SoftBank

Growing in Harmony

Annual Report 2008

www.softbank.co.jp

FUNDAMENTAL MANAGEMENT POLICY

SOFTBANK's Unique Dynamism

The SOFTBANK Group's main characteristic lies in its fundamental management policy: "Endeavoring to benefit society and the economy and to maximize enterprise value by fostering the sharing of wisdom and knowledge gained through the IT revolution."
We want to be a Group that develops in harmony with its stakeholders through its businesses. This dream is driving our dynamic and innovative way of operating. SOFTBANK believes that a company able to provide high added value to society can gain the strong support of society in general, resulting in high profitability and growth, even if its practices are initially taken as maverick. Based on this conviction, the SOFTBANK Group will continue to create new and exciting lifestyles.

Building Harmony

between Group companies

between Japan and the World

between You and Us

By removing common barriers and creating "harmony" between various elements, we create new added value that would not have been possible for the individual elements on their own, which becomes a new source of SOFTBANK growth.

In this annual report, we focus on the many types of harmonies within the SOFTBANK Group and new added value created by these harmonies.

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Many Colors ■■■ Creativity

CONSOLIDATED FINANCIAL HIGHLIGHTS

SOFTBANK CORP. AND CONSOLIDATED SUBSIDIARIES Fiscal years ended March 31

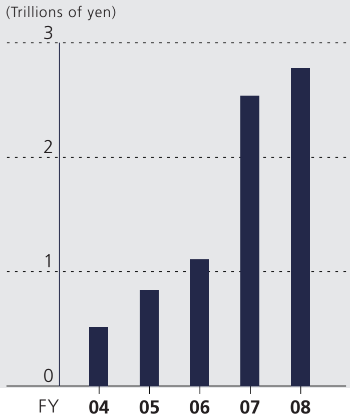
• For historical data, please refer to pages 80-81 for the main data for the past 11 years.
• For short-term trends, please refer to pages 76-77 for the main quarterly data.

(Millions of yen, except where noted)	2004	2005	2006	2007	2008
For the Fiscal Year:					
Net sales	¥ 517,394	¥ 837,018	¥1,108,665	¥ 2,544,219	**¥ 2,776,169**
Operating (loss) income	(54,894)	(25,359)	62,299	271,066	**324,287**
EBITDA*1	(20,705)	44,095	149,913	525,428	**626,662**
(Loss) income before income taxes and minority interests	(76,745)	(9,549)	129,484	208,574	**225,887**
Net (loss) income	(107,094)	(59,872)	57,551	28,815	**108,625**
Capital expenditure	64,216	294,233	148,946	389,801	**293,720**
Depreciation and amortization	32,864	66,417	80,417	189,092	**220,255**
Net cash (used in) provided by operating activities	(83,829)	(45,989)	57,806	311,202	**158,258**
Net cash provided by (used in) investing activities	81,878	(242,944)	27,852	(2,097,937)	**(322,461)**
Net cash provided by (used in) financing activities	306,390	277,771	30,078	1,718,385	**284,727**
At Fiscal Year-End:					
Total assets	¥1,421,207	¥1,704,854	¥1,808,399	¥ 4,310,853	**¥ 4,558,902**
Total shareholders' equity	238,081	178,017	242,768	282,950	**383,743**
Interest-bearing debt*2	575,541	853,918	905,293	2,394,403	**2,532,969**
Net interest-bearing debt*2 *3	134,858	531,680	454,614	2,008,149	**2,036,879**
Per Share Data*4 (Yen):					
Net (loss) income	¥ (104.91)	¥ (57.01)	¥ 54.36	¥ 27.31	**¥ 101.68**
Shareholders' equity	225.80	168.62	229.88	268.02	**355.15**
Cash dividends	2.33	2.33	2.50	2.50	**2.50**
Major Indicators:					
Operating margin (%)	—	—	5.6	10.7	**11.7**
EBITDA margin (%)	—	5.3	13.5	20.7	**22.6**
ROIC*5 (%)	(4.6)	(1.6)	3.4	8.4	**6.9**
Equity ratio (%)	16.8	10.4	13.4	6.6	**8.4**
Debt/equity ratio*2 (%)	241.7	479.7	372.9	846.2	**660.1**
Net debt/equity ratio*2 *3 (%)	56.6	298.7	187.3	709.7	**530.8**
Interest-bearing debt/EBITDA multiple (times)	—	21.6	6.7	4.8	**4.0**
Number of employees	5,108	12,949	14,182	17,804	**19,040**

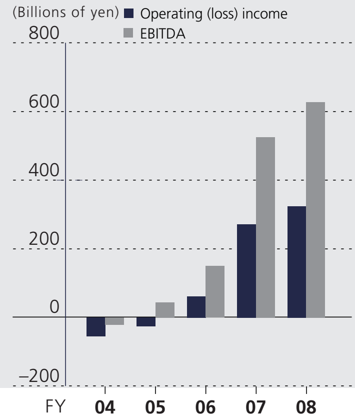
*1 For fiscal 2004, EBITDA = operating income (loss) + interest income and dividends + depreciation + amortization.
For fiscal 2005-2008, EBITDA = operating income (loss) + depreciation, amortization, loss on disposal of fixed assets included in operating expenses.
*2 Interest-bearing debt, net interest-bearing debt, the debt/equity ratio, and the net debt/equity ratio include cash receipts as collateral from financial institutions, to whom the Company lent shares of its subsidiary under security deposit agreements, from fiscal 2008.
*3 Net interest-bearing debt and the net debt/equity ratio are calculated by deducting cash and deposits and marketable securities (current assets) and others from interest-bearing debt.
*4 Net (loss) income per share is calculated based on the weighted-average number of shares outstanding during each fiscal year, and shareholders' equity per share are calculated based on the number of shares outstanding as of each fiscal year-end.
*5 ROIC (Return On Invested Capital) = operating income after taxes ÷ (average shareholders' equity + average interest-bearing debt).

1. Scale Trends

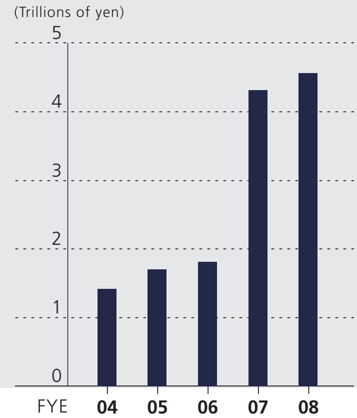
Net Sales



Operating (Loss) Income/EBITDA

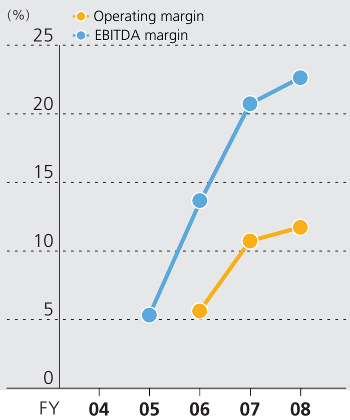


Total Assets

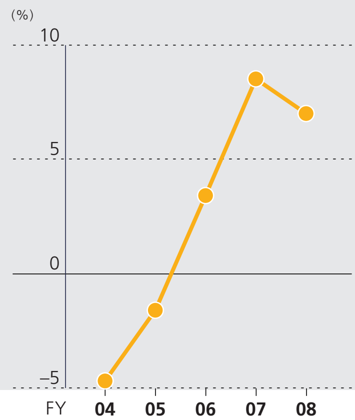


2. Profitability and Productivity Trends

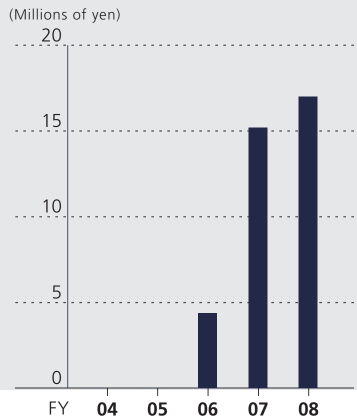
Profitability: Versus Sales Operating Margin/EBITDA Margin



Profitability: Versus Invested Capital ROIC

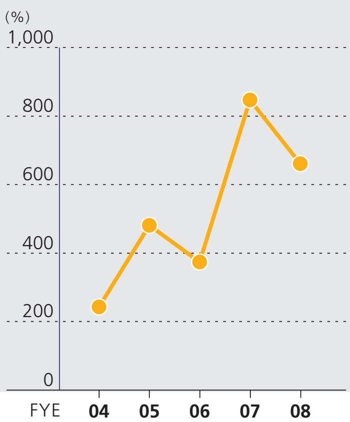


Productivity: Operating Income per Employee

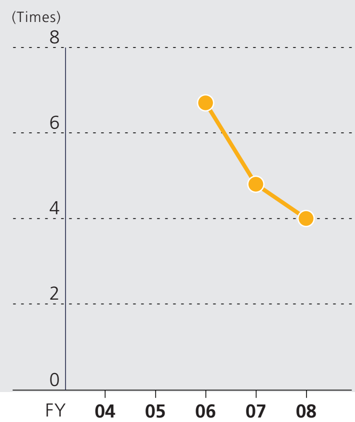


3. Financial Condition Trends

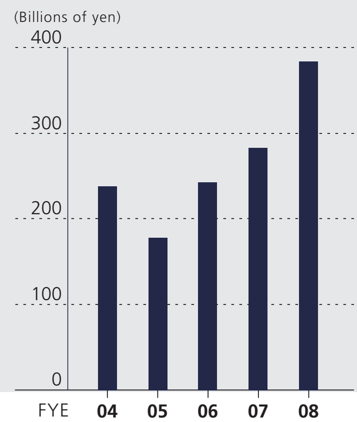
Debt Equity Ratio



Interest-bearing Debt/EBITDA Multiple



Total Shareholders' Equity



Many Colors ■■■ Vitality

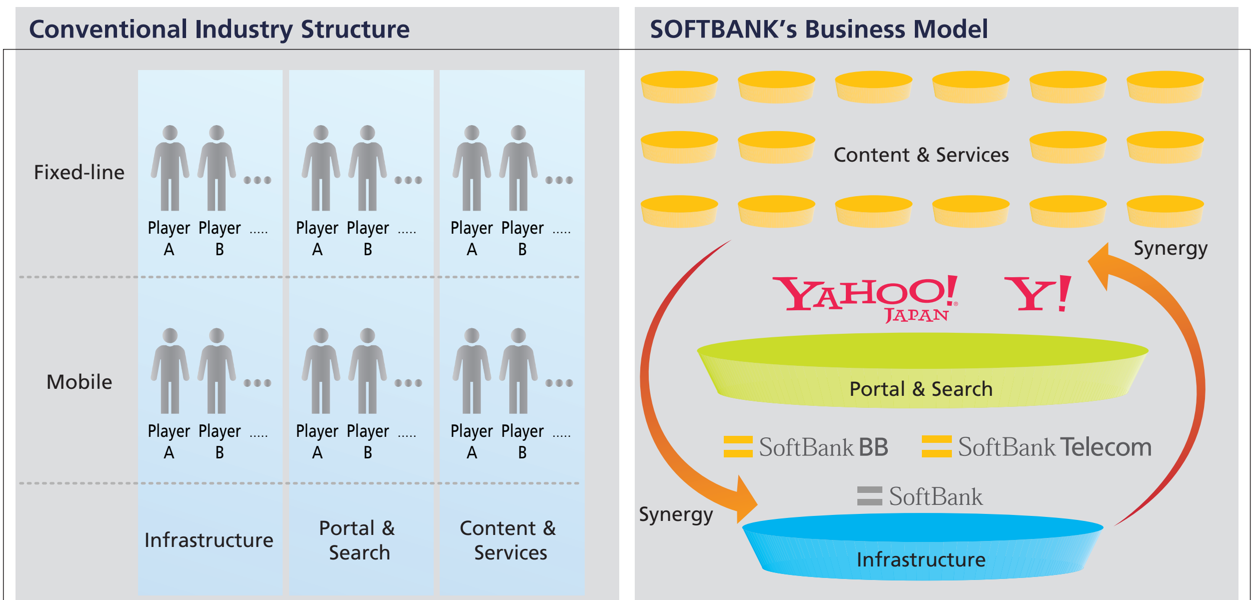
SOFTBANK's Anatomy

Contents

SOFTBANK is an
"Internet Company"

i.e.

In the past the SOFTBANK Group acquired operators including JAPAN TELECOM Co., Ltd. and Vodafone K.K. However, the SOFTBANK Group transcends traditional classifications like "fixed-line and mobile telecommunications" and "telecommunications and broadcasting," and comprehensively provides all kinds of services required to achieve seamless, open broadband telecommunications aiming to be the "No. 1 Internet company in Asia."



Today, the high levels of convenience, economy and entertainment made possible by broadband need no explanation. Nevertheless, services that have traditionally been provided have been broken down into multiple layers – infrastructure, portal and search, content and services, etc. – making them very difficult to use. Even within the same layer, players and service content differ depending on the type of terminal, e.g. PC or mobile phone, and this obstructs the seamless use of content and services "anytime, anywhere." Recent years have finally begun to see moves to integrate these service areas, as with Google Inc.'s purchase of the video distribution site YouTube. From an early date, the SOFTBANK Group has given equal attention to the three layers of infrastructure, portal and search, and content and services, creating a corporate group unprecedented on a global scale by comprehensively providing open, groundbreaking services that are aligned with the needs of users.

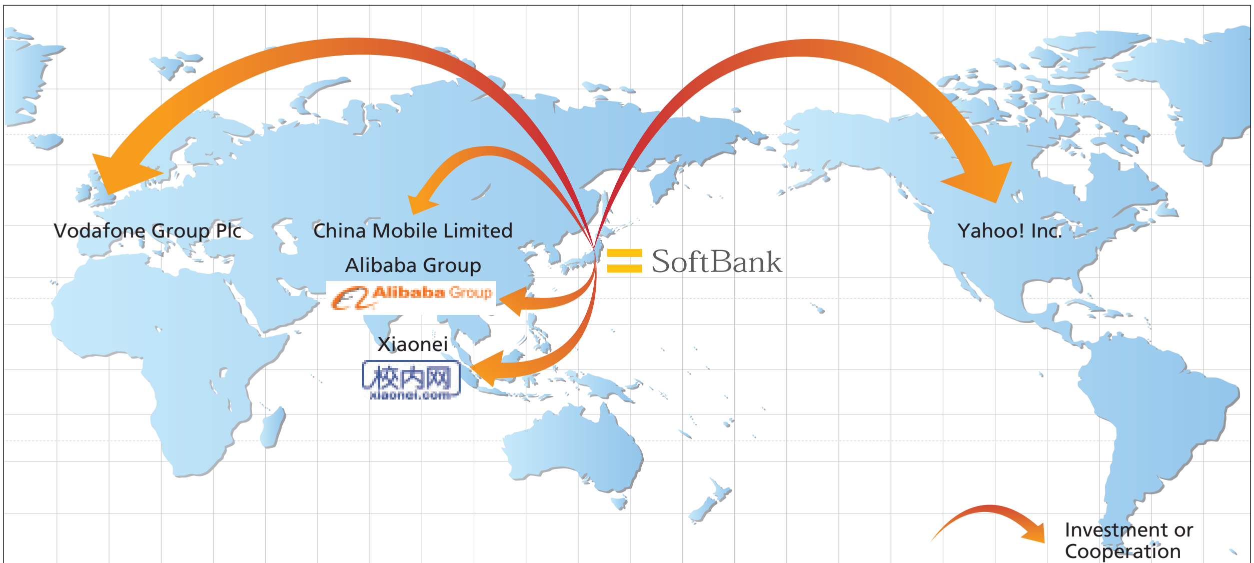
SOFTBANK

"Develops Businesses with a Global View"

i.e.

The SOFTBANK Group's business domain is the Internet, which does not have national boundaries, making it imperative to develop activities internationally. The SOFTBANK Group is expanding its activities from Japan to Asia, and to the rest of the world.

Toward No. 1 Internet Company in Asia – The new age of broadband is spreading from Asia to the rest of the world.



The SOFTBANK Group has propelled Japan into becoming one of the world's leading broadband countries using an integrated business model that includes high-speed telecommunications, economy, and content and services. The Group is also involved in Internet and broadband-related incubation and tie-ups all around the world, including in the U.S., Europe and Asia. In recent years we have focused on Asia as a region with major growth potential. In China, the Group's affiliate Alibaba Group Holding Limited (hereafter "Alibaba Group") is establishing a dominant No. 1 position in areas including B2B e-commerce, C2C auctions and online settlement services. In April 2008, the Group also invested in Oak Pacific Interactive, operator of "Xiaonei.com," China's largest SNS. Going forward, the SOFTBANK Group will continue to develop businesses in Asia, particularly in China where the Internet population is showing rapid growth. (Please refer to the Special Feature "SOFTBANK's Four Strengths, SOFTBANK's Overseas Development Strength" on pages 30-31.)

SOFTBANK is a

"Company that Continues to Grow"

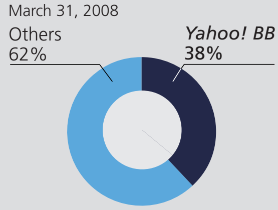
i.e.

SOFTBANK has a relatively short history, having been established 27 years ago, but it already places No. 2 globally in terms of EBITDA ranking among Internet companies*[1], and has grown into one of the world's leading corporate groups. In Japan the SOFTBANK Group is solidifying its No. 1 position in its major business areas in the three layers of infrastructure, portal and search, and content and services, and is aiming for further growth.

*1 Source: Reuters, based on FY2008 earnings data. Converted at ¥108 to U.S.$1.

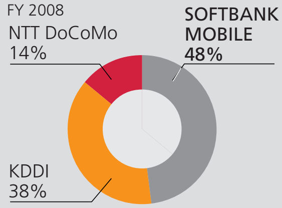
Share of DSL Installed Lines

March 31, 2008

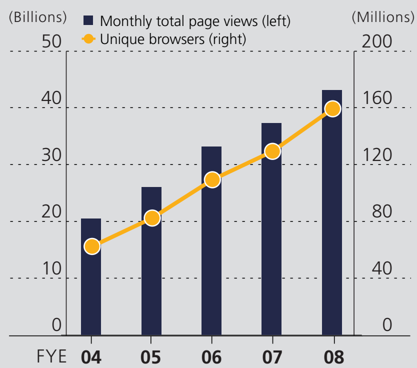


Share of Net Mobile Phone Subscriber Additions

FY 2008



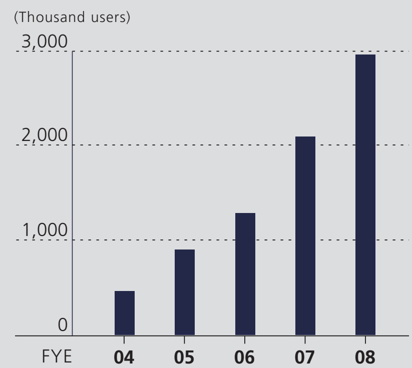
***Yahoo! Japan* Monthly Total Page Views and Unique Browsers**



Note: Monthly total page views: number of times *Yahoo! Japan* was accessed in the final month of each fiscal year
Unique browsers: number of browsers who accessed *Yahoo! Japan* services in the final month of each fiscal year

Online Game Subscribers

GungHo-ID registrations



Note: *GungHo ID*: ID required to use online games, provided by GungHo Online Entertainment, Inc. or its group companies

In the infrastructure layer, the Group's ADSL connection service (*Yahoo! BB ADSL*) is the No. 1 in its field, with a five-million-scale user base. In addition, despite having only recently entered the mobile communications market, SOFTBANK MOBILE ranked No. 1 in net subscriber additions for the first time in fiscal 2008, with a 47.7% share, and continues to post rapid growth. In the portal and search layer, *Yahoo! Japan* is well ahead of the rest of the pack in terms of both number of unique users and monthly page views per user. The Group has also established No. 1 positions in various areas of the content and service layer, including Internet auctions (*Yahoo! Auctions*), video distribution (*Yahoo! Streaming*), and online games (Ragnarok Online) provided by its affiliate GungHo Online Entertainment, Inc.

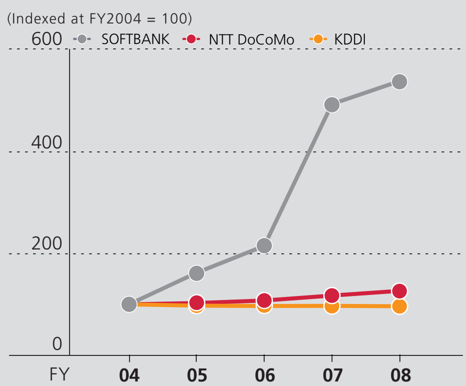
SOFTBANK

"Pursues both Earnings and Growth"

i.e.

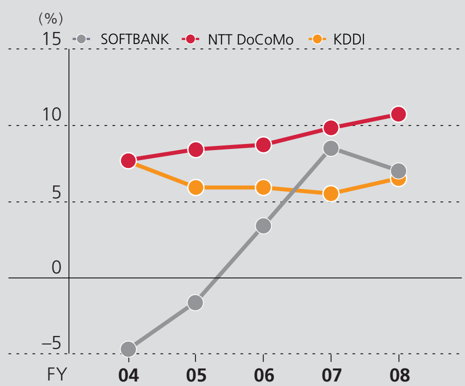
Since the launch of *Yahoo! BB*, the SOFTBANK Group has tended to be viewed as focusing on price competitiveness. In fact, however, Group earnings have been growing by identifying latent user needs and providing value-added services that address those needs.

Sales Growth at Japan's 3 Telecom Operators



Source: Calculated by the Company based on publicly available materials of each company

ROIC at Japan's 3 Telecom Operators



Source: Calculated by the Company based on publicly available materials of each company

The SOFTBANK Group has been fulfilling the latent needs of users with a succession of revolutionary services that break down conventional industry wisdom. The Mobile Communications segment has met users' expectations in a variety of ways, including a new, transparent pricing structure that separates the price of the handset from communication charges, a service which allows access to an Internet portal with the push of a button, and by developing and selling handsets that have both high mobile broadband performance and a stylish appearance. Growth cannot be sustained, and profitability will not rise, with a pricing strategy alone. In addition to maintaining high top-line growth that surpasses that of traditional telecom operators, significant gains have been made in terms of profitability, backed by the SOFTBANK Group's value-added services.

Looking forward, the SOFTBANK Group is taking a long-term approach with a view toward FMC (fixed-mobile convergence) in the future, and is steadily developing Mobile Communications, Broadband, and Fixed-line Telecommunications businesses.

Many Colors ■■■ Knowledge

Ready to Lead

SOFTBANK CORP.
Chairman and CEO
Masayoshi Son

Summary

Progress Not Only in "Growth," but Also in Raising "Profitability" and "Soundness"

The SOFTBANK Group achieved record results in fiscal 2008 with 9.1% growth in consolidated net sales to ¥2,776.1 billion and a 19.6% increase in operating income to ¥324.2 billion, both of which marked all-time highs for the Group. Over the four years since fiscal 2005, net sales have increased 3.3-fold and EBITDA by a factor of 14.2, resulting in a 17.3 percentage point increase in the EBITDA margin to 22.6%. In the mobile communications market, which we fully entered two years ago with the acquisition of Vodafone K.K. (hereafter "Vodafone"), we have broken down conventional industry wisdom and successively introduced user-oriented services. In addition to achieving the No. 1 position in net subscriber additions in fiscal 2008, the addition of mobile phones as a business domain has led to major synergies with existing businesses. The Group is also making steady progress in improving its financial soundness, with the interest bearing debt/EBITDA multiple falling to 4.0 as of the end of fiscal 2008 from 19.4 at the end of fiscal 2005.

Entering Most Exciting and Dynamic Growth Period Since Founding

The new broadband age is currently taking shape, and the SOFTBANK Group is working under a business model that enables us to provide seamless, integrated services "from fixed-line to mobile" and "from infrastructure to content and services." Our domestic customer base is growing rapidly, based on the competitive merits of our corporate DNA, which is to develop businesses quickly and with a pioneer spirit. Overseas business development is also accelerating, primarily in Asia. In China, SOFTBANK affiliate Alibaba Group Holding Limited (hereafter "Alibaba Group") is further solidifying its No. 1 position in e-commerce and online settlement. We also decided in April 2008 to take an equity stake in Oak Pacific Interactive, which operates "Xiaonei.com," China's largest SNS. In addition, an agreement has been reached among China Mobile Limited, the world's largest mobile phone company in terms of subscribers, Vodafone Group Plc and SOFTBANK to establish a joint venture. In July 2008, SOFTBANK MOBILE Corp. (hereafter "SOFTBANK MOBILE") began selling Apple's iPhone™ 3G.

In these ways, the SOFTBANK Group is steadily raising "profitability" and "soundness" while at the same time continuing to increase growth potential, and we have now entered our most exciting and dynamic growth stage. The SOFTBANK Group will continue to move forward under the two concepts of "Winners in the mobile Internet market are winners in the Internet market," and "Winners in Asia are winners in the World."

Meeting Needs, Earning Support

Fiscal 2008 Successes

Q. **In only two years since acquiring Vodafone, SOFTBANK ranked No. 1 in net mobile phone subscriber additions in fiscal 2008. What do you see as the background behind this?**

A. **This is a reflection of the fact that we did not adopt the industry's conventional standard, but instead identified users' latent needs and moved quickly to address them.**

Since fully entering the mobile communications business, the SOFTBANK Group has introduced a succession of innovations to the mobile communications market, which had previously been more orientated toward providing services from the standpoint of the provider. The first of these is our pricing structure. The market previously relied on many price plans that were difficult for users to understand. In addition, the sales subsidy paid to the sales agent was added to the charges, so this framework was unfair to users who used the same handset for a long period of time whose outlay was comparatively high. The SOFTBANK Group completely overhauled this structure with the introduction of an installment sales method that separates the price of the handset from communication charges, and the introduction of the *White Plan*, a simple price plan that is easy to understand. The *White Plan Family Discount 24,* the *White Plan Corporate Discount 24* and the *White Plan Student Discount* were then introduced in fiscal 2008 to increase the attractiveness of the *White Plan* and appeal to a wider range of users.

The second initiative involved pursuing convenience in the mobile Internet. We launched the *Yahoo! Keitai* portal exclusive for SoftBank mobile phones in October 2006, instantly reproducing on mobile phones the Internet's original convenience of being able to obtain the information you want from a world of sources. Also, one of the models introduced in the spring 2008 lineup was the SoftBank 922SH. This handset, which we call an "Internet Machine," has both a 3.5-inch wide-screen LCD and a full keyboard. These and other major improvements in terms of Internet accessibility make this our flagship model, introducing even more users to the world of the Internet. We intend to continue to accelerate this trend in fiscal 2009 and forward.

The third initiative is in mobile handsets. Japan has the world's highest penetration of 3G mobile phones, but in the past the handset's functionality has been the primary objective, with little attention given to visible merits like fashion appeal. The SOFTBANK Group has taken users' increasingly diverse and sophisticated needs to heart, and is gaining overwhelming customer support with a diverse handset lineup that surpasses those of other companies.

Leveraging Group Synergies

Fiscal 2008 Successes

Q. **What is the status of business segments other than Mobile Communications?**

A. **Since adding mobile phones as one of the SOFTBANK Group's business domains, synergies have emerged and additional effects are expected going forward.**

Combined net sales at the four business segments of Broadband Infrastructure, Fixed-line Telecommunications, Internet Culture and e-Commerce rose 3.9% in fiscal 2008, with a 27.0% increase in operating income. In addition to growth in each of these segments, the addition of mobile phones as a SOFTBANK Group business domain has led to synergies in terms of both sales and costs.

Sales Synergies

SOFTBANK TELECOM Corp. (hereafter "SOFTBANK TELECOM"), operator of the Fixed-line Telecommunications business is further expanding its customer base by offering corporations inexpensive, highly convenient services that bundle its existing products like its direct connection fixed-line voice service *OTOKU Line* and *Ether Connect* with SoftBank's mobile phones. Both the e-Commerce and Broadband Infrastructure segments mutually utilize distribution and sales networks with the Mobile Communications business for cross-selling and developing services, and this is expected to contribute to the maintenance and expansion of their respective customer bases in the future. Furthermore, the establishment of an open mobile Internet environment is leading to further growth in the scale of broadband content businesses including Internet advertising, e-commerce, video and games. This is also contributing to a favorable environment for content and service businesses included in the Internet Culture and Other businesses segments.

Cost Synergies

Cost reductions are being achieved through the integration of facility maintenance and management and call center operations at SOFTBANK MOBILE, SOFTBANK BB Corp. (hereafter "SOFTBANK BB") and SOFTBANK TELECOM, respectively the three core companies in the Mobile Communications, Broadband Infrastructure and Fixed-line Telecommunications businesses. Further reductions are being pursued through the integration of the three companies' billing systems. The effective use of their respective backbone systems is also leading to cost reductions.

The Dawn of the Internet Machine Era

Understanding the Environment

Q. **We have recently heard a lot about 2008 being the "Year of the Internet Machine." What does this term indicate?**

A. **With the arrival of a mobile Internet environment, we recognize 2008 as the crossing point when mobile phones fully make the transition from "voice machines" to "Internet Machines."**

A full-fledged mobile Internet will only be achieved with the accelerated use of data services backed by advances in hardware like transmission speeds and mobile handsets. Japan is ahead of other countries in generational advances in handsets, and we view 2008 as a tipping point when mobile phones evolve from being primarily voice and e-mail devices, and become "Internet Machines" that are tailored toward data services.

The shift in mobile phones toward Internet Machines will only accelerate. In 2007 global annual shipments of PCs amounted to approximately 270 million, compared with approximately 1.1 billion for mobile phones. People use a PC several hours a day, but use their mobile phone 24 hours. There is a growing trend of using mobile phones to access the Internet.

These external environmental changes are significantly altering the structure of the mobile communications industry. In the age of voice and e-mail, markets were led by telecom operators who possessed the infrastructure, but with the advancement of mobile phones into Internet Machines, the competitive environment is changing into one led by companies that previously made their living providing services on the Internet.

This is why we consider the SOFTBANK Group to be in the most advantageous position. No other company today can match the SOFTBANK Group in terms of its comprehensive infrastructure base spanning fixed-line and mobile, its No. 1 portal and the diverse variety of content and services it provides. This will make it possible to create synergies and comprehensively develop high value-added services.

Taking a Lead in Mobile & Asia

Mid-to-long Term Targets and Future Growth Strategy

Q. **Please explain the SOFTBANK Group's mid-to-long term strategy.**

A. **The SOFTBANK Group is striving to be a world leader as the "No. 1 Internet Company in Asia." Using this advantageous position as a base, we aim to further expand our businesses in the mobile Internet market globally, and in Asia in particular.**

Widening Lead in Mobile Internet

The acquisition of Vodafone and entry into the mobile communications business was nothing other than the means of achieving an optimal environment for the mobile Internet. The SOFTBANK Group already has Japan's No. 1 portal and Internet content and services. By working full-scale to bring the mobile Internet environment to maturity, we intend to leverage that position to maximum effect in the mobile communications market as well.

We will further pursue measures including reviewing pricing, improving the network by increasing the number of base stations, and developing optimal handsets for the mobile Internet in fiscal 2009 and beyond. In addition to infrastructure and handsets, we will also strive to be an industry leader in enhancing mobile content. We are successively introducing mobile phone distribution of literature including the popular *Harlequin Romance Series*, and popular comics and games that are currently popular via PC.

Also Leading in Fixed-mobile Convergence

Utilizing our strength of having both a Fixed-line Telecommunications and Mobile Communications businesses, the SOFTBANK Group is creating revolutionary services that provide benefits to users in both segments by fusing the two segments. In June 2008 we began accepting applications for *White Line 24,* which offers free voice calls between SoftBank mobile phones (*White Plan*) and the *OTOKU Line* provided by SOFTBANK TELECOM, and *White Call 24,* which offers free voice calls between SoftBank mobile phones (*White Plan*) and the *BB Phone* IP telephony service provided by SOFTBANK BB*[1].

*1 *White Line 24* requires a separate fixed charge in addition to the basic monthly charges for the SoftBank mobile phone and *OTOKU Line*. *White Call 24* requires a contract for both a SoftBank mobile phone and an IP telephony service provided by the SOFTBANK Group (*BB Phone*, etc.). Free voice calls refers to domestic calls only.

Mid-to-long Term Targets and Future Growth Strategy

Overseas Development Accelerating

The Japanese market is unique in the fact that the penetration rate of 3G handsets is overwhelmingly higher than in other countries. That alone means that it is very possible to move from mobile phones to Internet Machines and be the world leader in the mobile Internet. As the leader of the Japanese market, the SOFTBANK Group intends to utilize its accumulated experience in Japan to aggressively develop overseas.

An agreement was reached in April 2008 among China Mobile Limited, Vodafone Group Plc, and SOFTBANK to establish the Joint Innovation Lab joint venture, one-third owned by each company, to develop new technologies and application services that can be used on mobile phones. The three companies have a huge combined customer base of approximately 700 million*2, and this will make it possible to effectively provide a variety of solutions.

The SOFTBANK Group is using the wealth of experience and know-how it has cultivated in Japan to aggressively develop businesses in Asia, which has high growth potential, and in China in particular. In addition to our affiliate Alibaba Group, which has the No. 1 market share of e-commerce and online settlement services in China, development focusing on the Internet is accelerating with SOFTBANK's recent acquisition of stock and options of Oak Pacific Interactive, operator of "Xiaonei.com," China's largest SNS.

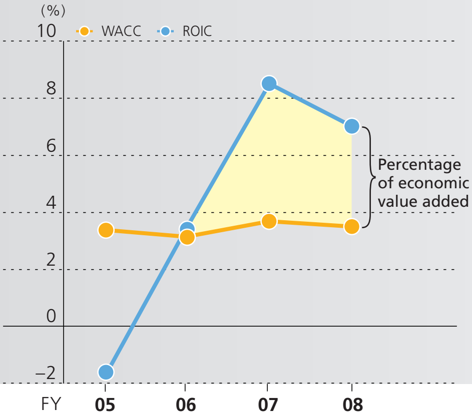
*2 As of the end of March 2008. Customer number of Vodafone Group Plc. is based on its equity interests.

"Winners in the mobile Internet market are winners in the Internet market," and "Winners in Asia are winners in the World."

The SOFTBANK Group will quickly pursue a growth strategy according to the two concepts above.

Sharing Our Dynamic Growth

Growth in SOFTBANK's Economic Value Added



Shareholder Value

Q. **What is your fundamental position with regard to shareholder value and returning profit to shareholders?**

A. **My goal is to maximize shareholder value. To date, along with making strategic investments from a long-term perspective, I have sought to maximize shareholder value by pursuing synergies and capital gains in investments and existing businesses. I will continue to seek the optimal balance between growth and the return of profit going forward.**

Businesses have various stages of growth. In a market that is undergoing remarkable expansion, there is the stage of increasing the economic added value of invested capital while at the same time reinvesting, and mature markets are marked by the generation of a stable cash flow. The SOFTBANK Group develops its business portfolio, which is in various growth stages, in an integrated manner, and aims for continuous growth through a balance of optimally timed investment and the creation of stable business profit.

Looking at economic added value*3 to date, ROIC*4 turned positive in fiscal 2006, and has risen rapidly to above the 8% level in fiscal 2007. At the same time, WACC*5 has remained at the 3% level*6, and as a result we are seeing steady growth in economic added value. The SOFTBANK Group entered the fixed-line telecommunications business in fiscal 2005 and the mobile communications business in fiscal 2007, and in this way the Group has entered new businesses via bold investments, and at the same time increased economic added value.

We are continuing to make strides in becoming not only "No. 1 in Asia," but also the "No. 1 Internet company in the world," and in 2008 a decision was made to take a capital stake in Oak Pacific Interactive, operator of "Xiaonei.com," China's largest SNS. The SOFTBANK Group will continue to aim to maximize shareholder value while maintaining continuous growth going forward, by investing to generate cash flow from telecommunications businesses, synergies between businesses and investments, and capital gains.

*3 Economic Value Added (EVA) = ROIC − WACC
*4 ROIC (Return On Invested Capital) = operating income after taxes ÷ (average shareholders' equity + average interest-bearing debt)
*5 WACC (Weighted Average Cost of Capital) = (Interest expense, net of tax + cost of shareholders' equity (Risk rate + 10-year JGB yield)) ÷ (average shareholders' equity + average interest-bearing debt).
*6 Cost of shareholders' equity includes a risk rate assumption of 7%.

Growing in Harmony

- **Harmony within the Group**
- **Harmony between Japan and the World**
- **Harmony with all stakeholders**

The SOFTBANK Group aims for continuous growth through the unifying force of all three harmonies.

July 2008

SOFTBANK CORP.
Chairman and CEO

Masayoshi Son

FINANCIAL STRATEGY: INCREASING CORPORATE VALUE

The SOFTBANK Group is off to a solid start toward securing an even stronger financial position. While continuing to provide financial support for the rapid development that has defined SOFTBANK to date, I will also work to increase corporate value by steadily strengthening the financial base.

SOFTBANK CORP.
Director
Kazuhiko Kasai

Key Points and Strategies

Continued Balance Sheet Improvement

The SOFTBANK Group's outstanding interest-bearing debt is in a trend of steady decline. Of the debt procured for the acquisition of Vodafone K.K. (hereafter "Vodafone"), a total of more than ¥100 billion has been repaid over the roughly 1.5 years from the refunding in November 2006 to April 2008. This pace of repayment is significantly ahead of the anticipated schedule when the funds were initially procured. The reduction of interest-bearing debt at businesses other than Mobile Communications is proceeding as well. In addition to the financing at the time of the acquisition, the Mobile Communications business has also secured a stable base of working capital through the securitization of installment sales receivables from mobile phone handsets.

Cash position is maintained, it was approximately ¥661.0 billion as of March 31, 2008. This includes ¥496.0 billion in cash & cash equivalents, and unused portion of credit line facility.

As a result, there has been a steady reduction in net outstanding interest-bearing debt, to ¥2,036.8 billion as of the end of March 2008 from ¥2,387.0 billion as of the end of June 2006, following the Vodafone acquisition.

Steady Growth in EBITDA, Large-scale Capital Expenditure Ended

The reason behind the decrease in net interest-bearing debt is linked to the development of the business, including the Mobile Communications business, thereby creating a strong source of cash flow. Consolidated EBITDA in fiscal 2008 totaled ¥626.6 billion, with a consolidated cash flow from operating activities of ¥158.2 billion, especially free cash flow*[1] at the Mobile Communications business has improved by ¥137.0 billion from fiscal 2007. This came with a background of growth in EBITDA from a net addition in subscribers on the one hand, and the end of large-scale capital expenditure for 3G base stations on the other hand. Free cash flow*[1] at businesses other than Mobile Communications improved by ¥168.3 billion from the previous year.

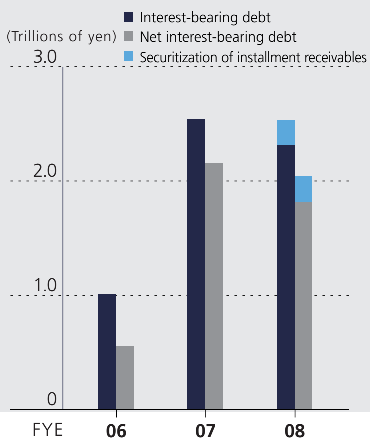
*1 A simple calculation is EBITDA minus capital expenditure.

Step Toward Improving Financial Base

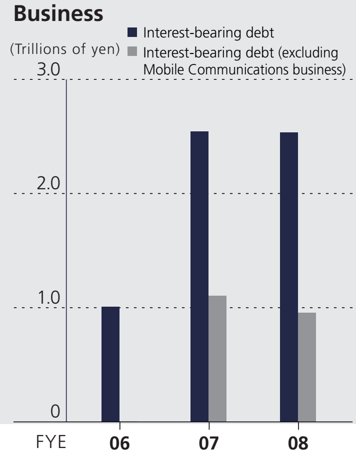
Financial indexes worsened as a result of the increase in interest-bearing debt associated with the Vodafone acquisition, but there has subsequently been a steady improvement from the solid performances at Mobile Communications and other businesses. Through accelerated debt repayment, the Company has entered a stage of balance between increasing corporate value and financial stability. When evaluating this balance, the financial indexes that we look at in particular are the shareholders' equity ratio, the interest-bearing debt/EBITDA multiple, and the debt/equity ratio. Compared with the end of fiscal 2007, the interest-bearing debt/EBITDA multiple as of March 31, 2008 improved to 4.0 from 4.8, and the debt/equity ratio improved to 6.6 from 9.0. There was also a solid rise in the shareholders' equity ratio, to 8.4% from 6.6%. Going forward, we will continue to monitor these financial indexes and pursue steady improvement, with the aim of raising the Company's credit rating.

The SOFTBANK Group's strength is in developing businesses very quickly, and our fundamental position of giving full support in terms of providing funds remains the same. We believe it is important to balance both continuous business growth with increasing financial stability. We will strive to raise earning strength at main businesses while keeping an eye on optimal leverage levels, in order to maximize corporate value through an improvement of the balance sheet.

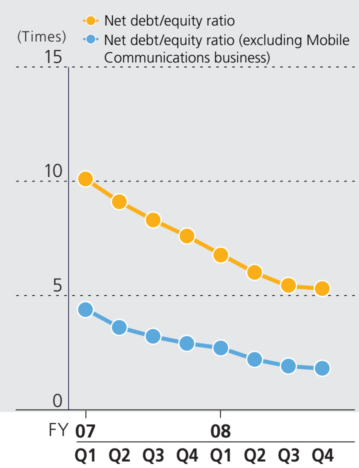
Interest-bearing Debt and Net Interest-bearing Debt



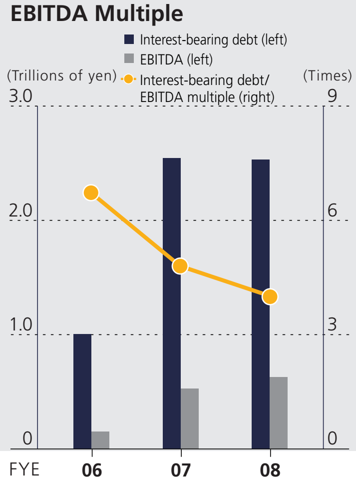
Interest-bearing Debt, Excluding Mobile Communications Business



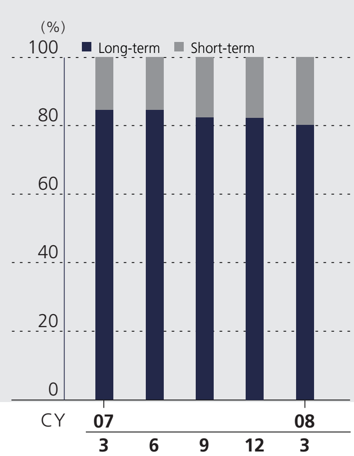
Net Debt/Equity Ratio



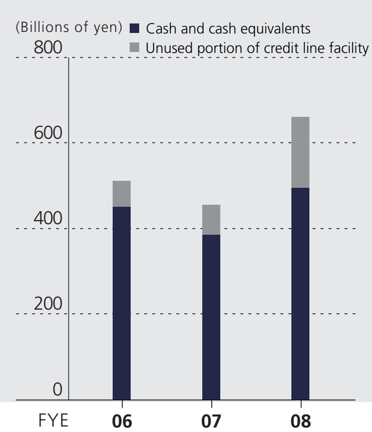
Interest-bearing Debt/ EBITDA Multiple



Long-term / Short-term Interest-bearing Debt Ratio



Cash Position



SOFTBANK's "Four Strengths"

Origin of Uniqueness

The SOFTBANK Group has a foundation that supports many competitive strengths beyond qualitative and quantitative information, such as growth strategies and numerical results, considered important for measuring growth.

This growth base is normally difficult to see, but in this section we highlight the four strengths of "Organization," "Branding," "Product and Service Development," and "Overseas Development."

Contents

I. Organizational Strength

The SOFTBANK Group has acquired a dominant presence in the areas of infrastructure, portal and search, and content and services over a short period of time, backed by the Group's "Organizational Strength" in quickly developing forward-looking strategies. By generating synergies across organizational divisions, the Group aims to grow even more rapidly.

Spectacular Results in a Short Period of Time

In just over four years since its commercial launch in 2001, the ADSL business, which provides *Yahoo! BB*, built a five-million-scale customer base and became a leader in Japan's broadband development. The Fixed-line Telecommunication business, which the Group entered in fiscal 2005 with the acquisition of JAPAN TELECOM Co., Ltd. (current SOFTBANK TELECOM Corp.; hereafter "SOFTBANK TELECOM"), launched the *OTOKU Line* direct connection fixed-line voice service in the same year. The number of lines installed reached 1.40 million by the end of fiscal 2008, and the business is both contributing to Group earnings and continuing to grow. Only two years after entering the Mobile Communications business with the acquisition of Vodafone K.K. (current SOFTBANK MOBILE Corp.; hereafter "SOFTBANK MOBILE") in fiscal 2007, this business ranked No. 1 in net subscriber additions in fiscal 2008. In addition to these infrastructure businesses, the SOFTBANK Group is establishing a solid position in many other fields including Internet portals and online games.

Product and Service Differentiation

Clear differentiation in products and services is at the core of the SOFTBANK Group's strategy. Using the Mobile Communications business as an example, the first step was to carry out market surveys and consumer interviews to identify latent needs not being addressed by existing operators. At the same time, the implementation staff at SOFTBANK MOBILE and other Group companies created a novel pricing structure, improved the functionality and increased variations of handsets, built an exclusive portal, and enhanced content and services – all within an extremely short period of time. In this way, SOFTBANK MOBILE succeeded in constructing differentiated products and services that other operators could not offer.

Marketing Strength

Marketing strength is of the utmost importance in making differentiated products and services appropriately appeal, and efficiently delivering them, to users. The key to success is to mutually utilize the operating bases across operating company lines within the SOFTBANK Group. By making maximum use of close relationships made as an IT distribution business with large-scale distribution channels, with mass appliance retailers at the core, SOFTBANK TELECOM's corporate customer base and opportunities for cross-selling with *Yahoo! BB* the SOFTBANK Group has built up an efficient, powerful marketing structure.

