

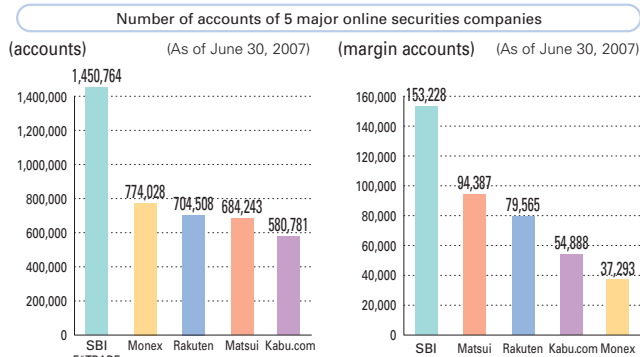
## Brokerage & Investment Banking Business

# Obtained a Dominant Market Share of Stock Market Transactions by Offering the Lowest Brokerage Commissions Level and the Best Services

### Principal Companies in the Brokerage & Investment Banking Business

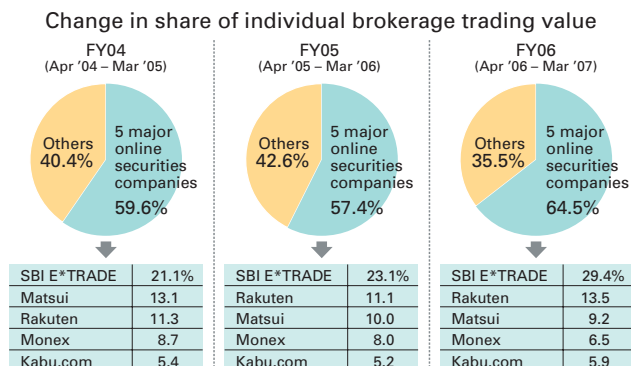
SBI E*TRADE SECURITIES Co., Ltd.	Comprehensive online securities company listed on JASDAQ (code 8701)
SBI Securities Co., Ltd.	Conventional (face-to-face) securities company (will merge with SBI E*TRADE SECURITIES on October 1, 2007)
SBI Futures Co., Ltd.	Online commodity futures broker listed on Hercules Market of Osaka Securities Exchange (code: 8735)
E*TRADE Korea Co., Ltd.	Online securities company in Korea listed on KOSDAQ (code: 078020)

### Japan's Leading Online Securities Company by a Wide Margin



Source: Based on data announced by each company

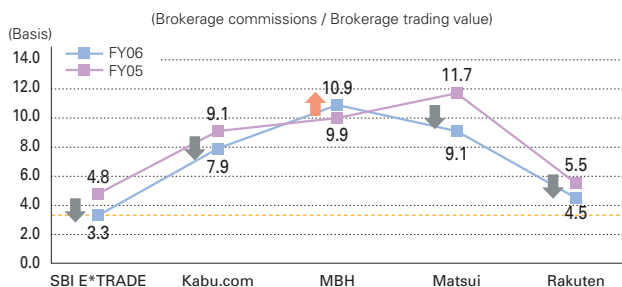
### Major Online Securities Companies Share of Individual Brokerage Trading Value



Source: Based on TSE statistics, JASDAQ statistics, company Web sites.

Note: Individual margin trading is the sum of activity on TSE/OSE/NSE 1st and 2nd sections, and JASDAQ. Monex Securities and Nikko Beans are totaled as Monex. Kabu.com Securities merged with MeNet Securities in January 2006.

### Comparison of Basis at Major Online Securities Companies



Source: Based on company materials and monthly announcements Cumulative figures for years from April to March; brokerage commissions use non-consolidated data

SBI E\*TRADE SECURITIES pioneered Japan's online securities industry and successfully positioned itself as its dominant market leader. The company distinguishes itself through its dedication to the customer-centric principle, primarily by offering the industry's lowest brokerage commissions level and best services. SBI E\*TRADE SECURITIES ranks first among Japan's online securities companies in terms of customer accounts, brokerage trading value and assets in customer accounts. In the fiscal year ended March 2007, the company's share of retail brokerage trading value rose to an all-time high of 29.4%.

