

(Summarized Translation)

Securities code: 7618

June 7, 2011

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 17th Ordinary General Shareholders' Meeting**

We express our heartfelt sympathy to our shareholders affected by the Eastern Japan Earthquake occurred in March 2011.

You are hereby notified that the 17th 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.evotep.jp/>) and enter your voting instructions. Voting instructions must be received no later than 6:00 pm on Wednesday, June 22, 2011.

#### Notice of Meeting

1. Date and time: 10:00 a.m. Thursday, June 23, 2011 (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 17th fiscal year (from April 1, 2010 to March 31, 2011)
  2. Consolidated Financial Statement Audit Reports by the Accounting Auditor and Board of Corporate Auditors

Matters to be resolved:

- Proposal No. 1: Election of eight (8) Directors  
Proposal No. 2: Election of two (2) Auditors  
Proposal No. 3: Election of one (1) Substitute Auditor

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1. If you plan to attend the meeting, please submit the enclosed Proxy Card at the reception desk. To save resources, please bring this Notice of Convocation with you.

2. 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.

3. On the day, we will not wear ties for COOLBIZ to save energies and conserve the environment. So you, shareholders, are also requested to attend the meeting in casual clothes.

## **(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, business report, non-consolidated or consolidated financial statements**

If the reference materials, business report, non-consolidated or consolidated financial statements must be revised, the revisions will be posted on the PC DEPOT Web site (<http://www.pcdpot.co.jp>).

### **3) 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 Wednesday, June 22, 2011. 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 (the Proxy Card) 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 (internet access fee, 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, 2010 to March 31, 2011)

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

##### (1) Results of Operations for the Fiscal Year Under Review (FY2010)

###### 1) Progress and achievements

If we look into the economy of our country during this consolidated fiscal year (April 1, 2010 to March 31, 2011), we can see that although corporate earnings have improved and personal consumption is showing signs of recovery, the unemployment rate is still quite high and economic conditions in the country continue to leave us with feelings of uncertainty for the future. Moreover, under the impact of the Eastern Japan Earthquake that occurred on March 11, 2011, and also due to the restrictions of electric power supply and other events that followed the disaster, the whole country had and still has to cope with drastic changes of a truly unforeseen scale.

In the area of over-the-counter sales of personal computers, both the number of products sold and the prices have been quite favorable following the release of a large number of new products such as high-performance appliances capable of receiving digital terrestrial television broadcasting, iPads and other tablet PCs. Robust sales were not limited to the personal computer market, as sales of television sets were quite favorable, and also, starting from the third quarter, many new hand-held devices, such as smartphones (high-performance mobile phones) were put on the market and gained wide popularity.

The conditions being such as described above, our Company Group has made a strong effort to further promote sales. One measure was to establish selling spaces called VISION CENTERS in order to boost sales of large-sized TV sets, and we have established such centers one by one starting from the second quarter at the directly managed stores. We have also strived to increase the sales of smartphones and other similar devices and broaden the range of products offered in the area of Internet devices (products that can be connected to the Internet). The expenses incurred during this term were quite high. These included the expenses needed for the establishment of VISION CENTERS, the operation expenses of distribution centers, and personnel expenses required for the test of the direct management system we introduced at PC DEPOT PC Clinics (support counters offering technical service for personal computers). Also, since a large number of such counters were opened during this term with 13 stores opened in the third and 17 in the fourth quarter, about 400 million yen of one-time expenses including opening expenses, operation expenses, etc. were incurred, resulting in a significant increase of sales expenses and general administrative expenses with a 118.8% increase as compared with last year. Nevertheless, the operating income, the ordinary income, and the net income for the year all exceeded the amount posted for the previous year.

As a consequence of the Eastern Japan Earthquake that occurred on March 11, 2011, the operating performance of our Group rapidly deteriorated right after the day of the earthquake and continued sluggish due to a decrease in the number of customers coming to the shops, temporary closures of certain stores following the rolling blackouts, shortening of business hours, etc., but the Group did not incur any material or human damages, which would interfere with the continuation of the business.

In order to offer our support to those who have suffered damages in the disaster, our Group decided to donate contributions to Central Community Chest of Japan from each company comprising our Group and also from all of the employees, and we are also conducting a fund-raising campaign at each of the PC DEPOT stores. Also, we are

offering preferential treatment and discounts on both the first aid treatment and the repairs of personal computers for those, who suffered damages in the disaster, selling certain products on discount prices, and also offering free repairs to those with a subscription to our Company's Premium Service (Monthly-membership maintenance services).

As a result of the above, our Company Group's net sales went up to 46,912 million yen (with an increase by 4.9% as compared with last year), operating income was 1,368 million yen (with an increase by 11.6% YoY), ordinary income was 1,509 million yen (with an increase by 15.6% YoY), net income for the year was 737 million yen (with an increase by 9.0% YoY), thus we managed to reach the highest level ever for net sales, operating income, and ordinary income.

#### a. PC Sales Business

Although for our Company that deals in relatively small number of products that are applicable under the governmental economic policy Echo Point System conditions had been quite severe, in the third quarter, as the contents of the system were modified resulting in a rush of demand in November, the number of customers, who came to the established stores in the third quarter increased to 100.2% of the corresponding period last year. However, in addition to refraining from buying personal computers in view of the sales of the new CPUs and parts manufactured by Intel (U.S.), these new products were often faulty resulting in suspension or delays, etc. of sales of new personal computers, due to which the sales at the established stores in the fourth quarter remained low at 92.4% (as compared to the corresponding period last year) and the number of customers, who came to the established stores, was 95.7% (also as compared to the corresponding period last year).

