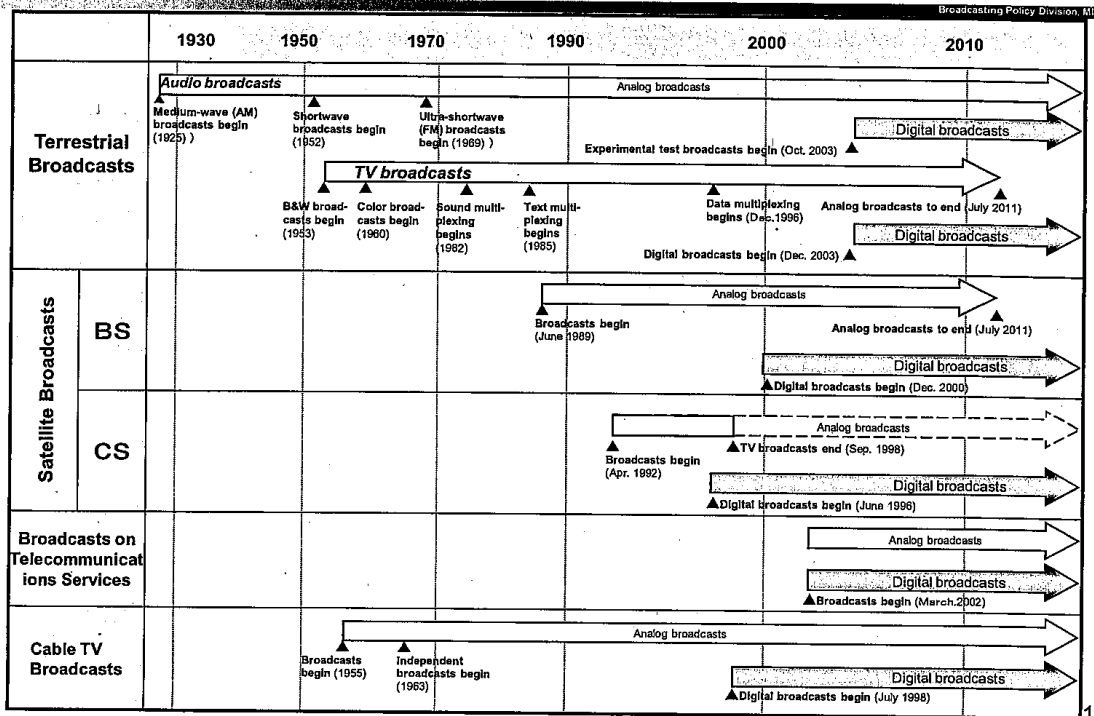


Broadcasting Administration Current Conditions



Ministry of Internal Affairs and Communications Japan

(1) Development of Broadcasting Media in Japan

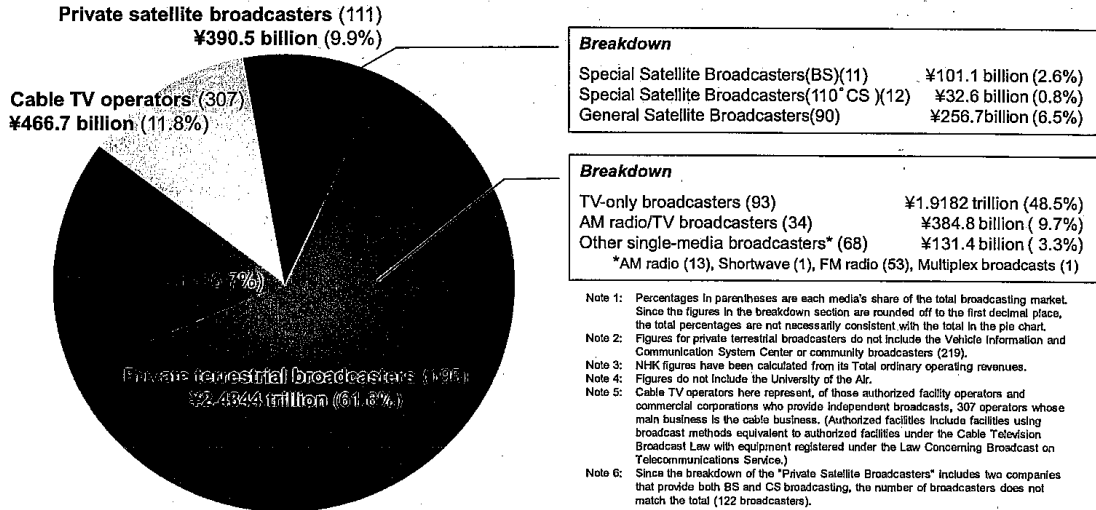


(2) Size of the Broadcasting Media Market

Broadcasting Policy Division, MIC

- ◎ The overall broadcasting media market was worth 3,953.2 trillion yen in fiscal year 2008
- ◎ The market shares by broadcasters were: private terrestrial broadcasters: 61.6%; NHK: 16.7%; cable TV operators: 11.8%; and satellite broadcasters (excluding NHK): 9.9%.

