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The Entertain**media** Company

J:COM

Financial Results for the 2nd Quarter ended June 30, 2010

July 27, 2010

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. Summary of 2Q FY2010

2. Major Approaches in and after 3Q FY2010
3. Review of 2Q FY2010 Financials
4. Alliance with KDDI
5. Appendix

Favorable changes in performance

Unit: billion yen

	Jan-Jun 2009	Jan-Jun 2010	YOY Changes	YTD Progress
Total Revenue	162.5	177.5	9%	50%
Operating Income	30.4	32.9	8%	49%
Income before noncontrolling Interests and income taxes	28.4	31.2	10%	50%
Net income attributable to J:COM shareholders	14.3	20.2	41%	55%*1
EBITDA*2	69.8	75.6	8%	

*1: The ratio of YTD Progress for net income attributable to J:COM shareholders was calculated based on new full-year earnings forecasts announced today.

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

2Q FY2010 Consolidated Performance Highlights **J:COM**

Unit: million

Volume	End of Jun 2009	End of Jun 2010	YOY Changes
Homes passed	12.47	12.82	+3%
Cable Television	2.57	2.61	+1%
High-Speed Internet Access	1.54	1.64	+7%
Telephony	1.67	1.86	+11%
Total RGU ^{*1}	5.78	6.11	+6%
Total subscribing households	3.22	3.34	+4%
Value	End of Jun 2009 (Ave. Jan-Jun 2009)	End of Jun 2010 (Ave. Jan-Jun 2010)	YOY Changes
Digital migration rate ^{*2}	85%	96%	11pts
Bundle ratio ^{*3}	1.79	1.83	+0.04
ARPU ^{*4}	7,717 yen	7,686 yen	-31yen

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

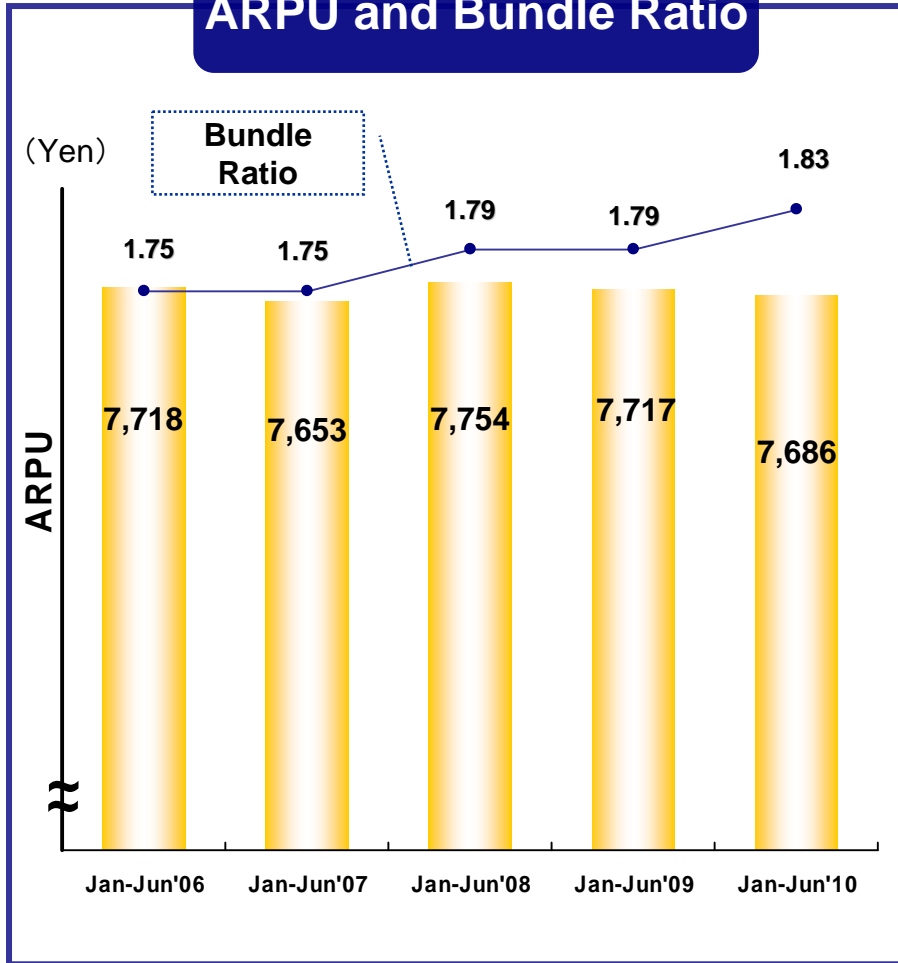
*2: Digital migration rate = Percentage of CATV subscribers who have digital services

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

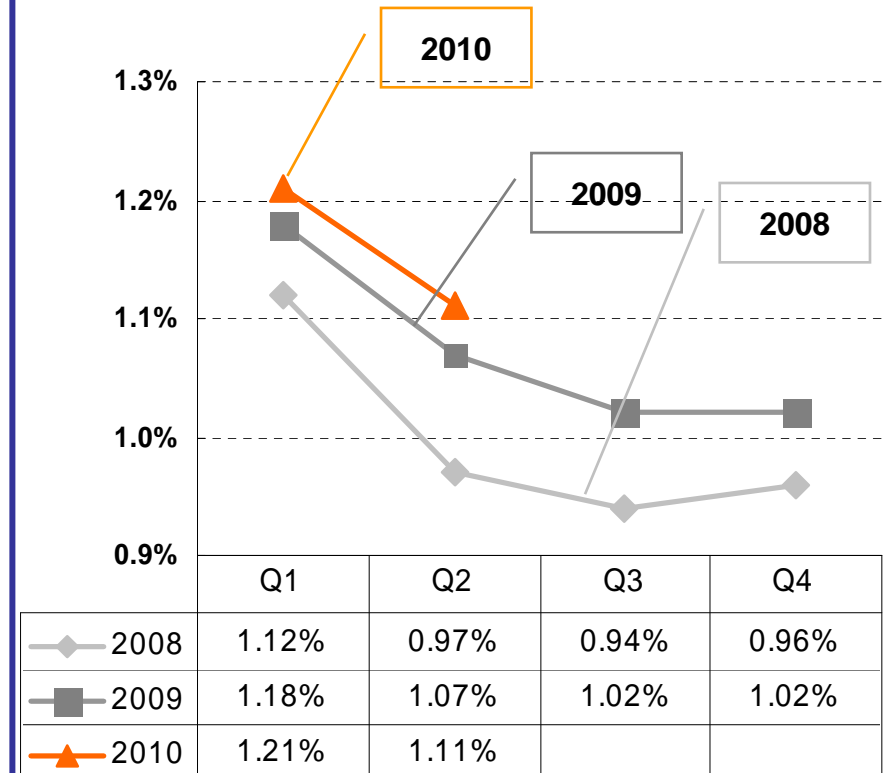
*4: ARPU= Monthly Average Revenue Per Unit

