

Securities Code: 6457

June 6, 2008

To our shareholders,

Hideto Nishino

President

GLORY LTD.

3-1, Shimoteno 1-chome,

Himeji City, Hyogo

Notice of the 62nd Ordinary General Meeting of Shareholders

You are cordially invited to attend the 62nd Ordinary General Meeting of Shareholders of GLORY LTD. (the “Company”), which will be held as described below.

In the event that you are unable to attend the meeting in person, you are kindly requested to review the attached Reference Materials for the General Meeting of Shareholders, and exercise your voting rights by stating your approval or disapproval for each of the proposals in the enclosed Voting Card, and return the Voting Card to the Company, or vote via the Company’s voting site* at <<http://daiko-sb.gcan.jp>>. Whichever method you use, we ask that you please exercise your voting rights no later than 5:15 p.m., Thursday, June 26, 2008 (Tokyo time).

*Please note that the voting site is only available in the Japanese language.

1. **Date & Time** Friday, June 27, 2008, 10:00 a.m.
2. **Place** Conference Room 67, Wing Building (6th Floor)
GLORY LTD. Head Office
3-1 Shimoteno 1-chome,
Himeji City, Hyogo

3. Agenda

Matters to be reported:

1. The Business Report, the Consolidated Financial Statements and the Reports of Independent Auditors and the Board of Corporate Auditors on the Consolidated Financial Statements for the 62nd term (April 1, 2007 to March 31, 2008)
2. The Financial Statements for the 62nd term (April 1, 2007 to March 31, 2008)

Proposals to be acted upon:

- Proposal No. 1 Distribution of Retained Earnings
- Proposal No. 2 Partial Amendments to the Articles of Incorporation
- Proposal No. 3 Election of Nine (9) Directors
- Proposal No. 4 Payment of Bonuses to Directors
- Proposal No. 5 Introduction of Countermeasures to Large-Scale Acquisitions of the Shares in the Company (Takeover Defense Measures)

This is a partial translation of the original Japanese text of the “Notice of the 62nd Ordinary General Meeting of Shareholders” prepared for the convenience of shareholders. Should there be any discrepancy between any part of this translation and the original Japanese text, the latter shall prevail.

REFERENCE MATERIALS FOR THE GENERAL MEETING OF SHAREHOLDERS

Proposal No. 1 Distribution of Retained Earnings

The Company's fundamental policy for returning profits is to determine the amount of annual dividends after taking into consideration a variety of factors including consolidated financial standing of the Company, while maintaining annual dividends of ¥28 per share based on equity capital.

In accordance with the above policy, the Company is proposing to pay a year-end dividend of ¥26 (including an ordinary dividend of ¥14 and an extraordinary dividend of ¥12) per share, taking into account the consolidated performance of the Company during the fiscal year and in response to the support given by its shareholders and their expectations. As the Company previously paid out ¥14 per share as an interim-period dividend, the total dividend for the fiscal year would be ¥40 per share.

1. Type of dividend asset
Cash
2. Allocation of dividend asset and total amount of allocation
¥26 per share of common stock
(Consisting of an ordinary dividend of ¥14 and an extraordinary dividend of ¥12)
Total amount of payout: ¥1,863,942,262
3. Effective date of dividend payment
June 30, 2008

Proposal No. 2 Partial Amendments to the Articles of Incorporation

1. Reasons for the amendments
 - (1) The current number of common shares outstanding is 72,838,210 as of the end of this fiscal year, while the total number of authorized share capital provided is 128,664,000 shares. The Company proposes to amend and increase the total number of authorized share capital to 150,000,000 shares from 128,664,000 shares for the following reasons: 1) to prepare for future business expansion and to pursue an agile capital policy, and 2) to ensure effectiveness of Countermeasures to Large-Scale Acquisitions of the Shares in the Company (Takeover Defense Measures) adopted on December 26, 2007 by resolution of the Board of Directors (Proposed amendment to Article 6 of the current Articles of Incorporation).
 - (2) To make management responsibility clearer, it is proposed that the term of directors be reduced to one (1) year from the current two (2) years (Proposed amendment to Article 23 of the current Articles of Incorporation).

2. Details of the amendments

Details of the amendments are as follows.

(Amended portions are underlined.)

<i>Present Articles of Incorporation</i>	<i>Proposed Amendment</i>
<p>Article 6. (Total Number of Shares Authorized to be issued)</p> <p>The total number of shares authorized to be issued by the Company shall be <u>one hundred and twenty eight million six hundred sixty four thousand (128,664,000) shares.</u></p>	<p>Article 6. (Total Number of Shares Authorized to be issued)</p> <p>The total number of shares authorized to be issued by the Company shall be <u>one hundred and fifty million (150,000,000) shares.</u></p>
<p>Article 23. (Term of Office)</p> <p>1. The term of office of a Director shall expire at the conclusion of the ordinary General Meeting of shareholders for the latest business year ending within <u>two (2) years</u> from his/her appointment.</p> <p>2. <u>The term of office of a Director appointed to increase the number of existing Directors or to fill a vacancy shall expire at the time of expiration of term of office of the existing Directors.</u></p>	<p>Article 23. (Term of Office)</p> <p>The term of office of a Director shall expire at the conclusion of the ordinary General Meeting of shareholders for the latest business year ending within <u>one (1) year</u> from his/her appointment.</p> <p>(Deleted)</p>

Proposal No. 3 Election of Nine (9) Directors

At the close of this General Meeting of Shareholders, the term of office will expire for all the nine (9) Directors.

Therefore we would like shareholders to elect nine (9) Directors.

The candidates for the position of Directors are as follows:

No	Name (date of birth)	Brief personal history, position, responsibility, and the state of representation at other corporations and organizations	Number of shares in the Company owned by the candidate
1	Hisao Onoe (Aug. 16, 1935)	<p>Jul. 1961 Joined the Company</p> <p>Jun. 1970 General Manager, General Affairs Dept.</p> <p>Dec. 1970 Director</p> <p>Dec. 1974 Managing Director</p> <p>Jan. 1978 Senior Managing Director</p> <p>Jan. 1980 Vice President & Representative Director</p> <p>Jun. 1989 President & Representative Director</p> <p>Jun. 2001 Chairman of the Board & Representative Director (to present)</p> <p>[Representation at other corporations and organizations] President, Himeji Chamber of Commerce and Industry</p>	131,988
2	Hideto Nishino (Dec. 28, 1940)	<p>Apr. 1963 Joined the Company</p> <p>Apr. 1989 General Manager, Card System Div.</p> <p>Jun. 1989 Director</p> <p>Jun. 1992 Managing Director</p> <p>Jun. 1995 Senior Managing Director</p> <p>Jun. 2000 Vice President & Representative Director</p> <p>Jun. 2001 President & Representative Director (to present)</p>	19,876

No	Name (date of birth)	Brief personal history, position, responsibility, and the state of representation at other corporations and organizations	Number of shares in the Company owned by the candidate
3	Masatoshi Ushio (Jan. 1, 1945)	Apr. 1967 Joined the Company Apr. 1988 General Manager, Banking Systems & Equipment Div. 1 Jun. 1995 Director Jun. 2000 Managing Director Jun. 2004 Senior Managing Director Apr. 2005 General Manager, Money Handling Systems Business Headquarters Jun. 2006 Director (to present) Senior Managing Executive Officer (to present) Jun. 2007 Responsible for Engineering (to present)	15,084
4	Masakazu Hamano (Jul. 30, 1946)	Mar. 1969 Joined KOKUEI Shoji Co., Ltd. (now the Company). Apr. 1994 Tokyo Branch Manager, GLORY Shoji Co., Ltd. (now the Company) Jun. 1995 Director of GLORY Shoji Co., Ltd. Jun. 1999 Managing Director of GLORY Shoji Co., Ltd. Jun. 2006 Director (to present) Oct. 2006 Managing Executive Officer Company President, Financial Business Systems Company Jun. 2007 Responsible for Sales (to present) Senior Managing Executive Officer (to present)	8,300
5	Norishige Matsuoka (Sep. 5, 1944)	Sep. 1996 Joined the Company Apr. 1997 General Manager, Management Planning Office Jun. 1997 Director Jun. 2001 Managing Director Jun. 2006 Director (to present) Managing Executive Officer (to present) Oct. 2006 General Manager, General Affairs Div. (to present) Jun. 2007 Responsible for Administration (to present)	8,200
6	Terumichi Saeki (Dec. 28, 1942)	Apr. 1968 Registered as Attorney-at-Law Joined Matsuda & Tamura Law Office Apr. 1973 Established Yashiro, Saeki & Nishigaki Law Firm (now Kitahama Law Office L.P.C.) (to present) Jan. 2002 Corporate Auditor, GLORY Shoji Co., Ltd. (now the Company) Jun. 2006 Director (to present)	1,400

