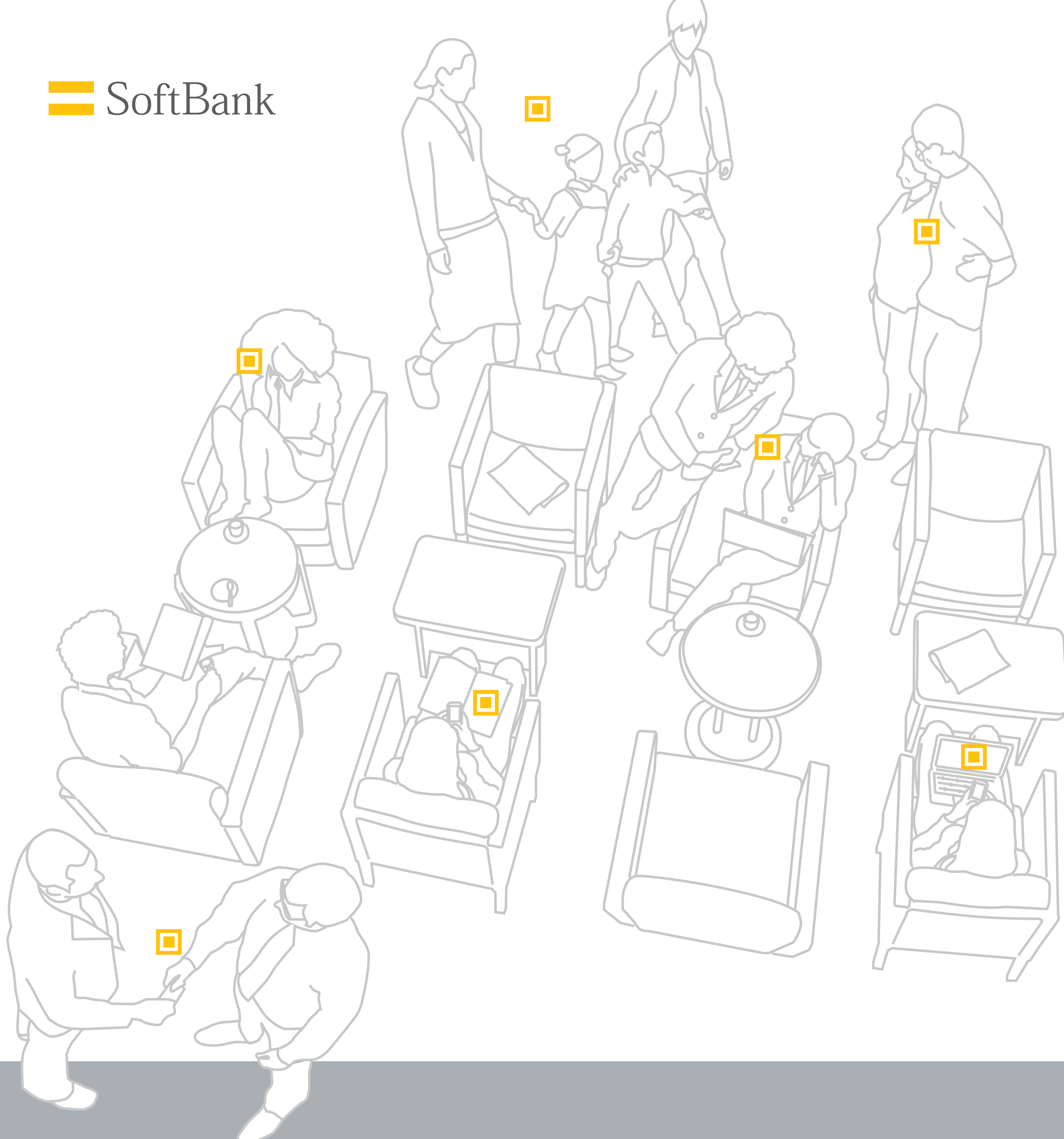
SoftBank



Clear-cut **Communications**

ANNUAL REPORT 2009

Overall Theme

The main theme of this year's annual report is "Clear-cut Communications," focusing on moves being made by the SOFTBANK Group toward a new stage of growth.

