

2003

Annual Report

Year ended March 31, 2003



Taking Initiative...



FUJI TELEVISION NETWORK, INC.

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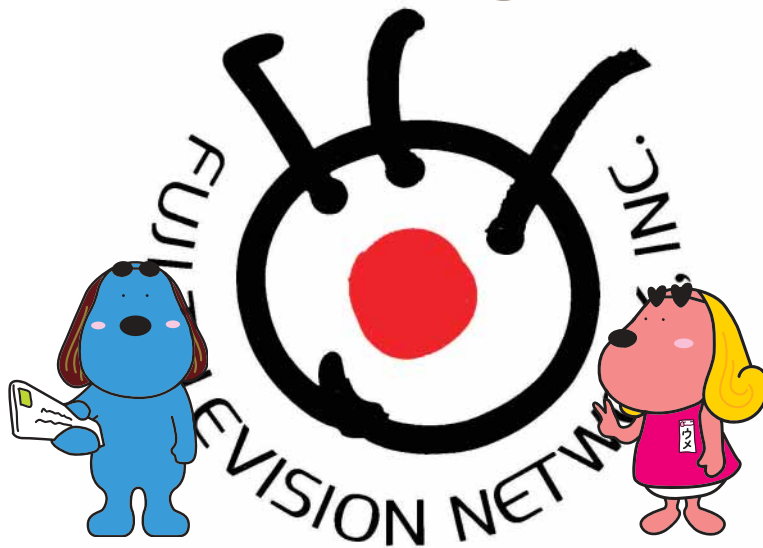
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This CD-ROM contains the following information:

- Financial Statements and Notes
- Report of Independent Auditors
- Investor's Guide 2003 (Excel and PDF)
- Flash Reports: Year ended March 31, 2003
Three-month period ended June 30, 2003

The investor information on Fuji TV's Web site can be accessed from this CD-ROM.

Prologue



Fuji Television Network, Inc. (Fuji TV), has always relished the challenge of new developments in broadcasting. Quick to foresee the rise of the digital age, we have built a fully digitized head office and invested in Communication Satellite (CS) broadcasting as we create diversified operations by amassing know-how in both our platform businesses of satellite broadcasting and programming delivery, thereby advancing Broadcasting Satellite (BS) digital broadcasting.

In this annual report, Hisashi Hieda and Koichi Murakami, who head the Company, will discuss Fuji TV's activities in five areas—digitization, media, content, multi-sourcing, and Group management.

Under our media complex strategy, we have already established a three-pronged structure comprising terrestrial, CS, and BS digital broadcasting, and with our digital content strategy, we are working to strengthen our content, aiming to capture the number one spot in audience ratings with the ultimate goal of raising corporate value.

We ask for the continued support of our shareholders and investors as we move forward with these and other initiatives in the current fiscal year.

September 2003

Hisashi Hieda
Chairman and CEO

Koichi Murakami
President and COO



Hisashi Hieda, Chairman and CEO

Fuji TV's Digital DNA

Hisashi Hieda:

The current year marks the 50th anniversary of television broadcasting in Japan and, in 2004, Fuji Television Network, Inc. (Fuji TV), will be celebrating its 45th year of broadcasting. As we mark these milestones, television is on the threshold of an era of significant change spurred by the advent of the digitization of terrestrial broadcasting, which will begin in December 2003 in the Tokyo, Nagoya, and Osaka metropolitan areas. Merging digitization with our main business of terrestrial broadcasting will enable us to seize upon the expanded business opportunities presented by advances in digitization technology.

Our digital DNA enables us to meet new challenges with determination, and it is this spirit that forms the foundation of our corporate culture. We have been quick to adopt new technology, and this has placed us at the forefront of the trend toward digital broadcasting. With a move in March 1997 to our current headquarters in Daiba, a newly developed area on the

Tokyo Bay waterfront, we converted to entirely digital facilities that fully embrace the arrival of the digital age of broadcasting.

The construction of our new premises was our way of welcoming the 21st century, dubbed the age of multimedia. We built our headquarters entirely with digital technology to respond to the diversification of media that has come with the development of such broadcasting methods as BS and CS as well as multi-channel broadcasting and data broadcasting, interactive media that fuse communications and broadcasting, and the Internet. The ¥165.0 billion investment has produced excellent results, exceeding our expectations.

In 1997, the U.S.-based National Association of Broadcasters (NAB) honored us with an Excellence in International Broadcasting Award, the first ever presented to a Japanese company, for our proactive response to the rapid digitization of the industry with the creation of our state-of-the-art facilities, which reflect a global perspective as well as a new era in broadcasting.

Koichi Murakami:

We at Fuji TV pride ourselves on rising to new challenges with vigor and perseverance. We have nearly completed the digitization of terrestrial broadcasting and have established the Terrestrial Digital Broadcasting Publicity Project to map out concrete initiatives. With only three months to go before digital broadcasts begin, marketing preparations regarding the organization, execution, and broadcasting of commercials have been put in place and detailed preparations are under way, including decisions regarding High Definition TV (HDTV) broadcasting and stage sets.



A symbol of modern Tokyo, Tokyo Tower is now equipped with a digital terrestrial antenna and is perfectly complemented by Mt. Fuji, an enduring symbol of Japan and our namesake.