No	Name (date of birth)	Brief personal history, position, responsibility, and the state of representation at other corporations and organizations	Number of shares in the Company owned by the candidate
7	*Hirokazu Onoe (Mar. 19, 1948)	Sep. 1970 Joined the Company Apr. 2000 General Manager, Vending Machine & Amusement Systems Business Div. Jun. 2001 Director Jun. 2004 Managing Director Apr. 2005 General Manager, Vending Machine, Amusement & Media Systems Business Jun. 2006 Director & Managing Executive Officer Oct. 2006 Company President, Vending Machine & Amusement Systems Company (to present) Jun. 2007 Managing Executive Officer (to present) [Representation at other corporations and organizations] Representative Director, MARUESU GT Co., Ltd.	6,500
8	*Hiroki Sasaki (Feb. 15, 1942)	Apr. 1965 Joined Fuji Iron & Steel Co., Ltd. (now Nippon Steel Corporation) Jun. 1991 General Manager, Export Dept. -I of Nippon Steel Corporation Jun. 1995 Director of Nippon Steel Corporation Apr. 1999 Managing Director of Nippon Steel Corporation Jun. 2001 Vice President & Representative Director of Sanyo Special Steel Co., Ltd. Jun. 2002 President & Representative Director of Sanyo Special Steel Co., Ltd. Jun. 2007 Director & Senior Adviser of Sanyo Special Steel Co., Ltd. (to present)	1,000
9	*Akira Nijima (Mar. 9, 1944)	Apr. 1969 Joined Pioneer Corporation Sep. 1995 President of Pioneer North America, Inc. Jun. 1997 Director of Pioneer Corporation Mar. 1998 General Manager, International Affairs Division of Pioneer Corporation Sep. 1999 General Manager, Corporate Planning Division of Pioneer Corporation Jun. 2000 Managing Director of Pioneer Corporation Jan. 2001 President, Home Entertainment Company of Pioneer Corporation Jun. 2002 Senior Managing Director of Pioneer Corporation Jun. 2004 Senior Managing Director & Representative Director of Pioneer Corporation Jun. 2006 Senior Advisor of Pioneer Corporation (to present)	1,000

(Candidates for new Directors are marked with (*))

Notes:

1. There is no special interest between the Company and the candidates.
2. Hiroki Sasaki and Akira Nijima are candidates for Outside Directors

3. The following are items required to be noted about the candidates for Outside Directors:

(1) Reason for recommending the candidates for Outside Directors:

- 1) Hiroki Sasaki has held executive positions including President and Representative Director at other companies and is highly experienced in company management, possessing valuable global knowledge. It is our judgment that we can strengthen our management organization further by receiving proper advice from an independent standpoint from him regarding our corporate management. We thus recommend his election to the board as an Outside Director.
- 2) Akira Niijima has held executive positions including Representative Director at an R&D oriented company similar to the Company and is highly experienced in both international and domestic businesses, possessing valuable global knowledge. It is our judgment that we can strengthen our management organization further by receiving proper advice from an independent standpoint from him regarding our corporate management. We thus recommend his election to the board as an Outside Director.

(2) Regarding agreements limiting the liability of Outside Directors

To enable Outside Directors to effectively fulfill their expected roles, the Articles of Incorporation of the Company provide that the Company may conclude agreements with Outside Directors to the effect that liability of Outside Directors be limited. The Company will enter into such agreement with each of the candidates for Outside Director, Hiroki Sasaki and Akira Niijima, if they are elected as Outside Directors as proposed.

Brief summary of the said agreement is as follows:

* The Outside Director shall be liable for damages up to the minimum amount of liability stipulated in Paragraph 1, Article 425 of the Corporation Law should he or she become liable for damages caused to the Company as a result of negligence in the performance of his or her duties.

* The liability limitation described above shall be applicable in cases where the Outside Director performed the duties that became the cause of liability in good faith and without gross negligence.

Proposal No. 4 Payment of Bonuses to Directors

We propose to pay a total amount of ¥78,000,000 as bonuses to six (6) out of nine (9) Directors, excluding an Outside Director and non-executive Directors, who are in office at the end of the fiscal year taking into consideration the Company's business performance of the year.

Proposal No. 5 Introduction of Countermeasures to Large-Scale Acquisitions of the Shares in the Company (Takeover Defense Measures)

The Company resolved at its Board of Directors meeting held on December 26, 2007 to revise the “basic policy regarding the persons who control decisions on the Company’s financial and business policies” (as defined in Article 127 of the Enforcement Regulations of the Corporation Law; the “Basic Policy”) and to introduce its plan for “countermeasures to large-scale acquisitions of the shares in the Company (takeover defense measures)” (the “Plan”) as a measure to prevent decisions on the Company’s financial and business policies from being controlled by persons viewed as inappropriate under the Basic Policy (as defined in Article 127, Item (ii)(b) of the Enforcement Regulations of the Corporation Law).

Although the Plan has been in effect since December 26, 2007, the Company, taking into account the importance of the matter, submits this Proposal to obtain shareholders’ approval of the Plan.

The details of the Plan are described below, and if the Company obtains the shareholders’ approval at this General Meeting of Shareholders, the effective period will be up to three years (until the conclusion of the general meeting of shareholders to be held in 2010). If the introduction of the Plan is not approved by the shareholders at this General Meeting of Shareholders, the Plan will be promptly abolished.

The Basic Policy and the measures to ensure and enhance the corporate value and the common interests of shareholders are described in Attachment 5.

1. Purpose of the Plan

The Company adopted the Plan for the purpose of ensuring and enhancing the corporate value of the Company and the common interests of its shareholders in accordance with the Basic Policy.

The Board of Directors, as set out in the Basic Policy, believes that persons who would propose a large-scale acquisition in a manner that does not contribute to the corporate value of the Company or the common interests of its shareholders would be inappropriate to become persons who control decisions on the Company’s financial and business policies. In order to prevent decisions on the Company’s financial and business policies from being controlled by persons viewed as inappropriate and to deter large-scale acquisitions that are detrimental to the corporate value of the Company and the common interests of its shareholders, the Board of Directors has decided that, for occasions when a large-scale acquisition of the Company’s shares, etc or other similar action is made by an acquirer or the Company receives a proposal therefor, it is necessary and essential to introduce a mechanism that enables the Board of Directors to request the acquirer or the proposing party to provide information concerning the acquisition in advance, ensures necessary time and information for the shareholders to decide whether or not to accept such

proposal, allows the Company to present shareholders with the Company's management plan or an alternative proposal and enables the Board of Directors to negotiate with the acquirer for the benefit of the shareholders.

For these reasons, the Board of Directors resolved to introduce the Plan.

2. Plan Details

2.1 Plan Outline

(a) Purpose

The aim of the Plan is to ensure and enhance the corporate value of the Company and the common interests of its shareholders by deterring acquisitions that are detrimental to the corporate value of the Company and the common interests of its shareholders by ensuring that all shareholders have the necessary and adequate information and time to make proper decisions in the case of large-scale acquisitions of the Company's shares, etc and by securing the opportunity to negotiate with the acquirer or take other similar actions.

(b) Establishment of Procedures

The Plan sets out procedures necessary to achieve the purpose stated in (a) above, including requirements for acquirers to provide information in advance in case that acquirer intends to make an acquisition of 20% or more of the Company's shares, etc. (for further details, see section 2.2, 'Procedures for Triggering the Plan' below). If the procedures for the Plan are commenced, the acquirer must not effect an acquisition until and unless the Board of Directors passes a resolution not to trigger the Plan or the intent of shareholders not to trigger the Plan is confirmed.

(c) Triggering of the Plan by Gratis Allotment of Stock Acquisition Rights

In the event that an acquirer conducts an acquisition of the Company's shares, etc. without following the procedures set out in the Plan, or threatens to cause obvious harm to the corporate value of the Company and the common interests of its shareholders (see section 2.3 below, 'Requirements for the Gratis Allotment of Stock Acquisition Rights,' for details of these requirements), the Company will allot stock acquisition rights with (a) an exercise condition that does not allow the acquirer etc. to exercise the rights and (b) an acquisition provision to the effect that the Company may acquire the stock acquisition rights in exchange for the Company's shares and/or cash from persons other than the acquirer etc. (see Attachment 1 below, 'Outline of the Gratis Allotment of Stock Acquisition Rights,' for the outline of these stock acquisition rights; the "Stock Acquisition Rights"), by means of a gratis allotment of stock acquisition rights (*shinkabu yoyakuken mushou wariate*) to all shareholders, except the Company, at that time.

If a gratis allotment of Stock Acquisition Rights were to take place in accordance with the Plan and all shareholders other than the acquirer receive the Company's shares as a result of those shareholders

exercising, or the Company acquiring, those Stock Acquisition Rights, the ratio of voting rights in the Company held by the acquirer may be diluted by up to one-half.

(d) Establishment of Scheme for Enhancing the Rationale of the Plan

In order to eliminate arbitrary decisions by directors, decisions with respect to the matters such as the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights or the acquisition of Stock Acquisition Rights under the Plan will be made through the objective judgment of an Independent Committee (see section 2.4 below, ‘Establishment of the Independent Committee,’ for details; the “Independent Committee”) which is composed of independent outside parties. In addition, the Board of Directors may convene a general meeting of shareholders and confirm the intent of the Company’s shareholders regarding the implementation of the gratis allotment of the Stock Acquisition Rights, if the Board of Directors determines it practically possible to confirm the intent of the Company’s shareholders and appropriate in the light of laws and ordinances and the duty of care and diligence of a member of the Board of Directors, taking into consideration various matters such as the terms of the acquisition and time frame of such process. Transparency with respect to the course of those procedures will be ensured by timely disclosure to all of the Company’s shareholders.

2.2 Procedures for Triggering the Plan

(a) Targeted Acquisitions

The Plan will apply in cases where there is an acquisition of Company’ shares, etc or any similar action, or a proposal for such action (except for those separately approved by the Board of Directors; the “Large-Scale Acquisition”), that falls under (i) or (ii) below. The party effecting the Large-Scale Acquisition (the “Large-Scale Acquirer”) shall follow the procedures set out in the Plan.

