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Stock Code: 8410
June 3, 2011

CONVOCAATION NOTICE OF THE 10TH ORDINARY GENERAL MEETING OF SHAREHOLDERS OF SEVEN BANK, LTD.

Dear Shareholder,

Notice is hereby given that the 10th Ordinary General Meeting of Shareholders of Seven Bank, Ltd. ("the Company") will be held as described below. We look forward to your attendance at the meeting.

If you are unable to attend the meeting, you may exercise your voting rights by mail. Please review the "Reference Materials for Ordinary General Meeting of Shareholders" listed below, exercise your voting rights on the enclosed Exercise of Voting Rights Form and ensure that this arrives at the return address no later than 5:30 pm on Monday, June 20, 2011.

Yours Sincerely,

Kensuke Futagoishi, President and Representative Director
Seven Bank, Ltd.
6-1 Marunouchi 1-chome,
Chiyoda-ku, Tokyo

- 1. Date and time** Tuesday, June 21, 2011 at 10:00 am
- 2. Place** Providence Hall
2F, Tokyo Prince Hotel
3-1 Shibakoen 3-chome, Minato-ku, Tokyo

3. Agenda of the meeting

Matters to be Reported	Report on the Business Report and Financial Statements for the 10 th fiscal period (from April 1, 2010 to March 31, 2011).	
Resolutions	Proposal 1	Election of eight Directors
	Proposal 2	Election of one Statutory Auditor

4. Matters decided in convening the meeting

Should you wish to exercise non-uniform voting rights, please provide written notification to this effect, together with the reasons for your decision, no less than three days prior to the meeting.

* * *

Notes:

- Please present the enclosed Exercise of Voting Rights Form to the receptionist at the meeting.
- Any amendments to Reference Materials for Ordinary General Meeting of Shareholders, the Business Report and Financial Statements will be disclosed on the Company's website and can be viewed at <http://www.sevenbank.co.jp/english/ir/>.

Business Report for the 10th Term (from April 1, 2010 to March 31, 2011)

1 Current status of the Company

(1) Business trends and outcomes

Key operations

Seven Bank provides a range of cash deposit and withdrawal services via an extensive Automated Teller Machine (ATM) network operating 24 hours a day, 365 days a year. The ATM network consists of ATM machines at airports, train stations and outlets of banking and financial institutions as well as retail outlets including Seven-Eleven and Ito-Yokado which belong to Seven & i HLDGS. Group (Group), backed up by partnerships with a wide variety of financial institutions including banks, shinkin banks, credit cooperatives, Labour Banks, the JA Bank, the JF Marine Bank, the Shoko Chukin Bank, securities companies, life insurance companies, credit card companies, and consumer finance companies.

Seven Bank also provides convenient deposit accounts combining ATM and remote banking services, primarily for the benefit of personal customers.

Financial and economic environment

The Japanese economy was beginning to break out of a sluggish pace of recovery. Exports and production showed signs of returning to expansion and plant and equipment investment improved. In addition, consumer spending followed a recovery trend. However, owing to the impact of the Great East Japan Earthquake which occurred on March 11, 2011 (the Earthquake), the economic environment changed to one characterized by strong downward pressure mainly on production. Meanwhile, a look at financial trends shows that the financial functions have been maintained and the smooth settlement of funds has been ensured.

Business trends and outcomes for the current fiscal year

1) ATM services

During fiscal 2010 also, Seven Bank added ATMs within and outside the Group. In addition, we worked to increase our partner financial institutions so that convenience for customers of these financial institutions can be enhanced when they use our ATMs.

During fiscal 2010, we established new partnerships with THE SHONAI BANK (May 2010), Mitsubishi UFJ Trust and Banking Corporation (September 2010), and The Chikuho Bank (December 2010), five shinkin banks, three credit cooperatives, one securities company, and three other financial institutions. As a result, we now partner with 100 banks, 262 shinkin banks (Note 1), 129 credit cooperatives (Note 2), 13 Labor Banks, the JA Bank, the JF Marine Bank, the Shoko Chukin Bank, nine securities companies, eight life insurance companies, and 43 other financial institutions (Note 3). Thus, we have a total of 567 business partners (Note 4) as of March 31, 2011.

To improve customer service quality and to ensure that customers are able to use our facilities safely and securely, we have reinforced customer security by increasing the number of IC-cards (smart cards) accepted by our ATMs and expanding the range of services offered, such as PIN changing services. As a result, by the end of March 2011, bank IC-cards issued by 66 banks (including Seven Bank) and five financial sub-sectors were accepted by our ATMs. In January 2011, we started Japan's first PIN changing service for IC-credit cards by using an ATM.

We have installed new ATMs at Seven-Eleven and other Group stores, and we added ATMs to Seven-Eleven stores with high ATM usage rates (988 stores had more than one ATM at the end of fiscal 2010). As for operations outside the Group, we expanded ATM locations to new sites by newly installing ATMs in commercial facilities, office buildings and other sites, such as PARCO

(July 2010), and enhanced the replacement of other financial institutions' ATMs with Seven Bank ATMs. Furthermore, we opened an ATM booth at two locations in Tokyo and commenced service (July 2010) as the Company's first such service.

As a result of such initiatives, our ATM installed base reached 15,363 machines as of March 31, 2011 (up 5.2% compared to the end of March 2010). Moreover, average daily transactions per ATM were 112.3 (down 2.0 transactions year over year), and a total of 609 million transactions were recorded (up 3.3% year over year).

Notes:

1. We had 258 partner shinkin banks at the end of March 2010. The addition of 5 new partner shinkin banks and loss of 1 partner shinkin bank due to merger resulted in 262 partner shinkin banks at the end of March 2011.
2. We had 127 partner credit cooperatives at the end of March 2010. The addition of 3 new partner credit cooperatives and the loss of 1 partner credit cooperative due to merger resulted in 129 partner credit cooperatives at the end of March 2011.
3. We had 41 other financial institutions at the end of March 2010. The addition of 3 new partner institutions and loss of 1 partner institution due to merger resulted in 43 partner financial institutions at the end of March 2011.
4. JA Bank and JF Marine Bank are each counted as one institution.

2) Financial services business

Seven Bank had 885 thousand individual customer accounts at the end of March 2011 (up 14.1% compared to the end of March 2010) and 9 thousand contract accounts for personal loan services (up 238.4% compared to the end of March 2010). In March 2011, we started international money transfer services which can be used through Internet banking and mobile banking as a new account function.

3) Operating results

Seven Bank recorded ordinary income of 83,964 (down 5.4% year over year) million yen, ordinary profit of 27,449 (down 9.7% year over year) million yen, and net income of 16,008 (down 10.8% year over year) million yen.

Total ATM transaction levels continued to steadily rise due to the increase in our ATM installed base and the increase in transactions at deposit-taking financial institutions. Nevertheless, ordinary income decreased owing to the decline in nonbank transactions coinciding with the full enforcement of the revised Money Lending Business Act (June 2010), the revision of terms of business with partner institutions carried out in the previous year, and other factors. Further, although we made efforts to control costs, both ordinary profit and net income declined.

Since assets, such as the Company's ATMs, were lost as a result of the impact of the Earthquake, we recorded an extraordinary loss of 356 million yen.

4) Assets, liabilities and net assets

Total assets at the end of March 2011 were 600,061 million yen. The majority of this total comprised cash and due from banks required for the operation of ATMs of 385,013 million yen. The remainder mostly consisted of marketable securities held as collateral for foreign exchange settlements and Bank of Japan current account overdraft transactions of 99,978 million yen, and 67,465 million yen representing the ATM-related temporary payments, which are temporary advances from the partner financial institutions.

Liabilities were 485,522 million yen. These largely comprised deposits (excluding negotiable certificates of deposit) totalling 312,692 million yen. Of these, the outstanding balance of individuals' ordinary deposits was 104,041 million yen and the balance of time deposits was 108,319 million yen.

Net assets were 114,539 million yen. Of these, retained earnings were 53,326 million yen.

Issues the Company needs to overcome

The Company also suffered damage from the Earthquake which occurred on March 11, 2011 mainly to its ATMs in north-eastern Japan. At one point, operation of more than 2,000 ATMs was suspended due to power outages and other factors. However, we swiftly carried out restoration for the stable provision of settlement infrastructure. As a result, operation of only 70 ATMs was suspended at the end of March 2011. In order to fulfil the Company's mission of providing safe and efficient settlement infrastructure, we will continue working for early restoration. In addition, we will also focus our energies on power-saving measures in order to cope with the power shortage mainly in the metropolitan area.

During fiscal 2011, we do not expect an optimistic income situation due to uncertainties such as the continued decline in nonbank transactions and a possible downturn in consumer sentiment due to the impact of the Earthquake.

To achieve growth sustainably under these circumstances, we need to 1) further enhance our ATM business, 2) quickly turn our financial services business into a profit-maker, and 3) take initiatives to establish new businesses. We recognize that the creation of a broad-based earnings structure through these initiatives is a vital issue.

Specific projects and programs for the above are as follows:

- 1) In the ATM business, we will work to further expand our user base and ATM installed base. In expanding our user base, we will promote use by customers who have yet to use our ATMs while working with our partner institutions. In expanding our ATM installed base, we will take initiatives more proactively for operations outside the Group while continuing to steadily install ATMs within the Group. In addition, we will steadily pursue the replacement of our ATMs with our third-generation ATMs, an initiative which began in fiscal 2010 in an effort to enhance customer convenience.
- 2) In financial services business, we will endeavor to enhance convenience of our account holders, as well as aim at quickly turning new services into profit-makers. We will work to stably operate international money transfer services which commenced in March 2011, and engage in cultivating and expanding our user base following the commencement of the service through the Seven Bank ATM slated for this summer. In personal loan services, we will promote the acquisition of contract accounts through enhancement of convenience.
- 3) With respect to new businesses, we will engage in cultivating new business opportunities while fully utilizing our know-how and infrastructure.

Seven Bank will meet the expectations of its shareholders by expanding its ATM user base and realizing new earnings through these initiatives.

We trust that this outlook appeals to our shareholders, and we look forward to your continued support for the Company's ongoing operations.

