

**MARKETWATCH, INC. 2004 STOCK INCENTIVE PLAN**

**NOTICE OF RESTRICTED STOCK BONUS AWARD**

Grantee's Name and Address: Lawrence S. Kramer

\_\_\_\_\_  
\_\_\_\_\_

You (the "Grantee") have been granted shares of Common Stock of the Company (the "Award"), subject to the terms and conditions of this Notice of Restricted Stock Bonus Award (the "Notice"), the MarketWatch, Inc. 2004 Stock Incentive Plan, as amended from time to time (the "Plan") and the Restricted Stock Bonus Award Agreement (the "Agreement") attached hereto, as follows. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Notice.

|   |                    |
|---|--------------------|
| Award Number                                      | _____              |
| Date of Award                                     | September 24, 2004 |
| Vesting Commencement Date                         | September 24, 2004 |
| Total Number of Shares<br>of Common Stock Awarded | 85,000             |
| Aggregate Fair Market<br>Value of the Shares      | \$992,800          |

**Consideration:**

The Shares have been issued to the Grantee in consideration for past and continued service with the Company, which consideration has a value of \$11.68 per share, the Fair Market Value of the Shares.

**Vesting Schedule:**

Subject to the Grantee's Continuous Service and other limitations set forth in this Notice, the Agreement and the Plan, the Shares will "vest" in accordance with the following schedule:

100% of the Total Number of Shares of Common Stock Awarded shall vest five (5) years after the Vesting Commencement Date.

In addition, the Vesting Schedule will be subject to certain acceleration if any or all of the following three performance goals are achieved:

(1) 25% of the Total Number of Shares of Common Stock Awarded shall vest if

the Company achieves Earnings Per Share (“EPS”) by the end of fiscal year 2005 that equals or exceeds the target EPS approved by the Board at its strategic planning meeting for fiscal year 2005. Vesting acceleration associated with the achievement of the fiscal year 2005 target EPS will be effective on the date of issuance of the press release reporting the fiscal year 2005 actual EPS.

(2) 25% of the Total Number of Shares of Common Stock Awarded shall vest if the Company achieves EPS by the end of fiscal year 2006 that equals or exceeds the target EPS approved by the Board at its strategic planning meeting for fiscal year 2006. Vesting acceleration associated with the achievement of the fiscal year 2006 target EPS will be effective on the date of issuance of the press release reporting the fiscal year 2006 actual EPS.

(3) 50% of the Total Number of Shares of Common Stock Awarded shall vest at the end of fiscal year 2007 if the Company achieves EPS by the end of fiscal year 2007 that equals or exceeds the target EPS approved by the Board at its strategic planning meeting for fiscal year 2007. Vesting acceleration associated with the achievement of the fiscal year 2007 target EPS will be effective on the date of issuance of the press release reporting the fiscal year 2007 actual EPS.

To the extent the vesting of any Shares occurs during a “blackout period” of the Company wherein certain Employees are precluded from selling Shares, the vesting of the Shares will be automatically deferred, provided, however, that the vesting of such Shares shall not be deferred if such Shares are specifically covered by a Rule 10b5-1 trading plan of the Grantee which causes such Shares to be exempt from any applicable blackout period then in effect. In the event the vesting of any Shares is deferred due to the existence of a regularly scheduled blackout period, such Shares shall vest on the first marketing trading day following the termination of such regularly scheduled blackout period. In the event the vesting of any Shares is deferred due to the existence of a special blackout period, such Shares shall vest on the first market trading day following the termination of such special blackout period as determined by the Board. Notwithstanding the foregoing, the Shares shall vest no later than the sixth anniversary of the Vesting Commencement Date, irrespective of whether such vesting date occurs during a blackout period.

During any authorized leave of absence, the vesting of the Shares as provided in the Vesting Schedule shall be suspended after the leave of absence exceeds a period of ninety (90) days. Vesting of the Shares shall resume upon the Grantee’s termination of the leave of absence and return to service to the Company or a Related Entity. The Vesting Schedule shall be extended by the length of the suspension.

