

E*TRADE Securities Co., Ltd.

Financial Review

Fiscal Year Ended March 31, 2006

April 27, 2006

E*TRADE Securities Co., Ltd.

Stock code: 8701

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1. Performance Overview

Consolidated Performance, FY Ended March 31, 2006

(Unit: Million yen, %)

	2004 (2004/4 to 2005/3)	2005 (2005/4 to 2006/3)	Compared to same period in previous year
Operating revenue	27,174	60,213	+121.6
Net operating revenue	25,180	56,317	+123.7
Operating profit	11,112	30,011	+170.1
Ordinary profit	11,343	30,077	+165.2
Current net profit	6,178	16,970	+174.7

Note: E*TRADE Korea became a consolidated subsidiary of E*TRADE in March 2005, so the subsidiary's results are included in the consolidated performance for the fiscal year ended March 31, 2006.

Consolidated Performance by Quarter FY Ended March 31, 2006

The recent fourth quarter (three month period) recorded the highest ever revenue and profit.

(Unit: Million yen, %)

	2005 1st Quarter (2005/4 to 2005/6)	2005 2nd Quarter (2005/7 to 2005/9)	2005 3rd Quarter (2005/10 to 2005/12)	2005 4th Quarter (2006/1 to 2006/3)	Compared to previous quarter
Operating revenue	10,257	13,837	16,494	19,623	+19.0
Net operating revenue	9,558	12,425	15,711	18,621	+18.5
Operating profit	4,229	6,568	8,682	10,531	+21.3
Ordinary profit	4,381	6,565	8,594	10,536	+22.6

Performance of E*TRADE Korea Co., Ltd. FY Ended March 31, 2006

The accumulated loss was wiped away in the third quarter.

E*TRADE Korea recorded the highest ever revenue and profit in the fourth quarter.

(Unit: Million yen)

	2005 1st Quarter (2005/4 to 2005/6)	2005 2nd Quarter (2005/7 to 2005/9)	2005 3rd Quarter (2005/10 to 2005/12)	2005 4th Quarter (2006/1 to 2006/3)	2005 Full term (2005/4 to 2006/3)
Operating revenue	840	1,150	1,470	1,740	5,202
Net operating revenue	821	1,112	1,399	1,643	4,977
Operating profit	28	206	429	517	1,182
Ordinary profit	33	203	428	522	1,189

Consolidated Performance Highlights FY Ended March 31, 2006

1) Commission earnings: Up 115% compared to the previous period, expanding to 40.174 billion yen.

- Combined accounts: 1,167,778 (as of March 31, 2006) In 12 months, the number of accounts grew by 575,035 (47,919 accounts per month).
- For FY 2005 full term, the share of brokerage turnover from individuals was 23.1%. This share continues to expand.

2) Financial revenue: Up 128% compared to the previous period, expanding to 13.23 billion yen.

- Margin trading accounts: 115,611 (as of March 31, 2006). In 12 months, the number of accounts grew by 54,967 (4,580 accounts per month).
- Margin open interest: 570.686 billion yen (as of March 31, 2006), which is 1.9 times larger than the previous period.

3) Commissions from underwriting, public subscriptions, and secondary offerings: Up 117% compared to the previous period, expanding to 2.002 billion yen.

- E*TRADE is the top IPO underwriter among online securities firms.

4) Profit from trading and other earnings:

Up 173% compared to the previous period, expanding to 4.805 billion yen.

- The sale of Mexican peso denominated securities grew favorably.
- Earnings from foreign exchange guarantee deposit trading grew favorably.

5) Sales and general management expenses

- An increase in brokerage turnover gave rise to an increase in trade-related expenses. However, a volume discount effect kept these expenses under control.

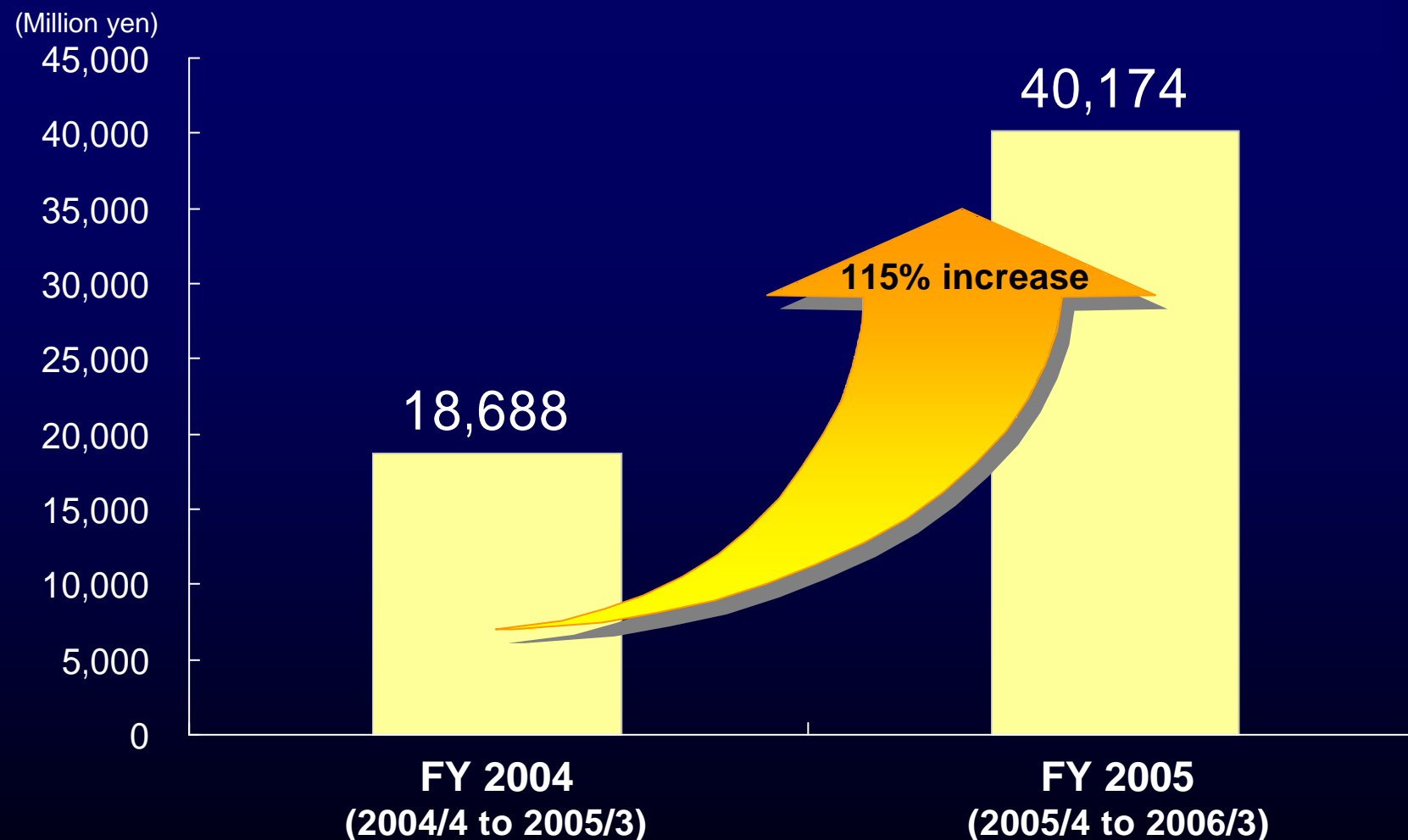
6) E*TRADE Korea Outlook

- Profits were the highest ever, which wiped away accumulated losses.

Note: E*TRADE Korea became a consolidated subsidiary of E*TRADE in March 2005, so the subsidiary's results are included in the consolidated performance for the fiscal year ended March 31, 2006.

Performance Highlights

1) Consolidated Commission Earnings

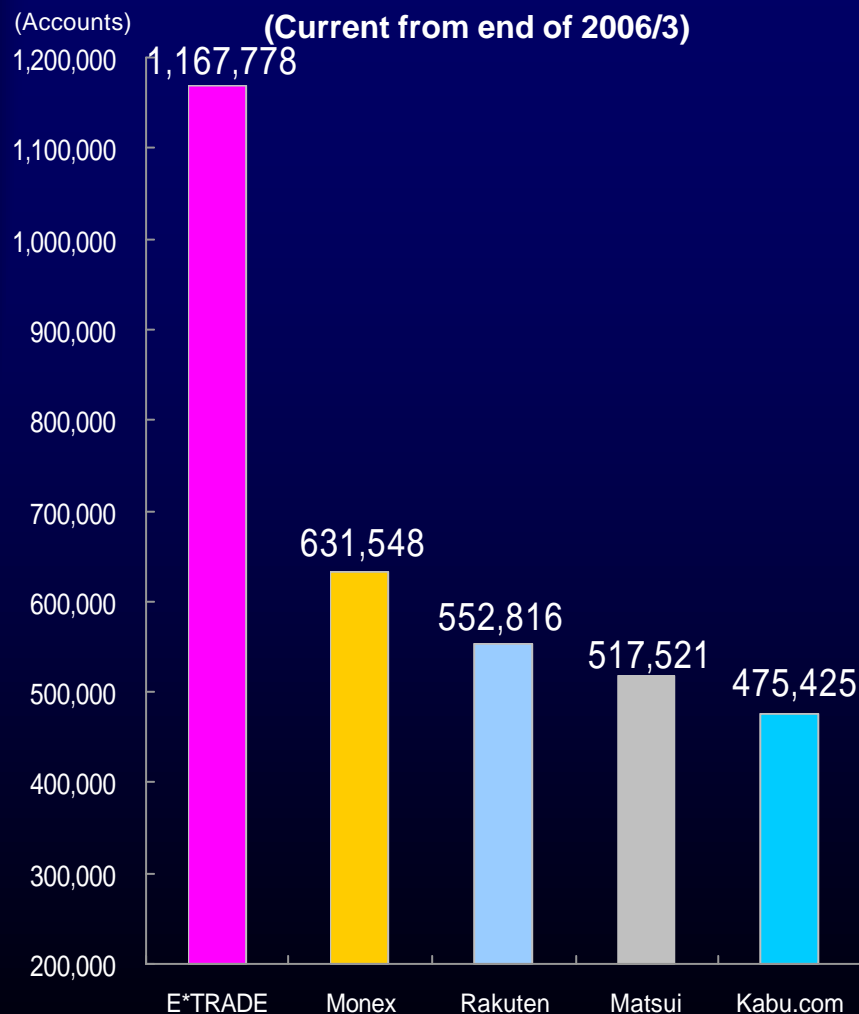


Note: E*TRADE Korea became a consolidated subsidiary of E*TRADE in March 2005, so the subsidiary's results are included in the consolidated performance for the fiscal year ended March 31, 2006.

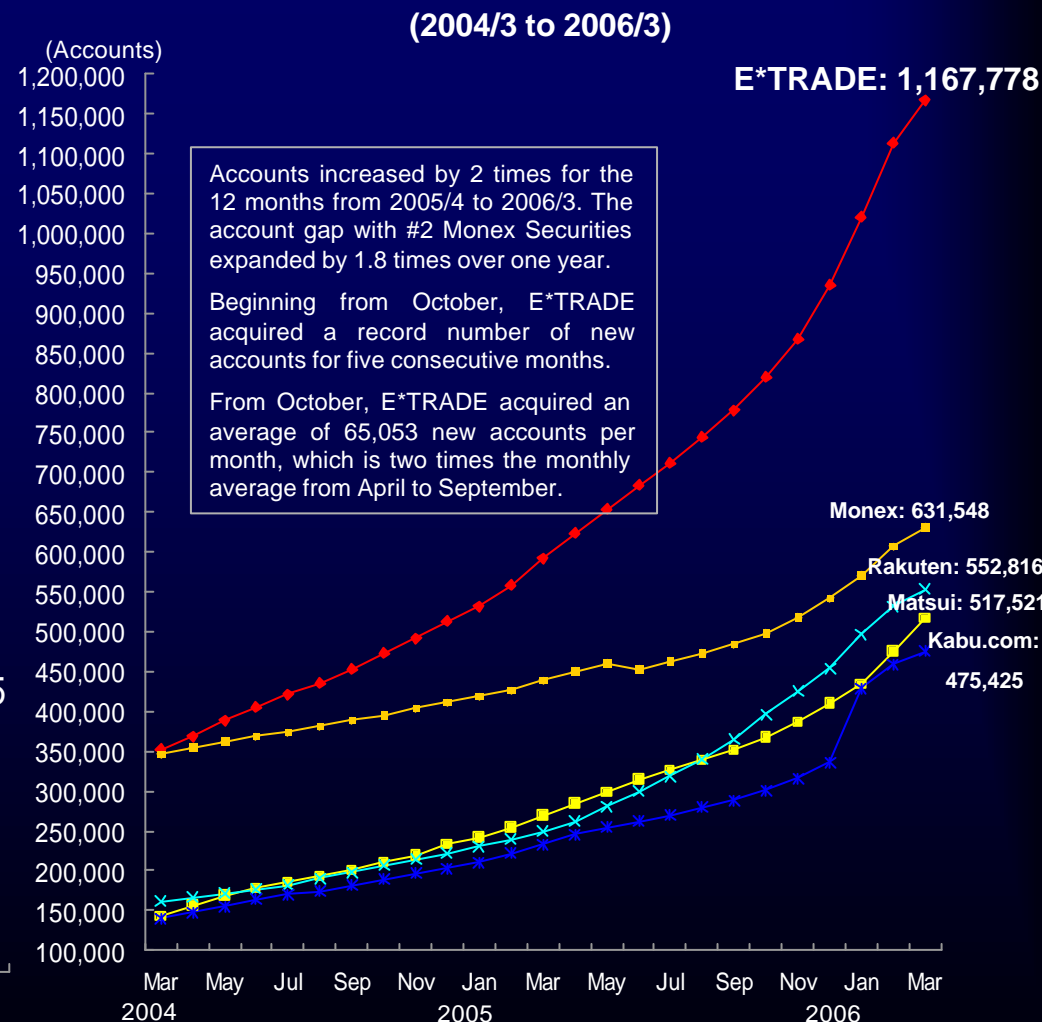
1) Commission Earnings

Account Comparison for Main Online Securities Companies

Accounts of five main online securities companies



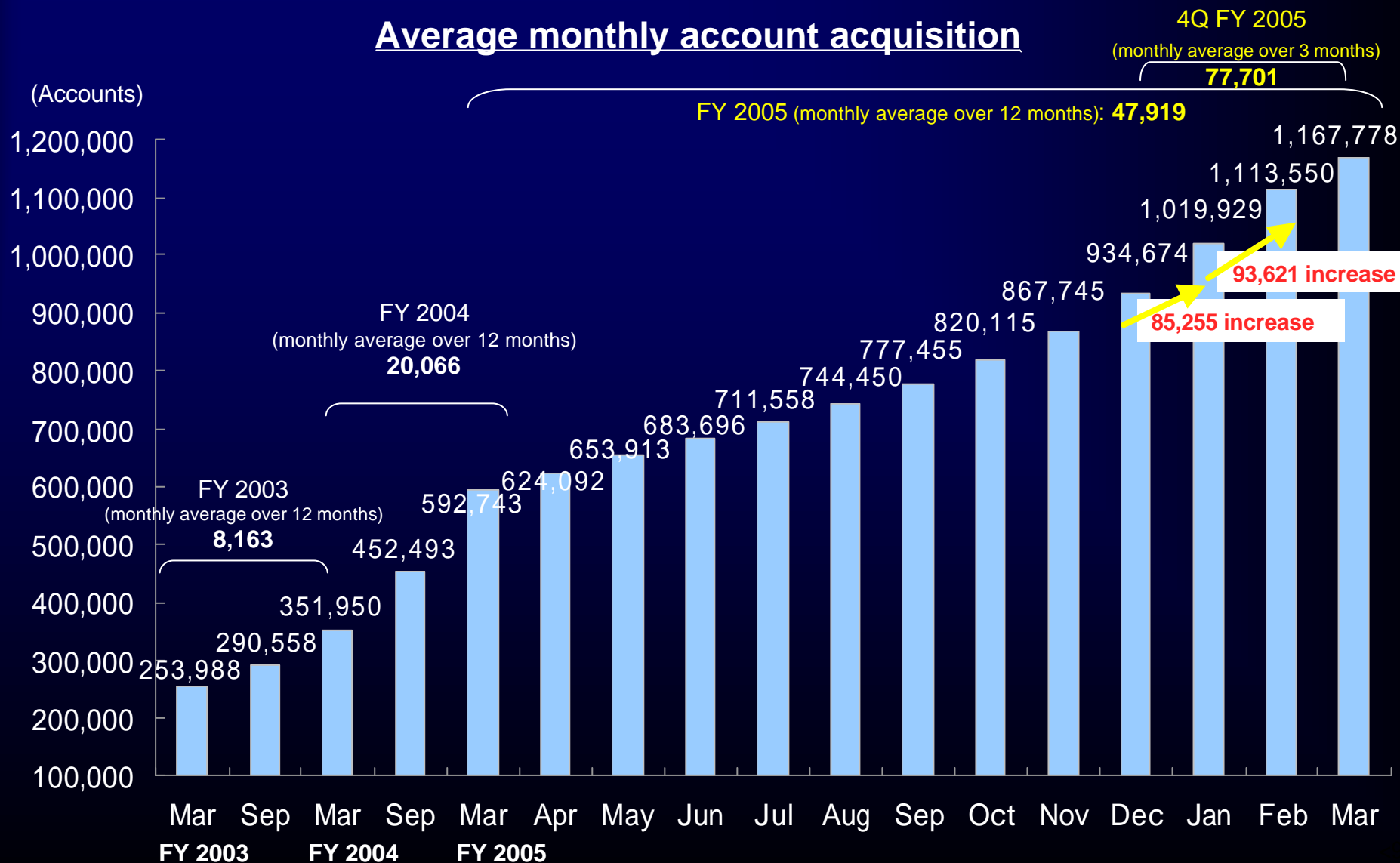
Account trends of five main online securities companies



1) Commission Earnings

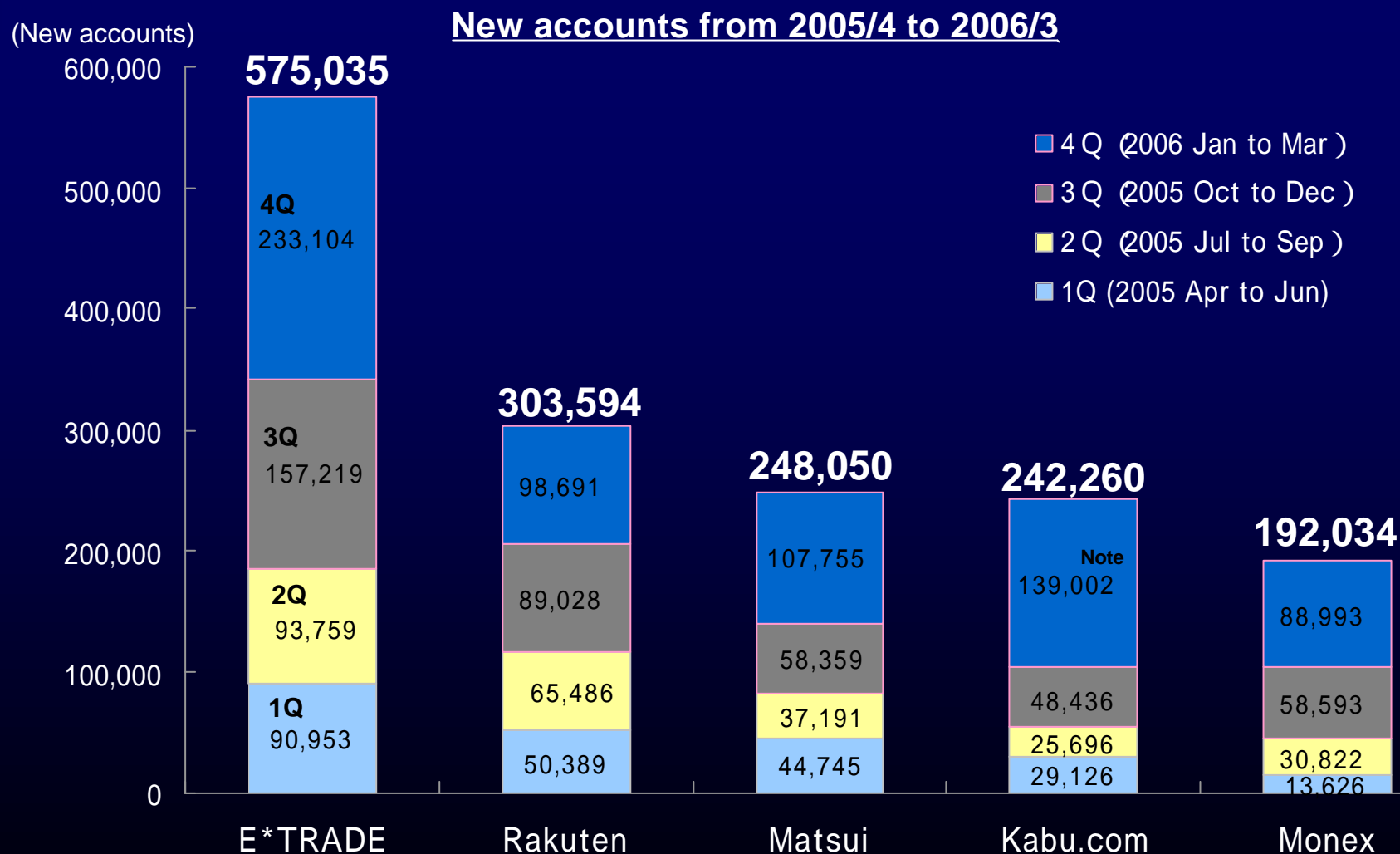
E*TRADE Account Trend

Average monthly account acquisition



1) Commission Earnings

Account Acquisition Comparison for Main Online Securities Companies



Source: Public documents from each company's website.

