



SBI E*TRADE SECURITIES Co., Ltd.

Financial Review

Fiscal Year Ended March 31, 2008

April 24, 2008

SBI E*TRADE SECURITIES Co., Ltd.
Stock code: 8701

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1. Financial Highlights

Consolidated Financial Highlights for Fiscal 2008

Although revenues increased as a result of diversification efforts, net income decreased due to higher expenses associated with mergers. (Million yen, %)

	Year ended March 2007	Year ended March 2008	YoY Change
Operating revenues	57,412	64,499	+12.3
Net operating revenues	53,296	58,017	+8.9
Operating income	24,543	22,842	-6.9
Ordinary income	24,571	22,405	-8.8
Net income	13,811	11,923	-13.7

#1. Regarding OHT shares , ¥910 millions was posted as an allowance for doubtful accounts in fiscal 2008.

#2. With basic agreements concluded regarding sales of shares of E*TRADE Korea, ¥1.49 billion was posted as deferred tax liabilities.

#3. As for the former SBI Securities, which was merged, operating revenues for the period from October 2007 to March 2008 were 1.95 billion yen, with ¥2.75 billion as selling, general and administrative expenses.

Consolidated Quarterly Financial Highlights for FY 2008

Fourth quarter performance declined due to poor market conditions and higher merger costs (Million yen, %)

	Fiscal 2008				
	1Q (Apr-June, 2007)	2Q (July-Sep, 2007)	3Q (Oct-Dec, 2007)	4Q (Jan-Mar, 2008)	4Q vs.3Q
Operating revenues	15,440	17,138	17,205	14,715	-14.5
Net operating revenues	14,115	15,133	15,675	13,092	-16.5
Operating income	6,113	6,544	5,966	4,217	-29.3
Ordinary income	6,112	6,426	5,921	3,945	-33.4
Net income	3,221	4,113	4,202	385[*]	-90.8

* With basic agreements concluded regarding sales of shares of E*TRADE Korea, ¥1.49 billion was posted as deferred tax liabilities in the fourth quarter.

Highlights of Fiscal 2008 Consolidated Performance

(1) Brokerage commissions: Down 2.6% YoY to ¥30,873 million

- 1,662,051 customer accounts (Mar. 31, 2008); 256,154 new accounts (monthly average of 21,346).
- Share of retail brokerage trading value rose to an all-time high of 39.7% (4Q FY2008).

(2) Financial revenues: Up 24.5% YoY to ¥21,743 million

- †Increased due to rising interest rates; Net financial revenues up 23.0% YoY to ¥16,471million.
- 169,443 margin accounts (Mar.31, 2008); 21,784 new accounts in FY 2008(monthly average of 1,815).

(3) Underwriting, offering and selling commissions: Up 28.1% YoY to ¥2,504 million

- †Investment trusts revenues jumped130.2% YoY to ¥3,816Million yen due to diversified products.
- Participated in underwriting of offerings of 58 companies, E TRADE ranking first in the industry.

(4) Trading gains and others: Up 49.1% YoY to ¥9,378 million

- Foreign exchange margin trading accounts and trading volume increased due to fee reduction.
- Other operating revenues increased in part due to sales of IT systems subsidiaries.

(5) Selling, general and administrative expenses

- SG&A increased due to business expansion after merger with the former SBI Securities.

(6) E*TRADE Korea CO., Ltd.

- For E*TRADE Korea, operating revenues up 54.2%; net income up 112.3%; thanks to active markets.

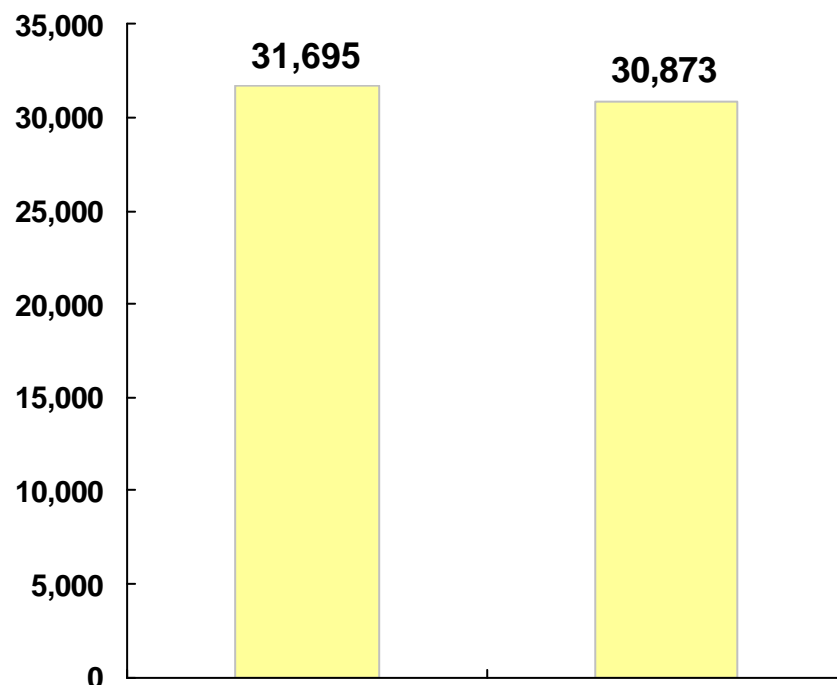
FY08 Highlights

(1) Consolidated Brokerage Commissions

**Brokerage commissions
Down 2.6%**

**Brokerage trading value
Up 2.7%**

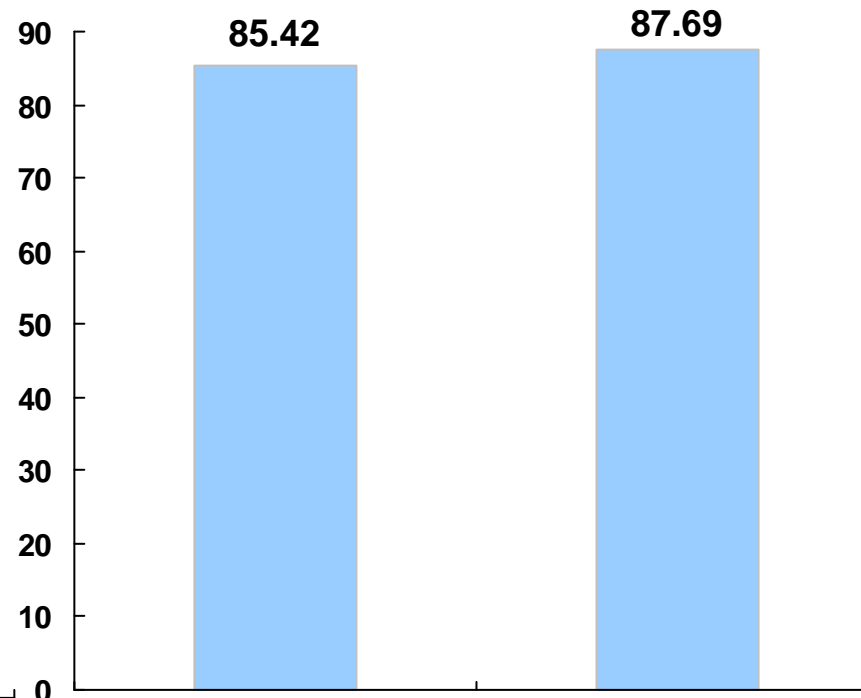
(Million yen)



**Fiscal 2007
(Apr.2006-Mar.2007)**

**Fiscal 2008
(Apr.2007-Mar.2008)**

(Trillion yen)



**Fiscal 2007
(Apr.2006-Mar.2007)**

**Fiscal 2008
(Apr.2007-Mar.2008)**

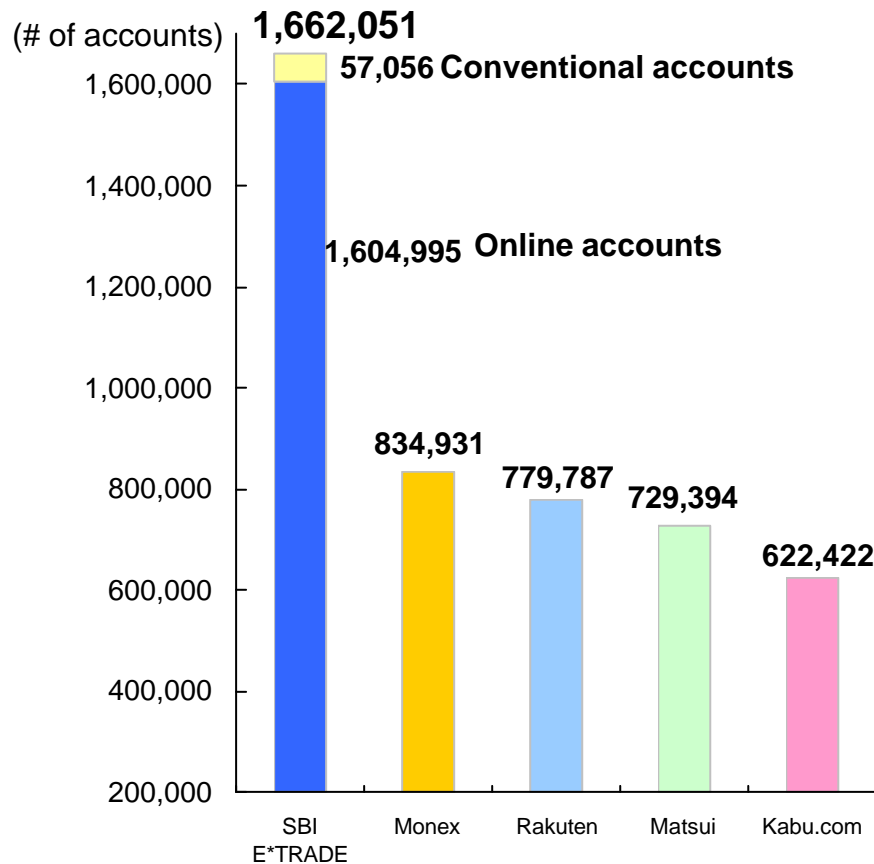
The numbers for SBI E*TRADE SECURITIES for FY08 are based solely on the Internet division.

(1) Brokerage commissions

Customer accounts at major online securities companies

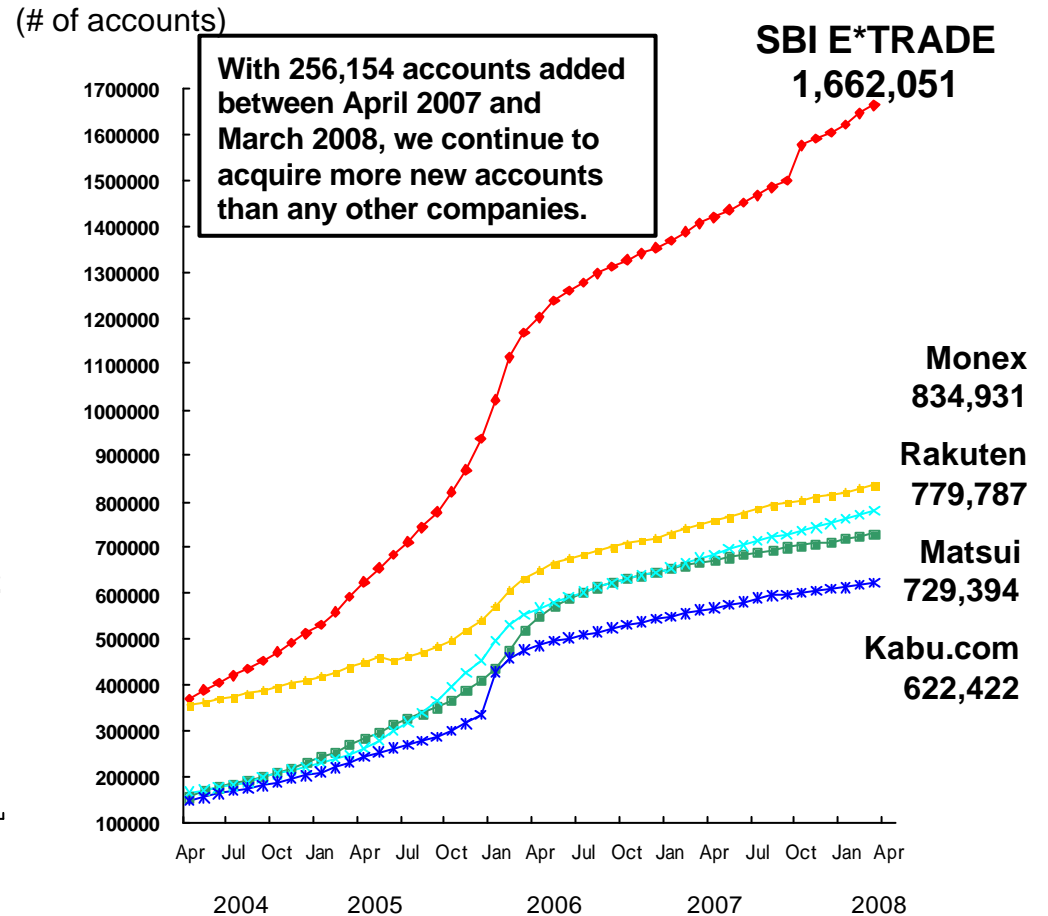
Customer accounts at big five online securities companies

(March 31, 2008)



Growth in customer accounts at big five online securities companies

(April 2004 to March 2008)

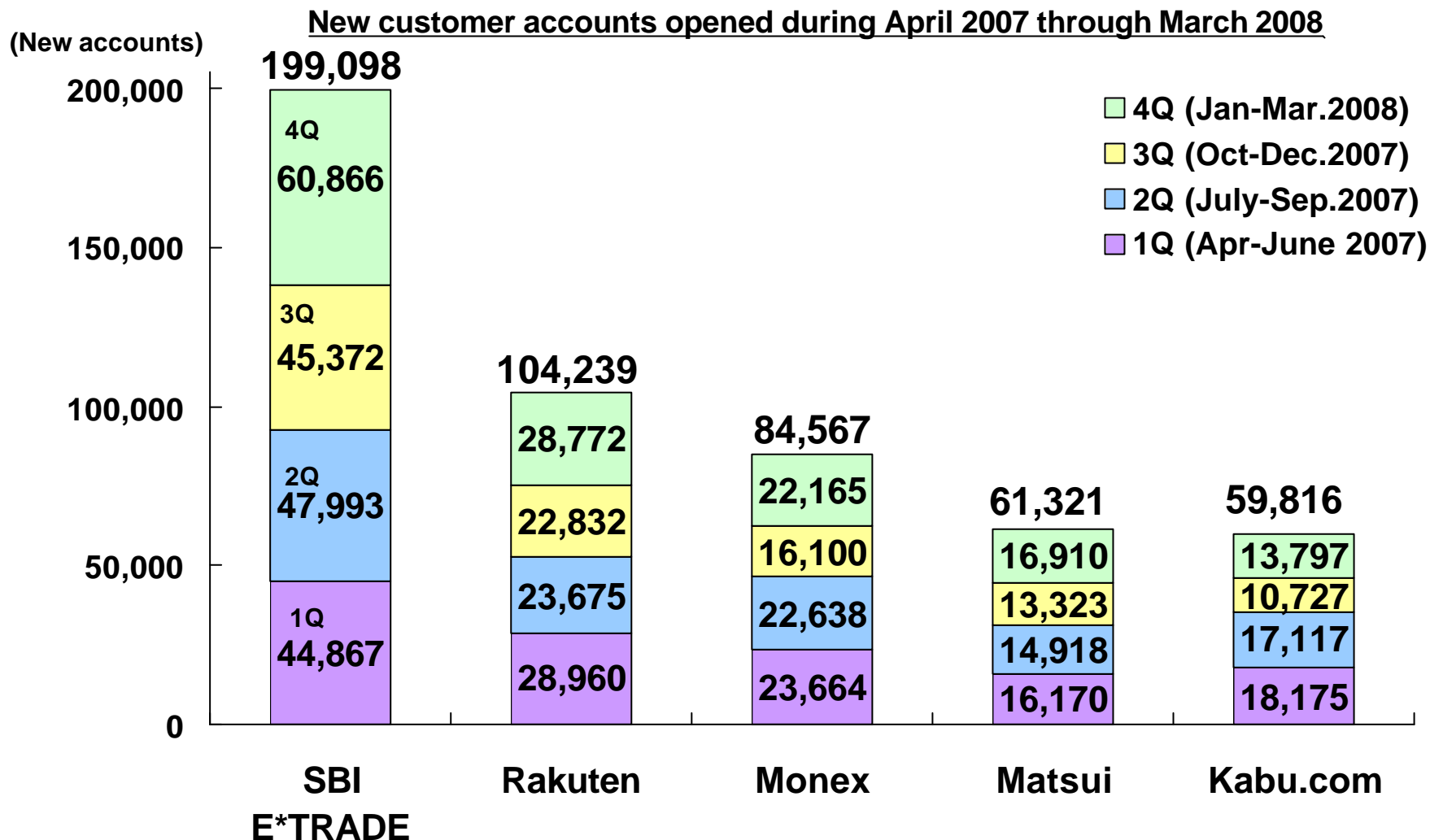


Source :Compiled by SBI E*TRADE SECURITIES based on Web sites and other public information for each company.

