

June 2, 2016

To Shareholders

President
Eizo Kobayashi
JAPAN SECURITIES FINANCE CO., LTD.
1-2-10, Nihonbashi-Kayabacho, Chuo-ku, Tokyo, Japan

NOTICE OF THE 106th ORDINARY GENERAL MEETING OF SHAREHOLDERS~*extract*

Dear Shareholders,

You are hereby advised of the convocation of the 106th Ordinary General Meeting of Shareholders of the Company, details of which are indicated below. We hope very much that you will be able to attend this Meeting.

In order to exercise your rights, please review the attached reference materials, and indicate your approval or disapproval of the proposals on the enclosed document, then return it or vote on the Internet site (<http://www.e-sokai.jp>) by 5:20 p.m. Japan Standard Time on 23rd June, 2016.

We are pleased to announce you that we participate in the ICJ voting platform, improving the voting environment for all our shareholders. The ICJ is offering access to the world's most widely used and sophisticated electronic voting platform, Broadridge's Proxy Edge voting platform.

Details

1. Date and Time: 10:00 a.m. on Friday, 24th June, 2016

2. Venue: JAPAN SECURITIES FINANCE CO., LTD., Conference Room
1-2-10 Nihonbashi-Kayabacho, Chuo-ku, Tokyo, Japan

3. Agenda for the Meeting**Items to be reported:**

Report 1: The 106th fiscal year (from Apr. 1, 2015 to Mar. 31, 2016)

Business Report, Consolidated Financial Statements and Report of audits of the consolidated financial statements by the Independent Auditor and the Board of Auditors.

Report 2: The 106th fiscal year (from Apr. 1, 2015 to Mar. 31, 2016)
Financial Statements.

Items to be resolved:

Agenda 1: Appropriation of Retained Earnings

Agenda 2: Election of ten Directors

Agenda 3: Election of one Auditors

Agenda 4: Election of one Substitute Auditor

Agenda 5: Introduction of Performance-based Share Remuneration Plan for Directors

Note: This English version is not a legally accurate translation of the original Japanese text.

REFERENCE DOCUMENTS PERTAINING TO EXERCISE OF VOTING RIGHTS

Agenda and Reference Information

Agenda 1: Appropriation of Retained Earnings

The Company proposes the appropriation of retained earnings in the following manner.

Year-end dividend

The Company considers the long-term, stable return of profits to shareholders to be among its most important management tasks and therefore has a basic guideline of paying dividends according to results after provisioning the capital and interval reserves that it requires as a financial institution. Concretely, Our dividend policy is to return profits to shareholders, with the “Consolidated Payout Ratio” of not less than around 60%, as a standard that reflects our business performance, but also taking account of the “Dividend on Equity Ratio”.

Following the above basic policy, Company’s year-end dividends will be calculated at 8 yen per share. Accordingly, annual dividends which include the interim dividends of 8 yen per share will be calculated at 16 yen per share (a 1 yen increase from previous fiscal year).

(1) Type of dividend asset

Cash

(2) Allocation of dividend assets and total amount of allocation

8 yen per share of common stock

Total amount of payout: 774,619,304 yen

(3) Effective date of dividend payment

June 27, 2016

Agenda 2: Election of ten Directors

As the term of office of ten directors will expire at the conclusion of this Ordinary General Meeting of Shareholders, the Company proposes the election of ten directors.

The candidates are as listed below.

No.	Name (Date of birth)	Career Summary, Position and Duty (Significant concurrent positions)	Shares of JSF owned
1	Minoru Masubuchi (Nov. 3, 1943)	<p>Reappointment</p> <p>May. 1993 Adviser to Governor of Market Operations Dept, Bank of Japan (BOJ)</p> <p>May. 1994 Director-General of Financial and Payment System Dept., BOJ</p> <p>Jul. 1998 Executive Director of BOJ</p> <p>Jul. 2002 Standing Adviser of IBM Japan, Ltd.</p> <p>Jun. 2004 President of JSF</p> <p>Jun. 2005 Director of JSF Trust and Banking Co., Ltd.</p> <p>Jun. 2006 Director of Japan Information Processing Service Co., Ltd. (to the present)</p> <p>Jun. 2008 Director of Nihon Building Co., Ltd. (to the present)</p> <p>Jun. 2010 Director of Tokyo Rope Manufacturing Co., Ltd. (to the present)</p> <p>Jun. 2012 Chairperson of JSF (to the present)</p> <p>【Significant concurrent positions】 Director of Nihon Building Co., Ltd. Director of Japan Information Processing Service Co., Ltd. Director of Tokyo Rope Manufacturing Co., Ltd.</p> <p>【Reasons for Nomination as the Candidate】 Minoru Masubuchi filled key posts such as Executive Director of BOJ, through which he gained abundant insights and experiences in financial and securities sector. In addition, he has been involved in the management of the company as the President since 2004, as the Chairperson since 2012. Then the Company selected him as a candidate, believing that he will contribute to its management as a Director.</p>	68,700

