

May 12, 2005

eAccess to adopt eAccess Rights Plan

eAccess Ltd. (Headquarters: Minato-ku, Tokyo; Representative Director, Chairman & CEO, Sachio Semmoto) today announced that the Board of Directors approved to adopt eAccess Rights Plan (the “Rights Plan”) to enhance the corporate value upon protection of the interests of shareholders and other stakeholders of the Company. The adoption of the Rights Plan is subject to the shareholders approval in the annual shareholders meeting on June 22, 2005 (*1). eAccess will be the first Company in the Tokyo Stock Exchange to approve the adoption of such plan.

**1 Includes the sunset clause (the plan is revisited and approved every three years of the annual shareholders meeting)*

eAccess Rights Plan allows the Company to secure enough time and sufficient information for the management and the shareholders to assess the proposed offer and prepare any alternative transactions, when the Company receives any unilateral unsolicited buyer’s offer. As a result, the Company is able to 1) protect the corporate value and the interests of shareholders and 2) protect the quality of the services to our customers.

In the event of a proposed acquisition, the Company will establish a Corporate Value Enhancement Committee (the “Committee”) which consists of the Company’s independent directors. The Committee reviews the proposed plan and determines whether to activate or redeem the stock options. eAccess has a global standard corporate governance structure and the board of directors consist of seven independent directors out of ten total directors. Therefore, the Company believes that the Committee will be able to act on the best interests of the shareholders.

Interests of minority shareholders would benefit when the stock options become exercisable, because the stock options shall be entrusted for the benefit of the shareholders as of a record date to be fixed after the Company publicly announces that there is an unsolicited buyer.

Please refer to the attached document for further detail.

END

(Attachment)

OUTLINE OF ISSUANCE OF STOCK OPTION

1. Name of Stock Option (*Shinkabu yoyakuken*)

eAccess Ltd. Corporate Value Enhancement Stock Option Series 1

2. Purpose

(1) The Company was listed on the first section of the Tokyo Stock Exchange in November of 2004, only five years after its incorporation, and the shares of the Company are broadly traded in the market. As a result, it is plainly within their rights for some shareholders or potential shareholders (collectively, "Acquirers") to acquire a lot of shares in the Company and accordingly to participate in the management of the Company ("Acquisition"), so long as such Acquisition contributes to the enhancement of corporate value.

On the other hand, when an Acquisition takes place in the current capital market, the accepted practice requires that the interests of the existing shareholders be protected. However, in some cases, the ordinary shareholders are not given sufficient information nor time to consider whether such Acquisition is appropriate or not, namely whether such Acquisition contributes to the enhancement of corporate value or not. In addition, if a hostile takeover, such as a structurally oppressive Acquisition occurs, it is likely that the minority shareholders would be forced to accept such Acquisition. Under such circumstances, the shareholders cannot make a proper decision.

The Company engages in a highly public telecommunication business and is obliged to provide stable and highly reliable services to its customers in view of the purposes or provisions of the Telecommunications Business Law (i.e. prohibition on censorship, protection of privacy, assurance of fairness etc.). The Company is of the belief that continuing to perform such obligations, will, in the long run, contribute to the interests of shareholders.

The Company believes that it presently strikes an optimum balance between public accountability and efficiency and it is an important business objective of the Company to continue to maintain such balance.

The Company believes that maximizing corporate value is achieved through pursuing the interests of the majority and minority shareholders as well as other stakeholders where it is appropriate. Accordingly, it will continue to strive to achieve a balance between the public accountability that is expected of it as a telecommunication company and the pursuit of the interests of its shareholders and other stakeholders.

The Company believes that it is conducive to the maximization of its corporate value to prevent in advance a hostile takeover which could unjustly damage its corporate value and to ensure that, when an Acquisition of the Company has been suggested, that there is sufficient information and time available to fully consider, in view of maximizing corporate value, the appropriateness of such Acquisition proposal and to explore alternatives that the Company might suggest in relation to that proposal.

The Company therefore decides to issue the Corporate Value Enhancement Stock Option Series 1 (eAccess Rights Plan #1) as a reasonable measure to accomplish the maximization of the Company's corporate value.

- (2) Effect of the Stock Options on shareholders and investors
Promptly after issuance of the Stock Option, a limited liability intermediate corporation, Minato Rights Management Chukan Hojin, shall entrust all of the Stock Options to Mitsubishi Trust Bank, and the shareholders will be the beneficiaries of those Stock Options as of the record date set forth in section 13(4) (other than shareholders set forth in section 13 (3)). When the Conditions for Exercise of the Stock Options have been satisfied, certificates of the Stock Options shall be delivered to the beneficiaries on a pro rata basis according to the number of shares in the Company they have. The shareholders, other than those set forth in section 13(3) below, are able to prevent the dilution of their stock. Therefore, their rights as shareholders will not be damaged. As stated above, the Stock Options will be issued in such manner as not to unfairly damage the interests of the shareholders as of the time the Stock Options are exercised.

