

Seven Bank Announces Terms of Issue for Stock Options (Stock Acquisition Rights)

Seven Bank, Ltd. announces that, at a board of directors meeting held today, the bank finalized details of stock acquisition rights (*shinkabu yoyakukun*) to be issued as stock options. This followed approval at the bank's seventh annual general meeting of shareholders held today of the amount and details of stock options to be granted to directors as part of stock-based compensation. Details are summarized below.

Details of Stock Acquisition Rights Offering for Directors

1. Details of Stock Acquisition Rights Issue

(1) Category and Number of Persons Eligible for Allotment of Stock Acquisition Rights and Number of Stock Acquisition Rights to be Allotted.

- 5 company directors (does not include outside directors)
- 300 stock acquisition rights

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

- 300 shares of Seven Bank common stock.

In the event that Seven Bank effects a stock split or a stock consolidation with respect to Seven Bank's common stock, the following formula will be used to adjust the number of shares granted:

Post-adjustment number of shares granted = Pre-adjustment number of shares granted × Stock split ratio or stock consolidation ratio

In addition, if Seven Bank conducts a merger, demerger, stock swap, or stock transfer (collectively, "merger etc."), allots shares without consideration therefor, or if any other event occurs that necessitates an adjustment to the number of shares granted, Seven Bank may adjust the number of shares granted to a reasonable extent, with due consideration given to the terms of the merger etc. or the allotment of shares without consideration therefor. Fractions of less than one (1) share resulting from the foregoing adjustment shall be rounded down.

(3) Total Number of Stock Acquisition Rights.

- 300 stock acquisition rights.

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

The above number is the total number of the stock acquisition rights that are expected to be allotted, but if there is a reduction in the total number of the stock acquisition rights to be allotted because, for example, subscriptions for the full number are not forthcoming, the total number of the stock acquisition rights shall be equal to the total number of the stock acquisition rights that are actually allotted.

However, in accordance with (2) above, in the event that the number of shares to be issued (includes transfer of treasury stock in place of issuance, hereinafter same) upon the exercise of stock acquisition rights is adjusted, it shall be adjusted to a number equal to the adjusted number of shares granted multiplied by the aggregate number of stock acquisition rights issued.

(4) Monies Paid-in in Exchange for Stock Acquisition Rights.

The amount to be paid-in in exchange for stock acquisition rights issued shall be the amount found by multiplying the option value per share calculated using the Black-Scholes Model on the stock acquisition rights allotment date by the number of shares subject to one stock acquisition right. However, in accordance with Article 246, paragraph 2, of the Company Law, the amount to be paid-in shall be offset against directors' claims for compensation payable by Seven Bank.

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

The amount of assets to be contributed upon the exercise of each stock acquisition right shall be the amount obtained by multiplying the exercise price per share to be issued or transferred upon the exercise of such stock acquisition right (which shall be one (1) yen) by the number of shares granted per stock acquisition right as set forth in (3) above.

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

Between July 23, 2008, and July 22, 2038

(7) Regarding the Increase in Paid-in Capital and Capital Reserve due to Issuance of Shares upon the Exercise of Stock Acquisition Rights.

(i) The amount of increase in paid-in capital due to the issuance of shares upon the exercise of stock acquisition rights shall be one half of the maximum increase in capital etc. as calculated in accordance with Article 40, paragraph 1, of the Corporate Accounting Regulations, and any fraction less than one (1) yen arising shall be rounded up to the nearest one (1) yen.

(ii) The amount of increase in capital reserve due to the issuance of shares upon the exercise of stock acquisition rights shall be the amount determined by deducting the amount of increase in paid-in capital determined according to (i) above from the maximum amount of increase in capital etc.

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

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

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

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

(10) Basis and Conditions for Acquiring Stock Acquisition Rights.

