

Tokyo Stock Exchange Group, Inc. and Consolidated Subsidiaries

Consolidated financial results for three months ended June 30, 2012, unaudited

Company name: **Tokyo Stock Exchange Group, Inc.**
 URL: <http://www.tse.or.jp/english/>
 Representative: Atsushi Saito, President and CEO
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 Scheduled date of filing of quarterly report: -
 Scheduled date of start of dividend payment: -
 Preparation of 1Q earnings presentation material: None
 Holding of 1Q earnings announcement: None

1. Consolidated Financial Results for three months ended June 30, 2012 (April 1, 2012 to June 30, 2012)

(Figures less than a million yen are omitted)

(1) Operating results

(Percentages represent year-on-year change)

	Operating revenue		Operating profit		Ordinary profit		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Three months ended June 30, 2012	13,514	4.1	3,230	47.9	3,658	39.9	2,164	46.0
Three months ended June 30, 2011	12,983	(9.2)	2,184	(36.0)	2,614	(33.8)	1,482	(38.9)

(Note)

Comprehensive income:

Three months ended June 30, 2012: ¥ (199 million) / (122.0%) Three months ended June 30, 2011: ¥ 904 million / (51.0%)

	Net income per share	Diluted net income per share
	yen	yen
Three months ended June 30, 2012	952.09	-
Three months ended June 30, 2011	652.21	-

(2) Financial position

	Total assets	Total equity	Equity capital ratio
	million yen	million yen	%
As of June 30, 2012	347,987	124,988	35.2
As of March 31, 2012	345,247	127,122	36.1

(Reference)

Shareholders' equity:

As of June 30, 2012: ¥ 122,445 million As of March 31, 2012: ¥ 124,605 million

(Note)

Clearing deposit money, etc. based on various rules which secures the safety of securities trading are recorded as TSE group's assets and liabilities under both assets and liabilities. Clearing deposit money, etc. are large in amount and fluctuate daily and, as a result, the amounts of TSE group's assets and liabilities are significantly impacted by such fluctuations.

Please refer to page 5 of the Appendix "Qualitative Information on Consolidated Financial Position" for the financial position of the TSE group which excludes clearing deposit money, etc.

(Reference Translation)

2. Dividends

	Dividend per share				
	First quarter	Second quarter	Third quarter	Fiscal year end	Annual
	yen	yen	yen	yen	yen
Year ended March 31, 2012	-	-	-	850.00	850.00
Year ending March 31, 2013	-				
Year ending March 31, 2013(Forecast)		-	-	-	-

(Note)

Change in dividend forecasts from the most recent announcement: -

3. Forecast for the Fiscal Year ending March 31, 2013 (April 1, 2012 to March 31, 2013)

(Percentages represent year-on-year change)

	Operating revenue		Operating profit		Ordinary profit		Net income		Net income per share	
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
For six months ending September 30, 2012	-	-	-	-	-	-	-	-	-	-
For Year ending March 31, 2013	-	-	-	-	-	-	-	-	-	-

(Note)

Change in performance forecasts from the most recent announcement: -

4. Notes

(1) Changes in significant subsidiaries during the period: None

(2) Adoption of peculiar accounting methods for quarterly consolidated financial statements: None

(3) Changes in accounting policies / changes in accounting estimates / restatements

1) Changes pursuant to revision of accounting policies: None

2) Changes other than the above: Yes

3) Changes in accounting estimates: Yes

4) Restatements: None

(4) Number of issued shares (common stock)

1) Number of issued (or outstanding) shares at the end of the period (including treasury shares):

As of June 30, 2012: 2,300,000 shares

As of March 31, 2012: 2,300,000 shares

2) Number of treasury shares at the end of period:

As of June 30, 2012: 26,260 shares

As of March 31, 2012: 26,260 shares

3) Average number of shares:

Three months ended June 30, 2012: 2,273,740 shares

Three months ended June 30, 2011: 2,273,740 shares

(Reference Translation)

*Disclosure regarding the execution of the quarterly review process

This release is outside the scope of the external auditor's quarterly review procedure which is required by "Financial Instruments and Exchange Act". Therefore, the quarterly review process has not been completed as of this disclosure in this release.