3. Type and Number of Shares to be Issued upon Exercise of Stock Options

- (1) The type of shares to be issued upon exercise of the Stock Options shall be common shares of the Company (“Common Shares”).
- (2) The number of Common Shares to be issued per one Stock Option ("Number of Shares per Stock Option", including the number of shares changed or adjusted pursuant to section 3 (3) or section 20 below, if any) shall be 1.5, and the total number of Common Shares to be issued upon exercise of the Stock Options shall be 2,700,000 shares.
- (3) If it is considered especially necessary in view of the maximization of corporate value, the Company may change the Number of Shares per Stock Option but only within a range from 1.5 to 2 and by a resolution of the board of directors.
- (4) If the Number of Shares per Stock Option is changed or adjusted pursuant to section 3. (3) above or by section 20 below, the total number of Common Shares to be issued upon exercise of the Stock Options shall be calculated by multiplying the total number of the Stock Options to be issued by the changed or adjusted Number of Shares per Stock Option.

4. Total Number of Stock Options

1,800,000

5. Issue Price of Stock Options

1 yen

6. Total Amount of Issue Price of Stock Options

1,800,000 yen

7. Method of Offering

All of the Stock Options shall be issued to a limited liability intermediate corporation (*Chukan Hojin*), Minato Rights Management Chukan Hojin.

8. Subscription Period

June 9, 2005 (Thursday)

9. Payment Date

June 10, 2005 (Friday)

10. Amount to be paid upon Exercise of Each Stock Option

(1) The amount to be paid per one Common Share upon exercise of each Stock Option shall be 90,000 yen ("Exercise Price", including the amount reset or adjusted in accordance with the section 19 or section 20 below, if any).

(2) The amount to be paid upon exercise of each Stock Option ("Payment Amount") shall be 135,000 yen; provided, however, that if the Exercise Price is reset or adjusted in accordance with section 19 or 20, or if the Number of Shares per Stock Option is changed or adjusted in accordance with the section 3 (3) above or the section 20 below, the Payment Amount shall be adjusted to an amount calculated by multiplying the Exercise Price after such reset or adjustment by the Number of Shares per Stock Option after such change or adjustment.

11. Capitalization Amount of Issue Price of Shares issued upon Exercise of Stock Options

The capitalization amount of the issue price of the new shares issued upon exercise of the Stock Options shall be calculated by multiplying the issue price by 0.5, rounding down the resulting figure to the nearest one (1) yen. The issue price of the new shares to be issued upon exercise of the Stock Options shall be the sum of the total amount of the issue price of Stock Options to be exercised and the total amount of Payment Amount paid upon such exercise.

12. Exercise Period of Stock Options

(1) From June 23, 2005 (Thursday) to June 22, 2015 (Monday)

(2) If the announcement set forth in the section 13 (1) (a) below is made during the period set out in section 12 (1) above, regardless of section 12 (1), the Exercise Period shall expire on the date 90 days after the day immediately following the date on which the announcement has been made; provided, however, that if such date falls on a bank holiday, the Exercise Period shall be expired on the next bank business day.

13. Conditions for Exercise of Stock Options

(1) Holders of the Stock Options shall not exercise the Stock Options unless the Conditions for Exercise are satisfied during the period set forth in section 12 (1) above.

The meaning of the terms set out in items (a) through (k) shall have the following meanings unless otherwise provided:

