

[TRANSLATION]

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To Our Shareholders

Securities Code: 8697

June 1, 2011

Michio Yoneda, President & CEO

Osaka Securities Exchange Co., Ltd.

8-16, Kitahama 1-chome, Chuo-ku,

Osaka, Japan

Notice of the 10th Ordinary General Meeting of Shareholders

You are cordially invited to attend the 10th Ordinary General Meeting of Shareholders of the Company. The meeting will be held in Osaka, Japan as described below.

Even if you are unable to attend the meeting, it is much appreciated if you would exercise your voting rights by paper ballot or via the Internet. Please review the Reference Documents for the General Meeting of Shareholders in the following pages, and either return the Voting Rights Exercise Form with your vote by mail, or exercise your voting rights electromagnetically via the Internet by accessing website for exercising the voting rights by 4:50 p.m., Tuesday, June 21, 2011 (Japan Time).

1. Date & Time: Wednesday, June 22, 2011 at 10:00 a.m. (Japan Time)

2. Place: Kitahama Forum, OSE Building 3rd Floor
8-16, Kitahama 1-chome, Chuo-ku , Osaka, Japan

3. Purpose of the Meeting

[Matters to be reported]

The Business Report and Financial Statements for the 10th Fiscal Year (From April 1, 2010 to March 31, 2011)

[Matters to be resolved]

Proposal: Distribution of Surplus

4. Request for the Exercise of Voting Rights

Voting via Mail:

Please indicate your approval or disapproval for item listed on the enclosed Voting Rights Exercise Form and return the Form to us by 4:50 p.m., Tuesday, June 21, 2011 (Japan Time).

Voting via the Internet:

Please exercise your Voting Rights by 4:50 p.m., Tuesday, June 21, 2011 (Japan Time).

If any revisions in the Reference Documents for the General Meeting of Shareholders, Business Report or Financial Statements arise, it will be notified on our website (<http://www.ose.or.jp/>).

Business Report

(From April 1, 2010 to March 31, 2011)
[English Summary]

1. Current Situation of the Company

(1) Business Progress and Results

Due to the foreign economical conditions such as the financial crisis in Europe and concerns against the deceleration of US economy, and the rapid rise of the yen, Japan's economy remained in the weak condition. Also, suffering from the Great East Japan Earthquake, the unprecedented disaster, in March of this year, it would be concerned that the Japan's economy would remain uncertain. Under this situation, in stock markets during the current fiscal year, Nikkei 225 moved in a range of the 8,600-yen level to the 11,300-yen level, overview of Operating Revenue by each sector during the current fiscal year is as follows.

(*) Due to a merger of Jasdaq Securities Exchange, Inc. (Jasdaq), a former consolidated subsidiary, on April 1, 2010, Osaka Securities Exchange (OSE) prepares only the individual financial statements from the first quarter of the fiscal year ended March 31, 2011. Therefore, in the "(1) Analysis on Operating Results", changes of figures on the business performance from the previous consolidated fiscal year, which is before the merger, are shown as a reference.

A. Participant Fees

During the current fiscal year, as for a derivatives market, one of the financial instruments markets operated by OSE (OSE's markets), due to our extended reach of Nikkei 225 mini and Exchange FX Margin Trading (OSE-FX) to retail investors and an extension of Evening Session from July of last year, trading volumes of Nikkei 225 mini, Nikkei 225 Options, and OSE-FX exceeded the volumes of the previous consolidated fiscal year. As a result, the total trading volume of derivatives products became 214.4 million units, increased by 25.5% from the previous consolidated fiscal year. It was the first time to exceed 200 million units. Also, as the trading value of Nikkei 225 mini, Nikkei 225 Options and OSE-FX exceeded the value in the previous consolidated fiscal year, the total trading value of derivatives products became 371 trillion yen, increased by 6.0% from the previous consolidated fiscal year. As for equity markets, total trading value resulted in 19 trillion yen, increased by 3.1% from the previous consolidated fiscal year.

Accordingly, the Participant Fees reached 13,769 million yen (increased by 7.6% on the same period previous year).

B. Equipment and Information Services Fees

Equipment and Information Services Fees, which is mainly from the real-time information of orders and settlements information service, the closed price information service, and the collocation service, reached 7,086 million yen (increased by 3.6% on the same period previous year.)

C. Listing Fees

Due to decrease of Initial Listing Fees & Fees for Issuing New Shares compared to the previous consolidated fiscal year when there were many large-sized capital increases by banking institutions, the Listing Fees resulted in 1,905 million yen (decreased by 37.3% on the same period previous year).

D. Others

Other Operating Revenue in the current fiscal year reached 222 million yen (decreased by 36.3% on the same period previous year.)

(yen in millions)

Category	Previous Consolidated Fiscal Year From April 1, 2009 to March 31, 2010		Current Fiscal Year From April 1, 2010 to March 31, 2011		
	Amount	Ratio (%)	Amount	Ratio (%)	y / y (%)
Participant Fees	12,797	55.6	13,769	59.9	7.6
Trading fees	7,461	32.4	8,548	37.2	14.6
Clearing fees	2,619	11.4	2,586	11.3	(1.2)
Access fees	1,798	7.8	1,870	8.1	4.0
Basic fees	744	3.2	734	3.2	(1.3)
Others	173	0.8	28	0.1	(83.8)
Equipment and Information Services Fees	6,838	29.7	7,086	30.8	3.6
Market information fees	4,074	17.7	3,961	17.2	(2.8)
Network fees	1,354	5.9	1,282	5.6	(5.3)
System connection fees	801	3.5	803	3.5	0.3
Others	608	2.6	1,038	4.5	70.8
Listing Fees	3,036	13.2	1,905	8.3	(37.3)
Annual listing fees	1,822	7.9	1,427	6.2	(21.7)
Initial listing fees & fees for issuing new shares	1,214	5.3	478	2.1	(60.6)
Others	349	1.5	222	1.0	(36.3)
Total	23,021	100.0	22,984	100.0	(0.2)

Based on the results described above, Operating Revenue resulted in 22,984 million yen, decreased by 0.2% on the same period previous year. And Selling, General and Administrative Expenses resulted in 15,401 million yen, increased by 0.7% on the same period previous year. It is because depreciation expenses was 3,290 million yen, operating expenses was 5,402 million yen, occupancy expenses was 3,183 million yen, and personnel administration expenses was 3,524 million yen, due to a market integration among Hercules, JASDAQ and NEO in October of last year and a launch of the new derivative trading platform "J-GATE", etc.

As a result, the Operating Income was 7,582 million yen, decreased by 1.8% from the same period previous year, and Ordinary Income was 8,453 million yen, decreased by 7.7% from the same period previous year. And Net Income resulted in 9,156 million yen, increased by 45.4% from the same period previous year. It is because Gain on Extinguishment of Tie-In Shares of 2,013 million yen is posted for Extraordinary Income, also because the total of corporate tax etc. drastically reduced due to an application of Loss Carryforward from JASDAQ and a use of valuation reserve for Allowance for Doubtful Accounts posted by JASDAQ for tax accounting of the current fiscal year.

