The following is an unofficial English translation of the Reports for the 18th 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 18th Ordinary General Meeting of Shareholders)

Reports for the 18th Fiscal Year

January 1, 2011, through December 31, 2011

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 18th Fiscal Year (January 1, 2011, through December 31, 2011) as set forth below.
We sincerely appreciate your understanding and support.

March 2012
Shuichi Mori
President & CEO

Business Report

January 1, 2011 through December 31, 2011

1. Current State of the J:COM Group

(1) Business Progresses and Results

● **Business Situation**

During the fiscal year 2011, the twelve-month period from January 1, 2011 to December 31, 2011("this fiscal year", "the fiscal year" or "current fiscal term"), a cautious approach toward the future of the Japanese economy became increasingly widespread. Despite the signs of an emerging recovery following the Great East Japan Earthquake that devastated parts of the nation in March 2011 and the subsequent slump attributable to such factors as restrictions on the supply of electric power, this cautious approach reflected persistent harsh operating conditions on the back of a variety of concerns including growing uncertainty with respect to the European economy and the value of the yen, which continued to hover at a high level.

Under these circumstances around Jupiter Telecommunications Co., Ltd.("the Company" or "J:COM"), the new era of digital broadcasting had started, both in name and substance, due to the completion of analog programming and the full-fledged changeover to terrestrial digital broadcasting[*1] in July and the launch of a new BS digital broadcasting platform in October 2011. At the same time, the use of smart phones and tablet terminals have spread in earnest and the broadcasting and telecommunications services have become more and more diversity. As consumer trends exhibit considerable volatility and needs become more widespread, prompting growing selectivity toward broadcasting and telecommunications services, competition with other operators and companies is becoming increasingly fierce.

Against this backdrop, the J:COM Group ("the Group")[*2] positioned efforts to expand its customer base as its most important priority. The Group accordingly implemented a variety of measures based squarely on efforts to upgrade, expand and boost sales of strategic products while deepening the relationships with customers.

Moreover, the Group bolstered and expanded business collaboration measures centered on the "Telecom Business and Product Collaboration" fields in the context of its alliance with KDDI CORPORATION ("KDDI").

The Cable Television Business

- ***Expanding the Customer Base***

The Group took steps to capture a major shares of the demand for terrestrial digital broadcasting by promoting such strategic products as "J:COM TV My style".[*3] J:COM TV My style is a readily available strategic terrestrial digital countermeasure and also allows viewers to enjoy programs of their choice as whenever its required. As such, J:COM TV My style caters to diversified customer needs, including a variety of viewing patterns and behaviors toward programs.

As a result of largely attributable to vigorous promotional initiatives, including the airing of TV commercials, the Group successfully increased the number of households subscribing to J:COM TV

My style by 178 thousand households to a total of 247 thousand. in this fiscal year.

In addition, considerable emphasis was placed on efforts to negotiate with building management business owners to capture the estimated 1,440 thousand communal reception households[*4] residing within the Group's service area.

Reflecting its success, the Group's retransmission service of terrestrial digital broadcasting became available to a cumulative total of approximately 1,130 thousand households by the end of this fiscal year. At the same time, the Group's pay services were also promoted to these households. As a result, the Group acquired around 43 thousand revenue generating units (RGUs)[*5] in this fiscal year.

In order to capture new subscribing households following the complete changeover to terrestrial digital broadcasting, the Group has striven to strength and expand of products. Particular emphasis was placed on bolstering and increasing sales of "J:COM NET", which boasts high-speed Internet access, has lineup of products that address the needs of customers.

Targeting households residing in multi-dwelling units, the Group accordingly added the J:COM NET service free of charge to its existing Bulk Discount Plan from July 2011.

Complementing these initiatives, the Group pushed forward nationwide efforts to promote the "ZAQ" ISP service brand as a part of its overall J:COM NET promotion activities from October 2011. Already an established and familiar brand in the Kansai area, the Group also adopted the ZAQ's service character, "ZAQ(zakku)" as its nationwide J:COM NET campaign mascot.

During this fiscal year, the Group worked to further enhance the competitive advantage of its multi-channel cable television services.

The "Value Plan Mini",[*6] a product package that combines "J:COM TV Digital," a service that provides multi channels, and "J:COM PHONE Plus," a telephony service that uses the KDDI platform, was launched in August 2011. In the highly competitive Kansai area, steps were taken to review the pricing structure of J:COM TV My style. The Group placed considerable weight on bolstering its marketing capabilities.

- ***Deepening the Relationship with Customers***

The Group adheres strictly to a policy of after-sales service. In following up on customers who have subscribed to the Group's services, the Group strives to bolster its customer call center's structure and systems for handling inquiries and to provide detailed and highly dedicated customer support.

The Group also continued to promote product package subscriptions (long-term contract products) in an effort to secure contracts over a longer period during this fiscal year.

As a result of those promotions, the ratio of subscribing households with long-term contracts to the number of households that subscribe to at least one or more services — cable television services, high-speed Internet access services, or telephony services as of the end of this fiscal year increased 11 percentage points to 26%.

Taking full advantage of the aforementioned initiatives, and on the back of efforts to enhance the level of customer satisfaction, the average monthly churn rate per RGU for this fiscal year improved substantially, from 1.11% of the previous fiscal year 2010, the twelve-month period from January 1, 2010 to December 31, 2010(“the previous fiscal year”) to 0.97%.

Endeavoring to promote the use of its high-value-added services, the Group joined with Dentsu Inc. to develop the new VOD service advertising model “CM Wari,” which was then launched on a trial basis. CM Wari is an innovative advertising model under which advertisers bear a portion of the program-viewing fee in place of customers at the time commercials are viewed together with VOD programs.

Working in collaboration with terrestrial broadcasting stations, the Group also provided exclusive access to serial television dramas prior to their terrestrial airing. This included “Brilliant Thieves Royale,” a serial drama produced and owned by Tokyo Broadcasting System Television, Inc.

Through these and other means, the number of VOD purchases increased 34% compared with the previous period to 12,679 thousand titles for this fiscal year.

In an effort to ensure that customers can enjoy television programs whenever, wherever, and every kind of available terminals, according to their likes, tastes and lifestyles, the Group has been endeavoring to develop the “TV Everywhere” type of products and services.

With this in mind, the Group launched the free-of-charge application service “J:COM Appli” targeting smart phones and tablet terminals in July 2011. Through this initiative, customers are now available to enjoy certain free VOD programming contents and view a list of programs available using the aforementioned devices. Looking ahead, significant energies are being directed toward introducing a verification system for subscribers of the Group’s services. As this system comes online, subscribers will be provided with high convenience access to the Group’s VOD pay-for-view services using smart phones, tablet terminals and personal computers.

- ***Alliance with KDDI***

In the context of its business alliance with KDDI, the Company expanded measures centered on the Telecom Business and Product Collaboration fields.

In specific terms, the Group focused on capturing subscribing households for its J:COM PHONE Plus service as well as for “J:COM WiMAX,” a high-speed mobile Internet service provided by UQ Communications Inc., an equity-method affiliate of KDDI.

As a result, the number of subscribing households to J:COM PHONE Plus and J:COM WiMAX rose to 360 thousand and 9 thousand households, respectively, as of the end of this fiscal year.

In addition and with respect to “Sales and Marketing Collaboration”, both companies continued to pursue cross-sales promotion of the Group’s services and the au Mobile services of KDDI. Buoyed by these efforts, the Company acquired 11 thousand RGUs during this fiscal year.

- ***Acquisition of a Cable Television Station***

The Company and Tokyu Corporation (“TOKYU”) acquired 51% and 49%, respectively, of the issued and outstanding shares of YOKOHAMA CABLE VISION Inc. (“YCV”), a wholly owned subsidiary of Sotetsu Holdings, Inc. (“SOTETSU”), in October 2011. With the transfer of shares, YCV became the Company’s consolidated subsidiary.

The joint acquisition of YCV and the collaboration between the Company and TOKYU is recognized as a conduit through which the Group, a company with an established customer base as Japan’s largest cable television operator, and TOKYU, a company whose activities are grounded in railway transportation, the construction of towns and cities as well as a variety of businesses that are deeply rooted in the daily lives of communities, can better develop and deploy new life-supporting services based on the cable television field. Moving forward, the Company and TOKYU will leverage their respective management resources and know-how, while considering ways in which they can further promote alliance opportunities, to ensure the development of the cable television business into a major service media and become a pillar of the community.

The Media Business

In the media business, and with respect to new BS digital broadcasting that commenced in October 2011, the Company’s consolidated subsidiary, J SPORTS Corporation (“J SPORTS”), which operates thematic sports channels, launched broadcasting of “J SPORTS 1” and “J SPORTS 2”. Plans are also in place to transfer “J SPORTS 3” (formerly J sports ESPN) and “J SPORTS 4” (formerly J sports Plus) to BS broadcasting in March 2012. Through this initiative, in the future, the Group will place additional importance on showcasing the appeal of J SPORTS to viewers through the new BS broadcasting platform. In addition to increasing the number of J SPORTS subscribing households, the Group will work toward the expansion of the multi-channel market.

Moreover, the Company rebranded the “LaLa TV” channel, operated by consolidated subsidiary, Jupiter Entertainment Co., Ltd.,. Renamed its channel title to “Women’s Channel ♪ LaLa TV” in an effort to raise the quality of its channel menu and to better differentiate its lineup. At the same time, the Group has started to comprehensively reorganize its programming to better focus on the needs of women.

Jupiter Golf Network Co., Ltd., the Company’s consolidated subsidiary which manages the thematic golf channel, “Golf Network,” entered into a licensing and broadcasting agreement with the U.S.-based Golf Channel in November 2011 to broadcast its contents from April 2012. Through this initiative, Golf Network will be the only thematic golf channel in Japan, helping to significantly strengthen and expand the Group’s programming lineup.

