

**Disclaimer:** This is an English abridged translation of the original Notice of Convocation of the 98<sup>th</sup> Ordinary General Meeting of Shareholders of Matsui Securities Co., Ltd. written in Japanese (the "Original Japanese Notice"). It is prepared for reference purposes only and without any warranty as to its accuracy or otherwise. If any questions arise related to the completeness and accuracy of the information contained in the translation, please refer to the Original Japanese Notice.

May 28, 2014

To: Shareholders

President and Chief Executive Officer  
Michio Matsui  
Matsui Securities Co., Ltd.  
1-4, Kojimachi, Chiyoda-ku,  
Tokyo, Japan

### Notice of Convocation of the 98<sup>th</sup> Ordinary General Meeting of Shareholders

You are hereby notified that the 98<sup>th</sup> Ordinary General Meeting of Shareholders of the Company will be held as set forth below and you are cordially invited to attend the meeting.

If you are unable to attend the meeting in person on the day of the meeting, we would appreciate your reviewing the reference materials enclosed herewith and sending us by return mail the enclosed proxy card or by the internet indicating your approval or disapproval of the Proposals by no later than June 20, 2014 5:30 p.m.

#### Description

1. Date and Time:  
1:00 p.m. on Sunday, June 22, 2014
2. Place:  
Sumitomo Fudosan Hanzomon Ekimae Building 2F, Bellesalle Hanzomon  
1-6-4, Kojimachi, Chiyoda-ku, Tokyo, Japan
3. Agenda for the Meeting:

Matters to be reported:

Report on the business and the audited financial statements for the 98<sup>th</sup> fiscal period (from April 1, 2013 through March 31, 2014)

Matters to be resolved:

- |                |   |
|----------------|---|
| Proposal No.1: | Appropriation of Surplus  |
| Proposal No.2: | Election of eight Directors                                       |
| Proposal No.3: | Election of one Corporate Auditor                                 |
| Proposal No.4: | Election of one Substitute Corporate Auditor                      |
| Proposal No.5: | Grant of Stock Options as Compensation (Stock Acquisition Rights) |

## Reference Materials for the Ordinary General Meeting of Shareholders

### Proposals and Reference Matters

#### **Proposal No.1: Appropriation of Surplus**

Matters concerning the year-end dividends:

The Company makes it a basic policy to distribute 30% or above of annual net income to its shareholders, considering various factors, such as business results, appropriate level of equity capital to support margin trading services to its customers and the opportunities for strategic investments.

The year-end dividends are as stated below:

1. Matters concerning allocation of dividend property and the total amount

¥20 in cash per common share

Total amount is ¥5,134,632,180

Annual dividend per share will be ¥50 including interim dividend of ¥30 that the company has already paid.

2. Effective date of the distribution of surplus

Jun. 23, 2014

#### **Proposal No.2: Election of eight Directors**

The terms of office of all 7 (seven) Directors will expire at the conclusion of the Ordinary General Meeting of Shareholders.

Accordingly, the Company proposes the election of 8 (eight) Directors including 2 (two) Outside Directors in order to strengthen the function in monitoring management affairs.

The candidates for Directors are as follows:

Candidate number	Name (Date of birth) Number of shareholdings of the Company	Brief personal history, title and significant concurrent positions	
1	Michio Matsui (Mar. 22, 1953) 8,000,914 shares	Apr. 1976	Joined Nippon Yusen Co., Ltd.
		Apr. 1987	Joined the Company
		Dec. 1988	Director of the Company
		Oct. 1990	Managing Director of the Company
		Jun. 1995	President & CEO of the Company (current)
2	Hirohito Imada (Feb. 4, 1965) 9,100 shares	Apr. 1987	Joined ITOCHU Corporation
		Aug. 2000	Joined Waseda Academy
		Jul. 2001	Joined the Company
		Sep. 2001	General Manager of Finance Dept. of the Company
		Jun. 2003	Director of the Company
		Feb. 2004	Managing Director of the Company
		Jun. 2004	Senior Managing Director of the Company
		Nov. 2005	Joined MAGASseek Corporation
		Jan. 2006	Vice-President of MAGASseek Corporation
		Jun. 2010	Director of Corporate Administration & Human