In terms of product sales, following the policy aiming at broadening the range of products offered in the area of Internet devices, we have increased the number of shops dealing in large-screen flat-panel television sets to 42 directly managed stores and 3 franchise stores, and also incorporated sales of smartphones (high-performance mobile phones) in all of the directly managed shops and certain franchise stores. In terms of services, we have strived to enliven the existing options in Premium Service, get the technical service and support for smartphones into stride, and expand the overall technical service menu offered at the stores. The data transmission services for personal computers of the MVNO (Mobile Virtual Network Operator: virtual mobile phone service company) showed steady results with the service sales of 127.1% as compared with last year, and, for the most part, yielded results as planned.

PC DEPOT has also opened two new stores, namely, Ichihara Interchange Store (Chiba Prefecture) opened in April, and Fuji Store (Shizuoka Prefecture) opened in December. Nagasaki Store (Nagasaki Prefecture) was relocated to larger premises in October, and Center Kita Store (Kanagawa Prefecture) was closed in August. The total number of stores of "PC DEPOT" in this consolidated accounting fiscal year end thus reached 65, of which 44 stores are directly managed, 4 stores are managed by a subsidiary, and 17 are franchise stores.

We have changed some of the counters of PC DEPOT PC Clinics (which offer repairs of personal computers, technical services and support) operating in volume electronics retailers from franchise system to direct management system, and are also conducting tests of direct management system at the newly opened stores. 13 such counters were opened in the end of the third quarter and 17 more in the fourth quarter, and by the end of this consolidated accounting fiscal year the total of such counters became 36 with 30 operating under direct management system and 6 under franchise system. Accordingly, the total number of PC DEPOT stores and PC DEPOT PC Clinics counters combined reached 101.

As a result of the above, the net sales of PC sales business went up to 44,822 million yen (with an increase by 5.6% as compared with the last year), and ordinary income went up to 1,305 million yen (with an increase by 31.5% YoY).

b. Internet Related Business

Due to a decrease of customers, who subscribed to the services offered by our main provider, and also due to a delay in the release of our new hosting service, sales have decreased, profits also decreased due to the prior investment accompanying development of the new service, resulting in a decrease in both income and profits.

As a result of the above, net sales of Internet related business went down to 2,090 million yen (with an 8.6% decrease as compared with last year), and ordinary income went down to 217 million yen (with a 32.4% decrease YoY).

Segment name	Net sales (Thousand yen)
PC sales business	44,822,421
Internet-related business	2,090,301

From the current consolidated fiscal year, "Accounting standards regarding the disclosure of segment information etc." (ASBJ No. 17, March 27, 2009), and "Application guidelines for accounting standards regarding the disclosure of segment information etc." (ASBJ Guideline No. 20, March 21, 2008) have been applied. Each segment, which was previously categorized in accordance with similarities of products and selling methods, is re-categorized under the perspective of business management. When comparing this year's and previous year's figures, it described with replacing figures for the previous consolidated fiscal year with new segment category.

## 2) Capital expenditures

Capital expenditures during the fiscal year totaled 1,398 million yen. Major expenditures were as follows.

### a. Major completions during 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 Fuji Store in the PC sales business

Move and extension of sales equipment at the PC DEPOT Nagasaki Store in the PC sales business

\* Operation of the PC DEPOT Nagasaki Store is handled by our subsidiary, PC Depot Kyushu.

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

Installation of new sales equipment at the PC DEPOT Tama New Town Store in the PC sales business

Installation of new sales equipment at the PC DEPOT Tsukuba Store (tentative) in the PC sales business

Installation of new sales equipment at the PC DEPOT Odawara Store (tentative) in the PC sales business

Expansion of new sales equipment at the PC DEPOT Tomisato Inter Store in the PC sales business

\* The PC DEPOT Tama New Town Store began operations on April 29, 2011.

## 3) Financing

During the fiscal year, the Group procured 1,950 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.

**(2) Status of Assets and Earnings for Corporate Group**

Item	FY2007 (March 2008)	FY2008 (March 2009)	FY2009 (March 2010)	FY2010 (Current term) (March 2011)
Net sales (Thousand yen)	42,439,166	42,899,424	44,740,133	46,912,722
Net income (Thousand yen)	815,570	684,255	676,831	737,972
Net income per share (Yen)	3,673.94	3,108.18	3,107.98	3,417.66
Total assets (Thousand yen)	14,728,982	15,873,787	17,954,199	19,728,930
Net assets (Thousand yen)	7,869,481	8,392,014	8,738,017	9,533,134
Net assets per share (Yen)	35,078.17	37,439.99	40,514.17	42,500.70

**(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



#### **(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 exceeded 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, promote the opening of directly-managed stores of "PC DEPOT PC Clinics" and operating of the franchise businesses, and provide local customers with the environment in which they can use PCs and the Internet without anxiety.

##### 2) Falling average selling prices

After July 25, 2011, as switchover to the digital terrestrial broadcasting will be completed, the digital terrestrial supported PCs and related products, tablet PCs (multifunctional mobile terminal) will be released, thereby the unit price of such items are estimated to decrease.

Also, the Smartphone (multifunctional mobile terminal) which gaining popularity, unlike the conventional cell phones, has universal functions, therefore, it may lower the price of terminals in the time to come.

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). The Cyber Sheriff Center also quickly responded to countermeasures against new influenza and the earthquakes that hit eastern Japan on March 11, 2011.

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 Internet devices (products that can be connected to the Internet) are increasing, household products, including PCs, smartphone and games, are becoming wireless and connectable to the Internet. Our company will enrich our service systems so that customers can use PCs and Internet devices safely without anxiety, and keep offering troubleshooting service to answer their cries of "Help!"