2Q FY2010 Consolidated Performance Highlights **J:COM**

ARPU and Bundle Ratio



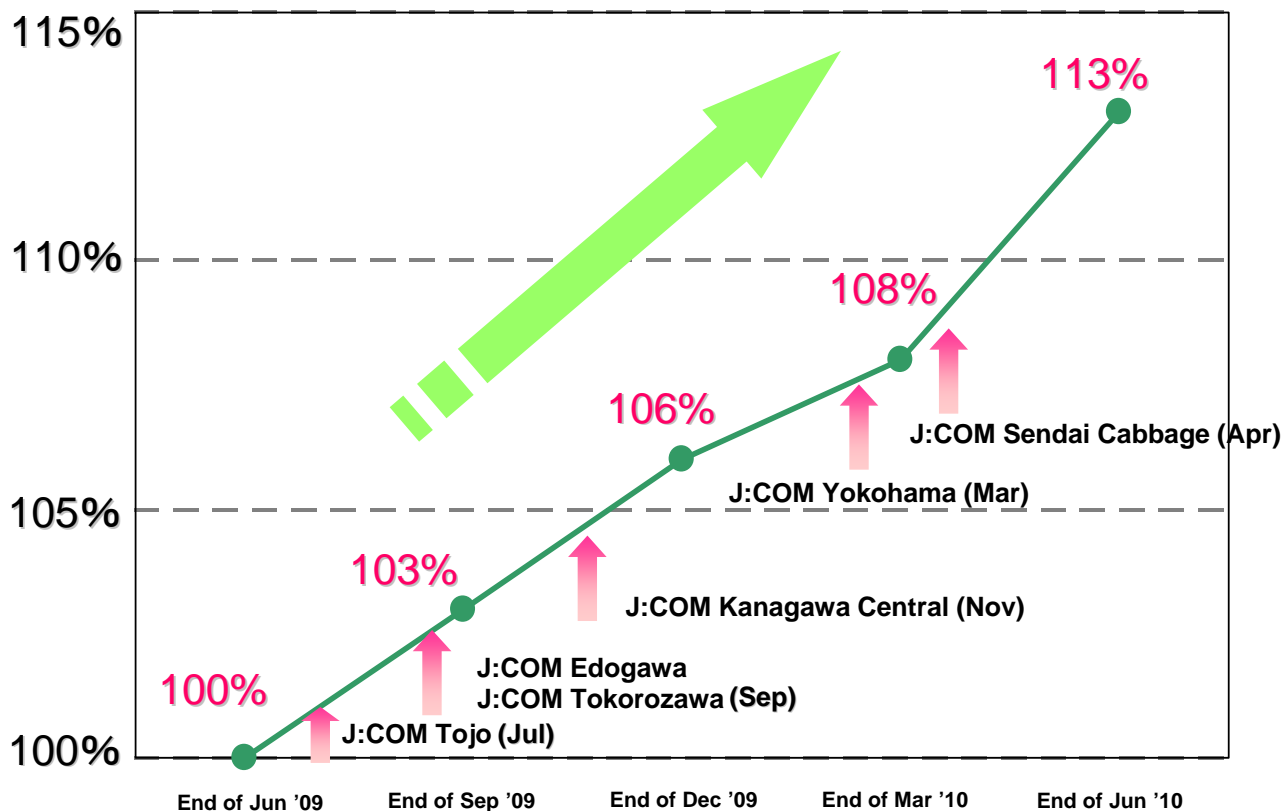
Average Monthly Churn Rate per RGUs *



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

Total RGU Increased by 13% during the last twelve months

Total RGU

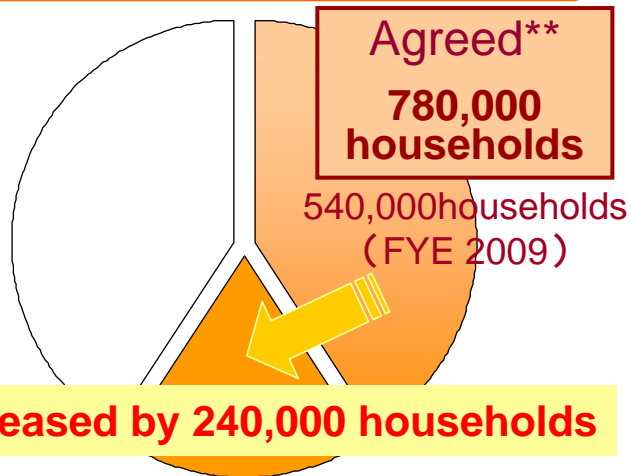


(Growth based on end of Jun, 2009)

Acquired subscribers from Communal Reception Households*

Agreed** with approx. 60% of the estimated 1.32 million households located in J:COM areas

Estimated 1.32 million communal reception households* in the J:COM area (As of end of Jun, 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.

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Major Approaches

1. Win over New Target Markets

- Explore single-person and younger market segments
 - Expand new television packages centered on VOD

2. Further Improve Level of Customer Satisfaction

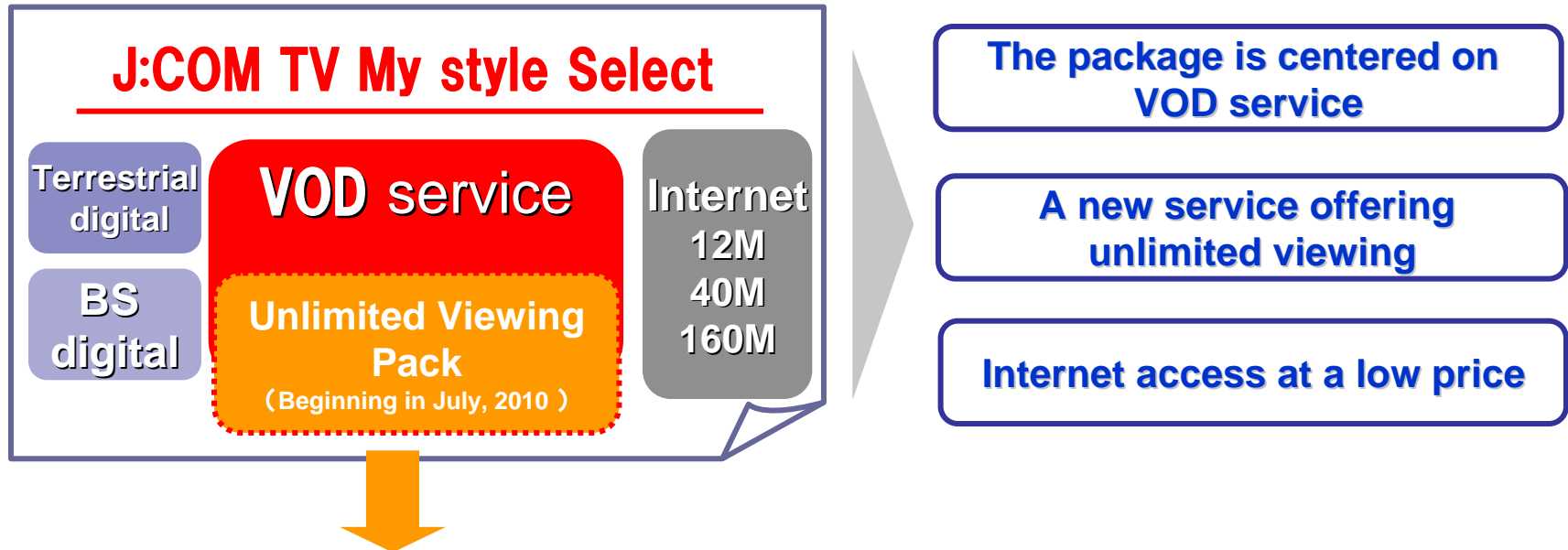
- Newly establish the Customer Satisfaction Promotion Division
 - Company-wide efforts to improve customer satisfaction

3. Push Forward with KDDI Alliance

- Review and formulate measures for specific areas in each working group

Major Approaches ① Win over new target markets **J:COM**

Propose new television viewing styles characterized by on-demand viewing



A fixed monthly usage charge for one month of unlimited viewing of programs in the package lineup



WARNERTV

On-demand channel offering first-release programs to Japan



Discovery Channel

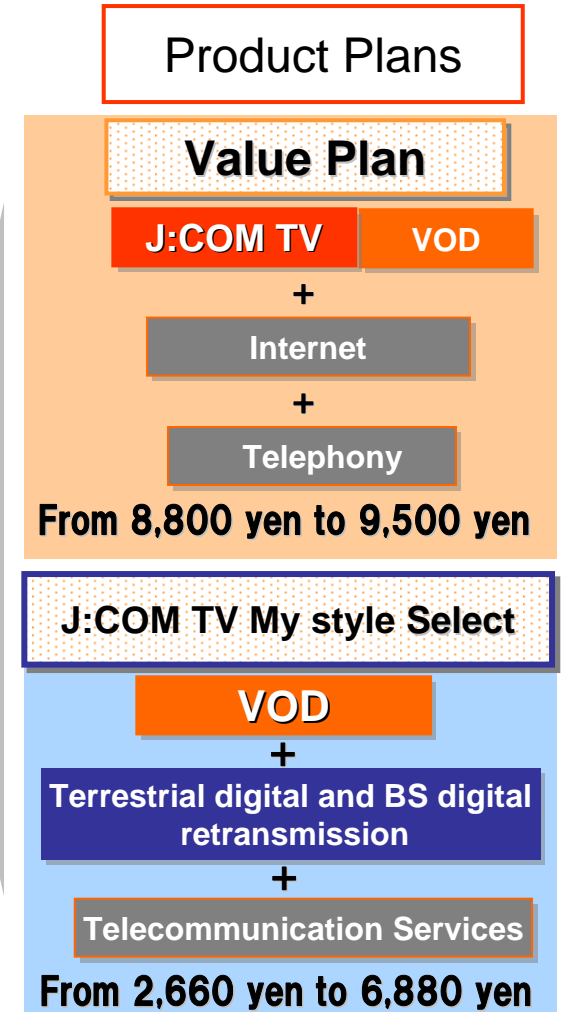
unlimited viewing 100

Over 100 programs can be viewed each month

Major Approaches ① Win over new target markets **J:COM**

Strategic product plans tailored to targeted customer segments

Targeted customer segment	Features	Type of viewing habits
Family	<ul style="list-style-type: none"> •J:COM's main customer segment •Various ages and multiple users •Includes diverse tastes and a collection of lifestyles 	Real-time viewing
Single-person and Younger market	<ul style="list-style-type: none"> •<u>A segment J:COM is developing</u> •Individual preferences from diverse program menus •Preference for Internet and mobile phones over TV 	On-demand viewing



Revamp the Company's organization at every level to improve customer satisfaction by the lead of Customer Satisfaction Promotion Division

■ Pushing forward with the following strategies

Quality strengthening of customer care

Encourage customers to form viewing habits
(Examination of interactive use of set top box etc.)

Give preferential treatment to subscribers
(Trial of HDR and points rewards etc.)



