ANNUAL REPORT 2000

NIPPON TELEVISION NETWORK CORPORATION

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日本テレビ NIPPON TELEVISION NETWORK CORPORATION

... MORE THAN 400,000 HOURS LATER

NTV IS THE LARGEST, MOST EXPERIENCED & MOST WATCHED TELEVISION NETWORK IN JAPAN

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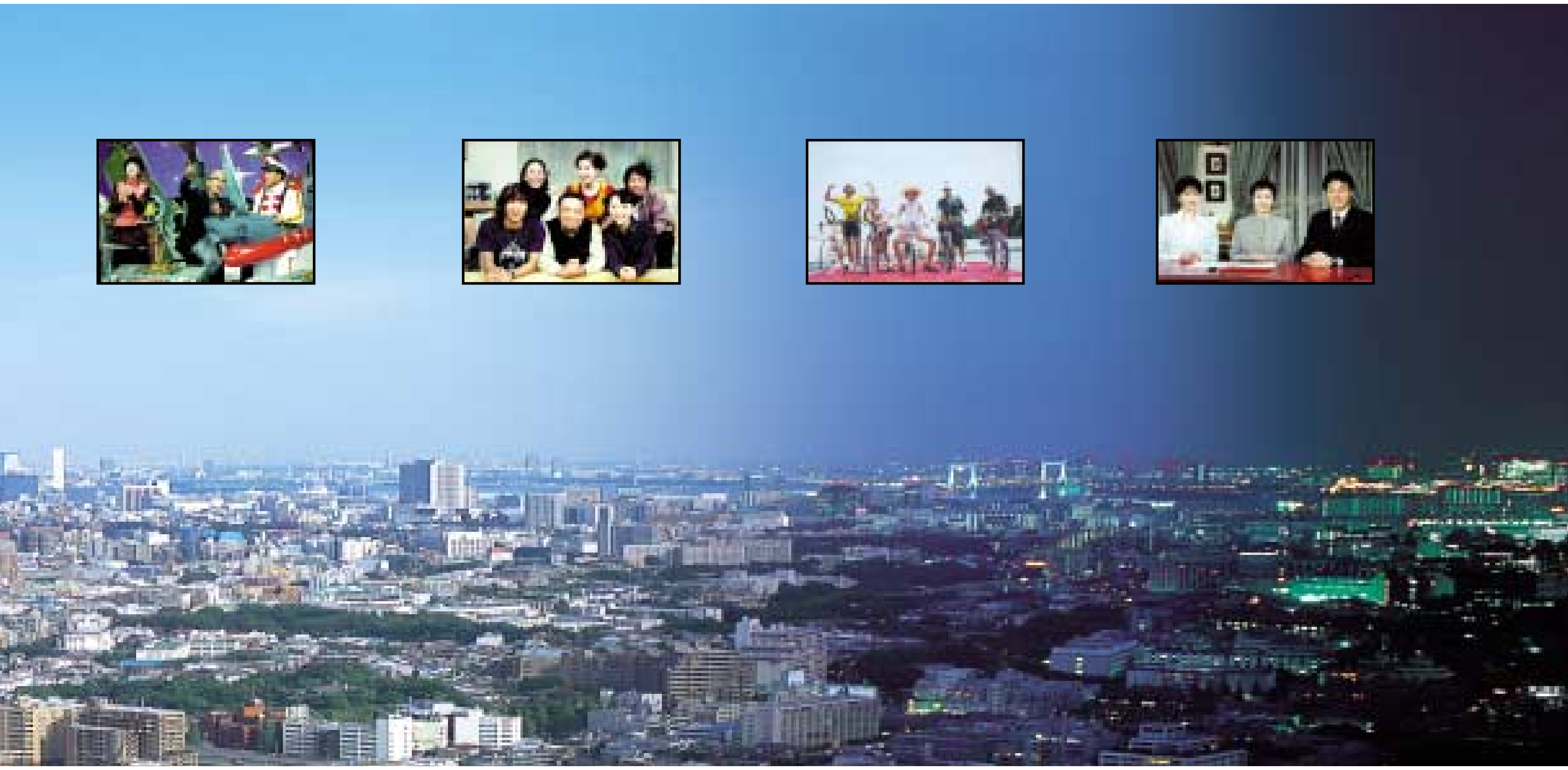
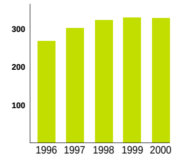
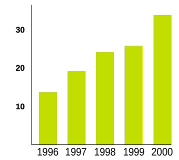




Net Sales
Billions of Yen



Net Income
Billions of Yen

FINANCIAL HIGHLIGHTS 2000

Nippon Television Network , Corp. and Consolidated Subsidiaries
Years Ended March 31, 2000 and 1999

	Millions of Yen		Thousands of U.S Dollars
	2000	1999	**2000**
For the year:			
Net sales	**¥ 328,014**	¥ 330,976	**$ 3,094,472**
Operating income	**54,351**	48,981	**512,745**
Net income	**34,003**	25,921	**320,784**
At year-end:			
Total assets	**¥ 364,896**	¥ 316,758	**$ 3,442,415**
Total shareholders' equity	**253,912**	209,239	**2,395,395**
Per share of common stock:			
Net income (Yen)	**¥ 2,682.07**	¥ 2,044.55	**$ 25.30**
Cash dividends applicable to the year (Yen)	**160.00**	140.00	**1.51**

Seiichiro Ujiie, President & CEO

THE PRESIDENT

AN INTERVIEW WITH NTV'S SEIICHIRO UJIIE

First, could you tell us about the business operating environment in the fiscal year ended March 31, 2000?

Despite showing some signs of revival, the Japanese economy could only recover weakly at best. Consumer spending remained lackluster, and it would be fair to conclude that overall business conditions remained poor.

With the advertising budgets of a broad range of companies remaining constrained, the advertising industry naturally had a difficult year. However, prevailing conditions differed substantially between the first and second periods of the fiscal year. In the first half, despite positive factors such as the revision of legislation governing alcohol tariffs, World Cup soccer and the election of Japan's House of Councilors, performance was down compared to the first half of the previous fiscal year.

In contrast, results were significantly improved in the second half versus the previous fiscal term. While this was mainly due to the quickening pace of economic recovery, a range of positive factors can also be attributed to this upturn. These included strong growth in computing and communications markets, deregulatory reforms affecting the financial sector and pharmaceutical sales, the turn of the millennium, and the Y2K problem.

Surveys confirmed that advertising spending by Japanese companies continued to fall. Total advertising spending during calendar 1999 amounted to ¥5,699.6 billion, which represented a 1.2% decline from calendar 1998. At ¥1,912.1 billion, television advertising spending accounted for 33.6% of the 1999 total, and decreased 2.0% year on year.

Could you tell us about NTV's results for the year?

Decent results despite the harsh business conditions, consolidated operating revenues remained stable, slipping just 0.9% to ¥328,014 million. On the profit side, we managed to generate earnings growth by cutting costs. Consolidated operating income rose 11.0% to ¥54,351 million, while net income increased by 31.2% to ¥34,003 million. As a result, operating income to net sales stood at 16.6%; net income to shareholders' equity (ROE) registered 14.7%; and net income to total assets was 10.0%, respectively. We declared an annual cash dividend of 160.00 per share of common stock. The dividend payout ratio for the year was recorded at 6.3%.

Non-consolidated operating revenues increased 3.3% to ¥286,968 million. Non-consolidated operating income and net income rose 13.6% and 31.4%, to ¥51,547 million and ¥32,264 million, respectively. ROE on a non-consolidated basis was 14.9% for the year.

Looking at our revenues in more detail, sales of television time grew steadily, largely attributable to positive results from both regular TV series and one-off programs. This helped to offset sluggish sales from night-time baseball games. Revenues from the sale of TV advertising spots grew throughout the year, and were particularly buoyant across all but a few designated sectors in the final quarter.

Turning to profits, improved efficiency helped to restrict program production costs. Combined with a continued drive to cut general expenses, this enabled us to keep increases in operating costs at 3.0%. We also registered an extraordinary gain following the sale of a tract of land in Shinjuku Ward in Tokyo.

What are NTV's particular strengths, as compared to other Japanese commercial broadcasters?

In broad terms, I believe we have three major strengths. First, we enjoy the highest ratings among all Japan's commercial broadcasters, and have done so for a number of years. In Japan, general viewer ratings are surveyed for four time categories: the all-day period, lasting from 6 a.m. to

midnight, the so-called 'golden time,' which lasts from 7 p.m. to 10 p.m., prime time, which lasts from 7 p.m. to 11 p.m., and non-prime time, which refers to the 14 hours of the day outside prime time. Amongst Japanese commercial broadcasters, we have consistently scored the highest average viewer ratings in all four of these categories in every calendar or fiscal year from 1994 to 1999.

Inside the company, we refer to gaining the top ratings slot in all four time categories as the Grand Slam. During fiscal 1999, the gap between us and the second-placed broadcasting firm across all categories was 2%.