SBI E\*TRADE SECURITIES will merge with SBI Securities on October 1, 2007, in order to continue its transformation into a comprehensive securities company. This merger will integrate online and face-to-face securities company infrastructures, where the objective will be the creation of a business model that we refer to as "Japan's first truly integrated online and offline securities company model."

Combining these functions will allow the distribution of financial products requiring detailed explanations that are not possible through an online distribution channel. The merged company will also be better positioned to increase business with corporate clients who have previously utilized our IPO underwriting and other investment banking services.

### A Dominant Position in Japan's Online Securities Industry

SBI E\*TRADE SECURITIES has maintained consistent growth in the number of customer accounts. The number of customer accounts reached one million in January 2006 and subsequently increased to 1,259,163 at the end of June 2006 and 1,450,764 at the end of June 2007. These customer account numbers place SBI E\*TRADE SECURITIES far ahead of any of its competitor online securities companies in Japan.

At the end of June 2007, there were 153,228 margin accounts, up from 123,342 a year earlier, and client assets totaled ¥4,200 billion compared with ¥3,700 billion a year earlier. Both figures give SBI E\*TRADE SECURITIES a significant lead over its competitor Japanese online securities companies.

### A Growing Share of Stock Brokerage Commissions

SBI E\*TRADE SECURITIES achieved 10% growth in stock brokerage commissions for the March 2007 fiscal year even as stock market volatility caused commissions at other Japanese online securities companies to decline. This accomplishment reflects the company's ability to offer products, services and fee structures that provide high degrees of customer satisfaction. Another highlight of the year was an increase in the share of individual stock brokerage trading value at an all-time high of 29.4%.

SBI E\*TRADE SECURITIES ranks first among all securities companies in Japan in total stock brokerage trading value, including trades for

institutions and foreigners. The company overtook the previous market leader, Nomura Securities, in the fourth quarter of the March 2005 fiscal year, and SBI E\*TRADE SECURITIES has subsequently ranked first for nine consecutive quarters.

#### IPO Underwriting at SBI E\*TRADE SECURITIES

SBI E\*TRADE SECURITIES boasts the number one position in terms of its participation in the IPO underwriting business among all online securities companies. As of March 31, 2007, the company has participated in the underwriting of a total of 451 company IPOs, including four lead managed positions.

The upcoming merger with SBI Securities will give SBI E\*TRADE SECURITIES a conventional (face-to-face) sales channel, and this will create many opportunities to serve clients where the company served as IPO underwriter. For instance, SBI E\*TRADE SECURITIES may assist in future public placements, M&A advisory services and other growth-oriented strategic initiatives for its corporate client base.

#### A Diversified Profit Structure

Given its considerable customer base, SBI E\*TRADE SECURITIES will endeavor to further diversify its profit structure. For instance, the company experienced a 32.0% growth in financial income to ¥17,470 million for the March 2007 fiscal year. This was the result of higher loans receivable resulting from the efficient management of internal funds, growth in Internet margin trading volume and higher interest rates in Japan.

Other diversification initiatives include sales of foreign bonds, foreign exchange margin trading, futures and options, and stock lending operations. Also, the company will launch the distribution of overseas exchange-traded funds (ETF) and increase the lineup of investment trusts. SBI E\*TRADE SECURITIES is actively working to diversify sources of revenues by developing its selection of products and services to match its customers' needs.

