

This press release relates to the business combination (the “Business Combination”) to be effected under Japanese laws whereby JSAT Corporation and SKY Perfect Communications Inc. (collectively, the “Companies”) will become wholly owned subsidiaries of a newly established Japanese corporation (the “Holding Company”). The Business Combination and information to be distributed in connection therewith are subject to Japanese disclosure requirements that are different from those of the United States. Financial statements and financial information included herein and therein have been and will be prepared in accordance with Japanese accounting standards that may not be comparable to the financial statements or financial information of the United States companies.

It may be difficult for you to enforce your rights and any claim you may have arising under the U.S. federal securities laws in respect of the Business Combination, since the Companies and the Holding Company will be located in Japan, and some or all of their respective officers and directors may be residents of Japan. You may not be able to sue the Companies, the Holding Company or their respective officers or directors in a Japanese court for violation of the U.S. securities laws. It may be difficult to compel the Companies, the Holding Company or any of their respective affiliates to subject themselves to a U.S. court’s judgment.

You should be aware that the Companies or the Holding Company may purchase securities otherwise than pursuant to the Business Combination, such as in open market or privately negotiated purchases.

October 26, 2006

JSAT Corporation

Kiyoshi Isozaki, President & CEO, Representative Director
(Code Number: 9442, First Section of Tokyo Stock Exchange)

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SKY Perfect Communications Inc.

Masao Nito, President and Representative Director
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Notice of Basic Agreement of the Business Combination Through Establishment of a Joint Holding Company

JSAT Corporation (President & CEO: Kiyoshi Isozaki; Headquarter: Chiyoda-ku, Tokyo; “JSAT”) and SKY Perfect Communications Inc. (President and Representative Director: Masao Nito; Headquarter: Shibuya-ku, Tokyo; “SKY Perfect”; together with JSAT, the “Companies”) are pleased to announce that respective meetings of the board of directors held on October 26, 2006 have resolved to conduct a business combination (the “Business Combination”) by establishing a joint holding company, SKY Perfect JSAT Corporation (“the Holding Company”) through a joint share transfer (*kyodo kabushiki iten*; the “Share Transfer”), subject to preparation of the joint share transfer plan (the “Plan”), execution of the joint share transfer agreement (the “Definitive Agreement”), approval at their respective extraordinary shareholders’ meetings, confirmation from relevant regulatory authorities and the completion of other necessary procedures. The Companies, in connection therewith, have entered into a basic agreement of the Business Combination on October 26, 2006.

1. Purpose of the Business Combination

Based on equal partnership with mutual respect, the Companies will combine their management resources to realize synergies to further develop the market of the multichannel pay TV in Japan, and to maximize their corporate values through integrated business expansion and more efficient management to correspond with the convergence of telecommunications and broadcasting industries.

2. Overview of the Business Combination

(1) Structure of the Business Combination

The Companies plan to conduct the Business Combination by jointly establishing the Holding Company around April 2, 2007 through the Share Transfer, where the Companies will become wholly owned subsidiaries of the Holding Company, subject to approval of their respective extraordinary shareholders’ meetings to be held in February 2007 and confirmation from relevant regulatory authorities.

The Companies may change through their discussion the structure for the Business Combination by the Share Transfer should any significant difficulties arise during the course of the process.

(2) Schedule of the Business Combination

November 11, 2006 (tentative):	Record date for extraordinary shareholders' meetings for the approval of the Share Transfer (the Companies)
Early January 2007 (tentative):	Preparation of the Plan and the execution of the Definitive Agreement (the Companies)
Early February 2007 (tentative):	Extraordinary shareholders' meetings for the approval of the Share Transfer (the Companies)
March 27, 2007 (tentative):	Effective date of delisting of the shares of the Companies
April 2, 2007 (tentative):	Effective date of registration and incorporation of the Holding Company and listing of the Holding Company shares
Mid-April 2007 (tentative):	Date of delivery of share certificates (the Holding Company)

The Companies may change through their discussion the above schedule should any significant difficulties arise during the course of the process.

(3) Share Exchange Ratio

The ratio of the number of shares of the Holding Company's common stock to be allocated to the shares of the Companies upon the Share Transfer (the "Exchange Ratio") will be as follows:

Company name	SKY Perfect	JSAT
Exchange Ratio	1	4

Based on the Exchange Ratio, holders of SKY Perfect's common stock will receive one share of the Holding Company's common stock for each one share of the SKY Perfect's common stock, and holders of JSAT's common stock will receive four shares of the Holding Company's common stock for each one share of the JSAT's common stock.

With respect to the Exchange Ratio, SKY Perfect and JSAT have respectively retained Morgan Stanley Japan Securities Co., Ltd. and Merrill Lynch Japan Securities Co., Ltd. as their financial advisors and asked them to evaluate the Exchange Ratio as third party institutions. These financial advisors calculated the Companies' respective enterprise and equity values by utilizing the comparative stock price performance method, DCF (Discounted Cash Flow) method and other relevant methods. Based on such valuation, SKY Perfect and JSAT determined the Exchange Ratio after their negotiation and discussion.