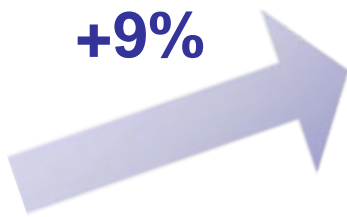
Raise the level of customer satisfaction

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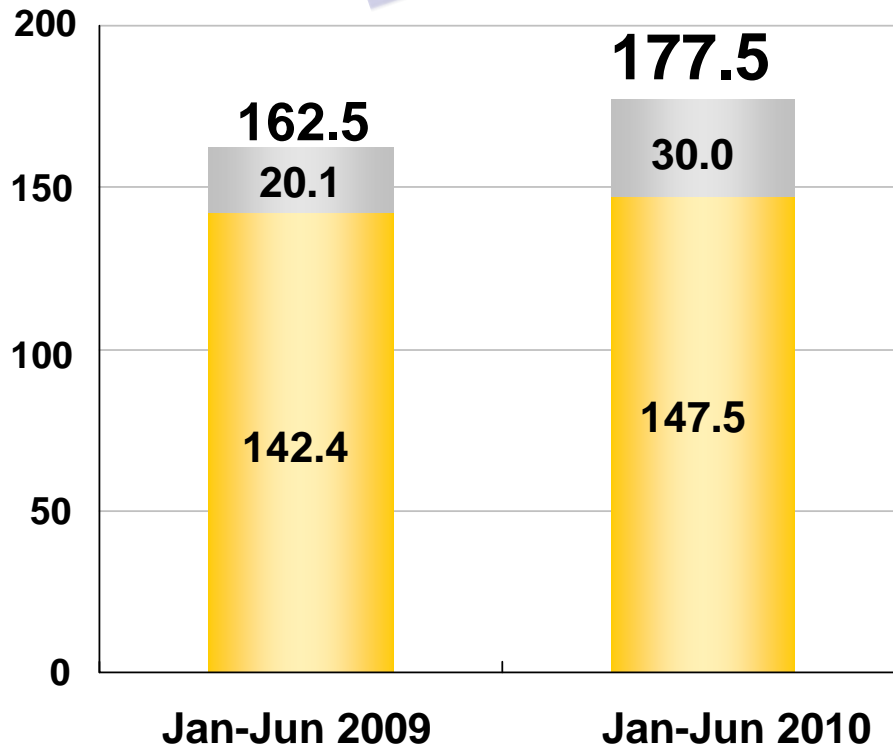
Total Revenue

[US GAAP]

+9%



(unit: billion yen)



Subscription fees
 Other

Additional Details

(1) Subscription fees 147.5bn yen (up 5.2bn yen or 4%)

[Breakdown]

- CATV 79.8bn yen (up 2.5bn yen or 3%)
- High-speed Internet Access 43.0bn yen (up 1.6bn yen or 4%)
- Telephony 24.7bn yen (up 1.1bn yen or 5%)

[Reasons for growth]

- Increase in total subscribing households
- Increase in digital migration rate
- Increase in bundle ratio

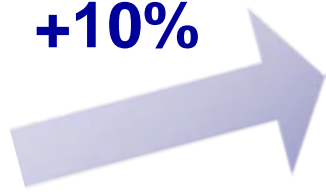
(2) Other 30.0bn yen (9.9bn yen or +49%)

- Increase in consolidated subsidiary (J SPORTS)
- Increase in revenue relating to poor reception compensation

Operating Costs and Expenses

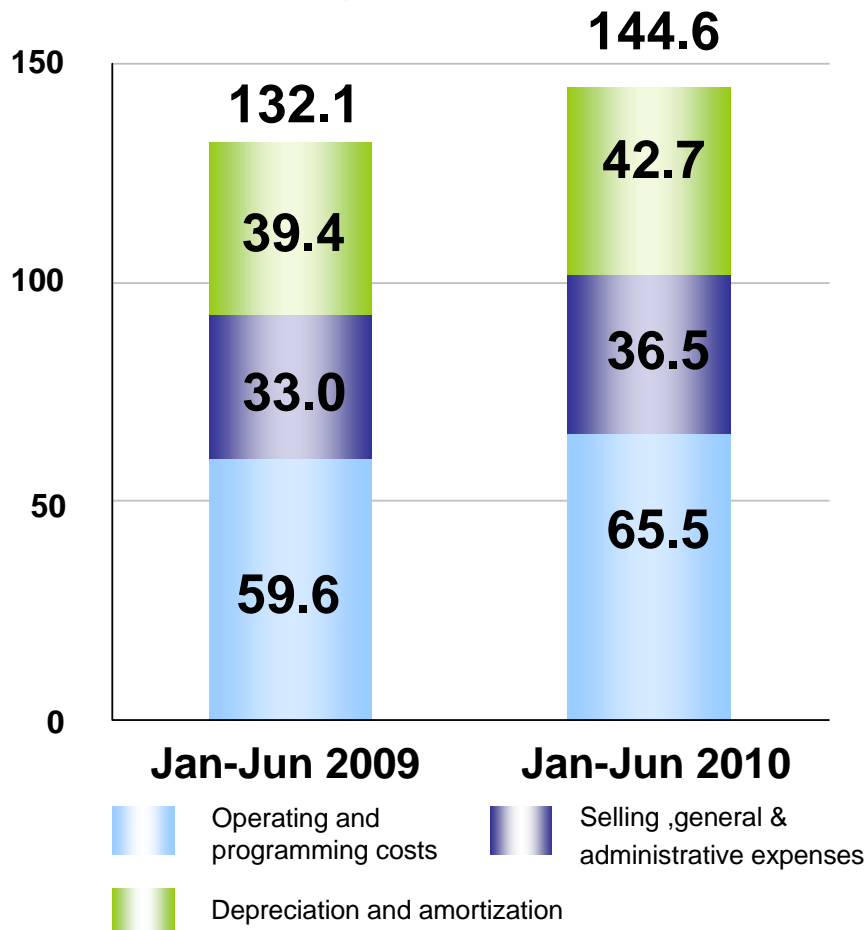
[US GAAP]

+10%



Additional Details

(Unit: billion yen)



(1) Operating & programming costs (+10%)

- Increase due to additional consolidations
- Increased costs related to growth in newly acquired subscribers

(2) Selling, general & administrative expenses (+11%)

- Increase due to additional consolidations
- Increase in ad expense for large-scale promotion measures

(3) Depreciation & amortization (+8%)

- Increased fixed assets related to subscribing households
- Increase due to additional consolidations

Operating Income, EBITDA*

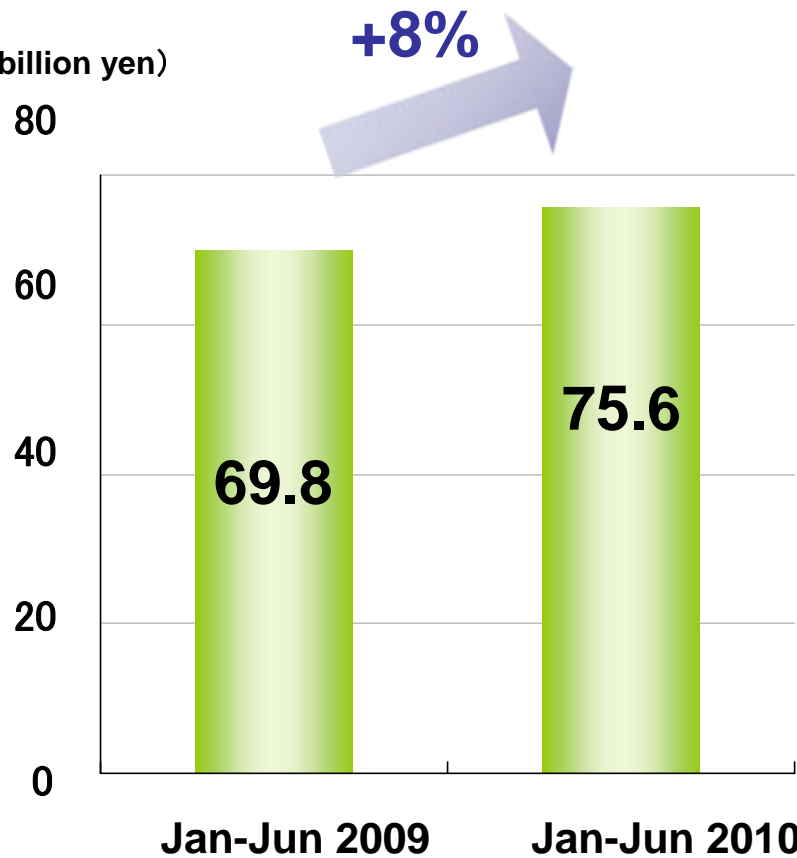
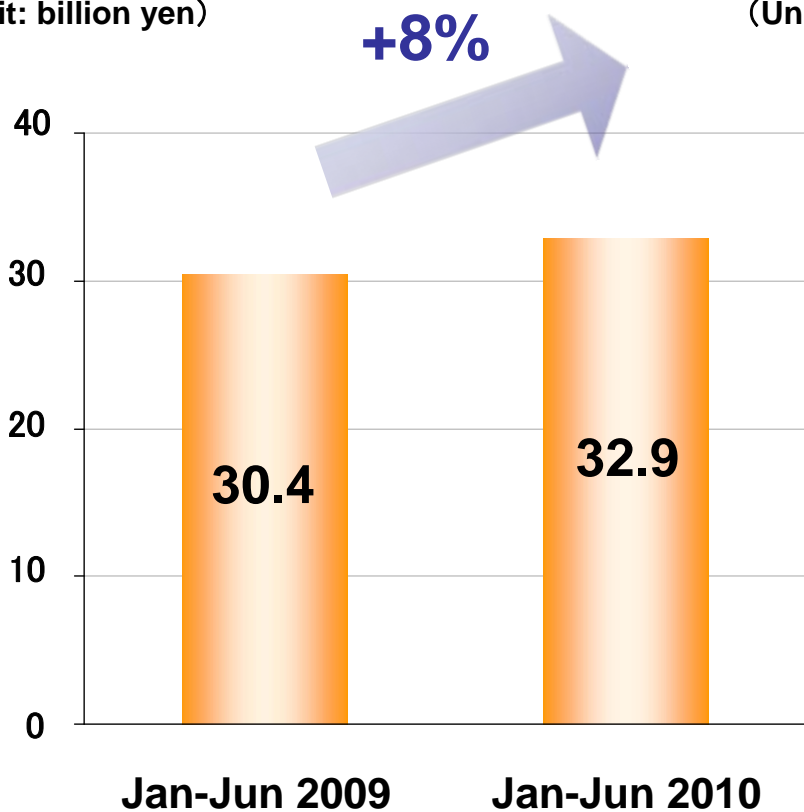
[US GAAP]