(2) Assets and profit-loss

(Unit: 100 million yen)

	FY2007	FY2008	FY2009	FY2010
Deposits	1,705	1,881	2,087	3,126
Time deposits	332	517	633	1,406
Others	1,373	1,363	1,453	1,720
Bonds	750	600	900	900
Loans receivable	—	—	1	5
To individuals	—	—	1	5
To medium and small enterprises	—	—	—	—
Others	—	—	—	—
Commodity-related securities	—	—	—	—
Securities	978	888	894	999
Government bonds	975	865	770	956
Others	2	22	123	43
Total assets	4,881	4,933	5,027	6,000
Amount of domestic exchange handled	77,632	115,135	118,127	241,459
Amount of foreign exchange handled	million dollars —	million dollars —	million dollars —	million dollars 0
Ordinary profit	million yen 24,650	million yen 28,751	million yen 30,407	million yen 27,449
Net income for the term	million yen 13,830	million yen 16,988	million yen 17,953	million yen 16,008
Net income per share for the term	yen 11,808.84	yen 13,924.60	yen 14,716.01	Yen 13,198.52

Note: Figures in table are rounded off to the nearest whole unit.

(3) Employees

	Current FY end	Previous FY end
Number of employees	328	329
Average age	42 years 9 months	42 years 11 months
Average years of service	4 years 6 months	3 years 10 months
Average monthly salary	436 thousand yen	444 thousand yen

Note: 1. Figures for average age, average years of service and average monthly salary are rounded off to the nearest whole unit.

2. Number of employees figures do not include temporary or part-time employees.

3. Average monthly salary is the average figure for March, excluding bonuses

(4) Outlets and branch stores

(a) Growth in numbers of outlets and branch stores

	Current FY end		Previous FY end	
	Total	(incl. outlets)	Total	(incl. outlets)
Tokyo metropolitan region	21	(3)	21	(3)
Saitama prefecture	1	(1)	1	(1)
Chiba prefecture	2	(2)	2	(2)
Total	24	(6)	24	(6)

Note: 1. Outlets and branch stores were inclusive of one headquarters, 17 virtual branch stores (12 for individual, 5 for corporate) and 6 manned outlets.

2. In addition to the above, non-store ATMs were installed in 14,036 locations as at the end of the current fiscal year (up from 13,432 the previous year).

(b) New outlets and branch stores

There were no new outlets and branch stores. There were 1,123 new non-store ATMs installed, but 519 non-store ATMs were closed.

(c) Bank agencies

There were no bank agencies acting on behalf of the Company.

(d) Bank agency services

Name/trading name of affiliated financial institution
Sumitomo Mitsui Banking Corporation
The Chiba Bank, Co., Ltd.
Saitama Resona Bank, Ltd.
Sony Bank Inc.
ORIX Trust and Banking Corporation

(5) Plant and equipment investment

(a) Total value of investment

(Unit: million yen)

Total plant and equipment investment	11,824
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Note: 1. The above figure is rounded off to the nearest whole unit.

2. The above figure represents total investment in tangible and intangible fixed assets (excluding transfers from temporary accounts).

(b) Major plant and equipment projects

(Unit: million yen)

Details	Value
ATMs	2,908
Software	8,053

Note: All figures are rounded off to the nearest whole unit.

(6) Key parent and affiliate company relationships

(a) Parent companies

Name	Location	Main business	Founded	Capital	Percentage of voting rights in the Company owned by the parent company*	Other
Seven & i Holdings Co., Ltd.	Chiyoda-ku, Tokyo	Pure holding company	September 1, 2005	million yen 50,000	% 48.95 (48.95)	—

Note:* Brackets indicate indirect ownership.

The parent company has a deposit transaction relationship with the Company.

(b) Subsidiary companies

Nothing to report

(7) Assignment of business

Nothing to report.

(8) Other key matters in relation to the Company

Major loan sources

(Unit: million yen)

Loan source	Value of loans
The Dai-ichi Life Insurance Company, Limited	7,000
Nippon Life Insurance Company	3,000
Mitsui Sumitomo Insurance Company, Limited	2,000
Sumitomo Life Insurance Company	2,000

2 Executives (directors and statutory auditors)

(1) Directors

(as at end of financial year)

Name	Position Area of responsibility	Other posts held concurrently	Other
Takashi Anzai	Chairman and Representative Director	Director, Seven & i Holdings Co., Ltd.	-
Masatoshi Wakasugi	Vice Chairman and Director, Executive Officer [Business in Charge] Research Division, Human Resources Division		-
Kensuke Futagoishi	President and Representative Director [Business in Charge] Internal Audit Division		-
Yasuaki Funatake	Director, Managing Executive Officer and General Manager, Business Promotion Division [Business in Charge] Planning Division, Business Development Division, Business Promotion Division		-
Kazuhiko Ishiguro	Director, Managing Executive Officer and System Division [Business in Charge] System Division, ATM Solution Division		-
Yoji Ohashi	Director (part-time)	Chairperson and Director, All Nippon Airways Co., Ltd. Vice-Chairman of the Nippon Keidanren truly	-
Toshikazu Tamura	Director (part-time)		-
Tadahiko Ujiie	Director (part-time)	Director, Senior Executive Officer and Chief Financial Officer of Seven & i Holdings Co., Ltd. President and Representative Director of Seven Financial Service Co., Ltd. President of Seven & i Financial Center Co., Ltd.	-
Toshiaki Ikeda	Statutory Auditor (full-time)		-
Masaharu Hino	Statutory Auditor (part-time)	Lawyer (Chief, Masaharu Hino Law Office)	-
Tetsuya Katada	Statutory Auditor (part-time)		-

Notes:

Mr. Yoji Ohashi, Mr. Toshikazu Tamura, Mr. Masaharu Hino and Mr. Tetsuya Katada have been notified as independent executives to the JASDAQ Securities Exchange.

(2) Remuneration for company directors

Category	Number of persons	Remuneration level
Director	9	274 million yen (inclusive of 59 million yen in non-salary payments)
Statutory Auditor	5	38 million yen
Total	14	313 million yen (inclusive of 59 million yen in non-salary payments)

Notes:

1. Amounts smaller than a single unit have been discarded.
2. The number of payees and the amount of remuneration include the one Directors and two Statutory Auditor, who left office upon the adjournment of the 9th General Meeting of Shareholders held on June 18, 2010, and relevant compensations.
3. In accordance with a resolution of the Board of Directors taken on June 18th 2010, 59 million of new share subscription rights were granted to five directors as stock options are included, as 'Other than fees', in the 'Fees, etc.
4. In addition to the above, an amount of 15 million yen equivalent to bonus payments has been made to persons who are both employees and directors of the Company.
5. There are no directors' bonuses or directors' retirement benefits for directors and auditors.
6. In accordance with a resolution of the Ordinary General meeting of Shareholders taken on June 18th 2008, limits of 300 million yen (including 50 million yen for external directors) and 100 million yen respectively were set for emoluments for a director and a statutory auditor. Furthermore, separately from the directors' emoluments, a limit of 60 million yen was set for stock options granted to a director.

3 External executives

(1) Concurrent posts held by external executives

Name	Concurrent posts
Yoji Ohashi	Chairperson and Director, All Nippon Airways Co., Ltd. (which has no major business interests in the Company) Vice-Chairman of the Nippon Keidanren truly (which has no major business interests in the Company)
Toshikazu Tamura	None
Tadahiko Ujiie	Director, Senior Executive Officer and Chief Financial Officer of Seven & i Holdings Co., Ltd. (parent company with business interests in the Company) President and Representative Director of Seven Financial Service Co., Ltd. (which has business interests in the Company) President of Seven & i Financial Center Co., Ltd. (which has business interests in the Company)
Masaharu Hino	Lawyer (Chief, Masaharu Hino Law Office) (which has no major business interests in the Office)
Tetsuya Katada	None

(2) Contribution of external executives

Name	Appointment period	Attendance at the Board of Directors during current fiscal year	Verbal input and other contributions at the Board of Directors
Yoji Ohashi	June 2008 to present	Attended 11 of the 13 Board of Directors	Contributed advice and opinions regarding management policy and company operations, drawing on his experience as a management executive
Toshikazu Tamura	As above	Attended all 13 Board of Director	Contributed advice and opinions regarding management policy and company operations, drawing on his experience as a management executive and university professor
Tadahiko Ujiie	April 2001 to present	Attended all 13 Board of Directors	Contributed advice and opinions regarding management policy and company operations, drawing on his experience as a management executive
Masaharu Hino	June 2005 to present	Attended 12 of the 13 Board of Directors Attended 13 of the 14 Board of Auditors	Contributed advice and opinions on legal compliance and internal controls in areas such as management policy and company operations, drawing on his expertise in legal affairs
Tetsuya Katada	June 2010 to present	Attended all after the inauguration 11 Board of Directors Attended all after the inauguration 11 Board of Auditors	Contributed advice and opinions regarding management policy and company operations, drawing on his experience as a management executive

(3) Liability limitation agreements

On the basis of the provisions of Article 427, Section 1 of the Companies Act, the Company has concluded agreements with all part-time directors and auditors for limitation of indemnity liability as provided in Article 423, Section 1 of the Companies Act.

The amount of the liability limitation under the agreement is as provided by law.

(4) Remuneration for external executives

	Number of persons	Remuneration from banks	Remuneration from bank parent companies
Total remuneration	8	43 million yen	39 million yen

Note:

1. All figures are rounded to the nearest whole unit.
2. The number of payees include the three external executives, who left office upon the adjournment of the 9th General Meeting of Shareholders held on June 18, 2010.
3. Directors and Statutory auditors did not receive executive bonuses, stock options or retirement benefits.

(5) Input from external executives

Nothing to report

4 Company shares

(1) Shares	Total available for issue	Normal shares	4,880,000
	Total issued	Normal shares	1,190,880

(2) Shareholders as at end of term 23,397

(3) Major shareholders

Shareholder name/title	Shareholding in the Company	
	Number of shares	% holding
Seven-Eleven Japan Co., Ltd.	453,639	38.09
York-Benimaru Co., Ltd.	52,400	4.40
State Street Bank and Trust Company (standing proxy: The Hong Kong and Shanghai Banking Corporation Limited, Tokyo Branch)	51,617	4.33
Ito-Yokado Co., Ltd.	46,961	3.94
Life Foods Co., Ltd.	30,000	2.51
State Street Bank and Trust Company (standing proxy: Mizuho Corporate Bank, Ltd., Settlement & Sales Division)	28,883	2.42
Japan Trustee Services Bank Ltd. (trust account)	18,498	1.55
SAJAP (standing proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	17,897	1.50
The Master Trust Bank of Japan, Ltd. (trust account)	16,695	1.40
Sumitomo Mitsui Banking Corporation	15,000	1.25
The Dai-ichi Life Insurance Company, Limited (standing proxy: Trust & Custody Services Bank, Ltd.)	15,000	1.25

Notes:

- Shareholding ratios are rounded off to two decimal places.
- By means of a report of change, dated February 2, 2010, submitted by Southeastern Asset Management, Inc. with regard to the large shareholding report, the Company received a report that the firm holds 66,091 shares (holding ratio: 5.42%) as of January 28, 2010. However, since the Company was not able to verify the actual number of shares held by the firm as of March 31, 2011, the firm was not included in the list of major shareholders above.

