



May 23, 2006

Press Release

Company Japan Cash Machine Co., Ltd.  
Representative Koichiro Kamihigshi  
Stock code 6418  
Stock Exchanges Tokyo and Osaka, 1<sup>st</sup> section  
For inquiries Hisashi Maki,  
Director of administration division  
TEL +81-6-6703-8400

### Notice on Policy toward A Large-Scale Purchase of JCM Shares

Japan Cash Machine Co., Ltd., (hereinafter referred to as “JCM”) announced that the meeting of its Board of Directors held today resolved to implement the below-described measure (hereinafter referred to as, the “Plan”) to respond to large-scale purchases of JCM shares (hereinafter referred to as, a “Large-Scale Purchase”) to prevent abusive acquisition and to protect and enhance corporate value and shareholders’ common interests.

The proposal will be submitted at the Ordinary General Shareholders Meeting scheduled on June 28, 2006(hereinafter referred to the “ordinary general shareholders meeting).

## **I Action to Protect and Enhance Corporate Value and Shareholders’ Common Interests**

### **1. Management Principles**

Taking “Results arise from following the customer’s lead” as its corporate motto, JCM has implemented a customer-first policy since its foundation in 1955 and, together with its subsidiaries, works to quickly and precisely ascertain the customer’s needs and market trends, while maintaining close contact with the market and creating products by placing top priority on their quality.

Receiving ISO 14001 certification in July 2004, JCM engages in activities so as to develop into a company that is friendly to both people and the global environment by observing regulations for environmental protection, striving to prevent pollution, and establishing systems for continuous improvement. Moreover, on the distribution and storage front, JCM makes every effort to conserve energy and resources in its operations, which include currency validation, identification, handling, and counting, and through which it strives to realize high levels of accuracy that ensure confidence in interactions involving people and money. By remaining focused on these strategies, JCM seeks to conduct its business operations in an appropriate and effective manner so as to enhance corporate value and shareholder’ common interests, while maintaining good relations with a broad range of stakeholders, including shareholders, investors, business partners, local communities and employees.

## **2. Basic Policy on Profit Sharing**

With the aim of encouraging long-term holding of shares, JCM intends to distribute profits by setting a minimum dividend payout ratio of 25% on non-consolidated net income and strives to assure continued stable profit sharing. As to the financial results ended March 31, 2006, regrettably both net sales and net income decreased compared to the previous year. However, in consideration of the availability of retained earnings, the outlook for the next fiscal year, and dividend yield, JCM actively implements the basic policy on profit sharing “Encouraging long-term holding of shares”. Based on the policy, JCM will submit the proposal of increasing dividends per share by ¥4 to ¥22 from the previously forecasted dividend per share, giving a total annual dividend of ¥40 to the ordinary general shareholders meeting. (Announced on May 12, 2006)

JCM will continue to implement the policies on profit sharing actively.

## **3. Endeavors to Protect and Enhance Corporate Value and Shareholders’ Common Interests**

JCM has been engaged in development, production and sales of a wide range of currency transaction machines since its foundation. In recent years, JCM has significantly improved its corporate performances due to strong growth of its sales of the products for the overseas gaming markets, particularly in the United States and Europe, which have been remarkably developed as new markets, in addition to the efforts to strengthen the financial standing and management base.

In other words, JCM has developed and launched bill validator units for the gaming markets ahead of other competitors in this industry and dominated the top market share in the gaming markets all over the world. Moreover, JCM seeks to develop the business activities in various fields such as vending machines, and fare adjustment machines, and kiosks based on the stable customer confidence, creditworthiness and technical capabilities.

In order to continue to create such products as may be rich in novelty and meet and satisfy customers’ needs, JCM further strengthens the original and creative development capabilities.

In particular, as for our 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 own R&D activities. Additionally, JCM group has actively promoted its overseas production, mainly in China, in order to reduce manufacturing costs related thereto, resulting in the overseas production ratio of approximately 35% as of the end of March in 2006.

