

TBS Board Member's Presentation at the Analysts Meeting in November 30, 2005
(The following draft may not literally coincide with the actual speech of the management.)

(Hiroshi Inoue, President)

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Thank you all for coming to this meeting tonight. I am Hiroshi Inoue, the President of TBS. I would first like to thank all of you for having expressed such enormous interest in this issue, since we received a proposal for management integration from Rakuten on October 13th. Today I want to report on the development of this issue. Rakuten has withdrawn their integration proposal and the two companies have signed a memorandum of agreement on entering discussions for a possible business alliance.

It was Mr. Saito, the President & CEO of Mizuho Corporate Bank, who acted as intermediary to help us realize this agreement. Let me take this opportunity to express our gratitude for his efforts. In the presence of Mr. Saito, I and President Mikitani signed the memorandum at the head office of Mizuho Corporate Bank.

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Let me outline the agreements in the memorandum:

1. TBS and Rakuten will enter discussions toward a possible alliance between broadcasting and the Internet, forming a joint business alliance committee. To give a concrete example, we will consider business tie-ups for e-commerce combined with TV programs.
2. Rakuten will temporarily withdraw their management integration proposal.
3. During the discussions, Rakuten will maintain their stake in TBS below 10%. Any portion of their stake exceeding this level will be placed in a trust with Mizuho Trust & Banking Co.
4. TBS and Rakuten will negotiate the eventual TBS stake to be held by Rakuten.
5. The deadline for the end of the discussions is March 31, 2006, which may be extended if needed.

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

We have attached a separate sheet which states TBS's clear intention to respect the rules of Japanese professional baseball, based on the premise that TBS will keep its ownership of Yokohama BayStars.

To explain the background of this development, we recently received an offer, from a person who volunteered to mediate, that Rakuten could withdraw their proposal for management integration. Withdrawal of Rakuten's integration proposal was a mandatory prerequisite for us to enter discussions.

While this offer provided us with some room for discussion, President Saito insisted that we should look into the possibility for an agreement with Rakuten. This motivated us to engage in the talks that rapidly lead to today's agreement.

We were originally going to respond to Rakuten's proposal for management integration today. Now that the proposal has been withdrawn, it is not appropriate for us to give a "Yes

or No” reaction to it. However that may be, we were prepared to explain our IT strategy. If I may talk a bit about that here, the basis of TBS’s IT strategy is to ally with many enterprises instead of limiting our partners to a single company. We recognize that today’s agreement is in line with this basic policy.

In 1995, long before this issue arose, TBS established a unit named the “Development Division.” It stood on our intention to venture into the IT field ahead of any other broadcaster. Subsequently, jointly with Matsushita Electric Industrial, NTT, NEC and other partners, we established a company named “Tomo-Digi” which converts broadcast language to IT language. As far as we know, we have always been ahead of the pack as a broadcaster in the IT field.

Among other IT activities, we hosted an IT exhibition called “Media Parade.” On the basis of these, it is understood that any agreement we make should be based on the condition that we will continue our relationships and efforts with our existing IT partners.

Speaking of the capital alliance you are highly concerned, we assume further talks should be held on what to eventually do with Rakuten’s stake in TBS. Such negotiation will take place in parallel with the discussion about a possible business alliance. As stated earlier, our basic strategy is to tie-up with many companies in the IT field. Therefore, forming a capital alliance with Rakuten while excluding other companies is unlikely, and is my personal observation at this point.

Along the way leading up to today’s agreement, I had no opportunity to meet Mr. Mikitani directly. I met him today after about 50 days at the head office of Mizuho Corporate Bank. I greeted him with the suggestion to “talk to each other, trying not to damage the sense of trust.”

Because today’s agreement does not guarantee that Rakuten will sell off their TBS stock, we honestly have to say there will remain some degree of pressure on TBS. What is important here, I think, is to build a sense of mutual trust. I believe the two companies’ sincere discussion based on mutual trust will surely enable us to find a business tie-up that benefits both companies.

Thank you for your attention. Now I would like to invite any questions you may have.