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

(1) Brokerage commissions

New accounts at five major online securities companies

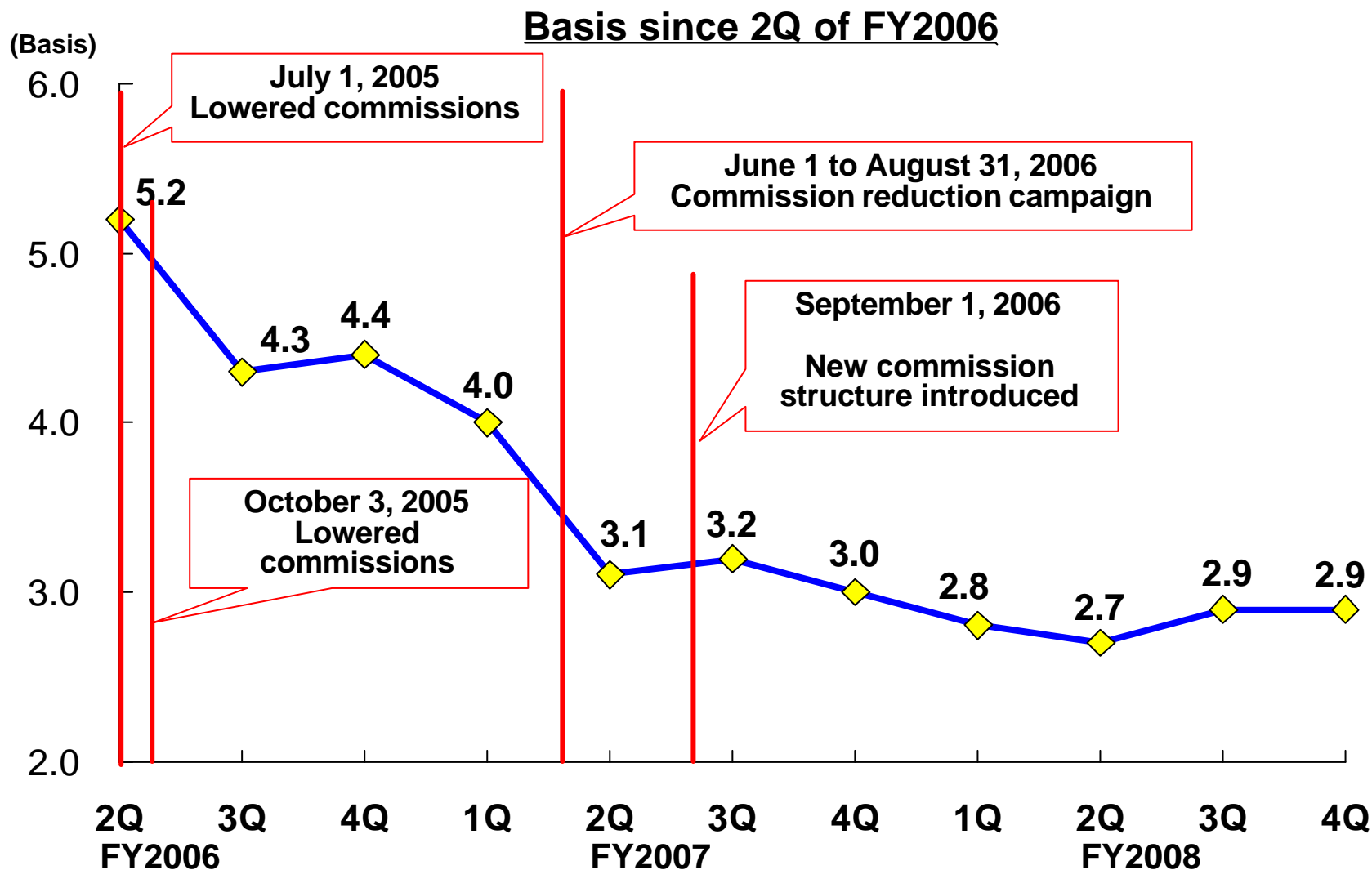


(Online accounts only)

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

(1) Brokerage commissions

Change in SBI E*TRADE basis

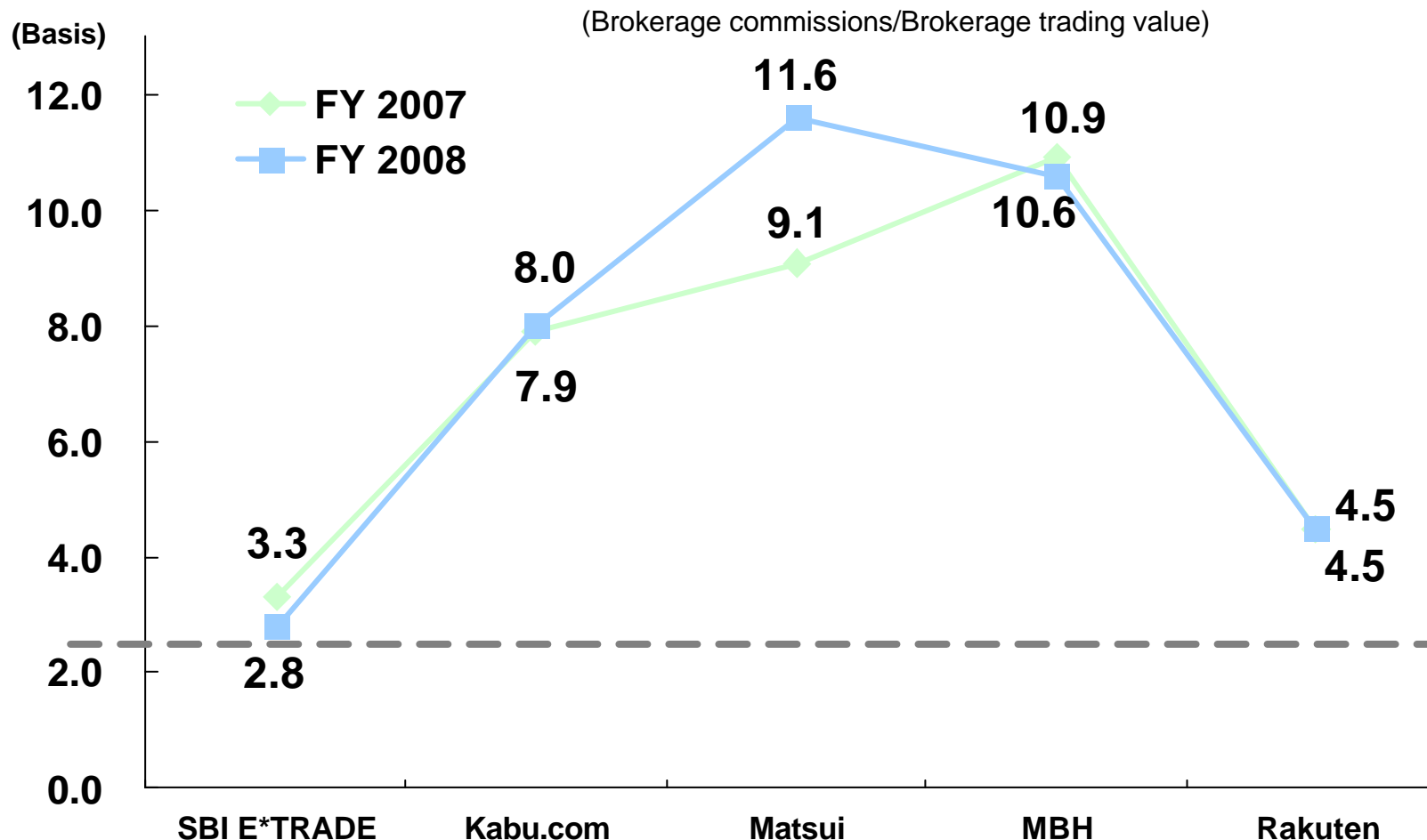


(Brokerage commissions ÷ Brokerage trading value) Calculated quarterly using non-consolidated figures. Brokerage commissions are from quarterly non-consolidated financial statements. Starting from 3Q of FY08, numbers include only the Internet division (former SBI E*TRADE SECURITIES).

(1) Brokerage commissions

Basis at major Japanese online securities companies

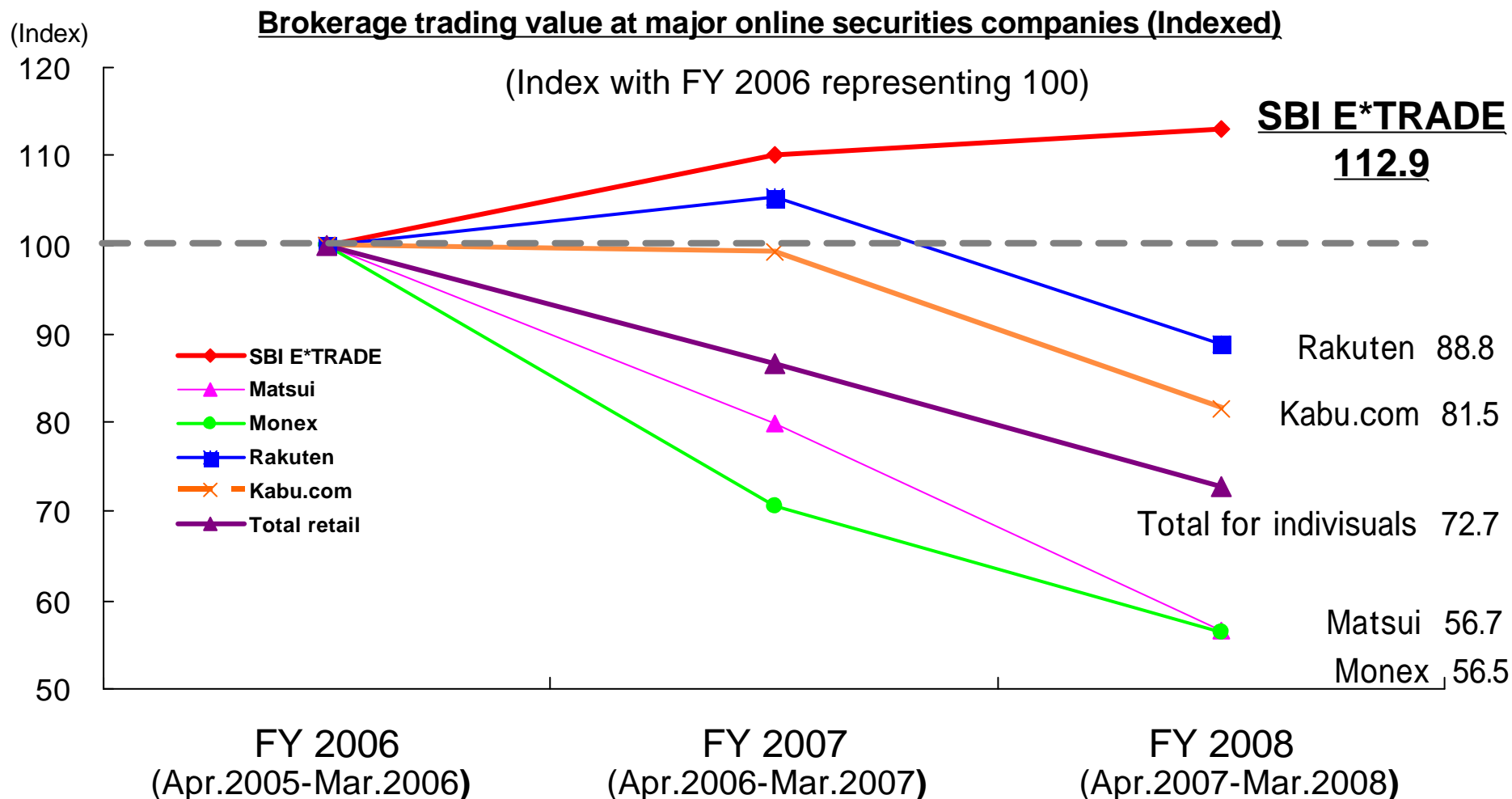
Basis for big five online securities companies



Source :Compiled by SBI E*TRADE SECURITIES based on financial statements, monthly releases and other public information. Total for the period from April 2007 through March 2008. Brokerage commissions are from quarterly non-consolidated financial statements. The numbers for SBI E*TRADE SECURITIES include only the Internet division (the former SBI E*TRADE SECURITIES).

(1) Brokerage commissions

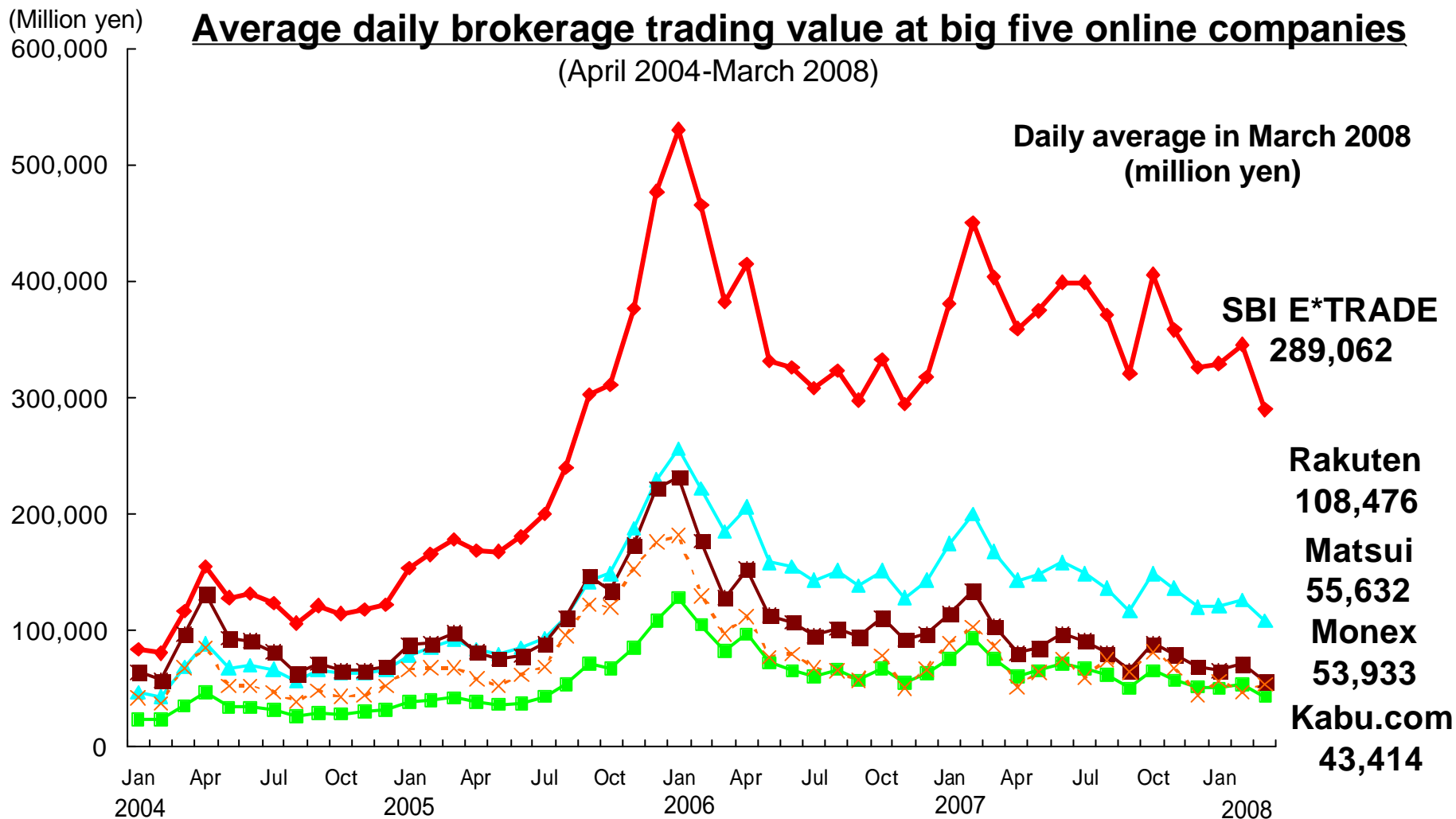
Brokerage trading value at major online securities companies



Source :Compiled by SBI E*TRADE SECURITIES based on Web sites and other public information of each company, statistics by Tokyo Stock Exchange, and statistics by JASDAQ. Figures for "Total retail" are the total of Tokyo, Nagoya, and Osaka exchanges (first and second divisions), and JASDAQ. The numbers of SBI E*TRADE SECURITIES for FY08 are based solely on the Internet division.

(1) Brokerage commissions

Brokerage trading value at major online securities companies

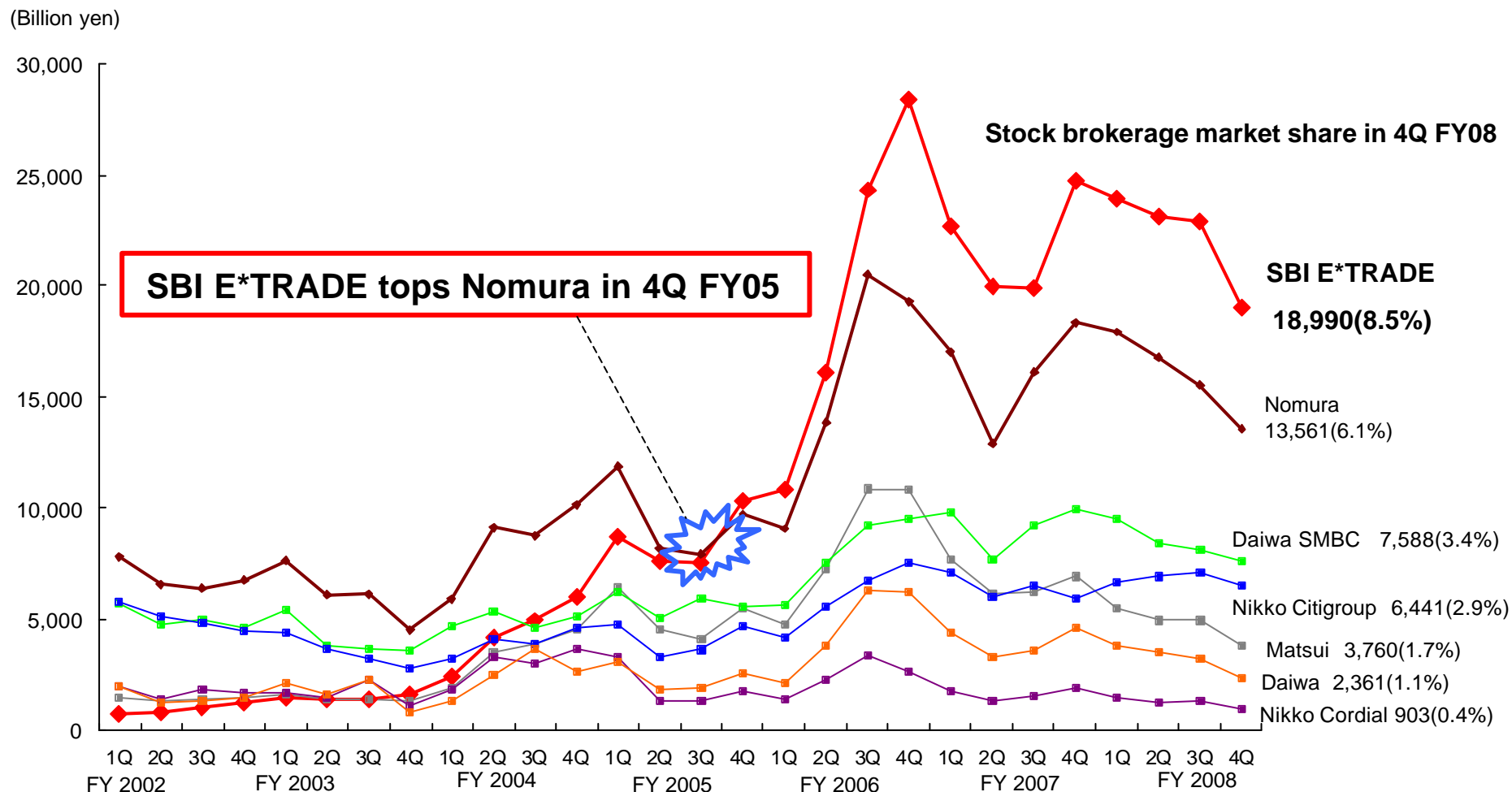


Source :Compiled by SBI E*TRADE SECURITIES based on Web sites and other public information of each company. Monex is the sum of Nikko Beans and Monex. Kabu.com merged with MeNet on January 1, 2006. The numbers for SBI E*TRADE SECURITIES are based solely on the Internet division.

(1) Brokerage commissions

Comparison in brokerage trading value of Japan's big three

Brokerage trading value at each company



Source :Compiled by SBI E*TRADE based on data released by each company and Tokyo Stock Exchange (SBI E*TRADE includes orders from overseas investors)

(In billion yen. The percentages in parentheses are market shares, or brokerage trading value divided by the total of the three markets.)

