

Asset Management Business

Asset Management Business enters a favorable cycle

Principal Companies in the Asset Management Business

SBI Investment Co., Ltd.*

Venture capital fund management

SBI CAPITAL Co., Ltd.

Buyout fund and revitalization management

SBI Capital Solutions Co., Ltd.

Mezzanine fund management

SBI BROADBAND CAPITAL K.K.

Venture fund management specializing in broadband

We have entered a favorable cycle in our Asset Management Business, as the solid performance of existing funds have allowed us to increase distributions to investors and strengthen the trustworthiness and brand power of our funds. At the same time, we are now able to more easily procure capital for our newly launched funds, and are steadily expanding our managed assets.

Status of the IT Fund

At the end of June 2006, our flagship SOFTBANK INTERNET TECHNOLOGY FUND (IT Fund) had a net asset value of ¥256.7 billion, approximately 1.7 times higher than the initial contributed capital of ¥150.5 billion. This includes an investment balance of ¥19.7 billion, cash equivalents including accumulated dividends of ¥203.0 billion, unrealized profits of ¥11.3 billion and success fees of ¥22.7 billion.

In April 2006, we significantly raised expected distributions to investors from the IT Fund and our Softbank Internet Fund by converting unrealized profits into cash. This contributed to our business results while enabling us to strengthen our trustworthiness and brand power.

Newly Established Funds

With the IT Fund approaching redemption in June 2007, we are actively establishing new successor funds. To this end, we are steadily nurturing our SBI Broadband Fund (general name for SBI Broadband Capital Anonymous Investment Partnership and SBI Broadband Fund No.1 Limited Partnership) that was set up from September 2004 (closing capital of ¥53.5 billion) and the satellite fund SBI BB Media Fund Limited Partnership, established jointly in March 2005 with Fuji Television Network, Inc. and Nippon Broadcasting System, Inc. with an initial investment capital of ¥20.0 billion. Solicitations also proceeded smoothly for the SBI BB Mobile Fund Limited Partnership, and in March 2006 we completed the establishment of this fund having reached the solicitation ceiling of ¥32.0 billion. This fund proactively invests in stocks and stock options of domestic and overseas unlisted mobile technology, mobile content and wireless technology companies, which are expected to record high growth over the medium to long term. In doing so, we will be able to cultivate mobile and wireless communications companies with the highest potential for future expansion.

Turning to enterprise revitalization-related businesses, solicitation for the SBI Value Up Fund No.1 Limited Partnership, which targets both listed and unlisted companies, proceeded

SBI KOREA HOLDINGS CO., LTD.

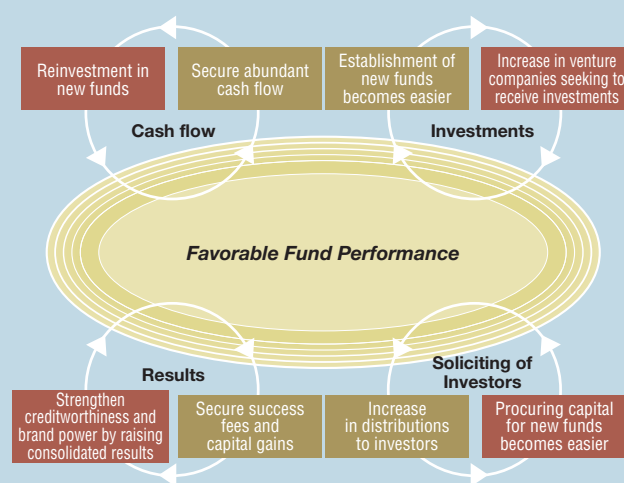
Venture capital investment

SBI Asset Management Co., Ltd.

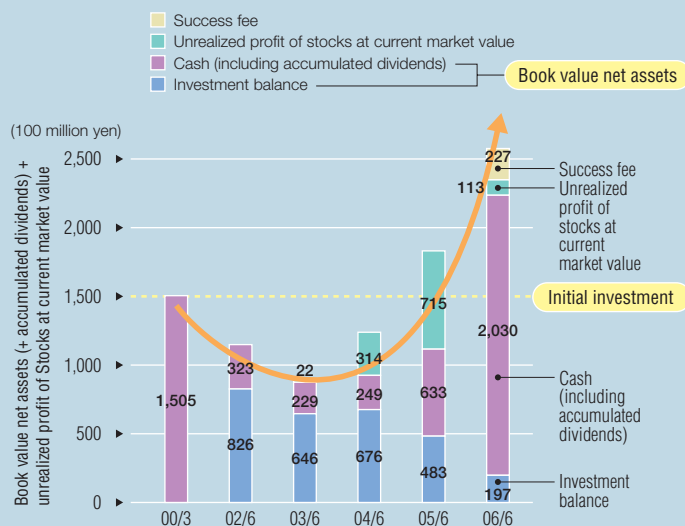
Investment trust management, investment advisory services

*Name changed from SOFTBANK INVESTMENT CORPORATION on October 1, 2006.

Favorable Cycle of the Asset Management Business



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

smoothly and the establishment of this fund was completed in September 2006 with invested capital of ¥23.1 billion. Aiming for high performance, this fund actively promotes buyout and enterprise revitalization investments, beginning with investments for business succession and management buyouts.

As reflected by these achievements, the SBI Group's fund business is progressing smoothly. While maintaining the current balance of assets under management, we will continue promoting our Asset Management Business.

