

To Our Shareholders and Stakeholders



Noritada Hosokawa
Representative Director
and Chairman

Shintaro Kubo
Representative Director
and President

As Chairman and President of NTV, we ask for your support as we put our utmost efforts into creating a new management framework for business expansion.

Three Goals

At the end of the fiscal year ended March 31, 2007, NTV reassessed its Medium-Term Management Plan that began in the previous year and elected to introduce a new plan in May 2007 to continue from the year ending March 31, 2008, through the year ending March 31, 2010. The Company set three goals toward realizing the new plan: (1) recapture the top position in ratings, (2) unify the NTV Group and (3) establish trust with viewers.

NTV's goal of regaining ratings dominance expresses the Company's strong resolve to obtain and defend its ranking against all other networks. The NTV Group's unification goal indicates the readiness of all 4,000 employees, including transferred personnel, to take on new challenges and weather internal and external difficulties. The Group's third goal of building trust shows awareness of its tremendous social responsibilities as a media corporation and its commitment to producing more meaningful content. Amid the deluge of information in the modern era, television networks have amassed information that they must screen in the public interest, always bearing in mind viewers' responses. Keeping our social obligations foremost, we will take advantage of this opportunity to earn the trust of the public. The NTV Group is committed to fulfilling its obligations to society, ensuring that all employees remain fully aware of the influence of television broadcasts as they go about their duties.

HAYAO MIYAZAKI NI-TELE really BIG Clock

The huge NTV clock designed by Director Hayao Miyazaki of Studio Ghibli was completed in December 2006, five years after its conceptualization and in time for the New Year's festivities. The largest animated clock in the world at 12 meters high by 18 meters wide, this clock decorates the NTV Tower in Shiodome.



Performance in the Year Ended March 31, 2007

The Japanese economy continued its recovery in the fiscal year ended March 31, 2007, with total advertising expenditures in calendar 2006 increasing 0.6% year on year, to ¥5,995.4 billion, according to Dentsu Inc. However, television advertising expenditures shrank 1.2%, to ¥2,016.1 billion—the second consecutive yearly decline. In this stagnant television advertising market, time sales for the Company's mainstay television broadcasting segment slipped 2.5% over the preceding year, with spot sales down 4.7%. Although the media commerce, film and events businesses contributed handsomely to revenues, the Group's consolidated net sales edged down 0.9%, to ¥343,651 million.

At the same time, all profit figures rose as a result of overall cost-cutting efforts, focusing on production expenses and including reduced depreciation on equipment for digital terrestrial broadcasting. Operating income increased 6.3%, to ¥30,344 million, and net income surged 33.8%, to ¥18,332 million.

■ Financial Highlights

Years Ended March 31	(Billions of yen)		
	2006	2007	Change
Net sales	¥346.6	¥343.7	-0.9%
Operating income	28.6	30.3	+6.3%
Recurring profit	30.0	34.1	+13.8%
Net income	13.7	18.3	+33.8%

Becoming a Total Media Corporation

Rapid development of digital technology is currently thrusting the broadcasting industry into an unprecedented period of major change, marked by the fusion of broadcasting and communications and the emergence of multimedia and multichannel broadcasts. "1-SEG" services launched in April 2006, and terrestrial television broadcasting is set to go fully digital in 2011. Such technical innovations mean a switchover from a television-only era to one in which television is only one option. Viewer exposure to video media is becoming vastly more pervasive than during the analog era.

The NTV Group sees this revolution as an opportunity to maximize corporate value by fully leveraging its content production capabilities and realizing a multicontact-point strategy. This approach will create an environment that allows the public to access NTV content anytime, anywhere, through any video platform—television, Internet and game machines—and via mobile communications services, such as "1-SEG."

The user base for "1-SEG" mobile phones has spiked upward in anticipation of the 2008 Beijing Olympics, with units expected to soar to more than 10 million this fiscal year. To seize the major business opportunities inherent in this sudden increase in receivers, which is equivalent to 10%–20% of television units in current use, the Group is aggressively developing content, including tie-ins with television programs.

Television networks have traditionally vied for control of viewer ratings for household television sets. Henceforth, the Company intends to distribute NTV content to every type of video platform, gaining preeminence across all viewing options to reach its ideal as a total media company integrating mass media and interactive media, while satisfying viewer and sponsor needs.

NTV strives to employ content production—its greatest strength—to take back the No. 1 spot in ratings this fiscal year, moving on to achieve the remaining goals of the New Medium-Term Management Plan by March 31, 2010.

We thank our shareholders and all our stakeholders for their recognition of our true potential, and we ask for your continued support.

August 2007



Noritada Hosokawa
Representative Director and Chairman



Shintaro Kubo
Representative Director and President

Note: At the General Meeting of Shareholders on June 28, 2007, former Director and Executive Vice President Noritada Hosokawa was appointed Representative Director and Chairman.