*Explanation of appropriate use of forecast and other special items

The Company is not listed. Therefore, the scheduled date for submission of the quarterly report, as well as forecasts of dividend and operating results are not included.

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(Reference Translation)

(Appendix)

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(Reference Translation)

1. QUALITATIVE INFORMATION ON OPERATING RESULTS DURING THE CURRENT QUARTER

(1) Qualitative Information on Consolidated Operating Results

With respect to the consolidated operating results of the TSE group (the Company, consolidated subsidiaries and affiliated companies accounted for using the equity method) during the consolidated cumulative first quarter (meaning the three months from April 1, 2012 to June 30, 2012; hereinafter the same), operating income rose due to an increase in derivatives trading volume, and operating expense declined due to disposal of the previous systems in tandem with the migration of futures trading to the Tdex+ System being recorded in the same period of last year. Under these circumstances, operating revenue reached ¥13,514 million (4.1% increase from the same period of last year (i.e. year-on-year)) and operating expenses fell to ¥10,283 million (4.8% decrease year-on-year), resulting in operating profit of ¥3,230 million (47.9% increase year-on-year).

The TSE group saw ordinary profit and income before income taxes and minority interest of ¥3,658 million (39.9% increase year-on-year), and net income of ¥2,164 million (46.0% increase year-on-year).

The Company announced that it will conduct a business combination with Osaka Securities Exchange Co., Ltd. in "Agreement regarding Business Combination between Tokyo Stock Exchange Group, Inc. and Osaka Securities Exchange Co., Ltd." dated November 22, 2011. On July 11, 2012, the Company commenced a tender offer for the shares of the same exchange.

<Reference>

	1 st Quarter of FY2011		1 st Quarter of FY2012	
		As of June 30, 2011		As of June 30, 2012
TOPIX	805.34 points ~ 865.55 points	849.22 points	695.51 points ~ 856.05 points	770.08 points
Market capitalization	¥ 280,553.7 billion ~ ¥ 300,017.6 billion	¥ 295,209.7 billion	¥ 244,661.9 billion ~ ¥ 298,841.8 billion	¥ 270,079.1 billion

(Operating revenue)

1) Trading participation fees

Trading participation fees comprise "Basic Fees" based on the types of the trading participant's trading qualification, "Transaction Fees" based on the value of securities traded or volume of derivatives traded, "Access Fees" based on the number of orders, and "Trading System Facilities Usage Fees" based on the types of trading system facilities used.

Trading participation fees for the consolidated cumulative first quarter remained around the same level as last year at ¥5,017 million due to a year-on-year increase in the trading volume of JGB futures and TOPIX futures even as stock trading value declined.

Breakdown of trading participation fees

(millions of yen)

	1 st Quarter of FY2011	1 st Quarter of FY2012	Change (%)
Trading participation fees	5,015	5,017	0.0
Basic fees	214	198	(7.3)
Transaction fees	3,772	3,695	(2.0)
Access fees	637	730	14.5
Trading system facilities usage fees	385	386	0.3
Others	5	6	20.8

(Reference Translation)

<Reference>

Equities trading value and derivatives trading volume

	Daily average			Total		
	1 st Quarter of FY2011	1 st Quarter of FY2012	Change (%)	1 st Quarter of FY2011	1 st Quarter of FY2012	Change (%)
Equities trading value (¥ millions)	1,382,661	1,219,440	(11.8)	84,342,320	75,605,269	(10.4)
TOPIX futures trading volume (contracts)	57,180	64,649	13.1	3,487,951	4,008,210	14.9
JGB futures trading volume (contracts)	27,984	39,538	41.3	1,707,000	2,451,382	43.6

(Note)

Equities trading value of The First and Second Sections and Mothers of Tokyo Stock Exchange

2) Listing fees

Listing fees comprise the "Initial/Additional Listing Fees" that are received based on the issue amount when a company initially lists or when a listed company issues additional shares, and "Annual Listing Fees" received from listed companies based on their market capitalization.