Koichi Murakami, President and COO

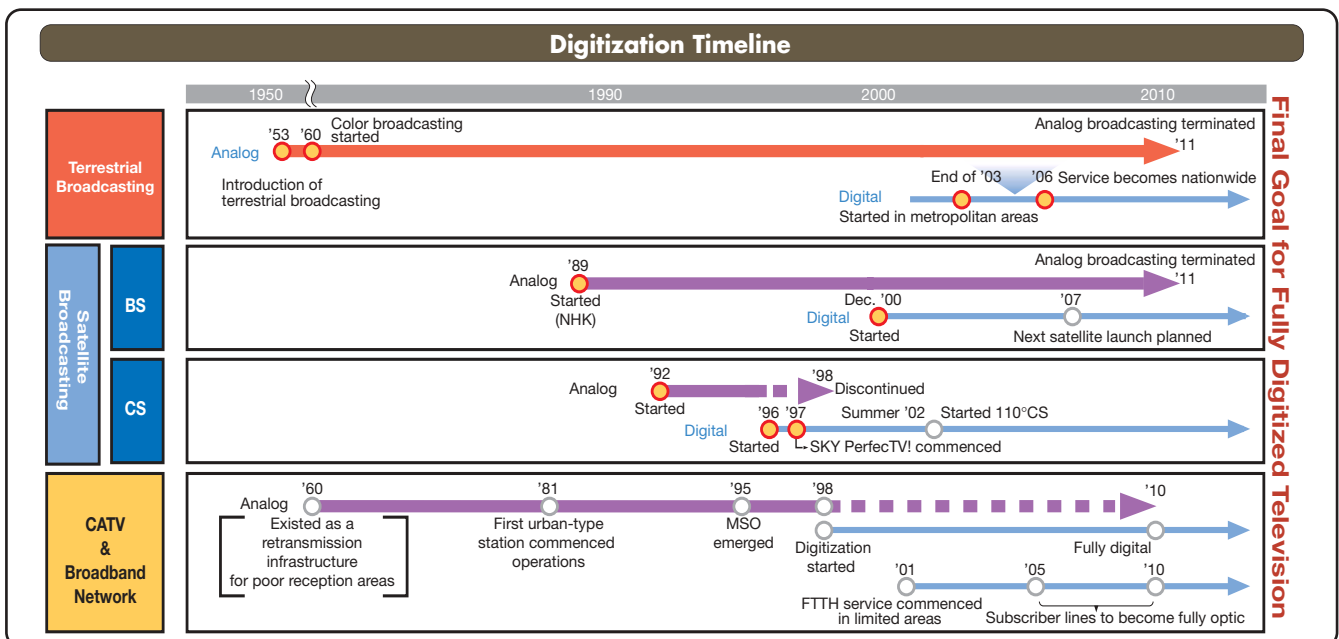
Meeting Challenges Head-On

Since Fuji TV moved to its new premises in 1997, programming production has been entirely digitized, which has given us over seven years of valuable experience in the production of digital content. The digital know-how gleaned from the increasing use of high-definition recording in the production of dramas, variety shows, and sports programs has translated into a distinct advantage for Fuji TV at the outset of the digitization of terrestrial broadcasting.

Mr. Hieda:

Following the digitization of terrestrial broadcasting in the Tokyo, Osaka, and Nagoya metropolitan areas in December 2003, we plan to have expanded services nationwide by 2006, far ahead of the deadline set by Japan's national policy, which aims to eliminate analog terrestrial broadcasts by July 2011.

Digital terrestrial broadcasting enables better picture and sound quality, and, as mobile televisions grow in popularity, it will give audiences access to television programs previously broadcast during time slots inconvenient to them, raising the value of media and opening up new business opportunities.





A Multifaceted Media

Mr. Hieda:

We are laying new pipelines. In other words, the diversification of our business does not lie solely in the production of content for terrestrial broadcasting; rather, it depends on finding new and different ways to reach audiences. Diversifying media is at the heart of our media complex strategy. In keeping with this strategy, we have established a three-pronged structure that comprises terrestrial, CS, and BS digital broadcasting.

Our desire to seek new challenges is evident in our media complex strategy, where we have been quick to make forays into areas other than terrestrial broadcasting. When JSkyB (now SKY PerfectTV!) was established, we were the sole major broadcasting company among its principal shareholders. Even now we own a 12.65% share in SKY Perfect Communications Inc., and that company's president was released from his post at Fuji TV to assume his present position.

In fiscal 2003, ended March 31, 2003, we became the principal shareholder in WOWOW as part of our media complex strategy.

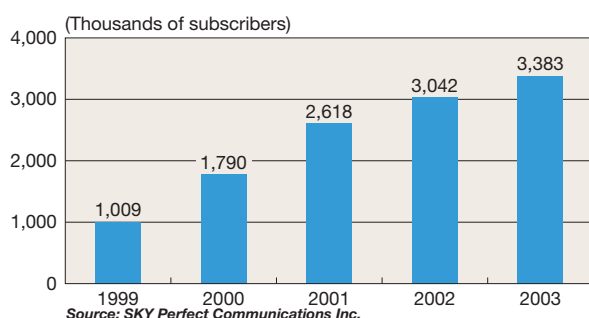
WOWOW is Japan's largest pay BS broadcaster, and I believe that increasing our share in the company will enable us to participate in paving the way for the future of satellite broadcasting.

Mr. Murakami:

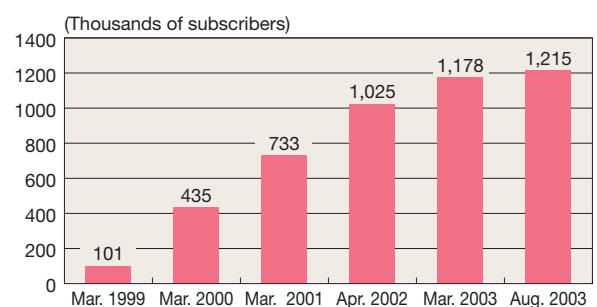
The media complex strategy will bolster our media, the backbone of the Company. Non-advertising revenues already account for 36% of our income, representing a shift toward more diversified profit sources. As advertising is expected to be a major source of profits over the next 10 years, we are working to raise our advertising capabilities. In order to extend our range of channels, we established two Fuji TV channels on SKY PerfectTV! in 1999—channels 721 and 739—which grew to become its most popular channels, boasting over 1.2 million subscribers as of June 2003 and becoming a profit-making venture in a mere two years.

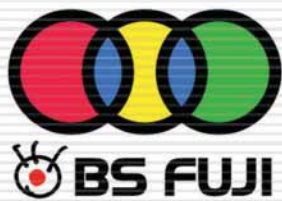
Equipment suited to both digital terrestrial broadcasting as well as BS digital broadcasting is anticipated to increase the

SKY PerfectTV! Subscribers



Subscribers to Fuji TV's Channels 721 and 739 on SKY PerfectTV!





