

eAccess Ltd.
Shareholders Report
for the 9th Fiscal Term

From April 1, 2007 to March 31, 2008



A New and More Efficient Broadband Life For All

Highlights of the Fiscal Year Ended March 31, 2008

- 1 Consolidated revenue was up approximately 20% year-on-year and operating profit increased by seven-fold. EMOBILE Ltd. was changed to an equity accounting affiliate from a consolidated subsidiary on May 31, 2007.
- 2 EMOBILE achieved accumulated subscribers of 411,500 and nationwide population coverage of approximately 80% (as of March 31, 2008).
- 3 Paid an annual cash dividend of ¥2,300 per share and executed a share buyback of approximately ¥3.0 billion.

Dear Shareholders,

The eAccess Group succeeded in expanding its market share in the **ADSL***1 market in the fiscal year ended March 31, leveraging strong ties between eAccess Ltd. and EMOBILE Ltd., as well as alliance with new business partners. Newly launched Device business and Backbone business grew faster than our expectation and contributed to the consolidated revenue increase.

EMOBILE, an equity accounting affiliate, acquired a total of 411,500 subscribers in its first year since the service launch. In December 2007, EMOBILE commenced Japan's first 7.2Mbps HSDPA high-speed data service, and then commenced its voice service on schedule on March 28, 2008. EMOBILE service population coverage was approximately 80% as of March 31, 2008 after steadily expanding subscriber numbers and service area during the period.

On June 25, 2008, Koji Fukata and Hideo Kobayashi were newly appointed as President and Executive Vice President respectively. Under this new management structure, we continue to maintain solid earnings in our core businesses while increasing corporate value and ensuring stable and sustainable returns to shareholders.

We look forward to the ongoing support and cooperation of all our valued shareholders.

June 2008



(From left)
Hideo Kobayashi, Sachio Semmoto, Koji Fukata, and Eric Gan

Director and Chairman **Sachio Semmoto**
 Representative Director and President **Koji Fukata**
 Representative Director and Executive Vice President **Hideo Kobayashi**
 Director **Eric Gan**

*1 **ADSL** technology utilizes the existing copper cables of telephone lines to conduct high-speed data transmission. The unique characteristic of this service is that different bandwidths are used when downloading or uploading information from or to the internet.

Q.1

What do you see for the financial forecasts for the year ending March 31, 2009?

Answer.

We expect to see an ¥80.0 billion consolidated revenue, up 18.4% year-on-year due to growth in the Device and Backbone businesses. Consolidated operating profit is projected to increase 79.1% due to contribution from existing ADSL and AOL businesses as well as the accounting changes of EMOBILE to equity accounting method. EMOBILE operating loss is expected to increase on a year-on-year basis due to an increase in sales promotion costs following an increase in net subscriber addition. Thus, we forecast a consolidated net loss of ¥10.3 billion absorbing approximately ¥16.0 billion EMOBILE accounting losses.

Forecast for the Fiscal Year Ending March 31, 2009

		Results for FY3/2008	Forecast for FY3/2009	Change
Consolidated	Revenue	¥67.6 billion	¥80 billion	+18.4%
	Operating Profit	¥7.1 billion	¥12.7 billion	+79.1%
	Net Income (Loss)	(¥6.4 billion)	(¥10.3 billion)	(¥3.9 billion)
Non-consolidated	Revenue	¥67.3 billion	¥80 billion	+18.9%
	Operating Profit	¥12.3 billion	¥12.7 billion	+3.4%
	Net Income	¥8.5 billion	¥6.5 billion	(23.1%)

*2 **Mobile broadband** is a type of wireless telecommunication that enables mobile data terminal users to transmit large-quantity and high-speed data anytime and anywhere.