In addition, we will improve the contents of the Premium Service (monthly-membership maintenance services) 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 DEPOT PC Clinics” 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 DEPOT PC Clinics”.

6) Increase in store opening expenses

PC DEPOT plans to continue opening new “dominant” stores primarily in the Kanto region. PC DEPOT 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. In addition to increase in rent expenses and personnel expenses due to increasing in the number of large-sized stores, because the Company opened 30 directly-managed “PC DEPOT PC Clinics” since September 2010, increase in the stores opening and operation costs are concerned, however, the Company 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 a chain of comprehensive PCs and networking 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 PC DEPOT store to answer customers’ cry for “Help!”, also started test operations of directly-managed “PC DEPOT PC Clinics” since September 2010, in order to provide further technical services and supports. The PC Clinics diagnose any PCs in order to improve the safety of PCs, the Internet, data, and networking in every region and to answer customers’ cry for “Help!”

Also, we offered preferential treatment and discounts on both the first aid treatment and the repairs of personal computers for those, who suffered damages in the Eastern Japan Earthquake disasters that occurred on March 11, 2011.

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

#### 10) Energy saving operation

After the Eastern Japan Earthquake on March 11, 2011, we are also doing our share in power-saving by shortening the business hours, not switching on the signboard lights during the evening and the night hours, reducing the lighting intensity inside the shops, adjusting the temperature of air-conditioners, and reducing the number of appliances switched on for display purposes.

**(5) Major Business Activities** (as of March 31, 2011)

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

[Segment name] Product category	Major products/merchandise	Pct. of sales (%)
[PC sales business]		
PC	All-in-One PC, PC, etc.	23.8
Monitor	PC monitors	2.4
Printer	PC printers	1.8
Peripherals	Hard disk, DVD, additional memory, etc.	24.0
Accessories and supplies	Printer ink, consumable supplies	11.1
Software	Computer software	2.8
Office automation equipment, used goods, and others	AV equipment, mobile handset, used products, etc.	9.9
Income from royalties	Royalty income, management service fee, etc.	1.1
Income from technical service and commissions	Technical service fee, broadband brokerage charge, etc.	18.6
Total		95.5
[Internet-related business]	Internet provider service, etc.	4.5
Total		100.0

**(6) Main Office and Store Locations** (as of March 31, 2011)

Headquarters	3-1-9 Shinyokohama Kohoku-ku, Yokohama
PC DEPOT stores (48 stores) PC Clinics (30 stores)	
Kanagawa (12 stores)	(PC DEPOT stores) 10 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, Shonandai Store (PC DEPOT PC Clinics) 2 stores Shonan-Hiratsuka Head Store, Shonan-Fujisawa Store
Tokyo (18 stores)	(PC DEPOT stores) 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 (PC DEPOT PC Clinics) 7 stores Tama New Town Store, Fuchu Head Store, Adachi Store, Hachioji Store, Tachikawa Store, Yokohama-Machida Inter Store, Inagi-Wakabadai Store
Saitama (10 stores)	(PC DEPOT stores) 8 stores Kumagaya Store, Koshigaya Store, Niiza Store, Fujimino Store, Tokorozawa Store, Sakado Store, Kounosu Store, Sayama Head Store (PC DEPOT PC Clinics) 2 stores PEONY WALK Higashi-Matsuyam, Kawagoe Store
Chiba (17 stores)	(PC DEPOT stores) 6 stores Tomisato Interchange Store, Funabashi Store, Matsudo Store, Kamagaya Store, Makuhari Inter Store, Ichihara Inter Store (PC DEPOT PC Clinics) 11 stores Nagareyama Store, Shin-Narashino Store, Kimitsu Store, Harborcity Soga Store, Togane Store, Kisarazu Store, Tokyo Bayside Shinurayasu, O-Two Park Inage Store, Mobarra Head Store, Ichikawa Inter Store, China New Town Store

Ibaraki (10 stores)	(PC DEPOT stores) 4 stores Tsuchiura Great Center, Mito Store, Tokai Store, Kamisu Store (PC DEPOT PC Clinics) 6 stores Tsukuba-Kenkyugakuen Store, Mito Head Store, Hitachino Ushiku Store, Ishioka Store, Chikusei Store, Seaside Hitachinaka
Tochigi (4 stores)	(PC DEPOT stores) 2 stores Ashikaga Store, Oyama Head Store (PC DEPOT PC Clinics) 2 stores Mooka Store, Inter Park Utsunomiya
Gunma (1 store)	(PC DEPOT store) 1 store Oota Store
Shizuoka (2 store)	(PC DEPOT stores) 2 stores Mishima Store, Fuji Store
Kyushu region (4 store)	(PC DEPOT stores) 4 stores Nagasaki Store, Iiduka-hanase Store, Saga Store, Kagoshima Store

(Notes) 1. Operations in the Kyushu region are handled by our subsidiary, PC Depot Kyushu.

The PC DEPOT Tama New Town Store (Tokyo), PC DEPOT PC Clinic Harvest Walk Koyama (Tochigi) and PC DEPOT PC Clinic Midori Store (Gunma) was opened on April 29, 2011, after the end of the fiscal year.

#### (7) Employees (as of March 31, 2011)

##### 1) Employees of the PC DEPOT Group

Segment name	Number of employees	Changes from the end of the previous fiscal year
PC Sales Business	477 (745)	+ 52 (2)
Internet Related Business	56 (31)	- 6 (4)
Total	533 (776)	+ 46 (6)

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
449 (699)	+ 52 (4)	30.2	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, 2011)

Name of lender	Outstanding amount of loan (Thousand yen)
Mizuho Bank , Ltd.	2,370,033
Sumitomo Mitsui Banking Corporation	1,267,673
Resona Bank, Limited	458,351
The Bank of Yokohama,Ltd.	331,690

#### (9) Other Significant Matters

Not applicable.

