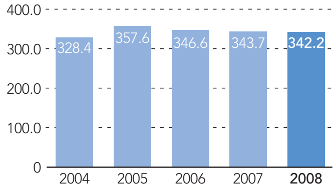
Financial Section

Contents

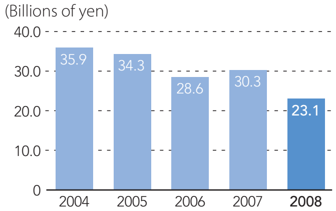
Management's Discussion and Analysis

Nippon Television Network Corporation and Consolidated Subsidiaries
Years Ended March 31

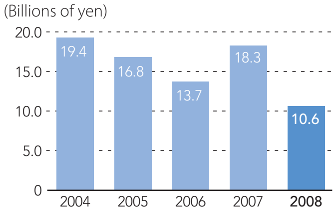
Net Sales
(Billions of yen)



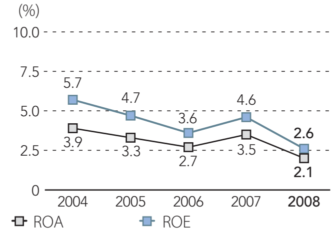
Operating Income
(Billions of yen)



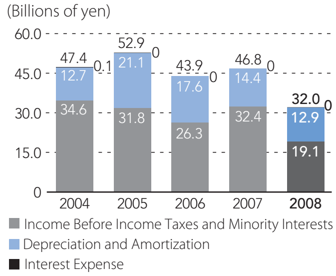
Net Income
(Billions of yen)



ROA and ROE
(%)



EBITDA
(Billions of yen)



Overview

Operating Environment

The fiscal year ended March 31, 2008 started out with a continuation of the recovery of the Japanese economy, but the subsequent part of the year saw a partial slowdown brought on by global market factors, including high raw materials prices and turbulence in the financial sector. According to research by Dentsu Inc., against the backdrop of Japan's economic recovery, domestic spending on advertising during 2007 came to ¥7,019.1 billion, an increase of 1.1% compared to the preceding year. However, total spending on television advertising was ¥1,998.1 billion, down 0.9%—the third consecutive year of decrease. Within this spending, expenditures for time ads edged down 0.6%, to ¥877.3 billion, failing to compensate for a drop from the previous year's coverage of the Torino Winter Olympics and the 2006 FIFA World Cup™. Expenditures for spot ads slipped 1.1%, to ¥1,120.8 billion, due to stiffer competition for market share among televisions stations brought on by lower regional ad placement, and the influence of apparent cost-cutting trends for new ad placement.

Net Sales

In the year ended March 31, 2008, the NTV Group posted consolidated net sales of ¥342,188 million—a decrease of 0.4% compared with the previous fiscal year. Robust growth in television-based shopping, films, events and other non-broadcasting revenue sources was offset by declines in the Group's core television broadcasting segment in the sagging television advertising market, with time sales falling 0.9% and spot sales dropping 2.5%.

Gross Profit and Operating Income

Gross profit decreased 5.0% during the fiscal year, to ¥99,511 million, and operating income plunged 24.0%, ¥23,077 million. These declines resulted from an 1.6% uptick in cost of sales, to ¥242,677 million, based on increased production costs to fund major restructuring of the golden and afternoon viewing time periods, offsetting a falloff in depreciation of digital terrestrial broadcasting facilities.

Starting in the fiscal period under review, NTV has revised the "cost of sales" and "selling, general and administrative expenses" categories. Consequently, cost of sales decreased ¥4,404 million, while gross profit and selling, general and administrative expenses both increased ¥4,404 million.

Income Before Income Taxes and Minority Interests

Income before income taxes and minority interests plummeted 40.9%, to ¥19,141 million. Major factors included a ¥9,064 million higher loss on devaluation of investment securities, despite ¥2,280 million in gain on sales of investment securities.

Net Income

As a result, net income amounted to ¥10,625 million—a 42.0% decrease.

Segment Information

Net Sales

(Billions of yen)

	2004	2005	2006	2007	2008
Television Broadcasting	285.0	289.8	278.0	267.9	**262.4**
Cultural Activities	38.9	62.1	62.5	69.4	**74.0**
Other	11.9	13.7	15.1	14.5	**15.1**
Elimination/Corporate	(7.4)	(8.0)	(8.9)	(8.2)	**(9.3)**
Total	328.4	357.6	346.6	343.7	**342.2**

Operating Income

(Billions of yen)

	2004	2005	2006	2007	2008
Television Broadcasting	31.1	25.3	36.0	33.8	**27.7**
Cultural Activities	3.9	8.2	5.2	8.2	**6.3**
Other	0.9	1.2	2.4	1.3	**2.3**
Elimination/Corporate	(0.0)	(0.4)	(15.0)	(13.0)	**(13.2)**
Total	35.9	34.3	28.6	30.3	**23.1**

Television Broadcasting

Sales in the NTV Group's core television broadcasting business in the fiscal year ended March 31, 2008 slid 2.1% compared with the prior fiscal year, to ¥262,370 million. To bolster time sales, NTV aggressively promoted such large-scale sports programs as the FIFA Club World Cup Japan 2007 soccer event, the 84th Hakone Ekiden and the Tokyo Marathon 2008, in addition to *24-Hour Television 30: Love Saves the Earth* and other large-scale single-episode flagship programs representing for the Company. However, the drop from the previous year's coverage of the 2006 FIFA World Cup™ contributed to a decrease in time sales of 0.9%, to ¥136,981 million. Despite marked improvement in our viewer ratings trends, marketwide spot sales in 2007 were negatively impacted by lagging spot advertising expenditures in the Kanto region, which were off 30% from the previous calendar year. These factors led to a 2.5% contraction in spot sales during the fiscal year under review, to ¥105,572 million. Program circulation and other income dipped 7.3%, to ¥19,815 million.

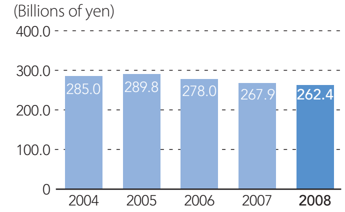
Operating expenses edged up 0.3%, to ¥234,714 million, mainly because of higher production costs to fund major restructuring of the golden and afternoon viewing time periods, despite reductions in variable expenses, such as a falloff in the depreciation of digital terrestrial broadcasting facilities and a decline in agency commissions. Consequently, operating income shrank 18.3%, to ¥27,656 million.