Accounting for all of the aforementioned initiatives, the Group’s revenue for this fiscal year increased 2.5% compared with the previous fiscal year to ¥369,073 million. Of this total, subscription fees climbed 3.3% year on year to ¥307,935 million. This improvement was mainly attributable to the increase in existing consolidated subsidiary subscribing households and the aggregate impact of acquisitions.[*7] In specific terms, subscription fees by service type comprised ¥165,350 million for cable television services, ¥90,079 million for high-speed Internet access services and ¥52,506 million for telephony services. This, in turn, represented year-on-year increases of 2.8%, 3.5% and 4.1%, respectively.

Turning to operating expenses, operating and programming costs rose 3.9% compared with the previous fiscal year to ¥140,525 million. This upswing largely reflected higher programming-related costs. For this fiscal year, selling, general and administrative (SG&A) expenses edged down 0.1%

year on year to ¥72,150 million. Despite an increase attributable to acquisitions, the overall nominal decline was due to a drop in advertising and promotional expenses. Depreciation and amortization expenses also contracted 0.6% to ¥85,323 million. Again, despite the increase attributable to acquisitions, the overall decline mainly reflected certain assets that were fully depreciated before the end of this fiscal year.

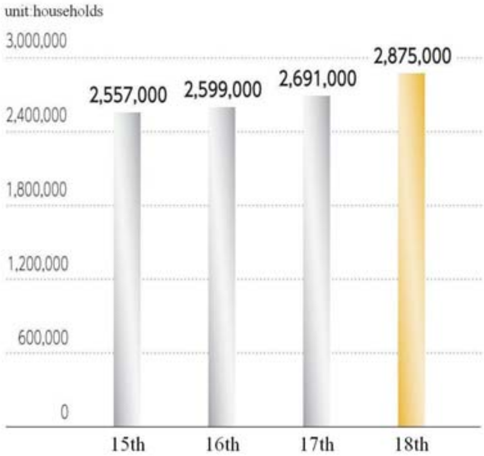
From a profit perspective, operating income for this fiscal year increased 6.5% compared with the previous fiscal year to ¥71,075 million. Income before noncontrolling interest and income taxes totaled ¥68,532 million, 8.5% higher year on year.

Net income attributable to the Company's shareholders decreased 1.1% compared with the previous fiscal year to ¥37,278 million for this fiscal year. This was primarily due to an increase in income tax expenses in contrast to the previous fiscal year, where income tax expenses decreased owing to the liquidation of intermediary holding company of consolidated subsidiaries.

(Note)
1. Excluding three prefectures in the Tohoku area (Iwate, Miyagi and Fukushima prefectures)
2. The J:COM Group ("the 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 its program supplying business. In the cable television business, the Group provides cable television, high-speed Internet access, telephony and related services under the "J:COM" brand through the Group's broadband (high-speed, large capacity) network. In the program supplying business, the Group invests in and operates plural thematic channels and manages contents business centered around program supplying to cable television, satellite broadcasting, IP multicasting broadcasting and other platforms.
3. J:COM TV My style is a package service that includes retransmissions of terrestrial digital and BS digital broadcasts with access to such telecommunications services as high-speed Internet access and / or telephony, in addition to a selection from the "All-you-can-watch package" of the video on demand (VOD) service.
4. Communal reception households are defined as households that receive terrestrial transmissions through communal reception facilities installed to solve poor reception in shadow areas created by buildings, transmission lines and related structures.
5. The acronym for Revenue Generating Unit. RGU refers to the total number services provided across its three core cable television, high-speed Internet access and telephony services.
6. Value Plan Mini is a packaged service comprising cable television and telephony services at a comparatively inexpensive fee.
7. The actual amount by which consolidated financial statements are affected as a result of the inclusion of acquired and related entities in the Company's scope of consolidation over one year following acquisition.

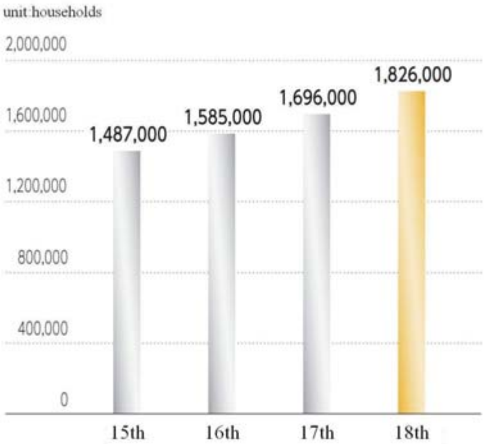
Cable television service (J:COM TV)

The number of subscribing households to the Group cable television service increased by 184 thousand households year-on-year to reach a total of 2,875 thousand households as of the end of this fiscal year.



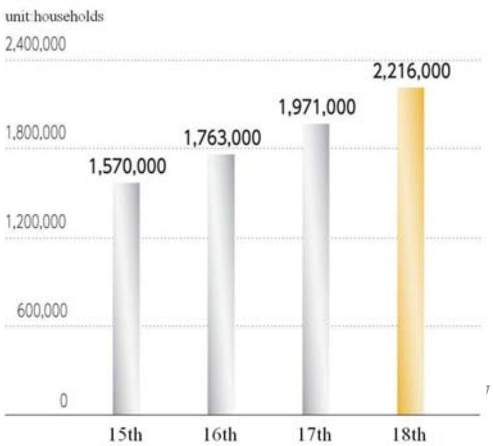
High-speed Internet access service (J:COM NET)

The number of subscribing households to the Group high-speed Internet access service increased by 130 thousand households year-on-year to reach a total of 1,826 thousand households as of the end of this fiscal year.



Telephony service (J:COM PHONE)

The number of subscribing households to the Group telephony service increased by 246 thousand households year-on-year to reach a total of 2,216 thousand households as of the end of this fiscal year.



As a result of the foregoing, the number of households that subscribe to at least one or more services — cable television services, high-speed Internet access services, or telephony services — rose by 230 thousand households from the end of the previous fiscal year to 3,657 thousand households as of this fiscal year.
The bundle ratio, which indicates the number of services provided per subscribing households, increased from 1.86 in the end of the previous fiscal year to 1.89 as of this fiscal year.

● Corporate Social Responsibility

As a regional service provider and company engaged in broadcasting and telecommunications activities, the Group considers the corporate social responsibility as a matter of importance. In this context, the Group promotes (1) activities through which the Group fulfills its responsibility as a good corporate citizen and (2) community-based activities[*8] in which the Group work together with the customers and the residents of those communities in the Group's operation areas.

During this fiscal year, the Group engaged diligently in reconstruction and support activities following the Great East Japan Earthquake.

In the immediate aftermath of the earthquake disaster, the Group was quick to provide donations as well as support through the delivery of relief supplies. In addition, steps were taken to establish a central point of contact to facilitate the collection of donations from employees, local communities and viewers. Donations were provided to relief areas through the Japanese Red Cross Society. Moreover, and with respect to its services, the Group implemented a system of reduced rates and exemptions for subscribers living in affected areas. Services were also provided free-of-charge to evacuation centers and provided information by using its community channels in affected areas.

In the Sendai area, the Group produced and broadcasted the documentary television program "Recovery Efforts and a Ray of Hope, Sendai Three Months After the 3.11 Great East Japan Earthquake." Furthermore, the documentary movie "311:Koko Ni Ikiru -In The Moment-" was produced at the Women's Channel ♪ LaLa TV and was entered into the Tokyo International Women's Film Festival.

As a part of "Nicology Activities," the Group enforced community-based energy conservation activities, such as cultivating Goya ("bitter melon"), Japanese morning glory and other seeds to promote the "J:COM green curtain" initiative. A green curtain uses its vines placed by a window to block out the heat of the sun to cool down the room inside. In this fiscal year, the Group distributed a total of approximately 75 thousand packets of seeds across Japan and encouraged people everywhere to engage in cultivation activities.

The Group is actively involved in the nationwide "CLEAN UP OUR TOWN" event. In addition to the Group's employees, more than 4 thousand customers and members of the local communities participated in this clean-up events at 56 locations across Japan, collecting a total of 13.1 tons of garbage.

(Note) 8. Community-based activities are affectionately referred to as "Nicology Activities" ("nico" the Japanese word for "smile" + E"co"logy) by the Group. This catchphrase is used to promote activities aimed at delivering smiles to people, communities and the environment.

(2) Capital Expenditure

Total capital expenditure undertaken by the Group during this fiscal year amounted to ¥67,496 million. While expenditure was mainly in the area of subscriber installation work, investments were also made in trunk line extension, as well as the upgrade and expansion of center facilities that cater to the Group's cable television, high-speed Internet access and telephony service activities.
In its subscriber installation work, expenditures for construction to subscribers were ¥19,509 million and multi-dwelling units (MDUs) were ¥8,114 million and ¥3,320 million for terminals installed in subscriber homes.

In its trunk line extension work, the Group invested ¥8,573 million. Investments were made in the service areas of the Group companies including J:COM East Co., Ltd. and J:COM West Co., Ltd..
During this fiscal year, the combined length of the Group's network was extended by 1,224 kilometers, reaching 67,779 kilometers by the end of this fiscal year. The expansion was made of reflected service area expansion on the back of business acquisitions and transfers.

As a result, the total number of households capable of subscribing to the cable television service offered by the Group ("homes passed"), including organic growth due to new residential construction in existing services areas and trunk line extension, stood at 13,620 thousand as the end of this fiscal year (a year-on-year increase of 553 thousand households). At the same time, the number of homes passed for high-speed Internet access service was also 13,620 thousand as of the end of this fiscal year (a year-on-year increase of 553 thousand households), while the number of homes passed for telephony service reached 13,600 thousand households as of the end of this fiscal year (a year-on-year increase of 544 thousand households).

