

感動を生む。想いをつなぐ。
The Entertain**media** Company

J:COM

Financial Results for FY2010

January 27, 2011

Jupiter Telecommunications Co., Ltd.

The financial information in this presentation was prepared in accordance with U.S. GAAP.

This presentation includes forward-looking statements reflecting our plans and expectations, which are based on currently available information and may be influenced by uncertain factors, including but not limited to economic circumstances, competition, and potential new services.

Therefore, please be advised that our actual business results may differ substantially from the forward-looking statements in this presentation.

In addition, we expressly disclaim any obligation or intention to disseminate any updates or revisions to these forward-looking statements after this presentation.

1

FY2010 Overview and Results

2

Explanation of Performance and Financials

3

FY2011 Full Year Forecasts

4

FY2011 Major Approaches

5

Appendix

FY2010 Consolidated Performance Highlights



(unit: billion yen)

	FY2009	FY2010	YOY Changes	
Revenue	333.7	360.1	7.9%	26.4
Operating Income	61.2	66.8	9.2%	5.6
Income before noncontrolling interests and income taxes	57.8	63.2	9.2%	5.3
Net income attributable to J:COM shareholders	30.5	37.7	23.8%	7.2
EBITDA *	144.3	152.6	5.7%	8.3

* EBITDA=(Revenue) – (Operating and programming costs) – (Selling, general and administrative expenses)

1

FY2010 Overview and Results

2

Explanation of Performance and Financials

3

FY2011 Full Year Forecasts

4

FY2011 Major Approaches

5

Appendix

Trends in J:COM's Operating Environment

Strong approaches by competitors in the multi-channel market

Shifts in the types of viewing habits

Developments in the response toward terrestrial digital broadcasting

J:COM's Approaches

Introduce and expand Strategic Products

- Value Plan
- J:COM TV My style

Enhance the added value of TV services

VOD, HD

Complete the shift to digital migration

Enrollment of communal reception households

Introduce and Expand Strategic Products

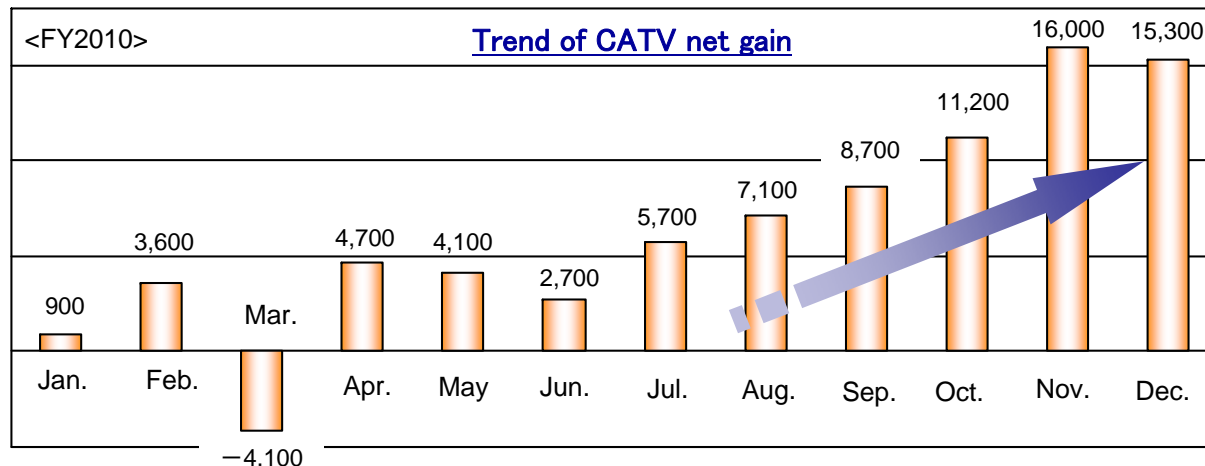
Product Concept

「J:COM TV My style」

- Affordable entry level service
- Propose new viewing styles and experience
- Plays into company strength (SVOD and bundle)

Effects

- Further expand the subscriber base
- Facilitate differentiation from competitors



VOD service

- Introduce and augment Japan's first All you can watch package
- Offer services that allow viewers to watch missed programs and start-over function
- Provide exclusive fee-based priority broadcasting of dramas transmitted terrestrially
- Broadcast 3D contents

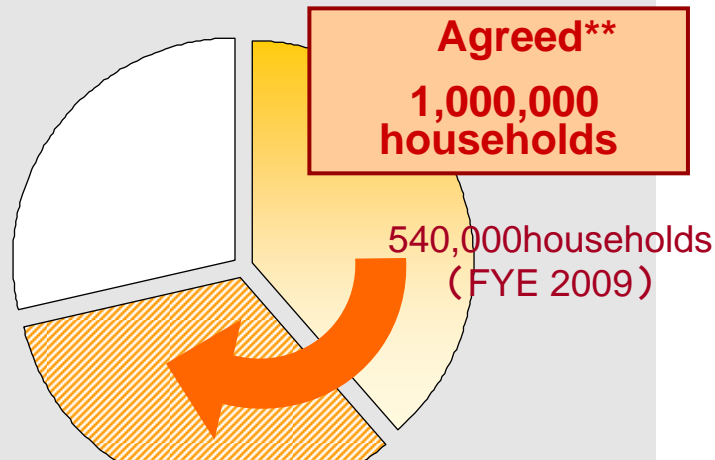
HD channels

- Offer 49HD channels broadcasting nationwide (comprising approx. 60% of total channels)

Enrollment of Communal Reception Households* J:COM

Agreed** with approximately 70% in J:COM areas

Estimated 1.4 million
communal reception households* in
J:COM areas
(As of end of Dec, 2010)



Strengthen the promotion
to fee-based services
offered by J:COM

* Communal reception households are defined as households that receive terrestrial broadcasts through communal reception facilities, which were set up to solve poor reception in shadow areas created by buildings, transmission lines and related structures.

** Households that agreed to deliver retransmission service of terrestrial broadcasting using J:COM group's network.

FY2010 Consolidated Performance Highlights

Volume	End of Dec 2009 (Ave. Jan-Dec 2009)	End of Dec 2010 (Ave. Jan-Dec 2010)	YOY Changes
Cable Television	2.60	2.69	+3.6%
High-Speed Internet Access	1.58	1.70	+7.0%
Telephony	1.76	1.97	+11.8%
Total RGU *1	5.95	6.36	+6.9%
Total subscribing households	3.27	3.43	+4.6%
Average Monthly Churn Rate per RGU	1.07%	1.11%	+0.04pts
Value	End of Dec 2009 (Ave. Jan-Dec 2009)	End of Dec 2010 (Ave. Jan-Dec 2010)	YOY Changes
Bundle ratio *2	1.82	1.86	+0.04
ARPU *3	7,726 yen	7,680 yen	-46 yen

Unit: million

*1: Total RGU (Revenue generating unit) = Total number of services provided

*2: Bundle ratio = Average number of services received per subscribing household

*3: ARPU= Monthly Average Revenue Per Unit

Highlights from the Consolidated Statements of Income

Revenue

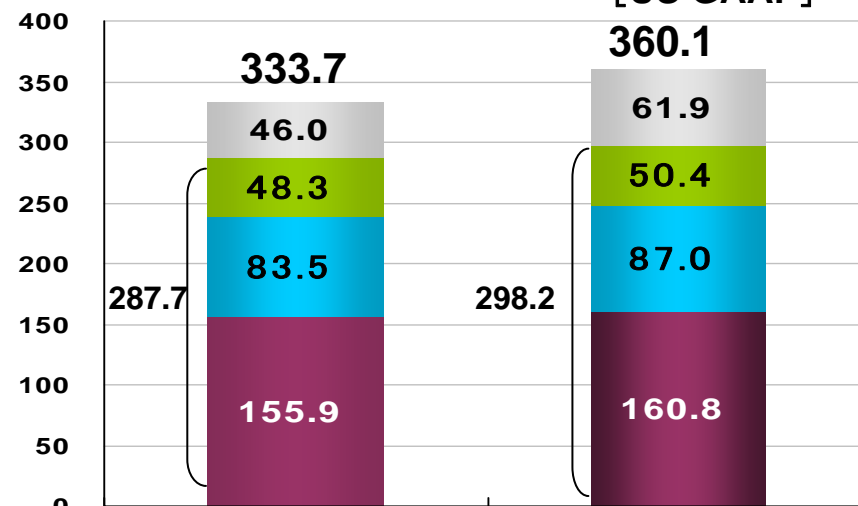
360.1bn yen(+7.9%、+26.4bn yen)

