

(Summarized Translation)

Securities code: 7618

June 7, 2010

To our shareholders:

3-1-9 Shinyokohama Kohoku-ku, Yokohama, Kanagawa  
PC DEPOT CORPORATION  
Takahisa Nojima, President and Chief Executive Officer

### **Notice of Convocation of the 16th Ordinary General Shareholders' Meeting**

You are hereby notified that the 16th Ordinary General Shareholders' Meeting will be held as stated below and are cordially invited to attend this meeting.

If you are unable to attend the meeting, please exercise your right to vote after reading the following reference documents by using one of two methods. To vote by mail, please indicate your voting instructions for the proposals on the enclosed Proxy Card and return this card. To vote using the Internet or mobile phone, visit the voting rights exercise Web site (<http://www.evote.jp/>) and enter your voting instructions. Voting instructions must be received no later than 6:00 pm on Tuesday, June 22, 2010.

#### Notice of Meeting

1. Date and time: 10:00 a.m. Wednesday, June 23, 2010 (Japan time)
2. Place: Shin Yokohama Kokusai Hotel,  
Manor House South Building 3th floor "Chester House"  
3-18-1 Shinyokohama, Kohoku-ku, Yokohama
3. Agenda  
Matters to be reported:
  1. Business Report, Consolidated and Non-consolidated Financial Statements for the 16th fiscal year (from April 1, 2009 to March 31, 2009)
  2. Consolidated Financial Statement Audit Reports by the Accounting Auditor and Board of Corporate Auditors  
Matters to be resolved:  
Proposal No. 1: Election of seven (7) Directors  
Proposal No. 2: Election of one (1) Substitute Auditor

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If you plan to attend the meeting, please submit the enclosed Proxy Card at the reception desk.

An announcement will be made on the PC DEPOT Web site (<http://www.pcdepot.co.jp>) if there are any revisions to the reference materials for the shareholders meeting, the business report, non-consolidated or consolidated financial statements.

## **(Information Concerning Exercise of Voting Rights)**

### **1) Voting by a proxy**

If you are unable to attend the shareholders meeting, you may designate one shareholder who has the right to vote at this meeting to attend the meeting as your representative. However, you must provide written proof that this individual is serving as your proxy.

### **2) Method of notification of revisions to reference materials and other enclosed documents**

If the reference materials or other enclosed documents must be revised, the revisions will be posted on the PC DEPOT Web site (<http://www.pcdepot.co.jp>).

### **3) Treatment of duplicate voting instructions submitted in writing and using the Internet**

If a shareholder submits two sets of voting instructions, one in writing and the other using the Internet, only the instructions received via the Internet will be treated as valid.

### **4) Treatment of duplicate voting instructions submitted using the Internet**

If a shareholder submits two or more sets of voting instructions using the Internet, the instructions that were received last will be treated as valid.

### **5) Procedure for voting via the Internet**

When submitting voting instructions using the Internet, please vote after confirming the following items.

If you attend the shareholders meeting, there is no need to perform the voting procedure by using postal mail (the Proxy Card) or the Internet.

#### 1. The voting rights exercise Web site

- (1) Shareholders can vote using the Internet only by accessing the designated voting rights exercise Web site (<http://www.evotep.jp/>) from a computer or mobile phone (i-mode, EZweb or Yahoo! Keitai)\*. (However, this site is closed between 2:00 am and 5:00 am every day.)

\* i-mode is a registered trademark of NTT DOCOMO Inc., EZweb is a registered trademark of KDDI CORPORATION and Yahoo! is a registered trademark of Yahoo! Inc.

- (2) Submitting voting instructions from a computer may not be possible depending on the use of an Internet firewall, anti-virus software, a proxy server and other items that affect how the Internet is accessed (3) When submitting voting instructions from a mobile phone, please use i-mode, EZweb or Yahoo! Keitai. To ensure the security of these transmissions, voting is not possible with mobile phones that do not have encrypted transmissions (SSL transmission) and that are unable to transmit mobile phone data.
- (4) Voting instructions submitted using the Internet must be received no later than 6:00 pm on Tuesday, June 22, 2010. Please vote as soon as possible. Please contact the help desk if you have any questions.

#### 2. Method for voting using the Internet

- (1) On the voting rights exercise Web site (<http://www.evotep.jp/>), enter the log-in ID and temporary password that is on your Proxy Card and then follow the instructions on the screen to submit your votes.
- (2) Shareholders will be asked to change the temporary password on the voting rights exercise Web site for the purpose of preventing unauthorized access by individuals other than the shareholder (identity theft) and the alteration of voting instructions.
- (3) Shareholders will receive a different log-in ID and temporary password every time a shareholders meeting is held.

3. Treatment of submission of multiple sets of voting instructions

- (1) If a shareholder submits two sets of voting instructions, one in writing and the other using the Internet, only the instructions received via the Internet will be treated as valid.
- (2) If a shareholder submits two or more sets of voting instructions using the Internet, the instructions that were received last will be treated as valid. In addition, if two or more sets of voting instructions are submitted from a computer and mobile phone, the instructions that were received last will be treated as valid.

4. Expenses associated with accessing the voting rights exercise Web site

Shareholders are responsible for expenses (dial-up access fee, telephone bill, etc.) associated with accessing the voting rights exercise Web site. When using a mobile phone, shareholders are also responsible for the packet transmission fee and other mobile phone expenses.

System or other inquiries:

Mitsubishi UFJ Trust and Banking Corporation, Securities Representative Division (Help Desk)

Telephone: 0120-173-027 (available 9 am to 9 pm, toll free)

## Attached Documents

### Business Report (From April 1, 2009 to March 31, 2010)

#### 1. Current Conditions of the Corporate Group

##### (1) Results of Operations for the Fiscal Year Under Review (FY2009)

###### 1) Progress and achievements

In the current consolidated fiscal year (Apr. 1, 2009 to Mar. 31, 2010), the Japanese economy recovered steadily due to the effects of governmental economic measures. However, unemployment rate is still high, and consumers tend to save money for protecting their livelihoods, and so the consumption environment has been severe.

In this circumstance, the PCs with the new OS “Windows 7” were released in October 2009, and the PCs with the new CPU were released in January 2010, and so the shipment volume of PCs was larger than that for the previous year. Meanwhile, the governmental economic measure “Eco-point System” did not cover PC-related products. This produced negative effects on our businesses. In the third quarter, in the wake of the Eco-point System, our competition with electronics retail stores became fierce, and our gross profit decreased. In the fourth quarter, the partial revision of the Eco-point System induced rush demand, and the sales of television sets, etc. at volume electronics stores increased, while our company, which operates general PC stores, was faced with the severe situation.

As for services, we added the PC data communication service based on Mobile Virtual Network Operator (MVNO), which was released in the first quarter, and the service of adjusting household PCs to the wireless environment. These services were highly evaluated by customers. In November, the new virus dubbed “blackout” emerged, and from December to the beginning of the following year, the websites of companies, etc. were attacked by “Gumblar.” When individual users accessed it through corporate websites, etc., their PCs were infected by virus, which degraded the safety of PCs and the Internet. Our company attempted to improve the safety of customers’ PCs, by improving our technical services, such as charge-free diagnosis.

Consequently, the sales of our services were healthy; its ratio to the value for the previous year was 145.7%. The number of subscribers to the monthly-membership maintenance services (Premium Service) was about 132,000 as of the end of the current consolidated fiscal year, which was larger than expected.

Then, the sales of our services increased steadily, but gross profit decreased due to the fierce competition in PC sale, etc. since the third quarter, and so the ratio of the gross profit on sales for the current consolidated fiscal year to the value for the previous year was 108.2%.

As for store operation, we plan to open 5-6 new directly-managed stores in the current term; we opened Sayama Head Store (Saitama Prefecture) in May, Inagi-wakabadai Store (Tokyo) in Aug., Kamisu Store (Ibaraki Prefecture) in Dec., and Makuhari Inter Store (Chiba Prefecture) in Mar., and closed Merukusu-shinnarashino Store (Chiba Prefecture) in Feb. PC DEPOT KYUSYU CORPORATION (former: PC DEPOT Max, franchisee and equity method affiliate), which became a consolidated subsidiary on Jul. 1, keeps operating four stores. As of the end of the current consolidated fiscal year, the

number of stores was 43 for directly-managed stores, 4 for subsidiaries, 17 for franchised stores, and 64 in total. As for “PC Clinic” franchised by the volume electronics stores with the in-shop method, 4 new stores were opened in the current term and 1 store was closed in Aug. The number of stores as of the end of the current consolidated fiscal year was 24.

As for the Internet-related business, ejworks Corporation received the ISP business right from 4 companies since Jul. 2008, and so the subscribers to the provider increased, and the business performance for the current term was healthy.

As a result, the net sales of our corporate group were 44,740 million yen, 4.3% larger than the value for the same period previous year; operating income was 1,226 million yen, 2.7% smaller than the value for the previous year; ordinary income was 1,306 million yen, 8.6% smaller than the value for the previous year; and net income was 676 million yen, 1.1% smaller than the value for the previous year. The total sales of the PC DEPOT Group, including franchised stores, were 56,575 million yen.

Sales in the PC sales business totaled 42,027 million yen, 4.2% larger than the value for the previous year , and sales in the Internet-related business totaled 2,712 million yen, 5.8% larger than the value for the previous year.

Business segments	Net sales (Thousand yen)
PC sales business	42,027,419
Internet-related business	2,712,714

## 2) Capital expenditures

Capital expenditures during the fiscal year totaled 1,407 million yen. Major expenditures were as follows.