In the event of the Grantee’s change in status from Employee to Consultant or from an Employee whose customary employment is 20 hours or more per week to an Employee whose customary employment is fewer than 20 hours per week, vesting of the Shares shall continue only to the extent determined by the Administrator as of such change in status.

For purposes of this Notice and the Agreement, the term “vest” shall mean, with respect to any Shares, that such Shares are no longer subject to forfeiture to the Company. Shares that have not vested are deemed “Restricted Shares.” If the Grantee would become vested in a fraction of a Restricted Share, such Restricted Share shall not vest until the Grantee becomes vested in the entire Share.

Vesting shall cease upon the date of termination of the Grantee's Continuous Service for any reason. In the event the Grantee's Continuous Service is terminated for any reason, including death or Disability, any Restricted Shares held by the Grantee immediately following such termination of Continuous Service shall be deemed reconveyed to the Company and the Company shall thereafter be the legal and beneficial owner of the Restricted Shares and shall have all rights and interest in or related thereto without further action by the Grantee. The foregoing forfeiture provisions set forth in this Notice as to Restricted Shares shall apply to the new capital stock or other property (including cash paid other than as a regular cash dividend) received in exchange for the Shares in consummation of any transaction described in Section 10 or 11 of the Plan and such stock or property shall be deemed Additional Securities for purposes of the Agreement, but only to the extent the Shares are at the time covered by such forfeiture provisions.

The Award shall be subject to (a) the provisions of Section 11 of the Plan relating to the vesting of the Shares in the event of a Corporate Transaction and (b) the provisions of Section 8 of the Amended and Restated Employment Agreement entered into between the Company and the Grantee effective as of July 1, 2004 (the "Employment Agreement") relating to the vesting of the Shares in the event of a Change in Control (as defined in the Employment Agreement).

IN WITNESS WHEREOF, the Company and the Grantee have executed this Notice and agree that the Award is to be governed by the terms and conditions of this Notice, the Plan, and the Agreement.

MarketWatch, Inc.,  
a Delaware corporation

By: Kathy Yates

Title: President and Chief Operating Officer

THE GRANTEE ACKNOWLEDGES AND AGREES THAT THE SHARES SHALL VEST, IF AT ALL, ONLY DURING THE PERIOD OF THE GRANTEE'S CONTINUOUS SERVICE (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS AWARD OR ACQUIRING SHARES HEREUNDER). THE GRANTEE FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS NOTICE, THE AGREEMENT, NOR IN THE PLAN, SHALL CONFER UPON THE GRANTEE ANY RIGHT WITH RESPECT TO CONTINUATION OF THE GRANTEE'S CONTINUOUS SERVICE, NOR SHALL IT INTERFERE IN ANY WAY WITH THE GRANTEE'S RIGHT OR THE COMPANY'S RIGHT TO TERMINATE THE GRANTEE'S CONTINUOUS SERVICE AT ANY TIME, WITH OR WITHOUT CAUSE, AND WITH OR WITHOUT NOTICE. THE GRANTEE ACKNOWLEDGES THAT UNLESS THE GRANTEE HAS A WRITTEN EMPLOYMENT AGREEMENT WITH THE COMPANY TO THE CONTRARY, THE GRANTEE'S STATUS IS AT WILL.

The Grantee acknowledges receipt of a copy of the Plan and the Agreement and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts the Award subject to all of the terms and provisions hereof and thereof. The Grantee has reviewed this Notice, the Agreement and the Plan in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Notice and fully understands all provisions of this Notice, the Agreement

and the Plan. The Grantee hereby agrees that all disputes arising out of or relating to this Notice, the Plan and the Agreement shall be resolved in accordance with Section 12 of the Agreement. The Grantee further agrees to notify the Company upon any change in the residence address indicated in this Notice.