- (i) An acquisition that would result in the holding ratio of share certificates, etc. (*kabuken tou hoyuu wariiai*) (Note 1) of a holder (*hoyuusha*) (Note 2) amounting to 20% or more of the share certificates, etc. (*kabuken tou*) (Note 3) issued by the Company; or
- (ii) A tender offer (*koukai kaitsume*) (Note 4) that would result in the owning ratio of share certificates, etc. (*kabuken tou shoyuu wariiai*) (Note 5) of share certificates, etc. (*kabuken tou*) (Note 6) after the tender offer and the owning ratio of share certificates, etc. of a person having a special relationship (*tokubetsu kankei-sha*) (Note 7) after the tender offer totaling at least 20% of the share certificates, etc. issued by the Company.

(Note 1) Defined in Article 27-23(4) of the Financial Instruments and Exchange Law. This definition is applied throughout this Proposal.

(Note 2) Including persons described as a holder under Article 27-23(3) of the Financial Instruments and Exchange Law (including persons who are deemed to fall under the above by the Board of Directors). The same is applied throughout this Proposal.

- (Note 3) Defined in Article 27-23(1) of the Financial Instruments and Exchange Law. Unless otherwise provided for in this document, the same is applied throughout this Proposal.
- (Note 4) Defined in Article 27-2(6) of the Financial Instruments and Exchange Law. The same is applied throughout this Proposal.
- (Note 5) Defined in Article 27-2(8) of the Financial Instruments and Exchange Law. The same is applied throughout this Proposal.
- (Note 6) Defined in Article 27-2(1) of the Financial Instruments and Exchange Law. The same is applied in 2.2 (a)(ii).
- (Note 7) Defined in Article 27-2(7) of the Financial Instruments and Exchange Law (including persons who are deemed to fall under the above by the Board of Directors); provided, however, that persons provided for in Article 3(2) of the Cabinet Office Regulations concerning Disclosure of a Tender Offer by an Acquirer other than the Issuing Company are excluded from the persons described in Article 27-2(7)(i) of the Financial Instruments and Exchange Law. The same is applied throughout this Proposal.

(b) Request to the Large-Scale Acquirer for the Provision of Information

The Board of Directors will require any Large-Scale Acquirer conducting a Large-Scale Acquisition to submit to the Board of Directors in the form prescribed by the Company, before the Large-Scale Acquisition, a document written in Japanese which includes the information as described in each item of the list below (the “Essential Information”) and a written undertaking that the Large-Scale Acquirer will upon the Large-Scale Acquisition comply with the procedures set out in the Plan (the “Acquisition Document”). The Board of Directors will promptly provide the Acquisition Document to the Independent Committee.

If the Independent Committee determines that the Acquisition Document does not contain sufficient Essential Information, it may set a reply period and request through the Board of Directors that the Large-Scale Acquirer provide additional information. In such case, the Large-Scale Acquirer should provide such additional information to the Board of Directors within the relevant time limit.

- (i) Details (specifically including name, capital structure, financial position, terms of previous transactions by the Large-Scale Acquirer similar to the Large-Scale Acquisition and the effect on the corporate value of the target company subsequent to the transaction) of the Large-Scale Acquirer and its group (including joint holders (Note 8), persons having a special relationship and, in the case of funds, each partner and other constituent members).
- (ii) The purpose, method and terms of the Large-Scale Acquisition (including the price and type of the consideration for the Large-Scale Acquisition, the timeframe of the Large-Scale Acquisition, the scheme of any related transactions, the legality of the Large-Scale Acquisition method, and the probability that the Large-Scale Acquisition will be effected).

- (iii) The basis for the calculation of the purchase price of the Large-Scale Acquisition (including the underlying facts and assumptions of the calculation, the calculation method, the numerical data used in the calculation, the details of any expected synergies from any series of transactions relating to the Large-Scale Acquisition including the details of such synergies to be shared with minority shareholders, and the basis for the calculation of such synergies).
- (iv) Financial support for the Large-Scale Acquisition (specifically including the name of the fund providers for the Large-Scale Acquisition (including all indirect fund providers), financing methods and the terms of any related transactions).
- (v) Post-Large-Scale Acquisition management policy, business plan, capital, dividend and asset management policies for the Company group.
- (vi) Post-Large-Scale Acquisition policies for the Company's shareholders, employees, business partners, customers, and any other stakeholders in the Company.
- (vii) Specific measures to avoid any conflict of interest with other shareholders in the Company.
- (viii) Any other information that the Independent Committee reasonably considers necessary.

If the Independent Committee recognizes that a Large-Scale Acquirer has initiated a Large-Scale Acquisition without complying with the procedures set out in the Plan, as a general rule, it will recommend that the Board of Directors implement a gratis allotment of Stock Acquisition Rights in accordance with 2.2(d)(i) below.

(Note 8) "Joint holders" are as defined in Article 27-23(5) of the Financial Instruments and Exchange Law, including persons regarded as a joint holder under Article 27-23(6) of the Financial Instruments and Exchange Law (including persons who are deemed to fall under the above by the Board of Directors.). The same is applied throughout this Proposal.

(c) Consideration of Large-Scale Acquisition Terms and Consideration of an Alternative Proposal

(i) Request to the Board of Directors for the Provision of Information

If the Large-Scale Acquirer submits the Acquisition Document and any additional information that the Independent Committee requests (if any), the Independent Committee may set a reply period in view of time required for the Board of Directors to collect information and consider the valuation of the Company, etc (including consideration by Outside Experts (as defined below), as needed) (up to sixty days after the date upon which the Independent Committee receives such information) and request that the Board of Directors present an opinion (including an opinion to reserve giving such an opinion; hereinafter the same) on the Large-Scale Acquirer's Large-Scale Acquisition terms, the materials supporting such opinion, an alternative proposal (if any), and any other information that the Independent Committee considers necessary.

(ii) Independent Committee Consideration

In order to judge on a fair and objective ground, the Independent Committee should receive the information from the Large-Scale Acquirer and (if the Independent Committee requests the Board of Directors to provide information as set out in (i) above) the Board of Directors. After that, the Independent Committee should conduct its consideration of the Large-Scale Acquisition terms, collection of information on the materials such as the management plans and business plans of the Large-Scale Acquirer and the Board of Directors and comparison thereof, and consideration of any alternative plan presented by the Board of Directors, and the like for a period of time that does not, as a general rule, exceed sixty days (provided, however, that in the case described below at 2.2(d)(iii) or the like, the Independent Committee may extend this period (the “Independent Committee Consideration Period”)) after the date upon which the Independent Committee receives the information.

In order to ensure that the Independent Committee’s decision contributes to the Company’s corporate value and the common interests of its shareholders, the Independent Committee may at the cost of the Company obtain advice from professional third parties independent from the Company and the Independent Committee (including attorneys, certified public accountants, financial advisers, consultants, investment banks, securities firms or the like; “Outside Experts”). If the Independent Committee directly or indirectly requests the Large-Scale Acquirer to provide materials for consideration or any other information, the Large-Scale Acquirer must promptly respond to such request.

(iii) Disclosure of Information

At a time the Independent Committee considers appropriate, the Company will disclose the fact that it has received an Acquisition Document from the Large-Scale Acquirer, the fact that the Independent Committee Consideration Period has commenced, and any matters considered appropriate by the Independent Committee out of the Essential Information or other information.

(d) Recommendation by the Independent Committee

If a Large-Scale Acquirer emerges, the Independent Committee will make recommendations to the Board of Directors as follows. If the Independent Committee makes recommendations or otherwise to the Board of Directors as listed in (i) through (iii) below, or otherwise believes it to be appropriate, the Independent Committee will promptly disclose through the Board of Directors an outline of its recommendations and any other matters that the Independent Committee considers appropriate (in the case of extending the Independent Committee Consideration Period, including the period of and reason for such extension).

(i) Recommendations for Triggering the Plan

If the Independent Committee determines that the Large-Scale Acquisition by the Large-Scale Acquirer meets any of the requirements set out below at 2.3, ‘Requirements for the Gratis Allotment of Stock Acquisition Rights’ and that the implementation of the gratis allotment of Stock Acquisition Rights is reasonable, the Independent Committee will recommend to the Board of

Directors the implementation of the gratis allotment of Stock Acquisition Rights, regardless of whether the Independent Committee Consideration Period has commenced or ended.

However, even after the Independent Committee has already made a recommendation for the implementation of the gratis allotment of Stock Acquisition Rights, if the Independent Committee determines that either of the events below applies, it may make a new recommendation that (i) (on or before the second business day prior to the ex-rights date with respect to the gratis allotment of Stock Acquisition Rights) the Company should suspend the gratis allotment of Stock Acquisition Rights, or (ii) (from the effective date of the gratis allotment of Stock Acquisition Rights and until the day immediately prior to the commencement date of the exercise period of the Stock Acquisition Rights) the Company should acquire the Stock Acquisition Rights without consideration.

- (A) The Large-Scale Acquirer withdraws the Large-Scale Acquisition or the Large-Scale Acquisition otherwise ceases to exist after the recommendation.
- (B) There is a change in the facts or otherwise upon which the recommendation decision was made, and the Large-Scale Acquisition by the Large-Scale Acquirer does not meet any of the requirements set out below in 2.3, 'Requirements for the Gratis Allotment of Stock Acquisition Rights,' or it is not reasonable to implement the gratis allotment or allow shareholders to exercise the Stock Acquisition Rights even if the Large-Scale Acquisition by the Large-Scale Acquirer does meet one of the requirements under 2.3 below.

