

[TRANSLATION]

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Securities Code: 8697

May 28, 2013

Notice of the 12th Annual General Shareholders Meeting

Dear Shareholder,

You are cordially invited to attend the 12th Annual General Shareholders Meeting to be held as described below.

If you are unable to attend, please review the items in the reference documents for the general shareholders meeting described in this Notice and indicate your approval or disapproval either by returning the enclosed form for exercise of voting rights or via electronic means by accessing the website indicated in the form. Votes must be received by 4:45 p.m., Monday, June 17, 2013.

Sincerely yours,

Atsushi Saito
Director & Representative Executive Officer, Group CEO
Japan Exchange Group, Inc.
2-1, Nihombashi-Kabuto-cho,
Chuo-ku, Tokyo

Regarding exercise of voting rights

1. Exercise of voting rights in writing (postal mail)

Please indicate your approval or disapproval and return the enclosed form for exercise of voting rights by the deadline indicated above.

2. Exercise of voting rights by electronic means (via the Internet, etc.)

Please review the item entitled "Instructions for the Exercise of Voting Rights via the Internet, etc." on pages 5 and 6, before access the website designated by Japan Exchange Group, Inc. (hereinafter "the Company") (<http://www.evotep.jp/>), and follow on-screen instructions to indicate your approval or disapproval by the deadline indicated above.

MEETING AGENDA

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|------------------|------------------------------------|
| 1. Date and Time | 10:00 a.m., Tuesday, June 18, 2013 |
|------------------|------------------------------------|

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| 2. Venue | Royal Hall 3rd Floor, Royal Park Hotel 2-1-1 Nihombashi-Kakigara-cho, Chuo-ku, Tokyo In conjunction with the business combination conducted on January 1, 2013, the head office was moved from Chuo-ku, Osaka to Nihombashi, Chuo-ku, Tokyo, and the venue for the general shareholders meeting has been changed to the above location. |
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| 3. Objectives of Meeting | |
| Matters to be Reported | 1. Business report, the consolidated financial statements and the report on the audit of the consolidated financial statements by the Accounting Auditor and the Audit Committee for the 12 th term (from April 1, 2012 to March 31, 2013) 2. The non-consolidated financial statements for the 12 th term (from April 1, 2012 to March 31, 2013) |
| Matters to be Resolved | |
| Proposal | Regarding the election of fourteen (14) Directors |

- When attending the general shareholders meeting in person, you are kindly requested to submit the enclosed form for exercise of voting rights at the reception desk. Please note that persons other than shareholders, such as proxies or accompanying persons, will not be allowed entry to the meeting even if they hold the form for exercise of voting rights.
- If the need arises to amend the reference documents for the general shareholders meeting, Business Report, Non-consolidated Financial Statements, or Consolidated Financial Statements, the amendments will be posted on the Company's website (<http://www.jpx.co.jp/investor-relations/>).
- In cases where a shareholder votes more than once, both in writing using the form for exercise of voting rights and via the Internet, the vote cast via the Internet shall be considered the effective vote. In cases where a shareholder votes more than once via the websites for computers and mobile telephones, the final vote cast will be considered the effective vote.

Proposal Regarding the election of fourteen (14) Directors

All 13 Directors will retire upon the completion of their terms of office at the end of this annual general shareholders meeting. Based on the decision of the Nomination Committee, 14 Directors, which includes an increase in the number of Directors by 1 for the purpose of strengthening the management structure, have been put forth for election.

The candidates for Directors are as follows.

| Candidate No. | Name | Position at the Company | |
|---------------|-------------------------|---|---|
| Directors | | | |
| 1 | Masakazu Hayashi | Director (to assume position of Chairperson of the Board of Directors) | Re-appointment |
| 2 | Atsushi Saito | Director & Representative Executive Officer, Group CEO | Re-appointment |
| 3 | Michio Yoneda | Director & Representative Executive Officer, Group COO | Re-appointment |
| 4 | Akira Kiyota | Director | New Appointment |
| 5 | Hiromi Yamaji | Director | New Appointment |
| 6 | Tsutomu Okuda | Director | Re-appointment Independent Director Candidate for Outside Director |
| 7 | Yuko Kawamoto | Director | Re-appointment Independent Director Candidate for Outside Director |
| 8 | Hideaki Kubori | Director | Re-appointment Independent Director Candidate for Outside Director |
| 9 | Hiroyuki Nakatsukasa | Director | Re-appointment Independent Director Candidate for Outside Director |
| 10 | Masayuki Hirose | Director | Re-appointment |
| 11 | Katsuhiko Honda | Director | Re-appointment Independent Director Candidate for Outside Director |
| 12 | Kunihiro Matsuo | Director | Re-appointment Independent Director Candidate for Outside Director |
| 13 | Shigeru Morimoto | Director | Re-appointment Independent Director Candidate for Outside Director |
| 14 | Charles Ditmars Lake II | Director | Re-appointment Independent Director Candidate for Outside Director |

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|---|-------------------------|--|---------------|-------------------------------|
| Candidate number | | | Date of birth | No. of Company shares held |
| 1 | Masakazu Hayashi | | April 6, 1945 | 0 shares |
| <p>Brief Biography, Position, Area of Responsibility, and Significant Concurrent Position(s)</p> <p>Apr. 1968 Joined Ministry of Finance</p> <p>Jun. 1992 Director, General Coordination Division, Securities Bureau, ditto</p> <p>Jun. 2000 Director-General, Budget Bureau, ditto</p> <p>Jan. 2003 Administrative Vice-Minister of Finance</p> <p>Jul. 2004 Advisor to the Ministry of Finance</p> <p>Jul. 2005 Chairman, Japan Investor Protection Fund</p> <p>Aug. 2007 Director, Tokyo Stock Exchange Group, Inc.</p> <p>Oct. 2007 President, Tokyo Stock Exchange Regulation (will retire in Jun. 2013)</p> <p>Jan. 2013 Director of the Company (current position, will assume position of Chairperson of the Board of Directors in Jun. 2013)</p> | | | | |

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|---|----------------------|--|---------------|-------------------------------|
| Candidate number | | | Date of Birth | No. of Company Shares Held |
| 2 | Atsushi Saito | | Oct. 18, 1939 | 2,000 shares |
| <p>Brief Biography, Position, Area of Responsibility, and Significant Concurrent Position(s)</p> <p>Apr. 1963 Joined Nomura Securities Co., Ltd. (currently Nomura Holdings, Inc.)</p> <p>Dec. 1988 Managing Director, ditto</p> <p>Jun. 1990 Executive Managing Director, ditto</p> <p>Jun. 1995 Executive Vice President, ditto</p> <p>Oct. 1998 Joined Sumitomo Life Investment Co. Ltd. as Advisor</p> <p>Jan. 1999 President of Sumitomo Life Investment Co. Ltd.</p> <p>Jun. 2002 Chairman, ditto</p> <p>Apr. 2003 President and CEO, Industrial Revitalization Corporation of Japan</p> <p>May 2007 Joined Tokyo Stock Exchange, Inc. as Advisor</p> <p>Jun. 2007 President & CEO, ditto</p> <p>Aug. 2007 President & CEO, Tokyo Stock Exchange Group, Inc.</p> <p>Jan. 2013 Director & Representative Executive Officer, Group CEO of the Company (current position) Director of Osaka Securities Exchange Co., Ltd. (current position)</p> <p>(Area of Responsibility) Group CEO, Chairman of the Nomination Committee, member of the Compensation Committee</p> <p>(Significant Concurrent Position(s)) Member of Board of Directors of Osaka Securities Exchange Co., Ltd.</p> | | | | |

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|--|---|--|---------------|-------------------------------|
| Candidate number | | | Date of Birth | No. of Company Shares Held |
| 3 | Michio Yoneda | | Jun. 14, 1949 | 9,800 shares |
| | Re- appointment | | | |
| Brief Biography, Position, Area of Responsibility, and Significant Concurrent Position(s) | | | | |
| Apr. 1973 Joined The Bank of Japan | | | | |
| Jul. 1995 General Manager, Akita Branch, ditto | | | | |
| May 1998 General Manager, Sapporo Branch, ditto | | | | |
| Apr. 2000 Executive Director, Osaka Securities Exchange | | | | |
| Apr. 2001 Executive Director (Member of the Board), Osaka Securities Exchange Co., Ltd. | | | | |
| Oct. 2002 Senior Executive Director (Member of the Board), ditto | | | | |
| Dec. 2003 President & CEO (Member of the Board), ditto | | | | |
| Apr. 2010 President & CEO (Member of the Board), ditto | | | | |
| Jan. 2013 Director & Representative Executive Officer, Group COO of the Company (current position) | | | | |
| Director of Tokyo Stock Exchange, Inc. (current position) | | | | |
| (Area of Responsibility | Group COO, member of the Nomination Committee | | | |
| (Significant Concurrent Position(s)) | | | | |
| Director (Member of the Board), Tokyo Stock Exchange, Inc. | | | | |

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|--|---------------------|--|---------------|-------------------------------|
| Candidate number | | | Date of Birth | No. of Company Shares Held |
| 4 | Akira Kiyota | | May 6, 1945 | 0 shares |
| | New Appointment | | | |
| Brief Biography, Position, Area of Responsibility, and Significant Concurrent Position(s) | | | | |
| Apr. 1969 Joined Daiwa Securities Co. Ltd.(currently Daiwa Securities Group Inc.) | | | | |
| Jun.1994 Director, Head of Tobu Area Sales Division, ditto | | | | |
| May 1996 Director, Head of Bond & Finance Division, ditto | | | | |
| Jun. 1997 Managing Director, Head of Bond & Finance Division, ditto | | | | |
| Oct. 1997 Deputy President, ditto | | | | |
| Apr. 1999 President, Daiwa Securities SB Capital Markets Co. Ltd. (currently Daiwa Securities Co. Ltd.) | | | | |
| Jun. 2004 Deputy Chairman of the Board and Corporate Executive Officer, Daiwa Securities Group Inc. Chairman of the Institute, Daiwa Institute of Research Ltd. | | | | |
| Jun. 2008 Chairman of the Board and Corporate Executive Officer, Daiwa Securities Group Inc. | | | | |
| Apr. 2011 Honorary Chairman, Daiwa Securities Group Inc. (will retire in Jun. 2013) | | | | |

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| Candidate number | 5 | New Appointment | Date of Birth Mar. 8, 1955 | No. of Company Shares Held 0 shares |
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Hiromi Yamaji

Brief Biography, Position, Area of Responsibility, and Significant Concurrent Position(s)

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|--|---|
| <p>Apr. 1977 Joined The Nomura Securities Co., Ltd. (currently Nomura Holdings, Inc.)</p> <p>Dec. 1994 Head of European Investment Banking Division, Nomura International plc (London)</p> <p>Jun. 1997 General Manager, Personnel Department, The Nomura Securities Co., Ltd. (Tokyo)</p> <p>Jun. 1998 Member of the Board in charge of Investment Banking Products Division, ditto</p> <p>Jun. 2000 Managing Director in charge of Global Investment Banking and Investment Banking Products Divisions, ditto</p> <p>Apr. 2002 President & CEO, Nomura Europe Holdings plc (London), President & CEO, Nomura International plc (London), and Chairman, Nomura Holding America Inc. (New York)</p> | <p>Jun. 2003 Executive Managing Director, Regional Management of Europe Region, Nomura Holdings, Inc.</p> <p>Apr. 2005 Executive Managing Director, Investment Banking, Nomura Securities Co., Ltd.</p> <p>Apr. 2007 Executive Vice President, Global Investment Banking, ditto</p> <p>Oct. 2008 Executive Managing Director, Investment Banking, ditto</p> <p>Jun. 2010 Executive Vice President, Executive Chairman of Investment Banking, Nomura Holdings, Inc.</p> <p>Apr. 2011 Executive Vice President, Investment Banking, Nomura Securities Co., Ltd.</p> <p>Aug. 2012 Counselor, ditto, and Vice Chairman, Nomura Europe Holdings plc (London)</p> <p>Apr. 2013 Senior Adviser, Nomura Securities Co., Ltd. (will retire in Jun. 2013)</p> |
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|---------------------|---|---|-------------------------|--------------------------------|---|
| Candidate number | 6 | Re- appointment Candidate for Outside Director | Independent Director | Date of Birth Oct. 14, 1939 | No. of Company Shares Held 900 shares |
|---------------------|---|---|-------------------------|--------------------------------|---|

Tsutomu Okuda

Brief Biography, Position, Area of Responsibility, and Significant Concurrent Position(s)

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| <p>Apr. 1964 Joined The Daimaru Inc.</p> <p>Sep. 1991 Representative Director, Daimaru Australia Pty. Ltd.</p> <p>May 1995 Director, The Daimaru Inc.</p> <p>May 1996 Managing Director, ditto</p> <p>Mar. 1997 President, ditto</p> <p>May 2003 Chairman and CEO, ditto</p> <p>Jun. 2006 Outside Director (Member of the Board), Osaka Securities Exchange Co., Ltd.</p> <p>Sep. 2007 President and CEO, J. Front Retailing Co., Ltd.</p> <p>Chairman, The Daimaru, Inc.</p> | <p>Mar. 2010 Representative Director and Chairman & CEO, J. Front Retailing Co., Ltd.</p> <p>Jan. 2013 Outside Director of the Company (current position)</p> <p>Apr. 2013 Director and Senior Advisor, J. Front Retailing Co., Ltd.</p> <p>Chairman of the Compensation Committee</p> |
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(Area of Responsibility)
(Significant Concurrent Position(s))
Director and Senior Advisor, J. Front Retailing Co., Ltd.
Outside Director, Resona Holdings, Inc.
Outside Corporate Auditor, Mainichi Broadcasting System Inc.

Reason for Candidature as Outside Director

Mr. Tsutomu Okuda has been put forth as a candidate for outside director due to his considerable experience and insight as a corporate executive which can be expected to be reflected into the management of the Company.

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|----------------------|--|---|----------------------|----------------------------|
| Candidate number | | | | |
| 7 | | | | |
| Yuko Kawamoto | | Re-appointment Candidate for Outside Director | Independent Director | No. of Company Shares Held |
| | | | Date of Birth | 2,400 shares |
| | | | May 31, 1958 | |

Brief Biography, Position, Area of Responsibility, and Significant Concurrent Position(s)

Apr. 1982 Joined Bank of Tokyo, Ltd.
 Sep. 1988 Joined Tokyo Office, McKinsey & Company
 Apr. 2004 Professor, Graduate School of Finance, Accounting & Law, Waseda University (current position)
 Jun. 2004 Outside Director (Member of the Board), Osaka Securities Exchange Co., Ltd.
 Jan. 2013 Outside Director of the Company (current position)

(Area of Responsibility)
 Member of the Nomination Committee

(Significant Concurrent Position(s))
 Professor, Graduate School of Finance, Accounting & Law, Waseda University
 Outside Corporate Auditor, Tokio Marine Holdings, Inc.

Reason for Candidature as Outside Director
 Ms. Yuko Kawamoto has been put forth as a candidate for outside director due to her insight on financial business from the technical perspective as an academic which can be expected to be reflected into the management of the Company. In addition, while Ms. Kawamoto has not been previously involved in corporate management other than in the capacity of outside director or outside auditor, based on the above reason, it was determined that Ms. Kawamoto will be able to appropriately conduct the duties of an outside director.

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|-----------------------|--|---|----------------------|----------------------------|
| Candidate number | | | | |
| 8 | | | | |
| Hideaki Kubori | | Re-appointment Candidate for Outside Director | Independent Director | No. of Company Shares Held |
| | | | Date of Birth | 0 shares |
| | | | Aug. 29, 1944 | |

Brief Biography, Position, Area of Responsibility, and Significant Concurrent Position(s)

Apr. 1971 Attorney-at-law (current position)
 Joined Mori Sogo (currently Mori Hamada & Matsumoto)
 Apr. 1998 Representative, HIBIYA PARK LAW OFFICES (current position)
 Apr. 2001 President, Daini Tokyo Bar Association, and Vice President, The Japan Federation of Bar Associations
 Apr. 2004 Professor, Omiya Law School (current position)
 Jun. 2011 Outside Director, Tokyo Stock Exchange Group, Inc.
 Outside Governor, Tokyo Stock Exchange Regulation (current position)
 Jan. 2013 Outside Director of the Company (current position)

(Area of Responsibility)
 Member of the Nomination Committee

(Significant Concurrent Position(s))
 Outside Governor, Tokyo Stock Exchange Regulation
 Attorney-at-law
 Representative, HIBIYA PARK LAW OFFICES
 Outside Auditor, SOURCENEXT CORPORATION
 Professor, Omiya Law School
 Member of the Compliance Committee, Bank of Japan
 Deputy Director-General, Planning and Coordination Bureau, Financial Services Agency (Advisor, Legal and Regulatory Compliance Research Office)
 Compliance Meeting Member, Bank of Japan
 Member of the Supervisory Committee, The Norinchukin Bank

Reason for Candidature as Outside Director
 Mr. Hideaki Kubori has been put forth as a candidate for outside director due to his insight on corporate legal affairs from the technical perspective as a legal professional which can be expected to be reflected into the management of the Company. In addition, while Mr. Kubori has not been previously involved in corporate management other than in the capacity of outside director or outside auditor, based on the above reason, it was determined that Mr. Kubori will be able to appropriately conduct the duties of an outside director.