## 2. Summary of the Company

### (1) Status of Shares (as of March 31, 2011)

- 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: 3,191
- 4) Major shareholders (Top ten companies)

Name of shareholder	Number of shares held (shares)	Ratio of shares held (%)
Takahisa Nojima	93,103	41.4
K's Holdings Corporation	14,404	6.4
Mellon Bank, N.A. Treaty Clients Omnibus	8,000	3.6
Mizuho Bank, Ltd.	7,880	3.5
The Nomura Trust and Banking Co., Ltd. (investment account)	5,452	2.4
TRUST & CUSTODY SERVICES BANK, LTD. (TRUST ACCOUNT E) (Note)	5,000	2.2
Kinuyo Nojima	4,845	2.2
FGCS N.V. RE TREATY ACCOUNT (TAXABLE)	3,042	1.4
Yoshiko Nojima	2,400	1.1
Goldman Sachs International	2,341	1.0

Note: 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 E) purchased 5,000 of our company shares.

### (2) Stock Acquisition Rights

Classification	The Company and some subsidiaries
Breakdown of subscription rights to shares	Employee Stock Ownership Plan (J-ESOP)
Type of shares subject to subscription rights	Common shares
Number of shares subject to subscription rights (share)	
Number of shares as of Mar. 31, 2010	—
Increase during the fiscal year	402
Decrease during the fiscal year	8
Number of shares as of Mar. 31, 2011	394
Balance as of Mar. 31, 2011 (thousand yen)	9,987

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

#### 1) Directors and corporate auditors (as of March 31, 2011)

Title	Name	Title and representative status of other entities
President and Chief Executive Officer	Takahisa Nojima	President of PC DEPOT KYUSYU CORPORATION
Senior Managing Director	Shigehiko Sakai	General Manager of Administration Headquarters Auditor of BB Marketing Corp.
Director	Kenshi Hamamatsu	General Manager of Customer Service Department
Director	Mitsuyoshi Hae	General Manager of Accounting and Finance Division
Director	Hidehiro Takayama	Auditor of KONAKA Co., Ltd.,
Director	Hideaki Izawa	Nihon-Odori law firm, Legal consultant
Director	Atsuomi Obayashi	Professor of Graduate School of Business Administration, KEIO University Conference on Information Security Member of Critical Infrastructure Advisory Committee, Conference on Information Security Policy Chair of Study Group on Business Continuity Plan Promotion Measures, Cabinet Office Chair of Study Group for Common Threat Analysis and Practice Across Fields, Information Security Center, Cabinet Office
Standing Auditor	Eizo Akashi	Auditor of PC DEPOT KYUSYU CORPORATION
Auditor	Masao Onoda	
Auditor	Kunihiko Yamamoto	Chairman of Hokuetsu K's CO., LTD., Director of K'S HOLDINGS CORPORATION Director of Gigas Corporation

Notes: 1. Director Hidehiro Takayama, Director Hideaki Izawa, and Director Atsuomi Obayashi 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, our company designated board member Hidehiro Takayama as an outside director, and notified the Exchange.

4. Changes in directors during the fiscal year are as follows.

1) Director Naohisa Sudo left his position at the end of the 16<sup>th</sup> periodic shareholders meeting held on June 23, 2010.

2) Atsuomi Obayashi was newly elected as a director at the 16<sup>th</sup> periodic shareholders meeting held on June 23, 2010 and became board member on the same day.

5. Directors' appointment was changed as follows on June 23, 2010.

Name	New appointment and charge	Previous appointment and charge
Shigehiko Sakai	Senior Managing Director	Managing Director

6. Directors' duty were changed as follows on February 1, 2011.

Name	New appointment and charge	Previous appointment and charge
Shigehiko Sakai	General Manager of Administration Headquarters	Director in charge of Sales and Administration Headquarters
Kenshi Hamamatsu	General Manager of Customer Service Department	General Manager of Store Operations Department
Mitsuyoshi Hae	General Manager of Accounting and Finance Division	Director in charge 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 (of which outside directors)	8 (3)	72,927 (6,600)
Corporate Auditors (of which outside auditors)	3 (3)	15,680 (15,680)
Total	11	88,607

Notes1. 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 (of which 3 are from outside the company) and 3 auditors (of which 3 are from outside the company). The reason this is different than the number of board members listed above for receiving payments is that it includes 1 board member who left their positions at the end of the 16<sup>th</sup> periodic shareholders meeting held on June 23, 2010.
3. The amount of remuneration to be paid to directors was approved at the 14<sup>th</sup> 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 14<sup>th</sup> 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., Director of K'S HOLDINGS CORPORATION and Director of Gigas Corporation. The Company, having entered into franchising contracts, has business relationships with both Hokuetsu K's CO., LTD. and K'S HOLDINGS CORPORATION. Our company has no special business relationship with Gigas Corporation.



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: 14)		Board of Corporate Auditors (Number of meetings held: 12)	
	Number of meetings attended	Attendance rate	Number of meetings attended	Attendance rate
Director Hidehiro Takayama	14	100.0%	—	—
Director Hideaki Izawa	14	100.0%	—	—
Director Atsuomi Obayashi	10	100.0%	—	—
Standing Auditor Eizo Akashi	14	100.0%	12	100.0%
Auditor Masao Onoda	14	100.0%	12	100.0%
Auditor Kunihiro Yamamoto	11	78.6%	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 Kunihiro 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 member Atsuomi Obayashi is different than the rate of board meetings held is due to the fact that he became board members at the end of the 16<sup>th</sup> periodic general shareholders meeting held on June 23, 2010.

c. Overview of content of limited liability contracts

The Company and its outside 3 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	34

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.)

