manager of Head Office of Programming and Production Division of the Company General Manager of Information Production Division, Head Office of Programming and Production Division of Tokyo Broadcasting System Television, Inc.</p> <p>Mar. 2008: General Manager of Information Production Division, Head Office of Programming and Production Division, and Information Center of Tokyo Broadcasting System Television, Inc.</p> <p>Dec. 2008: Deputy General Manager of Head Office of TBS News and Information Division of the Company General Manager of Information Production Division, Head Office of News and Information Division, and Information Center of Tokyo Broadcasting System Television, Inc.</p> <p>Apr. 2009: General Manager of Information Production Division, and Information Center of Tokyo Broadcasting System Television, Inc.</p> <p>Jun. 2009: General Manager of Information Production Division, and Information Center, and Information Division III of Tokyo Broadcasting System Television, Inc.</p> <p>Jul. 2009: General Manager of Information Production Division of Tokyo Broadcasting System Television, Inc.</p> <p>May 2010: General Manager of News Division of Tokyo Broadcasting System Television, Inc.</p> <p>Mar. 2011: Director, General Manager of News Division of Tokyo Broadcasting System Television, Inc.</p> <p>Apr. 2012: Executive Officer of the Company Director of Tokyo Broadcasting System Television, Inc. (to present)</p> <p>Jun. 2012: Director of the Company (to present) In charge of sales of Television Business</p>	7,600 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
11.	Ryoichi Nitta (Apr. 5, 1957)	<p>Apr. 1980: Joined the Company</p> <p>Mar. 2008: Deputy General Manager of Head Office of Sales Division of the Company General Manager of Sales Division, Head Office of Sales Division, and Sales Promotion Center of Tokyo Broadcasting System Television, Inc.</p> <p>Mar. 2009: General Manager of Sales Division, Head Office of Sales Division of Tokyo Broadcasting System Television, Inc.</p> <p>Apr. 2009: General Manager of Sales Division of Tokyo Broadcasting System Television, Inc.</p> <p>May 2010: General Manager of Media Business Division of Tokyo Broadcasting System Television, Inc.</p> <p>Mar. 2011: Director, General Manager of Media Business Division of Tokyo Broadcasting System Television, Inc.</p> <p>Apr. 2012: Executive Officer of the Company Director of Tokyo Broadcasting System Television, Inc. (to present)</p> <p>Jun. 2012: Director of the Company (to present) In charge of Programming of Television Business</p>	11,300 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. (2) (to present)</p>	18,500 shares
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: Director of the Company (to present) President and Representative Director of Mainichi Broadcasting System, Inc.</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>	— 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
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: Director of the Company (to present)</p> <p>Apr. 2009: Chairman of the Board and Director of MITSUI &amp; CO., LTD. (to present)</p> <p>Director of Tokyo Broadcasting System Television, Inc. (to present)</p>	– 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)</p> <p>Director of Tokyo Broadcasting System Television, Inc. (to present)</p> <p>Apr. 2011: Chairman and Director of DENTSU INC. (to present)</p>	– shares
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. (2) (to present)</p> <p>Jun. 2009: Director of the Company (to present)</p> <p>Director of Tokyo Broadcasting System Television, Inc. (to present)</p> <p>Apr. 2011: President and Representative Director of Mainichi Sponichi Holdings Co., Ltd. (3) (to present)</p>	– shares

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

Note 2: Special interest between the candidates and the Company:  
Mr. Kazuo Hiramoto is the President and Representative Director of BS-TBS, INC. ("BS-TBS"), a

consolidated subsidiary of the Company. 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.

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 3: Mainichi Sponichi Holdings Co., Ltd. changed its name to The Mainichi Newspapers Group Holdings, Co., Ltd. on June 24, 2011.

Note 4: Please refer to the "2. (2) 1. Directors and Audit & Supervisory Board Members" 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 pages 14 to 17. There will be also some changes as follows.

Candidate number 4	Shinji Takeda	Assume the office of Director of WOWOW INC. (June 21, 2013)
Candidate number 5	Ichiro Nobukuni	Retire from the office of Director of StylingLife Holdings Inc. (June 20, 2013) Retire from the office of Director of WOWOW INC. (June 21, 2013)
Candidate number 7	Tetsuya Fujita	Assume the office of Director of BS-TBS, INC. (June 18, 2013)
Candidate number 9	Yoshikazu Kato	Retire from the office of Director of BS-TBS, INC. (June 18, 2013)
Candidate number 15	Tatsuyoshi Takashima	Retire from the office of Director of DENTSU INC. Assume the office of Chairman of DENTSU INC. (June 27, 2013)

Note 5: Messrs. Masahiro Yamamoto, Shouei Utsuda, Tatsuyoshi Takashima and Yutaka Asahina are candidates for Outside Directors. The Company has registered Mr. Shouei Utsuda and Mr. Yutaka Asahina as independent directors with the Tokyo Stock Exchange. If the re-election of these two Directors is approved, the Company will continue to have them as independent directors.

Note 6: 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 audit & supervisory board members 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 audit & supervisory board members 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, received a court order 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 as President and

Representative Director of Mainichi Broadcasting System Inc.

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 was the fact that 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 make recommendations, etc. in terms of compliance on a daily basis. Furthermore, they were reported on the case 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 eleven (11) 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 six (6) 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 four (4) 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 four (4) 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.

Note 7: Each of the candidates has endorsed the continuation of “the Company’s policy for responding to takeover proposals,” which was approved at the Company’s 80th Ordinary General Meeting of Shareholders. For an outline of the current policy subject to renewal, please refer to the business report “4. Basic Policy Regarding Parties Deciding on Financial and Business Policies of Tokyo Broadcasting System Holdings, Inc.” on pages 24 to 30 in this Notice of Convocation.



**Third Item of Business: Provision of Officers' Bonuses**

It is proposed that taking into consideration, among other things, the result of operation of the Company for the fiscal year under review, bonuses be paid to sixteen (16) Directors as a group in the total amount of ¥62,000,000 (including ¥4,000,000 for four (4) Outside Directors as a group) in office as at the end of the fiscal year under review, and bonuses be paid to five (5) Audit & Supervisory Board Members as a group in the total amount of ¥8,000,000 (including ¥3,000,000 for three (3) Outside Audit & Supervisory Board Members as a group) in office as at the end of the fiscal year under review. Furthermore, the determination of the amount to each person, the date of presentation thereof and the methods thereof, etc. are proposed to be entrusted in the case of Directors to consultation of the Board of Directors and in the case of Audit & Supervisory Board Members to consultation of Audit & Supervisory Board Members, respectively.

End