Note: Kabu.com Securities merged with MeNet Securities in January 2006.

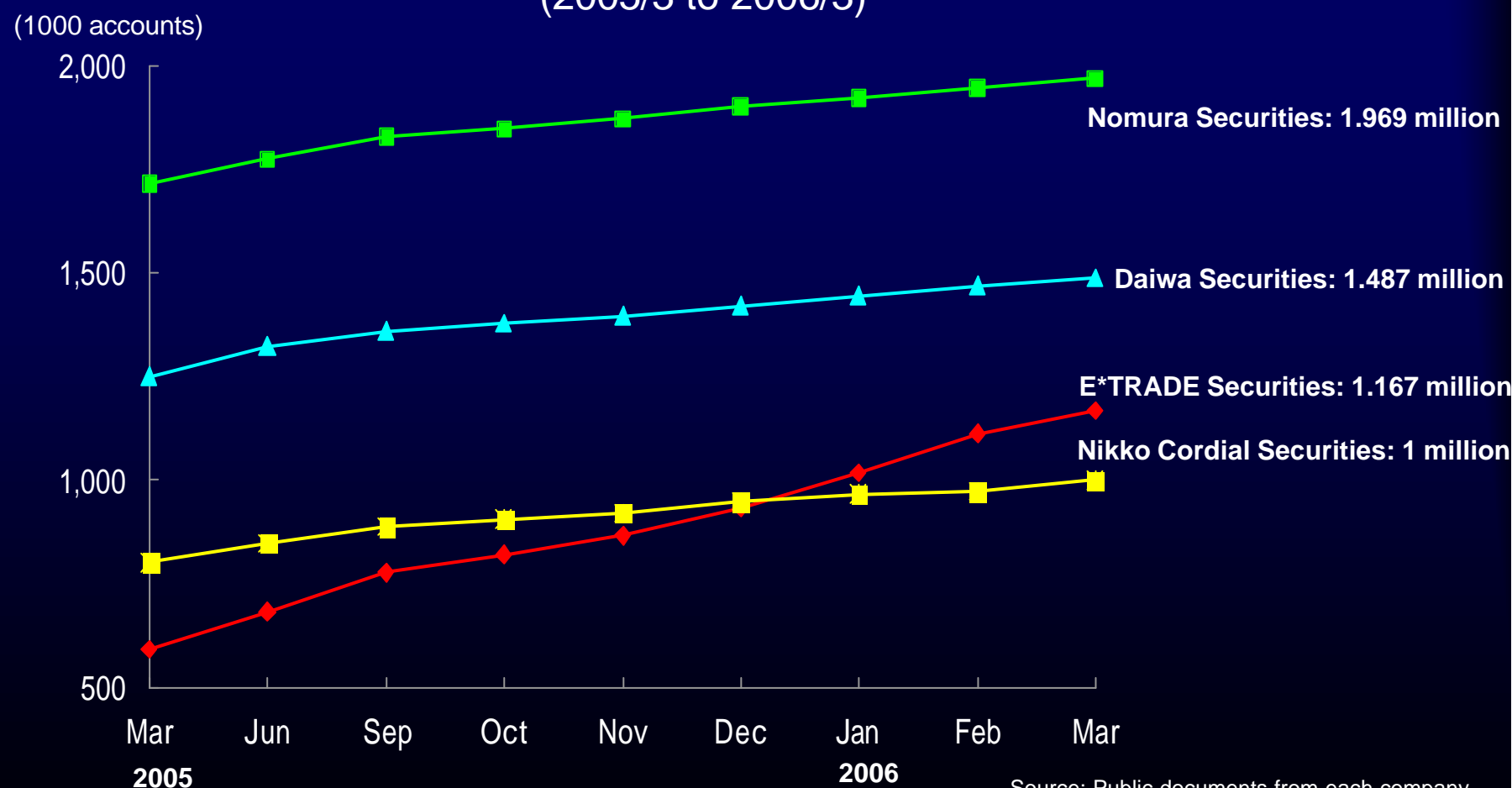
1) Commission Earnings

Online Account Comparison for Three Major Securities Companies

Individual online account trends

Online accounts for
FY ended March 31, 2006

(2005/3 to 2006/3)

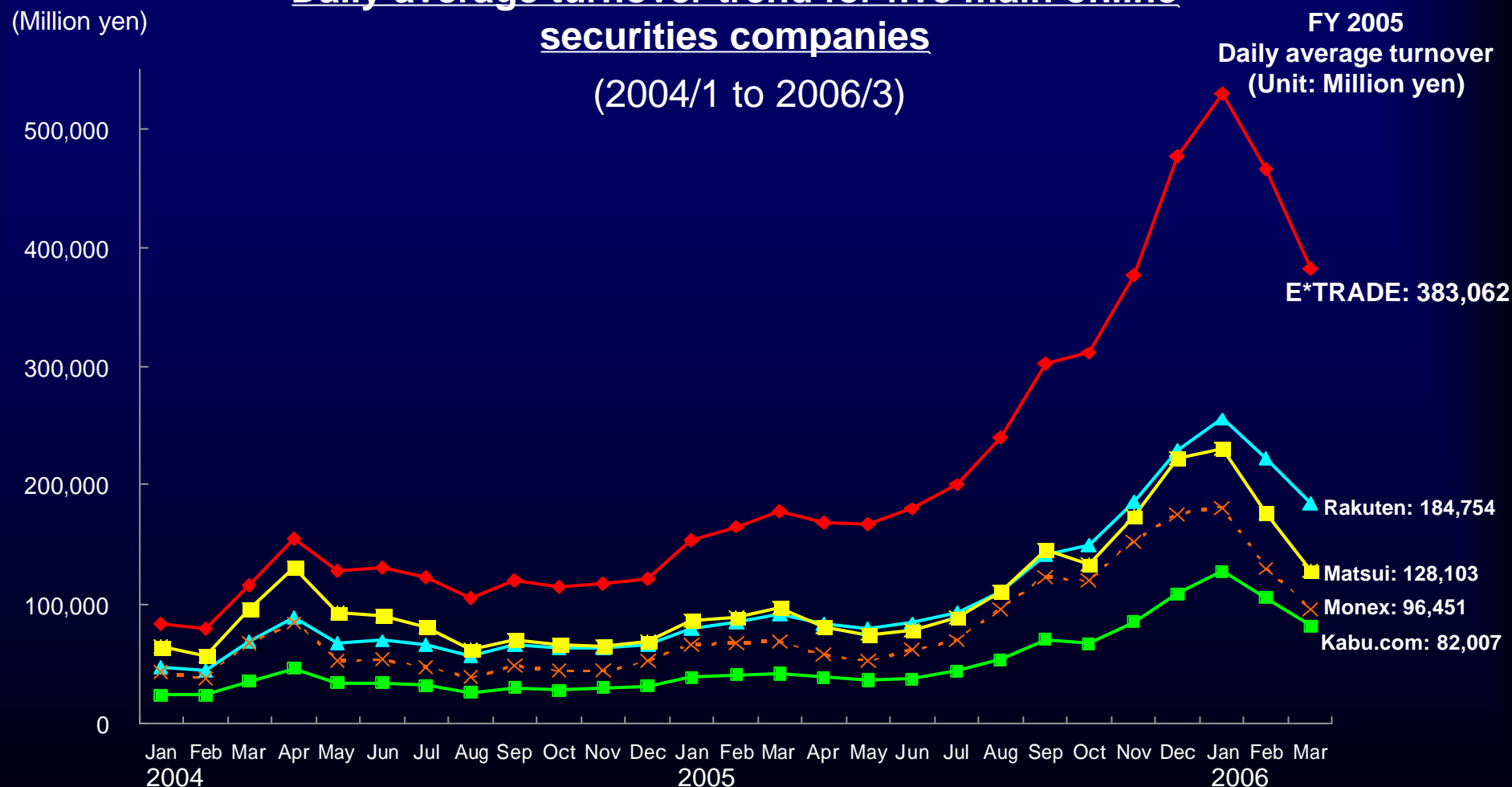


1) Commission Earnings

Brokerage Turnover for Main Online Securities Companies

Daily average turnover trend for five main online securities companies

(2004/1 to 2006/3)

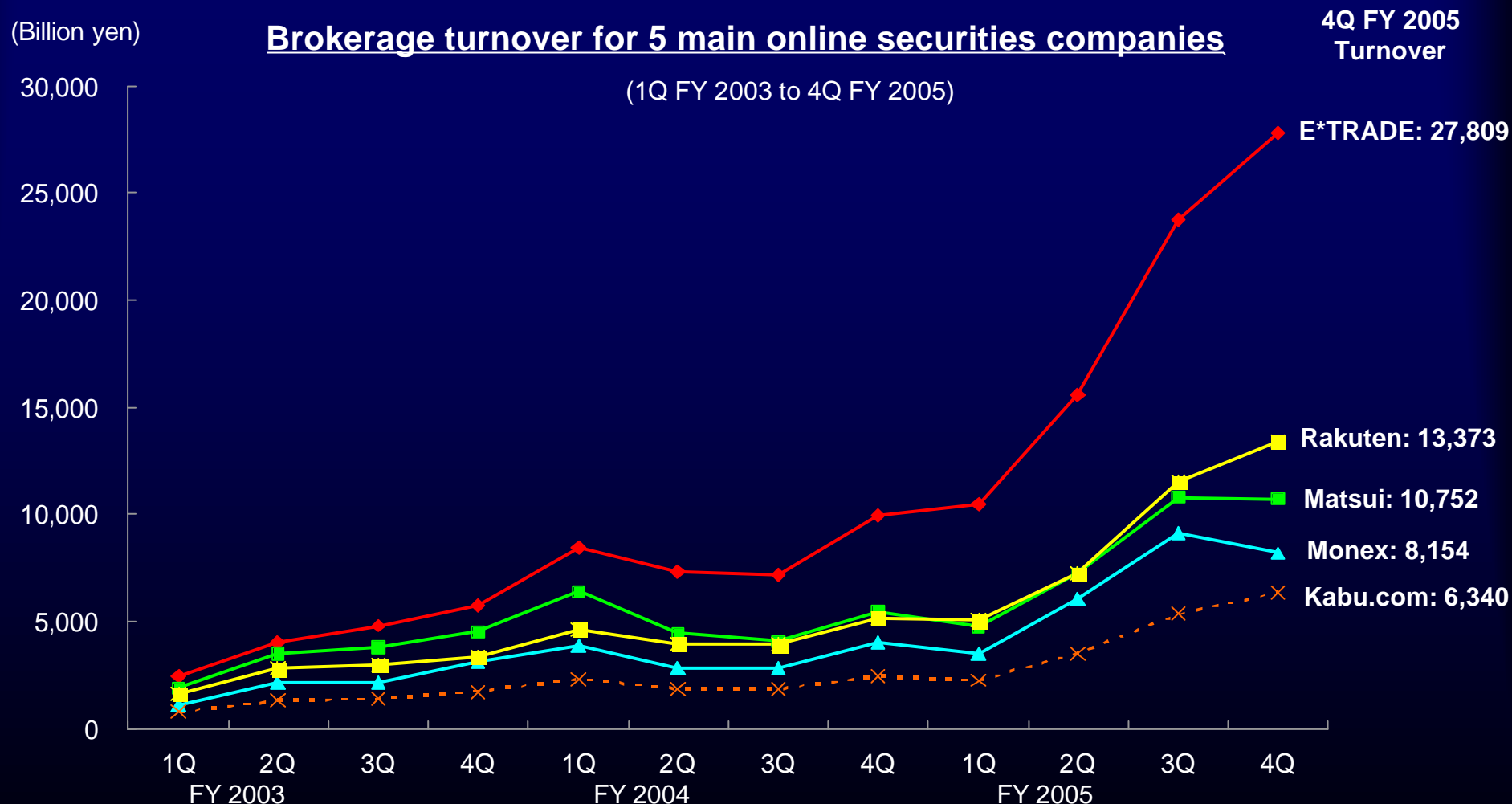


Source: Public documents from each company's website.

Note: Monex Securities and Nikko Beans are totaled as Monex. Kabu.com Securities merged with MeNet Securities in January 2006.

1) Commission Earnings

Brokerage Turnover for Main Online Securities Companies



Source: Public documents from each company's website.

Note: Monex Securities and Nikko Beans are totaled as Monex. [Kabu.com Securities merged with MeNet Securities in January 2006.](#)

1) Commission Earnings

Individual Brokerage Turnover Share for Main Online Securities Companies

Same period comparison over last 3 years (Term: April to March)

FY 2003
(2003/4 to 2004/3)



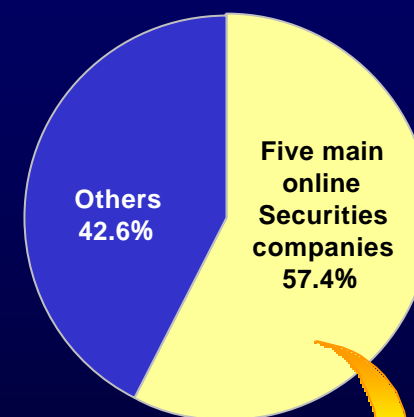
E*TRADE	15.2%
Matsui Securities	12.2
DLJ (Rakuten Securities)	9.5
Monex	7.5
Kabu.com	4.6

FY 2004
(2004/4 to 2005/3)



E*TRADE	21.1%
Matsui Securities	13.1
Rakuten Securities	11.3
Monex	8.7
Kabu.com	5.4

FY 2005
(2005/4 to 2006/3)



E*TRADE	23.1%
Rakuten Securities	11.1
Matsui Securities	10.0
Monex	8.0
Kabu.com	5.2

Source: Tokyo Stock Exchange statistical data, JASDAQ statistical data, and public documents from each company's website.

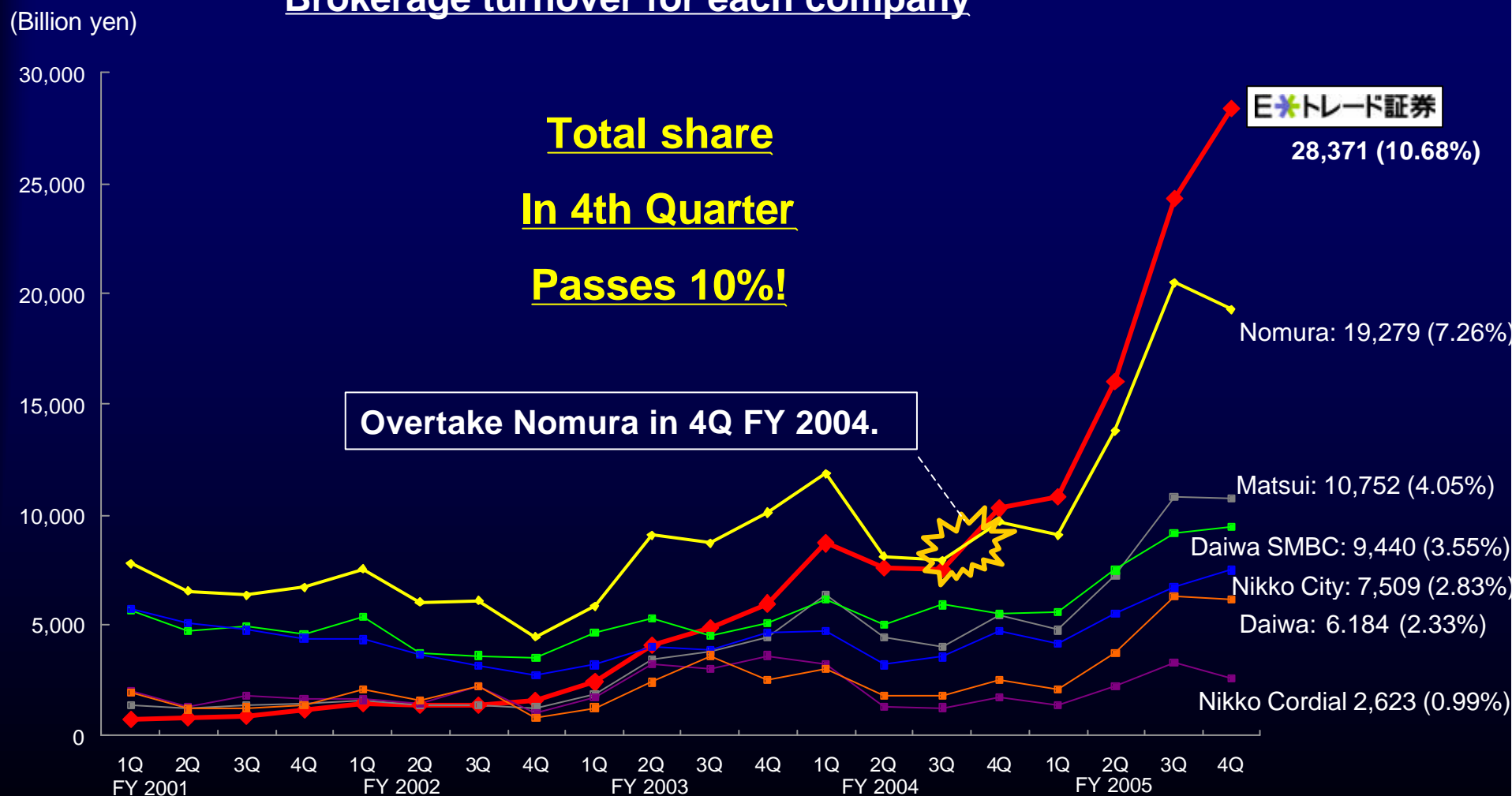
Note: Individual brokerage turnover is totaled from three exchanges (sections one and two) and JASDAQ. Monex Securities and Nikko Beans are totaled as Monex. Kabu.com Securities merged with MeNet Securities in January 2006.