We are also focusing on the global asset management business. For example, SBI Holdings is positioning itself to cultivate the overseas markets specifically starting with China and India, which are expected to experience high rates of economic growth. In line with this objective, in May 2005, together with a wholly owned subsidiary of Temasek Holdings (Private) Limited, a Singapore-based investment company, SBI Holdings jointly established the New Horizon Fund, L.P. with initial investment capital of US\$100 million. This fund is actively investing in promising companies in China utilizing our Beijing Representative Office, set up in September 2005, as a base. In August 2006, SBI Holdings and the investment banking subsidiary of State Bank of India (the largest commercial bank in India), reached a basic agreement for the joint establishment of a \$100 million investment fund to invest in promising emerging industries in India. Further expanding our overseas investment activities, in September 2006 SBI Holdings established a wholly owned subsidiary in Macau, a region which has achieved high growth in recent years, to invest mainly in housing and real estate businesses.

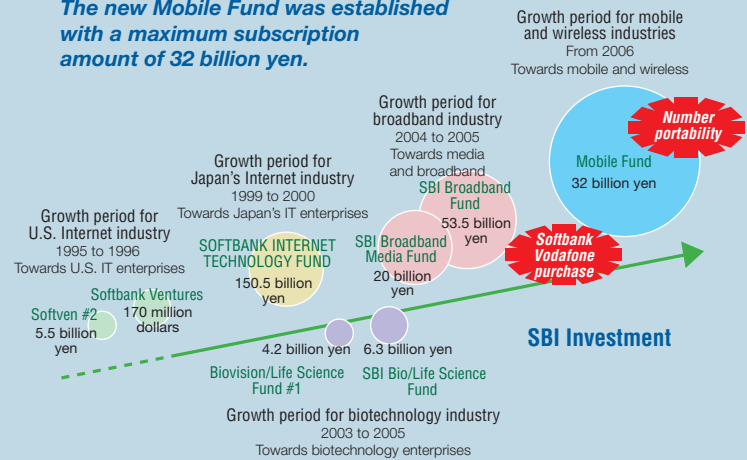
In this way, we will continue to aggressively pursue investment opportunities in high growth areas such as China, India and other BRICs countries. By helping to support the economic growth of these countries through our investment vehicles, we expect to achieve significant returns on our investments over time.

Scale of the SBI Group's Current Fund Management

In addition to its traditional main investment domains of IT, biotechnology and enterprise revitalization, the SBI Group is also proactively establishing funds in its new core segment of real estate-related businesses. At the end of June 2006, total assets under management by the SBI Group stood at ¥477.6 billion, and the number of investee companies (cumulative) totalled nearly 300 companies.

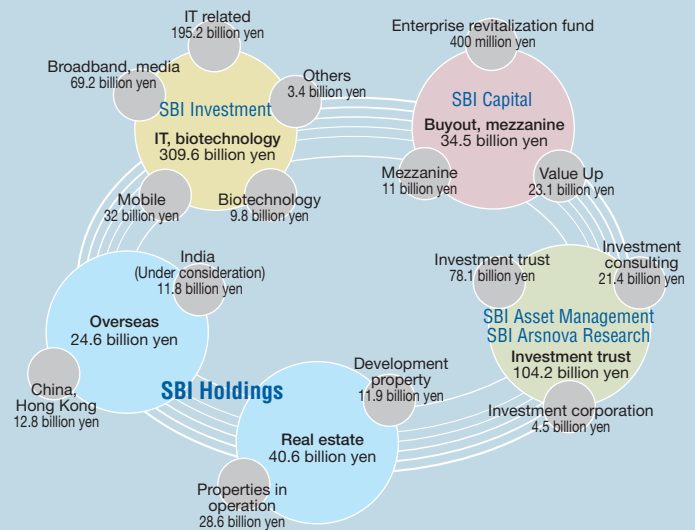
New Mobile Fund Established

The new Mobile Fund was established with a maximum subscription amount of 32 billion yen.



SBI Group's Asset Management Business

SBI Group's asset management lineup is expected to continue to grow in both scale and quality.



Note: Figures for real estate funds represent the amount of investment. Figures for investment trust and investment consulting represent the current value of net assets at the end of June 2006. Figures for other funds represent the current value of net assets based on the account settlement closest to June 2006 for each fund.

Housing and Real Estate Business

As one of its new core businesses, the SBI Group is undertaking full-fledged initiatives to cultivate its Housing and Real Estate Business as a new growth field that transcends the framework of finance. In areas ranging from the development of real estate assets to fund exit strategies, we will fully utilize the SBI Group's business lines to proactively invest in real estate assets that promise increased asset values as we vigorously promote our real estate investment business. The SBI Group is also establishing new funds in this field. Drawing on the SBI Group's strength in venture investments, we formed the SBI Unlisted Stock Real Estate Fund Anonymous Partnership #1 (known as the Four-Leaf Clover Fund), a publicly solicited real estate fund investing in unlisted stocks. In promoting this fund, we are fully maximizing the SBI Group's management resources, which includes promoting sales targeted at individual investors via such channels as online securities company SBI E*TRADE SECURITIES Co., Ltd. and brick-and-mortar securities company SBI Securities Co., Ltd.

In September 2006, we established a wholly owned subsidiary, SBI MACAU HOLDINGS LIMITED, in the Chinese Special Administrative Region (SAR) of Macau, which has registered high rates of economic growth in recent years. Through this subsidiary, SBI Holdings will invest in housing and real estate-related businesses in Macau, where buoyant tourism and entertainment industries and plans for building large casinos are fuelling sharp demand for housing and commercial real estate.