### a. Major completions during the fiscal year

Installation of new sales equipment at the PC DEPOT Sayama Head Store in the PC sales business

Installation of new sales equipment at the PC DEPOT Inagi-wakabadai Store in the PC sales business

Installation of new sales equipment at the PC DEPOT Kamisu Store in the PC sales business

Installation of new sales equipment at the PC DEPOT Makuhari Inter Store in the PC sales business

### b. Major ongoing new installations and expansions in the fiscal year

Installation of new sales equipment at the PC DEPOT Ichihara Inter Store in the PC sales business

Installation of new sales equipment at the PC DEPOT Nagasaki Store in the PC sales business

## 3) Financing

During the fiscal year, the Group procured 1,900 million yen from long-term loans payable from financial institutions in order to meet its requirements for funds.

There were no sales of stock or bonds or any other financing activities.

## 4) Acquisition and Disposition of Shares in Other Companies

On July 1, 2009, our company acquired additional shares of PC DEPOT Max Co., Ltd. changing PC DEPOT from an affiliate to a consolidated subsidiary. The cost of acquisition was 23,237,000 yen. The business name was changed from PC DEPOT Max Co., Ltd. to PC DEPOT KYUSYU CORPORATION.

## (2) Status of Assets and Earnings for the Past Three Fiscal Years

Item	FY2006 (March 2007)	FY2007 (March 2008)	FY2008 (March 2009)	FY2009 (Current term) (March 2010)
Net sales (Thousand yen)	42,345,207	42,439,166	42,899,424	44,740,133
Net income (Thousand yen)	510,755	815,570	684,255	676,831
Net income per share (Yen)	2,302.19	3,673.94	3,108.18	3,107.98
Total assets (Thousand yen)	15,227,290	14,728,982	15,873,787	17,954,199
Net assets (Thousand yen)	7,300,627	7,869,481	8,392,014	8,738,017
Net assets per share (Yen)	32,122.49	35,078.17	37,439.99	40,415.17

## (3) Significant Subsidiaries

Significant subsidiaries as follows:

Company name	Capital (Thousand yen)	PC DEPOT's voting rights ratio	Major business
ejworks corporation	211,068	94.2%	Internet service provider business
BB Marketing Corp.	100,000	65.0%	Sales agencies business for subscription applications for Yahoo!BB-related services
PC DEPOT KYUSYU CORPORATION	240,000	100.0%	Sales business for PCs and others

Note: PC DEPOT Max Co.,Ltd. was newly included within the scope of consolidation because PC DEPOT Max Co.,Ltd., a former equity method affiliate of our corporate group, was consolidated through the acquisition of additional stocks on July 1, 2009. PC DEPOT Max Co., Ltd. was renamed "PC DEPOT KYUSYU CORPORATION" on July 1, 2009.

#### **(4) Challenges**

Major issue for our corporate group is described as below.

##### 1) Expansion of the store network

As the penetration rate of PCs for households reached 80% and PCs are now used on a daily basis, diversifying customers' needs, our company aims to open new stores of "PC DEPOT" with strategic dominance, enlarge stores with scrap & build, discuss the reopening of the directly-managed stores of "PC Clinic," promote the franchise business, and provide local customers with the environment in which they can use PCs and the Internet without anxiety.

##### 2) Falling average selling prices

As for the current consolidated fiscal year, in October 2009, the PCs with the new OS "Windows 7" were released, and in January 2010, the PCs with the new CPU were released. The average unit price of PCs decreased by about 10% from the previous year, and that of peripheral devices also decreased. As for the next consolidated fiscal year, the average unit price of PCs is estimated to decrease by 5-10%, and that of peripheral devices, etc. is also estimated to decrease.

On the other hand, as products that can be connected to the Internet are increasing, we will introduce such products and related services, etc. proactively, and propose new product genres.

##### 3) Improvement in the safety of store operation

An increasing number of accidents occur in our stores. Considering that the risk of accidents augments as stores and employees increase, it is important to avoid them.

Accordingly, Cyber Sheriff Center (store risk control section) of the headquarters patrol stores nationwide (visual patrol with in-store cameras based on broadband). In addition, Cyber Sheriff Center can swiftly respond to earthquakes and new influenza, which spread last year, etc. so that customers can visit our stores without anxiety.

Our company operates stores and avoids the risk of accidents, etc. under the concept of "prioritizing safety over costs."

##### 4) Expansion of service products

As the products that can be connected to the Internet are increasing, household products, including PCs and games, are becoming wireless and connectable to the Internet. Our company will enrich our service system so that customers can use PCs and products that can be connected to the Internet safely without anxiety, and keep offering troubleshooting services.

In addition, we will improve the contents of monthly-membership maintenance services (Premium Service) for customers who demand continuous maintenance, in order to cope with such a change in demand.

##### 5) Quality management of stores

We operate "PC DEPOT" as well as "PC Clinic," and so it is important to manage the quality of each

store. It is essential to conduct thoroughgoing quality control in addition to producing manuals and educating employees. To do so, we will strengthen the auditing of all stores of “PC DEPOT” and “PC Clinic.”

#### 6) Increase in store opening expenses

PC DEPOT plans to continue opening new “dominant” stores primarily in the Kanto region. It previously opened stores with average sales floor space of 900 square meters, but will move to increase the number of large-sized stores primarily through new store openings. While concerns exist that larger stores will increase rent, personnel expenses, and other costs, it plans to tamp down increases in selling, general and administrative expenses via improvements in the cost structure.

#### 7) Securing human resources for store network expansion

The outlook for the business environment does not warrant optimism given competition among industries and formats including competition between companies and among Internet retailers and manufacturers that sell directly.

As the store network expands, PC DEPOT believes that securing human resources, and sales staff and engineers in particular, is an important challenge, and aims to secure stable human resources through the conversion of part-timers and contract workers into regular employees. It will also strive to improve the quality of its human resources by expanding educational activities that previously targeted mainly regular employees to include part-timers as well.

#### 8) Fortification of organizational strength to tolerate business expansion

Our core business is to offer PC-related products and services, but we plan to develop new products and services, as products that can be connected to the Internet are increasing. To realize it, we will develop personnel systems for motivating employees and part-time workers, clarify the responsibilities and authorities of individual employees and divisions, and improve recruitment systems, fortifying organizational strength.

#### 9) Promotion of corporate social responsibility (CSR) activities

Our company operates general PC stores, and considers that we need to keep in mind our social missions and do business administration from the viewpoint of CSR. The basic policy for CSR is to eliminate the digital divide in the information society due to the difference in “age, gender, income, education, and residence,” etc. via our stores.

Under this policy, we have PC Clinic in every store to solve customers’ troubles, diagnose any PCs customers purchased anywhere for free, regardless of customer’s age, gender, income, etc., in order to improve the safety of PCs, the Internet, and data in every region.

We make efforts to improve our sociality by offering every kind of solution, so that local customers think that our stores are indispensable.

**(5) Major Business Activities** (as of March 31, 2010)

The major activities of PC DEPOT are the sale of personal computers and peripheral equipment. Sales by product category were as follows.

Product category	Major products/merchandise	Pct. of sales (%)
PC	All-in-One PC, PC, etc.	24.1
Monitor	PC monitors	3.1
Printer	PC printers	2.1
Peripherals	Hard disk, DVD, additional memory, etc.	27.6
Accessories and supplies	Printer ink, consumable supplies	11.6
Software	Computer software	3.4
Office automation equipment, used goods, and others	AV equipment, mobile handset, used products, etc.	6.3
Total sales of products		78.2
Income from royalties	Royalty income, management service fee, etc.	1.3
Income from technical service and commissions	Technical service fee, broadband brokerage charge, etc.	14.4
Internet-related business	Internet provider service, etc.	6.1
Total		100.0

**(6) Main Office and Store Locations** (as of March 31, 2010)

Headquarters	3-1-9 Shinyokohama Kohoku-ku, Yokohama
PC DEPOT stores (47 stores)	
Kanagawa (11 stores)	Yokohama Head Store, Shin-Yokohama Great Center, Kohoku Head Store, Konan Store, Hiyoshi Great Center, Tomei-Kawasaki Store, Yamato Great Center, Tsujidou Store, Yokosuka Store, Center-Kita Store, Shonandai Store
Tokyo (11 stores)	Nishi-Arai Store, Nishi-Magome Store, Himonya Store, Heiwadai Store, Chofu Head Store, Higashi-Fuchu Store, Hanakoganei Store, Higashi-Yamato Store, Mitaka Store, Ome Store, Inagi-wakabadai Store
Saitama (8 stores)	Kumagaya Store, Koshigaya Store, Niiza Store, Fujimino Store, Tokorozawa Store, Sakado Store, Kounosu Store, Sayama Head Store
Chiba (5 stores)	Tomisato Interchange Store, Funabashi Store, Matsudo Store, Kamagaya Store, Makuhari Inter Store
Ibaraki (4 stores)	Tsuchiura Great Center, Mito Store, Tokai Store, Kamisu Store
Tochigi (2 stores)	Ashikaga Store, Oyama Head Store
Gunma (1 store)	Oota Store
Shizuoka (1 store)	Mishima Store
Kyushu region (4 store)	Nagasaki Store, Iiduka-hanase Store, Saga Store, Kagoshima Store

(Notes) 1. On April 9, 2010, the PC Depot Ichihara Inter store was opened in Chiba.

2. Operations in the Kyushu region are handled by our subsidiary, PC Depot Kyushu.

**(7) Employees** (as of March 31, 2010)

1) Employees of the PC DEPOT Group

Number of employees	Changes from the end of the previous fiscal year
487 (770)	+ 96 (45)

Note: Figures in parentheses indicate the annual averages of part-time workers and temporary employees, which are presented separately from the numbers of permanent employees.

2) Employees of PC DEPOT

Number of employees	Changes from the end of the previous fiscal year	Average age	Average years of service
397 (695)	+ 64 (-9)	30.4	5.1

Note: Figures in parentheses indicate the annual averages of part-time workers and temporary employees, which are presented separately from the numbers of permanent employees.

