NTV NEXT

NIPPON TELEVISION NETWORK CORPORATION
ANNUAL REPORT 2012
FOR THE YEAR ENDED MARCH 31, 2012

Looking to a Promising Future

The NTV Group is working to maximize the revenue-generating opportunities it enjoys as the result of creating compelling content. Although centered on television advertising revenues, we also generate revenues from the delivery of content over multiple channels. These routes include licensing program content, producing and releasing films, holding art exhibitions and other events, media commerce and the production and sales of DVDs, Blu-ray Discs and publications.

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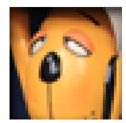
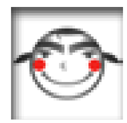

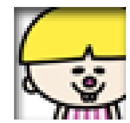




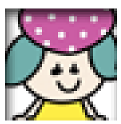
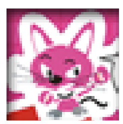

Cautionary Statements with Respect to Forward-Looking Statements:
Statements made in this annual report with respect to NTV's plans and benefits, as well as other statements that are not historical facts, are forward-looking statements, which involve risks and uncertainties. Potential risks and uncertainties include, without limitation, general economic conditions in NTV's markets, exchange rates and NTV's ability to continue to win customers' acceptance of its products, which are offered in highly competitive markets characterized by continual new product introductions and rapid developments in technology.

ELEVEN-YEAR SUMMARY

Nippon Television Network Corporation and Consolidated Subsidiaries

											(Millions of yen)	(Thousands of U.S. dollars*1)
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2012
Years ended March 31:												
Net sales	¥ 358,683	¥ 336,299	¥ 328,375	¥ 357,614	¥ 346,642	¥ 343,652	¥ 342,188	¥ 324,563	¥ 296,934	¥ 297,895	¥ 305,460	$ 3,716,511
Operating income	63,574	47,407	35,937	34,325	28,551	30,344	23,077	12,215	23,563	31,670	32,249	392,371
Net income	34,648	20,296	19,359	16,846	13,701	18,332	10,625	5,622	16,595	21,049	22,729	276,542
Comprehensive income*2	—	—	—	—	—	—	—	—	—	18,352	25,597	311,437
Depreciation	6,045	5,854	12,676	21,060	17,561	14,361	12,939	11,528	9,622	8,456	7,071	86,032
Capital expenditures	34,364	30,044	49,761	9,214	6,266	6,043	5,200	5,491	26,809	4,614	3,802	46,259
At March 31:												
Total assets	¥ 443,798	¥ 476,634	¥ 513,430	¥ 493,558	¥ 519,952	¥ 529,265	¥ 512,507	¥ 498,457	¥ 513,788	¥ 528,398	¥ 543,228	$ 6,609,417
Total equity*3	323,319	327,116	354,046	366,646	398,018	411,995	407,668	400,417	416,367	427,496	446,038	5,426,913
Cash flows:												
Cash flow from operating activities	¥ 38,891	¥ 25,981	¥ 30,520	¥ 49,286	¥ 32,683	¥ 31,458	¥ 26,791	¥ 23,948	¥ 40,131	¥ 23,433	¥ 25,274	$ 307,507
Cash flow from investing activities	(48,773)	(37,393)	(41,596)	(23,046)	(24,358)	(24,596)	(17,301)	(28,331)	(46,847)	(28,181)	(8,968)	(109,113)
Cash flow from financing activities	(3,165)	22,464	7,131	(37,275)	(15,921)	(4,714)	(4,124)	(4,803)	(5,697)	(7,132)	(6,420)	(78,112)
Cash and cash equivalents, end of year	70,951	81,944	77,930	66,878	59,369	61,524	66,863	57,630	45,219	33,312	43,190	525,490
Per share data (Yen, U.S. dollars)**:**												
Net income	¥ 1,366.34	¥ 801.99	¥ 771.74	¥ 671.08	¥ 545.40	¥ 741.60	¥ 430.27	¥ 227.70	¥ 676.43	¥ 859.68	¥ 928.51	$ 11.30
Equity	12,750.14	13,102.25	14,183.02	14,688.07	15,945.74	16,363.52	16,153.34	15,853.59	16,661.03	17,113.94	17,855.77	217.25
Cash dividends*4	120.00	120.00	120.00	165.00	165.00	170.00	180.00	180.00	290.00	290.00	290.00	3.53
Ratios (%)**:**												
Return on assets (ROA)	8.1	4.4	3.9	3.3	2.7	3.5	2.1	1.1	3.2	3.9	4.2	
Return on equity (ROE)	11.3	6.2	5.7	4.7	3.6	4.6	2.6	1.4	4.2	5.1	5.3	
Operating margin	17.7	14.1	10.9	9.6	8.2	8.8	6.7	3.8	7.9	10.6	10.6	
Equity ratio	72.8	68.6	69.0	74.3	76.6	76.3	77.8	78.5	79.4	79.3	80.5	
Others:												
Total shares issued	25,364,548	25,364,548	25,364,548	25,364,548	25,364,548	25,364,548	25,364,548	25,364,548	25,364,548	25,364,548	25,364,548	
Employees	2,635	2,714	2,829	2,797	2,869	2,886	3,126	3,291	3,339	3,262	3,218	

Notes: *1. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥82.19 to $1, the approximate rate of exchange at March 31, 2012. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

*2. From the fiscal year ended March 31, 2011, NTV adopted the Accounting Standard for Presentation of Comprehensive Income (Accounting Standards Board of Japan Statement No. 25, June 30, 2010).

*3. From the fiscal year ended March 31, 2007, NTV adopted the Accounting Standard for Presentation of Net Assets in the Balance Sheet (Accounting Standards Board of Japan Statement No. 5) and the Guidance on Accounting Standards for Presentation of Net Assets in the Balance Sheet (Accounting Standards Board of Japan Guidance No. 8).

*4. Dividend figures include an extraordinary dividend of ¥70 per share in the fiscal year ended March 31, 2002; a ¥70 per share dividend in the fiscal year ended March 31, 2003, to commemorate NTV's 50th anniversary of establishment; a ¥70 per share dividend in the fiscal year ended March 31, 2004, to commemorate the relocation of NTV's head office; a ¥60 per share dividend in the fiscal year ended March 31, 2006, to celebrate the launch of NTV2; and a ¥30 per share dividend in the fiscal year ended March 31, 2008, to commemorate NTV's 55th anniversary of establishment.

SNAPSHOT

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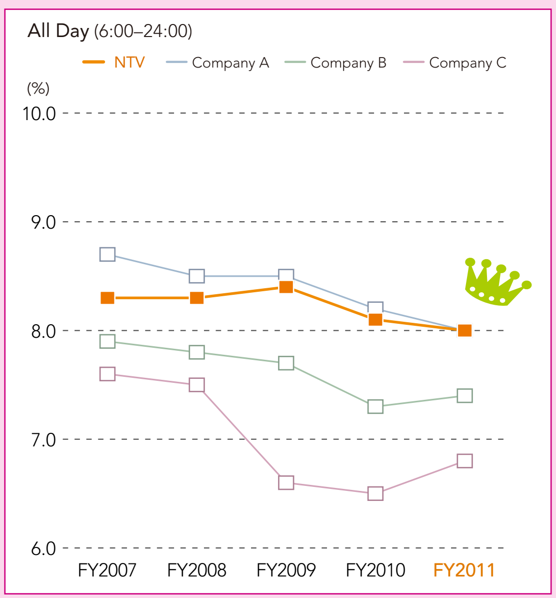
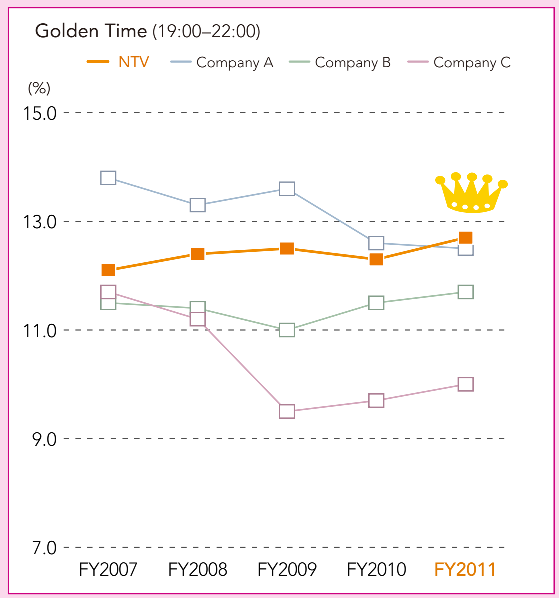
NTV wins the Triple Crown title!

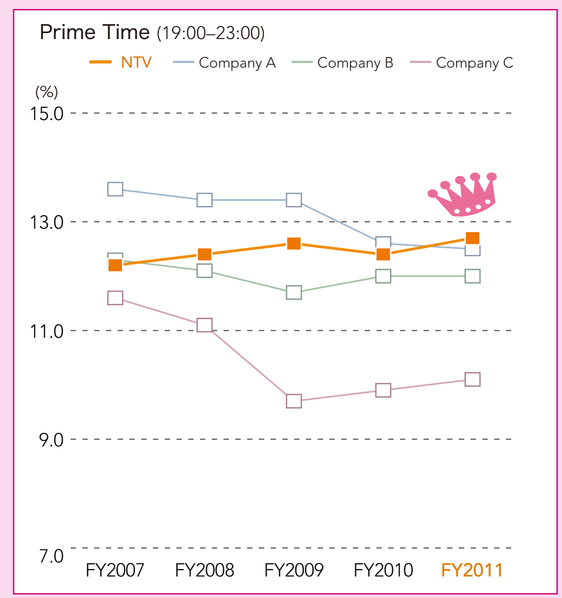
Recapturing the Triple Crown Title

During the year, NTV recaptured the Triple Crown title for viewer ratings for 2011 (from January 3, 2011, to January 1, 2012) and fiscal 2011 (April 4, 2011, to April 1, 2012), representing top ratings in all three segments: All Day (6:00–24:00), Golden Time (19:00–22:00) and Prime Time (19:00–23:00). This achievement represented the first time that we have held the title in eight calendar years and nine fiscal years. We believe that this title underscores our success on a host of measures, including restructuring our timetables and boosting the program capabilities of our content, as well as the popularity of our variety shows, dramas and other regular programming. Also of particular note and steadily delivering results were programs spanning contiguous weekdays, and household and core target viewer ratings rose for such programs as *ZIP!*, aired on weekdays 5:50–8:00; *Hirunandesu!*, on weekdays 11:55–13:55; and the evening news program *news every*. From a programming standpoint, contiguous weekday programs are particularly important in terms of supporting All-Day viewer ratings. Low program viewer ratings in this category weaken the timetable itself, which is the source of revenues. At present, *ZIP!* and *Hirunandesu!* are delivering historically high viewer ratings, helping us to maintain the upward trend in revenues. As *news every.* is also at the top of viewer ratings for this time slot, our current programming structure is extremely robust. Going forward, we aim to leverage this strength to maintain the Triple Crown title for viewer ratings for two or three consecutive fiscal years.

Our programming policy is to "Communicate with our hearts. Connect with people." In line with this policy, we will endeavor to maintain strong ongoing support from our clients and continue to achieve top viewer ratings.







Owing to our achievement of top viewer ratings, time and spot revenues also increased.

Robust Television Advertising Revenues

Television advertising revenues constitute the core of earnings for the NTV Group, accounting for 70% of consolidated net sales. Content development is a key factor in these revenues.

In calendar 2011, a mood of voluntary restraint prevailed following the Great East Japan Earthquake. Owing to this and other factors, television advertising revenues for Japan as a whole were down 0.5% year on year, to ¥1,723.7 billion, according to Dentsu Inc.

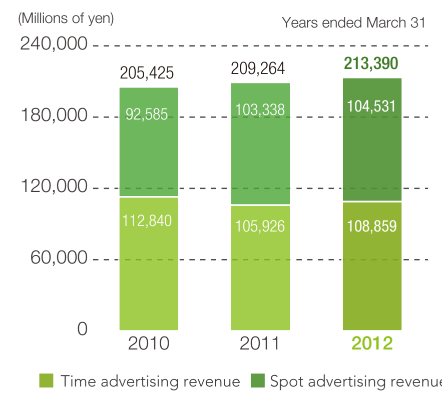
Against this backdrop, the NTV Group recaptured the Triple Crown title for viewer ratings. Both for calendar 2011 and for the fiscal year ended March 31, 2012, NTV's viewer rating was the top among the key stations in Tokyo for all three time slots: All Day, Golden Time and Prime Time.

Time advertising revenue amounted to ¥108,859 million, up ¥2,933 million, or 2.8%, from the preceding fiscal year. In addition to higher revenue from regular program slots, such single-episode programs as FIFA Club World Cup Japan 2011 contributed to time advertising revenue. Spot advertising revenue benefited from a year-on-year increase in expenditures for regionally targeted advertising, rising ¥1,193 million, or 1.2%, to ¥104,531 million—up for the second consecutive fiscal year. As a result, television advertising revenues were up ¥4,126 million, or 2.0% year on year, to ¥213,390 million.

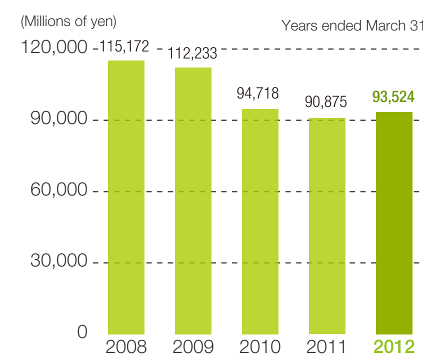
Meanwhile, program production costs during the fiscal year ended March 31, 2012, expanded ¥2,649 million, or 2.9%, to ¥93,524 million. Since the fiscal year ended March 31, 2009, NTV has worked to reduce program production costs and has maintained cost. Although costs vary to some degree year to year owing to such factors as large-scale single-episode programs, we estimate our current program production costs for regular programs at around ¥93.0 billion per year. Using this figure as our benchmark, we intend to keep cost controls in place going forward.

Shimura Zoo

Television Advertising Revenues



Program Production Costs



Note: Program production costs are managed by NTV on a non-consolidated basis.

By leveraging our strength in program production, we boosted our ratio of in-house content production to 89% of the timetable.

In-House Content Production Ratio

Japanese television stations—and key commercial broadcasters in Tokyo in particular—are the country's largest content providers.

Approximately 89% of the programming in our timetable is produced in-house, and the popularity of our programming includes such stalwarts as *Shoten*, a long-time favorite that has been running for 46 years, and *I'm Mita, Your Housekeeper*, whose final episode achieved a viewer rating of 40%.

A number of our programs have also been selected for awards. The popular drama *HUMANOID MONSTER BEM* won the Sixth My Best TV Grand Prix at the 49th Galaxy TV Awards, and *Sekai no Hate Made Itte-Q! Imoto ga Idomu Nanbei Tairiku Kouhou Aconkagua Toujou Special* took the top prize in the television division. In addition, in the fiscal 2011 version of the *Awareness Survey Related to Children and the Media*, conducted by the National Congress of Parents and Teachers Association of Japan, asking what television programs parents wanted their children to watch, NTV's program airing at 19:56 on Saturdays, *The Most Useful School in the World*, ranked number one. Ranking number two was *Shimura Zoo*, another of our Saturday programs, which airs at 19:00. As well as their interesting content, these programs are recognized as being educational and cultivating a family viewing atmosphere, providing an opportunity for parents and children to watch television together.

We are leveraging this program content toward the multifaceted development of films, events, format sales and other businesses. Our program creation capabilities are the source of our competitiveness and an area of core competence. We will augment this strength going forward, as we continue striving to provide compelling content.

HUMANOID MONSTER BEM
© ADK/2012
Film Humanoid Monster Bem production committee

Ichiban Song SHOW

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SNAPSHOT

New Business Developments

Aiming for sustained growth, NTV seeks to appropriately allocate its management resources, efficiently utilize Group assets and maintain cost controls. We will further develop our current businesses and initiate new businesses.

With regard to business development overseas, we will proactively consider the possibility of distributing our content and formats in overseas markets from the planning stages. Focusing in particular on the rapidly expanding markets of Asia, we are gaining a foothold in Chinese-speaking markets. We have established a joint venture company in Taiwan, CNplus Production, Inc. We have also signed a cooperative agreement with China's Xinhua News Agency involving wide-ranging mutual cooperation in the areas of broadcasting and related matters.

We also worked aggressively to boost non-broadcasting revenue, aiming for a diverse business portfolio.

NTV On Demand is a fee-based content distribution service targeting personal computers and smartphones. Although in the past we licensed this business to a third-party distribution company, we have taken responsibility for this distribution in-house to enhance our ability to manage quality and handle billing. We are significantly increasing the amount of content we distribute in this way, and we plan to steadily augment our offerings with programs produced by NIKKATSU, MADHOUSE and other affiliated companies, as well as programs that were broadcast via NTV in the past.

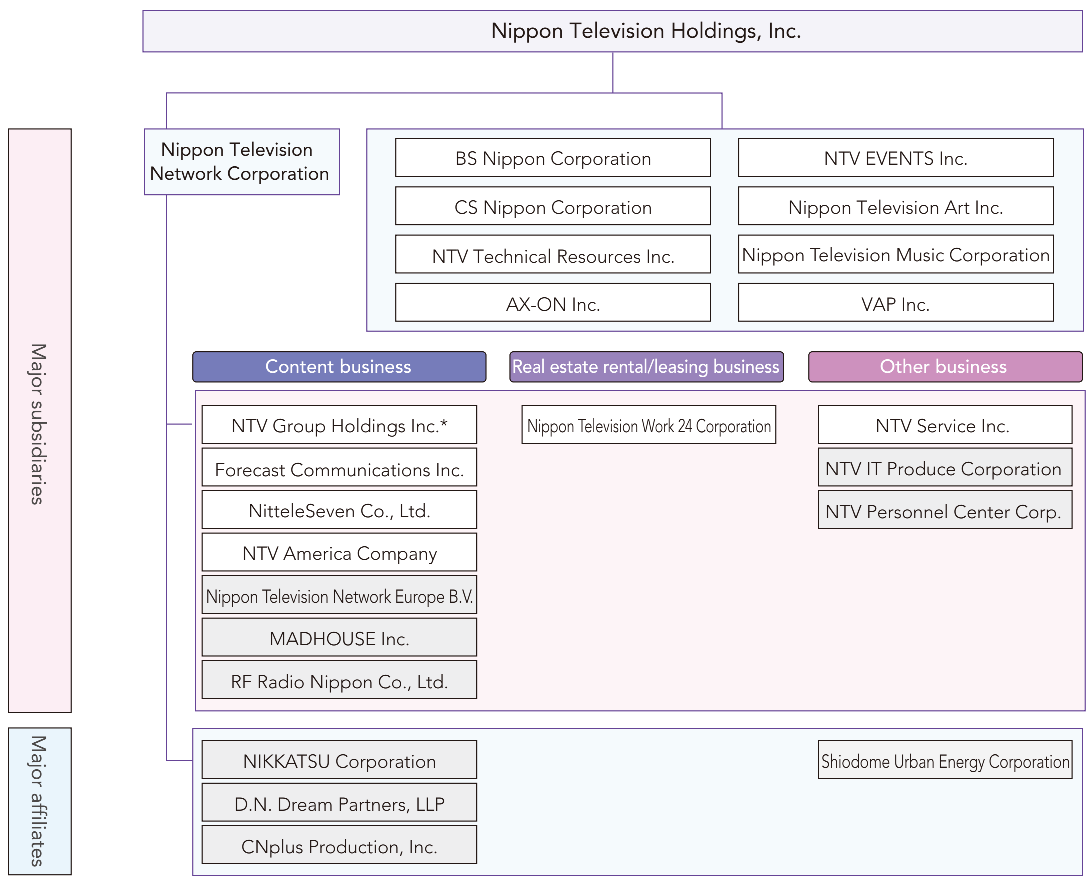
Die Sterntaler
©NPlus Production, Inc.

Top page of NTV On Demand

SNAPSHOT

We aim to maximize content value through the integrated management of three transmission platforms—terrestrial television, BS and CS.

Nippon Television Holdings Group Companies Outline (as of October 2012)



Notes: ☐ indicates consolidated subsidiaries ☐ indicates equity method subsidiaries and affiliates

*The name and business purposes of NTV Group Holdings Inc. are scheduled to be changed to suit the transition.

Transition to a Certified Broadcasting Holding Company

The environment surrounding the media content industry, in particular television broadcasting, is entering a period of drastic reform in the midst of the technological innovation brought about by digitalization, the shift to broadband and mobile technology, together with the evolution of transmission channels and devices, changes to the legal system and structural changes to Japanese society as a whole, such as a decline in the working-age population.