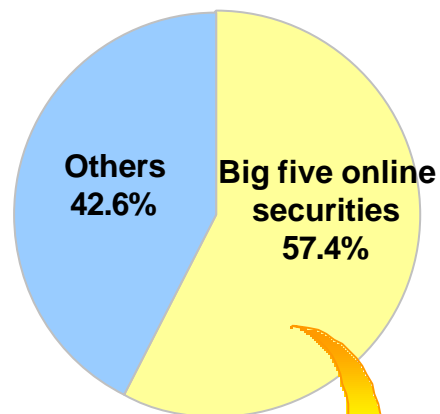
(1) Brokerage commissions

Share of retail brokerage trading value at major online securities companies

Only SBI E*TRADE increased market share, reaching all-time high

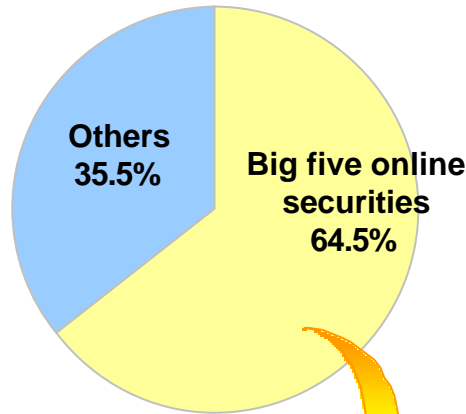
Changes in market share of retail stock brokerage trading value

FY 2006
(April 2005-March 2006)



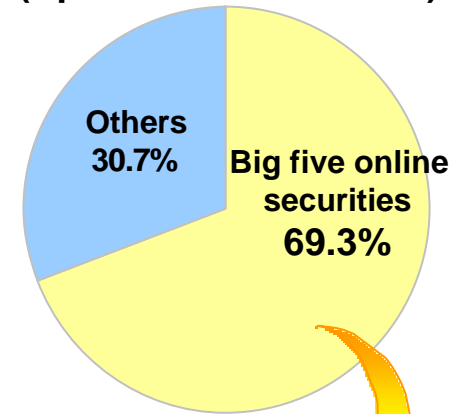
SBI E*TRADE	23.1%
Rakuten	11.1
Matsui	10.0
Monex	8.0
Kabu.com	5.2

FY 2007
(April 2006-March 2007)



SBI E*TRADE	29.4%
Rakuten	13.5
Matsui	9.2
Monex	6.5
Kabu.com	5.9

FY 2008
(April 2007-March 2008)



SBI E*TRADE	35.9%
Rakuten	13.5
Matsui	7.8
Monex	6.2
Kabu.com	5.8

Source :Compiled by SBI E*TRADE SECURITIES based on Tokyo Stock Exchange and JASDAQ materials and Web sites and other public information of each company.
*Retail stock brokerage trading value is the sum of Tokyo, Nagoya and Osaka exchanges (first, and second divisions) and JASDAQ .

Kabu.com merged with MeNet on January 1, 2006. The numbers for SBI E*TRADE SECURITIES are based solely on the Internet division.

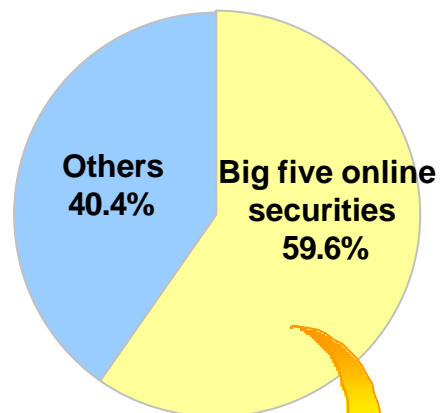
(1) Brokerage commissions

Share of retail brokerage trading value at major online securities companies

SBI E*TRADE's market share surpassed the total of the other four for four quarters straight

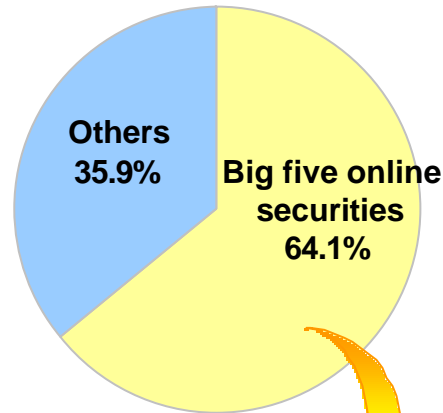
Changes in market share in retail brokerage trading value

4Q FY2006
(Jan.2006-March 2006)



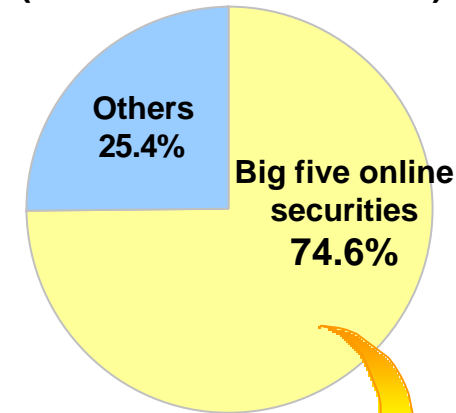
SBI E*TRADE	24.9%
Rakuten	12.0
Matsui	9.6
Monex	7.3
Kabu.com	5.7

4Q FY2007
(Jan. 2007-March 2007)



SBI E*TRADE	29.9%
Rakuten	13.1
Matsui	8.5
Monex	6.7
Kabu.com	5.9

4Q FY 2008
(Jan.2008 ~ March 2008)



SBI E*TRADE	39.6%
Rakuten	14.6
Matsui	7.9
Monex	6.4
Kabu.com	6.0

Source :Compiled by SBI E*TRADE SECURITIES based on Tokyo Stock Exchange and JASDAQ materials and Web sites and other public information of each company.
*Retail stock brokerage trading value is the sum of Tokyo, Nagoya and Osaka exchanges (first, and second divisions) and JASDAQ .

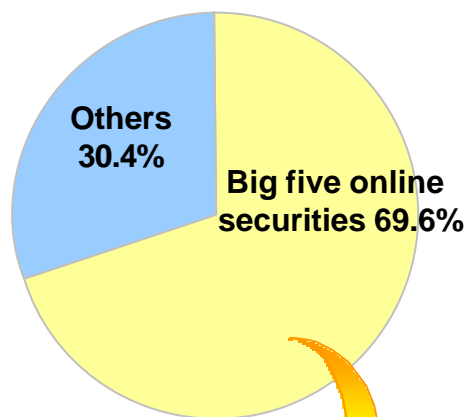
Kabu.com merged with MeNet on January 1, 2006. The numbers for SBI E*TRADE SECURITIES are based solely on the Internet division.

(1) Brokerage commissions

Share of retail margin trading value at major online securities companies

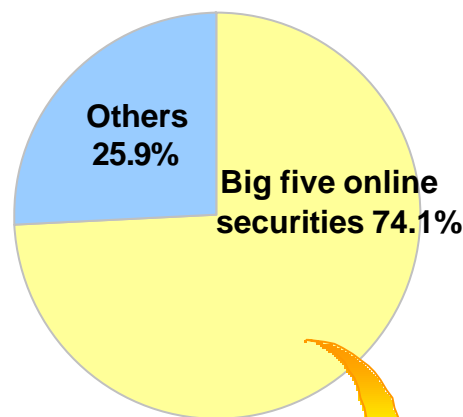
Change in market share of retail margin trading value

FY 2006
(April 2005-March 2006)



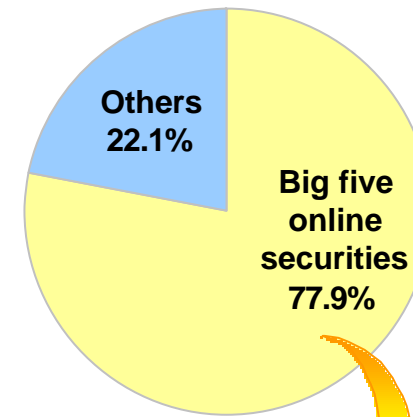
SBI E*TRADE	27.5%
Matsui	14.4
Rakuten	12.6
Monex	8.4
Kabu.com	6.7

FY 2007
(April 2006-March 2007)



SBI E*TRADE	34.4%
Rakuten	14.9
Matsui	11.6
Kabu.com	7.1
Monex	6.3

FY 2008
(April 2007-March 2008)



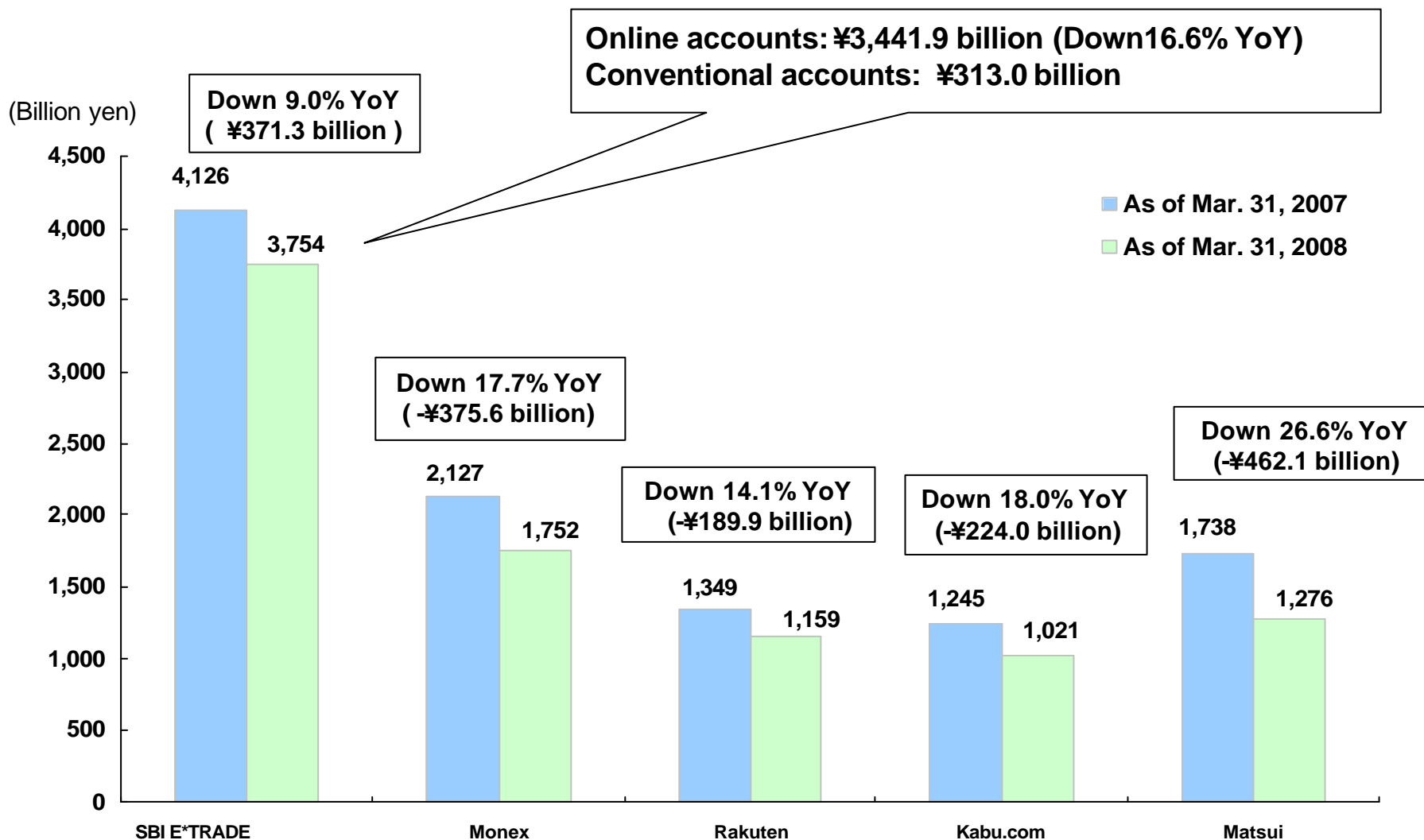
SBI E*TRADE	40.5%
Rakuten	15.6
Matsui	9.0
Monex	6.1
Kabu.com	6.6

Source :Compiled by SBI E*TRADE SECURITIES based on Tokyo Stock Exchange and JASDAQ materials and Web sites and other public information of each company.
*Retail margin trading value is the sum of Tokyo, Nagoya and Osaka exchanges (first, and second divisions) and JASDAQ .

Kabu.com merged with MeNet on January 1, 2006.
The numbers for SBI E*TRADE SECURITIES are based solely on the Internet division.

(1) Brokerage commissions

(Reference) Assets in Customer Accounts



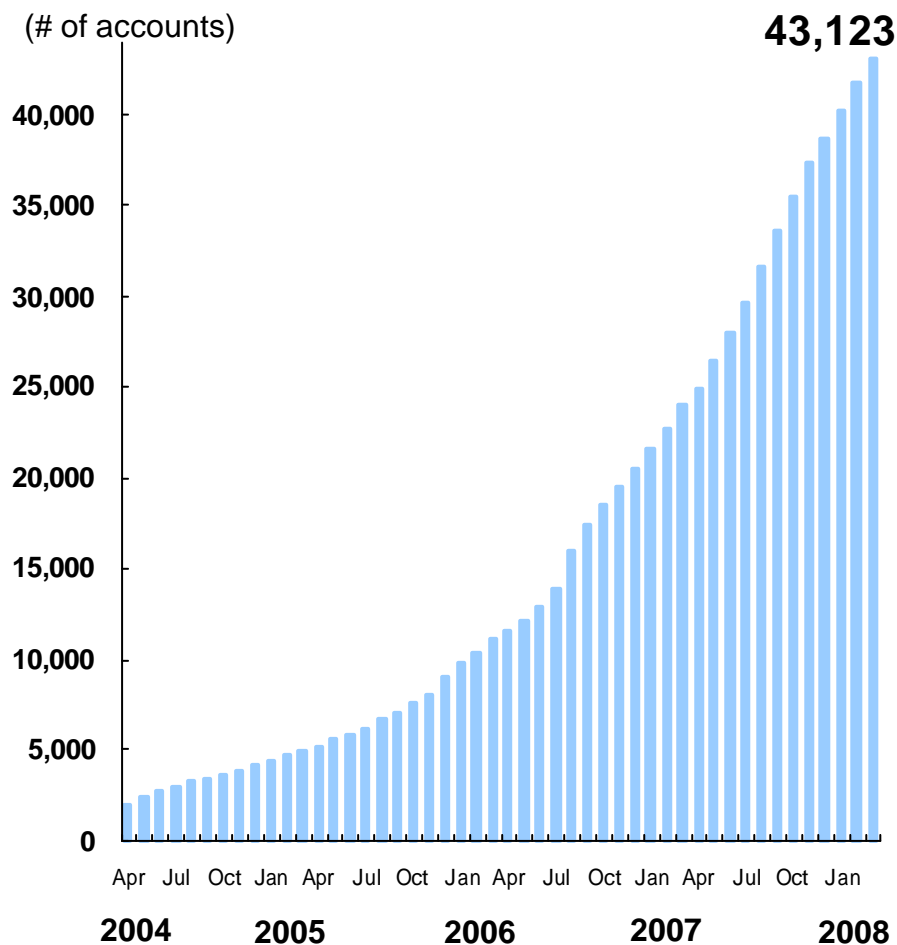
Source :Compiled by SBI E*TRADE SECURITIES based on Web sites and other public information of each company.
SBI E*TRADE SECURITIES merged with SBI Securities on October 1, 2007.

(1) Brokerage commissions

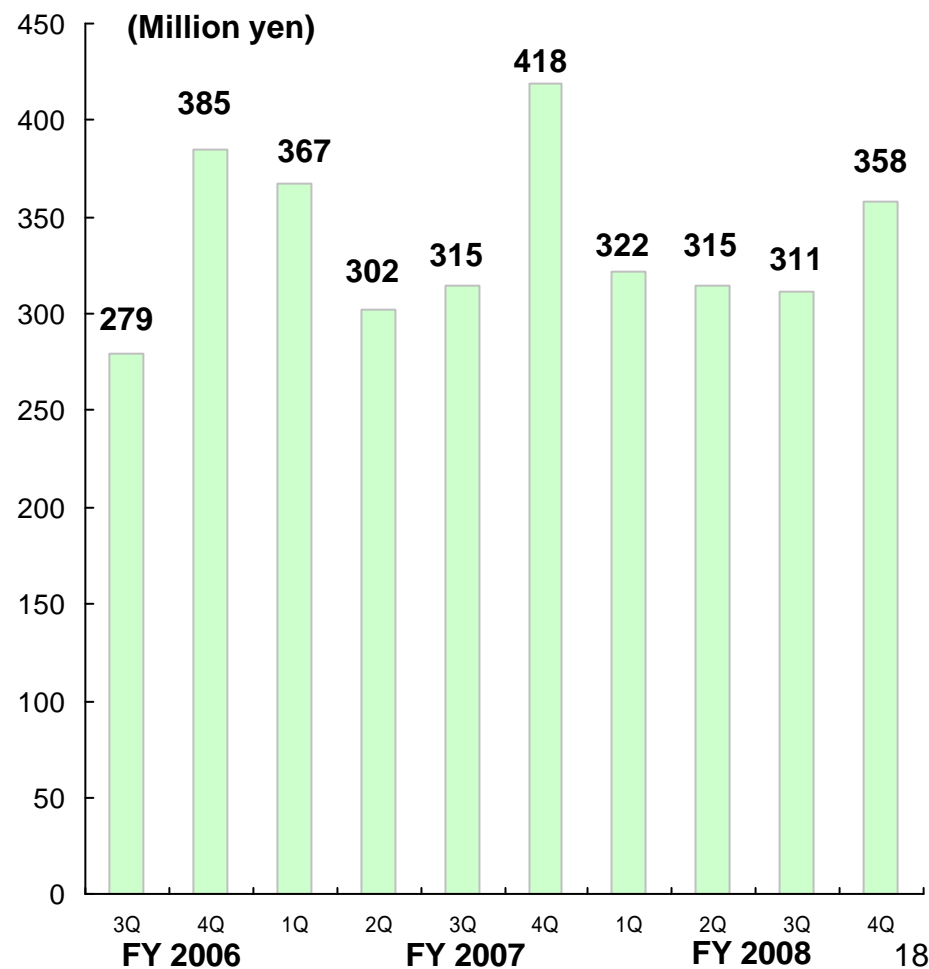
Growth in futures and options transactions

The number of contracts increased 3.6-fold QoQ

Growth in futures and options accounts

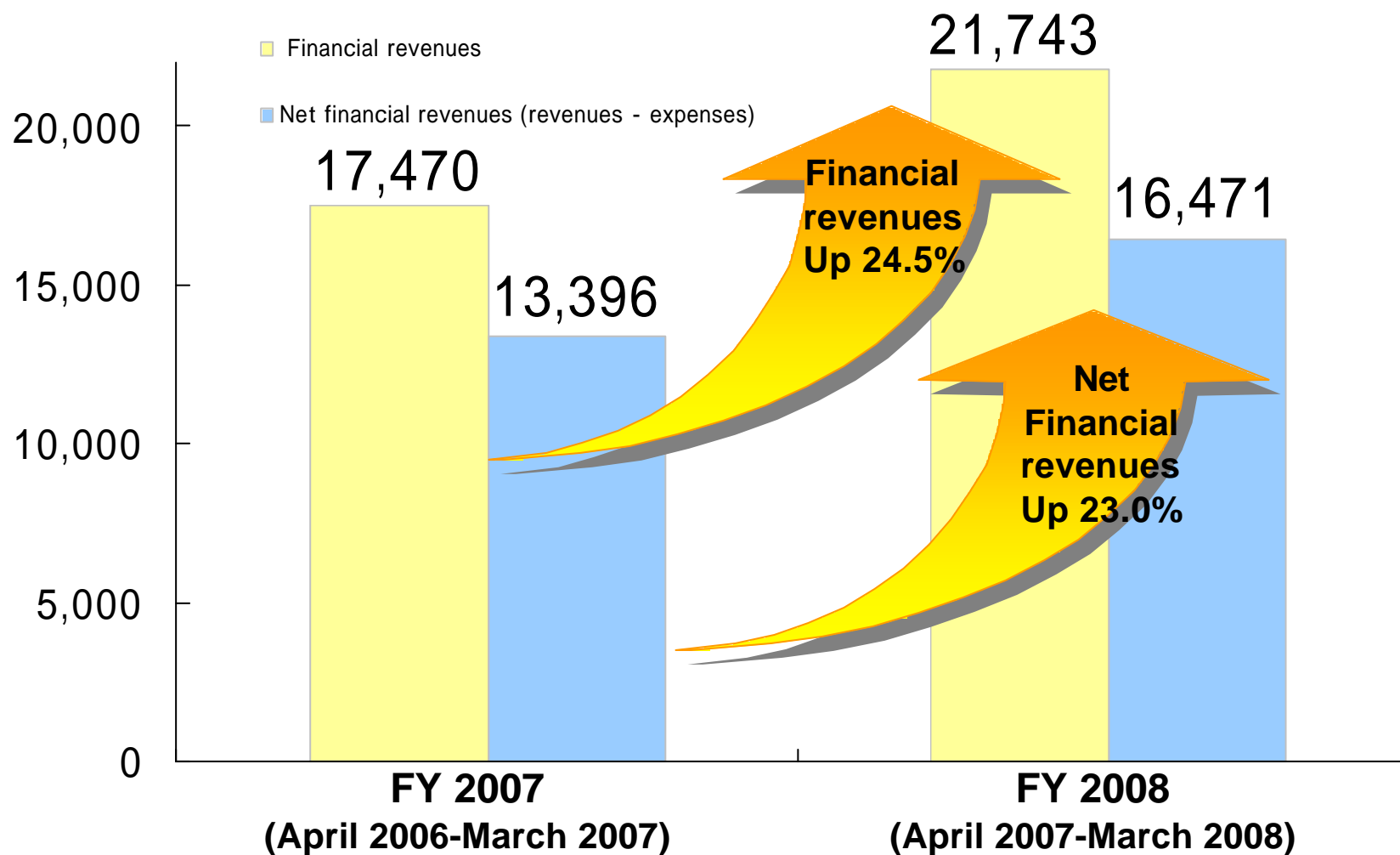


Growth in futures and options commissions



(2) Consolidated financial revenues

(Million yen)