1) Commission Earnings

Brokerage Turnover Comparison for Big Three Securities Companies

Share of commissions
for the 4Q FY 2005

Brokerage turnover for each company

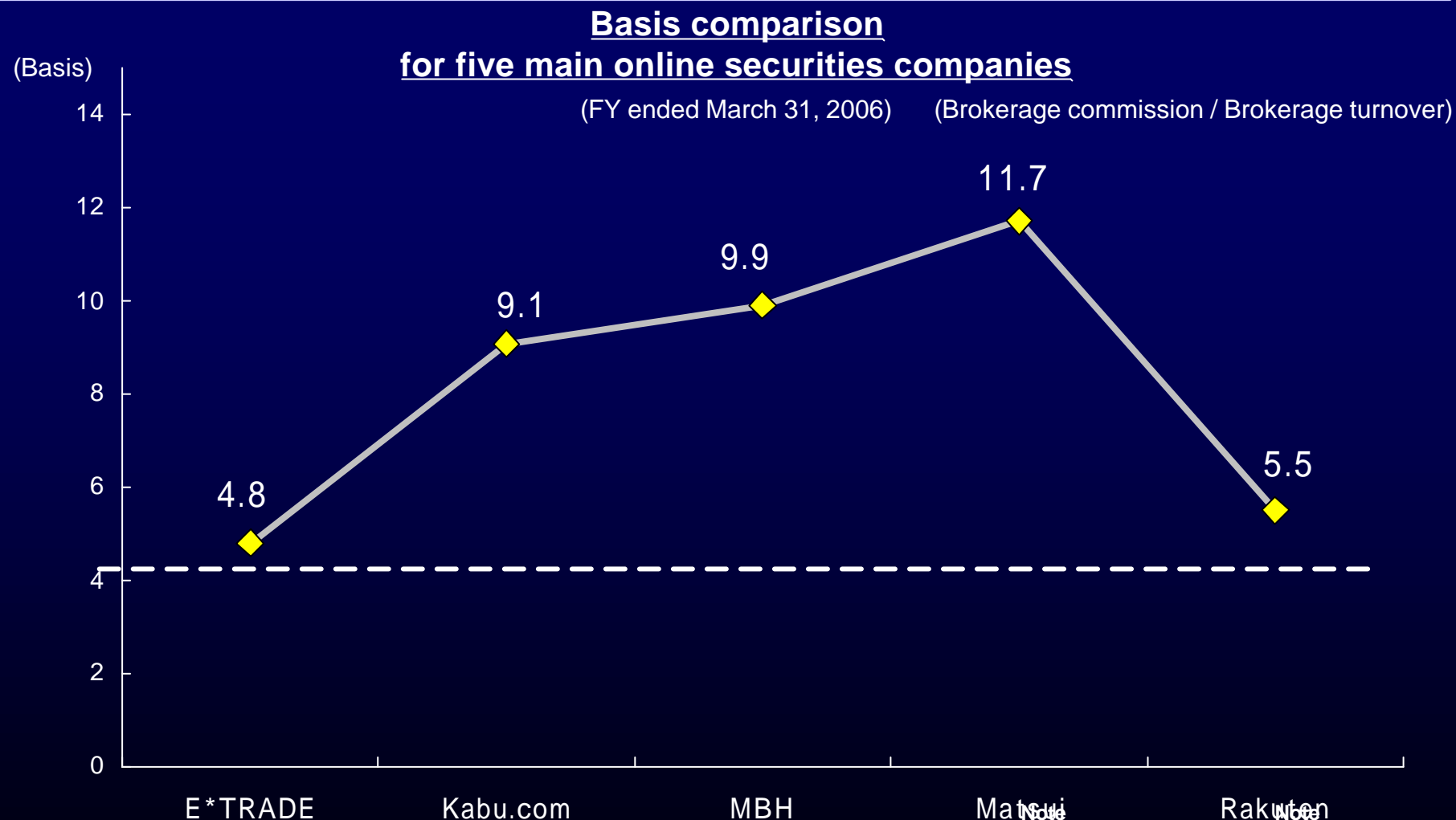


(Unit: 1 billion yen. Figures in parentheses indicate each brokerage turnover share as a percentage of total turnover in the three markets.)

Source: Figures are based on public documents from each securities company and the Tokyo Stock Exchange. (Figures for E*TRADE include orders from overseas investors.)

1) Commission Earnings

Basis Comparison for Main Online Securities Companies

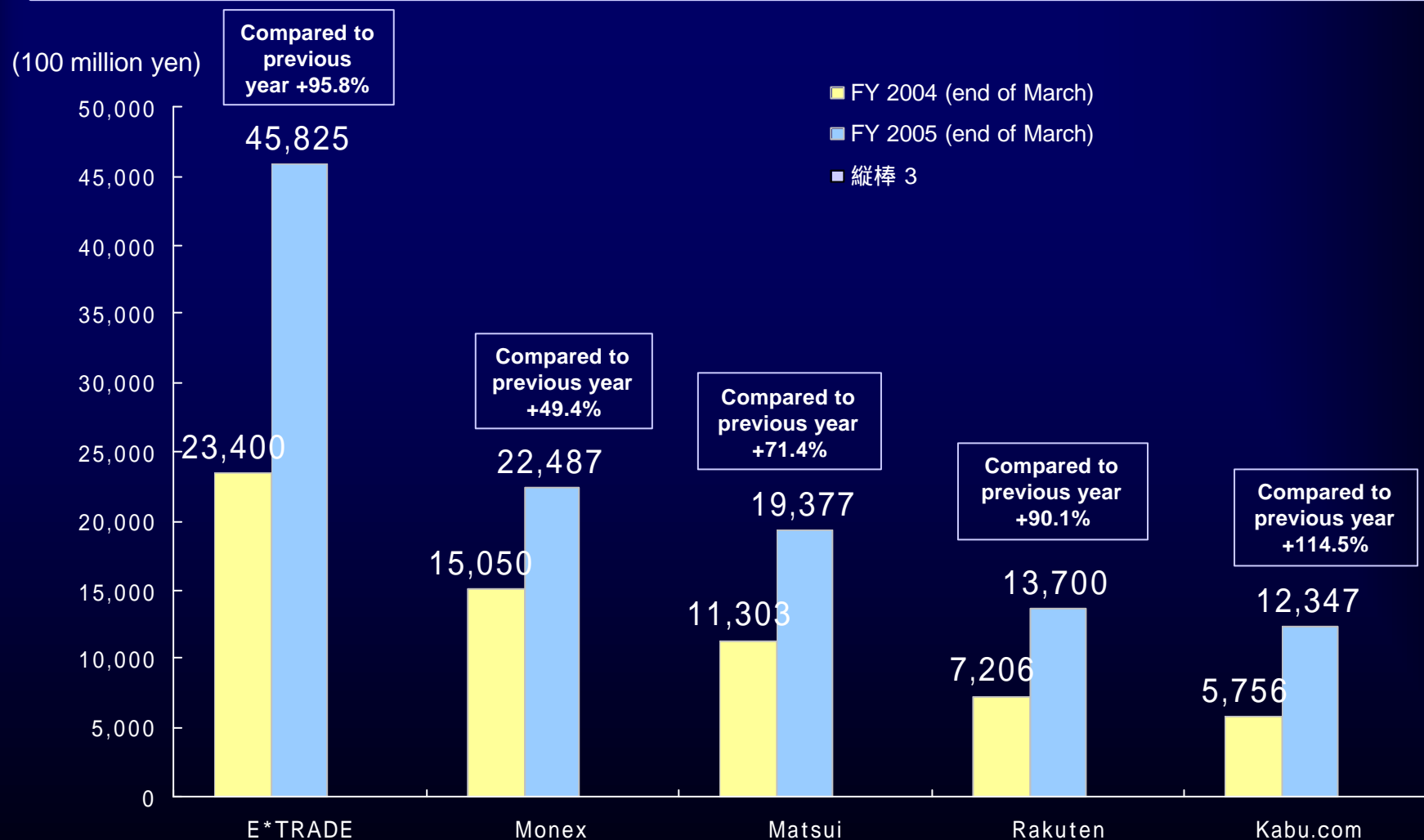


Source: Prepared by SBI using settlement of account documents from each company.

Note: For Matsui and Rakuten, the fiscal year ends December 31, 2005.

1) Commission Earnings

Client Asset Trend (Reference)



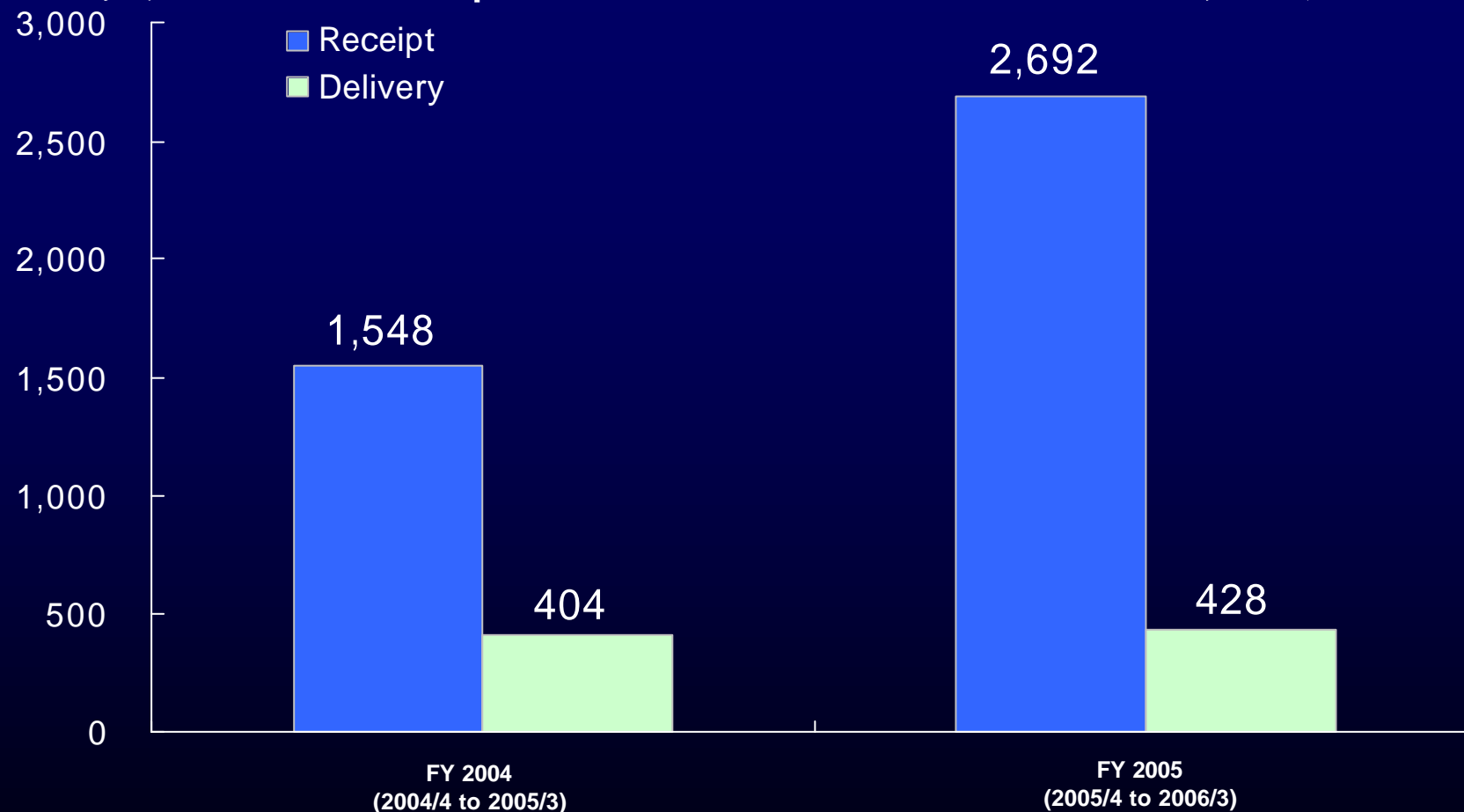
Source: Public documents from each company's website.

Note: Monex Securities and Nikko Beans are totaled as Monex. Kabu.com Securities merged with MeNet Securities in January 2006.

Figures for Matsui Securities are for the end of February in the FY ended March 31, 2006 (the end of March in the FY ended March 31, 2005).

1) Commission Earnings

Certificate of Stock Receipt and Delivery (Reference)

(100 million yen) Amount of receipts and deliveries for FY ended March 31, 2006

With the lowest commission rates in the industry and the highest level of service, we received far more securities from other companies than we delivered.

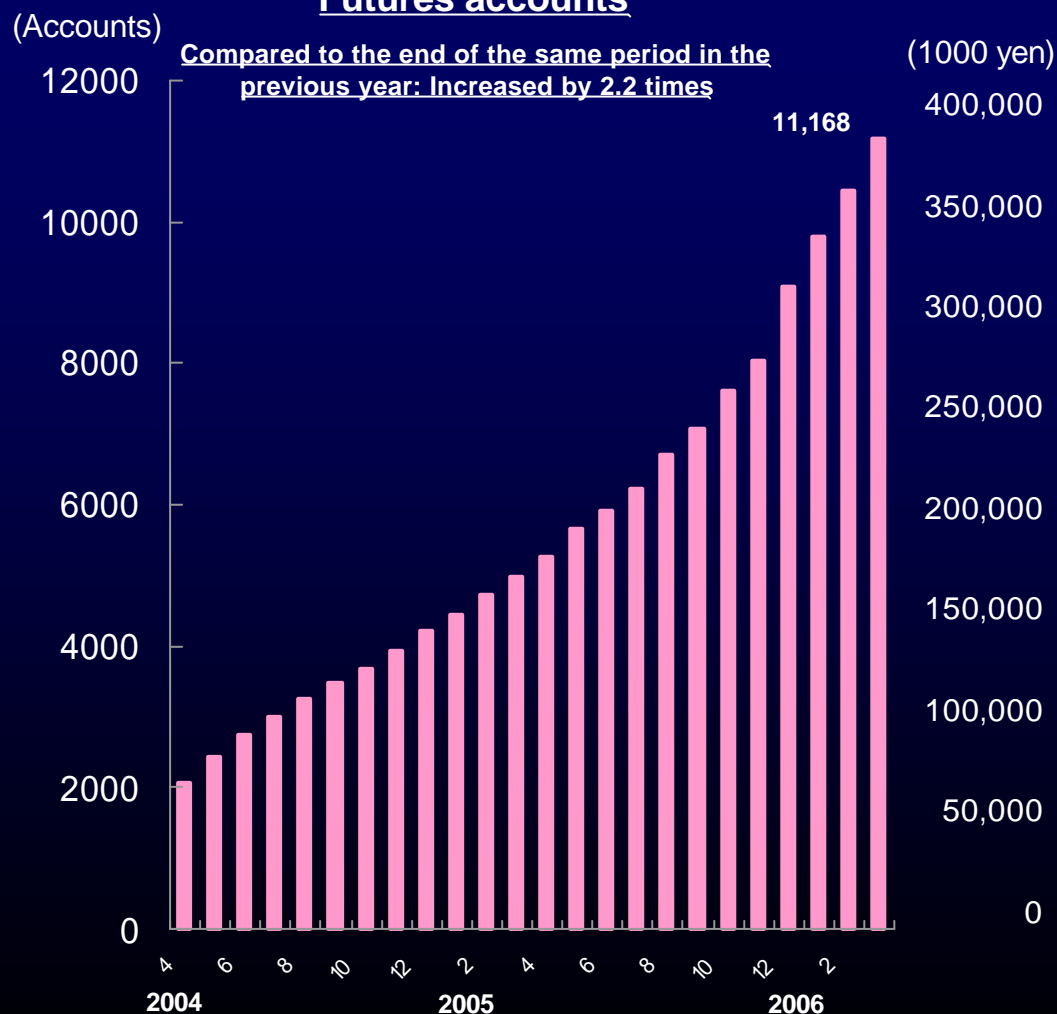
Note: Calculated from E*TRADE's processing day for receipt and delivery of securities.

1) Commission Earnings

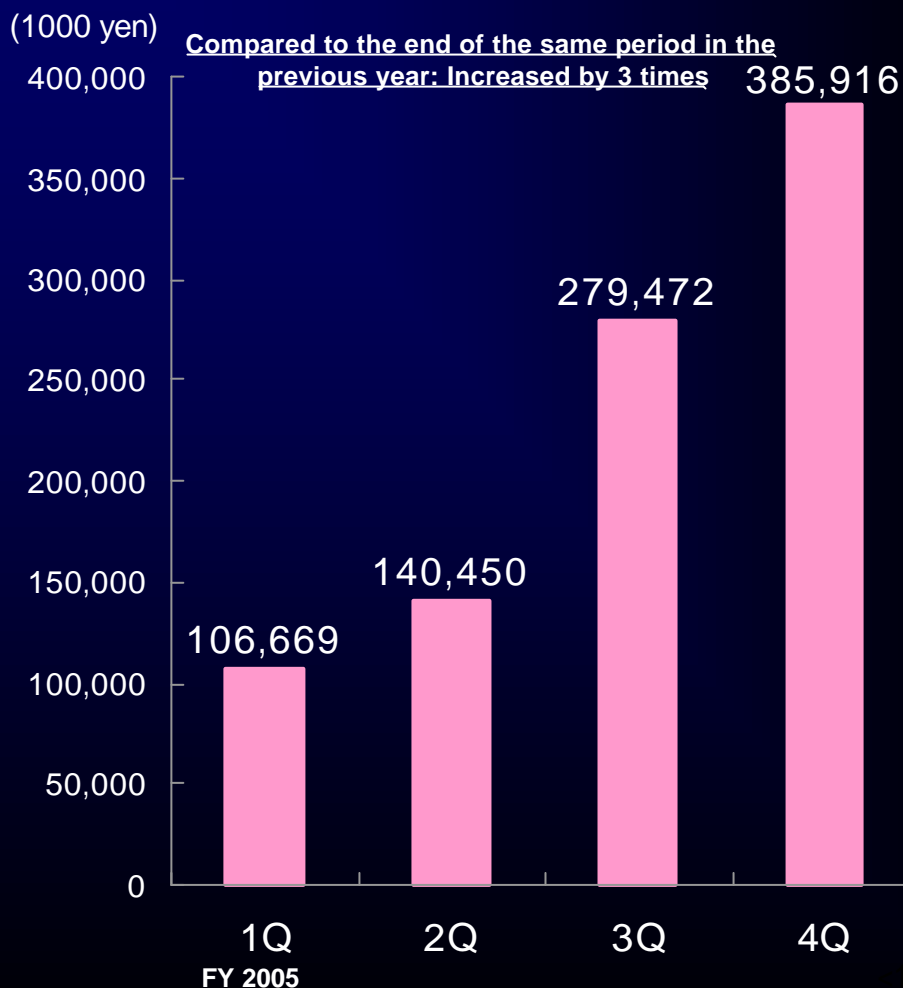
Futures Trading Expansion

Futures trading is a pillar of earning power and growing rapidly. We expect it to expand even further in the future.

