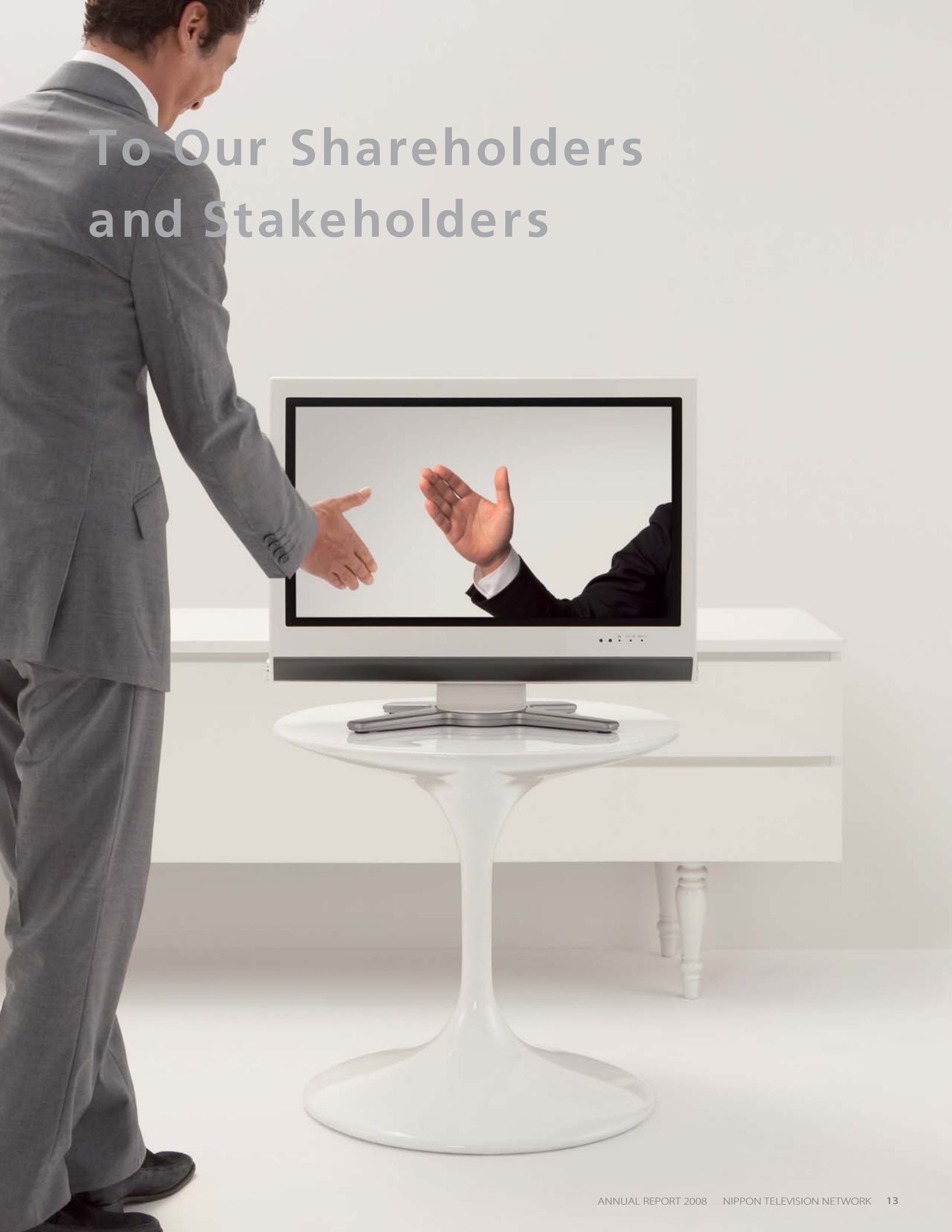


# To Our Shareholders and Stakeholders



## Message from the Chairman and the President



We would first like to thank our shareholders and all our stakeholders for their daily support and cooperation.

As the first commercial television station in Japan to go on the air in August 1953, NTV is celebrating its 55th anniversary this year. The station's 55 years in broadcasting closely mirror the history of media in Japan. However, the rapid advancement of digital technology in recent years is thrusting the operating environment for broadcast media into a dramatic period of major change. Resting only on our successes so far, we cannot hope to prevail in this fierce competition, which runs outside the bounds of the television business.

To respond to such changes in the business environment, the NTV Group formulated its new Medium-Term Management Plan (from the year ending March 31, 2009 to the year ending March 31, 2011) in May 2008, with the aim of continued development and growth as Japan's most powerful comprehensive media company, centered around the broadcasting business. In July 2011, the final year of the plan, terrestrial analog broadcasting will cease and Japan will fully transition to digital broadcasting. By steadily implementing the New Medium-Term Management Plan, we expect the NTV Group enhance its corporate value as it forges ahead into the digital era.