SOFTBANK MOBILE
Net Additions in Subscribers

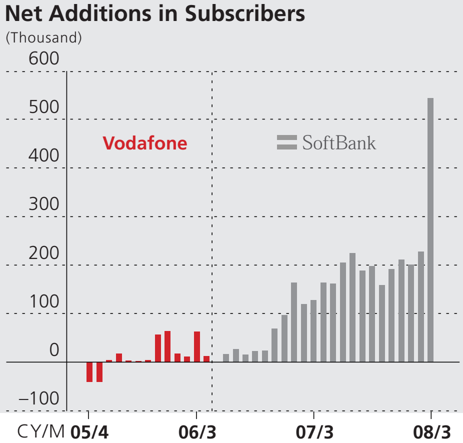


Image of Cross-selling at SoftBank Shop

Leveraging Human Potential

Individually drawing out important latent strengths, building a strong organization

Director, SOFTBANK CORP.

Ken Miyauchi

Joined SOFTBANK CORP. in 1984 from Japan Management Association. Subsequently oversaw IT products distribution business. Currently concurrent COO of SOFTBANK MOBILE, SOFTBANK BB and SOFTBANK TELECOM.

Why Focus Particularly on "Organizational Strength" Now

With more than 20 years of experience in leading the SOFTBANK Group marketing activities I am keenly aware that even the best strategies cannot be carried out with only a few quality leaders. The reason the Group has been able to grow through several major acquisitions is that it has created a strong, flexible organization in which all employees participate. This solid organizational strength is one of the SOFTBANK Group's biggest strengths, and I hope to enforce this further as the Group grows going forward.

Organization Based on "Team Play"

A team is the smallest unit within an organization, and energy will be generated if there is a strong "sense of awareness" and "unity," leading to a very strong organization. The three SOFTBANK telecommunications companies – SOFTBANK MOBILE, SOFTBANK BB and SOFTBANK TELECOM – have created Group synergies in marketing, administration, technology, customer service, and IT through team play that crosses across company lines.

Ensuring "Visibility"

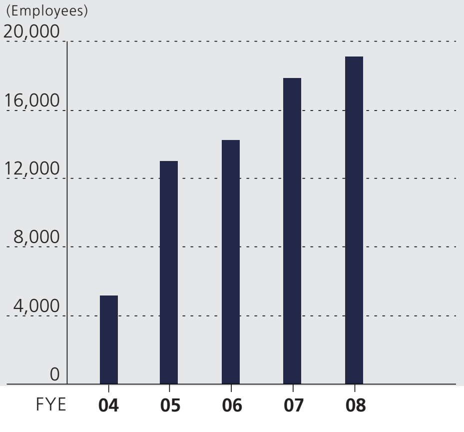
Along with clarifying "targets" and "instructions" set by management, an environment has been created in which each team can clearly understand what other teams are doing. By clarifying the organization's goals and each team's goals and progress, employees are more motivated and the organization is energized.

Issues and Strategies Going Forward

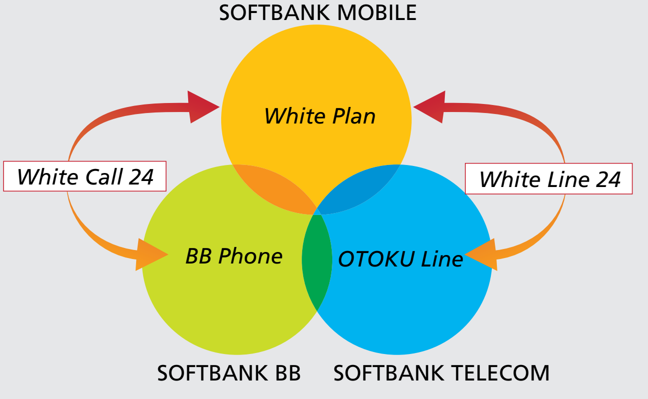
We will further accelerate the creation of Group synergies. In June 2008 we began accepting applications for the *White Call 24* and *White Line 24* services[1] that combine the Group's fixed-line telecommunications and mobile communications. We will continue to aggressively develop such revolutionary new services going forward and further expand the Group's customer base.

1 Services offering free calls with certain conditions between SOFTBANK Group fixed-line telephones and mobile phones.

Number of SOFTBANK Group Employees



Synergies Among Three Telecommunications Companies



II. Branding Strength

In just two years after fully entering the mobile communications market, SOFTBANK was No. 1 in net subscriber additions in fiscal 2008.
Records are being set in consumers' preference surveys and brand image surveys.
The SOFTBANK Group has efficiently created a successful brand image in a short period of time.

■ Rapid Rise in Brand Image

SOFTBANK ranked No. 1 in net mobile phone subscriber additions (new subscriptions minus cancellations) in fiscal 2008, and experienced a surge in SOFTBANK's brand image as a mobile phone operator (please refer to the table on the next page). The background behind this was not only attractive products and services, but also a communications strategy that swiftly and accurately conveyed that attractiveness to users. With its four-faceted approach including television commercials, store design, and both printed and online product catalogue, SOFTBANK MOBILE has effectively gained the support of users in a short period of time. Its television commercials have been particularly effective.

■ Contributing to Growth and Balance of the Customer Base

These types of strategy and concept differentiation and execution are making a major contribution to expanding SOFTBANK MOBILE's customer base and adding balance to its composition. For the first time in the history of the survey, SOFTBANK MOBILE won the "triple crown" of first place in the three categories of company, production and brand seven times during fiscal 2008 in a survey of consumers' preference in commercials (please refer to the table on the next page.) The popularity of SoftBank mobile phones is growing equally among all customer segments, from children to older users.

Images of SOFTBANK Mobile Phones' Appeal

1.

Cool Using a famous movie actress in its advertising, SOFTBANK MOBILE projects a cool brand image.

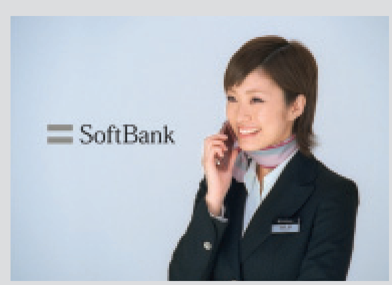
2.

Humor Humorous commercials with unexpected features accurately explain products and services, and are popular with viewers.

3.

Emotion Using emotional conversations and scenes between a parent and child or close friends, SOFTBANK MOBILE's ideals are conveyed, evoking a sense of empathy among viewers.

4.



Speed Conveying the highlights of new price plans and services promotes new subscriptions.

True Professionalism

Using the "real thing" to build the "best" brand in the "shortest time"

Corporate Officer, Deputy Unit Head of Marketing Division, SOFTBANK MOBILE Corp.

Tatsuro Kurisaka

Joined DENTSU INC. in 1983, and after being responsible for SOFTBANK Group overall CI production (including *Softbank Hawks*), joined SOFTBANK MOBILE in April 2006.

SOFTBANK's Uncompromising Attitude

Even after I moved to the SOFTBANK Group from DENTSU INC., it is this attitude of "doing everything without compromise," that I have always kept in mind. Normally, even among professionals, there will be some compromise in order to advance a project. In SOFTBANK there are no compromises, however, and there are always heated discussions taking place. SOFTBANK is uncompromising on the following three points in particular:

[Customer Perspective]

This is an element the SOFTBANK Group emphasizes enormously. Strategies are always formed, carried out and verified using objective rather than subjective data, for branding from a customer perspective. All marketing measures are conducted completely from the viewpoint of the customer, in every aspect including product commercialization and pricing structures, as well as communications. This is the driving force pushing SOFTBANK forward.

[Commitment to the Real Thing]

Even within its marketing measures, we first realize what users really desire in products, like inexpensive yet stylish, cool handsets, then demonstrate our commitment to the "real thing" when promoting. Commercial production staffs are the top in the industry, and advertising uses world-famous celebrities like Brad Pitt and Cameron Diaz, pursuing the "real thing" for maximum effect.

[Speed]

SOFTBANK values speed, whether for product commercialization, marketing campaign implementation, or communications. A timeframe of one month from the proposal to the broadcast of a television commercial is usually considered short. Nevertheless, on the launch of the AQUOS mobile phone, the first handset to be released following the acquisition of Vodafone K.K. by SOFTBANK in May 2006, only one week elapsed from the time the decision was made to produce a commercial until it was aired—world record speed.

Issues and Strategies Going Forward

Even though we have ranked No. 1 in consumers' preference in commercials, we are still not satisfied. We intend to further strengthen the brand by incorporating the following two issues in particular.

[Branding of mobile phone handsets]

We will emphasize branding that fully recognizes the special merits of individual handsets, represented by iPhone™ 3G.

[Integrated branding]

We will build a strong, integrated and consistent Group brand identity at SoftBank shops and in other retail marketing, and further strengthen cooperation with other SOFTBANK Group businesses.

Ranking of Increase in Brand Power (YoY)

Rank	Brand Name	Increase/ decrease
1	Nintendo	+13.5
2	**SOFTBANK MOBILE**	**+12.4**
3	NISSIN FOOD PRODUCTS	+10.5
4	UNIQLO	+8.4
5	Daimaru	+8.2

Source: Nikkei BP Consulting Inc.

7-time Winner of "Triple Crown" of Consumers' Preference in CM

	Company	Production	Name
August 2007	1st	1st	1st
September 2007	1st	1st	1st
October 2007	1st	1st	1st
November 2007	1st	1st	1st
December 2007	2nd	4th	2nd
January 2008	1st	1st	1st
February 2008	1st	1st	1st
March 2008	1st	1st	1st

Source: CM Databank

For more information → **SOFTBANK MOBILE commercial gallery** website

http://mb.softbank.jp/mb/campaign/3G/cm/

III. Product and Service Development Strength

The SOFTBANK Group has created a succession of new products and services from a customer oriented perspective by making maximum use of its "Internet expertise."
Along with its full-fledged entry into the mobile communications market the Group shook up the market: this led to major support from users.

Using the "Internet" to Create a Dominant Position

"Internet" has always been the key word behind the SOFTBANK Group's business successes to date. Both *Yahoo! Japan* and *Yahoo! BB* achieved dominant market shares with an unconventional customer focused free concept, which made it possible for users to easily use the convenience and unlimited possibilities of an open Internet.

Mobile Communications Business Concept also Focuses on the Internet

Following the full-fledged entry into the Mobile Communications business in 2006, the SOFTBANK Group has focused on the Internet from a customer standpoint, repeatedly breathing fresh air into a market that mainly provided operator-oriented services.

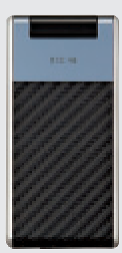
This involved developing handsets that had both functionality and a slim, fashionable design, and that made it easy to use the Internet. Service development has also made huge progress in making it more convenient to access the Internet from a mobile handset, with services like the *Yahoo! Keitai* portal exclusive for SoftBank mobile phones.

"Fun Summer" Theme for Summer 2008

A lineup of new models that are fun to use has been prepared for the 2008 summer shopping season, with the theme "Fun Summer." The 12 new models are all "*3G High Speed*" compatible and have the "*PC Site Browser*" function. In addition to optimal enjoyment of the mobile Internet, models with large screens are being introduced for watching One Seg broadcasts. The lineup is also being enhanced with models especially for women.

Summer 2008 Lineup Models

SoftBank 923SH
(Sharp, 5 color variations)
"AQUOS" Mobile with 5.2 megapixel camera, GPS, One Seg tuner and dictionary. Advanced TV functions including 16.77 million color display and "*Time shift playback*" while recording make it ideal for watching sports.



SoftBank 823T
(Toshiba, 4 color variations)
Both sides use materials with different feels depending on the color. One Seg brimming with luxury, using uncompromisingly designed keys emphasizing the three elements of ease of use – size, shape and touch.

Tropical
SoftBank 823P
(Panasonic Mobile Communications, 5 color variations)
Features a QVGA LCD and Wave-TileKey keypad for ease of use with long nails. Transparent, high-class design makes you want to carry it with you.

SoftBank 821N
(NEC, 5 color variations)
A thin 13.6mm body equipped with a 3.0-inch widescreen QVGA LCD. Light produced by 119 LEDs, thin One Seg with attractive colors for adult women.

PANTONE® SLIDE
SoftBank 825SH
(Sharp, 8 color variations)
The latest fashion item, in popular colors only available with PANTONE®. Fun to use, compact, full-sliding phone with "Motion Control."

Controlled Open Environment for Mobile

Turning all mobile phones into Internet Machines in an open environment

Senior Vice President, Product & Service Division, SOFTBANK MOBILE Corp.

Masanobu Yoshida

Former president of Handheld Computer Company; Senior General Manager, Semi-conductor Business Unit, System LSI Division at Sony Corporation. Joined SOFTBANK MOBILE in October 2007.

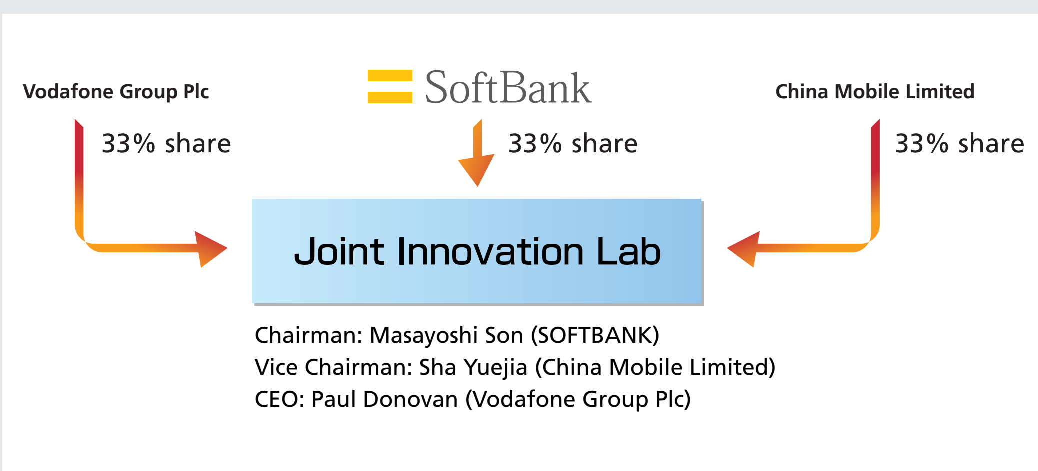
Joint Innovation Lab

In April 2008 an agreement was reached among SOFTBANK, China Mobile Limited and Vodafone Group Plc to establish the Joint Innovation Lab (hereafter "JIL") joint venture. The purpose of JIL is to advance the development of new technologies and applications to be used on mobile phone handsets. The first task will be to develop an environment for mobile widgets that are compatible with a variety of mobile phone platforms and operating systems, making it possible for software engineers to develop all kinds of novel widgets in an open environment. This will create opportunities for customers of not only SOFTBANK, but of all three companies, to enjoy new services and accelerate the shift in mobile phones to Internet Machines.

"Controlled Open"

With the Internet as its base, the SOFTBANK Group believes that the Internet should be an open market accessible to all players. We advocate a "controlled open" environment for the world of mobile phones, in which control by mobile phone operators is kept to an absolute minimum and the appropriate quality and rules that reflect the special features of the telecommunications business are maintained.

This way of thinking is spreading rapidly in the areas of handsets, application software and services and is obtaining much approval as being a progressive approach.



IV. Overseas Development Strength

The SOFTBANK Group's business domain is the Internet, which does not have national borders. Making use of its experience of leading Japan towards being the world's most advanced broadband country, SOFTBANK is aggressively developing overseas with Asia, and China in particular, as a base, through a strategy of win-win partnerships with leading companies.

Basic Stance is to Establish Win-win Relationships

The SOFTBANK Group develops its overseas businesses in various countries and regions through tie-ups with many quality companies pursuing Internet-related businesses with growth potential, rather than acquiring licenses and making huge initial investments on its own. The SOFTBANK Group provides these companies with the experience and technologies it has gained in Japan, and sometimes with capital as well. We can therefore expect a faster and more stable contribution to earnings than if we were to develop businesses on our own, and this leads to benefits for users in those countries and regions. The two ventures described below are representative of this type of win-win relationship.

Tie-up with Alibaba Group

Alibaba Group Holding Limited (hereafter "Alibaba Group"), a SOFTBANK affiliate, operates China's largest e-commerce business. The group encompasses Alibaba.com, a leading B2B e-commerce company; Taobao, the No. 1 consumer e-commerce player; and Alipay, the No. 1 online payment services provider. As of the end of March 2008, SOFTBANK's shareholding in the Alibaba Group corresponded to 32.1% of the voting rights.

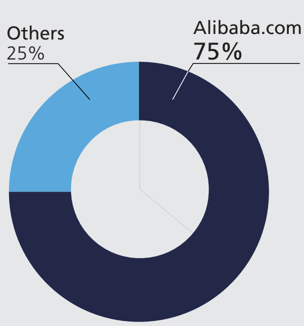
Alibaba Group subsidiary Alibaba.com Limited, which operates Alibaba.com, listed its shares on the Hong Kong Stock Exchange in November 2007, and this listing contributed significantly to a ¥57.2 billion equity in earnings of affiliated companies in fiscal 2008. In May 2008, SOFTBANK and Alibaba.com Limited jointly established Alibaba.com Japan Co., Ltd. (65% owned by SOFTBANK) to jointly further expand the B2B e-commerce business in Japan under the Alibaba brand.

Tie-up with Oak Pacific Interactive

In April 2008, SOFTBANK decided to take an equity stake in Oak Pacific Interactive (hereafter "OPI") of China.

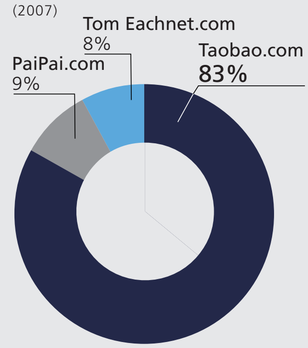
OPI operates Xiaonei.com, the SNS with a dominant No. 1 position in China with 25 million registered users (as of the end of April, 2008). The site has approximately 19 million active users, and further growth is expected going forward.

Alibaba.com's Revenues Share Among Selected Peers
(2007)



Source: Measured by Alibaba.com's revenue versus the aggregate of the revenues of Alibaba, Global Sources (online service division), Netsun and HC360 (search engine services). Exchange rate used is USD/RMB 7.61

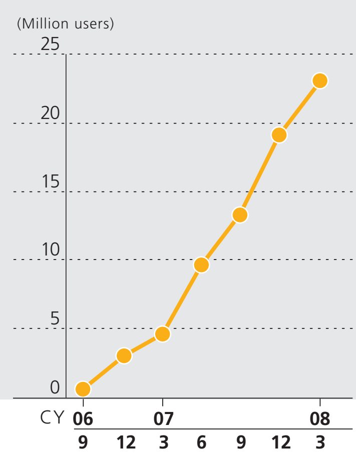
Taobao.com's GMV* Share Among Selected Peers
(2007)



Source: iResearch China Online Shopping Research Report 2007-2008

* GMV: Gross Merchandise Value

Xiaonei.com's Registered Users



Toward “No. 1 Internet Group in Asia”

Director, SOFTBANK CORP.
Yun Ma
Director, Chairman of the Board and CEO, Alibaba Group Holding Limited

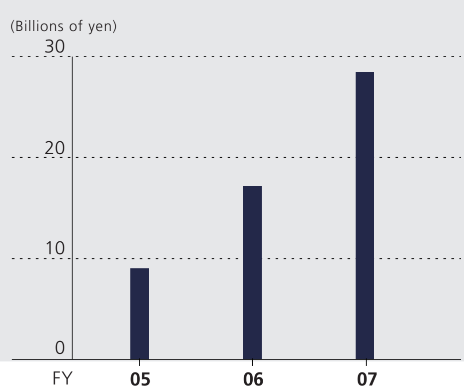
The close-knit relationship between Alibaba Group and the SOFTBANK Group dates back to the year 2000. Since then, SOFTBANK Group has been an important business partner in Asia. For example, when Alibaba Group launched the C2C e-commerce service Taobao, SOFTBANK Group became our joint venture partner and contributed its financial and other resources during the start-up and growth phases of Taobao. In 2008 SOFTBANK CORP. and Alibaba Group’s B2B e-commerce subsidiary, Alibaba.com Limited, established Alibaba.com Japan Co., Ltd., a joint venture through which we will jointly leverage the B2B e-commerce business model that we developed in China.

At the end of 2007 there were 210 million internet users in China, an increase of 53.3% from year 2006[1]. Because Internet user penetration in China is still at only 16% compared to a 60-70% penetration in the developed economies, we expect that the Chinese Internet market will continue to grow at an exciting rate. In this environment, Alibaba Group has well-positioned itself to capture the resulting business opportunities through e-commerce services such as Alibaba and Taobao, as well as online payment services provider Alipay and online software service Alisoft.

The SOFTBANK Group and Alibaba Group are both Internet companies representative of their respective countries that can still learn a lot from each other. SOFTBANK Group is our important business partner and I look forward to maintaining this special relationship in the future and working closely with SOFTBANK Group in its global expansion.

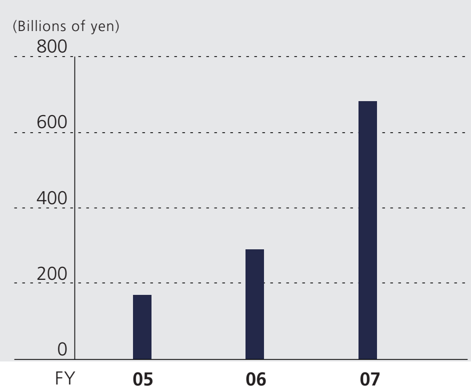
1 Source: CNNIC

Trends in Alibaba.com Revenue



Notes: Converted at ¥100.19 to U.S.$1.
Revenue for Alibaba.com is the reported revenue for years ended December 31.

Trends in Taobao.com GMV



Note: Converted at ¥100.19 to U.S.$1.

Many Colors ■■■ Individuality

Business Segments

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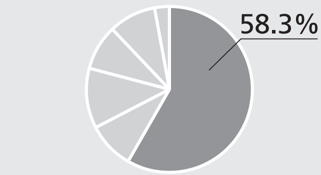
Business Segments

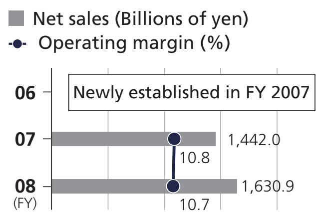
BUSINESS SEGMENT HIGHLIGHTS

In addition to the segments on this page, the Group's business segments include the Others segment (For details, please refer to pages 52–54).

Segment / Composition of Sales	Results	Core Companies / Main Other Operating Companies

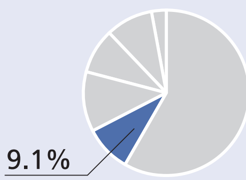
Mobile Communications

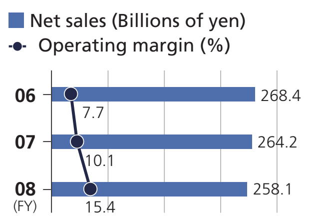




Core Company
SOFTBANK MOBILE Corp.

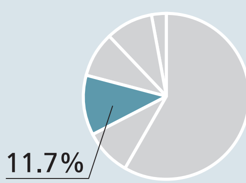
Broadband Infrastructure

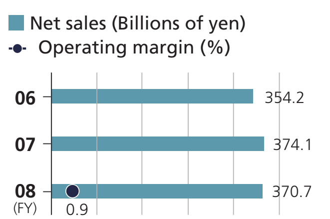




Core Company
SOFTBANK BB Corp.
Main Other Operating Company
BB Cable Corporation

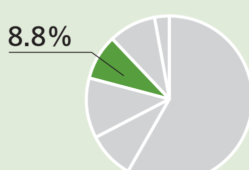
Fixed-line Telecommunications

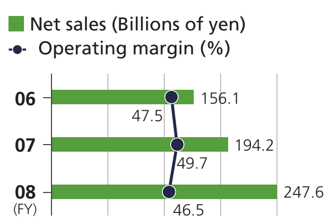




Core Company
SOFTBANK TELECOM Corp.
Main Other Operating Company
SOFTBANK IDC Corp.

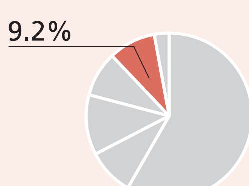
Internet Culture

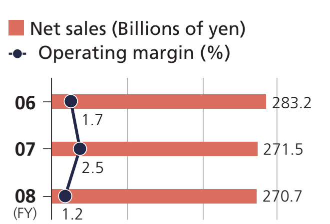




Core Company
Yahoo Japan Corporation

e-Commerce





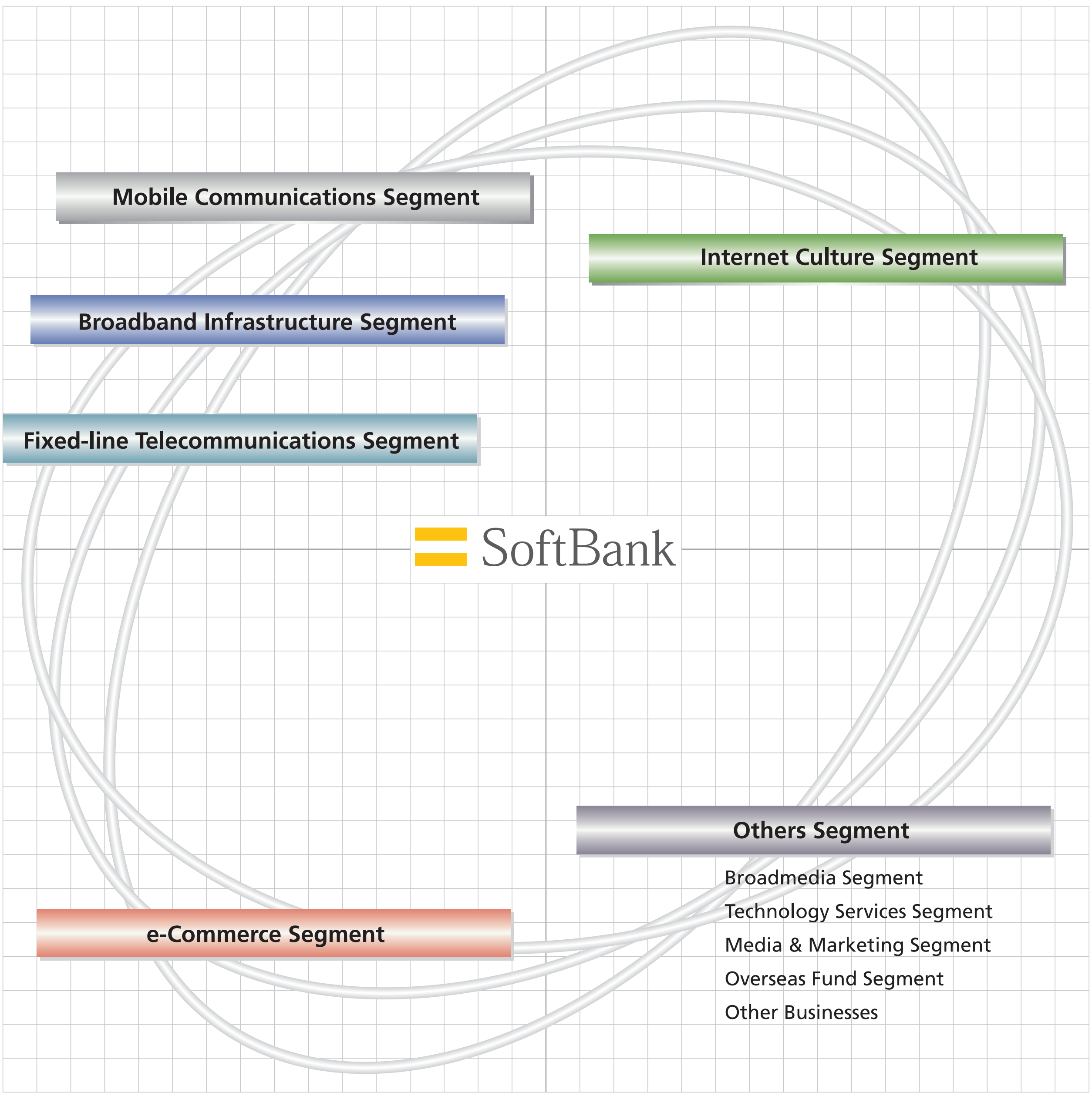
Core Company
SOFTBANK BB Corp.
Main Other Operating Companies
Vector Inc.
SOFTBANK Human Capital CORP.
Carview Corporation

Principal Business Activities	Competitive Environment and Group Positioning
• Mobile phone business • Operations related to mobile phone services, such as sales of mobile phone handsets	Acquired Vodafone K.K. and made full-fledged market entry in fiscal 2007. Ranked No. 3 in the industry, after NTT DoCoMo, Inc. and KDDI CORPORATION, however for the first time became No. 1 in net subscriber additions in fiscal 2008. Driving revolutionary progress in such areas as handset functionality and fashionableness, Internet accessibility, installment sales of handsets, and pricing.
• Broadband infrastructure business (ADSL, FTTH, IP telephony, wireless LAN) • Broadcasting and VOD services	Market leader, with shares of approximately 38% of installed DSL lines and approximately 20% of the entire broadband market. Also dominant position in IP telephony services. Recording growth by leveraging synergies among Group companies and enhancing the services and content provided over infrastructure, thereby raising the value of the infrastructure itself.
• Fixed-line telecommunications business (voice, data, leased lines) • Network integration business • Data center business	Have entered the fixed-line voice service market, which was previously monopolized by the NTT group, by offering new services with a focus on competitive pricing and transmission quality. In data transmission a leader in IP-VPN services, with a market share of around 20%. In the integration/outsourcing services market, differentiated operations by using the robust facilities and advanced network technologies cultivated as an iDC operator.
• Internet advertising business • e-commerce business • Membership service business	Leader in the Internet advertising industry. Dominant No. 1 comprehensive Internet site, which serves more than 1.4 billion page views a day. Also leader in e-commerce, especially in Internet auctions, with a dominant market share.
• Distribution of IT products (IT hardware and software) • ASP service business (security services, software services, etc.) • e-commerce related business	One of Japan's largest distributors of IT-related products, with a dominant No. 1 share in the distribution of PC software to mass appliance retailers. In e-commerce related operations, the *e-career* employment information site is one of the largest in Japan by volume of information, and the *carview* comprehensive car-related site is the largest in its field in Japan by page views.

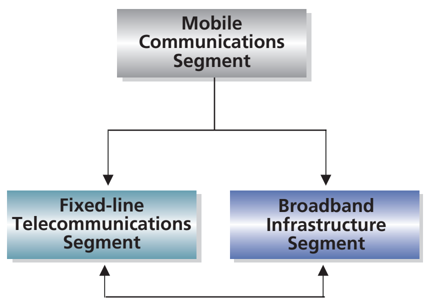
INTER-SEGMENT SYNERGY AT A GLANCE

The SOFTBANK Group is not only pursuing to establish No. 1 position in each of its business domains, but also intends to maximize synergies between all business segments. The Group is also aiming to seamlessly provide high-value-added, cost-effective services for anyone anywhere. The SOFTBANK Group is contributing to the creation of new life and work styles in the 21st century through business structures that meet the needs of the age, such as by integrating fixed-line and mobile communications and telecommunications and broadcasting businesses.

SOFTBANK Group

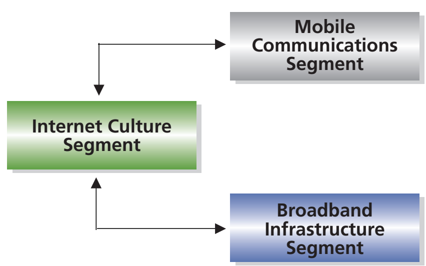


Related Business Segments | **Examples of Synergies**



■ **Mobile Communications Segment ⇔ Broadband Infrastructure Segment ⇔ Fixed-line Telecommunications Segment**

- Increasing sales and achieving cross sales through leveraging sales networks and customer bases
- Developing related services by utilizing customer bases
- Sharing networks
- Mutual use of human resources
- Integrating data centers
- Integrating billing systems



■ **Mobile Communications Segment ⇔ Internet Culture Segment**

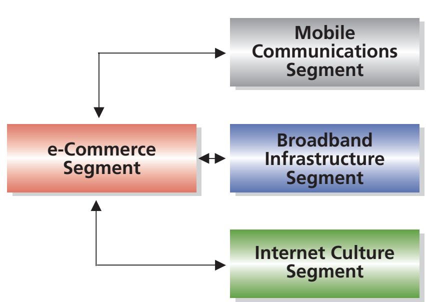
- Providing *Yahoo! Keitai* portal
- Expanding opportunities to acquire users and thereby increase ad revenues for *Yahoo! Japan*

■ **Internet Culture Segment ⇔ Broadband Infrastructure Segment**

- Capturing new *Yahoo! BB* subscribers via *Yahoo! Japan*

■ **Broadband Infrastructure Segment ⇔ Internet Culture Segment**

- Increased business opportunities for Yahoo Japan Corporation, accompanied by the penetration of broadband which *Yahoo! BB* has driven

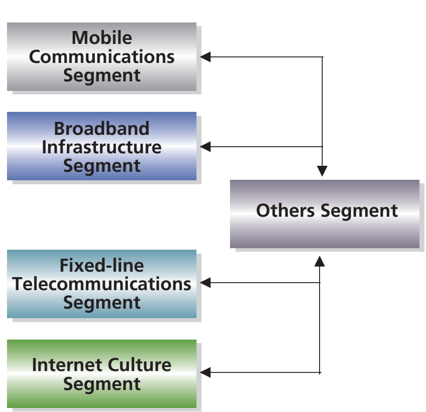


■ **e-Commerce Segment ⇒ Broadband Infrastructure Segment**
⇒ Internet Culture Segment

- User acquisition for *Yahoo! BB* and SoftBank mobile phones by leveraging sales and marketing channels of distribution business

■ **Broadband Infrastructure Segment**
Internet Culture Segment ⇒ e-Commerce Segment

- Increasing business opportunities in the distribution business by leveraging brand recognition of *Yahoo! BB* and *Yahoo! Japan*



■ **Media & Marketing Segment ⇒ Mobile Communications Segment**

- Planning and production of SoftBank mobile phone sales-promotion tools

■ **Media & Marketing Segment ⇒ Internet Culture Segment**

- Providing content, such as for *Yahoo! Games*

■ **Technology Services Segment ⇒ All segments**

- Creation of groupware

■ **Media Marketing Segment ⇒ All segments**

- Providing e-learning-related content

■ **Others Segment ⇒ All segments**

- Expanding businesses by leveraging name recognition of *Fukuoka Softbank Hawks*

Mobile Communications Segment

Principal Business Activities

- Mobile phone business
- Operations related to mobile phone services, such as sales of mobile phone handsets

TARGET

Leader of the "Internet Machine" Era

Mobile phones have changed from simple machines into daily requisites and are evolving from "voice machines" to "Internet Machines." The SOFTBANK Group is leading the way with advances in mobile phones, and aims to be the industry's No. 1 player within 10 years.

SEGMENT AND INDUSTRY INFORMATION

Invigorate Mobile Phone Industry

Following a period of limited expansion associated with market saturation, Japan's mobile phone market returned to a growth track from 2006. Triggered by the introduction of MNP (Mobile Number Portability), all mobile operators including SOFTBANK MOBILE Corp. (hereafter "SOFTBANK MOBILE"), the core company in the segment, strengthened their offerings in terms of price plans, handsets and content. In addition to creating demand from new users, attractive price plans have encouraged "demand for second handsets" among existing users.

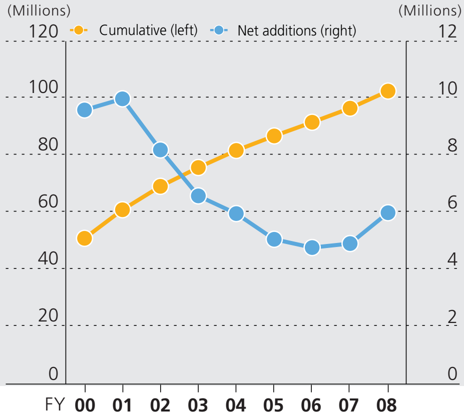
Corporate demand also continues to show solid growth. Mobile phones are becoming indispensable tools for efficient and economical communications and marketing activities, and are changing the way companies do business.

SOFTBANK MOBILE Leads the Industry

The SOFTBANK Group made its full-fledged entry into the mobile communications market with its acquisition of Vodafone K.K. (hereafter "Vodafone") in April 2006, and in October of that year Vodafone's name was changed to SOFTBANK MOBILE Corp. Since then, SOFTBANK MOBILE has been a pioneer in a variety of ways, winning over retail customers with attractive, easy-to-understand pricing, the industry's first installment sales method for mobile phone handsets, enhanced mobile content and services including the *Yahoo! Keitai* exclusive portal and the *Yahoo! Streaming* (beta) video service, and fashionable handsets tailored for the mobile Internet. Furthermore, in cooperation with SOFTBANK TELECOM Corp. (hereafter "SOFTBANK TELECOM"), SOFTBANK MOBILE has successfully expanded the corporate customer base. As a result, SOFTBANK MOBILE achieved the industry's highest monthly net additions in number of subscribers (new subscribers minus cancellations) for the 14 consecutive months from May 2007*1, and was No. 1 in net subscriber additions on a full-year basis for the first time in fiscal 2008*2.

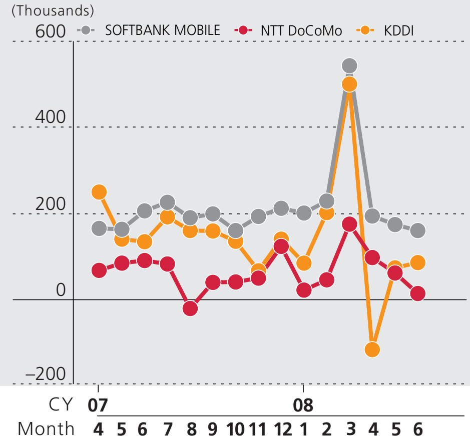
*1 As of end of June, 2008
*2 Source: Telecommunications Carriers Association

Start of Revitalization in Mobile Phone Industry
Number of Mobile Phone Subscribers



Source: Telecommunications Carriers Association

No. 1 in Net Addition in Subscribers for 14 Consecutive Months
Monthly Net Addition by Operator



BASIC STRATEGIES

<"4 Commitments" Marked Beginning of a New Stage>

Since the acquisition of Vodafone, the business has consistently operated under the following Four Commitments as its fundamental strategy. Immediately after the full-fledged entry into the mobile communications market, the Four Commitments were put in place to address weaknesses relative to competitors. Today, however, their role has changed to one of moving SOFTBANK MOBILE ahead of the competition, and already numerous successes have been achieved. These include having the highest number of net addition in subscribers in fiscal 2008, and the No. 1 ranking in customer satisfaction among customers who switched operators*3.

1. Sales Structure Enhancement

(1) Increase and enhance contact points with users

(Please refer to the Special Feature section on pages 26-27 for details)

SOFTBANK MOBILE is working to increase the number of contact points with users in order to raise the profile of SoftBank mobile phones and services. This includes aggressively generating exposure through advertising on television and the Internet, and in magazines and newspapers. The number of SoftBank shops has also been increased by 40% over the past two years, with a 90% increase in the number of counters in SoftBank shops. In addition, the business is also leveraging the comprehensive strength of the SOFTBANK Group by utilizing group resources including the ADSL business (*Yahoo! BB*), the Internet portal business (*Yahoo! Japan*), and the Fixed-line Telecommunications business' corporate customer base.

(2) Introduce attractive price plans

Following the introduction of the *White Plan* and *Double White* discount service in fiscal 2007, even more attractive plans targeting an even wider range of customers were introduced in fiscal 2008. The *White Plan Family Discount 24* offers free domestic calls between family members 24 hours a day with no additional fixed charge, and the *White Plan Student Discount**4 provides a discount to students, and both have proved popular with users. With the aim of strengthening the customer base further and raising the level of customer satisfaction even higher, the *White Call 24* and *White Line 24* discount services were introduced in June 2008, integrating SOFTBANK MOBILE's *White Plan* with the SOFTBANK Group's *BB Phone* and the *BB Phone hikari* IP telephony services and the fixed-line *OTOKU Line* service respectively, to provide free domestic calls 24 hours a day across these services.

2. 3G Handset Enhancement

(Please refer to the Special Feature section on pages 28-29 for details)

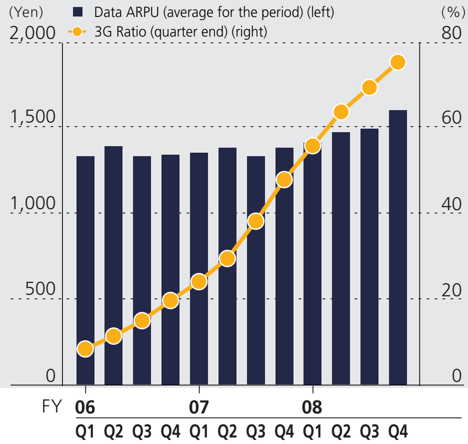
SOFTBANK MOBILE is striving to expand its new handset lineup and create new user needs by clearly identifying target groups, and introducing a variety of handsets that meet these needs in collaboration with popular artists and using popular characters. Spring 2008 models included the SoftBank 922SH Internet Machine, with one of the industry's largest screens at 3.5-inches and a full keyboard (please refer to TOPICS on page 41), and Summer 2008 models include the SoftBank 824SH, with an elegant, ultra-slim body of only 15.3mm that is also waterproof, a feature in great demand among women.

*3 Source: Brand Research Institute Inc., December 2007 survey

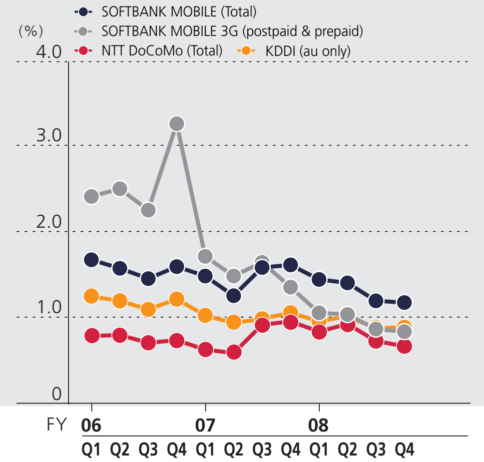
*4 New subscription applications will be accepted until Sept. 30, 2008 (as of end of June 2008)

MOBILE COMMUNICATIONS SEGMENT

Rise in Data ARPU Related to Increase in 3G Ratio



Dramatic Decline in Churn Rate: Churn Rate by Operator



3. 3G Network Enhancement

The number of 3G base stations has been increased significantly, to 51,320 as of the end of March 2008 from approximately 22,000 at the time of the Vodafone acquisition, and this network expansion has resulted in a significant improvement in the network experience for users. Going forward, SOFTBANK MOBILE will work to further raise the level of customer satisfaction by expanding both the area of coverage and "*3G High Speed*" compatible handsets in order to build an environment for data communications, while at the same time creating user demand by enhancing content.

4. Mobile Content Enhancement

SoftBank's *Yahoo! Keitai* exclusive mobile portal allows users to access the infinite world of the Internet, opening the door to the age of full-scale mobile Internet. *Wide comic*, introduced in February 2008, gives an even bigger impact to *E-Comics* with a wide-screen view.

The *PC Mail* service was launched in March 2008. This service allows users to automatically receive PC-based e-mail by account on their mobile, and to compose and send e-mail via those accounts.

The search function has also been enhanced to allow users to find the attractive, rich digital content – music, comics and games – they are looking for easily and quickly.

By enhancing a variety of rich content including news, games and music distribution, and building a data communication environment by expanding both the area of coverage for *3G High Speed* compatible handsets, SOFTBANK MOBILE is gaining the strong support of its customers and strengthening the customer base, this is expected to lead to an increase in data ARPU.

<SOFTBANK MOBILE's Target>

SOFTBANK MOBILE aims to pursue the Four Commitments through the introduction of attractive price plans, enhanced lineup of 3G handsets, the popularization of installment sales, network enhancement and content enrichment, in order to move well ahead of our competitors in terms of users' price satisfaction, while bringing about a recovery in intent to continue use and strengthening the brand. SOFTBANK MOBILE will pursue further SOFTBANK Group synergies going forward in terms of networks, marketing structure, customer base and content.

REVIEW OF FISCAL 2008 RESULTS

Segment net sales grew 13.1% year-on-year to ¥1,630.8 billion, leading to a large 12.1% year-on-year increase in operating income to ¥174.5 billion. In addition to reflecting a 12-month contribution from this year at SOFTBANK MOBILE, this came primarily from large growth in the number of handsets sold. The positive general reception of the Four Commitments listed in the BASIC STRATEGIES section resulted in an increase for the year of 2.68 million subscribers at SOFTBANK MOBILE, to 18.59 million. The 3G subscriber ratio also rose to 75.6%, an increase of 27.4 percentage points year-on-year. At the same time, there was a significant decline in the churn rate (fiscal 2008 full year converted on monthly basis), with the churn rate for 3G subscribers alone (excluding prepaid handsets) falling below the 1% level at 0.95%. With growth in the number of applications for the *White Plan* and the effect of the special discount for *New Super Bonus* subscribers, total ARPU (fiscal 2008 full year converted on monthly basis) declined to ¥4,650 from ¥5,510 in the previous year, but data ARPU rose ¥130 to ¥1,490.