Futures accounts



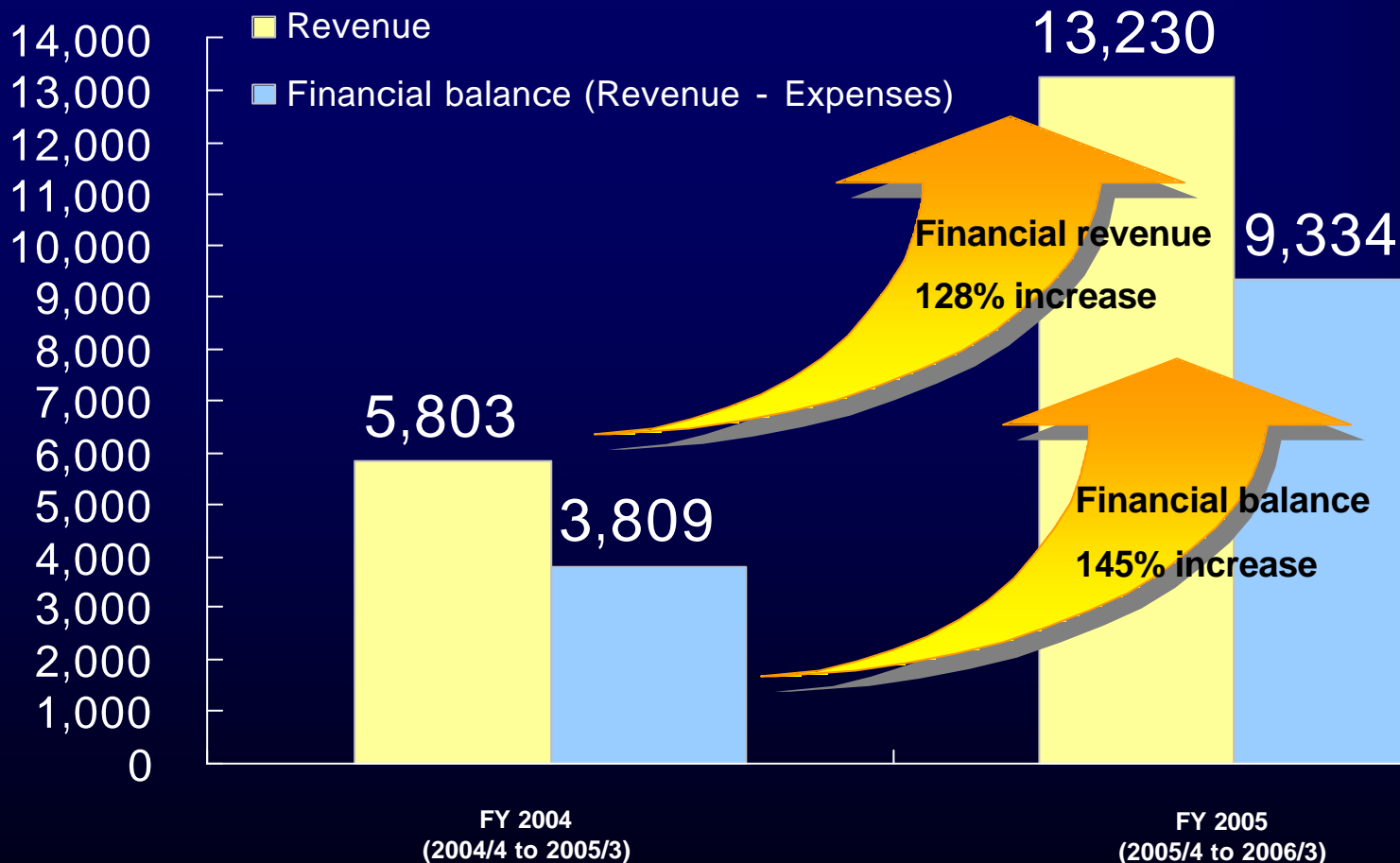
Futures commissions



Performance Highlights

2) Consolidated Financial Revenue

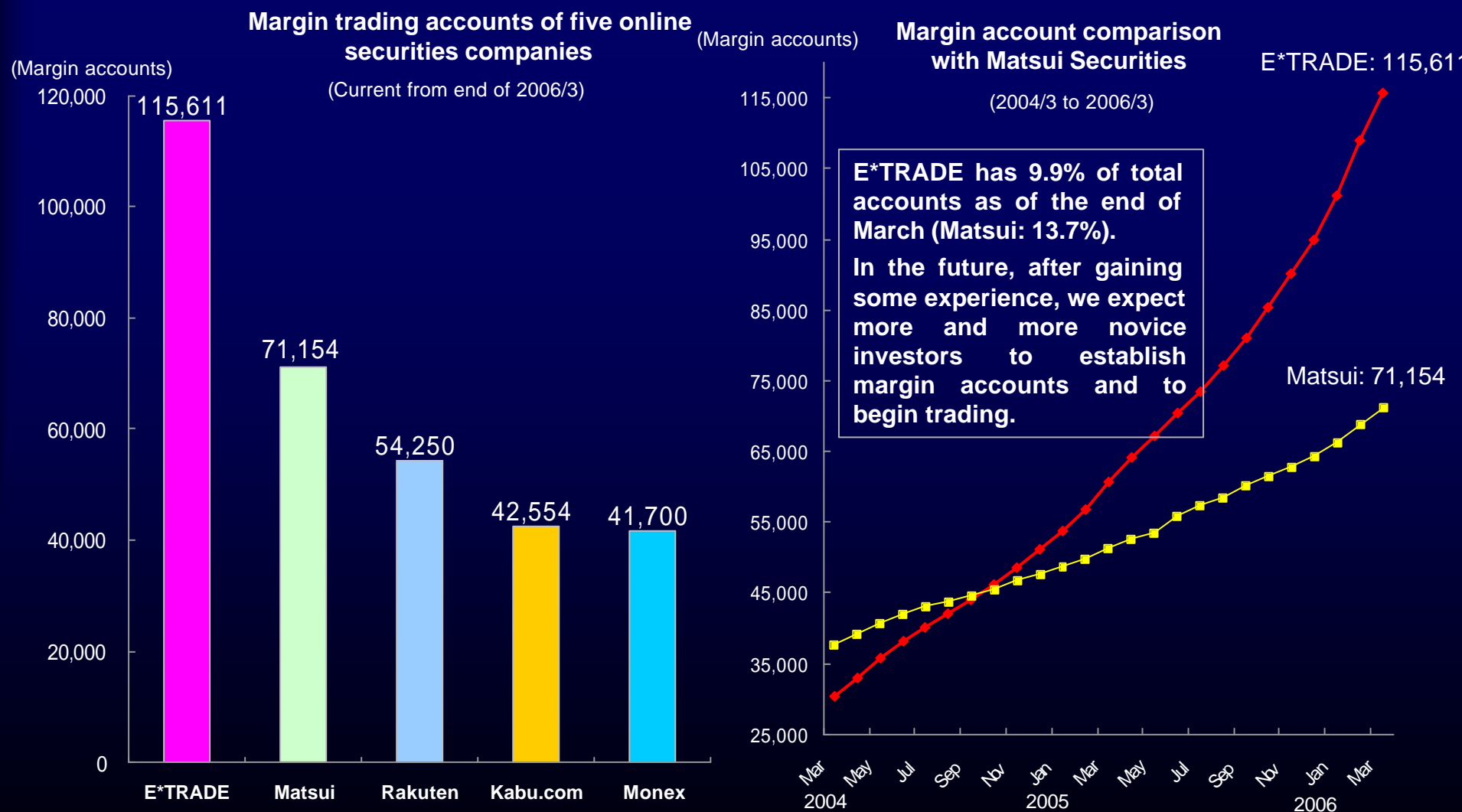
(Million yen)



Note: E*TRADE Korea became a consolidated subsidiary of E*TRADE in March 2005, so the subsidiary's results are included in the consolidated performance for the fiscal year ended March 31, 2006.

2) Financial Revenue

Margin Trading Account Comparison for Main Online Securities Companies

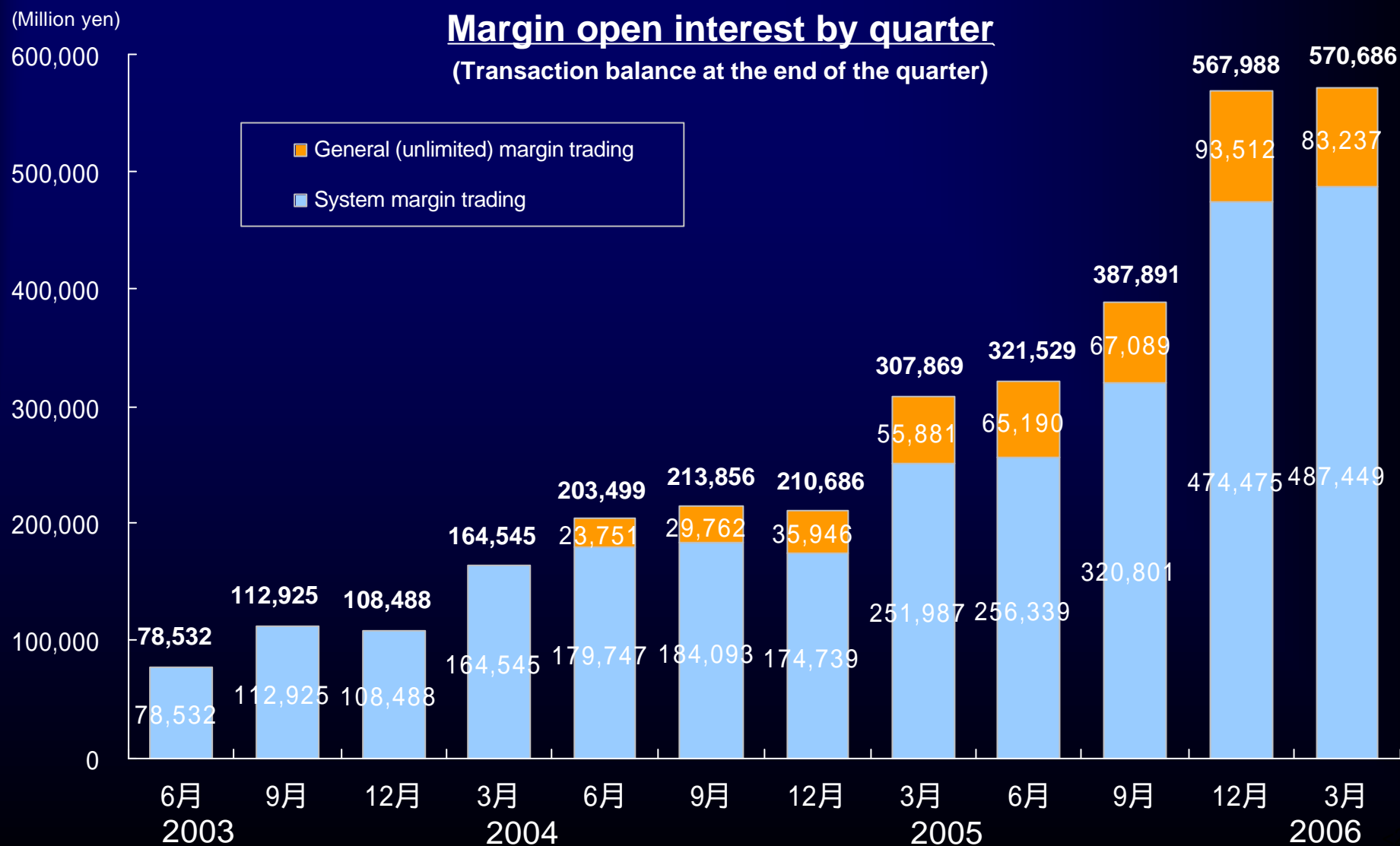


Source: Public documents from each company's website.

Note: Monex Securities and Nikko Beans Securities are added together as Monex. Kabu.com Securities merged with MeNet Securities in January 2006.

2) Financial Revenue

Margin Open Interest Trend



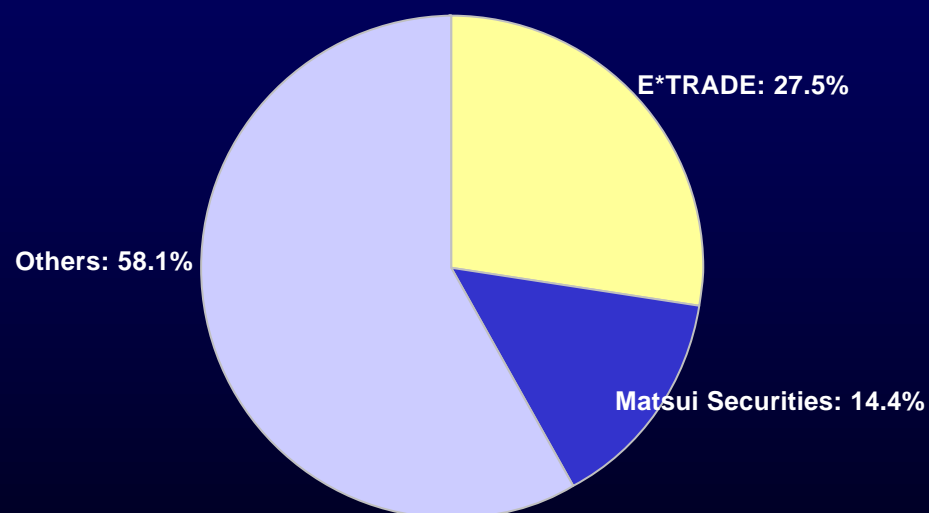
2) Financial Revenue

Margin Trading Comparison with Matsui Securities

E*TRADE's low commission system spurs active trading.

Brokerage turnover share
in individual margin trading

(2005/4 to 2006/3)

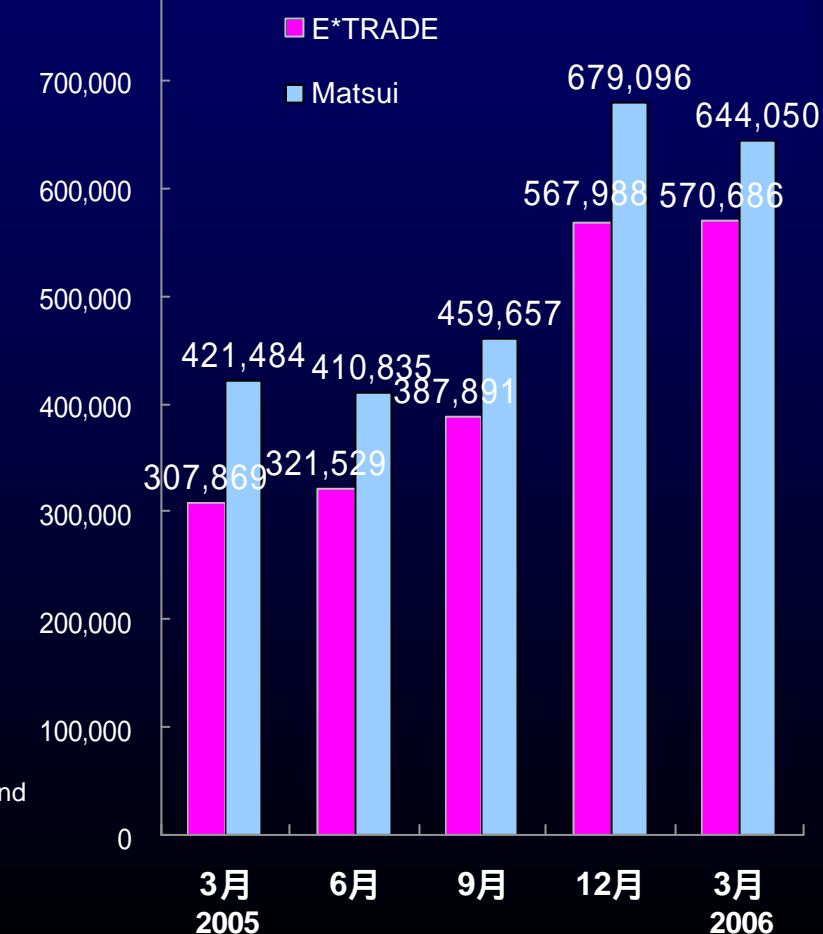


Source: Tokyo Stock Exchange statistical data, JASDAQ statistical data, and public documents from each company's website.

Note: Brokerage turnover in individual margin trading is totaled from three exchanges (sections one and two) and JASDAQ.