With the completion of extension works on the main domestic plant, the Nagahama Factory (Nagahama city, Shiga prefecture), JCM works on consolidating domestic production and distribution base. As a way of further improving operational efficiency by shortening production lead-time and reducing inventories, JCM aims to introduce a production system of differentiated steps, whereby key parts for instance will be sourced in Japan, sourcing of general parts and assembly of semi-finished products will take place in China or a second overseas production base, and final assembly and inspection according to individual customer specifications will be carried out in the relevant country of sale.

Moreover, overseas business activities have been developed by its subsidiaries consisting of three sales offices in US, Germany, and UK in total and one production subsidiary in HK. Further, JCM will

continue to focus on laying the infrastructure for a total network system designed to manage operational information on real time at a global level.

In order to carry out the above-mentioned measures and enhance corporate value as well as shareholders' common interests, JCM has currently implemented the mid-term business plan, so-called "JCM World 21." In accordance with this mid-term business plan, JCM has set (1) overseas gaming markets, (2) commercial markets, and (3) domestic markets, as target markets on which JCM should particularly place much greater importance in the future. JCM has aggressively undertaken the reinforcement of the development engineering capabilities, the development and expansion of the production systems and active approach to human resources development, and then strives to focus on enhancement and improvement of our existing products and businesses as well as creation of new demands for the target markets.

It has marked the third year since we launched this plan, and the conditions and circumstances surrounding various markets at the time of such initial preparation have been significantly changing. We have now considered reviewing such business plan to meet the present status.

By means of further concentrating all technical capabilities and sales know-how which have been cultivated based on the past experiences, developing new products as may meet rapidly changing and diversifying customers' needs, enhancing the selection on product line and promoting the diversification of marketing methods, toward the overseas gaming and commercial markets and each domestic market, JCM will stably and continuously increase its value, make the best efforts to reach and post record-high profits and performances and then enhance shareholders' common interests.

## **II Purpose of Introducing the Plan**

As mentioned above, JCM intends to maintain the traditional management policy, realize further growth of its businesses and vigorously promote to implement certain measures so as to enhance corporate value as well as shareholders' common interests. At the same time, a Large-Scale Purchase of shares suddenly enforced by some companies have appeared prominently in the recent capital markets, without any appropriate process, such as sufficient consultation or agreement with the management of such targeted company.

The Board of Directors of JCM will not reject all the 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 one company shares 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' common interests, such as: (i) cases where the objective of a purchase is to obtain a certain asset or technology, and apparently harms corporate value and shareholders' common interests, judging from its goal (ii) cases involving the apprehension that shareholders will be virtually compelled to sell their shares (iii) 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 (iv) 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, most of our products, including the bill validator units have been equipped with its own technologies such as bill validation and handling and it is no exaggeration to say that such technologies have supported the present development of JCM Group. JCM's own technologies have been established as a result of the longstanding research and development activities, and they are essential for speed up and improved accuracy as well as automation of the currency transaction, JCM will engage in further development of such technologies to enhance corporate value and shareholders' common interests. Accordingly, if a Large-Scale Purchase which might cause any outflow of excellent and highly skilled technical personnel of JCM or any loss or deprivation of such technologies, such purchase would diminish corporate value as well as shareholders' common interests. JCM needs to take measures to prevent emergence of such a serious situation.

In addition, JCM Group now has operated a wide range of business activities towards different markets, including gaming, retail, food service, finance, or equipment for the amusement industry, in many countries and regions world wide, such as North America, Europe and Asia including Japan. Therefore, if a Large-Scale Purchase should be made to the shareholders, it is not always easy to determine whether or not such proposal should be accepted in a timely and appropriate manner, taking into full account various factors which compose corporate value of JCM Group.

