

(TRANSLATION)

December 9, 2008

Name of Company: eAccess Ltd.

(Code: 9427, Tokyo Stock Exchange 1st Section)

Name of Representative: Koji Fukata, Representative Director & President

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Issuance of “Corporate Bond Type” Preferred Shares by way of Third Party Allotment which will not Cause Dilution of Common Shares

eAccess Ltd. (the “**Company**”) hereby announces that the Company passed a resolution at the extraordinary meeting of the Board of Directors held on December 9, 2008, to issue First Series Preferred Shares of the Company (the “**Preferred Shares**”) by way of a third party allotment as follows.

The Company also announces that it has executed a share subscription agreement (the “**Subscription Agreement**”) as of December 9, 2008 with MH Mezzanine Limited Partnership (“**MH Mezzanine**”) managed and operated by Mizuho Capital Partners Co., Ltd. (“**MHCP**”), regarding the subscription for the Preferred Shares by MH Mezzanine.

1. Purpose of Issuance of Preferred Shares issued by way of Third Party Allotment

(1) Main Purpose of Financing

To strengthen consolidated shareholders’ equity

(2) Characteristics of Preferred Shares

The Preferred Shares will be issued by way of a third party allotment. The Preferred Shares are so-called “corporate bond type” preferred shares without call option or put option in consideration of common shares, and therefore dilution of common shares will not occur.

The Preferred Shares have no fixed maturity, but the Company has a call option for cash consideration exercisable at its discretion after one (1) year from the date of payment. Also, the Preferred Shareholders have a put option for cash consideration exercisable at their discretion after three (3) years from the date of payment.

Please refer to the terms and conditions of the Preferred Shares shown in the Attachment.

(3) Reason for Financing by means of issuance of the Preferred Shares

As a result of due discussion about various financing methods upon, the Company has determined that the financing by means of issuance of the Preferred Shares is the best scheme at this moment, considering the following factors in a comprehensive manner:

- (i) The Preferred Shares are “corporate bond type” preferred shares which will not cause dilution of common shares;
- (ii) The Company can flexibly issue the Preferred Shares subject to the authorization given under the Articles of Incorporation; and
- (iii) The Company has determined that the dividend rates and other conditions are reasonable in light of preceding “corporate bond type” preferred shares of other issuers.

2. Amount of Funds to be Procured and Use of Proceeds

(1) Amount of Funds to be Procured (Estimated Amount Net of Costs)

Total Issue Price:	JPY 2,500,000,000
Estimated Issuance Costs:	JPY 153,000,000 (*)
(Breakdown: Subscription commission	JPY 125,000,000)
(Other fees and charges	JPY 28,000,000)
Estimated Proceeds net of the Costs:	JPY 2,347,000,000

(*Note) The subscription commission will be paid to MH Mezzanine Limited Partnership, the allottee of the Preferred Shares.

(2) Use of Proceeds

JPY 2,347,000,000 being the estimated proceeds from the issuance of the Preferred Shares net of the issuance costs is expected to be used for capital expenditures.

(3) Expected Timing of Use of Proceeds

The proceeds from the issuance of the Preferred Shares will be remitted to the Company’s bank account on the date of payment, scheduled to be December 26, 2008. The detailed timing of use of proceeds has not been fixed. The Company will manage the proceeds by a low-risk method.

(4) Rationale of Use of Proceeds

The purposes of the issuance of the Preferred Shares are to strengthen the financial standing of the Company and continue stable transactions with financial institutions as well as to establish a strong management base, by enhancing the the strength of the Company’s consolidated shareholders’ equity.

By doing so, the Company believes that its corporate value will be further improved and therefore this use of proceeds is reasonable for the Company.

