

October 29, 2008

Dear Sirs:

Company Name: eAccess Ltd.
(Code Number: 9427, First Section of Tokyo Stock Exchange)
Name of Representative: Koji Fukata,
Representative Director and President
Contact Information: Hajime Yamanaka,
Executive Director and Director of Accounting
(Telephone Number: 03-3588-7200)

**Notice Regarding Commencement of Tender Offer for
Share Certificates, Etc. of ACCA Networks Co., Ltd., A Subsidiary of eAccess Ltd.**

eAccess Ltd. (the "Tender Offeror" or the "Company") hereby announces that the Company resolved at its board of directors' meeting held on October 29, 2008 to acquire the common shares (the "Target Company Shares") and the share warrants (the "Target Company Warrants") of ACCA Networks Co., Ltd. (the "Target Company") through a tender offer (the "Tender Offer") as follows.

1. Purpose of the Purchase, Etc.

(1) Outline of the Tender Offer

The Company currently holds 45.10% (78,575 shares) of the aggregate number of issued shares of the Target Company. The Company hereby launches the Tender Offer with the aim of obtaining additional issued shares and share warrants of the Target Company (excluding the Target Company Shares already owned by the Company and treasury stocks owned by the Target Company). For the Tender Offer, an upper limit or a lower limit of the number of shares to be purchased has not been established.

(2) Background of the Tender Offer, and Purpose of the Tender Offer

Since its inception, the Company's corporate philosophy has been to realize "A new broadband life for all". With its strong sense of mission to innovate the communications industry, the Company has promoted relaxation of regulations and competition. As a result, the Company realized concrete growth as Japan's largest wholesale DSL operator, with its principal business of providing broadband access services throughout Japan through ISPs of approximately 30 companies. As of the date of this Notice, the subscribers including those for our ISP business are approximately 2.1 million.

Through the above corporate history, the Company has moved into the black and has cleared away its accumulated losses early. As a result, in the fifth year from its inception, in November of 2004, the Company was successfully listed on the First Section of the Tokyo Stock Exchange Group, Inc. Also, in November 2005, the Company obtained through EMOBILE Ltd. ("EMOBILE"), a company accounted for under the equity method, a license to operate

a mobile phone business in 1.7GHz spectrum, and smoothly proceeded with commencement of mobile phone services. In March 2007, the Company started data communication services and in March 2008, it also started voice services. Along with the expansion of EMOBILE's service areas and variety of services, the Company is expanding provision of backbone network services that employ ultrahigh-speed optical fiber IP backbone constructed throughout the nation by the Company. With respect to the DSL services, in spite of the maturing market, the Company actively made sales efforts coordinating within the group such as by providing a set plan that includes mobile data services. At the same time, the Company put more focus on maintaining customers by deterring cancellations. As a result, the Company has realized a lower rate of cancellation. Also, in June 2007, in order to establish a business model to make the handset business run on a stand-alone basis, the Company started the Device Business which enables development and sales of the handsets by the Company. Moreover, in December 2007, the Company started businesses targeted at MVNO (Mobile Virtual Network Operator) with EMOBILE.

The Company's non-consolidated sales for the fiscal year ended in March 2008 was 67,257 million yen (representing an increase of 11,273 million yen or 20.1% over the same period last year), operating profit was 12,281 million yen (a decrease of 251 million yen or 2.0% over the same period last year), current profit was 10,587 million yen (a decrease of 791 million yen or 7.0% over the same period last year), and net profit for the year was 8,454 million yen (an increase of 1,826 million yen or 27.5% over the same period last year). The increase in the amount of sales was due to increases in the sales of the mobile business and the Device Business that more than offset the decrease in the sales of the Network business. The decrease in operating profit was principally due to increase in costs related to expansion of provision of backbone network services for EMOBILE in the Network business and cost of up-front investment related to commencement of the Device Business. The decrease in current profit was due to the decrease in operating profit and an increase in interest expense because the Company stopped the application of hedge accounting method concerning interest swap contracts due to fluctuation of market interest rate. The increase in net profit for the year was attributable to profit of 3,500 million yen from the sale of EMOBILE shares on May 31, 2007, which more than offset the decrease in current profit.

As described above, building on the stable financial bases resulting from its existing businesses of DSL and ISP (AOL), the Company's group implemented flexible and active management strategies of making mobile phone business as its next main business. In such step, the Company plans to merge fixed-line communication and mobile communication in the world of broadband. The Company is currently working together to further enhance its abovementioned philosophy to realize "A new broadband life for all".

Meanwhile, the Target Company was established in March 2000. In March 2005, it was successfully listed on Jasdaq Securities Exchange, Inc. ("Jasdaq"). The Target Company ranks second within wholesale DSL operators, next to the Company, by providing its services to approximately 0.9 million subscribers. The Target Company has achieved revenue and profit growth for three consecutive fiscal years from 2003 through 2005. From and after 2006, mainly due to decrease in individual subscribers for ADSL, its revenue has been decreasing year-over-year. However, during such period, the Target Company has worked on streamlining of operation and reduction of costs as its most crucial tasks, and has recorded strong profits.

The Target Company's businesses are broadband connection services for individuals which are same as the Company, and in addition to that, provision of broadband access to the Internet and corporate network for business users as well as provision of user support required for such services. In order to provide an optimal access services addressing the needs of the customers, the Target Company has built an operating base which can flexibly handle both DSL/FTTH (optical). Further, in view of the future growth in wireless broadband access, the Target Company is contemplating to expand its businesses by entering into MVNO wireless broadband business. The Target Company is aiming at its further growth as a dual-broadband access provider providing multilayered services comprising DSL/FTTH and wireless broadband services.

In the business environment of the Company and the Target Company, it is true that FTTH is rapidly expanding. Also, it is undeniable that the recent market statistics shows the trend that the number of DSL subscribers is decreasing, especially in urban areas. However, DSL still is superior in many ways such as pricing differences, easier implementation and wider service areas. Also many lower-speed dial-up connection users may be deemed as potential customers of DSL services which provide faster speed and flat-rate pricing. In such environment, it is certain that the wholesale DSL operators such as the Company and the Target Company must work together to obtain subscribers and participate in new business areas to increase revenues, cooperate to reduce costs, and seek to realize provision of new bundle services such as those related to mobile and obtain new customer base.

Given the above conditions, the Company and the Target Company formally agreed to form a business and capital alliance by entering into "Investment and Asset Transfer Agreement", "DSL Asset Utilization Agreement" and "Outsourcing Agreement" on July 31, 2008 as the first step. Pursuant to the agreement, the Target Company has issued 61,790 common shares to the Company by third-party allocation on August 15, 2008. Since the Company's holding ratio of the aggregate issued shares of the Target Company became 45.10% as a result of the allocation, the Target Company has become a consolidated subsidiary of the Company from September 1, 2008. Further, on September 1, 2008, the Company and the Target Company commenced close business collaborations such as transfer of a portion of business assets of the Company to the Target Company and outsourcing of mutually related businesses to the Target Company. Also, on October 1, 2008, by a resolution at the extraordinary meeting of shareholders of the Target Company, 7 candidates nominated by the Company (Dai Sakata, Koji Fukata, Hideo Kobayashi, Eric Gan, Atsushi Tanaka, Sayaka Iida and Masashi Ishida) have been elected as the Directors of the Target Company, and one of such Directors (Dai Sakata) holds the office of the Representative Director.

At the time of the formal agreement of the business and capital alliance which was July 31, 2008, the Company and the Target Company were planning to improve efficiency of our respective operations by complementing each other and sharing roles in cost departments of areas such as technology, customer services and distribution, at the same time as utilizing their respective abilities as individual listed entities. However, after July 31, 2008, details of the business alliance were designed in a speedy manner faster than initially expected. Also, in a very short period of 2 months, a few dozen times of meetings for business-level discussions were held, which steadily built a cooperation structure resulting from mutual understanding among and convergence of the employees of the Company and the Target Company. At the same time, the Company and the Target Company rediscovered the great synergy effects from, and the necessity of, the integration of sales and marketing divisions and back-office sections, which was not initially contemplated. In addition, in October, the Company and the Target Company were faced with the worsening of the unprecedented international financial crisis and confusion in the stock market caused by the subprime crisis. The Company and the Target Company determined that to cope with such unprecedented crisis, every measure to improve the corporate value of the Company and the Target Company must immediately be taken without being confined to the initially contemplated framework. As a result, the Company and the Target Company decided to conduct the Tender Offer to acquire additional issued shares of the Target Company for the future integration of management, and realize a more integrated operation with the Target Company as one business group.

Moreover, the Company and the Target Company plan to realize management integration aiming at a complete integration of the Company and the Target Company by merger and acquisition after the completion of the Tender Offer.