(Million yen)

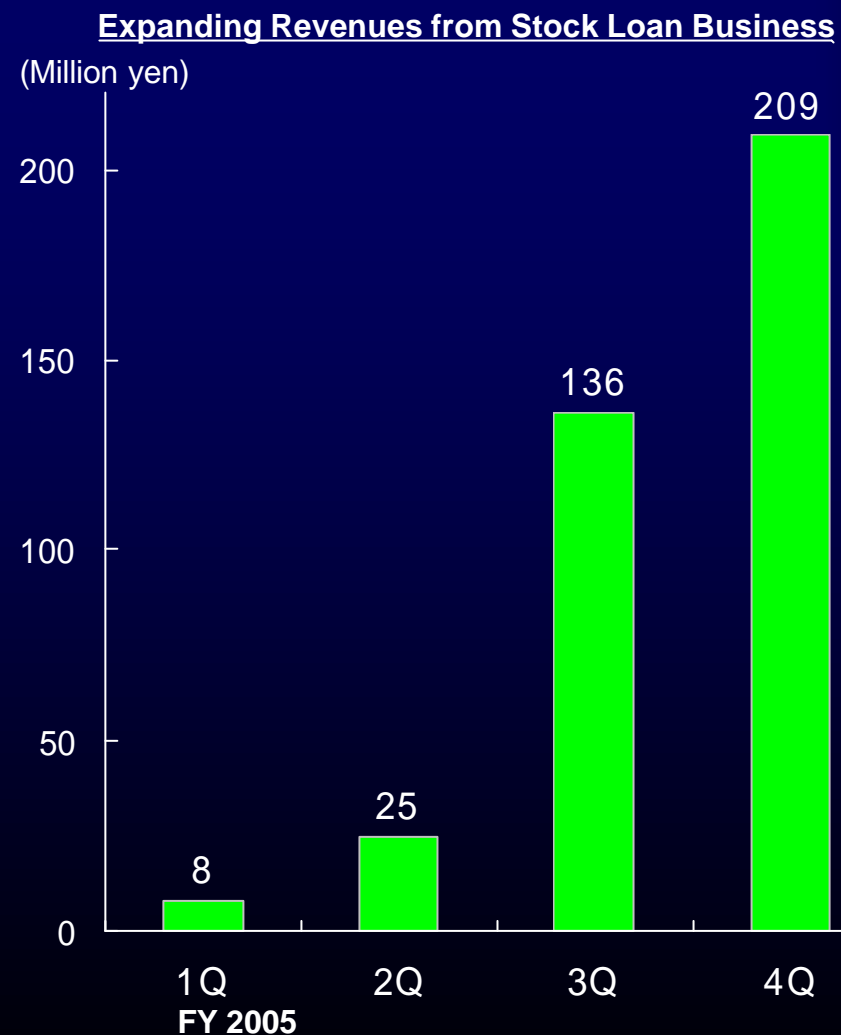
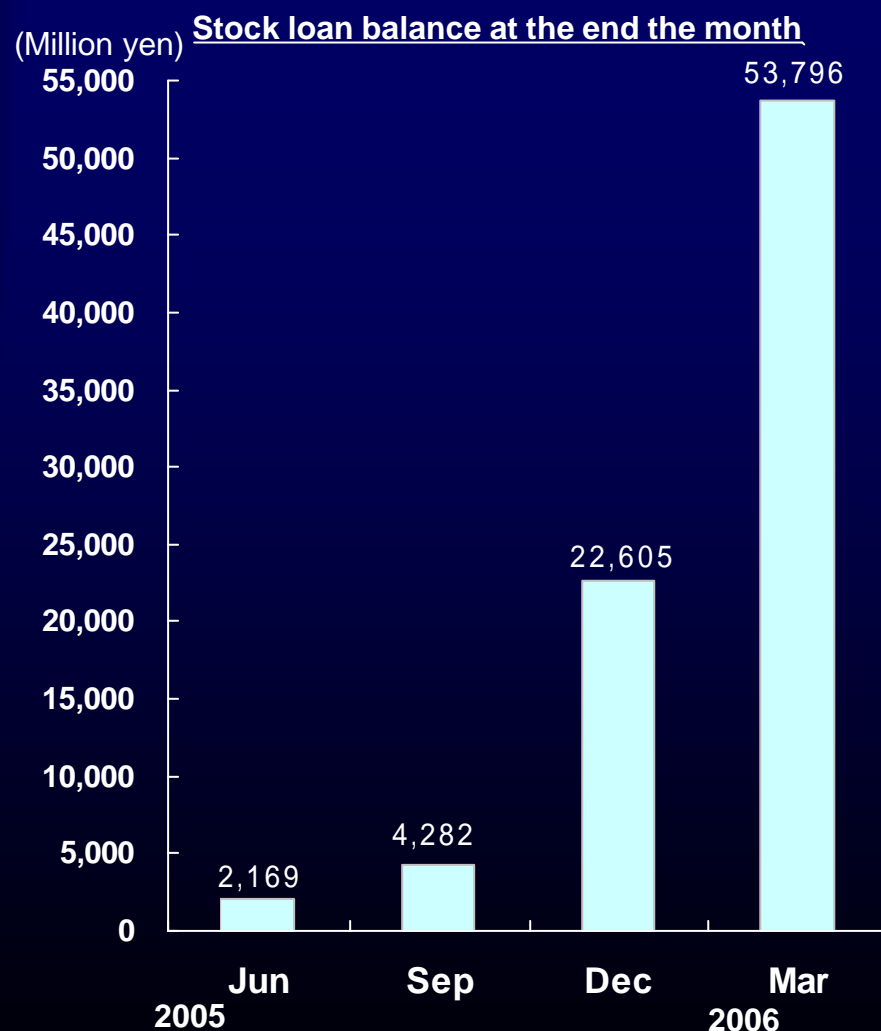
Margin open interest comparison
with Matsui Securities



2) Financial Revenue

Expanding Revenues from Stock Loan Business

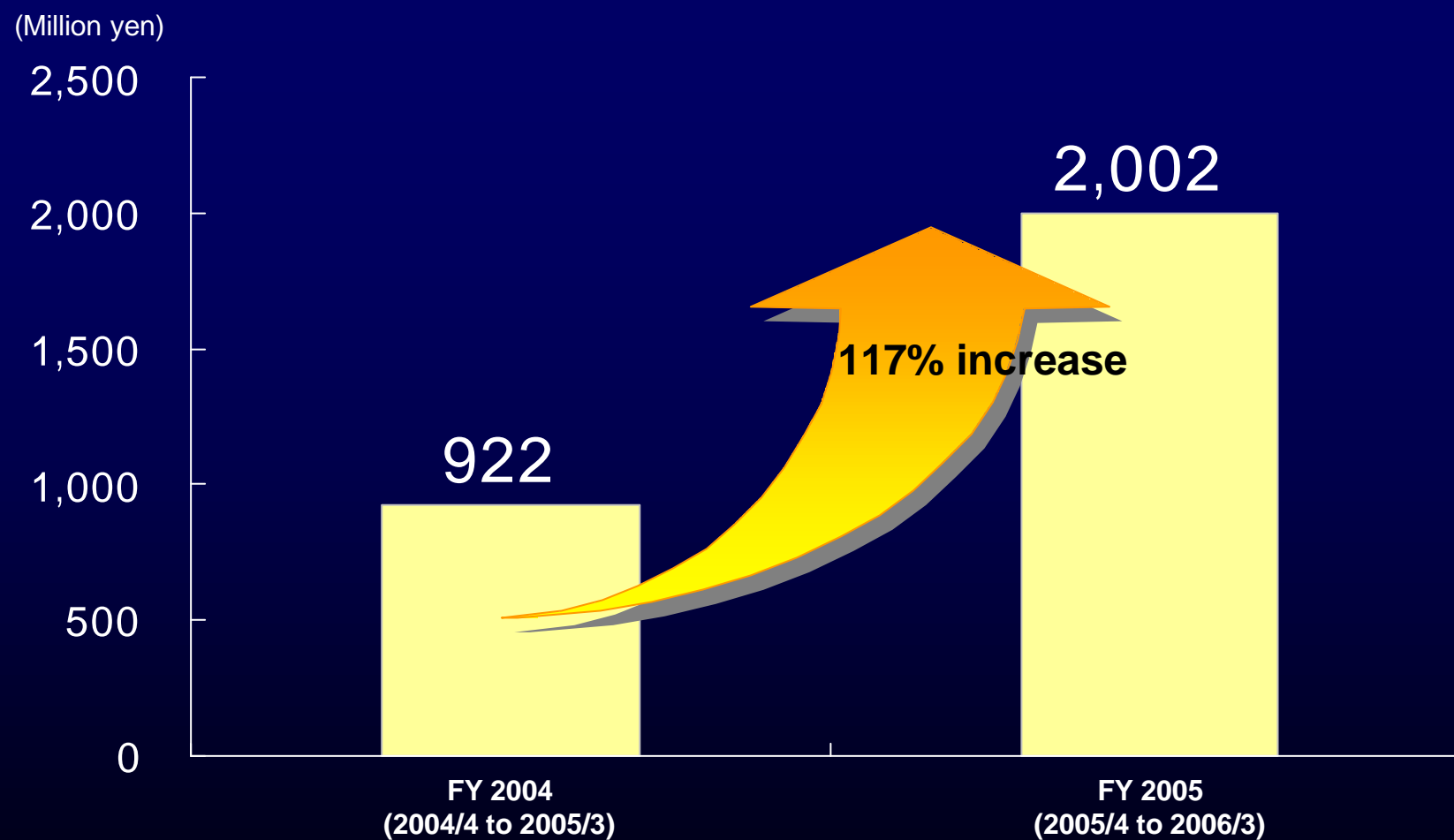
The stock loan business is a new revenue source that will expand further in the future.



Note: Calculated using the market price at the end of the month.

Performance Highlights

3) Consolidated Commissions from Underwriting, Public Subscriptions, and Secondary Offerings



Note: E*TRADE Korea became a consolidated subsidiary of E*TRADE in March 2005, so the subsidiary's results are included in the consolidated performance for the fiscal year ended March 31, 2006.

3) Underwriting and Other Commissions

IPO Underwriting Performance

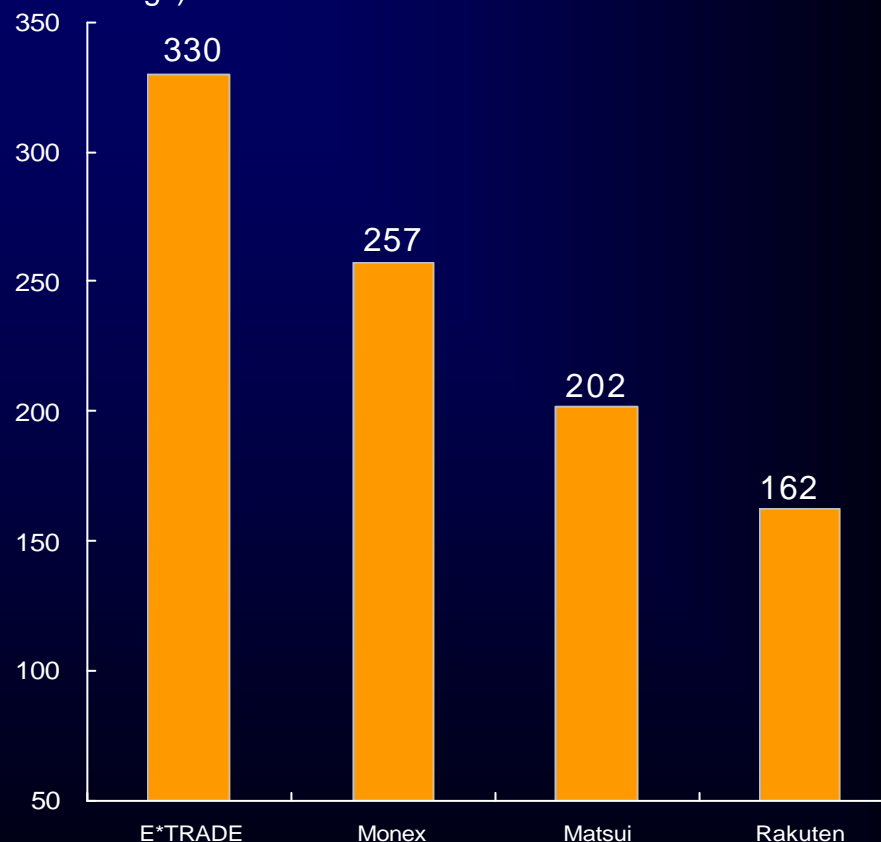
E*TRADE Securities IPO stock underwriting performance

(Underwritings)



Underwriting Comparison (Listing date base)

(Underwritings)



Source: Public documents at each company. The data is from the first day of online trading for each company to March 31, 2006 (Listing date base).

Note: Figures do not include agency transactions and real estate investment trust.

3) Underwriting and Other Commissions

Off-Floor Distribution Performance (Reference)

Performance on TSE, OSE, and JASDAQ

FY 2005 (2005/4 to 2006/3)

Companies handled: 173 (FY 2004: 151)

Distribution total: 71 billion yen (FY 2004: 67.6 billion yen)

E*TRADE application total: 145.4 billion yen (FY 2004: 93.3 billion yen)

Handling total: 14.7 billion yen (FY 2004: 13.1 billion yen)

E*TRADE handling share: 20.8% (FY 2004: 19.7%)

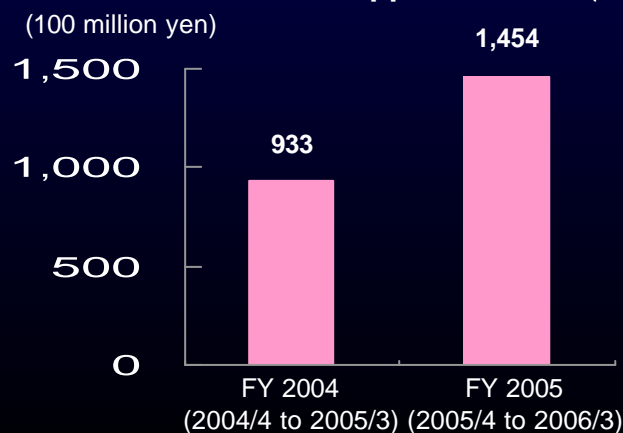
Note: Earnings from off-floor distributions include commissions.

Companies with off-floor distributions

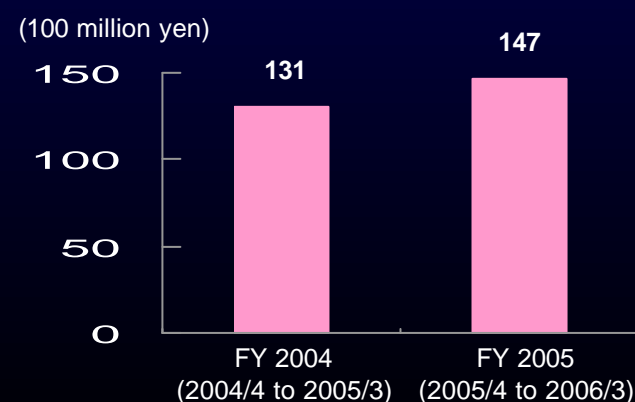
handled by E*TRADE (FY 2005)

Date implemented	Company name	Stock exchange
2005/4/13	Met's Corporation	Tokyo Mothers
2005/5/25	Kyoritsu Printing Co., Ltd.	JASDAQ
2005/6/28	Club iT Corporation	HC
2005/8/16	TransGenic Inc.	Tokyo Mothers
2005/8/23	CVS Bay Area Inc.	Tokyo Section 2
2005/9/20	Renaissance Inc.	Tokyo Section 1
2005/11/15	Met's Corporation	Tokyo Mothers
2005/11/28	SIIX Corporation	Tokyo Section 1
2006/2/20	IRI-Ubiteq Inc.	HC
2006/2/22	ITX	HC

E*TRADE application total

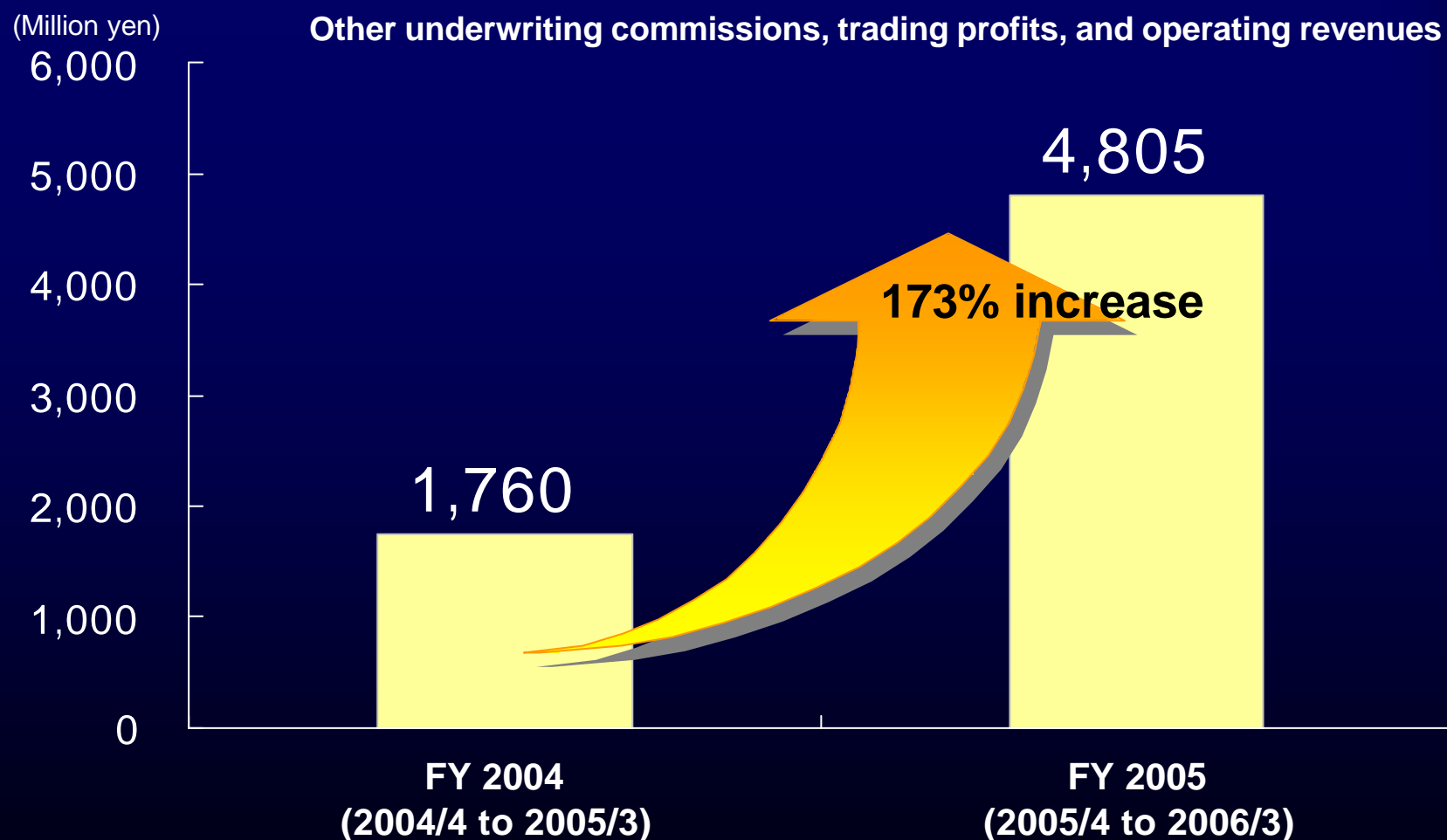


E*TRADE handling total



Performance Highlights

4) Consolidated Trading Profits and Other Earnings



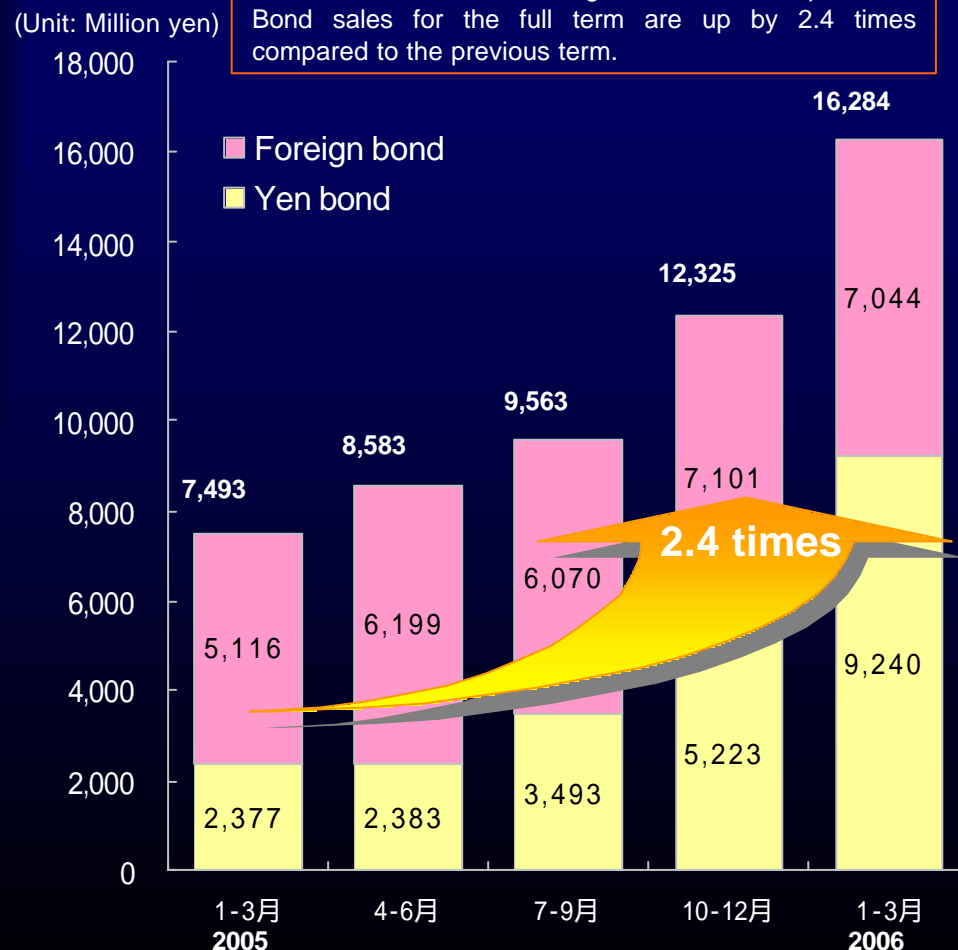
Note: E*TRADE Korea became a consolidated subsidiary of E*TRADE in March 2005, so the subsidiary's results are included in the consolidated performance for the fiscal year ended March 31, 2006.