Cultural Activities

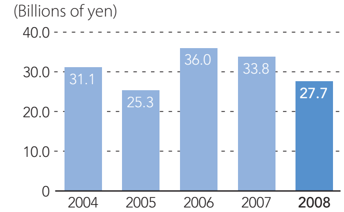
Net sales in the cultural activities segment reached ¥73,999 million, up 6.6% from a year earlier. The event business experienced elevated revenues, partially thanks to popular support of the Kazuo Oga Exhibition and other art gallery exhibitions, and events such as Disney On Ice. Films recorded substantial revenue advances, spurred by major hits during the fiscal year for which NTV headed up the production committee, such as the release of *TOKYO TOWER—Mom & Me, and Sometimes Dad* in April, *Maiko Haaaan!!!* in June, *ALWAYS—Sunset on Third Street 2* in November, *A Tale of Mari and Three Puppies* in December and *L change the WorLd* in February. The media commerce business, which we are aggressively expanding, sustained its rapid upsurge in sales from the previous fiscal year. In addition, although the drop-off from the strong DVD sales in the prior year depressed revenues from consolidated subsidiary VAP Inc., healthy income from merchandising rights for character merchandise at Nippon Television Music Corporation helped generate a net gain in revenue for the cultural activities segment as a whole.

Operating expenses rose 10.6%, to ¥67,707 million, based on higher net sales and the anticipatory accounting of expenses for the movie *Sweet Rain: Shinigami no Seido*, which was released on March 31, 2008. Meanwhile, operating income dropped 23.2%, to ¥6,292 million.

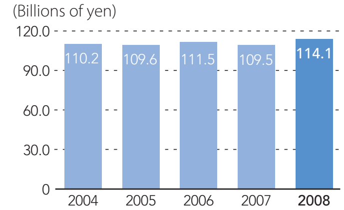
Television Broadcasting Sales
(Billions of yen)



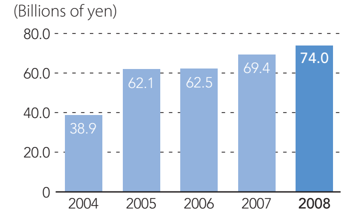
Television Broadcasting Operating Income
(Billions of yen)



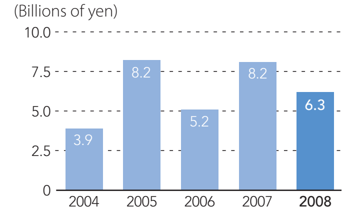
Program Production Costs (Non-Consolidated Basis)
(Billions of yen)



Cultural Activities Sales
(Billions of yen)

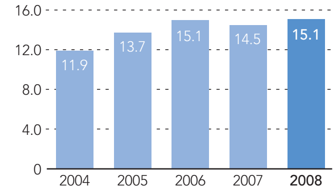


Cultural Activities Operating Income
(Billions of yen)

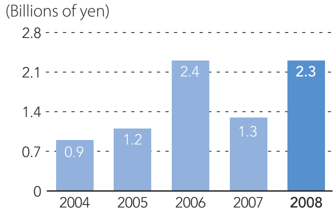


Management's Discussion and Analysis

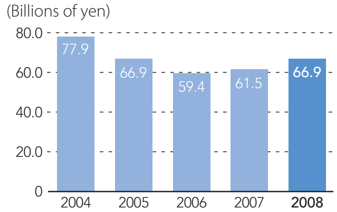
Other Sales
(Billions of yen)



Other Operating Income
(Billions of yen)



Cash and Cash Equivalents, End of Year
(Billions of yen)



Other

Sales in the other segment climbed 4.2% year on year, to ¥15,145 million, owing to higher income from tenant rents.

Operating expenses eased 3.1%, to ¥12,806 million, primarily thanks to cost-cutting efforts at consolidated subsidiary Nippon Television Football Club Co., Ltd.

Consequently, operating income surged 76.8%, to ¥2,339 million.

Liquidity and Financial Resources

Cash Flows

As of March 31, 2008, cash and cash equivalents stood at ¥66,863 million, up ¥5,339 million from one year earlier.

☐ Net Cash Provided by Operating Activities

Net cash provided by operating activities reached ¥26,791 million, up from ¥31,458 million at the end of the preceding fiscal year. The primary contributing factors were posting of income before income taxes and minority interests of ¥19,141 million and depreciation and amortization of ¥12,939 million, versus ¥13,235 million in income taxes paid.

☐ Net Cash Used in Investing Activities

Net cash used in investing activities totaled ¥17,301 million, compared with ¥24,596 million a year earlier. The main uses of cash were purchases of marketable and investment securities.

☐ Net Cash Used in Financing Activities

Net cash used in financing activities was ¥4,124 million, down from ¥4,714 million. Dividends paid was the primary contributor to this reduction.

Cash Flows

(Billions of yen)

	2004	2005	2006	2007	**2008**
Net cash provided by operating activities	30.5	49.3	32.7	31.5	**26.8**
Net cash used in investing activities	(41.6)	(23.1)	(24.4)	(24.6)	**(17.3)**
Net cash provided by (used in) financing activities	7.1	(37.3)	(15.9)	(4.7)	**(4.1)**
Net increase (decrease) in cash and cash equivalents	(4.0)	(11.1)	(7.5)	2.2	**5.3**
Cash and cash equivalents, end of year	77.9	66.9	59.4	61.5	**66.9**

Financing and Capital Expenditure Policy

In the context of its ongoing content investment, the NTV Group utilizes retained earnings and determines the optimal method of funds procurement based on a variety of factors, including future operating conditions, financial market trends and the impact on the Company's corporate value.

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 NTV makes adjustments to ensure there is no overlap among plans. In the fiscal year ended March 31, 2008, the Group's total capital expenditures were ¥5,200 million, centered on capital outlay for digital terrestrial broadcasting in the television broadcasting segment.

In the fiscal year ending March 31, 2009, the NTV Group is budgeting capital expenditures of ¥8,182 million, to be funded primarily through retained earnings.

Capital expenditures by business segment are as follows.

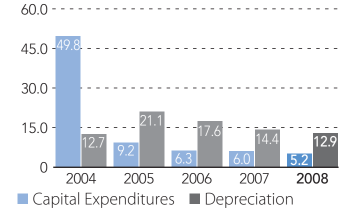
☐ Television Broadcasting

For equipment related to program production, NTV invested to fully upgrade its live broadcast of the Hakoke Ekiden to high definition, achieving full high-definition live broadcasting for the event on New year's Day, 2008.