Then, in light of such circumstances surrounding JCM, in order to maintain and enhance corporate value as well as shareholders' common interests, JCM decided to implement this Plan as a framework which enables JCM, if any action related to a Large-Scale Purchase of shares should be taken by any purchaser or tender offer (hereinafter referred to as a "Purchaser") with regard to any of the shares, to demand such Purchaser to provide in advance any information with regard to such action so that the shareholders might determine whether or not such proposal should be accepted or the Board of Directors of JCM might acquire any information and time necessary to offer an alternative proposal and conduct negotiation with the Purchaser for and on behalf of the shareholders.

In the meantime, while a majority of the shareholders of JCM is now composed of long-term shareholders, its management philosophy is to continuously enhance corporate value and JCM has determined that implementation of this Plan would contribute to the benefits of all of the stakeholders so as to appropriately respond to any transfer in the shareholders or any change in the composition ratio of the shareholders due to measures to be taken over a long-run.

### III Contents of the Plan

The Plan shall apply if a transaction that falls or might fall under the following item (i) or item (ii).

#### 1. A Large-Scale Purchase, etc. subject to the Plan

- (i) Any purchase of share certificates, etc. (Note 1) issued by JCM that will render total shareholders' (Note 2) holding ratio of share certificates, etc. (Note 3) to be 20% or more.
- (ii) Any purchase of share certificates, etc. (Note 4) issued by JCM that will render the total of shareholders' holding ratio of share certificates, etc. on tender offer (Note 5) and the total of special affiliated person (Note 7) holding ratio of share certificates, etc. (Note 6) to be 20% or more.

(Note 1) The term “share certificates, etc.” as used for cases under item (i) refers to “share certificates, etc.” as defined in Article 27-23, Clause 1 of the Securities and Exchange Law (shoken-torihiki-ho) unless otherwise specified.

(Note 2) The term “shareholders” as used for cases under item (i) refers to “shareholders” as defined in Article 27-23, Clause 3 of the Securities and Exchange Law (shoken-torihiki-ho) unless otherwise specified.

(Note 3) The term “holding ratio of share certificates, etc.” as used for cases under item (i) refers to “holding ratio of share certificates, etc.” as defined in Article 27-23, Clause 4 of the Securities and Exchange Law (shoken-torihiki-ho) unless otherwise specified.

(Note 4) The term “share certificates, etc.” as used for cases under item (ii) refers to “share certificates, etc.” as defined in Article 27-2, Clause 1 of the Securities and Exchange Law (shoken-torihiki-ho) unless otherwise specified.

(Note 5) The term “tender offer” as used for cases under item (ii) refers to “tender offer certificates” as defined in Article 27-2, Clause 6 of the Securities and Exchange Law (shoken-torihiki-ho) unless otherwise specified.

(Note 6) The term “holding ratio of share certificates, etc.” as used for cases under item (i) refers to “holding ratio of share certificates, etc.” as defined in Article 27-2, Clause 8 of the Securities and Exchange Law (shoken-torihiki-ho) unless otherwise specified unless otherwise specified.

(Note 7) The term “special affiliated person” refers to “special affiliated person” as defined in Article 27-2, Clause 7 of the Securities and Exchange Law (shoken-torihiki-ho) unless otherwise specified. However, with respect to those listed in Item 1 of the said Clause, those mentioned in Article 3, Clause 1 of the Cabinet Office Order concerning a Tender Offer of Shares by Parties Other than the Issuer (Hakkosha-igai no Mono ni Yoru Kabuken-to no Kokai-kaitsuke no Kaiji ni Kansuru Naikakufu-rei) shall be excluded.

## **2. Demand for A Large-Scale Purchaser's Information**

When a Purchaser intends to commence a Large-Scale Purchase, a Large-Scale Purchaser is required to submit to JCM a letter of intention to comply with the Purchase Rules stipulated in this Plan (hereinafter referred to as the "Intention Letter"). In the intention letter, name and address of a Large-Scale Purchaser, governing law of incorporation, the name of the representative, contact details in Japan and an outline of the proposed Purchase should be specified.

