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Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2013



July 24, 2012

Company Name: **Osaka Securities Exchange Co., Ltd.**
 Code No.: 8697
 Representative: Michio Yoneda, President & CEO
 Contact: Ryo Horinouchi, General Manager, Corporate Planning and Communications
 Scheduled date of filing the quarterly securities report: August 10, 2012
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 Supplementary data for quarterly financial results: Yes
 Quarterly financial results conference: No

Listed on: OSE-JASDAQ

URL: <http://www.ose.or.jp/e/>

TEL: +81-(0)6-4706-0800

(Amounts less than one million yen are rounded down)

1. Business Performance of the First Quarter of the Fiscal Year Ending March 31, 2013 (April 1, 2012 - June 30, 2012)

(1) Operating Results (Cumulative Total)

(Percentages shown indicate changes from the same period last year)

	Operating Revenue		Operating Income		Ordinary Income		Net Income	
	mil yen	%	mil yen	%	mil yen	%	mil yen	%
First Quarter of Fiscal Year ending March 31, 2013	5,664	4.6	1,992	1.9	2,155	(2.6)	1,334	(1.2)
First Quarter of Fiscal Year ended March 31, 2012	5,414	(7.8)	1,955	(20.8)	2,213	(20.8)	1,351	(69.4)

	Net Income per Share	Net Income per Share (adjusted)
	yen	yen
First Quarter of Fiscal Year ending March 31, 2013	4,943.16	-
First Quarter of Fiscal Year ended March 31, 2012	5,005.67	-

(2) Financial Position

	Total Assets	Net Assets	Equity Ratio
	mil yen	mil yen	%
First Quarter of Fiscal Year ending March 31, 2013	444,575	54,795	12.3
Fiscal Year ended March 31, 2012	453,203	55,485	12.2

(Ref.) Shareholders' Equity: First Quarter of Fiscal Year ending March 31, 2013 54,795 mil yen
 Fiscal Year ended March 31, 2012 55,485 mil yen

2. Dividends

	Dividend per Share				
	End of First Quarter	End of Second Quarter	End of Third Quarter	Year-End	Annual
Fiscal Year ended March 31, 2012	-	4,500.00	-	7,500.00	12,000.00
Fiscal Year ending March 31, 2013	-				
Fiscal Year ending March 31, 2013 (Forecast)		4,500.00	-	-	-

(Note) Revision of dividend forecast since the latest disclosure : No

* As OSE schedules the business combination with Tokyo Stock Exchange Group, Inc., as effective from January 1, 2013, the Year-End dividend forecast of the new combined company will be announced after it is determined.

* Breakdown of Year-End Dividend for the Fiscal Year ended March 31, 2012: 4,500.00 yen of Ordinary Dividend and 3,000.00 yen of Commemorative Dividend

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

(Percentages shown on "Full Year" indicate changes from the previous fiscal year and "Second Quarter (Cumulative)" from the same period last year)

	Operating Revenue		Operating Income		Ordinary Income		Net Income		Net Income per Share
	mil yen	%	mil yen	%	mil yen	%	mil yen	%	yen
Second Quarter (Cumulative Total)	12,500	9.8	5,000	12.1	5,200	4.6	3,100	0.9	11,481.48
Full Year	25,000	11.1	10,000	19.5	10,400	13.6	6,200	13.4	22,962.96

(Note) Revision of earnings forecast since the latest disclosure : No

* As OSE schedules the business combination with Tokyo Stock Exchange Group, Inc., the earnings forecast of the new combined company will be announced after it is determined.

*** NOTE**

(1) Adoptions of special accounting methods for preparation of quarterly financial statements : Yes

(2) Changes in Accounting Policies, Changes in Accounting Estimates and Restatements

- 1) Changes in accounting policy in accordance with revision of accounting: No
- 2) Changes other than 1) : No
- 3) Changes in accounting estimates : No
- 4) Restatements : No

(3) Number of shares outstanding (Common Shares)

- 1) Number of shares outstanding at term-end (including treasury stock)
 - 1Q of Fiscal Year ending March 31, 2013: 270,000 shares
 - Fiscal Year ended March 31, 2012: 270,000 shares
- 2) Number of treasury stock at term-end
 - 1Q of Fiscal Year ending March 31, 2013: - shares
 - Fiscal Year ended March 31, 2012: - shares
- 3) Average Number of shares outstanding (Quarterly Cumulative Total)
 - 1Q of Fiscal Year ending March 31, 2013: 270,000 shares
 - Fiscal Year ended March 31, 2012: 270,000 shares

*** Status of Quarterly Reviewing Processes**

This quarterly financial results are exempt from quarterly reviewing processes based on the Financial Instruments and Exchange Act, and reviewing processes of quarterly financial statements based on the Financial Instruments and Exchange Act has not been completed at the time of disclosure of this quarterly financial results.

*** Explanation for the Proper Use of Earnings Forecast and Other Special Instructions**

Earnings forecast shown in this material is just an outlook judged or assumed based on the information available at the moment, and includes risks and uncertainties. Actual performance is subject to substantial changes due to various factors.

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1. Qualitative Information on Financial Results of the Current Quarter

(1) Qualitative Information on Operating Results

In Japan's equity market during the current first quarter, due to Europe's debt crisis and the global fear of economic slowdown, a price of the Nikkei Stock Average fell from the 10,100-yen level to the 8,200-yen level at one point, and ended at the 9,000-yen level.

Under the circumstance, trading value and volume of total derivatives exceeded 22.0% and 32.8% of those for the same period last year. As for Nikkei 225 Futures, Nikkei 225 mini, and Nikkei 225 Options, which are our major products, both of trading value and volume exceeded those for the same period last year. On the other hand, as for cash trading, in both 1st/2nd Section and JASDAQ, trading value and trading volume fell below those for the same period last year. As a result, trading value and trading volume of total cash trading fell by 17.7% and 23.0%.

Operating Revenue for the current first quarter was 5,664 million yen, an increase by 4.6% compared with the same period last year. This is mainly because Participant Fees received from participants (financial instruments business operators with the trading and/or clearing qualification on markets established by OSE) was 3,347 million yen (an increase by 11.3% compared with the same period last year), Equipment and Information Services Fees was 1,878 million yen (a decrease by 5.0% compared with the same period last year), and Listing Fees received from listed companies was 418 million yen (an increase by 1.2% compared with the same period last year).

Selling, General and Administrative Expenses amounted to 3,672 million yen, an increase by 6.2% from the same period last year, due to 1,241 million yen of Occupancy Expenses (an increase by 20.5 % compared with the same period last year), 1,024 million yen of Operating Expenses (an increase by 3.4% compared with the same period last year), 775 million yen of Personnel Expense (a decrease by 3.0% compared with the same period last year), and 631 million yen of Depreciation Expense (a decrease by 1.2% compared with the same period last year).

As a result, Operating Income amounted to 1,992 million yen, an increase by 1.9% compared with the same period last year, Ordinary Income amounted to 2,155 million yen, a decrease by 2.6% compared with the same period last year, and Net Income amounted to 1,334 million yen, a decrease by 1.2% compared with the same period last year.

(2) Qualitative Information on Financial Position

Total Assets at the end of the current first quarter amounted to 444,575 million yen, a decrease of 8,627 million yen from the end of the previous fiscal year. It is mainly because Special Assets for Clearing Margin decreased by 5,709 million yen and Cash and Deposits decreased by 3,464 million yen, despite an increase of 1,336 million yen in Special Asset for Clearing Deposit. Total Liabilities decreased by 7,936 million yen compared with the end of the previous fiscal year and amounted to 389,780 million yen. It is mainly because Clearing Margin decreased by 5,709 million yen, despite an increase of 1,336 million yen in Clearing Deposit. In addition, Net Assets amounted to 54,795 million yen, a decrease of 690 million yen from the end of the previous fiscal year. It is mainly because 2,025 million yen of Dividends from Surplus and 1,334 million yen of Net Income are posted.

Accordingly, Equity Ratio resulted in 12.3%, increased by 0.1 points from the end of the previous fiscal year.

(3) Qualitative Information on Earnings Forecast

The earnings forecast for the fiscal year ending March 31, 2013 remains unchanged.

2. Items Related to Summary Information (NOTE)

(1) Adoptions of Special Accounting Methods for Preparation of Quarterly Financial Statements

Calculation of Tax Expenses

An effective tax rate on an income before income taxes of the current fiscal year after applying tax effect accounting is reasonably estimated, and a tax expense is calculated by multiplying the income before income taxes by this estimated effective tax rate.

(2) Changes in Accounting Policies, Changes in Accounting Estimates and Restatements

Not applicable.

3. Overview of Critical Conditions or Events Relating to Going Concern Assumption

Not applicable.