As described above, the Company and the Target Company are both wholesale DSL operators and the two companies' corporate histories since their inception are similar. Moreover, the two companies have high complementarities with respect to business areas. Therefore, by aiming at the future management merger and conducting businesses with close coordination sharing the strategic goals, the Company and the Target Company can strengthen

sales force, realize efficient operation and cost reduction that form basis for maintenance and increase of business profitability. Moreover, with respect to the wireless broadband market which is expected to grow significantly, the Company and the Target Company consider that maximizing of corporate value will be realized by both companies working together to strategically enter into this area. Especially in DSL business, the Company's group will have the scale that can compete with NTT Group and Softbank Group, and will be able to pursue various scales of profits. In short, this business integration and reorganization mean the birth of a group of integrated broadband communication operators that covers "from DSL to FTTH", "from fixed-line communications to mobile communication", "from data communication to voice communication" and "from individual customers to corporate clients". Therefore, the Company now recognizes that such business integration and reorganization will not only maximize the corporate values, but also will be the best choice for the companies to contribute to the development of the society through their business activities. In conclusion, the Company has decided to proceed with the Tender Offer.

Specific synergies that the management integration and reorganization of the Company and the Target Company may bring in the future are as follows:

- It is expected that the two companies will comprise an integrated communications business group, with the scale of approximately 3 million in the number of subscribers and 100 billion yen in the amount of sales. By integrating the operating resources of both companies including sales channels and sales force, the two companies are expected to gain much advantage from such scale.

- By shifting resources to non-serviced areas by rearranging overlapping service provision areas and improving utilization rate of facilities by sharing the facilities for provision of services of each company, increase in profit is expected. Also, in the areas where the provision of services by the Company and the Target Company is not overlapping, provision of services to each other's non-affiliated ISPs is possible by utilizing the other party's facilities. Therefore, increase in profit will be possible.

- By rearranging overlapping sales counters, streamlining of marketing, subscription process, system and customer services is possible which can reduce costs.

- By making a common communication line backbone, costs for interexchange channels can be reduced.

- By rearranging common and overlapping businesses, costs for co-location and outsourcing can be reduced. Also, costs for back-office sections such as administration department and systems department can be reduced.

- Reduction of costs for purchase of communication devices and maintenance of equipment in cost department planned at July 1, 2008, as well as implementation of cost reduction activities throughout the whole operation including back-office sections such as administration and systems will be possible.

- Because stronger financial basis resulting from increase in profit, creditworthiness will be strengthened and financing costs can be reduced.

- As a result of comprehensive cost reduction, development and offering of new and competitive products become possible.

- Human resources of the overlapping businesses of the Company and the Target Company can effectively be deployed to new business areas such as wireless broadband business.

- By combining DSL base and subscribers of the Company and the Target Company with wireless broadband services (such as MVNO and mobile phone services) of each company, such DSL base and subscribers may be utilized for deployment of FMC.

In the Tender Offer, there is no upper limit or lower limit to the number of share certificates to be purchased in order to provide equal opportunities to sell to the shareholders of the Target Company.

(3) Management Policies after the Tender Offer

The Company and the Target Company plan to continue detailed discussions and consultations concerning

the ways to maximize synergies between the Company and the Target Company. The Company and the Target Company plan to conduct a merger following the completion of the Tender Offer in which the Tender Offeror becomes the surviving company and the Target Company becomes the merged company (the "Merger").

Details of the Merger are not determined at this point. Such details will be determined after consultations between the Company and the Target Company fully considering the interests of the shareholders the Company and the Target Company. At the time of the Merger, the Company plans to issue common shares of the Company to the shareholders of the Target Company in exchange of the Target Company Shares held by such shareholders. With respect to the determination of merger ratio of the Merger, the Company will deliver fair value to the shareholders of the Target Company. Therefore, the value of the Target Company Shares is planned to be the same price as the price of purchase, etc. of the Target Company Share in the Tender Offer (the "Purchase Price"), unless there are any particular circumstances. The value of the Target Company Shares may differ from the Purchase Price by particular circumstances such as change in business environment of the Target Company, stock market fluctuation and change of business results of the Company and the Target Company. Also, in the process of the Merger, the shareholders of the Target Company may also be entitled to require the Target Company to purchase the shares held by such shareholders in accordance with the procedures stipulated in laws and regulations. In such case also, the purchase price per share may differ from the Purchase Price or the economic value that the shareholders of the Target Company will receive through the Merger, since the final value will be determined by the court.

The Company plans to conduct the Merger by around May 2009. However, time and method of such Merger may be changed by factors such as holding ratio of the share certificates, etc. by the Company after the Tender Offer, holding status of the shares of the Target Company by shareholders of the Target Company other than the Company, changes in business results of the Company and the Target Company, and influence of stock market. The details of the Merger will be disclosed promptly after the determination thereof upon consultation with the Target Company.

Also, if a short form merger under the provisions of Article 784, the Body Text of Paragraph 1 of the Corporation Law becomes possible, it is planned that the Merger will be conducted without obtaining resolution of approval at the meeting of the shareholders of the Target Company.

If the Company could not acquire all of the Target Company Warrants although the Tender Offer was successfully completed, the Company plans to cancel the Target Company Warrants through purchase, delivering of money as consideration for such cancellation during the process of the Merger, or through other means. However, the Company has not decided on specific methods at this point. The handling of the Target Company Warrants upon the Merger is not determined at this point.

(4) Agreements, Etc. concerning the Tender Offer

Not applicable.

(5) Possibility of Delisting and Reasons Thereof

The common shares of the Target Company are listed on Jasdaq as of the date of the Tender Offer Registration Statement. However, the Tender Offer does not contemplate delisting of the shares of the Target Company. However, since the Company has not set an upper limit to the number of share certificates, etc. to be purchased through the Tender Offer, depending on the outcome of the Tender Offer, the shares of the Target Company may be delisted upon completion of the Tender Offer pursuant to Jasdaq's standards for the delisting, following the prescribed procedures. If the Target Company Shares are delisted, the common shares of the Target Company may no longer be traded at Jasdaq, and it is expected that the future sale of such shares will be difficult.

Also, even in the event that the outcome of the Tender Offer does not make the Target Company Shares subject to the delisting standards, if the Merger described in (3) above is conducted, the Target Company Shares are expected to be delisted following the prescribed procedures pursuant to Jasdaq's standards for the delisting of shares.

The Tender Offer will not be conducted for the purpose of delisting the Target Company, although the Target Company may be delisted consequently as a result of the Tender Offer as described above.

(6) Matters concerning Important Agreement regarding Application to Tender Offer between Shareholders of the Target Company and the Company

Not applicable.

(7) Decision-Making Process of the Tender Offer

Please see "(3) Background and Development of the Tender Offer, and Purpose of the Tender Offer" with respect to the decision-making process of the Tender Offer.

(8) Measures to Ensure Fairness and Measures to Avoid Conflict of Interest

The Company referred to the report on calculation of share value submitted by Nikko Cordial Securities Inc., a third-party calculation agency. After consultations with the Target Company, the final Purchase Price for the Tender Offer was determined as 120,000 yen. The Purchase Price of 120,000 yen is the sum of 74,400 yen, the closing price of the Target Company Share quoted at Jasdaq on the business day immediately preceding the date of resolution supporting the commencement of the Tender Offer (October 28, 2008) and a premium of approximately 61.3% (rounded to one decimal place) over such amount, the sum of 80,633 yen (rounded to the nearest whole number), the average of closing prices quoted at Jasdaq for the period of one month ending on October 28, 2008, and a premium of approximately 48.8% (rounded to one decimal place) over such amount, the sum of 90,517 yen (rounded to the nearest whole number), the average of closing prices quoted at Jasdaq for the period of three months ending on October 28, 2008, and a premium of approximately 32.6% (rounded to one decimal place) over such amount, and the sum of 109,755 yen (rounded to the nearest whole number), the average of closing prices quoted at Jasdaq for the period of six months ending on October 28, 2008, and a premium of approximately 9.3% (rounded to one decimal place) over such amount.

With respect to the calculation of the Purchase Price by the Company described above, the board of directors of the Target Company has appointed Lazard Frères K. K. ("Lazard") as the third-party calculation agency independent from the Company and the Target Company, and as the financial advisor of the Target Company. The board requested calculation of the share value of the Target Company. The board has obtained the report on calculation of share value dated October 29, 2008 from Lazard. Lazard has considered method of valuation for this case, under certain premises and conditions such as financial information and financial forecast offered by the Target Company for the valuation of the share value of the Target Company Shares. As a result, Lazard has conducted the valuation using discounted cash flow method ("DCF method"). Lazard has also conducted premium analysis.

Also, on October 22, 2008, Mr. Isamu Suyama, the Representative Director and President of the Target Company has requested Mr. Noritsugu Yamaoka and Mr. Hiroyoshi Yamamoto, who are Outside Directors of the Target Company with no special interests in the Tender Offeror and the Tender Offer to review the conditions and the contents of the Tender Offer, and to submit a report of opinion to the board of directors of the Target Company.

