

Notice of the 1st Annual General Shareholders Meeting

June 2, 2008

Dear Shareholder,

You are cordially invited to attend the 1st Annual General Shareholders Meeting, which will be held as described hereunder.

If you are unable to attend, you may exercise your voting rights in writing or via the Internet. To do so in writing, please review the item in this Notice entitled “Reference Documents for the General Shareholders Meeting.” Please then indicate your approval or disapproval on the enclosed form for the exercise of voting rights and return it to us by 4:45 p.m. on Thursday, June 19, 2008. To vote via the Internet, please review the item entitled “Instructions for the Exercise of Voting Rights” on page 3, then go to the website designated by Tokyo Stock Exchange Group, Inc. (the Company) (<http://www.evotep.jp/>) to exercise your voting rights. Votes via the Internet must also be received by 4:45 p.m., Thursday, June 19, 2008.

Sincerely yours,

Atsushi Saito
President and CEO
Tokyo Stock Exchange Group, Inc.
2-1 Nihombashi-kabutocho,
Chuo-ku, Tokyo

MEETING AGENDA

1. Date and Time: 10:00 a.m., Friday, June 20, 2008

2. Place: Tosho Hall
2nd Floor, Tokyo Stock Exchange, Inc. Building
2-1 Nihombashi-Kabutocho, Chuo-ku, Tokyo

3. Objectives of Meeting

Reporting: 1. Business Report, the Consolidated Financial Statements and the report of the audit of the consolidated accounts by the Independent Auditor and the Audit Committee for the 1st term (the period from August 1, 2007* to March 31, 2008)

* The date of establishment of the Company. Please note that our 1st business year was from August 1, 2007 to March 31, 2008, but our consolidated fiscal year under review was from April 1, 2007 to March 31, 2008.

2. The Non-consolidated Financial Statements for the 1st term (the period from August 1, 2007 to March 31, 2008)

Proposal: Regarding the election of sixteen (16) Directors

4. Rules established for the Shareholders' Meeting

- (1) When a shareholder who votes in writing fails to indicate approval or disapproval on a proposal, the Company shall deem this to be an expression of intent to approve such proposal.
- (2) When a shareholder votes multiple times, either in writing or via the Internet, the Company shall consider the final vote cast to be the effective vote.
- (3) When a shareholder votes twice, once in writing and another time via the Internet, and, when the shareholder has taken a different position in two votes, the Company shall consider the vote cast over the Internet to be the effective vote.
- (4) If you are unable to attend the general meeting, you may attend by proxy, which shall mean appointing one other shareholder with voting rights to act on your behalf. The proxy will be asked to submit a statement in writing attesting to his or her proxy.
- (5) If a shareholder intends to split a vote on any proposal, the Company requests that it be notified in writing of this intention at least three days before the general shareholders meeting and that it be provided with an explanation of the reasons for the split vote.

Those attending the general meeting are kindly requested to submit the enclosed "Form for the Exercise of Voting Rights" at the reception desk. Please see the section entitled "Instructions for the Exercise of Voting Rights" on the following page for additional information on voting rights.

When there is a need to amend either the section entitled "Reference Documents for the General Shareholders Meeting," Business Report, Non-consolidated Financial Statements, or Consolidated Financial Statements in the Company's business report and financial reports, the Company will inform shareholders through its Website at <http://www.tse.or.jp/ir/meeting/soukai/> Please note that this will be considered the formal announcement of any such changes.

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Instructions for the Exercise of Voting Rights

1. Instructions related to the exercise of voting rights via the Internet

- (1) You may exercise your voting rights via the Internet only at the site designated by the Company, which is at <http://www.evotep.jp/> (unavailable between 2:00 a.m. and 5:00 a.m. everyday).
- (2) Although the Company will accept all votes cast until 4:45 p.m. on the day before the general meeting (up to closing time of operations at the Company), it encourages shareholders to vote as early as possible to facilitate the counting of votes. If there are any questions regarding procedure, please inquire at the Help Desk shown below.

2. Site for the exercise of voting rights and method for voting over the Internet

- (1) At the site designated above, please use the “login ID” and the “temporary password” found on the form for the exercise of voting rights to gain access to the site. Then follow the instructions on the screen to enter your approval or disapproval for each proposal.
- (2) Depending on the shareholder’s user environment, it may not be possible to vote via personal computer. This situation would arise, for example, if a firewall is being used, if antivirus software has been installed, or if the shareholder is attempting to gain access to the Company site via a proxy server. Shareholders should bear this in mind and allow for this possibility.
- (3) Please also note that, in the interest of preventing unlawful access to the site by persons other than the shareholder (“impersonation”) or preventing any alterations to the content of a vote, the Company will require shareholders to change their temporary passwords at the site.
- (4) All dial-up connection charges or fees paid to telecommunication companies that are incurred by the shareholder when using the voting website shall be borne by the shareholder.

3. Method of receiving the shareholders’ meeting notice

Beginning with the next shareholders’ meeting, shareholders will be given the option of receiving their meeting notifications via email. If you wish to receive your notifications in this manner, please use a personal computer to access the voting website and fill in the required information. (You will not be able to access the site from a mobile phone. You will also not be permitted to use a mobile phone email address as your email address.)

For inquiries regarding computer systems, please contact:
Mitsubishi UFJ Trust and Banking Corporation, Custody Department (Help Desk)
Tel: 0120-173-027 (between 9:00 a.m. and 9:00 p.m.; toll free)

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Business Report

(From August 1, 2007 to March 31, 2008)

I. Overview of Corporate Group

1. Business Report

The Company was established on August 1, 2007, through a transfer of shares from Tokyo Stock Exchange, Inc. (the “TSE”).

The financial statements for the year under review have been prepared on the assumption that the Company was established at the beginning of the year, and that it inherited the consolidated financial statements of Tokyo Stock Exchange, Inc., now a wholly-owned subsidiary, at that time. Consequently, statements regarding the status of the corporate group refer to events or conditions that date back to April 1, 2007. Also, the year-on-year changes cited in this report are comparisons with figures that were reported by Tokyo Stock Exchange, Inc. for the year ended March 31, 2007. Finally, the phrase “the TSE group” refers to the corporate group, comprising the Company and its subsidiaries.

(1) Review and results of operations

During the year under review, the risk of an economic downturn in both Japan and other countries grew, prompted by factors such as a deceleration in the US economy. Amid these conditions, Japan continued to experience a rapid aging of its society. For the Japanese economy to continue to grow hereafter, investment opportunities suitable for the financial assets held by Japan’s household sector will have to be provided, and growth capital will have to be supplied to business enterprises in Japan and other countries. As international competition intensifies among markets, strengthening the competitiveness of Japan’s financial and capital markets and enhancing their appeal have become urgent issues.

The TSE group recognizes that its essential duty as an operator of securities markets is to provide market users with opportunities to trade with confidence and that it must do so consistently and reliably. Under the forgoing conditions, the TSE group implemented the following measures to enhance its market functions, strengthen its international competitiveness, and contribute to the strengthening of Japan’s securities markets.

1) Enhancing the user-friendliness and efficiency of the market infrastructure

The TSE group is striving to meet user needs for ever greater convenience and reliability in the exchange’s order and trade execution capabilities, as well as respond effectively to increasingly smaller trade sizes and sharply rising transaction numbers. In order to achieve this, the TSE group has been advancing the development of the next-generation trading system, which aims for the world’s highest level of system speediness and

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scalability, in addition to replacing the derivatives trading system. Also, as it seeks to ensure the market's trust in its capability and respond appropriately to increasing demands for liquidity, the TSE group also implemented measures designed to gradually augment the capacity of the current Stock/CB Trading System, the Clearing System, and the Market Information System (to achieve a processing capacity of 23 million orders per day for stocks, etc.), continuing its efforts from the previous year.

To maintain and provide market users with a market infrastructure that ensures trading stability, the TSE group also pushed forward with efforts to strengthen its business continuity structure, which includes the construction of a secondary site. Also, to contribute to enhanced convenience and efficiency for market users, the TSE group improved all aspects of its systems infrastructure while enhancing the internal organizational resources required for these systems, taking into consideration what users have said about their needs and how they are assessing the Tokyo Stock Exchange—bearing foremost in mind the need to achieve overall optimization based on enterprise architecture (“EA”).

Despite these efforts, there were repeated systems failures during the year, including one in February, which shut down the TSE's derivatives trading system. In response to these breakdowns, the TSE group launched immediate investigations into the causes of the failures and developed thorough measures to prevent their reoccurrence. Also, as part of its efforts to build and provide a market infrastructure that ensures transaction stability, the TSE group conducted a reassessment of its own company-wide response flow with respect to systems failure from the standpoint of strengthening the exchange's crisis management capabilities.

The TSE group also carried out a review of its ToSTNeT trading system for the purpose of enhancing the system's user convenience. In addition to including foreign stocks in the system, the TSE group also began allowing trading participants to use ToSTNeT trading during auction market hours and removed quantitative restrictions on the number of futures and options transactions that can be effected on the system. As part of the exchange's response to the problem of erroneous orders, the TSE group also reviewed its trading systems and revised rules and regulations related to the cancellation of erroneous orders for which trades have been executed. In addition, the TSE group developed an “Action Plan to Consolidate the Trading Unit” and began studying the issue of consolidating trading units.

In the areas of clearing and settlement, concerned parties such as Japan Securities Depository Center, Inc. have continued with dematerialization of shares. At the same time, Japan Securities Clearing Corporation took further steps to strengthen its risk management functions in response to recent issues in the market environment.

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2) Enhancing trust through strengthening of the exchange's self-regulatory functions

In response to increasingly heightened societal expectations for greater efficacy in the exchange's self-regulatory operations, and with the enactment of the Financial Instruments and Exchange Act in September 2007, the TSE established a self-regulatory corporation whose aim is to ensure the independence of the exchange's self-regulatory functions. With improvements in the legal framework that govern the exchange's organizational structure now allowing an exchange to entrust its self-regulatory operations to a self-regulatory corporation, the TSE established the Company as a holding company whose aim is to achieve two objectives: 1) strengthen the independence of self-regulatory functions; and 2) ensure the effectiveness of these self-regulatory functions. Under the umbrella of the holding company, there are now two companies in operation, a market operation company and a self-regulatory corporation.

To promote efforts aimed at strengthening self-regulatory functions, in October 2007 the TSE group announced "R+," a series of programs designed to enhance those of the compliance division. These programs consist of two main pillars: the strengthening of preemptive measures for prevention, and the strengthening of support for the compliance efforts of market participants, etc.