4. Quarterly Financial Statements

(1) Quarterly Balance Sheets

(yen in millions)

	Previous Fiscal Year (March 31, 2012)	Current First Quarter (June 30, 2012)
Assets		
Current Assets		
Cash and Deposits	43,222	39,758
Operating Accounts Receivable	2,012	1,729
Short-Term Investment Securities	1,015	1,013
Prepaid Expenses	103	160
Special Assets for Clearing Margin	*1 342,743 *1	337,033
Special Assets for Clearing Deposit	*1 45,692 *1	47,029
Deferred Tax Assets	319	319
Other	417	219
Allowance for Doubtful Accounts	(0)	(0)
Total Current Assets	435,527	427,265
Noncurrent Assets		
Property, Plant and Equipment		
Buildings, net	1,086	1,060
Structures, net	0	0
Information Equipment, net	1,917	1,814
Tools, Furniture and Fixtures, net	121	114
Land	98	98
Lease Assets	15	14
Construction in Progress	467	608
Total Property, Plant and Equipment	3,708	3,711
Intangible Assets		
Software	5,616	5,135
Software in Progress	1,515	1,672
Other	17	17
Total Intangible Assets	7,149	6,825
Investments and Other Assets		
Investment Securities	950	950
Long-Term Loans Receivable from Employees	17	17
Long-Term Prepaid Expenses	380	353
Long-Term Deposits	3,000	3,000
Guarantee Deposits	297	296
Special Assets for Guarantee Deposit	*1 375 *1	358
Deferred Tax Assets	1,771	1,771
Other	71	71
Allowance for Doubtful Accounts	(46)	(46)
Investments and Other Assets	6,818	6,774
Total Noncurrent Assets	17,675	17,310
Total Assets	453,203	444,575

(yen in millions)

	Previous Fiscal Year (March 31, 2012)	Current First Quarter (June 30, 2012)
Liabilities		
Current Liabilities		
Accounts Payable-Other	865	114
Accrued Expenses	1,107	1,296
Income Taxes Payable	3,236	807
Accrued Consumption Taxes	258	156
Deposits Received	100	216
Clearing Margin	342,743	337,033
Clearing Deposit	45,692	47,029
Lease Obligations	5	5
Provision for Bonuses	182	43
Provision for Directors' Bonuses	45	11
Other	445	34
Total Current Liabilities	394,683	386,749
Noncurrent Liabilities		
Long-Term Loans Payable	0	0
Long-Term Deposits Received	424	418
Guarantee Deposits Received	375	358
Lease Obligations	9	8
Provision for Retirement Benefits	2,170	2,193
Other	52	52
Total Noncurrent Liabilities	3,034	3,031
Total Liabilities	397,717	389,780
Net Assets		
Shareholders' Equity		
Capital Stock	4,723	4,723
Capital Surplus		
Legal Capital Surplus	4,825	4,825
Total Capital Surplus	4,825	4,825
Retained Earnings		
Legal Retained Earnings	322	322
Other Retained Earnings		
Default Compensation Reserve for Cash Transactions	3,569	3,569
Default Compensation Reserve for Futures Trading	7,011	7,011
General Reserve	5,302	5,302
Retained Earnings Brought Forward	29,730	29,040
Total Retained Earnings	45,936	45,245
Total Shareholders' Equity	55,485	54,794
Valuation and Translation Adjustments		
Valuation Difference on Available-for-Sale Securities	0	0
Total Valuation and Translation Adjustments	0	0
Total Net Assets	55,485	54,795
Total Liabilities and Net Assets	453,203	444,575

(2) Quarterly Profit and Loss Statements

[The Current First Quarter (Cumulative)]

(yen in millions)

	Previous First Quarter (Cumulative) (From April 1, 2011 To June 30, 2011)	Current First Quarter (Cumulative) (From April 1, 2012 To June 30, 2012)
Operating Revenue		
Participant Fees	3,006	3,347
Listing Fees	414	418
Equipment and Information Services Fees	1,977	1,878
Other	17	19
Total Operating Revenue	5,414	5,664
Selling, General and Administrative Expenses	3,458	3,672
Operating Income	1,955	1,992
Non-Operating Income		
Interest Income	137	115
Dividends Income	46	43
Amortization of Negative Goodwill	77	-
Other	5	8
Total Non-Operating Income	266	167
Non-Operating Expenses		
Interest Expenses	5	3
Other	3	0
Total Non-Operating Expenses	9	3
Ordinary Income	2,213	2,155
Income Before Income Taxes	2,213	2,155
Income Taxes	861	821
Net Income	1,351	1,334

(3) Quarterly Statement of Cash Flows

	(yen in millions)	
	Previous First Quarter (Cumulative) (From April 1, 2011 To June 30, 2011)	Current First Quarter (Cumulative) (From April 1, 2012 To June 30, 2012)
Net Cash Provided by Operating Activities		
Income before Income Taxes	2,213	2,155
Depreciation and Amortization	639	631
Amortization of Negative Goodwill	(77)	-
Interest and Dividends Income	(183)	(158)
Interest Expenses	5	3
Increase (Decrease) in Allowance for Doubtful Accounts	(16)	-
Increase (Decrease) in Provision for Retirement Benefits	10	22
Increase (Decrease) in Provision for Bonuses	(144)	(138)
Increase (Decrease) in Provision for Directors' Bonuses	(39)	(33)
Decrease (Increase) in Operating Receivables	1,447	282
Increase (Decrease) in Accrued Expenses	(265)	189
Other, net	(256)	(641)
Subtotal	<u>3,333</u>	<u>2,312</u>
Interest and Dividends Income Received	177	152
Interest Expenses Paid	(0)	(10)
Income Taxes (Paid) Refund	-	(3,199)
Net Cash Provided by Operating Activities	<u>3,510</u>	<u>(744)</u>
Net Cash Provided by Investment Activities		
Payments into Time Deposits	(6,350)	(9,800)
Proceeds from Withdrawal of Time Deposits	3,570	5,850
Proceeds from Redemption of Securities	500	-
Proceeds from Sale of Investment Securities	216	209
Purchase of Property, Plant and Equipment	(33)	(215)
Purchase of Intangible Assets	(156)	(838)
Collection of Loans Receivable	0	0
Net Cash Provided by Investment Activities	<u>(2,253)</u>	<u>(4,794)</u>
Net Cash Provided by Financing Activities		
Cash Dividends Paid	(1,509)	(1,874)
Net Cash Provided by Financing Activities	<u>(1,509)</u>	<u>(1,874)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(252)</u>	<u>(7,414)</u>
Cash and Cash Equivalents at Beginning of Current Term	<u>8,453</u>	<u>19,472</u>
Cash and Cash Equivalents at End of Current Quarter	<u>*1 8,201</u>	<u>*1 12,058</u>

(4) Notes for Going Concern Assumption

Current First Quarter (Cumulative) (From April 1, 2012 to June 30, 2012)
Not applicable.

(5) Notes in Case of Significant Changes to Shareholders' Equity

Current First Quarter (Cumulative) (From April 1, 2012 to June 30, 2012)
Not applicable.

(6) Adopted Special Accounting Methods for Preparation of Quarterly Financial Statements

Current First Quarter (Cumulative) (From April 1, 2012 to June 30, 2012)
<p>Calculation of Tax Expenses An effective tax rate on an income before income taxes of the current fiscal year after applying tax effect accounting is reasonably estimated, and a tax expense is calculated by multiplying the income before income taxes by this estimated effective tax rate.</p>

(7) Notes

(Quarterly Balance Sheets)

*1 Special Assets for Clearing Margin

We receive deposits such as clearing margin etc. from each clearing participant to collateralize against risks from participants etc's defaults during a period from settlement to clearing. These assets are categorized by their purpose and shown by the categories on the Balance Sheets because the assets are managed separating from other assets under our rules.

2 Value of Received Collateral Financial Assets

The value of collateral securities which are not on the balance sheets, are as follows;

	Previous Fiscal Year As of March 31, 2012	Current First Quarter As of June 30, 2012
Collateral securities of Clearing Margin	394,862 million yen	413,211 million yen
Collateral securities of Guarantee Deposit	168 million yen	154 million yen
Collateral securities of Clearing Deposit	61,030 million yen	65,567 million yen

We obtain the disposition right of above collateral securities when defaults of agreements of equities trading, etc incurred.

3 Contingency Liability

Previous Fiscal Year (March 31, 2012)

Under the indemnity agreement with Japan Securities Clearing Corporation (JSCC) and other five companies, as for losses incurred to JSCC because of defaults or risks of defaults of obligations of indemnity by clearing participants of JSCC, we are to compensate with other entities which have obligations of indemnity in accordance with a ratio of investment in JSCC at the time of a default occurred or when JSCC identifies risks of a default. A limitation for the compensation is determined by amounts of default compensation reserve for cash transactions as of September 30, 2002, and the limitation amount for us is 3,569 million yen.