TOPICS

SoftBank 922SH Internet Machine

The SOFTBANK Group is a pioneer in the age of FMC (fixed-mobile convergence), and in addition to increasing transmission speeds and enriching content, it is also developing cutting-edge handsets. In March 2008, SOFTBANK MOBILE released the SoftBank 922SH Internet Machine, dramatically raising the level of Internet accessibility that had previously been limited by functionality, operation and screen size. 922SH is SOFTBANK MOBILE's flagship model, equipped with the features outlined below and demonstrating SOFTBANK's view of what next-generation mobile phones will encompass.

1. Large LCD & Full Keyboard

A large LCD screen and full keyboard are major preconditions for fully enjoying the Internet. The main display uses a 3.5-inch full wide VGA LCD screen, one of the industry's largest, for optimal viewing of One Seg as well as the Internet. The keyboard achieves optimal ease of use for many users by not only incorporating a full QWERTY*[5] keyboard, the same as on a PC, but also leaves the *Y!* button and Mail button that users are accustomed to in place on existing SoftBank mobile phones.

2. Internet-friendly Functions

Functions have also been enhanced for ease of Internet use. Special keys make it possible to scroll and zoom in or out when viewing a web page, for smooth Internet operations. The device can also handle RSS feeds, allowing users to check blog updates and the latest news without connecting to a website, and *PC Mail* compatibility makes it possible to send and receive personal PC-based e-mail.

3. Compact and Stylish Design

922SH is exceptional in terms of design as well as functionality. Only 17mm thick with a polished, urban design, the handset is available in four color variations. In addition, a sensor key and OELD Sub Display allow the user to check new e-mail or easily receive a voice call without opening the cover.

*5 The common key arrangement on keyboard of PCs etc., referring to the first six letters from the left in the second row of keys.

Broadband Infrastructure Segment

Principal Business Activities

- Broadband infrastructure business (ADSL, FTTH, IP telephony, wireless LAN)
- Broadcasting and VOD services

TARGET

Lateral Efficiency

The segment is moving beyond the boundaries of the traditional fixed-line broadband service, working to maximize customer satisfaction by providing users with high-value-added services at competitive prices. These services include providing content, and broadband services that are integrated with mobile telecommunications.

SEGMENT AND INDUSTRY INFORMATION

Pioneer in the Spread of Broadband

Yahoo! BB ADSL was Japan's first full-scale comprehensive broadband service. In the four years since its commercial launch, the service has acquired a five-million-scale of installed lines and has played a major role in establishing Japan as a leading broadband country.

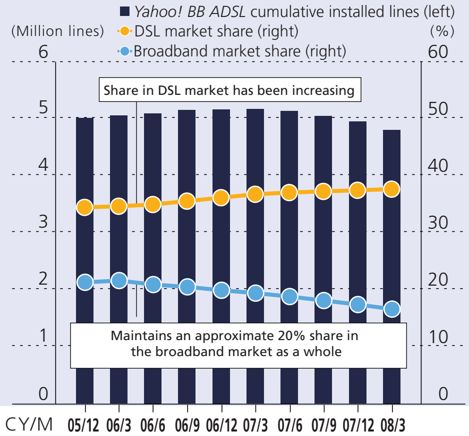
DSL and FTTH

As of the end of fiscal 2007, DSL made up 44.2% of Japan's broadband connections, and FTTH accounted for 42.3%. FTTH have rapidly gained a high profile in recent years for their fast connection speeds, but the average monthly price level for that service is in the roughly ¥7,000 range. This is still significantly higher than DSL's approximately ¥4,000/month. DSL has transmission speeds that are fully capable of handling music, video, and other rich content that exists today, and remains highly competitive in terms of cost performance.

Pursuing Flexible Strategy in Tune with Trends in Demand

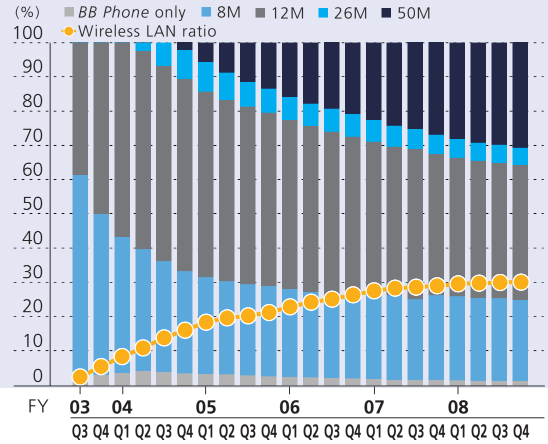
Given this situation, SOFTBANK BB Corp. (hereafter "SOFTBANK BB") is pursuing a flexible strategy in tune with trends in actual demand. The competitiveness of the ADSL service is being enhanced through packaging with services like the *BB Phone* IP telephony service and wireless LAN. *Yahoo! BB ADSL*'s share of the DSL service market rose to 37.8% as of the end of fiscal 2007 from 36.9% at the end of fiscal 2006. SOFTBANK BB also began offering the *Yahoo! BB hikari* FTTH service in 2004, but has not pursued any other major operational developments as a fair competitive environment has yet to be established. In the meantime, efforts are being made with NTT East, NTT West and the Ministry of Internal Affairs and Communications to create an environment of fair competition. However, the charging method of fiber-optic line connection per one branch terminal, which SOFTBANK Group has requested, remains unapproved, while the revisions to optical fiber leasing rates approved in June 2008 represent reductions of only approximately 9% for NTT East and 3% for NTT West. We will continue to work with NTT East and West and the MIC, while at the same time prepare for the full-scale arrival of the FTTH age.

***Yahoo! BB* Continues to be Highly Competitive**



Source: Ministry of Internal Affairs and Communications

Continuous Rise in Portion of High-speed Services and Wireless LAN



BASIC STRATEGIES

SOFTBANK BB has a two-pronged strategy based on the maximum utilization of the SOFTBANK Group's broad range of business bases, "from fixed-line to mobile" and "from infrastructure to content and services." The two prongs are (1) to further combine and integrate services, and at the same time (2) expand sales opportunities with integrated sales and operations management while also enhancing cost competitiveness.

Adding Value by Combining and Integrating Services

In cooperation with the Mobile Communications business, SOFTBANK BB began accepting applications in June 2008 for *White Call 24*, a service that offers free domestic voice calls 24 hours a day between *BB Phone* telephones and SoftBank mobile phones *(White Plan).* (Please refer to "TOPICS" below.) In addition, the variety of content and services developed throughout the group, including the web security service *BB Security* and *BBTV*, the broadband broadcasting service that offers multichannel broadcasting and VOD, are contributing to the retention and growth in the number of *Yahoo! BB* installed lines.

Enhancing Competitiveness by Integrating Sales and Operations Management

The segment is aggressively pursuing cross-sales between the sales channels used for *Yahoo! BB* and SoftBank mobile phones. In terms of operations management, the three telecommunications companies of the Group are integrating their call centers, backbone networks and billing systems, and this is enhancing cost competitiveness.

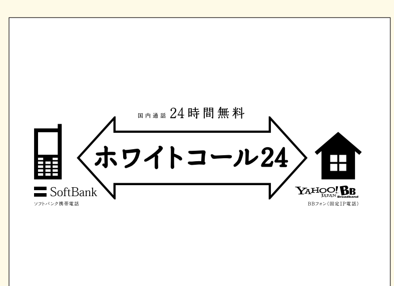
REVIEW OF FISCAL 2008 RESULTS

Segment net sales totaled ¥258.1 billion, which was ¥6.2 billion less year-on-year, but with a large rise in the segment operating margin – by 5.3 percentage points year-on-year to 15.4% – operating income rose 48.1% to ¥39.7 billion. The segment enjoyed a major benefit of being one of the antecessors as an ADSL operator, in the form of a large reduction in depreciation expenses. The emergence of a range of cost synergies across segments in terms of networks, staffing and organization, discussed above under "BASIC STRATEGIES" also contributed to the continued trend of profit growth.

TOPICS

White Call 24

White Call 24 is a service that provides free domestic voice calls 24 hours a day between *BB Phone* and SoftBank mobile phones (*White Plan*). The service began operating on a trial basis in January 2008, and has been well received by users. Applications for this service have been accepted nationwide since June and it has been successful in attracting new customers for both *Yahoo! BB* and SoftBank mobile phones.



Fixed-line Telecommunications Segment

Principal Business Activities

- Fixed-line telecommunications business (voice, data, leased lines)
- Network integration business
- Data center business

TARGET

Optimal ICT Networking

The segment is playing a major role in helping companies realize their full business potential, by building optimal ICT (Information and Communication Technology) networks for the emerging age of Fixed-mobile Convergence with greater "economy and efficiency."

SEGMENT AND INDUSTRY INFORMATION

Focusing on Growth Markets

The Fixed-line Telecommunications business covers a broad range of fields, and is experiencing technological innovation and changing needs, including shifts from "analog to digital" and "narrowband to broadband." At the same time, some markets are becoming obsolete, and markets that are poised for growth are taking their place. The segment focuses on growth markets, with "swift decision-making and execution" and "sophisticated technologies and solutions" as its competitive edge.

Direct Connection Fixed-line Voice Service*1 (voice) and Ethernet Access Lines (data)

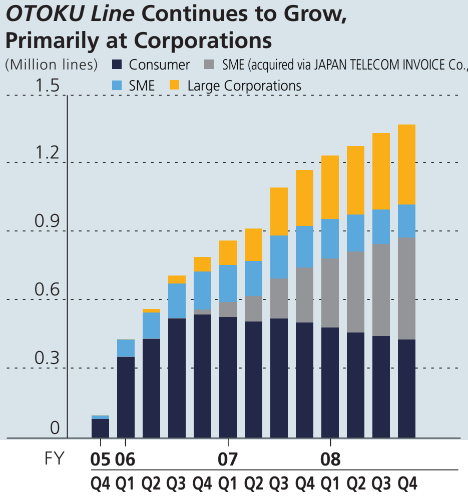
The market for voice services continues to experience a decline in the number of NTT fixed-line telephone subscribers, but the number of lines installed for direct connection fixed-line voice services provided by carriers other than the NTT group at competitive prices has multiplied by a factor of more than 10 over the past four years. SOFTBANK TELECOM, the core company in this segment, provides this service under the name *OTOKU Line*, and is differentiating itself from other companies by primarily targeting corporate users.

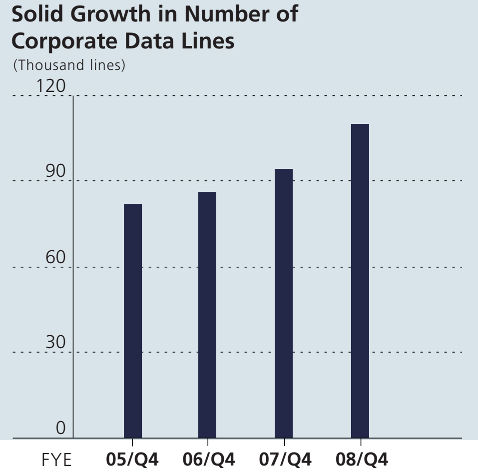
The corporate data transmission market is seeing traditional dedicated lines being increasingly replaced by more cost effective services like IP-VPN and wide-area Ethernet. Against this backdrop, SOFTBANK TELECOM is developing *Ether Connect* fiber-optic broadband access lines, and achieving low prices and high cost performance by utilizing the facilities and technologies created for *OTOKU Line*.

*1 This service uses leased NTT copper lines (dry copper) via a direct connection to the user's home, without using NTT's switching equipment.

Value-added Services

This segment provides outsourcing services such as data center and management and operation services utilizing SOFTBANK TELECOM Operation Center (STOC). The segment is also differentiating itself from competitors with integrated services that combine applications like security, verification and billing with traditional ICT platform services.





BASIC STRATEGIES

Further Expansion of *OTOKU Line* for Corporations

OTOKU Line is positioned as a primary business in the segment's voice services business and sales are growing, with corporations as the main sales target because of the relatively higher ARPU that they generate. The basic business model is to maximize marketing efficiency through direct sales to large corporations, while using sales agents for sales to small and medium-sized companies.

Increased Data Service Sales to Corporations

With *Ether Connect* as the main product, the business is steadily expanding its service area, which has roughly quadrupled over the past two years. The customer base is also expanding from urban areas to other areas, with the number of lines in place increasing roughly threefold over the past two years.

Further Differentiation in Customer Solutions Through Mobile Solutions

In addition to the consumer market, Fixed-mobile Convergence is also taking root in corporate activities. SOFTBANK TELECOM is quickly and accurately addressing customer needs by packaging mobile services with *OTOKU Line* and *Ether Connect*, to proactively offer cost-efficient network architecture solutions. In particular, by combining Group resources in the form of the price competitiveness, functionality and value-added services of SoftBank mobile phones, SBTM is able to further bolster its ability to provide superior solutions.

REVIEW OF FISCAL 2008 RESULTS

Segment net sales declined 0.9% year-on-year to ¥370.7 billion, but the segment operating income marked a significant improvement – to ¥3.3 billion from a ¥2.9 billion loss in fiscal 2007. The main factors behind this improvement were (1) a higher proportion of sales to corporations, which represent relatively higher ARPU and more favorable marketing efficiency, and (2) the successful achievement of group synergies in marketing activities and capital investment (particularly through the joint use of networks). The cumulative number of lines installed for *OTOKU Line* as of the fiscal year end stood at approximately 1.40 million, an approximate 15% increase over the course of the year, and the portion of lines representing corporate customers rose to approximately 70%. The number of corporate data lines also grew, by 17% to approximately 110,000.

TOPICS

New Tokyo No. 4 Data Center Built

SOFTBANK TELECOM's Tokyo No. 4 Data Center commenced operations in July 2008. The approximately 20,000 square meter urban facility is located less than 30 minutes from Tokyo Station, in a safe location that has been rated AAA in terms of earthquake danger*2. SOFTBANK TELECOM's data center operations are not limited to simply backing up companies' customer data, as they are able to offer seamless, high-value-added services including direct connections to closed networks like SOFTBANK TELECOM's IP-VPN and Ethernet, and a variety of platform services. SOFTBANK TELECOM expects the opening of this new data center to further enhance SOFTBANK TELECOM's competitive position.


Tokyo No. 4 Data Center
(Koto Ward, Tokyo)

*2 Bureau of Urban Development, Tokyo Metropolitan Government earthquake danger rating.

Internet Culture Segment

Principal Business Activities

- Internet advertising business
- e-commerce business
- Membership service business

TARGET

Prosperous Partnership

In addition to further strengthening its business base as the No. 1 comprehensive Internet service, the segment is working to fuse the operating bases of its unique businesses with those of partners to achieve an even higher level of growth.

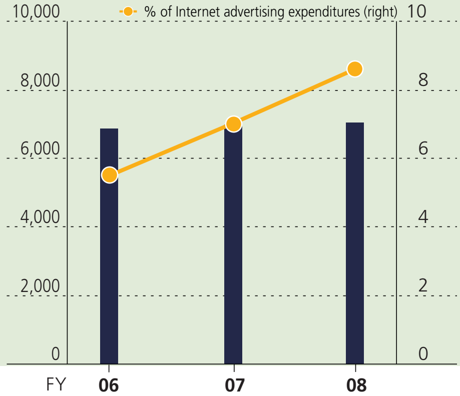
SEGMENT AND INDUSTRY INFORMATION

The segment's core company is Yahoo Japan Corporation (hereafter "Yahoo Japan"), operator of *Yahoo! JAPAN*, which has built up a position as Japan's No. 1 portal in terms of both the number of unique users and monthly page views per user. Besides its robust brand strength, the portal plays a major role in keeping Yahoo Japan ahead of the competition through differentiation in e-commerce-related areas including auctions and a wide range of value-added services for individuals and corporations.

The Internet services industry has benefited from the increase in the number of Internet – and broadband in particular – service users, but growth is not uniform at all industry players. In addition to the degree to which they are able to differentiate the content and services they provide, the success or failure of industry players going forward will be determined by (1) growth in the number of terminals using the Internet (mobile phones, home appliances, etc.), and (2) the degree to which they are able to swiftly and accurately capture the tide of expansion in the ways the Internet is used. In recent years this has been led by user-generated content and the creation of virtual communities through blogs, SNS, etc.

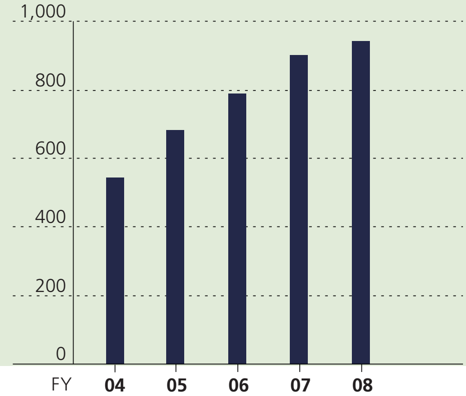
The segment has two main earnings sources – "advertising revenue" that derives from the portal's drawing strength, and "fee-based revenue" from certain content and services. Although Japan's overall advertising market has recently seen sluggish growth, the Internet advertising market continues to grow at a rapid pace. By advertising media, Internet advertising has yet to account for 10% of all advertising and continues to hold major growth potential. The e-commerce market, including Internet-based auctions and shopping, also continues to show high growth.

Rapid Growth of Internet Advertising Market Continues



Source: DENTSU INC.

Continued High Growth in Yahoo Japan's e-commerce Transaction Volume



BASIC STRATEGIES

Yahoo Japan is pursuing a twin-pronged strategy to achieve even higher growth.

1. More Active Use of *Yahoo! JAPAN*

Yahoo! Everywhere

The range of terminals that use the Internet has spread beyond PCs to encompass mobile phones, game consoles, televisions and car navigation systems. Yahoo Japan has therefore been promoting the use of its unique services "anytime, anywhere."

Taking the example of mobile phones, a mobile version of *Yahoo! JAPAN* has been available to users of all mobile operators for some time. Building on this, *Yahoo! Keitai* was introduced for SoftBank mobile phones in October 2006, enabling these users to access a rich variety of Internet content and services by simply pressing the *Y!* button on their mobile phone. Since then, a succession of new services and functions has continuously been added, by closely tracking what mobile users are looking for in terms of convenient services. Yahoo Japan has begun providing a variety of Internet search, news, mapping and other services for game consoles including Nintendo Co., Ltd.'s *Wii*® and Sony Corporation's *PSP*®, television applications like Sharp's *Internet AQUOS* and *AppliCast* for Sony's BRAVIA line, and car navigation systems like Nissan Motor Co. Ltd.'s *Carwings*.

Enrichment of local/living information and address move toward social media

Yahoo Japan is increasing the added-value of information through the "fusion of media-generated content and user-generated content" and the "organic linking of head content with tail content." This is the strength of *Yahoo! JAPAN* that other, primarily user-generated sites, do not have. For example, the *Yahoo! Gourmet* dining information site has further enhanced its regional restaurant information through cooperation with business partners. Further value is added to the information provided by posting users' comments and impressions of those restaurants, raising the level of customer satisfaction.

2. Expansion of Business Opportunities through Pursuit of Open Partnership Policy

By forming partnerships with other websites, *Yahoo! JAPAN* is aiming to direct traffic to other sites as a way of increasing overall network use, including those sites.

The strategy of further strengthening *Yahoo! JAPAN*'s position as the No. 1 portal outlined above is an extension of the growth strategy that Yahoo Japan has pursued since its inception, while the creation of new business opportunities through tie-ups with operators of other websites is a new strategy that was launched in 2007.

In addition to receiving traffic directed from the No. 1 portal *Yahoo! JAPAN*, partners are able to utilize tools like *Yahoo! JAPAN* ID and transaction settlement tools including *Yahoo! Wallet*. By cooperating with a large number of sites, even if their individual page view numbers are small, Yahoo Japan's business opportunities for advertising distribution are significantly increased, creating Win-Win relationships.

Based on this concept, Yahoo Japan made Overture K.K. (hereafter "Overture"), Japan's largest paid listing advertising company, a consolidated subsidiary in September 2007. This arrangement provides earnings opportunities to Overture's partners through Yahoo Japan's sales of display advertising, and to Yahoo Japan's partners through Overture's paid listing advertising. The two companies are also working to create synergies through packaged sales of both products to advertisers.

Yahoo Japan is also Japan's largest Internet auction company, and has begun exploring an operational tie-up with eBay Inc., the largest Internet auction company in the U.S. Preparations are being made in stages with the ultimate goal of cross-border trading in which both companies mutually offer products to users in both countries.

Based on the concepts of "Yahoo! Everywhere," "Enrichment of Local/Living Area Information," "Social Media," and "Open Partnership Policy" outlined in this section, the *Yahoo! JAPAN* top page was completely renewed on January 1, 2008. This has resulted in a continuous, steady increase in page views, and significantly raised the level of recognition by advertisers and advertising companies of products advertised on the new home page.

REVIEW OF FISCAL 2008 RESULTS

Segment net sales rose 27.5% year-on-year to ¥247.6 billion, and operating income grew 19.4% year-on-year to ¥115.2 billion.

Advertising sales (which account for 50% of sales) at Yahoo Japan showed high growth in particular, with a 47% year-on-year increase. Along with the impact of the addition of Overture to the scope of consolidation, the impressive *Prime Display*, introduced as a main product in October of 2007, was favorably received. There was also a positive effect from the introduction of a new system for paid listing advertising that enables a new listing order and increases profitability by taking into account both a quality index and the bidding price. Business service sales also showed 20% growth year-on-year. There was a large increase in the number of properties listed on *Yahoo! Real Estate*, and tenant fees and sales commissions from *Yahoo! Shopping* and *Yahoo! Auctions* were solid as well. On the other hand, sales of personal services declined by 3% year-on-year, the result of a larger portion of sales coming from B2C auctions and from measures to prevent sales of counterfeit goods.

TOPICS

Contextual Advertising

Contextual advertising is not simply tied to search terms, but also displays appropriate advertising based on the "substance" and "content" of the website, making it very effective for advertisers. Site owners are paid based on the number of clicks, and the size of this market is expected to rapidly grow to the same scale as paid listing advertising in the future. Yahoo Japan has also begun work to make contextual advertising solidly profitable. Specifically, the consolidated subsidiary Overture is working to increase sales of contextual advertising, and with the acquisition of Brainer.jp. (hereafter "Brainer") in August 2007 and merger in April 2008, the business is being further strengthened. Brainer has highly sophisticated technology to distribute ads that match with the content of the web page. By integrating Brainer's technology with Yahoo Japan's, contextual advertising is being developed as a third major advertising product at Yahoo Japan, and is expected to make a major contribution to the business.

Yahoo! JAPAN Top Page Completely Renewed!

The new *Yahoo! JAPAN* top page was launched on January 1, 2008. It was the first complete renewal since the service began in 1996, with an aim to create a top page that precisely meet the user needs and will encourage them to visit the page many times a day. Yahoo Japan will pursue the concepts of "Yahoo! Everywhere," "Enrichment of Local/Living Area Information," "Social Media," and "Open Partnership Policy."

Look it up here

Easier to use, with a larger search window. In addition to website searches, you can search by category — image, dictionary, maps, etc. — making it easier to find the information you want.

Larger ad space for more effective advertising

With a larger advertising space, it is possible to show larger, more visually effective video ads.

Yahoo! services lineup

Popular services are highlighted at the top. Other services can be found in the list. By registering your favorites, up to ten can be permanently displayed

Check the latest news

In addition to major news topics, you can check the news you want by category – "Business," "Entertainment," "Sports," or "Others."

Indispensable daily information, all in one place

Useful daily information, all in one place – check your e-mail, today's schedule, weather forecast, horoscope, etc.

Local information is here

Indicate your location for local information, including events and coupons for local shops.

Large collection of popular products

Introducing recommended products available over the Internet – shopping and auction, travel, tickets, etc.

Word-of-mouth information, submitted items

Hot information submitted by users.

e-Commerce Segment

Principal Business Activities

- Distribution of IT-related products (hardware and software)
- ASP service business (security services, software services, etc.)
- e-commerce related business

TARGET

IT Distribution Innovation

The segment is leading the way to create new formats for IT distribution, by quickly addressing changes in the market structure like Software as a Service (SaaS) and mobile broadband.

SEGMENT AND INDUSTRY INFORMATION

Although corporate and consumer spending on IT equipment and software continues to grow, vendors are also increasingly moving to direct sales, and competition in the IT distribution industry is intensifying.

Changes in Distribution Formats

User needs in terms of the format and role of distribution services are undergoing drastic changes. For example, instead of purchasing software from a vendor, recent years have seen a rapid increase in demand for new services like ASP (Application Service Provider) and SaaS (Software As a Service), which allows users to access the necessary applications via the Internet.

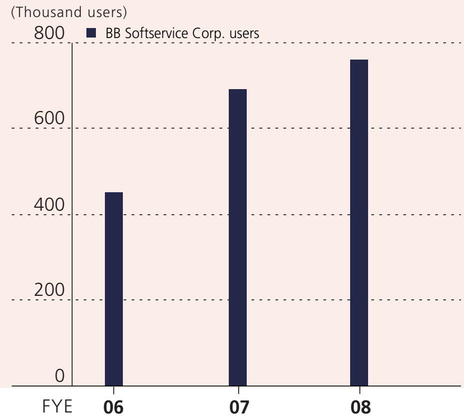
Importance of Addressing New Business Opportunities and Ability to Provide Comprehensive Solutions

Access points for broadband services are moving from PCs to mobile phones and a wide range of other devices, and this is creating new types of IT product distribution. The survival of industry players will depend on whether they are able to quickly seize the new opportunities this presents, and whether they have the ability to provide users with comprehensive solutions that offer optimal combinations using the many, diverse types of IT equipment and software available.

The Strengths of "Scale" and "Being First in Providing Value-added Services"

SOFTBANK Group's IT distribution business enjoys benefits of scale, with a sales network and product lineup that surpass those of other companies and a position as a major independent distributor. The Group is an industry leader in providing high-value-added services like comprehensive solutions and information infrastructures like *IT-Exchange*, one of Japan's largest B2B portal for IT products. The Group was also one of the first to launch SaaS businesses, with *BB Security* and *BB Soft*.

Growth in the Number of *BB Soft* Users



The *SoftBank SELECTION* Launched to Sell Mobile Phone-related Supplies

http://softbankselection.jp/

BASIC STRATEGIES

Growth in Mobile Phone-related Businesses

Through its sales of mobile phone handsets and related equipment, the segment is steadily seizing the new opportunities in IT product distribution that are emerging from the arrival of an age of full-fledged mobile Internet. For instance, with the sharp rise in the number of new SOFTBANK MOBILE subscribers, the segment is utilizing existing sales channels to provide one-stop shopping for not only SOFTBANK mobile phones, but also for peripheral equipment and software.

Further, the new brand *SoftBank SELECTION* was launched and started sale of a range of products, including mobile phone-related supplies and peripherals, contributing to increased convenience for mobile phone users.

Growth in the SaaS Business and Other Solutions Targeting Corporations

Building on the success of *BB Security* and *BB Soft*, the SaaS business is positioned to generate growth with corporate customers. For example, *TEKI-PAKI* the ASP service for corporate customers gives users access to a variety of business applications for low monthly fees, without the need for huge upfront investments. In addition, the segment is working to expand sales in Japan of products including the new solution service *Microsoft®SoftGrid®*, which provides users with greater economy and convenience through network distribution of virtual applications, and *Salesforce®*, an on-demand Customer Relationship Management (CRM) application.

REVIEW OF FISCAL 2008 RESULTS

Segment sales decreased 0.3% year-on-year to ¥270.7 billion. In addition to growth in sales of servers and other hardware, the highly expected solutions business recorded high growth of almost 20% year-on-year. At the same time, however, sale to mass appliance retailers were sluggish. There was a decline of 52.8% year-on-year in operating income. Along with relatively high-margin software accounting for a smaller portion of sales, initial investment for the launch of the SaaS businesses for corporations and mobile phone-related business grew, and these were the primary factors behind the decline.

TOPICS

CACHATTO for SoftBank

The *CACHATTO* mobile solutions service for corporations, developed by e-Jan Net., was enhanced for SOFTBANK mobile phones and made available from March 2008. This service contributes to corporate economy and efficiency by allowing users to remotely access the company's internal e-mail and schedule management systems using their mobile phones. In addition to having a lower price than the standard *CACHATTO* service, security is significantly improved with functions linked to *S! Appli**[1].

*1 A Java™ application and service provided by SOFTBANK MOBILE that can run on certain *Yahoo! Keitai* compatible handsets.

Broadmedia Segment

Principal Business Activities

- Game-on-demand business
- CDN business
- Media content business

TARGET

Extensive Broadband Domain

The segment is aiming for accelerated growth under a new business model that greatly expands on traditional fields of business. This includes: (1) Creating new areas of business like VOD prior to DVD sales; (2) Strengthening business tie-ups with overseas partners, particularly in Asia and the U.S.; and (3) Developing new video distribution services for mobile devices.

SEGMENT AND INDUSTRY INFORMATION

The video content market is experiencing sluggish growth in the areas of television broadcasting and movie box office receipts. On the other hand, with the development of advertising-based models and advances in mobile handsets, broadband distribution is becoming increasingly active. Broadmedia Corporation*1 (hereafter "Broadmedia"), the core company in the segment, is a content company with technological platforms including (1) *Broadmedia® CDN**2, which enables stable, low-cost, web-based content distribution to a large number of users by disbursing the load to servers, and (2) *G-Cluster*, a revolutionary game distribution technology that does not require sophisticated terminals or large program downloads. The business is growing through overseas expansion and by moving beyond fixed-line Internet to mobile.

*1 Due to a third-party allotment of shares implemented on May 16, 2008 by Broadmedia Corporation, the core company in the segment, it changed from a consolidated subsidiary to an equity-method affiliate. Accordingly G-cluster America, Inc. is no longer a subsidiary of the SOFTBANK Group.

*2 Content Delivery Network: an optimized network to deliver content over the Internet.

BASIC STRATEGIES

Content Service Activation

Broadmedia is strengthening its tie-ups with both domestic and overseas content companies in order to aggressively increase the number of works covered by all-rights contracts. With these contracts, Broadmedia is creating a brand new service format by providing VOD services before movies are released on DVD.

Mobile Versions of Technology Services

Following on the *Broadmedia CDN mobile* image conversion service, the CDN business has begun to provide a video conversion and distribution service under the name *Broadmedia CDN mobile movie*.

Overseas Expansion of Game Services

Please refer to "TOPICS" below for details.

TOPICS

Overseas Expansion of *G-Cluster*

The *G-Cluster* distributes streaming content to terminals with all program processing taking place on the server. This unique feature makes it possible to distribute games and other rich content to any type of terminal as long as it has a broadband access environment. In order to utilize this technological superiority and expand the business in North America, which is the world's largest cable television market and where IPTV is also spreading rapidly, G-cluster America, Inc. was established in October 2007.

Technology Services Segment

Principal Business Activities

- e-business service
- System solution business

TARGET

Solution & Services Expert

The segment supports e-business operators in becoming winners in the new broadband age by providing comprehensive, value-added services and technologies – from system development to system operations and security, and even marketing.

SEGMENT AND INDUSTRY INFORMATION

As corporate IT investment steadily grows, the success of industry players depends on the quality of the solutions they provide, including efficient and economical systems and information security. SOFTBANK TECHNOLOGY CORP. (hereafter "SOFTBANK TECHNOLOGY"), in this segment, utilizes its experience from building a variety of systems for the SOFTBANK Group. As an expert in comprehensively providing a wide range of solutions, growth is being achieved in areas including comprehensive support for e-business operators and the design, construction, operation and maintenance of various system networks.

BASIC STRATEGIES

Launch a Mobile Business

Demand for mobile solutions in various corporate activities like marketing and customer management continues to grow. SOFTBANK TECHNOLOGY is establishing a successful mobile business, primarily through *Biz Face*. (Please refer to "TOPICS" below.)

Strengthen the Customer Base from the Foothold of Web Marketing

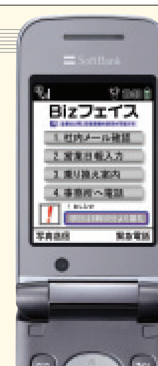
The web marketing business is showing rapid growth and attracting new customers, with sales – mainly of the website analytical tool *Omniture SiteCatalyst®* – growing approximately threefold over the past two years. Using this as a foothold going forward, SOFTBANK TECHNOLOGY will expand its comprehensive solutions business.

TOPICS

Biz Face

Biz Face is an application that makes it possible to freely customize mobile handset wallpaper and keypads to be used for designated functions, and has been offered as an ASP*1 service for SOFTBANK mobile phones since January 2008. For example, it is possible to remotely customize the screens and keypads on multiple handsets by setting up shortcut keys for speed dialing, accessing the company's internal system, etc.

*1 Application Service Provider: provides an application software rental service to customers, who access the software over the Internet.



Media & Marketing Segment

Principal Business Activities

- Digital media business
- Digital content business
- Publishing business
- Designing and production business

TARGET

Evolutional Digital Content Creator

Aiming for growth as a "cutting-edge creator," the segment is an industry leader in creating optimal media and content in step with the advancement of broadband.

SEGMENT AND INDUSTRY INFORMATION

As broadband develops and spreads, the media for providing information is rapidly shifting from paper to digital, and people's lives are being enriched with the birth of a variety of digital content including music, games, and comics. In this environment, the segment is contributing to the development of a broadband society by (1) operating comprehensive IT-specialized information media with over 10 million monthly unique users, and (2) creatively developing industry-leading businesses, focusing on developing and providing a variety of content and services for both mobile phones and PCs.

BASIC STRATEGIES

The segment has three main components – information media including the ITmedia comprehensive IT information portal, mobile content services, and digital signage. Resources are being concentrated in these areas in order to drive top-line growth going forward. The ITmedia business continues to expand, and grew in fiscal 2007 based on enhancement and differentiation of the information posted. Net sales of the mobile content services business have roughly quadrupled over the past three years, and the business has become profitable. Digital signage is a new business launched at the end of fiscal 2007, and involves business areas with major growth potential, including outdoor advertising media and electronic POP services compatible with 3G networks.

TOPICS

Harlequin Electronic Comics

SOFTBANK Creative Corp., the segment's core company, launched a joint business with HARLEQUIN K.K. in April 2008. SOFTBANK Creative acquired the exclusive global distribution rights for electronic comic versions of 1,000 carefully selected Harlequin romance novels, and is distributing these comics to PCs and mobile phones via distribution sites including *Yahoo! Comics*. HARLEQUIN is the world's largest publisher of romantic novels, with more than 50 million devoted readers globally. Going forward, this joint business is expected to attract new fans and energize the electronic comic market.

■ Status of Investments and Investment Recovery (fiscal 2008)

Status of Investments*

Amount of Investment	¥86.3 billion
Number of Companies Invested in	115 (of which public companies 11, non-public companies 104)

*Total of new investments and additional investments in companies previously invested in

Investment Recovery Status

Amount Recovered (market value)	¥42.5 billion
Amount Recovered (book value)	36.6 billion
Gain/Loss at Time of Recovery	5.9 billion

By Region

Region	Investment Amount	Number of Companies
Japan	¥70.1 billion	67
U.S.	3.7 billion	8
Asia	11.8 billion	35
of which, China	8.2 billion	7
of which, Korea	2.8 billion	23
Europe	0 billion	1
Others	0.5 billion	4
Total	¥86.3 billion	115

■ Information on Major Investments

(Billions of yen)

Company Name	Amount of Investment	Proceeds from Sale	Market Value of the SOFTBANK Group's Portion	Proceeds from Sale + Market Value of the SOFTBANK Group's Portion	Return
Yahoo Japan Corporation	¥ 7.7	¥ 79.0	¥1,292.2	¥1,371.2	178.08X
Yahoo! Inc.	54.7	235.8	150.7	386.5	7.07X
SOFTBANK TECHNOLOGY CORP.	3.3	84.0	4.2	88.2	26.73X
UTStarcom, Inc.	21.5	59.6	4.1	63.7	2.96X
cyber communications inc.	0.5	23.0	—	23.0	46.00X
GungHo Online Entertainment, Inc.	4.1	—	9.4	9.4	2.29X
Vector Inc.	1.1	—	2.2	2.2	2.00X
ITmedia Inc.	1.6	—	3.2	3.2	2.00X
Carview Corporation	2.0	1.0	2.5	3.5	1.75X
Total	¥96.5	¥482.4	¥1,468.5	¥1,950.9	20.22X

Notes: Calculation Methods
1 Investments from affiliates are not included.
2 Cross-holdings and similar investments in companies that are not involved in Internet-related businesses are not included in the number of companies or the amount of investment.
3 In determining the number of companies, multiple Group investments in the same company have been eliminated. Companies using the compulsory devaluation method are not included in the number of companies.
4 The portfolios of funds invested in by SOFTBANK CORP. (including its subsidiaries) are included in the above data (including indirect holdings).
5 The amounts of investments and proceeds from sale have been calculated based on the economic ownership ratio of SOFTBANK CORP. in the company invested in.

■ FROM DIRECTOR TO STAKEHOLDERS

Director
Ronald D. Fisher

SOFTBANK Holdings Inc.
Director and President
Director of SOFTBANK CORP.
since 1997

From the time I joined SOFTBANK in 1995 to start its US operations, it rapidly became clear to me that SOFTBANK's global presence as well as its deep roots in technology gave it a unique investment advantage. Earlier than almost all other investors we identified the global movement to widespread adoption of the Internet and broadband. This led to highly successful investments in companies like Yahoo! Inc., GeoCities, VeriSign Inc. and Art Technology Group, Inc. More recently SOFTBANK has identified the mobile web and Asia as two of the most attractive investment opportunities for the next several years. It's global presence allows SOFTBANK to leverage knowledge of emerging business models in one region and utilize these to make unique investments in other regions. Insights into advanced mobile applications in Asia translate into unique investments such as Thumbplay Inc. in the U.S. Insights into emerging social network trends in the U.S. translate into investment opportunities such as MySpace Japan K.K. and Xiaonei.com in China.

MAJOR SUBSIDIARIES AND AFFILIATES

As of March 31, 2008 except where noted

Consolidated Subsidiaries

Company Name URL	Fiscal Year-End	Capital (Millions of yen)	Voting Rights (%)	Business Area	Principal Business Activities
SOFTBANK MOBILE Corp. www.softbankmobile.co.jp/en	March	177,251	100.0	Mobile Communications	Mobile phone business, etc.
BB Mobile Corp.	March	315,155	100.0	Mobile Communications	Holding company
Mobiletech Corporation	March	105,630	100.0	Mobile Communications	Holding company
TELECOM EXPRESS Co., Ltd.	March	100	100.0	Mobile Communications	Mobile phone agency
SOFTBANK BB Corp. www.softbankbb.co.jp/en	March	120,301	100.0	Broadband Infrastructure, e-Commerce	ADSL, FTTH, distribution, content and services, etc.
BB Cable Corporation www.bbtv.com	March	100	100.0	Broadband Infrastructure	Broadcasting and VOD service *BBTV*
Cybertrust Japan Co., Ltd. www.cybertrust.ne.jp	December	1,422	67.0	Broadband Infrastructure	Development and sale of software related to electronic authentication
SOFTBANK TELECOM Corp. www.softbanktelecom.co.jp/english	March	100	100.0	Fixed-line Telecommunications, Broadband Infrastructure	Fixed-line telecommunications, etc.
SOFTBANK IDC Corp. www.sbidc.jp/EN	March	100	100.0	Fixed-line Telecommunications	Data center
Yahoo Japan Corporation (Listed on TSE First Section, JASDAQ) www.yahoo.co.jp	March	7,366	41.2	Internet Culture, Broadband Infrastructure	Internet advertising, e-commerce, membership service business
Net Culture KK	March	1,000	100.0	Internet Culture	Holding company that invests in and manages Internet culture businesses
Overture K.K. www.overture.co.jp	March	10	100.0	Internet Culture	Advertising and provision of information services
ALPS MAPPING K.K.*1 www.alpsmap.jp	December	410	100.0	Internet Culture	Planning and production of maps and provision of map data and regional information
Netrust, Ltd www.netrust.ne.jp	March	243	80.0	Internet Culture	Online settlement and system consulting
Yahoo Japan Value Insight Corporation*2 www.yahoo-vi.co.jp	December	700	76.9	Internet Culture	Online marketing research
Firstserver, Inc. www.firstserver.co.jp	March	363	65.0	Internet Culture	Rental servers and domain registration, other Internet businesses, etc.
Tavigator, Inc. www.tavigator.co.jp	March	100	58.0	Internet Culture	Online travel agency
Vector Inc. (Listed on OSE Hercules) www.vector.co.jp	March	983	57.9	e-Commerce	Software sales through downloading
Carview Corporation (Listed on TSE Mothers)*3 www.carview.co.jp	March	1,566	52.7	e-Commerce	Online provision of automobile-related information
SOFTBANK Frameworks Corporation www.sbfw.co.jp	March	100	100.0	e-Commerce	Logistics outsourcing and consulting services for IT companies
DeeCorp Limited www.deecorp.jp	March	100	100.0	e-Commerce	Internet-based comprehensive purchasing assistance for companies

*1 ALPS MAPPING K.K. merged with Yahoo Japan Corporation on April 1, 2008
*2 INFO PLANT CO., LTD., merged with Interscope Inc. on July 1, 2007, with the former as the surviving company. Following the merger, it changed its company name to Yahoo Japan Value Insight Corporation.
*3 Carview Corporation was listed on TSE Mothers on June 12, 2007.

Company Name URL	Fiscal Year-End	Capital (Millions of yen)	Voting Rights (%)	Business Area	Principal Business Activities
BB Softservice Corp. www.bbss.co.jp	March	50	100.0	e-Commerce	Operation of portal for security and software services and direct sales assistance
SOFTBANK Human Capital CORP. www.softbankhc.co.jp	March	612	99.1	e-Commerce	Online employment information services
Broadmedia Corporation*4 **(Listed on OSE Hercules)** www.broadmedia.co.jp/eng/eng_index.html	March	655	65.6	Broadmedia	Content distribution operations utilizing technological platforms
Broadmedia Studios Corporation*5 www.bmstd.com/index_e.html	March	300	100.0	Broadmedia	Sales of broadcasting rights, production of Japanese versions of movies, movie distribution, and sales of videos and DVDs
CDN Solutions K.K.*5 www.cdn-sol.co.jp	March	300	100.0	Broadmedia	Provision of web and streaming content distribution and related solutions
SOFTBANK Broadmedia Corporation*6	March	10	100.0	Broadmedia	Holding company
G-cluster Global Corporation*5 www.gcluster.com/eng/eng_index.html	March	1,511	55.6	Broadmedia	Provision of game services using broadband network and R&D of core technologies
SOFTBANK TECHNOLOGY CORP. **(Listed on TSE First Section)** www.tech.softbank.co.jp	March	634	52.3	Technology Services	Provision of solutions and services for network, applications, and operations
SOFTBANK Media Marketing Holdings Corp. www.sbmm-holdings.co.jp	March	100	100.0	Media & Marketing	Operating holding company for media and marketing business
SOFTBANK Creative Corp. www.softbankcr.co.jp	March	100	100.0	Media & Marketing	Media and marketing business incubation, sales of content, and publishing, etc.
ITmedia Inc. **(Listed on TSE Mothers)***7 www.itmedia.co.jp	March	1,600	59.5	Media & Marketing	Operation of comprehensive IT information site
Fukuoka Softbank Hawks Marketing Corp. www.softbankhawks.co.jp	February	5,160	100.0	Others	Management of baseball stadium and other sports facilities; content delivery services
Fukuoka Softbank Hawks Corp. www.softbankhawks.co.jp	February	100	100.0	Others	Ownership of professional baseball team and baseball game administration
SBBM Corporation	March	17,200	100.0	Others	Holding company
SB Holdings (Europe) Ltd.	March	US$48M	100.0	Others	Holding company
TV Bank Corporation www.tv-bank.com/en	March	3,305	100.0	Others	Video content services
SOFTBANK PAYMENT SERVICE CORP. www.sbpayment.jp	March	450	100.0	Others	Invoice collection and computation services for businesses, etc.
SoftBank Players Corp. www.softbankplayers.co.jp	March	575	100.0	Others	Research, planning, and provision of information for Internet leisure service, etc.
Odds Park Corp. www.oddspark.com	March	10	100.0	Others	Provision of information regarding horseracing and sale of regional horseracing betting slips

*4 Club iT Corporation changed its company name to Broadmedia Corporation on October 1, 2007. Due to a third-party allotment of shares implemented by Broadmedia Corporation on May 16, 2008, it changed from a consolidated subsidiary to an equity-method affiliate.
*5 The parent company of these companies Broadmedia Corporation implemented a third-party allotment of shares on May 16, 2008 and changed from a consolidated subsidiary to an equity-method affiliate. Accordingly these companies are no longer consolidated subsidiaries of the SOFTBANK Group.
*6 SOFTBANK Broadmedia Corporation changed its corporate name to BM Holdings Corporation on July 1, 2008.
*7 ITmedia Inc. was listed on TSE Mothers on April 19, 2007.

