

Asset Management Business

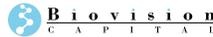
Key Companies



SOFTBANK INVESTMENT CORPORATION
First Section—Tokyo Stock Exchange and
Osaka Securities Exchange (Code: 8473)



SBI CAPITAL Co., Ltd.
LBO funds management



BIOVISION CAPITAL CORP.
Incubation for biotechnology venture
business and fund management



SBI ASSET MANAGEMENT Co., Ltd.
Investment advisory service



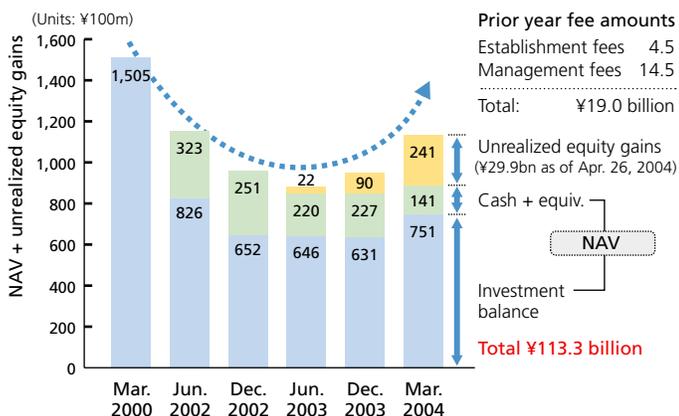
Arsnova Capital Research, Inc.
Securitized products and advisory services

Segment Performance in Fiscal 2004

1. SBI flagship "IT Fund" approaching profitability

The Company's flagship "SOFTBANK INTERNET TECHNOLOGY FUND" (hereafter "IT Fund"), which was established in fiscal 2000 with an investment of ¥150.5 billion, is approaching profitability. At the end of fiscal 2004, the unrealized capital gain on the "IT Fund" totaled ¥24.1 billion in market value, and the total of investment balance, remaining cash equivalents and unrealized capital gain totaled ¥113.3 billion. Total investment during the term from this fund totaled ¥24.2 billion, and the number of investment targets with publicly held stock through IPOs and M&As included nine companies and one corporate entity.

Time to Reap "IT Fund" Harvest



Investment Results (Fiscal 2004)

April 2003 – March 2004

	Domestic	Overseas	Total
Investments (no. of companies)	17 (27)	4 (4)	21 (31)
Invested capital (¥100m)	238 (135)	4 (3)	242 (138)

* Figures represent totals for all SBI Group-managed funds.

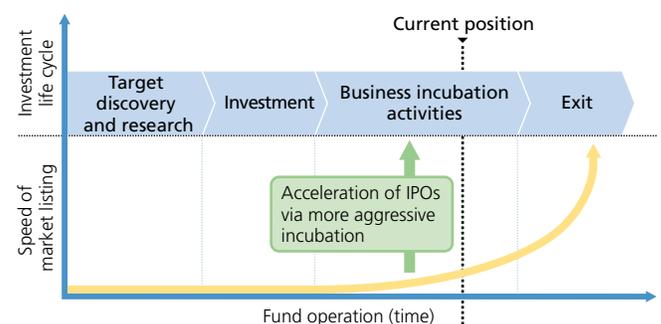
- Figures in parentheses refer to previous fiscal year (April 2002–March 2003).
- Within totals, new investments in 15 firms totaled ¥2.2 billion (¥23.0bn in 8 firms), while additional investments in 6 existing firms totaled ¥22.0 billion (¥11.5bn in 23 firms).
- Overseas investments are valued at the exchange rates prevailing at the time of transaction.

2. Newly established funds

During the term, SBI established "SBI-REAL-INCUBATION No. 1 (limited partnership)," which invests chiefly in domestic franchises (investment of ¥1.1 billion) and the "BIOVISION Life Science Fund I" (investment of ¥3.0 billion) for investing in the biotech industry, which will be a key industry of the 21st century. The "SBI-REAL-INCUBATION No. 1 (limited partnership)" has been authorized for a further capital injection of ¥3.0 billion.

Given the existing potentially profitable period for these flagship funds, the Company is accelerating the pace of IPOs by conducting aggressive incubation activities. From January to December 2004, investment targets with public stock from IPOs and M&As are expected to grow to include 20 companies.

Accelerated IPO Strategy



Number of Exits through IPO or M&A

	Up to Dec. 2003	Jan.-Dec. 2004
No. of companies	57 (of which 38 are non-Japanese)	20+α (of which 12 are already listed)

Exits via IPO or M&A in 2004 = 12 firms

- | | |
|---|---|
| Feb. 2: WORLD NICHIEI FRONTIER Securities Co., Ltd. | Jun. 4: FRAMEWORX, Inc. |
| Feb. 27: NEXUS Co., Ltd. | Jun. 18: Runsystem Co., Ltd. |
| Mar. 3: IDU Corp. | Jul. 1: amana.jp |
| Mar. 26: Venture Revitalize Investment, Inc. | Jul. 8: Netprice, Ltd. |
| Apr. 15: WebPort Corp. (M&A) | Jul. 15: Funai Zaisan Consultants Co., Ltd. |
| May 27: dip K.K. | Jul. 29: Sosei Co., Ltd. |

- Companies slated for IPO are categorized into five priority levels based on review by a committee that meets on a weekly basis. The evaluations and IPO schedules of firms are determined entirely at SBI's discretion, and no future IPO is guaranteed.
- Exits detailed above include cases where the entire stake has now been sold.

Future Strategies and Business Development

In the asset management business, SBI aims to bolster investment in companies anticipated to grow dramatically using continued fund recruitment, and establish new funds in broadband, corporate restructuring and biotechnology. In the broadband field, SBI will capitalize on investment experience through operation of IT funds and invest in growth markets related to broadband. Accordingly, we will expand marketing activities that employ synergies between the Group and securities subsidiaries.

In corporate restructuring, SBI plans to establish a fund management company through equal investment with a partnership established by a group of joint managers from Corporate Directions, Inc., which is an independent management strategy consulting company, establish new funds and offer consultative support encompassing everything from proposal planning to execution for newly established funds. In the biotechnology field, SBI aims to augment the fund amount of the "BIOVISION Life Science Fund I," which was established in December 2003, and has invested in three promising biotechnology venture companies. To achieve global expansion, SBI plans to establish a joint venture with the Kingsway Group (Hong Kong Stock Exchange: 0188 HK) for operating funds in Hong Kong, set the initial investment at US\$9 million, and conduct investment primarily in promising Chinese companies that have yet to go public.

New Funds Establishment Plans

Fiscal 2005 funds establishment plans/status

