

# Section 1

## ● Telecommunications Business

### 1 Telecommunications market

The amount of sales of telecommunication business in Japan reached 14.5769 trillion yen in FY 2004 (a 9.7% decrease over the previous year) (**Figure 2-1-1**). Since the sales of mobile communications overtook those of fixed communications in 2001, mobile communications accounted for approximately 60% of the total sales of the telecommunications business (**Figure 2-1-2**).

### 2 Telecommunications service

The number of subscribers to fixed communications (telephone and ISDN) shows a slight downward trend or has remained at the same level, whereas that of subscribers to IP phone and mobile communications (mobile phone and PHS) is on an upward trend (**Figure 2-1-3**).

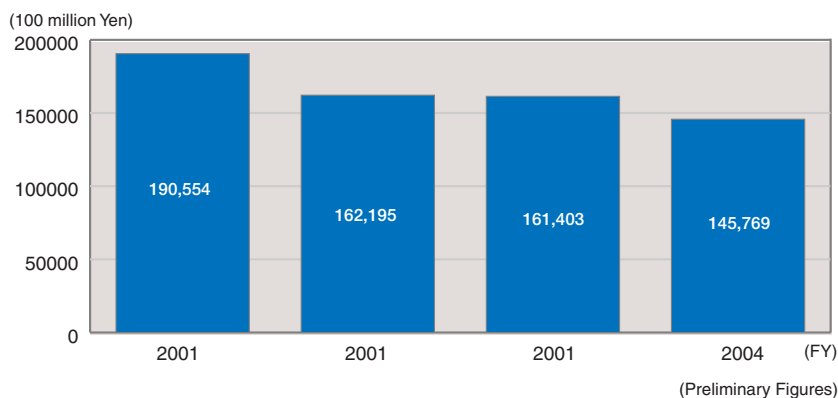
The number of mobile communications subscribers exceeded that of fixed communications in FY 2000, and as of the end of FY 2005, the number of mobile communications subscribers (96.48 million) became 1.6 times more than that of fixed communications subscribers (58.08 million).

As of the end of March 2006, the total number of IP telephone subscribers was 11.457 million which include 10.03 million for 050 type IP telephones and 1.42 million for 0AB-J type IP telephones.

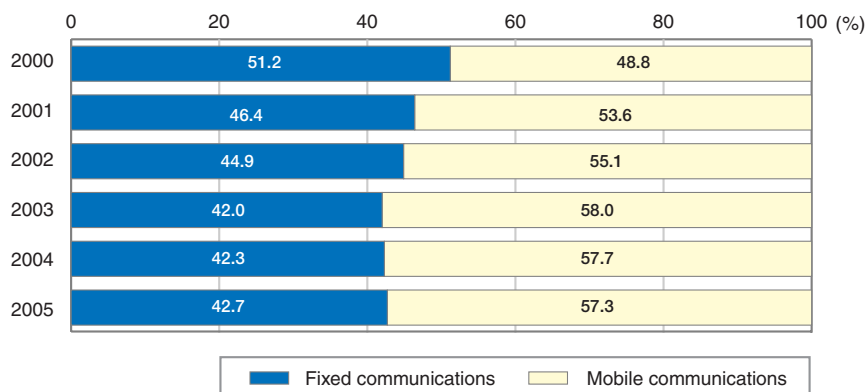
### 3 Status of use of telecommunications service

For fixed communications, total call time per day per subscription in FY 2004 was 5 minutes and 34 seconds for subscription telephones (a 1 minute and 18 seconds

**Figure 2-1-1 Transition in the sales of telecommunications business**



**Figure 2-1-2 Sales ratio between fixed communications and mobile communications of major telecommunications carriers**



Produced from materials collected from each carrier

decrease from the previous fiscal year), 17 minutes and 56 seconds for ISDN (a 2 minute and 29 seconds decrease from the previous year), and 4 minutes and 2 seconds for IP telephone (Figure 2-1-4). For mobile communications, it was 3 minutes and 16 seconds (a 12 seconds decrease from the previous year) and 5 minutes and 15 seconds for PHS (a 1 minute and 42 seconds decrease from the previous year).

#### 4 Telecommunications rate

The standard local call rate was approximately 8 yen per 3 minutes, which lowered about 20%. For long distance calls, the rate lowered by one-fifth compared to that in 1985 (as of the end of March 2006) (Figure 2-1-5). In practice, various fee structures and a wide variety of discount services make the standard even lower.

#### 5 Telecommunications network

Installation of the optical fiber network nationwide had reached 86% (a 0 point increase over the previous fiscal year), including 95% of cities designated by cabinet ordinance and prefectural capitals (98% coverage in business areas – 50% or more of subscribers are businesses), and 89% of cities with populations of 100,000 or more (90% in business areas). Installation of the optical fiber network increases at a steady pace, and has reached 69% in cities with populations of less than 100,000, but there still remains a gap in the level of installations between major cities and other cities.