(2) Equipment Investment

Equipment investments amounted 6,186 million yen, mainly invested in IT platforms such as J-GATE.

(3) Financing

Fully self-financed

(4) Issues

A. Issues on Market Operations

a. Derivatives Market

OSE's stock index futures/options trading prides itself as having the largest share in Japan, especially, Nikkei 225 Futures, Nikkei 225 mini and Nikkei 225 Options represent the Japan's derivatives products. As derivatives markets have high growth potential, domestic and foreign exchanges focus on enhancement of their competitiveness. Accordingly, OSE assumes that intensive competition with SGX, on which Nikkei 225 Futures are traded, and other domestic financial product exchanges.

As for enhancement of competitiveness of the Japan's capital market, the environment surrounding the derivative market is about to change with a comprehensive exchange vision designed to synthesize financial and commodities exchanges. In respond to these environmental changes, OSE recognizes that it is its responsibility to implement measures to enforce increased competitiveness of our markets.

Accordingly, in July of last year, OSE extended the Evening Session from until 20:00 to until 23:30 for Nikkei 225 Futures/Options, also, launched J-GATE in February. In this way, OSE aims to enforce greater competitiveness in both its system and platform. Moreover, OSE-FX, which was launched as a new business area, is also growing steadily.

b. Equity Markets

Among our equity market businesses, Section 1/2 and JASDAQ remain the core. OSE is working to improve the quality of markets that supports Japan's economic growth, and efficiency/convenience. Especially, JASDAQ made a fresh start in October of last year through the integration of Hercules, JASDAQ and NEO. Such action encourages companies with growth potential to implement an IPO at their early stage, and also plays a role as a stable market, which lists companies with steady business and healthy profitability.

Accordingly, OSE believes that it contributes to Japan's economic growth through providing financing opportunities with SMEs and venture businesses, and investment opportunities with investors.

On JASDAQ, as many SMEs and venture businesses, which are in the process of their growth, are listed, OSE focuses on supports for listed companies (corporate services), and tries to enforce information distribution of listed companies and improve liquidity of the market by such as "Analyst Report Platform", which is the first trial among Japan's exchanges to encourage report developments by securities analysts. Through this kind of JASDAQ's unique corporate services, OSE realizes an internationally attractive end-market such as NASDAQ in US.

In addition, there are characteristic products, such as ETFs and Venture Funds on our market. Especially, OSE enlisted varieties of ETFs, such as an ETF linked to JASDAQ-TOP20, a stock index consisting of JASDAQ's representing 20 stocks, and an ETF linked to foreign indices, such as NASDAQ-100. OSE continues to develop attractive products to meet investor-needs.

c. Clearing Business

OSE operates a clearing business for our derivatives trading market as a central counterparty. Its roles are to ensure secured executions of settlement by acting as a counterparty to each sell-side or buy-side of trading. A financial-product trading market can function adequately only when a clearing house of financial-product trading plays these roles.

Accordingly, due to destabilization of the financial/capital market, the roles of these clearing functions attract special attention, and requirements for its security become higher. Therefore, OSE also works on continuous implementation of adequate clearing risk management and strengthening of the financial basis to answer the requirements. OSE has a system to monitor total positions of our derivatives trading at regular time intervals for management of clearing participants' positions, and besides, OSE retains sufficient financial resources against defaults of clearing participants through acceptance of trading margin and clearing deposit depending on the quantity of risks. Therefore, even when the market volatility increased drastically and trading concentrated intensively after the recent earthquake, trading at OSE cleared smoothly.

B. Issues on Self-Regulation Business

OSE believes enhancement of self-regulatory operations is one of the critical issues required to realize investor protections through fair securities and derivatives trading. In accordance with the business merger of Jasdaq in April of last year, OSE aims to further synergize effects through integration of their know-how on self-regulatory operations.

In this regard, OSE ensures independence as a self-regulatory body by forming "Self-Regulation Committee", whose majority of members are out-side directors. The committee determines matters concerning self-regulatory operations, such as punishment of participants, approval of new listings or delistings.

As for the new JASDAQ market launched in October of last year, OSE improved its listing system by changes in listing criteria and delisting criteria to enhance confidence for SME markets. In addition, OSE tries to further moderation of listing managements, such as strict listing examinations, thoroughness against listed companies for a timely-manner and adequate disclosures and delisting of companies which lost eligibility while a listed company.

As for market surveillance, working with the Securities and Exchanges Surveillance Commission (SESC), OSE tries to prevent unfair trading by enhancement of surveillance functions against insider trading or market manipulation.

As for supervision of trading participants, OSE enforces its supervision system by development of an inspection system against remote-members in response to internationalization, and implementation of examinations against high-technology and high-speed trading.

OSE continues to strengthen its self-regulatory operations by enhancing information distribution functions.

C. Issues on IT Systems

Rapidly progressing upgrades of exchange platforms based on recent IT developments, such as stability and processing performances of the platforms greatly affect ensuring advantages in market competition.

Under the above circumstances, in February of this year, OSE introduced J-GATE developed with NASDAQ-OMX's package software, and realized stable operations.

OSE aims to implement more convenient and stable market operations through contentious enhancement of capacities and functions of platforms.

D. Issues on the Corporate Structure and HR

Due to the integration of Jasdaq, OSE has expanded human resources and two large offices in Osaka and Tokyo. Leveraging this strength by business integration, OSE enhances exchange functions in each area, such as new product/system planning and developments, self-regulatory functions including market surveillance, participants' administration and listing examinations, and system development. Also, through further business streamlining, OSE plans to exert maximum effect from integration.

Also, OSE plans to establish an HR system to support the fostering of human resources to adopt changes in business environments, employee education, and achievement of business goals.

(5) Positions of Asset and Profit/Loss

(yen in millions)

	The 7 th FY (FY2007)	The 8 th FY (FY2008)	The 9 th FY (FY2009)	The 10 th FY (current) (FY2010)
Operating Revenue	18,689	18,902	18,080	22,984
Ordinary Income	10,008	9,331	7,684	8,453
Net Income	6,054	6,318	4,334	9,156
Net Income per Share	22,422 yen	23,400 yen	16,053 yen	33,911 yen
Total Asset	361,085	500,947	317,323	670,811
Net Asset	40,406	44,223	46,439	52,858

(Note) 1. Net Income per Share is calculated base on an average number of total shares outstanding.
2. The Company merged JASDAQ, which has been its consolidated subsidiary, on April 1, 2010. Consolidated financial results for the 8th and 9th fiscal year are as follows.