However, should any significant change occur to affect the conditions upon which the calculation is based, the Companies may discuss and change the Exchange Ratio.

(4) Application for the listing of the Holding Company shares

The Holding Company will apply to list its shares on the Tokyo Stock Exchange (TSE). Although the date of the listing will be determined based on the regulations including rules of the TSE, the listing of the shares of the Holding Company is scheduled on April 2, 2007, the registration date of its incorporation. Along with the Share Transfer process, the shares of SKY Perfect and JSAT are scheduled to be delisted from TSE as of March 27, 2007.

(5) Convertible bonds issued by JSAT (with the maturity in March 2007)

Convertible bonds that are not converted to JSAT common stocks will be redeemed by JSAT in March 2007 in accordance with the terms and conditions of the convertible bonds.

(6) Stock acquisition rights (stock options) issued by the Companies

The treatment of stock acquisition rights will be announced upon preparation of the Plan and execution of the Definitive Agreement.

(7) Accounting treatment associated with the Business Combination

The accounting treatment associated with the Business Combination will be announced as soon as it is determined. Whether goodwill will be recognized, the estimated amount of goodwill (if it is recognized) and amortization period thereof will also be announced when it is determined.

(8) Treasury stocks of the Companies and shares of SKY Perfect owned by JSAT

The Holding Company's stock will be allocated to treasury stock owned by the Companies and the shares of SKY Perfect owned by JSAT in accordance with the Exchange Ratio (SKY Perfect: 1 and JSAT: 4). SKY Perfect and JSAT will consider and determine the treatment of the Holding Company's stock to be held by the Companies as a result of the Share Transfer from a perspective of the combined group's equity policy, taking into account of options to use them as considerations in acquisitions for future M&A strategy and the retirement of treasury stock to improve the group's capital efficiency.

(9) Shareholder register administrator

The shareholder register administrator will be announced upon preparation of the Plan and execution of the Definitive Agreement.

3. Synergies expected in the Business Combination

(1) Optimization of the satellite broadcasting operation and expansion of the multichannel satellite broadcasting market

A vertical integration will enable the Companies to optimize the satellite broadcasting operation as a whole by integrating satellite operation and platform business, whereas sub-optimal and separate operation has caused certain operational and economic inefficiencies. The integration will also contribute to the further growth of multichannel satellite pay TV market in Japan by combining financial and human resources of the Companies to strengthen marketing activities, developing attractive contents, employing high definition broadcasting, and introducing high-performance receivers to increase customer satisfaction.

(2) Enhancement of horizontal development through scale expansion

With increase of financial and human resources, the combined group will be able to enhance their horizontal expansion strategy to strengthen operation across multiple platforms, including cable services using optical fibers, and content distribution services using the Internet and mobile phones. As a leader in multichannel pay TV, the combined group will also be able to accelerate development of new businesses including the development utilizing M&A. In addition, the combined group will be able to further develop the satellite communications business including combination of cable and wireless services and pursuing overseas expansions based on broadcasting and communication businesses as our two mainstay operations.

(3) Efficient operation of the combined group under a holding company structure

The Holding Company will be responsible for planning, operation, and controlling function of the combined group, enabling them to perform an efficient group management with optimal financial and investment decisions in more flexible and strategic manner.

4. Overview of the Business Combination Parties (consolidated) (as of the end of March 2006)

(1) Company name	SKY Perfect Communications Inc.	JSAT Corporation
(2) Description of business	Multichannel pay TV platform services	Network- and image-related services using communication satellites
(3) Date of incorporation	November 1994	February 1985
(4) Headquarter	Shibuya-ku, Tokyo	Chiyoda-ku, Tokyo
(5) Representative	Masao Nito, President and Representative Director	Kiyoshi Isozaki, President & CEO, Representative Director

(6) Paid-in capital	50,083 million yen	53,769 million yen
(7) Number of shares issued	2,270,365 shares	356,418 shares
(8) Shareholders' equity	93,999 million yen	82,888 million yen
(9) Total assets	133,171 million yen	169,733 million yen
(10) Fiscal year end	March 31	March 31
(11) Number of employees	468	257
(12) Major customer	Pay Per View Japan, Inc.	NTT Communications Corporation
(13) Principal shareholders and ownership ratio	<p>Sony Broadcast Media Co., Ltd. 12.47%</p> <p>Fuji Television Network, Inc. 12.47%</p> <p>ITOCHU Corporation (including Mizuho Trust & Banking Co., Ltd. (ITOCHU Corporation pension trust account)) 12.47%</p> <p>JSAT Corporation 6.91%</p> <p>Tokyo Broadcasting System, Inc. 5.68%</p>	<p>NTT Communications Corporation 17.64%</p> <p>Mizuho Trust & Banking Co., Ltd. (ITOCHU Corporation pension trust account) 13.99%</p> <p>Japan Trustee Services Bank, Ltd. (Sumitomo Corporation retirement benefit trust account) 10.75%</p> <p>Japan Trustee Services Bank, Ltd. (Mitsui & Co., Ltd. retirement benefit trust account) 9.40%</p> <p>Nippon Television Network Corporation 6.31%</p>
(14) Major relationship banks	Mizuho Corporate Bank, Ltd. Bank of Tokyo-Mitsubishi UFJ, Ltd. and others	Mizuho Corporate Bank, Ltd. Shinsei Bank, Ltd. Bank of Tokyo-Mitsubishi UFJ, Ltd. Japan Bank for International Cooperation and others

