

Information Meeting for First Nine Months of Fiscal 2008

SBI E*TRADE SECURITIES

~ Nine months ended December 31, 2007 ~

January 29, 2008

SBI E*TRADE SECURITIES Co., Ltd.

Code 8701

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1. Financial Highlights

Consolidated Financial Highlights for First Nine Months of Fiscal 2008

Higher revenues and earnings due to growth in revenues from investment trusts, financial revenues and other sources

(Unit: Million yen, %)

	First nine months of FY07 (April '06 ~ Dec. '06)	First nine months of FY08 (April '07 ~ Dec. '07)	YoY change
Operating revenues	42,311	49,784	+17.7
Net operating revenues	39,435	44,924	+13.9
Operating income	18,015	18,624	+3.4
Ordinary income	18,212	18,460	+1.4
Net income	10,164	11,537	+13.5

*Added about 910 million yen to the doubtful account allowance for OHT stock during the first three quarters of FY08.

Fiscal 2007 and 2008 Consolidated Quarterly Financial Highlights

Revenues and earnings up YoY and revenues higher than in 2nd quarter

(Unit: Million yen, %)

	Fiscal 2007		Fiscal 2008				
	3rd quarter (Oct. ~ Dec. '06)	4th quarter (Jan. ~ Mar. '07)	1st quarter (Apr. ~ June '07)	2nd quarter (July ~ Sept. '07)	3rd quarter (Oct. ~ Dec. '07)	YoY change	vs. prior quarter
Operating revenues	13,737	15,100	15,440	17,138	17,205	+25.3	+0.4
Net operating revenues	12,642	13,861	14,115	15,133	15,675	+24.0	+3.6
Operating income	5,803	6,527	6,113	6,544	5,966	+2.8	-8.8
Ordinary income	5,744	6,358	6,112	6,426	5,921	+3.1	-7.9
Net income	3,191	3,646	3,221	4,113	4,202	+31.7	+2.2

*Added about 450 million yen to the doubtful account allowance for OHT stock in the second and the third quarter.

<4>

Highlights of First Nine Months of Fiscal 2008 Consolidated Performance

(1) Brokerage commissions •• Up 2.1% YoY to 23,993 million yen

- 1,602,797 customer accounts (end of Dec. '07). 104,040 new accounts during the first nine months
- Share of retail brokerage trading value rose to an all-time high of 37.1% in the first nine months.

(2) Financial revenues •• Up 33.7% YoY to 16,976 million yen

- Big increase of about 31.3% in net financial revenues to 12,911 million yen mainly because of growth in use of internal financing.
- 164,443 customer accounts (end of Dec. '07). 6,178 new accounts during the third quarter (avg. of 2,059 accounts per month)

(3) Underwriting, offering and selling commissions •• Up 45.3% YoY to 2,138 million yen

- Revenues associated with investment trusts increased 200.4% to 2,979 million yen due to an increase in the number of funds offered.
- Ranked first among Japanese securities companies by underwriting 45 issues.

(4) Trading gains and others •• Up 43.4% YoY to 6,675 million yen

- Reduction in commissions and other actions led to increase in foreign exchange margin accounts and trading volume. Other revenues increased because of growth in profits from sales at a systems subsidiary and other factors.

(5) Selling, general and administrative expenses

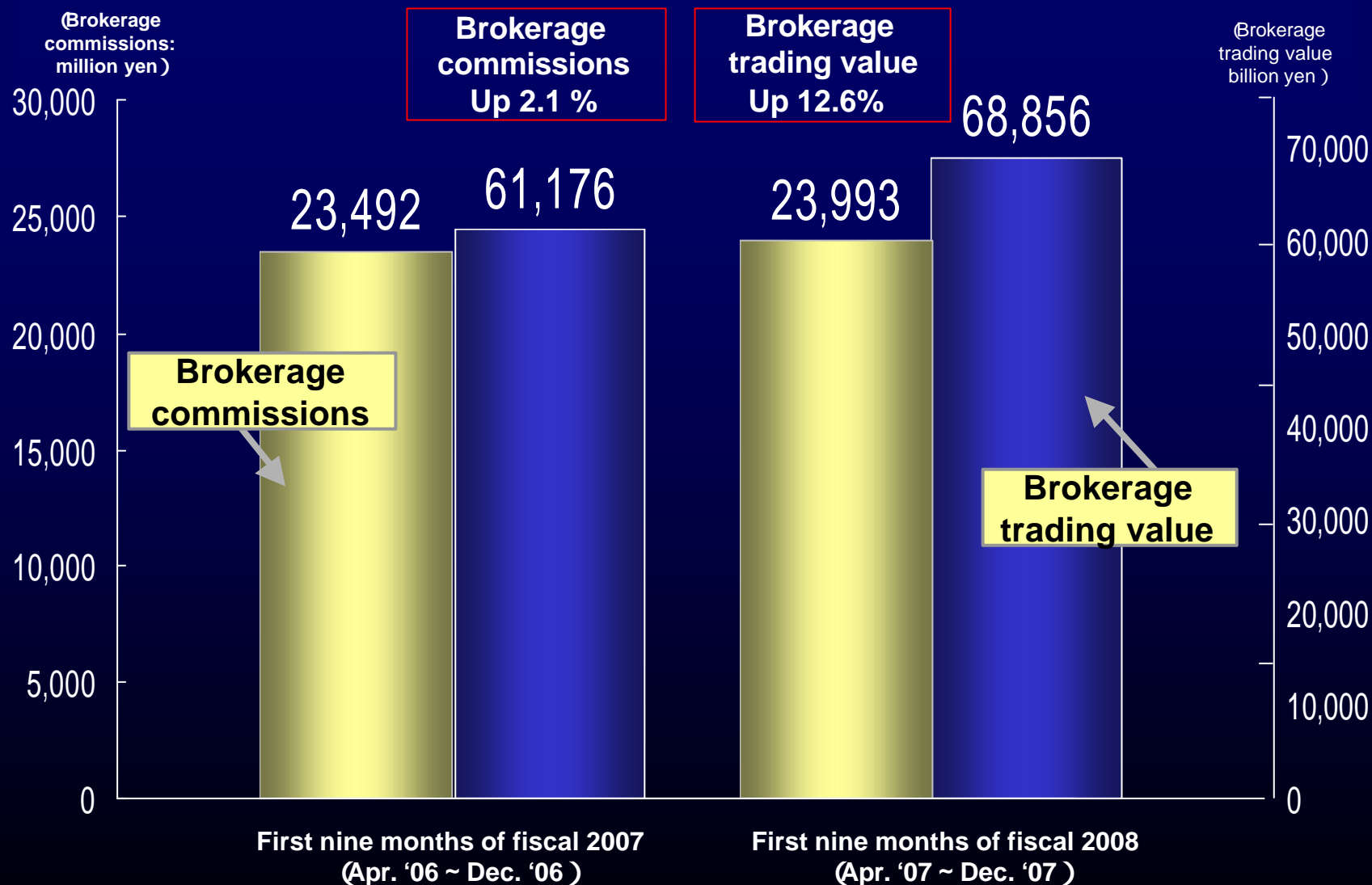
- SG&A expenses increased because of the larger scale of operations following the merger with SBI Securities.

(6) Consolidated subsidiaries

- Benefiting in part from favorable market conditions, E*TRADE Korea Co., Ltd. posted 67.0% growth in operating revenues and a 121.4% increase in net income.

Nine months highlights

(1) Consolidated Brokerage Commissions

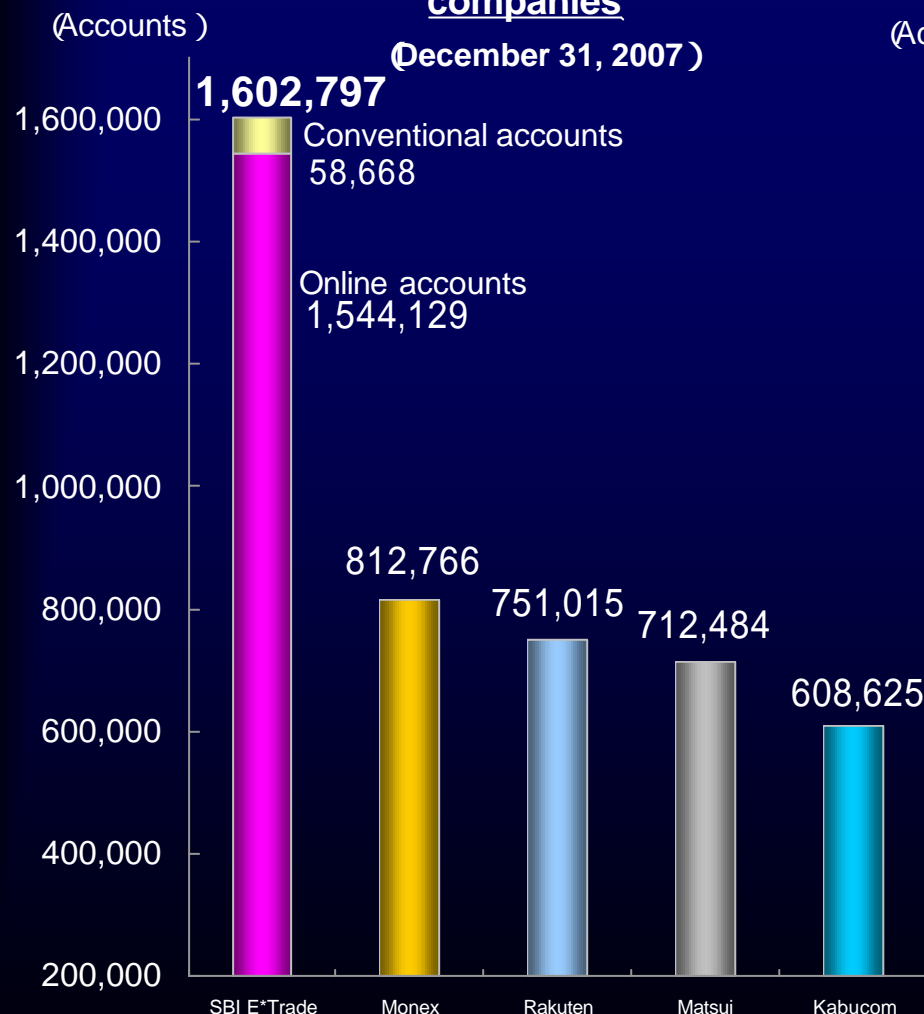


*Brokerage commissions and brokered transactions are the sum of activity for online and conventional accounts. <6>

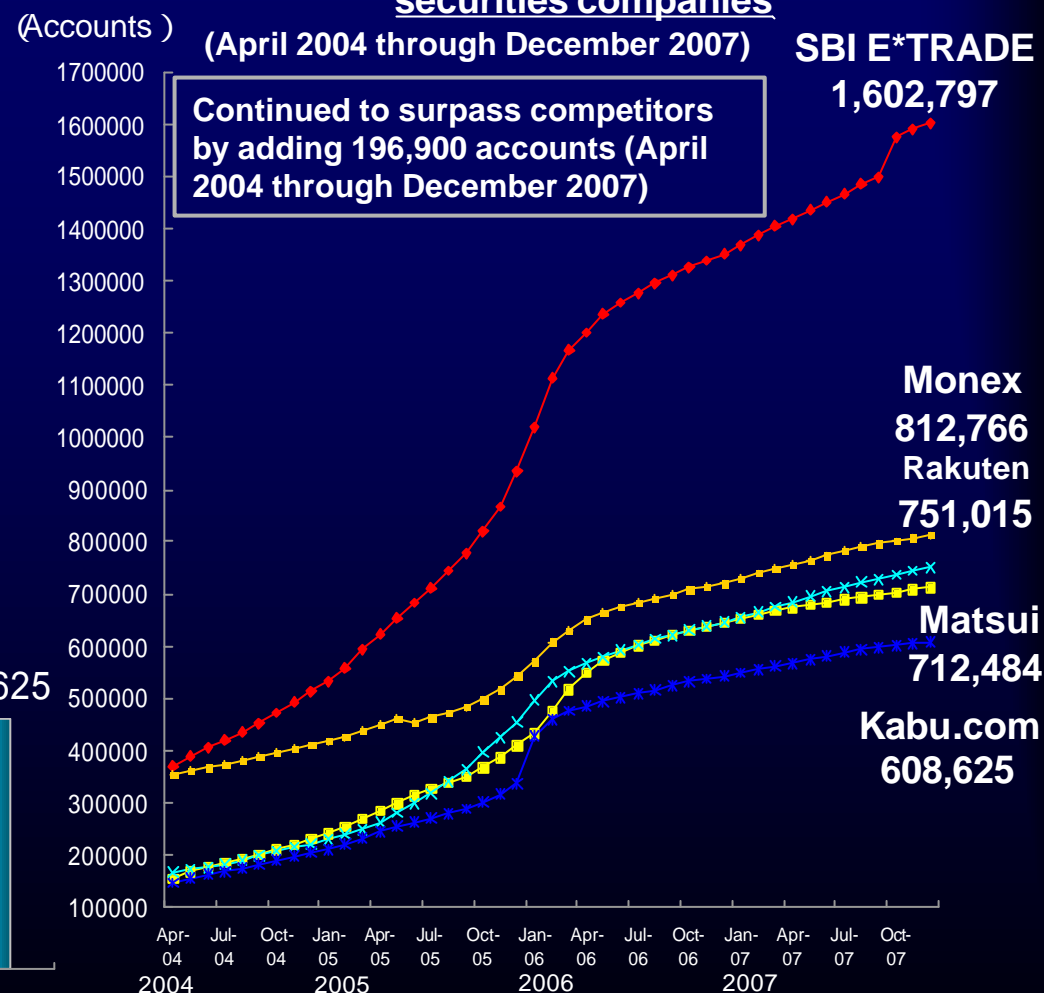
(1) Brokerage Commissions

Customer accounts at major online securities companies

Customer accounts at big five online securities companies



Growth in customer accounts at big five online securities companies



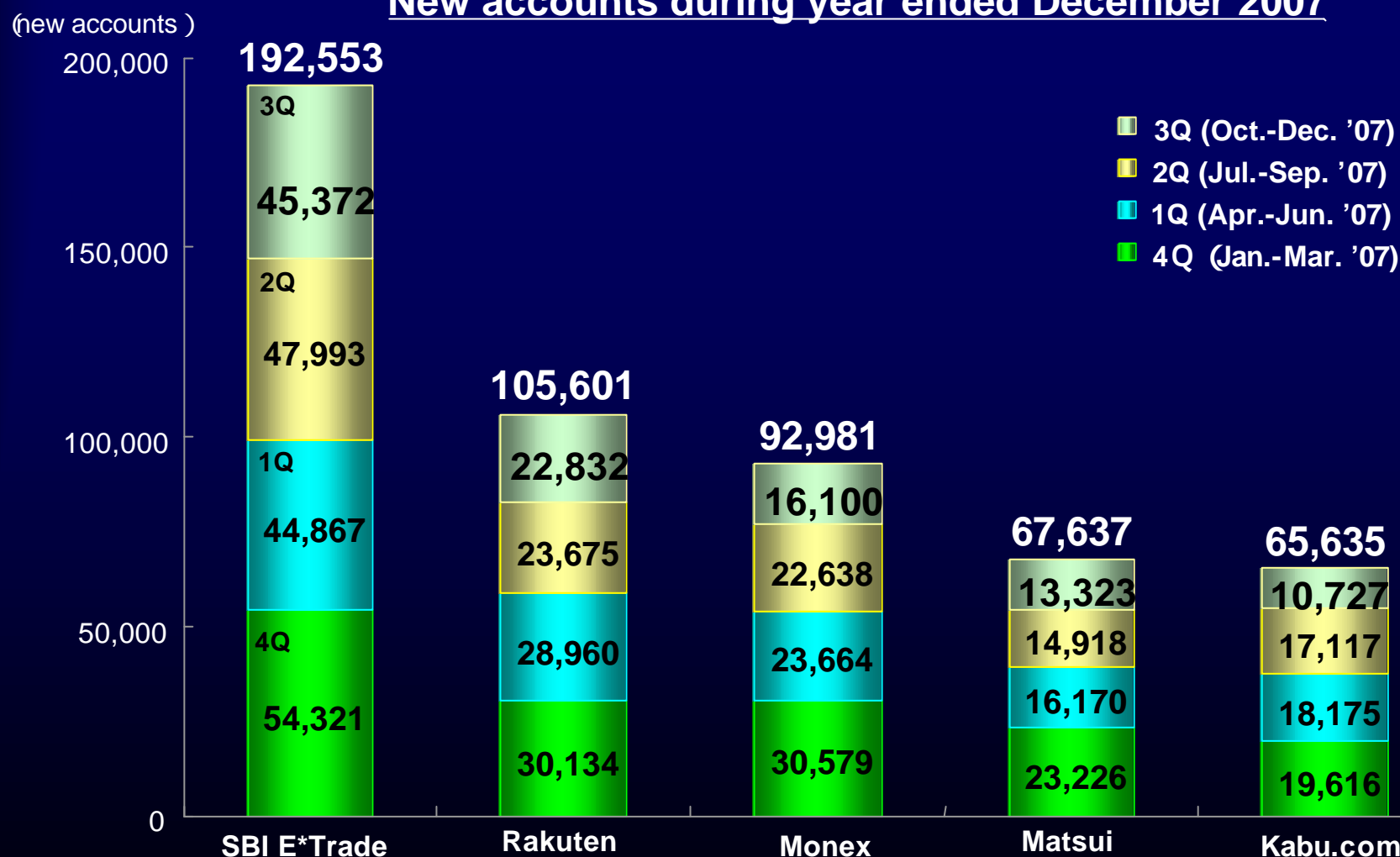
Source: Compiled by SBI E*TRADE SECURITIES based on Web sites and other public information for each company

*1. Monex is the sum of Nikko Beans and Monex. 2. Kabu.com merged with MeNet in January 2006. 3. SBI E*TRADE SECURITIES merged with SBI Securities in October 2007.

(1) Brokerage Commissions

New accounts at major online securities companies

New accounts during year ended December 2007

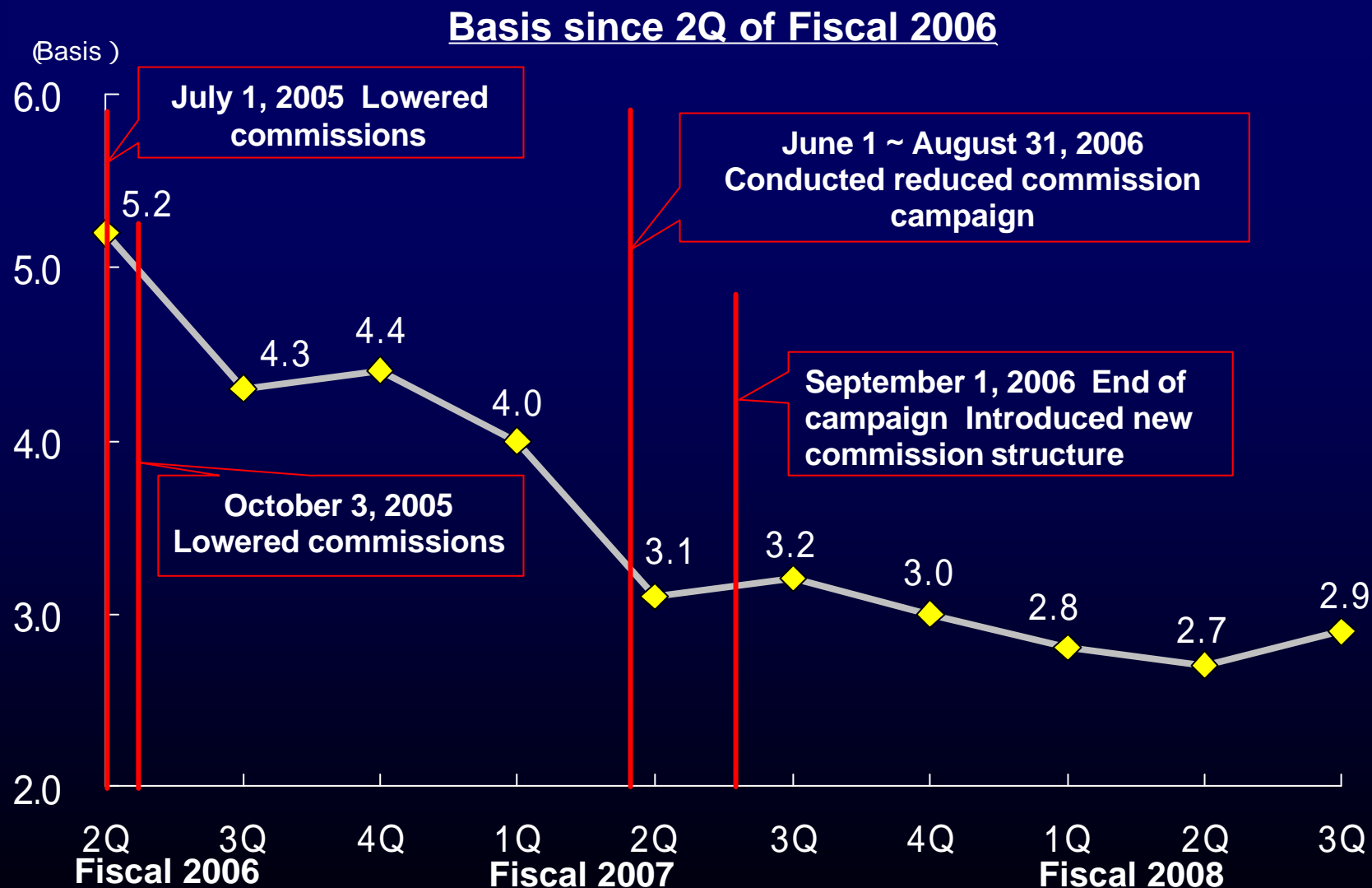


*Only online accounts; does not include conventional accounts.

