

April 26, 2006

Results of Fact-finding Survey of the Telecommunications Industry (conducted in October 2005)

—Actual Situation Surrounding Broadcast Program Production—

The Ministry of Internal Affairs and Communications has summarized the results of the Fact-finding Survey of the Telecommunications Industry conducted in October 2005. For a more detailed summary, please refer to the attachment.

[Major Findings]

- **Broadcast program production businesses**

- Average sales (actual result) posted in FY2004 were 9.7% higher than the corresponding figure of the previous fiscal year. Meanwhile, sales for FY2005 were projected to increase by 1.4%.
- In regard to secondary use of TV broadcast programs, those in the following three categories—“repackaged as a video product,” “rerun,” and “reused as a satellite broadcast program”—continued to dominate.
- As for the most desired new business area, “Internet program (screen) production” and “high-definition production technology” ranked the most popular.
- In regard to management issues, orders and human resources posed the greatest concerns.

○ [Survey Overview]

This survey has been conducted since FY2002 in order to grasp the actual business situation of the telecommunications business and broadcasting business sectors.

[Businesses Covered]

- Broadcast program production businesses: Businesses producing broadcast programs and commercial features (CFs) (excluding businesses that provide cable TV programs).

[Response Rates]

Industry Sector	No. of Questionnaires sent	No. of Responses	Response Rate (%)
Broadcast program production business	981	236	24.1

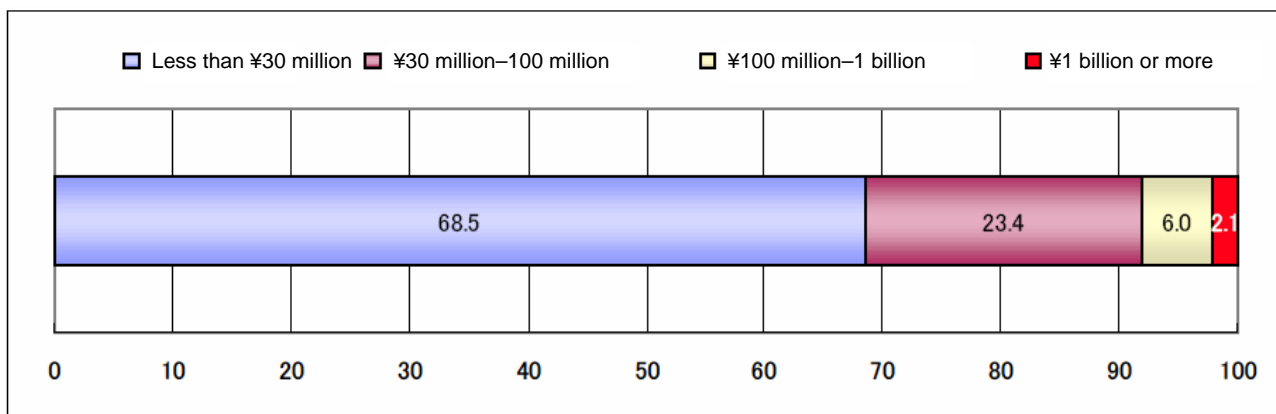
Broadcast program production businesses

1. Business Demographics (by capital, sales, no. of employees)

- The majority of broadcast program production businesses are medium-to small-scale entities.
 - Businesses capitalized at less than ¥30 million constituted 68.5% of the total.
 - Businesses with sales of less than ¥500 million constituted 60.7% of the total.
 - Businesses with less than 50 employees constituted 80.3% of the total.