MAJOR SUBSIDIARIES AND AFFILIATES

Company Name URL	Fiscal Year-End	Capital (Millions of yen)	Voting Rights (%)	Business Area	Principal Business Activities
G.T. Entertainment, Inc. www.gte.jp	March	100	100.0	Others	Broadcast copyright work, acquire automatic public transmission rights, operation, administration
SOFTBANK Holdings Inc.	March	US$0M	100.0	Others	Holding company
SOFTBANK America Inc.	March	US$0M	100.0	Others	Holding company
SOFTBANK Commerce Korea Corporation www.softbank.co.kr	December	KRW5,732M	85.8	Others	Wholesale and retail distribution of IT-related products in South Korea
Japan Cyber Educational Institute, Ltd. www.cyber-u.ac.jp	March	1,005	76.5	Others	Administration of Cyber University

Affiliates and Others

Company Name URL	Fiscal Year-End	Capital (Millions of yen)	Voting Rights (%)	Business Area	Principal Business Activities
Telecom Service Co., Ltd. www.telecom-service.net	March	3,712	17.3	Mobile Communications	Mobile phone agency
M.P. Technologies, Inc. (Listed on TSE Mothers) www.mptech.co.jp/en	July	5,632	32.8	Broadband Infrastructure	Provision of broadband services for hotels and corporate solutions
ValueCommerce Co., Ltd. www.valuecommerce.ne.jp	December	1,711	44.4	Internet Culture	Affiliate program service, Internet advertisement distribution and administration, etc.
YUME NO MACHI SOUZOU IINKAI CO., LTD (Listed on OSE Hercules) www.yumenomachi.co.jp	August	1,082	40.1	Internet Culture	Transmission of comprehensive home-delivery service information through the Internet, etc.
CREO CO., LTD. (Listed on JASDAQ) www.creo.co.jp	March	3,149	39.0	Internet Culture	Systems development; planning, development, and sales of packaged software, etc.
All About, Inc. (Listed on JASDAQ) http://allabout.co.jp	March	1,160	34.9	Internet Culture	Operation of website offering comprehensive information through specialized guides, Internet advertising
Alibaba Group Holding Limited*8 www.alibaba.com/aboutalibaba/aligroup/index.htm	December	US$0M	32.1	Internet Culture	B2B marketplace, C2C auctions, and Internet portals
Fashion Walker, Inc. www.fashionwalker.com	December	990	27.1	Internet Culture	Operation of online apparel shopping site
GungHo Online Entertainment, Inc. (Listed on OSE Hercules) www.gungho.jp	December	4,313	43.1	e-Commerce	Distribution, operation, planning, development, sales, and marketing of online games
MySpace Japan K.K. http://jp.myspace.com	March	845	50.0	Others	Operation of SNS "MySpace Japan"
icube Corp. www.icube.co.kr/enghome	December	KRW4,824M	49.6	Others	Development of content distribution technology
ONLINE GAME REVOLUTION FUND NO. 1	December	6,600	45.5	Others	Investment in online gaming operations

Affiliates

*8 Alibaba.com Corporation changed its company name to Alibaba Group Holding Limited on November 5, 2007.

Company Name URL	Fiscal Year-End	Capital (Millions of yen)	Voting Rights (%)	Business Area	Principal Business Activities
Yahoo! Inc. (Listed on U.S. Nasdaq) www.yahoo.com	December	US$1M	4.0	Internet Culture	Internet services

Other securities, etc.

Main Overseas Funds Data

Company Name / Fund Name URL	Category*1	Principal Investment Region*2	Fund Size	Commitment*3	Ownership (%)*4	Type
SOFTBANK Ventures Korea Inc. www.softbank.co.kr	A	Seoul, South Korea	—	KRW18,000M	100.0	Holding company
SOFTBANK Korea Co., Ltd. www.softbank.co.kr	A	Seoul, South Korea	—	KRW2,200M	100.0	Holding company
SB CHINA HOLDINGS PTE LTD www.sbcvc.com	A	Singapore	—	US$100M	100.0	Holding company
SOFTBANK Ranger Venture Investment Partnership	A	South Korea	KRW40M	KRW40M	100.0	Venture capital fund
SOFTBANK Capital L.P.	A	U.S.	US$718M	US$716M	99.7	Venture capital fund
SB Europe Capital L.P.	A	Europe	US$250M	US$249M	99.6	Venture capital fund
SOFTBANK US Ventures VI L.P.	B	U.S.	US$626M	US$608M	97.0	Venture capital fund
Bodhi Investments LLC	A	China, India	US$105M	US$50M	47.6	Venture capital fund
SOFTBANK Capital Technology Fund III L.P.	B	U.S.	US$232M	US$131M	56.3	Venture capital fund
SB Life Science Ventures I, L.P.	A	U.S.	US$89M	US$30M	33.7	Venture capital fund
SOFTBANK Technology Ventures IV L.P.	B	U.S.	US$313M	US$42M	13.4	Venture capital fund
SOFTBANK Technology Ventures V L.P.	B	U.S.	US$630M	US$190M	30.2	Venture capital fund
SOFTBANK Capital Partners LP	A	U.S.	US$731M	US$18M	2.6	Venture capital fund
SB Asia Infrastructure Fund LP	B	Asia-Pacific region	US$404M	US$3M	0.9	Investment in broadband-related companies
SB Asia Investments Fund II LP	B	Asia-Pacific region	US$643M	US$51M	8.1	Investment in broadband-related companies

Consolidated subsidiaries   Equity method affiliates

*1 A: Funds managed by SOFTBANK; B: Funds other than category A
*2 For companies, registered address
*3 For companies, common stock
*4 For funds, holdings as percentage of fund size

Aiming for Continuous Growth

While the structure and idea of corporate governance and compliance may represent a “box,” the “content” – their steady implementation and management – is what is important.

The SOFTBANK Group is striving to further enhance, and effectively implement and operate, its management organization to gain the confidence and support of not only customers, but all stakeholders – shareholders, employees, business partners, and local communities – in order to lay the foundation for continuous growth.

Q: How do you ensure speedy decision making and operational execution in an industry undergoing remarkable changes in the operating environment?
A: We emphasize the "small size" and "global composition" of the Board of Directors.

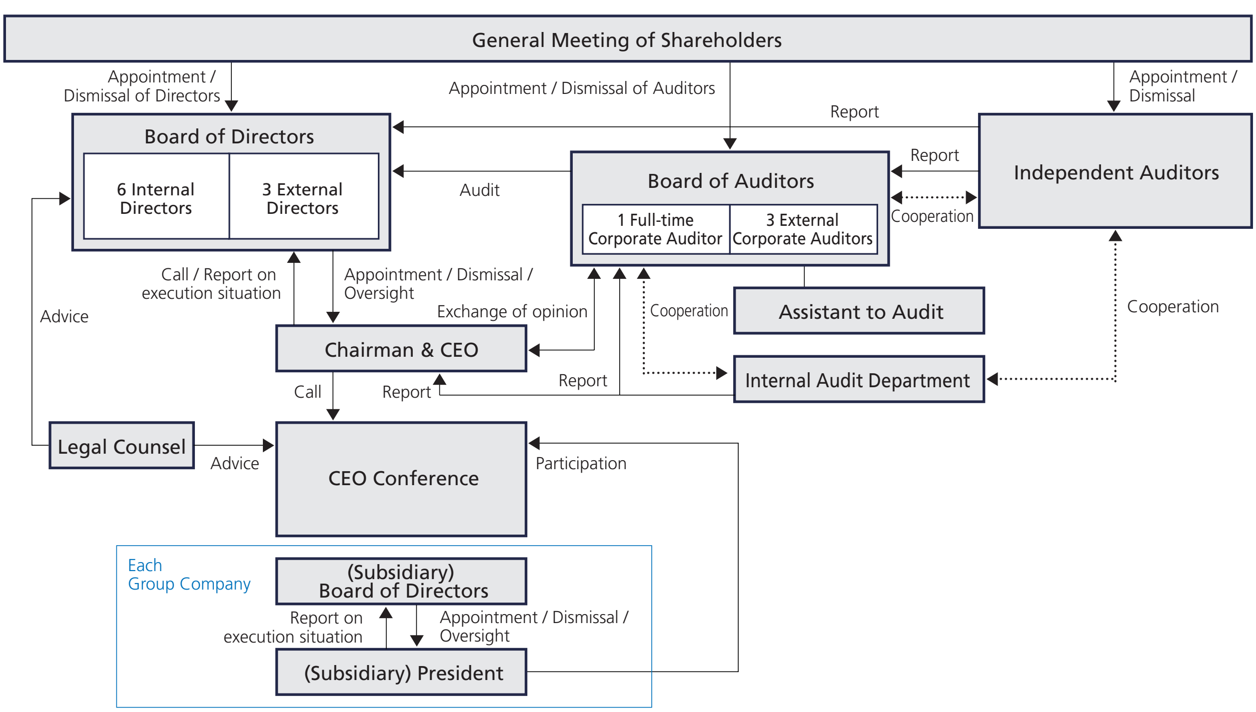
The Board of Directors is engaged in "high-level decision making" on important matters, but also has the "oversight" function of operational execution. SOFTBANK's Board of Directors, chaired by Chairman and CEO Masayoshi Son, is small in size with nine members, which facilitates swift decision making in the face of the rapid changes taking place in the operating environment and technologies in which the SOFTBANK Group (hereafter "the Group") does business.

Furthermore, today's borderless age makes the globalization of the top management decision making organization indispensable. Mr. Mark Schwartz, Chairman of MissionPoint Capital Partners, LLC, joined the Board in fiscal 2007, and Mr. Yun Ma, Director, Chairman of the Board and CEO of Alibaba Group Holding Limited, became a member in fiscal 2008. We expect this to further facilitate the Group's overseas business development, especially in China and Asia.

Q: What is being done to raise the level of management flexibility and objectivity?
A: External directors, elected from a variety of fields, proactively participate in management.

Of the Board's nine members, three are external directors. Again in fiscal 2008, they are Mr. Tadashi Yanai, Dr. Jun Murai and Mr. Mark Schwartz. These directors represent the diverse fields of retailing, academia and finance, and give added flexibility and objectivity to management. Mr. Yanai is the Chairman President and CEO of FAST RETAILING CO., LTD. As the chief executive of one of Japan's leading retailers, his advice to management incorporates a wide range of knowledge and experience. Dr. Murai is a professor in the Faculty of Environmental Information at Keio University, and offers a specialist perspective based on his academic and practical knowledge of the Internet. Mr. Schwartz has held important positions at Goldman, Sachs & Co. and its affiliated companies. His wide-ranging knowledge in the areas of finance and overseas management strategies contributes to the Company's overall management.

Corporate Governance System



Messages to Stakeholders from External Directors

External Director
Tadashi Yanai
Chairman, President & CEO, FAST RETAILING CO., LTD.
Director since 2001

Aiming for management that balances risks and opportunities

I offer advice on matters related to the general management of the SOFTBANK Group based on the knowledge and experience I have gained managing FAST RETAILING businesses such as UNIQLO, etc. FAST RETAILING and SOFTBANK are in different business sectors – retailing versus IT – but have the common feature of swiftly developing businesses. In a rapidly changing competitive environment, it is sometimes important to take a step forward even if it involves risk, because even a tiny bit of hesitation can be fatal in management decision making. My recommendations are therefore always based on a balancing of risk and opportunities. One topic that has left a deep impression on me was the decision to purchase Vodafone K.K. in 2006. It was my opinion that management should aim for growth even if this meant taking risks and therefore I fully supported Chairman Son. Regulations limit the number of operators that are allowed to operate mobile phone businesses in Japan. If we had let the opportunity pass, the SOFTBANK Group would not have grown so rapidly to where it is today.

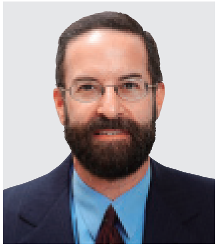
SOFTBANK has used an aggressive financial strategy to broaden the scope of its businesses, but now that we know that growth in the Mobile Communications business is certain, it is also important to secure both "growth" and "stability."

External Director
Jun Murai
Professor, Faculty of Environmental Information at Keio University
Director since 1999

Management that advances along with the Internet

My area of specialization is information engineering, and I have devoted myself for laying the technological foundation for the Internet since before the word "Internet" existed in Japan. I became a director of SOFTBANK in 1999, when the company was growing rapidly as the hero of Japan's Internet market. I have consistently offered advice to management on how SOFTBANK can develop Internet-related technologies in order to stay ahead of changes in the market structure.

The Internet constitutes the SOFTBANK Group's business base, but the company is a comprehensive service provider with businesses encompassing platforms and infrastructure. This makes the Group very unique, even from a global perspective, giving it an unparalleled competitive position in Internet markets throughout Asia as well as in Japan. Nevertheless, technology is constantly advancing, and in order not to be left behind, not only is it important to have antennae extended both domestically and overseas, but also to have foresight in management decision making. As an external director, I hope to play a role in the SOFTBANK Group's management by constantly watching market trends in order to facilitate appropriate management decisions.



External Director
Mark Schwartz
Chairman, MissionPoint Capital Partners, LLC
Director since 2006

Constant Global-minded Management

I served as an external director of SOFTBANK CORP. from June 2001 to June 2004, and reassumed the position in June 2006. I utilize the experience I gained at Goldman, Sachs & Co. and affiliated companies, and make recommendations based on my knowledge of overseas management strategies and finance, which comes from having watched the investment banking market in the U.S. and in Asia for the last 30 years.

SOFTBANK has expanded its business area over the past 10 years from the Internet business to broadband, to fixed-line, then to mobile, all in rapid succession. I think that SOFTBANK has positioned and expanded itself uniquely in the especially fast-moving world of the Internet and communications industry through its M&A strategies.

SOFTBANK's movements are always high-profile and the business expansions which may appear to be sudden are only made possible when global trends are taken into consideration. In the future I will continue to support SOFTBANK's growth and offer advice based on the most recent financial trends.

Q: How are you fostering a sense of Group unity, and from that, maximizing Group synergies?
A: A CEO Conference is regularly held for cross-group control and management.

The SOFTBANK Group has more than 100 consolidated subsidiaries, and has adopted a pure holding company system to ensure the independence and specialization of each Group company, allowing for swift and accurate responses to changes in those companies' respective operating environments. The CEO Conference, which consists of the representatives from each business segment and others, meets regularly to promote the common use of information across the Group in order to create a foundation for Group synergies. The companies operating the Group's core telecommunications businesses have several SOFTBANK CORP. (hereafter "the Company") directors serving concurrently on their boards, providing focused strategy formulation and management in order to develop businesses more swiftly and efficiently.

Q: How is management oversight carried out, and with what kind of structure?
A: We have a Corporate Auditor System to ensure an objective management oversight function.

The Company has adopted a Corporate Auditor System for management oversight, in order to allow corporate auditors to fully exercise their oversight function. Of the four corporate auditors, three are external auditors (one lawyer and two certified public / tax accountants), and this secures an objective management oversight function. The corporate auditors make a significant contribution to robust management. They cooperate with the Internal Audit Department, which is completely independent of operating divisions, and the Company's independent auditors, through regular meetings, and answer questions and give their opinions to the Board of Directors from an independent viewpoint.

Q: What are the other important management issues?
A: Operational execution and oversight, the selection of directors, and compensation are decided as described below.

Directors are responsible for the Company's operational execution, but important matters that exceed designated criteria are deliberated by either the Investment Committee or the Board of Directors. Candidates for director are recommended to the General Meeting of Shareholders as a slate of candidates proposed and resolved by the Board of Directors. Directors' compensation is determined by a resolution of the Board of Directors, within the limit approved at the General Meeting of Shareholders. In addition, a stock option system has been introduced for directors and senior managers of the Company and certain of its domestic wholly owned subsidiaries, as both an incentive to raise corporate value through the creation of synergies, and to retain quality personnel.

Q: What is the system and operational status of compliance?
A: In addition to establishing a charter and a code of conduct, all officers and employees receive training and manuals to ensure that the charter and the code of conduct are fully understood and implemented.

The Group has established the SOFTBANK Group Charter to share a common fundamental management policy and core management policy throughout the SOFTBANK Group and to strengthen both the corporate governance and compliance systems as the Group grows. At the same time, the SOFTBANK Group Officer and Employee Code of Conduct was established as a common code of conduct for all officers and employees of Group companies. There is a Group Compliance Officer (GCO) who has responsibility for compliance on a Group-wide basis, and each Group company has a Chief Compliance Officer (CCO). Concentrating the authorities makes it possible to address compliance issues quickly and with flexibility. The GCO and CCOs regularly share information and cooperate as appropriate to promote the establishment of a system that raises awareness of compliance in all officers and employees, and also to identify and resolve compliance-related issues. In addition, a Group Hotline has been opened to receive reports and discuss compliance-related issues from all Group officers and employees. This is staffed by external lawyers to give advice from an independent and specialist position, and also makes it possible to receive more specific advice than in the case of an internal contact point.

Efforts are being made to instill and teach an awareness of compliance within the Group as a next stage of creating rules and structures. Group officers and others attend compliance training sessions, and one month is designated “Compliance Awareness Month” for all Group officers and employees. Compliance-related seminars and events are held during this month, and are attended by a total of more than 1,000 employees every year.

The Compliance Manual, which explains the code of conduct in specific terms, was revised in August 2007 and distributed to all officers and employees, hereby raising awareness.

Message to Stakeholders from External Corporate Auditor

External Corporate Auditor
Kouichi Shibayama
Certified Public Accountant,
Certified Tax Accountant
Corporate Auditor since 2003

Audit system of SOFTBANK

After spending many years as a CPA auditor and international tax consultant at PriceWaterhouse, I became an external corporate auditor at SOFTBANK five years ago. This was about the time that SOFTBANK was intensively putting management resources into the *Yahoo! BB* comprehensive broadband service. Since then, SOFTBANK has rapidly expanded its fields of business, first with the launch of the ADSL service, and then through a series of mergers and acquisitions, its entry into the fixed-line telecommunications and mobile communications businesses. In addition to within Japan, aggressive investments and business developments overseas were executed.

In this way, SOFTBANK has anticipated the future and expanded its business, including bold entries into new markets. For a company like SOFTBANK, along with pursuing a reasonable profit and aiming for continuous growth, it is very important to have an effective internal control process in place on a company-wide level, the purpose of corporate governance is to maintain corporate health and social credibility, legal and regulatory compliance, risk management, and securing effective and efficient operations, along with maintaining reliable corporate information, including financial information.

As corporate auditors, we therefore recognize that we have an important oversight duty to ensure that the structure or operation of the Company’s corporate governance and internal control systems are appropriate, and we carry out our auditing duties accordingly.

I would add that SOFTBANK’s Chairman and all directors have a strong awareness of the importance of compliance in the Company’s management. The Board of Directors effectively carries out its oversight function through earnest and engaged deliberations, based on the Company’s management decision principles.

In order to establish a structure for the maintenance of appropriate operations based on the Japanese Corporate Law and its implementation provisions, the Company's Board of Directors, at its meeting on April 26, 2006, established a Basic Approach to Internal Control System, and partially revised this policy at its meeting held on March 27, 2008.

Basic Approach to Internal Control System

System to ensure that the execution of directors' and employees' duties is in compliance with laws, regulations and the Articles of Incorporation of the Company

The Company intends to enhance its compliance system not only to maintain regulatory compliance, but also to ensure that corporate activities are appropriate based on high ethical standards.

In order to further raise the level of compliance awareness, the Company has established the SOFTBANK Group Officer and Employee Code of Conduct to prescribe the code of conduct to be followed by officers and employees, and carries out training programs to ensure that it is thoroughly understood by all.

In addition, based on the Compliance Organization/Procedure Regulation, a Chief Compliance Officer (CCO) is appointed as the person with ultimate responsibility for establishing, enhancing and promoting the Company's compliance system. At the same time, persons appointed as being responsible for compliance in each division will also establish and enhance compliance systems.

The system shall be self-correcting by quickly discovering and rectifying problems and preventing them from recurring, with the establishment of an internal and external hotline that make it possible for an employee or director to not only report the matter to their supervisor or related internal divisions, but also directly inform and consult with the CCO when a compliance-related problem is discovered.

System for the storage and management of information regarding the execution of duties by directors

The Company classifies and appropriately stores and maintains, as per prescribed retention periods and methods and measures to prevent accidents based on the Information Management Regulations, documents and other important information related to the execution of duties by directors including minutes and proposals of the Board of Directors.

In addition, a system is established for the storage and maintenance of information based on the Information Security Basic Regulations, with a Chief Information Security Officer (CISO) appointed as the person with responsibility for information security, and an Information Security Committee, chaired by the CISO, established.

Regulations and system relating to managing the risk of information loss

The Company has established and maintains an appropriate system to swiftly and appropriately address the variety of risks in its business operations, based on the Risk Management Regulations. Under this system, responsible departments are established to address various risks, procedures are established to minimize and prevent risks in normal operations, and to minimize damage (losses) in the case of a major risk event occurring.

In addition, an Internal Audit Department, which is an internal auditing organization, has been established and risk management audits are performed in accordance with Internal Audit Regulations. The results are reported to the Chairman, responsible directors, and the corporate auditors.

Furthermore, based on the Risk Management Regulations, the General Affairs Department is the division responsible for dealing with inappropriate requests from antisocial forces, and will firmly refuse those requests in a resolute manner.

System to ensure the efficiency of directors in the execution of their duties

To maintain an efficient management system, the Company has established the Rules of Segregation of Duties, which clarify the scope of operations, authority, and responsibilities that are necessary for the operations of each department. In addition, it has formulated regulations pertaining to institutional decision-making, such as the Board of Directors' Meeting Regulation and Approval Regulation, hereby clarifying decision making authority.

System to ensure appropriateness of Group operations.

(1) To promote a fundamental concept and policy shared throughout the Group, the Softbank Group Charter, which spells out regulations on matters related to strengthening governance and compliance system and SOFTBANK Group Officer and Employee Code of Conduct in the expanding Group were stipulated.

(2) A Group Compliance Officer (GCO) has been appointed to promote compliance on a Group-wide basis. The establishment of an internal compliance consultation system for officers and employees of the Group companies has been promoted. In addition, a Group Hotline that enables all officers and employees of Group companies to directly report to and consult with external legal counsel has been established.

(3) As a general rule, the CEO Conference which consists out of the representatives from Group companies and serves all Group operations, meets quarterly. In addition to promoting Group synergies, the Conference shares measures concerning compliance, risk management, and other matters to increasing efficiency.

(4) The Group Representative Oath System, under this a representative of each Group company must submit a Representative Oath stating that the information contained in the financial reports is useful and accurate, has been adopted. A framework to ensure the accuracy of the financial reports submitted by the Group as a whole has hereby been established.

(5) Internal audit departments of Group companies hold periodic meetings to share information relating to various auditing matters.

(6) We have appointed a Group Chief Information Security Officer (GCISO) who leads The Group Information Security Committee, the Committee meets periodically and formulates guidelines on information security countermeasures, reports on the countermeasure status at Group companies, and conducts a wide range of deliberations. At the same time, the Committee works on sharing knowledge and technologies relating to information security countermeasures.

In addition, the SOFTBANK Group Guideline for Information Security Measures has been established as a framework for ensuring the appropriateness of operations at Group companies.

System relating to support staff that assists the corporate auditors, and matters relating to the independence from the directors of the relevant employees

The Company has established an Assistant to Audit department to support the work of the corporate auditors.

Directions and instructions to the support staff of the Corporate Auditors Office are issued by the corporate auditors. Any personnel changes, evaluations, and sanctions require the agreement of the corporate auditors.

System for reporting to the corporate auditors

Directors and employees will report the following matters to the corporate auditors:

(1) Important matters related to the management, finances or business execution of the Company or Group companies.
(2) Matters related to the compliance system or use of the Hotline.
(3) The status of internal control systems.
(4) Matters which could cause significant damage to the Company.
(5) Matters relating to violations of laws, regulations, or the Articles of Incorporation
(6) Results of audits conducted by Internal Audit.
(7) Other matters that the corporate auditors have decided need to be reported in order for them to execute their duties.

Other systems to ensure that the audits by the Board of Auditors are conducted effectively

When the corporate auditors decide that it is necessary, opportunities shall be provided for them to interview directors or employees. In addition periodic meetings will be held with the accounting and corporate auditors of major subsidiaries to ensure cooperation, such as exchange of information. At the same time, full-time corporate auditors will attend meetings of major committees, such as the Departmental Liaison Committee, which is made up of the leaders of Cross-departmental meeting, and CEO Conference, which is made up of the CEOs of holding companies.

Q: What steps are being taken to invigorate the General Meeting of Shareholders?
A: We avoid holding our shareholders' meeting on the days on which meetings are concentrated, to encourage many shareholders to attend. In addition, the Chairman gives a presentation in which he lays out his mid-to-long term vision in a way that is easy to understand.

Shareholders' meetings in Japan are concentrated on a few designated dates, making it difficult for people who hold shares in multiple companies to attend. The Company avoids those dates, however, in an effort to ensure that the views of as many shareholders as possible are reflected in management. The Company had more than 380,000 shareholders as of March 31, 2008, and in addition to avoiding dates with a large concentration of shareholders' meetings, it was one of the first companies to introduce Internet voting for shareholders, in 2002. In addition, at the Annual General Meeting of Shareholders, the Chairman gives a detailed presentation that combines the items legally mandated for reporting with the Company's mid-to-long term issues and strategies, and holds a question and answer session. This helps shareholders understand the Company's businesses and provides a forum for reciprocal communication.

Q: How is the transparency and timeliness of information disclosure maintained?
A: An earnings results briefing is held on the day on which results are announced, and a more detailed briefing is held on a subsequent day.

A briefing for the media, institutional investors and securities analysts is held on the day that quarterly results are announced, with the Chairman himself presenting an overview of results and explaining management strategies. Since fiscal 2007, another briefing has been held on a subsequent day with the general managers of the accounting and finance divisions presenting more detailed numerical results. In addition to quarterly results, the Chairman also gives briefings to explain decisions to launch important new businesses or to make major acquisitions, in order to foster an understanding of the Company's business strategy. From fiscal 2008, the Company's staff has given briefings for individual investors and securities companies' branch sales staff, with 16 of these briefings given in 13 cities across Japan during fiscal 2008.

Q: What measures are being taken to eliminate information gaps?
A: A variety of measures are being taken to ensure that overseas investors are not at a disadvantage in terms of receiving information.

In principle, earnings briefings and press conferences are streamed live on our website in both English and Japanese, and can be accessed on demand at a later date so that they are available for viewing at any time. The general managers of the finance and accounting departments, and manager of IR department, also visit overseas investors in Europe, the U.S. and Asia as appropriate to facilitate communication with overseas investors. At the same time, the Company aggressively participates in conferences held by security firms and explains its business strategies.

Earnings Results Briefing
(May 8, 2008)

Q: What steps are being taken to address SOFTBANK's corporate social responsibility (CSR)?
A: "Contributing to people and society" is contained in the SOFTBANK Group's fundamental management policy, and we aim to develop with stakeholders as meaningful members of society. In April 2008 the "SOFTBANK Group CSR Principles" were established. Various activities are held at individual Group companies in the course of their business activities.

SOFTBANK Group CSR Principles

Toward Tomorrow's Internet Society

Do we...
We at the SOFTBANK Group want to be a company that develops along with its stakeholders through our business activities, based on the fundamental management policy of, **"Endeavor to benefit society and the economy and maximize enterprise value by fostering the sharing of wisdom and knowledge gained through the IT revolution."** To achieve this, we ask ourselves the following questions:

Create...?
excitement and surprises; user friendliness and reliability; and joy for everyone
The SOFTBANK Group stays customer-focused.

Sustain...?
continuous attempts at growth; robust and transparent management; and fair and timely disclosure
The SOFTBANK Group strives to meet shareholders' expectations.

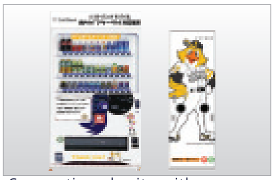
Provide...?
opportunities for new challenges and personal growth; an environment that stimulates diversity; and fair recognition of efforts and results
The SOFTBANK Group nurtures employees' motivation and pride.

Build...?
mutual trust; fair relationships; and partnerships leading to innovation
The SOFTBANK Group evolves together with business partners.

Promote...?
a healthy Internet society; the dreams and ambitions of the next generations; and the future of our planet
The SOFTBANK Group contributes to a brighter society.

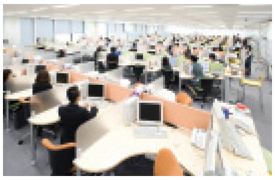
The SOFTBANK Group
Moving ahead in business, with high aspirations towards tomorrow's Internet society

HAWKS JUNIOR ACADEMY


Supporting charity with vending machines

This project, jointly sponsored by Fukuoka Softbank Hawks Marketing Corp. and the NPO HAWKS JUNIOR ACADEMY, holds a variety of baseball-oriented activities with the aim of health education for children, primarily in the *HAWKS'* home base of Kyushu. In 2007, a portion (5%) of the sales of Baseball Charity BOX vending machines installed in SoftBank shops in Kyushu were used on a trial basis to invite children from children's homes in Kyushu with the cooperation of COCA-COLA WEST JAPAN COMPANY, LIMITED to *FUKUOKA Yahoo! JAPAN DOME* to see the *HAWKS* play.

Contact Centers


Contact Center

YAHOO BB Corp. operates six Contact Centers (call centers) in seven cities nationwide that receive approximately 30,000 inquiries from *Yahoo! BB* users every day. In recognition of the huge gains made in efficient center operations and response quality under its proprietary management system, in July 2007 it received the gold medal at the Contact Center Awards 2007 for its measures to improve call center operations. The move toward paperless contact centers is strengthening information security, and the environmental footprint of contact centers is also being reduced.

Yahoo! Volunteer Internet Donations

Yahoo! Volunteer is one of the CSR activities provided by Yahoo Japan Corporation. This Internet donation site was launched in November 2004 to collect funds over the Internet, and the funds collected have been given to a variety of organizations to support social contribution activities. The aggregate amount of funds collected exceeded ¥100 million as of the end of March 2008. Since then, donors have continued to show their generosity by contributing relief funds for the victims of the cyclone in Myanmar, and earthquakes in China and in Iwate and Miyagi prefectures in Japan.

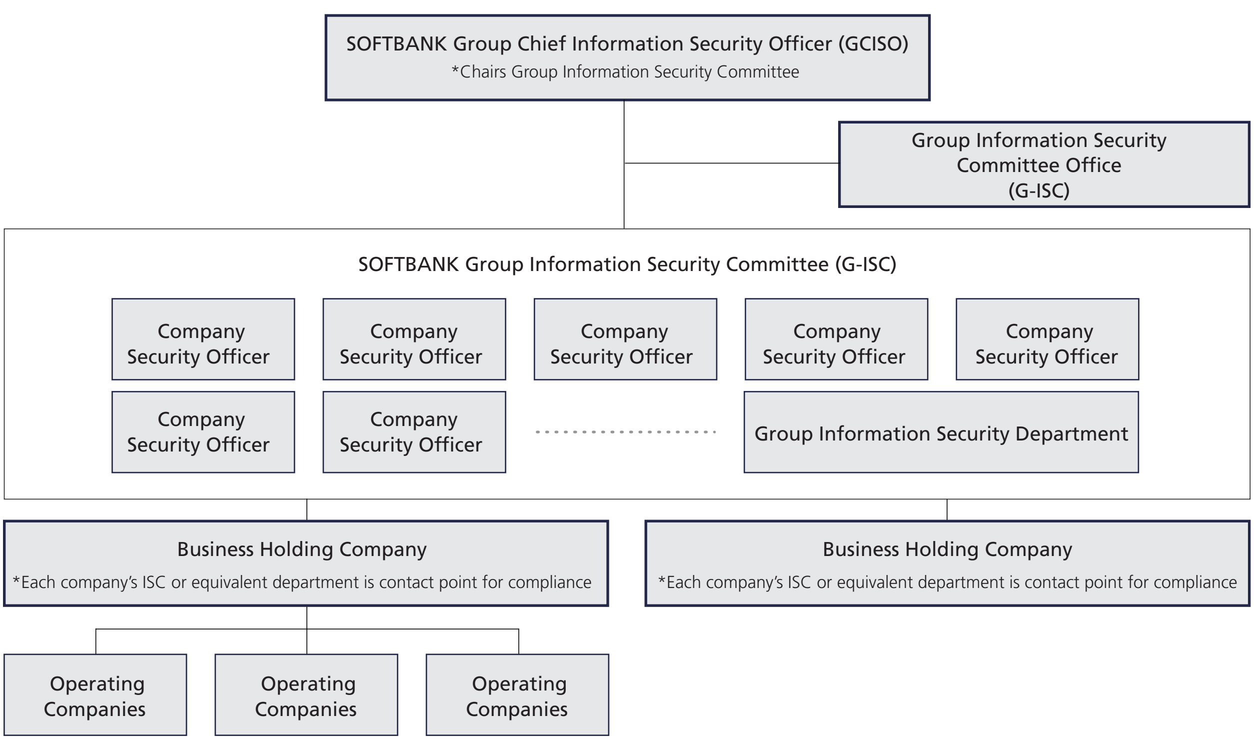
Yahoo! Volunteer Internet Donations Website
http://volunteer.yahoo.co.jp/donation/

Q: What is SOFTBANK's system for information security and how is it managed?
A : Along with creating a framework for promoting information security activities Group-wide, officers and employees undergo thorough education and training. Daily improvements are being made at Group companies as well, not just in terms of having an infallible system but also by building technologies and operations.

The SOFTBANK Group clearly designates the post responsible for information security throughout the entire Group with the appointment of a Group Chief Information Security Officer (GCISO). The Group Information Security Committee (G-ISC), chaired by the GCISO, is the organization established to accurately understand the status of information security at each Group company and be able to quickly implement security-related measures when necessary. The G-ISC comprises the information security officers of each business' holding company and meets regularly to aggressively promote information security measures and activities across the entire Group in several ways – organizationally, physically, technically, and concerning personal matters. In addition, a set of SOFTBANK Group Guideline for Information Security Measures has been formulated to ensure that all Group companies have a common awareness and are taking appropriate measures regarding information security. These guidelines clearly set forth a policy for handling personal data and information assets in general, and their contents are regularly reviewed to keep pace with environmental changes and technological innovation.

A handbook covering information security is distributed to officers and employees to raise their levels of knowledge and ethical awareness, and a variety of other programs including e-learning and training sessions are held as appropriate for the size and training background of the individual Group company. Not only regular employees, but all persons employed in Group operations receive this training in order to ensure a thorough level of information security throughout the entire Group.

SOFTBANK Group Information Security Committee



Message to Stakeholders from GCISO

Group Chief Information Security Officer (GCISO)
Shinichi Ata

After serving as president of Microsoft Japan,
CISO & Executive Vice President, SOFTBANK BB Corp., since 2004 (to present)
SOFTBANK Group Chief Information Security Officer (GCISO) since 2004 (to present)
CISO & Executive Vice President, Chief Information System and CS Officer SOFTBANK MOBILE Corp., since 2006 (to present)
CISO & Executive Vice President, SOFTBANK Telecom Corp., since 2006 (to present)
CISO & General Manager, Group Information Security, SOFTBANK Corp., since 2006 (to present)

The SOFTBANK Group addresses information security on a company basis in a variety of business segments, based on the SOFTBANK Group Charter and the SOFTBANK Group Guideline for Information Security Measures. The Group Information Security Committee meets quarterly, sharing examples and issues at individual companies and laying the foundation for mutual cooperation in our activities.

Initially, information security addressed the safekeeping of customer data, and now measures are in place for the appropriate handling of information received from all stakeholders. We also place importance on systems for identifying and resolving problems ourselves so that useful information can be meaningfully used at businesses, and closely follow these systems on a daily basis.

Companies have been working in recent years to establish risk management covering areas including internal controls, CSR and compliance, and we at SOFTBANK are utilizing the experience we have gained through our information security activities to date, while at the same time working in cooperation with each segment to further refine the organization. We will continue to engage in information security activities going forward as a Group, to gain the further confidence of all stakeholders.

Examples of measures to strengthen information security at Group companies

SOFTBANK MOBILE

SOFTBANK MOBILE recognizes its legal and social responsibilities as a provider of mobile phone services, and has been implementing information security measures that give the highest priority to safekeeping customers' personal information and protecting the confidentiality of telecommunications. Educational activities are ongoing, with all employees receiving training and being tested on their understanding of information security. Regular security inspections are also carried out at sales agents and shops as a means of raising the level of security at agents. In addition, as part of our information security efforts, the directly managed SoftBank Roppongi shop has received ISO27001 certification.

Posters are displayed in all offices to encourage thorough information security.

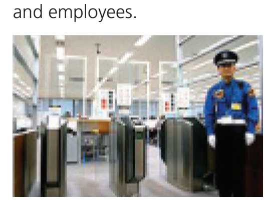
SOFTBANK BB

A Security Operation Center (SOC) has been established to address both technology and operation, and dedicated staff members are on duty 24 hours, 365 days a year to monitor internal security and carry out internal audits. The use of office PCs, internal networks and accesses to each server are checked in detail, and people violating rules are severely warned or disciplined. In the actual operating environment, security has been divided into five levels, and entry and exiting are managed accordingly for each level. For example, a customer support center designated Level 3 will have thorough controls, with entry and exiting managed by security guards and access card identification, uniforms must be worn, there are restrictions on bringing in personal items, and security staff monitor and check all staff.

The SOFTBANK Group Information Security Handbooks are distributed to all officers and employees.

SOFTBANK TELECOM

SOFTBANK TELECOM recognizes its legal and social responsibilities as a provider of network infrastructures, and has implemented strict measures to maintain confidentiality in telecommunications and manage customer information. At the head office in Shiodome, employees (organizations), locations and networks are completely separated according to security level, as a means of maintaining information security. Another measure is to clearly indicate on information systems which assets must be protected. In addition, as part of our information security efforts for customer information, we have received ISO27001 certification.



Entering and exiting high-security areas is controlled by a security guard and access card confirmation.

DIRECTORS AND CORPORATE AUDITORS

As of June 25, 2008

DIRECTORS

Chairman & CEO

Masayoshi Son

Director

Ken Miyauchi

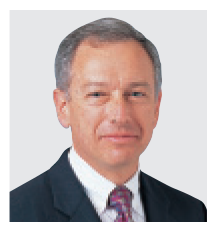
Director

Kazuhiko Kasai

Director

Masahiro Inoue

President & CEO,
Yahoo Japan Corporation



Director

Ronald D. Fisher

Director & President,
SOFTBANK Holdings Inc.

Director

Yun Ma

Director, Chairman of the Board and CEO,
Alibaba Group Holding Limited

Director

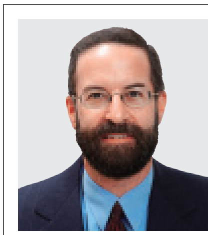
Tadashi Yanai

Chairman, President & CEO,
FAST RETAILING CO., LTD.

Director

Jun Murai, Ph.D.

Professor,
Faculty of Environmental
Information, Keio University



Director

Mark Schwartz

Chairman,
MissionPoint Capital Partners LLC

CORPORATE AUDITORS

Auditor

Mitsuo Sano

Full-Time Corporate Auditor,
SOFTBANK CORP.

Auditor

Soichiro Uno

Lawyer

Auditor

Kouichi Shibayama

Certified Public Accountant,
Certified Tax Accountant

Auditor

Hidekazu Kubokawa

Certified Public Accountant,
Certified Tax Accountant

Note: Mr. Tadashi Yanai, Dr. Jun Murai, and Mr. Mark Schwartz satisfy the qualifications of external directors as provided in Paragraph 2, Clause 15 of the Corporate Law. Mr. Soichiro Uno, Mr. Kouichi Shibayama, and Mr. Hidekazu Kubokawa satisfy the qualifications of external corporate auditors as provided in Paragraph 2, Clause 16 of the Corporate Law.

Facts & Figures

Contents

MACROECONOMIC AND SEMI-MACROECONOMIC DATA

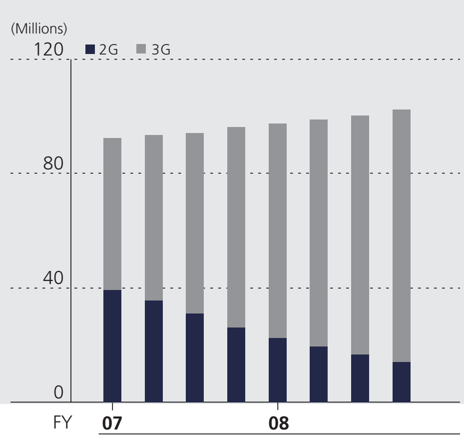
Fiscal years ended March 31

(Thousands, except where noted)	FYE 2006	FYE 2007	FYE 2008
Mobile Telecommunications			
Mobile phone subscribers	91,792	96,718	**102,725**
2G	42,592	26,212	**14,211**
3G	49,200	70,507	**88,514**
Internet provider services	81,776	87,130	**88,686**
Fixed-line Telecommunications			
Internet Penetration			
Internet users	85,290	87,540	**88,110**
Population penetration rate (%)	66.8	68.5	**69.0**
DSL	14,518	14,013	**12,711**
FTTH	5,448	8,794	**12,153**
CATV	3,310	3,607	**3,874**
Broadband service subscribers	23,276	26,414	**28,738**
Household penetration rate*1 (%)	46.1	51.7	**55.6**
Wireless LAN contracts	5,271	6,099	**6,864**
IP-VPN contracts	271	298	**342**
Wide-area Ethernet contracts	160	196	**232**
IP telephone numbers in use	11,457	14,478	**17,535**
Subscriber telephones	50,563	48,169	**44,779**
ISDN	7,491	6,996	**6,453**
Total	58,053	55,165	**51,232**

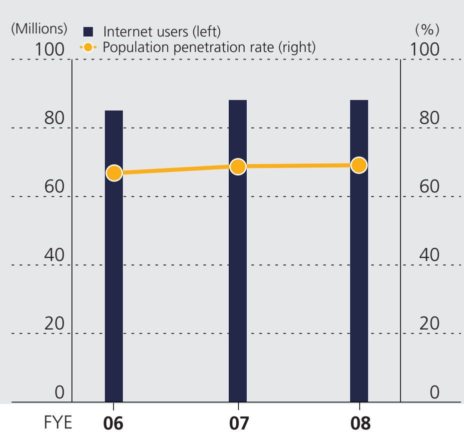
Sources: Ministry of Internal Affairs and Communications, Telecommunications Carriers Association, accuracy of transcription is not guaranteed.

*1 FYE 2008, FYE 2007, FYE 2006 calculations based on number of households in Basic Resident Register FYE 2007 (51.71 million), FYE 2006 (51.10 million), FYE2005 (50.45 million), respectively.

