



TOKYO STOCK EXCHANGE GROUP, INC.

**Annual
Report
2010**

For the fiscal year ended March 31, 2010



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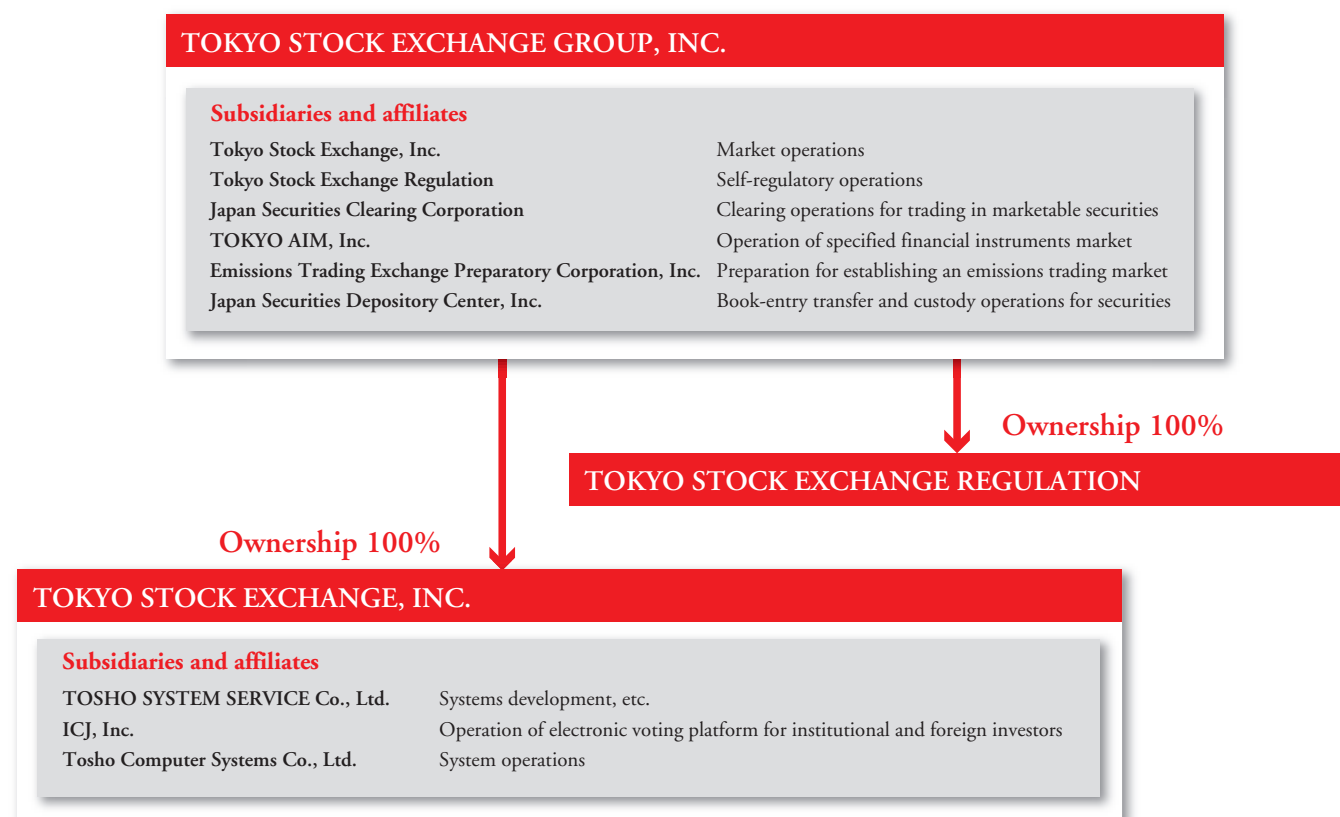
About Tokyo Stock Exchange Group

Profile

Founded in 1878, Tokyo Stock Exchange (TSE) has served as Japan's central market and played a crucial role in the growth and expansion of the national economy.

The TSE offers a wide range of products including stocks, exchange traded funds (ETFs), real estate investment trusts (REITs), and futures and options on Japanese Government Bonds and the Tokyo Stock Price Index (TOPIX). The TSE provides not only market operation services, but also clearing and settlement, market information and other related services.

The TSE became a stock corporation in November 2001. In August 2007, the TSE reorganized itself and Tokyo Stock Exchange Group, Inc. (the holding company of Tokyo Stock Exchange, Inc., a market operation company, and Tokyo Stock Exchange Regulation, a self-regulatory organization) was established in order to make market operations a profit-oriented business and to ensure the independence of its self-regulatory functions. (Collectively, these three companies and their subsidiaries are referred to as the "TSE group.")



Snapshot

Share of Trading Value of Listed Stocks on Domestic Exchanges



As of March 31, 2010

Number of Listed Companies on Major Stock Exchanges

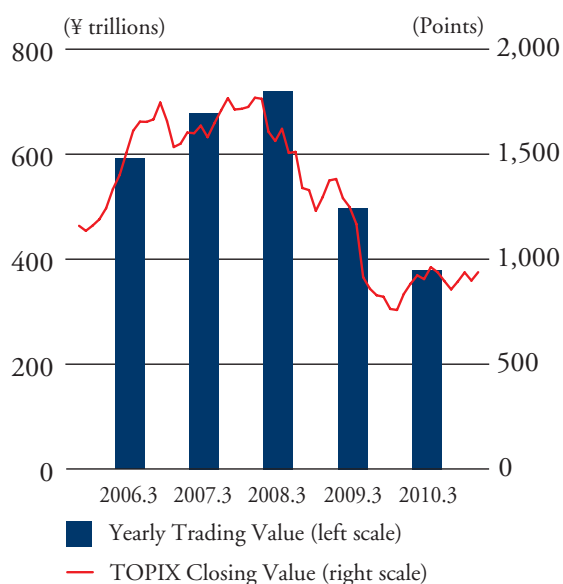
Tokyo Stock Exchange:
2,313
companies

Exchange	Number of Listed Companies
Bombay Stock Exchange	4,975
NASDAQ OMX	2,823
London Stock Exchange	2,749
NYSE Euronext (US)	2,323
Hong Kong Exchanges	1,332
Shanghai Stock Exchange	878
Singapore Exchange	774

Source: World Federation of Exchanges

As of March 31, 2010

Trading Value of Stocks and TOPIX



TSE Ranks Second Globally in Total Market Capitalization

Exchange	US\$ millions
NYSE Euronext (US)	12,423,557
Tokyo Stock Exchange	3,534,685
NASDAQ OMX	3,500,875
NYSE Euronext (Europe)	2,793,199
London Stock Exchange	2,773,395
Shanghai Stock Exchange	2,630,841
Hong Kong Exchanges	2,325,349
TSX Group	1,817,263
Bombay Stock Exchange	1,373,016
National Stock Exchange India	1,338,495

Source: World Federation of Exchanges

As of March 31, 2010

Composition of Operating Revenues (Fiscal year ended March 31, 2010)

35.8% (¥21,728 million)
Tokyo Stock Exchange, Inc.

Trading Participation Fees

- Transaction fees
- Per capita fees
- Access fees
- Trading system facilities usage fees

21.9% (¥13,272 million)
Tokyo Stock Exchange, Inc.

Listing Fees

- Listing examination fees
- Initial listing fees
- Fees for issuing new shares
- Annual listing fees

17.7% (¥10,727 million)
Tokyo Stock Exchange, Inc.

Income from Information Services

- Fees for market information services

11.9% (¥7,247 million)
Japan Securities Clearing Corporation
Japan Securities Settlement & Custody, Inc.

Income from Securities Settlement

- Fees for trade guarantees and other services by JSCC
- Fees for securities custody and delivery services by JSSC

12.7% (¥7,692 million)

Other Operating Income

Financial Highlights

The consolidated financial results for the year ended March 31, 2007 and the previous term are those of Tokyo Stock Exchange, Inc. Tokyo Stock Exchange Group, Inc. was established on August 1, 2007. The consolidated financial statements for the year ended March 31, 2008 are a continuation of the previous consolidated financial statements of Tokyo Stock Exchange, Inc. The consolidated financial results for the years ended March 31, 2010 and 2009 are those of Tokyo Stock Exchange Group, Inc.

Financial Data

	¥ millions except per share data and ratios					US\$ thousands ⁶
	2010.3	2009.3	2008.3	2007.3	2006.3	2010.3
FOR THE YEAR						
Operating revenues.....	¥ 60,666	¥ 67,090	¥ 75,505	¥ 75,478	¥ 69,893	\$ 652,038
Operating profit	14,825	14,175	28,787	33,016	28,751	159,338
Net income (loss)	(3,602)	(3,696)	17,701	19,985	18,833	(38,717)
EBITDA ¹	13,431	3,867	38,960	41,852	35,747	144,357
YEAR END						
Total assets	¥ 391,075	¥ 677,163	¥ 717,676	¥ 565,519	¥ 617,864	\$4,203,302
Total equity.....	116,941	114,089	117,776	111,247	95,661	1,256,888
PER SHARE DATA						
EPS ²	¥(1,584.27)	¥(1,626.65)	¥ 7,785.04	¥ 8,789.64	¥ 8,257.83	\$ (17.03)
BPS ³	50,085.81	49,113.92	50,859.77	48,289.71	41,600.08	538.33
BPS ^{3,5}	42,447.39	41,475.50	43,221.35	40,651.29	33,961.66	456.23
KEY FINANCIAL RATIOS						
ROE ⁴	(3.2%)	(3.3%)	15.7%	19.6%	21.9%	
ROE ^{4,5}	(3.8%)	(3.8%)	18.6%	23.6%	27.5%	

Note: 1. EBITDA = Income (loss) before income taxes and minority interests + Interest expense + Depreciation

2. EPS = Net income (loss) / Weighted-average number of common shares for the year

3. BPS = Shareholders' equity / Weighted-average number of common shares for the year

4. ROE = Net income / Shareholders' equity (average)

5. Calculated excluding the default compensation reserve funds

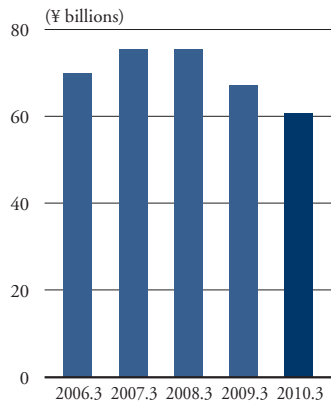
6. Rate of US\$1 = ¥93.04 used for conversion

Market Data

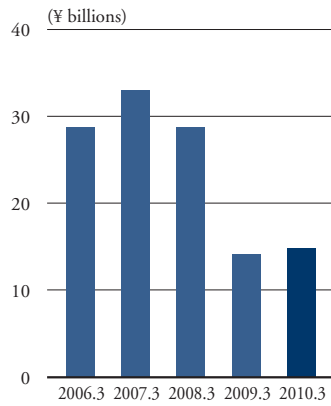
	2010.3	2009.3	2008.3	2007.3	2006.3	2010.3
FOR THE YEAR						
Equities trading volume (million shares) ..	566,896	542,104	554,340	506,895	588,554	
Equities trading value (¥ billions)	¥379,062	¥497,426	¥720,454	¥678,249	¥591,500	\$4,074
TOPIX futures trading volume (thousand contracts) ..	14,903	17,595	17,382	14,730	14,273	
JGB futures trading volume (thousand contracts) ...	7,076	8,681	14,090	11,801	10,929	
YEAR END						
Number of listed companies	2,313	2,370	2,415	2,413	2,372	
Market capitalization (¥ billions)	¥330,281	¥255,909	¥396,008	¥559,385	¥563,349	\$3,550
Index (TOPIX)	978.81	773.66	1,212.96	1,713.61	1,728.16	

6. Rate of US\$1 = ¥93.04 used for conversion

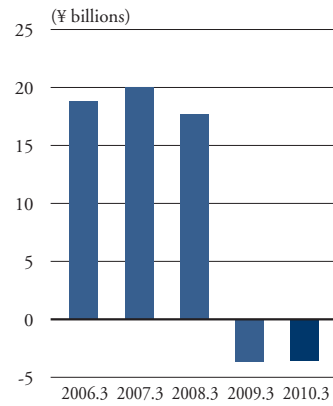
Operating Revenues



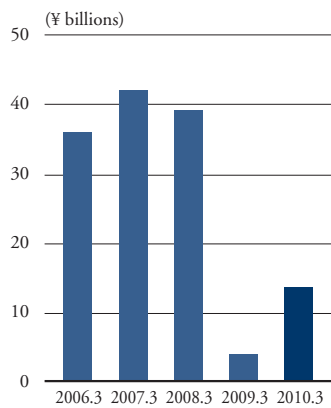
Operating Profit



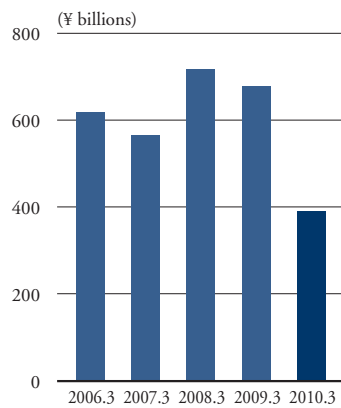
Net Income (Loss)



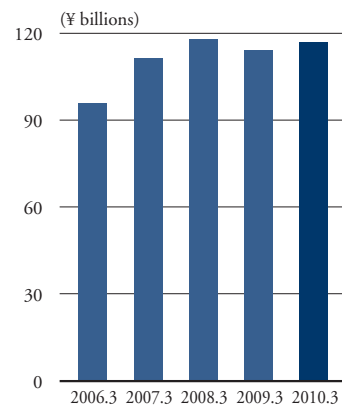
EBITDA



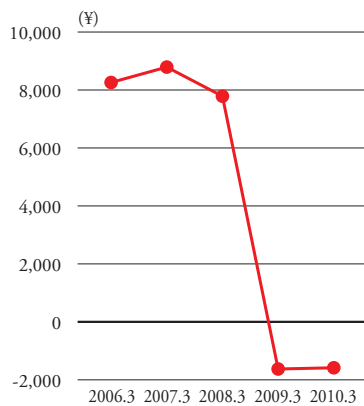
Total Assets



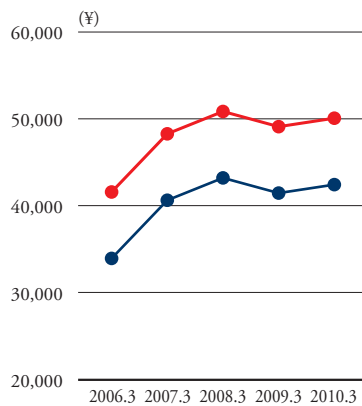
Total Equity



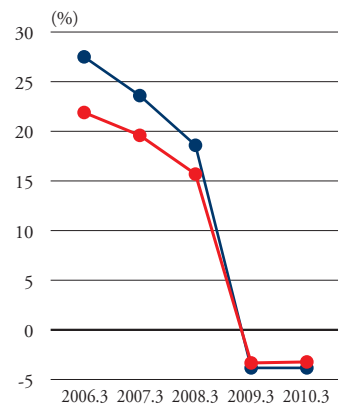
EPS



BPS



ROE



● BPS
● BPS (calculated excluding the default compensation reserve funds)

● ROE
● ROE (calculated excluding the default compensation reserve funds)

To Our Shareholders



Atsushi Saito

President & CEO
Tokyo Stock Exchange Group, Inc.

Profile

Atsushi Saito was with Nomura Securities Co. Ltd. for 35 years, starting in 1963. After 2 stints in New York, he became a member of the board in 1986 and Executive Vice President in 1995. Over the course of his career with Nomura, he took charge of a wide range of projects in different divisions including Treasury & Fixed Income Dealing, Equity, Syndicate & New Products, and so on. In the late 1980s he focused on securitization of non-performing loans in the United States such as Financial Center Building in Manhattan. Prior to becoming President & CEO of the TSE in June 2007, he tackled various revitalization projects as President & CEO of the Industrial Revitalization Corporation of Japan since its inception in 2003.

We are preparing for global economic recovery by constructing a robust profit structure as well as a growth framework for our next leap forward.

Although the global economy underwent a financial crisis triggered by the bankruptcy of Lehman Brothers in the fall of 2008, cooperation between national governments and industry has supported a moderate recovery from the bottom in March 2009. However, fiscal problems emerged during 2010 in Greece and other Euro-zone countries, while the pace of economic recovery in the US is slowing. A steady recovery of the global economy is likely to require more time.

Under these economic conditions, global capital flows into equity investments decreased substantially. While continued strong growth in developing countries such as China, India, and the countries of Southeast Asia is enhancing their economic importance, investor interest in Japanese equities has decreased.