Responding to these changes in its operating environment, on October 1, 2012, the NTV Group will transition to the certified holding company system. Under the new structure, the current NTV will be split into two companies, a holding company (Nippon Television Holdings, Inc.) and a new company to handle terrestrial broadcasting (Nippon Television Network Corporation). Alongside the terrestrial broadcasting company, BS Nippon Corporation and CS Nippon Corporation will become wholly owned subsidiaries of the holding company. Furthermore, six companies with content production and distribution functions that are currently in the NTV Group will be directly owned by the holding company.

The current management integration will enable us to promote the integrated management of three transmission platforms, centered on terrestrial television broadcasting and including BS and CS broadcasts. By combining and strengthening the NTV Group's two core competencies, broadcast media and content development, we aim to maximize the value of our content.

Moving forward, the NTV Group will continue to reform and take on new challenges in order to expand and grow as a leading company in the media content industry.

ZIP!

Anpanman

Shoten

NTV AS CONTENT LEADER

Arashi ni Shiyagare

Guru Guru Ninety Nine

I'm Mita, Your Housekeeper

MESSAGE FROM THE PRESIDENT

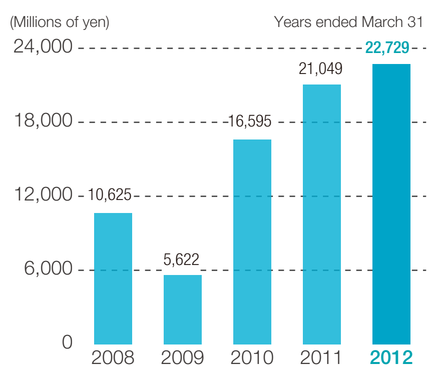
Yoshio Okubo
Representative Director, President

Overview of Performance in the Fiscal Year Ended March 31, 2012

During the fiscal year ended March 31, 2012, economic conditions remained unsteady, owing to continued repercussions of the Great East Japan Earthquake, which struck toward the end of the previous fiscal year, as well as sharp and protracted yen appreciation. The first quarter was particularly problematic, as television advertising revenue decreased year on year. Operating performance recovered rapidly after that point, however, thanks to an earlier-than-expected turnaround in the advertising market and as a result of our efforts to enhance the attractiveness of our content.

Consolidated net sales for the year amounted to ¥305,460 million, up 2.5%, or ¥7,565 million, from the preceding fiscal year. Due to an ongoing focus on controlling costs, operating income rose 1.8%, or ¥579 million, to ¥32,249 million, and net income improved 8.0%, or ¥1,681 million, to ¥22,729 million.

Net Income



Recapturing the Triple Crown Title for Viewer Ratings

For the past several years, we have concentrated on making our content more compelling, restructuring timetables and enhancing program content. Evincing the success of these initiatives, in 2011, we recaptured the Triple Crown title, meaning that we led in viewer ratings across three categories: All Day (6:00–24:00), Golden Time (19:00–22:00) and Prime Time (19:00–23:00). This represented the first time in eight years (nine fiscal years) that we had held this title. After having worked hard for many years to regain our position as the station with the strongest viewer support, we feel justifiably proud of this achievement.

At the same time, there is no point in holding the crown just for a single year. Maintaining the title for two or three years should lead to higher earnings and establish our standing as the true industry leader. We will not rest on our laurels; we have even higher goals to achieve.

Shabekuri 007

Introducing a New Management Structure; Transitioning to a Certified Broadcasting Holding Company

At our Ordinary General Meeting of Shareholders and Board of Directors' Meeting, both of which were held on June 28, 2012, we appointed new officers and resolved to adopt an operating officer system (see page 16). Our operating environment is changing dramatically, shaped by technological transformation—including digitalization—and societal shifts, such as Japan's declining birthrate. By rejuvenating our management structure, we aim to rise to these challenges, accelerate decision-making and step up the pace at which we conduct business.

We are also transitioning to a certified broadcasting holding company structure, effective October 1, 2012. Under the new structure, Nippon Television Holdings, Inc., will be the holding company of three wholly owned subsidiaries: a terrestrial broadcaster (Nippon Television Network Corporation), BS Nippon Corporation and CS Nippon Corporation. Also within the NTV Group, six companies handling content production and distribution functions will become direct subsidiaries of the holding company.

By integrating the NTV Group's strengths in broadcasting and other media and its superior content development capability in this manner, we aim to maximize the corporate value of the entire Group.

BS Nippon Corporation (BSN)

Established: December 1998
Broadcast start: December 2000
Capital: ¥25.0 billion

BSN leverages the broadcasting and production expertise that NTV has cultivated through terrestrial broadcasting in the commercial satellite broadcasting business. In addition to owning superior content, such as live broadcasts of Yomiuri Giants baseball games, BSN is focusing its energies on strengthening its program lineup with travel programs and overseas dramas, chiefly from other parts of Asia. According to a survey conducted during the fiscal year ended March 31, 2012, BSN held the top ranking for three time slots: All Day, Golden Time and Prime Time. The media strength of BS digital broadcasting is on the rise, due to an increase in the number of viewer households.

CS Nippon Corporation (CSN)

Established: March 2001
Broadcast start: March 2002
Capital: ¥3.0 billion

CSN is a pay satellite TV broadcaster that operates on six channels, including NTV G+, Nittele NEWS24 and Nittele Plus. Among these, Nittele Plus has gained recognition for its arrangement of programming that includes well-known NTV dramas, both new and time-honored, and variety programs. In 2012, CSN has begun broadcasting exhibition games, regular games and interleague games sponsored by the Fukuoka SoftBank Hawks, a professional baseball team, having acquired exclusive CS distribution rights—including for CATV transmission. As a result, direct subscriptions to CSN are growing steadily. As of April 1, 2012, viewer households numbered 1,433,000, including subscriptions via SkyPerfect*!* e2 and SkyPerfect*!*.This figure came to 5,289,000 when including cable television stations and transmission via fiber IPTV.

Management Policy 2012

We are currently moving ahead with measures in a medium-term management plan leading up to our transition to a certified broadcasting holding company structure. At the same time, we have formulated a new plan, Management Policy 2012, to cover the period through the fiscal year ending March 31, 2013.

The basic concepts behind Management Policy 2012 are to further augment our trustworthiness as a mass media company, continue contributing to society, create content that our viewers find empathetic and heartwarming and increase the bounty of Japanese lifestyles and culture.

The Great East Japan Earthquake of March 2011 put mass media, including TV broadcasting stations, in the spotlight. As well as reconfirming the value of this media as an indispensable information infrastructure, its reliability was subjected to severe scrutiny. To ensure that we fulfill our social responsibilities as a media company, we are constant in our efforts to swiftly provide news that is accurate and impartial, thereby maintaining our solid reputation as a news broadcaster.

We will also work to create content that our viewers enjoy and find heartwarming. For example, we achieved an extraordinary 40% viewer rating for the final episode of *I'm Mita, Your Housekeeper*. This drama series that ran last year carried forward the themes of family ties and revitalizing the family. In addition to regular variety programs, we are making steady progress on morning and noontime weekday programs. These efforts launched us to attain the Triple Crown title for household viewer ratings for both 2011 and the fiscal year ended March 31, 2012. We intend to push ahead in creating superior content that will invigorate the whole of Japan. At the same time, we will strive to increase the total revenue that each content category generates by fully leveraging our terrestrial, BS and CS channels

Management Policy 2012

1. Maintain and enhance reliability as a news medium
2. Produce content that enriches people's lives
3. Respond to change in anticipation of sustainable growth
4. Gain a strong position in overseas markets
5. Make social contributions as a media company
6. Cultivate a working environment that enables all members of the NTV Group to maximize their capabilities

HOTARU THE MOVIE: IT'S ONLY A LITTLE LIGHT IN MY LIFE and aggressively distributing linked content on such new devices as the Internet TV and smartphones.

We are taking a proactive stance toward overseas development to sustain corporate growth and expansion. We have already set up a joint venture, CNplus Production, Inc., to produce television programs in Taiwan, and we will move ahead with businesses that concentrate on developing in rapidly growing Asian markets. Moreover, we will augment overseas sales of our content and formats.

We are fully cognizant of the powerful influence we can have as a media company, and this strength ties into our mission and social contribution initiatives. This year marked our 35th airing of *24-Hour Television*, a charity program that we launched in 1978. Over this period, we have conducted a host of activities themed on welfare, the environment and disaster preparedness. Given that reconstruction of the area stricken by the Great East Japan Earthquake is ongoing, we will continue to provide support. Meanwhile, through environmental activities such as NTV Eco Week, we are promoting efforts to preserve the earth that we pass on to future generations.

Of utmost importance to us as a corporate group is creativity: the power of each individual employee. We will cultivate an environment in which each employee can maximize his or her potential, enhance our human resource development and respond flexibly to social changes.

24-Hour Television cleanup activities along the Arakawa River

60th Anniversary Committee Initiatives

The year 2013 marks our 60th anniversary, which we are positioning as the starting point for our next 60 years. In August 2011, we set up the 60th Anniversary Committee, which is chaired by the NTV president. This committee has listed up the issues that our company faces and is moving forward on specific plans to carry out the proposals it has created in response to those issues.

Our transition to a certified broadcasting holding company structure is one such measure. Other projects include new business development, the redevelopment of Kojimachi and the enhancement of our corporate brand. On each of these projects, our approach is to act quickly and without undue delay where possible, so that we can swiftly formulate medium- to long-term plans. We are considering entry into new areas of business, and, through action on each of these projects, we are striving to diversify our revenues. I believe that these efforts are driving the Company toward the next stage of growth.

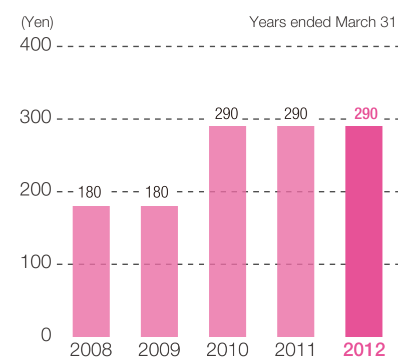
Shareholder Returns

NTV considers the return of profits to shareholders a management priority. Our basic policy is to ensure consistently stable returns to shareholders, while strengthening our earnings base so as to remain responsive to transformation in the business environment and sustaining sufficient internal reserves to aggressively develop our business. In accordance with this policy, for the fiscal year ended March 31, 2012, we awarded ¥290 per share in annual dividends, the same amount as in the preceding fiscal year.

We expect to award the same level of dividends for the fiscal year ending March 31, 2013. However, we have implemented a 1:10 split on common stock, with September 30, 2012, as the effective date, and changed the trading unit from 10 shares to 100 shares. Therefore, the forecast dividend amounts to ¥90 per share for the interim dividend, calculated on the pre-split basis, and ¥20 per share for the year-end dividend, calculated according to the number of shares following the split. (The latter figure amounts to ¥200 per share if calculated according the number of shares before the stock split.)

I would like to thank our shareholders and investors for their continued understanding and cooperation and look forward to your future support.

Cash Dividends per Share



Note: Dividend figures include a ¥30 per share dividend in the year ended March 31, 2008, to commemorate NTV's 55th anniversary of establishment.

BOARD OF DIRECTORS, AUDITORS AND CORPORATE OFFICERS (As of July 1, v12)

From left: Nobuo Komatsu, Kimio Maruyama, Hiroshi Watanabe, Yoshio Okubo, Noritada Hosokawa, Yoshinobu Kosugi, Tomoaki Kataoka, Kazuyuki Sakurada

DIRECTORS

Yoshio Okubo
Representative Director, President
Chairman of Internal Audit Committee, Chairman of Remuneration Committee, President's Office

Served as Director and Director General, Media Strategies, at The Yomiuri Shimbun Holdings. Appointed Board Director and Operating Officer in 2010, and Representative Director and President in 2011.

Hiroshi Watanabe
Board Director, Managing Officer
Corporate Administration, Compliance & Standards, Content Business, News, Executive Manager of Personal Information Management Office

Served as Director General, Programming; Director General, Production; and Director General, News. Appointed Operating Officer and Board Director in 2009 and Board Director and Managing Officer in 2012.

Yoshinobu Kosugi
Board Director, Managing Officer
Programming, Production, Infotainment, Sports

Following appointments as Director General of Sales and Programming, and as Representative Director and President of AX-ON Inc., appointed Board Director and Operating Officer in 2011 and Board Director and Managing Officer in 2012.

Kimio Maruyama
Board Director, Managing Officer
Media Strategy Planning & Development, Sales

Following appointments as Director General of Sports and Sales, appointed Board Director and Operating Officer in 2011 and Board Director and Managing Officer in 2012.

Tomoaki Kataoka
Board Director, Operating Officer
Engineering & Technology

Served as Director General, Compliance and Standards; Director General, Media Strategy Planning & Development; and President and Representative Director of NTV Technical Resources Inc. Appointed Board Director and Operating Officer in 2012.

Nobuo Komatsu
Board Director, Operating Officer
Director General, Finance, Executive Auditor of Personal Information Management Office

Served as Director General, Corporate Strategy Planning; Director General, Corporate Administration; and Director General, Finance. Appointed Board Director and Operating Officer in 2012.

Kazuyuki Sakurada
Board Director, Operating Officer
Director General, Human Resources Administration, Labor Relations

Served as President and Representative Director of AX-ON Inc.; Director General, Variety; and Director General, Production. Appointed Board Director and Operating Officer in 2012.

Noritada Hosokawa
Board Director, Executive Advisor

Served as Director General, Network Strategy Planning, and Director General, Finance. Appointed Board Director in 2000 and President and Representative Director in 2009. Appointed Representative Director and Chairman in 2011 and Board Director and Executive Advisor in 2012.

Tsuneo Watanabe
Board Director*
Representative Director, Chairman and Chief Editor, The Yomiuri Shimbun Holdings

Hiroshi Maeda
board director*
Attorney at Law

Seiji Tsutsumi
Board Director*
Chairman, The Saison Foundation

Takashi Imai
Board Director*
Honorary Chairman, and Colleague of Nippon Steel Corporation

Ken Sato
Board Director
President, Institute for International Policy Studies

Tadao Kakizoe
Board Director*
President, Japan Cancer Society

Takeo Mutai
Board Director
Representative Director and President, MIYAGI TELEVISION BROADCASTING

* Outside directors pursuant to Article 2.15 of the Companies Act

AUDITORS

Yasuhiro Nose
Standing Statutory Auditor

Kenji Kase
Statutory Auditor**

Kojiro Shiraishi
Statutory Auditor**

Norio Mochizuki
statutory auditor**

** Outside auditors pursuant to Article 2.16 of the Companies Act

CORPORATE OFFICERS

Mitsuyoshi Azuma
Senior Operating Officer
Director General, Corporate Administration

Tomoko Jo
Senior Operating Officer
Director General, Content Business

Akira Ishizawa
Senior Operating Officer
Director General, President's Office
Vice Chairman of Internal Audit Committee

Yoshiaki Sano
Operating Officer
Director General, Production

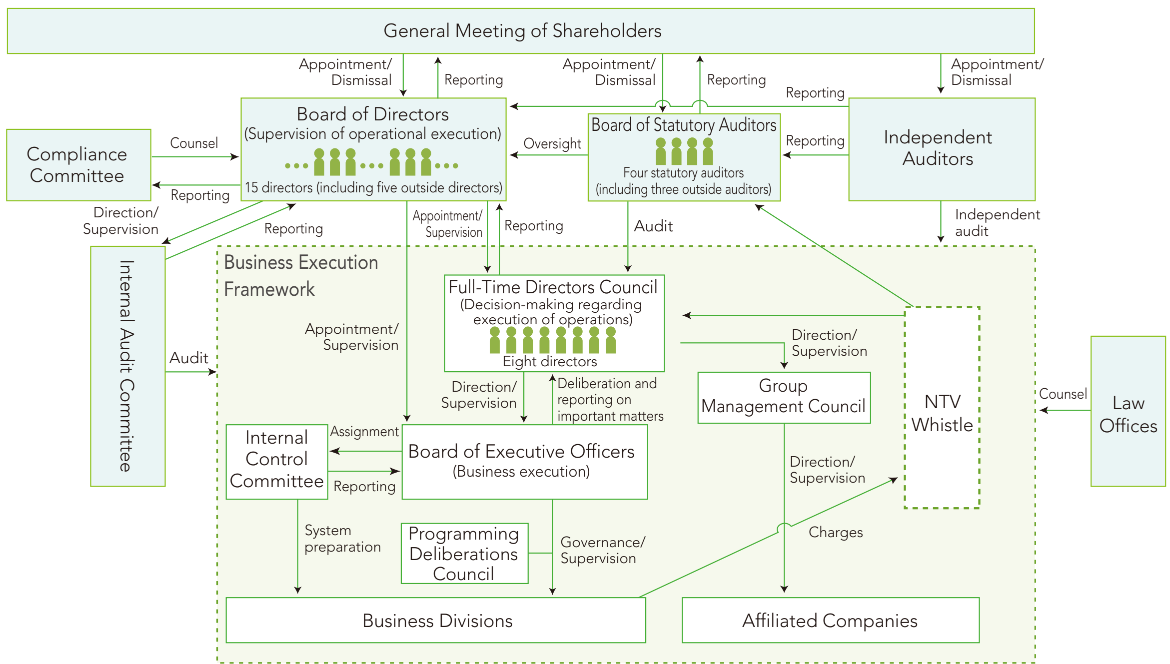
Makoto Yoshida
Operating Officer
Director General, Programming

Yoji Sugahara
Operating Officer
Director General, Sales

Toyoaki Negishi
Operating Officer
Director General, Media Strategy Planning & Development

CORPORATE GOVERNANCE

The NTV Group recognizes that stable growth in corporate value over the long term and greater contributions to society lead to increased shareholder value. The Company strives to further develop its corporate governance for swift decision-making and operational execution in response to changes in the business environment and to facilitate transparent and sound management.



As of March 31, 2012

Corporate Governance Framework

NTV has a Board of Statutory Auditors with a management structure under which the Board of Directors oversees the operational execution of the representative directors. Meanwhile, the statutory auditors and Board of Statutory Auditors audit the operational execution of the directors.

The Company appoints several highly independent outside directors and outside auditors. The governance framework is designed to ensure effective supervision over the execution of duties by directors. Outside directors help to provide appropriate supervision, thereby enhancing the management oversight function.

The Company has also emphasized external monitoring of management, incorporating five outside directors pursuant to Article 2, Paragraph 15, of the Companies Act into the 15-member Board of Directors for greater management integrity and more transparent decision-making processes. The four-member Board of Statutory Auditors includes three outside auditors pursuant to Article 2, Paragraph 16, of the Companies Act for greater independence from the Board of Directors and stronger auditing functions related to the execution of duties. Outside auditor Kenji Kase is a certified public accountant and is endowed with a considerable degree of finance and accounting knowledge.

During the year under review, the Board of Directors met eight times to decide important duties and to supervise the execution of directors' duties. Also, the Board of Statutory Auditors met nine times to audit the directors' execution of duties. Each auditor, in conformance with the auditing standards determined by the Board of Statutory Auditors, attends Board of Directors and other important meetings, inspects important end-of-period financial documents and carries out investigations into the state of business operations and finances.

Under the Board of Directors, NTV has established an Internal Audit Committee to supervise overall business execution and monitor internal control systems. The Remuneration Committee, charged with fielding inquiries about compensation for directors, has also been formed under the Board of Directors. The Company has additionally set up a Compliance Committee to reinforce corporate governance and ensure thorough compliance and a high degree of transparency in NTV's activities, thus striving to reinforce society's trust and earn its support.

The Executive Officer System is a means of delegating authority, accelerating decision-making and clarifying responsibilities for the execution of operations. In addition, oversight and auditing functions are conducted by the Board of Directors, statutory auditors and the Board of Statutory Auditors, all of which include outside officers, as explained above. The Company has also put in place an Internal Control Committee, chaired by a representative director, which periodically checks and promotes operational controls.

Concerning third-party contribution to NTV's corporate governance framework, the Company has reinforced its legal risk management system by concluding advisory agreements pertaining to corporate management and daily business tasks with multiple law offices, and by seeking advice as necessary. We have also concluded audit agreements concerning audits relating to the Companies Act and the Securities and Exchange Act with audit corporations, which conduct audits from an independent standpoint.

Progress on Implementation of Initiatives to Enhance Corporate Governance in the Past Year

In response to the Personal Information Protection Act, NTV advances daily information management by designating a person responsible for control of personal information in each department. To ensure the appropriate handling of personal information, the Company also provides detailed training to managers, general employees, new employees and cooperating staff, and steadily implements audits for each department based on the audit plan. In addition, concerning the Subcontract Act, owing to periodic internal training sessions and the implementation of an order management system, we have made subcontracting more appropriate and legally compliant.