Dated: September 24, 2004

Signed: Lawrence S. Kramer

Award Number: \_\_\_\_\_

**MARKETWATCH, INC. 2004 STOCK INCENTIVE PLAN**

**RESTRICTED STOCK BONUS AWARD AGREEMENT**

1. Issuance of Shares. MarketWatch, Inc., a Delaware corporation (the “Company”), hereby issues to the Grantee (the “Grantee”) named in the Notice of Restricted Stock Bonus Award (the “Notice”), the Total Number of Shares of Common Stock Awarded set forth in the Notice (the “Shares”), subject to the Notice, this Restricted Stock Bonus Award Agreement (the “Agreement”) and the terms and provisions of the Company’s 2004 Stock Incentive Plan, as amended from time to time (the “Plan”), which is incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Agreement. All Shares issued hereunder will be deemed issued to the Grantee as fully paid and nonassessable shares, and the Grantee will have the right to vote the Shares at meetings of the Company’s stockholders. The Company shall pay any applicable stock transfer taxes imposed upon the issuance of the Shares to the Grantee hereunder.

2. Consideration. The Shares subject to this Award have been issued to the Grantee in consideration for past and continued service with the Company as set forth in the Notice.

3. Transfer Restrictions. The Shares issued to the Grantee hereunder may not be sold, transferred by gift, pledged, hypothecated, or otherwise transferred or disposed of by the Grantee prior to the date when the Shares become vested pursuant to the Vesting Schedule set forth in the Notice. Any attempt to transfer Restricted Shares in violation of this Section 3 will be null and void and will be disregarded.

4. Escrow of Stock. For purposes of facilitating the enforcement of the provisions of this Agreement and the payment of withholding taxes pursuant to Section 6 of this Agreement, the Grantee agrees, immediately upon receipt of the certificate(s) for the Restricted Shares, to deliver such certificate(s), together with an Assignment Separate from Certificate in the form attached hereto as Exhibit A, executed in blank by the Grantee with respect to each such stock certificate, to the Secretary or Assistant Secretary of the Company, or their designee, to hold in escrow for so long as such Restricted Shares have not vested pursuant to the Vesting Schedule set forth in the Notice, with the authority to take all such actions and to effectuate all such transfers and/or releases as may be necessary or appropriate to accomplish the objectives of this Agreement in accordance with the terms hereof. The Grantee hereby acknowledges that the appointment of the Secretary or Assistant Secretary of the Company (or their designee) as the escrow holder hereunder with the stated authorities is a material inducement to the Company to make this Agreement and that such appointment is coupled with an interest and is accordingly irrevocable. The Grantee agrees that such escrow holder shall not be liable to any party hereto (or to any other party) for any actions or omissions unless such escrow holder is grossly negligent relative thereto. The escrow holder may rely upon any letter, notice or other document executed by any signature purported to be genuine and may resign at any time. Upon the vesting of the Restricted Shares, the escrow holder will, without further order or instruction, transmit to

the Grantee the certificate evidencing such Shares, subject, however, to satisfaction of any withholding obligations provided in Section 6 below.

5. Distributions. The Company shall disburse to the Grantee all regular cash dividends with respect to the Shares and Additional Securities (whether vested or not), less any applicable withholding obligations.

6. Withholding of Taxes.

a General. The Grantee is ultimately liable and responsible for all taxes owed by the Grantee in connection with the Award, regardless of any action the Company or any Related Entity takes with respect to any tax withholding obligations that arise in connection with the Award. Neither the Company nor any Related Entity makes any representation or undertaking regarding the treatment of any tax withholding in connection with the grant or vesting of the Award or the subsequent sale of Shares subject to the Award. The Company and its Related Entities do not commit and are under no obligation to structure the Award to reduce or eliminate the Grantee's tax liability.

b Payment of Withholding Taxes. Prior to any event in connection with the Award (e.g., vesting) that the Company determines may result in any tax withholding obligation, whether United States federal, state, local or non-U.S., including any employment tax obligation (the "Tax Withholding Obligation"), the Grantee must arrange for the satisfaction of the minimum amount of such Tax Withholding Obligation in a manner acceptable to the Company.