3. Financial Performance and Equity Finance for the Past Three Years

(1) Financial Performance for Past Three Years (Consolidated)

(Million Yen)

Fiscal Year Ended	March 31, 2006	March 31, 2007	March 31, 2008
Revenue	60,353	56,250	67,564
Operating Profit	9,375	1,049	7,092
Recurring Profit (- Loss)	7,531	-1,564	-8,365
Net Income (- Loss)	5,020	909	-6,351
Net Income (- Loss) per Share (in yen)	3,661	631	-4,396
Dividend per Share (in yen)	1,300	1,800	2,300
Net Assets per Share (in yen)	24,281	21,386	13,291

(2) Outstanding Shares and Potential Shares (as of December 9, 2008)

Type	Number of Shares	Ratio to Outstanding Shares
Outstanding Shares	Common Shares: 1,417,729 shares	100.00%
Potential Shares issuable at the Current Conversion Price or Exercise Price	Common Shares: 301,790 shares	21.29%
Potential Shares issuable at the lowest Conversion Price or Exercise Price	-	-
Potential Shares issuable at the highest Conversion Price or Exercise Price	-	-

(Note) The number of “potential shares issuable at the current conversion price or exercise price” shown in the table above represents the number of shares to be issued upon exercise of the stock warrants (*shinkabu hikiuke ken*) and stock acquisition rights (*shinkabu yoyaku ken*), including those attached to bonds with stock acquisition rights (*shinkabu yoyaku ken tsuki shasai*). Among this, the number of shares to be issued upon conversion of JPY23,000,000,000 Zero Coupon Convertible Bonds due 2011, which are bonds with stock acquisition rights, are calculated based on the conversion price effective as of December 9, 2008 (JPY105,492.1 per share).

(3) Recent Movement of Share Price of Company

(i) Share Price for Past Three Years

	Fiscal year ended March 31, 2007	Fiscal year ended March 31, 2008	Fiscal year ending March 31, 2009
Opening Price	91,000	78,800	62,400
High	92,700	81,600	71,700
Low	58,100	52,500	39,050
Closing Price	78,300	61,400	48,050

(Yen)

(Note) Share Prices for the fiscal year ending March 31, 2009 are based on those up to December 8, 2008.

(ii) Share Price for Past Six Months

	July	August	September	October	November	December
Opening Price	54,300	58,100	62,100	60,000	45,650	49,350
High	59,200	65,500	68,300	60,600	49,700	49,600
Low	54,200	55,100	57,500	39,050	41,000	44,400
Closing Price	56,100	64,100	59,000	45,250	48,550	48,050

(Yen)

(Note) Share Prices for Decemeber 2008 are based on those up to December 8, 2008.

(iii) Share Price on the Business Day Immediately Prior to Date of Resolution for Issuance

	As of December 8, 2008
Opening Price	47,250 yen
High	48,100 yen
Low	46,600 yen
Closing Price	48,050 yen

(4) Proposed Equity Finance

- New Shares to be Issued by way of a Third Party Allotment (First Series Preferred Shares)

Date of Issuance	December 26, 2008
Amount of Funds to be Raised	JPY 2,347,000,000 (JPY 100,000,000 per Share) (estimated amount net of issuance costs)
Outstanding Shares prior to Issuance	Common Shares: 1,417,729 shares (As of December 9, 2008)
Shares to be Issued this Time	25 First Series Preferred Shares
Outstanding Shares after Proposed Issuance	Common Shares: 1,417,729 shares First Series Preferred Shares: 25 shares
Allottee	MH Mezzanine Limited Partnership

(5) Equity Finance for Past Three Years

Not Applicable

4. Major Shareholders and Shareholding Ratio

(1) Common Shares

Prior to Offering (As of September 30, 2008)	After Offering
JPM CNAITS London Clients Account	Same as the left column
Morgan Stanley and Co. International	
Sachio Semmoto	
Eric Gan	
The Master Trust Bank of Japan, Ltd. (Trust Account)	
Goldman Sachs & Co. Regular Account	
Bank of New York GCM Client Account	
JPR DISG FEAC	
Deutsche Bank A.G. London 610	
Nomura International Hong Kong Limited (F5-108)	
Societe Generale Paris	
BBH (LUX) Fidelity Active Strategy Japan Fund	

(2) First Series Preferred Shares

Pre-Issuance	Post-Issuance
—	MH Mezzanine Limited Partnership 100%

5. Expected Impact on Financial Performance

While this issuance of the Preferred Shares will have no effect on the Company's performance, the Company believes that it will enable the Company to enhance the strength of its consolidated shareholders'

equity and improve its financial standing.

