



For Immediate Release

SBI Holdings Forms Buy-Out Investment Alliance with Goldman Sachs

Tokyo, Monday May 21, 2007: SBI Holdings, Inc. (TOKYO: 8473) today announced that it signed an agreement with Goldman Sachs to jointly invest in middle-sized growing companies in Japan. Under the agreement, SBI will sell 40% of its buy-out and enterprise revitalization funds unit, SBI CAPITAL Co. Ltd., to Goldman Sachs.

SBI Capital will leverage the combined strengths of SBI Holdings, one of Japan's most successful venture capital groups with its broad client base and a wealth of investment experience, and Goldman Sachs, a leading investment bank with a strong capital base and global investing track record.

With an average internal rate of return (IRR) surpassing 20% for the 2006 financial year, SBI CAPITAL brings a track record of actively promoting investment activities, primarily in the buy-out area. SBI CAPITAL has turned-around numerous Japanese companies to a level of healthy fundamentals and sustainable growth. Recent investments include Foodx Globe Co. Ltd. (the parent of Tully's Coffee Japan Co. Ltd.) and CEM Corporation Co. Ltd., a popular mortgage lender. Additionally, SBI CAPITAL was the first in Japan to accomplish a re-listing of a company that had been de-listed, Kawaden Corporation (JASDAQ: 6648), a now thriving manufacturer of industrial electronics.

SBI E*TRADE SECURITIES, Japan's largest online brokerage firm, and a major underwriter of IPO's, provides a direct link for SBI CAPITAL's portfolio to find success in the public markets. The JV hopes to replicate this value-creation formula.



SBI CAPITAL will continue to manage its existing buy-out and restructuring fund, as well as to launch new funds specifically targeting high-growth potential targets in one of Japan's most diverse yet underserved markets. The joint venture plans to deploy ¥100 billion (approximately \$820 million) within three years and will not restrict investment activity to Japan or to any specific industry or sector.

Over time SBI CAPITAL seeks to improve the overall health of the middle market segment by raising the bar for operational excellence, financial stability and sustainability.

1. Performance Results, SBIC Funds, as of March 2007

	Formation Date	Initial Capital	Distribution to Investors	Net Profit Return
LBO Fund No. 1	May 2001	5.0	10.93	18.3%
Business Revitalization Fund No. 1	February 2002	10.4	19.96	25.7%
VR Business Revitalization Fund	October 2002	1.0	01.93	27.7%
Total		16.4	32.82	22.2%
(units: Billion yen)				

2. Details of the Business and Capital Partnership

(a) Regarding the Stock Transfer of SBI CAPITAL Co., Ltd.

- Transferor: SBI Holdings, Inc.
- Transferee: Jupiter Investment Y.K. (a group company of Goldman Sachs)
- Transferred Stock: SBI CAPITAL Co. Ltd. Common Stock
- Number of Transferred Stock: 18,756 Shares (40% of total outstanding stock)
- Transfer Date: Wednesday, May 23 , 2007



(b) Regarding the Structure of SBI CAPITAL Co., Ltd., post stock transfer

- Trade Name: SBI CAPITAL Co., Ltd.
- Address: Izumi Garden Tower, 1-6-1 Roppongi, Minato-ku, Tokyo
- Date Established: April 13, 2001
- Type of Business Operations: Buy-out and enterprise revitalization funds management
- Capital: ¥109 million, additional paid-in capital of ¥27 million.
- Investment Ratio: 60% by SBI Holdings, Inc., 40% by Jupiter Investment Y.K. (a group company of Goldman Sachs)
- Planned Directors: Representative Director and CEO, Yoshitaka Kitao
Representative Director and COO, Kentaro Azuma
Director and CIO, Kazuhiro Iwamoto
(An additional two Directors to be appointed by Goldman Sachs)

3. Impact on Business Performance Results of SBI Holdings, Inc.

As a result of this transfer of SBIC stock, the Company is expected to recognize an extraordinary pre-tax profit of ¥4.9 billion on a consolidated-basis and ¥6.3 billion on a non-consolidated basis for this financial year. The effects on the Company's business operations have yet to be determined.

About SBI Holdings, Inc.

SBI Holdings (TOKYO: 8473) is a Tokyo Stock Exchange financial services group. Today, SBIH's operations span three main business areas: (1) Asset Management including Venture Capital; (2) Brokerage and Investment Banking; and (3) Internet-Enabled Financial Services. In addition to managing a family of venture capital funds, 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 international 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 this year, in concert with Sumitomo Trust & Banking, as well as a 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



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