■ **Subscription fees : 298.2bn yen(+3.6%、+10.5bn yen)**

■ **Other : 61.9bn yen(+34.6%、+15.9bn yen)**

• Full-year contribution of TV programming revenues from J SPORTS Broadcasting Corporation, which was consolidated as a subsidiary in October 2009

(unit: billion yen)



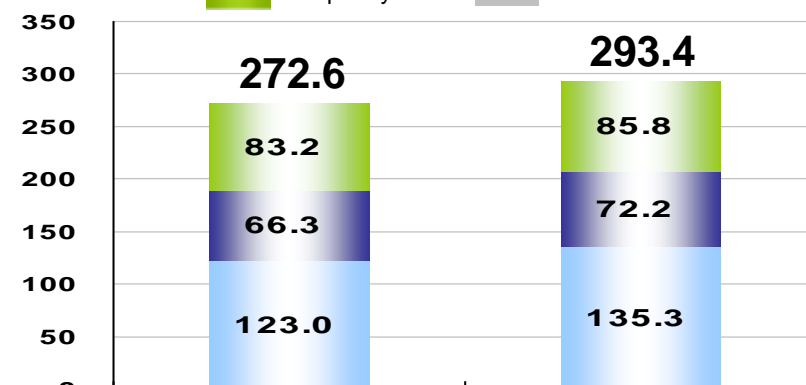
[US GAAP]

FY2009

FY2010

■ Cable Television ■ High-Speed Internet Access
■ Telephony ■ Other

(unit: billion yen)



FY2009

FY2010

■ Operating & programming costs ■ Selling, general & administrative expenses
■ Depreciation and amortization

Operating Costs and Expenses

293.4bn yen(+7.6%、+20.8bn yen)

■ **Operating & programming costs : 135.3bn yen**

(+9.9%、+12.2bn yen)

• Costs of programming business increased due to the consolidation of J SPORTS Broadcasting Corporation

■ **Selling, general & administrative expenses :**

72.2bn yen(+8.9%、+5.9bn yen)

• Personnel expenses rose in line with the expansion of the scale of consolidated operations

• Expenses for sales promotion using TV commercials increased

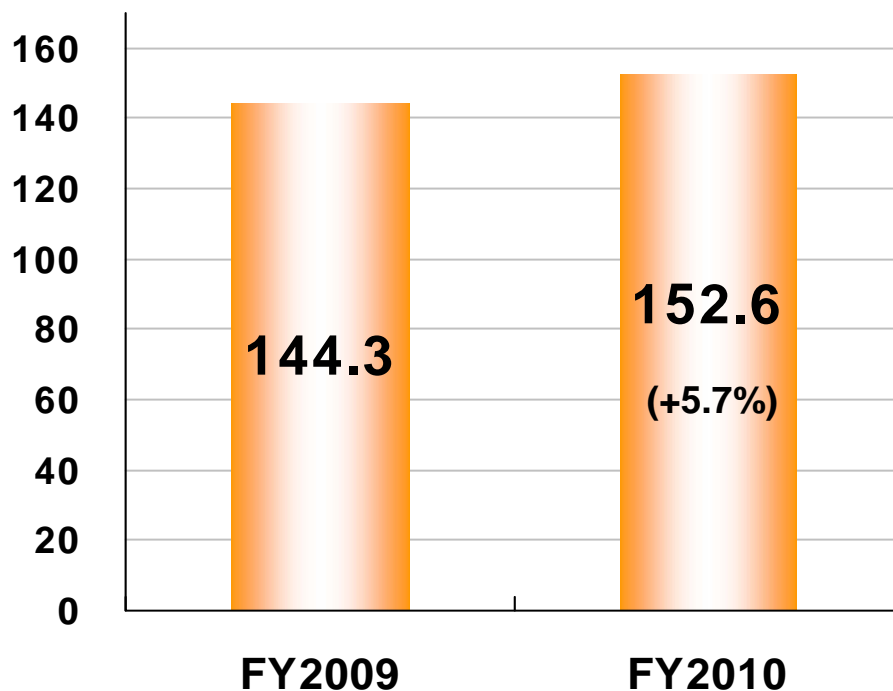
■ **Depreciation & amortization : 85.8bn yen**

(+3.2%、+2.7bn yen)

EBITDA* and Operating Income

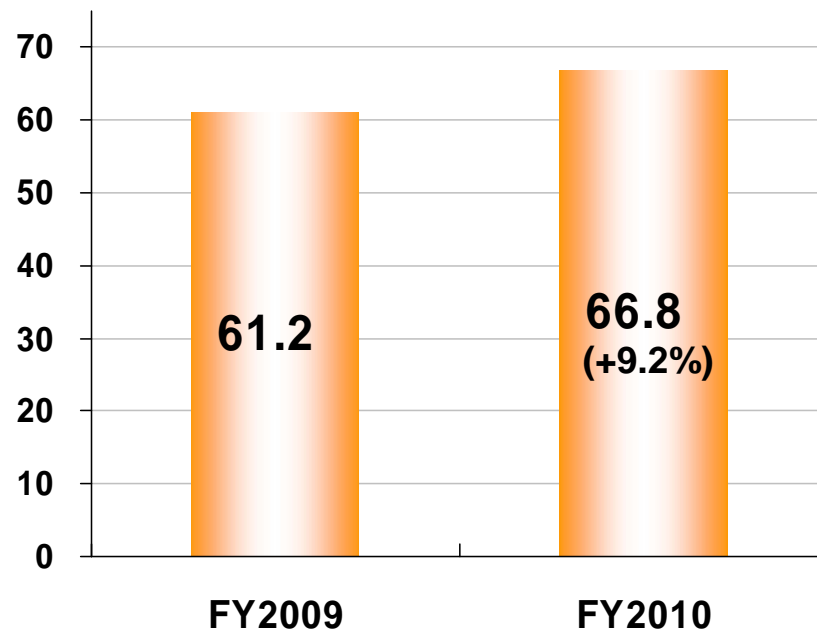
EBITDA*

(unit: billion yen)



Operating Income

(unit: billion yen)



*EBITDA=(Revenue) – (Operating and programming costs) – (Selling, general and administrative expenses)

Income Before Noncontrolling Interests and Income Taxes, Net Income Attributable to J:COM Shareholders

J:COM

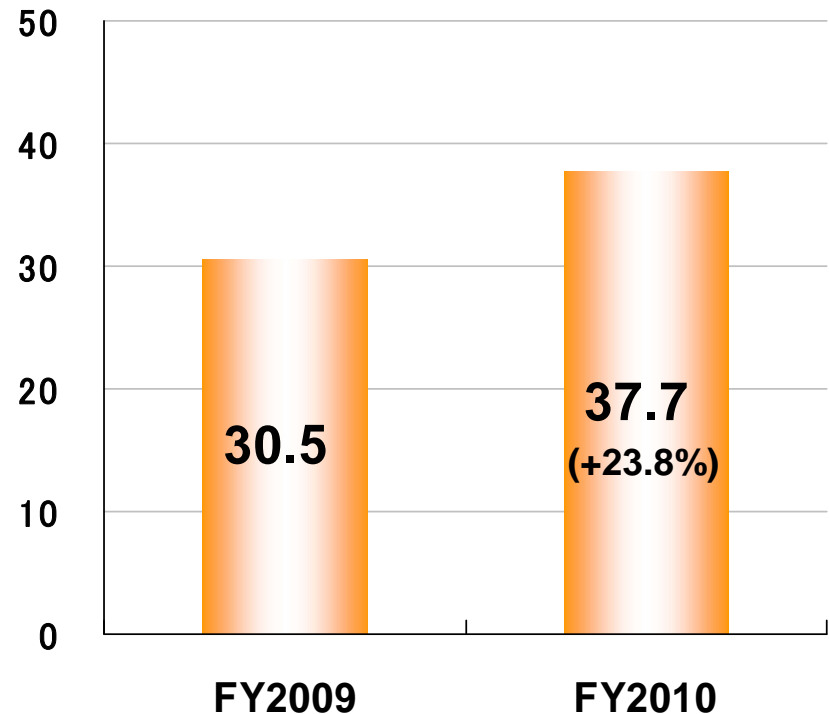
[US GAAP]