#### Upgrading IT System Capabilities

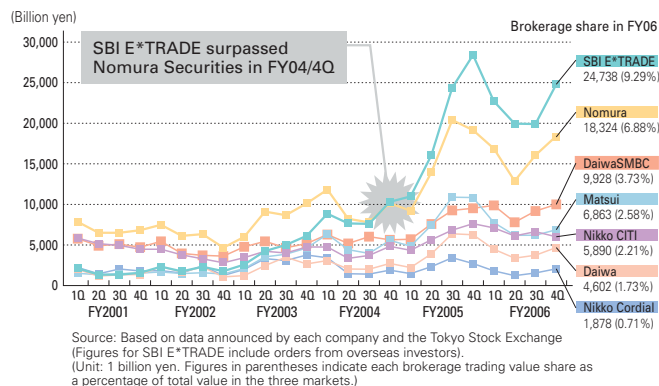
Reliable IT systems are vital to the operations of SBI E\*TRADE SECURITIES as an online securities company. To support its growth, the company expanded its system infrastructure to a 1.75 million account capability in May 2006 and further raised its capacity to 2 million accounts just two months later. In July 2007, SBI E\*TRADE SECURITIES acquired two companies in all-stock transactions with the aim of bolstering its operations. TradeWin Co., Ltd., which develops securities back office systems, and Traders Financial Systems Co., Ltd., which constructs cell phone service and other front office systems, both became wholly owned subsidiaries. With these resources, SBI E\*TRADE SECURITIES has acquired a seamless development capability for systems that can provide even faster and more reliable services. Utilizing these systems will enhance the already dominant competitive edge of SBI E\*TRADE SECURITIES.

#### COLUMN

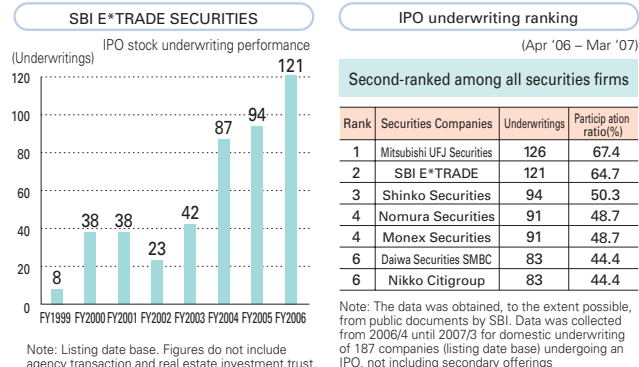
#### E\*TRADE Korea Lists Shares on KOSDAQ

Online securities company E\*TRADE Korea, a subsidiary of SBI E\*TRADE SECURITIES, listed its shares on Korea's KOSDAQ market on February 21, 2007. This subsidiary is growing rapidly, as evidenced by its 40% growth in customer accounts to a total of 135,139 accounts, as of March 31, 2007. Furthermore, the company reported growth in its revenues and earnings for the March 2007 fiscal year. E\*TRADE Korea plans to build on this momentum to continue raising its stature in Korea's online securities industry.

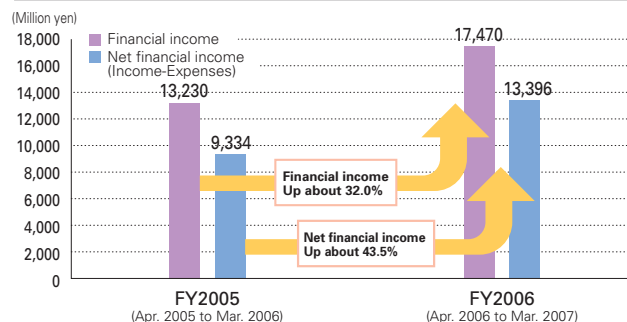
#### Brokerage Trading Value Comparison for Major Securities Companies



#### IPO Underwriting Performance



#### Growth in Financial Income (Consolidated)



#### E\*TRADE Korea Co., Ltd. FY2006 Performance

(Unit: Million yen, %)

	FY2005 (Apr. '05 to Mar. '06)	FY2006 (Apr. '06 to Mar. '07)	YoY change (%)
Operating revenues	5,202	5,780	+11.1
Net operating revenues	4,977	5,446	+9.4
Operating income	1,182	1,474	+24.7
Ordinary income	1,189	1,482	+24.6
Net income	922	1,048	+13.7

Note: Exchange from Won to Yen figures are calculated at average rate