The following is an unofficial English translation of the Reports for the 16th 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 16th Ordinary Meeting of Shareholders)

Reports for the 16th Fiscal Year

January 1, 2009, through December 31, 2009

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 16th Fiscal Year (January 1, 2009, through December 31, 2009) as set forth below.

We sincerely appreciate your understanding and support.

March 2010
Tomoyuki Moriizumi
President & CEO

Business Report

January 1, 2009 to December 31, 2009

1. Current State of the J:COM Group

(1) Business Progress and Results

●Business Environment

Japanese economy during this fiscal year experienced substantial downfall due to the global economic recession. Although some economic index show signs of a pickup, the level of economic activities remained in the struggling status.

While the Jupiter Telecommunications Co., Ltd. ("J:COM" or "the Company") and its consolidated subsidiaries ("the J:COM Group"[*1]) continues to face severe competitions, the J:COM Group has diligently executed its growth strategies, namely, increase of subscribing homes ("Volume Strategy"), increase of monthly revenue per subscribing homes (Average Revenue Per Unit, "ARPU") ("Value Strategy"), and improvement of programming quality ("Contents Strategy").

Under the "Volume Strategy", there were 3 areas the Group focused on.

- Enhancement of new subscriber acquisition and prevention of churn in the highly competitive areas
  In order to fortify the new subscriber acquisition and prevent churns, the J:COM Group has approached provision of the new services, as well as continuing on enhancing the existing follow-up scheme further.
  In Kansai region, the J:COM Group has introduced and promoted "OTOKU Plan" a package of cable television, high-speed Internet access, and phone services at a discounted monthly rate. The J:COM Group also launched a new package of high-speed Internet access service and phone service combined with retransmission service of terrestrial digital broadcasting in Kanto region to respond to the needs of customers.
- Acquisition of new subscribers as a part of digitization
  Toward the completion of migration to terrestrial digital broadcasting planned in July 2011, the J:COM Group drove the effort on acquisition of 1,150 thousand poor reception homes that are not connected to the J:COM Group's broadband network in its service areas and succeeded in agreeing for retransmission service to 540 thousand homes during 2009. The J:COM Group has also promoted subscription to multi-channel service.
- Diversification of sales channels
  In addition to the conventional door to door sales, the J:COM Group has engaged actively in deployment of "J:COM Shop", where a customer can have hands-on-experience (increased to 85 shops from the 50 shops in the previous term), and sales activities using call centers and websites. Along with such efforts, television commercial on terrestrial channels was aired in the J:COM Group's service areas nationwide (except certain areas) to improve the awareness of the J:COM Group and its services.
  Through these strategic sales routes, the J:COM Group has further advanced in new subscriber acquisitions.

In the "Value Strategy", we have focused in the following 3 areas.

- Enhancement of digital service

In order to increase the bundle ratio, an index indicating the number of service per subscribing household, and to improve the added value of the existing service, the J:COM Group has enhanced its digital TV service with focus on the 3 pillars; video on demand (“VOD”), “HDR” (*2), and “high-definition (HD) Programming”.

- New pricing strategy
  The bundle ratio was increased through deployment of new pricing strategies like “OTOKU Plan” that was launched in Kansai Region.
- Service integration in the acquired cable operations
  The J:COM Group has implemented its serviced to J:COM Tojo Co., Ltd., Edogawa Cable Television, Inc., City Cable Net, Inc. and City Telecom Kanagawa Inc., systems under Mediatti Communications, Inc., which the J:COM Group acquired in December 2008, and started full-fledged sales activities to increase ARPU.

In “Contents Strategy” area, in October 2009, the J:COM Group has additionally purchased the shares of J SPORTS Broadcasting Corporation (“J SPORTS”), Japan’s largest sport channel operator, which delivers programs on foreign and domestic football, Japanese professional baseball, and Major League Baseball. J SPORTS became a consolidated subsidiary of the Company on October 1, 2009. Through this acquisition, the J:COM Group is increasing the competitiveness, brand value, and contents gathering abilities while furthering its leadership role in vitalization and expansion of paid multichannel broadcasting market.

As a result of the aforementioned measures, the J:COM Group’s revenue increased 13% from the previous term to ¥333,724 million. Of this total, subscription fees rose 14% year-on-year to ¥287,736 million, owing mainly to the increase in subscribing households including the impact of acquisitions. By type of service, cable television subscription fees improved 16% to ¥155,903 million, boosted by an upswing in the ratio of subscribers receiving J:COM digital services, high-speed Internet access subscription fees grew 14% to ¥83,525 million and Telephony service subscription fees increased 10% compared with the previous fiscal year to ¥ 48,308 million.

Operating and programming costs climbed 10% year-on-year to ¥123,050 million. Selling, general and administrative expenses rose 11% to ¥66,341 million, while depreciation and amortization expenses increased 21% to ¥83,174 million. These increases were primarily attributable to the upswing in costs related to subscriber base growth, including impact of acquisition, as well as higher personnel and related expenses.

The J:COM Group’s operating income has increased by 14% from the previous term to ¥61,159 million. Income before noncontrolling interests and income tax grew by 16% to ¥57,834 million.

As a result, Net income attributable to J:COM shareholders has marked record high of ¥30,453 million, a 9% growth from the previous term.

(*1) The J:COM Group is the Company and its consolidated subsidiaries. J:COM is a multiple-system operator in its cable television business and a multiple-channel operator in program supplying business. In cable television business, the J:COM Group provides cable television, high-speed Internet access, phone service and related services under “J:COM” brand via the J:COM Group’s broadband network. In program supplying business, the J:COM Group invests in and operates multiple thematic channels and manages contents business centered around program supplying to cable television, satellite broadcasting, IP multicasting and other platforms.

(*2) An HDR is a set-top box that can receive high-definition terrestrial, satellite, and cable television broadcasts, and record them in their original high-definition format on an internal hard disk. It allows the subscriber to watch one program while recording another, or record two programs simultaneously. An electronic programming guide (EPG) makes it easy to schedule the recording of a program. An HDR can be considered a multifunctional cable television tuner.

The status of specific efforts in each of the J:COM Group's businesses is provided as follows.

Cable television (J:COM TV)

The number of cable television subscribing households in the J:COM Group as of December 31, 2009 increased by 42 thousand year-on-year to reach 2,599 thousand households, of which the number of subscribers to J:COM TV Digital rose by 351 thousand, to reach 2,348 thousand households or 90% of all cable television subscribing households.
In order to strengthen its competitiveness against its rivals, the J:COM Group has worked diligently on enhancement of "VOD", HDR," and "HD programming", the three pillars of digital service.
In "VOD", the J:COM Group spent efforts on improving service attractiveness and convenience. Especially, "Catch-up Service" was an area of focus. Since launch of NHK on demand in December 2008, the J:COM Group added 5 services including a terrestrial channels service, "Fuji TV on Demand" and a foreign drama & entertainment service, "FOX ON DEMAND".
"HDR", for its high convenience and cost effectiveness, grew steadily in its number of contract. In December 2008, the J:COM Group introduced "HDR Plus" (*3), an advanced version of HDR. The service contributed to digital service expansion and improvement of customer satisfaction.
In the areas of "HD programming", the J:COM Group has added 10 high-definition channels centered on movies and drama genres to service the high demand for high-definition movies and dramas. The newly added channels includes "Nihon Eiga Senmon Channel HD (Japanese Movies)" and "AXN HD". As of the end of this fiscal term, 32 channels or 40% of channels on J:COM service including terrestrial, BS and thematic channels are in high-definition.

(*3) In addition to a mounted DVD drive, the top-end model HDR delivers increased hard disk capacity, improved HD picture quality and longer recording time.

High-speed Internet access (J:COM NET)

The number of subscribing households to the J:COM Group high-speed Internet access service increased by 98 thousand households year-on-year to reach a total of 1,585 thousand households at December 31, 2009.
The J:COM Group aimed at increasing subscribing households by offering wide-range of service from "J:COM NET Ultra 160M", the J:COM Group's most competitive service with a maximum downstream speed of 160M bps to "J:COM NET 1M". Especially, the J:COM Group engaged very actively in "J:COM NET Ultra 160M" sales and boosted the subscribing homes of J:COM NET Ultra 160M service to 184 thousand homes.

Telephony service (J:COM PHONE)

The number of subscribing households to the J:COM Group telephony service increased by 193 thousand households year-on-year to reach a total of 1,763 thousand households as of December 31, 2009.

The J:COM Group moved further forward with the introduction of its high-quality primary Internet Protocol (IP) telephony service.

Leveraging the aforementioned initiatives, the J:COM Group has improved its comprehensive service quality and has worked to increase ARPU through the continued promotion of the bundling of its three services (J:COM TV, J:COM NET and J:COM PHONE) in a combined single package offering.

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 telephone services — rose by 107 thousand households to 3,275 thousand households as of December 31, 2009.
The bundle ratio, which indicates the number service provided per subscribing home, increased from 1.77 from the previous fiscal term to 1.82. ARPU, on the other hand, decreased from ¥7,789 to ¥7,726; however, if the newly acquired consolidating subsidiaries are excluded, ARPU increased to ¥7,819.

