Overview of Earnings for FY2013

Japan Exchange Group, Inc.

April 28, 2014

I. Overview of Earnings for FY2013

(April 1, 2013 – March 31, 2014)

[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.

JPX

Highlights and FY2013 Forecast

- Large increases in revenues and incomes were seen in FY2013 mainly due to equities trading value and derivatives trading volume surpassing figures from the previous fiscal year.
- Earnings forecasts for FY2014 include a decrease in operating revenues from FY2013, but also reductions in operating expenses arising from integration-related synergies.

(JPY mi.)

	FY 2012 (Totaled with former-OSE's 1H) *1	FY 2013		FY 2014 (Forecast) (including impact of IFRS adoption)*2	
			y/y		y/y
Operating Revenues	82,504	116,251	40.9%	93,000	(20.0)%
Operating Expenses	59,633	65,131	9.2%	55,000	(15.6)%
Operating Income	22,871	51,120	123.5%	38,000	(25.7)%
Ordinary Income	25,259	52,801	109.0%	40,000	(24.2)%
Net Income	12,953	29,835	130.3%	24,500	(17.9)%
EBITDA	36,994	68,241		-	
Dividend per share*3	16.00 yen	43.00 yen		36.00 yen	

*1 Totaled with former-OSE's 1H earnings results.
*2 IFRS is scheduled to be adopted from the year-end earnings results of FY 2014. Figures include the impact of this adoption (JPY 3.5 billion).
*3 Total of 2Q and end-of-year. (figures include stock split conducted in Oct. 2013)

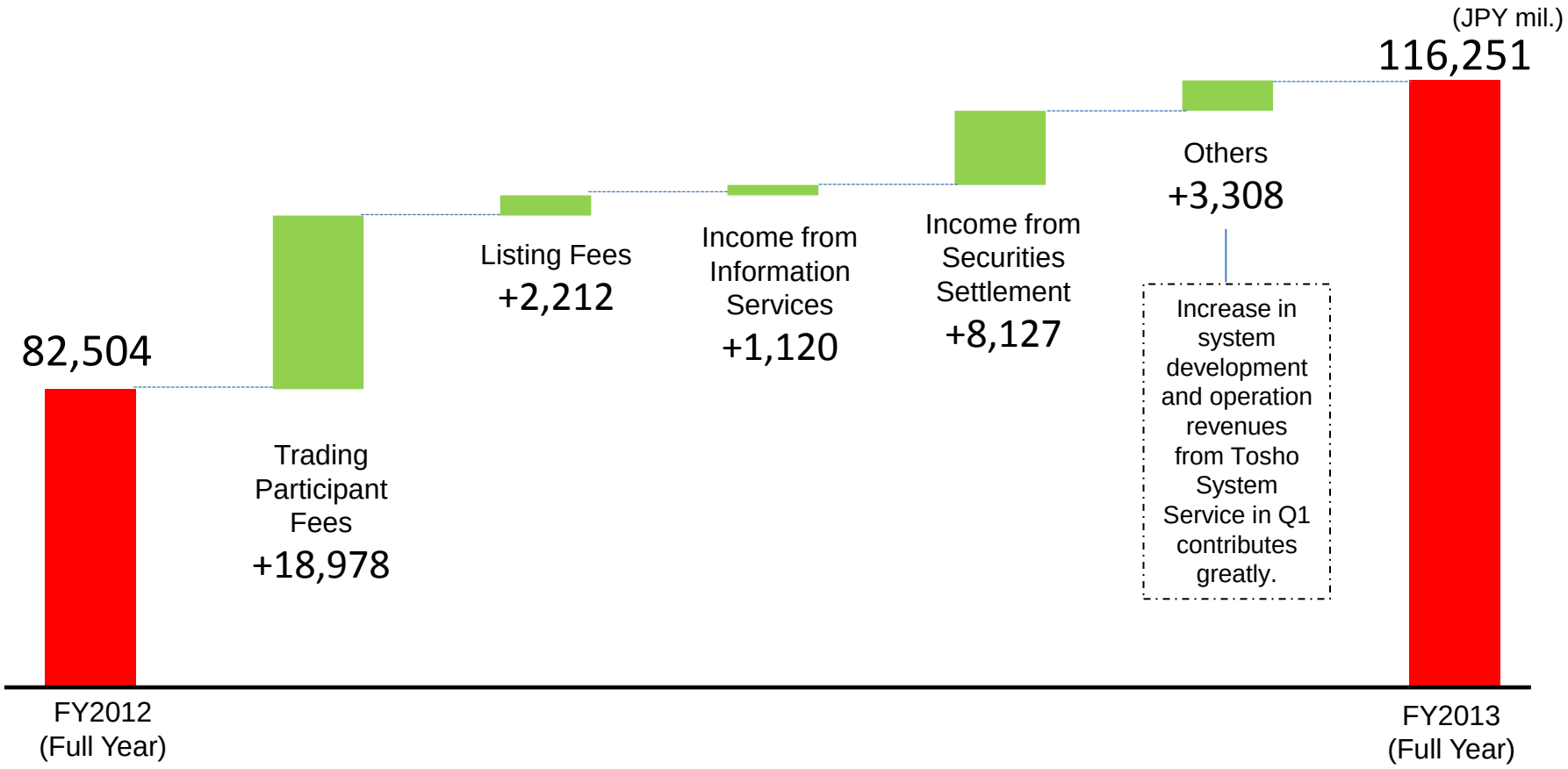
➢ **Average Daily Trading Volume/Value of Major Products**