[Reference]

(yen in millions)

	The 8 th FY (FY2008)	The 9 th FY (FY2009)
Operating Revenue	20,051	23,021
Ordinary Income	9,444	9,160
Net Income	6,372	6,298
Net Income per Share	23,603 yen	23,326 yen
Total Asset	507,508	320,362
Net Asset	46,396	48,429

(6) Important Situations of a Parent Company and Subsidiaries

The Company merged Jasdaq, which has been its consolidated subsidiary, on April 1, 2010.

(7) Main Business (as of March 31, 2011)

The Company provides financial instruments markets set forth in the Financial Instruments and Exchange Act, Article 2-17 and operates these markets on the principle of maintaining fair and efficient execution of transactions in securities or market transactions of derivatives.

Also, the Company conducts market disclosures and other business incidental to the business.

In addition, the Company conducts financial instruments obligation assumption services set forth in the Financial Instruments and Exchange Act, Article 2-28 for the Company's derivatives transactions as a financial instruments clearing organization set forth in the Article 2-29.

The number of listed issues and companies and the number of transaction/clearing participants on the Company's markets are as follows.

1. Number of listed issues and companies

Derivatives

	Category	Number
Futures	Nikkei 225 Futures	
	Nikkei 225 mini	
Options	Nikkei 225 Options	
	Security Options	
OSE-FX		9 currency pairs

Equities

	Category	Number
Stocks	1st Section	526 companies
	2nd Section	217 companies
	JASDAQ (Standard and Growth)	989 companies
	Total	1,732 companies
Investment securities		1 issue
Domestic Investment Securities		2 issues
Foreign Investment Securities		3 issues
ETF		16 issues
Covered Warrants		65 issues
Bonds		293 issues
Convertible Bonds		4 issues

(Note) Other than those above, there are Nikkei 300 Futures and Russell/Nomura Prime Index Futures for derivatives. Also, the Company operates J-NET Market, and domestic securities, domestic investment securities, ETFs, covered warrants, etc are listed on the market.

2. Number of Transaction and Clearing Participants

(companies)

Transaction Participants of Cash/Futures Trading etc./FX and JASDAQ	10
Transaction Participants of Cash/Futures Trading etc. and JASDAQ	63
Transaction Participants of Cash/Futures Trading etc.	5
Transaction Participants of Cash Trading and JASDAQ	2
Transaction Participants of Futures Trading etc. and FX	1
Transaction Participants of Futures Trading etc. and JASDAQ	9
Transaction Participants of Futures Trading etc.	2
Transaction Participants of IPO	2
Transaction Participants of FX	6
Transaction Participants of JASDAQ	14
Total	114

(companies)

Clearing Participants of Futures Trading etc. and FX	12
Clearing Participants of Futures Trading etc.	77
Clearing Participants of FX	5
Total	94

(8) Offices (As of March 31, 2011)

Head Office: 8-16, Kitahama 1-chome, Chuo-ku, Osaka JAPAN

Tokyo Branch: 5-8, Nihombashi Kayabacho 1-chome, Chuo-ku, Tokyo JAPAN

(9) Employees (As of March 31, 2011)

	Number of Employees (Change from March 31, 2010)	Average Age	Average Length of Service
Male	245 (+ 76)	40 years 9 months	9 years 3 months
Female	93 (+ 45)	42 years 1 month	13 years 1 month
Total / Average	338 (+ 121)	41 years 2 months	10 years 4 months

- (Note)
1. Includes one worker on loan in the above employees
 2. Includes three outside workers in the above employees
 3. Includes eight executive officers in the above employees

(10) Borrowings (As of March 31, 2011)

Not applicable

(11) Other Critical Information on the Company's Current Situation

Not applicable

2. Stock of the Company (As of March 31, 2011)

(1) Total Number of Shares Authorized to be issued: 930,000 shares

(2) Total Number of Shares Issued: 270,000 shares

(3) Number of shareholders: 4,338 persons

(4) Principal Stockholders

	Name	Number of Shares Held	Shareholding Ratio
1	STATE STREET BANK AND TRUST COMPANY	22,970	8.51%
2	THE CHASE MANHATTAN BANK,N.A.LONDON SECS LENDING OMNIBUS ACCOUNT	20,153	7.46
3	NORTHERN TRUST GLOBAL SERVICES LTD RE NORWEGIAN CLIENTS ACCOUNT	12,201	4.52
4	STATE STREET BANK AND TRUST COMPANY	6,259	2.32
5	Japan Trustee Services Bank, Ltd. (Trust Account)	5,756	2.13
6	NORTHERN TRUST CO. AVFC RE FIDELITY FUNDS	5,701	2.11
7	The Master Trust Bank of Japan, Ltd. (Trust Account)	5,078	1.88
8	THE BANK OF NEW YORK - JASDECTREATY ACCOUNT	4,976	1.84
9	THE BANK OF NEW YORK, NON-TREATY JASDEC ACCOUNT	4,922	1.82
10	Mitsubishi UFJ Morgan Stanley Co., Ltd.	4,810	1.78

(Note)

During the 10th Fiscal Year, following entities filed "report on large shareholders" etc, and following status of holding of the Company's shares as of the date of occurrence of duty to report were reported. But as the Company is not able to confirm actual holding shares at the end of the current fiscal year, following entities are not included in the above principal shareholders.

In case multiple "reports on large shareholders" are submitted, the most recent overview of report on the number of holding shares in the current fiscal year is shown.

Name of Company	Date of Report	Date of Occurrence of Duty to Report	Number of Shares	Shareholding Ratio
FIL Investments (Japan) Limited	December 13, 2010	December 7, 2010	25,481	9.44%
Wellington Management Co. LLP	January 21, 2011	January 14, 2011	6,370	2.36

(5) Other Critical Information on the Stock

Not applicable.

3. Stock Warrants (As of March 31, 2011)

Not applicable.

4. Corporate Officers

(1) Directors and Statutory Auditors (As of March 31, 2011)

Name	Position	Assignment and Important Office(s) Concurrently Held
Michio Yoneda	President & CEO	General management, Internal Inspection Office Outside Director, Osaka Small and Medium Business Investment & Consultation Co., Ltd.
Motoharu Fujikura	Director	Self Regulation
Manabu Matsumoto	Director	JASDAQ Market
Kotaro Yamazawa	Director	Market Development, Next Generation System Development Project Outside Director, Japan Securities Clearing Corporation
Yoshinori Karino	Director	Market Operations, Information Technology
Tsutomu Okuda	Outside Director	Representative Director and Chairman & CEO, J. FRONT RETAILING Co., Ltd. Outside Director, Resona Holdings, Inc. Outside Corporate Auditor, Mainichi Broadcasting System Inc.
Yusuke Kawamura	Outside Director	Senior Counselor, Daiwa Institute of Research Ltd.
Yuko Kawamoto	Outside Director	Professor, Graduate School of Finance, Accounting & Law, Waseda University Outside Director, Resona Holdings, Inc. Outside Director, Monex Group, Inc. Outside Corporate Auditor, Tokio Marine Holdings, Inc. Outside Director, Yamaha Motor Co., Ltd.
Taichi Sakaiya (Autonym: Kotaro Ikeguchi)	Outside Director	Representative Director, Taichi-Sakaiya Office Co., Ltd. Representative Director, Taichi-Sakaiya Laboratory Co., Ltd.
Shigeo Sasaki	Outside Director	Lawyer Outside Director, Osaka Securities Finance Company, Ltd. Outside Corporate Auditor, Kobe Steel, Ltd. Outside Corporate Auditor, Sekisui Jushi Corporation
Shigeru Morimoto	Outside Director	Professor, Graduate School of Law, Doshisha University
Yoshitake Kaneda	Full-time Statutory Auditor	
Hiroshi Iwaki	Statutory Auditor	Lawyer
Hiroyuki Nakatsukasa	Statutory Auditor	Certified Public Accountant, Certified Tax Accountant