(2) Capital Expenditures

Total capital expenditures, including capital lease expenditures, by the consolidated J:COM Group during the term under review was ¥69.4 billion. Subscriber installation work at the core, the J:COM Group engaged in trunk line extension and head end expansion for CATV, high-speed Internet access and phone services.
Trunk line extension during the fiscal year was 745 kilometers in the areas of J:COM Fukuoka Co., Ltd., J:COM Kanto Co., Ltd., and Tsuchiura Cable Television Co., Ltd. The combined length of the J:COM Group’s network reached 63,120 kilometers as of the end of December 2009.
As a result, the total number of households capable of subscribing to cable television services offered by the J:COM Group (“homes passed”), including organic growth due to new residential construction in existing service areas and trunk line extension, was 12,594 thousand as of December 31, 2009 (a year-on-year increase of 352 thousand households). The number of homes passed for high-speed Internet access service was also 12,594 thousand as of December 31, 2009 (a year-on-year increase of 352 thousand households), while the number of homes passed for telephony service reached 12,134 thousand as of December 31, 2009 (a year-on-year increase of 741 thousand year-on-year households).
The investment of ¥25.5 billion was executed introduction construction to houses and housing complex. Capital investment in head-end facilities amounted to ¥4.2billion.
The equipment used by subscribers to the J:COM Group’s telephony services consists primarily of EMTA (*5) compatible with VoIP (*4). The consolidated J:COM Group invested ¥2.2 billion in the equipment as well as in telephone terminals using legacy systems and ¥2.1 billion in other telephone facilities.
The J:COM Group made investments of ¥2.8 billion in facilities and equipment in connection with the high-speed Internet access service including the J:COM NET Ultra 160Mbps service.
In addition, the J:COM Group invested ¥17.6 billion in leased assets. ¥16.5 billion of that amount was invested to terminals installed in subscriber homes, including the set-top box, and ¥1.1 billion to head end related facilities for CATV, high-speed Internet access and phone services, and network fiber construction.

(*4) Voice over Internet Protocol is a method of transmitting voice data on the Internet.
(*5) Embedded Media Terminal Adaptor is a terminal adaptor for telephony service with cable modem.

(3) Financing

In this fiscal term, the J:COM Group repaid ¥9 billion of debt loan based on the exiting syndicate loan contract. At the end of the previous term, the J:COM Group borrowed ¥30 billion from the available commitment lines (*6) to fund the purchase of Mediatti Communications, Inc.. The J:COM Group borrowed ¥15 billion under new syndicate loan and additional ¥15 billion from commercial banks and insurance companies to repay the borrowing from the commitment line. In the second half of the year,

straight corporate bond was issued and the J:COM Group financed ¥10 billion from the market. The total amount of debt balance including the corporate bund is ¥166 billion, ¥1 billion more than the previous term.
The remaining debt balance of the J:COM Group (excluding J:COM) from Development Bank of Japan Inc. and others is ¥1.9 billion less than the previous term at ¥22.1 billion.
Therefore, the total debt balance of the J:COM Group decreased ¥0.9 billion to ¥188.1 billion.

(*6) The framework of borrowing that allows limitless frequency of borrowing and repayment within the agreed amount.

(4) Succession to the business rights and duties of other companies as a result of mergers by absorption or absorption-type demergers

For details, please see section (9) below, “Principal Parent Company and Subsidiaries”, (iii) Course of Business Consolidation.

(5) Acquisition of Other Companies’ Business

For details, see below in (9) Principal Parent Companies and Subsidiaries, (iii) Course of Business Consolidation.

(6) Acquisition or Disposal of Other Companies’ Shares, Equity, or Share Warrants, Etc.

For details, see below in (9) Principal Parent Companies and Subsidiaries, (iii) Course of Business Consolidation.

(7) Issues for the J:COM Group

While growth of multichannel broadcasting market remains low, the competition in the multichannel broadcasting market and telecommunication service market is expected to get even fiercer. On the other hand, the completion of digitization of terrestrial broadcasting planed in July 2011 brings great business opportunity to the J:COM Group, which offers digital solution.
With such recognition, the J:COM Group has positioned the fortification of sales abilities as the most important issue and will engage in restructuring of sales organization, enhancement of subscriber acquisition by customer centers, and further improvement of skills of direct sales staffs. Simultaneously, the J:COM Group will drive its “Volume plus Value Strategy” further and strengthen the engagement on “Contents Strategy” to improve the program qualities.

In the volume enhancement, the J:COM Group will continue to deploy new “J:COM Shop” and work on improvement of efficiencies of the existing shops as a part of diversification of sales channels. The J:COM Group will continue to acquire unconnected poor reception homes and promote pay service among such homes. Implementation of J:COM service to systems in Mediatti Communications, Inc. will be continued in order to expand the business volume of those systems. The J:COM Group will continue to look for opportunities like acquisition of neighboring cable operations.

As for the value enhancement, digitization rate of cable television service will be pulled up to 100% by the middle of this year. HD will continue to be strongly promoted. Latest model “Blu-ray HDR” is added to the “HDR” service in January 2010 to further expand the usage. Aiming to increase the “VOD” usage, catch-up service will be enhanced and new “preview service”, distributing program before broadcasting on a linear channel, will be introduced. 3 dimensional (3D) video contents distribution service will start in this spring.

In the area of contents, linkage between J SPORTS Broadcasting Corporation, J:COM and program suppliers in the J:COM Group will be strengthened. J SPORTS Broadcasting Corporation will expand its live-broadcasting hours and continues to work on improvement of program quality through enhancement of self-produced sports information programs.

By implementing the aforementioned initiatives, the J:COM Group will improve customer satisfaction and grow its customer base.

The shareholders' further understanding and assistance are highly appreciated.

(8) Changes in Assets and Operating Results

(i) Consolidated Basis

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

	13th Term (Dec-2006)	14th Term (Dec-2007)	15th Term (Dec-2008)	16th Term (Dec-2009)
Revenue	221,915	264,508	294,308	333,724
Operating Income	31,582	42,816	53,675	61,159
Income before noncontrolling interests and income taxes	28,684	39,389	49,733	57,834
Net income attributable to J:COM shareholders	24,481	23,992	27,964	30,453
Net income attributable to J:COM shareholders per share (Yen)	3,844.83	3,650.27	4,079.61	4,439.56
J:COM Stockholders' Equity	277,296	330,009	349,352	374,902
Total Assets	625,948	680,416	755,670	801,657

(Note) Based on the changes in US GAAP, the expression is changed from the previous term.

(ii) Stand-alone Basis

(Million Yen except Net Income per Share)

	13th Term (Dec-2006)	14th Term (Dec-2007)	15th Term (Dec-2008)	16th Term (Dec-2009)
Revenue	100,288	107,807	117,933	130,700
Ordinary income	6,625	8,656	10,477	12,568
Net income	6,482	6,327	6,982	8,452
Net income per share (Yen)	1,018.01	962.71	1018.59	1,232.17

Capital	115,232	116,734	117,162	117,242
Net assets	193,155	246,458	250,404	253,882
Total assets	374,352	427,146	439,479	501,132

(9) Principal Parent Company and Subsidiaries (as of December 31, 2009)

(i)Relationship with Parent Company

LGI/Sumisho Super Media, LP, (hereinafter "Super Media"), the Company's direct parent entity owning 58.12% voting rights, is a joint holding company established by Liberty Global, Inc. and Sumitomo Corporation. The share holding ratio of Liberty Global, Inc. and Sumitomo Corporation in Super Media are 58.66% and 41.34%, respectively. Within Super Media's operating committee (one member selected from each shareholder), Liberty Global, Inc. holds the deciding power for those items taken up by the committee that cannot be agreed upon by both shareholders. For this reason, as of the end of December 2009, Liberty Global, Inc. effectively controls 100% voting rights of Super Media. Consequently, the Company is an indirect consolidated subsidiary of Liberty Global, Inc. In addition, Liberty Global, Inc. holds 3.70% of J:COM's voting rights through Liberty Global Japan II, LLC.

Sumitomo Corporation indirectly holds 24.02% of J:COM's voting rights through Super Media, directly holds 3.70% of J:COM's voting rights, and has made J:COM an affiliated company accounted for under the equity method accounting.

Aside from the relationships described above between J:COM and Super Media, J:COM and Liberty Global, Inc., and J:COM and Sumitomo Corporation, there are no other transactions or relationships to report.

(Note)　The above voting right ratio excludes the treasury stock.

(ii) 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	91.06% (0.01%)	Cable TV broadcasting
J:COM Kanto Co., Ltd.	15,057	100.00%	same as above
J:COM Sapporo Co., Ltd.	8,800	86.30%	same as above
J:COM Tokyo Co., Ltd.	7,524	95.80%	Broadcast on telecommunication service
J:COM Shonan Co., Ltd.	5,772	82.57%	Cable TV broadcasting
City Cable Net, Inc.	4,326	88.08%	same as above
J SPORTS Broadcasting Corporation	3,834	80.49% (33.37%)	Programming supply business
J:COM Chiba Co., Ltd.	3,395	74.50%	Cable TV broadcasting