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|---------------------|----------|---------------------------------|---|-------------------------|--------------------------------|---|
| Candidate number | 9 | Hiroyuki Nakatsukasa | Re- appointment Candidate for Outside Director | Independent Director | Date of Birth Dec. 21, 1957 | No. of Company Shares Held 0 shares |
|---------------------|----------|---------------------------------|---|-------------------------|--------------------------------|---|

Brief Biography, Position, Area of Responsibility, and Significant Concurrent Position(s)

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|--|---|
| <p>Oct. 1981 Joined Deloitte Haskins & Sells Certified Public Accountant Joint Firm (currently Deloitte Touche Tohmatsu LLC)</p> <p>Sep. 1984 Certified public accountant (current position)</p> <p>Oct. 1988 Certified tax accountant</p> <p>Nov. 1989 Established Nakatsukasa Certified Public Accountant and Tax Accountant Firm; Representative (current position)</p> <p>Jun. 2007 Chairman, The Japanese Institute of Certified Public Accountants Kinki Chapter</p> | <p>(Area of Responsibility)</p> <p>Jun. 2009 Outside Auditor, Osaka Securities Exchange Co., Ltd.</p> <p>Jan. 2013 Outside Director of the Company (current position)</p> <p>Outside Auditor, Osaka Securities Exchange Co., Ltd. (will retire in Jun. 2013)</p> <p>Member of the Audit Committee</p> |
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Reason for Candidature as Outside Director

Mr. Hiroyuki Nakatsukasa has been put forth as a candidate for outside director due to his insight on corporate accounting in his capacity as an accounting professional which can be expected to be reflected into the management of the Company. In addition, while Mr. Nakatsukasa has not been previously involved in corporate management other than in the capacity of outside director or outside auditor, based on the above reason, it was determined that Mr. Nakatsukasa will be able to appropriately conduct the duties of an outside director.

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|---------------------|-----------|------------------------|--------------------|-------------------------------|---|
| Candidate number | 10 | Masayuki Hirose | Re- appointment | Date of Birth Jul. 8, 1956 | No. of Company Shares Held 0 shares |
|---------------------|-----------|------------------------|--------------------|-------------------------------|---|

Brief Biography, Position, Area of Responsibility, and Significant Concurrent Position(s)

| | |
|--|--------------------------------------|
| <p>Apr. 1979 Joined Tokyo Stock Exchange</p> <p>Jun. 2003 Director, Examination Department, Tokyo Stock Exchange, Inc.</p> <p>Jun. 2004 Director, Information System Department, ditto</p> <p>Apr. 2006 Director, IT Planning Department, ditto</p> <p>Jun. 2006 Director, IT Planning Department and Director, Trading Systems, Development Operations Department, ditto</p> <p>Aug. 2007 Director, IT Planning Department, Tokyo Stock Exchange Group, Inc.</p> <p>Director, Trading Systems, IT Development Department, Tokyo Stock Exchange, Inc.</p> <p>Jan. 2009 Director, Tdex+ System, IT Development Department and Director, IT Management Office, ditto</p> <p>Jun. 2009 Director, Tokyo Stock Exchange Group, Inc.</p> <p>Statutory Auditor, Tokyo Stock Exchange, Inc. (current position)</p> <p>Jan. 2013 Director of the Company (current position)</p> | <p>Member of the Audit Committee</p> |
|--|--------------------------------------|

(Area of Responsibility)

(Significant Concurrent Position(s))

Statutory Auditor, Tokyo Stock Exchange, Inc.

| Candidate number | Re-appointment Candidate for Outside Director | Independent Director/ | Date of Birth | No. of Company Shares Held |
|---|---|---|---------------|--|
| 11 | | | Mar. 12, 1942 | 0 shares |
| Katsuhiko Honda | | | | |
| Brief Biography, Position, Area of Responsibility, and Significant Concurrent Position(s) | | | | |
| Apr. 1965 | Joined Japan Tobacco and Salt Public Corporation (currently Japan Tobacco Inc.) | | Jun. 2006 | Member of the Board, Corporate Counselor, ditto |
| Jun. 1992 | Director, General Manager, Human Resources, ditto | | Jun. 2009 | Outside Director, Tokyo Stock Exchange Group, Inc. |
| Jun. 1994 | Managing Director and Leader, Personnel and Labor Group, ditto | | | Outside Director, Tokyo Stock Exchange, Inc. |
| Jun. 1995 | Managing Director, Tobacco Business Headquarters, ditto | | | Corporate Counselor, Japan Tobacco Inc. |
| Jun. 1996 | Senior Managing Director, Tobacco Business Headquarters, ditto | | Jun. 2012 | Corporate Counselor (current position), ditto |
| Jun. 1998 | Executive Deputy President and Representative Director, ditto | (Area of Responsibility) | Jan. 2013 | Outside Director of the Company (current position) |
| Jun. 2000 | President and Representative Director, ditto | (Significant Concurrent Position(s)) | | Member of the Nomination Committee |
| | | Corporate Counselor, Japan Tobacco Inc. | | |

Reason for Candidature as Outside Director

Mr. Katsuhiko Honda has been put forth as a candidate for outside director due to his abundant experience and expert knowledge on business management which can be expected to be reflected into the management of the Company.

| Candidate number | Re-appointment Candidate for Outside Director | Independent Director/ | Date of Birth | No. of Company Shares Held |
|---|--|---|---------------|--|
| 12 | | | Sep. 13, 1942 | 0 shares |
| Kunihiro Matsuo | | | | |
| Brief Biography, Position, Area of Responsibility, and Significant Concurrent Position(s) | | | | |
| Apr. 1966 | Legal trainee | | Jan. 2013 | Outside Director of the Company (current position) |
| Apr. 1968 | Prosecutor, Tokyo Public Prosecutor's Office | (Area of Responsibility) | | Chairman of the Audit Committee |
| Dec. 1996 | Deputy Chief Prosecutor, ditto | (Significant Concurrent Position(s)) | | |
| Jun. 1998 | Detective Superintendent, Ministry of Justice | Attorney-at-law | | |
| Dec. 1999 | Vice Minister of Justice, Ministry of Justice | Outside Corporate Auditor, Toyota Motor Corporation | | |
| Jun. 2004 | Prosecutor-General, Supreme Public Prosecutor's Office | Outside Corporate Auditor, MITSUI & CO., LTD. | | |
| Sep. 2006 | Registration as Attorney-at-law (current position) | Outside Corporate Auditor, Komatsu Ltd. | | |
| Jun. 2009 | Outside Director, Tokyo Stock Exchange Group, Inc. | Outside Corporate Auditor, Brother Industries, Ltd. | | |
| Jun. 2009 | Outside Auditor of Tokyo Stock Exchange, Inc. (will retire in Jun. 2013) | | | |

Reason for Candidature as Outside Director

Mr. Kunihiro Matsuo has been put forth as a candidate for outside director due to his insight on corporate legal affairs from the technical perspective as a legal professional which can be expected to be reflected into the management of the Company. In addition, while Mr. Matsuo has not been previously involved in corporate management other than in the capacity of outside director or outside auditor, based on the above reason, it was determined that Mr. Matsuo will be able to appropriately conduct the duties of an outside director.

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|--------------------------------------|-------------------------|---|-------------------------|--------------------------------|---|
| Candidate number 13 | Shigeru Morimoto | Re- appointment Candidate for Outside Director | Independent Director | Date of Birth Mar. 28, 1946 | No. of Company Shares Held 600 shares |
|--------------------------------------|-------------------------|---|-------------------------|--------------------------------|---|

Brief Biography, Position, Area of Responsibility, and Significant Concurrent Position(s)

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|--|--|
| <p>Apr. 1969 Assistant, Faculty of Law, Kyoto University</p> <p>Aug. 1971 Assistant Professor, ditto</p> <p>Jun. 1983 Professor, ditto</p> <p>Apr. 1992 Professor, Graduate School of Law, ditto</p> <p>Apr. 2009 Professor, Graduate School of Law, Doshisha University (current position)</p> <p>Jun. 2009 Outside Director (Member of the Board), Osaka Securities Exchange Co., Ltd.</p> | <p>Oct. 2011 Registration as Attorney-at-law (current position)</p> <p>Jan. 2013 Outside Director (current position)</p> <p>Outside Director of Osaka Securities Exchange Co., Ltd. (will retire in Jul. 2013)</p> |
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(Significant Concurrent Position(s))
Professor, Graduate School of Law, Doshisha University
Attorney-at-law

Reason for Candidature as Outside Director

Mr. Shigeru Morimoto has been put forth as a candidate for outside director due to his insight on corporate legal affairs from the technical perspective as an academic which can be expected to be reflected into the management of the Company. In addition, while Mr. Morimoto has not been previously involved in corporate management other than in the capacity of outside director or outside auditor, based on the above reason, it was determined that Mr. Morimoto will be able to appropriately conduct the duties of an outside director.

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|--------------------------------------|------------------------------------|---|-------------------------|-------------------------------|---|
| Candidate number 14 | Charles Ditmars Lake II | Re- appointment Candidate for Outside Director | Independent Director | Date of Birth Jan. 8, 1962 | No. of Company Shares Held 0 shares |
|--------------------------------------|------------------------------------|---|-------------------------|-------------------------------|---|

Brief Biography, Position, Area of Responsibility, and Significant Concurrent Position(s)

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|---|--|
| <p>Aug. 1992 Director for Japan Affairs, Office of the U.S. Trade Representative (USTR), Executive Office of the President</p> <p>Jul. 1993 Director for Japan Affairs and Special Counsel to the Deputy U.S. Trade Representative, ditto</p> <p>Jun. 1999 Vice President and Counsel, American Family Life Assurance Company of Columbus Japan Branch (Aflac Japan)</p> <p>Jul. 2001 Deputy President, ditto</p> <p>Jan. 2003 President and Representative in Japan, ditto</p> | <p>Apr. 2005 Vice Chairman and Representative in Japan, ditto</p> <p>Jun. 2006 Outside Director, Tokyo Stock Exchange, Inc. (current position)</p> <p>Aug. 2007 Outside Director, Tokyo Stock Exchange Group, Inc. (current position)</p> <p>Jul. 2008 Representative and Chairman, American Family Life Assurance Company of Columbus Japan Branch (Aflac Japan) (current position)</p> <p>Jan. 2013 Outside Director of the Company (current position)</p> |
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(Area of Responsibility)
Member of the Compensation Committee
(Significant Concurrent Position(s))
Representative and Chairman, American Family Life Assurance Company of Columbus Japan Branch (Aflac Japan)

Reason for Candidature as Outside Director

Mr. Charles Ditmars Lake II has been put forth as a candidate for outside director due to his considerable experience and insight on business management as a corporate executive which can be expected to be reflected into the management of the Company.

- (Note) 1. The candidates do not have any particular conflict of interest with the Company.
2. The following persons are candidates for Outside Director: Messrs. Tsutomu Okuda, Yuko Kawamoto, Hideaki Kubori, Hiroyuki Nakatsukasa, Katsuhiko Honda, Kunihiro Matsuo, Shigeru Morimoto, and Charles Ditmars Lake II
3. The following persons are Independent Directors and have the obligation to protect the interests of general investors based on the rules of Tokyo Stock Exchange, Inc. and Osaka Securities Exchange Co., Ltd.: Messrs. Tsutomu Okuda, Yuko Kawamoto, Hideaki Kubori, Hiroyuki Nakatsukasa, Katsuhiko Honda, Kunihiro Matsuo, Shigeru Morimoto, and Charles Ditmars Lake II.
4. Violations of laws and regulations, articles of incorporation, or inappropriate business execution of candidate for outside director during term of office at other companies
- With regard to Mr. Hideaki Kubori, during his tenure as outside director of Nomura Securities Co., Ltd. said company was deemed to be in a state of business operation where necessary and appropriate measures to prevent unfair trading had not been implemented with regard to the management of corporate information pertaining to public offerings. Under such circumstances, said company was also deemed to have provided clients with corporate information on securities and other trading, and conducted acts of solicitation. On August 3, 2012, said company received a business improvement order from the Financial Services Agency pursuant to Article 51 of the Financial Instruments and Exchange Act. Mr. Kubori has since retired from the position at said company. As outside director of said company, he fulfilled his responsibilities and endeavored to ensure compliance with laws and regulations through the board of directors of said company.
5. Conclusion of limited liability agreement with candidate for outside director
- The Company has concluded limited liability agreements with Outside Directors Tsutomu Okuda, Yuko Kawamoto, Hideaki Kubori, Hiroyuki Nakatsukasa, Katsuhiko Honda, Kunihiro Matsuo, Shigeru Morimoto, and Charles Ditmars Lake II. The liability limit under such agreements is the minimum amount as set by the Act. Upon approval of the appointment of the individual candidates as outside directors, the Company shall succeed such agreements with Messrs. Tsutomu Okuda, Yuko Kawamoto, Hideaki Kubori, Hiroyuki Nakatsukasa, Katsuhiko Honda, Kunihiro Matsuo, Shigeru Morimoto, and Charles Ditmars Lake II.
6. Number of years in office of candidate for outside director since assuming the position of outside director or outside auditor of the Company
- Of the candidates for outside director, as of this annual general shareholders meeting, the number of years in office of current Outside Directors of the Company since assuming their positions is as follows: Tsutomu Okuda: 7 years; Yuko Kawamura: 9 years; Hideaki Kubori: 6 months; Hiroyuki Nakatsukasa: 6 months; Katsuhiko Honda: 6 months; Kunihiro Matsuo: 6 months; Shigeru Morimoto: 4 years; and Charles Ditmars Lake II: 6 months.
- Of the candidates for outside director, as of this annual general shareholders meeting, the number of years in office of Statutory Auditor of Osaka Securities Exchange Co., Ltd. Hiroyuki Nakatsukasa since assuming the position is 4 years.

Business Report

(From April 1, 2012 to
March 31, 2013)

I. Overview of Current Status of Corporate Group

1. Business Report for Consolidated Fiscal Year

(1) Review and results of business operations

During this consolidated fiscal year, in the Japanese economy, despite uncertainty remaining from downside risks such as the downturn in economic conditions overseas rooted in the increasing uncertainty surrounding the European fiscal crisis and the shrinking of the financial system, signs of economic recovery were bolstered by expectation accompanying the new administration coming into power in Japan.

The Company began a new chapter on January 1, 2013 with the establishment of Japan Exchange Group, Inc. as a result of the business combination between Tokyo Stock Exchange Group, Inc. (TSE Group) and Osaka Securities Exchange Co., Ltd. (OSE). Through this combination, the Company will further establish our position in both cash equity and derivatives trading in Japan, increase market appeal and convenience through diversifying product lineup, consolidating market functions, and consolidating trading systems, with a view to enhancing our global competitive edge.

Under such circumstances, the JPX group (meaning the corporate group comprising the Company and its subsidiaries in this Business Report) remains conscious of its social mission of a market operator to stably provide reliable trading opportunities to market users. Thus, we made efforts to establish a stable market operation base as the core infrastructure of the Japanese capital market, and planned to further augment market functions by enhancing market transparency and fairness and providing rich liquidity to market users. With this in mind, the JPX group has set forth "invigoration of the Japanese stock market" and "further enhancement of the convenience and reliability of market infrastructure" as core strategies and has pursued various measures to contribute toward enhancing the functions of the capital market of Japan.

With respect to the consolidated results during the fiscal year ended March 31, 2013, due to the above business combination, in accordance with the Accounting Standards for Business Combinations, etc., the consolidated financial statements of TSE Group have been incorporated into the consolidated financial statements of the Company. As such, this business report contains the total of the consolidated results of TSE Group during the period from April 1, 2012 to December 31, 2012 and the consolidated results of the Company during the period from January 1, 2013 to March 31, 2013. In addition, since this is the first consolidated fiscal year for which the Company has prepared consolidated statements, there is no comparison with the previous fiscal year.

The consolidated results of the JPX group during the fiscal year ended March 31, 2013 were operating revenue of JPY 71,708 million, operating expenses of JPY 52,152 million, operating income of JPY 19,555 million, and ordinary income of JPY 21,631 million.

Due to including impairment losses on assets held by subsidiaries and financial advisor compensation in relation to the business combination, etc. as extraordinary losses, income before income taxes and minority interest was JPY 19,404

million, and net income was JPY 10,941 million.

① Trading participation fees

In the first half of the fiscal year ended March 31, 2013, in the stock market, prices and trading value were sluggish amid an uncertain outlook for the Japanese economy. In the latter half, after the new administration came into power, expectations for monetary easing and the declining yen contributed to rising stock prices, which brought about an increase in trading value. The derivatives market also saw trading volumes boosted by the vibrant stock market conditions in the latter half of the year. As of the end of March 2013, TOPIX was at 1,034.71 points, and average daily trading value of domestic stocks in JPX group markets (TSE 1st and 2nd Sections, Mothers, OSE 1st and 2nd Sections, and JASDAQ) during this consolidated fiscal year was JPY 1,561.3 billion. The average daily trading volumes for Nikkei 225 futures (total of large-sized and mini contracts (converted into large-sized contracts)) was 153,087 contracts, for TOPIX futures this was 68,204 contracts, and for 10-year JGB futures it was 38,700 contracts, while the trading value of Nikkei 225 options was JPY 23,500 million.

During the fiscal year ended March 31, 2013, basic fees was JPY 1,107 million, transaction fees from cash equities and derivatives was JPY 15,204 million and JPY 7,728 million respectively, and other fees such as access fees and trading system facilities usage fees was JPY 5,827 million. As a result, trading participation fees came to JPY 29,868 million.

In this fiscal year, the JPX group pursued the following initiatives to invigorate the market.

(i) Broadening of the investor base

In the severe economic climate surrounding the Japanese economy due to developments such as the Great East Japan Earthquake, the yen reaching historical highs, and the European fiscal crisis, to encourage positive change among Japanese companies, we launched the "+YOU Project" in support of the Japanese economy, under which one of the initiatives was to develop and broaden new investor bases. Specifically, to broaden the individual investor base, we held a total of more than 70 seminars for persons without investment experience in 47 prefectures across the country, drawing more than 4,300 participants. We also continued to offer our "TSE Academy" program and took initiatives to promote economic and financial literacy. In addition, with a view to providing individual investors with a reference for stock selection, Tokyo Stock Exchange, Inc. (TSE) began an initiative to regularly introduce a group of companies selected based on specific themes. After the first list of 15 stocks selected based on the theme of "ESG (Environmental, Social, and Governance)" was released in July 2012, TSE teamed up with the Ministry of Economy, Trade and Industry in February 2013 to release a list of 17 stocks selected based on evaluating companies from the perspective of promotion of active performance of their females in the workforce and the level of attainment of work-life balance. In total, 4 lists of theme stocks have been released. Besides these, as part of the Japanese stocks caravan project, our top-level executives visited 16 cities across the globe to communicate the appeal of Japanese stocks and offer information on trading rules and developments in the Japanese market to overseas institutional investors. For domestic institutional investors, we were engaged in activities aimed at encouraging ETF investment by financial institutions.

