

50 Years of Leadership



...And Another 50 More

+50

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At 11:20 am on August 28, 1953, NTV became the first commercial broadcaster in Japan to start television broadcasting services. 2003 marks the 50th anniversary of that historic moment. The broadcasting industry is now experiencing sweeping transformation. Seismic shifts in core broadcasting technologies are spawning high-definition television, digital television and other innovations. The start of satellite and digital terrestrial broadcasting services are also redefining the broadcasting landscape.

NTV sees the arrival of multimedia and multi-channel broadcasting as a prime opportunity to achieve another half-century of leadership.



Terrestrial broadcasting will remain the fundamental means of reaching viewers.

NTV Responds


Even as multimedia and multi-channel broadcasting takes hold, terrestrial broadcasting will remain the fundamental broadcasting media, considering the Japanese lifestyle, culture and environment. The first step for NTV is to leverage its outstanding content to capture a greater share of the advertising market for terrestrial broadcasting. Building on this foundation, NTV will make efficient use of content by finding new applications in a diverse range of media. These actions will set the stage for higher earnings.



As television advertisers
demand more, marketing
skills will become vital.

NTV Responds

As the media business evolves, advertisers are requesting detailed viewer statistics and analyses from broadcasters to ensure that targeted audiences are reached with pinpoint accuracy. Even while winning the highest household ratings for nine consecutive years, NTV has conducted marketing activities based on detailed analyses of viewer statistics. Looking forward, NTV will propose multi-dimensional advertising and promotional strategies that are based on television advertisements yet also encompass different forms of media. This is just one way in which NTV seeks to better meet the needs of advertisers.



Success will depend on
helping program creators
reach their full potential.

NTV Responds

Talented program creators are essential to developing quality content. The most important requirement for today's program creators is the ability to satisfy a broad range of viewer needs. The ability to skillfully apply fast-changing technologies and the creativity needed to develop content that can find multiple applications will also become increasingly important. NTV has many outstanding program creators, and we intend to nurture many more who can anticipate the latest viewer needs in the years ahead.



The shift to digital
broadcasting will entail
state-of-the-art facilities.

NTV Responds

The start of digital terrestrial broadcasting services in December 2003 will require vast capital expenditures. These outlays are needed to upgrade studio facilities at each broadcasting station and at television transmission facilities. NTV's new head office, completed in spring 2003, is fully equipped with high-definition television systems and digital broadcasting facilities. By transferring head office functions to the new building and concurrently investing in digitalization, NTV has avoided costly overlapping investments and has increased the efficiency of program creation and distribution.

Harnessing a powerful broadcasting network will be a key priority.

NTV Responds

With strong ratings for nine straight years, NTV's network affiliates are financially healthier than counterparts affiliated with other networks. Nevertheless, the switch to digital broadcasting will stretch the budgets of NTV's network affiliates. These investments will be worthwhile, however, as NTV is confident that digital terrestrial broadcasting will become a key social infrastructure. Taking an approach that incorporates our standing as the industry leader in broadcasting, the most-watched television network in Japan and a private-sector enterprise, we will establish one of the industry's most robust television networks and follow policies that maximize corporate value.



Television companies will
aspire to be much more than
just broadcasters.

NTV Responds

The emergence of new forms of media and the convergence of traditional media channels are fast becoming the norm. That is why NTV is leveraging its outstanding content into many different forms of media. One example is creating television programs that can later be spun off into films. NTV will also concentrate Group companies specializing in video, audio production and Internet website management at its former head office in Kojimachi. This move will strengthen collaboration among affiliated companies, rapidly develop new businesses and make operations more efficient. The aim is to improve the profitability of the entire NTV Group.



Broadcasters will focus
on a triple bottom line.

NTV Responds

Television broadcasters will play an increasingly significant role in society with the start of digital terrestrial broadcasting services in Japan. They will be called upon all the more strongly to behave as responsible corporate citizens. This will require contributing to communities and environmental stewardship. NTV is no exception. We have been included in the Dow Jones Sustainability Index for the second consecutive year, testifying to our strong focus on a triple bottom line.

Consolidated Financial Highlights

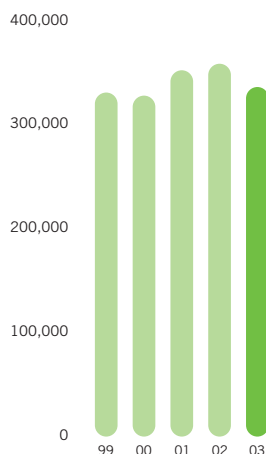
Years Ended March 31	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
FOR THE YEAR:			
Net sales	¥ 336,299	¥ 358,683	\$2,797,829
Cost of sales	215,180	218,889	1,790,183
Operating income	47,407	63,574	394,401
Net income	20,296	34,648	168,852
AT YEAR-END:			
Total assets	¥ 476,634	¥ 443,798	\$3,965,341
Total shareholders' equity	327,116	323,319	2,721,431
PER SHARE:			
(in yen and U.S. dollars):			
Net income	¥ 801.99	¥ 1,366.34	\$ 6.67
Cash dividends	120.00	120.00	1.00
RATIO (%):			
Operating income margin	14.1	17.7	—
Return on assets	4.4	8.1	—
Return on equity	6.2	11.3	—
Dividend payout ratio	15.4	9.4	—

Notes: 1. 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 ¥120.2 to \$1, the approximate rate of exchange at March 31, 2003. 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.

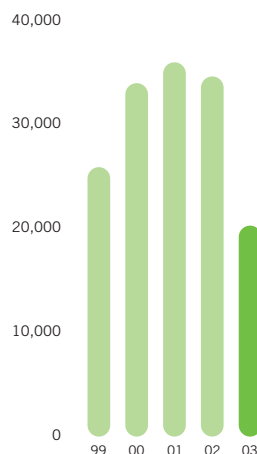
2. Net income per share is computed based on the weighted average number of shares outstanding during the respective years, retroactively adjusted for stock splits.

3. Cash dividends per share are the amounts applicable to the respective years, including dividends to be paid after the end of year, retroactively adjusted for stock splits.

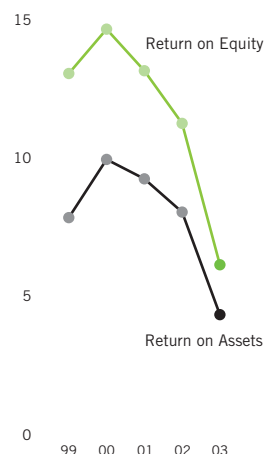
NET SALES
(Millions of Yen)



NET INCOME
(Millions of Yen)



**RETURN ON ASSETS
RETURN ON EQUITY**
(%)



To Our Shareholders



From Left
TOSHIO HAGIWARA
Representative Director, President and Chief Operating Officer (COO)

SEIICHIRO UJIE
Representative Director, Chairman and Group Chief Executive Officer (CEO)

KOHEI MANABE
Representative Director, Vice Chairman and Group Executive Officer (EO)

2003: A MAJOR TURNING POINT FOR NTV

NTV celebrates its 50th anniversary in 2003. In addition to being the starting point for another promising half-century of broadcasting services, the year under review has also been one of sweeping changes.

The move to our new head office building in the Shiodome district of Tokyo is highly significant. Fully outfitted with state-of-the-art high-definition and digital television broadcasting facilities, this new head office building will commence broadcasting services in fall 2003.

Plans for 2004 include concentrating affiliated companies at our former headquarters in Tokyo's Kojimachi district. This step will help us establish a solid foundation for the production of outstanding content suited to the new era of broadcasting.

During fiscal 2002, ended March 31, 2003, Japan's economy worsened, with no signs of improvement. Reflecting these difficult conditions, the advertising market in fiscal 2003 contracted due to lowered corporate advertising budgets in the preceding year. Meanwhile, Japan's television broadcasting industry has been thrust into a new era of multimedia broadcasting that spells far-reaching transformation: the start of BS digital, BS data and 110° CS digital broadcasting services will be followed by the start of digital terrestrial broadcasting in December 2003.

In this fast-changing environment, in fiscal 2002 NTV continued to produce programs that proved highly popular with viewers. Our ratings were high, and we won the quadruple crown title of annual viewer ratings — consisting of the “all day,” “prime time,” “golden time” and “non-prime time” viewing categories — for the ninth straight year. However, net sales fell 6.2% to ¥336,299 million, and operating income decreased 25.4% to ¥47,407 million. Net income also fell 41.4% to ¥20,296 million. The declines in our operating results partly reflected contracting advertising revenues and large upfront capital expenditures. Nevertheless, we strongly believe that these investments will produce the greatest returns in preparation for future growth.



“NTV has engaged in a continual process of ‘Creative Destruction’ for more than a decade that has repeatedly streamlined and revitalized our organization, making us resilient to adversity.”

SEIICHIRO UJIE

Representative Director, Chairman and Group Chief Executive Officer (CEO)

TRANSFORMING HIGH RATINGS INTO STRONG EARNINGS

NTV's primary sources of revenues in the television broadcasting segment are advertising revenues from the sale of television broadcasting time and advertising spots. The former relates to commercials during programs for program sponsors, whereas the latter refers to commercials that are flexibly scheduled. Historically, the sale of broadcasting time has consistently accounted for a larger share of advertising revenues than the sale of advertising spots. However, the weight of spot sales has been steadily increasing in recent years, mainly for two reasons. One is that under Japan's current recession, major advertisers are seeking higher returns on their limited advertising budgets by strategically allocating expenditures to advertising spots, which provide greater opportunity for exposure, and can be more flexibly scheduled than fixed broadcasting time. The second reason is that the introduction of quarterly disclosure in Japan has made it more important for advertisers to deliver immediate returns on their advertising outlays.

Today, there is no more efficient advertising medium than television for advertisers forced to optimize limited advertising budgets. Advertisers are now searching for ways to reap even more benefits from their budgets. This suggests that it will become increasingly difficult for broadcasters to find program sponsors for broadcasting time. The importance of quality content capable of winning high ratings is thus becoming increasingly vital.

That said, Japan's recession is undermining this logic — viewer ratings are no longer necessarily linked to revenues and earnings. The recession is compelling advertising clients to shift their attention away from broad household ratings, the traditional determinant of advertising prices, to reaching specific targeted audiences and being more selective about how they place advertisements. It is clear that clients are gathering and using detailed statistics to measure the efficacy of their advertisements and thereby choose the best advertising methods.

Due to these factors, NTV's program strategies target not only broad household ratings but also individual program strategies for specific viewer categories. NTV flexibly alters program content and program structure to satisfy the preferences of targeted viewers according to strategies for each viewer category. This strategy has paid dividends in the form of high ratings. It also underscores the importance of tying in marketing strategies with programs designed for targeted viewer categories, as testified by the growing significance of individual viewer ratings. Our ability to create a “most-watched” program lineup is a key strength that satisfies the needs of program sponsors looking to narrow down television commercials to those that reach specific targeted audiences only. By articulating this strength to client advertisers, we aim to transform our high ratings into stronger earnings. Our goal is perfectly aligned with the goals of client advertisers. They are keenly seeking strategies for successfully delivering effective advertisements to audiences that meet targeted profiles.

CHANGE CREATES OPPORTUNITIES

Digital terrestrial broadcasting services will begin in Japan in December 2003. The entire broadcasting industry is saddled with vast capital expenditures in preparation for the launch of these services. Digital terrestrial broadcasting is also being spotlighted as a next-generation infrastructure for society. This naturally spells significant change for Japan's broadcasting industry.

Meanwhile, Japan's economy has deteriorated further and has entered a deflationary spiral. Admittedly, this has strained corporate advertising budgets and dented the finances of the entire broadcasting industry. Falling advertising revenues, however, cannot be considered in isolation from overall economic conditions. As long as the outlook for an economic recovery in Japan remains uncertain, a sharp turnaround in advertising expenditures is unlikely. However, the financial strength of a corporation often determines how it will be affected by difficult economic conditions.

The competitive landscape of the broadcasting industry can be sharply redrawn in these times of groundbreaking change and economic adversity. This is a prime opportunity for NTV to cement its position as the No. 1 broadcaster in Japan. We believe NTV has what it takes to seize this opportunity.