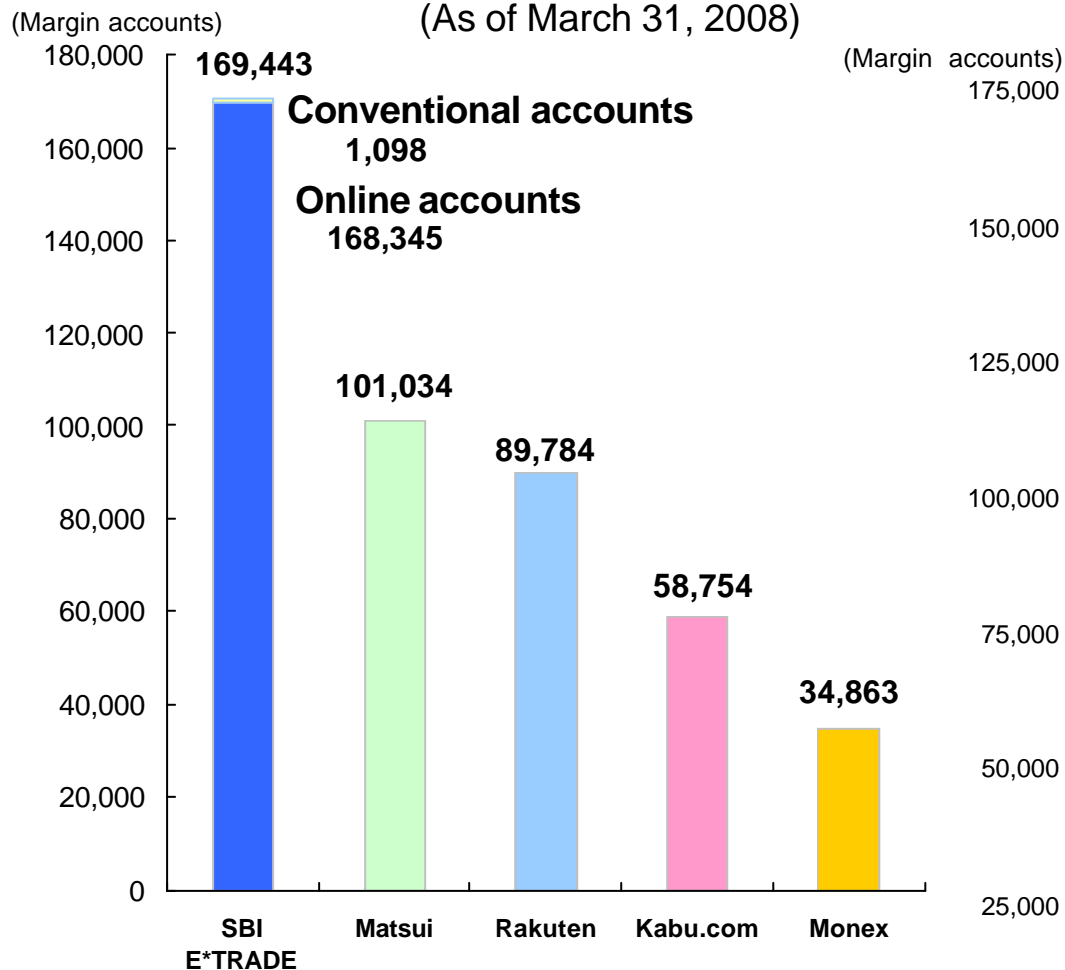


(2) Financial revenues

Margin accounts at major online securities companies

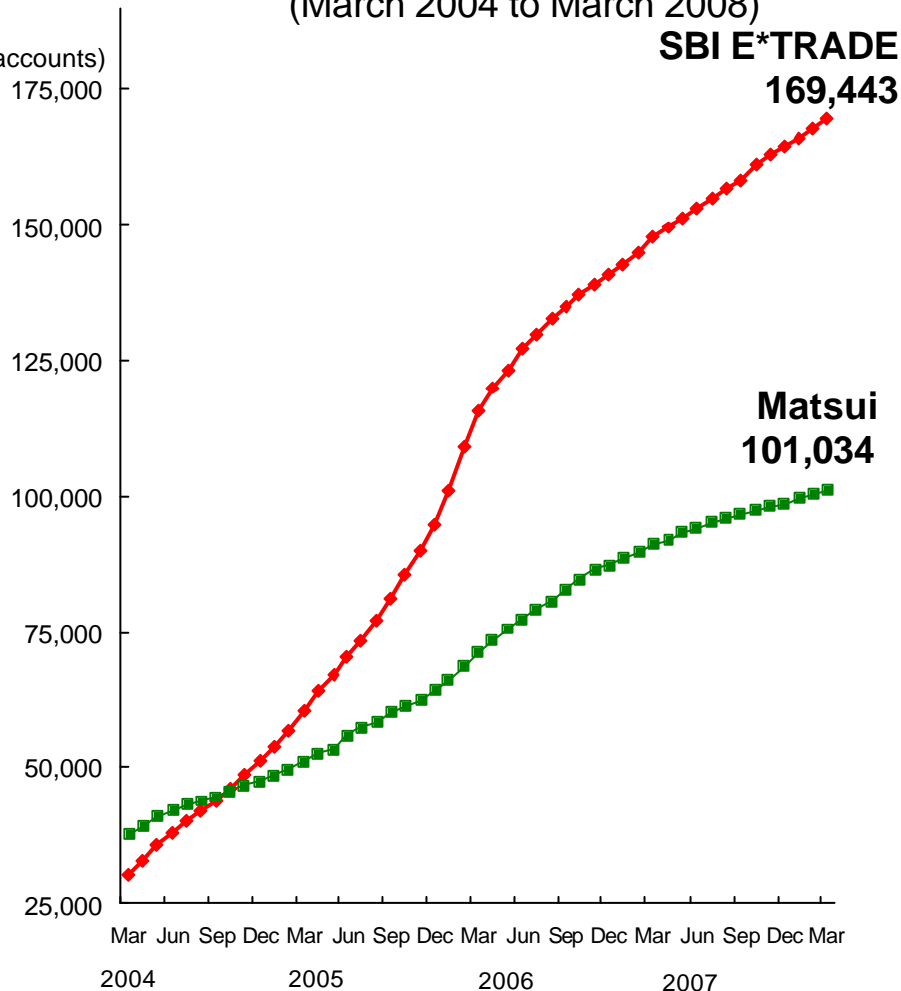
Margin accounts at big five online companies

(As of March 31, 2008)



Comparison with Matsui Securities

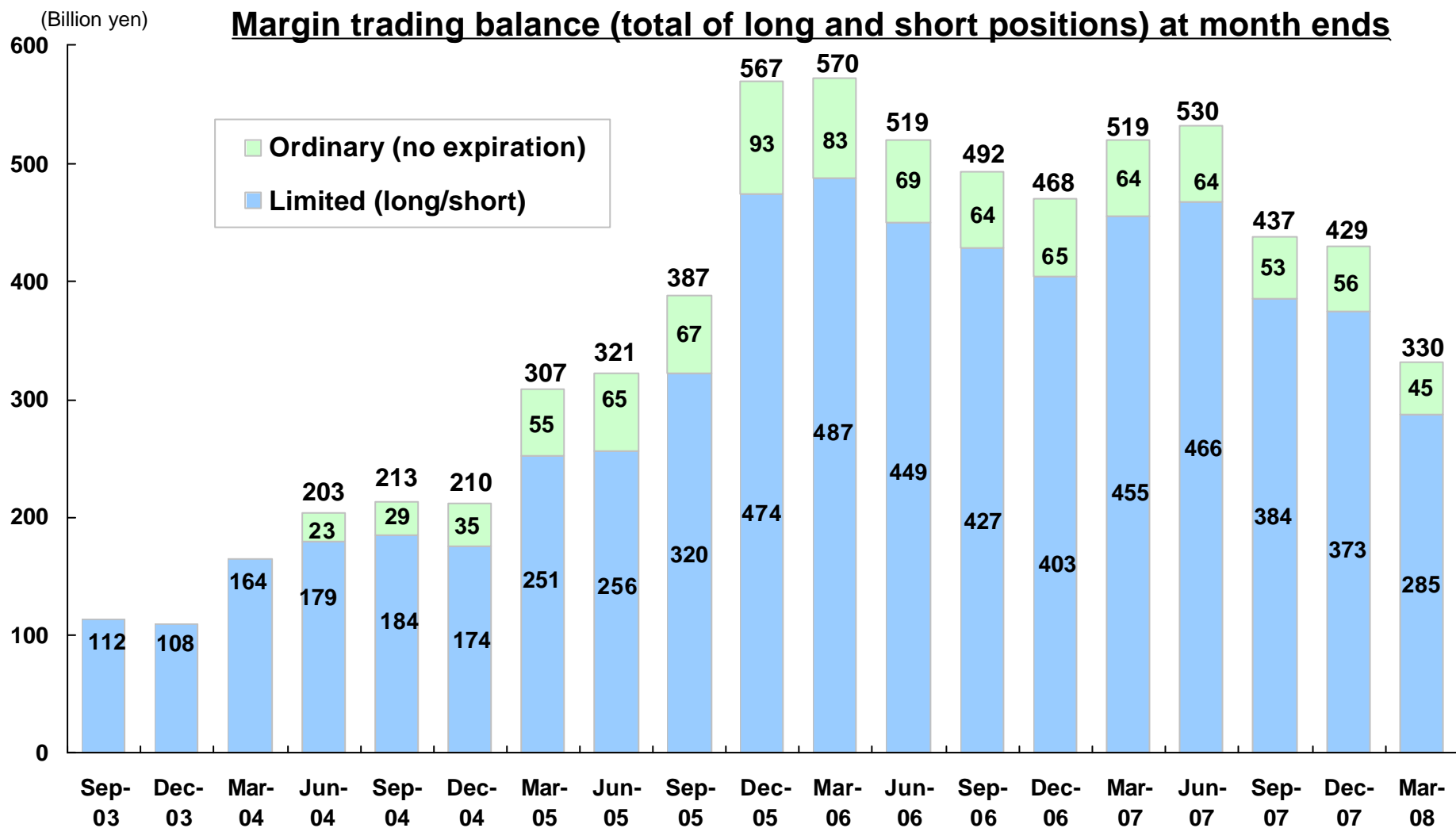
(March 2004 to March 2008)



Source: Compiled by SBI E*TRADE SECURITIES based on Web sites and other public information of each company. SBI E*TRADE SECURITIES merged with SBI Securities on October 1, 2007.

(2) Financial revenues

Margin trading balance



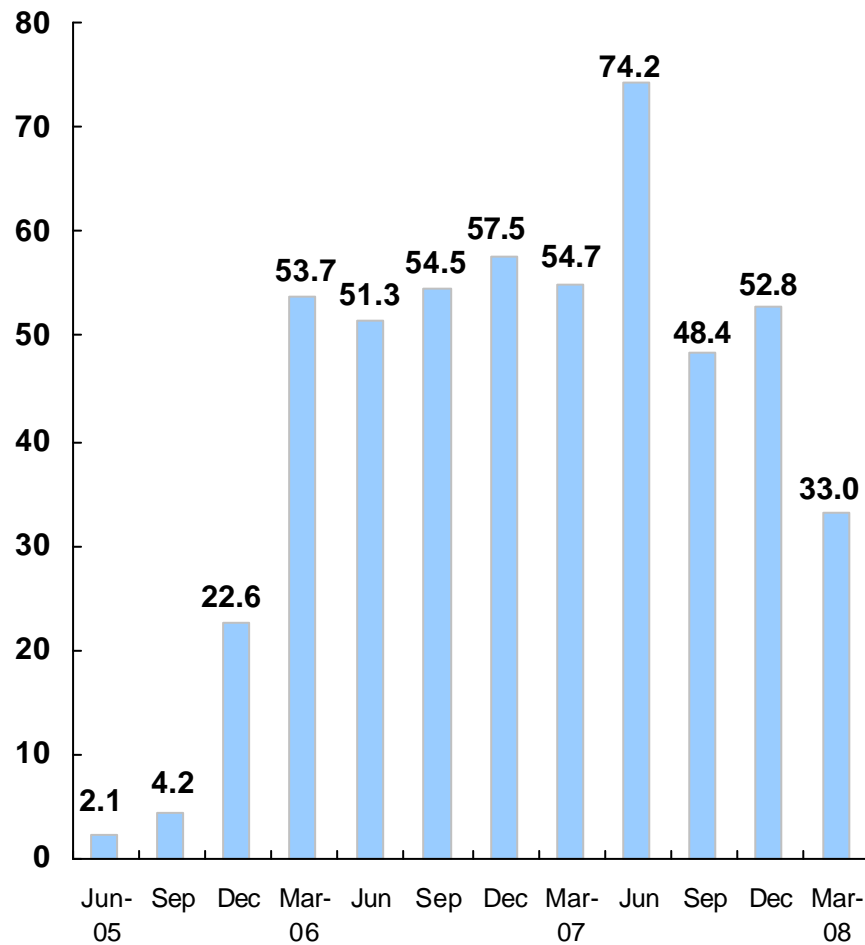
Note:1. Data based on trade closing dates, non-consolidated for SBI E*TRADE SECURITIES
 2. Starting December 2007, the data include the former SBI Securities conventional (face-to-face) transactions.

(2) Financial revenues

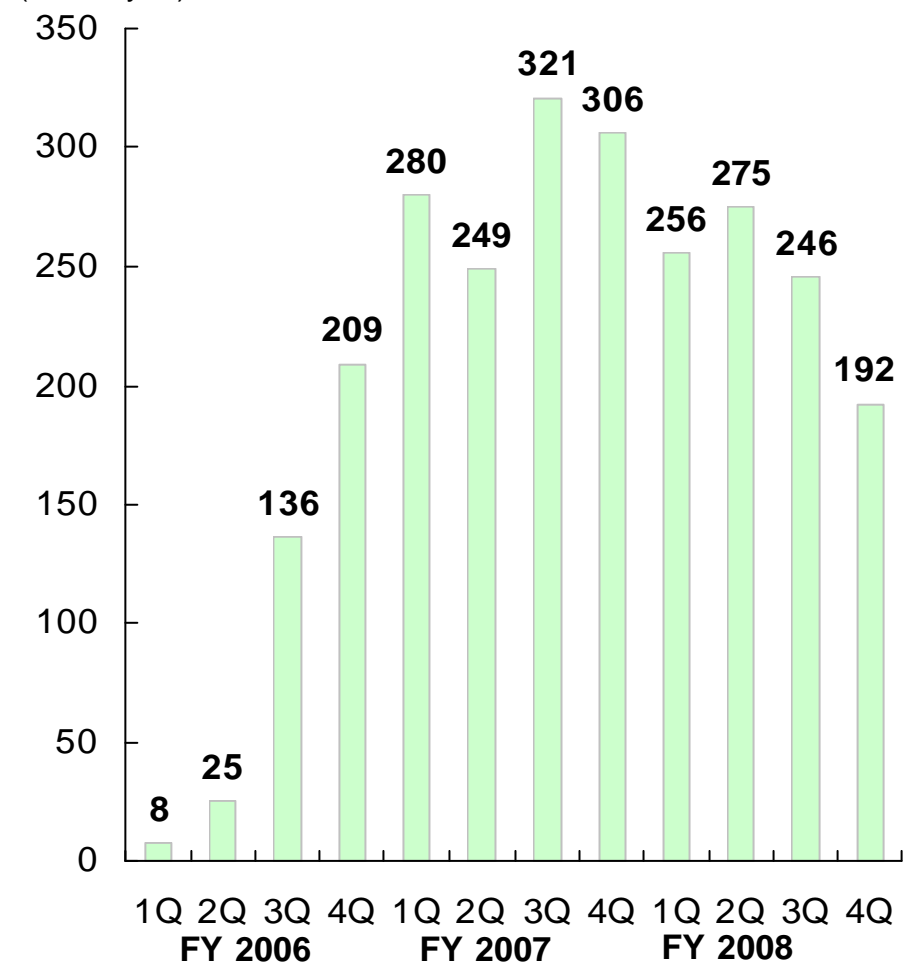
Growth in revenues from stock lending operations

Balance is low due to poor market conditions: Stock lending continues to be our focus, besides self-finance

