



Fiscal Year 2008

Annual Report

2008

To Our Shareholders



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We would firstly like to express our sincere gratitude for your continued support of our operations and business.

In fiscal 2008, the global economy entered recession as real economies were seriously affected by global financial concerns stemming from the U.S. subprime mortgage crisis. Similarly, the domestic Japanese economy deteriorated rapidly from early in the fall of last year, reaching new lows.

Given the deterioration of the economy, the policy interest rate was lowered twice by the Bank of Japan, and, moreover, massive business funds were supplied to the market through the outright purchase of commercial paper and corporate bonds.

In the foreign exchange market, following cuts in the policy interest rates of major countries from September of last year, foreign currencies fell and the yen appreciated sharply with the so-called unwinding of the carry trade, among other factors. From the end of the fiscal year, however, the yen began to depreciate again, and its instability continued on concerns about Japan's serious economic contraction.

Under these conditions, although trading volumes of Three-month Euroyen Futures maintained a fair level until summer, reflecting speculation about interest rate normalization and other issues, they decreased from early fall and, at the end of the fiscal year, were less than half the level at the beginning of the fiscal year.

Trading volumes of the Click 365 (Exchange FX Margin Contracts) grew steadily until summer. Volumes then decreased from early fall with the sharp appreciation of the yen as well as the reduction in interest rates between the Japanese yen and the currencies of other countries, although they recovered around the end of the fiscal year courtesy of leverage expansion measures and other actions. As a result, the trading volume of all products during fiscal 2008 was 67 million, a 9% decrease compared with the previous fiscal year.


Although the domestic economy is experiencing uncertain circumstances, all our employees will make their best efforts once again this fiscal year to meet the demands of convenience and trust of the market players, secure the highest possible trading volumes, carry out rigorous cost reductions, and achieve robust profits. We are also committed to the success of the new listing of the CFDs based on the Nikkei Stock Average Index, among other initiatives set out in the Mid-Term Business Plan (2008) drawn up last year. We aim to strengthen our future revenue base and ensure our establishment as a comprehensive exchange for financial derivatives.

We sincerely ask you, our shareholders, for your ongoing support and cooperation.

June 2009

President and CEO Jiro Saito

Major Activities of TFX in the First Half of Fiscal 2008

| April 2008 | | May | June |
|--|---|--|--|
| <ul style="list-style-type: none"> Upgrades the financial futures trading system Achieves the world's fastest processing speed (Refer to the column below) Carries out overall review of trading registration fees, and reduces them following the introduction of the remote membership program | | <ul style="list-style-type: none"> Draws up and announces Mid-Term Business Plan Lowers the per-contract exchange fee of Click 365 (Exchange FX Margin Contracts) from 100 yen to 70 yen Appoints Ayako Hatta to be the mascot of Click 365 | <ul style="list-style-type: none"> Invokes intraday additional margin for Three-month Euroyen Futures twice within the month |
| <ol style="list-style-type: none"> Euroyen futures remote trading membership fee: Free Euroyen futures trading membership fee: Lowering from 50 million yen to 20 million yen Euroyen futures trading membership and Interest rate futures clearing membership fees: Lowering from 50 million yen to 30 million yen | |  | <p>Intraday additional margin A system that is invoked when the price at the end of morning session differs by a certain amount from the previous day's settlement price, and collects margin on deposit if not sufficient.</p> <p>Number of times the intraday additional margin was invoked in fiscal 2008: 6</p> |
| <ul style="list-style-type: none"> Makes a presentation at the London EXPO (FOW 18th Annual Derivatives World) The Tokyo Tanshi obtains Euroyen futures trading membership, Newedge Japan obtains Euroyen futures trading membership and Interest rate futures clearing membership Computerizes agreement concerning establishment of transactions account | | | <ul style="list-style-type: none"> Fortis Clearing Japan obtains Euroyen futures trading membership and Interest rate futures clearing membership Begins accepting U.S. treasury securities as negotiable securities Begins broadcasting TV commercials for Click 365 |
| Three-month Euroyen Futures Trading volume | 2,518,029 (Daily average of 119,906) | 1,840,052 (Daily average of 92,003) | 2,474,997 (Daily average of 117,857) |
| Click 365 Trading volume | 3,263,153 (Daily average of 148,325) | 3,392,662 (Daily average of 154,212) | 3,945,360 (Daily average of 187,874) |

Upgrade of financial futures trading system (LIFFE-CONNECT®)(April)

- To improve performance, TFX has upgraded and updated the engine for the exchange's financial futures trading system, LIFFE-CONNECT®, which has the world's highest level of performance, and which TFX has been using since April 2003, from Ver.7.0 to Ver.9.3. The new system went live on April 28, 2008.

Capacity expansion

To prepare for future market vitalization, new product listings and the participation of remote members from overseas, TFX has expanded the capacity for the number of orders and the number of contracts.



Assumed number of contracts: 500 million per year (old system: 80 million per year)

Maximum number of orders: 6 million per day (old system: 30,000 per day)

Maximum number of contracts: 1 million per day (old system: 10,000 per day)



Processing speed enhancement

A significant reduction of the backbone server's processing time and an expansion of the network range (from 256Kbps to 2Mbps) have enabled trading members to achieve execution speeds that are among the highest in the world.