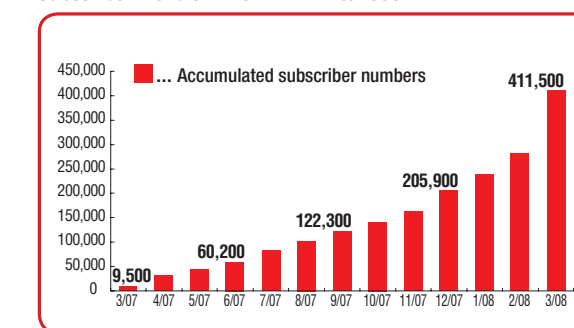
Q.2

How has EMOBILE progressed in subscriber acquisitions?

Answer.

Since EMOBILE service launch in March 2007, EMOBILE expanded service area rapidly and increased its subscriber number mainly with flat-rate **mobile broadband***2 data services. As of March 31, 2008, the total accumulated subscriber was 411,500, with a record high for monthly net additions posted in March at 130,200. The graph below shows EMOBILE accumulated subscriber trend.

Subscriber Trend of EMOBILE in FY3/2008



Focus on business expansion through
stronger alliances to provide a new broadband life



eAccess

June 1

Newly established the Device Business and provided a total of seven terminals to EMOBILE in FY3/2008.

August 30

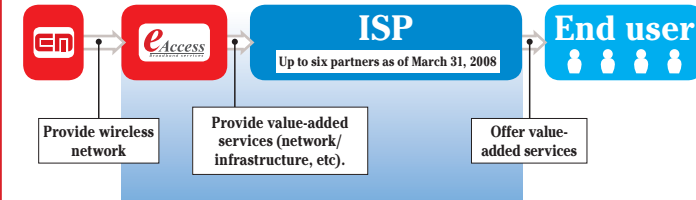
Started "EMOBILE HomeAccess", a simple ADSL service focusing on internet access.



December 13

Commenced Japan's first wholesale 3.5G high-speed mobile data service to **MVNO***1.

MVNO Business Model



January 11

Completed own share buyback of 44,741 shares or approximately ¥3.0 billion at the end of December as a new method of shareholders return (all the shares were cancelled on April 30, 2008).

March 24

Started providing wholesale ADSL Broadband service to Rakuten. Further expand alliance with new partners.



EMOBILE

May 31

eAccess completed the transfer of EMOBILE shares. EMOBILE changed from a consolidated subsidiary of eAccess to an equity accounting affiliate.

Post Transfer Voting Rights Ratio (%)

eAccess	37.6%
Goldman Sachs*	35.7%
Temasek	8.3%
Others	18.4%

*Includes Goldman Sachs Group affiliate.

June 22

Introduced Japan's first HSDPA data terminal (USB modem type) to support **Mac OS***2.



D01HW

December 12

Japan's first to upgrade the maximum downlink speed of HSDPA mobile data service "EM Mobile Broadband" to 7.2Mbps and introduced Japan's first 7.2Mbps terminal.

March 28

Launched nationwide voice service with Japan's first free monthly fee as well as 24-hour free call services among EMOBILE subscribers. Other call charges also achieved the lowest level in the industry.



EMONSTER (S11HT)

March 28

Introduced "Super Light Data Plan", Japan's lowest two-tier flat-rate plan with a monthly fee from ¥1,000 to attract potential users by lowering entry fee of mobile broadband services.

March 31

EMOBILE provides services to all 47 prefectures nationwide as of March 31, 2008, with population coverage of approximately 80%. With the roaming service of NTT docomo, population coverage rises to 95%.

*1 **MVNO** [Mobile Virtual Network Operator] is an operator that provides mobile services while leasing out the network from MNOs (Mobile Network Operators).

*2 **Mac OS** is the operating system developed by US-based Apple Inc. for its Macintosh (Mac) computer.