Outline

■ **Tax expenses decreased by 4.1 billion yen as a result of the liquidation of intermediary holding companies of J SPORTS**

• Excluding the factor above, net income attributable to J:COM shareholders rose 10.3%

(unit: billion yen)



Outline

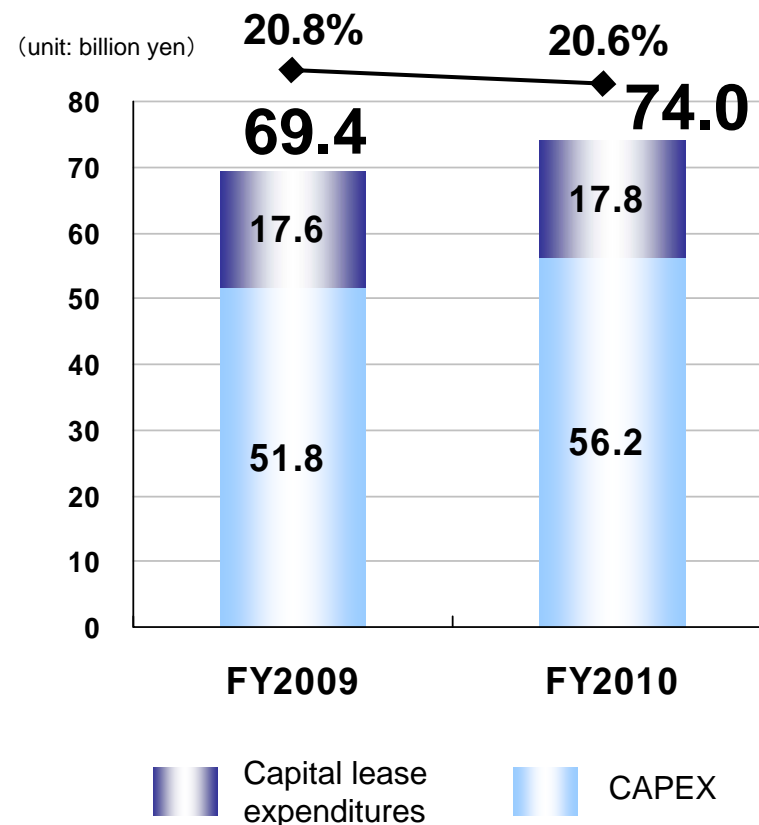
1. CAPEX +4.5bn yen

- Increase in installation expenses in line with the growth in new subscribers
- Increase in trunk-line extension expenses to the cities of Hadano and Isehara

2. Capital lease expenditures +0.1bn yen

- Increase slightly owing to increased supply of Blue-ray HDR, despite drop in the procurement cost of STBs

CAPEX Ratio*



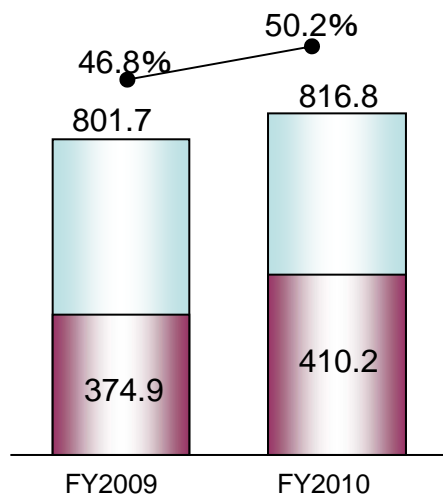
* CAPEX Ratio is defined as the ratio of total capital expenses to revenue.

Consolidated Balance Sheets and main indexes

<u>Assets</u>	End of Dec 2009	End of Dec 2010	YOY Changes	<u>Liabilities & Shareholders' Equity</u>			
				End of Dec 2009	End of Dec 2010	YOY Changes	
Total Current Assets	98.5	119.3	20.8	Total Current Liabilities	101.4	108.4	7.0
				Other liabilities	310.7	281.9	-28.8
Total Investments	11.3	12.1	0.8	Total Liabilities	412.1	390.4	-21.7
Total Property and Equipment	378.0	373.7	-4.4	Total J:COM Shareholders' equity	374.9	410.2	35.2
				Noncontrolling Interests in Subsidiaries	14.7	16.3	1.6
Total Other Assets	313.9	311.7	-2.2	Total Shareholders' Equity	389.6	426.4	36.8
Total Assets	801.7	816.8	15.1	Total Liabilities and Shareholders' Equity	801.7	816.8	15.1

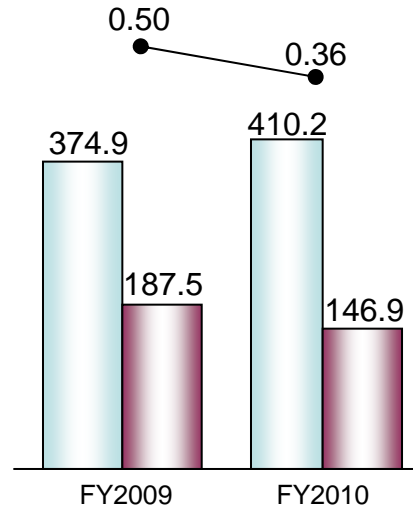
Equity capital ratio to total assets

Total Liabilities and Shareholders' Equity
 J:COM Shareholders' Equity



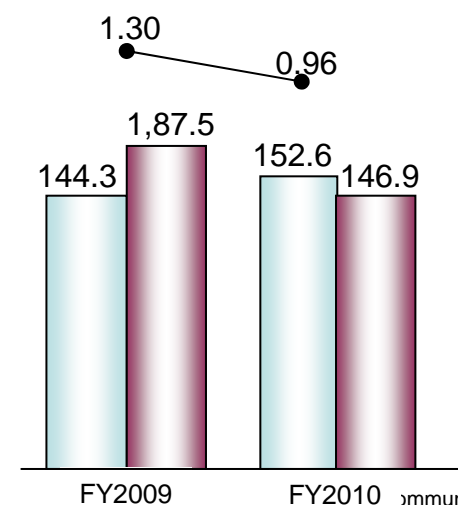
D/E ratio

J:COM Shareholders' Equity
 Net Debt



Liabilities/EBITDA

EBITDA
 Net Debt



Consolidated Cash Flows

(unit: billion yen)

	FY2009	FY2010	YOY Changes	【Outline】
Cash flows from operating activities	123.6	124.4	0.8	<ul style="list-style-type: none"> • Net income of 40.9 billion yen • Depreciation and amortization of 85.8 billion yen
Cash flows from investing activities	-56.6	-57.0	-0.5	<ul style="list-style-type: none"> • Capital expenditures of -56.2 billion yen • Acquisition of operating assets of -1.1 billion yen
Cash flows from financing activities	-24.1	-53.5	-29.4	<ul style="list-style-type: none"> • 22.4 billion yen repayments of long-term debt • Repayments of capital lease obligations of 21.6 billion yen • 7.5 billion yen of cash dividend paid to shareholders
Free cash flow*	54.2	50.4	-3.9	Total amount of 124.4 billion yen in cash flows from operating activities minus 74.0 billion yen in capital expenditures including capital lease expenditures

* Free cash flow = (Cash flows from operating activities) – (Capital expenditures) – (Capital lease expenditures)