- (a) "Conditions for Exercise" is the situation where 60 days have passed from the day after the board of the Company identifies someone as a Specified Shareholder and announces such fact to the public.
- (b) "Specified Shareholder" means:
- (i) a Holder of Share Certificates of the Company who holds, or whose Joint Holders hold, or who together with a Joint Holder holds, more than one-fifth (1/5) of the total issued Voting Shares of the Company;
 - (ii) a Bidder of Share Certificates of the Company who holds or is intending to hold, or whose Specially Related Persons hold or is intending to hold, or who together with a Specially Related Person holds or intends to hold, more than one-fifth (1/5) of the total issued Voting Shares of the Company; or
 - (iii) a Holder and Bidder of Share Certificates of the Company who holds or is intending to hold, or whose Joint Holders or Specially Related Persons hold or are intending to hold, or who together with a Joint Holder and/or a Specially Related person holds or is intending to hold, more than one-fifth (1/5) of the total issued Voting Shares of the Company.
- (c) "Voting Share" means a share other than a restricted voting share as defined in Article 222, Paragraph 4 of the Commercial Code (No.48 of 1899 as amended), provided, however, that the Potential Shares held by a Specified Shareholders, his Joint Holders and his Specially Related Persons set forth in section 13 (1) (b) above shall be deemed as the Voting Shares in such number as calculated as follows regardless of the terms and periods of their exercise and conversion:
- (i) In case of stock options, the number of voting shares to be issued upon exercise of the stock options
 - (ii) In case of the bonds with stock options, the number of the voting shares to be issued upon exercise of the stock options attached to the bonds or
 - (iii) In case of the restricted voting shares with conversion right to voting shares, the number of the voting shares to be issued upon exercise of such conversion rights
- (d) "Potential Share" means:
- (i) a stock option and a stock right for voting shares (except for the Stock Options being issued here)
 - (ii) a bond with a stock option for voting shares or
 - (iii) a restricted voting share with conversion right to voting shares
- (e) "Specially Related Person" has the same meaning as defined in Article 27-2, Paragraph 7 of the Securities Exchange Law (Law No. 25 of 1948, as amended; hereinafter the same).
- (f) "Bidder" has the same meaning as defined in Article 27-3, Paragraph 2 of the Securities Exchange Law.
- (g) "Share Certificates" has the same meaning as defined in Article 27-23, Paragraph 1 of the Securities Exchange Law.
- (h) "Joint Holder" has the same meaning as defined in Article 27-23, Paragraph 5 of the Securities Exchange Law, including those who are deemed to be Joint Holders pursuant to Paragraph 6 of the same Article.
- (i) "Hold" has the same meaning as defined in Article 27-23, Paragraph 4 of the Securities Exchange Law.
- (j) "Holder" has the same meaning as defined in Article 27-23, Paragraph 1 of the Securities Exchange Law, including those who are deemed to be Holder pursuant to

Paragraph 3 of the same Article.

- (k) "Holder and Bidder" means a Holder who is a Bidder at the same time.

- (2) If a holder has multiple Stock Options, the holder may exercise all or a part of the Stock Options, provided, however, that the holder may exercise any integral number of the Stock Options.

- (3) Regardless of the provisions of section 13 (1) and (2) above, the following persons shall not exercise the Stock Options:
 - (a) Specified Shareholder;
 - (b) Joint Holder of a Specified Shareholder if such Specified Shareholder is a Holder of Share Certificates of the Company;
 - (c) Specially Related Person of a Specified Shareholder if such Specified Shareholder is a Bidder of Share Certificates of the Company; or
 - (d) Joint Holder and Specially Related Person of a Specified Shareholder if such Specified Shareholder is a Holder and Bidder of Share Certificates of the Company

- (4) If the board makes such an announcement as set forth in section 13 (1) (a) above, the Company shall immediately take measures necessary to set a record date to fix shareholders and material shareholders, unless the Company decides to cancel all of the Stock Options in accordance with section 14 below.

- 14. Conditions for Cancellation of Stock Options
 - (1) The Company may, all at once, cancel all of the Stock Options without compensation by a resolution of the board of directors at any time during the period from the issue date of the Stock Options to the date of satisfaction of the Conditions for Exercise, if the board of directors considers such cancellation to be necessary for the purpose of maximizing the corporate value. If an Acquisition against the Company is suggested, the Company shall decide whether or not to cancel the Stock Options, considering the details of such suggestion (such as, the purpose of the Acquisition, the method of such Acquisition (i.e. whether it is a structurally oppressive Acquisition, whether there is sufficient time to consider alternative measures, or whether the method is misleading to shareholders, etc.), the target of such Acquisition (i.e. whether all of the shares are purchased or not), the type of consideration, the amount of consideration, and handling of its stakeholders).
 - (2) Until whichever days comes first that whereby an Acquisition against the Company is suggested or whereby an announcement as set forth in section 13(1)(a) above has been made, the Corporate Value Enhancement Committee, which consists all of independent directors, shall be established and it shall decide whether or not to cancel the Stock Options, considering those factors set out in 14 (1) above. A resolution of the Corporate Value Enhancement Committee shall be adopted by a majority of the committees present at the meeting at which no less than one-third (1/3) of the independent directors as well as no less than three (3) independent directors are present. If the Corporate Value Enhancement Committee decides to cancel the Stock Options during the period from the issue date of the Stock Options to the date of satisfaction of the Conditions of Exercise, the Company shall, all at once, cancel all of the Stock Options without compensation by a resolution of the board of directors by the day of satisfaction of the Conditions for Exercise.