	FY2012	FY2013		FY2014 (Assumptions for forecasts)	
			y/y		y/y
Equities (trading value)	JPY 1,561.2 bil	JPY 2,947.1bil	88.8%	JPY 2,100.0 bil	(28.7)%
TOPIX futures (trading volume)	68,204contracts	94,297 contracts	38.3%	104,000 contracts	10.3%
Nikkei 225 Futures * (trading volume)	153,087 contracts	218,618 contracts	42.8%	211,000 contracts	(3.5)%
10-year JGB futures (trading volume)	38,700 contracts	34,975 contracts	(9.6)%	36,000 contracts	2.9%
Nikkei 225 Options (trading value)	JPY 23.5 bil	JPY 40.0 bil	69.8%	JPY 35.5 bil	(11.2)%

* Incl. Nikkei 225 mini (calculated using factor of 1/10)

Operating Revenues

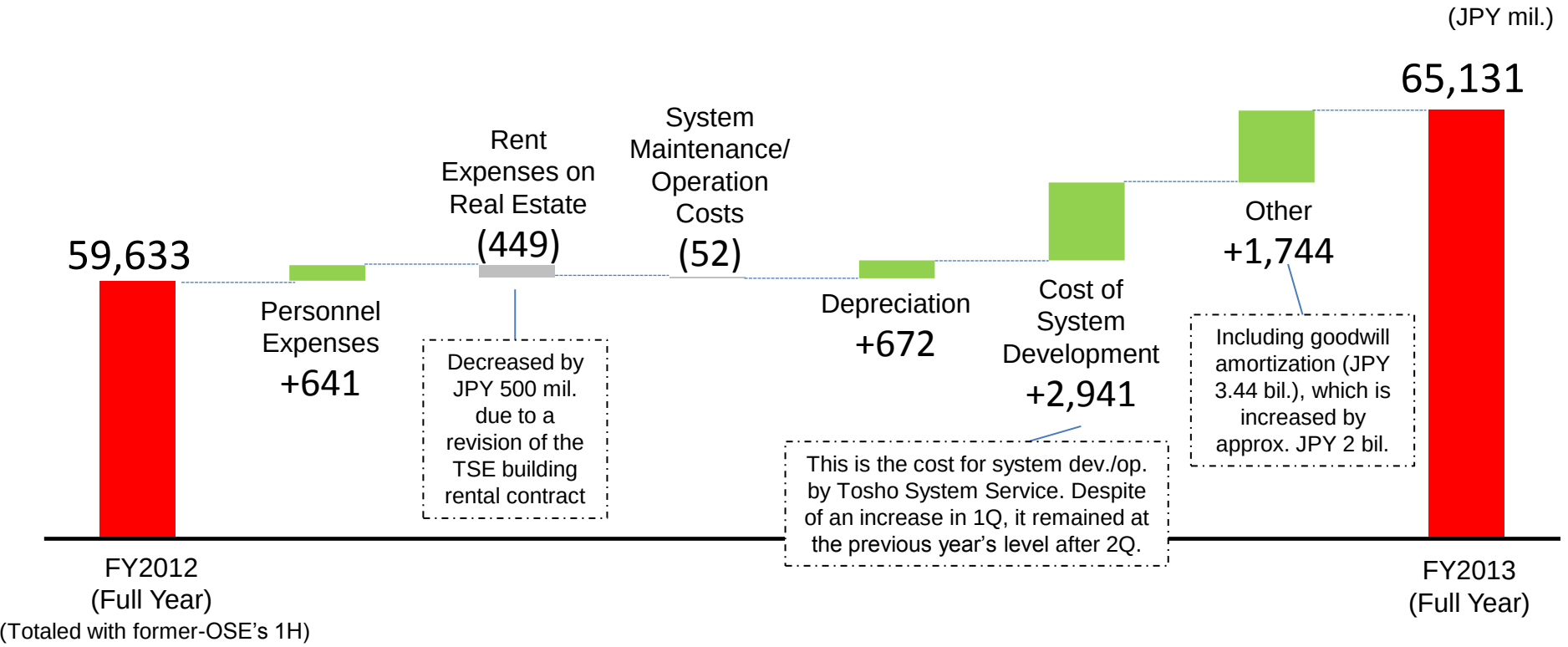
- With active trading, trading participant fees and income from securities settlement greatly increased. Increases in clearing of yen-denominated interest rate swaps, etc. also contributed to an increase in income from securities settlement.