Moreover, remarkably fast-growing IT-driven ECNs, MTFs, and other off-exchange trading facilities are giving rise to noticeable issues such as market fragmentation, regulatory discrepancies between markets and free-riding on the self-regulatory functions of incumbent exchanges in the EU and US. In the near future, this trend is also likely to affect Japanese stock markets. The “flash crash” that occurred in the US in May 2010 is an example of a phenomenon arising from these factors.

The TSE group (Tokyo Stock Exchange Group, Inc., Tokyo Stock Exchange, Inc., Tokyo Stock Exchange Regulation and other subsidiaries) is in the midst of a three-year medium-term management plan formulated in 2008. Its target is to create a “Universal Exchange”, a reliable and user-friendly market that attracts investors and listed companies from across the globe. The TSE group is working together to achieve this target through two basic strategies: (1) **quantitative expansion**, which involves diversifying lines of trading products and providing top-caliber trading systems; and (2) **qualitative enhancement**, which involves strengthening self-regulatory functions, including disseminating our message to facilitate enhanced corporate governance of listed companies and promote compliance among market participants. We are thus devoting our efforts to securing our position as the premier exchange for the effective flow of funds in Asia.

Meanwhile, the significant changes in the global economy and market conditions are exerting a profound impact on the TSE group’s operating environment. To respond appropriately to these changes in light of the initiatives of the past two years and the current business environment, the TSE group will dedicate the final year of its medium-term management plan to constructing a robust profit structure by expanding the size of the market and constructing a growth framework on a diversified revenue base. At the same time, we will continue to strive for growth and the next leap forward by conducting highly active strategic marketing. The TSE group will be counting on the continued support and cooperation of all market users.



An Interview with President & CEO Atsushi Saito

Q1: What is the TSE group's status after two years of the medium-term management plan?



Based on the medium-term management plan formulated in 2008, the TSE has moved aggressively to generate new growth by further enhancing the value of the TSE markets while upgrading its infrastructure to satisfy the needs of participants. In particular, advances in information technology have given rise to off-exchange transactions in ECNs and MTFs, which have siphoned off significant liquidity from exchanges in major markets in the EU and US. Consequently, rapid and smooth execution of orders is a major factor determining the competitiveness of incumbent exchanges. The TSE has therefore devoted itself to fundamentally enhancing its trading systems as befits the premier exchange in Asia.

The next-generation trading system “arrowhead”, launched in January 2010, is one of the major outcomes of this approach. Developed as a trading system with the world’s highest standards, “arrowhead” offers superior stability while dramatically shortening the time required for both order response and information distribution. Even in its early stages of operation, the system has achieved an order response time of 2.0 milliseconds and an information distribution time of 2.5 milliseconds. Moreover, “arrowhead” has brought about a significant evolution in the execution environment, with the daily average number of trades increasing from 300 to 400 per stock. As the participation of investors using sophisticated trading techniques such as high-frequency trading grows, we expect a wide array of investors in Japan and overseas will use this leading-edge trading system to buy and sell Japanese cash equity products.

Furthermore, in October 2009 we renovated the options trading platform of the derivatives market with the launch of “Tdex+ System”, which is based on the trading system LIFFE CONNECT® of NYSE Liffe, a subsidiary of NYSE Euronext and one of the largest derivatives exchanges in Europe. This has equipped the TSE derivatives market with a world-class trading environment that boasts a greatly enhanced execution speed for options transactions and the ability to perform sophisticated strategy trading.

The TSE has also begun offering a “Co-location Service” that minimizes the latency of order acceptance notices and quote information distribution between the systems of market users and exchange data centers by allowing trading participants to install order placement servers next to TSE trading systems.

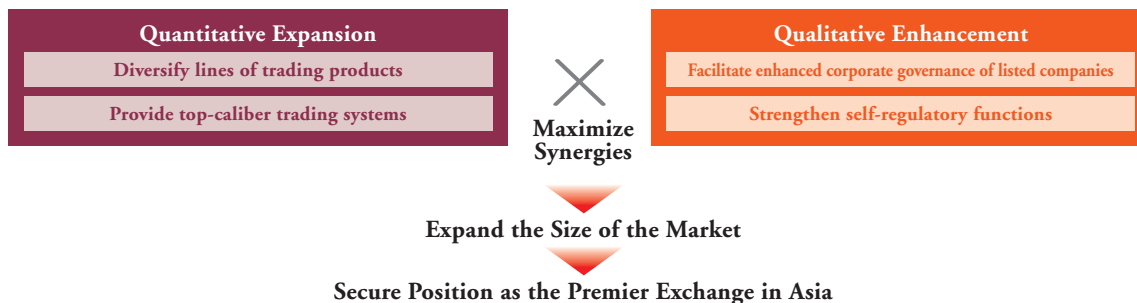
Meanwhile, one of the TSE group’s policies for quantitative expansion is to increase the number of exchange traded funds (ETFs) to provide investors with a diverse array of attractive investment opportunities. Over the past two years, the number of ETFs listed on the TSE increased by 52 to 86, and stood at 93 as of July 2010. We have been working to provide products that meet a wide range of investor needs by diversifying our product lineup. This

Framework of Medium-Term Management Plan for Fiscal 2008 to Fiscal 2010

Target

“Launch a Universal Exchange”

Basic Strategies



includes commodity ETFs for gold and other precious metals, which have attracted interest as relatively safe investments, ETFs for global sovereign bonds, and emerging country equities. We also introduced dividend index futures and, in addition, will create a position transfer scheme with NYSE Liffe for TOPIX futures and other products in October 2010.

As for qualitative enhancement, improving corporate governance of listed companies is a crucial management issue for us. We have worked to create an environment in which everyone can invest with confidence by dealing with corporate conduct that infringes significantly upon the rights of existing shareholders, such as capital increases through third-party allotments, which adversely affect the rights of minority shareholders. To protect the interests of general shareholders, we introduced the requirement for all listed companies to secure at least one independent director or auditor. Also, in light of recent changes in disclosure of corporate information, we amended the TSE rules to increase listed companies' discretion and flexibility for reporting financial results.

Q2: What is the TSE group's business plan for the fiscal year ending March 2011?

Based on changes in the current business environment, the TSE group will dedicate the fiscal year ending March 2011 to constructing a robust profit structure by expanding the size of the market and constructing a growth framework on a diversified revenue base. Concurrently, the TSE group will continue to strive for growth and the next leap forward through highly active strategic marketing.

We will support these activities through both quantitative expansion and qualitative enhancement – the basic strategies of the medium-term management plan. For quantitative expansion, we will strengthen derivatives markets by expanding the lineup of listed products and improving trading rules and frameworks. We will also add to the number of newly listed companies and ETFs to increase the depth of the cash

market, while providing a safe, high-performance trading system, including the integration of the futures trading platform into “Tdex+ System”. In addition, promoting new businesses will include expanding the “Co-location Service” in order to support investors that use high-frequency trading and/or other sophisticated trading methods, and providing clearing and settlement services for credit default swaps (CDS) and other over-the-counter (OTC) derivatives.

At the same time, our measures for qualitative enhancement will include promoting improvements of listed companies’ corporate governance to protect the rights and interests of shareholders and investors. We will also ensure listed company compliance designed to preclude corporate actions that may infringe upon the interests of shareholders /investors, as well as support compliance among listed companies and market participants to prevent insider trading.

Additionally, we intend to enhance corporate efficiency and customer satisfaction by utilizing our internal systems to improve business processes, and by strengthening and promoting marketing of the whole company.

The TSE group will steadily implement these measures in its efforts to enhance the efficiency and functionality of the TSE. We are confident that we will meet the expectations of all market participants.

Fiscal 2010 Action Plan

Quantitative Expansion

1. Strengthen derivatives markets

- Examine development of new product lines
- Increase convenience by securing diverse trading opportunities
- Expand lineup of existing products

2. Increase the depth of cash market

- List various products → Fiscal 2010: 100 ETFs listed (triple fiscal 2007 figure)
- Improve conditions to increase convenience for listed companies, etc.
- Take measures against expansion of off-exchange trading
- Consider establishment of an emissions trading exchange

3. Provide a safe, high-performance trading system

- Enhance and strengthen “arrowhead” functions and capabilities
- Upgrade the futures trading platform
- Construct and operate secondary site
- Upgrade “Tdex+ System” functions
- Promote optimization (EA: enterprise architecture) of TSE systems as a whole
- Develop sophisticated quality control process

4. Promote new businesses

- Provide clearing and settlement services for OTC derivatives trades, etc.
- Provide new information services and expand existing services
- Promote system provision to external parties
- Enlarge index business
- Expand co-location services
- Expand new system businesses

Qualitative Enhancement

5. Protect the rights and interests of shareholders and investors

- Further enhance conditions for improving corporate governance of listed companies

6. Establish a fair and reliable market

- Implement “preventive” listed company compliance
- Conduct more sophisticated and effective market surveillance appropriate for trading activities after “arrowhead” launch
- Strengthen support of compliance for market participants via TSE COMLEC (TSE Compliance Learning Center), etc.

Maximize Synergies (Basis for Quantitative Expansion and Qualitative Enhancement)

7. Enhance our corporate efficiency and customer satisfaction

- Use internal systems to improve business processes
- Strengthen and promote marketing of the whole company

8. Broaden individual investor base by improving financial literacy

- Improve financial literacy via the TSE Academy

While the recovery of the global economy will require more time, the TSE group will properly meet all market users' needs as it steadily increases convenience and improves its ability to attract investment in its markets. We intend to actively contribute to economic growth in Japan and the region as the premier exchange in Asia by allocating global risk capital to growing companies.

Q3: What has the TSE group learned from the experience of the global financial crisis, and where is it heading in the future?

As is well known, the financial crisis triggered by the bankruptcy of Lehman Brothers immediately swept through global markets. Advances in financial engineering have realized sophisticated financial products such as derivatives, but the recent subprime loan problem, which involved complex financial instruments traded in the OTC market, magnified the crisis. The resulting credit crunch quickly spread through the world's financial markets, leading to a renewed focus on counterparty risk. In contrast to this, exchanges continuously provide market functions, while reducing counterparty risk by accurately identifying market risks through clearing institutions, thus fulfilling a legitimate and worthwhile social function. They have proven their ability to allocate risk efficiently via the market throughout their history, and no one can dispute exchanges' exceptionally important role in the capital market.

However, the concern is that the financial crisis provides momentum to the introduction of excessive regulation in the EU and US, which could interfere with market efficiency. Certainly, the crisis exposed issues such as unethical and negligent conduct among some financial institutions, in which corporate governance is superseded in the pursuit of profit, and also tolerance of laissez faire free markets through a lack of rules and regulations. However, this is not an acceptable justification for the introduction of excessive regulation that contravenes the original adjustment mechanisms of markets.

The TSE group believes that it is responsible for continuously making every effort to increase market transparency and efficiency so that it can best exercise appropriate market functions under any circumstances and provide a free market open to everyone. Especially during times of global economic instability, exchanges must provide an important infrastructure that supports the capital markets and fulfill their social responsibility in a stable and sustainable manner.

With countries in the EU and the US struggling under recession, a new age is beginning in which Asian countries such as China and India are the engines of economic growth in the world. As an institution that promotes the public good and supports the capital markets of Japan, Asia's most advanced core market, the TSE group will devote itself to becoming the bridge linking the region to financial markets all over the world.



Cash Equities Market and Derivatives Markets

The TSE works to provide attractive listed products and a reliable and user-friendly market infrastructure to remain competitive with other markets around the world. In the fiscal year ended March 2010, the TSE provided a wide variety of ETFs while also launching “arrowhead”, a next-generation trading system in the cash equities market. In the derivatives markets, the TSE introduced the new options trading platform, “Tdex+ System”.

Cash Equities Market

Financial technology has become more advanced over the past several years. Online trading has become prevalent among individual investors, while high-frequency trading, algorithmic trading and other new trading techniques have come into wide use among securities companies and institutional investors. These changes in the market environment have increased the need among market users for high-speed order placement, execution processing and information distribution, as well as requiring the TSE to respond to sudden increases in order volume. Moving to resolve these issues, the TSE launched “arrowhead”, a next-generation equities trading system, in January 2010.

While upgrading market infrastructure, the TSE has also focused on expanding the number of ETFs to provide investors with a diverse range of investment opportunities, which is one of the core elements of its medium-term management plan.

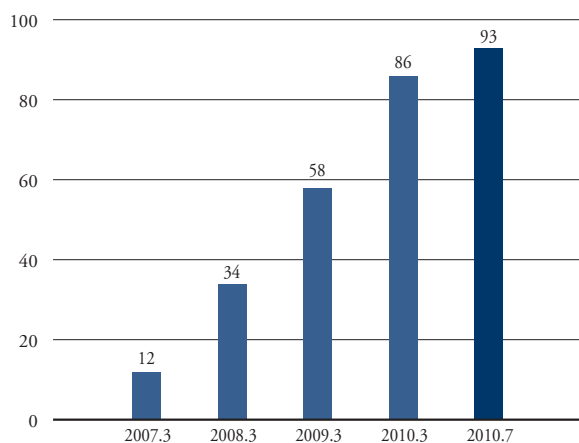
ETFs allow diversified investment in various products at low cost using a relatively small amount of funds. In order to enable the creation of a variety of products, the TSE needed to encourage related government authorities to prepare a statutory framework and was also required to revise its listing rules and systems. Therefore, over the past several years the TSE has resolved these issues one by one in preparing a foundation for the expansion of ETFs. As a result, against the backdrop of rising interest in commodities investment, the number of listed commodity ETFs has increased substantially, bringing the total number of listed issues from 58 as of March 31, 2009 to 93 as of July 31, 2010.

As a result of this development, investment in commodities such as precious metals, energy, and agricultural products, which have been a focus in recent years, can be conducted conveniently through ETFs. Moreover, in July 2010 four unique ETFs were listed that are physically backed by precious metals and give investors the option to redeem ETF units for physical delivery of precious metals from the custodian in Japan.

Additionally, several products were listed that meet demands for diversified international investments. These products include ETFs that are linked to overseas stock indices such as the Dow Jones Industrial Average, an index of Indian stocks, and indices that offer comprehensive coverage of developed and emerging countries, as well as those linked to bond indices in foreign countries.

The TSE will work to promote the ETF market in order to provide investors with diverse and appealing investment products.

Growth in Number of ETFs



Derivatives Markets

The TSE upgraded the infrastructure of its derivatives markets in October 2009 by introducing the new options trading platform “Tdex+ System”, which makes options trading more convenient by greatly increasing order processing capabilities and enabling strategy trading. In tandem with the launch of “Tdex+ System”, the TSE introduced a market-maker scheme that has supplied liquidity to facilitate options trading.

In the fiscal year ending March 2012, the TSE plans to integrate its currently independent futures trading platform into “Tdex+ System”, which will enable all derivative products listed on the TSE to be traded in a trading environment of the world’s highest standard.

Furthermore, in terms of product diversity, the listing of Dividend Index Futures in July 2010 accommodated dividend swap trading needs, which have been expanding globally. Also, in October 2010, the TSE plans to list TOPIX futures on NYSE Liffe, which will effectively result in 24-hour trading of TOPIX futures by enabling trading during the nighttime in Japan (daytime in the EU and US). The TSE will further enhance market convenience for investors by introducing a position transfer scheme to unify position management via automatic transfer of daily TOPIX trading positions on NYSE Liffe to the TSE.

The TSE will strive to enhance the functionality of the derivatives market while continuing to respond to the various needs of investors.

New Initiatives

Launched in June 2009, TOKYO AIM, a new market for professional investors, makes use of know-how gained from London Stock Exchange Group plc.’s AIM, the largest market in the world for growth companies. TOKYO AIM provides a venue for meeting the funding needs of growth companies in Asia and Japan.

Given the rising awareness of environmental issues, the TSE is now considering the establishment of an emissions trading exchange in order to facilitate emissions trading as an economic mechanism to reduce greenhouse gases. In April 2010, the TSE established a preparatory company in a joint venture with Tokyo Commodity Exchange, Inc.

The TSE has committed itself to expanding listed products with the aim of building an appealing market for investors.

IT Infrastructure

As financial technology continues to become more advanced, employing exchange systems of superior quality to provide a more user-oriented trading environment is an essential element for success in the increasingly intense international competition among securities markets. In response to this changing environment, during the fiscal year ended March 2010, the TSE significantly strengthened its IT infrastructure by launching two systems which meet the world's highest standards: the next-generation equities trading system "arrowhead" and the new options trading platform, "Tdex+ System". The TSE is now reviewing the integration of its futures trading platform into "Tdex+ System" in order to provide high-caliber trading systems for all products in the near future.

arrowhead: Equities and Convertible Bonds
Auction Trading

arrowhead 

Speed:

Order response time of approx. 2 milliseconds, information distribution time of approx. 2.5 milliseconds (during continuous auction)

Reliability:

Highly reliable in processing trading information such as incoming orders, executions, and the current order book on synchronized 3-node data servers

Scalability:

Achieves scalability by ensuring twice the maximum processing capacity of actual conditions on a continuous basis

In January 2010, the TSE launched the next-generation trading system "arrowhead". The drastic revision of the previous system design has remarkably improved speed, reliability and scalability. Trading rules were also substantially revised based on global trading practices from the perspective of smooth price discovery and improved market liquidity. Thus the TSE is optimizing its trading environment both in terms of system infrastructure and trading rules.