This figure may not seem large, but, translated into numbers of viewers per day, it means that NTV programs are attracting approximately 2 million more viewers every day than the second-ranked firm in Japan. In a year, that makes a total of some 700 million extra viewers for our programs—overall, a powerful performance.

Our second major advantage is that we possess the largest network of affiliated stations in Japan. Including our company, this network currently comprises 30 entities. The point I want to emphasize is not so much the sheer scale of the network, but rather its depth in terms of the quality of the links between NTV and our affiliate stations. This does not happen overnight. After becoming the first firm in Japan to acquire a commercial broadcasting license in 1952, we have steadily expanded our network.

Our weekday morning news program, Zoom-In!! Asa! (Morning Zoom-In), which airs from 7 a.m., provides an excellent example of how our networked strength in depth enables us to create top-rated programs. Over the 22 years that this show has been broadcast, we have used our links with local affiliates in all parts of Japan to put together a program that has truly nationwide coverage. This explains why it consistently tops the ratings. A total of approximately 500 production staff, including 100 personnel from NTV, work in rotation on the program. This is another key to its success; since it can draw on such a deep pool of news programming talent, the program has built up a solid base of trust with viewers.

Finally, sound finances constitute our third principal strength. We have high earnings and a solid balance sheet. Both of these are vital for developing future business. We work hard to maintain this excellent position. Since the Japanese economic bubble burst in the early 1990s, the economy has been in almost continual recession or low growth. Many companies have responded by restructuring their operations. We were already a streamlined operation, and we have continued to trim staff levels over the past eight years—from approximately 1,500 people at the time of the economic collapse to around 1,150 at present. Our future goal is to reduce this number further, to around 1,000 staff. However, even though we have a relatively small workforce, the revenues and earnings we generate per employee are the highest in the industry. What's more, we have a debt-free balance sheet. This gives us a return on equity of 14.7%, which is a particularly high figure among Japanese companies.

Industry commentators often say that we have entered an age of fierce cross-media competition. What is NTV's strategy for prevailing amid such conditions?

In an age of cross-media competition, I believe that multimedia and digital technology will hold the keys to the future direction of the market. One major trend will be the merger of communications and broadcasting. On this point, however, I would like to ask our shareholders to pause and consider. Ten years after the first Japanese economic bubble burst, we are now seeing another one developing, this time in the IT sector of the equity market. This is a serious problem. Our view at NTV is that, while we will pour all of our efforts into using the new technology to develop new businesses and move in the directions that the market demands, we will resolutely withhold from investing in these emerging sectors at the current over-inflated valuations. The IT revolution as judged by today's heady stock market is a short-term trend to which we will not be bound.

We have already begun to take on the challenges posed by cross-media competition. Our strategy is to produce content for a full range of media; in addition to conventional analog broadcasting, we are involved in satellite broadcasting, cable, terrestrial digital broadcasting, and the Internet.

Irregardless, in a multimedia age, content reigns. In other words, it is the software, rather than the hardware or the platform, that attracts the business. Television audience statistics tell us that the average Japanese viewer watches for just under four hours a day. Evidently, this figure cannot double or triple. What will inevitably happen is that the various media will compete for that time, with the battle being fought over content.

As I said before, here at NTV we command the highest program ratings in Japan. The reason we maintain such high viewer ratings is that viewers prefer the content of our programs above all others. One of the main factors that contributes towards the popularity of our programs is the quality of our staff. We have a small, but elite workforce who create powerful content that we can then leverage across different media platforms. I believe we will experience strong growth as a company as we continue to employ this strategy.

How do you develop an 'elite' workforce? What do you think is special about NTV from a personnel development point of view?

The important thing for us to remember is that we are not in the business of mass production. Creating content is, above all, about human creativity. Our production staff are not unlike artists, and I believe that we must have a system that allows the individuality of our creative people to shine through. There are cases where people with outstanding creative abilities cannot fit neatly into an organization. Our task is to ensure that NTV is an organization where they feel at home and where they can belong.

There are some aspects that are particular to Japanese personnel systems, lifetime employment and seniority-based pay scales being the two most recognized. Personally, I do not oppose the lifetime employment system, because it gives the company stability. Having said that, on the other hand, a system of seniority-based pay and promotions can often dampen the motivation of talented staff. For that reason, we are moving to a system where our personnel are evaluated on the basis of their abilities and results achieved. We are also introducing a contract-based salary system for new hires. I believe it is imperative that we use measures such as these to create a working environment where people are highly motivated and one which makes the best use of their talents.

This is the first annual report NTV has published. Do you have any point that you wish to stress to shareholders and investors?

Today's world is fast becoming borderless. This is not just the case with business development—capital markets are now increasingly global. At NTV, we are committed toward maximizing returns to our shareholders. We will marshal the efforts of the entire company so that we can continue to expand our revenue base and generate higher earnings growth. In this way, we hope to be able to distribute an equitable return in the form of cash dividends. For us, the ideal is to be a company with a majority proportion of long-term shareholders. As we continue to strive to attain these objectives, our shareholders will grant us the benefit of their continued support and understanding.

WATCH THIS.

NTV'S MOST POPULAR PROGRAMS, FILMS AND SHOWS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②


③


④

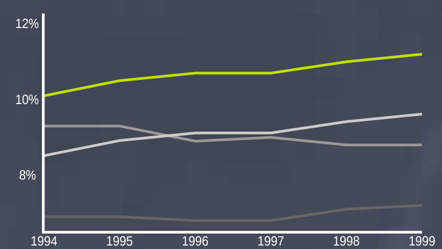
1 **Sakuya/Yokaiden**
© TOWANI 2000 (Theatrical movie)

2 **Research 200X**
(Weekly infotainment)

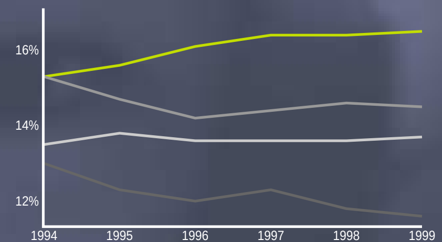
3 **What an extraordinary life!**
(Weekly variety show)

4 **Music Top 10**
(Weekly variety show)

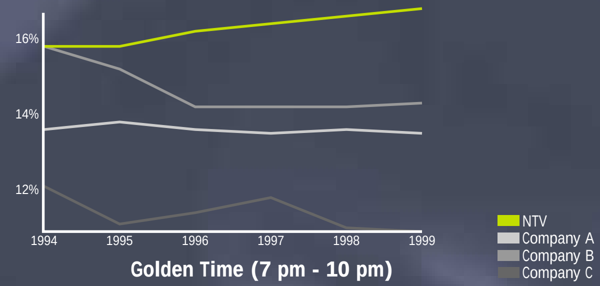
AVERAGE VIEWERSHIP (CALENDAR YEAR)



All Day (6 am - 12 am)



Prime Time (7 pm - 11 pm)



Golden Time (7 pm - 10 pm)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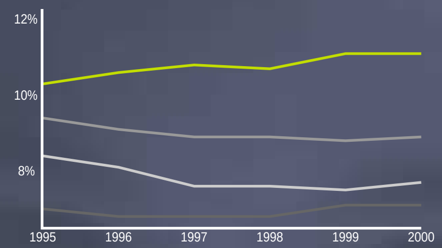
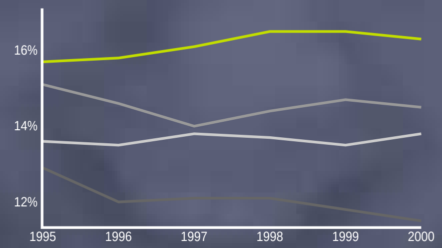
AVERAGE VIEWERSHIP (FISCAL YEAR)

5 **Lord of the Dance**
(Event)



All Day (6 am - 12 am)

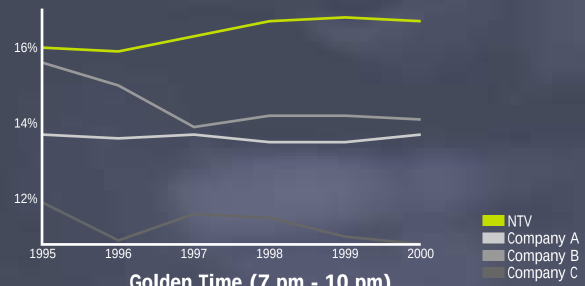
6 **Tuesday Suspense Drama**
(Weekly two-hour drama)



Prime Time (7 pm - 11 pm)

7 **Psychometler Eiji2**
(Weekly drama series)

8 **Princess Mononoke**
© NIBARIKI・TNDG 1997 (Theatrical movie)



Golden Time (7 pm - 10 pm)

REVIEW OF OPERATIONS

The fiscal term ended March 31, 2000 (fiscal 1999) proved to be a banner year for Nippon Television Network Corporation (NTV), with both sales and profits demonstrating strong growth on the back of a solid performance across the board. NTV maintained and built upon its established position as Japan's most popular commercial television broadcaster.

