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Representative Director, President

Performance and Operating Environment

Q Revenue and profit declined for the year ended March 31, 2009. Please give us a general overview of NTV's performance.

A Decreases in both revenue and profit are not results we can be satisfied with, but at the same time, we implemented vigorous cost controls that should enable us to improve profit generation even in the face of lower net sales.

Performance for the Year Ended March 31, 2009

Consolidated net sales amounted to ¥324,563 million, down 5.2% from the previous year. Operating income decreased 47.1%, to ¥12,215 million, and net income shrank 47.1%, to ¥5,622 million. A loss on the devaluation of investment securities and the liquidation of deferred tax assets pulled down net income, and although we succeeded in posting positive operating income, as of the

end of the second quarter we were carrying an operating loss for the first time in NTV's 55-year history. I believe this situation occurred as a result of the following three factors.

1. Operating Environment

The first factor has to do with the decrease in net sales resulting from the worsening market environment caused by a sluggish advertising market. Total advertising expenditures in calendar 2008 declined 4.7%, to ¥6,692.6 billion, the first drop in five years, while television advertising expenditures in particular continued to decline for the fifth straight year, decreasing 4.4%, to ¥1,909.2 billion. As a result, sales in the NTV Group's core television broadcasting business fell 5.9%, to ¥247.0 billion. Breaking that down, large-scale events such as the Beijing Olympics as well as other large-scale single-episode programs minimized declines in time sales, which slipped only 2.7% compared to the previous year. However, while we saw improvements in program viewer ratings, spot sales shrank 11.5% due to a deeper than anticipated drop in spot advertising expenditures in the Kanto region.

Financial Highlights

(Years Ended March 31)

(Millions of yen)

	2009	2008	Change
Net sales	¥ 324,563	¥ 342,188	(5.2)%
Television broadcasting segment revenue	247,009	262,370	(5.9)%
Broadcasting revenue	226,662	242,553	(12.3)%
Non-broadcasting revenue*	87,714	89,144	(1.6)%
Operating income	12,215	23,077	(47.1)%
Net income	5,622	10,625	(47.1)%

* Non-broadcasting revenue figures are the aggregate amount of total sales in the Cultural Activities and Other segments.

2. NTV on a Non-Consolidated Basis

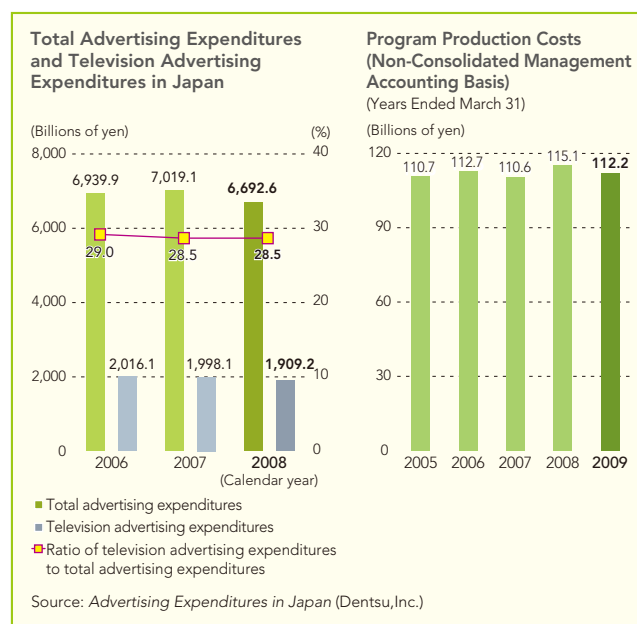
The second factor is the fact that cost reductions could not keep pace with rapidly declining sales. The year under review marked the 55th anniversary of NTV's establishment, and we initially anticipated that program production costs would reach approximately ¥120 billion, which was higher than the previous year and the highest in our history, as a result of programming that commemorated our 55th anniversary in the form of large-scale single-episode special programs. However, as sales began to decline rapidly during the second quarter, we did anything and everything we could to thoroughly control costs, including program production costs. Fortunately, these efforts enabled us to slash costs, but the decline in sales outpaced cost reductions until the third quarter, so we only began seeing major profit improvements in the fourth quarter.