Specifically, the introduction of "arrowhead" enables an order response time of approximately 2 milliseconds and an information distribution time of approximately 2.5 milliseconds. High-speed trading and market information at the millisecond level enables real-time response to market trends during trading, and is expected to facilitate enhanced liquidity and creation of new business models through the participation of investors using sophisticated trading methods such as high-frequency trading.

The TSE's measures to make trading smoother have included revising daily price limits and relaxing matching

conditions when the opening price is decided. Also, “arrowhead” enables finer-tuned trading by reducing tick sizes based on the characteristics of stocks, which has made equity trading on the TSE market significantly more functional and efficient.

The introduction of “arrowhead” has transformed the TSE trading environment into one of the world’s most advanced markets. The TSE will take advantage of the strong international competitiveness resulting from the introduction of the new trading system to respond to the expectations of all investors as the premier market in Asia.

Tdex+ System: Options Trading

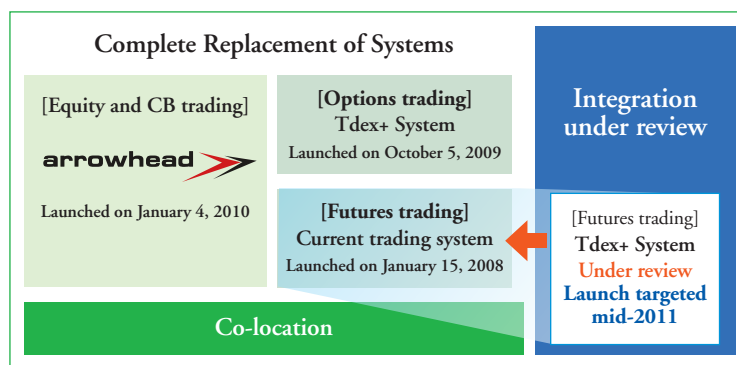
The TSE replaced its system for options trading in October 2009 when it launched the new “Tdex+ System”. Based on the LIFFE CONNECT® trading system used by NYSE Liffe, one of largest derivatives exchanges in Europe, the TSE constructed “Tdex+ System” as an options trading platform with a processing capability of the highest caliber (order response time of about 6 milliseconds).

In conjunction with the start of this new system’s operations, the TSE introduced a new market-maker scheme and aligned its trading rules with international standards to secure liquidity for the TSE options market and enhance convenience for investors around the world.

In addition, in April 2010 the TSE began reviewing the integration of its futures trading platform into “Tdex+ System”. All of the TSE’s trading systems will have been replaced at the completion of this plan, allowing it to provide investors with trading systems of the world’s highest class for every product. The use of “Tdex+ System” will improve the functionality and liquidity of the derivatives market and create synergy between the cash equities and derivatives markets, which is expected to realize further quantitative expansion of the TSE’s markets.

Co-location Service

The TSE has begun providing a “Co-location Service” that allows maximum use of the capabilities of the trading systems it has incorporated with the introduction of



“arrowhead” and “Tdex+ System”. This service allows trading participants to install servers and other order execution devices in the co-location areas of the TSE primary site, which accelerates trading speeds by minimizing the physical distance from TSE systems.

Recent advances in IT technology have given rise to new investor segments that use sophisticated trading techniques such as high-frequency trading. These trends have significantly changed the market environment, requiring timely and appropriate responses from the TSE to enhance market functionality with the aim of further expanding the liquidity of the market.

Business Continuity Plan (BCP) Upgrade

The TSE group has formulated a BCP defining the basic policy, system, and procedures for continuing business in cases where operations become difficult to continue. Its objectives are to minimize the impact on trading participants, listed companies, investors and other stakeholders and to improve confidence in Japan’s securities markets by continuing business activities to the greatest extent possible if an emergency situation arises. This BCP therefore serves to enhance the reliability of the TSE market.

In addition, the TSE group has completed the construction of a secondary site (backup systems) to support its trading platforms. The TSE will work to strengthen its BCP and implement a series of secondary responses for other core systems.

Improving the Corporate Governance of Listed Companies

The TSE believes that effective corporate governance is an indispensable element of corporate activities, through which listed companies generate sustained increases in corporate value. In particular, the experience of the financial crisis of 2008 created a strong interest among investors in improving the corporate governance of listed companies.

The TSE makes an effort to maintain an environment in which investors can invest with confidence. In order to fulfill its responsibilities as a venue for high-quality risk capital from Japan and overseas, the TSE is working actively to improve the corporate governance of listed companies.

Improving the TSE's Listing Rules and Systems

In summer 2008, prior to implementing concrete steps to improve the corporate governance of listed companies, the TSE solicited a wide variety of opinions from and held hearings with institutional investors and other related parties in order to identify and resolve corporate governance issues of listed companies.

Based on the opinions and requests obtained through this process, the TSE amended its listing rules and systems twice during 2009. First, in August 2009, the TSE introduced restrictions on third-party allotments that infringe upon the rights of existing shareholders. Then, with shareholder rights and interests in mind, in December 2009 the TSE introduced the obligation of listed companies to have an independent director or auditor. The TSE also implemented other measures to further enhance corporate governance through improved dialogue between shareholders and listed companies. An overview of these latest amendments to the TSE's listing rules and systems are as follows.

Introduction of Rules for Third-Party Allotments

Under the Companies Act in Japan, if so stipulated by a company's articles of incorporation, the Board of Directors may resolve to issue new shares up to a maximum of three times the number of shares issued and outstanding without the specific approval of the general meeting of shareholders. Consequently, from the existing shareholders' point of view, significant dilution of their equity ownership could occur. Comparative opinions gathered from institutional investors also underscore serious issues because in the markets of the EU and US, the general meeting of shareholders must approve the issue of new shares, and existing shareholders have the pre-emptive rights of first refusal in the event of such allotments. Most important, third-party allotments in which the Board of Directors decides the recipients of the new shares reduce the effectiveness of corporate governance because they allow the management to select controlling shareholders.

Therefore, in August 2009 the TSE amended the regulations regarding third-party allotments by introducing a restriction on such allotments in order to protect shareholder rights against unfair infringement. The amendment of the rules included the following.

First, for third-party allotments that involve the issuance of new shares equivalent to 25 percent or more of outstanding shares or a change in control of a listed company, the listed company is obliged to employ procedures that increase consent among existing shareholders.

In the event of such third-party allotments, the Board of Directors must complement its resolutions by obtaining the opinions of persons who are independent from the management, such as an independent committee, or receiving approval from the general meeting of shareholders.

In addition, the status of a third-party allotment that results in a change in the controlling shareholder must be monitored for three years after such allotment so that the recipient of shares that became the new controlling shareholder cannot coerce the listed company into disadvantageous transactions. This mechanism was introduced to constrain and prevent problematic conduct.

Second, the basis for calculating the price of shares issued as a result of a third-party allotment must be disclosed appropriately. Moreover, a listed company is obliged to properly disclose the opinion of an auditor or Board of Auditors with the authority and responsibility for auditing legality so that the issue price does not unduly favor the recipient of such allotment.

In December 2009, the above items were included in the securities registration statement, etc., which companies must submit to the Financial Services Agency (FSA) in accordance with the Financial Instruments and Exchange Act, with false statements to be deemed legal violations that are subject to criminal penalty.

Securing Independent Directors/Auditors

The corporate governance principles that the Organization for Economic Cooperation and Development (OECD) amended in 2004 call for boards of directors to make objective,

independent decisions about their companies' operations. Under the Companies Act of Japan, it is required that listed companies that employ a Board of Auditors, which make up the majority of listed companies, appoint at least two outside auditors (at least half of the Board of Auditors). Furthermore, the portion of listed companies that employ a committee system are obliged to elect two or more outside directors for each committee (more than half the number of members of each committee). However, some have pointed out that adequate consideration is not taken for the requirements for these outside auditors and directors in terms of independence from the management, compared to the systems used in other countries. In view of protecting the interests of shareholders, the presence of directors and auditors with an independent stance who are not likely to be in conflict with shareholder interests is an extremely important component of the minimum corporate governance framework for listed companies.

Therefore, in December 2009 the TSE moved to amend its rules to oblige listed companies to secure one or more independent directors or auditors who are not likely to have a conflict of interest with shareholders in order to protect shareholder interests.

The revised regulations were applied successively starting from the general meetings of shareholders held in June for the fiscal year ended March 2010. As of June 30, 2010, approximately 94 percent of listed companies had secured one or more independent directors or auditors. Listed companies with a market capitalization of JPY 1 trillion or more secured an average of 4.6 independent directors or auditors.

Criteria for Examining Independence

The independent director/auditor must be selected from the outside directors/auditors. An outside director/auditor of a company means a person who is not a director, executive officer, or employee of such company or its subsidiary, and has not been one in the past.

In cases where the independent director/auditor is a person who may be subject to considerable control from the management, or can exercise considerable control on the management, it cannot be claimed that such director/auditor is “not likely to have a conflict of interest with general shareholders.”

As such, TSE provides the criteria for examining whether there is a likelihood of a conflict of interest with general shareholders.

- A person who executes business for the parent company or a fellow subsidiary
- A major business counterpart or the person who executes business for such business counterpart
- A consultant, accounting professional, or legal professional receiving a large amount of money and other assets, other than director/auditor compensation, or a person under the employ of such an organization
- A person who met any of the above criteria recently
- Close relatives of any of the above persons, or persons who execute business for a listed company or its subsidiary

In addition to the above, in December 2009 the TSE amended its regulations to enable more flexible fund raising by allotting transferable subscription warrants to existing shareholders, also known as a “rights issue”. Numerous other developments enhanced the usability of rights issues, including the Financial Services Agency’s revision of offering disclosure regulations.

Moreover, to improve corporate governance through facilitating a dialogue between shareholders and listed companies, the TSE improved conditions for voting in the general meeting of shareholders by requiring all listed companies to provide notice of the general meeting of shareholders and make it available on the TSE website (successively implemented from the annual general meetings of shareholders in June 2010). Also, in October 2009 the TSE requested listed companies to proactively disclose the results of the exercise of voting rights (tally of “for” and “against” votes for agenda items). In addition, the Financial Services Agency requires listed companies to disclose the results of the exercise of voting rights of the general shareholders meetings by Extraordinary Reports, beginning with the regular meetings convened in June 2010.

The TSE is improving the transparency and fairness of its markets and, with a view to enhancing its international competitiveness, continues its efforts to enhance the corporate governance of listed companies in cooperation with related parties.

Self-Regulation

Creating a market where investors can invest with confidence is an extremely important aspect for fulfilling market functions. The TSE entrusts Tokyo Stock Exchange Regulation (TSE Regulation) with the responsibility for maintaining the fairness and reliability of the markets, and as such, for ensuring their quality. TSE Regulation fulfills appropriate self-regulatory functions in working to structure the TSE market so that all investors can invest with confidence.

Overview of Activities

Market surveillance plays a crucial part in market fairness and reliability. TSE Regulation performs detailed monitoring of daily transactions and conducts surveillance for unfair transactions such as market manipulation and insider trading. If the results of this surveillance indicate possible violations of laws or the TSE rules by trading participants or listed companies, TSE Regulation implements rigorous measures and reports the results of all investigations to the government authorities. For example, TSE Regulation performs inspections of all the disclosure materials of listed companies containing material information to determine whether any insider trading has occurred. Where the market surveillance system of TSE Regulation identifies stocks whose price or trading volume seems abnormal, TSE Regulation also surveys such stocks for manipulation and analyzes specific transactions. TSE Regulation has enhanced the functions of its surveillance system in conjunction with the introduction of “arrowhead” to create a system for conducting even more efficient and effective surveillance activities. When conducting these

activities, TSE Regulation coordinates closely with not only the TSE but also securities companies, listed companies and government authorities.



TSE COMLEC seminar

In addition to the above activities, over the past several years the TSE has also emphasized the prevention of unfair trading before it occurs. TSE Regulation established a TSE Compliance Learning Center called “TSE COMLEC” in June 2008. It holds compliance seminars and provides educational tools for market participants, listed companies and other market users in order to prevent the occurrence of unfair transactions.

Moreover, TSE Regulation surveys corporate actions of listed companies and determines through its examination whether penalties or other measures against a listed company would be appropriate, to maintain and enhance the quality of listed financial products. It also conducts new activities to offer fairer and more reliable markets, including holding seminars on listed company compliance to prevent inappropriate corporate actions among listed companies.

Future Initiatives

The launch of the new equities trading system “arrowhead” improved the speed of order placement and executions significantly and enabled new trading techniques. These factors have substantially changed market trading conditions. TSE Regulation is responding appropriately to these changes by enhancing the sophistication and efficiency of trading surveillance to continue protecting the fairness and reliability of its markets.

Also, TSE Regulation moves to provide further support for compliance and deepen the understanding of market users about unfair transactions and inappropriate corporate actions through TSE COMLEC and other means to maintain the fairness and reliability of the market.

Board of Directors (Current as of June 23, 2010)

Tokyo Stock Exchange Group, Inc.

Board of Directors



Atsushi Saito
President & CEO



Hiroyuki Iwakuma
Senior Executive Vice
President & COO



Tsuguoki Fujinuma
CPA
Professor, Chuo University
Graduate School of
Strategic Management



Yoshinari Hara
Chief Corporate Adviser
Daiwa Securities Group
Inc.



Masakazu Hayashi
President
Tokyo Stock Exchange
Regulation



Masayuki Hirose
Audit Mission Director



Katsuhiko Honda
Corporate Counselor
Japan Tobacco Inc.



Toshiaki Katsushima
CPA, Tax Accountant

Nomination Committee

◎ Atsushi Saito
Hitoshi Maeda
Hirosi Okuda

Audit Committee

◎ Satoshi Shiibashi
Masayuki Hirose
Toshiaki Katsushima
Kunihiro Matsuo

Compensation Committee

◎ Yoshinari Hara
Katsuhiko Honda
Atsushi Saito

◎ : Indicates the committee chairman

Executive Officers

Atsushi Saito
President & CEO

Hiroyuki Iwakuma
Senior Executive Vice President & COO

Yoshinori Suzuki
Executive Vice President & CIO

Tomoyoshi Uranishi
Senior Executive Officer

Koichiro Miyahara
Senior Executive Officer

Norio Iwasaki
Executive Officer & CFO



Eiko Kono
Ex-President
Recruit Co., LTD.



Charles Ditmars Lake II
Representative and
Chairman
Aflac Japan



Hitoshi Maeda
Professor Emeritus
Gakushuin University



Oki Matsumoto
Representative Director,
President & CEO
Monex Group, Inc.



Kunihiko Matsuo
Attorney-at-law



Hiroshi Okuda
Senior Advisor,
Toyota Motor Corporation



Satoshi Shiibashi
Standing Outside Statutory
Auditor
Tokyo Stock Exchange, Inc.

Tokyo Stock Exchange, Inc.

Board of Directors

Atsushi Saito
President & CEO

Hiroyuki Iwakuma
Representative Senior Managing
Director & COO

Yoshinori Suzuki
Senior Managing Director & CIO

Tomoyoshi Uranishi
Managing Director

Yoshinari Hara

Katsuhiko Honda

Eiko Kono

Charles Ditmars Lake II

Hitoshi Maeda

Oki Matsumoto

Hiroshi Okuda

Auditors

Standing Outside Statutory Auditor
Satoshi Shiibashi

Statutory Auditors
Masayuki Hirose

Toshiaki Katsushima

Kunihiko Matsuo

Executive Officers

Atsushi Saito
President & CEO

Hiroyuki Iwakuma
Representative Senior Managing
Director & COO

Yoshinori Suzuki
Senior Managing Director & CIO

Tomoyoshi Uranishi
Managing Director

Hironaga Miyama
Senior Executive Officer

Masaki Shizuka
Executive Officer

Moriyuki Iwanaga
Executive Officer

Yasuhiro Yoshida
Executive Officer

Tokyo Stock Exchange Regulation

Board of Governors

Masakazu Hayashi
President

Kiyoyuki Tsuchimoto
Standing Governor

Taro Takeda
Standing Governor

Tsuguoki Fujinuma

Atsushi Shimizu
Lawyer

Auditors

Standing Auditor
Kenji Sato

Auditor
Toshiaki Katsushima

Integrated Operation of Markets by Three Companies

In November 2007, the Tokyo Stock Exchange and its subsidiaries adopted a structure whereby Tokyo Stock Exchange Group, Inc. (the “TSE Group”) serves as the holding company for Tokyo Stock Exchange, Inc. (the “TSE”), which operates the markets, and Tokyo Stock Exchange Regulation (“TSE Regulation”), which conducts the self-regulatory activities of listing examination, listed company supervision, participant inspection and market surveillance.

