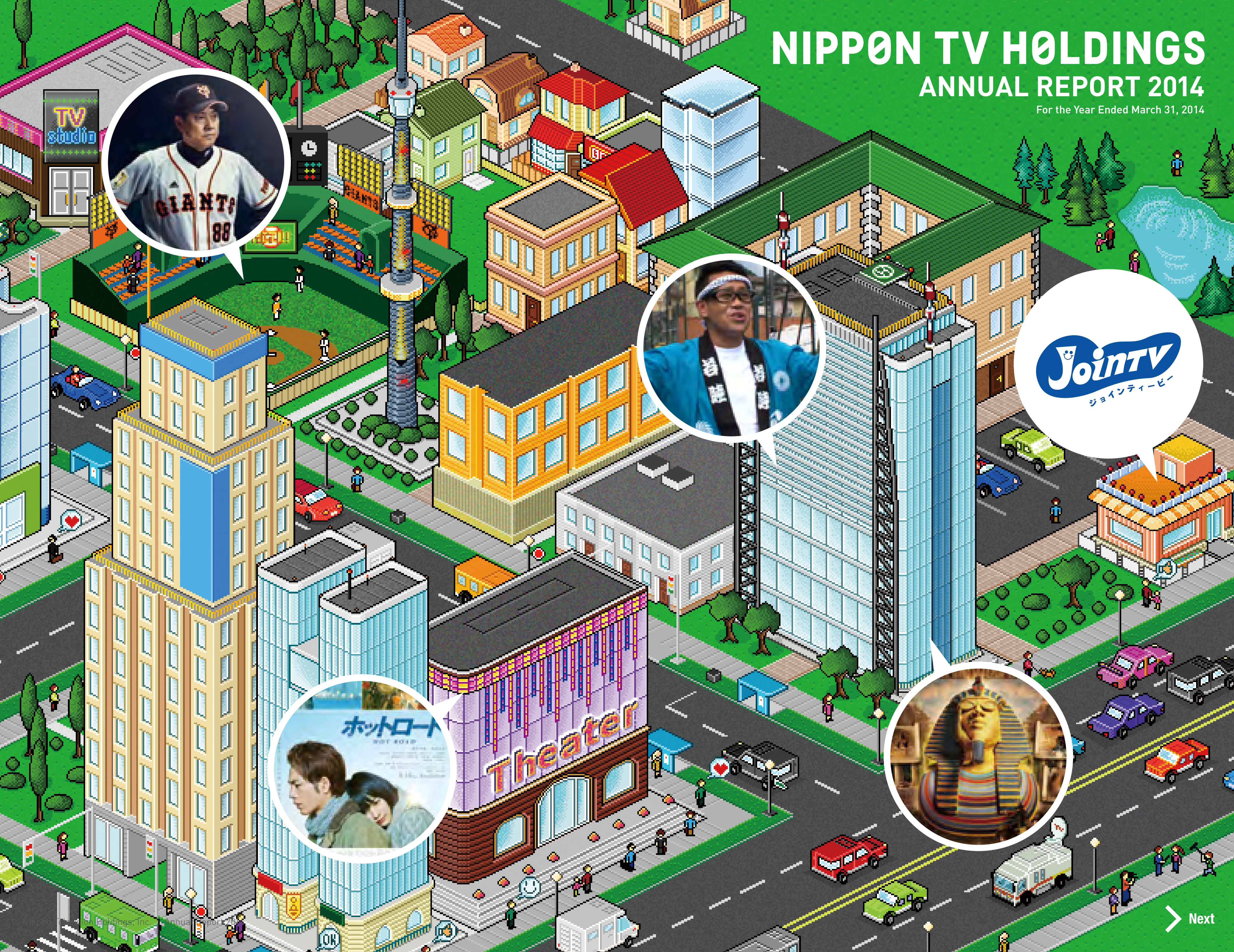
# NIPPON TV HOLDINGS
## ANNUAL REPORT 2014
For the Year Ended March 31, 2014





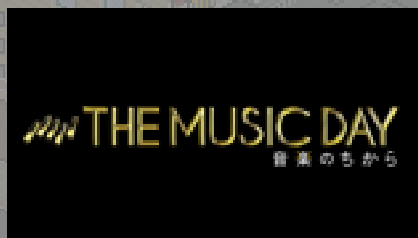

Next

**Cautionary Statements with Respect to Forward-Looking Statements:**

Statements made in this annual report with respect to Nippon TV'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 Nippon TV's markets, exchange rates and Nippon TV'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.

*Tuesday Surprise*

*Ano News de Jinzon Suru Hito*



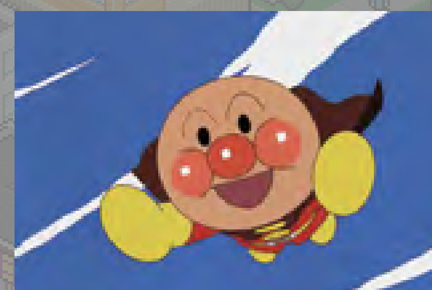

*THE MUSIC DAY: Power of Music*

*Oshare-ism*

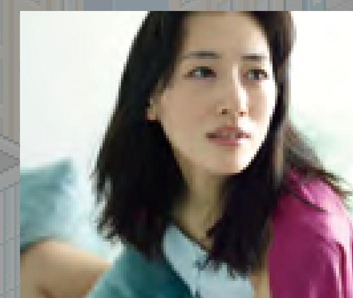

*NTV NEWS 24*

*Tesagure! Bukatsumono*
© *Tesagure!* Production Committee


*Sunday Countdown Show*

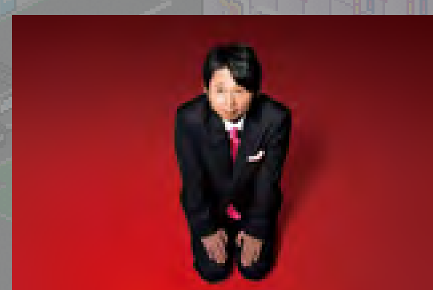


*ANPANMAN*
© TAKASHI YANASE / FRÖEBELKAN, TMS, Nippon TV

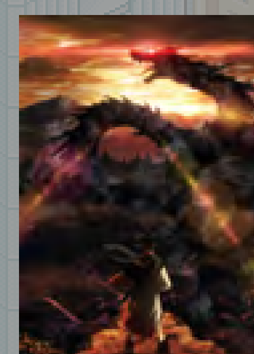


*I'm Taking the Day Off*

*Higashino Okumura no Tabizaru 6*



*ARIYOSHI's Meeting for Reviewing*



*Laughing Under the Clouds*
©KarakaraKemuri/MAG Garden
©Nippon TV, VAP


Professional Baseball Dramatic Game 1844

## Favorable Trends in the BS Broadcasting Business



Parasyte -the maxim-
©Hitoshi Iwaaki/ KODANSHA LTD.

## Earned the "Double Crown" Title for Average Household Viewer Ratings in Fiscal 2013 in the All Day and Golden Time Categories

The Quest

Jigoku Sensei Nube

Ichiokunin no Daishitsumon!? Waratte Koraete!

## Viewing Audience Tops 1.9 Million


*HOT ROAD*, the film
©2014 *HOT ROAD* Production Committee
©Taku Tsumugi/Shueisha

## A New Type of Television

## Steady Increase in Sales of Formats for Overseas Markets

*Pharaoh!* (Overseas version of *Takarasagashi Adventure Nazo Hurdle Pharaoh!*)

## CONTENTS



### Special Feature: Progress on the Medium-Term Management Plan




### Review of Operations



### Financial Data



# Eleven-Year Summary

Nippon Television Holdings, Inc. and Consolidated Subsidiaries*1

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013*3 | (Millions of yen) 2014 | (Thousands of U.S. dollars*2) 2014 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Years ended March 31:** | | | | | | | | | | | | |
| Net sales | ¥ 328,375 | ¥ 357,614 | ¥ 346,642 | ¥ 343,652 | ¥ 342,188 | ¥324,563 | ¥296,934 | ¥297,895 | ¥305,460 | ¥326,423 | ¥341,720 | $3,320,249 |
| Operating income | 35,937 | 34,325 | 28,551 | 30,344 | 23,077 | 12,215 | 23,563 | 31,670 | 32,249 | 35,429 | 40,089 | 389,516 |
| Net income | 19,359 | 16,846 | 13,701 | 18,332 | 10,625 | 5,622 | 16,595 | 21,049 | 22,729 | 25,284 | 27,828 | 270,384 |
| Comprehensive income*4 | — | — | — | — | — | — | — | 18,352 | 25,597 | 37,701 | 35,145 | 341,478 |
| Depreciation | 12,676 | 21,060 | 17,561 | 14,361 | 12,939 | 11,528 | 9,622 | 8,456 | 7,071 | 6,573 | 7,149 | 69,462 |
| Capital expenditures | 49,761 | 9,214 | 6,266 | 6,043 | 5,200 | 5,491 | 26,809 | 4,614 | 3,802 | 5,596 | 9,236 | 89,740 |
| **At March 31:** | | | | | | | | | | | | |
| Total assets | ¥ 513,430 | ¥ 493,558 | ¥ 519,952 | ¥ 529,265 | ¥ 512,507 | ¥498,457 | ¥513,788 | ¥528,398 | ¥543,228 | ¥598,075 | ¥645,363 | $6,270,531 |
| Total equity*5 | 354,046 | 366,646 | 398,018 | 411,995 | 407,668 | 400,417 | 416,367 | 427,496 | 446,038 | 488,120 | 523,904 | 5,090,400 |
| **Cash flows:** | | | | | | | | | | | | |
| Cash flow from operating activities | ¥ 30,520 | ¥ 49,286 | ¥ 32,683 | ¥ 31,458 | ¥ 26,791 | ¥ 23,948 | ¥ 40,131 | ¥ 23,433 | ¥ 25,274 | ¥ 29,099 | ¥ 35,157 | $ 341,595 |
| Cash flow from investing activities | (41,596) | (23,046) | (24,358) | (24,596) | (17,301) | (28,331) | (46,847) | (28,181) | (8,968) | (7,369) | (4,367) | (42,431) |
| Cash flow from financing activities | 7,131 | (37,275) | (15,921) | (4,714) | (4,124) | (4,803) | (5,697) | (7,132) | (6,420) | (7,073) | (7,175) | (69,714) |
| Cash and cash equivalents, end of year | 77,930 | 66,878 | 59,369 | 61,524 | 66,863 | 57,630 | 45,219 | 33,312 | 43,190 | 63,806 | 87,453 | 849,718 |
| **Per share data (Yen, U.S. dollars):** | | | | | | | | | | | | |
| Net income*6 | ¥ 771.74 | ¥ 671.08 | ¥ 545.40 | ¥ 741.60 | ¥ 430.27 | ¥ 22.77 | ¥ 67.64 | ¥ 85.97 | ¥ 92.85 | ¥ 101.39 | ¥ 109.58 | $ 1.06 |
| Equity*6 | 14,183.02 | 14,688.07 | 15,945.74 | 16,363.52 | 16,153.34 | 1,585.36 | 1,666.10 | 1,711.39 | 1,785.58 | 1,879.89 | 2,023.59 | 19.66 |
| Cash dividends*7*8 | 120.00 | 165.00 | 165.00 | 170.00 | 180.00 | 180.00 | 290.00 | 290.00 | 290.00 | 110.00 | 29.00 | 0.28 |
| **Ratios (%):** | | | | | | | | | | | | |
| Return on assets (ROA) | 3.9 | 3.3 | 2.7 | 3.5 | 2.0 | 1.1 | 3.2 | 3.9 | 4.2 | 4.2 | 4.5 | |
| Return on equity (ROE) | 5.7 | 4.7 | 3.6 | 4.6 | 2.6 | 1.4 | 4.2 | 5.1 | 5.3 | 5.5 | 5.6 | |
| Operating margin | 10.9 | 9.6 | 8.2 | 8.8 | 6.7 | 3.8 | 7.9 | 10.6 | 10.6 | 10.9 | 11.7 | |
| Equity ratio | 69.0 | 74.3 | 76.6 | 76.3 | 77.8 | 78.5 | 79.4 | 79.3 | 80.5 | 80.0 | 79.6 | |
| **Others** | | | | | | | | | | | | |
| Total shares issued*9 | 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 | 263,822,080 | 263,822,080 | |
| Employees | 2,829 | 2,797 | 2,869 | 2,886 | 3,126 | 3,291 | 3,339 | 3,262 | 3,218 | 3,259 | 3,471 | |

Notes *1. Owing to the Company's transition to a certified broadcasting holding company system, effective October 1, 2012, figures for Nippon Television Network Corporation are shown for the fiscal years ended March 31, 2003 through 2012.

*2. 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 ¥102.92 to $1, the approximate rate of exchange at March 31, 2014. 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.

*3. Owing to the Company's transition to a certified broadcasting holding company system, effective October 1, 2012, BS Nippon Corporation and CS Nippon Corporation were converted to consolidated subsidiaries in the second half of the fiscal year ended March 31, 2013.

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

*5. From the fiscal year ended March 31, 2007, Nippon TV 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).

*6. The Company's common stock, underwent a 10-for-1 stock split, effective October 1, 2012. However, figures for net income per share and equity per share are calculated as if the stock split had occurred at the beginning of the fiscal year ended March 31, 2009.

*7. Dividends per share of ¥110 for the fiscal year ended March 31, 2013, correspond to ¥90 in dividends per share prior to the stock split plus ¥20 per share on shares after the stock split. Taking the stock split into account, annual dividends per share would have been ¥29 per post-split share (¥290 per share on pre-split shares).

*8. The ¥34 dividend per share amount for the fiscal year ended March 31, 2014, includes a ¥5 dividend to commemorate the Company's 60th year since the start of broadcasting.

*9. In addition to introducing a 10-for-1 stock split on common stock, effective October 1, 2012, a share exchange took place in which Nippon TV was the wholly owning parent company in a share exchange, and BS Nippon Corporation and CS Nippon Corporation were wholly owned subsidiaries in a share exchange. Total increases in the number of shares of issued stock were 228,280,932 shares as a result of the stock split and 10,176,600 shares in newly issued stock in accordance with the share exchange.

# Message from Management

Now in the Company's 61st year since the start of broadcasting, we are embarking on a journey into a new era. In the broadcasting business, our efforts to produce high-quality programs have earned us the support of our viewers. As a result, viewer ratings are strong and have been positive since the start of 2014. However, the television industry is undergoing rapid change, as evinced by the trends in 4K/8K broadcasting. While continuing with unflagging initiatives to reinforce our standing in the mainstay broadcasting business, we are moving proactively at the forefront of change with new activities in the Cyber business and the overseas arena as we strive to establish a new style of business that goes beyond broadcasting. By harnessing the collective strength of the companies in the Nippon TV Group, as the leading company in the media and content industry we will relentlessly pursue innovation and take on new challenges. I ask for your ongoing support of our endeavors.

Yoshio Okubo

**Yoshio Okubo**

Representative Director, President


*ZIP!*

*Sukkiri!!*


*Shimura Zoo*

*Hirunandesu!*

## Overview of Performance in the Fiscal Year Ended March 31, 2014

During the fiscal year ended March 31, 2014, in terrestrial broadcasting we achieved the top level for the fiscal year (from April 1, 2013, to March 30, 2014) in household viewer ratings in the All Day (6:00–24:00) and Golden Time (19:00–22:00) categories, as well as a close second in the Prime Time (19:00–23:00) slot. We also fared well in individual viewer ratings, with favorable showings in core target viewer ratings* in the T (13–19) and F1 (women, 20–34) categories. We attribute these positive results to excellent content production and steady progress on timetable restructuring.

Thanks to increases in terrestrial television advertising revenues and BS and CS advertising revenues, a rise in content merchandise licensing revenues and higher box office receipts stemming from hit films, consolidated net sales expanded ¥15,297 million year on year, or 4.7%, to ¥341,720 million, rising for the fourth consecutive year. Operating income grew ¥4,659 million, or 13.2%, to ¥40,089 million and net income increased ¥2,543 million, or 10.1%, to ¥27,827 million.

* Core target viewer ratings: Nippon TV's proprietary viewer rating index calculated using the number of male and female 13-49 year-olds among all individuals

## Medium-Term Management Plan

October 1, 2012, marked the Group's transition to a certified broadcasting holding company. Under this new structure, we launched a new medium-term management plan, 2012–2015 Next60. During the year, we undertook a variety of initiatives aimed at establishing ourselves as "First Choice Nippon TV"—an indispensable company that is always in public demand, regardless of how society may evolve, and an entity that continues to be appreciated by all its stakeholders.

As one of our initiatives unique to a media company, we leveraged JoinTV—a viewer service that combines television developed by Nippon TV with social media—in the full-fledged launch of a program to mitigate against disasters and protect the elderly in Tokushima Prefecture. Through efforts such as these, we sought to fulfill our social responsibility as a news medium and take advantage of the knowhow we have accumulated in broadcasting and information communication technology (ICT), working proactively to address the issues facing Japan.

We also introduced initiatives aimed at maximizing content value for the Group as a whole. For instance, we converted to a subsidiary Tatsunoko Production Co., Ltd., which possesses a host of highly popular content, including such titles as *Science Ninja Team Gachaman* and *The Genie Family*, and we acquired the Japanese share of the business of Hulu, LLC, to enter the subscription online video service business,

Going forward, we will continue striving to harness the power of the entire Group as we grow and develop further as the top company in the media and content business over the next 60 years.

## Shareholder Returns

The Group recognizes the return of profits to shareholders as an important management priority. At the same time, in an operating environment undergoing rapid change we need to maintain the cash on hand to act quickly and invest expeditiously as business opportunities arise. We believe this freedom is important.

Our basic policy is to maintain a balance between internal reserves and ensuring the consistent and stable return of profits to shareholders. In line with this approach, for the fiscal year ended March 31, 2014, we awarded dividends totaling ¥34 per share. This amount comprised a regular dividend of ¥29 and a ¥5 commemorative dividend to mark our 60th year since the start of broadcasting. I would like to thank our shareholders and investors, for their continued understanding and cooperation and look forward to your future support.

*NEWS ZERO*

*PON!*

*LINE-UP LAW OFFICE*

*Shaberi 007*

# Board of Directors and Auditors

## Directors

### A Yoshio Okubo

Representative Director, President
Chairman of Business Audit Committee,
Corporate Strategy

Served as Director and Director General, Media Strategies, at The Yomiuri Shimbun. Appointed Board Director and Operating Officer in 2010, and Representative Director and President in 2011. Appointed Representative Director and President October 2012 in line with the transition to a certified broadcasting holding company.

### B Hiroshi Watanabe

Senior Executive Board Director
Nippon TV Group Management Strategy Committee,
Nippon TV Group Strategy Planning

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. Appointed Managing Director in October 2012 in line with the transition to a certified broadcasting holding company. Appointed Senior Executive Board Director in 2013.

### C Yoshinobu Kosugi

Senior Executive Board Director
Multi-Platform Convergence Strategy

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. Appointed Managing Director in October 2012 in line with the transition to a certified broadcasting holding company. Appointed Senior Executive Board Director in 2013.

### D Kimio Maruyama

Executive Board Director
Financial Management,
Executive Auditor of Personal Information Management Office

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. Appointed Executive Board Director in October 2012 in line with the transition to a certified broadcasting holding company.

### E Koichi Akaza

Board Director

Following an appointment as Director and Director General, Media Strategies, at The Yomiuri Shimbun Holdings, appointed Representative Director and President of BS Nippon Corporation. Appointed Board Director in October 2012 in line with the transition to a certified broadcasting holding company.

### F Akira Ishizawa

Board Director
Corporate Administration,
Corporate Strategy (Human Resources, Labor Relations, Information Security Management),
Executive Manager of Personal Information Security Management,
Vice Chairman of Business Audit Committee

Following appointments as head of Executive Administration, Corporate Administration, Programming, President's Office and Management Strategy, appointed Board Director in June 2013.

### Tsuneo Watanabe

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

### Hiroshi Maeda

Board Director*
Attorney at Law

### Takashi Imai

Board Director*
Honorary Chairman, and Colleague of Nippon Steel & Sumitomo Metal Corporation (formerly Nippon Steel Corporation)

### Ken Sato

Board Director
President, Institute for International Policy Studies

### Tadao Kakizoe

Board Director*
President, Japan Cancer Society

### Yasushi Manago

Board Director
Attorney at Low

* Outside directors pursuant to Article 2.15 of the Companies Act

## Auditors

### Yasuhiro Nose

Standing Audit & Supervisory Board Member

### Kenji Kase

Audit & Supervisory Board Member

### Kojiro Shiraishi

Audit & Supervisory Board Member

### Norio Mochizuki

Audit & Supervisory Board Member

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

# Corporate Governance

**The Nippon TV Holdings 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.**

## Corporate Governance Framework

Nippon TV Holdings has a Board of Statutory Auditors with a management structure under which the Board of Directors oversees the operational execution of the 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 the external monitoring of management, incorporating five outside directors pursuant to Article 2, Paragraph 15, of the Companies Act into the 12-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. Standing statutory auditor Yasuhiro Nose has considerable experience in finance and accounting, having been in charge of these operations at the company for many years. Additionally, statutory outside auditor Kenji Kase is a certified public accountant endowed with a considerable degree of finance and accounting knowledge.

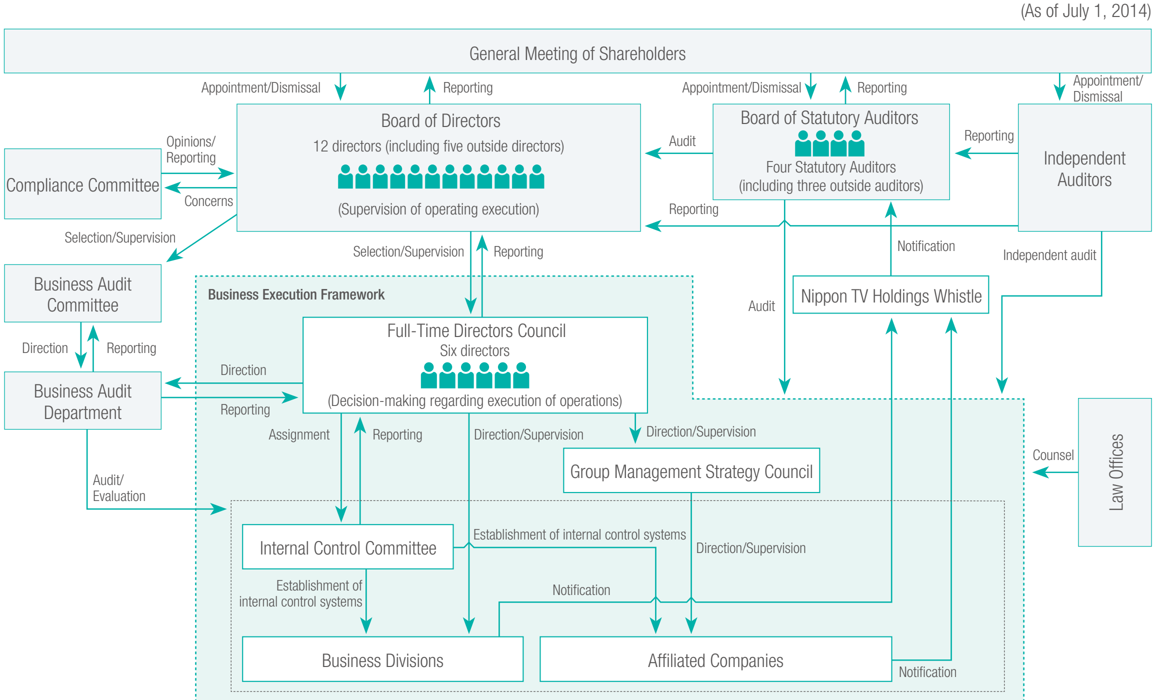
During the year under review, the Board of Directors met eight times to decide important duties and to supervise the execution of directors' duties. Also, the Board of Statutory Auditors met nine times to audit the directors' execution of duties. In conformance with the auditing standards determined by the Board of Statutory Auditors, each auditor 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.