In terms of the former, the TSE group is now requiring that its compliance division inspect the systems and procedures that trading participants use to examine companies they are supporting to list. Under a new recommendation system, the TSE group has also begun actively putting trading participants on notice when potential problems come to its attention during compliance inspections. The R+ programs also include measures aimed at expediting the market surveillance process and at improving its ability to issue cautionary notices or to take disciplinary actions vis-à-vis trading participants. When the TSE group discovers patterns that could lead to unfair trading through the market surveillance process, it now adopts a more proactive stance toward explaining potential problems to trading participants.

With respect to strengthening the support provided to trading participants and listed companies on compliance-related issues, the TSE group has increased the number of lecturers that it dispatches to companies for internal training programs related to insider trading regulations and other issues. Beginning in December 2007, it has also begun providing compliance-related content through a new awareness-raising tool, called the TSE-R e-Learning and Compliance Training Service.

In April 2007, the TSE group announced its "Comprehensive Improvement Program for the Listing System 2007." Developed to enhance the corporate value and international competitiveness of listed companies, this new program seeks to promote

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shareholder/investor protection and respect, and to enable the secondary market to function in an appropriate manner. From this perspective, the TSE group carried out reviews of its Securities Listing Regulation structure, which includes establishing new guidelines on listing examinations and listing supervision. These new guidelines were adopted because of a need to improve systems related to corporate behavior, to enhance the functionality of the market system, and to take steps to ensure the efficacy of listing regulations; the new guidelines also meet the need to respond to changes in the exchange's organization that were designed to strengthen its self-regulating capabilities. In November 2007, the TSE group adopted a system of "securities on alert," in which it identifies companies that, while not deserving delisting, clearly need to improve their internal control systems. During the year, the TSE group identified two such companies. With the aim of eliminating criminal and extremist elements from the marketplace, the TSE group also added clear language to its guidelines on listing examinations that deal with this issue.

3) Promoting listings of companies offering significant investment appeal, and diversifying line-ups of listed products

To encourage the listing of high-quality companies with great investment appeal, the TSE group has actively continued to promote its services through individual visits to unlisted companies, seminars on new listing procedures, etc., and other activities. With a focus on neighboring Asian countries, the TSE group sought in particular to encourage listings of foreign companies. From this standpoint, it aggressively promoted its services to high-growth companies in China, South Korea, and other Asian countries. This effort resulted in two new listings of companies based in the Chinese mainland.

Consequently, during the year under review there were 49 companies newly listed on the First and Second Sections of the TSE and 24 companies newly listed on Mothers^(*). This brought the total number of listed companies at year end to 2,217 on the First and Second Sections (a decrease of 7 compared to the previous year) and 198 on Mothers (a gain of 9).

* Includes listing of companies that were established through mergers or transfers of shares between listed companies (so-called "technical listing"). There were 11 such companies listed on the First and Second Sections and one company listed on Mothers during the year.

To meet investors' increasingly diverse needs, the TSE group actively sought to list a variety of new products. While adjusting the system related to Japanese Depositary Receipts (JDRs), which utilize beneficiary certificates based on the amended Trust Law, the TSE group also developed new systems for the trading of foreign ETFs linked to stock indices and other new systems for ETFs linked to commodity prices, such as those for gold and silver. In January 2008, the TSE group entered into a comprehensive cooperation agreement with the Tokyo Commodity Exchange, in which the two exchanges agreed to

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jointly study the possibility of cooperating in the listing of ETFs that track commodity prices and commodity indices and to discuss the possibility of future cooperation

During the year under review, 22 domestic ETFs (ETFs linked to sized-based stock price indices, the TOPIX-17, the newly developed sector-based index, etc.) and 1 foreign ETF were newly listed, bringing the total number of listed ETFs to 34.

4) Strengthening international competitiveness through more international collaboration and alliances

The cross-border competition among securities markets is growing increasingly harsh. This will make it more necessary hereafter to take steps to strengthen the TSE's competitiveness in the international arena. To enable the exchange to respond in a multifaceted way to these trends and the business opportunities they offer, the TSE group endeavored to improve its organizational capabilities, entered into alliances with overseas exchanges, and adopted measures to strengthen specific operational tie-ups. In concrete terms, it engaged in the following: acquired (in June 2007) roughly 4.99% of the outstanding shares of Singapore Exchange Limited; reached an agreement (in August 2007) with NYSE Euronext to receive consulting on various technical areas of information technology; and established a new, equally owned joint-venture with the London Stock Exchange, which will jointly develop a new market with the TSE group that will list start-up companies. Thus, the TSE identified specific areas for action and worked steadily to broaden and deepen its cooperative relationships in this area.

5) Improving financial literacy and endeavoring to expand the base of individual shareholders

The TSE established the TSE Academy to help build an environment that would encourage greater participation by individuals in securities investment. Through the Academy, the TSE group held many seminars where it sought to disseminate knowledge about and enhance understanding of securities markets and investments, with the aim of expanding the base of autonomous and independent investors. The TSE group was also actively involved in school-oriented programs, where it seeks to disseminate knowledge of basic economics and finance through classes conducted for elementary, middle, and high school students at the exchange. The school programs also included efforts to increase the number of TSE staff dispatched to schools, where lecturers provide presentations both to school classes and to specially arranged parent-child sessions. In terms of service to listed companies, the group also held periodic seminars in Tokyo and other sites around the country to discuss the basic facts and practical aspects of timely disclosure and insider trading restrictions.

As of March 31, 2008, the TOPIX stood at 1,212.96 points, and the market capitalization of stocks listed on the First Section (*) was 389,305.2 billion yen. During the year ended

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March 31, 2008, the average daily trading volume for domestic shares increased by 9.8% year-on-year to 2,262.19 million shares, while the average daily trading value increased by 6.6% to 2,939.3 billion yen. The average daily trading volume of stock index futures rose by 18.5% to 70,948 contracts, resulting in a 10.9% increase in average daily trading value to 1,088 billion yen. The volume of Japanese government bond futures also increased, rising by 19.9% to 5,750.8 billion yen per day.

* Excludes foreign stocks.

Consequently, during the year ended March 31, 2008, the Company's operating revenues increased slightly by 27 million yen to 75,505 million yen (up 0.0%, year-on-year), primarily reflecting the sharp increase in average value of shares traded per day. Operating income decreased by 4,229 million yen to 28,786 million yen (down 12.8%) and ordinary profit decreased by 3,195 million yen to 31,064 million yen (down 9.3%). This resulted in a 2,284 million yen decline in net income to 17,701 million yen (down 11.4%).

Under non-operating income, penalties and fines from trading participants during the year amounted to 42 million yen, which the TSE group applied to the entrustment service expenses that it pays to Tokyo Stock Exchange Regulation ("TSER"). The latter, which views its activities as an investment aimed at building a healthy stock market, utilizes this entrustment service revenue to operate its market surveillance system.

(2) Capital expenditures

As in the previous year, the TSE group made capital investments in its clearing and other systems, with the aim of expanding its system capacity. Overall, capital investments during the year amounted to approximately 10.2 billion yen.

(3) Financing

During the year under review, the TSE group borrowed 19,570 million yen from financial institutions.

(4) Business transfer, mergers and demergers

Not applicable.

(5) Acquisition of operations from other companies

Not applicable.

(6) Assumption of the rights and obligations of other corporate entities as a result of absorption-typed mergers or demergers

The TSE held shares of Japan Securities Clearing Corporation and Japan Securities Depository Center, Inc. These shares were affected by a resolution adopted at an Extraordinary General

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Shareholders Meeting held on September 25, 2007, in which a demerger with the Company as the successor company was approved. The demerger was carried out on October 1, 2007.

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

In May 2007, the TSE assigned the 400 shares it owned in TOSHO SYSTEM SERVICE CO., LTD. (amounting to approximately 20% equivalent of that company's outstanding shares) to Japan Securities Depository Center, Inc. as a means of strengthening its collaboration with these two companies.

In June 2007, the TSE acquired 53,051,000 shares in Singapore Exchange Limited (amounting to approximately 4.99% of the exchange's outstanding shares) in recognition of the importance of building ever closer relationships with that exchange.

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

The TSE group

Millions of yen	March 2005 term (Apr. 2004 to Mar. 2005)	March 2006 term (Apr. 2005 to Mar. 2006)	March 2007 term (Apr. 2006 to Mar. 2007)	March 2008 term (Apr. 2007 to Mar. 2008)
Operating revenues	53,071	69,893	75,478	75,505
Operating profit	11,360	28,751	33,016	28,786
Ordinary profit	12,037	29,949	34,260	31,064
Net income	4,977	18,832	19,985	17,701
Net income per share (Yen)	2,164.82	8,257.83	8,789.64	7,785.04
Total assets	367,357	617,864	565,518	717,676
Net assets	77,023	94,644	111,246	117,776
Net assets per share (Yen)	33,852.25	41,600.08	48,289.71	50,859.77

(Operating revenues)

Millions of yen	March 2007 term (Apr. 2006 to Mar. 2007)	March 2008 term (Apr. 2007 to Mar. 2008)	Year-on-year change	%
Trading participant fees	32,825	34,550	1,724	5.3%
Listing fees	13,370	10,267	(3,102)	(23.2)%
Income from Information services	10,239	11,101	861	8.4%
Other operating income	19,042	19,585	543	2.9%
	75,478	75,505	27	0.0%

The Company

Millions of yen	1st term (Aug. 2007 to Mar. 2008)
Operating revenues	10,894
Operating profit	7,128
Ordinary profit	7,294
Net income	6,541
Net income per share (Yen)	2,844.11
Total assets	113,855
Net assets	104,145
Net assets per share (Yen)	45,803.69

3. Information on Major Parent Company and Subsidiaries

(1) Relationship with parent company

Not applicable.

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(2) Major subsidiaries

Millions of yen	Address	Paid-in capital	Percentage of Total (%) [Indirect]	Principal businesses
Tokyo Stock Exchange, Inc.	Chuo-ku, Tokyo	11,500	100.0	Market operations
Tokyo Stock Exchange Regulation	Chuo-ku, Tokyo	3,000	100.0	Self-regulatory operations
Japan Securities Clearing Corporation	Chuo-ku, Tokyo	1,700	86.3	Clearing operations for trading in marketable securities
Japan Securities Settlement & Custody, Inc.	Chuo-ku, Tokyo	300	100.0 [100.0]	Securities settlement operations
TOSHO SYSTEM SERVICE CO., LTD.	Koto-ku, Tokyo	100	80.0 [80.0]	Systems development

(Note) The amount in the "paid-in capital" column for Tokyo Stock Exchange Regulation refers to the non-stock capital of non-profit organizations.