		May. 2011	Resources Dept. of the Company Managing Director of Corporate Administration & Human Resources Dept. of the Company (current)
3	Takashi Moribe (Sep. 2, 1967) 37,395 shares	Apr. 1991 Oct. 1996 Apr. 2000 Apr. 2001 Feb. 2005  Jun. 2006 May. 2011	Joined NTT DATA Corporation Joined Tochigi Judicial Scrivener Office Joined Aplix Corporation Joined the Company General Manager of Marketing Dept. of the Company Director of Administration Dept. of the Company Managing Director of Compliance Dept. of the Company (current)
4	Akira Warita (Jun. 16, 1971) 10,000 shares	Apr. 1994 Jan. 1998 Sep. 1999 Apr. 2006 May. 2006 Jun. 2006 May. 2011	Joined Procter&Gamble Far East Inc. Joined Lehman Brothers Securities LLC Joined UBS Securities Japan LLC Joined the Company General Manager of IR Office of the Company Director of IR Office of the Company Managing Director of Marketing Dept. and Business Development Dept. of the Company (current)
5	Kunihiko Sato (Feb. 5, 1971) 25,940 shares	Apr. 1989 Sep. 1998 Sep. 2004  Jun. 2006	Joined Yamaichi Securities Co., Ltd. Joined the Company General Manager of System Dept. of the Company Director of System Dept. of the Company (current)
6	Shinichi Uzawa (Jul. 19, 1973) 28,516 shares	Apr. 1996 Aug. 2001 May. 2004  Jun. 2006	Joined Oji Paper Co., Ltd Joined the Company General Manager of Finance Dept. of the Company Director of Financial Dept. of the Company (current)
7	Motoo Igawa (Jan. 3, 1950) 3,600 shares	Apr. 1973 Jun. 2005 Jun. 2007 Jun. 2013	Joined Nippon Yusen Co., Ltd. Managing Director of Nippon Yusen Co., Ltd. President & CEO of NYK Trading Corporation Executive Adviser of NYK Trading Corporation (current)
8	Jyunji Annen (Aug. 12, 1955) 0 shares	Feb. 1992  Apr. 1993 Apr. 2004 Dec. 2007	Registered as Lawyer Joined Akira Watanabe Law Office Professor of the faculty of law at Seikei University Professor of Law School at Seikei University Professor of Law School at Chuo University (current)

- (Note) 1. There are no conflicts of interest between any of the candidates and the Company.
2. Mr. Motoo Igawa and Jyunji Annen are the candidates for Outside Directors. The Company will designate these two persons as the Independent Directors under the regulation of the Tokyo Stock Exchange.
3. The reason for proposing Mr. Motoo Igawa as the candidate for Outside Director is that the Company believes that he has extensive experience and broad-based insight obtained through the Director at a listed company, and he could supervise the management affairs and provide advice on the business management of the Company.
4. The reason for proposing Mr. Jyunji Annen as the candidate for Outside Director is that the Company believes that he has extensive experience and sufficient insight as lawyer, and he could monitor the business management of the Company objectively from an

independent standpoint.

5. The reason for having judged that Mr. Jyunji Annen is deemed to be capable of properly performing the duties as the Outside Director is that he has professional knowledge and experience as lawyer, and he could provide valuable advices from the perspective of supervising and monitoring the business management.

### **Proposal No.3: Election of one Corporate Auditor**

The terms of Corporate Auditor of Mr. Hiroyuki Yajima will expire at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, the Company proposes the election of him. This proposal has been approved in advance by the Board of Corporate Auditors. The candidate for Corporate Auditor is as follows:

Name (Date of birth) Number of shareholdings of the Company	Brief personal history, title and significant concurrent positions	
Hiroyuki Yajima (Dec. 30, 1953) 11,400 shares	Apr. 1976	Joined Kirin Co., Ltd.
	Mar. 2007	Principal of Management Auditing Dept of Kirin Co., Ltd.
	Mar. 2008	Corporate Auditor of Kirin Techno-System Co., Ltd.
	Jun. 2010	Corporate Auditor of the Company(current)

- (Note)
1. There are no particular conflicts of interest between the Company and Mr. Hiroyuki Yajima.
  2. Mr. Hiroyuki Yajima is the candidate for Outside Corporate Auditor. The Company has designated him as the Independent Auditor under the regulation of the Tokyo Stock Exchange.
  3. The reason for proposing Mr. Hiroyuki Yajima as the candidate for Outside Corporate Auditor is that the Company believes that his extensive experience and knowledge in the area of corporate auditing through his career could contribute to audit of the Company.
  4. The reason for having judged that Mr. Hiroyuki Yajima is deemed to be capable of properly performing the duties as the Outside Corporate Auditor is that he has sufficient insight with respect to auditing business management obtained though his positions of significant responsibility at a listed company.
  5. The terms of office for Mr. Hiroyuki Yajima, as Outside Corporate auditor of the Company, will have been 4 (four) years at the conclusion of the Meeting.

### **Proposal No.4: Election of one Substitute Corporate Auditor**

As a provision for the event of contingency falling below the number of Corporate Auditors required by law, the Company proposes the election of one Substitute Outside Corporate Auditor.

The above appointment may be nullified by a resolution of the Board of Directors with the consent of the Board of Corporate Auditors only before the candidate assumes office as Corporate Auditor.