Current First Quarter (June 30, 2012)

Under the indemnity agreement with JSCC and other five companies, as for losses incurred to JSCC because of defaults or risks of defaults of obligations of indemnity by clearing participants of JSCC, we are to compensate with other entities which have obligations of indemnity in accordance with a ratio of investment in JSCC at the time of a default occurred or when JSCC identifies risks of a default. A limitation for the compensation is determined by amounts of default compensation reserve for cash transactions as of September 30, 2002, and the limitation amount for us is 3,569 million yen.

(Statement of Cash Flows)

*1 Relations between amounts of Cash and Cash Equivalents at the term end and amounts on the Quarterly Balance Sheets

	Previous First Quarter (Cumulative) (From April 1, 2011 to June 30, 2011)	Current First Quarter (Cumulative) (From April 1, 2012 to June 30, 2012)
Cash and Deposits	29,951 million yen	39,758 million yen
Over-3-Month Term Deposits	(21,750) million yen	(27,700) million yen
Cash and Cash Equivalents	8,201 million yen	12,058 million yen

(Shareholders' Equity)

Previous First Quarter (Cumulative) (From April 1, 2011 to June 30, 2011)

1. Payments of dividends

Resolution	Type of Shares	Total Dividends Paid (yen in millions)	Dividend per Share (yen)	Dividend Record Date	Effective Date	Source of Dividends
Ordinary General Meeting held on June 22, 2011	Common Shares	1,620	6,000	March 31, 2011	June 23, 2011	Retained Earnings

2. Dividends with the cut-off date falling within the current first quarter and the effective date after the last day of the current first quarter.

Not applicable.

3. Matters about Significant Changes to Shareholders' Equity

Not applicable.

Current First Quarter (Cumulative) (From April 1, 2012 to June 30, 2012)

1. Payments of dividends

Resolution	Type of Shares	Total Dividends Paid (yen in millions)	Dividend per Share (yen)	Dividend Record Date	Effective Date	Source of Dividends
Ordinary General Meeting held on June 21, 2012	Common Shares	2,025	7,500	March 31, 2012	June 22, 2012	Retained Earnings

Dividend per Share consists of 4,500yen of Ordinary Dividend and 3,000yen of Commemorative Dividend.

2. Dividends with the cut-off date falling within the current first quarter and the effective date after the last day of the current first quarter.

Not applicable.

3. Matters about Significant Changes to Shareholders' Equity

Not applicable.

(Financial Instruments)

End of Previous Fiscal Year (March 31, 2012)

The following table presents our financial instruments' balance sheet amount, fair value and the differences at March 31, 2012.

However, financial instruments for which it is difficult to measure their fair value are not included.

(yen in millions)

	Amount on the Balance Sheets	Fair Value	Difference
1. Cash and Deposits	43,222	43,222	-
2. Short-Term Investment Securities / Investment Securities Available-for-Sale Securities	1,005	1,005	-
3. Special Assets for Clearing Margin	342,743	342,743	-
4. Special Assets for Clearing Deposit	45,692	45,692	-
5. Special Assets for Guarantee Deposit	375	375	-
6. Income Taxes Payable	3,236	3,236	-

(Note1) The method for measuring fair values of financial instruments and matters relating to securities

1. Cash and Deposits

Cash and Deposits are listed at book value because they are all settled in a short time and their fair value approximates the book value.

2. Short-Term Investment Securities / Investment Securities

The fair value is measured at the quoted price obtained from counterparty financial institutions. Regarding notes for securities by purpose of holding, please see notes for "Securities".

3. Special Assets for Clearing Margin

This item is retained as Cash and Deposit preparing for refund as need, and is listed at book value because their fair value approximates the book value.

4. Special Assets for Clearing Deposit

This item is retained as Cash and Deposit preparing for refund as need, and is listed at book value because their fair value approximates the book value.

5. Special Assets for Guarantee Deposit

This item is retained as Cash and Deposit preparing for refund as need, and is listed at book value because their fair value approximates the book value.

6. Income Taxes Payable

This item is listed at book value because they are all settled in a short time and their fair value approximates the book value.

End of Current First Quarter (June 30, 2012)

Special Assets for Clearing Margin (Clearing Margin), Special Assets for Clearing Deposit (Clearing Deposit) and Income Taxes Payable are important for our business operations, and also, we recognize their amounts have significantly changed from the end of previous fiscal year. Those whose fair value is hard to be figured out are not stated in the following table.

(yen in millions)

	Amount on the Balance Sheets	Fair Value	Difference	Method for Measuring Fair Values
Special Assets for Clearing Margin	337,033	337,033	-	Note 1
Special Assets for Clearing Deposit	47,029	47,029	-	Note 2
Income Taxes Payable	807	807	-	Note 3

(Note 1) Special Assets for Clearing Margin

This item is retained as Cash and Deposit preparing for refund as need, and is listed at book value because their fair value approximates the book value.

(Note 2) Special Assets for Clearing Deposit

This item is retained as Cash and Deposit preparing for refund as need, and is listed at book value because their fair value approximates the book value.

(Note 3) Income Taxes Payable

This item is listed at book value because they are all settled in a short time and their fair value approximates the book value.

(Securities)

End of Previous Fiscal Year (March 31, 2012)

Available-for-Sale Securities with fair value

	Securities Type	Amount on the Balance Sheets	Acquisition Cost (million yen)	Difference (million yen)
Those whose amounts on the balance sheets exceed their acquisition costs	Stocks	-	-	-
	Bonds	-	-	-
	Subtotal	-	-	-
Those whose amounts on the balance sheets don't exceed their acquisition costs	Stocks	-	-	-
	Bonds	1,005	1,017	(12)
	Subtotal	1,005	1,017	(12)
Total		1,005	1,017	(12)

End of Current First Quarter (June 30, 2012)

There is no significant change to amounts of securities on the quarterly balance sheets compared with those at end of previous fiscal year.

(Derivatives Trading)

Not applicable.

(Profit and Loss on Equity Method)

Affiliate Companies

As we do not have any affiliates, there is no applicable matter.

(Business Combinations, etc.)

Not applicable.

(Segment Information, etc)

[Segment Information]

As we are in a single segment, we don't state about segment information.

(Information per Share)

Calculation of Net Income per Share is based on followings:

	Previous First Quarter (Cumulative) (From April 1, 2011 To June 30, 2011)	Current First Quarter (Cumulative) (From April 1, 2012 To June 30, 2012)
Net Income per Share	5,005.67 yen	4,943.16 yen
(Calculation Base)		
Net Income (million yen)	1,351	1,334
Amount not attributable to shareholders (million yen)	-	-
Net Income related to common shares (million yen)	1,351	1,334
Average number of shares outstanding (common shares)	270,000	270,000

* As we have no dilutive share, amounts of Net Income per Share after full dilution are not stated.

(8) Important Subsequent Events

(The Tender Offer by Tokyo Stock Exchange Group, Inc. for Shares of the Company)

OSE resolved at its Board of Directors meeting held on July 10, 2012, (i) to express an opinion in favor of a tender offer for its common shares by Tokyo Stock Exchange Group, Inc. (the "Tender Offeror" or "TSE Group") (the "Tender Offer"), and (ii)(a) with respect to its shareholders who decide that the option of tendering their shares in the Tender Offer is more advantageous, to recommend that such shareholders tender their shares in the Tender Offer, and (b) with respect to all other shareholders, to leave the decision of whether or not to tender their shares in the Tender Offer up to such shareholders.

As announced in the "Agreement regarding Business Combination between OSE and the Tender Offeror (collectively, the "Companies") had agreed to conduct a business combination (the "Business Combination"), and entered into a Business Combination Agreement dated November 22, 2011. Because the Companies confirmed that the Japan Fair Trade Commission would not issue cease and desist orders in connection with the procedures and responses under the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Law No. 54 of 1947, as amended; the "APPMFT") regarding the Business Combination, the Tender Offeror announced that it determined to start the Tender Offer on July 10, 2012. Based on such decision, the Company resolved at its Board of Directors meeting to express the above-mentioned opinion pursuant to the Business Combination Agreement.

Also, on July 11, 2012, OSE filed its Position Statement under Article 27-10 of the Financial Instruments and Exchange Act.