4) Consolidated Trading Profits and Other Earnings

Bond and Other Product Performance

Bond sales (Public and foreign)

From saving to investing, E*TRADE is providing government bond products that meet the needs of individuals for middle- to long-term investment portfolios. Bond sales for the full term are up by 2.4 times compared to the previous term.



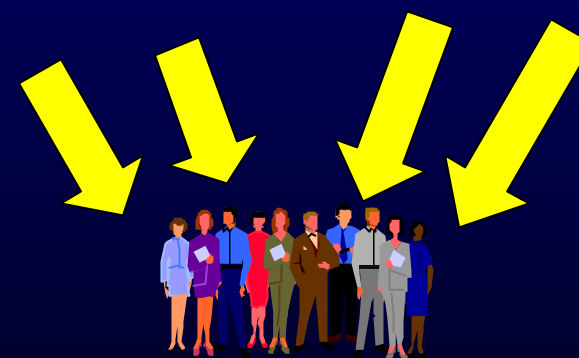
Providing original products throughout the year

Products that take advantage of SBI Group Synergies

- SBI Unlisted Stock Fund III
- Softbank Group Stock Fund

Products for global investment

- Mexican-peso denominated bond
- Renminbi-yen linked corporate bond



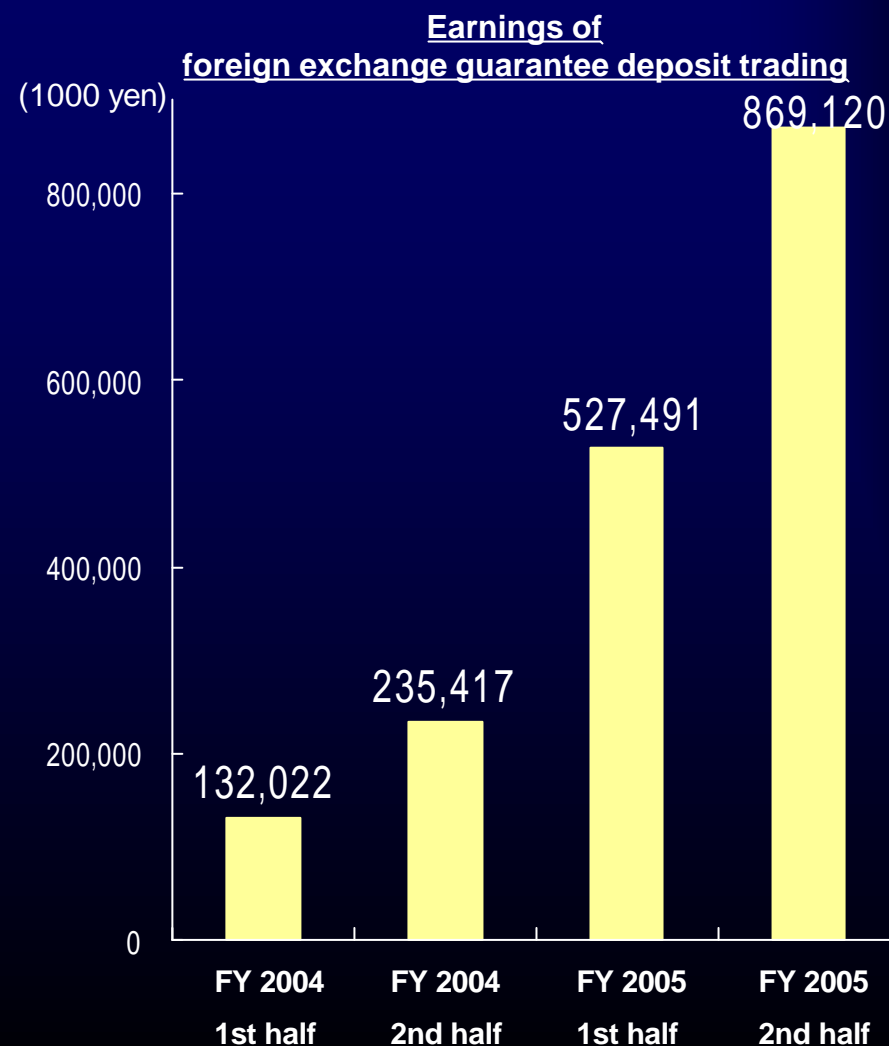
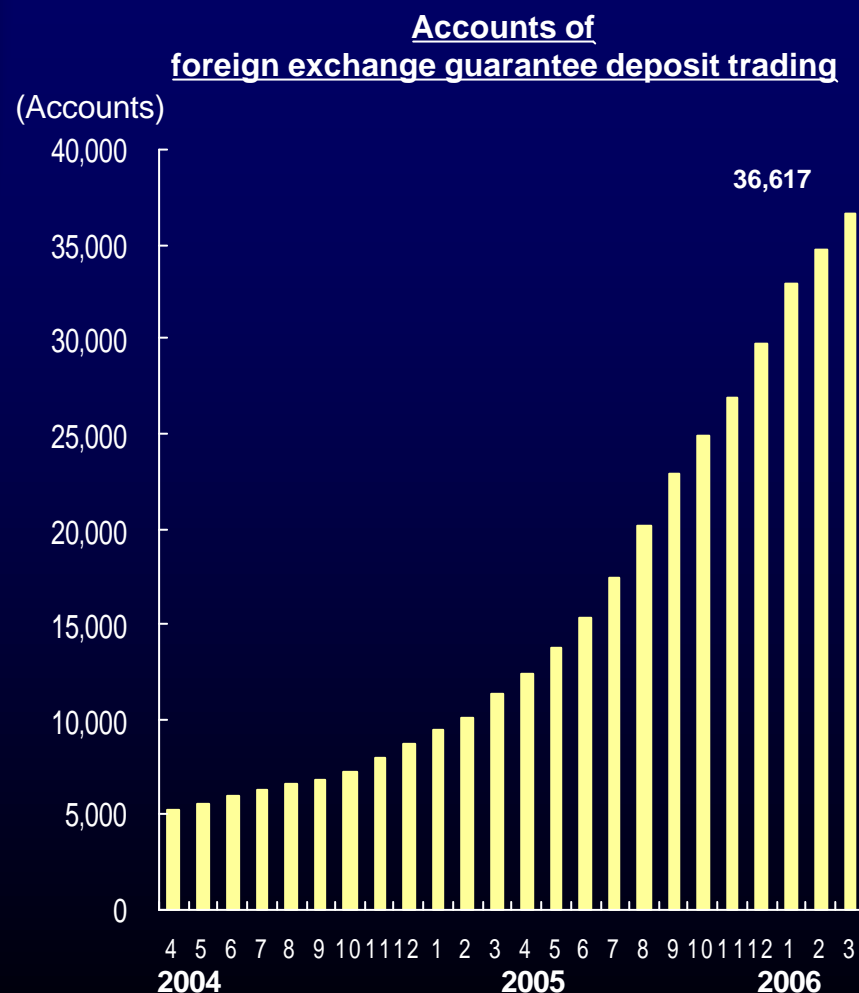
**Diverse and original products
based on customer needs**

E*TRADE offers a stable supply of products to support the asset formation of individual investors.

4) Consolidated Trading Profits and Other Earnings

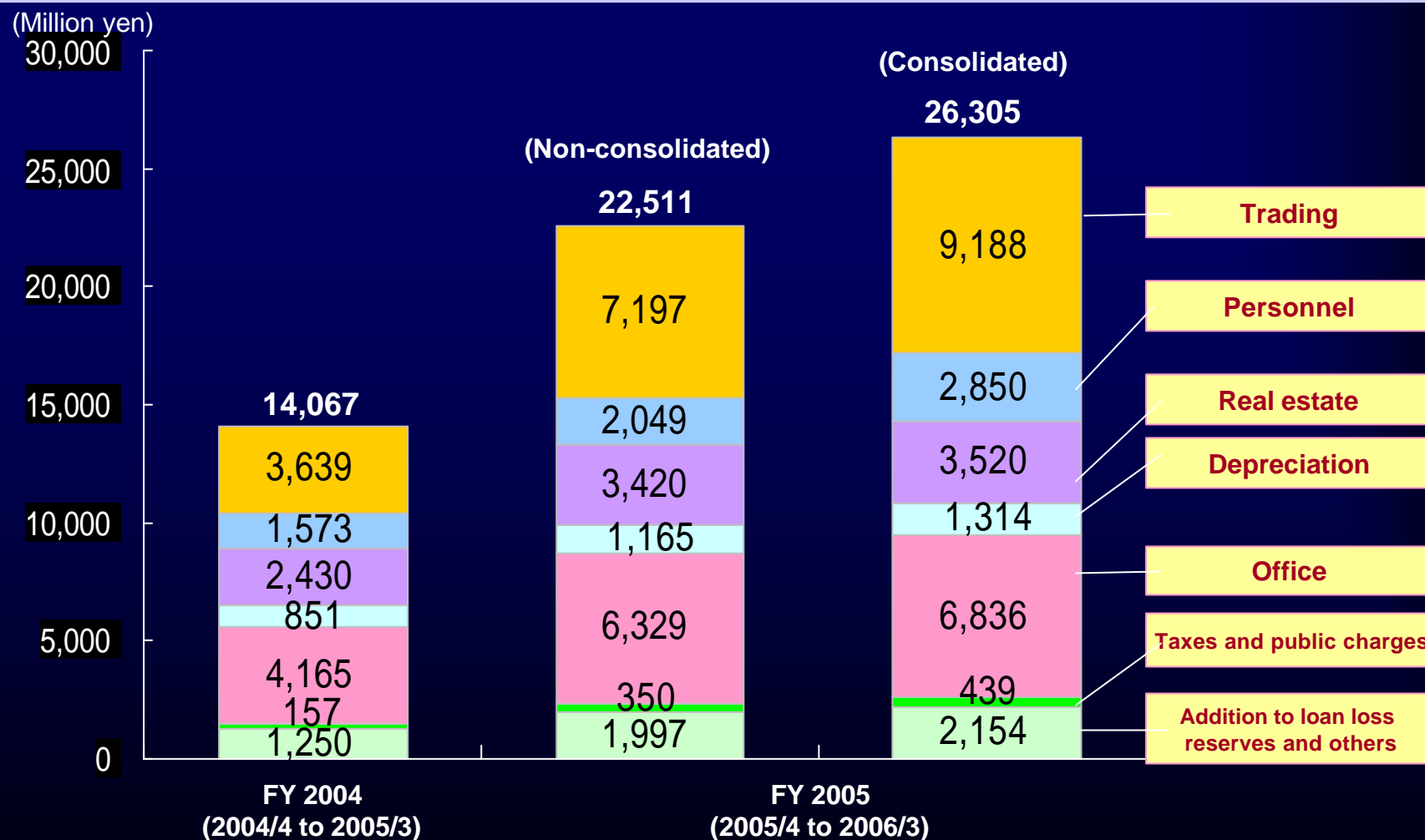
Expansion of Foreign Exchange Guarantee Deposit Trading

Growing as a pillar of earning power,
we expect trading to expand further in the future.



Performance Highlights

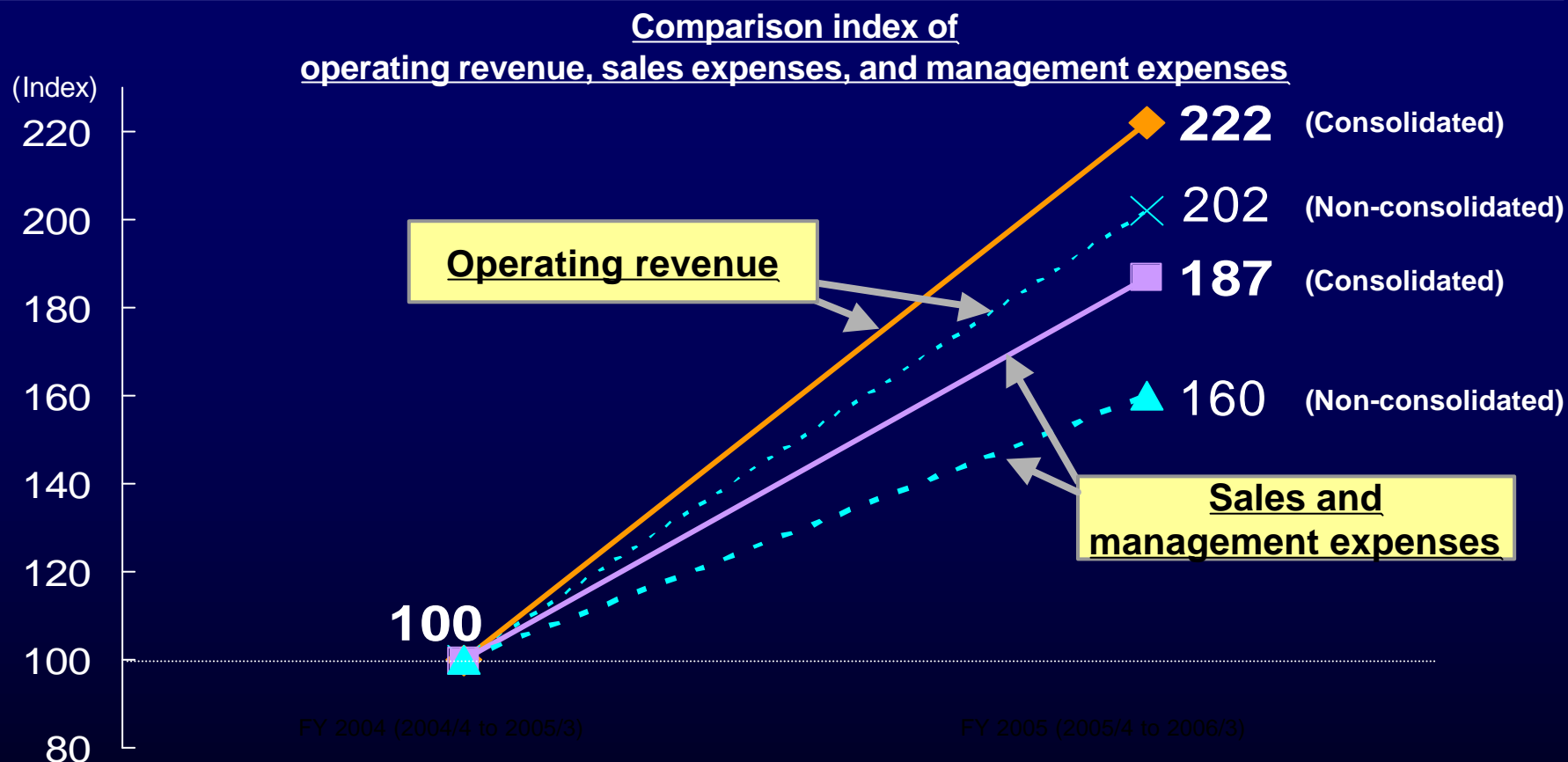
5) Sales and General Management Expenses



Note: E*TRADE Korea became a consolidated subsidiary of E*TRADE in March 2005, so the subsidiary's results are included in the consolidated performance for the fiscal year ended March 31, 2006.

5) Sales and General Management Expenses

Comparison of Operating Revenue and Sales and Management Expenses



Operating revenue expanded by two times (non-consolidated) compared to the same period in the previous year, and sales and management expenses only grew by 1.6 times (non-consolidated). Helped by volume discounts and cost cutting, the profit rate improved.

Note: E*TRADE Korea became a consolidated subsidiary of E*TRADE in March 2005, so the subsidiary's results are included in the consolidated performance for the fiscal year ended March 31, 2006.