(Totaled with former-OSE's 1H)

Operating Expenses

- Increase in depreciation expenses is due to accelerated depreciation accompanying the system integration.
- Increase in other operating expenses is owed to goodwill amortization.



Scheduled Adoption of IFRS

- IFRS will be adopted starting with the FY2014 earnings results.
- The primary impact of IFRS adoption is an expected gain of JPY 3.5 billion in incomes mainly due to the exclusion of amortization of goodwill (JPY 3.44 billion annually).
- Earnings forecasts for FY2014 reflecting both Japanese Standards and the impact of IFRS adoption are included for reference below. Dividend forecasts were calculated using these figures.

<FY2014 Forecast>

	Japanese Standards	Including IFRS Adoption Impact
Operating Revenues	JPY 93.0 bil	JPY 93.0 bil
Operating Expenses	JPY 58.5 bil	JPY 55.0 bil
Operating Income	JPY 34.5 bil	JPY 38.0 bil
Net Income	JPY 21.0 bil	JPY 24.5 bil

Expenses Decreased by JPY 3.5 bil.

Income Increased by JPY 3.5 bil.

<Tentative Disclosure Schedule and Dividend Estimates>

	1Q	2Q	3Q	Full Year (Year-end)
Earnings Results (Earnings report, etc.)	Japanese Standards	Japanese Standards	Japanese Standards	IFRS
Forecast (Announced in Apr. 2014)				Japanese Standards **Net Income JPY 21.0 bil.** / <Reference> Net Income Including IFRS Adoption Impact **JPY 24.5 bil.**
Dividend (Forecast) (Announced in Apr. 2014)		Interim Dividend JPY 18		Year-end Dividend (Annual) JPY 18 (JPY 36) (DPR 40%)

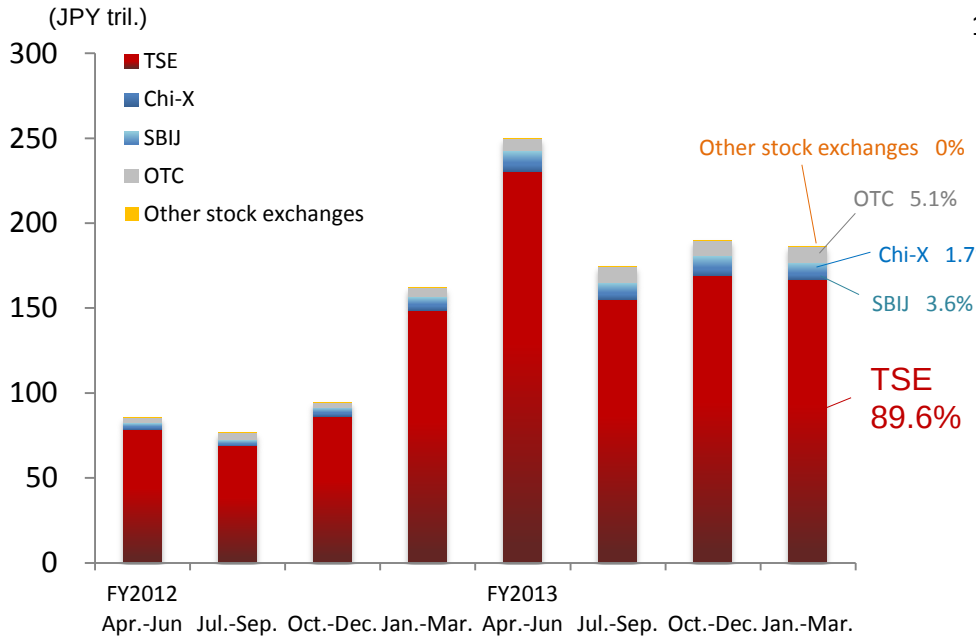
* A separate release detailing the differences between use of IFRS and Japanese Standards will be published before the adoption takes place.