Processing Speed: 3.8 milliseconds

Holding of the FIA Asia



| July | | August | | September | |
|---|---|--|---|--|---|
| <ul style="list-style-type: none"> Margin deposit of Click 365 exceeds 100,000 million yen Holds Trader's Club <p>Trader's Club Held twice a year as an opportunity for the exchange and the traders to get together and exchange information.</p> <ul style="list-style-type: none"> Holds Click 365 third anniversary seminar in Tokyo and Osaka  <ul style="list-style-type: none"> Holds roadshow in Chicago and London aimed at promoting the remote membership program | | <ul style="list-style-type: none"> SBI Sumishin Net Bank obtains Click 365 trading membership and clearing membership <p>Second net bank to obtain Click 365 trading membership after eBank in October 2007.</p> <ul style="list-style-type: none"> Prepares self-regulated operations report <p>Self-regulated operations report Summarizes activities for self-regulated operations conducted by TFX including TFX's self-regulated operations arrangements, inspections in fiscal 2007, trading qualification reviews and direction for trading members.</p> | | <ul style="list-style-type: none"> Holds FIA Asia Derivatives Conference (Refer to the column below)  <ul style="list-style-type: none"> Number of Click 365 accounts exceeds 100,000 Lehman Brothers Securities collapses TFX completes clearance of Lehman's open interest on September 22 (Refer to the column below) Holds financial futures seminar for regional banks | |
| Three-month Euroyen Futures Trading volume | 1,654,329 (Daily average of 75,197) | 1,930,571 (Daily average of 91,932) | 1,736,724 (Daily average of 86,836) | | |
| Click 365 Trading volume | 4,054,891 (Daily average of 176,300) | 3,614,653 (Daily average of 172,126) | 5,492,681 (Daily average of 249,667) | | Daily average over 200,000 for the first time |


Derivatives Conference (September)

- TFX participated in the fourth FIA Asia Derivatives Conference as a Host Exchange.
This conference is an international conference where members of the derivatives industry from around the world meet, most of them from the Asia-Pacific Region, including regulatory authorities, main exchanges, clearing houses, brokers, hedge funds, prop houses, etc.
- The conference was held in Japan for the first time, and vigorous exchanges of opinion and reviews on the latest situation of derivatives trading took place, including a keynote lecture by the Financial Services Agency Commissioner, prospects and strategies for the future Asian derivatives market, electronic trading trends and the development of algorithm trading.
- President Saito, participating in a panel discussion as a panelist, gave a lecture on future strategies, and presented a vision for the future of the financial derivatives market based on recent changes in the environment surrounding the market. TFX actively worked with the conference administrators as a key member of FIA Japan.

Response to Lehman Brothers Securities' collapse (September)

- Since Lehman Brothers Securities, which is a trading member and clearing member of TFX, looked as if it may become insolvent, given that Lehman Brothers Holdings Inc., the parent company of Lehman Brothers Securities filed a petition for bankruptcy proceedings to begin on September 15, the Financial Services Agency issued a business suspension order to the company with effect from the 15th related to the trading of financial products up to September 26.
- In response, on the 16th, TFX suspended the company's trading of market derivatives and debt assumption based on this trading.
- After the 17th, TFX carried out offsetting transactions or transfers of the futures/option open interest, and completed the process for all the open interest by September 22.
- The losses incurred through these purchases and sales were kept well within the amount that could be covered by the collateral on deposits received from the company.

Major Activities of TFX in the Second Half of Fiscal 2008

| October 2008 | | November | December |
|--|--|--|--|
| <ul style="list-style-type: none"> Upgrades the Exchange FX Margin trading system to improve convenience <ul style="list-style-type: none"> Processing capacity enhancement Listing of new and cross currencies Implements measures to enhance functionality (Refer to the column below) Sets up a Study Committee on Central Counterparty for OTC Derivatives Transactions <p>TFX released a summary report of the above study committee in April, 2009. (Refer to Topics for Fiscal 2009)</p> <ul style="list-style-type: none"> Lowers the per-contract exchange fee of Click 365 for consigned traders from 70 yen to 35 yen Traders Securities obtains the Click 365 trading membership and clearing membership | | <ul style="list-style-type: none"> Makes a presentation at the Chicago EXPO (FIA Futures EXPO) Holds Trader's Club  <ul style="list-style-type: none"> Reviews settlement risk management method (Refer to the column below) Holds the Click 365 upgrade seminar | <ul style="list-style-type: none"> Announces the listing of new stock index futures (CFD) <ul style="list-style-type: none"> The first product in Japan to trade on the Nikkei Stock Average itself <p>What is a CFD? CFD stands for Contract for Difference, and it is a derivative that allows trading with a small amount of capital. (Refer to Topics for Fiscal 2009)</p> <ul style="list-style-type: none"> Announces two companies scheduled to participate in trading based on the remote membership program <ul style="list-style-type: none"> G.H. Financials Limited (London) Advantage Futures LLC (Chicago) Going forward, TFX will expand the scope of the remote membership program to Asia |
| Three-month Euroyen Futures Trading volume | 1,340,156 (Daily average of 60,916) | 883,818 (Daily average of 49,101) | 1,067,218 (Daily average of 50,820) |
| Click 365 Trading volume | 5,884,326 (Daily average of 259,134) Record monthly trading volume | 2,889,896 (Daily average of 144,495) | 2,616,699 (Daily average of 113,770) |

Upgrade of the Click 365 (Exchange FX Margin Contracts) trading system to improve convenience (October)



- On October 27, the Exchange FX Margin trading system for Click 365 was upgraded to a new system, with Hitachi Ltd. contracted to undertake its development.