1

FY2010 Overview and Results

2

Explanation of Performance and Financials

3

FY2011 Full Year Forecasts

4

FY2011 Major Approaches

5

Appendix

FY2011 Consolidated Full Year Forecasts

(unit : billion yen)

	FY2010 (actual)	FY2011 (forecasts)	YOY Changes	
Revenue	360.1	370.0	2.7%	9.9
Operating Income	66.8	73.0	9.4%	6.2
Income before noncontrolling Interests and income taxes	63.2	69.5	10.0%	6.3
Net income attributable to J:COM shareholders	37.7	37.5	-0.5%	-0.2
EBITDA *	152.6	-	4~6%	-

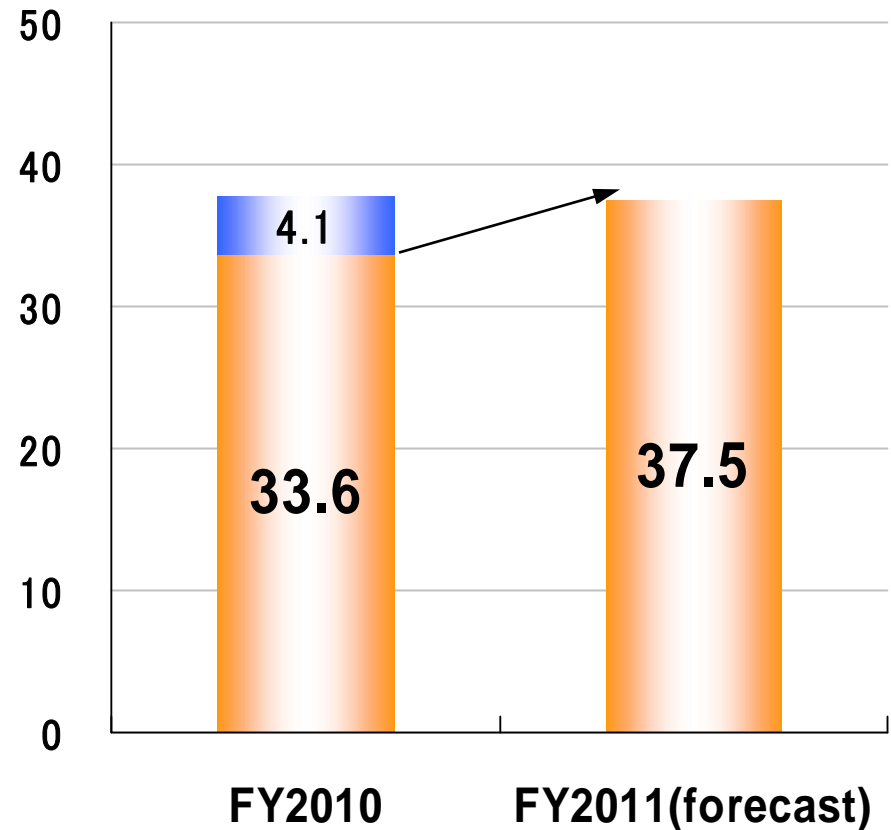
* EBITDA=(Revenue) – (Operating and programming costs) – (Selling, general and administrative expenses)

Forecast of an **11.7%** increase in real terms

Net income attributable to J:COM shareholders is forecast to increase 11.7%, excluding an extraordinary factor that occurred in fiscal 2010.

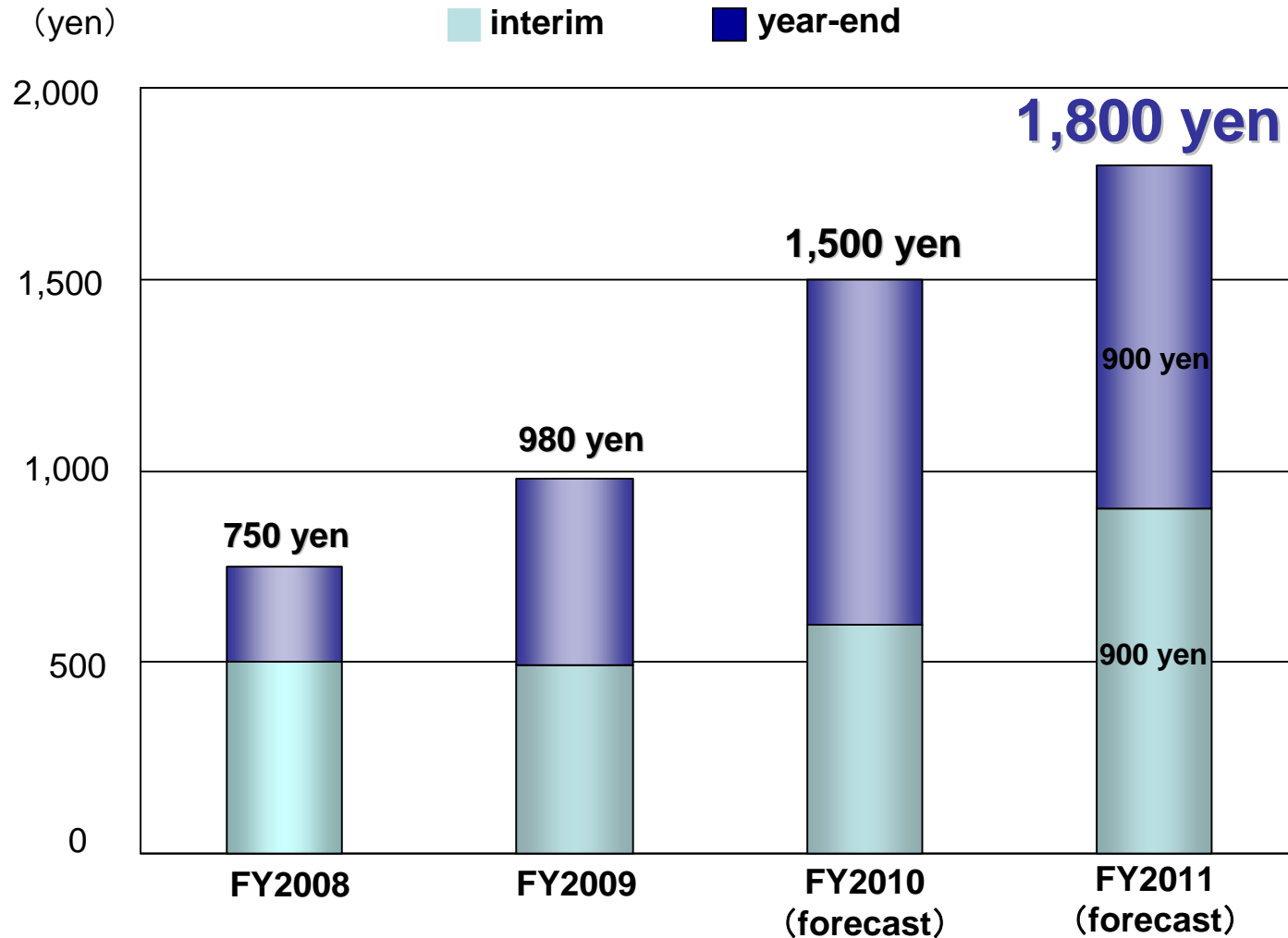
The extraordinary factor was a decrease in tax expenses of 4.1 billion yen as a result of the liquidation of two intermediary holding companies of J SPORTS

(unit: billion yen)



Forecast of FY2011 Dividend per share

Expect 3rd Straight Year of Dividends Increase



1

FY2010 Overview and Results

2

Explanation of Performance and Financials

3

FY2011 Full Year Forecasts

4

FY2011 Major Approaches

5

Appendix

FY2011 Major Approaches

<p>Increase the number of new households</p>	<p>Increase the number of subscribing households through sales and marketing of strategic products</p>
<p>Push forward with KDDI Alliance</p>	<p>Shift from planning to implementation phase</p>
<p>Strengthen the Media Business</p>	<p>Expand business by developing and promoting BS Broadcasting services (J SPORTS) Maximization of merit as a Comprehensive Media Service Company Strengthen the community channel</p>
<p>Develop and expand services that contribute to raising ARPU</p>	<p>Review and redevelop existing services Aggressively develop and expand new services</p>
<p>Promote increased operating and management efficiency</p>	<p>Increase the profit margin by improving efficiency</p>

