
2. Outline of EB involved in this case

Reference shares: shares of company

Issuer : overseas financial institution

Seller : domestic second-tier securities house

Issue amount : about ¥6 billion

Face value : ¥797,000

Conversion price : ¥797

Issue date : July 27, 2000

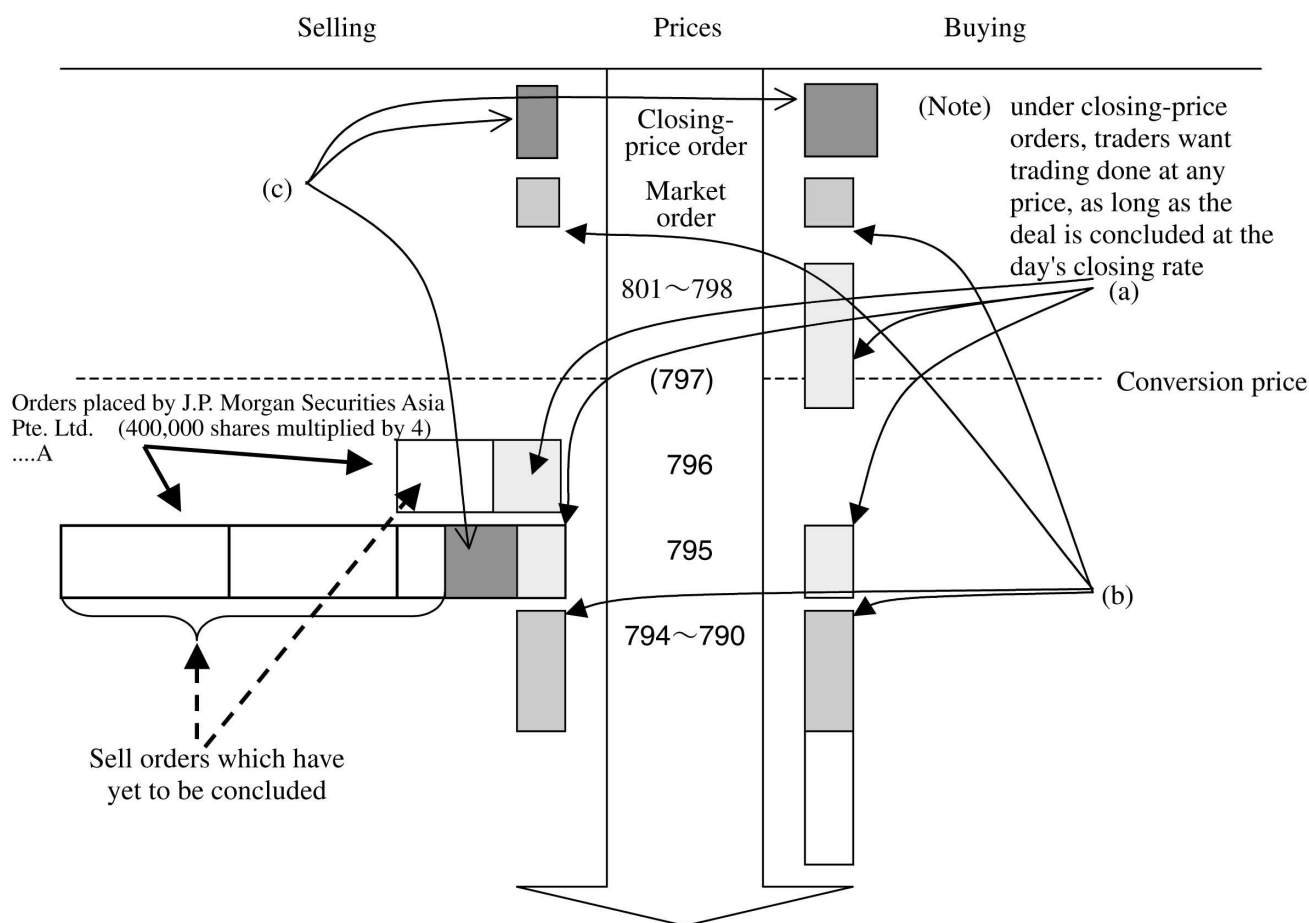
Redemption date : January 26, 2001

Coupon rates : 5% per annum

Date when the EB redemption method is determined: January 16, 2001

Share prices used for deciding the redemption method: TSE closing price for the
reference stock on the day of method decision

3. Formation of an artificial market (outline)



[Transaction process]

- 1) After the reference shares were traded at ¥800 at 14:58, J.P. Morgan Securities Asia Pte. Ltd. placed sell orders for 400,000 shares of the reference shares at ¥796, which was ¥4 lower than the immediately prior transaction price of ¥800 and less than the conversion price of ¥797. In addition, J.P. Morgan Securities Asia placed sell orders for the reference shares in three more batches, each time involving 400,000 shares, at ¥795 (A total of 1.6 million shares were involved, as shown in A).
- 2) During this process the sell orders by J.P. Morgan Securities, as shown in A, caused the price of the reference shares to gradually drop to ¥795 (As shown in (a)). Moreover, deals were made at the contract price of ¥794 or less (As shown in (b)). Toward the end of the day's trading, a situation emerged in which the closing price of the reference shares would not equal or exceed ¥797 unless all of the remaining 1.5 million shares of the 1.6 million shares placed for sale were sold.
- 3) As a result, the price of the reference shares closed at ¥795 (As shown in (c)). The bulk of the sell orders placed on the day failed to be sold.