(i) *By Share Withholding*. The Grantee authorizes the Company to, upon the exercise of its sole discretion, withhold from those Shares issuable to the Grantee the whole number of Shares sufficient to satisfy the minimum applicable Tax Withholding Obligation. The Grantee acknowledges that the withheld Shares may not be sufficient to satisfy the Grantee's minimum Tax Withholding Obligation. Accordingly, the Grantee agrees to pay to the Company or any Related Entity as soon as practicable, including through additional payroll withholding, any amount of the Tax Withholding Obligation that is not satisfied by the withholding of Shares described above.

(ii) *By Sale of Shares*. Unless the Grantee determines to satisfy the Tax Withholding Obligation by some other means in accordance with clause (iii) below, the Grantee's acceptance of this Award constitutes the Grantee's instruction and authorization to the Company and any brokerage firm determined acceptable to the Company for such purpose to sell on the Grantee's behalf a whole number of Shares from those Shares issuable to the Grantee as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy the minimum applicable Tax Withholding Obligation. Such Shares will be sold on the day such Tax Withholding Obligation arises (e.g., a vesting date) or as soon thereafter as practicable. The Grantee will be responsible for all broker's fees and other costs of sale, and the Grantee agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale. To the extent the proceeds of such sale exceed the Grantee's minimum Tax Withholding Obligation, the Company agrees to pay such excess in cash to the Grantee. The Grantee acknowledges that the Company or its designee is under no obligation to arrange for

such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy the Grantee's minimum Tax Withholding Obligation. Accordingly, the Grantee agrees to pay to the Company or any Related Entity as soon as practicable, including through additional payroll withholding, any amount of the Tax Withholding Obligation that is not satisfied by the sale of Shares described above.

(iii) *By Check, Wire Transfer or Other Means.* At any time not less than five (5) business days (or such fewer number of business days as determined by the Administrator) before any Tax Withholding Obligation arises (e.g., a vesting date), the Grantee may elect to satisfy the Grantee's Tax Withholding Obligation by delivering to the Company an amount that the Company determines is sufficient to satisfy the Tax Withholding Obligation by (x) wire transfer to such account as the Company may direct, (y) delivery of a certified check payable to the Company, or (z) such other means as specified from time to time by the Administrator.

7. Additional Securities. Any securities or cash received (other than a regular cash dividend) as the result of ownership of the Restricted Shares (the "Additional Securities"), including, but not by way of limitation, warrants, options and securities received as a stock dividend or stock split, or as a result of a recapitalization or reorganization or other similar change in the Company's capital structure, shall be retained in escrow in the same manner and subject to the same conditions and restrictions as the Restricted Shares with respect to which they were issued, including, without limitation, the Vesting Schedule set forth in the Notice. The Grantee shall be entitled to direct the Company to exercise any warrant or option received as Additional Securities upon supplying the funds necessary to do so, in which event the securities so purchased shall constitute Additional Securities, but the Grantee may not direct the Company to sell any such warrant or option. If Additional Securities consist of a convertible security, the Grantee may exercise any conversion right, and any securities so acquired shall constitute Additional Securities. In the event of any change in certificates evidencing the Shares or the Additional Securities by reason of any recapitalization, reorganization or other transaction that results in the creation of Additional Securities, the escrow holder is authorized to deliver to the issuer the certificates evidencing the Shares or the Additional Securities in exchange for the certificates of the replacement securities.

8. Stop-Transfer Notices. In order to ensure compliance with the restrictions on transfer set forth in this Agreement, the Notice or the Plan, the Company may issue appropriate "stop transfer" instructions to its transfer agent, if any, and, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

9. Refusal to Transfer. The Company shall not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or (ii) to treat as owner of such Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares shall have been so transferred.

10. Restrictive Legends. The Grantee understands and agrees that the Company shall cause the legends set forth below or legends substantially equivalent thereto, to be placed upon any certificate(s) evidencing ownership of the Shares together with any other legends that may be required by the Company or by state or federal securities laws:

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE RESTRICTED BY THE TERMS OF THAT CERTAIN RESTRICTED STOCK BONUS AWARD AGREEMENT BETWEEN THE COMPANY AND THE NAMED STOCKHOLDER. THE SHARES REPRESENTED BY THIS CERTIFICATE MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH SUCH AGREEMENT, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY.

