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Press Release

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Partial Amendment to Policy Toward Large-Scale Purchases of JCM Shares

Japan Cash Machine Co., Ltd. (herein after referred to as “JCM”) implemented the measure to respond to Large-Scale Purchases of JCM Shares (herein after referred to as the “Previous Plan”) at the Board of Directors meeting held on May 23, 2006, to prevent abusive acquisition and to protect and enhance corporate value and shareholders’ common interest. We hereby notify that in accordance with the trends surrounding the takeover defense plan, JCM has decided to partially amend the Previous Plan, on condition that the shareholders approve the amendment thereto (hereinafter referred to as the “Revised Plan”) at the 55th Ordinary General Meeting of Shareholders scheduled to be held on June 26, 2008, as follows:

The main amendments in the Revised Plan include the following items: [1] Addition of the General Meeting of Shareholders’ approval based on the recommendations of the Special Committee regarding the exercise of the Revised Plan, [2] revision of the reasons for the exercise of the Revised Plan by the Special Committee, [3] the issuance period of the information list has been set within 10 business days, [4] allocation of the Equity Warrant at a ratio of more than one Equity Warrant per share, [5] allowance for acquisitions of the Equity Warrant of the purchaser, and [6] partial adjustments of contents to be in line with Article 127 of the enforcement regulations of the Corporate Law.

In addition to the above, we hereby notify that JCM accepted the resignation of Mr. Hideyuki Koizumi from the Special Committee due to personal reasons, and accordingly appointed Mr. Koji Ikehata as the new Special Committee member, effective May 9, 2008.

I. Basic Policy in Reference to the Persons Who Control Decisions on JCM Finance and Business Policies

JCM considers the person who understands the sources of corporate value and who is able to continuously sustain the protection or enhancement of the corporate value and shareholders’ common interests, to be the most appropriate in controlling financial and business policy decisions of the company.

The Board of Directors of JCM will not reject all Large-Scale Purchases aimed at a takeover unless a Large-Scale Purchase does not harm corporate value and shareholders’ common interests. Whether to permit a Large-Scale Purchase of the company should be ultimately entrusted to the shareholders even if it involves the transfer of control over the targeted company.

However, there are a substantial number of cases that harms corporate value and shareholders’ interests,

such as: [1] cases where the objective of a purchase is to obtain a certain asset, technology or “know-how”, and apparently harms corporate value and shareholders’ common interests, judging from its goal, [2] cases involving the apprehension that shareholders will be virtually compelled to sell their shares [3] cases where the Board of Directors of the targeted company and shareholders are not provided with an adequate period or information that is necessary to examine a Large-Scale Purchase or to present an alternative to the takeover proposal, and [4] cases where the Board of Directors of the targeted company needs the opportunity to negotiate with a Large-Scale purchaser and to present an alternative proposal better than such purchasers’ initial proposal.

Especially as described in Section II below, having the technology related to currency transactions mainly for bill/coin validation and handling as well as a solid financial foundation, the JCM group’s source of corporate value is in promoting development, production and sales of a wide range of currency transaction machines that can conserve energy and resources, for various markets around the world, through basic researches and technology developments conducted in anticipation of future needs. In addition to the technology built up during a longtime period, JCM’s broad customer base, trust relationship with business partners, its flexibility in building up a system that can respond to various market’s needs, and its corporate culture that enables the employees to fully demonstrate their own skills, have been the key elements for the company.

If a Large-Scale purchaser of JCM shares does not acknowledge and does not contribute to protecting and enhancing these sources of corporate value, the corporate value and shareholders’ common interests might be harmed. We believe that any person who can harm corporate value and shareholders’ common interests by conducting a Large-Scale Purchase is not appropriate to be in control of financial and business policy decisions, and necessary and reasonable countermeasures need to be taken if any inappropriate large-scale purchase is actually conducted, in order to protect corporate value and shareholders’ common interests.

II. Exceptional Actions to Contribute to Achieving the Basic Policy

1. Outline of Activities to Maximize our Corporate Value

Having established its own technology related to currency transactions mainly for bill/coin validation and handling as well as its solid financial foundation since the company’s establishment in 1955, JCM has operated a distinctive business as a group through basic research and technology development conducted in anticipation of future needs. In addition to its variety of bill-related unit for retail, financial and gaming market customers, JCM has been engaged in development, production and sales of a wide range of energy and resource-conserving currency transaction machines such as vending machines, fare adjustment machines and information terminals, targeting worldwide markets.

JCM contributes to the economic and social development as well as to the creation of a society responding to each generation needs through its distinctive business, and aims to continuously enhance the acknowledgement of its high quality and high performance products to a broader market.

Since FY2007, we have been implementing measures to return profits to our shareholders, setting a minimum consolidated payout ratio of 30%, and we will continue to actively work on distributing profits to our shareholders. In addition, companies are increasingly required to improve their corporate governance and compliance structures that are considered as the important challenges for the company’s operation.

In order to achieve the above challenges, JCM has developed the so-called “JCM Globalization” plan, a 3-year mid-term business plan to be implemented by the year ending of March 31, 2011, and we strongly believe that a sound achievement of the plan shall contribute to increasingly improve corporate

value as well as its shareholder value.

2. Basic Policy on “Mid-Term Business Plan”

JCM sets the following five basic policies in its mid-term business plan, so-called the “JCM Globalization”:

- [1] Establishing the management base for the medium to long-term growth and sustainable highly profitable structure

The mid-term business plan focuses on setting on critical infrastructures and preliminaries in order to become a true global company that creates bill transaction businesses. We believe that the achievement of this plan will lead us to a rapid progress toward the next step.

- [2] Enhancing managerial operation through selection and concentration as well as by implementing “aggressive” management

The plan sets the highest priority on the gaming market and secondly to the commercial market, and will concentrate the management resources on these two markets. JCM has worked on enhancing its performance by entering into a variety of markets, but considering the current business environment, the company will maximize its efforts focusing on the gaming market, where has been the “DNA” and the most profitable market area for JCM. By applying its technology for the gaming market, JCM will also enhance its business both to the domestic and overseas commercial markets such as retail, financial and transportation markets.

- [3] Achieving sustainable business expansion and profit growth through further advancement of its own technology and especially by implementing the growth strategy as a global corporation

It is critical for JCM to strengthen its original and creative development capabilities in order to create products that are rich in novelty and satisfy our customer needs. In particular, as for the company’s key elemental technologies such as bill validation and handling, JCM intends to take all necessary measures to increase the level of such technologies by way of business partnerships with or business transfer or assignment from the outside party as well as its in-house development activities. In addition to the development of hardware, software development for bill validation is also core to the company. JCM will put its efforts on establishing new software centers in Japan, Thailand, Bulgaria and North America, while also strengthening its customer support system.

- [4] Strengthening of corporate governance and corporate compliance on the premise of the social responsibility

JCM has worked on strengthening its corporate governance and compliance structure, through the introduction of a system for monitoring the Board of Directors’ performance led by the Board of Corporate Auditors including two independent Outside Auditors, a system of Corporate Officers as well as the reduction of the Board of Directors’ terms of service to one year. The company will continue to put its effort on creating a complete business management function such as the arrangement and completion of internal controls, and achieving an efficient and transparent management structure.

- [5] Creating new corporate value and building relations of trust with its stakeholders including customers, users, employees, and shareholders by making commitments to them

As described above, JCM will actively share its profits to the investors, by focusing on business activities on the core areas that are expected to grow, and by investing management resources in specific areas in order to conduct business focusing on profitability rather than the amount of

sales.

3. Basic Policy on Profit Sharing

Considering the recent changes in recognition of profit sharing, the indicator for profit distribution to our shareholders has been amended to a consolidated-base (consolidated payout ratio) since the previous fiscal year (the 55th fiscal year). While the company sets a minimum payout ratio of 30% as the basic policy on distribution of profits, JCM intends to clarify the positioning of profit shares based on the company's performance rather than profit sharing based on stability or continuation.