6. Rationale of Terms of Issuance, etc.

(1) Basis for Calculation of Issue Price

The issue price of the Preferred Shares and the subscription commission included in the issuance costs are determined upon comprehensive evaluation of the Company's performance, asset quality, business profitability, capital composition and terms and conditions of the Preferred Shares.

(2) Rationale of Issuance Volume and Dilution Effect

As the Preferred Shares are so-called "corporate bond type" preferred shares without any call option or put option in consideration of common shares, no dilution of common shares will occur.

7. Reason for Selecting Allottee

(1) Overview of Allottee

As of December 9, 2008

Name		MH Mezzanine Limited Partnership
Basis for Establishment		Investment LPS based on the Limited Partnership Act for Investment
Profile of Allottee	Address	Yusen Building, 3-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo
	Name of Representative	General Partner Mizuho Capital Partners Co., Ltd. Yasutoshi Ohata, Director & Chief Executive Officer
	Capital Amount	N/A
	Contents of Business	Investment business of Mezzanine Funds
	Major Shareholders and Shareholding Ratio	N/A
Profile of Company Managing and Operating Allottee	Name of Company	Mizuho Capital Partners Co., Ltd.
	Address of Principal office	Yusen Building, 3-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo
	Name of Representative	Yasutoshi Ohata, Director & Chief Executive Officer
	Capital Amount	JPY 10,000,000
	Contents of Business	Management and operation of MBO Funds and Mezzanine Funds
	Major Shareholders and Shareholding Ratio	Mizuho corporate bank, Ltd. 50% Mizuho Capital Partners Co., Ltd. 50%
Relationship with the Company	Capital Relationship	N/A
	Trade Relationship	N/A
	Human Relationship	N/A

(2) Reason for Selecting Allottee

The shareholders of MHCP, MH Mezzanine's general partner, are Mizuho Corporate Bank, Ltd. (50%) and Mizuho Capital Partners Co., Ltd. (50%). MHCP operates and manages private equity funds conducting MBO (management buyout) investment and Mezzanine investment and holds a number of investment performances.

The Company has been assessing financial options to enhance its consolidated equity and financial standing. As a result, there was a progress in a negotiation with MHCP which has well understood the Company's business, and the Company and MH Mezzanine managed and operated by MHCP have reached a basic agreement on the subscription for the Preferred Shares.

(3) Allottee's Policy for Holding of Shares

There is no specific agreement between the Company and MH Mezzanine, the Allottee, regarding continual holding of the Preferred Shares.

8. Schedule for Issuance of Preferred Shares

The current schedule is as follows.

December 9, 2008:	Submission of the extraordinary report concerning the issuance of the Preferred Shares
	Execution of the Subscription Agreement
December 26, 2008 (tentative):	Date of Payment

= END =

(Attachment)