(Note)

1. Shigeo Sasaki, Outside Director, is Outside Director of Osaka Securities Finance Company, Ltd., and the company is a securities finance company of stock lending designated by the Company. There is no a significant capital tie or business connection between the Company and any concurrent offices of Outside Directors and Outside Statutory Auditors of the Company.

2. Yuko Kawamoto, Outside Director, is Chairman of Self Regulation Committee of the Company. Shigeo Sasaki, Outside Director and Motoharu Fujikura, Director are a member of Self Regulation Committee of the Company.

3. Outside Director of Tsutomu Okuda, Yusuke Kawamura, Yuko Kawamoto, Taichi Sakaiya, Shigeo Sasaki and Shigeru Morimoto, and Outside Statutory Auditor of Hiroshi Iwaki and Hiroyuki Nakatsukasa are independent directors that Osaka Securities Exchange requires to retain for protection of general stakeholders.

4. Hiroyuki Nakatsukasa, Outside Statutory Auditor, is a certified public accountant and a certified tax accountant, and holds a respectable degree of knowledge on finance and accounting.

(2) Executive Officers (As of March 31, 2011)

Name	Position	Assignment
Michio Yoneda	President & CEO	General management, Internal Inspection Office
Motoharu Fujikura	Deputy President Head of Self Regulation	Self Regulation
Manabu Matsumoto	Deputy President	JASDAQ Market
Kotaro Yamazawa	Managing Director	Market Development, Next Generation System Development Project
Yoshinori Karino	Managing Director	Market Operations, Information Technology
Shigeharu Kobayashi	Senior Executive Officer Deputy Head of Self Regulation	Self Regulation
Hiroshi Nakagawa	Senior Executive Officer	Finance and Accounting of Corporate Management
Yasutaka Masatsugu	Senior Executive Officer	Corporate Planning and Communications, General Affairs, and Information Services of Corporate Management OSE-FX Development and Marketing Project Team
Masahiko Maruyama	Senior Executive Officer	Human Resources of Corporate Management
Masayuki Murata	Executive Officer	JASDAQ Market
Tatsuya Kamiki	Executive Officer	Market Operations
Tetsuya Kawamoto	Executive Officer	Listing Administration (Tokyo) of Self Regulation
Daisuke Ryougoku	Executive Officer	General Administration for Self Regulation and Listing Administration (Osaka) of Self Regulation

(Note) As the Company changed business structure and assignments on April 1, 2011, the current structure of executive officers is as follows.

Name	Position	Assignment (changes underlined)
Michio Yoneda	President & CEO	General management, Internal Inspection Office
Motoharu Fujikura	Deputy President Head of Self Regulation	Self Regulation
Manabu Matsumoto	Deputy President	<u>Equities</u>
Kotaro Yamazawa	Managing Director	<u>Derivatives</u>
Yoshinori Karino	Managing Director	Market Operations, Information Technology
Shigeharu Kobayashi	Senior Executive Officer Deputy Head of Self Regulation	Self Regulation
Hiroshi Nakagawa	Senior Executive Officer	Finance and Accounting of Corporate Management <u>Corporate Support of Equities</u>
Yasutaka Masatsugu	Senior Executive Officer	Corporate Planning and Communications, General Affairs, and Information Services of Corporate Management
Masahiko Maruyama	Senior Executive Officer	Human Resources of Corporate Management
Masayuki Murata	Executive Officer	<u>Equities</u>
Tatsuya Kamiki	Executive Officer	Market Operations
Tetsuya Kawamoto	Executive Officer	<u>Listing Administration (Osaka)</u> , Listing Administration (Tokyo) of Self Regulation
Daisuke Ryougoku	Executive Officer	General Administration for Self Regulation, <u>Participant Affairs</u> of Self Regulation

(3) Total of Remuneration etc of Directors and Statutory Auditors

(yen in millions)

Item	Directors		Statutory Auditors		Total	
	Number of persons	Expected value of payments	Number of persons	Expected value of payments	Number of persons	Expected value of payments
1. Total of Remuneration	14	240	3	27	17	267
2. Bonuses of Outside Directors (Included in 1)	8	36	2	9	10	45
3. Bonuses of Directors (Included in 1)	5	54	-	-	5	54

(Note) 1. Under the Ordinance for Enforcement of the Companies Act, amounts of the current fiscal year are shown.
2. As for remuneration of Directors, in addition to monthly remuneration for assigned duties / responsibilities on the view point of improvement of business performance and mid-long term corporate value, bonuses based on business performance within 1 % of Net Income are paid. Retirement benefits system is abolished. The Company does not apply stock option system.

(4) Outside Directors and Outside Statutory Auditors (Principal Activities during the Current Fiscal Year)

1. Director: Tsutomu Okuda
 - a. Attendance records of Board of Director Meetings: 100%
 - b. Comments at Board of Director Meetings: Expressed necessary comments mainly as well-experienced executive of listed companies
2. Director: Yusuke Kawamura
 - a. Attendance records of Board of Director Meetings: 100%
 - b. Comments at Board of Director Meetings: Expressed necessary comments mainly as a well-experienced academic expert from a technical viewpoint.
3. Director: Yuko Kawamoto
 - a. Attendance records of Board of Director Meetings: 100%
 - b. Comments at Board of Director Meetings: Expressed necessary comments mainly as a well-experienced academic expert from a technical viewpoint.
4. Director: Taichi Sakaiya
 - a. Attendance records of Board of Director Meetings: 91%
 - b. Comments at Board of Director Meetings: Expressed necessary comments mainly as a well-experienced academic expert from a technical viewpoint.
5. Director: Shigeo Sasaki
 - a. Attendance records of Board of Director Meetings: 100%
 - b. Comments at Board of Director Meetings: Expressed necessary comments mainly as a well-experienced lawyer from a technical viewpoint.
6. Director: Shigeru Morimoto
 - a. Attendance records of Board of Director Meetings: 100%
 - b. Comments at Board of Director Meetings: Expressed necessary comments mainly as a well-experienced academic expert from a technical viewpoint.
7. Statutory Auditor: Hiroshi Iwaki
 - a. Attendance records of Board of Director Meetings: 100%
 - b. Attendance records of Board of Auditors Meetings: 100%
 - c. Comments at Board of Director Meetings and Board of Auditors Meetings: Expressed necessary comments mainly as a well-experienced lawyer from a technical viewpoint.
8. Statutory Auditor: Hiroyuki Nakatsukasa
 - a. Attendance records of Board of Director Meetings: 100%
 - b. Attendance records of Board of Auditors Meetings: 100%
 - c. Comments at Board of Director Meetings and Board of Auditors Meetings: Expressed necessary comments mainly as a well-experienced accounting expert.