Self-regulatory activities are an essential function of a stock exchange. The TSE ensures the independence of its self-regulatory activities by delegating them to TSE Regulation, which also gives the TSE group (Tokyo Stock Exchange Group, Inc., Tokyo Stock Exchange, Inc., Tokyo Stock Exchange Regulation and subsidiaries), as a whole, flexibility and freedom in executing its business strategy.

Within this structure, the three companies of the TSE group constantly work together in the operation of the securities market, guided by a common corporate philosophy of striving to create a sound market with a high level of reliability and convenience.

A Stronger Management Structure

Through fulfilling its mission of becoming a vital element of public infrastructure as the central securities market of Japan, the TSE group strives to secure stable income while maintaining a balance between its public nature and profitability.

Basic Policy on Corporate Governance

The TSE group provides markets with a high level of liquidity and reliability based on the following policies.

- Increase management transparency by clarifying the authority and responsibilities of each corporate body, and exercising accountability.
- Establish a structure to reflect the opinions of a wide variety of stakeholders, including investors, in the management and operation of the market.
- Fulfill appropriate self-regulatory functions by ensuring impartial decision-making independent from the influence of particular stakeholders.

Corporate Governance Structure

The TSE Group, the holding company, employs a committee system, separating management surveillance and supervision of business execution using the following structure in order to enhance these functions and increase management transparency.

Board of Directors

The Board of Directors is responsible for overseeing management and consists of 16 or fewer members. It makes decisions on the basic policy and important issues concerning management, and also oversees the business activities of executive officers in accordance with those decisions.

A majority of the directors are appointed from outside the company in order to increase the transparency and accountability of management, and enhance supervision of the adequacy of business execution.

Board of Executive Officers

The Board of Executive Officers is composed of all six executive officers. It discusses important issues relevant to business execution from among those that are to be discussed in meetings of the Board of Directors as well as those the Board of Directors has delegated by its resolutions to the president and chief executive officer.

Nomination Committee

The Nomination Committee comprises three directors, including two outside directors. It decides on proposals regarding the election and dismissal of directors to be submitted at the General Meeting of Shareholders.

Audit Committee

The Audit Committee comprises four directors, including three outside directors. It conducts efficient audits and the like by monitoring and verifying the structure and operation of the internal control system in close collaboration with accounting auditors, the internal audit division, auditors of subsidiary companies and others.

Compensation Committee

The Compensation Committee comprises three directors, including two outside directors. It determines the compensation and other remuneration for individual directors and executive officers.

President’s Advisory Committee

The TSE Group established the President’s Advisory Committee as a forum to exchange a wide range of opinions about the TSE group and the securities market in general. Members of this committee include academics and representatives of listed companies.

State of Corporate Governance at Subsidiaries

Tokyo Stock Exchange, Inc. (Market operator)

The TSE currently employs an auditor system. The Statutory Auditors Board is composed of four individuals, including one standing statutory auditor and three outside auditors. The TSE has enhanced its auditor structure in ways such as requiring the Board to meet at least once a month in principle. In addition, the TSE has assigned the Auditors Office as support staff for the Statutory Auditors Board.

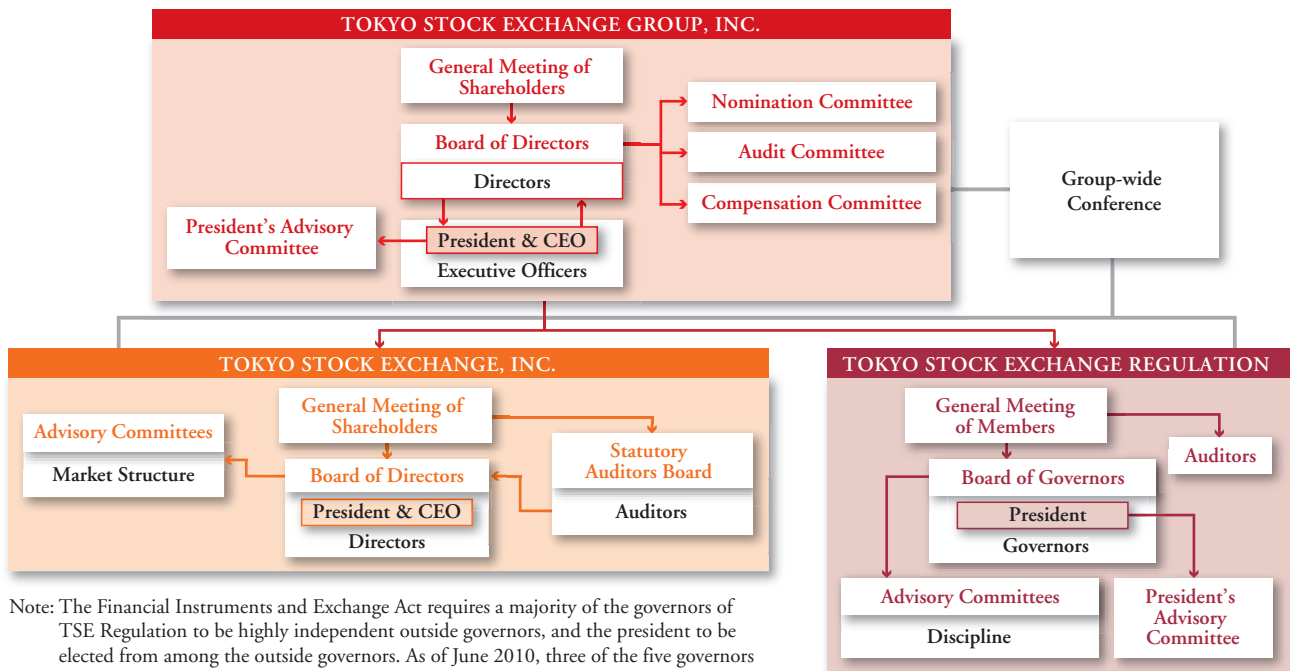
The statutory auditors attend significant meetings, including those of the Board of Directors and Committee

of Executive Officers, and conduct audits focused on the legitimacy of operations. They also strive to increase effectiveness of accounting and operational audits in cooperation with accounting auditors, the Auditors Office, and the statutory auditors of the TSE’s subsidiaries.

Tokyo Stock Exchange Regulation (Self-regulatory organization)

TSE Regulation was established to perform the self-regulatory activities delegated by the TSE. It is a non-profit membership organization as set forth in the Financial Instruments and Exchange Act, with its membership composed of equity contributors. Decisions on important self-regulatory activities are made by the Board of Governors. Measures to enhance the independence of the Board of Governors from the stock exchange include selecting governors so that the majority has no interests in the stock exchange, listed companies or similar institutions, and valuing opinions of these highly independent outside governors in resolutions.

Corporate Governance Structure of the TSE group



Review of Operations and Finances

Operating Results

Operating Revenues

For Tokyo Stock Exchange Group, Inc. and its consolidated subsidiaries (the “TSE group”), **trading participation fees** comprise per capita fees; transaction fees, which are based on the trading value or volume of securities traded; access fees, which are based on the number of orders; and trading system facilities usage fees, which are based on the number of terminals and servers used by trading participants. Although this fee structure has been in place since April 2005, there was a transitional period in which the new system affected only 30% of operations in the first year and 60% in the second year.

For the fiscal year ended March 2010, the trading value of stocks and the trading volume of derivative products decreased year on year. As a result, trading participation fees decreased 17.1% compared with the previous fiscal year to ¥21,728 million.

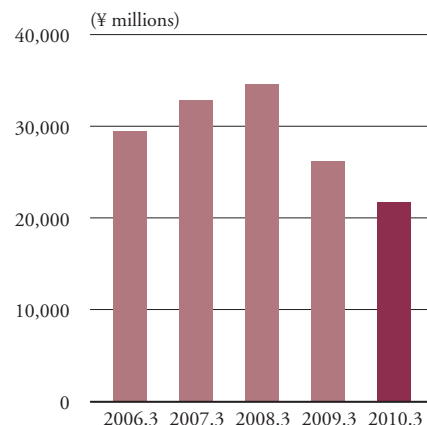
Listing fees comprise listing examination fees, initial listing fees, fees for issuing new shares and annual listing fees. During the fiscal year ended March 2010, listing fee income increased 64.4% compared with the previous fiscal year to ¥13,272 million due to a series of large-scale capital increases by listed companies.

Income from information services is derived from fees for market information services provided to information services vendors and others. During the fiscal year ended March 2010, information services income decreased 3.7% year on year to ¥10,727 million, as income from market information services decreased due to the sluggish stock market.

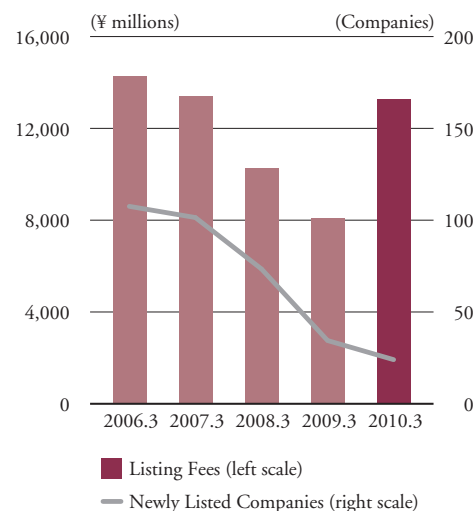
Income from securities settlement is derived from fees for trade guarantees and other services provided by Japan Securities Clearing Corporation (JSCC) and securities custody and delivery services provided by Japan Securities Settlement & Custody, Inc. During the fiscal year ended March 2010, securities settlement income decreased 31.7% year on year to ¥7,247 million due to the following reasons: reduced revenue from clearing fees as a result of decreases in the trading value of stocks and the trading volume of derivatives; and decreased revenues from custody and book-entry transfer operations in connection with the termination of operations of Japan Securities Custody & Settlement, Inc. due to the dematerialization of stock certificates and other securities.

As of October 2006, the clearing fee structure associated with the cash market, including equities and other securities, changed from one that corresponds only to the value of obligation assumption to one that considers the number of trade guarantees under a fixed fee structure. Following a transitional period, full conversion to the new system was completed in October 2008.

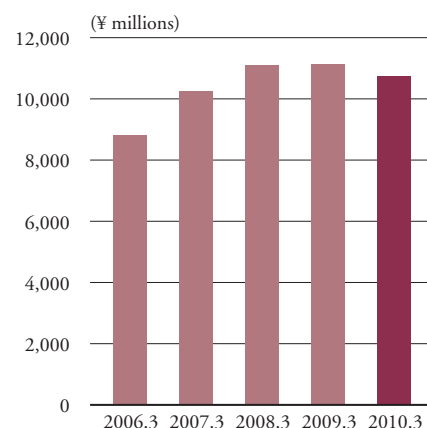
Trading Participation Fees



Listing Fees and Newly Listed Companies



Income from Information Services



Other operating income comprises fees for system development and management provided by TOSHO SYSTEM SERVICE CO., LTD. and others. During the fiscal year ended March 2010, other operating income decreased 30.5% year on year to ¥7,692 million due to a significant decrease in revenue related to system development and operations, which increased during the previous business year in relation to the dematerialization of stock certificates.

Operating Expenses

Salaries and compensation decreased 0.7% compared with the previous fiscal year to ¥11,814 million.

Real estate rental fees, which include rental fees for the Tokyo Stock Exchange building and systems development and operational facilities, decreased 6.8% year on year to ¥6,047 million because of the reorganization of system development and operating centers.

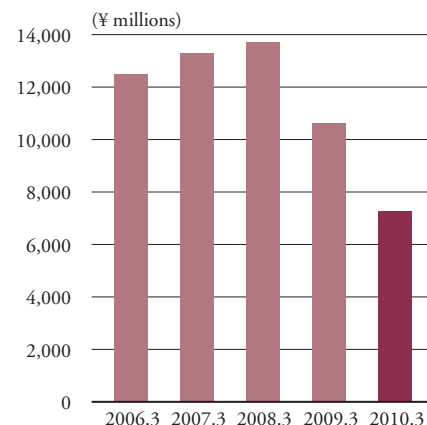
System maintenance and operation costs, which include maintenance and operation costs associated with trading, clearing and other systems, decreased 5.1% compared with the previous fiscal year to ¥8,269 million.

Depreciation expenses increased 12.0% year on year to ¥10,755 million due to the launch of the next-generation trading system “arrowhead” and other factors.

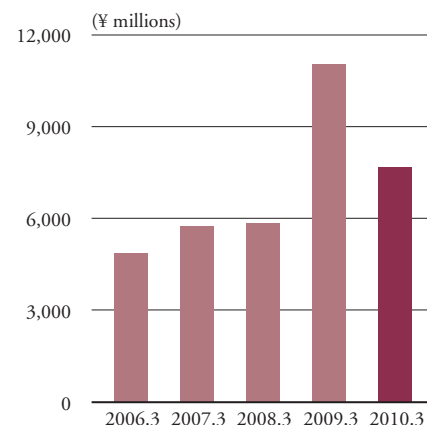
Other operating expenses decreased 44.8% year on year to ¥8,956 million due to a significant reduction in system development cost, which increased during the previous fiscal year due to costs related to the dematerialization of stock certificates.

As a result, for the fiscal year ended March 2010 **operating revenues** decreased 9.6% year on year to ¥60,666 million, **operating expenses** decreased 13.4% year on year to ¥45,841 million, and **operating profit** increased 4.6% year on year to ¥14,825 million. However, the TSE group posted a total of ¥13,213 million as a non-recurring loss on litigation related to compensation for damages to Mizuho Securities Co., Ltd. After income taxes, **net loss** for the fiscal year ended March 2010 therefore totaled ¥3,602 million.

Income from Securities Settlement



Other Operating Income



	¥ millions				
	2010.3	2009.3	2008.3	2007.3	2006.3
Operating revenues					
Trading participation fees	21,728	26,205	34,551	32,826	29,444
Listing fees	13,272	8,073	10,267	13,370	14,278
Income from information services	10,727	11,140	11,101	10,239	8,813
Income from securities settlement	7,247	10,612	13,718	13,288	12,474
Other operating income	7,692	11,060	5,868	5,755	4,884
Total operating revenues	60,666	67,090	75,505	75,478	69,893
Operating expenses					
Salaries and compensation	11,814	11,893	12,152	11,352	11,175
Real estate rental fees	6,047	6,486	6,204	5,932	5,828
System maintenance and operation costs	8,269	8,711	9,252	7,648	9,789
Depreciation	10,755	9,603	8,266	7,444	6,414
Other operating expenses	8,956	16,222	10,844	10,086	7,936
Total operating expenses	45,841	52,915	46,718	42,462	41,142
Operating profit	14,825	14,175	28,787	33,016	28,751
Income (loss) before income taxes and minority interests	2,608	(5,851)	30,582	34,407	29,332
Net income (loss)	(3,602)	(3,696)	17,701	19,985	18,833

Financial Condition

Assets

The assets of the TSE group include funds and deposits called specified assets. Specified assets consist of the following five line items. To ensure the safety of the settlement process, JSCC records margin funds for derivatives and when-issued transactions, deposits for clearing funds and deposits as collateral for facilitating settlement received from clearing participants, and Tokyo Stock Exchange, Inc. records legal guarantee funds received from trading participants as both assets and liabilities. In addition, special assets for default compensation reserve funds are recorded as both assets and retained earnings.

Total assets as of March 31, 2010 decreased ¥286,088 million from a year earlier to ¥391,075 million. This change consisted mainly of a decrease in specified assets included in total assets from ¥541,510 million to ¥254,490 million.

Liabilities and Equity

Total liabilities as of March 31, 2010 decreased ¥288,940 million from a year earlier to ¥274,134 million, primarily due to a decrease in deposits and funds included in liabilities. Total liabilities include several funds and deposits under the line items: margin funds received for derivatives and when-issued transactions, deposits received for clearing funds, deposits received as collateral for facilitating settlement, and returnable legal guarantee funds. These correspond to the funds and deposits included in total assets, which are the specified assets discussed above. As was the case with the corresponding specified assets, the total of these funds and deposits decreased ¥287,020 million from a year earlier to ¥237,122 million.

Total equity increased ¥2,852 million from a year earlier to ¥116,941 million, mainly because of an increase in value of invested securities due to the recovery in the stock price of Singapore Exchange Limited, etc. Total equity includes ¥17,368 million included in special assets for default compensation reserve funds.