II. Reference Material



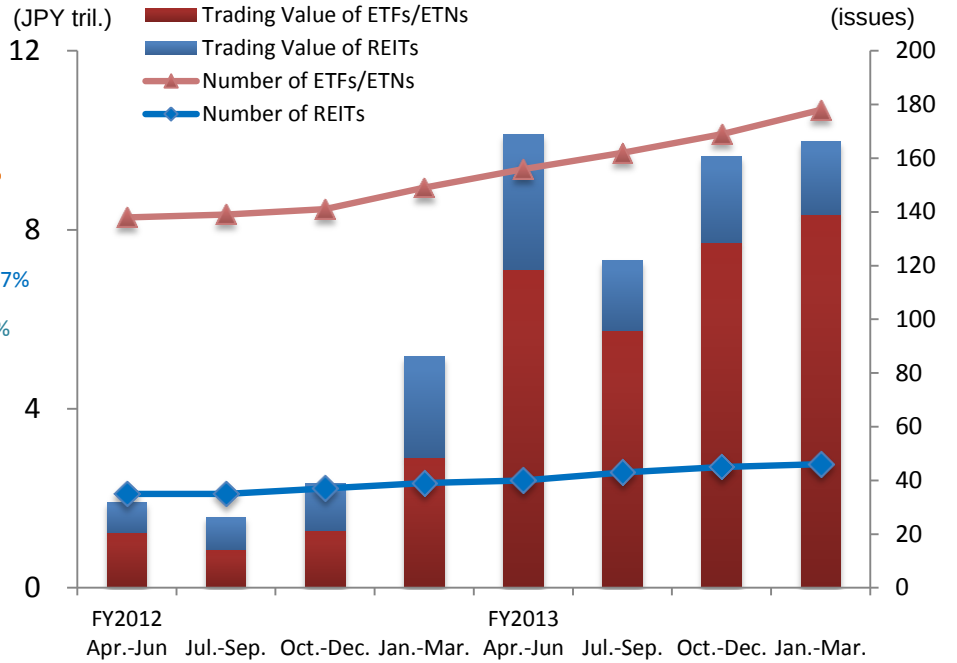
Cash Equities

➢ 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

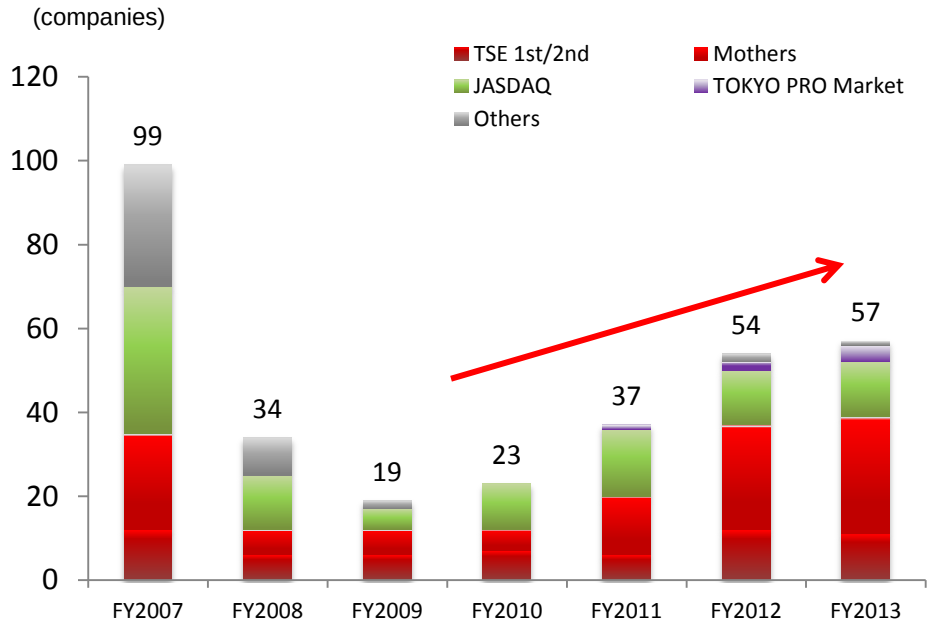
➢ ETFs/ETNs and J-REITs



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

➢ IPOs in Japan



Source: TSE and each securities exchange

➢ New Products tracking JPX-Nikkei Index 400

ETFs

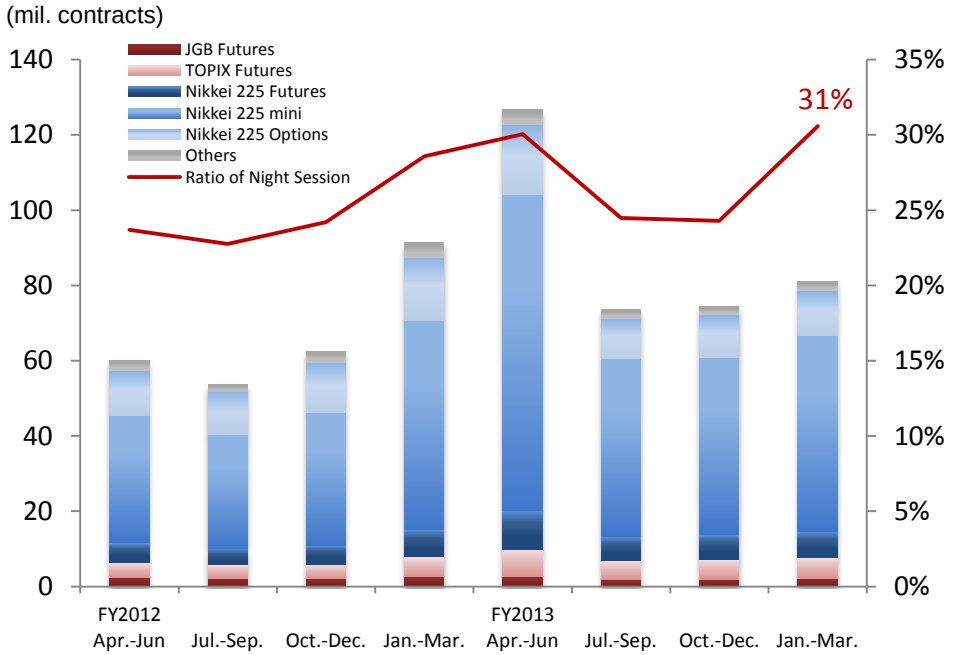
- Nomura AM: NEXT FUNDS JPX-Nikkei Index 400 Exchange Traded Fund
- Nikko AM: Listed Index Fund JPX-Nikkei Index 400
- Mitsubishi UFJ AM: MAXIS JPX-Nikkei Index 400 ETF
- Daiwa AM: Daiwa ETF JPX-Nikkei 400