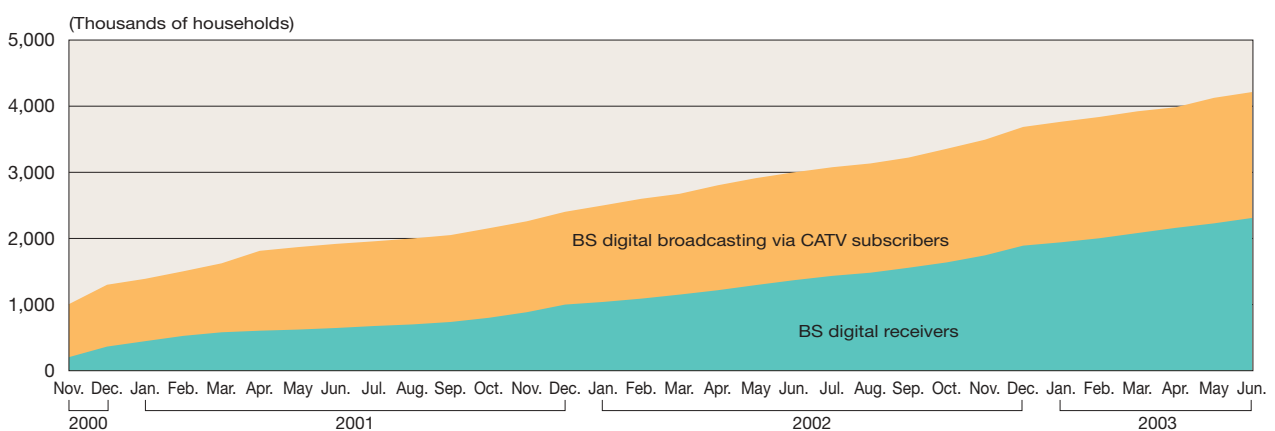
Complex Strategy

number of viewers of BS digital programming, which has surpassed the 4.0 million mark, to 5.0 million by December 2003. Fuji Satellite Broadcasting, Inc. (BS Fuji), is an equity-method affiliate that complements our terrestrial operations and, viewing this as an opportunity to diversify our business across several channels and increase the value of our media operations, we are constantly making improvements to our BS operations. While the proliferation of BS digital receivers is steady, it has not yet met expectations. Consequently, we have strengthened the management structure at BS Fuji, with the aim of unlocking the potential of BS digital broadcasting. As part of efforts to strengthen operations, we will continue to promote collaboration with BS Fuji in addition to strengthening programming.

Mr. Hieda:

I firmly believe that digitization will create synergies among all media that will ultimately contribute to their development and dissemination. However, media without content is like a body without a soul, and ultimately media cannot survive without attractive content. One of our management policies entails enhancing our digital content factory, a software factory that creates suitable content for our media outlets, and we are just beginning to see the fruits of this initiative.

Households with Access to BS Digital Broadcasting



Sources: The Japan Electronics and Information Technology Industries Association and the Japan Broadcasting Corporation



Bringing Media to Life — Digital

Mr. Murakami:

Recognizing that strong content is an important part of utilizing media, we are advancing a digital content factory strategy. Although Fuji TV has an excellent reputation for its drama and variety show programming, one of our primary roles as a television station is to provide news coverage. To this end, in fiscal 2003, we endeavored to raise our brand value as a member of the press and a source of up-to-the-minute information.

In fiscal 2003, we overwhelmed the competition, boasting six dramas among the top 10 performers in television ratings. The multifaceted development of our dramas, which are principally targeted at the younger generation, has made them significant contributors to profits, and we have enviable television ratings among teens, women aged 20 to 34 (F1) and 35 to 49 (F2), and men aged 20 to 34 (M1). From April to June 2003, Fuji TV increased the gap between itself and the number two television

station in spot TV advertising sales, proof of the high reputation that Fuji TV enjoys among advertisers for having a strong viewer base in the younger generation, particularly those in the F1 segment.

In April 2003, we restructured our prime time (7 p.m.-11 p.m.) programming, successfully shifting *Quiz! Hexagon* to “golden time” (7 p.m.-10 p.m.) from the late night slot to attract a solid viewership. Following in the footsteps of *Quiz! Hexagon*, *The Fountain of Trivia* moved from late-night programming to the golden time slot in July 2003 and immediately won a 20% audience rating, an outstanding achievement for a variety show. I have been very pleased with the success of our strategy of nurturing programs in the late-night slot before shifting them to golden time.

In newscasting, Fuji TV was honored at the 62nd Annual Peabody Awards for its series on identifying hepatitis C, which aired in 2002 on *News Japan*, making it the first time an individual





Content Factory Strategy

Japanese television station has won the award. The series also won the Japan Newspaper Publishers & Editors Association Award, Japan's top journalism honor, further evidence of the high quality of our news programming.

A major part of developing our reputation as a news provider is offering video coverage on our Fuji Network News (FNN) site on Yahoo!, the world's largest portal. We are aiming to boost the FNN's image as a business, and plans are under way for aggressive expansion of broadband broadcasting.

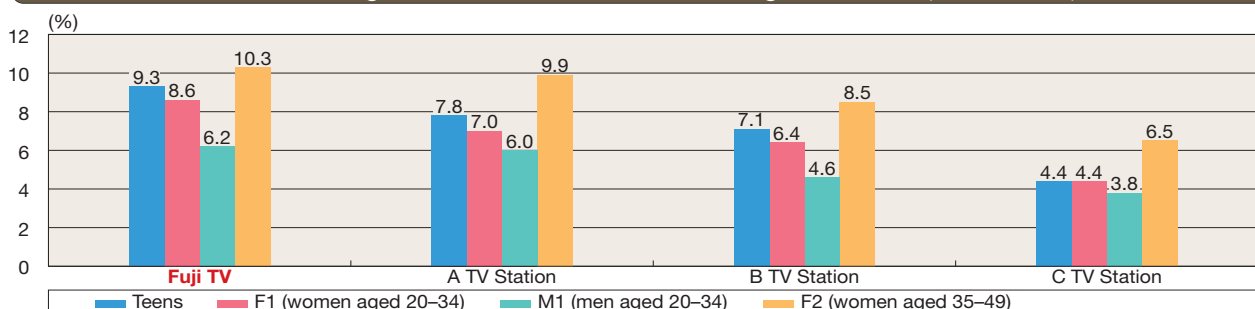
Content that delivers the intensity and excitement of sporting events is also a crucial part of our program mix. In addition to volleyball, Formula 1 racing, and K-1 kickboxing, we are looking to add judo and other sports to our sports programming with the goal of raising our reputation in this area.