Total Broadcasting Media Revenue: ¥3,953.2 trillion in fiscal year 2008



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(3) Market Conditions Surrounding Television Broadcasting

Broadcasting Policy Division, MIC

Terrestrial Broadcasters			
NHK			¥527.5 billion (13.3%)
Tokyo "key" stations (5)			¥1,226.9 billion (31.0%)
Quasi-key stations and Chukyo stations (8)			¥370.0 billion (9.4%)
Local stations (114)			¥707.2 billion (17.9%)

Satellite Broadcasters			
Special Satellite Broadcasters	BS	NHK	¥134.1 billion (3.4%)
		Private broadcasters (11)	¥101.1 billion (2.6%)
		110° CS (12)	¥32.6 billion (0.8%)
General Satellite Broadcasters	Satellite Broadcasters except the above (90)		¥256.7 billion (6.5%)
			Private Broadcasters in TOTAL (111)
			¥390.5 billion

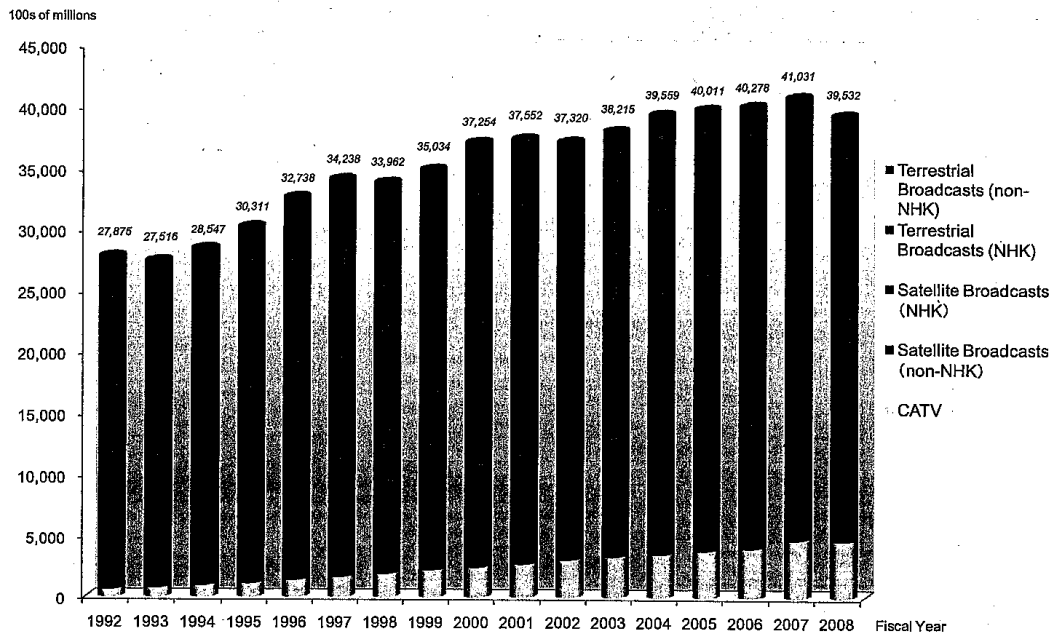
Cable TV	
Operators (307)	¥466.7 billion (11.8%)

- Note 1: Percentages in parentheses are each media's share of the total broadcasting market. These figures are rounded off to the first decimal place. Thus, the total figures are not necessarily consistent with the grand total.
- Note 2: Revenue figures other than NHK revenue have been compiled from the fiscal balances in the latest accounting period based on reports of operating balances by private broadcasters who had established stations by fiscal year 2008. (Figures for businesses with an accounting period not ending on March 31 were compiled from the fiscal balance over fiscal year 2008.)
- Note 3: Figures for NHK terrestrial broadcasts have been calculated by deducting revenue associated with satellite broadcasting from its Total ordinary operating revenues in the FY2008 accounting.
- Note 4: Figures do not include the University of the Air.
- Note 5: Cable TV here represents, of those authorized facility operators and commercial corporations who provide independent broadcasts, 307 operators whose main business is the cable business. (Authorized facilities include facilities using broadcast methods equivalent to authorized facilities under the Cable Television Broadcast Law with equipment registered under the Law Concerning Broadcast on Telecommunications Service.)