**(8) Major Lenders** (as of March 31, 2010)

Name of lender	Outstanding amount of loan (Thousand yen)
Mizuho Bank , Ltd.	1,671,684
Sumitomo Mitsui Banking Corporation	924,669
Resona Bank, Limited	541,676
The Bank of Yokohama, Ltd.	240,470

**(9) Other Significant Matters**

Not applicable.

## 2. Summary of the Company

### (1) Status of Shares (as of March 31, 2010)

- 1) Total number of shares authorized to be issued: 890,000 shares
- 2) Total number of shares issued and outstanding: 225,020 shares
- 3) Number of shareholders: 3,301
- 4) Major shareholders (Top ten companies)

Name of shareholder	Number of shares held	Ratio of shares held
Takahisa Nojima	98,276 shares	45.38%
Mellon Bank, N.A. Treaty Clients Omnibus	8,000 shares	3.69%
Mizuho Bank, Ltd.	7,880 shares	3.63%
The Nomura Trust and Banking Co., Ltd. (investment account)	5,461 shares	2.52%
TRUST & CUSTODY SERVICES BANK, LTD. (TRUST ACCOUNT E) (Note.2)	5,000 shares	2.30%
Kinuyo Nojima	4,845 shares	2.23%
FGCS N.V. RE TREATY ACCOUNT (TAXABLE)	3,042 shares	1.40%
Yoshiko Nojima	2,400 shares	1.10%
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	2,377 shares	1.09%
PCD Employee Shareowners Association	2,277 shares	1.05%

Note1: Treasury stock of 8,484 shares is excluded for calculating the shares held ratio.

Note2: In the board of directors meeting held on March 15, 2010, our company decided to implement “J-ESOP (Employee Stock Ownership Plan)”, a new benefits program for employees where they are given shares of the company. On March 19, 2010, the Trust & Custody Services Bank, Ltd. (trust account) purchased 5,000 of our company shares.

### (2) Stock Acquisition Rights

Not applicable.

### (3) Status of the Company's Directors and Corporate Auditors

#### 1) Directors and corporate auditors (as of March 31, 2010)

Title	Name	Title and representative status of other entities
President and Chief Executive Officer	Takahisa Nojima	President of PC DEPOT KYUSYU CORPORATION Director of KITAMURA PC DEPOT CORPORATION
Managing Director	Shigehiko Sakai	General Manager of Administration and Personnel Division
Director	Kenshi Hamamatsu	General Manager of Store Operations Department
Director	Mitsuyoshi Hae	General Manager of Accounting and Finance Division
Director	Naohisa Sudo	Legal and Screening
Director	Hidehiro Takayama	Auditor of KONAKA Co., Ltd., University lecturer, Graduate School of Toin University of Yokohama, Certified public accountant
Director	Hideaki Izawa	Nihon-Odori law firm, Legal consultant
Standing Auditor	Eizo Akashi	Auditor of PC DEPOT KYUSYU CORPORATION
Auditor	Masao Onoda	
Auditor	Kunihiko Yamamoto	President of Hokuetsu K's CO., LTD., Director of K'S HOLDINGS CORPORATION

- Notes: 1. Director Hidehiro Takayama, Director Hideaki Izawa are outside directors.  
2. Standing Auditor Eizo Akashi, Auditor Masao Onoda and Auditor Kunihiko Yamamoto are outside auditors.  
3. Following the decisions of the Osaka Securities Exchange (the former JASDAQ Securities Exchange), our company designated board member Hidehiro Takayama as an outside director, and notified the Exchange.  
4. Directors' duty were changed as follows on May 11, 2010.

Name	New appointment and charge	Previous appointment and charge
Shigehiko Sakai	Director in charge of Sales and Administration Headquarters	General Manager of Administration and Personnel Division
Kenshi Hamamatsu	General Manager of Store Operations Department	Manager of Store Operations Department
Mitsuyoshi Hae	Director in charge of Accounting and Finance Division	General Manager of Accounting and Finance Division

## 2) Remuneration and other amounts to directors and corporate auditors

	Receiving directors and corporate auditors	Payment amounts (Thousands of yen)
Directors	8	75,157
Corporate Auditors (of which outside auditors)	4 (4)	15,710 (15,710)
Total	12	90,867

- Notes
1. Payment for board members does not include the employee salary portion for joint employee and director position.
  2. At the end of this business year, currently there will be 7 directors and 3 auditors (of which 3 are from outside the company). The reason this is different than the number of board members and auditors listed above for receiving payments is that it includes 1 board member and 1 auditor who left their positions at the end of the 15<sup>th</sup> periodic shareholders meeting held on June 18, 2009.
  3. The amount of remuneration to be paid to directors was approved at the 14th Ordinary General Shareholders' Meeting held on June 19, 2008, as no more than 150,000 thousand yen per year (do not include the employee salaries of directors who serve concurrently as employees).
  4. The amount of remuneration to be paid to corporate auditors was approved at the 14th Ordinary General Shareholders' Meeting held on June 19, 2008, as no more than 30,000 thousand yen per year.

## 3) Outside directors and outside corporate auditors

### a. Situation for important simultaneous positions (if said person executes other company's business) and relationship between the Company and the other company

- Board member Hidehiro Takayama is also an auditor for Konaka Co., Ltd. Our company has no special business relationship with Konaka Co., Ltd.
- Board member Hideaki Izawa is a member of the Nihon Oodoori Law Office, which our company has a legal advisory contract with.
- Corporate auditor Eizo Akashi is also an auditor for PC DEPOT KYUSYU CORPORATION. PC DEPOT KYUSYU CORPORATION. is a wholly-owned subsidiary of our company.
- Auditor Kunihiko Yamamoto serves concurrently as President of Hokuetsu K's CO., LTD. and Director of K'S HOLDINGS CORPORATION. The Company, having entered into franchising contracts, has business relationships with both parties.

b. Principal activities during the current fiscal year

- Attendance at the Board of Directors and Board of Corporate Auditors meetings

	Board of Directors (Number of meetings held: 17)		Board of Corporate Auditors (Number of meetings held: 12)	
	Number of meetings attended	Attendance rate	Number of meetings attended	Attendance rate
Director Hidehiro Takayama	13	100.0%	—	—
Director Hideaki Izawa	11	84.6%	—	—
Standing Auditor Eizo Akashi	17	100.0%	12	100.0%
Auditor Masao Onoda	17	100.0%	12	100.0%
Auditor Kunihiko Yamamoto	15	88.2%	10	83.3%

Note: 1. Board members Hidehiro Takayama and Hideaki Izawa both attend board meetings as indicated above, and make appropriate comments when necessary while discussing proposals.

2. Standing Auditor Eizo Akashi, Auditor Masao Onoda and Auditor Kunihiko Yamamoto attended meetings of the Board of Directors and the Board of Corporate Auditors as shown above, participated in the discussion of proposals submitted and offered their opinions as required.

3. The reason the rate of board meeting attendance for board members Hidehiro Takayama and Hideaki Izawa is different than the rate of board meetings held is due to the fact that they both became board members at the end of the 15<sup>th</sup> periodic general shareholders meeting held on June 18, 2009.

c. Overview of content of limited liability contracts

The Company and its outside 2 directors and 3 auditors, based on Article 427, Paragraph 1 and Article 423, Paragraph 1 of the Corporation Law, have concluded a contract that limits liability for damages.

The limit on liability for damages based on this contract is the minimum limit prescribed by law.

#### (4) Status of Accounting Auditor

1) Name: Ernst & Young ShinNihon LLC

#### 2) Remuneration and other amounts

	Amount (Million yen)
Remuneration and other amounts paid by the Company to the Accounting Auditor	26
Total amount of cash and other financial benefits payable by the Company and its subsidiaries to the Accounting Auditor	33

Note: In the audit agreement between the Company and the Accounting Auditor, remuneration amounts are determined without breakdown into a separate remuneration amount for auditing in accordance with the Corporation Law and in accordance with the Financial Instruments and Exchange Law. Accordingly, the above remuneration amounts represent total amounts of remuneration and other amounts for both of these auditing services.

#### 3) Summary of non-audit duties

Not applicable.

#### 4) Policy regarding decision to either dismiss or not reappoint Accounting Auditor

The Board of Directors, if it determines that the Accounting Auditor has difficulty in the execution of his/her duties, may request the General Shareholders' Meeting to dismiss or decline to reappoint the Accounting Auditor with the agreement of the Board of Corporate Auditors, or as requested by the Board of Corporate Auditors.

The Board of Corporate Auditors, by unanimous agreement, may dismiss the Accounting Auditor when it is confirmed that Article 340, Paragraph 1 of the Corporation Law is applicable to the Accounting Auditor. If an accounting auditor is dismissed, an individual appointed by the company auditors from among themselves shall report this dismissal and the reason to the first shareholders meeting called after the dismissal.

## **(5) Compliance System for Business Operations**

### 1. Fundamental Approach to Internal Control Systems and Status of These Systems

#### (1) Fundamental approach

When establishing internal control systems, PC DEPOT complies with its fundamental policy that prescribes guidelines for business activities. In addition, PC DEPOT conducts business activities that are legal and efficient, maintains the reliability of its financial statements, and has controls and procedures concerning the disclosure of corporate information. Risk is managed based on the periodic analysis of risk exposure.

PC DEPOT has an organizational stance that is resolutely opposed to anti-social behavior.

#### (2) Summary of Board of Directors resolutions concerning internal control systems

##### 1) System to ensure that activities of directors and employees comply with laws, regulations and the Articles of Incorporation

PC DEPOT has a rigorous program to ensure that directors and employees comply with laws, regulations, the Articles of Incorporation and other rules. The Company is also upgrading its internal control system by reinforcing risk management systems and taking other actions. At monthly meetings of the Board of Directors, the directors reaffirm their commitment to compliance to laws and regulations. Furthermore, directors, executive officers and employees sign a Compliance Oath every six months. This system makes these individuals reaffirm their commitments to compliance and business ethics. In addition, there are compliance training programs and tests.

