

Overview of Earnings for 2Q FY2013

Japan Exchange Group, Inc.

October 23, 2013

I. Overview of Earnings for 2Q FY2013

(April 1 – September 30, 2013)

[Regarding JPX Earnings for previous Fiscal Year]

- The consolidated financial statements of Japan Exchange Group, Inc. (JPX) is created based on this combination succeed the consolidated financial statements of former TSEG in accordance with accounting standards pertaining to corporate combination.
- Since an establishment of JPX was on January 1, 2013, figures for 4Q FY2012 or later are figures of the combined company, which is comprised of former TSEG and former OSE. Also, As a result of a tender offer for shares of the former OSE by former TSEG, former OSE became its consolidated subsidiary (the deemed acquisition date is September 30, 2012), and the profits and losses of the former OSE for 3 quarter (from October 1, 2012 to December 31, 2012) are included in the consolidated cumulative financial results of JPX. On the other hand, the profits and losses of the former OSE for the1st half (from April 1, 2012 to September 30, 2012) are not included.
- Therefore, combined figures, which include the profits and losses of former OSE for the 1st half (from April 1, 2012 to September 30, 2012), are shown as references in this material. Regarding these combination calculations, the profits and losses for former OSE are converted into JPX's accounting items, therefore, the combined figures may differ from that obtained by aggregating the figures in the financial statements of former TSEG and former OSE. In addition, due to elaboration, etc. of account items, there may be differences in figures and values as compared to those announced on April 30, 2013 and July 30, 2013.



Highlights and FY2013 Forecast

- Despite cash equity trading value and derivatives trading volume decreasing in Q2 from Q1, Q2 saw almost all products surpass the previous year's figures, with continuing growth in revenues and profits.
- Impairment losses accompanying the system base integration were recorded as special losses.

(JPY mil.)

	1H (Apr.-Sept)			Full Year		
	1H FY2012 (Total of former TSEG & former OSE's 1H)	1H FY2013	y/y	FY2012 (Total of JPX & former OSE's 1H)	FY2013 (Forecast)	y/y
Operating Revenue	36,958	61,723	+67.0%	82,504	105,000	+27.3%
Operating Expenses	27,522	33,520	+21.8%	59,633	66,500	+11.5%
Operating Income	9,435	28,202	+198.9%	22,871	38,500	+68.3%
Ordinary Income	10,540	28,917	+174.3%	25,259	40,000	+58.4%
Net Income	6,571	16,550	+151.8%	12,953	22,000	+69.8%
EBITDA	15,521	36,510	+135.2%	36,994	-	-

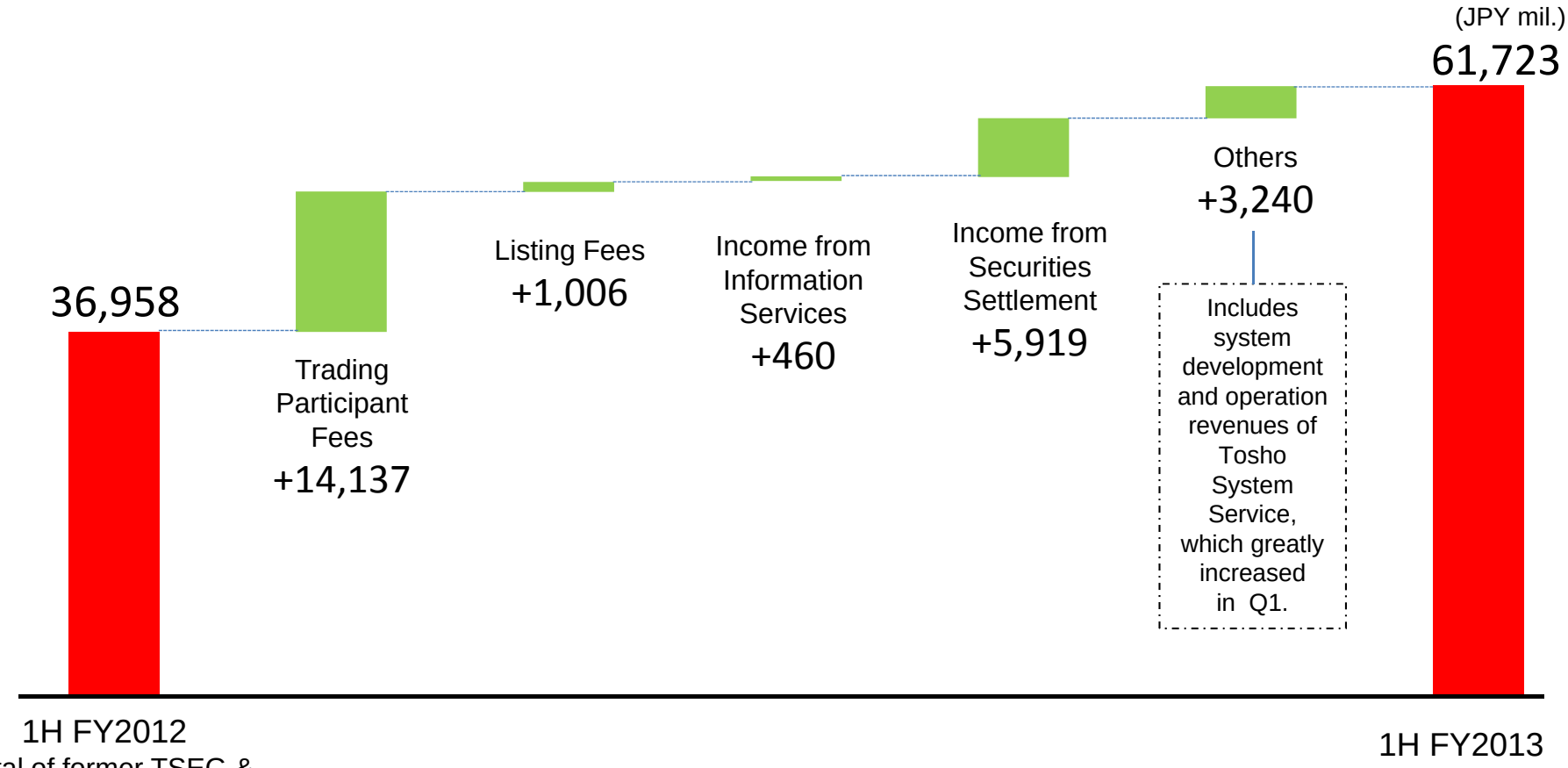
➢ **Average Daily Trading Volume/Value of Major Products**

	1H FY2012	1H FY2013	y/y	FY2012	FY2013 (Assumptions for forecasts)	y/y
Equities (trading value) *1	JPY 1,179.0 bil	JPY 3,086.7 bil	+162%	JPY 1,561.2 bil	JPY 2,450.0 bil	+57%
TOPIX futures (trading volume)	61,899contracts	98,613contracts	+59%	68,204contracts	92,000contracts	+35%
Nikkei 225 Futures *2 (trading volume)	128,047contracts	239,233contracts	+87%	153,087contracts	212,000contracts	+38%
10-year JGB futures (trading volume)	36,529contracts	35,507contracts	(2.8%)	38,700contracts	29,000contracts	(25%)
Nikkei 225 Options (trading value)	JPY 17.9 bil	JPY 46.9 bil	+161.5%	JPY 23.5 bil	JPY 33.5 bil	+42%