(4) Other important items concerning the Company shares

A. Treasury stock purchased by resolution adopted by the Board of Directors' meeting held on November 5, 2010

- 1) Number and type of shares purchased: 29,147 shares of common stock
- 2) Total amount of purchase: 4,999,821,400 yen
- 3) Purpose of purchase: To enhance shareholder value
- 4) Purchase period: From November 12, 2010 to February 18, 2011
- 5) Purchase method: Purchase in the market through a trust bank

B. Treasury stock retired by resolution adopted by the Board of Directors' meeting held on March 4, 2011

- 1) Number and type of shares retired: 29,147 shares of common stock
- 2) Date of retirement: March 15, 2011

5 Items concerning the Company's stock acquisition rights, etc.

(1) The Company's stock acquisition rights owned by Directors as of the end of the fiscal year

Name	Seven Bank First Round – (1) Stock acquisition rights	Seven Bank Second Round – (1) Stock acquisition rights	Seven Bank Third Round – (1) Stock acquisition rights
Issuance decided	June 18, 2008 (Note)	July 10, 2009	July 9, 2010
Number of stock acquisition rights (number of persons who hold stock acquisition rights)	157 (4 persons)	171 (4 persons)	423 (5 persons)
Directors (excluding external directors)	157 (4 persons)	171 (4 persons)	423 (5 persons)
External directors	-	-	-
Statutory auditors	-	-	-
Number and type of shares to be acquired per stock acquisition right	One share of common stock	One share of common stock	One share of common stock
Amount to be paid per stock acquisition right	236,480 yen	221,862 yen	139,824 yen
Capital to be issued on exercise of stock acquisition right	One yen per stock acquisition right	One yen per stock acquisition right	One yen per stock acquisition right
Exercise period for stock acquisition rights	From August 13, 2008 to August 12, 2038	From August 4, 2009 to August 3, 2039	From August 10, 2010 to August 9, 2040
Conditions on exercise of stock acquisition rights	The stock acquisition rights may be exercised for a period of 10 days following the day after the forfeit of the status as a director	The stock acquisition rights may be exercised for a period of 10 days following the day after the forfeit of the status as a director	The stock acquisition rights may be exercised for a period of 10 days following the day after the forfeit of the status as a director

Note: The details of Seven Bank First Round – (1) Stock acquisition rights were partially amended by the resolution adopted by the Board of Directors' meeting held on July 18, 2008 and the table above shows the revised version.

(2) Stock acquisition rights granted to employees, etc. during the fiscal year

Name	Seven Bank Third Round – (2) Stock acquisition rights
Issuance decided	July 9, 2010
Number of stock acquisition rights (number of persons who hold stock acquisition rights)	51 (4 persons)
Executive Officers	51 (4 persons)
Number and type of shares to be acquired per stock acquisition right	One share of common stock
Amount to be paid per stock acquisition right	139,824 yen
Capital to be issued on exercise of stock acquisition right	One yen per stock acquisition right
Exercise period for stock acquisition rights	From August 10, 2010 to August 9, 2040
Conditions for exercise of stock acquisition rights	The stock acquisition rights may be exercised for a period of 10 days following the day after the forfeit of the status as an executive officer (in cases where the holder has taken the position of Director, then the day on which the position of Director is forfeited.)

6 Items concerning accounting auditors

(1) Accounting auditors

Company and individual names	Emoluments, etc. for the fiscal years	Other
KPMG AZSA LLC Designated Limited Liability Partners: CPA Youichi Ozawa CPA Seiki Miyata	Emoluments based on work as specified by Article 2, Item 1 of the CPA Law: 50 million yen Emoluments other than the above: 2 million yen	The Company pays accounting auditors consideration for advisory work regarding International Financial Reporting Standards (IFRS), which is outside the scope of work stipulated under Article 2, Item 1 of the CPA Law.

Notes:

1. Amounts smaller than a single unit have been discarded.
2. KPMG AZSA & Co. became KPMG AZSA LLC on July 1, 2010 due to a change in classification of accounting auditors.
3. Regarding audit contracts between the Company and its accounting auditors, as no distinction is made, or can realistically be made, between amounts paid to auditors as auditors' emoluments based on the Companies Act and those based on the Financial Instruments and Exchange Law, the amount noted as being paid as "Emoluments on the basis of work as regulated by Article 2, Item 1 of the CPA Law" includes amounts paid to auditors as auditors' emoluments on the basis of the Financial Instruments and Exchange Law.

(2) Limited liability contracts

Nothing to report

(3) Other items concerning accounting auditors

A. Policy on the dismissal or non-reappointment of accounting auditors

In cases where circumstances concerning the accounting auditors correspond to grounds as specified by the items under Companies Act Article 340-1 and its clauses, the Company's Board of Auditors may consider the dismissal of the accounting auditor, and, in cases where dismissal of the accounting auditor is deemed to be appropriate, shall dismiss the accounting auditor on the basis of the agreement of all of the Board of Auditors members. Furthermore, the Company's Board of Directors may, in consideration of the work conducted by the accounting auditors and the Company's auditing structure, etc., and with the approval of the Board of Auditors, make a proposal to the General Ordinary Meeting of Shareholders that the accounting auditors not be reappointed in cases where they deem that a change of accounting auditors is necessary.

B. Policy concerning the exercise of authority granted to the Board of Directors by the provisions of the appropriate articles of incorporation in cases where such provisions exist under the terms of Companies Act 459-1

One of the most important aspects of the Company's management policy is the return of profits to shareholders and so it is a key policy of the Company to strive to ensure that a stable dividend is continuously paid from reserves while taking into consideration the need to achieve a balance between ensuring an appropriate level of return of profits to shareholders and retained earnings. The Company's basic policy is the targeting of an annual minimum payout ratio of 35% and the payment of dividends twice (i.e., an interim dividend and a year-end dividend) during the fiscal year.

C. In the case of a large company as defined by Companies Act 444-3, and where an audit (in accordance with the Companies Act or Financial Instruments and Exchange Law, or equivalent laws in foreign jurisdictions) of important financial documents (and their equivalents) of corporate or other subsidiaries of the Company is conducted by the accounting auditor (including a body with an equivalent qualification in a foreign jurisdiction), or audit is conducted by a certified public accountant (including a foreign CPA subject to CPA Law 16-2 Item 5) other than the Company's accounting auditor, details thereof:

Not applicable

7 Basic policy concerning the current status of persons supervising the determination of financial and operational policy

The Company's policy is to ensure that suitable measures are taken to ensure the continued growth of the Company's business, strengthening of its corporate governance, and maximization of its corporate value.

8 System for the suitable maintenance of operations

It was resolved at a Board of Directors' meeting held on May 8, 2006 that the relevant steps will be taken to ensure the suitable maintenance of operations of the Company in accordance with Companies Act Article 362-4, Item 6. In accordance with this resolution, each fiscal year the Company undertakes a review of the progress made towards this end. An outline of the review follows:

1) System for ensuring that the execution of their duties by directors is carried out in accordance with the law and with the articles of incorporation

The Company has established a "Basic Policy on Compliance" and "Compliance Standards" for the implementation of compliance as regards management. The directors regularly report to the Board of Directors on the current state of progress made on compliance initiatives.

2) System for the storage and control of information related to the execution by directors of their duties

Prompt disclosure is to be made in cases where there is a request made either by directors or statutory auditors concerning the suitable and secure storage and control of information related to the execution by directors of their duties.

3) Regulations and other structures for controlling the risk of loss

The Board of Directors has established a "Basic Policy on Risk Control" comprising systematic provisions for risk control with the aim of securing a sound and effective system for the appropriate control of the Company's operational risk. The directors regularly report to the Board of Directors about issues related to risk control.

4) System for ensuring the efficient execution of their duties by directors

The Board of Directors aims to ensure its efficient operation by establishing "Rules for the Board of Directors" and by making provisions for important issues to be placed on its agenda and suitably reported. The Board of Directors has established the Executive Committee for the efficient determination of operational policy initiatives and introduced an executive officer system with the aim of achieving the smooth and efficient implementation of such initiatives.

5) System for ensuring that the execution of their duties by employees is carried out in accordance with the law and with the articles of incorporation

The directors have established an appropriate compliance system based on the "Basic Policy on Compliance" and "Compliance Standards". The directors bear ultimate responsibility for the creation of structures, determination of policy and execution of such policies with the aim of ensuring that compliance is maintained in the execution of employee duties.

6) Structure for the maintenance of the appropriateness of the Group's operations

The directors and employees of the Company, as a member of the Seven & i Holdings Group and sharing its management philosophy, are united in striving to promote a law-abiding attitude. With the aim of prioritizing the soundness of the Company's management, the Company has established a structure for independent management decision-making whilst continuing the employment of a strict arm's-length rule and other measures with the same aim.

7) Items concerning relevant employees in the case of requests from statutory auditors for the deployment of such employees to support the role of statutory auditors

The Company employees shall be seconded to the Statutory Auditors' Room on its establishment. In addition, the directors shall, when requested by the statutory auditors, have bank employees assist with the auxiliary audit function.

8) Items concerning the independence of the employees of the statutory auditors from the directors

The Board of Auditors may request the directors, on prior receipt of reports from the directors concerning the personnel movements and personnel evaluations of the assistants to the statutory auditors, to make changes in circumstances where it is necessary that such changes be made.

9) System for reports to the statutory auditors made by directors and employees and for other reports to the statutory auditors

Directors and employees shall promptly report important matters, in addition to legal issues, to the statutory auditors. The directors shall determine, on receipt of an explanation of the current state of auditing policy and the implementation of the audit, the issues which should be reported to the Board of Auditors having determined such in consultation with the Board of Auditors and shall duly make their report to the Board of Auditors.

10) System for ensuring that the audit carried out by other statutory auditors is implemented effectively

The directors shall ensure that the internal audit department holds regular meetings with the Board of Auditors to facilitate the exchange of opinions about important auditing issues and themes and the deepening of their mutual understanding.