To strengthen the management oversight function, PC DEPOT has an outside corporate auditor. To increase the effectiveness of the Board of Directors, PC DEPOT has decided to add an outside director. (If approved by shareholders, this nominee will become an outside director following the shareholders meeting on June 18, 2009.)

There is a Risk Management Team that is made up primarily by general managers of administrative divisions. This team examines internal and external risks, ranks these risks depending on their urgency and the magnitude of their potential impact on the Company, and enacts preventive measures that match the level of each risk factor. The Compliance Committee, which is made up primarily by directors, cooperates with the Risk Management Team to prevent problems from reoccurring.

##### 2) System for storage and management of information concerning business execution by directors

Documents (minutes of meetings, documents used for decision-making, contracts, etc.) and other information concerning how the directors perform their duties are properly stored and managed as prescribed by internal rules (rules of the Board of Directors, rules for handling decision-making documents, etc.).

3) Rules and other systems for management of risks that may cause losses

a. Internal Audit/Internal Control Department

This department establishes, maintains and operates internal controls for the entire group, including subsidiaries, and oversees internal control functions across the entire group.

It also performs periodic audits of individual departments and on-site audits of stores. Periodic audit reports are sent to the representative director and corporate auditors after which departments and stores audited receive audit results and directives to take preventive measures.

Internal rules are constantly revised to reflect these reports to prevent the reoccurrence of problems.

b. Internal consultation contact, hot line and direct line to attorney

These items create a framework with a self-cleansing mechanism backed by a system of checks and balances.

4) System to ensure that directors perform their duties efficiently

At PC DEPOT, there is a regular meeting of the Board of Directors once each month, in principle. The directors reach decisions concerning important items and supervise the execution of business activities by the directors. In addition, the term of office for directors is one year in order to clarify their responsibilities regarding business activities

In addition, for the performance of jobs that have been assigned to relevant directors by the Board of Directors, specific rules are determined for responsibilities and procedures for activities in each delegated business sector.

5) System to ensure proper activities at the Group, which includes PC DEPOT and its subsidiaries

To ensure that the activities of subsidiaries and all other group companies are proper, PC DEPOT names directors to serve at group companies to oversee operations. These directors also monitor the status of business activities and perform evaluations and audits to confirm that activities conform with internal rules. In addition, the Legal and Screening Department establishes and operates internal controls for the entire group, including subsidiaries, by focusing on 42 control items at the group level.

6) Assurance of autonomy of Internal Audit/Internal Control Department from directors

The autonomy of the Internal Audit/Internal Control Department is preserved by placing this department under the direct oversight of the representative director. Audit report meetings are held periodically so that the results of audit reports can be submitted directly to the representative director and corporate auditors.

7) System for reports to corporate auditors by directors and employees and other reporting systems to corporate auditors

- a. Directors and employees are required to provide reports and information that is requested by a corporate auditor in the manner prescribed by the Board of Corporate Auditors.
- b. The reports and information in the above item contain primarily the following items.
  1. The status of activities of departments associated with establishing internal control systems
  2. The status of activities of corporate auditors and internal audit departments at subsidiaries and affiliates
  3. Significant accounting policies and standards of PC DEPOT and any revisions
  4. Announcements of business results and forecasts and the contents of other significant public announcements
  5. Operations of the internal reporting system and the reports received
  6. Submission of contracts, internal documents for decision-making and minutes of meetings as requested by a corporate auditor

8) Other systems to ensure that corporate auditors perform audits effectively

There will be coordination between the PC DEPOT audit system and internal control system and the opinions of all corporate auditors concerning maintaining the effectiveness of audits will be followed. It will include with regard to employees, for example, in case where corporate auditors can ask for the assignment of employees to assist in performing their duties

2. Fundamental Approach to Eliminating Anti-social Behavior and Status of Measures

(1) Fundamental approach

To fulfill its social obligations and defend itself, PC DEPOT refuses any and all contact, improper demands and other actions of anti-social elements. PC DEPOT has an uncompromising stance regarding the refusal of any relationship with anti-social elements.

(2) Measures in place

1) Internal systems

PC DEPOT's Legal and Screening Department are responsible for overseeing internal systems for the elimination of anti-social elements.

Employees confirm their commitment to refusing any contact with anti-social elements in the Compliance Oath that they sign every six months.

When selecting suppliers and other business partners, PC DEPOT performs a survey when the relationship is first established and periodically thereafter as prescribed by PC DEPOT's rules. Contracts with business partners include a provision concerning the refusal to associate with anti-social elements. These contracts include a clause that allows PC DEPOT to terminate the contract if a business partner

that signed a contract is later found to have a business relationship with anti-social elements. This provides a means for the elimination of any relationships with anti-social elements.

## 2) Cooperation with external organizations

The Company is a member of the Kanagawa Prefecture Corporate Defensive Measures Council. This council works closely with the police, attorneys, external survey agencies and other organizations to exchange and gather information. To respond to problems involving anti-social elements, the council works closely with the police, attorneys and other external organizations to achieve a resolution quickly.

## **(6) Policy on the Distribution of Profits**

One of our important missions is to return an appropriate amount of profit to shareholders. Our basic policy is to return profit through dividends that have long-term stability with a consolidated payout ratio of about 20%, while aiming to strengthen our financial systems and enrich our retained earnings and considering that our business expansion depends on our store management. Basically, we pay dividends for surplus money twice per year: interim and year-end dividends. These dividends are paid in accordance with the resolution by the board of directors, unless otherwise specified by law.

In addition, we plan to discuss the acquisition of treasury stock, as a flexible financial measure and a method for returning profit.

Based on the above policy, we plan to set the dividend for surplus money as of the end of the current term at 350 yen, as specified first. Adding the interim dividend of 350 yen, the total dividend amount will be 700 yen.

In the current fiscal year, based on the resolution of the board of directors, we acquired 3,611 common shares of our company in the market.

As for the dividends for the next term, considering the necessity to enrich our retained earnings to expand our businesses, we plan to set the interim dividend at 350 yen and the year-end dividend at 350 yen, that is, the annual dividend at 700 yen. However, payout ratio and dividend, etc. may be revised, according to the change in our business performance.

As for retained earnings, we will allocate them for strengthening our financial systems, opening new stores, renewing existing stores, and enlarging stores, with the purpose of improving our business performance further.

## Consolidated balance sheets

(Thousands of yen)

	FY2009
	(As of Mar. 31, 2010)
<b>Assets</b>	
<b>Current assets</b>	<b>10,511,455</b>
Cash and deposits	1,753,981
Accounts receivable-trade	2,251,074
Inventories	5,315,725
Accounts receivable-other	624,370
Deferred tax assets	167,163
Other	412,247
Allowance for doubtful accounts	(13,106)
<b>Non-current assets</b>	<b>7,442,743</b>
<b>Property, plant and equipment</b>	<b>2,843,979</b>
Buildings and structures	1,913,444
Tools, furniture and fixtures	483,002
Other	447,532
<b>Intangible assets</b>	<b>1,285,885</b>
Goodwill	1,024,972
Other	260,913
<b>Investments and other assets</b>	<b>3,312,878</b>
Investment securities	279,708
Deferred tax assets	71,178
Guarantee deposits	1,478,521
Lease deposits	1,328,826
Other	178,635
Allowance for doubtful accounts	(23,992)
<b>Total assets</b>	<b>17,954,199</b>

(Thousands of yen)

FY2009

(As of Mar. 31, 2010)

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<b>Liabilities</b>	
<b>Current liabilities</b>	<b>6,472,989</b>
Accounts payable-trade	2,764,150
Short-term loans payable	800,000
Current portion of long-term loans payable	690,252
Accounts payable-other	1,215,712
Income taxes payable	391,304
Provision for bonuses	98,050
Provision for merchandise warranties	33,615
Other	479,904
<b>Non-current liabilities</b>	<b>2,743,192</b>
Long-term loans payable	1,936,247
Long-term account payable-other	123,799
Provision for retirement benefits	2,727
Provision for directors' retirement benefits	22,911
Long-term guarantee deposited	657,507
<b>Total liabilities</b>	<b>9,216,181</b>
<b>Net assets</b>	
<b>Shareholders' equity</b>	<b>8,546,999</b>
<b>Capital stock</b>	<b>1,601,196</b>
<b>Capital surplus</b>	<b>1,888,605</b>
<b>Retained earnings</b>	<b>5,468,659</b>
<b>Treasury stock</b>	<b>(411,462)</b>
<b>Valuation and translation adjustments</b>	<b>23,207</b>
<b>Valuation difference on available-for-sale securities</b>	<b>23,207</b>
<b>Minority interests</b>	<b>167,811</b>
<b>Total net assets</b>	<b>8,738,017</b>
<b>Total liabilities and net assets</b>	<b>17,954,199</b>

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**Consolidated statements of income**

(Thousands of yen)