NTV Sustainability is our corporate management program encompassing activities aimed at contributing to sustainable development of the environment, global society and business. As part of the program, we have actively advanced our NTV Eco environmental preservation initiative, with a keen awareness of the Company's responsibility as a corporate media leader in the prevention of destruction of the global environment.

In April 2011, we augmented the membership of the permanently installed crisis management team created in August 2009 within the News division and began holding regular meetings of the new Crisis Management Liaison Council. Furthermore, throughout the Company, we hold frequent training sessions on coverage and broadcasting ethics.

Among other compliance efforts, from April through June 2012, NTV conducted a Web-based training program on insider trading regulations for all officers, employees and cooperating staff and held group training sessions.

Organization of Internal Audits and Mutual Cooperation with Independent Auditors

Statutory auditors receive explanations from independent auditors on the outline of the audit plan before the independent audit is carried out. Statutory auditors also exchange information with independent auditors on the progress of audit procedures and issues arising during the course of the audits performed by the independent auditors, and they receive explanations on the results of the independent audit following completion of the audit.

Statutory auditors can order one employee who belongs to the Board of Statutory Auditors Management Office to investigate matters necessary for auditing duties. Employees working for the Board of Statutory Auditors Management Office concurrently work as a secretariat for the Internal Audit Committee and assist the statutory auditors with their duties. The statutory auditors maintain close contact with the Internal Audit Committee.

Independent Auditing

NTV has concluded an audit agreement with audit corporation Deloitte Touche Tohmatsu LLC to have independent audits carried out pursuant to the Companies Act and the Securities and Exchange Law. For the fiscal year ended March 31, 2012, audit duties were performed by certified public accountants Yoshiyuki Higuchi and Tsutomu Hirose, who executed independent audit duties, and 13 assistants—four certified public accountants and nine others.

Compensation to the audit corporations employed by NTV and its consolidated subsidiaries in the fiscal year ended March 31, 2012, was as follows.

(Millions of yen)

	Compensation Based on Audit Certification Activities	Compensation Based on Non-Audit Activities
NTV	58	–
Consolidated Subsidiaries	5	–
Total	63	–

Executive Compensation

Executive compensation for the Company's directors and statutory auditors in the fiscal year ended March 31, 2012, was as follows.

(Millions of yen, persons)

	Total Remuneration	Total Remuneration, by Category			Number of Officers Applied to
		Basic Compensation	Bonuses	Retirement Benefits	
Directors (Excluding Outside Directors)	326	326	–	–	13
Statutory Auditors (Excluding Outside Auditors)	26	26	–	–	1
External Officers	112	112	–	–	10

Notes:
1. The number of officers as of March 31, 2012, was 15 directors and four statutory auditors.
2. The remuneration amounts listed above do not include the employee portion of salary or bonuses for those officers who are also employees.
3. At the 75th Ordinary General Meeting of Shareholders, a resolution was passed that revised the yearly limit on the amount of remuneration to ¥950,000,000 for directors (of which, up to ¥110,000,000 may be paid to outside directors) and ¥72,000,000 for statutory auditors.

Regarding executive remuneration, according to a resolution of the General Meeting of Shareholders, limits are imposed on the total compensation for directors and for statutory auditors. Each director's remuneration is determined by the Board of Directors upon consideration of business conditions and the Company's performance, and, for statutory auditors is determined according to consultation with Statutory Auditors.

Basic Philosophy and Development Progress on Internal Control Systems

1. System to ensure that the execution of duties of directors and employees conforms to laws and the Articles of Incorporation

NTV promotes compliance with laws and regulations, as well as highly transparent corporate activities, by maintaining a Compliance Committee consisting of lawyers and other outside professionals to serve as directors and observers.

The Company has formulated the NTV Compliance Charter, to which all full-time officers and employees pledge, to ensure that corporate activities conform to laws, the Articles of Incorporation and corporate ethics. Furthermore, with this objective in mind, the Company conducts employee education centered on the Human Resources, the Corporate Administration and the Compliance & Standards divisions.

In addition, the NTV Whistle is in place as an internal reporting hotline to enable employees to report directly on legally doubtful acts inside the Company and request an investigation.

To ensure the compliance of directors' execution of duties, the Company emphasizes the supervisory function of the outside directors and outside auditors and works to activate the Board of Directors to pursue higher corporate governance.

NTV has established an Internal Audit Committee to prevent fraudulent acts through internal audits. Furthermore, we resolutely confront any antisocial elements and ensure that such elements play no part in our business relationships or transactions. There will be no offer of illegal profits: any unjust demands or wrongful intervention will be reported to the police and other authorities concerned as part of an organized response based on close liaison with such agencies.

2. System relating to retention and management of information concerning directors' execution of duties

Pursuant to the document handling regulations, information related to directors' execution of duties is recorded in writing or via electromagnetic media (hereinafter "documents, etc.") and retained for a specified period. Under the supervision of the Corporate Administration Division, such documents, etc., are retained at each division, at which a person in charge of and a person responsible for retaining them are designated.

The directors and statutory auditors are able to view such documents at any time.

3. Regulations and other risk management systems for losses

The Company has established an Internal Control Committee to manage risk on a companywide basis and a Risk Management Committee to manage newly emerging risks in an expedient manner, with each committee being chaired by a representative director. Various committees throughout the Company address risks related to disasters, information management, program production, copyright contracts, broadcasting and fraudulent acts, thereby improving each system and updating regulations. Broadcasters such as NTV have a special obligation to conduct emergency broadcasts following earthquakes and other disasters. The Company therefore maintains equipment and systems to enable uninterrupted broadcasting after such emergencies and has created the Metropolitan Area Anti-Disaster Manual as the basis for training simulations.

4. System to ensure efficient execution of directors' duties

The Company maintains a system to ensure that directors execute their duties appropriately and efficiently by clarifying their administrative authority and establishing decision-making rules based on internal regulations on division of duties and rules for *ringi* (circulating agendas and seeking approval before or without holding a meeting). Moreover, we have introduced an Operating Officer System to streamline directors' execution of duties and created systems to encourage more dynamic execution of duties. We also strive to enhance corporate governance by having outside directors, who have no interest-based relationships with the Company, supervise the execution of duties in a working system of checks and balances.

5. System to ensure the appropriateness of duties conducted by the Company and the corporate group consisting of the parent company and its subsidiaries

The President's Office Group Strategy Department formulates and implements comprehensive strategies for Group management and business content, and handles general operations-related tasks, to enforce groupwide compliance with laws and regulations and to maintain the risk management system. Compliance-related training is given to officers and employees of the Group as necessary. The Company also maintains a Group Management Council—consisting of representatives of the Group companies—to share information, thereby reinforcing the appropriateness of operations.

6. Matters concerning employees who are to assist statutory auditors upon statutory auditors' request

Statutory auditors can order employees who belong to the Board of Statutory Auditors Management Office to investigate matters necessary for auditing duties. Such employees shall assist the statutory auditors with their auditing duties and concurrently work as a secretariat for the Internal Audit Committee.

7. Matters concerning the independence of the employees who assist statutory auditors from directors

Directors are not allowed to give orders different from those of the statutory auditors to the employees who assist the statutory auditors. Directors must obtain the approval of the statutory auditors for transfer of and disciplinary actions against employees who assist the statutory auditors.

8. A system that requires directors to report to the Board of Statutory Auditors, and a means for employees to report to statutory auditors

Directors must report to the Board of Statutory Auditors on matters stipulated by law that could have a substantial impact on the Company or the Group, as well as on the status of internal auditing. In case employees find matters stipulated by law that could have a substantial impact on the Company or the Group, or facts that violate laws or the Articles of Incorporation, they can directly report such instances to the statutory auditors through the NTV Whistle, which is an internal reporting system.

9. Other systems to ensure effective auditing by statutory auditors

Standing statutory auditors shall attend the Full-Time Directors Council and exchange opinions with the full-time directors. Statutory auditors may attend the Group Management Council, which consists of representatives from the Group companies.

Statutory auditors may receive advice regarding auditing duties from lawyers, Certified Public Accountants and other professionals if necessary.

NTV INSIDE

Media Design Center

How will next-generation television look? What are the possibilities for digital terrestrial broadcasting, which has just begun?

In December 2011, NTV set up the Media Design Center within the Programming Division to consolidate all its Internet-related departments into a single location. Our mission is to create next-generation television. Leveraging the Internet and other channels, we aim to maximize the value of television programming, thereby boosting viewer ratings and augmenting earnings. Here, we introduce some of our initiatives in this area.

Social Viewing

Social network services (SNSs) are tools that people use to communicate over the Internet. A huge number of people throughout the world use these services. In addition to Facebook, which has some 900 million users, people use twitter, Line, mixi and other SNSs. SNSs have become highly influential; in recent years these tools have even been used to overthrow political regimes.

The real question for us, however, is how to integrate SNS with television.

In March 2011, we announced the JoinTV service, which displays an icon and the name of any Facebook friends who happen to be watching the same program. We plan to continue promoting this service, which allows friends to chat with each other about the programs they are watching as well as to participate in quizzes. As the world's first example of technological cooperation with Facebook resulting in the fusion of television and SNSs, JoinTV is drawing attention both in Japan and overseas.

Owing to the surge in popularity of smartphones and tablets, a growing number of people hold a "second screen" in their hands as they watch television. To address this change in viewing styles, in June 2012 we announced a new smartphone app, *wiz tv*.

This app graphs in real time topics of conversation on television that are popular on SNSs. The app can be used to participate in the discussions and gain information about programs that are on air.

In the film *ALWAYS Sunset on Third Street*, one scene shows neighbors gathered in front of a black-and-white television. This segment is the essence of people enjoying television together. In Japan, where nuclear families and households with fewer children are becoming commonplace, re-enacting this scene in a physical sense is likely to be difficult. By using an SNS, however, we can recreate this situation in a virtual sense. We have dubbed this trend "social viewing," and the Media Design Center is building platforms to encourage this phenomenon.

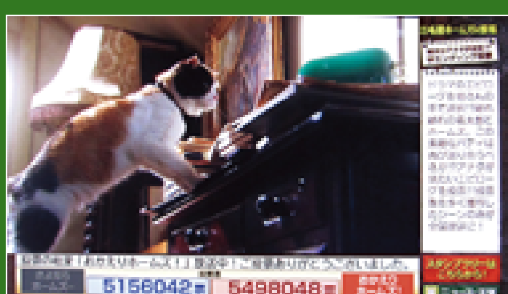
Media Design Center

Participating in Interactive Programs

"Social viewing" describes the situation whereby information is transmitted through televisions, and viewers interact via SNSs. This communication is one-sided, as viewers cannot send information to the television.

This scenario is changing, however, as advances in hardware are bringing about an increasing number of televisions that are connected to the Internet. The "second screen" phenomenon is also growing more pronounced. These developments set the stage for interactive participation.

The final episode of *Mikeneko Holmes no Suiri* was broadcast on Saturday, June 23, 2012. We prepared two endings to the drama, "*Goodbye, Holmes.*" and "*Welcome Back, Holmes!*" Viewers used datacasting, smartphones and personal computers to vote on the so-called "double ending." The ending was a hot topic on the Internet, garnering more than 10 million votes, which served to boost viewer ratings. This is one of more than 40 plans that the Media Design Center is pursuing to encourage viewers to participate in programs via the Internet.

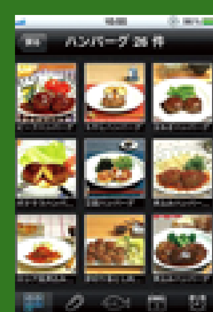


Introducing Other Businesses

■ Creating Apps and Games

Creating and selling smartphone apps is a growth business. In 2011, two of our apps—*Three-Minute Cooking* and *Gaki no Tsukai ya Arahende!*—were selected by Apple as being among the 100 best apps of the year (iTunes Rewind 2011). NTV's were the only apps among this ranking produced by a television station. Our revenue from other apps is growing as well, contributing to non-broadcasting revenue.

Mobile games such as *Giants All Stars*, which are linked with programs, are also proving to be popular titles.



■ Distributing Content

The business of using the Internet for secondary viewing of programs that have already been broadcast is proceeding apace. We currently provide breaking video news from the News division for distribution via more than 20 channels, including docomo's i-channel, the Yahoo! and Mobage sites and within trains on the JR Chuo and Keihin Tohoku lines. NTV is the leading television broadcaster in the news video distribution business.

Television can disseminate information to some 100 million people. However, in the past, this medium has been one-way. By leveraging new technologies, in the next generation of television, we plan to encourage sponsors to develop new types of commercials that feature enhanced viewer enjoyment.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Nippon Television Network Corporation and Consolidated Subsidiaries
Years Ended March 31

Overview

Operating Environment

During the fiscal year ended March 31, 2012, the operating environment remained problematic, owing to such factors as the impact of the Great East Japan Earthquake, which struck on March 11, 2011, as well as deflation and rapid yen appreciation. Despite these factors, corporate production activity and the employment situation showed signs of a gradual recovery.

Net Sales

During the year, the NTV Group posted consolidated net sales of ¥305,460 million, a year-on-year increase of ¥7,565 million, or 2.5%. This resulted from higher television advertising revenue, greater box-office sales revenue in the film business and a rise in revenue from the media commerce business. Content sales revenue also increased, centered on VAP Inc., a consolidated subsidiary.

Operating Income

Although we mounted thorough efforts to control costs in all expense categories, operating expenses—the cost of sales combined with selling, general and administrative expenses—increased ¥6,987 million, or 2.6%, to ¥273,211 million, in line with the rise in content business revenue. As a result, operating income grew ¥579 million, or 1.8%, to ¥32,249 million.

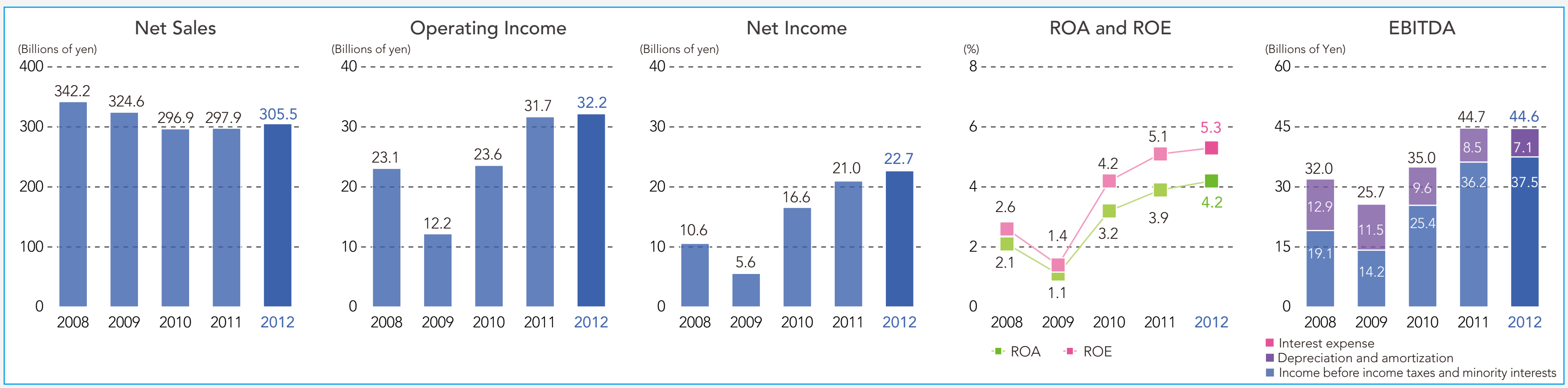
Income Before Income Taxes and Minority Interests

Income before income taxes and minority interests expanded ¥1,300 million, or 3.6%, to ¥37,537 million. In the preceding fiscal year, the Group posted a gain on investment in partnership and a substantial loss on devaluation of investment securities. These factors were largely absent during the year under review, but we recorded an increase in the gain on sales of investment securities and higher equity in earnings of unconsolidated subsidiaries and associated companies, due to robust performance at affiliated companies.

Net Income

Income taxes decreased ¥670 million, or 4.5%, to ¥14,375 million, while minority interests surged ¥289 million, or 201.1%, to ¥433 million, owing to such factors as the posting of minority interests from VAP Inc. and other companies.

As a result, net income for the fiscal year amounted to ¥22,729 million, up ¥1,681 million, or 8.0%, from the preceding fiscal year.



Segment Information

Content Business

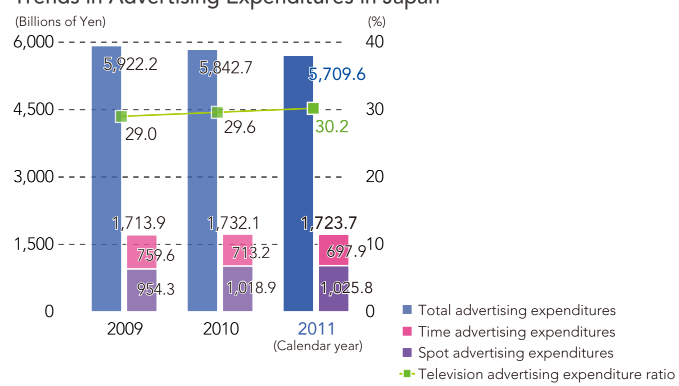
■ Business Environment

During the year, the Japanese economy was affected directly by such factors as the Great East Japan Earthquake on March 11, 2011, rapid yen appreciation and damage due to flooding in Thailand, which disrupted manufacturing companies' supply chains. Advertisers exercised voluntary restraint following the Great East Japan Earthquake, causing total advertising expenditures to decline 2.3% year on year, to ¥5,709.6 billion, falling for the fourth consecutive year. Expenditures rebounded in the second half of the year, however, with advertising placements growing more vigorous and advertising expenditures in the top four mass media channels rebounding to above the robust levels marked in the October–December 2010 quarter.

Television advertising expenditures amounted to ¥1,723.7 billion, down 0.5% year on year.

Time advertising declined 2.1%, to ¥697.9 billion. As major slots for the April timetable had already been fixed by the time the earthquake struck, revenues were not affected significantly by the disaster. Expenditures in the July–September quarter were up year on year for the first time in 12 quarters, since 2008, and an early recovery in spot advertising expenditures had a positive impact on October timetables.

Trends in Advertising Expenditures in Japan



Spot advertising expenditures amounted to ¥1,025.8 billion, up 0.7%. Spot advertising expenditures remained strong in January and February, continuing the trend established in 2010. However, consumer sentiment was seriously affected by the Great East Japan Earthquake, and demand for television advertising fell dramatically, a situation that continued through May. Placements gradually began to recover starting around June, driven by demand from industry categories that were able to rebound relatively quickly from the disaster, including Distribution/Retailing and Cosmetics/Toiletries. During the second half of the year, placements in the Automobiles/Related Products category, which had been affected by production stoppages, also began to recover. In November, damage from major flooding in Thailand caused a reduction in spending by firms in the Precision Instruments/Office Supplies category, but this shortfall was covered by demand from other industry categories, and, as a result, overall demand remained strong.

Source: Dentsu Inc., *Advertising Expenditures in Japan*

■ Overview of Results

• Composition of Sales in the Content Business

Fiscal years ended March 31 (Millions of yen)

		2011	2012	Change
Television advertising revenue	Time advertising revenue	105,926	108,859	2,933
	Spot advertising revenue	103,338	104,531	1,193
	Subtotal	209,264	213,390	4,126
Other advertising revenue		702	549	(153)
Content sales revenue		33,449	36,661	3,212
Merchandise sales revenue		34,738	33,550	(1,188)
Box-office sales revenue		8,641	9,929	1,288
Other revenue		5,186	5,714	528
Total		291,980	299,793	7,813

Note: Figures indicate sales to outside customers. Intersegment sales and transfers are not included.

Time advertising revenue increased during the year, as in the preceding fiscal year. Revenue from regular program slots increased as well as revenue from single-episode programs, such as FIFA Club World Cup Japan 2011 and the

MANAGEMENT'S DISCUSSION AND ANALYSIS

Tokyo Marathon 2011. As a result, time advertising revenue totaled ¥108,859 million, a year-on-year increase of ¥2,933 million, or 2.8%.

Spot advertising revenue benefited from a year-on-year increase in expenditures for regionally targeted spot advertising, which was combined with our achievement of the Triple Crown title for viewer ratings, both for calendar 2011 and the fiscal year ended March 31, 2012. As a result, spot advertising revenue increased ¥1,193 million, or 1.2%, from the preceding fiscal year, to ¥104,531 million. As a result, television advertising revenues totaled ¥213,390 million, up ¥4,126 million, or 2.0%.

