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Japan Communications Inc.

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Pre-IPO overhang resolved by the exit of final Private Equity Fund

Japan Communications Inc. (“JCI”), which celebrated the 5th anniversary of its IPO on April 21, confirmed that the final pre-IPO private equity fund has exited by selling all stocks. This final exit has resolved the pre-IPO overhang issue and has created a better investment environment for institutional and individual investors to invest in JCI without concerns about overhang.

From its foundation to the present date, JCI has used the financing structure commonly used by U.S. venture companies. This financing arrangement enabled JCI to finance i) from several angel funds at the foundation stage, ii) from venture capital and private equity funds at mid-stage and late-stage, and iii) from institutional investors and individual investors after listing. Post-IPO, JCI has used its public status to create and successfully implement unique financing schemes and arrangements.

Usually, when a company founded and financed under the U.S venture model IPOs, there is an “Exit Issue” to enable pre-IPO investors to profit from the sale of their shareholding post-listing. Pre-IPO investors are restricted from selling their stock post-IPO by two major requirements i) the need to keep stock to the expiration of the fund’s term, and ii) the need to minimize the negative impact on the market due to higher shareholding ratios which affect the market price of the listed company when sold. When these requirements are resolved, pre-IPO investors are finally able to exit.

Prudential Asset Management Asia (“PAMA”), a Hong Kong based private equity fund which invested approximately 3.0billion yen total from April, 1999 owned 236,235 JCI stocks at the end of September, 2009 booked in JCI’s shareholders record. JCI confirmed that PAMA sold all its JCI

stock in the beginning of April this year in the OTC market to minimize the market sensitivity and new institutional investors purchased all. With the exit of PAMA, JCI no longer has any pre-IPO institutional investors whose objective is to profit from the IPO.

Regarding this sale, Dr. Frank Seiji Sanda, D. Eng., JCI Founder and CEO, stated:

“As the founder of JCI, I am very pleased that all pre-IPO institutional investors, who supported the vision which I described as the new mobile industry and invested in JCI during foundation era, graduated JCI with each enjoying returns. Although it is five years since IPO, in terms of my responsibility to pre-IPO investors, I feel that PAMA’s exit this time signifies the real end of completion of JCI’s listing process. I fully recognize that, as my core responsibility, I should continue to best endeavor to respond to the expectations of individual investors as well as institutional investors who bought JCI stocks after IPO in the same manner as I successfully achieved for pre-IPO investors. I invite all investors to look forward to JCI’s further development and growth of the business.”

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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