



For Immediate Release

SBI Holdings, Inc.  
Internet Research Institute, Inc.

Internet Research Institute, Inc. to Become Wholly-Owned Subsidiary of  
SBI Holdings, Inc. through Simple Share Exchange

**TOKYO, Tuesday, November 28, 2006:** Pursuant to decisions made at their respective Board of Directors meetings on November 28, 2006, SBI Holdings, Inc. (“SBI”) and Internet Research Institute, Inc. (“IRI”) announce that the companies have signed an agreement for an exchange of shares whereby IRI will become a wholly owned subsidiary of SBI, pending approval at IRI’s Shareholder’s Meeting.

Mr. Hiroshi Fujiwara, Representative Director of IRI, and other IRI directors will be appointed to the Board of Directors of SBI Holdings at SBI’s next regular meeting of shareholders (currently scheduled for June, 2007).

1. Objectives of the Share Exchange

In addition to its venture capital business centered on the IT sector, SBI is further expanding into the online securities trading and other Internet-based financial services. The new businesses, including the soon to be operational Internet-based bank, life insurance, and non-life insurance businesses, have nearly finalized their lineup of financial products and services. In order to achieve true one-stop online shopping for financial services, SBI has now taken a dramatic step to strengthen its “Systems Technology.”

With strong R&D in advanced Internet technologies, IRI has contributed to the growth of many companies as a technology vendor. Additionally, through business incubation, IRI has already also helped to create increased corporate value for the SBI group companies. Further, to accelerate the pace of business creation and growth in the coming Internet generation, IRI has examined the Internet financial sector for the most compatible partner to drive its business and original technology forward.

In the first-generation Internet, the two groups became leaders in their respective fields of network technology and electronic financial services. In the second-generation of long-tail product distribution, management integration between the groups will aim to build a comprehensive internet company that is a leader in the world of information and financial capital. The exchange of stock will have many positive effects and synergies. Existing SBI investment businesses will be able to leverage IRI expertise in the incubation of new ventures, IRI will be able to effectively promote original technology overseas, and existing SBI finance companies will be able to cut system costs and quickly develop new systems.

2. Terms of Share Exchange

(1) Schedule of Share Exchange

November 28, 2006	Board of Directors’ meeting to approve Share Exchange Agreement
November 28, 2006	Signing of Share Exchange Agreement
December 31, 2006	Record date of extraordinary shareholder’s meeting to approve Share Exchange Agreement (IRI only)

February 16, 2007 (planned)	Extraordinary Shareholder's Meeting to approve Share Exchange Agreement (IRI only)
From February 22, 2007 to April 1, 2007 (planned)	Period of share certificate submission (IRI only)
March 27, 2007 (planned)	Date of delisting (IRI only)
April 1, 2007 (planned)	Effective date of share exchange

Note: In accordance with Article 796-3 of the Company Law of Japan, as this transaction will be a simple share exchange, SBI does not plan to submit the Share Exchange Agreement for approval at the ordinary general meetings of shareholders.

(2) Share Exchange Ratio

	SBI (Parent Company)	IRI (Wholly-Owned Subsidiary)
Share Exchange Ratio	1	1.95

(Note1) Share Exchange Ratio

The share exchange ratio has been set at 1.95 shares of SBI's common stock for 1 share of IRI common stock. With respect to the odd-lot shares, pursuant to Article 234 of the Company Law of Japan, shareholders will be able to sell their total odd-lot shares and receive the corresponding amount in a cash payment.

(Note2) Basis for Calculation of the Share Exchange Ratio

SBI was advised by Ernst & Young Transaction Advisory Services Co., Ltd. IRI was advised by TFP Business Solution Co., Ltd. These third party advisors used the Share Market Price Analysis in order to calculate the Share Exchange Ratio, which was then set after consultations with all concerned parties.

(3) SBI's New Share Allotment to Cover the Share Exchange: 947,915

The above number of shares was calculated on the basis of 486,110.49 shares of IRI's number of shares issued as of September 30, 2006. The number of SBI's new shares allotment will be changed by execution of IRI stock subscription rights or convertible bonds with new stock subscription rights. The aforementioned share exchange will not cause any increase in SBI's paid-in capital.

(4) Cash Payment for the Share Exchange

There will be no cash payment for the share exchange.