Increase the number of new households

Increase the number of subscribing households through sales and marketing of strategic products

1

「J:COM TV My style」

Sales and Marketing initiatives

- Proper way of approaching to target markets (single-person, young adults, senior couples households)
- Develop effective activities of advertising
- Acquire terrestrial digital demand

Measures to increase product attractiveness

- Strengthen All-you can watch package
 - ✓ Improve the quality
 - ✓ Expand the line ups

2

「J:COM PHONE PLUS」

- Uptake of au/KDDI subscribers
- Promote services that offer convenience, such as expand for preferential calling services



Working toward increasing subscriptions with new households

Push forward with KDDI alliance

Major results in FY2010

Product Collaboration

- **WiMAX** : Launched under the 「J:COM WiMAX」 brand name in December

Media Business

- **VOD** : Consolidated programming content procurement
- **Mutual content distribution** : Japan TV premier of the movie 「Love Com」

Technology and Infrastructure

- **Next-generation STB** : Agreed to general requirements leading up to market introduction in 2012

Sales and Marketing Collaboration

- **Cross sales promotion** : Implemented trials in the Kansai area in August

CATV Business

- Implemented joint promotions with JCN in Oct. and Dec.

Priority initiatives in FY2011

Product Collaboration

- Introduce 「J:COM PHONE PLUS」 in April
- Commence preferential calling service with au Mobile
- Introduce all-in-one billing

Media Business

- Actively utilize KDDI-produced programming content

Sales and Marketing Collaboration

- Promote cross-sales by actively utilizing au Shops

Technology and Infrastructure

- Pursue further collaboration aimed at enhancing capabilities and efficiency

Strengthen Media Business

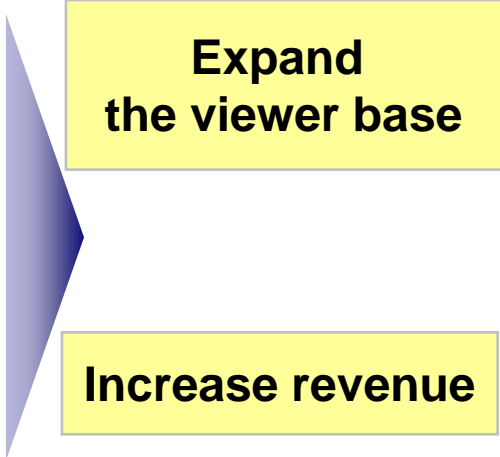
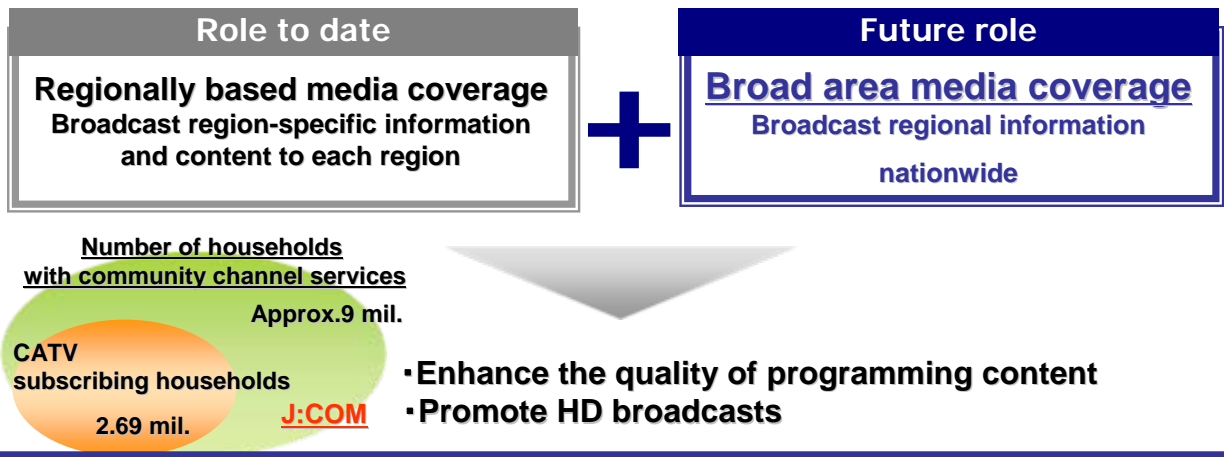
Provide BS broadcasting services (J SPORTS)

- J SPORTS Provide BS broadcasting for all four JSPORTS channels
- Date of service launch
 - ・「J SPORTS 1」「J SPORTS 2」: from October, 2011
 - ・Services to commence for the remaining two channels: from spring 2012



Maximization of merit as a Comprehensive Media Service Company

Strengthen community channels



Develop and expand services that contribute to raising ARPU

Review and redevelop existing services

- Services for small and medium-size offices
- Home Monitoring service etc.

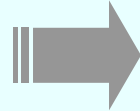
Aggressively develop and expand new services

- Services that use available bandwidth
- Services that use the TV platform
- TV Everywhere service

