

Feb 27, 2004

Dear Sir or Madam,

Address: 26-1 Sakuragaoka-cho , Shibuya-ku, Tokyo

Company name: Global Media Online Inc.

Code No.9449

Company representative: Masatoshi Kumagai , Representative Director and President

Contact person: Masashi Yasuda , Executive Director

TEL: 03-5456-2555 (switchboard)

FAX: 03-3780-2611

URL: <http://www.gmo.jp>

## **Notification on Stock Option (Equity Warrant)**

We hereby notify you that the Company meeting of the board of directors, which was held on February 27, 2004, resolved that a proposal for the approval of the free issue of equity warrants for the purpose of stock options as shown below based on the provisions of Article 280-20 and Article 280-21 of the Commercial Code will be presented to the Company's 13<sup>th</sup> annual general shareholders' meeting to be held on March 25, 2004.

### **Details of the Proposal**

#### **1 . Reasons for the issue of equity warrants based on specially favorable conditions**

Equity warrants as stock options will be issued to the directors, consultants, statutory auditors, employees and advisors of the Company and its affiliated companies, and the directors and employees of major customers of the Company's group with the aim of providing motivation and raising morale to improve the business results of the Company and the Company group.

#### **2 . Outline of the issue of equity warrants**

##### **(1) Persons to whom the equity warrants are allotted**

The directors, consultants, statutory auditors, employees and advisors of the Company and its affiliated companies, and the directors and employees of major customers of the Company's group (hereinafter referred to as "Optionees")

##### **(2) Type and number of shares that are subject to the equity warrants**

The upper limit of the total shares for the equity warrants shall be 280,000 common shares of the Company.

Where the Company splits up or consolidates its shares after the issue of the equity warrants, the

number of shares for the equity warrants shall be adjusted based on the following formula. The adjustment shall be made for the number of shares for the equity warrants that are not exercised at the time of the share split-up or consolidation. Any fractional number less than one share resulting from the adjustment shall be discarded.

Number of shares after adjustment = number of shares before adjustment x ratio of share split-up or consolidation

Where the equity warrants are succeeded because of the absorption of the Company by another company or the Company's merger with another company to create a new company, or where the Company becomes a wholly owning parent company through the exchange of shares with another company, or where the Company is split up to create a new company or to be absorbed, the Company may adjust the number of shares for the equity warrants.

(3) Total number of equity warrants to be issued

The upper limit of the number of equity warrants to be issued shall be 2800. (There shall be 100 shares for one equity warrant. If the adjustment was made as set out in (2) above, the said number of shares shall be adjusted in a similar manner.)

(4) Issue price of the equity warrants

The equity warrants shall be issued free of charge.

(5) Amount to be paid for the exercise of the equity warrants

The amount to be paid for each one equity warrant shall be obtained by multiplying the amount paid for one share which is decided as shown below (hereinafter referred to as "Amount to be Paid per Share") by the number of shares for one equity warrant.

The Amount to be Paid per Share shall be the amount obtained by multiplying 1.05 by the average closing price (hereinafter referred to as "the Closing Price") for ordinary transactions of the common shares of the Company at the Tokyo Stock Exchange on all days (excluding days when no transactions were entered into) for the month prior to the month in which the warrants were issued. Any fractional number less than one yen shall be rounded up to one yen. Where the amount is below the Closing Price on the business day prior to the date of issue of the equity warrants (if no transactions were entered into on the business day, the business day immediately prior to the business day), the said amount shall be the Closing Price on the business day prior to the date of issue of the equity warrants.

Where the Company splits up or consolidates its shares after the issue of the equity warrants, the Amount to be Paid per Share shall be adjusted according to the following formula. Any fraction less than one yen resulting by the adjustment, shall be rounded up to one yen.

Amount to be Paid per Share after adjustment = Amount to be Paid per Share before adjustment

x 1/ratio of share split-up or consolidation

Where the equity warrants will be succeeded because of the absorption of the Company by another company or the Company's merger with another company to create a new company, or where the Company becomes a wholly owning parent company through the exchange of shares with another company, or where the Company is split up to create a new company or to be absorbed by another company, the Company may adjust the Amount to be Paid per Share.

(6) Period for the exercise of the equity warrants

From April 1, 2005 to March 31, 2008

(7) Conditions for the exercise of the equity warrants

A person to whom the equity warrants are allotted must be a director, consultant, statutory auditor, employee or advisor of the Company or its affiliated companies, or the director or employee of major customers of the Company's group when exercising the equity warrants.

A successor of the Optionee shall not be allowed to exercise the equity warrants.

Other conditions shall be decided based on the resolution adopted at the meeting of the board of directors to be held after this shareholders' meeting.

(8) Reasons and conditions for cancellation of the equity warrants

Where a merger agreement that forms the basis of the Company becoming a defunct company was approved at the shareholders' meeting, or where a proposal on the transfer of shares or the exchange of shares that forms the basis of the Company becoming a wholly owned subsidiary was approved at the shareholders' meeting, the Company may cancel the equity warrants free of charge.

Where the whole or part of the equity warrants cannot be exercised because the Optionee does not satisfy the conditions for the exercise thereof, the Company may cancel the said equity warrants free of charge.

(9) Restraint on the transfer of the equity warrants

The transfer of the equity warrants shall be subject to the approval of the board of directors of the Company.

(10) Detailed matters

Detailed matters about the equity warrants shall be decided based on the resolution of the Company's board of directors.

End