Due to new listings of REIT and an increase in the amount of funds raised by listed companies, listing fees for the consolidated cumulative first quarter increased 4.8% to ¥1,729 million.

Breakdown of listing fees

(millions of yen)

	1 st Quarter of FY2011	1 st Quarter of FY2012	Change (%)
	Listing fees	1,650	1,729
Initial/Additional listing fees	309	412	33.2
Annual listing fees	1,340	1,317	(1.8)

<Reference>

Number of listed companies and ETFs and REITs

(company)

	New listed companies			Total listed companies		
	1 st Quarter of FY2011	1 st Quarter of FY2012	Change	1 st Quarter of FY2011	1 st Quarter of FY2012	Change
TSE First and Second Sections	5 *3	7 *2	2 *(1)	2,110	2,109	(1)
Mothers	1 *0	3 *0	2 *0	174	177	3
Total	6 *3	10 *2	4 *(1)	2,284	2,286	2

(issue)

	New listed issues			Total listed issues		
	1 st Quarter of FY2011	1 st Quarter of FY2012	Change	1 st Quarter of FY2011	1 st Quarter of FY2012	Change
ETFs	2	2	0	103	110	7
ETNs	0	0	0	0	10	10
REITs	0 *0	2 *0	2 *0	35	35	0

(Note)

Figures marked "*" indicate the number of newly listed companies and newly listed issues, representing companies established and issues newly listed as a result of mergers and stock transfers (technical listings).

(Reference Translation)

Fund procurement by listed companies

(millions of yen)

	1 st Quarter of FY2011	1 st Quarter of FY2012	Change (%)
Fund raising by listed companies	74,687	141,501	89.5

(Note)

Total amount of fund-raising via shareholder allotments, public offerings (including initial public offerings), third-party allotments, preferred stocks, and convertible bonds exercise and stock options.

3) Income from information services

Income from information services is comprised of income related to the provision of corporate action information and various other information, primarily consisting of fees for market information provided to information vendors (market information fees), and also income related to the index business.

During the consolidated cumulative first quarter, income from information services decreased 4.9% to ¥2,698 million due to a decline in market information fees from a decrease in the number of individual real-time terminals.

4) Income from securities settlement

Income from securities settlement is derived from settlement commissions related to the assumption of financial instrument obligations carried out by Japan Securities Clearing Corporation.

During the consolidated cumulative first quarter, income from securities settlement increased 6.1% to ¥1,802 million due to a year-on-year increase in the trading volume of JGB futures and TOPIX futures even as stock trading value declined.

5) Other operating income

Other operating income consists of "arrownet Usage Fees", "Co-location Usage Fees", "Proximity Usage Fees", and fees for system development and operations provided by TOSHO SYSTEM SERVICE CO., LTD. "arrownet Usage Fees" are those related to use of the network which connect TSE's trading system, market information systems, etc. to trading participants and users. "Co-location Usage Fees" are those for using the service which allows trading participants to place their devices, etc. within the TSE system center for the purpose of accelerating trade execution, etc. "Proximity Usage Fees" are those for using the proximity service which diversifies connectivity to domestic and Asian markets, and can be used by trading participants and market-related parties, such as information vendors.

During the consolidated cumulative first quarter, other operating income increased 27.1% to ¥2,266 million due to increased revenue from system development projects by TOSHO SYSTEM SERVICE CO., LTD.

(Operating expenses)

During the consolidated cumulative first quarter, salaries and compensation decreased 5.4% compared with the previous period, to ¥2,734 million.