(5) Contracts for Limitation of Liability

1. The Company has a contract for limitation of liability of The Company Law Article 423-1 with each Director. Limitation for obligation to pay reparations based on the contract is 1 million yen or minimum obligation under the law, whichever is higher.
2. The Company has a contract for limitation of liability of The Company Law Article 423-1 with each Statutory Auditor. Limitation for obligation to pay reparations based on the contract is 1 million yen or minimum obligation under the law, whichever is higher.

(6) Other Critical Information on the Company's Executives

Not applicable.

5. Financial Audit Company

(1) Name of Financial Audit Company

KPMG AZSA LLC

(2) Financial Audit company Remuneration, etc, for the Current Fiscal Year

(yen in millions)

1. Remuneration, etc for services specified in Article 2, Paragraph 1 of the Certified Public Accountants Law	27
2. Remuneration, etc for services other than services specified in Article 2, Paragraph 1 of the Certified Public Accountants Law	1
3. Total	28

(3), (4) (English translation is omitted.)

6. Corporate System and Policy

(1) (English translation is omitted.)

(2) Basic Policy of Governance of Corporate Limited

The Company does not establish basic policy for governor(s) to make decisions on corporate finance and business policies or an anti-takeover measures. However, there are regulations by the following laws for acquisition and ownership of over a certain number of the Company's shares (voting rights)

(Reference) Related Articles

Article 103-2 (Limitations on Holdings of Voting Rights)

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

Article 106-3 (Authorization, etc.)

Notwithstanding the provisions of Article 103-2(1), the local government or any other person specified by a Cabinet Order (hereinafter referred to as the "Local Government, etc." in this Article, Article 106-14 and Article 106-17) may, with an authorization of the Prime Minister, acquire or hold the Subject Voting Rights not less than the Holding Ratio Threshold but not more than 50 percent of the Holding Ratio Threshold of the voting rights of all shareholders of a Stock Company-Type Financial Instruments Exchange, pursuant to the provisions of the Cabinet Office Ordinance.

Above report is shown by followings:

1. As for shown values, less than a unit is rounded down.
2. As for ratios (%), less than a unit is rounded off.

Balance Sheets

(As of March 31, 2011)

(yen in millions)

Assets	
Current Assets	
Cash and Deposits	27,423
Operating Accounts Receivable	3,055
Short-Term Investment Securities	1,514
Prepaid Expenses	116
Special Assets for Clearing Margin	552,869
Special Assets for Clearing Deposit	59,176
Deferred Tax Assets	325
Income Taxes Receivable	1,754
Other	490
Allowance for Doubtful Accounts	(29)
Total Current Assets	646,697
Noncurrent Assets	
Property, Plant and Equipment	
Buildings, net	1,188
Structures, net	0
Information Equipment, net	2,219
Tools, Furniture and Fixtures, net	159
Land	98
Lease Assets	21
Total Property, Plant and Equipment	3,689
Intangible Assets	
Software	6,747
Software in Progress	9
Other	17
Total Intangible Assets	6,774
Investments and Other Assets	
Investment Securities	2,148
Long-Term Loans Receivable from Employees	20
Long-Term Prepaid Expenses	475
Long-Term Deposits	8,000
Guarantee Deposits	312
Special Assets for Guarantee Deposit	398
Deferred Tax Assets	2,269
Other	83
Allowance for Doubtful Accounts	(58)
Investments and Other Assets	13,650
Total Noncurrent Assets	24,114
Total Assets	670,811

(yen in millions)

Liabilities	
Current Liabilities	
Short-Term Loans Payable	0
Accounts Payable-Other	319
Accrued Expenses	1,480
Deposits Received	115
Clearing Margin	552,869
Clearing Deposit	59,176
Lease Obligations	5
Provision for Bonuses	188
Provision for Directors' Bonuses	54
Other	443
Total Current Liabilities	<u>614,655</u>
Noncurrent Liabilities	
Long-Term Loans Payable	1
Long-Term Deposits Received	452
Guarantee Deposits Received	398
Lease Obligations	15
Provision for Retirement Benefits	2,143
Negative Goodwill	233
Other	52
Total Noncurrent Liabilities	<u>3,296</u>
Total Liabilities	<u>617,952</u>
Net Assets	
Shareholders' Equity	
Capital Stock	4,723
Capital Surplus	
Legal Capital Surplus	4,825
Total Capital Surplus	<u>4,825</u>
Retained Earnings	
Legal Retained Earnings	322
Other Retained Earnings	
Default Compensation Reserve for Cash Transactions	3,569
Default Compensation Reserve for Futures Trading	7,011
General Reserve	5,302
Retained Earnings Brought Forward	27,099
Total Retained Earnings	<u>43,305</u>
Total Shareholders' Equity	<u>52,854</u>
Valuation and Translation Adjustments	
Valuation Difference on Available-for-Sale Securities	4
Total Valuation and Translation Adjustments	<u>4</u>
Total Net Assets	<u>52,858</u>
Total Liabilities and Net Assets	<u>670,811</u>

Profit and Loss Statements

(From April 1, 2010 to March 31, 2011)

	(yen in millions)
<hr/>	
Operating Revenue	
Transaction Participants' Fees	13,769
Listing Fees	1,905
Income from Equipment and Market Information Service	7,086
Other	222
Total Operating Revenue	22,984
Selling, General and Administrative Expenses	15,401
Operating Income	7,582
Non-Operating Income	
Interest Income	495
Dividends Income	56
Amortization of Negative Goodwill	311
Other	28
Total Non-Operating Income	891
Non-Operating Expenses	
Interest Expenses	12
Other	7
Total Non-Operating Expenses	19
Ordinary Income	8,453
Extraordinary Income	
Gain on Extinguishment of Tie-In Shares	2,013
Gain on Sale of Investment Securities	37
Fine Paid by Transaction Participants	7
Reversal of Allowance for Doubtful Accounts	0
Total Extraordinary Income	2,058
Extraordinary Loss	
Impairment Loss	1,309
Office Transfer Expenses	96
Total Extraordinary Loss	1,405
Income Before Income Taxes	9,106
Income Taxes-Current	8
Income Taxes-Deferred	(58)
Total Income Taxes	(49)
Net Income	9,156