Terms and Conditions of the First Series Preferred Shares

Type of Shares	First Series Preferred Shares of eAccess Ltd. (“ Preferred Shares ”)
Number of Shares to be Issued	25 shares
Issue Price	JPY100,000,000 per share
Total Issue Price	JPY2,500,000,000.
Capital Amount to be Increased	JPY1,250,000,000 in total (JPY50,000,000 per share)
Capital Reserve to be Increased	JPY1,250,000,000 in total (JPY50,000,000 per share)
Subscription Date	December 26, 2008
Payment Date	December 26, 2008
Allottee	MH Mezzanine Limited Partnership: 25 shares
Terms and conditions of Preferred Shares	
1. Preferred Dividend	<p>(1) Preferred Dividends</p> <p>(i) With respect to the payment of Term End Dividends (as defined in Article 44, Paragraph 1 of the Articles of Incorporation) in each fiscal year, the Company shall not pay any dividends to holders of common shares and other shares which are subordinated to the Preferred Shares (such shares being referred to as the “Subordinated Shares” and the holders of the Subordinated Shares being referred to as the “Subordinated Shareholders”) unless it first pays a dividend of an amount equal to the issue price per Preferred Share multiplied by the rate per annum equal to the 6 Months Yen LIBOR plus the Spread defined below (such amount being referred to as the “Preferred Dividends Amount” and such rate being referred to as the “Preferred Dividends Rate”) to the holders of the Preferred Shares (the “Preferred Shareholders”) recorded as such as of the end of the relevant fiscal year; provided, however, that with respect to the Preferred Dividends (as defined below) for which the record date is March 31, 2009, the Company shall not pay any dividends to the Subordinated Shareholders unless it first pays to the Preferred Shareholders a dividend of an amount equal to the Preferred Dividends Amount multiplied by the number of actual days during a period from and including the payment date of the Preferred Shares to and including March 31, 2009 divided by 365 (rounded to the nearest fourth decimal place).</p> <p>“6 Months Yen LIBOR” shall mean an interest rate per annum which appears on page 3750 of the Telerate or its successor (hereinafter the same) as such at 11 a.m. on April 1 of each fiscal year. PROVIDED, however, that if no such interest rate is available on page 3750 of the Telerate or otherwise such page is out of service, 6 Months Yen LIBOR then effective on that day shall be equal to the arithmetic mean (rounded to the nearest fourth decimal place) of the 6 months offered rates for yen deposits per annum, as supplied to the Company at its request, quoted by principal Tokyo offices of two (2) or more Reference Banks (as defined below) at 11 a.m. on that day, except that if less than two (2) Reference Banks supply the 6 months offered rate to the Company, 6 Months Yen LIBOR then effective on that day shall be equal to the 6 Months Yen LIBOR which appeared on page 3750 of the Telerate at 11 a.m. on the immediately preceding business day. If no 6 Months Yen LIBOR was available on page 3750 of the Telerate or otherwise such page was out of service on such immediately preceding business day, the above proviso shall apply <i>mutatis mutandis</i>.</p> <p>In the definition above, the “Reference Banks” shall mean banks which quoted 6 months offered rates for yen deposits per annum on the relevant day where such offered rates were used for the purposes of computing 6 Months Yen LIBOR last appearing on page 3750 of the Telerate prior to 11 a.m.</p>