*1 Total of trading value in TSE 1st /2nd Sections (incl. former OSE 1st /2nd Sections), Mothers, JASDAQ, and TOKYO PRO Market *2 Incl. Nikkei 225 mini (calculated using factor of 1/10)

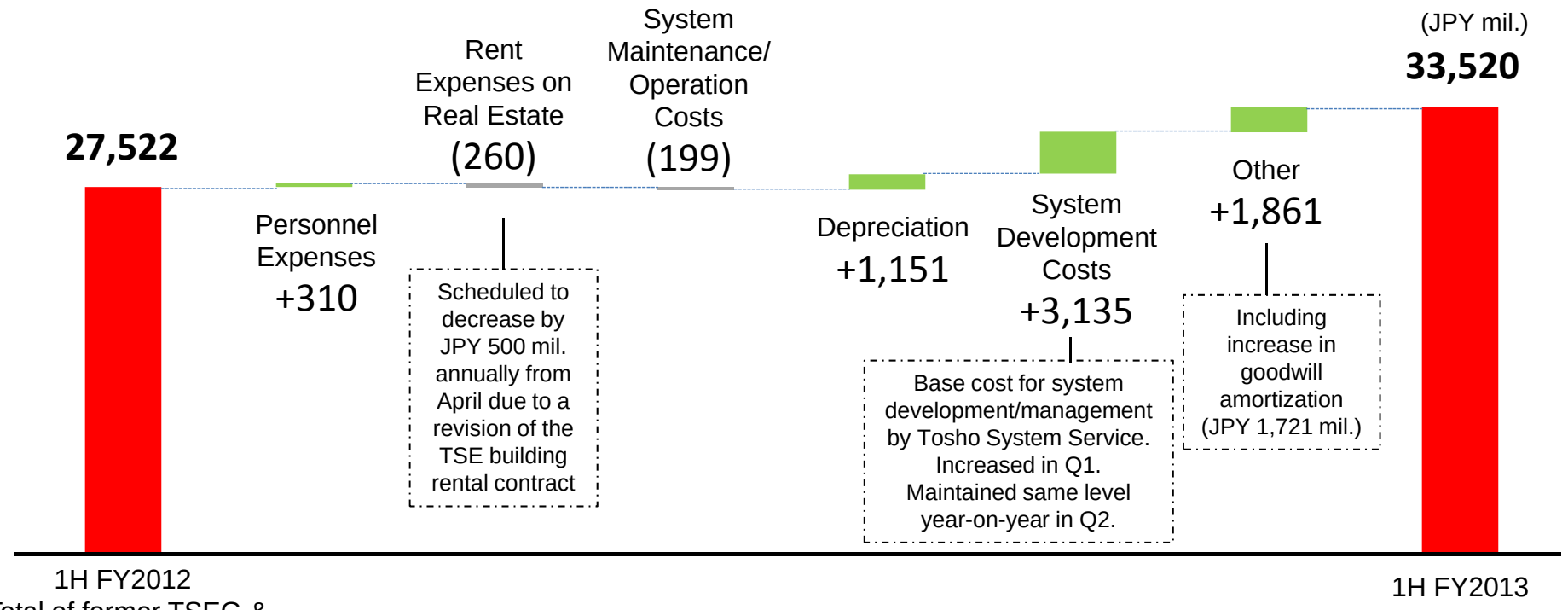
Operating Revenue

- With active trading and increased public offerings including IPOs, revenues increased despite factors which could have reduced trading participant fee, listing fee, information service fee due to the integration.
- Income from securities settlement increased due to increases in trading value and clearing of yen-denominated interest rate swaps, introduced in October 2012.



Operating Expenses

- Depreciation expenses increased year-on-year due to accelerated depreciation accompanying the system integration. However, Q2 depreciation decreased from Q1 due to the conclusion of accelerated depreciation related to the cash equity trading system.



Profit Distribution

■ Based on FY earnings forecast, dividends as of the Q2 end were set at JPY 80.

Dividend per share		Net income (Full year) (Forecast)	Dividend payout ratio
End of second quarter	Fiscal year end (Forecast)		
JPY 80	JPY 16 (*)	JPY 22,000 million	40%

* This figure was calculated using the number of shares following the 5-for-1 stock split effective as of October 1, 2013. The fiscal year end forecast without the stock split would be JPY 80.

<Basic Policy on Profit Distribution>

Giving due consideration to the importance of internal reserves for the purpose of development of the system for strengthening competitiveness, etc. as an exchange, and for the purpose of being prepared for the risks as the clearing organization, JPX makes it a principle to conduct stable and continuous payment of dividends. **Specifically, JPX aims at a target dividend payout ratio of around 40%.**

Other Financial Topics

- Decrease due to repayment of loans arising from the OSE TOB.

(JPY mil.)

	End of Jun. 2013	End of Sept. 2013	Change
Cash and deposits	130,321	87,962	(42,358)
Interest-bearing Liabilities (*1)	103,969	42,500	(61,469)
Shareholders' equity **(*2)**	154,525	160,794	+6,269
Total assets **(*3)**	295,262	252,344	(42,917)
D/E ratio	0.67x	0.26x	-

*1 Total of short-term loans payable, current portion of long-term loans payable and long-term loans payable
*2 Excluding special assets for default compensation reserve funds and minority interests
*3 Excluding margin funds for derivatives etc. and when-issued transactions, deposits for clearing funds, deposits as collateral for facilitating settlement, legal guarantee funds, and special assets for default compensation reserve funds

- Discussion has begun for adopting IFRS (International Financial Reporting Standards) from full-year results for FY2014.

II. Business Developments



Generating Synergy Effect

- With the success of functional integration of cash equity markets, etc., progress is being made toward the derivatives market integration.



Completed Cash Equity Market Integration, etc.