No.	Name (Date of birth)	Career Summary, Position and Duty (Significant concurrent positions)	Shares of JSF owned
2	Reappointment Eizo Kobayashi (Sep. 8, 1948)	<p>May. 1999 Director-General of Personnel and Corporate Affairs Dept., BOJ</p> <p>May. 2000 Director-General of Bank Examination and Surveillance Dept., BOJ</p> <p>Jun. 2002 Executive Director of BOJ</p> <p>May. 2006 Senior Advisor of Aflac Japan</p> <p>Jul. 2007 Vice Chairman of Aflac Japan</p> <p>May. 2010 Adviser of JSF</p> <p>Jun. 2010 Senior Managing Director of JSF, Responsibility for Risk Management Dept</p> <p>Jun. 2012 President of JSF</p> <p>Jun. 2013 President of JSF Responsibility for Execution of Business, Responsibility for Audit Dept and Compliance Dept (to the present)</p> <p>【Significant concurrent positions】 Director of Cross Plus Inc. Director of Shinhan Bank Japan Director of Anicom Holdings, Inc. Auditor of Fujimori Kogyo Corporation, Ltd.</p> <p>【Reasons for Nomination as the Candidate】 Eizo Kobayashi filled key posts such as Executive Director of BOJ, through which he gained abundant insights and experiences in financial and securities sector. In addition, he has been involved in the execution of our business as the Director since 2010. Furthermore, he has been involved in the management of the Company as the President since 2012. Then the Company selected him as a candidate, believing that he will contribute to its management as a Director.</p>	35,800

No.	Name (Date of birth)	Career Summary, Position and Duty (Significant concurrent positions)	Shares of JSF owned
3	<div>New appointment</div> Shunichiro Higuchi (Nov. 2, 1953)	Apr. 1977 Joined Ministry of Finance Jul. 1997 Director-General of Budget Bureau Jul. 2000 Manager of Credit System Division, Planning and Coordination Bureau, Financial Services Agency of Japan Jul. 2007 Chief of Kinki Local Finance Bureau, Ministry of Finance Jul. 2008 President of Policy Research Institute Apr. 2011 Visiting Professor of Department of Cross-Cultural Studies, Faculty of Policy Studies, Chuo University (to the present) Jun. 2012 Executive Managing Director of Lifenet Insurance Company (to the present)* * He is scheduled to retire from the Executive Managing Director of Lifenet Insurance Company as of June 15, 2016. 【Reasons for Nomination as the Candidate】 Shunichiro Higuchi filled key posts such as President of Policy Research Institute, through which he gained abundant insights and experiences in financial and securities sector. In addition, he has been involved in the execution of Lifenet Insurance Company as the Director since 2012. Then the Company selected him as a candidate, believing that he will contribute to its management as a Director.	—

No.	Name (Date of birth)	Career Summary, Position and Duty (Significant concurrent positions)	Shares of JSF owned
4	<p>Reappointment</p> <p>Toshihiro Oritate (Dec. 6, 1957)</p>	<p>Jan. 2002 General Manager of Aomori Branch, BOJ</p> <p>Jul. 2006 Deputy Director-General of Personnel and Corporate Affairs Dept, BOJ</p> <p>Apr. 2008 Director-General of Payment and Settlement Systems Dept, BOJ</p> <p>Nov. 2009 Director-General of Currency Issue Dept, BOJ</p> <p>Jun. 2010 Director-General of Personnel and Corporate Affairs Dept, BOJ</p> <p>May. 2012 Advisor of JSF</p> <p>Jun. 2012 Managing Director of JSF Responsibility for General Affairs Dept, Accounting Dept and Affiliates</p> <p>Jun. 2013 Managing Director of JSF Responsibility for General Affairs Dept, Accounting Dept, Affiliates and International Relations</p> <p>Jun. 2015 Managing Director of JSF Responsibility for General Affairs Dept, Accounting Dept, Risk Management Dept, Affiliates and International Relations (to the present)</p> <p>【Reasons for Nomination as the Candidate】 Toshihiro Oritate, has abundant insights and experiences in financial and securities sector, has been involved in the execution of our business since 2012. Then the Company selected him as a candidate, believing that he will contribute to its management as a Director.</p>	14,600
5	<p>Reappointment</p> <p>Yasufumi Oda (Nov. 6, 1953)</p>	<p>Jul. 2005 Associate Director-General of Financial System and Bank Examination Dept., BOJ</p> <p>Jun. 2010 Associate General Manager Planning Dept., OSF</p> <p>Jun. 2011 Director and General Manager Planning Dept., OSF</p> <p>Jun. 2012 Managing Director and General Manager Planning Dept. OSF</p> <p>Jun. 2013 Managing Director of JSF, General Manager of Osaka branch (to the present)</p> <p>【Reasons for Nomination as the Candidate】 Yasufumi Oda has abundant insights and experiences in financial and securities sector, had been involved in the execution of Osaka Securities Finance as a Director since 2011 and has been involved in the execution of our business since 2013. Then the Company selected him as a candidate, believing that he will contribute to its management as a Director.</p>	9,543