The Independent Committee may set out reservation to obtain confirmation of the shareholders' intent beforehand regarding the implementation of the gratis allotment of Stock Acquisition Rights, if the Independent Committee determines it appropriate upon recommendation for such implementation.

(ii) Recommendations for Not Triggering the Plan

If as a result of its consideration of the terms of the Large-Scale Acquirer's Large-Scale Acquisition and discussion, negotiation or the like with the Large-Scale Acquirer, the Independent Committee determines that the Large-Scale Acquisition by the Large-Scale Acquirer does not meet any of the requirements set out below in 2.3, 'Requirements for the Gratis Allotment of Stock Acquisition Rights,' or that the implementation of the gratis allotment of Stock Acquisition Rights is not reasonable even if the Large-Scale Acquisition by the Large-Scale Acquirer does meet one of the requirements set out in 2.3 below, the Independent Committee will recommend to the Board of Directors the non-implementation of the gratis allotment of Stock Acquisition Rights, regardless of whether the Independent Committee Consideration Period has commenced or ended.

However, even after the Independent Committee has already made one recommendation for the non-implementation of the gratis allotment of Stock Acquisition Rights, if there is a change in the facts or otherwise upon which the recommendation decision was made and the situation has come to satisfy the requirements set out in (i) above, the Independent Committee may make a new recommendation that the Company should implement the gratis allotment of Stock Acquisition Rights.

(iii) Extension of the Independent Committee Consideration Period

If the Independent Committee does not reach a recommendation for either the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights by the expiration of the initial Independent Committee Consideration Period, the Independent Committee will, to the reasonable extent that it is considered necessary for actions such as consideration of the terms of the Large-Scale Acquirer's Large-Scale Acquisition and consideration of an alternative proposal, pass a resolution to extend the Independent Committee Consideration Period (and any extension of the new period after a period has been extended will follow the same procedure).

If the Independent Committee Consideration Period is extended as a result of the resolution described above, the Independent Committee will disclose the reason for the extension and new period through the Board of Directors and continue with its information collection, consideration process and similar activities, and use best efforts to make a recommendation for the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights within the extended period.

(e) Resolutions of the Board of Directors and Convocation of the Shareholders Intent Confirmation Meeting

The Board of Directors, in exercising their role under the Corporation Law, will pass a resolution relating to the implementation or non-implementation of a gratis allotment of Stock Acquisition Rights respecting any recommendation of the Independent Committee described above to the maximum extent possible.

However, before the implementation of the gratis allotment of the Stock Acquisition Rights pursuant to the Plan, the Board of Directors may convene a general meeting of shareholders to confirm the intent of the Company's shareholders regarding the implementation of the gratis allotment of the Stock Acquisition Rights (the "Shareholders Intent Confirmation Meeting") in addition to the procedures of the Independent Committee, (i) if the Board of Directors determines that it is practically possible to confirm the intent of the Company's shareholders and that the conformation is appropriate in the light of laws and ordinances and the duty of care and diligence of a member of the Board of Directors, taking into consideration various matters such as the terms and time frame of the Large-Scale Acquisition by the Large-Scale Acquirer (for example, when the Board of Directors determines that it is practically appropriate to confirm the intent of the Company's shareholders and when the Independent Committee recommends the implementation of the gratis allotment of Stock Acquisition Rights, subject to the shareholders' confirmation, the Board of Directors determines that the action will be detrimental to the Large-Scale Acquirer or the Company's shareholders before it begins convening proceedings,), or (ii) if the Independent Committee recommends the implementation of the gratis allotment of Stock Acquisition Rights, subject to the shareholders' confirmation. When the Board of Directors determines to hold the Shareholders Intent Confirmation Meeting, it shall convene the meeting as soon as practicable (if the Independent Committee recommends the non-implementation of the gratis allotment of the Stock Acquisition Rights by the time the Shareholders Intent Confirmation Meeting is held, however, the

Board of Directors shall cancel the Shareholders Intent Confirmation Meeting or withdraw this item from the agenda, to the extent allowed by law). If the Shareholders Intent Confirmation Meeting or the Independent Committee determines or recommends to reject the implementation of the gratis allotment of the Stock Acquisition Rights, the Board of Directors will not implement the gratis allotment of the Stock Acquisition Rights. The Large-Scale Acquirer must not effect a Large-Scale Acquisition until and unless the Board of Directors passes a resolution for the non-implementation of the gratis allotment of Stock Acquisition Rights or the Shareholders Intent Confirmation Meeting rejects the implementation of the gratis allotment of the Stock Acquisition Rights.

After the Board of Directors passes a resolution for the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights or after the convening of the Shareholders Intent Confirmation Meeting, the Company will promptly disclose an outline of its resolution, and any other matters that the Board of Directors considers appropriate.

2.3 Requirements for the Gratis Allotment of Stock Acquisition Rights

The Company intends to implement the gratis allotment of Stock Acquisition Rights by a resolution of the Board of Directors or the Shareholders Intent Confirmation Meeting as described above at (e) of 2.2, 'Procedures for Triggering the Plan,' if it is considered that a Large-Scale Acquisition by a Large-Scale Acquirer falls under any of the items below and it is reasonable to implement the gratis allotment of Stock Acquisition Rights. However, the Board of Directors will, without fail, make its determination as to whether a Large-Scale Acquisition of a Large-Scale Acquirer falls under a requirement below and if it is reasonable or not to implement the gratis allotment of Stock Acquisition Rights through the recommendation of the Independent Committee in accordance with (d) of section 2.2 above, 'Procedures for Triggering the Plan.'

- (a) A Large-Scale Acquisition not in compliance with the procedures prescribed in the Plan.
- (b) A Large-Scale Acquisition that threatens to harm the corporate value of the Company and, in turn, the common interests of its shareholders through actions including any of the actions below:
 - (i) A buyout of shares, etc. to require such shares, etc to be compulsorily purchased by the Company at an inflated price.
 - (ii) Management that achieves an advantage for the Large-Scale Acquirer to the detriment of the Company, such as temporary control of the Company's management for the low-cost acquisition of the Company's material assets.
 - (iii) Diversion of the Company's assets to secure or repay debts of the Large-Scale Acquirer or its group company.
 - (iv) Temporary control of the Company's management to bring about a disposal of high-value assets that have no current relevance to the Company's business and declaring temporarily high dividends from the profits of the disposal, or selling the shares at a high price taking advantage of the opportunity afforded by the sudden rise in share prices created by the temporarily high dividends.

- (c) A Large-Scale Acquisition made with no intention of truly participating in corporate management and solely for the purpose of increasing the stock price of the Company and having the Company's affiliates purchase shares in the Company at an inflated price.
- (d) Certain Large-Scale Acquisitions that threaten to have the effect of coercing shareholders into selling shares, such as coercive two-tiered tender offers (meaning acquisitions of shares including tender offers that do not offer to acquire all shares in the initial acquisition, and set acquisition terms for the second stage that are unfavorable or do not set clear terms for the second stage).
- (e) Large-Scale Acquisitions that do not provide the Board of Directors with the period of time reasonably necessary to produce an alternative proposal to the Large-Scale Acquisition.
- (f) Large-Scale Acquisitions in which the Essential Information or any other information considered reasonably necessary to assess the Large-Scale Acquisition terms is not sufficiently provided to the Company's shareholders.
- (g) Large-Scale Acquisitions whose terms (including amount and type of consideration for the Large-Scale Acquisition, the Large-Scale Acquisition schedule, the legality of the Large-Scale Acquisition method, the probability of the Large-Scale Acquisition being effected, post-Large-Scale Acquisition management policies and business plans, and post-Large-Scale Acquisition policies dealing with the Company's other shareholders, employees, customers, business partners and any other stakeholders in the Company) are remarkably inadequate or inappropriate in light of the Company's intrinsic value.
- (h) Large-Scale Acquisitions that materially threaten to be against the corporate value of the Company or the common interests of shareholders, by destroying the relationships with the Company's employees, customers, business partners, the Company's technical strength or development power, branding power or corporate culture and the like, which are indispensable to the generation of the Company's corporate value.

2.4 Establishment of the Independent Committee

The Company will establish the Independent Committee, comprised solely of independent outside parties, as an organization that will operate the Plan appropriately, eliminate arbitrary decisions by its directors and objectively make substantive decisions on behalf of the shareholders in the event of triggering or other operation of the Plan. If a Large-Scale Acquisition is actually to be made, the Independent Committee shall substantially determine whether or not that Large-Scale Acquisition could harm the corporate value of the Company and the common interests of its shareholders, and the Board of Directors shall pass a resolution as a function under the Corporation Law, respecting such decision of the Independent Committee to the maximum extent possible, in accordance with section 2.2, 'Procedures for Triggering the Plan' above.

In addition, the members of the Independent Committee at the time of introduction of the Plan will be outside directors of the Company, outside auditors of the Company and outside experts, who are highly independent from the management of the Company. (Standards for appointing members, requirements for

resolution, resolution matters, and other matters concerning the Independent Committee are as described in Attachment 2 ‘Outline of the Rules of the Independent Committee’.)

