

To whom it may concern:

January 17, 2005

Fuji Television Network, Inc.  
Representative: Koichi Murakami, President and Chief  
Operating Officer  
(Code number: 4676 Tokyo Stock Exchange First Section)  
For further information, please contact: Masao Sakai,  
Senior Executive Managing Director, Investor Relations  
Department  
Telephone: +81-3-5500-8258

## **Notice of Issuance of Unsecured Convertible Bonds with Stock Acquisition Rights**

At a meeting held on January 17, 2005, the Board of Directors of Fuji Television Network, Inc. approved a resolution for the issuance of the Company's first series of unsecured convertible bonds with stock acquisition rights through a third-party placement. Details of the bond issue are provided below.

### **1. Name of bond**

Fuji Television Network, Inc., First Series of Unsecured Convertible Bonds with Stock Acquisition Rights (Limited Inter-Bond *Pari Passu* Clause) (hereinafter referred to as the "Bonds with Stock Acquisition Rights," of which the bonds are to be referred to as the "Bonds" and the stock acquisition rights are to be referred to as the "Stock Acquisition Rights").

### **2. Issue price**

¥100 per ¥100 in face value (Face value of each of the bonds is ¥100 million)

### **3. Issue price of Stock Acquisition Rights**

Free

### **4. Payment date and date of issue**

February 25, 2005 (Friday)

### **Cautionary Statement**

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## **5. Particulars of offering**

### (1) Method of offering

The entire amount will be allocated to Daiwa Securities SMBC, Co., Ltd. by means of a third-party allocation.

### (2) Issue price

¥100 per ¥100 in face value

### (3) Subscription period

Through February 25, 2005 (Friday)

### (4) Venue where subscriptions will be accepted

Sumitomo Mitsui Banking Corporation, Main Branch

## **6. Particulars of the Stock Acquisition Rights**

### (1) Type and number of stock to be issued by Stock Acquisition Rights

The type of stock to be issued by the exercise of the Stock Acquisition Rights shall be the Company's common stock, and the number of such common stock to be newly issued or transferred in substitution (issuance or transfer of the Company's common stock is to be hereinafter referred to as "delivery") upon request for such exercise shall be the maximum whole number obtained by dividing the aggregate issue price of the Bonds by the Conversion Price defined in (3)(ii) of this Section (if the Conversion Price was amended or adjusted in accordance with (8) or (9) of this Section, such amended or adjusted Conversion Price). However, any fraction less than one-hundredth (1/100) of a share of stock shall be disregarded and no cash adjustment shall be made. In the event that the exercise of the Stock Acquisition Rights results in the issuance of fractional shares, the Company will assume that the holder of these shares has exercised the right as stipulated in the Commercial Code of Japan to have fractional shares purchased by the Company, and a cash payment will be made accordingly.

### (2) Total number of Stock Acquisition Rights to be issued

One Stock Acquisition Right shall be attached to each of the Bonds, and 800 Stock Acquisition Rights shall be issued in total.

### (3) Amount payable upon exercise and Conversion Price

(i) The amount to be payable upon exercise of one Stock Acquisition Right shall be equal to the issue price of the Bonds.

(ii) The amount payable for one share of stock upon exercise of the Stock Acquisition Right (hereinafter referred to as the "Conversion Price") shall initially be set at ¥237,300.

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(4) Rationale for determining the issue price of the Stock Acquisition Rights as zero and the amount to be paid upon exercise thereof

The issue price of the Stock Acquisition Rights was determined as zero, taking into consideration that the Bonds and the Stock Acquisition Rights are closely related to each other on the grounds that the Stock Acquisition Rights are attached to the convertible bond with stock acquisition rights and shall not be transferable separately from the Bonds and that all the Bonds shall cease to exist upon exercise of the related Stock Acquisition Rights due to substitute payment, and in view of the estimated value of the Stock Acquisition Rights, as well as the economic value of the Bonds estimated from the interest rate, the issue price, and other terms of issue of the Bonds. In addition, Since the Bonds with Stock Acquisition Rights are the convertible bonds with stock acquisition rights, the amount to be payable upon exercise of one Stock Acquisition Right was determined as the one equal to the issue price of the Bonds, and the initial Conversion Price was determined as an amount equal to 105% of the closing price of the Company's common stock on the Tokyo Stock Exchange on January 17, 2005.