PROGRAMMING

An exceptionally strong lineup of programs helped to boost viewing figures for NTV over the previous year. The station achieved extremely high average program ratings, registering 11.3% for the all-day period (6 a.m. to midnight), 16.9% for the 'golden time' period (7 p.m. to 10 p.m.), and 16.5% for the prime time period (7 p.m. to 11 p.m.). The all-day rating figure of 11.3% was a new record for NTV, and marked the highest average rating ever achieved in that category in the history of Japanese commercial broadcasting.

Among Japanese commercial broadcasters, NTV scored the highest ratings in all four time categories (all-day/golden time/prime time/non-prime time) in 45 weeks out of 52, and also held the overall top position every month during fiscal 1999.

This performance reflected across-the-board strength among NTV's programs. The station's flagship news and current affairs programs, such as *News Plus One* and *Kyou no Dekigoto (Today's Events)*, continued to retain a solid base of regular viewers. For the key prime-time and golden-time viewing periods, NTV successfully introduced new programs, such as *Itoh-ke no Shokutaku (Dining Table of the Itoh Family)* and *Tetsuwan Dash (The Dash!)*, which joined the ranks of NTV's highly rated programs. Aided by an exciting finale to the domestic baseball championship, live broadcasts of night games played by the Yomiuri Giants, Tokyo's leading baseball team, also maintained high viewer ratings throughout the season. In addition, special feature programs, which are based on regular programs and highlight the beginning and end of the programming year, contributed significantly to NTV's strong ratings performance.

NTV remains firmly committed to making popular programs that will maintain top viewer ratings within regular terrestrial broadcasting. The company also aims to be the leading producer of content for the new digital channels, including those distributed using broadcast or communications satellites.

OTHER PROJECTS

Fiscal 1999 was marked by a large number of exhibitions, shows, and other media events that were organized or sponsored by NTV. Guided by its 'See the Real Thing' philosophy, NTV strove to organize events that offered a high level of quality and authenticity.

Several exhibitions scored major successes. Over 1.23 million people visited the exhibition in Japan of works from the Orangerie Art Museum in Paris. Special exhibitions of works by famous European artists such as Salvador Dali and Vincent van Gogh also pulled in large audiences. In terms of shows, Japanese productions of *David Copperfield* and the dance spectacular *Lord of the Dance* were exceptionally popular.

Despite a protracted downturn in the publishing industry, the exceedingly high popularity of various television programs helped boost merchandising sales of selected books and magazines. Titles such as *Omoikkiri TV (Complete TV)* and *Sanpun Cooking (Three-Minute Cooking)* proved particularly popular, with aggregate sales of these two series reaching over four million copies during the year. A newly revised and reprinted edition of *Itoh-ke no Shokutaku: Urawaza Daizenshu (Dining Table of the Itoh Family: A Compendium of Household Tips)* was one of the year's best-sellers, with sales exceeding 900,000 volumes.

NTV also scored a number of notable successes with movie releases in Japan. *Hoh-hokekyo: Tonari no Yamada-kun (Our Neighbor, Mr. Yamada)* and *Sore ike!! Anpanman: Yuki no Hana ga Hiraku Toki (Let's Do It! Anpan Man Finds His Courage)* were both big hits during summer 1999. A Hong Kong production, *Mo Mantai (No Problem)*, starring Takashi Okamura, premiered in autumn 1999, and achieved a leading art-house ranking. Following an extended run in movie theaters, it was nominated for a Japanese Academy Award. First released in Japan as one of the most talked-about opening entries in the Tokyo International Film Festival, *Jeanne d'Arc* (*Joan of Arc*; released in the United States as *The Messenger: The Story of Joan of Arc*), directed by Luc Besson, was seen by 1.5 million moviegoers in Japan. This film enjoyed a strong run in Japanese theaters during the first half of calendar 2000.

Merchandising sales from copyright licensing contracts produced a solid revenue stream. Sales from the popular character *Anpanman*, who celebrated his 12th anniversary during 2000, continued to grow. Video licensing sales from the hit TV comedy series *Urinari* suffered amid a depressed video market. However, sales of sports programs to satellite channels demonstrated favorable growth.

Production of the first release by Towani Co., Ltd. (NTV's joint venture with Warner Bros. and Toshiba Corporation), *Sakuya/Yokaiden (Last Night: Ghost Legend)*, proceeded smoothly. The movie was released in Japan in summer 2000.

NEWS PROGRAMMING

The NTV network comprises 30 affiliated stations around Japan, and is the largest domestic commercial broadcasting network.

During fiscal 1999, local program viewer ratings among NTV-affiliated stations were even higher than in the previous record-setting year. In 24 out of 25 rating districts, NTV-affiliated stations topped the ratings in all three major time categories. This reflected not only the popularity of key station programming, but also the high quality of locally produced news and other current affairs programs.

News programming is one of the main areas where the strength of the NTV network is most readily apparent. With the majority of its stories compiled by NTV in conjunction with local network stations, NNN (Nippon News Network) remains one of the most trusted television news sources for Japanese viewers nationwide. The leading NNN news program, *News Plus One*, achieved an average rating of 11.5% in fiscal 1999, making it the dominant news program among commercial broadcasting stations. Since May 1996, it has maintained the position as the top-rated news program on a Japanese commercial network for 47 consecutive months.

NNN's news coverage of major domestic events during the year, such as the accident at the Tokai-mura nuclear processing plant and a notorious abduction case in Niigata Prefecture, clearly demonstrated that it is the viewers' first choice for news on disasters and other breaking stories.

NNN has responded to multimedia-related and multi-channel demands with the development of NNN 24, a dedicated 24-hour news channel. By the end of March 2000, its inclusion in satellite channel programming had boosted its potential viewer audience to 2.3 million homes. In January 2000, an adapted version of the service was also made available for i-Mode mobile phones. The rapid take-up and success of the latter service was confirmed on March 8, 2000, when a fatal accident on a Tokyo subway line caused by a rush-hour derailment resulted in the site receiving over 77,000 hits.

NTV is actively developing ways of helping its affiliated network stations. Through Nippon Television Network Society (NNS), an organization designed to support these stations, several committees are

studying media and survey-related issues, as well as a variety of joint projects. NTV has also developed and introduced Rabbinet, a network data transmission system that allows stations within the NTV network to share data. This, for example, permits stations to confirm screening times for commercials across the network, thereby enabling certificates confirming the broadcast to be issued to advertisers. This system has been installed in 28 NTV-affiliated stations that are not members of other networks.

R&D, EQUIPMENT AND CAPITAL SPENDING

Work continued in the first half of fiscal 1999 on the total refurbishment of NTV's largest studio, situated at our current Tokyo head office. During the second half of the year, similar work was done on the company's main drama production studio in Ikuta. These projects included various improvements to sound and lighting systems, which have led to increased operational flexibility and higher effectiveness.

NTV employed new digital equipment for transmitting and receiving signals (OFDM FPUs, running at 800 MHz) during live broadcasts of several major sporting events, including the Hakone Ekiden long-distance relay road race (held during the 2000 New Year holiday), as well as the Tokyo International Marathon and the Yokohama International Women's Ekiden (both held in February 2000). Use of this technology resulted in the production of high-definition images without any distortion or loss of picture quality over a larger area per reception point than had previously been possible.

NTV continues to invest heavily in R&D, not only to stay abreast of all developments in the broadcasting field, but also in taking a lead position in the development of superior technology and related standards. During the year, efforts continued regarding multimedia broadcasting, including data transmission services. NTV sponsored digital broadcasting conferences reviewing progress in the field, and also dispatched large numbers of personnel to act as members of various public commissions in Japan established to create technological standards for digital broadcasting.

The high quality of NTV's R&D endeavors was recognized during the year by the receipt of a number of awards both at home and abroad. The U.S. Telecommunications Society honored NTV with an Award of Excellence for its three-dimensional broadcasting system. In Japan, NTV received a technical award from the National Association of Commercial Broadcasters in Japan for its high-definition recording system and the Japanese Motion Picture and TV Engineering Society for a subtitling system.

In January 2000, work began on the construction of NTV's new head office at a site in Shiodome in the southwestern area of central Tokyo. Due to be completed in 2003, the building, which will house both broadcasting studios and offices, will lie at the center of NTV's new multimedia, multi-channel operations. To raise funds for the construction work, NTV sold a plot of land of just under four hectares in size at a site in Shinjuku Ward to the Housing and Urban Development Corporation on September 29, 1999.

The Shiodome site is part of one of Tokyo's largest redevelopment projects. A 30-hectare site situated on land that was previously owned by Japan National Railways, it was re-zoned specifically to encourage new development. In addition to NTV, a number of large Japanese companies are due to relocate their head offices there in 2003 following completion of facilities.

INDUSTRY DEVELOPMENTS

Technological and regulatory developments have set a number of major trends in motion that promise to transform the Japanese broadcasting industry. Alongside the ongoing convergence of broadcasting and communications, the industry also faces a digitized future characterized by intense cross-media competition. While providing outstanding opportunities for growth, this proliferation of media platforms and channels will most likely challenge the survival of industry players.

In advance of the launch of its own satellite broadcasting service, BS Nippon, at the beginning of December 2000, NTV has been undertaking a thorough review of its operations, including plans for potentially lucrative areas such as high-definition television (HDTV) program production and data broadcasting. This review has involved taking a comprehensive look at NTV's technology and equipment needs. NTV's strategy is to build a profitable presence across most parts of the new media spectrum.