Statements of Changes in Net Assets

(From April 1, 2010 to March 31, 2011)

(yen in millions)

	Shareholders' Equity		
	Capital Stock	Capital Surplus	
		Legal Capital Surplus	Total Capital Surplus
As of March 31, 2010	4,723	4,825	4,825
Changes During this Fiscal Year			
Distribution of Surplus	-	-	-
Transfer due to a merger of a subsidiary	-	-	-
Net Income	-	-	-
Other Changes During this Fiscal Year (Net Total)	-	-	-
Total Changes During this Fiscal Year	-	-	-
As of March 31, 2011	4,723	4,825	4,825

	Shareholders' Equity						
	Retained Earnings						Total Shareholders' Equity
	Legal Retained Earnings	Other Retained Earnings				Total Retained Earnings	
		Default Compensation Reserve for Cash Transactions	Default Compensation Reserve for Futures Trading	General Reserve	Retained Earnings Brought Forward		
As of March 31, 2010	322	2,569	7,011	5,302	21,643	36,849	46,397
Changes During this Fiscal Year							
Distribution of Surplus	-	-	-	-	(2,700)	(2,700)	(2,700)
Transfer due to a merger of a subsidiary	-	1,000	-	-	(1,000)	-	-
Net Income	-	-	-	-	9,156	9,156	9,156
Other Changes During this Fiscal Year (Net Total)	-	-	-	-	-	-	-
Total Changes During this Fiscal Year	-	1,000	-	-	5,456	6,456	6,456
As of March 31, 2011	322	3,569	7,011	5,302	27,099	43,305	52,854

	Valuation and Translation Adjustments		Total Net Assets
	Valuation Difference on Available-for-Sale Securities	Total Valuation and Translation Adjustments	
As of March 31, 2010	41	41	46,439
Changes During this Fiscal Year			
Distribution of Surplus	-	-	(2,700)
Transfer due to a merger of a subsidiary	-	-	-
Net Income	-	-	9,156
Other Changes During this Fiscal Year (Net Total)	(36)	(36)	(36)
Total Changes During this Fiscal Year	(36)	(36)	6,419
As of March 31, 2011	4	4	52,858

Notes to the Financial Statements

(From April 1, 2010 to March 31, 2011)

1. Significant Accounting Policies

(1) Standards and Methods for Valuation of Securities

- A. Debt securities that are classified as "held-to maturity" securities
The Company employs the amortized cost method. (straight-line method)
- B. Other securities
Marketable securities are stated mainly by a market value method based on average market prices during one month before the fiscal year-end. Valuation differences are reported as a component of shareholders' equity, and costs of securities sold are calculated by the moving-average method.
Non-marketable securities are state at cost, which is determined by the moving-average method.

(2) Depreciation Method for Noncurrent Assets

- A. Property, Plant and Equipment (excluding Lease Assets)
The Company employs the straight-line method. Main lifetime is as follows:
Buildings: 15-50 years
Information Equipments: 2-6 years
- B. Intangible Assets (excluding Lease Assets)
The Company employs the straight-line method.
Depreciation period of software to use at the Company is based on the usable life at the Company (Mainly five years).
- C. Lease Assets
Lease Assets related finance leases, other than those for which the ownership transfers to the lessee
The Company employs the straight-line method taking the useful lifetime of the assets as the term of the lease and depreciating the residual value to zero.
Among Lease Assets related finance leases, other than those for which the ownership transfers to the lessee, lease transactions which started before March 31, 2008, are based on the ordinary rental transaction method.
- D. Long-Term Prepaid Expenses
The Company employs the straight-line method.
Depreciation period is based on the same standard as the Corporation Tax Act.

(3) Standards for Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the year-end date on the spot exchange rates. Any resulting differences are reflected as foreign currency translation adjustments in net assets.

(4) Standards for Provision

- A. Allowance for Doubtful Accounts
In order to prepare for potential credit losses on receivables outstanding, an estimated uncollectible amount is recorded at the amount calculated based on the historical rate of credit loss with respect to normal receivables and the amount determined in consideration of collectability of individual receivables with respect to doubtful accounts and certain other receivables.
- B. Provision for Bonuses
In order to prepare for the provision for bonuses, estimated amount for this current fiscal year of amount to be paid is posted.
- C. Provision for Directors' Bonuses
In order to prepare for the provision for director's bonuses, estimated amount for this current fiscal year of amount to be paid is posted.
- D. Provision for Retirement Benefits
In order to prepare for the provision of retirement benefits for employees, an amount that is determined to have accrued at the end of the fiscal year is recorded based on the estimated amounts of the retirement benefit obligation and plan assets as of the end of the fiscal year. Prior service cost is accounted for the subsequent fiscal years as an expense calculated by using the straight-line method based on a certain years (10 years) within the average remaining service period of the employees in service during the period in which it arises. Actuarial losses are accounted for as expenses for the fiscal years calculated by using the straight-line method based on a certain years (10 years) within the average remaining service period of the employees in service during the period in which they arise.

(5) Other Significant Items for the Preparation of Statutory Report

Accounting for consumption tax etc.

Consumption tax and local consumption tax are accounted for under the tax exclusion method.

2. Changes in Accounting Policy

Applies of “Accounting Standard for Asset Retirement Obligation” etc.

From the current fiscal year, the Company applies “Accounting Standard for Asset Retirement Obligation” (ASBJ Statement No. 18, March 31, 2008) and “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21, March 31, 2008).

This change has no effect on Operating Revenue, Ordinary Income and Net Income.

3. Notes for Balance Sheets

(1) Amounts less than one million yen are rounded down.

(2) Cumulative Depreciation Amounts of Property, Plant and Equipment: 5,038 million yen

(3) Contingency Liability

Under the indemnity agreement with Japan Securities Clearing Corporation (JSCC) and other five companies, as for losses incurred to JSCC because of defaults or risks of defaults of obligations of indemnity by clearing participants of JSCC, the Company is to compensate with other entities which have obligations of indemnity in accordance with a ratio of investment in JSCC at the time of a default occurred or when JSCC identifies risks of a default.

A limitation for the compensation is determined by amounts of default compensation reserve for cash transactions as of September 30, 2002, and the Company’s limitation amount is 3,569 million yen.

(4) Special Assets for Clearing Margin

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

(5) Value of Received Collateral Financial Assets

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

Collateral securities of Clearing Margin	534,823 million yen
Collateral securities of Guarantee Deposit	224 million yen
Collateral securities of Clearing Deposit	87,001 million yen

The Company obtains the disposition right of above collateral securities when defaults of agreements of equities trading, etc incurred.

4. Notes for Profit and Loss Statements

Amounts less than one million yen are rounded down.

5. Notes for Statements of Changes in Net Assets

(1) Amounts less than one million yen are rounded down.

