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For Immediate Release

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Notice of Offering of Shares to Be Issued through Third Party Allotment

Broadmedia Corporation announces that a meeting of its Board of Directors held on May 1, 2008 resolved to offer shares to be issued through third party allotment. Details are as follows:

1. Purpose of the Offering of Shares (hereinafter “these Shares”) through Third Party Allotment

The Company has decided to issue shares to SBI Holdings, Inc. (hereinafter “SBIH”) in a third party allotment with the aim of strengthening cooperation and links with the SBI Group.

SBI Group opened an Internet bank, an online non-life insurance company and an online life insurance company in rapid succession between last September and April 2008, in addition to SBI E*Trade Securities Co., Ltd., an online securities company, and has sharply expanded its lineup of financial services offered to individuals via the Internet. The SBI Group is an integrated Internet-based financial group, and anticipates rising demand for the delivery of quality content, reflecting further progress in broadband communications. SBI Group has also been involved in online services in non-financial areas, and demand for the production and delivery of content has increased in non-financial areas as well. In particular, the SBI Group will promote the use of terrestrial digital media broadcasting as well as the use of broadband and mobile phones through cooperation with the Company in preparation for the introduction of the Information and Telecommunications Law (tentative name) scheduled for 2011.

The Company has cooperated with the SBI Group in a number of areas, such as the production of content and delivery services for the SBI Channel, the SBI Group’s website for the transmission of information, and the joint development of game software with an asset management theme. Since the SBI Group is expected to improve content, and enjoy higher traffic volumes and expanded areas for the delivery of content in the future, the Company has decided to form a capital tie-up with SBI Group to strengthen cooperative relations, leveraging its technology to deliver high-quality content and know-how in the production of images.

The purpose of this equity finance is to bolster the financial base of the Company through an increase in the equity ratio, in addition to the above strengthening of cooperation and ties.

SBIH is expected to become the largest shareholder (with a 39.7% share) of the Company after this third party allotment.

2. Amount of Funds to Be Raised and Purpose of Use

(1) Amount of funds to be raised (approximate net amount)

3,485,000,000 yen

(2) Specific purpose of use of funds to be raised

Of the above approximate net amount of 3,485 million yen, 3,000 million yen is expected to be appropriated for the repayment of part of the 4,900 million yen in debt secured to acquire the shares of Broadmedia Studios Corporation in the term ended March 2007 and the shares of Game On Co., Ltd. in the term ended March 2008. The remaining amount is expected to be appropriated for capital tie-ups to improve and extend content services and technical services, as planned in the future. When the details of the capital alliance are decided, the information will be disclosed.

(3) Planned time of payment of funds to be raised

With respect to the repayment of debt, we will appropriate the funds as required from May 2008. As for future capital tie-ups and other matters, we will appropriate funds with due regard to circumstances.

(4) Rationale for the purpose of use of funds to be raised

The purpose of this financing is M&A for the expansion of business areas and the repayment of debt. As a consequence, companies in which investments are made are expected to contribute to the consolidated results of the Company and the interest burden is expected to be alleviated. Given the nature of the use of funds, which is primarily investment in equity, we decided that fund-raising through equity finance is the most appropriate approach for the long-term enhancement of shareholder value.

3. Results for the Past Three Years and the Conditions of Equity Finance

(1) Results for the past three years (consolidated basis) (unit: million yen)

Accounting term	FY ended March 2006	FY ended March 2007	FY ended March 2008
Revenue	9,275	10,668	13,851
Operating profit	2,805	1,076	296
Recurring profit	2,739	1,077	240
Net profit	1,645	630	△799
Net profit per share (yen)	96.86	17.98	△22.71
Dividend per share (yen)	10	5	5
Shareholder's Equity per share (yen)	155.00	88.70	61.03

(Note 1) 2-for-1 stock splits were conducted for common shares on May 20, 2005 and April 1, 2006.