THE FRONTRUNNER IN FULL HIGH-DEFINITION TELEVISION SYSTEMS AND DIGITAL TELEVISION

The shift to high-definition television systems and digital television requires tremendous capital expenditures by the entire broadcasting industry. NTV is no exception, and our preparations are well underway. From the outset, the construction plans for our new head office building in Shiodome included digital broadcasting facilities. The timing was ideal. Aging facilities and capacity shortages at our Kojimachi head office were becoming pressing issues. Just at that time, we were able to procure land for the construction of a new building replete with digital broadcasting facilities. This approach allowed us to avoid overlapping investments, giving NTV state-of-the-art digital facilities and a new head office building at the same time.

The construction of the new building and the transfer of head office functions required significant capital expenditures. However, the new building can be used to more efficiently transmit programs to our network affiliates and will enable us to establish a powerful NTV network straight away. Taking maximum advantage of this opportunity, NTV will work to improve efficiency as much as possible. Our goal is to make our head office the source of leading-edge broadcasting services for 21st century Japan. We are resolved to fully reap the benefits of this state-of-the-art facility from the very outset of the digital broadcasting era.

A CORPORATE CULTURE THAT EMBRACES CHANGE

The process of "Creative Destruction" is essential to creating anything new, a fact as true for technology as it is for old buildings. Organizations are also no exception. However, if weak organizations apply this process during recessions, the result is often self-destruction, before any innovation can create growth. NTV has consistently applied the principle of "Creative Destruction" in repeated reforms undertaken starting more than a decade ago. This has given NTV a lean and revitalized organization capable of weathering adversity. We are not merely responding to present changes in our business environment. We have long implemented sweeping reforms from the moment when present-day trends were first foreseen. Our organization has been trained from early on to rise above today's challenges.

THE EXPERTISE TO COMMERCIALIZE LEADING-EDGE TECHNOLOGIES

The first company to begin television broadcasting services in Japan, NTV was one of the early pioneers of Japan's broadcasting industry. In the ensuing years, we were first to launch color television, sound multiplex and teletext broadcasting services. In Japan, NTV pioneered the development of these technologies. In satellite broadcasting, NTV was the only terrestrial broadcaster in Japan to participate in the 1996 launch of an analog broadcasting satellite. This track record of technological accomplishment and extensive experience underpins our confidence in our content production and technological skills, which we believe are far superior to our peers. Our content production skills, in particular, will enable us to apply the strong points of digital broadcasting — its multi-functionality, multi-screening and interactivity — to enhancing customer satisfaction. Our pioneering spirit will remain a hallmark of NTV for years to come.

CONTENT PRODUCTION SKILLS GROUNDED ON AN OUTSTANDING TEAM OF PROGRAM CREATORS

Content production skills will remain the most important requirement for holding down an unassailable, leading position in the broadcasting business, irrespective of technological advances. The main reason why NTV has held the quadruple crown title in ratings for nine consecutive years is the superior quality of its program content. Naturally, talented program creators are indispensable to developing quality program content. Developing an outstanding program-creation team with specialists in each program category is therefore the top priority for NTV. However, this cannot be accomplished overnight. NTV's sweep of a triple-ratings title for the first time in 1994 came only after years of effort dedicated to attracting talented individuals. This included relaxing employment formats to facilitate the recruitment of mid-career hires and contract-based employees, and improving working conditions to allow employees to reach their full potential. At the same time, we worked to recruit and train a skilled creative team. Moreover, difficult management decisions concerning high viewer ratings and recruiting new program creators were made effectively. NTV's recognition of the significance of the role played by program creation staff, as well as its efforts to organize a creative team and provide a quality workplace have sustained high ratings for nine years running.

Our 50th anniversary of broadcasting in 2003 marks a key juncture in our history. A strategy for achieving even greater success in the next half-century will depend entirely on our ability to put together an outstanding team of program creators. Two factors will be essential to creating quality content for the coming multimedia and multi-channel era of broadcasting. The first factor is our ability to harness advances

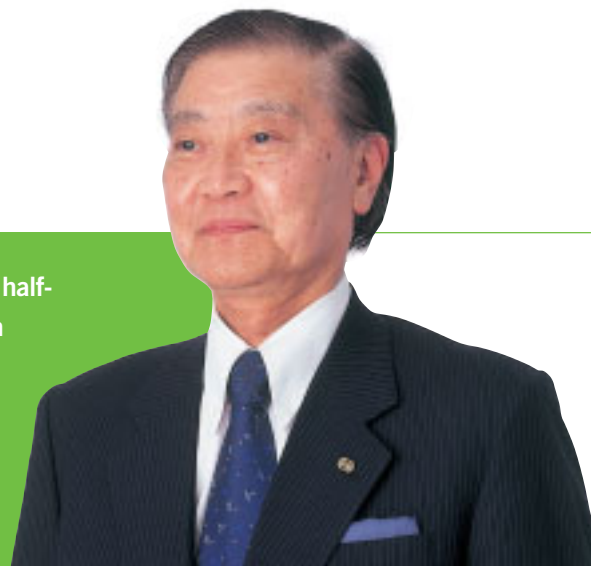


“NTV has played a pioneering role throughout the history of broadcasting in Japan. It was the first to begin analog television broadcasting, as well as color, sound and teletext broadcasting services.”

KOHEI MANABE
Representative Director, Vice Chairman and Group Executive Officer (EO)

“Our strategy for achieving even greater success in the next half-century will depend entirely on our ability to put together an outstanding team of program creators, who can anticipate changing media, technologies and viewer demands.”

TOSHIO HAGIWARA
Representative Director, President and Chief Operating Officer (COO)



in broadcasting technologies to create better content, a key requirement for keeping abreast of the latest demands of our viewers. This means that the skills and talents required of program creators will change in line with the latest trends. The second factor is the creativity needed to develop content that can be applied across many different media; for example, creating film, video game and book spin-offs of television programs. Naturally, the content of television programs must be excellent for secondary and tertiary spin-offs to be viable. That is why the skills of program creators are so important — they determine the quality of content. And we intend to continue nurturing an outstanding team of program creators who can deliver a wealth of content best suited to the latest trends.

APPLYING OUTSTANDING CONTENT TO NON-BROADCASTING MEDIA

NTV's primary strength lies in the quality of its content. Looking forward, we will pursue new avenues of growth that extend our program content to non-broadcasting media. NTV already has a strong foothold in non-broadcasting fields. Our alliance with Studio Ghibli is a case in point. This business is the culmination of NTV's long-standing relationship with the famed animation studio. NTV's television broadcast of the 2003 Academy Award-winning film *Sen to Chihiro no Kami Kakushi (Spirited Away)* recorded phenomenal ratings of 46.9%. In the same vein, popular serial dramas from NTV also have the potential to be adapted to film, video and books.

NTV will concentrate its affiliates and partner companies at its former Kojimachi head office after relocating to its new head office in Shiodome. These companies have been a key strategic force for NTV for many years. The construction of the new head office building and concentration of group companies at a single location will improve efficiency, helping us advance our strategy of developing content for non-broadcasting media. We are confident that this new dual-base organization will produce lasting benefits for NTV.

SOPHISTICATED PERSONNEL STRATEGIES

To create organizations that realize the full potential of employees, a key asset of corporations, personnel strategies must be formulated in line with the requirements of their respective businesses and industries. The Japanese practice of lifetime employment is not ideally suited to the television business, where success depends largely on the skills and talents of program creators. That is why NTV has implemented progressive personnel strategies for more than a decade. To ensure stability for employees, lifetime employment is a priority. However, our personnel system also includes remuneration structures incorporating performance-linked bonuses, and flexible employment conditions that prioritize the recruitment and training of talented personnel.

In this manner, our personnel system places first priority on employees. This increases the number of talented program creators, which improves the quality of program content and leads to high ratings. This in turn increases advertising revenues and earnings from secondary and tertiary spin-offs of program content. In these ways, our personnel system makes a significant contribution to our operating results. We will continue to maintain a personnel system that matches current requirements.

TOWARD THE NEXT HALF-CENTURY

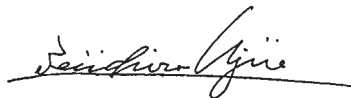
Before digital terrestrial broadcasting services, broadcasting media were swept by an earlier wave of diversification that initiated BS and CS broadcasting services. NTV established itself in these new businesses to secure future sources of earnings. Nevertheless, while the NTV Group's efficient and strategic approach to media diversification has minimized operating losses relative to peers, its BS and CS broadcasting services remain in the red. However, considering that conventional terrestrial television broadcasting took six years to reach only 10% of Japanese households, BS and CS broadcasting services are still in their infancy — the former began only two-and-a-half years ago, and the latter only a year earlier. In the near term, we believe that these businesses will inevitably become profitable.

Receivers for digital terrestrial broadcasting services scheduled to begin in December 2003 share the same specifications as BS and CS broadcasting receivers. Therefore, the start of digital terrestrial broadcasting is expected to result in an increase in viewers of BS and CS broadcasting services. And in general, markets expand rapidly once penetration rates exceed a critical threshold of 10%. This is why we believe that the start of digital terrestrial broadcasting represents a significant turning point for our industry.

NTV currently aims to achieve the highest ratings in Japan for the tenth straight year. In program creation, solid content production skills are both the source of high ratings and the fundamental determinant of successful programming. Leveraging outstanding content, our policy is to develop niche businesses that maximize the features of terrestrial analog, BS, CS and digital terrestrial broadcasting. This will enable us to develop a business grounded on multi-format content use in diverse media, including broadband businesses. In these fast-changing times, our commitment to holding down our industry-leading position will remain constant.

Digitalization does not merely herald a period of transition marked by innovation in technologies or content — it is a turning point for management. The past 50 years have seen significant periods of change. In the future, technological and social transformation is likely to continue at an ever-increasing pace. Dealing only with immediate change is insufficient. It is imperative that management foresee where the fundamental undercurrents of change lead, and chart a course that will ensure steady progress toward goals. NTV has established a firm foothold in Shiodome and is tuned in to the changes that are shaping our times. The NTV Group and its network affiliates will join forces to create even better content and fulfill its social mission as a broadcaster of top-quality programs.

We ask for your continued support and understanding as we endeavor to reach our goals.



SEIICHIRO UJII

*Representative Director, Chairman and
Group Chief Executive Officer (CEO)*



KOHEI MANABE

*Representative Director, Vice Chairman
and Group Executive Officer (EO)*



TOSHIO HAGIWARA

*Representative Director, President
and Chief Operating Officer (COO)*

NTV recognizes that it shoulders tremendous social responsibility as one of Japan's leading television broadcasting companies. Continually improving corporate governance by enhancing the transparency, health and efficiency of business operations is thus a vital priority for NTV.

1. CORPORATE GOVERNANCE SYSTEM

NTV introduced an Executive Officer System in June 2001 that clearly positioned the Board of Directors as a decision-making and supervisory body, while making the Board of Executive Officers responsible for business execution. This has given NTV the ability to steadily speed up and rationalize business execution.

As of June 30, 2003, the Board of Directors consisted of 14 directors, including three outside directors. NTV plans to adopt the Committee System to ensure a higher standard of management transparency and fairness. One step in this direction was the establishment of the Business Operations Audit Committee of the Board of Directors in June 2003 to strengthen the supervisory function of the Board of Directors. This committee will promote NTV's compliance policy and supervise business execution to ensure conformity with ethical standards and management policies.

The Business Operations Audit Committee is chaired by an NTV director and includes a general manager to oversee the activities of the committee. In respect to audits, a permanent task force that includes professionals from outside the company will be established to participate in each auditing assignment under the auspices of the Business Operations Audit Committee.

2. COMPLIANCE SYSTEM

The NTV Whistleblower system, a cornerstone of NTV's compliance system, is designed to rapidly detect and respond to any legal violations and breaches in our Code of Conduct that may have a detrimental effect on the company. The goal of this internal reporting system is to promote sound and healthy corporate activities at NTV. Under this system, reports are submitted to an office run by the standing corporate auditor via email or in writing. Depending on the content of the report, investigative teams will be formed to ascertain and deal with compliance violations in a fair and appropriate manner.