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(4) Transitions in Broadcasting Media Operating Revenues

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(6) Media Characteristics

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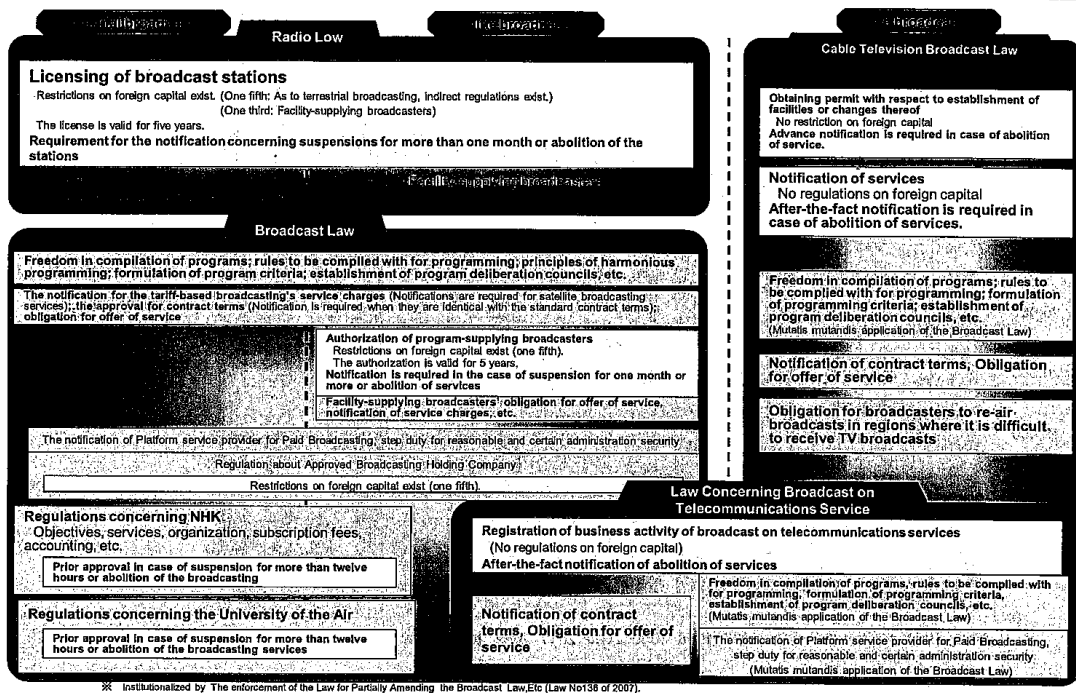
Number of Channels, Viewing Durations, and Other Characteristics of Each Medium					
	No. of Channels	Viewing/Usage Durations (daily average for total population)	No. of Viewing Households/No. of Internet Users	Annual Household Expenditures	
Television	Terrestrial	Average: 2 NHK channels + 4 private channels (Tokyo: 9 channels: 2 NHK, 6 private, and University of the Air)	3 hours 30 minutes	~50 million households	Broadcast viewing fees (NHK Receiving fees and charges for paid broadcasting): ¥21,907
	Special Satellite Broadcasts	3 NHK channels + 77 private channels (Sep. 2009)	13 minutes	~20.90 million households (Mar. 2008)	
	General Satellite Broadcasts	194ch (Sep. 2009)		~2.74 million households (Mar. 2009)	
	Cable (Facilities authorized for independent broadcasting)	—	—	~23.01 million households (Mar. 2009)	
Radio (terrestrial) (excluding community, foreign language, and shortwave broadcasts)	Average: 3 NHK channels + 2 private channels (Tokyo: 9 channels: 3 NHK, 5 private and University of the Air)	36 minutes	—	—	
Comparison: Internet	—	1 hour 31 minutes	~90.91 million people No. of contracts (Dec. 2008) DSL: 10.84 million Cable: 4.18 million Fiber: 15.89 million Mobile Internet: ~93.75 million	Internet connection fees ¥18,163	

Note 1: Data for No. of Channels and No. of Viewing Households/No. of Internet Users were current as of the end of October 2009 unless otherwise noted.
 Note 2: Figures for Viewing/Usage Durations for broadcasting were taken from the Nationwide Survey on Individual Audience Ratings (NHK Broadcasting Culture Research Institute) in Jun. 2009.
 Note 3: The No. of Viewing Households for Terrestrial TV was extrapolated from the Basic Resident Register at the end of March 2005.
 Note 4: The "No. of Channels" column in the "Special Satellite Broadcasters" row excludes provisional satellite broadcasting of the terrestrial digital broadcasting programs in weak-signal areas.
 Note 5: The "No. of Channels" column in the "General Satellite Broadcasters" row includes only 124 / 128 CS digital broadcasting.
 Note 6: The "No. of Viewing Households" column in the "Special Satellite Broadcasters" row is an estimation by NHK based on the "Household Index Survey (Durable Goods Ownership Survey)" by Central Research Services, Inc.
 Note 7: The "No. of Viewing Households" column in the "General Satellite Broadcasters" row indicates the number of individual contracts for SKY PerfectTV (announced by SKY Perfect JSAT Holdings Inc.).
 Note 8: Annual Household Expenditures, No. of Internet Users, and Usage Durations were taken from figures in the Information and Communications in Japan (MIC, 2008), and No. of Contracts is the number of contracts reported by carriers under the Rules for Reporting on Telecommunications Business.

