

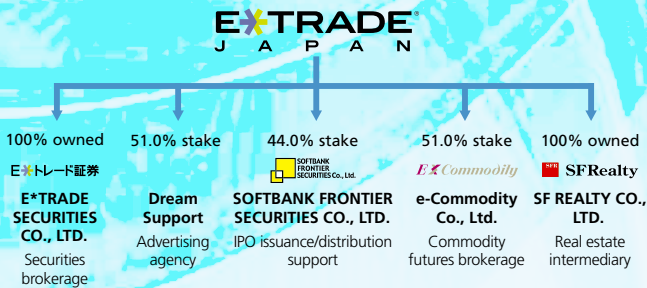
# An Interview with Top Management

SBI's top management answers four frequently asked questions

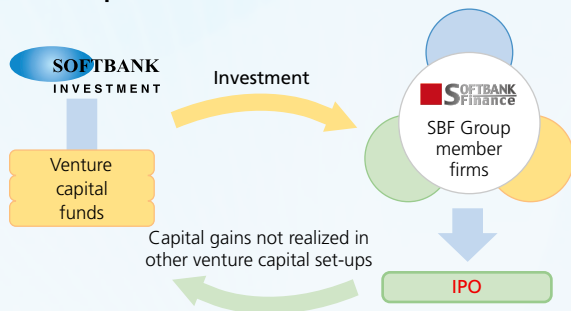


## SBI Group Differentiation

E\*TRADE Japan K.K. dual-layer strategy (prior to merger with SBI)



## SBI Group Differentiation



**Q.1** SBI has achieved rapid growth through the reorganization of the SBI Group. On what type of strategies have you based the building of the SBI Group's organization?

**A.1** Our basic views regarding the building of an organization for the SBI Group are to 1) adhere stringently to our "Customer First" principle, 2) build a distinctive structure and 3) form a so-called corporate ecosystem that creates synergies and network value.

**Q.2** Could you please explain each of these three basic views in more detail?

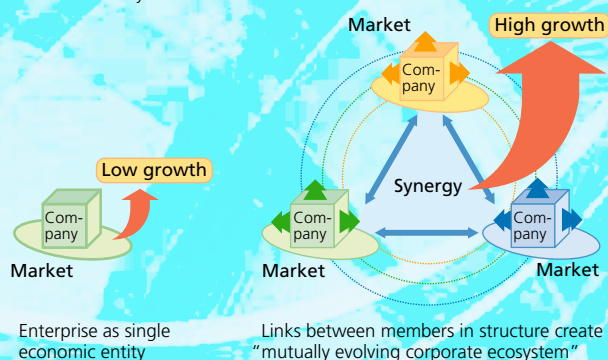
**A.2** I believe that strict adherence to our "Customer First" principle provides the only real means for ensuring SBI's future prosperity. Highlighting our unwavering commitment to customers, SBI already offers a diversity of products and services. These include a lineup of financial products and services featuring comparatively low fees and interest rates, attractive investment opportunities, services that ensure a high degree of safety and reliability and an abundant selection of high quality financial content.

Prior to the spread of the Internet, principal strategies for competing in the financial services industry were centered on efforts to differentiate prices, services and product diversity among individual companies. However, the essence of competition has changed dramatically along with the full-fledged arrival of the Internet age. Competition is now characterized by networks competing against other networks rather than company versus company. In other words, strategies for competing focus on "creating network value" that depends on building networks to realize a "distinctive structure" versus those of competitors and on whether customer satisfaction and profits can be maximized. The following examples illustrate the ways in which the SBI Group is building a "distinctive structure."

The first example is the implementation of a two-tier structure strategy at E\*TRADE Japan prior to that company's merging with SBI. E\*TRADE SECURITIES and various other subsidiaries were established under the umbrella of E\*TRADE Japan as a holding company. This approach allowed E\*TRADE SECURITIES to achieve rapid business expansion by establishing the industry's lowest fee structure, while enabling other subsidiaries to secure earnings by diversifying their business. Accordingly, E\*TRADE SECURITIES was able to secure growth potential at the same time it established a stable earnings foundation.

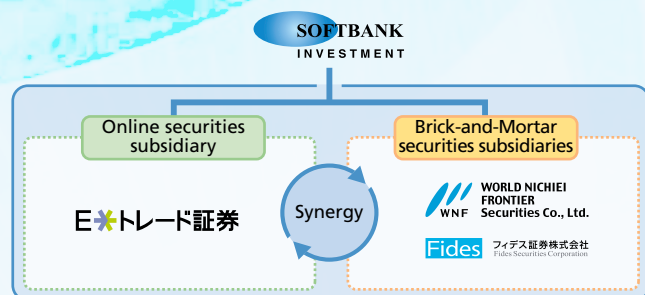
As the second example, funds operated by SBI invest in companies within the SBF Group, that make IPOs. This provides us with our own unique source of capital gains that would be difficult to obtain with other venture capital.

Target: exceptional growth through mutual market evolution processes coupled with positive synergy effects implicit in mutual development of firms within own ecosystem



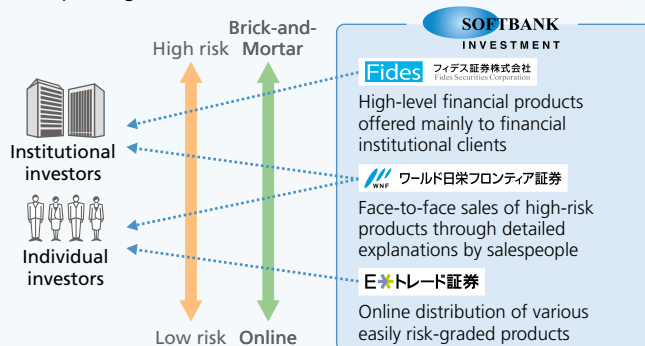
### Fusion of Online with Brick-and-Mortar Securities Businesses

Expansion of securities business after multiple M&A steps via fusion of online with brick-and-mortar securities operations



Synergistically combining various capabilities, the securities trading group can start to compete with industry leaders.