• NTV's Share of Spot Sales, by Industry Sector

Fiscal years ended March 31 (%)

	2012			2011		
	Sector	Share	Growth	Sector	Share	Growth
1	Cosmetics/Toiletries	12.3	6.1	Cosmetics/Toiletries	11.7	45.7
2	Transportation/ Telecommunications	8.7	(1.0)	Transportation/ Telecommunications	8.9	36.0
3	Transportation equipment	7.4	(4.0)	Transportation equipment	7.7	24.6
4	Pharmaceuticals	7.2	6.0	Electronic equipment	7.7	20.6
5	Electronic equipment	6.8	(10.8)	Pharmaceuticals	6.8	4.1
6	Non-alcoholic beverages	5.2	5.3	Alcoholic beverages	5.8	(13.6)
7	Box-office/Entertainment	5.1	21.1	Non-alcoholic beverages	5.0	21.0
8	Wholesale/Department stores	4.9	26.2	Services	4.4	(13.6)
9	Alcoholic beverages	4.8	(16.7)	Finance/Insurance	4.4	9.6
10	Services	4.5	(2.8)	Box-office/Entertainment	4.3	(24.2)

Content sales revenue rose ¥3,212 million, or 9.6%, to ¥36,661 million, on solid sales of programs to local stations, BS and CS satellite stations and cable television stations, and due to an increase in copyright revenue from smartphone game distribution recorded at VAP Inc.

Merchandise sales revenue declined ¥1,188 million, or 3.4%, to ¥33,550 million. Despite increased sales via special media commerce shows and favorable sales of DVDs and Blu-ray Discs at VAP Inc., VAP's sales of music CDs were sluggish.

• Data Related to the Media Commerce Business

Trends in Direct Marketing Sales

(Fiscal years ended March 31)

(Billions of yen)

	2008	2009	2010	2011	2012
Direct marketing sales	3,880.0	4,140.0	4,310.0	4,670.0	5,090.0

(Source: *Direct Marketing Business Survey Report*, Vol. 29, Japan Direct Marketing Association)

• Music and Video Software Business Data

Scale of Market for Video Software (DVDs, Blu-ray Discs)

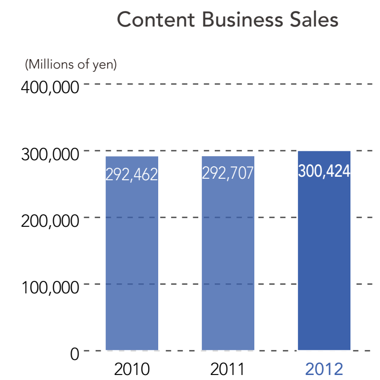
(Calendar years)

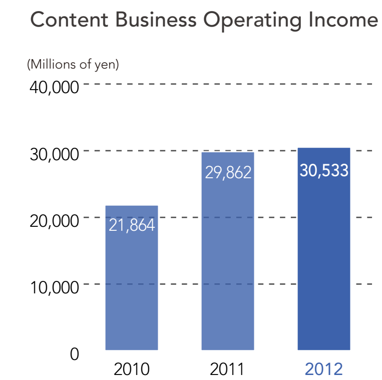
(Billions of yen)

	2007	2008	2009	2010	2011
Video software sales	664.2	630.1	574.1	530.7	502.1

(Source: *2011 Survey of Video Software Market Scale and User Trends*, Japan Video Software Association)

Box-office sales revenue increased ¥1,288 million, or 14.9%, to ¥9,929 million, reflecting major films financed by NTV, including *GANTZ PERFECT ANSWER*, *Kaibutsu-kun: The Movie* and *ALWAYS Sunset on Third Street - 3*.





• Data on the Film Business

(Source: Motion Picture Producers Association of Japan, 2010)

2010 National Overview (Calendar years)

	2007	2008	2009	2010	2011
Attendance (thousands)	163,193	160,491	169,297	174,358	**144,726**
Box office sales (millions of yen)	198,443	194,836	206,035	220,737	**181,197**
Japanese films	94,645	115,859	117,309	118,217	**99,531**
Theatrical releases	810	806	762	716	**799**
Japanese films	407	418	448	408	**441**
Theaters (total screens)	3,221	3,359	3,396	3,412	**3,339**

Box Office Sales Ranking: Top 10 Titles for 2011

(Reference: http://www.tokyohive.com/2012/01/mpaj-releases-yearly-box-office-ranking-for-2011/)

Rank	Release Date	Title	Box-Office Sales (Billions of yen)
1	July 2011	*From Poppy Hill*	4.46
2	July 2011	*Pokémon the Movie: Black and White*	4.33
3	October 2010	*Sutekina Kanashibari*	4.28
4	December 2010	*SPACE BATTLESHIP YAMATO*	4.10
5	January 2011	*GANTZ*	3.45
6	March 2011	*SP: THE MOTION PICTURE Kakumei Hen*	3.33
7	December 2010	*Aibou The Movie II*	3.18
8	April 2011	*Meitantei Conan: Chinmoku no Kuota*	3.15
9	April 2011	*GANTZ PERFECT ANSWER*	2.82
10	March 2011	*Doraemon Shin Nobita to Tesujin Heidan*	2.46

As a result, sales in the content business, including intersegment sales and transfers, totaled ¥300,424 million, up ¥7,718 million, or 2.6%, from the preceding fiscal year. In terms of expenses, program production costs increased to produce single-episode programs that were adopted for the purpose of achieving the Triple Crown title for viewer ratings, expenses increased along with the expansion of the film and media commerce businesses, and costs rose as content sales revenue increased at VAP Inc. Consequently, operating income for the content business totaled ¥30,533 million, up ¥671 million, or 2.2%, from the previous fiscal year.

Real Estate Rental/Leasing Business

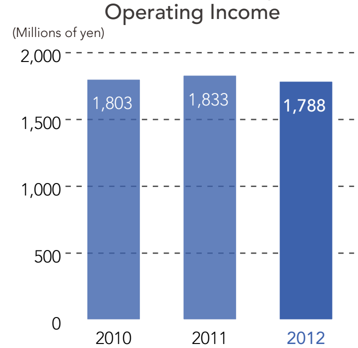
Sales in the real estate rental/leasing business, including revenue from tenants in the Kojimachi and Shiodome areas of Tokyo, totaled ¥7,292 million, up ¥30 million, or 0.4%, and operating income was ¥1,788 million, down 2.4%.

Other Business

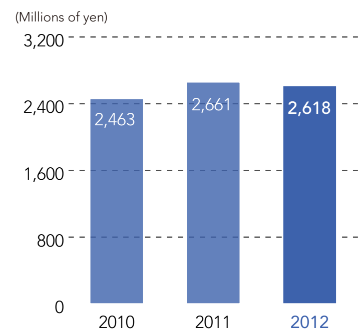
Revenue from merchandise sales at store operations, including the Nittele-ya program-related merchandise shop, was insufficient to offset the loss caused by the impact of the Great East Japan Earthquake. As a result, sales from other businesses declined ¥43 million, or 1.6%, from the previous fiscal year, to ¥2,618 million. The segment recorded an operating loss of ¥72 million.

Real Estate Rental/ Leasing Business Sales

Real Estate Rental/Leasing Business Operating Income



Other Business Sales



Other Business Operating Loss

Financial Position

Assets

Current assets as of March 31, 2012, were ¥173,568 million, up ¥16,669 million from a year earlier. Among current assets, receivables grew in line with the rise in sales, and marketable securities increased.

Property, plant and equipment was down ¥3,757 million compared with the previous year-end, to ¥193,324 million, owing to such factors as depreciation.

Investments and other assets amounted to ¥176,336 million, up ¥1,918 million from a year earlier, owing largely to higher investments in and advances to unconsolidated subsidiaries and associated companies.

Consequently, total assets stood at ¥543,228 million on March 31, 2012, up ¥14,830 million from the end of the preceding fiscal year.

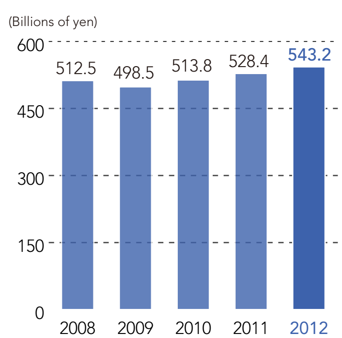
Liabilities

Current liabilities came to ¥65,789 million as of March 31, 2012, down ¥4,699 million from a year earlier. This decrease was attributable mainly to lower accounts payable and income taxes payable.

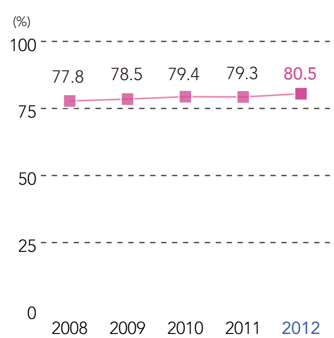
Non-current liabilities were up ¥987 million, to ¥31,401 million, as deferred tax assets increased because the market price of investment securities rose over time.

Owing to the above factors, total liabilities came to ¥97,190 million as of March 31, 2012, down ¥3,712 million from a year earlier.

Total Asserts



Equity Ratio



Equity

During the year, in addition to a decrease in unrealized loss on available-for-sale securities—stemming from a rise in the market prices of investment securities, the Group reported net income that exceeded payments for shareholder dividends. Consequently, total equity was up ¥18,542 million, to ¥446,038 million, as of March 31, 2012.

Cash Flows

During the fiscal year ended March 31, 2012, cash and cash equivalents increased ¥9,878 million, to ¥43,190 million as of March 31, 2012.

Net Cash Provided by Operating Activities

Net cash provided by operating activities amounted to ¥25,274 million, compared with ¥23,433 million in the previous year. Principal sources of cash were ¥37,537 million in income before income taxes and minority interests and depreciation and amortization of ¥7,071 million, versus ¥14,985 million in income taxes paid.

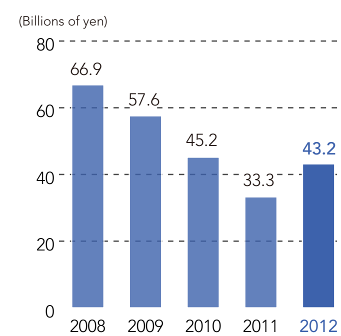
Net Cash Used in Investing Activities

Net cash used in investing activities came to ¥8,968 million, compared with ¥28,181 million in the previous year. The main use of cash was ¥30,767 million in purchases of investment securities; the main source of cash was ¥22,428 million in proceeds from redemption of marketable securities.

Net Cash Used in Financing Activities

Net cash used in financing activities was ¥6,420 million, compared with ¥7,132 million in the preceding year. Dividends paid were the primary use of cash.

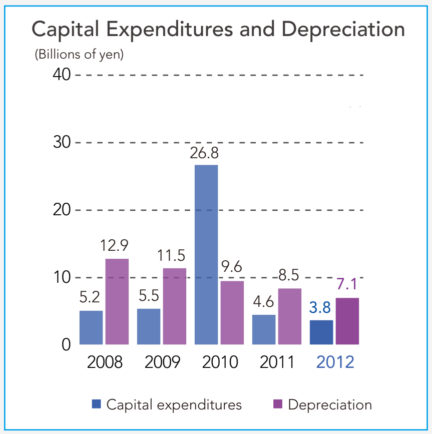
Cash and Cash Equivalents, End of Year



Financing and Capital Expenditure Policy

In the context of its ongoing content investment, the NTV Group utilizes retained earnings and determines the optimal method of funds procurement based on a variety of factors, including future operating conditions, financial market trends and the impact on the Company's corporate value.

In specific terms, the Group's estimates for capital expenditures over the next seven-year period are determined in line with forecast profits and cash flows. Group companies formulate their own capital plans, but NTV makes adjustments to ensure there is no overlap among plans. In the fiscal year ended March 31, 2012, the Group's total capital expenditures were ¥3,802 million, primarily in the content business.



For the fiscal year ending March 31, 2013, the Group is budgeting capital expenditures of ¥10,457 million, to be funded primarily through retained earnings.

Capital expenditures in the content business during the year ended March 31, 2012, are outlined below. There were no items of particular note in the real estate rental/leasing business or other businesses.

Content Business

During the year, the Company worked on the construction of digital terrestrial broadcasting facilities for the Tokyo Sky Tree broadcasting tower and the removal of analog sending and relay facilities/equipment that were in disuse. We also started to upgrade equipment at the Ikuta Studio. Moreover, we upgraded a new library system for the efficient use of our video assets.

In addition, we posted a ¥374 million loss on the sale and disposal of property, plant and equipment, centering on machinery and equipment and owing to the removal of analog sending and relay facilities and equipment.

Important Management Agreements

Stock Split

In line with a resolution passed at a Board of Directors' meeting on March 29, 2012, and in accordance with the purpose of the "Action Plan for Consolidating Trading Units" announced by the Japanese stock exchanges, effective October 1, 2012, the Company will split each of its shares of common stock into 10 shares and change the share unit number of the Company's common stock from 10 to 100 in order to make 100 shares the trading unit of common stock. There will be no actual change to the investment unit in connection with this stock split and trading unit change.

Management Integration through Transition to a Certified Broadcasting Holding Company Structure

To transition to a certified broadcasting holding company structure, a resolution was passed at a Board of Directors' meeting on May 10, 2012, and an agreement was reached to conduct an absorption-type company split with Nippon Television Bunkatsu Junbi Kabushiki Kaisha, a wholly owned subsidiary of NTV, and to exchange shares with BS Nippon Corporation and CS Nippon Corporation. This absorption-type company split was approved at the Ordinary General Meeting of Shareholders on June 28, 2012.

Earnings Outlook for the Year Ahead

For the fiscal year ending March 31, 2013, we forecast net sales of ¥317.2 billion, operating income of ¥34.0 billion and net income of ¥23.2 billion.

Although we expect the television advertising market to be affected by difficult ongoing economic conditions in the upcoming fiscal year, we aim to leverage our position as the holder of the Triple Crown title for 2011 and the fiscal year ended March 31, 2012, to expand operations in the mainstay content business. Accordingly, we anticipate a ¥11,740 million, or 3.8%, year-on-year increase in sales in this segment. At the same time, we will respond to the challenging operating environment by continuing to control costs. As a result, we expect operating income to increase ¥1,751 million, or 5.4%, and net income to rise ¥471 million, or 2.1%.

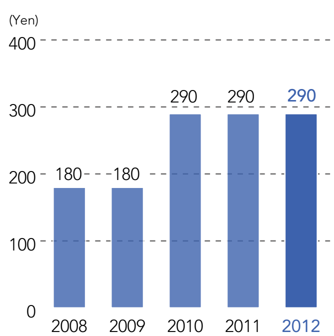
Furthermore, on October 1, 2012, we expect to transition to a certified broadcasting holding company structure. The above-stated forecasts are calculated on the basis of our current corporate structure and do not take into account our transition to a certified broadcasting holding company structure. We will announce forecasts following the transition to a certified broadcasting holding company structure as soon as their calculations are complete.

Dividend Policy

NTV recognizes return of profits to shareholders as an important task of management. Our basic policy is to make continuous and stable returns to shareholders, while building a corporate structure able to flexibly adapt to changes in the business environment and strengthen our revenue base and harmonizing these endeavors with the maintenance of internal reserves for aggressive future expansion.

NTV's basic policy is to pay dividends twice each year, once at midterm and once at year-end. The General Meeting of Shareholders determines the year-end dividend, while midterm dividends are resolved by the Company's Board of Directors.

Cash Dividends per Share



Note: Dividend figures include a ¥30 per share dividend in the year ended March 31, 2008, to commemorate NTV's 55th anniversary of establishment.

For the fiscal year ended March 31, 2012, we awarded a dividend of ¥290 per share, including an interim dividend of ¥90 per share.

The Company plans to split its shares of common stock 10 for 1 on October 1, 2012, with a record date of September 30, 2012. At the same time, we will change the trading unit on common stock from 10 shares to 100 shares. In terms of returns to shareholders from the upcoming fiscal year, we have set a lower limit of ¥18 per share for full-year dividends following the share split (¥180 per share when calculated on the basis of shares prior to the split). Going forward, we will endeavor to exceed this level of shareholder returns.

Business Risks

The NTV Group states risk factors deemed to have the potential to significantly affect its business activities. The risks described below are external factors that the Group cannot control and include business risks that are not particularly likely to materialize. However, they are provided from the standpoint of active disclosure to investors. Many of the risk factors described below concern the future, but they are provided based on judgments as of the date of publication of this *Annual Report*.

Recognizing that these risks exist, the NTV Group aims to avoid such risks and to minimize their impact if they do materialize. Note that the following statements do not comprehensively identify all possible risks related to investing in the Company's stock.

Risk Factors as a Broadcaster

■ Dependence on Television Advertising Revenue and Television Broadcasting Media Prices

The content business, which forms the core of the NTV Group's operations, is dependent on television advertising revenue generated through the sales of television advertising time slots. Such revenues comprised 70.0% of total net sales in the fiscal year ended March 31, 2012.

In general, advertising prices are linked with macroeconomic trends. Furthermore, advertising media are growing increasingly diverse, owing to the advent of the Internet and other media.

The NTV Group recognizes the continued dominance of the media value of television broadcasting and remains committed to enhancing that value, as well as to cultivating new sources of revenue. However, future macroeconomic trends in Japan and shifts in the advertising market could impact the Group's business performance and financial position.

■ Legal Regulations for Television Broadcasters

The NTV Group's core content business is regulated by Japan's Broadcast Law and Radio Law.

The objective of the Broadcast Law is to promote robust development of broadcasting by stipulating freedom of program editing and establishing broadcast program deliberative bodies. The Radio Law also aims to enhance public welfare by ensuring the fair and efficient usage of the airwaves. Article 4 of the Radio Law stipulates that parties seeking to open radio stations for the transmission of radio waves must receive a license from the Minister of Internal Affairs and Communications. Article 13 of the Radio Law specifies that the validation period of such a license shall be not more than five years and is determined by the Minister of Internal Affairs and Communications.

On July 31, 1952, the Company was the first in Japan to be authorized for television broadcasting. We have subsequently continued to renew our status as a licensed broadcasting company.

Under the authority of the Minister of Internal Affairs and Communications in the event of prescribed circumstances, the Radio Law provides stipulations for discontinuance of radio transmissions (Article 72) and revocation of status as a licensed broadcasting company (Article 75 and Article 76). Continued television broadcasting is the linchpin for the NTV Group's future existence, so the Group is ever-conscious of and vigilant toward the emergence of such circumstances in the fulfillment of its social mission of broadcasting. However, if the Company's status as a licensed broadcasting company were revoked under the Radio Law, the Group's business performance and financial position could be seriously affected.

Risk Factors Regarding Competition with Other Companies

■ Competition with Other Forms of Media

Given that analog terrestrial broadcasting in Japan ended in March 2012, the transition to digital terrestrial broadcasting that commenced in December 2003 is now complete. However, during this period, the three-wavelength tuners that enable viewing of terrestrial, BS digital and CS digital broadcasts have steadily gained popularity. In addition, new BS digital broadcasts started in October 2011, and multimedia broadcasting targeting mobile devices commenced in April 2012. At the same time, broadband access has improved and sophisticated personal computers have broadly penetrated the general household market. This popularization of digital media is drawing the interest of many people, rapidly raising the advertising value of such forms of media.

The NTV Group has decided to counter the increasing diversification of digital media by stepping up its activities involving three-wavelength operations. To achieve this, we will convert BS Nippon Corporation, which broadcasts "BS Nittele"—a BS digital broadcast—and CS Nippon Corporation, which handles the CS digital broadcast "Nittele Plus" to wholly owned subsidiaries. We are also involved in Internet media, such as NTV2, NTV On Demand and NTV Apps. However, this proliferation of digital media may cut into viewing time for digital terrestrial broadcasts, thereby lowering their advertising value. In such cases, the Group's business performance and financial position may be affected.

Risk Factors Regarding Content

■ Surging License Fees

With the content business at the core of its operations, the NTV Group has carried out its mission as a television broadcaster by covering the Olympics, World Cup soccer, professional baseball, and other sporting events closely watched by Japan's citizens. At the same time, it is difficult to secure advertising revenues sufficient to offset the recent increases in the television licensing fees charged for these sporting events, which is eroding profits for television broadcasters.

The Group remains committed to airing sporting events, to execute its mission, as a television broadcaster, of continuing to provide citizens with entertainment. However, price hikes on licensing fees have the potential to negatively influence the Group's business performance and financial position.

■ Copyrights and Other Intellectual Property Rights

The television programs produced by the NTV Group closely combine copyrights and neighboring rights (hereinafter "copyrights, etc.") that represent the results of the creative intellectual and cultural efforts of authors, screenwriters, musical lyricists and composers, record producers, performers and many others (hereinafter "authors, etc.").