Moreover, as a member of society, NTV is always considering how it can contribute to the global environment and society as a media company, and is constantly putting ideas into action. We transmit a variety of social messages through such programs as *24-Hour Television: "Love Saves the Earth"*—the 31<sup>st</sup> airing of a *24-Hour Television*—conveying the value of volunteer activities and charity, the importance of preventing global warming and highlighting social issues.

NTV remains devoted to being a media company needed and relied upon by its stakeholders in the years to come.

We ask for your ongoing support in these endeavors.

August 2008



Noritada Hosokawa  
Representative Director, Chairman



Shintaro Kubo  
Representative Director, President

## Interview with President Kubo on the New Medium-Term Management Plan

In light of changes in the business environment, NTV has revised the Medium-Term Management Plan (from the fiscal year ended March 31, 2007 to the fiscal year ending March 31, 2010) it had been advancing since the fiscal year ended March 31, 2007, and launched the New Medium-Term Management Plan (from the fiscal year ending March 31, 2009 to the fiscal year ending March 31, 2011).



### Medium- to Long-Term Management Vision

#### Long-Term Management Vision

The NTV Group will continue developing and growing as Japan's most powerful comprehensive media company, centered on the broadcasting business

#### Long-Term Goals

- (1) Have the Group be rated No. 1 in quality and quantity of content
- (2) Capture the most advantageous position with respect to all contact points
- (3) Further expand businesses stemming from broadcasting to diversify revenue sources
- (4) Attain No. 1 productivity in the broadcasting industry

#### Medium-Term Goals

- (1) No. 1 in viewer ratings and broadcasting revenue
- (2) No. 1 in growth in non-broadcasting revenue
- (3) No. 1 in content delivery
- (4) No. 1 in delivering customer satisfaction

#### Numerical Targets of the Medium-Term Management Plan

(Billions of yen, unless otherwise noted)

	Fiscal Year Ended March 31, 2008 (Actual)	Fiscal Year Ending March 31, 2010 (Targets of Previous Medium-Term Management Plan)	Fiscal Year Ending March 31, 2011 (Targets of New Medium-Term Management Plan)
Consolidated net sales	342.2	426.0	427.0
Television broadcasting segment revenue*	261.9	316.0	310.0
Broadcasting revenue	242.6	280.0	281.0
Non-broadcasting revenue*	80.3	110.0	117.0
Recurring profit (RP margin)	26.7 7.8%	46.0 10.8%	50.0 11.7%
Television broadcasting segment revenue as a proportion of net sales	77%	74%	73%
Dividend policy (non-consolidated)	¥180 per share (including ¥30 commemorative dividend)	Payout ratio of 30% (¥150 minimum cash dividend per share)	Payout ratio of 50% (¥180 minimum cash dividend per share)

\* Television broadcasting and non-broadcasting revenues exclude intersegment sales and transfers.

## Key Aspects of the New Medium-Term Management Plan

### Please tell us the key aspects of the new Medium-Term Management Plan.

The new Medium-Term Management Plan sets slightly higher targets for consolidated net sales than past medium-term management plans. Compared with the targets for the fiscal year ending March 31, 2010 in the previous plan, the new Medium-Term Management Plan's target for television broadcasting segment revenue for the fiscal year ending March 31, 2011 is ¥6.0 billion lower (with broadcasting revenue ¥1.0 billion higher), while the target for non-broadcasting revenue has been increased ¥7.0 billion, for a total net sales target that is ¥1.0 billion yen higher than before.

The figure for broadcasting revenue emphasizes our goal of regaining the top share position, premised on higher viewer ratings, while taking seriously the changes in the advertising market. We are aiming for 27% or more of the broadcasting revenue of the five key commercial stations, based on projections that the television advertising market would remain nearly unchanged.

The slightly lower target for overall television broadcasting segment revenue is due to our having restructured the Group companies and rearranged our IT-related businesses.

The target for non-broadcasting revenue aims for continued growth in the film and media commerce businesses (including sales from NitteSeven), following a detailed review of each business in consideration of efforts made in the past two years and of the state of each business.