Total liabilities after deducting the funds and deposits corresponding to the specified assets amounted to ¥37,012 million. Total equity after deducting special assets for default compensation reserve funds amounted to ¥99,573 million. The equity capital ratio, calculated as total equity less minority interests divided by total assets, was 70.7%, and net assets per share totaled ¥42,447.39.

*** Default compensation reserve funds**

The TSE has an indemnity agreement with JSCC with regard to clearing operations for cash, futures and options transactions. In the event that JSCC suffers a loss caused by a participant's default and the loss is not fully covered by the defaulting participant's deposit to JSCC, the TSE (with other domestic exchanges) will compensate for the remaining loss up to the obligation amount set forth in the agreement. Therefore, the TSE maintains "default compensation reserve funds", which correspond to the predetermined obligation amount, designed solely for the purpose of the above mentioned compensation. The funds were recorded when the TSE demutualized from a membership organization in November 2001, taking over the role of funds that the TSE originally had collected and reserved from member securities firms for compensation in the event of a member's default. See Notes 5 and 14 to the Consolidated Financial Statements.

Cash Flows

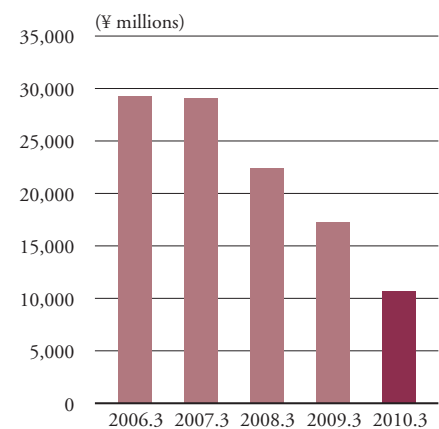
Net cash provided by operating activities totaled ¥10,632 million, after including income before taxes and minority interests of ¥2,608 million, depreciation totaling ¥13,274 million, and decrease in allowance for loss on real estate rental contract totaling ¥3,467 million due to the termination of the real estate contract related to the facilities for system development.

Net cash used in investing activities totaled ¥20,339 million, after including proceeds from refund of time deposits totaling ¥24,940 million, and expenses due to acquisition of time deposits totaling ¥34,640 million as well as acquisition of intangible assets such as software totaling ¥10,694 million.

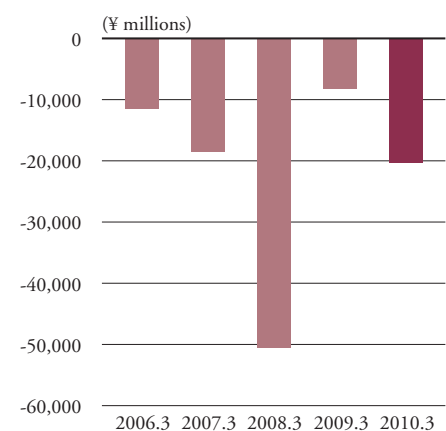
Net cash provided by financing activities totaled ¥198 million, as a result of ¥882 million revenue from a capital increase by TOKYO AIM, Inc. paid in by its minority shareholders and dividend payments of ¥682 million, etc.

As a result, **cash and cash equivalents at the end of the year** decreased by ¥9,506 million from the beginning of the year to ¥27,693 million, mainly because of the loss on litigation related to compensation for damages to Mizuho Securities Co., Ltd.

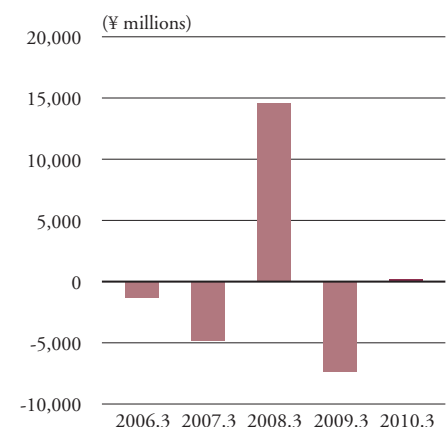
Operating Activities



Investing Activities



Financing Activities



Consolidated Balance Sheets

Tokyo Stock Exchange Group, Inc. and Subsidiaries

March 31, 2010 and 2009

ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
CURRENT ASSETS:			
Cash and bank deposits (Notes 3, 5 and 14)	¥ 45,613	¥ 39,508	\$ 490,253
Marketable securities (Notes 3, 4 and 5)	2,000	8,110	21,492
Accounts receivable—trade (Notes 5 and 11)	4,661	4,541	50,101
Lease payment receivables.....	18	19	195
Inventories	63	40	678
Margin funds for derivatives and when-issued transactions (Notes 5 and 14)	136,333	304,923	1,465,320
Deposits for clearing funds (Notes 5 and 14)	87,443	206,769	939,839
Deposits as collateral for facilitating settlement (Notes 5 and 14)	13,011	12,105	139,843
Deferred tax assets (Note 7)	2,980	367	32,025
Other current assets.....	2,344	3,989	25,195
Allowance for doubtful accounts.....	(3)	(9)	(34)
Total current assets	294,463	580,362	3,164,907
PROPERTY AND EQUIPMENT:			
Land	2,399	2,399	25,789
Buildings and structures	5,676	8,253	61,010
Other property and equipment (Note 10)	19,256	31,097	206,968
Construction in progress	18	23	190
Total property and equipment.....	27,349	41,772	293,957
Accumulated depreciation	(17,794)	(27,060)	(191,255)
Net property and equipment.....	9,555	14,712	102,702
INTANGIBLE ASSETS:			
Software.....	26,777	15,321	287,801
Other intangible assets	412	7,831	4,427
Net intangible assets	27,189	23,152	292,228
INVESTMENTS AND OTHER ASSETS:			
Investments in securities (Notes 4 and 5)	26,812	16,764	288,173
Investments in affiliated companies (Note 4)	5,532	4,623	59,456
Long-term loans.....	23	26	251
Legal guarantee funds (Note 5 and 14)	335	345	3,598
Special assets for default compensation reserve funds (Notes 5 and 14)	17,368	17,368	186,670
Deferred tax assets (Note 7)	417	8,514	4,484
Others (Note 8)	9,570	11,492	102,869
Allowance for doubtful accounts.....	(189)	(195)	(2,036)
Total investments and other assets.....	59,868	58,937	643,465
TOTAL	¥391,075	¥677,163	\$4,203,302

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
CURRENT LIABILITIES:			
Short-term bank loans (Note 6)	¥ 17,570	¥ 17,570	\$ 188,844
Accounts payable—trade	2,241	2,791	24,082
Current portion of long-term lease obligations	18	19	194
Income taxes payable	1,944	1,154	20,898
Accrued bonuses	1,045	1,005	11,233
Accrued bonuses to directors	53	11	574
Margin funds received for derivatives and when-issued transactions (Notes 5 and 14) ...	136,333	304,923	1,465,320
Deposits received for clearing funds (Notes 5 and 14)	87,443	206,769	939,839
Deposits received as collateral for facilitating settlement (Notes 5 and 14)	13,011	12,105	139,843
Deposits received as trading participants guarantee (Notes 5 and 14)	3,763	4,573	40,448
Other current liabilities	1,745	1,846	18,750
Total current liabilities	265,166	552,766	2,850,025
NON-CURRENT LIABILITIES:			
Long-term lease obligations	24	42	258
Liability for retirement benefits for employees (Note 8)	5,282	5,343	56,772
Allowance for loss on real estate rental contract		3,467	
Returnable legal guarantee funds (Note 14)	335	345	3,598
Deferred tax liabilities	2,897		31,140
Other	430	1,111	4,621
Total non-current liabilities	8,968	10,308	96,389
Total liabilities	274,134	563,074	2,946,414
COMMITMENT AND CONTINGENT LIABILITIES (Notes 12 and 13)			
EQUITY (Notes 9 and 19):			
Common stock—authorized, 9,200,000 shares at March 31, 2010 and 2009; issued 2,300,000 shares at March 31, 2010 and 2009	11,500	11,500	123,603
Capital surplus	25,359	25,359	272,558
Retained earnings	75,425	79,710	810,672
Treasury stock—at cost, 26,260 shares at March 31, 2010 and 2009	(4,333)	(4,333)	(46,570)
Total shareholders' equity	107,951	112,236	1,160,263
Revaluation and translation adjustments—unrealized gain (loss) on available-for-sale securities	5,931	(563)	63,749
Minority interests	3,059	2,416	32,876
Total equity	116,941	114,089	1,256,888
TOTAL	¥391,075	¥677,163	\$4,203,302

Consolidated Statements of Operations

Tokyo Stock Exchange Group, Inc. and Subsidiaries

Years Ended March 31, 2010 and 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
OPERATING REVENUES:			
Trading participation fees	¥ 21,728	¥ 26,205	\$ 233,532
Listing fees	13,272	8,073	142,643
Income from information services.....	10,727	11,140	115,298
Income from securities settlement.....	7,247	10,612	77,894
Other operating income (Note 11)	7,692	11,060	82,671
Total operating revenues	60,666	67,090	652,038
OPERATING EXPENSES (Notes 8 and 15).....	45,841	52,915	492,700
Operating profit	14,825	14,175	159,338
OTHER INCOME (EXPENSES):			
Interest income	164	277	1,761
Dividend income	896	1,347	9,633
Equity in earnings of affiliated companies.....	915	290	9,840
Gain from prior period adjustment.....		323	
Gain on reversal of allowance for loss on real estate rental contract.....	912		9,803
Income from delinquency charge.....		54	
Interest expense.....	(68)	(115)	(729)
Rent expense.....	(32)	(286)	(349)
Loss on disposal of property and equipment and intangible assets (Note 16).....	(34)	(598)	(365)
Loss on valuation of investments in securities.....		(20,768)	
Special depreciation of property and equipment and intangible assets.....	(2,503)	(271)	(26,907)
Loss on litigation (Note 13).....	(13,213)		(142,016)
Other—net	746	(279)	8,021
Other income (expenses)—net.....	(12,217)	(20,026)	(131,308)
INCOME (LOSS) BEFORE INCOME TAXES AND MINORITY INTERESTS	2,608	(5,851)	28,030
INCOME TAXES (Note 7):			
Current	2,523	2,495	27,123
Deferred	3,925	(4,836)	42,187
Total income taxes	6,448	(2,341)	69,310
MINORITY INTERESTS	238	(186)	2,563
NET LOSS.....	¥ (3,602)	¥ (3,696)	\$ (38,717)

	Yen		U.S. Dollars
	2010	2009	2010
PER SHARE OF COMMON STOCK (Notes 2.r and 17):			
Basic net loss	¥(1,584.27)	¥(1,625.65)	\$ (17.03)
Cash dividends applicable to the year.....	300.00	300.00	3.22

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

Tokyo Stock Exchange Group, Inc. and Subsidiaries

Years Ended March 31, 2010 and 2009

	Issued Number of Shares of Common Stock	Millions of Yen						
		Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain (Loss) on Available-for-Sale Securities	Minority Interests	Total Equity
BALANCE, APRIL 1, 2008	2,300,000	¥11,500	¥25,359	¥88,863	¥(4,333)	¥(5,747)	¥2,134	¥117,776
Net loss.....				(3,696)				(3,696)
Cash dividends paid (¥2,400 per share)				(5,457)				(5,457)
Other changes.....						5,184	282	5,466
BALANCE, MARCH 31, 2009	2,300,000	11,500	25,359	79,710	(4,333)	(563)	2,416	114,089
Net loss.....				(3,602)				(3,602)
Cash dividends paid (¥300 per share).....				(682)				(682)
Change of scope of consolidation				(1)				(1)
Other changes.....						6,494	643	7,137
BALANCE, MARCH 31, 2010	2,300,000	¥11,500	¥25,359	¥75,425	¥(4,333)	¥5,931	¥3,059	¥116,941

	Thousands of U.S. Dollars (Note 1)						
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain (Loss) on Available-for-Sale Securities	Minority Interests	Total Equity
BALANCE, MARCH 31, 2009	\$123,603	\$272,558	\$856,725	\$(46,570)	\$ (6,055)	\$25,970	\$1,226,231
Net loss.....			(38,717)				(38,717)
Cash dividends paid (\$3.22 per share)			(7,331)				(7,331)
Change of scope of consolidation			(5)				(5)
Other changes.....					69,804	6,906	76,710
BALANCE, MARCH 31, 2010	\$123,603	\$272,558	\$810,672	\$(46,570)	\$63,749	\$32,876	\$1,256,888

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Tokyo Stock Exchange Group, Inc. and Subsidiaries

Years Ended March 31, 2010 and 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
OPERATING ACTIVITIES:			
Income (loss) before income taxes and minority interests	¥ 2,608	¥ (5,851)	\$ 28,030
Depreciation	13,274	10,017	142,671
Loss on disposal of property and equipment and intangible assets	34	598	365
Decrease in allowance for doubtful accounts	(12)	(153)	(125)
Increase (decrease) in accrued bonuses	40	(147)	434
Increase (decrease) in accrued bonuses to directors	43	(255)	457
Decrease in allowance for loss on real estate rental contract	(3,467)	(428)	(37,265)
Increase (decrease) in liability for retirement benefits for employees.....	(61)	133	(654)
Equity in earnings of affiliated companies.....	(915)	(290)	(9,840)
Interest and dividend income	(1,060)	(1,624)	(11,394)
Interest expense.....	68	115	729
Loss on valuation of investments in securities.....		20,768	
Loss on litigation.....	13,213		142,016
Decrease (increase) in accounts receivable	(121)	1,313	(1,299)
Decrease (increase) in inventories	(23)	3,453	(243)
Decrease in accounts payable—trade	(550)	(796)	(5,916)
Other—net	(633)	(945)	(6,802)
Sub-total	22,438	25,908	241,164
Income taxes refunded (paid).....	354	(10,214)	3,800
Interest and dividends received	1,121	1,669	12,049
Payment for loss on litigation	(13,213)		(142,016)
Interest paid.....	(68)	(128)	(728)
Net cash provided by operating activities.....	10,632	17,235	114,269
INVESTING ACTIVITIES:			
Acquisition of time deposits	(34,640)	(19,120)	(372,313)
Proceeds from refund of time deposits	24,940	18,700	268,057
Acquisition of marketable securities.....	(3,898)	(18,974)	(41,896)
Proceeds from sale of marketable securities	5,200	27,807	55,890
Acquisition of investments in securities.....	(235)	(592)	(2,530)
Acquisition of property and equipment.....	(1,094)	(5,804)	(11,759)
Proceeds from sale of property and equipment.....	9	4	96
Acquisition of intangible assets	(10,694)	(11,158)	(114,938)
Proceeds from sale of intangible assets.....		32	
Proceeds from transfer of business (Note 3)		232	
Others	73	637	789
Net cash used in investing activities.....	(20,339)	(8,236)	(218,604)
FINANCING ACTIVITIES:			
Increase in short-term debt.....		17,770	
Repayment of short-term debt.....		(19,770)	
Dividends paid.....	(682)	(5,457)	(7,331)
Proceeds from stock issuance to minority shareholders	882	98	9,480
Other.....	(2)	(3)	(17)
Net cash provided by (used in) financing activities	198	(7,362)	2,132
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS			
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3	(5)	33
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	37,199	35,567	399,818
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 3).....	¥ 27,693	¥ 37,199	\$ 297,648

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Tokyo Stock Exchange Group, Inc. and Subsidiaries

Years Ended March 31, 2010 and 2009

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Tokyo Stock Exchange Group, Inc. (the “TSE Group” or the “Company”) and its subsidiaries are prepared in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are prepared from the consolidated financial statements prepared as required by the Japanese Financial Instruments and Exchange Act and its related accounting regulations.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2009 financial statements to conform to the classifications used in 2010.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the TSE Group is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥93.04 to \$1, the approximate rate of exchange at March 31, 2010. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Principles of Consolidation—The consolidated financial statements as of March 31, 2010 include the accounts of the TSE Group and five (six in 2009) subsidiaries listed below (together, hereinafter referred to as the “Companies”). Japan Securities Settlement & Custody, Inc. (JSSC), a consolidated subsidiary until the previous fiscal year, is excluded from the scope of consolidation in the year ended March 31, 2010. However, it is consolidated as a subsidiary in the statement of operations until completion of the liquidation.

	Country of Incorporation	Direct and Indirect Ownership Percentage	Millions of Yen Paid-in Capital
Tokyo Stock Exchange, Inc.	Japan	100.0%	¥11,500
Tokyo Stock Exchange Regulation.....	Japan	100.0	3,000
TOSHO SYSTEM SERVICE CO., LTD.	Japan	80.0	100
Japan Securities Clearing Corporation	Japan	86.3	1,700
TOKYO AIM, Inc.	Japan	51.0	100

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Company has the ability to exercise significant influence are accounted for by the equity method.

Investments in three affiliated companies are accounted for by the equity method.