11. Entire Agreement: Governing Law. The Notice, the Plan and this Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Grantee with respect to the subject matter hereof, and may not be modified adversely to the Grantee's interest except by means of a writing signed by the Company and the Grantee. These agreements are to be construed in accordance with and governed by the internal laws of the State of California without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of California to the rights and duties of the parties. Should any provision of the Notice or this Agreement be determined to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable.

12. Headings. The captions used in this Agreement are inserted for convenience and shall not be deemed a part of this Agreement for construction or interpretation.

13. Dispute Resolution. The provisions of this Section 12 shall be the exclusive means of resolving disputes arising out of or relating to the Notice, the Plan and this Agreement. The Company, the Grantee, and the Grantee's assignees (the "parties") agree that any dispute arising out of or relating to the Notice, the Plan and this Agreement shall be settled exclusively by final and binding arbitration in accordance with the National Rules for the Resolution of Employment Disputes of the American Arbitration Association (the "AAA Rules"). A neutral and impartial arbitrator shall be chosen by mutual agreement of the parties or, if the parties are unable to agree upon an arbitrator within a reasonable period of time, then a neutral and impartial arbitrator shall be appointed in accordance with the arbitrator nomination and selection procedure set forth in the AAA Rules. The arbitrator shall apply the same substantive law, with the same statutes of limitations and remedies, that would apply if the claims were brought in court. The arbitrator also shall prepare a written decision containing the essential findings and conclusions upon which the decision is based. Either party may bring an action in court to compel arbitration with respect to any dispute arising out of or relating to the Notice, the Plan and this Agreement or to enforce an arbitration award. Otherwise, neither party shall initiate or prosecute any lawsuit in any way related to any dispute arising out of or relating to the Notice, the Plan and this Agreement. Any arbitration held pursuant to this Section 13 shall take place in San Francisco, California. The Company shall pay the costs of the arbitrator. If, for any legal reason, a controversy or claim between the parties cannot be arbitrated as provided in this Section 13, the parties agree that any civil action shall be brought in the United States District Court for the Northern District of California or, only if there is no basis for federal jurisdiction,



in the Superior Court of the State of California in and for the City and County of San Francisco. THE PARTIES ALSO EXPRESSLY WAIVE ANY RIGHT THEY HAVE OR MAY HAVE TO A JURY TRIAL OF ANY SUCH SUIT, ACTION OR PROCEEDING. If any one or more provisions of this Section 12 shall for any reason be held invalid or unenforceable, it is the specific intent of the parties that such provisions shall be modified to the minimum extent necessary to make it or its application valid and enforceable.

14. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery, upon deposit for delivery by an internationally recognized express mail courier service or upon deposit in the United States mail by certified mail (if the parties are within the United States), with postage and fees prepaid, addressed to the other party at its address as shown in these instruments, or to such other address as such party may designate in writing from time to time to the other party.

**END OF AGREEMENT**

**EXHIBIT A**

**STOCK ASSIGNMENT SEPARATE FROM CERTIFICATE**

[Please sign this document but do not date it. The date and information of the transferee will be completed if and when the shares are assigned.]

FOR VALUE RECEIVED, \_\_\_\_\_ hereby sells,  
assigns and transfers unto \_\_\_\_\_, \_\_\_\_\_ thousand  
(\_\_\_\_\_) shares of the Common Stock of MarketWatch, Inc., a Delaware  
Company (the “Company”), standing in his name on the books of, the Company  
represented by Certificate No. \_\_\_\_\_ herewith, and does hereby  
irrevocably constitute and appoint the Secretary of the Company attorney to  
transfer the said stock in the books of the Company with full power of  
substitution.

DATED: \_\_\_\_\_

\_\_\_\_\_