Increase ARPU by developing and expanding services

Improving the operating income margin

FY2010: **18.5%**



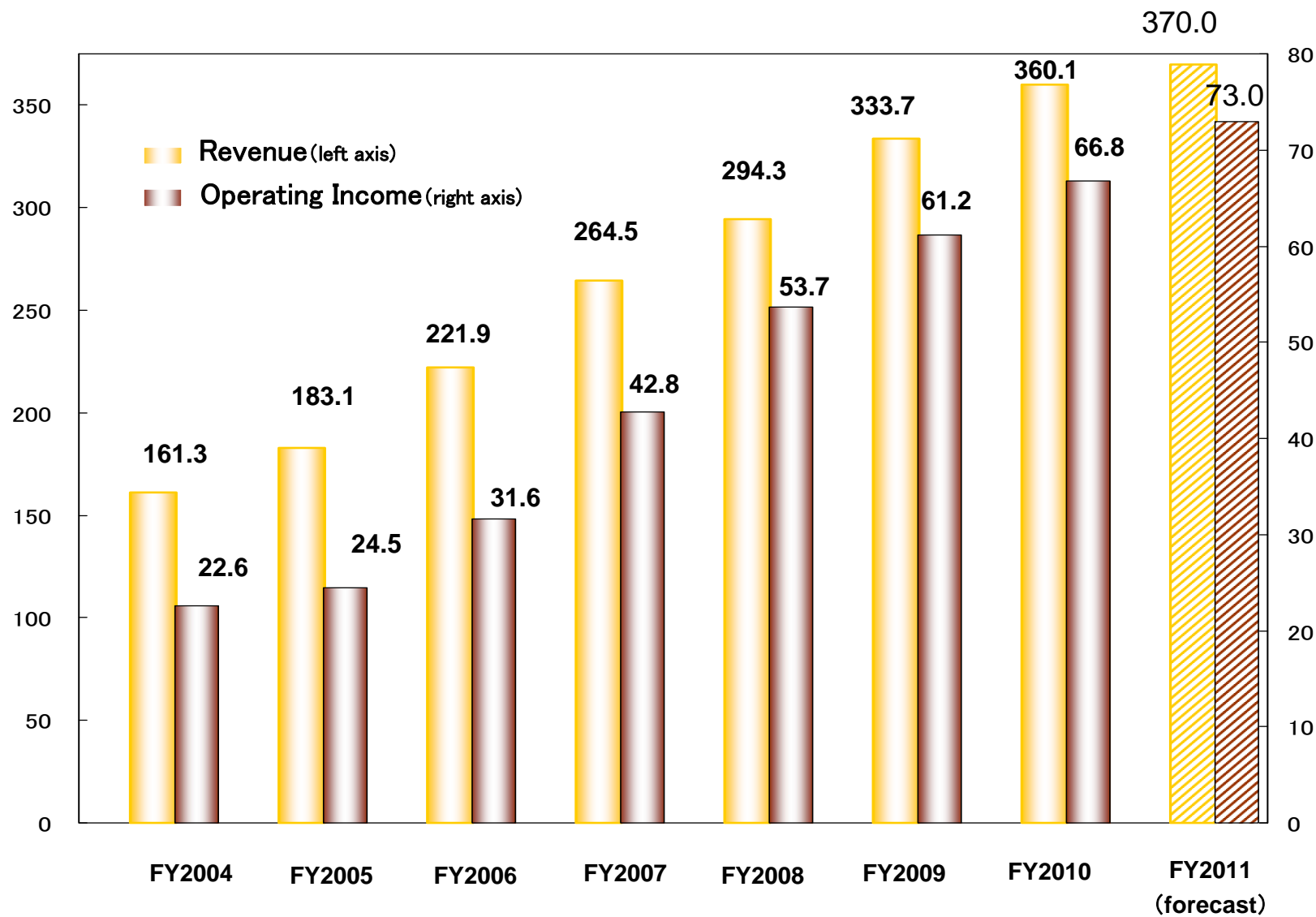
FY2011: **19.7%**

(full fiscal year forecast)

- Increase the cost efficiency of acquiring customers by stepping up the diversification of sales channels
- Continue to consolidate broadcasting and production facilities
- Strengthen operational functions while increasing efficiency through wide-ranging initiatives including the creation of databases for operations and customer information

Trend of Consolidated Performance <Revenue and Operating Income>

(unit: billion yen)



