The following is an unofficial English translation of the Reports for the 19th Fiscal Year of Jupiter Telecommunications Co., Ltd. The Company provides this translation for your reference and convenience only and without warranty as to its accuracy or otherwise.

(Attachment to Notice of Convocation of the 19th Ordinary General Meeting of Shareholders)

Reports for the 19th Fiscal Year

January 1, 2012, through December 31, 2012

To All Shareholders

We wish to express our sincere thanks for the exceptional favor you have always shown us.
We have the pleasure of reporting to you our general condition of operations for the 19th Fiscal Year (January 1, 2012, through December 31, 2012) as set forth below.
We sincerely appreciate your understanding and support.

Shuichi Mori
Representative Director & President

Business Report

January 1, 2012 through December 31, 2012

1. Current State of the J:COM Group

(1) Business Progresses and Results

● Business Situation

During the fiscal year ended December 31, 2012 ("this fiscal year"), while consumer prices continued to shift downwards, there were signs of recovery in personal consumption and in production activities mainly supported by demand related to reconstruction after the Great East Japan Earthquake. However, uncertainty prevailed amid factors such as prolonged record-high levels of yen appreciation, further slowdown in the world economy due to the European debt crisis and weakened growth in emerging nations.

The environment that surrounds Jupiter Telecommunications Co., Ltd. (the "Company" or "J:COM") is, in addition to increasing competition with established competitors in broadcasting and communications, entering an era of full-edged fierce competition due to the entrance of new business operators such as IPTV and OTT [*1]. Furthermore, we are entering a new stage where broadcasting and communications services have become more and more diverse amid the popularization of smartphones and the diversification of devices such as tablets, in addition to the rapidly broadening array of content services centered on images, music, and e-books.

Under such environment, the J:COM Group (the Company together with its consolidated subsidiaries, the "Group")[*2] has positioned this fiscal year as the inaugural year for new pay-TV multi-channel broadcasting. Recognizing that changes in the external operating environment offer opportunities, the Group concentrated on six core issues focused on the cable television business in order to generate sustainable expansion and reinforce its management base as a means of ensuring ongoing medium- and long-term development.

The Cable Television Business

- ***Expanding the Customer Base and Boosting Earnings Potential***

The Group is taking steps to develop and promote products that match the needs of customers, following the complete changeover to digital terrestrial broadcasting in July 2011.

During this fiscal year, the Group worked to reinforce and expand sales of packaged services at reasonable subscription fees, focusing on "J:COM NET", a high-speed Internet access service that boasts a broad product lineup, combined with the cable television service "J:COM TV" and telephony service "J:COM PHONE Plus". As a result, the ratio of new subscribers to J:COM NET's 160 Mbps service, which contributes more to revenue, to the total number of new subscribers to "J:COM NET" increased from 35.1% recorded for January 2012 to around at 55% and above from June 2012. At the same time, the ratio of new subscribers to the J:COM's multi-channel services (excluding "J:COM TV My style" and "J:COM TV My style NEXT") to new subscribers to "J:COM TV" increased from 67.1% recorded for January 2012 to around at 75% and above from May 2012.

In September 2012, the Group stopped newly selling "J:COM TV My style", one of the package services of the cable television service, and launched “J:COM TV My style NEXT”[*3]. As a result, it became possible to use part of the multi-channel broadcasting services at reasonable subscription fees, which encouraged new subscriptions by providing more opportunities for use among the viewer segments that have low multi-channel broadcasting subscription rates, such as young and single residents and senior couples. The Group aims to improve the trend of decline in ARPU[*4] by setting monthly subscription fees for “J:COM TV My style NEXT” some hundreds of yen higher on average compared to “J:COM TV My style”.

Meanwhile, through offering two community channels, the Group intends to enhance the level of customer satisfaction, and encourage subscriptions to services by raising awareness of the Group’s services among viewers who presently do not subscribe to fee-based services. In April 2012, the Group expanded the broadcast area of its community channel “J:COM Channel HD”, which broadcasts the Group’s original content while also delivering programs that promote the Group’s services and thematic channels, from the Kanto region to all the Group’s service areas. In addition, the shift to high-definition (HD) digital transmission was completed in all the Group’s service areas for the community channel “J:COM Channel”, which primarily features regional information, including announcements from local organizations and governments.

Furthermore, in addition to its existing broadcasting and communications services, the Group launched new initiatives. “J:COM Omakase Support” [*5], launched in October 2012, provides a variety of assistance with questions or problems related to television or Internet for subscribers of “J:COM TV” and “J:COM NET” in the Tokyo area. Also, in December 2012, the Group launched in the Tokyo area an electricity supply service for condominiums[*6], which will provide electricity for condominiums at lower rates. The Group plans to progressively expand these services to the rest of the Group’s service areas. By offering these new services, the Group will aim to expand its customer base and further strengthen its earnings potential.

Moreover, the Group opened J:COM Wonder Studio, its first concept shop, in May 2012 in the East Yard at Tokyo Solamachi®, the retail center inside TOKYO SKYTREE TOWN® for the purpose of promoting its pioneering services and enhancing the strength of the J:COM brand. At J:COM Wonder Studio, the Group proposes new ways to enjoy television using projections of the latest images from its thematic channels on 103-inch plasma displays, which are among the biggest in Japan, and new service demonstrations. About seven months after opening, J:COM Wonder Studio had received a total of 530,000 visitors and above.

- ***Enhancing the Level of Customer Satisfaction***

The Group has been striving to further expand VOD services tailored to the diversifying needs of customers who want to enjoy programs of their choice, as and when desired.

Firstly, the Group launched a “TV Everywhere” service, “Xvie”, in May 2012, which lets users enjoy VOD via smartphones, tablet devices, and personal computers, as long as they are “J:COM TV Digital” customers. Approximately 11,600 VOD titles can be purchased via “Xvie” as of December 31, 2012.

In another initiative to expand its VOD services, the Group began offering an all-you-can-watch VOD service “J:COM On Demand Megapack” from June 2012, allowing customers of “J:COM TV Digital” a comprehensive range of programming spanning various genres including movies, Japanese and overseas dramas, animation, general entertainment, and hobby and educational programs for a monthly rate of ¥980 (including tax). Approximately 4,800 VOD titles can be provided as of December 31, 2012.

In addition, the Group has been involved in the distribution of dramas produced by Tokyo Broadcasting System Television, Inc. ("TBS") prior to terrestrial broadcasting in partnership with TBS. For this fiscal year, it had the exclusive distribution of *"Houkago wa Mystery to tomoni"* and other titles.

Taken all together, the total number of titles of VOD services purchased in this fiscal year was 14,615,900, up 15.3% compared to the previous fiscal year.

- ***Proactively Cultivating Alliances***

The Group promoted further alliance with KDDI CORPORATION ("KDDI").

The Group first initiated mutual sales of both companies' services in the Kansai and Sapporo areas from August 2010, and then extended it to the Kanto and Sendai areas in December 2011. As a result, for this fiscal year under review, the number of RGUs[*7] acquired via KDDI rose significantly compared to the previous fiscal year, from 11 thousand to 84 thousand. Meanwhile, the number of mobile phone lines secured by KDDI through introductions by the Group increased from 10 thousand to 50 thousand year on year.

In addition, the Group promoted to make use of "au Smart Value" [*8], a packaged service launched in March 2012, to cultivate a new customer segment while promoting the use of additional services by existing customers. As a result, for this fiscal year under review, the number of subscribing households attributable to "au Smart Value" totaled 74 thousand.

Moreover, as a part of its efforts to further promote its business alliance, since August 2012 the Group has started establishing public Wi-Fi access points ("AP"s) for au smartphone users within the Group's service areas using the Group's high-speed Internet access. A total of approximately 5,100 APs have been set up as of December 2012. Through this partnership, the Group is earning revenue from KDDI, while encouraging subscription to additional services by taking advantage of this Internet access service available at commercial, public and other facilities where the APs are located.

- ***Actively Pursuing M&As***

In its "Medium-Term Business Plan", the Group has positioned M&As as a key strategy for the expansion of its cable television business and media business as well as achieving the Group's aspirations to establish lifestyle support businesses based on the concept of "J:COM Everywhere".

In this fiscal year, the Group acquired the shares of ASMIK ACE ENTERTAINMENT, INC. ("ASMIK") in March 2012, turning it into a consolidated subsidiary with the aim of enhancing original content production capabilities and securing programming content exclusive distribution rights. As a part of its business collaboration with ASMIK, the Group began distribution of an original drama series based on Keigo Higashino's *"Warai"* ("Laugh") stories, which was planned and produced by ASMIK, through the Group's VOD on August 2012. Moreover, during this fiscal year, ASMIK produced and released seven movies, among which *"Helter Skelter"* and *"The Floating Castle"* were major hits in Japan, grossing over ¥2.1 billion and ¥2.7 billion, respectively in box-office revenues by the end of December 2012.

- ***Further Fortify the Network***

The Group is working tirelessly to enhance the robustness of its network to ensure its reliability as basic social infrastructure in the event of a large-scale natural disaster.

Among a number of measures, the Group is incorporating the backbone networks between its five of the Group's regional service areas nationwide into KDDI's integrated IP core network, which uses MPLS[*9] technology with the advantage of outstanding quality control. This changeover began in March 2012, and the Group plans to complete the switchover in the fiscal year ending December 31, 2014.

- ***Promoting Increased Business Efficiency***

As part of its measures aimed at generating the funds required for medium- and long-term development and growth in preparation for an operating environment in which competition is becoming more and more intense, the Group implemented reforms to its organizational structure in April 2012 for the purpose of consolidating and streamlining the organization of its head office divisions.

The Media Business

In the media business, in the field of new BS digital broadcasting, which commenced in October 2011, J SPORTS Corporation ("J SPORTS"), which operates thematic sports channels, built on its existing "J SPORTS 1" and "J SPORTS 2" channels, to complete the transfer to BS digital broadcasting through "J SPORTS 3" (formerly J sports ESPN) and "J SPORTS 4" (formerly J sports Plus) in March 2012. As a result, J SPORTS is the nation's top BS channel operator with a market-leading four channels.

In addition, Jupiter Golf Network Co., Ltd., which operates the dedicated golf channel "Golf Network", concluded an agreement for acquiring broadcast rights with U.S.-based Golf Channel. As a result, Golf Network has been Japan's only dedicated golf channel since April 2012, and its program lineup has been substantially strengthened and expanded.

As for the media business, the Group merged the VOD business of Jupiter Entertainment Co., Ltd., into the operations of ASMIK ACE, INC. in December 2012, with the objective of consolidating and strengthening its business structure. Through this business integration, the Group intends to improve the Group's content procurement capabilities and to plan and develop original content which will create synergistic effects to the Group by centralizing the previously separate content procurement operations.

Accounting for all of the aforementioned initiatives, the Group's revenue for this fiscal year increased 2.1% compared with the previous fiscal year to ¥376,835 million. Of this total, subscription fees climbed 1.7% year on year to ¥313,276 million. This improvement was mainly attributable to the increase in existing consolidated subsidiary subscribing households and the aggregate impact of acquisitions.[*10] In specific terms, subscription fees by service type comprised ¥167,884 million for cable television services, ¥93,274 million for high-speed Internet access services. This, in turn, represented year-on-year increases of 1.5%, and 3.5% respectively. Telephony services' subscription fees decreased 0.7% compared with the previous fiscal year to ¥52,118 million due to the decrease of a temporary increase of the telephone call charge brought by the Great East Japan Earthquake in the previous fiscal year.

Turning to operating expenses, operating and programming costs rose 5.6% compared with the previous fiscal year to ¥148,445 million. This upswing largely reflected higher programming-related costs and the aggregate impact of acquisitions. Selling, general and administrative (SG&A) expenses increased 4.8% year on year to ¥75,622 million. This was mainly due to an increase in personnel and the aggregate impact of acquisitions. Depreciation and amortization expenses decreased 4.7% to ¥81,354 million. The decrease was mainly due to certain assets that were fully depreciated before the end of this fiscal year.

From a profit perspective, operating income for this fiscal year increased 0.5% compared with the previous fiscal year to ¥71,414 million. Income before noncontrolling interest and income taxes totaled ¥70,123 million, 2.3% higher year on year.

Net income attributable to the Company's shareholders increased 11.7% compared with the previous fiscal year to ¥41,623 million for this fiscal year. This was due to a decrease in income tax expenses by the effect due to unrecognized tax benefit and etc..

(Note) 1. The acronym for Over- The- Top. Service which distributes images to the terminal directly trough broadband Internet.

2. The J:COM Group is the Company and its consolidated subsidiaries. The Company is a multiple-system operator in its cable television business and a multiple-channel operator in its program supplying business. In the cable television business, the Group provides cable television, high-speed Internet access, telephony and related services under the "J:COM" brand through the Group's broadband (high-speed, large capacity) network. In the program supplying business, the Group invests in and operates plural thematic channels and manages contents business centered around program supplying to cable television, satellite broadcasting, IP multicasting broadcasting and other platforms.

3. Whereas "J:COM TV My style" provided access to thematic channel programs through video-on-demand ("VOD"), "J:COM TV My style NEXT" is a linear-type of multi-channel broadcasting service that delivers prescheduled programs listed in a viewing guide. Specifically, this is a packaged service that offers digital terrestrial broadcasts, BS digital broadcasts, and multi-channel broadcasting services in the genre of the customer's choice (selected from three categories: "movies and documentaries", "dramas" and "animation and music", each category comprising five thematic channels), in combination with high-speed Internet access and/or telephony packaged services.

4. The acronym for Average Revenue per Unit. ARPU refers to the monthly average revenue per unit of subscribing household.

5. Refers to the service that provides assistance with television and Internet technical difficulties, such as television wiring and connections, and setting up of computers, smartphones and tablet devices to use Internet, all for a monthly charge of ¥525 (including tax) with expert staff to provide remote computer support through special telephones, and their visits to households at no charge or for a discounted fee.

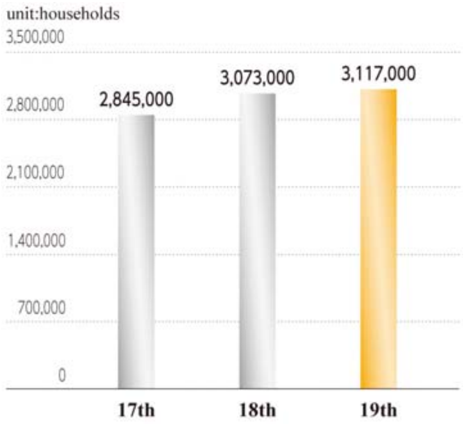
6. Refers to the service where the Group receives the electricity supply from SUMMIT ENERGY CORPORATION, a power producer and supplier, and provides electricity to customers living in condominiums in the Group's service areas at lower rates than those contracted with regional

power companies in the past.