J:COM Fukuoka Co., Ltd.	3,200	74.78%	Broadcast on telecommunication service
City Telecom Kanagawa Inc.	3,000	100.00%	Cable TV broadcasting
Miyagi Network Inc.	3,000	99.66%	same as above
Cable Net Kobe Ashiya Co., Ltd.	2,900	79.98%	same as above
Yokohama TV Corporation	2,880	100.00% (0.03%)	same as above
J-Sports, LLC	2,609	100.00%	Investment in programming supply businesses
J:COM Kita-Kyushu Co., Ltd.	2,447	86.70%	Cable TV broadcasting
Suita Cable Television Co., Ltd.	2,105	92.39% (92.39%)	same as above
Johoku New Media Co., Ltd	1,920	97.91%	same as above
J:COM Tojo Co., Ltd.	1,845	83.06%	same as above
Takatsuki Cable Network Co., Ltd.	1,828	95.51% (95.51%)	same as above
Jupiter Entertainment Co., Ltd.	1,788	100.00%	Programming supply business VOD service
Jupiter Golf Network Co., Ltd.	1,700	89.41%	Programming supply business
J:COM Saitama Co., Ltd.	1,600	86.42% (0.26%)	Cable TV broadcasting
Higashi-Osaka Cable Television Co., Ltd.	1,560	96.15% (96.15%)	same as above
Tsuchiura Cable Television Co., Ltd.	1,500	70.33%	same as above
Toyonaka Ikeda Cable Net Co., Ltd.	1,500	91.42% (91.42%)	same as above
Edogawa Cable Television, Inc.	1,081	100.00%	same as above
Cable Net Shimonoseki Co., Ltd.	1,000	63.41%	same as above
Technology Networks Inc.	490	100.00%	Telecommunication businesses Installation/construction work associated with cable TV broadcasting and telecommunication businesses
KANSAI MULTIMEDIA SERVICES COMPANY	480	76.50%	Telecommunication businesses
JUPITER VISUAL COMMUNICATIONS CO., LTD.	300	90.00%	Programming supply business Advertising media business
Channel Ginga Co., Ltd.	200	76.00%	Programming supply business
Active Sports Broadcasting Corporation	25	64.00% (64.00%)	Consigned broadcasting business
J:COM Finance Co., Ltd.	3	100.00%	Financial service
Jupiter Sports, Inc.	3	100.00% (33.34%)	Investment in programming supply businesses
Principal Affiliates			
Discovery Japan Inc. ※	2,545	50.00%	Programming supply business

Japan Digital Serve Corp. ※	2,250	26.95% (5.63%)	Digital broadcast signal transmission business
Green City Cable Television Co., Ltd. ※	1,000	20.00%	Cable TV broadcasting
KADOKAWA-J:COM Media Co., Ltd. ※	100	50.00%	Advertising media business
InteracTV Co., Ltd. ※	100	32.50%	Consigned broadcasting business
Open Wireless Platform, LLC. ※	93	32.22%	Telecommunication businesses
Jupiter Satellite Broadcasting Co., Ltd. ※	60	50.00%	Consigned broadcasting business
Animal Planet Japan Co., Ltd. ※	41	33.33%	Programming supply business
AXN Japan Inc. ※	10	35.00%	same as above

(Note) 1. The above 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.
4. J-Sports, LLC is a limited liability corporation under the laws of the State of Delaware in the United States of America.

(iii) Course of Business Consolidation

(a) In January 2009, J:COM Technologies Co., Ltd.,the Company's consolidated subsidiary, merged with @ Net Home Co., Ltd, another consolidated subsidiary. J:COM Technologies Co., Ltd. has changed its name to Technology Networks Inc.

(b) In March 2009, Open Wireless Platform, LLC. was established and became an equity method affiliate.

(c) In April 2009, Mediatti Communications, Inc., then the consolidated subsidiary is merged into the Company.

(d) In May 2009, the Company's consolidated subsidiary, J:COM West Co., Ltd. merged another consolidated subsidiary, Kitakawachi Cable Net Co., Ltd.

(e) In July 2009, the Company's consolidated subsidiary, J:COM Kanto Co., Ltd, J:COM Tokyo Co., Ltd., J:COM Saitama Co., Ltd., J:COM Chiba Co., Ltd., J:COM Shonan Co., Ltd, Tsuchiura Cable Television Co., Ltd., J:COM Tojo Co., Ltd., City Cable Net Inc., City Telecom Kanagawa Inc., and Edogawa Cable Television, Inc. have succeeded parts of poor reception compensation business from TEPCO CABLE TELEVISION Inc.

(f) In July 2009, the Company's consolidated subsidy, TM Lease Co., Ltd. was dissolved and the liquidation was completed in October 2009.

(g) In October 2009, the Company acquired additional shares for J SPORTS Broadcasting Corporation, then an equity method affiliate and consolidated J SPORTS Broadcasting Corporation and its subsidiary, Active Sports Broadcasting Corporation.

As of December 31, 2009, the J:COM Group included 34 consolidated subsidiaries as well as 9 affiliated companies accounted for under the equity method.

(10) The J:COM Group's Main Business (as of December 31, 2009)

Cable television broadcasting service, Broadcast on telecommunication service, Telecommunication service, Programming supply business

(11) The J:COM Group's Main Office (as of December 31, 2009)

The Company's Head Office: Tokyo

The Company's Marunouchi Office: Tokyo

J:COM Tokyo Co., Ltd.: Tokyo

J:COM West Co., Ltd.: Osaka

(12) Employees (as of December 31, 2009)

(i) Consolidated Basis

Number of Permanent Employees	Number of Contract Employees	Number of Temporary Employees	Total
5,173	3,094	2,721	10,988

(Note) 1. Figures are the sum of the number of employees of the consolidated subsidiaries under U.S. GAAP.

2. The number of employees during the term rose by 244. This was mainly attributable to the increase in a consolidated subsidiary following the acquiring shares of J SPORTS Broadcasting Corporation, the hiring of new graduates, and mid-career recruiting.

(ii) Stand-alone Basis

Number of Permanent Employees	Number of Contract Employees	Number of Temporary Employees	Total	Average Age	Average Length of Service
1,515	929	882	3,326	35.7	7.0 years

(Note) 1. Figures indicate number of employees including those seconded from the other companies and excluding those seconded to other companies.

2. The number of employees during the term increased by 873. The increase is mainly due to the integration of departments in consolidated subsidiaries, hiring of new graduates and mid-carrier hiring.

3. Average age and average length of service are calculated based on the data as of month-end December 2009 on permanent employees including those seconded to other companies but excluding secondees from the other companies.

(13) Principal Lenders (as of December 31, 2009)

Lenders	Loan Balance (Yen in Millions)
Development Bank of Japan Inc.	50,557
Sumitomo Mitsui Banking Corporation	23,779
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	21,979
Mizuho Corporate Bank, Ltd.	8,779
Saitama Risona Bank, Ltd.	7,400
Sumitomo Life Insurance Company	7,000

The Sumitomo Trust and Banking Co., Ltd.	6,422
The Bank of Fukuoka, Ltd.	5,268
Nippon Life Insurance Company	5,000
The Shizuoka Bank, Ltd.	4,000
The Dai-ichi Mutual Life Insurance Company	3,000
The Joyo Bank, Ltd.	2,500
Taiyo Life Insurance Company	2,500
The Chiba Bank, Ltd.	2,000
The Yamanashi Chuo Bank, Ltd.	2,000
The Chugoku 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 yen or more.
3. The above list shows the lenders and loan balance on a consolidated basis for the Company.
4. There 10,000 million yen straight corporate bonds besides the above.

2. Shares (as of December 31, 2009)

(1) Number of Shares issued: 6,940,110 shares (ordinary shares)

(2) Number of Shares issued during this term: 2,003 shares (ordinary shares)

(Note) The number of shares increased by 2,003 *shares in the period between January 1, 2009 and December 31, 2009 as a result of the execution of stock acquisition rights (stock options).*

(3) Number of Shareholders 10,323 persons

(4) Major Shareholders（Top 10）

Name	Beneficiary interest to the Company	
	No. of shares	Shareholding ratio
LGI/SumishoSuperMediaLP	3,987,238	58.12%
Sumitomo Corporation	253,676	3.70%
LIBERTY GLOBAL JAPAN Ⅱ, LLC	253,675	3.70%
THE CHASE MANHATTAN BANK, N.A. LONDON SECS LENDING OMNIBUS ACCOUNT	153,780	2.24%

STATE STREET BANK AND TRUST COMPANY	143,537	2.09%
GOLDMAN, SACHS＆CO. REG	137,053	2.00%
STATE STREET BANK AND TRUST COMPANY	109,310	1.59%
NORTHERN TRUST CO. (AVFC) SUB A/C NON TREATY	93,901	1.37%
MORGAN STANLEY ＆ CO. INC	78,151	1.14%
The National Mutual Insurance Federation of Agricultural Cooperatives	74,240	1.08%

(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 stock(80,000 of shares).

2. The above voting right ratio excludes treasury stock.

3. Stock Acquisition Rights (Stock Options)(as of December 31, 2009)

(1) Status of Stock Acquisition Rights and Such Granted to Directors and Auditors Compensation for the Execution of Duties

(i) Stock acquisition rights（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 196

Type and number of shares targeted for stock acquisition rights

Ordinary shares 196 shares (1 share per stock acquisition rights)

Exercise period April 26, 2006 to March 31, 2026

Of the above stock acquisition rights, total held by Company directors and auditors

Classification	Number of stock acquisition rights	Number of holders
Directors (excluding outside directors)	170	4
Outside directors	—	—
Statutory Auditor	26	1
Total	196	5

(ii) Stock acquisition rights（2007 Stock acquisition rights as 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 243

Type and number of shares targeted for stock acquisition rights

Ordinary shares 243 shares (1 share per stock acquisition rights)

Exercise period May 16, 2007 to April 30, 2027

Of the above stock acquisition rights, total held by Company directors and auditors

Classification	Number of stock acquisition rights	Number of holders
Directors (excluding outside directors)	197	5
Outside directors	—	—
Statutory Auditor	24	1
Total	221	6

(iii) Stock acquisition rights（2008 Stock acquisition rights as 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 312

Type and number of shares targeted for stock acquisition rights

Ordinary shares 312 shares (1 share per stock acquisition rights)

Exercise period August 16, 2008 to July 31, 2016

Of the above stock acquisition rights, total held by Company directors and auditors

Classification	Number of stock acquisition rights	Number of holders
Directors (excluding outside directors)	291	5
Outside directors	—	—
Statutory Auditor	—	—
Total	291	5

(iv) Stock acquisition rights（2009 Stock acquisition rights as 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 365

Type and number of shares targeted for stock acquisition rights

Ordinary shares 365 shares (1 share per stock acquisition rights)

Exercise period April 16, 2009 to March 31, 2029

Of the above stock acquisition rights, total held by Company directors and auditors