Operating Income

EBITDA*

(Unit: billion yen)

(Unit: billion yen)



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

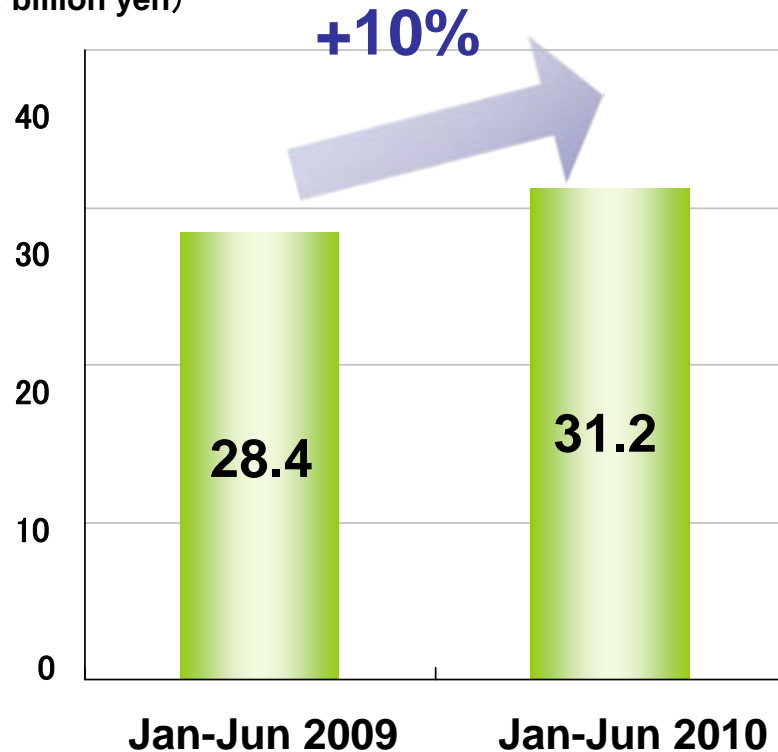
Income Before Noncontrolling Interests and Income Taxes, Net Income Attributable to J:COM Shareholders

[US GAAP]

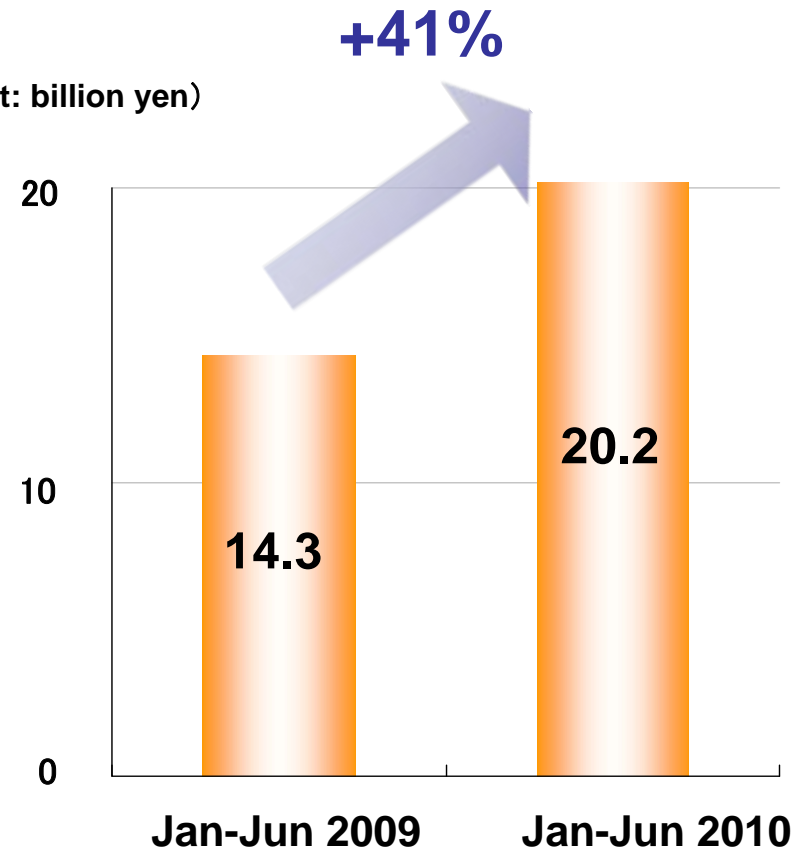
Income Before Noncontrolling Interests and Income Taxes

Net Income Attributable to J:COM Shareholders

(Unit: billion yen)

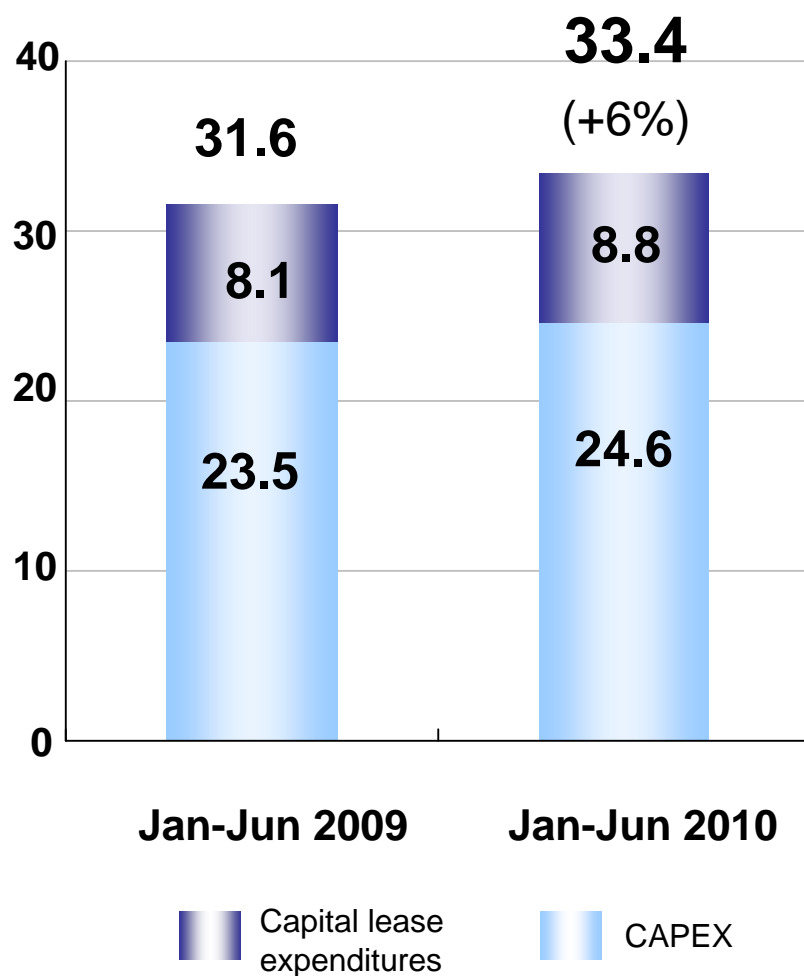


(Unit: billion yen)



Capital Expenditures

(Unit: billion yen)



Additional Details

(1) CAPEX +1.0bn yen

- Increase in installation expenses in line with the rise in subscribing households

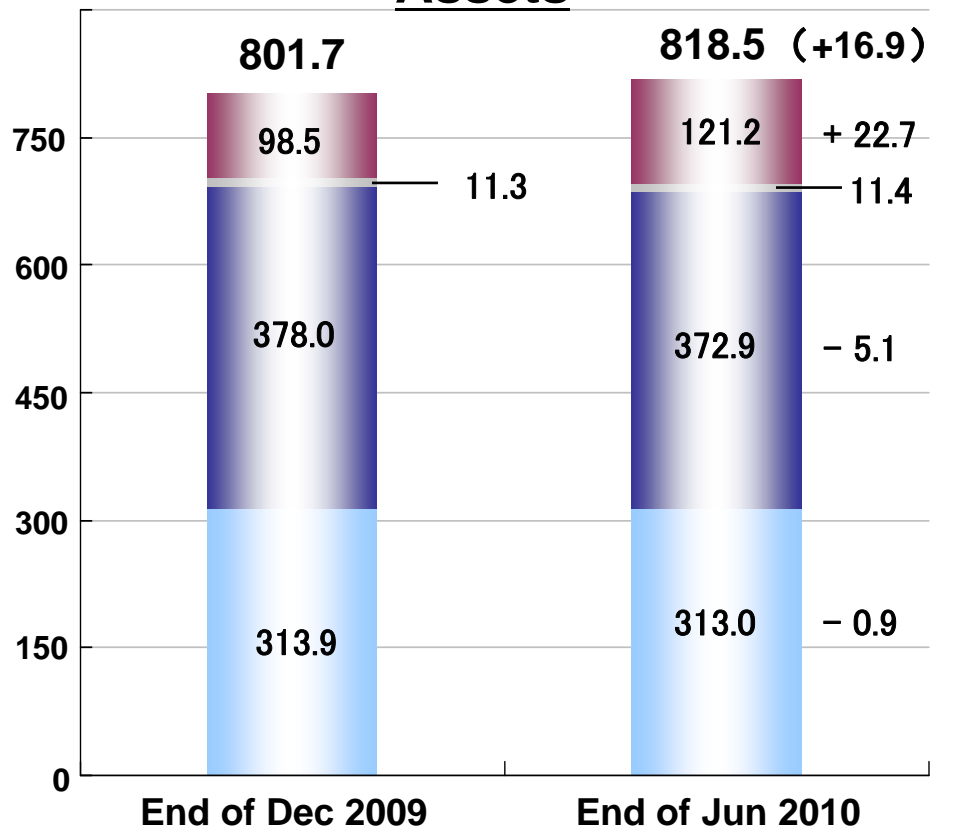
(2) Capital lease expenditures +0.7bn yen