3. Group Company Earnings

The third factor is the sluggish performance of subsidiary VAP, Inc., which has the largest effect on consolidated earnings. In response to the expansion of NTV's film business, VAP attempts to increase the scale of the Group film business by converting content to DVDs for sales. However, in the second half of last year DVD sales conditions rapidly deteriorated. This factor was not limited to VAP, as sales were affected across the entire industry. In the end, the implementation of thorough cost controls enables VAP to secure profits.

Summary

Revenue and profit both decreased for the year ended March 31, 2009. Although we are dissatisfied with these results, we are pleased about our success in improving our cost structure. The introduction of vigorous cost controls has enabled us to generate profits despite a slump in sales. To strengthen our profit base further, we will continue to implement cost controls and promote efficient program production.



Results of Activities

Q Please discuss the results of your efforts.

A We faced an extremely severe earnings environment, but we still operate businesses that have promising futures and the potential for new growth.

Improved Viewer Ratings

Earlier, I mentioned that we had succeeded in generating profits via extensive cost controls. We also steadily improved viewer ratings in our flagship broadcasting business. In contrast with falling viewer ratings of other stations, ours are clearly trending up—we were the only key commercial station to maintain or improve viewer ratings in all times slots during the year. However, simply raising household viewer ratings is not enough. We must also boost ratings among the core target audience with the strongest purchasing power (13- to 49-year olds). To this end, we are focusing on improving “product capabilities” by creating content that appeals to core target age groups.

Reformed Earnings Portfolio

In accordance with our medium-term management plan, we are restructuring our portfolio. Our objective is to reinforce our earnings-generation capabilities by increasing our ratio of non-broadcasting revenue, which is not affected solely by business conditions or primarily dependent on commercial advertising revenue. We are leveraging our strengths in the licensing and content businesses to expand non-broadcasting revenue.

NTV2 in the Black

NTV2, a portal site managed by NTV that streams content on the Internet, became profitable in January 2009. As of March 31, 2009, we had 1,260,000 unique users, launching us into the top position among content-distribution sites operated by television networks. Furthermore, we created a new cross-media advertising scheme using tie-ups with terrestrial broadcasting as an advertising medium. Under this scheme, we employ NTV’s characteristic expertise

to developing television and Internet content that meets sponsor needs. In terrestrial television broadcasting, this advertising method is extremely popular with sponsor corporations. We will gradually expand this approach as profits grow.



NTV2 content production is based on advertising revenue, and viewership is up significantly since the elimination of viewing fees. The content from the spinoffs that we create from terrestrial broadcasts regularly sets new records for most frequent replays.



A television industry first, *The Naminori Restaurant* is an innovative drama miniseries consisting of 10-minute vignettes based on the musical motifs of the popular musical group Southern All Stars. Altogether, 33 episodes aired over a nine-day period and concluded with a special one-hour episode.

New “1-SEG” Developments

NTV’s “1-SEG” broadcast for mobile devices featured innovative drama miniseries *The Naminori Restaurant*, a television industry first. The day after each terrestrial broadcast, the content was broadcast to mobile devices. Furthermore, viewers could pre-register to watch the show through the mobile site, which would automatically initiate the “1-SEG” function when the broadcast began to ensure the viewer did not miss the episode. In terms of programming, a link to the regular terrestrial broadcast program resulted in viewer ratings of 13.1% even though it was broadcast late on Sunday night, a fact that was highly appreciated by the sponsors.

Higher Earnings from the Non-Broadcasting Business

In addition to our focus in the film business on Studio Ghibli director Hayao Miyazaki’s *Ponyo on the Cliff by the Sea* and *20th Century Boys -Chapter 1-*, directed by Yukihiro Tsutsumi, NTV teamed up with the Nikkatsu Corporation, which became an affiliated company in the year under review, to co-manage the hit film *Yatterman*,

further contributing to revenue expansion in the non-broadcasting business. NitteleSeven Co., Ltd., which commenced operations in the year under review, focused on developing collaborative products with TV personalities and linked to programs. In its first project, NitteleSeven worked with 7-Eleven to develop a box lunch product that sold 6.5 million units, contributing to revenue expansion.

Operating Environment and Performance Outlook for the Upcoming Fiscal Year

Q Please give us your take on the operating environment and your outlook for the year ending March 31, 2010. In particular, television advertising expenditures have been in decline since 2004. What are your expectations for the future?