Furthermore, with the aim of invigorating the market through revising rules, we were actively engaged in approaches

to amend laws and regulations, as a result of which we managed to implement, on January 1, 2013, the revision to the method for calculation of customer margin pertaining to margin trading, changing the time basis for margin calculations from the delivery date to the trade execution date.

(ii) Expansion of the ETF, REIT, and derivatives markets

For the expansion of the ETF market, TSE pursued marketing activities to attract powerful overseas market makers, held events to promote the market, and was engaged in initiatives to enrich investment information via various media. Efforts to further bolster our product lineup brought a pair of leveraged and inverse ETFs tracking TOPIX, 4 ETNs tracking leveraged and inverse indices of overseas markets as well as the cross-listings of 2 ETFs created in Hong Kong based on the Renminbi Qualified Foreign Institutional Investors (RQFII) scheme. As a result, there were a total of 13 newly listed ETFs and ETNs on TSE during the fiscal year.

At OSE, besides holding ETF-related seminars mainly for individual investors, a pair of leveraged and inverse ETFs tracking the Nikkei Stock Average was listed in April 2012, offering investors a new option for hedging risk.

With respect to the REIT market, TSE continued to provide support to companies preparing for listing while being engaged in promotion activities such as holding and participating in events for individual investors, and biannual global promotion activities for overseas institutional investors, as well as expanding investment information through the "J-REIT view" website. As a result of these efforts, the market saw 6 new issues, welcoming its first listing in 4.5 years.

As for the derivatives market, TSE continued efforts to develop new equity-related products and preparations to list products related to overseas indices, and, since August 2012, has implemented changes such as revising the fees for individual options trading. TSE also continued its promotion activities aimed at increasing liquidity which targeted market makers and retail brokerages.

At OSE, with a view toward greater convenience of equity-related derivatives, rule revisions, including the November 2012 revision to allow strategy trading in index futures in which multiple issues are simultaneously bought and sold to accept orders before the market is open, were implemented. In addition, based on its partnership with CME Group, yen-denominated futures contracts based on the Dow Jones Industrial Index were launched in May 2012. In terms of sales and promotion activities at OSE, besides holding seminars and participating in events overseas, it has also held seminars for domestic investors together with securities firms and implemented a program for securities firms to support handling of new derivative products.

In January 2013, a memorandum of understanding was concluded with National Stock Exchange of India, and an agreement was reached to swiftly proceed with preparations for the launch of futures contracts based on the CNX Nifty index, India's leading stock price index, on the OSE market.

② Listing fees

This fiscal year saw a significant increase in the number of IPOs with 12 on the TSE 1st and 2nd Sections (up 6 companies from last year), 25 on Mothers (up 11 companies), 13 on JASDAQ (down 3 companies), and 2 on TOKYO

PRO Market (up 1 company). These brought the number of companies to 2,128 on the TSE 1st and 2nd Sections (up 19 companies), 199 on the OSE 1st and 2nd Sections (note) (down 3 companies), 185 on Mothers (up 7 companies), 905 on JASDAQ (note) (down 34 companies), and 3 on TOKYO PRO Market (up 2 companies).

(Note) Excluding companies cross-listed on TSE.

As a result, fees from new and additional listings was JPY 3,118 million and annual listing fees was JPY 6,097 million, bringing the total for listing fees for this consolidated fiscal year to JPY 9,216 million.

In this fiscal year, the JPX group pursued the following initiatives to invigorate the market.

(i) Increasing the number of IPOs

Initiatives were implemented to encourage companies with investment appeal, both domestic and foreign, to obtain a listing, communicate with regional governments and companies, and promote listed companies. These were done through promotion activities for parties involved in IPO work, such as companies preparing for listing, securities companies, and audit firms, and support based on characteristics of companies preparing for listing and their stage of growth.

(ii) Enriching services for listed companies

At TSE, to enrich dissemination services for English material, an automatic translation function in TDnet for information in earnings reports was added in December 2012 and efforts were made to further increase use by listed companies through means such as seminars aimed at spreading knowledge of the services. As part of the initiative to communicate the appeal of listed companies, TSE has collaborated with external institutions to increase analyst coverage centered on Mothers-listed companies. Since September 2012, analyst reports on 2nd Section companies have also been published.

At OSE, there were initiatives to enrich services for listed companies centered on newly listed small-and-medium-sized enterprises and venture companies, specifically, individual briefing sessions for institutional investors, joint individual investor briefing sessions as IR support. Besides these, OSE also made efforts to encourage use of the "JASDAQ Analyst Platform," which supports the preparation of analyst reports on JASDAQ-listed companies, enhance information dissemination, and increase liquidity.

③ Income from information services

Income from information services for this fiscal year was JPY 12,828 million.

In efforts to enrich the JPX group's information businesses, a basic agreement was concluded with Japan Securities Depository Center, Inc. on enhancement of dissemination services for Corporate Action information, and it was announced that the services are planned for launch in February 2014.

④ Income from securities settlement

Income from securities settlement for this fiscal year was JPY 10,916 million.

At the JPX group, in expanding our clearing business, since October 9, 2012 the group has welcomed 21 major market

players as clearing participants, launched clearing services for interest rate swaps, and expanded its service offerings in February 2013. Initiatives were also taken to consider rules toward further expanding product lineup and user bases, while efforts were made to increase use of clearing services for credit default swaps (CDS). Furthermore, in March 2013, Japan Securities Clearing Corporation (JSCC) and Japan Government Bond Clearing Corporation (JGBCC) announced that discussions have begun on a merger to further enhance clearing functions and structure, market convenience, efficiency, and stability, including facilitating greater efficiency in both operations and systems.

⑤ Initiatives to further enhance the convenience and reliability of market infrastructure

Other than the initiatives mentioned above, as core infrastructure of the Japanese capital market, the JPX group pursued the following initiatives to further enhance convenience and reliability of its market infrastructure.

(i) Enhancing listed company governance

At TSE, revisions were made in May 2012 to listing rules which provided for greater information disclosure regarding independent directors/auditors and independence of outside directors/auditors, and in November 2012 "A Handbook on Practical Issues for Independent Directors/Auditors" was distributed to all independent directors/auditors as part of activities to raise awareness and understanding of the rules. For the purpose of supporting independent directors/auditors in performing their duties, the "TSE Independent Director/Auditor Seminar" was held in February 2013 to provide commentary on the significance and role of independent directors/auditors as well as recent changes in the Companies Act which offered incentives for appointing outside directors. There was also a new "Corporate Value Improvement Award," which was established with the purpose of spreading and promoting management aimed at improving corporate value. 1 Grand Prix winner and 4 other companies which received Excellence Award were announced in December 2012.

(ii) Fulfilling self-regulatory functions in response to evolving environment

With regard to insider trading on non-public material facts pertaining to public offerings, in light of the series of incidents which were brought about by information leaks from securities companies, in order to restore international confidence in the Japanese securities market, the "Public Offering Investigation Office" was established in July 2012 to investigate issues related to public offerings. In addition, the "Special Participant Examination & Inspection Team" to inspect the management systems and frameworks for corporate information at securities firms, and project teams to consider ways to further enhance inspection techniques were formed. These were some of the measures taken toward conducting thorough investigations of unfair trading related to public offerings, and preventing similar cases from occurring.

Besides these, the JPX group continued to seek a balance between quality and efficiency in listing examination work, and implement initiatives toward performing preventative listed company compliance operations through actively spreading information to external parties.

(iii) Strengthening functions to propose policy recommendations and provide information

To achieve a financial and securities tax regime desirable for the growth and development of the Japanese stock market, we approached the Japan Securities Dealers Association and expressed our desire for changes in the tax regime such as including derivatives for offsetting gains and losses, tax exemptions for permanent establishments (PE), and improvements to Japanese version of ISA. In addition, to support individuals in their asset building for old-age, we have made efforts toward examining an expansion of fixed contribution pension plans and compiling recommendations on enhancing the rules, including holding a symposium on the theme of such pension plans in December 2012.

Furthermore, with a view toward increased competitiveness of the Japanese capital market, we continued to study and conduct research on changes in the environment and regulatory landscape surrounding the market. The outcomes of such efforts are announced from time to time in the form of a JPX working paper. A paper entitled "Short Selling on the Tokyo Stock Exchange and the Effects of the Uptick Rule" was released in September 2012.

(iv) Expanding market infrastructure and enhancing its functions

In January 2013, we released the outline of the rules related to the integration of the cash equity market, self-regulatory functions, and clearing organizations that is scheduled for July 2013.

At TSE, in efforts toward realizing a next-generation market, we examined enhancements such as constructing a new arrowhead system and connecting arrownet to external institutions or improving its accessibility from overseas. Meanwhile, at OSE, besides replacing clearing system devices in July 2012, with the aim of raising customer satisfaction, enhanced IT services were achieved through efforts made in operations to consider end-customer needs, such as reducing the preparation period for J-GATE (derivatives trading system) network devices and launching a service for transferring devices to other services.

With regard to the August 7, 2012 failure in Tdex+ System at TSE, for which the Financial Services Agency issued a business improvement order and the March 4, 2013 J-GATE system failure at OSE, which caused inconvenience to market users, measures have been taken to prevent recurrence as well as occurrence of similar issues.

⑥ Operating expenses

During this fiscal year, personnel expenses was JPY 12,945 million, rent expenses on real estate was JPY 5,842 million, system maintenance and operation costs was JPY 8,699 million, and depreciation costs was JPY 11,275 million. After accounting for goodwill of JPY 1,474 million, operating expenses came to JPY 52,152 million.

(2) Capital investment

Overall capital investment, including that for trading and clearing systems was about JPY 7,400 million.

(3) Financing

Borrowings of JPY 86,399 million were made due to allocation of funds required by TSE Group for the tender offer of OSE.

(4) Significant corporate restructuring, etc.

Based on the absorption-type split agreement concluded on October 29, 2012, TSE, a subsidiary of the Company, succeeded from TSE Group, on January 1, 2013, all businesses, except for businesses relating to the management of a stock company-type financial instruments exchange and other business incidental thereto that the Company will operate.

A merger, where OSE was the surviving company, and TSE Group was dissolved, was also conducted on January 1, 2013 based on the merger agreement concluded on October 29, 2012.

Based on the absorption-type split agreement concluded on October 29, 2012, New Osaka Securities Exchange Preparatory Corporation succeeded, on January 1, 2013, all businesses of OSE, except for businesses relating to the management of a stock company-type financial instruments exchange and other business incidental thereto.

(5) Acquisition or disposition of shares or equities in other companies, or subscription warrants, etc.

There are no matters to report.

2. Assets and Earnings in the Three Years Prior to the Year under Review

JPX group

(JPY million)

| Classification | March 2013 Term (Apr. 2012 to Mar. 2013) |
|-------------------------------|--|
| Operating revenue | 71,708 |
| Operating income | 19,555 |
| Ordinary income | 21,631 |
| Net income | 10,941 |
| Net income per share (JPY) | 322.93 |
| Total assets | 1,276,386 |
| Net assets | 179,077 |
| Net assets per share (JPY) | 3,215.06 |

(Operating revenue)

(JPY million)

| Classification | March 2013 Term |
|--------------------------------------|-----------------|
| Trading participation fees | 29,868 |
| Listing fees | 9,216 |
| Income from information services | 12,828 |
| Income from securities settlement | 10,916 |
| Other operating revenue | 8,879 |
| Total | 71,708 |

*1 Due to the Company being established on January 1, 2013 following the business combination between TSE Group and OSE, only figures for this consolidated fiscal year are provided.

For the fiscal term ended March 31, 2013, in accordance with the Accounting Standards for Business Combinations, etc. the consolidated financial statements of TSE Group shall be incorporated into the consolidated financial statements of the Company. As such, this business report contains the total of the consolidated results of TSE Group during the period from April

1, 2012 to December 31, 2012 and the consolidated results of the Company during the period from January 1, 2013 to March 31, 2013. The asset and profit/loss situation of TSE Group for the 3 most recent consolidated fiscal terms are included below.

*2 Net income per share is calculated based on the average number of shares outstanding (33,881,156 shares) during the period from April 1, 2012 to March 31, 2013, which includes the period before the business combination. Based on the average number of shares outstanding (54,906,910 shares) during the period after the business combination from January 1, 2013 to March 31, 2013, the net income per share is 199.27 yen.

<Reference> TSE Group
(JPY million)

| Classification | March 2010 Term (Apr. 2009 to Mar. 2010) | March 2011 Term (Apr. 2010 to Mar. 2011) | March 2012 Term (Apr. 2011 to Mar. 2012) |
|-----------------------------------|---|---|---|
| Operating revenue | 60,665 | 57,097 | 53,045 |
| Operating income | 14,824 | 13,596 | 9,159 |
| Ordinary income | 17,425 | 15,302 | 10,903 |
| Net income (loss) | (3,602) | 8,879 | 6,311 |
| Net income (loss) per share (JPY) | (1,584.27) | 3,905.07 | 2,775.98 |
| Total assets | 391,075 | 514,405 | 345,247 |
| Net assets | 116,940 | 124,782 | 127,122 |
| Net assets per share (JPY) | 50,085.81 | 53,606.95 | 54,801.89 |

The Company

(JPY million)

| Classification | March 2013 Term (Apr. 2012 to Mar. 2013) |
|-------------------------------|--|
| Operating revenue | 18,643 |
| Operating income | 5,612 |
| Ordinary income | 6,358 |
| Net income | 3,637 |
| Net income per share (JPY) | 107.35 |
| Total assets | 193,658 |
| Net assets | 83,714 |
| Net assets per share (JPY) | 1,524.65 |

* Due to the Company being established on January 1, 2013 following the business combination between TSE Group and OSE, only figures for this fiscal year are provided.

For the fiscal term ended March 31, 2013, in accordance with the Accounting Standards for Business Combinations, etc., this business report contains the total of the consolidated results of OSE during the period from April 1, 2012 to December 31, 2012 and the results of the Company during the period from January 1, 2013 to March 31, 2013. The asset and profit/loss situation of OSE for the 3 most recent consolidated fiscal terms are included below.

<Reference> OSE

(JPY million)

| Classification | March 2010 Term (Apr. 2009 to Mar. 2010) | March 2011 Term (Apr. 2010 to Mar. 2011) | March 2012 Term (Apr. 2011 to Mar. 2012) |
|-------------------------------|--|--|--|
| Operating revenue | 18,080 | 22,984 | 22,494 |
| Operating income | 6,121 | 7,582 | 8,323 |
| Ordinary income | 7,684 | 8,453 | 9,177 |
| Net income | 4,334 | 9,156 | 5,466 |
| Net income per share (JPY) | 16,053.69 | 33,911.49 | 202.45 |

| | | | |
|----------------------------|------------|------------|---------|
| Total assets | 317,323 | 670,811 | 453,203 |
| Net assets | 46,439 | 52,858 | 55,485 |
| Net assets per share (JPY) | 171,998.46 | 195,773.01 | 2055.02 |

3. Information Concerning the Parent Company and Major Subsidiaries

(1) Relationship with parent company

There are no matters to report.

(2) Major subsidiaries

| Company Name | Address | Paid-in Capital | Percentage of Total (%) [indirect] | Principal Businesses |
|---------------------------------------|----------------|-------------------------|---------------------------------------|--|
| Tokyo Stock Exchange, Inc. | Chuo-ku, Tokyo | (JPY million) 11,500 | 100.0 % | Financial instruments exchange market operations |
| Osaka Securities Exchange Co., Ltd. | Chuo-ku, Osaka | 4,723 | 100.0 | Financial instruments exchange market operations, and financial instruments obligation assumption services |
| Tokyo Stock Exchange Regulation | Chuo-ku, Tokyo | 3,000 | 100.0 | Self-regulatory operations |
| Japan Securities Clearing Corporation | Chuo-ku, Tokyo | 7,350 | 91.6 | Financial instruments obligation assumption services |
| TOSHO SYSTEM SERVICE CO., LTD. | Chuo-ku, Tokyo | 100 | 80.0 80.0 (80.0) [80.0] | System development, etc. |

(Notes) 1. The amount indicated under "Paid-in Capital" for Tokyo Stock Exchange Regulation is non-stock capital.

2. The ownership ratio of Japan Securities Clearing Corporation is 99.3% of Class-A stock, 100.0% of Class-B stock, and 58.2% of Class-C stock.

4. Issues Requiring Actions

The JPX group has laid out a future vision that aims at becoming "the most preferred exchange in the Asian region providing high-quality services with creativity, reliability and a dedication to the public."

The medium-term management plan for FY2013 to FY2015 is the first three-year plan toward the realization of our future vision. The JPX group aims to secure our overall competitive advantage as an exchange in the Asian region in terms of reliability, liquidity, IPOs, market capitalization, and profitability. Through means such as the effective utilization of the mature market infrastructure of the JPX group in the Asian region and collaboration with other exchanges in Asia, we will strive to support Asian growth and grow our presence in the Asian market.

Based on this medium-term management plan, the JPX group will address the following key issues.

(1) Creation of a new Japanese stock market

- To promote the appeal of Japanese stocks globally, we will develop new indices composed of listed companies with high investment appeal, work to spread awareness about them, and establish such indices in the market.
- We aim to enhance the global valuation of Japanese stocks through initiatives such as improving corporate governance by revising listing rules, increasing awareness of the Listed Company Awards, facilitate understanding of our efforts in corporate governance through individual visits to institutional investors.
- To maintain the world-class competitive edge of our systems, we will further reduce latency (improve processing speed) by replacing arrowhead, and reinforce risk management functions associated with developments in electronic and high-speed trading.
- To invigorate the market through participant diversification, we will look to revise tick sizes and make preparations for an evening/night-time cash equity market.
- To enhance the functions of the Japanese capital market, we will hold meetings with market experts with a view to proposing policy recommendations and proactively disseminate such proposals to the global media and other entities.
- We aim to become Asia's top-class ETF market and secure our position as the world's third largest REIT market in terms of assets under management and asset diversity.
- In supporting corporate growth through encouraging IPOs, we will engage in "seeding" activities among companies and related parties prior to listing preparation, and offer "growth stage-based support" to companies preparing for listing, and extend our activities to "growth support" for newly listed companies.