All subsidiaries use a fiscal year end of March 31 of each year, which is the same as that of the TSE Group.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Companies is eliminated.

b. Cash Equivalents—Cash equivalents in the consolidated statements of cash flows are composed of bank deposits are available on demand, and short-term investments with an original maturity of three months or less and which represent a minor risk of fluctuation in value.

c. Marketable Securities and Investments in Securities—Marketable securities and investments in securities are classified and accounted for, depending on management’s intent, as follows: (1) trading securities, which are held for the purpose of earning capital gains in the near term are reported at fair value, and the related unrealized gains and losses are included in earnings, (2) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity are reported at amortized cost and (3) available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value, which is the average market value for the one-month period before the year end, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

Available-for-sale securities, for which market value is not available, are valued at cost, with cost determined by the average method.

The Company does not have any trading securities.

In cases where the fair value of held-to-maturity debt securities, equity securities issued by unconsolidated subsidiaries and affiliates, or available-for-sale securities have declined significantly, and such impairment of the value is not deemed to be temporary, those securities are written down to the estimated fair value and the resulting losses are included in net income or loss for the period.

d. Inventories—Work in process is stated at the lower of cost, on a specific identification basis, or net selling value.

e. Property and Equipment—Property and equipment are stated at cost. Depreciation is computed using the declining-balance method at rates based on the estimated useful lives of the assets, while the straight-line method is used for the buildings (excluding facilities attached to the buildings) acquired on and after April 1, 1998 by Japan Securities Settlement & Custody, Inc.

f. Software—Software for internal use is amortized using the straight-line method over an estimated useful life, normally five years.

g. Organization Costs—Organization costs are charged to income as incurred.

h. Stock Issue Costs—Stock issue costs are charged to income as incurred.

i. Allowance for Doubtful Accounts—Allowance for doubtful accounts is provided against potential losses on collection. The amount is measured using a historical bad debt ratio, plus an amount specifically identified based on the doubt of collectibility of the accounts due to poor financial condition or insolvency.

j. Bonuses to Employees and Directors—Bonuses to employees and directors are accrued at the year end at the amount expected to be paid.

k. Retirement Benefits—Liability for retirement benefits for employees is provided based on estimated projected benefit obligations and pension plan assets at the fiscal year end in order to cover required retirement benefits for eligible employees.

The excess of the estimated fair value of pension plan assets over the estimated present value of projected benefit obligations (adjusted by unrecognized actuarial differences) is recognized as prepaid pension expenses.

Tokyo Stock Exchange, Inc. (the “TSE”) abolished the retirement benefit plan for directors on June 22, 2005 and the unpaid balance is included in non-current liabilities—other in the accompanying consolidated balance sheets.

l. Allowance for Loss on Real Estate Rental Contract—Allowance for loss on real estate rental contracts is provided for the estimated future loss related to long-term real estate rental contracts.

m. Leases—In March 2007, the Accounting Standards Board of Japan (“ASBJ”) issued ASBJ Statement No. 13, “Accounting Standard for Lease Transactions,” which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions was effective for fiscal years beginning on or after April 1, 2008.

Under the previous accounting standard, finance leases that deemed to transfer ownership of the leased property to the lessee were capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain “as if capitalized” information was disclosed in the note to the lessee’s financial statements. The revised accounting standard requires that all finance lease transactions be capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the revised accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to be accounted for as operating lease transactions.

The Company applied the revised accounting standard effective April 1, 2008. In addition, the Company accounted for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions.

n. Accounting for Obligation Assumption—Obligations and credits that Japan Securities Clearing Corporation (“JSCC”) assumes and acquires in the securities obligation assumption business are accounted for at the time of settlement.

o. Income Taxes—Income taxes of the Companies consist of corporate income taxes, local inhabitants taxes and enterprise taxes. Income taxes are determined using the asset and liability method, where deferred tax

assets and liabilities are recognized for temporary differences between the tax base of assets and liabilities and their reported amounts in the financial statements.

p. Accounting for Consumption Taxes—Consumption taxes are imposed at a flat rate of 5% for all domestic consumption of goods and services with certain limited exemptions. Consumption taxes imposed on the Companies’ sales are withheld by the Companies at the time of sale and are subsequently paid to the government tax authority.

Consumption taxes withheld and consumption taxes paid by the Companies on the purchase of goods and services from vendors are not included in any amounts in the accompanying consolidated statements of operations.

q. Foreign Currency Translation—All monetary assets and liabilities of the Companies denominated in foreign currencies are translated into yen at the year-end rate. The resulting transaction gains or losses are charged or credited to income.

r. Per Share Information—Basic net loss per share is computed by dividing net loss available to common shareholders by the weighted-average number of common shares outstanding for the year.

Cash dividends per share presented in the accompanying consolidated statements of operations are dividends applicable to the respective years including dividends to be paid after the end of the year.

3. CASH AND CASH EQUIVALENTS

(1) The reconciliations between cash and cash equivalents in the consolidated statements of cash flows and cash and bank deposits in the consolidated balance sheets are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Cash and bank deposits	¥ 45,613	¥39,508	\$ 490,253
Marketable securities	2,000	8,110	21,492
Time deposits with a maturity over three months	(17,920)	(8,220)	(192,605)
Held-to-maturity securities.....	(1,898)	(2,199)	(20,405)
Others	(102)		(1,087)
Cash and cash equivalents	¥ 27,693	¥37,199	\$ 297,648

(2) The reconciliations between components of assets excluded following the transfer of business and proceeds from the transfer of business as of March 31, 2009 are as follows:

	Millions of Yen
	2009
Non-current assets.....	¥162
Assets decreased by the transfer.....	162
Others	70
Proceeds from transfer of business	¥232

4. MARKETABLE SECURITIES AND INVESTMENTS IN SECURITIES

(1) Investments in securities as of March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Short-term:			
Held-to-maturity securities	¥ 2,000	¥ 6,198	\$ 21,492
Available-for-sale securities		1,912	
Total.....	¥ 2,000	¥ 8,110	\$ 21,492
Long-term:			
Held-to-maturity securities		¥ 996	
Available-for-sale securities	¥26,812	15,768	\$288,173
Investments in affiliates.....	5,532	4,623	59,456
Total.....	¥32,344	¥21,387	\$347,629

(2) Held-to-maturity securities for which market values as of March 31, 2010 and 2009 are available as follows:

	Millions of Yen		
	2010	2010	2009
	Carrying Amount	Fair Value	Unrealized Gains
Held-to-maturity securities:			
Market value over book value—government bonds and municipal bonds.....	¥1,100	¥1,106	¥6
Market value less than book value—government bonds and municipal bonds.....	900	900	
Total.....	¥2,000	¥2,006	¥6

	Millions of Yen		
	2009	2009	2009
	Carrying Amount	Fair Value	Unrealized Gains
Held-to-maturity securities:			
Market value over book value—government bonds and municipal bonds	¥3,195	¥3,208	¥13
Market value less than book value—government bonds and municipal bonds.....	3,999	3,999	
Total.....	¥7,194	¥7,207	¥13

	Thousands of U.S. Dollars		
	2010	2010	2009
	Carrying Amount	Fair Value	Unrealized Gains
Held-to-maturity securities:			
Market value over book value—government bonds and municipal bonds.....	\$11,819	\$11,888	\$69
Market value less than book value—government bonds and municipal bonds.....	9,673	9,673	
Total.....	\$21,492	\$21,561	\$69

(3) Available-for-sale securities for which market values as of March 31, 2010 and 2009 are available as follows:

	Millions of Yen		
	2010	2010	2009
	Acquisition Cost	Carrying Amount	Unrealized Gains
Available-for-sale securities—			
Market value less than book value—stocks.....	¥16,712	¥26,712	¥10,000
Total.....	¥16,712	¥26,712	¥10,000

	Millions of Yen		
	2009	2009	2009
	Acquisition Cost	Carrying Amount	Unrealized Losses
Available-for-sale securities—			
Market value less than book value—stocks.....	¥16,712	¥15,762	¥(950)
Total.....	¥16,712	¥15,762	¥(950)

	Thousands of U.S. Dollars		
	2010	2010	2009
	Acquisition Cost	Carrying Amount	Unrealized Gains
Available-for-sale securities—			
Market value less than book value—stocks.....	\$179,622	\$287,106	\$107,484
Total.....	\$179,622	\$287,106	\$107,484

(4) Available-for-sale securities whose fair value is not readily determinable as of March 31, 2009 were as follows:

	Millions of Yen
	2009
Available-for-sale securities:	
Unlisted equity securities, excluding over-the-counter stock.....	¥ 6
Free financial fund	1,912
Total.....	¥1,918

The similar information for 2010 is disclosed in Note 5.

(5) Redemption schedules of held-to-maturity securities or available-for-sale securities with a maturity date as of March 31, 2010 are as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	2010	2010	2010	2010
	Within 1 Year	Within 5 Years and Over 1 Year	Within 1 Year	Within 5 Years and Over 1 Year
Debt securities—				
Government bonds and municipal bonds.....	¥2,000		\$21,496	

5. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

In March 2008, the ASBJ revised ASBJ Statement No. 10 “Accounting Standard for Financial Instruments” and issued ASBJ Guidance No. 19 “Guidance on Accounting Standard for Financial Instruments and Related Disclosures.” This accounting standard and the guidance are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010 with early adoption permitted from the beginning of the fiscal years ending before March 31, 2010. The Companies applied the revised accounting standard and the new guidance effective March 31, 2010.

(1) Policy for financial instruments

The Companies limit investments to secure financial instruments and finance the investments, etc. through borrowings.

(2) Risk management for financial instruments

Receivables such as accounts receivables are exposed to customer credit risk. The Companies manage their credit risk from receivables on the basis of internal guidelines, which include monitoring of finance condition of customers.

Marketable securities and investments in securities consist of government bonds for fund management and stocks held in relation to business alliance, etc. The Companies report to the board of directors on a regular basis on fair value of available-for-sale securities.

Margin funds for derivatives and when-issued transactions, deposits for clearing funds, deposits as collateral for facilitating settlement, legal guarantee funds, deposits received as trading participants guarantee, and special assets for default compensation reserve funds are assets and liabilities for hedging risks of securities trading. (See Note 14.)

(3) Fair values of financial instruments

Fair values of financial instruments are based on quoted price in active markets. If quoted price is not available, other rational valuation techniques are used instead.

(a) Fair values of financial instruments

	Millions of Yen		
	2010		
	Carrying Amount	Fair Value	Unrealized Gains
Cash and bank deposits.....	¥ 45,613	¥ 45,613	
Accounts receivable—trade.....	4,661	4,661	
Marketable securities and investments in securities:			
Held-to-maturity securities	2,000	2,006	¥6
Available-for-sale securities	26,712	26,712	
Margin funds for derivatives and when-issued transactions.....	136,333	136,333	
Deposits for clearing funds.....	87,443	87,443	
Deposits as collateral for facilitating settlement.....	13,011	13,011	
Legal guarantee funds.....	335	335	
Special assets for default compensation reserve funds.....	17,368	17,368	
Total.....	¥333,476	¥333,482	¥6
Margin funds received for derivatives and when-issued transactions.....	¥136,333	¥136,333	
Deposits received for clearing funds..	87,443	87,443	
Deposits received as collateral for facilitating settlement.....	13,011	13,011	
Deposits received as trading participants guarantee	3,763	3,763	
Total.....	¥240,550	¥240,550	

	Thousands of U.S. Dollars		
	2010		
	Carrying Amount	Fair Value	Unrealized Gains
Cash and bank deposits.....	\$ 490,253	\$ 490,253	
Accounts receivable—trade.....	50,101	50,101	
Marketable securities and investments in securities:			
Held-to-maturity securities	21,492	21,561	\$69
Available-for-sale securities	287,106	287,106	
Margin funds for derivatives and when-issued transactions.....	1,465,320	1,465,320	
Deposits for clearing funds.....	939,839	939,839	
Deposits as collateral for facilitating settlement.....	139,843	139,843	
Legal guarantee funds.....	3,598	3,598	
Special assets for default compensation reserve funds.....	186,670	186,670	
Total.....	\$3,584,222	\$3,584,291	\$69
Margin funds received for derivatives and when-issued transactions.....	\$1,465,320	\$1,465,320	
Deposits received for clearing funds..	939,839	939,839	
Deposits received as collateral for facilitating settlement.....	139,843	139,843	
Deposits received as trading participants guarantee	40,448	40,448	
Total.....	\$2,585,450	\$2,585,450	

Cash and bank deposits

The carrying values of cash and bank deposits approximate fair value because of their short maturities.

Accounts receivable—trade

The carrying values of accounts receivable—trade approximate fair value because of their short maturities.

Marketable securities and investments in securities

The fair values of marketable securities and investments in securities are measured at the quoted market price of the stock exchange for the equity instruments, and at the quoted price obtained from Japan Securities Dealers Association for certain debt instruments. The information of the fair value for the marketable and investment securities by classification is included in Note 4.

Assets and liabilities for hedging risks of securities trading

The carrying values of assets and liabilities for hedging risks of securities trading approximate fair value.

(b) Financial instruments whose fair value cannot be reliably determined

	Carrying Amount	Carrying Amount
	2010	2010
	Millions of Yen	Thousands of U.S. Dollars
Investment in equity instruments that do not have a quoted market price in an active market	¥5,631	\$60,523
Returnable legal guarantee funds	335	3,598

(4) Redemption schedule of cash and bank deposits, accounts receivable—trade, and held-to-maturity securities as of March 31, 2010 are as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	2010		2010	
	Due in 1 Year or Less	Due after 1 Year	Due in 1 Year or Less	Due after 1 Year
Cash and bank deposits	¥45,613		\$490,253	
Accounts receivable—trade	4,661		50,101	
Marketable securities and investments in securities—Held-to-maturity securities ...	2,000		21,496	
Total	¥52,274		\$561,850	

6. SHORT-TERM BANK LOANS

Short-term bank loans at March 31, 2010 consisted of borrowings from banks. The annual interest rate applicable to the short-term bank loans was 0.4% at March 31, 2010.

7. INCOME TAXES

The Companies are subject to several taxes based on income, which in the aggregate resulted in a statutory tax rate of approximately 41% for the years ended March 31, 2010 and 2009.

Significant components of the Companies' deferred tax assets and liabilities as of March 31, 2010 and 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Deferred tax assets:			
Liability for retirement benefits for employees	¥ 1,327	¥ 844	\$ 14,257
Accrued bonuses	422	414	4,535
Allowance for doubtful accounts	18	6	193
Depreciation and amortization ..	67	102	721
Allowance for loss on real estate rental contract		1,411	
Unrealized gain on fixed assets ..	136	105	1,467
Accrued enterprise tax	197		2,117
Unrealized loss on available-for-sale securities		386	
Tax loss carryforwards	2,391	5,496	25,700
Loss on litigation	5,376		57,786
Other	337	439	3,616
Sub-total	10,271	9,203	110,392
Less—valuation allowance	(5,702)	(200)	(61,288)
Total deferred tax assets	4,569	9,003	49,104
Deferred tax liabilities:			
Enterprise tax receivable		(122)	
Unrealized gain on available-for-sale securities	(4,069)		(43,735)
Total deferred tax liabilities ..	(4,069)	(122)	(43,735)
Net deferred tax assets	¥ 500	¥8,881	\$ 5,369

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of operations for the year ended March 31, 2010 is as follows:

	2010
Normal effective statutory tax rate	40.7%
Expenses not deductible for income tax purpose	2.0
Equity in earnings of affiliated companies	(14.3)
Valuation allowances	218.6
Others	0.3
Actual effective tax rate	247.3%

As the difference between the statutory tax rate and the effective tax rate for the year ended March 31, 2009 is less than 5% of the statutory tax rate, the reconciliation is omitted.

At March 31, 2010, certain subsidiaries have tax loss carryforwards aggregating approximately ¥5,868 million (\$63,075 thousand) which are available for offset against taxable income of such subsidiaries in future years. These tax loss carryforwards, if not utilized, will expire as follows:

Year ending March 31	Millions of Yen	Thousands of U.S. Dollars
2017	¥5,322	\$57,211
2018	546	5,864

8. LIABILITY FOR RETIREMENT BENEFITS FOR EMPLOYEES

The TSE Group and a subsidiary have non-contributory defined benefit pension plans that are tax qualified plans and an unfunded lump-sum retirement benefit plan.