Nippon TV Holdings has in place a Business Audit Committee to evaluate the internal audit and internal control systems. The Company has additionally set up a Compliance Committee to reinforce corporate governance and ensure thorough compliance and a high degree of transparency in Nippon TV Holdings' activities, thus striving to reinforce society's trust and earn its support.

The Company has also put in place an Internal Control Committee, which periodically checks and promotes operational controls.

Concerning third-party contribution to Nippon TV Holdings 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.

(As of July 1, 2014)




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

In response to the Personal Information Protection Act, Nippon TV Holdings advances daily information management by designating a person responsible for the control of personal information in each department. In addition, concerning the Subcontract Act, we have made subcontracting more appropriate and legally compliant.

As a media and content company centered on broadcasting, which has a decidedly public nature, Nippon TV Holdings recognizes the importance of its responsibility to society. In June 2013, we formulated a CSR Proclamation to spearhead our proactive efforts to serve a useful role in society through our broadcasts and businesses. We are putting every effort into environmental conservation, disaster reconstruction and other contribution activities in ways unique to a media company. Among other compliance efforts, the Nippon TV Holdings Group conducts training programs on insider trading regulations, both as group training and as a Web-based program, for all officers, employees and other staff. These programs are intended to boost awareness with an aim toward preventing insider trading, ensure a thorough awareness of internal rules and confirm everyone's understanding of regulatory changes on the revised Financial Instruments and Exchange Act.

## 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 an 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 employees who belong 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 for the Business Audit Department and assist the statutory auditors with their duties. The statutory auditors maintain close contact with the members of the Business Audit Committee, which is an internal audit department.

## Independent Auditing

Nippon TV Holdings 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.

The accounting audit structure for the fiscal year ended March 31, 2014, was as shown below.

**■ Names of Certified Public Accountants Executing Operations, Number of Successive Years Involved, and Accounting Auditor to Which They Belong**

| Names of Certified Public Accountants | | Accounting Auditor to Which They Belong |
|---|---|---|
| Designated Partner Executive Partner | Yoshiyuki Higuchi | Deloitte Touche Tohmatsu LLC |
| | Tomoya Noda | |

Note: As all have been involved in these operations for seven or fewer years, details are omitted here.

Assistants assisting in audit activities

Certified public accountants: 5 Others: 9

## Executive Compensation

Executive compensation for the Company's directors and statutory auditors in the fiscal year ended March 31, 2014, was as follows.

| | Total Remuneration (Millions of Yen) | Total Remuneration, by Category | | | Number of Officers Applied to |
|---|---|---|---|---|---|
| | | Basic Compensation | Bonuses | Retirement Benefits | |
| Directors (Excluding Outside Directors) | 405 | 405 | — | — | 13 |
| Statutory Auditors (Excluding Outside Auditors) | 26 | 26 | — | — | 1 |
| External Directors and Statutory Auditors | 114 | 114 | — | — | 8 |

Notes:
1. The number of officers as of March 31, 2014, was 13 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

Nippon TV Holdings 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 Nippon TV Holdings 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 Management Strategy and General Administration divisions.

In addition, the Nippon TV Holdings 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.

Nippon TV Holdings has established a Business Audit Committee to conduct internal audits of corporate activities and verify corporate governance.

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 General 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 Group 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 the Nippon TV Holdings Group 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). 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 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 for the Business Audit Department.

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

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 the 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 the event that 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 Nippon TV Holdings Whistle, the 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.

Special Feature:

# Progress on the Medium-Term Management Plan

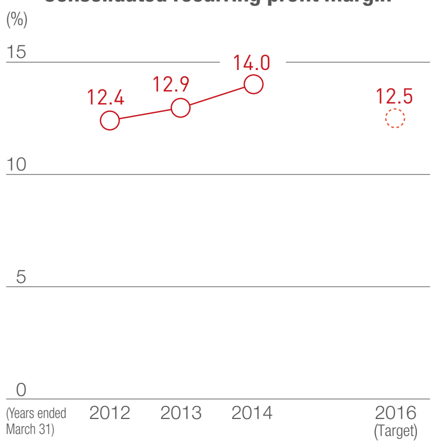
**In November 2012, we announced a new medium-term management plan for the Nippon TV Group, 2012–2015 Next60, that culminates in the fiscal year ending March 31, 2016. We are working together throughout the Group to push our business forward and meet the medium-term management goals this plan sets forth. Below is a synopsis of our progress to date.**

## Medium-Term Management Goals and Status of Initiatives

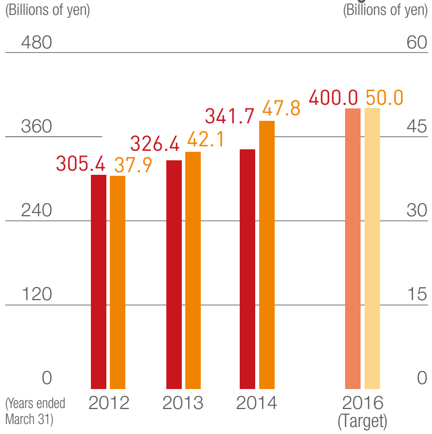
| | |
|---|---|
| **Maintain and enhance our reliability as a news medium** | As a news medium, we endeavor to provide, quickly and in an easily understood manner, information that is accurate and fair. In terrestrial programming, our program schedule contains *NEWS ZERO*, which starts promptly at 23:00 and runs from Monday through Thursday; *news every*., running in an extended slot commencing at 15:50, Monday through Thursday. Also, BS Nippon has begun airing *Shinso News*. |
| **Produce content that enriches people's lives** | The Group strives to target viewers' needs by creating and providing compelling content. Our success in this regard has earned us the support of our viewers, as demonstrated by our industry-leading average household viewer ratings for broadcasting in the All Day and Golden Time categories during the fiscal year. Furthermore, as of September 30, 2014, the end of the first half of the fiscal year ending March 312, 2015, we had also obtained the top in the Prime Time slot, earning us the coveted "Triple Crown" title. In the film business, we produced *HOT ROAD* and other hits. (See "Initiatives in the Film Business" on page 16.) |
| **Respond to changes in order to achieve sustainable growth** | To respond to changes in the operating environment and diversify our business portfolio, we have earmarked a total of ¥50.0 billion for investment, and we are moving forward aggressively with investing activities. For example, during the year we purchased the shares of animation planning and production company Tatsunoko Production Co., Ltd., and acquired ownership of HJ Holdings LLC, which operates the Hulu online video service, and brought the video content producer Ikaros Co., Ltd., into the Nippon TV Group. |
| **Gain a solid presence in overseas markets** | To accelerate our overseas business development and with a strong awareness of rapidly growing markets in Asia, we formulated a proactive business plan that includes tie-ups with local companies. Meanwhile, we are taking the initiative in extending our programming overseas: local versions of our quiz/variety program *Treasure Hunting Adventure Pharaoh!* are being broadcast in Thailand and China. (See "International Business Development" on page 17.) |
| **Step up our responsibility for contributing to society as a media company** | One aspect of our social contributions is our annual charity TV program, *24-Hour Television: Love Saves the Earth*. Through program extensions of this nature, we contribute to society on an ongoing basis in a way a media and content company is uniquely able to do. (See the supplementary *CSR Handbook*.) |
| **Foster a working environment that enables all Group employees to thrive and exercise their talent** | We endeavor to cultivate a workplace culture that encourages all Group employees to consistently improve their skills and capabilities as independent professionals and to seek out innovation and challenges, and that supports and properly evaluates these efforts. |

## Progress toward Medium-Term Management Goals

### Consolidated recurring profit margin




### Consolidated Net Sales/Consolidated Recurring Income




Consolidated net sales (left) Consolidated recurring income (right)

Note: Figures for the fiscal year ended March 31, 2014, are actual results; those for the fiscal year ending March 31, 2016 (the final fiscal year) are medium-term management goals.

Special Feature: Progress on the Medium-Term Management Plan | Message from a Senior Executive Board Director

Special Interview

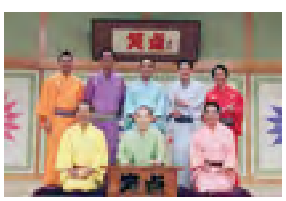
Yoshinobu Kosugi

Senior Executive Board Director

# Consistently Generating Superior Program Content

## Basic Philosophy on Program Scheduling and Production

In program scheduling, our timetable prioritizes regular programs. Except during timetable reorganization periods and the year-end/New Year period, we concentrate on not over-emphasizing special programs. We view timetables as a commitment to our viewers and advertising clients. By broadcasting specific programs without fail at the same times each week, viewers become accustomed to the viewing schedule, and as a result clients recognize our programming as an effective advertising medium. For instance, our robust Sunday evening lineup starts with *Shoten* at 17:30 and features several regular programs: *Bankisha*, *THE TETSUWAN DASH*, *The Quest* and *LINE-UP LAW OFFICE*. This schedule encourages continuous viewing among all target audiences and has led to extremely positive viewer ratings, because viewers recognize and become accustomed to watching specific programs on Sundays. We are working now to extend this success story across all days.



*Shoten*

*THE TETSUWAN DASH*

Even though viewer ratings are incredibly important to broadcasters, we do not produce programs solely in the aim of achieving high viewer ratings, which are a means rather than an end. We understand that while people need such things as air and water to live, these aren't the things we live for. Recognizing that people require stimulation, our medium-term management plan describes our long-term management goal as becoming a media and content company that provides enriching experiences and continues to be loved by the public. Our creative staff are well aware of this objective. By producing superior programs, we are working to build the Nippon TV Group brand and earn the support of viewers and clients.

## Cultivating the Next Generation of Human Resources

At one point, Nippon TV had held the "Triple Crown" title for household viewer ratings for 10 consecutive years. At the point when we were unseated by a competitor, I became acutely aware of how sparse our creative staff had become. Even top-level creative staff have a certain natural working life; sometimes sensibilities are no longer in tune with the times and creators become tied up with past successes. Now Nippon TV has secured solid household and core target viewer ratings. For fiscal 2013, we earned the "Double Crown" title for top average household viewer ratings in the All Day and Golden Time segments. As of the end of the first 39 weeks of 2014, we had held the "Triple Crown" title for annual average viewer ratings 28 times, putting us firmly on the path to taking back that crown. Now more than ever I am convinced that cultivating as many excellent creative staff members as possible and generating superior content is essential to setting in place the organization and structure for holding on to the Triple Crown title.

*24-Hour Television* is a special program that has become one of Nippon TV's flagship productions. This program is produced by a cadre of our top creative staff, and each year we assign leadership to a different person on the team, so that the leader one year provides overall staging support the next. We are proactive in personnel interchanges with AX-ON, a Nippon TV Group company. AX-ON also produces dramas and commercials for other broadcasters, and this variety gives our creative staff the chance to broaden their experience.

In the Internet distribution business, in addition to Nippon TV On Demand—our fee-based content distribution service—this fiscal year we began offering a subscription-based online video service, taking this business over from Hulu in the Japanese market. Taking the Internet as our fourth transmission channel, complementing the Group's terrestrial, BS and CS offerings, we need to make a greater effort than ever before to broaden our offerings of superior content suited to the interests and preferences of a wider range of viewer ages. Nurturing skilled creative staff takes a great deal of time, but by putting in place the structure to do so we are creating a close-knit creative team that our competitors cannot emulate.

# Through the original works it creates and produces, Tatsunoko Production aims to offer new stimulation to the children of the world.

## Tatsunoko Production Co., Ltd.

CORPORATE INFORMATION

| | |
|---|---|
| Headquarters | Musashino YS Bldg. 2F, 1-19-3 Nakamachi, Musashino-shi, Tokyo 180-0006, Japan |
| Capital | ¥20.7 million |
| Representative | Yuzo Kuwahara, Representative Director and President |
| Employees | 60 (As of December 31, 2013) |

Special Interview

Yuzo Kuwahara
Representative Director and President
Tatsunoko Production Co., Ltd.

### Q How would you describe Tatsunoko Production's advantages and strengths?

**We own a host of original content that has earned a high level of recognition in Japan and overseas markets.**

Our company was established in 1962 to produce animations and handle the character business. Since that time, we have created a host of original content, such as *Mach GoGoGo* and *Time Bokan Series: Yatterman*. Because this is our own original content, we hold the original copyright, meaning we have a monopoly on decisions about remakes and merchandising. We hold these rights on more than 50 works.

The animation business presents a number of revenue opportunities. In addition to television broadcasting, we can generate revenues through sales of related merchandise and programs, film adaptations and overseas developments. Original copyrights provide us the leeway to develop our business in a strategic and flexible manner. I would say that this ability, plus our content generation and production capabilities, are our biggest strengths.

*MACH GO GO GO (SPEED RACER)*
©Tatsunoko Production

*YATTERMAN*
©Tatsunoko Production

### Q How do you plan to develop your business from here on out as a member of the Nippon TV Group?

**By leveraging our strengths, we will help to expand non-broadcasting revenue through such businesses as merchandising.**

We possess content that is well-recognized and supported by numerous fans. I believe our path to growth lies in broadening this content, as well as utilizing our production capabilities to remake and update our content.

As a member of the Nippon TV Group, first we will work with Nippon TV's programming and business divisions to enhance the value of our content by defining television broadcasting slots and pursuing merchandising developments. We will also move forward with business developments that harness the Group's media extension capabilities, including satellite broadcasting, films, Internet distribution and smartphone apps. We have already utilized original characters from *Science Ninja Team Gatchaman* and *The Genie Family* on *ZIP!*, Nippon TV's morning information program. We have aired *GATCHAMAN CROWDS*, a modern arrangement of *Science Ninja Team Gatchaman* characters and settings, and the decision to run another episode has been made.

To maximize the value of our content, I believe it is also important to develop business outside the Nippon TV Group. Through animation broadcasts and character business with other broadcasters, we should be able to help expand revenues from outside the Group.

Meanwhile, in overseas business development, in addition to selling programs to local television stations and distributors, we are collaborating with overseas animation studios on remakes and merchandising. These moves will contribute to maximizing our content value.

In particular, we are developing regionally focused strategies for North America, which has a large market and where name recognition is high for *Mach GoGoGo (Speed Racer)* and *Science Ninja Team Gatchaman (Battle of the Planets)*.

*Ohayo Ninjatai Gatchaman*
©Tatsunoko Production, Nippon TV

*GATCHAMAN CROWDS*
©Tatsunoko Production
© 2013 Nippon TV, VAP, Tatsunoko Pro.

hulu

# We aim to become an easily accessible and essential component of viewers' lives, eventually serving as a distribution platform that brings together all Japanese content.

Special Interview

Hiroyuki Oho

Divisional President, Cyber Business Strategy

**Q By carrying forward the Hulu business in the Japanese market, you are the first commercial broadcaster to become involved in a subscription-based video distribution service. What are your aims and intentions?**

**We plan to harness Hulu's appeal to maximize the value of our content.**

The Nippon TV Group's medium-term management plan, which was announced in November 2012, outlines the Group's goal of becoming the leading media and content company in Asia by the fiscal year ending March 31, 2023. This plan earmarks ¥50 billion for investing in and creating new business opportunities. After extensive consideration, we identified the Hulu business as a central initiative. In April 2014, we took over Hulu's business in the Japanese market, making Nippon TV the first commercial broadcaster to enter the subscription-based video distribution service business.

Prior to this move, as part of our overseas strategy we had worked with Hulu in the United States, providing program content for its U.S. service, so we understood the appeal of the video distribution service Hulu had developed. Hulu's biggest attraction is that it allows content to be enjoyed seamlessly across multiple devices—not just televisions but also personal computers, smartphones and the like. The service allows content to be shifted to times and locations that suit viewers' needs. As a content provider, this feature allows us to go beyond television to reach viewers with content contact points in addition to television. Making Nippon TV's content available to as many viewers as possible is key to maximizing its value.

**Q What are some of the issues you face in expanding your scale of business?**

**Our most important focuses will be on raising Japanese awareness of video distribution services and expanding this market.**

The Japanese market for video distribution services is at the growth stage; at this point, the scale of the business is not large. Rather than fighting it out with competitors for a slice of a small pie, we aim to expand that pie. To accomplish this, we need to appeal to consumers on the enjoyment and convenience video distribution service delivers. Creating this awareness will be essential to the growth of our Hulu business.

Since taking over the business, enhancing our content offerings has been a priority. As well as Nippon TV's content, we have striven to boost the quality and quantity of films, foreign dramas and other content and distribute this content as rapidly as possible. Simultaneously, we have sought to boost awareness of Hulu by rolling out a large-scale campaign using spot commercials on terrestrial broadcasting.

Subscription-based video distribution is a membership business, so we need to increase subscription rates and reduce churn in order to expand the subscriber base. Thankfully, this initiative has succeeded in sharply boosting subscription rates and lowering churn. We will continue working to steadily expand our membership.

**Q Please describe some of your upcoming business developments.**

**In a number of areas, we are undertaking developments designed to take advantage of our large number of active users.**

So far, in addition to films and dramas Nippon TV has provided a host of content—terrestrial content spinoffs and other original offerings, music, variety shows and more. As well as expanding our membership, through this effort we have focused on boosting the number of people who actually view our content. Our number of active users currently is quite high.

A large number of active users is evidence of high media quality. Playing on this strength, we should be able to augment the value of our content by forging links with terrestrial content and distributing earlier films to coincide with new theatrical releases, potentially creating a new promotional medium. We are also moving ahead with several business developments aimed at further increasing the number of active users.

Going forward, in addition to Nippon TV we will utilize the Hulu platform for content from other broadcasters and media. We aim to grow this into an all-Japan video distribution platform. Further afield, we have our sights set on expanding this business overseas, beginning with other parts of Asia.

## Success with the JoinTown Demonstration Experiment

Two demonstration experiments have been conducted on the JoinTown program to mitigate against disasters and protect the elderly utilizing JoinTV, which Nippon TV has developed.

JoinTown was selected by Japan's Ministry of Internal Affairs and Communications as part of its fiscal 2012 supplementary budget Project to Promote ICT Town Development. By connecting household televisions and Internet connections, JoinTown is a new disaster response system under development using JoinTV to employ household television and Internet connections in the event of disaster to disseminate information and provide evacuation guidance.

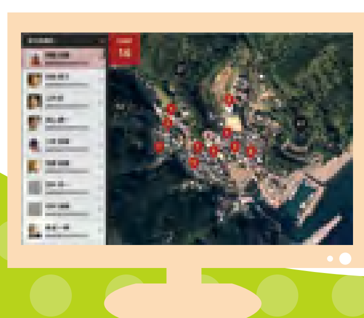
Demonstration experiments took place in October 2013 and January 2014 in the Abu area of Minami, a town in Tokushima Prefecture, involving evacuation drills for 132 households. The experiment assumed an earthquake in the Nankai Trough with a magnitude of around 9, accompanied by a 20-meter tsunami that would hit the area within 30 minutes.

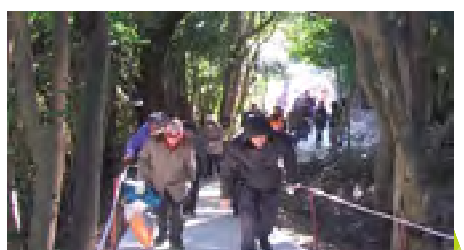
The second demonstration included a personal touch, with evacuation instructions on the television screen reading “Mr./Ms. XX, you need to evacuate immediately!” This approach helped to speed the process of evacuating residents by two minutes. The experiment also analyzed the history of a television being switched on and off to display information on a map to infer whether the resident was present at the time of disaster, providing this data to local government bodies to assist in rescue efforts. Furthermore, television-linked cards could be swiped at an evacuation center to immediately list up such information as the evacuee's name and any regular medications or pre-existing conditions.

This demonstration experiment garnered high praise both in Japan and overseas for its use of televisions, of which there are some 120 million in Japan. Nippon TV is looking into commercializing this experiment.

Television screen showing evacuation instructions

Evacuation status mapping





Evacuation drill under way

Furifuri Sorajiro smartphone app

ZIP!

## Promoting Real-Time Viewing

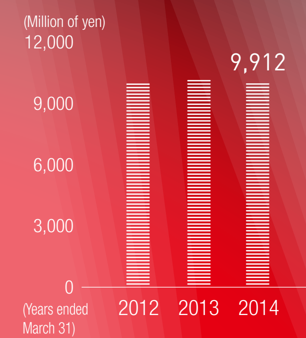
In October 2013, we introduced a viewer-participation game called *ZIP!de Pon!* that uses data broadcasts along with *ZIP!*, our morning information program. This section of the program has become popular, and currently three games conducted during the program attract participation from several million viewers. We are working with sponsors on new ideas for monetizing this approach, such as through gift campaigns.

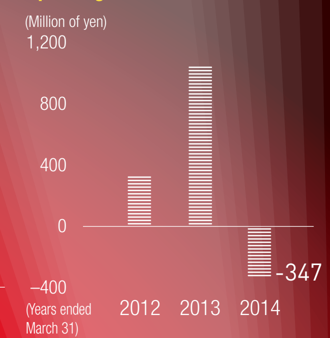
We have also developed a new app called *Furifuri TV* that links with a television program when the viewer shakes his or her smartphone. So far, we have used this app with more than 10 programs, including *Tensai! Shimura Zoo* and *Friday Road SHOW!*, and planned sponsor tie-ups. With the app soon likely to reach 1 million downloads, now we are planning an 02020 (OnAir to OnLine to OffLine) campaign, linking with JoinTV.

Special Feature: Progress on the Medium-Term Management Plan | Initiatives in the Film Business

During the year, the Company was lead manager of such hit films as *Lupin the 3rd vs. Detective Conan: The Movie* and *The Apology King*, and Studio Ghibli's *The Wind Rises* also proved popular. Nevertheless, overall performance in the film business fell below our initial expectations. As a result, the film business generated revenues of ¥9,912 million, down ¥203 million, or 2.0%, from the preceding fiscal year. On the income front, the ongoing screening of major works caused operating expenses to grow ¥1,171 million, or 12.9%, to ¥10,259 million, resulting in an operating loss of ¥347 million.