Within five (5) business days after receipt of the intention letter, JCM will issue a list to a Large-Scale Purchaser of initially required intention letter to provide additional information so that shareholders of JCM may make decisions and the Board of Directors may formulate their opinion regarding such a Large-Scale Purchase. It includes, but is not limited to the criteria described below.

### **(1) Condition of a Large-Scale Purchase**

- (i) The purposes, methods and conditions of a Large-Scale Purchase (including duration of the purchase, structure of the transaction, the lawfulness of the manner of purchase, and the plausibility of the purchase and the like)
- (ii) Policies whether or not to contact with a third-party with regard to a Large-Scale Purchase, and its contents
- (iii) Contents of calculation, the numeric information used in the calculation, the amount of the synergy Conditions of a Large-Scale Purchase (including price and currency), the calculation basis (including the facts and assumption forming the calculation basis, the manner effect anticipated to result from the series of transactions relevant to a Large-Scale Purchase and calculation basis and the like) of purchase price
- (iv) Proof of the financial resources for a Large-Scale Purchase, names of providers (including beneficial providers) of resources, the manner of funding (including the substance of the relevant transactions)
- (v) Management policies, business plans, financial plans, equity policies, dividend policies, and asset utilizations and the like that a Large-Scale Purchaser intend to adopt after the completion of a Large-Scale Purchase
- (vi) the policies for handling employees, business partners, customers, and other interested parties after completion of a Large-Scale Purchase
- (vii) Other information that JCM reasonably determines to be necessary

### **(2) Outline of a Large-Scale Purchaser**

An outline (including the name, capital composition, and company's histories of a Large-Scale Purchaser and its group (including joint holders, special affiliated persons, and major members and other constituent elements in the case of a fund), financial condition, managing condition, business performance, history and results of past acquisitions, existence or nonexistence of law violation in the past and its contents, career summaries of the board members.

If the information initially provided by a Large-Scale Purchaser is deemed to be insufficient, JCM may require a Large-Scale Purchaser to provide additional information until JCM determines the provided

information is sufficient. The Board of Directors will disclose all or a part of such Large-scale Purchase Information submitted to the Board of Directors at the time it deems appropriate, if such disclosure is considered necessary for shareholders to make decision.

### **3. Examination of a Large-Scale Purchase, Negotiation with a Large-Scale Purchaser, and Presentation of an alternative proposals**

The Board of Directors will fix the period mentioned in item (i) or item (ii) below in order to assess, examine, negotiate with a Large-Scale Purchaser, form an opinion and seek any alternative plans (hereinafter referred to as the “Evaluation Period”) after the provision of a Large-Scale Purchase information is completed described above in (2). Any Large-Scale Purchases shall be deemed commenced only after the lapse of the Board of Directors’ Evaluation Period.

- (i) In the case of the purchase of all of the share certificates of JCM by way of a tender offer that limits purchase prices to cash (Japanese Yen): sixty (60) days
- (ii) In the case of a Large-Scale Purchase other than as mentioned in item (1) above: ninety (90) days

During the Evaluation Period, the Board of Directors will conduct the evaluation activity from the viewpoint of the protection and enhancement of corporate value and shareholders’ common interests on the basis of Information provided by a Large-Scale Purchaser. The Board of Directors will also consult and negotiate with a Large-Scale Purchaser, and present an alternative proposal to our shareholders in order to improve conditions of a Large-Scale Purchase from the viewpoint of the protection and enhancement of corporate value and shareholders’ common interests.

If there is a compelling reason for the Board of Directors not to make a decision on triggering the Plan, the Board of Directors may extend the Evaluation Period to the extent necessary for evaluation of a Large-Scale Purchase, negotiation with a Large-Scale Purchaser, and preparation of alternative plans (the same applies to the further extension of such extended period.) Upon the extension of the Evaluation Period, the Board of Directors will promptly disclose extension period and other information considered to be appropriate to the shareholders of JCM after a resolution of such extension.