Japan's Copyright Act states in its first Article that it is intended to spell out the rights of such authors, etc., who engage in creative activities, protect the rights of such authors, etc., and contribute to cultural development, while giving due regard to fair use.

In recent years, demand has arisen for multiple uses of content to supplement conventional terrestrial broadcasting, including content distribution via BS and CS satellite broadcasts, cable television and the Internet; packaging in the form of DVDs, Blu-ray Discs and other physical media; and merchandising and publishing related to program characters. While carefully considering the rights of the various authors, etc., the Group will continue aggressively pursuing multiple uses for the television programs and other content it produces.

However, the rights for use of television programs produced by the Group from the authors, etc., are premised on terrestrial broadcasting usage as a general rule, leaving the Group with numerous television programs for which rights premised on uses other than terrestrial broadcasting have not been adequately obtained.

In deploying content for multiple uses on the Internet and in other new media, it is therefore essential to re-acquire permission from the authors, etc., in advance of such use either in parallel with or subsequent to terrestrial broadcasting. Such rights handling could require large amounts of time and expenditures. At the same time, in the event that the Group fails to properly accommodate the authors, etc., it may face broadcast cancellation orders or claims for damages. In such cases, the Group's business performance and financial position may be affected.

Risk Factors Regarding Investment in New Businesses

■ Film Business

The NTV Group is actively engaged in the film business in the pursuit of revenue outside of television advertising revenue, and contributes capital to approximately 10 films each year. Our capital participation in the film business is determined based on careful simulations of potential income and outlay during the planning stages of each film. However, there is no guarantee that actual box office receipts and secondary usage revenues after theatrical release will generate the projected earnings. Failure to secure the amount of revenue initially planned may impact the Group's business performance and financial position.

■ Media Commerce Business

To secure revenue from sources other than television advertising, the Group is actively engaged in the media commerce business, which is growing in scale each year. We select products carefully, using a thoroughly comprehensive checking system. Sale by the Group of defective or faulty products could result in the obligation to accept returns of or replace such products. In such cases, failure to secure the amount of revenue initially planned may impact the Group's business performance and financial position.

■ VoD Business, NTV2 and Nittele On Demand

In October 2005, the Group launched NTV2, Japan's first Internet-based video on demand (VoD) business operated by a television broadcaster. Furthermore, in December 2010, we launched Nittele On Demand as a fee-based content distribution service, which is steadily increasing viewer numbers through its distribution of dramas, animated series, variety shows, sports and other program content.

However, Internet-based businesses, and specifically VoD businesses, may be affected by major fluctuations in market demand, owing in particular to the increasing sophistication of network infrastructure and mobile terminals. Furthermore, advertising revenues may not grow if the business is unable to provide content that fulfills sponsors' needs and deliver content that will attract VoD viewers. These factors may result in the business being unable to recover its expenses, thereby affecting the business performance and financial position of the Group.

Other Risk Factors

■ Handling of Shares Purchased by Foreign Entities

NTV's status as a licensed broadcasting company under the Radio Law will be revoked if the voting rights held by foreign entities (defined as (1) an individual without Japanese citizenship, (2) a foreign government or its representatives, (3) a foreign juridical person or organization or (4) a juridical person or organization the ratio of voting rights of which to be held directly by the entity described in items (1) to (3)) reach a ratio of 20% or more of the Company's shares with voting rights, such ratio being defined by the Ministry of Internal Affairs and Communications Ordinance as the sum of the ratios of the rights held directly by entities described in (1) through (3) and held indirectly through the entities described in (4).

In this situation, the Company may refuse to describe or record the name or address of such foreign entities on the shareholders' register in accordance with the provisions of the Broadcast Law Article 116(i) and 116(ii). Furthermore, based on Article 116(8)(iv) of the Broadcast Law, the Company may also restrict exercise of voting rights.

Following our transition to a certified broadcasting holding company structure, scheduled for October 1, 2012, in the event that foreign entities described as (1) through (3) above directly hold 20% or more of the Company's voting rights, or if such rights are indirectly held by an entity described in (4), as prescribed by Ministry of Internal Affairs and Communications Ordinance, the Company could lose its certification as a certified broadcasting holding company.

In this event, when the foreign ownership ratio approaches 20%, the Company may, in accordance with Broadcasting Law Articles 116-1 and 116-2, deny requests from foreign entities for registration of shares in the shareholders' registry, while Broadcasting Law Article 116-3 restricts the use of voting rights.

■ Large-Scale Acquisitions of NTV's Shares

Many large-scale acquisitions of shares benefit neither the corporate value of the target company nor the common interests of its shareholders. Such large-scale acquisitions include those with a purpose that would obviously harm the corporate value of the target company and the common interests of its shareholders; those with the potential to substantially coerce shareholders into selling their shares; those that do not provide sufficient time or information for the target company's Board of Directors and shareholders to consider the details of the large-scale acquisition, or for the target company's Board of Directors to make an alternative proposal; and those that require the target company to discuss or negotiate with the acquirer in order to procure more favorable terms for shareholders than those presented by the acquirer.

NTV obtained shareholder approval for and carried out a renewal of its plan for countermeasures to large-scale acquisitions of shares in the Company with necessary amendments (takeover defense measures) at a meeting of the Board of Directors held on May 10, 2012 and its 79th Ordinary General Meeting of Shareholders held on June 28, 2012, as a measure (Article 118, Item (iii)(b) of the Ordinance for Enforcement of the Companies Act) to prevent decisions on the Company's financial and business policies from being controlled by persons viewed as inappropriate under the basic policy regarding persons who control decisions on the Company's financial and business policies (defined in the main clause of Article 118, Item (iii) of the Ordinance for Enforcement of the Companies Act).

The Group strives to ensure and enhance its corporate value, whose source lies in particular in its superior content development capability. The bedrock of our content development capability is founded mainly on acquisition and development of high-caliber personnel, preservation of mutual trust relationships with external parties involved in content production, sustainment of relationships of cooperation and mutual trust with network companies, maintenance of a corporate culture with a midium- to long-term outlook that encourages the development of high-quality content, assurance of stable business results and financial structure, and fulfillment of the Company's public responsibilities as a broadcaster. Unless the acquirer of a proposed large-scale acquisition of shares in the Company understands the source of the corporate value of the Company and would ensure and enhance these elements over the medium-to-long term, the corporate value of the Company and, in turn, the common interests of its shareholders would be harmed, which could have a considerable impact on the Company's management.

CONSOLIDATED BALANCE SHEETS

Nippon Television Network Corporation and Consolidated Subsidiaries
March 31, 2012 and 2011

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
Current Assets:			
Cash and cash equivalents (Note 13)	¥ 43,190	¥ 33,312	$525,490
Marketable securities (Notes 3 and 13)	25,527	22,441	310,585
Short-term investments (Notes 4 and 13)	2,440	410	29,687
Receivables (Note 13):			
Trade notes	192	136	2,336
Trade accounts	78,267	73,855	952,269
Other	3,826	3,801	46,550
Allowance for doubtful accounts	(75)	(76)	(913)
Inventories (Note 5)	10,080	11,757	122,643
Deferred tax assets (Note 11)	4,106	4,836	49,957
Prepaid expenses and other	6,015	7,125	73,184
Allowance for doubtful accounts		(698)	
Total current assets	173,568	156,899	2,111,788
Property, Plant and Equipment (Notes 6 and 7):			
Land	138,536	138,633	1,685,558
Buildings and structures	89,141	89,074	1,084,572
Machinery, vehicles and equipment	91,581	95,233	1,114,260
Lease assets (Note 12)	24	62	292
Construction in progress	1,242	449	15,111
Total property, plant, and equipment	320,524	323,451	3,899,793
Accumulated depreciation	(127,200)	(126,370)	(1,547,633)
Net property, plant and equipment	193,324	197,081	2,352,160
Investments and Other Assets:			
Investment securities (Notes 3 and 13)	116,300	116,975	1,415,014
Investments in and advances to unconsolidated subsidiaries and associated companies	44,039	38,026	535,819
Long-term deposits (Note 13)	6,000	8,000	73,002
Deferred tax assets (Note 11)	1,227	1,898	14,929
Other assets	9,542	9,591	116,098
Allowance for doubtful accounts	(772)	(72)	(9,393)
Total investments and other assets	176,336	174,418	2,145,469
Total	¥543,228	¥528,398	$6,609,417

See notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
LIABILITIES AND EQUITY	2012	2011	2012
Current Liabilities:			
Short-term borrowings (Note 8)	¥ 1,433	¥ 741	$ 17,435
Payables (Note 13):			
Trade accounts	44,439	44,889	540,686
Other	4,791	8,985	58,292
Income taxes payable	9,395	10,810	114,308
Accrued expenses and other	5,731	5,063	69,729
Total current liabilities	65,789	70,488	800,450
Long-Term Liabilities:			
Liabilities for retirement benefits (Note 9)	7,691	6,606	93,576
Guarantee deposits received (Note 6 and 13)	20,198	20,218	245,748
Deferred tax liabilities (Note 11)	3,061	2,426	37,243
Other	451	1,164	5,487
Total long-term liabilities	31,401	30,414	382,054
Commitments and Contingent Liabilities (Notes 12 and 14)			
Equity (Notes 10, 15 and 16):			
Common stock—authorized, 100,000,000 shares; issued, 25,364,548 shares in 2012 and 2011	18,576	18,576	226,013
Capital surplus	17,928	17,928	218,129
Retained earnings	414,088	398,373	5,038,180
Treasury stock—at cost, 886,466 shares in 2012 and 884,738 shares in 2011	(12,111)	(12,090)	(147,354)
Accumulated other comprehensive income:			
Unrealized loss on available-for-sale securities	(803)	(3,364)	(9,770)
Foreign currency translation adjustments	(604)	(477)	(7,349)
Subtotal	437,074	418,946	5,317,849
Minority interests	8,964	8,550	109,064
Total equity	446,038	427,496	5,426,913
Total	¥543,228	¥528,398	$6,609,417

CONSOLIDATED STATEMENTS OF INCOME

Nippon Television Network Corporation and Consolidated Subsidiaries
Years Ended March 31, 2012 and 2011

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
Net Sales	¥305,460	¥297,895	$3,716,511
Cost of Sales	205,259	199,167	2,497,372
Gross profit	100,201	98,728	1,219,139
Selling, General and Administrative Expenses	67,952	67,058	826,768
Operating income	32,249	31,670	392,371
Other Income (Expenses):			
Interest and dividend income	2,549	2,290	31,014
Interest expense	(6)	(6)	(73)
Gain on sales of investment securities	111	10	1,351
Loss on devaluation of investment securities	(97)	(1,990)	(1,180)
Equity in earnings of unconsolidated subsidiaries and associated companies	2,651	1,328	32,255
Gain on investment in partnership	248	3,079	3,017
Other—net	(168)	(144)	(2,045)
Other income—net	5,288	4,567	64,339
Income before Income Taxes and Minority Interests	37,537	36,237	456,710
Income Taxes (Note 11):			
Current	13,569	15,596	165,093
Deferred	806	(552)	9,807
Total income taxes	14,375	15,044	174,900
Net Income before Minority Interests	23,162	21,193	281,810
Minority Interests in Net Income	(433)	(144)	(5,268)
Net Income	¥ 22,729	¥ 21,049	$ 276,542
	Yen		U.S. Dollars
Per Share of Common Stock (Note 2. n):			
Basic net income	¥928.51	¥859.68	$11.30
Cash dividends applicable to the year	290.00	290.00	3.53

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Nippon Television Network Corporation and Consolidated Subsidiaries
Years Ended March 31, 2012 and 2011

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
Net Income before Minority Interests	¥23,162	¥21,193	$281,810
Other Comprehensive Income (loss) (Note 15):			
Unrealized gain (loss) on available-for-sale securities	2,152	(2,505)	26,183
Foreign currency translation adjustments	(35)	(93)	(425)
Share of other comprehensive income in associates	318	(243)	3,869
Total other comprehensive income (loss)	2,435	(2,841)	29,627
Comprehensive Income (Note 15)	¥25,597	¥18,352	$311,437
Total Comprehensive Income Attributable to (Note 15):			
Owners of the parent	¥25,164	¥18,206	$306,169
Minority interests	433	146	5,268

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Nippon Television Network Corporation and Consolidated Subsidiaries
Years Ended March 31, 2012 and 2011

	Thousands	Thousands	Millions of Yen								
							Accumulated Other Comprehensive Income				
	Number of Shares of Common Stock Issued	Number of Shares of Treasury Stock	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized (Loss) Gain on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
Balance, April 1, 2010	25,365	880	¥18,576	¥17,928	¥384,489	¥(12,053)	¥(651)	¥(347)	¥407,942	¥8,425	¥416,367
Net income					21,049				21,049		21,049
Cash dividends, ¥290 per share					(7,165)				(7,165)		(7,165)
Increase in treasury stock—net		4				(37)			(37)		(37)
Net change in the year							(2,713)	(130)	(2,843)	125	(2,718)
Balance, March 31, 2011	25,365	884	¥18,576	¥17,928	398,373	(12,090)	¥(3,364)	(477)	418,946	8,550	¥427,496
Net income					22,729				22,729		22,729
Cash dividends, ¥290 per share					(7,014)				(7,014)		(7,014)
Increase in treasury tock—net		2				(21)			(21)		(21)
Net change in the year							2,561	(127)	2,434	414	2,848
Balance, March 31, 2012	**25,365**	**886**	**¥18,576**	**¥17,928**	**¥414,088**	**¥(12,111)**	**¥(803)**	**¥(604)**	**¥437,074**	**¥8,964**	**¥446,038**

	Thousands of U.S. Dollars (Note 1)								
					Accumulated Other Comprehensive Income				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain (Loss) on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
Balance, March 31, 2011	$226,013	$218,129	$4,846,977	$(147,098)	$(40,930)	$(5,804)	$5,097,287	$104,027	$5,201,314
Net income			276,542				276,542		276,542
Cash dividends, $3.53 per share			(85,339)				(85,339)		(85,339)
Increase in treasury stock—net				(256)			(256)		(256)
Net change in the year					31,160	(1,545)	29,615	5,037	34,652
Balance, March 31, 2012	**$226,013**	**$218,129**	**$5,038,180**	**$(147,354)**	**$(9,770)**	**$(7,349)**	**$5,317,849**	**$109,064**	**$5,426,913**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Nippon Television Network Corporation and Consolidated Subsidiaries
Years Ended March 31, 2012 and 2011

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
Operating Activities:			
Income before income taxes and minority interests	¥37,537	¥36,237	$456,710
Adjustments for:			
Income taxes—paid	(14,985)	(11,596)	(182,321)
Depreciation and amortization	7,071	8,456	86,032
Increase in liabilities for retirement benefits	1,085	570	13,201
Gain on sales of investment securities		(10)	
Loss on devaluation of investment securities	97	1,990	1,180
Equity in earnings of unconsolidated subsidiaries and associated companies	(2,651)	(1,328)	(32,255)
Changes in operating assets and liabilities:			
Increase in trade notes and accounts receivable	(4,468)	(5,005)	(54,362)
Decrease (increase) in inventories	1,677	(1,463)	20,404
Decrease in trade notes and accounts payable	(450)	(1,459)	(5,475)
Other—net	361	(2,959)	4,393
Total adjustments	(12,263)	(12,804)	(149,203)
Net cash provided by operating activities	25,274	23,433	307,507
Investing Activities:			
Increase in long-term deposits	(452)	(410)	(5,499)
Decrease in long-term deposits	402	448	4,891
Proceeds from redemption of marketable securities	22,428	2,021	272,880
Purchases of property, plant and equipment	(2,798)	(4,049)	(34,043)
Proceeds from sales of property, plant and equipment	206	36	2,506
Purchases of intangible assets	(862)	(762)	(10,488)
Purchases of investment securities	(30,767)	(35,556)	(374,340)
Proceeds from sales of investment securities	1,399	12	17,022
Proceeds from redemption of investment securities	3,412	10,462	41,514
Payments of loans receivable	(202)	(1,701)	(2,458)
Payments for investments in capital of subsidiaries and affiliates	(2,111)		(25,684)
Other—net	377	1,318	4,586
Net cash used in investing activities	(8,968)	(28,181)	(109,113)
Financing Activities:			
Increase in short-term borrowings—net	692	44	8,420
Dividends paid	(7,092)	(7,155)	(86,288)
Purchases of treasury stock	(0)	(1)	(0)
Other—net	(20)	(20)	(244)
Net cash used in financing activities	(6,420)	(7,132)	(78,112)
Foreign Currency Translation Adjustments on Cash and Cash Equivalents	(8)	(27)	(97)
Net Increase (decrease) in Cash and Cash Equivalents	9,878	(11,907)	120,185
Cash and Cash Equivalents, Beginning of Year	33,312	45,219	405,305
Cash and Cash Equivalents, End of Year	¥43,190	¥33,312	$525,490

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Nippon Television Network Corporation and Consolidated Subsidiaries
March 31, 2012 and 2011

1. Basis of Presentation of Consolidated Financial Statements

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

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2011 consolidated financial statements to conform to the classifications used in 2012.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Nippon Television Network Corporation (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥82.19 to $1, the approximate rate of exchange at March 31, 2012. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. Summary of Significant Accounting Policies

a. Consolidation—The consolidated financial statements as of March 31, 2012, include the accounts of the Company and its 13 significant (13 in 2011) subsidiaries (together, the "Group").

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Investments in 20 (17 in 2011) unconsolidated subsidiaries and 21 (19 in 2011) associated companies are accounted for by the equity method.

In September 2006, the Accounting Standards Board of Japan (ASBJ) issued Practical Issues Task Force No. 20, "Practical Solution on Application of Control Criteria and Influence Criteria to Investment Associations." The practical solution clarifies how the control and influence concept should be practically applied to the consolidation scope of collective investment vehicles, such as limited partnerships, Tokumei Kumiai and other entities with similar characteristics. The Company applied this task force guidance and consolidated six such collective investment vehicles in 2011 (four in 2010).

The excess of the cost of acquisition over the fair value of an acquired subsidiary or affiliate at the date of acquisition is being amortized within 20 years on a straight line basis. However, if the amount is minor, it is fully amortized in the fiscal year in which it occurs.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is also eliminated.

b. Business Combinations—In October 2003, the Business Accounting Council issued a Statement of Opinion, "Accounting for Business Combinations," and in December 2005, the ASBJ issued ASBJ Statement No. 7, "Accounting Standard for Business Divestitures," and ASBJ Guidance No. 10, "Guidance for Accounting Standard for Business Combinations and Business Divestitures." The accounting standard for business combinations allows companies to apply the pooling of interests method of accounting only when certain specific criteria are met such that the business combination is essentially regarded as a uniting of interests. For business combinations that do not meet the uniting-of-interests criteria, the business combination is considered to be an acquisition and the purchase method of accounting is required. This standard also prescribes the accounting for combinations of entities under common control and for joint ventures.

In December 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No. 21, "Accounting Standard for Business Combinations." Major accounting changes under the revised accounting standard are as follows: (1) The revised standard requires accounting for business combinations only by the purchase method. As a result, the pooling of interests method of accounting is no longer allowed. (2) The previous accounting standard required research and development costs to be charged to income as incurred. Under the revised standard, in-process research and development costs acquired in the business combination is capitalized as an intangible asset. (3) The previous accounting standard provided for a bargain purchase gain (negative goodwill) to be systematically amortized over a period not exceeding 20 years. Under the revised standard, the acquirer recognizes the bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase allocation. The revised standard was applicable to business combinations undertaken on or after April 1, 2010.

c. Cash Equivalents—Cash equivalents are short term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

Cash equivalents include time deposits and mutual funds investing in bonds that represent short term investments, all of which mature or become due within three months of the date of acquisition.

d. Inventories—Program rights (costs incurred in connection with the production of programming and the purchase of rights to programs that are capitalized and amortized as the respective programs are broadcast) and most of work in process are stated at the lower of cost, determined by the specific identification method or market. Finished merchandise, products, raw materials, and supplies are mainly stated at the lower of cost, determined by the first in, first out method or market.

e. Marketable and Investment Securities—Marketable and investment securities are classified as trading securities, held to maturity debt securities, or available for sale securities depending on management's intent. The Group classifies securities as held to maturity debt securities and available for sale securities.

Held to maturity debt securities are reported at amortized cost.

Marketable available for sale securities are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. The cost of securities sold is determined based on the moving average method.