Real estate rental fees are primarily rental fees for the Tokyo Stock Exchange building and for system development and operational facilities. These fees decreased 7.4% compared with the previous period, to ¥1,329 million.

System maintenance and operation costs consist of maintenance and operation costs for arrowhead and other systems, and these costs increased 4.4% compared with the previous period, to ¥1,499 million.

Depreciation for the consolidated cumulative first quarter decreased significantly by 26.5% to ¥2,088 million due to factors such as the disposal of the previous systems in tandem with the migration of futures trading to the Tdex+ System being recorded in the same period of last year.

Other operating expenses during the consolidated cumulative first quarter increased 20.0% to ¥2,633 million due to an increase in system development costs by TOSHO SYSTEM SERVICE CO., LTD. being recorded as revenue.

(2) Qualitative Information on Consolidated Financial Position

(Assets, liabilities and equity)

Clearing deposit money, etc. (margin funds for derivatives and when-issued transactions, deposits for clearing funds, and deposits as collateral for facilitating settlement; totaling ¥188,863 million as of June 30, 2012), legal guarantee funds (¥308 million as of June 30, 2012), deposits received as trading participants guarantee (¥3,241 million as of June 30, 2012), and default compensation reserve funds (¥17,367 million as of June 30, 2012), all of which hedges risks of securities trading based on various rules, are recorded as assets and liabilities. Out of these assets and liabilities, clearing deposit money, etc. are large in amount and fluctuate daily in line with clearing participants' positions and stock price movements, and, as a result, the amounts of TSE group's assets and liabilities are significantly impacted by fluctuations in these clearing funds (refer to "Section 3. Consolidated Balance Sheet: (4) Notes - Consolidated Balance Sheet - *3. Assets and liabilities for hedging risks of securities trading" for more information regarding these assets and liabilities)

Total assets as of the end of the consolidated first quarter accounting period (June 30, 2012) increased ¥2,740 million to ¥347,987 million from the end of the previous consolidated fiscal year due to an increase in clearing deposit money, etc. Excluding clearing deposit money, etc., legal guarantee funds, and default compensation reserve funds, assets fell ¥4,334 million to ¥141,447 million from the end of the previous consolidated fiscal year due to a decrease in the value of investments in securities with the fluctuation of the stock price of Singapore Exchange Ltd.

Total liabilities as of the end of the consolidated first quarter accounting period (June 30, 2012) increased ¥4,873 million to ¥222,999 million from the end of the previous consolidated fiscal year due to an increase in clearing deposit money, etc. Excluding clearing deposit money, etc., legal guarantee funds, and deposits received as trading participants guarantees, liabilities fell ¥1,916 million to ¥30,585 million from the end of the previous consolidated fiscal year due to a decrease in income taxes payable recorded as of the end of the previous consolidated fiscal year.

Net assets as of the end of the consolidated first quarter accounting period (June 30, 2012) declined ¥2,133 million from the previous consolidated fiscal year to ¥124,988 million due to unrealized loss of securities with the fluctuation of the stock price of Singapore Exchange, Ltd. Additionally, after excluding default compensation reserve funds, total equity was ¥107,620 million.

	Total assets	Total equity	Equity capital ratio
	million yen	million yen	%
As of June 30, 2012	347,987	124,988	35.2
	*1) 141,447	*2) 107,620	*3) 74.3
As of March 31, 2012	345,247	127,122	36.1
	*1) 145,782	*2) 109,754	*3) 73.6

(Notes)

- 1) Figures marked “*1)” under “Total assets” exclude “Margin funds for derivatives and when-issued transactions”, “Deposits for clearing funds”, “Deposits as collateral for facilitating settlement”, “Legal guarantee funds”, and “Special assets for default compensation reserve funds”.
- 2) Figures marked “*2)” under “Total equity” exclude “Default compensation reserve funds”.
- 3) Figures marked “*3)” under “Equity capital ratio” are calculated excluding “Margin funds for derivatives and when-issued transactions”, “Deposits for clearing funds”, “Deposits as collateral for facilitating settlement”, “Legal guarantee funds”, and “Special assets for default compensation reserve funds” from total assets, and excluding “Default compensation reserve funds” from total equity..