(2) Expansion of the derivatives market

- We will encourage related parties to revise rules and regulations which impede expansion of the commodity derivatives market, and enter into the field of commodities in earnest.
- We will enrich and expand our range of JGB-related products, launch derivatives products based on overseas indices, develop and launch new products to cover OTC transactions, and conduct marketing and promotion activities targeting market participants to secure liquidity for new products.
- Taking the opportunity of market integration to dynamically revise rules, we will develop rules and frameworks and extend trading hours in connection with derivatives market integration, use system integration as an opportunity to expand market participants and attract new market participants in the JGB futures and TOPIX futures markets, among other efforts.
- We will formulate the implementation timeline and basic schedule for the next-generation derivatives trading system and determine basic policies for new rules and new functions to accompany launch of a next-generation derivatives trading system to come up with a new market design.

(3) Expansion of exchange business fields

- We will diversify revenue sources via expansion for our clearing business by launching client clearing (clearing of customer trading), commencing handling of products such as foreign-currency-denominated interest rate swaps,

introducing cross-margining rules for JGB futures and interest rate swaps to expand the use of OTC derivatives clearing.

- We will look to expand project finance for infrastructure businesses by establishing rules for a listed infrastructure market and realize listings.
- To contribute to eliminating the gap in supply and demand for funds in Asian countries, we will promote the use of and invigorate our professional-oriented bond market and secure its position as a top-class market of its type in Asia through enhancing market convenience, and uncovering new issuers and cultivating new investors mainly in Asia.

(4) Continuous medium-to-long term initiatives

- Through further expansion of the "+YOU Project" launched in the previous fiscal year, we will look to enhance awareness of the project and strengthen its association with investment activity so as to expand the individual investor base for Japanese stocks. We will also seek to bring depth to the investor base through improving the image of derivatives and spreading the awareness of their social function.
- To improve confidence in the market, we will strive to fulfill our self-regulatory functions in response to the evolving market environment, and steadily implement preventative and improvement measures in light of the system malfunctions.

(5) Early realization of business combination benefits

- We will shift to a cost structure that responds flexibly to changes in market environment by integrating overlapping systems, streamlining and reviewing operation bases, and improving operational efficiency and business execution systems throughout the entire JPX group, and aim to achieve cost reductions of JPY 8,500 million by the fiscal year ending March 31, 2015.

Furthermore, in the integration of the cash equity markets, self-regulatory function, and clearing organizations scheduled for July 2013, the cash equity markets will be consolidated under TSE, and trading systems will be integrated to arrowhead (off-auction trading will be integrated to ToSTNeT). In conjunction with cash equity market integration, the self-regulatory functions of the derivatives markets will also be consolidated under Tokyo Stock Exchange Regulation (TSER). The clearing organizations will be consolidated to JSCC, and we will look to unify the margin system to bring about more efficient fund use among trading participants and greater liquidity. Due to this, the cash equity market will be comprised of the 1st Section and 2nd Section (OSE 1st and 2nd Section issues will be listed on the TSE 1st and 2nd Section), Mothers, JASDAQ, and TOKYO PRO Market.

The derivatives markets will be consolidated under OSE in March 2014 and the trading systems will be integrated to J-GATE. This will make a broad range of derivatives products, including those based on Nikkei225, TOPIX, and Japanese government bonds, available for trading on a single platform.

(6) Cultivation of a new corporate culture

- We will cultivate a new corporate culture that is efficient and creative, and change our mindset toward establishing the 4Cs (Customer First - prioritize customer needs, Credibility - build public confidence, Creativity - pursue innovative solutions, Competency - harness employee potential) in the Company.

5. Principal Business (as of March 31, 2013)

The Company is a stock corporation licensed as a financial instruments exchange holding company under the Financial Instruments and Exchange Act to engage in the administration and management of its subsidiaries TSE, OSE, and TSER. The principal business of the JPX group is the establishment and operation of exchange financial instruments markets that are established by TSE and OSE.

6. Main Offices (as of March 31, 2013)

The Company

| | |
|-------------|--|
| Head Office | 2-1, Nihombashi-Kabuto-cho, Chuo-ku, Tokyo |
|-------------|--|

Subsidiaries

| | |
|---------------------------------------|--|
| Tokyo Stock Exchange, Inc. | 2-1, Nihombashi-Kabuto-cho, Chuo-ku, Tokyo |
| Osaka Securities Exchange Co., Ltd. | 1-8-16, Kitahama, Chuo-ku, Osaka |
| Tokyo Stock Exchange Regulation | 2-1, Nihombashi-Kabuto-cho, Chuo-ku, Tokyo |
| Japan Securities Clearing Corporation | 2-1, Nihombashi-Kabuto-cho, Chuo-ku, Tokyo |
| TOSHO SYSTEM SERVICE CO., LTD. | 2-1-1, Nihombashi-Kayaba-cho, Chuo-ku, Tokyo |

7. Employees (as of March 31, 2013)

JPX group

| No. of employees | Compared to the previous fiscal year | Average age | Average years of employment |
|------------------|--------------------------------------|-------------------|-----------------------------|
| 1,157 | — | 41 years 2 months | 15 years 10 months |

(Note) 1. The number of employees refers to persons working on a regular basis (excluding persons assigned temporarily to other entities by the JPX group but including persons assigned to work temporarily in the JPX group); temporary employees

(including part-time workers and persons dispatched from employment agencies) are not included.

2. This is the first consolidated fiscal year for which the Company has prepared consolidated statements. As such, there is no comparison with the previous fiscal year.

8. Lenders, Loans and Shares Held by Lenders (as of March 31, 2013)

| Lender | Type of Loan | Outstanding Loans (JPY million) |
|--|------------------------------------|------------------------------------|
| The 77 Bank, Ltd. | Short-term loans | 17,570 |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd. | Current portion of long-term loans | 86,399 |

9. Other Important Items Related to the Corporate Group

On December 8, 2005, Mizuho Securities Co., Ltd. (Mizuho Securities) issued an erroneous order for the sale of shares of J-COM Co., Ltd. Mizuho Securities filed a lawsuit against TSE in the Tokyo District Court claiming damages of approximately JPY 41.5 billion with respect to this incident. However, on December 4, 2009, the court decided to order TSE to pay damages (approximately JPY 10.7 billion and delinquency charges). On December 18, 2009, TSE made a payment of JPY 13.2 billion, including delinquency charges up until that date, in order to exempt compulsory execution based on the court ruling with declaration of provisional execution.

In response to this court ruling, Mizuho Securities has filed an appeal with the Tokyo High Court, and TSE has filed an incidental appeal with the court accordingly. Oral proceedings in the court of appeals were concluded on March 18, 2013, and after settlement negotiations by the parties involved, a decision is to be made on July 24, 2013.

II. Status of Shares (as of March 31, 2013)

- (1) Total Authorized No. of Shares to be Issued 290,000,000
 (2) Total No. of Shares Issued 54,906,910
 (3) No. of Shareholders 6,217
 (4) Major Shareholders

| Rank | Name of Shareholder | No. of Shares Held | Percentage of Total |
|------|--|-----------------------------|---------------------|
| 1 | State Street Bank and Trust Company | 2,553,658 ^{shares} | 4.65 [%] |
| 2 | SMBC Friend Securities Co., Ltd. | 1,515,500 | 2.76 |
| 3 | Japan Trustee Services Bank, Ltd. (Trust Account) | 1,453,400 | 2.65 |
| 4 | Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. | 1,160,250 | 2.11 |
| 5 | Mizuho Securities Co., Ltd. | 1,097,500 | 2.00 |
| 6 | AIZAWA SECURITIES CO., LTD. | 817,400 | 1.49 |
| 7 | Securities Japan, Inc. | 798,400 | 1.45 |
| 8 | The Master Trust Bank of Japan, Ltd. (Trust Account) | 761,700 | 1.39 |
| 9 | Okachi Securities Co., Ltd. | 757,600 | 1.38 |
| 10 | The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 755,700 | 1.38 |

III. Status of Subscription Warrants (*shinkabu-yoyakuken*), etc.

There are no matters to report.

IV. Directors and Executive Officers of the Company

1. Directors and Executive Officers (as of March 31, 2013)

(1) Board of Directors

| Position | Name | Area of Responsibility | Significant Concurrent Position |
|--|--|---|---|
| Director & Representative Executive Officer, Group CEO | Atsushi Saito | Group CEO; Chairman of the Nomination Committee; Member of the Compensation Committee | Director, Osaka Securities Exchange Co., Ltd. |
| Director & Representative Executive Officer, Group COO | Michio Yoneda | Group COO; Member of the Nomination Committee | Director, Tokyo Stock Exchange, Inc. Outside Director, Osaka Small and Medium Business Investment & Consultation Co., Ltd. |
| Director | Tsutomu Okuda | Chairman of the Compensation Committee | Representative Director and Chairman & CEO, J. FRONT RETAILING Co., Ltd. Outside Director, Resona Holdings, Inc. Outside Corporate Auditor, Mainichi Broadcasting System Inc. |
| Director | Yuko Kawamoto | Member of the Nomination Committee | Professor, Graduate School of Finance, Accounting and Law, Waseda University Outside Director, Monex Group, Inc. Outside Corporate Auditor, Tokio Marine Holdings, Inc. Outside Director, ITOCHU Corporation |
| Director | Hideaki Kubori | Member of the Nomination Committee | Outside Governor, Tokyo Stock Exchange Regulation Attorney-At-Law Representative, HIBIYA PARK LAW OFFICES Outside Auditor, SOURCENEXT CORPORATION Professor, Omiya Law School Member, Compliance Committee, Bank of Japan Deputy Director-General, Planning and Coordination Bureau, Financial Services Agency (Advisor, Legal and Regulatory Compliance Research Office) Member of the Financial Transactions, etc. Board, Bank of Japan Member of the Supervisory Committee, the Norinchukin Bank |
| Director | Taichi Sakaiya (Assumed name) (Proper name: Kotaro Ikeguchi) | Member of the Compensation Committee | Director, Osaka Securities Exchange Co., Ltd. Representative Director, Taichi-Sakaiya Office Co., Ltd. Representative Director, Taichi-Sakaiya Laboratory Co., Ltd. |
| Director | Hiroyuki Nakatsukasa | Member of the Audit Committee | Outside Auditor, Osaka Securities Exchange Co., Ltd. Representative of Nakatsukasa Certified Public Accountant/Certified Tax Accountant Office Outside Auditor, FURUSATO INDUSTRIES, LTD. |

| Position | Name | Area of Responsibility | Significant Concurrent Position |
|----------|-------------------------|--|---|
| Director | Masakazu Hayashi | | President, Tokyo Stock Exchange Regulation |
| Director | Masayuki Hirose | Member of the Audit Committee | Statutory Auditor, Tokyo Stock Exchange, Inc. |
| Director | Katsuhiko Honda | Member of the Nomination Committee | Corporate Counselor, Japan Tobacco Inc. |
| Director | Kunihiro Matsuo | Member of the Audit Committee (Chairman) | Outside Statutory Auditor, Tokyo Stock Exchange, Inc. Attorney-At-Law Outside Corporate Auditor, Toyota Motor Corporation Outside Corporate Auditor, MITSUI & CO., LTD. Outside Corporate Auditor, Komatsu Ltd Outside Auditor, BROTHER INDUSTRIES, LTD. |
| Director | Shigeru Morimoto | | Outside Director, Osaka Securities Exchange Co., Ltd. Professor, Graduate School of Law, Doshisha University Attorney-At-Law |
| Director | Charles Ditmars Lake II | Member of the Compensation Committee | Representative and Chairman, American Family Life Assurance Company of Columbus Japan Branch (Aflac Japan) |

(Notes)

1. The following persons are Outside Directors: Messrs. Tsutomu Okuda, Yuko Kawamoto, Hideaki Kubori, Taichi Sakaiya, Hiroyuki Nakatsukasa, Katsuhiko Honda, Kunihiro Matsuo, Shigeru Morimoto, and Charles Ditmars Lake II.
2. The following persons are Independent Directors and have the obligation to protect the interests of general investors based on the rules of Tokyo Stock Exchange, Inc. and Osaka Securities Exchange Co., Ltd.: Messrs. Tsutomu Okuda, Yuko Kawamoto, Hideaki Kubori, Taichi Sakaiya, Hiroyuki Nakatsukasa, Katsuhiko Honda, Kunihiro Matsuo, Shigeru Morimoto, and Charles Ditmars Lake II.
3. Concurrent positions held by outside directors include those at subsidiaries Tokyo Stock Exchange, Inc. and Osaka Securities Exchange Co., Ltd., as well as Tokyo Stock Exchange Regulation, a wholly-owned subsidiary. As for the other companies at which concurrent positions are held, the Company does not have any significant capital or transactional relationship requiring special mention.
4. Director Hiroyuki Nakatsukasa is a certified public accountant and a certified tax accountant, and holds a respectable degree of knowledge on finance and accounting.
5. Based on the resolution obtained at the extraordinary general shareholders meeting held on November 20, 2012, the Company made the transition to the Company with Committees structure on January 1, 2013 following the absorption-type merger where Osaka Securities Exchange Co., Ltd. was the surviving company and Tokyo Stock Exchange Group, Inc. was dissolved. Due to this, Directors Motoharu Fujikura, Manabu Matsumoto, Kotaro Yamazawa, and Yoshinori Karino, Outside Directors Yusuke Kawamura and Shigeo Sasaki, Full-time Statutory Auditor Yoshitake Kaneda, and Outside Statutory Auditors Hiroshi Iwaki and Hiroyuki Nakatsukasa retired from their positions on January 1, 2013 following the end of their terms of office. Hiroyuki

Nakatsukasa assumed the position of Outside Director of the Company on the same day.

6. Director Tsutomu Okuda assumed the following position on the following date: Director and Senior Advisor, J. FRONT RETAILING Co., Ltd. on April 1, 2013.

Director Yuko Kawamoto retired from the following position on the following date: Outside Director, Yamaha Motor Co., Ltd. on March 26, 2013.

Director Kunihiro Matsuo retired from the position on the following date: Outside Director, Asahi Glass Co., Ltd. on March 28, 2013.

(2) Executive Officers

| Position | Name | Area of Responsibility | Significant Concurrent Position |
|--|-------------------|---|--|
| Director & Representative Executive Officer, Group CEO | Atsushi Saito | Group CEO | Refer to "(1) Board of Directors" |
| Director & Representative Executive Officer, Group COO | Michio Yoneda | Group COO | Refer to "(1) Board of Directors" |
| Executive Vice President & CIO | Yoshinori Suzuki | CIO, IT Planning | Senior Managing Director, Tokyo Stock Exchange, Inc. President & CEO, TOSHO SYSTEM SERVICE CO., LTD. |
| Senior Executive Officer | Yoshinori Karino | IT Planning | Director and Managing Director, Osaka Securities Exchange Co., Ltd. |
| Senior Executive Officer | Koichi Miyahara | Human Resources | Senior Executive Officer, Tokyo Stock Exchange, Inc. |
| Senior Executive Officer | Kotaro Yamazawa | Corporate Strategy, Corporate Communications, and CSR Promotion | Director and Managing Director, Osaka Securities Exchange Co., Ltd. Director, Japan Securities Clearing Corporation |
| Executive Officer | Moriyuki Iwanaga | Corporate Strategy, Corporate Communications, and CSR Promotion | Executive Officer, Tokyo Stock Exchange, Inc. Director, Japan Securities Clearing Corporation Outside Director, Japan Securities Depository Center |
| Executive Officer | Norio Iwasaki | CFO, General Administration, and Treasury | |
| Executive Officer | Masahiko Maruyama | General Administration and Treasury | Senior Executive Officer, Osaka Securities Exchange Co., Ltd. |

(Note) The Company made the transition to the Company with Committees structure on January 1, 2013.

2. Policies Regarding Decisions on Compensation for Directors and Executive Officers

Compensation for directors and executive officers of the Company is comprised of basic salary, bonus, and company stock, and is determined by the Compensation Committee.

Basic salary is consideration for daily business execution and participation in management commensurate with each position and its duties. Bonus is incentive for improving corporate performance for a fiscal year. The total amount of bonus is determined based on corporate performance, which is then distributed to each executive officer based on the degree of contribution. Company stock is incentive for raising medium-to-long term corporate value and is an amount commensurate with each position and its duties that is allocated to purchasing shares of the Company.

3. Compensation Paid to Directors and Executive Officers

| Classification | No. of Recipients | Amount Paid (JPY million) |
|---|-------------------|---------------------------|
| Directors [of which Outside Directors] | 16 (10) | 169 (42) |
| Executive Officers | 9 | 161 |
| Auditors [of which Outside Auditors] | 3 (2) | 20 (7) |

Notes)

1. Persons serving as both Directors and Executive Officers do not receive compensation as Directors.

2. The above amounts include JPY 85 million paid in bonuses to Executive Officers as decided in the Compensation Committee on April 8, 2013.

3. During the fiscal year under review, JPY 1 million in total was separately paid out to Outside Directors as compensation by Tokyo Stock Exchange Regulation.