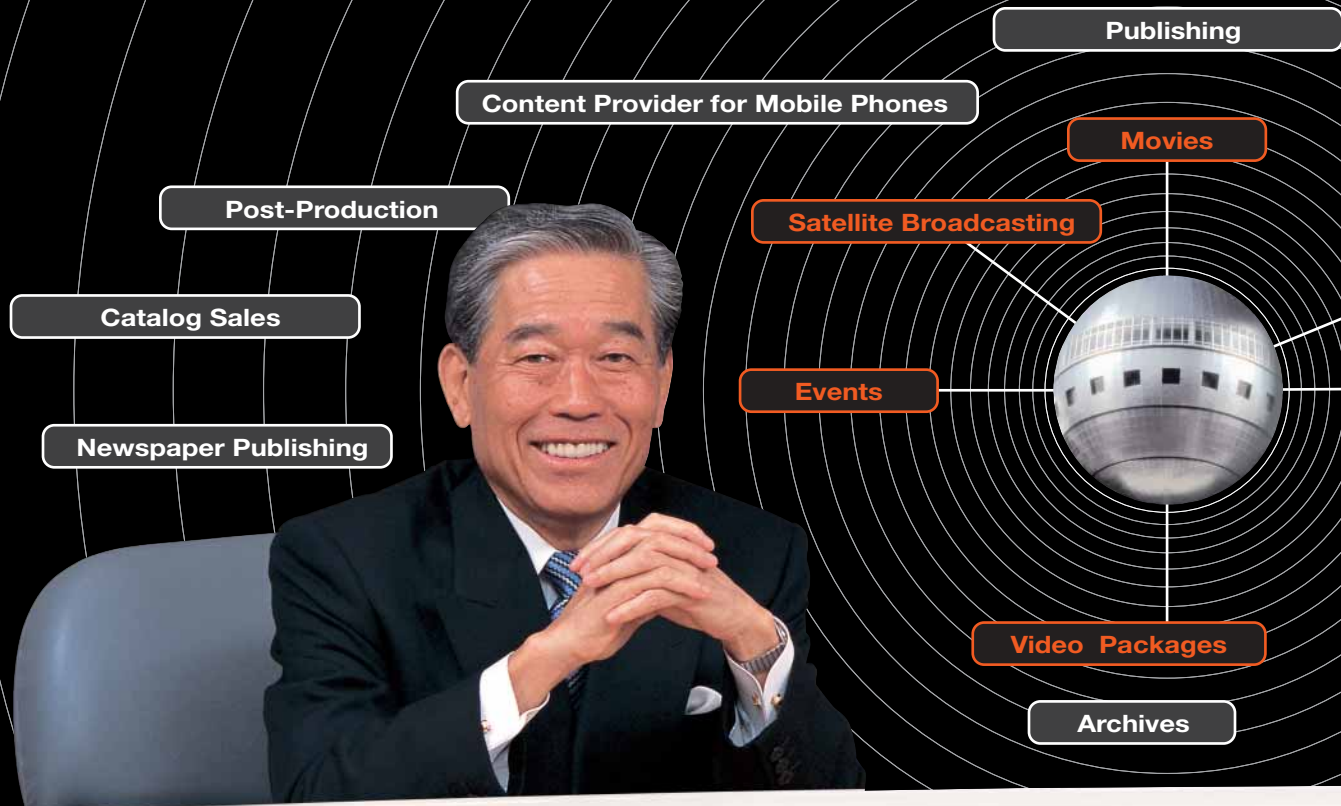
Mr. Hieda:

I am delighted to report that fiscal 2003 was a year of epoch-making viewer ratings. In June 2002, 66.1% of the viewing audience tuned in to the Japan versus Russia game of the 2002 FIFA World Cup™, earning the highest-ever sports coverage rating by a private broadcasting company in Japan. Our dramas, most notably the final episode of the 20-year-old drama *Northern Country*, which had viewer ratings of 38.4%, also attracted large audiences.

Fuji TV placed third in the Nihon Keizai Shimbun, Inc.'s consumer brand rankings and number two in Mainichi Communications, Inc.'s rankings of companies admired by college graduates seeking jobs in 2003, reflecting our reputation as a force in television broadcasting. Prevailing over the competition will require that we use the benefits of this reputation to maximum advantage, rolling out impressive content to raise viewer ratings and capitalizing on our strong viewer base, which mostly comprises women and members of the younger generation. This will be key to raising profits at Fuji TV.

Viewer Ratings of Teens, F1, M1, and F2 during Prime Time (Fiscal 2003)





Aiming for Profit Growth through

Mr. Murakami:

In fiscal 2003, net sales dipped 1.8%, to ¥429.0 billion; operating income declined 18.9%, to ¥37.3 billion, due mainly to lower revenues; and net income, affected by these factors and an unrealized loss on investment securities, fell 14.4%, to ¥14.8 billion. Although we extended our streak for having the highest net sales among private broadcasting companies to 19 years, establishing a diverse profit structure that does not rely on terrestrial broadcast advertising constitutes an essential factor in ensuring continued growth and the maintenance of a strong company.