Under the leadership of Risk Management Team, we are studying risks in and outside the Company. The Risk Management Team that is made up primarily by general managers of administrative divisions is set up as needed. This team ranks 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. General 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 General Audit and Internal Control 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 General Audit/Internal Control Department from directors

The autonomy of the General 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 Risk Management Team is 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 from surplus 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 dividends from surplus 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. A consolidated payout ratio will be 20.5%.

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 PC DEPOT stores, renewing existing stores, enlarging stores, and opening new PC DEPOT PC Clinics, etc. with the purpose of improving our business performance further.

## Consolidated balance sheets

(Thousands of yen)

	FY2010
	(As of Mar. 31, 2011)
<b>Assets</b>	
<b>Current assets</b>	<b>11,678,371</b>
Cash and deposits	2,505,003
Accounts receivable-trade	2,532,713
Inventories	5,500,066
Accounts receivable-other	546,343
Deferred tax assets	187,023
Other	433,785
Allowance for doubtful accounts	(26,564)
<b>Non-current assets</b>	<b>8,050,559</b>
<b>Property, plant and equipment</b>	<b>3,735,627</b>
Buildings and structures	2,776,991
Tools, furniture and fixtures	473,981
Construction in progress	221,452
Other	263,201
<b>Intangible assets</b>	<b>1,042,528</b>
Goodwill	690,338
Other	352,189
<b>Investments and other assets</b>	<b>3,272,403</b>
Investment securities	281,176
Deferred tax assets	140,404
Guarantee deposits	1,439,986
Lease deposits	1,233,840
Other	176,995
<b>Total assets</b>	<b>19,728,930</b>

(Thousands of yen)

FY2010

(As of Mar. 31, 2011)

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<b>Liabilities</b>	
<b>Current liabilities</b>	<b>6,448,890</b>
Accounts payable-trade	2,420,785
Short-term loans payable	700,000
Current portion of long-term loans payable	1,004,253
Accounts payable-other	1,087,926
Income taxes payable	442,938
Provision for bonuses	118,246
Provision for merchandise warranties	54,555
Other	620,184
<b>Non-current liabilities</b>	<b>3,746,905</b>
Long-term loans payable	2,759,494
Long-term account payable-other	121,954
Provision for retirement benefits	5,701
Provision for directors' retirement benefits	24,117
Asset retirement obligations	188,288
Long-term guarantee deposited	647,349
<b>Total liabilities</b>	<b>10,195,795</b>
<b>Net assets</b>	
<b>Shareholders' equity</b>	<b>9,328,550</b>
<b>Capital stock</b>	<b>1,601,196</b>
<b>Capital surplus</b>	<b>1,868,598</b>
<b>Retained earnings</b>	<b>5,984,350</b>
<b>Treasury stock</b>	<b>(125,595)</b>
<b>Other comprehensive incomes</b>	<b>22,454</b>
<b>Valuation difference on available-for-sale securities</b>	<b>22,454</b>
<b>Subscription rights to shares</b>	<b>9,987</b>
<b>Minority interests</b>	<b>172,142</b>
<b>Total net assets</b>	<b>9,533,134</b>
<b>Total liabilities and net assets</b>	<b>19,728,930</b>

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**Consolidated statements of income**  
**For FY 2010 (Apr. 1, 2010 – Mar. 31, 2011)**

		(Thousands of yen)
<b>Net sales</b>		<b>46,912,722</b>
<b>Cost of sales</b>		<b>33,272,889</b>
<b>Gross profit</b>		<b>13,639,833</b>
Selling, general and administrative expenses		12,271,408
<b>Operating income</b>		<b>1,368,425</b>
<b>Non-operating income</b>		
Interest income	4,005	
Dividends income	1,790	
Sales incentives	75,846	
Rent income	89,129	
Commission fee	40,087	
Investment gains on equity method	1,094	
Other	73,700	285,654
<b>Non-operating expenses</b>		
Interest expenses	51,760	
Rent expenses	85,671	
Other	6,860	144,292
<b>Ordinary income</b>		<b>1,509,787</b>
<b>Extraordinary income</b>		
Other	202	202
<b>Extraordinary loss</b>		
Impairment loss	5,006	
Loss on adjustment for changes of accounting standard for asset retirement obligations	120,642	
Loss on retirement of noncurrent assets	17,121	
Loss on casualty	33,147	
Other	5,924	181,843
<b>Income before income taxes</b>		<b>1,328,146</b>
Income taxes-current	664,165	
Income taxes-deferred	(89,683)	574,482
<b>Income before minority interest</b>		<b>753,663</b>
Minority interests in income		15,690
<b>Net income</b>		<b>737,972</b>

## Consolidated statements of changes in net assets

FY2010 (Apr. 1, 2010 – Mar. 31, 2011)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2010	1,601,196	1,888,605	5,468,659	(411,462)	8,546,999
Changes of items during the period					
Dividends from surplus			(151,044)		(151,044)
Net income			737,972		737,972
Disposal of treasury stock		(20,006)	(71,238)	285,867	194,622
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(20,006)	515,690	285,867	781,551
Balance as of March 31, 2011	1,601,196	1,868,598	5,984,350	(125,595)	9,328,550