Classification	Number of stock acquisition rights	Number of holders
Directors (excluding outside directors)	334	6
Outside directors	—	—
Statutory Auditor	31	1
Total	365	7

(v) Stock acquisition rights（2009 Stock acquisition rights as 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 812

Type and number of shares targeted for stock acquisition rights

Ordinary shares 812 shares (1 share per stock acquisition rights)

Exercise period May 16, 2009 to April 30, 2017

Of the above stock acquisition rights, total held by Company directors and auditors

Classification	Number of stock acquisition rights	Number of holders
Directors (excluding outside directors)	812	6
Outside directors	—	—
Statutory Auditor	—	—
Total	812	6

(2) Other Important Issues Regarding Stock Acquisition Rights

(i) Stock subscription rights (Stock subscription rights determined at the Board of Directors Meeting held on April 27, 2001 and the Extraordinary General Meeting of Shareholders held on May 1, 2001)

Targeted shares 40,340 shares

Exercise period September 12, 2001 to August 23, 2010

Of the above stock subscription rights, total held by Company directors and auditors

Classification	Number of targeted shares	Number of holders
Directors (excluding outside directors)	3,840	4
Outside directors	—	—
Statutory Auditor	1,188	1

Total	5,028	5

(ii) Stock acquisition rights (Second round of stock acquisition rights determined at the Board of Directors Meeting held on September 18, 2003 and the Extraordinary General Meeting of Shareholders held on October 3, 2003)

Number of stock acquisition rights 3,503

Type and number of shares targeted for stock acquisition rights

Ordinary shares 21,018 shares (6 shares per stock acquisition rights)

Exercise period December 12, 2003 to August 23, 2012

Of the above stock acquisition rights, total held by Company directors and auditors

Classification	Number of stock acquisition right	Number of holders
Directors (excluding outside directors)	2,118	2
Outside directors	—	—
Statutory Auditor	—	—
Total	2,118	2

4. Officers

(1) Directors and Statutory Auditors (as of December 31, 2009)

Title	Name	Responsibilities and Important Co-Assignment
Representative President	Tomoyuki Moriizumi	Chief Executive Officer and General Manager, CATV Business Unit
Representative Executive Vice President	Mineo Fukuda	Adviser to President
Managing Director	Tomoya Aoki	Chief Financial Officer, General Manager, Corporate Planning & Strategy Unit and Deputy General Manager, Mediatti Unit
Managing Director	Yasushige Nishimura	General Manager, Mediatti Unit Executive Adviser, Liberty Global Japan, Liberty Global, Inc.
Director	Shunzo Yamaguchi	General Manager, Technology Unit Representative President, Technology Networks Inc.
Director	Toru Kato	General Manager, Business Strategy Unit

Director	Masayuki Matsumoto	General Manager, Kansai Business Strategy Division in CATV Business Unit Representative President, J:COM West Co., Ltd.
Director	Mark Luiz	
Director	Yoshio Osawa	Member of the Board, Managing Executive Officer, Media, Network & Lifestyle Retail Business Unit, Sumitomo Corporation
Director	Makoto Nakamura	Executive Officer, General Manager, Planning & Administration Dept., Media, Network & Lifestyle Retail Business Unit, Sumitomo Corporation
Director	Masatoshi Hayashi	Corporate Officer, General Manager, Media Division Sumitomo Corporation
Director	Miranda Curtis	President, Liberty Global Japan, Liberty Global, Inc.
Director	Graham Hollis	Executive Vice President and Chief Operating Officer, Liberty Global Japan, Liberty Global, Inc.
Statutory Auditor	Tsuguhito Aoki	
Statutory Auditor	Juan Sandoval	Vice President, Finance, Liberty Global Japan, Liberty Global, Inc.
Statutory Auditor	Michael Erickson	Senior Vice President, Operations and Development, Liberty Global Japan, Liberty Global, Inc.
Statutory Auditor	Hitoshi Nagase	Assistant to General Manager, Planning & Administration Dept., Media, Network & Lifestyle Retail Business Unit, Sumitomo Corporation

(Note)1. Directors Yoshio Osawa and Masatoshi Hayashi are outside directors as defined by Article 2 Paragraph 15 of the Company Law.

2. Statutory Auditors Michael Erickson and Hitoshi Nagase are outside auditors as defined by Article 2 Paragraph 16 of the Company Law.

3. The position and responsibilities of Tomoyuki Moriizumi, Representative Director & President, changed from Representative Director & President and Chief Executive Officer to Representative Director & President in April 2009, then from Representative Director & President to Representative Director & Chief Executive Officer co-assigned as General Manager, CATV Business Unit.

4. Responsibilities of Mineo Fukuda, Representative Director and Executive Vice President, changed from Chief Operating Officer & J:COM Company to General Manager, CATV Business Unit on April 1, 2009, then from General Manager, CATV Business Unit to Adviser to President on November 11, 2009.

5. The position, responsibilities and Important Co-Assignment of Tomoya Aoki, Managing Director, changed from Chief Financial Officer and General Manager, Corporate Planning & Strategy Unit and Representative Director & President of Mediatti Communications, Inc. to General Manager, Corporate Planning & Strategy Unit and Deputy General Manager, Mediatti Unit on April 1, 2009, then from General Manager, Corporate Planning & Strategy Unit and Deputy General Manager, Mediatti Unit to Chief Financial Officer co-assigned as General Manager, Corporate Planning & Strategy Unit and Deputy General Manager, Mediatti Unit on November 1, 2009.

6. The position, responsibilities and Important Co-Assignment of Yasushige Nishimura, Managing Director, changed from Director to Managing Director on March 25, 2009 and from Representative Director of Mediatti Communications, Inc. to General Manager, Mediatti Unit on April 1, 2009.

7. *The responsibilities of Shunzo Yamaguchi, Director, changed from J:COM Company Vice President to General Manager, Technology Unit on April 1, 2009.*
8. *The responsibilities of Toru Kato, Director changed from General Manager, Business Strategy to General Manager, Business Strategy and Deputy General Manager, CATV Business Unit on April 1, 2009 and then from General Manager, Business Strategy to General Manager, Business Strategy and Deputy General Manager, CATV Business Unit to General Manager, Business Strategy on November 1, 2009.*
9. *The responsibilities of Masayuki Matsumoto changed from General Manager, Kansai Region Business Strategy Division in J:COM Company to General Manager, Kansai Business Strategy Division in CATV Business Unit on April 1, 2009.*
10. *The position and responsibilities of Mark Luiz changed from Co-President of Jupiter TV Company to General Manager, Media Business unit on April 1, 2009 then from General Manager, Media Business unit to Director on August 15, 2009.*

(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	470	3	26	11	496

(Notes) 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 December 31, 2009, there were 13 directors and 4 statutory auditors

3. The above amounts include stock acquisition rights posted as compensation this fiscal year totaled ¥66 million (¥65 million to six directors, and ¥1 million to one statutory auditor).

(3) Matters concerning Outside Directors and Statutory Auditors

(i) Other Important Co-Assignment of Officers

Title	Name	Important Co-Assignment & Details
Outside Director	Yoshio Osawa	Member of the Board, Managing Executive Officer, Media, Network & Lifestyle Retail Business Unit, Sumitomo Corporation
Outside Director	Masatoshi Hayashi	Corporate Officer, General Manager, Media Division, Sumitomo Corporation
Outside Statutory Auditor	Michael Erickson	Senior Vice President, Operations and Development, Liberty Global Japan, Liberty Global, Inc.
Outside Statutory Auditor	Hitoshi Nagase	Assistant to General Manager, Planning & Administration Dept., Media, Network & Lifestyle Retail Business Unit, Sumitomo Corporation

(Note) The relationship between the Company and above co-assigned organization is described in the above section (9) Principal Parent Company and Subsidiaries in 1. Current State of the J:COM Group.

(ii)Status of Major Activities

Title	Name	Status of major activities
Outside Director	Yoshio Osawa	Attended all 17 meetings of the Board of Directors during this term, providing individual opinion in discussions of proposals.
Outside Director	Masatoshi Hayashi	Attended all 17 meetings of the Board of Directors during this term, providing individual opinion in discussions of proposals.
Outside Statutory Auditor	Michael Erickson	Attended all 17 meetings of the Board of Directors and all 9 meetings of the Board of Statutory Auditors during this term, providing individual opinion from a specialist's viewpoint in discussions of proposals.
Outside Statutory Auditor	Hitoshi Nagase	Attended all 17 meetings of the Board of Directors and all 9 meetings of the Board of Statutory Auditors during this term, providing individual opinion from a specialist's viewpoint in discussions of proposals.

(iii)Compensation to Outside Directors and Statutory Auditors

	Number of Persons Paid	Salaries and other compensation (Yen in Millions)
outside directors and statutory auditor	1	1

5. Status of Accounting Auditor

(1) Name of auditing firm KPMG AZSA & Co.

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

Amount of compensation to Accounting Auditors in relation to this fiscal term:

291 million yen

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

451 million yen

(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 (Law No.25 of April 13, 1948), nor is such distinction effectively possible. The Company is also subjected to U.S. SOX Act auditing, 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 Item 1 of Article 2 of Certified Public Accountants Act (Law No.103 of July 6, 1948). The non auditing work is the creation of comfort letter in relation to issuance of corporate bond.

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

Under Japan's 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 340-1 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 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 September 2009 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 Japan’s 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, 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 and management committee 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. 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. The individual departments, upon identifying a risk of loss, immediately report the matter to the director in charge and the statutory auditor.

② The Internal Auditing Department, by conducting internal audit based on the "Internal Audit Regulations", determines and evaluates the status on the development of management structures and the compliance to regulations on business operations and monitors 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 for the purpose of clearly defining the management

responsibilities for each fiscal year 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) The Company has in place a system where a management committee comprising of full-time directors, 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.