In its center facility expenditure, the Group undertook investments ¥3,361 million for its head-end, ¥1,200 million for Internet-related facilities and ¥734 million for telephony facilities. This expenditure was attributable to a number of factors including the expansion of service areas, the increase in the number of subscribers and efforts to further enhance customer trust.

Moreover, the Group invested ¥12,414 million in leased assets. This comprised ¥11,133 million in terminals installed in subscriber homes including set-top boxes and ¥1,281 million in head-end related facilities for cable television, high-speed Internet access and telephony services.

(3) Financing

In this fiscal year, the Group has done the scheduled payment of ¥10,000 million debt loan based on the exiting syndicate loan contract and ¥4,000 million borrowed from Development Bank of Japan Inc. and also has done the payment of ¥2,000 million borrowed from commercial banks. The total amount of the remaining debt balance including the corporate bond is ¥131,000 million, ¥16,000 million less than the end of the previous fiscal year.

The remaining debt balance of the Group (excluding the Company) from Development Bank of Japan Inc. and others is ¥13,504 million, ¥3,211 million less than the end of the previous fiscal year.

Therefore, the total amount of the remaining debt balance of the Group is ¥144,504 million, ¥19,211 million decreased from the end of the previous fiscal year.

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

For details, see below in section (8) Principal Subsidiaries, (ii) Course of Business Consolidation.

(5) Acquisition or Disposal of Other Companies' Shares, Equity, or Share Warrants, etc.

For details, see below in section (8) Principal Subsidiaries, (ii) Course of Business Consolidation.

(6) Issues for the Group

As the curtain opens on a new multi-channel broadcasting market, the number of new BS channels climbed from 24 to 31 channels on March 1, 2012. In addition to existing broadcasters, the industry has also witnessed the rise of IPTV, over-the-top (OTT) and other operators. In this regard, the industry has entered "An era of intense competition" characterized by an extremely volatile business environment.

Against this backdrop, the Group has positioned 2012 as "The inaugural year for new pay-TV multi-channel broadcasting". Recognizing the opportunities afforded by a volatile external environment, the Group is actively initiating measures aimed at promoting sustainable growth, while strengthening its operating platform in an effort to secure ongoing medium to long-term development. Moving forward, the Group will work diligently to address the following six specific issues.

The first issue involves "Efforts to expand the Group's customer base and to boost earnings potential". In February, as a part of the Group's endeavors, steps were taken to significantly revise existing methods for evaluating sales and marketing personnel performance. Moving away from the traditional focus on RGUs, emphasis is now aligned more closely to the volume of sales and earnings.

The second issue of concern entails "Raising the level of customer satisfaction". In addition to the introduction of new products that address increasingly diverse needs, the Group will look toward upgrading and expanding its product lineup with a particular focus on high-speed Internet access services while promoting the production of more appealing channels and programming contents. At the same time, the Group will ramp up measures aimed at bringing high-definition (HD) program to community channel. Complementing these initiatives, the Group will also strengthen the after-sales service structures and systems. These efforts will be directed toward lowering the churn rate and increasing ARPU[*].

For the third issue, the Group will strive to "Further deepen the existing alliances". In addition to ongoing cross-sales promotions with KDDI, efforts will be made to push forward the full-fledged transition of subscribing households from KDDI's Metal-plus telephony service to J:COM PHONE Plus. Moreover, the Group began cultivating a new customer base and improving the bundle ratio of existing subscribing households by promoting increased use of "au Smart Value", a smart phone packaged product that was launched on March 1, 2012. Making the most of the management resources of Sumitomo Corporation, energies were also channeled toward bolstering cable television service sales and marketing activities focusing mainly on multi-dwelling households units.

"Actively implementing the M&A strategy" is the fourth priority issue. The Group will actively pursue M&As in each of the cable television, media and lifestyle support businesses. As identified in the Group's medium-term business plan, the Group is considering the establishment of a lifestyle support business as a vital component in bringing "J:COM Everywhere" to fruition.

The fifth issue entails "Promoting a robust network". Both in its role as an enterprise that serves the public and in fulfilling its responsibility as a national asset, it is imperative that the Group continues to bolster the reliability and stability of its broadcasting and telecommunications network. In this regard, the Group will continue to strengthen its network to ensure that there are no interruptions to its services and to maintain essential social infrastructure in the event of a large-scale natural disaster etc..

Finally, the sixth issue of concern entails "Efforts to promoted increased business efficiency". The Group recognizes the critical need to generate the necessary funds to support medium to long-term growth. This is of particular importance in an operating environment that is anticipated to confront increasingly harsh competition. The Group has continued to pursue an M&A strategy in the pursuit of rapid growth in its cable television business. By association, there is plenty of room for greater efficiencies in management, the organizational structures and operating processes of consolidated subsidiaries. Commensurate with efforts to launch and expand the J:COM Everywhere initiative, the Group will endeavor to address this issue. Accordingly, considerable weight will be placed on continuously reducing costs through increasing business efficiency.

Through each of the aforementioned activities, the Group will devote every ounce of its energies toward enhancing its corporate value.

As we work toward achieving our established objective, we kindly request the continued understanding and support of all shareholders.

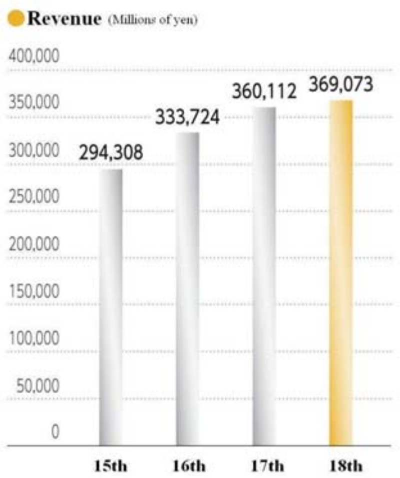
(Note) The acronym for Average Revenue per Unit. ARPU refers to the monthly average revenue per unit of subscribing household.

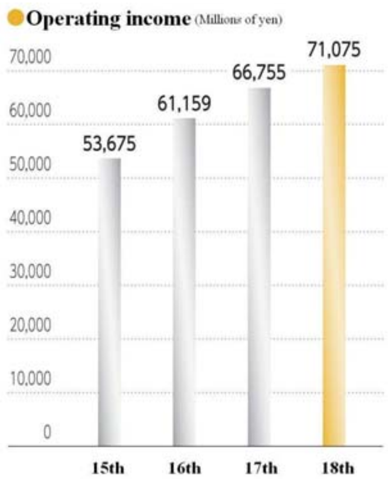
(7) Changes in Assets and Operating Results

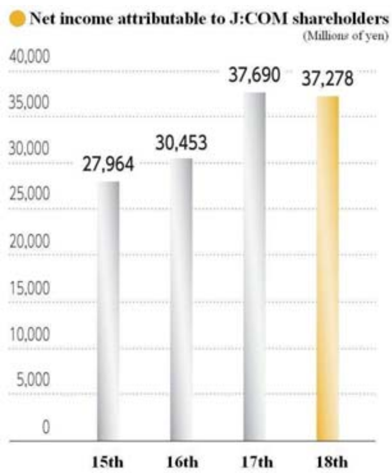
(i) Consolidated Basis

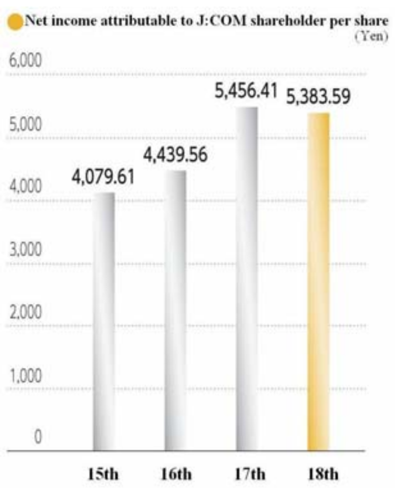
(Yen in Millions except Net income attributable to J:COM shareholders per share)

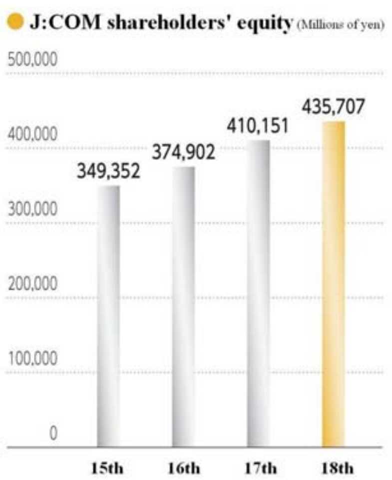
	15th Year (Dec-2008)	16thYear (Dec-2009)	17th Year (Dec-2010)	18th Year (Dec-2011)
Revenue	294,308	333,724	360,112	369,073
Operating income	53,675	61,159	66,755	71,075
Income before noncontrolling interests and income taxes	49,733	57,834	63,167	68,532
Net income attributable to J:COM shareholders	27,964	30,453	37,690	37,278
Net income attributable to J:COM shareholders per share (Yen)	4,079.61	4,439.56	5,456.41	5,383.59
J:COM shareholders' equity	349,352	374,902	410,151	435,707
Total assets	755,670	801,657	816,763	812,303

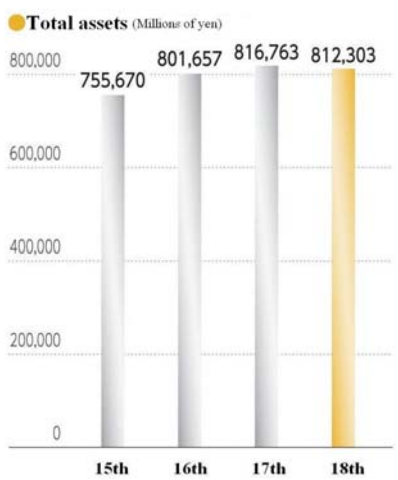












(ii) Parent Only Basis

(Yen in Millions except Net income per share)