Nonmarketable available for sale securities are stated at cost determined by the moving average method. For other-than-temporary declines in fair value, nonmarketable available for sale securities are reduced to net realizable value by a charge to income.

f. Property, Plant, and Equipment—Property, plant, and equipment are stated at cost. Depreciation is computed by the declining balance method on the estimated useful lives of the assets, while the straight line method is applied to buildings acquired after April 1, 2000, and to lease assets. The range of useful lives is from 3 to 50 years for buildings and structures and from 2 to 20 years for machinery, vehicles, and equipment. The useful lives for lease assets are the terms of the respective leases.

g. Long Lived Assets—The Group reviews its long lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

h. Retirement and Pension Plans—The Company has a defined contribution pension plan, an unfunded lump sum retirement benefits plan, and a prepaid retirement plan. Subsidiaries have a defined contribution pension plan and an unfunded lump sum retirement benefits plan.

Effective April 1, 2000, the Group adopted a new accounting standard for employees' retirement benefits and accounted for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date.

The annual provision for retirement benefits for directors and corporate auditors of subsidiaries is calculated to state the liability at the amount that would be required if all directors and corporate auditors of subsidiaries retired at each balance sheet date.

i. Asset Retirement Obligations—In March 2008, the ASBJ published ASBJ Statement No. 18, "Accounting Standard for Asset Retirement Obligations," and ASBJ Guidance No. 21, "Guidance on Accounting Standard for Asset Retirement Obligations." Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development, and normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

j. Leases—In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions was effective for fiscal years beginning on or after April 1, 2008.

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information was disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions be capitalized by recognizing lease assets and lease obligations in the balance sheet. In addition, the accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to continue to be accounted for as operating lease transactions.

The Company applied the revised accounting standard effective April 1, 2008. In addition, the Company continues to account for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions.

All other leases are accounted for as operating leases.

k. Income Taxes—The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

l. Foreign Currency Translations—All short term and long term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date.

The foreign exchange gains and losses from translation are recognized in the consolidated statements of income.

m. Foreign Currency Financial Statements—With the exception of equity, which is translated at the historical rate, the balance sheet and revenue and expense accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rates as of the balance sheet date. Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity.

n. Per Share Information—Basic net income per share is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding for the period.

Diluted net income per share is not disclosed because the Group has not issued dilutive securities for the years ended March 31, 2012 and 2011.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years including dividends to be paid after the end of the year.

o. Accounting Changes and Error Corrections—In December 2009, the ASBJ issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections," and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under this standard and guidance are as follows: (1) Changes in Accounting Policies—When a new accounting policy is applied with revision of accounting standards, the new policy is applied retrospectively, unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions. (2) Changes in Presentations—When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation. (3) Changes in Accounting Estimates—A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods. (4) Corrections of Prior-Period Errors—When an error in prior-period financial statements is discovered, those statements are restated. This accounting standard and the guidance are applicable to accounting changes and corrections of prior-period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

p. New Accounting Pronouncements

Accounting Standard for Retirement Benefits—On May 17, 2012, the ASBJ issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits,c and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced the Accounting Standard for Retirement Benefits that had been issued by the Business Accounting Council in 1998 with effective date of April 1, 2000, and the other related practical guidance, being followed by partial amendments from time to time through 2009.

Major changes are as follows:

(a) Treatment in the balance sheet

Under the current requirements, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are not recognized in the balance sheet, and the difference between retirement benefit obligations and plan assets (hereinafter, "deficit or surplus"), adjusted by such unrecognized amounts, are recognized as a liability or asset.

Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss shall be recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and the deficit or surplus shall be recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).

(b) Treatment in the statement of income and the statement of comprehensive income

The revised accounting standard would not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts would be recognized in profit or loss over a certain period no longer than the expected average remaining working lives of the employees. However, actuarial gains and losses and past service costs that arose in the current period and yet to be recognized in profit or loss shall be included in other comprehensive income and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period shall be treated as reclassification adjustments.

This accounting standard and the guidance are effective for the end of annual periods beginning on or after April 1, 2013, with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

The Company expects to apply the revised accounting standard from the end of the annual period beginning on April 1, 2013, and is in the process of measuring the effects of applying the revised accounting standard for the year ending March 31, 2014.

3. Marketable and Investment Securities

Marketable and investment securities as of March 31, 2012 and 2011, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Current—Government and corporate bonds	¥ 25,527	¥ 22,441	$ 310,585
Non-current:			
Equity securities	¥ 53,596	¥ 47,799	$ 652,099
Government and corporate bonds	58,764	65,315	714,977
Trust fund investments and others	3,940	3,861	47,938
Total	¥116,300	¥116,975	$1,415,014

The costs and aggregate fair values of marketable and investment securities at March 31, 2012 and 2011, were as follows:

	Millions of Yen			
March 31, 2012	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available for sale:				
Equity securities	¥28,446	¥5,554	¥2,314	¥31,686
Government and corporate bonds	31,000	54	3,277	27,777
Held to maturity	56,513	125	798	55,840

	Millions of Yen			
March 31, 2011	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available for sale:				
Equity securities	¥28,688	¥4,203	¥4,415	¥28,476
Government and corporate bonds	36,499	111	3,269	33,341
Trust fund investments and others	56	10		66
Held to maturity	56,115	150	203	56,062

	Thousands of U.S. Dollars			
March 31, 2012	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available for sale:				
Equity securities	$346,100	$67,575	$28,154	$385,521
Government and corporate bonds	377,175	657	39,871	337,961
Held to maturity	687,590	1,521	9,710	679,401

The information for available-for-sale securities which were sold during the years ended March 31, 2012 and 2011, is as follows:

	Millions of Yen		
March 31, 2012	Proceeds	Realized Gains	Realized Losses
Available for sale:			
Equity securities	¥ 182	¥102	
Debt securities	1,000		
Trust fund investments and others	56	9	
Total	¥1,238	¥111	

	Millions of Yen		
March 31, 2011	Proceeds	Realized Gains	Realized Losses
Available for sale—Equity securities	¥12	¥10	

	Thousands of U.S. Dollars		
March 31, 2012	Proceeds	Realized Gains	Realized Losses
Available for sale:			
Equity securities	$2,214	$1,241	
Debt securities	12,167		
Trust fund investments and others	681	110	
Total	$15,062	$1,351	

The impairment losses on available for sale equity securities for the years ended March 31, 2012 and 2011, were ¥62 million ($754 thousand) and ¥1,479 million, respectively.

4. Short term investments

Short term investments as of March 31, 2012 and 2011, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Time deposits	¥2,440	¥410	$29,687

5. Inventories

Inventories at March 31, 2012 and 2011, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Program rights	¥ 7,218	¥ 7,580	$ 87,821
Finished products and merchandise	2,231	2,534	27,145
Work in process	86	1,109	1,046
Raw materials and supplies	545	534	6,631
Total	¥10,080	¥11,757	$122,643

6. Collateralized Property

At March 31, 2012, land of ¥101,031 million ($1,229,237 thousand) was pledged as collateral for guarantee deposits received of ¥19,000 million ($231,172 thousand).

7. Investment Property

In November 2008, the ASBJ issued ASBJ Statement No. 20, "Accounting Standard for Investment Property and Related Disclosures," and issued ASBJ Guidance No. 23, "Guidance on Accounting Standard for Investment Property and Related Disclosures."

The Group owns certain rental properties such as office buildings and land in Tokyo. The net of rental income and operating expenses for those rental properties for the years ended March 31, 2012 and 2011, were ¥641 million ($7,799 thousand) and ¥661 million, respectively.

In addition, the carrying amounts, changes in such balances and market prices of such properties are as follows:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Millions of Yen			
Carrying Amount			Fair Value
April 1, 2011	Increase/Decrease	March 31, 2012	March 31, 2012
¥77,978	¥1,720	¥79,698	¥90,906

Millions of Yen			
Carrying Amount			Fair Value
April 1, 2010	Increase/Decrease	March 31, 2011	March 31, 2011
¥78,395	¥(417)	¥77,978	¥90,444

Thousands of U.S. Dollars			
Carrying Amount			Fair Value
April 1, 2011	Increase/Decrease	March 31, 2012	March 31, 2012
$948,753	$20,927	$969,680	$1,106,047

Notes: 1. Carrying amount recognized in the consolidated balance sheets is net of accumulated depreciation, if any.
2. Increase during the fiscal year ended March 31, 2012, primarily represents the acquisition of certain properties of ¥2,075 million ($25,246 thousand).
3. Decrease during the fiscal year ended March 31, 2011, primarily represents the depreciation of ¥451 million.
4. The fair value of major properties owned by the Group as of March 31, 2012, is measured by outside real estate appraisers in accordance with the Real Estate Appraisal Standard (including adjustments made by using indexes). The fair value of other properties is measured by the Group using indices that are believed to approximate their market values appropriately.

8. Short-term-borrowings

Short term borrowings at March 31, 2012 and 2011, were collected from unconsolidated subsidiaries using a Cash Management System. The interest rate applicable to the short term borrowings was 0.660% and 0.670% at March 31, 2012 and 2011, respectively.

9. Returement and Pension Benefits Plan

The Company and certain consolidated subsidiaries have severance payment plans for employees, directors, and corporate auditors.

Retirement benefits for employees are determined on the basis of length of service, basic rate of pay at the time of termination, and certain other factors. If the termination is involuntary, the employee is usually entitled to a larger payment than in the case of voluntary termination.

The liability for employees' retirement benefits at March 31, 2012 and 2011, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Projected benefit obligation	¥7,568	¥6,481	$92,079
Net liability	¥7,568	¥6,481	$92,079

The components of net periodic benefit costs for the years ended March 31, 2012 and 2011, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Service cost	¥ 806	¥768	$ 9,807
Interest cost	91	80	1,107
Amortization of service cost	7	253	85
Recognized actuarial gain	83	(9)	1,010
Defined contribution pension plan premium cost	738	732	8,979
Net periodic benefit costs	1,725	1,824	20,988
Total	¥1,725	¥1,824	$20,988

Assumptions used for the years ended March 31, 2012 and 2011, are set forth as follows:

	2012	2011
Discount rate	2.3%	2.3%
Amortization period of prior service cost	One year	One year
Recognition period of actuarial gain	One year	One year

Retirement benefits for directors and corporate auditors are paid subject to approval of the shareholders in accordance with the Companies Act of Japan (the "Companies Act"). Retirement benefits as of March 31, 2012 and 2011, included benefits for directors and corporate auditors in the amount of ¥123 million ($1,497 thousand) and ¥125 million, respectively.

10. Equity

Japanese companies are subject to the Companies Act. The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year end dividend upon resolution at a shareholders meeting. For companies that meet certain criteria, such as having (1) the board of directors, (2) independent auditors, (3) the board of corporate auditors, and (4) a normal term of the director prescribed as one year rather than two years under its Articles of Incorporation, the board of directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its Articles of Incorporation. The Company meets all the above criteria.

The Companies Act permits companies to distribute dividends in kind (noncash assets) to shareholders subject to certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the board of directors if the Articles of Incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve, and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the aggregate amount of legal reserve and additional paid in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid in capital, other capital surplus, and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

c. Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the board of directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

In accordance with the purpose of the “Action Plan for Consolidating Trading Units” announced by the Japanese stock exchanges, the company will split each of its shares of common stock into 10 shares and change the share unit number of the company’s common stock from 10 to 100 in order to make 100 shares the trading unit of common stock. There will be no actual change to the investment unit in connection with this stock split and trading unit change.

Overview of the stock split

(1) Method of the stock split

The company will split each of the shares of common stock held by the last shareholders as of September 30, 2012 (Sunday) (as this day is a holiday, actually as of September 28, 2012 (Friday)), into 10 shares. The shares for which the company has refused entry in the shareholder registry under the provisions of the Broadcasting Act (shares subject to adjustment of foreign ownership) are also subject to this stock split.

(2) Number of shares increasing upon the stock split

The number of shares increasing will be calculated by multiplying the last total number of issued shares as of September 30, 2012 (Sunday), by 9. The numbers are as follows when using the present total number of issued shares as of March 29, 2012 (Thursday), as the calculation basis.

(i) Total number of issued shares before the stock split:25,364,548
(ii) Increase in number of shares upon the stock split:228,280,932
(iii) Total number of issued shares after the stock split:253,645,480
(iv) Number of authorized shares after the stock split:1,000,000,000

(3) Schedule of the stock split

The date of public notice for the record date
September 13, 2012 (Thursday)
Record date September 30, 2012 (Sunday)
Effective date October 1, 2012 (Monday)

Trading unit change

(1) Share unit number after the change

The share unit number will change from 10 to 100 on the condition that the stock split is effective as described in "Overview of the stock split" above.

(2) Schedule for the change

Effective date October 1, 2012 (Monday) Reference: On September 26, 2012 (Wednesday), the trading unit of the company's shares on the Tokyo Stock Exchange will change to 100.

The stock split will require restatement of all historical shares and per share data when the stock split becomes effective. Net income per share on a post-split basis for the years ended March 31, 2012 and 2011.

	Yen		U.S. Dollars
	2012	2011	2012
PER SHARE OF COMMON STOCK			
Basic net income	¥92.85	¥85.97	$1.13
Cash dividends applicable to the year	29.00	29.00	0.35

11. Income Taxes

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rate of approximately 40.7% for the years ended March 31, 2012 and 2011.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2012 and 2011, are as follows:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Current:			
Deferred tax assets:			
Devaluation of program rights	¥ 2,477	¥ 3,098	$ 30,137
Accrued enterprise taxes	655	847	7,969
Accrued bonuses	585	535	7,118
Other	407	367	4,952
Less valuation allowance	(7)	(3)	(85)
Total deferred tax assets	4,117	4,844	50,091
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	(11)	(5)	(134)
Other		(3)	
Total deferred tax liabilities	(11)	(8)	(134)
Net deferred tax assets	¥ 4,106	¥ 4,836	$ 49,957
Noncurrent:			
Deferred tax assets:			
Retirement benefits	¥ 2,741	¥ 2,874	$ 33,350
Devaluation of property, plant, and equipment	508	599	6,181
Devaluation of investment securities	1,913	2,201	23,275
Unrealized loss on available-for-sale securities	91	1,312	1,107
Other	458	1,141	5,573
Less valuation allowance	(2,352)	(2,747)	(28,617)
Total deferred tax assets	3,359	5,380	40,869
Offset with deferred tax liabilities	(3,359)	(5,380)	(40,869)
Net deferred tax assets	¥ 0	¥ 0	$ 0
Deferred tax liabilities:			
Tax benefit from deferred gain on sales of property, plant, and equipment	¥(5,126)	¥(5,865)	$(62,368)
Unrealized gain on available-for-sale securities	(8)	(7)	(97)
Other	(59)	(36)	(718)
Total deferred tax liabilities	(5,193)	(5,908)	(63,183)
Offset with deferred tax assets	3,359	5,380	40,869
Net deferred tax liabilities	¥(1,834)	¥ (528)	$(22,314)

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of income for the year ended March 31, 2012, is as follows:

	2012
Normal effective statutory tax rate	40.7%
Income not included for income tax purposes	(0.8)
Expenses not deductible for income tax purposes	1.0
Equity in earnings of affiliates	(2.9)
Other—net	0.3
Actual effective tax rate	38.3%

For the year ended March 31, 2011, the difference between the statutory tax rate and effective tax rate is less than 5% of the statutory tax rate; therefore, a tax rate reconciliation is not disclosed.

On December 2, 2011, new tax reform laws were enacted in Japan, which changed the normal effective statutory tax rate from approximately 40.7% to 38.0% effective for the fiscal years beginning on or after April 1, 2012 through March 31, 2015, and to 35.6% afterwards. The effect of this change on deferred taxes in the consolidated financial statements as of and for the year ended March 31, 2012, is not material.

12. Leases

a. Finance Lease Transactions

As lessee

The Group leases certain machinery, vehicles, equipment, office space, and other assets.

Total rental expenses including lease payments under finance leases for the years ended March 31, 2012 and 2011, were ¥14 million ($170 thousand) and ¥40 million, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Obligations under finance leases were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Due within one year	¥7	¥10	$85
Due after one year	1	8	12
Total	¥8	¥18	$97

Pro forma Information on Leased Property Whose Lease Inception Was before March 31, 2008

ASBJ Statement No. 13 requires that all finance lease transactions be capitalized to recognize lease assets and lease obligations in the balance sheet. However, ASBJ Statement No. 13 permits leases without ownership transfer of the leased property to the lessee and whose lease inception was before March 31, 2008, to continue to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the financial statements. The Company applied ASBJ Statement No. 13 effective April 1, 2008, and accounted for such leases as operating lease transactions. Pro forma information on leased property whose lease inception was before March 31, 2008, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
	Machinery, Vehicles, and Equipment	Machinery, Vehicles, and Equipment	Machinery, Vehicles, and Equipment
Acquisition cost	¥42	¥42	$511
Accumulated depreciation	34	27	414
Net leased property	¥ 8	¥15	$ 97

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Due within one year	¥7	¥ 7	$85
Due after one year	1	8	12
Total	¥8	¥15	$97

Depreciation expense and other information under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Depreciation expense	¥7	¥30	$85
Lease payments	7	30	85

Depreciation expense, which is not reflected in the accompanying consolidated statements of income, is computed by the straight line method.

b. Operating Lease Transactions

The minimum rental commitments under noncancelable operating leases at March 31, 2012 and 2011, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
As Lessee	2012	2011	2012
Due within one year	¥ 134	¥2	$ 1,630
Due after one year	3,271	3	39,798
Total	¥3,405	¥5	$41,428

	Millions of Yen		Thousands of U.S. Dollars
As Lessor	2012	2011	2012
Due within one year	¥ 130	¥ 130	$ 1,582
Due after one year	5,121	5,341	62,307
Total	¥5,251	¥5,471	$63,889

13. Financial Iistruments and Related Disclosures

(1) Group Policy for Financial Instruments

The Group uses financial instruments, primarily its own funds, based on its capital financing plan. Cash surpluses are invested in financial assets, mainly marketable securities, for the purpose of appropriate and safe fund management.

(2) Nature and Extent of Risks Arising from Financial Instruments

Receivables, such as trade notes and trade accounts, are exposed to customer credit risk. Marketable and investment securities, mainly held to maturity securities and equity instruments of customers and suppliers of the Group, are exposed to the risk of market price fluctuations.

The payment terms of most of payables, such as trade notes and trade accounts, are less than one year. Also, such payables are exposed to liquidity risk.

(3) Risk Management for Financial Instruments

Credit risk management

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. The Group manages its credit risk from receivables on the basis of internal guidelines, which include the monitoring of the payment terms and balances of major customers by each business administration department to identify the default risk of customers at an early stage. With respect to held to maturity financial investments, the Group manages its exposure to credit risk by limiting investments to high credit rated bonds in accordance with its internal guidelines.

The maximum credit risk exposure of financial assets is limited to their carrying amounts as of March 31, 2012.

Market risk management (interest rate risk)

Market risk of marketable and investment securities are managed by monitoring market values and financial position of issuers on a regular basis.

Liquidity risk management

Liquidity risk comprises the risk that the Group cannot meet its contractual obligations in full on their maturity dates. The Group manages its liquidity risk by holding adequate volumes of liquid assets, along with adequate financial planning by the corporate treasury department.

(4) Fair Values of Financial Instruments

Fair values of financial instruments are based on quoted prices in active markets. If a quoted price is not available, an other rational valuation technique is used instead.

(a) Fair value of financial instruments

	Millions of Yen		
March 31, 2012	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	¥ 43,190	¥ 43,190	¥ (0)
Marketable securities	25,527	25,370	(157)
Short-term investments	2,440	2,487	47
Receivables	82,285	82,285	
Investment securities	90,449	89,932	(517)
Long-term deposits	6,000	5,677	(323)
Total	¥249,891	¥248,941	¥ (950)
Payables	¥ 49,230	¥ 49,230	
Guarantee deposits received	20,198	13,233	¥6,965
Total	¥ 69,428	¥ 62,463	¥6,965

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	Millions of Yen		
March 31, 2011	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	¥ 33,312	¥ 33,312	¥ (0)
Marketable securities	22,441	22,422	(19)
Short-term investments	410	410	
Receivables	77,792	77,787	(5)
Investment securities	93,857	93,823	(34)
Long-term deposits	8,000	7,464	(536)
Total	¥235,812	¥235,218	¥ (594)
Payables	¥ 53,874	¥ 53,874	
Guarantee deposits received	20,218	12,036	¥8,182
Total	¥ 74,092	¥ 65,910	¥8,182

	Thousands of U.S. Dollars		
March 31, 2012	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	$ 525,490	$ 525,490	$ (0)
Marketable securities	310,585	308,675	(1,910)
Short-term investments	29,687	30,259	572
Receivables	1,001,155	1,001,155	
Investment securities	1,100,487	1,094,196	(6,291)
Long-term deposits	73,002	69,072	(3,930)
Total	$3,040,406	$3,028,847	$(11,559)
Payables	$ 598,978	$ 598,978	
Guarantee deposits received	245,748	161,005	$ 84,743
Total	$ 844,726	$ 759,983	$ 84,743

Cash and Cash Equivalents, Short Term Investments, Receivables, and Payables

The carrying values of these instruments approximate fair value because of their short maturities.