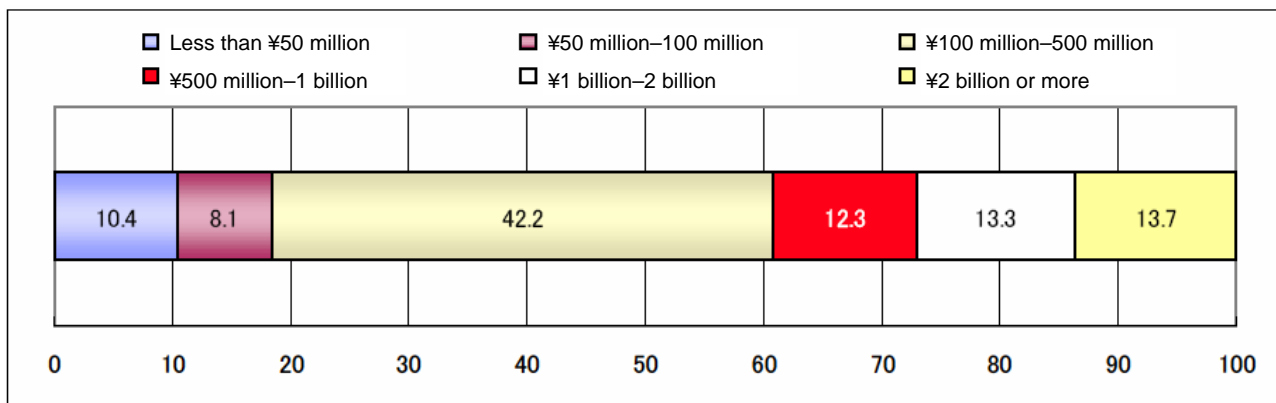
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Unit: %



