

KDDI's Equity Participation in J:COM

KDDI Corporation (TSE 1st: 9433)
Tadashi Onodera, President and Chairman

January 25, 2010

On January 25, 2010, KDDI Corporation ("KDDI") entered into a definitive agreement (the "Agreement") with LGI International Inc. ("LGI International"), a wholly-owned subsidiary of Liberty Global, Inc. ("LGI"), whereby KDDI will acquire the entire ownership interests in Liberty Japan, Inc. ("Liberty Japan". Liberty Japan is to be converted into a LLC under the laws of the State of Delaware, U.S.A. prior to the closing of the Transaction), Liberty Jupiter, Inc. ("Liberty Jupiter". Liberty Jupiter is to be converted into a LLC under the laws of the State of Delaware, U.S.A. prior to the closing of the Transaction) and Liberty Global Japan II, LLC ("Liberty Global Japan II". Liberty Japan, Liberty Jupiter, and Liberty Global Japan II are collectively referred to as "LGI Intermediary Holding Companies" hereinafter) for an aggregate purchase price of JPY 361.7 billion (the "Transaction"). KDDI's Board of Directors approved the Transaction on 25th January 2010.

KDDI will assume LGI's ownership interests in Jupiter Telecommunications Co., Ltd. ("J:COM") whereby LGI indirectly owns 2,592,511 shares of J:COM (approximately 37.8% stake in J:COM's total voting rights) (any ownership percentages referred to hereinafter in relation to J:COM shares are on a voting rights basis), with KDDI henceforth consolidating J:COM as an equity method affiliate.

The Transaction is contemplated to be completed in mid-February, 2010.

1. Purpose of KDDI's equity participation in J:COM

J:COM, which was established in 1995, is the largest Multiple System Operator ("MSO") in Japan, and operates cable television business and program supply business in Japan. KDDI group operates its CATV business through its MSO subsidiary, Japan Cablenet Limited, and is collaborating with cable TV providers nationwide by offering its services such as the Cable-plus phone service. KDDI therefore has a strong interest in a potential collaboration with J:COM.

The Transaction will facilitate KDDI's efforts to both establish a strategic partnership with J:COM, which has a total of 3.27 million subscribing households (as of December 31, 2009), and contribute to the development of the CATV industry in Japan. Further, KDDI aims to provide CATV customers with value added services, including FMBC (Fixed Mobile and Broadcasting Convergence) as a comprehensive telecommunications carrier.

KDDI will provide full support to J:COM to enhance its enterprise value by developing a close partnership with existing shareholders of J:COM.

2. Transaction structure of KDDI's equity participation in J:COM

(1) Current ownership structure of J:COM

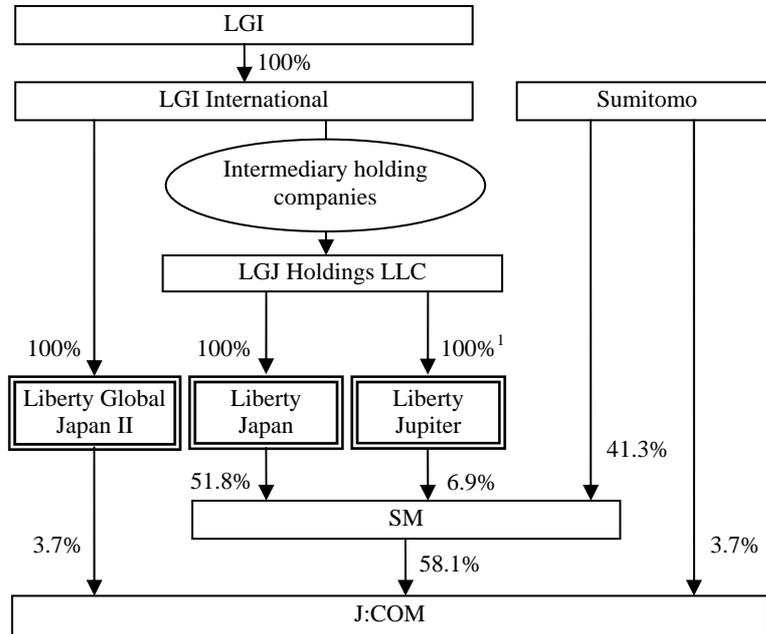
LGI/Sumisho Super Media L.P. ("SM", a limited partnership based in Colorado, U.S.A) is the major shareholder of J:COM, holding a 58.1% stake. SM is a joint shareholding vehicle between LGI and Sumitomo Corporation ("Sumitomo"), 58.7% of which is jointly held by Liberty Japan and Liberty Jupiter and 41.3% of which is held by Sumitomo. LGI furthermore holds 3.7% stake in J:COM through Liberty Global Japan II outside the SM structure. In total, LGI indirectly holds a 37.8% stake in J:COM (34.1% indirectly through SM and 3.7% indirectly through Liberty Global Japan II) (Please refer to Figure #1 below).