Our strategy in the film business is to release an animation epic each year, and Nippon TV was involved in three of the five films nominated for Animation of the Year for the 37th Japan Academy Prize, announced in March 2014. Moving forward, we will work to make film adaptations and series from television dramas as we take on the challenge of creating stimulating hits and concentrate on works that employ new technologies.




## Principal Films in the Fiscal Year Ending March 31, 2015


### *When Marnie Was There*
Release date: July 19, 2014
Director: Hiromasa Yonebayashi
©2014 GNDHDDTK
Based on a novel for children by an author from the United Kingdom, this most-recent Studio Ghibli production was directed and written by Hiromasa Yonebayashi, who was involved in the 2010 hit film *Karigurashi no Arrietty.* The story paints a picture of Anna, a 12-year-old with a major affliction, and the curious girl Marnie who appears to her.

### *HOT ROAD*
Release date: August 16, 2014
Director: Takahiro Miki
©2014 *HOT ROAD* Production Committee
©Taku Tsumugi/Shueisha
This is a film adaptation of a time-honored comic whose four volumes have sold more than 7 million copies. The comic's author, Taku Tsumugi, served as supervising editor for the screenplay, and the film is directed by Takahiro Miki, who is renowned for young romance films. The film follows the story of a girl beset by worries and loneliness and a boy who stakes his life on a motorbike.



### *Parasyte*
Release date: November 29, 2014
Written by: Hitoshi Iwaaki (published by Kodansha)
Director, screenplay, VFX: Takashi Yamazaki
©Parasyte Film Production Committee
A live-action film adaptation of one of Japan's most popular comics to date that enjoys an enthusiastic base of fans from around the world. The film is scheduled to screen in two parts in 2015, during Japan's New Year and Golden Week holidays. The plot describes the strangely compassionate struggle between the high school protagonist and "Righty," the parasite that infects his right hand.

### *ST MPD Scientific Investigation Squad*
Release date: January 10, 2015
Director: Toya Sato
©2015 *ST MPD Scientific Investigation Squad* Film Production Committee
*ST MPD Scientific Investigation Squad* is a film adaptation of the eponymous serial drama that began airing in July 2014. The superbly timed banter between Tatsuya Fujiwara as the brilliant yet arrogant agent leading the team and Masaki Okada—playing the elite, wimpy young inspector—has attracted a dedicated female following to this piquant detective drama.

Special Feature: Progress on the Medium-Term Management Plan | International Business Development

**In December 2012, we set up the International Business Development Division to leverage Nippon TV's wealth of content and superior technological expertise by selling programs and promoting collaborative productions overseas, as well as by stepping up publicity outside Japan. This section introduces some of the division's key activities.**

## Overseas Program Sales

Sales of our hit animation *HUNTER×HUNTER* and the popular entertainment programs *The Quest* and *Dragons' Den* (format sale) grew steadily, pushing up revenue from the sales of programs 37.7% during the year ended March 31, 2014, to a historic record of more than ¥880 million.

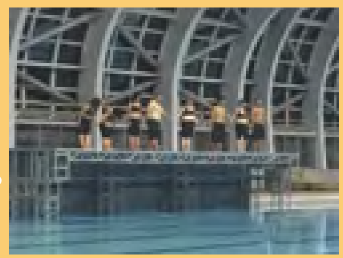
To meet overseas viewers' demand for prompt access to popular Japanese animations and dramas, we are working on timely broadcast developments, such as augmenting broadcasting with distribution services.

We are also promoting local production and broadcast extensions based on Japanese program formats. Chinese versions of *Pharaoh!* and *ULTIMATE BRAIN* are running in that vibrant market, and as part of a new project we have joined a three-company consortium with a local Thai production company and Yoshimoto Thailand to produce and broadcast *Pharaoh!* there.

Scene from the Thai version of *Pharaoh!*

## Joint Planning and Production

In 2013, we began collaborating in the United Kingdom with Sony Pictures Television in the program format development business, developing plans proposed by Nippon TV's Programming, Production and Infotainment & Culture divisions. Following the 2013 inaugural work, *Camerunaway*, in 2014 we jointly produced our second and third programs, *#Love* and *Diet Village*, which are airing on a monthly late-night TV slot. Aiming for global distribution, Sony Pictures Television plans to offer these three programs for sale in the international market.



Scene from *Diet Village*

## Business Development in Southeast Asia

As in 2013, Nippon TV continued to focus on the Southeast Asian market during the year under review. In 2014, we cooperated with Media Prima Berhad, a prominent Malaysian media company, on the joint production of *Welcome To The Railworld Japan*, the Japan version of a railway travel program airing locally. The project was selected and subsidized by Japan's Ministry of Internal Affairs and Communications, as part of its fiscal 2014 supplementary budget Model Business of Overseas Export of Broadcasting Content Using Terrestrial Broadcasting. To produce the program, cast members and the production team visited Japan, working with the team that produces the Nippon TV travel program *Next Stop, Discovery* to shoot at 70 locations throughout Japan. The program will air on 8TV, a Malaysian broadcasting station, in January 2015.

Malaysia x Japan Joint Program Presentation

OVERSEAS BUSINESS

## Overseas PR Strategy

We are stepping up our overseas PR efforts to boost global name recognition and promote the Nippon TV brand. In January 2014, while redesigning our logo for use in Japan we also revamped our overseas logo and changed our informal name from NTV to Nippon TV. We have entered an agreement with a U.S. PR company to unify our overseas promotional methods. Such efforts helped to raise our profile substantially in April 2014 at Marché International des Programmes de Télévision (MIPTV), an annual event in France that ranks as the world's leading trade show for programs. At the event, we were interviewed by journalists from around the world, and the Nippon TV name featured in numerous industry papers. We also reworked our English-language corporate brochure for overseas distribution, and we have developed a new English corporate video. Through efforts such as these, we have begun making global inroads as Nippon TV.

Redesigned corporate brochure

# Review of Operations

## Nippon Television Network Corporation

CORPORATE INFORMATION

| | |
|---|---|
| Headquarters | 1-6-1 Higashi-Shimbashi, Minato-ku, Tokyo 105-7444 Japan |
| Broadcast start | August 28, 1953 (broadcast start; start of digital broadcasts: December 1, 2003) |
| Capital | ¥6.0 billion |
| Representative | Yoshio Okubo, Representative Director and President |
| Employees | 1,199 |

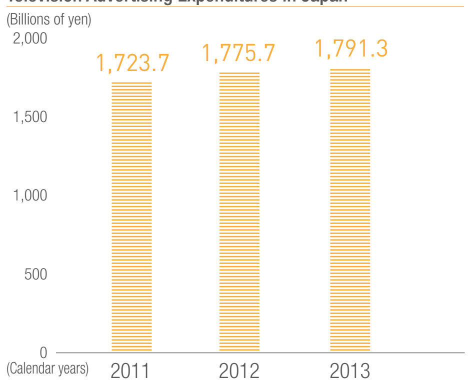
**Business**

With activities centered on the basic and general broadcasting businesses, as defined by Japan's Broadcasting Law, Nippon TV produces program and video content, takes part in the rights business, and engages in film, events, media commerce, publishing and other businesses that leverage the expertise the company has cultivated through program production.

**Market Environment**

Television advertising spending in 2013 is estimated at ¥1,791.3 billion, an increase of 0.9% from the previous year. This was the second consecutive annual rise. Of this amount, time advertising expenditures edged down 0.7%, falling in comparison with the previous year's strong performance due to the London 2012 Olympic Games. Spot advertising expenditures, on the other hand, rose 2.0%. During the first half, these expenditures declined in comparison with the same period of the preceding fiscal year, when spending was up following the Great East Japan Earthquake and due to large-scale advertising related to eco-car subsidies. The second half saw renewed vigor in advertising placements, as corporate performance improved, personal consumption rebounded and advertising demand grew more buoyant ahead of Japan's consumption tax hike.
Source: Dentsu Inc., *Advertising Expenditures in Japan*

**Television Advertising Expenditures in Japan**




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

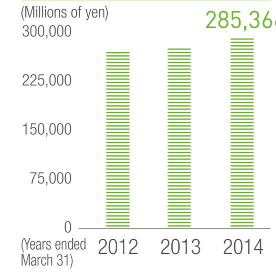

*news every.*

*Dining Al Fresco*

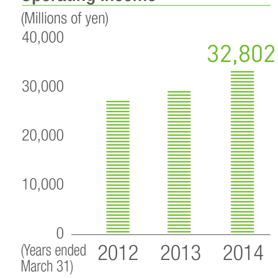
**Performance during the Year**

Net sales for the fiscal year ended March 31, 2014, were up ¥11,436 million, or 4.2%, to ¥285,366 million, and operating income expanded ¥3,997 million, or 13.9%, to ¥32,802 million. Time advertising revenues came to ¥113,631 million, up ¥1,176 million, or 1.0%, as favorable viewer ratings on regular programs pushed up selling prices. Spot advertising revenues also benefited from steady increases in core target viewer ratings, for which client demand is particularly high, as well as household viewer ratings. Consequently, these revenues rose ¥5,424 million, or 5.0%, to ¥114,382 million, enabling Nippon TV to retain its leading position among key commercial broadcasters. As a result, television advertising revenues expanded ¥6,600 million, or 3.0%, to ¥228,014 million. Program production costs amounted to ¥97,543 million, up ¥2,194 million, or 2.3%, from the preceding fiscal year. This increase was attributable partly to the forward booking of rights expenses for the 2014 FIFA World Cup Brazil, which took place in June 2014, and of film broadcasting rights. We also conducted thorough efforts to control program production costs for regular programs. Business revenues and income increased, thanks to robust ongoing performance from Nittele G+, a pay TV business that broadcasts Yomiuri Giants professional baseball games. Revenues and income were also up in the event business, buoyed by the extremely positive reception to *Alphonse Mucha: An Insight into the Artist*, an art exhibit, and the theatrical showing of *Sanada Ten Braves*.

**Net Sales**




**Operating Income**




Note: Due to our October 1, 2012, transition to a certified broadcasting holding company, operating performance figures for the year under review are for the former Nippon Television Network Corporation through September 2012. Figures from October 2012 through March 2014 are simple totals for Nippon TV Group Holdings Inc. and the current Nippon Television Network Corporation, excluding transactions between the two entities.

*This Evening We Compared*

*Ariyoshi Seminar*

*The True Story, Bankisha*

*ST MPD Scientific Investigation Squad*

## Viewer Rating Trends

In average household viewer ratings in the year from April 1, 2013, to March 30, 2014, we came in top in the All Day and Golden Time categories, and a close second in the Prime Time slot, thereby earning the "Double Crown" title. We continued to see steady upticks in viewer ratings in the core target (male/female, 13–49) segment, an area of particular client focus, within the T (13–19), F1 (women, 20–34) and F2 (women, 35–49) categories. These results stemmed from an improved viewer flow due to our efforts to strengthen Prime Time program offerings during our April 2013 reorganization, and our reinforcement of programming in the 19:00 weekday slot and enhancement of the Monday–Thursday 22:00–24:00 zone during an October 2013 reorganization. These efforts led to steady rises in household viewer ratings in those time slots compared with pre-reorganization levels.

Looking at average household viewer ratings for 2014, as of September 30, 2014, we held the Triple Crown title up to that point in both the full year (December 30, 2013–September 28, 2014) and fiscal year (March 31, 2014–September 28, 2014) categories. At that point, we had also maintained the Triple Crown title for monthly viewer ratings for 10 consecutive months, from December 2013 through September 2014. Furthermore, our viewer ratings were up year on year across all time slots, a particularly favorable showing.

We intend to accelerate these efforts to ensure that we retain our top position in viewer ratings.

**Nippon TV's Ranking in Viewer Ratings**

(Household viewer ratings in the Kanto region, provided by Video Research Ltd.)

| Fiscal Year | | All Day 6:00–24:00 | Prime Time 19:00–23:00 | Golden Time 19:00–22:00 | Non-Prime Time 6:00–19:00, 23:00–24:00 | Platinum Time 23:00–25:00 |
|---|---|---|---|---|---|---|
| **Fiscal 2013** April 1, 2013–March 30, 2014 | Viewer ratings | 8.1% | Second 12.0% | 12.1% | 6.9% | Second 6.4% |
| | Year on year | +0.2% | +0.1% | +0.0% | +0.1% | +0.6% |
| **First half, fiscal 2014** March 31, 2014–September 28, 2014 | Viewer ratings | 8.3% | 12.3% | 12.3% | 7.1% | Second 7.0% |
| | Year on year | +0.5% | +0.7% | +0.7% | +0.4% | +0.7% |

Note: The crown mark indicates slots in which we have earned the top ranking.

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

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.

**Commercial broadcasting**

| | | | | |
|---|---|---|---|---|
| **Network** | | | | |
| NNN | ANN | JNN | TXN | FNN |
| **Key stations** | | | | |
| Nippon Television Holdings, Inc. | TV Asahi Holdings Corporation | Tokyo Broadcasting System Holdings, Inc. | TV TOKYO Holdings Corporation | Fuji Media Holdings, Inc. |
| NIPPON TELEVISION NETWORK CORPORATION | TV Asahi Corporation | Tokyo Broadcasting System Television, Inc. | TV TOKYO Corporation | Fuji Television Network, Inc. |
| **Network stations** | | | | |
| 29 | 24 | 27 | 5 | 27 |

**NHK**

Nationwide broadcasts

## 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 March 2014 Japanese Cabinet Office survey on consumer trends, the penetration rate for (flat-screen) color television receivers was 96.5% as of March 2014.

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.

## 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. Another style is to sell advertising space within a program to a single sponsor rather than offering ad space within a program to multiple advertisers.

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.

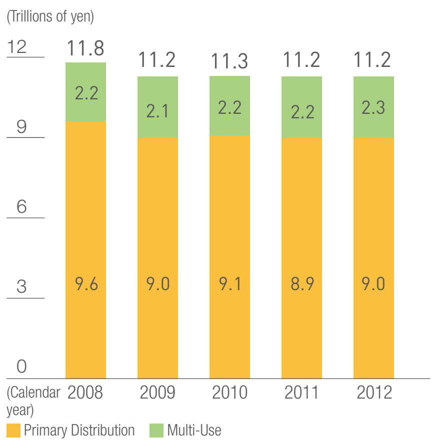
## Generating Multiple Streams of Revenue as Content Providers

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.

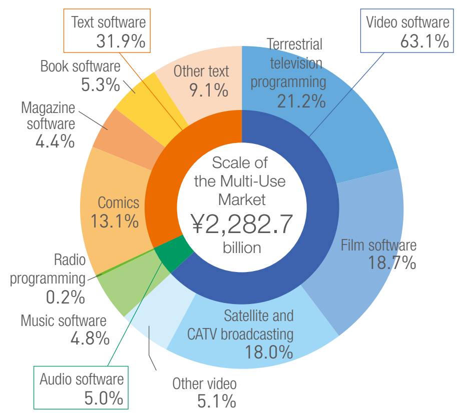
Through their ownership and use of in-house content (rights), Japanese broadcasters work aggressively to use content in multiple ways, such as by converting popular television dramas and animation programs to the big screen, offering DVD and book merchandising-related products, holding events, distributing content over the Internet and selling program formats overseas.

In 2012, the Japanese content market had a scale of ¥11,240.1 billion. Of this figure, primary distribution accounted for 79.7% of the total, at ¥8,957.5 billion, and multi-use for 20.3%, at ¥2,282.7 billion. Within the multi-use market, video software made up 63.1%, or ¥1,440.7 billion. Of this figure, terrestrial television programming made up ¥485.0 billion, film software ¥427.7 billion, and satellite and CATV broadcasting ¥410.7 billion.

### Scale of Japanese Content Market




### Breakdown of the Multi-Use Market (2012)

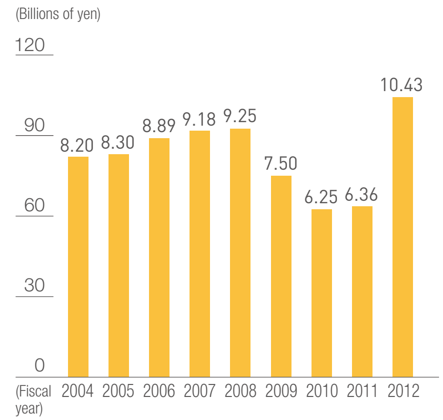



(Source: Ministry of Internal Affairs and Communications, *2012 White Paper on Information and Communications in Japan*)

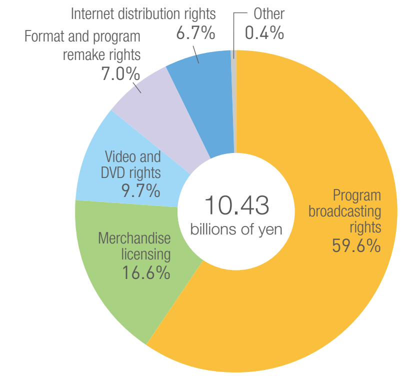
Also, in fiscal 2012 the export value of Japan's programming content exceeded ¥10 billion. The sale of program broadcasting rights, which is the traditional method of developing broadcast content overseas, accounted for approximately 60% of these exports. At the same time, the sale of program formats and the rights to remake programs are also gaining ground. Merchandise licensing for character sales and sales of video and DVD rights for package sales are also boosting broadcast content exports.

By genre, animations represent the largest export, accounting for around 40% of the export value

### Export Value of Japanese Broadcast Content



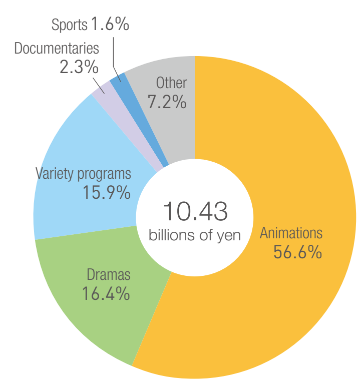

### Composition of Export Value of Japanese Broadcast Content (Fiscal 2012)



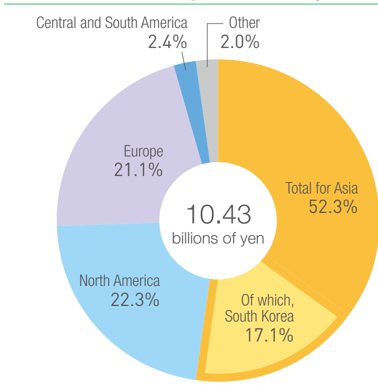

(Source: Ministry of Internal Affairs and Communications, *2012 White Paper on Information and Communications in Japan*)

of program broadcasting rights. Animations also account for nearly 60% of the export value of broadcast content, which includes such items as merchandise licensing and video and DVD rights. Other parts of Asia represent the largest export markets, by value. Europe, while accounting for less than 20% of the export value of program broadcasting rights, makes up a high proportion of rights for formats, the rights to remake programs, and merchandise licensing. Consequently, the region accounts for more than 20% of broadcast content, which includes these categories, putting it on a par with North America.

### Composition of Export Value of Japanese Broadcast Content, by Genre (Fiscal 2012)




### Composition of Export Value of Japanese Broadcast Content, by Destination (Fiscal 2012)




(Source: Ministry of Internal Affairs and Communications, *2012 White Paper on Information and Communications in Japan*)

# BS日テレ BS Nippon Corporation

## CORPORATE INFORMATION

| | |
|---|---|
| Headquarters | Nippon TV Tower, 23F, 1-6-1 Higashi-Shimbashi, Minato-ku, Tokyo 105-8644, Japan |
| Established | December 2, 1998 |
| Capital | ¥14.0 billion |
| Representative | Koichi Akaza, Representative Director and President |
| Employees | 40 |

**Business**

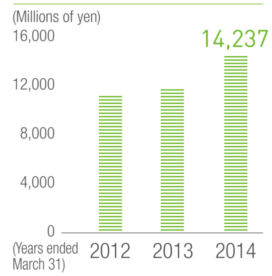
BS Nippon was established in 1998 as a basic broadcasting business operator providing free-to-air BS digital broadcasts. In March 2014, the company moved its headquarters to the Nippon TV Tower in Shiodome, Tokyo, strengthening its collaborative relationship with Nippon TV's terrestrial operations. At the same time, BS Nippon focuses on developing original programming, providing a comprehensive array of general-format content across a host of fields, including news, variety, information, music and sports.

**Market Environment**

Within spending on satellite media-related advertising, advertising expenditures on BS broadcasting is estimated to have grown 13.8% in fiscal 2013, to ¥74.0 billion. Accounting for this rise is the growing recognition that BS broadcasting enjoys and the fact that watching these broadcasts has become common among middle-aged and older viewers. The Japan Commercial Broadcasters Association forecasts that this market will continue to expand in the fiscal year ending March 31, 2015.

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

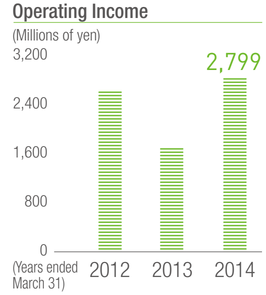
**Net Sales**




**Performance during the Year**

During the year under review, BS Nippon commenced broadcasts of *Shinso News*, a full-fledged news program, by strengthening its partnership with terrestrial broadcasting. The program is delivering a major impact, as in addition to the news capabilities and mobility of Nippon TV's terrestrial offerings, it leverages *The Yomiuri Shimbun*'s commentary and editorial expertise. During the year, BS Nippon maintained stable viewer ratings. Among its superior content, the company aired 61 professional baseball games with the Yomiuri Giants during its pennant run, including six linked broadcasts that commenced on Nippon TV and continued on BS Nippon.

**Operating Income**





*Professional Baseball Dramatic Game 1844*

*Shinso News*

In non-broadcast operations, BS Nippon is aggressively developing the event business and pursuing sales of program content licenses, efforts that are proving highly effective.

Accordingly, net sales for the fiscal year ended March 31, 2014, were up ¥2,738 million, or 23.8%, to ¥14,237 million. Operating income surged ¥1,167 million, or 71.5%, to ¥2,799 million.

**Future Initiatives**

Mechanical viewer rating surveys are scheduled for introduction in April 2015, which is likely to step up the level of competition to obtain viewer ratings. We will analyze current viewer rating trends in more detail and reflect this information in program production going forward.

In line with the relocation of its headquarters to Shiodome, BS Nippon upgraded its mastering facilities, which are now being used for broadcasts. This equipment, which has a multichannel broadcasting function, is currently being used for extended broadcasts of baseball games, enhancing the service to viewers. The company is also considering new developments that will make use of this functionality. With activity surrounding 4K broadcasts becoming more pronounced, BS Nippon is gathering information and making full-fledged preparations and conducting extensive reviews in this regard.