Concerning transmission equipment, we continue adapting relay stations for digital output to further expand the digital terrestrial broadcasting area. Capital outlay also went toward accommodating broadcasts of "1-SEG"-only programs that are not paired with simultaneous television broadcasts of the same content.

As a result of the above, capital expenditure in the television broadcasting segment amounted to ¥4,585 million.

Capital Expenditures and Depreciation
(Billions of yen)



☐ Cultural Activities

Capital expenditure in the cultural activities segment was ¥140 million, which was mainly used to construct systems at consolidated subsidiaries.

☐ Other

Capital expenditure in the other segment reached ¥249 million, which was mainly used to construct systems at consolidated subsidiaries.

☐ Companywide

We are currently reconstructing the heat source for the Kojimachi Building, to ensure efficient property management. As a result, capital expenditure companywide totaled ¥224 million.

Financial Position

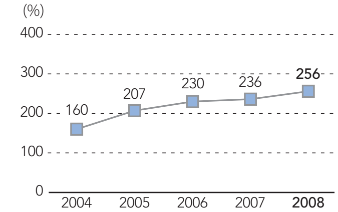
☐ Assets

As of March 31, 2008, total current assets were ¥198,341 million, an increase of ¥4,797 million from a year earlier, primarily owing to an increase in marketable securities based on the acquisition of certificates of deposit.

The total of net property and equipment and total investments and other assets declined ¥21,555 million compared with the end of the preceding fiscal year, to ¥314,166 million, as a result of reduction in investment securities reflecting a decrease in market value and advancing depreciation.

Consequently, total assets fell ¥16,758 million, to ¥512,507 million.

Liquidity Ratio
(%)



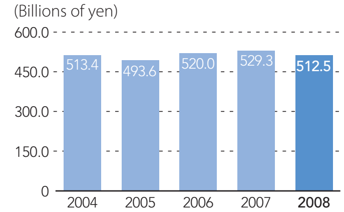
☐ Liabilities

Total current liabilities stood at ¥77,488 million—a decrease of ¥4,582 million—due primarily to a decrease in income taxes payable, reflecting lower profits.

Total non-current liabilities slackened ¥7,849 million, to ¥27,351 million, owing to a decrease in deferred tax liabilities, which reflected the fall in market prices of investment securities.

As a result, total liabilities reached ¥104,839 million, down ¥12,431 million.

Total Assets
(Billions of yen)



☐ Net Assets

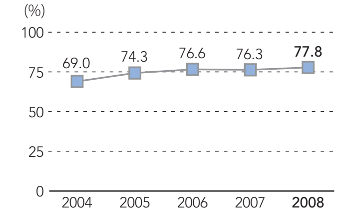
A significant reduction in unrealized gain on available-for-sale securities, reflecting the downtrend in market value of investment securities, was offset by an increase in retained earnings accompanying capitalization of net income. Accordingly, net assets at end of year came to ¥407,668 million, a ¥4,327 million decrease.

Earnings Outlook for the Year Ahead

For the fiscal year ending March 31, 2009, the NTV Group anticipates net sales of ¥338.4 billion, operating income of ¥13.4 billion and net income of ¥8.5 billion.

Concerning net sales, we are assuming decreases in time sales and spot sales of 1.5% and 6.2%, respectively, in consideration of the stagnant market environment for television advertising. Despite expectations of strong performance for investment films, especially the July 2008 release of *Ponyo on the Cliff by the Sea*, our forecasts indicate a 1.1% decrease in revenues compared with the fiscal year ended March 31, 2008.

Equity Ratio
(%)



In terms of expenses, in addition to elevated cost of sales accompanying increased income in the cultural activities segment, for the first half of the fiscal year we predict a 6.9% increase in program production costs from the same period a year earlier. The main factors envisioned for the increase are the Beijing Olympics and large-scale single-episode specials to commemorate NTV's 55th anniversary, and a greater number of new production slots and other programming reorganization. Although we intend to continue the 55th Anniversary Plan through the period and beyond, we expect stringent cost control measures to reduce expenses 2.5% year-on-year in the second half.

Dividend Policy

NTV recognizes return of profits to shareholders as an important task of management. Our basic policy is to emphasize dividend payout ratio in linking dividends to performance, while building a corporate structure able to flexibly adapt to changes in market conditions, strengthening our revenue base and harmonizing these endeavors with the maintenance of internal reserves for aggressive future expansion.

Full-year cash dividends for the fiscal year ended March 31, 2008 totaled ¥180 per share, consisting of an interim dividend of ¥75 and a year-end dividend of ¥105. These figures were derived from NTV's dividend policy stipulating a minimum full-year dividend of ¥150 per share and a target payout ratio* of 33% on an individual basis, to which a ¥30 dividend per share was added to commemorate NTV's 55th anniversary.

We intend to further prioritize return of profits to shareholders from the fiscal year ending March 31, 2009, by raising the minimum full-year dividend to ¥180 per share—consisting of a ¥90 interim dividend and a ¥90 year-end dividend—and the target payout ratio to 50% on an individual basis.

*Individual full-year dividend per share of common stock, divided by individual net income per share of common stock

Business Risks

Risk factors deemed to have the potential to significantly affect the NTV Group's business activities are given below.

The many items regarding the future described in the following have all been evaluated as of the time of publication of this Annual Report, and are provided from the standpoint of active disclosure to investors.

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

☐ Dependence on Advertising Revenue

The television broadcasting segment, which forms the core of the NTV Group's operations, is dependent on television advertising revenues from sale of commercial message (CM) time slots, with such revenues comprising 70.9% of total net sales in the fiscal year ended March 31, 2008.

Although the advertising market in Japan is considered to be related to macroeconomic trends in the country, the advertising market is not consistently reflecting the current economic recovery. Moreover, the share of the advertising market accounted for by television advertising expenditures, which had risen with the increase in the media value of television broadcasting, is experiencing a plateau.

The NTV Group recognizes the continued dominance of the media value of television broadcasting and remains committed to enhancing that value. However, future macroeconomic trends in Japan and shifts in the advertising market could impact the Group's business performance and financial position.

☐ Legal Regulations for Television Broadcasters

The NTV Group's core television broadcasting business is regulated by Japan's Broadcast Law and Radio Law.

The objective of the latter is to promote robust development of broadcasting by stipulating freedom of program editing and establishing broadcast program deliberative bodies.