(8) 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.

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 and of improving operational efficiency, 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 Administration”.

(4) The Internal Auditing Department evaluates and inspects 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. It provides advice on remedial measures, supports implementation, and periodically reports 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.

(8) The Company conducts its business activities through independent decision-making based on the judgment of the management team comprised mainly of full-time directors, and thereby secures its independence from the parent company.

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 in place a system where the Internal Auditing Department, etc. is designated to provide support to the statutory auditor. While the Company currently does not have a dedicated department or several dedicated staff to support the statutory auditor's duties, going forward, it will review the placement of such support staff as necessary.

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 secure independence of such staff from the directors in terms of his/her assignment, transfer, and performance evaluation, etc.

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 the management committee meetings and other 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) The Internal Auditing Department reports to the full-time statutory auditor the results of internal audit and exchanges opinions with the statutory auditor as seen fit.

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

(4) 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 works 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.

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(Note) The matters set forth in this business report, except as specifically noted, pertain to the Company's 16th fiscal year (January 1, 2009 to December 31, 2009) or describe conditions at the end of the Company's 16th fiscal year (December 31, 2009).

Japan's Company Law and Company Law Enforcement Regulations require the disclosure of certain information. However, where there were no relevant events for J:COM to report, they have been omitted, except as specifically noted.
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JUPITER TELECOMMUNICATIONS CO., LTD., AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

(U.S. GAAP)

As of December 31, 2009

(Yen in Millions)

(Assets)		**(Liabilities)**	
Current assets:		Current liabilities:	
Cash and cash equivalents	64,426	Short-term loans	7,618
Accounts receivable	16,507	Long-term debt-current portion	12,353
Allowance for doubtful accounts	(475)	Capital lease obligations-current portion	
Deferred tax assets-current	10,577	Related parties	16,620
Prepaid expenses and other current assets	7,480	Other	2,939
Total current assets	98,515	Accounts payable	25,616
		Income tax payable	11,323
		Deposit from related parties	5,133
		Deferred revenue-current portion	8,383
Investments:		Accrued expenses and other liabilities	11,384
Investments in affiliates	9,122	Total current liabilities	101,369
Investments in other securities, at cost	2,143		
Total investments	11,265	Long-term debt, less current portion	158,135
Property and equipment, at cost:		Corporate Bond, less current portion	10,000
Land	3,924	Capital lease obligations, less current portion:	
Distribution system and equipment	676,853	Related parties	38,520
Support equipment and buildings	54,389	Other	5,709
	735,166	Deferred revenue	60,048
Less accumulated depreciation	(357,161)	Deferred tax liabilities-non current	15,034
Total property and equipment	378,005	Other liabilities	23,251
		Total liabilities	412,066
		(Shareholders' equity)	
Other assets:		Ordinary shares no par value	117,242
Goodwill	248,094	(Authorized 15,000,000 shares; issued 6,940,110 shares)	
Identifiable intangible assets - net	46,029	Additional paid-in-capital	226,553
Deferred tax assets-non current	4,566	Retained earnings	39,834
Other	15,183	Treasury stock, at cost	(7,520)
Total other assets	313,872	Accumulated other comprehensive loss	(1,207)
		Total J:COM shareholders' equity	374,902
		Noncontrolling interests in subsidiaries	14,689
		Total shareholders' equity	389,591
Total assets	801,657	Total liabilities and shareholders' equity	801,657

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

JUPITER TELECOMMUNICATIONS CO., LTD., AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME

(U.S. GAAP)

Year ended December 31, 2009

(Yen in Millions, except per share data)

Revenue:	
Subscription fees	287,736
Other	45,988
	333,724
Operating costs and expenses	
Operating and programming costs	123,050
Selling, general and administrative expenses	66,341
Depreciation and amortization	83,174
	272,565
Operating income	61,159
Other income (expenses):	
Interest expense, net:	
Related parties	(1,693)
Other	(3,479)
Equity in earnings of affiliates	599
Other income, net	1,248
Income before noncontrolling interests and income taxes	57,834
Income tax expense	(24,579)
Net income	33,255
Net income attributable to noncontrolling interests	(2,802)
Net income attributable to J:COM Shareholders	30,453
Per share data	
Net income attributable to J:COM Shareholders per share—basic	¥4,439.56
Net income attributable to J:COM Shareholders per share—diluted	¥4,438.57
Weighted average number of ordinary shares outstanding—basic	6,859,388 shares
Weighted average number of ordinary shares outstanding—diluted	6,860,910 shares

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

JUPITER TELECOMMUNICATIONS CO., LTD., AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

(U.S. GAAP)

Year ended December 31, 2009

(Yen in Millions)

	Ordinary Shares	Additional paid in capital	Retained earnings	Accumulated Other Comprehensive Loss	Treasury Stock at cost	Total J:COM shareholder's equity	Noncontrolling Interests	Total Shareholders' Equity
Balance at January1, 2009	117,162	226,388	14,457	(1,135)	(7,520)	349,352	8,935	358,287
Net income			30,453			30,453	2,802	33,255
Other comprehensive loss, net of taxes				(72)		(72)	(3)	(75)
Stock based compensation		67				67		67
Ordinary shares issued upon exercise of Stock options	80	80				160		160
Cash dividend paid to shareholders			(5,076)			(5,076)		(5,076)
Adjustments due to changes in subsidiaries' equity and other						—	3,215	3,215
Purchase of subsidiary shares from noncontrolling interests		18				18	(260)	(242)
Balance at December 31, 2009	117,242	226,553	39,834	(1,207)	(7,520)	374,902	14,689	389,591

COMPREHENSIVE INCOME（LOSS）	
Net income	33,255
Other comprehensive income (loss), net of taxes :	
Unrealized loss on cash flow hedge	(538)
Reclassification adjustment for losses (gains) on cash flow hedges included in net income..	463
Other comprehensive loss, net of taxes	(75)
Comprehensive income	33,180
Comprehensive income attributable to noncontrolling interest..	(2,799)
Comprehensive income attributable to J:COM shareholders	30,381

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

Notes to Annual Consolidated Statutory Report

Significant Accounting Basis for the Consolidated Statutory Report

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 34

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

Principal subsidiaries

J:COM West Co., Ltd.   J:COM Kanto Co., Ltd.   J:COM Tokyo Co., Ltd.
Technology Networks Inc.   Jupiter Entertainment Co., Ltd.

(3) Change of consolidated subsidiaries in 2009

Changes of consolidated subsidiaries in 2009 are as follows;

(Due to merger of subsidiaries)

@NetHome Co., Ltd. merged with J:COM Technology and changed the corporate name to Technology Networks Inc.

The Company merged Mediatti Communications Inc.

Kitakawachi Cable Net Co., Ltd. merged with J:COM West Co., Ltd.

(Newly acquired companies)

J SPORTS Broadcasting Corporation (J SPORTS)

In line with acquisition of J SPORTS, the subsidiaries of J SPORTS, which is Active Sports Broadcasting Corporation also became consolidated subsidiary.

(Company which was liquidated)

TM Lease Co., Ltd. was liquidated.

2. Scope of application of equity method

(1) Number of equity method affiliates: 9

(2) The names of equity method affiliates

Principal Affiliates

Discovery Japan Co., Ltd.   Japan Digital Serve Corp.
Animal Planet Japan Co., Ltd.

(3) Change of equity method affiliates in 2009

Changes of equity method affiliates in 2009 are as follows;

The Company Invested in Open Wireless Platform LLC which was established in 2009.

J Sports Broadcasting Inc. which was an equity method affiliate in the previous year became a subsidiary.

3. Significant accounting policies

(1) Accounting standards used to prepare the consolidated Statutory Report

The Company prepares 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, as stipulated by the Article 3, Section 1 of the Supplementary Provision of the Corporate Calculation Rule(Justice Ministry ordinance No.46 of December 11, 2009). However, certain descriptions and notes required under the aforementioned accounting principles as per the subject enforcement regulations of Article 148, Section 1, are partially omitted.

In June 2009, SFAS 162 was replaced by SFAS No. 168, "The FASB Accounting Standard Codification and the Hierarchy of Generally Accepted Accounting Principles" – replacement of FASB Statement No. 162 (SFAS 168), subsequently codified within FASB Accounting Standards Codification (FASB ASC) Topic 105, Generally Accepted Accounting Principles. The FASB ASC is now the source of authoritative GAAP recognized by the FASB and is applicable for fiscal years and interim periods ending after September 15, 2009. We adopted SFAS 168 effective July 1, 2009 and such adoption did not have a material impact on our consolidated financial statements.

(2) Securities valuation standards and valuation methods

To value its securities, the Company applies Opinions of the Accounting Principles Board 18 "The Equity Method of Accounting for Investments in Common Stock (as amended) ", which was subsequently codified within FASB ASC Topic 323, "Investments – Equity Method and Joint Ventures and Statement of Financial Accounting Standards SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities", which was subsequently codified within FASB 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 Company considers the possibility of recognizing impairment losses based on an other-than-temporary assessment.

(3) Valuation standards and valuation methods for derivatives

The Company accounts for derivatives based on SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," and SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities", an amendment of SFAS No. 133, which was subsequently codified with FASB ASC Topic 815, "Derivatives and Hedging." ASC 815 states all derivatives are fair valued and recognized on the balance sheet as assets or liabilities.

- Derivative instrument designated and effectively active as a fair value hedges:
  Changes in the fair value of derivative instruments and of the assets or liabilities being hedged are recognized as periodic income/loss.
- Derivative instrument designated as cash flow hedge—regarding the portion effectively active as a hedge:
  Until income/losses on the assets or liabilities being hedged are recognized on the income statement, they must be recognized as other comprehensive income/loss.
- Derivative instrument designated as cash flow hedge—regarding the portion that is not effectively active as a hedge:
  Recognized as periodic income/loss.
- Derivative instruments not designated as hedge:
  Changes in fair value recognized as periodic income/loss.