	FY2009 (Apr. 1, 2009 – Mar. 31, 2010)
<b>Net sales</b>	<b>44,740,133</b>
<b>Cost of sales</b>	<b>33,182,396</b>
<b>Gross profit</b>	<b>11,557,737</b>
<b>Selling, general and administrative expenses</b>	<b>10,331,259</b>
<b>Operating income</b>	<b>1,226,477</b>
<b>Non-operating income</b>	<b>271,883</b>
Interest income	5,081
Dividends income	1,790
Sales incentives	73,294
Rent income	94,678
Commission fee	37,893
Other	59,145
<b>Non-operating expenses</b>	<b>192,181</b>
Interest expenses	38,664
Commission fee	1,092
Rent expenses	126,076
Equity in losses of affiliates	19,494
Other	6,852
<b>Ordinary income</b>	<b>1,306,179</b>
<b>Extraordinary income</b>	<b>40,768</b>
Gain on transfer to defined contribution pension plan	39,481
Gain on sales of investment securities	1,287
<b>Extraordinary loss</b>	<b>81,594</b>
Loss on retirement of noncurrent assets	7,608
Impairment loss	13,595
Loss on closing of stores	28,390
Penalty income cancellation, etc.	32,000
<b>Income before income taxes</b>	<b>1,265,354</b>
Income taxes-current	576,852
Income taxes-deferred	(11,191)
Minority interests in income	22,861
<b>Net income</b>	<b>676,831</b>

## Consolidated statements of changes in net assets

FY2009 (Apr. 1, 2009 – Mar. 31, 2010)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2009	1,601,196	1,888,605	4,944,667	(186,226)	8,248,243
Changes of items during the period					
Dividends from surplus			(152,839)		(152,839)
Net income			676,831		676,831
Acquisition of treasury stock				(225,236)	(225,236)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	523,992	(225,236)	298,755
Balance as of March 31, 2010	1,601,196	1,888,605	5,468,659	(411,462)	8,546,999

	Valuation and translation adjustments	Minority interests	Total net assets
	Valuation difference on available-for-sale securities		
Balance as of March 31, 2009	(5,941)	149,713	8,392,014
Changes of items during the period			
Dividends from surplus			(152,839)
Net income			676,831
Acquisition of treasury stock			(225,236)
Net changes of items other than shareholders' equity	29,148	18,098	47,247
Total changes of items during the period	29,148	18,098	346,002
Balance as of March 31, 2010	23,207	167,811	8,738,017

## Notes to Consolidated Financial Statements

### 1. Significant Accounting Policies in the Preparation of Consolidated Financial Statements

#### (1) Scope of consolidation

Number of consolidated subsidiaries	3
Name of consolidated subsidiaries	ejworks corporation BB Marketing Corp. PC DEPOT KYUSYU CORPORATION

(Note) From the current consolidated fiscal year, PC DEPOT Max Co., Ltd., which was our equity-method affiliate, has been become our subsidiary as a result of acquisition of additional stocks. Thus, financial results of this company are included in the consolidated financial statements. The PC DEPOT Max Co., Ltd., has changed its name to PC DEPOT KYUSYU CORPORATION.

Non-consolidated subsidiaries	None
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#### (2) Application of equity method

Number of affiliates accounted for under equity method	1
Name of companies	KITAMURA PC DEPOT CORPORATION

(Note) From the current consolidated fiscal year, the PC DEPOT Max Co., Ltd has been excluded from the equity-method range because it has become our subsidiary as a result of acquisition of additional stocks.

Affiliates not accounted for under equity method	None
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#### (3) Fiscal year of consolidated subsidiaries

The fiscal years of consolidated subsidiaries end on the closing date of consolidated financial statements.

#### (4) Accounting standards

##### 1) Valuation standards and methods for principal assets

###### a. Marketable securities

###### - Available-for-sale securities

Securities with market quotations	Stated at fair value at the end of the fiscal year. (Unrealized gain or loss is included in net assets. Cost of securities sold is determined by the moving-average method.)
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Securities without market quotations	Stated at cost determined by the moving-average method.
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###### b. Inventories

###### - Merchandise

Mainly stated at cost determined by the moving-average method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins).

##### 2) Depreciation and amortization of principal depreciable assets

###### a. Property, plant and equipment (excluding lease assets)

Depreciation of property, plant and equipment is calculated using the declining-balance method, except for buildings (excluding attached structures) acquired on or after April 1, 1998, which are depreciated using the straight-line method.

###### b. Intangible assets (excluding lease assets)

Amortization of intangible assets is calculated using the straight-line method.  
Software development costs are amortized over an expected useful life of five years by the straight-line method.

c. Lease assets	<p>Depreciation of lease assets is calculated using the straight-line method with no residual value, assuming the lease period to be the useful life of the asset.</p> <p>For finance lease transactions where there is no transfer of ownership beginning on or before March 31, 2008, depreciation is calculated using an accounting method that is based on the method used for ordinary lease transactions.</p>
d. Long-term prepaid expenses	<p>Long-term prepaid expenses are amortized using the straight-line method.</p>
3) Recognition of significant allowances	
a. Allowance for doubtful accounts	<p>To prepare for credit losses on receivables, an allowance equal to the estimated amount of uncollectible receivables is provided for general receivables based on the historical write-off ratio, and bad receivables based on case-by-case determination of collectibility.</p>
b. Provision for bonuses	<p>To properly reserve for employee bonus obligations, an amount accrued for the fiscal year among the estimated future obligations is designated in the reserve amount.</p>
c. Provision for merchandise warranties	<p>To provide for five-year after-sales service cost for merchandise, an estimated amount is reserved based on the historical performance.</p>
d. Provision for retirement benefits	<p>To properly reserve for employees' retirement benefits, an allowance is provided for the amount deemed to have accrued at the end of the current fiscal year based on the projected benefit obligations at the end of the fiscal year in part of subsidiaries.</p> <p>(Additional information)</p> <p>From the current consolidated fiscal year, the Company has changed from the approved retirement annuity system to the defined contribution annuity system. As a result of terminating the previous system, the Company booked an extraordinary income of 39,481 thousand yen attributed to the transfer to the defined contribution pension plan. It should be mentioned that the company which has newly become one of our consolidated subsidiaries during this consolidated fiscal year adapts the retirement lump sum grants system. Thus, in preparation for the provision of the retirement benefits to the employees of this subsidiary, the accrued retirement benefits is posted based on the projected benefit obligations and pension assets at the end of the fiscal year.</p>
e. Provision for directors' retirement benefits	<p>To properly reserve for director' retirement benefits, an allowance is provided for the aggregate amount payable at the end of the current fiscal year pursuant to the Company's rules on directors' retirement benefits.</p> <p>(Additional information)</p> <p>The Company had been posting an allowance payable at the end of the fiscal year pursuant to the Company's rule on directors' retirement benefits. However, it was resolved at the conclusion of the General Meeting of Shareholders on June 18, 2009, that the directors' retirement benefits program for the directors will be abolished. At the same meeting, the final payment of retirement benefits to directors was approved. The final payment of retirement benefit will be paid upon retirement of the incumbent</p>

directors. Therefore, the reserve for the retirement benefits for directors 123,799 thousand yen was reversed and posted on the “Long-term accounts payable” under the non-current liabilities. Please note that, as before, some subsidiaries are booking an allowance payable at the end of the fiscal year pursuant to the Company’s rule in preparation for the provision of their directors’ retirement benefits.

4) Amortization of goodwill

Goodwill is amortized by the straight line method over a period of five years.

5) Other significant accounting policies in the preparation of financial statements

Accounting for consumption taxes                      Consumption taxes are accounted by the tax-exclusion method.

(5) Valuations on assets and liabilities of consolidated subsidiaries

Assets and liabilities in consolidated subsidiaries are evaluated based on their full market value.

**2. Notes to Consolidated Balance Sheet**

Accumulated depreciation on property, plant and equipment:                      1,842,754 thousand yen

**3. Notes to Consolidated Statements of Changes in Net Assets**

(1) Shares outstanding (Shares)

Type of share	Number of shares as of March 31, 2009	Increase during the current fiscal year	Decrease during the current fiscal year	Number of shares as of March 31, 2010
Common stock	225,020	—	—	225,020

(2) Matters related to dividends

1) Dividend payment

a. Dividends resolved at the Board of Directors meeting on May 13, 2009

- Total amount of dividends                      77,051 thousand yen
- Dividend per share                                      350 yen
- Record date    March 31, 2009
- Effective date    June 19, 2009

b. Dividends resolved at the Board of Directors meeting on November 5, 2009

- Total amount of dividends                      75,787 thousand yen
- Dividend per share                                      350 yen
- Record date    September 30, 2009
- Effective date    December 7, 2009

2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Dividends resolved at the Board of Directors meeting on May 11, 2010

- Total amount of dividends                      75,787 thousand yen
- Dividend per share                                      350 yen
- Record date    March 31, 2010
- Effective date    June 24, 2010

(Note) The amount above includes 1,750 thousand yen of dividend for 5,000 shares of the Company's shares owned by the Trust as of March 31, 2010.

(4) Matters related to stock acquisition rights as of March 31, 2009

Not applicable.

#### **4. Notes Concerning Financial Instruments**

##### 1. Items Concerning the Situation of Financial Instruments

###### (1) Policy for Handling Financial Instruments

Our company group acquires the capital necessary (mainly through bank loans) to carry out capital investment plans. Temporary surpluses are generally used as fluid financial assets, and short-term operating funds are acquired through bank loans. The group policy is not to engage in speculative trading for profit.

###### (2) Contents of Financial Instruments, Risks and Risk Management System

Of the accounts receivable-trade included in operating receivables, the majority is credit card accounts receivable along with the cash sales, and the accounts are settled the following month. Part of the trade amounts receivable for instalment sales (24 months) are exposed to the credit risk of the client. These risks are managed individually by client, with a system in place so our company's receivables department periodically checks that payments are being made.

Investment securities are mainly shares of companies with which we have business relations, and are exposed to risk from fluctuation in market prices.

When contracts are made, our company will pay a deposit and bond to the lessor. The credit risk for these payments are investigated and determined beforehand by a system to confirm credit risk before joining in lease contracts.

Of the accounts payable-trade included in operating payables, the majority of the unpaid amounts are due for payment within 1 year, so current liabilities like these operating payables are exposed to the risk of liquidity at the time of payment, but through methods such as revising the capital management plan monthly, such risks are avoided.