III. Actions to prevent persons deemed inappropriate in the light of the Basic Policy from controlling decisions on the financial and business policies of JCM

1. Objectives of revising the Revised Plan

The Revised Plan is intended to amend part of the Previous Plan for the purposes of protecting and enhancing corporate value and common interests of shareholders, in accordance with the Basic Policy described in "I" above.

The Board of Directors of JCM has determined that it is indispensable to establish a framework for preventing large-scale purchases of JCM shares, deemed detrimental to the corporate value of JCM and the common interests of shareholders, by requesting the purchaser or a party proposing such a purchase (hereinafter collectively referred to as "Purchaser, etc.") to provide information concerning the purchase in advance, so that sufficient information and time can be secured for shareholders to make decisions as to whether or not the large-scale purchase is acceptable, or for the Board of Directors to offer alternative plans or to conduct negotiations with the Purchaser, etc. for the benefits of shareholders.

For your information, please refer to the major shareholders of JCM as of March 31, 2008 in "Attachment 1." As of the same date, about 35% of the total number of issued shares of JCM were owned by the officers and other related parties of JCM. However, as JCM is a publicly traded company that mainly consists of individual shareholders and not only permits shareholders to freely sell and purchase the shares but also allows the owned shares to be dispersed broadly through assignments and other measures under various circumstances, there are possibilities of large-scale purchases harming corporate value and common interests of shareholders.

Against this background, the Board of Directors of JCM has decided to amend the Revised Plan as part of our efforts to prevent persons deemed inappropriate in the light of the Basic Policy from controlling decisions on the financial and business policies of JCM, on the condition that this decision is approved by shareholders at General Meeting of shareholders.

As of the time in which the decision to amend the Revised Plan is made, the Board of Directors of JCM has not received any specific proposal for a large-scale purchase.

2. Contents of the Revised Plan

(1) Purchases, etc. to be covered

The procedures specified in Revised Plan need to be followed if a purchase specified in [1] or [2] below is to be made (excluding cases agreed in advance by the Board of Directors).

- [1] A purchase resulting in the total ownership ratio of shares, etc. (Note 3) of the owner (Note 2) of the shares, etc., (Note 1) issued by JCM, reaching 20% or more
- [2] A tender offer (Note 5) resulting in the total of the ownership ratio (Note 6) for the shares, etc. (Note 4) concerning the tender offer for shares, etc. issued by JCM and of the ownership ratio of the specially related parties (Note 7), reaching 20% or more

Note 1: Shares, etc. pursuant to Paragraph 1, Article 27-23 of the Financial Instruments and Exchange Law of Japan; this definition shall apply hereinafter unless otherwise specified.

Note 2: An owner pursuant to Paragraph 3, Article 27-23 of the Financial Instruments and Exchange Law of Japan; this definition shall apply hereinafter unless otherwise specified.

Note 3: Ownership ratio of shares, etc. pursuant to Paragraph 4, Article 27-23 of the Financial Instruments and Exchange Law of Japan; this definition shall apply hereinafter unless otherwise specified.

Note 4: Shares, etc. pursuant to Paragraph 1, Article 27-2 of the Financial Instruments and Exchange Law of Japan; this definition shall apply hereinafter in “[2].”

Note 5: A tender offer pursuant to Paragraph 6, Article 27-2 of the Financial Instruments and Exchange Law of Japan; this definition shall apply hereinafter unless otherwise specified.

Note 6: Ownership ratios of shares, etc. pursuant to Paragraph 8, Article 27-2 of the Financial Instruments and Exchange Law of Japan; this definition shall apply hereinafter unless otherwise specified.

Note 7: Specially related parties pursuant to Paragraph 7, Article 27-2 of the Financial Instruments and Exchange Law of Japan.

However, concerning those specified in Item 1 of the same Paragraph, those specified in Paragraph 1 of Article 3 of the Cabinet Office Ordinance on Disclosure of Tender Offers of Shares, etc. Conducted by Those Other than the Issuer shall be excluded. This definition shall apply hereinafter unless otherwise specified.

(2) Requests for information of Purchaser, etc.

A Purchaser, etc. intending to initiate a purchase or a proposal for a purchase (hereinafter collectively referred to as “Purchases, etc.”) shall be requested to submit a “letter of intention” that includes a declaration to comply with the procedures specified in the Revised Plan for the purchases.

The letter of intention shall be in the format specified by JCM, and clearly indicate the name and address of the Purchaser, etc., applicable laws of incorporation, the name of the representative, and contact information in Japan, and an outline of the purchases, etc. The letter of intention shall be written in Japanese.

Next, within ten (10) business days after receipt of the letter of intention, JCM shall deliver a list of information required for evaluations by shareholders of JCM and formulation of opinions by the Board of Director of JCM (hereinafter referred to as “Required Information”). The contents of the information to be provided may differ, depending on the characteristics of the Purchaser, etc., and the contents of the purchases, etc., but include the following examples. This information shall also be provided in Japanese.

(a) Contents of purchases, etc.

- [1] Purposes, methods, and contents of the purchase (including the timing of the purchase, the arrangement of the related transactions, legality of the purchasing method, and probability of the execution of the purchase, etc.)
- [2] Existence of any communication about the intention for the purchase, etc. with a third party, and the contents of the communication if it exists.
- [3] Contents of the consideration for the purchase (monetary amount and types, etc.), and the basis for determination of the purchase price (including facts and assumptions for the calculations, calculation methods, numerical information utilized for calculation, and monetary synergies expected to be generated from a series of transactions relating to the purchase and the calculation base, etc.)
- [4] Basis for the purchasing funds, the name of the supplier of the funds (including those in real terms), and the fund-raising methods (including the contents of the related transactions)
- [5] Management policy, business plan, financial plan, capital policy, dividend policy, and asset-utilization methods, etc., intended for the JCM Group after the purchase
- [6] Policy for treatment of stakeholders of JCM and the JCM Group, including employees, business partners, and customers, etc.

[7] Other information deemed reasonably required by JCM

(b) Matters concerning the Purchaser, etc.

Details of the Purchaser, etc. and its group (co-owners and specially related parties, as well as associates and other members in the case of a fund) (including the specific names, capital structure, careers, or history), the business operations, financial conditions, corporate management status and performances, details of the past corporate buyouts and the results, whether or not the purchaser has violated any laws and regulations, and details about any of such violations, and careers of the directors, etc.

If the information initially provided is deemed to be insufficient for formulating opinions contributing to the evaluations by the shareholders, and if the needs for additional information are agreed in writing by the Special Committee, JCM may request the Purchaser, etc. to provide additional information until JCM determines the provided information is sufficient.

The Board of Directors will disclose the fact that the letter of intention has been submitted, as appropriate, and disclose all or part of the information disclosed to JCM, at the time deemed appropriate, if such disclosure is considered to be necessary for shareholders to make decisions.

(3) Assessment of the content of the purchase, negotiations with the Purchaser, etc., and presentation of alternative plans

After all the information required by JCM is deemed to have been provided in accordance with (2) above, the Board of Directors shall notify the Purchaser, etc. of the fact, and disclose it publicly without delay, and establish the period specified in “[1]” or “[2]” below, as the time to assess or examine such information, and negotiate with the Purchaser, etc., or form an opinion on the purchase, and seek alternatives, etc., depending on the contents of the purchase, etc. (hereinafter referred to as “Assessment Period”). The purchase, therefore, shall be commenced only after the Assessment Period has elapsed.

[1] Sixty (60) days for the purchase of all JCM shares by a tender offer with cash-only (yen) consideration

[2] Ninety (90) days for any other purchase

During the Assessment Period, the Board of Directors of JCM will accurately assess and investigate the contents of the purchase offered by the Purchaser, etc., in the light of protecting and enhancing corporate value and common interests of shareholders, based on the information and materials provided by the Purchaser, etc. The Board of Directors may deliberate and negotiate with the Purchaser, etc., as well as propose to shareholders alternative plans, if necessary, so that the content of the purchase can be improved in the light of protecting and enhancing corporate value and common interests of shareholders.