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(2) of the Radio Law and Article 7(6) of the Order of the Enforcement of the Radio Law specify that the validation period of such a license is five years.

On July 31, 1952, the Company was the first in Japan to be authorized for television broadcasting. We have subsequently continued to renew our status as a licensed broadcasting company.

Under the authority to the Minister of Internal Affairs and Communications in the event of prescribed circumstances, 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 is the linchpin for the NTV 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 status as a licensed broadcasting company were revoked under the Radio Law, the Group's business performance and financial position could be seriously affected. Further, current debates concerning broadcasting and communications may cause legal revisions and other changes that could ultimately impact the operating performance of the Group.

Risk Factors Regarding Competition with Other Companies

☐ Competition with Other Forms of Media

Since the rollout of digital terrestrial broadcasting in December 2003, single receivers that enable viewing of any of terrestrial, BS and CS digital broadcasts have steadily gained popularity. At the same time, broadband access has improved and sophisticated personal 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. Increases in BS digital broadcasting and Internet-related advertising expenditures have particular potential to weigh on terrestrial broadcasting revenues. New BS digital broadcasting frequencies are slated for launch in 2011, which could further impact future advertising expenditures in the terrestrial broadcasting business.

In addition, multimedia broadcasts to mobile phones are set to begin in 2011. The appearance of such new media could pose similar risks to existing television broadcasting companies. Although the increase in scale of cable television with its improved services through mergers and the emergence of IP broadcasting using fiber optics are assisting the spread of digital terrestrial broadcasting in certain ways, multichannel and Video on Demand (VoD) services could cut into viewing time for digital terrestrial broadcasts. The Group's business performance and financial position may be affected by the advancement of such other forms of media.

Risk Factors Regarding Content

☐ Surging Licensing Fees

With television broadcasting as its core business, the NTV Group has carried out its mission as a television broadcaster by covering the Olympics, World Cup soccer and other sporting events closely watched by Japan's citizens.

At the same time, television licensing fees for these international sporting events are rising each year, which is eroding profits for television broadcasters.

The Group remains committed to airing international sporting events, to execute its mission as a television broadcaster of continuing to provide citizens with entertainment. However, additional price hikes on licensing fees have the potential to negatively influence the Group's business performance and financial position.

☐ Copyrights and Other Intellectual Property Rights

The television programs produced by the NTV Group intimately 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 and other physical media; and merchandising and publishing related to program characters. While carefully considering the rights of the various authors, etc., the Group plans to 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 will therefore be essential to re-acquire permission from the authors, etc. 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 NTV Group is actively engaged in the film business in the pursuit of revenue outside of television broadcasting, and contributes capital to approximately 15 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 outside of television broadcasting, the Group is actively engaged in the media commerce business, which is growing in scale each year. We select products carefully, using a thoroughly comprehensive checking system. However, failure to secure the amount of revenue initially planned may impact the Group's business performance and financial position.

☐ VoD Business and NTV2

NTV2—launched on October 31, 2005—is the Group's first full-fledged foray into the VoD business as a terrestrial television station, and is operated on the two bases of advertising and fee-based revenues. Being a new business, the VoD business cannot be built on the same business model as similar entities that have preceded it. Accordingly, advertising revenues may not grow if the business is unable to provide content that fulfills sponsors' needs, and fee-based revenues may fail to expand if the business cannot supply content that satisfies users' needs. 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

NTV'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)) reach a ratio of 20% or more of the Company's shares with voting rights, such ratio being defined by the Ministry of Internal Affairs and Communications Ordinance as the sum of the ratios of the rights held directly by entities described in (1) through (3) and held indirectly through the entities described in (4).

In this situation, the Company may refuse to describe or record such foreign entities on the shareholders' register (including a substantial shareholder) in accordance with the provisions of the Broadcast Law Article 52(8)(i) and 52(8)(ii). Furthermore, based on Article 52(8)(iii) of the Broadcast Law, the Company may also restrict exercise of voting rights.

□ Large-Scale Acquisitions of NTV's 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.

NTV renewed the effective period of the plan for countermeasures to large-scale acquisitions of shares in the Company (takeover defense measures) at its 74th Ordinary General Meeting of Shareholders held on June 28, 2007 until the conclusion of the 75th Ordinary General Meeting of Shareholders held on June 27, 2008. The Company then, as a result of further considerations in light of recent amendments to laws and judicial rulings, obtained shareholder 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 its 75th Ordinary General Meeting of Shareholders as a measure (Article 127, Item (ii)(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 127 of the Ordinance for Enforcement of the Companies Act).*

The Company, as a group, strives to ensure and enhance its corporate value, whose source lies in particular in its superior content development capability. The bedrock of our content development capability is founded mainly on 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 mid- 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 broadcaster. 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.

* Please refer to the May 15, 2008 press release, *Renewal of Countermeasures to Large-Scale Acquisitions of Nippon Television Shares (Takeover Defense Measures)* on the NTV Web site:
(http://www.ntv.co.jp/ir/library/result/pdf/20_4q_2.pdf)

Consolidated Balance Sheets

Nippon Television Network Corporation and Consolidated Subsidiaries
March 31, 2008 and 2007

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
ASSETS	2008	2007	2008
Current Assets:			
Cash and cash equivalents	¥ 66,863	¥ 61,524	$ 667,362
Marketable securities (Note 3)	5,030	4,526	50,205
Short-term investments (Note 4)	13,709	9,300	136,830
Receivables:			
Trade notes	4,747	4,969	47,380
Trade accounts	77,587	83,647	774,399
Other	3,182	3,002	31,759
Allowance for doubtful accounts	(65)	(80)	(649)
Program rights	12,332	13,210	123,086
Deferred tax assets (Note 8)	4,640	4,799	46,312
Prepaid expenses and other	11,014	9,345	109,931
Allowance for doubtful accounts	(698)	(698)	(6,967)
Total current assets	198,341	193,544	1,979,648
Property and Equipment—At cost (Notes 5 and 9):			
Land	114,850	114,850	1,146,322
Buildings and structures	89,340	89,325	891,706
Machinery, vehicles and equipment	95,890	95,189	957,082
Construction in progress	557	335	5,559
Total	300,637	299,699	3,000,669
Accumulated depreciation	(110,740)	(102,398)	(1,105,300)
Net property and equipment	189,897	197,301	1,895,369
Investments and Other Assets:			
Investment securities (Note 3)	74,634	90,750	744,925
Investments in unconsolidated subsidiaries and associated companies	21,418	21,143	213,773
Long-term deposits	8,100	8,100	80,846
Deferred tax assets (Note 8)	3,707	1,039	37,000
Other assets	16,524	17,502	164,927
Allowance for doubtful accounts	(114)	(114)	(1,138)
Total investments and other assets	124,269	138,420	1,240,333
Total	¥512,507	¥529,265	$5,115,350