Of debts payable, the majority are short-term loans to acquire capital for operating transactions, and long-term loans (within 5 years as a rule) are mainly for acquiring funds for capital investment.

###### (3) Additional Explanation for Items Related to Fair Values of Financial Instruments

The fair values for financial instruments are based on market prices, or in the case there is no market price they can include prices calculated logically. Since these prices include various fluid factors in their calculations, by basing them on different conditions, the price in question may change.

(2) Items Related to Fair Values of Financial Instruments

In regards to the March 31, 2010 balance sheet amount, its fair values and the deviations between them, the following applies. Also, those elements that determining the fair value is extremely difficult will not be included. (Refer to (Note 2))

(Thousands of yen)

	Amount stated on consolidated balance sheet	Market value	Difference
(1) Cash and deposits	1,753,981	1,753,981	—
(2) Accounts receivable-trade	2,251,074	2,251,074	—
Allowance for doubtful accounts *1	(10,826)	(10,826)	—
	2,240,247	2,240,247	—
(3) Investment securities			
Other securities	67,843	67,843	—
(4) Guarantee deposits *2	327,858	239,775	(88,082)
(5) Lease deposits	1,267,149	1,043,375	(223,773)
Total assets	5,657,080	5,345,223	(311,856)
(1) Accounts payable-trade	2,764,150	2,764,150	—
(2) Short-term loans payable	800,000	800,000	—
(3) Current portion of long-term loans payable	690,252	690,252	—
(4) Accounts payable-other	1,215,712	1,215,712	—
(5) Long-term loans payable	1,936,247	1,938,135	1,888
Total liabilities	7,406,361	7,408,250	1,888
Derivative transactions	—	—	—

\*1: Allowance for doubtful account is deducted from accounts receivable.

\*2: For Guarantee deposits and Lease deposits, the financial instrument equivalent is displayed.

(Note: 1) Items related to investment securities and derivatives trading as well as the method for calculating fair values for financial instruments

Assets

(1) Cash and Deposits, (2) Accounts Receivable-Trade

Since these are mainly settled quickly, their fair value is close to the book value, and thus the book value is used. As well, for accounts receivable-trade, it is extremely difficult to determine the credit risk individually, so the allowance for bad receivables is considered as the credit risk when calculating the fair value.

(3) Investment Securities

The fair value for investment securities is based on the price of shares at exchanges.

(4) Lease Deposits, (5) Bonds

The figures of these items are based on contract of lease, and periods for repayment are fixed for guarantee deposits and lease deposits.

Market prices are calculated based on current price which is discounted by reasonable interest rate of guarantee deposits and lease deposits of each office.

### Liabilities

(1) Accounts Payable-Trade (2) Short-term Loans Payable, (3) Long-term Loans Payable to be Paid Back within 1 Year, (4) Amounts Payable

Since these will be settled within a short period of time, their fair value is almost identical to the book value, and so the book value is used.

(5) Long-term Loans

The fair value for long-term loans is calculated by taking the total of principal and interest and dividing it by the estimated interest rate for if a new loan for that amount was made.

### Derivatives

Not applicable.

(Note: 2) Financial instruments for which it is deemed prohibitively difficult to evaluate market value

(Thousands of yen)

Item	Amount stated on consolidated balance sheet
Investment securities: Non-listed stocks	211,865
Guarantee deposits	420,761
Lease deposits	61,677

Because these have no market value, and it is deemed prohibitively difficult to evaluate their market value, they are not included the char in preceding page.

(Additional Information)

Commencing from fiscal 2010, “Accounting Standards Concerning Financial Products” (Corporate Accounting Standards, vol. 10, March 10, 2008) and “Application Guide for Disclosure of Market Values for Financial Products” (Corporate Accounting Standards Application Guide, vol. 19, March 10, 2008) will be applied.

### **5. Notes to Per Share Information**

- (1) Net assets per share      40,514.17 yen
- (2) Net income per share      3,107.98 yen

### **6. Notes to Subsequent Events**

Not applicable.

**Non-consolidated balance sheets**

(Thousands of yen)

FY2009

(As of Mar. 31, 2010)

<b>Assets</b>	
<b>Current assets</b>	<b>8,956,184</b>
Cash and deposits	814,539
Accounts receivable-trade	1,825,020
Merchandise	4,993,256
Prepaid expenses	191,543
Deferred tax assets	149,224
Short-term loans receivable	150,000
Accounts receivable-other	699,918
Other	140,008
Allowance for doubtful accounts	(7,327)
<b>Non-current assets</b>	<b>6,815,641</b>
<b>Property, plant and equipment</b>	<b>2,778,002</b>
Buildings and structures	1,900,058
Tools, furniture and fixtures	430,410
Vehicles	279
Land	103,100
Construction in progress	344,153
<b>Intangible assets</b>	<b>246,695</b>
Software	124,954
Goodwill	105,416
Other	16,324
<b>Investments and other assets</b>	<b>3,790,943</b>
Investment securities	203,514
Stocks of subsidiaries and affiliates	294,773
Long-term loans receivable from subsidiaries and affiliates	300,000
Long-term prepaid expenses	24,908
Deferred tax assets	59,306
Guarantee deposits	1,478,521
Lease deposits	1,313,228
Other	116,689
<b>Total assets</b>	<b>15,771,826</b>

(Thousands of yen)	
FY2009	
(As of Mar. 31, 2010)	
<b>Liabilities</b>	
<b>Current liabilities</b>	<b>6,025,862</b>
Accounts payable-trade	2,518,385
Short-term loans payable	800,000
Current portion of long-term loans payable	642,180
Accounts payable-other	1,332,934
Accrued expenses	198,087
Income taxes payable	260,867
Advances received	123,241
Deposits received	27,248
Provision for bonuses	89,302
Provision for merchandise warranties	33,615
<b>Non-current liabilities</b>	<b>2,577,297</b>
Long-term loans payable	1,792,391
Long-term guarantee deposited	661,107
Provision for retirement benefits	123,799
<b>Total liabilities</b>	<b>8,603,160</b>
<b>Net assets</b>	
<b>Shareholders' equity</b>	<b>7,145,458</b>
<b>Capital stock</b>	<b>1,601,196</b>
<b>Capital surplus</b>	<b>1,888,605</b>
Legal capital surplus	1,868,598
Other capital surplus	20,006
<b>Retained earnings</b>	<b>4,067,119</b>
Legal retained earnings	12,000
Other retained earnings	4,055,119
Retained earnings brought forward	4,055,119
<b>Treasury stock</b>	<b>(411,462)</b>
<b>Valuation and translation adjustments</b>	<b>23,207</b>
<b>Valuation difference on available-for-sale securities</b>	<b>23,207</b>
<b>Total net assets</b>	<b>7,168,665</b>
<b>Total liabilities and net assets</b>	<b>15,771,826</b>

**Non-consolidated statements of income**

(Thousands of yen)

	FY2009 (Apr. 1, 2009 – Mar. 31, 2010)
<b>Net sales</b>	<b>40,182,840</b>
<b>Cost of sales</b>	<b>30,091,403</b>
<b>Gross profit</b>	<b>10,091,437</b>
<b>Selling, general and administrative expenses</b>	<b>9,274,323</b>
<b>Operating income</b>	<b>817,114</b>
<b>Non-operating income</b>	<b>343,006</b>
Interest income	9,705
Dividends income	18,767
Sales incentives	72,033
Rent income	128,268
Commission fee	44,351
Other	69,879
<b>Non-operating expenses</b>	<b>168,477</b>
Interest expenses	34,455
Commission fee	1,092
Rent expenses	126,076
Other	6,852
<b>Ordinary income</b>	<b>991,643</b>
<b>Extraordinary income</b>	<b>40,768</b>
Gain on sales of subsidiaries and affiliates' stocks	1,287
Gain on transfer to defined contribution pension plan	39,481
<b>Extraordinary loss</b>	<b>81,499</b>
Loss on retirement of non-current assets	7,513
Impairment loss	13,595
Loss on closing of stores	28,390
Penalty income cancellation, etc.	32,000
<b>Income before income taxes</b>	<b>950,911</b>
Income taxes-current	407,187
Income taxes-deferred	(2,708)
<b>Net income</b>	<b>546,432</b>

## Non-consolidated statements of changes in net assets

FY2009 (Apr. 1, 2009 – Mar. 31, 2010)

(Thousands of yen)

	Shareholders' equity								
	Capital stock	Capital surplus			Retained earnings			Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings		
Balance as of March 31, 2009	1,601,196	1,868,598	20,006	1,888,605	12,000	3,661,525	3,673,525	(186,226)	6,977,101
Changes of items during the period									
Dividends from surplus						(152,839)	(152,839)		(152,839)
Net income						546,432	546,432		546,432
Acquisition of treasury stock								(225,236)	(225,236)
Net changes of items other than shareholders' equity									
Total changes of items during the period	—	—	—	—	—	393,593	393,593	(225,236)	168,357
Balance as of March 31, 2010	1,601,196	1,868,598	20,006	1,888,605	12,000	4,055,119	4,067,119	(411,462)	7,145,458

	Valuation and translation adjustments	Total net assets
	Valuation difference on available-for-sale securities	
Balance as of March 31, 2009	(5,941)	6,971,159
Changes of items during the period		
Dividends from surplus		(152,839)
Net income		546,432
Acquisition of treasury stock		(225,236)
Net changes of items other than shareholders' equity	29,148	29,148
Total changes of items during the period	29,148	197,505
Balance as of March 31, 2010	23,207	7,168,665

## Notes to Non-consolidated Financial Statements

### 1. Significant Accounting Policies

#### (1) Valuation standards and methods for assets

##### 1) Valuation standards and methods for marketable securities

- Stocks of subsidiaries and affiliates Stated at cost determined by the moving-average method.
- Available-for-sale securities
  - Securities with market quotations Stated at fair value at the end of the fiscal year. (Unrealized gain or loss is included in net assets. Cost of securities sold is determined by the moving-average method.)
  - Securities without market quotations Stated at cost determined by the moving-average method.

