

October 17, 2001

Mothers at Tokyo Stock Exchange

Semi-annual Financial Summary Announcement <<Q & A>>

Q1: Monex seems to be very much like Charles Schwab in the US, which has been successful without active marketing strategy or margin trading. For Charles Schwab's growth by leaps and bounds, however, there was a steadily growing stock market behind it that one cannot find in current Japan. The ratio of acquiring new accounts at Monex seems to become slower compared to that of at the earlier stage. Do you have any specific solution for that?

A1: We are not worried too much about the difference in market environment between the US and Japan. In fact, we think that current level of Nikkei 225 index being at 10,000 Yen is more appropriate than at 40,000 Yen about 10 years ago.

As for new account acquiring, it is true that the rate of acquiring is getting lower to 700-800 per week. However, account-acquiring cost per account remains stable at about 1,500 Yen, or 13 dollar (dollar/yen at 120.00). We think it is best to keep a wait and see stance until we are sure that the big movement comes to the market. Our conclusion at this moment is to invest more effort (time and capital) to reinforce infrastructure. Marketing effort should be done at the best timing, and we think it has not arrived yet.

Q2: As a precondition of its business model, Monex points out that the shift in individual finance will sooner or later take place. I do not disagree, however, it may take 5 to 10 years for the change to come. On the contrary, remaining lock-up period of large shareholders is less than two years. How do you fill out this gap?

A2: At present, we have 9.2 billion Yen, or US 77 million (USD/JPY at 120.00), of cash and equivalent (including CPs). Radically speaking, this cash position assures us to maintain the current operation for 2.6 years without any revenue, and for 12 years with the same level of deficit we announced for this quarter. In other words, we have ample fund to endure even if the change may not take place soon as we expect.

Q3: What will Mr. Matsumoto do with his share after the lock-up period expires?

A3: This is not an appropriate place to talk about what Oki Matsumoto will do as a shareholder of Monex. But I would like you to presume how I will be like by understanding my stance to business and future goal as the CEO of this company.

Q4: How did a merger of Saison Securities impact on Monex's balance sheet?

A4: Amortization of goodwill does not take place at the time of merger, and recapitalization was 1.764 billion Yen (US\$14.7million with USD/JPY at 120.00). The reason for a large increase in trading account at the end of September 2001 was 3 billion Yen (US\$ 25 million at USD/JPY 120.00) of investment in short-term, high-rated CP. It has nothing to do with the merger with Saison Securities.

Q5: What is the 'management consulting fee' amounted in non-operating revenue?

A5: While on the process of merger, Monex sent several employees into Saison to consult how to deal with tax and legal issues. We added 10 million Yen (US\$ 83,000 with USD/JPY at 120.00) per a month for three month. We think it is along with the market consensus value for a general consulting fee among the investment bank.

Q6: In the section of 'comparison with other on-line brokers', you explained about the reason why Monex does not deal with margin trade. In the graph which shows the dependency on margin trade and account of each brokers, is the analysis done by the sum of money base or the number of executed deal base?

A6: That particular graph is analyzed by the number of executed deal base. But the data was a little bit old as it used the figures as of June 30, 2001. According to semi-annual report of other companies, the dependency on margin trade and account has become even larger at this point.

Q7: Why did the variables based on the number of executed deal in 2Q in the Break-even analysis shown on page 8 of your presentation increase?

A7: There are two main reasons. At first, as the number of executed deal had decreased, the volume discount did not work as much as before. Since the analysis is based on rough calculation, the variables based on the number of account are partially included in the variables based on the number of executed deal. After the merger, the cost for sending statement and monthly report has increased due to the increase in the number of accounts.

Q8: Will one-time cost explained for 2Q remain or increase in coming quarters?

A8: One-time cost in outsourcing expense may not appear in coming quarters. Outsourcing expense and lease expense used for an expansion of business may remain the same or become slightly larger in coming quarters. New investment portion in lease expense will not increase in coming quarters, but the amount we announced for this quarter will remain for five years. One-time cost for the labor cost will disappear, however, the portion for an expansion of the business may increase.

Q9: Is there anything to increase the Fixed cost in the future?

A9: We plan to move our office to new building by the end of this fiscal year as our current office has become too small. Thus moving-related fixed cost is expected to increase.

Q10: Please tell me the future plan for Account Aggregation service.

A10: As stated in our presentation, we are planning to link not only with other banks but also with many other kinds of financial institutions, such as life and non-life insurance companies.

Q11: It seems that the rate of trading activity of ex-Saison Securities customers remains low. Do you have any measure to improve the situation?

A11: Ex-Saison Securities' customers who traded through internet are as active as Monex's customers, however, the ones who traded through call-center remain dull. We are intensively trying to explain customers about advantages of trading through internet over through call-center (cheaper brokerage) in order to raise the rate of trading activity of customers.

Q12: You said marketing effort should be done at the best timing. How do you know when is the best timing?

A12: We have no concrete reasoning or prediction to tell when the right timing comes; however, it is probably the time when we confirmed that the stock market actually hit the bottom. Individual investors will be active and try to encourage others to trade stocks and investment trust when they have their own successful experience in trading on their own.