(Reference Translation)

2. OTHER INFORMATION

(1) Changes in significant subsidiaries during the period

None

(2) Changes in accounting policies / Changes in accounting estimates / Restatements

i. Changes in accounting policies

In connection with the forthcoming business combination with Osaka Securities Exchange Co., Ltd., TSE group reviewed the following accounting policies and changed them accordingly from the consolidated first quarter accounting period.

(Change in depreciation method for property and equipment)

The TSE group's depreciation method for property and equipment was previously based on the application of 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 consolidated first quarter accounting period, the TSE group changed the depreciation method from the declining-balance method to the straight-line method.

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) The cost pertaining to maintenance and repair of property and equipment is generally incurred equally in each period of use. Adopting the straight-line method for leveling in periods allocated for depreciation costs leads to calculation that better reflects the financial situation for the period.

Due to this, in comparison with the previous method, operating profit for the consolidated cumulative first quarter increased ¥140 million, and ordinary profit and income before income taxes and minority interests increased ¥142 million respectively.

(Change in method for valuation of securities)

The TSE group's method for valuation of securities (available-for-sale securities without fair value) was previously based on the weighted-average method. From the consolidated first quarter accounting period, the TSE group changed the valuation method from the weighted-average method to the moving-average method which allows timely calculation of the cost of securities sold.

This change does not affect the amount of profit or loss for the consolidated cumulative first quarter.

ii. Changes in accounting estimates

In the consolidated first quarter accounting period, Japan Securities Depository Center, Inc., an affiliated company, conducted a review of the useful life of the fixed assets whose period of use became shorter due to the decision to activate the new system.

Due to this, in comparison with the previous method, ordinary profit and income before income taxes and minority interests decreased ¥20 million respectively during the consolidated cumulative first quarter.

(Reference Translation)

3. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheet

	As of March 31, 2012	(millions of yen) As of June 30, 2012
ASSETS		
CURRENT ASSETS:		
Cash and bank deposits	* ³ 67,679	* ³ 66,920
Accounts receivable-trade	4,656	5,980
Inventories	1,313	1,465
Margin funds for derivatives and when-issued transactions	* ³ 111,296	* ³ 115,264
Deposits for clearing funds	* ³ 59,376	* ³ 58,999
Deposits as collateral for facilitating settlement	* ³ 11,110	* ³ 14,600
Other current assets	2,423	1,769
Allowance for doubtful accounts	(0)	(3)
Total current assets	257,854	264,995
FIXED ASSETS:		
Property and equipment	6,738	7,032
Intangible assets	20,102	18,990
Investments and other assets		
Investments in securities	33,745	30,207
Legal guarantee funds	* ³ 314	* ³ 308
Special assets for default compensation reserve funds	* ³ 17,367	* ³ 17,367
Others	9,323	9,290
Allowance for doubtful accounts	(199)	(204)
Total investments and other assets	60,552	56,969
Total fixed assets	87,393	82,992
Total	345,247	347,987

(Reference Translation)