The limited partnership agreement between LGI and Sumitomo provides that their joint holding structure of SM will expire at February 18, 2010 and it is contemplated that Sumitomo will receive its attributable J:COM shares from SM and Sumitomo will continue to hold such shares directly thereafter (Please refer to Figure #2 below).

(2) KDDI's equity participation

KDDI will acquire the entire ownership of Liberty Japan and Liberty Jupiter, both of which hold ownership interests in SM, and of Liberty Global Japan II, which directly holds a 3.7% stake in J:COM, and KDDI will thereby assume LGI's indirect ownership of a 37.8% stake in J:COM shares. LGI plans to terminate the joint venture relationship between LGI and Sumitomo (through SM) upon the redemption of Sumitomo's ownership interests in SM prior to the closing of the Transaction (Please refer to Figure #3 below).

Figure #1: Current holding structure (voting rights basis)



Note:

- (1) Certain LGI executives and employees hold 14.25% ownership of Liberty Jupiter; LGJ Holdings LLC will acquire those ownership interests in Liberty Jupiter from the executives and employees prior to the closing of the Transaction.

Figure #2: Holding structure after SM expiration (voting rights basis)

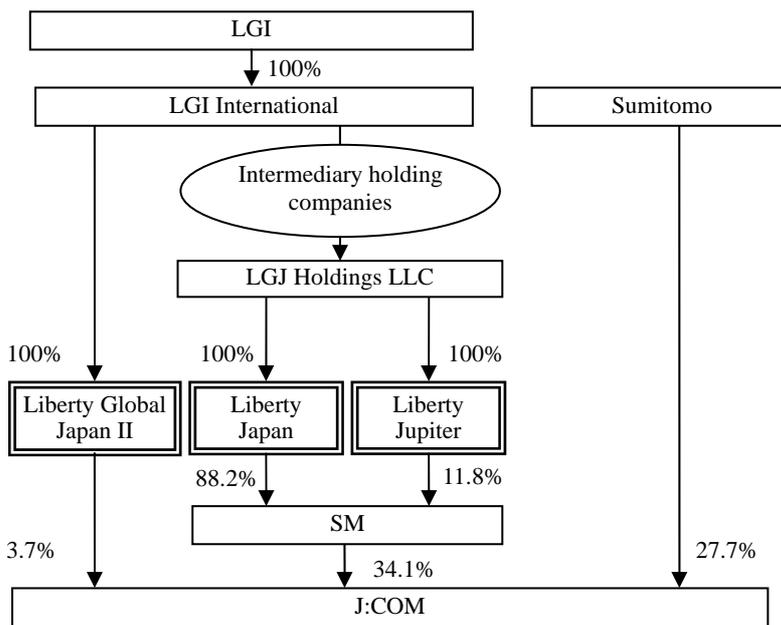
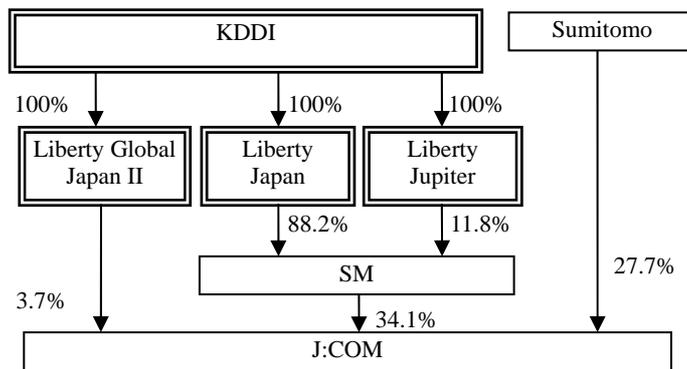


Figure #3: Holding structure after KDDI's equity participation in J:COM (voting rights basis)



3. Overview of J:COM

(As of September 30, 2009)

Name	Jupiter Telecommunications Co., Ltd.	
Representative person	Tomoyuki Moriizumi, President	
Head office	Marunouchi Trust Tower North, 8-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo	
Establishment date	January 18th, 1995	
Major business areas	1. CATV operation and telecommunication business through management of CATV operators 2. Program supplying business for CATV operators and digital satellite broadcast	
Capital stock	JPY 117.2 billion	
Number of employees	10,764 (on a consolidated basis) (5,081 of which are fulltime employees)	
Listed stock exchange	JASDAQ Stock Exchange (listed in March 2005)	
Number of shares issued	6,939,598	
Major shareholders	LGI/Sumisho Super Media, LLC	57.46%
	State Street Bank & Trust Company	4.17%
	Sumitomo Corporation	3.66%
	Liberty Global Japan II, LLC	3.66%
	The Chase Manhattan N.A. London, S.L. Omnibus Account	1.92%
	Japan Trustee Services Bank, Ltd. (Trust Account)	1.79%
	Northern Trust Company (AVFC) Sub-account American Client	1.35%
	Master Trust Bank of Japan, Ltd. (Trust Account)	1.15%
	Goldman Sachs & Company (Regular Account)	1.07%
	Zenkyoren	1.07%

Notes:

(1) Major shareholders and their ownership percentages are as of June 30, 2009.