Source: Compiled by SBI E*TRADE SECURITIES based on Web sites and other public information for each company
 SBI E*TRADE SECURITIES merged with SBI Securities in October 2007.

(1) Brokerage Commissions

Change in SBI E*TRADE basis



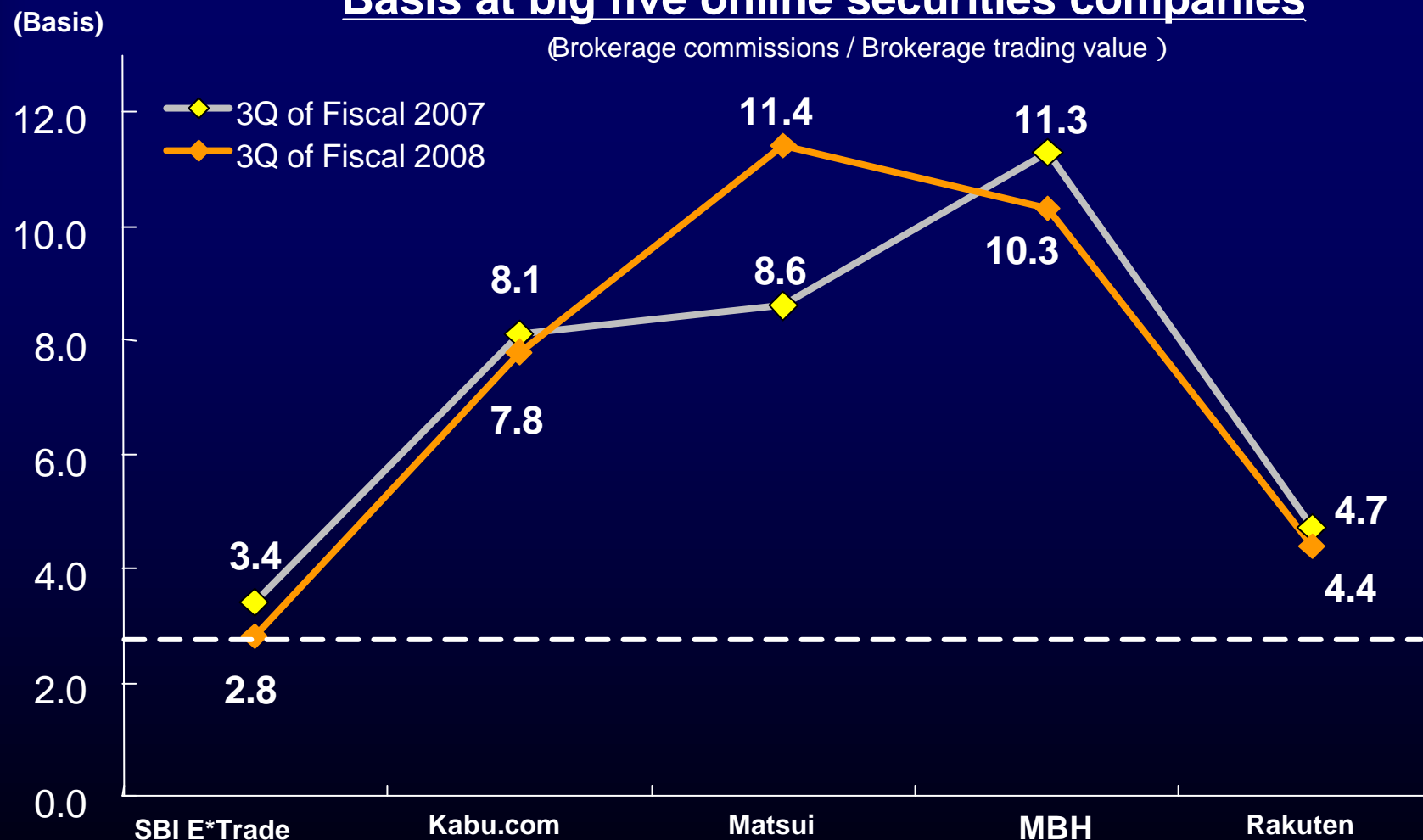
Note: Quarterly index calculated by dividing non-consolidated brokerage commissions by brokered trades, using brokerage commissions as shown in the kessan tanshin.

Based on solely figures for the online securities business (the former SBI E*TRADE SECURITIES) in FY08 3Q.

(1) Brokerage Commissions

Basis at major online securities companies

Basis at big five online securities companies



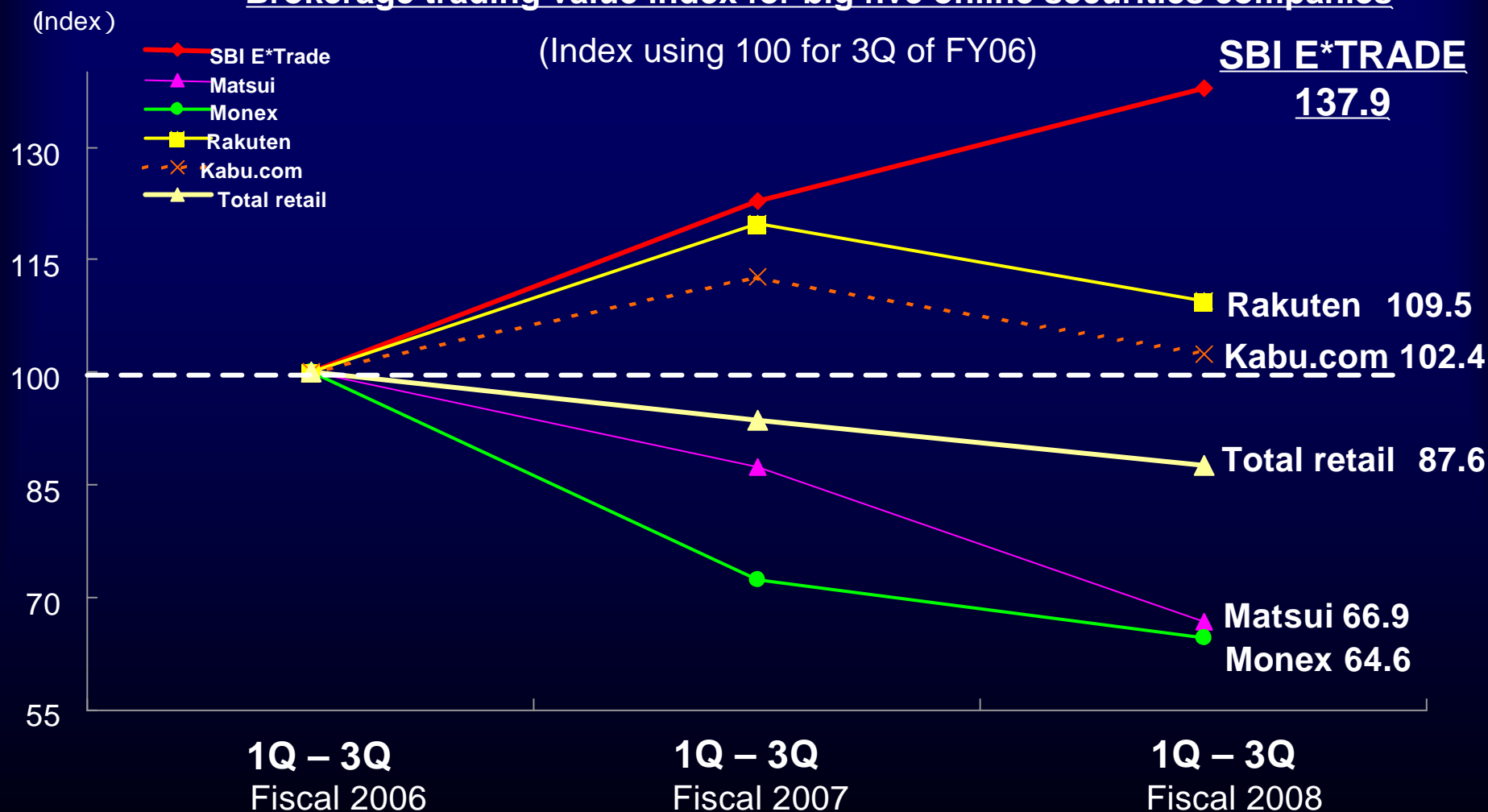
Source: Compiled by SBI E*TRADE SECURITIES based on Web sites and other public information for each company

Cumulative figures for April through September. Brokerage commissions as shown in the non-consolidated kessan tanshin.
 Based on solely figures for the online securities business (the former SBI E*TRADE SECURITIES) in FY08 3Q.

(1) Brokerage Commissions

Brokerage trading value at major online securities companies

Brokerage trading value index for big five online securities companies



Source: Compiled by SBI E*TRADE SECURITIES based on Tokyo Stock Exchange and JASDAQ materials and Web sites and other public information for each company

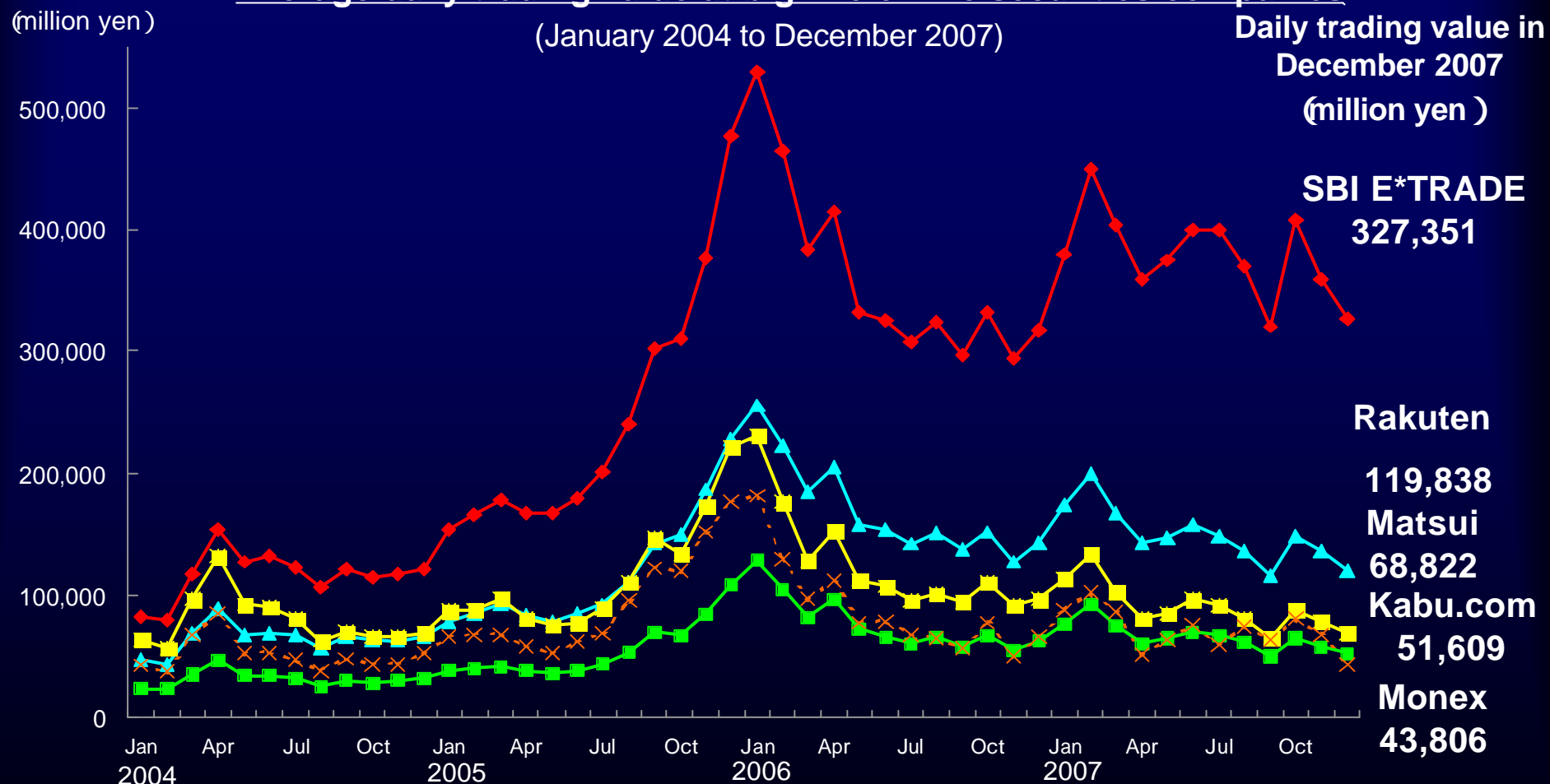
*Retail brokerage transactions are sum for Tokyo, Nagoya and Osaka exchanges and JASDAQ.

SBI E*TRADE SECURITIES figures for FY08 are based solely online transactions.

(1) Brokerage Commissions

Brokerage trading value at major online securities companies

Average daily trading value at big five online securities companies



Source: Compiled by SBI E*TRADE SECURITIES based on Tokyo Stock Exchange and JASDAQ materials and Web sites and other public information for each company.

* Monex is the sum of Nikko Beans and Monex. Kabu.com merged with MeNet in January 2006.

SBI E*TRADE SECURITIES merged with SBI Securities in October 2007.

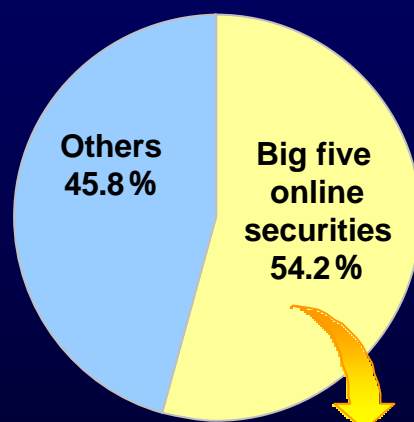
(1) Brokerage Commissions

Share of retail brokerage trading value at major online securities companies

SBI E*TRADE SECURITIES market share has exceeded the shares of the other four major online securities companies for three consecutive FY third quarters

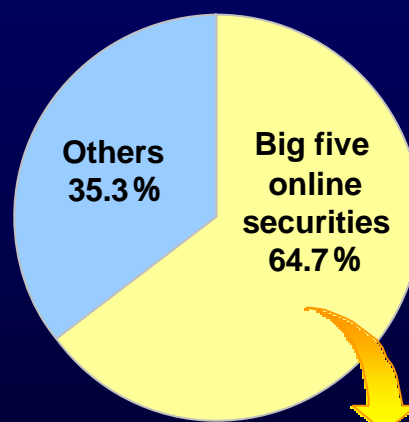
Change in share of retail brokerage trading value

3Q of fiscal 2006
(Oct. ~ Dec. '05)



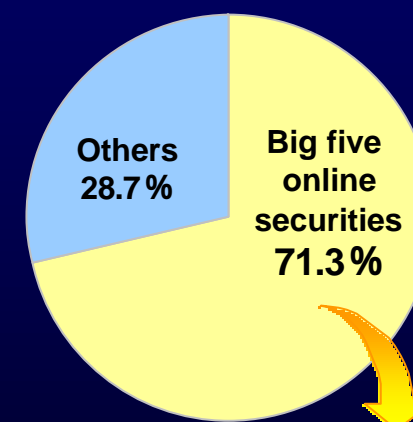
SBI E*TRADE	21.3 %
Rakuten	10.3
Matsui	9.7
Monex	8.2
Kabu.com	4.8

3Q of fiscal 2007
(Oct. ~ Dec. '06)



SBI E*TRADE	29.9 %
Rakuten	13.4
Matsui	9.4
Monex	6.2
Kabu.com	5.8

3Q of fiscal 2008
(Oct. ~ Dec. '07)



SBI E*TRADE	37.1 %
Rakuten	13.7
Matsui	8.0
Monex	6.6
Kabu.com	5.9

Source: Compiled by SBI E*TRADE SECURITIES based on Tokyo Stock Exchange and JASDAQ materials and Web sites and other public information for each company
 *Retail stock brokerage transactions are sum for Tokyo, Nagoya and Osaka exchanges and JASDAQ.

Kabu.com merged with MeNet in January 2006
 SBI E*TRADE SECURITIES merged with SBI Securities in October 2007.

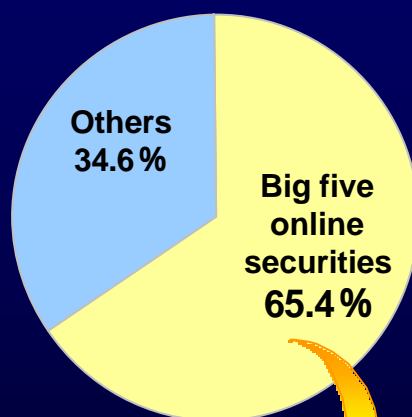
(1) Brokerage Commissions

Share of retail margin trading value at major online securities companies

Change in share of retail margin trading value

3Q of fiscal 2006

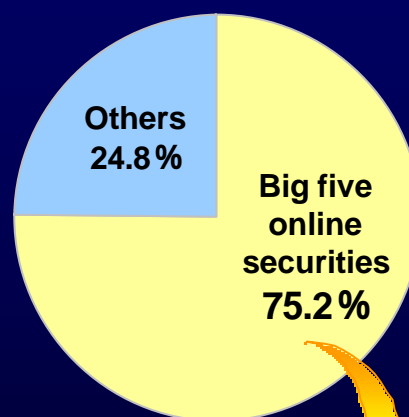
(Oct. ~ Dec. '05)



SBI E*TRADE	24.9 %
Matsui	13.8
Rakuten	11.9
Monex	8.7
Kabu.com	6.1

3Q of fiscal 2007

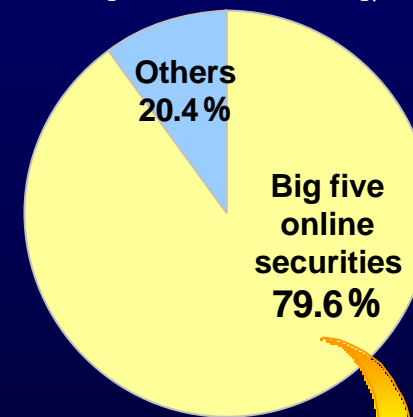
(Oct. ~ Dec. '06)



SBI E*TRADE	35.5 %
Rakuten	14.9
Matsui	12.0
Kabu.com	7.0
Monex	5.9

3Q of fiscal 2008

(Oct. ~ Dec. '07)



SBI E*TRADE	41.5 %
Rakuten	15.7
Matsui	9.2
Monex	6.8
Kabu.com	6.5

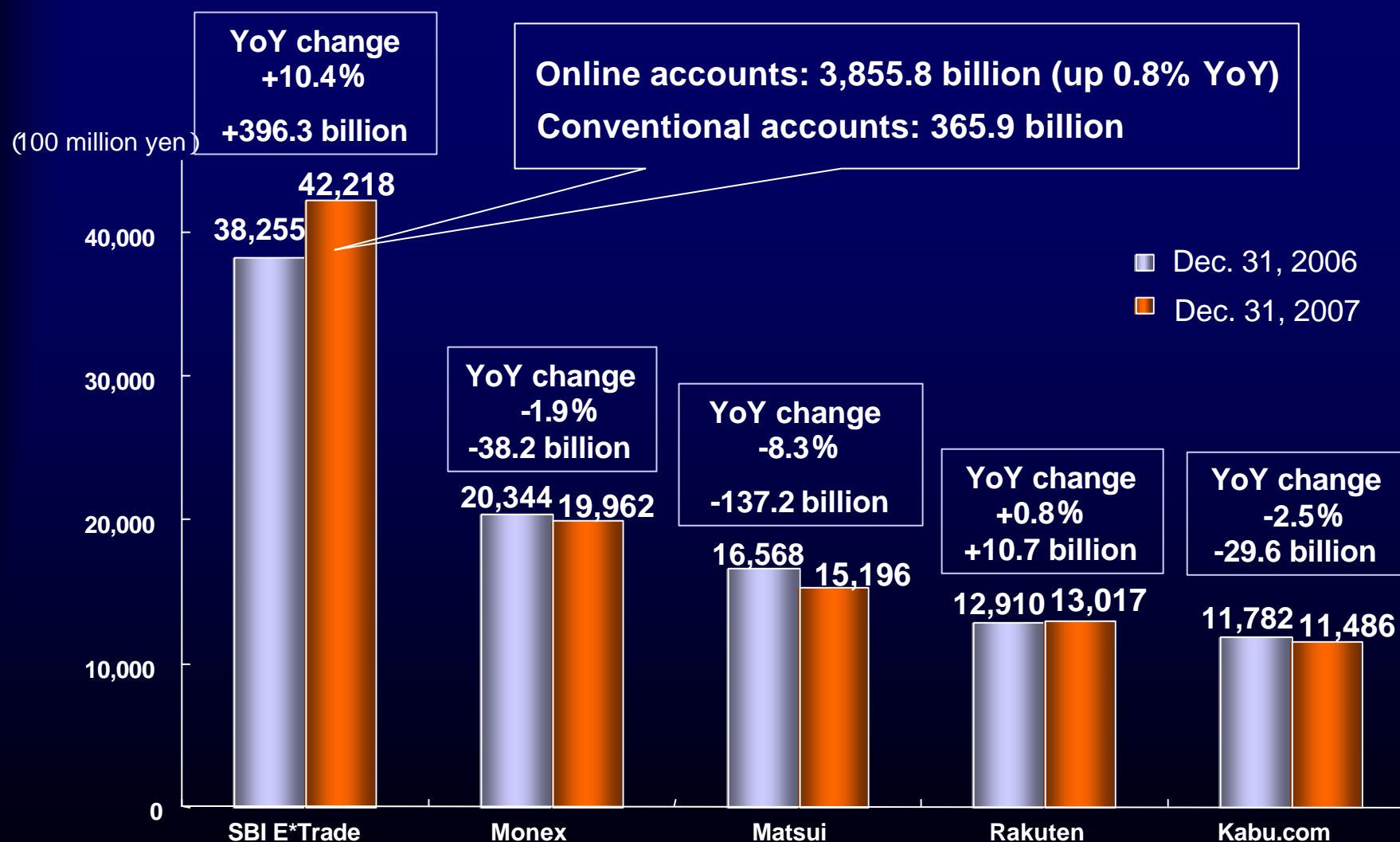
Source: Compiled by SBI E*TRADE SECURITIES based on Tokyo Stock Exchange and JASDAQ materials and Web sites and other public information for each company

Kabu.com merged with MeNet in January 2006
 SBI E*TRADE SECURITIES merged with SBI Securities in October 2007.