- (i) In the case that a stock acquisition rights grantee becomes unable to exercise his or her stock acquisition rights because he or she no longer fulfills the conditions in (9) above or he or she gives up his or her stock acquisition rights, Seven Bank may acquire the stock acquisition rights without consideration therefor.
- (ii) If any of the following items are approved at a general shareholders meeting (or if a resolution of a general meeting of shareholders is not required, if any of the following items are approved by a resolution of the board of directors of Seven Bank), Seven Bank may acquire the stock acquisition rights without consideration therefor on a day separately determined by the board of directors.
 - a) Proposal to approve a merger agreement under which Seven Bank is the dissolving company
 - b) Proposal to approve a demerger agreement or demerger plan under which Seven Bank is the demerging company
 - c) Proposal to approve a stock swap agreement or stock transfer plan under which Seven Bank becomes a wholly owned subsidiary
- (iii) If a grantee of stock acquisition rights violates the provisions of a stock acquisition rights allotment agreement, Seven Bank may acquire the stock acquisition rights without consideration therefor.

(11) Company Restructurings.

If Seven Bank conducts a merger (only mergers through which Seven Bank will cease to exist apply here), an absorption-type demerger (*kyushu bunkatsu*) or incorporation-type demerger (*shinsetsu bunkatsu*), or a stock swap or stock transfer (collectively, “acts of restructuring”), Seven Bank shall, in any of these cases, deliver the stock acquisition rights of any company that corresponds to items (a) through (e) of Article 236, paragraph 1, item 8 of the Company Law (the “restructured company”) to holders of any remaining stock acquisition rights at the time that the relevant act of restructuring takes effect. In this case, the remaining stock acquisition rights shall be extinguished. However, the foregoing shall be on the condition that the delivery of such stock acquisition rights by the restructured company in accordance with each of the following items is

stipulated in an absorption-type merger agreement, an incorporation-type merger agreement, an absorption-type demerger agreement, an incorporation-type demerger plan, a stock swap agreement, or a stock transfer plan.

(i) Number of Stock Acquisition Rights of the Reorganized Company to be Delivered.

Each holder of remaining stock acquisition rights shall receive a number of stock acquisition rights of the reorganized company that is equal to the number of remaining stock acquisition rights held by that holder at the time the act of restructuring takes effect.

(ii) Class of Shares of the Restructured Company to be Issued or Transferred upon Exercise of the Stock Acquisition Rights.

Shares of common stock of the restructured company.

(iii) Number of Shares of the Restructured Company to be Issued or Transferred upon Exercise of the Stock Acquisition Rights.

To be determined by making reasonable adjustments, taking into consideration the conditions etc. of the act of structural reorganization. Fractional shares arising from the adjustment shall be rounded down.

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

The amount of assets to be contributed upon the exercise of each stock acquisition right to be delivered shall be the amount obtained by multiplying the adjusted exercise price after restructuring by the number of shares of the restructured company to be issued or transferred upon the exercise of the relevant stock acquisition rights, taking into consideration the conditions etc. of the act of restructuring.

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

The period during which the stock acquisition rights may be exercised begins from and includes whichever is the later of (i) the date of the beginning of the period during which the stock acquisition rights may be exercised as stipulated in (6) above and (ii) the effective date of the act of restructuring. The period during which the stock acquisition rights may be exercised ends on and includes the final date of the period during which the stock acquisition rights may be exercised as stipulated in (6) above.

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

Acquisition by way of transfer of the stock acquisition rights shall require approval by resolution of the board of directors of the reorganized company.

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

To be determined in accordance with (9) above.

(viii) Basis for the Acquisition of Stock Acquisition Rights by the Reorganized Company.

To be determined in accordance with (10) above.

(12) Rounding Down of Fractional Shares.

If the number of shares to be delivered to a holder who has exercised stock acquisition rights includes any fraction less than one (1) share, the fraction shall be rounded down.

(13) Stock Acquisition Rights Allotment Date.