Expand Business domain of eAccess Group through Cost-Competitive ADSL Services and Rapid Growth in EMOBILE



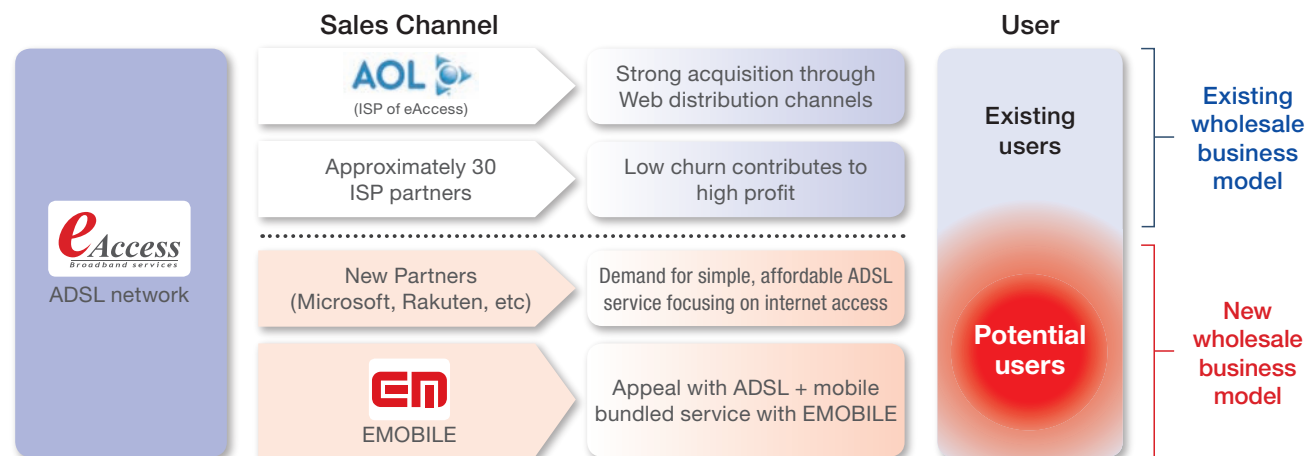
eAccess

Cultivating new sales channels to expand wholesale business. eAccess meets diverse user needs with competitive services.

eAccess engages in the ADSL **wholesale***1 business to ISP partners to the present. Through AOL, our own ISP, we have worked to expand our customer base.

The needs of internet users have become more diverse in recent years amid the maturing ADSL market. Leveraging cost-competitiveness in our ADSL business, eAccess is building alliances with various partners to develop user needs and create a new target market.

Furthermore, taking advantage of eAccess Group strengths in possessing both fixed and mobile broadband networks, we provide ADSL bundled service with EMOBILE. We will continue to differentiate ourselves from **FTTH***2 and other ADSL service providers through affordable services underpinned by cost-competitiveness.



*1 **Wholesale** (eAccess and others) lease out NTT's telephone lines and wholesale the ADSL lines to ISP partners.

*2 **FTTH** [Fiber To The Home] is a data transmission technology that uses optical fiber cables.



EMOBILE

Offering a full line-up of mobile broadband terminals, EMOBILE leads the industry in terms of speed and price.

EMOBILE has established a unique position in the market by providing **HSDPA***3 high-speed data service focusing on mobile broadband services.

EMOBILE boasts an extensive line-up of mobile broadband terminals, ranging from **data cards***4 with a maximum downlink speed of 7.2Mbps, the fastest in the industry, to terminals with voice functionality. Users can also enjoy flat-rate mobile broadband services by

connecting any of the terminals to a PC and use it as an ultra-high-speed modem. In addition to flat-rate "data plan" of ¥4,980* a month, EMOBILE introduced a new two-tier flat-rate "Super Light Data Plan" with Japan's lowest monthly fee starting from ¥1,000* from March 2008 to attract new users. Cutting-edge data speed and affordable pricing plans help EMOBILE ensure a distinct competitive position in the market.

* Two-year contract

Terminal	Terminal with voice functionality (Smart phone*5)	Terminal with voice functionality	Data card	
Product	EMONSTER (S11HT)	H11T	D01NX II D02HW D02NE D03HW	D01NX D01NE
Maximum downlink speed	3.6Mbps	3.6Mbps	7.2Mbps	
PC connection interface	USB Bluetooth®	USB Bluetooth®	CF card PC card	USB ExpressCard CF card PC card
Data charge	¥1,000 — ¥4,980 (two-year contract)			
Voice charge	Basic monthly fee: Free	¥18.9/30 seconds		
	Basic monthly fee: ¥980	Among EMOBILE users: ¥0 Fixed line: ¥5.25/30 seconds Mobile phone & PHS of other carriers: ¥9.45/30 seconds		

*3 **HSDPA** [High Speed Downlink Packet Access] is an upgraded W-CDMA technology that achieves data transfer speeds five times faster than traditional protocols. HSDPA is a step above 3G mobile phone technology, and as such has been labeled "3.5G".