(15) Relationship between parties

	Capital relationship	JSAT owns 6.91% of the shares issued by SKY Perfect. JSAT owns 49%, 20% and 10% of the shares issued respectively by SKYPerfect Marketing Co., Ltd., Pay Per View Japan, Inc. and Multi Channel Entertainment Inc., which are consolidated subsidiaries of SKY Perfect.
	Human relationship	JSAT has seconded two employees to SKY Perfect.
	Business relationship	JSAT has consigned the uplink business to SKY Perfect. JSAT also provides SKY Perfect with satellite circuits, such as promotion channels.

(16) Consolidated Results for the most recent three years

(Million yen)

Fiscal year	SKY Perfect				JSAT			
	FY04/3	FY05/3	FY06/3	FY07/3E*	FY04/3	FY05/3	FY06/3	FY07/3E*
Sales	72,475	74,016	82,239	87,500	45,144	44,388	43,952	38,500
Operating income	4,152	2,826	(261)	--	10,965	8,063	2,636	10,200
Ordinary income	4,853	3,681	106	1,000	9,962	7,512	2,309	10,200
Net income	4,384	3,709	357	1,500	6,460	4,077	(7,928)	6,000
Net income per share (yen)	1,957.23	1,630.78	162.56	696.73	16,926.50	11,233.68	(22,320.52)	16,906.53
Dividend per share (yen)	500	750	750	750	6,000	6,000	6,000	6,000
Shareholders' equity per share (yen)	42,449.21	41,332.86	43,661.41	--	276,931.76	258,874.61	233,559.08	--

* Estimate for reference purpose only

5. Overview of the Holding Company (Tentative)

(1) Company name: SKY Perfect JSAT Corporation

(2) Description of business:

- The Holding Company will be responsible for the overall management of group businesses through planning, operation and administration function to optimize group operations and manage the group companies with delegated authorities and responsibilities.
- The Holding Company will effectively use the management resources of the group and will plan and execute group strategies designed to bolster profit growth and promptly realize synergies from the Business Combination.

(3) Location of Headquarter: Location of headquarter will be announced as soon as it is determined.

(4) Candidates for directors and corporate auditors:

Title	Name	Current Position
Chairman and Representative Director	Masanori Akiyama	JSAT Corporation, Director and Senior Managing Executive Officer
President and Representative Director	Masao Nito	SKY Perfect Communications Inc., President and Representative Director
Director	Hiroo Sumitomo	JSAT Corporation, Senior Executive Officer
Director	Ryoji Hirabayashi	SKY Perfect Communications Inc., Managing Director

* The details of other directors and corporate auditors will be announced as soon as they are determined.

(5) Paid-in capital: Paid in capital will be announced as soon as it is determined.

(6) Number of shares to be issued:

The number of shares of the Holding Company to be issued at the time of establishment: 3,696,037 shares of common stock (Based on total number of outstanding shares of the Companies as of September 30, 2006)

* The unit stock system will not be adopted.

(7) Fiscal year-end: March 31

(8) Independent auditor: Deloitte Touche Tohmatsu

(9) Forecast:

Forecast for the fiscal year ending in March 2008 will be announced as soon as it is determined. New medium-term plan for the group will be prepared by the end of fiscal year ending in March 2007, which will be announced as soon as the preparation is completed.

6. Ensuring the fairness, neutrality and transparency of the contract broadcasting, the telecommunications and the platform businesses

The group will be proactive in introducing new initiatives to ensure the fairness, neutrality and transparency of our businesses, as the group will further operate satellite, platform, CS broadcasting, and cable broadcasting businesses as a result of the Business Combination.

The group, as a contract broadcasting and telecommunications businesses operator, will continue to comply with applicable laws and regulations such as the Broadcast Law and the Telecommunications Business Law and provide contract broadcasting services based on terms and conditions reported to the Minister of Internal Affairs and Communications and telecommunications services based on the contractual conditions.

The group, as a platform business operator, will participate in the “Council Regarding the Role of Platform” to be established by the Japan Satellite Broadcasting Association and review the current “Guidelines Regarding Platform Business in Satellite Broadcasting.”

* For inquiries:

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