# CS Nippon Corporation

CORPORATE INFORMATION

| | |
|---|---|
| Headquarters | Nippon TV Kojimachi South Building, 2F, 2-14 Chiyoda-ku, Tokyo 102-0084, Japan |
| Established | March 27, 2001 |
| Capital | ¥3.0 billion |
| Representative | Tadashi Totsune, Representative Director and President |
| Employees | 14 |


Mint Jazz © Ryo Tanikawa


Announcer Tetsuni-Chan Daisuke Fujita Goes on a Train Discovery Tour!

**Business**

Based on the Nippon TV Group's media strategy of entering the business of digital broadcasting via communications satellite at 110 degrees east longitude, CS Nippon commenced operations in 2002, serving the role of a satellite basic broadcaster. Making use of the broadcasting and production expertise that Nippon TV has cultivated, CS Nippon has developed five broadcast channels and created a fee-based business. As a result, CS Nippon promotes CS broadcasting business for Nippon TV, as well as for other program providers.

**Channel Lineup**

**Nittele G+**
In addition to Yomiuri Giants professional baseball games, this channel's lineup includes motor sports, pro wrestling, boxing and NFL football.

**Nittele Plus**
From time-honored classics to new releases, this channel contains a full lineup of Nippon TV drama, animation, variety and music programs.

**FOX Movie Premium**
This channel features 20th Century Fox films.

**100% HITS! Space Shower TV Plus**
This music channel shows 100% hits around the clock.

**Tabi Channel**
Japan's only dedicated travel channel, Tabi Channel brings the wonders of world travel into viewers' homes.

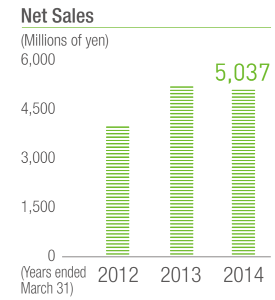
**Market Environment**

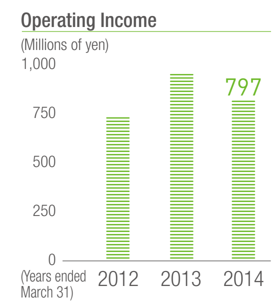
During 2013, within satellite media-related advertising expenditures, advertising spending on CS broadcasting grew 3.3% year on year, to ¥20,280 million, passing the ¥20 billion mark for the first time. This rise is attributed to a steady increase in awareness of CS broadcasting, with a particularly marked increase in well-to-do viewers, and an overall increase in placements from general advertisers with products aimed at wealthy consumers—a different demographic to those who view digital terrestrial television channels.
Source: Dentsu Inc., *Advertising Expenditures in Japan*

**Performance during the Year**

During the year, CS Nippon took a multifaceted approach to expanding revenues, conducting proactive advertising sales as a channel with high media value through efforts such as receiving direct feeds of SKY PerfecTV! and the SKY PerfecTV! Premium Service and simultaneously rebroadcasting them to cable television stations and Hikari IPTV. On Nittele Plus, the company ran an active lineup that combined drama and animation classics, both old and new, with business event-linked programming. CS Nippon steadily increased its subscriber numbers by acquiring broadcasting rights to Tohoku Rakuten Golden Eagles professional baseball games and Asian Champions League soccer. Performance was also robust from external channels, including FOX Movie Premium, 100% HITS! Space Shower TV Plus and Tabi Channel.

However, channel leasing revenue declined due to the transfer of NNN 24 to another company. During the year, net sales consequently declined ¥145 million, or 2.8%, to ¥5,037 million, and operating income fell ¥145 million, or 15.4%, to ¥797 million.




**Future Initiatives**

Subscribers to Nittele Plus, which broadcasts dramas, animations and sports, currently number more than 5 million households. As a channel in the general entertainment category, Nittele Plus carries programs across diverse genres. To attract additional subscribers, we are working to build the Nittele Plus brand by augmenting content only viewable there.

In the fiscal year ended March 31, 2014, we began airing broadcasts of Tohoku Rakuten Golden Eagles, a professional baseball team. At the same time, on Nippon TV programs, during the year we aired the drama *Hotaru no Hikari*, animations *HUNTER×HUNTER* and *Chihayafuru*, *MOCO'S Kitchen CS Version* and *ZIP! Spring Festival* as content linked with terrestrial broadcasts, and *Mint Jazz* and *Train Discovery Tour* as original programming. In the fiscal year ending March 31, 2015, we plan to introduce various initiatives for cultivating new subscribers, such as running *LIVE MONSTER* Plus as an expanded edition of the version aired on terrestrial broadcasting. Going forward, CS Nippon aims to achieve further growth by fostering stronger ties with Nippon TV.

## NTV Technical Resources Inc.

CORPORATE INFORMATION

| | |
|---|---|
| Headquarters | Nippon TV Kojimachi South Building, 4F, 2-14 Chiyoda-ku, Tokyo 102-0084, Japan |
| Established | February 1, 2007 |
| Capital | ¥80 million |
| Representative | Kenji Noshi, Representative Director and President |
| Employees | 562 |

**Business**

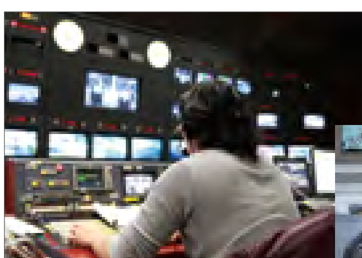
In 2007, the Nippon TV Group restructured its program production companies, and NTV Technical Resources was created as a technology-oriented production company through the combination of the technology divisions of NTV Video Center Co., Ltd., and NTV Video Co., Ltd., as well as an Nippon TV production technology division that oversaw operations management.

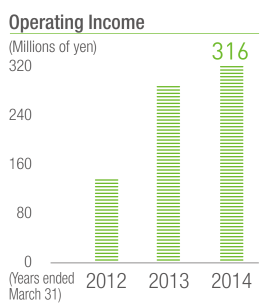
Handling activities ranging from production to broadcasting of Nippon TV news, drama, variety and sports programs, NTV Technical Resources takes care of all technology-oriented activities. These include broadcast operations, transmission operations, studio, relays, English-language interviews, editing, mechanical animation, computer graphics and photography.

Going forward, NTV Technical Resources will endeavor to provide content production and technology support across a range of media for Nippon TV, BS Nippon and CS Nippon.

**Performance during the Year**

During the fiscal year ended March 31, 2014, NTV Technical Resources generated net sales of ¥10,107 million, a year-on-year increase of ¥897 million, or 9.7%. The company benefited from live programming of large-scale events such as the Sochi 2014 Olympic Games and the Tokyo Marathon 2014, as well as studio operations from the news programs *news every.* and *Shinso News*. Operating expenses also increased, with production and outsourcing costs rising in line with revenues, and operating income came to ¥316 million, up ¥27 million, or 9.5%.




## AX-ON Inc.

CORPORATE INFORMATION

| | |
|---|---|
| Headquarters | Nippon TV Kojimachi South Building, 6F, 2-14 Chiyoda-ku, Tokyo 102-0084, Japan |
| Established | February 10, 1970 |
| Capital | ¥80 million |
| Representative | Masa Hoshida, Representative Director and President |
| Employees | 694 |

**Business**

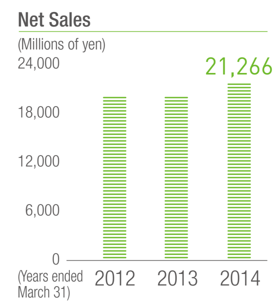
The Nippon TV Group's restructuring of its program production companies in 2007 resulted in AX-ON, which emerged through the combination of the production divisions of NTV Video Co., Ltd., NTV Video Center Co., Ltd., NTV Enterprise Co., Ltd., and NTV Art Co., Ltd.

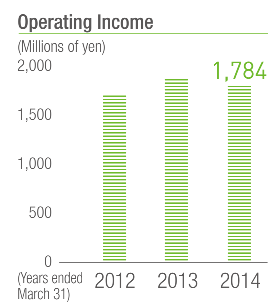
An important member of the Group that supports Nippon TV's program production, AX-ON is an integrated video producer that handles myriad content. In addition to television programs, AX-ON produces content ranging from films to commercials, video promotions and subtitles.

The company's motto is "turning customers' needs into reality." In line with this motto, AX-ON aims to contribute to society by bringing customers' video needs to life through video.

**Performance during the Year**

During the fiscal year ended March 31, 2014, AX-ON generated net sales of ¥21,266 million, representing a year-on-year increase of ¥1,574 million, or 8.0%. Sales centered on programs showing on Nippon TV and BS Nippon, including dramas, sports, news, variety programs and information programs at regular times on weekdays, as well as the production of theatrical film releases and commercials and ongoing orders for program production from companies outside the Nippon TV Group. Owing to increased expenditures to reinforce production capabilities, including personnel increases, operating income declined ¥77 million, or 4.2%, to ¥1,784 million.



## 日テレイベンツ NTV EVENTS Inc.

CORPORATE INFORMATION

| | |
|---|---|
| Headquarters | Nippon TV Kojimachi South Building, 9F, 2-14 Chiyoda-ku, Tokyo 102-0084, Japan |
| Established | December 20, 1975 |
| Capital | ¥80 million |
| Representative | Ryuichiro Hayashi, Representative Director and President |
| Employees | 63 |

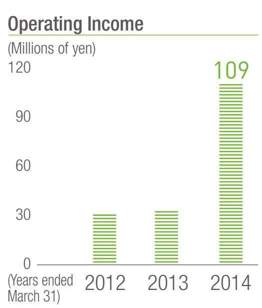
**Business**

The predecessor of NTV EVENTS, NTV Enterprise Co., Ltd., was formed as a result of the Nippon TV Group's restructuring of its program production companies in 2007. The company made a new start as NTV EVENTS, taking on the operations of the event business division, Nittele Gakuin operations and the Nichien Production business.

By leveraging the planning, staging and production expertise gained through television programs, the company takes part in events in a variety of fields, including sporting events, eco-events, exhibitions and various types of functions. NTV EVENTS is also involved in a wide range of casting activities through its operation of the Nittele Gakuin for training announcers and acting talent and the operation of Nichien Production, which handles talent management.

**Performance during the Year**

NTV EVENTS' net sales for the fiscal year ended March 31, 2014, were ¥2,329 million, up ¥260 million, or 12.6%, from the preceding fiscal year, representing a historic high for the company. In addition to securing ongoing orders for *Shiohaku 2013* and other large-scale events, the company succeeded in generating revenue at Ozzfest Japan 2013, which was jointly sponsored with Nippon TV, and orders from outside the Group contributed substantially to revenues. The rise in sales plus a shift to profitability by NTV School, which cut costs dramatically, caused operating income to surge ¥77 million, or 238.8%, to ¥109 million, the highest figure to date.


*Shiohaku*, an event during the summer holidays

## 日テレアート Nippon Television Art Inc.

CORPORATE INFORMATION

| | |
|---|---|
| Headquarters | Nippon TV Kojimachi South Building, 7F, 2-14 Chiyoda-ku, Tokyo 102-0084, Japan |
| Established | July 27, 1967 |
| Capital | [80 million |
| Representative | Akihisa Katsumi, Representative Director and President |
| Employees | 218 |

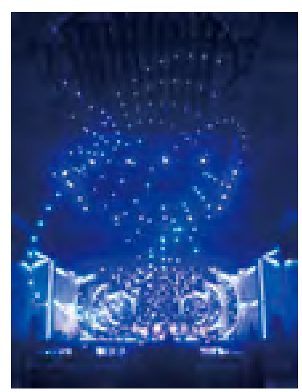
**Business**

Nippon Television Art is an integrated design and production company—one of the few in the television business having multiple design divisions. In the areas of television and film production, the company handles artwork, lighting, music effects, graphic design and telops. The company's broad range of activities also extends from the planning and design of event artwork and lighting to the design, execution and operation of various types of events.

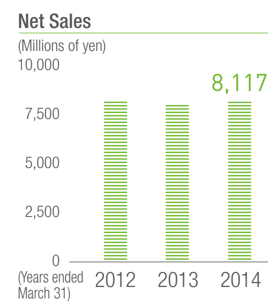
In addition to handling all program orders for Nippon TV, Nippon Television Art undertakes program production and event artwork. The company also takes on programs, films and commercials for other broadcasters, working proactively to generate business outside the Group. Throughout its activities, the company seeks to meet customers' needs by being a content producer that contributes to the creation of a bountiful and expressive society.

**Performance during the Year**

Nippon Television Art's net sales amounted to ¥8,117 million during the year ended March 31, 2014, up ¥26 million, or 0.3%, year on year. Whereas lower Nippon TV program sales and a decrease in orders for commercials and films affected sales, sales from outside the Group increased in relation to mmbi, a broadcaster targeting smartphones. The company also received new one-off projects. Although Nippon Television Art worked to control costs in line with orders received, operating expenses expanded ¥82 million, or 1.1%, to ¥7,742 million. Accordingly, operating income dropped ¥56 million, or 13.0%, to ¥374 million.



Art set for *THE MUSIC DAY The Power of Music*




# Nippon Television Music Corporation

## CORPORATE INFORMATION

| | |
|---|---|
| Headquarters | Nippon TV Kojimachi South Building, 8F, 2-14 Chiyoda-ku, Tokyo 102-0084, Japan |
| Established | October 1, 1969 |
| Capital | ¥80 million |
| Representative | Hiroshi Miyazaki, Representative Director and President |
| Employees | 48 |

## Business

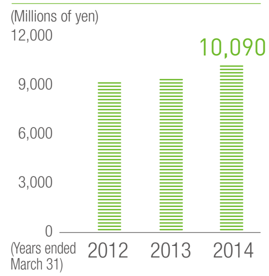
NTV Music was established to manage and develop copyrights and master licenses on songs and merchandise licensing resulting from Nippon TV programs.

The music business division is involved in a broad range of activities, spanning the production of new songs and copyright management to master license production, and the division already manages more than 30,000 songs. In its character business division, NTV Music handles sales and serves as the general representative for characters resulting from Nippon TV programs. The company continues working to maximize revenues from such popular characters as *Anpanman* and *Lupin the 3rd*.

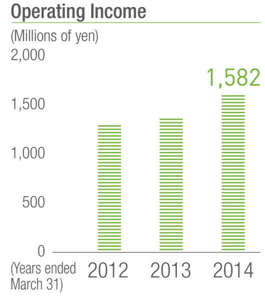
## Performance during the Year

NTV Music's net sales for the fiscal year ended March 31, 2014, were ¥10,090 million, up ¥873 million, or 9.5%, and operating income grew ¥235 million, or 17.5%, to ¥1,582 million. In the music division, master licensing revenues and other income contributed markedly to performance, benefiting significantly from album sales and tours by affiliated artists. In the merchandise licensing business, a *HUNTER×HUNTER* social game generated merchandise licensing revenues, and merchandise licensing royalties from use in conjunction with *Lupin the 3rd* expanded substantially. Furthermore, the Anpanman business recorded its strongest performance to date, thanks to a steady uptick in merchandise licensing revenues. The Kobe Anpanman Children's Museum, which opened in April 2013, contributed to higher royalty revenues from entrance fees, as did museums in Nagoya, Sendai and Yokohama. Revenue also increased as a result of collaboration on Dokin's Heart Shape Cafe.

Net Sales




Operating Income

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© MONKEY PUNCH / TMS · Nippon TV

## Future Initiatives

Going forward, NTV Music plans to expand the 360-degree business (development of activities spanning artist discovery and cultivation through to management, music production, live concert production, merchandise planning and sales) that it established with the affiliated artists Maximum the Hormone. To this end, the company has signed umbrella agreements with two additional artists, BRADIO and 0.8Syooogeki. We plan to continue working to cultivate talented artists and provide the functions and support they need across all their areas of activity.

NTV Music views the transformations under way in the structure of the music industry and consumption patterns among users as new business opportunities. We plan to promote more multifaceted businesses and maximize revenues rather than relying excessively on music copyright revenues.

Maximum the Hormone

BRADIO

0.8Syooogeki

# VAP Inc.

CORPORATE INFORMATION

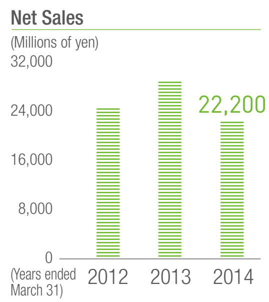
| | |
|---|---|
| Headquarters | Yonbancho Bldg. No. 1, 5-6, Yonbancho, Chiyoda-ku, Tokyo 102-0081, Japan |
| Established | January 24, 1981 |
| Capital | ¥500 million |
| Representative | Noboru Kashiwagi, Representative Director and President |
| Employees | 168 |

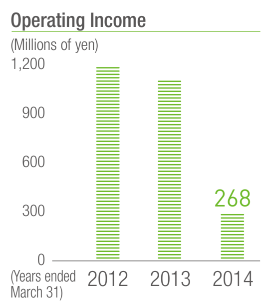
**Business**

VAP was established in 1981 as a music and video software production and sales company. Working always to create entertainment media in tune with the times, VAP strives to boost revenue from outside the Group by promoting the secondary usage of Nippon TV content and developing original software.

**Performance during the Year**

Net sales for the fiscal year ended March 31, 2014, were ¥22,200 million, down ¥6,551 million, or 22.8%, from the preceding fiscal year. Operating income fell ¥837 million, or 75.7%, to ¥268 million. Whereas sales of albums by popular artists pushed up music division sales in the internal division, performance in the consignment sales division was down sharply in comparison with the preceding fiscal year, when the company benefited from major hit albums. Overall sales for the music division fell ¥4,858 million, or 42.2%, to ¥6,661 million. In the video division, as well, neither the internal division, which boosted product sales volumes, nor the consignment sales division, which experienced a decline in titles sold by mainstream artists, was able to generate sales increases sufficient to counter a lackluster DVD market. As a result, sales in the video division slipped ¥1,453 million, or 9.9%, to ¥13,279 million.




*PHASE 2*/Fear, and Loathing in Las Vegas
Launched August 6, 2014

*BAD BOYS J*, a drama
©*BAD BOYS J* Production Committee
©Hiroshi Tanaka/Shonengahosha
Note: The jacket shown is from the deluxe DVD box version

*009 RE:CYBORG*, an animation
©2012 009 *RE:CYBORG* Production Committee
Note: The jacket shown is from the deluxe Blu-ray box version

**Future Initiatives**

In the music division, Maximum the Hormone released its first new album in six years, *Yoshu Fukushu*. This album, which went on sale July 31, 2013, was a major hit, selling more than 300,000 copies. We are also cultivating Fear, and Loathing in Las Vegas, which we believe will be our next hit artist, and we are working to set up a production business that covers live events and merchandising. In the video division, a major hit was *BAD BOYS J*, the DVD/Blu-ray editions of a television drama and theatrical release based on a comic that has sold more than 55 million copies and is hugely popular with teenagers. We have also invested in a new 3D computer graphic film, *009 RE:CYBORG*—a modern interpretation on *Cyborg 009*, an SF animation created by Shotaro Ishinomori. In this manner, we are working to expand revenues that are not limited to sales of DVD/Blu-ray and other packaged software. In a bid to expand our revenue opportunities, we are planning businesses that extend beyond the packaged sales related to the artists in which we have invested.

# Management's Discussion and Analysis

Nippon Television Holdings, Inc. and Consolidated Subsidiaries
Years Ended March 31

## Overview

### Operating Environment

During the fiscal year ended March 31, 2014, the Japanese economy benefited from the impact of economic measures and financial policies. Corporate earnings improved, and the trend toward a rebound in personal consumption continued. Furthermore, the economy benefited from a surge in demand ahead of a hike in the consumption tax. Consequently, the economy maintained its trend toward a modest recovery.

In this economic climate, according to a survey by Dentsu Inc., advertising expenditures in Japan in 2013 rose for the second consecutive year, increasing 1.4% year on year, to ¥5,976.2 billion. Of this figure, television advertising expenditures came to ¥1,791.3 billion, a 0.9% increase.

### Net Sales

During the year, the Nippon TV Holdings Group posted consolidated net sales of ¥341,720 million, a year-on-year rise of ¥15,297 million, or 4.7%. In the Group's mainstay content business, merchandise sales revenue was down in reaction to robust sales of music CDs in the preceding fiscal year. However, revenues from regular programming were favorable and the Sochi 2014 Olympic Games boosted revenues, pushing up terrestrial television advertising revenues. These factors, plus higher BS and CS advertising revenues, led to the increase in net sales.

### 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 ¥10,637 million, or 3.7%, to ¥301,631 million, in line with the rise in content business revenue. As a result, operating income grew ¥4,659 million, or 13.2%, to ¥40,089 million.

### Income before Income Taxes and Minority Interests

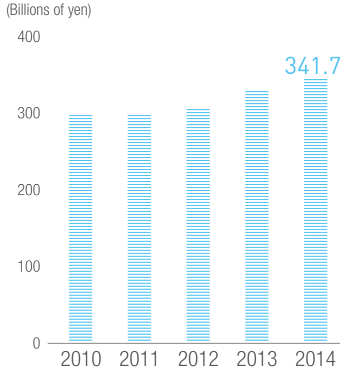
Income before income taxes and minority interests expanded ¥4,071 million, or 10.1%, to ¥44,398 million. This figure includes other items, such as a loss on devaluation of investment securities of ¥1,984 million, a ¥907 million cost of relocating the transmitting station to Tokyo Sky Tree and ¥346 million in loss on settlement package.

### Net Income

Income taxes increased 12.2%, to ¥16,373 million, while minority interests fell 56.1%, to ¥197 million. As a result, net income for the fiscal year amounted to ¥27,828 million, up ¥2,543 million, or 10.1%, from the preceding fiscal year.

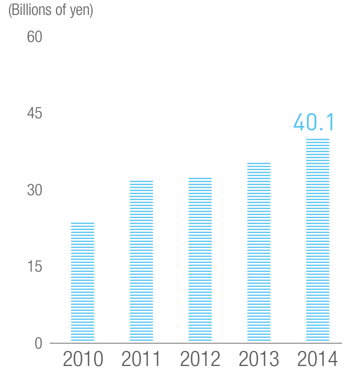
**Net Sales**

(Billions of yen)



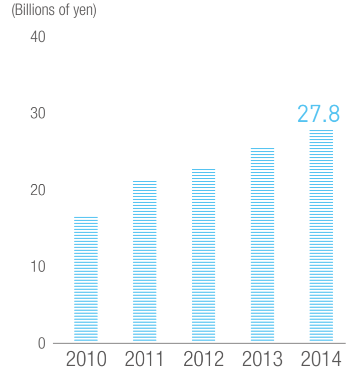

**Operating Income**

(Billions of yen)



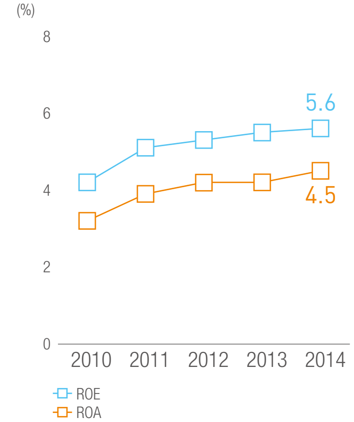

**Net Income**

(Billions of yen)



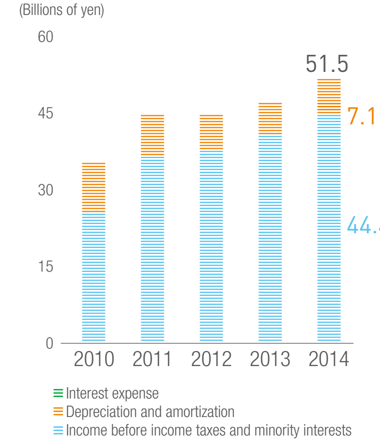

**ROA and ROE**

(%)




**EBITDA**

(Billions of yen)




Note: As the Company transitioned to a certified broadcasting holding company structure on October 1, 2012, figures for the fiscal years ended March 31, 2009 through 2012 are for Nippon Television Network Corporation. Also, BS Nippon Corporation and CS Nippon Corporation were converted to consolidated subsidiaries in the second half of the fiscal year ended March 31, 2013.