	15th Year (Dec-2008)	16th Year (Dec-2009)	17th Year (Dec-2010)	18th Year (Dec-2011)
Revenue	117,933	130,700	157,358	160,354
Ordinary income	10,477	12,568	14,583	20,530
Net income	6,982	8,452	9,042	17,912
Net income per share (Yen)	1,018.59	1,232.17	1,309.01	2,586.78
Capital	117,162	117,242	117,550	117,550
Net assets	250,404	253,882	260,717	266,589
Total assets	439,479	501,132	443,784	430,793

(8) Principal Subsidiaries (as of December 31, 2011)

(i) Principal Subsidiaries and Affiliates

Name	Paid-in Capital (Yen in millions)	Voting Rights Held (%)	Primary Line of Business
Principal Subsidiaries			
J:COM West Co., Ltd.	15,500	91.10%	Cable general broadcasting and telecommunications services
J:COM East Co., Ltd.	15,057	100.00%	same as above
J:COM Sapporo Co., Ltd.	8,800	88.34%	same as above
J:COM Tokyo Co., Ltd.	7,524	95.94%	same as above
J:COM Shonan Co., Ltd.	5,772	82.89%	same as above
J SPORTS Corporation	3,834	80.49%	Satellite key broadcasting and satellite general broadcasting services, supply of programs
J:COM Chiba Co., Ltd.	3,395	74.72%	Cable general broadcasting and telecommunications services
Cable Net Kobe Ashiya Co., Ltd.	2,900	81.68%	same as above
J:COM Kyushu Co., Ltd.	2,447	79.50%	same as above
Suita Cable Television Co., Ltd.	2,105	92.39% (92.39%)	same as above
Takatsuki Cable Network Co., Ltd.	1,828	95.51% (95.51%)	same as above

Jupiter Entertainment Co., Ltd.	1,788	100.00%	Supply of programs, VOD service
Jupiter Golf Network Co., Ltd.	1,700	89.41%	Supply of programs
J:COM Saitama Co., Ltd.	1,600	88.59%	Cable general broadcasting and telecommunications services
Higashi-Osaka Cable Television Co., Ltd.	1,560	96.15% (96.15%)	same as above
Tsuchiura Cable Television Co., Ltd.	1,500	71.60%	same as above
Toyonaka Ikeda Cable Net Co., Ltd.	1,500	91.42% (91.42%)	same as above
Cable Net Shimonoseki Co., Ltd.	1,000	63.41%	same as above
Technology Networks Inc.	490	100.00%	Telecommunications service, installation/construction work associated with telecommunications facilities
YOKOHAMA CABLE VISION Inc.	320	51.00%	Cable general broadcasting and telecommunications services
JUPITER VISUAL COMMUNICATIONS CO., LTD.	300	90.00%	Supply of programs, advertising media business
Channel Ginga Co., Ltd.	200	76.00%	Supply of programs
Active Sports Broadcasting Corporation	25	64.00% (64.00%)	Satellite key broadcasting service
J:COM Finance Co., Ltd.	3	100.00%	Financial service
Principal Affiliates			
Japan Digital Serve Corp. ＊	2,250	30.50% (9.18%)	Digital broadcast signal transmission business
Green City Cable Television Co., Ltd. ＊	1,000	20.00%	Cable general broadcasting and telecommunications services
Discovery Japan Inc. ＊	110	50.00%	Supply of programs
Animal Planet Japan Co., Ltd. ＊	108	50.00%	same as above
InteracTV Co., Ltd. ＊	100	32.50%	Satellite key broadcasting service
Open Wireless Platform, LLC. ＊	93	32.22%	Telecommunications service
Jupiter Satellite Broadcasting Co., Ltd. ＊	60	50.00%	Satellite general broadcasting service
AXN Japan Inc. ＊	10	35.00%	Supply of programs

(Note) 1. Voting right ratio excludes the treasury stock and is round off at above shown unit.
2. Entities marked with asterisks (＊) are affiliated companies accounted for by the equity method.

3. The figure in parentheses in the "Voting Rights Held" column indicates the indirect ownership portion.

(ii) Course of Business Consolidation

(a) In January 2011, J:COM Kita-Kyushu Co., Ltd., the Company's consolidated subsidiary, merged with J:COM Fukuoka Co., Ltd., another consolidated subsidiary. J:COM Kita-Kyushu Co., Ltd. has changed its trade name to J:COM Kyushu Co., Ltd..

(b) In March 2011, J:COM Saitama Co., Ltd., the Company's consolidated subsidiary, merged with City Cable Net, Inc. and J:COM Tojo Co., Ltd., both another consolidated subsidiaries.

(c) In April 2011, Technology Networks Inc., the Company's consolidated subsidiary, merged with KANSAI MULTIMEDIA SERVICES COMPANY, another consolidated subsidiary.

(d) In July 2011, J:COM Kanto Co., Ltd., the Company's consolidated subsidiary, merged with Edogawa Cable Television Inc., City Telecom Kanagawa Inc., and Yokohama TV Corporation, which are all another consolidated subsidiaries.

(e) In October 2011, J:COM Kanto Co., Ltd., the Company's consolidated subsidiary, merged with Miyagi Network Inc., another consolidated subsidiary. J:COM Kanto Co., Ltd. has changed its trade name to J:COM East Co., Ltd..

(f) In October 2011, J SPORTS Broadcasting Corporation changed its trade name to J SPORTS Corporation.

(g) In October 2011, the Company acquired stock shares of YOKOHAMA CABLE VISION Inc. and at which point it became the Company's consolidated subsidiary.

As of December 31, 2011, the Group included 24 consolidated subsidiaries as well as 8 affiliated companies accounted for under the equity method.

(9) Principal Lenders (as of December 31, 2011)

Lenders	Loan Balance (Yen in Millions)
Development Bank of Japan Inc.	33,983
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	17,900
Sumitomo Mitsui Banking Corporation	14,700
Saitama Resona Bank, Ltd.	7,400
Sumitomo Life Insurance Company	7,000
Nippon Life Insurance Company	5,000
Mizuho Corporate Bank, Ltd.	4,700
The Bank of Fukuoka, Ltd.	4,626
The Sumitomo Trust and Banking Co., Ltd.	3,900
The Dai-ichi Life Insurance Company, Ltd.	3,000

The Joyo Bank, Ltd.	2,500
Taiyo Life Insurance Company	2,500
The Shizuoka Bank, Ltd.	2,000
The Chiba Bank, Ltd.	2,000
The Yamanashi Chuo Bank, Ltd.	2,000
Fukoku Mutual Life Insurance Company	2,000

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

(10) The Group's Main Business (as of December 31, 2011)

Key broadcasting service General broadcasting service Telecommunications service
Supply of programs

(11) The Group's Main Office (as of December 31, 2011)

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

(12) Employees (as of December 31, 2011)

(i) Consolidated Basis

Number of Permanent Employees	Number of Contract Employees	Number of Temporary Employees	Total
5,582	3,464	2,490	11,536

(Note) 1. Figures are the sum of the number of employees of the consolidated subsidiaries.
2. The number of employees during this fiscal year rose by 320. This was mainly attributable to the increase by the hiring of new graduates, and mid-career recruiting.

(ii) Parent Only Basis

Number of Permanent Employees	Number of Contract Employees	Number of Temporary Employees	Total	Average Age	Average Length of Service
2,120	1,199	1,223	4,542	36.1	7.6years

(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 this fiscal year increased by 170. This was mainly attributable to the increase by the hiring of new graduates, and mid-career recruiting.
3. Average age and average length of service are calculated based on the data as of the end of this fiscal year on permanent employees including those seconded to the other companies but excluding seconded from the other companies.

2. Shares (as of December 31, 2011)

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

(2) Number of Shareholders: 10,074 persons

(3) Major Shareholders (Top 10)

Name	Beneficiary interest to the Company	
	Number of shares	Shareholding ratio
Sumitomo Corporation	2,777,912	40.11%
KDDI CORPORATION	2,133,797	30.81%
THE CHASE MANHATTAN BANK, N.A. LONDON SECS LENDING OMNIBUS ACCOUNT	233,056	3.36%
Trust & Custody Services Bank, Ltd. (money trust tax account)	173,752	2.50%
Mizuho Trust & Banking co., Ltd. (securities custodian trust 0700117)	152,904	2.20%
UBS SECURITIES LLC－HFS CUSTOMER SEGREGATED ACCOUNT	84,507	1.22%
DEUTSCHE BANK AG LONDON－PB NON－TREATY CLIENTS 613	69,774	1.00%
NORTHERN TRUST CO.（AVFC） SUB A／C NON TREATY	62,020	0.89%
JP MORGAN CHASE BANK 385174	54,569	0.78%
MORGAN STANLEY & CO. LLC	51,800	0.74%

(Note)1. The major shareholders status includes the 10 shareholders with highest shareholding ratio, a ratio of share owned within the outstanding shares excluding treasury stocks (22,640 of shares) as of the end of this fiscal year.
2. The above shareholding ratio excludes treasury stock.

