

Date: May 11, 2004
Company: Casio Computer Co., Ltd.
Representative: Kazuo Kashio
President and CEO
Stock code: 6952 (TSE & OSE First Section)

Casio to Offer Stock Options

At a meeting of the board of directors of Casio Computer Co., Ltd., held on May 11, 2004, a resolution was passed to table the proposal described below at the company's 48th Annual Meeting of Shareholders on June 29, 2004 to seek approval for the issue of stock options based on the provisions of Sections 20 and 21 of Article 280 of the Commercial Code.

1. Rationale for issuing stock options under especially favorable conditions to persons other than ordinary shareholders

Stock options will be offered to heighten the morale and motivation to achieve better performance of directors and employees of Casio and its subsidiaries and affiliates, and to enhance awareness of Casio's efforts to ensure sound auditor conduct and increase the general confidence placed in auditors by society.

2. Details of stock option issue

(1) Type and number of shares to be available as stock options

The issue will be capped at 500,000 Casio common shares. In the case of splits or consolidations of Casio common shares, the number of available shares will be adjusted by the formula shown below. However, the adjustment will apply only to the number of those shares for stock options that were not yet exercised at that particular point in time, and any fractions less than one share resulting from the adjustment will be rounded off to the nearest whole number.

Number of shares after adjustment = number of shares before adjustment x split/consolidation ratio

(2) Total number of stock options

The number of stock options will be capped at 500 (the number of shares per stock option [hereafter known as "conferred stocks"] shall be 1,000 shares). However, where a split or consolidation of Casio common shares takes place, the conferred stock will be adjusted as in (1) above.

With the change in the number of shares in the investment unit on September 1, 2004, the number of stock options will be adjusted as of that date to be capped at 5,000 (the number of conferred stocks shall be 100 shares).

(3) Issue price

The stock options shall be issued free of charge.

(4) Amount to be paid in at exercise of stock options

The amount to be paid in per share used for stock options (hereafter called the “exercise value”) is the amount derived by multiplying by 1.05 the average closing price of ordinary transactions of Casio common shares on the Tokyo Stock Exchange on each day of the month (excluding days on which no transactions took place) before the month in which the day occurred on which the stock option was issued. Any fraction less than one yen arising as a result shall be rounded up to the nearest yen.

However, if that amount is lower than the closing price of ordinary transactions of Casio common shares on the Tokyo Stock Exchange on the day on which the stock option was issued, the closing price for Casio common shares on that day shall be used as the exercise value. (If there was no trading on the day the stock option was issued, the closing price on the day directly before shall be used as the exercise value.)

The amount that should be paid in at the issue of the stock option is the amount derived by multiplying the number of shares issued or transferred as a result of the exercise of the stock options by the above exercise value. When new shares are issued at a value below the current market price following the issue of a stock option (excluding capital increase by public subscription as a market price issue, conversion of issued convertible bonds, and the exercise of stock options and stock option securities), the exercise value will be adjusted by the following formula and any resulting fractions will be rounded up to the nearest yen.

$$\text{Exercise value after adjustment} = \text{Exercise value before adjustment} \times \frac{\text{Number of existing shares} + \frac{\text{Number of new shares issued} \times \text{Amount paid in per share}}{\text{Share price before new issue}}}{\text{Number of existing shares} + \text{Number of new shares issued}}$$

Also, if there is a split or consolidation of Casio’s common shares after a stock option is issued, the exercise value will be adjusted by the following formula as each split or consolidation takes effect. Any resulting fractions will be rounded up to the nearest yen.

$$\text{Exercise value after adjustment} = \text{Exercise value before adjustment} \times \frac{1}{\text{Rate of split or consolidation}}$$

(5) When can stock options be exercised

The stock options can be exercised from July 1, 2006, to June 30, 2011.

(6) Conditions for exercising stock options

1. Those who have been allocated stock options (hereafter known as “stock option holders”) by a board of directors meeting concerned with issuing stock options must be in the position of a director, employee, or auditor of Casio or one of its subsidiaries or affiliates when exercising the stock option.

However, the stock option can still be later exercised if the stock option holder has left office due to the expiry of his/her appointment or because of a change in law, or has retired on reaching the age of retirement.

2. When exercising the stock option, the stock option holder must not have been declared bankrupt or received any disciplinary action more severe than a reduction in pay based on the rules of employment of Casio or its subsidiaries and affiliates subsequent to the date of the issue of the stock option to be exercised.

3. If the stock option holder is deceased, his or her heir may exercise the stock option in accordance with the agreement formed based on (5) below as long as no more than two years have elapsed from the date of death of the stock option holder. (However, the exercise must be no later than the final day of the period to which the rights of execution apply.)

4. The stock option holder can exercise all or some of the stock options by a single procedure. However, the exercise will not be recognized if the number of shares is below the number in a Casio investment unit.

5. Other conditions applying to the exercise of stock options will be stipulated by agreements formed between the stock option holder and Casio based on a resolution of the Annual Meeting of Shareholders or of the board of directors.

(7) Reasons and Conditions for extinguishing stock options:

1. If the stock options are no longer recognized as the result of a merger or consolidation involving Casio and another company or if Casio becomes a wholly owned subsidiary as a result of a share swap, these stock options will be extinguished without recompense, if such measure is approved by Casio's Annual Meeting of Shareholders.

2. If the stock option holder or his or her heir does not satisfy the conditions to exercise the stock options and can no longer exercise all or part of the stock options, the holder's stock options will be extinguished without recompense by a resolution of the board of directors.

(8) Restrictions on transferring stock options:

The board of directors must approve any transfer of stock options.

Note: The actual content of the issuance and allocation of stock options will be decided by resolution of a Casio board of directors meeting to be held following the Annual Meeting of Shareholders conditional on the approval of the proposal to issue stock options at the 48th Annual Meeting of Shareholders on June 29, 2004.