- **Consolidated cash equities markets under TSE**
  - ✓ Composed of TSE of 1st/2nd Sections, Mothers, JASDAQ, and TOKYO PRO Market
  - ✓ Consolidated trading systems to arrowhead (off-auction: ToSTNeT)
- **Consolidated self-regulatory functions under TSE Regulation**
- **Consolidated clearing functions under JSCC**
  - ✓ Further improve risk management functions
  - ✓ Improve liquidity and participant capital efficiency via unified margin system

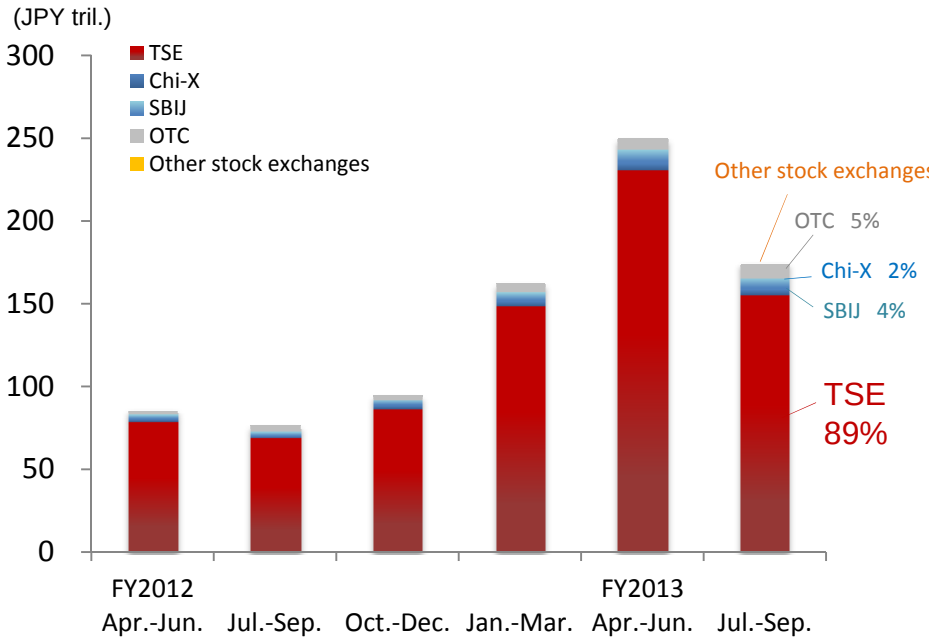
Derivatives Market Integration

- **Consolidate derivatives markets under OSE**
  - ✓ Consolidate trading systems to J-GATE (using NASDAQ OMX Click XT)
  - ✓ Facilitate trading of a wide-range of derivatives products on a single platform, including Nikkei 225 products, TOPIX products, and JGB products
  - ✓ Facilitate extension of evening trading hours to 3 am for TOPIX futures and options, JGB futures and options, etc.

Cash Equities

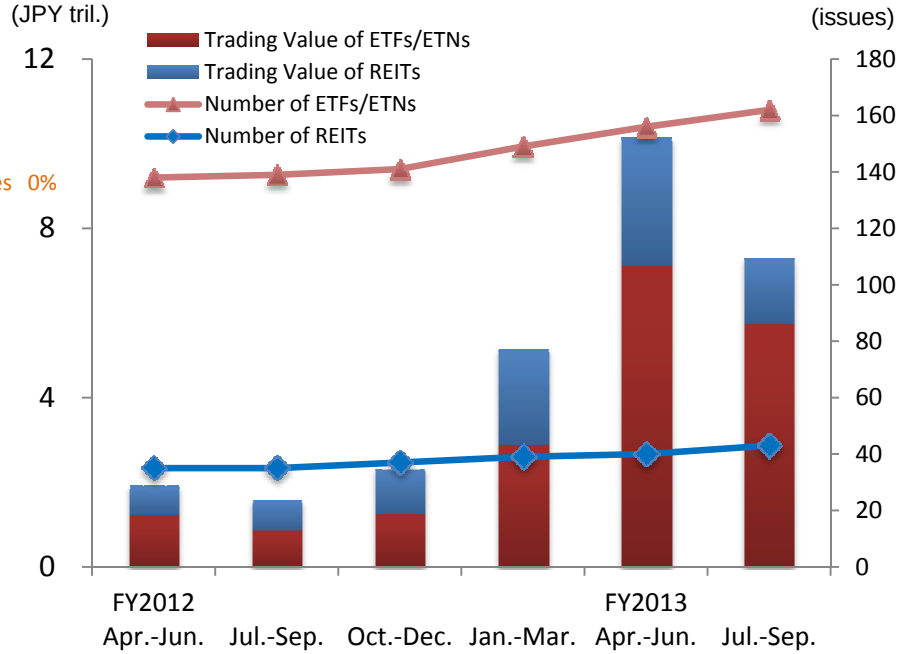
- Though stock trading value fell from Q1, it maintained a daily average over JPY 2 trillion.
- ETF trading value is hovering around new record levels, increasing 6 times on a year-over-year basis.

➢ Trading Value of Stocks in Japan



TSE: Total trading value in TSE 1st /2nd Sections(incl. former OSE 1st/2nd Sections), Mothers, JASDAQ and TOKYO PRO Market
Source: TSE, Chi-X, SBIJ and JSDA

➢ ETFs/ETNs and J-REITs

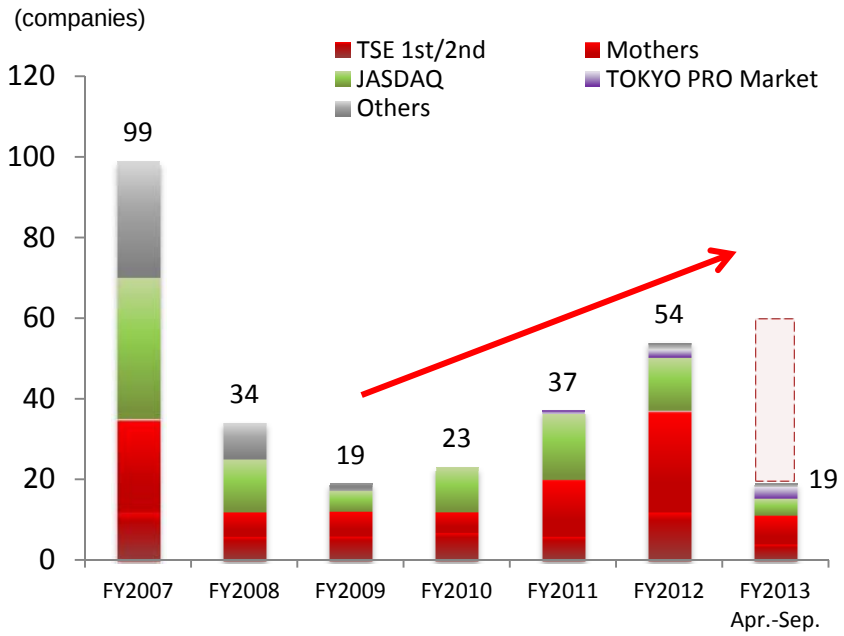


Trading value and the number of ETFs, ETNs and REITs prior to July 16, 2013 are the total of those on TSE markets and former OSE markets
Source: TSE and OSE

Cash Equities

- Total IPOs remained at the almost same level as the previous year, though the amount of funds, excluding issuance of preferred shares, increased.
- An outline was released July of the new index to be jointly-developed with Nikkei, Inc.

➢ IPOs in Japan



Source: TSE and each securities exchange

➢ Total Amount of Fund Raising

1H (Apr.-Sept., 2013)	JPY 1,431,311 million

Major Fund Raising
- Suntory Beverage & Food Limited (PO): ¥288,300 mil.
- Renesas Electronics Corporation (Third-party allotments): ¥150,000 mil.
- Olympus Corporation (PO): ¥106,782 mil.
- Daiwa House Industry Co., Ltd. (PO) : ¥95,191 mil.