From October 22, 2008 through October 29, 2008, Mr. Noritsugu Yamaoka and Mr. Hiroyoshi Yamamoto

have obtained detailed explanation from the Directors (excluding the Directors who do not participate in the resolution of the Tender Offer, who are the 7 Directors appointed as the Directors of the Target Company on October 1, 2008, as mentioned above) on the purposes of the Tender Offer and the Merger, and their respective opinions thereon. Also, after hearing explanation on results of examination of the Tender Offer from the financial aspects from Lazard, Mr. Noritsugu Yamaoka and Mr. Hiroyoshi Yamamoto have carefully examined the price of purchase, etc. and other conditions of the Tender Offer, the purposes of the Tender Offer and the Merger, as well as the appropriateness and legality of the decision-making process of the board of directors of the Target Company. As a result, Mr. Noritsugu Yamaoka and Mr. Hiroyoshi Yamamoto have submitted on October 29, 2008, an opinion to the board of directors of the Target Company to the effect that the determination to support the Tender Offer is reasonable.

In addition, the board of directors of the Target Company has obtained an advice from financial aspects concerning the Tender Offer from Lazard. Also, the board has obtained an advice from legal point of view from its legal advisor Mori Hamada & Matsumoto concerning legality of the procedures for the Tender Offer and appropriateness of the management decision of the board of directors of the Target Company at this point, and other relevant matters, and the board has referred to such advice. The Target Company has not obtained fairness opinion from Lazard or other valuation agencies. Lazard does not express opinions with respect to fairness or appropriateness of the purchase price for the Tender Offer.

After obtaining proposal of the Tender Offer from the Company, the board of directors of the Target Company has conducted several discussions and negotiations with the Company. At the board of directors' meeting of the Target Company held on October 29, 2008, taking into consideration the conditions of the Tender Offer, management, operation, financial conditions and other current conditions of the Target Company, possibility of improvement of corporate value through the Tender Offer and the Merger as well as other various circumstances, and the opinion submitted by Mr. Noritsugu Yamaoka and Mr. Hiroyoshi Yamamoto to the effect that the determination to support the Tender Offer is reasonable, the board has determined that the Tender Offer offers opportunities to the ordinary shareholders of the Target Company to sell the common shares of the Target Company at a reasonable price, and that the Tender Offer will contribute to the maintenance and improvement of the corporate value of the Target Company. Thus, the directors present have unanimously resolved to support the Tender Offer.

Of the Directors of the Target Company, Mr. Koji Fukata, Mr. Hideo Kobayashi, Mr. Eric Gan and Ms. Sayaka Iida concurrently hold the positions of the Representative Director, Director or Executive Officer of the Company. Mr. Atsushi Tanaka and Mr. Masashi Ishida concurrently hold the position of Executive Director of EMOBILE. Therefore, from the viewpoint of avoiding conflict of interest, these 6 persons did not participate in the discussions and resolutions of the Tender Offer at the board of directors' meeting of the Target Company. Also, the 6 persons did not participate in discussions and negotiations with the Company as the management of the Target Company. Moreover, Mr. Dai Sakata has now retired from the Company, but holds the office of the Representative Director of the Target Company, as one of the management appointed by the Company on October 1, 2008. Therefore, since the possibility of existence of conflict of interest with the Target Company is undeniable, Mr. Sakata did not participate in the discussions and resolutions of the Tender Offer at the board of directors' meeting of the Target Company. Also, Mr. Sakata did not participate in discussions and negotiations with the Company as the management of the Target Company.

Moreover, the Auditors of the Target Company including the Outside Auditor who attended the board of directors' meeting are of the opinion that they have no objection to the expression of opinion by the board of directors of the Target Company to support the Tender Offer. Of the Auditors of the Target Company, Mr. Yukio Goto concurrently holds the position of the Auditor of the Company. Therefore, in order to avoid conflict of interest, he does not express any opinion concerning the resolution related to the Tender Offer reached at the board of directors' meeting of the Target Company.

2. Outline of the Purchase, Etc.

(1) Outline of the Target Company

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| (i) | Trade Name | ACCA Networks Co., Ltd. | |
| (ii) | Content of Business | Telecommunication | |
| (iii) | Date of Establishment | March 15, 2000 | |
| (iv) | Address of the Head Office | 12-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo | |
| (v) | Title and Name of the Representative | Isamu Suyama, Representative Director and President | |
| (vi) | Amount of Capital | 16,693,636,000 yen (as of September 17, 2008) | |
| (vii) | Major Shareholders and Their Shareholding Ratios | <p>eAccess Ltd. 13.49%</p> <p>NTT Communications Corporation 11.69%</p> <p>[K.K. AGS], General Partner of Ignite BB Investments L.P. 7.99%</p> <p>Daiwa Securities Group Inc. 3.82%</p> <p>TOKIO MARINE CAPITAL CO., LTD., General Partner of IT2000 Investment Business Limited Liability Partnership 3.15%</p> <p>NEC Corporation 1.24%</p> <p>FUJITSU LIMITED 1.24%</p> <p>UBS AG London Account IPB Segregated Client Account 0.87%</p> <p>Northern Trust Company AVFC Re Fidelity Funds 0.82%</p> <p>MLPFS Custody 0.81%</p> <p>(as of June 30, 2008)</p> | |
| (viii) | Relationship, Etc. between the Company and the Target Company | Capital Relationship | The Company holds 45.10% of the aggregate issued shares of the Target Company (as of September 17, 2008) |
| | | Personnel Relationship | The Representative Director and President, the Representative Director and Vice President, the Director and the Executive Officer of the Company (4 in total), and 2 Executive Officers of the affiliate of the Company were appointed as the Outside Directors of the Target Company. Also, an Auditor of the Company was appointed as the Outside Accountant of the Target Company. |
| | | Business Relationship | <p>Business relationships between the Company and the Target Company</p> <p>(a) Transfer of DSL Assets On September 1, 2008, the Company has transferred its facilities related to DSL assets to the Target Company.</p> <p>(b) Lease of DSL Assets The Company leases from the Target Company DSL-related facilities.</p> <p>(c) Outsourcing of Maintenance, Etc. The Company outsources businesses such as maintenance of facilities, and distribution and rental of modems to the Target Company.</p> |

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| | Applicability to the Related Party | Since the Target Company is the consolidated subsidiary of the Company, the Target Company is the related party. |
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(Note 1) At its board of directors' meeting held on July 31, 2008, the Target Company has resolved to issue 61,790 new shares by way of third-party allocation to the Tender Offeror, and the Tender Offeror has completed payment thereof on August 15, 2008. As a result, shares of the Target Company held by the Tender Offeror became 78,575 as of August 20, 2008 (16,785 shares before the third-party allocation) and the shares held as percentage of the aggregate issued shares became 45.10% (13.49% before the third-party allocation).

(Note 2) The Target Company has filed an Extraordinary Report on August 15, 2008. According to the Extraordinary Report, the changes with respect to major shareholders of the Target Company until August 15, 2008 are as follows.

(a) Name of the Relevant Major Shareholder concerning the Change

NTT Communications Corporation

(b) Number of Voting Rights Held by the Relevant Major Shareholder and Such Number as Percentage of Voting Rights of the All Shareholders before and after Such Change

(i) Number of Voting Rights Held by the Relevant Major Shareholder

Before change: 14,546

After change: 14,546

(ii) Such Number As Percentage of Voting Rights of the All Shareholders

Before change: 13.04%

After change: 8.39%

(c) Date of Change

August 15, 2008

(2) Period of the Purchase, Etc.

(i) Period of the Purchase, Etc. as of the Date of the Filing of the Registration Statement

From October 30, 2008 (Thursday) to November 28, 2008 (Friday) (20 business days).

(ii) Possible Extension at the Target Company's request

Pursuant to the provisions of Article 27-10, Paragraph 3 of the Financial Instruments and Exchange Law (Law No. 25 of 1948, as amended, the "Law"), if the Target Company submits a position statement in which the Target Company requests extension of the period of the purchase, etc. (the "Tender Offer Period"), the Tender Offer Period will be 30 business days and continue through December 12, 2008 (Friday).

(3) Price for the Purchase, Etc.

Target Company Shares: 120,000 yen per share

Target Company Warrants:

(i) Share subscription rights issued pursuant to the resolution at the extraordinary meeting of shareholders held on November 16, 2000 (share subscription rights deemed as share warrants under Article 19, Paragraph 1 of the Law concerning Revisions of Related Laws Pursuant to Enforcement of the Law Amending Part of the Commercial Code, Etc. Hereinafter, the "Share

Warrants (i)": 1 yen per unit

(ii) Share subscription rights issued pursuant to the resolution at the extraordinary meeting of shareholders held on July 4, 2001 (share subscription rights deemed as share warrants under Article 19, Paragraph 1 of the Law concerning Revisions of Related Laws Pursuant to Enforcement of the Law Amending Part of the Commercial Code, Etc. Hereinafter, the "Share Warrants (ii)": 1 yen per unit

(iii) Share warrants issued pursuant to the resolution at the general meeting of shareholders held on March 27, 2003 and the resolution at the board of directors meetings held on April 30, 2003, May 28, 2003, July 30, 2003 and February 12, 2004 (hereinafter, the "Share Warrants (iii)": 1 yen per unit

(iv) Share warrants issued pursuant to the resolution at the general meeting of shareholders held on March 30, 2004 and the resolution at the board of directors meeting held on March 11, 2005 (hereinafter, the "Share Warrants (iv)": 1 yen per unit

(v) Share warrants issued pursuant to the resolution at the general meeting of shareholders held on March 30, 2006 and the resolution at the board of directors meeting held on April 27, 2006 (hereinafter, the "Share Warrants (v)": 1 yen per unit

(4) Calculation Basis, Etc. of the Price for the Purchase, Etc.