7. The acronym for Revenue Generating Unit. RGU refers to the total number services provided across its three core cable television, high-speed Internet access and telephony services.
8. Refers to the packaged service that combines the Group's high-speed Internet access and telephony services with discounted au smartphone usage fees.
9. The acronym for Multi-Protocol Label Switching. A packet data switching technology that increases the speed of data forwarding and traffic management.
10. The actual amount by which consolidated financial statements are affected as a result of the inclusion of acquired and related entities in the Company's scope of consolidation over one year following acquisition.

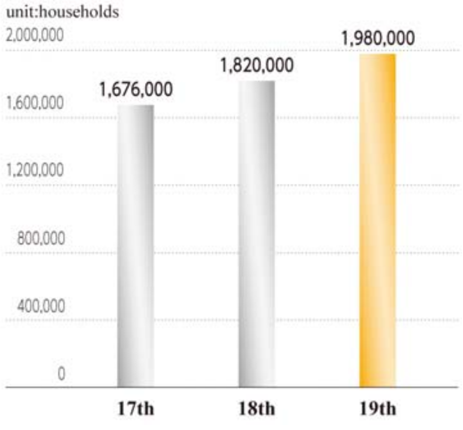
Cable television service (J:COM TV)

The number of subscribing households to the Group cable television service increased by 44 thousand households year-on-year to reach a total of 3,117 thousand households as of the end of this fiscal year.



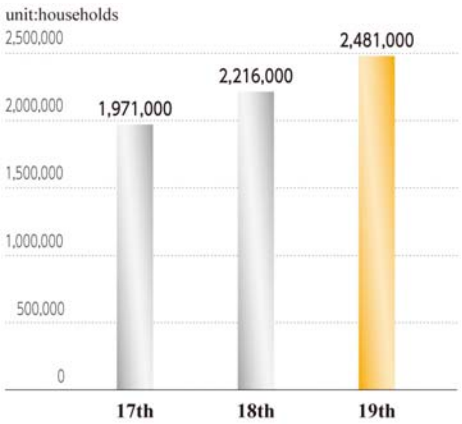
High-speed Internet access service (J:COM NET)

The number of subscribing households to the Group high-speed Internet access service increased by 160 thousand households year-on-year to reach a total of 1,980 thousand households as of the end of this fiscal year.



Telephony service (J:COM PHONE)

The number of subscribing households to the Group telephony service increased by 264 thousand households year-on-year to reach a total of 2,481 thousand households as of the end of this fiscal year.



As a result of the foregoing, the number of households that subscribe to at least one or more services — cable television services, high-speed Internet access services, or telephony services — rose by 120 thousand households from the end of the previous fiscal year to 3,741 thousand households as of this fiscal year.

The bundle ratio, which indicates the number of services provided per subscribing households, increased from 1.96 in the end of the previous fiscal year to 2.03 as of this fiscal year.

● Corporate Social Responsibility

As a regional service provider and a company engaged in the broadcasting and telecommunications business, the Group considers corporate social responsibility ("CSR") as a matter of importance, and promotes its CSR activities based on the two axes of (1) activities through which the Group fulfills its responsibility as a good corporate citizen and (2) "Nicology Activities"[*11] in which the Group works together with the customers and members of the local communities in the Group's service areas.

In response to the risk of electricity supply shortages due to the halting of operations at nuclear power plants and other factors, the Group has installed energy-saving devices and promoted a changeover to energy-saving equipment. In addition, the Group strove to reduce electricity consumption in its day-to-day business activities and engaged in activities promoting the conservation of electricity and energy during the summer months via its websites and TVCM.

As part of the "Nicology Activities", the Group implemented the "J:COM green curtain" initiative, which encourages people to plant Goya ("bitter melon"), Japanese morning glory and other seeds in the spring, and to place them beside windows so that the vines and leaves grow to form a natural curtain that can be used to block out the heat of the sun in the hot summer season. In this fiscal year, the Group distributed a total of approximately 70 thousand packets of seeds across Japan. Furthermore, the nationwide "CLEAN UP OUR TOWN" event that the Group has been involved in since 2008 is now in its fifth year, and in addition to the Group's employees, approximately 3 thousand customers and members of the local communities participated in clean-up events at 54 locations across Japan, collecting a total of six tons of garbage.

(Note) 11. Community-based activities are affectionately referred to as "Nicology Activities" ("nico" the

Japanese word for "smile" + E"co"logy) by the Group. This catchphrase is used to promote activities aimed at delivering smiles to people, communities and the environment.

(2) Capital Expenditure

Total capital expenditure undertaken by the Group during this fiscal year amounted to ¥61,651 million. While expenditure was mainly in the area of subscriber installation work, investments were also made in trunk line extension, as well as the upgrade and expansion of center facilities that cater to the Group's cable television, high-speed Internet access and telephony service activities.

In its subscriber installation work, expenditures for construction to subscribers were ¥17,643 million and multi-dwelling units (MDUs) were ¥6,039 million and ¥4,110 million for terminals installed in subscriber homes.

In its trunk line extension work, the Group invested ¥8,565 million. Investments were made in the service areas of the Group companies including J:COM Sapporo Co., Ltd. and J:COM West Co., Ltd..

During this fiscal year, the combined length of the Group's network was extended by 1,222 kilometers, reaching 69,001 kilometers by the end of this fiscal year.

As a result, the total number of households capable of subscribing to the cable television service offered by the Group ("homes passed"), including organic growth due to new residential construction in existing services areas and trunk line extension, stood at 13,874 thousand as the end of this fiscal year (a year-on-year increase of 254 thousand households). At the same time, the number of homes passed for high-speed Internet access service was also 13,874 thousand as of the end of this fiscal year (a year-on-year increase of 254 thousand households), while the number of homes passed for telephony service reached 13,862 thousand households as of the end of this fiscal year (a year-on-year increase of 262 thousand households).

In its center facility expenditure, the Group undertook investments ¥5,024 million for its head-end, ¥1,542 million for Internet-related facilities and ¥207 million for telephony facilities. This expenditure was attributable to a number of factors including the expansion of service areas, the increase in the number of subscribers and efforts to further enhance customer trust.

Moreover, the Group invested ¥6,997 million in leased assets including terminals installed in subscriber homes including set-top boxes ("STB"s).

(3) Financing

In this fiscal year, the Group has done the scheduled payment of ¥8,000 million borrowed from Development Bank of Japan Inc.. As a result, the total amount of the remaining debt balance including the corporate bond is ¥123,000 million, ¥8,000 million less than the end of the previous fiscal year.

The remaining debt balance of the Group (excluding the Company) from Development Bank of Japan Inc. and others is ¥10,170 million, ¥3,334 million less than the end of the previous fiscal year.

Therefore, the total amount of the remaining debt balance of the Group is ¥133,170 million, ¥11,334 million decreased from the end of the previous fiscal year.

(4) Assets and Liabilities Purchases, Absorption-Type Demergers or Incorporation-Type Demergers

For details, see below in section (13) Principal Subsidiaries, (ii) Course of Business Consolidation.

(5) Succession to the Business Rights and Duties of Other Companies as a Result of Mergers by Absorption or Absorption-Type Demergers

For details, see below in section (13) Principal Subsidiaries, (ii) Course of Business Consolidation.

(6) Acquisition or Disposal of Other Companies' Shares, Equity, or Stock Acquisition Rights, etc.

For details, see below in section (13) Principal Subsidiaries, (ii) Course of Business Consolidation.

(7) Issues for the Group

The Group's cable television and media businesses are confronted with major changes in the operating environment. These include increasingly diverse customer needs with respect to broadcasting and telecommunications, as well as the appearance of new business operators who, along with established broadcasters, are offering IPTV, OTT and other services.

With a view to succeeding in this competitive environment and further expanding business over the medium to long term, the Group is carrying out a number of tasks according to its basic policies of taking on new challenges to increase earnings and implementing ambitious cost restructuring measures.

In the Group's cable television business, the growth of households subscribing to pay-TV multi-channel broadcasting in Japan is tapering off, and competition to attract subscribing households is intensifying. Under these circumstances, among its new challenges to increase earnings, retaining its existing customers is the most important. Toward this end, in addition to its existing three services, which are cable television, high-speed Internet access and telephony services, the Group will take up the challenge of developing and delivering a wide array of new services that help make customers' lives more convenient and comfortable. Positioning high-speed Internet access as a key component, the Group is looking to provide a variety of packaged services that make use of such products as "au Smart Value" and "J:COM TV My style NEXT," both introduced in 2012. Together with efforts to promote the use of "Xvie" in combination with "J:COM On Demand Megapack." The Group aims to advance an electricity supply service for condominiums and J:COM Life Navigation, a lifestyle support service (J:COM Everywhere) as new businesses that will generate its next sources of earnings. Moreover, after a relatively long period of development, the Group's next-generation STB will be released to the market this year. These next-generation products are multi-functional, high-performance devices. With their release, the level of satisfaction and convenience of its customers will dramatically increase. The Group is positioning these measures as proactive business strategies. Meanwhile, as defensive business strategies, the Group is expanding its sales staff system across the country. This system specializes in handling existing customers, putting sales staff in charge of designated areas. Likewise, the Group is carrying out a full-scale deployment of "J:COM Omakase Support", through which it solves various problems involved in setting up television and Internet connections.

In line with taking on new challenges to increase earnings in the media business, the Group is focusing efforts on providing VOD services based on an IP platform for cable television operators outside the Group. With the implementation of this system, cable television operators are able to provide VOD services adapted to multiple devices, as well as manage customer information and develop services with a high degree of flexibility, such as in-house design of service menus, without spending a lot on development costs. In addition, the Group is promoting production of attractive and original contents mainly through ASMIK ACE, INC., which was made a consolidated subsidiary last year, while at the same time positioning revision of the basic management strategy for the Group's channel operating companies as an important issue.

Meanwhile, in order to implement the policy of taking on new challenges to increase earnings in the environment in which competition is becoming more and more intense, the Group must be poised to generate ongoing funds to support these challenges. To this end, the Group is promoting ambitious cost restructuring as its second basic policy. As a part of the initiative, the Group will continue to press ahead with the slimming down of head office functions that was initiated in 2012, and will carry out ambitious cost restructuring measures including streamlining of operations at technical, operation and customer call centers nationwide, and consolidating purchasing for materials and equipment.

Through the aforementioned activities, the Group will do its best toward enhancing competitiveness and corporate value.

(8) The Group's Main Business (as of December 31, 2012)

Key broadcasting service General broadcasting service Telecommunications service
Supply of programs

(9) The Group's Main Office (as of December 31, 2012)

The Company's Head Office: Tokyo
J:COM Tokyo Co., Ltd.: Tokyo J:COM East Co., Ltd. : Tokyo J:COM West Co., Ltd.: Osaka

(10) Employees (as of December 31, 2012)

(i) Consolidated Basis

Number of Permanent Employees	Number of Contract Employees	Number of Temporary Employees	Total
5,834	3,345	2,289	11,468

(Note) 1.Figures are the sum of the number of employees on a consolidated basis for the Company.
2. The number of employees during this fiscal year decreased by 68.

(ii) Parent Only Basis

Number of Permanent Employees	Number of Contract Employees	Number of Temporary Employees	Total	Average Age	Average Length of Service
2,141	1,290	1,120	4,551	36.1	8.1

(Note) 1. Figures indicate number of employees including those seconded from the other companies and excluding those seconded to other companies.
2. Average age and average length of service are calculated based on the data as of the end of this fiscal year on permanent employees including those seconded to the other companies but excluding seconded from the other companies.

(11) Principal Lenders (as of December 31, 2012)

Lenders	Loan Balance (Yen in Millions)
Development Bank of Japan Inc.	23,109
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	17,900
Sumitomo Mitsui Banking Corporation	14,700
Saitama Resona Bank, Ltd.	7,400
Sumitomo Life Insurance Company	7,000
Mizuho Corporate Bank, Ltd.	6,228
Nippon Life Insurance Company	5,000
Sumitomo Mitsui Trust Bank, Ltd.	3,900
The Bank of Fukuoka, Ltd.	3,133
The Dai-ichi Life Insurance Company, Ltd.	3,000
The Joyo Bank, Ltd.	2,500
Taiyo Life Insurance Company	2,500
The Shizuoka Bank, Ltd.	2,000
The Chiba Bank, Ltd.	2,000
The Yamanashi Chuo Bank, Ltd.	2,000
Fukoku Mutual Life Insurance Company	2,000

(Note) 1. The above list includes loans based on the syndicated loan.
2. The above list includes lenders with outstanding loans valued at ¥2,000 million or more.
3. The above list shows the lenders and loan balance on a consolidated basis for the Company.
4. There ¥10,000 million straight corporate bonds besides the above.

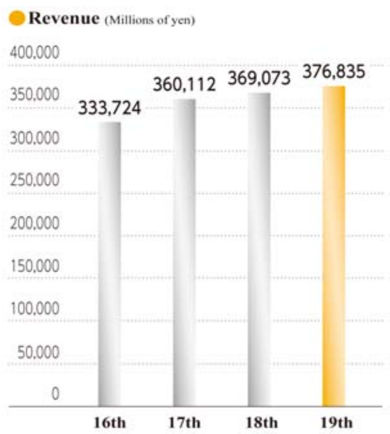
(12) Changes in Assets and Operating Results

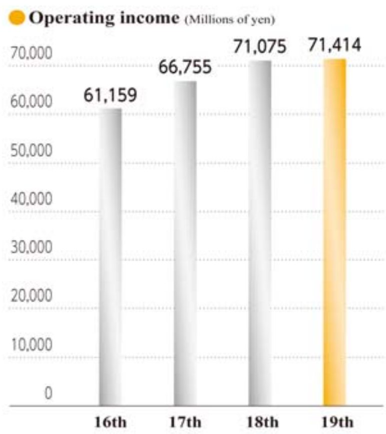
(i) Consolidated Basis

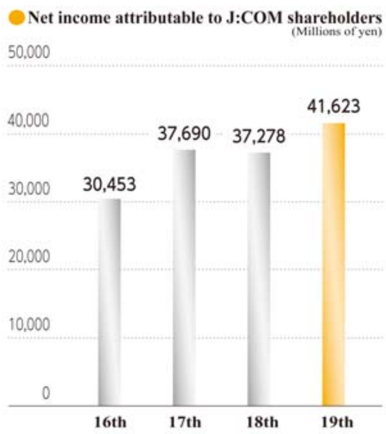
(Yen in Millions except Net income attributable to J:COM shareholders per share)

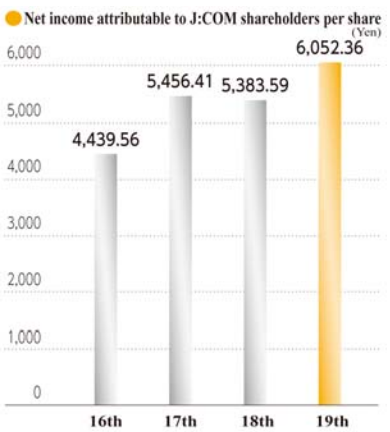
	16thYear (Dec-2009)	17th Year (Dec-2010)	18th Year (Dec-2011)	19th Year (Dec-2012)
Revenue	333,724	360,112	369,073	376,835
Operating income	61,159	66,755	71,075	71,414
Income before noncontrolling interests and income taxes	57,834	63,167	68,532	70,123
Net income attributable to J:COM shareholders	30,453	37,690	37,278	41,623
Net income attributable to J:COM shareholders per share (Yen)	4,439.56	5,456.41	5,383.59	6,052.36
J:COM shareholders' equity	370,859	406,108	431,664	454,547
Total assets	801,657	816,763	812,373	812,030

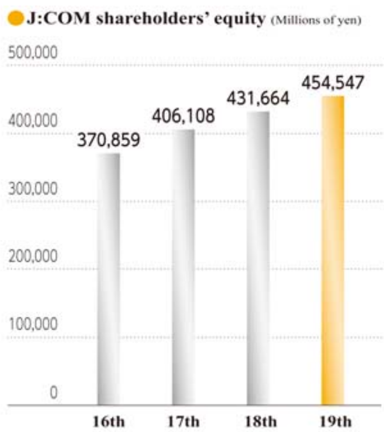
(Note) The Group recorded a portion of net income attributable to noncontrolling interests as net income attributable to J:COM shareholders up to 2008. In accordance with Accounting Standards Codification (ASC) Topic 250, Accounting Changes and Error Corrections, J:COM shareholders' equity was restated. Additionally, based on additional information obtained about YOKOHAMA CABLE VISION Inc., which became a consolidated subsidiary in October 2011, in accordance with ASC Topic 805, Business Combinations, the Group retroactively restated its total assets for the previous fiscal year.