1. Summary of the Tender Offeror (as of March 31, 2012)

(1)	Trade Name	Tokyo Stock Exchange Group, Inc.	
(2)	Location	2-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo	
(3)	Title and Name of the Representative	Atsushi Saito, President and CEO	
(4)	Details of the Business	Management of a stock company-type financial instruments exchange and a self-regulatory corporation and other business	
(5)	Amount of Capital	11,500,000,000 yen	
(6)	Date of Incorporation	August 1, 2007	
(7)	Major Shareholder and the Shareholding Ratio	Morgan Stanley MUFG Securities Co., Ltd.: 4.35% SMBC Friend Securities Co., Ltd.: 2.61% Goldman Sachs Japan Co., Ltd.: 2.61% Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.: 2.39% Retela Crea Securities Co., Ltd.: 1.78%	
(8)	Relationship with the Company	Capital Relationship	Not applicable
		Personnel Relationship	One director of the Company concurrently serves as a director of Japan Securities Clearing Corporation, which is a subsidiary of the TSE Group.
		Business Relationship	The Company designated the Japan Securities Clearing Corporation, which is the TSE Group's subsidiary, as the clearing organization for the transactions of actual shares, etc., conducted on the OSE market.
		Applicability to the Related Parties	Not applicable

2. Overview of the Tender Offer

(1)	Type of Shares for the Tender Offer	Common share
(2)	Tender Offer Period	From July 11, 2012 (Wednesday) through August 22, 2012 (Wednesday) (30 business days)
(3)	Price of the Tender Offer	480,000 yen per 1 common share
(4)	Number of Shares to be Purchased	Number of Shares to be Purchased: 179,999 shares Minimum Number of Shares to be Purchased: 135,001 shares Upper Limit of Shares to be Purchased: 179,999 shares (Note) According to the Tender Offeror, the Tender Offeror will set the number of shares required to hold the majority of the Company's voting rights (135,001 shares; the ratio of 135,001 shares against the total number of issued shares)

		as of March 31, 2012 (270,000 shares) stated in the 11th Annual Securities Report filed by the Company on June 13, 2012 (the "Holding Ratio") is 50.00% (percentage to be rounded to the nearest hundredth; the same shall apply hereafter for the calculation of a ratio)) as the minimum number of shares to be purchased. If the aggregate of the shares tendered does not reach such minimum number of shares (135,001 shares; the Holding Ratio is 50.00%) to be purchased, no shares will be purchased. Where the aggregate of the tendered shares exceeds the upper limit of shares (179,999 shares; the Holding Ratio is 66.67%) to be purchased, all or a part of portion exceeding such number shall not be purchased. In such event, delivery and settlement of the purchased share certificates, etc. shall be conducted on a pro rata basis as set forth in Article 27-13, Clause 5 of the Financial Instruments and Exchange Act (the "FIEA") and Article 32 of the Cabinet Office Ordinance on the Disclosure Required for Tender Offer for Share Certificates, etc. by Persons Other Than the Issuer.
(5)	Ownership Ratio after the Tender Offer	<p>Ownership before the Tender Offer: - shares (Ownership Ratio: - %)</p> <p>Ownership after the Tender Offer: 179,999 shares (Ownership Ratio: 66.67%)</p> <p>(Note) Ownership Ratio based on the Number of Shares to be Purchased is stated.</p>

3. Grounds and Reasons for the Opinion on the Tender Offer

The Company is a stock company-type financial instruments exchange and a financial instruments clearing organization under the FIEA and its core business includes the establishment and operation of a financial instruments exchange market and financial instruments obligation assumption service. In the financial instruments exchange market established by the Company, derivative transactions such as stock index futures/options trading are conducted, as well as trading of securities such as issues listed on the First and Second Sections, JASDAQ, and ETFs. Among them, Nikkei 225 Futures, Nikkei 225 mini, and Nikkei 225 Options represent Japan's derivatives products, and the Company's business operations pertaining to these products, as core products and other derivative transactions, are the main sources of the Company's competitiveness.

On the other hand, the Tender Offeror is a financial instruments exchange holding company under the FIEA which has four consolidated subsidiaries, including the Tokyo Stock Exchange, Inc. (the "TSE"), the Tokyo Stock Exchange Regulation, and the Japan Securities Clearing Corporation, and four affiliates accounted for by the equity method, and its core business includes the establishment and operation of a financial instruments exchange market. The financial instruments exchange market established by the TSE can be roughly divided into two types: the cash equities market and the derivatives market. Traded in the former market are securities such as share certificates, ETFs, and REITs, and traded in the latter market are index futures, mainly TOPIX futures, and JGB futures, as well as options. In these markets, a wide variety of exchange business operations are conducted, ranging from listing, trading, and clearing/settlement to provision of an information service. The aggregate market capitalization of the companies listed in the cash equities market ranks third among all of the exchanges in the world; the market size is the largest in Asia (as of May 31, 2012); and the trading value of the shares traded in these markets ranks third in the world, accounting for approximately 90% of the trading value of the shares listed in Japan (January to December, 2011). These data show that the TSE is a leading exchange in the world, and shows its status as the central market in the Japanese securities market.

The environment surrounding the Companies is characterized by increasingly fierce competition among exchanges across borders caused by the rapid development of information and telecommunications technology, which has resulted in advanced financial trading systems that allow companies and investors to choose among the world's markets the market with the best environment for procuring or investing funds.

Further, since investors' needs are becoming increasingly complicated and sophisticated in line with the development of financial trading systems, the key to securing superiority among competing exchanges, under the current circumstances, would be success in constructing a system that can meet such needs and improving the stability and processing ability of the constructed system.

In light of this environment, domestic mergers and cross-border mergers between exchanges have been gathering momentum overseas. For a Japanese stock exchange to survive such global competition as a player, it must establish a highly liquid and efficient market and enhance the convenience of investors and companies through strengthening its competitiveness by such means as expanding its scale, diversifying the financial instruments in which it deals, and reducing costs.

Under the shared awareness of critical developments in the external environment, the Companies have been discussing measures to strengthen competitiveness and other matters. As a result, the Companies have reached a common recognition that a firm position within the domestic cash equities market and derivatives markets will be established and significant synergies (i.e., strengthening of global competitiveness by means such as expanding of scale, diversifying the financial instruments in which it deals by combining the financial instruments dealt by the Tender Offeror (mainly securities on the First Section of the Tokyo Stock Exchange, TOPIX futures, and JGB futures) and those dealt by the Company (mainly Nikkei 225 Futures and options) and reducing costs, and enhancing the convenience of trading participants/investors by integrating the market functions and trading systems of the Companies), will be created by combining the business of the Companies, which have different areas of specialty (i.e., in the cash equities market and the derivatives market), and which can complement each other, and by moving forward with system integration and any other

matters. Further, the Companies decided that the improvement of their presence as an international financial center through the Business Combination will generate substantial benefits to market participants and other market users, such as improved convenience, and will also contribute to the enhanced competitiveness of all the financial and capital markets of Japan, which would be a step towards the revitalization of the Japanese economy. Based on the above, the Companies have agreed on November 22, 2011, to conduct a business combination.

Synergy effects currently expected by the Companies from the Business Combination are as follows:

(a) Synergies in terms of Profits

As a result of the Business Combination, the Companies expect synergies in terms of profits, such as (i) increase in trading participation fees arising out of increase in trading volume due to the enhancement of user convenience and strengthened sales, (ii) increase in listing-related income due to increase in the number of IPOs (initial public offering) in and outside of Japan because of conversion to an attractive exchange and (iii) expansion of demand for information provision services due to diversification of provided information.

(b) Synergies in terms of Costs

As a result of the Business Combination, the Companies expect synergies in terms of costs, such as (i) reduction in the costs for development and operation of systems due to system integration and (ii) cost synergies in relation to the systems (after the system integration).

(c) Other Synergies

As a result of the Business Combination, the Companies expect other synergies such as, (i) enhancement of investment efficiency for investors as a result of the integration of derivative clearing functions and (ii) further enhancement of product and system planning and services leveraged by concentration of know-how and utilization of personnel due to organization integration.

The Company (as a listed company) and the Tender Offeror (as an unlisted company) have examined various schemes as a method for the business combination such as a tender offer, merger or share exchange, etc., in order to realize the Business Combination, and finally reached an agreement to adopt the transaction structure of conducting the Merger after the completion of the Tender Offer, by taking into consideration financial burdens, the effects on optimum capital structure or EPS (earnings per share), and necessary administrative burdens, etc. of the Combined Holding Company comprehensively. The Companies shall conduct the Business Combination in the spirit of equality. In the Business Combination, subject to the acquisition, etc. of licenses and approvals, etc. of the regulatory authorities, the Tender Offeror was scheduled to convert the Company into its subsidiary by conducting the Tender Offer and, thereafter, conduct the Merger whereby the Company would be the surviving company and the Tender Offeror would be the absorbed company. Now, because the Company and the Tender Offeror confirmed that the Japan Fair Trade Commission would not issue cease and desist orders in connection with the procedures and responses under the APPMMFT regarding the Business Combination, the Tender Offeror announced that it determined to start the Tender Offer on July 10, 2012.

