

**June 24, 2011**

**Attached is the translation of the presentation material  
to be used in the large meeting for individual shareholders  
to be held after the Annual General Meeting of Shareholders on June 25, 2011**

**Oki MATSUMOTO, Chairman and CEO  
Monex Group, Inc. (TSE: 8698)**

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# **Presentation to Individual Shareholders**

Oki MATSUMOTO  
Chairman and CEO  
Monex Group, Inc.

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1. Strategy and Issues pre Acquisition of TradeStation
2. Environmental Recognition and Global Vision
3. New Strategy post Acquisition of TradeStation

# Strategic Issues pre Acquisition

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- Building a revenue base less affected by market conditions
- Expanding the customer base and acquiring new customers from competitors
- Establishing further revenue opportunity in growing countries outside Japan
- Reducing and controlling fixed cost (esp. system cost) to establish a profitable management structure

# Strategy in Japan pre Acquisition

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## **1. Increasing customer base by revising brokerage commission**

Strengthening marketing activities to reach to more investors and reactivate existing customers by revising the commission table for small amount trading

## **2. Focusing on FX marketing to increase market share**

## **3. Strengthening mutual fund sales by enriching line-up through collaboration with 3 other major online brokers for more effective marketing and producing exclusive funds**

## **4. Continue focus on product differentiation by providing unique products such as RMB denominated products**

## **5. Reducing fixed cost by building next generation system**

# Strategy in China pre Acquisition

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## **1. Expanding business scale of BOOM Group in HK**

Increase margin trading

Increase marketing efforts to gain more clients

## **2. Continue exploring business opportunities in Mainland China**

Taking advantage as the only online brokerage firm to have an representative office in Mainland China

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# Current Business Environment

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## ■ Decline in equity trading value by retail investors in Japan

JPY273 trillion in FYE Mar.'06

→ JPY128 trillion in FYE Mar.'11

## ■ Growth of equity markets in HK and China

Trading value: Shanghai>TSE

Hong Kong as No.1 equity financing market

## ■ Stagnation of the Japanese online brokerage industry

⇒ Creating new synergy by maximizing Group resource that stretches beyond the domestic online brokerage business



# Responding to Environmental Change

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## ■ Acceleration of global/universal financial technology

## ■ Acceleration of cross-border consolidation of stock exchanges

→ Globalization and 24-hour operation of trading system is urgent

## ■ Diversification and globalization of customer needs

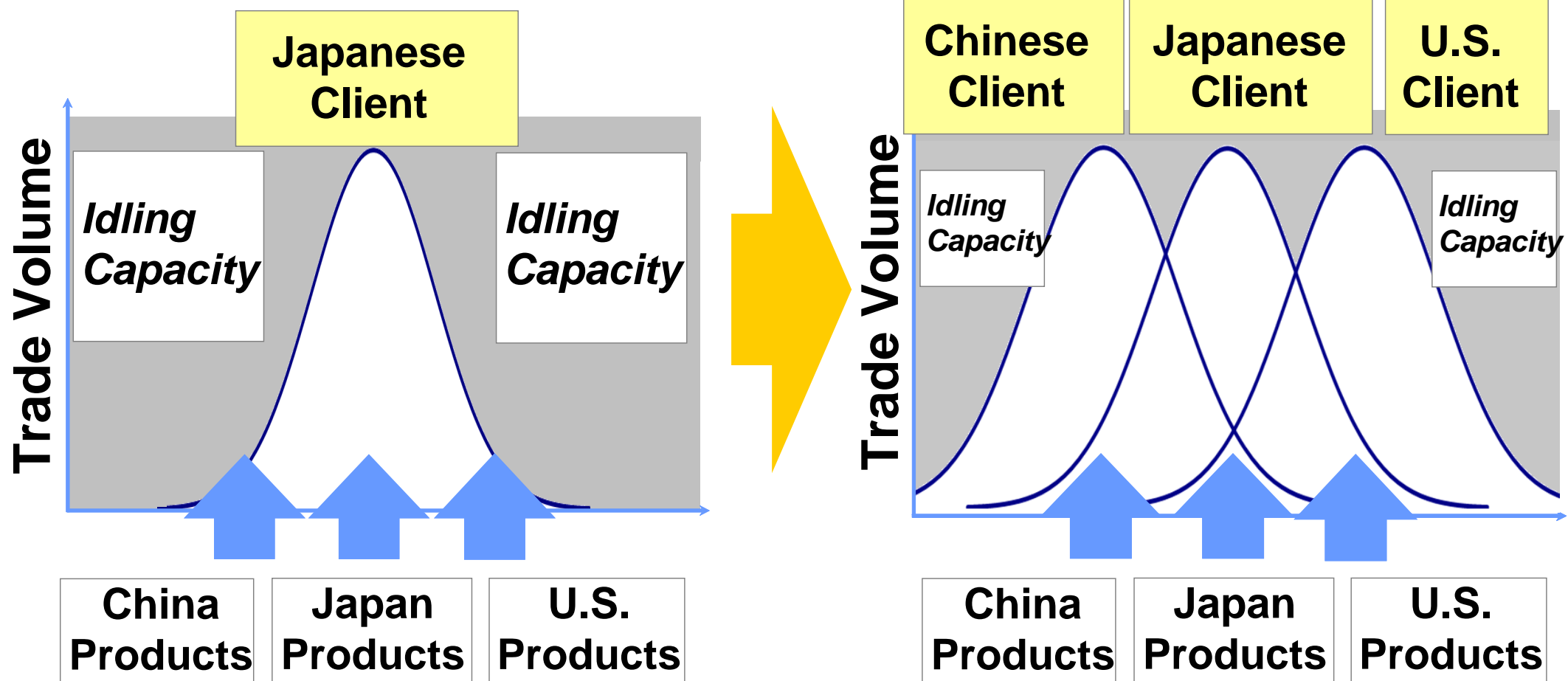
→ Increase in cost to maintain competitive edge and respond swiftly to regulatory requirements