## Segment Information

During the year, the Group revised its reporting segments, in line with the October 1, 2012, transition to a certified broadcasting holding company structure. Consequently, effective from the year ended March 31, 2013, reporting segments changed from "content business," "real estate rental/leasing business" and "other business," to "content business" and "real estate rental/leasing business."

### Content Business

(Millions of yen)

| Fiscal Years Ended March 31 | | 2013 | 2014 | Change |
|---|---|---|---|---|
| Television broadcasting | Time advertising | 112,448 | 113,618 | 1,169 |
| | Spot advertising | 108,814 | 114,172 | 5,358 |
| | Total | 221,262 | 227,790 | 6,528 |
| Advertising sales from BS and CS platform | | 5,430 | 13,495 | 8,064 |
| Other advertising revenue | | 458 | 398 | (60) |
| Contents sales revenue | | 33,917 | 37,181 | 3,263 |
| Revenue from merchandise sales | | 42,382 | 35,321 | (7,060) |
| Box office revenue | | 10,442 | 11,303 | 861 |
| Other | | 7,718 | 10,344 | 2,626 |
| Total | | 321,609 | 335,832 | 14,223 |

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

### Overview of Results

Time advertising revenue, a component of television broadcasting revenue, benefited from higher revenue from regular program slots, as well as from major single-episode programs, such as the Sochi 2014 Olympic Games and the World Grand Champions Cup Volleyball 2013. Time advertising revenue accordingly rose ¥1,169 million, or 1.0%, to ¥113,618 million.

Spot advertising revenue expanded ¥5,358 million, or 4.9%, to ¥114,172 million, owing to a year-on-year increase in expenditures for regionally targeted spot advertising and our heightened share of average household terrestrial viewer ratings for fiscal 2013 (April 1, 2013, through March 30, 2014) against other key Tokyo-based broadcasters, coming in top in the All Day and Golden Time categories and second in the Prime Time category. Consequently, television broadcasting revenue came to ¥227,790 million, up ¥6,528 million, or 2.9%.

### Nippon TV's Share of Spot Sales, by Industry Sector

Fiscal Years Ended March 31 (%)

| 2013 | | | | 2014 | | |
|---|---|---|---|---|---|---|
| Sector | Share | Growth | | Sector | Share | Growth |
| Cosmetics/Toiletries | 10.8 | (8.4) | 1 | Cosmetics/Toiletries | 11.8 | 15.3 |
| Transportation/Telecommunications | 9.6 | 14.3 | 2 | Transportation/Telecommunications | 9.2 | 1.0 |
| Transportation equipment | 8.3 | 17.5 | 3 | Transportation equipment | 8.2 | 4.1 |
| Pharmaceuticals | 7.1 | 2.8 | 4 | Pharmaceuticals | 6.6 | (2.3) |
| Electronic equipment | 6.7 | 2.4 | 5 | Finance | 6.3 | 43.3 |
| Box-office/Entertainment | 5.4 | 9.5 | 6 | Non-alcoholic beverages | 6.0 | 16.6 |
| Non-alcoholic beverages | 5.4 | 8.3 | 7 | Electronic equipment | 5.5 | (13.2) |
| Wholesale/Department stores | 4.8 | 4.1 | 8 | Services | 5.4 | 30.9 |
| Finance | 4.6 | 8.9 | 9 | Box-office/Entertainment | 4.2 | (17.1) |
| Services | 4.3 | 0.1 | 10 | Wholesale/Department stores | 3.9 | (16.5) |

Advertising sales from BS and CS platforms totaled ¥13,495 million, up ¥8,064 million, or 148.5%, due to the conversion of BS Nippon Corporation and CS Nippon Corporation to wholly owned subsidiaries on October 1, 2012, generating performance for the entire fiscal year under review, as well as to a jump in advertising revenue from BS Nippon.

Content sales revenue expanded ¥3,263 million, or 9.6%, to ¥37,181 million. In addition to the effect of converting CS Nippon Corporation to a wholly owned subsidiary, video distribution via Nittele On Demand and rights revenues from the animations *Anpanman* and *HUNTER×HUNTER* swelled content sales revenues.

Revenue from merchandise sales fell ¥7,060 million, or 16.7%, to ¥35,321 million, reflecting lower sales following strong sales performance from hit music CDs in the preceding fiscal year.

### Data Related to the Media Commerce Business

#### Trends in Direct Marketing Sales

(Billions of yen)

| Fiscal Years Ended March 31 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|
| Direct marketing sales | 4,310.0 | 4,670.0 | 5,090.0 | 5,410.0 | 5,860.0 |

Source: Japan Direct Marketing Association, *Direct Marketing Business Survey Report,* Vol. 32

Box-office revenue increased ¥861 million, or 8.3%, to ¥11,303 million. Leading to these strong results, in the film business the lead-managed films *Lupin the 3rd vs. Detective Conan: The Movie* and

*The Apology King* were hits, as were Studio Ghibli films *The Wind Rises* and *The Tale of Princess Kaguya*. Also, *Alphonse Mucha*: *An Insight into the Artist* and the stage version of *Sanada Ten Braves* performed favorably in the event business.

### Data on the Film Business

#### National Overview

(Calender Years)

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|
| Attendance (thousands) | 169,297 | 174,358 | 144,726 | 155,159 | 155,888 |
| Box office sales (millions of yen) | 206,035 | 220,737 | 181,197 | 195,190 | 194,237 |
| Japanese films | 117,309 | 118,217 | 99,531 | 128,181 | 117,685 |
| Theatrical releases | 762 | 716 | 799 | 983 | 1,117 |
| Japanese films | 448 | 408 | 441 | 554 | 591 |
| Theaters (total screens) | 3,396 | 3,412 | 3,339 | 3,290 | 3,318 |

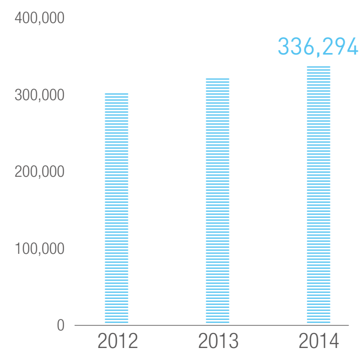
Source: Motion Picture Producers Association of Japan, 2013

#### Box Office Sales Ranking: Top 10 Titles for 2013

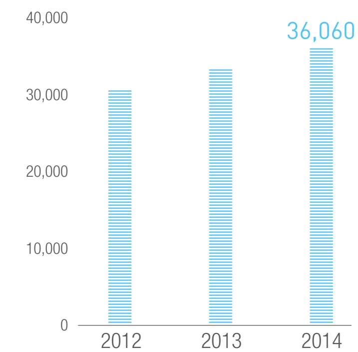
| Rank | Release Date | Title | Box Office Sales (Billions of yen) |
|---|---|---|---|
| 1 | July 2012 | *The Wind Rises* | 12.02 |
| 2 | December 2012 | *ONE PIECE FILM Z* | 6.87 |
| 3 | March 2013 | *Doraemon: Nobita's Secret Gadget Museum* | 3.98 |
| 4 | April 2013 | *Detective Conan: Private Eye in the Distant Sea* | 3.63 |
| 5 | June 2013 | *Midsummer's Equation* | 3.31 |
| 6 | August 2013 | *Film: Nazotoki ha Dinner no Ato de* | 3.25 |
| 7 | September 2013 | *Like Father, Like Son* | 3.20 |
| 8 | July 2013 | *Pokémon the Movie: Genesect and the Legend Awakened, Pikachu and AV Friends* | 3.17 |
| 9 | March 2013 | *Dragon Ball Z: Battle of Gods* | 2.99 |
| 10 | November 2013 | *The Kiyosu Conference* | 2.96 |

As a result, during the year sales in the content business, including intersegment sales and transfers, totaled ¥336,294 million, up ¥14,458 million, or 4.5%. In terms of expenses, program production costs increased to produce large-scale single-episode programs such as the Sochi 2014 Olympic Games, as well as special programming to commemorate our 60th anniversary of the start of broadcasting. Taking these rises into account, operating income in the content business was up ¥2,849 million year on year, or 8.6%, to ¥36,060 million.

#### Content Business Sales



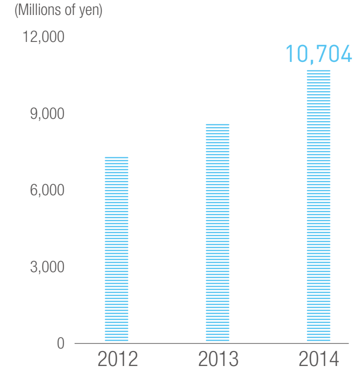

#### Content Business Operating Income



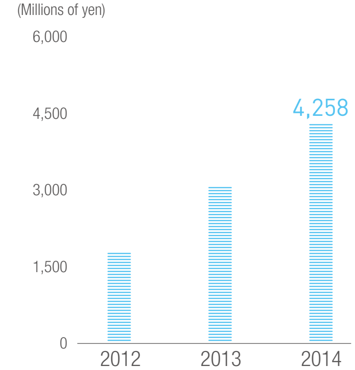

### Real Estate Rental/Leasing Business

Sales in the real estate rental/leasing business, including revenue from tenants in the Shiodome and Kojimachi areas of Tokyo, totaled ¥10,704 million, up ¥2,168 million, or 25.4%, and operating income expanded 39.8%, to ¥4,258 million. These figures, which include intersegment sales and transfers, were attributable to an increase in intersegment transactions stemming from the transition to a certified broadcasting holding company structure.

#### Real Estate Rental/ Leasing Business Sales




#### Real Estate Rental/ Leasing Business Operating Income



## Financial Position

### Assets

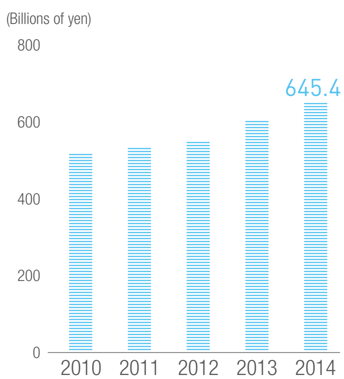
Current assets as of March 31, 2014, were ¥247,110 million, up ¥27,129 million from a year earlier.

Property, plant and equipment was up ¥1,992 million compared with the previous year-end, to ¥193,791 million, owing to the acquisition of land.

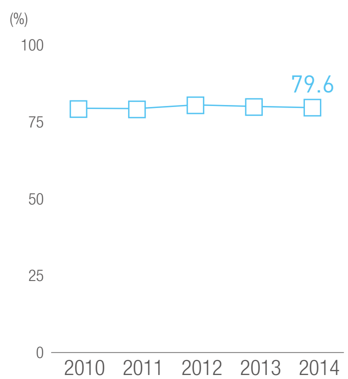
Investments and other assets amounted to ¥204,462 million, up ¥18,166 million from a year earlier, owing to increases in investments in and advances to unconsolidated subsidiaries and associated companies.

Consequently, total assets stood at ¥645,363 million on March 31, 2014, up ¥47,287 million from the end of the preceding fiscal year.

**Total Assets**




**Equity Ratio**




### Liabilities

Current liabilities came to ¥79,323 million as of March 31, 2014, up ¥6,809 million from a year earlier. This increase was attributable to higher trade notes and accounts payable, offsetting the decline in provision for the cost of relocating the transmitting station.

Long-term liabilities were up ¥4,694 million, to ¥42,136 million, as deferred tax liabilities increased because the market price of investment securities rose over time.

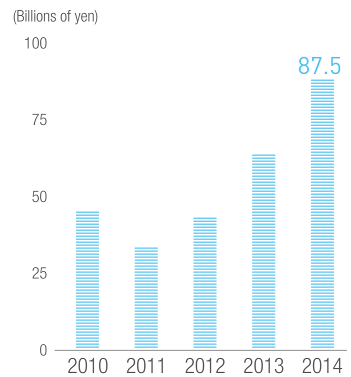
### Equity

During the year, net income exceeded payments for shareholder dividends. Also, higher market prices on investments in securities caused the unrealized gain on available-for-sale securities to increase. These factors, plus the impact of adding a new equity-method affiliate caused total equity to rise ¥35,783 million, to ¥523,904 million, as of March 31, 2014.

## Cash Flows

During the fiscal year ended March 31, 2014, cash and cash equivalents increased ¥23,646 million, to ¥87,453 million.

**Cash and Cash Equivalents, End of Year**




### Net Cash Provided by Operating Activities

Net cash provided by operating activities amounted to ¥35,157 million, compared with ¥29,099 million in the previous year. Principal sources of cash were ¥44,398 million in income before income taxes and minority interests and depreciation and amortization of ¥7,149 million, versus ¥16,631 million in income taxes paid.

### Net Cash Used in Investing Activities

Net cash used in investing activities came to ¥4,367 million, compared with ¥7,369 million in the previous year. The main uses of cash were ¥35,184 million for purchases of investment securities, ¥8,389 million in purchases of property, plant and equipment, and ¥8,351 million payments of loans receivable. Proceeds from redemption of marketable securities provided ¥42,500 million.

### Net Cash Used in Financing Activities

Net cash used in financing activities was ¥7,175 million, compared with ¥7,073 million in the preceding year. Dividends paid were the primary use of cash.

## Financing and Capital Expenditure Policy

The Group's policy is to make optimal financing decisions by comprehensively taking into account the business environment surrounding the television broadcasting industry and the Group, economic trends and other relevant factors.

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 Nippon TV Holdings makes adjustments to ensure there is no overlap among plans. In the fiscal year ended March 31, 2014, the Group's total capital expenditures were ¥9,236 million, primarily in the content business. The capital expenditures in the content business and the real estate rental/leasing businesses during the fiscal year ended March 31, 2014, are outlined below.

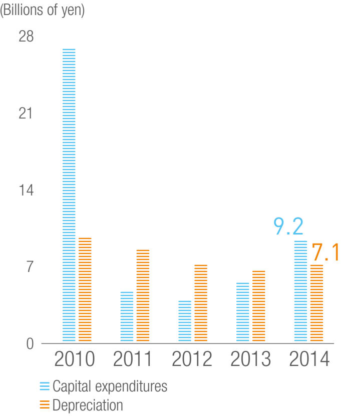
**(Content Business)**

In May 2013, we relocated our primary broadcasting facilities to Tokyo Sky Tree, repurposing as a backup broadcasting station the facilities in Tokyo Tower that had previously served as our main facilities. We set up digital relay stations to address the problem of signals from our Tokyo Sky Tree broadcasting facility not reaching certain areas of the country. In March 2014, we opened a relay station in Nakusami-cho, Tochigi Prefecture, thereby completing our setup of stations in the Kanto area. With regard to reporting-related infrastructure, we responded to the provisions on special bulletins provided in the revised Meteorological Service Act by revising our meteorological information reporting and rapid indication systems. In addition to two reporting relay vehicles that can be dispatched nationwide to cover large-scale disasters, we upgraded the satellite news gathering relay vehicles at our Saitama and Chiba bureaus. At other Group companies, BS Nippon commenced operation, on March 3, 2014, of its upgraded master facilities housed at the Nippon TV Tower, allowing us to operate flexibly among terrestrial, BS and CS broadcasts.

**(Real Estate Rental/Leasing Business)**

As part of our Kojimachi reconstruction project, in December 2013 we acquired land in Chiyoda-ku, Tokyo.

### Capital Expenditures and Depreciation




In addition, we posted a ¥207 million loss on retirement of noncurrent assets to upgrade facilities, centering on equipment.

For the fiscal year ending March 31, 2015, the Group is budgeting capital expenditures of ¥17,760 million, to be funded primarily through retained earnings.

## Important Management Agreements

### Through Acquisition, Conversion of HJ Holdings LLC to a Subsidiary

Based on an agreement reached with Hulu Japan LLC on February 26, 2014, on April 1, 2014, Group consolidated subsidiary Nippon Television Network Corporation acquired HJ Holdings LLC—the company that handled the Japan market for Hulu, LLC—and converted this company to a subsidiary. Details of this acquisition are provided on page 56 in the section entitled "19. Subsequent Event."

### Loan Agreement with Nikkatsu Corporation

On September 30, 2013, Group consolidated subsidiary Nippon Television Network Corporation entered into a loan agreement with Nikkatsu Corporation, an affiliated company of the Group, to loan Nikkatsu ¥7.3 billion. Nikkatsu used these funds to acquire land for its Nikkatsu Chofu Studio. A portion of the acquired land was sold on to another company. Of this loan amount, ¥4.2 billion was repaid on May 31, 2014 from cash flows, including proceeds from the sale of the land.

## Earnings Outlook for the Year Ahead

For the fiscal year ending March 31, 2015, we forecast net sales of ¥352.1 billion, operating income of ¥38.2 billion and net income of ¥26.8 billion (as of July 2014).

In the Group's mainstay content business, this sales figure reflects expectations due to our entry into the flat-rate video distribution business, leading to increased content sales and higher terrestrial television advertising revenues, particularly spot revenues. At the same time, we expect merchandise sales revenue to reflect a significant year-on-year decline in packaged media. For these reasons, we expect sales to be up ¥10,380 million year on year. However, we forecast lower levels of operating income and net income because of higher costs stemming from proactive investments in business expansion.

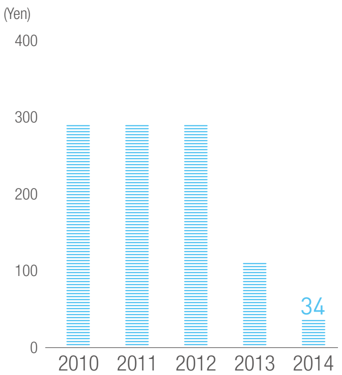
## Dividend Policy

Nippon TV Holdings 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.

Our basic policy is to pay dividends twice each year, once at mid-term and once at year-end. The General Meeting of Shareholders determines the year-end dividend, while mid-term dividends are resolved each year by the Company's Board of Directors, as provided for by the Company's Articles of Incorporation, with a record date of September 30.

In accordance with this policy, in the fiscal year ended March 31, 2014, the Group awarded an interim dividend of ¥9 per share and a year-end dividend of ¥25 per share, comprising a regular dividend of ¥20 and a commemorative dividend of ¥5 to mark the 60th anniversary of our launch of operations on August 28, 2013.

### Cash Dividends per Share




Note: The Company's common shares underwent a 10-for-1 stock split, effective October 1, 2012. Dividends per share of ¥110 correspond to ¥90 per share prior to the stock split plus ¥20 per share after the stock split. Taking the stock split into account, annual dividends per share would have been ¥29 per post-split share (¥290 on pre-split shares).

## Business Risks

The Nippon TV Holdings 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 Nippon TV 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

#### Legal Restrictions on Certified Broadcasting Holding Companies

A certified broadcasting holding company approved under the Broadcast Law is allowed to hold multiple terrestrial broadcasters, BS broadcasters and CS broadcasters as subsidiaries. Nippon TV Holdings, which is approved as a certified broadcasting holding company, has as its subsidiaries Nippon Television Network Corporation, BS Nippon Corporation and CS Nippon Corporation. In the event that Nippon TV Holdings failed to satisfy the standards provided by the Broadcast Law, such as those related to a certified broadcasting holding company's assets, the Company's certification could be rescinded (Broadcast Law Article 166). If certification were to be rescinded, the Group's business performance and financial position could be seriously affected.

#### Legal Regulations for Television Broadcasters

The Nippon TV Holdings 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, establishing broadcast program deliberative bodies and providing standards for certification in the satellite broadcasting business, including BS and CS broadcasting. With regard to terrestrial broadcast licenses, 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 receive renewed authorization as a licensed broadcasting company.

Nippon TV has renewed and currently holds a terrestrial broadcasting license in the place of Nippon Television Network Holdings Corporation, which transitioned to a certified broadcasting holding company on October 1, 2012. Subsidiaries BS Nippon Corporation and CS Nippon Corporation are licensed for their respective satellite basic broadcasting businesses.

Under the authority of the Minister of Internal Affairs and Communications in the event of prescribed circumstances, in relation to satellite broadcasting the Broadcast Law provides stipulations for the "discontinuance of operations" (Article 174) and the "cancellation of certification, etc." (Article 103 and Article 104). With regard to terrestrial broadcasting 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 business is the linchpin for the Nippon TV Holdings 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 licenses and permissions to conduct broadcasting businesses were revoked under the Radio Law, the Group's business performance and financial position could be seriously affected.

#### Dependence on Television Advertising Revenue and Television Broadcasting Media Prices

The content business, which forms the core of the Nippon TV Group's operations, is dependent on television advertising revenue generated through the sales of television advertising time slots. Such revenues comprised approximately 70.6% of total net sales in the fiscal year ended March 31, 2014.

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 Nippon TV 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.

## 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, Internet access has improved and personal computers, smartphones and tablet 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 Nippon TV Holdings Group has decided to counter the increasing diversification of digital media by stepping up its activities involving three-wavelength operations. To achieve this, in line with our October 1, 2012, transition to a certified broadcasting holding company we converted to wholly owned subsidiaries BS Nippon Corporation, which broadcasts "BS Nittele"—a BS digital broadcast—and CS Nippon Corporation, which handles the CS digital broadcast "Nittele Plus." In Internet media, in addition to continued efforts involving Nippon TV On Demand, in April 2014 we acquired the Japan business of Hulu, LLC, a U.S. video distribution company. In addition to entering the video subscription service, we have converted to a Nippon TV Holdings Group subsidiary HJ Holdings LLC, a joint company that operates this business.

However, this proliferation of digital media may cut into viewing time for 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

### Copyrights and Other Intellectual Property Rights

The television programs produced by the Nippon TV 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 Nippon TV 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. 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

In October 2005, the Group launched Japan's first Internet-based video on demand (VOD) business operated by a television broadcaster. In December 2010, we launched Nittele On Demand as a fee-based Internet content distribution service that currently utilizes the transactional video on demand (TVOD) approach. The service is steadily increasing viewer numbers through its distribution of dramas, animated series, variety shows, sports and other program content. In April 2014, Nippon TV acquired the Japan business of Hulu, LLC, a U.S. video distribution company, embarking on the subscription video on demand (SVOD) business. The SVOD business is presently in an expansionary phase. Accordingly, with the aim of expanding the video distribution market and increasing the number of subscribers in this business we intend to run promotions to enhance Hulu's name recognition and extend the range of content to appeal to a broad range of age groups and tastes. As the SVOD business utilizes a fixed rate system, revenues may not increase unless subscriber numbers increase in line with expectations. 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. 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

Nippon TV'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]). 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 Nippon TV Holdings' 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.