Mobile Phone Subscribers



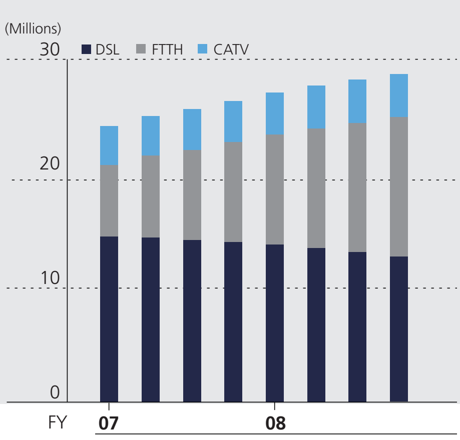
Internet Users



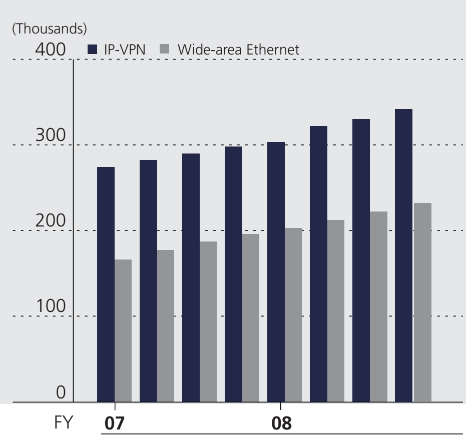
	EOQ in FY 2007				EOQ in FY 2008			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	92,869	93,812	94,436	96,718	98,056	99,334	100,525	102,725
	39,321	35,665	31,064	26,212	22,814	19,508	16,764	14,211
	53,548	58,147	63,372	70,507	75,242	79,826	83,761	88,514
	82,911	84,059	85,181	87,130	85,648	86,532	87,283	88,686

	—	—	—	87,540	—	—	—	88,110
	—	—	—	68.5	—	—	—	69.0
	14,491	14,936	14,236	14,013	13,794	13,483	13,133	12,711
	6,295	7,145	7,931	8,794	9,685	10,507	11,329	12,153
	3,410	3,477	3,565	3,607	3,692	3,748	3,828	3,874
	24,196	25,558	25,732	26,414	27,171	27,738	28,290	28,738
	—	—	—	51.7	—	—	—	55.6
	5,502	5,704	5,900	6,099	6,364	6,506	6,723	6,864
	274	282	290	298	307	322	330	342
	166	177	187	196	203	212	222	232
	12,097	13,000	13,759	14,478	15,400	16,119	16,766	17,535
	50,098	49,540	48,911	48,169	47,374	46,614	45,756	44,779
	7,354	7,238	7,117	6,996				
	57,452	56,778	56,029	55,165	54,217	53,330	52,346	51,232

Broadband Service Subscribers



IP-VPN, Wide-area Ethernet Contracts



SOFTBANK GROUP IN FIGURES

Fiscal years ended March 31

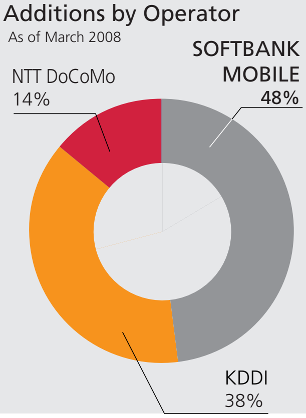
Operational Data

(Except where noted, data is for the end of each fiscal year or the end of each quarter)	FY 2006	FY 2007	FY 2008	2008 Q1	2008 Q2	2008 Q3	2008 Q4
Mobile Communications							
Cumulative subscribers (thousands)	15,209.9	15,908.5	18,586.2	16,440.5	17,052.5	17,613.5	18,586.2
Market share*1 (%)	16.6	16.4	18.1	16.8	17.2	17.5	18.1
2G (thousands)	12,172.3	8,248.4	4,579.3	7,222.6	6,136.0	5,332.0	4,538.3
3G (thousands)	3,037.6	7,660.1	14,006.9	9,217.9	10,916.5	12,281.5	14,047.9
3G ratio (%)	20.0	48.2	75.4	56.1	64.0	69.7	75.6
							(Total for the period)
Net addition (thousands)	169.2	698.6	2,676.5	530.8	612.0	561.0	972.7
Market share*1 (%)	3.5	14.2	44.6	39.7	47.9	47.1	44.2
2G (thousands)	(1,951.2)	(3,923.9)	(3,669.1)	(1,025.8)	(1,086.6)	(804.0)	(793.7)
3G (thousands)	2,120.4	4,622.5	6,346.8	1,557.8	1,698.6	1,365.0	1,766.4
							(Average for the period)
Blended ARPU							
Total (¥)	5,810	5,510	4,650	5,000	4,800	4,520	4,310
Voice (¥)	4,460	4,150	3,150	3,590	3,340	3,040	2,710
Data (¥)	1,350	1,360	1,490	1,410	1,470	1,490	1,600
Data percentage (%)	23.2	24.7	32.1	28.2	30.6	33.0	37.1
Churn rate (%)	1.59	1.50	1.32	1.46	1.42	1.21	1.19
Upgrade rate (%)	2.46	2.61	2.20	1.07	1.05	0.88	0.85
Average acquisition cost per subscriber (¥)	45,000	33,200	32,300	30,700	31,400	33,900	33,200

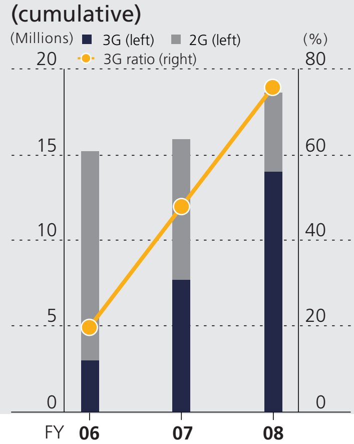
*1 Source: Telecommunications Carriers Association

Share in Net Subscriber Additions by Operator

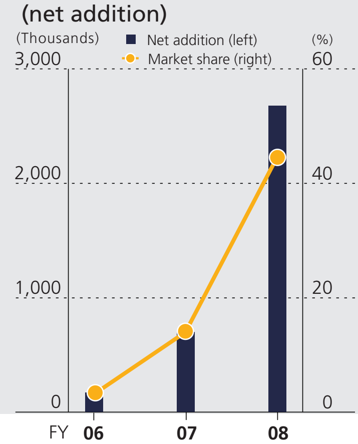
As of March 2008



SoftBank Subscribers (cumulative)



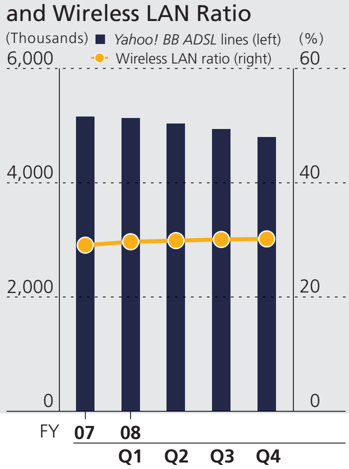
SoftBank Subscribers (net addition)



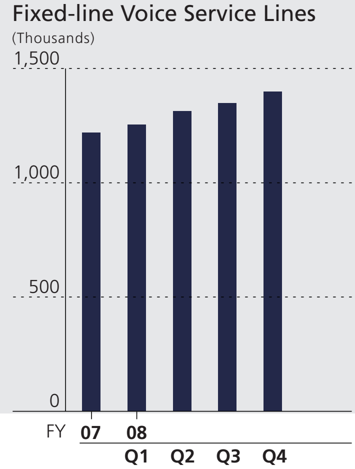
	FY			2008			
	2006	2007	2008	Q1	Q2	Q3	Q4
Broadband Infrastructure							
Yahoo! BB ADSL							
Installed lines (thousands)	5,049	5,164	4,809	5,134	5,042	4,943	4,809
BB Phone only (thousands)	90	70	53	66	62	58	53
8M (thousands)	1,230	1,276	1,144	1,259	1,221	1,185	1,144
12M (thousands)	2,338	2,137	1,889	2,079	2,015	1,957	1,889
26M (thousands)	330	294	248	284	273	261	248
50M (thousands)	1,061	1,387	1,475	1,446	1,471	1,481	1,475
50M ratio (%)	21.0	26.9	30.7	28.2	29.2	30.0	30.7
Wireless LAN subscriptions (thousands)	1,337	1,503	1,453	1,523	1,509	1,486	1,453
Wireless LAN ratio (%)	26.4	29.1	30.2	29.7	29.9	30.1	30.2
ARPU*1 (¥, average for the period)	—	—	—	4,358	4,341	4,316	4,292
Churn rate (%, average for the period)	1.48	1.69	1.91	1.81	1.70	1.87	2.24
Fixed-line Telecommunications							
Direct connection fixed-line voice service*2 lines (thousands)	848	1,221	1,401	1,257	1,315	1,351	1,401
Internet Culture							
Yahoo! JAPAN total monthly page views*3 (millions)	33,132	37,297	43,145	39,013	41,072	40,071	43,145
Yahoo! JAPAN unique browsers*4 (millions)	110	130	160	150	160	155	160
Average number of total listed items*5 on *Yahoo! Auctions* (millions)	9	13	16	15	16	17	16

*1 BB TECHNOLOGY CORP. (current SOFTBANK BB Corp.), which operates the *Yahoo! BB ADSL* business, sold its modem rental business in December 2005. The figures for ARPU are the monthly fees paid by subscribers, before taking the influence of the sale into account.
*2 Principally *OTOKU Line*.
*3 Number of accesses to *Yahoo! JAPAN* in the final month of each fiscal year or quarter.
*4 Number of browsers which accessed *Yahoo! JAPAN* services in the final month of each fiscal year or quarter.
*5 Daily average number of total listed items for the final month of each fiscal year or quarter.
Note: The figures for the Internet Culture business are based on documents disclosed by Yahoo Japan Corporation, figures less than one million are omitted.

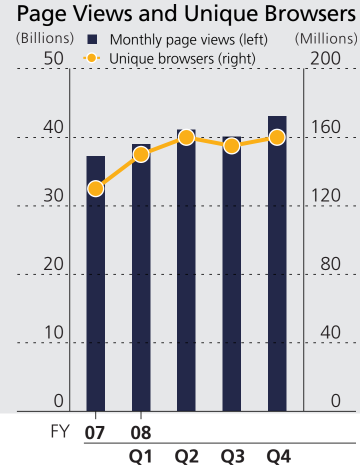
Yahoo! BB ADSL Lines and Wireless LAN Ratio



Direct Connection Fixed-line Voice Service Lines



Yahoo! JAPAN Monthly Page Views and Unique Browsers



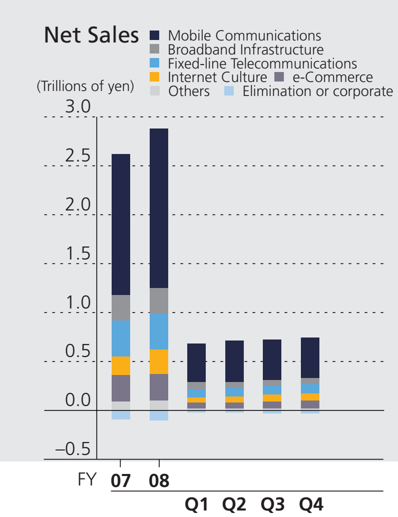
SOFTBANK GROUP IN FIGURES

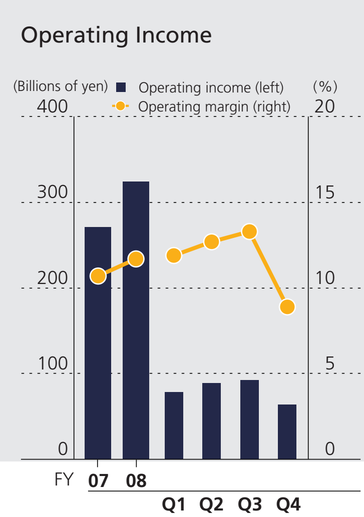
Fiscal years ended March 31

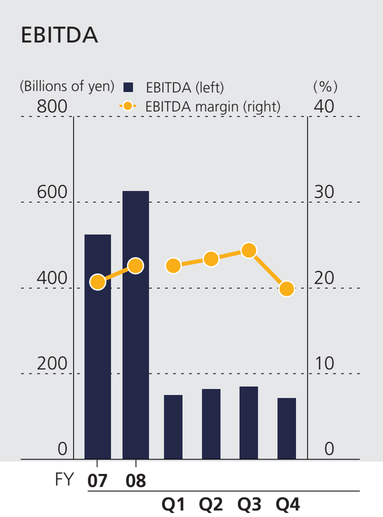
Business Segment Financial Data

(Millions of yen, except where noted)	FY 2006	FY 2007	FY 2008	2008 Q1	2008 Q2	2008 Q3	2008 Q4
Mobile Communications*1							
Net sales	—	¥1,442,040	¥1,630,852	¥391,668	¥422,842	¥406,082	¥410,260
Operating income	—	155,743	174,570	43,528	50,691	53,761	26,590
Operating margin (%)	—	10.8	10.7	11.1	12.0	13.2	6.5
EBITDA*2	—	321,484	385,466	92,430	104,091	108,300	80,645
EBITDA margin (%)	—	22.3	23.6	23.6	24.6	26.7	19.7
Capital expenditure*3	—	308,406	235,396	72,104	50,950	52,032	60,310
Depreciation and amortization	—	109,018	141,768	33,579	34,868	36,020	37,301
Broadband Infrastructure							
Net sales	¥268,452	¥264,228	¥258,069	¥65,747	¥64,072	¥64,341	¥63,909
Operating income	20,672	26,810	39,700	8,666	10,321	11,309	9,404
Operating margin (%)	7.7	10.1	15.4	13.2	16.1	17.6	14.7
EBITDA*2	48,910	55,601	70,314	15,963	17,513	18,573	18,265
EBITDA margin (%)	18.2	21.0	27.2	24.3	27.3	28.9	28.6
Capital expenditure*3	47,652	22,106	21,293	5,084	4,869	5,863	5,477
Depreciation and amortization	28,148	27,222	26,521	6,909	6,707	6,489	6,416
Fixed-line Telecommunications							
Net sales	¥354,233	¥374,130	¥370,741	¥90,487	¥90,987	¥89,979	¥99,288
Operating (loss) income	(25,159)	(2,965)	3,340	(112)	461	1,375	1,616
Operating margin (%)	—	—	0.9	—	0.5	1.5	1.6
EBITDA*2	21,496	42,589	47,965	11,105	11,352	12,442	13,066
EBITDA margin (%)	6.1	11.4	12.9	12.3	12.5	13.8	13.2
Capital expenditure*3	82,652	37,686	21,825	5,546	5,682	4,890	5,707
Depreciation and amortization	41,625	40,826	38,060	9,688	9,483	9,478	9,411

*1 The Mobile Communications segment, which was newly established in fiscal 2007, is principally comprised of the results of SOFTBANK MOBILE Corp., starting in May 2006.
*2 EBITDA = Operating income (loss) + depreciation, amortization, loss on disposal of fixed assets included in operating expenses.
*3 Capital expenditures include capital expenditures made under finance leases in which the ownership of the leased assets is not transferred to the lessee at the end of the term.







	FY			2008			
	2006	2007	2008	Q1	Q2	Q3	Q4
Internet Culture							
Net sales	¥156,121	¥194,212	¥247,643	¥52,796	¥57,624	¥66,505	¥70,718
Operating income	74,190	96,544	115,237	27,149	27,766	28,865	31,457
Operating margin (%)	47.5	49.7	46.5	51.4	48.2	43.4	44.5
EBITDA*2	81,637	106,207	126,459	29,606	30,591	31,702	34,560
EBITDA margin (%)	52.3	54.7	51.1	56.1	53.1	47.7	48.9
Capital expenditure*3	12,835	15,017	10,578	1,928	2,380	2,702	3,568
Depreciation and amortization	5,975	8,007	9,629	2,084	2,414	2,367	2,764
e-Commerce							
Net sales	¥283,276	¥271,571	¥270,724	¥61,661	¥63,813	¥69,634	¥75,616
Operating income	4,861	6,681	3,157	1,167	934	809	247
Operating margin (%)	1.7	2.5	1.2	1.9	1.5	1.2	0.3
EBITDA*2	5,977	7,765	4,306	1,442	1,208	1,092	564
EBITDA margin (%)	2.1	2.9	1.6	2.3	1.9	1.6	0.7
Capital expenditure*3	2,618	2,858	1,419	337	266	335	481
Depreciation and amortization	1,079	1,028	1,085	270	267	267	281
Others							
Net sales	¥83,073	¥90,785	¥99,873	¥24,872	¥26,907	¥23,185	¥24,909
Operating (loss) income	(4,760)	(4,730)	(5,121)	(689)	39	(2,618)	(1,853)
Operating margin (%)	24.7	—	—	—	0.1	—	—
EBITDA*2	(570)	(1,647)	(1,721)	93	830	(1,707)	(937)
EBITDA margin (%)	—	—	—	0.4	3.1	—	—
Capital expenditure*3	3,188	3,728	3,209	859	616	488	1,246
Depreciation and amortization	3,590	2,991	3,192	729	765	894	804
Elimination or Corporate							
Net sales	¥(36,490)	¥(92,747)	¥(101,733)	¥(24,146)	¥(24,584)	¥(25,706)	¥(27,297)
Operating (loss) income	(7,505)	(7,017)	(6,596)	(962)	(1,212)	(1,059)	(3,363)
EBITDA*2	(7,537)	(6,571)	(6,127)	(861)	(1,091)	(938)	(3,237)
Total							
Net sales	¥1,108,665	¥2,544,219	¥2,776,169	¥663,085	¥701,661	¥694,020	¥717,403
Operating income	62,299	271,066	324,287	78,747	89,000	92,442	64,098
Operating margin (%)	5.6	10.7	11.7	11.9	12.7	13.3	8.9
EBITDA*2	149,913	525,428	626,662	149,778	164,494	169,464	142,926
EBITDA margin (%)	13.5	20.7	22.6	22.6	23.4	24.4	19.9
Capital expenditure*3	148,946	389,801	293,720	85,858	64,763	66,310	76,789
Depreciation and amortization	80,417	189,092	220,255	53,259	54,504	55,515	56,977

myspace.com Japan

校内网 xiaonei.com

SoftBank

carview.co.jp

GungHo Online Entertainment, Inc.

Y! Keitai

SoftBank Technology

Vector

Broadmedia

SoftBank BB

YAHOO! JAPAN BB Broadband

SoftBank

SoftBank IDC

SoftBank HAWKS

TV Bank

YAHOO! JAPAN

SoftBank Telecom

ITmedia

Alibaba Group

Many Colors Synergy

Financial Section

Contents

ELEVEN-YEAR SUMMARY

SOFTBANK CORP. AND CONSOLIDATED SUBSIDIARIES Fiscal years ended March 31

(Millions of yen, except for per share data, % data, and others)	1998	1999	2000	2001
For the Fiscal Year:				
Net sales	¥ 513,364	¥ 528,159	¥ 423,220	¥ 397,105
Operating income (loss)	31,938	12,130	8,377	16,431
EBITDA	88,083	54,650	43,816	28,866
Income (loss) before income taxes and minority interests	33,824	36,640	32,168	87,009
Net income (loss)	10,303	37,538	8,446	36,631
Net cash provided by (used in) operating activities	19,248	(28,668)	349	(91,598)
Net cash (used in) provided by investing activities	(33,677)	281,005	(60,341)	(42,612)
Net cash provided by (used in) financing activities	21,591	(205,562)	220,914	24,548
Net increase (decrease) in cash and cash equivalents	9,909	53,988	160,615	(76,200)
Cash and cash equivalents at the end of the year	51,898	105,886	268,060	159,105
At Fiscal Year-end:				
Total assets	¥ 854,743	¥ 952,578	¥1,168,308	¥1,146,083
Total shareholders’ equity	242,758	284,976	380,740	424,261
Interest-bearing debt	396,143	444,392	418,706	413,442
Net interest-bearing debt	361,602	351,790	163,997	243,042
Major Indicators (%):				
Operating margin	6.2	2.3	2.0	4.1
Return on equity	4.3	14.2	2.5	9.1
Equity ratio	28.4	29.9	32.6	37.0
Debt/equity ratio	163.2	155.9	110.0	97.4
Net debt/equity ratio	149.0	123.4	43.1	57.3
Per Share Data (Yen):				
Net income (loss)	¥ 100.77	¥ 365.38	¥ 78.05	¥ 110.47
Net income (loss) after retroactive adjustment	11.20	40.60	8.67	36.82
Shareholders’ equity	2,375.24	2,719.35	3,456.55	1,260.14
Shareholders’ equity after retroactive adjustment	263.92	302.15	384.06	420.05
Cash dividends	40.00	20.00	20.00	7.00
Cash dividends after retroactive adjustment	4.44	2.22	2.22	2.33
Others:				
Shares outstanding (thousands of shares)	102,204	104,796	110,150	336,677
Consolidated subsidiaries	63	71	143	216
Equity-method non-consolidated subsidiaries and affiliates	15	20	53	117
Number of public companies	2	7	13	21
Number of employees	1,064	1,002	7,219	4,312

Notes:
1. For fiscal 1998-2004, EBITDA = operating income (loss) + interest income and dividends + depreciation + amortization.
   For fiscal 2005-2008, EBITDA = operating income (loss) + depreciation, amortization, loss on disposal of fixed assets included in operating expenses.
2. For fiscal 1998, interest-bearing debt, net interest-bearing debt, total assets, the equity ratio, the debt/equity ratio and the net debt/equity ratio have been adjusted to exclude loans from SOFTBANK to MAC Inc. and borrowings of SOFTBANK Holdings Inc. from MAC Inc.
3. Net interest-bearing debt and the net debt/equity ratio are calculated by deducting cash and deposits and marketable securities (current assets) and others from interest-bearing debt.
4. Interest-bearing debt, net interest-bearing debt, the debt/equity ratio, and the net debt/equity ratio include cash receipts as collateral from financial institutions, to whom the Company lent shares of its subsidiary under security deposit agreements, from fiscal 2008.
5. Net income (loss) per share is calculated based on the weighted-average number of shares outstanding during each fiscal year, and shareholders’ equity per share are calculated based on the number of shares outstanding as of each fiscal year-end.
   The adjusted figures reflect the following stock splits.
   May 20, 1997 1.3:1 / June 23, 2000 3.0:1 / January 5, 2006 3.0:1
6. Cash dividends per share paid in fiscal 1998 include an additional ¥20 per share to commemorate the listing of SOFTBANK’s shares.
7. The number of public companies refers to subsidiaries and affiliates.
8. From fiscal 1998 to fiscal 1999, the number of employees is on a stand-alone basis. Accompanying the transition to a pure holding company in October 1999, the number of employees for fiscal 2000 and subsequent years is on a consolidated basis.

2002	2003	2004	2005	2006	2007	**2008**
¥ 405,315	¥ 406,892	¥ 517,394	¥ 837,018	¥1,108,665	¥2,544,219	**¥2,776,169**
(23,901)	(91,997)	(54,894)	(25,359)	62,299	271,066	**324,287**
(10,024)	(69,781)	(20,705)	44,095	149,913	525,428	**626,662**
(119,939)	(71,474)	(76,745)	(9,549)	129,484	208,574	**225,887**
(88,755)	(99,989)	(107,094)	(59,872)	57,551	28,815	**108,625**
(79,123)	(68,600)	(83,829)	(45,989)	57,806	311,202	**158,258**
39,751	119,749	81,878	(242,944)	27,852	(2,097,937)	**(322,461)**
1,313	(17,615)	306,390	277,771	30,078	1,718,385	**284,727**
(34,479)	27,805	290,980	(9,689)	126,642	(65,277)	**113,517**
119,855	147,526	437,133	320,195	446,694	377,521	**490,267**
¥1,163,678	¥ 946,331	¥1,421,207	¥1,704,854	¥1,808,399	¥4,310,853	**¥4,558,902**
465,326	257,396	238,081	178,017	242,768	282,950	**383,743**
365,644	340,795	575,541	853,918	905,293	2,394,403	**2,532,969**
232,016	188,232	134,858	531,680	454,614	2,008,149	**2,036,879**
—	—	—	—	5.6	10.7	**11.7**
(20.0)	(27.7)	(43.2)	(28.9)	27.4	11.0	**32.6**
40.0	27.2	16.8	10.4	13.4	6.6	**8.4**
78.6	132.4	241.7	479.7	372.9	846.2	**660.1**
49.9	73.1	56.6	298.7	187.3	709.7	**530.8**
¥ (263.53)	¥ (296.94)	¥ (314.72)	¥ (171.03)	¥ 54.36	¥ 27.31	**¥ 101.68**
(87.84)	(98.98)	(104.91)	(57.01)	54.36	27.31	**101.68***1
1,381.31	767.56	677.40	505.86	229.88	268.02	**355.15**
460.44	255.85	225.80	168.62	229.88	268.02	**355.15**
7.00	7.00	7.00	7.00	2.50	2.50	**2.50**
2.33	2.33	2.33	2.33	2.50	2.50	**2.50**
336,872	335,293	351,404	351,457	1,055,082	1,055,704	**1,080,501**
285	269	177	153	153	118	**109**
113	116	103	108	87	66	**67**
17	14	14	11	11	11	**13**
4,375	4,966	5,108	12,949	14,182	17,804	**19,040**

*1 Due to a typographic error, the figure for the net income after retroactive adjustment for the year ended March 31, 2008 was corrected on December 18, 2009.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATING RESULTS AND FINANCIAL CONDITION

Highlights

- Net sales, operating income, and net income all reach record highs
- Operating income grew by double digits in the Mobile Communications, Broadband Infrastructure and Internet Culture segments, while the Fixed-line Telecommunications segment achieved profitability
- Large interest-bearing debt related to major acquisition is being reduced
- Cash flows from operating activities have established as positive, and capital expenditure has peaked

Scope of Consolidation

As of March 31, 2008, the SOFTBANK Group (hereafter "the Group") is comprised of SOFTBANK CORP. (a pure holding company, hereafter "the Company") and the following business segments. The numbers of consolidated subsidiaries and equity-method companies in each business segment are as follows:

Business Segments	Consolidated Subsidiaries	Equity-method Non-consolidated Subsidiaries and Affiliates
Mobile Communications	5	2
Broadband Infrastructure	5	3
Fixed-line Telecommunications	4	—
Internet Culture	15	19
e-Commerce	7	4
Others	73	39
Total	109	67

More Details (1)

Change in Scope

	Companies		Companies
Consolidated subsidiaries	109	Equity-method affiliates	64
New	4	New	11
Excluded	13	Excluded	12
Non-consolidated subsidiaries	78	Non-consolidated subsidiaries not accounted for by the equity method	75
Equity-method non-consolidated subsidiaries	3	Affiliates not accounted for by the equity method	25
New	2		

Analysis of Consolidated Operating Results in Fiscal 2008

1. Overview

Immediately following its full-fledged entry into the mobile communications market, the Group identified four key initiatives – 3G network enhancement, 3G handset lineup enrichment, mobile content enhancement, and enhancement of the sales structure & branding – and has worked to expand its customer base and further establish the SoftBank brand. As a result, SOFTBANK MOBILE Corp. has achieved the industry's highest monthly net additions in number of subscribers (new subscribers minus cancellations) for the 11 consecutive months from May 2007. SOFTBANK MOBILE Corp. also recorded the industry's highest net subscriber additions on a full-year basis for the fiscal year ended March 31, 2008 (hereafter "fiscal 2008"), with a net addition of 2,676,500 subscribers[1].

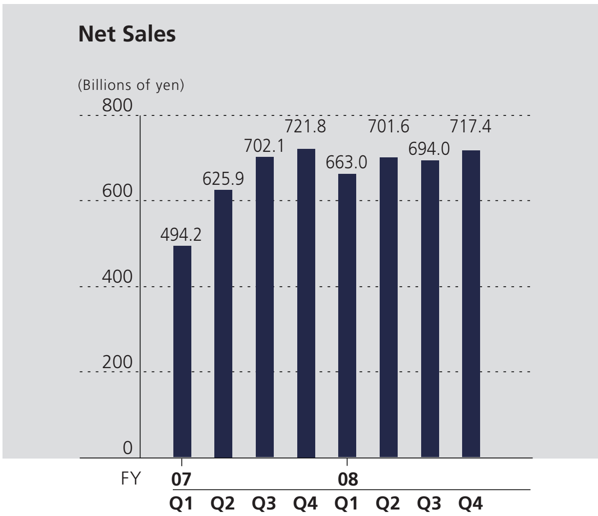
Supported by the strong performance of the Mobile Communications segment, net sales for fiscal 2008 totaled ¥2,776,169 million, operating income came to ¥324,287 million, and net income to ¥108,625 million – all record levels for the Group.

SOFTBANK MOBILE Corp. was included in the scope of consolidation from the end of April 2006, meaning that results for the fiscal year ended March 2007 (hereafter "fiscal 2007") included an 11-month contribution from May 2006 in the Mobile Communications segment, which was newly established.

Notes: 1. Source: Telecommunications Carriers Association

2. Net sales

Net sales grew ¥231,950 million year-on-year, or 9.1%, to ¥2,776,169 million, with the Mobile Communications segment posting 13.1% net sales growth to ¥1,630,852 million. The increase came primarily from increased handset sales accompanying the mobile phone subscriber growth, and the fact that fiscal 2008's results include a full-year contribution from SOFTBANK MOBILE Corp.

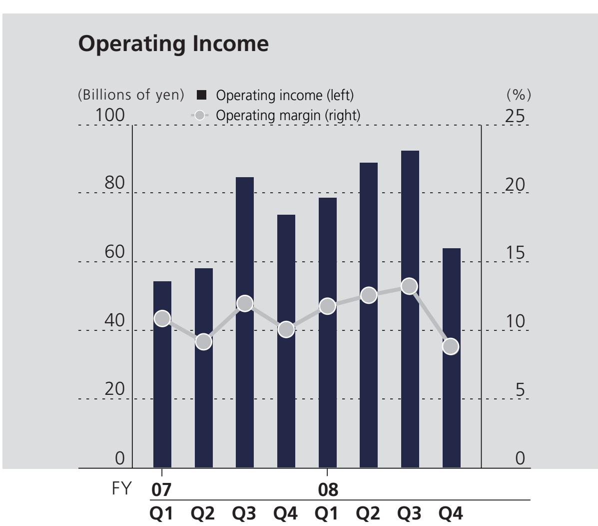


3. Operating income

Operating income rose ¥53,221 million year-on-year, or 19.6%, to ¥324,287 million. The Mobile Communications segment recorded operating income of ¥174,570 million, a 12.1% increase. In addition to a strong performance by the Mobile Communications segment, this reflected a full-year contribution from SOFTBANK MOBILE Corp.

The cost of sales increased by ¥57,844 million year-on-year, to ¥1,467,364 million.

Selling, general and administrative expenses came to ¥984,518 million, an increase of ¥120,885 million.



4. Income before income taxes and minority interests

Income before income taxes and minority interests totaled ¥225,887 million, an increase of 8.3% year-on-year, or ¥17,313 million. Equity in earnings of affiliated companies totaled ¥55,411 million, but interest expense totaled ¥114,864 million and valuation loss on investment securities totaled ¥21,856 million, respectively.

Alibaba.com Limited, a subsidiary of the Company's equity-method affiliate Alibaba Group Holding Limited, was newly listed on the Main Board of the Stock Exchange of Hong Kong Limited on November 6, 2007. Alibaba Group Holding Limited recorded gain on sale of shares in a subsidiary and dilution gain from changes in equity interest due to the issue of new shares accompanying the listing, and also from the sale of shares held in Alibaba.com Limited. The Group's share of these gains totaled ¥57,223 million, which was recorded as equity in earnings of affiliated companies.

Interest expense increased by ¥32,103 million year-on-year. Following the release of revised practical guidelines for financial instrument accounting on March 25, 2008, fixed rate amount of stock bailment fees based on security deposit agreements is included in "interest expense" (please refer to page 112, "6 Short-term borrowings, long-term debt and lease obligations").

Valuation loss came to ¥21,856 million on mainly the Group's shareholding in UTStarcom, Inc. Unrealized appreciation on investments and gain on sale of investments at subsidiaries in the U.S., net of ¥12,967 million and gain on sale of investment securities of ¥6,299 million were recorded.

As SOFTBANK TELECOM Corp.'s *OTOKU Line* direct connection fixed-line voice service has experienced increasing demand for its digital lines from corporate customers, SOFTBANK TELECOM Corp. recorded loss from the disposal of supplies of ¥12,006 million, impairment losses on leased assets of ¥8,818 million, and loss from the disposal of fixed assets of ¥5,426 million related to telecommunications equipment for analog lines.

5. Income taxes

Current income taxes totaled ¥48,650 million and deferred income taxes came to ¥29,533 million.

Current income taxes, primarily for Yahoo Japan Corporation totaled ¥53,620 million, while income taxes payable at SOFTBANK Holdings Inc. that no longer needed to be recognized were reversed and current income taxes were credited by ¥4,970 million.

The primary component of deferred income taxes was ¥77,535 million booked at SOFTBANK MOBILE Corp., while deferred income taxes were credited by ¥39,831 million at the Company subsidiary, BB Mobile Corp. BB Mobile Corp., SOFTBANK MOBILE Corp. and its five subsidiaries, all of which are subsidiaries of the Company, are approved to adopt the consolidated taxation system by the commissioner of the National Tax Agency for the fiscal year beginning from April 1, 2008 (hereafter "fiscal 2009"). Accordingly, BB Mobile Corp. recorded deferred tax assets on loss carryforwards as of March 31, 2008, based on the consolidated taxation group's profitability.

More Details (2)

Difference Between the Normal Effective Statutory Tax Rate and the Actual Effective Tax Rate

The actual effective tax rate at the end of fiscal 2008 was 34.61%, lower than the normal effective statutory tax rate of 40.69%. The main reasons for this difference and the effects are described below.

Normal effective statutory tax rate	40.69%
Reconciliation	
Amortization of goodwill	+10.74%
Equity in earnings of affiliated companies	(7.71%)
Changes in valuation allowance (Note)	(9.06%)
Other–net	(0.05%)
Actual effective tax rate	34.61%

Note: Changes in valuation allowance in fiscal 2008 include the tax rate reduction effect of 16.34% by the adoption of consolidated taxation system in subsidiaries.

More Details (3)

Loss Carryforwards

The outstanding balance for loss carryforwards for all consolidated subsidiaries as of March 31, 2008 and the expiry dates for loss carryforwards are described in the table below.

(Millions of yen)

Company Name	Balance (as of March 31, 2008)	Expiry Date
BB Mobile Corp.	120,271	March 2009 to March 2015
SOFTBANK TELECOM Corp.	82,891	March 2013 to March 2015
SOFTBANK BB Corp.	67,080	March 2012 to March 2013
SOFTBANK IDC Corp.	66,578	March 2009 to March 2013
Others	108,362	March 2009 to March 2015
Total	445,182	

Note: Data in table are taxable income based.

1. Mobile Communications

<Analysis of Results>

Net sales increased by ¥188,812 million year-on-year, or 13.1%, to ¥1,630,852 million. Operating income increased by ¥18,827 million, or 12.1%, to ¥174,570 million. This increase came primarily from a full-year contribution from SOFTBANK MOBILE Corp. from fiscal 2008, as well as strong growth in mobile handset sales associated with a steady pace of increase in new subscribers.

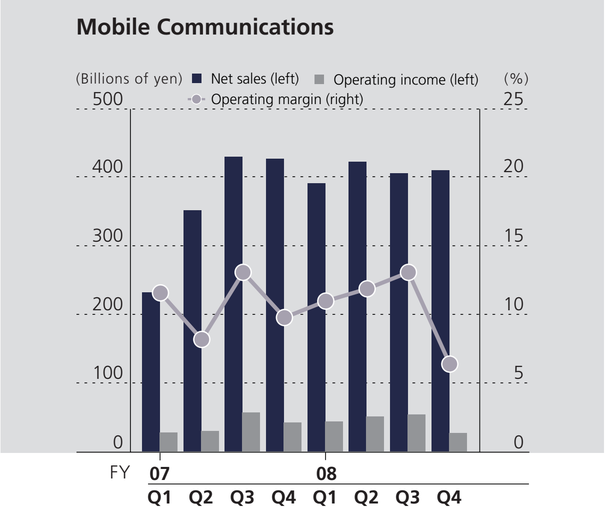
The number of net additions for March 2008, which is the peak month for the spring sales, exceeded 500,000, the best monthly performance to date. On the other hand, operating income in the fourth quarter fell to a low level compared to the first, second and third quarters along with the increase of operating expenses from sales commission cost and others.

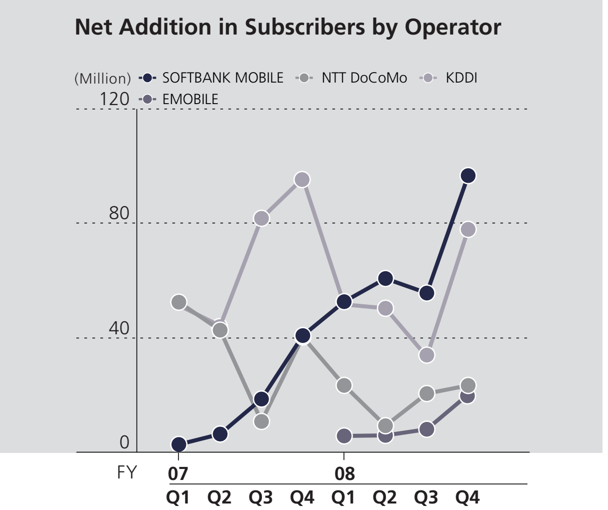
<Number of Subscribers>

The number of SOFTBANK MOBILE Corp. subscribers totaled 18,586,200[2] as of March 31, 2008, marking an increase of 2,676,500 subscribers for fiscal 2008 and a 1.7 percentage point increase in market share to 18.1%. SOFTBANK MOBILE Corp. has also recorded the industry's highest monthly net addition in subscribers for the 11 consecutive months from May 2007, and fiscal 2008 was the first time SOFTBANK MOBILE Corp. posted the highest net additions on a full-year basis. The number of 3G subscribers exceeded 14 million, representing more than three-fourths of all subscribers.

In order to further promote the migration to 3G, SOFTBANK MOBILE Corp. stopped accepting new contract applications for its 2G service, including its prepaid service, on March 31, 2008.

Notes: 2. The total number of subscribers for SOFTBANK MOBILE Corp. includes communication module service subscribers from fiscal 2008. The number of communication module service subscribers as of March 31, 2008 was 1,600.





Source: Telecommunications Carriers Association

<Churn Rate and Upgrade Rate>

Quarterly churn rates were 1.46% in the first quarter, 1.42% in the second quarter, 1.21% in the third quarter, and 1.19% in the fourth quarter. The steady decline in the churn rate was the result of the release of an enhanced 3G handset lineup, attractive price plans and services, and the success of installment sales for handsets. The churn rate for 3G subscribers fell below the 1% level from the third quarter.

Upgrade rates were 2.25% in the first quarter, 2.67% in the second quarter, 2.00% in the third quarter, and 1.93% in the fourth quarter. These rates were lower than in fiscal 2007 when the upgrade rate increased temporarily due to enhancement of the 3G handset lineup in response to Mobile Number Portability.

<ARPU and Average Acquisition Commission per User>

Total ARPU[3] by quarter was ¥5,000 in the first quarter, ¥4,800 in the second quarter, ¥4,520 in the third quarter, and ¥4,310 in the fourth quarter. This decline in total ARPU was a reflection of steady growth in the number of subscribers to *White Plan*, which has a basic monthly charge of ¥980 (including tax), and special discount for subscribers to the *New Super Bonus*. On the other hand, data ARPU rose from ¥1,410 in the first quarter to ¥1,470 in the second quarter, ¥1,490 in the third quarter, and to ¥1,600 in the fourth quarter. As a result of changes to the special benefits for *New Super Bonus* subscribers implemented on January 15, 2008, which ended the offer to waive the fixed monthly charge of *Unlimited Packet Use Discount* for up to two months, the fourth quarter data ARPU rose ¥110 relative to the third quarter, and accounted for 37.1% of total ARPU.

The average acquisition commission per user was ¥30,700 in the first quarter, ¥31,400 in the second quarter, ¥33,900 in the third quarter, and ¥33,200 in the fourth quarter.

Notes: 3. Average Revenue Per User

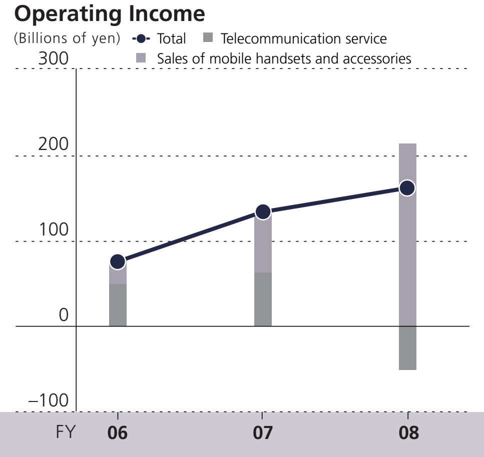
More Details (4)

Introduction of Installment Sales Method

In October 2006, prior to other operators SOFTBANK MOBILE Corp. fully introduced an installment sales method in which users pay for handsets, replacing the system of low-priced sales to agents via subsidies. SOFTBANK MOBILE Corp. also introduced the *New Super Bonus Discount* for basic monthly charges and communication charges at the same time, thereby creating a package by which users' actual monthly outlay would not increase. This new sales method changed the patterns of operating income in both telecommunication services income and sales of mobile handsets and accessories income; but operating income at the Mobile Communications business – the business' total actual profit – remained strong as this sales method supported solid subscriber acquisition and a decline in the churn rate.

Going forward, SOFTBANK MOBILE Corp. intends to further increase profit by introducing attractive handsets, content and services that will promote the use of data communication services.

SOFTBANK MOBILE Corp.'s Consolidated Operating Income



Note: The graph shows SOFTBANK MOBILE Corp.'s consolidated results, so the figures differ from those of the Mobile Communications segment in SOFTBANK CORP.'s consolidated accounts.

<Enhanced 3G Network>

The number of 3G base stations was increased during fiscal 2008 and the network was enhanced to address increases in the number of subscribers. Capital expenditure (acquisition basis) in fiscal 2008 by the Mobile Communications segment totaled ¥235,396 million, and the number of 3G base stations as of March 31, 2008 stood at 51,320, an increase of roughly 22,000 from the 29,404 in place as of March 31, 2007. The segment will continue to "enhance the 3G network" going forward.

<Enhanced Lineup of 3G Handsets>

A total of 36 3G handset models in 172 colors were released during fiscal 2008, compared with 32 (3G) models in 152 colors during fiscal 2007, further enhancing the 3G handset lineup.

The Group has identified 2008 as "Year of the Internet Machine," and will pursue advances in "Internet Machines" that focus on the use of data telecommunications through mobile handsets. The first handset within this concept – the new "Internet Machine SoftBank 922SH" – was released in March 2008.

<Enhanced Sales Structure and Branding>

SOFTBANK MOBILE Corp. continued to build on the fiscal 2008's efforts to increase the number of SoftBank shops, enhance the sales structure, and expand sales channels. As a result, the number of SoftBank shops increased by 578 from March 31, 2007, to 2,653 at March 31, 2008. In addition, advertising to raise the level of recognition of the SoftBank brand and enhance brand strength paid off, with SoftBank winning the "triple crown" of first place in the three categories of company, production and brand, in a monthly survey of consumer preference of TV commercials[4] for seven months between August 2007 and March 2008 (every month except December 2007).

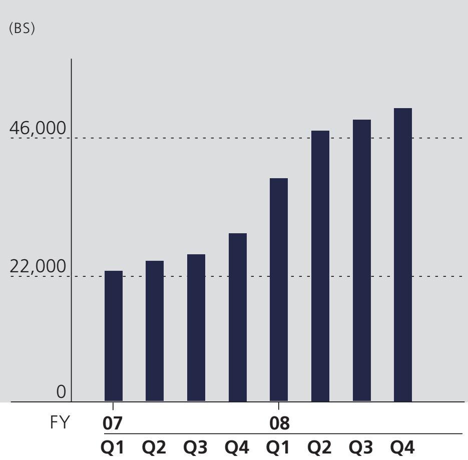
Notes: 4. Source: CM Databank

<*White Plan* Applications Exceeded 12 Million>

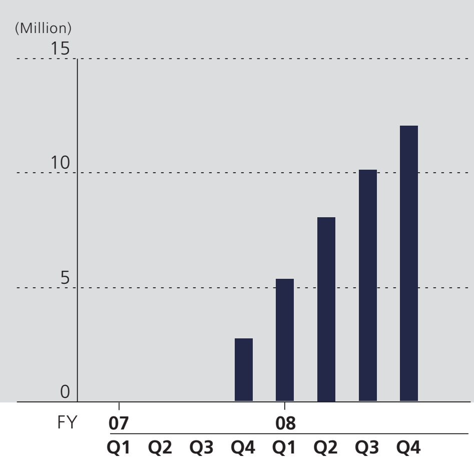
With steady growth in the number of applications for *White Plan*, the number of applications surpassed the 12 million mark on March 20, 2008, an increase of roughly 9 million over the course of fiscal 2008 after exceeding 3 million as of March 31, 2007. This plan is a simple price plan with a basic monthly charge of ¥980 (including tax) and it offers free domestic on-net voice calls between SoftBank users from 01:00 to 21:00[5] and for domestic voice calls other than those it offers a flat fee of ¥21 (including tax) per 30 seconds[5]. In addition, the number of *Double White* discount service applications reached 4.14 million. This discount service, available to *White Plan* subscribers, halves the ¥21 rate to ¥10.5 (including tax) per 30 seconds for an additional fixed charge of ¥980 (including tax).

Notes: 5. Not applicable to Video call, 64K Digital Data Communication and Global Services.

Number of 3G Base Stations



Number of Applications for *White Plan*



2. Broadband Infrastructure

<Analysis of Results>

Net sales decreased by ¥6,159 million year-on-year, or 2.3%, to ¥258,069 million. Operating income increased by ¥12,890 million, or 48.1%, to ¥39,700 million. Revenue from ADSL business in SOFTBANK BB Corp. is showing a declining trend due to ARPU decline and others, however, profit increase trend is maintained due to decrease of access charge and lease cost for telecommunications equipment.

<Overview of Operations>

The number of installed lines for *Yahoo! BB ADSL*, the comprehensive broadband service provided by SOFTBANK BB Corp., totaled 4,809,000 lines as of March 31, 2008. On a customer payment basis, ARPU was ¥4,358 in the first quarter, ¥4,341 in the second quarter, ¥4,316 in the third quarter, and ¥4,292 in the fourth quarter. Moreover, the ratio of subscribers to faster services, such as *Yahoo! BB 50M*, was 30.7%, and for *Wireless LAN Pack* was 30.2% as of March 31, 2008. Efforts to raise efficiency at the ADSL business led to an increase in operating income.

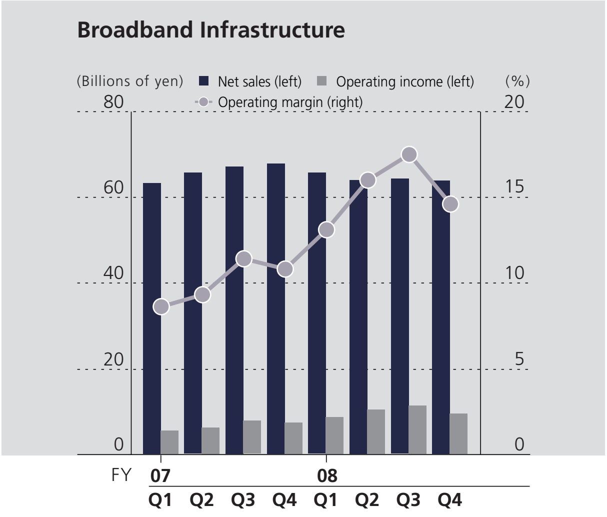
3. Fixed-line Telecommunications

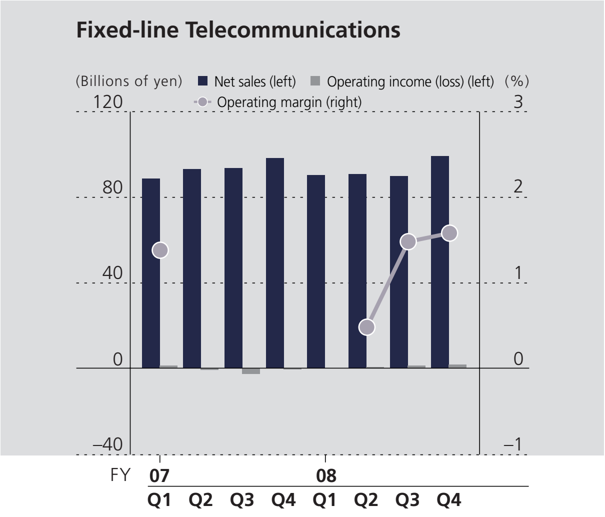
<Analysis of Results>

Net sales decreased by ¥3,389 million year-on-year, or 0.9%, to ¥370,741 million. Operating income totaled ¥3,340 million, marking a turnaround from operating loss of ¥2,965 million in fiscal 2007. This segment was newly established in the fiscal year ended March 31, 2005, and the result in fiscal 2008 marks its first operating profit on a full-year basis.

<Overview of Operations>

SOFTBANK TELECOM Corp. is utilizing its core *OTOKU Line* direct connection fixed-line voice service to expand its corporate customer base. The number of *OTOKU Line* installed lines steadily increased, growing by 180,000 from March 31, 2007 to reach 1,401,000 as of March 31, 2008. Corporate customers constituted 70.4% of the total number of lines, which was 10.4 percentage points higher than as of March 31, 2007. SOFTBANK TELECOM Corp. will continue to focus its efforts on direct marketing to major corporate clients, which generate higher profitability. Due to increasing demand for *OTOKU Line* digital lines for corporate customers, SOFTBANK TELECOM Corp. recorded loss from the disposal of supplies of ¥12,006 million, impairment losses on leased assets of ¥8,818 million, and loss from the disposal of fixed assets of ¥5,426 million.