(4) Accounting for long-lived assets

For long-term assets other than goodwill, the Company evaluates the need for impairment losses on the guidance in SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets", which was subsequently codified with FASB ASC Topic 360 "Property, Plant, and Equipment" and states whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

(5) Depreciation method for tangible fixed assets

The straight-line method using estimated useful lives is applied.

Estimated useful lives of major assets:

Distribution system and equipment	10–17 years
Buildings and structures	15–40 years
Support equipment	5–15 years

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

(6) Valuation standards and valuation methods for goodwill

The Company recognizes the difference between costs of acquisition of consolidated subsidiaries and the estimated fair value of the net assets of the applicable companies as goodwill.

In accordance with SFAS No. 142, "Goodwill and Other Intangible Assets," which was subsequently codified with FASB ASC Topic 350 "Intangibles – Goodwill and other," the Company conducts an annual impairment test at least annually, or whenever an event occurs that suggests the possibility of impairment.

(7) Amortization of software

Internal use software is amortized on the straight-line method over the estimated available period (less than five years).

(8) Accounting methods of asset retirement obligations

The company applies FASB Interpretation No. 47, which clarifies that the term asset retirement obligation as used in FASB Statement No.143, “Accounting for Asset Retirement Obligations,” which was subsequently codified with FASB 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.

(9) Standards for recognition of important allowances

Allowance for doubtful accounts

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

(10) Lease transactions

The Company accounts for leases in accordance with SFAS No. 13, “Accounting for Leases” , which was subsequently codified with FASB ASC Topic 840 “Leases.”

(11) Amortization of identifiable intangible asset

The Company accounts for Intangible assets SFAS No.142 “Goodwill and Other Intangible assets”, which was subsequently codified with FASB ASC Topic 350 “Intangibles-Goodwill and Other Intangible assets.” Intangible assets consist of customer relationships and distribution franchise, which are both amortized over the expected lives of our customers of 10 and 17 years, respectively.

(12) Income Taxes

The Company and its subsidiaries account for income taxes under the asset and liability method in accordance with SFAS No.109 “Accounting for Income Taxes”, which was subsequently codified with FASB ASC Topic 740 “Income Taxes.” Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the statutory report carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry-forwards. 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 in the period that includes the enactment date.

In June 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48, “Accounting for Uncertainty in Income Taxes” — an Interpretation of FASB Statement No. 109 (FIN 48), which clarifies the accounting for uncertainty in income taxes recognized in the financial statements in accordance with SFAS No. 109, “Accounting for Income Taxes”. FIN 48 prescribes the recognition threshold and provides guidance for the financial statement recognition and measurement of uncertain tax positions taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosures, and transition. The Company includes interest accrued on uncertain tax position in interest expense and penalties in income tax expense.

The Company and its subsidiaries are subject to corporate income tax of National Tax Administrative Agency. Substantially all material income tax examinations have been concluded for tax years through 2003. As a result of the future tax examination, it is reasonably possible that the amount of unrecognized tax benefits as of December 31, 2009 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. Currently, the Company and its subsidiaries are or anticipate being under examination in several jurisdictions in which the Company operate. Although no assurance can be given, the Company anticipates that the outcome of these examinations will not have a material adverse effect on its financial position or results of operations.

As of January 1, 2009 and December 31, 2009, the Company has the portion of its unrecognized tax benefits of ¥16,458 million that would have a favorable impact on its effective income tax rate if ultimately recognized after considering amounts that the Company would record as a reduction of income tax payable. No assurance can be given that any of these tax benefits will be recognized or realized, therefore, the Company does not recognize these tax benefits on its financial statements.

In addition, it is reasonably possible that the Company could enter into transactions and take tax positions with respect to certain of its tax returns that could result in significant increases to its unrecognized tax benefits. The Company 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 Company does not disclose these potential tax benefits.

(13) Revenue Recognition

The Company and its subsidiaries recognize cable television, high-speed Internet access, telephony and programming revenues when such services are provided to subscribers in accordance with SFAS No.51 “Financial Reporting by Cable Television Companies”, which was subsequently codified with FASB ASC Topic 922 “Entertainment - Cable television. ” Revenues derived from other sources are recognized when services are provided, events occur, or products are delivered. 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 Company and its subsidiaries provide poor reception rebroadcasting services to noncable television viewers suffering from poor reception of television signals caused by man-built obstacles. The Company and its subsidiaries enter 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 Company and its subsidiaries receive 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, which are up to 20 years. Such revenues are included in revenue - other in the accompanying consolidated statements of income.

The Company’s channels distribute programming to individual satellite platform subscribers through an agreement with the platform operator, which provides subscriber management services to channels in return for a fee based on subscription revenues. Individual satellite subscribers pay a monthly fee for programming channels under the terms of rolling one-month subscription contracts. Cable and broadband service providers generally pay a per-subscriber fee for the right to distribute the Company’s programming on their systems under the terms of generally annual distribution contracts. Revenue for such services is recognized in the periods, in which programming services are provided to cable, satellite and broadband subscribers.

(14) Stock compensation

The FASB issued SFAS No. 123 (Revised 2004) (SFAS No. 123R) in December 2004. SFAS No. 123R is a revision of SFAS No. 123 "Accounting for Stock-Based Compensation." SFAS No. 123R, which was subsequently codified with FASB ASC Topic 718 “Compensation – Stock Compensation”, which requires a public entity to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. That cost will be recognized over the period, during which an employee is required to provide service in exchange for the award. The Company has applied the modified prospective method to adopt SFAS No. 123R since January 1, 2006.

(15) Consumption tax treatment

The “tax exclusion method” is applied.

(16) Significant accounting change

(i) Noncontrolling interest in consolidated financial statements

In December 2007, the FASB issued SFAS 160, “Noncontrolling Interests in Consolidated Financial Statements” (SFAS 160), subsequently codified within FASB ASC Topic 810, “Consolidation”(FASB ASC 810). SFAS 160 establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It also states that a noncontrolling interest in a subsidiary is an ownership interest in a consolidated entity that should be reported as equity in the consolidated financial statements. In addition, SFAS 160 requires (i) that consolidated net income include the amounts attributable to both the parent and noncontrolling interest, (ii) that a parent recognize a gain or loss in net income when a subsidiary is deconsolidated and (iii) expanded disclosures that clearly identify and distinguish between the interests of the parent owners and the interests of the noncontrolling owners of a subsidiary. SFAS 160 is effective for fiscal years and interim periods beginning on or after December 15, 2008. We adopted SFAS 160 effective January 1, 2009 and such adoption resulted in a change in the presentation of minority interests in subsidiaries, which was retrospectively reclassified to “noncontrolling interests” within equity.

(ii) Business Combinations

In December 2007, FASB issued SFAS No. 141(Revised), subsequently codified within FASB ASC Topic 805, "Business Combinations"(FASB ASC 805). SFAS 141(R) replaces SFAS 141, Business Combinations and among other items, generally requires an acquirer in a business combination to recognize the assets acquired, the liabilities assumed (including those arising from contractual contingencies), any contingent consideration and any noncontrolling interest in the acquiree at the acquisition date, at fair values as of that date. The requirements of SFAS 141(R) will result in the recognition by the acquirer of goodwill attributable to the noncontrolling interest in addition to that attributable to the acquirer. SFAS 141(R) also provides that the acquirer shall not adjust the finalized accounting for business combinations, including business combinations completed prior to the effective date of SFAS 141(R), for changes in acquired tax uncertainties or changes in the valuation allowances for acquired deferred tax assets that occur subsequent to the effective date of SFAS 141(R).

(iii) Subsequent Events

In May 2009, the FASB issued SFAS No. 165, "Subsequent Events" (SFAS 165), subsequently codified within FASB ASC Topic 855, "Subsequent Events" (FASB ASC 855). SFAS 165 modified the definition of subsequent events to refer to events or transactions that occur after the balance sheet date but before the financial statements are issued for public entities. In addition, SFAS 165 requires entities to disclose the date through which an entity has evaluated subsequent events and the basis for that date. The Company evaluates subsequent events from period end to the date the financial statements are filed with the Financial Services Agency. SFAS 165 is effective on a prospective basis for interim or annual financial periods ending after June 15, 2009. The adoption of the provisions of SFAS 165 did not have a material impact on the Company’s financial position and results of operations.

4. Notes to the Consolidated Balance Sheet

(1) Material assets provided as collateral:

Distribution system and equipment	¥75,400 million
Support equipment and buildings	¥1,519 million
Liabilities related to collaterals above	¥14,503 million

(2) Debt guarantee balance, etc ¥1 million

(Debt guarantee balances to other than consolidated subsidiaries for their borrowing from banks. Other than above guarantee liabilities, the Company has ￥1,721 million foreign exchange contract on behalf of certain affiliates.)

(3) Accumulated other comprehensive loss

Accumulated other comprehensive loss represents the accumulated unrealized losses pertaining to derivative financial instruments designated as cash flow hedges.

5. Notes to the Consolidated Statements of Shareholders’ Equity

(1) Number of Shares issued

Ordinary Shares 6,940,110.00 Shares

(2) Treasury stocks

Ordinary Shares 80,000.00 Shares

(3) Dividend

(2008 Yearend) Determined at the Annual Shareholders Meeting held on March 25, 2009

Class of shares	Ordinary Shares
Paid amount for dividend	¥1,715 million
Dividend per share	¥250.00
Record date	December 31,2008
Effective date	March 26, 2009

(2009 Interim) Determined at the Board of Directors Meeting held on July 30, 2009

Class of shares	Ordinary Shares
Paid amount for dividend	¥3,361 million
Dividend per share	¥490.00
Record date	June 30, 2009
Effective date	September 8, 2009

Total amount of dividends of which the record date is December 31, 2009 will be ¥3,361 million.