No.	Name (Date of birth)	Career Summary, Position and Duty (Significant concurrent positions)	Shares of JSF owned
6	<div>New appointment</div> <p>Kenji Fukushima (Nov. 28, 1959)</p>	<p>Apr. 1982 Joined JSF Feb. 2008 General Manager of Margin Loan Dept Jun. 2011 Executive Officer & General Manager of Information Systems Planning Dept Jun. 2015 Executive Officer & General Manager of Planning Dept (to the present)</p> <p>【Reasons for Nomination as the Candidate】 Kenji Fukushima has thorough knowledge of our business, has been involved in the execution of our business as an Executive officer since 2011. Then the Company selected him as a candidate, believing that he will contribute to its management as a Director.</p>	27,000
7	<div>New appointment</div> <p>Kazuhiro Maeda (Jul. 30, 1959)</p>	<p>Apr. 1982 Joined JSF Jun. 2007 General Manager of General Affairs Dept Jun. 2011 Executive Officer & General Manager of General Affairs Dept (to the present)</p> <p>【Reasons for Nomination as the Candidate】 Kazuhiro Maeda has thorough knowledge of our business, has been involved in the execution of our business as an Executive officer since 2011. Then the Company selected him as a candidate, believing that he will contribute to its management as a Director.</p>	30,290

No.	Name (Date of birth)	Career Summary, Position and Duty (Significant concurrent positions)	Shares of JSF owned
8	<p>Reappointment</p> <p>Candidate for Outside Director</p> <p>Candidate for Independent Director</p> <p>Takashi Imai (Dec. 23, 1929)</p> <p>【Attendance at the BOD meetings】 100% Number of meetings during term of appointment : 10 Number of attendance : 10 【Term of office】 14 years</p>	<p>Jun. 1993 President of Nippon Steel Corp.</p> <p>Apr. 1998 Chairman of Nippon Steel Corp.</p> <p>May. 1998 Chairman of Nippon Keidanren (Japan Business Federation)</p> <p>May. 2002 Honorary Chairman of Nippon Keidanren (to the present)</p> <p>Jun. 2002 Director of JSF (to the present)</p> <p>Apr. 2003 Director & Senior Adviser / Honorary Chairman of Nippon Steel Corp.</p> <p>Jun. 2003 Senior Adviser (<i>Sodanyaku</i>) / Honorary Chairman of Nippon Steel Corp.</p> <p>Jun. 2008 Senior Adviser (<i>Shayuu</i>) / Honorary Chairman of Nippon Steel Corp. (to the present)</p> <p>【Significant concurrent positions】 Director of Nippon Television Holdings, Inc. Auditor of Nippon Life Insurance Co. Director of Tokyo Financial Exchange Inc.</p> <p>【Reasons for Nomination as the Candidate】 The Company expects that Takashi Imai will provide management supervision and advice to the Company from a broad perspective based on his abundant knowledge and experience in business community. The Company selected him as a candidate based on our judgment that he would make a contribution to the management of the Company as an Outside Director given that he meets the Criteria for Independence of Outside Directors set by the Company and is in an objective position, independent of the executive management of the Company.</p> <p>【Independence】 He is an independent director in accordance with the rule of the Tokyo Stock Exchange Group, Inc. In the case this proposal is approved at the General Meeting of Shareholders, he will continue to be an independent director.</p>	4,000

No.	Name (Date of birth)	Career Summary, Position and Duty (Significant concurrent positions)	Shares of JSF owned
9	<p>Reappointment Candidate for Outside Director Candidate for Independent Director</p> <p>Tetsuo Mae (Jul. 25, 1945)</p> <p>【Attendance at the BOD meetings】 100%</p> <p>Number of meetings during term of appointment : 10</p> <p>Number of attendance : 10</p> <p>【Term of office】 2 years</p>	<p>Jun. 2003 Deputy President of Daiwa Securities Co., Ltd. & Executive Officer of Daiwa Securities Group Inc.</p> <p>Jun. 2004 Deputy President of Daiwa Securities Co., Ltd. & Director & Corporate Executive Officer, Deputy President of Daiwa Securities Group Inc.</p> <p>Apr. 2008 Adviser of Daiwa Securities Co., Ltd.</p> <p>Jul. 2010 Chairman of Japan Securities Dealers Association</p> <p>Jul. 2011 Chairman of Japan Investor Protection Fund</p> <p>Jun. 2013 Chairman of NPO-APROSIS (Association for Promoting Securities Investment and Study) (to the present)</p> <p>Jul. 2013 Adviser of Daiwa Securities Co., Ltd. (to the present) Adviser of Japan Securities Dealers Association</p> <p>Jun. 2014 Director of JSF (to the present)</p> <p>【Significant concurrent positions】 Chairman of NPO-APROSIS</p> <p>【Reasons for Nomination as the Candidate】 The Company expects that Tetsuo Mae will provide management supervision and advice to the Company from a broad perspective based on his abundant knowledge and experience in securities community. The Company selected him as a candidate based on our judgment that he would make a contribution to the management of the Company as an Outside Director given that he meets the Criteria for Independence of Outside Directors set by the Company and is in an objective position, independent of the executive management of the Company.</p> <p>【Independence】 He is an independent director in accordance with the rule of the Tokyo Stock Exchange Group, Inc. In the case this proposal is approved at the General Meeting of Shareholders, he will continue to be an independent director. He concurrently serves as a Chairman of NPO-APROSIS, to which the Company pays annual charge of 300,000 yen for this organization as the associate member.</p>	3,000