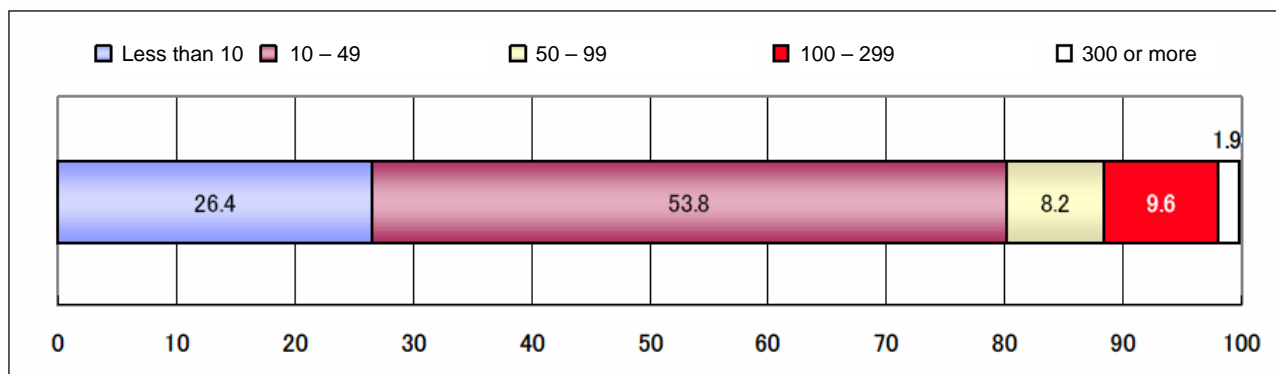
<Demography by sales>

Unit: %



<Demography by no. of employees>

Unit: %

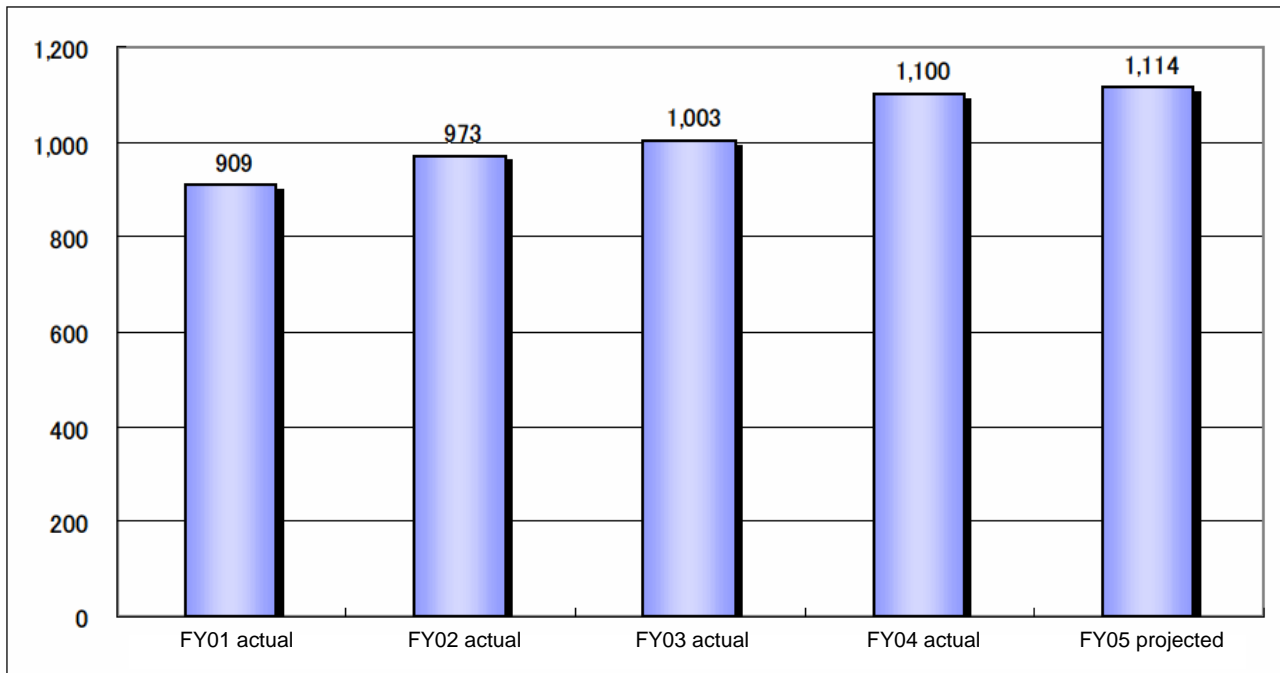


Note: Because of rounding errors, the total may not necessarily amount to 100% (This note applies to other charts as well).

2. Average Sales of Broadcast Program Production Business

- The average sales amount (actual result) for FY2004 was ¥1,100 million, 9.7% more than in the previous fiscal year.
- Average sales for FY2005 were projected to reach ¥1,114 million, up 1.4% over the previous fiscal year.

(Unit: ¥1 million)

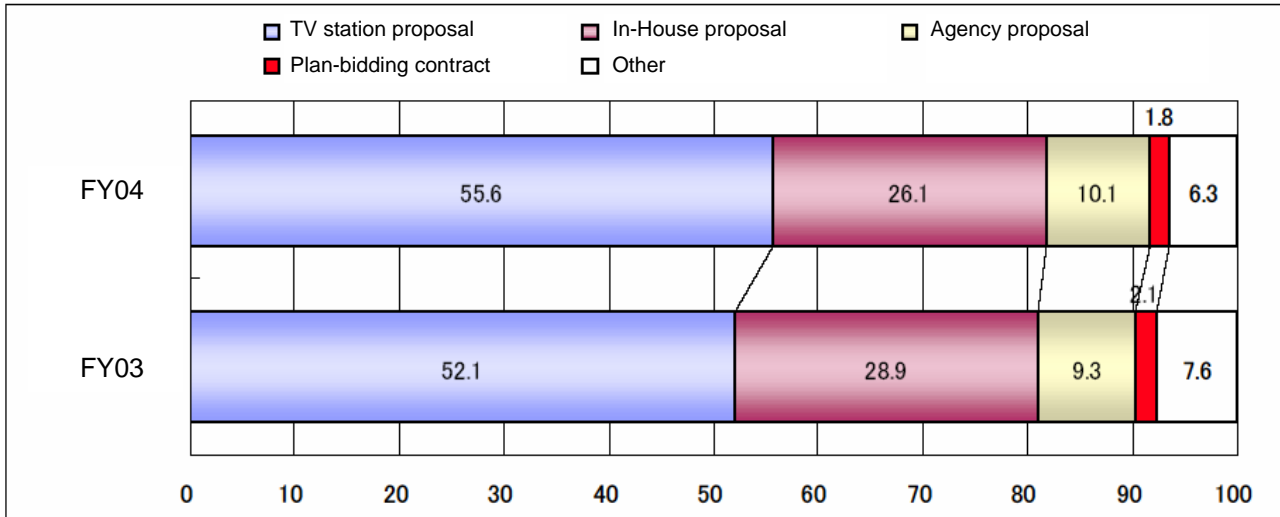


3. Rights Associated with Television Broadcast Programs

(1) How program production is initiated

- More than half (55.6%) of TV broadcast program production projects were triggered by TV station proposals to production companies.