Futures

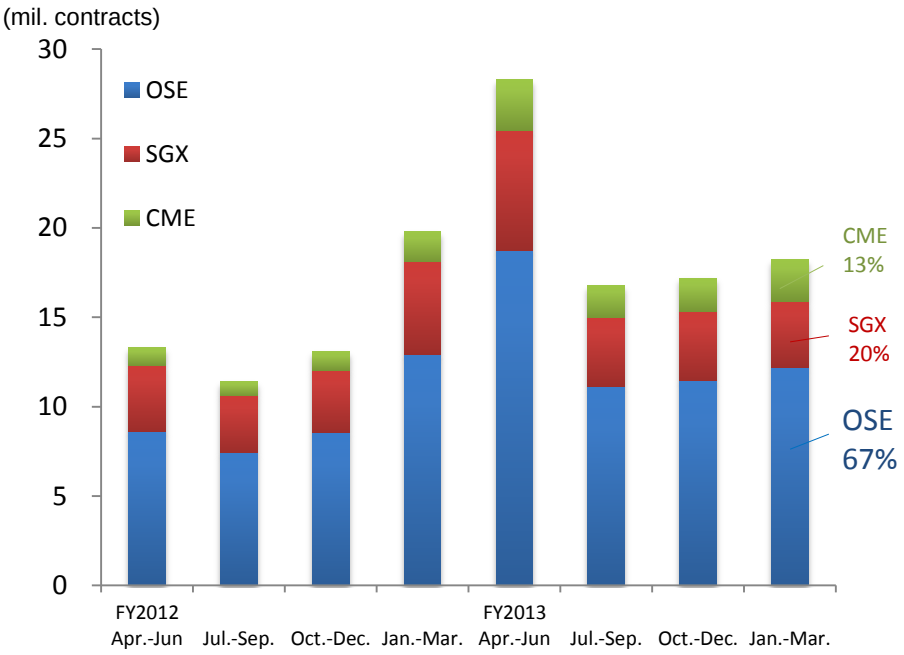
To be listed by the end of November 2014

Derivatives

➢ 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

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)	3Q (Oct. 1, 2013- Dec. 31, 2013)	4Q (Jan. 1, 2014- Mar. 31, 2014)
Operating Revenues	19,179	17,779	19,772	25,773	36,099	25,623	27,379	27,148
Operating Expenses	13,960	13,562	15,241	16,869	18,156	15,364	15,454	16,156
Operating Income	5,218	4,217	4,531	8,903	17,943	10,258	11,925	10,992
Ordinary Income	5,813	4,726	5,792	8,926	18,655	10,261	13,165	10,718
Net Income	3,499	3,072	2,753	3,627	11,209	5,341	7,846	5,438
EBITDA	8,555	6,965	9,041	12,431	23,089	13,421	17,191	14,538

➢ Operating Expenses

(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)	Full Year (Apr.1, 2012- Mar. 31, 2013)	1Q (Apr. 1, 2013- Jun 30, 2013)	2Q (Jul. 1, 2013- Sep. 30, 2013)	3Q (Oct. 1, 2013- Dec. 31, 2013)	4Q (Jan. 1, 2014- Mar. 31, 2014)	Full Year (Apr. 1, 2013- Mar. 31, 2014)
Personal Expenses	3,509	3,533	3,551	3,905	14,499	3,601	3,752	3,763	4,024	15,141
Rent Expenses on Real Estates	1,582	1,582	1,592	1,592	6,349	1,453	1,450	1,470	1,526	5,900
System Maintenance & Operation Costs	2,996	2,951	2,904	2,834	11,695	2,847	2,909	2,976	2,909	11,642
Depreciation	2,725	2,903	2,938	4,174	12,741	3,537	3,242	3,149	3,484	13,413
Cost of System Development	1,230	789	1,451	1,195	4,666	3,830	1,324	1,361	1,091	7,608
Other	1,915	1,802	2,803	3,167	9,680	2,884	2,685	2,732	3,121	11,425
Total	13,960	13,562	15,241	16,869	59,633	18,156	15,364	15,454	16,156	65,131

* Total of former TSEG and former OSE

Referential financial data (combined basis)

➢ Operating Revenues

(JPY mil.)