### **4. Recommendations from special committee**

#### **(1) Special committee**

The special committee shall be established in order to secure objectivity and reasonableness of the Board of Directors judgment on consultation, negotiation with a Large-Scale Purchaser, extension of the Evaluation Period described above in 3, and the matters deemed to be appropriate to trigger the plan mentioned in (2) below.

The special committee shall evaluate, examine, and make recommendations to the Board of Directors whether or not to trigger the Plan pursuant to the procedure of the Detailed Regulations regarding the Stock Acquisition Rights. The special committee may seek advice of outside professionals in third-party positions independent from the Board of Directors including financial advisors, lawyers, and

certified public accountants upon the above evaluations and examinations in order to secure corporate value and shareholders' common interests. The Board of Directors shall fully consider such recommendations and make a final decision based on a majority vote with all the members in attendance.

Members of the special committee consists of more than three (3), are appointed by the Board of Directors of JCM that fulfill the conditions below, and contracts a clause that provides for a fiduciary duty to JCM.

The names and career histories of the special committee are referred to Exhibit 1.

- (i) Any parties who are or were not the members of the Board of Directors (excluding the Outside Directors or the Board of Corporate Auditors (excluding the Outside Corporate Auditors) of JCM, its subsidiaries, or its affiliates (hereinafter referred to as "JCM").
- (ii) Any persons who are or were not the relatives of the Board of Directors or the Board of Corporate Auditors
- (iii) Any parties who does not have an special interest with JCM
- (iv) Experienced business managers, parties familiar with investment banking, lawyers, certified public accountants, and researchers who especially study the company law or relevant parties

(2) Recommendations on triggering the Plan from the special committee

If a Large-Scale Purchaser does not comply with provision of sufficient and adequate information and period to consider, and other procedures described above in (2) and (3), or in case the special committee deems that a Large-Scale Purchase applies any of the followings (hereinafter referred to as the "Trigger Factors"), after completion of evaluation and examination of submitted information, and consultation and negotiation with a Large-Scale Purchaser, and considered to be appropriate, the special committee triggers the Plan (The specific countermeasure is described in 6).

(i). The special committee will determine whether a Large-Scale Purchaser in question is suspected to harm corporate value and shareholders' common interests under any of the following items (a) to (d):

- (a) A Large-Scale Purchaser who conducts a share purchase, without any true intention to participate in the management of JCM, for the purpose of boosting the share price and thereafter having parties interested in JCM purchase shares (cases of the so called "green mailer").
- (b) A Large-Scale Purchaser's purpose in participating in the management of JCM is mainly to temporarily control the management of JCM and thereby cause intellectual property rights, know-how, confidential corporate information, key business partners, customers or the like necessary for JCM's business operation to transfer to a Large-Scale Purchaser, its group company or the like.
- (c) A Large-Scale Purchaser who purchases shares of JCM under the plan that it will unjustly divert JCM assets as collateral or repayment resources for obligations of a Large-Scale Purchaser, its group company or the like after its acquisition of the control over JCM.
- (d) A Large-Scale Purchaser is mainly to temporarily control the management of JCM, thereby cause JCM to sell or otherwise dispose of highly-valued assets, such as real property or



securities, that are not currently related to JCM business and to distribute temporarily higher dividends with the gains from such disposal, or to sell its shares at an inflated price caused by such temporarily higher dividends.

- (ii) The manner of acquisition of shares involving a two-tiered structure (a takeover which coerces shareholders into accepting a higher priced front-end tender offer by setting unfavorable terms or not specifically indicating terms for the back-end of the transaction for any shareholders who do not accept the front-end tender offer) that would restrict the shareholders' opportunity or liberty to make decisions, and have the possibility to coerce shareholders of JCM to sell their shares.
- (iii) Conditions of a Large-Scale Purchase (including, but not limited to, the amount, type, timing, manner, probability and the policies for handling employees, business partners, customers, and other interested parties after completion of a Large-Scale Purchase) are inadequate or inappropriate in light of corporate value.