4. Item Related to Outside Directors and Outside Statutory Auditors

(1) Primary activities during the fiscal year

| Position | Name | Primary Activities |
|----------|--|--|
| Director | Tsutomu Okuda | Attended 12 of the 13 Board of Directors meetings held during the business year under review; attended 1 Compensation Committee meeting held since January 1, 2013; made statements that were relevant to the deliberation of agenda items, contributed such statements in an appropriate way. |
| Director | Yuko Kawamoto | Attended 12 of the 13 Board of Directors meetings held during the business year under review; attended 1 Nomination Committee meeting held since January 1, 2013; made statements that were relevant to the deliberation of agenda items, contributed such statements in an appropriate way. |
| Director | Hideaki Kubori | Attended 3 of the 4 Board of Directors meetings held since January 1, 2013; made statements that were relevant to the deliberation of agenda items, contributed such statements in an appropriate way. |
| Director | Taichi Sakaiya (Assumed name) (Proper name: Kotaro Ikeguchi) | Attended 11 of the 13 Board of Directors meetings held during the business year under review; attended 1 Compensation Committee meeting held since January 1, 2013; made statements that were relevant to the deliberation of agenda items, contributed such statements in an appropriate way. |
| Director | Hiroyuki Nakatsukasa | Attended all 4 Board of Directors meetings held since January 1, 2013; attended all 4 Audit Committee meetings held since the same date; made statements that were relevant to the deliberation of agenda items, contributed such statements in an appropriate way. |
| Director | Katsuhiko Honda | Attended all 4 Board of Directors meetings held since January 1, 2013; attended 1 Nomination Committee meeting held since the same date; made statements that were relevant to the deliberation of agenda items, contributed such statements in an appropriate way. |
| Director | Kunihiro Matsuo | Attended all 4 Board of Directors meetings held since January 1, 2013; attended all 4 Audit Committee meetings held since the same date; made statements that were relevant to the deliberation of agenda items, contributed such statements in an appropriate way. |

| | | |
|----------|-------------------------|---|
| Director | Shigeru Morimoto | Attended all 13 Board of Directors meetings held during the business year under review; made statements that were relevant to the deliberation of agenda items, contributed such statements in an appropriate way. |
| Director | Charles Ditmars Lake II | Attended 3 of the 4 Board of Directors meetings held since January 1, 2013; made statements that were relevant to the deliberation of agenda items, contributed such statements in an appropriate way. |
| Director | Yusuke Kawamura | Attended 8 of the 9 Board of Directors meetings held between April 2012 and December of the same year; made statements that were relevant to the deliberation of agenda items, contributed such statements in an appropriate way. |
| Director | Shigeo Sasaki | Attended all 9 Board of Directors meetings held between April 2012 and December of the same year; made statements that were relevant to the deliberation of agenda items, contributed such statements in an appropriate way. |
| Auditor | Hiroshi Iwaki | Attended all 9 Board of Directors meetings held between April 2012 and December of the same year; attended all 8 Audit Committee meetings held during the same period; made statements that were relevant to the deliberation of agenda items, contributed such statements in an appropriate way. |
| Auditor | Hiroyuki Nakatsukasa | Attended all 9 Board of Directors meetings held between April 2012 and December of the same year; attended all 8 Audit Committee meetings held during the same period; made statements that were relevant to the deliberation of agenda items, contributed such statements in an appropriate way. |

(2) Summary of limited liability agreements

OSE had concluded limited liability agreements with Outside Directors Tsutomu Okuda, Yusuke Kawamura, Yuko Kawamoto, Taichi Sakaiya, Shigeo Sasaki, and Shigeru Morimoto, and Outside Auditors Hiroshi Iwaki and Hiroyuki Nakatsukasa pursuant to Article 423, Paragraph 1 of the Companies Act. The liability limit under such agreements was JPY 1 million or a minimum amount as set by the Act, whichever is greater. After the establishment of Japan Exchange Group, Inc., limited liability agreements were concluded with Outside Directors Tsutomu Okuda, Yuko Kawamoto, Hideaki Kubori, Taichi Sakaiya, Hiroyuki Nakatsukasa, Katsuhiko Honda, Kunihiro Matsuo, Shigeo Morimoto, and Charles Ditmars Lake II. The liability limit under such agreements is the minimum amount as set by laws and regulations.

V. Accounting Auditor

1. Name of Accounting Auditor

KPMG AZSA LLC

Deloitte Touche Tohmatsu LLC

*KPMG AZSA LLC was disengaged as accounting auditor of OSE as of November 20, 2012, and Deloitte Touche Tohmatsu LLC was engaged as the new accounting auditor.

2. Compensation Paid to Accounting Auditor

(1) Compensation, etc. paid to KPMG AZSA LLC

| | Amount Paid |
|--|----------------|
| 1) Total fees paid to the Accounting Auditor by OSE | JPY 10 million |
| 2) Of the total in 1), the amount of fees paid as consideration for audit certification under Article 2, Paragraph 1 of the Certified Public Accountants Act | JPY 10 million |

(2) Compensation, etc. paid to Deloitte Touche Tohmatsu LLC

| | Amount Paid |
|--|----------------|
| 1) Total fees, etc. paid to the Accounting Auditor by the Company and its subsidiaries | JPY 74 million |
| 2) Of the total in 1), the amount of fees, etc. paid as a consideration for audit certification under Article 2, Paragraph 1 of the Certified Public Accountants Act | JPY 71 million |
| 3) Of the total in 2), the total amount of fees, etc. to the Accounting Auditor | JPY 15 million |

(Note) 1. In the auditing agreement entered into between the Company and the Accounting Auditor, no distinction is made between compensation paid for audits made in accordance with the Companies Act and compensation paid for audits made in accordance with the Financial Instruments and Exchange Act; in practical terms, this distinction cannot be made, and thus the amounts shown as paid during the year under review are the total of these two amounts.

2. Other than the above, compensation paid for audits of financial statements prepared by subsidiary JSCC for the fiscal years ended March 31, 2011 and March 31, 2012 made in accordance with US Generally Accepted Accounting Principles was JPY 25 million.

3. Non-audit Services

The Company paid consideration to Deloitte Touche Tohmatsu LLC for advisory work and guidance concerning International Financial Reporting Standards (IFRS) pertaining to financial reporting, as well as for advisory work and guidance pertaining to the business combination, which are services other than the services specified in Article 2, Paragraph

1 of the Certified Public Accountants Act.

4. Policy Regarding Decisions to Dismiss or Not Reappoint the Accounting Auditor

The Audit Committee shall submit a proposal to the general shareholders meeting on the dismissal of the Accounting Auditor or recommending against its reappointment in the event that the Committee determines that such action is necessary in light of a comprehensive assessment of the Accounting Auditor's independence, trustworthiness, or other conditions related to the performance of its duties.

In addition, if the provisions of items of Article 340, Paragraph 1 of the Companies Act are found to apply to the Accounting Auditor, the Company shall dismiss the Accounting Auditor.

5. Matters Related to Limited Liability Agreement

There are no matters to report.

VI Matters Related to Organizational Improvements Designed to Ensure Appropriate Execution of Operations

The Company has made a number of decisions regarding its structures to ensure that executive officers carry out their duties in compliance with the law and with the Articles of Incorporation, and that other company operations are conducted appropriately.

1. Matters Related to Directors and Employees who Support the Audit Committee in Performing Its Duties
 - The Company shall establish a set of internal rules known as "Regulations Regarding Employees who Support the Audit Committee in Performing Its Duties" to prescribe certain matters for employees who support the Audit Committee in its operations, and shall apply these rules appropriately. These regulations shall include the following provisions:
 - (1) Employees attached to the Audit Committee Office shall assist the Audit Committee in performing its duties and shall obey directions and orders issued by the committee.
 - (2) There shall be at least four employees attached to the Audit Committee Office, including one director of the office.
2. Matters Related to the Independence of Directors and Employees from Executive Officers
 - In order to ensure the independence of employees attached to the Audit Committee Office, the Company shall establish a set of internal rules known as "Regulations Regarding Employees who Support the Audit Committee in Performing Its Duties" and shall apply them appropriately. These regulations shall include the following provisions:
 - (1) Prior approval shall be obtained from the Audit Committee (or from a specified committee member in the event that the Audit Committee has appointed such a member) regarding matters concerned with hiring, transfer, performance evaluations, salaries, or reprimands of employees attached to the Audit Committee Office.
 - (2) Executive officers and employees shall be careful not to undermine the independence of employees attached to the Audit Committee Office through actions that may unfairly restrict the execution of duties by such employees.
3. System Governing Reporting by Executive Officers and Employees to the Audit Committee and System Related to Other Reporting to the Audit Committee
 - To develop a system for reporting to the Audit Committee, the Company shall establish a set of internal rules known as "Regulations Regarding Reporting, etc. to the Audit Committee" and shall apply them appropriately. These regulations shall include the following provisions:
 - (1) When the Audit Committee or a member of the Audit Committee who has been designated by the committee requests a report on operations, executive officers and employees shall promptly submit such a report.
 - (2) In the event that any executive officer or employee discovers something that may significantly affect the operations or the financial condition of the Company, its subsidiaries, or its affiliates, such officer or employee shall immediately report the details of the problem to the Audit Committee or to a member of the Audit Committee who has been designated by the committee.
4. System for Ensuring that Audits by the Audit Committee are Carried Out Effectively

- To ensure that audits by the Audit Committee are carried out effectively, the Company shall establish a set of internal rules known as "Regulations Regarding Reporting, etc. to the Audit Committee" and shall apply them appropriately. These regulations shall include the following provisions:
 - (1) Representative executive officers shall hold periodic meetings with the Audit Committee, or with a member of the Audit Committee who has been designated by the committee, to exchange opinions on the following: management policies; issues requiring a response by the Company; serious risks that could affect the Company; creating an environment favorable for conducting audits; and important audit-related issues, etc.
 - (2) When the Audit Committee or a member of the Audit Committee requests payment of expenses for advice sought from lawyers, CPAs or other outside experts to conduct an audit, or for the commissioning of research, appraisals or other activities to such outside experts, the executive officers and employees concerned shall not refuse such requests, except when it is clear that the expenses related to such requests are unnecessary for the execution of duties by the Audit Committee or by a member of the Audit Committee.
5. System to Ensure that Executive Officers and Employees Fulfill their Duties in Accordance with Applicable Laws and Regulations, and with the Company's Articles of Incorporation
- The Company shall establish regulations for the Board of Directors, regulations for the Committee of Executive Officers, job function-related regulations, etc., and it shall conduct its operations based on the separation of duties and authorities provided for under these regulations.
 - The Company shall adopt a compliance program and implement the following measures:
 - (1) Establish internal regulations on compliance (including regulations related to information management), including a Charter of Corporate Behavior and code of conduct for employees, which shall stipulate universal values and specific action guidelines with which persons belonging to the Company, the TSE, OSE and TSER (the respective JPX group companies) must comply from the standpoint of corporate ethics; and require that the respective JPX group companies share and adhere to these internal regulations.
 - (2) As part of its internal compliance system, establish the positions of Chief Compliance Officer (CEO), Director in Charge of Compliance (Executive Officer in Charge of General Affairs), and Secretariat for Compliance-related Operations (within the Department of General Affairs).
 - (3) Establish and operate a "Compliance Hotline" to provide whistleblowers with protection that is accessible to persons working in the Company and its subsidiaries.
 - (4) As part of an ongoing program for awareness and education, hold liaison meetings comprising persons in charge of compliance in the various departments and offices of respective JPX group companies, distribute information related to compliance over the Company intranet, and conduct training through e-learning.
 - Based on its Charter of Corporate Behavior, the JPX group shall respond in the following resolute manner to rid the market of criminal and extremist elements:
 - (1) The JPX group shall confront and deal resolutely with criminal and extremist elements that threaten the order and

safety of civil society and work to cut off all relations with such elements.

(2) By preventing criminal and extremist elements from becoming involved in the financial instruments market, the JPX group shall endeavor to build sound and fair markets.

- The Company shall establish an Internal Auditing Office under the direct jurisdiction of the CEO and COO and conduct internal audits.

6. System for Storing and Managing Information on the Execution of Duties by Executive Officers

- Based on standard for the securing of information shared by the respective JPX group companies, the Company shall establish regulations on the handling of documents related to the execution of duties by executive officers, including minutes of Board of Executive officers meetings; and apply such regulations appropriately.

7. Regulations and Other Systems Related to Risk Management

- To ensure appropriate risk management, the Company shall carry out its operations in accordance with the occupational duties and authorities clearly defined in its internal regulations. Fundamentally, operations shall be carried out with the understanding that each group – directors, executive officers, and employees – is responsible for risk management in accordance with its members' specific duties and authorities.
- The Company shall establish rules for a Risk Management Committee that the respective JPX group companies can agree to and accept. With respect to risks affecting the respective JPX group companies, each company shall take steps to improve its ability to recognize risk-related phenomena and take appropriate action from the standpoint of prevention. In the event that risks materialize or are likely to materialize, the Risk Management Committee, headed by the CEO, shall take action that results in gaining "a comprehensive grasp of the situation" and in the implementation of "responses aimed at a rapid resolution of the situation."
- In particular, the JPX group shall remain fully cognizant of the fact that its essential duty as a market operator is to provide market participants with the opportunity to trade with confidence, and to do so in a stable and reliable manner. With respect to the risks of systems failing to operate in a stable manner, the group shall take all necessary steps to minimize such risks as it proceeds with the development and operations of these systems. These steps shall include adopting standardized development methods and performing a sufficient number of operational tests to confirm reliability, developing detailed operations manuals and requiring strict adherence to these manuals, ensuring quality control in development and maintenance operations by specialized departments established for this purpose. In addition, to deal with situations in which continuation of market operations is threatened by natural disasters, terrorist acts, or other such problems, the JPX group shall endeavor to respond appropriately by developing a "Basic Plan for Business Continuity" for the respective JPX group companies under this plan. It shall seek to minimize the impact on related parties and to put into place beforehand the necessary systems and procedures that will enable the resumption of operations in the shortest possible time.
- In view of the importance of the self-regulatory functions of a market operator such as the JPX group, as well as of

society's significant expectations for greater efficacy of its self-regulatory functions, there is a risk that the group will be unable to effectuate self-regulation in an appropriate manner (including a risk to the reputation of the group if self-regulation is not conducted appropriately). In this regard, the group shall take every possible step to prevent such situations from arising, including implementing organizational measures designed to ensure the independence of its self-regulatory operations and guarantee fairness, and aggressively investing management resources into measures that enhance the quality of its self-regulatory operations. The latter shall include developing detailed operational manuals and requiring strict adherence to these manuals, while also providing for improved and more effective education and training.

8. System for Ensuring that Executive Officers Fulfill their Duties Efficiently

- The respective JPX group companies shall operate according to a system in which work is performed in accordance with duties and authorities that are clearly defined in each company's internal regulations, and shall aim to increase its areas of expertise and sophistication through such division of responsibility. At the same time, the system shall enable delegation of occupational authority according to the degree of importance of the respective tasks and with the aim of increasing the speed and agility of the decision-making processes.
- The group shall develop and adopt a medium-term management plan and annual budgets for the Company and all its affiliates, including its subsidiaries and affiliated companies. It will formulate these plans and budgets by appropriately combining top-down directives from management with bottom-up input from the operations divisions, and shall seek to increase its operating efficiency through appropriate reviews of the progress made under these plans and budgets.

9. System for Ensuring the Appropriateness of Business Operations of the Corporate Group Comprising the Company, Its Parent Company, and Its Subsidiaries

- The fundamental idea of this system is to establish organizational frameworks that enable the Company and the group's subsidiaries to take appropriate action autonomously. Upon achieving this, the Company shall endeavor to ensure appropriate corporate group operations by implementing suitable management and support for its subsidiaries.
- Each subsidiary shall conduct its operations in accordance with operational duties and authorities that are clearly defined in the internal regulations of the respective companies; they shall establish codes of conduct for their employees and apply these codes in an appropriate manner.
- Based on management agreements and regulations related to managing affiliates, the Company shall receive reports and engage in monitoring qualitative information from its affiliates, and provide advice as necessary on matters related to risk management and compliance.
- The directors and employees of the subsidiaries shall have access to the "Compliance Hotline," which the Company shall establish to provide a reporting system for whistleblowers.
- Depending on the nature of its operations and the size of such operations, each subsidiary shall carry out its own internal audits or shall have the Company's Internal Auditing Office conduct internal audits of its operations.

VII Policy Regarding Decisions on Dividends Paid Out of Retained Earnings, etc.

While maintaining an awareness of the necessity of internal reserves for the purpose of system development for improving our competitiveness and improving self-regulatory functions as an exchange, and for the purpose of being prepared for risks as a clearing institution, the JPX Group makes it a principle to conduct stable and continuous payment of dividends, specifically aiming at a target dividend payout ratio of approximately 40%.

Furthermore, the Company stipulates "Except as otherwise provided by laws and regulations, the Company shall decide on matters provided in each item of Article 459, Paragraph 1 of the Companies Act including dividends paid out of retained earnings by resolutions of the Board of Directors, but not by resolutions of the general shareholders meeting" in the Articles of Incorporation.

Additionally, the Company stipulates in the Articles of Incorporation that it may conduct interim dividends as prescribed in the Companies Act.

VIII Basic Policy Regarding Control of the Company

The Company has not prescribed a basic policy or takeover defense measures related to entities controlling decisions on the Company's finances or business.

However, the following legal provisions exist regarding the acquisition/holding of a certain amount or more of the Company's stock.

(Reference) Related Law Excerpts

① Article 103-2, Paragraph 1 of the Financial Instruments and Exchange Act

No person shall acquire or hold voting rights (excluding the voting rights specified by a Cabinet Office Ordinance taking into consideration the manner of acquisition or holding and any other circumstance; hereinafter referred to as the "Subject Voting Rights" in this Chapter) equal to or greater than 20 percent (or 15 percent when there are facts specified by a Cabinet Office Ordinance as facts estimated to have material influence on the decision of the financial and operational policies; hereinafter referred to as the "Holding Ratio Threshold" in this Chapter) of the voting rights of all shareholders of a Stock Company-Type Financial Instruments Exchange; provided, however, that this shall not apply to the cases where an Authorized Financial Instruments Firms Association, a Financial Instruments Exchange, a Financial Instruments Exchange Holding Company, a Commodities Exchange, or a Commodities Exchange Holding Company acquires or holds the Subject Voting Rights.

② Article 106-14, Paragraph 1 of the Financial Instruments and Exchange Act

No person shall acquire or hold Subject Voting Rights equal to or greater than the Holding Ratio Threshold of the voting rights of all shareholders of a Financial Instruments Exchange Holding Company; provided, however, that this shall not apply to the cases where an Authorized Financial Instruments Firms Association, a Financial Instruments Exchange, or a Commodities Exchange acquires or holds the Subject Voting Rights.

③ Article 106-17, Paragraph 1 of the Financial Instruments and Exchange Act

Notwithstanding the provisions of Article 106-14(1), the Local Government, etc. may, with an authorization of the Prime Minister, acquire or hold the Subject Voting Rights not less than the Holding Ratio Threshold, but not more than 50 percent of the Holding Ratio Threshold of the voting rights of all shareholders of a Financial Instruments Exchange Holding Company, pursuant to the provisions of a Cabinet Office Ordinance.