In its role as a news reporting organization, NTV complies with the Basic Broadcasting Ethical Guidelines and the broadcasting standards of The National Association of Commercial Broadcasters in Japan. NTV has also formulated an internal set of standards that must be observed by every employee when creating programs. These include program standards, news gathering and broadcasting rules, as well as broadcasting ethics. NTV has also formulated detailed broadcasting rules regarding, for example, the handling of personal information. These rules and regulations are distributed to employees in the form of booklets and posted online on the company's Intranet system to allow access at all times.

Average Viewer Ratings Figures



99 Size



Zoom In!! SUPER



Shoten



Anpanman ©TAKASHI YANASE/
FRÖBELKAN-TMS-NTV

NTV wins the quadruple crown title of annual broadcast viewer ratings for the ninth straight year.

Ever since the fiscal year ended March 31, 1995, NTV has consistently achieved the No. 1 ratings in all four program rating time periods — the “all day,” “prime time,” “golden time” and “non-prime time” periods. The opposite page provides definitions of these time periods and annual broadcast ratings for key broadcasters since 1994. Fiscal 2002 was another banner year for NTV. We retained the quadruple crown title of annual broadcaster viewer ratings for the ninth straight year.

Developing even more popular programs has always been a high priority for us, even before we won our first quadruple crown title. The continuous improvement of the skills of our production staff is crucial to creating such programs. We are working to recruit and train talented individuals to transform our production divisions into teams of outstanding program creators. NTV has also relaxed employment formats and upgraded working conditions to help program creators reach their full potential. These efforts were indispensable to NTV's first sweep of the annual quadruple crown title in 1995, and are the main reason NTV has been able to hold on to the title for nine consecutive years.



Line Up Law Office — Sue Me? Sue You!



Complete TV



Family Wisdom



Me Ga Ten



The God of Entertainment



Brain Max (BS Nippon Corporation)



The Sunday



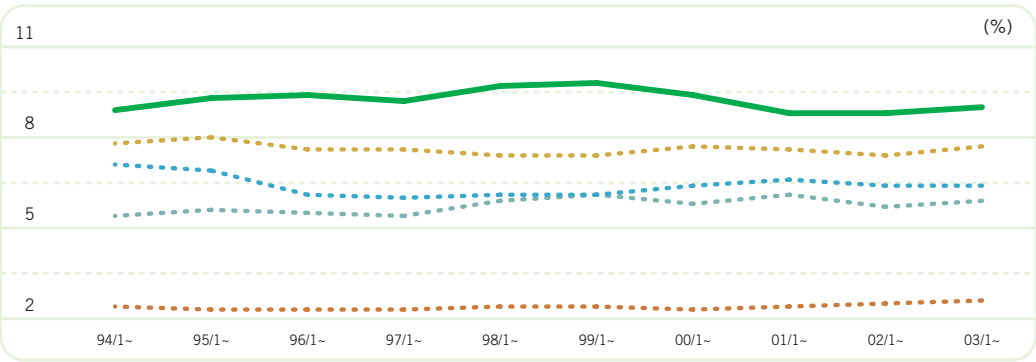
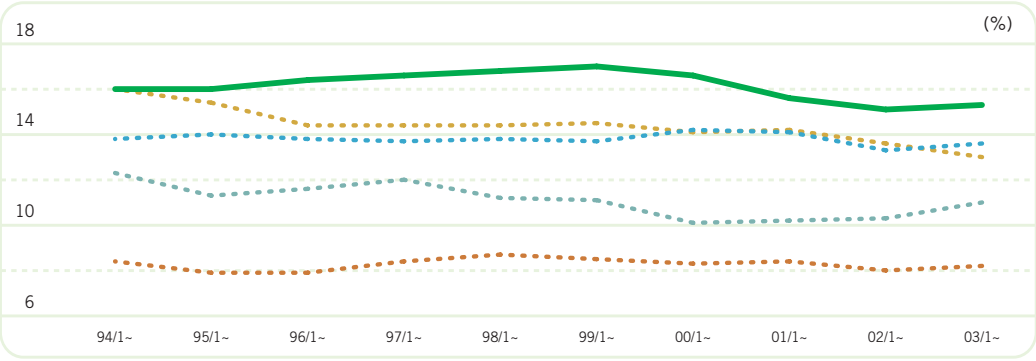
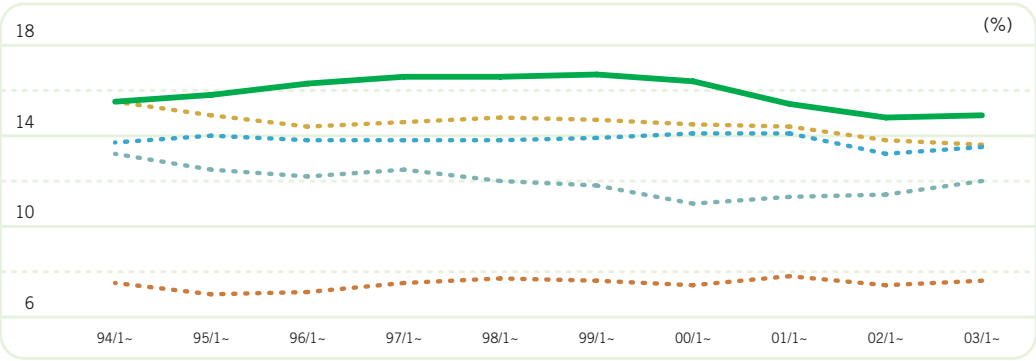
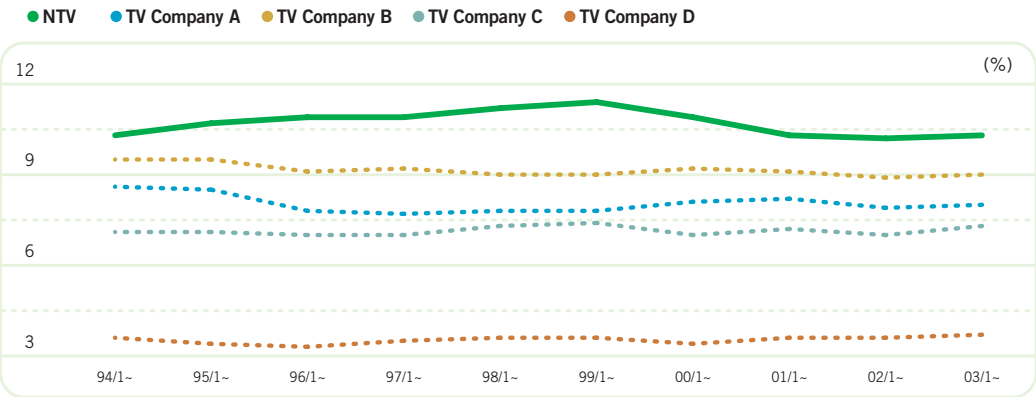
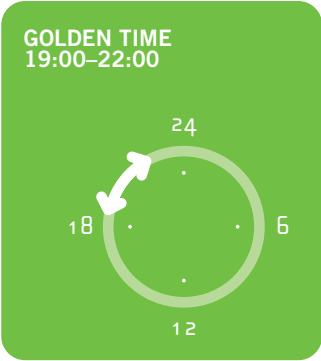
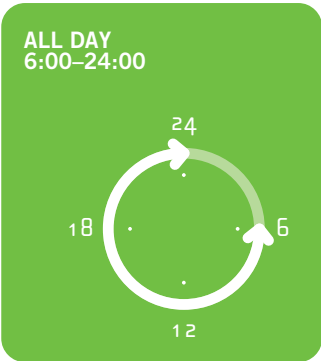
Probe

Our winning record has paved the way for even greater accomplishments by allowing us to take on the challenge of developing entirely new kinds of programs. These challenges have given our young program creators invaluable experience in new realms of programs. Through repeated experiences of this kind, our creators hone their skills further. A virtuous cycle is taking shape where outstanding creators achieve high ratings, and then pass on the opportunity to tackle new challenges to the next generation of program creators.

In 2003, NTV will move into its new head office building in Shiodome. This will significantly improve the quality of our production infrastructure in terms of the availability of ample workspace and the latest equipment and facilities. Another advantage of this move is the ability to centralize all our associated companies, which are deeply involved in the program creation process, at our former head office building in Kojimachi. This promises to make program production more efficient and significantly enhance the quality of content. NTV's most important assets are its large team of experienced program creators, its vast store of content and its expertise in program production. We will never become complacent with our success, and will redouble our efforts to win the quadruple crown title in years ahead.

AVERAGE VIEWER RATINGS FIGURES Viewer ratings are calculated for programs broadcast during the period from 6:00 to 24:00.

There are four program rating time periods: the all day period from 6:00 to 24:00, the prime time period from 19:00 to 23:00, the golden time period from 19:00 to 22:00 and the non-prime time period covering all non-prime time hours.





NTV TOWER COMPLETED

NTV is pleased to announce that on April 30, 2003, work was completed on the NTV Tower, its new head office building, in the Shiodome district of East Shimbashi in Tokyo's Minato-ku.

Shiodome is not only a key hub linking central Tokyo and the Tokyo Bay waterfront, but is also the site of a large-scale urban redevelopment project. In 1997, NTV purchased the site of its new head office building, thereby becoming a participant in the Shiodome urban redevelopment project. Construction began in January 2000. The new head office building stands 192.8m tall with 32 stories and four underground levels. The total floor area is approximately 130,726m². The building's distinctive floor plan puts office space on the upper floors and program production space, including studios, on the lower floors. The office space has an internal LAN for complete flexibility in creating working environments. The building is also designed with many environmental features. These include a co-generation system that saves energy by using residual heat from internal electric power generators, office lights that automatically adjust their brightness in response to ambient light and air flow windows that raise the efficiency of ventilation systems.



Opening ceremony festivities for
NTV Tower

There are nine studios on the lower floors of the building, each with its own distinctive features. The S1 studio can accommodate a wide range of programs, from variety shows to musical programs. The SKY studio can be used for shows that use Tokyo's skyline in the background. And the Zero Studio overlooks the NTV Plaza on the ground floor. The building is equipped with multiple broadcasting systems that can handle all types of programs from standard to high-definition formats, in line with the requirements of the era of multimedia broadcasting. Telop and CG production systems are linked to studios over networks to efficiently produce programs. For editing, nonlinear HD systems have been introduced that enable recording and editing compatible with office equipment. Another way in which NTV is taking full advantage of digital technologies is by linking the HD systems to a library system equipped with tape-based storage systems.

The NTV Tower is a next-generation broadcasting base capable of broadcasting and distributing the latest information using many types of media. On the lower floors, the NTV Plaza treats visitors to a selection of 11 restaurants and shops. We are confident that this building will prove an attractive venue for employees and visitors alike.

Following the grand opening of the NTV Tower in August 2003, broadcasting is set to commence in the fall, as fully operational facilities are put in place for the launch of digital terrestrial broadcasting in December. This will give NTV three state-of-the-art, Tokyo-area production and broadcasting bases—Shiodome, Kojimachi and Ikuta—from which to transmit information to the world.

SEN TO CHIHIRO NO KAMI KAKUSHI (SPIRITED AWAY) WINS ACADEMY AWARD

Sen to Chihiro no Kami Kakushi (Spirited Away), a box office sensation in 2001 which yielded ¥3.5 billion in revenue for us, was voted the Best Animated Feature Film at the 75th Annual Academy Awards. This film was shown at 714 cinemas throughout the U.S., and is expected to be shown at cinemas throughout the world. Due to the outstanding success of the movie, sales of the DVD release have been extremely favorable.

In January 2003, *Sen to Chihiro no Kami Kakushi (Spirited Away)* was broadcast on television in the NTV Friday movie time slot, winning a phenomenal rating of 46.9%, representing a record-high rating for a television broadcast of a film. Success was underscored by the film's wide recognition, quality content and a promotional campaign carefully orchestrated by NTV.



*Sen to Chihiro no Kami Kakushi
(Spirited Away)*



©2001 NIBARIKI-TGNDD™



*Opening event for 3D displays of
Studio Ghibli movie scenes at Museum
of Contemporary Art Tokyo*



NTV NEWS CORRESPONDENT BECOMES JAPAN'S FIRST FEMALE EMBEDDED JOURNALIST WITH U.S. FORCES IN IRAQ

NTV correspondent Hiromi Imaizumi, who is stationed at NTV's Paris News Bureau, became the first Japanese female journalist to receive permission to report on U.S. military action in Iraq as an embedded journalist with U.S. forces. Most applicants for this position came from major U.S. news organizations.