(Billion yen) **Balance of shares loaned at month ends**



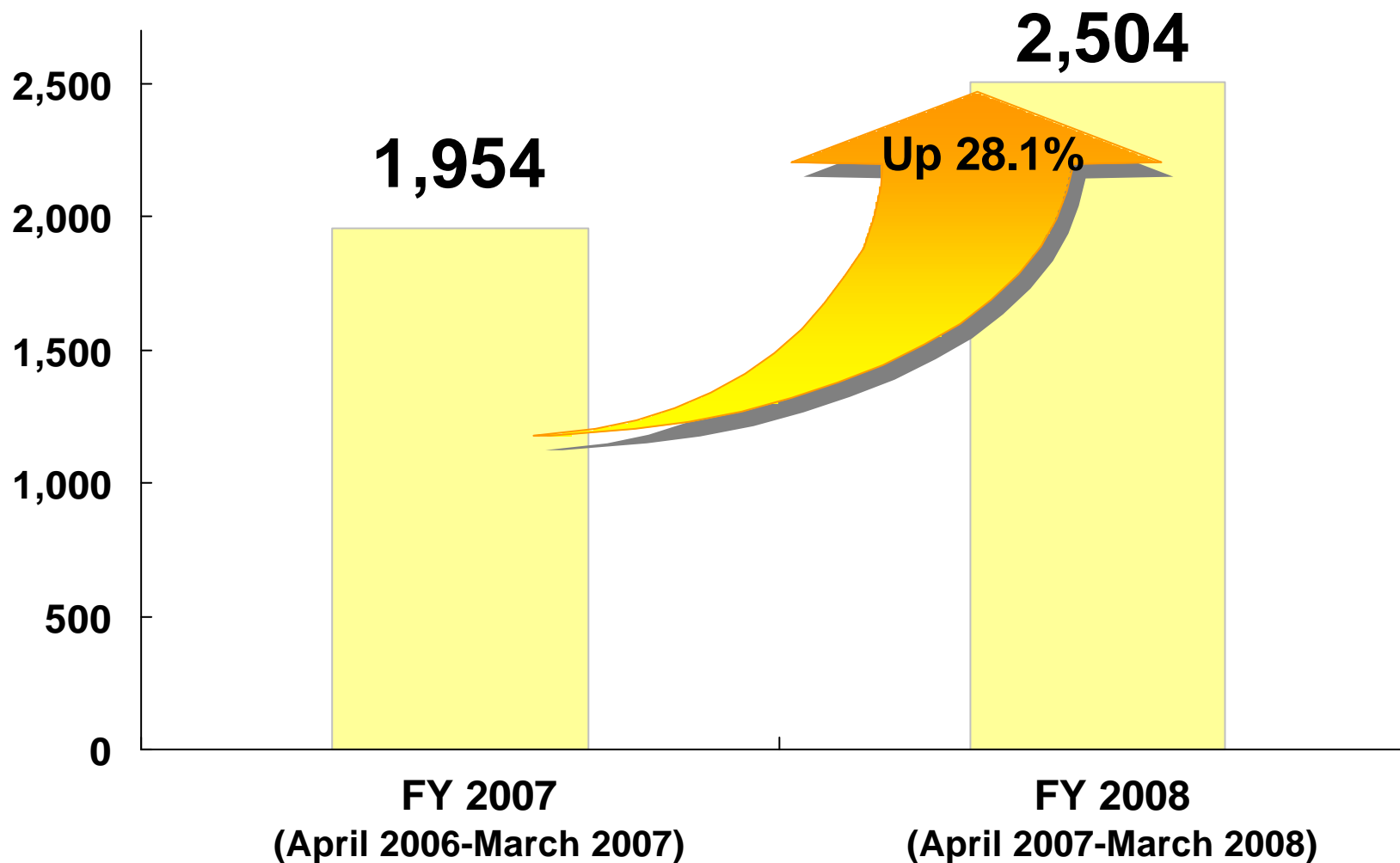
(Million yen) **Revenues from stock lending**



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

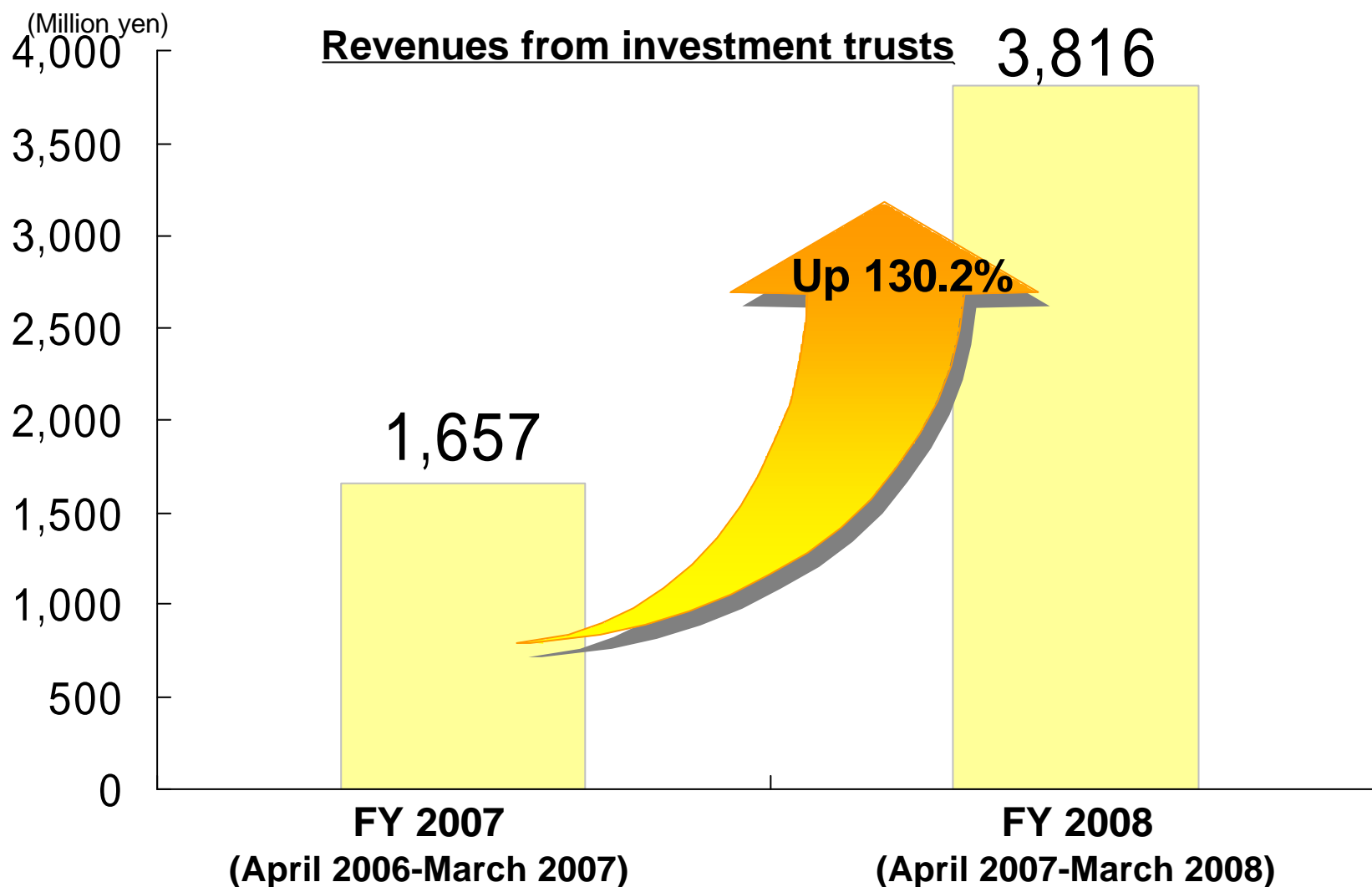
(3) Consolidated underwriting, offering and selling commissions

(Million yen)



(3) Underwriting, offering and selling commissions

Measures to increase investment trust revenues produce successful results



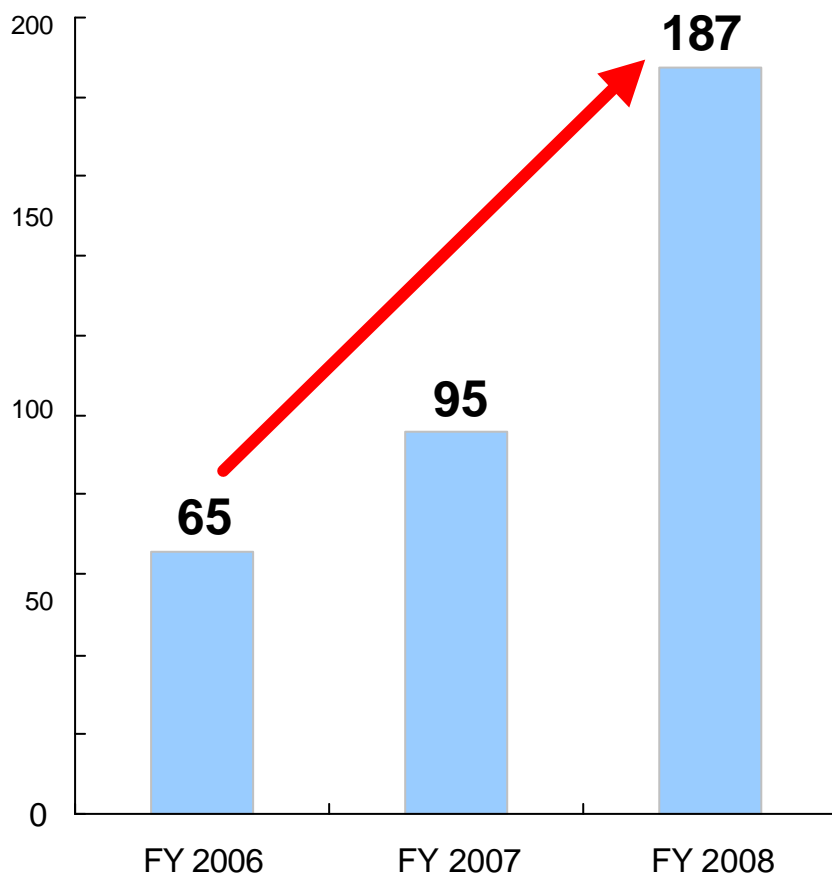
*1. Sum of selling commissions and trust fees (trust fees include MRF)
 *2. Trust fees are included in "Other commissions received."

(3) Underwriting, offering and selling commissions

Investment trust sales and major new initiatives

Sales of investment trusts

(Billion yen)



*Includes MMF and medium-term gov't funds

Major initiatives

(1) Regular purchase service for more investment trusts

120 funds are now available (April 2008)

Plan to expand this popular service by using dollar cost averaging method, very low minimum initial investment, and providing efficient way to make investments.

(2) Renewal of Website (Feb 2008)

“E*TRADE CATEGORY” provides screening service using our original classification method.

パフォーマンス | ファンドの特徴 | 手数料 | 分配金

□ 口数買付 □ 金額買付 □ 積立買付

ページ/1 1-1件 / 1件中

委託会社-ファンド名	商品分類	基準価額 前日比	純資産 (百万円)	イートレードカテゴリ
国際-グローバル・ノンブリン・オープン1年決算型	世界債券	13,757 +33(+0.24%)	6,236	世界の債券

世界主要先進国のノンブリン債券に分散投資し、リスク分散がはかっただうえで、長期的に安定した収益の確保と信託財産の成長を目指します。シテイグループレポート世界国債インデックスをベンチマークとして運用を行います。

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Aim to offer even greater ease of use through further improvements in our Website and provision of more sophisticated investment information.

(3) Underwriting, offering and selling commissions

Balance of investment trusts and trust fees

Larger lineup & merger with SBI Securities substantially increased balance /fee revenues

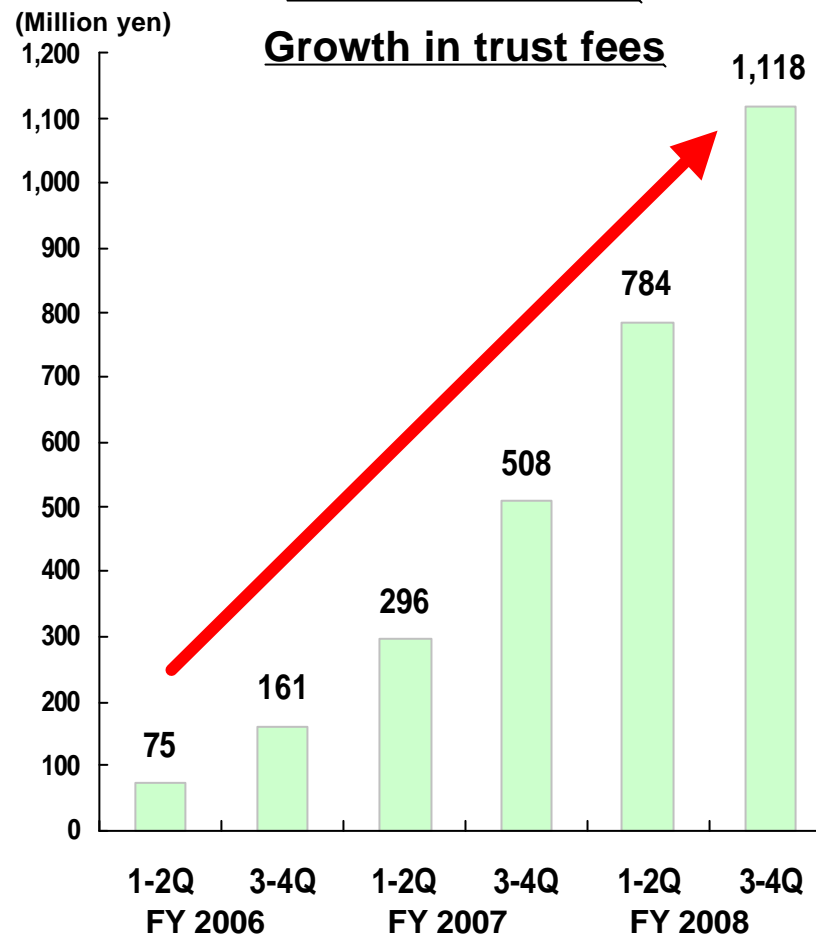
Investment trusts

Growth in quarterly assets



Investment trusts

Growth in trust fees



*Note: Includes MMF, medium-term gov't funds, and conventional accounts.

Note: Includes MMF, MRF, medium-term gov't funds, and conventional accounts. Trust fees are included in "Other commissions received."

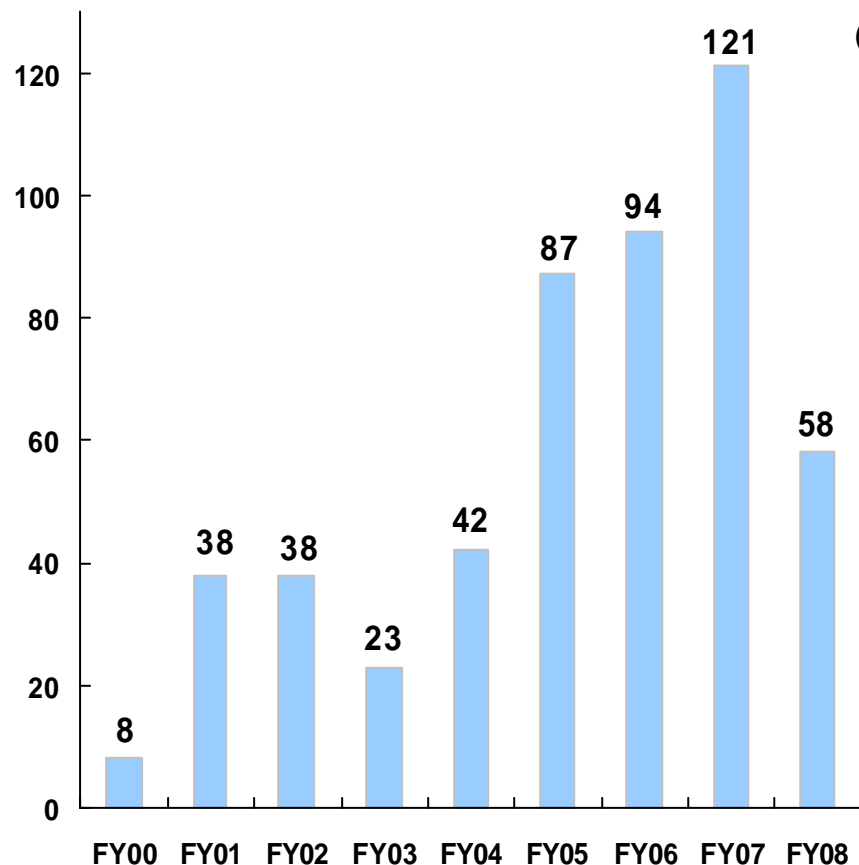
(3) Underwriting, offering and selling commissions

IPO underwriting (1)

IPO issues underwritten by

SBI E*TRADE SECURITIES

(Companies)

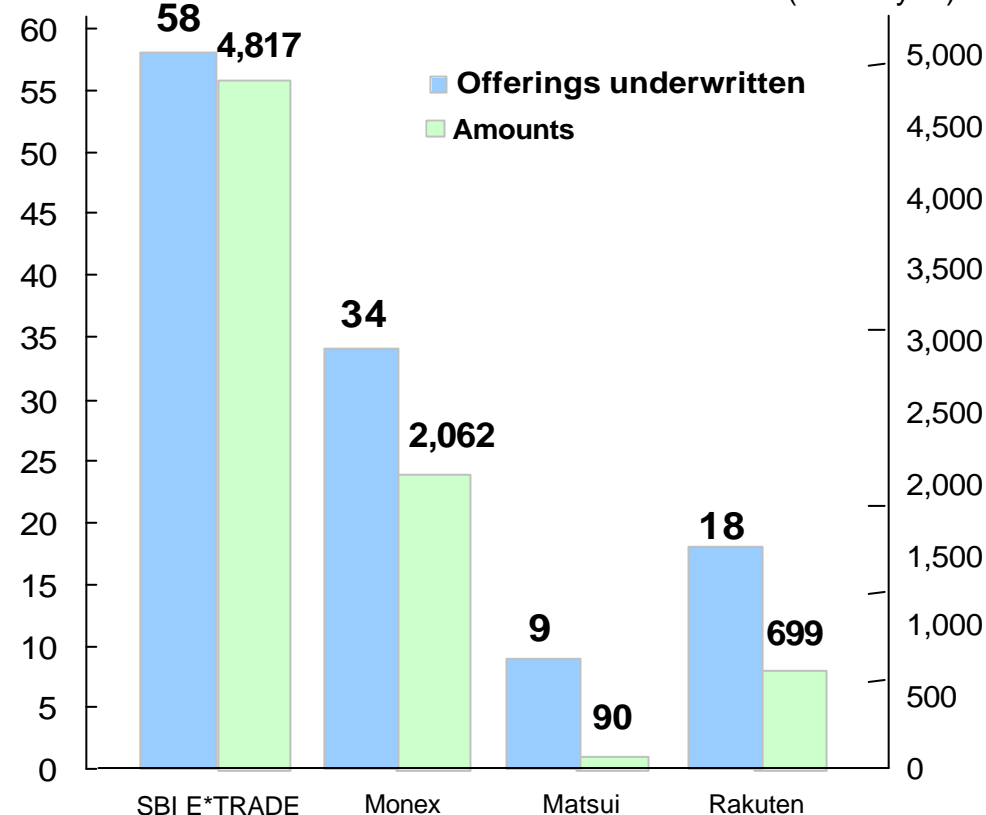


IPO issues and amounts underwritten by

major online securities companies in FY 2008

(Companies)

(Million yen)



* Includes over-allotments. Excludes agency transactions. Based on stock listing date. Excludes brokerage sales/real estate investment trusts.