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(2) Overview of Regulations Concerning Television Broadcasting

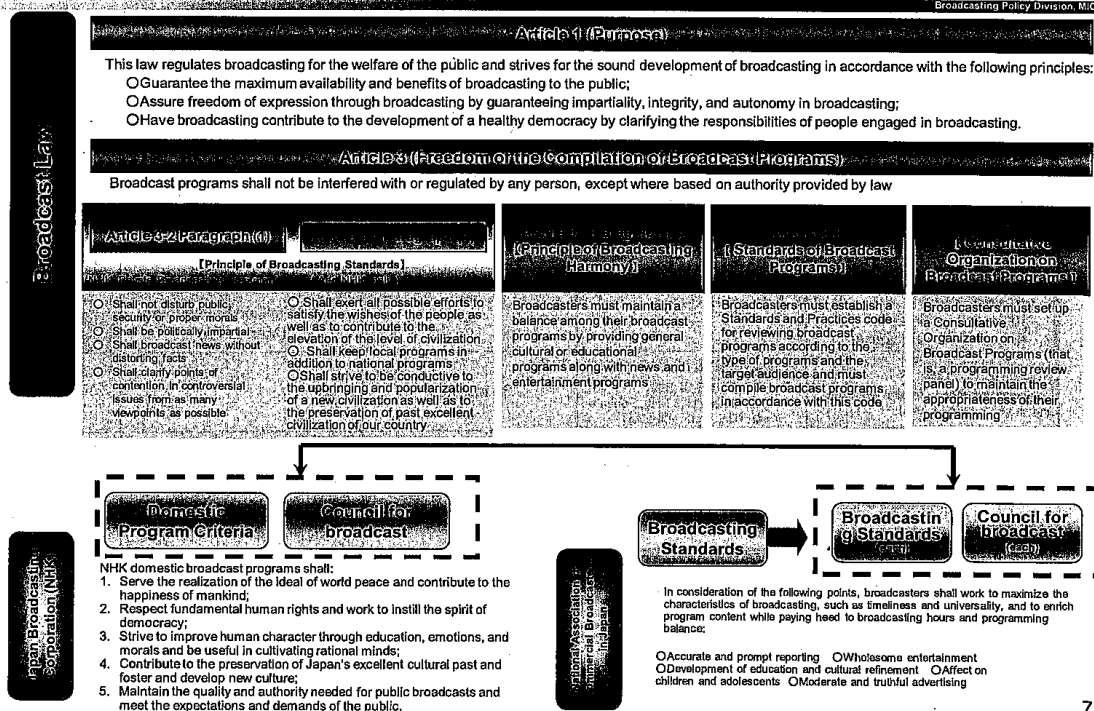
Broadcasting Policy Division, MIC



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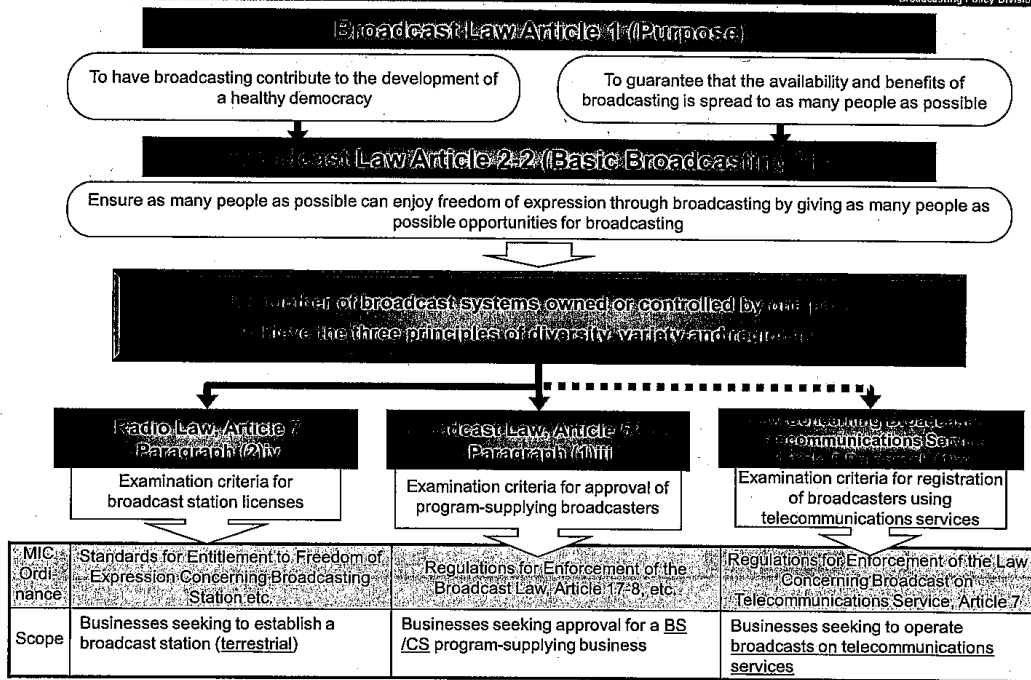
(4) Criteria on Compiling Programming