If the Board of Directors fails to reach a decision as to whether the Revised Plan should be exercised within the Assessment Period, it may adopt a resolution to extend the Assessment Period for further reviews on the contents of the purchase offered by the Purchaser, etc., negotiations with the Purchaser, etc., and compilation of alternative plans, etc. (This provision shall apply for additional extensions of the Assessment Periods after the initial one.) In this case, the Board of Directors shall disclose the information on the reasons for extension of the Assessment Period, the extended period, and other matters deemed appropriate, immediately after the resolution is adopted.

(4) Recommendation of Special Committee

(a) On Special Committee

JCM has established the Special Committee separately, as in the case of the Previous Plan, to ensure the objectivity and reasonableness of the decisions made by the Board of Directors on the reasons for deliberations and negotiations with the Purchaser, etc., the extension of the Assessment Period, as specified in (3) above, and the validity of the reasons for execution of the Plan specified in (b) below.

The Special Committee shall evaluate, deliberate on, and recommend to the Board of Directors, the contents of the purchase offered by the Purchaser, etc., in accordance with the Special Committee Regulations specified in Attachment 2.

The Special Committee may seek advice from independent third-party specialists (financial advisers, lawyers, and certified public accounts, etc.) at the expenses of JCM, so that the decisions of the Special Committee can effectively protect and enhance the corporate value and common interests of shareholders.

The Special Committee resolutions shall be adopted, as a general rule, by a majority of all the members who are supposed to attend the Committee meetings. The Board of Directors shall fully consider such advice and recommendations, and make a final decision.

The Special Committee shall be made up of three (3) or more persons, who have been elected by the Board of Directors of JCM from those satisfying the following general conditions, and signed an agreement containing a provision for obligations of a manager acting in good faith with JCM. The names and careers of the members of the Special Committee, including those newly appointed, are as indicated in Attachment 3.

- [1] A person who has not been a director (excluding outside director; this provision shall apply hereafter) or an auditor (excluding outside auditor; this provision shall apply hereafter), etc. of JCM or any of its subsidiary, or any of its affiliates (hereinafter referred to as “JCM, etc.”)
- [2] A person who is not a relative of any present or past director or auditor of Company, etc.
- [3] A person having no special interests in Company, etc.
- [4] An experienced corporate manager, lawyer, certified public accountant, or knowledgeable person, or other persons equivalent to these

(b) Recommendations of exercise of the Revised Plan by the Special Committee

When the Purchase, etc. by the purchaser is applicable to any of the following reasons (hereinafter referred to as the “Exercise Reason” and it is considered reasonable to exercise the Revised Plan, the Special Committee will recommend to the Board of Directors to exercise the Revised Plan (Details of specific countermeasures are as described in (6) below).

- [1] In the event that the purchase is not to comply with procedures as stipulated in the Revised Plan;
- [2] In the event that the purchase may obviously infringe the corporate value of JCM and consequently common interests of shareholders due to activities described from following (i) to (iv);
 - (i) Notwithstanding the Purchaser, etc. does not have real intention to participate in company management, to merely raise share prices and request JCM or the parties associated with JCM to purchase acquired stocks at the higher value (so-called the green mailer).
 - (ii) To manage the business to achieve benefits of the purchaser, etc. under sacrifice of the company including acquiring significant intellectual properties, know-how, corporate sensitive information, assets of main counterparties or clients, which are considered necessary on business management of JCM or its Group affiliates by controlling management of JCM temporarily;
 - (iii) To use assets of JCM or its Group affiliates for collateral or repayment cost of liabilities of the purchaser, etc. or its Group affiliates;
 - (iv) To temporarily control management of JCM, order disposal of assets of JCM or our Group affiliates, which are not relevant to businesses including real estate and securities, request to temporarily pay high dividends to the Purchaser, etc. with such disposal profits or sell stocks

targeting the opportunity of soaring of a share price through such temporary payment of high dividends;

- [3] In the event that the purchase might virtually press shareholders of JCM to sell their stocks in such a way of forcible 2-step purchase (setting purchase terms at the second step without soliciting to purchase all stocks at the first purchase, or purchase stocks such as takeover bid without clarification);
- [4] In the event that the purchase is conducted without providing the time reasonably required to present the alternative proposal for such purchase, etc.;
- [5] In the event that the purchase is conducted without providing to shareholders of JCM such necessary information or other information reasonably required to decide details of such purchase.
- [6] In the event that terms of purchase, etc. (including the value/type of consideration, purchase time, legality of the purchasing method, probability of the execution of the purchase and treatment, policy, etc. of our employees, counterparties, clients and other interested parties relevant to JCM after purchase) are insufficient or unreasonable in terms of the primary value of JCM; and
- [7] In the event that such purchase might destroy relationships with interested parties relevant to JCM such as counterparties and creditors including employees and clients which are necessary in order to achieve the higher sustainable corporate value of JCM, and consequently damage common interests of shareholders.

However, the Special Committee, either before or after the base date to secure the right, may make separate decisions including suspension of or withdrawal from exercise of the Revised Plan and recommend this to the Board of Directors when the purchase, etc. is withdrawn by the purchaser or otherwise the purchase, etc. does not exist any longer, or when it is determined that the purchase, etc. by the Purchaser, etc. is not applicable to the exercise reason due to any change of the fact which was the assumption to decide above recommendation, and recommend to the Board of Directors.

The Special Committee will, even if it is determined exercise of the Revised Plan is reasonable, recommend the Board of Directors to deliberate the agenda on call of the general meeting of shareholders and exercise of the Revised Plan.

(c) Recommendation of non-exercise of the Revised Plan by the Special Committee

The Special Committee will recommend to the Board of Directors non-exercise of the Revised Plan when it has decided that the Purchaser, etc. provides information as set forth in (2) and (3) above and secures the assessment period, otherwise comply with procedures as set forth in the Revised Plan and that the purchase, etc. by the Purchaser, etc. is not applicable to any of exercise reasons as a result of assessment and review of information and materials provided by the Purchaser, etc. and discussions or negotiations.

However, when the Special Committee recognizes that there is any change of the fact which was the assumption of such decision and the purchase, etc. by the Purchaser, etc. is applicable to any of the exercise reasons, the Special Committee will be able to make separate decisions including exercise of the Revised Plan newly and recommend this to the Board of Directors.

(5) Resolutions at the Board of Directors

The Board of Directors will respect recommendations of the Special Committee in (4) above at the maximum and finally decide exercise or non-exercise, or suspension of or withdrawal from exercise. When our Board of Directors makes such decision, it will immediately disclose information of the outline of such decision, outline of recommendations of the Special Committee and other items which are

granted at the Board of Directors as appropriate.

And when the Board of Directors is recommended from the Special Committee to call the general meeting of shareholders concerning exercise of the Revised Plan, the Board of Directors will call the general meeting of shareholders as soon as possible so as to be able to hold it within a short period to the extent it is practicable on business, and deliberate the agenda concerning exercise of the Revised Plan. When exercise of the Revised Plan is resolved at the general meeting of shareholders, the Board of Directors will perform procedures necessary for exercise of the Revised Plan in accordance with such decision of the committee. After commencement of procedures of the Revised Plan, the Purchaser, etc. shall not implement acquisition before resolution concerning exercise or non-exercise of the Revised Plan at the Board of Directors, or before resolution concerning exercise of the Revised Plan at the general meeting of shareholders when the said general meeting of shareholders is held. When suspension of or withdrawal from exercise of the Revised Plan is decided after decision of exercise of the Revised Plan, the value per stock will not be diluted and therefore there may be the case to suffer corresponding losses due to fluctuation in stock prices when trading is conducted assuming that the value per stock is diluted.

(6) Description of specific method

The specific tactic for the Board of Directors to counter the inappropriate acquisition takes place by the method of gratis allocation of equity warrant as described in [Attachment 4] “Guidelines of Gratis Allocation of Equity Warrant” (hereinafter referred to as the “Equity Warrant”).