(i) Basis of Calculation

(a) Common Shares

The Purchase Price of 120,000 yen per share was determined by referring to the report on calculation of share value submitted to the Company on October 27, 2008 by Nikko Cordial Securities Inc., the third-party calculation agency.

Nikko Cordial Securities Inc. considered methods of calculation to be used for calculation of share value of the Target Company for this matter. As a result, Nikko Cordial Securities Inc. used the DCF method and the market share price method to calculate the share value of the Target Company also taking into consideration the content of business and forecast of the business results of the Target Company, and the effects of synergies between the Company and the Target Company. According to the report on calculation of share value, the ranges of the value per share of the Target Company calculated by each of the above methods are as follows:

(aa) In the DCF method, the corporate value was calculated by discounting the projected future cash flows of the Target Company at a certain discount rate to obtain the present value, and the resulting value per share was 113,348 yen to 132,787 yen.

(bb) In the market share price method, the base date of valuation of the Target Company was set on October 24, 2008 and the average closing prices of the shares for a period of one month as well as the average closing prices of the shares for a period starting from the day immediately following the public announcement of the

Target Company becoming the subsidiary of the Company and ending on the base date were used to calculate the value of the shares. The resulting value per share was 82,095 yen to 90,076 yen.

The Company referred to the results of calculations using each method described in the report on calculation of share value. In addition, the Company took into consideration contents of discussions with the Target Company, trend in market share price of the Target Company Shares, appropriateness of Target Company's support to the Tender Offer, prospect of the Tender Offer and other synergy effects expected from coordinating with the Target Company. Considering all of the above factors, the Company determined that the final Purchase Price would be 120,000 yen.

The Purchase Price of the Tender Offer is the sum of 74,400 yen, the closing price of the Target Company Shares quoted at Jasdaq on the business day immediately preceding the date of resolution of commencement of the Tender Offer (October 28, 2008) and a premium of approximately 61.3% (rounded to one decimal place) over such amount, the sum of 80,633 yen (rounded to the nearest whole number), the simple average of closing prices of the shares quoted at Jasdaq for the period of one month ending on October 28, 2008, and a premium of approximately 48.8% (rounded to one decimal place) over such amount, the sum of 90,517 yen (rounded to the nearest whole number), the simple average of closing prices of the shares quoted at Jasdaq for the period of three months ending on October 28, 2008, and a premium of approximately 32.6% (rounded to one decimal place) over such amount, the sum of 109,755 yen (rounded to the nearest whole number), the simple average of closing prices of the shares quoted at Jasdaq for the period of six months ending on October 28, 2008, and a premium of approximately 9.3% (rounded to one decimal place) over such amount.

(b) Warrants

The Target Company Warrants have been granted to the directors and employees or other relevant personnel of the Target Company as stock options. Of the Target Company Warrants, the Warrants described in (i) and (ii) cannot be transferred and the Warrants described in (iii), (iv) and (v) cannot be transferred without obtaining the approval of the board of directors concerning the transfer. Considering the above factors, it is presumed that the Tender Offeror cannot exercise such Warrants even if it purchases them. Therefore, as described above, the Company has decided that the Purchase Price of the Target Company Warrants will be 1 yen.

(ii) Process of Calculation

Since July 31, 2008, when the Company and the Target Company agreed on the business and capital alliance, the Company and the Target Company have been conducting consultations and discussions concerning general matters pertaining to the management of the Target Company and ways to maximize synergies between the Company and the Target Company.

Since July 31, details of the business alliance were designed in a speedy manner faster than initially expected. Also, in a very short period of 2 months, a few dozen times of meetings for business-level discussions were held, which steadily built a cooperation structure resulting from mutual understanding among and convergence of the employees of the Company and the Target Company. At the same time, the Company and the Target Company rediscovered the great synergy effects from, and the necessity of, the integration of sales and marketing divisions and back-office sections, which was not initially contemplated.

In addition, in October, the Company and the Target Company were faced with the worsening of the international financial crisis and confusion in the stock market caused by the subprime crisis. The Company and the Target Company determined that to cope with such unprecedented crisis, every measure to improve the corporate value of the Company and the Target Company must immediately be taken without being confined to the initially contemplated framework. As a result, the Company and the Target Company decided to conduct the Tender Offer to acquire additional issued shares of the Target Company, and realize a more integrated operation with the Target Company as one business group. After negotiations and discussions with the Target Company, on October 29, 2008, the Company has decided to conduct the Tender Offer and fixed the amount of the Purchase Price for the Tender Offer. The background is as follows.

(a) Obtaining the Report on Calculation of Share Value from the Third-Party Agency

For determination of the Purchase Price, the Company has obtained a report on calculation of share value of the Target Company on October 27, 2008 from Nikko Cordial Securities Inc., a third-party calculation agency.

(b) Summary of the Report on Calculation of Share Value

Nikko Cordial Securities Inc. has calculated the value of such share using the DCF method and the market share price method.

(aa) In the DCF method, the corporate value was calculated by discounting the projected future cash flows of the Target Company at a certain discount rate to obtain the present value, and the resulting value per share was 113,348 yen to 132,787 yen.

(bb) In the market share price method, the base date of valuation of the Target Company was set on October 24, 2008 and the average closing prices of the shares for a period of one month as well as the average closing prices of the shares for a period starting from the day immediately following the public announcement of the Target Company becoming the subsidiary of the Company and ending on the base date were used to calculate the value of the shares. The resulting value per share was 82,095 yen to 90,076 yen.

(c) Process of Determination of the Purchase Price

On October 17, 2008, the Company requested Nikko Cordial Securities Inc. to prepare the report on calculation of share value of the Target Company which the Company would refer to in determination of the Purchase Price. Pursuant to the request, Nikko Cordial Securities Inc. calculated the share value of the Target Company Shares as described above, using the DCF method the comparable company method. Then, on October 27, 2008, the Company received the report on calculation of share value from Nikko Cordial Securities Inc.

Also, the Company has conducted consultations concerning the Purchase Price in the specific discussions, negotiations and consultations with the Target Company concerning the Tender Offer.

Based on the abovementioned results of calculation, contents of the discussions and trends in market share value of the Target Company Shares, and considering the appropriateness

of the Target Company's support to the Tender Offer and prospects of the Tender Offer as well as other synergy effects gained by cooperation with the Target Company, the Company reached a final decision at the board of directors' meeting held on October 29, 2008, that the Purchase Price per share would be 120,000 yen.

The purchase price of the share warrants subject to the Tender Offer was determined as 1 yen for the reasons stated in "(b) Warrants" of "(i) Basis of Calculation" above.

(d) Measures to Ensure Fairness of the Purchase Price and Avoid Conflict of Interest

With respect to the calculation of the Purchase Price by the Company described above, the board of directors of the Target Company has appointed Lazard as the third-party calculation agency independent from the Company and the Target Company, and as the financial advisor of the Target Company. The board requested calculation of the share value of the Target Company. The board has obtained the report on calculation of share value dated October 29, 2008 from Lazard. Lazard has considered method of valuation for this case, under certain premises and conditions such as financial information and financial forecast offered by the Target Company for the valuation of the share value of the Target Company Shares. As a result, Lazard has conducted the valuation using discounted cash flow method ("DCF method"). Lazard has also conducted premium analysis.

Also, on October 22, 2008, Mr. Isamu Suyama, the Representative Director and President of the Target Company has requested Mr. Noritsugu Yamaoka and Mr. Hiroyoshi Yamamoto, who are Outside Directors of the Target Company with no special interests in the Tender Offeror and the Tender Offer to review the conditions and the contents of the Tender Offer, and to submit a report of opinion to the board of directors of the Target Company.

From October 22, 2008 through October 29, 2008, Mr. Noritsugu Yamaoka and Mr. Hiroyoshi Yamamoto have obtained detailed explanation from the Directors (excluding the Directors who do not participate in the resolution of the Tender Offer, who are the 7 Directors appointed as the Directors of the Target Company on October 1, 2008, as mentioned above) on the purposes of the Tender Offer and the Merger, and their respective opinions thereon. Also, after hearing explanation on results of examination of the Tender Offer from the financial aspects from Lazard, Mr. Noritsugu Yamaoka and Mr. Hiroyoshi Yamamoto have carefully examined the price of purchase, etc. and other conditions of the Tender Offer, the purposes of the Tender Offer and the Merger, as well as the appropriateness and legality of the decision-making process of the board of directors of the Target Company. As a result, Mr. Noritsugu Yamaoka and Mr. Hiroyoshi Yamamoto have submitted on October 29, 2008, an opinion to the board of directors of the Target Company to the effect that the determination to support the Tender Offer is reasonable.