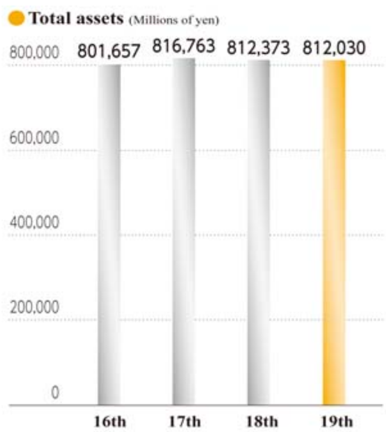












(ii) Parent Only Basis

(Yen in Millions except Net income per share)

	16th Year (Dec-2009)	17th Year (Dec-2010)	18th Year (Dec-2011)	19th Year (Dec-2012)
Revenue	130,700	157,358	160,354	170,074
Ordinary income	12,568	14,583	20,530	22,312
Net income	8,452	9,042	17,912	16,654
Net income per share (Yen)	1,232.17	1,309.01	2,586.78	2,421.58
Capital	117,242	117,550	117,550	117,550
Net assets	253,882	260,717	266,589	263,830
Total assets	501,132	443,784	430,793	424,016

(13) Principal Subsidiaries (as of December 31, 2012)

(i) Principal Subsidiaries and Affiliates

Name	Paid-in Capital (Yen in millions)	Voting Rights Held (%)	Primary Line of Business
Principal Subsidiaries			
J:COM West Co., Ltd.	15,500	91.10%	Cable general broadcasting and telecommunications services
J:COM East Co., Ltd.	15,057	100.00%	same as above
J:COM Sapporo Co., Ltd.	8,800	88.48%	same as above
J:COM Tokyo Co., Ltd.	7,524	95.94%	same as above
J:COM Shonan Co., Ltd.	5,772	82.97%	same as above
J SPORTS Corporation	3,834	80.49%	Satellite key broadcasting and satellite general broadcasting services, supply of programs
J:COM Chiba Co., Ltd.	3,395	77.81%	Cable general broadcasting and telecommunications services
Cable Net Kobe Ashiya Co., Ltd.	2,900	81.69%	same as above
J:COM Kyushu Co., Ltd.	2,447	79.50%	same as above
Suita Cable Television Co., Ltd.	2,105	92.39% (92.39%)	same as above
Takatsuki Cable Network Co., Ltd.	1,828	95.62% (95.51%)	same as above

Jupiter Entertainment Co., Ltd.	1,788	100.00%	Supply of programs
Jupiter Golf Network Co., Ltd.	1,700	89.41%	same as above
J:COM Saitama Co., Ltd.	1,600	88.89%	Cable general broadcasting and telecommunications services
Higashi-Osaka Cable Television Co., Ltd.	1,560	96.15% (96.15%)	same as above
Tsuchiura Cable Television Co., Ltd.	1,500	71.60%	same as above
Toyonaka Ikeda Cable Net Co., Ltd.	1,500	91.42% (91.42%)	same as above
ASMIK ACE, INC.	1,388	100.00%	Production and distribution of motion pictures business, VOD service
Cable Net Shimonoseki Co., Ltd.	1,000	64.73%	Cable general broadcasting and telecommunications services
Technology Networks Inc.	490	100.00%	Telecommunications service, installation/construction work associated with telecommunications facilities
YOKOHAMA CABLE VISION Inc.	320	51.00%	Cable general broadcasting and telecommunications services
JUPITER VISUAL COMMUNICATIONS CO., LTD.	300	90.00%	Supply of programs, advertising media business
Channel Ginga Co., Ltd.	200	78.00% (2.00%)	Supply of programs
Active Sports Broadcasting Corporation	25	64.00% (64.00%)	Satellite key broadcasting service
J:COM Finance Co., Ltd.	3	100.00%	Financial service
Principal Affiliates			
Japan Digital Serve Corp. *	2,250	39.40% (9.19%)	Digital broadcast signal transmission business
Green City Cable Television Co., Ltd. *	1,000	20.00%	Cable general broadcasting and telecommunications services
Discovery Japan Inc. *	110	50.00%	Supply of programs
InteracTV Co., Ltd. *	100	32.50%	Satellite key broadcasting service
Open Wireless Platform, LLC. *	93	32.22%	Telecommunications service
Jupiter Satellite Broadcasting Co., Ltd. *	60	50.00%	Satellite general broadcasting service
AXN Japan Inc. *	10	35.00%	Supply of programs
MediaCreate Co., Ltd. *	15,000 million Won	20.00%	Advertising media business, marketing service

(Note) 1. Voting right ratio excludes the treasury stock and is round off at above shown unit.

2. Entities marked with asterisks (＊) are affiliated companies accounted for by the equity method.
3. The figure in parentheses in the "Voting Rights Held" column indicates the indirect ownership portion.

(ii) Course of Business Consolidation

(a) In January 2012, Discovery Japan Inc., the Company's equity method affiliate, merged with Animal Planet Japan Co., Ltd., another equity method affiliate.
(b) In March 2012, the Company acquired stock shares of ASMIK ACE ENTERTAINMET, INC., and at which point it became the Company's consolidated subsidiary.
(c) In August 2012, the Company acquired stock shares of MediaCreate Co., Ltd. and at which point it became the Company's equity method affiliate.
(d) In December 2012, ASMIK ACE ENTERTAINMET, INC., the Company's consolidated subsidiary have succeeded parts of VOD service from Jupiter Entertainment Co., Ltd.. ASMIK ACE ENTERTAINMET, INC. changed its trade name to ASMIK ACE, INC..
(e) In December 2012, Active Sports Broadcasting Corporation, the Company's consolidated subsidiary, was dissolved and the liquidation will be completed by March 2013.

As of December 31, 2012, the Group included 25 consolidated subsidiaries as well as 8 affiliated companies accounted for by the equity method.

2. Shares (as of December 31, 2012)

(1) Number of Shares issued: 6,947,813 shares (common stock)

(2) Number of Shareholders: 7,897 persons

(3) Major Shareholders (Top 10)

Name	Beneficiary interest to the Company	
	Number of shares	Shareholding ratio
Sumitomo Corporation	2,777,912	40.46%
KDDI CORPORATION	2,133,797	31.08%
Mizuho Trust & Banking co., Ltd. (securities custodian trust 0700117)	152,904	2.22%
THE CHASE MANHATTAN BANK, N.A. LONDON SECS LENDING OMNIBUS ACCOUNT	132,866	1.93%
Trust & Custody Services Bank, Ltd. (money trust tax account)	94,601	1.37%
CREDIT SUISSE SECURITIES （EUROPE） LIMITED PB OMNIBUS CLIENT ACCOUNT	93,876	1.36%
J.P. MORGAN CLEARING CORP－CLEARING	57,579	0.83%
JP MORGAN CHASE BANK 385174	51,520	0.75%
DEUTSCHE BANK AG LONDON－PB NON－TREATY CLIENTS 613	49,598	0.72%
MSCO CUSTOMER SECURITIES	48,121	0.70%

(Note)1. The major shareholders status includes the 10 shareholders with highest shareholding ratio, a ratio of share owned within the outstanding shares excluding treasury stocks (83,168) of shares) as of the end of this fiscal year.
2. The above shareholding ratio excludes treasury stock and is round off at above shown unit.

3. Stock Acquisition Rights (Stock Options)(as of December 31, 2012)

(1) Status of Stock Acquisition Rights and Such Granted to Directors and Statutory Auditors as Compensation for the Execution of Duties in the end of this fiscal year

(i) 2006 Stock acquisition rights as Stock-Compensation-Type Stock Options determined at the Ordinary General Meeting of Shareholders held on March 28, 2006 and the Board of Directors Meeting held on April 24, 2006

Number of stock acquisition rights 26
Exercise period April 26, 2006 to March 31, 2026
Type and number of shares targeted for stock acquisition rights
Common stock 26 shares (1 share per stock acquisition rights)
Exercise price ¥1 per 1 share

Of the above stock acquisition rights, total held by the Company's Directors and Statutory Auditors

Classification	Number of stock acquisition rights	Number of holders
Directors (excluding Outside Directors)	26	1
Outside Directors	—	—
Statutory Auditors	—	—
Total	26	1

(ii) 2007 Stock acquisition rights as a long-term incentive Stock-Compensation-Type Stock Options determined at the Ordinary General Meeting of Shareholders held on March 27, 2007 and the Board of Directors Meeting held on April 27, 2007

Number of stock acquisition rights 50
Exercise period May 16, 2007 to April 30, 2027
Type and number of shares targeted for stock acquisition rights
Common stock 50 shares (1 share per stock acquisition rights)
Exercise price ¥1 per 1 share

Of the above stock acquisition rights, total held by the Company's Directors and Statutory Auditors

Classification	Number of stock acquisition rights	Number of holders
Directors (excluding Outside Directors)	28	1
Outside Directors	—	—
Statutory Auditors	—	—
Total	28	1

(iii) 2008 Stock acquisition rights as a medium-term incentive Stock-Compensation-Type Stock Options determined at the Ordinary General Meeting of Shareholders held on March 27, 2007 and the Board of Directors Meeting held on July 29, 2008

Number of stock acquisition rights 47
Exercise period August 16, 2008 to July 31, 2016
Type and number of shares targeted for stock acquisition rights
Common stock 47 shares (1 share per stock acquisition rights)
Exercise price ¥1 per 1 share

Of the above stock acquisition rights, total held by the Company's Directors and Statutory Auditors

Classification	Number of stock acquisition rights	Number of holders
Directors (excluding Outside Directors)	26	1
Outside Directors	—	—
Statutory Auditors	—	—
Total	26	1

(iv) 2009 Stock acquisition rights as a long-term incentive Stock-Compensation-Type Stock Options determined at the Ordinary General Meeting of Shareholders held on March 27, 2007 and the Board of Directors Meeting held on March 25, 2009

Number of stock acquisition rights 142
Exercise period April 16, 2009 to March 31, 2029
Type and number of shares targeted for stock acquisition rights
Common stock 142 shares (1 share per stock acquisition rights)
Exercise price ¥1 per 1 share

Of the above stock acquisition rights, total held by the Company's Directors and Statutory Auditors

Classification	Number of stock acquisition rights	Number of holders
Directors (excluding Outside Directors)	112	2
Outside Directors	—	—
Statutory Auditors	—	—
Total	112	2

(v) 2009 Stock acquisition rights as a medium-term incentive Stock-Compensation-Type Stock Options determined at the Ordinary General Meeting of Shareholders held on March 27, 2007 and the Board of Directors Meeting held on April 23, 2009

Number of stock acquisition rights 222
Exercise period May 16, 2009 to April 30, 2017
Type and number of shares targeted for stock acquisition rights
Common stock 222 shares (1 share per stock acquisition rights)
Exercise price ¥1 per 1 share

Of the above stock acquisition rights, total held by the Company's Directors and Statutory Auditors

Classification	Number of stock acquisition rights	Number of holders
Directors (excluding Outside Directors)	197	2
Outside Directors	—	—
Statutory Auditors	—	—
Total	197	2

(vi) 2010 Stock acquisition rights as a long-term incentive Stock-Compensation-Type Stock Options determined at the Ordinary General Meeting of Shareholders held on March 27, 2007 and the Board of Directors Meeting held on February 25, 2010

Number of stock acquisition rights 141
Exercise period March 16, 2010 to February 28, 2030
Type and number of shares targeted for stock acquisition rights
Common stock 141 shares (1 share per stock acquisition rights)
Exercise price ¥1 per 1 share

Of the above stock acquisition rights, total held by the Company's Directors and Statutory Auditors

Classification	Number of stock acquisition rights	Number of holders
Directors (excluding Outside Directors)	113	2
Outside Directors	—	—
Statutory Auditors	—	—
Total	113	2

(vii) 2010 Stock acquisition rights as a medium-term incentive Stock-Compensation-Type Stock Options determined at the Ordinary General Meeting of Shareholders held on March 27, 2007 and the Board of Directors Meeting held on February 25, 2010

Number of stock acquisition rights 244
Exercise period March 16, 2010 to February 28, 2018
Type and number of shares targeted for stock acquisition rights
Common stock 244 shares (1 share per stock acquisition rights)
Exercise price ¥1 per 1 share

Of the above stock acquisition rights, total held by the Company's Directors and Statutory Auditors

Classification	Number of stock acquisition rights	Number of holders
Directors (excluding Outside Directors)	142	2
Outside Directors	—	—
Statutory Auditors	—	—
Total	142	2

(viii) 2011 Stock acquisition rights as a long-term incentive Stock-Compensation-Type Stock Options determined at the Ordinary General Meeting of Shareholders held on March 27, 2007 and the Board of Directors Meeting held on February 24, 2011

Number of stock acquisition rights 113
Exercise period March 16, 2011 to February 28, 2031
Type and number of shares targeted for stock acquisition rights
Common stock 113 shares (1 share per stock acquisition rights)
Exercise price ¥1 per 1 share

Of the above stock acquisition rights, total held by the Company's Directors and Statutory Auditors