Main contents of the Equity Warrant are as follows:

(a) Shareholders issued the Equity Warrant

The Equity Warrant is issued at a ratio of 1 or more of the Equity Warrant per holding share (however, excluding JCM’s holding stocks to shareholders who are described or recorded in the final list of shareholders, or the list of substantial shareholders as at the base date determined by the Board of Directors (hereinafter referred to as the “Issue Date”) when issue of the Equity Warrant is resolved (hereinafter referred to as the “Equity Warrant Issue Resolution”).

(b) Types and number of stocks for the purpose of the Equity Warrant

The types of stocks for the purpose of the Equity Warrant shall be our common stocks and number of stocks per the Equity Warrant shall be one (1) stock unless be otherwise adjusted.

(c) Total number of Equity Warrant

Number multiplied total number of final outstanding stocks (however, excluding number of stocks owned by JCM) at the issue date by 2 shall be capped.

(d) Payment amount for exercise of the Equity Warrant

An payment amount per stock issued by exercise of the Equity Warrant shall be one (1) yen.

(e) Exercise period of the Equity Warrant

This shall be to the date elapsed six months from the date elapsed three (3) weeks from the effective date of gratis issue of the Equity Warrant. However, when the final date of the exercise period is a holiday of the payment handling place, the subsequent day shall be the final date.

(f) Terms for exercise of the Equity Warrant

Only the person who is not applicable to [1] “Specified large shareholder”; [2] “Its joint shareholder”; [3] “Specified large purchaser”, [4] “Its special concerned parties” or [5] “The person who has been assigned or has succeeded the Equity Warrant from the person described in (1) above or (4)” or [6] the person relevant to [1] or [5] above (hereinafter, the person who is applicable to [1] or [6] is collectively referred to as the “Ineligible person”) may exercise the Equity Warrant. In addition, non-residents who are required to make prescribed procedures by exercising the Equity Warrant under the internal and external applicable laws may not exercise the Equity Warrant principally. For definition and details of

terminology used above, please refer to [Attachment 4] “Guidelines of Gratis Allocation of Equity Warrant.”

(g) Acquisition of the Equity Warrant

- [1] When the Board of Directors agrees that it is appropriate for JCM to acquire the Equity Warrant, JCM may acquire all of the Equity Warrant in gratis at the date determined by the Board of Directors between the effective date of gratis issue of the Equity Warrant and the expiry date of the exercise period of the Equity Warrant.
- [2] JCM may, at the date separately determined by the Board of Directors, acquire all of the Equity Warrant non-exercised until the prior operating day of the applicable date determined by the Board of Directors out of equity warrants owned by other than the ineligible person and issue one (1) common stock of JCM in proportion to number of target stocks per equity warrant in exchange for this. After implementation of acquisition by JCM, when the third party other than the ineligible person acquired the Equity Warrant owned by the ineligible person by assignment, etc., JCM may acquire the Equity Warrant multiple times.
- [3] In addition to the above description, when the decision is separately made by the resolution of gratis allocation of equity warrant, JCM may acquire all of equity warrants owned by the ineligible person at the date separately determined by the Board of Directors and deliver in any form out of our stocks, equity warrants, corporate bonds, cash and other consideration in exchange for this, which is separately determined at equity warrant gratis issue resolution.

(h) Assignment of the Equity Warrant

Approval of the Board of Directors is required for assignment of the Equity Warrant.

(7) Validity and continuity, and abolition and change of the Revised Plan

The delegation period of the authority to decide the items relevant to gratis issue of the Equity Warrant of the Revised Plan at resolution of the regular general meeting of shareholders (hereinafter referred to as the “Validity”) shall continue to the closing time of the regular general meeting of shareholders in the fiscal year ending in March 2011.

And JCM shall obtain approval of our shareholders concerning continuity of the Revised Plan at the regular general meeting of shareholders in the fiscal year ending in March, 2011 and when JCM obtains approval of our shareholders concerning continuity of the Revised Plan, the Revised Plan will continue to be in force and effect to the closing time of such regular general meeting of shareholders in the final fiscal year out of the fiscal years which will close within three (3) years after closing of such general meeting of shareholders, as well we will confirm intention of our shareholders with respect to continuity of the Revised Plan every three (3) years.

However, when it is, even before the expiry of validity of the Revised Plan, resolved to withdraw the said delegation to the Board of Directors on decisions concerning gratis issue of the Equity Warrant of the Revised Plan at our general meeting of shareholders, or when it is resolved to abolish the Revised Plan at the Board of Directors constituted of directors appointed at our general meeting of shareholders, the Revised Plan will be abolished at that point. Therefore, it is possible to abolish the Revised Plan according to intention of our shareholders.

In addition, the Revised Plan is subject to our review or change when appropriate in terms of securing and increasing the corporate value and consequently common interests of shareholders based on the review at the Board of Directors considering amendment or development of relevant laws such as the Financial Instruments and Exchange Law.

When the Revised Plan is abolished or changed, JCM will immediately disclose information of the fact of such abolition or change, and when the Revised Plan is changed, change details and change details or

the items granted as appropriate by the Board of Directors.

IV. Reasons of decision on above efforts by the Board of Directors and reasons of such decision

1. Special efforts contributing to achieve the Basic Policy (efforts in II above)

Efforts described in II above are designed as the specific tactic for continuous and sustainable growth of our corporate value and common interests of shareholders and contribute to achieve the Basic Policy.

Therefore, these efforts are in line with the Basic Policy and consistent with common interests of shareholders and do not aim at retaining positions of the Board Members.

2. Efforts to prevent our financial and business policies from being controlled by the inappropriate person in light of the Basic Policy (efforts in III above)

(1) That the Revised Plan should be in line with the Basic Policy

The Revised Plan is the framework to secure the corporate value of JCM and consequently common interests of shareholders when the activity to purchase our stocks in bulk is conducted by asking the Purchaser, etc. for provision of information on such purchase activity in advance and hereby enabling our shareholders to decide whether or not to undertake such purchase, or our Board of Directors to secure information or time required to present the alternative proposal and negotiate with the Purchaser, etc. for our shareholders, which is in line with the Basic Policy.

(2) That such efforts neither damage common interests of shareholders nor aim at retaining positions of our Board Members

From the following reasons, JCM believes that efforts to prevent from being controlled by the inappropriate person in light of the Basic Policy will not damage joint profits of our shareholders and will not aim at retaining positions of our Board Members.

(a) That requirements of the guidelines of the Takeover Defense Plan are completely satisfied

The Revised Plan completely satisfies the three (3) principles as set forth in the “Guidelines of the Takeover Defense Plan to secure or increase the corporate value and common interests of shareholders (the principle of securing and increasing the corporate value and common interests of shareholders, the principle of pre-disclosure and intention of our shareholders and the principle of necessity and reasonableness), which was announced on May 27, 2005 by the Ministry of Economy, Trade and Industry and the Ministry of Justice.

(b) To emphasize intention of shareholders (the general meeting of shareholders and Sunset Provision)

The Revised Plan will be amended from the Previous Plan subject to change of the prescribed change of the Articles of Incorporation at the general meeting of shareholders and approval of shareholders as set forth in the Articles of Incorporation.

The Articles of Incorporation will be revised as described in [Attachment 5]. For details, please refer to the “Announcement on partial change of the Articles of Incorporation,” which is separately disclosed today.

As described in III-2-(5) above, when there is recommendation from the Special Committer to call the general meeting of shareholders in connection with exercise of the Revised Plan, our Board of Directors is required to call the general meeting of shareholders, deliberate the agenda on exercise of the Revised Plan and resolve exercise of the Revised Plan.

Additionally, as described in III-2-(7) “Validity and continuity, and abolition and change of the Revised Plan,” the Revised Plan is set up the so-called Sunset Provision with the validity of approximately three (3) years and when it is resolved to withdraw the above delegation resolution even before the expiry of such validity, or when abolition of the Revised Plan is resolved at the Board of Directors constituted of directors appointed at our general meeting of shareholders, the Revised Plan will

be abolished at that point. In this meaning, continuity and abolition of the Revised Plan is determined in accordance with intention of our shareholders.