1

FY2010 Overview and Results

2

Explanation of Performance and Financials

3

FY2011 Full Year Forecasts

4

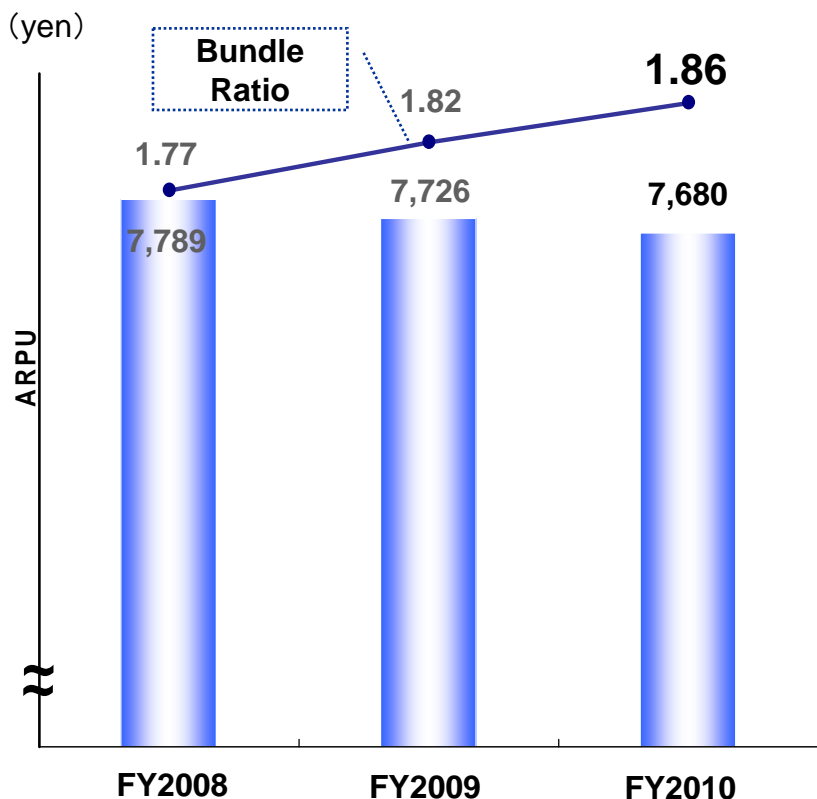
FY2011 Major Approaches

5

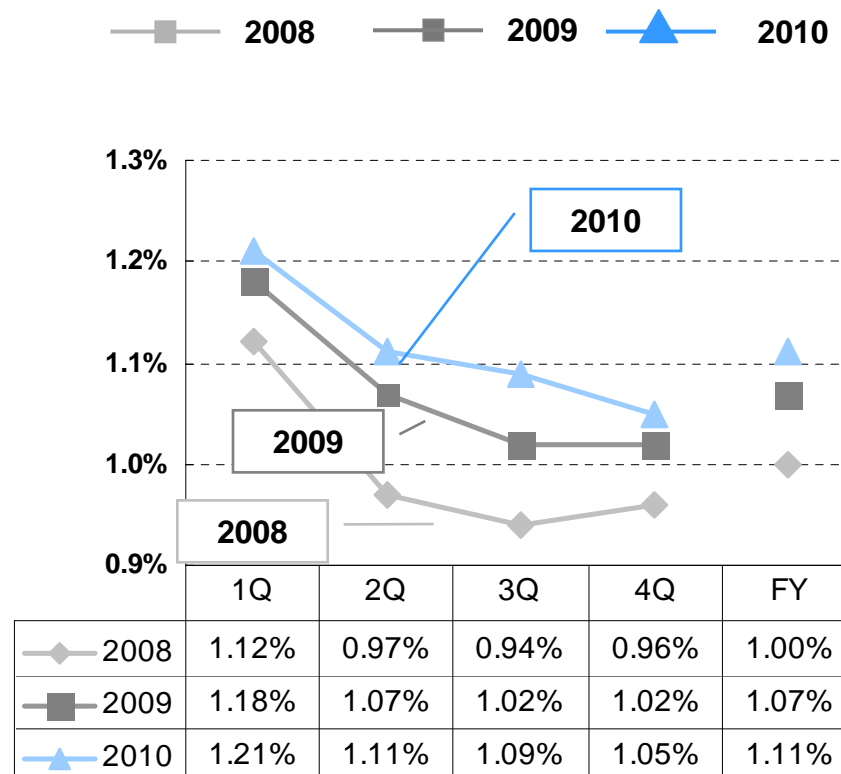
Appendix

FY2010 Key Performance Indices

ARPU and Bundle Ratio



Average Monthly Churn Rate per RGU *

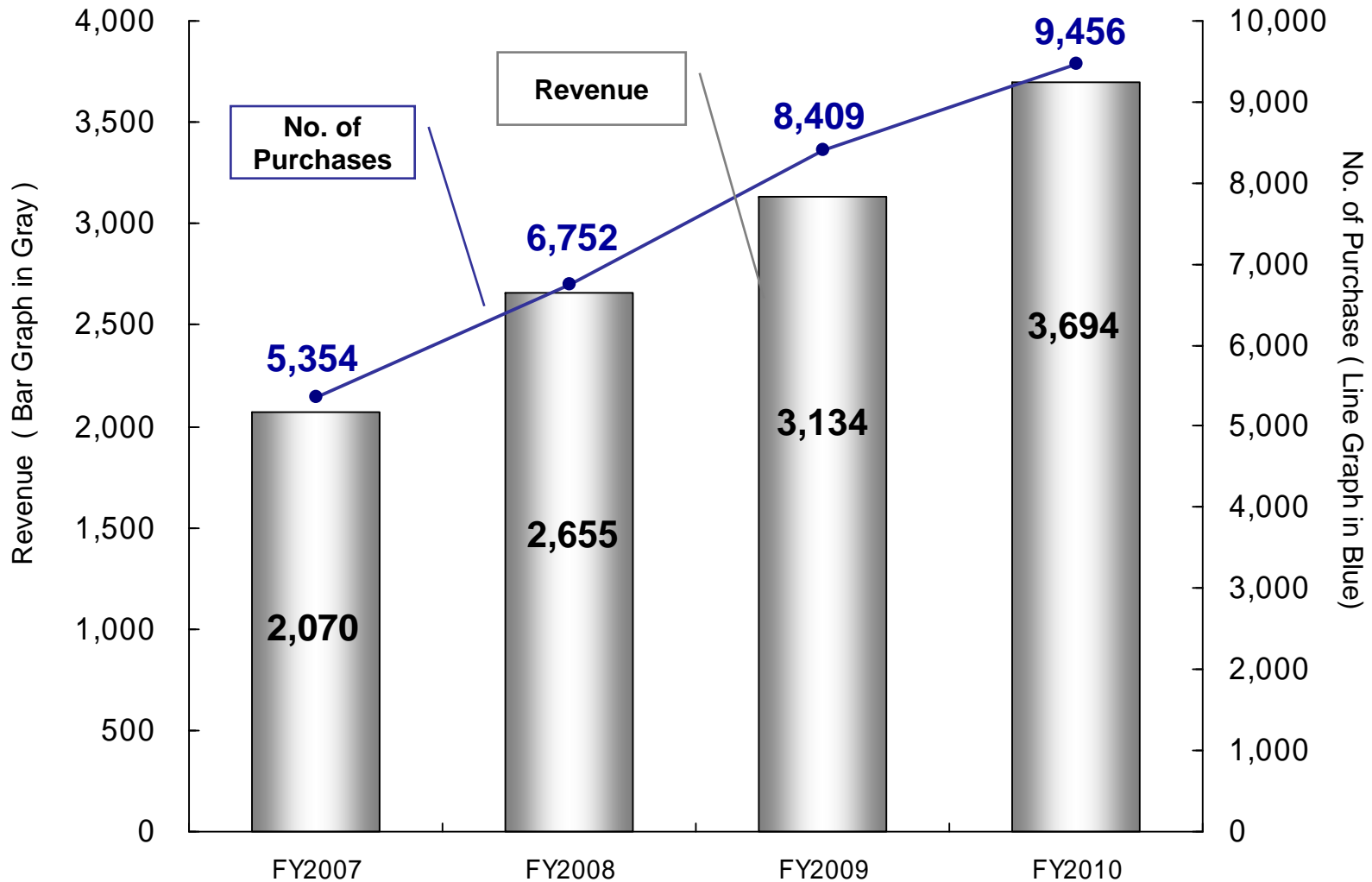


* Average monthly churn rate per RGU = (Total no. of churns in a given period) / (Weighted average RGU over the same period) / (No. of months)

Number of Purchases and Revenue

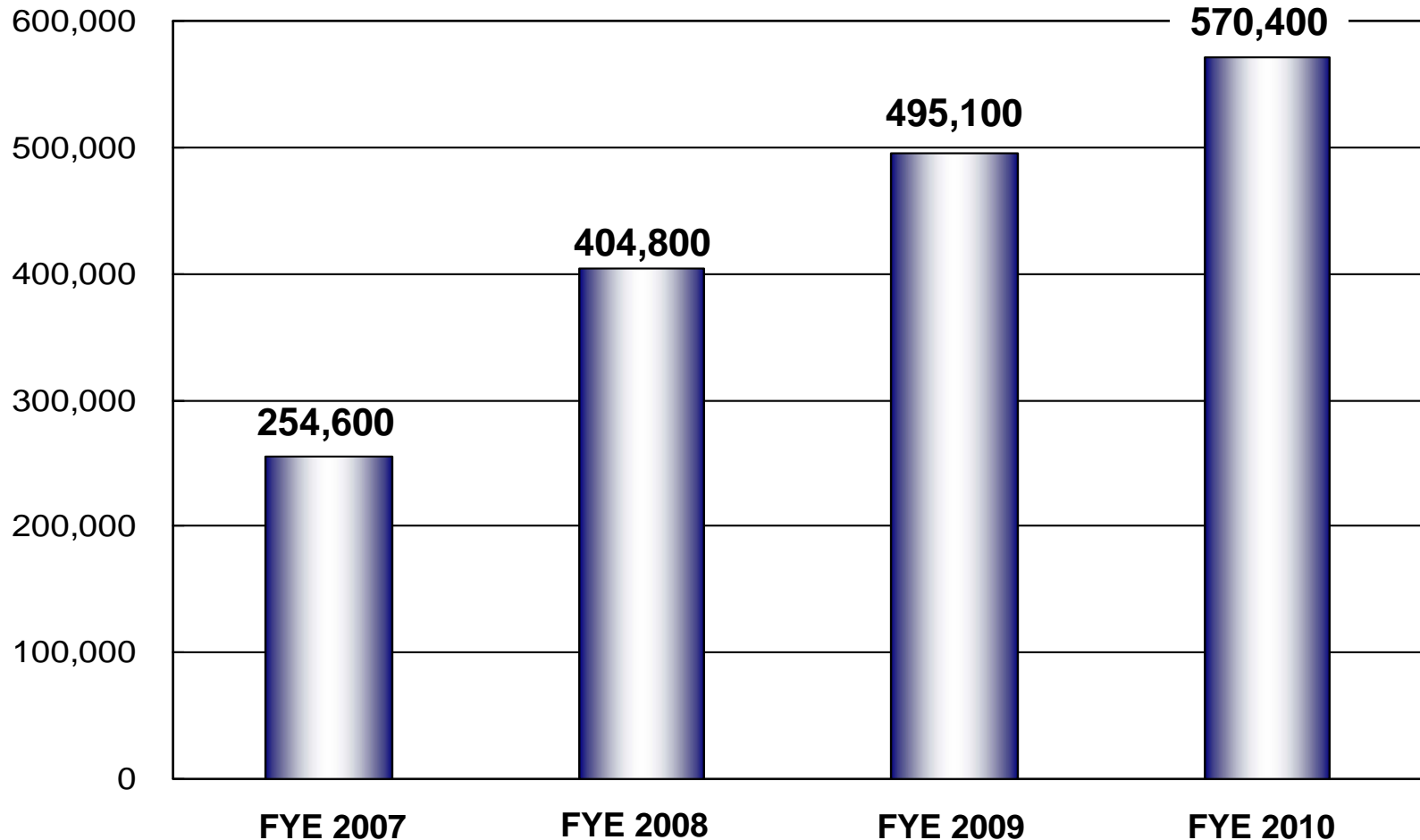
(Unit: million yen)

(Unit: thousand)