Digital terrestrial broadcasting is scheduled to start in 2003. NTV is working with its affiliate stations to secure substantial capital investments required. Progress is also being made on program editing and production plans, including technical issues posed by simultaneous analog/digital broadcasts.

NTV's 24-hour dedicated news channel, NNN24, is broadcast in a digital format via communications satellite, and can also be received via a cable channel in Japan. As of the end of March 2000, over 2.3 million homes in Japan had access to the channel.

NTV is also actively involved in satellite broadcasting. During fiscal 1999, representing another Japanese commercial broadcasting first, the company began international satellite transmissions of Yomiuri Giants baseball games and the NNN24 news channel to a number of locations within the Asia-Pacific region, including Taiwan, South Korea, Singapore, Hong Kong, the Philippines, Hawaii and Guam.

NTV also made considerable progress in developing its Internet-based services. Supported by exciting software features related to terrestrial broadcast programs, NTV's homepage continued to register strong user volume growth, with weekly website viewers rising to over 7 million. NTV also developed further information transmission services for users of NTT DoCoMo's hugely popular *i-Mode* mobile phone, which is now the dominant mobile Internet platform in Japan. These services included the distribution of various pay-per-view variety and sports programs. Finally, to promote its various Internet business interests, NTV established Forecast Communications, a joint venture with a Japanese business partner.

BOOSTING COMPETITIVENESS

NTV faces a multitude of challenges, ranging from the construction of a new head office to the advent of new media avenues such as satellite and digital terrestrial broadcasting. Amid booming use of the Internet in Japan and an anticipated trend towards the merger of broadcasting and communications, the company expects competition to intensify.

NTV's strategy for prospering amid such a harsh environment is to capitalize on its position as the strongest producer of program content among Japan's commercial broadcasters. First and foremost, this means keeping the top spot in all four program ratings categories. NTV also plans to leverage its supremacy in the analog broadcasting arena to become a leading content producer for the multiple channels and platforms of the new business era.

In terms of business management, one initiative is the introduction of performance-based salaries for all staff at or below managerial levels. This is being coupled with a new education and training system designed to promote enhanced personnel development.

On the programming level, NTV is building upon its reputation for objective reporting and wholesome family entertainment by undertaking efforts to raise broadcasting ethics and promote the total cultural contribution made by broadcasting. Throughout all of its programs, NTV continues to strive to develop the trust of viewers.

Following the acceptance of a resolution at a meeting of the Board of Directors on March 14, 2000, NTV resolved to conduct a 2-for-1 stock split on June 30, 2000 for all shareholders of record at the end of fiscal 1999. This move was designed to strengthen NTV's financial base by increasing the tradability of its stock and enhancing its appeal to a broader range of investors. NTV continues to work to boost return on capital. By establishing market leadership in a number of areas, the company aims to enhance shareholder value and provide a sound return on investment.

Financial Review

OPERATING ENVIRONMENT

In the year ended March 31, 2000 (fiscal 1999), business and consumer sentiment recovered slightly as large-scale public-works packages and other fiscal pump-priming measures by the government helped to bolster the public sector and inject capital into the financial system. Hopes of renewed economic growth were also spurred by a partial revival in capital investment, led by the IT sector, and heightened expectations of a self-sustaining recovery in private-sector demand. Nevertheless, capital spending as a whole continued to fall. As the signs differentiating the financial health of various companies became ever more apparent, growth in consumer spending remained subdued as worries over job security on the part of many workers persisted. Overall, the economic situation remained highly unpredictable.

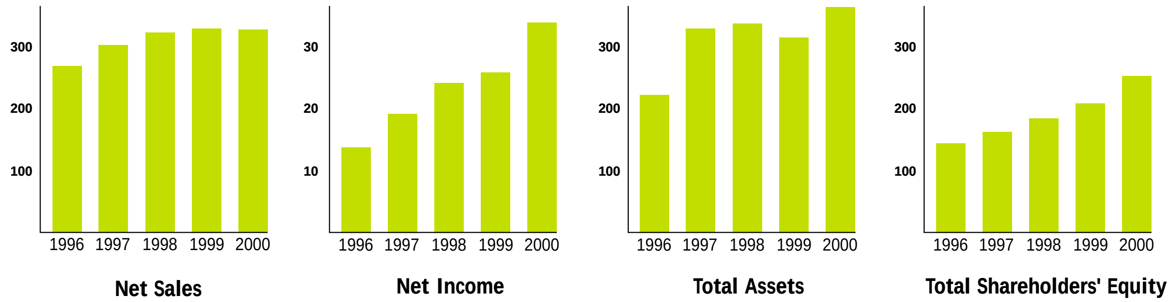
The fortunes of Japan's advertising industry reflected the ongoing general economic malaise. Across a broad spectrum, companies continued to restrict their advertising budgets. Total advertising spending fell year on year in the first half of fiscal 1999, but recovered in the second half. Amid emerging signs of economic recovery and strong growth in the IT sector, advertising volume surged significantly in the latter half of the year. At the same time, growth remained patchy. For example, Japan's music industry suffered another year of harsh business conditions and poor results.

REVENUES & EARNINGS

NTV and its consolidated subsidiaries worked hard to combat the difficulties posed by this business environment. On a consolidated basis, however, total net sales slipped 0.9%, or ¥2,962 million, to ¥328,014 million.

Efforts continued to contain expenses and manage program production more efficiently. Thanks to the success of widespread cost reductions program, new business development activities, combined with various initiatives in connection with the NTV network, the cost of sales fell by 3.3%, or ¥7,062 million, to ¥203,863 million. Selling, general and administrative expenses declined 1.8%, or ¥1,270 million, to ¥69,800 million. As a result, operating income rose 11.0% to ¥54,351 million, producing a consolidated operating margin of 16.6%, compared with a figure of 14.8% recorded in fiscal 1998.

Due mainly to the sale of a tract of land in Tokyo's Shinjuku Ward, which contributed to an extraordinary gain on sales of property and equipment of ¥6,730 million, non-operating income rose substantially. Despite a sharp fall in



Billions of Yen

interest and dividend income arising from low interest rates, other income realized a net profit of ¥5,158 million, compared with a profit of ¥1,497 million in fiscal 1998.

Income before income taxes and minority interests increased 17.9%, or ¥9,031 million, to ¥59,509 million, while net income rose 31.2%, or ¥8,082 million, to ¥34,003 million. Net income per share of common stock was ¥2,682.07, with dividends per share applicable to the year being raised from ¥140.00 to ¥160.00.

PERFORMANCE BY BUSINESS SEGMENT

On the back of vigorous sales efforts that were reflected in NTV gaining the top spot among Japanese commercial broadcasters in terms of ratings in all four viewer categories for the sixth consecutive year, sales in NTV's core business of television broadcasting increased 3.4%, or ¥9,355 million, to ¥283,142 million. Following the success of efforts to hold down programming costs, segment operating income jumped 15.7%, or ¥7,029 million, to ¥51,725 million.

In contrast, sales in the cultural activities segment fell sharply, dropping 24.0%, or ¥13,555 million, to ¥42,835 million. This was principally due to substantially lower revenues from subsidiaries operating in the music business. Segment operating income fell 36.8%, or ¥1,342 million, to ¥2,307 million.

Sales in the other segment rose 47.3%, or ¥2,259 million, to ¥7,031 million. In constrast, although segment operating income fell 50.2%, or ¥308 million, to ¥305 million.

FINANCIAL CONDITION

Rises in cash and cash equivalents, marketable securities and program rights, of ¥36,315 million, ¥11,805 million, and ¥1,411 million, respectively, together with the inclusion of deferred tax assets worth ¥7,361 million following the adoption of the deferred tax accounting method during the year, contributed to a rise in current assets of ¥57,842 million, or 47.2%, to ¥180,390 million.

The value of net property and equipment fell ¥20,773 million to ¥143,092 million, mainly due to the sale of a part of NTV's land holdings. Total investments and other assets rose ¥11,069 million to ¥41,414 million, mainly following the receipt of long-term receivables worth ¥11,685 million. As a result, total assets rose 15.2%, or ¥48,138 million, to ¥364,896 million.

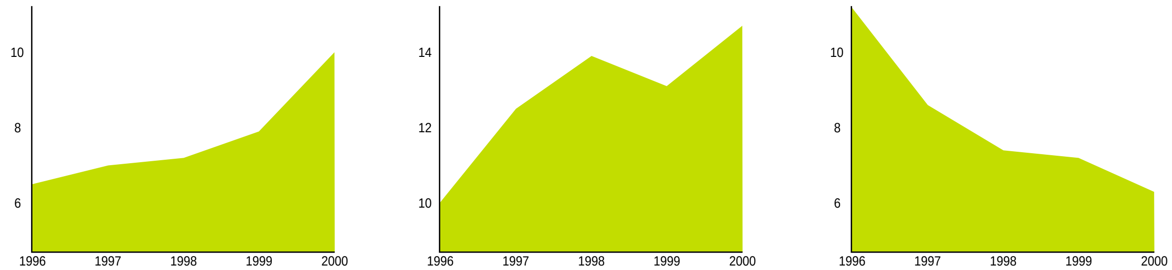
The repayment of short-term bank loans, which fell from ¥24,793 million to ¥1,428 million, was partially offset by an increase in trade payables. However, total current liabilities fell 15.8%, or ¥14,403 million, to ¥76,766 million. As a result, working capital, calculated as the difference between current assets and current liabilities, soared more than threefold, rising ¥72,245 million to ¥103,624 million, leading to a current ratio of 235%.