4. Internet Culture

<Analysis of Results>

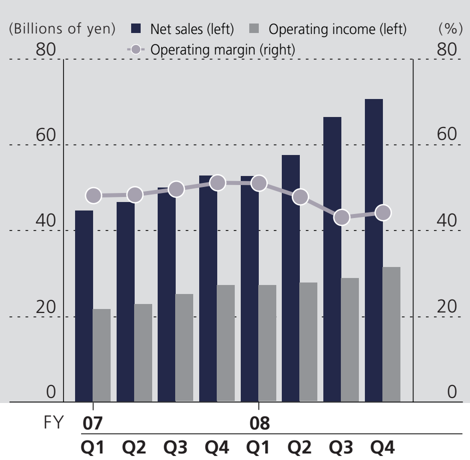
Net sales increased by ¥53,431 million year-on-year, or 27.5%, to ¥247,643 million. Operating income increased by ¥18,693 million, or 19.4%, to ¥115,237 million.

<Overview of Operations>

In the advertising business of Yahoo Japan Corporation, sales of advertising products with high branding impact expanded. These products included the *Prime Display* launched in October 2007 and *Brand Panel* in January, the size of which was expanded along with the overall renewal of *Yahoo! JAPAN*'s top page in January 2008. The use of behavioral advertising also grew, supporting a firm increase in display advertising compared with fiscal 2007. Paid listing advertising sales surged ahead from fiscal 2007 because of the further expansion of this advertising market and increased use of search services. The start in July 2007 of a new system for paid listing advertising service that takes into consideration a quality index and the bidding price and other factors contributed to the sales surge in paid listing advertising.

In business services other than advertising, sales of information listing grew steadily. In particular, sales of *Yahoo! Real Estate* increased sharply, reflecting the large growth in the number of listings and the site renewal. *Yahoo! Shopping* and *Yahoo! Auctions* made further progress with increasing the number of the merchant stores, efforts to acquire new stores were also continued. As a result, at the end of March 31, 2008, the number of merchant stores registered on *Yahoo! Shopping* and *Yahoo! Auctions* totaled 31,289, expanding by 4,245 stores from the end of March 31, 2007. In addition, tenant and commission fees for *Yahoo! Shopping* and *Yahoo! Auctions* expanded favorably.

Internet Culture

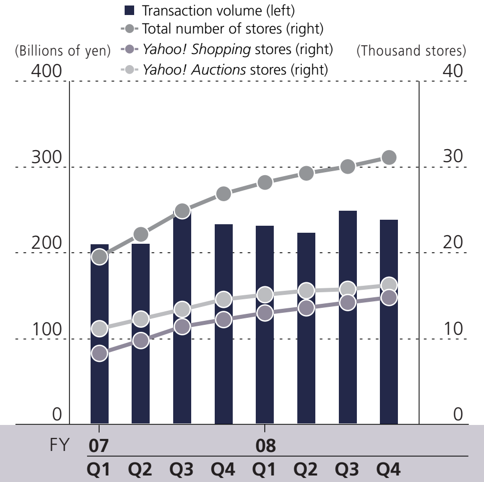


More Details (5)

Trends in e-Commerce Business

The total volume of e-Commerce transactions, including tenant and commission fees for *Yahoo! Shopping* and *Yahoo! Auctions*, continues to increase steadily.

e-Commerce Transaction Volume and Number of Stores



5. e-Commerce

<Analysis of Results>

Net sales decreased by ¥847 million year-on-year, or 0.3%, to ¥270,724 million, and operating income decreased by ¥3,524 million, or 52.8%, to ¥3,157 million.

<Overview of Operations>

Distribution business of SOFTBANK BB Corp. posted strong sales of network equipment including routers and switching devices, and of IT equipment for corporate customers including servers and client PCs. Although hardware products sales to mass appliance retailers increased, operating income decreased compared to fiscal 2007 due to sluggish sales of high-margin software, valuation loss on products, and upfront investments in the new business such as the corporate mobile solutions business and the new SaaS[6] business.

SOFTBANK BB Corp. launched a new brand, *SoftBank SELECTION*, in November 2007. This brand incorporates a range of specially selected mobile handset accessories and personal computer software, which are sold at certain SoftBank shops, mass appliance retailers, and other outlets. *SoftBank SELECTION* released 393 different items during fiscal 2008, of which 22 were software titles.

Notes: 6. Software as a Service: A service which enables users to use necessary applications via the Internet.

6. Others

<Analysis of Results>

Net sales increased by ¥9,088 million year-on-year, or 10.0%, to ¥99,873 million. The operating loss was ¥5,121 million, compared with operating loss of ¥4,730 million in fiscal 2007.

This segment includes the Broadmedia business (mainly Broadmedia Corporation), the Technology Services business (mainly SOFTBANK TECHNOLOGY CORP.), the Media & Marketing business (mainly SOFTBANK Creative Corp. and ITmedia Inc.), the Overseas fund business, and other businesses (mainly TV Bank Corporation and Fukuoka Softbank Hawks Corp.)

Forecasts for Fiscal 2009

In the Group's core telecommunications businesses, especially the Mobile Communications business, the Group has introduced the installment sales method for mobile handsets and is introducing a range of price plans and discount services etc. to meet diverse customer needs. These include sales and pricing methods that have no precedent in the industry and it is difficult to estimate customer trends for them. At this point, it is difficult to make performance forecasts.

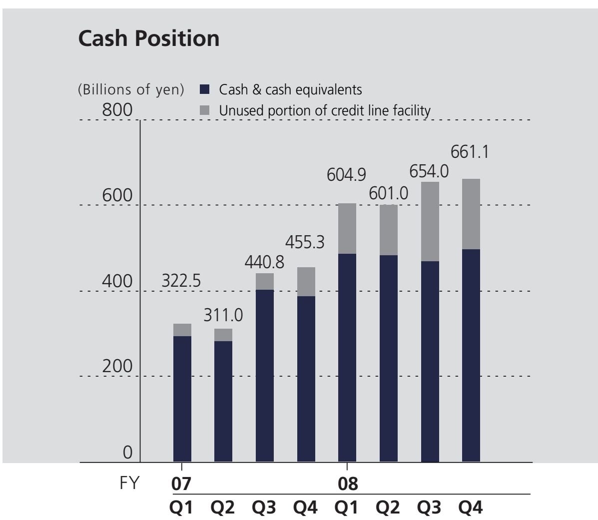
To proactively provide enhanced information disclosure to shareholders and investors, consolidated performance forecasts will be announced at the point when logical estimates are possible.

Financial Position

1. Assets, Liabilities and Equity

Current Assets

Current assets increased by ¥335,312 million from March 31, 2007, to ¥1,582,745 million. This was mainly because of a ¥303,750 million increase in notes and accounts receivable-trade accompanying the strong installment sales of mobile handsets at SOFTBANK MOBILE Corp. In addition, SOFTBANK MOBILE Corp.'s securitization of a portion of these installment sales receivables led to a ¥112,746 million increase in cash and cash equivalents. Furthermore, funds procured through the securitization of installment sales receivables were recorded as borrowings, and entrusted installment sales receivables were recorded as accounts receivable-trade.



Fixed Assets

<Property and Equipment, Net>

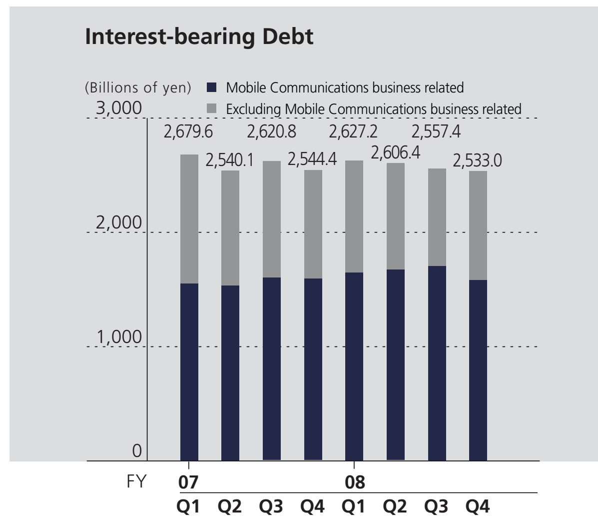
Property and equipment, net, totaled ¥1,029,265 million, roughly flat with the ¥1,029,853 million as of March 31, 2007. This was primarily from a ¥49,253 million increase in telecommunications equipment assets, consisting of a ¥175,577 million increase from newly acquired base stations, switching equipment and other mobile telecommunications equipment, ¥112,711 million in depreciation and ¥12,178 million of disposals. On the other hand, construction completions resulted in a ¥26,202 million decrease in construction in progress.

<Intangible Assets>

Intangible assets decreased by ¥41,402 million from March 31, 2007, to ¥1,238,309 million. This was primarily the result of a decrease of ¥58,491 million in amortization of goodwill, while software increased by ¥23,564 million.

<Investments and Other Assets>

Investments and other assets decreased by ¥45,273 million from March 31, 2007, to ¥708,583 million. This was primarily the result of a ¥83,999 million decrease in investment securities, and the reversal of ¥30,896 million in long-term deferred tax assets from the utilization of loss carryforwards at SOFTBANK MOBILE Corp.



Current Liabilities

Current liabilities increased by ¥97,802 million from March 31, 2007, to ¥1,240,705 million. This was primarily the result of increases of ¥182,810 million in current portion of long-term debt and ¥51,722 million in current portion of lease obligations, which offset a ¥51,110 million decrease in accounts payable-other and accrued expenses.

Following the release of revised practical guidelines for financial instrument accounting on March 25, 2008, items previously included in "cash receipts as collateral" are included in "short-term borrowings" (please refer to page 112, "6 Short-term borrowings, long-term debt and lease obligations"). The increase in current portion of long-term debt consisted primarily of ¥165,872 million procured by SOFTBANK MOBILE Corp. via the securitization of installment sales receivables, while on the other hand borrowings by the Company declined by ¥70,111 million, which included a ¥20,000 million decrease in cash receipts as collateral, previously presented as "cash receipts as collateral."

Long-Term Liabilities

Long-term liabilities increased by ¥17,759 million from March 31, 2007, to ¥2,469,472 million. Lease obligations increased by ¥166,532 million and long-term debt decreased by ¥119,926 million.

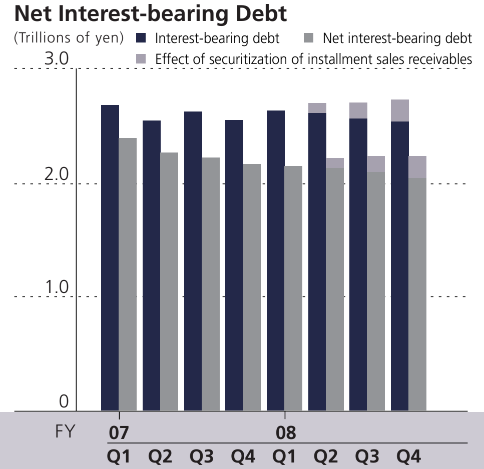
The balance of long-term debt procured by SOFTBANK MOBILE Corp. through the whole business securitization (WBS) financing scheme decreased by ¥78,602 million from March 31, 2007, to ¥1,276,489 million.

Equity

Equity increased by ¥132,488 million from March 31, 2007, to ¥848,725 million. The components of the increase were as follows. Net income was ¥108,625 million. However, the adoption of new accounting standards at a U.S. subsidiary resulted in a ¥5,151 million reduction in retained earnings, and ¥2,639 million in dividends was paid from retained earnings. As a result, accumulated deficit improved by ¥100,527 million. In addition, the execution of stock acquisition rights and stock subscription rights led to increases of ¥24,113 million in common stock and ¥24,072 million in additional paid-in capital. Moreover, minority interests increased ¥34,755 million, and the deferred loss on derivatives under hedge accounting improved by ¥15,173 million. There were decreases, however, of ¥41,705 million in unrealized gain on available-for-sale securities and ¥21,372 million in foreign currency translation adjustments.

More Details (6)

Interest-bearing Debt and Net Interest-bearing Debt



Cash Flows

Net cash provided by operating activities was ¥158,258 million, net cash used in investing activities was ¥322,461 million, and net cash provided by financing activities was ¥284,727 million. As a result, cash and cash equivalents as of March 31, 2008 totaled ¥490,267 million, an increase of ¥112,746 million from March 31, 2007.

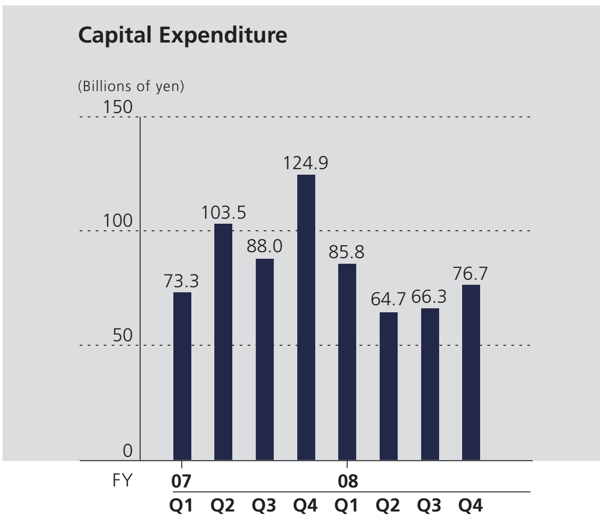
Cash Flows from Operating Activities: ¥158,258 million inflow

Income before income taxes and minority interests for fiscal 2008 totaled ¥225,887 million. As non-cash items, depreciation and amortization of ¥220,255 million and amortization of goodwill of ¥59,050 million were recorded. Adjustment items included ¥55,411 million in equity in earnings of affiliated companies and ¥12,967 million in unrealized appreciation on investments and gain on sale of investments at subsidiaries in the U.S., which were subtracted from income before income taxes and minority interests. On the other hand, valuation loss on investment securities of ¥21,856 million and impairment loss of ¥10,645 million were added. Operating cash flow was also negatively impacted by a ¥309,196 million increase in receivables-trade. Other outlays included income taxes of ¥52,815 million paid by Yahoo Japan Corporation and other entities.

Cash Flows from Operating Activities

Cash Flows from Investing Activities: ¥322,461 million outflow

As a result of capital expenditure, mainly in the telecommunications segments, purchase of property and equipment, and intangibles totaled ¥345,677 million. In addition, purchase of marketable and investment securities was ¥45,577 million, while proceeds from sale of marketable and investment securities were ¥44,176 million.



Cash Flows from Financing Activities: ¥284,727 million inflow

Mainly in the Mobile Communications segment, proceeds of ¥297,923 million were recorded from the sale and lease back of equipment newly acquired, and the securitization of mobile handset installment sales receivables resulted in proceeds from long-term debt of ¥280,716 million. In addition, proceeds from issuance of bonds by the Company generated ¥89,463 million, and from execution of warrants ¥44,846 million. On the other hand, short-term borrowings decreased by ¥69,531 million, and repayment of long-term debt, payment for redemption of bonds, and repayment of lease obligations were ¥234,874 million, ¥58,039 million and ¥49,902 million, respectively.

Risk Factors

With a diverse range of businesses centered on Internet-related operations, the Group faces a variety of risks in its operations, and these risk factors have the potential to affect the Group's operating activities, earnings and financial position, share price, and the Group's reputation and brand image. The major risks envisioned by the Group as of the release of this report that could affect investors' investment decisions are outlined below.

The Group is working to reduce these risks and minimize their effects, but cannot necessarily guarantee that all risks can be completely avoided. This summary may not necessarily include all risks that could arise with regard to the Group's operations in the future.

1. Market-related Risks

(1) Risks Related to Economic Conditions and Market Trends

The Group operates in a wide range of markets including mobile communications, with a focus on Internet-related operations. Demand for these businesses' products and services is dependent on economic conditions and market trends, which therefore could have an impact on the Group's performance.

The Group's market competitiveness could also be weakened when competitors are deemed to have stronger capital strength, services, price competitiveness, customer bases, sales structures, and brand or name recognition. As a result, products and services may not prove to be as successful as anticipated, and customer acquisition and retention may fall short of targets, thereby impacting the Group's results.

(2) Risks Related to Foreign Exchange, Interest Rate and Equity Markets

The value of listed (investment) securities held by the Group depends on economic conditions and trends in stock and foreign exchange markets in Japan and overseas, and import of telecommunications equipment is influenced by the trend in the foreign exchange market.

The Group has a substantial amount of interest-bearing debt and holds large amounts of assets and liabilities denominated in foreign currencies. The Group considers interest rate and foreign exchange rate risks to be significant risks. The Group strives to minimize the risks it faces, utilizing long-term fixed rates and other means to minimize interest rate risks and currency hedges on major assets and liabilities denominated in foreign currencies. However, depending on market trends, it may not be possible to completely avoid these risks.

Shares of Internet-related companies in Japan, the U.S., China and other countries constitute the majority of the Group's investments, and these activities are one of the core sources of cash flows for the Group. Share prices for Internet-related investments are subject to drastic fluctuations, and the Group's fundraising capacity could be severely impacted by a significant drop in these values.

(3) Risks Related to Technological Innovation

The fields of the Internet and telecommunications experience a rapid pace of technological innovation, in the industries overall as well as in the area of telecommunications systems technology, and the Group needs to respond flexibly to the developments that result. If for whatever reason, however, the Group is unable to appropriately respond to these technological advances, it runs the risk of losing competitiveness because of outdated services or technology. Even when the Group is able to respond to these advances, there is a possibility of unexpected cost increases for new equipment introduction or the updating of existing equipment, and this could affect the Group's performance.

2. Legal and Regulatory Risks

(1) Laws and Regulations Related to the Telecommunications Business

The Group's telecommunications business is regulated by a number of laws and regulations, including the Telecommunications Business Law and the Radio Law. Revisions to these laws and regulations, or the enactment of new laws and regulations, could therefore prevent the Group from developing businesses as expected. Telecommunications-related policy changes at the Ministry of Internal Affairs and Communications (MIC) covering items like bandwidth allocation and fiber-optic access fees could also have a major impact on the Group's operations.

(2) Laws and Regulations Related to Intellectual Property

The Group strives to ensure that the video content handled in the Group's video distribution operations, including *Yahoo! Streaming*, and *BBTV*, does not infringe on any rights or interests, including those of the holders of various intellectual property rights. It is possible, however, that the Group's actions will somehow infringe on intellectual property rights held by third parties, and that the Group will be subject to demands that it stop using video content or that it pay compensatory damages.

Because of the large number of companies aggressively developing Internet technologies and business models including broadband, the possibility exists that the Group could be sued by a third party for compensatory damages for patent infringement and that, in the future, the Group's business activities may be restricted with regard to providing content and/or the use of technologies.

Furthermore, the revision of other laws and regulations related to intellectual property rights could have a significant impact on the Group's business activities in the future.

(3) Laws and Regulations Related to the Protection of Personal Information

The Group pays careful attention to the protection of personal information through measures including the strengthening of the Group's customer information management system and by restricting access to personal information obtained and maintained by the Group. In particular, SOFTBANK MOBILE Corp. and the Group's other telecommunications businesses appropriately manage personal information in compliance with the Act on the Protection of Personal Information and the MIC's Guidelines on the Protection of Personal Data in Telecommunications Business. Nevertheless, the possibility exists that personal information could be either intentionally or accidentally leaked externally by a Group affiliate, business partner or subcontractor and misused. If such a situation were to occur, the Group's credibility could suffer serious damage and operations could be significantly impacted.

(4) Potential Litigation

With its wide variety of operations such as the mobile communications business and other Internet-related businesses, the Group faces the possibility of lawsuits by third parties claiming compensatory damages for the infringement of rights or benefits, regardless of whether or not the Group is responsible. Furthermore, while the Group currently maintains amicable labor-management relations, future developments could change this relationship and there is a possibility of lawsuits emerging as a result. Lawsuits could therefore impact the Group's performance in ways including financial liability and a weakening of the brand image.

3. Risks Related to Natural Disasters and Accidents

The Group constructs and maintains telecommunications networks and information systems required by the mobile telecommunications and other businesses to provide telecommunications services. There is a danger that natural disasters including earthquakes, typhoons or tsunami, fires, power outages or shortages, terrorist attacks, computer viruses or other external attacks could damage the Group's telecommunications systems and disrupt its ability to provide telecommunications services.

If these disruptions were to become widespread and/or significant time were required to restore services, not only could the Group's earnings be affected, but there is also a possibility that customer trust and satisfaction, and the brand image, could be adversely impacted, making it difficult to acquire and retain customers.

The head offices and business offices of the Company and the Group companies are concentrated in the greater Tokyo metropolitan area. The possibility therefore exists that a major earthquake or other force majeure in Tokyo could paralyze the Head Office's functionality and impede the continuity of the Group's operations.

4. Risks Related to Operations

(1) Reliance on Management Resources of Other Companies

The Group makes use of certain telecommunications lines and facilities owned by other telecom operators when constructing and maintaining the telecommunications networks required for providing telecommunications services. The Group's performance could therefore be impacted if for some reason it became difficult to continue to use those facilities, or if utilization or connection rates for those facilities were to be increased.

The Group also relies on other companies to provide mobile phone handsets and other types of telecommunications equipment required for providing telecommunications services. If for some reason in the future changes were to arise in the relationship between the Group and these suppliers, or at suppliers themselves, and these suppliers were to cease to supply, or inspect and service, the telecommunications equipment, or if a major defect in the telecommunications equipment were to be discovered, the Group could become unable to continue providing services and the brand image could suffer. The Group uses subcontractors to sell mobile handsets and other products and services, to acquire and retain customers, and to carry out certain other related operations. The Group's performance and market share could therefore be affected by changes in subcontractor relationships or by the public image and credibility of those subcontractors.

In addition, several of the Group's services including *Yahoo! JAPAN*, *Yahoo! BB* and *Yahoo! Keitai* make use of the *Yahoo!* brand of Yahoo! Inc. The Group currently has an amicable relationship with Yahoo! Inc., but a significant change in this relationship in the future could prevent the Group from developing its business as planned.

(2) Risks Related to the Group's Services and Operations

The Group must continuously invest in facilities and equipment in order to provide attractive services and maintain service quality. At the telecommunications businesses in particular, the capital expenditure required to increase the capacity of our telecommunications network if customer growth were to exceed projections could lead to a temporary deterioration in cash flow and profitability.

Furthermore, the Group strives to maintain its telecommunications network and information systems in order to provide stable telecommunications services, but there is a possibility that human error or the emergence of unforeseen problems could disrupt the Group's ability to provide telecommunications services. If these disruptions were to become widespread and/or significant time were required to restore services, not only could the Group's earnings be affected, but there is also a possibility that customer trust and satisfaction, and the brand image, could be adversely impacted, making it difficult to acquire and retain customers.

The Group introduced installment sales for mobile phone handsets in September 2006, and more than 10 million installment sales contracts were concluded during fiscal 2008. Although installment sales have contributed to a decline in churn rates, this has also led to an increase in accounts receivable from a large number of individual customers. The resulting increased risk of credit defaults and increased collection costs could therefore impact the Group's performance.

Were the Group to become unable to recover investments in its fixed assets because of a decline in asset profitability, an impairment loss as stipulated in the Accounting Standards for Impairment of Fixed Assets may need to be recognized, and this could have an impact on the Group's results or financial position.

(3) Risks Related to Compliance and Internal Controls

Because of its wide range of businesses, the Group must comply with a variety of laws including the Telecommunications Business Law, the Radio Law and the Law on the Prevention of Unauthorized Use of Cellular Phones at the telecommunications businesses, as well as the Act on the Protection of Personal Information, the Financial Instruments and Exchange Law, the Act on the Prohibition of Private Monopolization and Maintenance of Fair Trade, and the Act Against Unjustifiable Premiums and Misleading Representation.

The Group is continuously working to strengthen its compliance structure, and has established the SOFTBANK Group Officer and Employee Code of Conduct, a code of conduct related to compliance that is to be followed by all directors and employees, and holds training programs at various levels to ensure that this code is thoroughly understood throughout the Group. Nevertheless, there is a possibility that compliance risks cannot be completely avoided, and the Group's results could be affected if laws or other regulations were to be violated.

Furthermore, in the event an illegal act were to occur at a SoftBank shop or sales agent handling the Group's products and services, the Group could receive a warning or administrative guidance from the regulatory authorities, or be investigated for non-fulfillment of its supervisory responsibility, and there is a possibility that the Group's credibility or brand image could suffer as a result.

(4) Risks Related to Fund Procurement and Financial Covenants

The cost of procuring funds required for the development of the Group's businesses is affected by interest rates and ratings received by rating agencies. The Group's profitability could therefore deteriorate if those costs were to increase because of an increase in interest rates or a decline in the Group's creditworthiness.

The Group's interest-bearing debt includes financial covenants that the Group must comply with in its operations. Please refer to the Notes to Consolidated Financial Statements page 113 "6. Short-term borrowings, long-term debt and lease obligations (7) Financial covenants" for the details of these financial covenants. In the event, however, that these covenants were to be breached and requests were to be made for the immediate repayment of the affected interest-bearing debt, the Group's financing could be adversely impacted.

Certain financial and operating performance standards have been established for the ¥1,366.0 billion raised through SOFTBANK MOBILE Corp.'s whole business securitization. In the event SOFTBANK MOBILE Corp.'s performance were to fall short of these standards, outlays for capital expenditure would be restricted and the development of new services would require the prior approval of the lenders, and this could impact SOFTBANK MOBILE Corp.'s business development. Furthermore, in the event SOFTBANK MOBILE Corp. were not able to meet these standards on a cumulative basis, the lenders could appoint a majority of the board of directors and might exercise their collateral rights for assets provided as collateral, including shares of SOFTBANK MOBILE Corp.

(5) Risks Related to Mergers and Acquisitions

The Group has expanded its fields of business through acquisitions and business alliances. When entering into acquisitions or business alliances, the Group works to understand risks by conducting due diligence regarding the financial position and business operations of the counterparty company. There is a risk, however, that unanticipated obligations will arise after an acquisition. Furthermore, changes in the business environment or competitive conditions could also prevent the implementation of initial operating plans. Moreover, there is also a risk that the Group will not be able to realize initially anticipated synergies for reasons including a loss of customers or human resources, and therefore will not adequately recover investments that have already been made. As a result, the Group may not be able to develop its operations as planned.

In addition, the Company and the Group companies establish joint ventures and enter into business alliances with a variety of business partners. There is therefore a possibility that the Group will not be able to develop its businesses as planned if it becomes unable to effectively control the acquired company or to effect important decisions.

(6) Reliance on Management Team

The planning and administration of the Group's businesses are carried out by the Group's officers and employees. Unforeseen situations concerning senior management – especially President and Chief Executive Officer Masayoshi Son – could create an obstacle to smooth operational progress and impact the Group's operations.

Significant Contracts

Name of contract	Names of contracted companies	Counterparties	Country of counterparties	Contract content	Contract date
SBM Loan Agreement	SOFTBANK MOBILE Corp. Japan System Solution Co., Ltd. TELECOM EXPRESS Co., Ltd. SBM Tokai Hanbai Corp. SOFTBANK MOBILE SUPPORT Corp.	Mizuho Trust & Banking Co., Ltd.	Japan	Loan for repayment of takeover bid funds for acquisition of Vodafone K.K. etc.	Nov. 28, 2006
Amendment to the SBM Loan Agreement	SOFTBANK MOBILE Corp. Japan System Solution Co., Ltd. TELECOM EXPRESS Co., Ltd. SBM Tokai Hanbai Corp. SOFTBANK MOBILE SUPPORT Corp. JAPAN MOBILE COMMUNICATIONS INC.	Mizuho Trust & Banking Co., Ltd.	Japan	Amendment to certain financial performance criteria (Case A Cumulative Quarterly Debt Redemption Amount) as specified in the SBM Loan Agreement	Mar. 28, 2008
Deed of Trust Agreement (B) (Tokutei Kinsen Trust)	SOFTBANK MOBILE Corp.	Mizuho Trust & Banking Co., Ltd. Aoyama Sogo Accounting Office	Japan	Deed of trust agreement (Tokutei Kinsen Trust) for management of funds for repayment of borrowings in accordance with the SBM Loan Agreement	Nov. 28, 2006
Cash Management Agreement	SOFTBANK MOBILE Corp. Japan System Solution Co., Ltd. TELECOM EXPRESS Co., Ltd. SBM Tokai Hanbai Corp. SOFTBANK MOBILE SUPPORT Corp.	Mizuho Trust & Banking Co., Ltd. Aoyama Sogo Accounting Office Citilease Company Ltd. Mizuho Corporate Bank, Ltd.	Japan	Cash transfer and management of funds for repayment of borrowings in accordance with the SBM Loan Agreement	Nov. 28, 2006
Security Assignment over BBM Loan Agreement (Joto-Tampo)	SOFTBANK MOBILE Corp.	Mizuho Trust & Banking Co., Ltd.	Japan	Security assignment covering loan obligations and right to claim compensation for BB Mobile Corp. from SOFTBANK MOBILE Corp.	Nov. 28, 2006
Security Assignment of Downstream Loan Agreement (Joto-Tampo)	BB Mobile Corp.	Mizuho Trust & Banking Co., Ltd.	Japan	Security assignment covering loan obligations for SOFTBANK MOBILE Corp. from BB Mobile Corp.	Nov. 28, 2006
Security Assignment of Shares (Joto-Tampo)	BB Mobile Corp.	Mizuho Trust & Banking Co., Ltd.	Japan	Security assignment of SOFTBANK MOBILE Corp. shares held by BB Mobile Corp.	Nov. 28, 2006
Security Assignment of Shares (Joto-Tampo)	Mobiletech Corporation	Mizuho Trust & Banking Co., Ltd.	Japan	Security assignment of BB Mobile Corp. shares held by Mobiletech Corporation	Nov. 28, 2006
Security over Trust Beneficial Interest Agreement (Shichiken)	SOFTBANK MOBILE Corp.	Mizuho Trust & Banking Co., Ltd.	Japan	Granting security of SOFTBANK MOBILE Corp. trust beneficial interest in accordance with Deed of Trust Agreement (B) (Tokutei Kinsen Trust)	Nov. 28, 2006
Security over Shares Agreement (Shichiken)	SOFTBANK MOBILE Corp.	Mizuho Trust & Banking Co., Ltd.	Japan	Granting security covering shares of Japan Systems Solution Co., Ltd., TELECOM EXPRESS Co., Ltd., SBM Tokai Hanbai Corp., and SOFTBANK MOBILE SUPPORT Corp. held by SOFTBANK MOBILE Corp.	Nov. 28, 2006

Name of contract	Names of contracted companies	Counterparties	Country of counterparties	Contract content	Contract date
Security over Shares Agreement (Shichiken)	SOFTBANK MOBILE Corp.	Mizuho Trust & Banking Co., Ltd.	Japan	Granting security covering shares of JAPAN MOBILE COMMUNICATIONS INC. held by SOFTBANK MOBILE Corp.	Feb. 29, 2008
Security Assignment of Receivables and Subscriber Contracts (Joto-Tampo)	SOFTBANK MOBILE Corp.	Mizuho Trust & Banking Co., Ltd.	Japan	Security assignment of receivables in respect of subscriber contracts	Nov. 28, 2006
Security over Future Insurance Proceeds Agreement (Shichiken)	SOFTBANK MOBILE Corp.	Mizuho Trust & Banking Co., Ltd.	Japan	Granting security covering insurance claim rights of SOFTBANK MOBILE Corp.	Apr. 2, 2007
Security Assignment of Intra-Group Indebtedness (Joto-Tampo)	SOFTBANK MOBILE Corp.	Mizuho Trust & Banking Co., Ltd.	Japan	Security assignment of indebtedness of TELECOM EXPRESS Co., Ltd. held by SOFTBANK MOBILE Corp.	Apr. 3, 2007
Security Assignment of Intra-Group Indebtedness (Joto-Tampo)	SOFTBANK MOBILE Corp.	Mizuho Trust & Banking Co., Ltd.	Japan	Security assignment of indebtedness of SBM Tokai Hanbai Corp. held by SOFTBANK MOBILE Corp.	Feb. 5, 2008
Security Assignment of Intra-Group Indebtedness (Joto-Tampo)	Japan System Solution Co., Ltd.	Mizuho Trust & Banking Co., Ltd.	Japan	Security assignment of SOFTBANK MOBILE Corp. Group company indebtedness held by Japan System Solution Co., Ltd.	Nov. 28, 2006
Security Assignment of Intra-Group Indebtedness (Joto-Tampo)	TELECOM EXPRESS Co., Ltd.	Mizuho Trust & Banking Co., Ltd.	Japan	Security assignment of SOFTBANK MOBILE Corp. Group company indebtedness held by TELECOM EXPRESS Co., Ltd.	Nov. 28, 2006
Security Assignment of Intra-Group Indebtedness (Joto-Tampo)	SBM Tokai Hanbai Corp.	Mizuho Trust & Banking Co., Ltd.	Japan	Security assignment of SOFTBANK MOBILE Corp. Group company indebtedness held by SBM Tokai Hanbai Corp.	Nov. 28, 2006
Security Assignment of Intra-Group Indebtedness (Joto-Tampo)	SOFTBANK MOBILE SUPPORT Corp.	Mizuho Trust & Banking Co., Ltd.	Japan	Security assignment of SOFTBANK MOBILE Corp. Group company indebtedness held by SOFTBANK MOBILE SUPPORT Corp.	Nov. 28, 2006
Mortgage Agreement	SOFTBANK MOBILE Corp.	Mizuho Trust & Banking Co., Ltd.	Japan	Granting mortgage on real estate held by SOFTBANK MOBILE Corp.	Nov. 28, 2006
Security Assignment of Intellectual Property (Joto-Tampo)	SOFTBANK MOBILE Corp.	Mizuho Trust & Banking Co., Ltd.	Japan	Security assignment of intellectual property held by SOFTBANK MOBILE Corp.	Nov. 28, 2006
Security Assignment of Tangible Moveable Property (Joto-Tampo)	SOFTBANK MOBILE Corp.	Mizuho Trust & Banking Co., Ltd.	Japan	Security assignment of movable property held by SOFTBANK MOBILE Corp.	Nov. 28, 2006
Debt Assumption, Amendment and Restatement Agreement	BB Mobile Corp.	Vodafone International Holdings B.V.	The Netherlands	Debt assumption (discharge) by SOFTBANK MOBILE Corp. for BB Mobile Corp.'s existing subordinated loan from Vodafone International Holdings B.V.	Nov. 28, 2006

Name of contract	Names of contracted companies	Counterparties	Country of counterparties	Contract content	Contract date
Facility Agreement	SOFTBANK MOBILE Corp.	Vodafone International Holdings B.V.	The Netherlands	SOFTBANK MOBILE Corp.'s debt assumption (discharge) in accordance with Debt Assumption, Amendment and Restatement Agreement, and amended existing subordinated loan from Vodafone International Holdings B.V.	Nov. 30, 2006
Shareholders' Agreement	SOFTBANK CORP. Mobiletech Corporation BB Mobile Corp. SOFTBANK MOBILE Corp.	Yahoo Japan Corporation Vodafone International Holdings B.V.	Japan The Netherlands	Shareholders' Agreement regarding management, etc. for BB Mobile Corp. and SOFTBANK MOBILE Corp.	Nov. 28, 2006
Stock Underwriting Agreement	BB Mobile Corp.	Mizuho Trust & Banking Co., Ltd.	Japan	Underwriting of Type 2 preferred stock issued by BB Mobile Corp.	Nov. 28, 2006

R&D Activities

R&D expenditures in fiscal 2008 totaled ¥1,027 million.

R&D activities were primarily carried out at the Mobile Communications, Broadband Infrastructure, and Fixed-line Telecommunications segments, and the main items were as follows:

1. Mobile Communications

(1) Research related to wireless base stations and additional installations in order to improve the wireless telecommunications network.
(2) Research related to the design of mobile handsets.
(3) Research into beam forming technologies.
(4) Research related to WiMAX link budgets and base station installation and design.
(5) Technical support for WiMAX license application.
(6) Testing related to 2.5GHz-band transmission and indoor transmission loss.
(7) Research related to reception diversity in portable wireless handsets.
(8) Feasibility of 1.5GHz band W–CDMA.
(9) Research into LTE subscriber capacity.
(10) Traffic dimensioning for Femtocell and FMC (fixed-mobile convergence.)

2. Broadband Infrastructure

(1) Research related to next-generation networks.
(2) Research related to next-generation video distribution technologies and delivery formats.
(3) Comprehensive research related to FTTH and FTTR services etc.
(4) Research related to services and applications that use artificial intelligence.

3. Fixed-line Telecommunications

(1) R&D required for realization of ubiquitous society.
(2) R&D related to ultra-high-speed optical transmission technologies and technologies for effective use of wavelengths.
(3) Development of service-network cooperation and "*IRIS*" next-generation platform service design on which FMC will run.

4. Other Businesses

Various research related to FMC.

CONSOLIDATED BALANCE SHEETS

SOFTBANK CORP. AND CONSOLIDATED SUBSIDIARIES March 31, 2007 and 2008

ASSETS	Millions of yen 2007	Millions of yen 2008	Thousands of U.S. dollars (Note 1) 2008
Current assets:			
Cash and cash equivalents (Note 6)	¥ 377,521	¥ 490,267	$ 4,893,368
Marketable securities (Note 5)	6,744	3,678	36,711
Notes and accounts receivable-trade (Notes 6 and 17)	583,973	887,723	8,860,396
Inventories (Note 4)	76,898	72,151	720,140
Deferred tax assets (Note 9)	108,995	105,850	1,056,497
Other current assets (Note 6)	121,240	91,465	912,915
Allowance for doubtful accounts	(27,938)	(68,389)	(682,592)
Total current assets	1,247,433	1,582,745	15,797,435
Property and equipment, net (Notes 2 (5) and 6):			
Land	27,748	23,443	233,985
Buildings and structures	89,445	75,781	756,374
Telecommunications equipment	694,785	744,038	7,426,269
Telecommunications service lines	92,235	86,062	858,991
Construction in progress	71,778	45,576	454,898
Other	53,862	54,365	542,616
Total property and equipment	1,029,853	1,029,265	10,273,133
Intangible assets, net:			
Goodwill	1,032,927	974,436	9,725,879
Software	200,616	224,180	2,237,551
Other intangibles	46,168	39,693	396,180
Total intangible assets	1,279,711	1,238,309	12,359,610
Investments and other assets:			
Investment securities (Notes 5 and 6)	381,885	297,886	2,973,210
Investments in unconsolidated subsidiaries and affiliated companies (Note 6)	105,537	167,112	1,667,949
Deferred tax assets (Note 9)	157,784	126,888	1,266,473
Other assets (Note 6)	108,650	116,697	1,164,751
Total investments and other assets	753,856	708,583	7,072,383
Total assets	¥4,310,853	¥4,558,902	$45,502,561

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of yen 2007	Millions of yen 2008	Thousands of U.S. dollars (Note 1) 2008
Current liabilities:			
Short-term borrowings (Note 6)	¥ 278,658	**¥ 209,339**	**$ 2,089,419**
Commercial paper	5,000	**—**	**—**
Current portion of long-term debt (Note 6)	108,963	**291,773**	**2,912,198**
Accounts payable-trade	195,168	**187,279**	**1,869,243**
Accounts payable-other and accrued expenses	415,561	**364,451**	**3,637,594**
Income taxes payable	33,070	**35,079**	**350,129**
Current portion of lease obligations (Note 6)	18,049	**69,771**	**696,384**
Other current liabilities (Note 7)	88,434	**83,013**	**828,547**
Total current liabilities	1,142,903	**1,240,705**	**12,383,514**
Long-term liabilities:			
Long-term debt (Note 6)	2,151,783	**2,031,857**	**20,280,040**
Deferred revenue (Note 7)	26,393	**15,923**	**158,927**
Liability for retirement benefits (Note 8)	16,702	**16,159**	**161,282**
Allowance for point mileage	43,787	**43,810**	**437,268**
Lease obligations (Note 6)	74,964	**241,496**	**2,410,383**
Deferred tax liabilities (Note 9)	50,136	**41,978**	**418,979**
Other liabilities	87,948	**78,249**	**781,012**
Total long-term liabilities	2,451,713	**2,469,472**	**24,647,891**
Commitments and Contingent Liabilities (Notes 17 and 18)			
Equity (Notes 6, 10, 11 and 20):			
Common stock			
Authorized: 3,600,000,000 shares			
Issued: 1,055,862,978 shares in 2007			
and 1,080,664,578 shares in 2008	163,310	**187,423**	**1,870,676**
Cash receipts for new stock subscriptions	2	**—**	**—**
Additional paid-in capital	187,669	**211,741**	**2,113,391**
Stock acquisition rights	3,181	**120**	**1,201**
Accumulated deficit	(192,271)	**(91,744)**	**(915,701)**
Unrealized gain on available-for-sale securities	122,619	**80,914**	**807,610**
Deferred loss on derivatives under hedge accounting	(26,996)	**(11,823)**	**(118,006)**
Foreign currency translation adjustments	28,810	**7,438**	**74,237**
Treasury stock-at cost			
158,611 shares in 2007 and 163,811 shares in 2008	(194)	**(206)**	**(2,058)**
Total	286,130	**383,863**	**3,831,350**
Minority interests	430,107	**464,862**	**4,639,806**
Total equity	716,237	**848,725**	**8,471,156**
Total liabilities and equity	¥4,310,853	**¥4,558,902**	**$45,502,561**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

SOFTBANK CORP. AND CONSOLIDATED SUBSIDIARIES For the years ended March 31, 2007 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2007	2008	2008
Net sales	¥2,544,219	¥2,776,169	$27,709,039
Cost of sales	1,409,520	1,467,364	14,645,809
Gross profit	1,134,699	1,308,805	13,063,230
Selling, general and administrative expenses (Note 12)	863,633	984,518	9,826,506
Operating income	271,066	324,287	3,236,724
Other income (expenses):			
Interest income	3,394	3,137	31,314
Interest expense (Note 6)	(82,761)	(114,864)	(1,146,458)
Equity in earnings of affiliated companies	2,131	55,411	553,061
Foreign exchange (loss) gain, net	(835)	4,981	49,718
Gain on sale of investment securities, net (Note 5)	82,534	6,299	62,872
Valuation loss on investment securities	(5,351)	(21,856)	(218,144)
Other, net (Note13)	(61,604)	(31,508)	(314,496)
Other expenses, net	(62,492)	(98,400)	(982,133)
Income before income taxes and minority interests	208,574	225,887	2,254,591
Income taxes (Note 9):			
Current	(48,726)	(48,650)	(485,576)
Deferred	(93,677)	(29,533)	(294,776)
Total income taxes	(142,403)	(78,183)	(780,352)
Minority interests in net income	(37,356)	(39,079)	(390,052)
Net income	¥ 28,815	¥ 108,625	$ 1,084,187

	Yen		U.S. dollars (Note 1)
	2007	2008	2008
Net income per share (Notes 2 (19) and 14)			
–Basic	¥27.31	¥101.68	$1.01
–Diluted	26.62	95.90	0.96
Cash dividends applicable to the year	2.50	2.50	0.02

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

SOFTBANK CORP. AND CONSOLIDATED SUBSIDIARIES For the years ended March 31, 2007 and 2008

Millions of yen

	Outstanding number of shares of common stock	Common stock	Cash receipts for new stock subscriptions	Additional paid-in capital	Stock acquisition rights	Accumulated deficit	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Treasury stock	Total	Minority interests	Total equity
Balance, April 1, 2006	1,055,082,087	¥162,917	¥ 6	¥187,303	¥ —	¥(218,561)	¥129,051	¥(36,841)	¥ 19,063	¥(170)	¥242,768	¥ —	¥242,768
Reclassified balance as of April 1, 2006 (Note 2 (10))	—	—	—	—	3,150	—	—	—	—	—	3,150	101,346	104,496
Net income	—	—	—	—	—	28,815	—	—	—	—	28,815	—	28,815
Cash dividends, ¥2.50 per share	—	—	—	—	—	(2,638)	—	—	—	—	(2,638)	—	(2,638)
Bonuses to directors and corporate auditors	—	—	—	—	—	(90)	—	—	—	—	(90)	—	(90)
Adjustments of additional paid-in capital and accumulated deficit due to change in scope of the consolidation	—	—	—	(27)	—	203	—	—	—	—	176	—	176
Cash receipts for new stock subscriptions	—	—	2	—	—	—	—	—	—	—	2	—	2
Purchase of treasury stock	(9,220)	—	—	—	—	—	—	—	—	(24)	(24)	—	(24)
Exercise of warrants	631,500	393	(6)	393	—	—	—	—	—	—	780	—	780
Net changes in the year	—	—	—	—	31	—	(6,432)	9,845	9,747	—	13,191	328,761	341,952
Balance, March 31, 2007	1,055,704,367	¥163,310	¥ 2	¥187,669	¥ 3,181	¥(192,271)	¥122,619	¥(26,996)	¥ 28,810	¥(194)	¥286,130	¥430,107	¥716,237
Net income	—	—	—	—	—	108,625	—	—	—	—	108,625	—	108,625
Cash dividends, ¥2.50 per share	—	—	—	—	—	(2,639)	—	—	—	—	(2,639)	—	(2,639)
Increase in accumulated deficit due to adoption of new accounting standard at a subsidiary in the U.S.	—	—	—	—	—	(5,151)	—	—	—	—	(5,151)	—	(5,151)
Adjustments of additional paid-in capital and accumulated deficit due to change in scope of the consolidation	—	—	—	—	—	(308)	—	—	—	—	(308)	—	(308)
Purchase of treasury stock	(5,200)	—	—	—	—	—	—	—	—	(12)	(12)	—	(12)
Exercise of warrants	24,801,600	24,113	(2)	24,072	—	—	—	—	—	—	48,183	—	48,183
Net changes in the year	—	—	—	—	(3,061)	—	(41,705)	15,173	(21,372)	—	(50,965)	34,755	(16,210)
Balance, March 31, 2008	1,080,500,767	¥187,423	¥—	¥211,741	¥ 120	¥ (91,744)	¥ 80,914	¥(11,823)	¥ 7,438	¥(206)	¥383,863	¥464,862	¥848,725

See notes to consolidated financial statements.

