

Notice Concerning Establishment of Joint Venture

Avex Group Holdings Inc. announces that its wholly owned subsidiary Avex Entertainment Inc. (Headquarters: Minato-ku, Tokyo; President: Masato Matsuura; hereinafter “AEI”), and NTT DOCOMO INC. (Head office: Chiyoda-ku, Tokyo; President and CEO: Ryuji Yamada; hereinafter “DOCOMO”) have today concluded an agreement to establish a new joint venture (as a secondary subsidiary of Avex Group Holdings Inc.). Details are as follows:

1. Background and purpose of establishment of the joint venture

The mobile phone now plays a role far beyond that of a communications device, and has been positioned as a personal media player for daily life. Entertainment for mobile phones, including music and games, form a tremendous market. Demand for video content is expected to grow sharply with innovations in telecommunications infrastructure and mobile handsets.

Against this backdrop, AEI and DOCOMO are establishing a joint venture to develop a video distribution business using mobile phones, aspiring to revitalize the mobile video content market in its early stages by combining the production capabilities, expertise in the management of artists and entertainers, and service development capabilities based on intellectual property rights, especially master rights, of AEI, with DOCOMO’s advanced developmental and technical capabilities in telecommunications infrastructure and mobile handsets and its ability to provide services that meet customer needs.

2. Profile of the joint venture

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| 1) Trading name: | Avex Broadcasting & Communications Inc. |
| 2) Representatives: | Chairman Masato Matsuura (plan)
President Ryuhei Chiba (plan) |
| 3) Headquarters: | 3-1-30 Minami-Aoyama, Minato-ku, Tokyo (plan) |
| 4) Date of foundation: | February 2009 (plan) |
| 5) Main business: | Members-only video delivery for mobile phones, rights business |
| 6) Fiscal year-end: | March |
| 7) Number of employees: | 30 (plan) |
| 8) Capital, capital reserve: | Capital: 3.5 billion yen; capital reserve: 3.5 billion yen |
| 9) Shareholding ratio: | AEI 70%
DOCOMO 30% |

3. Schedule

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|---------------------|--|
| September 30, 2008: | Conclusion of the joint venture agreement |
| February 2009: | Establishment of the joint venture (plan) |
| March 2009: | Commencement of business of the joint venture (plan) |

4. Direction of the new service

The existing video delivery business for mobile phones uses mainly content developed for cinema and DVDs, and the quantity of content solely for mobile phones is small.

The new service assumes a viewing style that is completely different from the existing video media, including television and films. AEI and content partners carefully consider viewing content on a small mobile phone screen in planning, writing scripts, editing, and camera work. The creation of content is based on the following concept:

From mass media to personal media Avex launches the world' smallest TV station.

Technical innovation generates new trends in society and creates new markets.
This also applies to the entertainment business.

The launch of the Walkman changed the music market to a more personal one.
The number of million sellers such as Pink Lady's that everyone can sing irrespective of age and sex has declined.

On the other hand, hit songs supported by specific fans and communities have increasingly emerged.

The music industry has changed from an industry supported only by national hit songs into an enormous personal entertainment industry.

Avex Group was created amid this change and has grown by developing businesses that benefit from insight into this change.

Personalization

The wave of personalization is coming to the video content market.

The epicenter is mobile phones.

It is well known that mobile phones are no longer just a tool for communication.

They are evolving into an entertainment device incorporating the entertainment business.

In fact, the market for mobile phone entertainment, also called the killing time market, is expected to become a three trillion yen industry in 2009.

Avex Group is focusing on the personalization of the video content market ahead of competitors, and will launch a completely new video entertainment business named Personal Entertainment Collector™ in March 2009.

Personal Entertainment Collector™ will be a new TV station on the mobile phone.

This will be a TV station based on a new concept that is different from that of one-segment broadcasting or existing video websites. Every day it will automatically send video entertainment content that will be chosen from completely new premium videos developed specifically for mobile phones in accordance with the tastes of individual viewers.

It is dubbed BeeTV (tentative name).

The character is a bee that flies busily on the mobile Internet and collects only premium entertainment videos.

Don't miss personal and premium video experiences that nobody has before ever experienced.



5. Content partnering strategy

In the medium-term management strategy announced in May, the Company positions the video distribution business using mobile phones as its core strategy in the domestic visual content business. We believe that we will make rapid progress in executing the strategy by building a platform constituting business infrastructure jointly with NTT DOCOMO, the largest mobile phone carrier in Japan.

To develop content, the key to success in the new service, AEI will focus on producing original music content, including music by Ayumi Hamasaki and Exile, tapping its accumulated expertise in video production and benefiting from its involvement in the management of artists and entertainers. AEI will also build collaborative relationships in producing video with leading video-content production partners.

We have decided to create content jointly with Fuji Television Network, Inc., which has produced many hit TV programs and theatrical films. Fuji Television Network generated buzzwords such as trendy drama and *getsuku* (Monday 9 p.m.) in the field of TV dramas in the late 1980s and mid-1990s. In recent years, the network produced blockbusters such *Odoru Daisosasen* and *Hero*, series that include both TV dramas and feature films. Fuji has also focused on variety programs that incorporate cultural and educational elements and provided original infotainment programs in recent years. This will be the first time that Fuji, the leading hit content production company in Japan, has continuously produced and provided videos for media other than its own.