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of Yen 2008	2007	Thousands of U.S. Dollars (Note 1) 2008
Current Liabilities:			
Payables:			
Trade notes	¥ 1,470	¥ 1,991	$ 14,672
Trade accounts	55,037	56,702	549,326
Other	9,441	6,667	94,231
Income taxes payable	6,065	8,520	60,535
Accrued expenses and other	5,475	8,190	54,646
Total current liabilities	77,488	82,070	773,410
Non-Current Liabilities:			
Liabilities for retirement benefits (Note 6)	7,011	6,430	69,977
Guarantee deposits received (Note 5)	20,293	20,156	202,545
Deferred tax liabilities (Note 8)	12	7,760	120
Other	35	854	349
Total non-current liabilities	27,351	35,200	272,991
Commitments and Contingent Liabilities (Notes 9 and 10)			
Equity (Notes 7 and 11):			
Common stock, no par value—			
authorized, 100,000,000 shares in 2008 and 2007; issued, 25,364,548 shares in 2008 and 2007	18,576	18,576	185,408
Capital surplus	17,928	17,928	178,940
Retained earnings	369,909	363,526	3,692,075
Unrealized gain on available-for-sale securities	2,411	14,028	24,064
Foreign currency translation adjustments	(19)	12	(190)
Treasury stock—at cost, 669,916 shares in 2008 and 664,852 shares in 2007	(9,904)	(9,896)	(98,852)
Total	398,901	404,174	3,981,445
Minority interests	8,767	7,821	87,504
Total equity	407,668	411,995	4,068,949
Total	¥512,507	¥529,265	$5,115,350

Financial Section

Consolidated Statements of Income

Nippon Television Network Corporation and Consolidated Subsidiaries
Years Ended March 31, 2008 and 2007

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
Net Sales	¥342,188	¥343,652	$3,415,391
Cost of Sales	242,677	238,914	2,422,168
Gross profit	99,511	104,738	993,223
Selling, General and Administrative Expenses (Note 9)	76,434	74,394	762,891
Operating income	23,077	30,344	230,332
Other Income (Expenses):			
Interest and dividend income	1,487	1,328	14,842
Interest expense	(3)	(1)	(30)
Gain on sales of investment securities	2,280	76	22,757
Loss on devaluation of investment securities	(9,064)	(1,417)	(90,468)
Other—net	1,364	2,083	13,614
Other income (expenses)—net	(3,936)	2,069	(39,285)
Income before Income Taxes and Minority Interests	19,141	32,413	191,047
Income Taxes (Note 8):			
Current	10,779	13,184	107,586
Deferred	(3,012)	(511)	(30,063)
Total income taxes	7,767	12,673	77,523
Minority Interests in Net Income	(749)	(1,408)	(7,476)
Net Income	¥ 10,625	¥ 18,332	$ 106,048
	Yen		U.S. Dollars
Per Share of Common Stock (Note 2. n):			
Net income	¥430.27	¥741.60	$4.29
Cash dividends applicable to the year	180.00	170.00	1.80

See notes to consolidated financial statements.

Financial Section

Consolidated Statements of Changes in Equity

Nippon Television Network Corporation and Consolidated Subsidiaries
Years Ended March 31, 2008 and 2007

	Thousands	Millions of Yen								
	Issued Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain on Available-for-sale Securities	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity
Balance, April 1, 2006	25,365	¥18,576	¥17,928	¥350,025	¥ 21,085	¥(56)	¥(9,540)	¥398,018		¥398,018
Reclassified balance as of March 31, 2006 (Note 2.h)									¥6,972	6,972
Net income				18,332				18,332		18,332
Cash dividends, ¥190 per share				(4,741)				(4,741)		(4,741)
Bonuses to directors				(90)				(90)		(90)
Increase in treasury stock—net							(356)	(356)		(356)
Net change in the year					(7,057)	68		(6,989)	849	(6,140)
Balance, March 31, 2007	25,365	18,576	17,928	363,526	14,028	12	(9,896)	404,174	7,821	411,995
Net income				10,625				10,625		10,625
Cash dividends, ¥170 per share				(4,242)				(4,242)		(4,242)
Increase in treasury stock—net							(8)	(8)		(8)
Net change in the year					(11,617)	(31)		(11,648)	946	(10,702)
Balance, March 31, 2008	**25,365**	**¥18,576**	**¥17,928**	**¥369,909**	**¥ 2,411**	**¥(19)**	**¥(9,904)**	**¥398,901**	**¥8,767**	**¥407,668**

	Thousands of U.S. Dollars (Note 1)								
	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain on Available-for-sale Securities	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity
Balance, March 31, 2007	$185,408	$178,940	$3,628,366	$ 140,014	$ 120	$(98,772)	$4,034,076	$78,062	$4,112,138
Net income			106,048				106,048		106,048
Cash dividends, $1.70 per share			(42,339)				(42,339)		(42,339)
Increase in treasury stock—net						(80)	(80)		(80)
Net change in the year				(115,950)	(310)		(116,260)	9,442	(106,818)
Balance, March 31, 2008	**$185,408**	**$178,940**	**$3,692,075**	**$ 24,064**	**$(190)**	**$(98,852)**	**$3,981,445**	**$87,504**	**$4,068,949**

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Nippon Television Network Corporation and Consolidated Subsidiaries
Years Ended March 31, 2008 and 2007