Thousands of U.S. dollars (Note 1)

	Outstanding number of shares of common stock	Common stock	Cash receipts for new stock subscriptions	Additional paid-in capital	Stock acquisition rights	Accumulated deficit	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Treasury stock	Total	Minority interests	Total equity
Balance, April 1, 2007	1,055,704,367	$1,629,998	$17	$1,873,134	$ 31,746	$(1,919,066)	$1,223,868	$(269,447)	$ 287,560	$(1,932)	$2,855,878	$4,292,911	$7,148,789
Net income	—	—	—	—	—	1,084,187	—	—	—	—	1,084,187	—	1,084,187
Cash dividends, ¥2.50 per share	—	—	—	—	—	(26,343)	—	—	—	—	(26,343)	—	(26,343)
Increase in accumulated deficit due to adoption of new accounting standard at a subsidiary in the U.S.	—	—	—	—	—	(51,409)	—	—	—	—	(51,409)	—	(51,409)
Adjustments of additional paid-in capital and accumulated deficit due to change in scope of the consolidation	—	—	—	—	—	(3,070)	—	—	—	—	(3,070)	—	(3,070)
Purchase of treasury stock	(5,200)	—	—	—	—	—	—	—	—	(126)	(126)	—	(126)
Exercise of warrants	24,801,600	240,678	(17)	240,257	—	—	—	—	—	—	480,918	—	480,918
Net changes in the year	—	—	—	—	(30,545)	—	(416,258)	151,441	(213,323)	—	(508,685)	346,895	(161,790)
Balance, March 31, 2008	1,080,500,767	$1,870,676	$—	$2,113,391	$ 1,201	$ (915,701)	$ 807,610	$(118,006)	$ 74,237	$(2,058)	$3,831,350	$4,639,806	$8,471,156

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

SOFTBANK CORP. AND CONSOLIDATED SUBSIDIARIES For the years ended March 31, 2007 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2007	2008	2008
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 208,574	¥ 225,887	$ 2,254,591
Adjustments for:			
Income taxes paid	(45,964)	(52,815)	(527,151)
Depreciation and amortization	189,092	220,255	2,198,372
Amortization of goodwill	53,595	59,050	589,381
Equity in earnings of affiliated companies	(2,131)	(55,411)	(553,061)
Dilution gain from changes in equity interest, net	(2,484)	(1,570)	(15,671)
Impairment loss	—	10,645	106,248
Valuation loss on investment securities	5,351	21,856	218,144
Unrealized appreciation on investments and gain on sale of investments at subsidiaries in the U.S., net	(2,253)	(12,967)	(129,426)
Gain on sale of marketable and investment securities, net	(82,567)	(7,569)	(75,547)
Foreign exchange loss (gain), net	1,137	(4,431)	(44,230)
Changes in assets and liabilities, net of effects from changes in scope of the consolidation:			
Increase in receivables-trade	(225,490)	(309,196)	(3,086,098)
Increase (decrease) in payables-trade	91,184	(7,508)	(74,939)
Other, net	123,158	72,032	718,961
Total adjustments	102,628	(67,629)	(675,017)
Net cash provided by operating activities	311,202	158,258	1,579,574
Cash flows from investing activities:			
Purchase of property and equipment, and intangibles	(297,765)	(345,677)	(3,450,218)
Purchase of marketable and investment securities	(114,022)	(45,577)	(454,903)
Proceeds from sale of marketable and investment securities	168,354	44,176	440,918
Acquisition of interests in subsidiaries newly consolidated, net of cash acquired (Note 3)	(1,844,850)	1,208	12,054
Sale of interests in subsidiaries previously consolidated, net	(90)	(258)	(2,573)
Proceeds from sale of interests in consolidated subsidiaries	10	1,012	10,101
Other, net	(9,574)	22,655	226,122
Net cash used in investing activities	(2,097,937)	(322,461)	(3,218,499)
Cash flows from financing activities:			
Increase (decrease) in short-term borrowings, net (Note 15)	41,151	(69,531)	(693,989)
Decrease in commercial paper, net	(5,400)	(5,000)	(49,905)
Proceeds from long-term debt (Note 15)	1,586,970	280,716	2,801,837
Repayment of long-term debt	(98,152)	(234,874)	(2,344,290)
Proceeds from issuance of bonds	72,559	89,463	892,931
Redemption of bonds	(205,334)	(58,039)	(579,285)
Exercise of warrants	786	44,846	447,613
Proceeds from issuance of shares to minority shareholders	300,378	9,128	91,104
Cash dividends paid	(2,641)	(2,641)	(26,355)
Cash dividends paid to minority shareholders	(3,143)	(3,550)	(35,428)
Proceeds from sale and lease back of equipment newly acquired (Note 15)	65,818	297,923	2,973,576
Repayment of lease obligations	(2,596)	(49,902)	(498,073)
Other, net	(32,011)	(13,812)	(137,862)
Net cash provided by financing activities	1,718,385	284,727	2,841,874
Effect of exchange rate changes on cash and cash equivalents	3,073	(7,007)	(69,933)
Net (decrease) increase in cash and cash equivalents	(65,277)	113,517	1,133,016
Decrease in cash and cash equivalents due to exclusion of previously consolidated subsidiaries	(3,896)	(771)	(7,697)
Cash and cash equivalents, beginning of year	446,694	377,521	3,768,049
Cash and cash equivalents, end of year	¥ 377,521	¥ 490,267	$ 4,893,368

See notes to consolidated financial statements.

1 Basis of presenting consolidated financial statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law (formerly, the Japanese Securities and Exchange Law) and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing the consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2007 financial statements to confirm to the classifications used in 2008.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which SOFTBANK CORP. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥100.19 to $1, the approximate rate of exchange at March 31, 2008. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2 Summary of significant accounting policies

(1) Consolidation

The consolidated financial statements as of March 31, 2008 include the accounts of the Company and its 109 significant (118 in 2007) subsidiaries (together, the "Group"). The Company dose not consolidate other subsidiaries due to their immateriality in terms of consolidated total assets, net sales, net income and retained earnings (accumulated deficit).

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Investments in three (zero in 2007) unconsolidated subsidiaries and 64 (66 in 2007) affiliated companies are accounted for by the equity method.

Investments in 75 (63 in 2007) unconsolidated subsidiaries and 25 (26 in 2007) affiliated companies are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

The excess of the cost of an acquisition over the fair value of the net assets of the acquired consolidated subsidiary at the date of acquisition is being amortized over reasonably estimated periods, in which economic benefits are expected to be realized. The goodwill resulting from the acquisition of Vodafone K.K. (currently SOFTBANK MOBILE Corp.) is being amortized over a 20-year-period.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

(2) Cash equivalents

Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

Cash equivalents include highly liquid investments with original maturities of three months or less and a low risk of fluctuation in value.

(3) Marketable and investment securities

Marketable and investment securities are classified and accounted for, depending on management's intent, as follows:

(a) trading securities, which are held for the purpose of earning capital gains in the near term are reported at fair value, and the related unrealized gains and losses are included in earnings, (b) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity are reported at amortized cost, and (c) available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

Non-marketable available-for-sale securities are stated at cost determined by the moving-average method.

For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

Certain subsidiaries in the United States of America (the "U.S.") qualify as investment companies under the provisions of American Institute of Certified Public Accountants Audit and Accounting Guide "Investment companies" (the "AICPA Guide") and account for the investment securities in accordance with the AICPA Guide. The investment securities are carried at fair value, and net changes in fair value are recorded in the consolidated statements of income under the application of the AICPA Guide.

(4) Inventories

Inventories are stated at cost determined by the moving-average method.

(5) Property and equipment, and intangible assets

Property and equipment, and intangible assets are stated at cost less accumulated depreciation. Accumulated depreciation at March 31, 2007 and 2008 was ¥719,298 million and ¥837,287 million ($8,356,987 thousand), respectively. Buildings and structures are depreciated primarily using the straight-line method over the estimated useful lives of the assets. Telecommunications equipment and telecommunications service lines are depreciated using the straight-line method over the estimated useful lives of the assets. Other property and equipment are depreciated primarily using the straight-line method over the estimated useful lives of the assets. Intangible assets are amortized using the straight-line method over the estimated useful lives of the assets.

(6) Impairment of Long-lived assets

The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amounts of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

(7) Allowance for point mileage

SOFTBANK MOBILE Corp. has an allowance for point mileage which is accrued based on the estimated future obligation arising from point service, based on past experience.

(8) Retirement and pension plans

The Company and most of its domestic consolidated subsidiaries have defined contribution pension plans.

The Company and most of its domestic consolidated subsidiaries also participate in multi-employer contributory defined benefit welfare pension plans (the "welfare pension plans"). The welfare pension plans are funded in conformity with the funding requirements of the Japanese Welfare Pension Insurance Law, and include a portion relating to the governmental welfare pension program and other portion into which contributions are made by the respective companies and their employees.

Contributions made by the Company and most of its domestic consolidated subsidiaries into these pension plans are expensed when paid.

Certain domestic consolidated subsidiaries, mainly SOFTBANK MOBILE Corp. and SOFTBANK TELECOM Corp., have defined benefit pension plans. The liability for retirement benefits for these companies are accounted for based on the projected benefit obligations at the balance sheet date.

SOFTBANK MOBILE Corp. and SOFTBANK TELECOM Corp. have amended the pension plans by fixing the periods covered by the plans until the end of March 2007 and March 2006, respectively. The retirement benefits calculated under the benefit pension plans were fixed and will be paid at the retirement of applicable employees. The projected benefit obligations are calculated based on these fixed retirement benefits. As a result, service cost under the defined benefit pension plans at SOFTBANK MOBILE Corp. and SOFTBANK TELECOM Corp. ceased after the amendments.

(9) Stock Options

On December 27, 2005, the Accounting Standards Board of Japan ("ASBJ") issued ASBJ statement No. 8, "Accounting Standard for Stock Options" and related guidance. The new standard and guidance are applicable to stock options newly granted on and after May 1, 2006. This standard requires companies to recognize compensation expense for employee stock options based on the fair value at the date of grant and over the vesting period as consideration for receiving goods or services. The standard also requires companies to account for stock options granted to non-employees based on the fair value of either the stock option or the goods or services received. In the balance sheet, the stock option is presented as a stock acquisition right as a separate component of equity until exercised. The standard covers equity-settled, share-based payment transactions, but does not cover cash-settled, share-based payment transactions. In addition, the standard allows unlisted companies to measure options at their intrinsic value if they cannot reliably estimate fair value.

The Company applied this accounting standard for stock options to those granted on and after May 1, 2006.

(10) Presentation of equity

On December 9, 2005, the ASBJ published a new accounting standard for presentation of equity. Under this accounting standard, certain items which were previously presented as liabilities are now presented as components of equity. Such items include stock acquisition rights and minority interests. This standard was effective for fiscal years ending on or after May 1, 2006.

(11) Accounting for uncertainty in income taxes

A subsidiary of the Company in the U.S. applied "Accounting for Uncertainty in Income Taxes" (Financial Accounting Standard Board Interpretation No. 48) from the fiscal year ended March 31, 2008, since it is effective for fiscal years beginning after December 15, 2006.

The cumulative effect of applying the provisions of this interpretation was recorded as an adjustment to the opening balance of accumulated deficit, and accordingly, accumulated deficit increased by ¥5,151 million ($51,409 thousand).

The adoption of this standard was not considered material to net income for the year ended March 31, 2008.

(12) Research and development costs

Research and development costs are charged to income as incurred and were ¥833 million and ¥1,027 million ($10,250 thousand) for the years ended March 31, 2007 and 2008, respectively.

(13) Leases

Under Japanese accounting standards for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements. All other leases are accounted for as operating leases.

(14) Bonuses to directors and corporate auditors

Bonuses to directors and corporate auditors are accrued at the year end to which such bonuses are attributable in accordance with a new accounting standard for bonuses to directors and corporate auditors. Such bonuses were accounted for as a reduction of retained earnings in the fiscal year following approval at the general shareholders meeting until 2007.

(15) Income taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

A valuation allowance is established against deferred tax assets to the extent that it is more likely than not that the deferred tax assets may not be realized within the foreseeable future.

BB Mobile Corp., SOFTBANK MOBILE Corp., and its 5 subsidiaries, all of which are subsidiaries of the Company, are approved to adopt the consolidated taxation system by the commissioner of the National Tax Agency for the fiscal year beginning from April 1, 2008. Accordingly, deferred tax assets as of March 31, 2008 are accounted for based on the adoption of the consolidated taxation system in accordance with ASBJ Practical Issues Task Force No. 5 and

No. 7 (Accounting for income taxes in the adoption of the consolidated taxation system).

(16) Foreign currency transactions

All short-term and long-term monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the income statement to the extent that they are not hedged by forward exchange contracts.

(17) Foreign currency financial statements

The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate.

Differences arising from such translation were shown as foreign currency translation adjustments in a separate component of equity.

Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the average exchange rate.

(18) Derivatives and hedging activities

The Group uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange and interest rates. Foreign exchange forward contracts, currency options and interest rate swaps are utilized by the Group to reduce foreign currency exchange and interest rate risks. The Group also enters into a variable share prepaid forward contract ("collar transaction") utilizing its shares of an equity security. The purpose of this collar transaction is to hedge the variability of cash flows associated with the future market price of the underlying security, which is used for the settlement of loans at their maturity. The Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: a) all derivatives, except those which qualify for hedge accounting are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the income statement and b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

Long-term debt denominated in foreign currencies for which foreign exchange forward contracts are used to hedge the foreign currency fluctuations are translated at the contracted rate if the forward contracts qualify for hedge accounting.

The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements are recognized and included in interest expenses or income.

(19) Per share information

Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years including dividends to be paid after the end of the year, retroactively adjusted for stock splits.

(20) New accounting pronouncements

(a) Lease accounting

On March 30, 2007, the ASBJ issued ASBJ Statement No.13, "Accounting Standard for Lease Transactions", which revised the existing accounting standard for lease transactions issued on June 17, 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

Lessee

Under the existing accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, however, other finance leases are permitted to be accounted for as operating lease transactions if certain as if capitalized information is disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions shall be capitalized recognizing lease assets and lease obligations in the balance sheet.

(b) Unification of accounting policies applied to foreign subsidiaries for the consolidated financial statements

Under Japanese GAAP, a company currently can use the financial statements of its foreign subsidiaries which have been prepared in accordance with generally accepted accounting principles in their respective jurisdictions for its consolidation process unless they are clearly unreasonable. On May 17, 2006, the ASBJ issued ASBJ Practical Issues Task Force (PITF) No.18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements". The new standard prescribes: 1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements, 2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States tentatively may be used for the consolidation process, 3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP unless they are not material;

(1) Amortization of goodwill
(2) Actuarial gains and losses of defined benefit plans recognized outside profit or loss
(3) Capitalization of intangible assets arising from development phases
(4) Fair value measurement of investment properties, and the revaluation model for property, plant and equipment, and intangible assets
(5) Retrospective application when accounting policies are changed
(6) Accounting for net income attributable to a minority interest

The new task force is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted.

3 Acquisition

In April 2006, the Company acquired 99.54% shares of Vodafone K.K. (currently SOFTBANK MOBILE Corp.) and the remainder of the shares in August 2006. By acquiring Vodafone K.K., the third largest mobile communication company in Japan, the Group took a large step towards its goal of offering ubiquitous communications.

The results of operation of Vodafone K.K. are included in the consolidated financial statements from May 2006.

The acquisition cost was ¥1,706,667 million. The total cost of the acquisition has been allocated to the assets acquired and the liabilities assumed based on their respective fair values.

The estimated fair values of the assets acquired and the liabilities assumed at the acquisition date are as follows:

	Millions of yen
Current assets (Note 1)	¥ 324,184
Non-current assets (Note 1)	952,443
Goodwill	1,028,553
Current liabilities (Note 1)	(453,848)
Long-term liabilities	(144,665)
Acquisition cost (Note 2)	1,706,667
Loans made by the Company (Note 3)	163,000
Cash and cash equivalents of newly consolidated companies	(25,420)
Payments for the acquisition	¥1,844,247

Notes 1. Intercompany transactions are eliminated.
2. The acquisition cost includes the cost to acquire all the rest of shares in August 2006.
3. This represents loans made by the Company up to the acquisition date.

4 Inventories

Inventories at March 31, 2007 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
March 31,	2007	**2008**	**2008**
Merchandise	¥52,003	**¥58,119**	**$580,088**
Transmission supplies	21,429	**6,815**	**68,022**
Other inventories	3,466	**7,217**	**72,030**
Total	¥76,898	**¥72,151**	**$720,140**

5 Marketable and investment securities

Most marketable and investment securities at March 31, 2007 and 2008 were classified as available-for-sale securities.

The Group did not hold trading securities at March 31, 2007 and 2008.

The carrying amounts and aggregate fair values of marketable and investment securities at March 31, 2007 and 2008 were as follows:

	Millions of yen			
		Unrealized		
March 31, 2007	Cost	Gains	Losses	Fair Value
Equity securities	¥40,068	¥191,740	¥(19)	¥231,789
Other	1,101	0	—	1,101
Total	¥41,169	¥191,740	¥(19)	¥232,890

	Millions of yen			
		Unrealized		
March 31, 2008	Cost	Gains	Losses	Fair Value
Equity securities	**¥29,219**	**¥144,901**	**¥(2,443)**	**¥171,677**
Other	**1,321**	**6**	**(9)**	**1,318**
Total	**¥30,540**	**¥144,907**	**¥(2,452)**	**¥172,995**

	Thousands of U.S. dollars			
		Unrealized		
March 31, 2008	Cost	Gains	Losses	Fair Value
Equity securities	**$291,642**	**$1,446,253**	**$(24,386)**	**$1,713,509**
Other	**13,183**	**62**	**(85)**	**13,160**
Total	**$304,825**	**$1,446,315**	**$(24,471)**	**$1,726,669**

Held-to-maturity securities and available-for-sale securities whose fair value is not readily determinable as of March 31, 2007 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars
March 31,	2007	2008	2008
Held-to-maturity debt securities			
Foreign debt securities	¥ —	¥ 700	$ 6,987
Debt securities	170	369	3,680
Available-for-sale securities			
Equity securities	108,534	91,446	912,727
Money management fund	5,380	1,799	17,958
Investments in limited partnerships	5,803	6,726	67,131
Preferred fund certificates	2,000	—	—
Foreign debt securities	148	959	9,570
Other	448	528	5,271
Total	¥122,483	¥102,527	$1,023,324

Proceeds from sales of available-for-sale securities for the years ended March 31, 2007 and 2008 were ¥15,112 million and ¥28,874 million ($288,193 thousand), respectively. Gross realized gains and losses on these sales, computed on the moving average cost basis, were ¥6,918 million and ¥626 million, respectively, for the year ended March 31, 2007 and ¥6,611 million ($65,985 thousand) and ¥136 million ($1,360 thousand), respectively, for the year ended March 31, 2008.

The carrying values of debt securities by contractual maturities for securities classified as available-for-sale and held-to-maturity at March 31, 2008 were as follows:

	Millions of yen	Thousands of U.S. dollars
Debt securities	2008	2008
Due in one year or less	¥ 295	$ 2,944
Due after one year through five years	1,259	12,564
Due after five years through ten years	600	5,989
Due after ten years	—	—
Total	¥2,154	$21,497

Certain subsidiaries in the U.S. qualify as investment companies under the provisions of the AICPA Guide and account for the investment securities in accordance with the AICPA Guide.

Proceeds from sales and the carrying amounts of the investment securities at fair value recorded in the consolidated balance sheets at March 31, 2007 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars
March 31,	2007	2008	2008
Proceeds from sales	¥ 2,835	¥15,000	$149,712
Carrying amounts of investment securities at fair value recorded in consolidated balance sheets	33,256	26,042	259,928

The unrealized appreciation on investments and gain or loss on sale of investments at subsidiaries in the U.S., net, for the years ended March 31, 2007 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars
For the years ended March 31,	2007	2008	2008
Unrealized appreciation on investments at subsidiaries in the U.S., net	¥ 4,935	¥ 171	$ 1,714
(Loss) gain on sale of investments at subsidiaries in the U.S., net	(2,682)	12,796	127,712
Total	¥ 2,253	¥12,967	$129,426

6 Short-term borrowings, long-term debt and lease obligations

(1) Short-term borrowings at March 31, 2007 and 2008 mainly consisted of notes to banks and bank overdrafts. The annual interest rates applicable to the short-term borrowings ranged from 0.93% to 7.90% and 0.58% to 7.34% at March 31, 2007 and 2008, respectively.

Cash receipts as collateral from financial institutions in the amounts of ¥150,000 in 2007 and ¥130,000 ($1,297,536 thousand) in 2008, to whom the Company lent shares of its subsidiary' under security deposit agreements, are included in short-term borrowings.

A fixed rate stock bailment fees totaling ¥3,240 million and ¥3,576 million ($35,694 thousand) for the years ended March 31, 2007 and 2008, respectively according to the security deposit agreements, are included in interest expense.

These treatments are based on the revised practical guidelines for financial instrument accounting which is effective from March 25, 2008. The Company reclassified the 2007 financial statements to meet the guidelines.

(2) Long-term debt at March 31, 2007 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
March 31,	2007	2008	2008
Unsecured borrowings principally from financial institutions:			
Due on various date through 2020–generally at 0.58% to 7.50%	¥ 314,285	¥ 443,676	$ 4,428,341
Collateralized borrowings principally from financial institutions:			
Due on various date through 2019–generally at 3.46% to 6.89%	1,479,897	1,382,203	13,795,823
Unsecured straight bonds:			
Due on various date through 2016–generally at 0.48% to 9.38%	316,564	347,751	3,470,919
Convertible bonds:			
Due on various date through 2015–generally at 1.50% to 2.00%, convertible into common stock ranging from ¥1,828 ($18.25) to ¥2,165 ($21.61)	150,000	150,000	1,497,155
Total	2,260,746	2,323,630	23,192,238
Less current portion	(108,963)	(291,773)	(2,912,198)
Long-term debt, less current portion	¥2,151,783	¥2,031,857	$20,280,040

(3) Current portion of lease obligations and lease obligations at March 31, 2008 consisted of the following:

	Millions of yen	Thousand of U.S. dollars
March 31,	2008	2008
Current-portion of lease obligations–		
2.98% to 5.02%	¥ 69,771	$ 696,384
Lease obligations–		
2.98% to 5.02%	241,496	2,410,383

(4) The aggregate annual maturities of borrowings from financial institutions outstanding at March 31, 2008 were as follows:

For the years ending March 31,	Millions of yen	Thousands of U.S. dollars
2009	¥ 239,233	$ 2,387,794
2010	115,550	1,153,305
2011	123,357	1,231,229
2012	212,017	2,116,154
2013 and thereafter	1,135,722	11,335,682
Total	¥1,825,879	$18,224,164

(5) The aggregate annual maturities of corporate bonds outstanding at March 31, 2008 were as follows:

For the years ending March 31,	Millions of yen	Thousands of U.S. dollars
2009	¥ 52,540	$ 524,404
2010	64,000	638,786
2011	56,400	562,930
2012	70,000	698,673
2013 and thereafter	254,811	2,543,281
Total	¥497,751	$4,968,074

(6) Assets pledged as collateral at March 31, 2008 for the collateralized borrowings of ¥1,383,625 million ($13,810,012 thousand) and account payable-trade of ¥1,447 million ($14,444 thousand) were as follows:

Assets pledged as collateral	Millions of yen	Thousands of U.S. dollars
Cash and cash equivalents	¥ 220,350	$ 2,199,325
Notes and accounts receivable-trade	330,157	3,295,311
Other current assets	461	4,601
Land	15,576	155,465
Buildings and structures	13,873	138,462
Telecommunications equipment	268,495	2,679,856
Telecommunications service lines	171	1,702
Investment securities and investments in unconsolidated subsidiaries and affiliated companies	152,638	1,523,490
Investments and other assets-other	241	2,403
Total	¥1,001,962	$10,000,615

Consolidated subsidiaries shares owned by SOFTBANK MOBILE Corp, SOFTBANK MOBILE Corp. shares owned by BB Mobile Corp. and BB Mobile Corp. shares owned by Mobiletech Corporation are pledged as collateral for long-term debt (totaled to ¥1,276,489 million ($12,740,682 thousand)) which resulted from the acquisition of SOFTBANK MOBILE Corp., in addition to the assets pledged as collateral above.

Cash proceeds through securitization of installment sales receivables of SOFTBANK MOBILE Corp. were included in the current portion of long-term debt and long-term debt in the amount of ¥165,872 million ($1,655,576 thousand) and ¥53,146 million ($530,455 thousand), respectively, as of March 31, 2008. The amount of the senior portion of the securitized installment sales receivables of ¥219,018 million ($2,186,031 thousand) was included in Notes and accounts receivable-trade, along with the subordinated portion held by the SOFTBANK MOBILE Corp. The trustee raised the funds through asset backed loans based on the receivables.

(7) Financial covenants

The Group's interest-bearing debt includes financial covenants, with which the Group is in compliance. The major financial covenants are as follows. If the Group fails to comply with the following covenants, creditors may require repayment of all debt.

(Where the covenants set several conditions, the strictest condition is presented below.)

The amount of the Company's net assets at the end of each quarter must not fall below the larger of [1] or [2] below.

[1] 75% of the amount of the Company's net assets at the end of the most recent year.

[2] 60% of the amount of the Company's net assets at March 31, 2005.

At the end of the fiscal year and the first half of the year, balance sheets of SOFTBANK BB Corp. and SOFTBANK TELECOM Corp. must not show excessive debt. The consolidated balance sheets of BB Mobile Corp. at the end of the year and the first half of the year must not show excessive debt.

Other than the exceptions listed below, as a general rule, members of the following restricted group of companies ("restricted group"), will not take on debt obligations* from any company not included in the restricted group or issue any preferred stock after October 12, 2006, the issuance date of these Euro-denominated Senior Notes due 2013.

(Restricted group)
(a) SOFTBANK CORP.
(b) SOFTBANK BB Corp.
(c) SOFTBANK TELECOM Corp.
(d) SOFTBANK MOBILE Corp.
(e) Mobiletech Corporation
(f) BB Mobile Corp.
(g) TELECOM EXPRESS Co., Ltd.
(h) Japan System Solution Co., Ltd.
(i) SBBM Corporation

(Exceptions)
The major exceptions are as follows:

i. SOFTBANK CORP. is permitted to borrow up to ¥200 billion through its commitment line, etc.
ii. Borrowing related to the acquisition of Vodafone K.K. (currently SOFTBANK MOBILE Corp.) (including refinancing) is permitted up to a principal amount of ¥1,450 billion.
iii. Among the restricted group, those involved in the Mobile Communications business segment (d, f, g, h) are permitted to incur capital expenditure related debt incurring activities* up to a principal amount of ¥400 billion.
iv. SOFTBANK TELECOM Corp. is permitted to borrow up to a principal amount of ¥175 billion.
v. The refinancing of the outstanding debt of the restricted group as of October 12, 2006, the issuance date of those notes, is permitted up to the same level of principal amount.
vi. In the event that [1] a company in the restricted group incurs lease obligations or [2] a subsidiary of SOFTBANK CORP. other than the members of the restricted group incur lease obligations, SOFTBANK CORP. is permitted to provide guarantees to leasing companies up to a principal amount of ¥400 billion for the total of [1] and [2].
vii. SOFTBANK CORP. is permitted to make security lending transactions using the stock of Yahoo Japan Corporation up to, as a general rule, ¥200 billion.
viii. Other than (i) to (vii) above, debt-incurring activities* which are pari passu with those notes are permitted up to ¥150 billion.

*Note: Debt-incurring activities include new borrowings, leasing, etc.

SOFTBANK MOBILE Corp. received a loan (the "SBM loan") from Mizuho Trust & Banking Co., Ltd. (the "lender"), which, as the Tokutei Kingai Trust Trustee, was entrusted with the proceeds by WBS Funding[1]. Under the terms of the SBM loan agreement, SOFTBANK MOBILE Corp. is allowed a certain degree of flexibility in its business operations, as a general rule. However, in the event that the loan agreement's financial performance targets (reduction in cumulative debt, adjusted EBITDA[2], leverage ratio[3]) or operational performance targets (number of subscribers) are not met, depending on the importance and the timing of issue, the influence of the lender on the operations of SOFTBANK MOBILE Corp. might be increased. It is possible that limits will be placed on capital investment, that prior approval will be required for development of new services, that a majority of the board of directors will be appointed, and that rights to assets pledged as collateral, including shares of SOFTBANK MOBILE Corp., will be exercised. As of March 31, 2008, there is no infringement of the debt covenants.

Notes: 1. WBS Funding (Whole Business Securitization Funding)
A special purpose company for the purpose of allocating the total amount raised from domestic and foreign financial institutions—¥1,441.9 billion—under the WBS scheme through the Tokutei Kingai Trust Trustee for the SBM loan to SOFTBANK MOBILE Corp. SOFTBANK MOBILE Corp. borrowed from Tokutei Kingai Trust Trustee an amount of ¥1,366 billion, representing the total amount of ¥1,441.9 billion raised by WBS Funding less such items as interest hedge costs and interest reserve.
2. Adjusted EBITDA (Adjusted Earning Before Interests, Taxes, Depreciation, and Amortization)
Lease payments which are included in operating expenses are added back to EBITDA.
3. Leverage ratio
Leverage ratio = Debt / Adjusted EBITDA. The balance of debt does not include capital financing, subordinated loans from the SOFTBANK Group or Vodafone Oversea Financial Limited or existing bonds.

The amount of net assets shown in SOFTBANK TELECOM Corp.'s balance sheets for the end of each interim period and the end of each year must not fall below the larger of [1] or [2] below.

[1] 75% of the net assets shown in the consolidated balance sheets of SOFTBANK TELECOM Corp. at the end of the most recent year.
[2] 60% of the amount of net assets shown in the consolidated balance sheets for SOFTBANK TELECOM Corp. as of March 31, 2005.

7 Deferred revenue

SOFTBANK BB Corp. sold its modem rental business to BB Modem Rental Yugen Kaisha for the years ended March 31, 2006 and 2008. The gain on sale of the business was deferred and is being amortized based on the estimated economic useful life of modem equipment as a revenue source of the modem rental operations (five years). For the years ended March 31, 2007 and 2008, the Company recorded operating income of ¥4,312 million and ¥4,649 million ($46,398 thousand), respectively, as a result of amortization.

Based on the service agreement with BB Modem Rental Yugen Kaisha, SOFTBANK BB Corp. received royalties relating to future revenue from the modem rental business and recorded it as deferred revenue. The deferred revenue will be reversed in conjunction with the recognition of revenue in proportion to the actual business performance of the ADSL business, such as the number of paying customers. Royalties totaling ¥9,721 million and ¥9,498 million ($94,800 thousand) for the years ended March 31, 2007 and 2008, respectively were recorded as revenue.

Ending balances of deferred revenue as of March 31, 2007 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2008	2008
Other current liabilities	¥15,026	¥14,805	$147,764
Deferred revenue	¥26,393	¥15,923	$158,927

In accordance with the service agreement, SOFTBANK BB Corp. must refund a part of the above deferred revenue, which is attributable to the service agreement, if certain financial performance targets are not met.

8 Retirement and pension plans

The Company and most of its domestic consolidated subsidiaries participate in defined contribution pension plans and welfare pension plans. Certain domestic consolidated subsidiaries have defined benefit pension plans.

The liability for employees' retirement benefits at March 31, 2007 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
March 31,	2007	2008	2008
Projected benefit obligation	¥16,702	¥16,159	$161,282
Fair value of plan assets	—	—	—
Unrecognized actuarial gain (loss)	—	—	—
Net liability	¥16,702	¥16,159	$161,282

The components of net periodic benefit costs are as follows:

	Millions of yen		Thousands of U.S. dollars
For the years ended March 31,	2007	2008	2008
Service cost (Note 1)	¥1,568	¥1,063	$10,612
Interest cost	369	349	3,484
Recognized actuarial loss	29	467	4,651
Prior service cost (Note 2)	(2,838)	—	—
Contributions to the defined contribution pension plan	2,127	2,048	20,446
Net periodic benefit costs	¥1,255	¥3,927	$39,193

Notes: 1. Service cost for the years ended March 31, 2007 and 2008 include ¥1,024 million and ¥1,061 million ($10,587 thousand), respectively of contributions to multi-employer contributory defined benefit welfare pension plans.

2. Prior service cost for the year ended March 31, 2007 resulted from the revision of the pension plans of SOFTBANK TELECOM Corp. and SOFTBANK MOBILE Corp. In 2007, SOFTBANK TELECOM Corp. and SOFTBANK MOBILE Corp. amended their pension plans by fixing the periods covered by the defined benefit pension plans and implementing defined contribution pension plans. The retirement benefit calculated under the benefit pension plans was fixed and will be paid at the retirement of applicable employees.

Assumptions used for the years ended March 31, 2007 and 2008 are set forth as follows:

	2007	2008
Discount rate	Primarily 2.0%	**Primarily 2.0%**
Amortization period of prior service cost	Primarily expensed in the fiscal year incurred	**Primarily expensed in the fiscal year incurred**
Recognition period of actuarial gain/loss	Primarily expensed in the fiscal year incurred	**Primarily expensed in the fiscal year incurred**

9 Income taxes

The Company and domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.69% for the years ended March 31, 2008 and 2007.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2007 and 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars
March 31,	2007	2008	2008
Deferred tax assets:			
Loss carryforwards	¥219,224	**¥180,330**	**$1,799,880**
Valuation of assets and liabilities of acquired consolidated subsidiaries at fair market value	96,971	**74,443**	**743,023**
Depreciation, amortization and impairment loss	71,044	**82,205**	**820,495**
Investment securities	69,460	**54,211**	**541,084**
Allowance for doubtful accounts	24,238	**32,557**	**324,948**
Deferred revenue	18,971	**13,473**	**134,471**
Allowance for point mileage	18,568	**17,826**	**177,924**
Deferred losses on derivatives under hedge accounting	14,363	**8,308**	**82,923**
Other	73,245	**78,921**	**787,718**
Gross deferred tax assets	606,084	**542,274**	**5,412,466**
Less: valuation allowance	(317,231)	**(286,137)**	**(2,855,945)**
Total deferred tax assets	288,853	**256,137**	**2,556,521**
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	(65,810)	**(58,666)**	**(585,552)**
Other	(6,400)	**(6,711)**	**(66,978)**
Total deferred tax liabilities	(72,210)	**(65,377)**	**(652,530)**
Net deferred tax assets	¥216,643	**¥190,760**	**$1,903,991**

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of income for the years ended March 31, 2007 and 2008 is as follows:

	2007	2008
Normal effective statutory tax rate	40.69%	**40.69%**
Reconciliation–		
Consolidation adjustments resulting from gain on sale of investments in affiliated companies under equity method	13.21	**0.02**
Amortization of goodwill	10.38	**10.74**
Consolidation adjustments resulting from gain and loss on sale of investments in consolidated subsidiaries	7.85	**5.32**
Equity in earnings of affiliated companies	(0.12)	**(7.71)**
Lower income tax rates at foreign subsidiaries	(2.31)	**(2.94)**
Changes in valuation allowance (Note)	(2.48)	**(9.06)**
Other–net	1.05	**(2.45)**
Actual effective tax rate	68.27%	**34.61%**

Note: Changes in the valuation allowance in 2008 include the tax rate reduction effect of 16.34% resulting from the adoption of the consolidated taxation system in subsidiaries.

At March 31, 2008, the Group had tax loss carryforwards aggregating approximately ¥180,330 million ($1,799,880 thousand) which are available to be offset against taxable income in future years. These tax loss carryforwards, if not utilized, will expire as follows:

	Millions of yen	Thousands of U.S. dollars
Year ending March 31,	2008	2008
2009	¥ 15,515	$ 154,853
2010	3,200	31,938
2011	10,022	100,028
2012	15,762	157,327
2013	66,066	659,408
2014 and thereafter	69,765	696,326
Total	¥180,330	$1,799,880

10 Equity

Since May 1, 2006, Japanese companies have been subject to the Corporate Law of Japan (the "Corporate Law"), which reformed and replaced the Commercial Code of Japan. The significant provisions in the Corporate Law that affect financial and accounting matters are summarized below:

(1) Dividends

Under the Corporate Law, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet all the above criteria.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Corporate Law provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(2) Increase/decrease and transfer of common stock, reserve and surplus

The Corporate Law requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of accumulated deficit) or as additional paid-in capital depending on the equity account charged upon the payment of such dividends until the total of the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Corporate Law, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Corporate Law also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(3) Treasury stock and treasury stock acquisition rights

The Corporate Law also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula.

Under the Corporate Law, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of equity.

The Corporate Law also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

(4) Stock acquisition rights

As of March 31, 2007, the Company records stock acquisition rights of 24 million shares at ¥3,150 million and consolidated subsidiaries recorded stock acquisition rights of ¥31 million. As of March 31, 2008, consolidated subsidiaries recorded stock acquisition rights of ¥120 million ($1,201 thousand).

11 Stock Options

(1) The stock options outstanding as of March 31, 2008 were mainly as follows:

	Stock Subscription Rights (2001)	The First Series of Stock Acquisition Rights (2003)
Company name	The Company	The Company
Persons granted	Directors of the Company: 8	Directors of the Company: 8 Employees of the Company: 80 Directors of Subsidiaries: 16 Employees of Subsidiaries: 1,746
Class and number of shares	1,650,000 shares of common stock of the Company	4,200,000 shares of common stock of the Company
Grant date	September 29, 2001	December 9, 2003
Exercise period	A. 30% of allotment shares from July 1, 2002 to June 30, 2007 B. 30% of allotment shares from July 1, 2003 to June 30, 2007 C. 40% of allotment shares from July 1, 2004 to June 30, 2007	Directors A. 25% of allotment shares from November 29, 2004 to June 30, 2009 B. 25% of allotment shares from November 29, 2005 to June 30, 2009 C. 25% of allotment shares from November 29, 2006 to June 30, 2009 D. 25% of allotment shares from November 29, 2007 to June 30, 2009 Employees A. 50% of allotment shares from November 29, 2005 to June 30, 2009 B. 25% of allotment shares from November 29, 2006 to June 30, 2009 C. 25% of allotment shares from November 29, 2007 to June 30, 2009

	The Third Series of Stock Acquisition Rights (2004)	The Fifth Series of Stock Acquisition Rights (2005)
Company name	The Company	The Company
Persons granted	Executive officers of Subsidiaries: 12	Employees of the Company: 16 Directors of Subsidiaries: 1 Executive officers of Subsidiaries: 3 Employees of Subsidiaries: 152
Class and number of shares	822,000 shares of common stock of the Company	923,300 shares of common stock of the Company
Grant date	October 8, 2004	February 10, 2006
Exercise period	A. 25% of allotment shares from October 1, 2005 to June 30, 2010 B. 25% of allotment shares from October 1, 2006 to June 30, 2010 C. 25% of allotment shares from October 1, 2007 to June 30, 2010 D. 25% of allotment shares from October 1, 2008 to June 30, 2010	A. 50% of allotment shares from July 1, 2007 to June 30, 2011 B. 25% of allotment shares from July 1, 2008 to June 30, 2011 C. 25% of allotment shares from July 1, 2009 to June 30, 2011

	The First Series of Stock Subscription Rights	The Second Series of Stock Subscription Rights
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Employees of Yahoo Japan Corporation: 20	Employees of Yahoo Japan Corporation: 7
Class and number of shares	57,344 shares of common stock of Yahoo Japan Corporation	11,264 shares of common stock of Yahoo Japan Corporation
Grant date	January 31, 2000	June 27, 2000
Exercise period	A. 50% of allotment shares from January 22, 2002 to January 21, 2010 B. 25% of allotment shares from January 22, 2003 to January 21, 2010 C. 25% of allotment shares from January 22, 2004 to January 21, 2010	A. 50% of allotment shares from June 17, 2002 to June 16, 2010 B. 25% of allotment shares from June 17, 2003 to June 16, 2010 C. 25% of allotment shares from June 17, 2004 to June 16, 2010

	The Third Series of Stock Subscription Rights	The Fourth Series of Stock Subscription Rights
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Directors of Yahoo Japan Corporation: 3 Employees of Yahoo Japan Corporation: 84	Directors of Yahoo Japan Corporation: 3 Employees of Yahoo Japan Corporation: 72
Class and number of shares	148,992 shares of common stock of Yahoo Japan Corporation	108,544 shares of common stock of Yahoo Japan Corporation
Grant date	December 18, 2000	June 29, 2001
Exercise period	A. 50% of allotment shares from December 9, 2002 to December 8, 2010 B. 25% of allotment shares from December 9, 2003 to December 8, 2010 C. 25% of allotment shares from December 9, 2004 to December 8, 2010	A. 50% of allotment shares from June 21, 2003 to June 20, 2011 B. 25% of allotment shares from June 21, 2004 to June 20, 2011 C. 25% of allotment shares from June 21, 2005 to June 20, 2011

	The Fifth Series of Stock Subscription Rights	The First Series of Stock Acquisition Rights (2002)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Directors of Yahoo Japan Corporation: 3 Employees of Yahoo Japan Corporation: 72	Directors of Yahoo Japan Corporation: 2 Employees of Yahoo Japan Corporation: 65
Class and number of shares	112,640 shares of common stock of Yahoo Japan Corporation	47,616 shares of common stock of Yahoo Japan Corporation
Grant date	December 18, 2001	July 29, 2002
Exercise period	A. 50% of allotment shares from December 8, 2003 to December 7, 2011 B. 25% of allotment shares from December 8, 2004 to December 7, 2011 C. 25% of allotment shares from December 8, 2005 to December 7, 2011	A. 50% of allotment shares from June 21, 2004 to June 20, 2012 B. 25% of allotment shares from June 21, 2005 to June 20, 2012 C. 25% of allotment shares from June 21, 2006 to June 20, 2012

	The Second Series of Stock Acquisition Rights (2002)	The First Series of Stock Acquisition Rights (2003)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Employees of Yahoo Japan Corporation: 19	Directors of Yahoo Japan Corporation: 5 Employees of Yahoo Japan Corporation: 83
Class and number of shares	5,888 shares of common stock of Yahoo Japan Corporation	19,840 shares of common stock of Yahoo Japan Corporation
Grant date	November 20, 2002	July 25, 2003
Exercise period	A. 50% of allotment shares from November 21, 2004 to June 20, 2012 B. 25% of allotment shares from November 21, 2005 to June 20, 2012 C. 25% of allotment shares from November 21, 2006 to June 20, 2012	A. 50% of allotment shares from June 21, 2005 to June 20, 2013 B. 25% of allotment shares from June 21, 2006 to June 20, 2013 C. 25% of allotment shares from June 21, 2007 to June 20, 2013

	The Second Series of Stock Acquisition Rights (2003)	The Third Series of Stock Acquisition Rights (2003)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Employees of Yahoo Japan Corporation: 43	Employees of Yahoo Japan Corporation: 38
Class and number of shares	2,464 shares of common stock of Yahoo Japan Corporation	2,400 shares of common stock of Yahoo Japan Corporation
Grant date	November 4, 2003	January 29, 2004
Exercise period	A. 50% of allotment shares from November 5, 2005 to June 20, 2013 B. 25% of allotment shares from November 5, 2006 to June 20, 2013 C. 25% of allotment shares from November 5, 2007 to June 20, 2013	A. 50% of allotment shares from January 30, 2006 to June 20, 2013 B. 25% of allotment shares from January 30, 2007 to June 20, 2013 C. 25% of allotment shares from January 30, 2008 to June 20, 2013

	The Fourth Series of Stock Acquisition Rights (2003)	The First Series of Stock Acquisition Rights (2004)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Employees of Yahoo Japan Corporation: 41	Directors of Yahoo Japan Corporation: 5 Employees of Yahoo Japan Corporation: 131
Class and number of shares	1,168 shares of common stock of Yahoo Japan Corporation	9,856 shares of common stock of Yahoo Japan Corporation
Grant date	May 13, 2004	July 29, 2004
Exercise period	A. 50% of allotment shares from May 14, 2006 to June 20, 2013 B. 25% of allotment shares from May 14, 2007 to June 20, 2013 C. 25% of allotment shares from May 14, 2008 to June 20, 2013	A. 50% of allotment shares from June 18, 2006 to June 17, 2014 B. 25% of allotment shares from June 18, 2007 to June 17, 2014 C. 25% of allotment shares from June 18, 2008 to June 17, 2014

	The Second Series of Stock Acquisition Rights (2004)	The Third Series of Stock Acquisition Rights (2004)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Employees of Yahoo Japan Corporation: 46	Employees of Yahoo Japan Corporation: 29
Class and number of shares	712 shares of common stock of Yahoo Japan Corporation	344 shares of common stock of Yahoo Japan Corporation
Grant date	November 1, 2004	January 28, 2005
Exercise period	A. 50% of allotment shares from November 2, 2006 to June 17, 2014 B. 25% of allotment shares from November 2, 2007 to June 17, 2014 C. 25% of allotment shares from November 2, 2008 to June 17, 2014	A. 50% of allotment shares from January 29, 2007 to June 17, 2014 B. 25% of allotment shares from January 29, 2008 to June 17, 2014 C. 25% of allotment shares from January 29, 2009 to June 17, 2014

	The Fourth Series of Stock Acquisition Rights (2004)	The First Series of Stock Acquisition Rights (2005)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Employees of Yahoo Japan Corporation: 42	Directors of Yahoo Japan Corporation: 5 Employees of Yahoo Japan Corporation: 180
Class and number of shares	276 shares of common stock of Yahoo Japan Corporation	5,716 shares of common stock of Yahoo Japan Corporation
Grant date	May 12, 2005	July 28, 2005
Exercise period	A. 50% of allotment shares from May 13, 2007 to June 17, 2014 B. 25% of allotment shares from May 13, 2008 to June 17, 2014 C. 25% of allotment shares from May 13, 2009 to June 17, 2014	A. 50% of allotment shares from June 18, 2007 to June 17, 2015 B. 25% of allotment shares from June 18, 2008 to June 17, 2015 C. 25% of allotment shares from June 18, 2009 to June 17, 2015

