



August 30, 2005

RISO KAGAKU CORPORATION

(Code: 6413)

5-34-7, Shiba

Minato-ku, Tokyo, 108-8385

JAPAN

President & CEO: Akira Hayama

### **Notice of Stock Split (Free Share Issue) and Conversion Price Adjustment**

Tokyo, Japan, August 30, 2005 – At a meeting of the Board of Directors on August 30, 2005, Riso Kagaku Corporation decided to implement a stock split (free share issue), as described below.

1. Purpose of stock split

To enhance the liquidity of the Company's stock and broaden its investor base by creating conditions that will make it easier to invest in the Company.

2. Outline of stock split

Each share of common stock is to be divided into two shares on November 18, 2005, as described below.

(1) Method

Each share of common stock held by shareholders and beneficial shareholders on record at market closing time on September 30, 2005, is to be divided into two shares.

(2) Increase in number of shares

The increase in the number of shares will be the same as the number of outstanding shares at market closing time on September 30, 2005, in the form of common stock.

3. Initial date of dividend period

October 1, 2005

4. Effective date of split shares

November 18, 2005

5. Further details

Further details of the arrangements necessary for the stock split will be decided at future board meetings.

6. Conversion price adjustment

In conjunction with this stock split, the conversion price of convertible bonds issued by the Company is to be adjusted as shown below, as of October 1, 2005.

Security name	Adjusted conversion price	Pre-adjustment conversion price
2nd Unsecured Convertible Bond	5,990.50 yen	11,981 yen

Notes:

1. No concrete figure is given for the increase in the number of shares due to the stock split. This is because the number of outstanding shares on the scheduled date of the stock split cannot be determined, being subject to change due to the conversion of convertible bonds to stock between the date of the board resolution described above and the scheduled date of the stock split.
2. If the number of outstanding shares as of August 30, 2005 is used as a basis for calculation, the number of outstanding shares after the stock split will be as below.
  - Outstanding shares before stock split: 14,026,500 shares
  - Increase in shares due to stock split: 14,026,500 shares
  - Outstanding shares after stock split: 28,053,000 shares
3. The paid-in capital of the company will not be increased by this stock split.
  - Paid-in capital as of August 30, 2005: 14,114,488,048 yen
4. At the same board meeting as that during which the resolution to implement the stock split was adopted, it was decided that the number of authorized shares specified in the articles of incorporation should be increased from the current figure of 33,920,000 shares by 33,920,000 to 67,840,000 shares, pursuant to the provisions of Article 218, Paragraph 2, of the Japanese Commercial Code.
5. The total amount of dividends for FY 2006 will not be changed by the stock split. The value of the expected year-end dividend per share should therefore be read as halved from 60 yen to 30 yen where it appears in related documents.