The liability for retirement benefits for employees as of March 31, 2010 and 2009 is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Projected benefit obligations	¥(21,064)	¥(21,424)	\$ (226,394)
Plan assets	14,973	14,045	160,932
Unfunded benefit obligations	(6,091)	(7,379)	(65,462)
Unrecognized prior service costs..	(2,481)	(3,098)	(26,665)
Unrecognized actuarial differences...	2,574	5,120	27,665
Unrecognized transition amount....	2,845	3,414	30,576
Accrued pension costs	(3,153)	(1,943)	(33,886)
Prepaid pension costs	2,129	3,400	22,886
Liability for retirement benefits for employees	¥ (5,282)	¥ (5,343)	\$ (56,772)

The net periodic retirement benefit costs relating to retirement benefits for the years ended March 31, 2010 and 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Service cost.....	¥ 674	¥ 676	\$ 7,248
Interest cost.....	466	462	5,007
Expected return on plan assets.....	(351)	(435)	(3,774)
Amortization of unrecognized prior service costs	(618)	(618)	(6,637)
Amortization of unrecognized actuarial differences	797	472	8,569
Amortization of transitional obligation for retirement benefits..	569	569	6,115
Other	68	62	721
Net periodic retirement benefit costs	¥1,605	¥1,188	\$17,249

Assumptions used in the calculation of the above information are as follows:

	2010	2009
Discount rate	2.2%	2.2%
Expected rate of return on plan assets....	2.5%	2.5%
Method of attributing the projected benefits of services.....	Straight-line basis	Straight-line basis
Amortization of unrecognized prior service cost	10 years	10 years
Amortization of transitional obligation..	15 years	15 years
Amortization of unrecognized actuarial differences.....	10 years	10 years

9. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having the board of directors, (2) having independent auditors, (3) having the board of corporate auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the board of directors may declare dividends at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The board of directors of companies with board committees (an appointment committee, compensation committee and audit committee) can also do so because such companies with board committees already, by nature, meet the above criteria under the Companies Act, even though such companies have an audit committee instead of the board of corporate auditors. The Company is organized as a company with board committees.

b. Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, additional paid-in capital, capital surplus, legal reserve, and other retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

c. Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the board of directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

10. LEASES

The Companies have various lease agreements whereby the Companies act both as a lessee and a lessor. Finance lease contracts other than those which are deemed to transfer the ownership of the leased assets to lessees are accounted for by the method that is applicable to ordinary operating leases.

The minimum rental commitments under noncancelable operating leases at March 31, 2010 are as follows:

Lessee Lease (Operating Lease)

Outstanding future lease payments as of March 31, 2010 and 2009 for noncancelable operating leases, categorized by contractual maturity are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Due within one year.....	¥1	¥2	\$7
Due after one year.....			
Total	¥1	¥2	\$7

Pro forma Information of Leased Property Whose Lease Inception Was before March 31, 2008

ASBJ Statement No. 13, "Accounting Standard for Lease Transactions" requires that all finance lease transactions be capitalized to recognize lease assets and lease obligations in the balance sheet. However, the ASBJ Statement No. 13 permits leases without ownership transfer of the leased property to the lessee whose lease inception was before March 31, 2008 to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the financial statements. The Companies applied the ASBJ Statement No. 13 effective April 1, 2008 and accounted for such leases as operating lease transactions. Pro forma information of leased property whose lease inception was before March 31, 2008 such as acquisition cost, accumulated depreciation, accumulated impairment loss, obligations under finance leases, depreciation expense, interest expense and other information of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis was as follows:

(1) Lessee lease (finance lease)

(a) Acquisition cost, accumulated depreciation and net book value are as follows:

	Millions of Yen		
	2010		
	Acquisition Cost	Accumulated Depreciation	Balance as of March 31, 2010
Tools, furniture and fixtures	¥1,056	¥766	¥290

	Thousands of U.S. Dollars		
	2010		
	Acquisition Cost	Accumulated Depreciation	Balance as of March 31, 2010
Tools, furniture and fixtures	\$11,348	\$8,233	\$3,115

	Millions of Yen		
	2009		
	Acquisition Cost	Accumulated Depreciation	Balance as of March 31, 2009
Tools, furniture and fixtures	¥2,160	¥1,281	¥879

(b) Outstanding future lease payments as of March 31, 2010 and 2009 including the interest portion thereon, categorized by contractual maturity are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Due within one year.....	¥193	¥477	\$2,076
Due after one year.....	111	433	1,190
Total	¥304	¥910	\$3,266

(c) Lease payments, depreciation expense and interest expense amounts are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Lease payments.....	¥439	¥582	\$4,720
Depreciation expense amount	407	543	4,370
Interest expense amount.....	23	41	252

(d) Computation of depreciation expense amount

Depreciation expense amount is computed using the straight-line method over a period up to the length of the relevant lease contract with no residual value.

(e) Allocation of interest expense amount

Interest expense amount is allocated using the interest method over the respective term of lease.

(2) Lessor lease (finance lease)

(a) Acquisition cost, accumulated depreciation and net book value are as follows:

	Millions of Yen		
	2010		
	Acquisition Cost	Accumulated Depreciation	Balance as of March 31, 2010
Leased assets.....	¥323	¥322	¥1

	Thousands of U.S. Dollars		
	2010		
	Acquisition Cost	Accumulated Depreciation	Balance as of March 31, 2010
Leased assets.....	\$3,469	\$3,463	\$6

	Millions of Yen		
	2009		
	Acquisition Cost	Accumulated Depreciation	Balance as of March 31, 2009
Leased assets.....	¥650	¥619	¥31

(b) Outstanding lease payments receivable as of March 31, 2010 and 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Due within one year.....	¥217	¥ 564	\$2,334
Due after one year.....	119	473	1,274
Total	¥336	¥1,037	\$3,608

The above balances include lease payments receivable arising from sub-lease transactions of ¥304 million (\$3,266 thousand) of which ¥193 million (\$2,075 thousand) is due within one year as of March 31, 2010 and ¥910 million of which ¥477 million is due within one year as of March 31, 2009. Such sub-leases are contracted with the third party on nearly the same terms as the original leases. Balances that are substantially the same are included in the outstanding future lease payments described in (1)(b) above.

(c) Lease revenue, depreciation and interest income amounts are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Lease revenue	¥45	¥140	\$478
Depreciation	24	85	263
Interest income amount	1	8	9

(d) Allocation of interest income amount

Interest income amount is allocated using the interest method over the respective term of leases.

11. RELATED PARTY TRANSACTIONS

Material transactions of the Companies with related companies or individuals, excluding transactions with consolidated subsidiaries (which are eliminated in the consolidated financial statements), for the year ended March 31, 2009 are as follows:

Related Company

Name of Related Party	Address	Paid-in Capital	Principal Business	Percentage of Equity Ownership by the Company	Relationship		Transactions			End of Period Account Balance
					Directors Holding Concurrent Positions	Business Relationship	Description of the Company's Transaction	Amount of Transactions	Account	
Japan Securities Depository Center, Inc. (an affiliated company)	Chuo-ku, Tokyo	¥4,250 million	Securities deposit and transfer	Directly holds 22.4%	—	Secondment of employees of the Company	Trustee of system development and operations	¥7,510 million	Accounts receivable—trade	¥185 million

Notes: 1. The above transaction amounts exclude consumption taxes, but consumption taxes are included in the end of period balances.

2. The above transaction was concluded with the general terms and conditions that are identical to ones with independent third parties.

12. LIABILITIES FOR GUARANTEES

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Guarantees for housing loans from banks for employees.....	¥3,548	¥3,784	\$38,130
Guarantees for loans from banks for ICJ, Inc.	68	100	731

13. LITIGATION

The TSE is currently in dispute with Mizuho Securities Co., Ltd. who filed a lawsuit against the TSE seeking compensation for the loss of ¥41,578 million (\$446,893 thousand) caused by erroneous trades of J-COM Co., Ltd., which took place on December 8, 2005. On December 4, 2009, the court ordered the TSE to pay damages of ¥10,712 million (\$115,135 thousand) and delinquency charges to Mizuho Securities Co., Ltd. On December 18, 2009, the TSE made a payment of ¥13,213 million (\$142,016 thousand), 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 court ruling, Mizuho Securities Co., Ltd. has filed an appeal with the Tokyo High Court, and the TSE has filed an incidental appeal with the court. The case is currently under litigation.

14. ASSETS AND LIABILITIES FOR HEDGING RISKS OF SECURITIES TRADING

(a) The TSE and JSCC have a system which includes receiving deposits for clearing funds, in order to hedge the risks of securities trading according to laws, regulations and internal rules. Assets deposited to the Companies in accordance with the system are designated as monetary assets or securities (limited in the rules), and according to internal rules, the amounts of the deposited securities are calculated by multiplying their market values by a figure ranging between 70% and 95%, depending on the type of securities.

(b) JSCC, as a clearing institution, assumes obligations and obtains credits from clearing participants when securities are traded in the market. In order to secure against the clearing participants' default for the period from the trading date through the settlement date, JSCC receives deposits for clearing funds and keeps them segregated from other assets.

Deposited monetary assets and related offsetting liabilities are presented in the accompanying consolidated balance sheets as "Margin funds (received) for derivatives and when issued transactions," "Deposits (received) for clearing funds" and "Deposits (received) as collateral for facilitating settlement."

Due to revisions to clearing regulations implemented on January 30, 2007, the asset or liability which was previously classified under "Deposits (received) as collateral preceding settlement day" is now classified under a new accounting item "Deposits (received) as collateral for facilitating settlement."

Deposited securities and related offsetting liabilities are not included in the accompanying consolidated balance sheets. The market value of such deposited securities as of March 31, 2010 is as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2010	2010
Margin funds for when-issued transactions	¥ 143	\$ 1,535
Margin funds for derivatives	791,409	8,506,120
Deposits for clearing funds	169,003	1,816,455
Deposits as collateral for facilitating settlement	129,382	1,390,611

(c) The TSE receives legal guarantee funds from the trading participants in order to hedge the risk to investors caused by a trading participants' default, and keeps them segregated from other assets.

Deposited monetary assets and related liabilities are presented in the accompanying consolidated balance sheets as "(Returnable) legal guarantee funds."

Deposited securities and related offsetting liabilities are not included in the accompanying consolidated balance sheets. The market value of such deposited securities as of March 31, 2010 is as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2010	2010
Legal guarantee funds	¥1,668	\$17,930

(d) In addition, the TSE receives guarantees from trading participants so as to hedge TSE's risk caused by a participant's default.

Deposited monetary assets and related liabilities are presented in the accompanying consolidated balance sheets as "Cash and bank deposits" and "Deposits received as trading participants guarantee."

Deposited securities and related offsetting liabilities are not included in the accompanying consolidated balance sheets. The market value of such deposited securities as of March 31, 2010 is as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2010	2010
Deposits received as trading participants guarantee	¥2,843	\$30,553

(e) In addition, the TSE has concluded a loss compensation contract with JSCC with respect to the clearing of security, future and option transactions. According to this contract, the TSE will compensate JSCC for losses incurred due to default by clearing participants within the limitation of the amount which can not be covered by clearing deposits received from clearing participants. In order to secure such compensation, the TSE has maintained the compensation limitation amount and stated as special assets for default compensation reserve funds for ¥17,368 million (\$186,670 thousand) as of March 31, 2010 and 2009, respectively, in the accompanying consolidated balance sheets.

15. DETAILS OF OPERATING EXPENSES

The following are the major elements of "operating expenses" for the years ended March 31, 2010 and 2009:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Salaries	¥ 7,072	¥7,546	\$ 76,009
Bonus allowance	978	955	10,506
Directors' bonus allowance	53	11	574
Net periodic retirement benefit costs	1,503	1,083	16,152
System maintenance and operation costs	8,269	8,711	88,878
Real estate rental fees	6,047	6,486	64,988
Depreciation	10,755	9,603	115,597

16. DETAILS OF LOSS ON DISPOSAL OF PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

The following are the elements of "Loss on disposal of property and equipment and intangible assets" for the years ended March 31, 2010 and 2009:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Buildings and structures	¥11	¥ 28	\$116
Other property and equipment	6	360	67
Other intangible assets	17	210	182
Total	¥34	¥598	\$365

17. NET LOSS PER SHARE

Net loss per share of common stock is based upon the weighted-average number of shares of common stock outstanding during each year.

Basis for calculating net loss per share for the years ended March 31, 2010 and 2009 is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Net loss	¥(3,602)	¥(3,696)	\$(38,717)
Less components not pertaining to common shareholders			
Net loss pertaining to common stock.....	¥(3,602)	¥(3,696)	\$(38,717)
Average outstanding shares of common stock.....	2,273,740 shares	2,273,740 shares	2,273,740 shares

No dilutive effect on net income existed.

18. SEGMENT INFORMATION

(1) Business Segment

The Companies have one business segment for the years ended March 31, 2010 and 2009.

(2) Geographic Information

The Companies have no overseas consolidated subsidiaries for the years ended March 31, 2010 and 2009.

(3) Net Sales—Overseas

For the years ended March 31, 2010 and 2009, this information is not required to be disclosed because overseas sales did not exceed 10% of consolidated revenue.

19. SUBSEQUENT EVENT

The following appropriation of retained earnings at March 31, 2010 was approved at the Company's board of directors meeting held on May 18, 2010:

	Millions of Yen	Thousands of U.S. Dollars
	2010	2010
Year-end cash dividends, ¥300 (\$3.22) per share	¥682	\$7,331

Independent Auditors' Report

To the Board of Directors of
Tokyo Stock Exchange Group, Inc.:

We have audited the accompanying consolidated balance sheets of Tokyo Stock Exchange Group, Inc. (the "Company") and subsidiaries as of March 31, 2010 and 2009, and the related consolidated statements of operations, changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Tokyo Stock Exchange Group, Inc. and subsidiaries as of March 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

As discussed in Note 13 to the consolidated financial statements, the Tokyo Stock Exchange, Inc. (the "TSE") is currently in dispute with Mizuho Securities Co., Ltd. who filed a lawsuit against the TSE seeking compensation for the loss of ¥41,578 million caused by erroneous trades of J-COM Co., Ltd., which took place on December 8, 2005. On December 4, 2009, the court ordered the TSE to pay damages of ¥10,712 million and delinquency charges. On December 18, 2009, the TSE made a payment of ¥13,213 million, including delinquency charges through that date. In response to this court ruling, Mizuho Securities Co., Ltd. has filed an appeal with the Tokyo High Court, and the TSE has filed an incidental appeal with the court. The case is currently under litigation.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 22, 2010

Market Data

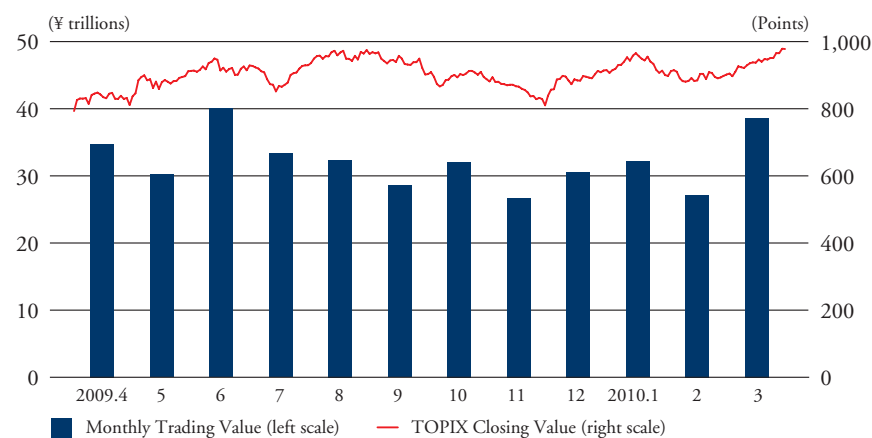
Trading Value of Stocks

(monthly)

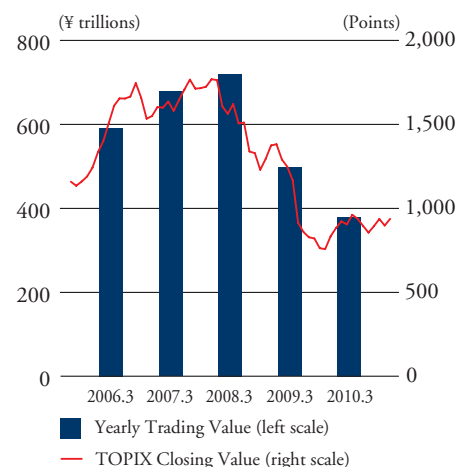
	Daily Average Trading Value (¥ millions)		Total	
	Auction Trades	ToSTNeT Market	Trading Value (¥ millions)	Trading Volume (thousand shares)
2009.4	1,553,147	101,737	34,752,570	56,740,070
5	1,559,955	117,085	30,186,712	45,909,344
6	1,703,142	117,514	40,054,433	59,320,280
7	1,425,759	90,319	33,353,718	50,245,225
8	1,439,709	99,930	32,332,421	45,627,661
9	1,383,682	118,777	28,546,710	40,593,969
10	1,403,841	122,523	32,053,647	46,139,533
11	1,286,295	120,271	26,724,754	41,740,025
12	1,343,596	112,888	30,586,146	47,639,581
2010.1	1,585,359	107,514	32,164,593	49,423,761
2	1,328,110	100,397	27,141,632	38,660,661
3	1,303,726	112,855	31,164,782	44,856,171
(fiscal year)				
2006.3	2,216,728	187,744	591,499,973	588,554,019
2007.3	2,568,560	188,548	678,248,668	506,895,460
2008.3	2,757,245	183,384	720,454,066	554,340,069
2009.3	1,899,051	131,258	497,425,648	542,104,335
2010.3	1,443,560	109,973	379,062,124	566,896,287

