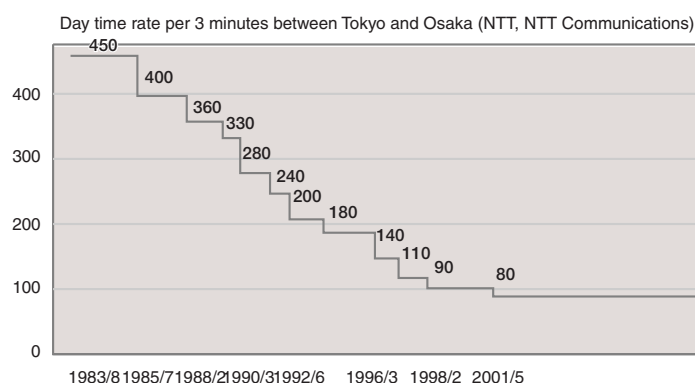


Figure 2-1-5 Transition in the rate standard of long distance calls of East /West NTT subscription telephones.



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.

4 International broadcasting

For international broadcasting services for reception overseas, NHK provides the international radio broadcasting service “NHK World Radio Japan” and the international television broadcasting service “NHK World TV” which uses an artificial satellite.

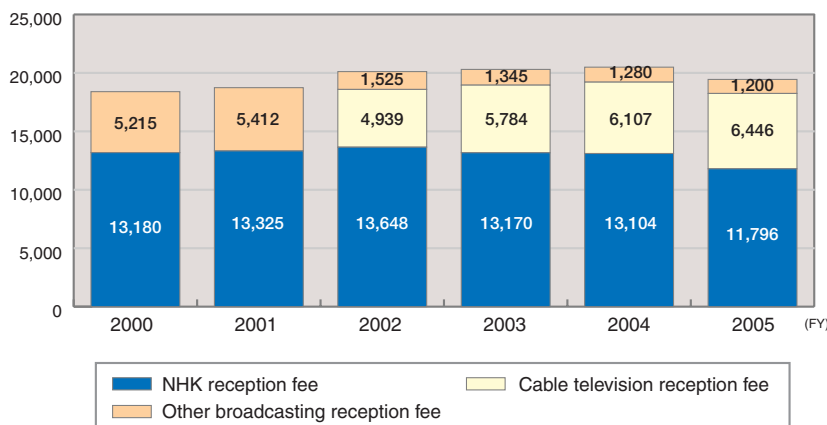
As of the end of FY 2005, “NHK World Radio Japan” was broadcasted for 65 hours in total per day (general broadcasting: 31 hours, local broadcasting: 34 hours) in 22 languages including Japanese and English around the world via the Yatsumata Transmitting Station and relay stations in each country. Services such as news are also distributed via the Internet.

Following the revision of the Broadcast law in June 1994, “NHK World TV” began to be provided in April 1995 as an unscrambled international television broadcasting program via a foreign artificial satellite. As for

North America and Europe, “NHK World TV” is broadcasted as part of the broadcasting services from JNG (Japan Network Group, Inc.) in North America, and JSTV (Japan Satellite TV Limited) in Europe, which are the local corporations that broadcast Japanese programs via an artificial satellite. As of the end of FY 2005, in North America, it was provided 7 hours per day by four Echo Star satellites, and in Europe, 7.5 hours per day by Hot Bird satellites.

In April 1998, using a PanAmSat satellite, an international television broadcasting service which covers Asia and the Pacific region was started. After this, it had been gradually extending its broadcasting time and service area to 24 hours a day in October 1999. In August 2001, it achieved an almost 100% coverage of the overseas area where Japanese live by using three PanAmSat satellites.

Figure 2-2-1 Total expenditure of broadcasting services in household finance



* Total expenditure for broadcasting services includes NHK reception fee, cable television reception fee and other broadcasting reception fees.

Produced from MIC, Family Expenditure Survey (whole households)

Section 3

Section 3 Postal Service

1 Finances of postal service

In FY 2004, postal services recorded a surplus of 28.3 billion yen as a result of enhancing the earnings performance, improving productivity by promoting JPS (the Japan Post System), and cost-cutting by promoting automation, shifting workload to part-time workers, and saving the cost for outsourced transportation of postal items in order to overcome the severe business environment (Figure 2-3-1).

2 Volume of postal items

A total of 24.81862 billion domestic and international postal items (a 0.7% decrease from the previous fiscal year) were processed in FY 2005.

While the number of domestic postal items dropped to 22.66611 billion (a 3.5% decrease from the previous fiscal year), the number of postal parcels processed was 2.07498 billion (a 45.1% increase over the previous fiscal year). The number of outgoing international postal items was 77.54 million (a 4.4% decrease from the pre-