< IPO markets: newly listed companies > FY 2007: 187 companies FY 2008: 99 companies

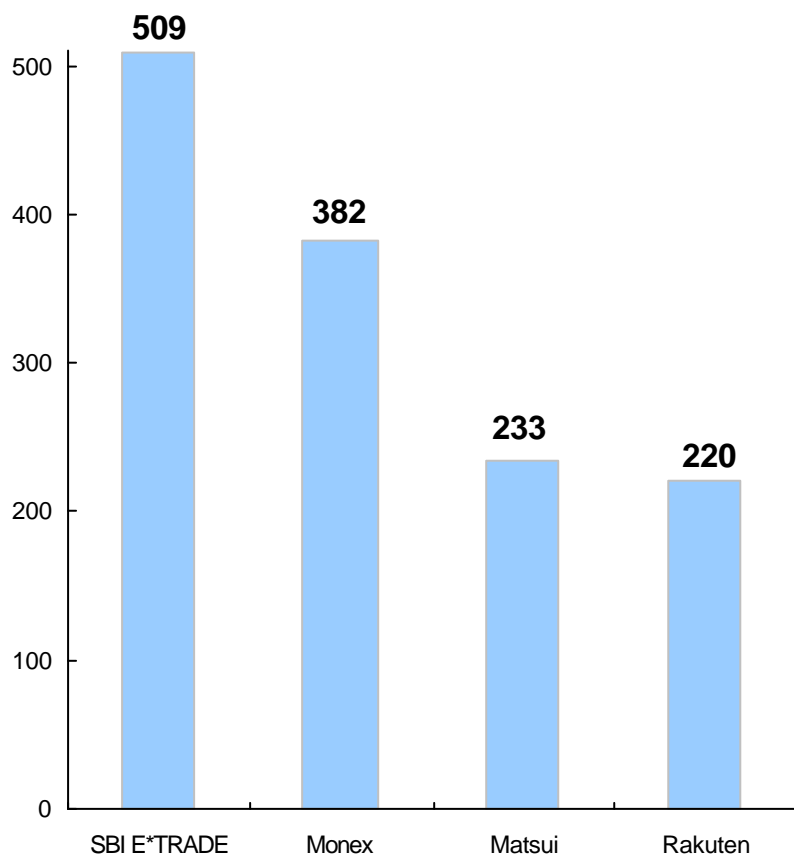
(3) Underwriting, offering and selling commissions

IPO underwriting (2)

Cumulative IPOs underwritten

by big four online securities firms

(Companies)



IPO underwriting ranking

(April 2007-March 2008)

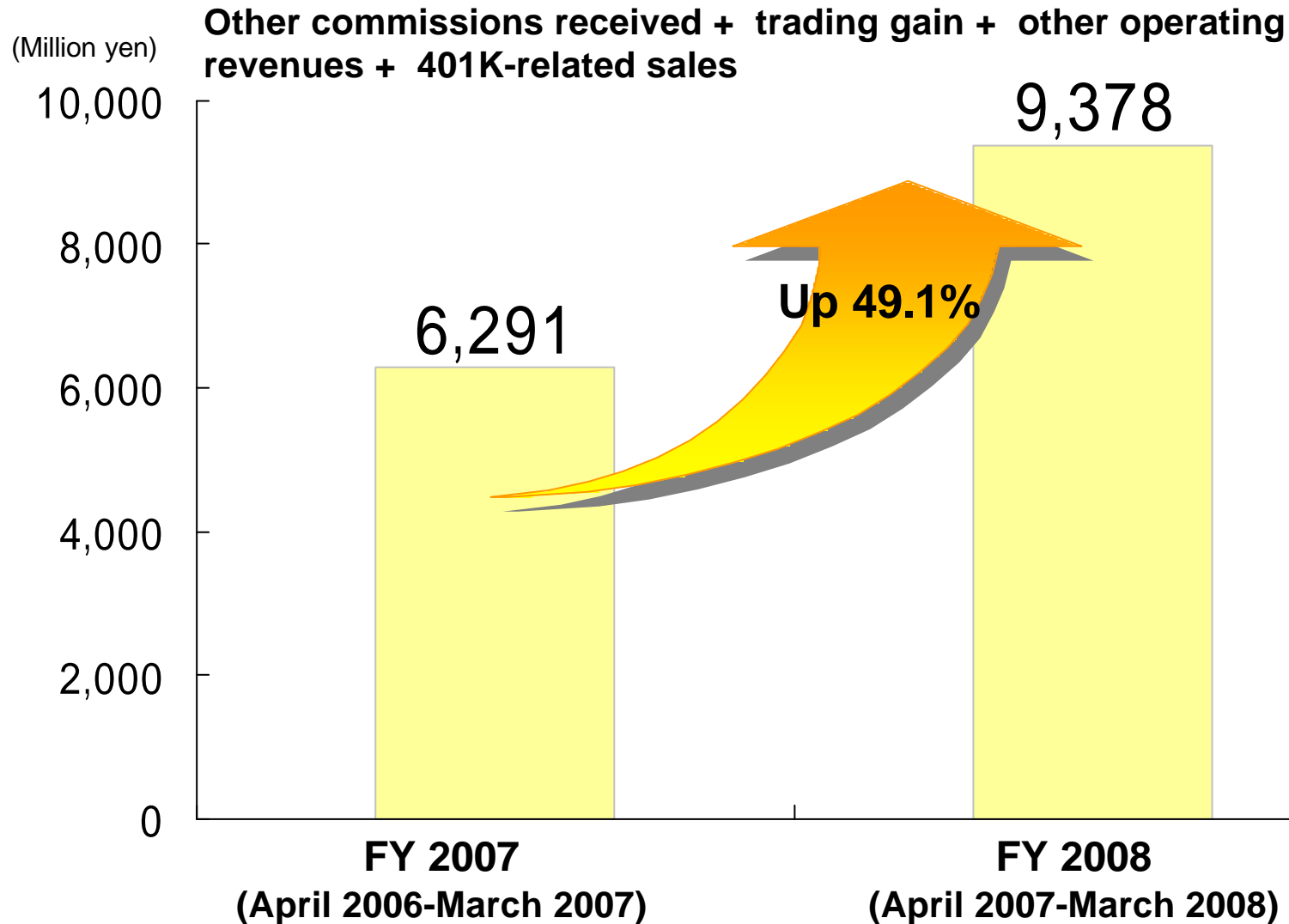
Top among all securities firms

Rank	Securities firms	Number	Participation ratio
1	<u>SBI E*TRADE</u> <u>SECURITIES</u>	58	58.6%
1	Mitsubishi UFJ	58	58.6%
3	Daiwa SMBC	54	54.5%
4	Nomura	53	53.5%
5	Shinko	52	52.5%
6	Mizuho Investors	40	40.4%
7	Nikko Citigroup	36	36.4%

Source: Compiled by SBI E*TRADE SECURITIES based on public information. The data covers period from start of online business of each company to March 31, 2008 (Listing date base). Excludes brokerage sales and real estate investment trust

Note: Compiled by E*TRADE SECURITIES based on public information. Covers underwriting for 99 companies from April 2007 through March 2008 in Japan (listing date base). Excludes secondary offerings.

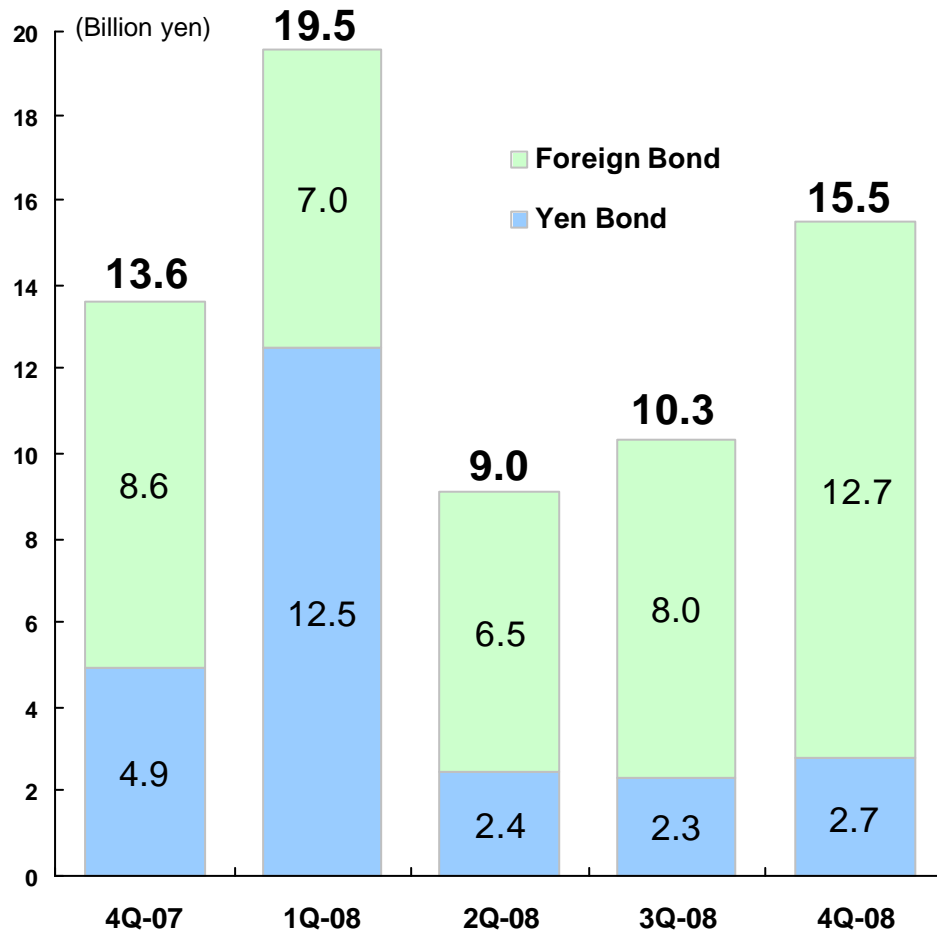
(4) Consolidated trading gain and other revenues



(4) Trading profits and other revenues

Bond Sales

Bond sales (government/corporate/foreign) Increased efforts for foreign bonds



Effective use of conventional channel

After the merger, new initiatives were introduced including seminars at branch offices and other high-profile marketing activities

Record sales of South African Rand bonds

Record sales of 8.9 billion yen in 4Q FY2008

Yen bonds linked to Brazilian real started

Started selling Japan's first bonds linked to the exchange rate of Brazilian real.

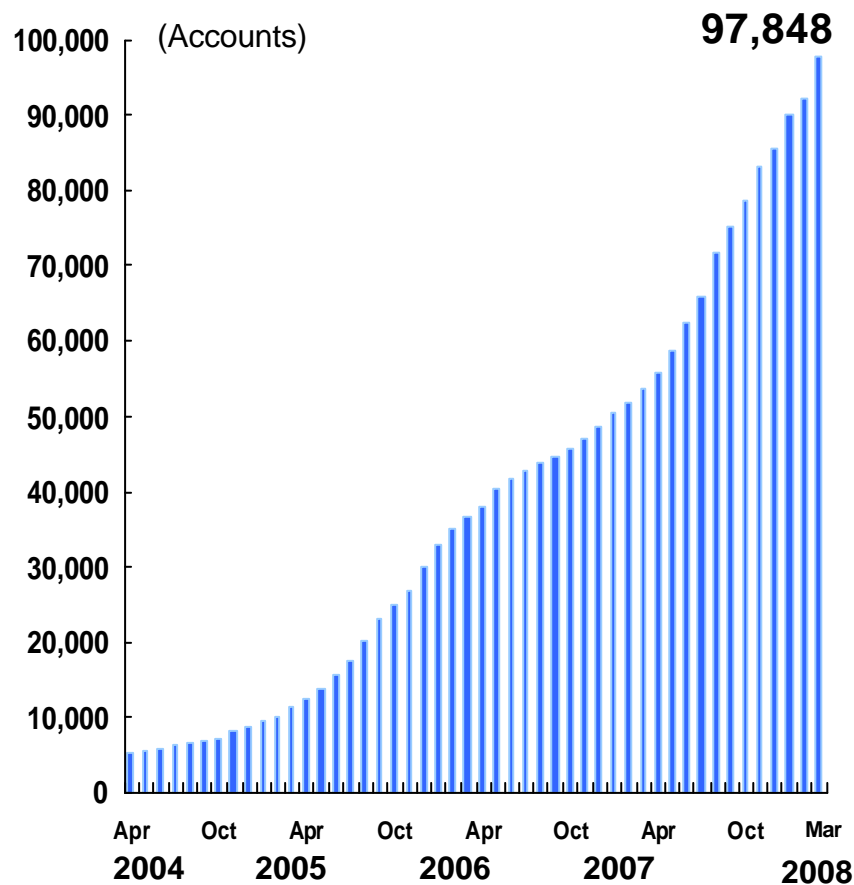
* Earnings from government bonds for individuals include commissions from underwriting and secondary offering. The above figures include brokerage trading.

(4) Trading profits and other revenues

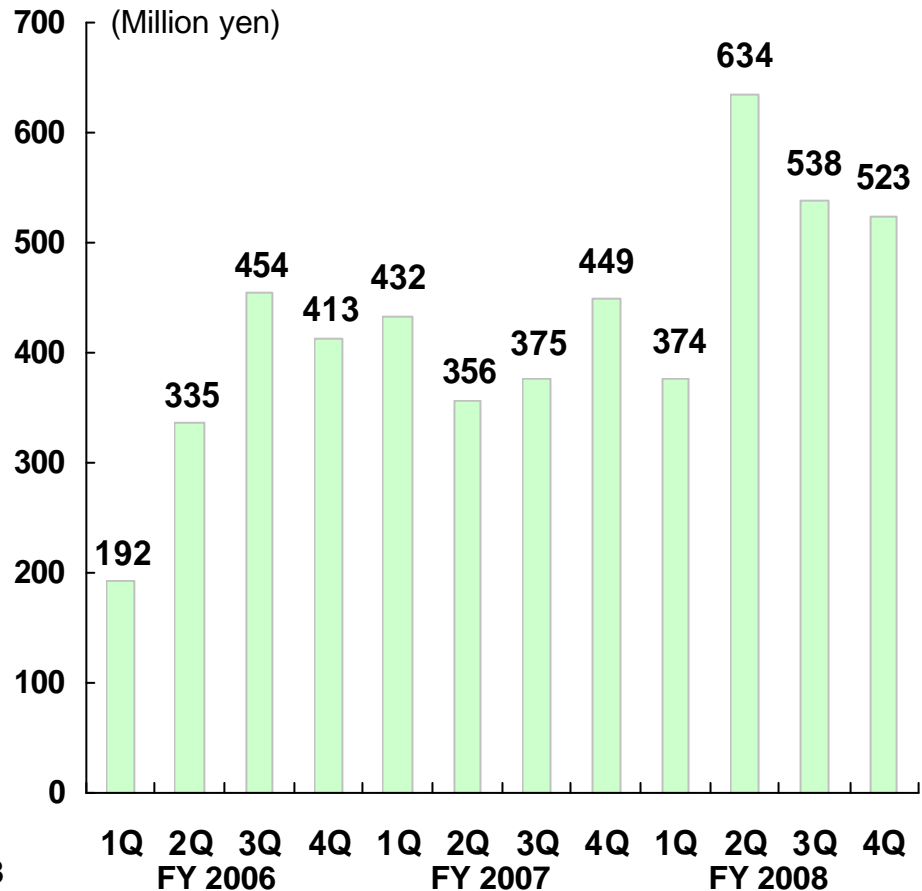
Growth in foreign exchange margin trading

Revenues stabilized after reduction in commissions in June 2007

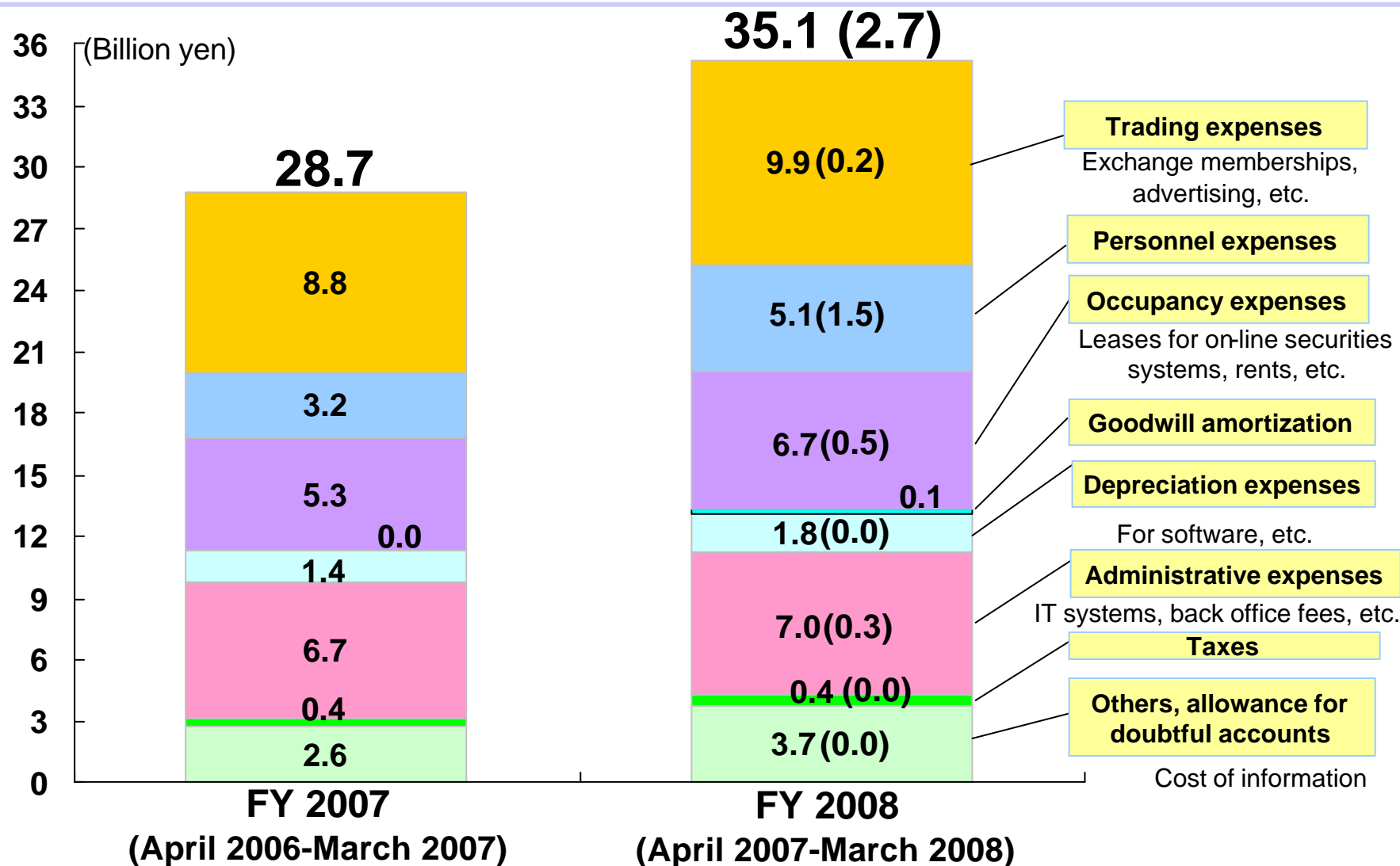
Foreign exchange margin trading accounts



Revenues from foreign exchange margin trading



(5) Consolidated selling, general and administrative expenses



* Figures in parentheses are estimated SG&A expenses for conventional securities operations (former SBI Securities) based on the past records.

(6)- E*TRADE Korea performance for FY2008

< Converted to yen >

(Million yen,%)

	FY 2007 (April 2006-March 2007)	FY 2008 (April 2007-March 2008)	YoY change
Operating revenues	5,780	8,914	+54.2
Net operating revenues	5,446	8,120	+49.1
Operating income	1,474	3,170	+115.1
Ordinary income	1,482	3,179	+114.5
Net income	1,048	2,225	+112.3

(The figures are the total of monthly figures, which have been converted from won into yen using monthly average exchange rates.)

(6)- E*TRADE Korea performance for FY2008

< Korean won based >

(Million won,%)

	FY 2007 (April 2006-March 2007)	FY 2008 (April 2007-March 2008)	YoY change
Operating revenues	46,447	72,136	+55.3
Net operating revenues	43,762	65,724	+50.2
Operating income	11,836	25,668	+116.9
Ordinary income	11,900	25,745	+116.3
Net income	8,421	18,058	+114.4

(6)- Financial highlights of IT system subsidiaries

Traders Financial Systems Co., Ltd.

*Name changed to SBI Tech Co., Ltd scheduled on April 1, 2008

(Million yen)

	FY 2008 (April 2007-March 2008)
Operating revenues	1,251
Net operating revenues	457
Operating income	263
Ordinary income	271
Net income	151

TradeWin Co., Ltd.