4. Issues Requiring Action

The TSE group recognizes that as a market operator, it has been entrusted with the social mission of providing market users with opportunities to trade with confidence, and to provide such opportunities consistently and reliably. The group strives to perform its business in a transparent manner and strike a balance between the exchange's public nature and the need for profitability. At the same time, the TSE group has identified the cash and derivative markets as its twin engines for growth, and is striving to create synergies through strategic alliances with overseas exchanges and other institutions. By doing this, the TSE group endeavors to become a market which anybody can easily use that attracts investors and listed companies from all around the world, and through a horizontally and vertically integrated business line, strives to evolve into a "universal exchange" that provides a wide range of functions and products. In this way, the TSE group is aiming to grow into a dynamic market that supports wealth building for a wide variety of life plans as well as a resource for risk money from around the world.

Its basic strategies for achieving these goals will involve both quantitative expansion and qualitative enhancements. On one hand, the TSE group will seek to achieve a quantitative expansion by diversifying its trading product lineup and by providing top caliber trading systems. On the other hand, it will seek to facilitate enhanced corporate governance of listed companies and strengthen the self-regulatory functions of the market and market participants. Through the combined effect of quantitative expansion and qualitative enhancement, the group will aim to expand the size of its market and to evolve into a core market for capital flow in Asia.

In light of the foregoing management policies, major management goals which the group will work to achieve are as follows.

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1) Strengthen derivatives markets

The TSE group will strengthen its derivatives markets by increasing new product listings through means such as the development of new indices that accommodate the needs of market users. It will also increase trading opportunities by enhancing trading systems, expanding its trading hours, and introducing a remote trading participant system, etc.

2) Increase the depth of the cash market

The TSE group will take steps to increase the depth of its cash market through a greater number of tradable products and improvement in convenience and efficiency for market users. It hopes to achieve this through efforts such as 1) increasing the number of listed ETFs which contribute to the formation of individual investors' asset portfolios, 2) providing more fund-raising opportunities for Asian companies with high growth potential by establishing a new market for professional investors, and 3) engaging in research that leads to the launch of an emissions trading market.

3) Provide a safe, high-performance trading system

- The TSE group will introduce new systems and strengthen the functions and capabilities of its existing systems in order to appropriately respond to new products and an increased demand for more diverse and sophisticated trading methods, bearing foremost in mind total optimization including costs.
- The TSE group will provide a market infrastructure that ensures stability for transactions by conducting thorough quality control of its systems and strengthening its business continuity structure, including the construction of a secondary site.
- With respect to market infrastructure issues including systems failures, the TSE group will promote efforts to create and provide a system infrastructure that enables stable trading. The group will accomplish this by learning from previous system glitches, creating thorough measures for preventing a reoccurrence, and by enhancing its crisis management system.

4) Protect rights and interests of shareholders and investors

The TSE group will devote its utmost efforts into advancing measures that ensure the protection of the rights and interests of shareholders and investors. It will do so by making improvements to its listing system based on plans such as the “Comprehensive Improvement Program for the Listing System” – which includes measures that enable the TSE group to strengthen its support of efforts by listed companies to enhance their corporate governance practices – and also by increasing the quantity and quality of information on listed companies.

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- 5) Enhance the fairness and reliability of the TSE's markets
- The TSE group will take steps to enhance fairness and reliability of its market by promoting "R+", programs aimed at strengthening self-regulatory functions, improving listing examination and listing supervision, and pushing to establish market-integrated inspections of trading participants.
 - The TSE group will also endeavor to strengthen its ability to prevent unfair trading and other possible problems by increasing the support that it provides to market participants and listed companies in their efforts to remain in compliance.
- 6) Enhance corporate efficiency and customer satisfaction
- The TSE group will utilize the management resources of the TSE group more efficiently by strengthening its internal control systems, promoting standardization and increased efficiency of business operations, and improving organizational systems and procedures, in addition to developing its human resources.
 - By encouraging two-way communication, the TSE group will gain an understanding of user needs and assessments in a timely and accurate manner. This will enable the group to expeditiously provide high-quality service to market participants and to enhance customer satisfaction.
- 7) Expand the base of individual investors through improvements in financial literacy
- The TSE group is endeavoring to expand the base of autonomous and independent individual investors. It uses resources such as the TSE Academy to disseminate knowledge and enhance the public's understanding of securities markets and securities investment in ways that reflect the increasing diversity of financial products. Along these lines, the group also strives to disseminate knowledge and increase basic understanding of the financial economy among elementary, middle and high school students, both through activities that take place in educational settings and through activities aimed at families. In addition, through these efforts and other public information campaigns, the TSE group is working to enhance the presence of the TSE's markets.

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5. Principal Businesses (as of March 31, 2008)

The principal business of the TSE group is to provide and operate financial instruments exchange markets. Specifically, the group provides market facilities for securities trading and market derivatives trading (“securities trading, etc.”), publicizes market information such as quotes and prices, and engages in operations that ensure fairness of securities trading, etc. It also provides the service of assuming securities liabilities, etc.

6. Main Offices (as of March 31, 2008)

The Company

Name	Address
Head office	2-1, Nihombashi-kabutocho, Chuo-ku, Tokyo

Subsidiaries

Name	Address
Tokyo Stock Exchange, Inc.	2-1, Nihombashi-kabutocho, Chuo-ku, Tokyo
Tokyo Stock Exchange Regulation	2-1, Nihombashi-kabutocho, Chuo-ku, Tokyo
Japan Securities Clearing Corporation	2-1, Nihombashi-kabutocho, Chuo-ku, Tokyo
Japan Securities Settlement & Custody, Inc.	2-1-1, Nihombashi-Kayabacho, Chuo-ku, Tokyo
TOSHO SYSTEM SERVICE CO., LTD.	7-2-31, Toyochō, Koto-ku, Tokyo

7. Employees (as of March 31, 2008)

The TSE group

Number of employees	Average age	Average years of service
808	41.5	17.8

(Note) The number of employees refers to persons working on a regular basis (excluding persons assigned temporarily by the TSE group but including persons assigned to work temporarily in the TSE group); temporary employees (part-time workers and persons dispatched from temporary employment agencies) are not included.

The Company

Number of employees	Average age	Average years of service
153	41.6	18.3

(Note) The number of employees refers to persons working on a regular basis (excluding persons assigned temporarily by the Company but including persons assigned to work temporarily in the Company); temporary employees (part-time workers and persons dispatched from temporary employment agencies) are not included.

8. Lenders, Loans and Shares Held by Lenders (as of March 31, 2008)

Lenders	Type of loan	Account of loan
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Short-term borrowings	17,570

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9. Other Important Items related to the Corporate Group

On December 8, 2005, Mizuho Securities Co., Ltd. issued an erroneous order for the sale of the shares of J-COM Co., Ltd. Mizuho Securities has filed a lawsuit against the TSE in Tokyo District Court, claiming damages of approximately 41.5 billion yen with respect to this incident. The case is currently under litigation. The TSE believes that it is not liable for damages and is asserting this position in court.

II. Status of Shares (as of March 31, 2008)

1. Total Number of Shares Authorized	9,200,000
2. Number of Shares Issued and Outstanding	2,300,000
3. Number of Shareholders	118

4. The Seven Largest Shareholders

Thousands of shares	Shareholders' investment in the TSE	
	Number of shares	Percentage of total (%)
Japan Asia Holdings Limited	80	3.52
SMBC Friend Securities Co., Ltd.	60	2.64
Mitsubishi UFJ Securities Co., Ltd.	55	2.42
AIZAWA SECURITIES CO., LTD.	40	1.76
SBI E*TRADE SECURITIES Co., Ltd.	40	1.76
KYOKUTO SECURITIES CO., LTD.	40	1.76
BNP PARIBAS Securities (Japan) Limited	40	1.76

(Note) Calculations of "percentage of total" excludes treasury shares (26,260 shares).

III. Status of Stock Acquisition Rights, etc. (as of March 31, 2008)

Not applicable.

* This is a referential translation of the original notice in Japanese. In the event of any discrepancy, the original notice in Japanese shall prevail.

IV. Directors and Executive Officers of the Company

1. Directors and Executive Officers (as of March 31, 2008)

1) Board of Directors

Position	Name	Areas of responsibility, primary position	Representation of other companies
Chairman of the Board	Taizo Nishimuro	Representative Director; Chairman of the Committee, Nomination Committee; Member of the Committee, Compensation Committee	Executive Adviser, Toshiba Corporation; Chairman of the Board, Tokyo Stock Exchange, Inc.
Director	Atsushi Saito	President & CEO	President & CEO, Tokyo Stock Exchange, Inc.
Director	Yasuo Tobiya	Executive Vice President, COO & CFO	Executive Vice President, COO, Tokyo Stock Exchange, Inc.
Director	Shigeaki Itsuki	Member of the Committee, Audit Committee	Statutory Auditor, Tokyo Stock Exchange, Inc.
Director	Hiroshi Okuda	Member of the Committee, Nomination Committee	Senior Adviser, Member of the Board, Toyota Motor Corporation; External Director, Tokyo Stock Exchange, Inc.
Director	Toshiaki Katsushima	Member of the Committee, Audit Committee	CPA; Tax Accountant; External Statutory Auditor, Tokyo Stock Exchange, Inc; Auditor, Tokyo Stock Exchange Regulation
Director	Yasuhiro Sato	Chairman of the Committee, Compensation Committee	Honorary Senior Advisor, Kirin Holdings Company, Limited; External Director, Tokyo Stock Exchange, Inc.
Director	Satoshi Shiibashi	Chairman of the Committee, Audit Committee	Standing Statutory Auditor, Tokyo Stock Exchange, Inc.
Director	Koji Shindo	Member of the Committee, Audit Committee	Lawyer; Professor Emeritus, University of Tokyo; External Statutory Auditor, Tokyo Stock Exchange, Inc
Director	Nobuko Takahashi		Journalist covering economics and daily life; External Director, Tokyo Stock Exchange, Inc.
Director	Masakazu Hayashi		President, Tokyo Stock Exchange Regulation
Director	Yoshinari Hara	Member of the Committee, Compensation Committee	Chairman of the Board and Executive Officer, Daiwa Securities Group Inc.; External Director, Tokyo Stock Exchange, Inc.
Director	Tsuguoki Fujinuma		CPA; Adviser, The Japanese Institute of Certified Public Accountants; Governor, Tokyo Stock Exchange Regulation
Director	Hitoshi Maeda	Member of the Committee, Nomination Committee	Professor Emeritus, Gakushuin University; External Director, Tokyo Stock Exchange, Inc.