(5) Issue price of new stock to be capitalized

The amount to be capitalized from the issue price of one share of the Company's common stock to be issued upon exercise of the Stock Acquisition Right shall be the amount obtained by multiplying such issue price of such stock by 0.5, and any fraction less than one yen arising as a result of such calculation shall be rounded up to the nearest yen.

(6) Exercise period for Stock Acquisition Rights

The bondholders of the Bonds with Stock Acquisition Rights are entitled to request exercise of their Stock Acquisition Rights (hereinafter referred to as the "Request for Exercise") at any time during the period from February 28, 2005 through February 22, 2007.

(7) Conditions for exercise

If the Bonds shall have been redeemed before maturity at the option of the Company according to Section 7 (5) (ii) and (iii) or if the Bonds shall have become due and payable, the Stock Acquisition Rights may not be exercised on or after the date of such redemption or the date on which the Bonds become due and payable. If the Company determined to redeem the Bonds before maturity at the request of the bondholders of the Bonds with Stock Acquisition Rights in accordance with Section 7 (5) (iv), the Stock Acquisition Rights may not be exercised from the point at which a written request is submitted to the fiscal agent as shown in Section 11 (hereinafter referred to as the "Fiscal Agent"). Moreover, no Stock Acquisition Right may be partially exercised.

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(8) Revision of Conversion Price

From the business day following the third Friday of each month (hereinafter referred to as the “Determination Date”) after the issuance of the Bonds with Stock Acquisition Rights, the Conversion Price will be revised to the amount corresponding to 90% of the average of the closing prices (including quotations) of the regular trading of the Company’s common stock on the Tokyo Stock Exchange for five consecutive trading days immediately preceding the Determination Date (including that day) (excluding any trading day on which the closing price does not exist, and if the Determination Date is not a trading day, five consecutive trading days up to the trading day immediately preceding the Determination Date; hereinafter referred to as the “Market Price Computation Period”) (the value shall be computed to the second decimal place and rounded down to the nearest first decimal place; hereinafter referred to as the “Revised Conversion Price”). If any of the events of adjustment of the Conversion Price mentioned in (9) below occurs during the Market Price Computation Period, the Revised Conversion Price shall be revised to the price the Company deems appropriate in accordance with the Terms and Conditions of the Bonds with Stock Acquisition Rights; provided, however, that if the Revised Conversion Price after such computation is less than ¥118,650 (hereinafter referred to as the “Minimum Conversion Price,” but subject to adjustment under (9) of this Section), the Revised Conversion Price shall be the Minimum Conversion Price, and if the Revised Conversion Price after such computation is more than ¥474,600 (hereinafter referred to as the “Maximum Conversion Price,” but subject to adjustment under (9) of this Section), the Revised Conversion Price shall be the Maximum Conversion Price.

(9) Adjustment of Conversion Price

The Conversion Price will be adjusted according to the following formula when the Company delivers its common stock at an issue price or a disposal price lower than the market price of the Company’s common stock (except for the delivery as a result of conversion or exercise of the instruments to be converted or convertible to the Company’s common stock or the stock acquisition rights (including those attached to the bonds with stock acquisition rights) by which delivery of the Company’s common stock may be requested, as the case may be) after issuance of the Bonds with Stock Acquisition Rights. In the following formula, the “number of outstanding shares” means the number of the Company’s common stock outstanding less the number of treasury common stock owned by the Company.

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(14) Venue for request for exercise

Not applicable.

## 7. Particulars of Bonds

(1) Total amount of the Bonds

¥80 billion.

(2) Face value of each Bond certificate

¥100 million

(3) Interest rate on the Bonds

The Bonds shall bear no interest.

(4) Redemption price

¥100 per ¥100 in face value

However, in the event of early redemption, the prices shown in (5)(ii) through (iv) of this Section shall apply.

(5) Method of and period of redemption

(i) The aggregate amount of the Bonds shall be redeemed on February 23, 2007.

(ii) When the Company resolves to become a wholly owned subsidiary of another company by stock exchange or stock transfer at its general meeting of shareholders, the Company shall redeem the entirety of the remaining Bonds at the amounts shown below per ¥100 in face value, by giving to each bondholder of the Bonds with Stock Acquisition Rights a prior notice of not less than 30 days and not more than 60 days of the redemption date. Partial early redemption shall not be allowed in this case.