2.5 Effective Period, Abolition and Amendment of the Plan

The effective period of the Plan (the “Effective Period”) will not exceed three years and the initial effective period of the Plan is the period until the conclusion of the Company’s ordinary general meeting of shareholders to be held in 2010. However, if the introduction of the Plan is not approved by the Company’s shareholders at this General Meeting of Shareholders, the Plan will be abolished promptly after the conclusion of this General Meeting of Shareholders.

However, if, before the expiration of the Effective Period the Board of Directors passes a resolution to abolish the Plan, the Plan shall be abolished at that time.

Further, the Board of Directors may revise or amend the Plan even during the Effective Period of the Plan.

If the Plan is abolished, amended or the like, the Company will promptly disclose information including the fact that such abolition, amendment or the like has taken place, and (in the event of an amendment or the like) the details of the amendment and any other matters.

2.6 Revision due to amendment to laws and ordinances

The provisions of laws and ordinances referred to under the Plan are subject to the prevailing provisions as of May 14, 2008. If it becomes necessary after such date to amend the terms and conditions or definitions of terms set out in the paragraphs above due to the formulation, amendment or abolishment of laws and ordinances, the terms and conditions or definitions of terms set out in the paragraphs above shall be read accordingly as required to a reasonable extent, taking into consideration the purposes of such formulation, amendment or abolishment.

(For Reference)

The details of the Plan are described in pages 7 through 17, and I. ‘Impact on Shareholders’ and II. ‘Rationality of the Plan’ are as described below. The shareholders will be asked to give their approval to this Proposal upon taking into consideration the matters described below.

I. Impact on Shareholders

1. Impact on the Shareholders and Investors Upon Introduction of the Plan

Upon introduction, the Plan will have no direct or material impact on the shareholders and investors. This is because at that time, no actual gratis allotment of Stock Acquisition Rights will be implemented.

2. Impact on the Shareholders and Investors at the Time of the Gratis Allotment of Stock Acquisition Rights

(i) Procedures for Shareholders upon the Gratis Allotment of Stock Acquisition Rights and Procedures for Entry of Name Change

If the Board of Directors passes a resolution for a gratis allotment of Stock Acquisition Rights, the Board of Directors or general meeting of shareholders will also decide the Allotment Date (as defined in Attachment 1 ‘Outline of the Gratis Allotment of Stock Acquisition Rights,’) by the same resolution and give public notice of this Allotment Date. In this case, the Company will make a gratis allotment of Stock Acquisition Rights to the shareholders who are registered or recorded in the Company’s last register of shareholders and register of beneficial shareholders as of the Allotment Date (the “Entitled Shareholders”) at the ratio determined in the Gratis Allotment Resolution (as defined in Attachment 1 ‘Outline of the Gratis Allotment of Stock Acquisition Rights,’), to a maximum of one Stock Acquisition Right per share in the Company held by the Entitled Shareholders. Therefore, it will be necessary for shareholders who have not entered their name change to arrange for the procedures for such change as soon as possible in time for the Allotment Date. (No procedures for entry of name change are required for those share certificates deposited with the Japan Securities Depository Center, Inc.) All Entitled Shareholders will become Stock Acquisition Right holders as a matter of course on the effective date of the gratis allotment of Stock Acquisition Rights, and no further procedures, such as applying for such gratis allotment, will be necessary.

In addition, even after the Board of Directors passes a resolution for gratis allotment of Stock Acquisition Rights, the Company may, by respecting any recommendation of the Independent Committee described above in section (d)(i) of 2.2, ‘Procedures for Triggering the Plan,’ to the maximum extent possible, (i) (on or before the second business day prior to the ex-rights date with respect to the gratis allotment of Stock Acquisition Rights), cancel the gratis allotment of Stock Acquisition Rights, or (ii) (from the effective date of the gratis allotment of Stock Acquisition Rights and until the day immediately prior to the commencement date of the exercise period of the Stock Acquisition Rights) acquire the Stock Acquisition Rights without consideration. In such cases, no dilution of the value per share in the Company held by the shareholders will result, and it is likely that any investors who have sold or bought the shares in the Company expecting to see such a dilution will be commensurately affected as a result of a fluctuation in the share price.

(ii) Procedures for Exercising Stock Acquisition Rights

The Company will deliver, as a general rule, an exercise request form for the Stock Acquisition Rights (in a form prescribed by the Company and containing necessary matters such as the terms and number of the Stock Acquisition Rights for exercise and the exercise date for the Stock Acquisition Rights, as well as representations and warranties regarding matters such as that the shareholders themselves satisfy the exercise conditions of the Stock Acquisition Rights, indemnity clauses and other covenants) and other documents necessary for the exercise of the Stock

Acquisition Rights to the Entitled Shareholders. After the gratis allotment of Stock Acquisition Rights, the shareholders will be issued one share in the Company per Stock Acquisition Right upon submitting these necessary documents during the exercise period of Stock Acquisition Rights and, as a general rule, by paying to the place handling such payments an amount equivalent to the exercise price determined in the Gratis Allotment Resolution, which will be an amount within the range of one yen and the fair market value of the Company's stock per Stock Acquisition Right.

If the Company's shareholders do not exercise their Stock Acquisition Rights or pay the amount equivalent to the exercise price, the shares they hold in the Company will be diluted by the exercise of Stock Acquisition Rights by other shareholders.

However, it is also possible for the Company to acquire the Stock Acquisition Rights of all shareholders other than Non-Qualified Parties (as defined in Attachment 1 'Outline of the Gratis Allotment of Stock Acquisition Rights,') and, in exchange, deliver shares in the Company, in accordance with the procedures set out in (iii) below. If the Company carries out such an acquisition procedure, all shareholders other than Non-Qualified Parties will come to receive shares in the Company without exercising their Stock Acquisition Rights or paying an amount equivalent to the exercise price, and, in principle, no dilution of the shares in the Company they hold will result.

(iii) Procedures for the Acquisition of Stock Acquisition Rights by the Company

If the Board of Directors determines to acquire the Stock Acquisition Rights, the Company will acquire the Stock Acquisition Rights in accordance with the statutory procedures from the shareholders other than Non-Qualified Parties, on the day that falls on the date separately determined by the Board of Directors, and in exchange, deliver shares in the Company. In this case, the shareholders concerned will, in principle, come to receive one share in the Company for every one Stock Acquisition Right as consideration for the acquisition by the Company of those Stock Acquisition Rights, without paying an amount equivalent to the exercise price. However, in such case, the shareholders concerned will be separately requested to submit, in the form prescribed by the Company, a written undertaking including representations and warranties regarding matters such as the fact that they are not Non-Qualified Parties, indemnity clauses and other covenants.

If the Gratis Allotment Resolution provides for the matters relating to acquisition of the Stock Acquisition Rights from the Non-Qualified Parties and the amount of consideration or other matters relating to acquisition, the Company may take procedures in accordance with the provisions of the Gratis Allotment Resolution.

In addition to the above, the Company will disclose information or notify all of its shareholders with respect to the particulars of the allotment method, method of procedures for entry of name change, exercise method and method for acquisition by the Company after any resolution in relation to a gratis allotment of Stock Acquisition Rights, so we request that shareholders check these details at that time.

II. Rationality of the Plan

1. The Plan Fully Satisfies the Basic Policy

The Plan is a mechanism to maintain the corporate value of the Company and, in turn, the common interests of its shareholders by ensuring the necessary time and information is available for the shareholders to decide whether or not to accept the Large-Scale Acquisition of share certificates, etc. of the Company and for the Board of Directors to present an alternative proposal to the shareholders, and by enabling the Board of Directors to negotiate with the Large-Scale Acquirer for the benefit of the shareholders when the Large-Scale Acquisition is to be effected. As above, the Plan is in compliance with the Basic Policy.

2. The Plan Is Not Detrimental to the Common Interests of the Shareholders and Does Not Aim to Maintain the Positions of Directors and Statutory Auditors of the Company

For the following reasons, the Company believes that the Plan would not be detrimental to the common interests of the Company's shareholders, and that it has not been implemented for the purpose of maintaining the positions of the directors and the statutory auditors of the Company.

(i) Satisfying the Requirements of the Guidelines for Takeover Defense Measures

The Plan satisfies the three principles set out in the Guidelines Regarding Takeover Defense for the Purposes of Ensuring and Enhancing Corporate Value and Shareholders' Common Interests released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005.

(ii) Placing High Value on the Intent of Shareholders

As set out above in section 2.5, 'Effective Period, Abolition and Amendment of the Plan,' the Company will confirm the intent of the Company's shareholders whether or not to introduce the Plan at this General Meeting of Shareholders, and if the Company's shareholders do not approve the introduction of the Plan, the Plan will be abolished.

As set out above in (e) of 2.2, 'Procedures for Triggering the Plan,' the Board of Directors may confirm the intent of the Company's shareholders at the Shareholders Intent Confirmation Meeting regarding the need to trigger the Plan in addition to the procedures of the Independent Committee, if it considers it practically possible to confirm the intent of the Company's shareholders and appropriate in light of laws and ordinances and the duty of care and diligence of a member of the Board of Directors, or the Independent Committee recommends the implementation of the gratis allotment of Stock Acquisition Rights, subject to the shareholders' confirmation.

(iii) Disclosure of information and emphasis on the decisions of highly independent outside parties

As set out above in section 2.4, 'Establishment of the Independent Committee,' the Independent Committee, composed only of outside members who are independent, will make the substantive decisions for the management of the Plan, including its triggering. The current members of the Independent Committee are described in Attachment 3 'Profiles of the Members of the

Independent Committee’.