(Unit: %)



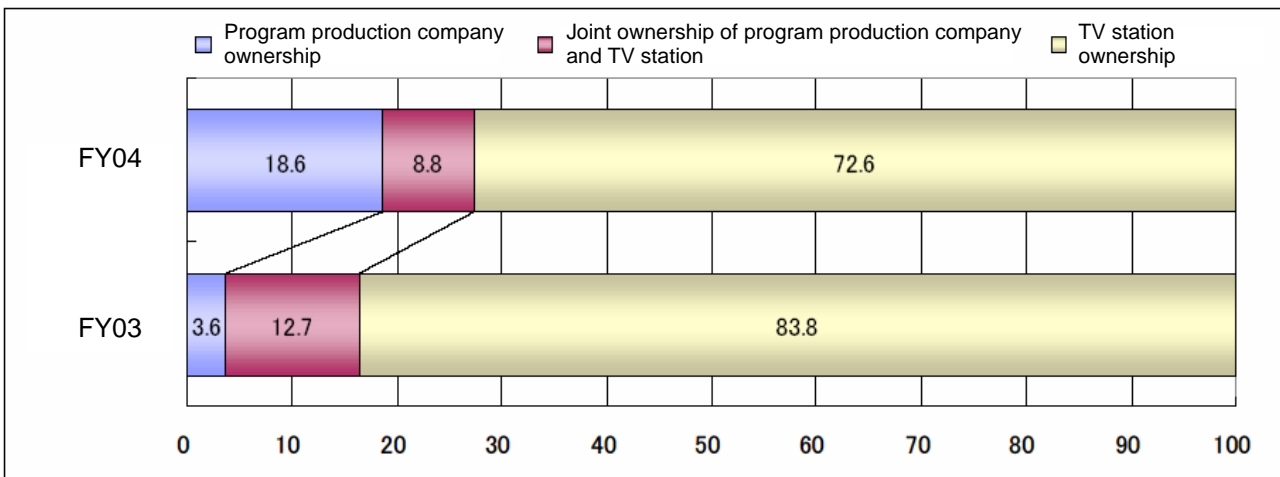
(2) Ownership of broadcasting rights

- According to TV broadcast program production contracts, excluding CFs, the percentage of program production companies that own the rights to broadcast fully-packaged programs (including cases in which the rights are shared with the TV station) was 27.4%, roughly 11 percentage points higher than in the previous fiscal year.

Notes: 1. Rights of broadcasting: The right to broadcast a TV broadcast program (excluding CFs) in accordance with the original purpose of use, i.e., within the predetermined type (s) of broadcast (terrestrial, satellite, CATV) and within the predetermined number of broadcasts.

2. Fully-packaged delivery: The delivery of a formatted program (recording and editing completed) ready for broadcast at any time.

(Unit: %)

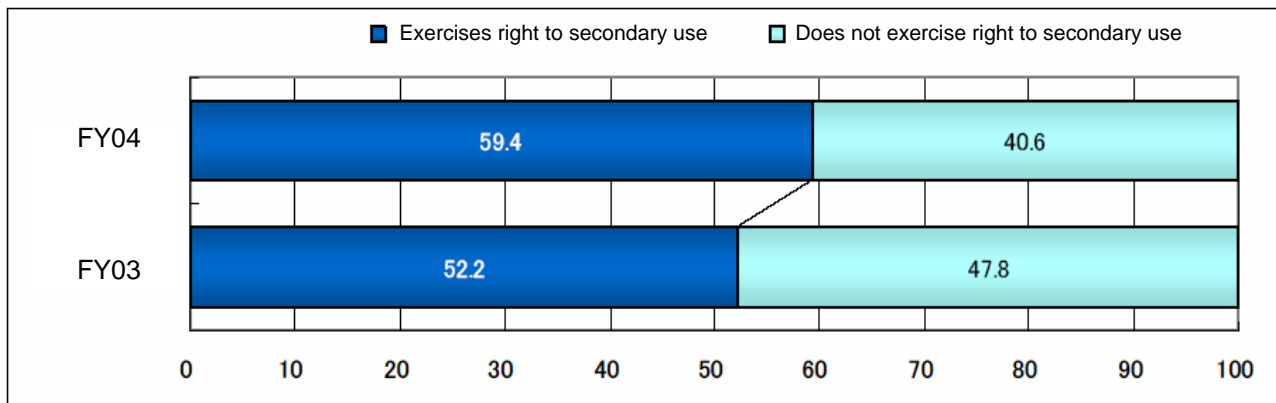


(3) Status of Secondary Use

- Regarding TV broadcast programs (excluding CFs) for which the broadcast program production company is granted rights to secondary use, the percentage of the broadcast program production businesses actually exercising the secondary use right stood at 59.4%, roughly 7 percentage points higher than in the previous fiscal year.