Classification	Number of stock acquisition rights	Number of holders
Directors (excluding Outside Directors)	88	2
Outside Directors	—	—
Statutory Auditors	—	—
Total	88	2

(ix) 2011 Stock acquisition rights as a medium-term incentive Stock-Compensation-Type Stock Options determined at the Ordinary General Meeting of Shareholders held on March 27, 2007 and the Board of Directors Meeting held on February 24, 2011

Number of stock acquisition rights 238
Exercise period March 16, 2011 to February 28, 2019
Type and number of shares targeted for stock acquisition rights
Common stock 238 shares (1 share per stock acquisition rights)
Exercise price ¥1 per 1 share

Of the above stock acquisition rights, total held by the Company's Directors and Statutory Auditors

Classification	Number of stock acquisition rights	Number of holders
Directors (excluding Outside Directors)	125	2
Outside Directors	—	—
Statutory Auditors	—	—
Total	125	2

(x) 2012 Stock acquisition rights as a long-term incentive Stock-Compensation-Type Stock Options determined at the Ordinary General Meeting of Shareholders held on March 27, 2007 and the Board of Directors Meeting held on February 29, 2012

Number of stock acquisition rights 310
Exercise period March 16, 2012 to February 29, 2032
Type and number of shares targeted for stock acquisition rights
Common stock 310 shares (1 share per stock acquisition rights)
Exercise price ¥1 per 1 share

Of the above stock acquisition rights, total held by the Company's Directors and Statutory Auditors

Classification	Number of stock acquisition rights	Number of holders
Directors (excluding Outside Directors)	254	5
Outside Directors	—	—
Statutory Auditors	28	1
Total	282	6

(xi) 2012 Stock acquisition rights as a medium-term incentive Stock-Compensation-Type Stock Options determined at the Ordinary General Meeting of Shareholders held on March 27, 2007 and the Board of Directors Meeting held on February 29, 2012

Number of stock acquisition rights 389
Exercise period March 16, 2012 to February 29, 2020
Type and number of shares targeted for stock acquisition rights
Common stock 389 shares (1 share per stock acquisition rights)
Exercise price ¥1 per 1 share

Of the above stock acquisition rights, total held by the Company's Directors and Statutory Auditors

Classification	Number of stock acquisition rights	Number of holders
Directors (excluding Outside Directors)	283	5
Outside Directors	—	—
Statutory Auditors	—	—
Total	283	5

(2) Status of Stock Acquisition Rights and Such Granted to Employees as Compensation for the Execution of Duties during this fiscal year

2012 Stock acquisition rights as a medium-term incentive Stock-Compensation-Type Stock Options determined at the Ordinary General Meeting of Shareholders held on March 27, 2007 and the Board of Directors Meeting held on February 29, 2012

Number of stock acquisition rights 389
Exercise period March 16, 2012 to February 29, 2020
Type and number of shares targeted for stock acquisition rights
Common stock 389 shares (1 share per stock acquisition rights)
Exercise price ¥1 per 1 share

Of the above stock acquisition rights, total granted to the Company's Employees＊

Classification	Number of stock acquisition rights	Number of grantees
Employees	83	5

(Note) The Number of stock acquisition rights and Number of grantees marked with asterisks (＊) are the total number of the stock acquisition rights granted to employees during this fiscal year.

4. Officers

(1) Directors and Statutory Auditors (as of December 31, 2012)

Title	Name	Responsibilities and Important Co-Assignment
Representative Director, President	Shuichi Mori	
Representative Director, Executive Vice President	Shunsuke Oyama	General Manager, Business Strategy Unit
Senior Managing Director	Tomoya Aoki	General Manager, Corporate Control Unit
Senior Managing Director	Mineo Fukuda	General Manager, CATV Business Unit
Director	Toru Kato	General Manager, Media Business Unit Representative Director and President, Jupiter Satellite Broadcasting Co., Ltd.
Director	Ryosuke Yamazoe	General Manager, Technology Unit
Director	Yoshiki Nakai	Assistant to General Manager, CATV Business Unit and General Manager, Kansai Division Representative Director and President, J:COM West Co., Ltd. Representative Director and President, Suita Cable Television Co., Ltd. Representative Director and President, Takatsuki Cable Network Co., Ltd. Representative Director and President, Higashi-Osaka Cable Television Co., Ltd. Representative Director and President, Toyonaka Ikeda Cable Net Co., Ltd.
Director	Yoshio Osawa	Member of the Board, Senior Managing Executive Officer, General Manager, Media, Network & Lifestyle Retail Business Unit, Sumitomo Corporation
Director	Daisuke Mikogami	Corporate Officer, General Manager, Media Division, Sumitomo Corporation
Director	Hirofumi Morozumi	Executive Vice President, General Manager, Corporate Sector, Member of the Board, KDDI CORPORATION Representative Director and Chairman, KDDI Evolva Inc.
Director	Makoto Takahashi	Senior Vice President, General Manager, Business Development Sector, Member of the Board, KDDI CORPORATION
Statutory Auditor	Kunio Fujimoto	

Statutory Auditor	Toshifumi Shibuya	Executive Officer, General Manager, Planning & Administration Dept., Media, Network & Lifestyle Retail Business Unit, Sumitomo Corporation
Statutory Auditor	Kenichiro Takagi	Executive Director, General Manager, Corporate Management Division, KDDI CORPORATION
Statutory Auditor	Katsuyuki Yamaguchi	Partner, Nishimura & Asahi

(Note) 1. Directors, Yoshio Osawa, Daisuke Mikogami, Hirofumi Morozumi, and Makoto Takahashi are Outside Directors as defined by Article 2 Item 15 of the Company Law.

2. Statutory Auditors, Toshifumi Shibuya, Kenichiro Takagi, and Katsuyuki Yamaguchi are Outside Statutory Auditors as defined by Article 2 Item 16 of the Company Law.

3. Statutory Auditors, Kunio Fujimoto and Kenichiro Takagi have years of experience in finance and accounting and have considerable knowledge of finance and accounting.

4. Statutory Auditor, Toshifumi Shibuya has years of experience in corporate law, accumulates experience in other companies as an Outside Statutory Auditor, and has considerable knowledge of finance and accounting.

5. Statutory Auditor Katsuyuki Yamaguchi has a broad range of expertise on matters of corporate law as a lawyer. Also, he is the Independent Auditor, under the rules of Osaka Securities Exchange Co., Ltd.

6. The responsibilities and important Co-Assignment of Shuichi Mori, Representative Director and President, changed from Representative Director and President, Chief Executive Officer, General Manager, CATV Business Group, General Manager, Media Business Group, General Manager, CATV Business Unit to Representative Director and President on April 1, 2012.

7. The responsibilities and important Co-Assignment of Shunsuke Oyama, Representative Director and Executive Vice President, changed from General Manager, Business Strategy Group, and Business Strategy Unit to General Manager, Business Strategy Unit on April 1, 2012.

8. The title, responsibilities and important Co-Assignment of Tomoya Aoki, Senior Managing Director, changed from Representative Senior Managing Director to Senior Managing Director on March 28, 2012, also changed from Chief Financial Officer, General Manager, Corporate Control Unit and Information Technology Unit to General Manager, Corporate Control Unit on April 1, 2012.

9. The responsibilities and important Co-Assignment of Mineo Fukuda, Senior Managing Director,,changed from Deputy General Manager, CATV Business Unit to General Manager, CATV Business Unit on April 1,2012.

10. The important Co-Assignment of Toru Kato, Director, elected as Representative Director and President, Jupiter Entertainment Co., Ltd. and Jupiter Satellite Broadcasting Co., Ltd. on March 27, 2012. The responsibilities, changed from Deputy General Manager, Business Strategy Unit and Assistant to General Manager, CATV Business Unit to General Manager, Media Business Unit on April 1, 2012. The important Co-Assignment, changed from Representative Director and President, Jupiter Entertainment Co., Ltd. to Director, Jupiter Entertainment Co., Ltd. on December 1, 2012.

11. The title, responsibilities and important Co-Assignment of Ryosuke Yamazoe, Director, changed from Deputy General Manager, Technology Unit to Director, Deputy General Manager, Technology Unit on March 28, 2012, and changed from Deputy General Manager, Technology Unit to General Manager, Technology Unit on April 1, 2012.

12. The title, responsibilities and important Co-Assignment of Yoshiki Nakai, Director, changed from Deputy General Manager, Kansai Division to Director, Deputy General Manager, Kansai Division. Earlier since the election at the Ordinary General Meeting of Shareholders held on March 28, 2012, Yoshiki Nakai was co-assigned as Representative Director and President, J:COM West Co., Ltd., Higashi-Osaka Cable Television Co., Ltd., Takatsuki Cable Network Co., Ltd., Suita Cable Television Co., Ltd.. The important Co-Assignment, elected as Representative Director and President, Toyonaka Ikeda Cable Net Co., Ltd. on March 29, 2012. The *responsibility, changed from Deputy General Manager, Kansai Division to Assistant to General Manager, CATV Business Unit and General Manager, Kansai Division on April 1, 2012.*

(2) Compensation Paid to Directors and Statutory Auditors and the Sum of Other Monetary Benefits Offered in Consideration of the Execution of Duty

Director		Statutory Auditor		Total	
Number of Persons Paid	Amount Paid (Yen in Millions)	Number of Persons Paid	Amount Paid (Yen in Millions)	Number of Persons Paid	Amount Paid (Yen in Millions)
8	271	2	34	10	305

(Note) 1. At the Ordinary General Meeting of Shareholders held on March 27, 2007, it was resolved to limit annual compensation to Directors to ¥600 million, and stock compensation-type stock options (medium-term and long-term incentives) to ¥250 million. At an Extraordinary General Meeting of Shareholders held on September 29, 2000, annual compensation for Statutory Auditors was limited to ¥100 million, and the Ordinary General Meeting of Shareholders held March 27, 2007 limited stock compensation-type stock options (long-term incentives) to ¥5 million.
2. As of the end of this fiscal year, there were 11 Directors and 4 Statutory Auditors.
3. The above amounts include stock acquisition rights posted as compensation during this fiscal year totaled ¥44 million (¥42 million to 6 Directors, and ¥2 million to 1 Statutory Auditor).

(3) Matters concerning Outside Officers

(i) Other Important Co-Assignment of Officers

Title	Name	Important Co-Assignment & Details
Outside Director	Yoshio Osawa	Member of the Board, Senior Managing Executive Officer, General Manager, Media, Network & Lifestyle Retail Business Unit, Sumitomo Corporation
Outside Director	Daisuke Mikogami	Corporate Officer, General Manager, Media Division, Sumitomo Corporation
Outside Director	Hirofumi Morozumi	Executive Vice President, General Manager, Corporate Sector, Member of the Board, KDDI CORPORATION Representative Director and Chairman, KDDI Evolva Inc.
Outside Director	Makoto Takahashi	Senior Vice President, General Manager, Business Development Sector, Member of the Board, KDDI CORPORATION
Outside Statutory Auditor	Toshifumi Shibuya	Executive Officer, General Manager, Planning & Administration Dept., Media, Network & Lifestyle Retail Business Unit, Sumitomo Corporation
Outside Statutory Auditor	Kenichiro Takagi	Executive Director, General Manager, Corporate Management Division, KDDI CORPORATION
Outside Statutory Auditor	Katsuyuki Yamaguchi	Partner, Nishimura & Asahi

(Note) 1. No special interests exist between the Company and Sumitomo Corporation.

2. The Company and KDDI CORPORATION are engaged in business alliances and trading relationships in certain areas of business.
3. No special interests exist between the Company and KDDI Evolva Inc..
4. No special interests exist between the Company and Nishimura & Asahi.

(ii) Status of Major Activities

Title	Name	Status of major activities
Outside Director	Yoshio Osawa	Attended 11 of 14 meetings of the Board of Directors during this fiscal year, providing individual opinion in discussions of proposals.
Outside Director	Daisuke Mikogami	Attended 12 of 14 meetings of the Board of Directors during this fiscal year, providing individual opinion in discussions of proposals.
Outside Director	Hirofumi Morozumi	Attended 11 of 14 meetings of the Board of Directors during this fiscal year, providing individual opinion in discussions of proposals.
Outside Director	Makoto Takahashi	Attended 10 of 14 meetings of the Board of Directors during this fiscal year, providing individual opinion in discussions of proposals.
Outside Statutory Auditor	Toshifumi Shibuya	Attended 11 of 14 meetings of the Board of Directors and 10 of 12 meetings of the Board of Statutory Auditors held during this fiscal year, providing individual opinion from a specialist's viewpoint in discussions of proposals.
Outside Statutory Auditor	Kenichiro Takagi	Attended 11 of 14 meetings of the Board of Directors and all 12 meetings of the Board of Statutory Auditors held during this fiscal year, providing individual opinion from a specialist's viewpoint in discussions of proposals.
Outside Statutory Auditor	Katsuyuki Yamaguchi	Attended 13 of 14 meetings of the Board of Directors and all 12 meetings of the Board of Statutory Auditors held during this fiscal year, providing individual opinion from a specialist's viewpoint in discussions of proposals.

(Note) 1. *In response to the tender offer stated in "7. Other Significant Current State of the Group" below and the proposal to delist the Company's shares through a series of subsequent transactions, the Company resolved at the meeting of the Board of Directors held on October 9, 2012 to establish a third-party committee ("Third Party Committee") to consider and give its opinion to the Company's Board of Directors on whether or not it would be disadvantageous for the Company's minority shareholders if the Company's Board of Directors express an opinion on the tender offer, and decide to implement the procedures for the acquisition of all of the issued shares of the Company after the tender offer to make the Company a wholly-owned subsidiary.*

2. The Company resolved at its meeting of the Board of Directors held on October 24, 2012 to (i) express its opinion, as of October 24, 2012, in favor of the tender offer and recommend that the shareholders and stock acquisition right holders of the Company accept the tender offer if the tender offer is commenced, (ii) request the Third Party Committee, when the tender offer is commenced, to consider whether or not there have been any change in the opinion expressed by the Third Party Committee to the Company's Board of Directors on October 23, 2012, and if not, to state to the Company's Board of Directors to that effect or, if so, to state to the Company's Board of Directors the changed opinion, and (iii) taking such opinion from the Third Party Committee into consideration, express opinion of the Board of Directors on the tender offer at the time of the commencement of the tender offer.

