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May 17, 2007

6-25-3 Minami Ohi, Shinagawa-ku, Tokyo  
Japan Communications Inc.

Frank Seiji Sanda  
Representative Director-President  
(Code No.: 9424)

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**Notification of the Issuance of Stock Options (share purchase warrants)**

Japan Communications Inc. (hereafter “the Company”) announced today that the Company resolved to issue share purchase warrants (shinkabu-yoyakuken) as stock options pursuant to Article 238 and Article 240 of the Company Code at the Board of Directors Meeting held on May 17, 2007 as an incentive for the directors, corporate auditors and employees of the Company and its subsidiaries.

The share purchase warrants shall have a four-year straight vesting schedule in order to act as a midto long-term incentive for the directors, corporate auditors and employees of the Company and its subsidiaries.

- (1) Kind and number of the shares to be issued upon the exercise of share purchase warrants;  
Kind: Common shares of the Company  
Number: Maximum of 2,500 shares

After the share purchase warrants are issued, if the Company splits or annexes its shares, the shares to be issued upon the exercise of share purchase warrants shall be adjusted by the formula below.

The adjustment is only for the number of shares for which share purchase warrants have not been exercised before the time of adjustment. Adjustments resulting in fractional shares shall be rounded down.

Number of shares after adjustment = Number of shares before adjustment × split/annex ratio

- (2) The amount to be paid upon the exercise of share purchase warrants;  
The amount to be paid upon the exercise of the share purchase warrants shall be the amount based on the issue price per share (“Exercise Price”) multiplied by the number of exercised share purchase warrants.  
The Exercise Price shall be the closing price (including the quotation) of the common shares of the Company on the Hercules Market of Osaka Securities Exchange on the day before the Issue Date of share purchase warrants (excluding a day when no trading occurs).

After share purchase warrants are issued, if the Company splits or annexes its shares, the Exercise Price shall be adjusted by the following formula rounded up to the nearest yen.

The Exercise Price after adjustment = The Exercise Price before adjustment  $\times \frac{1}{\text{split/annex ratio}}$

- (3) The exercise term for share purchase warrants;  
From the date issued until August 3, 2017  
(If the last date of the above term is a bank holiday, the prior business day of the bank shall be the last date.)
- (4) Item regarding stated capital and capital reserve in case shares are issued upon the exercise of share purchase warrants;
  - i) When shares are issued upon the exercise of share purchase warrants, the increased amount of stated capital shall be 50% of the maximum increased amount of stated capital computed by Article 40, Section 1 of the Computing Rule of the Company Code. Fractional figures resulting from computation shall be rounded up.
  - ii) The increased amount of capital reserve shall be the amount remaining from the increased amount of stated capital stated in (4)i above from the maximum increased amount of stated capital stated in (4)i above.
- (5) Acquisition of share purchase warrants by transfer requires the approval of the Board of Directors
- (6) Causes and conditions for the recall of share purchase warrants;
  - i) The Company may recall share purchase warrants with no consideration if a merger agreement under which the Company is to dissolve is approved at a shareholders meeting, or if a stock exchange agreement or stock transfer under which the Company becomes a wholly owned subsidiary is approved at a shareholders meeting.
  - ii) The Company may recall share purchase warrants with no consideration if holders of share purchase warrants are not able to exercise whole or part of such share purchase warrants due to exercise conditions of the share purchase warrants.
- (7) Exercise conditions of share purchase warrants;  
Exercise conditions of share purchase warrants such as; succession, possibility of exercise after resignation, the reason for forfeiture of rights, shall be determined in the “stock option agreement of the Company” to be executed between persons entitled to share purchase warrant and the Company. The content of the agreement shall hereby be entrusted by the Board of Directors to the Representative Director.
- (8) When shares are delivered to an exerciser of share purchase warrants, fractional shares shall be rounded down
- (9) Maximum number of share purchase warrants;  
Maximum of 2,500 shares  
(Number of shares to be issued upon the exercise of a share purchase warrant: 1 share)
- (10) Share purchase warrants shall be delivered without compensation;

(11) Issue Date of share purchase warrants;  
Friday, August 3, 2007

(12) The persons who shall be issued share purchase warrants;  
Directors, corporate auditors and employees of the Company and its subsidiaries

(Note) In the above agenda, the issuance of share purchase warrants to directors and corporate auditors of the Company shall be subject to the approval of shareholders at the 11<sup>th</sup> 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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