- Increase in number of net gains of digital service subscribers and procurement cost of set top box by introducing Blu-ray HDR

Consolidated Balance Sheets

(Unit: billion yen)

Assets

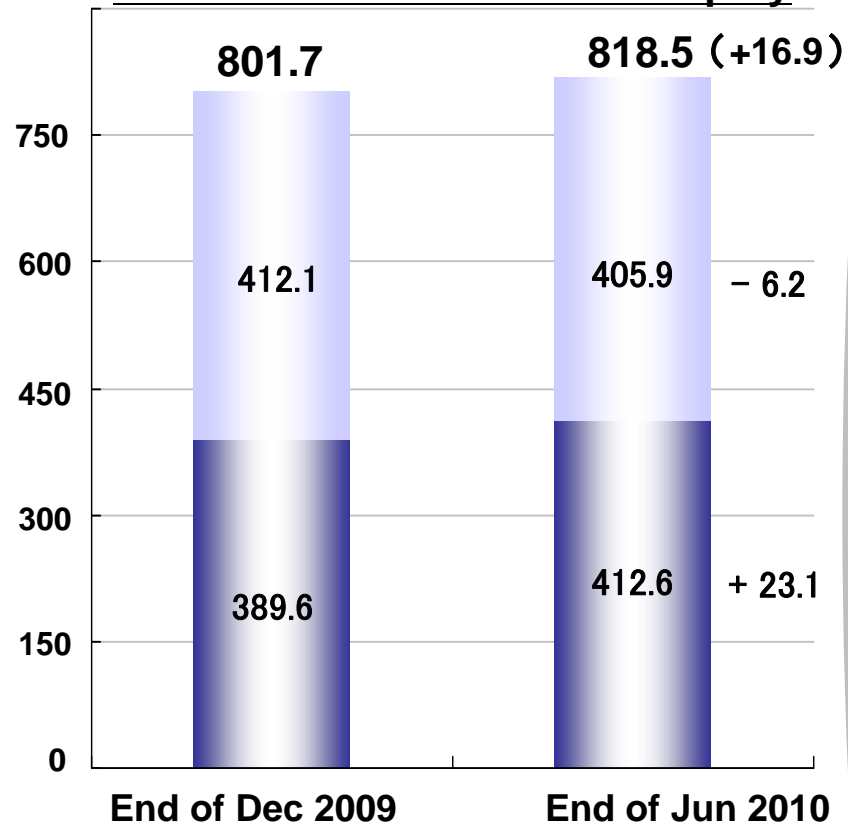


- Total Other Assets
- Total Property and Equipment
- Total Investments
- Total Current Assets

Current Assets: Up 19.4 billion yen mainly due to increase in cash and cash equivalents from operating activities and exercise of stock options

(Unit: billion yen)

Liabilities & Shareholder's Equity



- Total Shareholder's Equity
- Total Liabilities

Liabilities: Down 6.2 billion yen due to debt payments and lower deferred tax liabilities

Total shareholders' equity: Up 23.1 billion yen due to increase in net income attributable to J:COM shareholders

Consolidated Cash Flows

(Unit: billion yen)

	2Q 2009	2Q 2010	
Cash flows from operating activities	57.5	60.0	【Outline】 Net income of 21.8 billion yen; depreciation and amortization of 42.7 billion yen
Cash flows from investing activities	-23.3	-25.4	Capital expenditures of -24.6 billion yen; acquisition business expenditures of -1.1 billion yen
Cash flows from financing activities	-16.1	-15.2	Principle payments under capital lease obligations of -10.9 billion yen -6.2 billion yen principle payments of long-term debt -3.4 billion yen of dividends paid to shareholders Proceeds from sales of treasury stock of 4.1 billion yen
Free cash flow*	25.9	26.7	Total amount of 60.0 billion yen in cash flows from operating activities minus 33.4 billion yen in capital expenditures including capital lease expenditures

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

FY2010 Consolidated Full Year Forecasts

4.0 billion yen upward revision of Net income attributable to J:COM shareholders

	FY2010			
(Unit: billion yen)	Previous Forecast	Changes Year-on-Year	Current Forecast	Changes Year-on-Year
Total Revenue	357.0	7%	357.0	7%
Operating Income	66.5	9%	66.5	9%
Income before noncontrolling interests and income taxes	62.0	7%	62.0	7%
Net income attributable to J:COM shareholders	32.5	7%	36.5	20%

Background

◆ Strengthen generate shareholder return

◆ Increase in net income forecast for FY2010

Annual dividend: 1,500 yen/share

Up 300 yen of dividend (year-end) from 600 yen to 900 yen
(previous forecast:1,200yen/share)

[FY2009: annual dividend 980 yen/share]
(interim and year-end: 490 yen each)

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- ▶ **The Alliance Study Committee was reorganized into the Alliance Promotion Committee in June 2010; Four Working Groups that straddle both J:COM and KDDI as well as its companies and divisions are considering the alliance**
- ▶ **Responsible officers are assigned within each Working Group on an individual issue basis; Steps are being taken to aggressively pursue specific measures aimed at realizing an alliance**

Telecom Business and Product Collaboration

- **Cooperation in the fixed-line and mobile phone businesses**
- **Collaboration in the high-speed wireless data communications business**
- **Cross sales promotions**

Media Business

- **Collaboration and integration of VOD services**
- **Collaboration between each company's advertising and marketing teams to expand the advertising business**
- **Mutual distribution of the video content owned by each company**

CATV Business

- **Realization of business synergies between J:COM and Japan Cablenet Limited (JCN), a subsidiary of KDDI**
- **Establishment of a mutual introduction framework that channels customer inquiries to both J:COM and JCN**

Technology and Infrastructure

- **Collaboration in infrastructure including the mutual application of networks**
- **Development of devices and products, such as next-generation set-top boxes, that harness the technological capabilities of both companies**

		<u>Target Market</u>	<u>Scheduled Introduction</u>	
Introduce J:COM PHONE PLUS		New subscribers and Legacy subscribers	From Apr 2011	
Expand free calling service	Free calls to KDDI's fixed-line telephones	J:COM Phone subscribers	From Dec 2010	
	Free calls to au mobile phones		From Apr 2011	
Commence au introductory agency system		J:COM subscribers	From Apr 2011	
Introduce J:COM All-In-One Billing		J:COM and au subscribers		
Introduce J:COM WiMAX		J:COM NET subscribers	From Jan 2011	
J:COM x au cross sales promotions		J:COM or au subscribers	From Aug 2010	

Upgrade and expand for preferential calling service

Raise customer satisfaction levels and lower churn rates

Uptake of au / KDDI users

Increase the potential for new acquisition

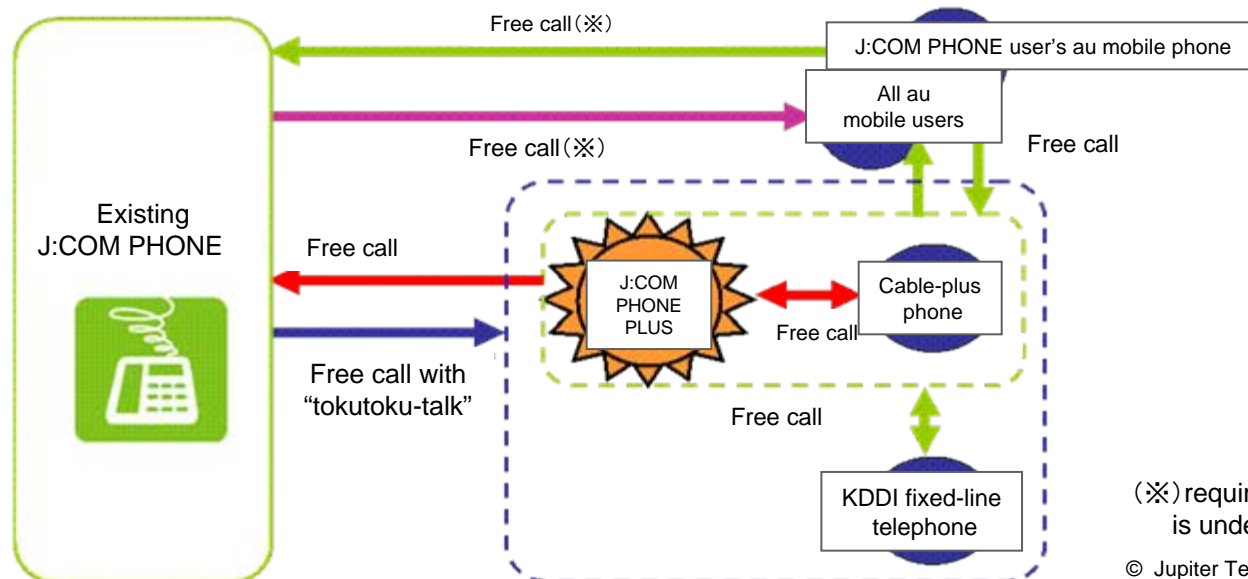
Telecom Business and Product Collaboration: Fixed-line Telephony