Broadcasting Policy Division, MIC



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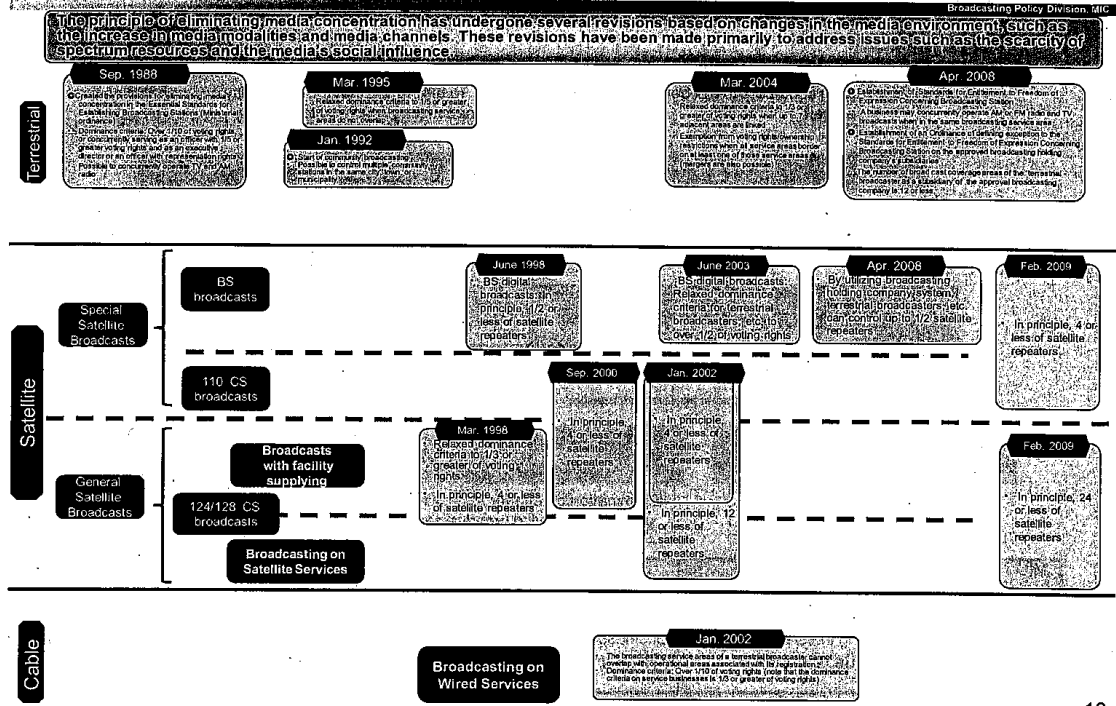
(7) Overview of standards concerning enjoyment of freedom of expression through broadcasts (the Principle of Eliminating Media Concentration)



