

## **Seven Bank to Grant Stock Options (Stock Acquisition Rights) to Directors under Stock-based Compensation Scheme**

Seven Bank, Ltd. announces that, at a board of directors meeting held on May 29, 2008, the bank decided to seek approval at the bank's seventh annual general meeting of shareholders scheduled for June 18, 2008, for the grant of stock options to directors in the form stock acquisition rights as part of stock-based compensation. Details of the relevant agenda items are provided below.

Also on the agenda for the general shareholders' meeting is an item that proposes the appointment of 10 directors. If this item is approved, five Seven Bank directors, which excludes the five outside directors, will be eligible for an allotment of stock acquisition rights.

### 1. Reason for Issuing Stock Acquisition Rights as Stock Options.

In light of the abolishment of the retirement benefits system for directors and other circumstances, Seven Bank has reached a decision to grant stock options to directors in the form of stock acquisition rights as part of stock-based compensation up to a limit of 60,000,000 yen per annum. The stock acquisition rights are to be granted in addition to and separately from current director compensation. By linking director compensation more tightly with Seven Bank's financial performance and stock price so that directors share not only in the rewards of stock price gains but also in the risk of stock price declines, this compensation scheme will increase the motivation and incentive directors have to contribute to continued improvements in performance and corporate value over the medium- to long-term.

### 2. Details of Stock Acquisition Rights Issue

#### (1) Persons to be Allotted Stock Acquisition Rights.

Directors of Seven Bank (does not include outside directors)

#### (2) Method for Calculating Amount to be Paid-in for Stock Acquisition Rights

The amount to be paid-in in exchange for stock acquisition rights issued shall be the fair value calculated using the Black-Scholes Model on the stock acquisition rights allotment date. However, subject to the receipt of stock acquisition rights, a director eligible for the allotment of the stock acquisition rights will be granted compensation in an amount equal to the amount that would be paid-in for the rights, and the obligation of the director to pay Seven Bank in exchange will be canceled out by the claim issued to the director on the stock acquisition rights allotment date for compensation payable by Seven Bank.

#### (3) Class and Number of Shares to be Issued or Transferred upon Exercise of Stock Acquisition Rights.

The number of shares to be issued upon the exercise of each stock acquisition right (the “number of shares issued”) shall be one (1) share of Seven Bank common stock.

In addition, if Seven Bank effects a stock split or a stock consolidation, allots shares without consideration therefor, or if any other event occurs that necessitates an adjustment to the number of shares granted, Seven Bank may adjust the number of shares granted to a reasonable extent.

(4) Total Number of Stock Acquisition Rights.

The total number of stock acquisition rights issued within one year from the day of the annual general meeting of shareholders shall be no higher than the number found by dividing the abovementioned 60,000,000 yen by the fair value per stock acquisition right calculated based on the Black-Scholes Model, which factors in a variety of conditions such as Seven Bank’s share price on the stock acquisitions rights allotment date, share price volatility calculated based on certain parameters, and the exercise period for the stock acquisition rights (fractions less than one shall be rounded down to the nearest whole number).

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

The assets to be contributed upon the exercise of share acquisition rights shall be in the form of money. That amount shall be obtained by multiplying the amount to be paid-in in exchange for each share to be received upon the exercise of each stock acquisition right (one yen) by the number of shares issued per stock acquisition right.

(6) Period during which Stock Acquisition Rights may be Exercised.

Stock acquisition rights may be exercised during the period of 30 years starting on the day immediately after the stock acquisition rights allotment date.

(7) Restrictions on the Acquisition of Stock Acquisition Rights by Way of Transfer.

The acquisition of stock acquisition rights by way of transfer shall require approval of the board of directors.

(8) Conditions on the Exercise of Stock Acquisition Rights.

- (i) The grantee of stock acquisition rights may exercise his or her stock acquisition rights during the 10 day period from the day following the day on which the grantee loses his or her position as a director of Seven Bank.
- (ii) In the event that the grantee of the stock acquisition rights dies, his or her legal heir may exercise his or her stock acquisition rights pursuant to the conditions stipulated in the contract discussed in (iii) below.
- (iii) In accordance with a resolution by the board of directors of Seven Bank, other conditions on the exercise of stock acquisition rights shall be stipulated in a stock acquisition rights allotment agreement concluded between Seven Bank and the grantees of stock acquisition rights.

(9) Other Pertinent Details of the Stock Acquisition Rights.

The specific details of items (1) through (8) above as well as matters other than (1) through (8) shall be determined at the board of directors meeting at which the details of the stock acquisition rights offering are determined.

**For reference:** Seven Bank also plans to grant stock options to executive officers in the form of stock acquisition rights (the upper limit is scheduled to be decided on at the board of directors meeting at which the details of the stock acquisition rights offering are determined) as part of stock-based compensation. According to this plan, the details of those stock acquisition rights would be the same as those discussed above, and they would be granted in accordance with a resolution of the board of directors within one year from the day of Seven Bank's seventh annual general meeting of shareholders.

\* The above details are predicated on the approval and passage of the amount and details of stock options to be granted to directors as part of stock-based compensation (specifically, the agenda item titled "Matter of Determining the Amount and Details of Stock Options Granted as part of Stock-Based Compensation") at the seventh annual general meeting of shareholders scheduled for June 18, 2008.