■ Introduce the new telephony service J:COM PHONE PLUS

- Telephony service provided from KDDI's Cable-plus phone service to J:COM on a wholesale basis
- Plans to commence from April 2011
- New subscription to entail a changeover to the new telephony service
- Existing J:COM PHONE legacy system subscribers will be transferred to the new telephony service



■ Existing J:COM PHONE subscribers to benefit from preferential rates for calls



(※) requirement of free call is under consideration

■ Commence the au introductory agency system

- J:COM introduces its customers to au
- Plans to commence from April 2011

■ Commence J:COM All-In-One Billing

- A system that integrates J:COM CATV, Internet and telephony services with au billing
- Plans to commence from April 2011

■ Commence the provision of J:COM WiMAX

- Provide UQ Communications Inc.'s WiMAX as mobile virtual network operator
- Optional services for J:COM NET subscribers
- Plans to commence from January 2011



■ J:COM × au cross sales promotions launched in the Kansai area

- Special Introduction Campaign from August 1 to September 30, 2010
- Highlight the appeal of providing J:COM TV to au users and au mobile to J:COM users to promote subscriptions



	All J:COM services	au mobile
Target	au subscribers in the J:COM Kansai area Approximately 600,000 households (Single-dwelling units)	J:COM subscribers in the Kansai area Approximately 1,100,000 households
Offer	Free installation +	Mobile number portability applicable for new subscribers; discounts on mobile phone prices +
	VOD discount of ¥5,000, or six months free HDR, or two months free Blu-ray HDR	

■ Introduce au business-use terminals for J:COM employees

- Install approximately 5,700 units
- Plans to introduce between September and October 2010



■ Introduce electronic settlement terminals equipped with au communication modules

- Install approximately 1,800 units to secure operating efficiency
- J:COM sales representatives facilitate easy payment at customers' homes
- Plans to introduce in the first quarter of fiscal 2011



VOD service collaboration

- Combine procurement of programming contents from August 2010
- Future considerations to integrate video-on-demand (VOD) services and changeover to a wholesale sales scheme

J:COM オンデマンド

MOVIE SPLASH VOD



Mutual distribution of contents

- Broadcast the J:COM Group's thematic channels to "au HIKARI" subscribers, Planning to commence by June 2011
- Broadcast LISMO campaign movie 'LOVECOME', KDDI programming contents through J:COM VOD etc., commencing from August 2010



Advertising Business Collaboration

- Develop and sale of packaged advertising through links established between au and the J:COM Group's thematic and community channels



■ Implementing joint promotions between J:COM and JCN

- Implement joint advertising as a first step in October 2010 to showcase the shift to HD
- Implement joint events in Tokyo as a second step in December 2010
 - ▼ Plans to establish an event collecting the popular characters from thematic channels
- Promote increased brand awareness and recognition to increase subscribers, with expectations of improved customer satisfaction

Joint Advertising



Character Event

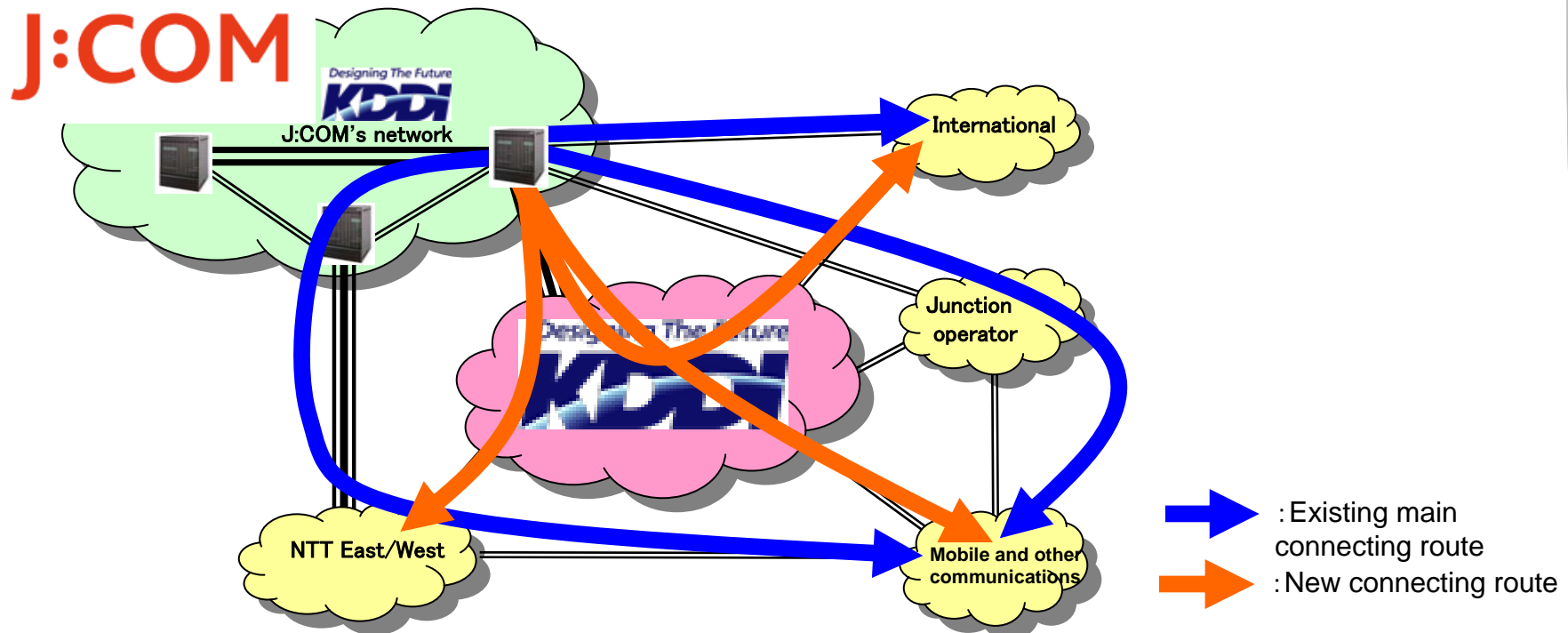


■ Establish an introduction system that facilitates mutual subscriptions between J:COM and JCN

- Commence from July 2010

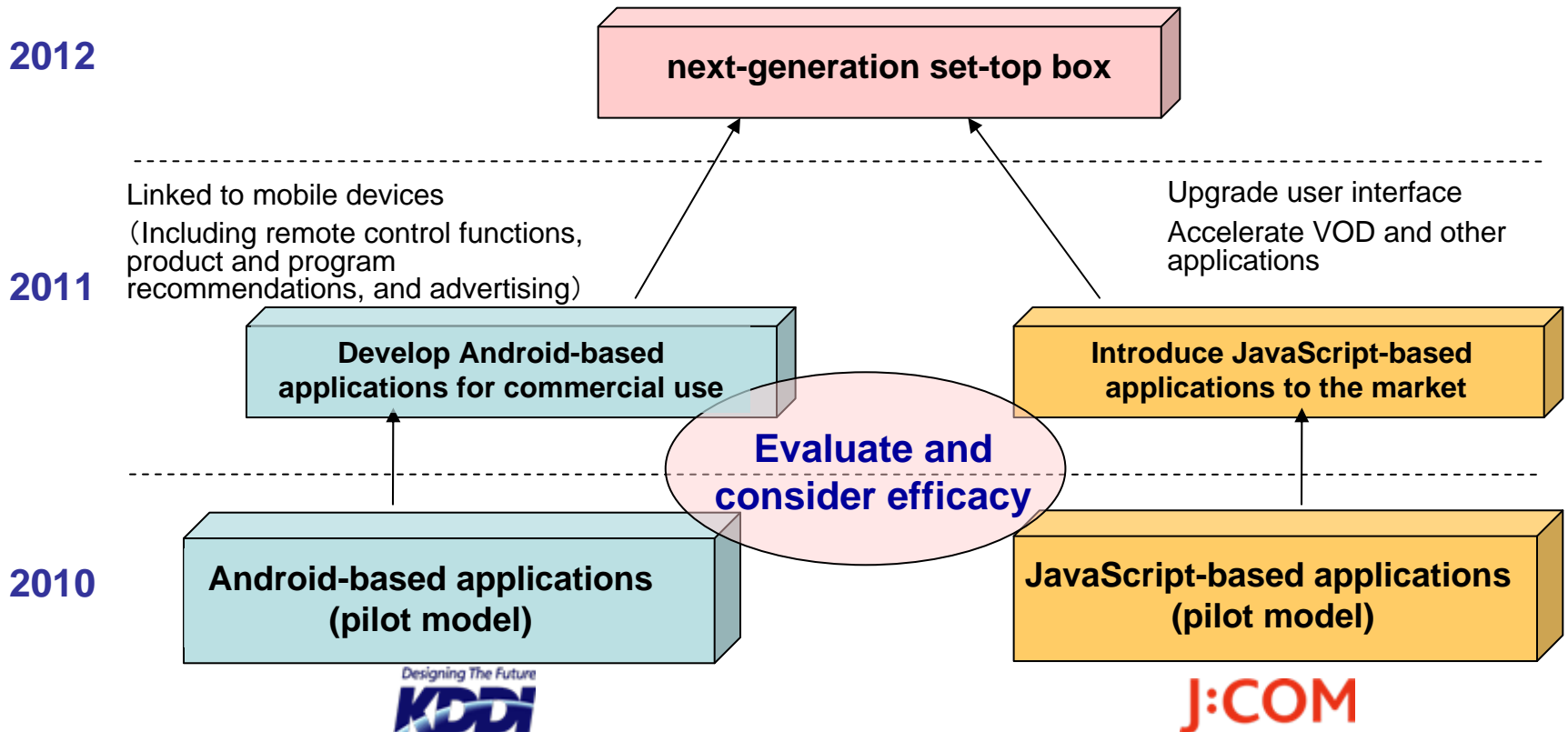
■ Progressively implement mutual connection access with the KDDI telephone network from April 2011

