

February 20, 2003

AnGes MG, Inc.

Notice on the Granting of Stock Options

Pursuant to Articles 280-20 and 280-21 of the Japanese Commercial Code, AnGes MG, Inc. Board of Directors came to a decision at its meeting convened on February 20, 2003, that granting of stock option privileges shall be submitted for discussion at the General Shareholders' Meeting scheduled on March 27, 2003.

1.Reasons for a stock option to be issued on favorable terms and conditions

Stock options shall be issued free of charge to improve corporate awareness and participation and provide further incentives to enhance corporate value for directors, employees of the Company or its subsidiaries, as well as for individuals who plan to join the organization.

2.Overview of stock option

(1) The types and number of shares that the stock options will be granted for:

A maximum of 2,500 shares of common stock.

In the event that stock splits or reverse stock splits are to be made by the Company, the number of stocks in question shall be adjusted according to the following formula. Such adjustment is to be made to the number of stocks for which the options yet to be exercised at that point. Fraction shares (less than one) remaining after such adjustments shall be omitted.

The number of shares after adjustment

= the number of shares before adjustment \times stock split ratio/reverse stock split ratio

(2)The total number of stock options to be granted.

A maximum of 2,500 options (one stock option entitles the bearer to acquire one share)

(3)The stock option price (Free of charge)

(4)Amount to be paid when the stock option is exercised

The amount to be paid when the stock option is exercised (also referred to as the strike

price) is to be set at 1.05 times of the one month weighted average closing price of an ordinary share of stock traded on Tokyo Stock Exchange, with the one-month period ending on the day the stock option is issued. The weighted average value is to be rounded to the nearest yen.

Further, the higher of the two - the weighted average closing price described above, or the closing price on the day the stock option is issued - is to be used as the valuation base.

In the event that new stocks have been issued pursuant to the present agreement and the new stocks are issued below the current market price, or when the treasury stock is accounted for below the current market price (excluding the cases when the shares are publicly issued at current market price, also when the subscription rights for new stocks are used pursuant to Article 280-19 of the Japanese Commercial Code prior to its revision on April 1, 2002 and Article 11-5 of the Law of the Promotion of New Business Creation - both cases referred to as the [regular] new stock issuance), the strike price is to be calculated according to the formula below. Please note that the number of existing stocks does not account for the treasury stocks held prior to the (regular) new stock issuance.

$$A = B \times [(C + D/E)/F] \quad (1)$$

In the event the Company implements stock splits (or reverse stock splits) after issuing the stock option, the strike price shall be adjusted accordingly using the formula below as of the effective date above, and fractional numbers less than 1 yen shall be rounded to the nearest yen:

$$A = B / G \quad (2)$$

The following abbreviations are used in the formulas (1) and (2):

A = strike price after adjustment

B = strike price before adjustment

C = Number of existing shares

D = Number of (regular) newly-issued stocks x share strike price

E = Current market price of a (regular) newly-issued share

F = Total number of shares outstanding

G = Split (reverse split ratio)

(5) Stock option duration (effective exercise period)

From April 1, 2005 to December 31, 2011

(6) Terms and conditions under which stock option can be exercised

Stock options cannot be exercised when the respective stock option holders lose the status of a Director, the status of an employee in the Company or its subsidiaries, or should they be categorized in the cases stipulated in the agreement (hereinafter called "the agreement of stock option allocation") concluded between the Company and stock option holders, based upon the resolutions to be made in the General Shareholders Meeting to be convened on the upcoming March 27, 2003, or based upon the resolutions to be made in the future Board of Directors Meetings. However, this shall not be the case when prior approval is obtained to the effect that the stock option will not be waived under this agreement. Or in case stock option holders are deceased, their heirs shall be entitled to exercise the stock option under the stipulation of the agreement of stock option allocation concerning the stock option that have yet to be nullified at the time of stock option holders' death. Stock option holders may not transfer their stock options, nor use it as collateral.

Other terms and conditions under which a stock option can be exercised shall be subject to the stipulations in the agreement of stock option allocation.

(7) Cancellation of stock options

The stock options can be cancelled at no charge when the Company ceases to exist as a result of dissolution, becoming a wholly-owned subsidiary in a process of stock exchange, is span off, or otherwise General Shareholders meeting (or the Board of Directors in case a structural unit of a Group does not require approval of the General Shareholders meeting) approves a stock transfer.

When an option holder cannot exercise, all or a part of their option rights as a result of falling short to meet the criteria necessary to exercise the stock option, their options can be cancelled at no charge, following the decision of the Board of Directors.

In addition, an option holder may cancel all or part of their option rights at no charge if they wish to do so, provided that a relevant decision has been made by the Board of Directors.

(8) Transfer of stock option

The transfer of stock option shall be subject to the approval of the Board of Directors.

(9) Corporate obligation during stock exchange or stock transfer

In case of stock exchange or stock transfer whereby the Company becomes a wholly owned subsidiary, the relevant obligations of the Company shall be inherited by the parent company after such stock exchange or stock transfer. The following are the policies determining the contents of such an obligation transfer:

1) Type of shares in the relevant (wholly-owning) parent company

The same type of shares of the parent company

2) Number of shares in the relevant (wholly-owning) parent company

To be adjusted in accordance with the ratios of stock exchange or stock transfer. Fractional numbers less than one share shall be omitted.

3) Amount to be paid at the strike of stock option

To be adjusted in accordance with the stock exchange or stock transfer ratios. Fractional numbers less than one yen shall be rounded to the nearest yen.

4) Stock option duration, and other stock option terms and conditions.

To be determined by the Board of Directors on the occasions of stock exchange or stock transfer.

5) Transfer of stock option

Transfer of stock option shall be subject to the approval of the Board of Directors.

(10) Merger

In the event that the Company goes through merger or consolidation with other companies, or in case the Company is spun to form new companies / divests of its divisions to existing companies, or when the Company goes through stock exchange / stock transfer, or otherwise alterations take place in the Company's structure, the Company may make necessary adjustments, within reasonable limits, to the number of shares that may be allocated when a stock option is exercised, to the strike price per share, to the stock option duration, etc. or it may cancel a valid stock option.

(11)Others

Other issues related to the issuance of stock option such as the specific contents of issuance, terms and conditions under which stock options shall be allocated, etc. shall be determined at the meeting of the Board of Directors to be held in future.

(Note):All these covenants assume an approval by the Company's General Shareholders' Meeting to be convened on March 27, 2003.

3.Maximum number of the Company's shares after granting stock option

1)At present, the total number of shares which may be allocated: 18,666 shares (see Note)

2)A further increase in the number of shares assuming stock options: 2,500 shares

3)The total number of shares which may be allocated: 21,666 shares

Note : The number of shares in 1) above decreased by 2,932 shares from 21,598 due to resignation of several Company's executives, as described in the revised registration statement submitted on September 3, 2002.