Nippon TV Holdings obtained 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 9, 2013 and its 80th Ordinary General Meeting of Shareholders held on June 27, 2013, 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. As a certified broadcasting holding company, the bedrock of our content development capability via our Group companies, including subsidiaries and affiliates, is founded mainly on the 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 medium- 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 certified broadcasting holding company with multiple subsidiaries that are broadcasters. 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 Sheet

Nippon Television Holdings, Inc. and Consolidated Subsidiaries
March 31, 2014

| | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|---|---|---|---|
| **ASSETS** | 2014 | 2013 | 2014 |
| **Current Assets:** | | | |
| Cash and cash equivalents (Note 14) | ¥87,453 | ¥63,806 | $849,718 |
| Marketable securities (Notes 4 and 14) | 38,207 | 42,498 | 371,230 |
| Short-term investments (Notes 5 and 14) | 844 | 2,599 | 8,201 |
| Receivables (Note 14): | | | |
| Trade notes | 109 | 85 | 1,059 |
| Trade accounts | 86,370 | 81,730 | 839,195 |
| Other | 8,797 | 4,321 | 85,475 |
| Allowance for doubtful accounts | (144) | (86) | (1,399) |
| Inventories (Note 6) | 11,321 | 10,471 | 109,998 |
| Deferred tax assets (Note 12) | 5,222 | 5,110 | 50,738 |
| Prepaid expenses and other (Note 13) | 8,931 | 9,446 | 86,776 |
| Total current assets | 247,110 | 219,980 | 2,400,991 |
| **Property, Plant and Equipment (Notes 7 and 8):** | | | |
| Land | 140,590 | 138,524 | 1,366,012 |
| Buildings and structures | 89,244 | 89,364 | 867,120 |
| Machinery, vehicles and equipment | 92,841 | 92,215 | 902,070 |
| Lease assets (Note 13) | | 13 | |
| Construction in progress | 1,857 | 1,959 | 18,043 |
| Total | 324,532 | 322,075 | 3,153,245 |
| Accumulated depreciation | (130,741) | (130,276) | (1,270,317) |
| Net property, plant and equipment | 193,791 | 191,799 | 1,882,928 |
| **Investments and Other Assets:** | | | |
| Investment securities (Notes 4 and 14) | 134,388 | 133,824 | 1,305,752 |
| Investments in and advances to unconsolidated subsidiaries and associated companies | 53,932 | 38,313 | 524,019 |
| Long-term deposits (Note 14) | 1,000 | 3,000 | 9,716 |
| Deferred tax assets (Note 12) | 1,186 | 1,247 | 11,524 |
| Other assets (Note 13) | 14,720 | 10,682 | 143,024 |
| Allowance for doubtful accounts | (764) | (770) | (7,423) |
| Total investments and other assets | 204,462 | 186,296 | 1,986,612 |
| Total | ¥645,363 | ¥598,075 | $6,270,531 |

See notes to consolidated financial statements.

| | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|---|---|---|---|
| **LIABILITIES AND EQUITY** | 2014 | 2013 | 2014 |
| **Current Liabilities:** | | | |
| Short-term borrowings (Note 9) | ¥1,696 | ¥1,410 | $16,479 |
| Payables (Notes 14) | | | |
| Trade accounts | 48,660 | 44,854 | 472,794 |
| Other | 9,002 | 6,627 | 87,466 |
| Income taxes payable | 11,037 | 10,936 | 107,239 |
| Provision for the cost of relocating the transmitting station (Note 2.j) | | 1,080 | |
| Accrued expenses and other (Notes 9 and 13) | 8,928 | 7,606 | 86,747 |
| Total current liabilities | 79,323 | 72,513 | 770,725 |
| **Long-Term Liabilities:** | | | |
| Liabilities for retirement benefits (Note 10) | 9,588 | 8,994 | 93,160 |
| Guarantee deposits received (Note 7 and 14) | 19,886 | 20,042 | 193,218 |
| Deferred tax liabilities (Note 12) | 11,736 | 8,078 | 114,030 |
| Other (Notes 9 and 13) | 926 | 328 | 8,998 |
| Total long-term liabilities | 42,136 | 37,442 | 409,406 |
| **Commitments and Contingent Liabilities (Notes 13, 15 and 16)** | | | |
| **Equity (Notes 11, 18 and 19):** | | | |
| Common stock—authorized, 1,000,000,000 shares in 2014 and 2013; issued, 263,822,080 shares in 2014 and 2013 | 18,600 | 18,600 | 180,723 |
| Capital surplus | 29,587 | 29,587 | 287,476 |
| Retained earnings | 461,001 | 432,340 | 4,479,217 |
| Treasury stock—at cost, 10,086,779 shares in 2014 and 9,168,444 shares in 2013 | (13,295) | (12,363) | (129,178) |
| Accumulated other comprehensive income: | | | |
| Unrealized gain on available-for-sale securities | 17,592 | 10,956 | 170,929 |
| Foreign currency translation adjustments | (34) | (400) | (330) |
| Deferred gain on derivatives under hedge accounting | 5 | | 48 |
| Total | 513,456 | 478,720 | 4,988,885 |
| Minority interests | 10,448 | 9,400 | 101,515 |
| Total equity | 523,904 | 488,120 | 5,090,400 |
| Total | ¥645,363 | ¥598,075 | $6,270,531 |

See notes to consolidated financial statements.

# Consolidated Statement of Income

Nippon Television Holdings, Inc. and Consolidated Subsidiaries
Year Ended March 31, 2014

| | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|---|---|---|---|
| | 2014 | 2013 | 2014 |
| **Net Sales** | ¥341,720 | ¥326,423 | $3,320,249 |
| **Cost of Sales** | 225,588 | 217,058 | 2,191,877 |
| Gross profit | 116,132 | 109,365 | 1,128,372 |
| **Selling, General and Administrative Expenses** | 76,043 | 73,936 | 738,856 |
| Operating income | 40,089 | 35,429 | 389,516 |
| **Other Income (Expenses):** | | | |
| Interest and dividend income | 3,352 | 3,245 | 32,569 |
| Interest expense | (7) | (8) | (68) |
| (Loss) gain on sales of investment securities | (7) | 5 | (68) |
| Loss on devaluation of investment securities | (1,984) | (111) | (19,277) |
| Equity in earnings of unconsolidated subsidiaries and associated companies | 2,692 | 2,720 | 26,156 |
| Gain on investment in partnership | 1,369 | 242 | 13,302 |
| Gain on bargain purchase | | 499 | |
| Gain on step acquisitions | | 15 | |
| Cost of relocating the transmitting station (Note 2.j) | (907) | (1,376) | (8,813) |
| Loss on settlement package (Note 2.k) | (346) | | (3,362) |
| Loss on step acquisitions | | (656) | |
| Other—net | 147 | 322 | 1,428 |
| Other income—net | 4,309 | 4,897 | 41,867 |
| **Income Before Income Taxes and Minority Interests** | 44,398 | 40,326 | 431,383 |
| **Income Taxes (Note 12):** | | | |
| Current | 16,691 | 16,008 | 162,175 |
| Deferred | (318) | (1,415) | (3,090) |
| Total income taxes | 16,373 | 14,593 | 159,085 |
| **Net Income before Minority Interests** | 28,025 | 25,733 | 272,298 |
| **Minority Interests in Net Income** | (197) | (449) | (1,914) |
| **Net Income** | ¥27,828 | ¥25,284 | $270,384 |

| | Yen | | U.S. Dollars |
|---|---|---|---|
| | 2014 | 2013 | 2014 |
| **PER SHARE OF COMMON STOCK (Note 2.p):** | | | |
| Basic net income | ¥109.58 | ¥101.39 | $1.06 |
| Cash dividends applicable to the year | 29.00 | 29.00 | 0.28 |

See notes to consolidated financial statements.

# Consolidated Statement of Comprehensive Income

Nippon Television Holdings, Inc. and Consolidated Subsidiaries
Year Ended March 31, 2014

| | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|---|---|---|---|
| | 2014 | 2013 | 2014 |
| **Net Income Before Minority Interests** | ¥28,025 | ¥25,733 | $272,298 |
| **Other Comprehensive Income (Note 18):** | | | |
| Unrealized gain on available-for-sale securities | 5,869 | 11,374 | 57,025 |
| Foreign currency translation adjustments | 183 | 83 | 1,778 |
| Share of other comprehensive income in unconsolidated subsidiaries and associated companies | 1,068 | 511 | 10,377 |
| Total other comprehensive income | 7,120 | 11,968 | 69,180 |
| **Comprehensive Income** | ¥35,145 | ¥37,701 | $341,478 |
| **Total Comprehensive Income Attributable to:** | | | |
| Owners of the parent | ¥34,940 | ¥37,247 | $339,487 |
| Minority interests | 205 | 454 | 1,991 |

See notes to consolidated financial statements.

# Consolidated Statement of Changes in Equity

Nippon Television Holdings, Inc. and Consolidated Subsidiaries
Years Ended March 31, 2014 and 2013

| | 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 Gain (Loss) on Available-for-Sale Securities | Foreign Currency Translation Adjustments | Deferred Gain on Derivatives under Hedge Accounting | Total | Minority Interests | Total Equity |
| **Balance, April 1, 2012** | 25,365 | 886 | ¥18,576 | ¥17,928 | ¥414,088 | ¥(12,111) | ¥(803) | ¥(604) | | ¥437,074 | ¥8,964 | ¥446,038 |
| Increase by stock split (Note 11) | 228,281 | 7,978 | | | | | | | | | | |
| Net income | | | | | 25,284 | | | | | 25,284 | | 25,284 |
| Increase by share exchanges | 10,176 | 224 | 24 | 11,659 | | (205) | | | | 11,478 | | 11,478 |
| Cash dividends, ¥29 per share | | | | | (7,032) | | | | | (7,032) | | (7,032) |
| Increase in treasury stock—net | | 13 | | | | (18) | | | | (18) | | (18) |
| Change in equity in associates accounted for by equity method—treasury stock | | 67 | | | | (29) | | | | (29) | | (29) |
| Net change in the year | | | | | | | 11,759 | 204 | | 11,963 | 436 | 12,399 |
| **Balance, March 31, 2013** | 263,822 | 9,168 | 18,600 | 29,587 | 432,340 | (12,363) | 10,956 | (400) | | 478,720 | 9,400 | 488,120 |
| Net income | | | | | 27,828 | | | | | 27,828 | | 27,828 |
| Cash dividends, ¥29 per share | | | | | (7,325) | | | | | (7,325) | | (7,325) |
| Increase in treasury stock—net | | 1 | | | | (3) | | | | (3) | | (3) |
| Change in equity in associates accounted for by equity method—treasury stock | | 14 | | | | (6) | | | | (6) | | (6) |
| Change of scope of equity method | | 904 | | | 8,158 | (923) | | | | 7,235 | | 7,235 |
| Net change in the year | | | | | | | 6,636 | 366 | ¥5 | 7,007 | 1,048 | 8,055 |
| **Balance, March 31, 2014** | 263,822 | 10,087 | ¥18,600 | ¥29,587 | ¥461,001 | ¥(13,295) | ¥17,592 | ¥(34) | ¥5 | ¥513,456 | ¥10,448 | ¥523,904 |

| | 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 | Deferred Gain on Derivatives under Hedge Accounting | Total | Minority Interests | Total Equity |
| **Balance, March 31, 2013** | $180,723 | $287,476 | $4,200,739 | $(120,122) | $106,452 | $(3,887) | | $4,651,381 | $91,333 | $4,742,714 |
| Net income | | | 270,384 | | | | | 270,384 | | 270,384 |
| Cash dividends, $0.28 per share | | | (71,172) | | | | | (71,172) | | (71,172) |
| Increase in treasury stock—net | | | | (29) | | | | (29) | | (29) |
| Change in equity in associates accounted for by equity method—treasury stock | | | | (58) | | | | (58) | | (58) |
| Change of scope of equity method | | | 79,266 | (8,969) | | | | 70,297 | | 70,297 |
| Net change in the year | | | | | 64,477 | 3,557 | $48 | 68,082 | 10,182 | 78,264 |
| **Balance, March 31, 2014** | $180,723 | $287,476 | $4,479,217 | $(129,178) | $170,929 | $(330) | $48 | $4,988,885 | $101,515 | $5,090,400 |

See notes to consolidated financial statements.

# Consolidated Statement of Cash Flows

Nippon Television Holdings, Inc. and Consolidated Subsidiaries
Year Ended March 31, 2014

| | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|---|---|---|---|
| | 2014 | 2013 | 2014 |
| **Operating Activities:** | | | |
| Income before income taxes and minority interests | ¥44,398 | ¥40,326 | $431,383 |
| Adjustments for: | | | |
| Income taxes—paid | (16,631) | (15,302) | (161,592) |
| Depreciation and amortization | 7,149 | 6,573 | 69,462 |
| Increase in liabilities for retirement benefits | 576 | 1,303 | 5,597 |
| (Decrease) increase in provision for the cost of relocating the transmitting station | (1,080) | 1,080 | (10,494) |
| Loss on devaluation of investment securities | 1,984 | 111 | 19,277 |
| Equity in earnings of unconsolidated subsidiaries and associated companies | (2,692) | (2,720) | (26,156) |
| Changes in operating assets and liabilities: | | | |
| Increase in trade notes and accounts receivable | (3,972) | (3,356) | (38,592) |
| Increase in inventories | (562) | (391) | (5,461) |
| Increase in trade notes and accounts payable | 5,214 | 415 | 50,661 |
| Other—net | 773 | 1,060 | 7,510 |
| Total adjustments | (9,241) | (11,227) | (89,788) |
| Net cash provided by operating activities | 35,157 | 29,099 | 341,595 |
| **Investing Activities:** | | | |
| Increase in long-term deposits | (455) | (4,799) | (4,421) |
| Decrease in long-term deposits | 2,546 | 17,790 | 24,738 |
| Purchases of marketable securities | (5,000) | (12,000) | (48,581) |
| Proceeds from redemption of marketable securities | 42,500 | 25,500 | 412,942 |
| Purchases of property, plant and equipment | (8,389) | (3,631) | (81,510) |
| Proceeds from sales of property, plant and equipment | 51 | 22 | 496 |
| Purchases of intangible assets | (850) | (580) | (8,259) |
| Purchases of investment securities | (35,184) | (32,368) | (341,858) |
| Proceeds from sales of investment securities | 1,393 | 1,240 | 13,535 |
| Proceeds from redemption of investment securities | 7,992 | 1,030 | 77,653 |
| Payments of loans receivable | (8,351) | (253) | (81,141) |
| Payments for investments in capital of subsidiaries and affiliates | (3,450) | (181) | (33,521) |
| Other—net | 2,830 | 861 | 27,496 |
| Net cash used in investing activities | (4,367) | (7,369) | (42,431) |
| **Financing Activities:** | | | |
| Increase (decrease) in short-term borrowings—net | 286 | (23) | 2,779 |
| Dividends paid | (7,323) | (7,031) | (71,152) |
| Purchases of treasury stock | (3) | (1) | (29) |
| Other—net | (135) | (18) | (1,312) |
| Net cash used in financing activities | (7,175) | (7,073) | (69,714) |
| **Foreign Currency Translation Adjustments on Cash and Cash Equivalents** | 32 | 18 | 311 |
| **Net Increase in Cash and Cash Equivalents** | 23,647 | 14,675 | 229,761 |
| **Cash and Cash Equivalents of Newly Consolidated Subsidiaries by Share Exchange** | | 5,941 | |
| **Cash and Cash Equivalents, Beginning of Year** | 63,806 | 43,190 | 619,957 |
| **Cash and Cash Equivalents, End of Year** | ¥87,453 | ¥63,806 | $849,718 |
| **Noncash Investing and Financing Activities:** | | | |
| Assets acquired and liabilities assumed in share exchange (Note 3): | | | |
| BS Nippon Corporation: | | | |
| Assets acquired | | ¥16,498 | |
| Liabilities assumed | | 973 | |
| CS Nippon Corporation: | | | |
| Assets acquired | | 4,646 | |
| Liabilities assumed | | 696 | |
| The equity increased by the share exchange was as follows: | | | |
| Common stock | | 24 | |
| Capital surplus | | 11,659 | |
| Treasury stock | | 205 | |

See notes to consolidated financial statements.

# Notes to Consolidated Financial Statements

Nippon Television Holdings, Inc. and Consolidated Subsidiaries
Year Ended March 31, 2014

## 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 accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), 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 2013 consolidated financial statements to conform to the classifications used in 2014.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Nippon Television Holdings, Inc. (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 ¥102.92 to $1, the approximate rate of exchange at March 31, 2014. 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, 2014, include the accounts of the Company and its 17 (16 in 2013) significant subsidiaries (together, the "Group").

Under the control and 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 25 (22 in 2013) unconsolidated subsidiaries and 22 (20 in 2013) associated companies are accounted for by the equity method.

Practical Issues Task Force No. 20, "Practical Solution on Application of Control Criteria and Influence Criteria to Investment Associations," which was issued by the Accounting Standards Board of Japan ("ASBJ"), 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 and consolidated eight such collective investment vehicles in 2014 (eight in 2013).

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 allowed 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 are 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 price allocation. The revised standard was applicable to business combinations undertaken on or after April 1, 2010.

**c. Cash Equivalent—**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 based 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.

(Changes in Accounting Estimates)

Effective the fiscal year ended March 31, 2014, estimated useful lives for buildings, machinery and equipment in the Nibancho area was changed due to the first stage of a redevelopment of Kojimachi, and the new estimated useful lives for existing assets in that area were prospectively changed. Due to the change of the useful lives, the cost of sales for the year ended March 31, 2014, increased by ¥156 million ($1,516 thousand), gross profit, operating income, and income before income taxes each decreased by ¥156 million ($1,516 thousand), and for the year ending March 31, 2015, the cost of sales will increase by ¥522 million, gross profit, operating income, and income before income taxes will each decrease by ¥522 million.

**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—**A consolidated subsidiary of the Company has a defined contribution pension plan, an unfunded lump-sum retirement benefits plan, and a prepaid retirement plan. The other 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.

In May 2012, the ASBJ issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" 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 an effective date of April 1, 2000, and the other related practical guidance, and were followed by partial amendments from time to time through 2009.

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

(b) The revised accounting standard does not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts are recognized in profit or loss over a certain period no longer than the expected average remaining service period of the employees. However, actuarial gains and losses and past service costs that arose in the current period and have not yet been recognized in profit or loss are 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 (see Note 2.r).

(c) The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases.

This accounting standard and the guidance for (a) and (b) above are effective for the end of annual periods beginning on or after April 1, 2013, and for (c) above are effective for the beginning of annual periods beginning on or after April 1, 2014, or for the beginning of annual periods beginning on or after April 1, 2015, subject to certain disclosure in March 2015, both 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 Group applied the revised accounting standard and guidance for retirement benefits for (a) and (b) above, effective March 31, 2014.

The effect of adoption of the new accounting standard and guidance for (a) and (b) above was nil.

**i. Asset Retirement Obligations—**In March 2008, the ASBJ issued 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 the 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 adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

**j. Cost of Relocating a Transmitting Station—**A subsidiary of the Company accounts for the cost of relocating a transmitting station for the years ended March 31, 2014 and 2013, as a provision of none and ¥1,080 million, respectively, as the actual cost of ¥907 million ($8,813 thousand) and ¥296 million, respectively.

**k. Loss on Settlement Package—**A subsidiary of the Company accounts for the settlement package and related costs for claims on damages based on the warranty against defects in land previously sold.

**l. 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. 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 that 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 that existed at the transition date and does not transfer ownership of the leased property to the lessee as operating lease transactions.

All other leases are accounted for as operating leases.

m. **Income Taxes—**The provision for income taxes is computed based on the pretax income included in the consolidated statement 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 income tax rates to the temporary differences.

n. **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 statement of income.

o. **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.

p. **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, retroactively adjusted for stock splits.

Diluted net income per share is not disclosed because the Group has not issued dilutive securities for the years ended March 31, 2014 and 2013.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective years, including dividends to be paid after the end of the year, retroactively adjusted for stock splits.

q. **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 following revision of an accounting standard, the new policy is applied retrospectively unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions. (2) Changes in Presentation—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.

r. **New Accounting Pronouncements**

*Accounting Standard for Retirement Benefits*—On May 17, 2012, the ASBJ issued ASBJ Statement No. 26 and ASBJ Guidance No. 25, which replaced the Accounting Standard for Retirement Benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000, and the other related practical guidance, and were 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 ("deficit or surplus"), adjusted by such unrecognized amounts, is 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 any resulting 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 does 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 service period of the employees. However, actuarial gains and losses and past service costs that arose in the current period and have not yet been 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.

(c) Amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases

The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases.

This accounting standard and the guidance for (a) and (b) above are effective for the end of annual periods beginning on or after April 1, 2013, and for (c) above are effective for the beginning of annual periods beginning on or after April 1, 2014, or for the beginning of annual periods beginning on or after April 1, 2015, subject to certain disclosure in March 2015, both 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 applied the revised accounting standard for (a) and (b) above effective March 31, 2014, and expects to apply (c) above from April 1, 2014, and is in the process of measuring the effects of applying the revised accounting standard for (c) above in future applicable periods.

## 3. Business Combination

On October 1, 2012, the Company conducted an absorption-type company split (the "Company Split") with Nippon Television Network Preparatory Corporation and share exchanges (the "Share Exchanges") with BS Nippon Corporation ("BSN") and CS Nippon Corporation ("CSN"). As a result, the Company completed the transfer of a certified broadcasting holding company (the "Transition") on the same date. The Company changed its trade name to Nippon Television Holdings, Inc., and Nippon Television Network Preparatory Corporation changed its trade name to Nippon Television Network Corporation.

### a. Purpose of the Transition

The Company, BSN, and CSN have collaborated in such activities as broadcasting, program production, and program supply, and have, to date, each brought such efforts to fruition through their respective independent management. However, although significant growth cannot be expected in the television advertising market in the future, it is anticipated that 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 survive these difficulties, the Company, BSN, and CSN carefully examined 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 the conclusion that the best strategy for structuring a new group system is to transition to a certified broadcasting holding company structure.