9 Items concerning accounting advisors

Nothing to report

10 Other

Nothing to report

Balance Sheet

Balance Sheet at the End of the 10th Term (as of March 31, 2011)

(Unit: million yen)

Category	Amount	Category	Amount
(Assets)		(Liabilities)	
Cash and due from banks	385,013	Deposits	312,692
Cash	367,611	Ordinary deposits	171,873
Due from banks	17,401	Time deposits	140,604
Call loans	10,000	Other deposits	214
Securities	99,978	Negotiable certificates of deposits	20,690
Government bonds	95,630	Call money	2,800
Corporate bonds	2,203	Borrowed money	20,000
Stocks	2,144	Bonds	90,000
Loans receivable	536	Other liabilities	39,014
Current overdrafts	536	Income taxes payable	4,994
Other assets	75,409	Accrued expenses	3,952
Prepaid expenses	441	ATM-related temporary advances	27,557
Prepaid pension cost	36	Asset retirement obligations	264
Accrued income	6,391	Other	2,246
ATM-related temporary payments	67,465	Provision for bonuses	325
Other	1,074	Total liabilities	485,522
Tangible fixed assets	9,393	(Net assets)	
Buildings	870	Capital stock	30,503
ATMs	7,067	Capital surplus	30,503
Other (tangible fixed assets)	1,456	Legal capital surplus	30,503
Intangible fixed assets	18,689	Retained earnings	53,326
Software	17,473	Legal retained earnings	0
Software-related temporary accounts	1,204	Other retained earnings	53,326
Other (intangible fixed assets)	11	Retained earnings brought forward	53,326
Deferred tax assets	1,111	Total shareholders' equity	114,333
Allowance for loan losses	(71)	Valuation difference on available-for-sale securities	51
		Total valuation and translation adjustments	51
		Stock options	154
		Total net assets	114,539
Total assets	600,061	Total liabilities and net assets	600,061

Statement of Income

Statement of Income for the 10th Term (from April 1, 2010 to March 31, 2011)

(Unit: million yen)

Category	Amount	
Ordinary income		83,964
Interest income	179	
Interest on loans receivable	52	
Interest and dividends on securities	68	
Interest on call loans	56	
Interest on deposits with banks	2	
Fees and commissions income	83,644	
Remittance-related fee income	517	
ATM-related fee income	80,521	
Other fees and commissions income	2,605	
Other income	139	
Gain on money held in trust	0	
Other	139	
Ordinary expenses		56,514
Interest expenses	2,009	
Interest on deposits with banks	410	
Interest on negotiable certificates of deposits	38	
Interest on call money	23	
Interest on borrowings and rediscounts	332	
Interest on bonds	1,204	
Fees and commissions expenses	10,011	
Remittance-related fee expense	226	
ATM placement fee expenses	9,344	
ATM-related fee expenses	389	
Other fees and commissions expenses	51	
Other operating expenses	12	
Losses on financial derivatives	12	
General and administrative expenses	44,321	
Other ordinary expenses	160	
Losses on sales of stocks and other securities	137	
Other ordinary expenses	23	
Ordinary profit		27,449
Extraordinary income		57
Reversal of allowance for loan losses	57	
Extraordinary losses		507
Losses on disposal of noncurrent assets	19	
Losses on disaster	356	
Losses on adjustment for changes of accounting standards for asset retirement obligations	131	
Income before income taxes		26,999
Income taxes - current	10,927	
Income taxes - deferred	63	
Total income taxes		10,991
Net income		16,008

Statement of Changes in Net Assets

Statement of Changes for the 10th Term (from April 1, 2010 to March 31, 2011)

(Unit: million yen)

	Stockholders' equity								
	Common stock	Capital surplus			Surplus			Treasury stock	Total stockholders' equity
		Capital reserve	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance as of March 31, 2010	30,503	30,503	1,239	31,742	0	47,606	47,606	—	109,851
Change in items during the period									
Dividends from surplus				—		(6,527)	(6,527)		(6,527)
Net income				—		16,008	16,008		16,008
Purchase of treasury stock				—			—	(4,999)	(4,999)
Retirement of treasury stock			(1,239)	(1,239)		(3,760)	(3,760)	4,999	—
Net change in items other than stockholders' equity				—			—		—
Total change in items during the period	—	—	(1,239)	(1,239)	—	5,720	5,720	—	4,481
Balance as of March 31, 2011	30,503	30,503	—	30,503	0	53,326	53,326	—	114,333

	Valuation and translation adjustments		Stock acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance as of March 31, 2010	(0)	(0)	88	109,939
Change in items during the period				
Dividends from surplus		—		(6,527)
Net income		—		16,008
Purchase of treasury stock		—		(4,999)
Retirement of treasury stock		—		—
Net change in items other than stockholders' equity	52	52	66	118
Total change in items during the period	52	52	66	4,599
Balance as of March 31, 2011	51	51	154	114,539

Explanatory notes

Amounts of less than one million yen have been discarded.

Important accounting policies

1. Basis and methodology for the valuation of securities

Available-for-sale securities with available fair market values are stated at their fiscal year-end fair market values (realized gains or losses on sales of such securities are computed using primarily the moving-average method). Available-for-sale securities whose fair market value is deemed to be extremely difficult to identify are stated at cost using the moving-average method. Unrealized gains and losses on these securities are reported as a separate component of net assets.

2. Method for calculating depreciation of fixed assets

(1) Tangible fixed assets (excluding leases)

Depreciation of tangible fixed assets (excluding buildings and attached structures) is calculated by the declining-balance method over the estimated useful lives of the assets.

Estimated useful lives of major items are as follows:

Buildings:	6-18 years
ATMs:	5 years
Others:	2-20 years

(2) Intangible fixed assets (excluding leases)

Intangible fixed assets are amortized using the straight-line method. Software utilized by the Company is amortized over the period in which it is expected to be utilized (five years).

3. Translation of assets and liabilities denominated in foreign currencies

Assets and liabilities denominated in foreign currencies are translated into Japanese yen mainly at the exchange rate revealing at the balance sheet date

4. Provisioning standards

(1) Allowance for credit losses

An allowance for credit losses is provided as detailed below in accordance with the Company's internal standards for write-offs and provisions.

For credits to obligors classified as normal obligors or watch obligors, on the basis of expected loss ratios and other factors, and defined according to fixed categories, the allowance for credit losses is provided based on the Company's estimated rate of credit losses in accordance with the "Administrative guidelines concerning the self assessment of assets, bad debt amortization and bad debt reserves for banks and other financial institutions" (Japan CPA Association Bank Audit Special Committee Report No. 4).

For credits to obligors classified as bankruptcy risk obligors, the allowance for credit losses is provided for estimated unrecoverable amounts determined after excluding the portion that is estimated to be recoverable due to available security interests and guarantees.

For credits to obligors classified as substantially bankrupt obligors or bankrupt obligors, the allowance for credit losses is provided in the full amounts of such credits, excluding the portion that is estimated to be recoverable due to available security interests and guarantees.

The Company's Risk Management Division, which is independent from the Company's other divisions, evaluates all credits in accordance with its internal rules for self-assessment of assets, and its evaluations are audited by the Internal Audit Division, which is independent from the Company's other divisions and the Risk Management Division. The allowance is provided based on the results of these assessments.

(2) Reserve for bonuses

The Company records a reserve for bonuses for employees in the amount of estimated bonuses attributed to the relevant fiscal year.

(3) Employees' severance and retirement benefits

Reserve for employees' severance and retirement benefits is provided for the payment of employees' retirement benefits based on estimated amounts of the actuarial retirement benefit obligation and the related plan assets as of the fiscal year end.

As the estimated amounts of the plan assets exceeded those of the actuarial retirement benefit obligation adjusted for unrecognized prior service cost and unrecognized net actuarial difference, the excess was presented as prepaid

pension cost in the balance sheets.

Unrecognized prior service cost and unrecognized net actuarial differences are treated as expenses as follows:

Unrecognized prior service cost:	Amortized using the straight-line method over ten years within the employees' average remaining service period at incurrence.
Unrecognized net actuarial difference:	Amortized using the straight-line method over ten years within the employees' average remaining service period, commencing from the next fiscal year of incurrence.

5. Lease transactions

Finance leases that do not transfer ownership to lessees and for which the lease transaction commenced prior to April 1, 2008 are accounted for in the same manner as operating leases.

6. Method of accounting for hedge transactions

Interest rate risk hedges

For some liabilities we have employed a special accounting treatment for interest rate swaps. For hedges designed to reduce the impact of volatility in the market for variable interest rates, we have individually identified the hedge target and designated interest rate swap trades as hedge transactions.

7. Consumption taxes

National and local consumption taxes are accounted for using the tax-excluded method.

Changes in accounting policies

(Accounting standard for asset retirement obligations)

Effective from this fiscal year, the Company has adopted "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18, March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21, March 31, 2008).

As a result, ordinary profit and income before income taxes for the fiscal year ended March 31, 2011 decreased by 22 million yen and 154 million yen, respectively. Changes in asset retirement obligations was 247 million yen as a result of application of these accounting policies.

Important notes

(Balance sheet related)

1. Among the loans receivable, credits to bankrupt obligors were 0 million yen, and loans in arrears were 0 million yen.
"Credits to bankrupt obligors" refers to loans receivable for which accrued interest was not declared on the grounds that there are no prospects for the collection or repayment of the principal or interest because the payment of the principal or interest has been continually in arrears for a considerable period of time or for other such reasons (excluding the written-off portion; hereinafter referred to as "loans with undeclared accrued interest") that correspond to any of the situations referred to in (a) through (e) of paragraph 1(3) of Article 96 of the Order for Enforcement of the Corporation Tax Act (Cabinet Order No.97, 1965) or the situation referred to in paragraph 1(4) of the said Article.
"Loans in arrears" refers to loans with undeclared accrued interest other than credits to bankrupt obligors and loans for which an interest payment grace period has been granted for the purpose of reestablishing or assisting the business of the obligor.
2. Loans receivable do not include loans in arrears for three months or more.
"Loans in arrears for three months or more" refers to loans for which the payment of the principal or interest has been in arrears for three months or more counting from the day after the due date agreed upon, excluding credits to bankrupt obligors and loans in arrears.
3. Restructured loans among loans receivable amounts to 1 million yen.
"Restructured loans" refers to loans for which reduction of interest, interest payment grace period, principal repayment grace period, debt forgiveness or other such arrangements that are advantageous to the obligor have been made for the purpose of reestablishing or assisting the business of the obligor, excluding credits to bankrupt obligors, loans in arrears and loans in arrears for three months or more.
4. Total amount of credits to bankrupt obligors, loans in arrears, loans in arrears for three months or more and restructured loans is 2 million yen. The amounts of credits stated in 1. to 4. are amounts prior to the deduction of the allowance for loan losses.