Concerning income targets, in addition to the increased sales target, we have raised the figure for recurring profit by ¥4.0 billion from that of the previous plan as an ambitious goal, based on our intent to clearly show our management posture oriented toward improving profit margin—in other words, productivity—through stronger cost controls. We recognize that this goal cannot be achieved without considerable effort and will require bringing out the full potential of each member of the Company. Due to the cost-intensive events taking place in the fiscal year ending March 31, 2009, such as the Olympics in Beijing and projects related to NTV's 55th anniversary celebration, we expect business results to stay roughly on par with those for the fiscal year ended March 31, 2008. However, we are confident that these efforts will bear considerable fruit in the fiscal year ending March 31, 2010 and beyond.

### Why revise the plan?

The rapid progress of digitalization, and especially the accelerating advances in technology, are altering the environment surrounding the broadcasting industry. We felt we needed to address such changes quickly and positively.

Since launching the previous medium-term management plan in the fiscal year ended March 31, 2008, NTV's business orientation has been taking root in all employees and has yielded steady performance. Considering these results, rather than making major revisions to basic policies or goals, we have primarily reviewed implementation measures to enable more agile response to shifts in the operating environment.

## Numerical Targets for the New Medium-Term Management Plan

### How have you considered the structural changes in the television advertising market in setting the new targets for broadcasting revenue?

In recent years, companies' television advertising budgets have decoupled from their business performance, and we sense that Japan's economic recovery will not lead to the increase in television advertising revenue it would have in the past. Fundamentally, we think Japan's television advertising market will tend slightly lower or remain flat over the medium term.

### You are targeting broadcasting revenue of ¥281.0 billion for the final year of the new Medium-Term Management Plan—nearly the same as that in the previous plan. Is this achievable?

It is true that ¥281.0 billion is an extremely high figure, considering the trends in the television advertising market. However, we would like to adhere to our goal of retaking the television advertising market throne. We aim to take the No. 1 viewer ratings spot during the fiscal year ending March 31, 2009, and leverage that position to bolster our market share.

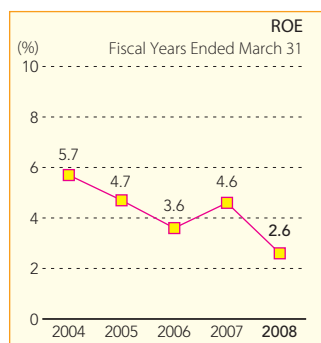
## Interview with President Kubo on the New Medium-Term Management Plan

**Please give us the specifics on the reasons given for the slightly lower target for television broadcasting segment revenue, namely the restructuring of the Group companies and the rearrangement of IT-related businesses.**

Concerning the restructuring of the Group companies, we considered the influence of the restructuring of four production companies carried out in April 2007. After the restructuring, we changed the target figures to reflect results for the fiscal year ended March 31, 2008. We rearranged new IT-related businesses by reclassifying them from “planning” to either broadcasting or non-broadcasting.

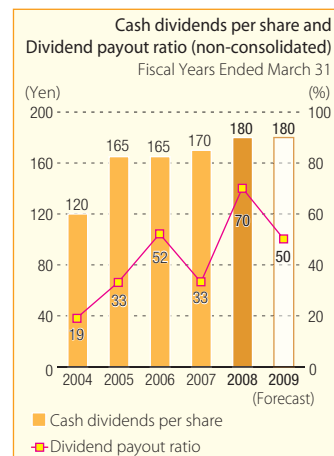
**The plan does not specify a target for the currently sagging return on equity (ROE). What course will you take to improve ROE?**

In the fiscal year ended March 31, 2008, ROE dipped below 3% due to decreased net income, which was partly a result of a loss on the devaluation of investment securities. Possible steps to improve ROE include raising profitability and reducing the equity ratio by purchasing treasury stock. However, NTV’s status as a licensed broadcasting company under the Radio Law will be revoked if the voting rights held by foreign entities as stipulated in the Broadcast Law reach 20% or more of the Company’s shares with voting rights. Therefore, with this percentage at 19.99% as of March 31, 2008, a significant reduction in the equity ratio through acquisition of treasury stock is currently not feasible. Accordingly, we aim to improve ROE by enhancing profitability. Although the new Medium-Term Management Plan does not specify an ROE target, attaining the goal of lifting the recurring profit margin to 11.7% in the final year of the plan would likely bring ROE up to a corresponding degree.



**What was your intent in raising the dividend payout ratio?**

The increase was part of our active efforts to return profits to shareholders as we strive to respond to shareholder expectations. The Company has accumulated a relatively large amount of retained earnings to accommodate digitalization, changes in the legal system and investments in new businesses, and we deem these reserves adequate for current funding needs. Moreover, as I mentioned, regulations on the holding of shares by foreign entities make it infeasible for NTV to acquire treasury stock. Therefore, as part of our efforts to return profits to shareholders, we have raised the dividend payout ratio (individual) from 33% to 50% and minimum cash dividends per share from ¥150 to ¥180.