[Processing capacity enhancement]

- Order processing capacity: 1,050 orders/second (Order processing capacity of the old system: 80 orders/second)
- Contract processing capacity: 400 contracts/second (Contract processing capacity of the old system: 20 contracts/second)

[Functions introduced with the new system]

- Substantial increase in the number of listed products (from 7 to 23)
- Support for cross currency pairs transactions (non-yen/non-yen currency pairs)
- Increase in the number of FX Market Makers (from 3 to *5)
 - *The FX Market Makers have been six companies since February 2009.
- Introduction of the function of choosing positions for settlement
- Extension of trading hours
- Addition of order method

January 2009

- Leverage on the seven major currencies of the Click 365 is changed to a maximum of 50x from February 9
- Holds a CFD seminar

The seminar was held in the seminar room of TFX on January 27 and February 3. 126 securities companies participated, reflecting the high level of interest.



February

- Nomura Securities joins Click 365 as the 6th FX Market Maker (Quote making begins in March)

FX Market Maker

Is a trading member that always offers bid/ask quotes and stands prepared to make transactions at these prices. Click 365 offers the best quotes among bid/ask quotes offered by each FX Market Maker.

- A credit derivative Q&A is available on the J-CDS website

J-CDS website

J-CDS website on CDS began in March 2004 to show CDS reference rates. <http://www.j-cds.com/en/>

March

- Leverage on the four major currencies of the Click 365 is changed to a maximum of 100x from April 6
- Daiwa Securities begins developing a system towards joining Click 365 by the end of fiscal 2009

Daiwa Securities will be the first major securities company to join Click 365. As a result of this, growth in trading volumes of Click 365 can be expected.

- Becomes a member of ISDA (Refer to the column below)
- Concludes the Memorandum of Understanding with the Central Japan Commodity Exchange

| | | | |
|--|---|---|---|
| Three-month Euroyen Futures Trading volume | 1,006,747 (Daily average of 52,987) | 910,771 (Daily average of 47,935) | 1,221,320 (Daily average of 58,158) |
| Click 365 Trading volume | 3,403,061 (Daily average of 162,051) | 4,471,827 (Daily average of 223,591) | 5,304,830 (Daily average of 241,129) |

Review of a settlement risk management method (November)

- The major changes are as follows:
 - (1) The 95% to cover a price range of the SPAN margin was raised to 99% and a regular review is to be held every month instead of every three months.
 - (2) The Interest rate futures clearing deposit calculation algorithm will be made better suited to risk and reviews of requirements have been changed to every month instead of every six months.
- These are based on the ideas in "Recommendations for Central Counterparties" by CPSS-IOSCO (Bank for International Settlements, Committee on Payment and Settlement Systems and the Technical Committee of the International Organization of Securities Commissions), which can be considered the international standards for Central Counterparties.
- Moreover, a resolution is expected at the shareholders' meeting in June 2009 to separate the default compensation reserve fund into the Interest rate futures default compensation reserve fund and the FX Margin Contracts default compensation reserve fund and to increase the reserve fund to a total of 2,930 million yen.

Becoming a member of the International Swaps and Derivatives Association, Inc. (ISDA) (March)

- TFX became a member of the International Swaps and Derivatives Association, Inc. (commonly known as ISDA).
- ISDA is the largest association in the financial industry, founded to promote the efficient and steady development of derivatives trading. Founded in 1985, ISDA now has over 800 members, including the world's largest financial institutions.
- With the membership of ISDA, TFX will try to collect information about OTC derivatives trading, enhance partnerships with member players, etc. to promote the development of the derivatives market.

Listing of new Stock Index Futures (CFD)

TFX is planning to list new stock index futures.

1. Product description

Applying the expertise acquired through Click 365, TFX will offer new Stock Index Futures (CFD) to a market that differs from the traditional Stock Index Futures market. TFX believes that the CFD will meet the needs of a broad array of mainly individual investors, create synergy with existing Nikkei 225 Futures and other instruments, and help stimulate the Tokyo financial market. The listing is expected to take place before the end of fiscal 2009.

2. Features

- The CFD is the first product in Japan to track the actual value of the Nikkei Stock Average. With existing Nikkei 225 Futures, interest rates and other elements for the period up to the expiration date are factored into the futures prices, so there is normally a price divergence between the Nikkei Stock Average and the Nikkei 225 Futures. This difference is largely eliminated with the CFD.
- The CFD is a Stock Index Future without an expiration date and it does not require rollover. Moreover, like Click 365, it does not have a last trading day.
- Interest and dividend equivalent amounts are given and received.

| New stock index futures (CFD) product overview | |
|--|--|
| Underlying Instrument | The Nikkei Stock Average |
| Trading Unit | The Nikkei Stock Average × 100 yen |
| Tick Size | 5 yen |
| Last Trading Day | None |
| Contract Month | None (contract day trading) |
| Carry Cost | Buyer: pays Seller: receives |
| Dividend Cashflow | Buyer: receives Seller: pays (on each ex-dividend) |

Review of a clearing system for OTC derivatives trading

- The recent financial crisis has triggered a global debate to point out the issues of OTC derivatives trading and tighten regulations on it. In response, in Europe and the United States, clearing houses for OTC derivatives trading are being set up to improve the safety of trading and mitigate systemic risks.
- Under these circumstances, as Japan's sole exchange and clearing house specializing in financial derivatives trading with clearing participants boasting extremely high credibility, TFX held a study committee on Central Counterparty for OTC derivatives transactions in October 2008, in cooperation with market players, experts, and others. The specific details and TFX's policies on OTC derivatives clearing were put together and announced in the committee report issued in April 2009.
- TFX's policy going forward is to monitor and comply with the regulations that Japan's regulatory authorities adopt and to contribute to the sound development of OTC derivatives trading in Japan. Specifically, TFX plans to finalize an outline of the system before the end of fiscal 2009 and commence operations before the end of fiscal 2010. In addition, TFX intends to improve convenience for market players through cooperation with clearing houses in Europe, the United States, and elsewhere, while ensuring appropriate risk management.