(Regarding the figures presented in this report on operations: monetary values and numbers of shares are rounded down to the nearest whole number of the units used; percentages are rounded off to the nearest decimal place.)

Consolidated Balance Sheet

(As of March 31, 2013)

(million yen)

| Assets | | Liabilities | |
|---|------------------|--|------------------|
| Current assets | 1,095,466 | Current liabilities | 1,083,157 |
| Cash and deposits | 120,808 | Operating accounts payable | 3,221 |
| Operating accounts receivable | 8,716 | Short-term loans payable | 18,670 |
| Work in process | 2,467 | Current portion of long-term loans payable | 86,399 |
| Deferred tax assets | 1,282 | Income taxes payable | 6,312 |
| Margin funds for derivatives and when-issued transactions | 789,201 | Provision for bonuses | 1,223 |
| Deposits for clearing funds | 161,086 | Provision for directors' bonuses | 252 |
| Deposits as collateral for facilitating settlement | 10,000 | Margin funds received for derivatives and when-issued transactions | 789,201 |
| Other | 1,912 | Deposits received for clearing funds | 161,086 |
| Allowance for doubtful accounts | (9) | Deposits received as collateral for facilitating settlement | 10,000 |
| | | Deposits received as trading participant security money | 3,169 |
| | | Other | 3,620 |
| Noncurrent assets | 180,919 | Noncurrent liabilities | 14,151 |
| Property, plant and equipment | 8,673 | Deferred tax liabilities | 5,047 |
| Buildings and structures | 2,525 | Provision for retirement benefits | 7,580 |
| Land | 1,587 | Returnable legal guarantee funds | 600 |
| Other | 4,560 | Other | 922 |
| Intangible fixed assets | 90,744 | | |
| Goodwill | 67,374 | Total liabilities | 1,097,308 |
| Other | 23,370 | | |
| Investments and other assets | 81,501 | | |
| Investments securities | 41,304 | | |
| Long-term loans receivable | 37 | | |
| Deferred tax assets | 2,682 | | |
| Legal guarantee funds | 600 | | |
| Special assets for default compensation reserve funds | 27,948 | | |
| Other | 9,105 | | |
| Allowance for doubtful accounts | (177) | | |
| Total assets | 1,276,386 | | |
| | | | |
| | | Net assets | |
| | | Shareholders' equity | 167,440 |
| | | Common stock | 11,500 |
| | | Capital surplus | 59,726 |
| | | Retained earnings | 96,213 |
| | | Accumulated other comprehensive income | 9,088 |
| | | Unrealized gains on available-for-sale securities | 9,088 |
| | | Minority interests | 2,548 |
| | | Total net assets | 179,077 |
| | | Total liabilities and net assets | 1,276,386 |

Consolidated Statement of Income

(From April 1, 2012 to March 31, 2013)

| | (million yen) |
|--|---------------|
| Operating revenues | 71,708 |
| Trading participation fees | 29,868 |
| Listing fees | 9,216 |
| Income from information services | 12,828 |
| Income from securities settlement | 10,916 |
| Other | 8,879 |
| Operating expenses | 52,152 |
| Operating income | 19,555 |
| Non-operating revenues | 2,255 |
| Interest income | 306 |
| Dividends income | 949 |
| Equity in earnings of affiliates | 395 |
| Trading participant penalty | 316 |
| Other | 288 |
| Non-operating expenses | 180 |
| Interest expenses | 110 |
| Office transfer related expenses | 44 |
| Other | 24 |
| Ordinary income | 21,631 |
| Extraordinary loss | 2,227 |
| Impairment loss | 1,554 |
| Business consolidation costs | 673 |
| Income before income taxes and minority interests | 19,404 |
| Income taxes - current | 8,640 |
| Income taxes - deferred | (571) |
| Income before minority interests | 11,336 |
| Minority interests in income | 394 |
| Net Income | 10,941 |

Consolidated Statement of Changes in Shareholders' Equity

(From April 1, 2012 to March 31, 2013)

(million yen)

| Shareholders' equity | |
|--|---------|
| Capital stock | |
| Balance at the beginning of current period | 11,500 |
| Changes of items during the period | |
| Total changes of items during the period | — |
| Balance at the end of current period | 11,500 |
| Capital surplus | |
| Balance at the beginning of current period | 25,358 |
| Changes of items during the period | |
| Increase by merger | 34,367 |
| Total changes of items during the period | 34,367 |
| Balance at the end of current period | 59,726 |
| Retained earnings | |
| Balance at the beginning of current period | 87,205 |
| Changes of items during the period | |
| Dividends from surplus | (1,932) |
| Net income | 10,941 |
| Total changes of items during the period | 9,008 |
| Balance at the end of current period | 96,213 |
| Treasury stock | |
| Balance at the beginning of current period | (4,332) |
| Changes of items during the period | |
| Increase by merger | 4,332 |
| Total changes of items during the period | 4,332 |
| Balance at the end of current period | — |
| Total shareholders' equity | |
| Balance at the beginning of current period | 119,731 |
| Changes of items during the period | |
| Cash dividends paid | (1,932) |
| Net income | 10,941 |
| Increase by merger | 38,700 |
| Total changes of items during the period | 47,708 |
| Balance at the end of current period | 167,440 |

(million yen)

| | |
|--|---------|
| Accumulated other comprehensive income | |
| Valuation difference on available-for-sale securities | |
| Balance at the beginning of current period | 4,873 |
| Changes of items during the period | |
| Net changes of items other than shareholders' equity | 4,214 |
| Total changes of items during the period | 4,214 |
| Balance at the end of current period | 9,088 |
| Total accumulated other comprehensive income | |
| Balance at the beginning of current period | 4,873 |
| Changes of items during the period | |
| Net changes of items other than shareholders' equity | 4,214 |
| Total changes of items during the period | 4,214 |
| Balance at the end of current period | 9,088 |
| Minority interests | |
| Balance at the beginning of current period | 2,516 |
| Changes of items during the period | |
| Net changes of items other than shareholders' equity | 31 |
| Total changes of items during the period | 31 |
| Balance at the end of current period | 2,548 |
| Total net assets | |
| Balance at the beginning of current period | 127,122 |
| Changes of items during the period | |
| Dividends from surplus | (1,932) |
| Net income | 10,941 |
| Increase by merger | 38,700 |
| Net changes of items other than shareholders' equity | 4,246 |
| Total changes of items during the period | 51,955 |
| Balance at the end of current period | 179,077 |

I. Notes regarding important items underlying the preparation of the consolidated financial statements

1. Item related to the scope of consolidation

Number of consolidated subsidiaries and names

Number of consolidated subsidiaries: five

Names of consolidated subsidiaries:

Tokyo Stock Exchange, Inc., Osaka Securities Exchange Co., Ltd., Tokyo Stock Exchange Regulation, Japan Securities Clearing Corporation, and TOSHO SYSTEM SERVICE CO., LTD.

Osaka Securities Exchange Co., Ltd. is consolidated as a subsidiary due to establishment in the current fiscal year. TOKYO AIM, Inc. is excluded from the scope of consolidation, as Tokyo Stock Exchange Inc., which is a consolidated subsidiary, merged it in the current fiscal year.

The influence caused by the change in the scope of consolidation is stated in "VI. Notes relating to Business Combination."

2. Item related to application of the equity method

(1) Number of affiliates accounted for by the equity method: four

Names of affiliates accounted for by the equity method:

Japan Securities Depository Center, Inc., ICJ, Inc., Tosho Computer Systems Co., Ltd., and Japanese Government Bond Clearing Corporation

(2) Affiliates not accounted for by the equity method:

From the perspective of current net income and loss (amount corresponding to equity holdings) and retained earnings (amount corresponding to equity holdings), the influence of Emissions Trading Exchange Preparatory Corporation, Inc. on consolidated financial statements is minimal, even if excluded from the equity method, and because it has no overall importance, the corporation shall be excluded from the application of the equity method.

3. Items related to accounting standards

(1) Standards and methods of asset valuation

1) Securities:

- Held-to-maturity debt securities: Amortized cost method (straight-line method)

- Other securities:

Securities with market value: Market value method based on average market prices over a one-month period prior to the closing date of the fiscal year (differences in valuation are included in net assets, and the cost of securities sold is calculated using the moving average method)

Securities without market value: Cost method based on the moving-average method

2) Inventories:

Work in progress: Cost method based on the specific-cost method (method by which the book value is reduced based on decline in the profitability of inventories shown on the balance sheet)

(2) Methods of depreciation of fixed assets

1) Property and equipment:

The straight-line method is used.

(Additional information)

Except for the former Osaka Securities Exchange Co., Ltd., the JPX group's depreciation method for property and equipment was previously based on the declining-balance method (the straight-line method was applied to buildings (excluding facilities accompanying buildings) acquired on or after April 1, 1998). From the fiscal year ended March 31, 2013, the JPX group changed the depreciation method to the straight-line method, after reviewing the matter at the time of the business combination.

This change was determined based on the following two main reasons.

- (i) Software makes up a large part of the hardware and software of the systems which are integrally managed and operated. Changing the depreciation method for hardware, which is property and equipment, to the straight-line method that is used for software is in line with the actual situation of use.
- (ii) Since the cost pertaining to maintenance and repair of properties and equipment is generally incurred equally in each of fiscal periods during their useful lives, the straight-line method is deemed to be more appropriate for recognizing depreciation costs of such fixed assets in terms of equal allocation on an accrual basis, reflecting the situation in real terms.

As a result of this change, operating income increased by ¥641 million and ordinary income and income before income taxes and minority interests increased by ¥650 million during the fiscal year as compared with those calculated by the previous method.

2) Intangible fixed assets:

The straight-line method is used. The straight-line method based on the expected period of use (5 years) is adopted for software for internal use.

(3) Standards for allowances

1) Allowance for doubtful accounts:

An allowance for doubtful accounts is provided to protect against potential losses on collection. For ordinary debt, the amount is calculated using the historical bad debt ratio; for specific debt with a possibility of default, the estimated irrecoverable amount is calculated considering the possibility of recovery of the individual debt.

2) Provision for bonuses:

For payment of employee bonuses, an allowance is provided for that portion of the total anticipated bonuses that is attributable to the current period.

3) Provision for directors' bonuses:

For payment of bonuses to directors, governors, and executive officers, an allowance is provided for that portion of total anticipated bonuses that is attributable to the current period.

4) Provision for retirement benefits:

The amount in liabilities for retirement benefits for employees is provided in an amount deemed to have accrued at the fiscal year-end, based on projected benefit obligations and pension plan assets at the end of the said period in order to cover the required retirement benefits for employees.

Unrecognized differences arising from adoption of new accounting standards are accounted for in expenses using the straight-line method over a fixed period (15 years).

Unrecognized actuarial gains and losses are accounted for as expenses from the next fiscal period following their accrual, over a fixed period (10 years) using the straight-line method, which is within the average remaining service period of employees as of the date of their accrual.

Unrecognized prior service costs are accounted for as expenses using the straight-line method over a fixed period (10 years), which is within the average effective remaining service period of employees as of the date of their accrual.

(Reference Translation)

(4) Other significant matters which constitute the basis for preparation of the consolidated financial statements

1) Translation of foreign currency-denominated assets and liabilities into yen

Foreign currency-denominated assets and liabilities are translated into yen based on the exchange rate as of the closing date of the fiscal year. Other securities are converted into yen based on the average exchange rate over a one-month period prior to the closing date of the fiscal year.

2) Accounting for obligation assumption

Obligations and claims, which are acquired in the financial instruments obligation assumption service and the business specified under Article 156-6, Paragraph 1 of the Financial Instruments and Exchange Act, are accounted for at the point of settlement of such obligations and claims.

3) Accounting for consumption taxes, etc.

Consumption taxes and local consumption taxes are not included.

4) Goodwill amortization and amortization period

Goodwill amortization on and after the effective date is conducted by the straight-line method over a period, etc. (20 years) during which the effect of investment shall be recognized.

4. Notes Pertaining to Change in Accounting Estimates

In the current fiscal year, Osaka Securities Exchange Co., Ltd., a consolidated subsidiary, conducted a review of the useful life of the fixed assets whose period of use became shorter due to the decision to migrate to the new system.

As a result of this, operating income, ordinary income and income before income taxes and minority interests decreased by ¥107 million respectively during the fiscal year as compared with those calculated by the previous method.

(Additional information)

In the current fiscal year, Japan Securities Depository Center, Inc., an affiliated company of Japan Exchange Group, Inc., conducted a review of the useful life of the fixed assets whose period of use became shorter due to the decision to implement the new system.

In the current fiscal year, Tokyo Stock Exchange, Inc., a consolidated subsidiary of Japan Exchange Group, Inc., conducted a review of the useful life of the fixed assets whose period of use became shorter due to the decision to shift to the new system.

As a result of these reviews, operating income decreased by ¥546 million and ordinary income and income before income taxes and minority interests decreased by ¥634 million for the year ended March 31, 2013 as compared with those calculated by the previous method.

II. Notes to Consolidated Balance Sheet

1. Accumulated depreciation of property and equipment: JPY 21,898 million

2. Guarantee liabilities:

Guarantee liabilities for employee housing loans from financial institutions:

JPY 2,824 million

3. Legal disputes

On December 8, 2005, Mizuho Securities Co., Ltd. (Mizuho Securities) issued an erroneous order for trading of shares of J-COM Co., Ltd. Mizuho Securities filed a lawsuit against Tokyo Stock Exchange, Inc., a consolidated subsidiary of the Company, in the Tokyo District Court claiming damages of JPY 41,578 million with respect to this incident. However, on December 4, 2009, the court decided to order Tokyo Stock Exchange, Inc. to pay damages (JPY 10,712 million and delinquency charges). On December 18, 2009, TSE made a payment of JPY 13,213 million, including delinquency charges up until that date, in order to exempt compulsory execution based on the court ruling with declaration of provisional execution.

In response to this court ruling, Mizuho Securities filed an appeal with the Tokyo High Court, and Tokyo Stock Exchange, Inc. filed an incidental appeal with the court accordingly. In the court of appeals, oral proceedings were concluded on March 18, 2013. At present, both parties are negotiating toward settlement in response to the recommendation by the court.

4. Assets and liabilities based on systems designed to ensure the safety of securities trading

Two of the Company's subsidiaries, Tokyo Stock Exchange, Inc., Osaka Securities Exchange Co., Ltd. and Japan Securities Clearing Corporation (collectively "the Exchange, etc."), consolidated subsidiaries of the Company, have established clearing deposits and other systems based on the Financial Instruments and Exchange Act and related regulations of the Exchange, etc., as a means of ensuring the safety of securities trading in the market. Acting as a clearing organization for trades in financial products, Japan Securities Clearing Corporation assumes obligations and acquires claims that arise from the trading of securities, etc. by its clearing participants. To provide security against risks of the clearing participants defaulting on their liabilities for settlement of the trades, Japan Securities Clearing Corporation and Osaka Securities Exchange Co., Ltd. receive clearing deposits, etc. from the participants based on the Financial Instruments and Exchange Act and other regulations. In addition, Tokyo Stock Exchange, Inc. and Osaka Securities Exchange Co., Ltd. receive legal guarantee funds from trading participants based on the Financial Instruments and Exchange Act and other regulations in order to provide security against risk of default by trading participants that are incurred by their customers, etc. These deposits are in the form of cash or securities (which are limited to securities allowed under the regulations of the Exchange, etc.) and are managed separately from the assets of the Exchange, etc. When the deposit is in the form of cash, the Exchange, etc., classifies these in separate asset and liability accounts which indicate the objectives of the deposits.

The market value of the deposited securities as of the end of the consolidated fiscal period under review was as follows:

| | |
|---|-----------------------|
| 1) Margin funds for when-issued transactions: | JPY -- million |
| 2) Margin funds for derivatives transactions: | JPY 1,550,077 million |
| 3) Deposits for clearing funds: | JPY 365,027 million |
| 4) Deposits as collateral for facilitating settlements: | JPY 94,112 million |
| 5) Deposits for legal guarantee funds: | JPY 1,582 million |

In addition, to provide security against risk incurred by Tokyo Stock Exchange, Inc. arising from defaults by trading participants, Tokyo Stock Exchange, Inc. receives security deposits from the trading participants based on its relevant rules. These deposits are in the form of cash or securities (which are limited to securities allowed under its regulations). Cash deposits are included in "cash and bank deposits" under assets, and simultaneously recognized as "deposits received as trading participants' guarantee" under liabilities. The market value of these

deposited securities as of the end of the consolidated fiscal period under review was JPY 1,929 million.

To compensate any losses related to the clearing business incurred by Japan Securities Clearing Corporation or Osaka Securities Exchange Co., Ltd., the JPX group retains special assets for default compensation reserve funds on the balance sheet.

III. Notes to Statement of Changes in Shareholders' Equity

1. Number and type of issued shares during the consolidated fiscal year: 54,906,910 shares of common stock

2. Dividends

(1) Dividend paid

| Resolution | Share type | Total amount of dividend (million JPY) | Dividend per share (JPY) | Record date | Effective date |
|-------------------------------|--------------|---|-----------------------------|----------------|----------------|
| Board Meeting of May 15, 2012 | Common stock | 1,932 | 850 | March 31, 2012 | May 31, 2012 |

(2) Dividends with a record date that falls in the current period but whose effective date falls in the next period.

| Resolution | Share type | Total amount of dividend (million JPY) | Source | Divided per share (JPY) | Record date | Effective date |
|-------------------------------|--------------|---|-------------------|----------------------------|----------------|----------------|
| Board Meeting of May 14, 2013 | Common stock | 4,392 | Retained earnings | 80 | March 31, 2013 | May 29, 2013 |

IV. Notes relating to Financial Instruments

1. Items relating to financial instruments

(1) Policies related to investments in financial instruments

The JPX group limits investments to secure financial instruments and finances the investments, etc. through borrowing.

(2) Details of financial instruments and their risks, and risk management system

With respect to accounts receivable, the JPX group is exposed to the credit risk of trading participants and other customers. Therefore, the JPX Group continues to conduct monitoring, etc. on the financial conditions of them, in accordance with its rules and regulations.