No.	Name (Date of birth)	Career Summary, Position and Duty (Significant concurrent positions)	Shares of JSF owned
10	<p>Eiko Shinotsuka (May. 1, 1942)</p> <p>【Attendance at the BOD meetings】 87%</p> <p>Number of meetings during term of appointment : 8 Number of attendance : 7 【Term of office】 1 year</p> <p>Reappointment Candidate for Outside Director Candidate for Independent Director</p>	<p>Apr. 1993 Professor at Faculty of Human Life and Environmental Sciences of Ochanomizu University</p> <p>Apr. 1998 Member of the Policy Board, Bank of Japan</p> <p>Apr. 2001 Visiting Research Fellow of Japan Center for Economic Research (to the present)</p> <p>Jan. 2002 Professor at Faculty of Letters and Education of Ochanomizu University</p> <p>Jul. 2005 Outside Auditor of Sumitomo Life Insurance Co.</p> <p>Mar. 2008 Emeritus professor of Ochanomizu University (to the present)</p> <p>Apr. 2009 Executive Director of Japan Legal Support Center</p> <p>Apr. 2010 Commissioners of the National Personnel Authority</p> <p>May. 2013 Adviser of the National Personnel Authority(to the present)</p> <p>Jun. 2014 Director of JSF (to the present)</p> <p>【Significant concurrent positions】 Auditor of Komatsu Ltd.</p> <p>【Reasons for Nomination as the Candidate】 The Company expects that Eiko Shinotsuka will provide management supervision and advice to the Company based on her high level of expertise and abundant experience in finance and economics. The Company selected her as a candidate based on our judgment that she would make a contribution to the management of the Company as an Outside Director given that she meets the Criteria for Independence of Outside Directors set by the Company and is in an objective position, independent of the executive management of the Company. According to the above-mentioned reasons, we made the decision that she could adequately carry out her assignment as one of the Company's Outside Directors, even though she has not been directly involved in corporate management except for acting as an Outside Director.</p> <p>【Independence】 She is an independent director in accordance with the rule of the Tokyo Stock Exchange Group, Inc. In the case this proposal is approved at the General Meeting of Shareholders, she will continue to be an independent director.</p>	—

(Note) No candidate has any relationship of special interest with the Company.

Agenda 3: Election of one Auditor

As the term of office of one Auditor, Ushio Mizuno, will expire at the conclusion of this Ordinary General Meeting of Shareholders, the Company proposes the election of one auditor.

The candidate is as listed below.

The consent of the Board of Auditors has been obtained for this proposal.

Name (Date of birth)	Career Summary (Significant concurrent positions)	Shares of JSF owned
<div>New appointment</div> <div>Candidate for Outside Auditor</div> <div>Candidate for Independent Director</div> Shuuya Imura (Feb. 13, 1964)	Apr. 1987 Joined Tokyo Stock Exchange (TSE) Jun. 2005 Chief of Public Relations office of General Affairs Dept, TSE Jun. 2012 Director of Derivatives Dept, TSE Mar. 2014 Director of Market Planning Dept, Osaka Stock Exchange Apr. 2016 Human Resource Dept, Japan Exchange Group 【Reasons for Nomination as the Candidate】 The company asks for his election in expectation of his superior ability to supervise and audit the company based on his abundant experience and wide knowledge in securities circles gained in his long services in the Tokyo Stock Exchange, Inc., and he fulfills the requirements as Independent Director according to the regulations of the Tokyo Stock Exchange. 【Independence】 In the event of the candidate becoming elected, the Company will register him with the Tokyo Stock Exchange as Independent Director.	—

(Note) The Company has no conflict of interest with each candidate.

Agenda 4: Election of one Substitute Auditor

At the commencement of this Ordinary General Meeting of Shareholders, the decision of the 105th Ordinary General Meeting of Shareholders held on June 24th, 2015 to elect Masato Denawa as Substitute Auditor will expire. Accordingly, the Company proposes the reappointment of Masato Denawa as Substitute Auditor in order to provide for the possible case scenario in which the number of incumbent auditors provided by laws or regulations becomes insufficient.

The candidate is as listed below.

The consent of the Board of Auditors has been obtained for this proposal.