	(millions of yen)	
	As of March 31, 2012	As of June 30, 2012
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable-trade	1,865	1,787
Short-term bank loans	17,570	17,570
Income taxes payable	2,667	1,282
Accrued bonuses	951	241
Accrued bonuses for directors	179	7
Margin funds received for derivatives and when-issued transactions	* ³ 111,296	* ³ 115,264
Deposits received for clearing funds	* ³ 59,376	* ³ 58,999
Deposits received as collateral for facilitating settlement	* ³ 11,110	* ³ 14,600
Deposits received as trading participants security money	* ³ 3,525	* ³ 3,241
Other current liabilities	1,447	3,137
Total current liabilities	209,990	216,131
NON-CURRENT LIABILITIES:		
Liability for retirement benefits for employees	5,372	5,436
Returnable legal guarantee funds	* ³ 314	* ³ 308
Other non-current liabilities	2,447	1,122
Total non-current liabilities	8,135	6,867
Total liabilities	218,125	222,999
EQUITY		
SHAREHOLDERS' EQUITY:		
Common stock	11,500	11,500
Capital surplus	25,358	25,358
Retained earnings	* ³ 87,205	* ³ 87,437
Treasury stock, at cost	(4,332)	(4,332)
Total shareholders' equity	119,731	119,963
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	4,873	2,482
Total accumulated other comprehensive income	4,873	2,482
Minority interests	2,516	2,542
Total equity	127,122	124,988
Total	345,247	347,987

(Reference Translation)

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
(Consolidated Statement of Income)

	Three months ended June 30, 2011	(millions of yen) Three months ended June 30, 2012
OPERATING REVENUES:		
Trading participation fees	5,015	5,017
Listing fees	1,650	1,729
Income from information services	2,836	2,698
Income from securities settlement	1,699	1,802
Other operating income	1,782	2,266
Total Operating revenues	<u>12,983</u>	<u>13,514</u>
OPERATING EXPENSES:		
Salaries and compensation	2,890	2,734
Real estate rental fees	1,435	1,329
System maintenance & operation costs	1,436	1,499
Depreciation	2,841	2,088
Other operating expenses	2,194	2,633
Total operating expenses	<u>10,798</u>	<u>10,283</u>
Operating profit	<u>2,184</u>	<u>3,230</u>
NON-OPERATING REVENUES:		
Interest income	28	28
Dividend income	145	134
Equity in earnings of affiliated companies	263	262
Other non-Operating revenues	5	25
Total	<u>442</u>	<u>449</u>
NON-OPERATING EXPENSES:		
Interest expense	13	13
Provision of allowance for doubtful accounts	—	5
Other non-operating expenses	0	3
Total	<u>13</u>	<u>22</u>
Ordinary Profit	<u>2,614</u>	<u>3,658</u>
EXTRAORDINARY LOSSES:		
Loss on disposal of property and equipment, and intangible assets	0	—
Total	<u>0</u>	<u>—</u>
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	<u>2,614</u>	<u>3,658</u>
INCOME TAXES	1,153	1,465
NET INCOME BEFORE MINORITY INTERESTS	<u>1,460</u>	<u>2,192</u>
MINORITY INTERESTS IN NET INCOME	22	(27)
NET INCOME	<u>1,482</u>	<u>2,164</u>

(Reference Translation)

(Consolidated Statement of Comprehensive Income)

	Three months ended June 30, 2011	(millions of yen) Three months ended June 30, 2012
NET INCOME BEFORE MINORITY INTERESTS	1,460	2,192
OTHER COMPREHENSIVE INCOME (LOSS)		
Net unrealized gain (loss) on available-for-sale securities	(555)	(2,391)
Share of other comprehensive income of affiliated companies	(0)	(0)
Total other comprehensive income (loss)	(555)	(2,391)
COMPREHENSIVE INCOME	904	(199)
COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the parent	927	(226)
Minority interests	(22)	27

(Reference Translation)

(3) Note on Going-Concern Assumption
Not applicable

(4)Notes

(Consolidated balance sheet)

1. Liabilities for guarantees

	Fiscal year ended March 31, 2012	Three months ended June 30, 2012
Guarantees for housing loans from banks for employees	¥ 2,998 million	¥ 2,980 million

2. Litigation

Mizuho Securities Co., Ltd. filed a lawsuit with the Tokyo District Court against TSE Group's consolidated subsidiary Tokyo Stock Exchange, Inc., seeking ¥41,578 million in compensation for damages related to Mizuho Securities Co., Ltd.'s erroneous placement of an order for shares of J-COM Co., Ltd. that occurred on December 8, 2005, and on December 4, 2009, the Court ordered Tokyo Stock Exchange, Inc. to pay compensation (¥10,712 million plus delinquency charges). On December 18, 2009, Tokyo Stock Exchange, Inc. made a payment of ¥13,213 million including delinquency charges through that date in order to avoid the compulsory execution under the Court's ruling with a declaration of provisional execution.