**b. General Outline of the Company Split**

(1) *Name of the companies involved in the Company Split*

| | The Splitting Company | The Successor Company |
|---|---|---|
| Company name | Nippon Television Holdings, Inc. (formerly, Nippon Television Network Corporation) | Nippon Television Network Corporation (formerly, Nippon Television Network Preparatory Corporation) |

(2) *Business details of units to be split*

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

(3) *Business results of units to be split*

(Unit: Millions of Yen)

| | Business Units (a) | Business Results for FY 2012 (b) | Ratio (a/b) |
|---|---|---|---|
| Sales | ¥264,342 | ¥264,820 | 99.8% |
| Operating profit | ¥ 29,158 | ¥ 27,029 | 107.9% |
| Recurring profit | ¥ 30,775 | ¥ 29,700 | 103.6% |

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

(Unit: Millions of Yen)

| Asset | | Liability | |
|---|---|---|---|
| Item | Book Value | Item | Book Value |
| Current assets | ¥ 96,589 | Current liabilities | ¥45,807 |
| Fixed assets | ¥176,064 | Fixed liabilities | ¥ 7,168 |
| Total | ¥272,653 | Total | ¥52,975 |

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

The Company acquired stocks of Nippon Television Network Corporation for ¥212,818 million for equivalent value of the Businesses. This acquisition cost has been calculated on the basis of an equivalent amount of the capital stock related to the Business.

(6) *Effective date for the Company Split*

October 1, 2012

(7) *Legal framework of the Company Split*

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

(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 constitutes a "transaction under common control" under the "Accounting Standards for Business Combinations" (Accounting Standard No. 21).

**c. General Outline of the Share Exchanges**

(1) *Overview of acquirees to the Share Exchanges*

(Unit: Millions of Yen)

| Company Name | BS Nippon Corporation | CS Nippon Corporation |
|---|---|---|
| Businesses | (1) Basic broadcasting business based on the Broadcasting Act<br>(2) Planning, production, sales, advertising, and promotion businesses for various software such as broadcast programs<br>(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<br>(2) Planning, production, and sales of broadcast programs<br>(3) Any other businesses related to broadcasting |
| Stated capital | ¥25,000 | ¥3,000 |
| Net assets | ¥14,627 | ¥3,845 |
| Total assets | ¥15,817 | ¥5,033 |
| Net sales | ¥10,989 | ¥3,958 |
| Operating profit | ¥ 2,574 | ¥ 728 |
| Recurring profit | ¥ 2,629 | ¥ 729 |
| Net income | ¥ 2,625 | ¥ 429 |

(2) *Effective date for the Share Exchanges*

October 1, 2012

(3) *Legal framework of the Share Exchanges*

The Share Exchanges were completed through share exchanges in which the Company became the wholly owning parent company in share exchange and BSN became the Company's wholly owned subsidiary in share exchange and through a share exchange in which the Company became the wholly owning parent company in share exchange and CSN became the Company's wholly owned subsidiary in share exchange. Approval for the Share Exchanges, which are short-form share exchanges provided for in Article 796 Paragraph 3 of the Companies Act for the Company, was not obtained by the Company at its shareholders' meeting.

(4) *Period of results of the acquired company to be included in the consolidated financial statements*

The results as equity-method associates are included in the consolidated financial statements during the period from April 1, 2012 to September 30, 2012, and the results as a consolidated subsidiary are included in the consolidated financial statements during the period from October 1, 2012 to March 31, 2013.

(5) *The acquisition cost and its breakdown*

(Unit: Millions of Yen )

| | BS Nippon Corporation | CS Nippon Corporation |
|---|---|---|
| Equivalent value of the acquisition | ¥14,924 | ¥3,995 |
| Expenditure directly required for acquisition | ¥ 101 | ¥ 27 |
| Acquisition cost | ¥15,025 | ¥4,022 |

(6) *Difference between the purchase price of acquired company and the sum of all transactions in acquisition process*

(i) BSN Loss on step acquisition: ¥656 million

(ii) CSN Gain on step acquisition: ¥ 15 million

(7) *Details of allotment of shares for the Share Exchanges*

| Company Name | Nippon Television Holdings, Inc. | BS Nippon Corporation | CS Nippon Corporation |
|---|---|---|---|
| Details of allotment of shares for the Share Exchanges | 1 | 26 | 58 |

Notes: 1. Share allotment ratio for the Share Exchanges: 26 shares of common stock of the Company have been allotted and delivered per share of common stock of BSN, and 58 shares of common stock of the Company have been allotted and delivered per share of common stock of CSN. Shares have not been allotted to the shares of common stock of BSN and CSN held by the Company.

2. In order to ensure fairness in the calculation of the share exchange ratios to be used in the Share Exchanges, Nippon TV engaged Nomura Securities Co., Ltd., BSN engaged es Networks Co., Ltd., and CSN engaged Sumitomo Mitsui Banking Corporation Co., Ltd. to calculate share exchange ratios to be used in the Share Exchanges, and with reference to the results of the calculations of those third parties and, further, as a result of comprehensively taking into account the financial circumstances, the state of assets, the future prospects, and other such factors of each of the companies and, furthermore, after thorough deliberate discussions of the share exchange ratios, the companies came to the conclusion and agreed that ultimately the above share exchange ratios are reasonable.

3. 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, the Company set September 30, 2012, as the record date, and split each of the shares of common stock of the Company into 10 shares effective October 1, 2012, which is the effective date of the Company Split, as well as changed the share unit number of common stock from 10 to 100 effective October 1, 2012. The above ratios and shares of common stock delivered by the Company are figures that are conditional upon the stock split taking effect.

4. The number of new shares to be delivered through the Share Exchanges by the Company is 10,176,600 shares of common stock (the shares held by the Company 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).

(8) *The amount, reason for recognition, amortization method, and period of the goodwill*

(i) BSN

(a) Amount of negative goodwill

¥499 million

(b) Reason for recognition

Negative goodwill was recorded due to the fair value of the net assets at the time of acquisition exceeding the acquisition costs. The difference between the two amounts is regarded as gain on negative goodwill.

(ii) CSN

(a) Amount of goodwill

¥72 million

(b) Reason for recognition

Since acquisition cost exceeded net amount of assets acquired and liabilities assumed, the amount exceeded is regarded as goodwill.

(c) Method and period of amortization

One time amortization in the consolidated year

(9) *The estimated impact on the consolidated statement of income for the year ended March 31, 2013, if the Share Exchange had been completed on April 1, 2012*

| | Millions of Yen |
|---|---|
| Net sales | ¥6,544 |
| Operating income | 1,202 |
| Net income | 664 |

(Method of Calculating Condensed Pro forma and Important Assumptions)

The condensed pro forma of the Share Exchanges is calculated assuming the integration was completed on April 1, 2012, the first day of fiscal year ended March 31, 2013. It is the difference between the net sales and income reported between April 1, 2012 and March 31, 2013, and the net sales and income for the Company on its consolidated statement of income. Moreover, amortization of goodwill corresponding to the period from April 1, 2012, to the actual date of the corporate integration has been recognized in this amount.

These notes have not been audited.

(10) *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 applied under which the Company is a purchasing company.

## 4. Marketable and Investment Securities

Marketable and investment securities as of March 31, 2014 and 2013, consisted of the following:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | 2014 | 2013 | 2014 |
| Current—Government and corporate bonds | ¥ 38,207 | ¥ 42,498 | $ 371,230 |
| Noncurrent: | | | |
| Equity securities | ¥ 77,727 | ¥ 70,300 | $ 755,218 |
| Government and corporate bonds | 54,332 | 59,383 | 527,905 |
| Trust fund investments and others | 2,329 | 4,141 | 22,629 |
| Total | ¥134,388 | ¥133,824 | $1,305,752 |

The costs and aggregate fair values of marketable and investment securities as of March 31, 2014 and 2013, were as follows:

| | Millions of Yen | | | |
|---|---|---|---|---|
| March 31, 2014 | Cost | Unrealized Gains | Unrealized Losses | Fair Value |
| Securities classified as: | | | | |
| Available for sale: | | | | |
| Equity securities | ¥31,192 | ¥26,682 | ¥ 44 | ¥57,830 |
| Government and corporate bonds | 19,000 | 179 | 1,142 | 18,037 |
| Held to maturity | 74,501 | 411 | 142 | 74,770 |
| March 31, 2013 | | | | |
| Securities classified as: | | | | |
| Available for sale: | | | | |
| Equity securities | ¥30,221 | ¥17,330 | ¥ 75 | ¥47,476 |
| Government and corporate bonds | 25,000 | 418 | 1,082 | 24,336 |
| Held to maturity | 77,545 | 938 | 65 | 78,418 |

| | Thousands of U.S. Dollars | | | |
|---|---|---|---|---|
| March 31, 2014 | Cost | Unrealized Gains | Unrealized Losses | Fair Value |
| Securities classified as: | | | | |
| Available for sale: | | | | |
| Equity securities | $303,070 | $259,250 | $ 428 | $561,892 |
| Government and corporate bonds | 184,609 | 1,740 | 11,096 | 175,253 |
| Held to maturity | 723,873 | 3,994 | 1,380 | 726,487 |

The information for available-for-sale securities, which were sold during the years ended March 31, 2014 and 2013, is as follows:

| | Millions of Yen | | |
|---|---|---|---|
| March 31, 2014 | Proceeds | Realized Gains | Realized Losses |
| Available for sale—Equity securities | ¥4 | | ¥7 |
| Total | ¥4 | | ¥7 |
| March 31, 2013 | | | |
| Available for sale: | | | |
| Equity securities | ¥ 33 | ¥50 | |
| Debt securities | 1,000 | | |
| Total | ¥1,033 | ¥50 | |

| | Thousands of U.S. Dollars | | |
|---|---|---|---|
| March 31, 2014 | Proceeds | Realized Gains | Realized Losses |
| Available for sale—Equity securities | $39 | | $68 |
| Total | $39 | | $68 |

The Company has included CHUKYO TV. BROADCASTING CO., LTD. and KKT Corporation in the range of application of equity method as an associated company since the year ended March 31, 2014. As a result, investment securities decreased by ¥7,914 million ($76,894 thousand) and investments in and advances to unconsolidated subsidiaries and associated companies increased by ¥7,914 million ($76,894 thousand).

The impairment losses on available-for-sale equity securities for the years ended March 31, 2014 and 2013, were ¥1,984 million ($19,277 thousand) and ¥110 million, respectively.

## 5. Short Term Investments

Short term investments as of March 31, 2014 and 2013, consisted of the following:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | 2014 | 2013 | 2014 |
| Time deposits | ¥844 | ¥2,599 | $8,201 |

## 6. Inventories

Inventories as of March 31, 2014 and 2013, consisted of the following:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | 2014 | 2013 | 2014 |
| Program rights | ¥ 7,619 | ¥ 6,958 | $ 74,028 |
| Finished products and merchandise | 2,693 | 2,799 | 26,166 |
| Work in process | 206 | 69 | 2,002 |
| Raw materials and supplies | 803 | 645 | 7,802 |
| Total | ¥11,321 | ¥10,471 | $109,998 |

## 7. Collateralized Property

At March 31, 2014, land of ¥101,031 million ($981,646 thousand) was pledged as collateral for guarantee deposits received of ¥19,000 million ($184,609 thousand).

## 8. 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, 2014 and 2013, was ¥608 million ($5,908 thousand) and ¥531 million, respectively.

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

| Millions of Yen | | | |
|---|---|---|---|
| Carrying Amount | | | Fair Value |
| April 1, 2013 | Increase/Decrease | March 31, 2014 | March 31, 2014 |
| ¥79,596 | ¥4,815 | ¥84,411 | ¥86,650 |

| Millions of Yen | | | |
|---|---|---|---|
| Carrying Amount | | | Fair Value |
| April 1, 2012 | Increase/Decrease | March 31, 2013 | March 31, 2013 |
| ¥79,698 | ¥(102) | ¥79,596 | ¥79,678 |

| Thousands of U.S. Dollars | | | |
|---|---|---|---|
| Carrying Amount | | | Fair Value |
| April 1, 2013 | Increase/Decrease | March 31, 2014 | March 31, 2014 |
| $773,377 | $46,784 | $820,161 | $841,916 |

Notes: 1. Carrying amount recognized in the consolidated balance sheet is net of accumulated depreciation, if any.
2. Increase during the fiscal year ended March 31, 2014, primarily represents the acquisition of certain properties of ¥5,149 million ($50,029 thousand).
3. The fair value of major properties owned by the Group as of March 31, 2014, 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 indexes that are believed to approximate their market values appropriately.

## 9. Short Term Borrowings

Short term borrowings at March 31, 2014 and 2013, were collected from unconsolidated subsidiaries using a cash management system. The interest rate applicable to the short term borrowings was 0.43% and 0.46% at March 31, 2014 and 2013, respectively.

## 10. Retirement and Pension Benefits Plan

The consolidated subsidiaries have severance payment plans for employees.

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.

### Year Ended March 31, 2014

(1) The changes in defined benefit obligation for the year ended March 31, 2014, were as follows:

| | Millions of Yen | Thousands of U.S. Dollars |
|---|---|---|
| Balance at beginning of year | ¥5,662 | $55,014 |
| Current service cost | 612 | 5,946 |
| Interest cost | 62 | 602 |
| Actuarial gains | (11) | (107) |
| Benefits paid | (113) | (1,097) |
| Balance at end of year | ¥6,212 | $60,358 |

(2) The changes in liabilities for retirement benefits of unfunded retirement benefit plans for the year ended March 31, 2014, were as follows:

| | Millions of Yen | Thousands of U.S. Dollars |
|---|---|---|
| Balance at beginning of year | ¥3,214 | $31,228 |
| Periodic benefit costs | 277 | 2,691 |
| Benefits paid | (134) | (1,302) |
| Others | 19 | 185 |
| Balance at end of year | ¥3,376 | $32,802 |

(3) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets

| | Millions of Yen | Thousands of U.S. Dollars |
|---|---|---|
| Unfunded defined benefit obligation | ¥9,588 | $93,160 |
| Net liability arising from defined benefit obligation | ¥9,588 | $93,160 |

| | Millions of Yen | Thousands of U.S. Dollars |
|---|---|---|
| Liability for retirement benefits | ¥9,588 | $93,160 |
| Net liability arising from defined benefit obligation | ¥9,588 | $93,160 |

(4) The components of net periodic benefit costs for the year ended March 31, 2014, were as follows:

| | Millions of Yen | Thousands of U.S. Dollars |
|---|---|---|
| Service cost | ¥ 612 | $ 5,946 |
| Interest cost | 62 | 602 |
| Recognized actuarial gains | (11) | (107) |
| Cost of the unfunded retirement benefit plans | 278 | 2,702 |
| Net periodic benefit costs | ¥941 | $9,143 |

(5) Assumptions used for the year ended March 31, 2014, were set forth as follows:

| | |
|---|---|
| Discount rate | 1.1% |

(6) Defined contribution plan

The amount of contribution required for the defined contribution plan that the subsidiaries of the Company paid for the year ended March 31, 2014, was ¥813 million ($7,899 thousand).

**Year Ended March 31, 2013**

The liability for employees' retirement benefits as of March 31, 2013, consisted of the following:

| | Millions of Yen |
|---|---|
| Projected benefit obligation | ¥8,876 |
| Net liability | ¥8,876 |

The components of net periodic benefit costs for the year ended March 31, 2013, are as follows:

| | Millions of Yen |
|---|---|
| Service cost | ¥ 778 |
| Interest cost | 102 |
| Recognized actuarial gain | 701 |
| Defined contribution pension plan premium cost | 748 |
| Net periodic benefit costs | ¥2,329 |

Assumptions used for the year ended March 31, 2013, are set forth as follows:

| | |
|---|---|
| Discount rate | 1.1% |
| Amortization period of prior-service cost | Charge-off all at once |
| Recognition period of actuarial gain and loss | Charge-off all at once |

Retirement benefits for directors and Audit & Supervisory Board members are paid subject to approval of the shareholders in accordance with the Companies Act. Retirement benefits as of March 31, 2013, included benefits for directors and Audit & Supervisory Board members in the amount of ¥118 million.

## 11. 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 the shareholders' meeting. For companies that meet certain criteria such as having (1) a Board of Directors, (2) independent auditors, (3) an Audit & Supervisory Board, and (4) the term of service of the directors is 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 a 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.

**Stock Split**

On October 1, 2012, the Company executed a 10-for-1 stock split by way of a free share distribution.

## 12. Income Taxes

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 38.0% for the years ended March 31, 2014, and 2013.

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities as of March 31, 2014 and 2013, are as follows:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | 2014 | 2013 | 2014 |
| Current: | | | |
| Deferred tax assets: | | | |
| Tax loss carryforwards | | ¥534 | |
| Devaluation of program rights | ¥2,979 | 2,659 | $28,945 |
| Accrued enterprise taxes | 893 | 1,010 | 8,677 |
| Accrued bonuses | 642 | 628 | 6,238 |
| Other | 870 | 853 | 8,453 |
| Less valuation allowance | (159) | (574) | (1,545) |
| Total | 5,225 | 5,110 | 50,768 |
| Deferred tax liabilities: | | | |
| Unrealized gain on available-for-sale securities | (3) | | (30) |
| Other | | (1) | |
| Total | (3) | (1) | (30) |
| Net deferred tax assets | ¥5,222 | ¥5,109 | $50,738 |
| Non-current: | | | |
| Deferred tax assets: | | | |
| Retirement benefits | ¥3,434 | ¥3,204 | $33,366 |
| Devaluation of property, plant and equipment | 531 | 472 | 5,159 |
| Devaluation of investment securities | 2,189 | 1,865 | 21,269 |
| Unrealized loss on available-for-sale securities | 346 | 248 | 3,362 |
| Other | 349 | 597 | 3,391 |
| Less valuation allowance | (2,664) | (2,465) | (25,884) |
| Total | 4,185 | 3,921 | 40,663 |
| Deferred tax liabilities: | | | |
| Tax benefit from deferred gain on sales of property, plant and equipment | (5,111) | (5,115) | (49,659) |
| Unrealized gain on available-for-sale securities | (8,953) | (5,589) | (86,990) |
| Other | (671) | (48) | (6,520) |
| Total | (14,735) | (10,752) | (143,169) |
| Net deferred tax liabilities | ¥(10,550) | ¥(6,831) | $(102,506) |

For the years ended March 31, 2014 and 2013, 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.

New tax reform laws enacted in 2014 in Japan changed the normal effective statutory tax rate for the fiscal year beginning on or after April 1, 2014, from approximately 38.0% to 35.6%. The effect of this change is negligible.

## 13. Leases

### a. Operating Lease Transactions

The minimum rental commitments under noncancelable operating leases as of March 31, 2014 and 2013, were as follows:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| As Lessee | 2014 | 2013 | 2014 |
| Due within one year | ¥ 235 | ¥ 236 | $ 2,283 |
| Due after one year | 2,800 | 3,035 | 27,206 |
| Total | ¥3,035 | ¥3,271 | $29,489 |
| As Lessor | | | |
| Due within one year | ¥ 130 | ¥ 130 | $ 1,263 |
| Due after one year | 4,951 | 5,081 | 48,105 |
| Total | ¥5,081 | ¥5,211 | $49,368 |

### b. Sublease Transactions

The amounts recorded on the consolidated balance sheet related to sublease transactions, including the amount equivalent to interest are as follows:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| Investment in Direct Finance Leases | 2014 | 2013 | 2014 |
| Current assets | ¥ 53 | | $ 525 |
| Investment and other assets | 747 | | 7,258 |
| Lease Obligation | | | |
| Current liabilities | ¥ 56 | | $ 554 |
| Noncurrent liabilities | 784 | | 7,627 |

Annual maturities of long-term debt, excluding finance leases (see Note 13), at March 31, 2014, were as follows:

| Year Ending March 31 | Millions of Yen | Thousands of U.S. Dollars |
|---|---|---|
| 2015 | ¥ 57 | $ 554 |
| 2016 | 57 | 554 |
| 2017 | 57 | 554 |
| 2018 | 57 | 554 |
| 2019 | 57 | 554 |
| 2020 and thereafter | 556 | 5,401 |
| Total | ¥841 | $8,171 |

## 14. Financial Instruments 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 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, 2014.

*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) Concentration of Credit Risk**

As of March 31, 2014, 72.7% of total receivables is from two major customers of the Group.

**(5) 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, another rational valuation technique is used instead.

(a) Fair value of financial instruments

| | Millions of Yen | | |
|---|---|---|---|
| March 31, 2014 | Carrying Amount | Fair Value | Unrealized Gain/Loss |
| Cash and cash equivalents | ¥ 87,453 | ¥ 87,453 | |
| Marketable securities | 38,207 | 38,391 | ¥ 184 |
| Short-term investments | 844 | 844 | |
| Receivables | 95,276 | 95,276 | |
| Investment securities | 112,161 | 112,246 | 85 |
| Long-term deposits | 1,000 | 970 | (30) |
| Total | ¥334,941 | ¥335,180 | ¥ 239 |
| Payables | ¥ 57,662 | ¥ 57,662 | |
| Guarantee deposits received | 19,886 | 14,026 | ¥5,860 |
| Total | ¥ 77,548 | ¥ 71,688 | ¥5,860 |
| March 31, 2013 | | | |
| Cash and cash equivalents | ¥ 63,806 | ¥ 63,806 | |
| Marketable securities | 42,498 | 42,727 | ¥229 |
| Short-term investments | 2,599 | 2,599 | |
| Receivables | 86,136 | 86,136 | |
| Investment securities | 106,858 | 107,497 | 639 |
| Long-term deposits | 3,000 | 2,872 | (128) |
| Total | ¥304,897 | ¥305,637 | ¥740 |
| Payables | ¥ 51,481 | ¥ 51,481 | |
| Guarantee deposits received | 20,042 | 14,856 | ¥5,186 |
| Total | ¥ 71,523 | ¥ 66,337 | ¥5,186 |

| | Thousands of U.S. Dollars | | |
|---|---|---|---|
| March 31, 2014 | Carrying Amount | Fair Value | Unrealized Gain/Loss |
| Cash and cash equivalents | $ 849,718 | $ 849,718 | |
| Marketable securities | 371,230 | 373,018 | $ 1,788 |
| Short-term investments | 8,201 | 8,201 | |
| Receivables | 925,729 | 925,729 | |
| Investment securities | 1,089,788 | 1,090,614 | 826 |
| Long-term deposits | 9,716 | 9,425 | (291) |
| Total | $3,254,382 | $3,256,705 | $ 2,323 |
| Payables | $ 560,260 | $ 560,260 | |
| Guarantee deposits received | 193,218 | 136,281 | $56,937 |
| Total | $ 753,478 | $ 696,541 | $56,937 |

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 4.