Note: Dividend figures include a ¥70 per share dividend in the year ended March 31, 2004, to commemorate the relocation of NTV’s head office; a ¥60 per share dividend in the year ended March 31, 2006, to celebrate NTV2’s launch; and a ¥30 per share dividend in the year ended March 31, 2008, to commemorate NTV’s 55th anniversary of establishment. We anticipate a ¥180 per share dividend for the full fiscal year ending March 31, 2009.

## Results of Efforts So Far

**Please give us an overview of the past two years under the previous Medium-Term Management Plan (from the fiscal year ended March 31, 2007 to the fiscal year ending March 31, 2010).**

Continuing from the previous plan, the new Medium-Term Management Plan maintains the four “No. 1” goals of becoming No. 1 in viewer ratings and broadcasting revenue, No. 1 in growth in non-broadcasting revenue, No. 1 in content delivery and No. 1 in delivering customer satisfaction. Progress on each goal so far is as follows.

- No. 1 in viewer ratings and broadcasting revenue: We aim to capture 27% of the broadcasting revenue market to achieve the top share among the five key stations. NTV has been restructuring its timetable to achieve this goal, bringing viewer ratings onto a recovery path in the second half of the fiscal year ended

March 31, 2008. The Company's share of spot advertising revenue was 22.9% in the fiscal year ended March 31, 2008, edging up to change course from the decline to 22.8% in the previous fiscal year. The recovery is continuing, with viewer ratings at 23.3% in the first quarter of the fiscal year ending March 31, 2009. However, ad placement is down from the prior year, causing difficulties in terms of net sales. Against the broadcasting revenue target of ¥280.0 billion for the final year of the previous medium-term management plan (the fiscal year ending March 31, 2010), broadcasting revenue for the fiscal year ended March 31, 2008 was ¥242.6 billion—87% of the way to that goal. As for viewer ratings, the new Medium-Term Management Plan targets a move to the top spot during the fiscal year ending March 31, 2009.

- No. 1 in growth in non-broadcasting revenue: We think the substantial development of our media commerce and film businesses may have already ranked us as the fastest-growing key station in non-broadcasting revenue. Although varying definitions of “non-broadcasting revenue” at each station prevent a rigorous comparison, the NTV Group's non-broadcasting revenue for the fiscal year ended March 31, 2007 was up 9.8% compared with the fiscal year ended March 31, 2006, to ¥76.1 billion. This was the largest growth rate of the key stations during the fiscal year ended March 31, 2007, compared with Fuji Television's 1% decrease, TBS's 8.5% increase, TV Asahi's 4% increase and TV Tokyo's 5% increase. Furthermore, in the fiscal year ended March 31, 2008, the NTV Group attained non-broadcasting revenue of ¥80.3 billion—an approximately 16% increase compared with the fiscal year ended March 31, 2006—facing some close competition over the same period with Fuji Television decreasing 2%, TBS increasing 16%, TV Asahi increasing 14% and TV Tokyo increasing 14%. However, we remain in the top class of growth in non-broadcasting revenue among the five key commercial stations.

Note: The figures for non-broadcasting revenue are estimates recalculated from each station's publicly released figures, based on NTV's definition of “non-broadcasting revenue.”

- No. 1 in content delivery: We aim to be the top key station in terrestrial television broadcasting, BS and CS broadcasting, Internet content distribution, DVD sales and related areas. The NTV Group will strive to achieve this goal through a multicontact-point strategy for content deployment.
- No. 1 in delivering customer satisfaction: As a corporation, we must constantly keep this in mind. Although there is no objective benchmark for this goal, to better satisfy all our

stakeholders—including viewers, shareholders, sponsors, business partners and the general public—heads of each department broadly gather input from each category of stakeholder and work to build and operate internal systems to reflect their views in the course of doing business.

## What is entailed in the programming overhaul NTV is gradually carrying out to restructure its timetable?

NTV has been implementing a daring and aggressive programming overhaul over the past two years. For autumn 2006 (October) programming, we launched *NEWS ZERO* to rework the 11 p.m. time slot; for spring 2007 (April), we made sweeping changes to golden and prime time programming; and for autumn 2007 (October), we reviewed and reworked non-prime time programming. Finally, in spring 2008 (April), we finished restructuring the timetable by supplementing golden time, prime time and all other viewing time periods.