		Number of broadcasters that can be controlled by one person					
		Terrestrial Broadcasts/BS Analog (including community broadcasting)	Special Satellite Broadcasts	General Satellite Broadcasts	Satellite Services	Wired Services	Cable TV Broadcasts
Principle	Dominance Criteria	<ul style="list-style-type: none"> In one broadcasting service area: Over 1/10 of voting rights In different broadcasting service areas: 1/5 or greater of voting rights Terrestrial broadcasters linked by adjacent area (up to 7 areas): 1/3 or greater of voting rights 	<ul style="list-style-type: none"> 1/3 or greater of voting rights 	<ul style="list-style-type: none"> 1/3 or greater of voting rights 	<ul style="list-style-type: none"> 1/3 or greater of voting rights 	<ul style="list-style-type: none"> 1/3 or greater of voting rights (when a terrestrial broadcaster with overlapping operational areas and broadcasting service areas) 	<ul style="list-style-type: none"> 0 No particular legal restrictions
	Other Regulations	<ul style="list-style-type: none"> Special measures apply when facing adverse business conditions A business may concurrently operate a local station when all its service areas (up to 7 areas) border on at least one of its service areas A business may concurrently operate AM or FM radio and TV broadcasts when in the same broadcasting service area In principle, control over three businesses (TV, AM or FM radio, and newspaper) is prohibited 	<ul style="list-style-type: none"> Satellite broadcasters can control and enter when transmission capacity is less than fixed number of satellite repeaters. The fixed number in the preceding paragraph is decided by form of concurrent undertaking. In principle, 4 or less of satellite repeaters Special measures apply about terrestrial broadcasters 	<ul style="list-style-type: none"> In principle, 4 or less of satellite repeaters Special measures apply about terrestrial broadcasters 		<ul style="list-style-type: none"> A terrestrial broadcaster with overlapping operational areas and broadcasting service areas cannot enter 	<ul style="list-style-type: none"> Examination criteria on private broadcasters or entities controlling private broadcasters: <ul style="list-style-type: none"> No other entity is capable of providing services Information on the demand from residents and other matters is required Dominance Criteria: Over 1/10 of voting rights
Defining exception	Defining exception of the approved broadcasting holding company's subsidiaries	<ul style="list-style-type: none"> The number of broadcast coverage areas of the terrestrial broadcaster as a subsidiary of the approval broadcasting company is 12 or less. Special measures DON'T apply when facing adverse business conditions 					

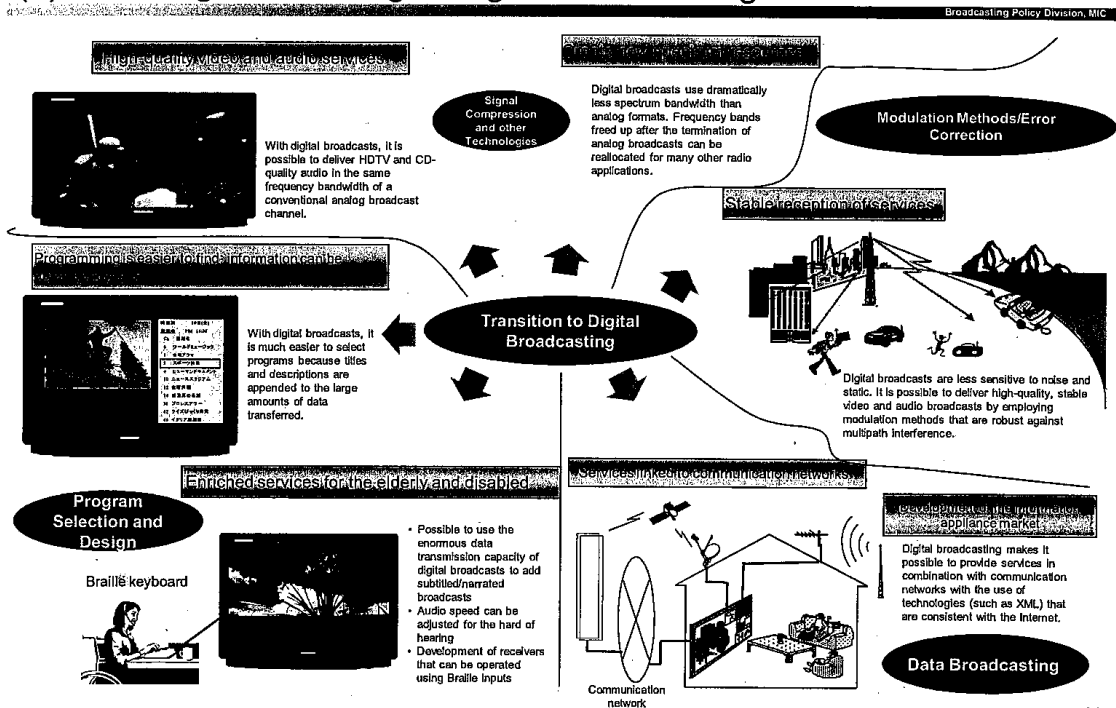
Note 1: Other dominance criteria include regulations on officers (jointly serving as an officer with over 1/5 of voting rights; jointly serving as executive director or an officer with representation rights).
 Note 2: In the case of terrestrial broadcasts, the main investors and other interested parties whenever possible must reside in the relevant broadcasting service area (except for the terrestrial broadcaster as subsidiary of the approval broadcasting company)