Name (Date of birth)	Career Summary (Significant concurrent positions)	Shares of JSF owned
<div style="border: 1px solid black; padding: 2px; margin-bottom: 5px;"> Candidate for Substitute Outside Auditor </div> <div style="border: 1px solid black; padding: 2px;"> Candidate for Independent Director </div> <p>Masato Denawa (Feb. 5, 1964)</p>	<p>Apr. 1990 Registered Lawyer (Daiichi Tokyo Bar Association) Joined Okinobu & Ishihara Law Office (currently, Spring Partners)</p> <p>Jan. 1999 Partner attorney at Spring Partners (to the present)</p> <p>Jun. 2000 Auditor of Kinkan Co., Ltd. (to the present)</p> <p>Apr. 2002 Lecturer at Keio Univ. Faculty of Law.</p> <p>Jul. 2007 Director of Advise Link Co., Ltd. (to the present)</p> <p>Sep. 2007 Auditor of Japan Prime Realty Investment Corp. (to the present)</p> <p>Jun. 2008 Substitute Auditor of JSF (to the present)</p> <p>Apr. 2009 Lecturer at Keio Law School</p> <p>Apr. 2011 Practicing-Attorney-Professor for Civil Advocacy at the Legal Training and Research Institute of the Supreme Court of Japan</p> <p>Apr. 2013 Practicing-Attorney-Senior Professor for Civil Advocacy at the Legal Training and Research Institute of the Supreme Court of Japan</p> <p>Sep. 2014 Lecturer at Keio Law School</p> <p>Jun. 2015 Auditor of Ichikawa Co.,Ltd (to the present)</p>	—
	【Significant concurrent positions】 Auditor of Ichikawa Co.,Ltd	
	【Reasons for Nomination as the Candidate】 The Company asks for his election in expectation of his special knowledge and abundant experience as a lawyer.	
	【Independence】 In the event of the candidate becoming elected, upon assumption of office in case that the number of incumbent auditors provided by laws or regulations becomes insufficient, the Company will register him with the Tokyo Stock Exchange as Independent Director.	

(Note) The Company has no conflict of interest with a candidate.

(reference)

Criteria for Independence of Outside Directors

Anyone who meets any of the following criteria, in addition to the independence criteria prescribed by the Tokyo Stock Exchange, Inc. shall not be deemed to be independent by JSF.

1. A person who is currently:

(1) Major shareholder

- A person who is a major shareholder of JSF(i.e., a shareholder who holds 10% or more of voting rights), or, if that person is an Juridical Person, Etc., an executive director, officer, or other person engaged in the execution of business of that Juridical Person, Etc..

(2) Major Business Partners

- A person who has JSF as a major business partner (whose transactions with JSF in the last business year exceeded 2% of JSF's consolidated gross sales in amount) , or, if that person is an Juridical Person, Etc., an executive director, officer, or other person engaged in the execution of business of that Juridical Person, Etc..
- A person who is a major business partner of JSF(whose transactions with JSF in the last business year exceeded 2% of his consolidated gross sales in amount) , or, if that person is an Juridical Person, Etc., an executive director, officer, or other person engaged in the execution of business of that Juridical Person, Etc..

(3) Specialist

- A consultant, accounting expert or legal expert who has received money or other property from JSF more than JPY 10 million per one fiscal year, or, if that person is an Juridical Person, Etc., an executive director, officer, or other person engaged in the execution of business of that Juridical Person, Etc..

(4) Donations

- Anyone who has received donations from JSF more than JPY 10 million per one fiscal year, or, if that person is an Juridical Person, Etc., an executive director, officer, or other person engaged in the execution of business of that Juridical Person, Etc..

(5) Close Relative

- A close relative of any person (spouse, family within the second degree) who falls under any of (1) through (4) above

2. A person who has fallen under any item of (1) through (5) at any time within the past three years

End

Agenda 5: Introduction of Performance-based Share Remuneration Plan for Directors.

1. Reason of proposal and appropriateness of remunerations, etc.

In this Agenda 5, the Company seeks to introduce Performance-based share remuneration plan called “Board Benefit Trust (BBT)” (hereinafter “the Plan”) for Directors (other than Outside Directors; hereinafter the same) and Executive Officers (hereinafter “Directors, etc.”). The purpose of the proposed introduction of the Plan is to further clarify the linkage between remuneration for Directors, etc. and share value of JSF, thereby enhancing their awareness of the need to contribute to the efforts to achieve improved business performance and greater enterprise value in the medium to long term. JSF has in place Nomination and Remuneration Advisory Committee, a majority of which comprises outside directors and outside auditors, which serves as an advisory body to the Board of Directors. Prior to the above-mentioned board meeting resolution to introduce the Plan, this committee deliberated on the proposal and the Company obtained the views from the committee that the introduction of the Plan is appropriate.

This proposal is to obtain shareholders’ approval on the amount of remuneration to be paid to Directors (not including Outside Directors) apart from the amount of remunerations, etc. to Directors (not more than 376 million yen per fiscal year, including 28 million yen for Outside Directors) that was approved at 98th Ordinary General Meeting of Shareholders on June 26, 2008.

If the “Agenda 2: Election of Ten Directors” is approved as proposed above, the number of Directors of the Company who are target of the Scheme will be seven.

2. Amount and details of remunerations, etc. under the plan.

(1) Outline of the Plan

The Plan is a performance-based share remuneration plan under which JSF’s shares will be acquired through a trust (herein after “the Trust”) using money contributed by JSF and JSF’s shares and the money equivalent to the market value of JSF’s shares (herein after “the Shares, etc.”) will be delivered by the Trust to directors and executive officers pursuant to the “Rules for Delivery of Shares to Directors (herein after “the Rule”)” to be established by the board of directors.

