



July 27, 2015

Matsui Securities Co., Ltd.

Notice Concerning Issuance of Stock Options as Compensation
(Stock Acquisition Rights)

Matsui Securities Co., Ltd. ("Company") announced that it has resolved at the meeting of the Board of Directors held today to issue stock acquisition rights as stock options to Directors of the Company (excluding Outside Directors).

1. Reason for the issuance of stock acquisition rights as stock options

The purpose is to motivate and give the Directors an incentive for improving the Company's performance and corporate value.

2. Details of the Issuance of the stock acquisition rights

(1) Name of the stock acquisition rights

Second Series of Matsui Securities Co., Ltd. Stock Acquisition Rights

(2) Total number of the stock acquisition rights

680

The above total number represents the number of stock acquisition rights planned for allotment. In case the total number of rights in subscriptions for allotment of such rights does not reach the number shown above, the total number of rights in actual subscriptions shall be the total number of rights to be allotted.

(3) Persons eligible for the allotment of the stock acquisition rights and their number

Six (6) Directors of the Company (excluding Outside Directors)

(4) Class and number of shares that are the subject of the stock acquisition rights

The class of shares that are the subject of the stock acquisition rights shall be common stock of the Company, and the number of shares that are the subject of each stock acquisition right shall be 100 (the "number of shares granted"). In the case where the Company conducts a share split, an allotment of shares without contribution or a reverse share split, the number of shares granted shall be adjusted according to the formula below. However, this adjustment will only apply to the number of shares that are the subject of the stock acquisition rights that have not yet been exercised up to that time. Fractional shares resulting from this adjustment shall be rounded down.

$$\begin{array}{l} \text{Number of shares} \\ \text{acquired after} \\ \text{adjustment} \end{array} = \begin{array}{l} \text{Number of shares} \\ \text{acquired before} \\ \text{adjustment} \end{array} \times \begin{array}{l} \text{Ratio of share split} \\ \text{or} \\ \text{Reverse share split} \end{array}$$

The number of shares after adjustment shall become effective, in the case of a share split, on and after the day immediately following the record date of the relevant share split or, in the case of an allotment of shares without contribution or



a reverse share split, on and after its effective date.

In addition to the foregoing, in the case where the Company carries out a merger, company split or share exchange, or other equivalent cases requiring adjustment of the number of shares, the Company shall be able to adjust the number of shares granted by the Board of Directors.

(5) Amount of assets to be contributed upon the exercise of the stock acquisition rights

The amount to be invested when exercising each stock acquisition rights shall be the amount to be paid per share upon exercise of each stock acquisition right, which shall be 1 yen, multiplied by the number of shares granted.

(6) Calculation method for the amount to be paid in per stock acquisition right

The amount of payment in exchange for a single stock acquisition right (hereinafter referred to as "Payment") shall be equal to the fair value per stock acquisition right on the allotment date (as calculated using the Black-Scholes model). The Payment shall be the fair value of the stock acquisition right, and shall not be corresponding to particularly favorable conditions. On the allotment date, the Company shall make a offset between the remuneration credits held by Director toward the Company and the right to demand payment of the amount to be paid in stock acquisition rights based on the provisions of Article 246, Paragraph 2 of the Corporation Act.

(7) Allotment date of the stock acquisition rights

August 11, 2015

(8) Exercise period for the stock acquisition rights

Exercise period for the stock acquisition rights shall be from August 12, 2018 to August 11, 2021. If the final day of the exercise period falls on a holiday of the Company, the final day shall be the working day immediately preceding the final day.