Mainly as a result of guarantee deposits amounting to ¥19,000 million, total non-current liabilities rose ¥17,927 million to ¥33,136 million. Total liabilities therefore increased slightly, up 3.3%, or ¥3,524 million, to ¥109,902 million.

Higher net income together with an adjustment related to the adoption of the deferred tax accounting method helped to boost retained earnings, which increased 26.0%, or ¥44,949 million, to ¥217,536 million. Total shareholders' equity grew 21.4%, or ¥44,673 million, to ¥253,912 million. The ratio of shareholders' equity to total assets therefore increased 3.5 percentage points, rising from 66.1% to 69.6%.

CASH FLOW

Boosted by buoyant television broadcasting revenues underpinned by high viewer ratings across the board, cash provided by operating activities totaled ¥42,152 million. The sale of land in Shinjuku Ward and the receipt of guarantee deposits following the establishment of a periodic leasehold agreement in connection with the site of NTV's new head office in Shiodome (also in Tokyo) were both positive in terms of cash flow. Consequently, cash provided by investing activities amounted to ¥19,241 million. Principally as a result of the repayment of the majority of NTV's short-term bank loans during fiscal 1999, cash used in financing activities amounted to ¥24,900 million. Following a small adjustment for foreign currency translation effects, cash and cash equivalents rose by ¥36,315 million to ¥62,754 million.



Return on Assets (%)

Return on Equity (%)

Dividend Payout Ratio (%)

Nippon Television Network, Corp. and Consolidated Subsidiaries

Consolidated Five-Year Summary

Year ended March 31	Millions of Yen 2000	1999	1998	1997	1996	Thousands of U.S. Dollars 2000
For the year :						
Net sales	**¥328,014**	¥ 330,976	¥ 323,956	¥ 302,851	¥ 269,398	**$3,094,472**
Cost of sales	**203,863**	210,925	198,668	194,631	179,407	**1,923,236**
Operating income	**54,351**	48,981	48,284	37,622	27,315	**512,745**
Net income	**34,003**	25,921	24,230	19,243	13,807	**320,784**
At year-end :						
Total assets	**¥364,896**	¥ 316,758	¥ 338,797	330,045	¥ 223,512	**$3,442,415**
Total shareholders' equity	**253,912**	209,239	185,502	162,962	145,098	**2,395,395**

	Yen					U.S. Dollars
Per share :						
Net income	**2,682.07**	2,044.55	1,911.15	1,518.39	1,090.35	**25.30**
Cash dividends	**160.00**	140.00	135.00	120.00	110.00	**1.51**
Ratios :						
Operating income margin (%)	**16.6**	14.8	14.9	12.4	10.1	**16.6**
Return on assets (%)	**10.0**	7.9	7.2	7.0	6.5	**10.0**
Return on equity (%)	**14.7**	13.1	13.9	12.5	10.0	**14.7**
Dividend payout ratio (%)	**6.3**	7.2	7.4	8.6	11.2	**6.3**

Notes : 1. Net income per share is computed based on the weighted average number of shares outstanding during the respective years.

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

Nippon Television Network, Corp. and Consolidated Subsidiaries

Consolidated Balance Sheets

March 31, 2000 and 1999

ASSETS	Millions of Yen 2000	Millions of Yen 1999	Thousands of U.S. Dollars (Note 1) 2000
CURRENT ASSETS:			
Cash and cash equivalents	¥ **62,754**	¥ 26,439	$ **592,019**
Time deposits	**281**	175	**2,651**
Marketable securities (Note 3)	**23,530**	11,725	**221,981**
Receivables :			
Trade notes	**11,190**	12,195	**105,566**
Trade accounts	**66,174**	62,498	**624,283**
Other	**1,094**	1,918	**10,321**
Allowance for doubtful accounts	**(330)**	(459)	**(3,113)**
Program rights	**5,005**	3,594	**47,217**
Deferred tax assets (Note 8)	**7,361**		**69,443**
Prepaid expenses and other	**3,331**	4,463	**31,424**
Total current assets	**180,390**	122,548	**1,701,792**
PROPERTY AND EQUIPMENT AT COST (Notes 4 and 9):			
Land	**112,357**	134,266	**1,059,972**
Buildings and structures	**34,551**	34,657	**325,953**
Machinery, vehicles and equipment	**62,293**	59,301	**587,670**
Construction in progress	**2,379**	1,135	**22,443**
Total	**211,580**	229,359	**1,996,038**
Accumulated depreciation	**(68,488)**	(65,494)	**(646,113)**
Net property and equipment	**143,092**	163,865	**1,349,925**
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Note 3)	**13,746**	13,422	**129,679**
Investment in unconsolidated subsidiaries and associated companies	**2,475**	1,848	**23,349**
Deferred tax assets (Note 8)	**906**		**8,547**
Long-term deposits	**5,500**	8,871	**51,887**
Long-term receivable	**11,685**		**110,236**
Other assets	**7,259**	6,327	**68,481**
Allowance for doubtful accounts	**(157)**	(123)	**(1,481)**
Total investments and other assets	**41,414**	30,345	**390,698**
TOTAL	¥ **364,896**	¥ 316,758	**$3,442,415**

See notes to consolidated financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of Yen 2000	Millions of Yen 1999	Thousands of U.S. Dollars (Note 1) 2000
CURRENT LIABILITIES:			
Short-term bank loans (Note 5)	**¥ 1,428**	¥ 24,793	**$ 13,472**
Payables :			
Trade notes	**7,788**	8,631	**73,472**
Trade accounts	**44,734**	37,019	**422,019**
Other	**4,809**	3,359	**45,368**
Income taxes payable	**9,923**	10,864	**93,613**
Accrued expenses and other	**8,084**	6,503	**76,264**
Total current liabilities	**76,766**	91,169	**724,208**
NON-CURRENT LIABILITIES:			
Liabilities for retirement benefits (Note 6)	**14,116**	15,161	**133,170**
Guarantee deposits received (Note 4)	**19,000**		**179,245**
Other	**20**	48	**189**
Total non-current liabilities	**33,136**	15,209	**312,604**
MINORITY INTEREST	**1,082**	1,141	**10,208**
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 9 and 10)			
SHAREHOLDERS' EQUITY : (Notes 7 and 11)			
Common stock, ¥500 par value–authorized, 19,200,000 shares; issued and outstanding, 12,682,274 shares in 2000 and 1999	**18,576**	18,576	**175,245**
Additional paid-in capital	**17,928**	17,928	**169,132**
Retained earnings	**217,536**	172,857	**2,052,226**
Total	**254,040**	209,361	**2,396,603**
Treasury stock	**(128)**	(122)	**(1,208)**
Total shareholders' equity	**253,912**	209,239	**2,395,395**
TOTAL	**¥ 364,896**	¥ 316,758	**$3,442,415**

Nippon Television Network, Corp. and Consolidated Subsidiaries

Consolidated Statements of Income

Years Ended March 31, 2000 and 1999

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2000	1999	**2000**
NET SALES	**¥ 328,014**	¥ 330,976	**$3,094,472**
COST OF SALES	**203,863**	210,925	**1,923,236**
Gross profit	**124,151**	120,051	**1,171,236**
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 9)	**69,800**	71,070	**658,491**
Operating income	**54,351**	48,981	**512,745**
OTHER INCOME (EXPENSES) :			
Interest and dividend income	**671**	1,550	**6,330**
Interest expense	**(54)**	(399)	**(509)**
Gain on sales of property and equipment	**6,730**	4	**63,491**
Loss on devaluation of property and equipment	**(1,446)**		**(13,642)**
Loss on devaluation of investment securities	**(1,609)**		**(15,179)**
Other-net	**866**	342	**8,170**
Other income-net	**5,158**	1,497	**48,661**
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	**59,509**	50,478	**561,406**
INCOME TAXES (Note 8)			
Current	**21,344**	24,338	**201,358**
Deferred	**4,256**		**40,151**
Total	**25,600**	24,338	**241,509**
MINORITY INTERESTS IN NET (INCOME) LOSS	**94**	(219)	**887**
NET INCOME	**¥ 34,003**	¥ 25,921	**$ 320,784**
	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Note 2. m)			
Net income	**¥ 2,682.07**	¥ 2,044.55	**$ 25.30**
Cash dividends applicable to the year	**160.00**	140.00	**1.51**

See notes to consolidated financial statements.

