



November 15, 2004

To whom it may concern

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Notification Regarding Stock Options

Notice is hereby given that in the meeting of the Board of Directors held today, the CYBER AGENT made the following decision to submit a proposal for stock options issued according to the provisions of Article 280-20 and 280-21 of the Commercial Code and to the 7th Annual General Meeting of Shareholders scheduled to be held on December 18, 2004.

1. Reason for issuing stock options

To further increase the motivation to improve performance and morale of directors and employees of CYBER AGENT and its subsidiaries.

2. Outline of the issue of stock options

(1) Persons receiving allocation of stock options

Directors and employees of CYBER AGENT and its subsidiaries (hereinafter referred to as "recipients")

(2) Type and number of shares that are the object of stock options

Up to 6,000 ordinary shares in the company.

The number of shares is calculated using the following equation when performing a stock split or reverse split. However, adjustments are made to the number of shares that are the object of stock options for which rights have not been exercised and incomplete shares resulting from such calculations are rounded down.

Number of shares after adjustment =

$$\text{Number of shares before adjustment} \\ \times \text{Ratio of split or reverse split}$$

Furthermore, in the event stock options are carried over after CYBER AGENT merges or consolidates or in the event a part of the company is spun off as a new company or spun off and merged with another company, CYBER AGENT will perform an adjustment of the number of shares as deemed necessary.



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(3) Total number of stock options issued

This shall be limited to a maximum of 6,000. (The object of one stock option is one share of ordinary stock. However, when the number of shares is adjusted as shown above in (1), similar adjustments are made.)

(4) Price of stock option issue

Stock options are issued at no cost.

(5) Amount to be paid when exercising stock options

The amount paid for each stock option is the amount obtained by multiplying the amount paid per share as determined below and the number of shares that are the object of each stock option.

The amount paid per share is 1.05 times the average closing price for ordinary shares of CYBER AGENT on the Tokyo Stock Exchange for each of the days in the month preceding the month in which the stock options are issued (excluding days with no trading), and figures under one yen shall be rounded up. However, in the event the amount is less than the closing price of trading of the company's ordinary shares on the Tokyo Stock Exchange, the closing price (closing price of the immediately preceding day if there is no trading) is used.

Note that in the event CYBER AGENT performs a stock split or reverse split after the issue of options, the amount paid is adjusted according to the following equation and values fewer than one yen shall be rounded up.

Payment amount after adjustment =

$$\text{Payment amount after adjustment} \times \frac{1}{\text{Ratio of split or reverse split}}$$

In the event new stock is issued or treasury stock is disposed of at a price below the market price, the payment amount is adjusted using the following equation and values fewer than one yen shall be rounded up. However, no adjustment is made to the payment amount in the event a stock option is exercised or in the event treasury stock obtained by the company based on a decision by the general meeting of shareholders is assigned to a stock option right owner based on the general meeting of shareholders.

$$\text{Issue price after adjustment} = \text{Issue price before adjustment} \times \frac{\text{Shares issued} + \frac{\text{New shares issued} \times \text{Payment amount per share}}{\text{Price per share before issue of new shares}}}{\text{Shares issued} + \text{New shares issued}}$$

In the above equation, "Shares issued" refers to the total shares issued less the number of shares held by the company as treasury stock, and when disposing of treasury stock, the "New shares issued" can be read as "The number of treasury stock shares disposed of."

(6) Period of stock option execution

December 19, 2006 – December 18, 2011 (5 years)



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(7) Terms of stock option execution

Persons receiving allocation of stock options need to be in a position of being a director or employee of CYBER AGENT or one of its subsidiaries when executing the stock options.

In the event a recipient dies, the recipient's heir may execute the stock option. However, in any case, the terms specified in the stock option allocation agreement shown in below are applicable.

Pledging and other such disposal of stock options is not permitted.

In addition to the above, the terms of executing the stock options are according to the provisions in the stock option allocation agreements concluded individually between CYBER AGENT and recipients based on a general meeting of shareholders and a decision by the board of directors on the issue of stock options.

(8) Reasons and terms for the cancellation of stock options

In the event a merger agreement involving the dissolution of CYBER AGENT a stock option agreement in which CYBER AGENT becomes a subsidiary or a stock transfer proposal is approved in a general meeting of shareholders, CYBER AGENT may retire stock options at no cost.

In the event a recipient of these stock options no longer meets the criteria for executing the stock options, and the recipient discards some or all of the stock options, CYBER AGENT may retire stock options at no cost.

(9) Restrictions on assignment of stock options

Assignment of stock options requires the approval of the board of directors.

Note: With regard to the details above, the issue of stock options must be approved in the CYBER AGENT general meeting of shareholders scheduled to be held on Saturday, December 18, 2004.