Based on the above-mentioned grounds, the Company has determined that the Business Combination will contribute to enhancing the Company's corporate value in the mid-to-long term. Therefore, it has resolved at its Board of Directors meeting to express an opinion in favor of the Tender Offer to be conducted as part of the Business Combination.

In addition, the Tender Offer will provide shareholders of the Company with (a) the option of selling a certain number of shares in the tender offer and receiving cash at this time, as well as (b) the option of continuing to hold shares and becoming shareholders of the Combined Holding Company.

The Company believes that a purchase price of 480,000 yen per share for the Company's common shares in the Tender Offer (the "Tender Offer Price") is appropriate for the Company's shareholders, and that neither of the above-mentioned options will be particularly more disadvantageous to the Company's shareholders. The Company primarily assumes that its shareholders will make a decision of whether to tender their shares in the Tender Offer among various options including the two set forth in (a) and (b) above.

Since the Tender Offer sets the minimum number of shares to be purchased, a certain number of the Company's shareholders will need to tender their shares in the Tender Offer to realize the Business Combination, which is expected to enhance the Company's corporate value in the mid-to-long term.

Based on the above understanding, along with the above-noted resolution to express an opinion in favor of the Tender Offer, in order to realize the Business Combination, the Company resolved at its Board of Directors meeting (i) with respect to its shareholders who decide that the option of tendering their shares in the Tender Offer is more advantageous, to recommend that such shareholders tender their shares in the Tender Offer, and (ii) with respect to all other shareholders, to leave the decision of whether or not to tender their shares in the Tender Offer up to such shareholders.

4. Likelihood of and Reasons for Delisting

(i) Tender Offer

In relation to the Tender Offer, because the Tender Offeror has set the upper limit of shares to be purchased (179,999 shares (Holding Ratio: 66.67%)) in the Tender Offer, there is no likelihood that the Company's common shares listed on the Osaka Securities Exchange JASDAQ (Standard section) (the "JASDAQ Standard") will be delisted.

(ii) Merger

In relation to the Merger, there is a possibility that the Company's common shares will be considered an issue in the grace period for ceasing to be a substantial surviving company due to a merger, etc., in accordance with the criteria for delisting of the JASDAQ Standard.

In this regard, the Companies have agreed that the Combined Holding Company will aim (a) to have its common shares listed on the First Section of the Tokyo Stock Exchange on the date the Business Combination is completed or promptly thereafter; and (b) to transfer the market for listing its common shares from the JASDAQ Standard to the First Section of the Osaka Securities Exchange simultaneously with the listing described in (a) above or promptly thereafter.

5. Material Agreements Related to the Tender Offer

Under the Business Combination Agreement and following consultation pursuant to the Business Combination Agreement, the Company and the Tender Offeror substantially agreed as follows:

(i) Overview of the Business Combination Agreement

(a) The Company and the Tender Offeror shall conduct the Business Combination in the following order:

- a. Subject to confirmation such as that the Japan Fair Trade Commission will not issue cease and desist orders in connection with the procedures and responses under the APPMMFT regarding the Business Combination, and subject to the acquisition, etc. of the licenses and approvals, etc. of other regulatory authorities, on a date to be separately agreed by the Companies, pursuant to the provisions of the FIEA, the Tender Offeror shall conduct the Tender Offer for the Company's common shares.
- b. In the event the Tender Offer commences, subject to confirmation that the Japan Fair Trade Commission will not issue cease and desist orders, etc. in connection with the procedures and responses under the APPMMFT regarding the Business Combination, and subject to the acquisition, etc. of the licenses and approvals, etc. of other regulatory authorities, the Company shall express its opinion in favor of the Tender Offer.
- c. After the Tender Offer has been effected, the Companies shall execute the merger agreement regarding the Merger (the "Merger Agreement"). The allotment regarding the Merger (the "the Merger Ratio") is as follows:

Company Name	the Tender Offeror	the Company
Details of the Allotment regarding the Merger	0.2019	1

(Note 1) For each share issued by the Tender Offeror, 0.2019 shares of the Company will be delivered by allotment. However, regarding the 26,260 treasury shares of the Tender Offeror, no share of the Company will be delivered by allotment through the Merger.

(Note 2) The number of new common shares to be issued in the Merger is 459,068 shares.

- d. After the execution of the Merger Agreement, the Tender Offeror shall execute an absorption-type split agreement with the TSE, the Tender Offeror's wholly-owned subsidiary, whereby the Tender Offeror will be the split company and the TSE will be the successor company, and under which all the businesses, except for the subsidiary management business, shall be subject to the transfer (details of which to be determined upon consultation between the Company and the Tender Offeror) (the "TSEG Absorption-Type Split Agreement").
- e. After the execution of the Merger Agreement, the Company shall newly incorporate the Company's wholly-owned subsidiary (the "OSE M") to be the successor company in the absorption-type split whereby the Company will be the split company, and shall execute an absorption-type split agreement (the "OSE Absorption-Type Split Agreement") with the OSE M, under which all the financial instrument exchange business conducted by the Company shall be subject to the transfer (details of which to be determined upon consultation between the Company and the Tender Offeror).
- f. After the execution of the Merger Agreement, the TSEG Absorption-Type Split Agreement and the OSE Absorption-Type Split Agreement, the Companies shall each convene their respective shareholders' meetings without delay and submit proposals for approval of the Merger Agreement, the TSEG Absorption-Type Split Agreement (with respect to the Tender Offeror) and the OSE Absorption-Type Split Agreement (with respect to the Company), and with respect to the Company, a proposal to change the articles of incorporation with details as set forth in the Merger Agreement and a proposal to appoint the director(s) and the accounting auditor(s) of the Company as set forth in the Merger Agreement) and proposals on other matters separately agreed by the Companies as required for the Business Combination, and shall seek approval at the shareholders' meeting (the shareholders' meeting of the Company shall be hereinafter referred to as the "OSE Approval Shareholders' Meeting" and the shareholders' meeting of the Tender Offeror shall be hereinafter referred to as the "TSE Approval Shareholders' Meeting").

- g. The effective date of the Merger shall be January 1, 2013; and the effective date of a company split within each group that, pending approval at the shareholders' meetings of the Companies, will occur so that there will be a smooth transfer into the Combined Holding Company after the Merger, shall be the date agreed by the Companies in consultation with the aim of being the same date as the effective date of the Merger. These effective dates may be changed by agreement of the Companies where necessary in the course of proceedings or for other reasons.
- (b) After the execution of the Business Combination Agreement and until the effective date of the Merger, the Company and the Tender Offeror shall operate its own business and its subsidiaries' businesses as well as manage its own assets and its subsidiaries' assets, with the due care of a good manager, in accordance with the standard, manner and method which are consistent with the past practice, and shall not engage in any activity (including execution of, amendment to, and cancellation of agreement, merger and any other reorganization, amendment to the articles of incorporation, and issuance of shares) which would depart from the scope necessary to conduct the ordinary course of business conducted as of the execution date of the Business Combination Agreement, except as separately agreed between the Company and the Tender Offeror.
- (c) The Company and the Tender Offeror shall establish a Combination Preparatory Committee, shall efficiently and promptly implement work for the Business Combination, and shall properly and appropriately complete the steps required under the APPMMFT, the Act on Special Measures for Industrial Revitalization, business regulations, securities regulations and any other laws and regulations to efficiently implement the Business Combination.
- (d) After the execution of the Business Combination Agreement and until the effective date of the Merger, the Company and the Tender Offeror shall not solicit for, discuss, negotiate, enter into an agreement (legally binding or not) for or implement business combination or any other transaction aiming to attain the same goal as the Business Combination (including an IPO in the case of the Tender Offeror) with a legal entity operating a stock exchange, without obtaining the prior written consent of the other party.
- (e) The overview of the Combined Holding Company as of the effective date of the Merger shall be as follows:
- a. The trade name and its English name of the Combined Holding Company shall be separately agreed by the Company and the Tender Offeror; provided that the tentative name as of the execution date of the Business Combination Agreement shall be "Japan Exchange Group, Inc."
 - b. The head office shall be located in Chuo-ku, Tokyo, and the governance structure shall be "company with committees."
 - c. The number and the composition of the directors shall be separately agreed by the Company and the Tender Offeror; provided that as of the effective date of the Merger, the President and CEO of the Tender Offeror shall assume the office of CEO (*Saikou Keiei Sekininsha*) of the group with a right to represent the Combined Holding Company, and the President and CEO of the Company will assume the office of COO (*Saikou Shikkou Sekininsha*) of the group with a right to represent the Combined Holding Company.
 - d. The Combined Holding Company will aim (i) to have its common shares listed on the First Section of the Tokyo Stock Exchange on the date the Business Combination is completed or promptly thereafter; and (ii) to transfer the market for listing its common shares from the JASDAQ Standard to the First Section of the Osaka Securities Exchange simultaneously with the listing described in (i) above or promptly thereafter.
- (f) The Business Combination Agreement shall be terminated prospectively if any of the following events occur: (i) the Tender Offer is not commenced by the later of either December 31, 2012 or a different date to be separately agreed upon between the Company and the Tender Offeror; (ii) the Tender Offer is not effected; (iii) the Tender Offer is effected, but any of the proposal to approve the Merger Agreement, the proposal to approve the OSE Absorption-Type Split Agreement, the proposal to change the articles of incorporation with details set forth in the Merger Agreement, the proposal to appoint directors and accounting auditors of the Company as stipulated in the Merger Agreement, or the proposal regarding matters necessary for the Business Combination to be separately agreed upon by the Company and the Tender Offeror is rejected at the OSE Approval Shareholders' Meeting, or any of the proposal to approve the Merger Agreement, the proposal to approve the TSEG Absorption-Type Split Agreement, or the proposal regarding matters necessary for the Business Combination to be separately agreed upon by the Company and the Tender Offeror is rejected at the TSE Approval Shareholders' Meeting; or (iv) the Business Combination is not consummated by the later of either June 30, 2013 or a different date to be separately agreed upon between the Company and the Tender Offeror.
- (g) Even if the Business Combination Agreement is terminated due to the events (iii) or (iv) of (f) above, (i) the Company and the Tender Offeror shall continue to consult and make efforts to promptly realize the Business Combination or a business alliance, etc. to be separately agreed upon between the Companies; (ii) unless otherwise separately agreed upon between the Company and the Tender Offeror in writing, the Tender Offeror shall not exercise its shareholder proposal right contrary to the purpose of the Business Combination at any of the Company's shareholders' meeting, and shall exercise all of its voting rights of the Company shares it owns to approve a proposal to appoint directors, a proposal to appoint statutory auditors, and a proposal to distribute surplus (however, if any of these proposals are contrary to the purpose of the Business Combination, the Company and the Tender Offeror shall consult with each other in advance), and other proposals not contrary to the purpose of the Business Combination that the board of directors of the Company will submit at its shareholders' meetings (except where it is reasonably obvious that abiding by this provision will result in a breach of the duty of care of a good manager by the Tender Offeror's

