

# Corporate Governance

**NTV recognizes that continually improving corporate value over the long term and making greater contributions to society will ultimately raise shareholder value. We are, therefore, working to further enhance corporate governance so as to expedite decision-making and execution in response to changes in our business environment.**

## 1. Corporate Governance System

NTV introduced an Executive Officer System on June 28, 2001; however, the posts of CEO, EO and COO are currently vacant due to the ratings manipulation incident involving a former NTV employee that came to light in October 2003. Nonetheless, decisions on management policies and execution are being made without hindrance.

An Operational Audit Committee, part of the Board of Directors, supervises all aspects of business execution. Furthermore, the Board of Directors, comprised of 14 members, includes three outside directors appointed to bring an

external perspective to bear on the supervision of management.

To secure the independence of the Board of Corporate Auditors from the Board of Directors and to reinforce the supervision of business execution, the Board of Corporate Auditors, which has four members, includes three outside auditors as defined by Item 1 of Article 18 of the Law of Special Exceptions to the Commercial Code.

Through this system, NTV aims to implement strong corporate governance to further earn the trust and support of the public.

## 2. Compliance System

Pursuant to a report issued by the Ratings Manipulation Investigation Committee in November 2003, NTV has taken steps to prevent a reoccurrence of an incident of this nature and other forms of misconduct. In the following December, NTV established a Compliance Committee headed by Representative Director and Chairman Seiichiro Ujiie and consisting of four individuals from outside the NTV Group, including lawyers and CPAs, which initiated the following measures.

On July 1, 2004, the committee enacted and issued the NTV Compliance Charter. This charter consists of a Basic Charter of six principles and a Code of Conduct of seven paragraphs and 24 articles. All directors and employees have pledged to observe this charter in declaration forms filed with the company. Each director and employee will work to raise his or her ethical awareness by reviewing the 11-point Self-check List formulated for training and educational purposes, and taking other actions aimed at faithfully acting on and implementing the charter.

Compliance officers have also been assigned mainly to program production sites. These compliance officers are raising awareness of compliance issues among employees, program staff and other personnel, while implementing tight internal controls, such as strict invoice verification, at the operational frontline.

NTV has also increased and strengthened personnel involved with the systematization of the Business Operations Audit Committee, and has established the NTV Internal Audit Guidelines. These guidelines clarify the scope of audits and the authority of auditors with the view to carrying out scheduled and effective audits that prevent improper monetary transactions, while further enhancing the compliance system.

NTV has also established and ensures the proper functioning of an internal reporting system independent of its ordinary chain of command to gather information on suspected or potential violations of the above principles.

Employees reporting such information will be treated fairly and properly. NTV has made clear that these individuals will not face any recrimination or disadvantages unless they are directly involved in illegal actions.

## The NTV Compliance Charter

### BASIC CHARTER

- \* We are proud to be and conscious of being engaged in wireless broadcasting, which is a shared asset of the Japanese people. We will not forget the spirit of service to achieve social benefit, and strive to improve culture and welfare.
- \* As members of a broadcasting and press organization, we not only comply with laws and regulations but also carry our conduct with high moral views, based on social conscience, and engage in business activities that are fair and sound.
- \* We strive to provide fair and timely reports of the truth, programs that reach people's hearts, and captivating events and products so as to be loved by viewers and the Japanese people.
- \* We contribute for the benefit of our viewers and the Japanese people, and the development of the economy and the society.
- \* We respect basic human rights, and act in ways that mutually recognize the dignity and value of people.
- \* We are conscious of our position as members of the society, and contribute toward the preservation of global environment and attainment of common goals for the mankind.

Please visit the Corporate Information section of our website at <http://www.ntv.co.jp/info/index.html> for more details on the NTV Compliance Charter.

# Average Viewer Ratings Figures

## Faster Turnover to Improve Our Programming Schedule

From 1994 to 2003, NTV consistently achieved the No.1 ratings in all four program rating time periods\*. In 2003, we retained the quadruple crown title of annual average viewer ratings for the tenth straight year. However, NTV was unable to hold on to the quadruple crown title for the tenth straight fiscal year. The main reason was a slightly slower rate of program turnover due to limited modifications to programs, reflecting our reliance so far on several elite program creators to produce a steady stream of programs with high ratings. The top priority of our April 2004 reorganization was to reenergize the program turnover cycle in order to improve the quality of our programming schedule.