(c) Definition of reasonable and objective reasons

As described in III-2-(4)-(b) above, the Revised Plan is set up so as not to be exercised unless be otherwise predefined reasonable and objective requirements satisfied and therefore the structure to prevent intentional exercise by the Board of Directors is ensured. Such exercise reasons are defined after the detailed analysis of how the appropriate and rational Takeover Defense Plan should be in reference to the analysis of court precedents in Japan and the said “Guidelines.”

(d) Establishment of the Special Committee

JCM has separately established the Special Committee in order to secure objectivity and reasonableness of decisions at the Board of Directors concerning discussions or negotiations with the Purchaser, etc., extension of the assessment period and appropriateness of the exercise reasons.

The Special Committee is constituted of the persons who satisfy conditions described in III-2-(4)-(a) and are independent from our Board of Directors considering the purpose of establishment of the Special Committee, and may receive the advisory service at our expense from experts who are independent third parties (including financial advisors, lawyers and certified public accountants).

The Special Committee will assess and review appropriateness and others of the exercise reasons in compliance with procedures as set forth in the Special Committee rules and provide recommendations to the Board of Directors. Our Board of Directors will respect recommendations provided by the Special Committee at the maximum and make final decision whether or not to exercise the Revised Plan, or suspension of or withdrawal from it.

(e) No dead-hand type Takeover Defense Plan

The Revised Plan may be abolished by the Board of Directors constituted of directors appointed at our general meeting of shareholders and the purchaser who has acquired our stock certificates in bulk may appoint directors at our general meeting of shareholders and the Revised Plan may be abolished by the Board of Directors constituted of these directors.

Therefore, the Revised Plan is not the dead-hand type Takeover Defense Plan (The Takeover Defense Plan which is unable to stop exercise of the Revised Plan even if the majority of members of the Board of Directors are replaced).

V. Impacts on shareholders and investors

1. Impacts given on shareholders and investors for amendment of the Revised Plan

For revision to the Revised Plan, the Equity Warrant itself is not issued. Therefore, direct and specific impacts on rights of shareholders and investors and economic benefits will not be given.

2. Impacts on shareholders and investors for issue of the Equity Warrant

When exercise of the Revised Plan is determined and made the resolution to issue the Equity Warrant by gratis allocation of equity warrant at the Board of Directors or our general meeting of shareholders, the Equity Warrant is issued to our shareholders who are described or recorded in the final list of shareholders or the list of substantial shareholders in gratis at a ratio of at least one (1) equity warrant per holding stock as at the issue date determined at such resolution.

3. Procedures required to our shareholders following issue of the Equity Warrant

(1) When exercise of the Revised Plan is determined and issue of the Equity Warrant by gratis allocation of equity warrant is resolved at the Board of Directors or our general meeting of shareholders, the Board of Directors will determine and announce the issue date. Since the Equity Warrant is issued to shareholders described or recorded in the final list of shareholders or the list of substantial shareholders

as at the issue date in proportion to number of their holding stocks, such shareholders are required to make ownership transfer procedures before the announced issue date (Ownership transfer procedures are not required for share certificates deposited to the Japan Securities Depository Center Inc.)

(2) Procedures for exercise of the Equity Warrant

JCM will send the exercise request forms of the Equity Warrant (which shall be our predefined forms including the written pledge such that a shareholder itself is not an ineligible person) and other documents required for exercise of the Equity Warrant. Shareholders are required to submit these required documents within an equity warrant exercise period as separately determined by the Board of Directors and pay one (1) yen per the Equity Warrant in the payment handling place. Thereby, one (1) our common share per the Equity Warrant will be issued.

(3) Procedures for acquisition of the Equity Warrant

When JCM determines that JCM can acquire the Equity Warrant in exchange for our stocks, JCM will acquire this equity warrants at the date separately determined by our Board of Directors when JCM makes acquisition procedures.

When JCM acquires the Equity Warrant from our shareholders other than ineligible ones thereof and issues our common stocks in exchange for this, applicable shareholders will receive one (1) our common stock in consideration of acquisition of such equity warrant. Therefore, in this case, JCM will not send the Equity Warrant exercise request form and others. However, such shareholders may be required to submit the written pledge in our predefined format, pledging that you yourself are not an ineligible person.

When items concerning acquisition of the Equity Warrant from the ineligible person and other acquisitions at resolution of gratis issue of the Equity Warrant are decided, JCM may take measures in accordance with such decision.

[Attachment 1]

Conditions of large shareholders (As of March 31, 2008)

Shareholder Name	Status of investment into JCM	
	Number of Shares Held	% of Outstanding Shares
	Stocks	%
Johto Investment and Development, Inc.	4,661,713	15.76
Koichiro Kamihigashi	2,707,246	9.15
Yojiro Kamihigashi	1,458,283	4.93
Northern Trust Company (AVFC) Sub-account American Client	879,200	2.97
Tamotsu Kamihigashi	877,089	2.96
Resona Bank, Ltd.	629,343	2.13
Master Trust Bank of Japan, Ltd. (Trust unit)	530,700	1.79
MARS Engineering Corporation	514,087	1.74
Sumitomo Mitsui Banking Corporation	503,724	1.70
Bear Stearns & Company Inc.	475,100	1.61

(Note) The % of outstanding shares is indicated to two places of decimals by rounding off. Also, it is calculated by deducting treasury stocks (80,827 stocks)

[Reference] (As of March 31, 2008)

1. Total number of authorized stocks : 118,000,000
2. Total number of outstanding stocks : 29,662,851
3. Number of shareholders : 24,085

Special Committee Rules

Article 1 (Objectives)

The Special Committee for action plans for the activity to purchase our stocks in bulk (hereinafter referred to as “The Revised Plan”) is as specified in this Special Committee rules.

Article 2 (Authorities & Obligations)

When the acquisition takes place against JCM, the Special Committee shall assess and review based on provided information on purchase details, recommend extension of the assessment period and negotiate with the potential purchaser through our Representative Director and others, endeavor so that such purchase will be improved for our corporate value and consequently for common interests of shareholders, finally decide whether or not there is the exercise reason as specified in Article 9 in compliance with the Special Committee rules and recommend to the Board of Directors whether or not to exercise the Revised Plan.

2. The Special Committee may require the Board of Directors to submit information necessary for resolution and recommendation at the Special Committee, including all of materials provided from the Purchaser, etc., to the Board of Directors and assessment on such information by the Board of Directors.
3. Special Committee members shall implement the items as set forth in the preceding paragraph with good manager’s duty of due care.

Article 3 (Members and roles)

The Special Committee is established by resolution at the Board of Directors.

2. The Special Committee is constituted of all of the Special Committee members.
3. Number of the Special Committee members shall be three (3) or more.
4. Members of the Special Committee shall be appointed by the Board of Directors out of people who satisfies the following conditions, and sign the commissioning agreement inclusive of good manager’s duty of due care principally.
 - (1) The person who has not assumed a director or a statutory auditor of JCM, its subsidiary or affiliate (hereinafter collectively referred to as “JCM, etc.”) either in the past or at the present. (However, excluding an external director and so forth hereafter)
 - (2) The person who has not been a relative of a director of JCM either in the past or at the present.
 - (3) The person who does not have the special interest relationship with JCM
 - (4) The person who is the experienced company owner, lawyer, certified public accountant, or the intellectual or the person applicable to these
5. When purchase, etc, is conducted to JCM, the Special Committee must collect and review information related to details of such purchase, state opinions from the viewpoint whether or not it contributes to the corporate value or common interests of shareholders and participate in the resolution and must not solely aim at gaining personal profits of its own or a director of JCM.

Article 4 (Opening)

The Special Committee will be held as set forth in Article 5 according to call by each Special Committee member.

Article 5 (The person authorized to call the Committee)

Each Special Committee member is authorized to call the Special Committee.