*Retail stock brokerage transactions are sum for Tokyo, Nagoya and Osaka exchanges and JASDAQ.

(1) Brokerage Commissions

(Reference) Assets in customer accounts

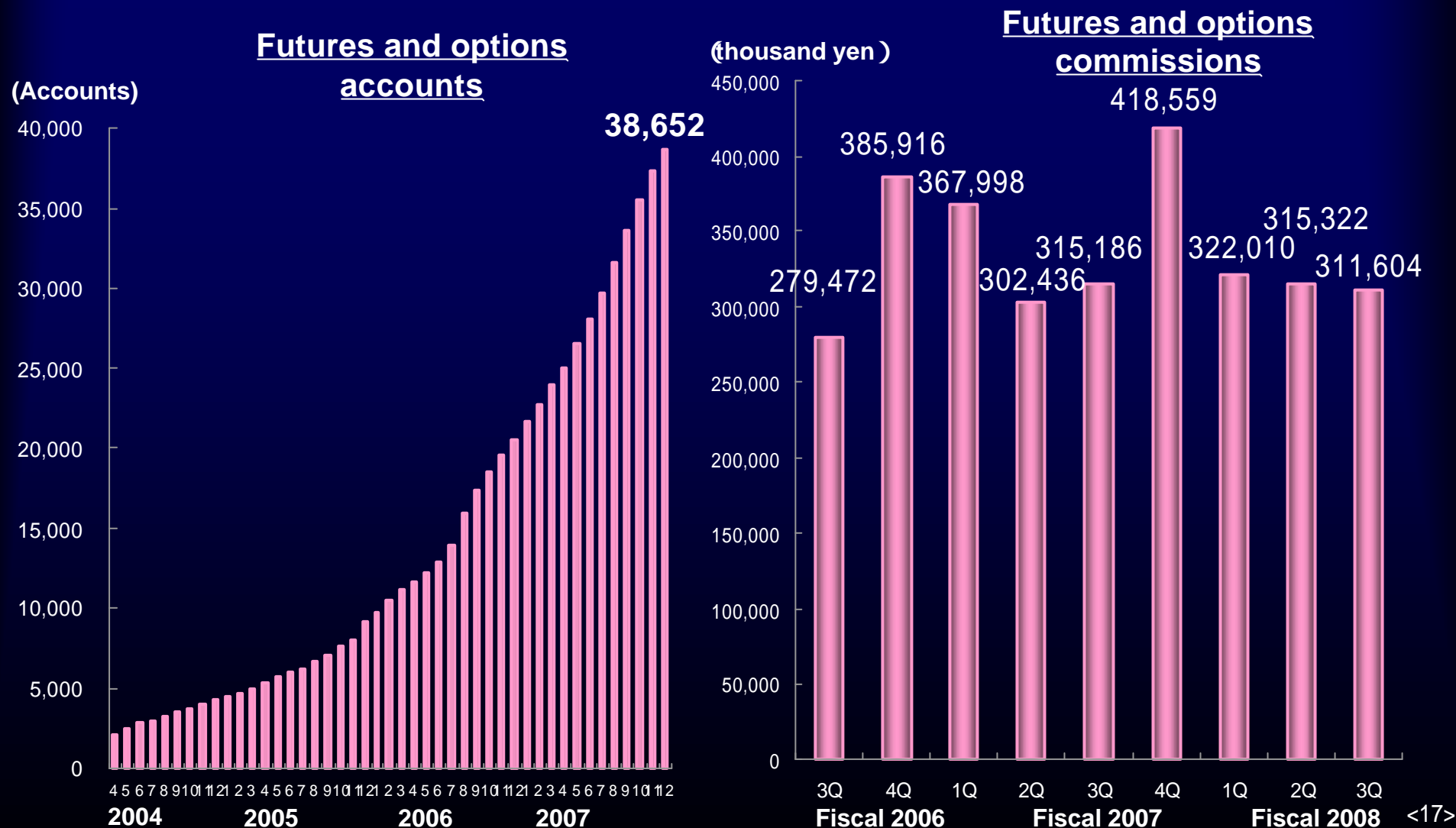


Source: Compiled by SBI E*TRADE SECURITIES based on Web sites and other public information for each company
 SBI E*TRADE SECURITIES merged with SBI Securities in October 2007.

(1) Brokerage Commissions

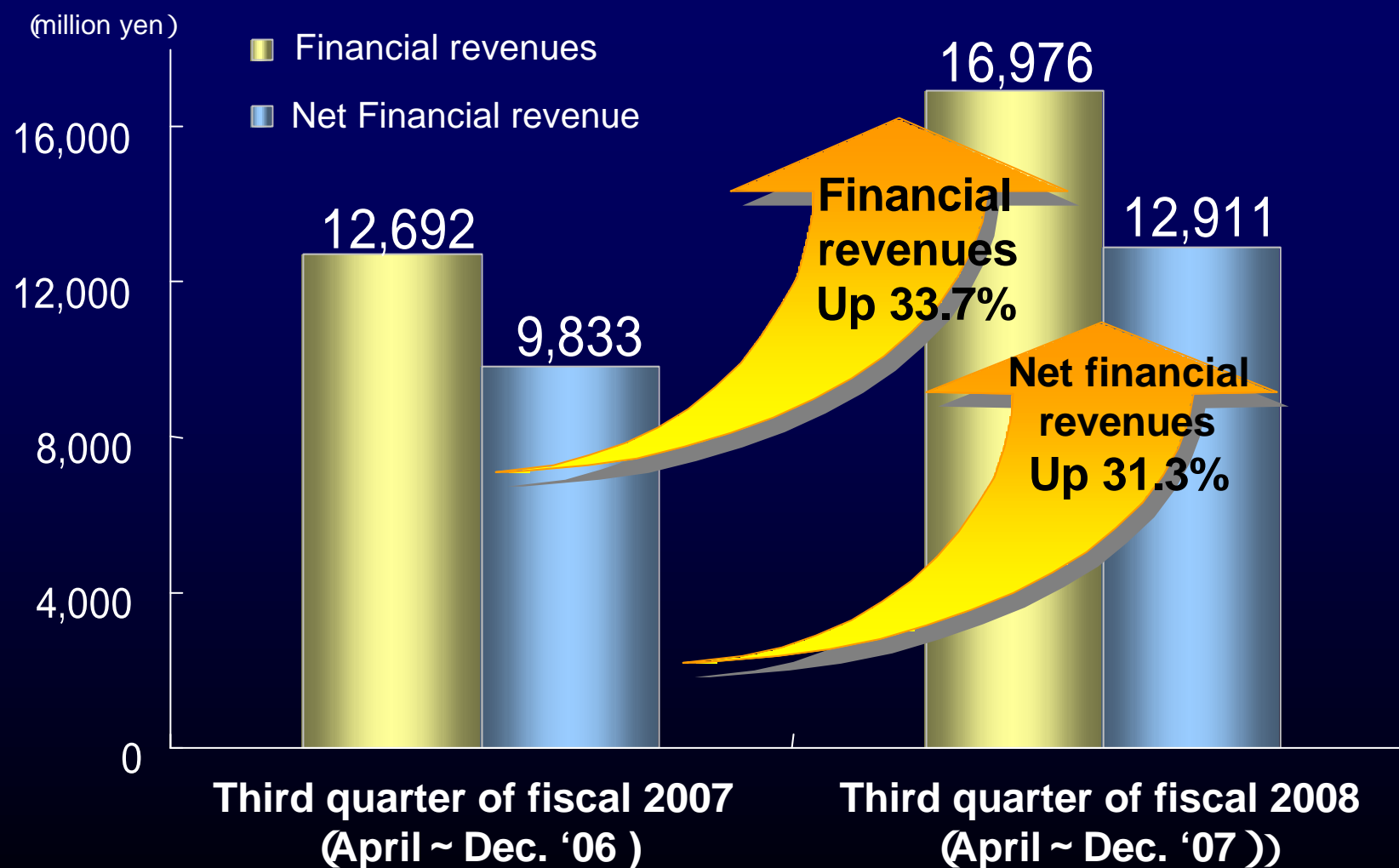
Growth in futures and options transactions

FY08 3Q mini-Nikkei 225 futures trading volume was 80% higher than in FY08 2Q



Third quarter highlights

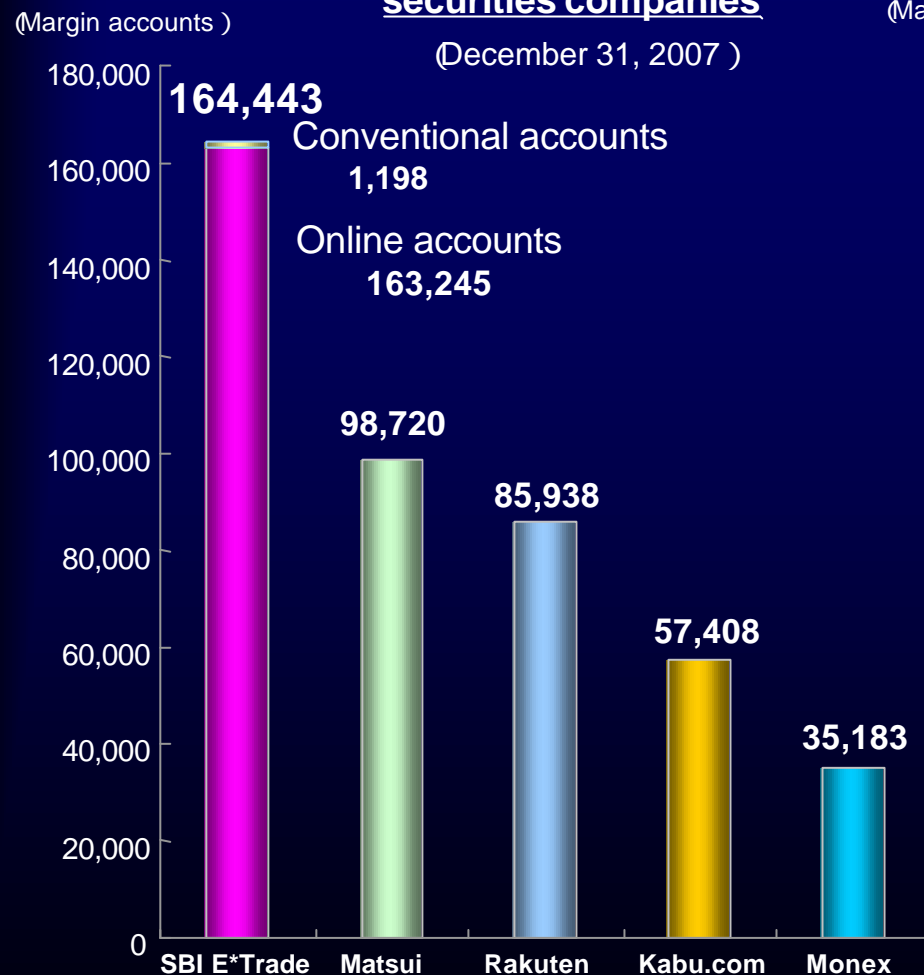
(2) Consolidated financial revenues



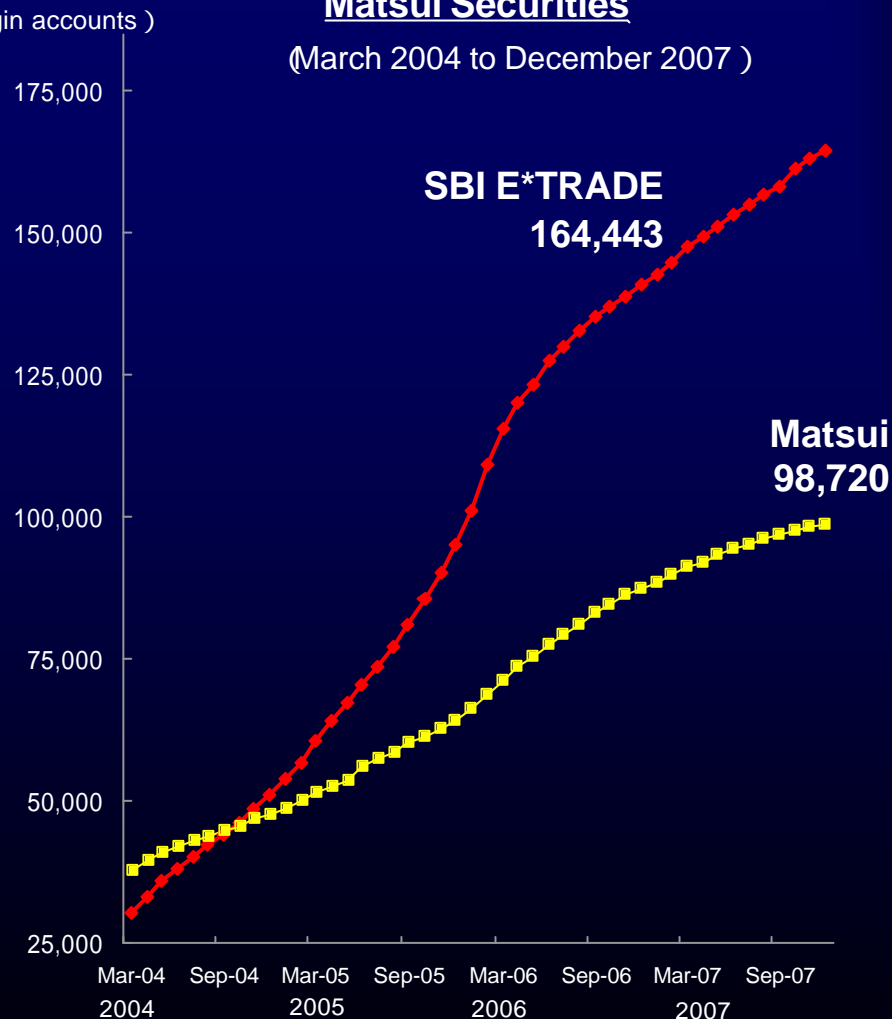
② Financial revenues

Margin accounts at major online securities companies

Margin accounts at big five online securities companies



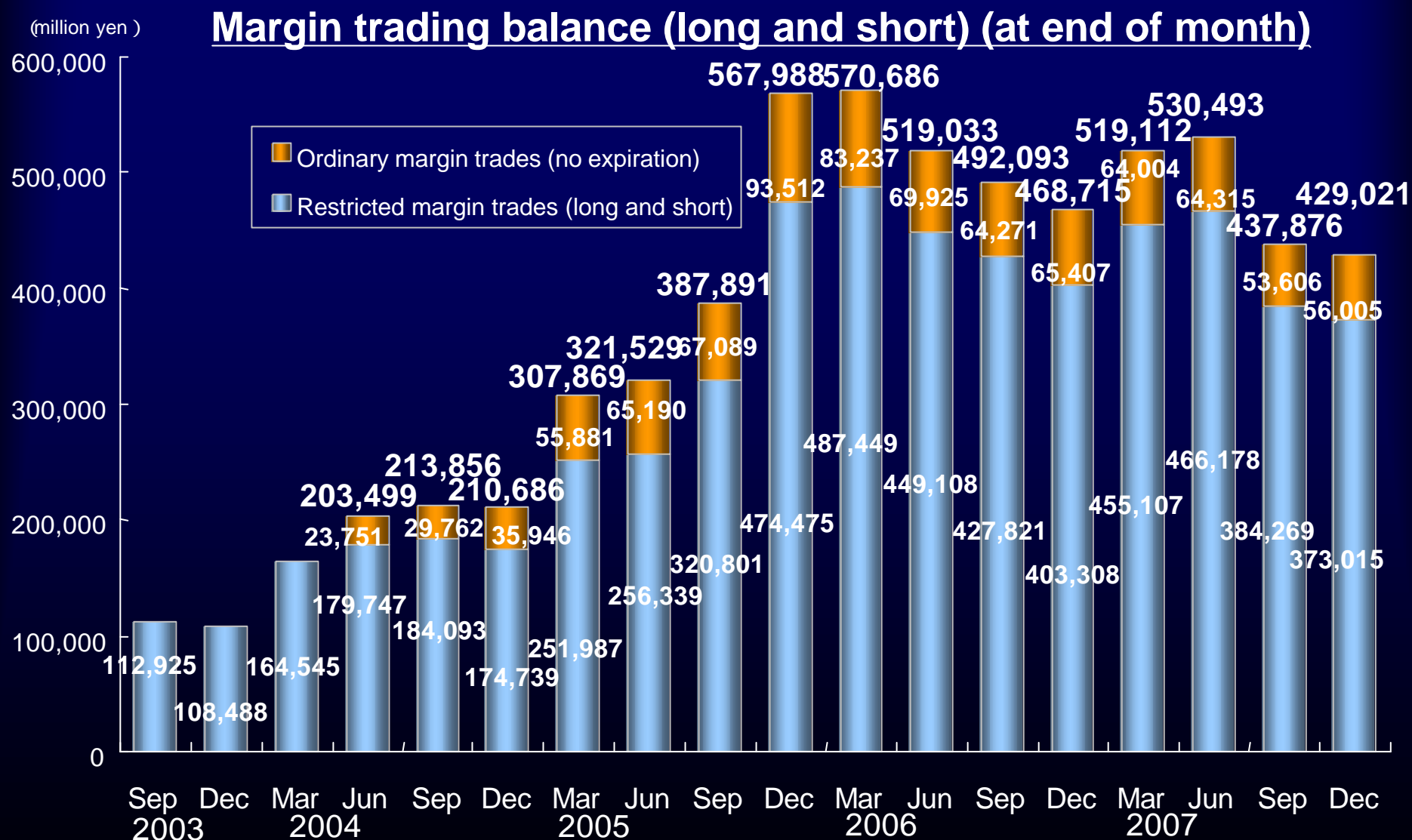
Margin account comparison with Matsui Securities



Source: Compiled by SBI E*TRADE SECURITIES based on Web sites and other public information for each company
SBI E*TRADE SECURITIES merged with SBI Securities in October 2007.

② Financial revenues

Margin trading balance



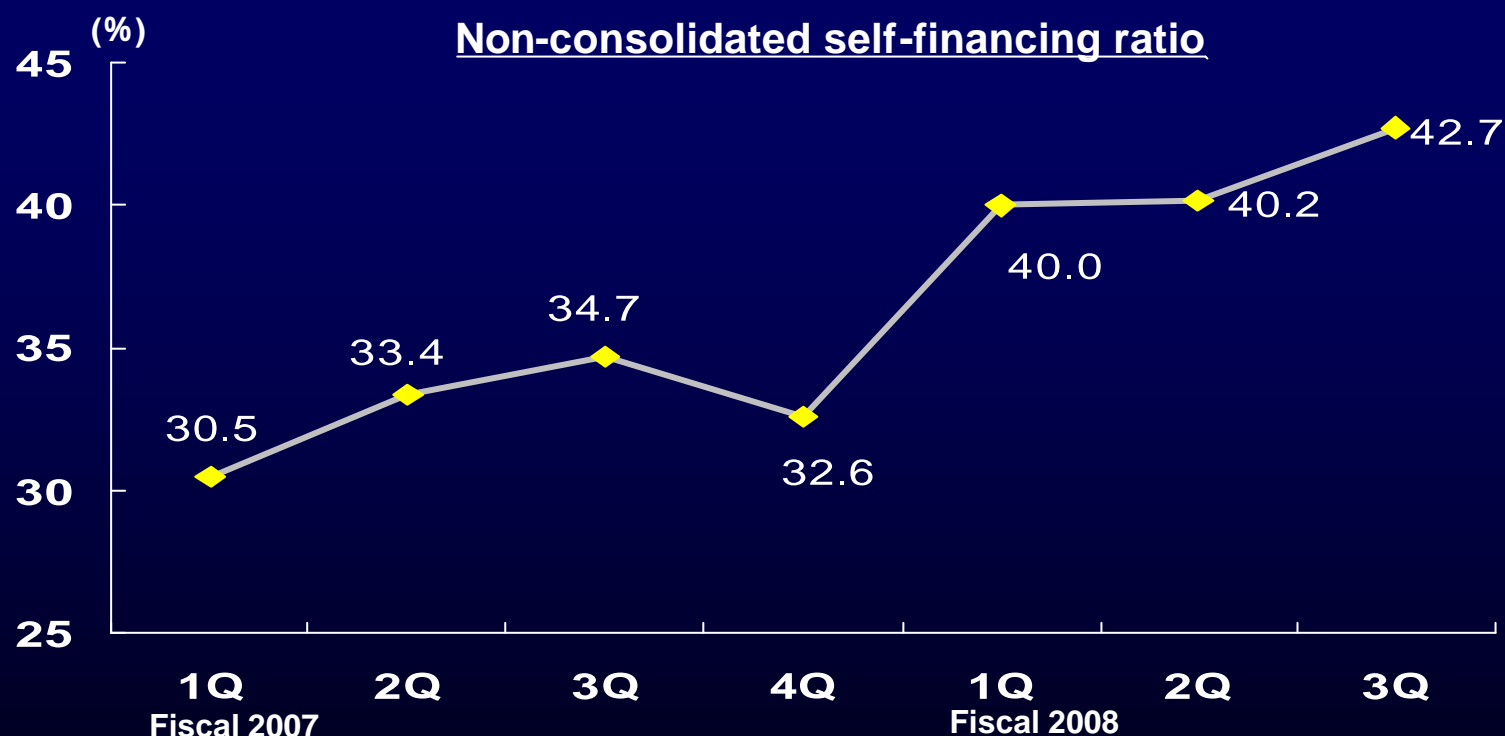
Notes: 1. Based on settlement date. SBI E*TRADE SECURITIES figures are non-consolidated.