Regardless of when the base date for a resolution of allotting the Acquisition Rights is, even after the special committee gives its recommendation to the Board of Directors to trigger the Plan, if a Large-Scale Purchase is withdrawn or disappeared, and deemed not to be applicable to the Trigger Factors, the special committee may make a further recommendation to cease or abolish the Plan to the Board of Directors.

(3) Recommendations on not-triggering the Plan from the special committee

If a Large-Scale Purchaser complies with provision of sufficient and adequate information and period to consider, and other procedures described above in (2) and (3), or in case the special committee deems not to be applicable to the Trigger Factors, after completion of evaluation and examination of submitted information, and consultation and negotiation with a Large-Scale Purchaser, the special committee makes an recommendation not to trigger the Plan. Even after the special committee gives its recommendation to the Board of Directors not to trigger the Plan, if any changes occur in the Trigger Factors, the special committee may further make a recommendation to trigger the Plan to the Board of Directors.

## **5. Resolution of Board of Directors**

The Board of Directors adopts the necessary board resolutions described in 4, and makes a decision whether or not to trigger, cease, or abolish the Plan.

In the case where such resolution is adopted, JCM will promptly disclose to the shareholders of JCM outline of the resolution, outline of Special Committee Recommendation, and the matters considered by the Board of Directors to be appropriate. In the case where the Board of Directors cease or abolish the Plan after a resolution of allotting the Acquisition Rights, a price volatility risk may possibly arise with respect to the shares of JCM.

## **6. Terms of Stock Acquisition Rights**

The Board of Directors shall allot the stock acquisition rights without the application by the shareholders (hereinafter referred to as the “Rights”) as a countermeasure against an inappropriate Large-Scale Purchase and the like.

The terms of the Rights are as follows:

### **(1) Shareholders Eligible for Allotment**

Upon a resolution of allotment of the Rights to the shareholders registered or recorded in JCM’s latest shareholder register or beneficial shareholder register as of the record date (hereinafter referred to as the “Allotted Date”) fixed by the Board of Directors, the Rights shall be allotted in proportion to the respective numbers of their shares held (excluding the common shares of JCM held by itself) at the ratio of one (1) share per one (1) Right.

### **(2) Type and Number of Shares Subject to Rights**

The type of JCM shares corresponding to the Rights shall be common share, and upon exercise of one (1) Right, one (1) common share shall be issued.

### **(3) Total Number of Rights**

The maximum number of Rights will be the same as the total number of outstanding shares of common stock as at the close of the Allotted Date (excluding the number of shares of common stock held by JCM).

### **(4) Issuance Price of Rights**

The exercise price of the Rights shall be one (1) Japanese Yen per share of common stock to be issued upon the exercise

### **(5) Exercise Period of Rights**

The exercise period of the Rights shall be a period after three weeks from effective date of exercising Rights till six (6) months.

### **(6) Exercise Conditions of Rights**

Any parties who are not applicable to the followings are eligible to exercise the Rights.

- (a) Any Large-Scale shareholders
- (b) Any joint shareholders of Large-Scale shareholders
- (c) Any Large-Scale Purchasers
- (d) Other special affiliated persons
- (e) Any persons who were transferred of the Rights from persons who are applicable to above (a) to (d) without a resolution of the Board of Directors.
- (f) Any persons who have relations with persons applicable to above (a) to (e)

Under the Law within and outside Japan, non-residents in the country of Japan are not eligible to exercise Rights

#### (7) Acquisition of Rights

Upon a resolution of the Board of Directors, JCM may acquire any Rights that are in exchange for common shares only to the extent the stock acquisition date has occurred from the effective date and deemed to be appropriate to acquire the Rights as of a certain date if any of above (6) (a) to (f) are not applicable.

#### (8) Cancellation Events and Conditions of Rights

The cancellation events and conditions of Rights shall not be provided for.

#### (9) Restriction on Transfer of the Rights

The transfer of the Rights may be subject to the resolution of the Board of Directors.