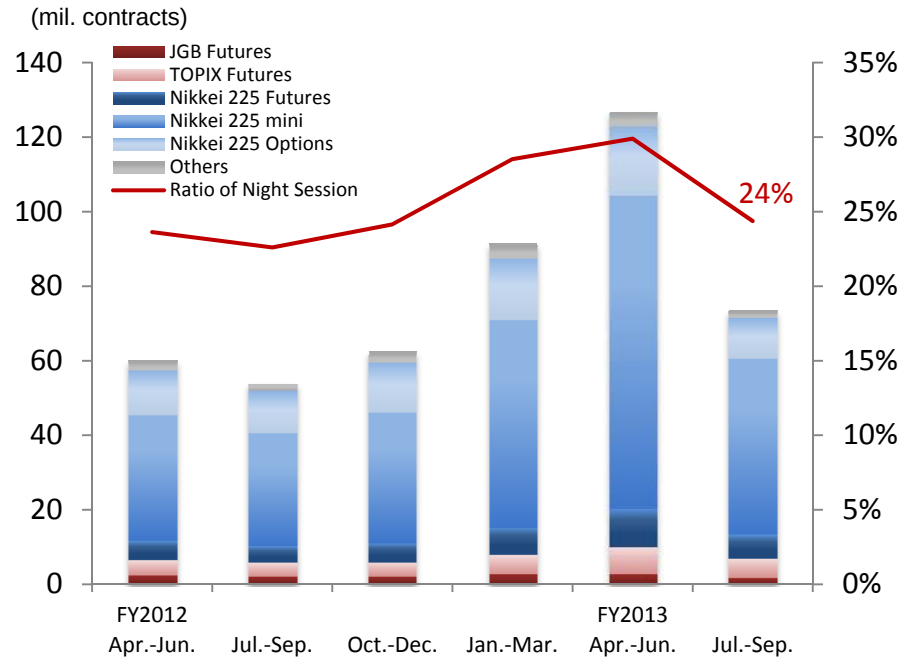
➢ Outline of the New Index

- Constituent selection based on comprehensive assessment of corporate performance using ROE and other indicators, as well as market liquidity indicators. Also consider including qualitative aspects such as matters pertaining to disclosure in constituent selection.
- Consider a maximum of approximately 500 constituents
- Calculation is scheduled to be started by the end of 2013

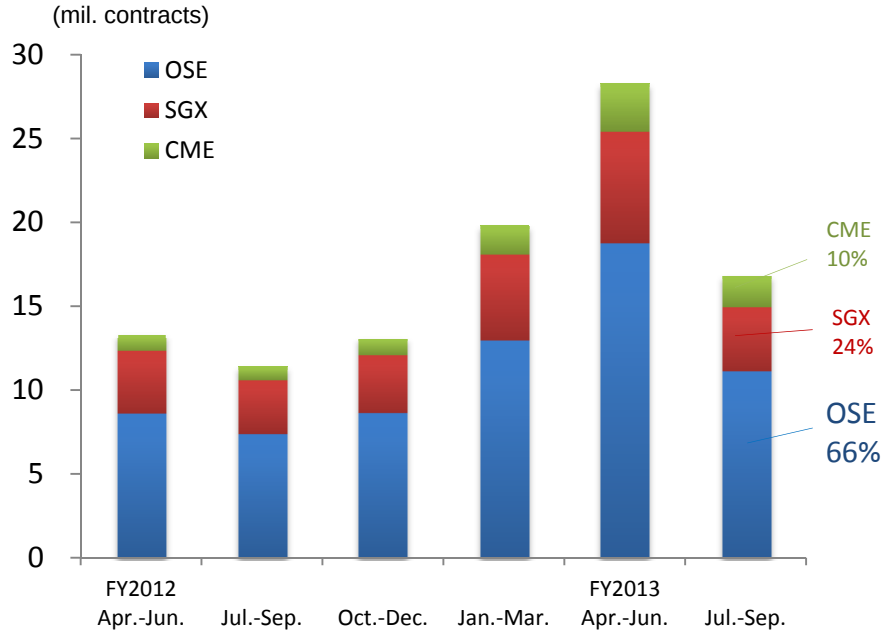
Derivatives

- Derivatives trading volume for Q2 decreased from Q1. However, the total volume for the year (Apr.-Sept.) surpassed 200 million contracts at a record pace.

➢ **JPX's Derivatives Trading Volume and Ratio of Night Session**



➢ **Trading Volume of Nikkei 225 Futures**



OSE's mini calculation factor is 1/10, SGX's large (incl. USD denominated) is 1/2, mini is 1/10, and CME's USD denominated and JPY denominated contracts are1/2.

Source: Each exchange

Derivatives

- Scheduled to launch trading of CNX Nifty Futures* on March 24, 2014
  - Enrich overseas index futures product lineup, following the launch of NY Dow Futures.

    *Yen-denominated futures of India's leading CNX Nifty stock price index
- Scheduled to re-launch trading of 20-year JGB Futures on April 7, 2014
  - Respond to needs for Super Long-Term JGB Futures accompanying increase in issuance of JGBs in super long-term zone and increase in their trading volume.

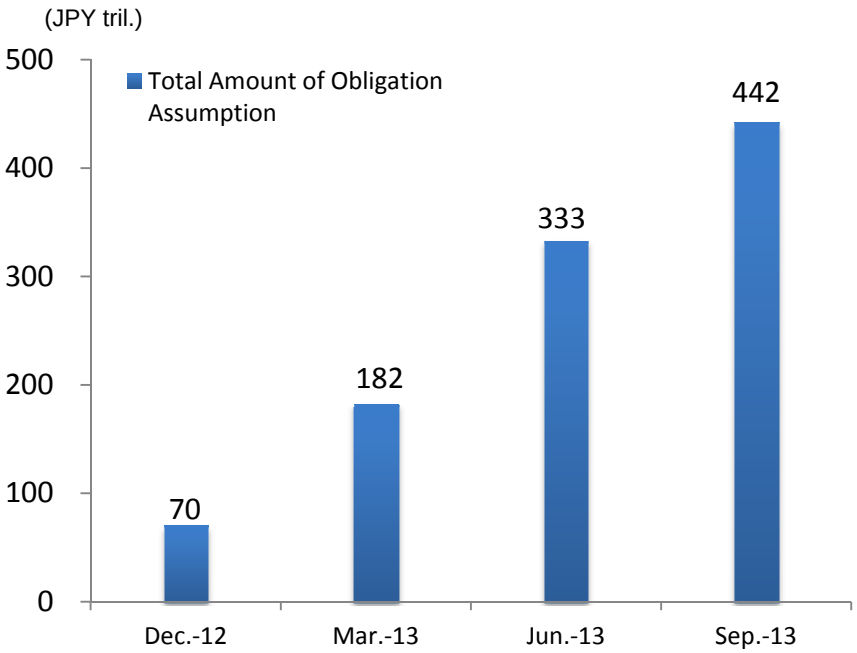
Derivatives in JPX

Japanese Equity	Foreign Equity	Interest Rate	Foreign Exchange	
<Index> • Nikkei 225 Futures • Nikkei 225 mini • Nikkei 225 Options • TOPIX Futures • mini-TOPIX Futures • TOPIX Options • Nikkei 225 VI Futures • Nikkei 225 Dividend Index Futures etc.	• DJIA Futures • **CNX Nifty Futures** (To be launched on March 24, 2014)	• 10-year JGB Futures • Options on 10-year JGB Futures • **Super long-term (20-year) JGB Futures** (To be launched on April 7, 2014) etc.	OSE-FX	**Commodities**
<Stock> Individual Securities Options				

Clearing Business, etc.