3. *Outside Director, Yoshio Osawa, who concurrently serves as Representative Director of Sumitomo Corporation, and Outside Directors, Hirofumi Morozumi and Makoto Takahashi, who concurrently serve as Representative Directors of KDDI CORPORATION, did not attend, nor were counted in the quorum at the meeting of the Board of Directors stated above as they are considered persons with special interests in the resolution. Additionally, Outside Director, Daisuke Mikogami, who concurrently serves as an employee of Sumitomo Corporation, did not attend the meeting of the Board of Directors stated above as he is considered person with the possibility of conflicts of interests. Also, Outside Statutory Auditors, Toshifumi Shibuya and Kenichiro Takagi, who concurrently serve as officer/employee of Sumitomo Corporation or KDDI CORPORATION, did not attend the meetings of the Board of Directors, from the viewpoint of maintaining the resolution's fairness and neutrality.*

(iii) Liability Limitation Agreement Concluded with Outside Officers

Title	Name	A Summary of Liability Limitation Agreement
Outside Statutory Auditor	Katsuyuki Yamaguchi	Under the rules of Article 427 Paragraph 1 of the Company Law, concerning the liability prescribed in Article 423 Paragraph 1 of the Company Law, the Company and the Outside Statutory Auditor have concluded a liability limitation agreement which prescribes that when Outside Statutory Auditor acts in good faith and without gross negligence, the maximum extent of the liability shall be the amount set forth in the Company Law.

(iv) Compensation to Outside Officers

	Number of Persons Paid	Salaries and other compensation (Yen in Millions)
Compensation to Outside Officers	1	8

5. Status of Accounting Auditor

(1) Name of Auditing Firm

KPMG AZSA LLC

(2) Amount of compensation to be paid to Accounting Auditors

(i) Amount of compensation to Accounting Auditors in relation to this fiscal year:

¥273 million

(ii)Total amount of cash or other financial assets to be paid to Accounting Auditors by the Company and subsidiaries:

¥398 million

(Note) 1. In the audit contract between the Company and the Accounting Auditor, a distinction is not made between the compensation for auditing based on the Company Law and that for auditing based on the Financial Instruments and Exchange Law, nor is such distinction effectively possible. The above number includes all of such activities.

2. The Company compensated the Accounting Auditor for the service outside (non auditing work) of what is stipulated in Article 2 Paragraph 1 of Certified Public Accountants Act. The non auditing work entails advisory services relating to the adoption of International Financial Reporting Standards.

(3) Policy regarding dismissal and non-reappointment of Accounting Auditor

Under the Company Law, when there is a problem with an Accounting Auditor's performance of duty, the Board of Directors may, at their discretion and with the consent of the Board of Statutory Auditors, or at the request of the Board of Statutory Auditors, dismiss or refrain from reappointing the Accounting Auditor.

The Accounting Auditor may also be dismissed by a unanimous vote of the Board of Statutory Auditors, provided that the provisions of Article 340 Paragraph 1 of the Company Law are met. Under these circumstances, a Statutory Auditor selected by the Board of Auditors shall report the said dismissal and the reasons thereof at the first Ordinary General Meeting of Shareholders following the dismissal.

6. Company Systems and Policies

Matters regarding the institution of systems needed to secure proper business operation of a company

At the May 2012 Board of Directors meeting, the Company reviewed its previous resolutions and adopted a new resolution concerning "the systems needed for the proper business operation of a public corporation," as required by the Company Law and Company Law Enforcement Regulations. An overview is given below.

The Company understands that the improvement of efficiency and the maintenance of soundness in management, along with the securement of management transparency for the purpose of achieving such efficiency and soundness, are the fundamental elements of corporate governance. As outlined herebelow, in accordance with the Company Law and the Company Law Enforcement Regulations, the Company works to develop the systems that are necessary for the securement of its operational adequacy.

While the following items confirm those systems that are already established and are implemented, the Company will, through habitual reexamination, continue to establish and implement systems that match the requirements of the time.

1. System to Ensure that the Directors'/Employees' Execution of Duties is in Compliance with the Laws and Articles of Incorporation

(1) The Company thoroughly promotes strict adherence to the laws, the articles of incorporation and other internal regulations through upholding in the "Action Guideline" the importance of compliance of directors and employees.

(2) The Company establishes the "Compliance Committee Regulations" and has in place a Compliance Committee. The Compliance Committee establishes various policies for compliance including "confrontation with antisocial forces", creates a compliance manual, and distributes the manual to the officers and employees of the Company Group. The Company also provides during various training sessions compliance training for different positions including training for new recruits and training for management level employees.

(3) The Company establishes a system where an officer/employee encountering an action that could be doubted as a breach of laws, the articles of incorporation or other internal regulations can directly contact the Compliance Committee, full-time statutory auditor or external attorney via the "Speak Up System". Under the subject system, the confidentiality on the aforementioned communication of information is strictly maintained, and it is made clear that the Company will

not take any adverse actions against the communicating individual.

(4) The Company, by having in place the Internal Auditing Department and the Internal Control Department, an independent body to monitor all company operations, conducts internal audit on the state of compliance to laws, articles of incorporation and other internal regulations as well as on the precision and efficiency of the business operations. Additionally, such department gives instructions on remedial measures, provides support and advice, and reports periodically to the President.

2. System Concerning the Storage and Management of Information Associated with the Directors' Execution of Duties

(1) In accordance with the "Documents Regulations", official minutes of the board of directors meetings, approval documents, and other important documents and information concerning execution of duties or decision-making (hereinafter, the "Documents and Others") are appropriately stored and managed and are maintained in a state allowing perusal as necessary. In addition, necessary measures are taken to prevent information leakage outside the Company.

(2) When requested by the statutory auditor, the Company offers the Documents and Others for inspection on a timely basis.

3. Regulations concerning the Management of the Risk of Loss and Other Systems

(1) The representative director and the other directors in charge of business operations develop a comprehensive risk management structure for the Company Group for all types of risks associated with corporate activities and also promote risk management at the respective departments which they supervise as outlined herebelow.

① The Administration Department oversees the Company-wide risk management activities and develops emergency contact system based on the "Emergence Response Manual". It conducts risk analyses at ordinary times and works to reduce the risks, while the other departments establish regulations pertaining to the operations under their responsibilities, and work to improve risk management levels via formulation of risk management policies and manuals, etc.

② The Internal Auditing Department and the Internal Control Department, by conducting internal audit based on the "Internal Audit Regulations", evaluate the status on the Internal Control of management structures and the compliance to laws and regulations on business operations and monitor the state of risk across the Company Group.

(2) The Company promotes measures to strengthen information security by establishing the "Basic Regulations on the Management of Information Security" and by putting in place the Information Security Committee.

(3) In an effort to protect personal information, the Company acquired a privacy mark accreditation from the Japan Information Processing Development Corporation (JIPDEC). The Company promotes and reinforces the appropriate treatment of personal information in adherence to the accreditation standards.

4. System to Ensure Efficient Execution of Duties on the Part of Directors

(1) The Board of Directors determines the division of duties among the representative director and the other directors in charge of business execution and has the authority to have such individuals execute their respective duties.

(2) The Board of Directors assigns a corporate officer(s) as a person(s) responsible for a particular

organization(s) to accelerate the decision making process in the organization and improve operation facilitation.

(3) The term of directorship is set at one year and the board of directors meeting is held once a month as a rule, for the purpose of clearly defining the management responsibility and in order to swiftly respond to changes in the business environment.

(4) Items that require discussion at the board of directors meeting are established by the "Board of Directors Meeting Regulations". With regard to the reference materials on matters to be discussed, to provide for sufficient deliberations at the board of directors meetings, a system where such materials are distributed to all officers in advance is in place, allowing every director to sufficiently prepare in advance.

(5) The Company continuously manages its budget and actual performance based on the past performance data of the Company and its group companies and appropriately evaluates and determines its business forecasts as well as the redistribution of resources.

(6) In order to realize operational efficiency, the Company has in place a system which enables the organization of internal bodies in response to the requirements of the time.

(7) With regard to the day-to-day execution of duties, the Company establishes a system where authority is transferred based on the "Regulations concerning Division of Duties, Administrative Authority and Decision-Making", where the responsibilities of the individuals in charge at each level are clearly set forth, and where duties can be executed efficiently.

(8) The Company has in place a system where a management committee comprising of full-time directors, senior corporate officers and such serving the function to provide advice on the directors' appropriate execution of duties is established as a means to contribute to the realization of swift and appropriate decision-making.

5. System to Secure Operational Adequacy as a Company Group Comprising of a Stock Company, Its Parent Company and Subsidiaries

(1) The Company establishes its corporate philosophy and action guidelines that are shared by the Company and subsidiaries and, while respecting the autonomy and uniqueness of each entity, works for the collective sharing by officers and employees of common values and sense of adherence to the law. Each entity holds the authority and the responsibility to develop systems and measures to secure its own operational adequacy.

(2) For the purpose of establishing internal control within the Company Group, of securing its operational adequacy, and of improving operational efficiency, the Company entails the integrated control and operation of each area's cable TV business of the subsidiaries by the regional block system. Also the Company seconds its employees to the subsidiaries as necessary and also provides such subsidiaries with the operation and management services of cable TV and program supplying business, business training and other management guidance.

(3) With regard to important business matters of the subsidiaries, those matters that are to be discussed with or reported to the Company are set forth in the "Regulations Concerning Affiliate Company or Association Administration".

(4) The Internal Auditing Department and the Internal Control Department inspect the status of compliance by the Company subsidiaries to laws, articles of incorporation and other internal regulations as well as their operational precision and efficiency. They provide advice on remedial measures, support implementation, and periodically report the results to the President.

(5) The Company establishes an Internal Control Committee as well as an Internal Control Department, an independent body for planning and promotion, for the purpose of strengthening and promoting internal control particularly in the areas of consolidated finance and accounting.

(6) In addition to the proprietary "Speak Up Systems" of the subsidiaries, the Company also establishes a common "Speak Up System" for the Company and its group companies, and has in place a system where an officer/employee encountering an action that could be doubted as a breach of laws, the articles of incorporation or other internal regulations can directly contact the Company's Compliance Committee, full-time statutory auditor or external attorney.

(7) For transactions where the interests of the Company and of the individual group companies could potentially be in conflict, or on the occasion of implementing other exceptional or significant measures, such matters are brought to the Board of Directors Meeting for discussions and are resolved appropriately.

6. Items Pertaining to Such Employee in a Case where the Statutory Auditor Requests for the Placement of an Employee to Support His/Her Duties

The Company has subject staff to support the statutory auditor's duties. Also the Company sets forth in the "Internal Audit Regulations" that the Internal Auditing Department and the Internal Control Department provide support to the statutory auditor when requested by the statutory auditor.

7. Items Pertaining to the Independence of the Employee Outlined in the Previous Article from the Directors

In the event of placement of subject staff to support the statutory auditor, the Company will audit opinions from the statutory auditor, etc. to secure certain independence of such staff from the directors.

8. Structure for Directors and Employees to Report to a Statutory Auditor and Other Structures for Reporting to a Statutory Auditor

(1) The Company, in addition to requesting the statutory auditor to attend important meetings, reports the state of business execution to the statutory auditor as seen fit and circulates to his/her attention important documents. With regard to items not brought up for discussion at the meetings, for facts that could potentially cause material influence to the Company, the Company reports such matters to the statutory auditor.

(2) In accordance with the "Items Requiring Attention Concerning Approval Documents", the details of the approval requests approved by the directors, General Managers of group and General Managers of units are reported to the full-time statutory auditor.

(3) Items that have been directly communicated to the Compliance Committee or the external attorney as per the "Speak Up System" are promptly reported to the full-time statutory director and the information is shared.

9. Other Systems to Secure Effective Audit by the Statutory Auditor

(1) The statutory auditor and the board of auditors establishes a forum to exchange opinions with the President, the officers and employees in charge of individual businesses and the accounting auditors, or conducts individual hearings.

(2) The statutory auditor, for the purpose of proper execution of his/her duties, conducts liaison meetings with the statutory auditors of the Company's subsidiaries and works to keep communication channels and exchange information.

(3) The Internal Auditing Department and the Internal Control Department work together with the statutory auditor by reporting the results of internal audit to the statutory auditor as necessary,

etc. so as to contribute to the execution of effective audit by the statutory auditor.

(4) The statutory auditor gains an understanding of the audit activities of the accounting auditor(s) and exchanges information through periodic meeting with the accounting auditor(s) and works for the efficiency and qualitative improvement of the statutory auditor's audit.

7. Other Signifiant Current State of the Group

The Company's common shares are listed on the JASDAQ standard market of the Osaka Securities Exchange (the "JASDAQ Market").
According to the joint statement "Notice on Tender Offer for Share Certificates etc. of Jupiter Telecommunications Co., Ltd." ("Tender Offer Press Release"), dated October 24, 2012 by Sumitomo Corporation ("Sumitomo") and KDDI, KDDI and another company (trade name: NJ K.K. (planned), "NJ"; KDDI and NJ collectively, the "Tender Offerors"; the Tender Offerors and Sumitomo collectively, the "Tender Offerors, Etc.") the voting rights of which are to be owned in equal number by Sumitomo and KDDI will jointly conduct tender offer by early February 2013 for all the issued common shares and stock acquisition rights of the Company, so that Sumitomo and KDDI will each own 50% of the voting rights of the Company.
Since the Tender Offerors, Etc. do not set the maximum number of shares to be purchased in the tender offer, the common shares of the Company may be delisted depending on the result of the tender offer, pursuant to the delisting standards of the JASDAQ Market after the prescribed procedures. Also Sumitomo and KDDI have stated that even if the relevant standards do not apply at the time of completion of the tender offer, if the tender offer takes effect, the Tender Offerors, Etc. plan to implement the procedures for the purpose of acquiring all the issued shares of the Company (excluding, however, the treasury shares held by the Company) pursuant to applicable laws and regulations. In this case, the Company's common shares will be delisted after the prescribed procedures pursuant to the delisting standards of the JASDAQ Market. After the delisting, the Company's common shares cannot be traded on the JASDAQ Market.
At the board of directors meeting held on October 24, 2012, the Company resolved to express its opinion, as of October 24, 2012, in favor of the tender offer, which will be conducted according to the details outlined in the Tender Offer Press Release, and to recommend that the shareholders and stock acquisition right holders of the Company accept the tender offer if the tender offer is commenced. However, it also resolved to express an opinion on the tender offer at the time of the commencement of the tender offer.
Subsequently, accordingly to the press release "Notice on Status of Proposed Tender Offer for Share Certificates etc. of Jupiter Telecommunications Co., Ltd." dated February 8, 2013 by Sumitomo and KDDI, Sumitomo and KDDI had been proceeding with the procedures and responses required under domestic and foreign competition laws to conduct the tender offer. However, as of February 8, 2013, the procedures and responses required under the Chinese competition law was not completed and accordingly, Sumitomo and KDDI were unable to commence the tender offer by early February 2013. The press release stated that as soon as the conditions for the commencement of the tender offer were satisfied and the tender offer was to be commenced, Sumitomo and KDDI would promptly announce such matter.

The matters described above are as of February 14, 2013.