	FY 2012				FY 2013					
	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)	3Q (Oct. 1, 2013- Dec. 31, 2013)	4Q (Jan. 1, 2014- Mar. 31, 2014)		
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Ratio	y/y
Trading Participant Fees	**7,859**	**7,093**	**8,211**	**12,013**	**17,317**	**11,772**	**12,358**	**12,707**	**46.8%**	5.8%
Transaction Fees	5,742	5,052	6,110	9,791	14,869	9,660	10,266	10,550		7.8%
Cash Equities	3,316	2,945	3,649	6,193	10,154	7,058	7,367	7,477	70.9%*	20.7%
Derivatives	2,426	2,106	2,460	3,597	4,714	2,602	2,899	3,072	29.1%*	(14.6%)
TOPIX futures	371	351	350	451	588	453	444	466		3.2%
Nikkei 225 futures (incl. mini)	760	651	814	1,189	1,605	938	1,086	1,165		(2.1%)
Nikkei 225 Options	752	658	825	1,384	1,932	819	932	976		(29.5%)
10-year JGB futures	459	393	415	502	502	339	382	401		(20.1%)
Others	82	50	53	69	85	51	53	62		(9.1%)
Basic Fees	371	365	362	352	353	284	275	270		(23.1%)
Access Fees	1,099	1,031	1,088	1,220	1,430	1,185	1,165	1,197		(1.8%)
Trading System Facilities Usage Fees	617	619	623	620	628	620	628	666		7.4%
Others	27	24	27	28	35	21	22	21		(26.3%)
Income from Securities Settlement	**2,538**	**2,183**	**3,046**	**4,437**	**6,430**	**4,211**	**5,003**	**4,688**	**17.3%**	5.7%
Listing Fees	**2,156**	**2,533**	**2,620**	**2,784**	**2,517**	**3,179**	**3,400**	**3,210**	**11.8%**	15.3%
Initial/Additional Listing Fees	473	858	883	1,050	786	1,521	1,566	1,413		34.6%
Annual Listing Fees	1,683	1,675	1,736	1,734	1,730	1,658	1,834	1,797		3.6%
Income from Information Services	**3,786**	**3,725**	**3,680**	**3,803**	**4,086**	**3,885**	**3,990**	**4,153**	**15.3%**	9.2%
Other	**2,837**	**2,243**	**2,214**	**2,733**	**5,747**	**2,574**	**2,626**	**2,388**	**8.8%**	(12.6%)
Total	**19,179**	**17,779**	**19,772**	**25,773**	**36,099**	**25,623**	**27,379**	**27,148**	**100%**	**5.3%**

Figures for Q1 and Q2 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	Mar. 31, 2014
<Assets>		
Current assets	**1,095,466**	**1,231,231**
Cash and deposits	120,808	103,813
Operating accounts receivable	8,716	8,995
Securities	-	802
Work in Process	2,467	61
Deferred tax assets	1,282	2,168
*1 Margin funds for derivatives, etc. and when-issued transactions	789,201	913,437
*1 Deposits for clearing funds	161,086	188,734
*1 Deposits as collateral for facilitating settlement	10,000	10,500
Other	1,912	2,729
Allowance for doubtful accounts	(9)	(12)
Noncurrent assets	**180,919**	**172,482**
Property, plant and equipment	8,673	7,066
Intangible assets	90,744	87,810
Goodwill	67,374	63,932
Other	23,370	23,878
Investments and other assets	81,501	77,605
Investment securities	41,304	37,344
Long-term loans receivable	37	29
Deferred tax assets	2,682	3,006
Net defined benefit asset	-	2,914
*2 Legal guarantee funds	600	522
*4 Special assets for default compensation reserve funds	27,948	27,948
Other	9,105	5,977
Allowance for doubtful accounts	(177)	(138)
Total assets	**1,276,386**	**1,403,713**

	Mar. 31, 2013	Mar. 31, 2014
<Liabilities>		
Current liabilities	**1,083,157**	**1,178,274**
Operating accounts payable	3,221	2,994
Short-term loans payable	18,670	32,500
Current portion of long-term loans payable	86,399	-
Income taxes payable	6,312	17,600
Provision for bonuses	1,223	1,420
Provision for directors' bonuses	252	366
*1 Margin funds received for derivatives, etc. and when-issued transactions	789,201	913,437
*1 Deposits received for clearing funds	161,086	188,734
*1 Deposits received as collateral for facilitating settlement	10,000	10,500
*3 Deposits received as trading participant security money	3,169	4,783
Other	3,620	5,937
Noncurrent liabilities	**14,151**	**23,420**
Long-term loans payable	-	10,000
Deferred tax liabilities	5047	4,448
Provision for retirement benefits	7,580	-
Net defined benefit liability	-	7,465
*2 Returnable legal guarantee funds	600	522
Other	922	983
Total liabilities	**1,097,308**	**1,201,694**
<Net assets>		
Shareholders' equity	**167,440**	**188,485**
Capital stock	11,500	11,500
Capital surplus	59,726	59,726
Retained earnings	96,213	117,264
Treasury stock	-	(5)
Valuation difference on available-for-sale securities	**9,088**	**7,857**
Total accumulated other comprehensive income	9,088	8,006
Remeasurements of defined benefit plans	-	(149)
Minority interests	**2,548**	**5,675**
Total net assets	**179,077**	**202,018**
Total liabilities and net assets	**1,276,386**	**1,403,713**