(8) Major Recent Revisions to the Principle of Eliminating Media Concentration



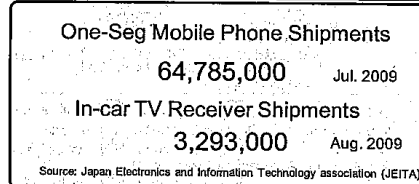
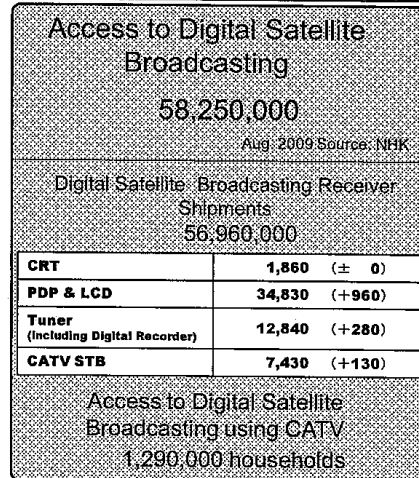
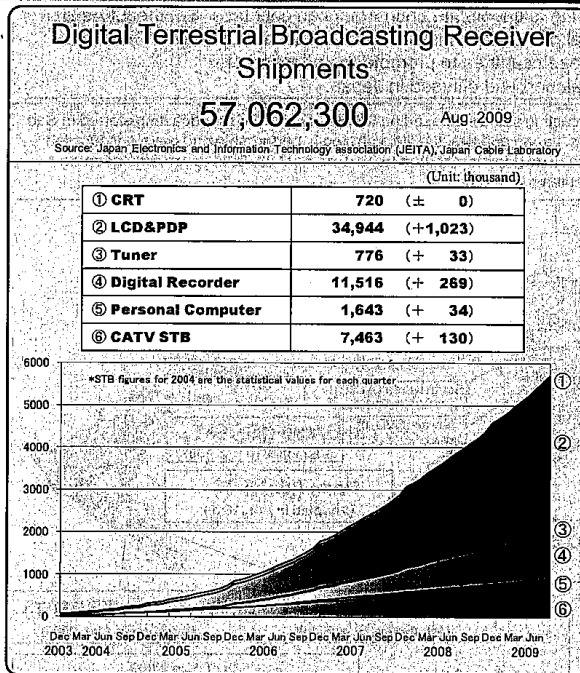
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(1) Advantages of Moving to Digital Broadcasting



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(2) Growth of Digital Broadcast Receivers



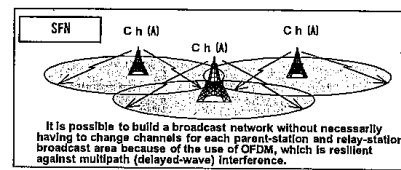
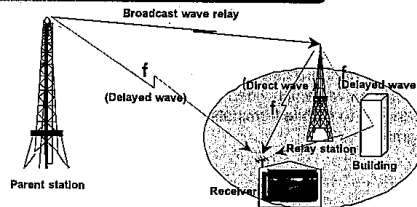
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(1) Japan's Terrestrial Digital Television Broadcasting Format (ISDB-T)

Conditions established for terrestrial digital TV broadcasts

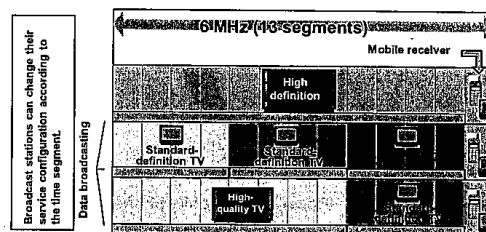
1 Advantages of the ISDB-T Broadcasting Format

- Each 6 MHz band is divided into 13 segments. Different modulation methods can be specified for each segment. This arrangement allows for flexible service provision (such as HDTV broadcasts or multiple SDTV channel broadcasts).
- Possible to combine broadcasts at any time of programs for fixed receivers and programs for portable/mobile terminals with small screens and low frame rates. Partial reception with mobile terminals is also possible.
- Ghosting is effectively eliminated with Orthogonal Frequency Division Modulation (OFDM), which is resilient against multipath (delayed-wave) interference. This permits the realization of single frequency networks (SFN) for more effective use of spectrum resources.
- Technical criteria have been standardized wherever possible to avoid the use of transmission methods that are dependent on the physical properties of the broadcast media to ensure compatibility with other digital broadcast media in Japan, to simplify the production of common receivers, and to make it possible to support multimedia broadcasts driven by the coming communications-computer convergence.