Further, outlines of the Independent Committee’s decisions are required to be disclosed to all shareholders, and the Plan will ensure a structure under which the Plan is operated in a transparent way that serves the corporate value of the Company and the common interests of its shareholders.

(iv) Establishment of Reasonably Objective Requirements

As set out above at section (d) of 2.2, ‘Procedures for Triggering the Plan,’ and section 2.3, ‘Requirements for the Gratis Allotment of Stock Acquisition Rights,’ the Company believes that the Plan is established so that it will not be triggered unless reasonable and objective requirements have been satisfied, and ensures a structure to eliminate arbitrary triggering by the Board of Directors.

(v) Obtaining the Advice of Outside Experts

As set out above at section (c)(ii) of 2.2, ‘Procedures for Triggering the Plan,’ if a Large-Scale Acquirer emerges, the Independent Committee may obtain the advice of outside experts independent from the Company and the Independent Committee (including attorneys, certified public accountants, financial advisors and other experts) at the cost of the Company. This is a mechanism to even more securely enhance the objectivity and fairness of the decisions made by the Independent Committee.

(vi) No Dead-Hand or Slow-Hand Takeover Defense Measures

As stated above in section 2.5, ‘Effective Period, Abolition and Amendment of the Plan,’ the Plan may be abolished by a person who acquires a large number of the Company’s shares, etc through an election at a general meeting of shareholders of directors nominated by that person and through a resolution of the Board of Directors attended by the so-elected directors.

Therefore, the Plan is not a dead-hand takeover defense measure (a takeover defense measure in which even if a majority of the members of the Board of Directors are replaced, the triggering of the measure cannot be stopped). Also, as the Company has not adopted a system of staggered terms of office, the Plan is not a slow-hand takeover defense measure either (a takeover defense measure in which triggering takes more time to stop due to the fact that the members of the Board of Directors cannot be replaced all at once).

---End---

Attachment 1

Outline of the Gratis Allotment of Stock Acquisition Rights

1. Number of Stock Acquisition Rights

The Company will implement a gratis allotment of Stock Acquisition Rights to the number separately determined in the resolution of the Board of Directors relating to the gratis allotment of Stock Acquisition Rights (the “Gratis Allotment Resolution”), a maximum of the same number as the final and total number of issued and outstanding shares in the Company (excluding the number of shares in the Company held by the Company at that time) on a certain date (the “Allotment Date”) that is separately determined in the Gratis Allotment Resolution.

2. Shareholders Eligible for Allotment

The Company will allot the Stock Acquisition Rights to those shareholders, other than the Company, who appear or are recorded in the Company’s final register of shareholders or register of beneficial shareholders on the Allotment Date, at the ratio separately determined in the Gratis Allotment Resolution, to a maximum of one Stock Acquisition Right for every one share in the Company held.

3. Effective Date of Gratis Allotment of Stock Acquisition Rights

The effective date of the gratis allotment of Stock Acquisition Rights will be separately determined in the Gratis Allotment Resolution.

4. Number of Shares to be Acquired upon Exercise of the Stock Acquisition Rights

The number of shares in the Company to be acquired upon exercise of each Stock Acquisition Right (the “Applicable Number of Shares”) shall, in principle, be one share.

5. Amount to be Contributed upon Exercise of the Stock Acquisition Rights

Contributions upon exercise of the Stock Acquisition Rights are to be in cash, and the amount per share in the Company to be contributed upon exercise of the Stock Acquisition Rights will be an amount separately determined in the Gratis Allotment Resolution within the range between a minimum of one yen and a maximum of any amount equivalent to the fair market value of one share in the Company. “Fair market value” means an amount equivalent to the average daily closing price (including quotations) for regular transactions of the common stock of the Company on the Osaka Securities Exchange during the ninety day period prior to the allotment resolution (excluding the days on which trades are not made), with any fraction of a yen after such calculation to be rounded up to the nearest whole yen.

6. Exercise Period of the Stock Acquisition Rights

The commencement date will be a date separately determined in the Gratis Allotment Resolution (this

commencement date of the exercise period shall be referred to as the “Exercise Period Commencement Date”), and the period will be a period from one month to three months long as separately determined in the Gratis Allotment Resolution; provided, however, that if the Company acquires the Stock Acquisition Rights pursuant to the provisions of paragraph 9 below, the exercise period for the Stock Acquisition Rights with respect to that acquisition will be up to and including the day immediately prior to the relevant acquisition date. Further, if the final day of the exercise period falls on a holiday for the payment place for the cash payable upon exercise, the final day will be the preceding business day.

7. Conditions for the Exercise of the Stock Acquisition Rights

As a general rule, the following parties may not exercise the Stock Acquisition Rights (the parties falling under (I) through (VI) below shall collectively be referred to as “Non-Qualified Parties”):

- (I) Specified Large Holders;(Note 9)
- (II) Joint Holders of Specified Large Holders;
- (III) Specified Large Purchasers;(Note 10)
- (IV) Persons having a Special Relationship with Specified Large Purchasers;
- (V) Any transferee of or successor to the Stock Acquisition Rights of any party falling under (I) through (IV) without the approval of the Board of Directors; or
- (VI) Any Affiliated Party of any party falling under (I) through (V).(Note 11)

Further, nonresidents of Japan who are required to follow certain procedures under foreign laws and regulations to exercise the Stock Acquisition Rights may not, as a general rule, exercise the Stock Acquisition Rights (provided, however, that the Stock Acquisition Rights held by nonresidents will be subject to acquisition by the Company in exchange for shares in the Company as set out in (ii) of paragraph 9 below, ‘Acquisition of the Stock Acquisition Rights by the Company,’ subject to compliance with the laws and regulations). In addition, anyone who fails to submit a written exercise request, in the form prescribed by the Company and containing representations and warranties regarding matters such as the fact that he or she satisfies the exercise conditions of the Stock Acquisition Rights, indemnity clauses and other covenants, may not exercise the Stock Acquisition Rights.

(Note 9) “Specified Large Holder” means, in principle, a party who is a holder of share certificates, etc., issued by the Company and whose holding ratio of share certificates, etc. in respect of such share certificates, etc. is at least 20% (including any party who is deemed by the Board of Directors to apply to the above). Provided, however, that a party that the Board of Directors recognizes as a party whose acquisition or holding of share certificates, etc., of the Company is not contrary to the Company’s corporate value or the common interests of shareholders, or any other certain party that the Board of Directors determines in the Gratis Allotment Resolution, is not a Specified Large Holder. The same is applied throughout this Proposal.

(Note 10) “Specified Large Purchaser” means, in principle, a person who makes a public announcement of purchase, etc., (as defined in Article 27-2(1) of the Financial Instruments and Exchange Law; the same is applied throughout this Note 10) of share certificates, etc., (as defined in Article 27-2(1) of the Financial Instruments and Exchange Law; the same is applied throughout this Note 10) issued by the Company through a tender offer and whose ratio of ownership of share certificates, etc., in respect of such share certificates, etc., owned by such person after such purchase, etc., (including similar ownership as prescribed in Article 7(1) of the Order of the Enforcement of the Financial Instruments and Exchange Law) is at least 20% when combined with the ratio of ownership of share certificates, etc., of a person having a special relationship (including any party who is deemed by the Board of Directors to apply to the above). Provided, however, that a party that the Board of Directors recognizes as a party whose acquisition or holding of share certificates, etc., of the Company is not contrary to the Company’s corporate value or the common interests of shareholders, or any other certain party that the Board of Directors determines in the Gratis Allotment Resolution, is not a Specified Large Purchaser. This is applied throughout this Proposal.

(Note 11) An “Affiliated Party” of a given party means a person who substantially controls, is controlled by, or is under common control with such given party (including any party who is deemed to fall under the above by the Board of Directors), or a party deemed by the Board of Directors to act in concert with such given party. “Control” means to “control the determination of the financial and business policies” (as defined in Article 3(3) of the Enforcement Regulations of the Corporation Law) of other corporations or entities.

8. Assignment of the Stock Acquisition Rights

Any acquisition of the Stock Acquisition Rights by assignment requires the approval of the Board of Directors.

9. Acquisition of the Stock Acquisition Rights by the Company

- (i) At any time on or before the date immediately prior to the Exercise Period Commencement Date, if the Board of Directors recognizes that it is appropriate for the Company to acquire the Stock Acquisition Rights, the Company may, on a day that falls on a date separately determined by the Board of Directors, acquire all of the Stock Acquisition Rights without consideration.
- (ii) On a day that falls on a date separately determined by the Board of Directors, the Company may acquire all of the Stock Acquisition Rights that have not been exercised before or on the day immediately prior to such date determined by the Board of Directors, that are held by parties other than Non-Qualified Parties and, in exchange, deliver shares in the Company in the

number equivalent to the number of the Applicable Number of Shares for every one Stock Acquisition Right.

Further, if on or after the date upon which the acquisition takes place the Board of Directors recognizes the existence of any party holding Stock Acquisition Rights other than Non-Qualified Parties, the Company may, on a day falling on a date determined by the Board of Directors after the date upon which the acquisition described above takes place, acquire all of the Stock Acquisition Rights held by that party that have not been exercised by or on the day immediately prior to such date determined by the Board of Directors (if any) and, in exchange, deliver shares in the Company to the number equivalent to the number of the Applicable Number of Shares for every one Stock Acquisition Right. The same will apply thereafter.