***1** JSCC receives 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.

Major Product Data

➢ Trading Volume/Value

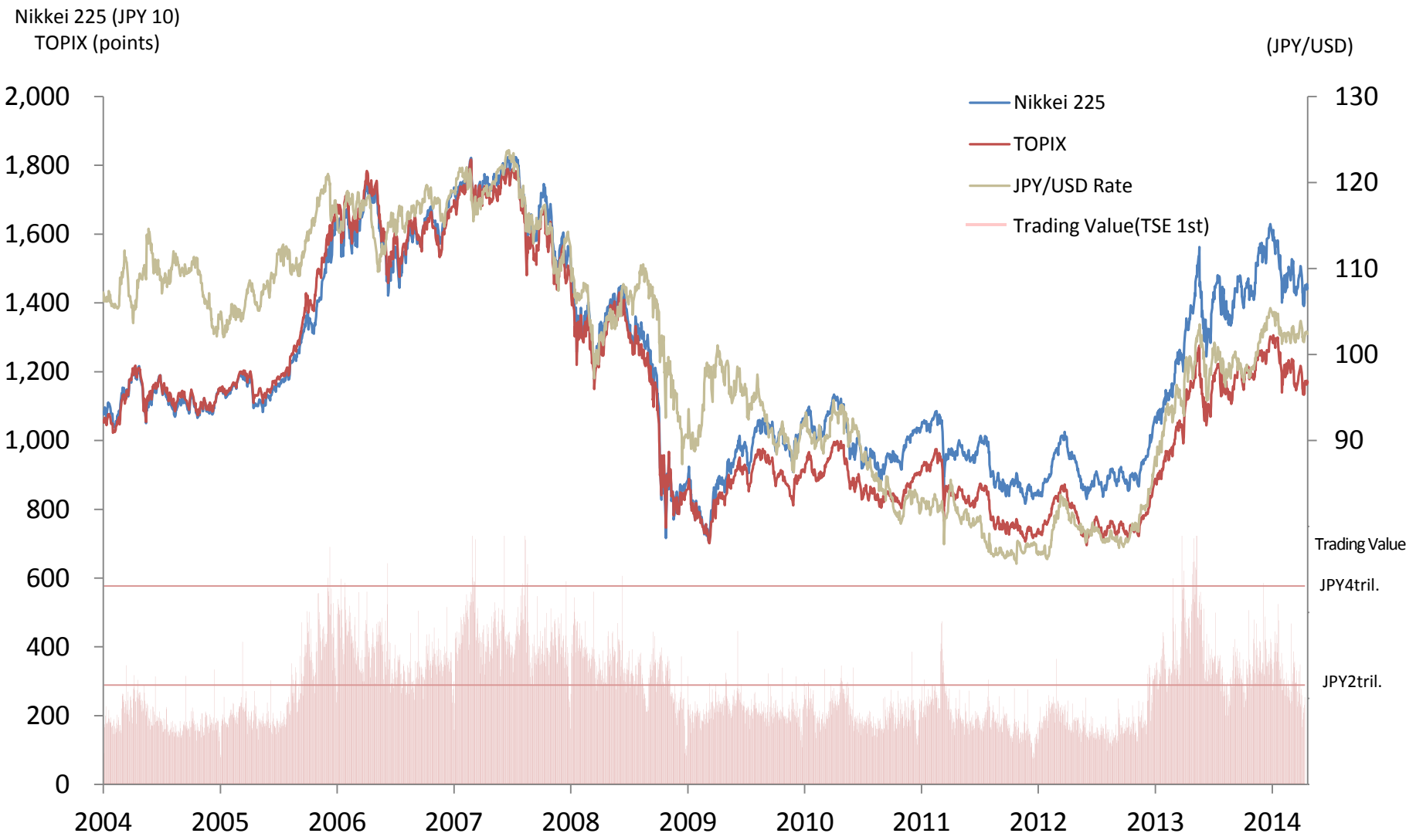
	FY2012				FY2013			
	1Q (Apr. 1, 2012- Jun 30, 2012)	2Q (Jul. 1, 2012- Sep. 30, 2012)	3Q (Oct. 1, 2012- Dec. 31, 2012)	4Q (Jan. 1, 2013- Mar. 31, 2013)	1Q (Apr. 1, 2013- Jun 30, 2013)	2Q (Jul. 1, 2013- Sep. 30, 2013)	3Q (Oct. 1, 2013- Dec. 31, 2013)	4Q (Jan. 1, 2014- Mar. 31, 2014)
Trading Value of Stocks (JPY mil.) (*1)								
TSE 1st/2nd Section (*2)	76,567,741	67,269,696	83,683,764	141,743,922	214,059,115	143,333,854	151,527,314	152,254,413
Mothers	659,877	661,086	1,129,330	3,348,301	7,453,258	5,545,080	11,499,388	8,276,773
JASDAQ	1,262,229	957,928	1,551,488	3,674,444	9,207,734	6,233,226	6,203,970	6,448,238
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	5,191,516	5,584,606
Total Nikkei 225 Futures/mini (*3)	8,592,506	7,413,381	8,573,728	12,926,625	18,764,763	11,139,399	11,462,951	12,194,518
Nikkei 225 Futures	5,206,854	4,389,045	5,058,413	7,369,366	10,373,289	6,408,145	6,756,891	6,980,710
Nikkei225mini	33,856,526	30,243,360	35,153,145	55,572,590	83,914,741	47,312,547	47,060,600	52,138,082
Nikkei 225 Options (JPY mil.)	1,213,137	1,029,247	1,253,161	2,271,580	3,968,040	1,895,032	1,970,855	1,956,052
10-year JGB Futures	2,451,382	2,114,685	2,226,941	2,688,395	2,648,616	1,789,770	2,014,239	2,116,294