Performance Highlights

6) E*TRADE Korea Outlook

E*TRADE
K O R E AOutlook (Current from end of 2006/3)

Stock capitalization: 56 billion Korean won

Investment ratio: 87%

Employees: 101

Accounts: 96,711

Brokerage turnover: 46.4248 trillion won

Main trading products

Stocks, application for publicly offered stocks, futures, options, stock warrant, Japanese stock trading, investment trust, and securities-secured loan

Trading tools

HTS (Stock, futures, options, transaction program), web, automatic phone transaction, and mobile phone

Main strengths

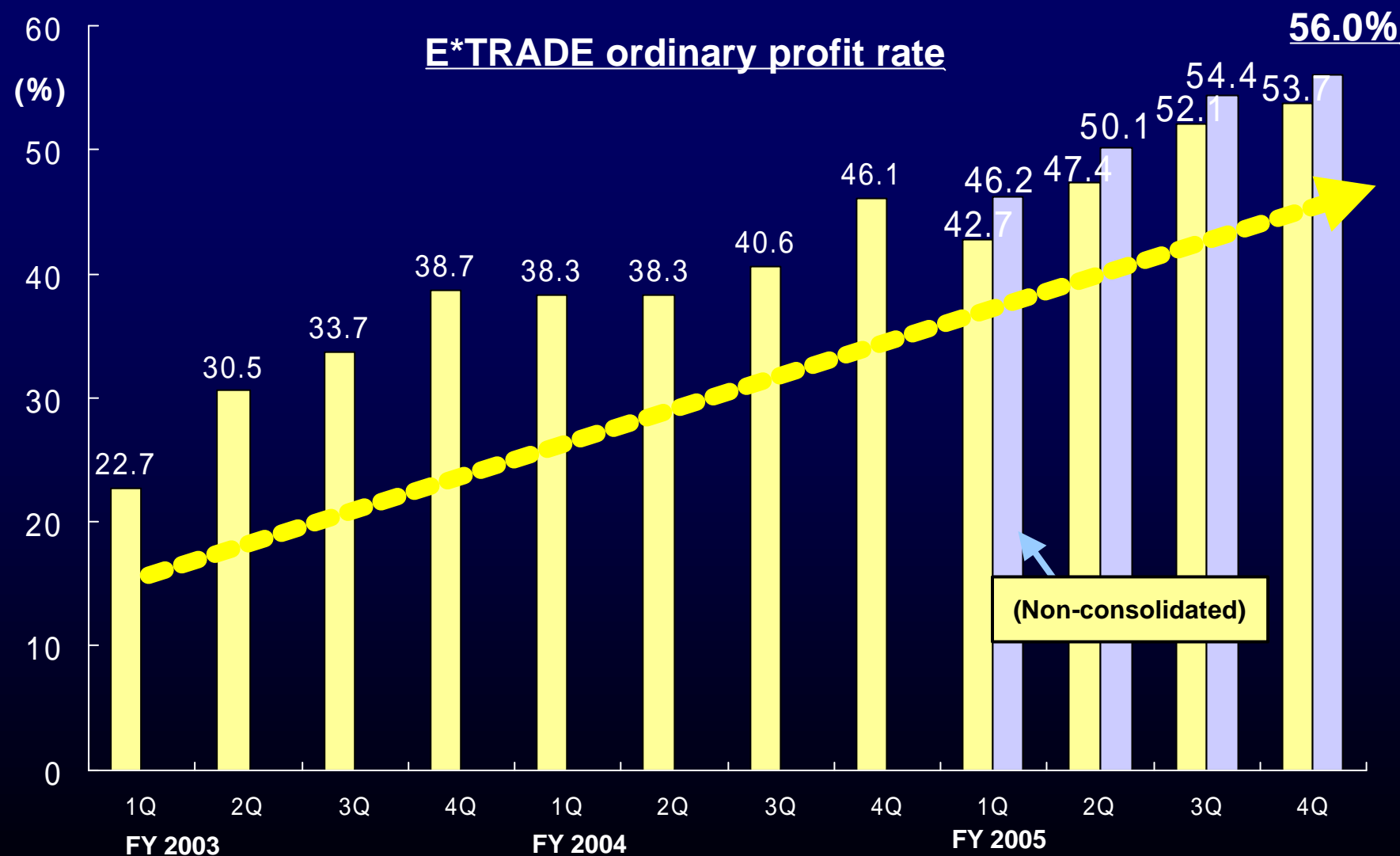
- The lowest online commission rate in Korea (Stock: 0.024%)
- Online investment consulting (video, audio, chat)
- There is good potential to acquire new accounts through greater cooperation with banks and portal services.

Achieved the highest ever earnings and profit

In FY 2005, E*TRADE Korea wiped away its accumulated losses and made preparations for listing on the KOSDAQ market.



Business Model of Increasing Returns and Ordinary Profit Rate by Quarter



Note: Calculated using ordinary profit divided by operating revenue.

2. Main Business Tasks This Term

2. Main Business Tasks This Term

Items with no mark indicate a service release and items with an asterisks ("*") indicate an intended or a cooperative release.

Main Business Tasks for FY 2005 (1)

Implementation month	Task content	E*TRADE indicator
April	<ul style="list-style-type: none"> • Launch Realtime trading tool: HYPER E*TRADE. 	Total securities accounts Top 600,000 accounts
May	<ul style="list-style-type: none"> • Launch Korean stock trading service. * <u>In cooperation with Japan Net Bank, solicit new accounts and launch operations.</u> * <u>To support venture businesses, take an equity stake in funds established by Netage Capital.</u> 	
June	Launch premium search engine for shareholders.	
July	<ul style="list-style-type: none"> • Lower the commission rate on stocks traded over the Internet. • Foreign exchange guarantee deposit trading: Expand to 14 currency pairs. • ATM card issuing launches (Cash card, E*TRADE JCB card). • Cooperate with Seven Bank as a financial institution where the ATM card can be used. • Invite subscriptions for SBI Unlisted Stock Fund III. 	Total securities accounts Top 700,000 accounts <u>Monthly brokerage turnover</u> <u>Over 4 trillion yen</u>
August	<ul style="list-style-type: none"> • Launch an order conditions service for trading in domestic stocks (excluding JASDAQ). • Launch lead-managing underwriter business for IPOs. • Launch Japan's first ever peso-based interest-bearing bond. 	<u>Monthly brokerage turnover</u> <u>Over 5 trillion yen</u>
September	<ul style="list-style-type: none"> • Launch foreign exchange guarantee deposit trading service that uses mobile phones: MOBILE E*TRADE. • Yahoo!: Launch securities brokerage service. 	<u>Monthly brokerage turnover</u> <u>Over 6 trillion yen</u>
October	<ul style="list-style-type: none"> • Lower the commission rate on stocks traded over the Internet. • Launch securities brokerage service: Nexyz TRADE. • Start handling stocks listed on the Sapporo Market. • Start handling futures options through the MOBILE E*TRADE phone service. • Launch a real estate auction service: Operator is IDU Co. • Launch Japan's first renminbi-yen linked corporate bond: Nicknamed "E*CHINA." 	Total securities accounts Top 800,000 accounts

2. Main Business Tasks This Term

Items with no mark indicate a service release and items with an asterisks ("**") indicate an intended or a cooperative release.

Main Business Tasks for FY 2005 (2)

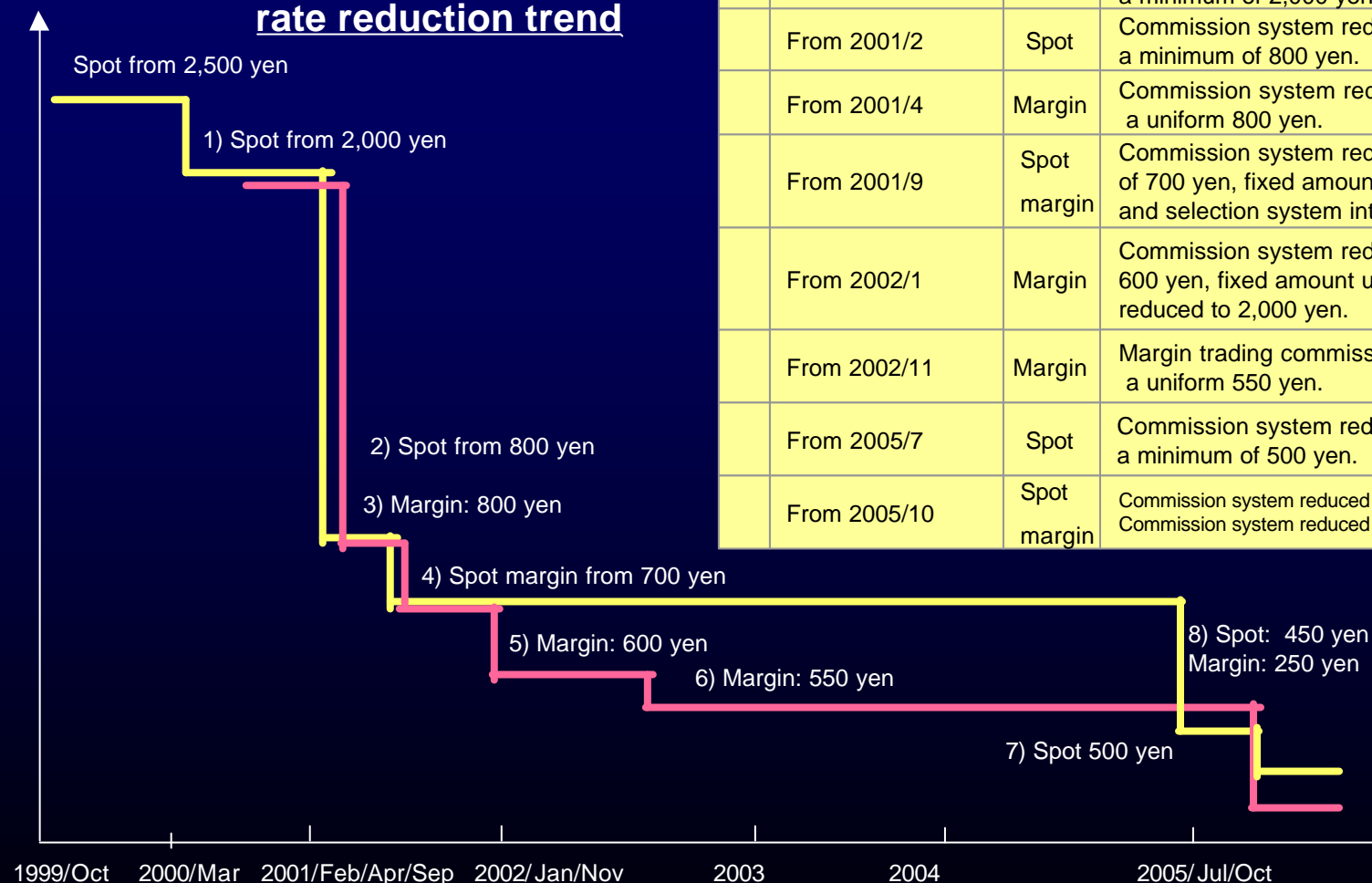
Implementation month	Task content	E*TRADE indicator
November	<ul style="list-style-type: none"> * <u>Announce plan to merge underwriting business with SBI securities (starting from February).</u> * <u>Cooperate with Hyakugo Bank in the market promotion business.</u> * <u>Reach a decision to increase capital through public offering (pay on 12/16) and to perform a stock split (take effect on 2/1).</u> 	Monthly brokerage turnover Over 7 trillion yen
December	<ul style="list-style-type: none"> • Launch the i-appli investment tool: HYPER MOBILE service (investment information only). • Strengthen the online securities trading system to handle 1.5 million accounts. 	Total securities accounts Top 900,000 accounts Monthly brokerage turnover Over 10 trillion yen
January	<ul style="list-style-type: none"> • Launch an investment trust/installment purchase service. • Launch the i-appli trading tool: HYPER MOBILE (added trading feature) service. • Add postal savings as a financial institution where the ATM card can be used. * <u>In cooperation with SBI Mortgage, solicit new securities accounts and launch operations.</u> * <u>Begin to examine ways in which to cooperate with Sumitomo Trust Bank.</u> 	Total securities accounts Top 1,000,000 accounts
February	<ul style="list-style-type: none"> • Completely renew the MOBILE E*TRADE service for mobile phone users. 	Total securities accounts Top 1,100,000 accounts
March	<ul style="list-style-type: none"> • Add a website search engine. 	

2. Main Business Tasks This Term

Gradual Reduction of Stock Commissions to the Lowest Level in the Industry

Commission (Yen)

Standard plan
rate reduction trend



Commission reduction trend

From 2000/3	Spot	Commission system reduced to a minimum of 2,000 yen.
From 2001/2	Spot	Commission system reduced to a minimum of 800 yen.
From 2001/4	Margin	Commission system reduced to a uniform 800 yen.
From 2001/9	Spot margin	Commission system reduced to a minimum of 700 yen, fixed amount from 2,500 yen and selection system introduced.
From 2002/1	Margin	Commission system reduced to a uniform 600 yen, fixed amount up to 3 million yen reduced to 2,000 yen.
From 2002/11	Margin	Margin trading commission reduced to a uniform 550 yen.
From 2005/7	Spot	Commission system reduced to a minimum of 500 yen.
From 2005/10	Spot margin	Commission system reduced to a minimum of 450 yen. Commission system reduced to a minimum of 250 yen.

2. Main Business Tasks This Term

Launch Investment Trust/Installment Purchase Service

Support stable asset management for the investment novice.

January
installment



- Investor wants to invest a small amount.
- It is difficult to select an investment target.
- It is difficult to ascertain the investment period.
- Customer is interested in long-term asset formation.

Investors in their 20s and 30s comprise nearly 50% of all accounts. So E*TRADE tailors products to this customer class who are interested in asset formation.

Main features

- It is possible to invest a minimum of 10,000 yen per month.
- It is possible to freely set the investment day.
- As an extra increment, it is possible to increase the investment amount up to twice a year.
- It is possible to easily verify the trading conditions.
- Offer seven exclusive funds that meet diverse customer needs. (Japanese stock, foreign stock, sovereign bond of advanced country, foreign REIT, product index, and others)

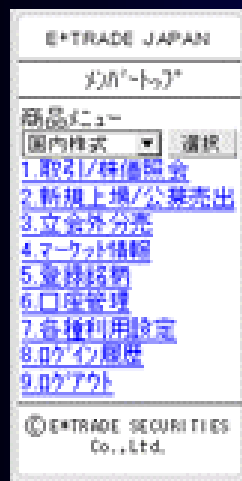
2. Main Business Tasks This Term

Mobile Service Expansion, Feature Enrichment, and Product Renewal

Greatly expand service and improve the convenience of mobile, on-the-go, trading.



As a desktop computer tool, enhance trading and information support features.



- Spot (including S stock) and margin trading
- IPO (only to verify application and lottery result)
- Investment trust (constant value reference)
- Foreign exchange guarantee deposit trading
- Futures option trading
- Account management, deposit/withdrawal indication

I-mode, Vodafone live!, EZweb, AIR-EDGE PHONE



As a mobile version of the HYPER E*TRADE service, support active spot and margin trading.

気配値(板) 13:30

8473 SBI 東証1部 貸借 総

現在値:76100 → 13:29

前日比:-2400 (-3.06%)

売株数	価格	買株数
	成行	
415	76400	
26	76300	
125	76200	
62	76100	
	76000	205
	75900	271
	75800	523
	75700	268

出来高:105718
 始値:78800(08:00)
 高値:78800(08:00)
 安値:75000(12:33)
 前終:78500(01/06)

- Spot and margin trading
- Order conditions feature
- Automatic stock price update (every five seconds)
- Execution notification

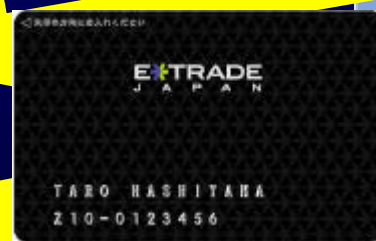
I-appli trading tool with automatic stock price update feature

2. Main Business Tasks This Term

Expand ATM Card Service to Postal Saving ATMs

Offer individual investors an optimum investment environment.

Make the E*TRADE ATM card more convenient to use



Seven Bank ATM

11,496 ATMs

(Current as of 2006/4/26)

Postal saving ATM

26,000 ATMs

(Current from end of 2005/3)

- Using an ATM card, make it possible to directly deposit/withdraw money from a securities account.
- Make the service available throughout all 47 prefectures of Japan.



Make the securities account an essential account for daily life.

2. Main Business Tasks This Term

Cooperate with Sumitomo Trust Bank

Expand new customer bases through synergies between Internet and real assets.

Retail

- Offer products and services not previously possible.
- Work on developing new customer base in individual investors.

Investment banking

- Expand investment banking (introduce underwriting targets) through market promotion business.



2006/4/3: Make good use of the market promotion business to develop new opportunities.

Launch investment trust services that deal with STB Asset Management.

E*トレード証券

- Trust agreement agency
- Business operations



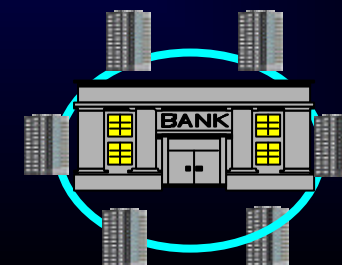
- Offer deposit, loan, and real estate products and services.
- Offer asset management consulting.

Synergy

- Offer diverse financial products based on securities brokerage.

Sumitomo Trust & Banking Group

- Securities brokerage
- Market promotion business



Note: Except for the market promotion business, all products and services are under planning.

3. Future Business Development

3. Future Business Development

1) Promote corporate business

- Expand investment banking.
- Become an IPO lead managing underwriter.
- Strengthen collaboration with financial institutions.

2) Other future developments

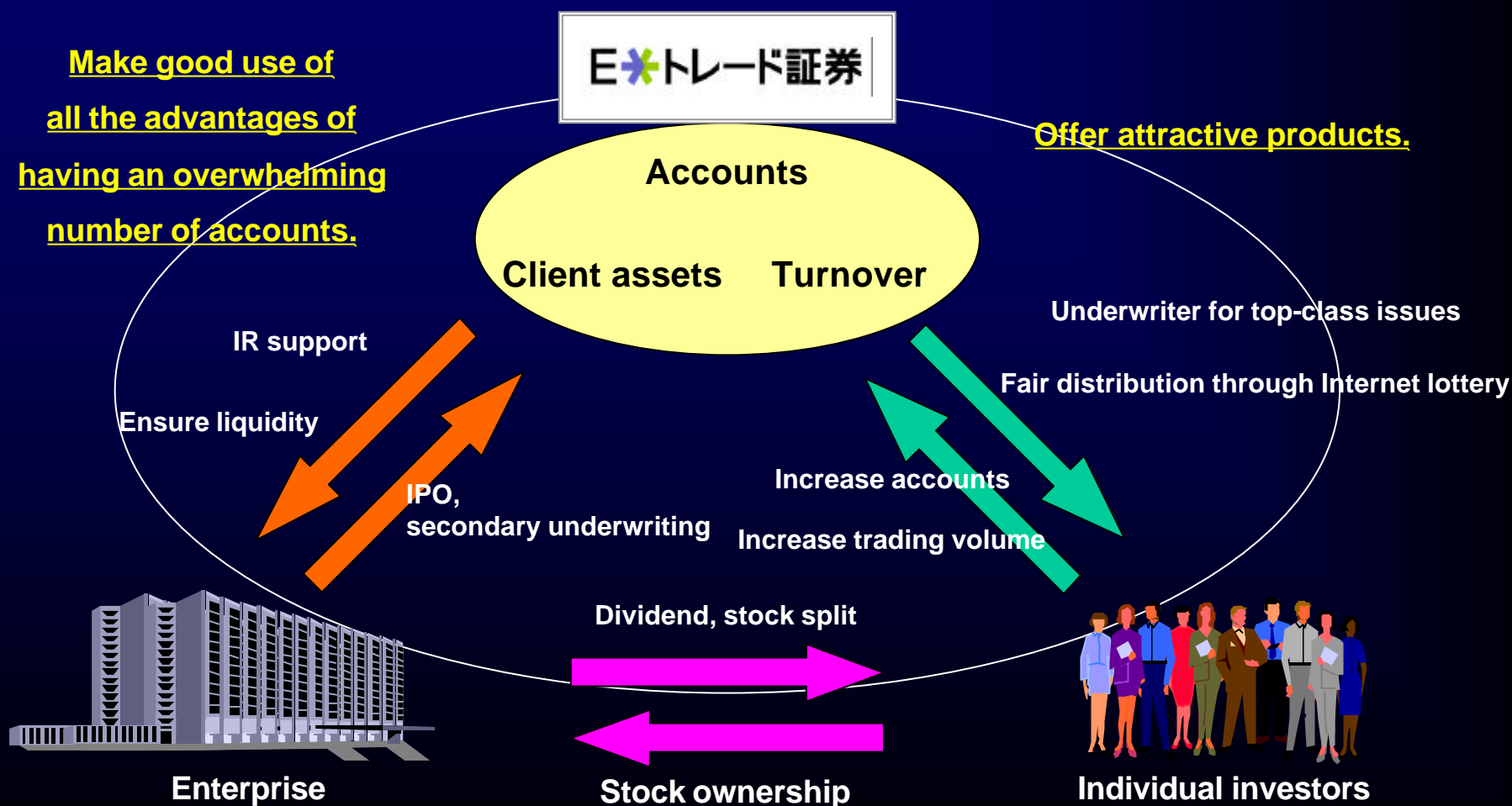
- Maintain the lowest commission rates in the industry.
- Reinforce the online securities trading system.
- Educate novice stock investors and provide them with information.
- Examine whether to permit underage accounts.
- Examine whether to expand bond services.
- Examine whether to establish an evening trading market.
- Examine whether to introduce an interactive voice response (IVR) system.