(Million yen)

	FY 2008 (April 2007-March 2008)
Operating revenues	868
Net operating revenues	209
Operating income	-25
Ordinary income	-29
Net income	-6

2. Major Initiatives in Fiscal 2008

2. Major FY 2008 initiatives

Major FY2008 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! application-compatible HYPER MOBILE service for cell phone users •Fee reduction to industry's lowest level for eight products in "Biggest Campaign of All Time" •Started MOBILE E*TRADE for W-ZERO3 service for 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 "Thank You Campaign for Biggest Campaign of All Time" •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 <u>*TradeWin and Traders Financial Systems became wholly owned subsidiaries through exchange of stock</u>
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 •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 application form to open an account

2. Major FY 2008 initiatives

Major FY2008 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 contracts</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 designed 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*TRADEJAPAN a wholly owned subsidiary of SBI Holdings</u>
Feb.	<ul style="list-style-type: none"> • Expansion and move of call centers • Major renewal made on the “Investment Trusts” information Website
March	<ul style="list-style-type: none"> • Launched ”SoftBank 920SH YK” (sold from Softbank Mobile), a cell phone specialized in stock trading • Website renewal • PTS night trading services extended session hours, started accepting trading from HYPER E*TRADE and HYPER MOBILE-loaded cell phones

3. New Initiatives

Business restructuring for further growth

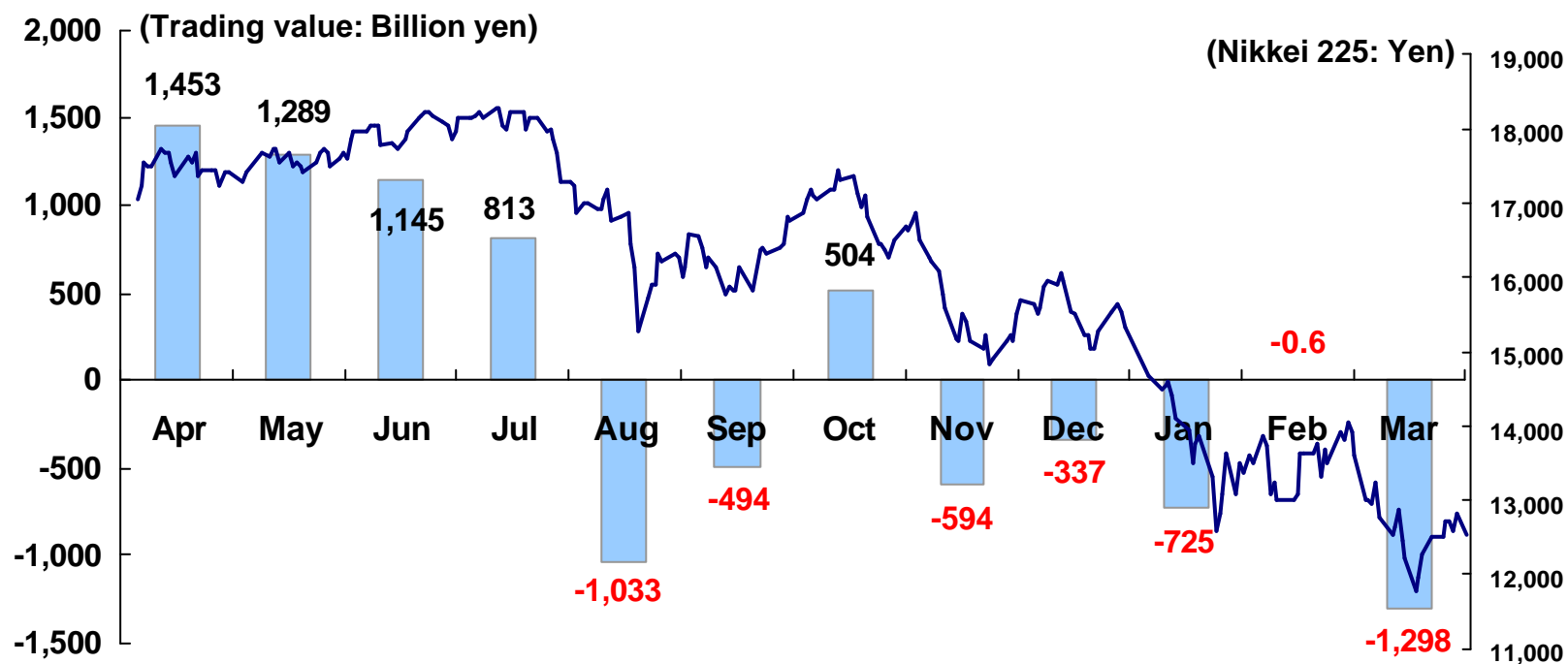
Business restructuring for further growth

- 1. Merger with SBI Securities (October 1, 2007)**
- 2. Stock transfer of two IT system subsidiaries (April 1, 2008)**
- 3. Agreements reached on stock transfer of E*TRADE Korea Co., Ltd. (April 10, 2008)**
- 4. Name change to SBI Securities Co., Ltd. (Scheduled for July 1, 2008)**
- 5. To become a wholly owned subsidiary of SBI Holdings (Scheduled for August 1, 2008)**

Changes in business environment in Japan

Trading by foreign investors in Japanese markets

Foreign investors' trading volume in the three markets (both 1st & 2nd divisions) and Nikkei 225 (April 2007-March 2008)



Foreign investors were net buyers at first and then became net sellers for five straight months (Nov.07-March 08)

Changes in business environment in Japan

A different business environment for the financial sector

Enforcement of the Financial instruments and exchange law

Major changes in sales and marketing activities to adjust to customer characteristics.

More stringent criteria for stock listing

Poor IPO business environment due to fewer public offerings

Flexible and responsive management structures are needed in order to adapt quickly to the changing business environment

Needs for even more sophisticated IT systems

Increased needs for building more efficient and stable IT systems with as few risks as possible.

Uncertain outlook for Japanese economy

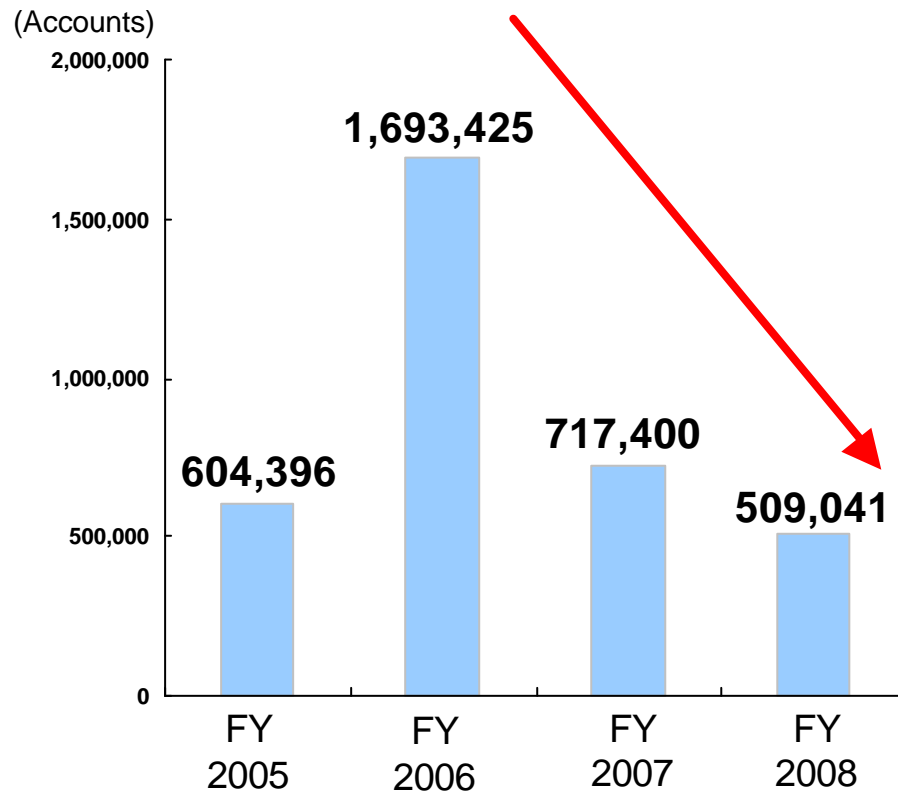
Amid deteriorating business environment, companies are now less interested in fund procurement and M&A activities

Changes in business environment in Japan

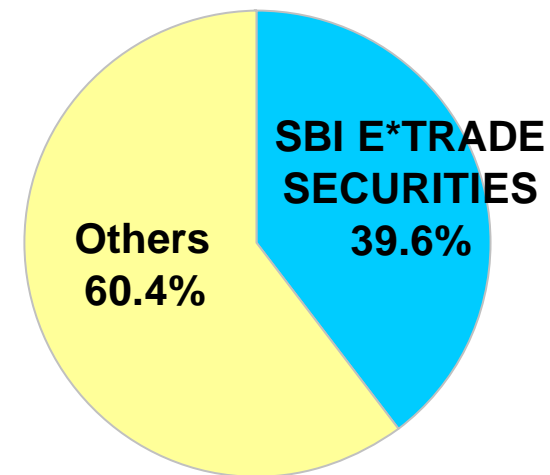
Business environment for online securities companies

Online securities industry has reached a stable phase; rapid growth will be difficult

New accounts at big five online firms



Share of retail brokerage trading value
(Jan.2008-March 2008)



SBI E*TRADE now accounts for nearly 40% of the total retail trading value. Expansion into new business fields is vital to grow further.

* The big five includes SBI E*TRADE SECURITIES, Kabu.com, Matsui, Monex, and Rakuten. Compiled by SBI E*TRADE based on the Website and other publicly available information. For SBI E*TRADE, only online accounts are counted.

Source :Compiled by SBI E*TRADE SECURITIES based on Tokyo Stock Exchange and JASDAQ materials, and Web sites and other public information of each company. *Retail brokerage trading value is the sum of Tokyo, Nagoya and Osaka exchanges (first and second divisions) and JASDAQ . *The numbers for SBI E*TRADE SECURITIES are based solely on the Internet division.

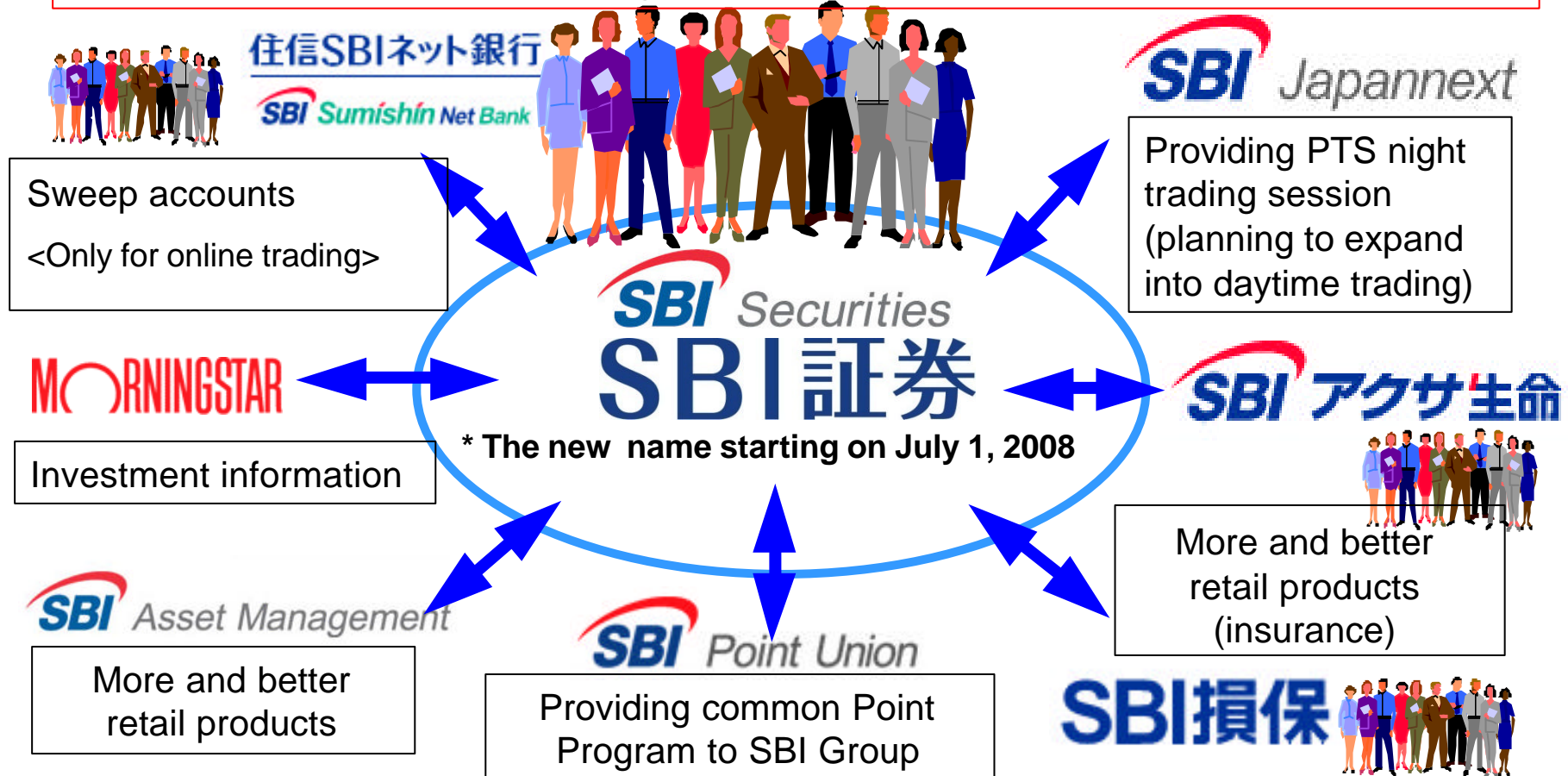
Actions to take to expand business activities

- 1. Build on the company's position as a core member of the SBI Group financial conglomerate**
- 2. Strengthen retail operations by channeling more resources to this business**
- 3. Expand wholesale business by utilizing resources of SBI Group**
- 4. Build reliable and stable IT systems**
- 5. Review our global strategies**

1. Build on the company's position as a core member of SBI Group financial conglomerate

Take advantage of full services of SBI Group, including banking, brokerage, and insurance

Seek to increase synergy within SBI Group by changing company name and becoming wholly-owned subsidiary



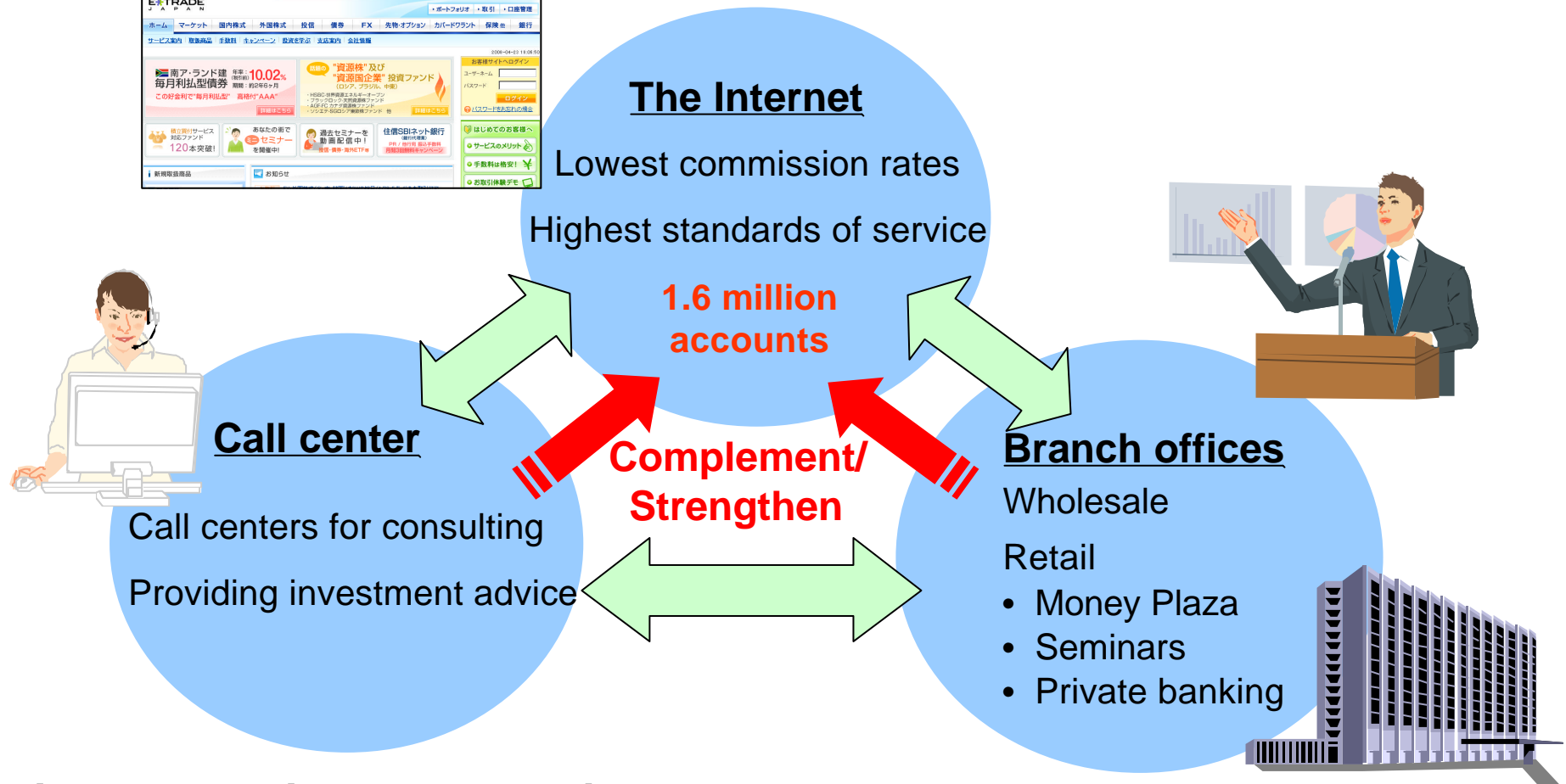
One-stop convenience by providing financial products/services besides securities brokerage

* Approval by shareholders meeting, scheduled to be held in June, is the prerequisite for name change and subsidiary status.

2. Strengthen retail operations by channeling more resources to this business

To create “Japan’s first ideal securities company for individual investors”

Utilize call centers and branches to complement/strengthen online trading



Aim to establish a new business model where Internet and real world merge with the aim of expanding businesses further

2. Strengthen retail operations by channeling more resources to this business

Goals for branch office operations

Develop multiple services integrating the Internet, branches, Money Plaza, and call centers

Present

27 branches nationwide with 265 sales representatives

Future

Core branch offices



Positioned nationwide as a center for private banking
Close tie-up with small offices

Small offices < Money Plaza >

Aggressive expansion into major cities, as venues for seminars and financial advice services



Consulting call center



To provide investment consulting for the online customers who ask for consulting and customers of conventional operations (face-to-face) who do not like solicitation.