Fiscal 2009 Business Plan

TFX has drawn up the following business plan for fiscal 2009:

Operating environment

1. The global economy during the previous fiscal year entered recession, with real economies seriously affected by the global financial concerns stemming from the U.S. subprime mortgage crisis. Similarly, the domestic Japanese economy deteriorated rapidly, beginning from the early fall of last year, with unprecedented speed.
Conditions are likely to remain extremely challenging for the domestic economy this fiscal year. It is similarly difficult to see a bright outlook for the operating environment surrounding TFX.
2. With the amendments to the Financial Instruments and Exchange Act, while financial products and commodity exchanges can now enter each others' markets, increased competition between exchanges is expected, for instance with the Osaka Securities Exchange entering the FX market.
3. TFX can assume a fundamental review of the financial systems regulations by the world's financial authorities, with the Financial Services Agency tightening regulations on the Forex Margin Contracts to protect investors. It is likely that attention will once again be paid to the function and presence of exchanges, and fair and highly credible market administration will be demanded.

Basic policies

1. Despite the extremely harsh economic and interest environments, all employees will make their best efforts once again this fiscal year to meet market player demands for convenience and trust, secure the maximum possible trading volumes, execute rigorous cost reductions, and generate healthy profits.
2. TFX will succeed in the new listing of the CFDs based on the Nikkei Stock Average Index and other initiatives called for under the Mid-Term Business Plan (2008) drawn up last year, strengthen the basis for future revenues, and ensure the realization as a comprehensive exchange for financial derivatives.

Concrete measures

| | | |
|--|--|---|
| <p>1. Listing of CFDs</p> <p>Listing of the Nikkei Stock Average index CFD and major overseas stock index CFDs</p> | <p>2. Improve convenience and increase trading volume</p> <p>(1) Euroyen futures trading</p> <ul style="list-style-type: none"> • Start of trading by remote trading members and acquiring new trading members • Introducing the liquidity provider system • Bolstering ISV connectivity <p>(2) Click 365</p> <ul style="list-style-type: none"> • Expansion of trading members • Effective publicity to increase awareness • Expanding system vendors | <p>3. Fair and highly credible market administration</p> <p>(1) Stable operation of the trading system, establishment of an efficient trade-monitoring system, and improvement in self-regulatory function</p> <p>(2) Review of clearing for OTC derivatives trading</p> <p>(3) Strengthening of internal control system with the aim of stock exchange listing</p> |
|--|--|---|

Revision of numerical targets for fiscal 2010 in the Mid-Term Business Plan

Given radical changes in the operating environment, TFX has revised the Mid-Term Business Plan (2008), modifying the trading volume and ROE for fiscal 2010.

Background behind revision

- | | |
|--|---|
| <p>1. Radical changes to operating environment</p> <ul style="list-style-type: none"> • Global financial crisis • Rapid deterioration of the domestic economy • Lowering of the policy interest rate by the Bank of Japan | <p>2. Downward revision of earnings forecast</p> <p>Due to the decrease in trading volumes of Three-month Euroyen Futures with the lowering of policy interest rate, earnings from the Interest rate futures division will deteriorate.</p> |
|--|---|



Modification of trading volumes and ROE for fiscal 2010

- Trading volume: from 150 million or above to around 150 million
- ROE: from around 25% to around 15%

Financial Outlook

Financial Results for the Current Fiscal Year

| | FY2004 | FY2005 | FY2006 | FY2007 | FY2008 | Change from FY 2007 |
|--------------------------------------|-----------|-----------|-----------|-----------|-----------|---------------------|
| Operating Revenues (millions of yen) | 2,000 | 4,106 | 10,774 | 12,123 | 8,458 | △30.2% |
| Operating Profit (millions of yen) | △152 | 1,034 | 7,021 | 7,565 | 2,660 | △64.8% |
| Ordinary Profit (millions of yen) | △103 | 1,093 | 7,166 | 7,731 | 2,817 | △63.6% |
| Net Income (millions of yen) | △107 | 772 | 7,188 | 5,228 | 1,444 | △72.4% |
| Net Income per Share (yen) | △159.77 | 859.62 | 8,296.63 | 6,060.24 | 1,674.18 | △72.4% |
| Total Assets (millions of yen) | 24,604 | 57,391 | 108,110 | 174,955 | 163,134 | △6.8% |
| Net Assets (millions of yen) | 11,947 | 12,719 | 19,717 | 19,554 | 20,136 | 3.0% |
| Net Assets per Share (yen) | 10,263.64 | 11,158.76 | 19,269.90 | 22,665.33 | 23,339.52 | 3.0% |

The yen amounts shown in this table have been rounded down.

Financial Highlights

(1) Profits

Decrease in Operating Revenues and Net Income

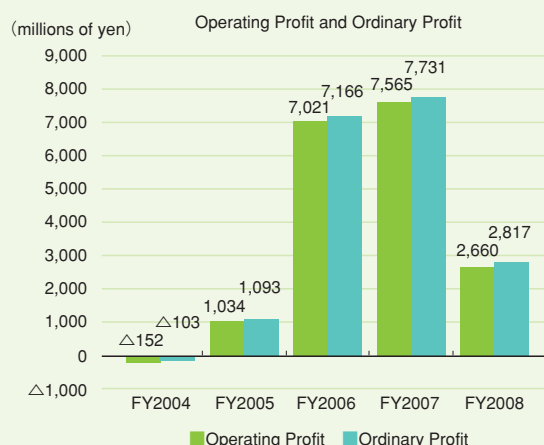
With the decline in trading volumes of Three-month Euroyen Futures, Operating Revenues were 8,458 million yen, a decrease of 3,665 million yen compared with the previous fiscal year.