3. Stock Acquisition Rights (Stock Options)(as of December 31, 2011)

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

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

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

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

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

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

Number of stock acquisition rights 72
Exercise period May 16, 2007 to April 30, 2027
Type and number of shares targeted for stock acquisition rights
Common stock 72 shares (1 share per stock acquisition rights)
Exercise price ¥1 per 1 share

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

Classification	Number of stock acquisition rights	Number of holders
Directors (excluding Outside Directors)	50	2
Outside Directors	—	—
Statutory Auditors	—	—
Total	50	2

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

Number of stock acquisition rights 68
Exercise period August 16, 2008 to July 31, 2016
Type and number of shares targeted for stock acquisition rights
Common stock 68 shares (1 share per stock acquisition rights)
Exercise price ¥1 per 1 share

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

Classification	Number of stock acquisition rights	Number of holders
Directors (excluding Outside Directors)	47	2
Outside Directors	—	—
Statutory Auditors	—	—
Total	47	2

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

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

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

Classification	Number of stock acquisition rights	Number of holders
Directors (excluding Outside Directors)	142	3
Outside Directors	—	—
Statutory Auditors	—	—
Total	142	3

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

Number of stock acquisition rights 322
Exercise period May 16, 2009 to April 30, 2017
Type and number of shares targeted for stock acquisition rights
Common stock 322 shares (1 share per stock acquisition rights)
Exercise price ¥1 per 1 share

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

Classification	Number of stock acquisition rights	Number of holders
Directors (excluding Outside Directors)	322	3
Outside Directors	—	—
Statutory Auditors	—	—
Total	322	3

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

Number of stock acquisition rights 176
Exercise period March 16, 2010 to February 28, 2030
Type and number of shares targeted for stock acquisition rights
Common stock 176 shares (1 share per stock acquisition rights)
Exercise price ¥1 per 1 share

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

Classification	Number of stock acquisition rights	Number of holders
Directors (excluding Outside Directors)	141	3
Outside Directors	—	—
Statutory Auditors	—	—
Total	141	3

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

Number of stock acquisition rights 293
Exercise period March 16, 2010 to February 28, 2018
Type and number of shares targeted for stock acquisition rights
Common stock 293 shares (1 share per stock acquisition rights)
Exercise price ¥1 per 1 share

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

Classification	Number of stock acquisition rights	Number of holders
Directors (excluding Outside Directors)	164	3
Outside Directors	—	—
Statutory Auditors	—	—
Total	164	3

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

Number of stock acquisition rights 168
Exercise period March 16, 2011 to February 28, 2031
Type and number of shares targeted for stock acquisition rights
Common stock 168 shares (1 share per stock acquisition rights)
Exercise price ¥1 per 1 share

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

Classification	Number of stock acquisition rights	Number of holders
Directors (excluding Outside Directors)	113	3
Outside Directors	—	—
Statutory Auditors	—	—
Total	113	3

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

Number of stock acquisition rights 260
Exercise period March 16, 2011 to February 28, 2019
Type and number of shares targeted for stock acquisition rights
Common stock 260 shares (1 share per stock acquisition rights)
Exercise price ¥1 per 1 share

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

Classification	Number of stock acquisition rights	Number of holders
Directors (excluding Outside Directors)	145	3
Outside Directors	—	—
Statutory Auditors	—	—
Total	145	3

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

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

Number of stock acquisition rights 260
Exercise period March 16, 2011 to February 28, 2019
Type and number of shares targeted for stock acquisition rights
Common stock 260 shares (1 share per stock acquisition rights)
Exercise price ¥1 per 1 share

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

Classification	Number of stock acquisition rights	Number of grantees
Employees	110	6

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

4. Officers

(1) Directors and Statutory Auditors (as of December 31, 2011)

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

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

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

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

3. At the conclusion of the Ordinary General Meeting of Shareholders held on March 23, 2011, Statuary Auditor, Akira Ito resigned.

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

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

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

7. The title, responsibilities and important Co-Assignment of Shuichi Mori, Representative Director and President, elected as Representative Director and President on March 23, 2011, changed from General Manager, CATV Business Group and CATV Business Unit to General Manager, CATV Business Group and CATV Business Unit, General Manager, Media Business Group on July 1, 2011.

8. The title, responsibilities and important Co-Assignment of Shunsuke Oyama, Representative Director and Executive Vice President, changed from Director to Representative Director and Executive Vice President on March 23, 2011 and from General Manager, Business Strategy Group to General Manager, Business Strategy Group and Business Strategy Unit on July 1, 2011.

9. The responsibilities and important Co-Assignment of Tomoyuki Aoki, Representative Senior Managing Director, changed from General Manager, Corporate Planning & Strategy Unit to General Manager, Corporate Control Unit and Information Technology Unit on July 1, 2011.

10. The title, responsibilities and important Co-Assignment of Mineo Fukuda, Senior Managing Director, elected as Senior Managing Director on March 23, 2011, became Deputy General Manager, CATV Business Unit on July 1, 2011.

11. The responsibilities and important Co-Assignment of Toru Kato, Director, changed from General Manager, Business Strategy Unit to Deputy General Manager, Business Strategy Unit and Assistant to General Manager, CATV Business Unit on July 1, 2011.

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

Director		Statutory Auditor		Total	
Number of Persons Paid	Amount Paid (Yen in Millions)	Number of Persons Paid	Amount Paid (Yen in Millions)	Number of Persons Paid	Amount Paid (Yen in Millions)
8	271	3	32	11	303

(Note) 1. At the Ordinary General Meeting of Shareholders held on March 27, 2007, it was resolved to limit annual compensation to Directors to ¥600 million, and stock compensation-type

stock options (medium-term and long-term incentives) to ¥250 million. At an Extraordinary General Meeting of Shareholders held on September 29, 2000, annual compensation for Statutory Auditors was limited to ¥100 million, and the Ordinary General Meeting of Shareholders held March 27, 2007 limited stock compensation-type stock options (long-term incentives) to ¥5 million.

2. As of the end of this fiscal year, there were 10 Directors and 4 Statutory Auditors.

3. The above amounts include stock acquisition rights posted as compensation during this fiscal year totaled ¥39 million (¥37 million to 5 Directors, and ¥2 million to 1 Statutory Auditor).

(3) Matters concerning Outside Officers

(i) Other Important Co-Assignment of Officers

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

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

2. The Company and KDDI CORPORATION are engaged in business alliances and trading relationships in certain areas of business.

3. No special interests exist between the Company and Nishimura & Asahi.

(ii) Status of Major Activities

Title	Name	Status of major activities
Outside Director	Yoshio Osawa	Attended all 12 meetings of the Board of Directors during this fiscal year, providing individual opinion in discussions of proposals.

Outside Director	Daisuke Mikogami	Attended 11 of 12 meetings of the Board of Directors during this fiscal year, providing individual opinion in discussions of proposals.
Outside Director	Hirofumi Morozumi	Attended all 12 meetings of the Board of Directors during this fiscal year, providing individual opinion in discussions of proposals.
Outside Director	Makoto Takahashi	Attended 11 of 12 meetings of the Board of Directors during this fiscal year, providing individual opinion in discussions of proposals.
Outside Statutory Auditor	Toshifumi Shibuya	Attended all 12 meetings of the Board of Directors and all 12 meetings of the Board of Statutory Auditors held during this fiscal year, providing individual opinion from a specialist's viewpoint in discussions of proposals.
Outside Statutory Auditor	Kenichiro Takagi	Attended all 12 meetings of the Board of Directors and 11 of 12 meetings of the Board of Statutory Auditors held during this fiscal year, providing individual opinion from a specialist's viewpoint in discussions of proposals.
Outside Statutory Auditor	Katsuyuki Yamaguchi	Attended all 10 meetings of the Board of Directors and all 9 meetings of the Board of Statutory Auditors held after the assumption during this fiscal year, providing individual opinion from a specialist's viewpoint in discussions of proposals.

(Note) Statutory Auditor, Katsuyuki Yamaguchi was newly elected at the Ordinary General Meeting of Shareholders held on March 23, 2011. 10 meetings of the Board of Directors and 9 meetings of the Board of Statutory Auditors were held after the assumption during this fiscal year.

(iii) Liability Limitation Agreement Concluded with Outside Officers

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

(iv) Compensation to Outside Officers

	Number of Persons Paid	Salaries and other compensation (Yen in Millions)
Compensation to Outside Officers	1	6

5. Status of Accounting Auditor

(1) Name of Auditing Firm

KPMG AZSA LLC

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

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

¥285 million

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

¥413 million

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

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

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

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

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

6. Company Systems and Policies

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

At the July 2011 Board of Directors meeting, the Company reviewed its previous resolutions and adopted a new resolution concerning "the systems needed for the proper business operation of a public corporation," as required by the Company Law and Company Law Enforcement Regulations. An overview is given below.

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

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

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

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

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

(3) The Company establishes a system where an officer/employee encountering an action that could be doubted as a breach of laws, the articles of incorporation or other internal regulations can directly contact the Compliance Committee, full-time statutory auditor or external attorney via the "Speak Up System". Under the subject system, the confidentiality on the aforementioned communication of information is strictly maintained, and it is made clear that the Company will not take any adverse actions against the communicating individual.

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

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

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

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

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

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

① The Administration Department oversees the Company-wide risk management activities and develops emergency contact system based on the "Emergence Response Manual". It conducts risk analyses at ordinary times and works to reduce the risks, while the other departments establish regulations pertaining to the operations under their responsibilities, and work to improve risk management levels via formulation of risk management policies and manuals, etc. 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 and the Internal Control Department, by conducting internal audit based on the “Internal Audit Regulations”, evaluate the status on the Internal Control of management structures and the compliance to laws and regulations on business operations and monitor the state of risk across the Company Group.

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

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

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

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

(2) The Board of Directors assigns a corporate officer(s) as a person(s) responsible for a particular organization(s) to accelerate the decision making process in the organization and improve operation facilitation.

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

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

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

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

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

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

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

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

(2) For the purpose of establishing internal control within the Company Group 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 or Association Administration".

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

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

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

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

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

While the Company currently does not have a dedicated department or several dedicated staff to support the statutory auditor's duties, The Company sets forth in the "Internal Audit Regulations" that the Internal Auditing Department and the Internal Control Department provide support to the statutory auditor when requested by the statutory auditor.

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

In the event of placement of subject staff to support the statutory auditor, the Company will 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 important meetings, reports the state of business execution to the statutory auditor as seen fit and circulates to his/her attention important documents. With regard to items not brought up for discussion at the meetings, for facts that could potentially cause material influence to the Company, the Company reports such matters to the statutory auditor.