2 Summary of the ISDB-T Broadcasting Format

Technical Standards	
Encoding method of source material	Video MPEG-2 Video (video formats: 480i, 480p, 720p, 1080i)
	Audio MPEG-2 Audio AAC (Advanced Audio Coding)
Encoding method of the propagation route	Modulation method OFDM (DQPSK, QPSK, 16QAM, 64QAM)
	Error correction method Outer code: Reed-Solomon (204, 188) Inner code: Convolutional code (Encoding ratios: 1/2, 2/3, 3/4, 5/6, 7/8)
Multiplexing method	MPEG-2 Systems
Scrambling method	MULTI2
Frequency bandwidth	5.7MHz
Transmission capacity (standard)	Maximum ~23.2 Mbps (Approx. 18 Mbps)



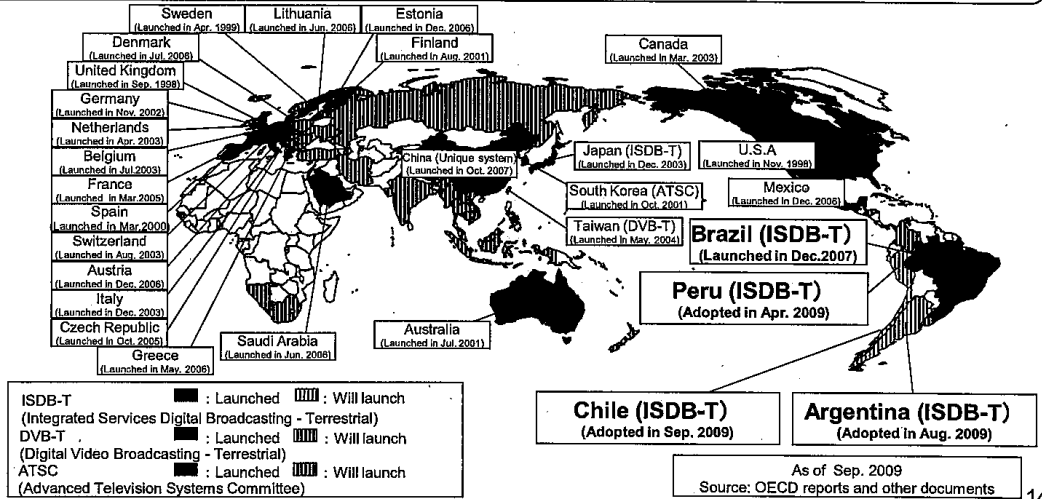
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(2) Development of the ISDB-T Format Overseas

Broadcasting Policy Division, MIC

○ Examination and introduction of digital TV broadcasting is ongoing in Latin American countries, Southeast Asian countries and so on. Japan is enhancing international competitiveness in digital broadcasting sector. Therefore, Japan organizes seminars and demonstrations in these countries to promote the adoption of ISDB-T that is digital TV broadcasting standard developed and diffused in Japan.

○ Brazil decided on June 29, 2006 to adopt its digital TV broadcasting standard based on ISDB-T. Digital TV broadcasting started in Sao Paulo on December 2, 2007 and has implemented in 18 cities. Japan and Brazil build a strategic partnership and have encouraged south American countries to adopt ISDB-T. As a result, Peru had decided to adopt ISDB-T on April 23, 2009, Argentina adopted ISDB-T on August 28, 2009 and Chile adopted ISDB-T on September 14, 2009.



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(3) Overview of One-Segment Services to Mobile Terminals

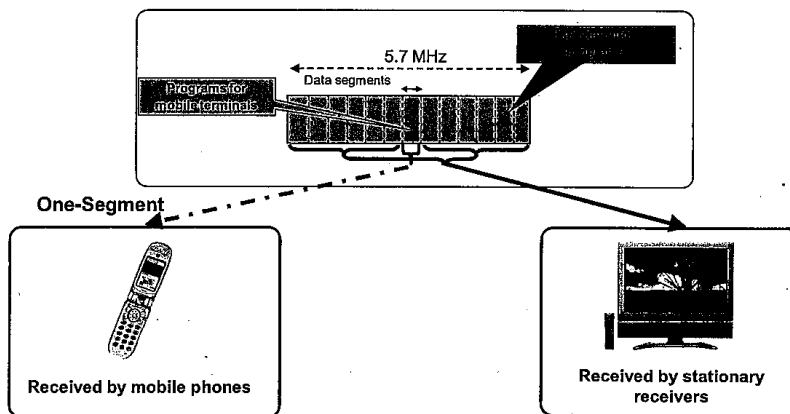
Broadcasting Policy Division, MIC

Statistics of One-Segment Services

Each terrestrial digital broadcast channel is divided into 13 segments over which video, audio, and data are transmitted. Services to mobile terminals are realized using the central segment.

Service Expansion Plans

One-segment services were started in the three major urban areas in April 2006. Services were extended nationwide from December.



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