2. December 2007 figures include conventional accounts at SBI Securities. <20>

② Financial revenues

Growth in self-financing for margin trades

Self-financing ratio increasing due to diversification of fund procurement channels



< More productive use of assets >

• Making efficient use of internal funds by funding loans for margin trades

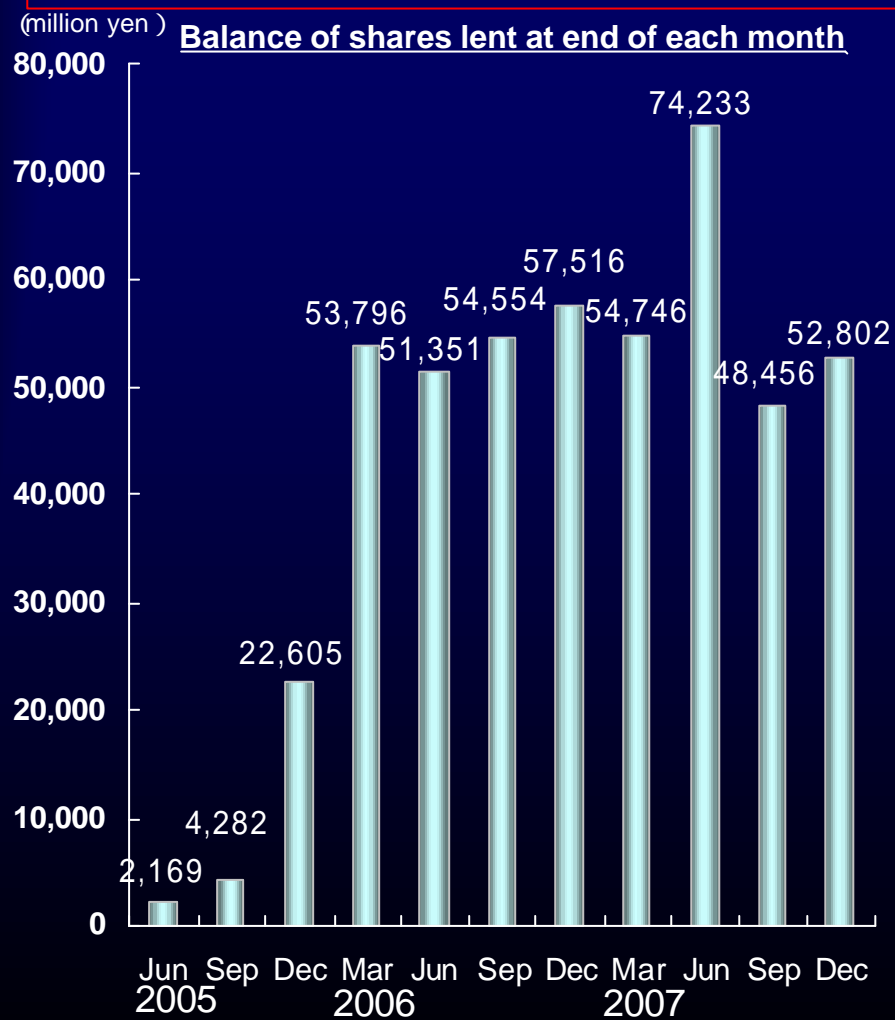
• Strong performance by stock lending operations using stock certificates submitted as collateral for margin trading

Will strengthen cash management in order to continue increasing financial revenues

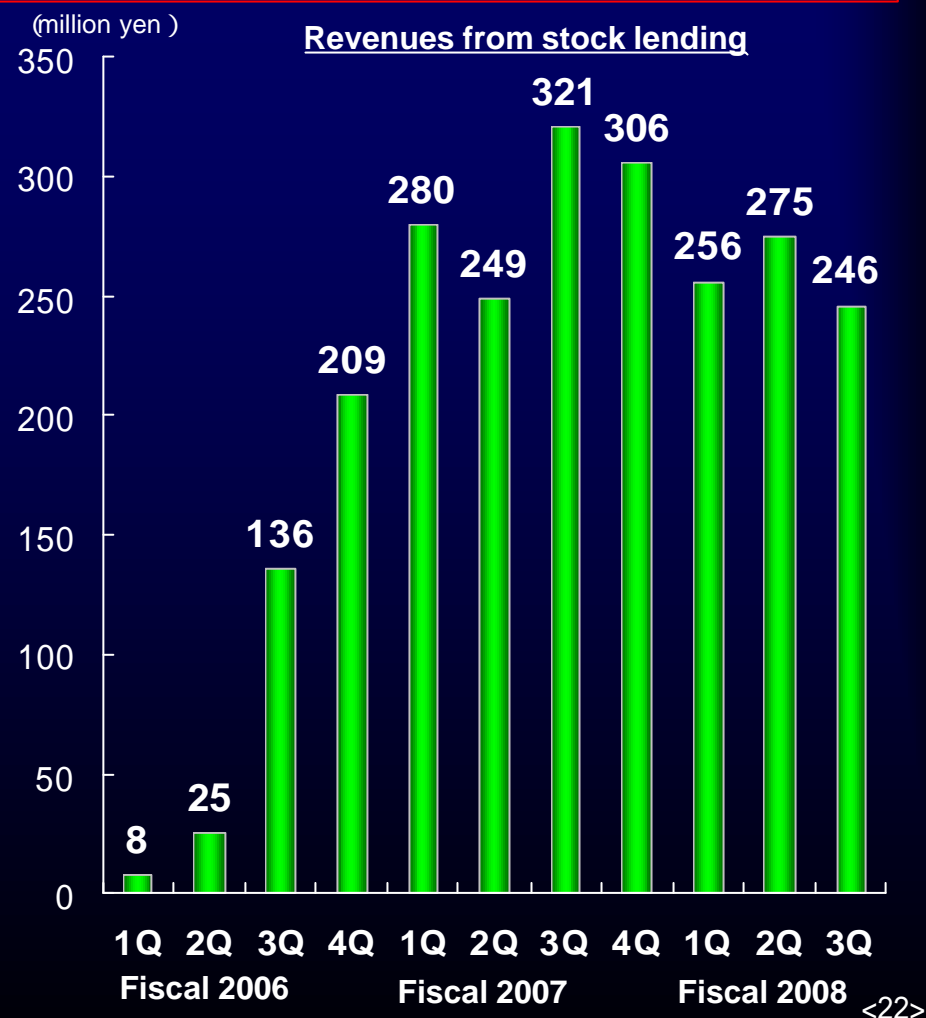
② Financial revenues

Growth in revenues from stock lending

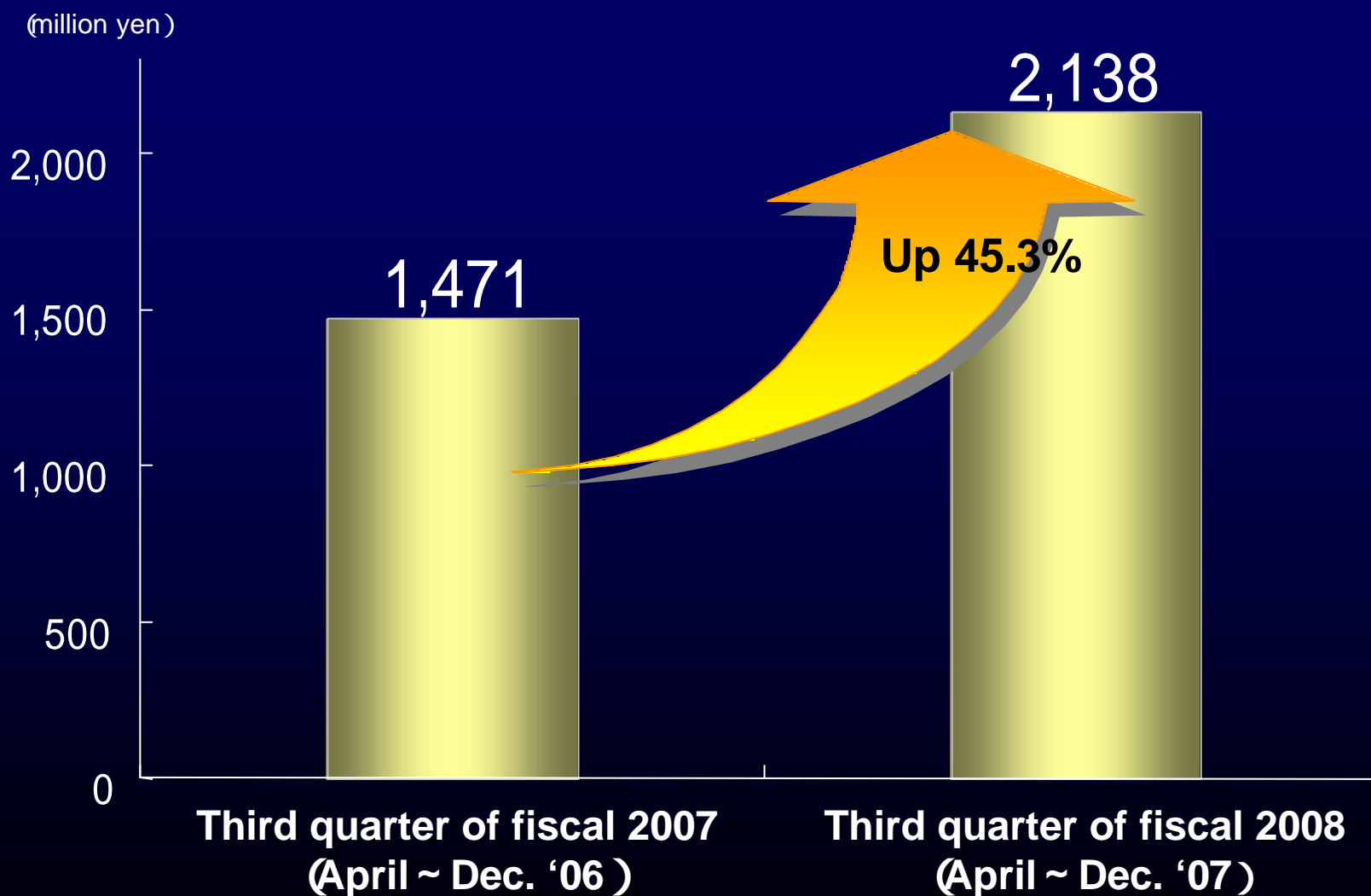
Balance is low due to poor market conditions but revenues are strong. Will continue to focus on stock lending along with growth in self-financing.

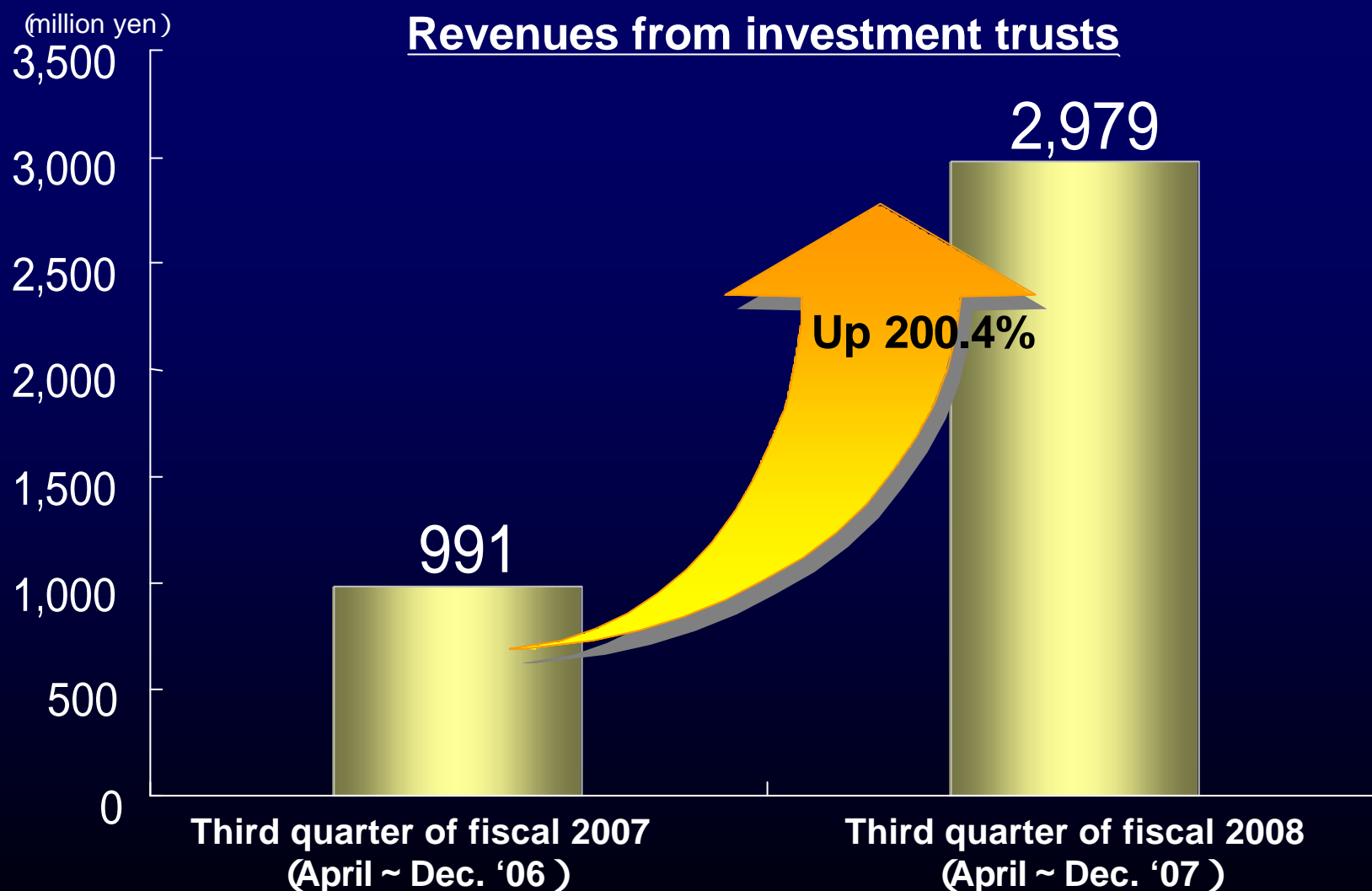


*Based on market value at the end of each month.



Third quarter highlights

(3) Consolidated underwriting, offering and selling commissions

(3) Underwriting, offering and selling commissions**Measures to increase investment trust revenues and results**

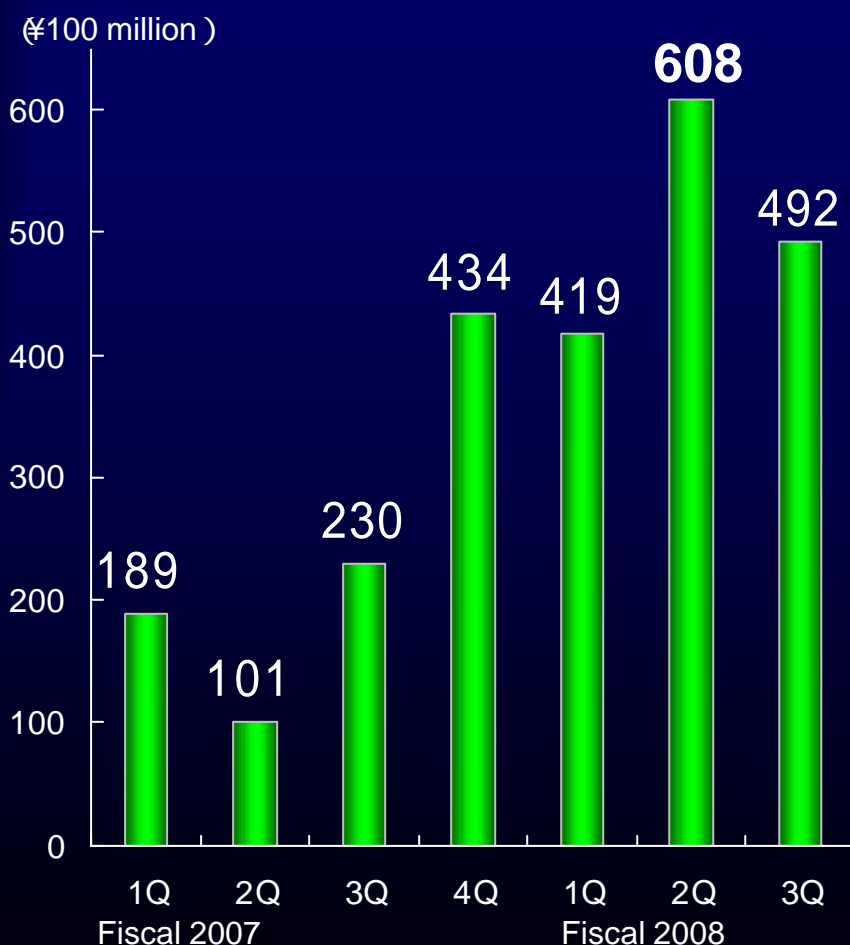
Notes: 1. Sum of selling commissions and trust fees (trust fees include MRF)

2. Trust fees are included in "other commissions received."

③ Underwriting, offering and selling commissions

Investment trust sales and major initiatives

Investment trust sales



*Includes MMF and medium-term gov't bond fund

SBI India & Vietnam Stock Fund

India and Vietnam

SG-Arab Stock Fund

Arabian countries

Sumishin SBI Asset Design Open ("Sugo 6")

Sold only by SBI E*TRADE SECURITIES
Japanese and overseas index funds

Access to a variety of investments

Individual investors

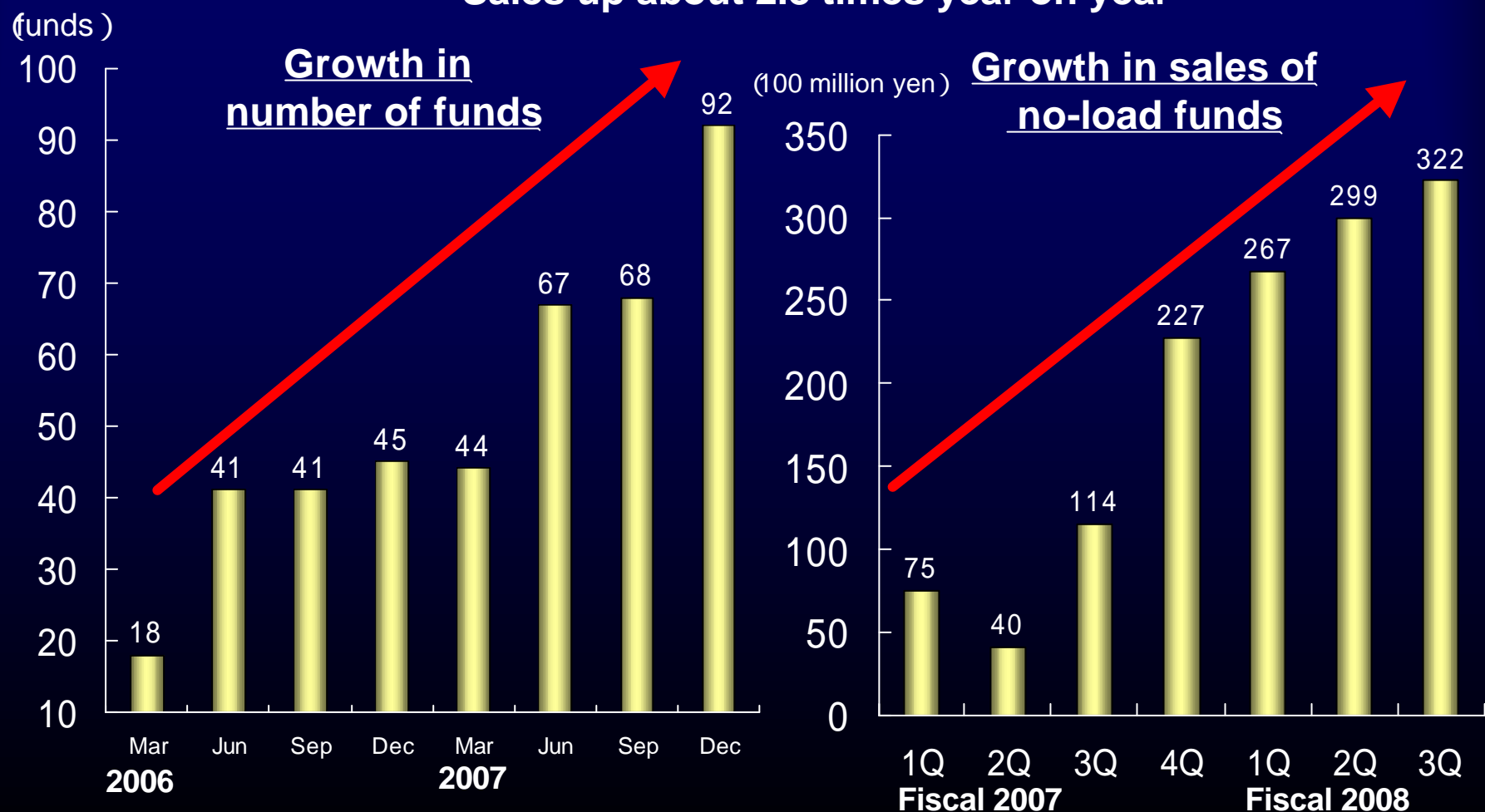
Will continue to help individuals accumulate savings by establishing more no-load overseas funds, mainly for emerging economies where there is much interest among individuals, and offer many more services, such as a periodic fund purchase system.