On the other hand, because of the increase in Facility-related expenses following the update of the financial futures trading system and the Exchange FX Margin trading system, Operating Expenses increased by 1,239 million yen compared with the previous fiscal year, to 5,797 million yen. As a result, Operating Profit fell 4,904 million yen compared with the previous fiscal year, to 2,660 million yen, and Net Income was 1,444 million yen. Despite the reduced revenue, we were able to secure a profit in the harsh economic conditions.

Dividend

To try and create internal reserves to prepare for profit decreases and the harsh operating

environment, the per share dividend is scheduled to be 500 yen, down from 1,000 yen in the previous fiscal year. The dividend payout ratio will be 29.9%, up from 16.5% in the previous fiscal year, in our effort to return profits to our shareholders.



(2) Assets

Decrease in Assets and Liabilities

Total Assets were 163,134 million yen, which was a decrease of 11,821 million yen compared with the previous fiscal year. This decrease was mainly due to the fact that the Assets Held for Guarantee from Members decreased by 9,745 million yen following the decrease in interest rate futures trading volumes. Since the amount of Assets Held for Guarantee from Members is also posted as a liability, representing the Deposits received from members, total liabilities also decreased by 12,402 million yen compared with the previous fiscal year, to 142,998 million yen.

Decrease in Securities

Due to the decrease in Operating Revenues, operating assets (certificates of deposit) decreased, and Securities decreased by 3,254 million yen compared with the previous fiscal year.

Decrease in Income Taxes Payable

Income taxes payable decreased by 2,948 million yen, as the interim payment exceeds the amount of fixed tax in the current fiscal year and does not need to be posted at the end of the fiscal year, and 16 million yen is posted as Refunded income taxes receivable.

Update of Trading Systems

In the current fiscal year, the financial futures trading system was upgraded in April and the Exchange FX Margin trading system was upgraded in October. Following the upgrades, Furniture and equipment increased by 1,352 million yen compared with the previous fiscal year, while Construction in progress decreased by 992 million yen. In addition, Software increased by 4,265 million yen, while Software development in progress decreased by 2,890 million yen. Following the system upgrades, the full Provision for losses arising from change to trading systems has been withdrawn.

Financial Statements

BALANCE SHEET

(millions of yen)

| Account Titles | FY2008 As of March 31, 2009 | FY2007 As of March 31, 2008 |
|---|-----------------------------------|-----------------------------------|
| (ASSETS) | | |
| Current Assets | 6,629 | 9,666 |
| Cash and bank deposits | 724 | 81 |
| Accounts receivable - trade | 776 | 994 |
| Securities | 4,948 | 8,203 |
| Accounts receivable - other | 19 | 34 |
| Refunded income taxes receivable | 16 | - |
| Advance payments | 0 | 2 |
| Prepaid expenses | 13 | 15 |
| Deferred tax assets | 126 | 337 |
| Others | 4 | 1 |
| Allowance for doubtful receivables | △ 2 | △ 2 |
| Non-current Assets | 156,504 | 165,288 |
| Tangible Fixed Assets | 1,721 | 1,454 |
| Buildings | 26 | 119 |
| Furniture and equipment | 1,522 | 169 |
| Construction in progress | 173 | 1,165 |
| Intangible Fixed Assets | 4,661 | 3,285 |
| Software | 4,611 | 346 |
| Software development in progress | 40 | 2,930 |
| Others | 9 | 9 |
| Investments and Other Assets | 8,527 | 9,209 |
| Investment in securities | 7,195 | 8,435 |
| Guarantee money deposits | 310 | 310 |
| Long-term loan receivable | 3 | 3 |
| Long-term prepaid expenses | 628 | 1 |
| Deferred tax assets | 96 | 168 |
| Others | 293 | 293 |
| Allowance for doubtful receivables | △ 0 | △ 4 |
| Assets Held for Guarantee from Members | 141,594 | 151,339 |
| Bank deposits held for exchange margins received | 137,064 | 146,829 |
| Bank deposits held for market entry deposits received | 385 | 400 |
| Bank deposits held for clearing deposits received | 4,144 | 4,110 |
| Total Assets | 163,134 | 174,955 |

(millions of yen)

| Account Titles | FY2008 As of March 31, 2009 | FY2007 As of March 31, 2008 |
|---|-----------------------------------|-----------------------------------|
| (LIABILITIES) | | |
| Current Liabilities | 987 | 3,703 |
| Accounts payable - trade | 167 | 93 |
| Accounts payable - other | 687 | 330 |
| Income taxes payable | - | 2,948 |
| Deposits received | 12 | 9 |
| Provision for officers' bonuses | 25 | 60 |
| Provision for employees' bonuses | 85 | 137 |
| Provision for losses arising from change of trading systems | - | 122 |
| Others | 8 | - |
| Non-current Liabilities | 142,010 | 151,697 |
| Long-term accounts payable | - | 9 |
| Provision for retirement benefit for officers | 243 | 206 |
| Provision for retirement benefit for employee | 173 | 141 |
| Deposits received from members | 141,594 | 151,339 |
| Exchange margins received | 137,064 | 146,829 |
| Market entry deposits received | 385 | 400 |
| Clearing deposits received | 4,144 | 4,110 |
| Total Liabilities | 142,998 | 155,401 |
| (NET ASSETS) | | |
| Shareholders' Equity | 20,136 | 19,554 |
| Common stock | 5,844 | 5,844 |
| Capital surplus | 6,045 | 6,045 |
| Capital reserve | 6,045 | 6,045 |
| Retained earnings | 8,245 | 7,663 |
| Other retained earnings | 8,245 | 7,663 |
| Default compensation reserve | 164 | 164 |
| Retained earnings brought forward | 8,081 | 7,499 |
| Total Net Assets | 20,136 | 19,554 |
| Total Liabilities and Net Assets | 163,134 | 174,955 |