From February 26, 2005 to February 25, 2006    ¥101

From February 25, 2006 to February 26, 2007    ¥100

(iii) (a) The Company may redeem before maturity the entirety of the remaining Bonds at ¥100 per ¥100 in face value (partial redemption is not permitted).

(b) If the early redemption described in (iii) (a) of this Section is to be implemented, the Company will submit written notification to this effect to the Fiscal Agent at least three weeks in advance of the scheduled redemption date and also give prior

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notice of the items specified in the bond guidelines of the Bonds with Stock Acquisition Rights. The Company may also cancel the aforementioned redemption after giving notification to the Fiscal Agent.

- (iv) (a) The bondholders of the Bonds with Stock Acquisition Rights have the right to, request the Company to redeem the entirety or a part of the Bonds held by it at ¥98 per ¥100 in face value at any time.
- (b) If a bondholder of Bonds with Stock Acquisition Rights intends to request the Company to redeem before maturity as stipulated in (iv) (a) of this Section, the holder must submit prior notification in writing in the form designated by the Company (hereinafter referred to as “Request for Early Redemption”) to the Fiscal Agent at least three weeks before the scheduled redemption date, identifying the Bonds requested to be redeemed before maturity, after entering the date of request and affixing the bondholder’s name and seal impression on it and attaching the bond certificates of the Bonds with Stock Acquisition Rights. However, the Request for Early Redemption for the Bonds must pass through the Registrar noted in Section 10.
- (c) The request for early redemption of the Bonds becomes effective when documentation required for requesting early redemption reaches the Fiscal Agent. Bondholders who have submitted documentation required for requesting early redemption may not cancel such requests after submission.
- (v) If the day on which redemption is scheduled to be made falls on a bank holiday, the redemption date shall be brought forward to the preceding bank business day.
- (vi) The Company may purchase and cancel the Bonds at any time after the date of issuance of the same; provided, however, that it is not possible to cancel the Stock Acquisition Rights only. In the event that the Company cancels the Bonds by purchase, it shall waive any and all rights to the Stock Acquisition Rights so obtained.

#### (6) Form of bond certificate

##### Bearer form

In accordance with Article 341-2, Paragraph 4 of the Commercial Code of Japan, the transfer of either of the Bonds or the Stock Acquisition Rights of the Bonds with Stock Acquisition Rights is not permitted.

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(7) Collateral and guarantees

There exists no collateral or guarantees on the Bonds with Stock Acquisition Rights, and no asset is reserved particularly for the Bonds with Stock Acquisition Rights.

(8) Financial covenants (restrictions on provision of collateral)

As long as any outstanding balance of the Bonds exists, if the Company intends to establish a mortgage on other convertible bonds issued in Japan by the Company or other convertible bond-type bonds with stock acquisition rights to be issued in future in Japan by the Company after issuance of the Bonds with Stock Acquisition Rights, such mortgage shall be *pari passu* with that on the Bonds in accordance with the Secured Bonds Trust Law, for the benefit of the Bonds with Stock Acquisition Rights. The convertible bonds with stock acquisition rights means the bonds with stock acquisition rights stipulated in Article 341-2 of the Commercial Code of Japan as to which it has been resolved by the Board of Directors that when a holder of the bonds with stock acquisition rights exercises the stock acquisition rights, such holder shall be deemed to have requested that the total amount to be paid upon exercise of such stock acquisition right has been paid in lieu of the redemption of the total amount of the bonds and it shall also be assumed that the payment on such request has been made in accordance with Article 341-3, Paragraph 1, Items 7 and 8 of the Commercial Code of Japan.

**8. Recording agency of the bond**

The Bonds with Stock Acquisition Rights meet the requirements of the provision of Article 297 of the Commercial Code of Japan, and therefore the Company has not established a recording agency of the bond.

**9. Rating acquired**

Not applicable.

**10. Registrar**

Sumitomo Mitsui Banking Corporation

**11. Fiscal agent**

Sumitomo Mitsui Banking Corporation

**12. Paying agent (place of payment of redemption money)**

Sumitomo Mitsui Banking Corporation, Tokyo Sales Division

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### **13. Application for listing**

None

### **14. The above items are subject to the submissions made under the Securities and Exchange Law becoming effective.**

#### **For reference:**

##### **1. Use of funds raised**

(1) Use of funds raised in current financing:

We plan to use ¥79,900 million in net proceeds to acquire the shares of Nippon Broadcasting System, Inc.