*4 **Data card** A terminal that enables mobile data services through connection to a laptop PC.

*5 **Smart phone** A mobile phone with a built-in computer that contains various data processing functions aside from voice.

Financial Results for the Year Ended March 31, 2008

Due to the transfer of EMOBILE shares, EMOBILE changed from a consolidated subsidiary to an equity accounting affiliate on May 31, 2007.

Despite the impact of EMOBILE losses in April and May 2007, consolidated revenue and operating profit increased year-on-year in the year ended March 31, 2008. Thanks to the contributions from the newly established Device and Backbone businesses, consolidated revenue increased 20% to ¥67.6 billion. Consolidated operating profit grew seven-fold to ¥7.1

billion amid maturity of the overall ADSL market, due to steady profitability contributions from existing ADSL and AOL businesses. Absorption of EMOBILE accounting losses led to a consolidated recurring loss and net loss.

Net loss expanded at EMOBILE due to an increase in sales promotion costs associated with the larger-than-expected subscriber acquisition. However, with cash and deposits of approximately ¥94.0 billion and an unused credit facility of ¥140.0 billion as of March 31, 2008, EMOBILE continues to maintain a healthy balance sheet with a net debt of approximately ¥13.0 billion.

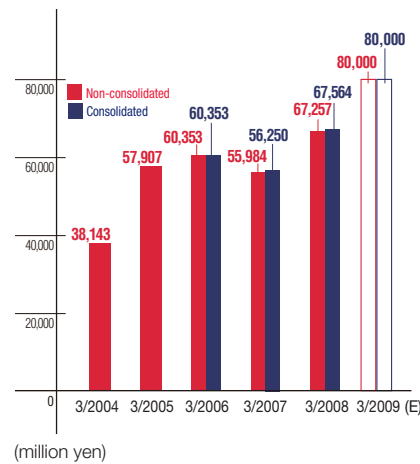
Outlook for the Full Fiscal Year Ending March 31, 2009

We expect to see growth in consolidated revenue of 18.4% year-on-year to ¥80.0 billion due to a revenue increase from the Device business. Consolidated operating profit is forecast to increase 79.1% to ¥12.7 billion due to the profit contribution from the Network business. EMOBILE sales promotion costs are projected to increase because of better-than-expected subscriber net addition in the year ending March 31, 2009. Factoring in an anticipated equity accounting loss of EMOBILE of approximately ¥16.0 billion, consolidated net loss is forecast to be ¥10.3 billion. We plan to see a quarterly recovery in EMOBILE loss following the revenue increase

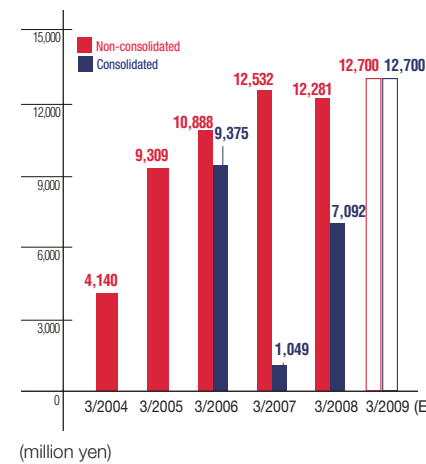
from the year ending March 31, 2009.

As eAccess parent maintained sound free cash flow, we executed an annual cash dividend of ¥2,300 per share in the year ended March 31, 2008. We also completed the own share buyback of 44,741 shares (approximately 3.1% of total outstanding shares as of March 31, 2008) in December 2007 as a new method of shareholders return. These shares were cancelled on April 30, 2008. We plan to maintain an annual cash dividend of ¥2,300 per share for the year ending March 31, 2009, with a parent dividend payout ratio of approximately 50%.