- Outstanding balance of cleared yen-denominated interest rate swaps (IRS) has steadily increased. Client clearing for IRS is scheduled to begin in February 2014.
- The merger between Japan Securities Clearing Corporation (JSCC) and Japan Government Bond Clearing Corporation (JGBCC) took effect on October 1. JSCC expands business fields of clearing business.

➢ IRS Clearing (Cleared Open Interest)



Source: JSCC

➢ Business fields of JSCC

Listed Products

- Cash trading
- Derivatives trading

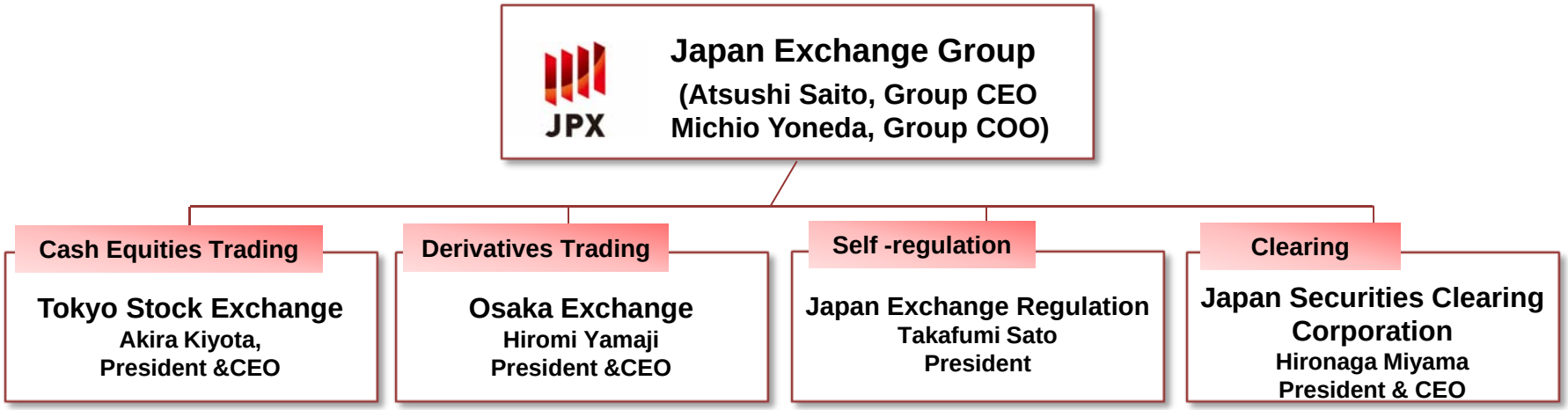
OTC Products

- CDS (Launched in Jul. 2011)
- Yen-denominated IRS (Launched in Oct. 2012)
- JGBs (JGBCC merged with JSCC to become a JPX subsidiary in Oct. 2013)

Other topics

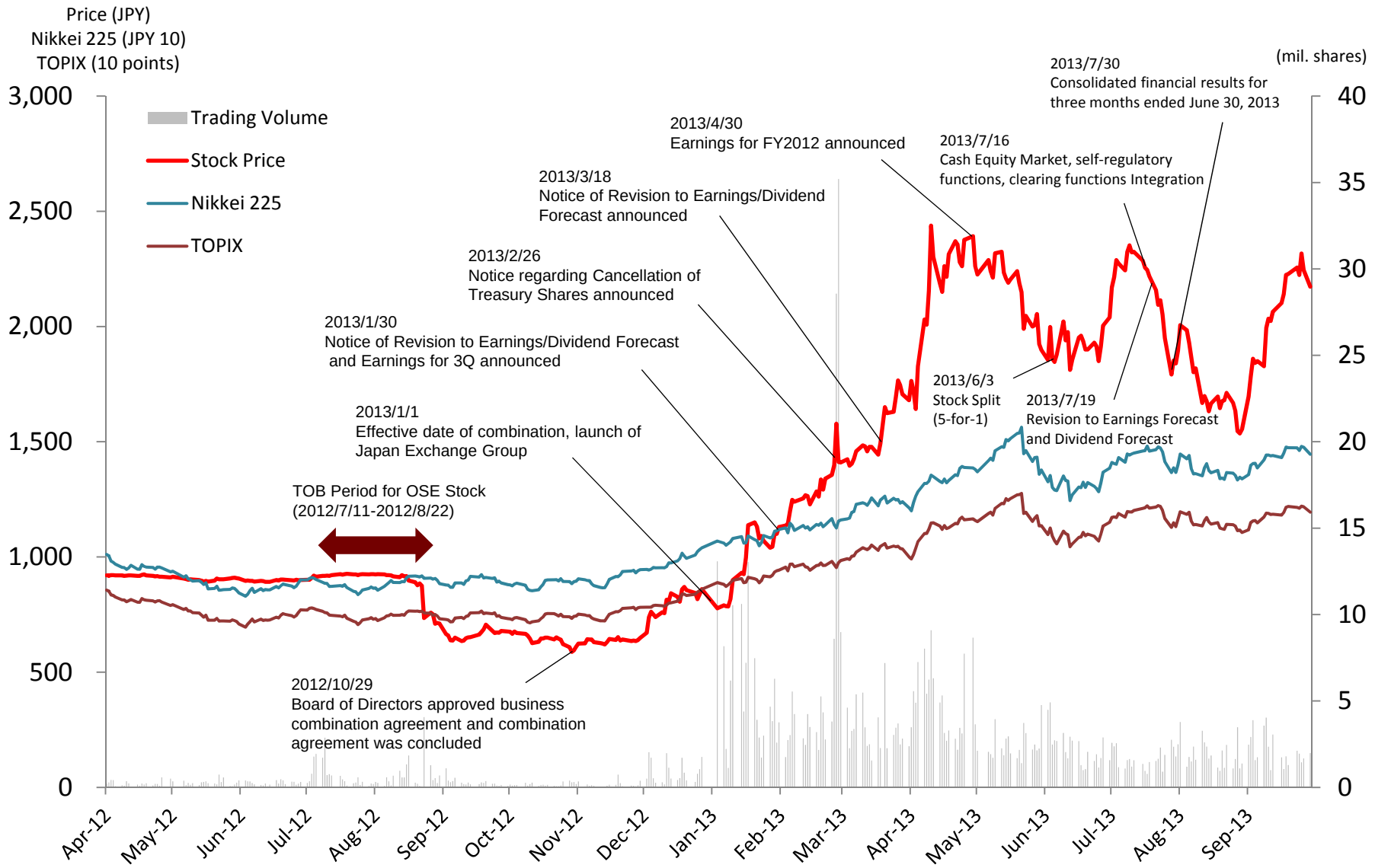
- Change in trade/corporate names decided:
  - Osaka Securities Exchange
    → Osaka Exchange (March 24, 2014)
  - Tokyo Stock Exchange Regulation
    → Japan Exchange Regulation (April 1, 2014)