(2) Number of issued shares and potential common shares (as of March 31, 2008)

Type	Number of shares	Ratio to issued shares
Total number of issued shares	35,212,153 shares	100%
Total number of potential common shares given current conversion price (exercise price)	— shares	—%

Total number of potential common shares given the lower limit of conversion price (exercise price)	— shares	—%
Total number of potential common shares given the upper limit of conversion price (exercise price)	— shares	—%

(3) Conditions of this equity finance

Date of issue	May 16, 2008
Amount of funds to be raised	3,500,013,900 yen
Number of issued shares at the time of offering	35,212,153 shares
Number of potential common shares at the time of offering	Number of potential common shares given the initial conversion price (— yen): — shares Number of potential common shares given the upper limit of the conversion price (— yen): — shares Number of potential common shares given the lower limit of the conversion price (— yen): — shares

(4) Conditions of equity finance during the last three years

There was no equity finance during the last three years.

(5) Recent stock prices

End of the FY ended March 2006 (Closing price on March 31, 2006)	1,310 yen
End of the FY ended March 2007 (Closing price on March 31, 2007)	380 yen
End of the FY ended March 2008 (Closing price on March 31, 2008)	150 yen
Average closing price for the last three months (From February 1, 2008 to April 30, 2008)	161 yen

4. Large Shareholders and Their Shareholdings

Before share offering (as of March 31, 2008)		After share offering	
SBBM Corporation	46.01%	SBI Holdings, Inc.	39.70%
SOFTBANK Broadmedia Corporation	16.14%	SBBM Corporation	27.74%
Broadmedia Research Institute, Inc.	3.41%	SOFTBANK Broadmedia Corporation	9.74%
Taro Hashimoto	1.76%	Broadmedia Research Institute, Inc.	2.06%
Hiroyuki Yoshioka	0.60%	Taro Hashimoto	1.06%
Osaka Securities Finance Co., Ltd.	0.58%	Hiroyuki Yoshioka	0.36%
Satoru Kurumisawa	0.54%	Osaka Securities Finance Co., Ltd.	0.35%
Credit Suisse Securities	0.53%	Satoru Kurumisawa	0.32%
Koji Onoda	0.48%	Credit Suisse Securities	0.32%
Fumiaki Iwasaki	0.44%	Koji Onoda	0.29%

5. Outlook for Effects on Results

We believe that the consolidated subsidiaries in which investment is made should contribute to the consolidated results of the Company, the interest burden should be alleviated, and the Company's financial base should be strengthened through the appropriation of funds to be raised for the purpose described in 2 (2) above.

6. Rationale for Conditions of Issue, etc.

(1) Basis for calculation of issue price

In consideration of the movements of the price of the Company's shares, the issue price was set at 151 yen, which was the closing price of the common shares of the Company on the Osaka Securities Exchange on April 30, 2008, the day immediately preceding the date of the resolution of the Board of Directors of the Company. On April 23, 2008, the Company officially issued a notice on the revision of the forecast of results and a notice on the loss on valuation of investment securities as of the end of the term ended March 2008. We therefore consider that it is appropriate to adopt as the issue price the closing price on the immediately preceding date, which reflected these effects.

(2) Basis for judgment that the number of issued shares and the size of the dilution of shares are reasonable

The purpose of this capital increase through third party allotment is principally the use of M&A to expand business areas and the repayment of debt. However, consolidated subsidiaries in which investment was made are expected to contribute to the consolidated results of the Company and the decline in interest payments with the reduction of interest-bearing debt is expected to contribute to the consolidated and

non-consolidated results of the Company. In addition, we believe that earnings will rise with the strengthening of the tie-up with SBIH and new alliances to be formed using some of the funds raised. An improvement in corporate value and shareholders' value is thus expected. We consequently judged that the size of dilution caused by this capital increase through third party allotment is within a reasonable scope. The number of shares to be issued through this third party allotment is 23,178,900 shares, compared with the average daily trading volume of the shares of the Company on the Osaka Securities Exchange during the past year (from May 1, 2007 to April 30, 2008), which was 91,622 shares. The allottee is a stable shareholder which seeks to hold the shares for the long term. We therefore believe that the issuing of these Shares will not have an excess influence on the market.

