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6-25-3 Minami Ohi, Shinagawa-ku, Tokyo

Japan Communications Inc.

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Revision of Earnings Forecast for the Fiscal Year ending March 31, 2010

Japan Communications Inc. (hereafter “the Company”) has achieved consolidated sales growth in each quarter since Q1 FY09. This is primarily due to increased sales of the Company’s own-branded MVNO services and increased revenues generated by its US MVNO subsidiary. However, the Company’s own-brand data service for Enterprise and its MVNE Operations (whereby partner companies provide mobile services under their own MVNO brand) have not met the growth expectations. This is a result of actions which could be regarded as dumping and business obstruction by mobile phone operator(s), which led to service cancellations, caused delays in service launches and heavily impacted the rate of service growth. The Company was aware that these practices were occurring, and while recognizing them as an obstacle for new entrants, requested the mobile phone operator(s) correct these actions, and sought to achieve sales in segments that were not affected, or were only minimally affected, by these practices.

However, it has become clear that the Company’s sales for the current fiscal year will be significantly lower than announced in the consolidated earnings forecast for FY2009 (FY ending March 2010), released on May 14th, 2009. In accordance with this change, profit is also expected to be significantly lower than forecast. Therefore, the Company today, February 4, 2010, amends its consolidated earnings forecast for FY2009.

For the purposes of explaining this amendment, the Company divides its business into the following four categories;

- 1) MVNO Operations

i) Enterprise services

ICare3G, the Company's end-to-end service for Enterprise, has shown steady quarterly growth as a result of its clear differentiation from competitors' services. However, product dumping and business obstruction by the mobile phone operator(s) caused the loss of numerous business opportunities and delayed the launch of many others. As a result of this, ICare3G has not achieved its expected growth rate. The same issues affected the Company's MVNE operations.

ii) Individual services

b-mobile3G, the 3G service released on August 2008; *Doccica*, the charge-based service offering combined 3G and WiFi access; and *MoshiMoshi Doccica*, a service which augments *Doccica* with the additional of IP phone functionality, all achieved growth broadly in line with expectation. In addition to this, the end of 2009 saw increased demand for Extend Licenses, arising from the service of many *b-mobile3G* users nearing its validity expiration date (*b-mobile3G* has a validity term of 16 months), as well as the successful introduction of *Doccica* into the Company's key University Co-op sales channel. As a result of these, sales expectations for Q4 remain unchanged.

2) MVNE Operations

i) Enterprise MVNE operations

The following are the main Enterprise focused MVNOs that have commenced service this fiscal year with the Company acting as MVNE:

- STARNET Co., Ltd (a subsidiary of Sumitomo Electric Industries, Ltd.)
- NTTPC Communications, Inc.
- Mitsubishi Electric Information Network Corporation
- Mobile Create Co., Ltd (Taxi fleet's dispatcher)
- WILCOM Inc.
- WICOM Inc. (Corporate mobile network company in Hokkaido)
- Namzak Japan Inc.(Corporate IP phone service)

The majority of the above MVNOs already have established customer bases and sales/support systems. Some had targeted to reach 100,000 lines during this fiscal year. Further, given the severe economic environment, Enterprise customers are seeking to reduce costs accruing from ICT and to increase efficiencies for sales and other functions. This has increased demand for mobile services.

However, despite the concerted sales efforts of the above companies, they have been unable to achieve their expected results under a competitive environment where mobile phone operator(s) offer deep discounts for Enterprise customers and obstruct the MVNO sales efforts. As the penetration rate of the consumer mobile phone market has reached saturation, mobile phone operators are aggressively seeking to achieve sales in the Enterprise market. The stark reality is that in negotiating with Enterprise customers, once a confidentiality agreement is in place, the mobile phone operator(s) have offered price discounts that undercut consumer market prices by 83% and undercut their MVNO wholesale rates by 74%. It is highly likely that an 83% discount would be classified as dumping under the provisions of the Prohibition of Private Monopolization and Maintenance of Fair Trade Law (Anti-Monopoly Act). Furthermore, these excessive discounts are being financed by the prices paid by average consumers in accordance with their service agreements. In other words, the average consumer is being forced to bear the cost of these discounts.