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 |
|---|---|---|---|
| | 2014 | 2013 | 2014 |
| Investments in unconsolidated subsidiaries and associated companies | ¥43,218 | ¥30,812 | $419,918 |
| Other investments in equity instruments that do not have a quoted market price in an active market | 22,227 | 26,966 | 215,964 |

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

| | Millions of Yen | | | |
|---|---|---|---|---|
| March 31, 2014 | Due in 1 Year or Less | Due after 1 Year through 5 Years | Due after 5 Years through 10 Years | Due after 10 Years |
| Cash and cash equivalents | ¥87,453 | | | |
| Marketable securities | 38,200 | | | |
| Short-term investments | 844 | | | |
| Receivables | 95,276 | | | |
| Investment securities: | | | | |
| Held-to-maturity securities | | ¥37,300 | | |
| Available-for-sale securities with contractual maturities | | 3,631 | ¥1,000 | ¥15,569 |
| Long-term deposits | | | | 1,000 |
| Total | ¥221,773 | ¥40,931 | ¥1,000 | ¥16,569 |

| | Thousands of U.S. Dollars | | | |
|---|---|---|---|---|
| March 31, 2014 | Due in 1 Year or Less | Due after 1 Year through 5 Years | Due after 5 Years through 10 Years | Due after 10 Years |
| Cash and cash equivalents | $ 849,718 | | | |
| Marketable securities | 371,162 | | | |
| Short-term investments | 8,201 | | | |
| Receivables | 925,729 | | | |
| Investment securities: | | | | |
| Held-to-maturity securities | | $362,417 | | |
| Available-for-sale securities with contractual maturities | | 35,281 | $9,716 | $151,278 |
| Long-term deposits | | | | 9,716 |
| Total | $2,154,810 | $397,698 | $9,716 | $160,994 |

### 15. Derivatives

The Group does not use any derivative financial instruments.

One of the associated companies accounted for by the equity method enters into derivative financial instruments, including foreign currency forward contracts to hedge foreign exchange risk associated with certain assets and liabilities denominated in foreign currencies.

### 16. Contingent Liabilities

The Group's contingent liabilities as guarantor of indebtedness as of March 31, 2014, were as follows:

| | Millions of Yen | Thousands of U.S. Dollars |
|---|---|---|
| Employees | ¥212 | $2,060 |
| MADHOUSE Inc. | 150 | 1,457 |
| Total | ¥362 | $3,517 |

### 17. Commitment

The Company provides loan commitments to an unconsolidated subsidiary. The outstanding balance of the revolving lines of credit as of March 31, 2014 and 2013, were as follows:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | 2014 | 2013 | 2014 |
| Total revolving lines of credit available | ¥8,000 | | $823,360 |
| Amount utilized | | | |
| Balance available | ¥8,000 | | $823,360 |

### 18. Comprehensive Income

The components of other comprehensive income for the years ended March 31, 2014 and 2013, were as follows:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | 2014 | 2013 | 2014 |
| Unrealized gain on available-for-sale securities: | | | |
| Gains arising during the year | ¥ 9,111 | ¥16,695 | $ 88,525 |
| Reclassification adjustments to profit or loss | 7 | 107 | 68 |
| Amount before income tax effect | 9,118 | 16,802 | 88,593 |
| Income tax effect | (3,249) | (5,428) | (31,568) |
| Total | ¥ 5,869 | ¥11,374 | $ 57,025 |
| Foreign currency translation adjustments—Adjustments arising during the year | ¥ 183 | ¥ 83 | $ 1,778 |
| Total | ¥ 183 | ¥ 83 | $ 1,778 |
| Share of other comprehensive income in unconsolidated subsidiaries and associated companies: | | | |
| Gains arising during the year | ¥ 1,087 | ¥ 515 | $ 10,562 |
| Reclassification adjustments to profit or loss | (19) | (4) | (185) |
| Total | ¥ 1,068 | ¥ 511 | $ 10,377 |
| Total other comprehensive income | ¥ 7,120 | ¥11,968 | $ 69,180 |

## 19. Subsequent Event

### a. Appropriation of Retained Earnings

The following appropriation of retained earnings as of March 31, 2014, was approved at the Company's shareholders' meeting held on June 27, 2014:

| | Millions of Yen | Thousands of U.S. Dollars |
|---|---|---|
| Year-end cash dividends, ¥25 ($0.24) per share | ¥6,343 | $61,630 |

### b. Business Combination

On April 1, 2014, the Group acquired all of the shares of HJ Holdings, LLC. As a result, HJ Holdings LLC became a subsidiary.

(1) Purpose of the acquisition of equity interests

The Group is the leading television network in Japan, ranking No. 1 in average household viewer ratings in the past three years. The Group has also been the leader in initiatives to adapt to the digital environment. The Group currently operates a TVOD (Transactional Video On Demand) service, called "Nittele On Demand," and with the acquisition of the Hulu service in Japan, the Group will enter the SVOD (Subscription Video On Demand) business for the first time. The decision to enter this business is in line with the "Nippon TV Group Mid-term Management Plan 2012–2015 Next60." In addition to terrestrial broadcasting and BS/CS broadcasting, the Group will maximize content value by acquiring a path to deliver content through the internet, responding to users' preferences.

(2) Name of the company that acquired the equity

Company name: Hulu Japan, LLC

(3) Overview of the company to be acquired

Company name: Hulu Japan, LLC

Business: The SVOD business

Total assets:¥5,973 million ($58,035 thousand)

(4) Acquisition date

April 1, 2014

(5) Acquisition cost and equity ratio after the acquisition

Acquisition cost: ¥3,676 million ($35,717 thousand)

Equity ratio after the acquisition: 100%

Acquisition cost includes the amount of investment made immediately after the assignee of the equity.

(6) Procurement methods of payment funds

Self funded

## 20. 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 Disclosures," 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 separate 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.

As the result of transition to a certified broadcast holding company on October 1, 2012, the "Other segment" has been incorporated in the others, in consideration of its relative importance.

The segment information for the year ended March 31, 2012, has also reported such segments. Therefore, the Group's reportable segments consist of the contents business and real estate rental/leasing.

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

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

**(2) Methods of Measuring Amounts of Sales, Profit, and Depreciation for Each Reportable Segment**

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

The reportable segment profits represent operating income. Intersegment sales and transfers are based on prevailing market prices.

Prior to October 1, 2012, the administrative expenses of the Company were measured in the contents business segment.

As a result of the transition to a certified broadcast holding company on October 1, 2012, the administrative expenses of the Company have been measured in reconciliations as company-wide expenses for strategic group management.

As a result of this change in measuring method, the segment profit of the contents business segment increased by ¥1,203 million ($11,689 thousand), and the segment profit in reconciliations decreased by the same amount.

Effective April 1, 2012, as a result of the revision of Japanese corporate tax law, the Company and its domestic consolidated subsidiaries changed their depreciation method for fixed assets acquired on or after April 1, 2012, to the method stipulated under the revised corporate tax law.

The effect of this change was immaterial.

**(3) Information about Sales, Profit (Loss), and Depreciation**

| | Millions of Yen | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2014 | | | | | | |
| | Reportable Segment | | | | | | |
| | Contents Business | Real Estate Rental/Leasing | Total | Other | Total | Reconciliations | Consolidated |
| Sales: | | | | | | | |
| Sales to external customers | ¥335,832 | ¥3,744 | ¥339,576 | ¥2,144 | ¥341,720 | | ¥341,720 |
| Intersegment sales or transfers | 462 | 6,960 | 7,422 | 2,046 | 9,468 | ¥(9,468) | |
| Total | ¥336,294 | ¥10,704 | ¥346,998 | ¥4,190 | ¥351,188 | ¥(9,468) | ¥341,720 |
| Segment profit | ¥ 36,060 | ¥ 4,258 | ¥ 40,318 | ¥ 227 | ¥ 40,545 | ¥ (456) | ¥ 40,089 |
| Other—Depreciation | 6,429 | 693 | 7,122 | 27 | 7,149 | | 7,149 |

| | Millions of Yen | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2013 | | | | | | |
| | Reportable Segment | | | | | | |
| | Contents Business | Real Estate Rental/Leasing | Total | Other | Total | Reconciliations | Consolidated |
| Sales: | | | | | | | |
| Sales to external customers | ¥321,609 | ¥3,360 | ¥324,969 | ¥1,454 | ¥326,423 | | ¥326,423 |
| Intersegment sales or transfers | 227 | 5,175 | 5,402 | 1,665 | 7,067 | ¥(7,067) | |
| Total | ¥321,836 | ¥8,535 | ¥330,371 | ¥3,119 | ¥333,490 | ¥(7,067) | ¥326,423 |
| Segment profit (loss) | ¥ 33,211 | ¥3,046 | ¥ 36,257 | ¥ (181) | ¥ 36,076 | ¥ (647) | ¥ 35,429 |
| Other—Depreciation | 5,919 | 630 | 6,549 | 24 | 6,573 | | 6,573 |

| | Millions of Yen | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2014 | | | | | | |
| | Reportable Segment | | | | | | |
| | Contents Business | Real Estate Rental/Leasing | Total | Other | Total | Reconciliations | Consolidated |
| Sales: | | | | | | | |
| Sales to external customers | $3,263,039 | $ 36,378 | $3,299,417 | $20,832 | $3,320,249 | | $3,320,249 |
| Intersegment sales or transfers | 4,489 | 67,625 | 72,114 | 19,880 | 91,994 | $(91,994) | |
| Total | $3,267,528 | $104,003 | $3,371,531 | $40,712 | $3,412,243 | $(91,994) | $3,320,249 |
| Segment profit | $ 350,369 | $ 41,372 | $ 391,741 | $ 2,206 | $ 393,947 | $ (4,431) | $ 389,516 |
| Other—Depreciation | 62,466 | 6,733 | 69,199 | 263 | 69,462 | | 69,462 |

### Related Information

#### (1) Information about Products and Services

| | Millions of Yen | | |
|---|---|---|---|
| | 2014 | | |
| Sales to External Customers | Contents Business | Real Estate Rental/ Leasing | Total |
| Television broadcasting: | | | |
| Time advertising | ¥113,618 | | ¥113,618 |
| Spot advertising | 114,172 | | 114,172 |
| Total | 227,790 | | 227,790 |
| Advertising sales from BS and CS platform | 13,495 | | 13,495 |
| Other advertising revenue | 398 | | 398 |
| Contents sales revenue | 37,181 | | 37,181 |
| Revenue from merchandise sales | 35,321 | | 35,321 |
| Box office revenue | 11,303 | | 11,303 |
| Real estate leasing | | ¥2,215 | 2,215 |
| Other | 10,344 | 1,529 | 11,873 |
| Total | ¥335,832 | ¥3,744 | ¥339,576 |

| | Millions of Yen | | |
|---|---|---|---|
| | 2013 | | |
| Sales to External Customers | Contents Business | Real Estate Rental/ Leasing | Total |
| Television broadcasting: | | | |
| Time advertising | ¥112,448 | | ¥112,448 |
| Spot advertising | 108,814 | | 108,814 |
| Total | 221,262 | | 221,262 |
| Advertising sales from BS and CS platform | 5,430 | | 5,430 |
| Other advertising revenue | 458 | | 458 |
| Contents sales revenue | 33,917 | | 33,917 |
| Revenue from merchandise sales | 42,382 | | 42,382 |
| Box office revenue | 10,442 | | 10,442 |
| Real estate leasing | | ¥2,436 | 2,436 |
| Other | 7,718 | 924 | 8,642 |
| Total | ¥321,609 | ¥3,360 | ¥324,969 |

| | Thousands of U.S. Dollars | | |
|---|---|---|---|
| | 2014 | | |
| Sales to External Customers | Contents Business | Real Estate Rental/ Leasing | Total |
| Television broadcasting: | | | |
| Time advertising | $1,103,945 | | $1,103,945 |
| Spot advertising | 1,109,327 | | 1,109,327 |
| Total | 2,213,272 | | 2,213,272 |
| Advertising sales from BS and CS platform | 131,121 | | 131,121 |
| Other advertising revenue | 3,868 | | 3,868 |
| Contents sales revenue | 361,261 | | 361,261 |
| Revenue from merchandise sales | 343,189 | | 343,189 |
| Box office revenue | 109,823 | | 109,823 |
| Real estate leasing | | $21,522 | 21,522 |
| Other | 100,505 | 14,856 | 115,361 |
| Total | $3,263,039 | $36,378 | $3,299,417 |

**(2) Information about Geographical Areas**

*a. Sales*

Sales of the Company and its domestic subsidiaries for the years ended March 31, 2014 and 2013, represented more than 90% of the consolidated sales for the year. Accordingly, information about geographical 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, 2014 and 2013, represented more than 90% of the property, plant and equipment in the consolidated balance sheet for the year. Accordingly, information about geographical areas is not disclosed.

**(3) Information about Major Customers**

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

**(4) Negative Goodwill**

Negative goodwill caused by the Share Exchange with BS Nippon Corporation was ¥499 million in the contents business segment for the year ended March 31, 2013.

# Independent Auditor's Report

Deloitte Touche Tohmatsu LLC
Shinagawa Intercity
2-15-3, Konan
Minato-ku, Tokyo 108-6221
Japan

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Fax:+81 (3) 6720 8205
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Nippon Television Holdings, Inc.:

We have audited the accompanying consolidated balance sheet of Nippon Television Holdings, Inc. and its consolidated subsidiaries as of March 31, 2014, 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 accordance 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 misstatement, 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 accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 Holdings, Inc. and its consolidated subsidiaries as of March 31, 2014, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

### 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 accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 27, 2014

# Nippon Television Holdings Group Companies

## Group Segment: Consolidated Subsidiaries

### Content Business

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

### Real Estate Rental/Leasing Business

NIPPON TELEVISION NETWORK CORPORATION
Nippon Television Work 24 Corporation

## Group Companies

### Consolidated Subsidiaries

NIPPON TELEVISION NETWORK CORPORATION
BS Nippon Corporation
CS Nippon Corporation
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.
TATSUNOKO PRODUCTION Co., Ltd.
HJ Holdings LLC
NTV America Company
NTV International Corporation

### Non-Consolidated Companies

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

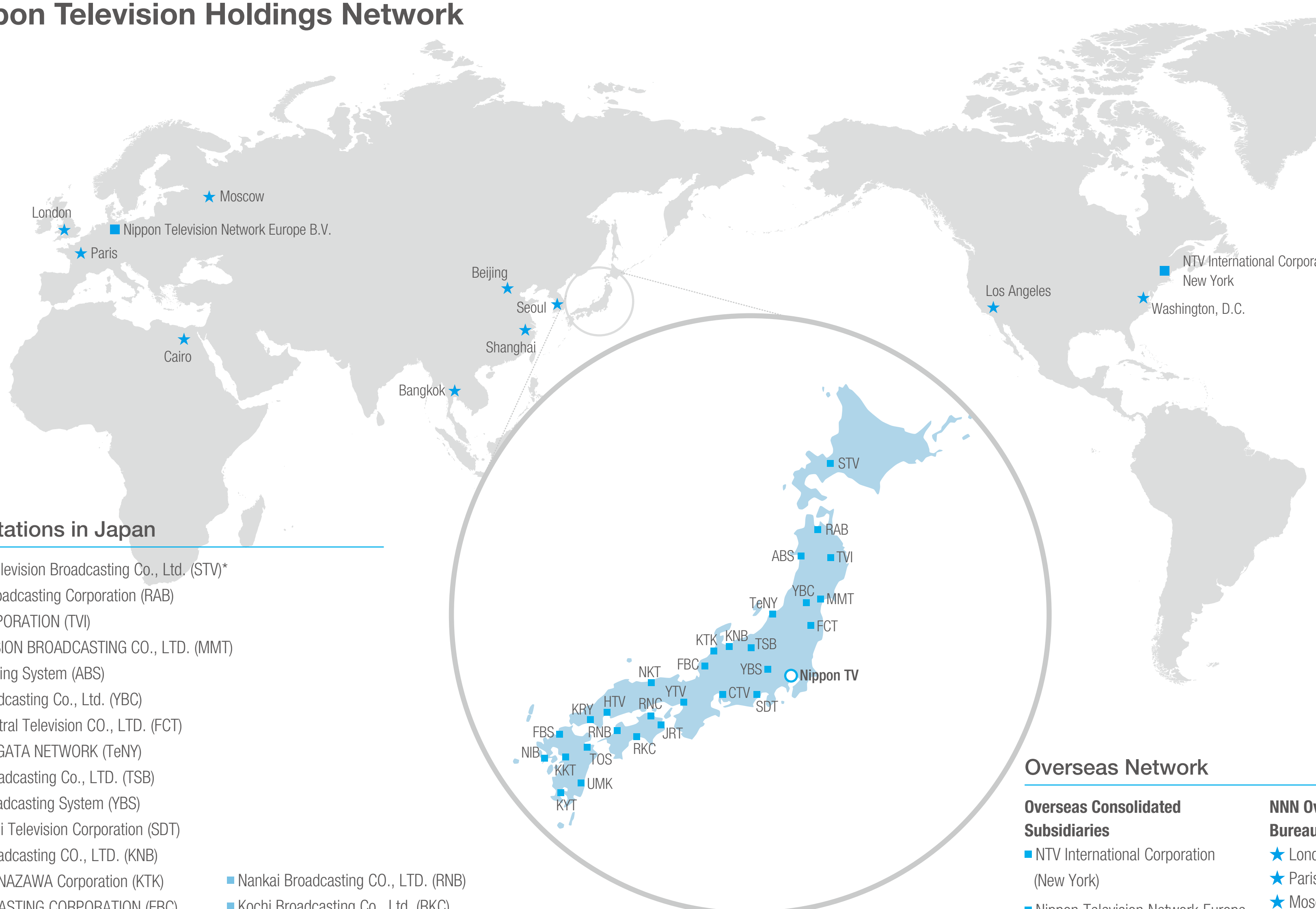
### Affiliated Companies

NIKKATSU Corporation
CNplus Production, Inc.
ACM Co., Ltd.
Nishinihon Eizo Corporation
KKT Innovate Corporation
Nagasaki Vision Corp.
Kagoshima Vision Corporation
Kanazawa Eizo Center Corporation
Promedia Co., Ltd.
Cosmo Space Co., Ltd.
Art Yomiuri Co., Ltd.
Shiodome Urban Energy Corporation

### Public Interest Incorporated Foundations

Yomiuri Nippon Symphony Orchestra, Tokyo
Nippon Television Kobato Cultural Foundation
The Tokuma Memorial Cultural Foundation for Animation

# Nippon Television Holdings Network




## Network Stations in 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

## Overseas Network

### Overseas Consolidated Subsidiaries

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

### NNN Overseas News Bureaus

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

# Investor Information

(As of March 31, 2014)

## Corporate Name

Nippon Television Holdings, Inc.

## Office Location

1-6-1 Higashi Shimbashi, Minato-ku, Tokyo 105-7444, Japan
Tel: +81-3-6215-4111

## Date of Establishment

October 28, 1952
Effective October 1, 2012, Nippon Television Network Corporation changed its trade name to Nippon Television Holdings, Inc. upon transitioning to a certified broadcasting holding company structure.

## Capital

18.6 billion yen

## Common Stock

Authorized 1,000,000,000 shares
Issued 263,822,080 shares

## Number of Shareholders

33,005

## Stock Exchange Listing

First Section of Tokyo Stock Exchange (Code 9404)

## Fiscal Year End

March 31, annually

## Number of Employees

136

## Transfer Agent and Registrar

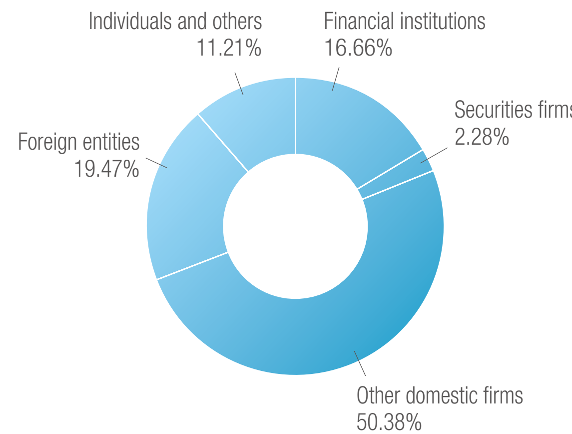
Sumitomo Mitsui Trust Bank, Limited
4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8233, Japan

## Major Shareholders

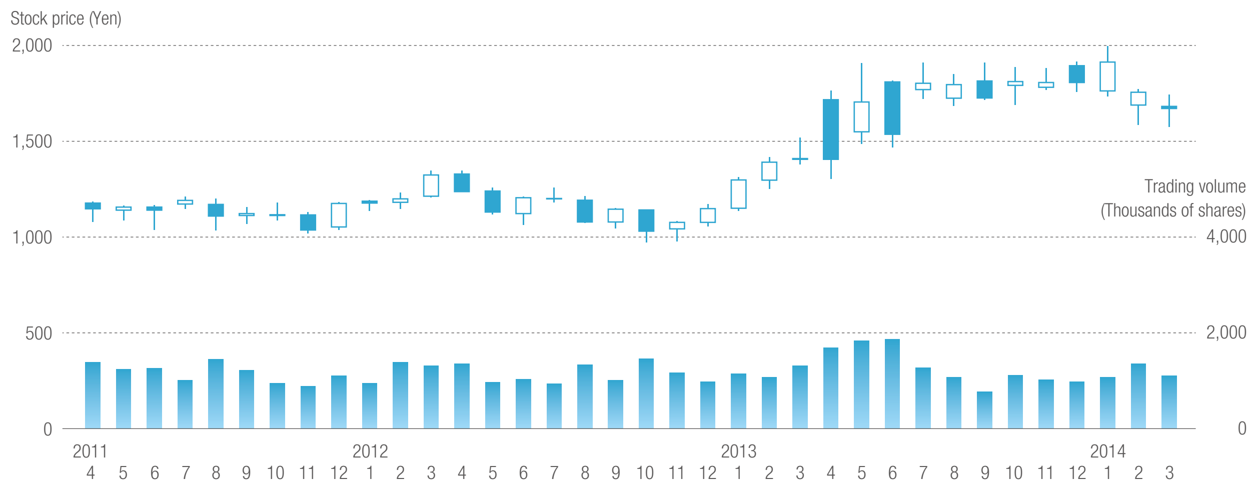
| Shareholders (Top 10) | Number of shares held | Percentage of total shares issued (%) |
|---|---|---|
| The Yomiuri Shimbun Holdings | 37,649,480 | 14.27 |
| YOMIURI TELECASTING CORPORATION | 16,563,160 | 6.27 |
| The Yomiuri Shimbun | 15,591,200 | 5.90 |
| State Street Bank and Trust Company 505223 | 10,330,070 | 3.91 |
| Japan Trustee Services Bank, Ltd. (Trust Account) | 10,276,400 | 3.89 |
| Teikyo University | 9,553,920 | 3.62 |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 7,934,600 | 3.00 |
| NTT DoCoMo, Inc. | 7,779,000 | 2.94 |
| CBNY-ORBIS SICAV | 6,850,356 | 2.59 |
| Recruit Holdings Co., Ltd. | 6,454,600 | 2.44 |

Note: The "Percentage of a Total Shares" above is calculated deducting the Company's treasury stock (5,988,758 shares).

## Distribution of Shares




## Stock Price Range and Trading Volume (Tokyo Stock Exchange)




Note: Nippon TV's common stock underwent a 10-for-1 stock split, effective October 1, 2012. In this chart, stock prices and trading prior to the stock split have been retroactively adjusted to post-split levels.

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