directors); (iii) in order to realize a governance structure for the Combined Holding Company agreed upon in the Business Combination Agreement, the Tender Offeror shall submit a proposal to approve an agreement for the Business Combination with necessary modifications upon mutual consultation between the Company and the Tender Offeror (however, the Company and the Tender Offeror shall not unreasonably withhold or reject such modifications) to the Tender Offeror's shareholders' meeting (including not only ordinary shareholders' meetings but also extraordinary shareholders' meetings; the same shall apply hereinafter) to be held each time after the execution of such agreement; (iv) the Tender Offeror shall hold an extraordinary shareholders' meeting promptly after the termination of the Business Combination Agreement, submit a proposal to appoint directors under which the President and CEO of the Company shall be a candidate for director of the Tender Offeror for their approval (however, where it is possible to submit the proposal to appoint directors in an ordinary shareholders' meeting to be held promptly after the termination of the Business Combination Agreement, the Tender Offeror shall submit for their approval such proposal at the ordinary shareholders' meeting, instead of the extraordinary shareholders' meeting), and if the proposal to appoint directors is rejected at the shareholders' meeting, the Tender Offeror shall continue to submit proposals to appoint directors under which one person to be reasonably determined upon mutual consultation between the Company and the Tender Offeror shall be a candidate for director of the Tender Offeror for all of the Tender Offeror's shareholders' meetings to be held up to the date to be separately agreed upon between the Company and the Tender Offeror in writing upon mutual consultation, until such proposal is approved; and (v) the Tender Offeror shall not engage in any action which is substantially detrimental to the meaning of the matters set forth in (i) to (iv) above (including, without limitation, removal of any director or statutory auditor of the Company in office as of the date of execution of the Business Combination Agreement from its office) until the date to be separately agreed upon in writing between the Company and the Tender Offeror upon mutual consultation.

(ii) Schedule of the Business Combination

Schedule of the Business Combination after the Tender Offer has been effected is as follows:

Record date for the TSE and OSE Approval Shareholders' Meeting	Autumn 2012
Execution of the Merger Agreement	
Execution of the Company Absorption-Type Split Agreement	
Incorporation of the OSE M	
Execution of the OSE Absorption-Type Split Agreement	
OSE Approval Shareholders' Meeting	
TSE Approval Shareholders' Meeting	
Effective Date of the TSEG Absorption-Type Split	January 1, 2013
Effective Date of the Merger	January 1, 2013
Effective Date of the OSE Absorption-Type Split	January 1, 2013

(iii) Status after the Business Combination

(a) Summary of the Combined Holding Company

Trade Name	Japan Exchange Group, Inc. (tentative name)
Details of the Business	Management of a Stock Company-Type Financial Instruments Exchange
Location of the Head Office	Chuo-ku, Tokyo
Type of Company	Company with Committees
Last day of the Fiscal Year	March 31

The number and the composition of the directors of the Combined Holding Company as of the effective date of the Merger shall be the persons agreed by the Companies upon mutual consultation up to the execution of the Merger Agreement (however, the President and CEO of the Tender Offeror and the President and CEO of the Company shall be included, and the number of outside directors respectively appointed by the Companies shall be the same). As of the effective date of the Merger, the President and CEO of the Tender Offeror is scheduled to assume the office of CEO (*Saikou Keiei Sekininsha*) of the group with a right to represent the Combined Holding Company, and the President and CEO of the Company is scheduled to assume the office of COO (*Saikou Shikkou Sekininsha*) of the group with a right to represent the Combined Holding Company.

(b) Summary of the Reorganization after the Business Combination

Regarding a reorganization of the subsidiaries to be conducted promptly after the Merger, considering the intentions of the market users, the Combined Holding Company shall form a group company where the TSE will be a cash equities market operating company; the OSE M will be a derivatives market operating company; the Tokyo Stock Exchange Regulation will be a self-regulatory corporation; and the Japan Securities Clearing Corporation will be a clearing organization.

(c) Corporate Philosophy, etc. of the Combined Holding Company

The Company and the Tender Offeror agreed within the Combination Preparatory Committee established by and between the Companies (see Note 3) with respect to the corporate philosophy, etc. of the Combined Holding Company after the Business Combination, as follows. The relevant content indicates the current direction, with respect to which the agreement was reached within the Combination Preparatory Committee, and the resolution therefore is expected to be finally made by the Combined Holding Company after the launch of the Combined Holding Company.

(aa) Corporate Philosophy, Etc.

a. Corporate Philosophy

Through securing public nature and reliability, constructing the foundation of the market which is highly convenient, effective and transparent, as well as providing creative and attractive services, we promote continuous development of the market, and contribute to the realization of an affluent society.

We believe that, through these methods, the increase of the support and reliance from investors and other users within the market will be promoted and benefit will be provided consequently.

b. Future Vision

Your Exchange of Choice

~the creative exchange, which is most preferred in Asia, offering high-quality service with public nature and reliability ~

c. Creed (Four "C"s)

The Customer Comes First - Customer First

In order to understand the needs of various stakeholders and to maximize the sum of customer satisfaction, we always think through from the customer's viewpoint and continue to look for the optimum solution.

Securing Social Credibility - Credibility

While we operate with stability in the market with a high degree of fairness and transparency on a daily basis, we also construct a highly reliable social infrastructure that meets all of the goals of strong competitiveness, stability, convenience, and cost efficiency.

Pursuit of Creativity - Creativity

For the purpose of strengthening global competitiveness and improving customers' convenience, we work on offering creative products and services, without fear of failure and with a spirit of courage and passion.