5 Assets pledged as collateral are as follows.

Assets pledged as collateral	
Securities	2,922 million yen
Liabilities secured by above assets	
Call money	2,800 million yen

In addition to the above, for the purposes of settlement and Bank of Japan current overdraft transactions, securities of 94,912 million yen in available-for-sale securities have been provided. Also, 797 million yen in guarantees are included in Other Assets.

6. An overdraft agreement is an agreement to lend funds up to a certain limit if a financing request is received from a customer, unless there is any violation of the terms and conditions of the agreement. The unused balance of funds under such agreements is 387 million yen. This includes the unused balance of funds in the amount of 387 million yen under agreements in which the original term is one year or less.

7. Depreciation total for tangible fixed assets 33,352 million yen

8. Net assets per share 96,050.49 yen

9. In addition to the fixed assets included on the balance sheet, the Company uses ATMs, electronic calculating and other peripheral equipment and some other OA equipment on financial lease contracts without transfer of property ownership.

(1) Finance lease transactions other than those under which it is acknowledged that the leased property ownership rights revert to the leasing company

1) Acquisition price amount	Tangible fixed assets	6,645 million yen
	Intangible fixed assets	194 million yen
	Total	6,840 million yen

2) Total equivalent depreciation amount	Tangible fixed assets	6,630 million yen
	Intangible fixed assets	177 million yen
	Total	6,807 million yen

3) Amount remaining at year-end	Tangible fixed assets	15 million yen
	Intangible fixed assets	17 million yen
	Total	33 million yen

4) Year-end total unexpired lease fees	Less than one year	34 million yen
	More than one year	0 million yen
	Total	34 million yen

5) Lease fees payable, depreciation and lease interest payable	Lease fees payable	1,052 million yen
	Depreciation	997 million yen
	Lease interest payable	10 million yen

6) Method of calculating depreciation expenses
Straight-line method based on number of years remaining on lease, residual value zero

7) Method of calculating interest costs
Interest amount equivalent to the difference between the total amount of leasing expenses and acquisition cost of leased assets; allocated to each term by the interest method

(2) Operating lease transactions

Outstanding leasing fees related to noncancellable operating lease transactions	Less than one year	11 million yen
	More than one year	13 million yen
	Total	24 million yen

10. Retirement obligations outstanding at the end of current term	
Projected benefit obligation	(1,295 million yen)
Pension assets (market value)	840 million yen
Unfunded projected benefit obligation	(454 million yen)
Unrecognized actuarial differences	470 million yen
Unrecognized prior service liabilities	20 million yen
Net figure on Balance Sheet	36 million yen
Prepaid pension costs	36 million yen
11. Total monetary claims on affiliated companies	65 million yen
12. Total monetary liabilities payable to affiliated companies	36,920 million yen
13. Restriction on dividends from retained earnings in accordance with Article 18 of the Banking Law	
When paying a dividend from retained earnings, despite the provisions of the Companies Act Article 445-4 (amount of capital and amount of reserves), on payment of a dividend from retained earnings, one fifth of the amount by which retained earnings has been reduced is to be accounted as capital surplus or retained earnings.	
In this fiscal year, because the total amount of legal capital surplus and legal retained earnings is greater than the amount of capital stock, no amount is accounted for in retained earnings due for the dividends to be paid from retained earnings.	

(P&L related items)

1. Profit from trading with affiliated companies	
Total income from fee transactions, etc.	706 million yen
Costs deriving from transactions with affiliated companies	
Total costs deriving from fund raising transactions	26 million yen
Total costs deriving from fee transactions, etc.	8,994 million yen
Total costs deriving from other transactions	13 million yen
2. Net income per share	13,198.52 yen
3. Diluted net income per share	13,191.01 yen
4. "Losses on disaster" are losses from the Great East Japan Earthquake, which occurred on March 11, 2011, and are primarily losses of assets, primarily ATMs.	

(Note to statements of changes in shareholders' equity)

1. The types and total amounts of shares issued by the Company and of treasury stock are as follows:

(Unit: thousand shares)

	Number of shares at the end of the preceding business year	Increase during the fiscal year	Decrease during the fiscal year	Number of shares at the end of this fiscal year	Remarks
Stock issued					
Common stock	1,220,027	—	29,147	1,190,880	(Note 1)
Total	1,220,027	—	29,147	1,190,880	
Treasury stock					
Common stock	—	29,147	29,147	—	(Note 2)
Total	—	29,147	29,147	—	

- Notes: 1. The decrease in common stock issued is due to the retirement of treasury stock in accordance with the resolution adopted by the Board of Directors' meeting held on March 4, 2011.
2. The increase in treasury stock of common stock is due to the purchase of treasury stock in accordance with the resolution adopted by the Board of Directors' meeting held on November 5, 2010. Moreover, the decrease in treasury stock of common stock is due to the retirement of treasury stock in accordance with the resolution adopted by the Board of Directors' meeting held on March 4, 2011.

2. Stock acquisition rights and treasury stock acquisition rights

Details of stock acquisition rights	Type of shares	Number of shares (shares)				Balance at the end of the period of the fiscal year (millions of yen)	Remarks
		At the end of the previous fiscal year	Increase during the period of the fiscal year	Decrease during the period of the fiscal year	Number of shares at the end of the period of the fiscal year		
Stock acquisition rights as stock options		—				154	
Total		—				154	

Note: There are no treasury stock acquisition rights.

3. The Company's dividend is as stated below:

(1) Dividends paid during this fiscal year

Resolution	Type of shares	Total amount of dividend	Amount per share	Record date	Effective date
In the Board of Directors' Meeting held on May 28, 2010	Common stocks	3,355 million yen	2,750 yen	March 31, 2010	June 1, 2010
In the Board of Directors' Meeting held on November 5, 2010	Common stocks	3,172 million yen	2,600 yen	September 30, 2010	December 1, 2010

(2) Dividends with record dates before March 31, 2011 and effective dates after April 1, 2011 are listed as follows.

Resolution	Type of shares	Total amount of dividend	Fiscal resource	Dividend per share	Record date	Effective date
In the Board of Directors' Meeting held on May 27, 2011	Common stocks	3,096 million yen	Retained earnings	2,600 yen	March 31, 2011	June 6, 2011

(Financial instruments related)

1. Matters concerning status of financial instruments

(1) Policy regarding the approach to financial instruments

The Company's basic policy is to ensure security and minimize risks in both raising and investing funds, and the Company does not pursue profit-making by aggressive risk-taking.

Funds raised by the Company can be broadly divided into working capital such as cash to be placed in ATMs and funds for capital investment such as ATM/system-related investment. In consideration of interest rate trends and other such factors, the Company secures the source funds by such means as deposits, long-term borrowings and bond issuance, and raises funds from the call market to cover daily fluctuations in the amount of funds that need to be raised.

On the other hand, the Company's funds are invested mainly in the form of funds and securities operations as a limited end user, although it does operate a petty loan business targeted at individuals. Investment targets are limited to Japanese government bonds and other securities with high creditworthiness and liquidity, as well as deposits at financial institutions with high creditworthiness, call loans, etc. The Company does not invest in risky financial derivatives, etc.

(2) Description and risk of financial instruments

The financial assets held by the Company are largely comprised of cash, primarily for facilitating its ATM business. Surplus funds are released in the form of call loans, which are exposed to the credit risk of the issuer. Securities consist of Japanese government bonds, etc. and stocks, and are held for "other purposes". These are exposed to credit risks of each issuer, interest rate fluctuation risks, and market price fluctuation risks. Loans receivable are in the form of loan services targeted at individuals (revolving card loans) and are exposed to credit risks arising from the nonperformance of contract by customers; however, the risks are limited, as the receivables are secured in full.

The Company also operates a banking business. Deposits and negotiable certificates of deposits, which account for the majority of its financial liabilities, are exposed to interest rate fluctuation risks. The Company raises short-term funds by using call money as necessary; it is exposed to liquidity risks in that it might not be able to raise the necessary funds. Borrowings and bonds are exposed to liquidity risks in that the payment might not be executable on the due date such as in cases where the Company cannot use the market under certain situations. The Company also borrows funds at variable interest rates, which are exposed to interest rate fluctuation risks. Such risks are averted by executing interest rate swaps.

(3) Risk management framework for financial instruments

1) Credit risk management

The Company observes its basic policy for credit risks established in the Basic Policy on Risk Control, as well as the rules established thereunder called Credit Risk Rules. Credit risks are currently limited to the ATM settlement business, interbank deposits placed with top-rated partner financial institutions, etc. subject to asset-liability management (ALM), release of funds and temporary ATM payment amounts due, thereby curbing credit risks in operations. In addition, the Company performs self-assessment and establishes an allowance for write-offs in an appropriate manner, in accordance with its self-assessment standards, write-off allowance standards and self-assessment/write-off allowance rules.

Credit risks of issuers of securities and counterparty risks in derivative transactions are managed by the Risk Management Division by means of periodically identifying credit information and market value.

2) Market risk management

The Company observes its basic policy for market risks established in the Basic Policy on Risk Control, as well as the rules established thereunder called Market Risk Rules. The Market Risk Rules establish limits on the amount of funds at risk, market position limits and loss allowance limits. The Officer in Charge of Risk Management at the Risk Management Division measures and monitors market risks on a daily basis in light of these limits and reports the results to the management including the Executive Committee. At the ALM Committee convened once a month, the Company's market risk position, expected trends in interest rates and other matters are reported and operation policies are determined.

Quantitative information concerning market risks

Because interest rate risks are key market risks to the Company, the Company measures the Value at Risk (VaR) of

entire assets and liabilities of the Company. In measuring the VaR, the Company uses the Variance-Covariance Method (holding period: 125 days, confidence interval: 99.9%, data observation period: 1 year), and the Company's VaR (estimated loss amount) as of March 31, 2011 is a total of 1,746 million yen. Additionally, in light of our business attributes, an interest period has been recognized in terms of cash recorded under assets, which has been calculated as a 5-year zero-coupon (weighted average maturity: 2.5 years). In order to verify the validity of the model, the Company regularly performs back-testing by comparing the VaR calculated by the model and the actual gains (losses). However, since VaR calculates market risk at a certain probability that has been statistically calculated on the basis of past market fluctuations, it may not be able to capture risks that occur under market environments changing beyond our normal expectations.