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Referential Translation

Position	Name	Areas of responsibility, primary position	Representation of other companies
Director	Charles D. Lake II		Representative in Japan and Vice-Chairman, American Family Life Assurance Company of Columbus (Japan Branch); President, American Chamber of Commerce in Japan; External Director, Tokyo Stock Exchange, Inc.
Director	Masahiro Wakita		Executive Advisor, Toyo Securities Co., Ltd.; External Director, Tokyo Stock Exchange, Inc.

(Notes)

- The following eleven (11) persons are External Director: Hiroshi Okuda, Toshiaki Katsuhima, Yasuhiro Sato, Satoshi Shiibashi, Koji Shindo, Nobuko Takahashi, Yoshinari Hara, Tsuguoki Fujinuma, Hitoshi Maeda, Charles D. Lake II and Masahiro Wakita. Masakazu Hayashi was External Director from August 1, 2007, when the Company was incorporated, to October 17, 2007, when Tokyo Stock Exchange Regulation was incorporated and he assumed his office as President of Tokyo Stock Exchange Regulation.*
- Member of the Audit Committee Toshiaki Katsushima is qualified as certified public accountant, who has considerable knowledge regarding finance and accounting.*

2) Executive Officers

Position	Name	Areas of responsibility, primary position	Representation of other companies
Chairman of the Board	Taizo Nishimuro		Same as 1) Board of Directors
President & CEO	Atsushi Saito	Chief Executive Officer	Same as 1) Board of Directors
Executive Vice President, COO & CFO	Yasuo Tobiyama	Chief Operating Officer; Chief Financial Officer	Same as 1) Board of Directors
Senior Executive Officer & CIO	Yoshinori Suzuki	Chief Information Officer; General Manager, IT Planning	Managing Director & CIO, Tokyo Stock Exchange, Inc.
Senior Executive Officer	Tomoyoshi Uranishi	General Manager, External Affairs Information and CSR Promotion	
Senior Executive Officer	Hiroyuki Iwakuma	General Manager, General Affairs, Personnel, and Finance	
Executive Officer	Masaki Shizuka	General Manager, Management Planning	

2. New and Retiring Directors and Executive Officers During the Fiscal Year

1) Newly elected

All directors and executive officers were elected on June 22, 2007, and took office when the Company was established on August 1 of the same year.

2) Retired

Senior Executive Officer Toshitsugu Shimizu resigned effective October 31, 2007.

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3. Policies Regarding Decisions on Compensation for Directors and Executive Officer

The compensation received by the Company's directors and executive officers will be decided upon by the Compensation Committee in accordance with the following policies.

- In addition to being appropriate for the work responsibilities of directors and executive officers, compensation must also contribute to an enhanced awareness of the need to achieve the Company's management goals.
- Compensation must be competitive and adequate enough to attract the talent necessary to build a market that offers excellent reliability and convenience.
- In light of the Company's special nature as a part of the infrastructure of society, compensation must be appropriate in light of the social situation, and compensation decision procedures and other aspects must be transparent.

4. Compensation Paid to Directors and Executive Officers

	No. of Recipients	Amount Paid (Millions of yen)
Directors	13	76
[of which External Directors]	[11]	[59]
Executive Officers	8	279

(Notes)

1. The payments noted above include 125 million yen of directors' bonuses paid to executive officers based on a resolution adopted by the Compensation Committee on April 7, 2008.
2. During the fiscal year, 2 million yen in total was separately paid out to External Directors as compensation by Tokyo Stock Exchange Regulation.
3. The Company has no directors who are concurrently employees.
4. "External Directors" above includes Masakazu Hayashi.

5. Item Related to External Directors and External Statutory Auditors

- (1) Concurrent duties as operating officers of other companies; relationship between the Company and said other companies

Director Yoshinari Hara concurrently serves as Chairman of the Board and Executive Officer of Daiwa Securities Group Inc. The Daiwa Securities Group has no substantial business relationship with the Company.

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Referential Translation

(2) Persons serving as External Directors and External Statutory Auditors at other companies

Name	Company name	Specific concurrent position
Hiroshi Okuda	Tokyo Stock Exchange, Inc.	External Director
	KDDI CORPORATION	External Director
	Japan Post Holdings Co., Ltd.	External Director
	Toyota Industries Corporation	External Statutory Auditor
Toshiaki Katsushima	Tokyo Stock Exchange, Inc.	External Statutory Auditor
	Japan Post Insurance Co., Ltd.	External Director
	SKY Perfect JSAT Corporation	External Statutory Auditor
	AVEX GROUP HOLDINGS INC.	External Statutory Auditor
Yasuhiro Sato	Tokyo Stock Exchange, Inc.	External Director
Satoshi Shiibashi	Tokyo Stock Exchange, Inc.	External Statutory Auditor
Koji Shindo	Tokyo Stock Exchange, Inc.	External Statutory Auditor
Nobuko Takahashi	Tokyo Stock Exchange, Inc.	External Director
	Benesse Corporation	External Statutory Auditor
Yoshinari Hara	Tokyo Stock Exchange, Inc.	External Director
	NEC Corporation	External Director
Hitoshi Maeda	Tokyo Stock Exchange, Inc.	External Director
	The Sumitomo Trust and Banking Co., Ltd.	External Statutory Auditor
Charles D. Lake II	Tokyo Stock Exchange, Inc.	External Director
Masahiro Wakita	Tokyo Stock Exchange, Inc.	External Director

(3) Family relationships with persons involved in the operations of the Company or in the operations of “specified related parties” to the Company

Not applicable.

(4) Primary activities during fiscal year

Rank	Name	Major activities
Director	Hiroshi Okuda	Attended 8 of the 9 Board of Directors meetings held during the business year under review; attended 1 Nomination Committee held during the business year under review; made statements that were necessary to the board's deliberation of agenda items, contributing such statements in an appropriate way.
Director	Toshiaki Katsushima	Attended all 9 Board of Directors meetings held during the business year under review; attended all 8 Audit Committee held during the business year under review; made statements that were necessary to the board's deliberation of agenda items, contributing such statements in an appropriate way.
Director	Yasuhiro Sato	Attended all 9 Board of Directors meetings held during the business year under review; attended 1 Compensation Committee held during the business year under review; made statements that were necessary to the board's deliberation of agenda items, contributing such statements in an appropriate way.

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Referential Translation

Rank	Name	Major activities
Director	Satoshi Shiibashi	Attended all 9 Board of Directors meetings held during the business year under review; attended all 8 Audit Committee held during the business year under review; made statements that were necessary to the board's deliberation of agenda items, contributing such statements in an appropriate way.
Director	Koji Shindo	Attended all 9 Board of Directors meetings held during the business year under review; attended all 8 Audit Committee held during the business year under review; made statements that were necessary to the board's deliberation of agenda items, contributing such statements in an appropriate way.
Director	Nobuko Takahashi	Attended all 9 of the Board of Directors meetings held during the business year under review; made statements that were necessary to the board's deliberation of agenda items, contributing such statements in an appropriate way.
Director	Yoshinari Hara	Attended 6 of the 9 Board of Directors meetings held during the business year under review; attended 1 Compensation Committee held during the business year under review; made statements that were necessary to the board's deliberation of agenda items, contributing such statements in an appropriate way.
Director	Tsuguoki Fujinuma	Attended 8 of the 9 Board of Directors meetings held during the business year under review; made statements that were necessary to the board's deliberation of agenda items, contributing such statements in an appropriate way.
Director	Hitoshi Maeda	Attended all 9 Board of Directors meetings held during the business year under review; attended 1 Nomination Committee held during the business year under review; made statements that were necessary to the board's deliberation of agenda items, contributing such statements in an appropriate way.
Director	Charles D. Lake II	Attended all 9 of the Board of Directors meetings held during the business year under review; made statements that were necessary to the board's deliberation of agenda items, contributing such statements in an appropriate way.
Director	Masahiro Wakita	Attended all 9 of the Board of Directors meetings held during the business year under review; made statements that were necessary to the board's deliberation of agenda items, contributing such statements in an appropriate way.

(Note) Masakazu Hayashi attended 2 of the 3 Board of Directors meetings held during the tenure of his office as External Director, and made statements that were necessary to the board's deliberation on agenda items, contributing such statements in an appropriate way.

(5) Summary of agreement limiting liability

The Company has concluded agreements limiting liability stipulated in Paragraph 1, Article 423 of the Corporation Law in accordance with the provisions of Paragraph 1, Article 427 of the Corporation Law with the following ten individuals: Directors Hiroshi Okuda, Toshiaki Katsushima, Yasuhiro Sato, Koji Shindo, Nobuko Takahashi, Yoshinari Hara, Tsuguoki Fujinuma, Hitoshi Maeda, Charles D. Lake II, and Masahiro Wakita. Limits on liability for damages under these agreements are set at the minimum liability amounts provided for by laws and regulations. The Company held a similar agreement with Mr. Masakazu Hayashi for the period when he was External Director.

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V. Accounting Auditor

1. Name of the Accounting Auditor

Deloitte Touche Tohmatsu

2. Compensation Paid to Accounting Auditor

- | | |
|---|----------------|
| 1) Total fees paid to the Accounting Auditor by the Company and its subsidiaries | 43 million yen |
| 2) Of the total in 1), the amount of fees paid as consideration for audit certification under Paragraph 1, Article 2 of the Certified Public Accountants Law | 36 million yen |
| 3) Of the total paid in 2), the total amount of fees paid by the Company to its Accounting Auditor as defined under the Corporation Law and the Securities and Exchange Law | 9 million yen |

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

3. Nature of Non-Auditing-Related Professional Duties

The Company pays compensation to the Accounting Auditor for advice and guidance on matters other than those provided for under Paragraph 1, Article 2 of the Certified Public Accountants Law. These matters have to do with advice and guidance on internal controls related to financial reports.

4. Policy Regarding Decision to Dismiss or Not to Reappoint Accounting Auditor

The Audit Committee will submit a resolution to the General Shareholders Meeting proposing the dismissal of the Accounting Auditor or recommending against its reappointment in the event that that it determines that such action is necessary in light of a comprehensive assessment of the Accounting Auditor's independence, trustworthiness, or other conditions related to the performance of its duties.

In addition, if the provisions of Items of Paragraph 1, Article 340 of the Corporation Law are found to apply to the Accounting Auditor, the Company shall dismiss the Accounting Auditor.

5. Matters Related to Agreements to Limit Liability

Not applicable.