Figure 2-1-3 Transition in the number of subscribers to fixed communications and mobile communications

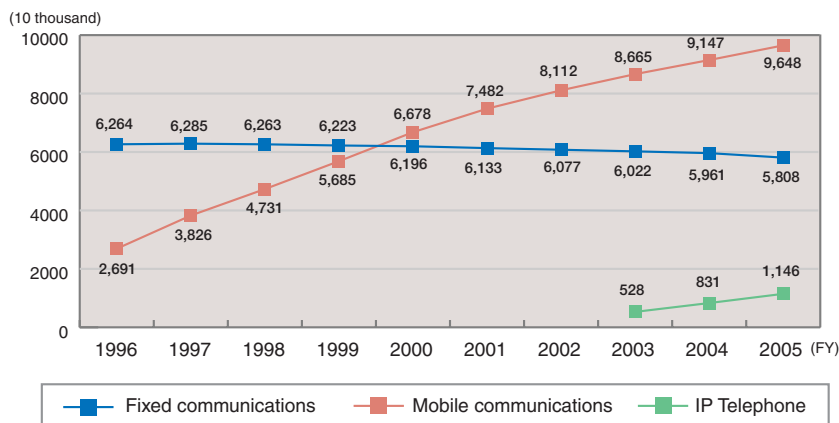
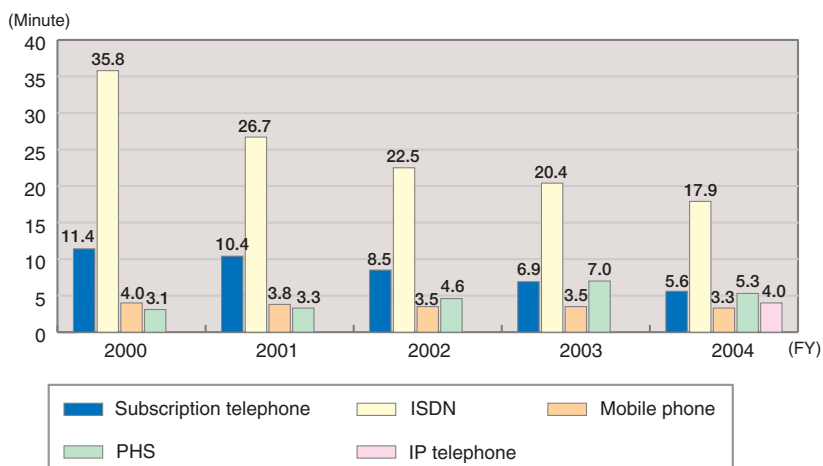
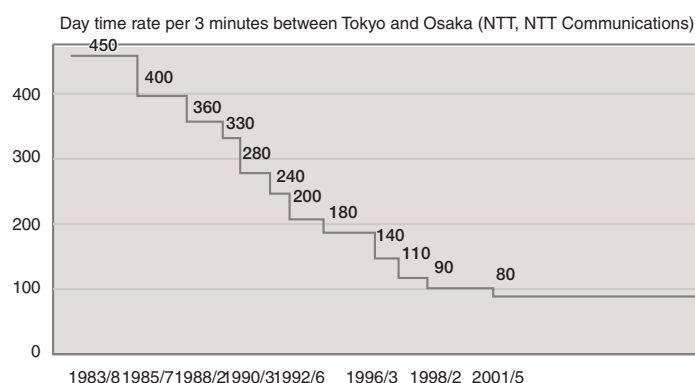


Figure 2-1-4 Transition in the call time per day per subscription (unit: minute)



\* Calculation for IP telephone was started in FY 2004. So there is no value before FY 2004.  
Adapted from MIC, Status of Domestic Use of Telecommunications in Terms of Traffic

**Figure 2-1-5 Transition in the rate standard of long distance calls of East /West NTT subscription telephones.**



Produced from the Telecom Data Book 2006 and NTT documents.

## Section 2

### Broadcasting Business

#### 1 Broadcasters

Broadcasting in Japan is provided by NHK which runs its business with reception fees, and general broadcasters which run on advertising revenues. In addition, the University of the Air provides broadcasting for educational purposes.

Sales in FY 2004 of broadcasters totaled 3.9698 trillion yen (a 3.5% increase over the previous fiscal year). The market size of broadcasting is expanding because of the increase in the number of subscribers for pay-TV. Of these sales, NHK's business income was 685.5 billion yen (a 0.8% increase over the previous fiscal year), terrestrial commercial broadcasters' sales was 2.6153 trillion yen (a 3.7% increase over the previous fiscal year), satellite commercial broadcasters' sales was 315.8 billion yen (a 5.4% increase over the previous fiscal year), and cable television broadcasters' sales was 353.3 billion yen (a 6.1% increase over the previous fiscal year).

Terrestrial commercial broadcasters occupy 65.9% of the total market share; however, satellite commercial broadcasters and cable television broadcasters are expanding their share.

#### 2 Broadcasting services

As "the Tokyo Broadcasting Station," NHK started Japan's first broadcasting service (radio) in March 1925. It formed a corporation for providing broadcasting service in 1950, based on the Broadcast law. For domestic

broadcasting, NHK provides 7 channels as its terrestrial broadcasting services including television (analogue channels (General and Education), digital channels (General and Education), and radio channels (First, Second and FM), and 6 channels as its satellite broadcasting (BS) including Television 1 (Digital and Analogue (simultaneous broadcasting of digital), Television 2 (Digital and Analogue (simultaneous broadcasting of digital)) and High vision (Digital and Analogue (simultaneous broadcasting of digital)).

As of the end of FY 2005, the total number of NHK subscribers was 37.51 million (a 1.1% decrease from the previous fiscal year). Of this, the number of general reception subscriptions (regular and color contracts) was 24.97 million, and that of satellite broadcasting reception subscriptions (satellite and special contracts) was 12.54 million.

There were 127 operators with terrestrial commercial broadcasting stations as of the end of FY 2005. For terrestrial commercial broadcasting, more than 4 channels were available to approximately 90% of households.

#### 3 Status of broadcasting media use

Annual expenditure for broadcasting services per household was 19,442 yen (**Figure 2-2-1**), which reflects an increase in the number of pay-TV service subscriptions. Of this, an expenditure on cable television was 6,446 yen.