(2) Use of funds raised in previous financing:

Not applicable.

(3) Impact on Company earnings outlook:

We are not changing our earnings forecasts for the fiscal year ending March 31, 2005.

##### **2. Distribution of profits to shareholders**

(1) Basic profit distribution policy:

Fuji Television regards the disbursement of profits to shareholders as one of its most important management responsibilities. Under its management policy, the Company pays dividends commensurate with its business performance, while responding to changes in the broadcasting industry by entering new fields of business and aggressively investing in content and capital equipment.

(2) Approach to setting dividends:

Decisions regarding the appropriate payment of dividends for a specified period are based on a comprehensive review of the Company's performance during said period, the next term's performance forecast, the need for internal reserves, changes in the share price of the Company's stock, and other factors.

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(3) Dividend information concerning the last three fiscal years

Years ended March 31

Non-consolidated	2002	2003	2004
Net income per share	¥17,368.81	¥12,103.22	¥19,535.96
Annual dividend per share (Interim dividend per share)	¥1,750 (¥450)	¥1,750 (¥450)	¥2,000 (¥600)
Dividend payout ratio	10.1%	14.5%	10.2%
Return on shareholders' equity	5.3%	3.7%	5.1%
Dividend rate for shareholders' equity	0.5%	0.5%	0.6%

**3. Other**

(1) Information on the dilutive effect of latent shares.

This round of financing is expected to result in latent shares of 13.23% compared with the total number of shares outstanding as of January 17, 2005.

(Note): The percentage of latent shares is calculated assuming that the Stock Subscription Rights on the Unsecured Convertible Bonds with Stock Acquisition Rights mentioned above are all exercised at the initial Conversion Price and that the number of shares issued is deducted from the most recent

(2) Equity financing conducted over the past three years

a. Status of equity financing

Date	Amount of capital increase (¥ million)	Amount of capital after financing (¥ million)	Capital reserves after financing (¥ million)
February 2, 2004 (Note 1)	83,584	101,556	129,021
March 5, 2004 (Note 2)	9,287	106,200	133,664

Notes:

1. Non-gratis public offering (¥41,792 million added to capital and capital reserves).
2. Third-party share sale through over-allotment (¥4,643 million added to capital and capital reserves).

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b. Share price trends over the past three fiscal years

Years ended March 31

	2002	2003	2004	2005
Open	¥870,000	¥695,000	¥368,000	¥295,000
High	¥1,020,000	¥795,000	¥670,000 *¥299,000	¥310,000
Low	¥450,000	¥360,000	¥357,000 *¥265,000	¥310,000
Close	¥692,000	¥368,000	*¥293,000	¥226,000
PER	39.8x	30.4x	30.0x	—

Notes:

1. Shares prices are those as traded on the First Section of the Tokyo Stock Exchange.
2. Share prices marked with an asterisk are adjusted for a stock split.
3. Figures for the fiscal year ending March 31, 2005 are as of January 17, 2005.

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#### 4. Party to whom Bonds with Stock Acquisition Rights will be allocated

Party to whom the Bonds with Stock Acquisition Rights will be allocated	Daiwa Securities SMBC Co., Ltd.	
Bonds with Stock Acquisition Rights to be allocated (face value)	¥80,000,000,000	
Amount paid	¥80,000,000,000	
Information concerning the party to whom the Bonds with Stock Acquisition Rights will be allocated	Address	8-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo
	Name of representative	Tatsuei Saito, Executive President and CEO
	Amount of capital	¥205.6 billion*
	Business category	Securities business
	Major shareholders	60% by the Daiwa Securities Group 40% by Sumitomo Mitsui Financial Group
Relationship with Fuji Television	Investment relationship	Number of the Company's stock owned by the person to whom the Bonds with Stock Acquisition Rights will be allocated: None* Number of stock of the person to whom the Bonds with Stock Acquisition Rights will be allocated owned by the Company: None*
	Business relationship	Lead managing underwriter
	HR relationships	None

\*Information regarding "amount of capital," "major shareholders," and "investment relationship" is as of January 16, 2005.

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