In addition, the board of directors of the Target Company has obtained an advice from financial aspects concerning the Tender Offer from Lazard. Also, the board has obtained an advice from legal point of view from its legal advisor Mori Hamada & Matsumoto concerning legality of the procedures for the Tender Offer and appropriateness of the management decision of the board of directors of the Target Company at this point, and other relevant matters, and the board has referred to such advice. The Target Company has not obtained fairness opinion from Lazard or other valuation agencies. Lazard does not express opinions with respect to fairness or appropriateness of the purchase price for the Tender Offer.

After obtaining proposal of the Tender Offer from the Company, the board of directors of the Target Company has conducted several discussions and negotiations with the Company. At the board of directors' meeting of the Target Company held on October 29, 2008, taking into consideration the conditions of the Tender Offer, management, operation, financial conditions and other current conditions of the Target Company, possibility of improvement of corporate value through the Tender Offer and the Merger as well as other various circumstances, and the opinion submitted by Mr. Noritsugu Yamaoka and Mr. Hiroyoshi Yamamoto to the effect that the determination to support the Tender Offer is reasonable, the board has determined that the Tender Offer offers opportunities to the ordinary shareholders of the Target Company to sell the common shares of the Target Company at a reasonable price, and that the Tender Offer will contribute to the maintenance and improvement of the corporate value of the Target Company. Thus, the directors present have unanimously resolved to support the Tender Offer.

Of the Directors of the Target Company, Mr. Koji Fukata, Mr. Hideo Kobayashi, Mr. Eric Gan and Ms. Sayaka Iida concurrently hold the positions of the Representative Director, Director or Executive Officer of the Company. Mr. Atsushi Tanaka and Mr. Masashi Ishida concurrently hold the position of Executive Director of EMOBILE. Therefore, from the viewpoint of avoiding conflict of interest, these 6 persons did not participate in the discussions and resolutions of the Tender Offer at the board of directors' meeting of the Target Company. Also, the 6 persons did not participate in discussions and negotiations with the Company as the management of the Target Company. Moreover, Mr. Dai Sakata has now retired from the Company, but holds the office of the Representative Director of the Target Company, as one of the management appointed by the Company on October 1, 2008. Therefore, since the possibility of existence of conflict of interest with the Target Company is undeniable, Mr. Sakata did not participate in the discussions and resolutions of the Tender Offer at the board of directors' meeting of the Target Company. Also, Mr. Sakata did not participate in discussions and negotiations with the Company as the management of the Target Company.

Moreover, the Auditors of the Target Company including the Outside Auditor who attended the board of directors' meeting are of the opinion that they have no objection to the expression of opinion by the board of directors of the Target Company to support the Tender Offer. Of the Auditors of the Target Company, Mr. Yukio Goto concurrently holds the position of the Auditor of the Company. Therefore, in order to avoid conflict of interest, he does not express any opinion concerning the resolution related to the Tender Offer reached at the board of directors' meeting of the Target Company.

(iii) Relationship with the Calculation Agency

Nikko Cordial Securities Inc. is not the related party of either of the Company or the Target Company.

(5) Number of Share Certificates, Etc. to be Purchased through the Tender Offer

| Expected Number of Share Certificates, Etc. to be Purchased if Converted into Shares | Minimum Number of Share Certificates, Etc. to be Purchased if Converted into Shares | Maximum Number of Share Certificates, Etc. to be Purchased if Converted into Shares |
|--|---|---|
|--|---|---|

| | | |
|----------------|------------|------------|
| 9,438 (shares) | - (shares) | - (shares) |
|----------------|------------|------------|

(Note 1) The Tender Offer does not set conditions stipulated in each Item of Article 27-13, Paragraph 4 of the Law. Therefore, all of the share certificates, etc. offered will be purchased.

(Note 2) There is a possibility that the share subscription rights and share warrants of the stock options of the Target Company will be exercised during the Tender Offer Period. The Target Company Shares issued or transferred by exercise of such rights will also be subject to the Tender Offer.

(Note 3) The Company does not plan to purchase through the Tender Offer the treasury shares held by the Target Company.

(Note 4) In the Tender Offer, the maximum number of share certificates, etc. (converted in to shares) subject to purchase, etc. by the Tender Offeror is 96,415 shares (the "Maximum Number of Shares to be Purchased"). Such number was obtained by subtracting from the total number of issued shares as of September 17, 2008 stated in the semi-annual report for the ninth business year filed on September 17, 2008 by the Target Company (174,222 shares) the number of shares held by the Tender Offeror as of the date of this Notice (78,575 shares) and treasury shares held by the Target Company as of the date of this Notice (1,684 shares), and adding the maximum number of shares that may be issued or transferred by exercise by the final date of the Tender Offer Period of share subscription rights and share warrants outstanding as of October 28, 2008 (including the shares issued or transferred by exercise of the respective share warrants from October 29, 2008 through the date of this Notice) (2,416 shares).

(6) Change in Holding Ratio of Share Certificates, Etc. through the Purchase, Etc.

| | | |
|--|---------|---|
| Number of Voting Rights of Share Certificates, Etc. Owned by the Tender Offeror before the Purchase, Etc. | 78,575 | (Holding Ratio of Share Certificates, Etc. before the Purchase, Etc.: 45.35%) |
| Number of Voting Rights of Share Certificates, Etc. Owned by the Specially Related Parties before the Purchase, Etc. | 435 | (Holding Ratio of Share Certificates, Etc. before the Purchase, Etc.: 0.25%) |
| Number of Voting Rights relating to Share Certificates, Etc. to be Purchased | 9,438 | (Holding Ratio of Share Certificates, Etc. after the Purchase, Etc.: 50.30%) |
| Number of Voting Rights of All Shareholders of the Target Company | 173,255 | |

(Note 1) "Number of Voting Rights relating to Share Certificates, Etc. to be Purchased" is the number of voting rights relating to the number of share certificates, etc. to be purchased in the Tender Offer if converted into shares (9,438 shares, "Number of Shares to be Purchased").

(Note 2) "Number of Voting Rights of Share Certificates, Etc. Owned by the Specially Related Parties before the Purchase, Etc." is the total of the voting rights for the share certificates, etc. owned by each specially related party (excluding the treasury shares owned by the Target Company that are not subject to the Tender Offer). Since the share certificates, etc. owned by the specially related parties (excluding the treasury shares owned by the Target Company) are subject to the Tender Offer, "Number of Voting Rights relating to Share Certificates, Etc. to be Purchased" includes the

share certificates, etc. owned by the specially related parties (excluding the treasury shares owned by the Target Company that are not subject to the Tender Offer). Because of the above reason, in calculation of "Holding Ratio of Share Certificates, Etc. after the Purchase, Etc.", "Number of Voting Rights of Share Certificates, Etc. Owned by the Specially Related Parties before the Purchase, Etc." is not included in the numerator.

(Note 3) "Number of Voting Rights of All Shareholders of the Target Company" is the number of voting rights of all shareholders stated in the semi-annual report for the ninth business year filed on September 17, 2008 by the Target Company. However, the Target Company Shares issued or transferred by exercise of share subscription rights and share warrants of the stock options of the Target Company will also be subject to the Tender Offer. Therefore, the calculation of the "Holding Ratio of Share Certificates, Etc. after the Purchase, Etc." was made by obtaining the relevant denominator in the following manner: subtracting from the total number of issued shares as of September 17, 2008 stated in the abovementioned semi-annual report of the Target Company (174,222 shares) the number of treasury shares held by the Target Company as of the date of this Notice that are not subject to the Tender Offer (1,684 shares), and adding the maximum number of shares that may be issued or transferred by exercise by the last day of the Tender Offer Period of share subscription rights and share warrants of the Target Company outstanding as of October 28, 2008 (2,416 shares). The resulting number of shares is 174,990 shares, and the number of voting rights relating to such 174,990 shares is regarded as the denominator.

(Note 4) The Tender Offeror will conduct purchase, etc. for all of the share certificates, etc. tendered. As a result, "Holding Ratio of Share Certificates, Etc. after the Purchase, Etc." may become 100.00%.

(Note 5) "Holding Ratio of Share Certificates, Etc. before the Purchase, Etc." and "Holding Ratio of Share Certificates, Etc. before the Purchase, Etc." have been rounded to the nearest second decimal place.

(7) Aggregate Purchase Price

1,132,560,000 yen

(Note) The aggregate purchase price is calculated by assuming that all of the share certificates, etc. tendered will be common shares, and then by multiplying the Number of Shares to be Purchased (9,438 shares) by the Purchase Price per share. However, since purchase, etc. will be made for all of the share certificates, etc. tendered even in the case where the total number of share certificates, etc. tendered exceeds the Number of Shares to be Purchased (9,438 shares), the aggregate purchase price in the case the Tender Offeror purchases all of the Maximum Number of Shares to be Purchased (96,415 shares) will be 11,569,800,000 yen.

