

June 18, 2007

HQ Address: Yurakucho1-2-2, Chiyoda-ku, Tokyo
Company Name: GungHo Online Entertainment, Inc.
President & CEO: Kazuki Morishita
(Code No.: 3765; Listed on Osaka Stock Exchange Hercules Market)
Inquiries: Director of Business Administration Promotion,
Hiroshi Matsuzaka
(TEL: 03-5511-1400 (Main switchboard))

To Whom It May Concern

Notification concerning the expiration of the period of validity of the basic agreement pertaining to cardless prepaid electronic money

GungHo Online Entertainment, Inc. hereby provides notification as detailed hereunder that the basic agreement it entered into with SOFTBANK Payment Service Corp. (HQ: Minato-ku, Tokyo; President & CEO: Shinichi Ata) (hereafter “SBPS”) and Great Information Company (HQ: Shinjuku-ku, Tokyo; Chairman & Representative Director: Takanobu Kunugi) (hereafter “GIC”) pertaining to cardless prepaid electronic money (hereafter “electronic money”) has come to an end, following the expiration of the period of validity of the said agreement on June 18, 2007.

1. Details concerning the expiration of the period of validity of the basic agreement

In a notification dated June 19, 2006, GungHo Online Entertainment, Inc., announced a “basic agreement pertaining to new business,” and by concluding this basic agreement with SBPS and GIC, from July 2006 the three companies launched an electronic money business. GungHo Online Entertainment, Inc. has participated in this business mainly in the area of sales promotion, placing it on a growth track with product names such as “Premo” and “PayCall” currently gaining increasing brand recognition, and thus contributing to the spread of micropayments.

Although the business has developed robustly as described above, GungHo Online Entertainment, Inc., has come to a decision that given the consistent results our actions have achieved, it would be to our best interest to participate as an affiliated store, without establishing a joint venture as was initially considered in order to further develop the electronic money business. It is for this reason that we have decided to end the basic agreement between the three companies upon the expiration of the period of validity on June 18, 2007.

GIC will continue to issue “Premo” and “PayCall” cards and SBPS will conduct sales activities. GungHo Online Entertainment, Inc., will remain as an affiliated store and will work to improve convenience for customers through promotion of the spread of micropayments.

2. Overview of SOFTBANK Payment Service Corp.

Name SOFTBANK Payment Service Corp.

Location Tokyo Shiodome Building 8F, Higashi Shimbashi 1-9-1, Minato-ku, Tokyo

Established October 1, 2004

Capital 450 million yen (as of March 31, 2007)

Representative Shinichi Ata, President & CEO

Overview of business Money collection and corporate calculation and computation services; debt guarantees and acceptance; buying and selling of various bonds and other related work; information and system provision services; market research and management consultancy, etc.

3. Overview of Great Information Company

Name Great Information Company

Location Shinjuku Oak Tower 35F, Nishi Shinjuku 6-8-1, Shinjuku-ku, Tokyo

Established September 10, 1982

Capital 239.25 million yen (as of March 31, 2007)

Representative Tadanobu Kunugi, Chairman & Representative Director

Overview of business Planning, design and operation of prepaid cards and cardless systems for various locations, including convenience stores; planning and development of payment systems for convenience stores

4. Future forecast

Impact on business results will be minimal.