	Other accumulated comprehensive income		New share subscription rights	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Total of other accumulated comprehensive income			
Balance as of March 31, 2010	23,207	23,207	—	167,811	8,738,017
Changes of items during the period					
Dividends from surplus					(151,044)
Net income					737,972
Acquisition of treasury stock					194,622
Net changes of items other than shareholders' equity	(753)	(753)	9,987	4,330	13,565
Total changes of items during the period	(753)	(753)	9,987	4,330	795,116
Balance as of March 31, 2011	22,454	22,454	9,987	172,142	9,533,134

## 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
Non-consolidated subsidiaries	None

#### (2) Application of equity method

Number of affiliates accounted for under equity method	1
Name of companies	KITAMURA PC DEPOT CORPORATION
Affiliates not accounted for under equity method	None

#### (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.

In-house software costs are amortized over an expected useful life of five years by the straight-line method.



(Consolidated financial statements)

In this consolidated fiscal year, this has been presented by the account of "Income before minority interest" because of the "Cabinet Order for Partial Revision of the Ordinance on Terminology, Forms, and Preparation Methods of Financial Statements, etc." (Cabinet Order No. 5, March 24, 2009) based on the "Accounting Standards for Consolidated Financial Statements" (ASBJ No. 22 dated December 26, 2008)."

## 2. Notes to Consolidated Balance Sheet

Accumulated depreciation on property, plant and equipment: 2,314,345 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, 2010	Increase during the current fiscal year	Decrease during the current fiscal year	Number of shares as of March 31, 2011
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 11, 2010

- Total amount of dividends 74,037 thousand yen
- Dividend per share 350 yen
- Record date March 31, 2010
- Effective date June 24, 2010

b. Dividends resolved at the Board of Directors meeting on November 4, 2010

- Total amount of dividends 77,007 thousand yen
- Dividend per share 350 yen
- Record date September 30, 2010
- Effective date December 6, 2010

(Note) The amount above does not include 1,750 thousand yen of dividend for 5,000 shares of the Company's shares owned by the Trust as of record date.

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 10, 2011

- Total amount of dividends 77,007 thousand yen
- Dividend per share 350 yen
- Record date March 31, 2011
- Effective date June 24, 2011

(Note) The amount above does not include 1,750 thousand yen of dividend for 5,000 shares of the Company's shares owned by the Trust as of March 31, 2011.

(3) Matters related to stock acquisition rights as of March 31, 2011

Classification	The Company and some subsidiaries
Breakdown of subscription rights to shares	Employee Stock Ownership Plan (J-ESOP)
Type of shares subject to subscription rights	Common shares
Number of shares subject to subscription rights (share)	394

#### **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, 2011 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	2,505,003	2,505,003	—
(2) Accounts receivable-trade	2,532,713	2,532,713	—
Allowance for doubtful accounts *1	(23,146)	(23,146)	—
	2,509,566	2,509,566	—
(3) Investment securities			
Other securities	68,217	68,217	—
(4) Guarantee deposits *2	365,895	253,705	(112,190)
(5) Lease deposits *2	1,126,275	922,077	(204,198)
Total assets	6,574,959	6,258,570	(316,388)
(1) Accounts payable-trade	2,420,785	2,420,785	—
(2) Short-term loans payable	700,000	700,000	—
(3) Current portion of long-term loans payable	1,004,253	1,004,253	—
(4) Accounts payable-other	1,087,926	1,087,926	—
(5) Long-term loans payable	2,759,494	2,765,734	6,240
Total liabilities	7,972,459	7,978,699	6,240
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	212,958
Guarantee deposits	420,463

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.

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

(1) Net assets per share 42,500.70 yen

(2) Net income per share 3,417.66 yen

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

Not applicable.



**Non-consolidated balance sheets**

(Thousands of yen)

FY2010

(As of Mar. 31, 2011)

<b>Assets</b>	
<b>Current assets</b>	<b>9,974,234</b>
Cash and deposits	1,330,027
Accounts receivable-trade	2,094,677
Merchandise	5,168,962
Prepaid expenses	197,932
Deferred tax assets	179,600
Short-term loans receivable	230,000
Accounts receivable-other	604,547
Other	187,402
Allowance for doubtful accounts	(18,916)
<b>Non-current assets</b>	<b>7,573,198</b>
<b>Property, plant and equipment</b>	<b>3,632,858</b>
Buildings and structures	2,741,868
Tools, furniture and fixtures	426,776
Vehicles	190
Land	263,011
Construction in progress	201,012
<b>Intangible assets</b>	<b>279,220</b>
Software	196,588
Goodwill	66,307
Other	16,324
<b>Investments and other assets</b>	<b>3,661,119</b>
Investment securities	203,889
Stocks of subsidiaries and affiliates	294,773
Long-term loans receivable from subsidiaries and affiliates	220,000
Long-term prepaid expenses	41,578
Deferred tax assets	129,554
Guarantee deposits	1,439,986
Lease deposits	1,204,763
Other	126,573
<b>Total assets</b>	<b>17,547,432</b>

