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Japan Communications Inc.

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**Notification of the Amendment of the Earnings Forecast
for the Fiscal Year Ending March 2007**

It was reported today to the Meeting of the Board of Directors that a disparity exists between the latest earnings forecast for the current fiscal year (April 1, 2006 to March 31, 2007) and that announced previously. The previous earnings forecast (announced on May 25, 2006) is accordingly amended as follows. Although the JCI Group includes four (4) subsidiary companies, as these act as either a sales division or an R&D division for the JCI Group, accounts are calculated on a consolidated basis. The JCI Group thus announces consolidated earnings forecasts only.

1. Amendment of the consolidated earnings forecast for the fiscal year ending March 2007
(April 1, 2006 to March 31, 2007)

(Unit: million yen, %)

	Net Sales	Ordinary Income	Net Income
Previously Announced Forecast (A)	6,193	283	277
Amended Forecast (B)	4,433	▲375	▲452
Difference (B – A)	▲1,760	▲658	▲729
Difference Ratio (%)	▲28.4		
(Reference) Previous fiscal year (ended March 2006) performance	4,943	173	113

2. Reason for this Amendment

The main business of the JCI Group is the provision of wireless data communication services. This began in October 2001 following the interconnection of our network with that of Willcom, Inc., a PHS carrier. With PHS, the coverage area is broad, and infrastructure such as mobile terminals and network equipment are cheaper than for mobile phones. In addition, as PHS's 128 kbps communication speed is suited for e-mail and web browsing, it remains the major network for

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wireless data communication. Furthermore, as the JCI Group and Willcom, Inc. are connected at Layer 2 of the OSI seven-layer model, we are able to offer diverse value-added functions, such as those security measures developed by the JCI Group.

However, following such events as KDDI's introduction in March 2003 of 3G services offering a maximum speed of 2.4 Mbps (EV-DO), and the introduction by NTT DoCoMo of a 3G service offering maximum speeds of 3.6 Mbps (HSDPA) in August 2006, consumer expectations of 3G are rapidly rising.

Having anticipated this consumer expectation for 3G, the JCI Group implemented two policies, miscalculations in both of which have resulted in this amendment.

① Acquisition of a 3G network upon interconnection with a 3G carrier

In March 2005 JCI formed a partnership with Vodafone, Inc. (now SoftBank Mobile, Inc.) and came to an agreement to provision a 3G network following interconnection. Initially, business activities were to commence without an interconnection, and it was planned that the interconnection would be completed within 2005. Nevertheless, due to the changes in that company's management structure, we were unable to switch to an interconnection within that year. Once SoftBank has completed the renewal of its management structure, the JCI Group will reopen negotiations with them, but the reality is that we have yet to realized our initial plan.

Our plan was also to establish connections with 3G carriers other than SoftBank and thus procure multiple 3G networks, but this too have proved more difficult than anticipated, and as of today we have still not arrived at an agreement with any carrier.

Although we currently hold that we will complete interconnection with a 3G carrier in 2007, this will likely not contribute to earnings for this fiscal year, and thus we are amending our earnings forecast.

② Solution Offerings

We believe speed, service area and security to be the three greatest customer needs in data communication customer needs. Although 3G offers high speeds, its coverage is limited, and thus, even if we do not establish a 3G interconnection, we believe it possible for the JCI Group to continue to grow through the integration of security technologies that we have developed, with such networks as PHS and home broadband. However, enterprise customers place emphasis on both speed and security, and as long as we do not offer 3G speeds, sales of our solution must rest upon the cornerstone of security alone, and thus we cannot maximize our ability to sell. In parallel with the provisioning of a 3G network, we are endeavoring to strengthen our ability to sell these solutions.

While a separate announcement – “Notification of the Posting of Extraordinary Loss” – will also occur today, this involves the posting of a one-time extraordinary cost that is similar in scale to selling, general and administrative costs already anticipated due to the reasons detailed above.

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This extraordinary loss will impact earnings as follows: an increase in ordinary income (decrease in ordinary loss) resulting from a decrease in selling, general and administrative costs of 123 million yen, and an increase in net profit (decrease in net loss) resulting from the difference of 19 million yen between the originally estimated SGA expense and this one-time cost.

About JCI

Japan Communications Inc. (JCI) was the first to introduce the Mobile Virtual Network Provider (MVNO) business model to the world in 1996. JCI, a publicly listed company in Japan (JPN-9424), is the first and the largest data MVNO in the world. It has pioneered wireless data solutions, which address particular needs of specific customers both in consumer and enterprise markets. Operating as an integrator of wireless and fixed network services with information technology, it is the leading provider of end-to-end wireless data solutions.

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