Nippon Television Network, Corp. and Consolidated Subsidiaries

Consolidated Statements of Shareholders' Equity

Years Ended March 31, 2000 and 1999

	Thousands	Millions of Yen			
	Shares of Common Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock
BALANCE, APRIL 1, 1998	12,682	¥ 18,576	¥ 17,928	¥ 149,107	¥ (109)
Net income				25,921	
Cash dividends, ¥ 135 per share				(1,712)	
Bonuses to directors				(140)	
Adjustment of retained earnings due to decrease of associated companies				(319)	
Increase in treasury stock-net					(13)
BALANCE, MARCH 31, 1999	12,682	18,576	17,928	172,857	(122)
Net income				34,003	
Cash dividends, ¥ 140 per share				(1,775)	
Bonuses to directors				(125)	
Adjustment of retained earnings for the adoption of deferred tax accounting method				12,576	
Increase in treasury stock-net					(6)
BALANCE, MARCH 31, 2000	**12,682**	**¥ 18,576**	**¥ 17,928**	**¥ 217,536**	**¥ (128)**

	Thousands of U.S. Dollars (Note 1)			
	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock
BALANCE, MARCH 31, 1999	$ 175,245	$ 169,132	$ 1,630,724	$ (1,151)
Net income			320,784	
Cash dividends, $ 1.32 per share			(16,745)	
Bonuses to directors			(1,179)	
Adjustment of retained earnings for the adoption of deferred tax accounting method			118,642	
Increase in treasury stock-net				(57)
BALANCE, MARCH 31, 2000	**$ 175,245**	**$169,132**	**$ 2,052,226**	**$ (1,208)**

See notes to consolidated financial statements.

Nippon Television Network, Corp. and Consolidated Subsidiaries

Consolidated Statements of Cash Flows

Year Ended March 31, 2000

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2000	2000
OPERATING ACTIVITIES:		
Income before income taxes and minority interests	¥ 59,509	$ 561,406
Adjustment for:		
Income taxes-paid	(22,285)	(210,236)
Depreciation and amortization	6,269	59,142
Reversal of retirement benefits	(1,045)	(9,858)
Gain on sales of property and equipment	(6,730)	(63,491)
Loss on devaluation of property and equipment	1,446	13,642
Loss on devaluation of investment securities	1,609	15,179
Changes in operating assets and liabilities:		
Increase in trade notes and accounts receivables	(2,671)	(25,198)
Increase in program rights	(1,411)	(13,311)
Increase in trade notes and accounts payables	6,872	64,830
Other-net	589	5,555
Total adjustments	(17,357)	(163,746)
Net cash provided by operating activities	42,152	397,660
INVESTING ACTIVITIES:		
Increase in long-term deposits	(5,150)	(48,585)
Decrease in long-term deposits	8,521	80,387
Purchases of marketable securities	(19,899)	(187,726)
Proceeds from sales of marketable securities	8,381	79,066
Purchases of property and equipment	(5,049)	(47,632)
Proceeds from sales of property and equipment	17,474	164,849
Purchases of intangible assets	(1,596)	(15,057)
Purchases of investment securities	(3,037)	(28,651)
Increase in guarantee deposits received	19,000	179,245
Other-net	596	5,623
Net cash provided by investing activities	19,241	181,519
FINANCING ACTIVITIES:		
Change in short-term bank loans-net	(23,365)	(220,425)
Dividends paid	(1,775)	(16,745)
Other- net	240	2,264
Net cash used in financing activities	(24,900)	(234,906)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(178)	(1,679)
NET INCREASE IN CASH AND CASH EQUIVALENTS	36,315	342,594
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	26,439	249,425
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 62,754	$ 592,019

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Years Ended March 31, 2000 and 1999

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 Accounting 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.

Effective April 1, 1999, the consolidated statement of cash flows is required to be prepared under Japanese accounting standards. The statement of cash flows for the year ended March 31, 2000 is presented herein. Such statement for the year ended March 31, 1999 is not presented, as Japanese accounting standards do not require retroactive preparation or presentation for the prior year's financial statements.

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, Corp. (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 ¥106 to $1, the approximate rate of exchange at March 31, 2000. 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, 2000 include the accounts of the Company and its significant 13 (12 in 1999) subsidiaries (together, the "Group").

Investments in 3 (5 in 1999) unconsolidated subsidiaries and 15 (14 in 1999) 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 and 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, commercial paper 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.

d. *Marketable and Investment Securities* - Listed securities included in marketable and investment securities are stated at the lower of cost or market, cost being determined by the moving-average method. Other securities are stated at cost which is determined by the moving-average method or such lower amount as approximates the estimated realizable value where management believes a permanent impairment in the value of an investment has occurred.

Effective April 1, 1999, the fair value information of marketable securities is required to be prepared under Japanese accounting standards. Such information for the year ended March 31, 2000 is presented herein. For the year ended March 31, 1999 it is not presented, as Japanese accounting standards do not require retroactive preparation or presentation for the prior year's financial statements.

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.

f. *Retirement and Pension Plan* - The accrual for retirement benefits for employees is calculated to state the liability at the amount that would be required if all employees voluntarily terminated their employment at each balance sheet date. In addition, the Company has a non-contributory pension plan with outside trustee.

The accrual for retirement benefits for directors and corporate auditors is also 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* - Effective April 1, 1999, the Group adopted an accounting method for interperiod allocation of income taxes based on the asset and liability method. The cumulative effect of the application of interperiod tax allocation in prior years in the amount of ¥12,576 million ($118,642 thousand) is included as an adjustment to retained earnings as of April 1, 1999. Such cumulative effect is calculated by applying the income tax rate stipulated by enacted tax laws as of April 1, 1999.

Deferred income taxes are recorded to reflect the impact of temporary differences between assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes. These 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 rates prevailing as of the respective balance sheet dates.

Foreign exchange gains and losses are recognized in the fiscal periods 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 are include in "other assets" in the accompanying consolidated balance sheets.

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 - The computation of net income per share is based on the weighted average number of shares of common stock outstanding during each year, retroactively adjusted for stock splits. The average number of common shares used in the computation was 12,677,690 shares for 2000 and 12,677,937 shares for 1999 respectively.

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

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

3. MARKETABLE AND INVESTMENT SECURITIES

Marketable and investment securities as of March 31, 2000 and 1999, consisted of the following:

	March 31, 2000	
	Millions of Yen	Thousands of U.S. Dollars
Marketable securities :		
Marketable equity securities	¥ 1,891	$ 17,840
Government and corporate bonds	15,459	145,839
Trust fund investments	6,180	58,302
Total	¥ 23,530	$ 221,981
Investment securities :		
Marketable equity securities	¥ 3,186	$ 30,057
Non-marketable equity securities	10,410	98,207
Other	150	1,415
Total	¥ 13,746	$ 129,679

The carrying amounts of marketable securities, excluding the securities for which there is unavailable market quotations amounting to ¥7,380 million ($69,623 thousand), and the related aggregate market values as of March 31, 2000 were as follows:

	March 31, 2000	
	Millions of Yen	Thousands of U.S. Dollars
Current :		
Carrying amount	¥ 16,150	$ 152,358
Aggregate market value	26,948	254,226
Net unrealized gain	¥ 10,798	$ 101,868
Non-current :		
Carrying amount	¥ 3,186	$ 30,057
Aggregate market value	3,920	36,981
Net unrealized gain	¥ 734	$ 6,924

4. PROPERTY AND EQUIPMENT

At March 31, 2000, land of ¥101,000 million ($952,830 thousand) was pledged as collateral for guarantee deposits received of ¥19,000 million ($179,245 thousand).

5. SHORT-TERM BANK LOANS

Short-term bank loans outstanding were generally represented by bank overdraft arrangements. The annual interest rates ranged from 0.29% to 2.29% and from 1.0% to 2.29% at March 31, 2000 and 1999, 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 in the case of voluntary termination.

The assets of the Company's pension fund as of September 30, 1999 (the most recent date of available information) were ¥12,526 million ($118,170 thousand).

Retirement benefits for directors and corporate auditors are paid subject to approval of the shareholders in accordance with the Japanese Commercial Code. Retirement benefits as of March 31, 2000 and 1999 included those for directors and corporate auditors in the amount of ¥874 million ($8,245 thousand) and ¥896 million, respectively.

7. SHAREHOLDERS' EQUITY

Under the Japanese Commercial Code (the "Code"), at least 50% of the issue price of new shares, with a minimum of the par value, is to be designated as stated capital. The portion which is to be designated as stated capital is determined by resolution of the Board of Directors. Proceeds in excess of the amounts designated as stated capital are credited to additional paid-in capital. The Company may transfer portions of additional paid-in capital to stated capital by resolution of the Board of Directors.

The Code also requires companies to appropriate from retained earnings to a legal reserve an amount equal to at least 10% of all cash payments which are made as an appropriation of retained earnings until such reserve equals 25% of stated capital. The Company's reserve amount, which is included in retained earnings, totals ¥3,049 million ($28,764 thousand) and ¥ 2,859 million as of March 31, 2000 and 1999, respectively, and is not available for dividends but may be used to reduce a deficit by resolution of shareholders.

The Company may also transfer portions of unappropriated retained earnings to stated capital by resolution of the shareholders.