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VI. System for Ensuring the Appropriate Conduct of Operations

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

1. Matters Relating to Directors and Employees who Support the Audit Committee in their duties

- The Company shall establish a set of internal rules known as “Regulations Regarding Employees who Support the Audit Committee in their Duties” to prescribe certain matters for employees who support the Audit Committee in their operation, and shall apply these rules appropriately. These regulations will include the following provisions.
 - (1) Employees attached to the Audit Committee Office will assist the Audit Committee in its duties and will obey directions and orders issued by the committee.
 - (2) There will be at least four employees attached to the Audit Committee Office, including one director of the office.

2. Matters Relating to the Independence of Directors and Employees from Executive Officers

- In order to ensure the independence of employees attached to the Audit Committee Office, the Company shall establish a set of internal rules known as “Regulations Regarding Employees who Support the Audit Committee in its Duties” and shall apply them appropriately. These regulations will include the following provisions.
 - (1) Prior approval shall be obtained from the Audit Committee (or, from a specified committee member in the event that the Audit Committee has appointed such a member) regarding matters of hiring, transfer, performance evaluations, salaries, or reprimands of employees attached to the Audit Committee Office.
 - (2) Executive officers and employees shall be careful not to undermine the independence of employees attached to the Audit Committee Office through actions that may unfairly restrict the execution of duties by such employees.

3. System Governing Reporting by Executive Officers and Employees to the Audit Committee; System Relating to Other Reporting to the Audit Committee

- To develop a system for reporting to the Audit Committee, the Company shall establish a set of internal rules known as “Regulations Regarding Reporting to the Audit Committee” and shall apply them appropriately. These regulations will include the following provisions.
 - (1) When the Audit Committee or a member of the Audit Committee who has been designated by the committee requests a report on operations, executive officers and employees shall promptly submit such a report.

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Referential Translation

- (2) In the event that any executive officer or employee discovers something that may significantly affect the operations or the financial condition of the Company, its subsidiaries, or its affiliates, such officer or employee shall immediately report the details of the problem to the Audit Committee or to a member of the Audit Committee who has been designated by the committee.

4. System for Ensuring that Audits by the Audit Committee are Carried Out Effectively

- To ensure that audits by the Audit Committee are carried out effectively, the Company shall establish a set of internal rules known as “Regulations Regarding Reporting to the Audit Committee” and shall apply them appropriately. These regulations will include the following provisions.
 - (1) The President & CEO shall hold periodic meetings with the Audit Committee, or with a member of the Audit Committee who has been designated by the committee, to exchange opinions on the following: management policies; issues requiring responses by the Company; significant risks that could affect the Company; creating an environment favorable for conducting audits; and important audit-related issues.
 - (2) When the Audit Committee or a member of the Audit Committee requests payment of expenses for advice sought from lawyers, CPAs or other outside experts to carry out an audit, or for the commissioning of research, appraisals or other activities to such outside experts, executives officers and employees shall not refuse such requests, except when it is clear that the expenses related to such requests are unnecessary for the execution of duties by the Audit Committee or by a member of the Audit Committee.

5. System to Ensure that Executive Officers and Employees Fulfill their Duties in Accordance with Applicable Laws and Regulations, and with the Company’s Articles of Incorporation

- The Company shall establish regulations for the Board of Directors, regulations for the Committee of Executive Officers, job function-related regulations, etc., and it shall carry out its operations based on the separation of duties and authorities provided for under these regulations.
- The Company shall adopt a compliance program and carry out the following measures.
 - (1) Establish internal regulations on compliance (including regulations related to information management), including a Charter of Corporate Behavior and code of conduct for employees, which shall stipulate universal values and specific action guidelines with which persons belonging to the respective TSE group companies which comprises the Company, the TSE, and TSER (the respective TSE group companies)

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Referential Translation

must comply from the standpoint of corporate ethics; require that the respective TSE group companies share and adhere to these internal regulations.

- (2) As part of its internal compliance system, establish the positions of Chief Compliance Officer (President & CEO), Director in Charge of Compliance (Executive Officer in Charge of General Affairs), and Secretariat for Compliance-related Operations (within Department of General Affairs).
 - (3) Establish and operate a “TSE Compliance Hotline,” which provides whistleblower protection and is accessible by persons working within the Company and its subsidiaries.
 - (4) As part of an ongoing program of familiarization and education, hold liaison meetings comprised of persons in charge of compliance in the various departments and offices of the respective TSE group companies, distribute information related to compliance over the Company intranet, and conduct training via e-learning.
- Establish an Internal Auditing Office under the direct jurisdiction of the President & CEO and conduct internal audits.

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

- Based on standards for the securing of information shared by the respective TSE group companies, establish regulations on the handling of documents related to the execution of duties by executive officers, including minutes of Board of Directors meetings; apply such regulations appropriately.

7. Regulations and Other Systems Relating to Risk Management

- To ensure appropriate risk management, the Company will carry out its operations in accordance with the occupational duties and authorities spelled out in internal regulations. Fundamentally, operations will be carried out with the understanding that each group – directors, executive officers, and employees – are responsible for risk management in accordance with their specific duties and authorities.
- Establish rules for risk management committees that the respective TSE group companies can agree to and accept. With respect to risks affecting the respective TSE group companies, each company will take steps to improve its ability to recognize risk-related phenomenon and to take appropriate action from the standpoint of prevention. In the event that risks materialize or appear set to materialize, the risk management committee, headed by the President & CEO, shall take action that results in gaining “a comprehensive grasp of the situation” and in carrying out “responses aimed at a rapid resolution of the situation.”

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Referential Translation

- In particular, the TSE group shall remain fully cognizant of the fact that its essential duty as a market operator is to provide market participants with the opportunity to trade with confidence, and to do so in a stable and reliable manner. With respect to the risks of systems failing to operate in a stable manner, the group will take all necessary steps to minimize such risks as it proceeds with the development and operation of these systems. These steps include adopting standardized development methods and performing a sufficient number of operational tests to confirm reliability, developing detailed operations manuals and requiring strict adherence to these manuals, ensuring development by specialized departments established for this purpose, and strictly enforcing quality control in operations. In addition, to deal with situations in which continuation of market operations is threatened by natural disasters, terrorist acts, or other such problems, the TSE group will endeavor to respond appropriately by developing a “Basic Plan for Business Continuity” for the respective TSE group companies under this plan. It will seek to minimize the impact on related parties and to put into place beforehand the necessary systems and procedures that will enable operations to be resumed in the quickest possible time.
- In view of the importance of the self-regulatory function of a market operator such as the TSE group, as well as the significant expectations society holds for greater efficacy of its self-regulatory function, there is a risk that the group will be unable to effectuate self-regulation in an appropriate manner (including a risk to the reputation of the group when self-regulatory operations are not appropriately carried out). In this regard, the group will take every possible step to prevent such situations from arising, including implementing organizational measures designed to ensure the independence of its self-regulatory operations and guarantee fairness, and aggressively investing management resources into measures that enhance the quality of self-regulatory operations. The latter includes the development of detailed operational manuals and will require strict adherence to these manuals, while providing also for improved and more effective education and training.

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

- The respective TSE group companies shall operate on a system in which work is performed in accordance with the occupational duties and authorities that are spelled out in each company’s internal regulations, and will aim to increase areas of expertise and sophistication through such a division of responsibility. At the same time, the system will enable occupational authority to be delegated according to degree of importance of the respective tasks and with the aim of increasing the speed and agility of the decision-making processes. The respective TSE group companies will also seek to improve operational efficiency through the adoption of EA.

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Referential Translation

- The group will develop and adopt a medium-term management plan and annual budgets for the Company and all of its affiliates, including subsidiaries and affiliated companies. It will formulate these plans and budgets by appropriately combining top-down directives from management with bottom-up input from operating divisions, and will aim to increase the efficiency of operations through appropriate reviews of the progress being made under these plans and budgets.

9. System for Ensuring Appropriateness of Business Operations of the Corporate Group, Which Comprises the Company, its Parent Company, and Subsidiaries

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

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

- Omitted -

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VIII. Basic Policy Regarding Control of the Company

Not applicable.

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

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Consolidated Balance Sheet

(As of March 31, 2008)

(In millions of yen, with fractional amounts discarded)

Assets		Liabilities	
Current assets	610,233	Current liabilities	588,990
Cash and bank deposits	36,561	Accounts payable - trade	3,587
Accounts receivable	5,853	Short-term debt	19,570
Marketable securities	11,805	Income taxes payable	6,239
Inventories	3,493	Consumption taxes payable	159
Prepaid expenses	572	Allowance for bonuses	1,151
Deferred income taxes	1,173	Allowance for directors' bonuses	266
Short-term guarantee money deposits	127	Deposits received	1,159
Margin funds for derivatives and when-issued transactions	280,416	Margin funds received for derivatives and when-issued transactions	280,416
Deposits for clearing funds	222,630	Deposits received for clearing funds	222,630
Deposits as collateral for facilitating settlements	47,411	Deposits received as collateral for facilitating settlement	47,411
Others	192	Deposits received as trading participants guarantee	4,450
Allowance for doubtful accounts	(4)	Others	1,949
Fixed assets	107,442		
Property and equipment	14,665	Non-current liabilities	10,908
Buildings	2,693	Allowance for retirement benefits for employees	5,210
Information system equipments	8,166	Allowance for losses on real estate rental contract	732
Land	2,399	Guarantee money deposits received	361
Construction in progress	174	Returnable legal guarantee funds	708
Others	1,231	Others	
Intangible fixed assets	16,748	Total liabilities	599,899
Software	14,474		
Other intangible fixed assets	2,274		
Investments and other assets	76,028		
Investments in securities	33,771	Shareholders' equity	121,388
Deferred income taxes	6,427	Common stock	11,500
Prepaid pension costs	4,031	Capital surplus	25,358
Guarantee money deposits	7,983	Retained earnings	88,863
Long-term deposits	5,000	Treasury stock	(4,332)
Legal guarantee funds	361	Accumulated gains (losses) from revaluation and translation adjustments	(5,747)
Special assets for default compensation reserve funds	17,367	Unrealized gain (loss) on available-for-sale securities	(5,747)
Others	1,412		
Allowance for doubtful accounts	(326)	Minority interest in consolidated companies	2,134
Total assets	717,676	Total net assets	117,776
		Total liabilities and net assets	717,676

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Consolidated Statement of Income

(From April 1, 2007 to March 31, 2008)

(In millions of yen, with fractional amounts discarded)