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(Note) The matters set forth in this business report, except as specifically noted, pertain to the Company's 19th fiscal year (January 1, 2012 to December 31, 2012) or describe conditions at the end of the Company's 19th fiscal year (December 31, 2012).
Japan's Company Law and Company Law Enforcement Regulations require the disclosure of certain information. However, where there were no relevant events for the Company to report, they have been omitted, except as specifically noted.
In this Report, performance indicators of subscribing households is adopted a new definition. As a result, performance indicators of subscribing households as of the Company's 17th and 18th fiscal year also changed from the previous data.
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JUPITER TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

(U.S. GAAP)

As of December 31, 2012

(Yen in Millions)

(Assets)		(Liabilities)	
Current assets:		Current liabilities:	
Cash and cash equivalents	110,853	Short-term loans	5,061
Accounts receivable	16,149	Long-term debt－current portion	69,847
Allowance for doubtful accounts	(473)	Capital lease obligations－current portion:	
Deferred tax assets－current	6,902	Related parties	13,625
Prepaid expenses and other current assets	7,537	Others	878
Total current assets	140,968	Accounts payable	27,407
		Income taxes payable	16,298
		Deposit from related parties	268
		Deferred revenue－current portion	7,865
Investments:		Accrued expenses and other liabilities	11,117
Investments in affiliates	10,095	Total current liabilities	152,366
Investments in other securities, at cost	2,060		
Total investments	12,155	Long-term debt, less current portion	48,262
		Corporate bond, less current portion	10,000
Property and equipment, at cost:		Capital lease obligations, less current	
Land	4,185	portion:	
Distribution system and equipment	732,660	Related parties	25,974
Support equipment and buildings	73,119	Others	3,677
	809,964	Deferred revenue	52,665
Less accumulated depreciation	(462,913)	Deferred tax liabilities－non current	10,845
Total property and equipment	347,051	Other liabilities	25,630
		Total liabilities	329,419
		(Shareholders' equity)	
		Common stock no par value	117,550
Other assets:		(Authorized 15,000,000 shares; issued 6,947,813 shares)	
Goodwill	253,079		
Identifiable intangible assets, net	33,621	Additional paid-in capital	226,377
Deferred tax assets－non current	6,678	Retained earnings	117,592
Others	18,478	Accumulated other comprehensive income/(loss)	118
Total other assets	311,856	Treasury stock, at cost	(7,090)
		Total J:COM shareholders' equity	454,547
		Noncontrolling interests in subsidiaries	28,064
		Total shareholders' equity	482,611
Total assets	812,030	Total liabilities and shareholders' equity	812,030

The "Notes to Annual Consolidated Statutory Report" are an integral part of the above financial report.

JUPITER TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME

(U.S. GAAP)

Year ended December 31, 2012

(Yen in Millions, except share and per share amounts)

Revenue:	
Subscription fees	313,276
Others	63,559
	376,835
Operating costs and expenses:	
Operating and programming costs	(148,445)
Selling, general and administrative expenses	(75,622)
Depreciation and amortization	(81,354)
	(305,421)
Operating income	71,414
Other income (expenses):	
Interest expense, net:	
Related parties	(1,135)
Others	(2,396)
Equity in earnings of affiliates	1,048
Other, net	1,192
Income before noncontrolling interests and income taxes	70,123
Income taxes expense	(25,681)
Net income	44,442
Net income attributable to noncontrolling interests	(2,819)
Net income attributable to J:COM shareholders	41,623
Net income attributable to J:COM shareholders per share:	
Basic	¥6,052.36
Diluted	¥6,050.64
Weighted average number of common stock outstanding:	
Basic	6,877,162shares
Diluted	6,879,121shares
Net income	44,442
Other comprehensive income/(loss) , net of taxes	
Unrealized gain/(loss) on cash flow hedge	602
Foreign currency translation adjustments	53
Reclassification adjustments for gain/(loss) on cash flow hedge included in net income	372
Other comprehensive income/(loss) , net of taxes	1,027
Comprehensive income	45,469
Comprehensive income attributable to noncontrolling interests	(2,895)
Comprehensive income attributable to J:COM shareholders	42,574

The “Notes to Annual Consolidated Statutory Report” are an integral part of the above financial report.

JUPITER TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

(U.S. GAAP)

Year ended December 31, 2012

(Yen in Millions)

I	Common stock no par value	
1	Balance as of January 1, 2012	117,550
2	Balance as of December 31, 2012	117,550
II	Additional paid-in capital	
1	Balance as of January 1, 2012	226,293
2	Stock-based compensation	50
3	Net changes in treasury stock	(27)
4	Purchase of subsidiary shares from noncontrolling interests	61
5	Balance as of December 31, 2012	226,377
III	Retained earnings	
1	Balance as of January 1, 2012	90,782
2	Net income attributable to J:COM shareholders	41,623
3	Cash dividends paid to shareholders	(14,813)
4	Balance as of December 31, 2012	117,592
IV	Accumulated other comprehensive income/(loss)	
1	Balance as of January 1, 2012	(833)
2	Other comprehensive income/(loss), net of taxes	951
3	Balance as of December 31, 2012	118
V	Treasury stock, at cost	
1	Balance as of January 1, 2012	(2,128)
2	Net changes in treasury stock	(4,962)
3	Balance as of December 31, 2012	(7,090)
VI	Noncontrolling interests in subsidiaries	
1	Balance as of January 1, 2012	25,652
2	Cash dividends paid to noncontrolling interests	(166)
3	Net income attributable to noncontrolling interests	2,819
4	Purchase of subsidiary shares from noncontrolling interests	(317)
5	Other comprehensive income/(loss), net of taxes	76
6	Balance as of December 31, 2012	28,064
	Total shareholders' equity	482,611

The "Notes to Annual Consolidated Statutory Report" are an integral part of the above financial report.

Notes to Annual Consolidated Statutory Report

1.Significant Accounting Basis for the Consolidated Statutory Report

(1) Scope of consolidation

(a) Number of consolidated subsidiaries: 25

(b) The names of the Company's consolidated subsidiaries

Principal subsidiaries

J:COM West Co., Ltd.   J:COM East Co., Ltd.   J:COM Tokyo Co., Ltd.
Technology Networks Inc.

(c) Change of consolidated subsidiaries in 2012

Change of consolidated subsidiaries in 2012 was as follows:

(Newly acquired company)

ASMIK ACE ENTERTAINMENT, INC.(*)

*ASMIK ACE ENTERTAINMENT, INC. took over VOD business which was spun off by Jupiter Entertainment Co., Ltd. and at the same time changed the trade name to ASMIK ACE, INC. on December 1, 2012.

(2) Scope of application of equity method

(a) Number of equity method affiliates: 8

(b) The names of equity method affiliates

Principal affiliates

Japan Digital Serve Corp.   Discovery Japan Inc.

(c) Changes of equity method affiliates in 2012

Changes of equity method affiliates in 2012 were as follows;

Animal Planet Japan Co., Ltd. which was an equity method affiliate in the previous year merged with Discovery Japan Inc.

MediaCreate Co., Ltd. became an equity method affiliate through a stock purchase.

(3) Significant accounting policies

(a) Accounting standards used to prepare the Consolidated Statutory Report

Jupiter Telecommunications Co., Ltd. (the Company) and its consolidated subsidiaries (the Group) prepare its Annual Consolidated Statutory Report using the terminology, forms and methods of preparation required under accounting principles generally accepted in the United States of America(U.S. GAAP), as stipulated by Article 120-2(1) of the Ordinance of Companies Accounting However, in compliance with the second sentence of the paragraph, some disclosures required under U.S. GAAP are omitted.

(b) Securities valuation standards and valuation methods

To value its investments, the Group applies Accounting Standards Codification (ASC) Topic 323, *Investments – Equity method and Joint Ventures* and ASC Topic 325, *Investments – other*.

Investments in affiliates (excluding loans):	Equity method
Investments in other securities:	Cost method

When investments in affiliates or other securities appear to decline in value, the Group considers the possibility of recognizing an impairment loss based on an other-than-temporary assessment.

(c) Valuation standards and valuation methods for derivatives

The Group accounts for derivatives based on ASC Topic 815, *Derivatives and Hedging*. ASC Topic 815 states all derivatives are fair valued and recognized on the consolidated balance sheet as assets or liabilities.

a. Derivative instrument designated and effectively active as a fair value hedge:
Changes in the fair value of hedging instruments and hedged items are recognized as periodic income/(loss).

b. Derivative instrument designated as cash flow hedge—regarding the portion effectively active as hedge:
Until income/(loss) being hedged are recognized as periodic income, they must be recognized as other comprehensive income/(loss).

c. Derivative instrument designated as cash flow hedge—regarding the portion that is not effectively active as hedge:
Recognized as periodic income/(loss).

d. Derivative instruments not designated as hedge:
Changes in fair value recognized as periodic income/(loss).

(d) Accounting for long-lived assets

The Group's long-lived assets, excluding goodwill, are reviewed for impairment on the guidance in ASC Topic 360, *Property, Plant and Equipment*, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

(e) Depreciation method for tangible fixed assets

The straight-line method is applied and the useful lives by major asset categories are:

Distribution system and equipment	6–17 years
Buildings and structures	5–40 years
Support equipment	5–15 years

(Assets acquired through capital leases are depreciated over periods ranging from 2 to 20 years.)

(f) Valuation standards and valuation methods for goodwill

The Group recognizes as goodwill the difference between the acquisition cost of consolidated subsidiaries and the estimated net asset fair value of the applicable companies. In accordance with ASC Topic 350, *Intangibles – Goodwill and other*, the Group conducts an impairment test annually or whenever an event occurs that suggests the possibility of impairment.

(g) Amortization of software

Internal use software is amortized on the straight-line method over the estimated useful life (less than 5 years).

(h) Accounting methods of asset retirement obligations

The Group applies ASC Topic 410, *Asset Retirement and Environmental Obligations*. This interpretation requires us to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated.

(i) Standards for recognition of important allowances

Allowance for doubtful accounts

The Group calculates allowance for doubtful accounts on the basis of our best estimate of probable losses on accounts receivable considering historical experience and other known factors.

(j) Amortization of identifiable intangible assets

The Group accounts for identifiable Intangible assets in accordance with ASC Topic 350, *Intangibles – Goodwill and Other Intangible assets*. Identifiable intangible assets include customer relationships, channel franchises and trademark which were originally recorded in connection with business combinations. Customer relationships, channel franchises and trademark are amortized over their respective estimated useful lives of 10, 17 and 10 years.

(k) Income taxes

The Group accounts for income taxes under the asset and liability method in accordance with ASC Topic 740, *Income Taxes*. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax basis and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income/(loss) in the period that includes the enactment date.

ASC Topic 740, defines the accounting for uncertainty in income taxes, and also provides the guidance on derecognition, measurement, interest and penalties of uncertain tax positions when it is not likely for filed tax position to be maintained after tax examinations. As of December 31, 2012, the Group had the portion of its unrecognized tax benefits of ¥14,740 million. In addition, the Group includes interest accrued on uncertain tax position in interest expense and penalties in income taxes expense.

As a result of the future tax examination, it is reasonably possible that the amount of unrecognized tax benefits as of December 31, 2012 could change significantly and could result in increases to our deferred tax assets or decreases to our liabilities for uncertain tax positions and a favorable impact on its consolidated financial statements. The Group is currently unable to provide a meaningful estimate of the range of any such increases. No assurance can be given as to the nature or impact of changes in our unrecognized tax positions, therefore, the Group does not disclose these potential tax benefits.

The Group is subject to corporate income tax administrated by National Tax Administration Agency. Substantially all material income tax examinations have been concluded for tax years through 2005. The Group anticipates tax examinations in several jurisdictions in which the Group operates could be conducted. Although no assurance can be given, the Group anticipates that the outcome of these examinations will not have a material adverse effect on its financial position or results of income.

(l) Revenue recognition

The Group recognizes revenues for cable television, high-speed Internet access and telephony when such services are provided to subscribers in accordance with ASC Topic 605, *Revenue recognitions*. Revenues derived from other sources are recognized when services are provided, events occur or products are delivered. The Group accounts for revenues of installation and operation on cable television system in accordance with ASC Topic 922, *Entertainment- Cable Television*. Initial subscriber installation revenues are recognized in the period in which the related services are provided to the extent of direct selling costs. Any remaining amount is deferred and recognized over the estimated average period that the subscribers are expected to remain connected to the cable television system. Historically, installation revenues have been less than related direct selling costs, therefore such revenues have been recognized as installations are completed.

The Group provides poor reception rebroadcasting services to noncable television viewers suffering from poor reception of television waves caused by artificial obstacles. The Group enters into agreements with parties that have built obstacles causing poor reception for construction and maintenance of cable facilities to provide such services to the affected viewers at no cost to them during the agreement period. Under these agreements, the Group receives up-front, lump-sum compensation payments for construction and maintenance. Revenues from these agreements have been deferred and are being recognized in income on a straight-line basis over periods that are consistent with the durations of the underlying agreements (maximum 20 years). Such revenues are included in revenue - others in the consolidated statement of income and comprehensive income.

The Group's channel operators distribute programs to individual satellite subscribers through an agreement with the satellite service provider. Individual satellite subscribers pay a monthly fee for channel operators under the terms of rolling one-month subscription contracts. Cable television operators and IPTV service providers generally pay a per-subscriber fee for the right to distribute the Group's programs on their systems under the terms of generally annual distribution contracts. Revenue for such services including subscription revenues is recognized in the periods in which the services are provided to cable television operators, the satellite service provider and IPTV service providers.

(m) Consumption taxes

All transactions are recorded net of national and regional consumption taxes.

2. Significant accounting policy change

In June 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-05, *Comprehensive Income (ASC Topic 220)*: *Presentation of Comprehensive Income*. ASU2011-05 eliminates the option to present components of other comprehensive income as part of the statement of changes in stockholders' equity and requires an entity to report comprehensive income either in a single continuous financial statement or in two separate but consecutive financial statements. The Group adopted ASU2011-05 at the beginning of 2012. ASU2011-05 being a disclosure regulation, such adoption did not have an impact on the Group's financial position and results of operations.

Also, it requires to present on the face of the financial statements the effects of reclassifications out of accumulated other comprehensive income on the components of net income and other comprehensive income. In December 2011, the FASB issued ASU2011-12, *Comprehensive Income (ASC Topic 220)*: *Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in ASU2011-05*. By adopting ASU2011-12 at the beginning of 2012, the Group did not present on this regulation.

3. Notes to the Consolidated Balance Sheet

(1) Material assets provided as collateral:

Distribution system and equipment	¥57,123 million
Support equipment and buildings	¥1,688 million
Liabilities related to collaterals above	¥5,109 million

(2) Debt guarantee balance, etc

The Group had ¥5,229 million foreign exchange contract on behalf of an affiliate.

(3) Accumulated other comprehensive income/(loss)

Accumulated other comprehensive income/(loss) represents the accumulated unrealized gain/(loss) pertaining to derivative financial instruments designated as cash flow hedges and accumulated foreign currency translation adjustments.