We have also decided on a total of five partners that will jointly produce content, including Fuji Television Network and Oz Co., Ltd., whose representative is Takashige Ichise, who produced *The Juon*, which posted record box-office revenue in the United States, and is active in Hollywood. (See attachment.)

We have already got many video-related parties to agree to the strategy and concept of the new service. We will announce specific partners and the details of specific planning and collaboration as soon as they are officially determined.

6. Business plan of the joint venture

(Million yen, ten thousand people)

	1st term (March 2009)	2nd term (March 2010)	3rd term (March 2011)	4th term (March 2012)	5th term (March 2013)	6th term (March 2014)
Sales	0	2,924	5,946	12,040	14,863	14,873
Operating income	(1,448)	(2,918)	(194)	3,780	4,684	4,694
Ordinary income	(1,448)	(2,918)	(194)	3,780	4,684	4,694
Net income (loss)	(1,448)	(2,918)	(194)	3,780	3,123	2,816
Membership at end of term	0	78	165	350	350	350

7. Profile of AEI (as of March 31, 2008)

- 1) Trading name: Avex Entertainment Inc.
- 2) Main business: Planning and production of music and visual content, management of artists and entertainers, etc.
- 3) Representatives: President Masato Matsuura
Vice President Ryuhei Chiba
- 4) Capital: 487.55 million yen
- 5) Number of employees: 430

8. Profile of NTT DOCOMO (as of March 31, 2008)

- 1) Trading name: NTT DOCOMO, INC.
- 2) Main business: Mobile-phone operations

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| 3) Representative: | President & CEO Ryuji Yamada (as of June 20, 2008) |
| 4) Capital: | 949,679.5 million yen |
| 5) Number of employees: | 5,843 |

9. Outlook

For the effect of the establishment of the joint venture on the consolidated results of the Company in the fiscal year ending March 2009, please refer to Revision of Forecasts for Consolidated Sales and Income for the Fiscal Year Ending March 2009, which was announced today.

[Content Partners and Producers]

1. Partner companies

Fuji Television Network, Inc.

Oz Co., Ltd.

ROBOT Communications Inc.

East Co., Inc.

How Full's

*Ring, Ju-on, The Juon**Always Zoku Sanchome no Yuhi, Odoru Daisosasen the Movie**Bokurano Ongaku (Our Music), Dobutsu Kisotengai!,**Nekketsu! Heisei Kyoiku Gakuin**Coming Out Variety!! Himitsu no Kenmin Show,**The Yorumo Hit Parade, Tamori Club***2. Major Producers****Fuji Television Network, Inc.**

▼ Toru Ota

- Corporate officer, head of the Programming and Production Department in charge of drama production.
- Produced TV dramas, including *Tokyo Love Story*, *101st Proposal of Marriage*, *Aitoiu Nanomotoni* (under the name of love), *Hitotsu Yanenoshita* (under the same roof) and is called the parent of trendy TV dramas. Resumed his work as a producer in 2004 and produced dramas for so-called *getsuku* (Monday 9 p.m. time slot), including *Pride*, *Itoshi Kimie*, *Tokyo Wankei—Destiny of Love*, and *Last Christmas*.

<Drama Production Center: Recent major works>

Change, *Galileo*, *Bara no nai Hanaya* (Flower Shop Without Rose), *Iryu—Team Medical Dragon 2*, *Code Blue*, *SP*, *Nodame Cantabile*, *Propose Daisakusen*, *Last Friends*

▼ Koichi Minato

- Corporate officer, head of the Programming and Production Department in charge of variety program production.
- Directed *All Night Fuji*, *Yuyake Nyan Nyan*, *Tunnels no Minasan no Okagedesu*, and a lot of other popular variety programs.

<Variety Program Production Center: Recent major works>

Tunnels no Minasan no Okagedeshita, *HEY! HEY! HEY!*, *Quiz! Hexagon*, *Haneru no Tobira* (You knock on a jumping door!), *Mecha Ike*, *Bakusho! Red Carpet*

▼ Kenji Nishibuchi

- Head of the Information and Documentary Department
- Started *Tokudane!*, the most-watched infotainment program in the morning for 86 consecutive months since July 2001, as a chief producer. Produced a lot of other infotainment programs.

<Information and Documentary Department Recent major works>

Mezamashi TV, *Mezamashi Saturday*, *Tokudane!*, *Sakiyomi LIVE*, *The Nonfiction*, *Takeshi no Kyoiku Hakusho*

Oz Co., Ltd.

▼Takashige Ichise

- Film producer, representative director of the studio Oz Co., Ltd., and president of OZLA Pictures, Inc., a U.S. corporation.
- Debuted as a producer at 23 in 1984. Produced *Teito Monogatari* as the first major work in 1987. *Ring* (The Ring), *Honogurai Mizu No Soko Kara* (Dark Water), and *Ju-on* (The Grudge) were all remade in Hollywood, creating a world boom in Japanese horror. Produced *The Juon*, a remake of *Ju-on*. *The Juon* and its sequel *Juon Pandemic* recorded the largest box-office revenue in the United States. Became the first Japanese to conclude a first look agreement with Twenties Century Fox and is active in Hollywood.

<Major works>

Teito Monogatari, *Shushoku Sensen Ijonashi*, *Ring*, *Ju-on*, *The Juon*, *Inu No Eiga* (All About My Dog), *Kansen* (Infection), *Yogen* (Premonition), *Rinne*, *Inugamike No Ichizoku* (The Inugamis), *Shutter*, *Goemon*

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