<Structure of JPX (after April 2014) **>**



- A 5-for-1 stock split was conducted with an effective date of October 1, 2013

JPX Stock Price



Listed on both the TSE1st Section and JASDAQ from January 1 to July 15, 2013. Prices above are prices on the TSE1st Section. Trading volumes above are the total of those on TSE1st Section and JASDAQ. Due to the 100-for-1 stock split effective on January 1, 2013, and the subsequent 5-for-1 stock split effective on October 1, 2013, the stock prices until December 2012 is calculated as 1/500, and from January to September 2013 as 1/5.

III. Reference Material

Referential financial data (combined basis)

➢ Quarterly Business Performance

(JPY mil.)

	FY2012				FY2013		
	1Q (*) (Apr. 1, 2012- Jun 30, 2012)	2Q (*) (Jul. 1, 2012- Sep. 30, 2012)	3Q (Oct. 1, 2012- Dec. 31, 2012)	4Q (Jan 1, 2013- Mar. 31, 2013)	1Q (Apr. 1, 2013- Jun 30, 2013	2Q (Jul. 1, 2013- Sep. 30, 2013)	y/y
Operating Revenue	19,179	17,779	19,772	25,773	36,099	25,623	+44.1%
Operating Expenses	13,960	13,562	15,241	16,869	18,156	15,364	+13.3%
Operating Income	5,218	4,217	4,531	8,903	17,943	10,258	+143.3%
Ordinary Income	5,813	4,726	5,792	8,926	18,655	10,261	+117.1%
Net Income	3,499	3,072	2,753	3,627	11,209	5,341	+73.9%
EBITDA	8,555	6,965	9,041	12,431	23,089	13,421	+92.7%

➢ Operating Expenses

(JPY mil.)

	FY2012(*)			FY2013	
	1Q (*) (Apr. 1, 2012- Jun 30, 2012)	2Q (*) (Jul. 1, 2012- Sep. 30, 2012)	Full Year (Apr.1, 2012- March 31, 2013)	1Q (Apr. 1, 2013- Jun 30, 2013	2Q (Jul. 1, 2013- Sep. 30, 2013)
Personal Expenses	3,509	3,533	14,499	3,601	3,752
Rent Expenses on Real Estates	1,582	1,582	6,349	1,453	1,450
System Maintenance & Operation Costs	2,996	2,951	11,695	2,847	2,909
Depreciation	2,725	2,903	12,741	3,537	3,242
Cost of System Development	1,230	789	4,666	3,830	1,324
Other	1,915	1,802	9,680	2,884	2,685
Total	13,960	13,562	59,633	18,156	15,364

* Total of former TSEG and former OSE

Referential financial data (combined basis)

➢ Operating Revenue

(JPY mil.)

	FY 2012			FY 2013			
	1Q (Apr. 1, 2012- Jun 30, 2012)	2Q (Jul. 1, 2012- Sep. 30, 2012)		1Q (Apr. 1, 2013- Jun 30, 2013)	2Q (Jul. 1, 2013- Sep. 30, 2013)		
	Amount	Amount	Ratio	Amount	Amount	Ratio	y/y
Trading Participant Fees	7,859	7,093	**39.9%**	17,317	**11,772**	**45.9%**	66.0%
Transaction Fees	5,742	5,052		14,869	9,660		91.2%
Cash Equities	3,316	2,945	58.3% *	10,154	7,058	73.1% *	139.6%
Derivatives	2,426	2,106	41.7% *	4,714	2,602	26.9% *	23.5%
TOPIX futures	371	351		588	453		28.8%
Nikkei 225 futures (incl. mini)	760	651		1,605	938		44.0%
Nikkei 225 Options	752	658		1,932	819		24.4%
10-year JGB futures	459	393		502	339		(13.8%)
Others	82	50		85	51		2.1%
Basic Fees	371	365		353	284		(22.2%)
Access Fees	1,099	1,031		1,430	1,185		14.9%
Trading System Facilities Usage Fees	617	619		628	620		0.1%
Others	27	24		35	21		(11.0%)
Income from Securities Settlement	2,538	2,183	**12.3%**	6,430	**4,211**	**16.4%**	92.8%
Listing Fees	2,156	2,533	**14.3%**	2,517	**3,179**	**12.4%**	25.5%
Initial/Additional Listing Fees	473	858		786	1,521		77.3%
Annual Listing Fees	1,683	1,675		1,730	1,658		(1.0%)
Income from Information Services	3,786	3,725	**21.0%**	4,086	**3,885**	**15.2%**	4.3%
Other	2,837	2,243	**12.6%**	5,747	**2,574**	**10.0%**	14.8%
Total	19,179	**17,779**	**100%**	36,099	**25,623**	**100%**	**44.1%**

Figures for FY2012 are total of former TSEG and former OSE.
Figures marked * are indicate percentage of Transaction Fees.

Referential financial data

➢ Consolidated Balance Sheets

(JPY mil.)

		Mar. 31, 2013	Sep. 30, 2013
<Assets>			
Current assets		**1,095,466**	**1,376,532**
Cash and deposits		120,808	87,962
Operating accounts receivable		8,716	7,961
Securities		-	202
Work in Process		2,467	149
*1	Margin funds for derivatives, etc. and when-issued transactions	789,201	1,023,424
Deposits for clearing funds		161,086	237,908
Deposits as collateral for facilitating settlement		10,000	10,000
Other		3,195	8,934
Allowance for doubtful accounts		(9)	(10)
Noncurrent assets		**180,919**	**175,742**
Property, plant and equipment		8,673	7,216
Intangible assets		90,744	88,129
Goodwill		67,374	65,653
Other		23,370	22,476
Investments and other assets		81,501	80,396
Investment securities		41,304	39,951
*2	Legal guarantee funds	600	649
*4	Special assets for default compensation reserve funds	27,948	27,948
Other		11,825	11,987
Allowance for doubtful accounts		(177)	(140)
Total assets		**1,276,386**	**1,552,275**