Operating revenues	75,505
Trading participant fees	34,550
Listing fees	10,267
Income from Information services	11,101
Income from securities settlement	13,718
Income from system development and operations	2,543
Others	3,324
Operating expenses	46,718
Operating profit	28,786
Non-operating revenues	3,000
Interest and dividend income	1,774
Rent income	310
Income from fines levied	42
Grants in aid	226
Income from securities deposit for Japan Securities Finance Co., Ltd.	201
Equity in earnings of affiliated companies	279
Others	166
Non-operating expenses	722
Interest expense	111
Rent expense	383
Founding expense	80
Others	146
Ordinary profit	31,064
Extraordinary profits	60
Gain from prior period adjustment	59
Others	1
Extraordinary losses	543
Loss on disposal of fixed assets	152
Special depreciation of fixed assets	350
Other extraordinary losses	40
Income before income taxes and minority interest	30,582
Income taxes - current	12,193
Income taxes - deferred	247
Minority interest	439
Net income	17,701

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Consolidated Statement of Changes in Shareholders' Equity

(From April 1, 2007 to March 31, 2008)

(In millions of yen, with fractional amounts discarded)

	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
Balance as of Mar. 31, 2007	11,500	22,874	76,164	(740)	109,798
Changes during the term					
Cash dividends paid			(5,002)		(5,002)
Net income			17,701		17,701
Gain on disposal of treasury stock associated with a share transfer		2,484		(3,592)	(1,108)
Items other than changes in shareholders' equity (net)					
Net increase or decrease during the term	-	2,484	12,698	(3,592)	11,590
Balance as of Mar. 31, 2008	11,500	25,358	88,863	(4,332)	121,388

	Accumulated gains (losses) from revaluation and translation adjustments		Minority interest	Total net assets
	Unrealized gain (loss) on available-for-sale securities	Total accumulated gains (losses) from revaluation and translation adjustments		
Balance as of Mar. 31, 2007	-	-	1,448	111,246
Changes during the term				
Cash dividend paid				(5,002)
Net income				17,701
Gains on disposal of treasury stock associated with a share transfer				(1,108)
Items other than changes in shareholders' equity (net)	(5,747)	(5,747)	685	(5,061)
Net increase or decrease during the term	(5,747)	(5,747)	685	6,529
Balance as of Mar. 31, 2008	(5,747)	(5,747)	2,134	117,776

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Notes to Consolidated Financial Statements

(Assumptions underlying preparation of consolidated financial statements)

I. Item related to scope of consolidation

Number of consolidated subsidiaries and names of major consolidated subsidiaries

Number of consolidated subsidiaries: 5

Names of major consolidated subsidiaries:

Tokyo Stock Exchange, Inc., Tokyo Stock Exchange Regulation, Japan Securities Settlement & Custody, Inc., TOSHO SYSTEM SERVICE CO., LTD. and Japan Securities Clearing Corporation

II. Item related to application of the equity method

Number of affiliates accounted for by the equity method: 3

Names of affiliates accounted for by the equity method:

Japan Securities Depository Center, Inc., Tosho Computer Systems Co., Ltd. and ICJ, Inc.

III. Items related to accounting standards

1. Standards and methods of valuation for important assets

(1) Marketable securities and investments in securities:

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

2) Available-for-sale securities:

Quoted securities: current value method based on average market prices in the month prior to the end of the fiscal year (any differences resulting from valuations at market price are credited directly to the capital account; the cost basis of securities sold is calculated using the moving average method)

Unquoted securities: valued at cost using the periodic average method

(2) Inventories:

Work in progress: valued at cost, using the specific cost method

2. Major depreciable assets and methods of depreciation

(1) Property and equipment:

The Company primarily uses the declining-balance method to depreciate its fixed assets. It determines years of useful life and residual value by the methods and standards prescribed under the Corporation Tax Law. However, the straight-line method is used for the buildings (excluding facilities attached to the buildings) acquired on and after April 1, 1998 by Japan

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Securities Settlement & Custody, Inc. Furthermore, depreciation of property leased by TOSHO SYSTEM SERVICE CO., LTD. is computed using the straight-line method based on its entire lease period with no estimated residual value.

(Additional information)

The Corporation Tax Law was amended in fiscal 2007. Consequently, the Company recognizes depreciation expenses on depreciable assets acquired on and after April 1, 2007 in accordance with the revised law. The effect of these amendments was to reduce operating profit in the fiscal year under review by 218 million yen, and ordinary profit and income (loss) before income taxes and minority interest by 289 million yen.

In addition, for assets that were acquired before March 31, 2007 and that have been fully depreciated, the Company amortizes residual values in equal installments over a five-year period. The effect of the adoption of this new standard on profits for the fiscal year under review was not material.

(2) Intangible fixed assets:

- 1) Software for internal use: straight-line method based on useful life within the Company (5 years)
- 2) Others: straight-line method

3. Treatment of deferred assets

Founding expense: recognized in full at time of expenditure

4. Standards for important allowances

(1) 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.

(2) Allowance for bonuses:

For payment of employees, allowance is provided for that portion of total anticipated bonuses payable in the next term that is applicable to the current term.

(3) Allowance for directors' bonuses:

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

(4) Allowance for retirement benefits for employees:

Allowance for retirement benefits for employees is provided at an amount deemed to have accrued at the fiscal year end, based on estimated projected benefit obligations and pension

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plan assets at the end of the said period in order to cover required retirement benefits for eligible employees.

The unrecognized differences arising from adopting the new standard (transition adjustment) are recognized in expenses using the straight-line methods over a fixed period of 15 years.

Unrecognized actual gains and losses are recognized in expenses over a fixed period of 10 years using the straight-line method, which is within the average estimated remaining working life of the employees.

Unrecognized prior service costs are recognized in expenses using the straight-line method over a fixed period of 10 years, which is within than the average estimated effective remaining working life of the employees as of the date of their accrual.

(5) Allowance for loss on real estate rental contract:

A computer building rented under a long-term contract in order to ensure a sufficient amount of space for computer systems is currently sub-leased to another company.

Allowance for loss on real estate rental contract is provided against reasonably estimated future loss arising out of this sub-leasing transaction.

5. Accounting for significant lease transactions

Finance leases that are not deemed to transfer ownership of the leased property to the lessee are accounted for by the method that is applicable to ordinary operating leases.

6. Accounting for obligation assumption

Obligations and credits that the Japan Securities Clearing Corporation assumes and acquires in the securities obligation assumption business and the business specified under Paragraph 1, Article 156-6 of the Financial Instruments and Exchange Act are accounted for at the point of settlement.

7. Conversion of major foreign currency-denominated assets and liabilities to yen

Assets and liabilities denominated in foreign currencies are converted into yen based on the exchange rate on the day of closing. Other securities are converted into yen based on the average exchange rate over a one-month period prior to the date of closing.

8. Accounting for consumption taxes

Consumption taxes and local consumption taxes are not included in any amounts in the accompanying consolidated statement of income.

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IV. Notes to Balance Sheet

1. Accumulated depreciation on property and equipment: 28,644 million yen

2. Guarantee liabilities:

Guarantee liabilities for employee housing loans from financial institutions: 4,153 million yen

Guarantee liabilities for ICJ, Inc. from financial institutions: 100 million yen

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

Two of the Company's subsidiaries, Tokyo Stock Exchange, Inc. and Japan Securities Clearing Corporation (hereinafter, "the Exchange, etc."), have established clearing deposits and other systems based on the Financial Instruments and Exchange Act and on related regulations of the Exchange, etc. as a means of ensuring the safety of securities trading in the market. Acting as a clearing organization for trades in financial products, Japan Securities Clearing Corporation assumes obligations and acquires credits that arise with the execution of trades in the market from its clearing participants. To secure against risks of the clearing participants defaulting on their liabilities for settlements of the trades, Japan Securities Clearing Corporation receives clearing deposits, etc. (margin funds for when-issued and derivatives transactions, clearing funds, collateral for facilitating settlement) from participants based on the Financial Instruments and Exchange Act and other regulations. In addition, the Exchange, etc. receives legal guarantee funds from trading participants based on the Financial Instruments and Exchange Act in order to secure against risks of default by trading participants that are incurred by their customers, etc. These deposits are in the form of money or securities (which are restricted to securities that are permitted under the regulations of the Exchange, etc.) and are managed separately from the assets of the Exchange, etc. With respect to monetary deposits, the Exchange, etc. classifies these in separate asset and liability accounts which indicate the objectives of the deposits. The market value of deposited securities as of the end of the fiscal year under review was as follows.

1) Margin funds for when-issued transactions: 328 million yen

2) Margin funds for derivatives transactions: 851,713 million yen

3) Deposits for clearing funds: 364,427 million yen

4) Deposits as collateral for facilitating settlements: 109,563 million yen

5) Deposits for legal guarantee funds: 2,043 million yen

In order to secure against the risks that it incurs from defaults from trading participants, Tokyo Stock Exchange, Inc. also receives security deposits from trading participants based on its regulation. The assets that have been deposited are in the form of money or securities (which are restricted to securities that are permitted under the regulations of the Exchange, etc.). With respect to monetary deposits, assets are placed in the cash or bank deposit accounts, while

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liabilities are recognized in an account for deposits received as trading participants guarantee. As of the end of the fiscal year under review, the market value of collateral securities amounted to 2,847 million yen.

Other than that, Tokyo Stock Exchange, Inc. has entered into an indemnity agreement with Japan Securities Clearing Corporation concerning clearing operations for cash, futures and options transactions. In the event that Japan Securities Clearing Corporation suffers a loss caused by its participant's default and the loss is not fully covered by the defaulting participant's deposit to Japan Securities Clearing Corporation, Tokyo Stock Exchange, Inc. (and other stock exchanges involved with respect to cash products) will compensate for the remaining loss up to the obligations set in the agreement. Therefore, Tokyo Stock Exchange, Inc. posted special assets for default compensation reserve funds equivalent to the maximum compensation amount under the section of assets. The amount of the special assets posted on the consolidated balance sheet was 17,367 million yen.

V. Notes to Statement of Changes in Shareholders' Equity

1. Number of shares outstanding at end of the fiscal year: 2,300,000 shares of common stock
2. Type and number of treasury stock

Shares	No. of shares outstanding at end of previous fiscal year	Increase	Decrease	No. of shares outstanding at end of fiscal year	Remarks
Common stock	26,260	-	-	26,260	

(Note) The treasury stocks held as of the end of the previous fiscal year are the shares of Tokyo Stock Exchange, Inc.

3. Dividends

(1) Dividend paid

Resolution	Share type	Total amount of dividend (million yen)	Dividend per share (yen)	Record date	Effective date
Annual General Shareholders Meeting on June 22, 2007	Common stock	5,002	2,200.00	March 31, 2007	June 25, 2007

(Note) Dividends paid out by Tokyo Stock Exchange, Inc.