In principle, Any of the Shares, etc. for the Directors and Executive officers will be delivered when he/she resigns as Director or Executive Officer.

(2) Target of the Plan

Directors (excluding outside directors) and Executive Officers.

(3) Amount of funds JSF will contribute to the Trust

JSF will introduce the Plan for four fiscal years from the one ending at the end of March, 2017 to the one ending at the end of March, 2020 (this period of four fiscal years as well as each subsequent period of four fiscal years, are hereinafter “Target period”) and for each subsequent Target periods. In initial Target period, JSF will contribute up to 80 million yen (including 66 million yen for directors) per fiscal year, 320 million yen (including 264 million yen for directors) in total, to the Trust as funds to acquire JSF’s shares in advance, for the purpose of delivering them to directors and executive officers under the Plan.

After the initial Target period, JSF will make an additional contribution to the Trust of up to 320 million yen (including 264 million yen for directors) for each of the Target periods until the termination of the plan as the funds to acquire JSF’s shares as mentioned above.

Upon such additional contribution, however, if there are JSF’s shares (excluding shares which correspond to the number of points awarded to directors and executive officers, and which have yet to

be delivered to them) and money remaining in the trust assets (hereinafter “Remaining shares, etc.”) on the last day of the Target period immediately preceding the Target period for which JSF intends to make the additional contribution, the combined total value of the Remaining shares, etc.(the applicable value of JSF’s shares will be calculated by the market price on the last day of the preceding Target period) and the funds to be additionally contributed will be an amount not exceeding the upper limit approved at the General Meeting of Shareholders.

(4) Method of acquisition of JSF’s shares and number of shares to be acquired

The Trust will acquire JSF’s shares through securities markets or by underwriting of shares of JSF’s treasury stock disposal.

In the initial Target period, the Trust will acquire JSF’s shares up to 640,000 shares immediately after the establishment of the Trust. The method of acquisition will be disclosed as the details have been determined.

(5) Details of the Shares, etc. to be delivered to directors and executive officers

In each fiscal year, JSF will award points (hereinafter “Share points”) to each director and executive officer, which will be calculated by multiplying the base point awarded according to his/her duties, responsibilities and other elements by a factor which will vary depending on the level of the consolidated earnings.

The total number of Share points awarded to directors and executive officers in each fiscal year is up to 160,000 points* (equivalent to 160,000 shares of the JSF’s ordinary stock). (*including 132,000 points for directors (equivalent to 132,000 shares of the JSF’s ordinary stock)) JSF believes the number of points is reasonable, as it is comprehensively determined considering the current payment level of remuneration for directors and executive officers, the number of directors and executive officers, and the trend of JSF’s stock price, etc.

Upon the delivery of Shares, etc. to director or executive officer, mentioned in (6) below, 1 Share point will be converted to 1 share of JSF’s ordinary stock. If, however, the number of JSF’s share is increased or decreased due to a share split, free allotment of shares, stock consolidation or any other event, after the Plan is approved at the OGM, the conversion ratio will be adjusted reasonably according to the percentage of increase or decrease.

(6) Time to deliver

If a director or executive officer who has resigned meets the beneficiary requirement stipulated in the Rule, he/she will be able to receive JSF’s shares from the Trust after his/her retirement in proportion to the accumulated number of the Share points rewarded until his/her retirement as director or executive officer, by taking established procedures to determine the beneficiary. As for a certain percentage of JSF’s shares which are supposed to be delivered, if a director or executive officer meets certain requirements, JSF will pay him/her money equivalent to the market value of such shares, instead of delivering JSF’s shares.

The Trust may sell a certain number of JSF’s shares for paying money purpose.

(7) Handling of voting rights

To ensure the neutrality of management, no voting rights will be exercised during the trust period in connection with JSF’s shares which belong to the Trust.

(8) Other details of the Plan

Other details concerning the Plan will be determined by the Board of Directors within the scope of this Agenda.

CONSOLIDATED BALANCE SHEETS

As of March 31, 2016

Millions of Yen

ASSETS	
Current assets:	
Cash	266,377
Short-term investments	431,565
Operating loans	567,748
Deferred tax assets	167
Collateral money for securities borrowed	1,025,617
Other current assets	45,122
Allowance for doubtful receivables	(236)
Total current assets	2,336,363
Non-current assets:	
Tangible non-current assets:	
Buildings and structures	2,776
Tools, furniture and fixtures	359
Land	3,264
Leased assets	46
Construction in progress	535
	6,982
Intangible non-current assets:	
Software	538
Software in progress	3,661
Other intangible non-current assets	29
	4,229
Investments and other assets:	
Investments in securities	900,167
In-house loan	55
Fixed operating claims	1,562
Other investments and other assets	1,367
Allowance for doubtful receivables	(1,557)
	901,595
Total non-current assets	912,806
Total Assets	3,249,170

