

May 15, 2003

To whom it may concern,

Corporate Name: Net One Systems Co., Ltd.

President & CEO: Kazuo Sato

(Code: 7518 First Section of Tokyo Stock Exchange)

Reference: Director Isao Nakamura

Inquiries regarding this news release: IR Tomoaki Masuda

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Notice regarding issuance of stock option (Stock Acquisition Rights)

In the meeting of Board of Directors held on January 23, 2003, the details of Stock Acquisition Rights to be issued as stock option in accordance with approval of Articles 280-20 and 280-21 Paragraph 1 of Commercial Code of Japan in 15th ordinary general meeting of shareholders have been resolved as follows.

1. Name of shares:
The Net One Systems FY2002 3rd Stock Acquisition Rights shares
2. Date of issuance of Stock Acquisition Rights:
May 15, 2003
3. Number of Stock Acquisition Rights to be issued:
320 (1 share per Stock Acquisition Right)
4. Issuance price of Stock Acquisition Rights:
Without consideration
5. Class and number of shares allocated for Stock Acquisition Rights:
320shares of Net One Systems Common shares
6. Paid in amount for exercise of Stock Acquisition Rights:
857,850 yen per share
7. Total amount of issuance price for shares to be issued in exercise of Stock Acquisition Rights:
274,512,000 yen (857,850 yen per share)
8. Exercise period of Stock Acquisition Rights
From August 1, 2004 to July 31, 2007
9. Conditions for exercise of stock acquisition price

The beneficiary must continue to be the board member, auditor or hired worker (including consultants and advisors) of Net One Systems or the company's subsidiary at the time of exercise of Stock Acquisition Rights.

In the event of occurrence of following circumstances that determine that exercise of Stock Acquisition Rights does not meet the purpose of issuance of Stock Acquisition Rights to the beneficiary, the beneficiary shall be unable to exercise the Stock Acquisition Rights.

- (i) The beneficiary is sentenced to imprisonment or given greater penalty in a judicial trial.
- (ii) In a judicial trial where the beneficiary is the defendant of a shareholder derivative action, when either judgment has been made to award damage against beneficiary or when Board of Directors determines that with regards to the trial against the beneficiary, the defendant is in a situation comparable to losing the trial.
- (iii) The beneficiary is penalized by Net One Systems for violating statute, article of incorporation or corporate regulations.
- (iv) The beneficiary becomes a board member, auditor, hired worker, contract employee, advisor or consultant to a competitor of Net One Systems.
- (v) The Board of Directors reach a resolution to disallow exercise of stock acquisition right by beneficiary due to special circumstances that make it inappropriate for beneficiary to exercise the stock acquisition right.

During each following terms, exercise of Stock Acquisition Rights shall be restricted so that within each following terms, aggregate number of exercised Stock Acquisition Rights will not exceed the stipulated number of Stock Acquisition Rights. Provided that, for both terms, (i) and (ii), fractional numbers of Stock Acquisition Rights shall be carried forward to the proceeding terms.

- (i) from August 1, 2004 to July 31, 2005
1/3 of the subscribed Stock Acquisition Rights
- (ii) from August 1, 2005 to July 31, 2006
2/3 of the subscribed Stock Acquisition Rights
- (iii) from August 1, 2006 to July 31, 2007
3/3 of the subscribed Stock Acquisition Rights

Stock Acquisition Rights may not be pledged, negatively pledged or disposed, or be heritable.

Partial exercise of Stock Acquisition Rights is not permissible.

Other details of exercise of Stock Acquisition Rights shall be indicated in a Stock

Acquisition Rights contract to be signed between Net One Systems and the beneficiary.

10. Of the amount of exercise price for shares from exercise of Stock Acquisition Rights, the amount excluded from owner's equity
137,256,000 yen (428,925 yen per share)
11. Assignment of Stock Acquisition Rights
Approval of Board of Directors is required for assignment of Stock Acquisition Rights.
12. Beneficiary of Stock Acquisition Rights
Net One Systems' hired workers: 99

Reference:

Date of Board of Directors' resolution for ordinary general meeting of shareholders

May 16, 2002

Date of resolution by ordinary general meeting of shareholders

June 27, 2002