Note: Secondary use of a broadcast program: Use of a broadcast program in the form of video, CD-ROM, or other publication materials, or in a broadcast program for which it was not originally intended.

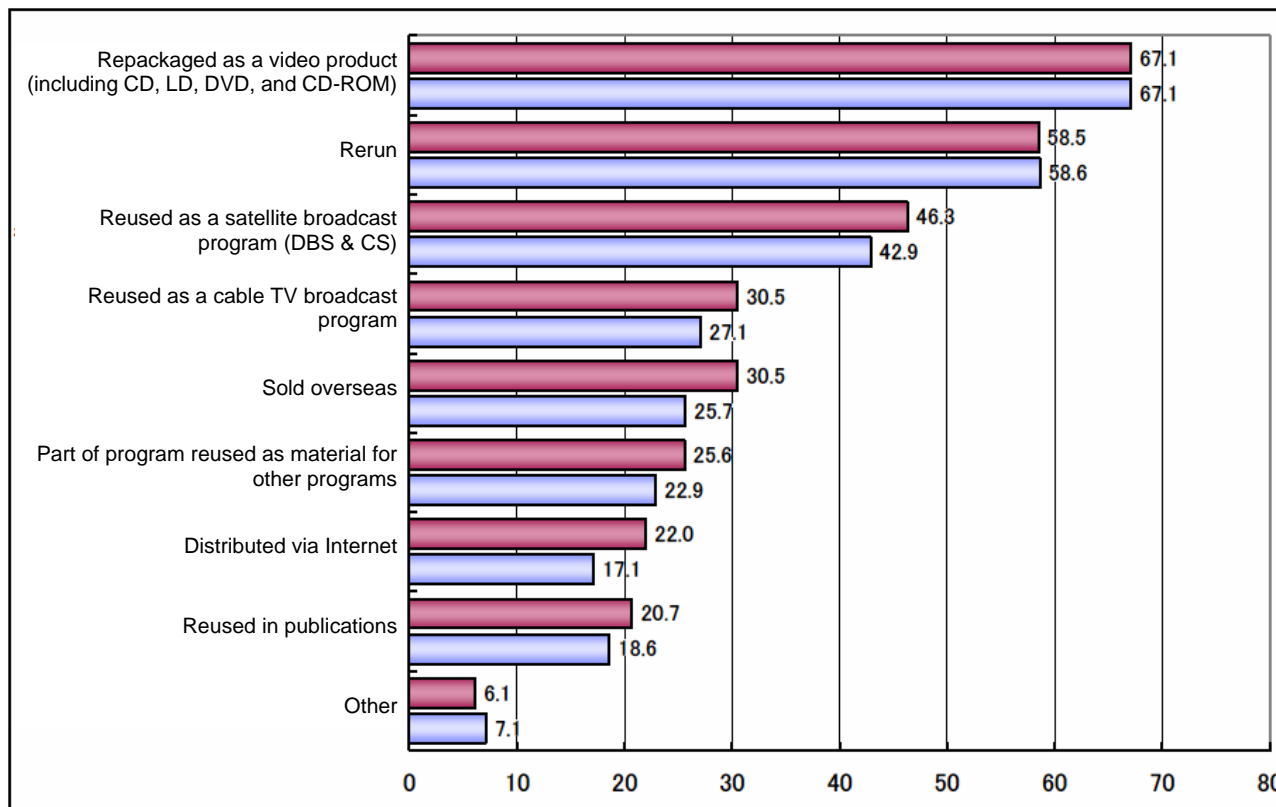
Unit: %



(4) Forms of Secondary Use

- As for the form of secondary use, “repackaged as a video product,” “rerun,” and “reuse as a satellite broadcast program” continued to be the most popular.