### **7. Effective Period, Continuation, Abolition and Modification of the Plan**

The effective period of the Plan shall expire at the close of the ordinary general shareholders meeting for the end of the business year ending of March 31, 2009.

However, the Plan will be abolished before such expiry if the ordinary general shareholders meeting approves a proposal to abolish the Plan, or if the Board of Directors, which is composed of the directors appointed at the ordinary general shareholders meeting adopts a resolution to abolish the Plan. It is thus possible to abolish the Plan at any time in accordance with the intentions of the shareholders of JCM.

JCM may revise or modify the Plan pursuant to revision and modification of the Securities and Exchange Law (shoken-torihiki-ho) or relevant laws if necessary from the viewpoint of the protection and enhancement of corporate value and shareholders' common interests.

Upon a board resolution being adopted for the abolition, modification or the like of the Plan, JCM will promptly disclose information with considered by the Board of Directors to be appropriate.

## **IV Reasonableness of the Plan**

### **1. Consistence of the principles for the countermeasure against a Large-Scale Purchase**

The Plan is consistent with three basic principles formulated in the "Guidelines Regarding Takeover Defenses for the Purposes of the Protection and Enhancement of Corporate Value and Shareholders' Common Interest" (kigyo kachi/Kabunushi-kyodo no Rieki no Kakuho mataha Kojo no Tame no Baishu-boei-saku ni Kansuru Shishin) jointly released by the Ministry of Economy and the Ministry of Justice on May 27, 2005 ((i) the principle of the protection and enhancement of corporate value and shareholders' common benefits; (ii) the principle of prior disclosure and shareholders' intentions; and (iii) the principle of securing necessary and suitability).

## **2. The Plan Will Be Introduced for Protection and Enhancement of Shareholders' Common Interests**

As described above in II, the Plan will be introduced for the purpose of protecting and enhancing corporate value and shareholders' common interests by ensuring the provision of necessary and adequate information and time for Board of Directors to formulate an alternative proposal to determine whether or not to accept a Large-Scale Purchase and for the shareholders to negotiate with a Large-Scale Purchaser.

## **3. Reflection of Shareholders' Wishes**

The Plan will be introduced after the approval of JCM's shareholders at the ordinary general shareholders meeting, and shall expire at the close of the ordinary general shareholders meeting for the end of the business year ending of March 31, 2009. However, even before the expiration date, the Plan may be abolished upon an approval at the ordinary general shareholders meeting or a resolution of the Board of Directors meeting, which is composed of the directors appointed at the ordinary general shareholders meeting.

JCM will submit to the ordinary general shareholders meeting a proposal to modify its Articles of Incorporation to the effect that the term of office of a director be shortened to one (1), and JCM will make sure to reflect shareholders' wishes through a proposal for election of directors at the annual general meeting every year.

## **4. Reasonableness and Objectivity of Triggering the Plan**

The Plan will not be triggered unless otherwise not complying with the provision of necessary and adequate information and period to consider described above in III 2 and 3, and other procedures specified in the Plan, or in case a Large-Scale Purchase is deemed not to be applicable for triggering the plan. The Trigger Factors are determined reasonably and objectively based on the cases of judicial trial and the above guidance.

The special committee shall evaluate, examine, and make recommendations to the Board of Directors whether or not to trigger the Plan pursuant to the procedure of the Detailed Regulations regarding the Rights. The Board of Directors makes a decision with respect whether or not to trigger, cease, or abolish the Plan.

## **5. Establishment of special committee**

The special committee shall be established in order to secure objectivity and reasonableness of the Board of Directors on consultation, negotiation with a Large-Scale Purchaser, and extension of the Evaluation Period, and whether it is deemed as the Trigger Factors or not.