3) Liquidity risk management

The Company observes its basic policy for liquidity risks established in the Basic Policy on Risk Control, as well as the rules established thereunder called Liquidity Risk Rules. The Liquidity Risk Rules establish limits regarding the cash gaps arising from differences between the duration of invested funds and those available to meet current cash needs. The Officer in Charge of Risk Management at the Risk Management Division measures and monitors liquidity risk on a daily basis in light of these limits and reports the results to the management including the Executive Committee. The Company is well prepared in that it has formulated measures in advance on a scenario-by-scenario basis so that it can take company-wide action in a speedy and flexible manner when the cash flow situation becomes tight; therefore, concerns over ensuring liquidity of funds are deemed nonexistent.

(4) Supplementary explanation of matters concerning market value, etc. of financial instruments

The market value of financial instruments includes the value based on market price, in addition to reasonably-calculated value in cases where the financial instrument has no market price. As certain assumptions, etc. are adopted when calculating the value of such financial instruments, the value may vary if different assumptions, etc. are adopted.

2. Matters concerning market value, etc. of financial instruments

The amount declared on the balance sheet, the market value and the difference between the two as at March 31, 2011 are as follows. In cases where it is deemed extremely difficult to identify the market value of unlisted stocks and other such financial instruments, the value is not included in the table below (refer to Note 2).

(Unit: million yen)

	Amount on balance sheet	Market value	Difference
(1) Cash and due from banks*	385,000	385,000	—
(2) Call loans*	9,969	9,969	—
(3) Securities			
Other securities	97,834	97,834	—
(4) Loans receivable	536		
Allowance for loan losses*	(0)		
	536	536	—
(5) ATM temporary payments*	67,463	67,463	—
Total assets	560,803	560,803	—
(1) Deposits	312,692	313,173	480
(2) Negotiable certificates of deposit	20,690	20,688	(1)
(3) Call money	2,800	2,800	—
(4) Borrowed money	20,000	20,248	248
(5) Bonds	90,000	91,508	1,508
(6) ATM-related temporary advances	27,557	27,557	—
Total liabilities	473,740	475,977	2,236

* Allowance for loan losses for general accounts and allowance for loan losses for individual accounts corresponding to loans receivable have been deducted. Allowance for loan losses with respect to cash and due from banks, call loans and ATM temporary payments were insignificant and therefore directly deducted from the amount on the balance sheet.

Note 1: Calculation method of market value of financial instruments

Assets

(1) Cash and due from banks

The market value of due from banks with no maturity is approximately the same as the book value; therefore, the book value is stated as market value. Due from banks with no maturity amounted to zero.

(2) Call loans

The contract period is short (no more than one year) and the market value is approximately the same as the book value; therefore, the book value is stated as market value.

(3) Securities

Bonds are stated at the price quoted on the exchange or the price presented by the corresponding financial institution. Notes on the securities by holding purpose are stated in “(Securities)” section below.

(4) Loans receivable

The market value of variable interest-rate loans receivable is approximately the same as the book value, since they are short-term and reflect the market interest rate, unless the credit status of the borrower is substantially different after the execution of the loans; therefore, the book value is stated as market value. Fixed interest-rate loans receivable amounted to zero.

With respect to credits, etc. to bankrupt obligors, substantially bankrupt obligors and bankruptcy risk obligors, the market value is approximately the same as the amount on the balance sheet as at the fiscal year end minus the current estimated amount of credit losses, since the estimated amount of credit losses is calculated based on the present value of estimated future cash flow or the expected collectable amount with the collateral and guarantee, etc.; therefore, the book value is stated as market value.

(5) ATM temporary payments

As the pre-settlement period is short (no more than one year), the market value is approximately the same as the book value; therefore, the book value is stated as market value.

Liabilities

(1) Deposits and (2) Negotiable certificates of deposit

The market value of demand deposits is deemed as the amount payable presuming that the demand is made at the end of the fiscal year (book value). The market value of time deposits is calculated by discounting the present value by future cash flow divided into categories of set periods. The discount rate applied is the rate used when accepting new deposits. The market value of deposits with a short residual period (no more than one year) is approximately the same as the book value; therefore, the book value is stated as market value.

(3) Call money

As the contract period is short (no more than one year) and the market value is approximately the same as the book value, the book value is stated as market value.

(4) Borrowed money

As for borrowed money based on a fixed interest rate, the present value is calculated by discounting the sum of the principal and interest of such borrowed money (in the case of borrowed money subject to special accounting treatment for interest rate swaps, the sum of the principal and interest based on the rate of such interest rate swaps) divided into categories of set periods at the expected rate for similar borrowings. The market value of borrowed money with a short residual period (no more than one year) is approximately the same as the book value; therefore, the book value is stated as market value. Borrowed money based on variable interest rates amounted to zero.

(5) Bonds

The market value of bonds issued by the Company is stated at market price.

(6) ATM-related temporary advances

As the pre-settlement period is short (no more than one year), the market value is approximately the same as the book value; therefore, the book value is stated as market value.

Note 2: The following are financial instruments whose market value is deemed extremely difficult to identify, and are not included in “Assets (3) Other securities” in the information on market value of financial instruments.

(Unit: million yen)

Classification	Amount on balance sheet
Unlisted stocks*	2,144
Total	2,144

*Unlisted stocks do not have any market price, and their market value is deemed extremely difficult to identify; therefore, their market value is excluded from the scope of disclosure.

Note 3: Amount of redemption scheduled for monetary claims and securities with maturity after end of fiscal year

(Unit: million yen)

	Not more than 1 year	More than 1 year but not more than 3 years	More than 3 years but not more than 5 years	More than 5 years but not more than 7 years	More than 7 years but not more than 10 years	More than 10 years
Due from banks*1	17,401	—	—	—	—	—
Call loans	10,000	—	—	—	—	—
Securities						
Other securities with maturity	97,200	—	—	—	—	—
Loans receivable*2	535	—	—	—	—	—
ATM temporary payments	67,465	—	—	—	—	—
Total	192,602	—	—	—	—	—

*1 Due from banks: Due from banks with no maturity is included and disclosed in “Not more than one year”.

*2 Loans receivable: the amount (0 million yen) of credits, etc. to bankrupt obligors, substantially bankrupt obligors or bankrupt risk obligors, for which redemption cannot be expected, are not included in loans receivable. Loans receivable are disclosed as “Not more than one year”.

Note 4: Amount of repayment scheduled for bonds, borrowed money and other interest-bearing liabilities after end of fiscal year

(Unit: million yen)

	Not more than 1 year	More than 1 year but not more than 3 years	More than 3 years but not more than 5 years	More than 5 years but not more than 7 years	More than 7 years but not more than 10 years	More than 10 years
Deposits*	257,087	29,064	26,540	—	—	—
Negotiable certificates of deposit	20,390	300	—	—	—	—
Call money	2,800	—	—	—	—	—
Borrowed money	—	13,000	6,000	1,000	—	—
Bonds	36,000	34,000	20,000	—	—	—
ATM-related temporary advances	27,557	—	—	—	—	—
Total	343,834	76,364	52,540	1,000	—	—

*Deposits: Demand deposits are included and disclosed in “Not more than one year”.

(Securities)

“Securities” in the balance sheet are as follows.

1. Securities held for trading purposes (as of March 31, 2011)
Not applicable
2. Bonds held to maturity (as of March 31, 2011)
Not applicable
3. Shares in subsidiary firms, subsidiary corporations, affiliates and others (as of March 31, 2011)
Not applicable
4. Other securities (as of March 31, 2011)

	Class	Balance sheet amount (million yen)	Acquisition cost (million yen)	Gains/losses (million yen)
Securities whose balance sheet amounts exceed acquisition costs	Bonds			
	Japanese	85,633	85,541	91
	Corporate	—	—	—
	Subtotal	85,633	85,541	91
Securities whose balance sheet amounts do not exceed acquisition costs	Bonds			
	Japanese	9,997	9,998	(1)
	Corporate	2,203	2,206	(3)
	Subtotal	12,200	12,205	(4)
Total		97,834	97,747	86

Note: Other securities whose fair values deem to be extremely difficult to compute

	Balance sheet amount (million yen)
Shares	2,144
Total	2,144

As computing fair values of these securities are deemed to be extremely difficult, they are not included in “Other Securities” above.

5. Bonds held to maturity sold during the year (from April 1, 2010 to March 31, 2011)
Not applicable
6. Other securities sold during the year (from April 1, 2010 to March 31, 2011)

	Sales amount (million yen)	Total gains on sales of securities (million yen)	Total losses on sales of securities (million yen)
Shares	150	—	137
Total	150	—	137

7. Changes in purpose of holding securities
Not applicable
8. Securities to which impairment is applied
Not applicable

(Money held in trust)
Not applicable

(Stock options, etc.)

1. Account title and amount of expenses related to stock options to be recorded in the fiscal period

Operating expenses 66 million yen

2. Detail and scale of and changes in stock options and subsequent adjustments

(1) Detail of stock options

	First Round – (1) Stock acquisition rights (Stock compensation- type stock options)	First Round – (2) Stock acquisition rights (Stock compensation- type stock options))	Second Round – (1) Stock acquisition rights (Stock compensation- type stock options)	Second Round – (2) Stock acquisition rights (Stock compensation- type stock options)	Third Round – (1) Stock acquisition rights (Stock compensation- type stock options)	Third Round – (2) Stock acquisition rights (Stock compensation- type stock options)
Title and number of grantees	5 Directors of the Company	3 Executive Officers of the Company	4 Directors of the Company	5 Executive Officers of the Company	5 Directors of the Company	4 Executive Officers of the Company
Number of stock options by type of stock (Note)	Common stock: 184 shares	Common stock: 21 shares	Common stock: 171 shares	Common stock: 38 shares	Common stock: 423 shares	Common stock: 51 shares
Grant date	August 12, 2008	Same as at left.	August 3, 2009	Same as at left.	August 9, 2010	Same as at left.
Condition for vesting	Holders of stock acquisition rights may only exercise their stock acquisition rights within 10 days of the date following the day on which the holder's position as Director is forfeited.	Holders of stock acquisition rights may only exercise their stock acquisition rights within 10 days of the date following the day on which the holder's position as Executive Officer is forfeited (in cases where the holder has taken the position of Director, then the date on which the position of Director is forfeited).	Holders of stock acquisition rights may only exercise their stock acquisition rights within 10 days of the date following the day on which the holder's position as Director is forfeited.	Holders of stock acquisition rights may only exercise their stock acquisition rights within 10 days of the date following the day on which the holder's position as Executive Officer is forfeited (in cases where the holder has taken the position of Director, then the date on which the position of Director is forfeited).	Holders of stock acquisition rights may only exercise their stock acquisition rights within 10 days of the date following the day on which the holder's position as Director is forfeited.	Holders of stock acquisition rights may only exercise their stock acquisition rights within 10 days of the date following the day on which the holder's position as Executive Officer is forfeited (in cases where the holder has taken the position of Director, then the date on which the position of Director is forfeited).
Requisite service period	Not specified.	Same as at left.	Not specified.	Same as at left.	Not specified.	Same as at left.
Exercise period	August 13, 2008 – August 12, 2038	Same as at left.	August 4, 2009 – August 3, 2039	Same as at left.	August 10, 2010 – August 9, 2040	Same as at left.