(8) Method of Settlement

(i) Name and Location of the Head Office of Financial Instruments Business Operators or Banks, Etc. in Charge of Settlement of the Purchase, Etc.

Nikko Cordial Securities Inc.
3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo

(ii) Commencement Date of Settlement

December 4, 2008 (Thursday)

(Note) Pursuant to the provisions of Article 27-10, Paragraph 3 of the Law, if the Target Company submits a position statement in which the Target Company requests extension of the Tender Offer Period, the commence date of settlement will be changed to December 18, 2008 (Thursday).

(iii) Method of Settlement

A notice of purchase, etc. concerning the Tender Offer will be mailed to the address or location of the tendering shareholders, etc. (or the standing proxies in the case of Non-Japanese shareholders) without delay after the expiration of the Tender Offer Period.

Payment of the purchase price will be made in cash. The tender offer agent (as listed in (11) below) will, in accordance with the instructions of the tendering shareholders, etc. remit the purchase price of the share certificates, etc. purchased without delay on or after the commencement date of settlement to the place designated by the tendering shareholders, etc (or the standing proxies in the case of Non-Japanese shareholders).

(9) Other Conditions and Methods of the Purchase, Etc.

(i) Conditions Set Forth in Each Item of Article 27-13, Paragraph 4 of the Law

Not applicable. All of such share certificates, etc. tendered will be subject to purchase, etc.

(ii) Conditions of Withdrawal, Etc. of the Tender Offer, Details Thereof and Method of Disclosure of Withdrawal, Etc.

Upon the occurrence of any event listed in Article 14, Paragraph 1, Items 1.1 through 1.9 and 1.12 through 1.18, Items 3.1 through 3.8, and Article 14, Paragraph 2, Items 3 through 6 of the Enforcement Order of the Financial Instruments and Exchange Law (Government Ordinance No. 321 of 1965, as amended, the "Order"), the Company may withdraw the Tender Offer.

In the event that the Company plans to withdraw the Tender Offer, it must make a public notice electronically, and then post a notice in the *Nihon Keizai Shimbun* that such public notice has been made; provided, however, that, if it is difficult to make such public notice by the last day of the Tender Offer Period, the Company will make a public announcement in accordance with the procedures prescribed in Article 20 of the Cabinet Office Ordinance on Disclosure of Take Over Bid of Shares, Etc. Conducted by Non-issuers (Ministry of Finance of Japan Ordinance No. 38 of 1990, as amended, the "Cabinet Office Ordinance") and make the public notice immediately thereafter.

(iii) Conditions of Reduction of the Purchase Price, Etc., Details Thereof and Method of Disclosure of Reduction

In the event that the Target Company conducts any acts stipulated in each Item of Article 13, Paragraph 1 of the Order, in accordance with Article 27-6, Paragraph 1, Item 1 of the Law, the price of purchase, etc. may be reduced in accordance with the criteria set forth under Article 19, Paragraph 1 of the Cabinet Office Order.

In the event that that Company plans to reduce the purchase price., etc., the Company must make a public notice electronically, and then post a notice in the *Nihon Keizai Shimbun* that such public notice has been made; provided, however, that if it is difficult to make such public notice by the last day of the Tender Offer Period, the Company will make a public announcement in accordance with the procedures prescribed in Article 20 of the Cabinet Office Order and make the public notice immediately thereafter. If any reduction of

the purchase price, etc. is made, purchase, etc. of the share certificates, etc. tendered before the date of such public notice will also be made in accordance with the price of purchase, etc. after such change(s).

(iv) Matters concerning Tendering Shareholders, Etc.'s Right of Cancellation of Agreement

Any tendering shareholder, etc. may cancel the agreements relating to the Tender Offer at any time during the Tender Offer Period. Method of cancellation will be same as that stated in "(2) Method of Cancellation of Agreement" in "7. Method of Cancellation of Application and Agreement" of the Tender Offer Registration Statement.

No compensation for damages or penalty payment will be demanded of any tendering shareholder, etc. by the Tender Offeror even if the tendering shareholders, etc. cancels the agreement. The cost of returning the tendered share certificates, etc. held in the custody will also be borne by the Tender Offeror.

(v) Method of Disclosure if the Conditions or Other Terms of the Purchase, Etc. Are Changed

The Tender Offeror may change the conditions or other terms of the purchase, etc. during the Tender Offer Period unless such change is prohibited by Article 27-6 of the Law and Article 13 of the Order. In the event the Tender Offeror intends to change the terms and conditions, etc. of the purchase, etc., a public notice providing the details of the change must be issued electronically and then a public notice to such effect shall be published in the *Nihon Keizai Shimbun*. However, when it is difficult to issue such public notice by the last day of the Tender Offer Period, the Tender Offeror shall make a public announcement in accordance with the procedures described in Article 20 of the Cabinet Office Order and shall release a public notice immediately thereafter.

Once the amendment of the conditions or other terms of the purchase, etc. takes effect, the terms of the purchase, etc. after such amendment shall also be applicable to the purchase, etc. of the share certificates, etc. already tendered on or before the date of such public notice.

(vi) Method of Disclosure if Amendment to the Registration Statement is Filed

If the Tender Offeror files an amendment to the registration statement with the Director of the Kanto Local Finance Bureau, it will immediately make public those parts of such amendment that relate to the contents of the public notice of the commencement of the Tender Offer in the way prescribed in Article 20 of the Cabinet Office Order. At the same time, the Tender Offeror will immediately amend the Tender Offer explanatory statement and deliver the amended Tender Offer explanatory statement to the tendering shareholders, etc. who have already received the original Tender Offer explanatory statement. However, if the scope of such amendment is limited to a small portion, the Tender Offeror may make an amendment by way of preparing and delivering a written document describing the reasons for such amendment, matters amended and the description after such amendment to the tendering shareholders, etc.

(vii) Method of Disclosure of Results of the Tender Offer

The results of the Tender Offer will be publicly announced in the way prescribed in Article 9-4 of the Order and Article 30-2 of the Cabinet Office Order on the day immediately following the last day of the Tender Offer Period.

(viii) Others

The Tender Offer will not be conducted in or for the United States, whether directly or indirectly. Also the Tender Offer will not be conducted using mailing system or other means of inter-state or international commerce of the United States (including, but not limited to, telephone, telex, facsimile, email and Internet communication). Moreover, the Tender Offer will not be conducted through the facilities of the securities exchanges in the United States. Application for the Tender Offer cannot be made by the abovementioned means or through the abovementioned facilities, or from the United States.

None of the Tender Offer Registration Statement or related documents for the purchase will be delivered or distributed by mail or other means within, to or from the United States, and such delivery or distribution cannot be made. Application for the Tender Offer directly or indirectly violating the above restrictions will not be accepted.

When applying for the Tender Offer, the tendering shareholders, etc. (or the standing proxies in the case of Non-Japanese shareholders) are required to represent and warrant to the Tender Offeror and the agent of the Tender Offer the following matters.

(a) The shareholder, etc. does not reside in the United States either at the time of the application or at the time of delivery of the form of application for the tender offer.

(b) The shareholder, etc. has not obtained or delivered within, to or from, whether directly or indirectly, any information concerning the Tender Offer or documents related to the purchase (including the copies thereof).

(c) The shareholder, etc. has not used, whether directly or indirectly, mailing system or other means of inter-state or international commerce of the United States (including, but not limited to, telephone, telex, facsimile, email and Internet communication), or the facilities of the securities exchanges in the United States in signing and delivering the form of application for the purchase or the tender offer.

(d) The shareholder, etc. is not acting as an agent or a consignee/assignee of any other person without discretionary power (excluding the case where such other person is giving all instructions concerning the purchase from places outside the United States).

(10) Date of the Public Notice of the Commencement of the Tender Offer

October 30, 2008 (Thursday)

(11) Tender Offer Agent

Nikko Cordial Securities Inc.
3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo

3. Policies, Etc. after the Tender Offer and Forecast for the Future

(1) Policy, Etc. after the Tender Offer

Please see "1. Purpose of the Purchase, Etc." with respect to the policy, etc. after the Tender Offer.

(2) Forecast of the Effect on Future Business Performance

The Company will disclose the effect of the Tender Offer on its business forecast of the fiscal year ending March 2009 promptly after it has been determined.

4. Others

(1) Agreements between the Company and the Target Company or its Directors/Officers, and the Details Thereof

(i) Decision Making Process to Implement the Tender Offer

Since its inception, the Company's corporate philosophy has been to realize "A new broadband life for all". With its strong sense of mission to innovate the communications industry, the Company has promoted relaxation of regulations and competition. As a result, the Company realized concrete growth as Japan's largest wholesale DSL operator, with its principal business of providing broadband access services throughout Japan through ISPs of approximately 30 companies. As of the date of this Notice, the subscribers including those for our ISP business are approximately 2.1 million.