(3) Underwriting, offering and selling commissions

Sales of no-load investment trusts

Continued to rapidly increase lineup of no-load trusts in the third quarter, just as in the first half, and plan to add even more.

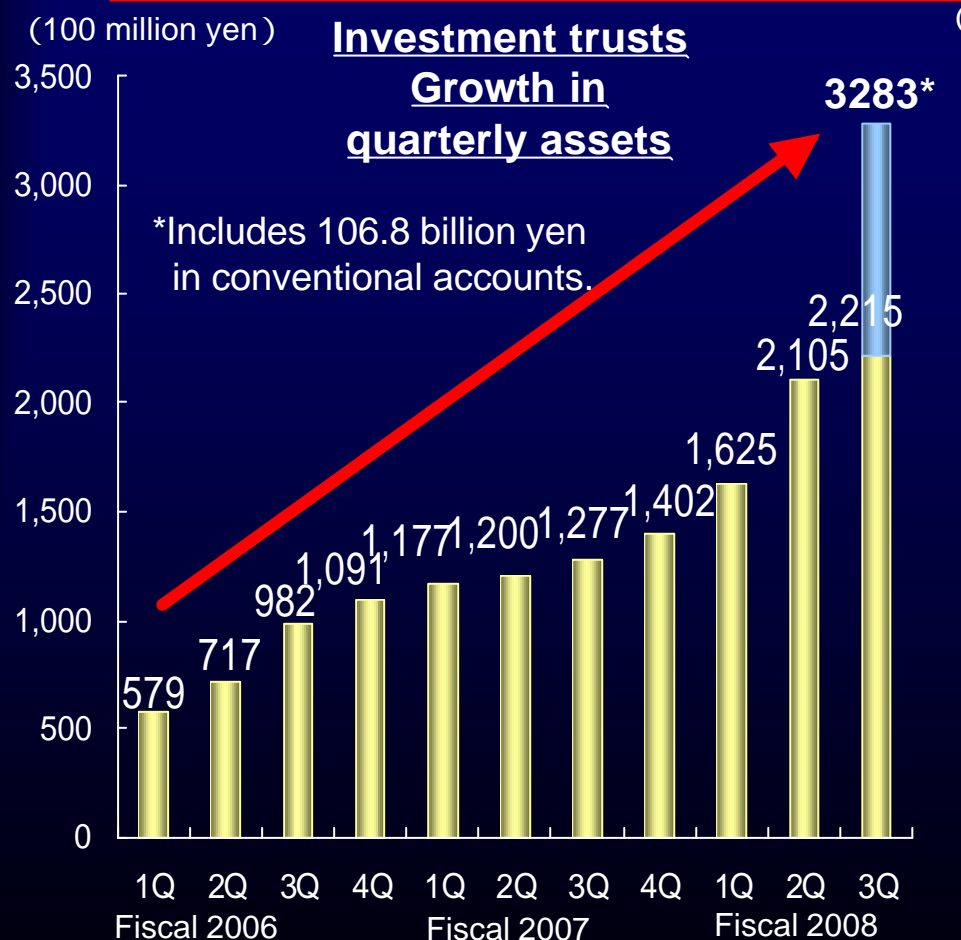
Sales up about 2.8 times year on year



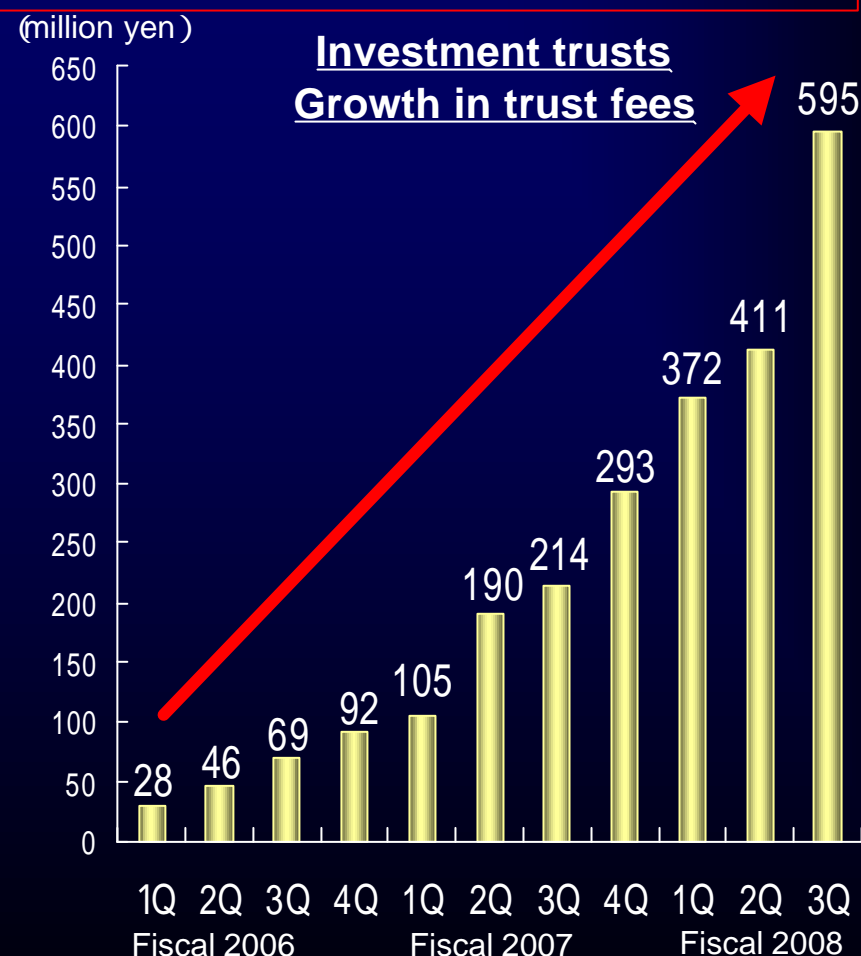
(3) Underwriting, offering and selling commissions

Growth in investment trust assets and trust fees

Big increase in investment trust assets due to larger lineup and SBI Securities merger. Steady growth in trust fees, too.



*Includes MMF, medium-term gov't bond fund and conventional accounts



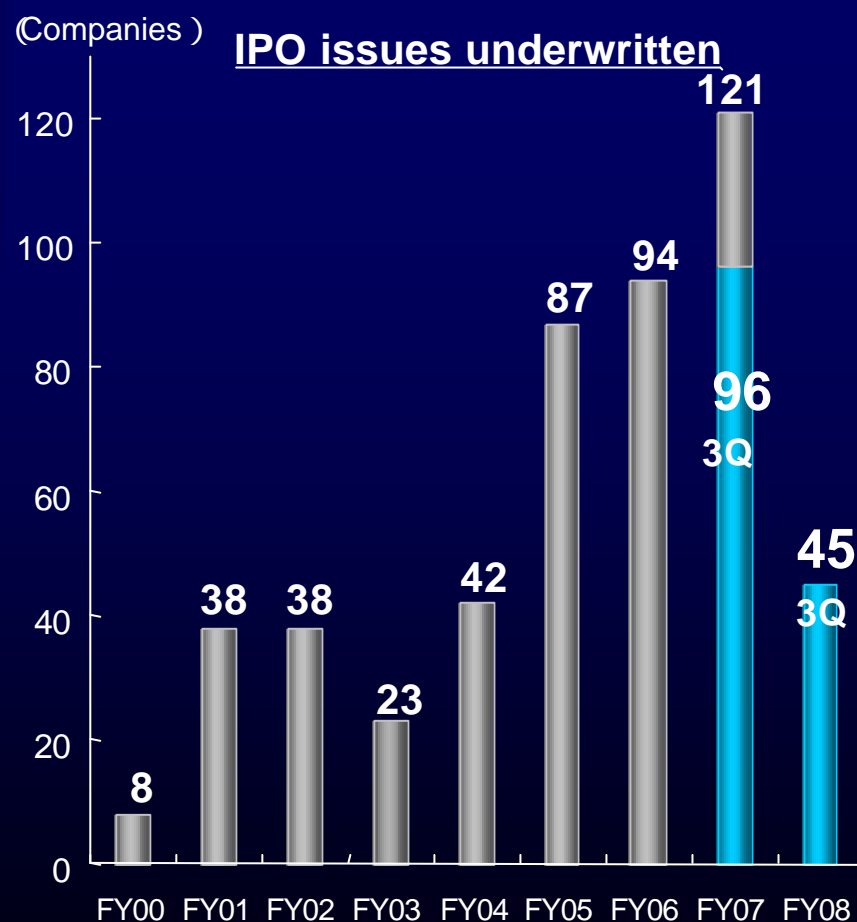
*Includes MMF, medium-term gov't bond fund and conventional accounts

*Trust fees are included in "other commissions received."

(3) Underwriting, offering and selling commissions

IPO Underwriting

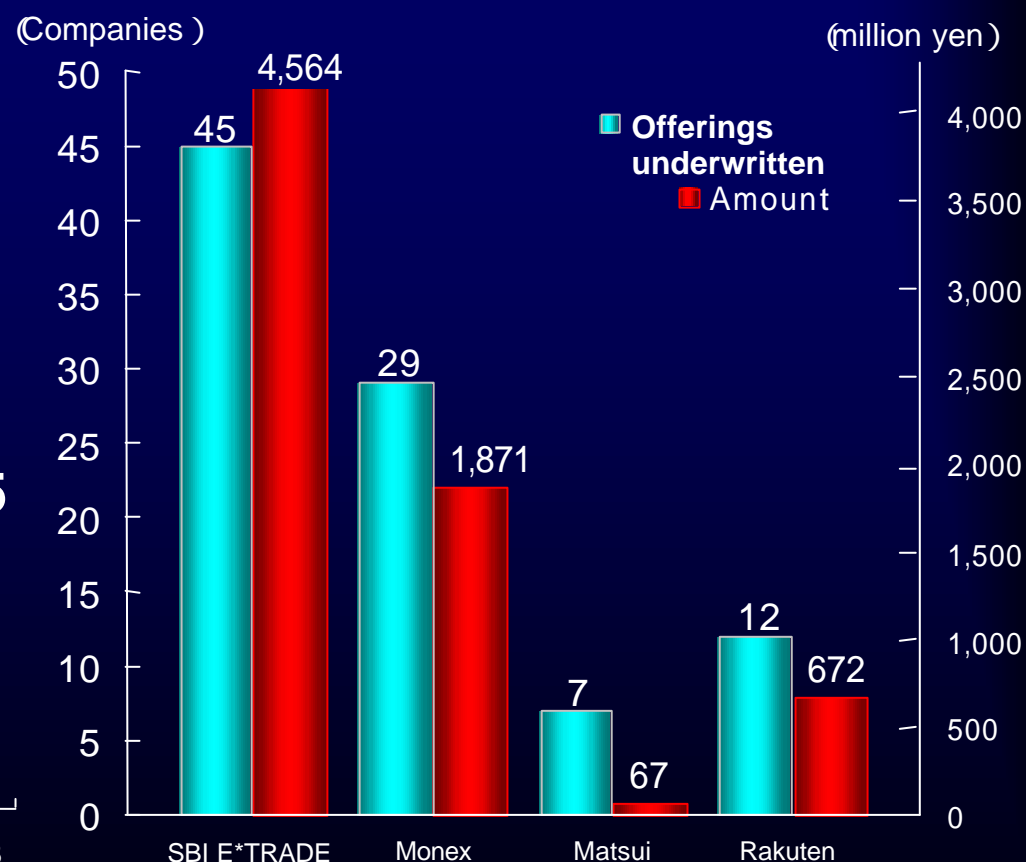
SBI E*TRADE SECURITIES



*Includes over-allotments. Excludes brokerage sales. Based on listing date. Excludes brokerage sales and real estate investment trusts.

Big four online securities companies

FY08 3Q IPO issues underwritten/amount

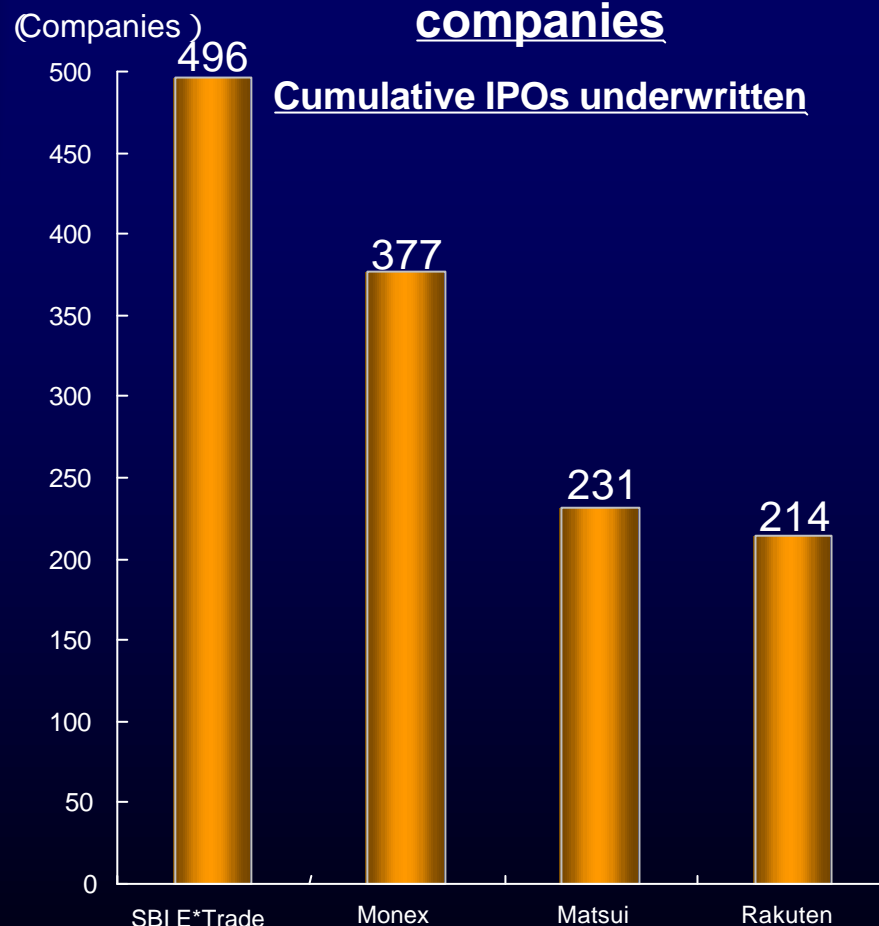


IPOs in Japan: FY07 1Q-3Q: 144 FY08 1Q-3Q: 78

(3) Underwriting, offering and selling commissions

IPO Underwriting

Big four online securities companies



Source: Compiled by SBI E*TRADE SECURITIES based on public information. Covers period from start of each company's online securities business to Dec. 2007 (based on listing date). Excludes brokerage sales and real estate investment trusts.

IPO underwriting ranking

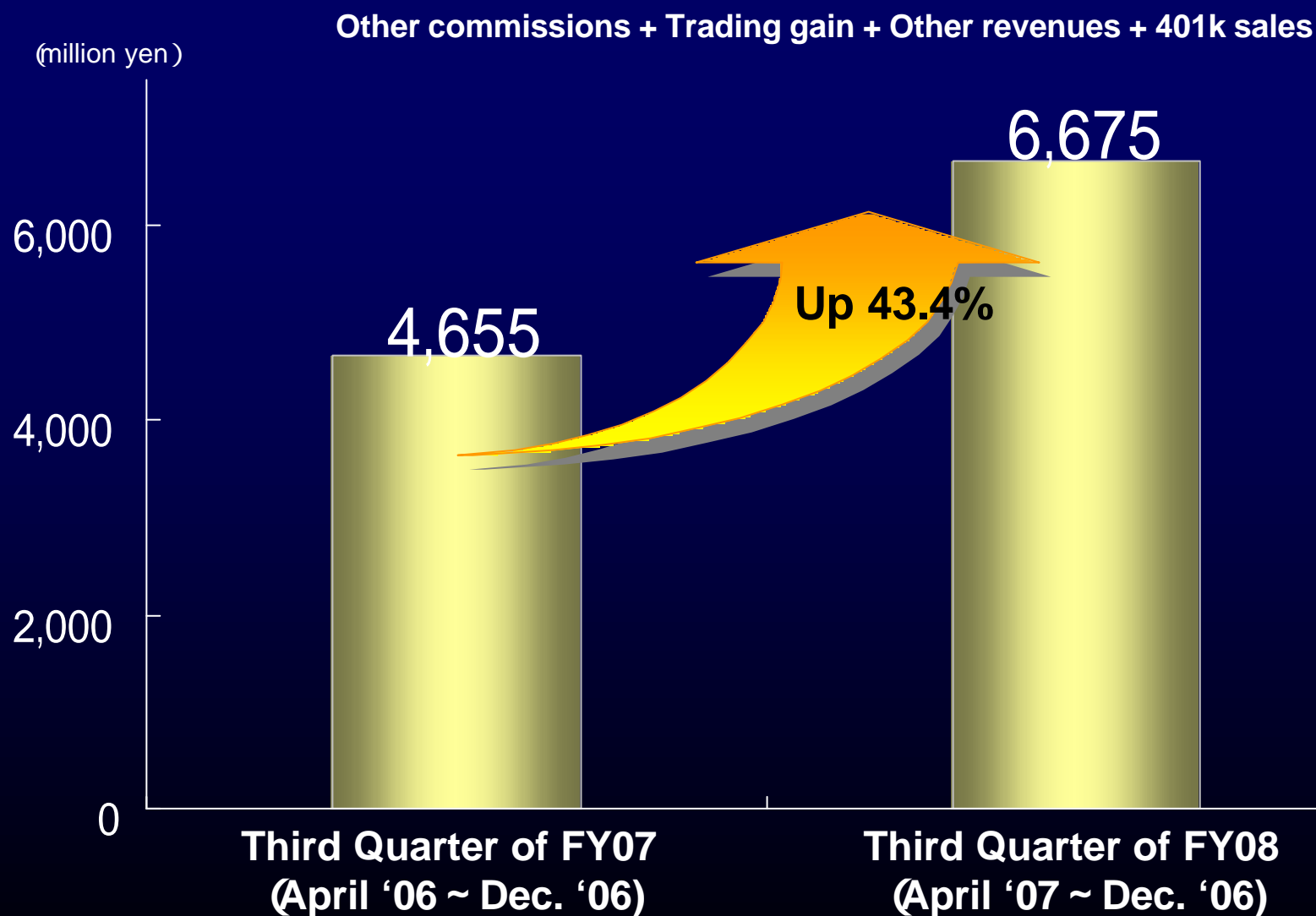
(Apr. '07 ~ Dec. '07)

First among all securities companies

Ran king	Company	Issues under written	Participati on ratio (%)
1	<u>SBI E*TRADE</u>	<u>45</u>	<u>57.7</u>
1	Nomura Securities	45	57.7
3	Mitsubishi UFJ Sec	44	56.4
4	Daiwa SMBC	43	55.1
5	Shinko Securities	42	53.8
6	Mizuho Investors	29	37.2
6	Monex Securities	29	37.2

*Compiled by SBI E*TRADE SECURITIES based on public information and other available information. Covers underwriting in Japan (excluding over-allotment) for 78 IPOs from April through Dec. 2007 (based on listing date).

Fiscal 2008 third quarter highlights

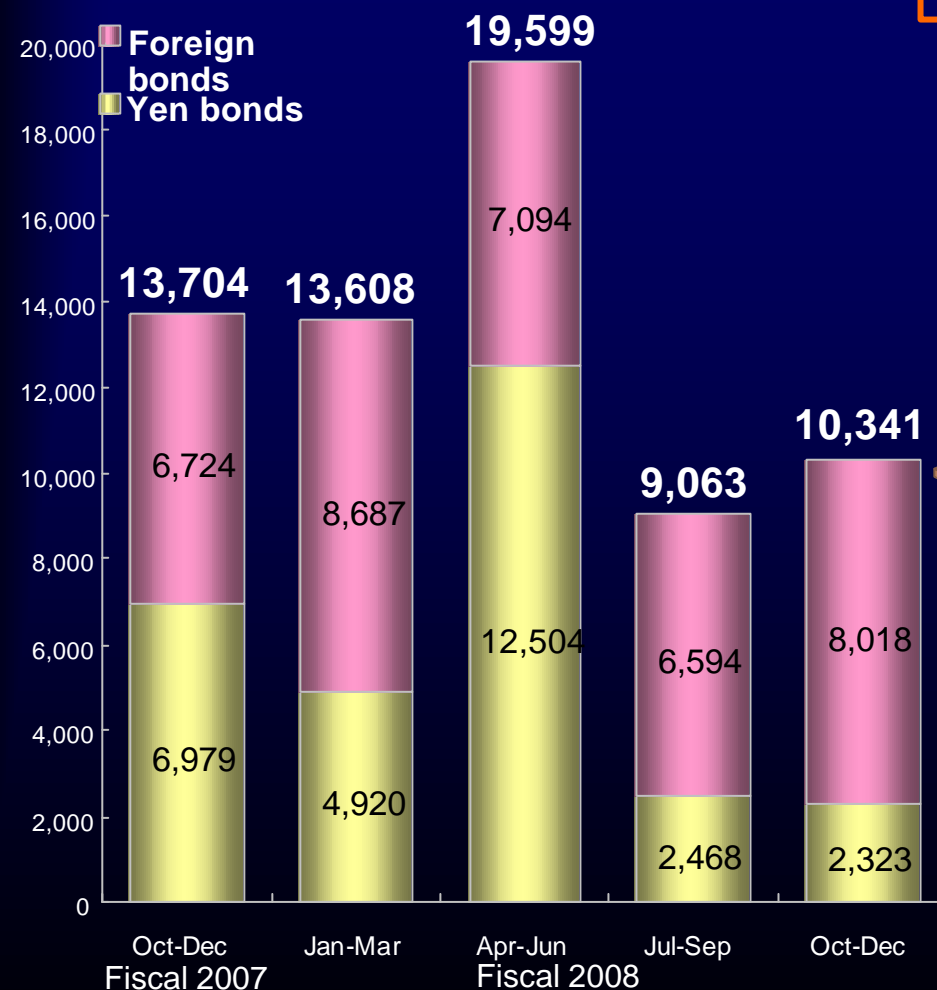
(4) Consolidated trading gain and other revenues

(4) Trading gain and other revenues

Bond sales

Government, corporate and foreign bond sales

(million yen)



*Includes underwriting and selling commissions for retail JGB. Above figures include brokerage sales.