- (2) J:COM holds 80,000 treasury shares.
- (3) LGI/Sumisho Super Media LLC was previously the joint shareholding vehicle between LGI and Sumitomo Corporation. In October 2009 this LLC was converted into a limited partnership under the law of Delaware, U.S.A. and changed its name to LGI/Sumisho Super Media, LP.

Consolidated financial information of J:COM for the last 3 fiscal years.

(JPY million unless otherwise stated)

Fiscal Year	December 31, 2006	December 31, 2007	December 31, 2008
Total revenue	221,915	264,508	294,308
Operating income	31,582	42,816	53,675
Income before income taxes	27,503	37,506	47,440
Net income	24,481	23,992	27,964
Total assets	625,948	680,416	775,670
Total shareholders' equity	277,296	330,009	349,352
Dividend per share	No dividend	No dividend	¥750

4. Overview of target entities (LGI Intermediary Holding Companies)

(As of September 30, 2009)

Name	Liberty Global Japan II, LLC	Liberty Jupiter, Inc.	Liberty Japan, Inc.
Representative person	Graham E. Hollis, Executive Vice President / Chief Operating Officer	Graham E. Hollis, Executive Vice President / Chief Operating Officer	Graham E. Hollis, Executive Vice President / Chief Operating Officer
Head office	12300 Liberty Boulevard Englewood, CO 80112, U.S.A.	12300 Liberty Boulevard Englewood, CO 80112, U.S.A.	12300 Liberty Boulevard Englewood, CO 80112, U.S.A.
Establishment date	August 23, 2007	April 20, 2000	June 18, 1999
Major business areas	Holding company	Holding company	Holding company
Capital stock	*No capital stock since Liberty Global Japan II is a U.S. LLC	USD 40	USD 3,000
Net assets	USD 97 million	USD 190 million	USD 1,403 million
Total assets	USD 114 million	USD 191 million	USD 1,555 million
Major shareholders	LGI International, Inc. (100%)	LGJ Holdings LLC (100%)	LGJ Holdings LLC (100%)

Note:

- (1) Liberty Jupiter, Inc. and Liberty Japan, Inc. are each to be converted into a LLC under the laws of the State of Delaware, U.S.A. prior to the closing of the Transaction.

5. Overview of transaction parties (KDDI and LGI International)

	Purchaser	Seller	
Name	KDDI Corporation	LGJ Holdings LLC	LGI International, Inc.
Representative person	Tadashi Onodera, President and Chairman	Graham E. Hollis, Executive Vice President / Chief Operating Officer	Bernard G. Dvorak, Senior Vice President and Co-Chief Financial Officer
Head office	2-3-2, Nishi-Shinjuku, Shinjuku-ku, Tokyo, Japan	12300 Liberty Boulevard Englewood, CO 80112,U.S.A.	12300 Liberty Boulevard Englewood, CO 80112, U.S.A.
Establishment date	June 1, 1984	May 21, 2007	March 16, 2004
Major business areas	Telecommunications business	Holding company	Holding company
Relationship	There is not any existing relationship among transaction parties.		

6. Change in ownership of LGI Intermediary Holding Companies

Pursuant to the Agreement, KDDI will acquire the entire ownership interests in the LGI Intermediary Holding Companies. Description of changes in the number of shares held is omitted since the LGI Intermediary Holding Companies are U.S. LLCs.

(1) Liberty Jupiter

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| i. KDDI's ownership interests prior to the Transaction | 0% |
| ii. Increase in KDDI's ownership interests through the Transaction | 100% |
| iii. KDDI's ownership interests post Transaction | 100% |

(2) Liberty Japan

- | | |
|--|------|
| i. KDDI's ownership interests prior to the Transaction | 0% |
| ii. Increase in KDDI's ownership interests through the Transaction | 100% |
| iii. KDDI's ownership interests post Transaction | 100% |

(3) Liberty Global Japan II

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|--|------|
| i. KDDI's ownership interests prior to the Transaction | 0% |
| ii. Increase in KDDI's ownership interests through the Transaction | 100% |
| iii. KDDI's ownership interests post Transaction | 100% |

7. Transaction value

(1) Total purchase price

JPY 361.655 billion

(2) Basis for determination of the total purchase price

KDDI determined the total purchase price based on a wide spectrum of considerations including a valuation analysis by a third party financial advisor.

8. Estimated impact on KDDI's financial performance

KDDI does not foresee any impact on KDDI's consolidated financial performance for the fiscal year ended March 2010.