Members of the special committee consist of persons independent from the Board of Directors that fulfill the conditions described above in III 4 (1), and may seek advice from outside professionals independent from the Board of Directors including financial advisors, lawyers, and certified public accountants at JCM's cost. The special committee shall evaluate and examine the Trigger Factors, and make recommendations to the Board of Directors whether or not to trigger the Plan pursuant to the

procedure of the Detailed Regulations regarding the Rights. The Board of Directors makes a decision with respect whether or not to trigger, cease, or abolish the Plan.

## **6. Not a “Dead Hand” Type Takeover Defense**

The Plan is allowed to be, at any time, abolished by a resolution of the Board of Directors, which is composed of the directors appointed at the ordinary general shareholders meeting. A Large-Scale shareholder is allowed to abolish the Plan through a resolution of the Board of Directors, which is composed of the directors appointed by him/her. The Plan is not a takeover defense measure of the so-called “dead hand” type (a takeover defense measure that cannot be prevented even though a majority of the member of the Board of Directors are replaced).

## **V Effect upon Shareholders and Inventors**

### **1. Effect upon Shareholders and Investors When Introducing the Plan**

At the time of the introduction of the Plan, no Rights will be allotted.

Accordingly, the rights and economic interests of the shareholders and inventors of JCM will not be directly and specifically affected.

### **2. Effect upon Shareholders and Investors When Rights Are Allotted**

In case JCM allots the Rights without the application by the shareholders upon a resolution of the Board of Directors to trigger the Plan, the shareholders registered or recorded in the latest shareholder register or beneficial shareholder register as of the Allotted Date fixed by the Board of Directors, the Rights shall be allotted in proportion to the respective numbers of their shares held at the ratio of one (1) share per one (1) Right.

### **3. Procedures to Exercise the Rights by Shareholders**

- (1) In the event that the Board of Directors has determined to issue the Rights, JCM will publicly announce the Allotted Date. Since the shareholders registered or recorded in the latest register of shareholders of JCM as of the Allotted Date will be granted the Rights, the shareholders will be required to make name changes in the shareholder register by the Allotted Date (excluding the shares deposited with JASDEC).
- (2) JCM will send to each shareholder registered or recorded in the latest register of shareholders of JCM as of the Allotted Date a form for exercise of the Rights including a certification to be verified by the shareholder that he or she is not a Large-Scale shareholder, along with such other documents as necessary for the exercise of the Rights. A shareholder may receive a share of Common Stock for each Right upon submitting such documents and paying one (1) Japanese Yen per share of Common Stock to be paid to the payment-handling agent during the exercise period. However, in the event the Company resolves that the Rights may be acquired by the shareholders in exchange for the JCM's shares and takes the necessary actions, the holders of such Rights will receive the JCM's

shares in exchange of the Rights without paying the exercise price. In such case, holders of the Rights may be required to submit a form designated by JCM which certifies that he or she is not a Large-Scale shareholder, instead of a form for exercise of the Rights.

(Exhibit 1)

## **Special Committee:**

Names and Career Summaries of the Members

### **1. Shoji Ninomiya**

March 1975	Doctor of Economics, Graduate School of Kobe University
April 1978	Associate Professor, Faculty of Economics, Nagoya Gakuin University,
April 1981	Associate Professor, Faculty of Education, Okayama University
April 1990	Professor (Incumbent), Faculty of Business Administration, Osaka University of Economics,

### **2. Terumichi Saeki**

March 1965	Graduated from Faculty of Law, Kyoto University
April 1968	Lawyer (Incumbent)
April 1991	Vice Deputy Chairman, Osaka Bar Association
April 2002	Chairman, Osaka Bar Association Vice Deputy Chairman, Japan Federation of Bar Associations

### **3. Hideyuki Koizumi**

March 1976	Graduated from Faculty of Economics, Kyoto University
October 1977	Deloitte Tohmatsu FAS (Former Deloitte Tohmatsu Corporate Finance Co., Ltd.)
March 1981	Certified Public Accountant (Incumbent)
January 1987	Established Koizumi C.P.A. Office (Incumbent)
June 1995	Board of Outside Corporate Auditors of Japan Cash Machine Co., Ltd. (Incumbent)