This proposal has been approved in advance by the Board of Corporate Auditors. The candidate for Substitute Corporate Auditor is as follows:

Name (Date of birth) Number of shareholdings of the Company	Brief personal history, title and significant concurrent positions	
Yoshio Yoshida (Jul. 24, 1958)	Apr. 1998	Registered as Lawyer Joined YamadaTsukasa Law Office

0 shares	Apr. 1999 Jan. 2005	Joined Torikai Law Office Partner of the Office (current)
----------	------------------------	--

- (Note) 1. Mr. Yoshio Yoshida has signed advisory contract with the Company.  
2. Mr. Yoshio Yoshida is the candidate for Outside Corporate Auditor.  
3. The reason for proposing Mr. Yoshio Yoshida as the candidate for Outside Corporate Auditor is that the Company believes that his advanced capability and knowledge in the area of legal and compliance as attorney at law could contribute to audit of the Company.  
4. The reason for having judged that Mr. Yoshio Yoshida is deemed to be capable of properly performing the duties as the Outside Corporate Auditor is that he has professional knowledge and experience as attorney at law.

#### **Proposal No.5: Grant of Stock Options as Compensation (Stock Acquisition Rights)**

The remuneration for the Directors (an amount not exceeding yearly ¥500,000,000) was approved at the 88<sup>th</sup> Ordinary General Meeting of Shareholders held on June 27, 2004. In addition to the remuneration, the Company requests the shareholders to approve the grant of stock options as compensation (stock acquisition rights) for the Directors (excluding Outside Directors), in an amount not exceeding yearly ¥100,000,000.

The Company proposes the grant of stock options as the stock price linked compensation program for the Directors in order to motivate and give the Directors an incentive for improving the Company's performance and corporate value.

Currently the number of the Directors is 7 (seven). If the Proposal No.2 above is approved, the number of the relevant Directors will become 6 (six).

The terms of stock acquisition rights which are granted to the Directors within the date when one year has not elapsed since the date of the Ordinary General Meeting of Shareholders for each fiscal year are as follows.

##### **1. Individuals eligible to receive stock acquisition rights:**

Directors of the Company (excluding Outside Directors)

##### **2. Terms of the stock acquisition rights:**

###### **(1) Class 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.

###### **(2) Number of shares that are the subject of the stock acquisition rights**

Number of shares that are the subject of each stock acquisition right shall be 100. If it becomes appropriate to make an adjustment to the number of shares to be granted as a result of a share split, allotment of shares without contribution, reverse share split, or similar action taken by the Company, the number of shares shall be adjusted to the reasonable extent.

###### **(3) Total number of stock acquisition rights**

2,000 units shall be the maximum number of units that can be issued within a year from the date of the Ordinary General Meeting of Shareholders for each fiscal year.

###### **(4) Amount to be paid for the stock acquisition rights**

Amount to be paid for the stock acquisition rights is determined at the Board of Directors of the Company based on a fair value as calculated using a Black-Scholes model or other appropriate method as at the date of the allotment of the stock

acquisition rights. This amount shall be offset by the Company against the compensation receivable of the relevant Director of the same amount.

**(5) Value of the asset to be contributed upon the exercise of the stock acquisition rights**

Payment required for the exercise of stock acquisition rights shall be made in cash. The exercise price per share shall be ¥1 and the total payment required shall be an amount obtained by multiplying ¥1 by the Subject Number of Shares.

**(6) Period during which the stock acquisition rights can be exercised**

This shall be a period as determined by the Board of Directors of the Company within the range from the day when three (3) years have elapsed since the following the date of the allotment of the stock acquisition rights to the day when six (6) years have elapsed since the following the date of the allotment of the stock acquisition rights.

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.

**(7) Restriction on assignment of the stock acquisition rights through transfers**

The acquisition of the stock acquisition rights through assignment shall require the approval of the Board of Directors of the Company.

**(8) Terms of exercise of 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 the period from the day when the following date of the allotment of the stock acquisition rights to previous day when three (3) years have elapsed since the date of the allotment of the stock acquisition rights.
  - b) One third of the stock acquisition rights shall be able to be exercised within the period from the day when three (3) years have elapsed since the following date of the allotment of the stock acquisition rights to the day when four (4) years have elapsed since the following date of the allotment of the stock acquisition rights. In cases where the stocks to be delivered to the holders of the stock acquisition rights have a fraction of less than 1 share, such a fraction shall be rounded down.
  - c) Two third of the stock acquisition rights shall be able to be exercised within the period from the day when four (4) years have elapsed since the following date of the allotment of the stock acquisition rights to the day when five (5) years have elapsed since the following date of the allotment of the stock acquisition rights. In cases where the stocks to be delivered to the holders of the stock acquisition rights have a fraction of less than 1 share, such a fraction shall be rounded down.
  - d) All of the stock acquisition rights shall be able to be exercised within the period from the day when five (5) years have elapsed since the following date of the allotment of the stock acquisition rights to the day when six (6) years have elapsed since the following date of the allotment of the stock acquisition rights.

**(9) Other terms of the stock acquisition rights**

The particulars in (1) to (8) above and the other terms of the stock acquisition rights shall be specified at a meeting of the Board of Directors to be held to determine the terms of the subscription to the stock acquisition rights.