Additionally, the mobile phone operator(s) have used information acquired from their MVNO partner companies (during negotiations on wholesale services and connections, etc.) for their own sales purposes. Such actions are explicitly prohibited under the Telecommunications Business Law and violators are subject to a Business Improvement Order.

Given these business conditions, the earnings results of each Enterprise MVNO have been significantly lower than they expected. Accordingly, revenues accruing from the Company's Enterprise MVNE Operations, which provides the network, engineering and other functions to support the activities of Enterprise focused MVNOs, are expected to be ¥1,100 million lower than forecast at the beginning of this fiscal year.

ii) Consumer MVNE operations

In light of the huge uptake of web, e-mail and now SNS, many new hardware platforms designed to enable use of these services – distinct from traditional mobile phones and PCs – are being developed and launched on the market at a rapid pace. Given this, device manufacturers and retail outlets are increasingly seeking to offer services directly to customers as a Consumer focused MVNO, with some have already established operations. The Company's MVNE service provides these MVNOs with mobile networks and engineering support as well as consultative services and is currently engaged in discussion with a wide range of potential MVNO partners.

However, many of these device manufacturers and retail outlets have capital links or tight business relationships with the mobile phone operator(s). As a result of this, even when negotiations are in an advanced stage, interference from the mobile phone operator(s) often leads these aspiring MVNOs to withdraw their plans altogether or to greatly delay them.

This operating environment has greatly hindered the rate of uptake of Consumer focused MVNOs. As a result of this, revenues accruing from the Company's Consumer MVNE Operations are expected to be ¥600 million lower than forecast at the beginning of the fiscal year. However, the movement by device manufacturers and retail outlets towards providing various services as an MVNO will bring increased convenience and benefits for the consumer. The dumping and business obstruction carried out by the mobile phone operator(s) can only slow the trend towards this, and will not stop the trend itself.

Due to the aforementioned reasons, the Company must revise the consolidated financial forecast disclosed on May 14, 2009 for FY2009. Revenue will be ¥1,700 million lower than originally forecasted, with operating profit, ordinary profit and net income all lowered significantly in line with the change in revenue.

Finally, the Company would like to ask its shareholders and investors for their support and understanding for the following:

- (A) For their understanding that the Company will take strong action against those issues mentioned above.
- (B) For their continued support of the Company's MVNE strategy. Despite the issues mentioned above, the trend to open up mobile networks is global and cannot be stopped.
- (C) For their patience as the Company moves from its current pattern of steady growth to rapid growth. The Company is ready for this transition, but when the Company makes it depends on the economic environment and the resolution of the issues mentioned above.

As detailed above, the Company's consolidated revenue is growing on a quarterly basis, demonstrating clearly that the company is moving towards profitability, although at a slower rate than anticipated at the beginning of this fiscal year. The Company and its subsidiaries are completely focused on achieving consolidated profit on a monthly basis as early as possible next fiscal year. As highlighted above, the trend towards next-generation Internet, where many types of devices connect through mobile networks, is too powerful to be stopped by resistance from the mobile phone

operator(s). The Company will use this trend to achieve steady growth and profit. This, coupled with correcting the anti-competitive practices detailed above, will put the Company on the path to rapid growth.

Japan is the first country in the world to fully open its mobile networks, facilitating the market entry of a wide range of MVNOs. The market should now be competing fairly based on service and price differentiation. Nevertheless, the mobile phone operator(s) are using their vested interests to disrupt free market competition. The importance and significance of what has been achieved through the opening of mobile networks must not be allowed to be lost or negated through such practices. The Company will take strong and determined action not only to protect the interests of its shareholders, but to protect the mobile industry and the future of this country. The mobile phone operator(s) are seeking to hinder new market entrants and disrupt free competition while providing services that use wireless spectrum; a public asset owned not by the operators but by the people of Japan. We strongly believe that the anti-competitive actions of the mobile phone operator(s) will be corrected and the market will compete fairly based on services and price.

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 (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 a telecommunications carrier, JCI integrates wireless and fixed network services with information technology. JCI provides end-to-end wireless data solutions utilizing NTT docomo, Inc.'s HSDPA and Willcom Inc.'s PHS networks as well as a multitude of fixed-line carrier networks.

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