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
Operating Activities:			
Income before income taxes and minority interests	¥19,141	¥32,413	$191,047
Adjustments for:			
Income taxes—paid	(13,235)	(9,783)	(132,099)
Depreciation and amortization	12,939	14,361	129,145
Increase of liabilities for retirement benefits	581	888	5,799
Gain on sales of investment securities	(2,280)	(76)	(22,757)
Loss on devaluation of investment securities	9,064	1,417	90,468
Equity in gains of unconsolidated subsidiaries and associated companies	(1,192)	(715)	(11,897)
Changes in operating assets and liabilities:			
Decrease (increase) in trade notes and accounts receivables	6,282	(8,824)	62,701
Decrease in program rights	878	2,947	8,763
Increase (decrease) in trade notes and accounts payables	(2,186)	2,223	(21,819)
Other—net	(3,201)	(3,393)	(31,949)
Total adjustments	7,650	(955)	76,355
Net cash provided by operating activities	26,791	31,458	267,402
Investing Activities:			
Increase in long-term deposits	(2,014)	(2,700)	(20,102)
Decrease in long-term deposits	1,000		9,981
Purchases of marketable securities	(18,371)	(10,595)	(183,362)
Proceeds from sales of marketable securities	19,820	2,030	197,824
Purchases of property and equipment	(6,071)	(4,894)	(60,595)
Proceeds from sales of property and equipment	54	138	539
Purchases of intangible assets	(771)	(1,050)	(7,695)
Purchases of investment securities	(18,163)	(5,605)	(181,286)
Proceeds from sales of investment securities	4,690	273	46,811
Other—net	2,525	(2,193)	25,202
Net cash used in investing activities	(17,301)	(24,596)	(172,683)
Financing Activities:			
Change in short-term bank loans—net	(104)	104	(1,038)
Dividends paid	(4,224)	(4,493)	(42,160)
Purchases of treasury stock	(3)	(6)	(30)
Other—net	207	(319)	2,066
Net cash used in financing activities	(4,124)	(4,714)	(41,162)
Foreign Currency Translation Adjustments on Cash and Cash Equivalents	(27)	7	(268)
Net Increase in Cash and Cash Equivalents	5,339	2,155	53,289
Cash and Cash Equivalents, Beginning of Year	61,524	59,369	614,073
Cash and Cash Equivalents, End of Year	¥66,863	¥61,524	$667,362

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Nippon Television Network Corporation and Consolidated Subsidiaries
Years Ended March 31, 2008 and 2007

1. Basis of Presenting 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 Law (formerly, the Japanese Securities and Exchange Law) and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to 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 2007 financial statements to conform to the classifications used in 2008.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Nippon Television Network Corporation (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 ¥100.19 to $1, the approximate rate of exchange at March 31, 2008. 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, 2008 include the accounts of the Company and its 14 (13 in 2007) significant subsidiaries (together, the "Group").

Under the control or 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 11 (11 in 2007) unconsolidated subsidiaries and 18 (19 in 2007) associated companies are accounted for by the equity method.

On September 8, 2006, the Accounting Standards Board of Japan (the "ASBJ") issued Practical Issues Task Force No. 20, "Practical Solution on Application of Control Criteria and Influence Criteria to Investment Associations" which was effective for fiscal years ending on or after September 8, 2006. The practical solution 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 applies this task force and consolidates one such collective investment vehicle in 2008 (one in 2007).

Goodwill is amortized over 20 years on a straight-line basis.

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 eliminated.

b. Cash Equivalents—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.

c. Program Rights—Costs incurred in connection with the production of programming and the purchase of rights to programs are capitalized and amortized as the respective programs are broadcasted. Program rights are carried at cost, determined by the specific identification method.

d. 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 stated at amortized cost.

Marketable available-for-sale securities are stated 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.

Non-marketable available-for-sale securities are stated at cost determined by the moving-average method. For other than temporary declines in fair value, non-marketable available-for-sale securities are reduced to net realizable value by a charge to income.

e. Property and Equipment—Property and equipment are stated at cost. Depreciation is computed by the declining-balance method over the estimated useful lives of the assets, while the straight-line method is applied to buildings acquired after April 1, 2000. 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.

f. 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.

g. Retirement and Pension Plans—The Company has a defined contribution pension plan, an unfunded lump-sum retirement benefits plan and a prepaid retirement plan. Subsidiaries have a defined contribution pension plan, an unfunded lump-sum retirement benefits plan and a non-contributory funded pension 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.

The Company's transitional assets, determined at the beginning of the year, are being amortized over 10 years.

The annual provision for retirement benefits for directors and corporate auditors is calculated to state the liability at the amount that would be required if all directors and corporate auditors retired at each balance sheet date.

h. Presentation of Equity—On December 9, 2005, the ASBJ published a new accounting standard for presentation of equity. Under this accounting standard, certain items which were previously presented as liabilities or assets, as the case may be, are now presented as components of equity. Such items include stock acquisition rights, minority interests, and any deferred gain or loss on derivatives accounted for under hedge accounting. This standard was effective for fiscal years ending on or after May 1, 2006. The balances of such items as of March 31, 2006 were reclassified as separate components of equity as of April 1, 2006 in the consolidated statement of changes in equity.

i. Leases—Under Japanese accounting standards for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the consolidated financial statements. All other leases are accounted for as operating leases.

j. Bonuses to Directors and Corporate Auditors—Bonuses to directors and corporate auditors are accrued at the year end to which such bonuses are attributable.

k. Income Taxes—The provision for income taxes is computed based on the pretax income included in the consolidated statements 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 tax laws to the temporary differences.

l. Foreign Currency Translations—Receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date.

Foreign exchange gains and losses are recognized during the fiscal year in which they occur.

m. Foreign Currency Financial Statements—The balance sheet and revenue and expense accounts of the consolidated overseas subsidiaries are translated into Japanese yen at the current exchange rates as of the balance sheet date except for equity, which is translated at the historical exchange rate.

Differences arising from such translation were shown as "Foreign currency translation adjustments" in a separate component of equity.

n. 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.

Diluted net income per share is not disclosed because it is anti-dilutive.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years including dividends to be paid after the end of the year.

o. New Accounting Pronouncements

Measurement of Inventories (Including Program Rights)—Under Japanese GAAP, inventories are currently measured either by the cost method, or at the lower of cost or market. On July 5, 2006, the ASBJ issued ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories," which is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted. This standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate. The standard also requires that inventories held for trading purposes be measured at the market price.

Lease Accounting—On March 30, 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the existing accounting standard for lease transactions issued on June 17, 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

Under the existing accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, however, other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions shall be capitalized recognizing lease assets and lease obligations in the balance sheet.