4. Notes to the Consolidated Statement of Shareholders' Equity

(1) Number of shares issued

Common stock 6,947,813 Shares

(2) Treasury stocks

Common stock 83,168 Shares

(3) Dividends

(2011 Yearend) Determined at the Annual Shareholders Meeting held on March 28, 2012

Class of shares	Common stock
Total amount of dividends	¥6,233 million
Dividend per share	¥900.00
Record date	December 31, 2011
Effective date	March 29, 2012

(2012 Interim) Determined at the Board of Directors Meeting held on July 24, 2012

Class of shares	Common stock
Total amount of dividends	¥8,581 million
Dividend per share	¥1,250.00
Record date	June 30, 2012
Effective date	September 7, 2012

Total amount of dividends of which the record date is December 31, 2012 will be ¥8,581 million.

(4) Stock acquisition rights

Number of targeted shares (exercisable)

Stock acquisition rights : Common stock Outstanding 513 Shares

5. Notes to financial instruments

(1) Policies for financial instruments

The Group limits operating funds to short–term deposit, etc., and raises funds primarily through bank loans and issuance of corporate bond.

Concentration of credit risk with respect to accounts receivable is limited due to a large number of small individual customers throughout Japan. The Group also manages this risk by disconnecting services to customers whose accounts are delinquent.

Bank loans primarily are used for operating funds and capital investment. The Group uses derivative instruments such as interest rate swaps and foreign exchange forward contracts in order to manage the fluctuation risk of interest rate and foreign currency exchange rate.

(2) Fair value of financial instruments

The carrying amount, the fair value and the difference between them as of December 31, 2012 were as follows:

(Yen in Millions)

	Carrying amount	Fair value	Difference
Long-term debt (*)	118,109	118,228	(119)
Corporate bond	10,000	10,156	(156)
Derivative Assets	512	512	—
Detail			
Interest rate swaps contract	—	—	—
Foreign exchange forward contract	512	512	—
Derivative liabilities	533	533	—
Detail			
Interest rate swaps contract	533	533	—
Foreign exchange forward contract	—	—	—

(*) Long-term debt includes “Long-term debt-current portion”

Calculation method for the fair value of financial instruments

(Cash and cash equivalents, Accounts receivable, Short-term loans and Accounts payable)

The carrying amount approximates fair value of these instruments because of their short-term maturities.

(Long-term debt and Corporate bond)

The fair value of long-term debt and corporate bond are based on the present value of future cash flows discounted using the Group’s current borrowing rate for similar debt.

(Derivative assets and derivative liabilities)

The fair value of derivative assets and derivative liabilities are estimated on quotes from a third party.

6. Note to per share data

J:COM shareholders' equity per share: ¥66,215.61

7. Note to deferred taxes

Significant components of deferred tax assets and liabilities

	(Yen in Millions)
Deferred tax assets:	
Deferred revenue	18,203
Accrued expenses and others	4,803
Property and equipment	3,248
Lease obligations	1,659
Net operating loss carryforwards	946
Total gross deferred tax assets	28,859
Less: valuation allowance	(34)
Deferred tax assets, net of valuation allowance	28,825
Deferred tax liabilities:	
Intangible assets	12,647
Property and equipment	9,913
Investments	2,977
Others	553
Total gross deferred tax liabilities	26,090
Net deferred tax assets	2,735

8. Significant subsequent events

None

9. Other notes

(1) Restatements of Prior Year's Consolidated Financial Statements

The Group recorded a portion of Net income attributable to noncontrolling interests as Net income attributable to J:COM shareholders up to 2008. In accordance with ASC Topic 250, *Accounting Changes and Error Corrections*, consolidated financial statements were restated.

These restatements resulted in changes to Retained earnings, Total J:COM shareholders' equity, Noncontrolling interests in subsidiaries and J:COM shareholders' equity per share. Consequently, Retained earnings and Total J:COM shareholders' equity decreased by ¥4,043 million and Noncontrolling interests in subsidiaries increased by ￥4,043 million as of January 1, 2012.

These restatements did not have a material impact on the current year's consolidated financial statements.

(2) Additional Information

The Company's common shares are listed on the JASDAQ Market.

According to the Tender Offer Press Release, dated October 24, 2012 by Sumitomo and KDDI, KDDI and NJ the voting rights of which are to be owned in equal number by Sumitomo and KDDI will jointly conduct tender offer by early February 2013 for all the issued common shares and stock acquisition rights of the Company, so that Sumitomo and KDDI will each own 50% of the voting rights of the Company.

Since the Tender Offerors, Etc. do not set the maximum number of shares to be purchased in the tender offer, the common shares of the Company may be delisted depending on the result of the tender offer, pursuant to the delisting standards of the JASDAQ Market after the prescribed procedures. Also Sumitomo and KDDI have stated that even if the relevant standards do not apply at the time of completion of the tender offer, if the tender offer takes effect, the Tender Offerors, Etc. plan to implement the procedures for the purpose of acquiring all the issued shares of the Company (excluding, however, the treasury shares held by the Company) pursuant to applicable laws and regulations. In this case, the Company's common shares will be delisted after the prescribed

procedures pursuant to the delisting standards of the JASDAQ Market. After the delisting, the Company's common shares cannot be traded on the JASDAQ Market.
At the board of directors meeting held on October 24, 2012, the Company resolved to express its opinion, as of October 24, 2012, in favor of the tender offer, which will be conducted according to the details outlined in the Tender Offer Press Release, and to recommend that the shareholders and stock acquisition right holders of the Company accept the tender offer if the tender offer is commenced. However, it also resolved to express an opinion on the tender offer at the time of the commencement of the tender offer.
Subsequently, accordingly to the press release "Notice on Status of Proposed Tender Offer for Share Certificates etc. of Jupiter Telecommunications Co., Ltd." dated February 8, 2013 by Sumitomo and KDDI, Sumitomo and KDDI had been proceeding with the procedures and responses required under domestic and foreign competition laws to conduct the tender offer. However, as of February 8, 2013, the procedures and responses required under the Chinese competition law was not completed and accordingly, Sumitomo and KDDI were unable to commence the tender offer by early February 2013. The press release stated that as soon as the conditions for the commencement of the tender offer were satisfied and the tender offer was to be commenced, Sumitomo and KDDI would promptly announce such matter.

The matters described above are as of February 14, 2013.

JUPITER TELECOMMUNICATIONS CO., LTD.(Parent Only)

BALANCE SHEET (Japanese GAAP)

As of December 31, 2012

(Yen in Millions)

(ASSETS)		(LIABILITIES)	
Current assets	**89,118**	**Current liabilities**	**93,617**
Cash and cash equivalents	1,559	Accounts payable—trade	9,793
Accounts receivable—trade	18,502	Long-term debt—current portion	68,000
Securities	53,294	Lease obligations	35
Inventory	306	Accounts payable—other	7,329
Prepaid expenses	731	Accrued expenses	1,577
Accounts receivable—other	5,684	Income taxes payable	5,763
Deposit	8,001	Withheld payable	591
Deferred tax assets	989	Other current liabilities	529
Other current assets	52		
Fixed assets	**334,883**	**Fixed liabilities**	**66,569**
Tangible fixed assets	**7,812**	Corporate bond	10,000
Buildings	1,397	Long-term debt	45,000
Other structures	23	Lease obligations	38
Machinery	2,492	Deferred tax liabilities—non current	10,935
Tools, furniture and fixtures	3,415	Other long-term liabilities	596
Land	429	**Total liabilities**	**160,186**
Leased assets	56		
Intangible fixed assets	**14,971**	(NET ASSETS)	
Goodwill	6,207	**Shareholders' equity**	**264,015**
Software	8,735	**Common stock**	**117,550**
Leased assets	13	**Capital surplus**	**124,998**
Other intangible fixed assets	16	Capital reserve	31,690
Investments and other assets	**312,100**	Additional paid-in capital	93,308
Investment securities	2,582	**Retained earnings**	**28,557**
Investments to subsidiaries and affiliates	306,934	Other retained earnings	28,557
Long-term loans to others	158	Retained earnings carried forward	28,557
Long-term prepaid expenses	566	**Treasury stock**	**(7,090)**
Guarantees	1,767	**Revaluation surplus**	**(329)**
Other assets	93	Deferred hedge loss	(329)
Deferred Assets	**15**	**Stock option**	**144**
Bond issuance cost	15	**Total Net Assets**	**263,830**
Total Assets	**424,016**	**Total Liabilities and Net Assets**	**424,016**

JUPITER TELECOMMUNICATIONS CO., LTD.(Parent Only)

STATEMENT OF INCOME (Japanese GAAP)

Year ended December 31, 2012

(Yen in Millions)

Sales		170,074
Cost of sales		132,945
Gross income		37,129
Selling, general and administrative expenses		18,132
Operating income		18,997
Non-operating profit		
Interest income	282	
Dividends	5,337	
Guarantee fee	25	
Other non-operating income	254	5,898
Non-operating expenses		
Interest expense	2,069	
Long-term prepaid guarantees amortization	139	
Loss on retirement of noncurrent assets	331	
Other non-operating expenses	44	2,583
Ordinary income		22,312
Extraordinary loss		
Loss on valuation of investment securities	158	158
Net income before taxes		22,154
Income taxes-current	8,035	
Income taxes-deferred	(2,535)	5,500
Net income		16,654

JUPITER TELECOMMUNICATIONS CO., LTD.(Parent Only)

STATEMENT OF SHAREHOLDERS' EQUITY (Japanese GAAP)

Year ended December 31, 2012

(Yen in Millions)

	Shareholders' equity							
	Common stock	Capital Surplus			Retained Earnings		Treasury stock	Total Shareholders' equity
		Capital reserve	Additional paid-in capital	Total capital surplus	Other Retained earnings Retained earnings carried forward	Total retained earnings		
Balance at January 1, 2012	117,550	31,690	93,311	125,001	26,717	26,717	(2,128)	267,140
Changes for this period								
Net income					16,654	16,654		16,654
Dividends					(14,814)	(14,814)		(14,814)
Purchase of treasury stock							(5,000)	(5,000)
Disposal of treasury stock			(3)	(3)			38	35
Net changes other than Shareholders' equity items								
Total changes	—	—	(3)	(3)	1,840	1,840	(4,962)	(3,125)
Balance at December 31, 2012	117,550	31,690	93,308	124,998	28,557	28,557	(7,090)	264,015

	Revaluation surplus		Stock Option	Total Net assets
	Deferred hedge loss	Total revaluation		
Balance at January 1, 2012	(668)	(668)	117	266,589
Changes for this period				
Net income				16,654
Dividends				(14,814)
Purchase of treasury stock				(5,000)
Disposal of treasury stock				35
Net changes other than Shareholders' equity items	339	339	27	366
Total changes	339	339	27	(2,759)
Balance at December 31, 2012	(329)	(329)	144	263,830

Notes to Annual Statutory Report (Parent Only - Japanese GAAP)

1. Significant accounting policies

(1) Securities valuation standard and method

Investments to subsidiaries and affiliates

Acquisition cost by the moving average method

Other investments

Non-marketable securities

Acquisition cost by the moving average method

(2) Inventory valuation

Cost method by the moving average method (amount on the balance sheet is derived by the devaluation of book value based on the lower profitability)

(3) Depreciation method of tangible fixed assets (excluding leased assets)

The straight-line method is applied.

Useful lives

Buildings	10–50 years
Other structures	10–60 years
Machinery	2–8 years
Tools, furniture and fixtures	4–15 years

(4) Amortization method of intangible fixed assets (excluding leased assets)

With regard to software for in-house use, straight-line method over estimated useful life (5 years).

With regard to goodwill, straight-line method over 10 years.

(5) Depreciation method of leased assets

Leased assets except for finance lease where ownership is expected to transfer to the lessee are depreciated in straight-line method where deprecation is over leased-term and residual amount is zero.

(6) Long-term prepaid expenses

Amortized using a straight-line method.

(7) Accounting method of deferred assets

Bond issuance cost is amortized thorough a bond redemption date using straight-line method.

(8) Allowance and reserve

Allowance for bad debts

In preparation for loss due to bad debt, the allowance is calculated based on historical bad debt ratio approach for general receivables and on evaluation of individual collectability for particular doubtful cases.

(9) Important hedge accounting method

(a) Hedge accounting method

Deferred hedge method is applied. The assignment method is applied for foreign exchange forward contracts.

(b) Hedging instrument and hedged item

Hedging instrument: Foreign exchange forward contract and interest rate swap

Hedged item: Accounts payable in foreign currency, and interest of debt loans with variable interest rate.

(c) Hedge policy

The Company tries to minimize the risks of foreign exchange fluctuations of accounts payables in foreign currency as well as the risks of fluctuations of interest rate for debt loans based on the Company's internal regulations.

(d) Assessment of hedge effectiveness

With regard to the foreign exchange forward contract, an assessment of hedge effectiveness is omitted because there is no difference of material conditions regarding its transaction and hedged item and its cash flow is fixed. With regard to the interest rate swap, an assessment is done by testing whether the interest risk as hedged item is diminished.

(10) Consumption taxes

All transactions are recorded net of national and regional consumption taxes.

(11) Presentation of amounts

Amounts presented in millions of yen with fractions rounded.

(Additional information)

Effective from the fiscal year 2012, the Company adopted "Accounting Standard for Accounting Changes and Error Corrections"(Accounting Standards Board of Japan (“ASBJ”) Statement No.24 issued on December 4, 2009), and "Guidance on Accounting Standard for Accounting changes and Error Corrections "(ASBJ Guidance issued No.24 on December 4, 2009).

2. Notes to change of presentation

(Balance sheet)

The company presented “Accounts receivable – other” of ¥5,684 million which is previously included in current asset other.

(Income statements)

The company presented “Loss on retirement of noncurrent asset” of ¥331 million which is previously included in other non operating loss.

3. Notes to the balance sheet

(1) Accumulated depreciation of tangible fixed assets ¥3,659 million

(2) Debt guarantees balance, etc. (Yen in millions)

Guaranteed Parties	Amount	Details of guaranteed debt
J:COM West Co., Ltd.	5,641	Borrowing from Banks and Lease contracts（*1）
J:COM East Co., Ltd.	5,221	
J:COM Kyushu Co., Ltd.	3,256	
J:COM Shonan Co., Ltd.	2,346	
J:COM Tokyo Co., Ltd	2,345	
J:COM Saitama Co., Ltd.	1,975	
Cable Net Kobe Ashiya Co., Ltd.	1,432	
Others	4,475	
Total	26,691	
Discovery Japan, Inc.	5,229	Foreign exchange forward contracts（*2）
Jupiter Golf Network Co., Ltd.	3,111	
J SPORTS Corporation	1,972	
Others	148	
Total	10,460	
Grand Total	37,151	

*1 The Company guarantees borrowing from banks of the subsidiaries and lease obligations.

*2 The Company has foreign exchange forward contracts on behalf of above subsidiaries and affiliates.