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

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

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

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

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

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

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

7. Other Signifiant Current State of the Group

The Company made the resolution at the Board of Directors meeting on January 25, 2012 on matters pertaining to a share repurchase based on Article 156 of the Company Law as applied pursuant to Article 165 paragraph 3 of the same law.

(1)Reason for conducting the share repurchase	To improve capital efficiency and to provide returns to shareholders, under the object of performing flexible capital policies in response to changes in business environment
(2)Class of shares	Common stock
(3)Total number of shares to be repurchased	65,000 shares (maximum)
(4)Total amount to be paid for repurchase	¥5,000 million (maximum)
(5)Period of share repurchase	From February 15, 2012 to August 31, 2012

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(Note) The matters set forth in this business report, except as specifically noted, pertain to the Company's 18th fiscal year (January 1, 2011 to December 31, 2011) or describe conditions at the end of the Company's 18th fiscal year (December 31, 2011).
Japan's Company Law and Company Law Enforcement Regulations require the disclosure of certain information. However, where there were no relevant events for the Company to report, they have been omitted, except as specifically noted.
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JUPITER TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

(U.S. GAAP)

As of December 31, 2011

(Yen in Millions)

(Assets)		**(Liabilities)**	
Current assets:		Current liabilities:	
Cash and cash equivalents	89,879	Short-term loans	5,521
Accounts receivable	18,270	Long-term debt－current portion	10,681
Allowance for doubtful accounts	(480)	Capital lease obligations－current portion:	
Deferred tax assets－current	7,941	Related parties	15,960
Prepaid expenses and other current assets	8,070	Others	1,184
Total current assets	123,680	Accounts payable	28,324
		Income taxes payable	9,853
		Deposit from related parties	268
		Deferred revenue－current portion	8,108
Investments:		Accrued expenses and other liabilities	11,068
Investments in affiliates	10,381	Total current liabilities	90,967
Investments in other securities, at cost	2,150		
Total investments	12,531	Long-term debt, less current portion	118,302
Property and equipment, at cost:		Corporate bond, less current portion	10,000
Land	4,158	Capital lease obligations, less current portion:	
Distribution system and equipment	733,498	Related parties	33,590
Support equipment and buildings	69,477	Others	4,259
	807,133	Deferred revenue	58,996
Less accumulated depreciation	(445,113)	Deferred tax liabilities－non current	11,545
Total property and equipment	362,020	Other liabilities	27,328
		Total liabilities	354,987
		(Shareholders' equity)	
Other assets:		Common stock no par value	117,550
Goodwill	253,180	(Authorized 15,000,000 shares; issued 6,947,813 shares)	
Identifiable intangible assets, net	38,413	Additional paid-in capital	226,293
Deferred tax assets－non current	5,436	Retained earnings	94,825
Others	17,043	Accumulated other comprehensive income/(loss)	(833)
Total other assets	314,072	Treasury stock, at cost	(2,128)
		Total J:COM shareholders' equity	435,707
		Noncontrolling interests in subsidiaries	21,609
		Total shareholders' equity	457,316
Total assets	812,303	Total liabilities and shareholders' equity	812,303

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

JUPITER TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME

(U.S. GAAP)

Year ended December 31, 2011

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

Revenue:	
Subscription fees	307,935
Others	61,138
	369,073
Operating costs and expenses:	
Operating and programming costs	(140,525)
Selling, general and administrative expenses	(72,150)
Depreciation and amortization	(85,323)
	(297,998)
Operating income	71,075
Other income (expenses):	
Interest expense, net:	
Related parties	(1,424)
Others	(2,854)
Equity in earnings of affiliates	1,473
Other, net	262
Income before noncontrolling interests and income taxes	68,532
Income taxes expense	(28,358)
Net income	40,174
Net income attributable to noncontrolling interests	(2,896)
Net income attributable to J:COM shareholders	37,278
Net income attributable to J:COM shareholders per share:	
— Basic	¥5,383.59
— Diluted	¥5,381.49
Weighted average number of common stock outstanding:	
— Basic	6,924,297 shares
— Diluted	6,927,003 shares

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

JUPITER TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

(U.S. GAAP)

Year ended December 31, 2011

(Yen in Millions)

Ⅰ Common stock no par value	
1 Balance as of January 1, 2011	117,550
2 Balance as of December 31, 2011	117,550
Ⅱ Additional paid-in capital	
1 Balance as of January1, 2011	226,017
2 Stock-based compensation	47
3 Reissuance of treasury stock	(132)
4 Purchase of subsidiary shares from noncontrolling interests	361
5 Balance as of December 31, 2011	226,293
Ⅲ Retained earnings	
1 Balance as of January1, 2011	70,010
2 Net income attributable to J:COM shareholders	37,278
3 Cash dividends paid to shareholders	(12,463)
4 Balance as of December 31, 2011	94,825
Ⅳ Accumulated other comprehensive income/(loss)	
1 Balance as of January1, 2011	(1,160)
2 Other comprehensive income/(loss), net of taxes	327
3 Balance as of December 31, 2011	(833)
Ⅴ Treasury stock, at cost	
1 Balance as of January1, 2011	(2,266)
2 Reissuance of treasury stock	138
3 Balance as of December 31, 2011	(2,128)
Ⅵ Noncontrolling interests in subsidiaries	
1 Balance as of January1, 2011	16,259
2 Cash dividends paid to noncontrolling interests	(112)
3 Net income attributable to noncontrolling interests	2,896
4 Acquisition of new subsidiaries	3,259
5 Purchase of subsidiary shares from noncontrolling interests	(686)
6 Other comprehensive income/(loss), net of taxes	(7)
7 Balance as of December 31, 2011	21,609
Total shareholders' equity	**457,316**
COMPREHENSIVE INCOME	
1 Net income	40,174
2 Other comprehensive income/(loss) , net of taxes:	
Unrealized gain/(loss) on cash flow hedge	(179)
Reclassification adjustment for gain/(loss) on cash flow hedge included in net income	499
Other comprehensive income/(loss) , net of taxes	320
3 Comprehensive income	40,494
4 Comprehensive income attributable to noncontrolling interests	(2,889)
5 Comprehensive income attributable to J:COM shareholders	37,605

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: 24

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

Principal subsidiaries

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

(3) Change of consolidated subsidiaries in 2011

Changes of consolidated subsidiaries in 2011 were as follows:

(Due to merger of subsidiaries)

- J:COM Fukuoka Co., Ltd. merged with J:COM Kita-kyushu Co., Ltd., whose corporate name was changed to J:COM Kyushu Co., Ltd.
- J:COM Tojo Co., Ltd. and City Cable Net, Inc. merged with J:COM Saitama Co., Ltd.
- KANSAI MULTIMEDIA SERVICES COMPANY merged with Technology Networks Inc.
- Edogawa Cable Television, Inc., City Telecom Kanagawa Inc., Yokohama TV Corporation and Miyagi Network Co., Ltd. merged with J:COM Kanto Co., Ltd., whose corporate name was changed to J:COM East Co., Ltd.

(Newly acquired companies)

YOKOHAMA CABLE VISION Inc.

2. Scope of application of equity method

(1) Number of equity method affiliates: 8

(2) The names of equity method affiliates

Principal affiliates

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

3. Significant accounting policies

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

Jupiter Telecommunications Co., Ltd. (J:COM) and its subsidiaries (the Company) prepare its Annual Consolidated Statutory Report using the terminology, forms and methods of preparation required under accounting principles generally accepted in the United States of America, as stipulated by the first sentence of Article 120-2(1) of the regulation on the Corporate Law. However, certain descriptions and notes required under the aforementioned accounting principles, as per the above regulation, are partially omitted.

(2) Securities valuation standards and valuation methods

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

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

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

(3) Valuation standards and valuation methods for derivatives

The Company accounts for derivatives based on ASC Topic 815, *Derivatives and Hedging*. ASC 815 states all derivatives are fair valued and recognized on the Consolidated Balance Sheet as assets or liabilities.

- Derivative instrument designated and effectively active as a fair value hedge:
  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 hedge:
  Until income/(loss) on the assets or liabilities being hedged are recognized on the Consolidated Statement of Income, 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 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 ASC Topic, 360 *Property, Plant and Equipment*, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

(5) Depreciation method for tangible fixed assets

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

Distribution system and equipment	10–17 years
Buildings and structures	10–40 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 as goodwill the difference between the acquisition cost of consolidated subsidiaries and the estimated net asset fair value of the applicable companies. In accordance with ASC Topic 350, *Intangibles – Goodwill and other*, the Company conducts an impairment annually test 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 ASC Topic 410, *Asset Retirement and Environmental Obligations*. This interpretation requires 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 losses on accounts receivable considering historical experience and other known factors.

(10) Amortization of identifiable intangible asset

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

(11) Income Taxes

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

ASC Topic 740, defines the accounting for uncertainty in income taxes, and also provides the guidance on derecognition, measurement, interest and penalties of uncertain tax positions when it is not likely for filed tax position to be maintained after tax examinations.

As of December 31, 2011, the Company had the portion of its unrecognized tax benefits of ¥16,458 million. 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, the Company includes interest accrued on uncertain tax position in interest expense and penalties in income taxes expense.

As a result of the future tax examination, it is reasonably possible that the amount of unrecognized tax benefits as of December 31, 2011 could change significantly and could result in increases to our deferred tax assets or decreases to our liabilities for uncertain tax positions and a favorable impact on its consolidated financial statements. The 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. The Company is subject to corporate income tax of National Tax Administrative Agency. Substantially all material income tax examinations have been concluded for tax years through 2005. The Company anticipates tax examinations in several jurisdictions in which the Company operates could be conducted. 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 income.