##### 2) Inventories

- Merchandise Mainly stated at cost determined by the moving-average method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins).

#### (2) Depreciation and amortization of noncurrent assets

##### 1) Property, plant and equipment (excluding lease assets)

Depreciation of property, plant and equipment is calculated using the declining-balance method, except for buildings (excluding attached structures) acquired on or after April 1, 1998, which are depreciated using the straight-line method.

##### 2) Intangible assets (excluding lease assets)

- Goodwill Goodwill is amortized by the straight-line method over a period of five years.
- Software development costs Software development costs are amortized over an expected useful life of five years by the straight-line method.

##### 3) Lease assets

Depreciation of lease assets is calculated using the straight-line method with no residual value, assuming the lease period to be the useful life of the asset.  
For finance lease transactions where there is no transfer of ownership beginning on or before March 31, 2008, depreciation is calculated using an accounting method that is based on the method used for ordinary lease transactions.

#### (3) Recognition of allowances

##### 1) Allowance for doubtful accounts

To prepare for credit losses on receivables, an allowance equal to the estimated amount of uncollectible receivables is provided for general receivables based on the historical write-off ratio, and bad receivables based on case-by-case determination of collectibility.

##### 2) Provision for bonuses

To properly reserve for employee bonus obligations, an amount accrued for the fiscal year among the estimated future obligations is designated in the reserve amount.

##### 3) Provision for merchandise warranties

To provide for five-year after-sales service cost for merchandise, an estimated amount is reserved based on the historical performance.

##### 4) Provision for retirement benefits

From the current consolidated fiscal year, the Company has

changed from the approved retirement annuity system to the defined contribution annuity system. As a result of terminating the previous system, the Company booked an extraordinary income of 39,481 thousand yen attributed to the transfer to the defined contribution annuity system.

- 5) Provision for directors' retirement benefits      The Company had been posting an allowance payable at the end of the fiscal year pursuant to the Company's rule on directors' retirement benefits. However, it was resolved at the conclusion of the General Meeting of Shareholders on June 18, 2009, that the directors' retirement benefits program for the directors will be abolished. At the same meeting, the final payment of retirement benefits to directors was approved. The final payment of retirement benefit will be paid upon retirement of the incumbent directors. Therefore, the reserve for the retirement benefits for directors 123,799 yen was reversed and posted on the "Long-term accounts payable" under the non-current liabilities.

(4) Other significant accounting policies in the preparation of financial statements

- |                                  |   |
|----------------------------------|---|
| Accounting for consumption taxes | National and local consumption taxes are accounted by the tax-exclusion method. |
|----------------------------------|---|

**2. Notes to Non-consolidated Balance Sheet**

(1) Accumulated depreciation on property, plant and equipment      1,624,148 thousand yen

(2) Monetary claims and liabilities applicable to subsidiaries and affiliates as follows.

- |                                    |                      |
|------------------------------------|----------------------|
| 1) Short-term monetary claims      | 327,709 thousand yen |
| 2) Short-term monetary liabilities | 220,302 thousand yen |
| 3) Long-term monetary liabilities  | 3,600 thousand yen   |

**3. Notes to Non-consolidated Statements of Income**

Transactions with subsidiaries and affiliates

- |   |                      |
|---|----------------------|
| 1) Net sales                                | 272,373 thousand yen |
| 2) Purchases                                | — thousand yen       |
| 3) Amounts other than business transactions | 10,200 thousand yen  |

#### 4. Notes to Non-consolidated Statements of Changes in Net Assets

Treasury stock

(Shares)

Type of share	Number of shares as of March 31, 2009	Increase during the current fiscal year	Decrease during the current fiscal year	Number of shares as of March 31, 2010
Common stock	4,873	—	—	13,484

(Note)1. At the board meeting on March 15, 2010, it was resolved that the Company will introduce “J-ESOP (Employee Stock Ownership Plan)”, a program to provide the company’s shares to the employees as a new benefit service. In line with the introduction of this program, the Trust and Custody Services Bank Co., Ltd. (the Trust), acquired the Company’s stock of 5,000 shares as of March 19, 2010.

Therefore, the number of treasury stock includes the Company’s shares owned by the Trust as of March 31, 2010. The number of shares owned by the Trust as of March 31, 2010, is 5,000 shares.

2. The increasing number of treasury stock, 8,611 shares, are consisted by the acquisition of treasury stock at decision of Board of directors’ meeting and the Company’s shares owned by the Trust.

#### 5. Notes to Deferred Tax Accounting

Significant components of deferred tax assets include provision for merchandise warranties, provision for bonuses, and impairment loss on noncurrent assets.

#### 6. Notes to Noncurrent Assets used in Leases

Main noncurrent assets used in lease transactions other than items presented in the balance sheet is store furniture.

#### 7. Notes to Related Party Transactions

##### Officers and Main shareholders, etc of the Company submitted consolidated financial statement

Title	Occupations	% of voting rights held (owned)	Type of transaction	Value of transaction
Takahisa Nojima	President and CEO Of the Company	(Owned) Direct 45.38%	Sales of the Company shares owned (Purchased by the Trust and Custody Services Bank Co., Ltd. (the Trust))	125,595 thousand yen

Note: 1. Transaction conditions and the criteria for specifying them, etc.

The unit price for the above transaction was calculated from the monthly average of market prices from Feb. 19 to Mar. 18, 2010, and 5,000 shares were sold on Mar. 19, 2010.

2. At the board meeting on March 15, 2010, it was resolved that the Company will introduce “J-ESOP (Employee Stock Ownership Plan)”, a program to provide the company’s shares to the employees as a new benefit service. This program intends to enhance motivation and willingness of employees for improving the share price and business performance by enhancing connectivity between share price and the performance and sharing economic effects with shareholders. In line with the introduction of this program, the Trust and Custody Services Bank Co., Ltd. (the Trust), obtained the Company’s 5,000 shares as of March 19, 2010. For the account processing of the J-ESOP, the Company and the Trust are integrated to place emphasis on the economic reality.

#### 8. Notes to Per Share Information

(1) Net assets per share	33,888.63 yen
(2) Net income per share	2,509.20 yen

#### 9. Notes to Subsequent Events

Not applicable.

Accounting Audit Report on Consolidated Financial Statements

Report of Independent Auditors

May 26, 2010

The Board of Directors  
PC DEPOT CORPORATION

Ernst & Young ShinNihon LLC

Masatsugu Hamada  
Certified Public Accountant  
Designated and Engagement Partner

Tetsuo Yamato  
Certified Public Accountant  
Designated and Engagement Partner

Pursuant to Article 444, Paragraph 4 of the Corporation Law, we have audited the consolidated balance sheets, the consolidated statements of income, the consolidated statements of changes in net assets and the notes to consolidated financial statements of PC DEPOT CORPORATION (the “Company”) applicable to the fiscal year from April 1, 2009 through March 31, 2010. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the PC DEPOT Group, which consisted of the Company and consolidated subsidiaries, applicable to the fiscal year ended March 31, 2010 in conformity with accounting principles generally accepted in Japan.

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Law.

Accounting Audit Report on Non-consolidated Financial Statements

Report of Independent Auditors

May 26, 2010

The Board of Directors  
PC DEPOT CORPORATION

Ernst & Young ShinNihon LLC

Masatsugu Hamada  
Certified Public Accountant  
Designated and Engagement Partner

Tetsuo Yamato  
Certified Public Accountant  
Designated and Engagement Partner

Pursuant to Article 436, Paragraph 2, Paragraph 1 of the Corporation Law, we have audited the non-consolidated balance sheets, the non-consolidated statements of income, the non-consolidated statements of changes in net assets, the notes to non-consolidated financial statements and the related supplementary schedules of PC DEPOT CORPORATION (the “Company”) applicable to the 15th fiscal year from April 1, 2009 through March 31, 2010. These non-consolidated financial statements and the related supplementary schedules are the responsibility of the Company’s management. Our responsibility is to express an opinion on these non-consolidated financial statements and the related supplementary schedules based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements and the related supplementary schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the non-consolidated financial statements and the related supplementary schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements and the related supplementary schedules. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the non-consolidated financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of the Company applicable to the 16th fiscal year ended March 31, 2010 in conformity with accounting principles generally accepted in Japan.

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Law.

## Audit Report of Board of Corporate Auditors

### Audit Report

Regarding the performance of duties by the Directors for the 16th fiscal year from April 1, 2009 through March 31, 2010, we have prepared this Audit Report upon deliberation based on the audit reports prepared by each corporate auditor and hereby report as follows:

#### 1. Auditing methods employed by corporate auditors and the Board of Corporate Auditors and details thereof

We established auditing policies, allocation of duties and other relevant matters, and received reports from each corporate auditor regarding their execution of audits and results thereof, as well as reports from directors, other relevant personnel, and the Accounting Auditor regarding performance of their duties, and sought explanations as necessary.

Each corporate auditor complied with the auditing standards of corporate auditors established by the Board of corporate auditors, followed the auditing policies, allocation of duties, and other relevant matters, communicated with such as directors, the internal audit department and other employees, and made efforts to establish the environment for collecting information and auditing, and participated in the meetings of the Board of Directors and other important meetings, received reports from such as directors and employees regarding performance of their duties, sought explanations as necessary, examined important authorized documents and associated information, and studied the operations and status of assets at the head office and principal offices. In addition, we monitored and verified the system for ensuring that the performance of duties by directors conforms to the related laws and regulations and Articles of Incorporation, as well as the resolution of the Board of Directors regarding the organization of the system stipulated in Paragraph 1 and Paragraph 3, Article 100, of the Enforcement Regulations of the Corporation Law and the status of the system based on such resolution (Internal Control System), which are necessary for ensuring propriety of company's operations. With respect to subsidiaries, we communicated and exchanged information with directors and corporate auditors of subsidiaries, and received business reports from subsidiaries as necessary. Based on the above methods, we examined the business report and the related supplementary schedules for this fiscal year.

