

Date : May 10, 2004

Issuance of Stock Acquisition Rights for Stock Option Scheme

Buffalo Inc., in accordance with a resolution approved at a Board of Directors meeting held on May 10, 2004, and pursuant to the provisions of Articles 280-20 and 280-21 of the Commercial Code of Japan, will propose a resolution at the 18th annual shareholders meeting scheduled for June 29, 2004 to authorize the issuance of stock acquisition rights as outlined below. These rights are to be issued as stock options at favorable terms to directors and employees of Buffalo and its group companies who are not shareholders.

1. Reason for issuing stock acquisition rights at favorable terms

The company plans to issue these rights at no cost to directors and employees of Buffalo and its group companies to further raise the interest and motivation of these individuals to improve consolidated operating results.

2. Individuals to whom stock acquisition rights shall be granted

Directors and employees of Buffalo and its group companies

3. Description of stock acquisition rights

(a) Class and number of shares for stock acquisition rights

Maximum of 15,000 shares of Buffalo common stock

(b) Total number of stock acquisition rights to be issued

150 rights

(c) Issue price of share acquisition rights

No consideration shall be paid.

(d) Amount to be paid upon exercise of stock acquisition rights

This amount is calculated by multiplying by 1.05 the average of the closing prices of Buffalo common stock on the Tokyo Stock Exchange on each day (excluding any trading days on which shares were not traded) of the month prior to the month in which the rights are issued. Any fraction less than one yen shall be rounded up to the nearest one yen.

(e) Period during which the stock acquisition rights may be exercised

April 1, 2007 through March 31, 2009

The above information provides a summary of major terms. Additional information is provided in a Japanese-language news release dated May 10, 2004.