In response to this ruling, Mizuho Securities Co., Ltd. has filed an appeal with the Tokyo High Court, and Tokyo Stock Exchange, Inc. has filed an incidental appeal, and the case is currently in litigation.

*3. Assets and liabilities for hedging risks of securities trading

TSE Group's consolidated subsidiaries, Tokyo Stock Exchange, Inc. and Japan Securities Clearing Corporation (collectively, "Exchange") have established various systems including receiving clearing funds, based on the Financial Instruments and Exchange Act as well as Exchange rules and regulations, to ensure confidence in securities trading in the market. Since clearing participants assume obligations and obtain rights arising from securities transactions, etc., Japan Securities Clearing Corporation, as a clearing organization for financial instrument transactions, bears the risk of non-performance of obligations by clearing participants until settlement completes, and therefore receives clearing funds from clearing participants based on the Financial Instruments and Exchange Act and other laws and regulations. In addition, Tokyo Stock Exchange, Inc. hedges the risk borne by entrustors in securities transactions due to the non-performance of obligations by trading participants, and therefore receives the Guarantee Funds from trading participants based on the Financial Instruments and Exchange Act and other laws and regulations. The assets for all of these deposits are cash or securities in lieu of money (limited to those securities approved under Exchange rules and regulations), which are kept segregated from other assets, with the cash portion shown separately under assets or liabilities for its respective deposit purpose.

The fair value of securities deposited in place of cash was as follows:

	Fiscal year ended March 31, 2012	Three months ended June 30, 2012
1) Margin funds for derivatives	¥ 673,708 million	¥ 640,051 million
2) Deposits for clearing funds	¥ 125,810 million	¥ 175,199 million
3) Deposits as collateral for facilitating settlement	¥ 70,648 million	¥ 77,635 million
4) Legal guarantee funds	¥ 1,212 million	¥ 1,074 million

In addition, Tokyo Stock Exchange, Inc. bears the risk of nonperformance of obligations by trading participants, and therefore receives deposits as trading participants guarantee from trading participants based on its internal regulations. The assets for these deposits are cash or substituted securities (limited to those securities approved under internal regulations), with the cash portion recorded as cash and bank deposits under assets, and as deposits received as trading participants guarantee under liabilities.

The fair value of securities deposited in place of cash was as follows:

	Fiscal year ended March 31, 2012	Three months ended June 30, 2012
Deposits as trading participants guarantee	¥ 1,583 million	¥ 1,504 million

(Reference Translation)

Tokyo Stock Exchange, Inc. has also concluded a loss compensation contract with Japan Securities Clearing Corporation with regard to clearing operations for cash transactions, as well as futures and options transactions. Under this contract, Tokyo Stock Exchange, Inc. (including other exchanges in the case of cash transactions) reimburses Japan Securities Clearing Corporation for losses incurred from the nonperformance of obligations by clearing participants that cannot be covered by the clearing participant's deposited clearing funds, up to an amount stipulated in the contract. Tokyo Stock Exchange, Inc. therefore records special assets for default compensation reserve funds as an asset entry in the same amount as the limit on compensation stipulated in the contract.

(Consolidated statement of cash flows)

A consolidated statement of cash flows for the three months ended June 30, 2012 was not prepared. Depreciation (including depreciation of intangible fixed assets excluding goodwill) was as follows:

	Three months ended June 30, 2011	Three months ended June 30, 2012
Depreciation	¥2,848 million	¥2,131 million

(Material changes in shareholders' equity)

Not applicable

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