2. The CEO of JCM (When any accident occurs to the CEO, other director previously appointed at the Board of Directors, and so forth hereafter) may request each Special Committee member to call the Special Committee.
3. When the notice calling the Special Committee is not sent within three (3) days from the request date as set forth in the preceding Paragraph, the CEO of JCM may call the Special Committee.

Article 6 (Notification)

The notification of the Special Committee will be sent to each Special Committee member three (3) days before the opening date.

However, this may be reduced at emergency.

Article 7 (Omission of call procedures)

The Special Committee may open the Special Committee by omitting call procedures subject to an agreement of Special Committee members.

Article 8 (Resolution method)

The Special Committee will reach the quorums with attendance of all of Special Committee members and resolve with a majority of votes in favor. However, when some Special Committee members are absent for the inevitable reason, the Special Committee will reach the quorums with attendance of the majority of Special Committee members and resolve with the majority of attendants in favor.

2. When the Special Committee member is absent at the Special Committee, such member must report it to the administration office in writing with the reason principally until the prior day of the opening date.
3. The Special Committee member who has special interested relationship is not allowed to join the resolution.

Article 9 (Recommendation)

When the purchase, etc., by the Purchaser, etc., is applicable to any of the following reasons (hereinafter referred to as "Exercise reason") and is considered as reasonable to exercise the Revised Plan, the Special Committee will recommend to the Board of Directors to exercise the Revised Plan. However, the Committee decides it is reasonable to obtain the resolution on such exercise at the general meeting of shareholders even if the Special Committee decides exercise of the Revised Plan is reasonable and, the Special Committee will recommend to the Board of Directors to call the general meeting of shareholders and deliberate the agenda concerning exercise of the Revised Plan to the meeting.

- [1] In the event that the purchase is not in compliance with procedures specified in the Revised Plan;
- [2] In the event that the purchase may cause obvious infringement against the corporate value of JCM and consequently common interests of shareholders due to activities described in the following (i) to (iv);
 - (i) To only raise a stock price and request JCM or its associates to purchase acquired stocks at a higher price (so-called "Green Mailer") though the Purchaser, etc, does not have real intention to participate in company management.
 - (ii) To temporarily control management of JCM and perform management to achieve profits of the

Purchaser, etc, under sacrifice of the company such as acquiring important intellectual properties, know-how, company's sensitive information or assets of main counterparties or clients at a lower price.

- (iii) To use assets of JCM or its group affiliates for collateral or repayment funds of liabilities of the Purchaser, etc, or its group affiliates.
- (iv) To temporarily control management of JCM, make JCM dispose of valuable assets irrelevant to the businesses such as real estate and securities owned by JCM and its group affiliates at the moment and temporarily pay high dividends with such disposal profits, or sell these at a high price targeting the chance of soaring of a stock price by temporary payment of high dividends.
- [3] In the event that the purchase, etc. may virtually force shareholders of JCM to sell their holding stocks such as forcible two-step purchase (to set up disadvantageous purchase conditions for the second step and purchase stocks without soliciting for purchase of all of stocks at the first purchase or clarifying such conditions).
- [4] In the event that the purchase, etc. is conducted without giving JCM the time reasonably required to offer to JCM the alternative proposal on such purchase, etc.
- [5] In the event that the purchase, etc. is conducted without providing sufficient information required to formulate decision of our shareholders and opinions as the Board of Directors and other information reasonably required to decide details of other purchase, etc.
- [6] In the event that conditions of purchase, etc. (including the value and type of consideration, purchase time, purchase method, legality of the purchase method, probability to implement purchase and policies concerning treatment of our employees, counterparties, clients and other interested parties associated with JCM) are insufficient or inappropriate considering the primary value of JCM.
- [7] In the event that the purchase, etc. may destroy relationships with interested parties related to JCM such as counterparties and creditors including employees and clients needed to achieve the higher sustainable corporate value of JCM, and may damage the corporate value and consequently common interests of shareholders.

However, when the Purchaser, etc, withdraws such purchase, etc, after said recommendation whether before or after the base date to secure the right or otherwise purchase, etc, is eliminated, or when the committee reaches the decision purchase, etc, by the Purchaser, etc, is not applicable to the exercise reason due to facts which becomes the assumption of above recommendation, the Special Committee may newly make a separate decision including suspension of or withdrawal from exercise of the Revised Plan and recommend this to the Board of Directors.

- 2. The Special Committee shall recommend the resolution results to the Board of Directors promptly with the reason.
- 3. The Board of Directors will respect recommendations of the Special Committee in the preceding paragraph at the maximum and makes a final decision.

However, when exercise of the Revised Plan is deliberated to our general meeting of shareholders, the resolution at the general meeting of shareholders shall supersede.

- 4. Details of recommendations of the Special Committee will be released when details of the resolution at the Board of Directors on this matter is announced.

Article 10 (Advisory)

When the Special Committee requires, the Special Committee may order directors of JCM, statutory auditors, councilors, advisors, account auditors, employees and other concerned parties whom the Special Committee considers as necessary to attend the Special Committee, request reporting of

necessary items and state opinions.

2. The Special Committee may receive the advisory service of independent third parties experts (including a financial advisor, certified public accountant, lawyer and other experts).

Article 11 (Minutes)

As for the agenda at the Special Committee, the committee prepares minutes written the process description and results and the Special Committee members who attends the meeting sign and place seal.

2. Minutes should be promptly circulated to Special Committee members who were absent.

Article 12 (Administration Office)

The administration office of the Special Committee shall be the Administration Division of JCM.

Article 13 (Revision and abolition of this rules)

Revision and abolition of this Rules is subject to the resolution at the Board of Directors.

Brief history of Special Committee members

1 Shoji Ninomiya

- Mar 1975 Completed Doctoral Course, Economics Research School, Graduate School, Economics, Kobe Univ,
- Apr 1978 Took office as Asst Prof of Faculty of Economics of Nagoya Gakuin Univ
- Apr 1981 Took office as Asst Prof of Faculty of Education of Okayama Univ
- Apr 1990 Took office as Prof (current position) of Faculty of Economics of Osaka Univ of Economics

2 Takeo Mizuno

- Mar 1964 Graduated from Faculty of Law of Ritsumeikan Univ
- Apr 1964 Joined National Tax Administration Agency
- Apr 1968 Commenced the legal profession (current job)
- Apr 2001 Took office as chairman of Osaka Bar Assoc/ director of Kinki Federation of Bar Assoc/ vice chairman of Japan Federation of Bar Assoc
- Apr 2006 Took office as Prof of Legal Research School of Ritsumeikan Univ (current position)

3 Koji Ikehata [new member]

- Mar 1969 Graduated from Faculty of Law of Kobe Univ
- Dec of 1972 Joined CPA Sano Yasumasa Office (current Ernst & Young ShinNihon)
- Mar 1973 Became CPA (current position)
Opened CPA Ikehata Koji Office (current office)
- Jun 2006 Retired from Ernst & Young ShinNihon

Guideline of Gratis Allocation of Equity Warrant

(a) Content of the Equity Warrant

- (1) Type and the number of shares to be acquired under the Equity Warrant
 - 1) Type of shares to be acquired under the Equity Warrant shall be common shares of JCM.
 - 2) The number of shares of JCM to be delivered (this collectively refers to issuance of new shares of JCM and transfer of shares of JCM held by JCM corresponding to such new shares. This shall hereinafter apply.) in exchange for acquisition of the Equity Warrant and the number of shares of JCM to be newly delivered by the exercise of the Equity Warrant shall be as provided in (b) below. However, if the number of subject shares (defined in 3) below) is adjusted in 3) below, the number shall be adjusted to that calculated by multiplying the number of subject shares after adjustment by total number of the Equity Warrants.
 - 3) The number of common shares of JCM to be delivered in exchange for acquisition or by the exercise of each Equity Warrant (hereinafter referred to as the “Number of Subject Shares”) shall be one share. However, if JCM makes a stock split or reverse stock split, the Number of Subject Shares shall be adjusted by the following calculation formula:
$$\text{Number of Subject Shares after adjustment} = \text{Number of Subject Shares before adjustment} \times \text{rate of stock split/ reverse stock split}$$