Note: The number of stock options is stated as converted into number of shares.

(2) Scale of and changes in stock options and subsequent adjustments

The following includes stock options existing during the fiscal year 2010 and the number of stock options is stated as converted into number of shares.

(Number of stock options)

	First Round – (1) Stock acquisition rights (Stock compensation- type stock options)	First Round – (2) Stock acquisition rights (Stock compensation- type stock options))	Second Round – (1) Stock acquisition rights (Stock compensation- type stock options)	Second Round – (2) Stock acquisition rights (Stock compensation- type stock options)	Third Round – (1) Stock acquisition rights (Stock compensation- type stock options)	Third Round – (2) Stock acquisition rights (Stock compensation- type stock options)
Prior to vesting (shares)						
At end of previous fiscal year	–	–	–	–	–	–
Granted	–	–	–	–	423	51
Forfeited	–	–	–	–	–	–
Vested	–	–	–	–	423	51
Outstanding	–	–	–	–	–	–
Post vesting (shares)						
At end of previous fiscal year	157	21	171	38	–	–
Granted	–	–	–	–	423	51
Exercised	–	–	–	–	–	–
Forfeited	–	–	–	–	–	–
Outstanding	157	21	171	38	423	51

(Unit price information)

	First Round – (1) Stock acquisition rights (Stock compensation- type stock options)	First Round – (2) Stock acquisition rights (Stock compensation- type stock options))	Second Round – (1) Stock acquisition rights (Stock compensation- type stock options)	Second Round – (2) Stock acquisition rights (Stock compensation- type stock options)	Third Round – (1) Stock acquisition rights (Stock compensation- type stock options)	Third Round – (2) Stock acquisition rights (Stock compensation- type stock options)
Exercise price	One yen per share	One yen per share	One yen per share	One yen per share	One yen per share	One yen per share
Average price when exercised (Note)	–	–	–	–	–	–
Fair value valuation price when granted (Note)	236,480 yen per stock acquisition right	236,480 yen per stock acquisition right	221,862 yen per stock acquisition right	221,862 yen per stock acquisition right	139,824 yen per stock acquisition right	139,824 yen per stock acquisition right

Note: The number of shares to be acquired upon exercise of one (1) share acquisition right shall be one common stock of the Company.

3. Calculation method employed to establish the fair value valuation price for stock options granted during the term

The method employed for calculating the fair value valuation price for the Third Round – (1) and Third Round – (2) Stock acquisition rights granted during the term is as follows.

(1) Valuation method employed: Black-Scholes model

(2) Key parameters used in the option-pricing model

	Third Round – (1) Stock acquisition rights (Stock compensation-type stock options)	Third Round – (2) Stock acquisition rights (Stock compensation-type stock options)
Expected volatility (Note 1)	37.62%	37.62%
Average expected life (Note 2)	4.81 years	4.81 years
Expected dividends (Note 3)	5,200 yen per share	5,200 yen per share
Risk-free interest rate (Note 4)	0.346%	0.346%

Notes: 1. Calculated on the basis of actual share prices for the two years and five months period from February 29, 2008 to August 9, 2010.

2. For directors currently employed by the Company, the assumption is made that the stock options will be exercised on a future date calculated by adding a ten day period, in which the rights may be exercised, to the average period in days from June 2010 until the retirement dates of all such directors.

3. Expected dividends are based upon actual dividend amounts.

4. The risk-free rate employed is the yield of the Japan Government Bond with a period to maturity currently corresponding to the forecast period used in the calculation.

4. Method for calculating the number of stock options vested

Only the actual number of forfeited stock options is reflected because of the difficulty of accurately estimating the actual number of stock options that will be forfeited in the future.

(Tax effect accounting related items)

Breakdown of the main reasons for the creation of deferred tax assets and deferred tax liabilities

Deferred tax assets

Unpaid corporate tax	394 million yen
Excess depreciation charge	229 million yen
Excess bonus reserve	132 million yen
Losses on disaster	116 million yen
Asset retirement obligations	107 million yen
Accrued expenses	85 million yen
Excess bad debt reserve	28 million yen
Other	112 million yen

Total deferred tax assets 1,206 million yen

Deferred tax liabilities

Adjustment to tangible fixed assets related to asset retirement obligations	(44 million yen)
Valuation difference on available-for-sale securities	(35 million yen)
Prepaid expenses	(14 million yen)

Total deferred tax liabilities (94 million yen)

Net deferred tax assets 1,111 million yen

(Income/ losses from equity-method accounted affiliates, etc.)

None

(Related party information)

1. Dealings with related parties

(1) Parent company and important corporate shareholders etc.

Type	Name	Address	Capital (million yen)	Content of business or operations	% of voting rights	Relationship	Transactions	Transaction amount (million yen)	Item	Amounts outstanding at term end (million yen)
Other related company	Seven-Eleven Japan	Chiyoda-ku Tokyo	17,200	Convenience store operation	38.09%	Contracts related to installation & operation of ATM business capital transactions	Payment of fees for ATM installation (Note 1)	8,994	Accrued expenses (Note 3)	770
							Handling of negotiable certificates of deposits (Note 2)	14,493	Negotiable certificates of deposits	–
							Interest on negotiable certificates of deposits (Note 1)	15	Accrued expenses	–

Notes:

- Conditions of transactions and method for determining conditions for transactions
The business terms and conditions and decision-making process related to ATM placement fee expenses take into account Seven-Eleven Japan's total infrastructure costs. The interest rates for negotiable certificates of deposits are set at reasonable levels in accordance with the transaction period and currently prevailing market rates.
- The transaction amounts for negotiable certificates of deposits represent the average balances recorded during the course of the term.
- Consumption tax and other taxes are not included in the transaction amounts, but the end of term outstanding balance includes consumption tax and other taxes.

(2) Subsidiaries and related companies etc.

None

(3) Companies with the same parent and subsidiaries of related companies etc.

Type	Name	Address	Capital (million yen)	Content of business or operations	% of voting rights	Relationship	Transactions	Transaction amount (million yen)	Item	Amounts outstanding at term end (million yen)
Companies with the same parent company, etc	Seven & i Financial Center Co., Ltd.	Chiyoda-ku Tokyo	10	Banking-related operation	–	Capital transactions Officers serving concurrently	Handling of negotiable certificates of deposits (Note 2)	13,671	Negotiable certificates of deposits	20,000
							Interest on negotiable certificates of deposits (Note 1)	15	Accrued expenses	0

Notes:

- Conditions of transactions and method for determining conditions for transactions
The interest rates for negotiable certificates of deposits are set at reasonable levels in accordance with the transaction period and currently prevailing market rates.
- The transaction amounts for negotiable certificates of deposits represent the average balances recorded during the course of the term.

(4) Director and individual shareholders etc.

None

2. Notes about parent company or important related companies

(1) Parent company information

Seven & i Holdings Co., Ltd. (listed on First Section of Tokyo Stock Exchange)

(2) Summary financial information about important related companies

None

(Significant subsequent events)

None

Reference Materials for Ordinary General Meeting of Shareholders

Proposal 1 Election of eight directors

Since the term of office of all eight incumbent Directors will expire at the end of this General Meeting of Shareholders, we would like to request that you elect eight directors.

The director candidates are as follows:

Candidate number	Name (Date of birth)	Biography, position, and business in charge in our company, and major concurrent positions	Number of Company shares owned
1	Takashi Anzai (January 17, 1941)	<p>Apr. 1963 Joined the Bank of Japan</p> <p>Dec. 1994 Executive Director, Bank of Japan</p> <p>Nov. 1998 President, Long-Term Credit Bank of Japan, Limited (now Shinsei Bank, Limited)</p> <p>Aug. 2000 Advisor, Ito-Yokado Co., Ltd.</p> <p>Apr. 2001 President, Seven Bank, Ltd.</p> <p>Sep. 2005 Director, Seven & i Holdings Co., Ltd. (present post)</p> <p>Jun. 2010 Chairman and Representative Director, Seven Bank, Ltd. (present post)</p> <p>[Major concurrent positions]</p> <p>Director, Seven & i Holdings Co., Ltd.</p>	477
2	Masatoshi Wakasugi (January 19, 1946)	<p>Apr. 1969 Joined the Long-Term Credit Bank of Japan, Limited (now Shinsei Bank, Limited)</p> <p>Jun. 1996 Director and General Control Manager of Personnel Affairs Group and concurrently Manager of Training Department, Personnel Affairs Division, aforementioned bank</p> <p>Oct. 1997 Senior Managing Director, Chogin Securities Inc.</p> <p>Jun. 1998 Managing Director, Chogin Warburg Securities Inc. (now UBS Investment Bank)</p> <p>Jun. 1999 Executive Sales Director of Renown Incorporated</p> <p>Sep. 2000 Advisor, Ito-Yokado Co., Ltd.</p> <p>Apr. 2001 Managing Director, Seven Bank, Ltd.</p> <p>Jun. 2006 Director, Senior Managing Executive Officer, aforementioned company</p> <p>Jun. 2010 Vice Chairman and Director, Executive Officer, aforementioned company (present post)</p> <p>[Business in Charge] Research Division and Human Resources Division</p>	276
3	Kensuke Futagoishi (October 6, 1952)	<p>Apr. 1977 Joined The Sanwa Bank, Limited (now The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</p> <p>Apr. 2001 General Manager of Retail Planning Department, UFJ Holdings, Inc. (now Mitsubishi UFJ Financial Group)</p> <p>Jan. 2002 General Manager of Gotanda Corporate Sales Department, UFJ Bank Limited (now The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</p> <p>Oct. 2003 Joined Seven Bank, Ltd.</p> <p>Nov. 2003 General Manager of Business Promotion Division, aforementioned company</p> <p>Jun. 2004 Director, aforementioned company</p> <p>Jun. 2006 Director, Executive Officer, aforementioned company</p> <p>Nov. 2007 Director, Managing Executive Officer, aforementioned company</p> <p>Jun. 2009 Director, Senior Managing Executive Officer, aforementioned company</p> <p>Jun. 2010 President and Representative Director, aforementioned company (present post)</p> <p>[Business in Charge] Internal Audit Division</p>	173