As of March 31, 2016

Millions of Yen

LIABILITIES AND NET ASSETS	
Current liabilities:	
Call Money	720,900
Short-term borrowings	198,010
Commercial paper	122,000
Accrued income taxes	297
Allowance for bonuses (Employees)	484
Allowance for bonuses (Directors & Executive Officers)	76
Collateral money received for securities lent	1,549,653
Borrowed money from trust account	452,773
Other current liabilities	31,258
Total current liabilities	3,075,453
Non-current liabilities:	
Long-term Borrowings	3,000
Deferred tax liabilities	11,553
Deferred tax liabilities for land revaluation	74
Allowance for officers retirement rewards	41
Liabilities for retirement and severance benefit	3,382
Asset retirement obligations	49
Derivative financial instruments	12,859
Other non-current liabilities	725
Total non-current liabilities	31,686
Total liabilities	3,107,139
Net assets:	
Shareholders' equity	
Common stock	10,000
Capital surplus	11,470
Retained earnings	104,668
Treasury stock	(2,053)
Total shareholders' equity	124,085
Accumulated other comprehensive income	
Net unrealized gain on other securities	27,877
Deferred loss on hedges	(9,248)
Gain on revaluation of land	168
Accumulated amount for adjustment retirement and severance benefit	(851)
Total accumulated other comprehensive income	17,944
Total net assets	142,030
Total liabilities and net assets	3,249,170

CONSOLIDATED STATEMENTS OF OPERATIONS

<i>For the year ended March 31, 2016</i>	Millions of Yen
Operating revenues	22,035
Operating expenses	11,537
Operating profit	10,497
General and administrative expenses	7,939
Operating income	2,558
Non-operating revenues	
Interest received and dividends received	651
Miscellaneous revenues	161
	813
Non-operating expenses	
Miscellaneous expenses	21
	21
Recurring income	3,349
Extraordinary profit	—
Extraordinary loss	—
Income before income taxes	3,349
Income taxes	
Current	458
Deferred	245
	704
Income before minority interests	2,645
Minority interests	—
Net income	2,645

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Millions of Yen

	Shareholders' equity				Total shareholders' equity
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	
Balance at April 1, 2015	10,000	11,470	103,608	(114)	124,964
Cumulative effects of changes in accounting policies					
Restated balance	10,000	11,470	103,608	(114)	124,964
Changes arising during the year:					
Cash dividends			(1,585)		(1,585)
Net Income			2,645		2,645
Purchase of treasury stock				(1,939)	(1,939)
Net changes other than shareholders' equity					
Total changes during the year	—	—	1,060	(1,939)	(878)
Balance at March 31, 2016	10,000	11,470	104,668	(2,053)	124,085

	Accumulated other comprehensive income					Total net assets
	Net unrealized gain or loss on securities	Deferred gains or losses on hedges	Gain on revaluation of land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at April 1, 2015	14,787	(2,766)	163	(4)	12,180	137,145
Cumulative effects of changes in accounting policies						
Restated balance	14,787	(2,766)	163	(4)	12,180	137,145
Changes arising during the year						
Cash dividends						(1,585)
Net Income						2,645
Purchase of treasury stock						(1,939)
Net changes other than shareholders' equity	13,089	(6,481)	4	(847)	5,764	5,764
Total changes during the year	13,089	(6,481)	4	(847)	5,764	4,885
Balance at March 31, 2016	27,877	(9,248)	168	(851)	17,944	142,030

NON-CONSOLIDATED BALANCE SHEETS

As of March 31, 2016

Millions of Yen

ASSETS

Current assets:

Cash	144,704
Short-term investments	350,550
Loan for margin transactions	324,113
Bond financing and General loans	95,046
Other loans	12,500
Deferred tax assets	149
Collateral money for securities borrowed	1,042,837
Other current assets	35,021
Allowance for doubtful receivables	(224)

Total current assets	2,004,698
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Non-current assets:

Tangible non-current assets:	2,225
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Buildings and structures	508
Tools, furniture and fixtures	284
Land	830
Leased assets	46
Construction in progress	556

Intangible non-current assets:	4,113
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Software	298
Software in progress	3,786
Other intangible non-current assets	27

Investments and other assets:	622,295
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Investments in securities	593,701
Shares in affiliates	26,893
Other investments and other assets	1,700
Allowance for doubtful receivables	(1,335)

Total non-current assets	628,633
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Total Assets	2,633,332
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As of March 31, 2016

Millions of Yen

LIABILITIES AND NET ASSETS	
Current liabilities:	
Call Money	640,000
Short-term borrowings	181,500
Commercial paper	122,000
Accrued income taxes	188
Allowance for bonuses (Employees)	432
Allowance for bonuses (Directors & Executive Officers)	76
Collateral money received for margin transactions	24,298
Collateral money received for securities lent	1,508,665
Other current liabilities	6,699
Total current liabilities	2,483,861
Non-current liabilities:	
Long-term Borrowings	1,000
Deferred tax liabilities	7,971
Deferred tax liabilities for land revaluation	74
Allowance for employees retirement benefits	2,190
Allowance for officers retirement rewards	41
Derivatives liabilities	4,126
Other non-current liabilities	145
Total non-current liabilities	15,549
Total liabilities	2,499,411
Net assets:	
Shareholders' equity	
Common stock	10,000
Capital surplus	11,470
Additional paid-in capital	5,181
Other capital surplus	6,289
Retained earnings	95,107
Earned surplus reserve	2,278
Other retained earnings	92,829
Reserve for dividends	2,030
Special reserve	77,030
Retained earnings carried forward	13,769
Treasury stock	(2,045)
Total shareholders' equity	114,532
Valuation and translation adjustments	
Net unrealized gain on other securities	19,690
Deferred Gain or Loss on Hedges	(470)
Gain on revaluation of land	168
Total valuation and translation adjustments	19,387
Total net assets	133,920
Total liabilities and net assets	2,633,332