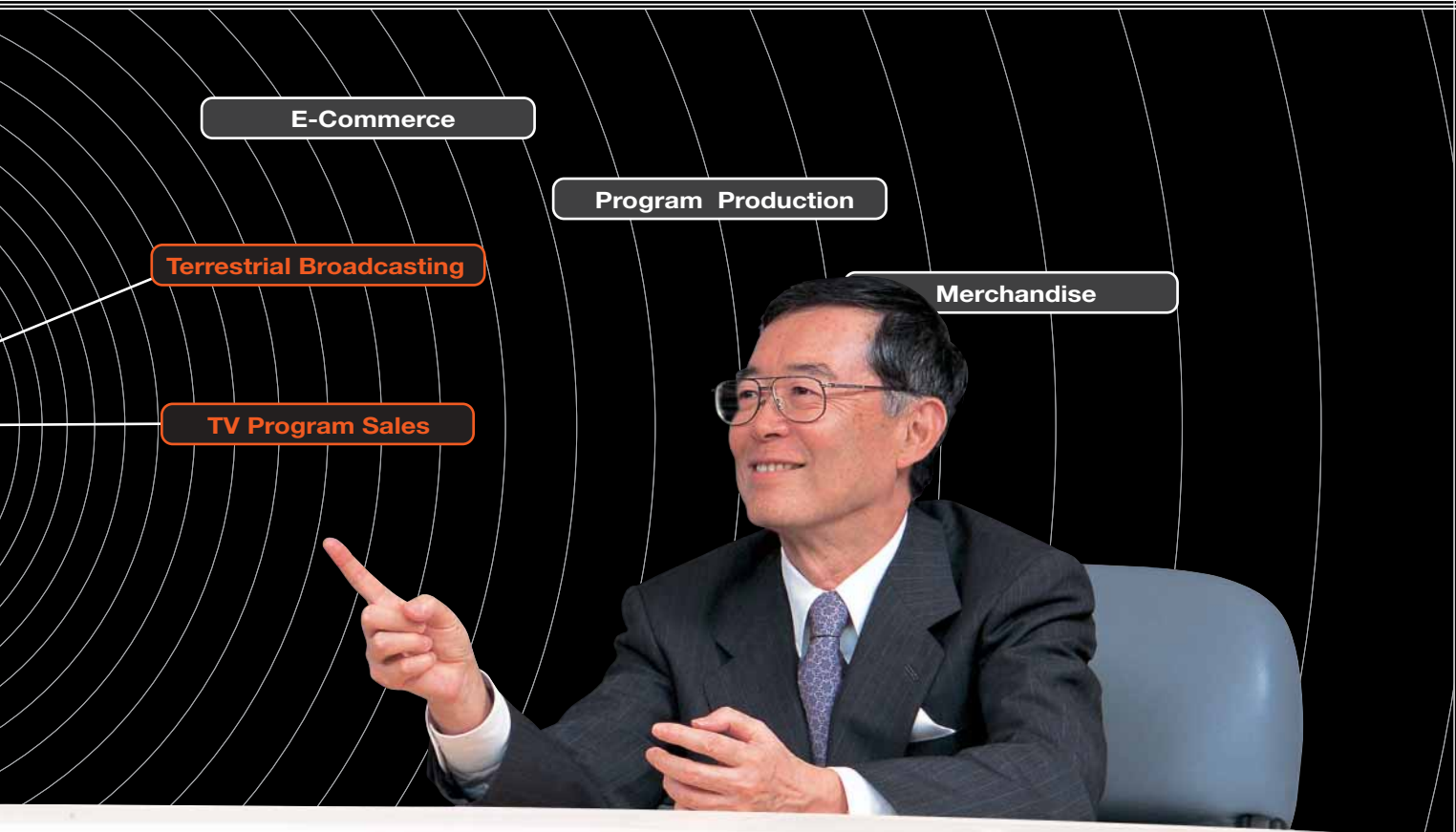
At present, we are working to expand sales of non-advertising revenue earned in such areas as program sales, subscription income, event and film income, and merchandising income. In June 2002, we consolidated all our internal intellectual property businesses under the Intellectual Properties Department, which is endeavoring to expand our copyright and other intellectual property operations.

Our DVD sales were solid in fiscal 2003, and subscribers to our mobile Internet site, which provides content for mobile

phones, broke the 4.8 million mark, making it the most accessed of all television station sites and surpassing our original target of ¥10.0 billion in sales from our intellectual property operations. To expand the scope of our intellectual property business to include music copyrighting we acquired U.S.-based T/Q Music, Inc., and its impressive music catalog in 2003.

In June 2003, we became the first television station to establish a movie production division, bolstering our business in film production. Past endeavors in this arena include *Antarctica*, *The Adventures of Chatran*, *Bayside Shakedown*, and other box office successes. In addition, we invested in the domestic distribution of *Lord of the Rings: The Two Towers*, which drew 3.5 million moviegoers, hinting at a future stellar performance by *Lord of the Rings: Return of the King*, the third movie in the *Lord of the Rings* trilogy, slated for release in spring 2004. Further, *Bayside Shakedown 2*, released in summer 2003, was an instant megahit, becoming the top-grossing non-animated Japanese movie in Japan's film history.





Single Software Multisourcing

Mr. Hieda:

Our promotion of a media complex strategy and the enhancement of our digital content factory recognizes that survival is dependent on a diverse profit base. At present, our non-advertising revenues are approaching 20% for the parent company and 40% for the Group, and, although this puts us ahead of the competition, by no means do we intend to let the reins go slack in our quest for diversification.

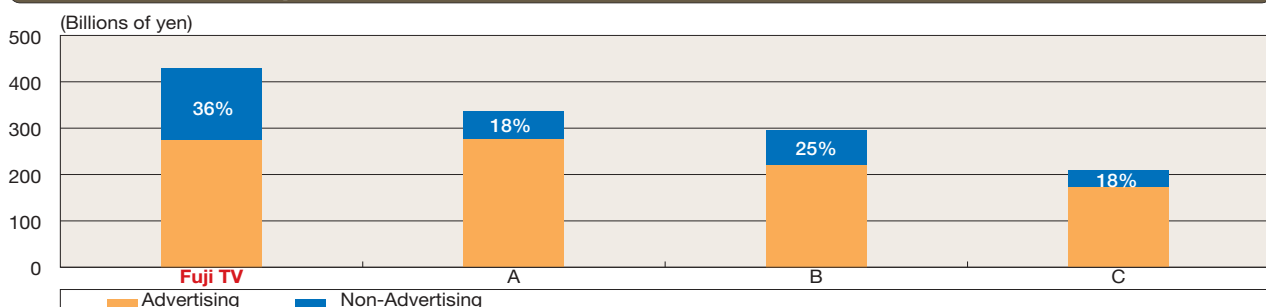
Media surveys have shown us to have a strong reputation for sponsoring major events, an area in which we have long been active. We followed the success of Cirque du Soleil's *Saltimbanco* in fiscal 2002 with its presentation of *Quidam* as well as a performance by the Teatro Comunale di Bologna and other events that were well received and contributed solid profits to our events business. Our headquarters is located in the Daiba area of Tokyo Bay, a tourist destination that attracts about 37.8 million visitors every year. During the summer and winter holidays,

the area is host to a variety of events, the majority of which are sponsored by Fuji TV. In fiscal 2003, visitors to the Fuji TV headquarters topped 1.8 million. Summer 2003 marked the 45th anniversary of our operations, and to commemorate the occasion, we presented *Odaiba Adventure Land*, a summer-long celebration that included concerts and other entertainment events, to over 3.4 million people.