PROFIT AND LOSS STATEMENT

(millions of yen)

| Account Titles | FY2008 From 4/1/2008 to 3/31/2009 | FY2007 From 4/1/2007 to 3/31/2008 |
|---|---|---|
| Operating Revenues | 8,458 | 12,123 |
| Fixed amount exchange fees | 44 | 41 |
| Per-contract exchange fees | 7,736 | 11,637 |
| Income relating to system equipment | 292 | 110 |
| Member registration fees and others | 100 | 64 |
| Income from information services | 283 | 270 |
| Operating Expenses | 5,797 | 4,558 |
| Personnel expenses | 1,330 | 1,246 |
| Marketing expenses | 7 | 4 |
| Facility-related expenses | 3,835 | 2,834 |
| Administrative expenses | 623 | 473 |
| Operating Profit | 2,660 | 7,565 |
| Non-operating Revenues | 162 | 178 |
| Interest income | 152 | 168 |
| Miscellaneous income | 9 | 9 |
| Non-operating Expenses | 5 | 11 |
| Miscellaneous loss | 5 | 11 |
| Ordinary Profit | 2,817 | 7,731 |
| Extraordinary Income | 0 | 9 |
| Reversal of provision for officers' bonuses | - | 9 |
| Reversal of allowance for doubtful receivables | 0 | - |
| Extraordinary Losses | 273 | 92 |
| Head office relocation expenses | 167 | - |
| Provision for losses arising from change of trading systems | 70 | 92 |
| Loss on retirement of tangible fixed assets | 35 | - |
| Income Before Income Taxes | 2,545 | 7,648 |
| Income taxes - current | 817 | 2,925 |
| Income taxes - deferred | 282 | △ 505 |
| Net Income | 1,444 | 5,228 |

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Fiscal Year 2008 (from 4/1/2008 to 3/31/2009)

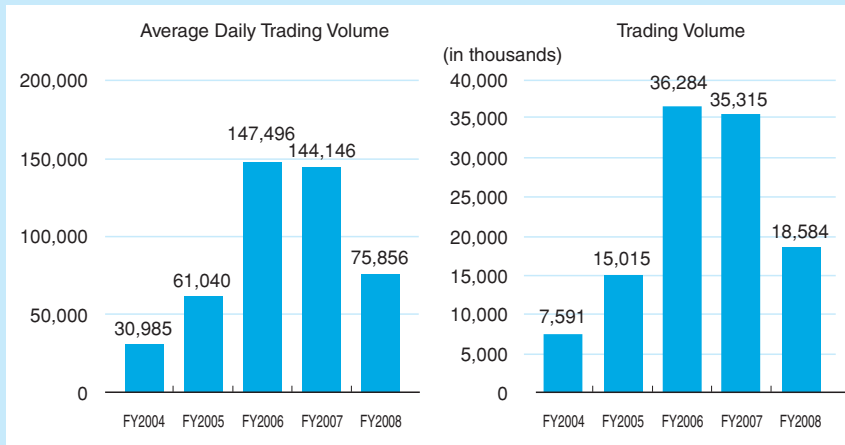
(millions of yen)

| Account Titles | Shareholders' Equity | | | | | Total shareholders' equity | Total Net Assets |
|--------------------------------------|----------------------|-----------------|-------------------|----------------|--|----------------------------|------------------|
| | Common stock | Capital surplus | Retained earnings | Treasury stock | | | |
| Balance as of Mar 31, '08 | 5,844 | 6,045 | 7,663 | - | | 19,554 | 19,554 |
| Changes during the term | | | | | | | |
| Dividend paid | - | - | △ 862 | - | | △ 862 | △ 862 |
| Net Income | - | - | 1,444 | - | | 1,444 | 1,444 |
| Acquisition of treasury stock | - | - | - | - | | - | - |
| Cancellation of treasury stock | - | - | - | - | | - | - |
| Total amount changed during the term | - | - | 581 | - | | 581 | 581 |
| Balance as of Mar 31, '09 | 5,844 | 6,045 | 8,245 | - | | 20,136 | 20,136 |

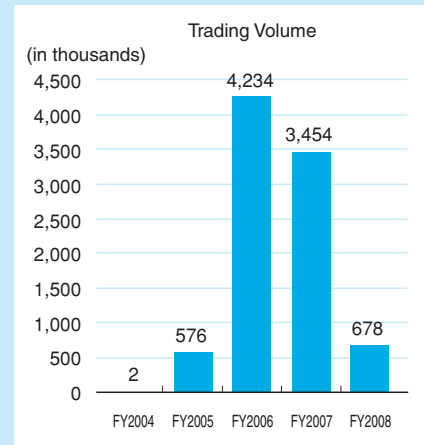
The yen amounts shown in these financial statements have been rounded down to the nearest million yen.

This English translation is solely for reference purpose only and not a legally definitive translation of the original Japanese text. In the event a difference arises regarding the meaning herein, the original Japanese version will prevail as the official authoritative version.