Growth in sales of foreign gov't bonds

Effective use of conventional sales channels

<FY08 third quarter initiatives>

- ◆ Used consulting-linked sales, possible only with conventional (face-to-face) sales channels, to improve customer satisfaction and understanding of bonds



Sent direct mail promotional materials to customers with conventional accounts

Prepared leaflets

<Initiatives in FY08 4Q and afterward>

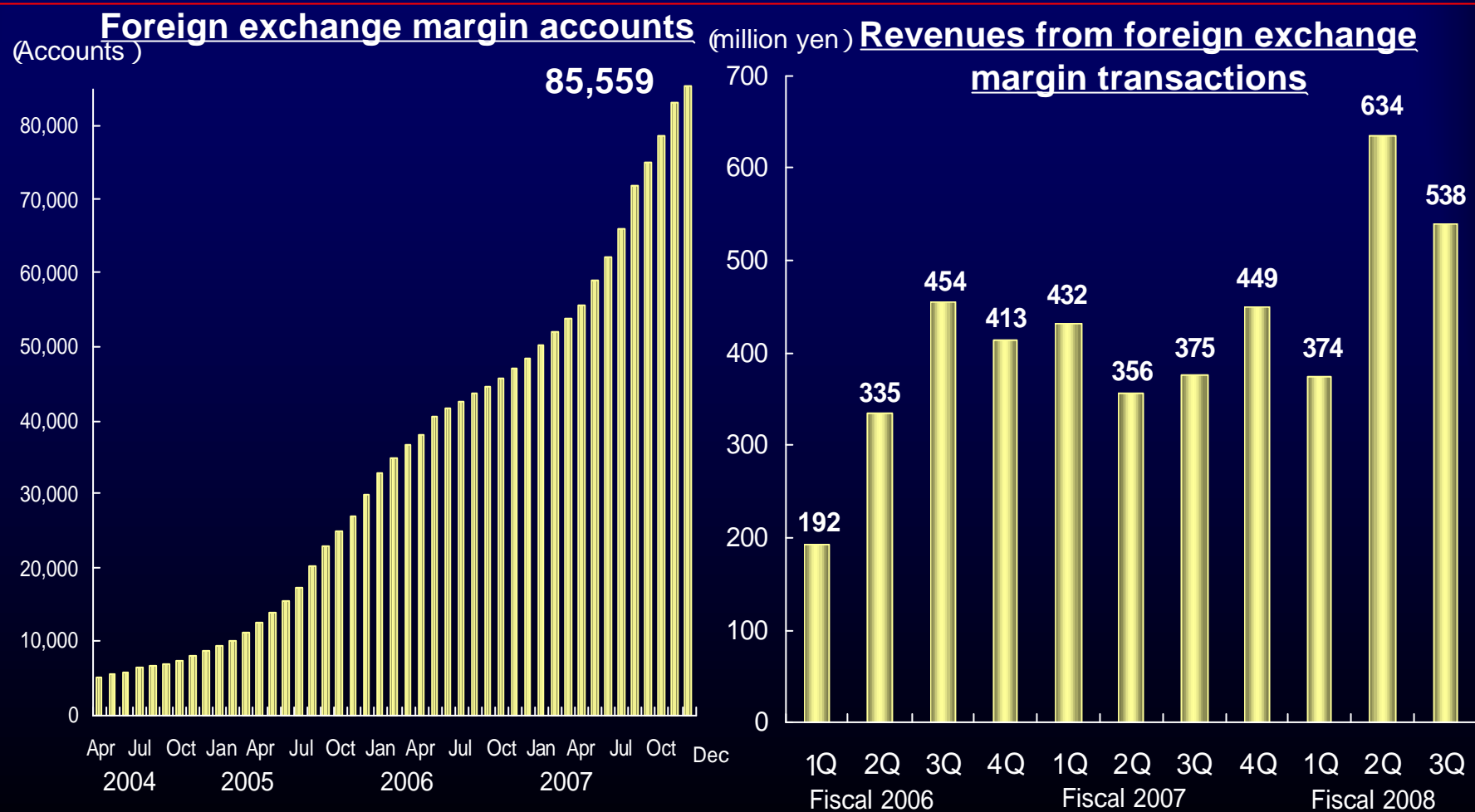
Plan to hold a large number of small seminars at the 27 branch offices in Japan



(4) Trading gain and other revenues

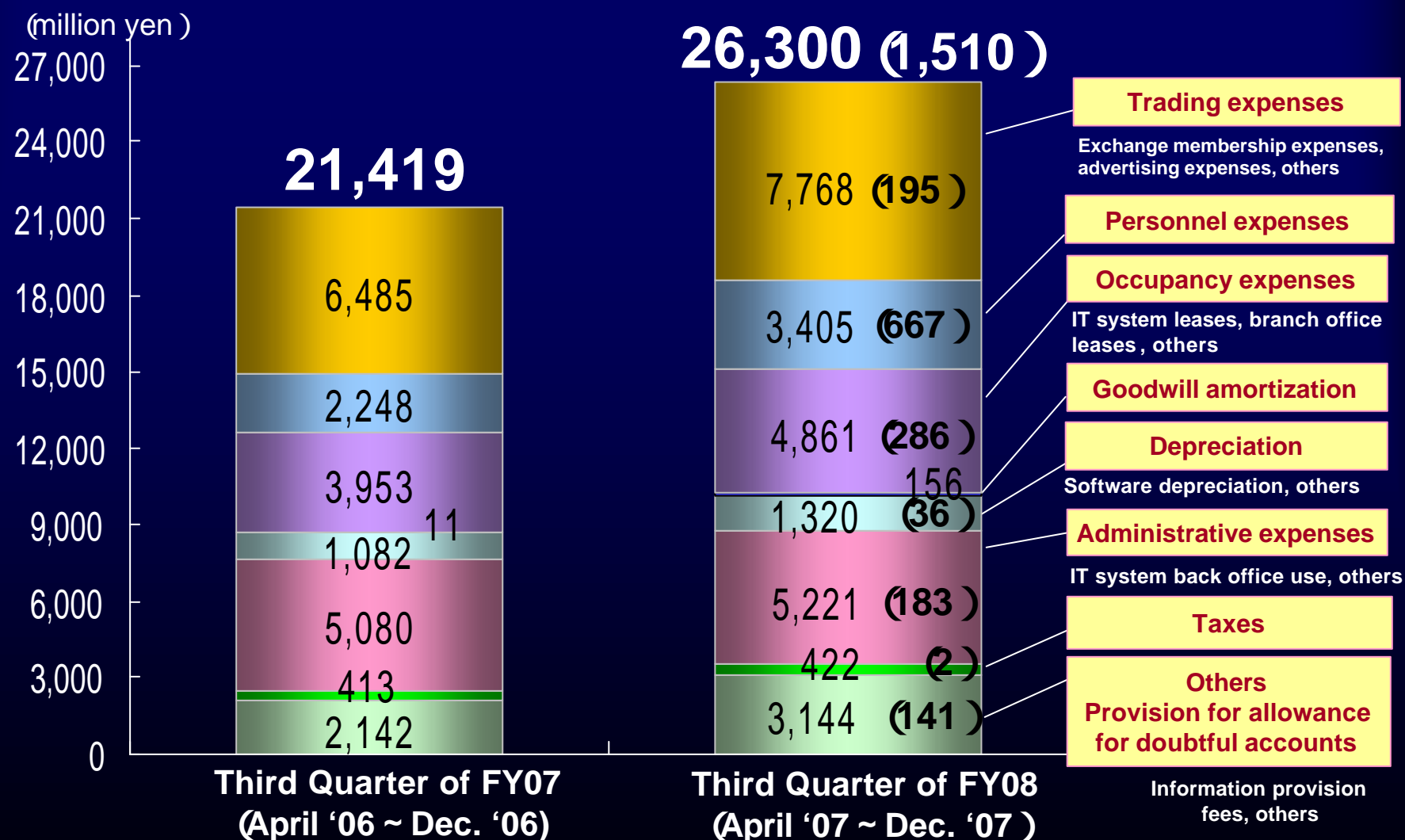
Growth in foreign exchange margin transactions

Interest among individuals is high in forex margin transactions; Lowered official commissions following the June marketing campaign.



Fiscal 2008 third quarter highlights

(5) Consolidated selling, general and administrative expenses



*Figures in parentheses for FY08 are estimated SG&A expenses for conventional securities operations (former SBI Securities) based on Oct. '07 expenses.

Fiscal 2008 third quarter highlights

(6)- E*TRADE Korea FY08 first half performance

< converted to yen >

(million yen, %)

	3Q of FY07 (April '06 ~ Dec. '06)	3Q of FY08 (April '07 ~ Dec. '07)	YoY change
Operating revenues	4,283	7,153	+67.0
Net operating revenues	4,030	6,504	+61.4
Operating income	1,107	2,478	+123.8
Ordinary income	1,114	2,487	+123.3
Net income	776	1,717	+121.4

(Won is converted to yen using average monthly exchange rates.)

Fiscal 2008 third quarter highlights

(6)- E*TRADE Korea FY08 3Q performance

< Korean won >

(million won, %)

	3Q of FY07 (April '06 ~ Dec. '06)	3Q of FY08 (April '07 ~ Dec. '07)	YoY change
Operating revenues	34,711	56,211	+61.9
Net operating revenues	32,656	51,115	+56.5
Operating income	8,970	19,437	+116.7
Ordinary income	9,026	19,517	+116.2
Net income	6,294	13,489	+114.3

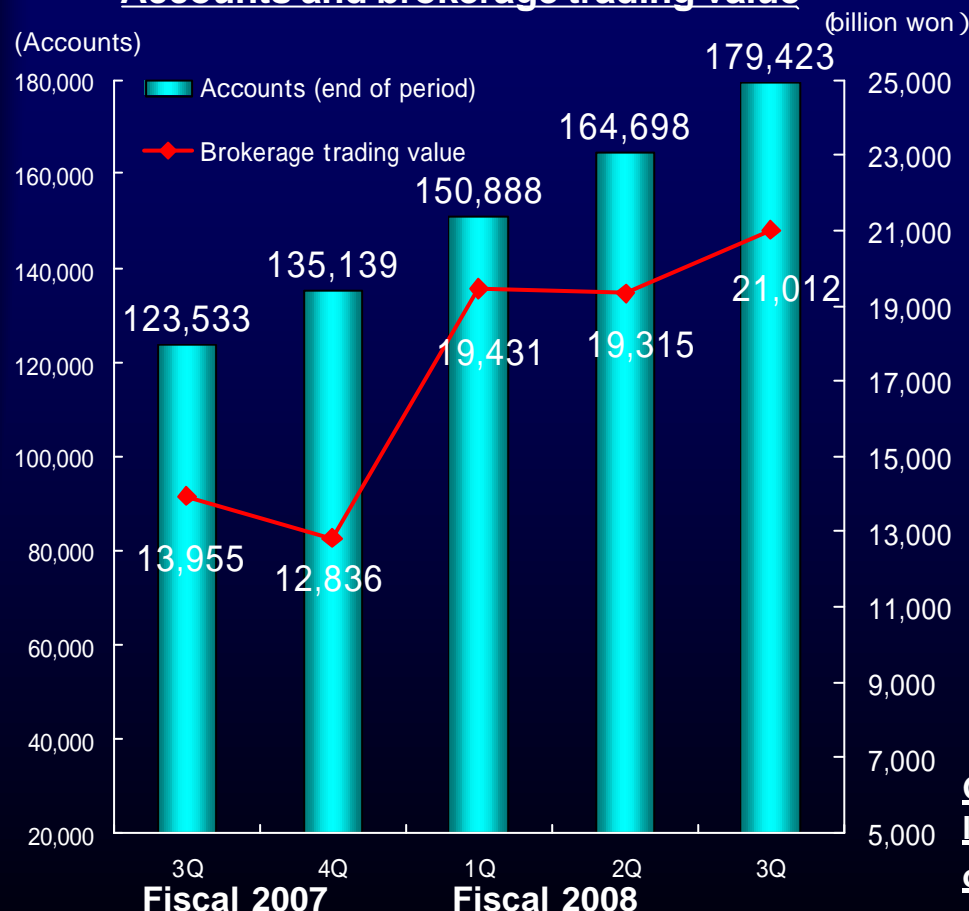
(6) Consolidated subsidiary

E*TRADE Korea Co., Ltd.



Big increases in revenues and earnings due to success at attracting more individual investors as the market remained strong

Accounts and brokerage trading value



Profile (December 31, 2007)

Capital: 67,140 million won
 Equity ratio: 72.6%
 Online accounts : 179,423 (5th largest in Korea)
 Brokerage trading value: 59,759.8 billion won (Apr.'07-Dec. '07)
 (11th largest in Korea)

Major FY08 initiatives

- Provision of global trading service.
- Started handling Hong Kong and China stock transactions in January 2008
- US stock brokerage will be starting

Fund Mall: Expanded sales of investment trusts
 Used alliance with Swiss Savings Bank to start a high-leverage margin transaction service: allows investors to use a higher margin multiple

Goal is to expand this business by establishing a sufficiently large customer base and then pursuing further growth while offering even more services.

Value of SBI E*TRADE equity interest is about **¥14.7 billion** (December 31, 2007)

Fiscal 2008 third quarter highlights

(6) IT system subsidiaries

Reduced outsourcing expenses by performing system development and operations internally

Plan to recover development expenses by selling these systems to other companies

Traders Financial Systems Co., Ltd.

	FY08 3rd quarter (July ~ Dec. '07)
Operating revenues	839
Net operating revenues	353
Operating income	235
Ordinary income	244
Net income	136

(million yen)

TradeWin Co., Ltd.

	FY08 3rd quarter (July ~ Dec. '07)
Operating revenues	603
Net operating revenues	136
Operating income	-36
Ordinary income	-39
Net income	70

(million yen)

2. Major FY2008 third quarter initiatives

2. Major FY2008 third quarter initiatives

Major FY2008 third quarter initiatives

• Indicates service release, *Indicates alliance, decision, etc.

Month	Description of action
April	<ul style="list-style-type: none"> • Started HYPER E*TRADE reverse limit order service • Started instant settlement service through alliance with Seven Bank • Started promoting the SBI Holdings SNS E*TRA Long-life Village (now SBI Money World) to customers with securities accounts
May	<ul style="list-style-type: none"> • Introduced S! appli compatible HYPER MOBLIE service for cell phone users • "Biggest Campaign of All Time" ? Cut to industry's lowest level the fee structure for eight products • Started MOBILE E*TRADE for W-ZERO3 service for the WILLCOM W-ZERO3 series • Started Investment Trust Double Smile Campaign
June	<ul style="list-style-type: none"> • Cut official commissions for E*TRADE FX foreign exchange margin trading • Lowered interest rates on long margin positions with no maturity (ordinary margin trades) • Conducted Biggest Campaign of All Time ? Customer Appreciation • Started promoting 401k accounts for individuals at the Everyone's Money Site of Seven Bank • Started handling overseas exchange-traded funds
July	<ul style="list-style-type: none"> • Through alliance with Winterthur Swiss Life Insurance, started handling investment-type annuity insurance through Internet applications *Made TradeWin and Traders Financial Systems wholly owned subsidiaries through exchange of stock
Aug.	<ul style="list-style-type: none"> • Significantly eased requirements for free use of HYPER E*TRADE Ver2.0 • Began accepting requests to use E*TRADE points as contributions to victims of the earthquake in Niigata, Japan • Started nighttime trading service (started link with Japannext PTS) • Started a campaign that cut mini-Nikkei 225 futures commissions to the industry's lowest level
Sep.	<ul style="list-style-type: none"> • Started bank agent service for Sumishin SBI Net Bank • Started offering FLASH version of form to open an account

2. Major FY2008 third quarter initiatives

Major FY2008 third quarter initiatives

*Indicates service release *Indicates alliance, decision, etc.

Month	Description of action
Oct.	<u>*Merged with SBI Securities</u>
Nov.	<ul style="list-style-type: none"> ● Foreign stock trading – “W Campaign” for new accounts ● Foreign stock trading – Christmas campaign ● Mini-Nikkei 225 Futures ¥52.5 & Large ¥315 Campaign <u>*Announcement of company name change and end of licensing contract</u>
Dec.	<ul style="list-style-type: none"> ● “Happy Bonus Campaign” to commemorate expansion of investment trust periodic purchase service ● Started Japanese Stock Dial Ordering Service ● Allowed customers to use E*TRADE Points for charitable donations <u>*SBI Group and Softbank Mobile agreed to jointly develop and sell a cell phone exclusively to stock trading</u>
Jan.	<ul style="list-style-type: none"> ● Reduced official commissions for mini-Nikkei 225 futures <u>*Reached agreement in principle to make SBI E*TRADE JAPAN a wholly owned subsidiary of SBI Holdings</u>

3. New Initiatives

3. New Initiatives

(1) Aim to become an Internet full-line securities company

- Establish a consistently profitable operating structure
- Strength in both elements of Internet full-line securities services:
Retail and wholesale

(2) Use conventional (face-to-face) sales channels to establish a new business model

Retail business: Become the securities company most trusted by individual investors

Corporate business: Use sales personnel and the branch network to conduct sales activities targeting companies

(3) Growth strategy as part of the SBI Group

Become a wholly owned subsidiary of SBI Holdings through an exchange of stock

Change name to SBI Securities

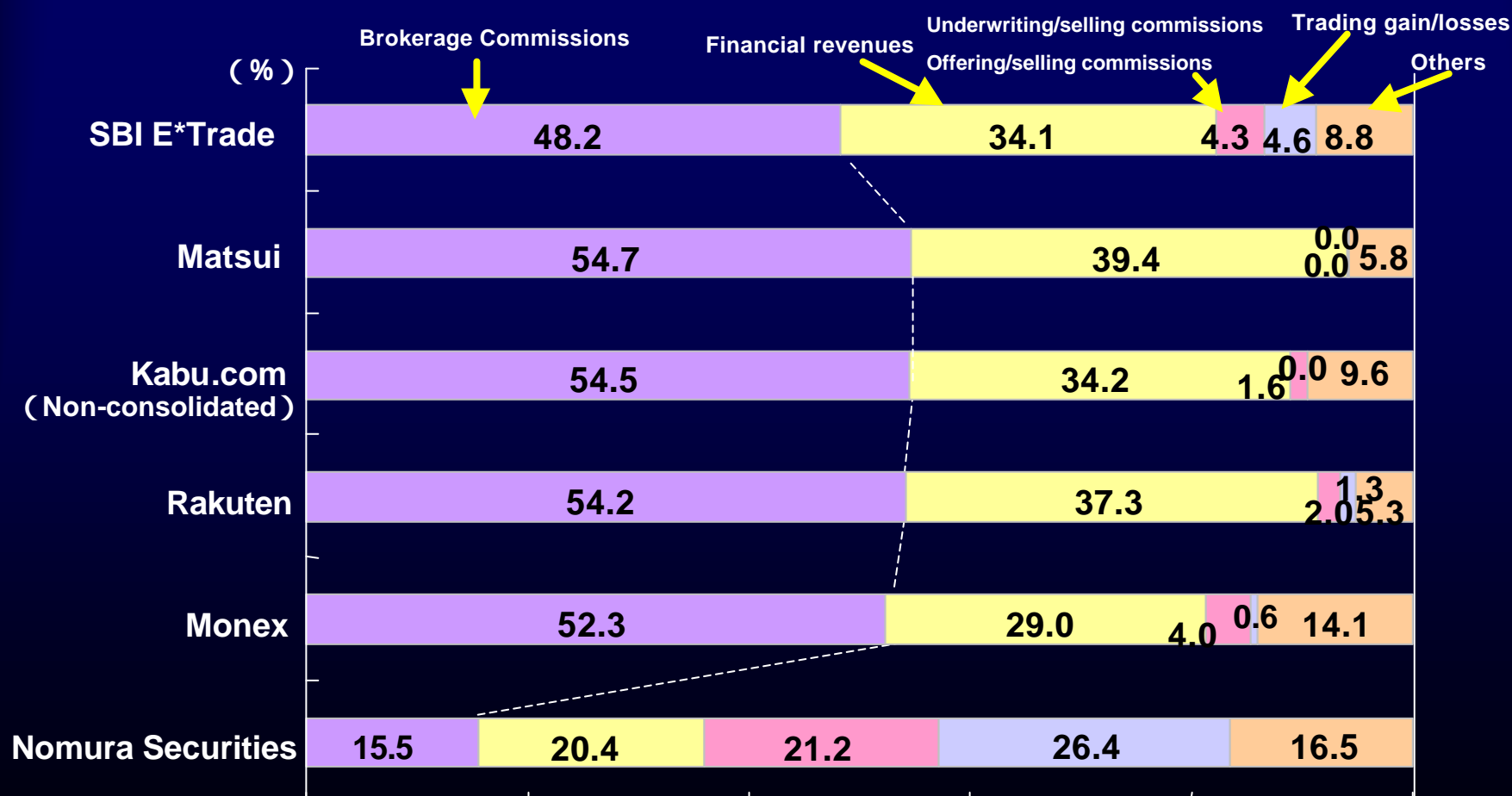
(1) Aim to become an Internet full-line securities company