		Mar. 31, 2013	Sep. 30, 2013
<Liabilities>			
Current liabilities		**1,083,157**	**1,333,769**
Operating accounts payable		3,221	2,866
Short-term loans payable		18,670	32,500
Current portion of long-term loans payable		86,399	-
Income taxes payable		6,312	11,709
Provision for bonuses		1,223	1,284
Provision for directors' bonuses		252	12
*1	Margin funds received for derivatives, etc. and when-issued transactions	789,201	1,023,424
Deposits received for clearing funds		161,086	237,908
Deposits received as collateral for facilitating settlement		10,000	10,000
*3	Deposits received as trading participant security money	3,169	4,847
Other		3,620	9,217
Noncurrent liabilities		**14,151**	**24,173**
Long-term loans payable		-	10,000
Provision for retirement benefits		7,580	7,473
*2	Returnable legal guarantee funds	600	649
Other		5,970	6,050
Total liabilities		**1,097,308**	**1,357,943**
<Net assets>			
Shareholders' equity		**167,440**	**179,597**
Capital stock		11,500	11,500
Capital surplus		59,726	59,726
Retained earnings		96,213	108,371
Treasury stock		-	(0)
Valuation difference on available-for-sale securities		**9,088**	**9,145**
Total accumulated other comprehensive income		9,088	9,145
Minority interests		**2,548**	**5,588**
Total net assets		**179,077**	**194,331**
Total liabilities and net assets		**1,276,386**	**1,552,275**

***1** JSCC and OSE receive deposits of money from their clearing participants for the purpose of covering the risk of the clearing participants defaulting on their obligations. These amounts are recorded under both assets and liabilities in the corresponding items indicated for deposits.

***2** TSE and OSE receive deposits of money from their trading participants for the purpose of covering the risk of entrustors of securities trading, etc. that arises from the trading participants defaulting on their obligations. These amounts are recorded under both assets and liabilities.

***3** TSE receives deposits of money from its trading participants for the purpose of covering the risk of the trading participants defaulting on their obligations. This amount is recorded under assets as cash and deposits and under liabilities as deposits received as trading participant security money.

***4** JPX has reserve funds for the purpose of compensating losses incurred in the clearing operations of JSCC and OSE. This amount is recorded under assets as special assets for default compensation reserve funds.

Referential financial data (combined basis)

➢ Quarterly Transaction Fees (out of Trading Participant Fees)

(JPY mil.)

	FY2012				FY2013	
	1Q (Apr. 1, 2012- Jun 30, 2012)	2Q (Jul. 1, 2012- Sep. 30, 2012)	3Q (Oct. 1, 2012- Dec. 31, 2012)	4Q (Jan 1, 2013- Mar. 31, 2013)	1Q (Apr. 1, 2013- Jun 30, 2013)	2Q (Jul. 1, 2013- Sep. 30, 2013)
Cash Equities	3,316	2,945	3,649	6,193	10,154	7,058
Derivatives	2,426	2,106	2,460	3,597	4,714	2,602
TOPIX Futures	371	351	350	451	588	453
Nikkei 225 Futures (incl. mini)	760	651	814	1,189	1,605	938
Nikkei 225 Options	752	658	825	1,384	1,932	819
10-year JGB Futures	459	393	415	502	502	339
Others	82	50	53	69	85	51

Major Product Data

➢ Trading Volume/Value

	FY2012				FY2013	
	1Q (Apr. 1, 2012- Jun. 30, 2012)	2Q (Jul. 1, 2012- Sep. 30, 2012)	3Q (Oct. 1, 2012- Dec. 31, 2012)	4Q (Jan 1, 2013- Mar. 31, 2013)	1Q (Apr. 1, 2013- Jun. 30, 2013)	2Q (Jul. 1, 2013- Sep. 30, 2013)
Trading Value of Stocks (JPY 1mil.) (*1)						
TSE 1st/2nd Section (*2)	76,567,741	67,269,696	83,683,764	141,743,922	214,059,115	143,333,854
Mothers	659,877	661,086	1,129,330	3,348,301	7,453,258	5,545,080
JASDAQ	1,262,229	957,928	1,551,488	3,674,444	9,207,734	6,233,226
Derivatives Trading Volume (contracts) (Trading Value for Nikkei 225 Options)						
TOPIX Futures	4,008,210	3,729,113	3,776,656	5,196,028	7,207,955	5,118,622
Total Nikkei 225 Futures/mini (*3)	8,592,506	7,413,381	8,573,728	12,926,625	18,764,763	11,139,399
Nikkei 225 Futures	5,206,854	4,389,045	5,058,413	7,369,366	10,373,289	6,408,145
Nikkei225mini	33,856,526	30,243,360	35,153,145	55,572,590	83,914,741	47,312,547
Nikkei 225 Options (JPY mil.)	1,213,137	1,029,247	1,253,161	2,271,580	3,968,040	1,895,032
10-year JGB Futures	2,451,382	2,114,685	2,226,941	2,688,395	2,648,616	1,789,770

➢ Average Daily Trading Volume/Value

	FY2012				FY2013	
	1Q (Apr. 1, 2012- Jun. 30, 2012)	2Q (Jul. 1, 2012- Sep. 30, 2012)	3Q (Oct. 1, 2012- Dec. 31, 2012)	4Q (Jan 1, 2013- Mar. 31, 2013)	1Q (Apr. 1, 2013- Jun. 30, 2013)	2Q (Jul. 1, 2013- Sep. 30, 2013)
Trading Value of Stocks(JPY mil.) (*1) (*4)	1,265,965	1,093,472	1,392,977	2,564,943	3,721,292	2,462,098
Derivatives Trading Volume (contracts) (Trading Value for Nikkei 225 Options)						
TOPIX Futures	64,649	59,192	60,914	89,587	116,257	81,248
Total Nikkei 225 Futures/mini (*3)	138,589	117,673	138,286	222,873	302,657	176,816
Nikkei 225 Futures	83,982	69,667	81,587	127,058	167,311	101,717
Nikkei225mini	546,073	480,053	566,986	958,148	1,353,464	750,993
Nikkei 225 Options (JPY mil.)	19,567	16,337	20,212	39,165	64,001	30,080
10-year JGB Futures	39,538	33,566	35,918	46,352	42,720	28,409

*1 Trading value of common stocks
*2 Including trading value in former OSE 1st/2nd Sections
*3 Contracts of Nikkei 225 mini are calculated using a factor of 1/10
*4 Total of trading value in TSE 1st /2nd Sections(former OSE 1st /2nd Sections), Mothers, JASDAQ and TOKYO PRO Market

Management and Financial Targets for FY2015
(Medium-Term Management Plan)

■ Management and Financial Targets / Financial (JPY mil.)