Marketable securities and investments in securities include government bonds for fund management, and stocks held in relation to a business alliance, etc. The JPX group reports to the board of directors on a regular basis on the market value, etc. of these stocks that fluctuates depending on market price. Margin funds for when-issued transactions, margin funds for derivatives transactions, deposits for clearing funds, deposits as collateral for facilitating settlements, legal guarantee funds, security deposits from trading participants, and default compensation reserve funds are assets and liabilities based on systems designated to ensure the safety of securities trading (please refer to "4. Assets and liabilities based on systems designed to ensure the safety of securities trading" in "II. Notes to Consolidated Balance Sheet").

(Reference Translation)

2. Items relating to market value, etc. of financial instruments

The following are the amounts recognized on the consolidated balance sheet, the market value, and the difference. However, financial instruments for which the market value is deemed to be extremely difficult to obtain are not included in the table (please refer to IV. 4).

(Unit: JPY million)

| | Book value (*) | Market value (*) | Difference |
|--|-------------------|---------------------|------------|
| (1) Cash and bank deposits | 120,808 | 120,808 | - |
| (2) Accounts receivable | 8,716 | 8,716 | - |
| (3) Marketable securities and investments in securities | | | |
| 1) Held-to-maturity debt securities | 1,583 | 1,598 | 14 |
| 2) Other securities | 30,833 | 30,833 | - |
| (4) Special assets for margin funds for derivatives and when-issued transactions | 789,201 | 789,201 | - |
| (5) Special assets for deposits for clearing funds | 161,086 | 161,086 | - |
| (6) Special assets for deposits as collateral for facilitating settlements | 10,000 | 10,000 | - |
| (7) Special assets for legal guarantee funds | 600 | 600 | - |
| (8) Special assets for default compensation reserve funds | 27,948 | 27,948 | - |
| Total assets | 1,150,779 | 1,150,794 | 14 |
| (9) Margin funds received for derivatives and when-issued transactions | (789,201) | (789,201) | - |
| (10) Deposits received for clearing funds | (161,086) | (161,086) | - |
| (11) Deposits received as collateral for facilitating settlements | (10,000) | (10,000) | - |
| (12) Deposits received as trading participants' guarantee | (3,169) | (3,169) | - |
| Total liabilities | (963,458) | (963,458) | - |

(*) Figures shown in parentheses are recorded as liabilities.

(Note 1) Items relating to the computation method of market value of financial instruments and marketable securities

(1) Cash and bank deposits and (2) accounts receivable

Bank deposits and accounts receivable are all short-term. The market value is based on book value as it is almost equivalent to the said book value.

(Reference Translation)

(3) Marketable securities and investments in securities

The market value for stocks and bonds is based on prices at stock exchanges and the "Reference Prices (Yields) for OTC Bond Transactions" publicized by Japan Securities Dealers Association, respectively.

The following are the difference between the amount recognized for held-to-maturity debt securities on the balance sheet and the market value, and the difference between the acquisition costs for other securities and the amount recognized on the balance sheet.

1) Bonds held to maturity

(Unit: JPY million)

| | Type of bonds | Amount recognized on balance sheet | Market value | Difference |
|---|--|------------------------------------|--------------|------------|
| Bonds whose market value exceeds the amount recognized on the balance sheet | Government bonds and municipal bonds, etc. | 1,583 | 1,598 | 14 |
| Bonds whose market value does not exceed the amount recognized on the balance sheet | Government bonds and municipal bonds, etc. | - | - | - |
| Total | | 1,583 | 1,598 | 14 |

2) Other securities

(Unit: JPY million)

| | Type of securities | Acquisition costs | Amounts posted in balance sheet | Difference |
|--|--------------------|-------------------|---------------------------------|------------|
| Securities whose amounts recognized on the balance sheet exceed acquisition costs | Stocks | 16,712 | 30,833 | 14,121 |
| Securities whose amounts recognized on the balance sheet do not exceed acquisition costs | Stocks | - | - | - |
| Total | | 16,712 | 30,833 | 14,121 |

(4) to (12) Assets and liabilities based on systems to ensure the safety of securities trading
The market value is based on book value.

(13) Derivatives trading

There are no matters to report.

(Note 2) Unlisted stocks (JPY 8,886 million recognized on the balance sheet) are deemed extremely difficult to obtain market value as these stocks have no market value and the future cash flow are unable to be estimated; therefore, the JPX group does not include the unlisted stocks in "(3) Marketable securities and investments in securities, 2)Other securities". The items relating to market value, etc. of financial instruments are not disclosed for "Deposits received for legal guarantee fund" (JPY 600 million on the consolidated balance sheet) for the same reason.

(Reference Translation)

(Note 3) Scheduled redemption amounts after the fiscal year end for monetary claims and securities with maturities

(Unit: JPY million)

| | Within 1 year | Over 1 year to 5 years |
|--|---------------|------------------------|
| Cash and bank deposits | 120,808 | - |
| Accounts receivable | 8,716 | - |
| Marketable securities and investments in securities | | |
| Held-to-maturity debt securities (government bonds, municipal bonds, etc.) | - | 1,568 |
| Total | 129,524 | 1,568 |

V. Notes relating to Per Share Information

1. Net assets per share: JPY 3,215.06
2. Net income per share: JPY 322.93

(Note) The Company conducted a 100-for-1 stock split on January 1, 2013. The amounts for net assets per share and net income per share were calculated based on the assumption that the said stock split was conducted at the beginning of the fiscal year.

VI. Notes relating to Business Combination

1. Business combination by acquisition (acquisition of shares by tender offer)

(1) Overview of business combination

- 1) Name of company to be acquired and details of its business

| | |
|--------------------------------|---|
| Name of company to be acquired | Osaka Securities Exchange Co., Ltd. ("the former OSE") |
| Details of business | Establishment and operation of financial instruments exchange market for securities and derivatives trading, and financial instruments obligation assumption services |

- 2) Main purpose of business combination

Tokyo Stock Exchange Group, Inc. made the former OSE its subsidiary with the aim of generating future synergistic benefits, including offering a wide variety of financial products, reducing system costs, raising the capacity for even more advanced system development, and improving the capital efficiency of participants via a business combination between TSE and OSE and their respective strengths in the equities and derivatives markets.

- 3) Date of business combination

August 29, 2012

- 4) Legal structure of business combination

Acquisition of shares by tender offer

- 5) Name of combined company

Osaka Securities Exchange Co., Ltd.

- 6) Share of voting rights acquired

66.7%

- 7) Reason for deciding acquiring company

Due to the fact that Tokyo Stock Exchange Group, Inc. had made the former OSE its consolidated subsidiary by obtaining a majority of the former OSE's voting rights.

(Reference Translation)

(2) The fiscal period of the former OSE, as included in the consolidated financial results
From October 1, 2012 to March 31, 2013

(3) Costs and expenses for the acquisition

| | |
|---|------------------------|
| Amount of money paid in the cash tender offer | JPY 86,399 million |
| <u>Direct expenses, Advisory fees, etc.</u> | <u>JPY 543 million</u> |
| Total | JPY 86,942 million |

(4) Goodwill, cause, amount and amortization (method and period)

1) Amount of goodwill

49,083 million yen

2) Cause

The excess earning power expected to result from the business in the derivatives market.

3) Amortization method and period

Amortization using the straight-line method over 20 years

(5) Assets and liabilities as of the date of the business combination

| | |
|-------------------------|---------------------|
| Current Assets | JPY 401,588 million |
| Fixed Assets | JPY 33,654 million |
| Total Assets | JPY 435,243 million |
| Current Liabilities | JPY 375,641 million |
| Non-current Liabilities | JPY 2,812 million |
| Total Liabilities | JPY 378,454 million |

2. Transaction, etc. under common control (merger)

(1) Overview of the transaction and accounting treatment (Merger between Tokyo Stock Exchange, Inc. and TOKYO AIM, Inc.)

1) Names of companies involved and details of their business

| | |
|---------------------|---|
| Absorbing company | Tokyo Stock Exchange, Inc. (TSE) |
| Details of business | Establishment and operation of financial instruments exchange market for securities and derivatives trading |

| | |
|--------------------------------|---|
| Name of company to be absorbed | TOKYO AIM, Inc. |
| Details of business | Establishment and operation of specified financial instruments exchange markets |

2) Date of business combination

July 1, 2012

3) Legal structure of business combination

A merger where Tokyo Stock Exchange Inc., was the surviving company of an absorption-type merger and TOKYO AIM, Inc. was the absorbed company.

4) Name of combined company

Tokyo Stock Exchange, Inc.

5) Other items related to the transaction (including its purpose)

Tokyo Stock Exchange Inc. conducted the merger, recognizing the established foundation of the professional market operated by TOKYO AIM, Inc., and deeming that, going forward, it will be the best option for Tokyo Stock Exchange Inc. to develop markets focusing on professional investors on its own.

6) Accounting rules and practices applied

The merger was processed as a transaction under common control based on the "Accounting Standards for Business Combinations" (ASBJ Statement No.21, December 26, 2008) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, December 26, 2008).

(2) Overview of the transaction and accounting treatment (Merger between Tokyo Stock Exchange Group, Inc. and Osaka Securities Exchange Co., Ltd. (the former OSE))

1) Name of company to be acquired and details of its business

| | |
|--------------------------------|---|
| Name of company to be acquired | Osaka Securities Exchange Co., Ltd. ("the former OSE") |
| Details of business | Establishment and operation of financial instruments exchange market for securities and derivatives trading, and financial instruments obligation assumption service. |

2) Date of business combination

January 1, 2013

3) Legal structure of business combination

A merger where the former OSE was the surviving company of an absorption-type merger and Tokyo Stock Exchange Group Inc. was the absorbed company.

4) Name of combined company

Japan Exchange Group, Inc.

5) Other items relating to the transaction

The purpose of the merger is to leverage the respective strengths of TSE and OSE in the cash and derivatives markets to generate synergistic benefits such as offering a wide variety of financial products, reducing system costs, raising the capacity for even more advanced system development, and improving the capital efficiency of participants.

6) Accounting rules and practices applied

The merger was processed as a transaction under common control based on the "Accounting Standards for Business Combinations" (ASBJ Statement No.21, December 26, 2008) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10, December 26, 2008).

Since the former OSE, which is the surviving company, merged Tokyo Stock Exchange Group, Inc., which was a parent company of the former OSE, in legal terms, the procedure was recorded as an additional acquisition of the former OSE's stocks by Tokyo Stock Exchange Group, Inc. from the former OSE's minority shareholders.

7) Items relating to the additional acquisition of stocks

a. Costs and expenses for the acquisition

The market value of the shares of Japan Exchange Group, Inc. delivered as of the date of the business combination: JPY 38,700 million

b. Share-for-share exchange ratio

20.19 common shares of Japan Exchange Group, Inc. per common share of Tokyo Stock Exchange Group, Inc.

(Note) In the Business Combination Agreement concluded on November 22, 2011, it was agreed that for each share of Tokyo Stock Exchange Group, Inc., 0.2019 shares of the former OSE will be delivered by allotment. However, since the former OSE implemented a stock split whereby each common share was

split into 100 shares and adopted the Share Unit system on January 1, 2013 prior to the merger, it was agreed in the merger agreement which the two parties entered into on October 29, 2012, that 20.19 shares of the former OSE will be delivered by allotment for each share of Tokyo Stock Exchange Group, Inc., subject to the stock split and the adoption of the Share Unit system taking effect. However, no shares have been delivered in such allotment for treasury shares held by Tokyo Stock Exchange Group, Inc. (26,260 shares).

c. Basis for calculation of the merger ratio

Tokyo Stock Exchange Group, Inc. appointed Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Nomura Securities Co., Ltd., and Daiwa Securities Capital Markets Co., Ltd. (Daiwa Securities Capital Markets Co., Ltd. became Daiwa Securities Co. Ltd. as result of a merger with Daiwa Securities Co., Ltd. on April 1, 2012) as financial advisors, while the former OSE appointed Goldman Sachs Japan Co. Ltd., SMBC Nikko Securities Inc., and Moelis & Company UK LLP as financial advisors. Based on the financial analyses of the merger ratio conducted by the above mentioned financial advisors, the merger ratio was discussed and determined by the parties.

d. Number of shares allotted

Common stock of the former OSE 45,906,810 shares

e. Goodwill

Amount of goodwill: JPY 19,764 million

Cause: Due to the acquisition price exceeding the reduced minority shareholders' equity, the difference is deemed as goodwill.

Amortization method and period: Amortization using the straight-line method over 20 years

3. Transaction, etc. under common control (company split)

(1) Overview of the transaction and accounting treatment (A company split where Tokyo Stock Exchange Group, Inc. was the split company and Tokyo Stock Exchange, Inc. was the successor company.)

1) Name of the split company and details of its business

| | |
|---------------------|--|
| Name of company | Tokyo Stock Exchange Group, Inc. (TSE Group) |
| Details of business | All businesses except for the businesses relating to management of a stock company-type financial instruments exchange and other business incidental thereto that the combined holding company will operate. |

2) Date of business combination

January 1, 2013

3) Legal structure of business combination

A company split where TSE Group was the split company and Tokyo Stock Exchange, Inc. (a consolidated subsidiary of the Company) was the successor company.

4) Name of combined company

Tokyo Stock Exchange, Inc.

5) Other items related to the transaction

The purpose of the company split is to facilitate a smooth transition to the combined holding company after the merger of TSE Group and the former OSE.

6) Accounting rules and practices applied

The company split was processed as a transaction under common control based on the "Accounting Standards for Business Combinations" (ASBJ Statement No.21, December 26, 2008) and "Guidance on Accounting Standards for Business Combinations and Accounting Standards for Business Divestitures" (ASBJ Guidance No.10, December 26, 2008).

- (2) Overview of the transaction and accounting treatment (A company split where Japan Exchange Group, Inc. was the split company and New Osaka Securities Exchange Preparatory Corporation was the successor company.)

1) Name of split company and details of its business

| | |
|---------------------|--|
| Name of company | Japan Exchange Group, Inc. |
| Details of business | All businesses except for the businesses relating to management of a stock company-type financial instruments exchange and other business incidental thereto that the combined holding company will operate. |

2) Date of business combination

January 1, 2013

3) Legal structure of business combination

A company split where Japan Exchange Group, Inc. was the split company and New Osaka Securities Exchange Preparatory Corporation* (a consolidated subsidiary of the Company) was the successor company.)

* New Osaka Securities Exchange Preparatory Corporation changed its trade name to "Osaka Securities Exchange Co., Ltd." on January 1, 2013.

4) Name of combined company

Osaka Securities Exchange Co., Ltd.

5) Other items related to the transaction

The purpose of the company split is to facilitate a smooth transition to the combined holding company after the merger of TSE Group and the former OSE.

6) Accounting rules and practices applied

The company split was processed as a transaction under common control based on the "Accounting Standards for Business Combinations" (ASBJ Statement No.21, December 26, 2008) and "Guidance on Accounting Standards for Business Combinations and Accounting Standards for Business Divestitures" (ASBJ Guidance No.10, December 26, 2008).

Non-consolidated Balance Sheet

(As of March 31, 2013)

(million yen)

| Assets | | Liabilities | |
|---|----------------|--|----------------|
| Current assets | 31,723 | Current liabilities | 104,878 |
| Cash and deposits | 31,318 | Operating accounts payable | 139 |
| Operating accounts receivable | 0 | Short-term loans payable | 17,570 |
| Prepaid expenses | 41 | Current portion of long-term loans payable | 86,399 |
| Deferred tax assets | 149 | Accounts payable - other | 15 |
| Other | 214 | Accrued expenses payable | 85 |
| | | Income taxes payable | 279 |
| Noncurrent assets | 161,934 | Deposits received | 13 |
| Property and equipment | 15 | Unearned revenue | 0 |
| Buildings | 2 | Provision for bonuses | 221 |
| Vehicles | 5 | Provision for directors' bonuses | 103 |
| Tools, furniture and fixtures | 7 | Other | 49 |
| Intangible fixed assets | 26 | Non-current liabilities | 5,066 |
| Software | 7 | Deferred tax liabilities | 5,014 |
| Other | 19 | Other | 52 |
| Investments and other assets | 161,893 | Total liabilities | 109,944 |
| Investments securities | 31,303 | | |
| Stocks of subsidiaries and affiliates | 116,998 | Net assets | |
| Investments in capital of subsidiaries and affiliates | 3,000 | Shareholders' equity | 74,625 |
| Long-term prepaid expense | 0 | Common stock | 11,500 |
| Special assets for default | 10,580 | Capital surplus | 23,903 |
| Other | 10 | Capital reserve | 3,000 |
| | | Other capital surplus | 20,903 |
| | | Retained earnings | 39,222 |
| | | Other retained earnings | 39,222 |
| | | Special reserve fund | 5,302 |
| | | Retained earnings brought forward | 33,919 |
| | | Revaluation and translation adjustments | 9,088 |
| | | Unrealized gain (loss) on available-for-sale securities | 9,088 |
| | | | |
| | | Total net assets | 83,714 |
| Total assets | 193,658 | Total liabilities and net assets | 193,658 |

Non-consolidated Statement of Income

(From April 1, 2012 to March 31, 2013)

| | (million yen) |
|-------------------------------------|----------------------|
| Operating revenues | 18,643 |
| Trading participation fees | 8,368 |
| Listing fees | 1,286 |
| Income from information services | 3,238 |
| Income from securities settlement | 2,041 |
| Income from management control fees | 1,941 |
| Other | 1,767 |
| Operating expenses | 13,031 |
| Operating income | 5,612 |
| Non-operating revenues | 786 |
| Interest income | 364 |
| Dividends income | 217 |
| Subsidy income | 163 |
| Other | 41 |
| Non-operating expenses | 40 |
| Interest expenses | 39 |
| Other | 0 |
| Ordinary income | 6,358 |
| Extraordinary loss | 411 |
| Business consolidation costs | 411 |
| Income before income taxes | 5,947 |
| Income taxes - current | 1,952 |
| Income taxes - deferred | 357 |
| Net income | 3,637 |

Non-consolidated Statement of Changes in Shareholders' Equity

(From April 1, 2012 to March 31, 2013)