(12) Revenue Recognition

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

The Company provides rebroadcasting services to noncable television viewers suffering from poor reception of television waves caused by artificial obstacles. The Company enters into agreements with these third parties, whereby the Company receives up-front compensation to construct and maintain cable facilities to provide rebroadcasting services to the affected viewers at no cost to the viewers during the agreement period. Revenues from these agreements have been deferred and are being recognized in income on a straight-line basis over periods that are consistent with the durations of the underlying agreements (maximum 20 years). Such revenues are included in Revenue - Others in the Consolidated Statement of Income.

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.

(13) Consumption taxes

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

4. Significant accounting policy change

Goodwill Impairment Test

In September 2011, the FASB issued Accounting Standards Update(ASU)2011-08, *Testing Goodwill for Impairment.* ASU2011-08 permits to simplify how an entity tests goodwill for impairment and if an entity concludes that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount in a qualitative assessment executed prior to performing impairments test, it would not be required to perform the two-step impairment test for that reporting unit. The Company early adopted ASU2011-08 in 2011. Such adoption did not have an impact on the Company's financial position and results of operations.

5. Notes to the Consolidated Balance Sheet

(1) Material assets provided as collateral:

Distribution system and equipment	¥79,940 million
Support equipment and buildings	¥3,183 million
Liabilities related to collaterals above	¥7,983 million

(2) Debt guarantee balance, etc

The Company had ¥1,288 million foreign exchange contract on behalf of certain affiliates.

(3) Accumulated other comprehensive income/(loss)

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

6. Notes to the Consolidated Statement of Shareholders' Equity

(1) Number of Shares issued

Common stock 6,947,813 Shares

(2) Treasury stocks

Common stock 22,640 Shares

(3) Dividends

(2010 Yearend) Determined at the Annual Shareholders Meeting held on March 23, 2011

Class of shares		Common stock
Total amount of dividends	¥6,231 million	
Dividend per share	¥900.00	
Record date		December 31, 2010
Effective date		March 24, 2011

(2011 Interim) Determined at the Board of Directors Meeting held on July 26, 2011

Class of shares		Common stock
Total amount of dividends	¥6,232 million	
Dividend per share	¥900.00	
Record date		June 30, 2011
Effective date		September 8, 2011

Total amount of dividends of which the record date is December 31, 2011 will be ¥6,233 million.

(4) Stock acquisition rights

Number of targeted shares (exercisable)

Stock acquisition rights : Common stock Outstanding 9,923 Shares

7. Notes to financial instruments

(1) Policies for financial instruments

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

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

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

(2) Fair value of financial instruments

The carrying amount, the fair value and the difference between them as of December 31, 2011 were as follows:

(Yen in Millions)

	Carrying amount	Fair value	Difference
Long-term debt (*)	128,983	129,882	(899)
Corporate bond	10,000	10,246	(246)
Derivative liabilities, net	1,428	1,428	—
Detail			
Interest rate swaps contract, net	1,077	1,077	—
Foreign exchange forward contract, net	351	351	—

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

Calculation method for the fair value of financial instruments

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

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

(Long-term debt and Corporate bond)

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

(Derivative liabilities, net)

The fair value of derivative liabilities, net is estimated on quotes from a third party.

8. Note to per share data

J:COM shareholders' equity per share ¥62,916.36

9. Notes to deferred taxes

(1) Significant components of deferred tax assets and liabilities

The effects of temporary differences and carryforwards that give rise to deferred tax assets and liabilities as of December 31, 2011 were as follows:

	(Yen in Millions)
Deferred tax assets:	
Deferred revenue	20,311
Accrued expenses and others	5,092
Lease obligations	4,270
Property and equipment	3,397
Net operating loss carryforwards	265
Total gross deferred tax assets	33,335
Less: valuation allowance	(228)
Deferred tax assets, net of valuation allowance	33,107
Deferred tax liabilities:	
Intangible assets	14,556
Property and equipment	13,678
Investments	2,717
Others	324
Total gross deferred tax liabilities	31,275
Net deferred tax assets	1,832

(2) Adjustment of deferred tax assets and liabilities due to the tax rate changes

On November 30, 2011, *Act for Partial Revision of the Income Tax Act, etc. for the purpose of Creating Taxation System Responding to changes in Economic and Social Structures* (Act No.114 of 2011) and *Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake* (Act No.117 of 2011) passed the National Diet.

Due to the enacted laws, the statutory tax rate used to measure deferred tax assets and liabilities was changed from 40.69% to 38.01% for 2013, 2014 and 2015 and was also changed to 35.64% for 2016 and subsequent years for temporary differences expected to be utilized.

The effect of these tax rate changes of ¥205 million was charged to income taxes expense for the year ended December 31, 2011.

10. Significant subsequent events

J:COM made the resolution at the board of directors meeting on January 25, 2012 on matters pertaining to a share repurchase based on Article 156 of the Corporate Law as applied pursuant to Article 165-3 of the same law.

(1) Reason for conducting the share repurchase	To improve capital efficiency and to provide returns to shareholders, under the object of performing flexible capital policies in response to changes in business environment
(2) Class of shares	Common stock
(3) Total number of shares to be repurchased	65,000 shares (maximum)
(4) Total amount to be paid for repurchase	¥5,000 million (maximum)
(5) Period of share repurchase	From February 15, 2012 to August 31, 2012

JUPITER TELECOMMUNICATIONS CO., LTD. (Parent Only)
BALANCE SHEET (Japanese GAAP)
As of December 31, 2011

(Yen in Millions)

(ASSETS)		(LIABILITIES)	
Current assets	**84,954**	**Current liabilities**	**26,717**
Cash and cash equivalents	1,578	Accounts payable—trade	9,867
Accounts receivable—trade	16,848	Long-term debt—current portion	8,000
Securities	52,292	Lease obligations	98
Inventory	702	Accounts payable—other	5,165
Prepaid expenses	904	Accrued expenses	1,645
Deposit	8,001	Income taxes payable	1,297
Deferred tax assets	696	Withheld payable	559
Other current assets	3,933	Other current liabilities	86
Fixed assets	**345,814**	**Fixed liabilities**	**137,487**
Tangible fixed assets	**5,233**	Corporate bond	10,000
Buildings	1,241	Long-term debt	113,000
Other structures	20	Lease obligations	60
Machinery	149	Deferred tax liabilities—non current	12,970
Tools, furniture and fixtures	3,289	Other long-term liabilities	1,457
Land	429	**Total liabilities**	**164,204**
Leased assets	105		
Intangible fixed assets	**14,385**		
Goodwill	7,414	(NET ASSETS)	
Software	6,909	**Shareholders' equity**	**267,140**
Leased assets	45	**Common stock**	**117,550**
Other intangible fixed assets	17	**Capital surplus**	**125,001**
Investments and other assets	**326,196**	Capital reserve	31,690
Investment securities	2,721	Additional paid-in capital	93,311
Investments to subsidiaries and affiliates	311,147	**Retained earnings**	**26,717**
Long-term loans to others	177	Other retained earnings	26,717
Long-term loans to subsidiaries and affiliates	10,000	Retained earnings carried forward	26,717
Long-term prepaid expenses	387	**Treasury stock**	**(2,128)**
Guarantees	1,672	**Revaluation surplus**	**(668)**
Other assets	92	Deferred hedge loss	(668)
Deferred Assets	**25**	**Stock option**	**117**
Bond issuance cost	25	**Total Net Assets**	**266,589**
Total Assets	**430,793**	**Total Liabilities and Net Assets**	**430,793**

JUPITER TELECOMMUNICATIONS CO., LTD. (Parent Only)

STATEMENT OF INCOME (Japanese GAAP)

Year ended December 31, 2011

(Yen in Millions)

Sales		160,354
Cost of sales		126,380
Gross income		33,974
Selling, general and administrative expenses		17,115
Operating income		16,859
Non-operating profit		
Interest income	312	
Dividends	5,782	
Guarantee fee	36	
Other non-operating income	128	6,258
Non-operating expenses		
Interest expense	2,362	
Long-term prepaid guarantees amortization	154	
Other non-operating expenses	71	2,587
Ordinary income		20,530
Extraordinary loss		
Loss on adjustment for changes of accounting standard for asset retirement obligations	255	255
Net income before taxes		20,275
Income taxes-current	3,562	
Income taxes-deferred	(1,199)	2,363
Net income		17,912

JUPITER TELECOMMUNICATIONS CO., LTD. (Parent Only)
STATEMENT OF SHAREHOLDERS' EQUITY (Japanese GAAP)
Year ended December 31, 2011

(Yen in Millions)

	Shareholders' equity							
	Common stock	Capital Surplus			Retained Earnings		Treasury stock	Total Shareholders' equity
		Capital reserve	Additional paid-in capital	Total capital surplus	Other Retained earnings: Retained earnings carried forward	Total retained earnings		
Balance at December 31, 2010	117,550	31,690	93,344	125,034	21,268	21,268	(2,266)	261,586
Changes for this period								
Net income					17,912	17,912		17,912
Dividends					(12,463)	(12,463)		(12,463)
Disposal of treasury stock			(33)	(33)			138	105
Net changes other than Shareholders' equity items								
Total changes			(33)	(33)	5,449	5,449	138	5,554
Balance at December 31, 2011	117,550	31,690	93,311	125,001	26,717	26,717	(2,128)	267,140

	Revaluation surplus		Stock Option	Total Net assets
	Deferred hedge loss	Total revaluation surplus		
Balance at December 31, 2010	(1,039)	(1,039)	170	260,717
Changes for this period				
Net income				17,912
Dividends				(12,463)
Disposal of treasury stock				105
Net changes other than Shareholders' equity items	371	371	(53)	318
Total changes	371	371	(53)	5,872
Balance at December 31, 2011	(668)	(668)	117	266,589

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

1. Significant accounting policies

(1) Securities valuation standard and method

Investments to subsidiaries and affiliates

Acquisition cost by the moving average method

Other investments

Non-marketable Securities

Acquisition cost by the moving average method

(2) Inventory Valuation

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

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

The straight-line method is applied.