In this connection, such adjustment shall be made only for the Equity Warrants not acquired or exercised at that time, and any fractions less than one share, which may occur as a result of adjustment, shall be rounded down, with no adjustment in cash being made. In addition, for such treatment of fractions, in adjusting the Number of Subject Shares given any subsequent event of adjustment of the Number of Subject Shares, such fractions shall be properly reflected in the Number of Subject Shares before adjustment, and the Number of Subject Shares after adjustment shall then be calculated.
- (2) Value of assets to be contributed in exercising the Equity Warrant
 - 1) The amount to be paid in exercising each Equity Warrant shall be the value calculated by multiplying the exercise price (defined in 2) below) by the Number of Subject Shares.
 - 2) The amount of one share of common stock of JCM to be paid in exercising the Equity Warrant (hereinafter referred to as the “Exercise Price”) shall be ¥1.
- (3) Bank receiving the amount to be paid in exercising the Equity Warrant and place of receipt of payment
The above bank and place shall be designated by the Board of Directors of JCM at the time of resolution of issuance of the Equity Warrant.
- (4) Exercise period for the Equity Warrant
Exercise period shall be a period from the day three weeks after the effective date of gratis allocation of the Equity Warrant in (d) below to the day six months after this effective date. However, if the last day of the exercise period falls on a non-business day of the place of receipt of payment, the following business day shall be the last day.
- (5) Matter concerning capital and capital reserve to be increased when shares are issued following the exercise of the Equity Warrant
When issuing common shares of JCM following the exercise of the Equity Warrant, the entire amount of offer price of shares shall be capitalized, and the amount not to be included in capital shall be ¥0.

(6) Restrictions on transfer of the Equity Warrant

Transfer of the Equity Warrant requires approval of the Board of Directors of JCM.

(7) Acquisition of the Equity Warrant

[1] If the Board of Directors of JCM considers it appropriate for JCM to acquire the Equity Warrant, JCM may acquire all Equity Warrants free of charge at a date specified by the Board of Directors during the period from the effective date of gratis allocation of the Equity Warrant to the maturity of the exercise period for the Equity Warrant.

[2] JCM may acquire at a date separately specified by the Board of Directors of JCM all Equity Warrants not exercised until the business day prior to the said date specified by the Board of Directors of JCM of the Equity Warrants held by those other than the “Ineligible person” defined in (e)-(1) below, and deliver in exchange for this one common share of JCM from the Number of Subject Shares in relation to one Equity Warrant. If any third party other than the ineligible person acquires the Equity Warrant held by any ineligible person by transfer, etc. after JCM’s acquisition, JCM may implement more than one such acquisition of the Equity Warrants.

[3] In addition to the above, if it is separately designated in the resolution on gratis allocation of the Equity Warrant, JCM may acquire all Equity Warrants held by ineligible person at a date separately specified by the Board of Directors of JCM, and deliver in exchange for this those separately designated in the resolution on gratis allocation of the Equity Warrant of shares, equity warrants, and bonds of JCM, money, and other considerations.

(8) In the case of a merger/ company split-up/ stock swap/ stock transfer, if a merger in which JCM succeeding obligations involving the Equity Warrants becomes an expired corporation, split-up by merger or new establishment in which JCM becomes a company split, or stock swap or stock transfer in which JCM becomes a wholly-owned subsidiary is conducted, obligations involving the Equity Warrant not acquired, exercised, or retired at the time may be transferred under the decision policy below to the surviving company after merger (hereinafter referred to as the “Surviving Company in Merger”) or company to be established through the merger (hereinafter referred to as the “New Company in Merger”) in the case of a merger, a company taking over all or part of obligations held by JCM split in the split-up by merger in connection with that company’s business (hereinafter referred to as the “Succeeding Company in Split-up by Merger”), a new company established in new establishment in split-up by new establishment (New Company in Split-up by Establishment”), or a company which becomes the *kanzen oyagaisha* through stock swap or stock transfer (hereinafter referred to as the “Kanzen Oyagaisha in Stock Swap” or “Kanzen Oyagaisha in Stock Transfer,” and those six companies shall be collectively referred to as the “Surviving Company, etc.”) in a stock swap or stock transfer. However, this shall only apply when a proposal on the merger contract, contract on split-up by acquisition, plan for split-up by new establishment, stock swap contract, or stock transfer plan in which the effect that succession of obligations involving the Equity Warrant is subject to the following decision policy for each case is entered is approved by the general meeting of shareholders of JCM:

1) Type of shares to be acquired under the Equity Warrant succeeded

Common stock of the Surviving Company, etc.

2) Number of shares to be acquired under the Equity Warrant succeeded

The number of shares shall be reasonably adjusted corresponding to the ratio, etc. of merger, company split-up, stock swap, or stock transfer. Fractions less than one share after adjustment shall be rounded down.

3) The amount to be paid in exercising each Equity Warrant succeeded

The amount shall be reasonably adjusted corresponding to the ratio, etc. of merger, company split-up, stock swap, or stock transfer. Fractions less than ¥1 after adjustment shall be rounded down.

- 4) Exercise period for the Equity Warrant succeeded, other acquisition or exercise of the right conditions, lapse of the resolution on issuance, etc.

Those matters shall be determined by the Board of Directors of JCM at the time of merger, company split-up, stock swap, or stock transfer in accordance with this Guideline.

- 5) Approval of transfer by the Board of Directors

Transfer of the Equity Warrant requires approval of the Board of Directors of the Surviving Company, etc.

- (9) Restrictions on issuance of certificates the Equity Warrant

No certificates of the Equity Warrant shall be issued.

(b) Total number of Equity Warrants

Total number shall be up to the number calculated by multiplying the last outstanding shares as of the base date (defined in (d) below) for gratis allocation of the Equity Warrant (excluding the number of common shares held by JCM at that time) by 2.

(c) Method of gratis allocation of the Equity Warrant and recipients of such allocation

For shareholders entered or recorded in the final list of shareholders or list of beneficiary shareholders (including those who cannot exercise equity warrants in accordance with the provision of (e) below, and excluding JCM as owner of treasury stock) as of the base date for gratis allocation of the Equity Warrant (defined in (d) below), the Equity Warrant shall be allocated by one or more in relation to one share of common stock of JCM held by them

(d) Base date for gratis allocation of the Equity Warrant and the effective date

- (1) Base date

Base date shall be the day separately specified by the Board of Directors of JCM, which comes after the day the Board of Directors of JCM determines implementation of the Revised Plan.

- (2) Effective date

Effective date shall be the day separately specified by the Board of Directors of JCM, which comes after the base date.

(e) Conditions for the exercise of the Equity Warrant

- (1) Only those who are not classified as [1] “specified large shareholders,” [2] “their joint shareholders,” [3] “specified large-lot purchasers,” [4] “their special interested parties,” or [5] “those receiving transfer of or succeeding the Equity Warrant from any of those entered in [1] or [4] above without approval of the Board of Directors of JCM,” or [6] “parties related to those entered in [1] or [5] above” (those classified in category [1] or [6] shall be hereinafter collectively referred to as the “Ineligible person”) may exercise the Equity Warrant.

In this connection, the terms used in above shall be defined as follows:

- 1) “Specified large shareholder” means a party which holds at least 20% (defined in Article 27-23-4 of the Financial Instruments and Exchange Law) of all stock certificates, etc. issued by JCM (defined in Article 27-23-1 of that Law. This shall hereinafter apply unless otherwise provided.) or is recognized by the Board of Directors of JCM to hold at least 20% of such stock certificates.
- 2) “Joint shareholder” means a party defined in Article 27-23-5 of the Financial Instruments and Exchange Law (including those recognized by the Board of Directors of JCM to be classified into this category). This also includes a party deemed to be a joint shareholder in accordance with Item 6 of that Article.