(Thousands of yen)	
FY2010	
(As of Mar. 31, 2011)	
<b>Liabilities</b>	
<b>Current liabilities</b>	<b>6,058,811</b>
Accounts payable-trade	2,168,194
Short-term loans payable	700,000
Current portion of long-term loans payable	956,181
Accounts payable-other	1,151,409
Accrued expenses	222,973
Income taxes payable	392,605
Accrued consumption taxes	107,151
Advances received	150,473
Deposits received	46,158
Provision for bonuses	109,108
Provision for merchandise warranties	54,555
<b>Non-current liabilities</b>	<b>3,628,502</b>
Long-term loans payable	2,663,710
Long-term guarantee deposited	654,549
Provision for retirement benefits	121,954
Asset retirement obligations	188,288
<b>Total liabilities</b>	<b>9,687,314</b>
<b>Net assets</b>	
<b>Shareholders' equity</b>	<b>7,827,676</b>
<b>Capital stock</b>	<b>1,601,196</b>
<b>Capital surplus</b>	<b>1,868,598</b>
Legal capital surplus	1,868,598
<b>Retained earnings</b>	<b>4,483,476</b>
Legal retained earnings	12,000
Other retained earnings	4,471,476
Retained earnings brought forward	4,471,476
<b>Treasury stock</b>	<b>(125,595)</b>
<b>Valuation and translation adjustments</b>	<b>22,454</b>
<b>Valuation difference on available-for-sale securities</b>	<b>22,454</b>
<b>Subscription rights to shares</b>	<b>9,987</b>
<b>Total net assets</b>	<b>7,860,118</b>
<b>Total liabilities and net assets</b>	<b>17,547,432</b>

**Non-consolidated statements of income**  
**For FY 2010 (Apr. 1, 2010 – Mar. 31, 2011)**

		(Thousands of yen)
<b>Net sales</b>		<b>42,109,898</b>
<b>Cost of sales</b>		<b>30,011,493</b>
<b>Gross profit</b>		<b>12,098,404</b>
Selling, general and administrative expenses		11,045,134
<b>Operating income</b>		<b>1,053,270</b>
<b>Non-operating income</b>		
Interest income	10,459	
Dividends income	35,297	
Sales incentives	74,233	
Rent income	151,016	
Commission fee	46,187	
Other	88,594	405,787
<b>Non-operating expenses</b>		
Interest expenses	48,995	
Rent expenses	132,360	
Other	6,857	188,213
<b>Ordinary income</b>		<b>1,270,844</b>
<b>Extraordinary income</b>		
Other	202	202
<b>Extraordinary loss</b>		
Loss on retirement of non-current assets	16,881	
Impairment loss	5,006	
Loss on adjustment for changes of accounting standard for asset retirement obligations	114,154	
Loss on casualty	30,383	166,426
<b>Income before income taxes</b>		<b>1,104,621</b>
Income taxes-current	568,346	
Income taxes-deferred	(102,364)	465,981
<b>Net income</b>		<b>638,639</b>

## Non-consolidated statements of changes in net assets

FY2010 (Apr. 1, 2010 – Mar. 31, 2011)

(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 Retained earnings brought forward	Total retained earnings		
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
Changes of items during the period									
Dividends from surplus						(151,044)	(151,044)		(151,044)
Net income						638,639	638,639		638,639
Acquisition of treasury stock			(20,006)	(20,006)		(71,238)	(71,238)	285,867	194,622
Net changes of items other than shareholders' equity									
Total changes of items during the period	—	—	(20,006)	(20,006)	—	416,357	416,357	285,867	682,218
Balance as of March 31, 2011	1,601,196	1,868,598	—	1,868,598	12,000	4,471,476	4,483,476	(125,595)	7,827,676

	Valuation and translation adjustments	New share subscription rights	Total net assets
	Valuation difference on available-for-sale securities		
Balance as of March 31, 2010	23,207	—	7,168,665
Changes of items during the period			
Dividends from surplus			(151,044)
Net income			638,639
Acquisition of treasury stock			194,622
Net changes of items other than shareholders' equity	(753)	9,987	9,234
Total changes of items during the period	(753)	9,987	691,453
Balance as of March 31, 2011	22,454	9,987	7,860,118

## 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) 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.

(5) Changes in Accounting Policies

(Application of accounting standards regarding asset retirement obligations)

From this fiscal year, "Accounting standards regarding asset retirement obligations" (ASBJ No. 18, March 31, 2008), and "Application guidelines for accounting standards regarding asset retirement obligations" (ASBJ Guideline No. 21, March 31, 2008) have been applied.

This reduced the operating income and ordinary income by 25,408,000 yen and the income before income taxes and minority interests by 139,563,000 yen in this fiscal year.

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

(1) Accumulated depreciation on property, plant and equipment      2,071,577 thousand yen

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

1) Short-term monetary claims	419,516 thousand yen
2) Long-term monetary claims	220,000 thousand yen
3) Short-term monetary liabilities	234,221 thousand yen
4) Long-term monetary liabilities	7,200 thousand yen

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

Transactions with subsidiaries and affiliates

1) Amount of business transactions	437,906 thousand yen
2) Amount of non-business transactions	125,360 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, 2010	Increase during the current fiscal year	Decrease during the current fiscal year	Number of shares as of March 31, 2011
Common stock	13,484	—	8,484	5,000

(Note)1. The number of treasury stock includes the Company's shares owned by the Trust as of March 31, 2011. The number of shares owned by the Trust as of March 31, 2011, is 5,000 shares.

2. The decreasing number of treasury stock, 8,484 shares, are consisted by the disposal of treasury stock at decision of Board of directors' meeting.

#### 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

Not applicable.

#### 8. Notes to Per Share Information

(1) Net assets per share 35,679.17 yen

(2) Net income per share 2,957.64 yen

#### 9. Notes to Subsequent Events

Not applicable.