Plan to start trial services for customers in Kumagaya, Ashikaga, and Kawagoe

2. Strengthen retail operations by channeling more resources to this business

Provide value added services

Enhance convenience of the online trading

<Planned services>

Call center for consulting service

Provides additional services for customers who want investment consulting

HYPER E*TRADE to offer futures options, FX (foreign exchange margin trading)

Improving functions of HYPER E*TRADE will provide full services from information search to orders for futures options and foreign exchange margin trade

Stock lending service for online customers

Stock lending services for retail customers to facilitate efficient management of funds, leading to more convenience

Greater variety of foreign stocks to increase investment opportunities

With a view to provide new investment opportunities, it continues its efforts to increase variety of foreign stocks. Preparation under way to handle Russian stocks

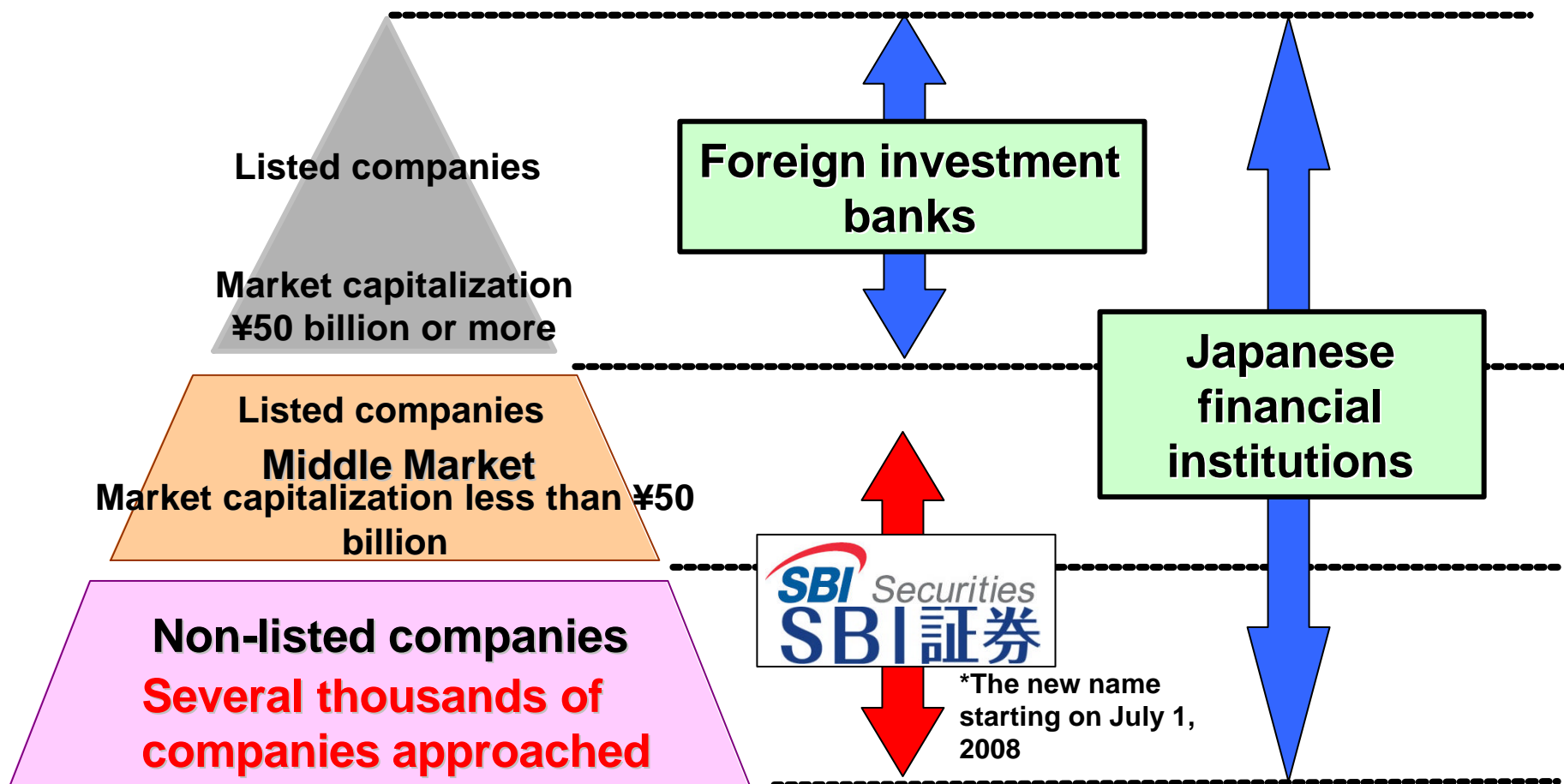
Ordinary margin trading to be offered at PTS nighttime trading

Aim to provide more convenient night time trading services by improving liquidity at PTS markets

3. Expand wholesale business by utilizing resources of SBI Group

Targeted markets for investment banking

Focus resources on Middle Market to promote investment banking



We have a broad customer base comprising unlisted companies where we provided IPO support, and about 500 companies for whom we worked as a syndicate member.

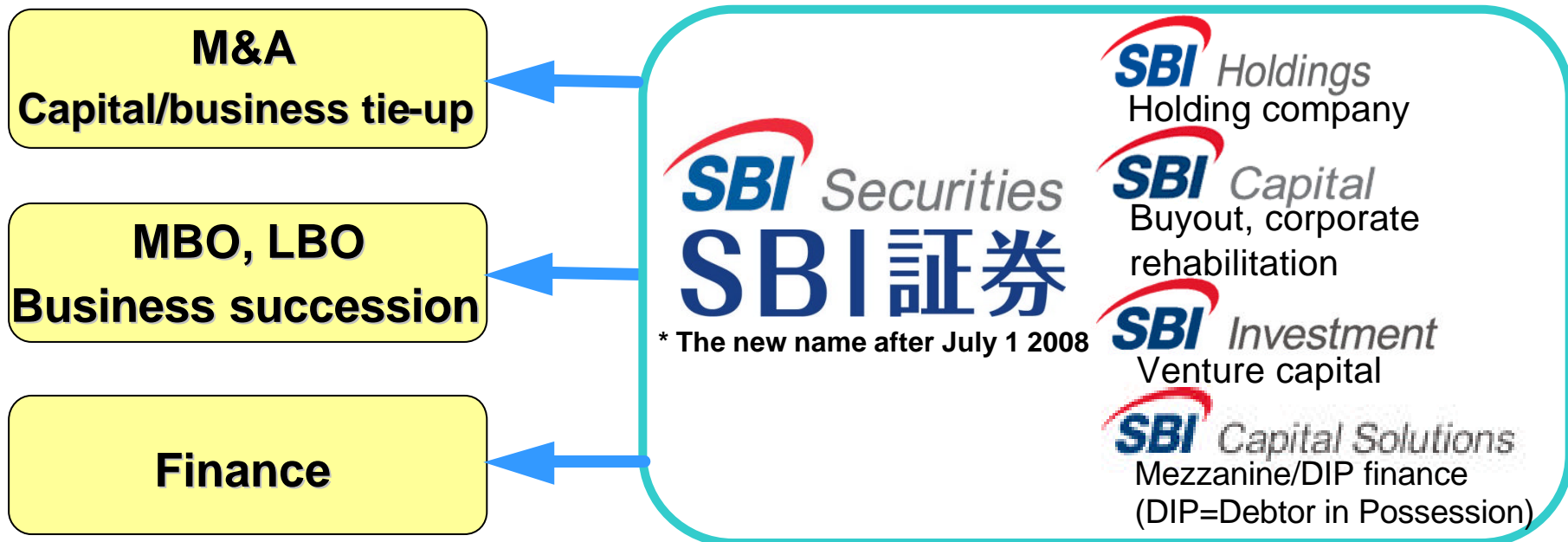
3. Expand wholesale business by utilizing resources of SBI Group

Take advantage of resources of SBI group for investment banking

Create a unique investment banking business made possible by our ability to utilize SBI Group resources

< Needs of customers >

Syndicate member for 509 companies
Several thousand unlisted companies approached



To provide solutions that meet customer needs, other functions can be provided by SBI Group

➔ Expand business as an intermediary for corporations through extensive use of existing customer base and SBI Group resources

3. Expand wholesale business by utilizing resources of SBI Group

Function as a hub that links SBI Group companies and customer companies

Use SBI Group resources for deal sourcing

4 M&A brokerage deals, 2 deals as TOB agent in FY08

Example

M&A brokerage + TOB agent

SBI Holdings acquired shares of Living Corporation



Take-over bid period : August 1-September 3, 2007

M&A brokerage

SBI Capital acquired shares of VSN



Acquisition date : March 7, 2008

Help increase revenue opportunities for the whole group by serving as an intermediary for SBI Group companies

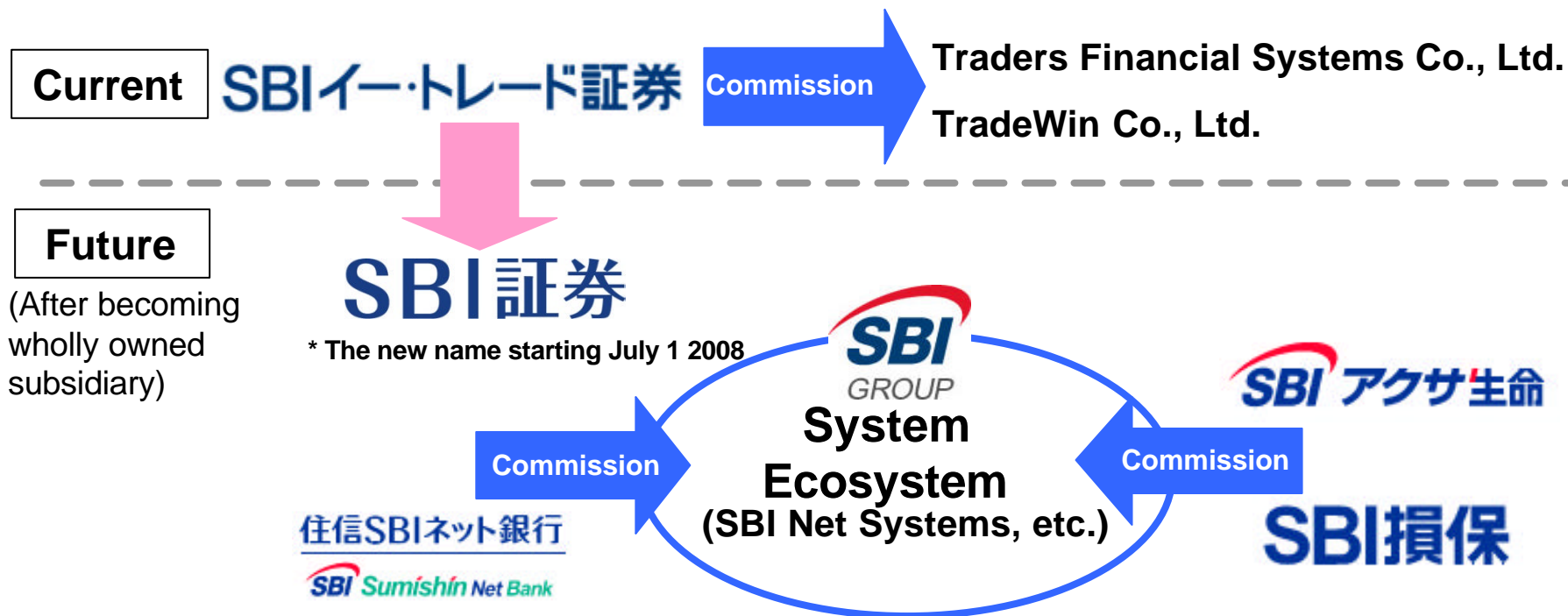
4. Build reliable, stable IT systems

Stock transfer of IT system subsidiaries

Improve system integrity of the whole group to improve stability and efficiency

Shares of Traders Financial Systems Co., Ltd and TradeWin Co., Ltd., both consolidated subsidiaries, will be transferred to C 4 Technology Inc., which will be the core of SBI Group's IT system ecosystem.*

* C 4 Technology Inc. plans to change its name to SBI Net Systems in June 2008.

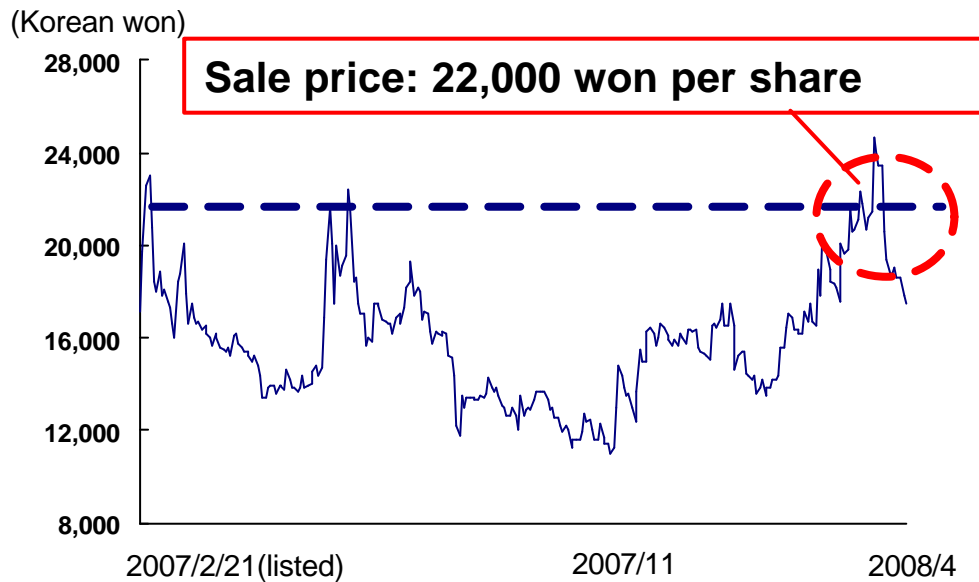


Increase unity as SBI Group and pursue efficient business operation

5. Review global strategies

Basic agreements reached on stock transfer of E*TRADE Korea Co., Ltd.

Share prices of E*TRADE Korea since listing



<Background for sale>

- Increased competition and reduced expectations for growth in Korean online stock trading
- Review of overseas strategies due to termination of licensing agreement with US E*TRADE in July 2008
- Despite big contributions to consolidated revenues, only business involving SBI Group is cross-border transactions
- Thanks to strong Korean markets, share price of E*TRADE Korea Co.,Ltd stay high

Offering price: 6,500 won per share

We decided that, instead of using company resources for E*TRADE Korea, the best strategy is to sell this stock and make efficient use of the capital gain. Business tie-up with E*TRADE Korea will continue in cross-border transactions.

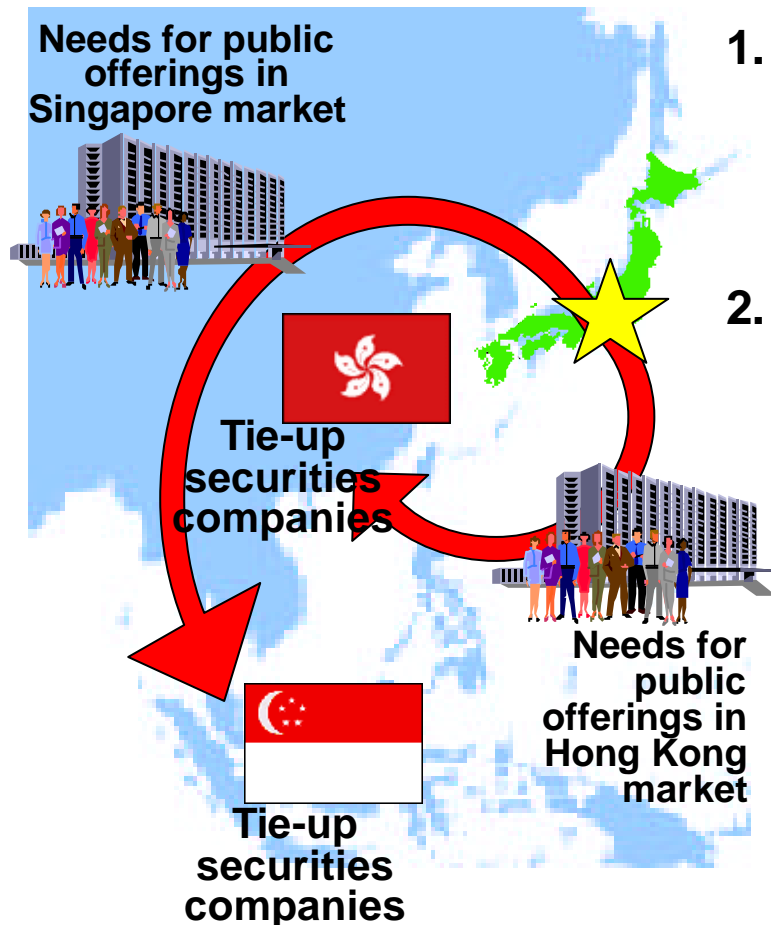
(Extraordinary income of **about 17.4** billion yen (non-consolidated) to be posted in FY 2009)

5. Review global strategies

Future global strategies

Termination of license agreement with E*TRADE FINANCIAL enables overseas expansion

Expansion of overseas corporate business made possible through acquisitions/tie-ups with local securities companies



1. Review our overseas strategies, especially concerning Asia, which has excellent growth prospects, to optimize management resources
2. Make best use of existing networks and know-how to support Japanese companies that seek listings on local stock exchanges.



Consider ways to expand operations more efficiently by pursuing synergy with overseas growth of SBI Group.

4. Dividends

4. Dividends

Proposal for FY08 year-end dividend

SBI E*TRADE SECURITIES has announced its intention of paying a FY08 year-end dividend of ¥1,700 per share. Compared to the ordinary dividend of ¥1,600 and commemorative dividend of ¥100 in the previous year, the current dividend stays the same as in FY07.

	Year ended March 31 2008	Year ended March 31 2007
	Per share	Per share
Ordinary dividend	¥1,700	¥1,600
E*TRADE Korea Commemorative dividend	-	¥100
Total	¥1,700	¥1,700

<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 factors 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 factors.

◆ Futures/Options

- The required deposit is (SBI E*TRADE SPAN deposit - Net option value x 1.2 (120%).
- 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 currency units and require a minimum deposit of from ¥50,000 to ¥200,000.
- Principal and interest for these transactions are 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 limited 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 limited 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, near-pin 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 near-pin 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 (Internet/mobile/IVR 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 (unrestricted) 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 *)
- For PTS nighttime trades, 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 from August 27, 2007 to July 31, 2008).
- The commission for odd-lot shares (S stock) transactions is 0.63% of the transaction value. There is no minimum commission.
- There is no commission for IPOs, public offerings and secondary offerings.
- There is no commission for off-market sales.

* 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 (Internet/mobile/IVR transaction fees and taxes)

◆ 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 (with tax) and the maximum commission is HK\$315 (with tax).
- For Korean stocks, the commission is 0.945% of the transaction value. The minimum commission is 9,450 won (with tax).

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

◆ Investment trusts

- For stock and other investment trusts, the application fee is a maximum of 3.15% of the unit price (with tax), the trust fee is a maximum of 2.7125% of the net assets (with tax), 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.

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

Fees and commissions (Internet/mobile/IVR transaction fees and taxes)

◆ 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.

◆ Financial products

- For foreign exchange margin transactions(*), the commission is ¥300 for each trading unit and ¥4500 for 15 or more trading units.
- For futures transactions, 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, the commission is 0.21%(with tax), and the minimum commission is ¥210 (with tax).
- e-warrant commissions are ¥262 (with tax) for trades up to ¥200,000 and ¥525 (with tax) 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.

* When there are investments in two or more items, commissions will be calculated for each investment.

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. (with tax)

*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 tanguen (trading unit) is the proportion of the commission for one tanguen based on the number of odd-lot shares.

◆ **Foreign stock (U.S. and China) brokerage commissions**

- 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.

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 purchases, foreign securities exchange brokerage commissions, securities transaction taxes and other fees will be added to the overseas amount due for the purpose of calculating 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.
- ◆ **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.

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 (continued)

- * 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.