Unit: % (multiple choices allowed)



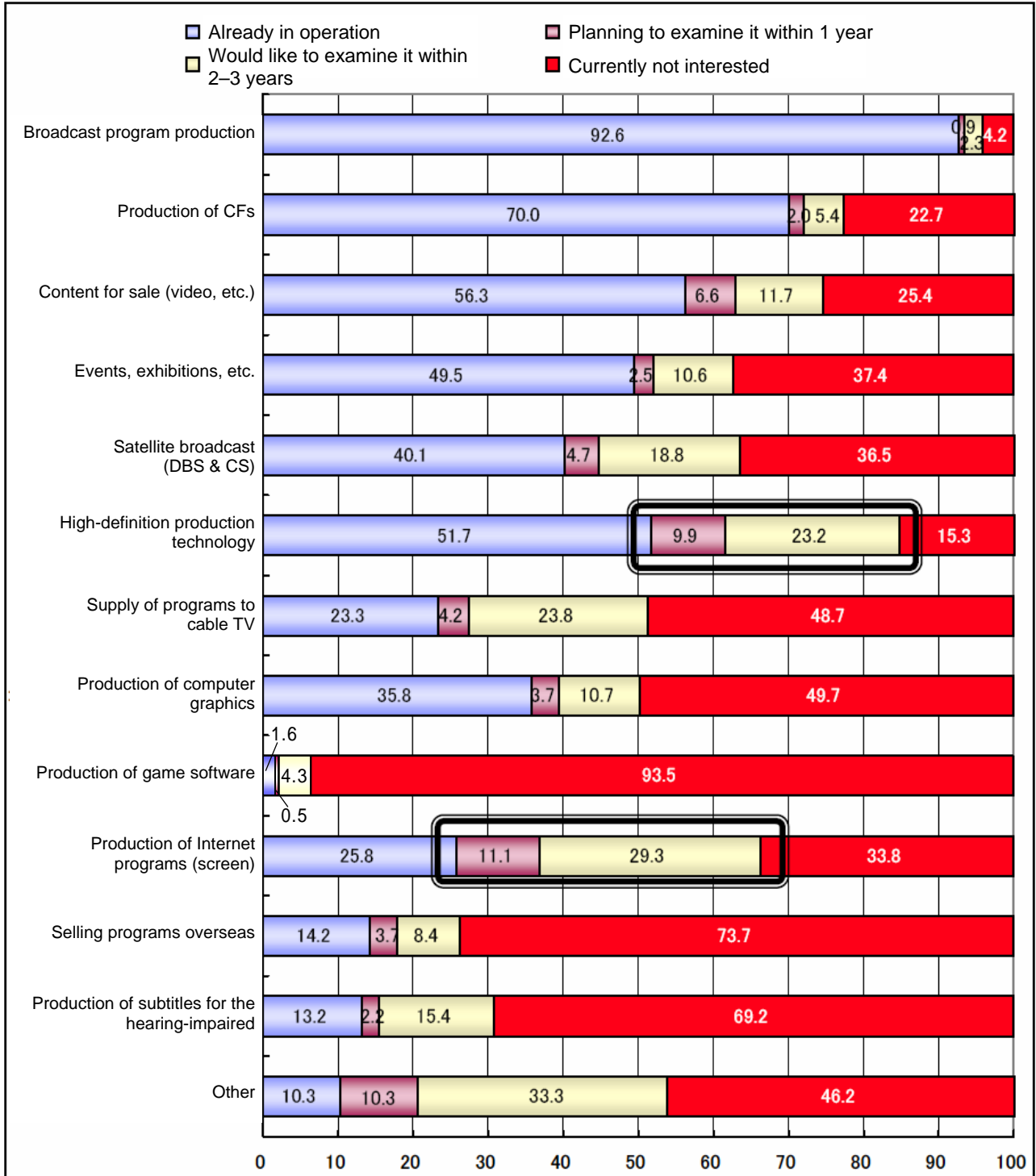
(Upper bar: FY04; lower bar: FY03)

4. New Business Directions

- As the most desired new business area*, “Internet program (screen) production” (40.4%) was the most popular, followed by “high-definition production technology” (33.1%).

* Total number of businesses saying “planning to examine it within 1 year” and “would like to examine it in 2–3 years.”