Display of Employee Ability - Competency

We generate a working environment in which we can utilize the diversity in individual employees and they can display their ability to the maximum extent.

d. Business Strategy

Realization of the comprehensive exchange group, equipped with the cash equities market and the derivatives market with abundant liquidity, a sophisticated clearing/settlement function, and a self-regulatory function			
Expansion of cash equities market and IPO		Enhancement of marketing activities in each category, with the use of a customer base in both markets	Display of self-regulatory function consistent with the change of the market environment
<ul style="list-style-type: none"> ✓ Improvement of convenience and efficiency through integration of the cash equities markets ✓ Promotion of the listing of domestic and foreign companies attractive to investment ✓ Expansion of services for listed companies ✓ Improvement of liquidity of ETF market and expansion of range of users 	<ul style="list-style-type: none"> ✓ Enhancement of function and mitigation of participants' burden, through unitization of self-regulatory function ✓ Improvement of reliability, through display of appropriate self-regulatory function, consistent with diversified trading styles, products and companies' characteristics 		
Expansion of derivatives market			Expansion of Information Services
<ul style="list-style-type: none"> ✓ Improvement of convenience and efficiency through integrating the derivatives markets, and development of new products such as products crossing over the categories of the Companies' products ✓ Enhancement of function through advancing into new categories, such as commodities. 		<ul style="list-style-type: none"> ✓ Introduction of new information services ✓ Further expansion of existing information services 	
Enhancement and expansion of clearing/settlement function			Enhancement of policy proposals and dispatch of information
<ul style="list-style-type: none"> ✓ Promotion of integration of clearing functions for derivatives ✓ Further expansion of fields for clearing/settlement business ✓ Further improvement of risk management function 		<ul style="list-style-type: none"> ✓ Implementation of policy proposals intended for enhancement of competitiveness of financial and capital markets of Japan ✓ Expansion of dispatch of information through variety of measures 	
Enhancement of function of market infrastructure			
<ul style="list-style-type: none"> ✓ Achievement of both cost reduction and stable operation through integration of systems ✓ Maintenance of the efficient and effective backup system comprised of integration of the Companies' infrastructures ✓ Efficient system development, by use of the most advanced IT 			
Early realization of synergies			
<ul style="list-style-type: none"> ✓ Early realization and maximization of integrated synergies (i.e., system cost reduction, enhancement of function, streamlining) associated with management integration 			

(bb) Disposition of Treasury Shares

Shares of the Company to be acquired by the Tender Offeror through the Tender Offer, which will be the treasury shares of the Combined Holding Company as a result of the Business Combination scheduled to be conducted as of January 1, 2013, are scheduled to be cancelled.

(cc) Target Dividend Payout Ratio

Giving due consideration to the importance of internal reserves for the purpose of development of the system for strengthening competitiveness and improving self-regulatory function as the exchange, and for the purpose of being prepared for the risks as the clearing organization, we make it a principle to conduct the stable and continuous payment of dividends. Specifically, we aim at our target dividend payout ratio being around 40%.

(dd) Midterm Business Plan

The midterm business plan for the Combined Holding Company (i.e., the plan describing the specific business strategy or policy to be conducted and the quantitative target etc., for the period of three years) shall be immediately drawn up and published after the Business Combination.

(Note 3) For the purpose of smooth and immediate realization of the Business Combination, the Company and the Tender Offeror establish the Combination Preparatory Committee, co-chaired by the presidents of the Companies.

6. Measures to Resolve the Problems under the APPMMFT

The Company or the Tender Offeror shall take certain measures to resolve the concern as to the APPMMFT, pointed out in the process of examination by the Fair Trade Commission in connection with the Tender Offeror's acquisition of the shares of the Company through the Tender Offer (the "Acquisition of Shares"). The major contents of the measures to resolve the concern are as follows:

(i) Measures to Resolve Problems about Business related to Listing in Emerging Markets

The Company and the Tender Offeror shall each adopt a measure prescribing that from the date of implementation of the Acquisition of Shares, the settlement, abolishment and change of the amount of the fee for businesses related to the listing of domestic companies in their emerging markets shall be subject to the approval of the Market Structure Committee, established, respectively, as the advisory body for the board of directors of the Company and the TSE.

Also, the period to conduct the relevant measure shall not be set, and if the combination, etc. of the emerging market operating companies is conducted as to the Company, the Tender Offeror and the Combined Holding Company after the Acquisition of Shares, the advisory board shall be established, which is substantially equal to the current Market Structure Committee, in regard to its scale, attributes of its members and its functions, and the settlement, abolishment and change of the amount of the fee for businesses related to the listing of domestic companies in their emerging markets shall be subject to the approval of the relevant advisory board as well.

(ii) Measures to Resolve Problems about Business related to Trading of Cash Equities

The Tender Offeror and the Combined Holding Company, and the Japan Securities Clearing Corporation promise to provide, even after the Acquisition of Shares, the clearing business of the Japan Securities Clearing Corporation related to the trading of cash equities (the "Clearing Business") under the terms and conditions that are not substantially discriminatory and do not create a competitive disadvantage compared with the terms and conditions under which the Clearing Business is provided to the Combined Holding Company group, to the business operators who currently receive the Clearing Business and the business operators who wish to receive the Clearing Business from the Japan Securities Clearing Corporation.

(iii) Measures to Resolve Problems about Business related to Trading of Stock Index Futures

Upon implementation of the Acquisition of Shares, the Tender Offeror and the Combined Holding Company shall take the measures in the following (a) through (c):

(a) To grant NYSE Liffe, under reasonable terms and conditions, the license for use of TOPIX within the time period of 9:00 to 15:00, Japan time (the time period of 10:00 to 15:00, Japan time, in cases other than British Summer Time), no later than the date of implementation of the Acquisition of Shares, so that the said stock exchange can conduct the business related to trading of TOPIX futures /within the time period above;

(b) To lower the amount of license fee incurred by NYSE Liffe concerning the use of TOPIX, if NYSE Liffe desires, to the amount equal to or lower than the current level; and

(c) To newly grant NYSE Liffe, under reasonable terms and conditions, if NYSE Liffe desires, the license for use of the stock index concerning TOPIX, for which the license has not been granted so far.

7. Others

In connection with the Business Combination announced on November 22, 2011, in order to support its efforts to ensure the fairness of the Tender Offer Price and the Merger Ratio, the Company previously determined to request financial advisors independent from the Companies to conduct financial analyses of the Tender Offer Price and the Merger Ratio and appointed Goldman Sachs Japan Co., Ltd., SMBC Nikko Securities Inc., and Moelis & Company UK LLP as such financial advisors.

In addition, the Company received fairness opinions dated November 21 and 22, 2011 regarding the Tender Offer Price and the Merger Ratio from each of Goldman Sachs Japan Co., Ltd., SMBC Nikko Securities Inc., and Moelis & Company UK LLP.

The Company confirmed that there was no material fact with respect to the Company and the Tender Offeror to require the amendment of the terms set forth in the Business Combination Agreement within the period from November 22, 2011 to July 10, 2012 when the Company resolved to express an opinion in favor of the Tender Offer.

<Supplementary Data>

1. Operation Circumstance

(1) Earnings Results

(yen in millions)

Category	Previous First Quarter (Cumulative) From April 1, 2011 To June 30, 2011		Current First Quarter (Cumulative) From April 1, 2012 To June 30, 2012		
	Amount	Ratio (%)	Amount	Ratio (%)	y/y (%)
Participant Fees	3,006	55.6	3,347	59.1	11.3
Trading fees	1,790	33.1	2,047	36.1	14.4
Clearing fees	658	12.2	736	13.0	11.7
Access fees	359	6.6	369	6.5	2.9
Basic fees	187	3.5	173	3.1	(7.4)
Others	10	0.2	21	0.4	96.9
Equipment and Information Services Fees	1,977	36.5	1,878	33.2	(5.0)
Market information fees	1,016	18.8	994	17.6	(2.2)
Network line fees	316	5.8	313	5.5	(1.0)
Co-location service fees	191	3.5	185	3.3	(3.4)
Others	452	8.4	385	6.8	(14.8)
Listing Fees	414	7.6	418	7.4	1.2
Annual listing fees	365	6.7	366	6.5	0.4
Initial listing fees & fees for issuing new shares	48	0.9	52	0.9	7.2
Others	17	0.3	19	0.3	12.9
Total	5,414	100.0	5,664	100.0	4.6

(2) Trading & Clearing Fees

(yen in millions)

Category	Previous First Quarter (Cumulative) From April 1, 2011 To June 30, 2011		Current First Quarter (Cumulative) From April 1, 2012 To June 30, 2012		
	Amount	Ratio (%)	Amount	Ratio (%)	y/y (%)
Nikkei 225 Futures (Note 1)	895	36.5	1,198	43.1	33.9
Nikkei 225 Options	822	33.6	1,008	36.2	22.7
Other derivatives (Note 2)	127	5.2	67	2.4	(47.2)
Stocks etc. (Note 3)	603	24.7	508	18.3	(15.7)
Total	2,449	100.0	2,783	100.0	13.6

(Note 1) Includes Nikkei 225 mini.

(Note 2) Total of Nikkei 300 Futures, Russell/Nomura Prime Index Futures, Nikkei Stock Average Volatility Index Futures (Nikkei 225 VI Futures), OSE Dow Jones Industrial Average Futures (OSE DJIA Futures), Security Options, and FX Margin Trading (OSE-FX). Trading of Nikkei 225 VI Futures was started on February 27, 2012, and OSE DJIA Futures on May 28, 2012.

(Note 3) Includes ETFs, domestic investment securities, foreign investment securities, covered warrants, investment securities, etc.