⇒ Realizing a low-cost, stable business model:

- Constructing a new business portfolio based on what we call “Global Vision”
- Securing management resource by acquiring TradeStation

# Global Vision

## Coping with the local market bias issue




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# About TradeStation

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- One of 6 listed online brokerage firms in US (NASDAQ)
  - Established reputation of in-house developed trading platform
    - ⇒ Ranked as Overall Best Online Broker 2011 in “Barron’s” for their advanced technology
    - ⇒ Differentiated business model with highly profitable accounts by active traders
  - USD129M of net revenues, USD100M of cash equivalents (FYE Dec. 2010)
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- Acquisition of TradeStation by the Monex Group in June 2011
    - Addition of a new revenue source
    - Utilization of TradeStation’s technology throughout the Monex Group
    - Reduction of fixed cost of the Group by sharing platforms
    - Creation of global management and execution system

# Acquisition of TradeStation and the Global Vision

**What Monex gains through the acquisition of TradeStation:**  
**Top-ranked technology, brand, and development resource**



- ✓ Increase revenue opportunity by leveraging top-tier US technology in Japan and China
- ✓ In-house development and sharing of the system globally to increase competitiveness and reduce cost



**China/HK**



**Japan**



**US/EU**



**Becoming a global financial group with cutting-edge technology and development capacities**

# Strategy post Acquisition (1)

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## ■ Merits in Japan

Strengthening services targeted to the active trader segment by applying TradeStation's technology in Japan

Short term: Improvement of Monex's current trading tools utilizing TradeStation's know-how to attract active traders (1 year)

Mid term: Introduction of state of the art trading tools for equity, derivatives and FX (2 years)

Mid term: Rollout of program trading and trading signal services using EasyLanguage (2 years)

## Strategy post Acquisition (2)

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### ■ Expansion in US

#### 1) Enhancing marketing activity

Attracting general active traders as well as rule-based traders (Long term, 3-4 years)

#### 2) Improving profitability of FX business

Consolidating FX coverage trading of TradeStation into the existing Monex's flow and import/improve trading revenue (Short term, 1 year)

## Strategy post Acquisition (3)

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### ■ Strategy in China

Capturing China growth by leveraging TradeStation's brand and award-winning technology

- 1) Providing trading tools in Hong Kong through our BOOM platform  
(FX tool in 1 year and HK equity tools in 2 years)
- 2) Exploring opportunities through creation of B to B to C trading platform in Mainland China (1-2 years)



# Strategy post Acquisition (4)

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## ■ Cost Reduction

(Goal)

Reduce 20% of the current fixed cost in 4 years

(Plan)

- In-house development and integration of trading tools (2 years)
- Sharing of FX trading platform (2 years)
- Integration and sharing of market data services (1-2 years)
- Integrate US/China stock distribution systems and other redundancies to improve efficiency (2 years)

# Group Structure to Implement Global Vision Strategy

## Monex Group, Inc.

### Global Management Committee (GMC)

Oki Matsumoto, Salomon Sredni,  
Shoji Kuwashima, Takashi Oyagi

GMC Office supports GMC in  
setting the group strategy and  
resource allocation in the Group

### GMC Office (GMCO)

consisting of members from  
Japan, Hong Kong and US

### Asia Steering Committee

### TradeStation Group, Inc. (US)

**Monex, Inc.**

**Monex FX**

**Other group companies**

**Monex International Limited**  
**Monex BOOM Securities**  
(Company name to be changed  
from "BOOM Securities")

**TradeStation Securities, Inc**  
**TradeStation Technologies,**  
**Inc.**  
**TradeStation Forex, Inc**

**TradeStation**  
**Europe Limited**

**Japan**

**China / Hong Kong**

**US**

**Europe**

**Monex Inc.**

**Monex BOOM Securities**

**TradeStation Securities, Inc**

<http://www.monex.co.jp/>

<http://www.boom.com/>

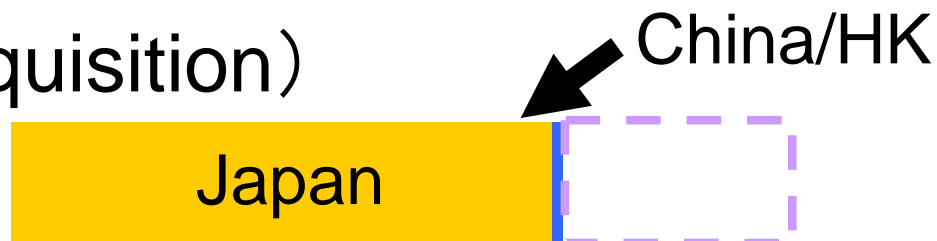
<http://www.tradestation.com/>

# Financial Consolidation

- Empower and diversify Group revenue by consolidating revenue source in the new region

## Image of revenue consolidation

(Pre-Acquisition)



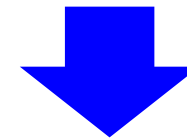
(Post acquisition)



Net operating revenues

**JPY22.5B**

(FYE March 2011, Monex Group)



Pro forma of consolidating

TradeStation

**Plus JPY10B**

(Assumption by consolidating FYE Dec. 2010 of TradeStation)

# Commitment

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## ■Mid/long term Goal of the Global Vision:

- Increase revenue source by leveraging TradeStation's technology
- Reduce consolidated fixed costs by 20% through the development and launch of a shared platform
- Improve profit margin from 20%(current) to 40%

Monex is committed to creating  
a global online financial group  
that provides progressive financial services  
based on the most advanced technologies