

Favorable results in fund management

Softven #2 Investment Partnership closed with IRR of 20.4%.

Key Companies

SOFTBANK INVESTMENT CORPORATION	Core company in venture fund management
SBI CAPITAL Co., Ltd.	LBO fund management
SBI Asset Management Co., Ltd.	Investment trust management
SBI Arsnova Research Co., Ltd.	Develops and manages alternative financial products
SBI Partners Co., Ltd.	JASDAQ (Code: 9653): Real estate-related business

Transition to a Holding Company Structure and Reorganization of Asset Management Business

On July 1, 2005, the SBI Group transitioned to a holding company structure with the aim of strengthening and upgrading the Group's governance functions. Along with this move, the venture fund management business carried out by SBI Holdings' forerunner, SOFTBANK INVESTMENT CORPORATION, was transferred to a previously spun off subsidiary SBI VENTURES K.K., which changed its name to SOFTBANK INVESTMENT CORPORATION on July 1. To consolidate the SBI Group's venture fund management business into the operations of SOFTBANK INVESTMENT CORPORATION, the operations of SOFTBANK CONTENTS PARTNERS CORPORATION which managed contents funds, and BIOVISION CAPITAL CORP., which managed biotechnology funds, were merged into the new SOFTBANK INVESTMENT CORPORATION.

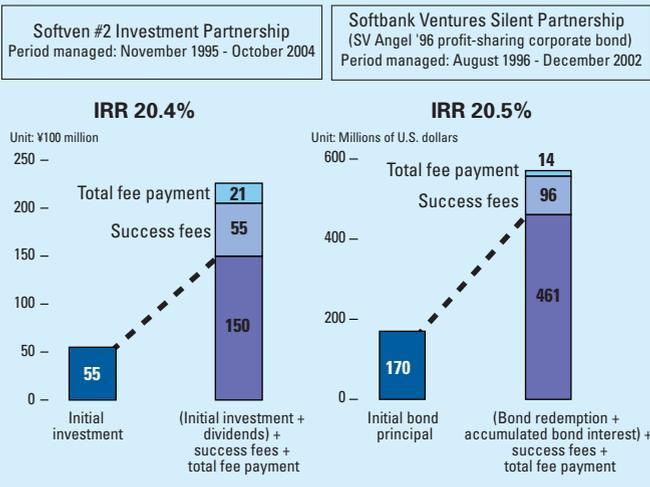
Steadily Compiling a Solid Track Record

In October 2004, we made an early redemption of Softven #2 Investment Partnership, established in November 1995, securing an IRR of 20.4%. In addition to such other accomplishments as an IRR of 20.5% of SOFTBANK VENTURES SILENT PARTNERSHIP, the management of which concluded in December 2002, we are steadily recording new achievements in our fund management business.

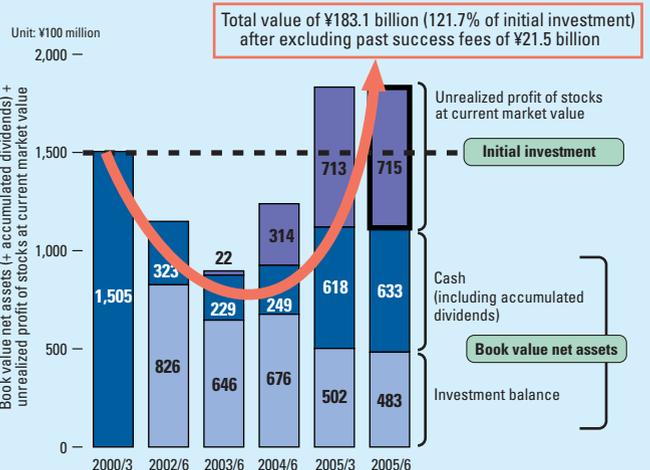
Status of Our Flagship "IT Fund"

Our flagship SOFTBANK INTERNET TECHNOLOGY FUND (hereafter "IT Fund"), which was established between March and July 2000 with an investment of ¥150.5 billion, has entered into a period of profit reaping, and consequently the operation of this fund was extended by two years as the fund managers strive for higher returns. At the end of June 2005, the unrealized capital gain for the IT Fund totaled ¥71.5 billion in market value, and the total of investment balance, remaining cash equivalents and unrealized capital gain—excluding past accumulated management fees of ¥21.6 billion—totaled ¥183.1 billion. In June 2005, SBI Holdings acquired an additional 505 shares of the IT Fund, resulting in a total 41.1% share in the fund.