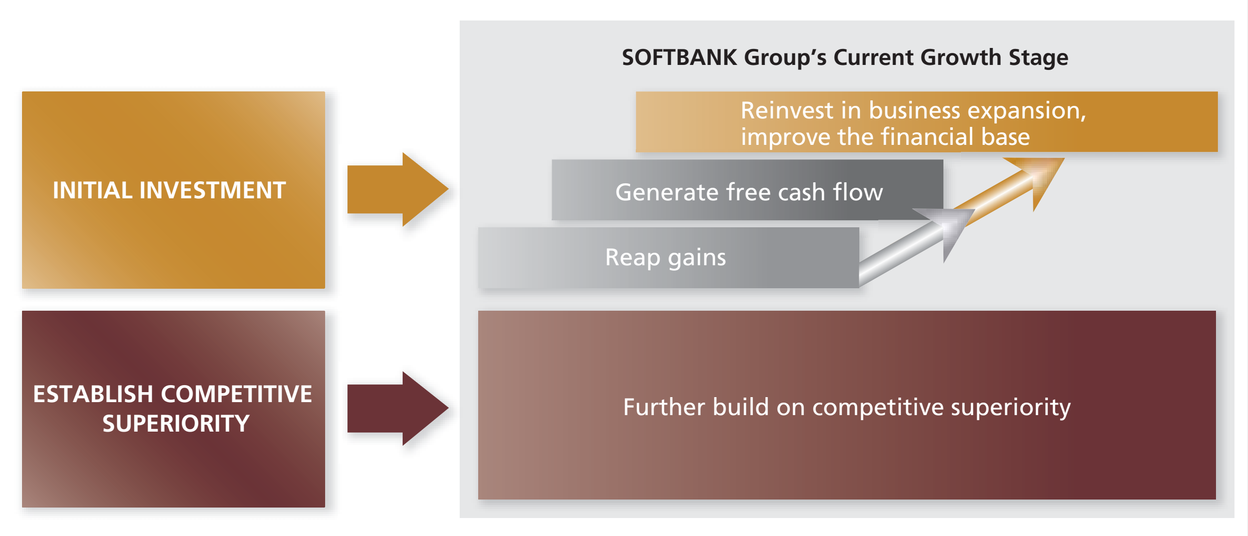
The SOFTBANK Group has consistently shown continuous business growth, focused on the Internet, as a driving force behind the realization of seamless, convenient communication that transcends the confines of access methods. That growth stage is now moving to the next level—from a "period of initial investment" to a "period of reaping gains" that is expected to generate a robust free cash flow*[1]. As a result of this cash-flow-oriented management, a "significant improvement in financial strength" has already begun. Furthermore, with the arrival of full-fledged FMC (Fixed Mobile Convergence), we have become able to more accurately work toward "maintaining and building on our superior competitive position."

This annual report aims to use a large amount of objective data to clearly explain in easy-to-understand terms the various changes taking place in the factors behind the SOFTBANK Group's "continuous growth."

*1 Free cash flow = cash flows from operating activities + cash flows from investing activities.

Other Special Features

SOFTBANK hopes that this annual report will be a useful "comprehensive communications tool" for a wide range of readers—from individual to institutional investors, and from those who are already well versed to those just beginning to research SOFTBANK and related industries. We have therefore endeavored to imaginatively and creatively meet the needs of a diverse range of investors and analysts with sections like "Financial Highlights" and "**At a Glance**," which make it easy to quickly grasp important points, and **IN DETAIL** and "Facts & Figures," which facilitate a deeper understanding by referring to a variety of numerical data.



Disclaimer

This annual report is made based on information available at the time of writing. Statements in this annual report that are not historical facts, including, without limitation, our plans, forecasts and strategies are forward-looking statements.

Forward-looking statements are subject to various risks and uncertainties, including, without limitation, continuing decline in the general economic conditions, general market conditions, customer demand for products and services, increased competition, inherent risk in international operations and other important factors, which may cause actual results to differ materially from those expressed or implied in any forward-looking statement.

Information contained herein regarding companies other than SOFTBANK CORP. and other companies of the SOFTBANK Group is quoted from public sources and others, and we have not verified and we are not responsible for the accuracy of the information.

SOFTBANK CORP. expressly disclaims any obligation or responsibility to update or revise or supplement any forward-looking statement in any presentation material or generally to any extent. Use of or reliance on the information in this annual report is at your own risk.

Definition of Terms

"Fiscal 2009" refers to our fiscal year ended March 31, 2009, and other fiscal years are referred to in a corresponding manner in this annual report.

As used in this annual report, references to "SOFTBANK," "the Company" and "the SOFTBANK Group" are to SOFTBANK CORP. and its consolidated subsidiaries except as the context otherwise requires or indicates.

CONTENTS

021 **Special Feature: Demonstrating SOFTBANK's Unique Character —Winners in Content are Winners in the World—**

Mobile phones continue to evolve into "Internet Machines." Now that the foundation for that evolution is in place, operators' levels of content and services will determine which survive. The special feature shines the spotlight on content and services, and takes a closer look at the essence of the SOFTBANK Group's superior competitive position.

