

October 27, 2006

To whom it may concern

Mizuho Securities Co., Ltd.

Re: Lawsuit against the Tokyo Stock Exchange, Inc.

Mizuho Securities Co., Ltd (the “Company”) hereby announces that today it has filed a lawsuit for damages (the “Litigation”) against the Tokyo Stock Exchange, Inc. (the “TSE”).

1. Summary of the Litigation, etc.

(1) Outline of the Litigation

The Litigation seeks compensation for damages caused by the TSE’s failure to process a cancel operation due to a defect in the TSE’s electronic trading system, despite the fact that the Company properly conducted the operation to cancel an erroneous order (the “Sell Order”) immediately after the Sell Order was made on December 8, 2005.

(2) Claimed damages

In this Litigation, the Company is claiming approximately ¥41.5billion against the TSE. This amount comprises losses on sales completed after the first cancel order and other expenses.

2. Outline of the occurrence of events and background to the discussions with TSE

(1) Outline of the occurrence of events

On December 8, 2005, during its commissioned ordering of sale of a share of J-COM Co., Ltd. (stock code number: 2462), a newly listed company on the Mothers section of the TSE, the Company erroneously placed an order to the TSE through the ordering system, ordering the sale of 610,000 shares of J-COM Co., Ltd. stock at a price of ¥1 instead of the intended sale of one share of J-COM Co., Ltd. stock at a price of ¥610,000.

The Company immediately realized the Sell Order was erroneous and repeatedly conducted a cancel order properly. However, the TSE did not process the cancellation of the Sell Order due to a defect in the TSE’s electronic trading system, and allowed the sales of the shares composing the Sell Order to be completed even after the cancel orders were made. Although the Company took countermeasures, such as repurchasing J-COM Co., Ltd. shares as well as the cancel orders discussed above, the Company was finally unable to repurchase approximately 97,000 shares of J-COM Co., Ltd., which was approximately seven times the number of outstanding issued shares of J-COM Co., Ltd. (14,500 issued shares on December 8, 2005), and it became extremely difficult to settle the shares. Thus, on December 13, 2005, the Company settled the shares at the terms and conditions (a special settling price of ¥912,000 per share) set by Japan Securities Clearing Corporation.

As a result of the above events, the Company incurred a loss on sale of approximately ¥40.7 billion, and recognized an extraordinary loss of ¥40.7 billion for the fiscal year ending March 2006.

(2) Background to the discussions with TSE regarding the sharing of losses

After the events described above, the Company first concentrated on and made every possible effort to investigate the causes of these events and establish and implement measures to prevent them from reoccurring. In March of 2006, when it had made progress on the implementation of such measures, the Company commenced discussions with the TSE regarding the sharing of losses incurred by the Company.

In order to jointly determine the facts regarding the events of December 8, 2005 prior to discussing the sharing of losses incurred by the Company, the Company made best efforts to hold, and held, more than ten (10) separate discussions with the TSE, sincerely and in good faith, including executive and working level discussions. However, since the discussions between the parties have not made progress, the Company has reached the judgment that it has become quite difficult to resolve the issue through discussions between the parties, and was compelled to file the lawsuit today.

For any inquiries, please contact:

Mizuho Securities Co., Ltd
Administration Dept.,
Corporate Communication Office
Tel +81-3-5208-2030