Through the above corporate history, the Company has moved into the black and has cleared away its accumulated losses early. As a result, in the fifth year from its inception, in November of 2004, the Company was successfully listed on the First Section of the Tokyo Stock Exchange Group, Inc. Also, in November 2005, the Company obtained through EMOBILE Ltd. ("EMOBILE"), a company accounted for under the equity method, a license to operate a mobile phone business in 1.7GHz spectrum, and smoothly proceeded with commencement of mobile phone services. In March 2007, the Company started data communication services and in March 2008, it also started voice services. Along with the expansion of EMOBILE's service areas and variety of services, the Company is expanding provision of backbone network services that employ ultrahigh-speed optical fiber IP backbone constructed throughout the nation by the Company. With respect to the DSL services, in spite of the maturing market, the Company actively made sales efforts coordinating within the group such as by providing a set plan that includes mobile data services. At the same time, the Company put more focus on maintaining customers by deterring cancellations. As a result, the Company has realized a lower rate of cancellation. Also, in June 2007, in order to establish a business model to make the handset business run on a stand-alone basis, the Company started the Device Business which enables development and sales of the handsets by the Company. Moreover, in December 2007, the Company started businesses targeted at MVNO (Mobile Virtual Network Operator) with EMOBILE.

The Company's nonconsolidated sales for the fiscal year ended in March 2008 was 67,257 million yen (representing an increase of 11,273 million yen or 20.1% over the same period last year), operating profit was 12,281 million yen (a decrease of 251 million yen or 2.0% over the same period last year), current profit was 10,587 million yen (a decrease of 791 million yen or 7.0% over the same period last year), and net profit for the year was 8,454 million yen (an increase of 1,826 million yen or 27.5% over the same period last year). The increase in the amount of sales was due to increases in the sales of the mobile business and the Device Business that more than offset the decrease in the sales of the Network business. The decrease in operating profit was principally due to increase in costs related to expansion of provision of backbone network services for EMOBILE in the Network business and cost of up-front investment related to commencement of the Device Business. The decrease in current profit was due to the decrease in operating profit and an increase in interest expense because the Company stopped the application of hedge accounting method concerning interest swap contracts due to fluctuation of market interest rate. The increase in net profit for the year was

attributable to profit of 3,500 million yen from the sale of EMOBILE shares on May 31, 2007, which more than offset the decrease in current profit.

As described above, building on the stable financial bases resulting from its existing businesses of DSL and ISP (AOL), the Company's group implemented flexible and active management strategies of making mobile phone business as its next main business. In such step, the Company plans to merge fixed-line communication and mobile communication in the world of broadband. The Company is currently working together to further enhance its abovementioned philosophy to realize "A new broadband life for all".

Meanwhile, the Target Company was established in March 2000. In March 2005, it was successfully listed on Nasdaq Securities Exchange, Inc. ("Nasdaq"). The Target Company ranks second within wholesale DSL operators, next to the Company, by providing its services to approximately 0.9 million subscribers. The Target Company has achieved revenue and profit growth for three consecutive fiscal years from 2003 through 2005. From and after 2006, mainly due to decrease in individual subscribers for ADSL, its revenue has been decreasing year-over-year. However, during such period, the Target Company has worked on streamlining of operation and reduction of costs as its most crucial tasks, and has recorded strong profits.

The Target Company's businesses are broadband connection services for individuals which are same as the Company, and in addition to that, provision of broadband access to the Internet and corporate network for business users as well as provision of user support required for such services. In order to provide an optimal access services addressing the needs of the customers, the Target Company has built an operating base which can flexibly handle both DSL/FTTH (optical). Further, in view of the future growth in wireless broadband access, the Target Company is contemplating to expand its businesses by entering into MVNO wireless broadband business. The Target Company is aiming at its further growth as a dual-broadband access provider providing multilayered services comprising DSL/FTTH and wireless broadband services.

In the business environment of the Company and the Target Company, it is true that FTTH is rapidly expanding. Also, it is undeniable that the recent market statistics shows the trend that the number of DSL subscribers is decreasing, especially in urban areas. However, DSL still is superior in many ways such as pricing differences, easier implementation and wider service areas. Also many lower-speed dial-up connection users may be deemed as potential customers of DSL services which provide faster speed and flat-rate pricing. In such environment, it is certain that the wholesale DSL operators such as the Company and the Target Company must work together to obtain subscribers and participate in new business areas to increase revenues, cooperate to reduce costs, and seek to realize provision of new bundle services such as those related to mobile and obtain new customer base.

Given the above conditions, the Company and the Target Company formally agreed to form a business and capital alliance by entering into "Investment and Asset Transfer Agreement", "DSL Asset Utilization Agreement" and "Outsourcing Agreement" on July 31, 2008 as the first step. Pursuant to the agreement, the Target Company has issued 61,790 common shares to the Company by third-party allocation on August 15, 2008. Since the Company's holding ratio of the aggregate issued shares of the Target Company became 45.10% as a result of the allocation, the Target Company has become a consolidated subsidiary of the Company from September 1, 2008. Further, on September 1, 2008, the Company and the Target Company commenced close business collaborations such as transfer of a portion of business assets of the Company to the Target Company and outsourcing of mutually related businesses to the Target Company. Also, on October 1, 2008, by a resolution at the extraordinary meeting of shareholders of the Target Company, 7 candidates nominated by the Company (Dai Sakata, Koji Fukata, Hideo Kobayashi, Eric Gan, Atsushi Tanaka, Sayaka Iida and Masashi Ishida) have been elected as the Directors of the Target Company, and one of such Directors

(Dai Sakata) holds the office of the Representative Director.

At the time of the formal agreement of the business and capital alliance which was July 31, 2008, the Company and the Target Company were planning to improve efficiency of our respective operations by complementing each other and sharing roles in cost departments of areas such as technology, customer services and distribution, at the same time as utilizing their respective abilities as individual listed entities. However, after July 31, 2008, details of the business alliance were designed in a speedy manner faster than initially expected. Also, in a very short period of 2 months, a few dozen times of meetings for business-level discussions were held, which steadily built a cooperation structure resulting from mutual understanding among and convergence of the employees of the Company and the Target Company. At the same time, the Company and the Target Company rediscovered the great synergy effects from, and the necessity of, the integration of sales and marketing divisions and back-office sections, which was not initially contemplated. In addition, in October, the Company and the Target Company were faced with the worsening of the unprecedented international financial crisis and confusion in the stock market caused by the subprime crisis. The Company and the Target Company determined that to cope with such unprecedented crisis, every measure to improve the corporate value of the Company and the Target Company must immediately be taken without being confined to the initially contemplated framework. As a result, the Company and the Target Company decided to conduct the Tender Offer to acquire additional issued shares of the Target Company for the future integration of management, and realize a more integrated operation with the Target Company as one business group.

Moreover, the Company and the Target Company plan to realize management integration aiming at a complete integration of the Company and the Target Company by merger and acquisition after the completion of the Tender Offer.

As described above, the Company and the Target Company are both wholesale DSL operators and the two companies' corporate histories since their inception are similar. Moreover, the two companies have high complementarities with respect to business areas. Therefore, by aiming at the future management merger and conducting businesses with close coordination sharing the strategic goals, the Company and the Target Company can strengthen sales force, realize efficient operation and cost reduction that form basis for maintenance and increase of business profitability. Moreover, with respect to the wireless broadband market which is expected to grow significantly, the Company and the Target Company consider that maximizing of corporate value will be realized by both companies working together to strategically enter into this area. Especially in DSL business, the Company's group will have the scale that can compete with NTT Group and Softbank Group, and will be able to pursue various scales of profits. In short, this business integration and reorganization mean the birth of a group of integrated broadband communication operators that covers "from DSL to FTTH", "from fixed-line communications to mobile communication", "from data communication to voice communication" and "from individual customers to corporate clients". Therefore, the Company now recognizes that such business integration and reorganization will not only maximize the corporate values, but also will be the best choice for the companies to contribute to the development of the society through their business activities. In conclusion, the Company has decided to proceed with the Tender Offer.

Specific synergies that the management integration and reorganization of the Company and the Target Company may bring in the future are as follows:

- It is expected that the new companies will be an integrated communications business group in Japan, with the scale of approximately 3 million in the number of subscribers and 100 billion yen in the amount of sales. By integrating the operating resources of both companies including sales channels and sales

force, the new companies are expected to gain much advantage from such scale.

- By shifting resources to non-serviced areas by rearranging overlapping service provision areas and improving utilization rate of facilities by sharing the facilities for provision of services of each company, increase in profit is expected. Also, in the areas where the provision of services by the Company and the Target Company is not overlapping, provision of services to each other's non-affiliated ISPs is possible by utilizing the other party's facilities. Therefore, increase in profit will be possible.

- By rearranging overlapping sales counters, streamlining of marketing, subscription process, system and customer services is possible which can reduce costs.

- By making a common communication line backbone, costs for interexchange channels can be reduced.