	<p>“Spread” shall mean: for the period from the payment date to March 31, 2009, 5.0% per annum; for the fiscal year ending March 31, 2010, 6.0% per annum; and thereafter, 7.0% per annum.</p> <p>(ii) Notwithstanding paragraph (i), if the Company paid any Quarterly Dividends (as defined in Article 44, Paragraph 2 of the Articles of Incorporation), to the Preferred Shareholders in the relevant fiscal year, in relation to the payment of the Term End Dividends, the Company shall not, in such fiscal year, pay any dividends to the Subordinated Shareholders unless it first pays a dividend of an amount equal to the Preferred Dividends Amount minus the amount of such Quarterly Dividends.</p> <p>(2) Quarterly Preferred Dividends With respect to the payment of Quarterly Dividends in each fiscal year, the Company shall not pay any Quarterly Dividends to the Subordinated Shareholders unless it first pays Quarterly Dividends in an amount of the Preferred Dividends Amount divided by four (4) per share to the Preferred Shareholders; provided, however, that with respect to the Quarterly Preferred Dividends for which the record date is December 31, 2008, the Company shall not pay any dividends to the Subordinated Shareholders unless it first pays to the Preferred Shareholders a dividend of an amount equal to the Quarterly Preferred Dividends Amount multiplied by the number of actual days during a period from and including the payment date of the Preferred Shares to and including December 31, 2008 divided by the number of actual days during a period from and including September 1, 2008 to and including December 31, 2008 (rounded to the nearest fourth decimal place).</p> <p>(3) Accumulation of Preferred Dividends Any shortfalls which will occur when the aggregate amount of the Term End Dividends and the Quarterly Dividends per share in each fiscal year paid to the Preferred Shareholders does not equal or exceed the Preferred Dividends Amount, will be accumulated to the following fiscal years on the first day of the immediately following fiscal year, provided however that any dividend amount paid to the Preferred Shareholders after such accumulation shall be deducted. Such shortfalls, after such deduction, shall be referred to as “Accumulated Unpaid Preferred Dividends Amount.” The Company shall not pay any dividends to the Subordinated Shareholders or any Preferred Dividends or Quarterly Preferred Dividends to the Preferred Shareholders unless it first pays the Accumulated Unpaid Preferred Dividends Amount to the Preferred Shareholders.</p> <p>(4) Non-participation in further dividends The Company shall not pay any dividends to the Preferred Shareholders in excess of the Preferred Dividends Amount in each fiscal year.</p>
2. Distribution of Residual Assets	<p>(1) Distribution of residual assets upon liquidation In distribution of its residual assets, the Company shall not distribute any residual assets to the Subordinated Shareholders unless it first pays an amount equal to the issue price plus the Accumulated Unpaid Preferred Dividends Amount per Preferred Share to the Preferred Shareholders.</p> <p>(2) Non-participation in further distribution upon liquidation The Company shall not distribute its residual assets to the Preferred Shareholders in excess of the amount equal to the issue price plus the Accumulated Unpaid Preferred Dividends Amount per Preferred Share.</p>
3. No Restriction on Transfer of Shares	The Preferred Shares are not subject to transfer restriction.
4. No Voting Rights	The Preferred Shares shall have no voting rights, unless otherwise provided by applicable laws and regulations.
5. Put Option	Any Preferred Shareholder may demand the Company to acquire all or part of the Preferred Shares held by that Preferred Shareholder at any time after three (3) years have elapsed following the payment date upon giving a written notice 30 days prior to the desired acquisition date (the “ Acquisition Date ”). In this case, the Company shall acquire such Preferred Shares from that Preferred Shareholder on the Acquisition