A I believe the Japanese television advertising market is undergoing a structural change. We are revising our earnings portfolio accordingly.

Performance Outlook

For the year ending March 31, 2010, we forecast net sales of ¥291.9 billion, operating income of ¥10.5 billion and net income of ¥7.8 billion. Illustrating the severity of our operating environment, this forecast assumes that revenues and profits, other than net income, will fall, even as our product capabilities steadily become more competitive and despite having far-reaching cost controls in place. The broadcasting business is at the core of this issue. Anticipating sales declines in the broadcasting business, we have lowered our program production cost forecast 12.7%, but with a 13.5% decrease forecast for time sales and 10.5% decrease forecast for spot sales, we anticipate the possibility of double-digit declines.

Structural Changes in the Television Advertising Market

I believe the Japanese advertising market is undergoing a structural change. Up to now, television advertising expenditures rose and fell with the business cycle. However, since 2004 television advertising expenditures have been slowly falling without any specific links to downturns in the business environment. I see two reasons for this situation.

First, other media are competing for the television screen. Whereas the television screen was traditionally used for viewing terrestrial broadcasting, nowadays it is used for viewing broadcast satellite (BS) and communication satellite (CS) content, as well as for playing video games. Other major factors are competition for commercial advertising expenditures, which BS broadcasting shares, and in terms of appeal to the senses of sight and sound, the rapid proliferation of the Internet. For these reasons, terrestrial broadcasting is considered to be less valuable than before.

Second, distribution in Japan has become a monopoly. Originally, advertising was a means of exchanging information between suppliers and users in a free market. This is the critical element, as it supplies information about manufacturer's products to a large number of consumers, in turn, enabling those consumers to acquire a balanced knowledge of products in the marketplace. However, a monopoly at the distribution level means that there is no free market, therefore, rather than using television to communicate directly with consumers, one gets the idea that it is more efficient for manufacturers to pay sales promotion costs to the distributors in order to promote the purchase of their products. As a result, this creates a condition in which it is difficult for television advertising expenses to expand.

Responding to an Evolving Market Environment

In order to respond to changes in the market environment, we must also change. Compared to other media, I consider current-day terrestrial television a stronger advertising medium than it has ever been. Objectively, this is because people across Japan can access and gain information from these free-to-air

broadcasts. However, due to the recent extreme severity in the business environment, I doubt that television advertising expenditures will rise during the next several years. On the other hand, by fully exploiting our expertise in licensing and content, we believe room for growth exists in the areas of media commerce, film and rights management business. Also, earnings from BS broadcasting are expected to grow, and CS contracts are rising at a brisk pace. I believe we will be able to offset the downturn in our broadcasting business by restructuring our earnings portfolio and expanding non-broadcasting revenue.

2009 Management Policies

Q Please discuss the thinking behind the formulation of your 2009 Management Policies.

A The core idea was to continue our medium-term management plan, which focuses on securing profits for the year ending March 31, 2009, amid a severe market environment.

Based on the concept of continued development and growth as Japan's most powerful comprehensive media company centered on the broadcasting business, the NTV Group formulated a medium-term management plan in 2006 that has been rolled forward since that time. However, we have suspended its numerical targets owing to recent changes in the economic environment, coupled with structural changes in the television advertising market. Nevertheless, the medium-term management plan formulated for the period from May 2008 to March 2011 will retain its basic precepts. Based on the policy of product capabilities and an enhanced profit base, for the year ending March 31, 2010, the NTV Group will focus its entire effort on bold and swift emergency measures to ensure survival.

Q What are the key aspects of your initiatives to strengthen your product capabilities and profit base?

A It all comes down to being able to strengthen our products while continuing to control costs.

In accordance with our 2009 management policy of strengthening our product capabilities and profit base, by redoubling these capabilities while holding down program production costs and other expenses, we aim to capture the largest share of viewers in our core target audience and attain a top share by focusing groupwide efforts on building a comprehensive media company centered on the broadcasting business. The following seven measures represent our primary efforts toward the achievement of this goal.