More specifically, our most important objectives are to eliminate struggling time slots in the "golden time" and "prime time" periods and nurture younger program

creators. For this reason, the majority of our lineup of new programs for the "prime time" period in April was created by aspiring new program creators.

Our programming schedule is also important to our clients. Many of our clients want to enhance their appeal to younger generations. Satisfying client needs will be a key objective for NTV in the near term. While winning the support of a broad range of viewers spanning all generations, successfully targeting younger viewers is vitally important.

NTV will continue to meet a diverse spectrum of needs, while striving to earn the support of viewers and clients over the next decade.

\*The four rating time periods are the "all day," "prime time," "golden time" and "non-prime time" periods. The opposite page provides definitions of these periods and annual broadcast ratings for major broadcasters since 1994.



Complete TV



SPORTS MAX



World's Unbelievable News Stories



Much Ado about Love



Anpanman  
©TAKASHI YANASE/  
FRÖBELKAN-TMS-NTV



Zoom In!! SUPER



Solve the Mystery!



99 Size



HAPPY LIFE COLLECTION



News Plus 1



Songs: Then & Now

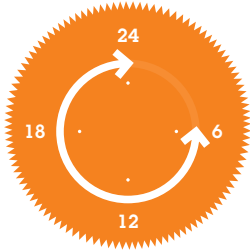


The Sunday

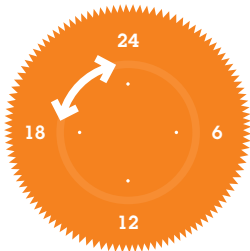
**AVERAGE VIEWER RATINGS BY TIME PERIOD**

Average viewer ratings by time period are compiled for four time periods: the all day period from 6:00 to 24:00, the prime time period from 19:00 to 23:00, the golden time period from 19:00 to 22:00 and the non-prime time period covering all non-prime time hours from 6:00 to 19:00 and 23:00 to 24:00.

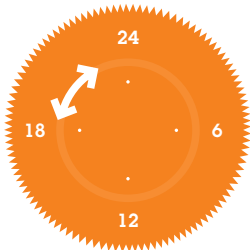
**ALL DAY**  
6:00-24:00



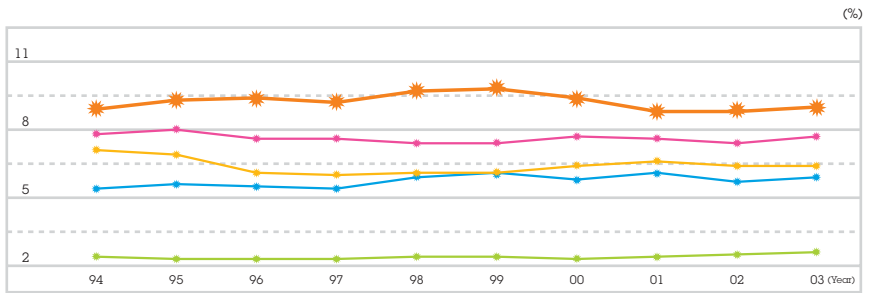
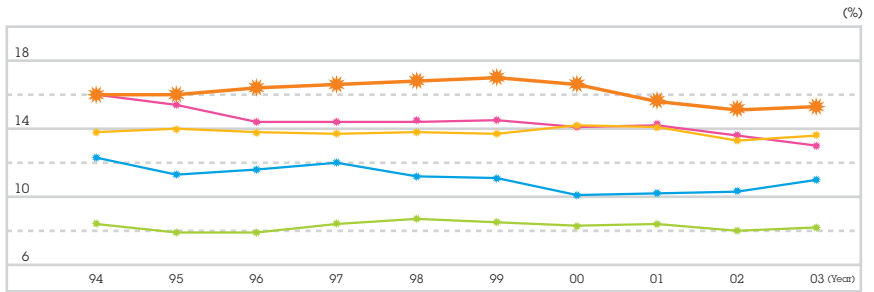
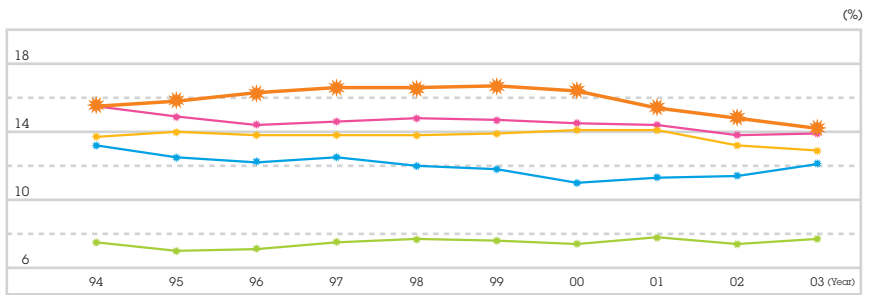
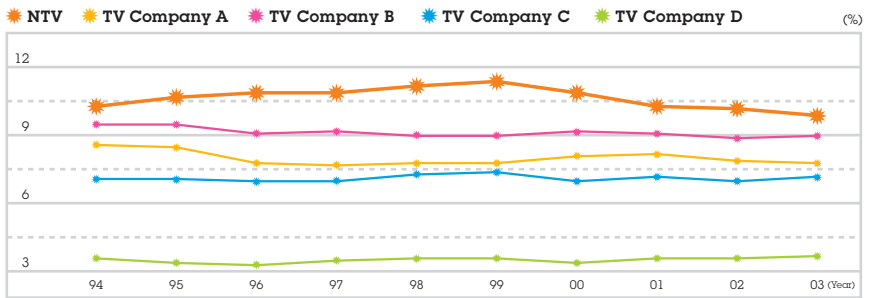
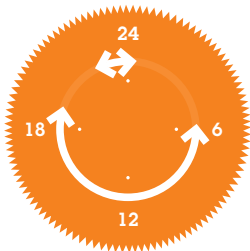
**PRIME TIME**  
19:00-23:00