3. Marketable and Investment Securities

Marketable and investment securities as of March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Marketable securities:			
Government and corporate bonds	¥ 5,004	¥ 4,526	$ 49,945
Trust fund investments and others	26		260
Total	¥ 5,030	¥ 4,526	$ 50,205
Investment securities:			
Equity securities	¥54,718	¥67,992	$546,142
Government and corporate bonds	14,638	14,063	146,103
Trust fund investments and others	5,278	8,695	52,680
Total	¥74,634	¥90,750	$744,925

The carrying amounts and aggregate fair value of marketable securities and investment securities at March 31, 2008 and 2007 were as follows:

	Millions of Yen			
March 31, 2008	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥29,558	¥8,132	¥1,945	¥35,745
Government and corporate bonds	14,550		662	13,888
Trust fund investments and others	1,138	5	10	1,133
Held-to-maturity	5,753	9		5,762

	Millions of Yen			
March 31, 2007	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥36,621	¥23,518	¥2,543	¥57,596
Government and corporate bonds	13,065	14	251	12,828
Trust fund investments and others	2,203	2,477		4,680
Held-to-maturity	5,761		8	5,753

	Thousands of U.S. Dollars			
March 31, 2008	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	$295,019	$81,166	$19,413	$356,772
Government and corporate bonds	145,224		6,607	138,617
Trust fund investments and others	11,359	50	100	11,309
Held-to-maturity	57,421	90		57,511

Available-for-sale securities whose fair value is not readily determinable as of March 31, 2008 and 2007 were as follows:

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Available-for-sale—Non-marketable securities	¥23,145	¥14,511	$231,011

Proceeds from sales of available-for-sale securities for the years ended March 31, 2008 and 2007 were ¥4,690 million ($46,811 thousand) and ¥273 million, respectively. Gross realized gains on these sales, computed on the moving average cost basis, were ¥2,280 million ($22,757 thousand) for the year ended March 31, 2008 and ¥76 million for the year ended March 31, 2007.

The carrying values of debt securities by contractual maturities for securities classified as available-for-sale at March 31, 2008 are as follows:

Available for Sale	Millions of Yen	Thousands of U.S. Dollars
Due in one year or less	¥20,025	$199,870
Due after one year through five years	3,015	30,093
Due after five years through ten years	5,073	50,634
Due in ten years and after	11,356	113,345
Total	¥39,469	$393,942

4. Short-Term Investments

Short-term investments as of March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Time deposit	¥ 2,714	¥1,700	$ 27,089
Certificate of deposit	9,000	7,600	89,829
Commercial paper	1,995		19,912
Total	¥13,709	¥9,300	$136,830

5. Collateralized Property

At March 31, 2008, land of ¥101,031 million ($1,008,394 thousand) was pledged as collateral for guarantee deposits received of ¥19,000 million ($189,640 thousand).

6. Retirement and Pension Benefits Plan

The Company and certain subsidiaries have severance payment plans for employees, directors and corporate auditors.

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 greater payment than those in the case of voluntary termination.

The liability for employees' retirement benefits at March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Projected benefit obligation	¥5,952	¥5,383	$59,407
Fair value of plan assets	(313)	(297)	(3,124)
Unrecognized net transitional assets	129	193	1,288
Prepayment of pension cost		1	
Net liability	¥5,768	¥5,280	$57,571

The components of net periodic benefit costs for the years ended March 31, 2008 and 2007 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Service cost	¥ 768	¥1,012	$ 7,665
Interest cost	58	53	579
Amortization of prior service cost	129		1,288
Recognized actuarial loss (gain)	(51)	20	(509)
Amortization of net transitional assets	(64)	(64)	(639)
Defined contribution pension plan premium cost	666	620	6,647
Net periodic benefit costs	1,506	1,641	15,031
Loss on revision of retirement benefit plan		374	
Total	¥1,506	¥2,015	$15,031

Assumptions used for the years ended March 31, 2008 and 2007 are set forth as follows:

	2008	2007
Discount rate	2.3%	2.3%
Amortization period of prior service cost	1 year	
Recognition period of actuarial gain/loss	1 year	1 year
Amortization period of net transitional asset	10 years	10 years

Retirement benefits for directors and corporate auditors are paid subject to approval of the shareholders in accordance with the Corporate Law of Japan (the "Corporate Law"). Retirement benefits as of March 31, 2008 and 2007 included those for directors and corporate auditors in the amount of ¥1,243 million ($12,406 thousand) and ¥1,150 million, respectively.

7. Equity

Since May 1, 2006, Japanese companies have been subject to the Corporate Law, which reformed and replaced the Commercial Code of Japan. The significant provisions in the Corporate Law that affect financial and accounting matters are summarized below:

a. Dividends

Under the Corporate Law, 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; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by 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 Corporate Law permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a 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 Corporate Law 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 Corporate Law 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 total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Corporate Law, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Corporate Law 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 Corporate Law 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 specific formula.

Under the Corporate Law, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of equity.

The Corporate Law 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.

8. 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 40.7% for the years ended March 31, 2008 and 2007.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities as of March 31, 2008 and 2007 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Current:			
Deferred tax assets:			
Devaluation of program rights	¥ 3,054	¥ 2,727	$ 30,482
Accrued enterprise taxes	452	630	4,512
Accrued bonuses	634	852	6,328
Unrealized loss on available-for-sale securities	508		5,070
Other		596	
Less valuation allowance	(1)	(1)	(10)
Total	4,647	4,804	46,382
Deferred tax liabilities—other	(14)	(5)	(140)
Net deferred tax assets	¥ 4,633	¥ 4,799	$ 46,242
Non-current:			
Deferred tax assets:			
Retirement benefits	¥ 3,130	¥ 3,467	$ 31,241
Devaluation of property and equipment	343	320	3,423
Devaluation of investment securities	7,950	4,469	79,349
Other	577	554	5,759
Less valuation allowance	(128)	(98)	(1,278)
Total	11,872	8,712	118,494
Offset with deferred tax liabilities	(8,177)	(8,712)	(81,614)
Net deferred tax assets	¥ 3,695		$ 36,880
Deferred tax liabilities:			
Tax benefit from deferred gain on sales of property and equipment	¥(5,907)	¥ (5,923)	$(58,958)
Unrealized gain on available-for-sale securities	(2,243)	(9,478)	(22,387)
Other	(27)	(32)	(269)
Total	(8,177)	(15,433)	(81,614)
Offset with deferred tax assets	8,177	8,712	81,614
Net deferred tax liabilities		¥ (6,721)	

For the years ended March 31, 2008 and 2007, 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.

9. Leases

a. Finance Lease Transactions

As lessee

The Group leases certain machinery, vehicles and equipment, office space and other assets.