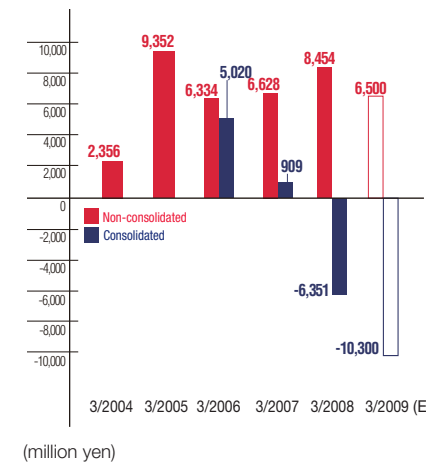
Revenue



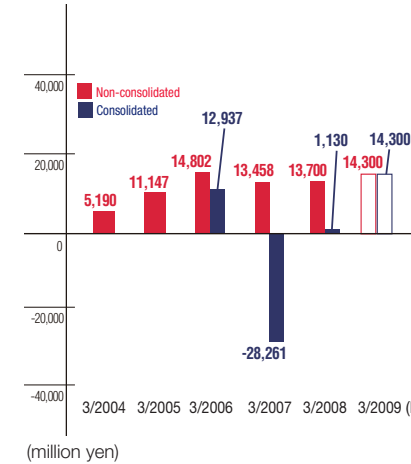
Operating Profit



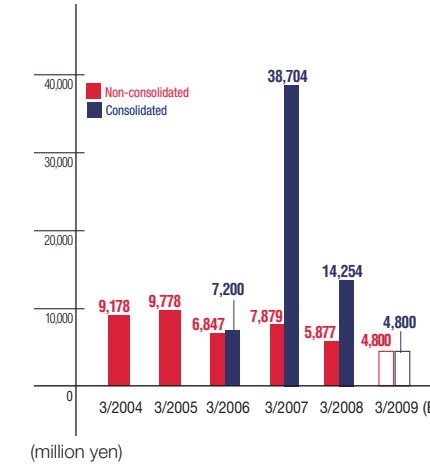
Net Income (Loss)



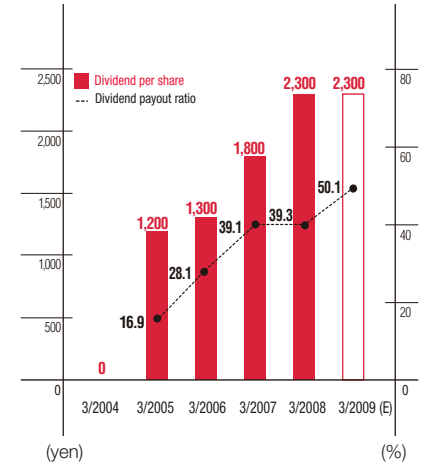
Operating Free Cash Flow*1



Capex



Dividend Per Share/
Dividend Payout Ratio
(Non-Consolidated)*2



*The content of this shareholders report includes statements on future plans and forecasts. The Company cautions prospective investors that a number of important risks and uncertainties could cause actual results to differ materially from those discussed in the forecasts, and therefore prospective investors should not place undue reliance on them.

*1 **Operating free cash flow** is the cash flow generated from operating activities less the amount of capital expenditures required to sustain business operations.

*2 **Dividend payout ratio (non-consolidated)** = Total dividends paid/Net income (non-consolidated) × 100

eAccess Ltd.

Corporate Data As of March 31, 2008

Established: November 1, 1999
 Capital: ¥17.0 billion
 Headquarters: Shin-Nikko Bldg., 10-1 Toranomom 2-chome, Minato-ku, Tokyo 105-0001, Japan
 Number of Employees: 347
 Business Focus: Broadband IP communication services

Mission Statement

A New and More Efficient
Broadband Life for All

Our mission is to maximize the value of customers' lives and businesses by providing innovative broadband services that meet emerging needs.

