

This is an UNOFFICIAL English-language translation of the original Japanese-language version.
To the extent that there are discrepancies between this translation and the original version, the original version shall be definitive.



July 9, 2007

6-25-3 Minami Ohi, Shinagawa-ku, Tokyo
Japan Communications Inc.
Frank Seiji Sanda
Representative Director-President
(Code No.: 9424)

For enquiry: Naohisa Fukuda, Managing Director-CFO
TEL: 03-5767-9100 (Main Number)

**JCI requests arbitration from Minister of Internal Affairs and Communications on
interconnection with NTT DoCoMo**

Today, following a breakdown in negotiations with NTT DoCoMo, Inc. (DoCoMo) over an interconnection agreement, Japan Communications Inc. (JCI) requested arbitration from the Minister of Internal Affairs and Communication, as provided for under Article 35, Paragraph 3 of the Telecommunications Business Law.

1. Overview

JCI has been in discussion with NTT DoCoMo since August 2006. The two companies have been in negotiation since November 29, 2006, when JCI formally requested an interconnection, under the terms of the Telecommunications Business Law. However, as agreement could not be reached within the proposed timeframe, on July 9, 2007, JCI requested arbitration from the Minister of Internal Affairs and Communications, as provided for under Article 35, Paragraph 3 of the Telecommunications Business Law.

2. JCI's Position

JCI, Japan's first MVNO¹, has provided data communications services on the PHS network of WILLCOM INC., since October 2001. While PHS is a central element in wireless data communications, there is a growing consumer need for the greater speeds offered by 3G. JCI has thus been involved in 3G network provisioning negotiations with each of the 3G mobile telecommunications providers. Negotiations with NTT DoCoMo had been ongoing since August 2006.

JCI asserts the following with respect to MVNOs:

(1) MVNOs can determine services they provide.

MVNOs seek to develop and to provide a range of original data communications services that the existing operators have not yet implemented. Accordingly, MVNOs must possess the right to determine the services that they provide to their customers.

¹ An MVNO (Mobile Virtual Network Operator) is a mobile telecommunications provider that provides a range of services on the wireless network of an incumbent mobile telecommunications provider. For details, see “Guidelines Concerning Applications of the Telecommunications Business Law and the Radio Law Pertaining to Mobile Virtual Network Operators (MVNOs)” (Ministry of Internal Affairs and Communications, February 13, 2007).

- (2) MVNOs have full and independent control over their pricing structures.
As MVNOs provide services directly to their customers, as such they must necessarily possess the right to determine the prices they charge for those services.
- (3) MVNOs must be charged connection fees on an end-to-end basis.
The question of how much services will ultimately cost is of the utmost importance for customers. In order to set total product costs, end-to-end connection charges should be provided. (Cellular phone carriers already provide end-to-end fees in their service agreements for voice-communication, but not for packet communication.)
- (4) Connection fees should be billed based on total bandwidth²
As billing based on bandwidth is typical to data communication, and to facilitate efficient use of frequency, connections should be charged based on total bandwidth.
- (5) The development costs and timetable for an interconnection must be reasonable and logical
In data communication today, where IP networks are standard, in order for JCI to provide its own IP network services or a non-IP network, requires interconnection not at the IP Layer (Layer 3) but at Layer 2. As Layer 2 Connections are a normalized standard, all development costs and timeframes relating to the establishing the interconnection must be reasonable and logical.

JCI's negotiations with NTT DoCoMo have been based upon those assertions detailed above. However, as agreement could not be achieved on these issues within the proposed timeframe, JCI today requested arbitration from the Minister of Internal Affairs and Communications. Developments in this process and its outcome will be reported as they emerge.

3. Impact on future earnings

This arbitration request is not expected to have an impact on total sales or profits for this fiscal year.

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.

* b-mobile, InfinityCare and the Telecom Battery are registered trademarks of Japan Communications Inc.

All company names and product names used in this release are trademarks or registered trademarks.

² "Billing based on total bandwidth" refers to a billing method whereby fees between the telecommunications providers are fixed based on the total bandwidth of the communications line that comprises the interconnection.