Useful Lives

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

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

With regard to software for in-house use, straight-line method over estimated 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. The assignment method is applied for foreign exchange forward contracts.

(b) Hedging instrument and hedged item

Hedging instrument: Foreign exchange forward contract and interest rate swap

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

(c) Hedge policy

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

(d) Assessment of hedge effectiveness

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

(10) Consumption taxes

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

(11) Presentation of amounts

Amounts presented in millions of yen with fractions rounded.

2. Significant accounting policy change

Starting from current fiscal term, J:COM adopted *Accounting Standards for Asset Retirement Obligations* (ASBJ Statement No.18 dated March 31, 2008) and *Guidance on Accounting Standards for Asset Retirement Obligations* (ASBJ Guidance No.21 dated March 31, 2008). The impact of this change of accounting policy is immaterial.

3. Notes to the Balance Sheet

(1) Accumulated depreciation of tangible fixed assets ¥3,547 million

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

Guaranteed Parties	Amount	Details of guaranteed debt
J:COM West Co., Ltd.	9,046	Borrowing from Banks and Lease contracts（*1）
J:COM East Co., Ltd.	8,087	
J:COM Kyushu Co., Ltd.	5,056	
J:COM Tokyo Co., Ltd.	3,840	
J:COM Shonan Co., Ltd	3,448	
J:COM Saitama Co., Ltd.	3,007	
Cable Net Kobe Ashiya Co., Ltd.	2,362	
Others	6,943	
Total	41,789	
Jupiter Golf Network Co., Ltd.	4,146	Foreign exchange forward contracts（*2）
J SPORTS Corporation	2,314	
Discovery Japan, Inc.	1,024	
Animal Planet Japan Co., Ltd.	264	
Jupiter Entertainment Co., Ltd.	20	
Total	7,768	
Grand Total	49,557	

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

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

(3) Monetary claims and obligations to subsidiaries and affiliates

Short-term monetary claims ¥18,198 million
Long-term monetary claims ¥10,000 million
Short-term monetary obligations ¥6,167million

4. Notes to the Statement of Income

Transactions with subsidiaries and affiliates

Operating transaction

Sales ¥137,484 million
Cost of sales ¥42,653 million

Non-operating transaction

Other income ¥6,031 million
Other expenses ¥2 million

5. Notes to the Statement of Shareholders' Equity

(1) Type and total number of outstanding stock issued (Unit: share)

Type of stock	December 31, 2010	Increase	Decrease	December 31, 2011
Common stock	6,947,813	—	—	6,947,813

(2) Type and total number of treasury stock (Unit: share)

Type of stock	December 31, 2010	Increase	Decrease*1	December 31, 2011
Common stock	24,102	—	1,462	22,640

*1 Stock option exercise 1,462 shares

6. Notes to deferred taxes

(1) The effects of temporary difference and carry forwards that give rise to deferred tax assets and liabilities are as follows;

	(Yen in Millions)
Investment in subsidiaries and affiliates	454
Deferred hedge loss	409
Accrued expenses	348
Enterprise tax payable	309
Asset retirement obligations	122
Investment in other securities	86
Business office tax payable	25
Other	84
Total deferred tax assets	1,837
Less: valuation allowance	(662)
Total deferred tax assets	1,175
Investment to subsidiaries and affiliates	12,967
Investment securities	424
Retirement expenses of asset retirement obligations	58
Total deferred tax liabilities	13,449
Net deferred tax liabilities	12,274

(2) Adjustment of deferred tax assets and liabilities due to the tax rate changes

On December 2, 2011, *Act for Partial Revision of the Income Tax Act, etc. for the purpose of Creating Taxation System Responding to changes in Economic and Social Structures* (Act No.114 of 2011) and *Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake* (Act No.117 of 2011) were promulgated. Due to these promulgations, the effective statutory tax rate used to measure deferred tax assets and liabilities for temporary differences expected to be utilized was changed from 40.69% to 38.01% for 2013, 2014 and 2015 and was also changed to 35.64% for 2016 and subsequent years. Due to these tax rate changes, net deferred tax liabilities decreased by ¥1,890 million, and income taxes-deferred decreased by the same amount.

7. Notes regarding transactions with related parties

(1)Subsidiaries and affiliates

(Yen in Millions)

Company name	Business type	Voting right (direct own)	Relationships		Transaction details	Transaction amount *5	Account title	Balance at the end of term*5
			Officers	Business relationship				
J:COM East (Subsidiary)	Cable general broadcasting and telecommunications services	100%	Interlocking Seconded	Programming sales	Programming sales *1 Debt guarantee *2	27,900 8,087	Accounts receivable —	3,358 —
J:COM West (Subsidiary)	Cable general broadcasting and telecommunications services	91.10%	Interlocking Seconded	Programming sales	Programming sales *1 Debt guarantee *2	25,083 9,046	Accounts receivable —	2,799 —
Technology Networks (Subsidiary)	Telecommunications service, Installation/ construction work associated with telecommunications facilities	100%	Interlocking Seconded	ISP Service	ISP Service *3 Dividend	18,716 4,104	Accounts payable-trade —	1,758 —
J:COM Tokyo (Subsidiary)	Cable general broadcasting and telecommunications services	95.94%	Interlocking Seconded	Programming sales	Debt guarantee *2	16,021	Accounts receivable	1,869
J:COM Kyushu (Subsidiary)	Cable general broadcasting and telecommunications services	79.50%	Interlocking Seconded	Programming sales	Debt guarantee *2	5,056	—	—
J:COM Finance (Subsidiary)	Financial service	100%	Seconded	Finance	Interest received Collection of loan *4	222 —	Other current assets Long-term loans to subsidiaries and affiliates	1 10,000

*1 Business conditions are conducted at a fair price.

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

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

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

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

(2)Other related party

(Yen in Millions)

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

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

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

8. Note to per share data

Net assets per share	¥38,478.77
Net income per share	¥2,586.78

(Note) Basis for calculating net income per share.

Net income	¥17,912 million
Net income not attributable to common shareholders	—
Net income attributable to common shares	¥17,912 million
Average number of common shares during the fiscal year	6,924,297 shares

9. Significant subsequent events

J:COM made the resolution at the board of directors meeting on January 25, 2012 on matters pertaining to a share repurchase based on Article 156 of the Corporate Law as applied pursuant to Article 165-3 of the same law.

(1) Reason for conducting the share repurchase	To improve capital efficiency and to provide returns to shareholders, under the object of performing flexible capital policies in response to changes in business environment
(2) Class of shares	Common stock
(3) Total number of shares to be repurchased	65,000 shares (maximum)
(4) Total amount to be paid for repurchase	¥5,000 million (maximum)
(5) Period of share repurchase	From February 15, 2012 to August 31, 2012

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

Independent Auditors' Report

February 15, 2012

The Board of Directors
Jupiter Telecommunications Co., Ltd.

KPMG AZSA LLC

Tsutomu Takahashi
Designated Limited Liability Partner
Certified Public Accountant

Hidetoshi Fukuda
Designated Limited Liability Partner
Certified Public Accountant

Hiroo Iwaide
Designated Limited Liability 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 Telecomunications Co., Ltd.as of December31, 2011 and for the year from January 1, 2011 to December 31, 2011 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 the first sentence of Article 120-2(1) of the regulation on the Corporate Law and accounting principles generally accepted in the United States of America (outlined in Item 3 (1) of "Significant Accounting Basis for the Consolidated Statutory Report" of the notes to annual 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 15, 2012

The Board of Directors
Jupiter Telecommunications Co., Ltd.

KPMG AZSA LLC

Tsutomu Takahashi
Designated Limited Liability Partner
Certified Public Accountant

Hidetoshi Fukuda
Designated Limited Liability Partner
Certified Public Accountant

Hiroo Iwaide
Designated Limited Liability Partner
Certified Public Accountant

We have audited the statutory report, comprising the balance sheet, the statement of income, the statement of shareholders' equity and the notes to annual statutory report, and its supporting schedules of Jupiter Telecommunications Co., Ltd. as of December 31, 2011 and for the 18th business year from January 1, 2011 to December 31, 2011 in accordance with Article 436(2)(i)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.

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 Audit Report Originally Issued in the Japanese Language]

<u>Audit Report</u>

The Board of Statutory Auditors has drawn up this Audit Report, after deliberations among the Statutory Auditors based on the respective audit reports from each Statutory Auditor on the directors performing their duties for the 18th business year from January 1, 2011 to December 31, 2011, and report as follows.

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

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

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

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

2. Audit Results

(1) Audit Results of Business Report, etc.
 (i) Business Report and Supporting Schedule are deemed to present fairly the situation of the Company complying with laws and regulations and the Articles of Incorporation.
 (ii) There are no illegal or unlawful actions nor material facts in violation or breach of laws or regulations or the Articles of Incorporation, found in any Director performing respective duties.
 (iii) The contents of the resolution of the Board of Directors regarding the Company's internal control system are deemed adequate. And, there is nothing to be pointed out in the Directors' performance of duties regarding the relevant internal control system.

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

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

February 17, 2012

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

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

Memorandum for Shareholders

Business Year	From January 1 to December 31 each year	
Ordinary General Meeting of Shareholders	Held in March each year	
Record Date	For the ordinary general meeting of shareholders	December 31 each year
	For year-end dividends	December 31 each year
	For interim dividends	June 30 each year
	The day specified and notified by prior public notice as otherwise required	
Transfer Agent and Special Account Management Agent	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.

(Note) The Sumitomo Trust and Banking Co., Ltd., as the Company's transfer agent and special account management agent, will be changing its trade name to Sumitomo Mitsui Trust Bank, Limited, starting from April 1st, 2012. There are no changes among the postal address and telephone number.

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