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

Resolution	Share type	Total amount of dividend (million yen)	Source	Divided per share (yen)	Record date	Effective date
Board Meeting on May 27, 2008	Common stock	5,456	Retained earnings	2,400.00	March 31, 2008	June 3, 2008

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VI. Notes on business combination, etc.

1. Share transfers

The TSE established “Tokyo Stock Exchange Group, Inc.” on August 1, 2007 upon the approval of the establishment by share transfer of a wholly owning parent company (holding company) at the 6th Annual General Shareholders Meeting held on June 22, 2007.

The purpose and overview of the establishment of the holding company are as follows.

(1) Purpose of the establishment of the holding company

The TSE was acutely aware of the necessity to avoid conflicts of interest arising between its stake as a business entity and its need, as a self-regulatory organization to ensure the fairness of the market all the while maintaining its overall effectiveness. It also recognized that it must prepare to respond appropriately to the trend of mergers and acquisitions on the horizon in Asia. Accordingly, it set up a market operation company and a self-regulatory corporation under the umbrella of a newly established holding company in order to achieve the following 3 objectives: (1) to strengthen the independence of self-regulatory function; (2) to ensure the effectiveness of such; (3) to increase the level of freedom for developing international business strategies.

(2) Overview of the share transfer

1) Corporate name of the holding company

Tokyo Stock Exchange Group, Inc.

2) Head office location of the holding company

2-1 Nihombashi-kabutocho, Chuo-ku, Tokyo

3) Type and total number of shares outstanding in the holding company

Common stock 2,300,000 shares

4) Capital

¥11,500 million

5) Share transfer ratio

For every 1 share of common stock of the TSE, 1 share of common stock of the holding was allotted.

6) Basis for the determination of the share transfer ratio

Because one holding company was established through the transfer of shares from the TSE independently and the shareholder composition of the existing TSE and the newly established holding company did not change at the time of the transfer, the ratio was 1 to 1.

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7) Share transfer date

August 1, 2007

(3) Overview of accounting treatment

The share transfer is a transaction under common control pursuant to the “Accounting Standard for Business Combinations” (Business Accounting Council, October 31, 2003) and the “Guidance on Accounting Standard for Business Combinations and Accounting Standards for Business Divestitures (Accounting Standards Board of Japan, Guidance on Accounting Standards No. 10, December 22, 2006) and is eliminated as an internal transaction in the consolidated financial statements.

2. Company separation

Pertaining to the shares of Japan Securities Clearing Corporation and Japan Securities Depository Center, Inc. held by the TSE, a resolution was passed at the General Shareholders Meeting held on September 25, 2007 to effectuate a company separation on October 1, 2007 which made the Company the successor company.

(1) Purpose of the company separation

Among the affiliates of the TSE – a wholly owned subsidiary of the Company two companies, namely Japan Securities Clearing Corporation and Japan Securities Depository Center, Inc., have a highly public nature and represent the infrastructure of the entire securities market, which is intimately linked to the business of the TSE. Therefore, in order to proceed with the formulation of the holding company framework, these 2 companies were made direct affiliates of the Company in parallel to the TSE as a part of the organizational structure changes.

(2) Separation method

Absorption-type company separation without an absorption-type reorganization value (Item 36 (RO), Paragraph 3, Article 2 of the Corporate Accounting Rules) assigned (see Paragraph 1, Article 18 of same).

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(2) Overview of the newly established self-regulatory corporation

Name	Tokyo Stock Exchange Regulation
Establishment date	October 17, 2007
Head Office	2-1 Nihombashi-kabutocho, Chuo-ku, Tokyo
Capital	¥3 billion
Contributor (Member)	Tokyo Stock Exchange Group, Inc.
Description of business	<p>1. The Corporation shall conduct the self-regulatory operations listed in each of the following items upon the entrustment of the operations by financial instruments exchange(s):</p> <ol style="list-style-type: none"> (1) Operations relating to listing and delisting of financial instruments, financial indicators or options (hereinafter referred to as the “financial instruments, etc.”) provided by the entrusting financial instruments exchange(s) (excluding operations relating to listing and delisting of the financial instruments, etc. for specified market derivatives trading (meaning market derivatives trading where the issue(s) of financial instruments for such market derivatives transactions are specified in the Business Regulations and other rules and regulations of the entrusting financial instruments exchange(s). The same shall apply hereinafter.) (2) Inspections on trading participants or members of the entrusting financial instruments exchange(s) (hereinafter referred to as the “trading participants, etc.” about their compliance with laws and regulations, disposition by the administrative agencies based on laws and regulations, the articles of incorporation and any other rules of the entrusting financial instruments exchange(s), or the fair and equitable principle of trading (3) Detailed Examinations of securities trading or market derivatives trading carried out by the trading participants, etc. in the exchange financial instruments market (excluding examination instantaneously carried out for expediting securities trading or market derivatives trading in the exchange financial instruments market) (4) Examination of qualifications of the trading participants, etc. (5) Operations related to disposition and any other measures against the trading participants, etc. (6) Examinations on information disclosure by the issuer of listed securities with regard to the issuer, and operations regarding disposition and other measures to be taken against the issuer of listed securities (7) Drawing-up, amendments, or abolition of the Business Regulations and other rules of the entrusting financial instruments exchange(s) listed in each of the preceding Items (hereinafter referred to as the “Specified Self-Regulatory Operations”) (excluding criteria for listing and delisting of financial instruments, etc. as well as criteria for granting qualifications of the trading participants, etc.) (8) Preparation of the summary of proposals for a general meeting or a general shareholders meeting of the entrusting financial instruments exchange pertaining to any amendment to the Articles of Incorporation of the entrusting financial instruments exchange concerning the Specified Self-Regulatory Operations (excluding amendments to the Articles of Incorporation concerning criteria for listing and delisting of financial instruments, etc. and criteria for granting qualifications of the Trading Participants, etc.) <p>2. The Corporation shall give consent to the financial instruments exchange concerning amendment or abolition of the self-Regulatory Operations related matters provided by the Business Regulations and other rules of the entrusting financial instruments exchange, pursuant to the provisions of laws and regulations, give advices, if it deems necessary, on measures that should be taken against the entrusting financial instruments exchange, and conduct operations incidental to the operations listed in each of the preceding items.</p>

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(3) Overview of accounting treatment

The establishment of the corporation is a common control transaction pursuant to the “Accounting Standard for Business Divestitures” (Accounting Standards Board of Japan, Accounting Standard No. 7, December 27, 2005) and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (Accounting Standards Board of Japan, Guidance on Accounting Standards No. 10, December 22, 2006) and is eliminated as an internal transaction in the consolidated financial statements.

VII. Per Share Information

1. Net assets per share:	50,859.77 yen
2. Net income per share:	7,785.04 yen

VIII. Significant Subsequent Events

Not applicable.

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Balance Sheet

(As of March 31, 2008)

(In millions of yen, with fractional amounts discarded)

Assets		Liabilities	
Current assets	4,451	Current liabilities	4,704
Cash and bank deposits	3,256	Accounts payable - trade	190
Accounts receivable	0	Short-term debt	3,000
Prepaid expenses	153	Accounts payable - other	4
Deferred income taxes	219	Accrued expenses payable	108
Others	823	Income taxes payable	118
		Allowance for bonuses	283
		Allowance for directors' bonuses	125
Fixed assets	109,403	Deposits received	717
Property and equipment	65	Consumption taxes payable	156
Facilities appurtenant to buildings	9		
Information system equipments	7		
Vehicles and delivery equipments	10	Non-current liabilities	5,004
Appliances and fixtures	36	Retirement benefits for employees	5,004
Construction in progress	0		
		Total liabilities	9,709
		Net assets	
Intangible fixed assets	39	Shareholders' equity	104,145
Software	39	Common stock	11,500
Investments and other assets	109,298	Capital surplus	90,437
Investments in affiliates	101,840	Capital reserve	22,874
Contribution to affiliated company	3,000	Other capital surplus	67,562
Long-term prepaid expenses	40	Retained earnings	6,541
Prepaid pension costs	4,031	Other retained earnings	6,541
Deferred income taxes	381	Retained earnings carried forward	6,541
Others	5	Treasury stock	(4,332)
Total assets	113,855	Total net assets	104,145
		Total liabilities and shareholders' equity	113,855

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Statement of Income

(From August 1, 2007 to March 31, 2008)

(In millions of yen, with fractional amounts discarded)

Operating revenues	10,894
Fees for management and control	5,024
Dividend income	5,865
Other operating revenues	5
Operating expenses	3,766
Operating profit	7,128
Non-operating income	247
Interest income	2
Grants in aid	226
Others	18
Non-operating expenses	81
Interest expense	0
Founding expense	80
Ordinary profit	7,294
Extraordinary profits	0
Gain on sales of fixed assets	0
Extraordinary losses	101
Loss from cancellation of shares in merged company	96
Loss on disposal of fixed assets	4
Income before income taxes and other adjustments	7,193
Income taxes - current	1,253
Income taxes - deferred	(601)
Net income	6,541

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Statement of Changes in Shareholders' Equity

(From August 1, 2007 to March 31, 2008)

(In millions of yen, with fractional amounts discarded)

	Shareholders' equity					
	Capital surplus				Retained earnings	
	Common stock	Capital Reserve	Other capital surplus	Total capital surplus	Other retained earnings	Total retained earnings
Established through a share transfer on Aug. 1, 2007	11,500	22,874	67,562	90,437	-	-
Changes during the term						
Net income					6,541	6,541
Acquisition of treasury stock						
Net increase or decrease during the term	-	-	-	-	6,541	6,541
Balance as of Mar. 31, 2008	11,500	22,874	67,562	90,437	6,541	6,541

	Shareholders' equity		
	Treasury stock	Total shareholders' equity	Total net assets
Established through a share transfer on Aug. 1, 2007	-	101,937	101,937
Changes during the term			
Net income		6,541	6,541
Acquisition of treasury stock	(4,332)	(4,332)	(4,332)
Net increase or decrease during the term	(4,332)	2,208	2,208
Balance as of Mar. 31, 2008	(4,332)	101,145	104,145

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Notes to Non-consolidated Financial Statements

I. Accounting Policies

1. Standards and methods of valuation for assets

Standards and methods of valuation for marketable and investment in securities

Shares in subsidiaries and affiliated companies: valued at cost using the periodic average method

2. Major depreciable assets and methods of depreciation

(1) Property and equipment:

The Company uses the declining-balance method to depreciate its fixed assets. It determines years of useful life and residual value by the methods and standards prescribed under the Corporation Tax Law.