Accounting Audit Report on Consolidated Financial Statements

Report of Independent Auditors

May 26, 2011

The Board of Directors  
PC DEPOT CORPORATION

Ernst & Young ShinNihon LLC

Masatsugu Hamada  
Certified Public Accountant  
Designated and Engagement Partner

Takashi Tanemura  
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, 2010 through March 31, 2011. 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, 2011

The Board of Directors  
PC DEPOT CORPORATION

Ernst & Young ShinNihon LLC

Masatsugu Hamada  
Certified Public Accountant  
Designated and Engagement Partner

Takashi Tanemura  
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 17th fiscal year from April 1, 2010 through March 31, 2011. 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 17th fiscal year from April 1, 2010 through March 31, 2011, 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. Regarding the system to ensure that the exercise of duties by the directors stated in the business report conforms to laws and corporate rules, the resolution made at the Board of Directors to establish a system stipulated in Article 100, Paragraphs 1 and 3 of the Enforcement Regulations of the Corporate Law for securing appropriate business as a limited company, and the system (internal control system) established based on the resolution, we received construction and operation reports periodically from the Board of Directors and employees and asked for explanations and gave opinions as required. 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 contents of the business report and 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, 2011

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 eight (8) Directors

The terms of all seven directors will expire at the conclusion of this shareholders meeting. To strengthen our managerial foundation, we decided to add one director. 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)	93,103
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 June 2010 Senior Managing director in charge of Sales and Administration Headquarters June 2010 Auditor of BB Marketing Corp. (present) February 2011 Senior Managing director, General Manager of 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 February 2011 Director, General Manager of Customer Service Department (present)	120

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</p> <p>February 2011 Director, General Manager of Accounting and Finance Division (present)</p>	160
5	Hidehiro Takayama (January 20, 1947)	<p>September 1974 Registered as certified public accountant</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 2002 Registered as attorney</p> <p>October 2002 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>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> <p>June 2010 Director (present)</p>	—

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
*8	Takayuki Shimano (November 26, 1972)	<p>April 2004      General Manager of Merchandise Department</p> <p>March 2006      Executive Officer, General Manager of Merchandise Department</p> <p>May 2007        Senior Executive Officer, General Manager of Merchandise Department</p> <p>October 2007    Senior Executive Officer, General Manager of Merchandise Department</p> <p>April 2008        Senior Executive Officer, General Manager of Sales Promotion Department</p> <p>January 2009    Senior Executive Officer, General Manager of BBS Sales Department</p> <p>April 2009        Senior Executive Officer, General Manager of Solutions Sales Department</p> <p>May 2010         Senior Executive Officer, Senior Manager of Sayama Store</p> <p>February 2011   Senior Executive Officer, Manager of Saitama Region Sales Department &amp; Senior Manager of Sayama Store</p> <p>Senior Executive Officer, General Manager of Sales Administration Department (present)</p>	1,111

Notes: 1. Candidates for the new director post are marked \*.

2. Mr. 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.

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

4. 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.

5. 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, 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.

6. 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.

7. Atsuomi Obayashi has experience as a Keio University professor in the research fields of risk management, innovation and competitive strategies, and as a government delegate and specialist the 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. Thereby, he will give advice from a position external to our company as an outside director.

8. Hidehiro Takayama and Hideaki Izawa are currently outside directors of our company, but their period of appointment as outside directors will be 2 years as of this general shareholders meeting.

9. Atsuomi Obayashi is currently outside directors of our company, but their period of appointment as outside directors will be 1 year as of this general shareholders meeting.

10. If the appointments of Hidehiro Takayama, Hideaki Izawa and Atsuomi Obayashi 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 two (2) Auditors

The terms of two Auditors, Kunihiko Yamamoto and Eizo Akashi will expire at the conclusion of this shareholders meeting. PC DEPOT is asking shareholders to newly elect two candidates for Auditors

This proposal has received the consent of the Board of Corporate Auditors.

The candidates for auditors 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	Eizo Akashi (August 16, 1944)	April 1968      Joined Nomura Securities Co., Ltd. April 2001      President and representative director of Shinkin Capital Co., Ltd. June 2007      Standing Auditor (present)	200
2	Kunihiko Yamamoto (October 22, 1943)	July 2000      Auditor (present) February 2007      Director of K'S HOLDINGS CORPORATION (present) June 2009      Chairman of Hokuetsu K's CO., LTD., (present) June 2010      Director of Gigas Corporation (present)	60

- (Notes)
1. Kunihiko Yamamoto serves concurrently as Chairman 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.
  2. The other candidate, Mr. Eizo Akashi, has no particular financial or business interest in PC DEPOT.
  3. Mr. Kunihiko Yamamoto and Mr. Eizo Akashi are candidates to become outside auditors.
  4. Mr. Kunihiko Yamamoto and Mr. Eizo Akashi are candidates for outside auditors for the following reasons:  
Because of experience as the chairman of a volume retailer for electric home appliances, Mr. Kunihiko Yamamoto is expected to audit entire management and give useful advice as our auditor. Therefore, his election as an outside auditor is requested.  
Mr. Eizo Akashi is expected to give useful financial advice as our auditor because of his long experience in the securities industry. Therefore, his election as an outside auditor is requested.
  5. Mr. Kunihiko Yamamoto is currently outside auditor of our company, but his period of appointment as outside director will be 11 year as of this general shareholders meeting.  
Mr. Eizo Akashi is currently outside auditor of our company, but his period of appointment as outside director will be 4 year as of this general shareholders meeting.
  6. If the appointments of Kunihiko Yamamoto and Eizo Akashi 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 auditors is as follows. While fulfilling their duty as outside auditor, in good faith and without gross negligence, the maximum liability that can be sought is a pre-determined amount above 500,000 yen or an amount determined by the law, whichever is higher.



**Proposal No.3: 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 January 2011    Accounting Manager, Financial Department, PC DEPOT CORP. (present)	170

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