July 22, 2008

Details of Stock Acquisition Rights Offering for Executive Officers

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

Seven Bank will change its executive officer compensation scheme by abolishing retirement benefits and introducing stock-based compensation that involves granting stock options to executive officers of Seven Bank. By linking executive compensation with Seven Bank's financial performance and stock price so that executive officers share not only in the rewards of stock price gains but also the risk of stock price declines, this compensation scheme will raise the morale of executive officers and the motivation they have to contribute to continued improvements in performance and corporate value over the medium- to long-term.

2. Details of Stock Acquisition Rights Issue

(1) Category and Number of Persons Eligible for Allotment of Stock Acquisition Rights and Number of Stock Acquisition Rights to be Allotted.

- 3 executive officers of Seven Bank (does not include directors)
- 36 stock acquisition rights

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

- 36 shares of Seven Bank common stock.

In the event that Seven Bank effects a stock split or a stock consolidation with respect to Seven Bank's common stock, the following formula will be used to adjust the number of shares granted:

$$\text{Post-adjustment number of shares granted} = \text{Pre-adjustment number of shares granted} \times \text{Stock split ratio or stock consolidation ratio}$$

In addition, if Seven Bank conducts a merger, demerger, stock swap, or stock transfer (collectively, "merger etc."), allots shares without consideration therefor, or if any other event occurs that necessitates an adjustment to the number of shares granted, Seven Bank may adjust the number of shares granted to a reasonable extent, with due consideration given to the terms of the merger etc. or the allotment of shares without consideration therefor. Fractions of less than one (1) share resulting from the foregoing adjustment shall be rounded down.

(3) Total Number of Stock Acquisition Rights.

- 36 stock acquisition rights.

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

The above number is the total number of the stock acquisition rights that are expected to be allotted, but if there is a reduction in the total number of the stock acquisition rights to be allotted because, for example, subscriptions for the full number are not forthcoming, the total number of the stock acquisition rights shall be equal to the total number of the stock acquisition rights that are actually allotted.

However, in accordance with (2) above, in the event that the number of shares to be issued (includes transfer of treasury stock in place of issuance, hereinafter same) upon the exercise of stock acquisition rights is adjusted, it shall be adjusted to a number equal to the adjusted number of shares granted multiplied by the aggregate number of stock acquisition rights issued.

(4) Monies Paid-in in Exchange for Stock Acquisition Rights.

The amount to be paid in exchange for stock acquisition rights issued shall be the amount found by multiplying the option value per share calculated using the Black-Scholes Model on the stock acquisition rights allotment date by the number of shares subject to one stock acquisition right. However, instead of requiring a monetary payment, the amount to be paid-in shall be offset against executive officers' claims for compensation payable by Seven Bank as consideration for work duties performed, and this issue of stock acquisition rights therefore does not constitute an issuance under favorable conditions.

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

The amount of assets to be contributed upon the exercise of each stock acquisition right shall be the amount obtained by multiplying the exercise price per share to be issued or transferred upon the exercise of such stock acquisition right (which shall be one (1) yen) by the number of shares granted per stock acquisition right as set forth in (3) above.

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

Between July 23, 2008, and July 22, 2038

(7) Regarding the Increase in Paid-in Capital and Capital Reserve due to Issuance of Shares upon the Exercise of Stock Acquisition Rights.

(i) The amount of increase in paid-in capital due to the issuance of shares upon the exercise of stock acquisition rights shall be one half of the maximum increase in capital etc. as calculated in accordance with Article 40, paragraph 1, of the Corporate Accounting Regulations, and any fraction less than one (1) yen arising shall be rounded up to the nearest one (1) yen.

(ii) The amount of increase in capital reserve due to the issuance of shares upon the exercise of stock acquisition rights shall be the amount determined by deducting the amount of increase in paid-in capital determined according to (i) above from the maximum amount of increase in capital etc.

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

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

board of directors of Seven Bank.

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

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

(10) Basis and Conditions for Acquiring Stock Acquisition Rights.