Mr. Murakami:

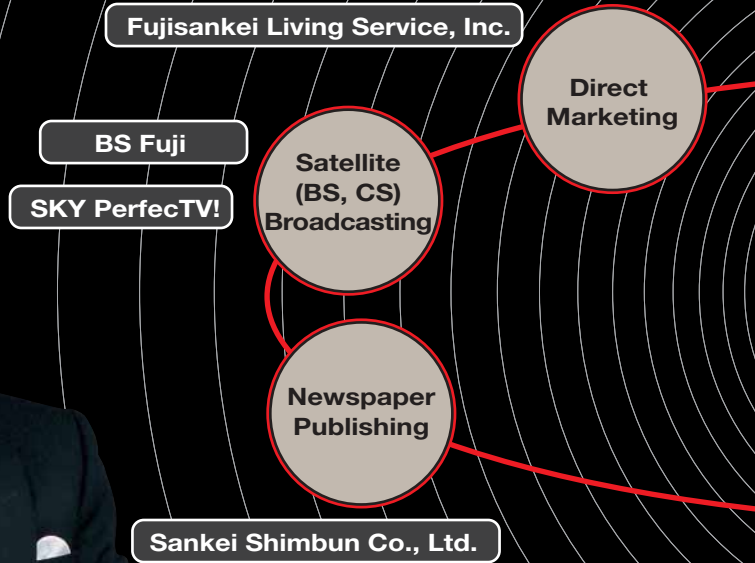
Strong programming is indispensable to the full diversification of profit sources. To further accelerate our initiatives aimed at capturing the number one spot in television ratings, we made personnel shifts and organizational changes in June 2003 aimed at the revitalization of our programming and production operations. At the beginning of the year, we adopted the motto "Go for Number One" as part of our pursuit of the number one position in household television ratings.

Composition of Consolidated Net Sales (Year ended March 31, 2003)



Note: A, B, and C represent other major publicly listed broadcasters.

Fuji TV is working to diversify its earnings structure. While TV advertising accounts for 64% of our revenues, non-advertising revenues are accounting for a growing percentage of our earnings compared with other publicly listed broadcasters.



The Fuji TV Group—Leading

Mr. Murakami:

The Fuji TV Group encompasses four business segments: television broadcasting, television programming production and broadcasting-related business, direct marketing, and other. In direct marketing, Fujisankei Living Service, Inc., operates Japan's largest mail-order business. The other segment, which includes Fuso Publishing, Inc., runs the gamut, spanning software development, temporary staffing and placement, leasing, and artwork sales. Equity-method affiliates include the newspaper company Sankei Shimbun Co., Ltd., music company Pony Canyon Inc., and BS Fuji, encompassing businesses related to culture, talent, sports, and news reporting.

This wide-ranging group provides us with a foundation for the expansion of profits under our media complex and digital content factory strategies.

The Fuji Network System (FNS) comprises 28 television stations centered on Fuji TV, covering nearly all of Japan. All of its member stations have a long history of successful operations and close relationships with Fuji TV, and all operations, from program production to distribution, are a collaborative effort. At some

local stations, a Fuji TV subsidiary acts as the Tokyo representative in carrying out administrative duties. In addition, nationwide events presented by Fuji TV, such as *Quidam*, help generate income for local stations.

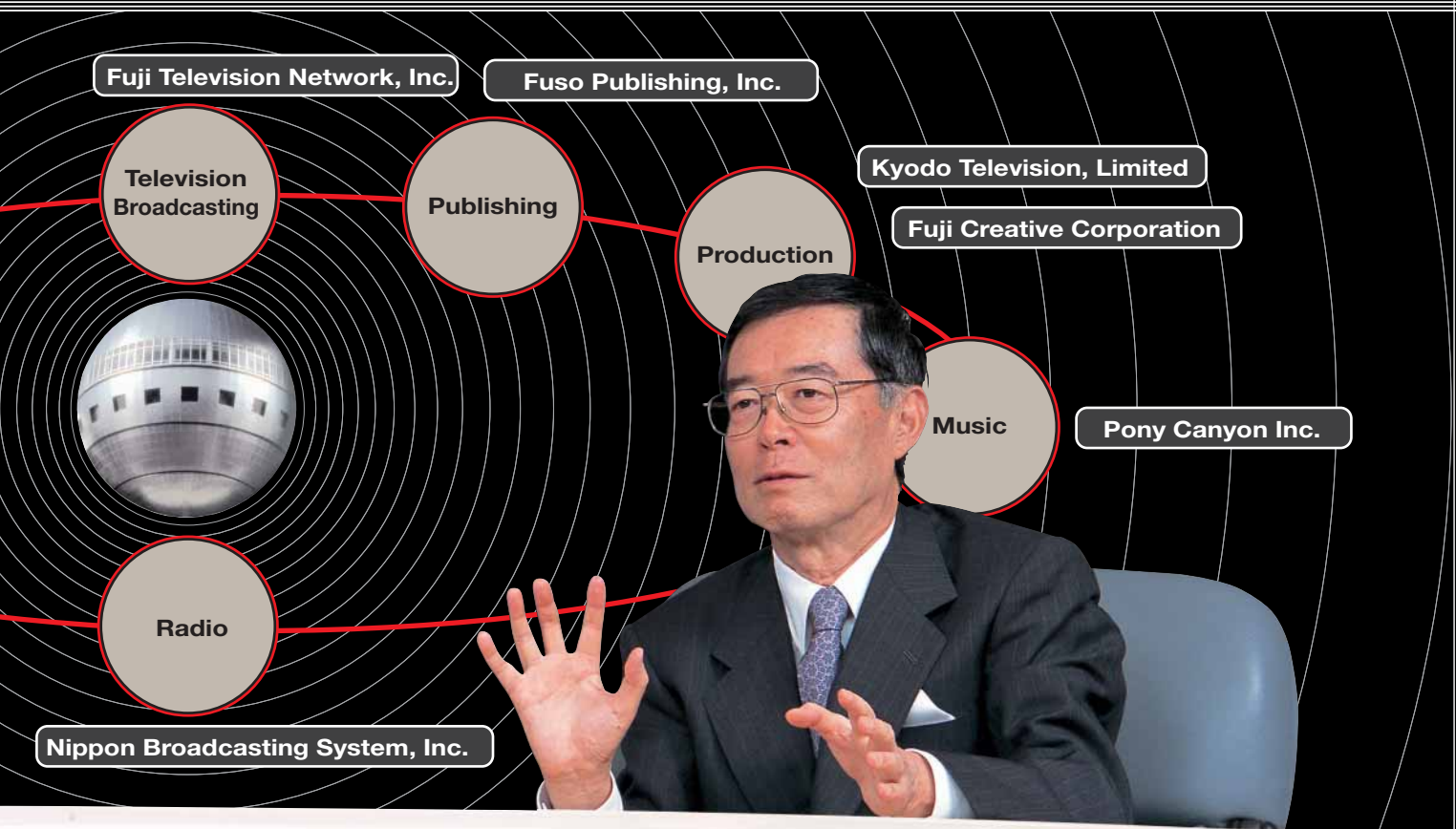
Local stations are an important element of advertising revenues. Terrestrial broadcasting is community-based, serving as a lifeline for citizens in emergency situations and providing local citizens with an indispensable service, as well as enabling corporate advertisers to target specific regions. Approximately 30% of all commercials are broadcast nationwide, while 70% are local commercials aired in a designated area. Japan is a long country, stretching from Hokkaido in the north to Okinawa in the south, which means that temperatures in the north and south may vary significantly. Nationwide airings of cold beverage commercials, for example, may only be effective in a portion of the country at a given time. Terrestrial networks enable us to respond to the specific requirements of advertisers.