(Keizo Zaitzu, Senior Managing Director)

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As you heard, I am Keizo Zaitzu. Putting aside the assessment of Rakuten's proposal itself, this issue provided us with a perfect chance to reaffirm our enterprise value. It motivated us to create a "TBS Value-up Plan" to further increase our enterprise value, which I would like to present to you now.

The TBS Value-up Plan consists of two domains: the business goals and the financial goals. We are convinced that these two wheels will drive us to higher revenues.

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First, let's look at the business goals.

1) To maximize the value of our broadcasting business, we have set an all-day viewer rating target of 9% for fiscal year 2010. Also, by 2010, we aim to achieve a spot-sales share of 25% among the 5 key broadcasters in Tokyo.

2) Next, we plan to maximize the value of non-broadcasting business, which includes the real estate business and other business segments of the consolidated basis. The plan sets the goal for fiscal year 2010 at 150 billion yen of combined operating revenues from the two segments, from outside customers.

3) With the Akasaka Redevelopment Project, our real estate business is going through reorganization and an increase of personnel. This is a part of our process to shift it to an independent business segment with a clear profit-earning responsibility in or near January 2008. As a preliminary step toward the shift, we will work towards the disclosure of more information on the relevant business plans.

4) Last, as a challenge for the future, we will study how content-related business can efficiently contribute to our business expansion, aiming to clarify its profit-earning responsibility as well.

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Now let me explain the goals on the financial front.

1) Having updated our midterm business plan, we set the consolidated operating cash flow target for fiscal year 2010 at 50 billion yen.

2) We will also take measures to increase ROE and ROA with capital efficiency in mind. Traditionally, the high fixed-cost ratio of the broadcast business caused our ROE to slacken easily, being affected by the business climate and viewer rating. This made our ROE a poor business indicator. As you all know, however, the secondary and tertiary use of content boosted the share of sales from non-broadcast businesses with high-margins, and TV broadcasters came to see a different profit structure. To accelerate this trend, we decided to operate our business with more attention to ROE and other indicators, in addition to cash flow. Our attention to ROE will consequently lead us to more efforts for improving the balance sheet, as well as an even higher spot-sales share.

3) Last, but not least, we will strive to further increase returns to shareholders, with the target set at a 30% dividend payout to be realized in the next fiscal year. Also, to secure adequate dividends not swayed by profitability, we are going to study the use of DOE (Dividend on Equity) as a sub indicator.

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Please take a look at this table. It shows recent returns to shareholders by major commercial broadcasters, including us. A comparison is made with the assessment figures for the end of the current fiscal year, based on the expected dividends announced by the respective companies.

As you can see, the ROE of TBS is one of the best, with a figure of 5.0%, which is quite close to that of Fuji Television. Our total dividend paid (approximately 4.2 billion yen) and DOE (1.2%) are ranked number 2, but needless to say we aim to bring these figures up to first place as well. For your reference, when we do a trial calculation for the next fiscal year, assuming the same level of net income as the current fiscal year and a dividend payout of 30%, the DOE is estimated to be 1.5%. This rate of return is equivalent to that of the new 10-year government bonds, which we think will be a useful indicator for investor judgment.

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This is an outline of our strategic goals from the business and financial aspects. These goals will support us as two wheels as we go down the road ahead for business success with full force. As a matter of course, we will need to work out more detailed plans to attain the goals. We have just set ourselves to this task, and are not yet ready to present a new midterm business plan at this stage.

So please give us some more time to work it out. We hope to finish up formulation of the new midterm business plan as a road map toward the goals for fiscal year 2010, and present it to you by the time of the 9-month financial results briefing this coming February. We appreciate your understanding and patience.

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

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I am Kenichiro Kidokoro, as introduced. I am honored to present to you the activities TBS is planning in this digital era of alliance between the Internet and broadcasting.

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Not surprisingly, our business strategy is based on seizing maximum profit-earning opportunities to distribute broadcast programs (mainly television and radio) as well as content such as the movies we are increasingly engaged in, using a variety of channels, shown as “window” on the screen.