**GOLDEN TIME**  
19:00-22:00



**NON-PRIME TIME**  
6:00-19:00  
23:00-24:00



Stories Behind the Stories



Shoten



WORLD RECORDS



The God of Entertainment



Information Maven

## Digital Broadcasting Opens a World of Possibilities

Digital broadcasting is broadly divided into two categories: digital satellite broadcasting and digital terrestrial broadcasting. Steps to develop digital satellite broadcasting have long been under way at NTV. Digital BS broadcasting services commenced in December 2000 at associated company BS Nippon Corporation, followed by the start of 110<sup>o</sup> digital CS broadcasting services in March 2002 at associated company CS Nippon Corporation. As of July 31, 2004, digital BS broadcasting had been adopted by approximately 6.28 million households. The digital BS broadcasting business is based on advertising revenues similar to terrestrial broadcasting. On the other hand, digital CS broadcasting is made available on a subscription basis. The March 2004 merger of PLAT-ONE Corporation, an associated platform company, and SKY Perfect Communications Inc. is expected to drive further growth.

Although NTV has focused on the satellite side in the course of developing digital broadcasting services, the start of digital terrestrial broadcasting in December 2003 is giving rise to myriad new possibilities. Broadcasting for mobile phones and other mobile devices represents one of our most promising business domains. Under the concept of providing connectivity "anytime, anywhere," numerous mobile-phone models, featuring not only Internet access and e-mail but also built-in cameras and other advanced applications, have proven highly successful in Japan. Smaller mobile handsets and high-resolution screens, along with lower prices, should enable users to view television programs on pocket-sized handset screens, significantly expanding opportunities.

For example, broadcasting for mobile phones will allow people to watch programs during times when television sets are typically inaccessible, such as during commuting hours, lunch or short breaks throughout the day. Various new styles of viewing television are also expected to emerge, such as the real-time monitoring of sports events. If television evolves from a medium only to be watched into an interactive tool for viewers, this would enable the development of new businesses based on various services. While several challenges remain, NTV is exploring business strategies with the aim to commence broadcasting services for mobile handsets by March 2006.



NTV showcased various broadcasting services for mobile handsets at the 2004 International Broadcasting Convention (IBC) held in the Netherlands.

## Shiodome Head Office Doubles as Attractive Events Venue

Following the move to its new head office in Shiodome, NTV established the NTV Event Management Office to hold a variety of local events aimed at providing additional services to viewers and enhancing NTV's public image. These events are concentrated mainly in the summer and winter vacation seasons.