(million yen)

| Shareholders' equity | |
|--|----------|
| Capital stock | |
| Balance at the beginning of current period | 4,723 |
| Changes of items during the period | |
| Increase by merger | 6,776 |
| Total changes of items during the period | 6,776 |
| Balance at the end of current period | 11,500 |
| Capital surplus | |
| Capital Reserve | |
| Balance at the beginning of current period | 4,825 |
| Changes of items during the period | |
| Reduction of Capital Reserve | (1,825) |
| Total changes of items during the period | (1,825) |
| Balance at the end of current period | 3,000 |
| Other capital surplus | |
| Balance at the beginning of current period | – |
| Changes of items during the period | |
| Reduction of Capital Reserve | 1,825 |
| Decrease by company split | (646) |
| Increase by merger | 106,666 |
| Cancellation of treasury stock | (86,942) |
| Total changes of items during the period | 20,903 |
| Balance at the end of current period | 20,903 |
| Total capital surplus | |
| Balance at the beginning of current period | 4,825 |
| Changes of items during the period | |
| Decrease by company split | (646) |
| Increase by merger | 106,666 |
| Cancellation of treasury stock | (86,942) |
| Total changes of items during the period | 19,077 |
| Balance at the end of current period | 23,903 |

(million yen)

| Retained earnings | |
|--|---------|
| Earned surplus reserve | |
| Balance at the beginning of current period | 322 |
| Changes of items during the period | |
| Reduction of Capital Reserve | (322) |
| Total changes of items during the period | (322) |
| Balance at the end of current period | – |
| Other retained earnings | |
| Special assets for default compensation reserve funds of stocks | |
| Balance at the beginning of current period | 3,569 |
| Changes of items during the period | |
| Decrease by company split | (3,569) |
| Total changes of items during the period | (3,569) |
| Balance at the end of current period | – |
| Special assets for default compensation reserve funds of futures and option | |
| Balance at the beginning of current period | 7,011 |
| Changes of items during the period | |
| Decrease by company split | (7,011) |
| Total changes of items during the period | (7,011) |
| Balance at the end of current period | – |
| Special reserve fund | |
| Balance at the beginning of current period | 5,302 |
| Changes of items during the period | |
| Total changes of items during the period | – |
| Balance at the end of current period | 5,302 |
| Retained earnings brought forward | |
| Balance at the beginning of current period | 29,730 |
| Changes of items during the period | |
| Cash dividends paid | (3,240) |
| Reduction of Capital Reserve | 322 |
| Increase by merger | 3,469 |
| Net income | 3,637 |
| Total changes of items during the period | 4,189 |
| Balance at the end of current period | 33,919 |

| | (million yen) |
|--|---------------|
| Total Retained earnings | |
| Balance at the beginning of current period | 45,936 |
| Changes of items during the period | |
| Cash dividends paid | (3,240) |
| Decrease by company split | (10,580) |
| Increase by merger | 3,469 |
| Net income | 3,637 |
| Total changes of items during the period | (6,714) |
| Balance at the end of current period | 39,222 |
| Treasury stock | |
| Balance at the beginning of current period | - |
| Changes of items during the period | |
| Increase by merger | (86,942) |
| Cancellation of treasury stock | 86,942 |
| Total changes of items during the period | - |
| Balance at the end of current period | - |
| Total shareholders' equity | |
| Balance at the beginning of current period | 55,485 |
| Changes of items during the period | |
| Cash dividends paid | (3,240) |
| Decrease by company split | (11,226) |
| Increase by merger | 29,969 |
| Net income | 3,637 |
| Total changes of items during the period | 19,140 |
| Balance at the end of current period | 74,625 |
| Revaluation and translation adjustments | |
| Unrealized gain (loss) on available-for-sale securities | |
| Balance at the beginning of current period | 0 |
| Changes of items during the period | |
| Increase by merger | 5,581 |
| Net changes of items other than shareholders' equity | 3,507 |
| Total changes of items during the period | 9,088 |
| Balance at the end of current period | 9,088 |
| Total revaluation and translation adjustments | |
| Balance at the beginning of current period | 0 |
| Changes of items during the period | |
| Increase by merger | 5,581 |
| Net changes of items other than shareholders' equity | 3,507 |
| Total changes of items during the period | 9,088 |
| Balance at the end of current period | 9,088 |

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| | (million yen) |
|--|----------------------|
| Total net assets | |
| Balance at the beginning of current period | 55,485 |
| Changes of items during the period | |
| Cash dividends paid | (3,240) |
| Decrease by company split | (11,226) |
| Increase by merger | 35,550 |
| Net income | 3,637 |
| Net changes of items other than shareholders' equity | 3,507 |
| Total changes of items during the period | 28,228 |
| Balance at the end of current period | 83,714 |

I. Accounting Policies

1. Standards and methods of asset valuation

Securities

- 1) Shares of subsidiaries and affiliated companies: Cost method based on the moving-average-method
- 2) Other securities:

Securities with market value: Market value method based on average market prices over a one-month period prior to the closing date of the fiscal year (differences in valuation are included in net assets and the cost of securities sold is calculated using the moving-average method)

Securities without market value: Cost method based on the moving-average-method

2. Methods of depreciation of fixed assets

(1) Property and equipment:

The straight-line method is used.

(2) Intangible fixed assets:

The straight-line method is used. The straight-line method based on the expected period of use (5 years) is adopted for software for internal use.

3. Standards for allowances

(1) Provision for bonuses:

For payment of employee bonuses, an allowance is provided for the portion of the total anticipated bonuses payable in the next period that is attributable to the current period.

(2) Provision for directors' bonuses:

For payment of bonuses to directors and executive officers, an allowance is provided for the portion of the total anticipated bonuses payable in the next period that is attributable to the current period.

4. Other significant matters which constitute the basis for preparation of the financial statements.

(1) Translation of foreign currency-denominated assets and liabilities into yen

Foreign currency-denominated assets and liabilities are translated into yen based on the exchange rate as of the closing date of the fiscal year. Other securities are translated into yen based on the average exchange rate over a one-month period prior to the closing date of the fiscal year.

(2) Accounting for consumption taxes, etc.

Consumption taxes and local consumption taxes are not included.

5. Changes in presentation

Taking an opportunity of the business combination with Tokyo Stock Exchange Group, Inc., the following changes in presentation were made.

(1) Change in presentation of Information Equipment

"Information Equipment" is included in "Tools, Furniture and Fixtures" from the current fiscal year, while it had been recorded separately in the previous fiscal year.

(2) Change in presentation of Software in Progress

"Software in Progress" is included in "Others" from the current fiscal year, while it had been recorded separately in the previous fiscal year.

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(3) Change in presentation of Guarantee Deposits

"Guarantee Deposits" is included in "Others" from the current fiscal year, while it had been recorded separately in the previous fiscal year.

(4) Change in presentation of Accrued Consumption Taxes

"Accrued Consumption Taxes" is included in "Others" from the current fiscal year, while it had been recorded separately in the previous fiscal year.

(5) Change in presentation of Unearned revenue

"Unearned revenue" is recorded separately from the current fiscal year, while it had been included in "Other" under "Current Assets" in the previous fiscal year.

(6) Change in presentation of "Operating Revenue"

From the current fiscal year, the section of "Operating Revenue" is stated in six categories i.e., "Income from management control fees," "Trading participation fees," "Listing fees," "Income from information services," and "Income from securities settlement," instead of four categories i.e., "Transaction Participants' fees," "Listing fees," "Income from Equipment and Market Information Service," and "Other," which were used in the section of "Operating Revenue" in the previous fiscal year.

II. Notes to Nonconsolidated Balance Sheet

| | |
|---|-----------------|
| 1. Accumulated depreciation on property and equipment | JPY 121 million |
| 2. Monetary claims and monetary liabilities vis-à-vis affiliated companies (excluding those presented separately) | |
| Short-term monetary claims | JPY 0 million |
| Short-term monetary liabilities | JPY 40 million |

3. Loss compensation, etc.

With regard to the clearing and settlement service for futures/options trading provided by Osaka Securities Exchange, Inc. (OSE), which is a consolidated subsidiary of the Company, the Company had concluded the "Compensation agreement related to Futures, Options, and Exchange FX Margin Trading (Compensation Agreement)" with OSE. Based on the Compensation Agreement, the Company is obliged to compensate OSE for up to JPY 33,077 million in losses in cases where OSE suffers losses arising from the default or possible default of a clearing participant.

At the same time, the Company has "Special assets for default compensation reserve funds" recorded under assets in its balance sheet as reserve for compensation of loss suffered by Japan Securities Clearing Corporation (JSCC) or OSE concerning the clearing service conducted by the two parties.

III. Notes to Non-consolidated Statement of Income

| | |
|---|-------------------|
| Transactions with affiliates | |
| Transaction from operating transactions | |
| Operating revenues | JPY 1,941 million |
| Operating expenses | JPY 685 million |
| Transaction from non-operating transactions | JPY 19 million |

IV. Notes to Non-consolidated Statement of Changes in Shareholders' Equity

Dividends

Dividend paid

| Resolution | Share type | Total amount of dividend (million JPY) | Dividend per share (JPY) | Record date | Effective date |
|-----------------------------------|--------------|---|-----------------------------|--------------------|------------------|
| Board Meeting of June 21, 2012 | Common stock | 2,025 | 7,500 | March 31, 2012 | June 22, 2012 |
| Board Meeting of October 29, 2012 | Common stock | 1,215 | 4,500 | September 30, 2012 | December 3, 2012 |

V. Note relating to Tax Effect Accounting

Breakdown of deferred tax assets and liabilities

Deferred tax assets:

| | |
|--|--------------------------|
| Nondeductible accrued bonuses | JPY 84 million |
| Nondeductible accrued business tax | JPY 41 million |
| Loss on valuation of subsidiaries shares | JPY 252 million |
| Others | JPY 43 million |
| Subtotal of deferred tax assets | <u>JPY 420 million</u> |
| Valuation allowance | <u>(JPY 252 million)</u> |
| Total deferred tax assets | JPY 168 million |

Deferred tax liabilities:

| | |
|--|----------------------------|
| Unrealized gain (loss) on available-for-sale securities: | <u>JPY (5,033) million</u> |
| Total deferred tax liabilities | <u>JPY (5,033) million</u> |
| Net amounts of deferred tax assets (liabilities) | JPY (4,864) million |

Net amounts of deferred tax assets (liabilities) are included in the following items in the non-consolidated balance sheet.

| | |
|--|-------------------|
| Current assets - deferred tax assets | JPY 149 million |
| Non-current liabilities - deferred tax liabilities | JPY 5,014 million |

VI. Note relating to Transactions with Related Parties

• Subsidiaries and affiliated companies

| Name of company, etc. | Percentage of voting rights, etc. held (held by others) | Business relationship | Type of transaction | Value of transactions (million JPY) | Accounting classification | Balance at end of period (million JPY) |
|-------------------------------------|---|-----------------------|---|-------------------------------------|---------------------------|--|
| Subsidiaries | | | | | | |
| Tokyo Stock Exchange, Inc. | Directly held 100.0% | Management control | Receipt of fees for management control (Note) | 969 | — | — |
| Tokyo Stock Exchange Regulation | Directly held 100.0% | Management control | Receipt of fees for management control (Note) | 348 | — | — |
| Osaka Securities Exchange Co., Ltd. | Directly held 100.0% | Management control | Receipt of fees for management control (Note) | 624 | — | — |

The transaction amounts shown above do not include consumption taxes, etc.; year-end balances include consumption taxes, etc.

Transaction-related conditions and policies, etc. for determining such conditions

Note : The Company determines management control fees based on the expenses related to the management control of group companies.

VII. Notes relating to Per Share Information

1. Net assets per share: JPY 1,524.65

2. Net income per share: JPY 107.35

(Note) The Company conducted a 100-for-1 stock split on January 1, 2013. The amounts for net assets per share and net income per share were calculated based on the assumption that said stock split was conducted at the beginning of the consolidated fiscal year.

VIII. Notes relating to Business Combination

1. Business combination by acquisition

Description of this item is omitted here because the same notes are stated in "VI. Notes relating to Business Combination" of the consolidated financial statements.

2. Transaction, etc. under common control

Description of item is omitted here because the same notes are stated in "VI. Notes relating to Business Combination" of the consolidated financial statements.

Copy of the Auditor's Report on the Consolidated Financial Documents

Independent Auditor's Report

May 8, 2013

To The Board of Directors
Japan Exchange Group, Inc.:

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:
Yasuyuki Miyasaka

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:
Kazuhiro Kido

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:
Masaya Shibata

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated balance sheet as of March 31, 2013 of Japan Exchange Group, Inc. (the "Company") and its consolidated subsidiaries, and the related statements of income and changes in net assets for the fiscal year from April 1, 2012 to March 31, 2013, and a summary of significant accounting policies and other explanatory information .

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the

(Reference Translation)

consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Japan Exchange Group, Inc. and its consolidated subsidiaries as of March 31, 2013, and the results of their operations for the year then ended in accordance with accounting principles generally accepted in Japan.

Emphasis of Matter

As discussed in 3. Legal disputes under II. Notes to Consolidated Balance Sheet, the Tokyo Stock Exchange, Inc. (the "TSE"), a consolidated subsidiary of the Company, is currently in dispute with Mizuho Securities Co., Ltd. who filed a lawsuit against the TSE seeking compensation for damages caused by erroneous trades of J-COM Co., Ltd. On December 4, 2009, the court ordered the TSE to pay compensation, and on December 18, 2009, the TSE made a payment for compensation. In response to this court ruling, Mizuho Securities Co., Ltd. has filed an appeal with the Tokyo High Court, and the TSE has filed an incidental appeal with the court accordingly. In the court of appeals, oral proceedings were concluded on March 18, 2013. Currently, both parties are negotiating toward settlement in response to the recommendation by the court.

Our opinion is not qualified in respect of this matter.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

Copy of the Auditor's Report on the Nonconsolidated Financial Documents

Independent Auditor's Report

May 8, 2013

To The Board of Directors
Japan Exchange Group, Inc.:

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:
Yasuyuki Miyasaka

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:
Kazuhiro Kido

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Masaya Shibata

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the financial statements, namely, the balance sheet as of March 31, 2013 of Japan Exchange Group, Inc. (the "Company"), and the related statements of income and changes in net assets for the 12 th fiscal year from April 1, 2012 to March 31, 2013, and a summary of significant accounting policies and other explanatory information, and the accompanying supplemental schedules .

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements and the accompanying supplemental schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the accompanying supplemental schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements and the accompanying supplemental 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 financial statements and the accompanying supplemental schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the accompanying supplemental schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and the accompanying supplemental schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the

(Reference Translation)

financial statements and the accompanying supplemental schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the accompanying supplemental schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the financial statements and the accompanying supplemental schedules referred to above present fairly, in all material respects, the financial position of Japan Exchange Group, Inc. as of March 31, 2013, and the results of its operations for the year then ended in accordance with accounting principles generally accepted in Japan.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

■ Audit Report of Audit Committee

Audit Report

The Audit Committee of Japan Exchange Group, Inc. (the Company) has audited the execution of official duties by the directors and executive officers of the Company during its 12th business year, the period from April 1, 2012 to March 31, 2013. Our audit methods and results are as follows.

1. Auditing Methods and Content thereof

The Audit Committee monitored and inspected the resolutions of the Board of Directors and the status of establishment and operation of the system (Internal Control System) developed under such resolutions with regard to Article 416, Paragraph 1, Item 1, sub-items (b) and (e) of the Companies Act. Furthermore, in accordance with auditing policies, auditing plans, etc., conforming to the auditing standards established by the Audit Committee, and in cooperation with the internal control department of the Company, the Audit Committee attended important meetings, received reports from directors, executive officers, etc. on the execution of their duties and asked them details when necessary, examined important documents, etc. related to Company decisions, and evaluated the Company's operational and financial condition.

Regarding subsidiaries, the Committee endeavored to maintain communication and exchange information with directors, Auditors, etc. of subsidiaries, and received business reports of subsidiaries when necessary.

Furthermore, the Audit Committee monitored and inspected whether the Accounting Auditor performed proper audits while assuring said Auditor's independence, and received reports from the Accounting Auditor on the execution of said Auditor's duties and asked details when necessary. The Audit Committee was also informed by the Accounting Auditor that the "System to ensure proper execution of its duties" (matters described in each item of Article 131 of the Corporate Accounting Rules) has been developed in accordance with "Quality Control standards for Audits" issued by the Business Accounting Council on October 28, 2005, and others, and asked details when necessary.

Through the above methods, the Audit Committee reviewed the business report, financial documents (balance sheet, statement of income, statement of changes in shareholders' equity and notes to non-consolidated financial documents) and supplementary statements, and consolidated financial documents (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in shareholders' equity and notes to consolidated financial documents) for said business year.

2. Results of Audit

(1) Results of Audit of Business Report, etc.

- (i) We certify that the business report and its supplementary statements fairly present the situation of the Company in accordance with laws and regulations as well as the Articles of Incorporation.
- (ii) We found no wrongful act or material fact in violation of laws, regulations, or the Articles of Incorporation with respect to the performance of duties by the directors and executive officers.
- (iii) We certify that the resolutions of the Board of Directors with respect to the internal control system are proper and correct. In addition, we found no matter that needed to be addressed regarding the performance of duties by the directors and executive officers with respect to the internal control system.

(2) Audit Results of Financial Documents and Supplementary Statements

We certify that the auditing method of Deloitte Touche Tohmatsu LLC, the Accounting Auditor, and the results of its audit are proper and correct.

(3) Audit Results of Consolidated Financial Documents

We certify that the auditing method of Deloitte Touche Tohmatsu LLC, the Accounting Auditor, and the results of its audit are proper and correct.

May 10, 2013

Audit Committee of Japan Exchange Group, Inc.

Member of the Audit Committee Kunihiro Matsuo

Standing Member of the Audit Committee Masayuki Hirose

Member of the Audit Committee Hiroyuki Nakatsukasa

(Note) Members of the Audit Committee Kunihiro Matsuo and Hiroyuki Nakatsukasa are outside directors as stipulated in Article 2, Item 15, and Article 400, Paragraph 3 of the Companies Act.