■ Three-month Euroyen Futures

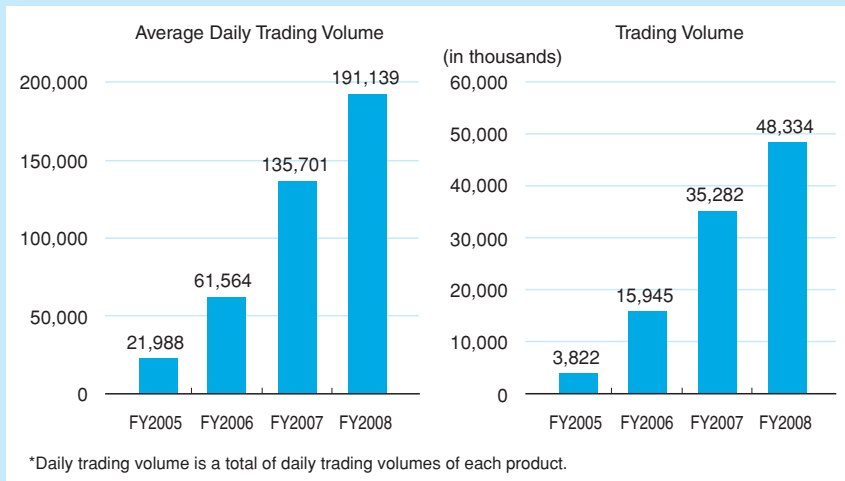


■ Options on Three-month Euroyen Futures



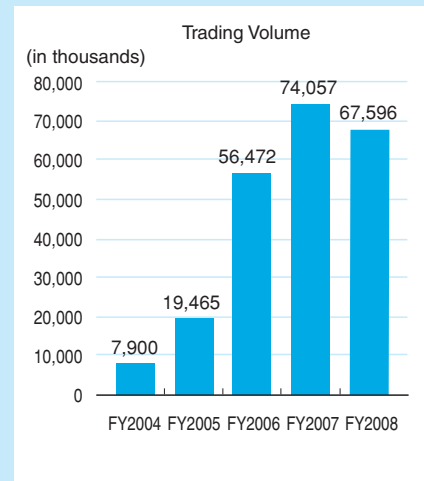
■ CLICK 365 (Exchange FX Margin Contracts)

*Listed from July, 2005



*Daily trading volume is a total of daily trading volumes of each product.

■ Total Trading Volume of Listed Products



■ Trading in Fiscal 2008

(1) Three-month Euroyen Futures

In the short term market, the policy interest rate was lowered by the Bank of Japan twice last year in October and December, to 0.1%, following the deterioration of the economy. Moreover, the Bank of Japan supplied massive liquidity to the market through the outright purchase of commercial paper, corporate bonds and other instruments, effectively adopting the quantitative monetary policy.

Under the above conditions, trading volumes of the Three-month Euroyen Futures remained at a fair level until summer, reflecting speculation about interest rate normalization and other factors, but then fell beginning from early fall. At the end of the fiscal year, volumes were less than half the level at the beginning of the fiscal year.

As a result, the daily trading volume of the fiscal year was 75,856 contracts, and the total trading volume was 18,584,732 contracts, 47.4% lower than the level of the previous fiscal year.

(2) Click 365

In the foreign exchange market, foreign currencies have weakened since last September and the yen has appreciated sharply with the so-called unwinding of the carry trade, among other factors. However, the outlook for the yen was again for depreciation beginning from the end of the fiscal year, given concerns about Japan's serious economic contraction.

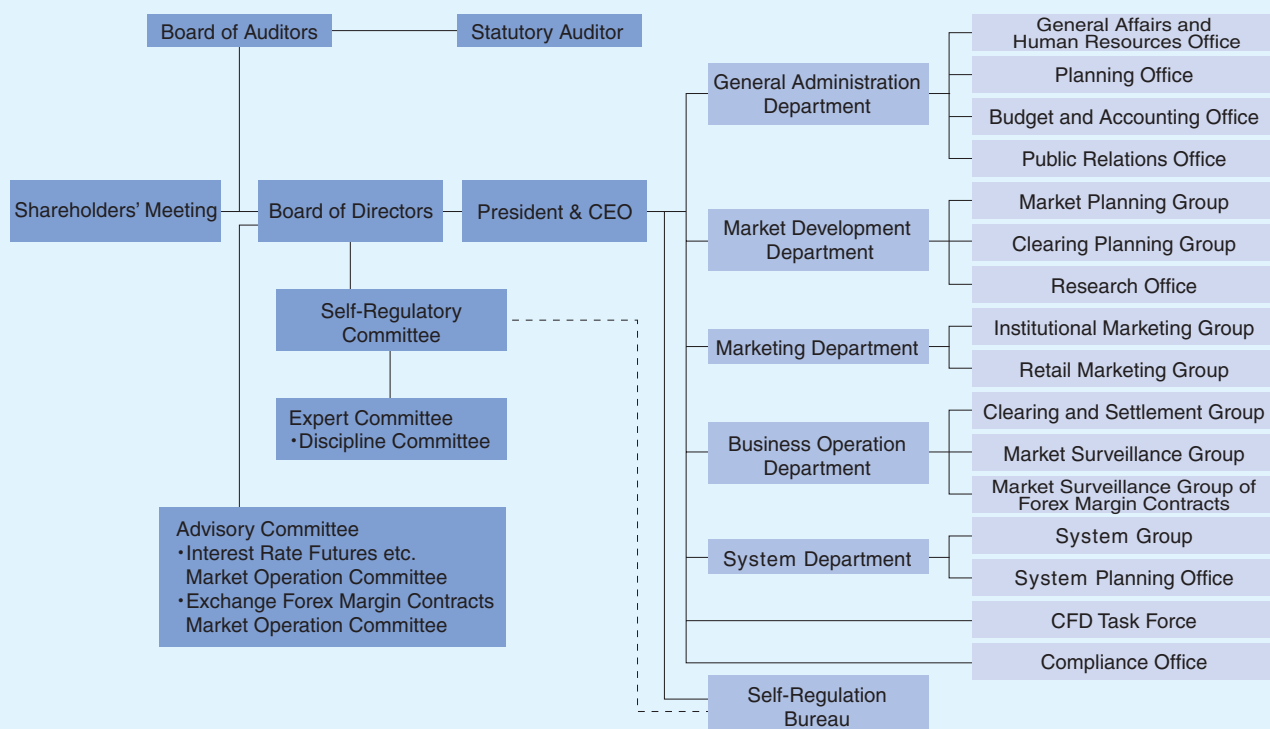
In light of the above market changes, trading volumes of Click 365 grew steadily until the summer, but then fell substantially from the early fall with the sharp appreciation of the yen, attributable in part at least to the dissolution of the yen carry trade following cuts in the interest cuts of other countries. However, volumes recovered around the end of the fiscal year with the weakening of the yen from the second half of February 2009, and assisted by leverage expansion measures and other factors.