Furthermore, we monitored and verified whether the Accounting Auditor maintained their independence and implemented appropriate audits, and we received reports from the Accounting Auditor regarding the performance of their duties and sought explanations as necessary. In addition, we received notice from the Accounting Auditor that "System for ensuring that duties are performed properly" (matters set forth in each item of Article 131 of the Company Accounting Regulations) is organized in accordance with the "Quality Management Standards Regarding Audits" (Business Accounting Council, October 28, 2005) and other relevant standards, and sought explanations as necessary. Based on the above methods, we examined the non-consolidated financial statements (non-consolidated balance sheets, non-consolidated statements of income, non-consolidated statements of changes in net assets, and notes to non-consolidated financial statements) and the related supplementary schedules, as well as the consolidated financial statements (consolidated balance sheets, consolidated statements of income, consolidated statements of changes in net assets, and notes to consolidated financial statements), for this fiscal year.

## 2. Audit results

### (1) Results of audit of business report and other relevant documents

1. We confirm that the business report and the related supplementary schedules fairly represent the Company's conditions in accordance with the related laws and regulations and Articles of Incorporation.
2. We have found no significant evidence of wrongful act or violation of related laws and regulations, nor the Articles of Incorporation with regard to the performance of duties by directors.
3. We confirm that the content of the resolution of the Board of Directors regarding the Internal Control System is proper. In addition, we have found no matters on which to remark in regard to the performance of duties by directors regarding the Internal Control System.

### (2) Results of audit of non-consolidated financial statements and the related supplementary schedules

We confirm that the methods and results of the audit employed by the Accounting Auditor, Ernst & Young ShinNihon LLC, are proper.

### (3) Results of audit of consolidated financial statements

We confirm that the methods and results of the audit employed by the Accounting Auditor, Ernst & Young ShinNihon LLC, are proper.

June 2, 2010

Board of Corporate Auditors, PC DEPOT CORPORATION

Standing Auditor (external)	Eizo Akashi
Auditor (external)	Masao Onoda
Auditor (external)	Kunihiko Yamamoto

## Reference Materials for Shareholders' Meeting

### Proposal No.1: Election of seven (7) Directors

The terms of all seven directors will expire at the conclusion of this shareholders meeting. PC DEPOT is asking shareholders to elect the following candidates for director.

The candidates for director are as follows.

Candidate No.	Name (Date of birth)	Brief personal history, title, and representative status of other entities (Situation for important simultaneous positions)	Number of PC DEPOT's shares owned
1	Takahisa Nojima (August 20, 1959)	August 1994      President and Chief Executive Officer, PC DEPOT CORP (present) July 2009          President of PC DEPOT KYUSYU CORPORATION (present)	98,276
2	Shigehiko Sakai (January 6, 1954)	October 2002      Executive Officer, General Manager of Sales Division, PC DEPOT CORP June 2003          Senior Managing Director, General Manager of Sales Division, PC DEPOT CORP September 2004    Director, PC DEPOT CORP February 2007      Senior Managing Director, General Manager of Development Department No.2, PC DEPOT CORP July 2008            Managing Director, General Manager of Administration and Personnel Division, PC DEPOT CORP May 2010            Managing director in charge of Sales and Administration Headquarters (present)	1,350
3	Kenshi Hamamatsu (April 18, 1963)	October 1994      Manager of Sales Department, PC DEPOT CORP July 1997            Director, General Manager of Sales Department, PC DEPOT CORP June 2003          Executive Officer, General Manager of Partnership Sales Department, PC DEPOT CORP June 2006          Director, General Manager of Partnership Alliances Division, PC DEPOT CORP February 2007      Director, General Manager of External Affairs and Partnership Alliances Division, PC DEPOT CORP October 2007      Director, General Manager of Store Operations Department, PC DEPOT CORP (present) May 2010            Director, General Manager of Store Operations Department (present)	65

Candidate No.	Name (Date of birth)	Brief personal history, title, and representative status of other entities (Situation for important simultaneous positions)	Number of PC DEPOT's shares owned
4	Mitsuyoshi Hae (January 27, 1952)	<p>July 2005 Deputy General Manager of Accounting Department, PC DEPOT CORP</p> <p>March 2006 Executive Officer, General Manager of Accounting Department, PC DEPOT CORP</p> <p>June 2006 Director, General Manager of Accounting Department, PC DEPOT CORP</p> <p>June 2007 Director, General Manager of Accounting and Finance Division, PC DEPOT CORP</p> <p>May 2010 Director in charge of Accounting and Finance Division (present)</p>	160
5	Hidehiro Takayama (January 20, 1947)	<p>April 1970 Entered Tetsuzo Ota &amp; Co. (currently Ernst &amp; Young ShinNihon LLC)</p> <p>September 1974 Registered as certified public accountant</p> <p>May 1992 Representative Partner, Showa Ota &amp; Co. (currently Ernst &amp; Young ShinNihon LLC)</p> <p>September 2008 Lecturer, Toin University of Yokohama Law School (present)</p> <p>December 2008 Auditor, Konaka Co., Ltd. (present)</p> <p>June 2009 Director of the Company (present)</p>	—
6	Hideaki Izawa (January 18, 1964)	<p>October 2000 Passed bar examination</p> <p>October 2002 Registered as attorney</p> <p>Joined Nihon Oodoori Law Office (present)</p> <p>June 2009 Director of the Company (present)</p>	—
7	Atsuomi Obayashi (February 26, 1961)	<p>April 1983 Joined the Nippon Yusen Kabushiki Kaisha.</p> <p>April 1996 Full-time lecturer, Graduate School of business administration studies, Keio University</p> <p>April 1998 Deputy professor, Graduate School of business administration studies, Keio University</p> <p>April 2006 Professor, Graduate School of business administration studies, Keio University (present)</p> <p>June 2007 Information Security Policy Council Critical Infrastructure Special Committee, Member (present)</p> <p>September 2007 Senior Researcher, Global Security Research Center of Keio University (present)</p> <p>December 2008 Chairman, Cabinet Office, Investigative Commission on Policies to Promote Business Continuity Planning (present)</p> <p>July 2009 Chairman, National Information Security Center Investigative Commission on Joint Threat Analysis and Cross-sectoral Exercises (present)</p>	—

Notes: 1. Mr. Hideaki Izawa is a member of the Oodoori Law firm, which has a consulting contract with PC DEPOT.

2. No other candidate has a particular financial or business interest in PC DEPOT.

3. Mr. Hidehiro Takayama, Mr. Hideaki Izawa and Mr. Atsuomi Obayashi are candidates to become outside directors.

The three members listed above have no experience in dealing with company management other than through becoming outside directors or outside auditors, but due to the following reasons listed were determined to be capable of carrying out the duties of an outside director.

4. Mr. Hidehiro Takayama is a certified public accountant. As an outside director, he will give to use his years' auditing experience to provide objective advice concerning decision making involving important matters for management and the oversight of the management of business executions.

Also, following the decisions of the Osaka Securities Exchange (the former JASDAQ Securities Exchange), our company designated board member Hidehiro Takayama as an outside director, and notified the Exchange. Should the appointment occur as suggested in the original proposal, the plan is to also make him an independent officer.

5. Hideaki Izawa is certified as a lawyer, with experience and knowledge in the legal field, and will give advice from a position external to our company as an outside director.

6. Atsuomi Oobayashi was selected in order for our company to benefit from his experience as a Keio University professor in the research fields of risk management, innovation and competitive strategies, and as a government delegate and specialist his knowledge of business continuity planning and information security.

Also, he was called upon as an intellectual from outside our company who has no direct stake in the company, and his independence from the administration is assured. Due to these points, we hope for his objective advice as an outside director.

7. Hidehiro Takayama and Hideaki Izawa are currently outside directors of our company, but their period of appointment as outside directors will be 1 year as of this general shareholders meeting.

8. If the appointments of Hidehiro Takayama, Hideaki Izawa and Atsuomi Oobayashi are approved, our company plans to enter into limitation of liability contracts with them as indicated in the Companies Act, Article 427, Paragraph 1. A summary of the contents of the limitation of liability contract with outside directors is as follows. While fulfilling their duty as outside director, in good faith and without gross negligence, the maximum liability that can be sought is a pre-determined amount above 1,000,000 yen or an amount determined by the law, whichever is higher.

**Proposal No.2: Election of one (1) Substitute Auditor**

To be prepared in the event that the number of corporate auditors falls below the number prescribed by laws and regulations, PC DEPOT asks shareholders to elect the following candidate for substitute auditor. This proposal has received the consent of the Board of Corporate Auditors.

The candidate for substitute auditor is as follows.

Name (Date of birth)	Brief personal history, title, and representative status of other entities (Situation for important simultaneous positions)	Number of PC DEPOT's shares owned
Naohisa Sudo (June 4, 1959)	May 2008      Advisor, PC DEPOT CORP June 2008      Director, General Manager of Administrative Control Department, PC DEPOT CORP May 2009      Director, General Manager of Legal and Screening Department, PC DEPOT CORP June 2009      Substitute auditor, PC DEPOT CORP (present) May 2010      Manager of Credit Management Department, PC DEPOT CORP (present date )	157

(Notes) Mr. Naohisa Sudo, the candidate, has no particular financial or business interest in PC DEPOT.