1) Promote Corporate Business

1) Promote Corporate Business

Expand Investment Banking

Serve as a bridge between primary markets and secondary markets.



1) Promote Corporate Business

Become an IPO Lead Managing Underwriter

Using our overwhelming market share,
take active steps to become a lead managing underwriter.

On 2006/5/29, E*TRADE is planning IPO proposal #2 for HI Technology, Co., Ltd.
This is E*TRADE's first listing proposal for Hercules on the Osaka Securities Exchange.

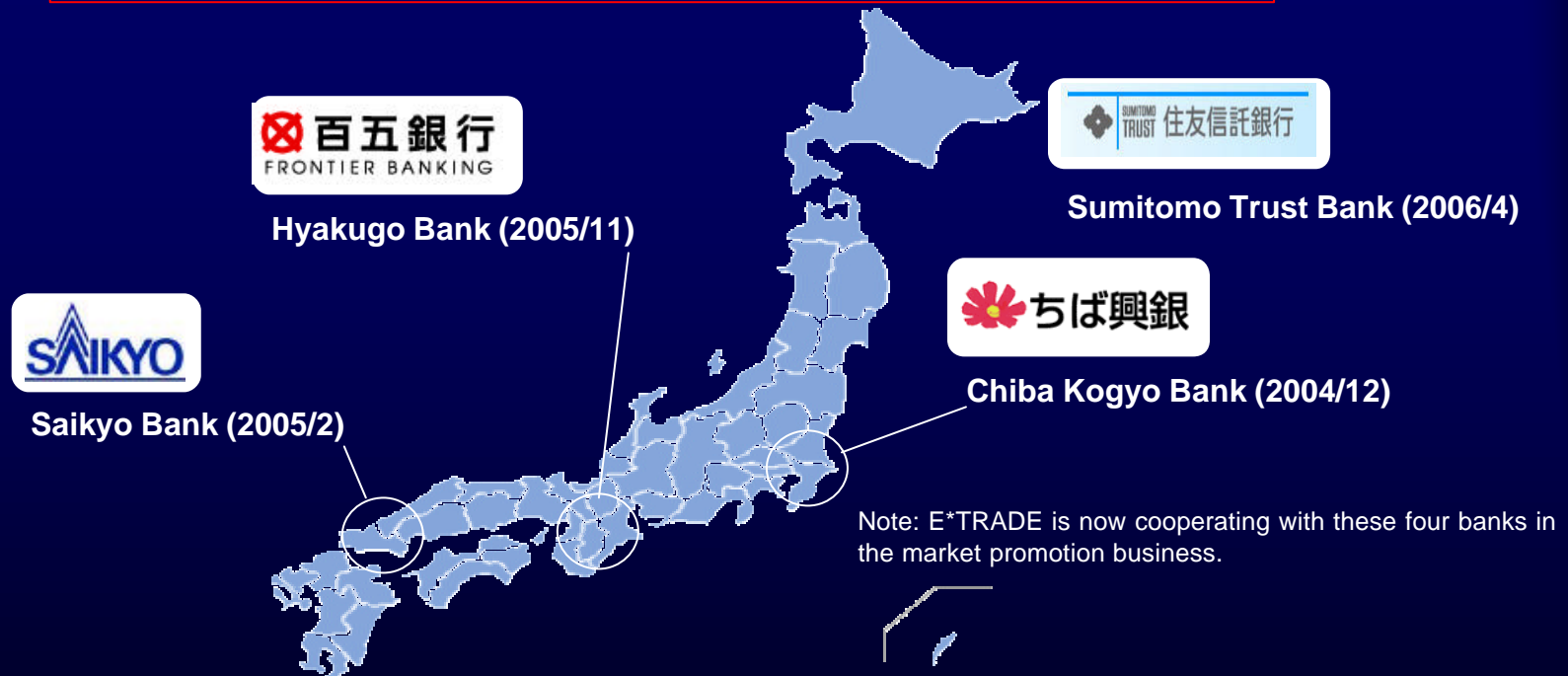


- Expand corporate business through more proposals as a lead managing underwriter.
- As underwriting commissions increase, build a stable earnings base.

1) Promote Corporate Business

Strengthen Collaboration with Financial Institutions

To improve profitability and the customer base, strengthen collaboration with financial institutions.



Market promotion business: Introduce IPO candidate companies.

Securities brokerage: Discover potential customers.

Fund management: Offer a variety of products as an institution involved with managing funds.

Strengthen development in both the retail business and the corporate business.

2) Other Future Developments

2) Other Future Developments

Maintain the Lowest Commission Rates in the Industry

Continue to pursue low commission rates,
which are already the lowest in the industry.

Active Plan (contract revision from 2006/6/1)

Spot and margin trading

Regardless of the number of trades during one day, the commission rate is fixed based on the amount of a daily total contract price.

Total amount of daily contract price	100,000 yen or below	300,000 yen or below
Stock commission (includes tax)	<div>Currently 525 yen</div> <div>0 yen</div>	<div>Currently 525 yen</div> <div>315 yen</div>

Note: Commission rate does not change for over 300,000 yen.
But a change schedule is being planned.

E*TRADE plans to sharply reduce contract rates on 2006/6/1.

E*TRADE will set its first free-price range.

Attributes of customers who open a new account

(FY 2005)

Inexperienced stock investors: 64.5%

Age group: 56.6% in 20s and 30s



Support participation in securities markets by inexperienced investors through light commission rates for small quantity trading.

Launch a campaign to further increase the number of new accounts.

2) Other Future Developments

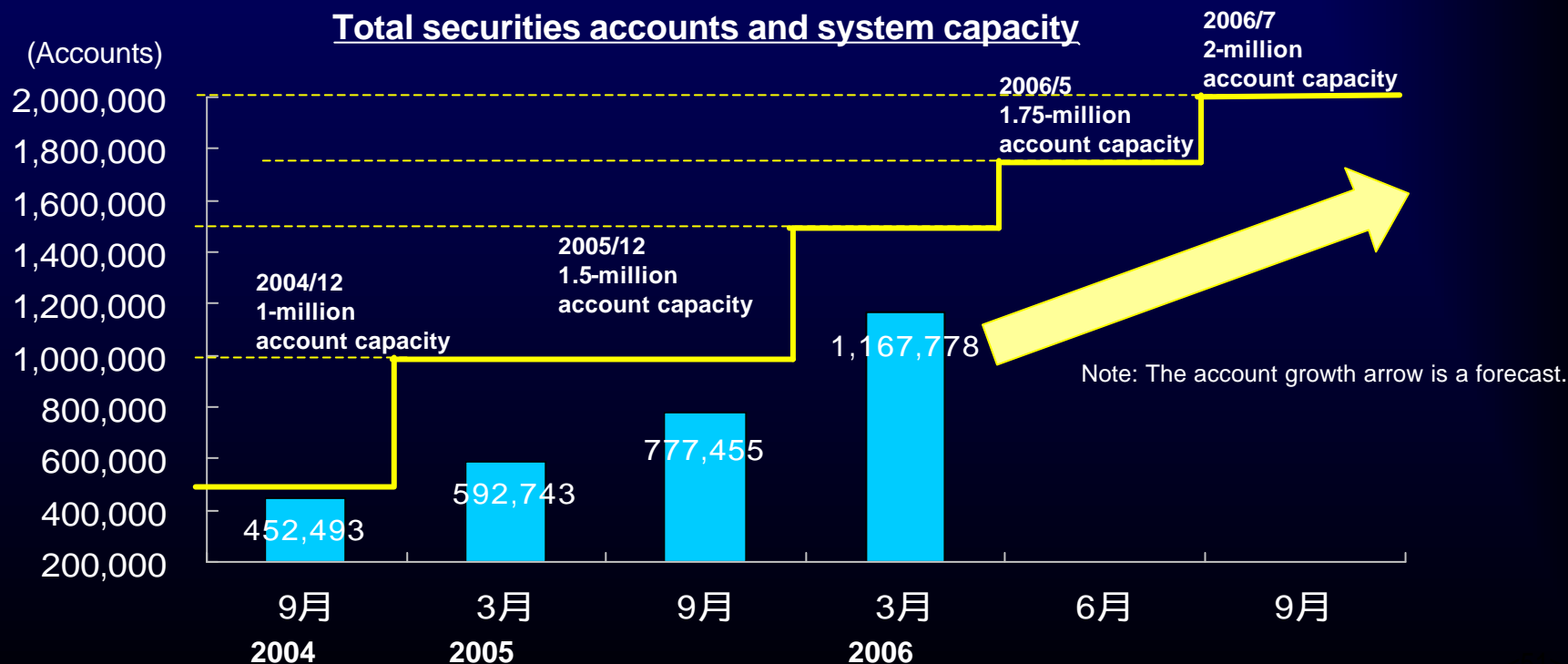
Reinforce Online Securities Trading System

As trading volume expands sharply, strengthen the system even further.

In December 2005, capacity was enhanced three times greater than the original system infrastructure introduced in July 2003.



By July 2006, capacity will be further enhanced to handle two million accounts (four times greater than the original system). There is already ample leeway to enable a stress-free trading environment.



2) Other Future Developments

Educate Novice Stock Investors

Provide novice investors who are just getting started with appropriate knowledge and information.

Offer online seminars for novices.



Provide more content for novice investors.

Provide more investment information.

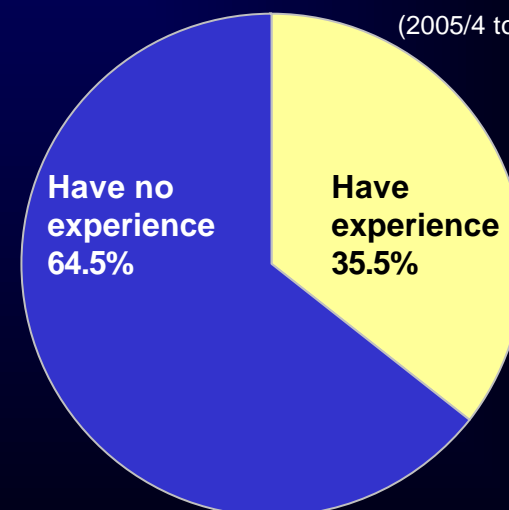
Electronically distribute news from Kabushiki Shimbun for free (HYPER E*TRADE main website).



Add information necessary for an individual customer to make an investment decision and actively support trading by individuals.

Investment experience of customers who open an account with E*TRADE

(2005/4 to 2006/3)

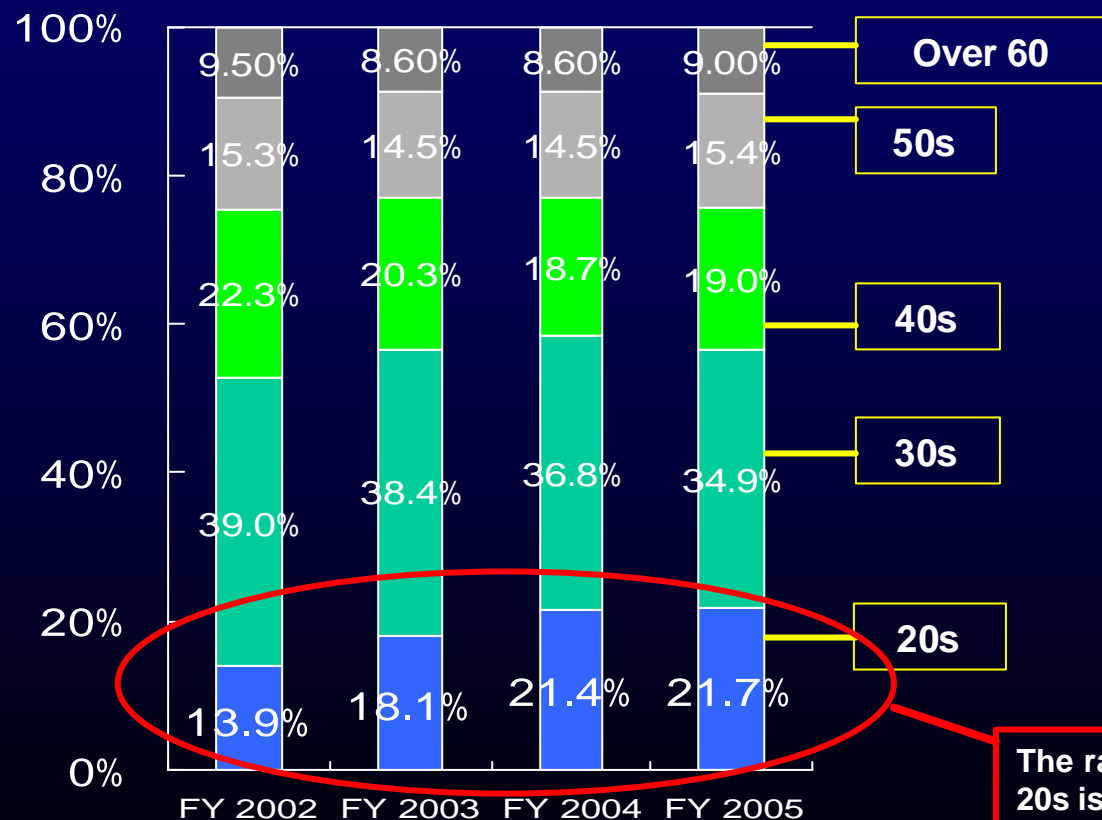


2) Other Future Developments

Examine Whether to Permit Underage Accounts

Permitting underage accounts would bring in even more customers.

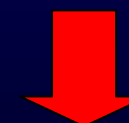
New accounts by age



There is greater need for new accounts by young customers who want to participate in securities markets.

So E*TRADE is examining whether to permit new accounts by underage customers.

Bring in young customers that have up to now not been targeted.



- Contribute to future earnings.
- Examine the impact of investment education.

The rate of new accounts by customers in their 20s is increasing.

2) Other Future Developments

Examine Whether to Expand Bond Services

Actively sale popular bonds.

Directly underwrite foreign bonds

E*TRADE is the first Japanese securities company to directly underwrite foreign bonds.

Issuer

(Example: World Bank)



Product package

Sales agency

Become deeply involved in product packaging as an underwriting and sales company.

It is now possible to package products that meet individual investor needs better than before.



Actively offer foreign bonds, which are in great demand.

Secondary trading of bonds

- With the sharp increase in bond handling, secondary trading demands have grown rapidly.
- Increase value even further through E*TRADE bond dealings.



Dealing over the Internet



2) Other Future Developments

Examine Whether to Establish an Evening Trading Market

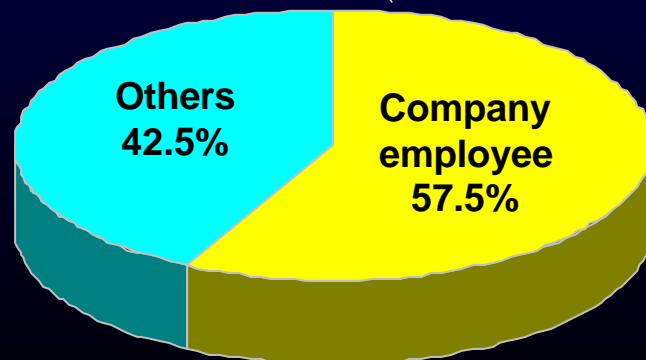


It is difficult for individual investors to deal in realtime during the daytime.

E*TRADE would like to establish a market in which individuals can trade in realtime.

Company employee share of E*TRADE accounts

(Current from end of 2006/3)



This would also provide companies with an additional market in which to raise funds.

The opening times and other details are now under examination.

2) Other Future Developments

Examine Whether to Introduce an IVR System

To improve convenience, E*TRADE is examining whether to introduce stock price inquiries and stock ordering over the telephone.

Introduce an automatic response system so customers can inquire about stock prices and receive information.

- As transaction channels increase, E*TRADE must find ways to corral diverse investor types.
- Functional support for young people who like to deal online from a website and for customers who have a difficult time reading information from a mobile site.
- Placing orders around-the-clock is possible.
- An evening session would also serve as a backup and as a transaction channel in case of emergency.

Current information and transaction channels available

- Websites
- HYPER E*TRADE trading tool
- MOBILE E*TRADE, HYPER MOBILE
- Call center



Through the phone

- Stock price inquiry
- Place orders



E*TRADE will now examine when to introduce evening trading and other details.

4. Stock Split and Capital Increase through Public Subscription

4. Stock Split and Capital Increase

Details and Objectives

Capital increase through public subscription

- 2005/12/16 payment date: Issue 66,000 common stocks.
- 2006/1/16 payment date: Distribute 6,000 common shares to third party due to over allotment.
- Fund raising amount: 49 billion yen (including allocation of shares to third party).
- Purpose of funds: E*TRADE is increasing its net tangible worth to expand its underwriting and margin trading businesses. E*TRADE plans to allocate operating capital toward expanding its Internet margin trading business.



- More actively develop the underwriting business.
- In margin trading, promote self-financing and stock-lending businesses.

Regulatory capital ratio

2005/9 end
335.5 %



2006/3 end
577.9 %

Stock split

- Overview: Implement a 3-for-1 stock split.
- Schedule: 2006/2/1 effectuation date.
- Objective: To ensure stock liquidity and to create a trading environment in which individual shareholders can easily make transactions.

Number of shareholders: 20,962 as of the end of March 2005 and 95,014 as of the end of March 2006.

Number of issued shares: 956,856 as of the end of March 2005 and 3,143,817 as of the end of March 2006.

5. Return of Profits to Stockholders

5. Return of Profits to Stockholders

End of Term Dividend

E*TRADE plans to have a dividend of 1,600 yen per common stock, after taking account of a three-for-one stock split that took effect on February 1, 2006. Before taking account of the stock split, the dividend is 4,800 yen, which is over two times the previous dividend of 2,300 yen (including commemorative dividend). The increase is over three times larger than the ordinary dividend of the previous term.

	FY 2005 (Current term)		FY 2004 (Previous term)
	Per share (After taking account of split)	(Before taking account of split)	Per share
Ordinary dividend	1,600 yen	4,800 yen	1,500 yen
IPO commemorative dividend	-	-	800 yen
Total	1,600 yen	4,800 yen	2,300 yen

Note: On February 1, 2006, E*TRADE executed a three-for-one common stock split.

<http://www.etrade.ne.jp>