You see “contents” on the left side of this chart. We will distribute these contents while controlling multiple channels, as listed vertically under No. 2. What I should note here is that we do not see each channel working individually. We would rather like to work out a way to bring about synergy between the channels, in terms of both business model and technology development. Together these will generate the earning capability noted in No. 3.

As shown at the bottom of the screen, we feel that the value of media is determined by combining, or maybe even multiplying, these 3 elements: content, number of channels, and earning capability. What should be understood here is that we cannot increase the value of media by making use of various channels, unless we have good quality news shows and broadcast programs. Therefore, it is fairly obvious that we should position television broadcasting as the core of our business.

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Based on these concepts, we have promoted research and development for the mobile and Internet industry, and engaged in that business field, since 1995, as our President mentioned earlier. Let me show you the state of the various business alliances we have established in this field.

We pride ourselves as having been ahead of any other commercial broadcaster in researching how to combine the Internet and broadcasting to generate new business. As a result, we are already in collaboration with various partners, as you see here, in fields like mobile and one-segment services, e-commerce, music distribution, and motion pictures distribution. These tie-ups are based on our view that a business model of working alone through vertical integration inside the company does not work in this digital era of alliance with the Internet. Therefore, we have formed business alliances with a broad range of partners in their respective realms of expertise, instead of limiting the partner target to a single company. This concept has always been fundamental to our business partnership decisions.

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Next, I would like to show you our idea on the expansion of TV advertisements’ reach.

I have heard a lot of people say that Internet advertising is eating away at TV advertising

in this age of the Internet, which is based on an idea of a confrontational relationship. Our idea is different. We think that TV itself will seamlessly link to the Internet space through portals such as digital terrestrial TV, BS digital broadcasting and one-segment services. We feel that it is the broadcast side that can utilize the Internet and mobile markets.

In view of this, we are convinced that we can find a new way of advertising in the direct-mail type or targeted-sales promotions derived from such linkages.

The left side of the screen shows a comparison of the access volume (or reach) for ad targets for PCs and for digital terrestrial TV and one-segment portals. As you see, the TV enjoys an overwhelmingly stronger reach. We think this means that if TV comes to have interactive functions like the PC does, it can become the main portal to the Internet world, taking advantage of its strong reach.

As the right side of the screen illustrates, TV ads and Internet ads have been run independently as broadcasting and communication worked separately. In the near future, we think using TV as a portal to the Internet space will enable advertising in combination with the Internet, and will make it possible for us to increase the ad market share if effective measures are taken.

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Let me show you our image of TV ad market growth over time. The blue segment at the left end represents the existing TV ad market, without considering digital terrestrial television. It is approximately 2 trillion yen as of the end of 2004. This segment is expected to continue growing at least at the same rate as the macro economy, which is the GDP growth rate. This is represented by the lowest curve rising moderately in the graph.

Next, the segment with the title surrounded with a pink frame represents the potential ad market that may emerge when the new advertising is enabled by the one-segment services to be launched in April 2006. There are many different ways to estimate the penetration speed of the one-segment services and the value of the relevant advertising. But if we calculate using the simple assumption that eventually 100 million people will view the broadcast through one-segment portals for about 30 minutes a day, and that the ads carried in it have the same hourly value as current TV ads, the potential market size is expected to be 300 billion yen, more or less. (The Dentsu Communication Institute estimated this market size to be 820 billion yen.)

On the other hand, the yellow segment represents the Internet ad market. It is about 180 billion yen as of the end of 2004, and is estimated to grow to 560 billion yen in 2009, according to Dentsu.

The green part at the top indicates the new style ads to emerge when mass media with a strong reach, typified by television, comes to have interactive functions through digitization. This is based on Dentsu's theory that explains the ad effects generated by multiplying "mass media" by "interactivity." It actually means the market generated by making the broadcast program screen a channel for interactive links with the Internet.

As I stated earlier, the total access volume for TV is overwhelmingly larger than that of the PC. Therefore, this new market is considered to emerge as TV offers Internet advertising, to

some extent. The overlapping portion of the green and yellow segments indicates this area.