	<p>Date at a price per share set out below (the “Put Option Cash Consideration”), subject to the ceiling of available funds for dividends as permitted by law.</p> <p>The “Put Option Cash Consideration” per Preferred Share shall mean the aggregate of the following:</p> <ul style="list-style-type: none"> (i) the issue price; (ii) the issue price multiplied by 3.0% per annum compounded and the number of actual days during the period from and including the payment date to and including the day immediately before the Acquisition Date divided by 365 (rounded to the nearest fourth decimal place); (iii) any Accumulated Unpaid Preferred Dividends Amount; and (iv) the issue price multiplied by the Preferred Dividends Rate per annum and the number of actual days during the period from and including the first day of the fiscal year to which the Acquisition Date belongs, to and including the Acquisition Date, less any Quarterly Preferred Dividends paid to the Preferred Shareholders during such period (rounded to the nearest fourth decimal place). <p>PROVIDED, however, that if the amount computed by the calculation above less any Accumulated Unpaid Preferred Dividends Amount would exceed the issue price per Preferred Share multiplied by 120%, the “Put Option Cash Consideration” per Preferred Share shall mean (i) the issue price per Preferred Share multiplied by 120% plus (ii) any Accumulated Unpaid Preferred Dividends Amount.</p> <p>PROVIDED FURTHER, that if the Acquisition Date would occur before 60 days have elapsed after the immediately preceding record date for any Preferred Dividends, the Accumulated Unpaid Preferred Dividends Amount (appearing on (iii) above) included in the Put Option Cash Consideration shall be payable on a day on which 60 days have elapsed after such record date (or, if such day is not a business day, on the immediately succeeding business day); provided that if the Company passes a board resolution to pay dividends for the Accumulated Unpaid Preferred Dividends Amount, the amount of such dividends shall be deducted from the Accumulated Unpaid Preferred Dividends Amount.</p> <p>PROVIDED FURTHER, that if the Acquisition Date would occur before 60 days have elapsed after the immediately preceding record date for any Quarterly Preferred Dividends, the amount equivalent to the unpaid Quarterly Preferred Dividends related to the record date shall be set aside from the amount calculated by (iv) of the Put Option Cash Consideration, and shall be payable on a day on which 60 days have elapsed after such record date (or, if such day is not a business day, on the immediately succeeding business day); provided that if the Company passes a board resolution to pay dividends for the Quarterly Preferred Dividends related to the record date and such dividends are unpaid on the Acquisition Date, the amount of such dividends shall be deducted from the amount set aside.</p>
6. Call Option with Cash Consideration	<p>The Company may compulsorily acquire all or part of the Preferred Shares on any date determined by a board resolution (the “Acquisition Date”) after one (1) year has elapsed following the payment date at a price per share set out below (“Call Option Cash Consideration”), subject to the ceiling of available funds for dividends as permitted by law.</p> <p>The “Call Option Cash Consideration” per Preferred Share shall mean the aggregate of the following:</p> <ul style="list-style-type: none"> (i) the issue price; (ii) the issue price multiplied by 3.5% per annum compounded and the number of actual days during the period from and including the payment date to and including the day immediately before the Acquisition Date divided by 365 (rounded to the nearest fourth decimal place); (iii) any Accumulated Unpaid Preferred Dividends Amount; and (iv) the issue price multiplied by the Preferred Dividends Rate per annum and the number of actual days during the period from and including the first day of the fiscal year to which the Acquisition Date belongs, to and including the Acquisition Date, less any Quarterly Preferred Dividends paid to the Preferred Shareholders during such

	<p>period (rounded to the nearest fourth decimal place); PROVIDED, however, that if the amount computed by the calculation above less any Accumulated Unpaid Preferred Dividends Amount would exceed the issue price per Preferred Share multiplied by 120%, the “Put Option Cash Consideration” per Preferred Share shall mean (i) the issue price per Preferred Share multiplied by 120% plus (ii) any Accumulated Unpaid Preferred Dividends Amount. PROVIDED FURTHER, that if the Acquisition Date would occur before 60 days have elapsed after the immediately preceding record date for any Preferred Dividends, the Accumulated Unpaid Preferred Dividends Amount (appearing on (iii) above) included in the Put Option Cash Consideration, shall be payable on a day on which 60 days have elapsed after such record date (or, if such day is not a business day, on the immediately succeeding business day); provided that if the Company passes a board resolution to pay dividends for the Accumulated Unpaid Preferred Dividends Amount, the amount of such dividends shall be deducted from the Accumulated Unpaid Preferred Dividends Amount. PROVIDED FURTHER, that if the Acquisition Date would occur before 60 days have elapsed after the immediately preceding record date for any Quarterly Preferred Dividends, the amount equivalent to the unpaid Quarterly Preferred Dividends related to the record date shall be set aside from the amount calculated by (iv) of the Put Option Cash Consideration, and shall be payable on a day on which 60 days have elapsed after such record date (or, if such day is not a business day, on the immediately succeeding business day); provided that if the Company passes a board resolution to pay dividends for the Quarterly Preferred Dividends related to the record date and such dividends are unpaid on the Acquisition Date, the amount of such dividends shall be deducted from the amount set aside.</p>
7. Consolidation, Split, and Subscription Right of Shares	<ol style="list-style-type: none"> 1. The Company shall not consolidate or split Preferred Shares unless otherwise provided by applicable laws and regulations. 2. The Company shall not give the Preferred Shareholders the rights to subscribe for new shares, stock acquisition rights, or bonds with stock acquisition rights.

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