- Progressively implement from April 2011
- Mutual connection access with KDDI at major bases
- International connection from other operators to KDDI
- Achieve reductions in telephony service operating costs



■ Development of a next-generation set-top box

- Showcase both companies' pilot models at the Cutting-edge IT & Electronics Comprehensive Exhibition (CEATEC) in October 2010
- Target the introduction of a next-generation set-top box in 2012

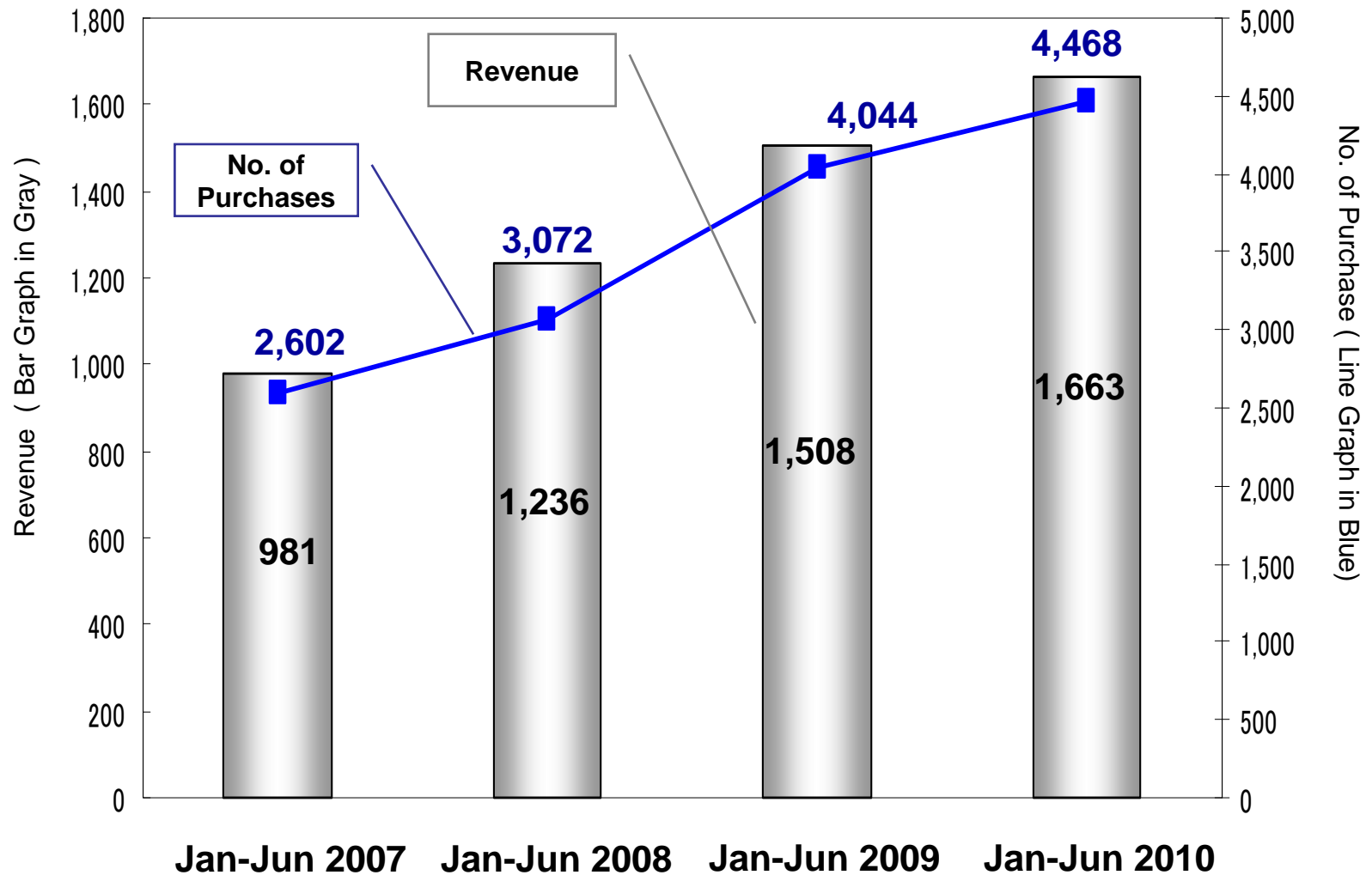


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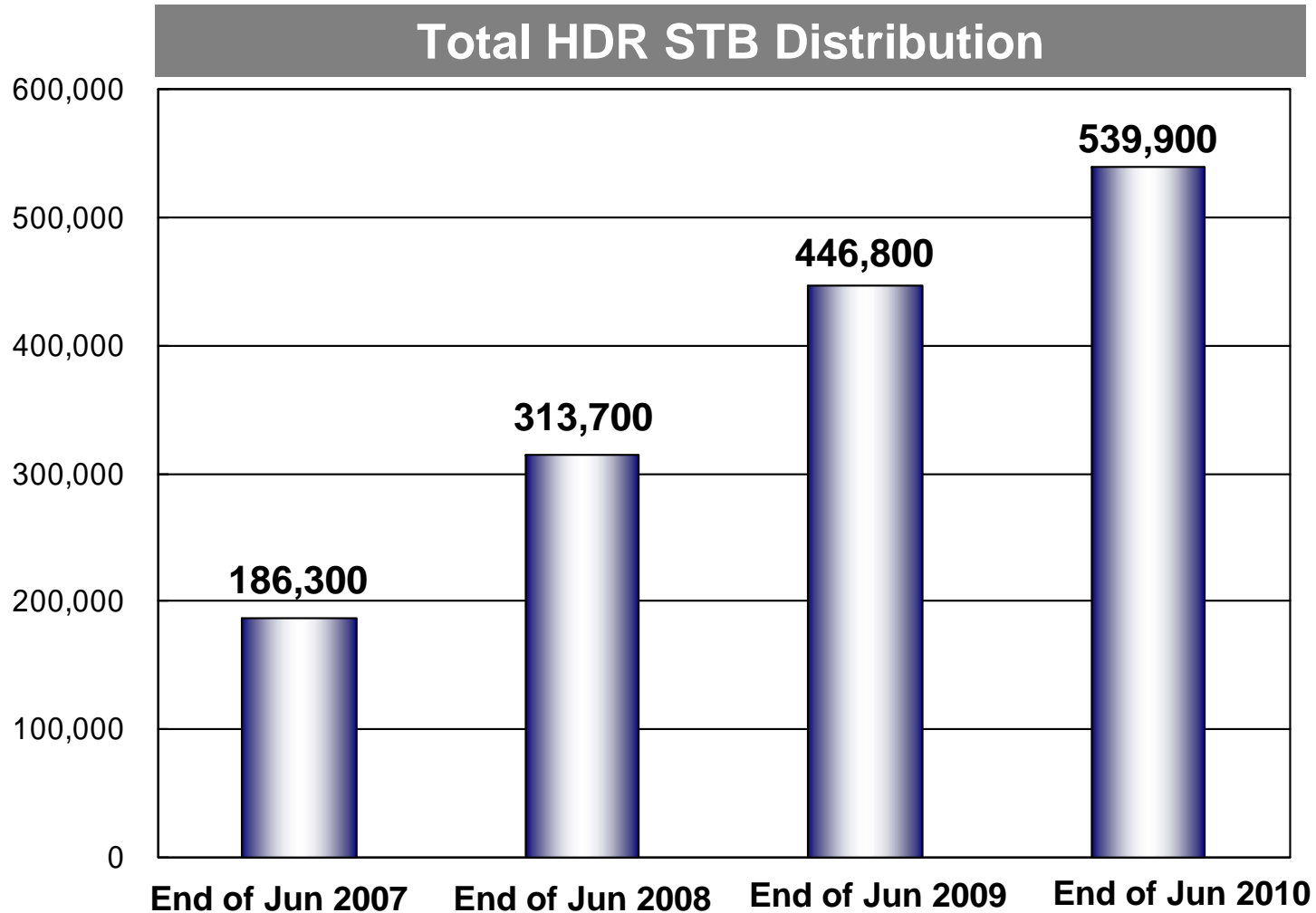
Number of Purchases and Revenue