Pony Canyon produces and distributes video cassettes and DVDs of Fuji TV television programs.



A front-runner in the catalog sales industry, Fujisankei Living Service runs its business with a focus on profitability, led by its flagship catalog, Dinos.



the Information Age

Mr. Hieda:

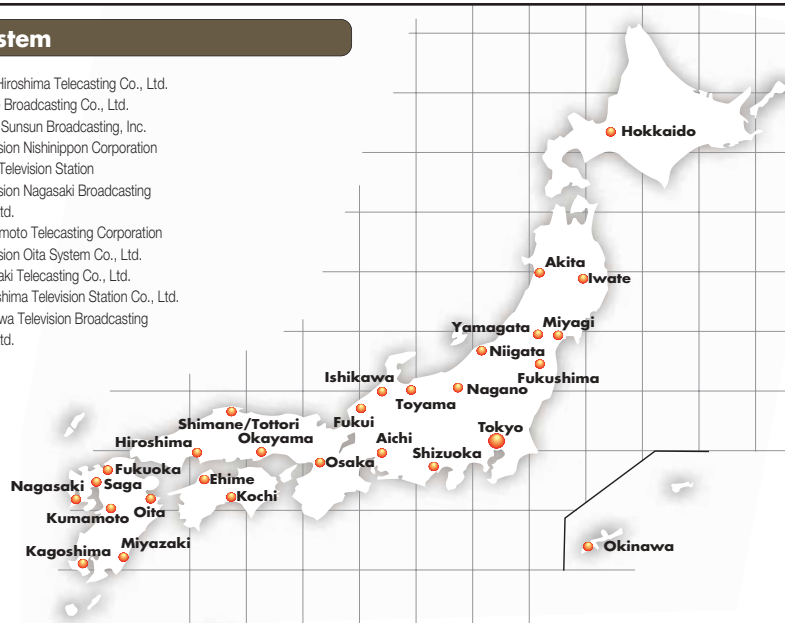
I firmly believe that corporate governance is management's first priority. Global standards for corporate governance are becoming increasingly widespread, contributing to the proliferation of policies that conform to laws and systems regarding such standards. At Fuji TV, we are committed to maximizing shareholder profit via corporate governance based on shareholders' rights, and we recognize that shareholder profit is directly linked to the profit of other stakeholders, including employees and business partners. Fuji TV continues to employ an auditing system comprising two outside auditors.

Internal control is carried out by the Internal Auditor of the Executive Office, who works with auditors and accounting auditors under an internal audit plan approved by the president to carry out periodic company audits.

As one of Japan's leading media conglomerates, we maintain a constant awareness of our public mission, engaging in media group operations based on corporate governance and compliance. Amid lackluster business conditions, we are redoubling management efforts to bolster competitiveness, effect continuous growth, and establish a foundation of stable operations, thereby raising our corporate value and maximizing shareholder value.

Fuji Network System

Hokkaido: Hokkaido Cultural Broadcasting Co., Ltd.	Hiroshima: Shin-Hiroshima Telecasting Co., Ltd.
Iwate: Iwate Menkoi Television Co., Ltd.	Ehime: Ehime Broadcasting Co., Ltd.
Miyagi: Sendai Television Broadcasting Corporation	Kochi: Kochi Sunsun Broadcasting, Inc.
Akita: Akita Television Co., Ltd.	Fukuoka: Television Nishinippon Corporation
Yamagata: Sakuranbo Television Broadcasting Corporation	Saga: Saga Television Station
Fukushima: Fukushima Television Broadcasting Co., Ltd.	Nagasaki: Television Nagasaki Broadcasting Co., Ltd.
Tokyo: Fuji Television Network, Inc.	Kumamoto: Kumamoto Telecasting Corporation
Niigata: Niigata Sogo Television Company Limited	Oita: Television Oita System Co., Ltd.
Nagano: Nagano Broadcasting Systems, Inc.	Miyazaki: Miyazaki Telecasting Co., Ltd.
Shizuoka: Shizuoka Telecasting Co., Ltd.	Kagoshima: Kagoshima Television Station Co., Ltd.
Toyama: Toyama Television Broadcasting Co., Ltd.	Okinawa: Okinawa Television Broadcasting Co., Ltd.
Ishikawa: Ishikawa Television Broadcasting Corporation	
Fukui: Fukui Television Broadcasting Co., Ltd.	
Aichi: Tokai Television Broadcasting Co., Ltd.	
Osaka: Kansai Telecasting Corporation	
Shimane/Tottori: San-in Chuo Television Broadcasting Co., Ltd.	
Okayama: Okayama Broadcasting Company	



Financial Section

Financial Summary

Fuji Television Network, Inc. and Consolidated Subsidiaries
Years ended March 31

	Millions of yen (except where noted)					Thousands of U.S. dollars (Note)	
	1998	1999	2000	2001	2002	2003	2003
For the year:							
Net sales	¥408,809	¥392,491	¥412,237	¥439,838	¥436,902	¥429,004	\$3,569,085
Broadcasting	311,207	300,260	308,616	334,330	334,427	328,683	2,734,468
Program production and related business	19,424	17,741	17,615	20,483	20,911	18,968	157,804
Direct marketing	71,770	68,236	65,371	61,999	59,810	61,084	508,186
Other	6,406	6,253	20,634	23,024	21,752	20,267	168,611
Cost of sales	257,866	256,393	259,671	262,880	269,356	271,605	2,259,609
Selling, general and administrative expenses	113,459	107,560	115,586	122,991	121,610	120,130	999,418
Operating income	37,484	28,537	36,979	53,966	45,935	37,268	310,050
Other income (expenses)	230	1,933	2,296	(19,959)	(12,171)	(6,605)	(54,950)
Income before income taxes and minority interests	37,713	30,470	39,275	34,006	33,763	30,663	255,100
Net income	17,895	14,848	21,380	17,601	17,303	14,816	123,261
Depreciation and amortization	9,429	9,877	9,803	9,796	10,157	10,329	85,932