(4) Stock acquisition rights

Number of targeted shares (exercisable)

Stock acquisition rights : Ordinary Shares Outstanding 41,748 Shares

(Determined at the Extraordinary General Meeting of Shareholders held on July 8, 2002, October 3, 2003 and July 9, 2004.)

Stock subscription rights : Ordinary Shares Outstanding 40,340 Shares

(Determined at the Extraordinary General Meeting of Shareholders held on May 1, 2001)

Total of Ordinary Shares Outstanding 82,088 Shares

6. Information of the Per Share Data

Shareholders' Equity Per Share ¥54,649.54

7. Note to deferred taxes

The effects of temporary differences and carryforwards that give rise to deferred tax assets and liabilities at December 31, 2009 are as follows.

	(Yen in Millions)
Deferred tax assets:	
Net operating loss carryforwards	2,335
Deferred revenue	22,146
Lease obligation	14,467
Property and equipment	3,949
Accrued expenses and other	5,773
Total gross deferred tax assets	48,670
Less: valuation allowance	(971)
Deferred tax assets	47,699
Deferred tax liabilities:	
Property and equipment	25,693
Intangible assets - principally identifiable intangible assets	18,978
Investments in affiliates	2,155
Other	764
Total gross deferred tax liabilities	47,590
Net deferred tax assets	109

8. Significant Subsequent Events

There were no significant events subsequent to the end of 2009 financial year.

JUPITER TELECOMMUNICATIONS CO., LTD.(Parent Only)

BALANCE SHEET (Japanese GAAP)

As of December 31, 2009

(Yen in Millions)

(ASSETS)		(LIABILITIES)	
Current assets	**101,076**	**Current liabilities**	**38,545**
Cash and cash equivalents	320	Accounts payable—trade	9,497
Accounts receivable—trade	14,762	Long-term debt—current portion	8,984
Lease investment assets	12,879	Lease obligations	13,455
Securities	59,090	Accounts payable—other	4,106
Inventory	238	Accrued expenses	1,613
Prepaid expenses	551	Income taxes payable	278
Deposit	3,002	Withheld payable	470
Deferred tax assets	5,184	Other current liabilities	142
Other current assets	5,050	**Fixed liabilities**	**208,705**
Fixed assets	**400,012**	Bond	10,000
Tangible fixed assets	**4,254**	Long-term debt	147,000
Buildings	1,159	Lease obligations	34,986
Other structures	24	Deferred tax liabilities—non current	14,538
Machinery and equipment	1,919	Other long-term liabilities	2,181
Land	429	**Total liabilities**	**247,250**
Leased assets	723		
Intangible fixed assets	**14,442**	(NET ASSETS)	
Goodwill	9,829	**Stockholders' equity**	**254,975**
Software	4,443	**Common stock**	**117,242**
Leased assets	151	**Capital surplus**	**125,514**
Other intangible fixed asset	19	Capital reserve	31,382
Investments and other assets	**381,316**	Additional paid-in capital	94,132
Investment securities	2,706	**Retained earnings**	**19,739**
Investments to subsidiaries and affiliates	311,513	Other retained earnings	19,739
Long-term loans to others	233	Retained earnings carried forward	19,739
Long-term loans to subsidiaries and affiliates	30,000	**Treasury stock**	**(7,520)**
Long-term prepaid expenses	411	**Revaluation surplus**	**(1,206)**
Guarantees	1,797	Deferred hedge loss	(1,206)
Lease investment assets	34,630	**Stock option**	**113**
Other assets	26	**Total Net Assets**	**253,882**
Deferred Asset	**44**		
Bond issuance cost	44		
Total Assets	**501,132**	**Total Liabilities and Net Assets**	**501,132**

JUPITER TELECOMMUNICATIONS CO., LTD.(Parent Only)

STATEMENT OF INCOME (Japanese GAAP)

Year ended December 31, 2009

(Yen in Millions)

(ORDINARY PROFIT/LOSS)		
Operating profit		
Sales		130,700
Cost of sales		103,050
Gross income		27,650
Selling, general and administrative expenses		15,185
Operating income		12,465
Non-operating profit		
Non-operating profit		
Interest income	1,638	
Dividends	934	
Guarantee fee	77	
Other non-operating income	478	3,127
Non-operating expenses		
Interest expense	2,740	
Long-term prepaid guarantees amortization	188	
Other non-operating expenses	96	3,024
Ordinary income		12,568
(EXTRAORDINARY GAIN/LOSS)		
Extraordinary loss		
Head Office Transfer Cost	382	
Loss on extinguishment of tie-in shares	87	
Loss on adjustment for changes of accounting standard for lease transaction	81	550
Net income before taxes		12,018
Income taxes-current	32	
Income taxes-deferred	3,534	3,566
Net income		8,452

JUPITER TELECOMMUNICATIONS CO., LTD

(Parent Only-Japanese GAAP)

STATEMENT OF STOCKHOLDERS' EQUITY

Year ended December 31, 2009

（Yen in Millions）

	Stockholders' equity							
	Common stock	Capital Surplus			Retained Earnings		Treasury stock	Total Stockholders' equity
		Capital reserve	Additional paid-in capital	Total capital surplus	Retained earnings Retained earnings carried forward	Total retained earnings		
Balance at December 31, 2008	117,162	31,302	94,132	125,434	16,363	16,363	(7,520)	251,439
Movement for this period								
Net income					8,452	8,452		8,452
Dividend					(5,076)	(5,076)		(5,076)
Stock option exercise	80	80		80				160
Movement other than Stockholders' equity item								
Total movement	80	80		80	3,376	3,376		3,536
Balance at December 31, 2009	117,242	31,382	94,132	125,514	19,739	19,739	(7,520)	254,975

	Revaluation surplus		Stock Option	Total Net assets
	Deferred hedge loss	Total revaluation surplus		
Balance at December 31, 2008	(1,083)	(1,083)	48	250,404
Movement for this period				
Net income				8,452
Dividend				(5,076)
Stock option exercise				160
Movement other than Stockholders' equity item	(123)	(123)	65	(58)
Total movement	(123)	(123)	65	3,478
Balance at December 31, 2009	(1,206)	(1,206)	113	253,882

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.

Buildings	15–50 years
Other structures	10–60 years
Machinery and equipment	4–15 years

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

The straight-line method is applied.

With regard to software for in-house use, straight-line method over estimated in-house 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 straight-line method.

(7) Accounts for Deferred Assets

Bond issuance cost is amortized by bond redemption date using straight line method.

(8) Allowance and Reserve

Allowance for bad debts

In preparation for loss due to bad debt, 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. When allotment is applicable for foreign exchange contract, such method is used.

(b) Measure and object for hedge

Hedge measure: Foreign exchange forward contract and interest rate swap

Object for hedge: Account receivables and payables 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 account receivables and 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) Valuation of hedge

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

(10) Consumption taxes

Consumption taxes are excluded from income and expenses in Statement of Income and net of payables and receivables of Consumption Taxes are recorded in Balance Sheet.

(11) Presentation of amounts

Amounts presented in millions of yen with fractions rounded.

(12) Change of accounting methods

① Accounting principles for valuation of inventory assets

In the prior years, the lower of the moving average cost or the market method was employed in the valuation of inventory asset; however, starting the current fiscal period, *Accounting Standards for Measurement of Inventories* (The Accounting Standard Boards of Japan (ASBJ) Statement No.9 dated July 5, 2006) is adopted, thus, valuation is by the moving average cost method (amount on the balance sheet is derived by the write-down of book value based on lower profitability). There is no impact on profit and loss.

② Accounting principle for lease transaction

In the prior years, leased assets except for finance lease where ownership is expected to transfer to the lessee were accounted for as operating leases however, starting current fiscal period, we adopted *Accounting Standard for Lease Transactions* (ASBJ Statement No.13 dated March 30, 2007) and *Guidance on Accounting Standard for Lease Transactions* (ASBJ Guidance No.16 dated March 30, 2007), thus, we accounted for such transactions as capital lease transactions. Due to this adoption, our operating income and ordinary income both increased by ¥83 million and ¥26 million respectively. And our net income before taxes decreased by ¥55 million

2. Notes to the Balance Sheet

(1)Accumulated depreciation of tangible fixed assets ¥3,802 million

(2) Debt guarantees balance, etc.