In the summer of 2004, from July 17 to August 31, a special event called *Nittele Jamboree* was held at *Nittele Plaza* in Shiodome, featuring various attractions linked to NTV programs. These included special live performances of *The God of Entertainment*, a program well received by younger audiences, an experience center featuring popular programs, public filming sessions and much more for large numbers of visitors. Tours of the new head office building were also held. One highlight was that at studios, tour participants were given the opportunity to gain first-hand experience of working at a television station. Looking ahead, we hope to accelerate growth in our viewer base and energize the Shiodome area through events of this kind.



*Nittele Jamboree* attracted more than 1.75 million visitors to Shiodome.



Visitors gained first-hand experience of working at a television station.

## Production of Accurate and Clear News & Documentary Programs Using State-of-the-Art Equipment

NTV and its network affiliates have jointly established a news gathering network called NNN (Nippon News Network) dedicated to rapidly, accurately and clearly disseminating the latest domestic and international news to viewers. Replete with state-of-the-art equipment capable of high-definition broadcasts, the Shiodome head office news floor is a large, open space designed to facilitate smooth interaction among various news sections. Two sub-control rooms adjacent to the studio, one equipped for satellite and the other for terrestrial broadcasts, ensure efficient news broadcasting.



NTV's news floor, replete with state-of-the-art equipment

# Societal Contributions

## Actions to Ensure Sustainable Development

In March 2003, we established the NTV Environmental Management Office to direct a diverse array of environmental activities. NTV has a long tradition of fulfilling its corporate social responsibilities, underpinned by an extensive record of contribution to society. We have aired a special event called *24-Hour Television*, to collect donations to worthy causes in the public welfare domain. Beginning in 2003, the program was also devoted to the environment in order to better fulfill our corporate social responsibilities. In early June 2004, programs aimed at stimulating greater awareness of environmental issues were

concentrated in a three-day period designated as *Eco Weekend* in commemoration of World Environment Day. These included a special program based on the theme of water along with a range of other environment-related programs, such as news features and documentaries. *The 2004 UNEP Photo Exhibition* was also held at the Shiodome head office, an event that proved highly popular among visitors.



A cleanup project at Mt. Fuji

## Contributing to the Environment and Public Welfare Through Broadcasting



24-Hour Television

NTV began airing *24-Hour Television* in 1978 to commemorate its 25th anniversary, and communicate the importance and necessity of public welfare and assistance. August 2004 heralded the 27th year of this annual event, taking *24-Hour Television* into its next quarter-century of public service supported by donations from viewers, corporate clients who share the program's philosophy and the cooperation of NTV's network affiliates, who form one of the largest broadcasting networks in Japan. During the first 25 airings of this program through 2002, NTV had focused exclusively on public welfare, funneling

donations to worthy causes that included special vehicles for public service activities, particularly vehicles equipped with baths for bed-ridden senior citizens. Beginning with the 26th airing in 2003, the program was also devoted to the environment, giving it two worthwhile causes to support.

### ACCOMPLISHMENTS OF 24-HOUR TELEVISION

- ★ Total donations (1978-2003): Approximately ¥22,489.23 million
- ★ Number of public service vehicles donated in Japan: 7,203 (Buses with lifts, vehicles equipped with baths, electric wheelchairs, electric vehicles, wheelchair-accessible compact vehicles with ramps)
- ★ Total natural disaster assistance in Japan: Approximately ¥605.12 million (Including 1991 Unzen volcanic eruption; 1995 Great Hanshin-Awaji Earthquake)
- ★ Total overseas special disaster assistance: Approximately ¥150.75 million (Including 1998 Adana-Ceyhan Earthquake in Turkey; 2001 terrorist attacks in the U.S.)

### NTV INCLUDED IN SUSTAINABILITY INDEXES

NTV is the only company in Japan's media industry to be included in the Dow Jones Sustainability World Index (DJSI World), recognition NTV has received for the past four years since 2001. DJSI World is an index of more than 300 leading sustainability companies that represent the top 10% of the biggest 2,500 companies in the Dow Jones Global Indexes. This accomplishment shows that NTV's commitment to long-term sustainability in terms of social and environmental contributions has earned much recognition from society.



Please visit the NTV Sustainability section of our website at <http://www.ntv.co.jp/eco/english> for more details.