- (3) The Company may, all at once, cancel all of the Stock Options without compensation by a resolution of the board of directors at any time during the period from the issue date of the Stock Options to the date of satisfaction of the Conditions for Exercise if the board of directors considers it necessary to introduce a new system for the enhancement of Company's corporate value.

15. Issuance of Certificates for Stock Options and Transfer of Stock Options

- (1) A certificate for Stock Options shall be issued only if a holder of Stock Options requires such issuance.
- (2) A holder may transfer Stock Options only with the approval of the board.

16. Record Date for Dividend on Shares Issued upon Exercise of Stock Options during Exercise Period

Dividend or interim dividend to be paid on the shares issued upon exercise of the Stock Options shall be paid in the following manner; if the Stock Options are exercised from April 1 to September 30, such dividends will be paid as if the shares were issued on April 1 of the same year, and if the Stock Options are exercised during the period from October 1 to March 31 of the next year, such dividends will be paid as if the shares were issued on October 1 of the earlier year.

17. Agency Dealing with Exercise of Stock Option

The Mitsubishi Trust and Banking Corporation, head office

18. Agency Dealing with Payment upon Exercise of Stock Option

The Mitsubishi Trust and Banking Corporation, head office

19. Reset of Exercise Price

The Exercise Price shall, on the trading day on which Conditions for Exercise are satisfied, be reset to an amount equivalent to one-fifth (1/5) of the average closing price for regular transactions in the Common Shares listed on the Tokyo Stock Exchange, Inc. for the last five (5) successive trading days immediately before the previous Friday (inclusive) (excluding those days on which no closing price exists, and if such a Friday does not fall on a trading date, then the previous five (5) successive trading days before such Friday), rounding the resulting figure downwards to the nearest whole yen.

20. Adjustment of Number of Shares per Stock Option and Exercise Price in the case of a Stock Split etc.

- (1) If Common Shares are issued by means of a stock split on or after the date on which the Conditions for Exercise are satisfied, with respect to the unexercised Stock Options at the time, the Number of Shares per Stock Option shall be adjusted in accordance with the calculation formula set forth below, with a fraction of less than one one-hundredth ($\frac{1}{100}$) of a share resulting from such adjustment to be disregarded.

$$\begin{array}{l} \text{Number of Shares} \\ \text{per Stock Option} \\ \text{after the} \\ \text{adjustment} \end{array} = \frac{\begin{array}{l} \text{(Number of Shares per Stock Option before the adjustment)} \times \\ \text{(Number of issued shares after stock split other than treasury stocks)} \end{array}}{\begin{array}{l} \text{(Number of issued shares before stock split other than treasury stocks)} \end{array}}$$

(2) In addition to the adjustment of Number of Shares per Stock Option described in (1) above, if any of the following events occurs after the Conditions for Exercise are satisfied, the Company shall adjust the Number of Shares per Stock Option in such a manner as the board of directors deem appropriate (and such manner shall be determined in good faith), subject to the condition that such adjustment is fair and reasonable.

(a) If it is necessary to adjust Number of Shares per Stock Option due to a reverse stock split, reduction in capital, corporate split or a merger etc.; or

(b) In addition to (a) above, if it is necessary to adjust the Number of Shares per Stock Option due to a change of the number of issued shares of the Company (including issuance of shares other than common stock of the Company) or an occurrence of an event which might cause a change of the number of the issued shares of the Company.

(3) When the Number of Shares per Stock Option is adjusted subject to section 20 (1) or (2) above, the Exercise Price shall be adjusted in accordance with the calculation formula set forth below, with a fraction of less than one (1) yen resulting from such adjustment to be disregarded

$$\begin{array}{l} \text{Exercise Price after} \\ \text{the adjustment} \end{array} = \begin{array}{l} \text{Exercise Price before} \\ \text{the adjustment} \end{array} \times \frac{\begin{array}{l} \text{Number of Shares per Stock Option before} \\ \text{the adjustment} \end{array}}{\begin{array}{l} \text{Number of Share per Stock Options after} \\ \text{the adjustment} \end{array}}$$

21. After the issuance of the Stock Options, if the board considers it necessary to adjust the terms and conditions or meanings of the words set forth herein due to amendments to applicable laws and regulations, the board may from time to time adjust the terms and conditions or meanings of the words set out herein by a resolution of the board of directors after taking into account the purpose of such amendments.

22. The provisions of each section shall be subject to the condition that registration becomes effective under the Securities Exchange Law.