

February 26, 2004

To whom it may concern;

Company Name: Net One Systems Co., Ltd.  
Title of Representative: President & CEO Kazuo Sato  
(Stock Code number 7518 First Section of Stock Exchange)  
Inquiries Director Isao Nakamura  
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### **Notice regarding the Stock Split (free issue)**

Please note that in the meeting of Board of Directors held on February 26, 2004, the issue regarding stock split (without compensation) has been resolved as follows.

. Purpose of the stock split

The purpose of the stock split is share profit with the shareholders and to further increase the liquidity of the stock.

. Summary of the stock split

1. Description

As of May 20, 2004 (Thursday,) 2 for 1 ratio of common shares stock split shall take place as follows.

(1) Number of shares increasing due to the stock split

Common shares 275,948 shares

(2) Method

The 2 for 1 ratio stock split shall take place for number of shares owned by shareholder and fractional shareholders as indicated or recorded in list of shareholders and list of actual shareholders, and indicated or recorded in list of fractional shareholders as of the end of March 31, 2004.

2. Schedule

Reference date for stock split March 31, 2003 (Wednesday)

Effective Date May 20, 2003 (Thursday)

3. Dividend distribution initial date

April 1, 2004 (Thursday)

4. Increase in the total number of shares issued by Net One Systems Co., Ltd.

As of May 20, 2004 (Thursday,) Section 5 of our company's Article of Incorporation shall be amended to allocate 400,000 additional issuable shares so that the number of issuable shares totals 800,000 shares.

5. Other relevant matters in relation to this stock split shall be resolved in the future board of directors' meeting.

(Reference)

1. Change in number of issued shares in relation to the recent stock split

| After the stock split   |                   | Before the stock split  |                   |
|-------------------------|-------------------|-------------------------|-------------------|
| Number of issued shares | Authorized shares | Number of issued shares | Authorized shares |
| 551,896 shares          | 800,000 shares    | 275,948 shares          | 400,000 shares    |

2. In relation to the recent stock split, the exercise amount and number of shares granted (as of the date of resolution) in accordance with our company's stock acquisition rights shall be amended as follows.

|  | After stock split |                          | Before stock split |                          |
|--|-------------------|--------------------------|--------------------|--------------------------|
|  | Exercise Amount   | Number of shares granted | Exercise Amount    | Number of shares granted |
| Stock option to be provided in accordance with June 27, 2003 general meeting of shareholders | 428,925 yen       | 14,262 shares            | 857,850 yen        | 7,131 shares             |