Trading Value of Stocks and TOPIX

(monthly)

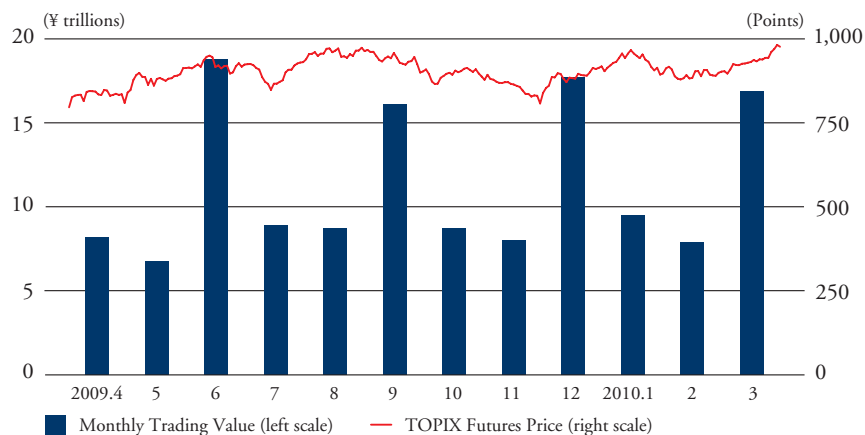


(fiscal year)

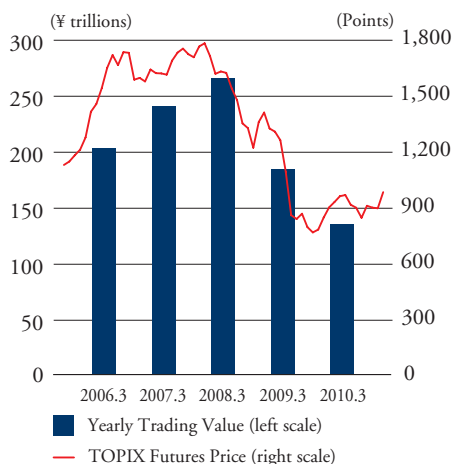


Stock Price Index Futures

(monthly)

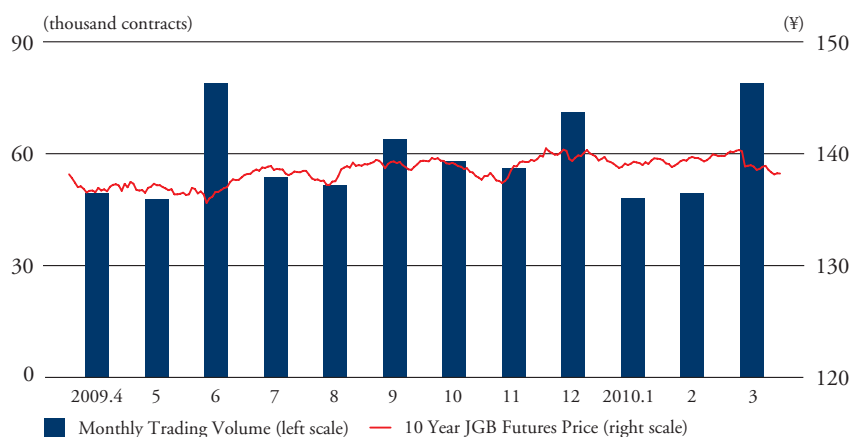


(fiscal year)

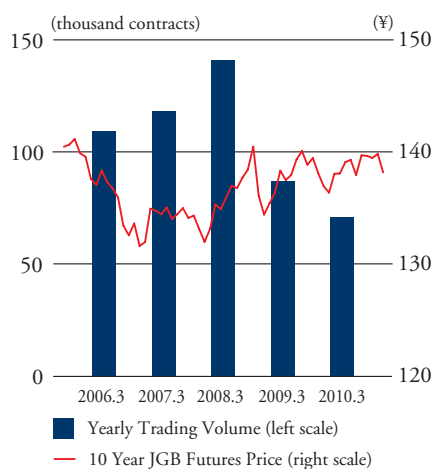


Japanese Government Bond Futures

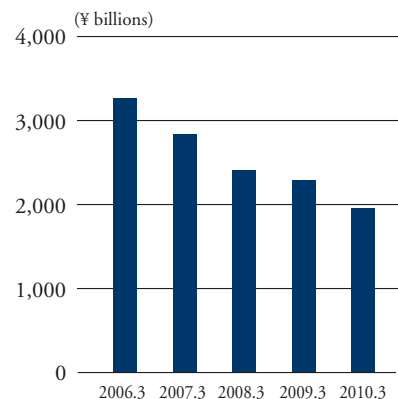
(monthly)



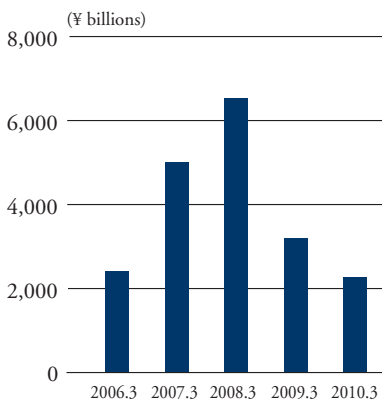
(fiscal year)



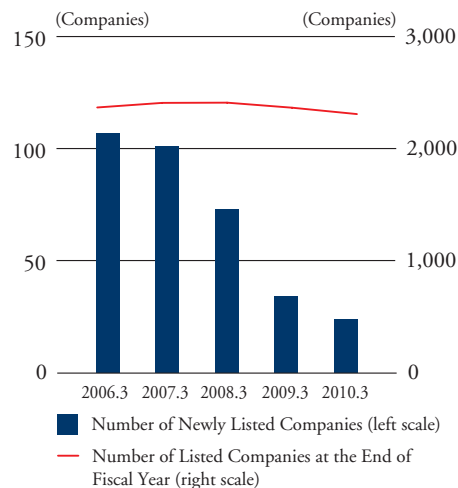
ETF's Yearly Trading Value



REIT's Yearly Trading Value

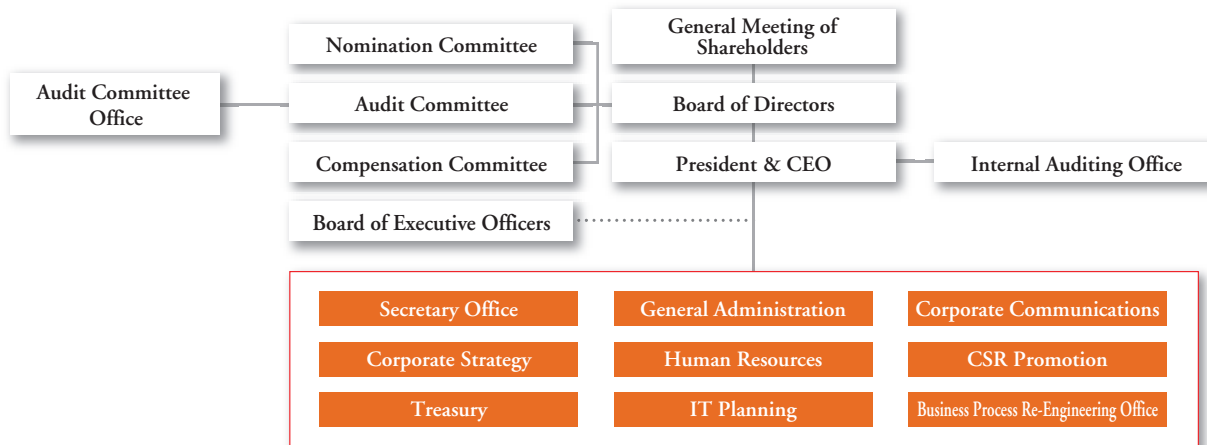


Number of Newly Listed Companies, Number of Listed Companies



Organization

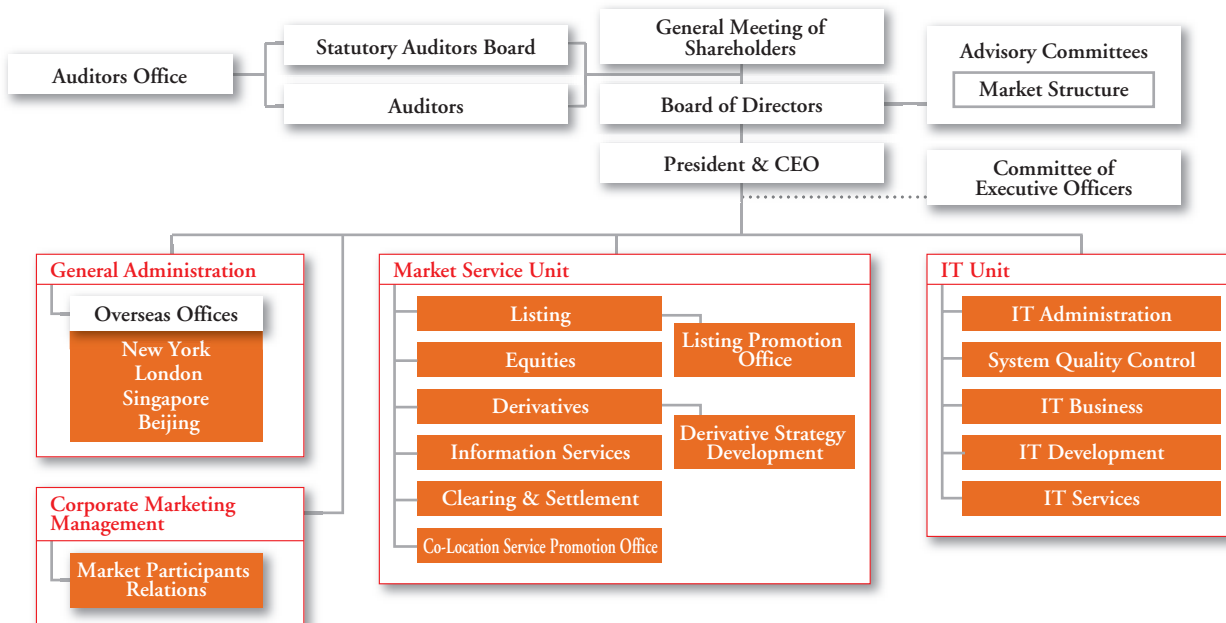
TOKYO STOCK EXCHANGE GROUP, INC.



Subsidiaries and affiliates	Capital contribution
Tokyo Stock Exchange, Inc.	100.0%
Tokyo Stock Exchange Regulation	100.0%
Japan Securities Clearing Corporation	86.3%
TOKYO AIM, Inc.	51.0%
Emissions Trading Exchange Preparatory Corporation, Inc.	50.0%
Japan Securities Depository Center, Inc.	22.6%

Ownership 100%

TOKYO STOCK EXCHANGE, INC.



Subsidiaries and affiliates	Capital contribution
TOSHO SYSTEM SERVICE Co., Ltd.	80.0%
ICJ, Inc.	45.0%
Tosho Computer Systems Co., Ltd.	35.0%

Corporate Data As of June 30, 2010

Name Tokyo Stock Exchange Group, Inc.
No. of Officers Directors 15 Executive Officers 6
Address 2-1 Nihombashi-Kabuto-cho, Chuo-ku,
 Tokyo 103-8224, Japan
Tel (81) 3-3666-1361
URL <http://www.tse.or.jp/english/index.html>
Foundation August 1, 2007
Capital ¥11.5 billion
No. of Employees 807 (As of March 31, 2010)

Share Information

Authorized Shares 9,200,000
Shares Outstanding 2,300,000
No. of Shareholders 111

Overseas Offices of Tokyo Stock Exchange, Inc.

New York Representative Office
 45 Broadway, New York, NY 10006, USA
 Tel: (1) 212-363-2350

London Representative Office
 4 St. Paul's Churchyard, London, EC4M 8AY, UK
 Tel: (44) 20-7329-2155

Singapore Representative Office
 16 Raffles Quay #11-02, Hong Leong Building, Singapore 048581
 Tel: (65) 6438-5100

Beijing Representative Office
 Beijing Yintai Center, No.2 Jian Guo Men Wai Ave, Chao Yang District,
 Beijing, 100022, P.R.C.
 Tel: (86) 10-8517-1128

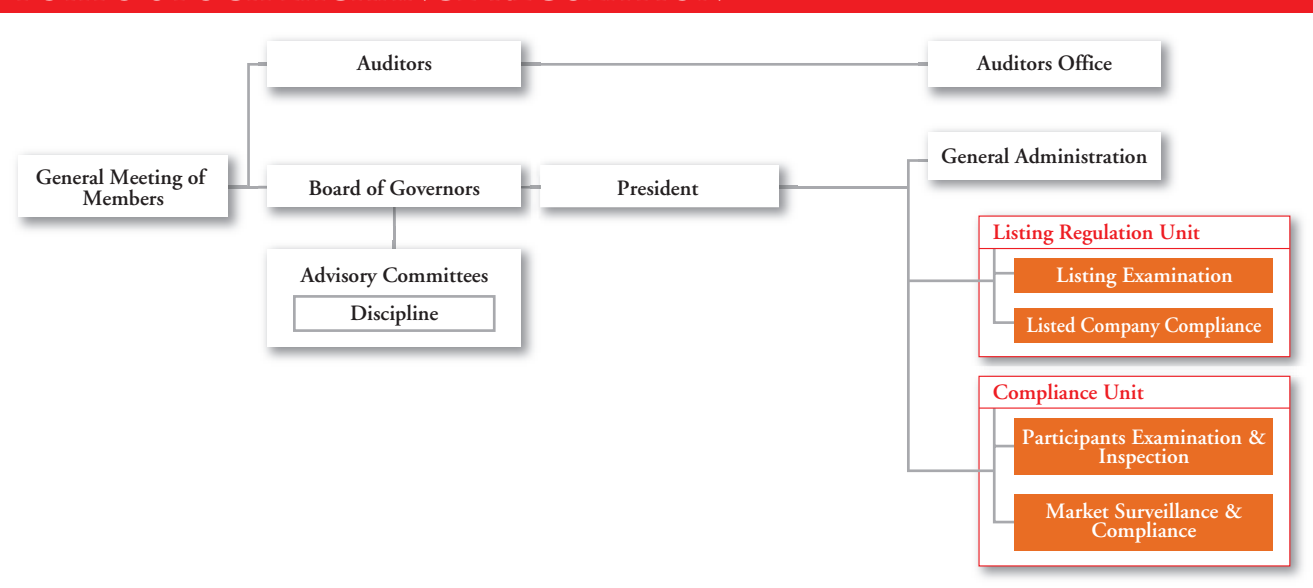
Ten Largest Shareholders (As of March 31, 2010)

Shareholders' investment in the Company		
Thousands of shares	Number of shares	Percentage of total (%)
Morgan Stanley Securities Co., Ltd.	100	4.40
SMBC Friend Securities Co., Ltd.	60	2.64
Mitsubishi UFJ Securities Co., Ltd.	55	2.42
Retela Crea Securities Co. Ltd.	41	1.80
AIZAWA SECURITIES CO., LTD.	40	1.76
SBI SECURITIES Co., Ltd.	40	1.76
Okachi Securities Co., Ltd.	40	1.76
KYOKUTO SECURITIES CO., LTD.	40	1.76
Goldman Sachs Co., Ltd.	40	1.76
Securities Japan, Inc.	40	1.76
Mizuho Securities Co. Ltd.	40	1.76
BNP PARIBAS Securities (Japan) Limited	40	1.76

Note: Calculations of the "percentage of total" exclude treasury shares (26,260 shares).

Ownership 100%

TOKYO STOCK EXCHANGE REGULATION



Disclaimer

This annual report is prepared solely for the purpose of providing information regarding the Tokyo Stock Exchange Group, Inc., and as such, it is not intended as any offer or sale of securities or other similar action whether inside or outside Japan. Our securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

This annual report contains forward-looking statements. These statements are based on our assumptions and beliefs in light of the information currently available to us and are subject to risks and uncertainties. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, our actual results may vary materially from those we currently anticipate. Given these risks and uncertainties, you are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of these materials. We disclaim any obligation to update any of the forward-looking statements contained in these materials to reflect future actual events or developments.

TOKYO STOCK EXCHANGE GROUP, INC.

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