7. Reasons for selection of the allottee

(1) Profile of the allottee (as of March 31, 2008)

(i)	Trade name	SBI Holdings, Inc.	
(ii)	Details of business	Control and management of corporate group through share ownership	
(iii)	Date of incorporation	July 8, 1999	
(iv)	Head office address	1-6-1, Roppongi, Minato-ku Tokyo	
(v)	Position and name of representative	Yoshitaka Kitao, Representative Director and CEO	
(vi)	Capital stock	55,157 million yen	
(vii)	Number of issued shares	12,435,284 shares (including 1,109,224 treasury shares)	
(viii)	Shareholder's equity	387,766 million yen (consolidated basis)	
(ix)	Total assets	1,219,247 million yen (consolidated basis)	
(x)	Closing date	March 31	
(xi)	Number of employees	2,666 (consolidated basis)	
(xii)	Large shareholders and ratio of voting rights held	The Master Trust Bank of Japan, Ltd. (Trust Account) 6.86% Japan Trustee Service Bank, Ltd. (Trust Account) 6.53%	
(xiii)	Major banks	Mizuho Corporate Bank, Ltd. Sumitomo Mitsui Banking Corporation Bank of Tokyo-Mitsubishi UFJ, Ltd. Mizuho Trust & Banking Co., Ltd.	
(xiv)	Relationships between listed company and the allottee	Capital relationship	Not applicable
		Trading relationship	Transactions related to the development of game software Transactions related to delivery services
		Personnel relationships	Not applicable
		Status as a	Not applicable

This document is a press release intended as an announcement to the general public at the time of the issue of new shares and is not produced for the purpose of soliciting investment or similar acts.

	related party		
(xv) Consolidated results for the past three years	(Unit: million yen)		
Accounting term	FY ended March 2006	FY ended March 2007	FY ended March 2008
Revenue	137,247	144,581	222,567
Operating profit	49,595	23,095	42,606
Recurring profit	51,365	90,696	35,687
Net profit	45,884	46,441	4,228
Net profit per share (yen)	4,957.08	4,040.51	376.63
Dividend per share (yen)	600	1,200	1,200
Shareholder's equity per share (yen)	22,016.22	22,018.24	21,438.08

(2) Reasons for selection of the allottee

As mentioned in 1, SBIH was selected as the allottee to further strengthen the alliance with SBIH.

(Note) This third party allotment of shares will not take place through mediation by a securities firm which is a member of the Japan Securities Dealers Association.

(3) Policy on holding of the allottee

With respect to the policy on the holding of allotted shares, a report was received from SBIH, the allottee, to the effect that it will hold the shares for the long term as a stable shareholder.

The Company plans to obtain a strict pledge from SBIH, the allottee, to the effect that, if all or part of the allocated new shares are transferred within two years of the date of payment for the allocated new shares (May 16, 2008), SBIH should notify the Company in writing.

Summary of Offering of Shares to Be Issued through Third Party Allotment

1. Number of offered shares: 23,178,900 common shares
2. Issue price: 151 yen per share
3. Total amount of issue price: 3,500,013,900 yen
4. Offering method: All shares will be allocated to SBI Holdings, Inc. through third party allotment.
5. Amount of increase in capital stock and capital reserve
Amount of increase in capital stock: 1,761,596,400 yen (76 yen per share)
Amount of increase in capital reserve: 1,738,417,500 yen (75 yen per share)
6. Date of application: May 16, 2008
7. Date of payment: May 16, 2008
8. Date of delivery of new share certificates: Share certificates will not be issued for this capital increase because the allottee requested non-possession of share certificates.
9. Others: Decisions on all matters about the share offering which require the decision of the Company will be entrusted to the President and Representative Director of the Company.
10. Matters about agreement on the continuous holding of new shares:
The Company plans to request a strict pledge from the allottee to the effect that, if all or part of the allocated new shares are transferred within two years of the date of issue (May 16, 2008), the allottee should immediately notify the Company in writing.
11. All of the above Items are conditional on filings under the Financial Instruments and Exchange Law become effective.