Per share data (Yen and U.S. dollars):

Net income	¥ 17,831	¥ 13,821	¥ 19,925	¥ 16,444	¥ 16,179	¥ 13,617	\$ 113.29
Cash dividends	1,300	1,300	1,450	1,750	1,750	1,750	14.56

At year-end:

Total assets	¥422,123	¥419,105	¥443,658	¥483,928	¥485,594	¥480,913	\$4,000,940
Total shareholders' equity	285,475	298,644	326,218	359,466	373,973	367,796	3,059,867

Ratios:

Return on assets (%)	4.3	3.5	5.0	3.8	3.6	3.1
Return on equity (%)	8.2	5.1	6.8	5.1	4.7	4.0
Return on sales (%)	4.4	3.8	5.2	4.0	4.0	3.5
Equity ratio (%)	67.6	71.3	73.5	74.3	77.0	76.5
Interest coverage (Times)	14.8	28.3	49.5	146.9	242.1	257.8

Note: The translation of yen amounts into U.S. dollar amounts is included solely for convenience and has been made, as a matter of arithmetic computation only, at the rate of ¥120.20=US\$1.00, the approximate rate of exchange in effect on March 31, 2003.

Net Sales by Operation (Non-Consolidated)

Fuji Television Network, Inc.

Years ended March 31

	Millions of yen					Thousands of U.S. dollars (Note)	
	1998	1999	2000	2001	2002	2003	2003
Broadcasting:							
Net time	¥122,962	¥118,288	¥121,534	¥131,183	¥132,489	¥131,204	\$1,091,547
Local time	25,505	26,483	26,699	25,741	24,345	22,547	187,579
Spot	123,685	113,807	117,169	132,067	125,646	121,204	1,008,353
Other	20,852	20,685	21,274	25,108	28,312	27,385	227,829
Other operations	22,602	25,928	26,828	25,544	29,171	31,386	261,115
Total	¥315,609	¥305,193	¥313,505	¥339,644	¥339,965	¥333,726	\$2,776,423

Note: The translation of yen amounts into U.S. dollar amounts is included solely for convenience and has been made, as a matter of arithmetic computation only, at the rate of ¥120.20=US\$1.00, the approximate rate of exchange in effect on March 31, 2003.

Investor Information

Fuji Television Network, Inc.

Head Office:

2-4-8, Daiba, Minato-ku, Tokyo 137-8088, Japan

Incorporated:

November 1957

Investor Relations Office:

Head Office:

Phone: +81-3-5500-8258

Fax: +81-3-5500-8249

URL: <http://www.fujitv.co.jp/>

Transfer Agent and Registrar:

Mizuho Trust & Banking Co., Ltd.

1-6-2, Marunouchi, Chuo-ku, Tokyo 135-8722, Japan

Stock Listing:

First Section of the Tokyo Stock Exchange

(Listed on August 8, 1997)

Number of Shareholders:

43,045

(As of March 31, 2003)

Number of Shares:

Issued: 3,000,000

Outstanding: 1,074,304.20

(As of March 31, 2003)

Independent Auditors:

Shin Nihon & Co.

Certified Public Accountants

Number of Subsidiaries and Affiliates:

Consolidated subsidiaries: 20

Non-consolidated subsidiaries, accounted for by the equity method: 3

Affiliates: 40 (including 11 affiliates accounted for by the equity method)

NOTES

1. Broadcasting Laws and Regulations in Japan

Fuji Television Network, Inc.'s operations are governed by the Radio and Broadcasting Laws of Japan. Under these laws, those applying for a broadcasting license must have construction plans for broadcasting facilities that conform to the technological standards set forth in the laws, meet the requirements for being assigned a frequency based on the frequency-use plan established by the Ministry of Public Management, Home Affairs, Posts and Telecommunications (MPHPT), maintain capital sufficient for carrying out the operations for which the application was made, and conform to the basic standards for the establishment of a broadcasting station as set forth in the laws and ordinances of the MPHPT. In addition, under the standards for the establishment of a broadcasting station, the applicant cannot, in principle, be owned or controlled by a mass-media organization.

* Fuji Television was granted a broadcasting license on January 9, 1959, and commenced broadcasting on March 1 of the same year. The Company's license was last renewed on November 1, 1998, with such a license valid for five years.

2. Foreign Ownership

In Japan, broadcasting stations that have a foreign entity (defined as one not possessing Japanese citizenship, foreign governments or their representatives, or foreign corporations and other organizations) acting as an officer in the execution of broadcasting operations or broadcasting stations in which a foreign interest has voting rights constituting 20% or more of the total voting rights cannot be granted a broadcasting license.

* For this reason, should a foreign entity acquire 20% or more of the voting shares of a broadcasting organization whose shares are publicly listed or have been issued in conformance with the laws and ordinances of the MPHPT, the request for registration of these shares in the foreign entity's name may be denied. Furthermore, control by a foreign entity of 15% or more of a broadcasting organization's voting shares must be publicly disclosed.

Fuji Network System

Fuji TV inaugurated its broadcasting service in 1959 along with three domestic affiliated stations. The Fuji Network System (FNS) was established as a network for the distribution of programming to affiliated companies. Today, the FNS comprises 28 stations and reaches approximately 98% of the Japanese population. Terrestrial broadcasting will be changed over to digital format from 2003, starting in Tokyo, Nagoya, and Osaka, followed by the debut of nationwide service in 2006. FNS will work as a team to be a winner in the era of digital terrestrial broadcasting.

Note: The accounts of the FNS member companies, other than those of Fuji TV, are not included in Fuji TV's consolidated financial accounts.

Fujisankei Communications Group

The Fujisankei Communications Group (FCG) is one of the world's largest mass media conglomerates, comprising nearly 100 companies and representing Japan's most powerful network of television, newspaper, radio, publishing, music and video, direct marketing, real estate, and museum management entities.

Note: The FCG includes companies that are not consolidated in Fuji TV's financial accounts.