Performance Record of Redeemed Funds



IT Fund Management and Success Fee Structure



Success fee calculation table

Success fee as a proportion of capital gains* exceeding initial investment

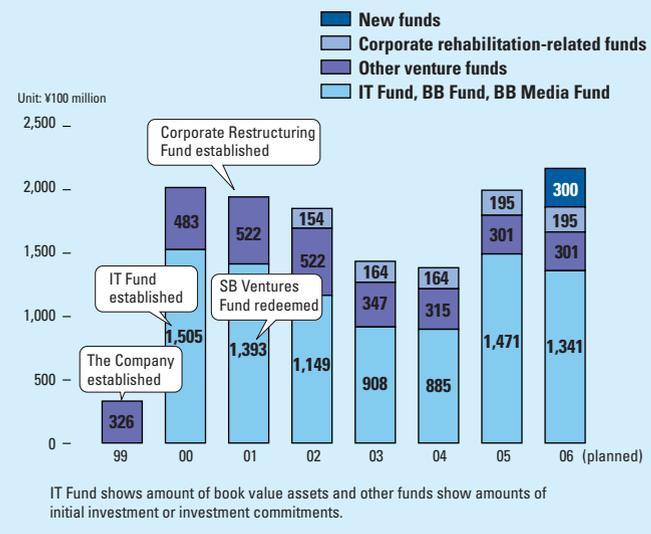
- Portion corresponding to 50% or below: **20%**
- Portion corresponding to more than 50% and 200% or below: **35%**
- Portion corresponding to more than 200%: **50%**

*Capital gains: Book value net assets - initial investment

Continued Favorable Results in Exits through IPOs and M&A of Investee Companies

We achieved our exit target of 20 companies via IPOs and M&A during the period from January to December 2004. For 2005, we are maintaining the same target of around 20 companies and as of August 2005 we had made exits through M&A and IPOs at 10 companies.

Trends in Total Value of Funds Managed by the SBI Group



We have established a successor flagship fund and will take a proactive approach to making investments in the future as well.

Solicitation of capital for the IT Fund's successor flagship fund, SBI Broadband Fund (general name for SBI Broadband Capital Anonymous Investment Partnership and SBI Broadband Fund No. 1 Limited Partnership), proceeded smoothly and finished with ¥53.5 billion in investment capital. Also targeting individual investors, we sold small-lot investment units of ¥1 million for this fund. The selling of investment units in small lots for this venture fund represented an epoch-making trial, with three SBI Group securities companies selling ¥20.8 billion in shares as the fund's investment capital.

On March 24, 2005, SBI Holdings, together with Fuji Television Network Inc. and Nippon Broadcasting System, Inc., established SBI BB Media Fund Limited Partnership with initial investment capital of ¥20.0 billion. We are managing this fund as one of our Satellite Funds within the successor flagship fund SBI Broadband Fund. SBI BB Media Fund proactively invests in broadband, content and media-related businesses.

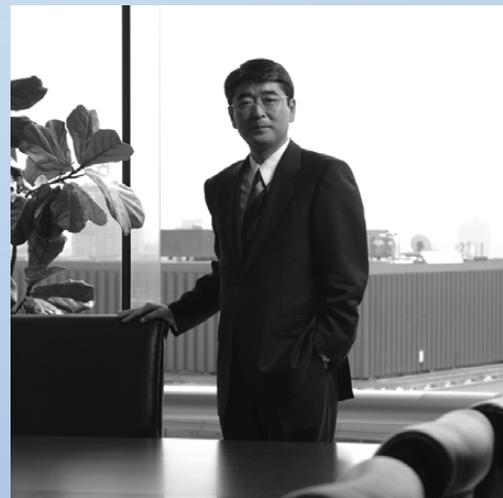
In corporate restructuring business, our SBI-LBO-FUND No. 1 posted favorable results. At the end of March 2005, the current mark-to-market NAV of this fund, including accumulated dividends and management fees paid, reached ¥10.8 billion, up 198.9% from the initial investment of ¥5.0 billion. From its establishment on August 23, 2004 to the end of May 2005, our SBI Mezzanine Fund No. 1, a ¥3.1 billion pilot fund that specializes in mezzanine investments and DIP (Debtor-in-possession) financing, has closed deals on 25 companies, with an average profit margin of 13.2%. With additional outside investors, we began operation of SBI Mezzanine Fund No. 2 on June 1, 2005 with capital of ¥7.0 billion. Moreover, we closed four new deals valued at approximately ¥1.0 billion. Looking ahead, we plan to solicit numerous investors with the aim of increasing assets under management to ¥10.0 billion.

Since its establishment on December 24, 2003, the BIOVISION Life Science Fund I has invested a total of ¥2.5 billion in 11 pharmaceutical-related bio-ventures. Among these, we invested in such promising investee companies as MedicNova Inc., which listed on the Hercules market of the Osaka Securities Exchange, and using this track record as a

base closed solicitation of managed assets in bio-related companies at ¥10.3 billion.

In May 2005, together with MacRitchie Investments Pte Ltd., a wholly owned subsidiary of TEMASEK Holdings (Private) Limited, SBI Holdings jointly established the New Horizon Fund with initial investment capital of US\$100 million. This fund will invest in promising companies in China that have world-class management teams. The Chinese economy is expected to record high growth in the future and we aim to utilize this economic growth capability to fuel investment profits.

In summary, each of our funds is achieving steady growth and we intend to maintain the total value of our capital under management at around ¥200.0 billion as we proceed with our asset management business.



Yasutaro Sawada
 Director and COO
 SOFTBANK INVESTMENT CORPORATION