Other matters relating to the acquisition of the Stock Acquisition Rights (including the matters relating to the acquisition of the Stock Acquisition Rights from Non-Qualified Parties and shares, stock acquisition rights, bonds, monetary payment or other properties in the Company as consideration) may be determined in the Gratis Allotment Resolution if necessary.

10. Delivery of the Stock Acquisition Rights in the Case of Merger, Absorption-type Demerger (*kyushu bunkatsu*), Incorporation-type Demerger (*shinsetsu bunkatsu*), Share Exchange (*kabushiki koukan*), and Share Transfer (*kabushiki iten*)

These matters will be separately determined in the Gratis Allotment Resolution.

11. Issuance of certificates representing the Stock Acquisition Rights

Certificates representing the Stock Acquisition Rights will not be issued.

12. Other

In addition to the above, the details of the Stock Acquisition Rights will be separately determined in the Gratis Allotment Resolution.

Attachment 2

Outline of the Rules of the Independent Committee

1. The Independent Committee shall be established by resolution of the Board of Directors.
2. There shall be no less than three (3) members of the Independent Committee, and the Board of Directors shall elect the members from (i) outside directors of the Company, (ii) outside statutory auditors of the Company, and (iii) other outside experts who are independent from the management that executes the business of the Company. However, such experts must be experienced corporate managers, former government employees, parties with knowledge of the investment banking industry, lawyers, certified public accountants, researchers whose research focuses on the Corporation Law or the like, or parties with similar qualifications, and must have executed with the Company an agreement separately specified by the Board of Directors that contains a provision obligating them to exercise the duty of care and diligence or similar provision.
3. Unless otherwise determined by a resolution of the Board of Directors, the term of office of members of the Independent Committee shall be until the conclusion of the ordinary general meeting of shareholders to be held in June 2010. However, the term of office of any member of the Independent Committee who is an outside director or outside statutory auditor shall end simultaneously in the event that they cease to be a director or statutory auditor (except in the case of their re-appointment).
4. The Independent Committee shall make decisions on the matters listed below and make recommendations to the Board of Directors containing the details of and reasons for the recommendation. Respecting such recommendations of the Independent Committee to the maximum extent possible, the Board of Directors shall make decisions as a function under the Corporation Law (or, if the general meeting of shareholders otherwise passes a resolution for the implementation of the gratis allotment of Stock Acquisition Rights as set out in (a) below, in accordance with such resolution). Each member of the Independent Committee and each director of the Company must make such decisions solely with a view to whether or not the corporate value of the Company and the common interests of its shareholders will be enhanced, and they must not serve the purpose of their own interests or those of the management of the Company.
 - (a) The implementation or non-implementation of the gratis allotment of Stock Acquisition Rights.
 - (b) The cancellation of the gratis allotment of Stock Acquisition Rights or the gratis acquisition of Stock Acquisition Rights.
 - (c) Any other matters that are for determination by the Board of Directors in respect to which it has submitted to the Independent Committee.

5. In addition to the matters prescribed above, the Independent Committee shall conduct the matters listed below.
 - (a) Determining whether the Large-Scale Acquisition should be made subject to the Plan.
 - (b) Determining the information that the Large-Scale Acquirer and the Board of Directors should provide to the Independent Committee, and the deadline for the provision of that information.
 - (c) Examination and consideration of the terms of the Large-Scale Acquirer's Large-Scale Acquisition.
 - (d) Request for an alternative proposal and consideration of the alternative proposal.
 - (e) Extension of the Independent Committee Consideration Period.
 - (f) Any matters that the Board of Directors separately determines that the Independent Committee may conduct.
6. If the Independent Committee decides that the details stated in the Acquisition Document are inadequate as Essential Information, it shall request that the Large-Scale Acquirer provide additional information. Further, if the Independent Committee receives from the Large-Scale Acquirer the Acquisition Document and any additional information that it requests, it may request that the Board of Directors provide within a certain period an opinion regarding the terms of the Large-Scale Acquisition by the Large-Scale Acquirer and materials supporting that opinion, an alternative proposal (if any), and any other information that the Independent Committee may consider necessary from time to time.
7. In order to collect the necessary information, the Independent Committee may request the attendance of a director, statutory auditor or employee of the Company, or any other party that the Independent Committee considers necessary, and may require explanation of any matter it requests.
8. The Independent Committee may, at the Company's expense, obtain the advice of a professional outside expert, independent from the Company and the Independent Committee (including attorneys, certified public accountants, financial advisers) or take other similar actions.
9. Any member of the Independent Committee may convene a meeting of the Independent Committee when a Large-Scale Acquisition arises, or at any other time.
10. As a general rule, resolutions of meetings of the Independent Committee shall pass with a majority when all of the members of the Independent Committee are in attendance (including attendance via video conference or telephone conference; hereinafter the same). However, in unavoidable circumstances a resolution may pass with a majority of voting rights when a majority of the members of the Independent Committee are in attendance.

---End---

Profiles of the Members of the Independent Committee

Hisashi Sawada (Born on May 26, 1947)

Business Background

Apr. 1976	Registered as Attorney-at-Law Joined Nomura Kiyomi Law Office
Mar. 1979	Established Sawada Law Office (now Sawada Nakajo Law Office) (to present)
Jun. 1994	Outside Auditor of Yamato Kogyo Co., Ltd. (to present)
Jun. 2006	Auditor of Hyogo Shinkin Bank (to present) Outside Auditor of Shinki Bus., Co. Ltd (to present)

Yuji Hirano (Born on June 19, 1940)

Outside Director of the Company

Business Background

Apr. 1963	Joined Nippon Yusen Kabushiki Kaisha
Jun. 1995	Director of Nippon Yusen
Jun. 2001	Senior Vice President of Nippon Yusen
Jul. 2006	Advisor to the President of Nippon Yusen (to present)
Jun. 2007	Director of the Company (to present)
Public Position:	President of Tokyo Port Promotion Association

Hiroki Sasaki (Born on February 15, 1942)

Business Background

Apr. 1965	Joined Fuji Iron & Steel Co., Ltd. (now Nippon Steel Corporation)
Jun. 1995	Director of Nippon Steel Corporation
Apr. 1999	Managing Director of Nippon Steel Corporation
Jun. 2001	Vice President & Representative Director of Sanyo Special Steel Co., Ltd.
Jun. 2002	President & Representative Director of Sanyo Special Steel Co., Ltd.
Jun. 2007	Director & Senior Adviser of Sanyo Special Steel Co., Ltd. (to present)

* Hiroki Sasaki is a candidate for the position of Outside Director to be newly appointed at this General Meeting of Shareholders.

None of the members above has any special interest in the Company.

Yuji Hirano will retire from his position as Director of the Company at the conclusion of this General Meeting of Shareholders and simultaneously cease to be a member of the Independent Committee. Therefore, the Company decided at its meeting of the Board of Directors held on April 25, 2008 to appoint the following person as a new member as of June 27, 2008.

We have obtained consent from Mr. Niijima to appoint him as a member of the Independent Committee. Following is a profile of Mr. Niijima.

Akira Niijima (Born on March 9, 1944)

Business Background

Apr. 1969	Joined Pioneer Corporation
Jun. 1997	Director of Pioneer Corporation
Jun. 2000	Managing Director of Pioneer Corporation
Jun. 2002	Senior Managing Director of Pioneer Corporation
Jun. 2004	Senior Managing Director & Representative Director of Pioneer Corporation
Jun. 2006	Senior Advisor of Pioneer Corporation (to present)

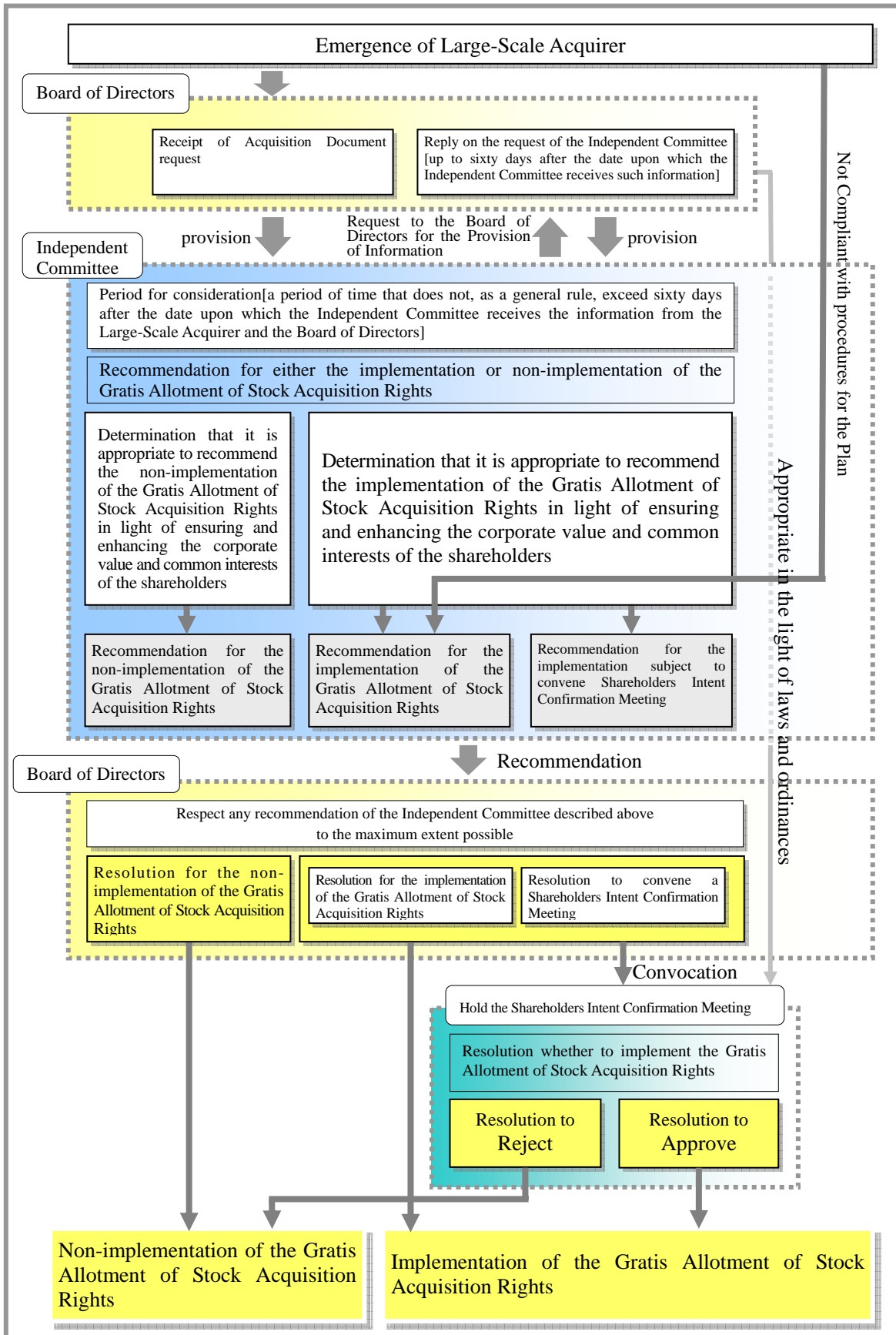
* Akira Niijima is a candidate for the position of Outside Director to be newly appointed at this General Meeting of Shareholders.