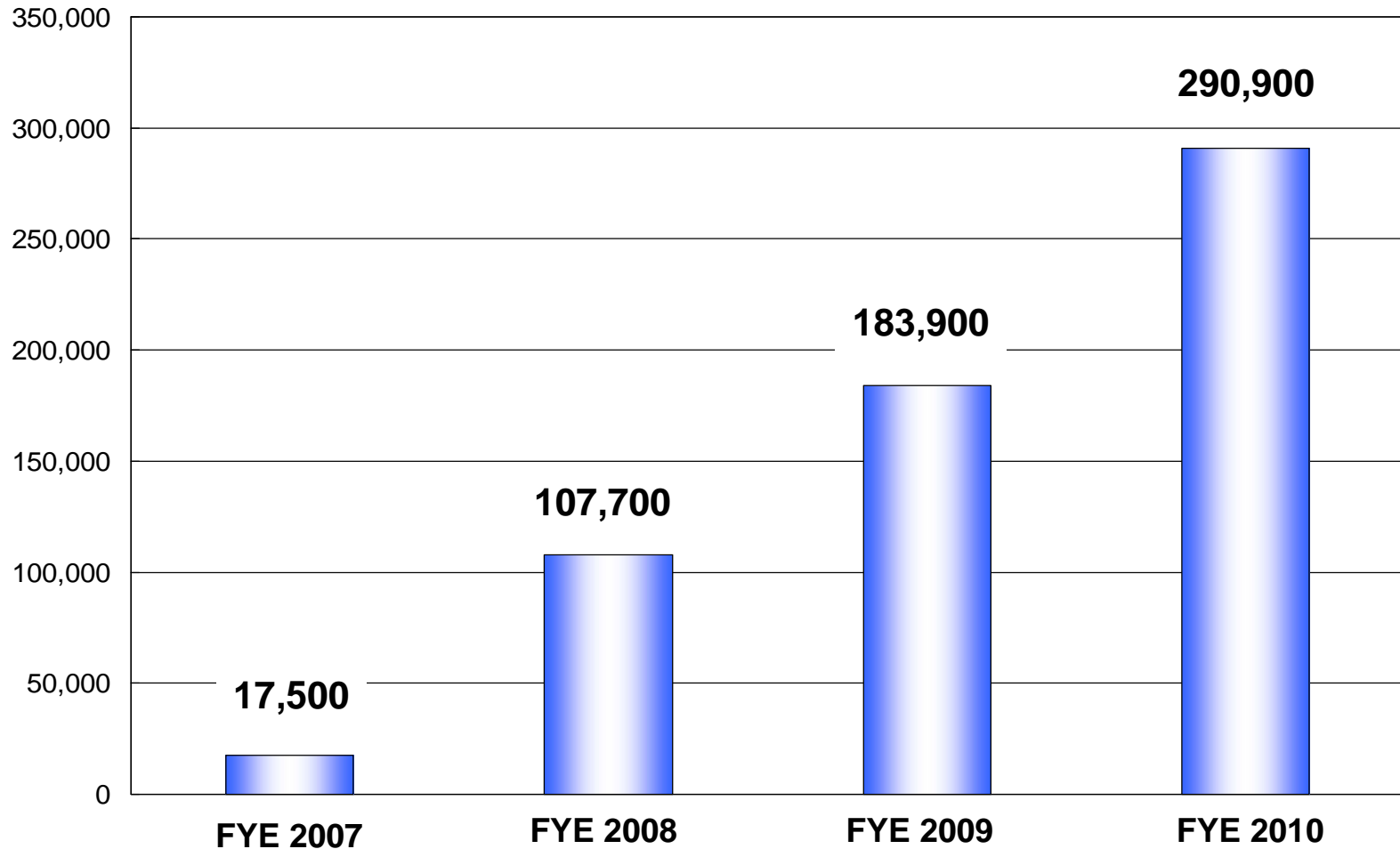
“HDR” STB with Internal Hard Disk Drive

Total HDR STB Distribution



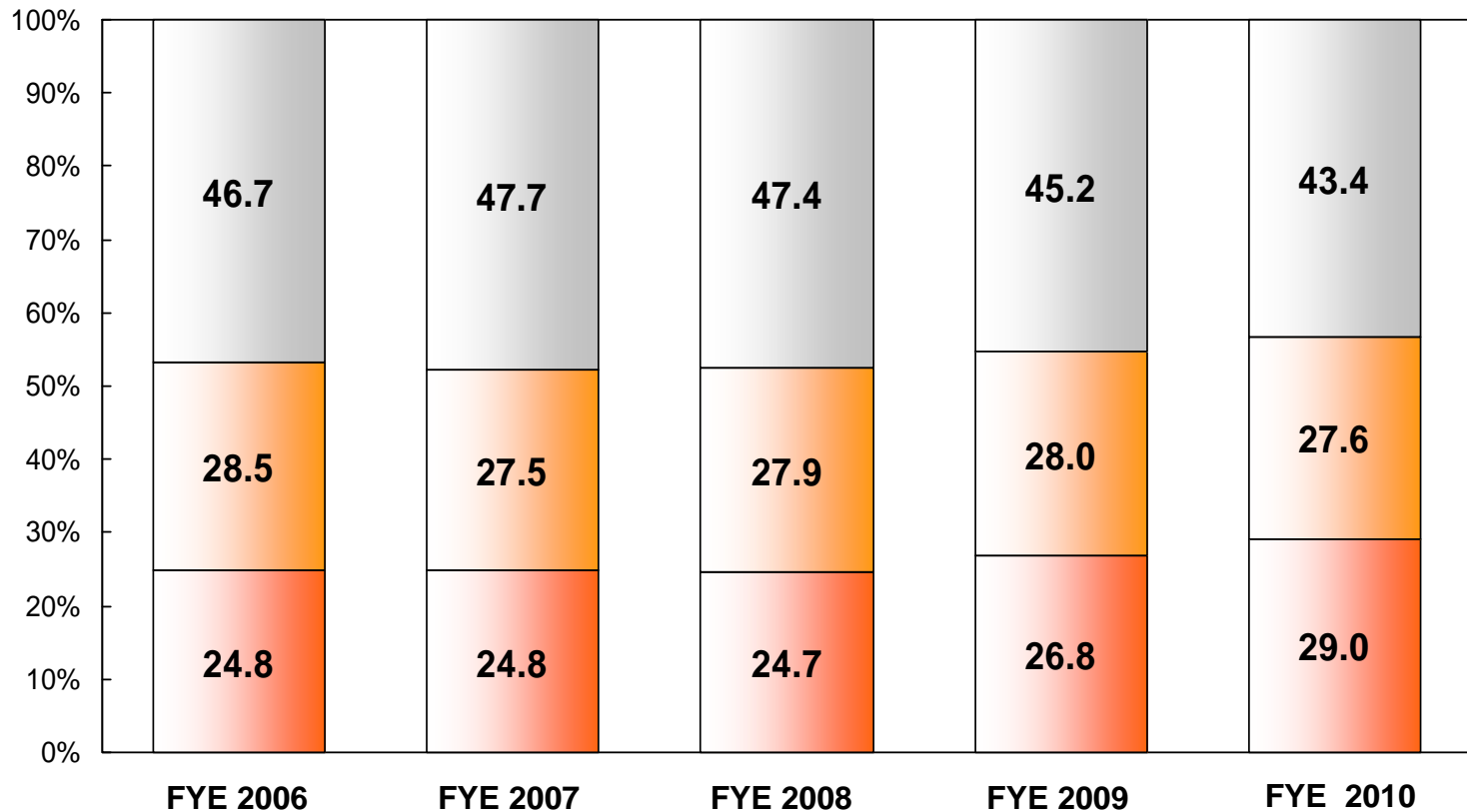
Number of Subscribing Households

(Unit: Households)



Composition of Households by No. of Services Subscribed

■ Households with 3 services ■ Households with 2 services □ Households with 1 services



Number of Households with Service Available by Channel

(As of Nov. 30, 2010)

Name of channel/company	Classification Equity stake	No. of households	Name of channel/company	Classification Equity stake	No. of households
Basic channels					
Movie Plus Jupiter Entertainment Co., Ltd.	Consolidated 100%	7,530K (7,530K)	AXN AXN Japan Co., Ltd.	Equity method 35%	7,100K (6,970K)
LaLa TV Jupiter Entertainment Co., Ltd.	Consolidated 100%	6,540K (6,430K)	Kids Station Kids Station Co., Ltd.	Other 15%	8,370K (8,300K)
Act On TV Entertainment and lifestyle information for adults Jupiter Visual Communications Co., Ltd.	Consolidated 90.00%	4,040K (4,030K)	Japanese Movie Channel Nihon Eiga Satellite Broadcasting Corp.	Other 9.99%	7,140K (6,970K)
GOLF Network Jupiter Golf Network Co., Ltd.	Consolidated 89.41%	7,130K (7,070K)	SAMURAI DRAMA CHANNEL Nihon Eiga Satellite Broadcasting Corp.	Other 9.75%	7,680K (7,530K)
J sports ESPN, J sports 1, J sports 2, J sports Plus * J Sports Broadcasting Co., Ltd.	Consolidated 80.5%	7,630K (7,740K)	Nikkei CNBC Nikkei CNBC Japan Co., Ltd.	Other 9.75%	7,620K (7,590K)
Channel Ginga Channel Ginga Co., Ltd.	Consolidated 76%	3,640K (3,530K)	Optional channels		
Discovery Channel Discovery Japan Co., Ltd.	Equity method 50%	6,860K (6,770K)	Anime Theater X (AT-X) AT-X Co., Ltd.	Other 12.28%	130K (120K)
Animal Planet Animal Planet Japan Co., Ltd.	Equity method 33.3%	5,830K (5,700K)			

Source: Companies involved

Number of households with service available as of Aug 31, 2010, are shown in parentheses.

* J sports Plus is an optional channel at J:COM systems.