- By rearranging common and overlapping businesses, costs for co-location and outsourcing can be reduced. Also, costs for back-office sections such as administration department and systems department can be reduced.

- Reduction of costs for purchase of communication devices and maintenance of equipment in cost department planned at July 1, 2008, as well as implementation of cost reduction activities throughout the whole operation including back-office sections such as administration and systems will be possible.

- Because stronger financial basis resulting from increase in profit, creditworthiness will be strengthened and financing costs can be reduced.

- As a result of comprehensive cost reduction, development and offering of new and competitive products become possible.

- Human resources of the overlapping businesses of the Company and the Target Company can effectively be deployed to new business areas such as wireless broadband business.

- By combining DSL base and subscribers of the Company and the Target Company with wireless broadband services (such as MVNO and mobile phone services) of each company, such DSL base and subscribers may be utilized for deployment of FMC (Fixed Mobile Convergence).

In the Tender Offer, there is no upper limit or lower limit to the number of share certificates to be purchased in order to provide equal opportunities to sell to the shareholders of the Target Company.

(ii) Measures to Ensure Fairness and Avoid Conflict of Interest

The Company referred to the report on calculation of share value submitted by Nikko Cordial Securities Inc., a third-party calculation agency. After consultations with the Target Company, the final Purchase Price for the Tender Offer was determined as 120,000 yen. The Purchase Price of 120,000 yen is the sum of 74,400 yen, the closing price of the Target Company Share quoted at Jasdac on the business day immediately preceding the date of resolution supporting the commencement of the Tender Offer (October 28, 2008) and a premium of approximately 61.3% (rounded to one decimal place) over such amount, the sum of 80,633 yen (rounded to the nearest whole number), the average of closing prices quoted at Jasdac for the period of one month ending on October 28, 2008, and a premium of approximately 48.8% (rounded to one decimal place) over such amount, the sum of 90,517 yen (rounded to the nearest whole number), the average of closing prices quoted at Jasdac for the period of three months ending on October 28, 2008, and a premium of approximately 32.6% (rounded to one decimal place) over such amount, and the sum of 109,755 yen (rounded to the nearest whole number), the average of closing prices quoted at Jasdac for the period of six months ending on October 28, 2008, and a premium of approximately 9.3% (rounded to one decimal place) over such amount.

With respect to the calculation of the Purchase Price by the Company described above, the board of directors of the Target Company has appointed Lazard Frères K. K. ("Lazard") as the third-party calculation agency independent from the Company and the Target Company, and as the financial advisor of the Target

Company. The board requested calculation of the share value of the Target Company. The board has obtained the report on calculation of share value dated October 29, 2008 from Lazard. Lazard has considered method of valuation for this case, under certain premises and conditions such as financial information and financial forecast offered by the Target Company for the valuation of the share value of the Target Company Shares. As a result, Lazard has conducted the valuation using discounted cash flow method ("DCF method"). Lazard has also conducted premium analysis.

Also, on October 22, 2008, Mr. Isamu Suyama, the Representative Director and President of the Target Company has requested Mr. Noritsugu Yamaoka and Mr. Hiroyoshi Yamamoto, who are Outside Directors of the Target Company with no special interests in the Tender Offeror and the Tender Offer to review the conditions and the contents of the Tender Offer, and to submit a report of opinion to the board of directors of the Target Company.

From October 22, 2008 through October 29, 2008, Mr. Noritsugu Yamaoka and Mr. Hiroyoshi Yamamoto have obtained detailed explanation from the Directors (excluding the Directors who do not participate in the resolution of the Tender Offer, who are the 7 Directors appointed as the Directors of the Target Company on October 1, 2008, as mentioned above) on the purposes of the Tender Offer and the Merger, and their respective opinions thereon. Also, after hearing explanation on results of examination of the Tender Offer from the financial aspects from Lazard, Mr. Noritsugu Yamaoka and Mr. Hiroyoshi Yamamoto have carefully examined the price of purchase, etc. and other conditions of the Tender Offer, the purposes of the Tender Offer and the Merger, as well as the appropriateness and legality of the decision-making process of the board of directors of the Target Company. As a result, Mr. Noritsugu Yamaoka and Mr. Hiroyoshi Yamamoto have submitted on October 29, 2008, an opinion to the board of directors of the Target Company to the effect that the determination to support the Tender Offer is reasonable.

In addition, the board of directors of the Target Company has obtained an advice from financial aspects concerning the Tender Offer from Lazard. Also, the board has obtained an advice from legal point of view from its legal advisor Mori Hamada & Matsumoto concerning legality of the procedures for the Tender Offer and appropriateness of the management decision of the board of directors of the Target Company at this point, and other relevant matters, and the board has referred to such advice. The Target Company has not obtained fairness opinion from Lazard or other valuation agencies. Lazard does not express opinions with respect to fairness or appropriateness of the purchase price for the Tender Offer.

After obtaining proposal of the Tender Offer from the Company, the board of directors of the Target Company has conducted several discussions and negotiations with the Company. At the board of directors' meeting of the Target Company held on October 29, 2008, taking into consideration the conditions of the Tender Offer, management, operation, financial conditions and other current conditions of the Target Company, possibility of improvement of corporate value through the Tender Offer and the Merger as well as other various circumstances, and the opinion submitted by Mr. Noritsugu Yamaoka and Mr. Hiroyoshi Yamamoto to the effect that the determination to support the Tender Offer is reasonable, the board has determined that the Tender Offer offers opportunities to the ordinary shareholders of the Target Company to sell the common shares of the Target Company at a reasonable price, and that the Tender Offer will contribute to the maintenance and improvement of the corporate value of the Target Company. Thus, the directors present have unanimously resolved to support the Tender Offer.

Of the Directors of the Target Company, Mr. Koji Fukata, Mr. Hideo Kobayashi, Mr. Eric Gan and Ms. Sayaka Iida concurrently hold the positions of the Representative Director, Director or Executive Officer of the Company. Mr. Atsushi Tanaka and Mr. Masashi Ishida concurrently hold the position of Executive

Director of EMOBILE. Therefore, from the viewpoint of avoiding conflict of interest, these 6 persons did not participate in the discussions and resolutions of the Tender Offer at the board of directors' meeting of the Target Company. Also, the 6 persons did not participate in discussions and negotiations with the Company as the management of the Target Company. Moreover, Mr. Dai Sakata has now retired from the Company, but holds the office of the Representative Director of the Target Company, as one of the management appointed by the Company on October 1, 2008. Therefore, since the possibility of existence of conflict of interest with the Target Company is undeniable, Mr. Sakata did not participate in the discussions and resolutions of the Tender Offer at the board of directors' meeting of the Target Company. Also, Mr. Sakata did not participate in discussions and negotiations with the Company as the management of the Target Company.

Moreover, the Auditors of the Target Company including the Outside Auditor who attended the board of directors' meeting are of the opinion that they have no objection to the expression of opinion by the board of directors of the Target Company to support the Tender Offer. Of the Auditors of the Target Company, Mr. Yukio Goto concurrently holds the position of the Auditor of the Company. Therefore, in order to avoid conflict of interest, he does not express any opinion concerning the resolution related to the Tender Offer reached at the board of directors' meeting of the Target Company.

(2) Other Information That is Deemed to be Necessary for Investors in Determining Whether or Not They Should Tender the Shares for the Purchase, Etc.

(i) The Target Company has disclosed as of August 29, 2008 "A Notice concerning Forecast of Business Results (Nonconsolidated) for the Fiscal Year Ending in December 2008". The summary of such disclosure is as follows.

Comparison with the Actual Results for the Same Period of the Prior Year
[From January 1, 2008 through December 31, 2008]

| | Sales | Operating Profit | Ordinary Income | Net Profit for the Period |
|--|--------|------------------|-----------------|---------------------------|
| Year Ended in December 2007 Actual Results (A) | 35,047 | 2,025 | 1,945 | 1,425 |
| Year Ended in December 2008 Forecast of Results (B) | 31,000 | 2,300 | 2,300 | 2,000 |
| Amount of Increase/Decrease (B-A) | -4,047 | +275 | +355 | +575 |
| Increase/Decrease Rate | -11.5% | +13.6% | +18.3% | +40.4% |

(ii) At its board of directors' meeting held on October 16, 2008, the Target Company has decided to transfer all of the shares of zoom Co., Ltd., its consolidated subsidiary, to ITmedia Inc. On the same day, the Target Company has made a public announcement titled "Notice concerning Conclusion of Basic Agreement on Change in Status (Transfer) of Subsidiary" announcing the conclusion of the basic agreement with zoom Co., Ltd. The summary of the public announcement is as follows.

(a) Description of the Subsidiary to Be Transferred

Trade Name: zoom Co., Ltd.

Location of the Head Office: 12-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo
Date of Establishment: June 2, 2008
Principal Business: Internet media business
Amount of Capital: 1,000,000 yen

(b) Schedule

October 30, 2008: Conclusion of Share Transfer Agreement (Scheduled Date)

October 31, 2008: Share Transfer (Scheduled Date)

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