

SKY Perfect JSAT Corporation

News Release



SKY Perfect JSAT
Corporation

June 24, 2008
SKY Perfect JSAT Corporation

SKY Perfect JSAT Group Finalization of Mid-Term Management Plan (FY2008 - FY2012)

SKY Perfect JSAT Corporation (Head Office: Minato-ku, Tokyo; President and Representative Director: Masao Nito; “SKY Perfect JSAT”) announced it has reviewed the Mid-Term Management Plan (FY2007-FY2011) released in March 2007, and has finalized a new Mid-Term Management Plan (FY2008-FY2012) subtitled “Quality for Value.”

1. Background to preparation of the new plan

Following the business combination of JSAT Corporation (Head Office: Minato-ku, Tokyo; President and CEO: Kiyoshi Isozaki; “JSAT”) and SKY Perfect Communications Inc. (Head Office: Minato-ku, Tokyo; President and Representative Director: Masao Nito; “SKY Perfect”) in April 2007, SKY Perfect JSAT acquired the stock of SCC Corporation (Head Office: Shinagawa-ku, Tokyo; President and CEO: Yutaka Nagai; “SCC”), a satellite-based communications service provider similar to JSAT, at the end of March 2008, and made that company a subsidiary. This enabled SKY Perfect JSAT to pursue aggressive development through horizontal integration of satellite operations, and the generation of stable earnings has made possible the strategic allocation of management resources from the perspective of the entire group. In addition, the conversion of SKY PerfectTV! to high-definition (“HD”) television has created an environment under which it is easier to quickly convert multiple channels to HD TV, presenting the possibility of realizing a business model that will reduce each broadcaster’s initial investment through the business combination.

On the other hand, competition among media surrounding the SKY Perfect JSAT Group is becoming increasingly severe as a result of the conversion of communications to broadband with the impending introduction of full digital broadcasting in July 2011 and the consolidation of optical fiber networks, and integration and cooperation between communications and broadcasting are now progressing in various forms.

To address the rapid changes in the media environment one year after the Company’s establishment, and strengthen future competitiveness in light of these circumstances, SKY Perfect JSAT Group has reviewed its existing Mid-Term Management Plan and prepared a new Mid-Term Management Plan (FY2008-FY2012) “Quality for Value.”

When reviewing the Mid-Term Management Plan, SKY Perfect JSAT set forth the Group's corporate philosophy by declaring, "As a corporate group that provides broadcasting and communications service of a highly public nature, the SKY Perfect JSAT Group will always work with a pioneering spirit to improve its services and contribute to the creation of a rich social and individual lives, while strongly recognizing its social responsibilities and observing laws and business ethics." As its objectives, the Group will aggressively pursue its strategy to further expand the multi-channel pay TV business, and achieve growth as a group, based on the stable cash flow generated by satellite operations.

2. Specific measures

The specific measures outlined in the Mid-Term Management Plan "Quality for Value" (FY2008-FY2012) are described below.

(1) Multi-channel pay TV business

(a) Enhance product capabilities

In the SKY PerfecTV! services, the Group plans to begin HD television broadcasting with about 12 initial channels in October 2008 based on the new receivers, and expand the number of channels in the following autumn to a total of about 62 channels with the addition of about 50 channels. The Company plans to ultimately expand its lineup to more than 100 channels in the future by further increasing the number of satellite transponders it can use, with the goal of becoming the world's preeminent multichannel HD television broadcasting company.

For e2 by SKY PerfecTV!, the Ministry of Internal Affairs and Communications stated in the "Basic Policy concerning the Approach to Certification of Consignment Broadcasting Operations Related to New Broadcast Satellite Digital Broadcasting Scheduled to Begin After 2011 (Draft)" released on May 30, 2008 that its policy will be to integrate broadcast satellite (BS) digital broadcasting in the future with 110-degree Stable digital broadcasting as "110-degree CS digital broadcasting (tentative name)" and standardize policies to spread use of such services. Consequently the SKY Perfect JSAT Group will pursue expansion of its HD television broadcasting through participation in the new BS band, with the objective of reaching six million subscribers for the Group's three SKY PerfecTV!, e2 by SKY PerfecTV! and SKY PerfecTV! Hikari services by about 2015.

In addition to live coverage of all professional baseball and J1/J2 soccer games, Japan's two leading sports, the Group will develop and promote its own content. The Group also will strengthen the formation of its total platform by cooperating with each broadcaster, and actively create a Packs & Sets lineup offering independence and flexibility.