Under the Code, the Company may issue new shares of its common stock to the existing shareholders without consideration pursuant to resolution of the Board of Directors as a stock split. The Company may make such a stock split to the extent that the amount calculated by multiplying the number of issued shares after the stock split by par value per share does not exceed the stated capital and that the amount calculated by dividing the total amount of shareholders' equity by the number of issued shares after the stock split shall not be less than ¥500.

8. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 42.1% and 47.0% for the years ended March 31, 2000 and 1999, respectively.

The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets and liabilities as of March 31, 2000 are as follows:

	March 31, 2000	
	Millions of Yen	Thousands of U.S. Dollars
Current :		
Deferred tax assets:		
Devaluation of program rights	¥ 5,008	$ 47,245
Accrued enterprise taxes	978	9,226
Accrued bonuses	629	5,934
Other	773	7,293
Less valuation allowance	(27)	(255)
Deferred tax assets	¥ 7,361	$ 69,443
Non-current		
Deferred tax assets :		
Retirement benefits	¥ 5,508	$ 51,962
Devaluation of property and equipment	1,403	13,236
Other	334	3,151
Less valuation allowance	(210)	(1,981)
Total	¥ 7,035	$ 66,368
Deferred tax liabilities :		
Tax benefit from deferred gain on sales of property and equipment	(6,121)	(57,745)
Other	(8)	(76)
Total	(6,129)	(57,821)
Net deferred tax assets	¥ 906	$ 8,547

The difference between the normal effective tax rate and the actual effective tax rate for the year ended 31, 2000 is immaterial.

The normal effective tax rate reflected in the accompanying consolidated statement of income for the year ended March 31, 1999 differs from the actual effective tax rate mainly due to recording income tax expense in the liability method.

9. LEASES

a. Finance lease transactions

Total rental expenses under finance leases were ¥621 million ($5,858 thousand) and ¥632 million for the years ended March 31, 2000 and 1999, 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 a "as if capitalized" basis for the years ended March 31, 2000 and 1999 was as follows:

As lessee	Millions of Yen		Thousands of U.S. Dollars
Machinery, vehicles and equipment	**2000**	1999	**2000**
Acquisition cost	**¥ 2,650**	¥ 2,811	**$ 25,000**
Accumulated depreciation	**1,591**	1,557	**15,009**
Net book value	**¥ 1,059**	¥ 1,254	**$ 9,991**

	Millions of Yen		Thousands of U.S. Dollars
Obligations under finance leases	**2000**	1999	**2000**
Due within one year	**¥ 635**	¥ 547	**$ 5,991**
Due after one year	**851**	707	**8,028**
Total	**¥ 1,486**	¥ 1,254	**$ 14,019**

Depreciation expense which is not reflected in the accompanying consolidated statements of income, computed by the straight-line method was ¥621 million ($5,858 thousand) and ¥632 million for the years ended March 31, 2000 and 1999, respectively.

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

b. Operating lease transactions

The minimum rental commitments under noncancellable operating leases at 31, 2000 were as follows:

	March 31, 2000	
	Millions of Yen	Thousands of U.S. Dollars
As lessee		
Due within one year	¥ 56	$ 528
Due after one year	171	1,613
Total	¥ 227	$ 2,141

	March 31, 2000	
	Millions of Yen	Thousands of U.S. Dollars
As lessor		
Due within one year		
Due after one year	¥ 6,500	$ 61,321
Total	¥ 6,500	$ 61,321

10. CONTINGENT LIABILITIES

The Group's contingent liabilities as of March 31, 2000 as guarantors of indebtedness were as follows :

	March 31, 2000	
	Millions of Yen	Thousands of U.S. Dollars
Associated companies	¥ 13	$ 123
Employees	938	8,849
Broadcasting Satellite System Corporation	1,656	15,622
Total	¥ 2,607	$ 24,594

11. SUBSEQUENT EVENT

a. Appropriations of Retained Earnings

The following appropriations of retained earnings at March 31, 2000 were approved at the Company's shareholders meeting held on June 29, 2000 :

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥ 115 ($1.08) per share	¥ 1,458	$ 13,755
Bonuses to directors	140	1,321

In addition to the cash dividends described above, the Company paid interim cash dividends of ¥570 million ($5,377 thousand, ¥45.00 ($0.42) per share) on December 6, 1999, to shareholders of record as of September 30, 1999, based on a resolution of the board of directors.

b. Stock Split

On March 14, 2000, the Company resolved to make a stock split by way of a free share distribution to shareholders at the rate of 1 share for each outstanding share as of March 31,2000 representing 12,682,274 shares which were issued on June 30, 2000.

12. SEGMENT INFORMATION

Information about industry segments, geographic segments and sales to foreign customers for the years ended March 31, 2000 and 1999 were as follows :

(1) Industry segments

a. Sales and Operating Income

	Millions of Yen				
	2000				
	Television broadcasting	Cultural activities	Other	Elimination / Corporate	Consolidated
Sales to outside customers	¥ 282,969	¥ 41,581	¥ 3,464		¥ 328,014
Intersegment sales / transfers	173	1,254	3,567	¥ (4,994)	
Total sales	283,142	42,835	7,031	(4,994)	328,014
Operating expenses	231,417	40,528	6,726	(5,008)	273,663
Operating income	¥ 51,725	¥ 2,307	¥ 305	¥ 14	¥ 54,351

b. Assets, Depreciation and capital expenditures

	Millions of Yen				
	2000				
	Television broadcasting	Cultural activities	Other	Elimination / Corporate	Consolidated
Assets	¥ 142,584	¥ 14,604	¥ 8,505	¥ 199,203	¥ 364,896
Depreciation	6,091	16	143	19	6,269
Capital expenditures	7,589	7	117	1,304	9,017

a. Sales and Operating Income

	Thousands of U.S. Dollars				
	2000				
	Television broadcasting	Cultural activities	Other	Elimination / Corporate	Consolidated
Sales to outside customers	$ 2,669,519	$ 392,274	$ 32,679		$ 3,094,472
Intersegment sales / transfers	1,632	11,830	33,651	$ (47,113)	
Total sales	2,671,151	404,104	66,330	(47,113)	3,094,472
Operating expenses	2,183,179	382,340	63,453	(47,245)	2,581,727
Operating income	$ 487,972	$ 21,764	$ 2,877	$ 132	$ 512,745

b. Assets, Depreciation and capital expenditures

	Thousands of U.S. Dollars				
	2000				
	Television broadcasting	Cultural activities	Other	Elimination / Corporate	Consolidated
Assets	$ 1,345,132	$ 137,773	$ 80,236	$ 1,879,274	$ 3,442,415
Depreciation	57,462	151	1,349	180	59,142
Capital expenditures	71,594	66	1,104	12,302	85,066

a. Sales and Operating Income

	Millions of Yen				
	1999				
	Television broadcasting	Cultural activities	Other	Elimination / Corporate	Consolidated
Sales to outside customers	¥ 273,613	¥ 55,006	¥ 2,357		¥ 330,976
Intersegment sales / transfers	174	1,384	2,415	¥ (3,973)	
Total sales	273,787	56,390	4,772	(3,973)	330,976
Operating expenses	229,091	52,741	4,159	(3,996)	281,995
Operating income	¥ 44,696	¥ 3,649	¥ 613	¥ 23	¥ 48,981

b. Assets, Depreciation and capital expenditures

	Millions of Yen				
	1999				
	Television broadcasting	Cultural activities	Other	Elimination / Corporate	Consolidated
Assets	¥ 144,743	¥ 17,434	¥ 11,252	¥ 143,329	¥ 316,758
Depreciation	5,906	13	130	28	6,077
Capital expenditures	5,676	7	31	1,087	6,801

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, sales of programs
Cultural activities :	Sponsoring of movies, music concerts, art exhibitions and sports events, sales of publications
Other :	Land leasing for model homes, sales of novelties, professional soccer activities

2. Corporate assets mainly consisting 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 ¥199,651 million ($ 1,883,500 thousand) and ¥143,751 million as of March 31, 2000 and 1999.

(2) Geographic segments

Sales and total assets of the Company and its domestic subsidiaries for the years ended March 31, 2000 and 1999, represented more than 90% of the consolidated sales and total assets of the respective years. Accordingly, geographic segments were not required to be disclosed.

(3) Sales to foreign customers

Sales to foreign customers for the years ended March 31, 2000 and 1999, represented less than 10% of consolidated sales of the respective years. Accordingly, sales to foreign customers were not required to be disclosed.

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Deloitte Touche Tohmatsu

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
Nippon Television Network, Corp.:

We have examined the consolidated balance sheets of Nippon Television Network, Corp. and consolidated subsidiaries as of March 31, 2000 and 1999, and the related consolidated statements of income and shareholders' equity for the years then ended and cash flows for the year ended March 31, 2000, all expressed in Japanese yen. Our examinations were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the financial position of Nippon Television Network, Corp. and consolidated subsidiaries as of March 31, 2000 and 1999, and the results of their operations for the years then ended and their cash flows for the year ended March 31, 2000, in conformity with accounting principles and practices generally accepted in Japan applied on a consistent basis.