- (i) In the case that a stock acquisition rights grantee becomes unable to exercise his or her stock acquisition rights because he or she no longer fulfills the conditions in (9) above or he or she gives up his or her stock acquisition rights, Seven Bank may acquire the stock acquisition rights without consideration therefor.
- (ii) If any of the following items are approved at a general shareholders meeting (or if a resolution of a general meeting of shareholders is not required, if any of the following items are approved by a resolution of the board of directors of Seven Bank), Seven Bank may acquire the stock acquisition rights without consideration therefor on a day separately determined by the board of directors.
 - a) Proposal to approve a merger agreement under which Seven Bank is the dissolving company
 - b) Proposal to approve of a demerger agreement or demerger plan under which Seven Bank is the demerging company
 - c) Proposal to approve a stock swap agreement or stock transfer plan under which Seven Bank becomes a wholly owned subsidiary
- (iii) If a grantee of stock acquisition rights violates the provisions of a stock acquisition rights allotment agreement, Seven Bank may acquire the stock acquisition rights without consideration therefor.

(11) Company Restructurings.

If Seven Bank conducts a merger (only mergers through which Seven Bank will cease to exist apply here), an absorption-type demerger (*kyushu bunkatsu*) or incorporation-type demerger (*shinsetsu bunkatsu*), or a stock swap or stock transfer (collectively, “acts of restructuring”), Seven Bank shall, in any of these cases, deliver the stock acquisition rights of any company that

corresponds to items (a) through (e) of Article 236, paragraph 1, item 8 of the Company Law (the “restructured company”) to holders of any remaining stock acquisition rights at the time that the relevant act of restructuring takes effect. In this case, the remaining stock acquisition rights shall be extinguished. However, the foregoing shall be on the condition that the delivery of such stock acquisition rights by the restructured company in accordance with each of the following items is stipulated in an absorption-type merger agreement, an incorporation-type merger agreement, an absorption-type demerger agreement, an incorporation-type demerger plan, a stock swap agreement, or a stock transfer plan.

(i) Number of Stock Acquisition Rights of the Reorganized Company to be Delivered.

Each holder of remaining stock acquisition rights shall receive a number of stock acquisition rights of the reorganized company that is equal to the number of remaining stock acquisition rights held by that holder at the time the act of restructuring takes effect.

(ii) Class of Shares of the Restructured Company to be Issued or Transferred upon Exercise of the Stock Acquisition Rights.

Shares of common stock of the restructured company.

(iii) Number of Shares of the Restructured Company to be Issued or Transferred upon Exercise of the Stock Acquisition Rights.

To be determined by making reasonable adjustments, taking into consideration the conditions etc. of the act of structural reorganization. Fractional shares arising from the adjustment shall be rounded down.

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

The amount of assets to be contributed upon the exercise of each stock acquisition right shall be the amount obtained by multiplying the adjusted exercise price after restructuring by the number of shares of the restructured company to be issued or transferred upon the exercise of the relevant stock acquisition rights, taking into consideration the conditions etc. of the act of restructuring.

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

The period during which the stock acquisition rights may be exercised begins from and includes whichever is the later of (i) the date of the beginning of the period during which the stock acquisition rights may be exercised as stipulated in (6) above and (ii) the effective date of the act of restructuring. The period during which the stock acquisition rights may be exercised ends on and includes the final date of the period during which the stock acquisition rights may be exercised as stipulated in (6) above.

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

Acquisition by way of transfer of the stock acquisition rights shall require approval by resolution of the board of directors of the reorganized company.

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

To be determined in accordance with (9) above.

(viii) Basis for the Acquisition of Stock Acquisition Rights by the Reorganized Company.

To be determined in accordance with (10) above.

(12) Rounding Down of Fractional Shares.

If the number of shares to be delivered to a holder who has exercised stock acquisition rights includes any fraction less than one (1) share, the fraction shall be rounded down.

(13) Stock Acquisition Rights Allotment Date.

July 22, 2008