(5) Handling of IRI Stock Subscription Rights or Convertible Bonds with New Stock Subscription Rights

This item is omitted. (Full text of original statement is available on SBI's web site.)

(6) Date of Issuance of Share Certificates

Late May, 2007 (planned)

### 3. SBI and IRI at a Glance

(SBI: As of September 30, 2006 IRI: As of June 30, 2006)

(1)Company Name	SBI Holdings, Inc. ( To be parent company )		Internet Research Institute, Inc. ( To be wholly-owned subsidiary )	
(2)Principal Business	Control and management of SBI Group through share ownership		Research and development of IP-related, start-up business development and management of IRI Group companies	
(3)Date of Establishment	July 8, 1999		December 9, 1996	
(4)Head Office Location	1-6-1, Roppongi, Minato-ku, Tokyo		1-26-2, Nishi-shinjuku, Shinjuku-ku, Tokyo	
(5)Representative Director	Yoshitaka Kitao		Hiroshi Fujiwara	
(6)Paid-in Capital	54,473 million yen		9,444 million yen	
(7)Number of Shares issued	12,342,727 shares (incl. 1,109,126 shares of treasury stock)		475,511.49 shares (incl. 65.37 shares of treasury stock)	
(8)Net Assets	338,515 million yen (consolidated)		32,978 million yen (consolidated)	
(9)Total Assets	1,256,046 million yen (consolidated)		57,052 million yen (consolidated)	
(10)Fiscal Year End	March 31		June 30	
(11)Number of Employees	1,365 (consolidated basis)		426 (consolidated basis)	
(12)Major Shareholders and Percentage of Total Shares	Japan Trustee Service Bank, Ltd. (Trust account) 4.72% The Master Trust Bank of Japan, Ltd. (Trust account) 3.76%		Hiroshi Fujiwara 14.04%(*) Yahoo Japan Corporation 7.92%	
(13)Main Financing Banks	Mizuho Corporate Bank, Ltd. Sumitomo Mitsui Banking Corporation Bank of Tokyo-Mitsubishi UFJ Mizuho Trust & Banking Co., Ltd.		Mizuho Corporate Bank, Ltd. Sumitomo Mitsui Banking Corporation Bank of Tokyo-Mitsubishi UFJ Mitsubishi UFJ Trust and Banking	
(14)Significant Relationships between Parties	Capital	N/A		
	Human Resources	N/A		
	Transactions	N/A		

## (15) Financial Results of the Past 3 Fiscal Years (Consolidated)

(Millions of yen)

Fiscal year end	SBI Holdings, Inc. ( to be parent company )			Internet Research Institute, Inc. ( to be wholly-owned subsidiary )		
	FY 2003 (March, 2004)	FY 2004 (March, 2005)	FY2005 (March, 2006)	FY 2003 (June, 2004)	FY 2004 (June, 2005)	FY 2005 (June, 2006)
Operating Revenues	35,364	81,511	137,247	18,525	18,822	68,366
Operating Income	8,086	24,869	49,595	△398	454	3,487
Ordinary Profit	9,068	27,291	51,365	△600	523	3,354
Net Income	4,256	25,631	45,884	1,812	581	3,092
Net Income per common share (yen)	650.48 (Note1)	3,579.29	4,957.08	10,274.38 (Note 2)	2,967.09	6,893.95
Dividend per common share (yen)	256 (Note 1)	350	600	—	500	500
Shareholders' equity per common share (yen)	6,794.24 (Note 1)	15,125.45	22,016.22	53,059.84 (Note 2)	59,322.13	53,424.00

(Note1) SBI conducted a 1-for-3 stock split on October 5, 2004. (The above figures are retroactively adjusted.)

(Note2) IRI conducted a 1-for-2 stock split on June 30, 2005. (The above figures are retroactively adjusted.)

#### 4. Conditions Following the Share Exchange

There will be no changes to the trade names, the content of business activities, the location of head offices or the representatives of either company.

#### 5. Future Outlook

As a wholly owned subsidiary of SBI (after approval of the share exchange agreement at IRI's shareholder's meeting), IRI is to be delisted. IRI's consolidated financial results will be incorporated into SBI's consolidated performance. The impact of the aforementioned share exchange on the whole financial outlook of SBI has not yet been determined at this time.

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