The fair value of time deposits is measured at the price presented by financial institutions.

Marketable and Investment Securities

The fair values of marketable and investment securities are measured at the quoted market price on the stock exchange for the equity instruments, and at the quoted price obtained from the financial institution for certain debt instruments. Fair value information for marketable and investment securities by classification is included in Note 3.

Long Term Deposits

The fair value of long term deposits is measured at the price presented by financial institutions.

Guarantee Deposits Received

The fair values of guarantee deposits received are determined by discounting the cash flows related to the debt at the Group's assumed corporate borrowing rate.

(b) Carrying amount of financial instruments whose fair value cannot be reliably determined

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Investments in unconsolidated subsidiaries and associated companies	¥35,099	¥31,673	$427,047
Other investments in equity instruments that do not have a quoted market price in an active market	25,851	23,118	314,527

(5) Maturity Analysis for Financial Assets and Securities with Contractual Maturities

	Millions of Yen			
March 31, 2012	Due in One Year or Less	Due after One Year through Five Years	Due after 5 Years through 10 Years	Due after 10 Years
Cash and cash equivalents	¥ 43,190			
Marketable securities	25,500			
Short-term investments	2,440			
Receivables	82,285			
Investment securities:				
Held-to-maturity securities		¥36,000	¥ 50	
Available-for-sale securities with contractual maturities		4,771	1,000	¥24,292
Long-term deposits		2,000	2,000	2,000
Total	¥153,415	¥42,771	¥3,050	¥26,292

	Thousands of U.S. Dollars			
March 31, 2012	Due in One Year or Less	Due after One Year through Five Years	Due after 5 Years through 10 Years	Due after 10 Years
Cash and cash equivalents	$ 525,490			
Marketable securities	310,257			
Short-term investments	29,687			
Receivables	1,001,156			
Investment securities:				
Held-to-maturity securities		$438,009	$ 608	
Available-for-sale securities with contractual maturities		58,049	12,167	$295,559
Long-term deposits		24,334	24,334	24,334
Total	$1,866,590	$520,392	$37,109	$319,893

14. Contingent Liabilities

The Group's contingent liabilities as guarantor of indebtedness as of March 31, 2012, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Employees	¥ 302	$ 3,674
MADHOUSE Inc.	700	8,517
Total	¥1,002	$12,191

15. Comprehensive Income

The components of other comprehensive income for the year ended March 31, 2012, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2012	2012
Unrealized gain (loss) on available-for-sale securities:		
Gains arising during the year	¥ 3,421	$ 41,623
Reclassification adjustments to profit or loss	(37)	(450)
Amount before income tax effect	3,384	41,173
Income tax effect	(1,232)	(14,990)
Total	¥ 2,152	$ 26,183
Foreign currency translation adjustments:		
Adjustments arising during the year	¥ (35)	$ (425)
Total	¥ (35)	$ (425)
Share of other comprehensive income in associates—		
Gains arising during the year	¥ 327	$ 3,979
Reclassification adjustments to profit or loss	(9)	(110)
Total	¥ 318	$ 3,869
Total other comprehensive income	¥ 2,435	$ 29,627

The corresponding information for the year ended March 31, 2011, was not required under the accounting standard for presentation of comprehensive income as an exemption for the first year of adopting that standard and not disclosed herein.

16. Subsequent Events

a. Appropriation of Retained Earnings

The following appropriation of retained earnings at March 31, 2012, was approved at the Company's shareholders meeting held on June 28, 2012:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥200 ($2.43) per share	¥4,836	$58,839

b. Business Combination

The Company ("NTV"), on May 10, 2012, has concluded contracts, for an absorption-type company split (the "Company Split") with Nippon Television Network Preparatory Corporation (the "Successor Preparatory Company"), and for share exchanges (the "Share Exchanges") with BS Nippon Corporation ("BSN") and CS Nippon Corporation ("CSN"), in order to transfer to a certified broadcast holding company structure (the "Transition"), based on the decision of their board of directors. Also, the Company Split was approved at the shareholders' meeting held on June 28, 2012.

1. Purpose of the Transition

NTV, BSN, and CSN have collaborated in such activities as broadcasting, program production, and program supply, and have each brought such efforts to fruition through their respective independent management until now. However, although significant growth cannot be expected in the television advertising market in the future, it is anticipated that the competition among broadcasting organizations, whether commercial or fee-based, will only grow more intense, due to factors such as the arrival of the broadcasting satellite (BS) multichannel era and the shakeup of communications satellite (CS) broadcast channels. In order to ride out these difficulties, NTV, BSN, and CSN carried out examination at length about measures to develop a comprehensive media strategy that would make the most of the strengths of each company, and as a result of such examination decided that "building a closer capital relationship" is necessary for the maximization of corporate value of the Companies, and, to this end, reached a conclusion that the best strategy for structuring a new group system is to transition to a certified broadcasting holding company structure.

2. General outline of the Company Split

(1) The name of the Company Split company

	The splitting company	The successor company
Company name	Nippon Television Network Corporation (The Company)	Nippon Television Network Preparatory Corporation

(2) Details of businesses of units to be split

All businesses of NTV other than certain group operations management business (the "Businesses").

(3) Business results of units to be split

Unit: Millions of Yen (Thousands of U.S. Dollars)

	Business units (a)	Business results for FY 2012 (b)	Ratio (a/b)
Sales	264,342 (3,216,231)	264,820 (3,222,046)	99.8%
Operating profit	29,158 (354,763)	27,029 (328,860)	107.9%
Recurring profit	30,775 (374,437)	29,700 (361,358)	103.6%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(4) Assets and liabilities to be split and amounts thereof

Unit: Millions of Yen (Thousands of U.S. Dollars)

Asset		Liabilities	
Item	Book value	Item	Book value
Current assets	101,713 (1,237,535)	Current liabilities	47,195 (574,218)
Fixed assets	179,221 (2,180,569)	Fixed liabilities	6,084 (74,024)
Total	280,934 (3,418,104)	Total	53,279 (648,242)

Note: Figures for assets and liabilities to be split are figures anticipated as of March 31, 2012. Final figures will be determined by adjustment of increases and decreases accrued up to the effective date of the split.

(5) Effective date for the Company Split

October 1, 2012

(6) Legal framework of the Company Split

The method is an absorption-type company split in which NTV is the splitting company and the Successor Preparatory Company, a wholly owned subsidiary of NTV, is the successor company.

(7) The cost of additional acquisition of shares in subsidiary and its breakdown

The cost will be calculated on the basis of an equivalent amount of the capital stock related to the Businesses at the day before effective date for the Company Split.

(8) Overview of accounting treatment of transaction

Because the Company Split constitutes a transaction between a wholly owned parent company and a wholly owned subsidiary, the Company Split will constitute a "transaction under common control" under the "Accounting Standards for Business Combinations" (Accounting Standard No. 21).

3. General outline of the Share Exchanges

(1)Overview of acquirees to the Share Exchanges

Unit: Millions of Yen (Thousands of U.S. Dollars)

Company name	BS Nippon Corporation	CS Nippon Corporation
Businesses	(1) Basic broadcasting business based on the Broadcasting Act (2) Planning, production, sales, advertising and promotion businesses for various software such as broadcast programs (3) Planning, production, sales and ticketing for various performance events such as music, art, theater and sports	(1) 110 degrees east longitude CS satellite basic broadcasting business based on the Broadcasting Act (2) Planning, production, and sales of broadcast programs (3) Any other businesses related to broadcasting
Stated capital	25,000 (304,173)	3,000 (36,501)
Net assets	14,627 (177,966)	3,845 (46,782)
Total assets	15,817 (192,444)	5,033 (61,236)
Net sales	10,989 (133,702)	3,958 (48,157)
Operating profit	2,574 (31,318)	728 (8,858)
Recurring profit	2,629 (31,987)	729 (8,870)
Net income	2,625 (31,938)	429 (5,220)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(2) Effective date for the Share Exchanges
October 1, 2012

(3) Legal framework of the Share Exchanges
The Share Exchanges will be completed through share exchanges in which NTV becomes the parent company and BSN becomes NTV's wholly owned subsidiary and through a share exchange in which NTV becomes the parent company and CSN becomes NTV's wholly owned subsidiary. Approval for the Share Exchanges, which are short-form share exchanges provided for in Article 796 Paragraph 3 of the Companies Act for NTV, is not planned to be obtained for NTV at its shareholders' meeting.

(4) The acquisition cost and its breakdown
The cost will be calculated on the basis of share price of the Company and number of shares allotted.

(5) Details of allotment of Shares for the Share Exchanges

Company name	Nippon Television Network Corporation	BS Nippon Corporation	CS Nippon Corporation
Details of allotment of Shares for the Share Exchanges	1	26 (for reference: before the Stock Split 2.6)	58 (for reference: before the Stock Split 5.8)

Note 1: Share allotment ratio for the Share Exchanges:26 shares of common stock of NTV will be allotted and delivered per share of common stock of BSN, and 58 shares of common stock of NTV will be allotted and delivered per share of common stock of CSN. Shares will not be allotted for the shares of common stock of BSN and CSN held by NTV. However, if any circumstance arises or is found that would materially affect such ratios, NTV, BSN, and CSN may change the above share exchange ratios upon consultation and agreement among the Companies.

Note 2: The Stock Split and change in share unit number as announced in "Notice regarding stock split, trading unit change, and partial amendment to the articles of incorporation" as of March 29, 2012 and in accordance with the purpose of the "Action Plan for Consolidating Trading Units" announced by the Japanese stock exchanges,:NTV will set September 30, 2012 (scheduled) as the record date, and split of each of the shares of common stock of NTV into 10 shares effective on October 1, 2012 (scheduled date), which is the effective date of the Company Split, as well as change the share unit number of common stock from 10 to 100 effective on October 1, 2012. The above ratios and shares of common stock delivered by NTV are figures that are conditional upon the Stock Split taking effect.

Note 3: Number of new shares (planned) to be delivered through the Share Exchanges by NTV are 10,176,600 shares of common stock (The shares held by NTV as treasury stock will not be delivered in the Share Exchanges). The above figure is based on the total number of shares of issued stock, as of March 31, 2012, of BSN (500,000 shares), and of CSN (60,000 shares). Because BSN and CSN are planning to cancel all of the treasury stock held by each of BSN and CSN at the time immediately preceding the acquisition of all of the issued shares of BSN and CSN by NTV through the Share Exchanges, the above number of new shares to be delivered by NTV might change.

(6) The amount, reason for recognition, amortization method, and period of the goodwill
The amount of the goodwill will be calculated after determination of the acquisition cost mentioned (4) above.

(7) Overview of accounting treatment of transaction
The Share Exchanges are anticipated to constitute an "acquisition" under the "Accounting Standards for Business Combinations" and purchase accounting is anticipated to be applied, under which NTV will be a purchasing company.

4. The name of the company after the Company Split and the Stock Exchanges
Nippon Television Network Corporation will change its trade name to "Nippon Television Holdings, Inc.," and Nippon Television Network Preparatory Corporation will change its trade name to "Nippon Television Network Corporation" on the condition that the Transition takes effect.

5. Other information

The status of the license holder regarding NTV's radio station licenses will be assumed by the Successor Preparatory Company. The Transition will not take effect unless any of the following is obtained: (i) necessary permissions and authorizations from relevant government agencies (including certification from the Minister of Internal Affairs and Communications under Article 159, Paragraph 1, of the Broadcasting Act regarding becoming a certified broadcasting holding company) in order for NTV to become a certified broadcasting holding company, (ii) necessary permissions and authorizations from relevant government agencies (including the permission from the Minister of Internal Affairs and Communications under Article 20, Paragraph 2, of the Radio Act with respect to the assumption of NTV's radio station licenses as a specified basic terrestrial broadcasting station and others) in order for the Successor Preparatory Company to become a specified basic terrestrial broadcasting station, or (iii) necessary permissions, authorizations, or the like from relevant government authorities for the Company Split. The Transition will take effect on the condition precedent that (i) immediately before the Transition takes effect, it is certain that both the Company Split and the Share Exchanges are effective by the relevant date, and (ii) the Stock Split is in effect as of the effective date of the Transition.

17. Segment Information

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures," and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

(1) Description of reportable segments

The Group's reportable segments are those for which separately financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Group. Therefore, the Group's reportable segments consist of the industry contents business, real estate rental/leasing, and other segments.

The contents business segment consists of television broadcasting; program sales, earning royalty income from commercialization, sale of CDs, DVDs, Blu ray Discs, and publications, exhibiting movies; events, and other performances.

The real estate rental/leasing segment leases leasing of owned real estate and manages buildings.

The other segment is mainly involved in the management of stores.

(2) Methods of measuring amounts of sales, profit, and depreciation for each reportable segment

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The accounting policies of each reportable segment are consistent to those disclosed in Note 2, "Summary of Significant Accounting Policies."

	Millions of Yen					
	2012					
	Reportable Segment					
	Contents Business	Real Estate Rental/Leasing	Other	Total	Reconciliations	Consolidated
Sales:						
Sales to external customers	¥299,793	¥3,899	¥1,768	¥305,460		¥305,460
Intersegment sales or transfers	631	3,393	850	4,874	¥(4,874)	
Total	¥300,424	¥7,292	¥2,618	¥310,334	¥(4,874)	¥305,460
Segment profit (loss)	¥ 30,533	¥1,788	¥ (72)	¥ 32,249		¥ 32,249
Other—Depreciation	6,315	725	31	7,071		7,071

	Millions of Yen					
	2011					
	Reportable Segment					
	Contents Business	Real Estate Rental/Leasing	Other	Total	Reconciliations	Consolidated
Sales:						
Sales to external customers	¥291,980	¥3,953	¥1,962	¥297,895		¥297,895
Intersegment sales or transfers	727	3,308	699	4,734	¥(4,734)	
Total	¥292,707	¥7,261	¥2,661	¥302,629	¥(4,734)	¥297,895
Segment profit (loss)	¥ 29,862	¥1,833	¥ (25)	¥ 31,670		¥ 31,670
Other—Depreciation	7,646	779	31	8,456		8,456

	Thousands of U.S. Dollars					
	2012					
	Reportable Segment					
	Contents Business	Real Estate Rental/Leasing	Other	Total	Reconciliations	Consolidated
Sales:						
Sales to external customers	$3,647,561	$47,439	$21,511	$3,716,511		$3,716,511
Intersegment sales or transfers	7,677	41,282	10,342	59,301	$(59,301)	
Total	$3,655,238	$88,721	$31,853	$3,775,812	$(59,301)	$3,716,511
Segment profit (loss)	$ 371,493	$21,754	$ (876)	$ 392,371		$ 392,371
Other—Depreciation	76,834	8,821	377	86,032		86,032

Related Information

(1) Information about products and services

	Millions of Yen			
	2012			
Sales to External Customers	Contents Business	Real Estate Rental/ Leasing	Other	Total
Television broadcasting:				
Time advertising	¥108,859			¥108,859
Spot advertising	104,531			104,531
Total television broadcasting	213,390			213,390
Other advertising revenue	549			549
Contents sales revenue	36,661			36,661
Revenue from merchandise sales	33,550		¥1,682	35,232
Box office revenue	9,929			9,929
Real estate leasing		¥2,705		2,705
Other	5,714	1,194	86	6,994
Total	¥299,793	¥3,899	¥1,768	¥305,460

	Millions of Yen			
	2011			
Sales to External Customers	Contents Business	Real Estate Rental/ Leasing	Other	Total
Television broadcasting:				
Time advertising	¥105,926			¥105,926
Spot advertising	103,338			103,338
Total television broadcasting	209,264			209,264
Other advertising revenue	702			702
Contents sales revenue	33,449			33,449
Revenue from merchandise sales	34,738		¥1,775	36,513
Box office revenue	8,641			8,641
Real estate leasing		¥2,597		2,597
Other	5,186	1,356	187	6,729
Total	¥291,980	¥3,953	¥1,962	¥297,895

	Thousands of U.S. Dollars			
	2012			
Sales to External Customers	Contents Business	Real Estate Rental/ Leasing	Other	Total
Television broadcasting:				
Time advertising	$1,324,480			$1,324,480
Spot advertising	1,271,821			1,271,821
Total television broadcasting	2,596,301			2,596,301
Other advertising revenue	6,680			6,680
Contents sales revenue	446,052			446,052
Revenue from merchandise sales	408,201		$20,464	428,665
Box office revenue	120,805			120,805
Real estate leasing		$32,912		32,912
Other	69,522	14,527	1,047	85,096
Total	$3,647,561	$47,439	$21,511	$3,716,511

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(2) Information about geographical areas

a. Sales

Sales of the Company and its domestic subsidiaries for the years ended March 31, 2012 and 2011, represented more than 90% of the consolidated sales of the year. Accordingly, information about geographic areas is not disclosed.

b. Property, plant, and equipment

Property, plant, and equipment of the Company and its domestic subsidiaries for the years ended March 31, 2012 and 2011, represented more than 90% of the property, plant, and equipment in the consolidated balance sheets of the year. Accordingly, information about geographic areas is not disclosed.

(3) Information about major customers

No customer, represented more than 10% of the consolidated sales of the year. Accordingly, information about major customers is not disclosed.

INDEPENDENT AUDITORS' REPORT

Deloitte.

Deloitte Touche Tohmatsu LLC
MS Shibaura Building
4-13-23, Shibaura
Minato-ku, Tokyo 108-8530
Japan
Tel:+81 (3) 3457 7321
Fax:+81 (3) 3457 1694
www.deloitte.com/jp

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Nippon Television Network Corporation:

We have audited the accompanying consolidated balance sheet of Nippon Television Network Corporation and consolidated subsidiaries as of March 31, 2012, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in conformity with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nippon Television Network Corporation and consolidated subsidiaries as of March 31, 2012, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Emphasis of Matter
As discussed in Note 16 to the consolidated financial statements, the Company, on May 10, 2012, has concluded contracts, for an absorption-type company split, and for share exchanges, in order to transfer to a certified broadcast holding company structure and the company split was approved at the shareholders' meeting held on June 28, 2012.

Convenience Translation
Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 28, 2012

Member of
Deloitte Touche Tohmatsu Limited

NTV GROUP COMPANIES (As of March 31, 2012)

NTV Group Segments

Content Business

NIPPON TELEVISION NETWORK CORPORATION
NTV Group Holdings Inc.
NTV Technical Resources Inc.
AX-ON Inc.
Nippon Television Art Inc.
NTV America Company
NTV International Corporation
Nippon Television Music Corporation
VAP Inc.
NTV EVENTS Inc.
NitteleSeven Co., Ltd.
Forecast Communications Inc.

Real Estate Rental/Leasing Business

NIPPON TELEVISION NETWORK CORPORATION
Nippon Television Work 24 Corporation

Other Business

NTV Service Inc.

Consolidated Subsidiaries

NTV Group Holdings Inc.
NTV Technical Resources Inc.
AX-ON Inc.
NTV EVENTS Inc.
Nippon Television Art Inc.
Nippon Television Music Corporation
VAP Inc.
NTV Service Inc.
Nippon Television Work 24 Corporation
Forecast Communications Inc.
NitteleSeven Co., Ltd.
NTV America Company
NTV International Corporation

Non-Consolidated Companies

Nippon Television Network Europe B.V.
MADHOUSE Inc.
NTV IT Produce Corporation
NTV Personnel Center Corp.
Rights Inn Corporation
VAP Music Publishing Inc.
J.M.P Co., Ltd.
SOUND INN STUDIOS INC.
COMIGO Sports Marketing Co., Ltd.
RF Radio Nippon Co., Ltd.
Radio Nippon Create Inc.
RF Music Publisher Inc.
MADBOX Co., Ltd.
For Groove Inc.