Guiding Principles to Realize the Mission Statement

- To place top priority on customers
- To provide high-quality services that will become the de facto standard and choice of customers
- To create and promote "win-win" business partnerships
- To aggressively and efficiently carry out business plans to maximize the value of the Company
- To create an environment where employees take pride in working for an innovative telecommunications carrier that relentlessly strives for a higher standard

Directors and Corporate Auditors As of June 25, 2008

Director and Chairman	Sachio Semmoto
Representative Director and President	Koji Fukata
Representative Director and Executive Vice President	Hideo Kobayashi
Director	Eric Gan
Outside Director	Paul Reynolds
Outside Director	Jiro Kokuryo
Outside Director	Kenzo Takai
Outside Director	Junji Inoue
Outside Director	Ken Shibusawa
Corporate Auditor	Yoshinobu Tanaka
Outside Corporate Auditor	Yukio Goto
Outside Corporate Auditor	Koichiro Nakamoto
Outside Corporate Auditor	Motokuni Takaoka

Affiliated Company As of March 31, 2008

EMOBILE Ltd.

Established: January 5, 2005
 Capital: ¥71.8 billion
 Headquarters: Shin-Nikko Bldg., 10-1 Toranomom 2-chome, Minato-ku, Tokyo 105-0001, Japan
 Number of Employees: 463
 Business Focus: Mobile broadband communication services

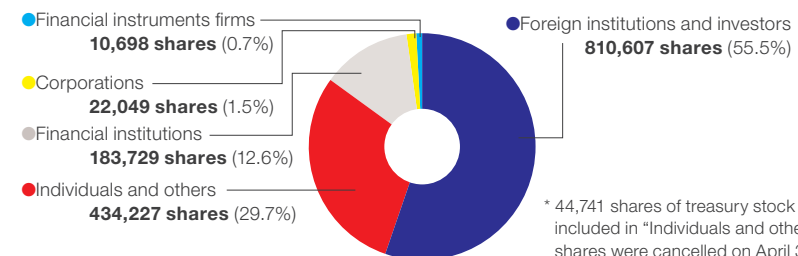
Number of shares authorized 5,459,760
 Number of shares issued 1,461,310
 Number of shareholders 27,729

Top 10 Principal Shareholders

Name	Number of Shares	% Based on Outstanding Shares
1. Morgan Stanley & Co. International PLC	259,260	17.74
2. Sachio Semmoto	101,810	6.96
3. The Master Trust Bank of Japan (Trust Account)	98,132	6.71
4. Eric Gan	94,765	6.48
5. Goldman Sachs and Company Regular Account	67,760	4.63
6. Nomura International (Hong Kong) Limited, Account F5-108	48,030	3.28
7. Societe Generale Paris	43,364	2.96
8. eAccess Holdings LLC	22,220	1.52
9. Bank of New York GCM Client Account JPR DISG FEAC	20,696	1.41
10. BBH (LUX) Fidelity Active Strategy - Japan Fund	19,887	1.36

*Treasury stock is not included in the above table.

Share Distribution



* 44,741 shares of treasury stock have been included in "Individuals and others". These shares were cancelled on April 30, 2008.

Fiscal year-end March 31
 Annual shareholders meeting June
 Date of record March 31

Transfer of Shares

Transfer administration office

The Mitsubishi UFJ Trust and Banking Corporation Stock Transfer Agency Division
 1-4-5, Marunouchi, Chiyoda-ku, Tokyo 100-8212

Shareholders Register Administrator

The Mitsubishi UFJ Trust and Banking Corporation
 1-4-5, Marunouchi, Chiyoda-ku, Tokyo 100-8212

Transfer agency offices

The Mitsubishi UFJ Trust and Banking Corporation
 Head office and branches throughout Japan

Notices appear in

Electronic Public Notice

<http://www.eaccess.net>

Such notice shall be given by publication in the NIKKEI Newspaper in case the method of electronic public notice is not available due to any troubles or other unavoidable circumstances.



eAccess Ltd.

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