(1) Aim to become an Internet full-line securities company

Establish a consistently profitable operating structure

Build a profit structure that is not vulnerable to market fluctuations

Composition of consolidated operating revenues in FY08 third quarter



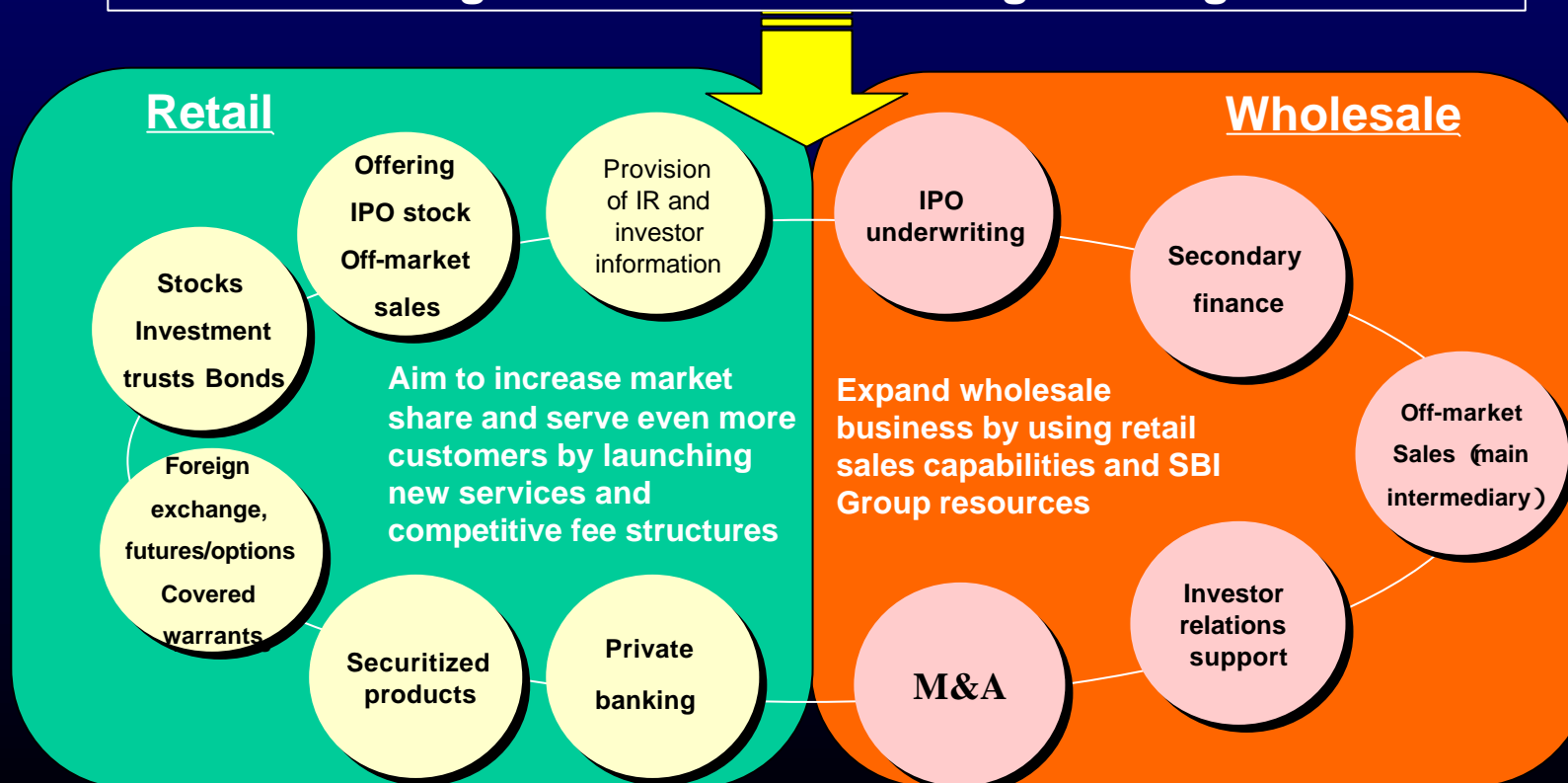
Source: Company Web sites and earnings releases (Nomura Securities figures based on Japanese standards)

(1) Aim to become an Internet full-line securities company

The two elements of comprehensive services: Retail business and wholesale business

Leverage the retail business operating base to expand the wholesale business with aim of establishing a consistently profitable operating structure

**Overwhelming lead in online customers served
27 offices nationwide, sales force of about 270 (Dec. 31, 2007)
Growing share of retail brokerage trading value**



(2) Use conventional (face-to-face) sales channels to establish a new business model

(2) Use conventional sales channels to establish a new business model

Retail business: Become Japan's first ideal securities company for individual investors

Make online services the base, and combine conventional services with this base

< Online services >

Standard Internet environment that allows individuals to buy and sell stocks on their own

< Conventional services >

Meet investors' needs with detailed services that cannot be offered using the Internet

Convergence

An entirely new framework for online securities services

A securities company that does not demand that investors make trades, but instead allows individuals to obtain all the information they want.

Investment information

- A nationwide network of 27 branches
- A sales team of about 270
- A call center that provides consultation services



Provides an investor-driven service where investors can receive the information they want

Transactions

- Internet
- Call center



Investors can make trades on their own based on information received
Transactions do not originate from the securities company

(2) Use conventional sales channels to establish a new business model

Retail business: Become Japan's first ideal securities company for individual investors

Offer services that truly reflect the needs of individual investors

- Preparing to start call center services that include consulting

Makes it possible to use the telephone to offer individual investment consultations, a capability that was not possible in the past

Provides information that matches customer needs that cannot be targeted using investment plans based only on information distributed using the Internet

- Hold mini-seminars at the 27 branch offices

Plan to hold about 500 seminars by the end of March for groups of about 10 people; main topics are investment trusts, foreign bonds and foreign exchange

- Name a marketing manager for each branch office

SBI E*TRADE SECURITIES branches (Hokkaido 1, Tohoku 2, Kanto 14, Chubu 5, Kinki 3, Kyushu 2)

Each branch marketing manager executes a sales strategy that matches the characteristics of the area served by that branch



Evolve into a “new type of securities company” by reviewing face-to-face services and introducing new services

Goal is to increase earnings by providing premium services that achieve a high level of satisfaction among individual investors

Internet brokerage commission rate: 2.8 basis points

If introduction of premium services raises brokerage commissions by one basis point, there would be an increase of about 35.3% in brokerage commission revenues.

(estimate based on FY08 3Q performance)

(2) Use conventional sales channels to establish a new business model

Corporate business: Build a powerful organization by greatly expanding the workforce

Use growth in the sales force to build an aggressive sales organization



(2) Use conventional sales channels to establish a new business model

Corporate business: Use sales force and branches to establish ties with more corporate clients

Start accurately targeted sales activities by using the SBI Group and the current customer base

(1) Deal sourcing within the SBI Group

1. Use SBI Group resources to offer services to meet the M&A, private equity investment and other needs of corporate clients.
2. Meet the financing needs of companies introduced by clients of the SBI Group

(2) Extensive sales activities targeting the 496 companies that have used SBI

SBI E*TRADE has participated in the IPOs of 496 companies. Target and meet the asset management needs of these companies and their executives.

(3) Upgrade corporate sales activities in other areas of Japan: Established corporate sales divisions at the Nagoya, Osaka and Fukuoka branches in November 2007.

Deploy corporate sales personnel to branch offices to increase sales activities targeting companies and financial institutions throughout Japan, a client sector that has not been targeted until now.

(4) Increase staffing of Financial Institution Division to reinforce its role as an access point for financial institutions

Earn FA contract fees by linking the investment and asset management needs of financial institutions with the demand for more capital at the 496 companies that conducted an IPO with the assistance of SBI E*TRADE

Expand corporate business by using new approaches to create more opportunities to earn profits

(3) The SBI Group's Growth Strategy

(1) Become a wholly owned subsidiary through an exchange of stock

The transformation of the online securities industry and our strategy

SBI E*TRADE has executed the ideal strategy for the ongoing transformation of the online securities industry.

I. The period of low brokerage commissions (2001-2003)

- Online securities companies slashed commissions to the industry's lowest level to capture market share and build a base for future earnings

SBI E*TRADE became a subsidiary of a holding company to gain greater autonomy in conducting business activities

II. The period of rapid growth in scale of operations (2003-2006)

- Rapid growth in brokerage activities and in balance of margin transactions
- Online securities companies play an increasing role in IPO and other underwriting activities

To meet demand for funds, SBI E*TRADE conducted an IPO to reinforced its financial position

III. The period of seeking new growth strategies (2007-)

- Stock market weakness is forcing companies to abandon business models relying solely on online brokerage services.

SBI E*TRADE aims to go beyond the online securities domain to become a comprehensive securities company

(1) Become a wholly owned subsidiary through an exchange of stock

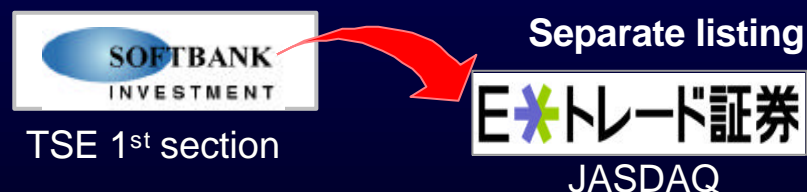
I. Commission-based competition = II. Rapid growth

I. The period of low brokerage commissions



Succeeded in capturing a large share of the retail brokerage market and enlarging the scope of operations

II. The period of rapid growth in scale of operations (2003-2006)



Nov. 30, '04 IPO

Urgent need to reinforce the balance sheet

- Rapid growth in balance of margin transactions (About 570 million yen in March '06)
- Growing presence in the IPO and other underwriting markets

Dec. '05 public offering of stock

March '06 bond issue

Established the sound financial base needed for further growth and diversification of the profit structure

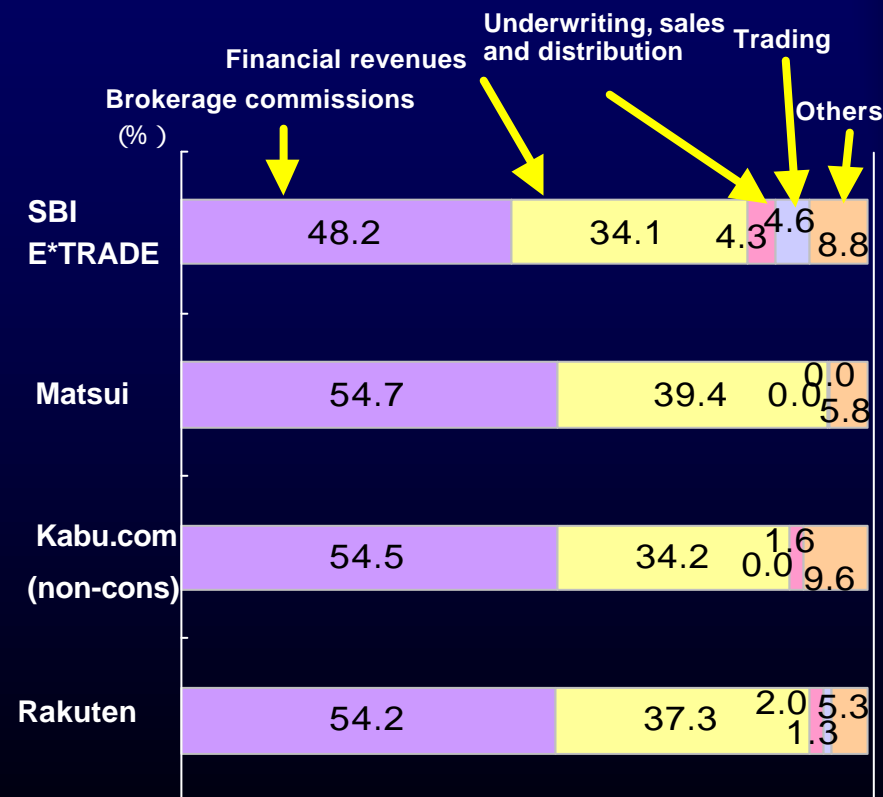
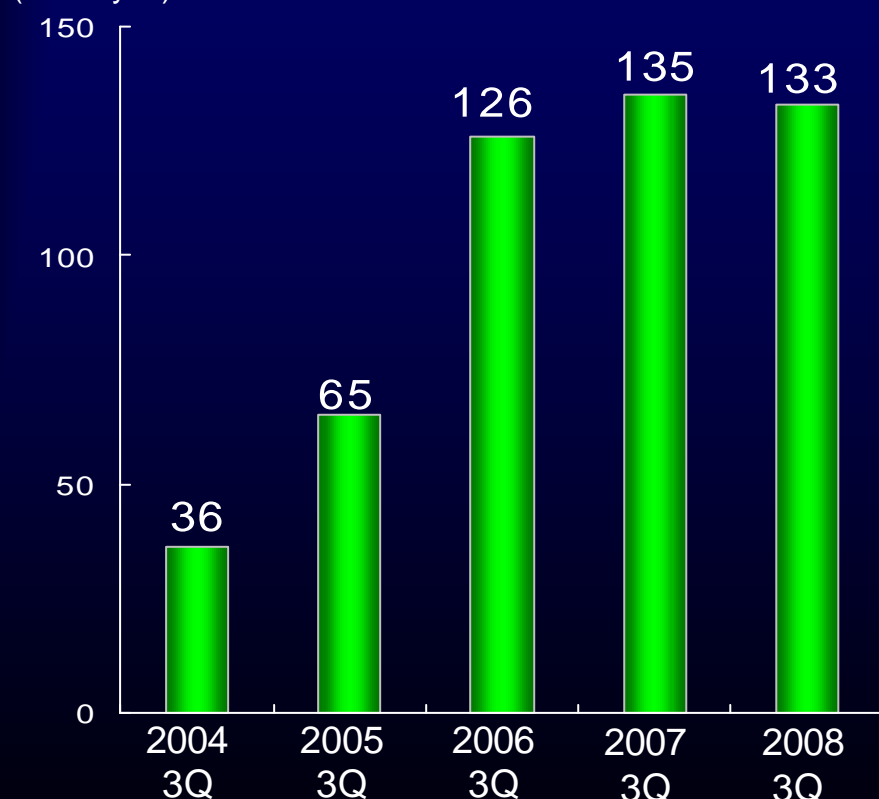
(1) Become a wholly owned subsidiary through an exchange of stock

III. The period of seeking new growth strategies

SBI E*TRADE aims to go beyond the online securities domain to become a comprehensive securities company

Online securities: Reliance on brokerage commissions makes this business model highly vulnerable to stock market ups and downs

Brokerage trading value of big five online securities companies (trillion yen) (April to December) **FY08 third quarter consolidated operating revenues (%)**



*The five companies are SBI E*TRADE, Kabu.com, Matsui, Monex and Rakuten.

Compiled by SBI E*TRADE SECURITIES based on Web sites and other public information for each company. SBI E*TRADE SECURITIES brokerage trading value is for only online accounts. <54>

(1) Become a wholly owned subsidiary through an exchange of stock

Plan to make SBI E*TRADE a wholly owned subsidiary of SBI Holdings

Use the capabilities of all SBI Group companies to become a comprehensive securities company

Become more than merely an online broker

- Become a comprehensive securities company by using the investment banking capabilities of the SBI Group

The superiority of the financial conglomerate business model

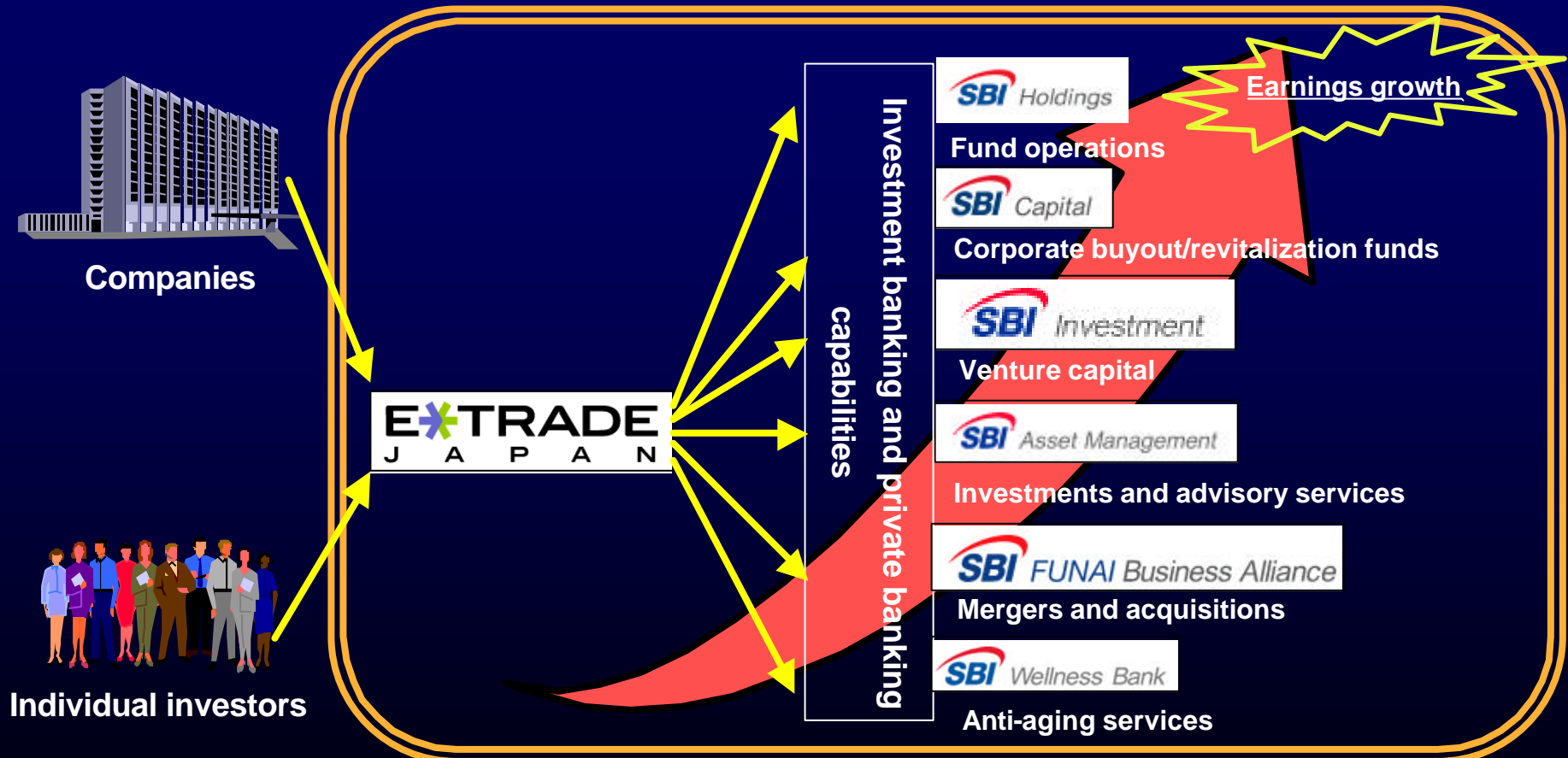
- Mutual use of strengths of individual group companies makes it possible to provide new services that companies cannot offer on their own

- Each SBI Group company will use its respective activities to help SBI E*TRADE become a comprehensive securities company, enabling all group companies to pursue earnings growth.
- By making SBI E*TRADE a wholly owned subsidiary, SBI Holdings will enable its shareholders to benefit from all of the earnings generated by this subsidiary.
- As a privately owned company, SBI E*TRADE's management will have greater freedom to take actions aimed at maximizing earnings by pursuing more synergies and introducing new products and services.

(1) Become a wholly owned subsidiary through an exchange of stock

Plan to make SBI E*TRADE a wholly owned subsidiary of SBI Holdings

Use the resources of all SBI Group companies to become a comprehensive securities company

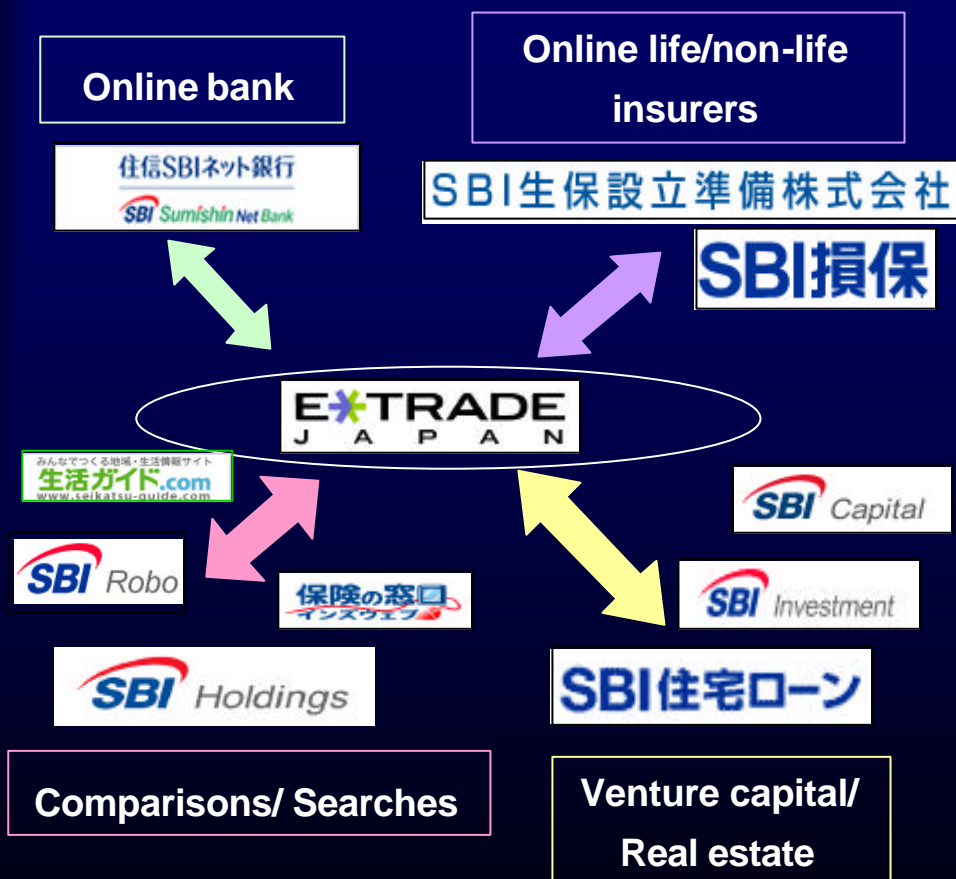


SBI E*TRADE can use other SBI Group companies to gain access to the resources it lacks in order to become a comprehensive securities company. The objective is to maximize the group's earnings, which SBI E*TRADE could not accomplish on its own.