As a result, the daily trading volume of the fiscal year was 191,139 contracts and the total trading volume was 48,334,039 contracts, representing a substantial increase of 37.0% compared with the previous fiscal year, and demonstrating growth in every period since the listing.

1. CORPORATE PROFILE (as of March 31, 2009)

| | | |
|--------------------|--|--------------------|
| Company Name | : Tokyo Financial Exchange Inc. | |
| Founded | : April 1989 | |
| Address | : Marunouchi Park Building 15th Floor, 2-6-1 Marunouchi, Chiyoda-ku, Tokyo 100-6915 <small>(as of June 1, 2009)</small> | |
| Capital | : ¥5,844,650,000 | |
| No. of Employees | : 95 | |
| Fiscal Term | : March 31 | |
| Management | President & CEO | Jiro Saito |
| | Senior Managing Director & COO | Shozo Ohta |
| | Managing Director & CIO | Takashi Murakami |
| | Member of the Board | Keimei Kaizuka |
| | Member of the Board | Takeshi Kunibe |
| | Member of the Board | Toshihiko Nakane |
| | Standing Statutory Auditor | Yoshio Hayakawa |
| | Statutory Auditor | Kazuo Tezuka |
| | Statutory Auditor | Mitsunori Kanesaka |
| No. of TFX Members | : 48 (Interest Rate Futures Trading and Clearing Members) | |
| | : 5 (Interest Rate Futures Trading Members) | |
| | : 22* (FX Margin Trading and Clearing Members) | |
| | * Three of the above companies are also Interest Rate Futures Trading Members | |
| U R L | : http://www.tfx.co.jp/en | |

2. Organizational Chart (as of April 1, 2009)



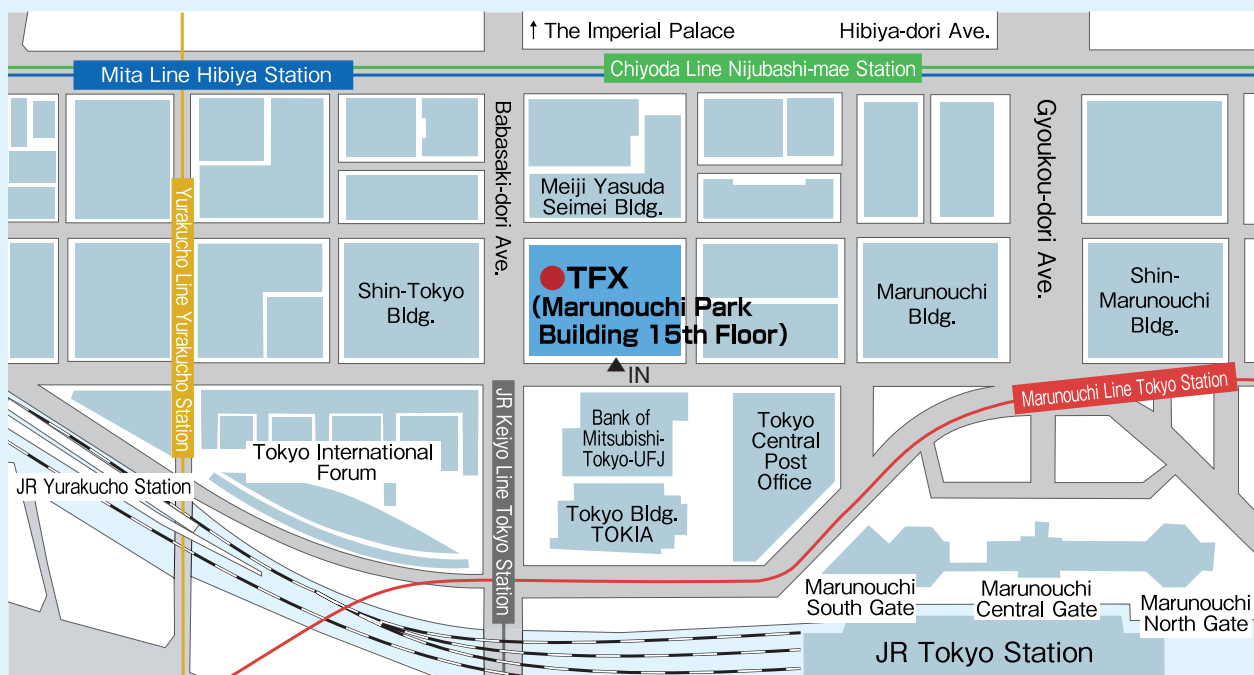
TFX Office Relocation

New address : Marunouchi Park Building 15th Floor

2-6-1 Marunouchi, Chiyoda-ku, Tokyo 100-6915

Telephone : +81 3 4578 2400

Facsimile : +81 3 3212 5780



Five minutes walk from Tokyo Station.

Two minutes walk from Nijubashi-mae Station.

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