Ms. Imaizumi, who uses her fluency in English and French to find her own sources of news, voluntarily applied for the position with the approval of her supervisor. She successfully reported on the Iraqi conflict from the frontlines for 36 consecutive days. As an embedded journalist, Ms. Imaizumi provided viewers in Japan with live coverage of the start of coalition artillery fire, giving viewers in Japan an exclusive first-hand account of the conflict.



News Plus 1



Today's Events

Societal Contributions



The Dash!

Tower are an example. The third is social compatibility, as embodied in NTV's high standard of ethics and many contributions to society.

CONTRIBUTING TO THE ENVIRONMENT AND PUBLIC WELFARE THROUGH BROADCASTING

NTV aired a special event called *24-Hour Television* in 1978 to commemorate the 25th anniversary of television broadcasting in Japan. August 2003 will herald the 26th year of this annual event, taking *24-Hour Television* into its next quarter-century of public service supported by donations from viewers, corporate sponsors who share the program's philosophy and the cooperation of NTV's network affiliates, who form one of the largest broadcasting networks in Japan. During the first 25 airings of this 24-hour television extravaganza, NTV has focused exclusively on public welfare, funneling an immense volume of donations to worthy causes that included special vehicles for public service activities, particularly vehicles equipped with baths for bed-ridden senior citizens. Beginning with the 26th airing this year, the



program will also be devoted to the environment, giving it two worthwhile causes to support.

Accomplishments of *24-Hour Television*:

Total donations (1978-2002): Approximately ¥21,712.59 billion

Number of public service vehicles donated in Japan: 6,948

(Buses with lifts, vehicles equipped with baths, electric wheelchairs, electric vehicles, wheelchair-accessible compact vehicles with ramps)

Total natural disaster assistance in Japan: Approximately ¥595.12 million
(Including 1991 Unzen volcanic eruption; 1995 Great Hanshin-Awaji Earthquake)

Total overseas special natural disaster assistance:

Approximately ¥150.75 million

(Including 1998 Adana-Ceyhan Earthquake in Turkey; 2001 terrorist attacks in the U.S.)



Consolidated Financial Section

Financial Statement Analysis and 2002 Results

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Management's Discussion and Analysis

Overview

TECHNOLOGICAL REVOLUTIONS IN THE TELEVISION BROADCASTING INDUSTRY

It has been 50 years since NTV became the first commercial broadcaster in Japan. In the ensuing years, television broadcasting has undergone a series of momentous changes that has made possible entirely new functions. Among the major events were the advent of color broadcasts and multiplex sound and text broadcasts. BS and CS satellite broadcasting services give people more viewing options. Satellite broadcasting was recently converted from analog to digital, one step ahead of terrestrial broadcasting, where the digital conversion is to begin at the end of 2003. Digital terrestrial broadcasting will provide numerous benefits, heralding a new era of television. Some high-performance functions and services made possible by digital technology include high-resolution HDTV pictures, multi-surround sound, multi-channel broadcasting, data broadcasting and interactive programs. As this progress occurs, broadband communications is driving the convergence of broadcasting and telecommunications. One example is that telecommunications carriers are expected to begin sending television signals to households over fiber-optic lines in the near future.

NTV WINS THE QUADRUPLE CROWN TITLE OF ANNUAL BROADCAST VIEWER RATINGS FOR THE NINTH STRAIGHT YEAR

The Japanese television broadcasting industry has entered a significant period of transition, brought about by the advent of digital broadcasting and the convergence of broadcasting and telecommunications. For over a decade, NTV has actively reformed and reenergized its organization, creating one of the industry's most outstanding teams of program creators. This talented team has enabled NTV to win the quadruple crown title of annual viewer ratings for the ninth straight year. While Japan's advertising market is expected to remain soft, it is in times like these that the competitive landscape of the broadcasting industry can be redrawn. This is a prime opportunity for NTV to capture even higher ratings.

JAPAN'S ADVERTISING EXPENDITURES AND GROSS DOMESTIC PRODUCT (GDP)

Year	Advertising Expenditures		GDP		Advertising Expenditures Relative to GDP (%)
	(Billions of Yen)	Year-on-year Change (%)	(Billions of Yen)	Year-on-year Change (%)	
1989	5,071.5	114.8	410,469.2	107.3	1.24
1990	5,564.8	109.7	442,072.3	107.7	1.26
1991	5,726.1	102.9	469,940.7	106.3	1.22
1992	5,461.1	95.4	482,383.4	102.6	1.13
1993	5,127.3	93.9	486,412.3	100.8	1.05
1994	5,168.2	100.8	491,887.0	101.1	1.05
1995	5,426.3	105.0	498,872.3	101.4	1.09
1996	5,771.5	106.4	511,946.8	102.6	1.13
1997	5,996.1	103.9	523,051.1	102.2	1.15
1998	5,771.1	96.2	516,579.2	98.8	1.12
1999	5,699.6	98.8	509,115.9	98.6	1.12
2000	6,110.2	107.2	513,376.8	100.8	1.19
2001	6,058.0	99.1	507,455.5	98.8	1.19
2002	5,703.2	94.1	500,598.6	98.6	1.14

Source: Dentsu Inc., Advertising Expenditures 2002

A HEAD OFFICE BUILDING DESIGNED FOR NEW CHALLENGES

The NTV Group is expanding in many fields other than terrestrial broadcasting. BS Nippon Corporation and CS Nippon Corporation have entered the satellite broadcasting field to seize new opportunities. These two equity-method associated companies are not yet contributing to earnings. However, NTV views these companies as key upfront investments needed to secure satellite-based media channels for the impending era of digital broadcasting. Meanwhile, Nippon Television Music Corporation and Forecast Communications Inc. are achieving steady growth in businesses that support the reuse of program content and multimedia content distribution. The NTV Group's policy is to actively develop businesses grounded on multi-format content use to expand sales in the non-broadcasting business.

The NTV Tower, our new head office building, was completed in late April 2003. This state-of-the art broadcasting facility is fully equipped with the latest technology. NTV will continue to face many challenges, including soft advertising sales due to economic adversity and an increase in depreciation accompanying investments in digitalization and the new head office building. Nonetheless, the NTV Group will make a concerted effort to draw on experience gained over the last 50 years to overcome these challenges.

OPERATIONAL REVIEW

The NTV Group consists of Nippon Television Network Corporation, 16 subsidiaries and 17 associated companies. Group companies, including subsidiaries and associated companies are responsible for various aspects of key businesses. NTV subsidiaries consist of 12 consolidated subsidiaries and four non-consolidated subsidiaries, classified as such due to their negligible impact on group-wide operating results. The equity method is applied to the four non-consolidated subsidiaries and 17 associated companies.

The NTV Group has three business segments: television broadcasting, cultural activities and other. Business activities and performance in each segment are as follows.

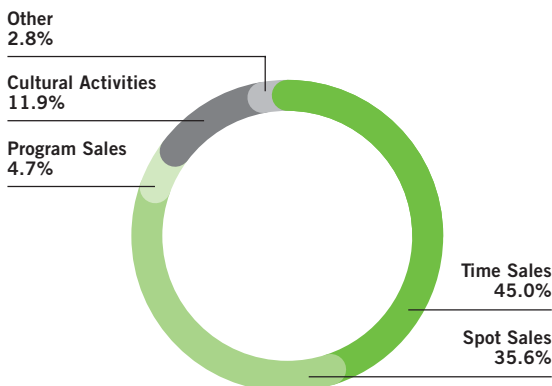
TELEVISION BROADCASTING

The primary activities in the television broadcasting segment are the production and broadcasting of television programs over NTV's nationwide network and the sale of broadcasting time to advertisers and sponsorship programs. NTV's primary sources of sales in this segment are the sale of television broadcasting time during specific programs and the sale of advertising spots, which are flexibly scheduled. There are five consolidated subsidiaries, two non-consolidated subsidiaries and 10 affiliated companies involved in the production and broadcasting of television programs. The main consolidated subsidiary in this segment is NTV Eizo Center Corporation.

During fiscal 2002, ended March 31, 2003, total television broadcasting sales declined ¥12,097 million, or 4.0%, to ¥292,295 million and operating income declined ¥12,132 million, or 21.1%, to ¥45,495 million. NTV continued to achieve high viewer ratings, winning the quadruple crown title for the ninth straight year. However, soft advertising demand due to Japan's weak economy caused the decline in sales and operating income. In the fiscal year under review, the top line was hit hard by a sharp fall in advertising spot sales in the first half. Demand slackened among the largest buyers of NTV's advertising spots, including prominent companies in the food and beverage, financial services and pharmaceuticals industries. There was strong advertising demand in the second half among the services, automobile and electric appliances industries, but this comeback wasn't enough to offset weaker demand in other industries. Consequently, fiscal 2002 sales of advertising spots decreased 4.7% year on year. Sales of television broadcasting time were also weak, declining 3.2% compared with the previous fiscal year.

The television broadcasting segment represented 85.3% of net sales for fiscal 2002.

A BREAKDOWN OF NTV'S NET SALES BY OPERATIONS



CULTURAL ACTIVITIES

The main activities in the cultural activities segment are concerts and art exhibits, film production and distribution, sports events, and publishing and sales of books and catalogs. VAP Inc. plans, produces, records and sells CDs, videotapes and DVDs, while Nippon Television Music Corporation plans and produces recorded music, including CDs, represents music copyrights and manages merchandising rights. Two unconsolidated subsidiaries and two associated companies are also primarily engaged in this segment.

Segment sales decreased ¥10,844 million, or 21.1%, to ¥40,608 million and operating income was down ¥4,422 million, or 80.0%, at ¥1,107 million. The cultural activities segment held many successful large-scale events during the fiscal year, including the *Marc Chagall Exhibition* in Tokyo, Niigata and Hiroshima and a concert tour by Paul McCartney in Japan. SHIBUYA-AX, a live music hall operated together with Dentsu Inc., also made a steady contribution to earnings. During fiscal 2002, films such as *Neko no Ongaeshi (The Cat Returns)*, *Mohouhan (The Copy Cat)*, *Tasogare Seibei (The Twilight Samurai)* and *Meitantei Conan (Detective Conan Crossroad in the Ancient Capital)* had strong box office performances. However, segment sales and earnings decreased sharply in fiscal 2002 mainly due to the sharp sales and earnings growth in the previous fiscal year from the blockbuster film *Sen to Chihiro no Kami Kakushi (Spirited Away)*. A decline in record sales also dented operating results in fiscal 2002. This was mainly due to the lack of a hit record on a par with the *Mr. Children* album released by subsidiary VAP in the previous fiscal year. This album made a strong contribution to sales, but only a minimal contribution to earnings, as the CD business has relatively low margins. Consequently, in fiscal 2002, VAP achieved higher earnings on much lower sales than in the previous fiscal year.

The cultural activities segment represented 11.9% of net sales for fiscal 2002.

OTHER

In the other segment, the major consolidated subsidiaries are NTV Services Inc., which is involved in housing, insurance sales and sales of novelty goods at various events; Nippon Television Work 24 Corporation, which is engaged in general facility management services, including property; Nippon Television Football Club Co., Ltd., which manages a professional soccer team; and Forecast Communications Inc., which offers Internet-related services. There are five associated companies involved in this segment engaged in new media, trading in artworks, local heating and cooling, and other businesses.

Sales in this segment increased ¥978 million, or 11.3%, to ¥9,623 million, while operating income climbed ¥480 million, or 119.1%, to ¥883 million. This was mainly attributable to growth in licensing businesses and a strong performance by Internet-related businesses.

The other segment represented 2.8% of net sales for fiscal 2002.