➢ 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)	3Q (Oct. 1, 2013- Dec. 31, 2013)	4Q (Jan. 1, 2014- Mar. 31, 2014)
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	2,729,528	2,878,956
Derivatives Trading Volume (contracts) (Trading Value for Nikkei 225 Options)								
TOPIX Futures	64,649	59,192	60,914	89,587	116,257	81,248	83,734	96,286
Total Nikkei 225 Futures/mini (*3)	138,589	117,673	138,286	222,873	302,657	176,816	184,886	210,250
Nikkei 225 Futures	83,982	69,667	81,587	127,058	167,311	101,717	108,982	120,357
Nikkei225mini	546,073	480,053	566,986	958,148	1,353,464	750,993	759,042	898,932
Nikkei 225 Options (JPY mil.)	19,567	16,337	20,212	39,165	64,001	30,080	31,788	33,725
10-year JGB Futures	39,538	33,566	35,918	46,352	42,720	28,409	32,488	36,488

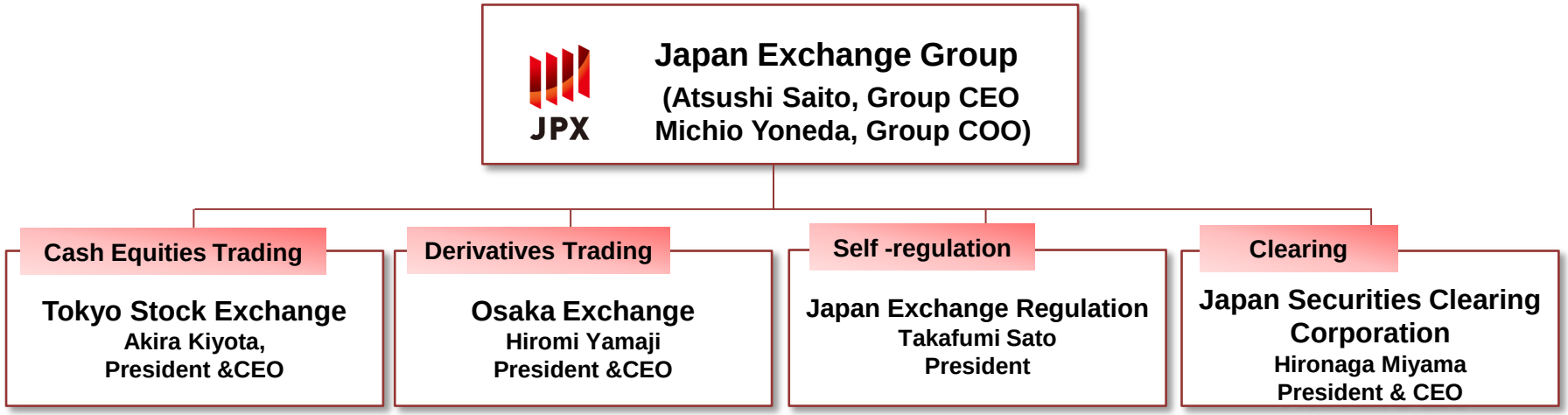
*1 Trading value of common stocks
*2 Including trading value in former OSE 1st/2nd Sections
*3 Contracts of Nikkei 225 mini are calculated using a factor of 1/10
*4 Total of trading value in TSE 1st /2nd Sections(former OSE 1st /2nd Sections), Mothers, JASDAQ and TOKYO PRO Market

Japanese Stock Market



Structure of Japan Exchange Group

<Structure of JPX >



* Trade/corporate names were changed:
  - Osaka Securities Exchange
    → Osaka Exchange (since March 24, 2014)
  - Tokyo Stock Exchange Regulation
    → Japan Exchange Regulation (since April 1, 2014)

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%.**

Disclaimer

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

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