(b) Strengthen customer service and provide value-added services

SKY Perfect plans to introduce next-generation high-performance tuners in conjunction with the conversion of SKY PerfecTV! to HD television. Specifically, SKY Perfect will enhance its high-performance electronic program guide (EPG) and search functions, and introduce value

-added services utilizing the Internet and mobile devices. SKY Perfect also will pursue integration of its SKY PerfectTV! Direct-To-Home (DTH) service and e2 by SKY PerfectTV! service, and restructure them as an easy-to-understand, easy to subscribe to service for customers.

(c) Improve the reception environment

To support future service expansion, SKY Perfect will improve customers' reception environment by offering high-performance tuners at all times and strengthening cooperation with leading AV devices. This will include built-in HD tuners for SKY PerfectTV!, and support for digital recording. SKY Perfect also will promote wider use of triple beam antenna (124/128/110 degrees east longitude) and common antenna infrastructure construction, and promote subscribers for subscription through multiple devices.

The Company will also move ahead with construction of the reception environment for multichannel broadcasting other than DTH, by promoting SKY PerfectTV! HIKARI, its broadcasting service over FTTH, and promoting fully digital transmission based on the pass-through system of e2 by SKY PerfectTV! for SKY PerfectTV! HIKARI or cable television, in cooperation with NTT group. SKY Perfect will also be able to cover homes with BS reception based on expansion of its platform for the new BS band.

(2) Satellite business

(a) Maintain and expand satellite operations area

Spurred by the rapid increase in e2 by SKY PerfectTV! subscribers, the Company will create a reserve satellite system using a communications satellite at 110 degrees east longitude (BS/CS hybrid satellite) and build a reserve satellite system for SKY PerfectTV!, and continue to offer highly reliable broadcasting and high-quality services. Thorough efforts will also be focused on strengthening and optimizing sales structure and increase sales in the field where satellite has an advantage, and customer retention by offering highly-reliable and high quality services. The spread and expansion of public infrastructure-related services "SafetyBIRD," the real-time service for urgent earthquake bulletins, tsunami forecasts, lightning and weather information and other disaster prevention information, to provide service that makes possible the creation of advanced business continuance planning (BCP). We also promote business development for government and municipal offices and public-service companies. In addition, the Company will launch a new business to respond flexibly to increased sales in the superior areas of satellites and changes to the space business environment following enactment of Basic Law on the Use of Space.

(b) Improve efficiency through horizontal integration

SKY Perfect JSAT will implement efficiency improvements in satellite operating costs and selling, general and administrative expenses starting from FY2008 by horizontally integrating the satellite businesses of JSAT and SCC. The Company will consolidate and improve the

efficiency of satellite control and facilities, operating services and satellite circuit monitoring by FY2010, and plans to restructure its optimal satellite fleet plan after FY2011.

(c) Reorganization of the group

To strengthen each measure outlined in the Mid-Term Management Plan, SKY Perfect JSAT plans to achieve integrated group management by merging JSAT, SKY Perfect and SCC and establish a new core business company by October 2008. Through reorganization of the Group, the Company will strengthen its multi-channel pay TV operating base as a result of management efficiency improvements and create the organization for achievement of the Mid-Term Management Plan.

3. Numerical targets

As a result of these measures, the number of subscribers set as the SKY Perfect JSAT Group objective is projected to total 4.3 million subscribers (accumulated individual subscribers) at the end of FY2012 for the three services of SKY PerfecTV!, e2 by SKY PerfecTV! and SKY PerfecTV! HIKARI. Projected operating results for SKY Perfect JSAT for FY2012 are consolidated revenues of 200 billion yen, ordinary income of 30 billion yen and EBITDA of 50 billion yen.

In line with its newly prepared Mid-Term Management Plan, in its multi-channel pay TV business SKY Perfect JSAT will further increase SKY PerfecTV! penetration and expand the number of multi-channel pay TV viewers customer satisfaction, by strengthening its product capabilities and providing value-added services and through improvement of upgrading the reception environment. In its satellite business, the Company will seek to form a “Company of Quality and Substance” corporate group by providing highly reliable, high quality diverse services domestically and internationally, achieving market penetration as a “must-have” service and expanding the number of satellite users and realizing higher satisfaction ratings as Japan’s “No. 1” and essentially “Only 1” satellite business.

Note: By “Quality,” we mean offering high quality products and services to our customers and enhancing customer satisfaction. By “Substance,” we mean ensuring stable profitability and maximizing corporate value through Quality enhancement.