Affiliated Companies

BS Nippon Corporation
CS Nippon Corporation
NIKKATSU Corporation
CNplus Production, Inc.
Nishinihon Eizo Corporation
Nagasaki Vision Corp.
Kagoshima Vision Corporation
Kanazawa Eizo Center Corporation
Cosmo Space Co., Ltd.
Promedia Co., Ltd.
Art Yomiuri Co., Ltd.
Mamma Aiuto Inc.
Shiodome Urban Energy Corporation

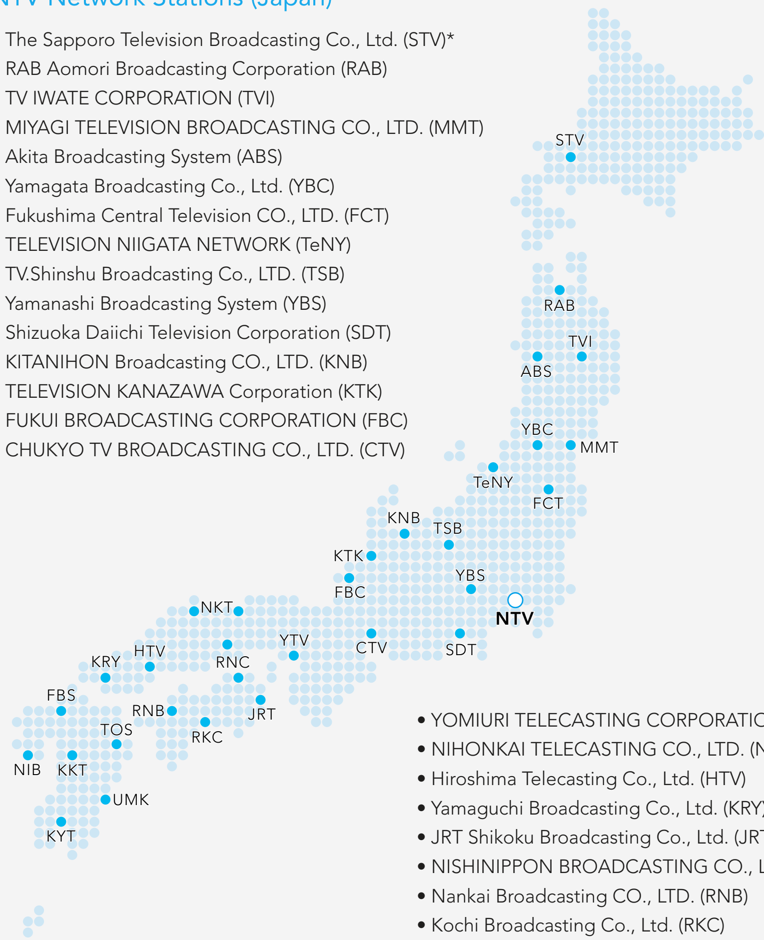
Public Interest Incorporated Foundations

Yomiuri Nippon Symphony Orchestra, Tokyo
The Tokuma Memorial Cultural Foundation for Animation
Nippon Television Kobato Cultural Foundation
(From April 2, 2012)

NTV NETWORK (As of March 31, 2012)

NTV Network Stations (Japan)

- The Sapporo Television Broadcasting Co., Ltd. (STV)*
- RAB Aomori Broadcasting Corporation (RAB)
- TV IWATE CORPORATION (TVI)
- MIYAGI TELEVISION BROADCASTING CO., LTD. (MMT)
- Akita Broadcasting System (ABS)
- Yamagata Broadcasting Co., Ltd. (YBC)
- Fukushima Central Television CO., LTD. (FCT)
- TELEVISION NIIGATA NETWORK (TeNY)
- TV.Shinshu Broadcasting Co., LTD. (TSB)
- Yamanashi Broadcasting System (YBS)
- Shizuoka Daiichi Television Corporation (SDT)
- KITANIHON Broadcasting CO., LTD. (KNB)
- TELEVISION KANAZAWA Corporation (KTK)
- FUKUI BROADCASTING CORPORATION (FBC)
- CHUKYO TV BROADCASTING CO., LTD. (CTV)



- YOMIURI TELECASTING CORPORATION (YTV)*
- NIHONKAI TELECASTING CO., LTD. (NKT)
- Hiroshima Telecasting Co., Ltd. (HTV)
- Yamaguchi Broadcasting Co., Ltd. (KRY)
- JRT Shikoku Broadcasting Co., Ltd. (JRT)
- NISHINIPPON BROADCASTING CO., LTD. (RNC)
- Nankai Broadcasting CO., LTD. (RNB)
- Kochi Broadcasting Co., Ltd. (RKC)
- Fukuoka Broadcasting Corporation (FBS)*
- NAGASAKI INTERNATIONAL TELEVISION BROADCASTING, INC. (NIB)
- KKT Corporation (KKT)
- Television Oita System Co., Ltd. (TOS)
- Miyazaki Telecasting Co., ltd. (UMK)
- Kagoshima Yomiuri Television Corporation (KYT)

* Affiliates accounted for under the equity method

NTV/NNN Overseas News Bureaus

NTV International Corporation (New York)
Nippon Television Network Europe B.V. (Amsterdam)

- London
- Paris
- Moscow
- Cairo
- Beijing
- Shanghai
- Seoul
- Bangkok
- New York
- Washington, D.C.
- Los Angeles

INVESTOR INFORMATION (As of March 31, 2012)

Head Office

Nippon Television Network Corporation
1-6-1 Higashi Shimbashi, Minato-ku,
Tokyo 105-7444, Japan
Tel: 81-3-6215-1111

Date of Establishment

October 28, 1952

Capital

¥18,575,997,144

Fiscal Year-End

March 31 of each year

Number of Employees

3,218 (Consolidated)
1,165 (Non-consolidated)

Stock Exchange Listing

First Section of Tokyo Stock Exchange

Stock Code

9404

Common Stock

Authorized	100,000,000 shares
Issued	25,364,548 shares

Number of Shareholders

38,315

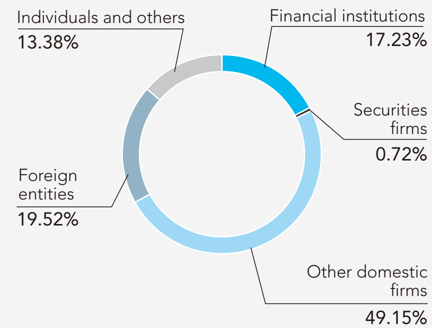
Transfer Agent and Registrar

Sumitomo Mitsui Trust Bank, Limited
4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
100-8233, Japan

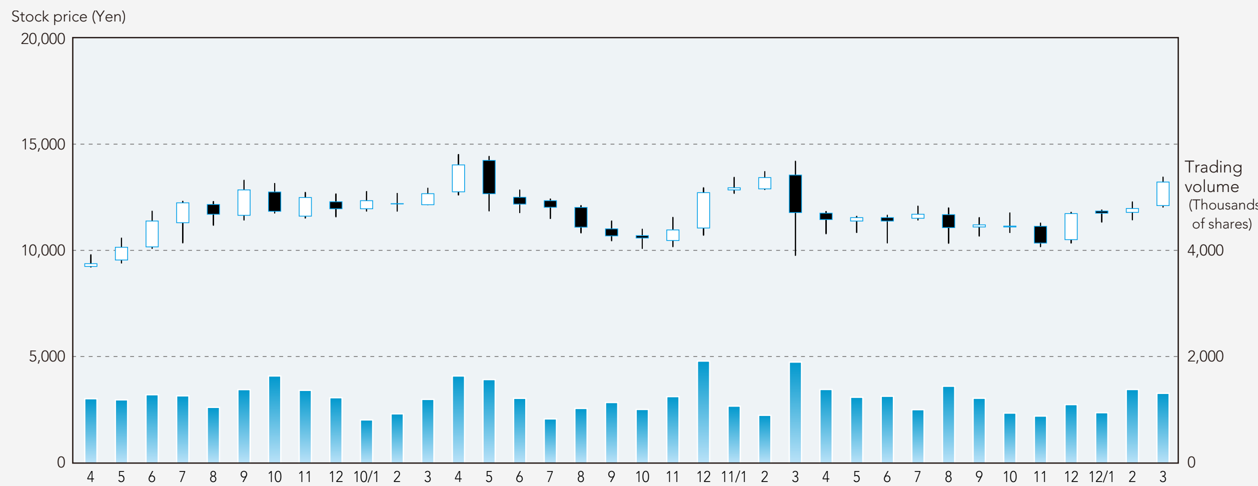
Major Shareholders

Shareholders (Top 10)	Number of shares held	Percentage of total shares issued (%)
The Yomiuri Shimbun Holdings	3,764,948	14.84
YOMIURI TELECASTING CORPORATION	1,574,836	6.20
The Yomiuri Shimbun	1,363,920	5.37
CBNY-ORBIS SICAV	970,179	3.82
Japan Trustee Services Bank, Ltd. (Trust Account)	962,810	3.79
CBNY-ORBIS FUNDS	938,503	3.70
Teikyo University	897,270	3.53
The Master Trust Bank of Japan, Ltd. (Trust Account)	883,250	3.48
NTT DOCOMO, INC.	760,500	2.99
Recruit Co., Ltd.	645,460	2.54

Distribution of Shares



Stock Price Range and Trading Volume (Tokyo Stock Exchange)



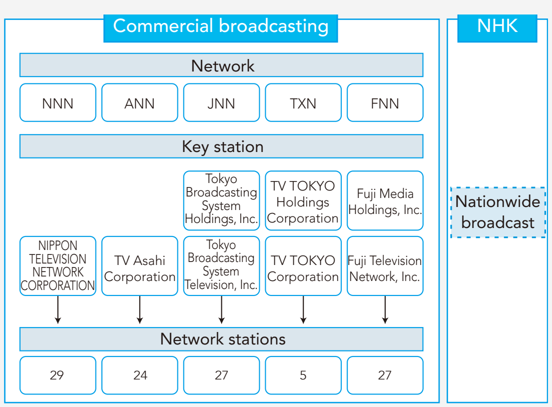
JAPANESE TELEVISION BROADCASTING INDUSTRY CHARACTERISTICS

Networks

Commercial terrestrial television broadcasters in Japan have broadcasting regions that are specified by prefectural and regional authorizations as defined under the Broadcast Law licensing system. This situation has led to the development of commercial terrestrial television broadcasting networks of regional and local broadcasters throughout Japan, with five key stations in Tokyo as their hubs. Networks beneath each of these stations enable nationwide broadcasts and facilitate cooperation on news, programs and other business. However, some broadcasters do not belong to any specific network.

Within the networks, each local station operates with independent capital, pursuant to the Mass Media Decentralization Rules, which are designed to limit the ability of specific entities to control multiple stations. However, the enactment of the revised Broadcast Law in April 2008 allowed for stations to become certified broadcasting holding companies under certain conditions designed to ensure diverse broadcasts closely tied with local communities.

NHK, Japan's public-sector broadcaster, also broadcasts throughout the country.



Launch of Digital Terrestrial Broadcasting

Digital terrestrial broadcasting enables datacasting, enables more channels with higher image and sound quality and enables television broadcasts ("1-SEG" services) to mobile phones and other portable devices. Since its launch in 2003, the coverage area for digital terrestrial broadcasting has expanded steadily from Japan's three major metropolitan centers in the Kanto, Chukyo and Kinki regions to encompass the entire country. Owing to capital expenditure by broadcasters to upgrade broadcasting facilities and relay stations and viewers' rising percentage ownership of televisions capable of receiving digital broadcasts, analog broadcasting was discontinued according to plan in July 2011, making the full-scale shift to digital broadcasting. This transition was delayed, however, in the three prefectures in the Tohoku region (Iwate, Miyagi and Fukushima prefectures), taking into account the impact of the Great East Japan Earthquake. As of March 31, 2012, however, the transition to digital broadcasting was complete.

The cessation of analog broadcasting has opened up broadcasting frequencies, which are being used for multimedia broadcasts to smartphones and other mobile devices, such as NOTTV, which began in April 2012. These multimedia broadcasts will give mobile viewers access to real-time programming at a higher quality than present 1-SEG broadcasts afford. They will also enable viewers to time-shift their viewing to receive, save and play film, drama programs and other content as convenient.

Superiority of Terrestrial Broadcasting

Network stations all across the country, along with the equipment required for airwave broadcasts, provide most people with free viewing of television programming throughout Japan, simply by installing an antenna. According to a Japanese Cabinet Office survey on consumer trends, the television receiver penetration rate was 98.5% as of March 2012.

These results show that Japanese viewers have a high affinity for television, which they view as their "everyday medium." Television is consequently rated highly as an attractive advertising medium.

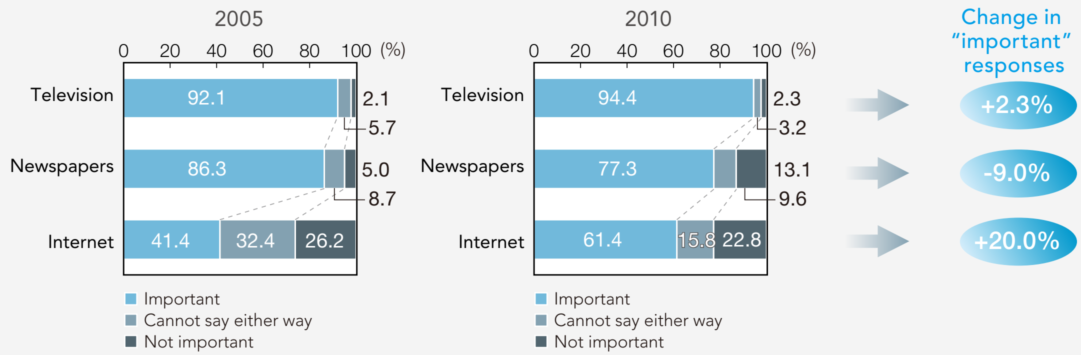
Viewers also evaluate television highly as an information source, for the significance and reliability of its content. When asked to compare such information-oriented media as television, newspapers and the Internet in terms of their utilization as an information source, 94.4% of respondents selected television as the most important medium.

When asked to compare television, newspapers and the Internet in terms of their reliability as a source of information, 63.3% of respondents selected television.

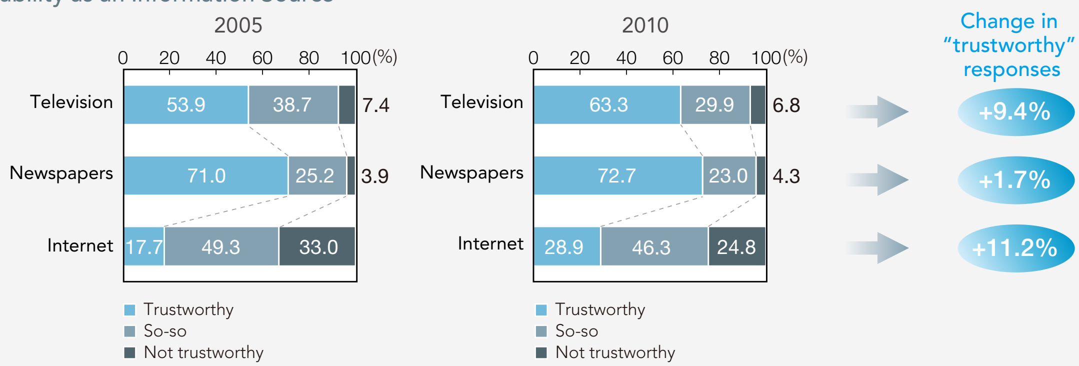
Compared with data from five years ago, although Internet use continues to spread, television is trending upward in terms of importance and reliability as a source of information.

JAPANESE TELEVISION BROADCASTING INDUSTRY CHARACTERISTICS

Importance as an Information Source



Reliability as an Information Source



(Source: *2011 White Paper on Information and Communications in Japan*, Ministry of Internal Affairs and Communications)

Major Sources of Television Advertising Revenue

Commercial terrestrial television broadcasters derive the majority of their earnings from television advertising revenue. These are broken down into time and spot advertising revenues.

Time advertising is divided into either nationwide network time sales, in which a consistent commercial message slot is sold throughout a broadcasting network, or local time sales, in which commercial message slots are sold only in the area in which specific broadcasters are licensed to operate. Both types are sold to advertisers in units comprising 30 seconds of broadcast time. Commercial space is sold within programs, and the sponsor's name is displayed during the program and its commercials shown during the broadcast. Advertisers typically enter into six-month contracts, and each April and October broadcasters confirm whether contracts will be continued and negotiate for rate revisions. Even if an advertiser requests space in a specific program, the availability of empty slots determines whether they can advertise.

With time ads, in principle, programs have only one sponsor in a given industry. (This is usually, but not always, the case.) Care is taken to avoid having two companies from the same industry, or similar product advertisements sponsoring the same program or appearing in the same sponsor zone. The system is set up so that, even if a sponsor wants to support a particular program, they cannot become involved if there are no slots available. Programs sponsored by a single company from day one of production meet sponsor needs in terms of conveying corporate and product images, reaching target consumers and executing desired projects.

Spot advertising is sold only for broadcast by individual stations in areas in which they are licensed to broadcast. Spot ads are sold to sponsors in units of 15 seconds of broadcast time and are shown mainly in the time slot between programs. Generally, no adjustment is made to prevent similar commercials competing for the same audience.

For spot advertising, advertisers generally may determine their television ad's broadcast interval, broadcast time period, area and volume (often indicated as overall viewer rating). After negotiating their fees, individual broadcasters create commercial broadcast schedule proposals that meet sponsors' needs as quickly as possible and propose them to advertising agencies.

JAPANESE TELEVISION BROADCASTING INDUSTRY CHARACTERISTICS

Commercial terrestrial broadcasters also derive earnings from program sales. Program sales revenue arises when a broadcaster that holds the rights to a program sells it to a local station, satellite broadcaster or CATV station.

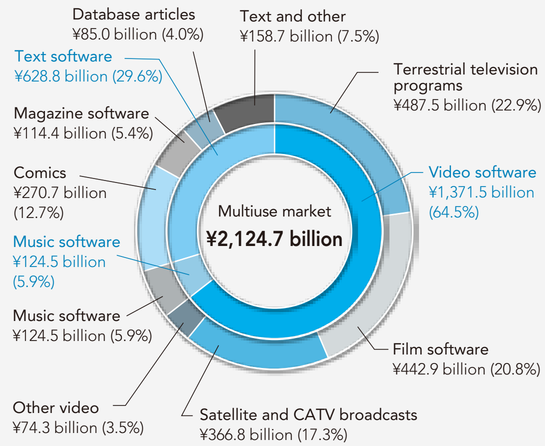
Generating Multiple Streams of Revenue as Content Providers

Japanese television stations—and key commercial broadcasters in Tokyo in particular—are considered the largest content providers in Japan. Whereas in the United States it is common for television production, programming and distribution to each be handled by different entities, Japanese television stations' operations are integrated, as they engage in program planning, production, scheduling and broadcasting.

Through their ownership and use of in-house content (rights), Japanese broadcasters work aggressively to use content in multiple ways, such as by converting popular television dramas and animation programs to the big screen, offering DVD and book merchandising related products, holding events, distributing content over the Internet and selling program formats overseas. In 2009, the multiuse market was valued at ¥2,124.7 billion. Of this figure, terrestrial broadcasting accounted for ¥487.5 billion, film software for ¥442.9 billion and satellite and CATV broadcasting for ¥366.8 billion.

Looking at multiuse trends by type of software, in the multiuse market of 2009, film software accounted for 68.2%, down 7.8 percentage points from its 2005 level. Conversely, terrestrial broadcasting was up by 7.0 percentage points and video software by 11.0 percentage points over the same period.

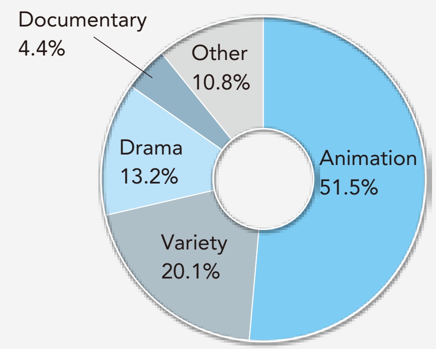
Breakdown of the Multiuse Market (2009)



(Source: *2011 White Paper on Information and Communications in Japan*, Ministry of Internal Affairs and Communications)

Export Program Genres

(Exports on monetary basis, for fiscal year ended March 31, 2010)



(Source: *2011 White Paper on Information and Communications in Japan*, Ministry of Internal Affairs and Communications)

With regard to international distribution of program content, animation was the most-exported genre in fiscal 2009, accounting for 51.5% of the total. Next in line were variety shows and dramas. By destination, 43.2% of content was exported to other parts of Asia, followed by North America and Europe.

(Years ended March 31)

	2008	2009	2010
Export value	¥9.18 billion	¥9.25 billion	¥7.50 billion

Legal Limitations in the Television Broadcast Industry

Japanese television broadcasters' operations are subject to the Broadcast Law and the Radio Law. The objective of the Broadcast Law is to promote robust development of broadcasting by stipulating freedom of program editing and establishing broadcast program deliberative bodies. The Radio Law also aims to enhance public welfare by ensuring the fair and efficient usage of the airwaves. To participate in the television broadcasting business, a company must be licensed by the Minister for Internal Affairs and Communications, who oversees the radio and broadcasting businesses.

The ownership of television broadcasters by foreign entities must be below 20%. NTV provides details of its foreign ownership ratio on its website.
http://www.ntv.co.jp/english/ir/si_01ii.html

NTV

NIPPON TELEVISION NETWORK

http://www.ntv.co.jp/english/