(2) Type of Outstanding Shares and Number of Shares

Type of Shares	Year-End of Previous Fiscal Year	Increase	Decrease	Year-End of Current Fiscal Year
Ordinary Shares	270,000	—	—	270,000

(3) Dividends

A. Payments of dividends

Resolution	Type of Shares	Total Dividends Paid (yen in millions)	Dividend Per Share (yen)	Dividend Record Date	Effective Date
Ordinary General Meeting held on June 22, 2010	Ordinary Shares	1,485	5,500	March 31, 2010	June 23, 2010
Board of Directors’ Meeting held on October 26, 2010	Ordinary Shares	1,215	4,500	September 30, 2010	December 1, 2010

B. Dividends with the cut-off date falling within the current fiscal year and the effective date in the next fiscal year.

It is scheduled to be resolved at the Ordinary General Meeting held on June 22, 2011 as follows:

Item related to dividends on Ordinary Share

Total Dividends Paid	1,620 million yen
Dividend Per Share	6,000 yen
Dividend Record Date	March 31, 2011
Effective Date	June 23, 2011

The source of dividends will be retained earnings.

6. Notes for Tax-Effect Accounting

(1) Breakdown of the principal factors giving rise to deferred tax assets and deferred tax liabilities

(yen in millions)

Deferred Tax Assets	
Tax credit for net operating losses	288
Provision for retirement benefits	870
Depreciation of intangible assets	691
Depreciation of property, plant and equipment	243
Allowance for doubtful accounts	35
Research and development expenses	299
Amortization of long-term prepaid expense	85
Provision for bonuses	76
Write-down of golf memberships	61
Loss on devaluation of securities	35
Long-term account payable	21
Others	64
Deferred tax asset subtotal	<u>2,772</u>
Allowance account	<u>(64)</u>
Deferred tax asset total	<u>2,707</u>
Deferred Tax Liabilities	
Business Tax Receivable	(110)
Unrealized gain on available-for-sale securities	<u>(3)</u>
Deferred tax liability total	<u>(113)</u>
Net deferred tax asset total	<u>2,594</u>

(2) Significant differences between the statutory income tax rate and the effective income tax rate in the financial statements for the years ended March 31, 2011 and 2010 is as follows:

Statutory income tax rate	40.6 %
Nondeductible expenses	0.5
Nontaxable dividend income	(10.5)
Inhabitants taxes	0.1
Changes in valuation allowance	(31.3)
Other	0.1
Effective income tax rate	<u>(0.5) %</u>

7. Financial Instruments

(1) Financial Instruments

A. Management Policy

The Company finances mainly through highly safe securities such as government bonds and bank deposits. Finances with loans are not used. The Company doesn't use derivative trading.

B. Nature and extent of risks arising from financial instruments

Operating Accounts Receivable are exposed to customer credit risk. However, the Company controls due-dates and balances by each customer under the Company's rules. Also, as a share of the transaction participants in the Operating Accounts Receivable is large, the Company continues to monitor financial statuses.

Stocks of Investment Securities are exposed to market price fluctuation risks. However, they are mainly stocks of companies that the Company has business relationship, and regularly assesses the market value and issuers' financial status, if the change of their market value is significant, reports at the Board of Directors' meetings.

Debt securities are usually exposed to credit risks such as issuers' risks. However, the Company invests only in highly safe securities such as government bonds, credit risks are limited.

Long-Term Deposits are exposed to credit risks of business partners. However, the Company deals with highly-rated banks and monitors financial status of the banks.

Special Assets for Clearing Margin (Clearing Margin), Special Assets for Clearing Deposit (Clearing Deposit), and Special Assets for Guarantee Deposit (Guarantee Deposit) of Liabilities on the Balance Sheets are deposited from each clearing participant to collateralize against risks from participants etc's defaults during a period from settlement to clearing. These assets are managed separating from other assets under the Company's rules. These assets are retained as Cash and Deposits, so that their risks are limited.

C. Supplementary explanation regarding fair value of financial instruments

Fair values of financial instruments are measured based on the quoted prices in markets or in cases where a quoted price is not available, other reasonably assessed estimated fair values are used. As such assessment is based on certain assumptions including fluctuating factors, under different assumptions, the assessed value might differ.

(2) Fair Value of Financial Instrument

The following tables present the Company's financial instruments on the balance sheets, their fair value and the differences at March 31, 2011.

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

(yen in millions)

	Amount on the Balance Sheets	Fair Value	Difference
1. Cash and Deposits	27,423	27,423	—
2. Operating Accounts Receivable	3,055	3,055	—
3. Short-Term Investment Securities / Investment Securities			
Debt securities held to maturity	1,504	1,504	(0)
Other securities	1,198	1,198	—
4. Special Assets for Clearing Margin	552,869	552,869	—
5. Special Assets for Clearing Deposit	59,176	59,176	—
6. Special Assets for Guarantee Deposit	398	398	—
7. Long-Term Deposits	8,000	7,948	(51)

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

1. Cash and Deposits

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

2. Operating Accounts Receivable

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

3. Short-Term Investment Securities / Investment Securities

The fair values of equity instruments are measured at quoted market price of the stock exchange, and debt securities are measured at the quoted price obtained from counterparty financial institutions.

4. Special Assets for Clearing Margin

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

5. Special Assets for Clearing Deposit

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

6. Special Assets for Guarantee Deposit

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

7. Long-Term Deposits

This item is calculated by applying a discount rate based on the assumed interest rate if similar new deposits were entered into.

(Note2) Unlisted stocks are not included in "3. Short-Term Investment Securities/Investment Securities Other securities" because they do not have market prices and therefore it is extremely difficult to determine their fair value.

(yen in millions)

Category	Amount on the Balance Sheets
Non-listed shares	950
Money Trust	10

(Note3) Scheduled redemption amounts for financial assets and securities with maturity after the consolidation date

(yen in millions)

	Within one year	Over one year but within five years	Over Five years but within ten years	Over ten years
Cash and Deposits With maturities	18,970	-	-	-
Short-Term Investment Securities / Investment Securities Debt securities held to maturity (Government bonds/Local bonds)	1,500	-	-	-
Other Securities With maturities (Government bonds/Local bonds)	-	1,000	-	-
Long-Term Deposits With maturities	-	-	-	8,000

8. Note for Profit and Loss on Equity Method

(1) Affiliate Companies

The Company does not have any affiliates, and there is no applicable matter.

(2) Specific Purpose Companies to be Disclosed

The Company does not have any specific purpose companies, and there is no applicable matter.

