



To Shareholders and Stakeholders

# Achieving “Total Success” as a Comprehensive Media

Shintaro Kubo, Representative Director and President



Company

**“Success depends on anticipating change rather than merely following it. This is NTV’s DNA.”**

Over the course of its history, NTV has always shown outstanding presence as a pioneer among companies in the Japanese broadcasting industry. For ten years through 2003, we won the quadruple crown title of annual viewer ratings because of our ability to produce original and pace-setting programs.

The times, however, have completely changed and today we face numerous perplexing issues. No longer do we stand at the pinnacle of the industry. Our net sales while strong remain below their peak of the year ended March 31, 2002. By taking greater advantage of NTV’s DNA, we aim to improve on a solid performance and reclaim our position as No. 1.

It is imperative that we continue to create programs that captivate viewers and to do so we need people who think outside the box. Leveraging this revolutionary thinking, we must also evolve beyond existing businesses and consider opportunities and collaboration unthinkable in the past.

As president, I have set forth NTV’s objective to achieve “total success.” Our industry has reached a critical juncture. The broadcasting and communication domains are converging. Our competitive arena is expanding from the free, advertising-driven terrestrial broadcasting market to fee-based markets in satellite broadcasting, the Internet and mobile media. Against this backdrop, our goal is to become a comprehensive media company that succeeds in each domain and all major distribution channels. Accordingly, NTV must diversify its businesses and revenue streams. To achieve “total success,” we must draw more and more on our DNA, and the ability to both anticipate change and shape the future.





## **King of Content by 2008**

Our eyes are on 2008, the year of NTV's 55th anniversary and also the year of the Beijing Olympics. From now, we will see dynamic transformation in the media industry, with the 29th Olympiad a watershed as the largest and most technologically advanced media event in history. People will have more options for watching the Olympic Games than ever before, from mobile devices and phones to televisions and computers receiving digital terrestrial, communications satellite (CS) and broadcasting satellite (BS) services. This is such a momentous opportunity for growth and innovation that NTV is putting all of its efforts into succeeding in every one of these new media fields. We intend to win back our top viewer ratings and reclaim our crown as king of content.

## **In Tune with the Times**

Recent media technologies are changing how and where people watch television, but why they turn it on has not changed. It is easy to appreciate the higher picture quality of digital broadcasts and the convenience of mobile and IP-based devices, but what still matters most to viewers is content. It follows that the most fundamental factor for achieving our objective is to continuously create fresh and original content that sets new, higher standards for programming quality. It is in fact NTV's content that sets us at the top of our class and reflects our ability to broadcast inventive programs in tune with the times. At NTV, I believe we must continue to leverage our DNA toward producing superior content for the coming multimedia society.

## **Goals for a Successful Future**

Toward accomplishing our objective of “total success” as a comprehensive media company, we have condensed core management and operational concepts into the following five main goals:

### **Tapping Our Creative Capacity**

Having held the quadruple crown for ten years straight, I can say that NTV’s hit programs were made possible by the abundant inventiveness that springs from our corporate culture. It is vital to keep nurturing our creative capacity in a supportive, expansive environment and to this end we will allocate capital resources for improving our content development capabilities.

### **Winning Over Clients**

With satellite and fee-based broadcasting, television viewers have an incredible array of choices for programs, and companies have more outlets for advertising. Nevertheless, our goal is to be the one company most preferred by viewers and advertisers. NTV will win them over by constantly offering innovative content, products and services.

### **Giving Back to Our Shareholders**

The support of our shareholders is essential for “total success.” We will make every effort to distribute stable dividends while increasing corporate value. Our basic dividend policy is to link payments to performance by emphasizing the payout ratio. From the year ended March 31, 2005, we have set a payout ratio target of 33%.

### **Gaining the Trust of Society**


As the industry experiences change and redefines its business boundaries, NTV aims to be the company most trusted to lead the expansion of television’s role in society. This requires nurturing the trust of our viewers in everything we do, from producing programming, reporting news, providing sales and services and contributing to our communities. We are cognizant of our responsibility as a media company to consider and enhance culture and public standards.

## **Strengthening Cost Management**

Our operating environment is becoming more dynamic, unpredictable and fiercely competitive. In this context, it is imperative that we build on our rock-solid operating foundation that can effectively implement meticulous cost management. Although it has been a long-standing problem in the broadcasting industry, NTV was one of the first companies to tackle this problem head-on. I am confident in our abilities to continue making significant cost reductions without lowering employee motivation. Furthermore, our current earnings capability is considerably higher than that of our rivals, which we believe holds us in good stead.

In the true spirit of a pioneer, NTV will capitalize on the openings that change provides and emerge a clear victor in 2008. We will draw upon our DNA, that is, our ability to materialize opportunities into successes, to expand into new fields as a winning company.

Having assumed the responsibilities of president, I look forward to tackling the challenges ahead with our strong, forward-looking management and our talented and diverse group of employees. We value the support of our shareholders and stakeholders as vital to our goal of achieving “total success.”

A handwritten signature in black ink, reading "Shintaro Kubo". The signature is written in a cursive, flowing style with a large initial 'S'.

Shintaro Kubo  
Representative Director and President  
Nippon Television Network Corporation