SALES BY BUSINESS SEGMENT
(Billions of Yen)



Financial Review

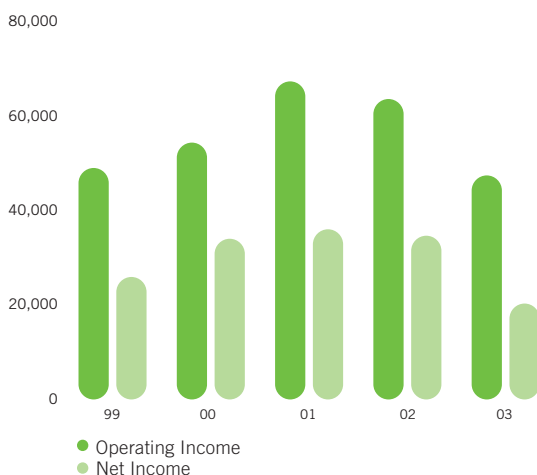
NET SALES

During the fiscal year ended March 31, 2003, Japan's economy slid deeper into recession. Exports to Asia, including China, were strong, but consumer spending showed no signs of improvement in light of a worsening employment picture and falling personal income levels. There were also protracted declines in stock prices and private-sector capital expenditures. In this climate, the advertising industry struggled as many companies scaled back budgets. Total advertising expenditures in Japan in calendar 2002 were ¥5,703.2 billion, down 5.9% year on year, according to Dentsu Inc. Television advertising expenditures fell 6.4% to ¥1,935.1 billion. Total advertising expenditures and television advertising expenditures declined for the second straight year.

Due to these factors, consolidated net sales decreased ¥22,384 million, or 6.2%, to ¥336,299 million. The decrease was mainly due to lower sales in the television broadcasting segment due to soft advertising demand. This was partly offset by sales of advertising spots for telecasting extensions of *The Yomiuri Giants Baseball Games*, which were extended to a maximum of 60 minutes, and sales of advertisements for large one-time events such as the FIFA World Cup and the Japan Series professional baseball games, for which NTV stepped up sales activities. In the cultural activities segment, the recorded music business posted sharp sales declines due to the absence of a hit CD on a par with the previous year's strong-selling *Mr. Children* album.

The licensing business, which involves merchandising rights and VP rights operations carried out by subsidiaries and associated companies, performed well, with the re-release of popular programs in the form of videos and DVDs and the sale of rights to program content and characters for use in games, Internet sites and toys making earnings contributions. The licensing business made a contribution of close to ¥10.0 billion to consolidated net sales, approximately 47% higher than in the previous fiscal year.

OPERATING INCOME AND NET INCOME (Millions of Yen)



OPERATING INCOME

Program production expenses at the parent company, which represent a large percentage of operating expenses, increased 1.3% to ¥112,362 million. This mainly reflected fees for broadcasting rights and increased program production expenses for the summer 2002 FIFA World Cup, which was co-hosted by Japan and South Korea. However, these expenses were more than offset by higher sales of television broadcasting time during this event. On balance, NTV generated earnings of ¥1,120 million from the FIFA World Cup. Higher outlays for producing programs for the new CS digital broadcasting business also drove up operating expenses. Under these circumstances, NTV worked to efficiently allocate and deploy resources. Consequently, the cost of sales decreased ¥3,709 million, or 1.7%, to ¥215,180 million. Selling, general and administrative expenses declined ¥2,508 million, or 3.3%, to ¥73,712 million thanks to tight budget controls.

As a result of the above, operating income decreased ¥16,167 million, or 25.4%, to ¥47,407 million.

NET INCOME

In other expenses, NTV booked a loss on devaluation of investment securities of ¥6,680 million due to tumbling stock prices. This included devaluation losses on stock in SKY Perfect Communications Inc., which was purchased as a strategic investment. NTV also was mandated to excavate archaeological ruins that were discovered when the site of its former building in Shinjuku was leveled. This resulted in a one-time loss on ruins investigation of ¥1,227 million. Consequently, total other expenses climbed to ¥9,441 million, compared with ¥1,206 million in the previous fiscal year. Net income decreased ¥14,352 million, or 41.4%, to ¥20,296 million.

LIQUIDITY AND FINANCIAL RESOURCES

Total assets were ¥476,634 million as of March 31, 2003, up 7.4% over a year earlier.

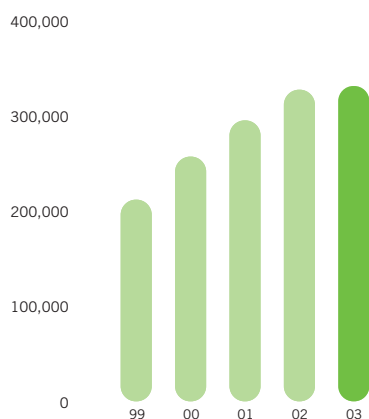
Total current assets increased 12.1% to ¥207,444 million. The main components were a ¥10,993 million increase in cash and cash equivalents, and a ¥11,710 million increase in other receivables due to a transfer from non-current assets to reflect the remaining portion of proceeds due from the sale of a former NTV building in Shinjuku that is due within one year.

In property and equipment — at cost, construction in progress increased to ¥59,748 million, mainly reflecting a ¥25,497 million increase in construction in progress relating to NTV's new head office. In investments and other assets, investment securities and investment in unconsolidated subsidiaries and associated companies decreased by a combined ¥8,623 million. As a result, total non-current assets increased ¥10,480 million. Total current liabilities rose ¥28,427 million to ¥112,716 million. This mainly reflected an increase of ¥34,865 million in short-term bank loans to ¥35,765 million, to finance part of the construction of NTV's new head office. Total non-current liabilities remained mostly the same as a year earlier, resulting in an increase of ¥28,504 million in total liabilities to ¥147,258 million.

Total shareholders' equity rose 1.2% to ¥327,116 million due to an increase of ¥9,364 million in treasury stock. The shareholders' equity ratio declined 4.2 percentage points to 68.6%. Earnings per share declined from ¥1,366.34 to ¥801.99.

Regarding interest-bearing debt, NTV increased short-term bank loans from ¥900 million to ¥35,765 million to finance part of the construction of its new head office. The interest coverage ratio, which is operating cash flows divided by interest paid, decreased from 4,002.9 times at the end of fiscal 2001, when NTV was virtually debt-free, to 559.6 times at March 31, 2003. Nonetheless, NTV still has only minimal debt. The effective number of years to repayment (interest-bearing debt divided by operating cash flows) increased from 0.0 years to 1.4 years.

SHAREHOLDERS' EQUITY (Millions of Yen)



CASH FLOWS

As of March 31, 2003, cash and cash equivalents were ¥81,944 million, ¥10,993 million higher than a year earlier.

OPERATING ACTIVITIES

Net cash provided by operating activities decreased ¥12,910 million to ¥25,981 million, compared with ¥38,891 million in the previous fiscal year. The main components were income before income taxes of ¥37,966 million, down from ¥62,368 million, and an adjustment for a ¥6,680 million loss on devaluation of investment securities, sharply higher than the ¥342 million booked in the previous fiscal year.

INVESTING ACTIVITIES

Net cash used in investing activities was ¥37,393 million, mainly reflecting construction expenses for NTV's new head office building. The main components were purchases of property and equipment of ¥34,310 million, up from ¥26,474 million in fiscal 2001, and purchases of investment securities of ¥15,797 million, which declined from ¥25,383 million in fiscal 2001. These outflows were partly offset by proceeds from the sales of marketable securities of ¥12,524 million, against ¥2,015 million in fiscal 2001.

FINANCING ACTIVITIES

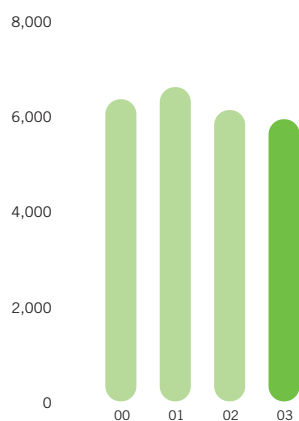
Net cash provided by financing activities was ¥22,464 million. Short-term bank loans increased ¥34,865 million compared with a ¥160 million decrease in fiscal 2001, and there were payments of ¥9,364 million for the purchases of treasury stock.

OUTLOOK

NTV's new head office building, equipped with state-of-the-art facilities, was completed in April 2003, with broadcasting operations scheduled to begin in fall this year. In fiscal 2003, NTV expects to record approximately ¥6.5 billion in one-time costs associated with moving to the new head office and related taxes. Of this amount, approximately ¥4.2 billion will be recorded as operating expenses, while ¥2.2 billion will be classified as other expenses. Budgeted capital expenditures and depreciation on a parent company basis are presented in the table below.

	Capital expenditures (¥ Billion)	Depreciation (¥ Billion)
FY2003	53.5	16.0
FY2004	8.3	21.0
FY2005	5.5	17.0
FY2006	6.0	14.0

CONSOLIDATED BASIS DEPRECIATION (Millions of Yen)



In fiscal 2003, NTV expects business conditions to remain difficult, with no signs of improvement in the advertising market. In this climate, it will be difficult to achieve sales growth. Moreover, NTV will no longer receive tenant income from its former head office in Kojimachi due to the relocation of associated companies and other firms to this building. In fiscal 2003, therefore, NTV expects to incur expenses related to both its new head office and the Kojimachi building. These and other factors are expected to weigh down operating results for fiscal 2003 even more than in fiscal 2002. While depreciation will steadily increase over the coming years, NTV expects to reap substantial benefits from its move to the new head office building, which coincides with the start of digital terrestrial broadcasts and gives NTV a significant edge over its competitors.

Consolidated Financial Statements

Consolidated Balance Sheets

Nippon Television Network Corporation and Consolidated Subsidiaries
March 31, 2003 and 2002

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2003	2002	2003
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	¥ 81,944	¥ 70,951	\$ 681,730
Time deposits	1,063	843	8,844
Marketable securities (Note 3)	9,254	12,830	76,988
Receivables:			
Trade notes	8,450	10,160	70,300
Trade accounts	75,455	71,932	627,745
Other	12,538	828	104,310
Allowance for doubtful accounts	(194)	(218)	(1,614)
Program rights	7,610	5,606	63,311
Deferred tax assets (Note 8)	7,300	7,277	60,732
Prepaid expenses and other	4,722	5,279	39,285
Allowance for doubtful accounts	(698)	(400)	(5,807)
Total current assets	207,444	185,088	1,725,824
PROPERTY AND EQUIPMENT—At cost (Notes 4 and 9):			
Land	115,113	115,015	957,679
Buildings and structures	32,847	32,748	273,270
Machinery, vehicles and equipment	65,232	64,916	542,695
Construction in progress	59,748	34,251	497,071
Total	272,940	246,930	2,270,715
Accumulated depreciation	(73,777)	(71,927)	(613,785)
Net property and equipment	199,163	175,003	1,656,930
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Note 3)	47,151	54,998	392,271
Investment in unconsolidated subsidiaries and associated companies	8,623	9,389	71,739
Deferred tax assets (Note 8)	6,292	853	52,346
Long-term receivable		11,739	
Other assets	8,208	7,116	68,286
Allowance for doubtful accounts	(247)	(388)	(2,055)
Total investments and other assets	70,027	83,707	582,587
TOTAL	¥ 476,634	¥ 443,798	\$ 3,965,341

See notes to consolidated financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2003	2002	2003
CURRENT LIABILITIES:			
Short-term bank loans (Note 5)	¥ 35,765	¥ 900	\$ 297,546
Payables:			
Trade notes	2,615	6,778	21,755
Trade accounts	49,517	46,510	411,955
Other	5,827	9,783	48,478
Income taxes payable	12,192	12,859	101,431
Accrued expenses and other	6,800	7,459	56,572
Total current liabilities	112,716	84,289	937,737
NON-CURRENT LIABILITIES:			
Liabilities for retirement benefits (Note 6)	15,193	14,422	126,398
Guarantee deposits received (Note 4)	19,344	19,000	160,932
Deferred tax liabilities (Note 8)		1,031	
Other	5	12	41
Total non-current liabilities	34,542	34,465	287,371
MINORITY INTERESTS	2,260	1,725	18,802
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 9 and 10)			
SHAREHOLDERS' EQUITY (Notes 7 and 11):			
Common stock—authorized, 50,000,000 shares; issued, 25,364,548 shares in 2003 and 2002	18,576	18,576	154,542
Additional paid-in capital	17,928	17,928	149,151
Retained earnings	299,477	282,364	2,491,488
Unrealized gain on available-for-sale securities	775	4,719	6,448
Foreign currency translation adjustments	(110)	(102)	(915)
Total	336,646	323,485	2,800,714
Treasury stock—at cost, 408,820 shares in 2003 and 6,515 shares in 2002	(9,530)	(166)	(79,283)
Total shareholders' equity	327,116	323,319	2,721,431
TOTAL	¥ 476,634	¥ 443,798	\$ 3,965,341