- Strengthen product capabilities through pursuit of "inventive programming" (original content)
- Enhance the program production prowess of the entire NTV Group
- Increase viewer satisfaction through quality content production
- Maximize development of multiple uses for terrestrial content
- Introduce subsidy system to promote multiple usage
- Expand non-broadcasting business centered on terrestrial content, restructure business portfolio in an attempt to diversify earnings
- Accelerate and further promote a multicontact-point strategy

Regarding our management policy of strengthening our product capabilities and profit base, some people may wonder whether we can truly improve viewer ratings and enhance product capabilities while suppressing program production costs and other expenses. In fact, this is quite possible. This is evident from viewer rating trends at the end of March 2009. We succeeded in dramatically cutting program production costs while reclaiming the top position in non-prime time and coming in at second place in the all-day, prime time and golden time categories. NTV was the only key commercial station to improve its viewer ratings in the prime time and golden time slots, closing in on the top position while widening the gap between ourselves and the third-ranking broadcaster. This achievement was due to our ability to produce "inventive programming" while appropriately controlling

costs within a limited budget. Of course, we enjoy the first-mover advantage, as NTV was Japan's first television station. We have always had innovation pulsing through our veins, and rather than following the pack, we come up with our own ideas.

For the year ending March 31, 2010, we anticipate program production costs of ¥98.0 billion, down 12.7% from the year under review, but we will not pursue cost reduction in the same manner. Instead, we will implement sharp cost cuts while focusing on the multiple usage of content.

Q Please explain your multicontact-point strategy.

A Our multicontact-point strategy is an initiative to enable users to access NTV content anytime, anywhere.

In the past, the home television was our only point of contact with viewers, our only business opportunity. However, the development of the Internet and mobile phones, as well as the proliferation of televisions on commuter trains and large outdoor screens represents the increasing diversity of video display units. As NTV's strength stems from its prowess in original content production, we perceive these changes as opportunities offering unlimited business potential. NTV is developing multiuse of content and creating business models for each type of video display unit from the perspective of all the ways in which we can increase the opportunity for viewers to access NTV content.

Returning Profits to Shareholders

Q How do you intend to distribute profits to shareholders?

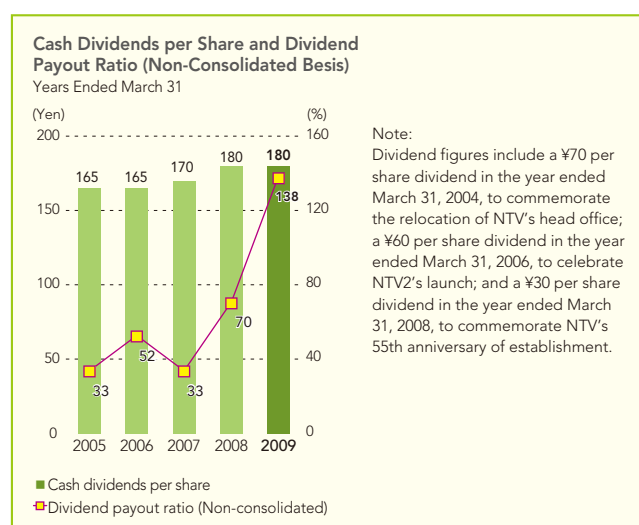
A NTV responds to shareholder expectations from the dual perspectives of earnings and stability.

We recognize the return of profits to shareholders as an important management priority. Our basic policy is to emphasize a dividend payout ratio that links dividends to performance, while building a corporate structure able to

adapt flexibly 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 year ended March 31, 2009, totaled ¥180 per share. This figure was derived from NTV's dividend policy stipulating a minimum full-year dividend of ¥180 per share and a target payout ratio* of 50% on an individual basis.

* Non-consolidated full-year dividend per share of common stock, divided by non-consolidated net income per share of common stock



NTV attempts to respond to shareholder expectations by improving capital efficiency and returning profits to our shareholders. However, with respect to the acquisition of treasury stock, if the voting rights held by foreign entities (foreign entity shareholding ratio) exceed 20%, NTV's status as a licensed broadcasting company under the Radio Law will be revoked, so we must operate within the scope of this limitation. Furthermore, according to a resolution by the Board of Directors in May 2009, the total number of NTV shares that can be acquired is limited up to 200,000, with the aggregate acquisition price limited up to ¥2 billion. From May to June 2009, NTV completed the acquisition of a total of 188,050 of its own shares at an aggregate acquisition price of ¥1,999,977,000.

NTV will continue to aim for improved capital efficiency and the return of profits to our shareholders. I respectfully ask for the continued understanding and cooperation of all our shareholders and investors.