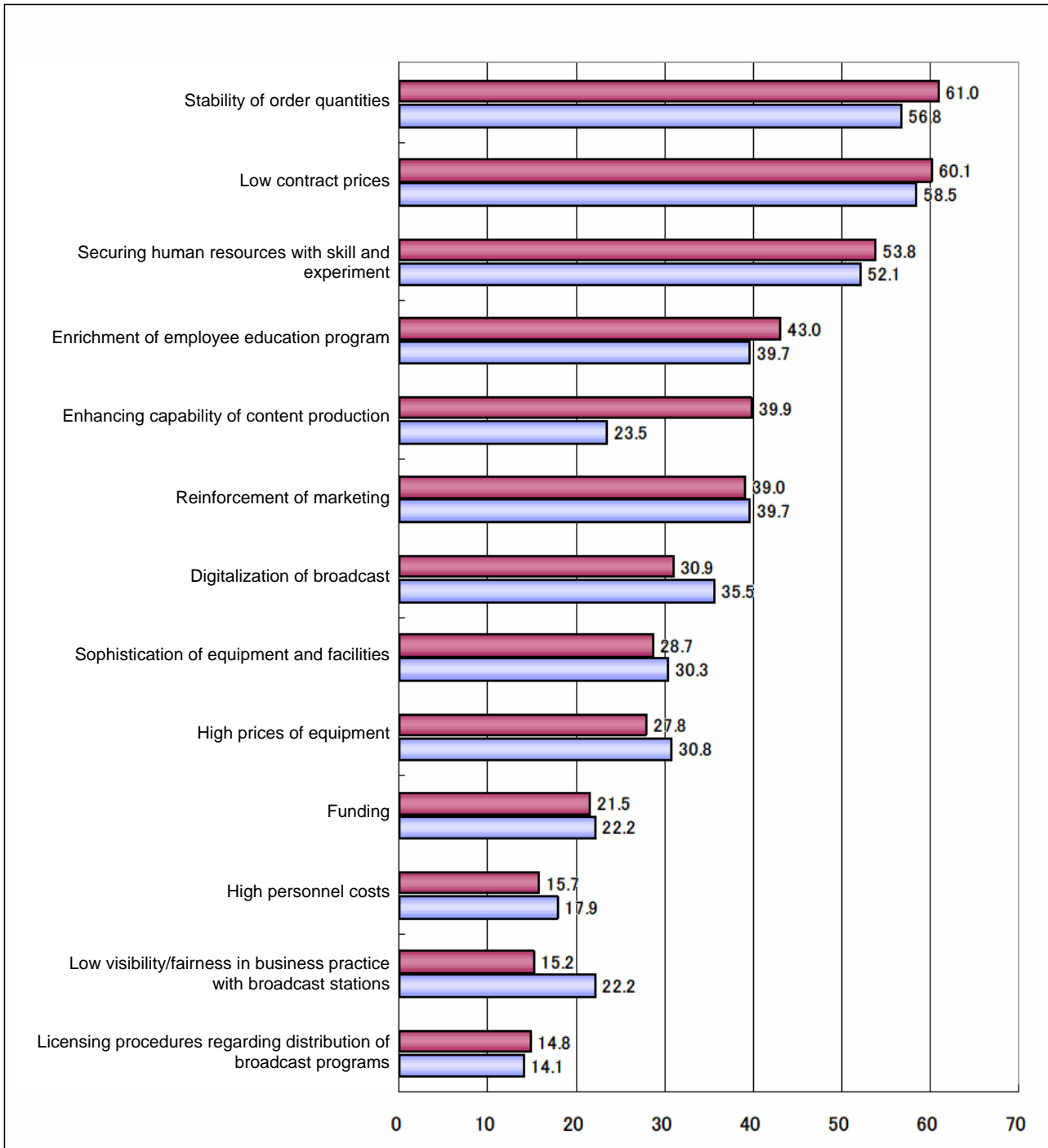
Unit: %



5. Management Issues

- As for management issues, order-related concerns such as “stability of order quantities” (61.0%) and “low contract prices” (60.1%) ranked high as in the previous fiscal year, followed by concerns relating to human resources such as “securing human resources with skill and experience” (53.8%) and “enrichment of employee education program” (43.0%).

Unit: % (multiple choices allowed)



(Upper bar: FY05; lower bar: FY04)