As described in Note 2, effective April 1, 1999, the consolidated financial statements have been prepared in accordance with new accounting standards for interperiod allocation of income taxes.

Our examinations 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 29, 2000

NTV Group

Subsidiaries

NTV Eizo Center Corporation
Planning and production of programs, commercials and videos; Editing, recording and visual production center

NTV Video Corporation
Planning and production of TV programs, industry public relations, cable television and HDTV

NTV Enterprises Co. Ltd.
Program production, event planning, management of NTV Music School

NTV Art Center Corporation
Design and production of chyrons, subtitles, signs, posters, and computer graphics

Nippon Television Music Corporation
Music production and representation; management and sales of merchandising rights

VAP Inc.
AV game software planning, production, manufacturing and sales; recording studio, audio planning development

NTV Services Inc.
Coordinates events; supplies insurance, real estate and golf services

Nippon Television Work 24 Corporation
Property management. Provides comfortable working atmosphere and arranges for event spaces

Nippon Television Football Club Co., Ltd.
Management of Verdy Kawasaki soccer team, and amateur soccer development

Forecast Communications Inc.
Production and maintenance of NTV's Internet websites; productions of content for mobile business and E-commerce

NTV America Company
Holding Company of NTVIC

NTV International Corporation (NTVIC)
Centered in New York, a wide rage of activities including satellite transmissions, location shooting, program acquisitions and sales and event planning

Nippon Television Network Europe B.V.
Based in Amsterdam, The Netherlands. Program planning, production, and acquisitions, and information gathering

Force Co.
Video program production, planning and sales

Rights Inn Corporation
Management, licensing and promotion of copyrights and merchandising rights

Variws Tokyo Inc.
Sales and rental of video software; various film and music-related business

Affiliates

Art Yomiuri Co.
Exhibitions, galleries, posters, museums, shops, and other art-related business development

Cosmo Space Co. Ltd.
Transmission and studio production technology

Shiodome Urban Energy
Power supply to the site area of NTV's new headquarters building

Towani Corporation
Co-founded with Warner Bros. and Toshiba Corp. for planning, production and distribution of feature films and TV programs

Nishi Nippon Eizo Co.
Location shooting, transmission, news and commercial production in Kyushu Prefecture

Videowing
Planning, production and sales of TV programs and commercial films

Museo D'Arte Ghibli
Operation of animation-oriented art museum to be opened in Tokyo in 2002

Union Motion Picture Co.
Planning and production of samurai-era and other dramas

Pacific Stream Corp.
Research and development of new media

Nagasaki Vision Co.
Kanazawa Eizo Center Co.
Nagano Visual Center Corp.
Kagoshima Vision Co.
Pro Media Niigata Co.
Location shooting, transmission, and news production

Variws Niigata Inc.
Manufacture, sales and rental of visual audio software

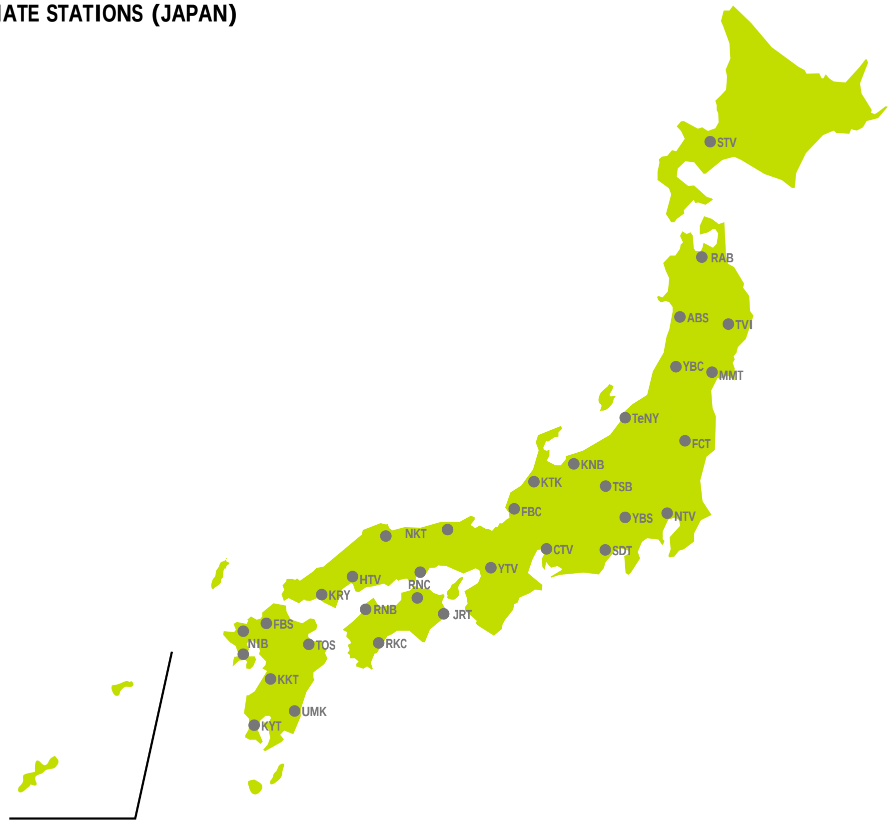
Foundations

"Dove of Love" Welfare Foundation
Established to promote the welfare of the vision and hearing impaired

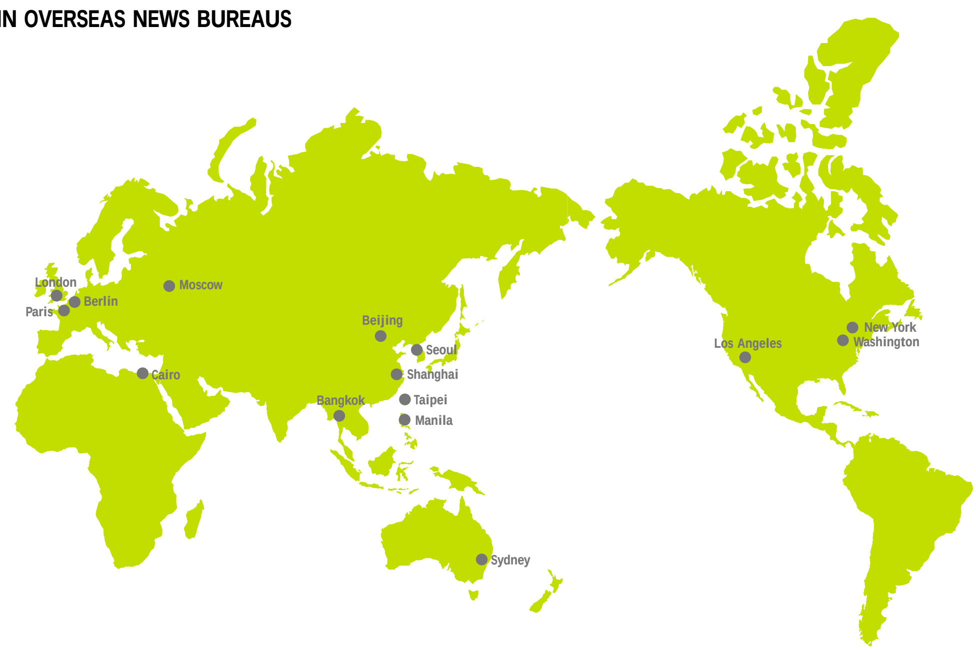
Nippon Television Network Cultural Society
Exhibitions, publications and other cultural activities outside the broadcast field

NTV'S Global Network

NTV AFFILIATE STATIONS (JAPAN)



NTV/NNN OVERSEAS NEWS BUREAUS



Corporate Data
(As of June 30, 2000)

Head Office:	NIPPON TELEVISION NETWORK CORPORATION 14 Niban-cho, Chiyodaku, Tokyo 102-8004, Japan Tel. 81-3-5275-1111 Fax. 81-3-5275-4007 Email. ir@ntv.co.jp URL. http://www.ntv.co.jp/ir
Date of Establishment:	October 15, 1952
Start of Operations:	August 28, 1953
Number of Employees:	1,153 (As of March 31, 2000)
Common Stock:	
Authorized	50,000,000 shares
Issued	25,364,548 shares
	¥18,576 million
Stock Exchange Listing:	Tokyo
Transfer Agent and Registrar:	The Toyo Trust & Banking Co., Ltd. 1-4-3, Marunouchi, Chiyoda-ku, Tokyo 100-0005 Tel. 81-3-3287-2211

Board of Directors and Corporate Auditors
(As of June 30, 2000)

President & CEO
Seiichiro Ujiie

Senior Executive Managing Directors
Kohei Manabe
Yoshio Sugimori
Toshio Hagiwara

Executive Managing Directors
Takayoshi Sato
Takashi Kobayashi

Board Directors
Hiroshi Kubota
Akira Hara
Iwao Maekawa
Noritada Hosokawa
Toru Shoriki
Chozaburo Sekine
Tsuneo Watanabe
Syunsuke Nishina
Tsuneo Hayakawa

Corporate Auditors
Sumihisa Sakuma
Ryuzo Sejima
Tomonari Doi
Kenya Mizukami

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