(1) Become a wholly owned subsidiary through an exchange of stock

The superiority of the financial conglomerate business model

Expand the SBI Group as a financial conglomerate



Use the group's 1.6 million customer relationships to accelerate the growth of all group companies

Sumishin SBI Net Bank (started operations Sept. '07)

Raised deposits to 200 billion yen faster than any other online bank in Japan; more than 100,000 account applications (as of Jan. 23)

Expanding services linked to SBI E*TRADE, like deposits exclusively for SBI E*TRADE transactions

SBI Insurance (started operations Jan. '08)

Assisting this company achieve a strong start by introducing its services to the customers of SBI E*TRADE

SBI Life Insurance

To start operations in second half of FY08

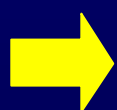
Capturing mutual synergies among all SBI Group companies will enable the group to offer a broad lineup of competitive services

(1) Become a wholly owned subsidiary through an exchange of stock

Plan to make SBI E*TRADE a wholly owned subsidiary of SBI Holdings

Purpose of exchange of stock

To succeed, SBI E*TRADE must capture a dominant market share in the online securities industry and further extend the scope of activities as a comprehensive securities company. The company must also respond to the rapid changes in the financial services market and the diversification of customers' needs.



By becoming a wholly owned subsidiary of SBI Holdings, SBI E*TRADE will be able to operate with greater speed and agility, allocating resources in the best manner while pursuing more synergies with other SBI Group companies. This will enable the group to establish a framework that can serve a broad spectrum of financial needs.

Stock exchange ratio

	SBI Holdings (parent company)	SBI E*TRADE (wholly owned subsidiary)
Exchange ratio	1	3.55

*SBI E*TRADE shareholders will receive 3.55 shares of SBI Holdings common stock for each share of SBI E*TRADE common stock.

Timetable for exchange of stock (tentative)

June 25, 2008	Shareholders meeting (for approval of exchange of stock)
July 25, 2008	Final trading date for SBI E*TRADE stock
July 28, 2008	Termination of SBI E*TRADE exchange listing
August 1, 2008	Exchange of stock

(2) Name change to SBI Securities

Background for change in company name

SBI E*TRADE to be renamed SBI Securities on July 1, 2008

**Company will leverage its brand value and reinforce ties
with other SBI Group companies to continue growing**

SBI E*TRADE to be renamed SBI Securities on July 1, 2008

Utilize brand value as an innovative and forward-looking financial conglomerate

Evolving: from a specialized online securities firm into a general securities firm with a strong online retail business

Merged with SBI Securities on October 1, 2007

Merger provides a base for going beyond the bounds of online securities services, using a sales force of about 270 and a nationwide branch network with 27 locations to offer new services and serve the corporate market. Targeted markets include the PB, IB, corporate and other businesses.

Greater management flexibility, including for actions aimed at growth on a global scale

Termination of licensing agreement with E*TRADE Financial Corporation for use of the E*TRADE brand will allow SBI Securities to begin overseas operations, which were not allowed under the licensing agreement.

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

Risks and commissions associated with products handled by SBI E*TRADE

Name: SBI E*TRADE SECURITIES, Financial Products Trader

Registration number: Kanto Regional Finance Bureau (Kinsho) No. 44

Memberships: Japan Securities Dealers Association, The Financial Futures Association of Japan

Risk information concerning products

◆Japanese stocks Ordinary trading

- Stock transactions may result in losses due to changes in stock prices and other factors.

◆Japanese stocks Margin trading

- Margin trades require a deposit of at least 33% of the transaction value, but not less than ¥300,000.
- Since margin trading permits using small deposits to conduct large transactions, there is a risk of incurring a substantial loss.
- Margin trading may produce losses due to changes in applicable stock prices and other factors. In addition, losses may exceed the margin deposit.

◆Odd-lot shares

- Stock transactions may result in losses due to changes in stock prices and other factors.

Off-market sales

- Stock transactions may result in losses due to changes in stock prices and other factors.

Risks and commissions associated with products handled by SBI E*TRADE

Risk information concerning products

◆IPO/Public offerings ◆Secondary offerings

- Stock transactions may result in losses due to changes in stock prices and other factors.

◆Investment trusts

- Investment trusts purchase mainly stocks, corporate and government bonds and other securities with price volatility. Since the principal is not guaranteed, the price of each investment unit will fluctuate along with changes in market prices, exchange rates and other items on markets associated with trust assets. Consequently, the value of an investment trust investment may fall below a customer's initial investment.
- Investment trusts differ depending on the type of assets held, investment limits, markets and countries used for investments, and other factors. Since each trust has a different risk profile, investors are urged to read the prospectus and contract before signing.

◆Bonds

- Bond prices move together with changes in market interest rates. Consequently, investors may incur losses when selling a bond prior to its maturity.
- Foreign government bonds may produce losses due to changes in foreign exchange rates and other items.

◆Futures ◆Options

- The required deposit is (SBI E*TRADE SPAN deposit - Net option value) x 1.4 (140%).
- The SBI E*TRADE SPAN deposit and total net option value is recalculated each time an order is placed or completed. Furthermore, the deposit may change due to exchange regulations or a decision by SBI E*TRADE at its discretion.

Risks and commissions associated with products handled by SBI E*TRADE

Risk information concerning products

◆Futures ◆Options (continued)

- Please confirm the current SPAN deposit by visiting the Osaka Securities Exchange Web site.
- Prices of stock index futures (Nikkei 225 and mini Nikkei 225) fluctuate along with changes in stock indexes and other items. This volatility may result in losses for investors. If market prices move in the opposite direction than was expected, investors may lose a large part or all of the deposit in a short time. Furthermore, this loss may exceed the deposit. Moreover, since stock price index futures trading permits using small deposits to conduct large transactions, there is a risk of incurring a substantial loss.
- Prices of stock index options (Nikkei 225 options) fluctuate along with changes in stock indexes and other items. This volatility may result in losses for investors. Caution is needed because options can be exercised only during a certain period. Investors who buy options will lose their entire investments if the option is not exercised or resold before the expiration date. Investors who sell options may be exposed to an unlimited loss if market prices move in the opposite direction than expected. Furthermore, since stock index option market prices are linked to movements in the actual stock index, volatility of option prices may be higher than the rate of change in the actual stock index. In some cases, there is a risk of incurring a substantial loss.

◆Foreign stocks

- Foreign stock transactions may result in losses due to changes in stock prices and other factors.
- Foreign stock transactions may result in losses due to changes in foreign exchange rates and other items.

Risks and commissions associated with products handled by SBI E*TRADE

Risk information concerning products

◆Foreign exchange margin transactions (E*TRADE FX)

- Foreign exchange margin transactions are conducted in units of ¥10,000 to ¥10 million and require a minimum deposit of from ¥50,000 to ¥200,000.
- Principal and interest for these transactions is not guaranteed.
- These transactions are conducted using a small deposit in relation to the amount of the trade. Consequently, while investors may earn large profits in relation to the deposit, there is also a risk of incurring a large loss within a short time.
- These transactions may result in losses due to changes in currency prices, financial indicators and other items. Furthermore, losses may exceed the deposit.
- The swap point varies depending on changes in interest rates and other items. Consequently, there is no guarantee that the swap point will remain the same.
- Transaction rates use the 2-way method, resulting in a difference between the purchase and sale value.

◆Individual annuities

- Investments used by individual annuity plans include investment trusts. Since the value of investment trust investments changes depending on changes in prices of trust stocks and bonds, exchange rates and other items, the value of an investment may fall below the principal.

◆Insurance

- Insurance policy assets are managed in a separate account while premiums are received and while annuity payments are made. Death benefits, annuity payments and refunds upon policy termination may increase or decrease depending on the performance of assets in the special account. Assets in the special account are vulnerable to investment risks associated with changes in prices of stocks and corporate and government bonds, exchange rates, and other items. Depending on the performance of assets, the sum of annuity payments and the refund upon termination may fall below the one-time insurance premium payment. The policyholder is responsible for all of the risk.

Risks and commissions associated with products handled by SBI E*TRADE

Risk information concerning products

◆e-warrants

- Prices of e-warrants (covered warrants) are vulnerable to many factors that include but are not restricted to changes in prices of underlying stocks and stock indexes, REITs, depositary receipts, JGB futures, currencies (link bonds), commodities (link bonds), to the passage of time (in general, the price declines with time, except for certain types of issues), and to foreign exchange rates (for underlying assets are outside Japan). Consequently, principal is not guaranteed and there is a high risk of losing the entire original investment. Furthermore, e-warrants generally have greater price volatility than a direct investment in the underlying assets. (However, when the price of an e-warrant is extremely low, price movements are virtually unaffected by changes in prices of underlying assets.)
- Prices of near-pin e-warrants (covered warrants) are vulnerable to many factors that include but are not restricted to changes in stock indexes and foreign exchange rates, which are the underlying assets, and the passage of time (including during a single day). Consequently, principal is not guaranteed and there is a high risk of losing the entire original investment. Furthermore, nearpin e-warrants generally have greater price volatility than a direct investment in the underlying assets. The maximum amount that can be received per warrant is ¥100. If the price of the applicable assets upon maturity differs from the pin price by more than the prescribed amount, the price will be zero upon maturity. Even if an investor purchases all types of nearpin e-warrants that have the same maturity date, there is a possibility of losing the entire investment.

Tracker e-warrants (covered warrants) are securities where prices are vulnerable to many factors, including changes in the prices of the underlying assets such as stock indexes, currencies (linked bonds) and commodities (linked bonds), foreign exchange markets (if the underlying assets are in another country), and other items. Consequently, principal is not guaranteed and investors may incur losses. Prices of tracker e-warrants generally move more closely with the prices of the underlying assets than the prices of e-warrants do. However, these prices are not linked with prices of the underlying assets during any particular period. Furthermore, there may be a change in the assumption for the investment return for the underlying assets because of changes in interest rates, projected dividends until maturity, stock lending associated with the underlying assets, and other items. In this case, there may be an effect on the price of the tracker e-warrants. Please refer to the latest foreign securities manual for more information.

- Furthermore, a transaction may be terminated even during exchange trading hours.
- There is a difference (spread) between customers' purchase and sales prices.

Risks and commissions associated with products handled by SBI E*TRADE

Fees and commissions (*Includes Internet •mobile device transaction fees and taxes)

Japanese stocks, ETF, REIT, Securities investment companies

•For ordinary trades, the commission per order is ¥200 for trades up to ¥100,000, ¥250 up to ¥200,000, ¥450 up to ¥500,000, ¥800 up to ¥1 million, ¥950 up to ¥1.5 million, ¥1500 up to ¥30 million and ¥1575 for more than ¥30 million. (standard plan) The commission for trades in a single day is nothing for up to ¥100,000, ¥250 up to ¥200,000, ¥315 up to ¥300,000, ¥500 up to ¥500,000, ¥900 up to ¥1 million, and an additional ¥420 for each additional ¥1 million. (active plan *1) For system/ordinary margin trades, the commission per order is ¥150 for trades up to ¥200,000, ¥200 up to ¥500,000 and ¥400 for more than ¥500,000. (standard plan) The commission for trades in a single day is nothing for up to ¥100,000, ¥300 up to ¥500,000, ¥600 up to ¥1 million, ¥1000 up to ¥10 million, ¥2000 up to ¥50 million, and an additional ¥2000 for each additional ¥50 million. (active plan *1)

•For PTS nighttime trades(*2), the commission per order is ¥450 for trades up to ¥500,000, ¥800 up to ¥1 million, ¥950 up to ¥1.5 million, ¥1500 up to ¥30 million, and ¥1575 for more than ¥30 million (but commission is ¥367 for all trades executed on February 29, 2008).

•The commission for odd-lot shares (S stock) (*2) transactions is 0.63% of the transaction value. There is no minimum commission.

•There is no commission for IPOs, public offerings and secondary offerings. 3

•There is no commission for off-market sales.

*1 The total transaction value and commission are calculated separately for ordinary Japanese stock transactions, Japanese stock system margin transactions, and Japanese stock ordinary margin transactions.

In addition, the standard plan commissions will be applied for transactions by call center customers using the IVR system.

Risks and commissions associated with products handled by SBI E*TRADE

Fees and commissions (*Includes Internet +mobile device transaction fees and taxes)

Japanese stocks, ETF, REIT, Securities investment companies (continued)

- *2. These transactions cannot be performed with Hyper Mobile or Hyper Mobile Lite.
- *3. With Mobile E*TRADE, only bookbuilding applications and the confirmation of drawing results are possible. With Mobile E*TRADE for W-Zero3, Hyper Mobile and Hyper Mobile Lite, and the IVR system, these transactions are not possible.
- *4. Not possible with Mobile E*TRADE for W-Zero3, Hyper Mobile and Hyper Mobile Lite, and the IVR system.

Foreign stocks

✶For U.S. stocks, the commission per order is US\$26.25 up to 1,000 shares and an additional 2.1 cents for each additional share.

•For Chinese stocks, the commission is 0.4095% of the transaction value. The minimum commission is HK\$31.50 and the maximum commission is HK\$315.

•For Korean stocks, the commission is 0.945% of the transaction value. The minimum commission is 9,450 won.

*There is a management fee of up to 0.99% on overseas ETF.

Risks and commissions associated with products handled by SBI E*TRADE

Fees and commissions (*Includes Internet •mobile device transaction fees and taxes)

Investment trusts

•For stock and other investment trusts, the application fee is a maximum of 3.15% of the unit price, the trust fee is a maximum of 2.7125% of the net assets, and the trust asset retention amount is a maximum of 1% (not taxed) of the unit price upon redemption. Please check for other fees in the prospectus of each fund. Investment trust fees are different for each fund.

•When investing in a foreign currency-denominated MMF (U.S. dollars), investors pay only the amount of the investment. There is also a one-way foreign exchange fee of ¥0.25 for the foreign exchange transaction associated with the purchase of the foreign currency-denominated MMF.

Bonds

•Japanese bonds (except convertible bonds): Investors pay only the value of the bonds when buying Japanese bonds.

•Foreign bonds: Investors pay only the value of the bonds when buying foreign bonds. Please note that there is also an SBI E*TRADE foreign exchange fee associated with the purchase of the foreign bond (payable for each purchase). This fee is ±¥0.50 for the U.S. dollar, ±¥0.80 for the euro, ±¥0.80 for the Canadian dollar, ±¥1 for the Australian and New Zealand dollars, ±¥0.50 for the South African rand, and ±¥0.30 for the Mexican peso. Please note that these foreign exchange fees may be revised at any time without prior notice.

Risks and commissions associated with products handled by SBI E*TRADE

Fees and commissions (*Includes Internet •mobile device transaction fees and taxes)

Financial products

- For foreign exchange margin transactions(*5, 6), the commission is ¥300 for each trading unit and ¥4500 for 15 or more trading units. When there are two or more positions, this commission is applied to each one.
- For futures transactions(*6), the commission is ¥525 per Nikkei 225 contract and ¥52.5(with tax, rounded down to the nearest whole yen) per mini Nikkei 225 contract.
- For options transactions(*6), the commission is 0.21%、and the minimum commission is ¥210 (with tax). .
- e-warrant commissions are ¥262 for trades up to ¥200,000 and ¥525 for trades of ¥200,000 or more.
- There is no commission for individual annuity transactions.
- For insurance policies, there is no commission for investment-type annuity policies, healthcare insurance, cancer insurance, automobile insurance, overseas travel insurance and golf insurance. However, for investment-type annuity policies, there is a fee of 5.0% of the lump-sum premium payment to cover initial policy expenses, a monthly fee of ¥500 for policy management expenses and other insurance administrative expenses. Please visit the SBI E*TRADE Web site to obtain more information.

*5. When there are investments in two or more items, commissions will be calculated for each investment. In addition, the commission-free service for reverse trades for day trades was terminated on June 16, 2007 (Saturday) in conjunction with this large reduction in commissions.

*6 Not possible with Mobile E*TRADE for W-Zero3, Hyper Mobile and Hyper Mobile Lite.

Risks and commissions associated with products handled by SBI E*TRADE

Fees and commissions (*Transaction fees including taxes at conventional offices)

Commissions for Japanese stocks, ETF, REIT, beneficiary certificates of securities investment companies, etc., and preferred stock, etc.

- For ordinary trades, the commission per order is 1.2075%(*1) of the transaction value for trades up to ¥1 million, 0.945% + ¥2,625 for trades of ¥1 million+ to ¥5 million, 0.735% + ¥13,125 for trades of ¥5 million+ to ¥10 million, 0.60375% + ¥26,250 for trades of ¥10 million+ to ¥30 million, 0.39375% + ¥89,250 for trades of ¥30 million+ to ¥50 million, ¥286,125 for trades of ¥50 million+ to ¥100 million, 0.0735% + ¥212,625 for trades of ¥100 million+ to ¥200 million, 0.0525% + ¥254,625 for trades of ¥200 million+ to ¥300 million, 0.042% + ¥286,125 for trades of ¥300 million+ to ¥500 million and 0.0315% + ¥338,625 for trades of more than ¥ 500 million.

*1 However, the commission is ¥2,650 if the above commission of 1.2075% of the transaction value is less than ¥2,625.

*More information concerning commissions is available at any SBI E*TRADE office.

Odd-lot stock brokerage commissions

- The brokerage commission for trades of shares of less than one tangen (trading unit) is the proportion of the commission for one tangen based on the number of odd-lot shares.

Risks and commissions associated with products handled by SBI E*TRADE

Fees and commissions (*Transaction fees including taxes at conventional offices)

Foreign stock (U.S. and China) brokerage commissions (continued)

- For foreign stock trades, the commission per order is 10.5% (with tax) of the transaction value for trades up to ¥75,000, ¥7,875 (with tax) for trades of ¥75,000+ to ¥750,000, 1.05% (with tax) of the transaction value for trades of ¥750,000+ to ¥5 million, 0.84% + ¥10,500 (with tax) for trades of ¥5 million+ to ¥10 million, 0.63% + ¥31,500 (with tax) for trades of ¥10 million+ to ¥50 million, 0.42% + ¥147,000 (with tax) for trades of ¥50 million+ to ¥100 million, and 0.21% + ¥346,500 (with tax) for trades of more than ¥100 million.

*For purchases, foreign securities exchange brokerage commissions, securities transaction taxes and other fees will be added to the overseas amount due to calculate the transaction value. For sales, these commissions, taxes and fees will be deducted from the amount due.

*The foreign exchange rate used by SBI E*TRADE for foreign stock transactions will be the TTS rate for purchases and the TTB rate for sales.

Stock index futures brokerage commissions

- For stock index futures trades, the commission per order is 0.084% (with tax) of the transaction value for trades up to ¥100 million, 0.063% + ¥21,000 (with tax) for trades of ¥100 million+ to ¥300 million, 0.042% + ¥84,000 (with tax) of the transaction value for trades of ¥300 million+ to ¥500 million, 0.021% + ¥189,000 (with tax) for trades of ¥500 million+ to ¥1 billion, and 0.0105% + ¥294,000 (with tax) for trades of more than ¥1 billion.

Risks and commissions associated with products handled by SBI E*TRADE

Fees and commissions (*Transaction fees including taxes at conventional offices)

Stock index options brokerage commissions

- For stock index options trades, the commission per order is 4.2% (with tax)*1 of the transaction value for trades up to ¥1 million, 3.15% + ¥10,500 (with tax) for trades of ¥1 million+ to ¥3 million, 2.1% + ¥42,000 (with tax) of the transaction value for trades of ¥3 million+ to ¥5 million, 1.575% + ¥68,250 (with tax) for trades of ¥5 million+ to ¥10 million, 1.26% + ¥99,750 (with tax) for trades of ¥10 million+ to ¥30 million, 0.945% + ¥194,250 (with tax) for trades of ¥30 million+ to ¥50 million, and 0.63% + ¥351,750 (with tax) for trades of more than ¥50 million.

*1. The commission is ¥2,625 (with tax) in cases where 4.20% (with tax) of the transaction value is less than ¥2,625.

*Commissions for ordinary transactions, margin transactions and odd-lot transactions for Japanese stocks and for ordinary transactions, futures and options for foreign stocks (U.S. and China) are different than the commissions for online accounts.

*Commissions for investment trusts are different than the commissions for online accounts.

*PTS nighttime transactions, foreign stock (Korea) transactions, foreign exchange margin transactions and e-warrant transactions are not possible.

*Minors are not allowed to conduct margin transactions or futures and options transactions for Japanese stocks.

*Please contact an SBI E*TRADE branch office for more information.