(9) Conditions for exercising the stock acquisition rights

- (i) Those who received the stock acquisition rights shall be eligible to exercise the rights only when those remain as Director of the Company at the time of exercising the rights, provided however that exceptional treatment may be allowed in this regard by the Board of Directors to the reasonable extent.
- (ii) Those who received the stock acquisition rights shall exercise all or one of them by the terms of exercise listed below.
 - a) All of the stock acquisition rights shall not be able to be exercised within August 12, 2015 to August 11, 2018.
 - b) One third of the stock acquisition rights shall be able to be exercised within August 12, 2018 to August 11, 2019. In cases where the shares to be delivered to the holders of the stock acquisition rights have a fraction of less than one (1) share, such a fraction shall be rounded down.
 - c) Two third of the stock acquisition rights shall be able to be exercised within August 12, 2019 to August 11, 2020. In cases where the shares to be delivered to the holders of the stock acquisition rights have a fraction of less than one (1) share, such a fraction shall be rounded down.
 - d) All of the stock acquisition rights shall be able to be exercised within August 12, 2020 to August 11, 2021.



- (iii) A single stock acquisition right shall not be exercised in part.
- (iv) Other conditions for the exercise of the stock acquisition rights shall be subject to the agreement (“Stock Acquisition Rights Agreement”) for the provision of the stock acquisition rights to be entered into between the Company and the Rights Holder is allotted.

(10) Matters regarding the amount of capital and capital reserve to be increased as a result of the issuance of shares upon the exercise of the stock acquisition rights

- (i) The amount of capital to be increased due to the issuance of shares upon exercise of the stock acquisition rights shall be a half of the maximum amount of capital increase, etc. which is calculated in accordance with Article 17, Paragraph 1 of the Corporation Accounting Regulations, and any fraction less than one (1) yen arising there from shall be rounded up to the nearest one (1) yen.
- (ii) The amount of capital reserve to be increased due to the issuance of shares upon exercise of the stock acquisition rights shall be the amount determined by deducting the amount of capital to be increased provided for in (i) above from the maximum amount of capital increase, etc. set forth in (i) above.

(11) Limitation of the transfer of the stock acquisition rights

Transfer of the stock acquisition rights must be approved by the Board of Directors.

(12) Conditions of acquisition of the stock acquisition rights

In the event that the following each proposal is approved by the General Meeting of Shareholders (or by resolution of the Board of Directors, when approval of said meeting is not required) the Company may acquire all stock acquisition rights on a date to be determined separately by the Board of Directors.

- (i) a proposal to approve a merger agreement in which the Company becomes the dissolved company
- (ii) a proposal to approve either a company split agreement or a company split plan in which the Company becomes the splitting company
- (iii) a proposal to approve a share exchange agreement or a share transfer plan in which the Company will become a wholly owned subsidiary
- (iv) a proposal to change and approve provisions in the Articles of Incorporation requiring the approval of the Company for the acquisition of any of the shares issued by the Company through a share transfer
- (v) a proposal to change and approve provisions in the Articles of Incorporation requiring the approval of the Company for the acquisition of the type of shares to be granted upon the exercise of stock acquisition rights through a share transfer,

or admitting the acquisition of all of said type of shares by the Company by resolution of the General Meeting of Shareholders

(13) Matters concerning issuance of the stock acquisition rights accompanying reorganization measures

In the event of a merger (only in cases where the Company is dissolved as a result of the merger), an absorption-type company split or incorporation-type company split (only in respective cases where the Company becomes the splitting company), a share exchange or share transfer (only in respective cases where the Company becomes a wholly owned subsidiary) (Hereinafter, the foregoing shall be



referred to collectively as “reorganization measures”), the Company shall issue stock acquisition rights as per a corporation described in Article 236, Paragraph 1, Items 8.1 through 8.5 of the Corporation Act (the “reorganizing company”) to each

stock acquisition right holder of stock acquisition rights remaining unexercised immediately before the effective date of reorganization measures (hereinafter, the “remaining stock acquisition rights”). (Hereinafter, the “effective date” shall refer to the effective date of an absorption-type merger for such mergers, the date of incorporation of a new company for incorporation-type mergers, the effective date of an absorption-type company split for such company splits, the effective date of incorporation of a new company for incorporation-type company splits, the effective share exchange date for share exchanges, and the date of incorporation of a wholly owning parent company through a stock transfer, for stock transfers. Same shall apply hereinafter.) However, the foregoing is conditional upon providing for the issuance of stock acquisition rights of the reorganizing company in the absorption-type merger agreement, the incorporation-type merger agreement, the absorption-type company split agreement, the incorporation-type company split plan, the share exchange agreement or the share transfer plan in accordance with the following items:

- (i) Number of the stock acquisition rights of the reorganizing company to be issued
The reorganizing company shall issue the same number of the stock acquisition rights as the remaining stock acquisition rights held by each stock acquisition right holder
- (ii) Type of shares of the reorganizing company to be issued upon the exercise of the stock acquisition rights
Common stock of the reorganizing company
- (iii) Number of shares of the reorganizing company to be issued upon the exercise of the stock acquisition rights
To be determined according to the above Item (4), taking into account the conditions of the reorganization measures, etc
- (iv) Amount to be invested when exercising the stock acquisition rights
The amount to be invested when exercising the stock acquisition rights to be issued shall be calculated by multiplying the post-reorganization exercise price stipulated below by the number of shares of the reorganizing company to be issued upon exercise of each stock acquisition right, which will be determined in accordance with the above Item (iii). The post-reorganization exercise price shall be one (1) yen per share with respect to the shares issued upon exercise of each stock acquisition right.
- (v) Exercise period for the stock acquisition rights
From either the commencement date for the exercise period of the stock acquisition rights set forth in Item (8), or the effective date of the reorganization measures, whichever is later, to the last day of the exercise period of the stock acquisition rights set forth in Item (8).
- (vi) Matters regarding the amount of capital and capital reserve to be increased as a results of issuance of shares upon the exercise of the stock acquisition rights
To be determined in accordance with Item (10)
- (vii) Limitation of the transfer of the stock acquisition rights
Transfer of the stock acquisition rights must be approved by the Board of Directors of the reorganizing company.
- (viii) Conditions for exercising the stock acquisition rights
To be determined in accordance with Item (9)
- (ix) Conditions of acquisition of the stock acquisition rights
To be determined in accordance with Item (12)



(14) Handling procedure for fractions of less than one share resulting from the exercise of the stock acquisition rights

In the event that fractions of less than one share are to be issued to stock acquisition right holders exercising stock acquisition rights, such fractions shall be rounded down.

(15) Handling procedure for issuing securities with the stock acquisition rights

No securities with stock acquisition rights shall be issued.

3. Information concerning transactions with the controlling shareholders

This issuance of stock options is a transaction with a controlling shareholder because part of the stock options will be allocated to President Michio Matsui who is a close relative of the controlling shareholders of the Company.

(1) Measures to ensure fairness and avoid conflict of interest

Stock options have been issued in accordance with the contents and procedures resolved by the 98th Ordinary General Meeting of Shareholders held June 26, 2014. In case the stock option grant is not an arbitrary, the fair value of stock options is calculated by YAMADA FAS Co., Ltd., that is a third-party evaluation institution independent from the Company and assigned subject, and is allocated based on the results.

(2) View that the issuance is not disadvantageous to minority shareholders

On July 24, 2015, Hiroyuki Yajima, who is Outside Auditors of the Company and is not in an interested relationship with the controlling shareholder, has expressed the view that stock options have been issued in accordance with the contents and procedures resolved by the Ordinary General Meeting of Shareholders, stock options are allocated based on the fair value calculated by the third-party evaluation institution independent from the Company, and the issuance is not disadvantageous to minority shareholders.

(3) Compliance with the corporate governance report

The Company disclosed "The guidelines and policy for the protection of minority shareholders upon transactions with controlling shareholders, etc." in the corporate governance report issued on June 29, 2015.

The issuance of stock acquisition rights has examined by the Board of Directors and resolved on July 27, 2015. The Company has determined that the issuance of stock acquisition rights complies with the guidelines in the verification process of the above (1) and (2).

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