Guaranteed Parties	(Yen in millions)	Details of guaranteed debt
J:COM Fukuoka Co., Ltd.	7,059	Borrowing from Banks
J:COM Kita Kyushu Co., Ltd.	1,862	
J:COM West Co., Ltd.	1,829	
J:COM Shonan Co., Ltd.	1,656	
J:COM Saitama Co., Ltd.	1,503	
Tsuchiura Cable Television Co., Ltd.	1,024	
J:COM Sapporo Co., Ltd.	804	
J:COM Chiba Co., Ltd.	736	
Cable Net Shimonoseki Co., Ltd.	692	
Cable Net Kobe Ashiya Co., Ltd.	636	
J:COM Kanto Co., Ltd.	413	
J:COM Tokyo Co., Ltd.	93	
Bay Communications Inc.	1	
Total	18,308	
Discovery Japan ,Inc..	1,307	Foreign exchange forward contract *
Jupiter Golf Network Co., Ltd.	587	
Animal Planet Japan Co., Ltd.	415	
Jupiter Entertainment Co., Ltd.	23	
Total	2,332	
Grand Total	20,640	

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

(3) Monetary claims and obligations to subsidiaries and affiliates

Short-term monetary claims	¥14,869 million
Long-term monetary claims	¥30,000 million
Short-term monetary obligations	¥4,165 million

3. Notes to Statement of Income

Transactions with subsidiaries and affiliates

Operating transaction	
Sale transactions	¥106,565 million
Purchase transactions	¥24,876 million
Non-operating transaction	
Other income	¥2,964 million
Other expense	¥18 million
Extraordinary loss	¥16 million

4. Notes to Statement of Stockholders' equity

(Unit: share)

(1) Type and total number of outstanding stock issued

Type of stock	December 31, 2008	increase*1	Decrease	December 31, 2009
Common stock	6,938,107	2,003	—	6,940,110

*1 Stock option exercise 2,003shares

(2) Type and total number of treasury stock

Type of stock	December 31, 2008	increase	Decrease*1	December 31, 2009
Common stock	80,000	—	—	80,000

5. Notes to Deferred Tax Assets and Liabilities

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

Net operating loss carryforwards	¥5,602 million
Investment in subsidiaries and affiliates	¥2,882 million
Deferred hedge loss	¥828 million
Accrued expenses	¥291 million
Long-term prepaid expenses	¥238 million
Investment in other securities	¥98 million
Enterprise tax payable	¥76 million
Other	¥108 million
Total Deferred Tax Assets	¥10,123 million
Less: valuation allowance	(¥2,981 million)
Total Deferred Tax Assets	¥7,142 million
Investment to subsidiaries and affiliates	¥16,012 million
Investment securities	¥484 million
Total Deferred Tax Liabilities	¥16,496 million
Net deferred Tax Liabilities	¥9,354 million

6. Note regarding transaction with related parties

Subsidiaries and affiliates

(Yen in Millions)

Company name	Business type	Voting right (direct)	Relationships		Transaction details	Transaction amount *4	Account title	Balance at the end of term
			Officers	Business relationship				
J:COM Kanto (Subsidiary)	CATV	100%	Interlocking Seconded	Programming sales	Programming sales *1	19,809	Account receivable	2,005
J:COM West (Subsidiary)	CATV	91.05%	Interlocking Seconded	Programming sales	Programming sales *1	17,387	Account receivable	2,003
J:COM Fukuoka (Subsidiary)	CATV	74.78%	Seconded	Programming sales	Debt guarantee *3 Guarantee received*3	7,059 27	— Other current assets	— 7
J:COM Finance (Subsidiary)	Financing	100%	Seconded	Finance	Interest received Collection of loan *2	1,533 54,500	Other currents assets Long-term loans to subsidiaries and affiliates	7 30,000

*1 Transactions are conducted at a fair price.

*2 Interest rates are based on market rate. Collateral is not required.

*3 The Company guaranteed the debt on J:COM Fukuoka and received ¥27 million as guarantee fee.

*4 Consumption tax is excluded from transaction amount, but included in balance at the end of term.

7. Note regarding information per share

Net asset per share 36,991.88 yen

Net income per share 1,232.17 yen

(Note) Basis for calculating net income per share.

Net income	¥8,452 million
Net income not attributable to common shareholders	—
Net income attributable to common shareholders	¥8,452 million
Average number of common shares during the fiscal year	6,859,388 shares

8. Significant Subsequent Events

There were no significant events subsequent to the end of 2009 financial year.

9. Business Combination

(Transaction under common control)

(1) Outline of transaction including name and business details of combined entities, legal format, name of the combined business and objective of transaction

① Name of combined entity and its business

Name: Mediatti Communications, Inc.

Business: Management and operation of cable operators

② Legal format of combined entity

Absorption where the Company is the surviving corporation and Mediatti is dissolving corporation

③ Name of combined entity

Jupiter Telecommunications Co., Ltd.

④ Outline of transaction including objective

The J:COM Group, based on its growth strategy, has enhanced its business through aggressive capital participation into cable operators. As a part of such strategy, the Company acquired all of shares of Mediatti Communications, Inc. (Mediatti), third largest cable operation in Japan based on the subscribing household, and consolidated the entity in December 2008.

Mediatti is a multi-system operator (MSO) in Kanto region. The introduction of Mediatti to J:COM Group has greatly fortified our potential customer infrastructure.

By integrating 6 operators of the Mediatti group into J:COM MSO business, the management structures of consolidated affiliates are uniformed, and cost reduction and improved efficiency in management and operation can be expected. Therefore, Mediatti was merged into the Company on April 1, 2009.

（2）Outline of accounting

The merger was treated as the transaction between entities under common control in accordance with *Accounting Standard for Business Combinations* (ASBJ Statement dated October 31, 2003) and *Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestiture* (ASBJ Guidance No. 10 dated November 15, 2007)

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

Independent Auditors' Report

February 12, 2010

The Board of Directors
Jupiter Telecommunications Co., Ltd.

KPMG AZSA & Co.

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Tsutomu Takahashi
Designated and Engagement Partner
Certified Public Accountant

Hidetoshi Fukuda
Designated and Engagement Partner
Certified Public Accountant

Hiroo Iwaide
Designated and Engagement Partner
Certified Public Accountant

We have audited the consolidated statutory report, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of shareholders' equity and the notes to annual consolidated statutory report of Jupiter Telecommunications Co., Ltd. as of December 31, 2009 and for the year from January 1, 2009 to December 31, 2009 in accordance with Article 444(4) of the Corporate Law. The consolidated statutory report is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated statutory report based on our audit as independent auditors.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require us to obtain reasonable assurance about whether the consolidated statutory report is free of material misstatement. An audit is performed on a test basis, and includes assessing the accounting principles used, the method of their application and estimates made by management, as well as evaluating the overall presentation of the consolidated statutory report. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated statutory report referred to above presents 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 statutory report was prepared, in conformity with accounting principles generally accepted in the United Satates of America (outlined in Item 3 (1) of "Significant Accounting Basis for the Consolidated Statutory Report").

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.

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

Independent Auditors' Report

February 12, 2010

The Board of Directors
Jupiter Telecommunications Co., Ltd.

KPMG AZSA & Co.

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Tsutomu Takahashi
Designated and Engagement Partner
Certified Public Accountant

Hidetoshi Fukuda
Designated and Engagement Partner
Certified Public Accountant

Hiroo Iwaide
Designated and Engagement Partner
Certified Public Accountant

We have audited the statutory report, comprising the balance sheet, the statement of income, the statement of stockholders' equity and the notes to annual statutory report, and its supporting schedules of Jupiter Telecommunucations Co., Ltd. as of December 31, 2009 and for the 16th business year from January 1, 2009 to December 31, 2009 in accordance with Article 436(2)□of the Corporate Law. The statutory report and supporting schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on the statutory report and supporting schedules based on our audit as independent auditors.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require us to obtain reasonable assurance about whether the statutory report and supporting schedules are free of material misstatement. An audit is performed on a test basis, and includes assessing the accounting principles used, the method of their application and estimates made by management, as well as evaluating the overall presentation of the statutory report and supporting schedules. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statutory report and supporting 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 statutory report and supporting schedules were prepared, in conformity with accounting principles generally accepted in Japan.

Supplementary Information
As discussed in Note 1 (12) "Change of accounting methods", Jupiter Telecommunications Co., Ltd. adopted revised "Accounting Standard for Lease Transactions" and "Guidance on Accounting Standard for Lease Transactions", for the year ended December 31, 2009.

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.

Audit Report

(Translation from Japanese)

The Board of Auditors has drawn up this Audit Report, as the unanimously agreed opinion of all the Auditors, after deliberations among the Auditors based on the respective audit reports from each Auditor on the directors performing their duties for the sixteenth business year from January 1, 2009 to December 31, 2009, and report as follows.

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

The Board of Auditors decided auditing policies and plans, etc. for the business year, received reports, from each 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 Auditors Auditing Standards, auditing policies and plans for the business year, etc. decided by the Board of Auditors, each Auditor endeavoured to collect information and develop our auditing environment by keeping contacts and communications with the directors and employees, etc. of internal auditing 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 of the Company. Also each 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 Implementation Regulations of Company Law, Article 100, Paragraphs 1 and 3 ("internal control system"). As to the subsidiaries, each Auditor kept communications and exchanged opinions with their directors and auditors, etc., and received their business reports as necessary. Based on the measures and procedures mentioned above, each Auditor examined the Company's Business Report and Supporting Schedule for the business year.

Also, each 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 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 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 & CO., 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 & CO., the Accounting Auditor of the Company, are deemed adequate.

3. Subsequent Event

On February 18 the joint venture between Liberty Global, Inc. group and Sumitomo Corp. through LGI/Sumisho Super Media, LP was dissolved and the Company ceased being a subsidiary of Liberty Global, Inc.

February 18, 2010

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

Statutory Auditor (full-time)	Tsuguhito Aoki
Statutory Auditor (outside auditor)	Michael Erickson
Statutory Auditor	John Sandoval
Statutory Auditor (outside auditor)	Hitoshi Nagase

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	The Sumitomo Trust and Banking Co., Ltd. 5-33 Kitahama 4-chome, Chuo-ku, Osaka	
The Transfer Agent's Handling Office	The Sumitomo Trust and Banking Co., Ltd. Stock Transfer Agency Department 3-1 Yaesu 2-chome, Chuo-ku, Tokyo	
Postal Address	The Sumitomo Trust and Banking Co., Ltd. Stock Transfer Agency Department 1-10 Nikkocho, Fuchu-shi, Tokyo 183-8701	
Telephone	0120-176-417 (Toll free)	

URL

http://www.sumitomotrust.co.jp/STA/retail/service/daiko/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 Trust and Banking Co., 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	Jasdaq Securities Exchange, Inc.