Consolidated Statements of Income

Nippon Television Network Corporation and Consolidated Subsidiaries
Years Ended March 31, 2003 and 2002

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2003	2002	2003
NET SALES	¥ 336,299	¥ 358,683	\$ 2,797,829
COST OF SALES	215,180	218,889	1,790,183
Gross profit	121,119	139,794	1,007,646
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 9)	73,712	76,220	613,245
Operating income	47,407	63,574	394,401
OTHER INCOME (EXPENSES):			
Interest and dividend income	678	693	5,641
Interest expense	(58)	(10)	(483)
Gain on sales of property and equipment	10	42	83
Loss on devaluation of investment securities	(6,680)	(342)	(55,574)
Equity in losses of unconsolidated subsidiaries and associated companies	(1,638)	(1,412)	(13,627)
Loss on ruins investigation	(1,227)		(10,208)
Other—net	(526)	(177)	(4,376)
Other expenses—net	(9,441)	(1,206)	(78,544)
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	37,966	62,368	315,857
INCOME TAXES (Note 8):			
Current	20,714	27,332	172,329
Deferred	(3,588)	(105)	(29,850)
Total income taxes	17,126	27,227	142,479
INCOME BEFORE MINORITY INTERESTS	20,840	35,141	173,378
MINORITY INTERESTS IN NET INCOME	(544)	(493)	(4,526)
NET INCOME	¥ 20,296	¥ 34,648	\$ 168,852
	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Note 2 m):			
Net income	¥ 801.99	¥ 1,366.34	\$ 6.67
Cash dividends applicable to the year	120.00	120.00	1.00

See notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

Nippon Television Network Corporation and Consolidated Subsidiaries
Years Ended March 31, 2003 and 2002

	Thousands	Millions of Yen					
	Shares of Common Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Unrealized Gain on Available-for- sale Securities	Foreign Currency Translation Adjustments	Treasury Stock
BALANCE, APRIL 1, 2001	25,365	¥ 18,576	¥ 17,928	¥ 251,376	¥ 3,978	¥ (195)	¥ (162)
Net income				34,648			
Cash dividends, ¥97.5 per share				(2,473)			
Bonuses to directors				(140)			
Interim cash dividends, ¥25 per share				(634)			
Adjustment of retained earnings from the adoption of equity method for newly associated company				(413)			
Net increase in unrealized gain on available-for-sale securities					741		
Foreign currency translation adjustments						93	
Increase in treasury stock—net							(4)
BALANCE, MARCH 31, 2002	25,365	18,576	17,928	282,364	4,719	(102)	(166)
Net income				20,296			
Cash dividends, ¥95 per share				(2,409)			
Bonuses to directors				(140)			
Interim cash dividends, ¥25 per share				(626)			
Adjustment of retained earnings from the adoption of equity method for newly associated company				(8)			
Net decrease in unrealized gain on available-for-sale securities					(3,944)		
Foreign currency translation adjustments						(8)	
Increase in treasury stock—net							(9,364)
BALANCE, MARCH 31, 2003	25,365	¥ 18,576	¥ 17,928	¥ 299,477	¥ 775	¥ (110)	¥ (9,530)

Thousands of U.S. Dollars (Note 1)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Unrealized Gain on Available-for- sale Securities	Foreign Currency Translation Adjustments	Treasury Stock
BALANCE, MARCH 31, 2002	\$ 154,542	\$ 149,151	\$ 2,349,118	\$ 39,260	\$ (857)	\$ (1,380)
Net income			168,852			
Cash dividends, \$0.79 per share			(20,042)			
Bonuses to directors			(1,165)			
Interim cash dividends, \$0.21 per share			(5,208)			
Adjustment of retained earnings from the adoption of equity method for newly associated company			(67)			
Net decrease in unrealized gain on available-for-sale securities				(32,812)		
Foreign currency translation adjustments					(58)	
Increase in treasury stock—net						(77,903)
BALANCE, MARCH 31, 2003	\$154,542	\$ 149,151	\$ 2,491,488	\$ 6,448	\$ (915)	\$ (79,283)

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Nippon Television Network Corporation and Consolidated Subsidiaries
Years Ended March 31, 2003 and 2002

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2003	2002	2003
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 37,966	¥ 62,368	\$ 315,857
Adjustments for:			
Income taxes—paid	(21,381)	(34,329)	(177,879)
Depreciation and amortization	5,854	6,045	48,702
Provision for (reversal of) liabilities for retirement benefits	771	(455)	6,414
Gain on sales of property and equipment	(10)	(42)	(83)
Loss on devaluation of investment securities	6,680	342	55,574
Equity in losses of unconsolidated subsidiaries and associated companies	1,638	1,412	13,627
Loss on ruins investigation	1,227		10,208
Changes in operating assets and liabilities:			
(Increase) decrease in trade notes and accounts receivables	(1,813)	2,722	(15,083)
Increase in program rights	(2,004)	(452)	(16,672)
(Decrease) increase in trade notes and accounts payables	(1,156)	3,253	(9,617)
Other—net	(1,791)	(1,973)	(14,900)
Total adjustments	(11,985)	(23,477)	(99,709)
Net cash provided by operating activities	25,981	38,891	216,148
INVESTING ACTIVITIES:			
Increase in long-term deposits	(220)	(570)	(1,830)
Decrease in long-term deposits	250	233	2,080
Purchases of marketable securities		(1,499)	
Proceeds from sales of marketable securities	12,524	2,015	104,193
Purchases of property and equipment	(34,310)	(26,474)	(285,441)
Proceeds from sales of property and equipment	14	219	116
Purchases of intangible assets	(607)	(1,120)	(5,050)
Proceeds from sales of investment securities	639	3,354	5,316
Purchases of investment securities	(15,797)	(25,383)	(131,423)
Other—net	114	452	949
Net cash used in investing activities	(37,393)	(48,773)	(311,090)
FINANCING ACTIVITIES:			
Change in short-term bank loans—net	34,865	(160)	290,058
Dividends paid	(3,035)	(3,107)	(25,250)
Purchases of treasury stock	(9,364)		(77,903)
Other—net	(2)	102	(16)
Net cash provided by (used in) financing activities	22,464	(3,165)	186,889
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(59)	(67)	(491)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	10,993	(13,114)	91,456
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	70,951	84,065	590,274
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 81,944	¥ 70,951	\$ 681,730

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Nippon Television Network Corporation and Consolidated Subsidiaries
Years Ended March 31, 2003 and 2002

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 Securities and Exchange Law and its related accounting regulations, and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards. The consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

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.

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 ¥120.2 to \$1, the approximate rate of exchange at March 31, 2003. 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, 2003 and 2002 include the accounts of the Company and its 12 significant subsidiaries (together, the “Group”).

Investments in 4 (4 in 2002) unconsolidated subsidiaries and 17 (17 in 2002) associated companies are accounted for by the equity method.

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 broadcast. 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 all securities as available-for-sale securities.

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 shareholders' 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. Retirement and Pension Plan — The Company and subsidiaries have 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 projected benefit obligations and plan assets at the balance sheet date.

The Company's transitional assets of ¥2,776 million (\$23,095 thousand), determined at the beginning of the year, is 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.

g. Leases — All leases are accounted for as operating 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.

h. Income Taxes — The provision for income taxes is computed based on the pretax income included in the 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.

i. Appropriations of Retained Earnings — Appropriations of retained earnings at each year end are reflected in the financial statements for the following year upon shareholders' approval.

j. 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.

k. Foreign Currency Financial Statements — The balance sheet and revenue and expense accounts of the consolidated overseas subsidiaries are translated into yen at the current exchange rates as of the balance sheet date except for shareholders' 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 shareholders' equity.

l. Cash Dividends — Cash dividends charged to retained earnings are those actually paid during the year which represents year-end dividends for the preceding year and interim dividends for the current year.

m. 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, retroactively adjusted for stock splits.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

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, retroactively adjusted for stock splits.

3. MARKETABLE AND INVESTMENT SECURITIES

Marketable and investment securities as of March 31, 2003 and 2002 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Marketable securities—Government and corporate bonds	¥ 9,254	¥ 12,830	\$ 76,988
Total	¥ 9,254	¥ 12,830	\$ 76,988
Investment securities:			
Equity securities	¥ 39,383	¥ 38,717	\$ 327,646
Government and corporate bonds	4,511	3,381	37,529
Trust fund investments and others	3,257	12,900	27,096
Total	¥ 47,151	¥ 54,998	\$ 392,271

The carrying amounts and aggregate fair value of marketable securities and investment securities at March 31, 2003 and 2002 were as follows:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2003				
Securities classified as available-for-sale:				
Equity securities	¥ 24,753	¥ 4,384	¥ 3,061	¥ 26,076
Government and corporate bonds	13,786	206	226	13,766
Trust fund investments and others	2,288		31	2,257
Total	¥ 40,827	¥ 4,590	¥ 3,318	¥ 42,099
March 31, 2002				
Securities classified as available-for-sale:				
Equity securities	¥ 18,639	¥ 8,894	¥ 314	¥ 27,219
Government and corporate bonds	16,059	367	215	16,211
Trust fund investments and others	13,488	56	644	12,900
Total	¥ 48,186	¥ 9,317	¥ 1,173	¥ 56,330
	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2003				
Securities classified as available-for-sale:				
Equity securities	\$ 205,932	\$ 36,472	\$ 25,466	\$ 216,938
Government and corporate bonds	114,692	1,714	1,880	114,526
Trust fund investments and others	19,035		258	18,777
Total	\$ 339,659	\$ 38,186	\$ 27,604	\$ 350,241

Available-for-sale securities whose fair value is not readily determinable as of March 31, 2003 and 2002 were as follows:

	Carrying Amount			
	Millions of Yen			Thousands of U.S. Dollars
	2003	2002		2003
Available-for-sale—Non-marketable securities	¥ 14,306	¥ 11,498		\$ 119,018

Proceeds from sales of available-for-sale securities for the years ended March 31, 2003 and 2002 were ¥639 million (\$5,316 thousand) and ¥3,354 million, respectively. Gross realized gains and losses on these sales, computed on the moving average cost basis, were ¥2 million (\$17 thousand) and ¥8 million (\$66 thousand), respectively, for the year ended March 31, 2003 and ¥185 million and ¥615 million, respectively, for the year ended March 31, 2002.

The carrying values of debt securities by contractual maturities for securities classified as available-for-sale at March 31, 2003 are as follows:

Available for Sale	Millions of Yen	Thousands of U.S. Dollars
Due in one year or less	¥ 10,148	\$ 84,426
Due after one year through five years	3,344	27,820
Due after five years through ten years	1,001	8,328
Due after ten years	140	1,165
Total	¥ 14,633	\$ 121,739

4. COLLATERALIZED PROPERTY

At March 31, 2003, land of ¥101,000 million (\$840,266 thousand) was pledged as collateral for guarantee deposits received of ¥19,000 million (\$158,070 thousand).

5. SHORT-TERM BANK LOANS

Short-term bank loans outstanding were generally represented by bank overdraft arrangements. The annual interest rates ranged from 0.23% to 2.10% and from 0.75% to 0.79% at March 31, 2003 and 2002, respectively.

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, 2003 and 2002 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Projected benefit obligation	¥ 25,147	¥ 25,090	\$ 209,209
Fair value of plan assets	(12,837)	(13,734)	(106,797)
Unrecognized net transitional assets	1,943	2,221	16,165
Net liability	¥ 14,253	¥ 13,577	\$ 118,577

The components of net periodic benefit costs for years ended March 31, 2003 and 2002 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Service cost	¥ 1,147	¥ 1,191	\$ 9,542
Interest cost	471	485	3,918
Expected return on plan assets	(131)	(540)	(1,090)
Recognized actuarial loss	1,285	704	10,691
Amortization of net transitional assets	(278)	(278)	(2,312)
Net periodic benefit costs	¥ 2,494	¥ 1,562	\$ 20,749

Assumptions used for the years ended March 31, 2003 and 2002 are set forth as follows:

	2003	2002
Discount rate	2.3%	2.3%
Expected rate of return on plan assets	1.0%	4.0%
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 Japanese Commercial Code (the "Code"). Retirement benefits as of March 31, 2003 and 2002 included those for directors and corporate auditors in the amount of ¥940 million (\$7,820 thousand) and ¥845 million, respectively.