Candidate number	Name (Date of birth)	Biography, position and business in charge in our company, and major concurrent positions	Number of Company shares owned
4	Yasuaki Funatake (November 29, 1956)	<p>Apr. 1980 Joined the Long-Term Credit Bank of Japan, Limited (now Shinsei Bank, Limited.)</p> <p>Jul. 2001 Manager of Retail Operations Division, Shinsei Bank Limited</p> <p>Dec. 2001 Joined Seven Bank, Ltd.</p> <p>Oct. 2002 General Manager of Business Development Division, aforementioned company</p> <p>May 2006 General Manager of Project Development Division, aforementioned company</p> <p>Jun. 2006 Executive Officer, aforementioned company</p> <p>Jun. 2008 Director, Executive Officer, aforementioned company</p> <p>Jun. 2010 Director, Managing Executive Officer, General Manager of Planning Division, aforementioned company (present post)</p> <p>[Business in Charge] Planning Division, Business Promotion Division and Business Development Division</p>	146
5	Kazuhiko Ishiguro (December 2, 1957)	<p>Apr. 1980 Joined The Sanwa Bank, Limited (now The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</p> <p>Nov. 1998 Assistant General Manager of System Division (Tokyo), aforementioned bank</p> <p>Apr. 2001 Director, Ufit Co., Ltd. (now TIS Inc.) (on loan)</p> <p>Apr. 2004 Director, UFJIS Co., Ltd. (now Mitsubishi UFJ Information Technology, Ltd.) (on loan)</p> <p>Mar. 2006 Executive Managing Director, aforementioned company</p> <p>May 2009 Joined Seven Bank, Ltd.</p> <p>May 2009 Executive Officer, aforementioned company</p> <p>Jun. 2010 Director, Executive Officer, General Manager of System Division, aforementioned company (present post)</p> <p>[Business in Charge] System Division and ATM Solution Division</p>	1
6	Yoji Ohashi (January 21, 1940)	<p>Apr. 1964 Joined All Nippon Airways Co., Ltd.</p> <p>Jun. 1993 Director and General Manager of Narita Airport, aforementioned company</p> <p>Jun. 1997 Executive Managing Director and General Manager of Human Resource Division, aforementioned company</p> <p>Jun. 1999 Vice President and Representative Director, aforementioned company</p> <p>Apr. 2001 President and Representative Director, aforementioned company</p> <p>Apr. 2005 Chairperson and Representative Director, aforementioned company</p> <p>Apr. 2007 Chairperson and Director, aforementioned company (present post)</p> <p>May 2008 Vice-Chairman, Nippon Keidanren (present post)</p> <p>Jun. 2008 Director, Seven Bank, Ltd. (present post)</p> <p>Jun. 2008 Auditor, The Japan Atomic Power Company (present post)</p> <p>Jun. 2009 Director, TV TOKYO Corporation (present post)</p> <p>Oct. 2010 Director, TV TOKYO Holdings Corporation (present post)</p> <p>[Major concurrent position] Chairperson and Director, All Nippon Airways Co., Ltd. Vice-Chairman, Nippon Keidanren</p>	2

Candidate number	Name (Date of Birth)	Biography, position and business in charge in our company, and major concurrent positions	Number of Company shares owned
7	Toshikazu Tamura (January 30, 1940)	<p>Apr. 1962 Joined Nomura Securities Co., Ltd.</p> <p>Nov. 1984 Manager of Accounts Division, aforementioned company</p> <p>Nov. 1986 Manager of Administration Division, aforementioned company</p> <p>Dec. 1987 Director, Manager of Planning Division, Japan Associated Finance (now JAFCO)</p> <p>Jun. 1990 Executive Managing Director, aforementioned company</p> <p>Jun. 1994 Senior Executive Managing Director, aforementioned company</p> <p>Jun. 1998 Senior Managing Director, JAFCO, Co., Ltd.</p> <p>Jul. 2000 Director, The Sanno Institute of Management</p> <p>Dec. 2001 Professor and Deputy Chancellor, SANNO University (now the SANNO Institute)</p> <p>Apr. 2002 Director of Management & Information Faculty, Research School, SANNO University Graduate School</p> <p>Jun. 2005 Professor and Deputy Chancellor, SANNO Junior College (now Jiyugaoka SANNO College)</p> <p>Jun. 2008 Director, Seven Bank, Ltd. (present post)</p> <p>Jun. 2008 Director, Mandom Corporation (present post)</p>	14
8	Tadahiko Ujii (May 22, 1945)	<p>Apr. 1980 Joined Seven-Eleven Japan Co., Ltd.</p> <p>May 1990 Director, aforementioned company</p> <p>May 1997 Executive Managing Director, aforementioned company</p> <p>Apr. 2001 Director, Seven Bank, Ltd. (present post)</p> <p>May 2001 Senior Executive Managing Director, Seven-Eleven Japan Co., Ltd.</p> <p>May 2003 Director, Senior Managing Executive Officer, aforementioned company</p> <p>Sep. 2005 Director, Chief Financial Officer, Seven & i Holdings Co., Ltd.</p> <p>May 2006 Director, Senior Managing Executive Officer and Chief Financial Officer, aforementioned company</p> <p>May 2011 Advisor, aforementioned company (present position)</p> <p>[Major concurrent position] Advisor, Seven & i Holdings Co., Ltd.</p>	180

Notes:

- There are no particular interests between the Company and any of the above candidates for Directors.
- During the last five years, candidate Mr. Tadahiko Ujii was performing his duty at companies having specific business interest with the Company as follows.
 - Up to May 2011, Director, Senior Managing Executive Officer and Chief Financial Officer of Seven & i Holdings Co., Ltd.
 - Up to May 2009, Director, Senior Managing Executive Officer of Seven-Eleven Japan Co., Ltd.
 - Up to May 2011, President and Representative Director of Seven Financial Service Co., Ltd.
 - Up to May 2011, President and Representative Director of Seven & i Financial Center Co., Ltd.
- Candidates Mr. Yoji Ohashi, Mr. Toshikazu Tamura, and Mr. Tadahiko Ujii are candidates for external director of the Company.
- The reasons for the candidates for external directorships at the Company are as follows:
 - Mr. Yoji Ohashi's experience and opinions deriving from his roles as Representative Director of All Nippon Airways and as Vice-Chairman of the Nippon Keidanren truly contribute to the management of the Company and render him a suitable candidate for external director.
 - Mr. Toshikazu Tamura's operational experience as an underwriter at Nomura Securities, his experience as Representative Director of Jafco and his specialist knowledge and opinions as Professor at the Sanno Institute of Management truly contribute to the management of the Company and render him a suitable candidate for external director.
 - Mr. Tadahiko Ujii's experience both as Director of our large shareholder Seven-Eleven Japan and as Director of its parent company Seven & i Holdings truly contributes to the management of the Company and renders him a suitable candidate for external director.
- Instances in violation of the laws and regulations or the Articles of Incorporation of the Company or other misconduct committed in other companies by the candidates for external director while they assumed offices as directors, executive officers, or statutory auditors of the other companies, if any in the last five years, are as follows:
 - Mr. Yoji Ohashi received an exclusion order from the Fair Trade Commission in August 2008 for acting in breach of the provisions of the Law for Preventing Unjustifiable Extra or Unexpected Benefit and Misleading Representation in his capacity as Director of All Nippon Airways in connection with a newspaper advertising campaign publicizing the airline's Premium Class which ran from February to March 2008.
 - Mr. Tadahiko Ujii received an exclusion order from the Fair Trade Commission in June 2009 for acting in breach of the provisions of the Law Concerning Prohibition of Abuse of Dominant Bargaining Position in connection with discount daily merchandise in his capacity as Director of Seven-Eleven Japan until May 2009.
- Mr. Yoji Ohashi, Mr. Toshikazu Tamura and Mr. Tadahiko Ujii are currently external directors of the Company and their periods of service as external directors, dating from the concluding day of this general meeting of shareholders, are three years for Mr. Yoji Ohashi and Mr.

Toshikazu Tamura and ten years and three months for Mr. Tadahiko Ujiie.

7. External director candidates Mr. Yoji Ohashi, Mr. Toshikazu Tamura and Mr. Tadahiko Ujiie are all currently serving as external directors subject to limited liability contracts with the Company governed by the provisions of Article 427-1 and Article 423-1 of the Companies Act (moreover, the limits to the liability on the basis of these contracts are fixed at statutory levels). In the event that the three candidates should prove successful in their applications to become external directors, their current contracts will continue to remain in force.
8. Mr. Yoji Ohashi and Mr. Toshikazu Tamura have been registered with the Osaka Securities Exchange as independent officers defined under the "Regulations on Codes of Corporate Conduct" of Osaka Securities Exchange.

Proposal 2 Election of one statutory auditor

It is requested that one statutory auditor be added for the purpose of enhancing and reinforcing the current internal auditing capabilities of the Company.

This proposal has already been approved by the Board of Statutory Auditors.

The candidate for statutory auditor is as follows:

Name (Date of Birth)	Biography, position, and major concurrent positions	Number of Company shares owned
Naomi Ushio (March 8, 1961)	Apr. 1983 Joined Fuji Television Network, Inc. Apr. 1998 Full-time lecturer, Meiji University Apr. 2003 Assistant Professor, aforementioned university Apr. 2007 Associate Professor, aforementioned university Apr. 2009 Professor of the School of Information and Communication, aforementioned university (present post) Aug. 2009 Councilor, Liaison Conference for the Promotion of Gender Equality, Cabinet Office [Major concurrent position] Professor of the School of Information and Communication, Meiji University	0

1. The candidate Ms. Naomi Ushio has no particular beneficial relationship with the Company.
2. The candidate Ms. Naomi Ushio is a candidate for external statutory auditor of the Company.
3. The reason for proposing Ms. Naomi Ushio as a candidate for external statutory auditor of the Company is that her expertise and insight as professor at Meiji University is expected to be applied for the purpose of audit of the Company. Although Ms. Ushio has not participated in business management, the Company judged that she would be suitable for external statutory auditor considering the above reasons in performing the duties of said position.
4. Upon approval of the proposal for appointing the candidate Ms. Naomi Ushio as external statutory auditor as originally proposed, the Company will execute limited liability contracts with her, based on the provisions of the Article 427-1 and Article 423-1 of the Companies Act (moreover, the limits to the liability on the basis of these contracts are fixed at statutory levels).
5. The candidate Ms. Naomi Ushio is a candidate for an independent officer as defined under the "Regulations on Codes of Corporate Conduct" of Osaka Securities Exchange.