



For Immediate Release

SBI Holdings Statement of Clarification

Tokyo, Friday, October 27, 2006: SBI Holdings, Inc. (SBI) submits the following clarifications regarding certain reports in the media issued today on various news wires.

#1: INACCURATE MEDIA REPORTS CONCERNING SBI's CORPORATE TAX PAYMENTS

On May 8th of this year, SBI announced through its corporate website, that after undergoing an examination by the tax authorities during the March 2006 period, in line with directions from the authorities, SBI, despite differences in opinion with the tax authorities, filed an amended return and paid the taxes due. And since this time no additional taxes have been levied at SBI by the tax authorities. At no time has SBI ever been accused by the tax authorities of "hiding income."

With regards to reports concerning stock transactions between an SBI fund and an SBI subsidiary, in reality the party involved in the stock transaction was not an SBI subsidiary, but a completely unrelated real estate company. Further, the stock in question, originally held by a fund managed by SBI, involved a small company which had, since the fund's initial investment, grown significantly due in part to its merger with another company. Therefore, as a matter of course, in the time between the SBI fund's first and second investment, not only did the value of the small company grow, but there was a change in this company's stock price as well.

The SBI fund and the real estate company each obtained their own objective stock price evaluations conducted by independent third party appraisers, after which the parties then conducted the stock transaction. Therefore, as the determination of the stock price was fair and appropriate, SBI does not believe the transaction can be construed to be a donation.

#2: INACCURATE REPORTS CONCERNING STOCK TRANSACTIONS

Further, in the reports issued today by certain news media organizations alleging SBI's



hiding of taxable income, those reports that suggest SBI's stock transactions with a real estate subsidiary were designed to create profit were totally wrong. The real estate company involved was not an SBI subsidiary company, and SBI has also never received any directives from the tax authorities concerning these stock transactions. Therefore any suggestion that SBI engaged in stock transactions "to support its subsidiary company" or to "make donations to its subsidiary company" are patently false.

3. INCORRECT REPORT BY TOKYO SHIMBUN DATED OCTOBER 27, 2006

The Tokyo Shimbun newspaper implied that SBI Holdings, Inc ("SBI"), using a group investment fund, intended to provide funds to an Liberal Democratic Party (LDP) politician by purchasing shares in a politician's Internet business company. This allegation is completely false.

The company referred to in the news release (the "Company") was established in April 2000 with the goal of operating businesses that utilize computer network and internet services. The Company, involved in the so-called "Millennium Project" initiated by the Japan Chamber of Commerce and Industry (JCCI), was to pursue its business goals through the application of U.S. business methodologies with the aid and support of the JCCI.

In September 2000, a fund managed by SBI acquired a percentage of shares in the Company due to the Company's allocation of shares to the third party. At the same time, the fund entered into an option contract with the Company to purchase additional Company shares from its president in December 2000. Consequently, contrary to what the newspaper reported in its article, the fund's investment into the Company has no connection whatsoever with the President's subsequent candidacy for the Japan House of Councilors. Indeed, as of September 2000, neither the fund nor SBI was aware of the Company president's intension to run for a seat in the House of Councilors the following year.

SBI has never made donations to any political parties and/or politicians. Considering the nature of SBI's businesses, SBI does not see any necessity for political donations and has no plans to make such donations now or in the future.

Some of today's news reports may detrimentally damage SBI's reputation. SBI plans to



immediately file formal protests with the news organizations responsible for the news reports. SBI will also begin reviewing its legal options and potential remedies.

About SBI Holdings, Inc.

SBI Holdings' operations span three main business areas: (1) Asset Management; (2) Brokerage and Investment Banking; and (3) Financial Services. The company's genesis hails from the union of two former Softbank Corporation subsidiaries: Softbank Finance and Softbank Investment. In addition to venture capital, many of the firm's 70 companies have taken leadership positions in various consumer-oriented online financial services such as equities and commodities brokering, home equity loans, and insurance comparison. Internationally, the firm has recently formed joint partnerships with groups controlled by Singapore's Temasek Holdings and State Bank of India. SBI also plans to launch Japan's first full-service Internet bank sometime next year, in concert with Sumitomo Trust & Banking, as well as new life insurance business with AXA Japan and a non-life insurance company with Aioi Insurance Co. SBI's corporate website: www.sbigroup.co.jp

For further information, please contact:

Mr. Rahul Desai

General Manager (Corporate Development & Strategy)

SBI Holdings, Inc.

Tel: (81) 3 6229 0134

Fax: (81) 3 3224 1970

Email: rdesai@sbigroup.co.jp

Mr. Kaz Ohmae

General Manager (Corporate Communications)

SBI Holdings, Inc.

Tel: (81) 3 6229 0126

Fax: (81) 3 3224 1970

Email: kaomae@sbigroup.co.jp