7. SHAREHOLDERS' EQUITY

Japanese companies are subject to the Code to which certain amendments became effective from October 1, 2001.

Prior to October 1, 2001, the Code required at least 50% of the issue price of new shares, with a minimum of the par value thereof, to be designated as stated capital as determined by resolution of the Board of Directors. Proceeds in excess of amounts designated as stated capital were credited to additional paid-in capital. Effective October 1, 2001, the Code was revised and common stock par values were eliminated resulting in all shares being recorded with no par value.

Prior to October 1, 2001, the Code also provided that an amount at least equal to 10% of the aggregate amount of cash dividends and certain other cash payments which are made as an appropriation of retained earnings applicable to each fiscal period shall be appropriated and set aside as a legal reserve until such reserve equals 25% of stated capital. Effective October 1, 2001, the revised Code allows for such appropriations to be set aside as a legal reserve until the total additional paid-in capital and legal reserve equals 25% of stated capital. The amount of total additional paid-in capital and legal reserve which exceeds 25% of stated capital can be transferred to retained earnings by resolution of the shareholders, which may be available for dividends. The Company's legal reserve amount, which is included in retained earnings, totals ¥3,526 million (\$29,334 thousand) as of March 31, 2003 and 2002. Under the Code, companies may issue new common shares to existing shareholders without consideration as a stock split pursuant to a resolution of the Board of Directors. Prior to October 1, 2001, the amount calculated by dividing the

total amount of shareholders' equity by the number of outstanding shares after the stock split could not be less than ¥500. The revised Code eliminated this restriction.

Prior to October 1, 2001, the Code imposed certain restrictions on the repurchase and use of treasury stock. Effective October 1, 2001, the Code eliminated these restrictions allowing companies to repurchase treasury stock by a resolution of the shareholders at the general shareholders meeting and dispose of such treasury stock by resolution of the Board of Directors after March 31, 2002. The repurchased amount of treasury stock cannot exceed the amount available for future dividend plus amount of stated capital, additional paid-in capital or legal reserve to be reduced in the case where such reduction was resolved at the general shareholders meeting.

The Code permits companies to transfer a portion of additional paid-in capital and legal reserve to stated capital by resolution of the Board of Directors. The Code also permits companies to transfer a portion of unappropriated retained earnings, available for dividends, to stated capital by resolution of the shareholders.

Dividends are approved by the shareholders at a meeting held subsequent to the fiscal year to which the dividends are applicable. Semiannual interim dividends may also be paid upon resolution of the Board of Directors, subject to certain limitations imposed by the Code.

Under the Code, the amount available for dividends is based on retained earnings as recorded on the Company's books. At March 31, 2003, retained earnings recorded on the Company's books were ¥265,006 million (\$2,204,708 thousand) which is available for future dividends subject to the approval of the shareholders and legal reserve requirements.

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 42.1% for the years ended March 31, 2003 and 2002.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities as of March 31, 2003 and 2002 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Current:			
Deferred tax assets:			
Devaluation of program rights	¥ 4,424	¥ 5,079	\$ 36,805
Accrued enterprise taxes	1,489	1,232	12,388
Accrued bonuses	1,015	677	8,444
Other	535	476	4,451
Less valuation allowance	(158)	(165)	(1,314)
Total	7,305	7,299	60,774
Deferred tax liabilities—unrealized gain on available-for-sale securities	(5)	(22)	(42)
Net deferred tax assets	¥ 7,300	¥ 7,277	\$ 60,732

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Non-current:			
Deferred tax assets:			
Retirement benefits	¥ 6,000	¥ 5,868	\$ 49,917
Devaluation of property and equipment	837	787	6,963
Devaluation of investment securities	4,565	1,839	37,978
Other	834	921	6,939
Less valuation allowance	(129)	(121)	(1,073)
Total	12,107	9,294	100,724
Offset with deferred tax liabilities	(5,815)	(8,441)	(48,378)
Net deferred tax assets	¥ 6,292	¥ 853	\$ 52,346
Deferred tax liabilities:			
Tax benefit from deferred gain on sales of property and equipment	¥ (5,303)	¥ (6,070)	\$ (44,118)
Unrealized gain on available-for-sale securities	(512)	(3,402)	(4,260)
Total	(5,815)	(9,472)	(48,378)
Offset with deferred tax assets	5,815	8,441	48,378
Net deferred tax liabilities		¥ (1,031)	

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of income for the years ended March 31, 2003 and 2002 is as follows:

	2003	2002
Normal effective statutory tax rate	42.1%	42.1%
Expenses not deductible for income tax purposes	1.4	0.9
Income not taxable for income tax purposes	(0.3)	(0.2)
Effect of tax rate reduction	1.1	
Other—net	0.8	0.8
Actual effective tax rate	45.1%	43.6%

On March 31, 2003, a tax reform law concerning enterprise tax was enacted in Japan which changed the normal effective statutory tax rate from 42.1% to 40.5%, effective for years beginning on or after April 1, 2004. The effect of this change is nominal.

9. LEASES

a. Finance Lease Transactions

As lessee

Total rental expenses under finance leases were ¥258 million (\$2,146 thousand) and ¥404 million for the years ended March 31, 2003 and 2002, respectively.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, obligation under finance lease, depreciation expense, 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, 2003 and 2002 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Machinery, Vehicles and Equipment			
Acquisition cost	¥ 814	¥ 1,294	\$ 6,772
Accumulated depreciation	499	776	4,151
Net book value	¥ 315	¥ 518	\$ 2,621
Obligations under Finance Leases			
Due within one year	¥ 246	¥ 324	\$ 2,047
Due after one year	263	466	2,188
Total	509	790	4,235
Less—Sublease	(194)	(272)	(1,614)
Total	¥ 315	¥ 518	\$ 2,621

Obligations under finance leases including obligations on sublease were ¥194 million (\$1,614 thousand) and ¥272 million at March 31, 2003 and 2002, respectively.

Depreciation expense which is not reflected in the accompanying consolidated statements of income, computed by the straight-line method was ¥258 million (\$2,146 thousand) and ¥404 million for the years ended March 31, 2003 and 2002, respectively.

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

As lessor

Total lease receipts were ¥145 million (\$1,206 thousand) and ¥12 million for the years ended March 31, 2003 and 2002, respectively.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, receivables under finance lease, depreciation expense, 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, 2003 and 2002 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Machinery and Equipment			
Acquisition cost	¥ 1,041	¥ 979	\$ 8,661
Accumulated depreciation	291	22	2,421
Net book value	¥ 750	¥ 957	\$ 6,240
Receivables under Finance Leases			
Due within one year	¥ 153	¥ 141	\$ 1,273
Due after one year	718	813	5,973
Total	¥ 871	¥ 954	\$ 7,246

Depreciation expense was ¥269 million (\$2,238 thousand) and ¥22 million for the years ended March 31, 2003 and 2002, respectively. The amounts of receivables under finance leases include the imputed the interest income portion.

b. Operating Lease Transactions

The minimum rental commitments under noncancelable operating leases at March 31, 2003 and 2002 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
As Lessee			
Due within one year	¥ 78	¥ 68	\$ 649
Due after one year	77	97	641
Total	¥ 155	¥ 165	\$ 1,290
As Lessor			
Due within one year	¥ 119		\$ 990
Due after one year	6,381	¥ 6,500	53,087
Total	¥ 6,500	¥ 6,500	\$ 54,077

10. CONTINGENT LIABILITIES

The Group's contingent liabilities as of March 31, 2003 as guarantors of indebtedness were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Employees	¥ 934	\$ 7,770
Broadcasting Satellite System Corporation	2,344	19,501
Total	¥ 3,278	\$ 27,271

11. SUBSEQUENT EVENTS

The following appropriations of retained earnings and purchase of treasury stock at March 31, 2003 were approved at the Company's shareholders meeting held on June 27, 2003:

a. Appropriations of Retained Earnings

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥95 (\$0.79) per share	¥ 2,370	\$ 19,717
Bonuses to directors	140	1,165

b. Purchase of Treasury Stock

The Company is authorized to repurchase up to 350 thousand shares of the Company's common stock with the aggregate amount up to ¥7,000 million.

12. SEGMENT INFORMATION

Information about industry segments, geographic segments and sales to foreign customers for the years ended March 31, 2003 and 2002 was as follows:

(1) Industry Segments

2003

a. Sales and operating income

	Millions of Yen				
	Television Broadcasting	Cultural Activities	Other	Elimination/ Corporate	Consolidated
Sales to outside customers	¥ 291,976	¥ 39,759	¥ 4,564		¥ 336,299
Intersegment sales/transfers	319	849	5,059	¥ (6,227)	
Total sales	292,295	40,608	9,623	(6,227)	336,299
Operating expenses	246,800	39,501	8,740	(6,149)	288,892
Operating income	¥ 45,495	¥ 1,107	¥ 883	¥ (78)	¥ 47,407

	Thousands of U.S. Dollars				
	Television Broadcasting	Cultural Activities	Other	Elimination/ Corporate	Consolidated
Sales to outside customers	\$ 2,429,085	\$ 330,774	\$ 37,970		\$ 2,797,829
Intersegment sales/transfers	2,654	7,063	42,088	\$ (51,805)	
Total sales	2,431,739	337,837	80,058	(51,805)	2,797,829
Operating expenses	2,053,245	328,627	72,712	(51,156)	2,403,428
Operating income	\$ 378,494	\$ 9,120	\$ 7,346	\$ (649)	\$ 394,401

b. Assets, depreciation and capital expenditures

	Millions of Yen				
	Television Broadcasting	Cultural Activities	Other	Elimination/ Corporate	Consolidated
Assets	¥ 174,853	¥ 18,377	¥ 8,264	¥ 275,141	¥ 476,635
Depreciation	5,698	97	42	17	5,854
Capital expenditures	17,575	12	38	12,419	30,044

	Thousands of U.S. Dollars				
	Television Broadcasting	Cultural Activities	Other	Elimination/ Corporate	Consolidated
Assets	\$ 1,454,684	\$ 152,887	\$ 68,751	\$ 2,289,027	\$ 3,965,349
Depreciation	47,404	807	350	141	48,702
Capital expenditures	146,215	100	316	103,319	249,950

2002

a. Sales and operating income

	Millions of Yen				
	Television Broadcasting	Cultural Activities	Other	Elimination/ Corporate	Consolidated
Sales to outside customers	¥ 304,120	¥ 50,388	¥ 4,175		¥ 358,683
Intersegment sales/transfers	272	1,064	4,470	¥ (5,806)	
Total sales	304,392	51,452	8,645	(5,806)	358,683
Operating expenses	246,765	45,923	8,242	(5,821)	295,109
Operating income	¥ 57,627	¥ 5,529	¥ 403	¥ 15	¥ 63,574

b. Assets, depreciation and capital expenditures

	Millions of Yen				
	Television Broadcasting	Cultural Activities	Other	Elimination/ Corporate	Consolidated
Assets	¥ 168,813	¥ 16,575	¥ 7,673	¥ 250,737	¥ 443,798
Depreciation	5,868	114	42	21	6,045
Capital expenditures	17,416	30	139	16,779	34,364

Notes: 1. The Group is engaged in three segments, television broadcasting, cultural activities and other. The three segments consist of the following activities:

Television broadcasting: Sales of advertising time and programs

Cultural activities: Sponsoring movies, music concerts, art exhibitions and sports events, and sales of publications

Other: Land leasing for model homes, sales of novelty items and professional soccer activities

2. Corporate assets mainly consist of cash and cash equivalents, marketable securities, investment securities, long-term deposits, land and construction in progress relating to construction of the headquarters building and administrative assets amounted to ¥269,579 million (\$2,242,754 thousand) and ¥255,314 million as of March 31, 2003 and 2002, respectively.

(2) Geographic Segments

Sales and total assets of the Company and its domestic subsidiaries for the years ended March 31, 2003 and 2002 represented more than 90% of the consolidated sales and total assets of the respective years. Accordingly, geographic segments were not disclosed.

(3) Sales to Foreign Customers

Sales to foreign customers for the years ended March 31, 2003 and 2002 represented less than 10% of consolidated sales of the respective years. Accordingly, sales to foreign customers were not disclosed.

Independent Auditors' Report

Tohmatsu & Co.