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Let me talk about the image of TV advertising in the digital era. We believe it is going to provide viewers with more convenience by linking TV programs with communication capabilities, and at the same time, benefit advertisers with a higher value.

As you see on the left side, viewers will see data broadcasting at the bottom of the screen, where we will prepare program information and links to advertisements. If viewers are interested, they can access the advertiser's site as well as the web/mobile site of TBS and other companies, through the data broadcasting screen, via our BML server. On the other hand, advertisers can expect to enjoy substantial advertising effects because they can provide detailed information to potential customers interested in the product during or after the program, which may eventually lead to purchases.

What should be noted here is that the interface (the access window) for the viewer should be controlled by us to comply with broadcast standards. The one responsible for the broadcasting will bear a responsibility for the interface.

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Lastly, one-segment services allow extremely smooth access from a broadcast program to the Internet utilizing data broadcasting, and enable us to build various business models.

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Possible new services currently considered are grouped into the following five categories:

- Acquisition of detailed information about the program or commercials, as well as related content.
- Improving the viewing incentive, such as offering coupons to those watching commercials.
- E-commerce to enable purchase of products introduced in a program or commercial via the Internet or telephone.
- Offering programs that allow viewer participation using the interactive functions.
- Provision of services taking advantage of the information storage capability of cellular phones.

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For a more concrete image, I will show you two examples.

The first one illustrates the promotion of a purchase with a telephone call enabled by the characteristic of cellular phones. If viewers are interested in a product introduced in the program, they can just select the "Buy" button displayed in the data broadcasting at the bottom of the screen to begin the process to purchase the product during the program. Alternatively, they can select the "Talk" button to have the cellular phone automatically call the number of the call center for ordering. Then all they have to do is to place an order with the operator.

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The next example shows how to provide detailed product information and promote purchases

by combining commercials and the Internet. Viewers see a commercial on the upper part of the cellular phone screen, while the data broadcasting on the lower part displays the product information linked with the on-air commercial. If viewers are interested in the product, they can press the display button on the screen to obtain more detailed information.

Compared to the analog broadcast where viewers were only “viewing” the commercial passively, this new style of services enables viewers to take action to obtain more information, which leaves a stronger image of the product in the customers’ mind, and provides greater possibility of a purchase.

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I have just given examples of one-segment services. But we have not forgotten to take a progressive approach to digital terrestrial TV. Let me now introduce an example of TV commerce using a system jointly developed with Amazon and Dentsu. We have been performing demonstration experiments for four weeks, since November 19, on our popular informational program named “Osama No Brunch” that airs on Saturdays and reports on show biz, books, dining, fashion, arts and travel,.

This service is characterized by the capability to control product shipping as well as billing and settlement using a household TV remote control. Easily accessible to anybody, including those not familiar with a computer keyboard, this service is expected to bring a new set of purchasers.

(Hiroshi Inoue, President)

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I will not repeat what Mr. Zaitzu and Mr. Kidokoro have just explained. The graph you see here illustrates the enterprise value enhancements we have in mind. We strongly believe that our taking the initiative in forming business partnerships and alliances with a wide range of partners will surely increase our enterprise value, and lead to higher rate of stock price increase, rather than jumping into an exclusive merger with a single company from a totally different industry.

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The last slide today epitomizes the 50-years history of our popular broadcast programs since we started TV broadcasting. We have committed ourselves to creating dramas and documentary programs that may not necessarily attain high viewer ratings, but that make extremely good reputation, and are remembered by viewers. We have also made tireless efforts, literally every day and night for these 50 years, to create news shows that report occurrences of the day, and variety programs to deliver entertainment to families. We could even say this has always been our corporate culture.

So this is what our efforts are based on. We will continue creating programs to be appreciated by viewers as “high quality.” Our belief is that such efforts will consequently enable broadcasters to pay back all the stakeholders in various ways.

Needless to say, we will arrange another occasion to present our shareholders with our resolution to increase profits and enhance our enterprise value. To that end as well, I would sincerely ask you to support our business policy.

Again, we thank you very much for coming all the way to listen to us this late at night.

Tokyo, Japan
November 30, 2005