9. Notes to Per Share Information

(1) Net Assets per Share

195,773.01 yen

Calculation of Net Assets per Share is based on followings;

Total of Net Assets on the Balance Sheets	(million yen)	52,858
Net Assets related to ordinary shares	(million yen)	52,858
Main breakdown of differences	(million yen)	—
Number of shares outstanding (ordinary shares)	(share)	270,000
Number of treasury stock (ordinary shares)	(share)	—
Number of ordinary shares used for calculation of Net Assets per Share	(share)	270,000

(2) Net Income per Share

33,911.49 yen

Calculation of Net Income per Share is based on followings;

Net Income on the Profit and Loss Statements	(million yen)	9,156
Net Income related to ordinary shares	(million yen)	9,156
Amount not attributable to shareholders	(million yen)	—
Average number of shares outstanding (ordinary shares)	(share)	270,000

10. Notes for Retirement Benefits

(1) Retirement Benefit Plans

The Company provides a lump-sum benefit at retirement as a defined benefit plan.

(2) Retirement Benefit Obligations

(yen in millions)

a. Retirement benefit obligation	1,778
b. Unfunded retirement benefit obligation	1,778
c. Unrecognized actuarial gain and loss	279
d. Unrecognized prior service cost	85

e. Provision for Retirement Benefits (b+c+d)	2,143
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(3) Components of Retirement Benefit Expenses

	(yen in millions)
a. Service cost	143
b. Interest cost	27
c. Amortization of actuarial gain and (loss)	(83)
d. Amortization of prior service cost	(10)
e. Retirement benefit expenses (a+b+c+d)	76

(Note) Amount of retirement benefit expense is discounted amount on retirement benefit expense.

(4) Basis for Calculation of Retirement Benefit Obligation

Periodic allocation method estimated amount of retirement benefit	Straight-line method
Discount rate	1.5%
Accounting period of actuarial gain and loss	10 years (Actuarial losses are accounted for as expenses for in subsequent fiscal years beginning the following year in which they arise calculated by using the straight-line method based on the average remaining service period of the employees in service during the period in which they arise.)
Accounting period of prior service cost	10 years (Actuarial losses are accounted for as expenses for in subsequent fiscal years beginning the following year in which they arise calculated by using the straight-line method based on the average remaining service period of the employees in service during the period in which they arise.)

11. Notes for Impairment Loss

The Company posted Impairment Loss during the current fiscal year.

Type	Location	Use	Loss (yen in millions)
Information system equipment and software	Tokyo	Software for FX market, etc.	1,108
Building, information system equipment, attachment, and software	Osaka	Equipment for the collocation service, etc.	200

The Company focuses exclusively on the business on creation of a financial instrument market. The Company has been classified their whole financial assets as one group of assets, however, since the current fiscal year, the Company classify a group of assets of FX market as an independent group of assets. Idle assets are grouped as an individual independent unit.

Although trading volume of products on FX market is increasing, as a result of the consideration of uncertainty of future market situations and the revision of a plan in the current fiscal year, the Company expects that negative cash flows continue for some time. Therefore, the book value of a group of assets of FX market was decreased to recoverable amount, and an amount of the decrease is posted as impairment loss of extraordinary loss.

Its breakdown is 949 million yen of software and 158million yen of information system equipment.

Also, as for a group of assets of the co-location service, a service to improve the information transmission rate between the Company and participants, following a move of venues of the service related a new platform launched in the current fiscal year (J-GATE), the use of the previous venue by participants remains a significant lower level and in un-recoverable idle condition. Therefore, the book value of assets of the previous venue was decreased to recoverable amount and the decrease, the impairment loss, was reported as extraordinary loss.

A part of the property of collocation service, which improves the speed of transferring information between our company and participants, is idle and unexpected to regain popularity. It is because the center for the service was moved at the same time J-GATE, the new derivatives trading platform, was launched last February, and the use of the old center has been markedly decreased. Therefore, the book value of this property was decreased up to recoverable amount, and an amount of the decrease is posted as impairment loss of extraordinary loss.

Its breakdown is 126 million yen of buildings, 66 million yen of information system equipment, and so on.

The recoverable amount of these assets is calculated based on the net sale value, and as it is difficult to divert or sell the assets, the recoverable amount is valued at residual value.

12. Notes for Business Combinations, etc.

(Operations etc. under common controls)

(1) Overview

Name of a combined company	Jasdaq Securities Exchange, Inc. (Jasdaq)
Businesses of a combined company	Provision of market equipments for securities trading or derivatives trading, disclosure of market information, maintenance of fairness of securities trading or derivative trading, and other business related to operations of exchange financial instrument markets
Date of the business combination	April 1, 2010
A legal form of the business combination	Absorption-type merger agreement in which Osaka Securities Exchange Co., Ltd. survives
Name of a surviving company	Osaka Securities Exchange Co., Ltd. (OSE)
Overview of a deal including purposes of a deal	OSE executed the absorption merger on April 1, 2010. It is because OSE judged that forming the leading market among growth markets in Japan and enhancing the market quality based on strong competitiveness, through an integration of growth markets provided/operated by OSE and the combined company, Jasdaq Securities Exchange, Inc., would be significant solutions for issues that OSE and the combined company face, and contribute to enhancement of international competitiveness of Japan's capital market.

(2) Overview of Accounting

It is posted as operations of entities under common controls based on "Accounting Standard for Business Combinations" (ASBJ Statement No.21, December 26, 2008) and "Revised Guidance on Accounting Standard for Business Divestitures" (ASBJ Guidance No.10, December 26, 2008).

Copy of Audit Report of Financial Audit Company

A financial audit company issued a clean opinion on the financial statements for the 10th fiscal year from April 1, 2010 to March 31, 2011.
(English translation of the copy is omitted.)

Copy of Audit Report of Board of Auditors

Board of auditors issued a clean opinion on the business report etc and financial statements for the 10th fiscal year from April 1, 2010 to March 31, 2011.
(English translation of the copy is omitted.)

Reference Documents for the General Meeting of Shareholders

Proposals and references

Proposal: Distribution of Surplus

The Company understands that returning profits to shareholders is a significant management task.

The Company continues to pay attention to the importance of the retained internal reserves to be used for the development of its platforms to improve self-regulatory functions and competitiveness as an exchange, and for preparation for risk as a clearing organization. Meanwhile, based on the basic policy to continue stable dividend payments, the Company is determined to return the profit positively in consideration of the dividend payout ratio depending on the development of financial results. The Company will distribute dividends at a dividend payout ratio of approximately 40%, and a DOE (dividend on equity) ratio of approximately 4% (Note) at minimum.

Accordingly, the Company proposes a year-end dividend payment of 6,000 yen per share. As a result, the total annual dividend payment including the interim dividend of 4,500 yen, amounts to 10,500 yen per share. This is an increase of 1,500 yen compared with the previous fiscal year.

(Note) The ratio is calculated based on the amount obtained by subtracting the Default Compensation Reserve for Cash Transactions and the Default Compensation Reserve for Futures Trading, etc. from the Net Assets.

Matters related to this proposal:

1. Kind of dividend property and total book value
Cash 1,620,000,000 yen
2. Allocation of the dividend property to shareholders
6,000 yen per share
3. Effective date of distribution of surplus
June 23, 2011