MS Shibaura Building
13-23, Shibaura 4-chome
Minato-ku, Tokyo 108-8530, Japan

Tel :+81-3-3457-7321
Fax :+81-3-3457-1694
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**Deloitte
Touche
Tohmatsu**

To the Board of Directors and Shareholders 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, 2003 and 2002, and the related consolidated statements of income, shareholders' 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, procedures and practices generally accepted and applied 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, 2003 and 2002, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices 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, 2003

Six-Year Summary

Years Ended March 31	Millions of Yen					
	2003	2002	2001	2000	1999	1998
FOR THE YEAR:						
Net sales	¥ 336,299	¥ 358,683	¥ 352,409	¥ 328,014	¥ 330,976	¥ 323,956
Cost of sales	215,180	218,889	207,744	203,863	210,925	198,668
Operating income	47,470	63,574	67,303	54,351	48,981	48,284
Net income	20,296	34,648	36,008	34,003	25,921	24,230
AT YEAR-END:						
Total assets	¥ 476,634	¥ 443,798	¥ 410,042	¥ 364,896	¥ 316,758	¥ 338,797
Total shareholders' equity	327,116	323,319	291,501	253,912	209,239	185,502
PER SHARE (in yen):						
Net income	¥ 801.99	¥ 1,366.34	¥ 1,419.96	¥ 1,341.04	¥ 1,022.28	¥ 955.58
Cash dividends	120.00	120.00	120.00	80.00	70.00	67.50
RATIO (%):						
Operating income margin	14.1	17.7	19.1	16.6	14.8	14.9
Return on assets	4.4	8.1	9.3	10.0	7.9	7.2
Return on equity	6.2	11.3	13.2	14.7	13.1	13.9
Dividend payout ratio	15.4	9.4	8.9	6.3	7.2	7.4

Notes: 1. Net income per share is computed based on the weighted average number of shares outstanding during the respective years, retroactively adjusted for stock splits.

2. Cash dividends per share are the amounts applicable to the respective years, including dividends to be paid after the end of year, retroactively adjusted for stock splits.



TELEVISION BROADCASTING

PLANNING AND PRODUCTION OF PROGRAMS

- NTV Eizo Center Corporation*
- NTV Video Corporation*
- NTV Enterprises Co., Ltd.*
- Nippon Television Art Corp.*
- NTV America Company*
- NTV International Corporation (NTVIC)*
- Nippon Television Network Europe B.V.
- Force Corp.
- Nishi Nippon Eizo Co.
- Nagasaki Vision Co.
- Kanazawa Eizo Center Co.
- Nagano Visual Center Corp.
- Cosmo Space Co., Ltd.
- Kagoshima Vision Co.
- Pro Media Niigata Co.

SATELLITE BROADCASTING

- BS Nippon Corporation
- CS Nippon Corporation
- PLAT-ONE Corporation

CULTURE-RELATED BUSINESS

MUSIC PRODUCTION AND RIGHTS MANAGEMENT

- Nippon Television Music Corporation*
- Rights Inn Corporation

AUDIO AND VISUAL CONTENT PLANNING, PRODUCTION AND SALES

- VAP Inc.*
- Variws Tokyo Inc.
- Towani Corporation

ART MUSEUM EXHIBITION PLANNING

- Mamma Aiuto Inc.

OTHER BUSINESS

PROPERTY MANAGEMENT AND EVENTS ORGANIZATION

- NTV Services Inc.*
- Nippon Television Work 24 Corporation*

PRO FOOTBALL TEAM MANAGEMENT

- Nippon Television Football Club Co., Ltd.* (TOKYO VERDY 1969)

MUSEUM GOODS PLANNING AND SALES

- Art Yomiuri Co., Ltd.

INTERNET AND BROADBAND

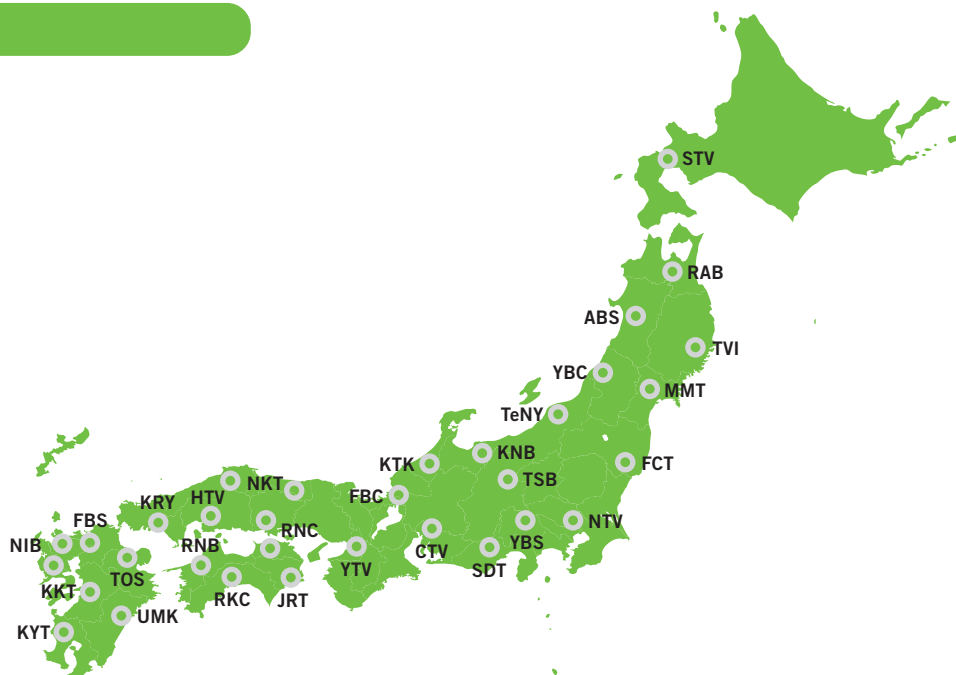
- Forecast Communications Inc.*
- B-BAT Inc.

OTHER (ENERGY SUPPLY, ASIAN BUSINESS, RADIO BROADCASTING)

- Shiodome Urban Energy
- AsiaOne Corporation
- RF Radio Nippon Co., Ltd.

*Consolidated

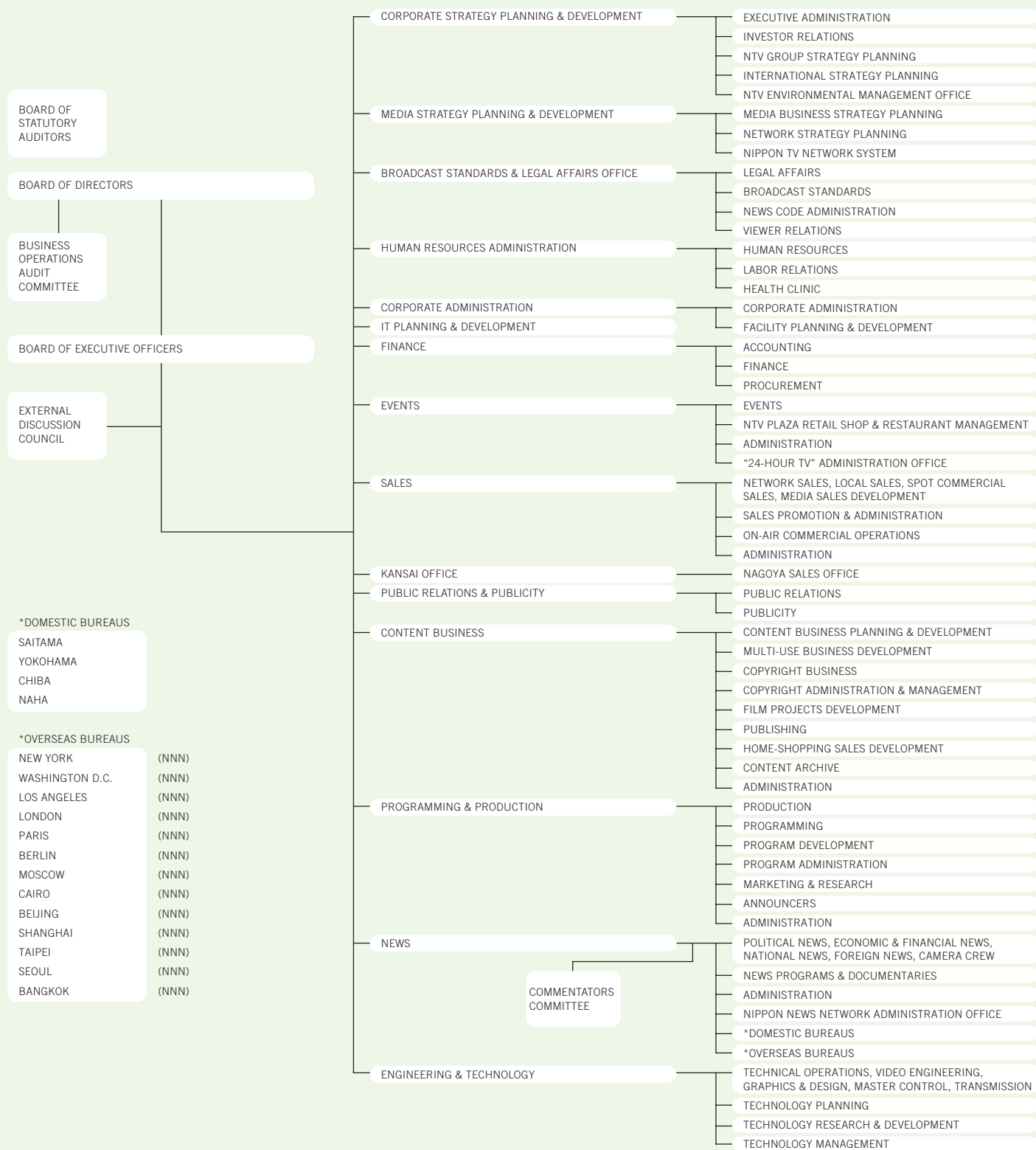
NTV AFFILIATES (JAPAN)



NTV/NNN OVERSEAS NEWS BUREAUS



NTV Corporation Organization Chart (As of July 1, 2003)



Corporate Data (As of July 1, 2003)

HEAD OFFICE <small>(As of Aug. 28, 2003):</small>	Nippon Television Network Corporation 1-6-1 Higashi Shimbashi, Minato-ku, Tokyo 105-7444, Japan Tel: 81-3-6215-1111
DATE OF ESTABLISHMENT:	October 28, 1952
START OF OPERATIONS:	August 28, 1953
NUMBER OF EMPLOYEES:	1,339 (Non-consolidated)
COMMON STOCK:	
Authorized	50,000,000 shares
Issued	25,364,548 shares ¥18,576 million
STOCK EXCHANGE LISTING:	Tokyo
TRANSFER AGENT AND REGISTRAR:	UFJ Trust Bank Limited 1-4-3 Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan Tel: 81-3-3287-2211

Board of Directors and Corporate Auditors (As of July 1, 2003)

**REPRESENTATIVE DIRECTOR, CHAIRMAN and
GROUP CHIEF EXECUTIVE OFFICER (CEO)**
Seiichiro Ujiie

**REPRESENTATIVE DIRECTOR, VICE CHAIRMAN and
GROUP EXECUTIVE OFFICER (EO)**
Kohei Manabe

**REPRESENTATIVE DIRECTOR, PRESIDENT and
CHIEF OPERATING OFFICER (COO)**
Toshio Hagiwara

Board Directors
Akira Hara
Noritada Hosokawa
Shintaro Kubo
Katsuhiro Masukata
Toru Shoriki
Tsuneo Watanabe
Gaishi Hiraiwa
Nobuo Yamaguchi

Corporate Auditors
Tokio Yamamoto
Ryuzo Sejima
Tomonari Doi
Kenya Mizukami

CAUTIONARY STATEMENTS WITH RESPECT TO FORWARD-LOOKING STATEMENTS:

Statements made in this annual report with respect to NTV's plans and benefits as well as other statements that are not historical facts are forward-looking statements, which involve risks and uncertainties. Potential risks and uncertainties include, without limitation, general economic conditions in NTV's markets, exchange rates, and NTV's ability to continue to win customers' acceptance of its products, which are offered in highly competitive markets characterized by continual new product introductions and rapid developments in technology.



<http://www.ntv.co.jp>