Total rental expenses including lease payments under finance leases for the years ended March 31, 2008 and 2007 were ¥300 million ($2,994 thousand) and ¥330 million, respectively.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation expense and interest expense of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2008 and 2007 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
Machinery, Vehicles and Equipment	2008	2007	2008
Acquisition cost	¥1,535	¥1,601	$15,321
Accumulated depreciation	1,188	996	11,858
Net book value	¥ 347	¥ 605	$ 3,463
Obligations under Finance Leases			
Due within one year	¥ 192	¥ 300	$ 1,916
Due after one year	155	305	1,547
Total	¥ 347	¥ 605	$ 3,463

Depreciation expense, which is not reflected in the accompanying consolidated statements of income, is computed by the straight-line method and was ¥300 million ($2,994 thousand) and ¥330 million for the years ended March 31, 2008 and 2007, respectively.

The amounts of obligations, acquisition cost and depreciation under finance leases include the imputed interest expense portion.

As lessor

Total lease receipts were ¥162 million ($1,617 thousand) and ¥164 million for the years ended March 31, 2008 and 2007, respectively.

Pro forma information on leased property such as acquisition cost, accumulated depreciation, receivables under finance lease, depreciation expense and interest income of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2008 and 2007 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
Machinery and Equipment	2008	2007	2008
Acquisition cost	¥934	¥1,093	$9,323
Accumulated depreciation	861	973	8,594
Net book value	¥ 73	¥ 120	$ 729
Receivables under Finance Leases			
Due within one year	¥123	¥ 161	$1,228
Due after one year		122	
Total	¥123	¥ 283	$1,228

Financial Section

Depreciation expenses were ¥47 million ($469 thousand) and ¥129 million for the years ended March 31, 2008 and 2007, respectively. The amount of receivables under finance leases includes the imputed interest income portion.

b. Operating Lease Transactions

The minimum rental commitments under noncancelable operating leases at March 31, 2008 and 2007 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
As Lessee	2008	2007	2008
Due within one year	¥ 53	¥ 47	$ 529
Due after one year	265	313	2,645
Total	¥ 318	¥ 360	$ 3,174
As Lessor			
Due within one year	¥ 130	¥ 130	$ 1,298
Due after one year	5,731	5,861	57,201
Total	¥5,861	¥5,991	$58,499

10. Contingent Liabilities

The Group's contingent liabilities as of March 31, 2008 as guarantors of indebtedness were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Employees	¥ 511	$ 5,100
Broadcasting Satellite System Corporation	877	8,754
Total	¥1,388	$13,854

11. Subsequent Event

The following appropriation of retained earnings at March 31, 2008 was approved at the Company's shareholders meeting held on June 27, 2008:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥105 ($1.05) per share	¥2,620	$26,153

12. Segment Information

Information about industry segments, geographic segments and sales to foreign customers for the years ended March 31, 2008 and 2007 was as follows:

(1) Industry Segments

2008

a. Sales and operating income

	Millions of Yen				
	Television Broadcasting	Cultural Activities	Other	Elimination/ Corporate	Consolidated
Sales to outside customers	¥261,895	¥71,641	¥ 8,652		¥342,188
Intersegment sales/transfers	475	2,358	6,493	¥ (9,326)	
Total sales	262,370	73,999	15,145	(9,326)	342,188
Operating expenses	234,714	67,707	12,806	3,884	319,111
Operating income	¥ 27,656	¥ 6,292	¥ 2,339	¥(13,210)	¥ 23,077

	Thousands of U.S. Dollars				
	Television Broadcasting	Cultural Activities	Other	Elimination/ Corporate	Consolidated
Sales to outside customers	$2,613,983	$715,052	$ 86,356		$3,415,391
Intersegment sales/transfers	4,741	23,535	64,807	$ (93,083)	
Total sales	2,618,724	738,587	151,163	(93,083)	3,415,391
Operating expenses	2,342,689	675,786	127,817	38,767	3,185,059
Operating income	$ 276,035	$ 62,801	$ 23,346	$(131,850)	$ 230,332

b. Assets, depreciation and capital expenditures

	Millions of Yen				
	Television Broadcasting	Cultural Activities	Other	Elimination/ Corporate	Consolidated
Assets	¥257,310	¥64,753	¥62,830	¥127,614	¥512,507
Depreciation	10,310	258	1,214	1,157	12,939
Capital expenditures	4,585	140	250	225	5,200

	Thousands of U.S. Dollars				
	Television Broadcasting	Cultural Activities	Other	Elimination/ Corporate	Consolidated
Assets	$2,568,221	$646,302	$627,108	$1,273,719	$5,115,350
Depreciation	102,905	2,575	12,117	11,548	129,145
Capital expenditures	45,763	1,397	2,495	2,246	51,901

2007

a. Sales and operating income

	Millions of Yen				
	Television Broadcasting	Cultural Activities	Other	Elimination/ Corporate	Consolidated
Sales to outside customers	¥267,459	¥68,042	¥ 8,151		¥343,652
Intersegment sales/transfers	445	1,369	6,385	¥ (8,199)	
Total sales	267,904	69,411	14,536	(8,199)	343,652
Operating expenses	234,061	61,218	13,213	4,816	313,308
Operating income	¥ 33,843	¥ 8,193	¥ 1,323	¥(13,015)	¥ 30,344

b. Assets, depreciation and capital expenditures

	Millions of Yen				
	Television Broadcasting	Cultural Activities	Other	Elimination/ Corporate	Consolidated
Assets	¥267,303	¥64,259	¥63,943	¥133,760	¥529,265
Depreciation	11,600	242	1,516	1,003	14,361
Capital expenditures	5,158	113	549	223	6,043

(2) Geographic Segments

Sales and total assets of the Company and its domestic subsidiaries for the years ended March 31, 2008 and 2007 represented more than 90% of the consolidated sales and total assets of the respective years. Accordingly, geographic segments are not disclosed.

(3) Sales to Foreign Customers

Sales to foreign customers for the years ended March 31, 2008 and 2007 represented less than 10% of the consolidated sales of the respective years. Accordingly, sales to foreign customers are not disclosed.

Independent Auditors' Report

Deloitte.

Deloitte Touche Tohmatsu
MS Shibaura Building
4-13-23, Shibaura
Minato-ku, Tokyo 108-8530
Japan

Tel: +81(3)3457 7321
Fax: +81(3)3457 1694
www.deloitte.com/jp

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Nippon Television Network Corporation:

We have audited the accompanying consolidated balance sheets of Nippon Television Network Corporation and consolidated subsidiaries as of March 31, 2008 and 2007, and the related consolidated statements of income, changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nippon Television Network Corporation and consolidated subsidiaries as of March 31, 2008 and 2007, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

June 27, 2008

Member of
Deloitte Touche Tohmatsu