	FY2012	FY2015 (Target)
Operating Revenues	82,504	**90,500**
Operating Expenses (excl. goodwill amortization)	59,633 (58,159)	**52,900 (49,500)**
Operating Profit (excl. goodwill amortization)	22,871 (24,345)	**37,600 (41,000)**
Net Income (excl. goodwill amortization)	12,953 (14,427)	**22,600 (26,000)**
EBITDA	36,994	**Approx. 50,000**
ROE *	9.7%	**Approx. 14%**

* Excluding goodwill amortization and special assets

■ Capital Investment (3 years)

JPY 36 billion

(Main breakdown)
Cash Equities System: ¥ 11.0 B
Derivatives System: ¥ 10.0 B
Clearing System: ¥ 8.0 B

< Average Daily Trading Volume/Value of Major Products>

	FY2012	**FY2015** (Assumptions for the Target)	compared to FY2012
Equities (trading value) *1	JPY 1,561.2 bil	JPY 1,700.0 bil	**+138.8** bil
TOPIX futures (trading volume)	68,204contracts	104,000contracts	**+35,796**
Nikkei 225 Futures *2 (trading volume)	153,087contracts	217,000contracts	**+63,913**
10-year JGB futures (trading volume)	38,700contracts	53,000contracts	**+14,300**
Nikkei 225 Options (trading value)	JPY 23.5 bil	JPY 47.0 bil	**+23.5** bil

*1 Total of trading value in TSE 1st /2nd Sections (incl. former OSE 1st /2nd Sections), Mothers, JASDAQ, and TOKYO PRO Market
*2 Including Nikkei 225 mini (calculated using factor of 1/10)

Generating Cost Synergy

FY 2013 | FY 2014 | FY 2015

Sep. 2012 – Jul. 2013
Accelerated amortization of prior OSE's cash equity system

Jul. 16, 2013
Cash equity system integration
Integrating to arrowhead(launched in Jan. 2010)

Plan to replace a cash equity system to next arrowhead

Dec. 2012 – Mar. 2014
Accelerated amortization of prior TSE derivatives system

Mar. 24, 2014
Derivatives system integration
Integrating to J-GATE (launched in Feb. 2011)

Increase depreciation due to accelerated amortization

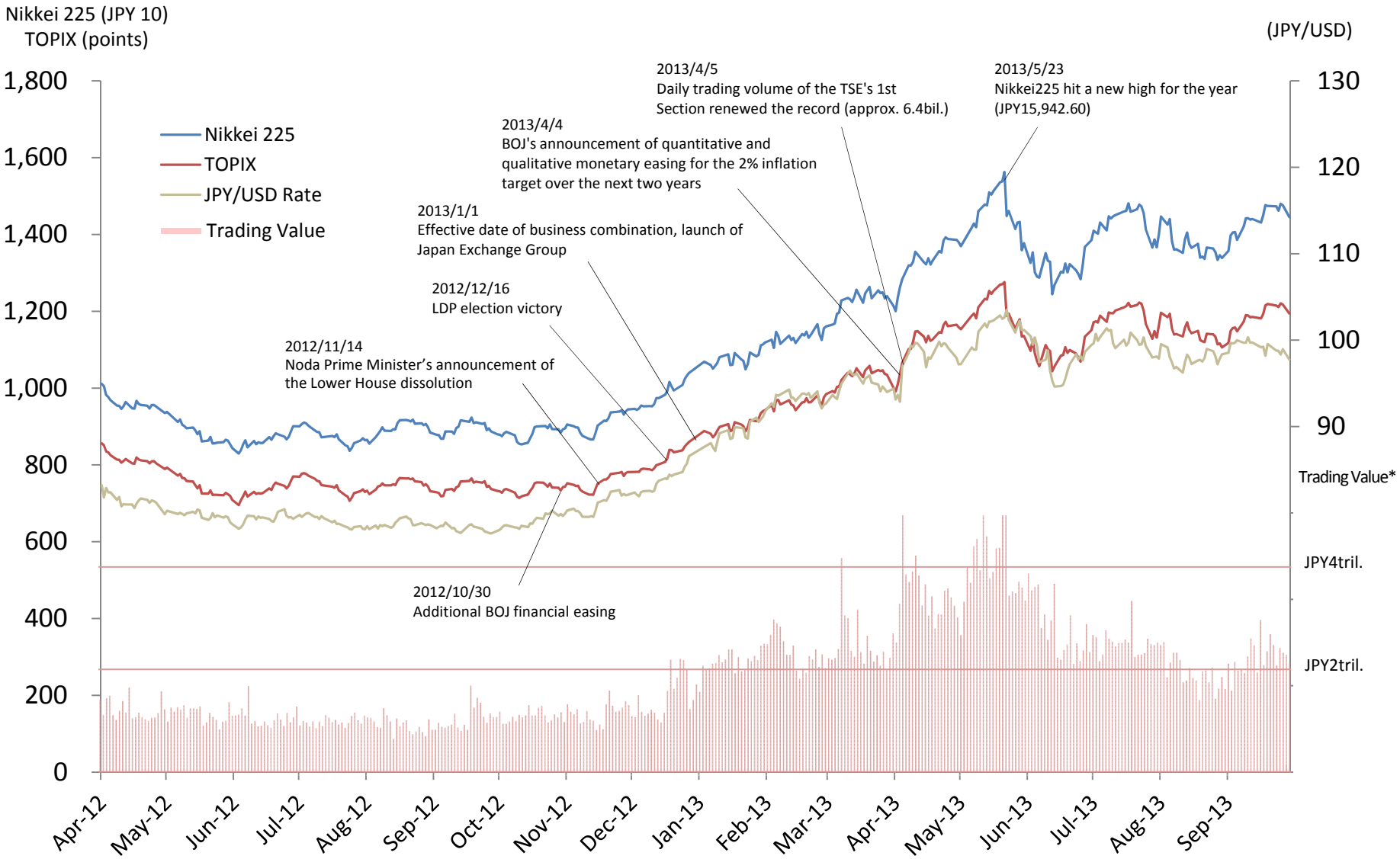
System-related cost reduction (JPY 7 bil. in FY2015)
<Integration of duplicate systems>

Non system-related cost reduction (JPY 1.5 bil in FY2015)
<Improvement of operational efficiency and revision of business bases, etc.>

Target:
Cost Reduction of
JPY 8.5 bil. or More
(15% of Overall Costs)
(compared to FY2012)

(Note) System-related cost: costs related to system maintenance/operation, depreciation, etc.

Japanese Stock Market



* Total of trading value in TSE 1st /2nd Sections(former OSE 1st /2nd Sections), Mothers, JASDAQ and TOKYO PRO Market

Outline of JPX Stock

Stock Code	8697
Listed Exchange	Tokyo Stock Exchange 1st Section
Fiscal Year	From April 1 to March 31
Annual General Shareholders Meeting	In June
Record Date	March 31
Number of Shares in One Trading Unit	100 shares
Number of Shares(*)	Total number of shares authorized to be issued: 1,090,000,000 shares Total number of shares issued: 274,534,550 shares * A 5-for-1 stock split was conducted with an effective date of Oct. 1, 2013.
Basic Policy on Profit Distribution	Giving due consideration to the importance of internal reserves for the purpose of development of the system for strengthening competitiveness, etc. as an exchange, and for the purpose of being prepared for the risks as the clearing organization, JPX makes it a principle to conduct stable and continuous payment of dividends. **Specifically, JPX aims at a target dividend payout ratio of around 40%.**

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