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Japan Communications Inc.  
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## **Notification of the Establishment of a Subsidiary**

Today, Japan Communications Inc. (JCI) announced establishment of a new subsidiary as follows.

### 1. Outline of the new subsidiary

(1)	Corporate Name	TANGO Communications Inc
(2)	Main Office	Miyazu, Kyoto
(3)	Amount of Capital	50 million yen
(4)	Capital formation	100% owned by JCI
(5)	Representative	Norio Numata
(6)	Main Business	Mobile e-mail provider and community-based telecommunication service provider

### 2. Purpose of establishing subsidiary

TANGO Communications Inc. (Tango) has been established in rural Miyazu, Kyoto as an MVNO<sup>1</sup>. In recent years, regional disparity has emerged as a key issue in ICT, and the MVNO business model that Tango employs is the most effective solution to ending this disparity. MVNOs are companies that procure wireless networks from wireless communications carriers, develop their own services using these networks, and bring these services to market. Therefore, the industry competes, not based on equipment but rather on services, allowing for services designed to meet specific regional needs. At the same time, as services are offered over the communication networks of the mobile phone providers, they can be offered throughout Japan. Thus, the MVNO business model allows companies, for a comparatively small amount of capital, to offer services targeting specific regional needs, and to scale such regional service offerings up to nationwide distribution.

While this decision to establish a subsidiary in Miyazu, Kyoto followed local encouragement, it is the intention of JCI – with the cooperation of the people of the Tango region – to use the MVNO business model to reinvigorate this region, thereby helping to solve the problems of regional disparity, and

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<sup>1</sup> An MVNO (Mobile Virtual Network Operator) utilizes the wireless network of an existing MNO (Mobile Network Operator) to provide a variety of services.

thereafter to deliver this communication service nationwide.

In February of this year, the Ministry for Internal Affairs and Communications announced its MVNO Guidelines, which call for greater uptake and diffusion of the MVNO model. Tango will be Japan's first region-specific MVNO. JCI will provide MVNE<sup>2</sup> services to Tango, as per the MVNE definition established by the MVNO Guidelines.

### 3. Mobile E-mail Portability

As an MVNO, Tango will offer "Mobile E-mail Portability", a service which will allow users to use the same e-mail address even when they change carriers. Tango will offer this service through the e-mail address [username]@tangomail.jp. For example, NTT DoCoMo Inc. (DoCoMo) users, by adjusting their phone's application connectivity settings, could switch their mail access point from i-mode to Tango, and use DoCoMo e-mail functions to send and receive Tangomail. Also, even after changing mobile carriers, customers will still be able to use the same e-mail address by implementing similar settings on the new mobile phone. The Tango service will be offered free of charge.

As announced in the release "Toward 'MEP': Mobile E-mail Portability", JCI will support Tango in this service offering as an MVNE.

### 4. Impact on future earnings

It is possible that the establishment of this new subsidiary will have an impact on sales or profits for this fiscal year. If the impact is found to be highly significant, further notification will be made.

## About JCI

Japan Communications Inc. (JCI) was the first to introduce the Mobile Virtual Network Operator (MVNO) business model to the world in 1996. JCI, a publicly listed company in Japan (9424:JP), 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.

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<sup>2</sup> MVNEs (Mobile Virtual Network Enablers), based on contracts with MVNOs, support the business structures of MVNOs (excluding those businesses that independently develop or operate their own wireless stations).

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, revised February 13, 2007.

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.