(2) Intangible fixed assets:

Software for internal use: straight-line method based on useful life within the Company (5 years)

3. Treatment of deferred assets

Founding expenses: recognized in full at time of expenditure

4. Standards for important allowances

(1) Allowance for bonuses:

For payment of employees, allowance is provided for that portion of total anticipated bonuses payable in the next term that is applicable to the current term.

(2) Allowance for directors' bonuses:

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

(3) Allowance for retirement benefits for employees:

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

The unrecognized differences arising from adopting the new standard (transition adjustment) are recognized in expenses using the straight-line methods over a fixed period of 15 years.

Unrecognized actual gains and losses are recognized in expenses over a fixed period of 10

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years using the straight-line method, which is within the average estimated remaining working life of the employees.

Unrecognized prior service costs are recognized in expenses using the straight-line method over a fixed period of 10 years, which is within than the average estimated effective remaining working life of the employees as of the date of their accrual.

5. Accounting for consumption taxes

Consumption taxes and local consumption taxes are not included in any amounts in the accompanying statement of income.

II. Notes to Balance Sheet

1. Accumulated depreciation on property and equipment: 18 million yen
2. Guarantee liabilities:
Guarantee liabilities for employee housing loans from financial institutions:
4,098 million yen
3. Monetary claims and monetary liabilities vis-à-vis affiliated companies (excluding those presented separately)
Short-term monetary claim: 812 million yen
Short-term monetary liabilities: 3,011 million yen

III. Notes to Statement of Income

- Transactions with affiliates

Operating revenues:	10,889 million yen
Operating expenses:	920 million yen
Non-operating transactions:	4,782 million yen

IV. Notes to Statement of Changes in Shareholders' Equity

Type and number of treasury stock

Shares	No. of shares outstanding at end of previous fiscal year	Increase	Decrease	No. of shares outstanding at end of fiscal year	Remarks
Common stock	-	26,260	-	26,260	

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V. Note Regarding Deferred Tax Accounting

Breakdown of deferred tax assets (liabilities) by primary reason

Deferred tax assets:

Excess of allowance for retirement benefits:	395 million yen
Denial of allowance for bonuses:	115 million yen
Others:	90 million yen
Total of deferred tax assets	601 million yen

Net amounts of deferred tax assets are included in the following balance sheet accounts.

Current assets - deferred tax assets:	219 million yen
Fixed assets - deferred tax assets:	381 million yen

VI. Note Regarding Transactions with Related Parties

• Subsidiaries and affiliated companies

Subsidiary	Percentage of voting rights held (held by others)	Business relationship	Type of transaction	Value of transactions (Millions of yen)	Accounting classification	Balance at term end (Millions of yen)
Tokyo Stock Exchange, Inc.	Directly holding 100.0%	Management-related control and support	Fees for management and control	4,084	–	–
			Fees for use of facilities and equipment	395	Accounts payable - trade	4
			Short-term debt	3,000	Short-term debt	3,000
			Transfer of liabilities for retirement benefits	1,769	Allowance for retirement benefits	1,769
			Purchase of treasury stock	4,332	Treasury stock	4,332
			Compensation received for employee dispatch burden	3,119	–	–
Tokyo Stock Exchange Regulation	Directly holding 100.0%	Management-related control and support	Compensation received for employee dispatch burden	590	–	–
Japan Securities Clearing Corporation	Indirectly holding 100.0%	Securities deposit and business related settlement by book-entry transfer	Compensation received for employee dispatch burden	376	–	–
Affiliates						
Japan Securities Depository Center, Inc.	Directly holding 21.8%	Securities deposit and transfer	Compensation received for employee dispatch burden	394	–	–

(Notes)

1. The transaction amounts shown above do not include consumption taxes; year-end balances include consumption taxes.
2. The fees for management and control received from the above company are determined on the basis of expenses incurred for the

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operations in question. Liabilities for retirement benefits are determined on the basis of amounts of employee benefits that are expected to arise in the future. Fees for use of facilities and equipment are determined on the basis of expenses for the maintenance and operation of such facilities and equipment. Interest on short-term debt is determined on the basis of market interest rates. Amounts paid for purchase of treasury stock are determined on the basis of market prices. Compensation received for employee dispatch burden from above companies are determined on the basis of personal expenses subject to dispatched employees from the Company.

VII. Per Share Information

- | | |
|--------------------------|---------------|
| 1. Net assets per share: | 45,803.69 yen |
| 2. Net income per share: | 2,844.11 yen |

VIII. Significant Subsequent Events

Not applicable.

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Accounting Auditor's Report

May 19, 2008

The Board of Directors
Tokyo Stock Exchange Group, Inc.

Deloitte Touche Tohmatsu

Designated Partner,
Engagement Partner
Certified Public Accountant
Yukio Ono

Designated Partner,
Engagement Partner
Certified Public Accountant
Kazuhiro Kido

Designated Partner,
Engagement Partner
Certified Public Accountant
Masaya Shibata

We have audited the consolidated statutory report (i.e. the Consolidated Balance Sheet, the Consolidated Statement of Income, the Consolidated Statement of Changes in Shareholders' Equity and Notes to Consolidated Financial Statements) of Tokyo Stock Exchange Group, Inc. (TSE Group) for the fiscal year from April 1, 2007 to March 31, 2008 in accordance with Paragraph 4, Article 444 of the Corporation Law. Creation of this consolidated statutory report is the responsibility of the TSE Group's management. Our responsibility is to express an opinion on the consolidated statutory report based on our audit as independent auditors.

We conducted our audit in accordance with generally accepted auditing standards in Japan. Those auditing standards require us to obtain reasonable assurance about whether the consolidated statutory report is free from material false statement. An audit is performed on a test basis, and includes assessing the accounting principles used, the method of their application and estimates made by management, as well as evaluating the overall presentation of the consolidated statutory report. We believe that our audit provides a reasonable basis for our opinion.

We are of the opinion that the above consolidated financial statements fairly present, in all material aspects, the financial position and the results of its operations of the business group consisting of the TSE Group and its consolidated subsidiaries for the period under review in conformity with corporate accounting standards generally accepted in Japan.

Our firm and engagement partners have no interest in the TSE Group which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

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Accounting Auditor's Report

May 19, 2008

The Board of Directors
Tokyo Stock Exchange Group, Inc.

Deloitte Touche Tohmatsu

Designated Partner,
Engagement Partner
Certified Public Accountant
Yukio Ono

Designated Partner,
Engagement Partner
Certified Public Accountant
Kazuhiro Kido

Designated Partner,
Engagement Partner
Certified Public Accountant
Masaya Shibata

We have audited the statutory report (i.e. the Balance Sheet, the Statement of Income, the Statement of Changes in Shareholders' Equity and Notes to Non-Consolidated Financial Statements, and its supporting schedules) of Tokyo Stock Exchange Group, Inc. (TSE Group) for the 1st business year from August 1, 2007 to March 31, 2008 in accordance with Item 1, Paragraph 2, Article 436 of the Corporation Law. Creation of the statutory report and supporting schedules are the responsibility of the TSE Group's management. Our responsibility is to express an opinion on the statutory report and supporting schedules based on our audit as independent auditors.

We conducted our audit in accordance with generally accepted auditing standards in Japan. Those auditing standards require us to obtain reasonable assurance about whether the statutory report and supporting schedules are free from material false statement. An audit is performed on a test basis, and includes assessing the accounting principles used, the method of their application and estimates made by management, as well as evaluating the overall presentation of the statutory report and supporting schedules. We believe that our audit provides a reasonable basis for our opinion.

We are of the opinion that the above non-consolidated financial statements fairly present, in all material aspects, the financial position and the results of its operations of the TSE Group for the period under review in conformity with corporate accounting standards generally accepted in Japan.

Our firm and engagement partners have no interest in the TSE Group which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

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Auditors' Report

The Audit Committee of Tokyo Stock Exchange Group, Inc. (TSE Group) has audited the execution of official duties by the Directors and executive officers of the Company during its 1st business year, the period from August 1, 2007 to March 31, 2008. Our audit methods and results are as follows.

1. Auditing Methods and the Content thereof

The Audit Committee monitored and examined the resolutions of the Board of Directors and the status of the system (Internal Control System) developed under such resolutions with regard to the items listed in (b) and (e) of Item 1, Paragraph 1, Article 416 of the Corporation Law. Furthermore, in accordance with auditing policies, auditing plans, etc., conforming to the auditing standards established by the Audit Committee, and in cooperation with the internal control department of the Company, the Audit Committee attended important meetings, received reports from Directors, executive officers, etc. on the execution of their duties and asked them details when necessary, examined important documents related to Company decisions, and evaluated the TSE Group's operational and financial condition. Regarding subsidiaries, the Committee endeavored to maintain communication and exchange information with Directors, Auditors, etc. of subsidiaries, and received business reports of subsidiaries when necessary.

Furthermore, the Audit Committee monitored and inspected whether the Accounting Auditor performed proper audits while assuring said Auditor's independence, and received reports from the Accounting Auditor on the execution of said Auditor's duties and asked details when necessary. The Audit Committee was also informed by the Accounting Auditor that the "System to ensure proper execution of its duties" (matters described in each item of Article 159 of the Corporate Accounting Rules) has been developed in accordance with "Quality Control Standards for Audits" issued by the Business Accounting Council on October 28, 2005, and others, and asked details when necessary.

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

2. Results of Audit

- (1) Results of Audit of Business Report, etc.
 - (i) We certify that the business report and its supplementary statements fairly present the situation of the Company in accordance with laws and the Articles of Incorporation.
 - (ii) We found no wrongful act or material fact in violation of laws or the Articles of Incorporation with respect to the performance of duties by the Directors.

* This is a referential translation of the original notice in Japanese. In the event of any discrepancy, the original notice in Japanese shall prevail.

Referential Translation

(iii) We certify that the resolutions of the Board of Directors with respect to the internal control system are proper and correct. In addition, we found no matter that needed to be addressed regarding the performance of duties by the Directors with respect to the internal control system.

(2) Audit Results of Financial Documents and Supplementary Statements

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

(3) Audit Results of Consolidated Financial Documents and Supplementary Statements

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

May 23, 2008

Auditing Committee of
Tokyo Stock Exchange Group, Inc.

Shigeaki Itsuki
Standing Member of Auditing Committee

Toshiaki Katsushima
Member of Auditing Committee

Satoshi Shiibashi
Member of Auditing Committee

Koji Shindo
Member of Auditing Committee

(Note) Members of Auditing Committee Toshiaki katsushima, Satoshi Shiibashi and Koji Shindo are outside directors as stipulated in Item 15, Article 2 and Paragraph 3, Article 400 of the Corporation Law.

* This is a referential translation of the original notice in Japanese. In the event of any discrepancy, the original notice in Japanese shall prevail.