	The Second Series of Stock Acquisition Rights (2005)	The Third Series of Stock Acquisition Rights (2005)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Employees of Yahoo Japan Corporation: 31	Employees of Yahoo Japan Corporation: 65
Class and number of shares	234 shares of common stock of Yahoo Japan Corporation	316 shares of common stock of Yahoo Japan Corporation
Grant date	November 1, 2005	January 31, 2006
Exercise period	A. 50% of allotment shares from November 2, 2007 to June 17, 2015 B. 25% of allotment shares from November 2, 2008 to June 17, 2015 C. 25% of allotment shares from November 2, 2009 to June 17, 2015	A. 50% of allotment shares from February 1, 2008 to June 17, 2015 B. 25% of allotment shares from February 1, 2009 to June 17, 2015 C. 25% of allotment shares from February 1, 2010 to June 17, 2015

	The Fourth Series of Stock Acquisition Rights (2005)	The First Series of Stock Acquisition Rights (2006)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Employees of Yahoo Japan Corporation: 49	Directors of Yahoo Japan Corporation: 5 Employees of Yahoo Japan Corporation: 157
Class and number of shares	112 shares of common stock of Yahoo Japan Corporation	8,569 shares of common stock of Yahoo Japan Corporation
Grant date	May 2, 2006	September 6, 2006
Exercise period	A. 50% of allotment shares from May 3, 2008 to June 17, 2015 B. 25% of allotment shares from May 3, 2009 to June 17, 2015 C. 25% of allotment shares from May 3, 2010 to June 17, 2015	A. 50% of allotment shares from August 24, 2008 to August 23, 2016 B. 25% of allotment shares from August 24, 2009 to August 23, 2016 C. 25% of allotment shares from August 24, 2010 to August 23, 2016

	The Second Series of Stock Acquisition Rights (2006)	The Third Series of Stock Acquisition Rights (2006)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Employees of Yahoo Japan Corporation: 49	Employees of Yahoo Japan Corporation: 62
Class and number of shares	313 shares of common stock of Yahoo Japan Corporation	360 shares of common stock of Yahoo Japan Corporation
Grant date	November 6, 2006	February 7, 2007
Exercise period	A. 50% of allotment shares from October 24, 2008 to October 23, 2016 B. 25% of allotment shares from October 24, 2009 to October 23, 2016 C. 25% of allotment shares from October 24, 2010 to October 23, 2016	A. 50% of allotment shares from January 25, 2009 to January 24, 2017 B. 25% of allotment shares from January 25, 2010 to January 24, 2017 C. 25% of allotment shares from January 25, 2011 to January 24, 2017

	The First Series of Stock Acquisition Rights (2007)	The Second Series of Stock Acquisition Rights (2007)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Employees of Yahoo Japan Corporation: 66	Directors of Yahoo Japan Corporation: 5 Employees of Yahoo Japan Corporation: 225
Class and number of shares	651 shares of common stock of Yahoo Japan Corporation	10,000 shares of common stock of Yahoo Japan Corporation
Grant date	May 8, 2007	August 7, 2007
Exercise period	A. 50% of allotment shares from April 25, 2009 to April 24, 2017 B. 25% of allotment shares from April 25, 2010 to April 24, 2017 C. 25% of allotment shares from April 25, 2011 to April 24, 2017	A. 50% of allotment shares from July 25, 2009 to July 24, 2017 B. 25% of allotment shares from July 25, 2010 to July 24, 2017 C. 25% of allotment shares from July 25, 2011 to July 24, 2017

	The Third Series of Stock Acquisition Rights (2007)	The Fourth Series of Stock Acquisition Rights (2007)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Employees of Yahoo Japan Corporation: 119	Employees of Yahoo Japan Corporation: 124
Class and number of shares	766 shares of common stock of Yahoo Japan Corporation	817 shares of common stock of Yahoo Japan Corporation
Grant date	November 7, 2007	February 13, 2008
Exercise period	A. 50% of allotment shares from October 25, 2009 to October 24, 2017 B. 25% of allotment shares from October 25, 2010 to October 24, 2017 C. 25% of allotment shares from October 25, 2011 to October 24, 2017	A. 50% of allotment shares from January 31, 2010 to January 30, 2018 B. 25% of allotment shares from January 31, 2011 to January 30, 2018 C. 25% of allotment shares from January 31, 2012 to January 30, 2018

The stock option activity is as follows:

	Stock Subscription Rights (2001)	The First Series of Stock Acquisition Rights (2003)	The Third Series of Stock Acquisition Rights (2004)	The Fifth Series of Stock Acquisition Rights (2005)
Company name	The Company	The Company	The Company	The Company
Non-vested shares				
At the beginning of the year	—	738,225	186,000	894,900
Granted during the year	—	—	—	—
Forfeited and expired during the year	—	7,200	126,000	55,400
Vested during the year	—	731,025	30,000	217,000
At the end of the year	—	—	30,000	622,500
Vested shares				
At the beginning of the year	546,000	1,973,175	126,000	—
Vested during the year	—	731,025	30,000	217,000
Exercised during the year	534,000	191,100	76,500	—
Forfeited or expired during the year	12,000	31,500	54,000	15,600
Unexercised at the end of the year	—	2,481,600	25,500	201,400
Exercise price–yen	¥996	¥1,440	¥1,827	¥4,172
(U.S. dollars)	($9.94)	($14.37)	($18.24)	($41.64)
Average stock price at exercise–yen	2,687	2,397	2,581	—
(U.S. dollars)	(26.82)	(23.92)	(25.76)	—
Fair value price at the grant date–yen	—	—	—	—

	The First Series of Stock Subscription Rights	The Second Series of Stock Subscription Rights	The Third Series of Stock Subscription Rights	The Fourth Series of Stock Subscription Rights
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation	Yahoo Japan Corporation	Yahoo Japan Corporation
Non-vested shares				
At the beginning of the year	—	—	—	—
Granted during the year	—	—	—	—
Forfeited and expired during the year	—	—	—	—
Vested during the year	—	—	—	—
At the end of the year	—	—	—	—
Vested shares				
At the beginning of the year	18,432	2,048	50,448	19,777
Vested during the year	—	—	—	—
Exercised during the year	—	—	9,704	2,942
Forfeited or expired during the year	—	—	—	—
Unexercised at the end of the year	18,432	2,048	40,744	16,835
Exercise price–yen	¥51,270	¥38,086	¥19,416	¥9,559
(U.S. dollars)	($511.73)	($380.14)	($193.79)	($95.41)
Average stock price at exercise–yen	—	—	47,579	45,751
(U.S. dollars)	—	—	(474.89)	(456.64)
Fair value price at the grant date–yen	—	—	—	—

	The Fifth Series of Stock Subscription Rights	The First Series of Stock Acquisition Rights (2002)	The Second Series of Stock Acquisition Rights (2002)	The First Series of Stock Acquisition Rights (2003)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation	Yahoo Japan Corporation	Yahoo Japan Corporation
Non-vested shares				
At the beginning of the year	—	—	—	7,296
Granted during the year	—	—	—	—
Forfeited and expired during the year	—	—	—	—
Vested during the year	—	—	—	7,296
At the end of the year	—	—	—	—
Vested shares				
At the beginning of the year	26,478	25,600	2,304	9,920
Vested during the year	—	—	—	7,296
Exercised during the year	4,746	5,632	1,024	960
Forfeited or expired during the year	—	—	—	—
Unexercised at the end of the year	21,732	19,968	1,280	16,256
Exercise price–yen	¥8,497	¥10,196	¥11,375	¥33,438
(U.S. dollars)	($84.81)	($101.77)	($113.53)	($333.75)
Average stock price at exercise–yen	45,975	48,855	50,975	45,593
(U.S. dollars)	(458.88)	(487.62)	(508.78)	(455.07)
Fair value price at the grant date–yen	—	—	—	—

	The Second Series of Stock Acquisition Rights (2003)	The Third Series of Stock Acquisition Rights (2003)	The Fourth Series of Stock Acquisition Rights (2003)	The First Series of Stock Acquisition Rights (2004)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation	Yahoo Japan Corporation	Yahoo Japan Corporation
Non-vested shares				
At the beginning of the year	1,312	928	496	5,280
Granted during the year	—	—	—	—
Forfeited and expired during the year	192	160	32	112
Vested during the year	1,120	768	48	1,776
At the end of the year	—	—	416	3,392
Vested shares				
At the beginning of the year	416	512	176	3,968
Vested during the year	1,120	768	48	1,776
Exercised during the year	—	—	—	—
Forfeited or expired during the year	96	64	—	—
Unexercised at the end of the year	1,440	1,216	224	5,744
Exercise price–yen	¥51,478	¥47,813	¥78,512	¥65,290
(U.S. dollars)	($513.80)	($477.22)	($783.63)	($651.66)
Average stock price at exercise–yen	—	—	—	—
(U.S. dollars)	—	—	—	—
Fair value price at the grant date–yen	—	—	—	—

	The Second Series of Stock Acquisition Rights (2004)	The Third Series of Stock Acquisition Rights (2004)	The Fourth Series of Stock Acquisition Rights (2004)	The First Series of Stock Acquisition Rights (2005)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation	Yahoo Japan Corporation	Yahoo Japan Corporation
Non-vested shares				
At the beginning of the year	352	200	232	5,472
Granted during the year	—	—	—	—
Forfeited and expired during the year	32	8	4	96
Vested during the year	48	24	68	2,704
At the end of the year	272	168	160	2,672
Vested shares				
At the beginning of the year	184	64	—	—
Vested during the year	48	24	68	2,704
Exercised during the year	—	—	—	—
Forfeited or expired during the year	24	—	—	68
Unexercised at the end of the year	208	88	68	2,636
Exercise price–yen	¥62,488	¥65,375	¥60,563	¥58,500
(U.S. dollars)	($623.69)	($652.51)	($604.48)	($583.89)
Average stock price at exercise–yen	—	—	—	—
(U.S. dollars)	—	—	—	—
Fair value price at the grant date–yen	—	—	—	—

	The Second Series of Stock Acquisition Rights (2005)	The Third Series of Stock Acquisition Rights (2005)	The Fourth Series of Stock Acquisition Rights (2005)	The First Series of Stock Acquisition Rights (2006)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation	Yahoo Japan Corporation	Yahoo Japan Corporation
Non-vested shares				
At the beginning of the year	186	282	98	8,518
Granted during the year	—	—	—	—
Forfeited and expired during the year	28	20	13	250
Vested during the year	72	114	—	—
At the end of the year	86	148	85	8,268
Vested shares				
At the beginning of the year	—	—	—	—
Vested during the year	72	114	—	—
Exercised during the year	—	—	—	—
Forfeited or expired during the year	2	—	—	—
Unexercised at the end of the year	70	114	—	—
Exercise price–yen	¥62,000	¥79,500	¥67,940	¥47,198
(U.S. dollars)	($618.82)	($793.49)	($678.11)	($471.08)
Average stock price at exercise–yen	—	—	—	—
(U.S. dollars)	—	—	—	—
Fair value price at the grant date–yen	—	—	A 30,958	A 24,564
(U.S. dollars)	—	—	(308.99)	(245.17)
	—	—	B 35,782	B 26,803
	—	—	(357.14)	(267.52)
	—	—	C 39,196	C 28,156
	—	—	(391.22)	(281.03)

	The Second Series of Stock Acquisition Rights (2006)	The Third Series of Stock Acquisition Rights (2006)	The First Series of Stock Acquisition Rights (2007)	The Second Series of Stock Acquisition Rights (2007)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation	Yahoo Japan Corporation	Yahoo Japan Corporation
Non-vested shares				
At the beginning of the year	302	360	—	—
Granted during the year	—	—	651	10,000
Forfeited and expired during the year	20	30	35	119
Vested during the year	—	—	—	—
At the end of the year	282	330	616	9,881
Vested shares				
At the beginning of the year	—	—	—	—
Vested during the year	—	—	—	—
Exercised during the year	—	—	—	—
Forfeited or expired during the year	—	—	—	—
Unexercised at the end of the year	—	—	—	—
Exercise price–yen	¥44,774	¥47,495	¥45,500	¥40,320
(U.S. dollars)	($446.89)	($474.05)	($454.14)	($402.44)
Average stock price at exercise–yen	—	—	—	—
(U.S. dollars)	—	—	—	—
Fair value price at the grant date–yen	A 23,832	A 20,435	A 22,586	A 17,061
(U.S. dollars)	(237.87)	(203.96)	(225.43)	(170.29)
	B 25,311	B 23,448	B 25,697	B 18,121
	(252.63)	(234.04)	(256.48)	(180.87)
	C 26,766	C 25,578	C 27,206	C 20,659
	(267.15)	(255.29)	(271.54)	(206.20)

	The Third Series of Stock Acquisition Rights (2007)	The Fourth Series of Stock Acquisition Rights (2007)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Non-vested shares		
At the beginning of the year	—	—
Granted during the year	766	817
Forfeited and expired during the year	23	1
Vested during the year	—	—
At the end of the year	743	816
Vested shares		
At the beginning of the year	—	—
Vested during the year	—	—
Exercised during the year	—	—
Forfeited or expired during the year	—	—
Unexercised at the end of the year	—	—
Exercise price- yen (U.S. dollars)	¥51,162 ($510.65)	¥47,500 ($474.10)
Average stock price at exercise - yen (U.S. dollars)	— —	— —
Fair value price at the grant date - yen (U.S. dollars)	A 20,900 (208.60)	A 20,289 (202.51)
	B 23,651 (236.06)	B 23,128 (230.84)
	C 26,853 (268.02)	C 24,691 (246.44)

Note: A, B, and C are corresponded to those in the table of Stock Option outstanding.

(2) Estimation method for major stock options issued

The assumptions used to measure the fair value of the Stock options of Yahoo Japan Corporation granted in 2008.

Estimation method: Black-Scholes option pricing model with following assumptions:

	The First Series of Stock Acquisition Rights (2007)	The Second Series of Stock Acquisition Rights (2007)	The Third Series of Stock Acquisition Rights (2007)	The Fourth Series of Stock Acquisition Rights (2007)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation	Yahoo Japan Corporation	Yahoo Japan Corporation
Volatility of stock price (Note 2)	A 53.4% B 60.2% C 62.4%	A 51.4% B 52.7% C 59.2%	A 48.1% B 53.0% C 59.3%	A 45.3% B 50.7% C 52.8%
Estimated remaining outstanding period (in years) (Note 3)	A 5.96 B 6.46 C 6.96	A 5.96 B 6.46 C 6.96	A 5.96 B 6.46 C 6.96	A 5.96 B 6.46 C 6.96
Estimated dividend yield (Note 4)	0.21%	0.26%	0.20%	0.23%
Interest rate with risk free: (Note 5)	A 1.32% B 1.37% C 1.41%	A 1.42% B 1.46% C 1.50%	A 1.17% B 1.21% C 1.25%	A 0.99% B 1.03% C 1.07%

Notes: 1. A, B, and C are corresponded to those in the table of Stock Options outstanding.
2. Volatility of stock price is computed based on the actual stock prices traded within the following terms:
The First Series of Stock Acquisition Rights (2007)
A. From May 14, 2001 to May 4, 2007
B. From November 13, 2000 to May 4, 2007
C. From May 15, 2000 to May 4, 2007
The Second Series of Stock Acquisition Rights (2007)
A. From August 13, 2001 to August 3, 2007
B. From February 12, 2001 to August 3, 2007
C. From August 14, 2000 to August 3, 2007
The Third Series of Stock Acquisition Rights (2007)
A. From November 12, 2001 to November 2, 2007
B. From May 14, 2001 to November 2, 2007
C. From November 13, 2000 to November 2, 2007
The Fourth Series of Stock Acquisition Rights (2007)
A. From February 18, 2002 to February 8, 2008
B. From August 20, 2001 to February 8, 2008
C. From February 19, 2001 to February 8, 2008
3. The Estimated remaining outstanding period is based on the assumption that stock acquisition rights are exercised in the middle of their exercisable periods because it is not reasonably estimable due to the insufficient accumulated data.
4. Estimated dividend yield is based on the dividends paid in 2007.
5. Risk free interest rate is based on government bond yield for a term consistent with the estimated remaining outstanding period.
6. Estimated number of options vested is determined based on the actual termination ratio of employees.

Yahoo Japan Corporation recognized compensation expense for employee stock options as selling, general and administrative expense. The effect of this expense is not material.

12 Selling, general and administrative expenses

The main components of selling, general and administrative expenses for the years ended March 31, 2007 and 2008 were as follows:

For the years ended March 31,	Millions of yen 2007	2008	Thousands of U.S. dollars 2008
Sales Commission	¥260,478	**¥290,289**	**$2,897,385**
Sales Promotion expense	145,383	**160,370**	**1,600,657**
Payroll and bonuses	94,724	**106,561**	**1,063,588**
Provision for allowance for doubtful accounts	16,614	**46,110**	**460,221**

13 Other income (expense), net

Other income (expense), net, for the years ended March 31, 2007 and 2008 consisted of the following:

For the years ended March 31,	Millions of yen 2007	2008	Thousands of U.S. dollars 2008
Financing related expenses (Note 1)	¥(28,715)	**¥ —**	**$ —**
Unrealized appreciation on investments and gain on sale of investments at subsidiaries in the U.S., net (Note 2)	2,253	**12,967**	**129,426**
Impairment loss (Notes 3)	—	**(10,645)**	**(106,248)**
Other, net (Note 4)	(35,142)	**(33,830)**	**(337,674)**
Total	¥(61,604)	**¥(31,508)**	**$(314,496)**

Notes 1. Financing related expenses

The expenses represent financing and refinancing fees for the acquisition of Vodafone K.K. (currently SOFTBANK MOBILE Corp.).

2. Unrealized appreciation on investments and gain on sale of investments at subsidiaries in the U.S., net

Certain subsidiaries in the U.S. are investment companies under the provisions of the AICPA Guide and account for the investment securities in accordance with the AICPA Guide.

The net changes in the fair value of the investments are recorded as unrealized appreciation on investments and gain on sale of investments at subsidiaries in the U.S., net, and gain or loss on sale of investments, computed based on the acquisition cost, is also included in such account. The unrealized appreciation on investments and gain or loss on the sale of investments included in unrealized appreciation on investments and gain on sale of investments at subsidiaries in the U.S., net are as follows:

	Millions of yen 2007	2008	Thousands of U.S. dollars 2008
Unrealized appreciation on investments at subsidiaries in the U.S., net	¥4,935	**¥ 171**	**$ 1,714**
(Loss) gain on sale of investments at subsidiaries in the U.S., net	(2,682)	**12,796**	**127,712**
Total	¥2,253	**¥12,967**	**$129,426**

3. Impairment loss

The Company recorded impairment loss for the year ended March 31, 2008 for the following asset groups:

Segment	Purpose of use	Type of assets	Amounts
Fixed-line Telecommunications	Access gateway switch (AGW)	Finance lease assets	¥8,818 million ($88,017 thousand)
Internet Culture	Other	Goodwill	¥1,827 million ($18,231 thousand)
Total			¥10,645 million ($106,248 thousand)

When reviewing for impairment, assets are grouped based on the business unit within the Group. Moreover, assets related to disposition or restructuring of a business, idled assets, and assets leased to others are grouped individually.

(1)Impairment loss of leased AGW

An impairment loss was recorded for certain unused leased AGW which were reserved for the analog lines customers of otoku line direct connection fixed-line voice service. The present values of future lease payments, which are considered to be the carrying value of leased assets, were recorded as an impairment loss in the consolidated statements of income.

(2)The goodwill related to certain subsidiaries of the internet culture segment was recorded as an impairment loss in the consolidated statements of income.

4. Loss on disposal of telecommunications supplies and loss on disposal of fixed assets

In addition to the above impairment losses, a loss on the disposal of telecommunications supplies of ¥12,006 million ($119,837 thousand) and loss on the disposal of fixed assets of ¥5,426 million ($54,155 thousand) were recorded for the unused analog lines assets which are reserved for the analog line customers of the direct connection fixed-line voice service in the Fixed-line Telecommunications segment.

14 Net income per share

A reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2007 and 2008 is as follows:

	Millions of yen	Number of shares	Yen
For the year ended March 31, 2007:	Net income	Weighted average shares	EPS
Basic EPS			
Net income available to common shareholders	¥28,815	1,055,264,814	¥27.31
Effect of Dilutive Securities			
Warrants	—	8,742,459	
Convertible bonds	1,557	75,648,626	
Effects of dilutive securities issued by consolidated subsidiaries and affiliated companies under the equity method	(36)	—	
Diluted EPS			
Net income for computation	¥30,336	1,139,655,899	¥26.62

	Millions of yen	Number of shares	Yen	Dollars
For the year ended March 31, 2008:	Net income	Weighted average shares	EPS	
Basic EPS				
Net income available to common shareholders	**¥108,625**	**1,068,291,756**	**¥101.68**	**$1.01**
Effect of Dilutive Securities				
Warrants	—	**4,486,045**		
Convertible bonds	**1,557**	**75,648,626**		
Effects of dilutive securities issued by consolidated subsidiaries and affiliated companies under the equity method	**(49)**	—		
Diluted EPS				
Net income for computation	**¥110,133**	**1,148,426,427**	**¥95.90**	**$0.96**

15 Supplemental cash flow information

(1) Proceeds from sale and lease back of equipment newly acquired

Once SOFTBANK MOBILE Corp. purchases telecommunications equipment for the purpose of assembly, installation and inspection, SOFTBANK MOBILE Corp. sells the equipment to lease companies for sale and lease back purposes. The leased asset and lease obligation are recorded on the consolidated balance sheet.

The cash outflows from the purchase of the equipment from vendors are included in purchase of property and equipment, and intangibles, and the cash inflows from the sale of the equipment to lease companies are included in proceeds from sales and lease back of equipment newly acquired.

(2) Repayment of short-term borrowings for the acquisition of Vodafone K.K.

The repayment of short-term borrowings of ¥1,173,830 million for the acquisition of Vodafone K.K. (currently SOFTBANK MOBILE Corp.) was completed by refinancing to long-term debts in November 2006. The increase in borrowings and the decrease in borrowings are offset in increase (decrease) in short-term borrowings, net. The new borrowings (totaled to ¥1,366,000 million) from the refinancing were included in proceeds from long-term debts for the year ended March 31, 2007.

16 Derivatives

The Group enters into foreign currency options and forward contracts to hedge foreign exchange risk associated with certain assets and liabilities denominated in foreign currencies. The Group also enters into interest rate swap contracts to manage its interest rate exposures on certain liabilities.

These derivative transactions are entered into to hedge interest and foreign currency exposures incorporated within its business. Accordingly, market risk in these derivatives is basically offset by opposite movements in the value of hedged assets or liabilities.

In addition, the Group enters into a collar transaction utilizing its shares of an equity security. The purpose of this collar transaction is to hedge the variability of cash flows associated with the future market price of the underlying security, which is used for the settlement of loans at their maturity.

Because the counterparties to these derivatives are limited to major international financial institutions, the Group does not anticipate any losses arising from credit risk.

Derivative transactions entered into by the Group have been made in accordance with internal policies which regulate the authorization and credit limit amount.

The Group had the following derivatives contracts outstanding at March 31, 2007 and 2008:

			Millions of yen
March 31, 2007	Contract amounts	Fair value (see note below)	Unrealized gain (loss)
Currency option			
Option purchased to buy U.S. dollars	¥ 5,900	¥ (41)	¥(41)
Foreign currency forward contracts			
Buying U.S. dollars	70,890	70,866	(24)
Buying Euro	9,045	9,131	86
			¥ 21

			Millions of yen
March 31, 2008	Contract amounts	Fair value (see note below)	Unrealized gain (loss)
Foreign currency forward contracts			
Buying U.S. dollars	**¥86,218**	**¥85,325**	**¥(893)**
Buying Euro	**3,034**	**3,082**	**48**
			¥(845)

			Thousands of U.S. dollars
March 31, 2008	Contract amounts	Fair value (see note below)	Unrealized gain (loss)
Foreign currency forward contracts			
Buying U.S. dollars	**$860,547**	**$851,630**	**$(8,917)**
Buying Euro	**30,286**	**30,766**	**480**
			$(8,437)

Derivative contracts which qualify for hedge accounting for the years ended March 31, 2007 and 2008 are excluded from the disclosure of market value information.

The contract or notional amounts of derivatives which are shown in the above table do not represent the amounts exchanged by the parties and do not measure the Group's exposure to credit or market risk.

17 Leases

(1) Lessee

The Group leases certain telecommunications equipment and telecommunications service lines, buildings and structures, other property and equipment, and software.

Total rental expense including lease payments under finance lease for the years ended March 31, 2007 and 2008 were ¥82,440 million and ¥72,175 million ($720,380 thousand), respectively.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, accumulated impairment loss, obligations under finance lease, depreciation expense, interest expense and other information of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2007 and 2008 was as follows:

Finance lease assets:

	Millions of yen		Thousands of U.S. dollars
March 31,	2007	**2008**	**2008**
Telecommunications equipment and telecommunications service lines			
Acquisition cost	¥185,251	**¥179,480**	**$1,791,395**
Accumulated depreciation	(60,295)	**(66,202)**	**(660,770)**
Accumulated impairment loss	(21,703)	**(30,522)**	**(304,638)**
Net leased property	103,253	**82,756**	**825,987**
Buildings and structures			
Acquisition cost	48,238	**47,005**	**469,160**
Accumulated depreciation	(6,128)	**(7,430)**	**(74,156)**
Accumulated impairment loss	—	**—**	**—**
Net leased property	42,110	**39,575**	**395,004**
Other property and equipment			
Acquisition cost	20,187	**17,980**	**179,456**
Accumulated depreciation	(6,168)	**(6,303)**	**(62,907)**
Accumulated impairment loss	(1,389)	**(1,253)**	**(12,508)**
Net leased property	12,630	**10,424**	**104,041**
Software			
Acquisition cost	10,125	**9,373**	**93,559**
Accumulated amortization	(2,255)	**(3,353)**	**(33,470)**
Accumulated impairment loss	(235)	**(169)**	**(1,688)**
Net leased property	7,635	**5,851**	**58,401**
Total	¥165,628	**¥138,606**	**$1,383,433**

Obligations under finance lease:

	Millions of yen		Thousands of U.S. dollars
March 31,	2007	**2008**	**2008**
Due within one year	¥ 33,089	**¥ 32,482**	**$ 324,207**
Due after one year	165,967	**141,180**	**1,409,122**
Total	¥199,056	**¥173,662**	**$1,733,329**

Notes and accounts receivable-trade of ¥10,182 million ($101,627 thousand) are pledged as collateral for the lease obligations of ¥8,121 million ($81,060 thousand) at March 31, 2008. In addition, notes and accounts receivable-trade of ¥13,787 million ($137,610 thousand) which are eliminated in the consolidated balance sheet as an intercompany balance are pledged as collateral.

Allowance for impairment loss on leased property as of March 31, 2007 and 2008 were ¥18,171million and ¥21,601million ($215,603 thousand), respectively, and are not included in the obligations under finance leases.

Depreciation expense, interest expense and other information under finance leases:

	Millions of yen		Thousands of U.S. dollars
For the years ended March 31,	2007	**2008**	**2008**
Depreciation and amortization expense	¥41,530	**¥30,917**	**$308,587**
Interest expense	14,086	**12,789**	**127,645**
Total	¥55,616	**¥43,706**	**$436,232**
Lease payments	¥52,875	**¥44,329**	**$442,454**
Reversal of allowance for impairment loss on leased property	¥ 5,256	**¥ 5,388**	**$ 53,775**
Impairment loss	¥ —	**¥ 8,818**	**$ 88,017**

Depreciation expense and interest expense, which are not reflected in the accompanying statements of income, are computed by the straight-line method and the interest method, respectively.

The minimum rental commitments under non-cancelable operating leases at March 31, 2007 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars
March 31,	2007	**2008**	**2008**
Due within one year	¥ 9,898	**¥ 2,959**	**$ 29,539**
Due after one year	4,387	**13,127**	**131,017**
Total	¥14,285	**¥16,086**	**$160,556**

Long-term prepaid expense of ¥7,848 million and ¥15,054 million ($150,250 thousand) relating to lease contracts in which service periods are different from payment periods is included in other assets of investments and other assets in the consolidated balance sheets for the years ended March 31, 2007 and 2008, respectively.

(2) Lessor

The Group leases certain property and equipment.

Future lease receivables under non-cancelable operating lease at March 31, 2007 and 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars
March 31,	2007	**2008**	**2008**
Due within one year	¥1,258	**¥1,371**	**$13,684**
Due after one year	1,700	**1,997**	**19,928**
Total	¥2,958	**¥3,368**	**$33,612**

18 Commitments and contingent liabilities

(1) Commitments and contingent liabilities
Certain subsidiaries have line of credit contracts mainly with credit-card holders. On demand from those card holders, these subsidiaries are required to make loans to them. As of March 31, 2008, ¥14,677 million ($146,490 thousand) remains as unused lines of credit.
(2) Based on debt assumption agreements with financial institutions, SOFTBANK MOBILE Corp. has transferred its debt repayment obligation for unsecured straight bonds of ¥100,000 million ($998,104 thousand). The bonds and payments to financial institutions incurred from transferring its debt repayment obligation for the bonds are eliminated in the Company's consolidated balance sheets.

However, under the terms of the indenture, SOFTBANK MOBILE Corp. will continue to be responsible for payments on the bonds until maturity or redemption of the bonds.

On April 28, 2008, the first Series Unsecured Bond of ¥25,000 million ($249,526 thousand) was redeemed.

19 Related party transactions

Transactions of the Company with Son Assets Management, LLC. for the years ended March 31, 2007 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars
March 31,	2007	**2008**	**2008**
Temporary advance on behalf of Son Assets Management, LLC.	¥229	**¥210**	**$2,095**
Facility usage	61	**64**	**644**
Deposits received	—	**27**	**271**

The balances due to or from Son Assets Management, LLC. at March 31, 2007 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars
March 31,	2007	**2008**	**2008**
Other current assets	¥ 25	**¥ 25**	**$ 252**
Deposit received included in long term liabilities–other liabilities	142	**169**	**1,689**

20 Significant subsequent events

Appropriation of retained earnings

The following appropriation of retained earnings at March 31, 2008 was approved at the shareholders meeting held on June 25, 2008:

	Millions of yen	Thousands of U.S. dollars
March 31,	**2008**	**2008**
Year-end cash dividends, ¥2.50 ($0.02)	**¥2,701**	**$26,961**

21 Segment information

The Group is involved in the following businesses.

- **Mobile Communications:** Mobile communication services, and sale of mobile phones accompanying to its services
- **Broadband Infrastructure:** ADSL and fiber-optic high-speed Internet connection service, IP telephony service, provision of content and other operations
- **Fixed-line Telecommunications:** Fixed-line telecommunications service, and data center service
- **Internet Culture:** Internet-based advertising operations, portal business, and auction business
- **e-Commerce:** Distribution of PC software and such hardware as PCs and peripherals, enterprise solutions, and diversified e-commerce businesses, including business transaction platform (B2B) and consumer-related e-commerce (B2C)
- **Others:** Broadmedia, Technology Services, Media & Marketing, Overseas Funds, and Others

(1) Business segment information

Business segments are categorized primarily based on the nature of business operations, type of services, and similarity of sales channels, etc., which the Group uses for its internal management purpose.

The table below summarizes the business segment information of the Group for the years ended March 31, 2007 and 2008:

(a) Sales and operating income

Millions of yen

For the year ended March 31, 2007	Business								
	Mobile Communications	Broadband Infrastructure	Fixed-line Telecommunications	Internet Culture	e-Commerce	Others	Total	Elimination or corporate	Consolidated
Sales to customers	¥1,430,821	¥258,825	¥332,136	¥191,510	¥256,924	¥ 74,003	¥2,544,219	¥ —	¥2,544,219
Intersegment sales	11,219	5,403	41,994	2,702	14,647	16,782	92,747	(92,747)	—
Total sales	1,442,040	264,228	374,130	194,212	271,571	90,785	2,636,966	(92,747)	2,544,219
Operating expenses	1,286,297	237,418	377,095	97,668	264,890	95,515	2,358,883	(85,730)	2,273,153
Operating income (loss)	¥ 155,743	¥ 26,810	¥ (2,965)	¥ 96,544	¥ 6,681	¥ (4,730)	¥ 278,083	¥ (7,017)	¥ 271,066

(b) Total assets, depreciation, and capital expenditures

Millions of yen

For the year ended March 31, 2007	Business								
	Mobile Communications	Broadband Infrastructure	Fixed-line Telecommunications	Internet Culture	e-Commerce	Others	Total	Elimination or corporate	Consolidated
Total assets	¥2,691,192	¥200,289	¥522,257	¥442,220	¥ 79,515	¥290,811	¥4,226,284	¥ 84,569	¥4,310,853
Depreciation and amortization	156,167	27,311	44,934	9,662	1,084	3,083	242,241	446	242,687
Capital expenditures	2,000,213	20,051	42,525	16,371	2,858	3,288	2,085,306	582	2,085,888

Note: Capital expenditures represent net increase in property and equipment, intangible assets, and long-term prepaid expense.

(a) Sales and operating income

Millions of yen

For the year ended March 31, 2008	Business								
	Mobile Communications	Broadband Infrastructure	Fixed-line Telecommunications	Internet Culture	e-Commerce	Others	Total	Elimination or corporate	Consolidated
Sales to customers	**¥1,618,936**	**¥251,309**	**¥324,723**	**¥243,850**	**¥255,690**	**¥81,661**	**¥2,776,169**	**¥ —**	**¥2,776,169**
Intersegment sales	**11,916**	**6,760**	**46,018**	**3,793**	**15,034**	**18,212**	**101,733**	**(101,733)**	**—**
Total sales	**1,630,852**	**258,069**	**370,741**	**247,643**	**270,724**	**99,873**	**2,877,902**	**(101,733)**	**2,776,169**
Operating expenses	**1,456,282**	**218,369**	**367,401**	**132,406**	**267,567**	**104,994**	**2,547,019**	**(95,137)**	**2,451,882**
Operating income (loss)	**¥ 174,570**	**¥ 39,700**	**¥ 3,340**	**¥115,237**	**¥ 3,157**	**¥ (5,121)**	**¥ 330,883**	**¥ (6,596)**	**¥ 324,287**

(b) Total assets, depreciation, impairment loss and capital expenditures

Millions of yen

For the year ended March 31, 2008	Business								
	Mobile Communications	Broadband Infrastructure	Fixed-line Telecommunications	Internet Culture	e-Commerce	Others	Total	Elimination or corporate	Consolidated
Total assets	**¥3,041,749**	**¥165,971**	**¥440,415**	**¥506,430**	**¥88,047**	**¥259,102**	**¥4,501,714**	**¥57,188**	**¥4,558,902**
Depreciation and amortization	**193,196**	**26,551**	**43,351**	**11,222**	**1,117**	**3,399**	**278,836**	**469**	**279,305**
Impairment loss	**—**	**—**	**8,818**	**1,827**	**—**	**—**	**10,645**	**—**	**10,645**
Capital expenditures	**235,547**	**21,544**	**13,854**	**12,975**	**2,436**	**2,677**	**289,033**	**586**	**289,619**

Note: Capital expenditures represent net increase in property and equipment, intangible assets, and long-term prepaid expense.
Due to a typographic error, the figure for the depreciation and amortization in Mobile Communications for the year ended March 31, 2008 was corrected on June 2, 2009.

(a) Sales and operating income

Thousands of U.S. dollars

For the year ended March 31, 2008	Business								
	Mobile Communications	Broadband Infrastructure	Fixed-line Telecommunications	Internet Culture	e-Commerce	Others	Total	Elimination or corporate	Consolidated
Sales to customers	**$16,158,655**	**$2,508,330**	**$3,241,068**	**$2,433,874**	**$2,552,055**	**$ 815,057**	**$27,709,039**	**$ —**	**$27,709,039**
Intersegment sales	**118,937**	**67,468**	**459,307**	**37,857**	**150,051**	**181,785**	**1,015,405**	**(1,015,405)**	**—**
Total sales	**16,277,592**	**2,575,798**	**3,700,375**	**2,471,731**	**2,702,106**	**996,842**	**28,724,444**	**(1,015,405)**	**27,709,039**
Operating expenses	**14,535,200**	**2,179,550**	**3,667,038**	**1,321,543**	**2,670,599**	**1,047,956**	**25,421,886**	**(949,571)**	**24,472,315**
Operating income (loss)	**$ 1,742,392**	**$ 396,248**	**$ 33,337**	**$1,150,188**	**$ 31,507**	**$ (51,114)**	**$ 3,302,558**	**$ (65,834)**	**$ 3,236,724**

(b) Total assets, depreciation, impairment loss and capital expenditures

Thousands of U.S. dollars

For the year ended March 31, 2008	Business: Mobile Communications	Broadband Infrastructure	Fixed-line Telecommunications	Internet Culture	e-Commerce	Others	Total	Elimination or corporate	Consolidated
Total assets	$30,359,807	$1,656,563	$4,395,797	$5,054,698	$878,802	$2,586,098	$44,931,765	$570,796	$45,502,561
Depreciation and amortization	1,928,296	265,004	432,691	112,007	11,151	33,922	2,783,071	4,682	2,787,753
Impairment loss	—	—	88,017	18,231	—	—	106,248	—	106,248
Capital expenditures	2,351,005	215,031	138,275	129,505	24,314	26,721	2,884,851	5,849	2,890,700

Note: Capital expenditures represent net increase in property and equipment, intangible assets, and long-term prepaid expense.

(2) Geographic segment information

The table below summarizes the geographic segment information of the Group for the years ended March 31, 2007 and 2008:

Millions of yen

For the year ended March 31, 2007	Geographic region: Japan	North America	Others	Total	Elimination or corporate	Consolidated
Sales to customers	¥2,532,359	¥ 1,862	¥ 9,998	¥2,544,219	¥ —	¥2,544,219
Intersegment sales	2,980	—	266	3,246	(3,246)	—
Total sales	2,535,339	1,862	10,264	2,547,465	(3,246)	2,544,219
Operating expenses	2,254,378	2,794	11,065	2,268,237	4,916	2,273,153
Operating income (loss)	¥ 280,961	¥ (932)	¥ (801)	¥ 279,228	¥ (8,162)	¥ 271,066
Total assets	¥3,757,766	¥282,558	¥153,692	¥4,194,016	¥116,837	¥4,310,853

Millions of yen

For the year ended March 31, 2008	Geographic region: Japan	North America	Others	Total	Elimination or corporate	Consolidated
Sales to customers	¥2,760,398	¥ 1,343	¥ 14,428	¥2,776,169	¥ —	¥2,776,169
Intersegment sales	2,739	—	222	2,961	(2,961)	—
Total sales	2,763,137	1,343	14,650	2,779,130	(2,961)	2,776,169
Operating expenses	2,429,574	3,022	15,464	2,448,060	3,822	2,451,882
Operating income (loss)	¥ 333,563	¥ (1,679)	¥ (814)	¥ 331,070	¥ (6,783)	¥ 324,287
Total assets	¥4,057,935	¥219,004	¥194,712	¥4,471,651	¥87,251	¥4,558,902

Thousands of U.S. dollars

For the year ended March 31, 2008	Geographic region: Japan	North America	Others	Total	Elimination or corporate	Consolidated
Sales to customers	$27,551,628	$ 13,403	$ 144,008	$27,709,039	$ —	$27,709,039
Intersegment sales	27,339	—	2,215	29,554	(29,554)	—
Total sales	27,578,967	13,403	146,223	27,738,593	(29,554)	27,709,039
Operating expenses	24,249,664	30,165	154,340	24,434,169	38,146	24,472,315
Operating income (loss)	$ 3,329,303	$ (16,762)	$ (8,117)	$ 3,304,424	$ (67,700)	$ 3,236,724
Total assets	$40,502,400	$2,185,892	$1,943,422	$44,631,714	$870,847	$45,502,561

INDEPENDENT AUDITORS' REPORT

Deloitte.

Deloitte Touche Tohmatsu
MS Shibaura Building
4-13-23, Shibaura
Minato-ku, Tokyo 108-8530
Japan

Tel: +81(3)3457 7321
Fax: +81(3)3457 1694
www.deloitte.com/jp

To the Board of Directors of SOFTBANK CORP.:

We have audited the accompanying consolidated balance sheets of SOFTBANK CORP. and consolidated subsidiaries as of March 31, 2008 and 2007, and the related consolidated statements of income, changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of SOFTBANK CORP. and consolidated subsidiaries as of March 31, 2008 and 2007, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

Tokyo, Japan
June 25, 2008

Member of
Deloitte Touche Tohmatsu

CORPORATE DATA AND STOCK INFORMATION

1. CORPORATE DATA (As of March 31, 2008)

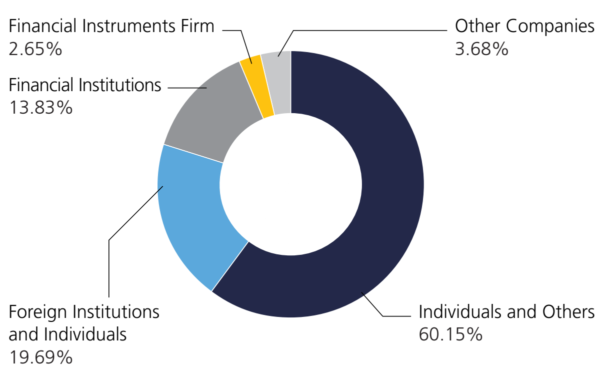
Corporate Name: SOFTBANK CORP.
Founded: September 3, 1981
Paid-in Capital: ¥187,422,993,101
Corporate Headquarters: 1-9-1, Higashi-Shimbashi, Minato-ku, Tokyo 105-7303, Japan
Tel: +81-3-6889-2000

Fiscal Year-End: March 31
Consolidated Subsidiaries: 109 (of which, 52 are overseas)
Equity-Method Affiliates: 67 (of which, 35 are overseas)
Number of Employees: 130 (consolidated basis: 19,040)

2. STOCK INFORMATION (As of March 31, 2008)

Shareholder Registrar: Mitsubishi UFJ Trust and Banking Corporation
Stock Exchange Registration: Tokyo Stock Exchange, First Section
Number of Shares:
Shares authorized 3,600,000,000 shares
Shares issued 1,080,664,578 shares
Number of Shareholders: 383,786

Distribution of Ownership among Shareholders



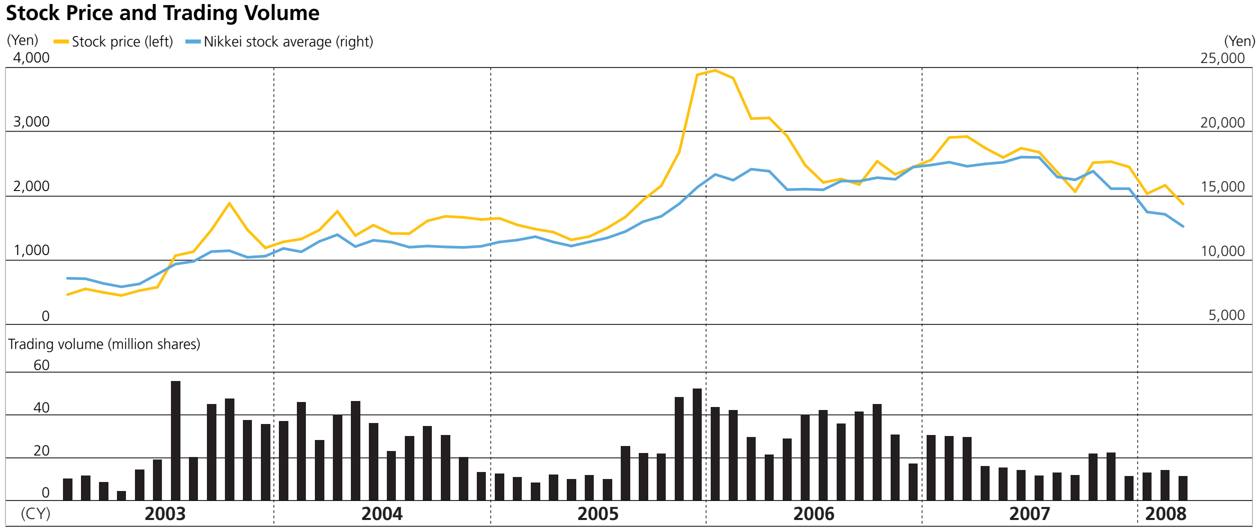
Principal Shareholders

Name	Number of shares held (Thousands)	Percentage of total shares issued (%)
Masayoshi Son	317,847	29.41
The Master Trust Bank of Japan, Ltd.	45,864	4.24
Japan Trustee Services Bank, Ltd.	37,415	3.46
Trust & Custody Services Bank, Ltd.	26,972	2.49
Son Holdings, Y.K.	25,041	2.31
JPMCB Omnibus US Pension Treaty JASDEC380052	15,874	1.46
Clearstream Banking S.A	10,562	0.97
JPMCB USA Residents Pension Jasdec Lend 385051	8,764	0.81
JP Morgan Chase Bank 380055	8,679	0.80
Solo-managed money trust trustee: Mitsui Asset Trust and Banking Company, Limited (Account 1)	7,918	0.73
Top 10 Shareholders	504,940	46.72

Note:
The above table includes shares held as part of trust operations as follows:

The Master Trust Bank of Japan, Ltd.	45,864 thousand shares
Japan Trustee Services Bank, Ltd.	37,415 thousand shares
Trust & Custody Services Bank, Ltd.	26,972 thousand shares
Mitsui Asset Trust and Banking Company, Limited (Trust Account)	7,918 thousand shares

Stock Price and Trading Volume



Note: Stock prices are average prices for each month, and trading volumes are average volumes for each month (retroactively adjusted).

SoftBank

SOFTBANK CORP.

1-9-1, Higashi-Shimbashi, Minato-ku, Tokyo 105-7303, Japan