- 3) “Specified large-lot purchaser” means a party which gives public notice of purchase, etc. (defined in Article 27-2-1 of the Financial Instruments and Exchange Law. This shall hereinafter apply.) of stock certificates, etc. (defined in Article 27-2-1 of that Law) issued by JCM through takeover bid (defined in Article 27-2-6 of that Law), and is to have at least 20% of all stock certificates by combining the ratio of his stockholdings, etc. (defined in Article 27-2-8 of that Law. This shall hereinafter apply.) after such purchase (including cases designated in Article 7-1 of the enforcement regulations of the Financial Instruments and Exchange Law as those similar to this) with the ratio of stockholdings, etc. of his special interested party.
 - 4) “Special interested party” means those defined in Article 27-2-7 of the Financial Instruments and Exchange Law (including those recognized by the Board of Directors of JCM as are classified into this category). However, for those indicated in Paragraph 1 of Item 7, those designated in Article 3-2 of the Cabinet Office Order concerning disclosure of takeover bid by those other than the issuer shall be excluded.
 - 5) “Related party” to someone means a party which is recognized by the Board of Directors of JCM as one who actually controls him, is controlled by him, or is under common control with him, or as one who acts in cooperation with him.
- (2) The provision of (1) above notwithstanding, those entered in each of the following paragraphs [1] and [4] shall not be classified as specified large shareholder or specified large-lot purchaser:
- [1] JCM, and its subsidiary or affiliate;
 - [2] Party which is recognized by the Board of Directors of JCM to become a specified large shareholder with no intention to control JCM, and which is no longer a specified large shareholder by selling stock certificates, etc. of JCM held by him within ten days after he became a specified large shareholder (however, JCM may extend such period);
 - [3] Party which is recognized by the Board of Directors of JCM to become a specified large shareholder although he has no such intention for such reasons as JCM’s acquisition of treasury stock (however, a case where he intentionally acquires new stock certificates, etc. after that is excluded);
 - [4] Party whose acquisition or holding of stock certificates, etc. of JCM is recognized by the Board of Directors of JCM not to run counter to the corporate value of JCM or common interest of shareholders (the Board of Directors of JCM may at any time recognize this. In addition, if the Board of Directors of JCM recognizes that the corporate value of JCM or common interest of shareholders is not violated under a certain condition, this may be allowed only if such condition is met.);
- (3) If it is required by the applicable law of a foreign country that a party existing in the jurisdiction under that law 1) perform designated procedures, 2) meet designated conditions (including prohibition of exercise for a specific period and submission of designated documents), or 3) meet both conditions to exercise the Equity Warrant (hereinafter collectively referred to as the “Exercise Procedures/ Conditions under Applicable Law”), the party existing in that jurisdiction may exercise the Equity Warrant only if all the Exercise Procedures/ Conditions under Applicable Law are performed or met. However, regarding the Exercise Procedures/ Conditions under Applicable Law necessary to be performed or met by JCM in order that the party existing in the jurisdiction can exercise the Equity Warrant, JCM shall not liable to perform or meet such Conditions. In addition, if it is not approved under the said law that the party existing in the jurisdiction exercises the Equity Warrant (hereinafter referred to as the “Event of Prohibition of Exercise under Applicable Law”), the party existing in the jurisdiction cannot exercise the Equity Warrant.

- (4) The provision of (3) above notwithstanding, only if a party existing in the U.S. promises JCM to exercise the Equity Warrant 1) by representing and guaranteeing that the party is an accredited investor defined in 501 (a) of the U.S. Securities Act of 1933, and 2) by reselling common shares of JCM acquired as a result of the exercise of the Equity Warrant only in a regular transaction at the Tokyo Stock Exchange (however, such resale shall not be under prior arrangement, and prior solicitation shall not be conducted), the party may exercise the Equity Warrant. Only in this case, shall JCM perform or meet the regulation D of U.S. Securities Act of 1933 and Exercise Procedures/ Conditions under Applicable Law involving U.S. state law in order for the party existing in the U.S. to exercise the Equity Warrant. If the Board of Directors of JCM recognizes that even if the party existing in the U.S. satisfies the conditions in 1) and 2) above, it cannot lawfully exercise the Equity Warrant under the U.S. Securities Act, the party may not exercise the Equity Warrant.
- (5) Even in a case where a party holding the Equity Warrant cannot exercise the Equity Warrant in accordance with the provision of (1) or (4) above, JCM shall not have any liabilities to that party, including liability for damages.

(f) Method of Exercise of Equity Warrant

- (1) Method of exercise of Equity Warrant and place of claim for exercise
- To exercise the Equity Warrant, it is required to enter necessary matters, including the number of Equity Warrants to be exercised, the number of subject shares, and address, in the claim form for exercise of equity warrant designated by JCM (including representation/ guarantee clause and compensation clause stipulating that the party eligible for the Equity Warrant shall not be classified as ineligible person and shall not exercise for any ineligible person), with signature and seal being affixed to it, submit it together with necessary documents separately designated, as necessary, for the exercise of the Equity Warrant, as well as other documents required by the Financial Instruments and Exchange Law and other laws and related regulations (including rules established by the Japan Securities Dealers Association and Japanese securities exchanges) from time to time, to the place of receipt of payment, and pay cash equivalent to the entire amount of exercise price of shares subject to the Equity Warrant involving such exercise to the place of receipt of payment. In this connection, the party eligible for the Equity Warrant may individually exercise each Equity Warrant held by it, and if there are remaining Equity Warrants in such individual exercise, JCM shall enter or record the date of such individual exercise by the party eligible for the Equity Warrant and the number of remaining Equity Warrants in the original register of equity warrants.
- (2) Time of occurrence of effect of claim for exercise of Equity Warrant
- Time of occurrence of effect of claim for exercise of Equity Warrant shall be the time the claim form for exercise of the Equity Warrant involving the exercise and attached documents arrive at the place of receipt of payment in accordance with the provision of (1) above. Effect of the Equity Warrant shall occur at the time when the claim for exercise of the Equity Warrant is effective, and cash equivalent to the entire amount of exercise price of shares subject to the Equity Warrant involving such exercise is paid at the place of receipt of payment.

(g) Notice to the party eligible for the Equity Warrant

- (1) Notice to the party eligible for the Equity Warrant shall be given in writing to the address of the party eligible for the Equity Warrant entered in the original register of equity warrants, and such notice shall be deemed to be received at the time it should normally be received.
- (2) For approval, JCM may deem that the party eligible for the Equity Warrant approves the notice requesting his approval unless he has otherwise notified to JCM in writing within 14 days from the day that notice is deemed to be received.

(h) Notification under the Financial Instruments and Exchange Law

If it is necessary to give notification for each item above under the Financial Instruments and Exchange Law, occurrence of the effect of such notification shall be a condition to be met.

(i) Amendment following revision of law

If it becomes necessary to amend the provisions established in the above clauses or meanings of terms due to establishment of a new law or changes in laws, considering the purpose of such establishment or changes, the provisions established in the above clauses or meanings of terms shall read in response to the purpose to the reasonable extent.

Changes to Articles of Incorporation

(The amended parts have been underlined)

Present Articles of Incorporation	Proposed Amendments
Article 1 to Article 12 (Provisions omitted)	Article 1 to Article 12 (Same as present)
(Newly added)	<u>(Determination of Matters Concerning Gratis Allocation of Equity Warrant)</u> <u>Article 13 Matters concerning gratis allocation of Equity Warrant related to Equity Warrant entitling the exercise and acquisition of rights for certain persons to be differently treated from other persons to whom Equity Warrant are granted, in order to protect and enhance corporate value and common interest of shareholders, shall be determined by the resolution of the Board of Directors, and in addition by the resolution of the General Meeting of Shareholders, or by the resolution of the Board of Directors based on the delegation by the resolution of General Meeting of Shareholders.</u>
Article <u>13</u> to Article <u>43</u> (Provisions omitted)	Article <u>14</u> to Article <u>44</u> (Same as present)