(3) Trading Value

(yen in 100 millions)

Category	Previous First Quarter (Cumulative) From April 1, 2011 To June 30, 2011	Current First Quarter (Cumulative) From April 1, 2012 To June 30, 2012			
		Trading Value	Trading Value		y/y (%)
			Daily Average		
Derivatives	652,401	796,132	12,833	22.0	
Total of Nikkei 225 Futures/mini	614,330	771,372	12,441	25.6	
Nikkei 225 Futures	393,629	465,657	7,510	18.3	
Nikkei 225 mini	220,701	305,715	4,930	38.5	
Nikkei 225 Options	9,502	12,131	195	27.7	
OSE-FX (Note 1)	28,544	12,514	192	(56.2)	
Other derivatives (Note 2)	24	113	4	365.4	
Stocks etc.	43,415	35,736	576	(17.7)	
1st/2nd Section	24,827	16,223	261	(34.7)	
JASDAQ	14,400	12,622	203	(12.3)	
ETFs	4,181	6,885	111	64.7	
Others (Note 3)	5	5	0	8.8	

(Note 1) Trading value of non-yen currency pairs is converted to yen at their settlement value on their trading day.

(Note 2) Total of Nikkei 300 Futures, Russell/Nomura Prime Index Futures, Nikkei 225 VI Futures, OSE DJIA Futures, and Security Options. Trading of Nikkei 225 VI Futures was started on February 27, 2012, and OSE DJIA Futures on May 28, 2012.

(Note 3) Total of domestic investment securities, foreign investment securities, covered warrants, investment securities, etc.

(4) Trading Volume

Category	Previous First Quarter (Cumulative) From April 1, 2011 To June 30, 2011	Current First Quarter (Cumulative) From April 1, 2012 To June 30, 2012			
		Trading Volume (10,000 units)	Trading Volume (10,000 units)		y/y (%)
			Daily Average (1,000 units)		
Derivatives	3,943	5,238	844	32.8	
Total of Nikkei 225 Futures/mini	2,709	3,906	630	44.2	
Nikkei 225 Futures	410	520	83	26.8	
Nikkei 225 mini	2,298	3,385	546	47.3	
Nikkei 225 Options	922	1,187	191	28.7	
OSE-FX	285	139	21	(51.1)	
Other derivatives (Note 1)	26	5	1	(80.4)	

(shares in millions)

Category	Previous First Quarter (Cumulative) From April 1, 2011 To June 30, 2011	Current First Quarter (Cumulative) From April 1, 2012 To June 30, 2012			
		Trading Volume	Trading Volume		y/y (%)
			Daily Average		
Stocks etc.	5,795	4,463	71	(23.0)	
1st/2nd Section	2,159	1,945	31	(9.9)	
JASDAQ	3,586	2,402	38	(33.0)	
ETFs	49	115	1	134.7	
Others (Note 2)	0	0	0	168.1	

(Note 1) Total of Nikkei 300 Futures, Russell/Nomura Prime Index Futures, Nikkei 225 VI Futures, OSE DJIA Futures, and Security Options. Trading of Nikkei 225 VI Futures was started on February 27, 2012 and OSE DJIA Futures on May 28, 2012.

(Note 2) Total of domestic investment securities, foreign investment securities, covered warrants, investment securities, etc.

(5) Transaction Participants

(companies)

Category	End of Previous First Quarter as of June 30, 2011	End of Current First Quarter as of June 30, 2012	
	Participants	Participants	y/y (%)
Transaction Participants of Cash/Futures Trading etc./FX and JASDAQ	11	10	(9.1)
Transaction Participants of Cash/Futures Trading etc. and JASDAQ	62	58	(6.5)
Transaction Participants of Cash/Futures Trading etc.	5	4	(20.0)
Transaction Participants of Cash Trading and JASDAQ	2	3	50.0
Transaction Participants of Futures Trading etc. and FX	1	0	(100.0)
Transaction Participants of Futures Trading etc. and JASDAQ	9	8	(11.1)
Transaction Participants of Futures Trading etc.	2	2	-
Transaction Participants of IPO	2	1	(50.0)
Transaction Participants of FX	6	6	-
Transaction Participants of JASDAQ	14	12	(14.3)
Total	114	104	(8.8)

(6) Market Information Fee Related

Category		End of Previous First Quarter as of June 30, 2011	End of Current First Quarter as of June 30, 2012	
				y/y (%)
Number of Subscribers		140 companies	135 companies	(3.6)
Number of Terminals (Note)	Corporate-Use	111,119 units	108,360 units	(2.5)
	Personal-Use	3,089,850 units	3,003,850 units	(2.8)

(Note) Figures for the End of Previous First Quarter are as of March 31, 2011 and figures for the End of Current First Quarter are as of March 31, 2012. Figures for the End of Previous First Quarter don't include the number of terminals of users who terminated their subscription on March 31, 2011. Figures for the End of Current First Quarter don't include that on March 31, 2012.

(7) Listed Issues

Category		End of Previous First Quarter as of June 30, 2011	End of Current First Quarter as of June 30, 2012	
		Listed issues	Listed issues	y/y (%)
Stocks		1,711 companies	1,656 companies	(3.2)
	1st/2nd Section	730 companies	708 companies	(3.0)
	JASDAQ	981 companies	948 companies	(3.4)
ETFs		16 issues	19 issues	18.8

(Note) Other than a table above, there are covered warrants, domestic investment securities, foreign investment securities, investment securities, etc.

(8) Number of IPOs, etc.

Category		Previous First Quarter (Cumulative) From April 1, 2011 To June 30, 2011	Current First Quarter (Cumulative)	
			From April 1, 2012 To June 30, 2012	y/y (%)
IPOs (Note1)	Stocks	3 companies	7 companies	133.3
	1st/2nd Section	0	0	-
	JASDAQ	3 companies	7 companies	133.3
	ETFs	0	2 issues	-
Capital Increase (Note 2)		16 cases	10 cases	(37.5)
	1st/2nd Section	4 cases	2 cases	(50.0)
	JASDAQ	12 cases	8 cases	(33.3)

(Note 1) Not include IPOs due to switching to holding companies system etc.

(Note 2) Capital increases through public offerings, allocations of new shares to a third party, or allocations of new shares to shareholders. Not include capital increases through IPO.

(9) Selling, General and Administrative Expenses

(yen in millions)

Category	Previous First Quarter (Cumulative) From April 1, 2011 To June 30, 2011		Current First Quarter (Cumulative) From April 1, 2012 To June 30, 2012		
	Amount	Ratio (%)	Amount	Ratio (%)	y/y (%)
	Occupancy Expenses	1,030	29.8	1,241	33.8
Operating Expenses	990	28.6	1,024	27.9	3.4
Personnel Expenses	799	23.1	775	21.1	(3.0)
Depreciation	639	18.5	631	17.2	(1.2)
Total	3,458	100.0	3,672	100.0	6.2

(10) Amount already paid for equipment investment, etc.

(yen in millions)

Category	Current First Quarter From April 1, 2012 To June 30, 2012	
	Amount	Ratio (%)
Clearing system's hardware renewal related	721	68.4
Cash trading system's hardware related	184	17.5
Others	148	14.1
Total	1,054	100.0

(Note) As categorization is vary by cumulative term, there is no comparison with the previous first quarter.

2. Changes in Latest Business Performance

The Fiscal Year Ending March 31, 2013 (Individual)

	First Quarter
	Apr. 2012 - June 2012
Operating Revenue	mil. yen 5,664
Selling, General & Administrative Expenses	3,672
Operating Income	1,992
Ordinary Income	2,155
Income before Income Taxes	2,155
Net Income	1,334
Net Income per Share	yen 4,943.16
Total Assets	mil. yen 444,575
Net Assets	54,795
Net Assets per Share	yen 202,944.95

The Fiscal Year Ended March 31, 2012 (Individual)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	Apr. 2011 - June 2011	July 2011 - Sep. 2011	Oct. 2011 - Dec. 2011	Jan. 2012 - Mar. 2012
Operating Revenue	mil. yen 5,414	mil. yen 5,966	mil. yen 5,253	mil. yen 5,860
Selling, General & Administrative Expenses	3,458	3,463	3,628	3,572
Operating Income	1,955	2,502	1,625	2,287
Ordinary Income	2,213	2,756	1,827	2,359
Income before Income Taxes	2,213	2,757	1,847	2,388
Net Income	1,351	1,720	954	1,439
Net Income per Share	yen 5,005.67	yen 6,370.39	yen 3,536.87	yen 5,331.66
Total Assets	mil. yen 511,043	mil. yen 449,914	mil. yen 414,498	mil. yen 453,203
Net Assets	52,580	54,296	54,042	55,485
Net Assets per Share	yen 194,740.84	yen 201,096.66	yen 200,158.54	yen 205,502.46