Promotion of online with brick-and-mortar sales strategy by offering products across a broad risk spectrum to appropriate customers through corresponding channels



Regarding the previously mentioned corporate ecosystem, I believe that the formation and development of such an ecosystem promotes mutually positive synergies among the companies making up the SBI Group. Concurrently, this corporate ecosystem enables a linkage among companies that creates a process for mutual evolution with each respective market and enables dramatic corporate growth.

As I have explained, to effectively “build a distinctive structure” and “create network value,” I believe it is necessary to create a so-called “corporate ecosystem” that involves forming an economic community rather than mere corporate alliances. Through mutual interplay among each company and group, the SBI Group will manage a process that emphasizes the formation of a “corporate ecosystem” that creates network value.

Q.3 SBI has acquired a number of securities companies in succession. What are the policies and strategies underlying these acquisitions?

A.3 In the securities business, we are aggressively progressing with the acquisition of securities companies. During the fiscal year under review, E\*TRADE Japan was merged with the Company, and subsequently made E\*TRADE SECURITIES and SOFTBANK FRONTIER SECURITIES, both formerly E\*TRADE subsidiaries, into our own subsidiaries. Also during the year, we acquired WORLD NICHIEI Securities and Nissho Iwai Securities, and made these two companies into SBI Group subsidiaries. In February 2004, WORLD NICHIEI Securities merged with SOFTBANK FRONTIER SECURITIES under the new name WORLD NICHIEI FRONTIER Securities Co., Ltd. In March 2004, we changed the name of Nissho Iwai Securities to Fides Securities Corporation.

We follow two basic policies in making acquisitions. First we emphasize “appropriate timing of acquisitions.” Second, we strive to purchase companies in cyclical industries at a price of “around half the value of the acquired company’s net assets.”

At the same time, we also focus on the following three points in implementing acquisition strategies.

(1) Combine brick-and-mortar and online operations in our securities business

While continuing to undertake our M&A activities, we will upgrade and expand our securities business base that combines online with brick-and-mortar securities operations. We will promote this combined online with brick-and-mortar sales strategy that offers a wide range of risk products via appropriate channels while individual securities companies in the SBI Group, each of which boasts distinctive features, take advantage of various synergies, as we respond to large securities companies as a single securities group.

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## Synergy Effects of Acquisition

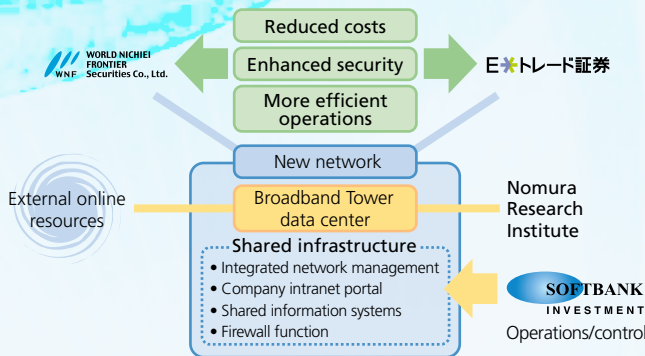
Multiple acquired shares of IPO underwriting

Meeting varied needs of venture firms



## Benefits of Shared Systems

IDC services of Broadband Tower shared with E\*TRADE Japan K.K.



(2) Pursue economies of scale and elevate our position within the industry

Through its strategy of acquiring securities companies, the scale of the SBI Group's securities business has grown to ¥1,640.7 billion in deposits in customer accounts and 416,809 securities accounts as of the end of March 2004. In addition, the daily average value of trading transactions is ¥123.0 billion, on par with the value of transactions of major securities companies.

(3) Striving for synergies through acquisitions

While responding to the diverse funding needs of investee venture companies, SBI Group securities companies serve as lead underwriters when these companies go public. These securities companies also execute such functions as underwriting, placement (subscription) and sales. In addition, individual securities companies mutually share computer systems with the aim of reducing costs, strengthening security and enhancing the efficiency of operations.

Q.4 Could you describe some of SBI's direct social contribution activities?

A.4 One of SBI's guiding management philosophies is to be a "socially responsible company." As part of our indirect contributions to society, we strive to serve as a "financial innovator" to offer financial services that raise benefits for customers, as well as a "new industry creator" that carries out activities for cultivating new industries for the 21st century.

On the other hand, as an activity that directly contributes to society, our basic thinking in this area is to contribute a reasonable level of our profit to children's welfare organizations.

Our plans call for SBI Group companies that record ¥300 million or more in after-tax income to contribute around 1% of this amount. (This is premised on institutionalized decisions by each Group company)

## Expected Amount of Contribution by Each Company (¥ million)

	Operating Revenues	After-tax Income	Expected Contribution
SOFTBANK INVESTMENT (Parent)	12,667	9,054	90.5
E*TRADE SECURITIES	14,765	2,190	21.9
WORLD NICHIEI FRONTIER Securities	11,655	5,559	55.6
<b>Total</b>			<b>168.0</b>