He does not have any special interest in the Company.

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Attachment 4

Flow Chart for Large-Scale Acquisitions of Shares of the Company



* The flow chart above is provided solely as a reference to the Plan to contribute to your understanding of the overview of the Plan. Please refer to the main text of the press release for the details of the Plan.

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Attachment 5

Basic Policy regarding Persons Who Control Decisions on the Company's Financial and Business Policies & Measures to Ensure and Enhance the Corporate Value and the Common Interests of Shareholders

1. Basic Policy regarding Persons Who Control Decisions on the Company's Financial and Business Policies

The Company believes that the persons who control decisions on the Company's financial and business policies need to be persons who fully understand the details of the Company's financial and business affairs and the source of the Company's corporate value and who will make it possible to continually ensure and enhance the Company's corporate value and, in turn, the common interests of its shareholders.

The Company believes that ultimately its shareholders should make the decision on any proposed acquisition that would involve a transfer of corporate control of the Company. Also, the Company would not reject a large-scale acquisition of the shares, etc issued by the Company ("Company's shares, etc.") if it would contribute to the corporate value of the Company and, in turn, the common interests of its shareholders.

Nonetheless, there are some forms of corporate acquisition that benefit neither the corporate value of the target company nor the common interests of its shareholders: those with a purpose that would obviously harm corporate value of the target company and the common interests of its shareholders; those with the potential to substantially coerce shareholders into selling their shares; those that do not provide sufficient time or information for the target company's board of directors and shareholders to consider the details of the large-scale acquisition, or for the target company's board of directors to make an alternative proposal; and those that require the target company to discuss or negotiate with the acquirer in order to procure more favorable terms for shareholders than those presented by the acquirer.

The Company believes it is essential to fully understand the Company's corporate philosophy, the concept of stable management from the medium-to-long-term point of view and the Company's management resources so that the Company can maximize the Company's corporate value and, in turn, the source of the common interests of its shareholders and enhance the Company group's brand value.

Particularly, as a research and development oriented company, the core technologies that are indispensable to cash handling equipment explained below and employees supporting such technology are management resources that form the bedrock of the Company and that are crucial for the Company's future development. Therefore, unless the person who controls decisions on the Company's financial and

business policies fully understands the abovementioned factors, the corporate value of the Company and, in turn, the common interests of its shareholders would be significantly harmed due to a drain in the Company's outstanding human resources or a dissipation in the Company's technologies.

Moreover, the Company group operates an expansive business both domestically and internationally, including businesses in North America, Europe and Asia, and so forth, and is consistently involved in product development, manufacturing, sales and after-sales service through domestic and international group affiliates. Therefore, we believe that it is difficult to manage the Company group unless the management fully understands the various market environments around the world or the structure of money circulation, relationships established with our customers, clients or employees, and other various factors that are the source of the Company's corporate value. If a large-scale acquisition is made without understanding such factors, the corporate value of the Company and, in turn, the common interests of its shareholders would be significantly harmed. The Company believes that persons who would make a large-scale acquisition of the Company's shares in a manner that does not contribute to the corporate value of the Company or the common interests of its shareholders would be inappropriate to become a person who would control decisions on the Company's financial and business policies. The Company believes that it is necessary to ensure the corporate value of the Company and, in turn, the common interests of its shareholders by taking the necessary and reasonable countermeasures against a large-scale acquisition by such persons.

2. The Source of the Company's Corporate Value and Measures to Realize the Basic Policy

2.1 The Source of the Company's Corporate Value

The Company has continuously strived to develop original products ever since its foundation as a small factory, the precursor to the Company, in 1918.

In 1944, Kokuei Machinery Manufacturing Co., Ltd. (now the Company) was established and introduced Japan's first coin counting machine in 1950. Since then we have been flexible in our response to changes in the times and clients' needs, producing various of the nation's first products, such as coin wrapping machines and cigarette vending machines, to establish our current status as a pioneer company in the field of cash handling equipment. We have expanded our market overseas since 1966 and been highly appraised by worldwide financial institutions, etc. We believe that the quality of our products is world-class.

The Company's corporate philosophy is that "we will contribute to the development of a more secure society through a striving spirit and cooperative efforts". Our corporate philosophy expresses the

attitude of striving for continuous corporate development by tackling development with an unyielding spirit and contributing to the development of society through our products. The Company believes that this philosophy inherited from the foundation of the Company and continuing until the present day has been essential for the Company's past development and will continue to be so in its future development.

The core technology supporting the Company's products, namely "mechatronics technology" to count, sort and transport bills or coins and "recognition/identification technology" to distinguish authentic money from counterfeit, is an achievement resulting from our long-term research and development based on this philosophy. Recently, the Company has developed handwriting and seal recognition technology and biometric technology, such as fingerprint and facial recognition, and applied them to the Company's products to offer further value. All these original technologies are vital management resources to support the Company.

In addition, products equipped with or applying the Company's original technologies or their application are used in domestic and international financial institutions, retail industry and the like, and they contribute not only to the efficiency of cash handling but also to a secure society by playing an important role in distinguishing authentic money from counterfeit. The relationship of mutual trust with our customers established through the provision of these products and the good relationships between the Company's employees, clients, local communities and any other stakeholders are also assets precious to the Company, that have supported the Company to continue and develop its business.

As described above, the Company believes that the original technologies which were developed based on the corporate philosophy, employees supporting such technology, the products equipped with and applying the original technologies, and the business structure to provide such products to the customers in a timely manner are the source of the Company's corporate value.

The Company believes that continuous development of the source of the Company's corporate value will lead to ensuring and enhancing the Company's corporate value and, in turn, the common interests of its shareholders.

2.2 Measures to Ensure and Enhance the Corporate Value and the Common Interests of Shareholders

The Company group designed a medium-term business plan in April 2006, the "2006 Medium-term Management Plan", for the three year period to March 2009 and has been focusing its intention on achieving the plan as a group. This management plan consists of three major strategies – a growth strategy, an efficiency strategy and a corporate governance strategy – and is aimed at strengthening the competitiveness of the group as a whole and continuously enhancing the corporate value.

The growth strategy is for each business unit to enlarge its business domain and raise its market share through exploring the market, and aims at strengthening its business response and speeding up managing operations. In addition, in order to further enlarge our business domain, the Company strives to promote non-cash transactions, such as increasing the settlement services utilizing the Company's data processing center (GCAN Center), and commercialize new technology including the Company's original biometrics technology.

The efficiency strategy is aimed at making the Company's business stronger and more efficient. The Company promotes business structure reforms in the development, manufacturing and sales departments to increase overseas procurement, improve development efficiency, and achieve a reduction of products inventory by utilizing the SCM system, in order to enhance cost competitiveness. In addition, the Company is working on the improvement of management efficiency with the elimination of overlapping operations caused by mergers, integration of the management information system, infrastructure and other systems and effective utilization of human resources.

The corporate governance strategy is established to achieve sound operations that are trusted and supported by all stakeholders and continuously enhance corporate value. The Company is improving the Board of Directors' supervisory function, promoting compliance management as well as conducting business with greater speed, striving to promote group management with greater soundness and efficiency. The Company has implemented various measures by now establishing an Appointment Advisory Committee and a Compensation Advisory Committee, introducing an Executive Officer System, reducing the number of members of the Board of Directors, appointing Outside Directors and restructuring compensation systems for Directors and Officers, but is continuing to strive to make the governance function much stronger.

The Company believes that the secure implementation of the 2006 Medium-term Management Plan will contribute to the maintenance and enhancement of the corporate value of the Company and the common interests of its shareholders.

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