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Japan Communications Inc.
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Notification of the Reduction of Capital Reserve

Japan Communications Inc. (hereafter “JCI”) announced today that JCI resolved at the Board of Directors Meeting held on May 17, 2007 to propose the agenda item of reduction of capital reserve to the 11th Ordinary General Shareholders Meeting to be held on June 26, 2007 as follows.

1. Purpose of the reduction of capital reserve
The purpose of the reduction of capital reserve is to allow for a more flexible capital policy in the future. Allocating a portion of the capital reserve to eliminate the loss carried forward secures the amount that JCI can distribute.
2. Amount of the capital reserve to be decreased
The amount of capital reserve, JPY 1,579,291,713 shall be decreased by JPY 914,210,325 to eliminate the loss carried forward. The amount of capital reserve after the reduction will be JPY 665,081,388.
3. Schedule

(1)	Resolution of Board of Directors Meeting:	May 17, 2007
(2)	Resolution of General Shareholders Meeting:	June 26, 2007 (planned)
(3)	Effective date:	June 26, 2007 (planned)
4. Forecast
The reduction of capital reserve will have no impact on JCI’s business performance for the fiscal year ending March 2008.

(Note) The above shall be subject to approval of the shareholders at the 11th Ordinary General Shareholders Meeting to be held on June 26, 2007.

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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