NON-CONSOLIDATED STATEMENTS OF INCOME

<i>For the year ended March 31, 2016</i>	Millions of Yen
Operating revenues	17,798
Operating expenses	9,389
Operating profit	8,408
General and administrative expenses	6,721
Operating income	1,686
Non-operating revenues	
Interest received and dividends received	748
Miscellaneous revenues	87
	836
Non-operating expenses	
Miscellaneous expenses	15
	15
Recurring income	2,508
Extraordinary profit	—
Extraordinary loss	—
Income before income taxes	2,508
Income taxes	
Current	246
Deferred	289
	536
Net income	1,971

NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Millions of Yen

	Shareholders' equity										
	Capital surplus				Retained earnings						
	Common stock	Additional paid-in capital	Other capital surplus	Total capital surplus	Earned reserves	Other retained earnings			Total retained earnings	Treasury stock	Total shareholders' equity
						Reserve for dividends	Special reserves	Retained earnings carried forward			
Balance at April 1, 2015	10,000	5,181	6,289	11,470	2,278	2,030	77,030	13,383	94,721	(106)	116,085
Cumulative effects of changes in accounting policies											
Restated balance	10,000	5,181	6,289	11,470	2,278	2,030	77,030	13,383	94,721	(106)	116,085
Changes arising during the year:											
Cash dividends								(1,585)	(1,585)		(1,585)
Net income								1,971	1,971		1,971
Purchase of treasury stock										(1,939)	(1,939)
Net changes other than shareholders' equity											
Total changes during the year	—	—	—	—	—	—	—	386	386	(1,939)	(1,553)
Balance at March 31, 2016	10,000	5,181	6,289	11,470	2,278	2,030	77,030	13,769	95,107	(2,045)	114,532

	Valuation and translation adjustments				Total net assets
	Net unrealized gain or loss on securities	Deferred gains or losses on hedges	Gain on revaluation of land	Total valuation and translation adjustments	
Balance at April 1, 2015	11,436	501	163	12,101	128,187
Cumulative effects of changes in accounting policies					
Restated balance	11,436	501	163	12,101	128,187
Changes arising during the year:					
Cash dividends					(1,585)
Net income					1,971
Purchase of treasury stock					(1,939)
Net changes other than shareholders' equity	8,254	(972)	4	7,286	7,286
Total changes during the year	8,254	(972)	4	7,286	5,733
Balance at March 31, 2016	19,690	(470)	168	19,387	133,920

With regard to the Exercise of Voting Rights via the Internet etc.

1. With regard to the exercise of voting rights via the Internet.

- ① Shareholders exercising their voting rights via the Internet can only do so via the website designated by the Company (<http://www.e-sokai.jp>). However, please note that the voting service website is not available from a mobile which the Internet can be connected.
- ② If you are exercising your voting rights via the Internet, please enter your “voting code” and “password” indicated on the proxy voting form and follow the instructions on the screen to register whether you approve or disapprove of each proposal, and are kindly requested to exercise your voting rights on or before 5:20 p.m. (Japan standard time) on Thursday, June 23, 2016.
- ③ To prevent unauthorized access by parties other than shareholders and the alteration of shareholder votes, shareholders voting via the Internet will be asked to change their “password” on the Voting Rights Exercise Site.
- ④ If you exercise your voting rights via the Internet multiple times, the vote cast last shall prevail.
- ⑤ Connection fees payable to the providers and communication expenses payable to telecommunication carriers when accessing the website for the exercise of voting rights will be borne by the shareholders.

System Environment for the Exercise of Voting Rights via the Internet

The following system environment is required for the use of the website to exercise voting rights.

- (1) Access to the Internet
- (2) A display monitor with SVGA resolutions 800(W) × 600(H) pixels or better.
- (3) Internet Explorer® (ver.5.01 SP2 or later is recommended) must be installed as your browser.
- (4) The above browser can be used as a hardware environment.

(Internet Explorer® is registered trademark of U.S. Microsoft Corporation)

Inquiries about the Exercise of Voting Rights via the Internet

Transfer Agent : JAPAN SECURITIES AGENTS, LTD.
Agency Department
[Direct Line for Web Support (Toll free)] 0120-707-743
Accessible from 9:00 a.m. to 9:00 p.m. on business days,
Saturdays, Sundays, and national holidays.

2. Platform for the Electronic Exercise of Voting Rights

Management and trust banks or other nominee shareholders as well as standing proxies have the choice of an alternative method for exercising voting rights for the Company's General Meeting of Shareholders. This is the Electronic Voting Platform for Institutional Investors that is operated by ICJ Inc. to use this Electronic Voting Platform must be made in advance.

End