## Is the restructured timetable serving to improve viewer ratings?

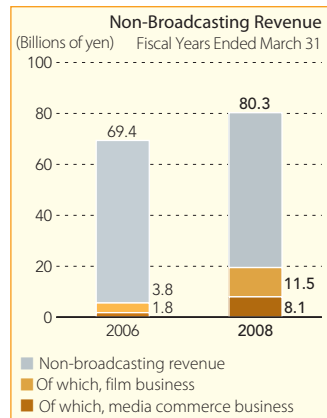
Household viewer ratings in the fiscal year ended March 31, 2008 were 8.3% for all day (no change compared with the previous fiscal year), 12.2% for prime time (no change) and 12.1% for golden time (up 0.2%)—the same or slightly higher than the previous year. These results mean NTV is catching up with current viewer ratings leader Fuji Television, with the gap standing at 0.4% for all day (was 0.9% in the fiscal year ended March 31, 2007), 1.4% for prime time (was 2.1%) and 1.7% for golden time (was 2.2%). Moreover, for the second half of the fiscal year ended March 31, 2008, household viewer ratings were significantly higher than the same period in the prior fiscal year, at 8.5% for all day (up 0.2%), 12.8% for prime time (up 0.6%) and 12.6% for golden time (up 0.7%). In April 2008, NTV captured the top spot for monthly viewer ratings during golden time.

NTV has not merely endeavored to raise viewer ratings, but to raise viewer ratings that lead to increased revenue. Our reforms toward improved viewer ratings focus on the core target age range from 13 to 49 years old, which is in highest demand with our sponsors. This approach is working to boost our share of television advertising revenues.

## Interview with President Kubo on the New Medium-Term Management Plan

### Please show us the results from the media commerce and film businesses individually, as these have been the drivers of the increase in non-broadcasting revenue.

In the media commerce business, which is centered on television-based shopping, sales more than quadrupled from the fiscal year ended March 31, 2006 to the fiscal year ended March 31, 2008, from ¥1.8 billion to ¥8.1 billion. In addition, NitteSeven Co., Ltd.—a joint venture with the Seven & i Holdings Co., Ltd. Group and others—started operations in April 2008 and is expected to have a bright future. In the film business, we more than tripled sales over the same two-year period, from ¥3.8 billion to ¥11.5 billion.



### Business Strategy for the New Medium-Term Management Plan

#### Please explain the key aspects of NTV's business strategy under the new Medium-Term Management Plan.

Our new strategy assesses progress and results under the previous medium-term management plan and builds on the good points for further advancement. Amid the rapid penetration of digitalization into people's lives, we are taking a variety of steps to speed up deployment of multiple contact points to meet the diverse needs of viewers.

#### Please give us some concrete examples of the multicontact-point strategy.

NTV advances a multicontact-point strategy to enable people to enjoy its content in all manner of lifestyle settings, including through BS and CS broadcasting, mobile phones and personal

computers, as well as around town and on the train, in addition to terrestrial television broadcasting. Specific examples include distribution of NTV2 content via the Internet and NTV news on board Yamanote Line trains and via electronic displays in Shibuya and Yokohama stations. We plan to continue developing new technologies and business models to offer content through all types of media.

#### Please tell us your strategy and the future prospects for increasing non-broadcasting revenue.

In the film business, we will release two major animation features in 2008: Studio Ghibli's *Ponyo on the Cliff by the Sea*, directed by Hayao Miyazaki, in July, and *Sky Crawlers*, directed by Mamoru Oshii, in August. Other highly anticipated films, such as a live-action trilogy based on the popular comic series *Twentieth Century Boys*, and *252: Signal of Life*—directed by NTV employee Nobuo Mizuta—are also waiting in the wings. We will work to elevate sales with overseas deployment in mind. For media commerce, we will further enhance our product development capabilities and strive to expand sales through synergies with NitteSeven.

We also endeavor to substantially augment our copyright business overseas. We have already had some success with format sales of shows such as *Masquerade* and *Dragons' Den*, and we aim to intensively grow the business by strengthening the departments involved through organizational changes introduced in July 2008.

#### What is your approach for developing "1-SEG" services?

The enactment of the revised Broadcast Law in April 2008 has enabled non-simultaneous broadcasting, meaning "1-SEG" programming can now be broadcast independently from terrestrial television programming. NTV has designated the fiscal year ending March 31, 2009 as a "1-SEG" trial period, trying out new services such as extended versions of certain live Giants game broadcasts exclusively on "1-SEG." In September 2007, we tested out a service that allowed mobile phone users watching NTV programs via "1-SEG" to automatically receive a coupon for a free can of coffee. We will actively pursue new business development such as this unprecedented service linked with a sponsor's sales promotion.