(3) Monetary claims and obligations to subsidiaries and affiliates

Short-term monetary claims ¥21,822 million

Short-term monetary obligations ¥8,329million

4. Notes to the statement of income

Transactions with subsidiaries and affiliates

Operating transaction

Sales	¥152,730 million
Cost of sales	¥53,212 million

Non-operating transaction

Other income	¥5,558 million
Other expenses	¥2 million

5. Notes to the statement of shareholders' equity

(Unit: share)

(1) Type and total number of outstanding stock issued

Type of stock	January 1, 2012	Increase	Decrease	December 31, 2012
Common stock	6,947,813	—	—	6,947,813

(2) Type and total number of treasury stock

Type of stock	January 1, 2012	Increase*1	Decrease*2	December 31, 2012
Common stock	22,640	60,976	448	83,168

*1 Purchase from market 60,976 shares

*2 Stock option exercise 448 shares

6. Notes to deferred taxes

The effects of temporary difference and carryforwards that give rise to deferred tax assets and liabilities are as follows:

	(Yen in Millions)
Enterprise tax payable	501
Investment in subsidiaries and affiliates	476
Accrued expenses	296
Deferred hedge loss	202
Asset retirement obligations	153
Investment in other securities	142
Business office tax payable	24
Other	82
Total deferred tax assets	1,876
Investment to subsidiaries and affiliates	11,329
Investment securities	424
Retirement expenses of asset retirement obligations	69
Total deferred tax liabilities	11,822
Net deferred tax liabilities	9,946

7. Notes regarding transactions with related parties

(1)Subsidiaries and affiliates

(Yen in Millions)

Company name	Business type	Voting right (direct own)	Relationships: Officers	Relationships: Business relationship	Transaction details	Transaction amount *5	Account title	Balance at the end of term*5
J:COM East (Subsidiary)	Cable general broadcasting and telecommunications services	100%	Interlockin Seconded	Programming sales	Programming sales *1 Debt guarantee *2	34,910 5,221	Accounts receivable —	3,726 —
J:COM West (Subsidiary)	Cable general broadcasting and telecommunications services	91.10%	Interlockin Seconded	Programming sales	Programming sales *1 Debt guarantee *2	33,636 5,641	Accounts receivable —	3,546 —
Technology Networks (Subsidiary)	Telecommunications service, Installation/construction work associated with telecommunications facilities	100%	Interlockin Seconded	ISP Service	ISP Service *3 Dividend	22,188 3,675	Accounts payable-trade —	1,958 —
J:COM Tokyo (Subsidiary)	Cable general broadcasting and telecommunications services	95.94%	Interlockin Seconded	Programming sales	Programming sales *1	16,348	Accounts receivable	1,721
Discovery Japan (Affiliate)	Programming supplier	50%	Interlockin Seconded	Programming purchase	Foreign exchange forwards guarantee *4	5,229	—	—

*1 Business conditions are determined after negotiating based on actual conditions of the market.

*2 The Company guarantees borrowing from banks of the subsidiaries and lease obligations.

*3 Business conditions are determined after negotiating with Technology Networks.

*4 The Company guarantees foreign exchange forwards of the affiliate.

*5 Consumption taxes are excluded from transaction amount, but included in balance at the end of term.

(2)Other related party

(Yen in Millions)

Company name	Business type	Voting right (direct own)	Relationships: Officers	Relationships: Business relationship	Transaction details	Transaction amount *2	Account title	Balance at the end of term*2
Sumitomo Shoji Financial Management Co., Ltd. (subsidiary of Sumitomo Corporation)	Financing	—	—	Finance	Interest income Deposit *1	— —	Other current assets Deposit	1 8,000

*1 The Company determines terms and conditions considering actual condition of the market on the basis of terms and conditions offered from Sumitomo Shoji Financial Management.

*2 Consumption taxes are excluded from transaction amount, but included in balance at the end of term.

8. Note to per share data

Net assets per share	38,412.30 yen
Net income per share	2,421.58 yen

(Note) Basis for calculating net income per share.

Net income	¥16,654 million
Net income not attributable to common shareholders	—
Net income attributable to common shares	¥16,654 million
Average number of common shares during the fiscal year	6,877,162 shares

9. Significant subsequent events

None

10. Other note

Additional Information

The Company's common shares are listed on the JASDAQ Market.

According to the Tender Offer Press Release, dated October 24, 2012 by Sumitomo and KDDI, KDDI and NJ the voting rights of which are to be owned in equal number by Sumitomo and KDDI will jointly conduct tender offer by early February 2013 for all the issued common shares and stock acquisition rights of the Company, so that Sumitomo and KDDI will each own 50% of the voting rights of the Company.

Since the Tender Offerors, Etc. do not set the maximum number of shares to be purchased in the tender offer, the common shares of the Company may be delisted depending on the result of the tender offer, pursuant to the delisting standards of the JASDAQ Market after the prescribed procedures. Also Sumitomo and KDDI have stated that even if the relevant standards do not apply at the time of completion of the tender offer, if the tender offer takes effect, the Tender Offerors, Etc. plan to implement the procedures for the purpose of acquiring all the issued shares of the Company (excluding, however, the treasury shares held by the Company) pursuant to applicable laws and regulations. In this case, the Company's common shares will be delisted after the prescribed procedures pursuant to the delisting standards of the JASDAQ Market. After the delisting, the Company's common shares cannot be traded on the JASDAQ Market.

At the board of directors meeting held on October 24, 2012, the Company resolved to express its opinion, as of October 24, 2012, in favor of the tender offer, which will be conducted according to the details outlined in the Tender Offer Press Release, and to recommend that the shareholders and stock acquisition right holders of the Company accept the tender offer if the tender offer is commenced. However, it also resolved to express an opinion on the tender offer at the time of the commencement of the tender offer.

Subsequently, accordingly to the press release "Notice on Status of Proposed Tender Offer for Share Certificates etc. of Jupiter Telecommunications Co., Ltd." dated February 8, 2013 by Sumitomo and KDDI, Sumitomo and KDDI had been proceeding with the procedures and responses required under domestic and foreign competition laws to conduct the tender offer. However, as of February 8, 2013, the procedures and responses required under the Chinese competition law was not completed and accordingly, Sumitomo and KDDI were unable to commence the tender offer by early February 2013. The press release stated that as soon as the conditions for the commencement of the tender offer were satisfied and the tender offer was to be commenced, Sumitomo and KDDI would promptly announce such matter.

The matters described above are as of February 14, 2013.

[English Translation of the Auditors' Report Originally Issued in the Japanese Language]

Independent Auditor's Report

February 14, 2013

The Board of Directors
Jupiter Telecommunications Co., Ltd.

KPMG AZSA LLC

Tsutomu Takahashi
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Takuji Kanai
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Makoto Yamada
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statement of income and comprehensive income, the consolidated statement of shareholder's equity and the notes to annual consolidated statutory report of Jupiter Telecommunications Co., Ltd. as at December 31, 2012 and for the year from January 1, 2012 to December 31, 2012 in accordance with Article 444-4 of the Companies Act.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the second sentence of Article 120-2-1 of the Ordinance of Companies Accounting that prescribes some omissions of disclosure items required under accounting principles generally accepted in the United States of America (refer to Note1. (3) (a) Accounting standards used to prepare the Consolidated Statutory Report of the notes to annual consolidated statutory report), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above, which were prepared in accordance with the second sentence of Article 120-2-1 of the Ordinance of Companies Accounting that prescribes some omissions of disclosure items required under accounting principles generally accepted in the United States of America (refer to Note1. (3) (a) Accounting standards used to prepare the Consolidated Statutory Report of the notes to annual consolidated statutory report), present fairly, in all material respects, the financial position and the results of operations of Jupiter Telecommunications Co., Ltd. and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 9. (2) Additional information of the notes to annual consolidated statutory report. The Company resolved at its board of directors meeting held on October 24, 2012 to express an opinion in favor of the tender offer for all of the Company's issued common shares and stock acquisition rights to be conducted by KDDI CORPORATION and another company the voting rights of which are to be owned in equal number by Sumitomo Corporation and KDDI CORPORATION.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

<u>Notes to the Reader of Independent Auditor's Report</u>:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

[English Translation of the Auditors' Report Originally Issued in the Japanese Language]

Independent Auditor's Report

February 14, 2013

The Board of Directors
Jupiter Telecommunications Co., Ltd.

KPMG AZSA LLC

Tsutomu Takahashi
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Takuji Kanai
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Makoto Yamada
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the financial statements, comprising the balance sheet, the statement of income, the statement of shareholder's equity, the notes to annual statutory report, and the supplementary schedules of Jupiter Telecommunications Co., Ltd. as at December 31, 2012 and for the year from January 1, 2012 to December 31, 2012 in accordance with Article 436-2-1 of the Companies Act.

Management's Responsibility for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of Jupiter Telecommunications Co., Ltd. for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 10.Other note of the notes to annual statutory report. The Company resolved at its board of directors meeting held on October 24, 2012 to express an opinion in favor of the tender offer for all of the Company's issued common shares and stock acquisition rights to be conducted by KDDI CORPORATION and another company the voting rights of which are to be owned in equal number by Sumitomo Corporation and KDDI CORPORATION.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

[English Translation of the Auditors' Report Originally Issued in the Japanese Language]

Audit Report

The Board of Statutory Auditors has drawn up this Audit Report, after deliberations among the Statutory Auditors based on the respective audit reports from each Statutory Auditor on the directors performing their duties for the 19th business year from January 1, 2012 to December 31, 2012, and report as follows.

1. Method and Content of Auditing by Statutory Auditors and Board of Statutory Auditors

The Board of Statutory Auditors decided auditing policies and the division of roles among the Statutory Auditors, received reports, from each Statutory Auditor of respective execution and results of audit, and from the Directors, etc. and the Accounting Auditor of their execution of respective duties, and requested their explanation thereon as deemed necessary.

In accordance with Code of Statutory Auditors Auditing Standards, auditing policies and the division of roles among the Statutory Auditors decided by the Board of Statutory Auditors, each Statutory Auditor endeavored to collect information and develop our auditing environment by keeping contacts and communications with the Directors and employees, etc. of internal auditing, internal control and other departments, attended the meetings of the Board of Directors and other important meetings, received reports and explanation, as deemed necessary, from the Directors and employees, etc. of their performance of respective duties, made perusal of the important documents, including those for internal approval, and investigated the business operation and the state of the assets in the Company's head office and the other main offices. Also each Statutory Auditor checked and verified the contents of the resolution of the Board of Directors and the status of the systems developed pursuant to the resolution, regarding the development of the system to secure Directors' performance of duties complying with laws and regulations and the Articles of Incorporation, and other systems required to secure proper business operation as provided in the Company Law Enforcement Regulations, Article 100, Paragraphs 1 and 3 ("internal control system") described in the Business Report. As to the subsidiaries, each Statutory Auditor kept communications and exchanged opinions with their Directors and Statutory Auditors, etc., and received their business reports as necessary. Based on the measures and procedures mentioned above, each Statutory Auditor examined the Company's Business Report and Supporting Schedule for the business year.

Also, each Statutory Auditor checked and verified whether the Accounting Auditor keeping independent position and executing proper auditing, and received from the Accounting Auditor the reports of the status of their execution of duties and sought for their explanation thereon as necessary. In addition, each Statutory Auditor received the report from the Accounting Auditor that "systems to secure proper performance of duties" (provided in Article 131, all Paragraphs in Company Accounting Regulation) were developed according to "Quality Administration Standards Regarding Auditing" (announced by "Committee of Company Accounting" on October 28, 2005), etc., and sought for their explanation thereon as necessary. Based on the measures and procedures mentioned above, each Statutory Auditor examined the Company's Accounting Documents (Balance Sheet, Statement of Income, Statement of Changes in Net Assets and Individual Notes Sheet) and Supporting Schedule, and Consolidated Accounting Documents (Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Movement of Shareholders Equity, and Consolidated Individual Notes Sheet).

2. Audit Results

(1) Audit Results of Business Report, etc.

(i) Business Report and Supporting Schedule are deemed to present fairly the situation of the Company complying with laws and regulations and the Articles of Incorporation.

(ii) There are no illegal or unlawful actions nor material facts in violation or breach of laws or regulations or the Articles of Incorporation, found in any Director performing respective duties.

(iii) The contents of the resolution of the Board of Directors regarding the Company's internal control system are deemed adequate. And, there is nothing to be pointed out in the Directors' performance of duties regarding the relevant internal control system.

(2) Audit Results of Accounting Documents and Supporting Schedule
The auditing method and audit results of KPMG AZSA LLC, the Accounting Auditor of the Company, are deemed adequate.

(3) Audit Results of Consolidated Accounting Documents
The auditing method and audit results of KPMG AZSA LLC, the Accounting Auditor of the Company, are deemed adequate.

February 19, 2013

The Board of Statutory Auditors, Jupiter Telecommunications Co., Ltd.

Statutory Auditor (full-time)	Kunio Fujimoto
Statutory Auditor (outside auditor)	Toshifumi Shibuya
Statutory Auditor (outside auditor)	Kenichiro Takagi
Statutory Auditor (outside auditor)	Katsuyuki Yamaguchi

Memorandum for Shareholders

Business Year	From January 1 to December 31 each year	
Ordinary General Meeting of Shareholders	Held in March each year	
Record Date	For the ordinary general meeting of shareholders	December 31 each year
	For year-end dividends	December 31 each year
	For interim dividends	June 30 each year
	The day specified and notified by prior public notice as otherwise required	
Transfer Agent and Special Account Management Agent	Sumitomo Mitsui Trust and Bank, Ltd. 4-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo	
The Transfer Agent's Handling Office	Sumitomo Mitsui Trust and Bank, Ltd. Stock Transfer Agency Department 4-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo	
Postal Address	Sumitomo Mitsui Trust and Bank, Ltd. Stock Transfer Agency Department 8-4 Izumi 2-chome, Suginami-Ku, Tokyo 168-0063	
Telephone	0120-782-031 (Toll free)	
URL	http://www.smtb.jp/personal/agency/index.html	

Notification of a Change of Address and Information concerning Inquiries

For shareholders who have established an account with a securities company, please contact the securities company where the account is held for notification of a change of address and all other inquiries. Shareholders who have not established an account with a securities company are advised to call the toll free number identified above.

Information Concerning Special Accounts

For shareholders who had not contacted the Japan Securities Depository Center, Inc. prior to the computerization of share certificates, an account ("special account") has been established at the Sumitomo Mitsui Trust and Bank, Ltd. identified as the transfer agent above. Please call the aforementioned toll free number for any inquiries and notification of a change of address concerning special accounts.

Method of Public Notification	Public notices are made electronically on the Company's website http://www.jcom.co.jp/ir/. In the event, however, that a notice cannot be posted electronically due to an accident or other unavoidable circumstance, notices will be published in the Nihon Keizai Shimbun newspaper.
Stock Listing	Osaka Securities Exchange Co., Ltd. (JASDAQ)