(Unit: million yen)

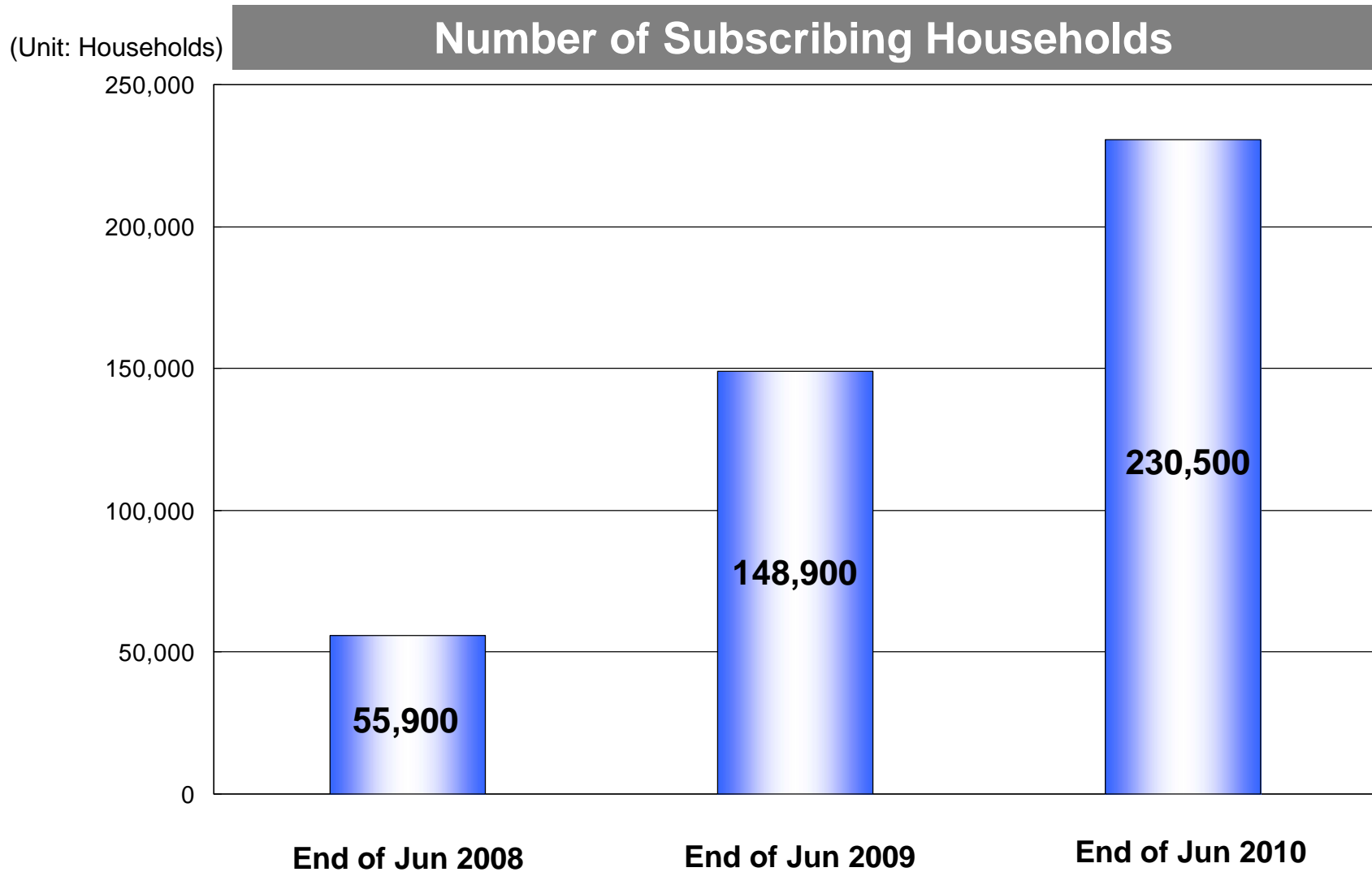
(Unit: thousand)



“HDR” STB with Internal Hard Disk Drive

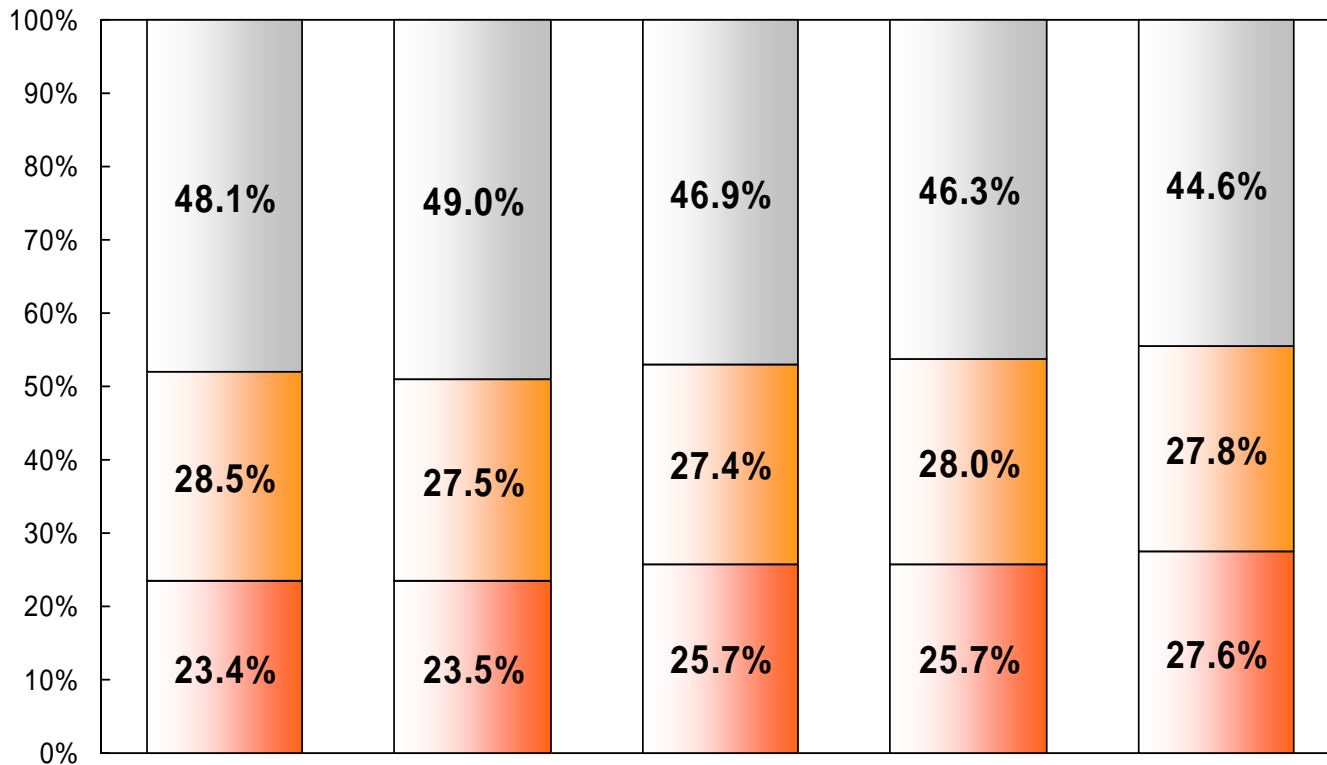


J:COM NET 160Mbps Service



Composition of Households by No. of Services Subscribed

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



End of Jun 2006 End of Jun 2007 End of Jun 2008 End of Jun 2009 End of Jun 2010

Number of Households with Service Available by Channel

(As of May 31, 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.	Consoli dated 100%	7,500K (7,900K)	AXN AXN Japan Co., Ltd.	Equity method 35%	6,830K (6,700K)
LaLa TV Jupiter Entertainment Co., Ltd.		6,330K (6,640K)	Kids Station Kids Station Co., Ltd.	Other 15%	8,320K (8,120K)
Act On TV Entertainment and lifestyle information for adults Jupiter Visual Communications Co., Ltd.	Consoli dated 90.00%	3,990K (3,970K)	Japanese Movie Channel Nihon Eiga Satellite Broadcasting Corp.	Other 9.99%	6,800K (6,620K)
GOLF NETWORK Jupiter Golf Network Co., Ltd.	Consoli dated 89.41%	6,980K (7,310K)	SAMURAI DRAMA CHANNEL Nihon Eiga Satellite Broadcasting Corp.		7,390K (6,840K)
J sports ESPN, J sports 1, J sports 2, J sports Plus * * J Sports Broadcasting Co., Ltd.	Consoli dated 80.5%*	7,710K (7,960K)	Nikkei CNBC Nikkei CNBC Japan Co., Ltd.	Other 9.75%	7,520K (7,480K)
Channel Ginga Channel Ginga Co., Ltd.	Consoli dated 76%	3,380K (3,190K)	Optional channels		
Discovery Channel Discovery Japan Co., Ltd.	Equity method 50%	6,720K (7,070K)	Anime Theater X (AT-X) AT-X Co., Ltd.	Other 12.28%	110K (110K)
Animal Planet Animal Planet Japan Co., Ltd.	Equity method 33.3%	5,580K (5,880K)			

Source: Companies involved

Number of households with service available as of Feb 28, 2010, are shown in parentheses.

* Includes indirect ownership by way of wholly-owned subsidiary Jupiter Sports.

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

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