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CONSOLIDATED FINANCIAL HIGHLIGHTS

SOFTBANK CORP. AND CONSOLIDATED SUBSIDIARIES Fiscal years ended March 31

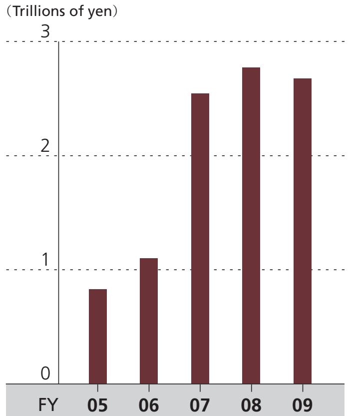
(Millions of yen)	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Net sales	¥ 837,018	¥1,108,665	¥ 2,544,219	¥ 2,776,169	¥2,673,035
Operating (loss) income	(25,359)	62,299	271,066	324,287	359,121
EBITDA*1	44,095	149,913	525,428	626,662	678,636
(Loss) income before income taxes and minority interests	(9,549)	129,484	208,574	225,887	107,338
Net (loss) income	(59,872)	57,551	28,815	108,625	43,172
Capital expenditure*2	294,233	148,946	389,801	293,720	259,094
Depreciation and amortization	66,417	80,417	189,092	220,255	236,014
Net cash (used in) provided by operating activities	(45,989)	57,806	311,202	158,258	447,858
Net cash (used in) provided by investing activities	(242,944)	27,852	(2,097,937)	(322,461)	(266,295)
Net cash provided by (used in) financing activities	277,771	30,078	1,718,385	284,727	(210,348)
Free cash flow*3	(288,933)	85,658	(1,786,735)	(164,203)	181,563
Total assets	1,704,854	1,808,399	4,310,853	4,558,902	4,386,672
Total shareholders' equity	178,017	242,768	282,950	383,743	374,094
Interest-bearing debt*4	853,918	905,293	2,394,403	2,532,969	2,400,391
Net interest-bearing debt*4*5	531,680	454,614	2,008,149	2,036,879	1,939,521
Major Indicators					
Operating margin (%)	—	5.6	10.7	11.7	13.4
EBITDA margin*1 (%)	5.3	13.5	20.7	22.6	25.4
ROIC*6 (%)	(1.6)	3.4	8.4	6.9	7.5
Equity ratio (%)	10.4	13.4	6.6	8.4	8.5
Debt / equity ratio*4 (times)	4.8	3.7	8.5	6.6	6.4
Net debt / equity ratio*4*5 (times)	3.0	1.9	7.1	5.3	5.2
Interest-bearing debt / EBITDA multiple (times)	21.6	6.7	4.8	4.0	3.5
Per Share Data*7 (Yen)					
Net (loss) income	¥ (57.01)	¥ 54.36	¥ 27.31	¥ 101.68	¥ 39.95
Shareholders' equity	168.62	229.88	268.02	355.15	346.11
Cash dividends	2.33	2.50	2.50	2.50	2.50
Other					
Number of employees	12,949	14,182	17,804	19,040	21,048

*1 EBITDA = operating income + depreciation and amortization (including amortization of goodwill), and loss on disposal of fixed assets included in operating expenses. EBITDA margin = EBITDA / net sales.
*2 Includes capital expenditure via lease financing.
*3 Free cash flow = cash flows from operating activities + cash flows from investing activities.
*4 Excludes lease obligations. From fiscal 2008 this includes cash receipts as collateral from financial institutions, to whom the Company lent shares of its subsidiary under security deposit agreements.
*5 Net interest-bearing debt = interest-bearing debt (excluding lease obligations) - cash position. Cash position = cash and cash equivalents + marketable securities + time deposits with original maturity over three months.
*6 ROIC (Return On Invested Capital) = operating income after taxes / (average shareholders' equity + average interest-bearing debt).
*7 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 is calculated based on the number of shares outstanding as of each fiscal year-end.

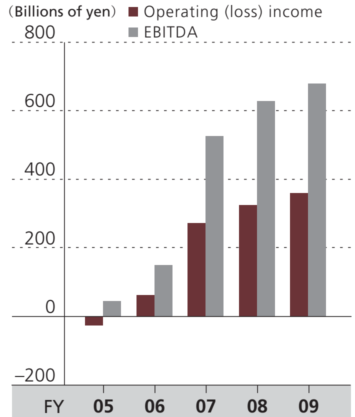
☞ In addition to the macro and semi-macro data in Facts & Figures on pages 63-67, financial data is shown for each segment.
☞ Primary financial data for the past 11 years is shown on pages 70-71.

Scale Trends

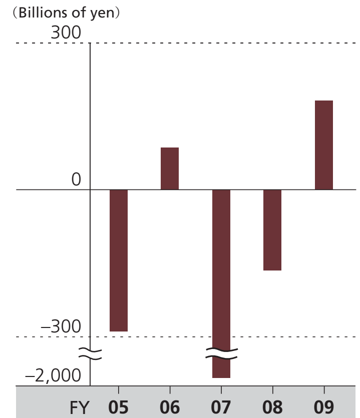
Net Sales



Operating (Loss) Income, EBITDA

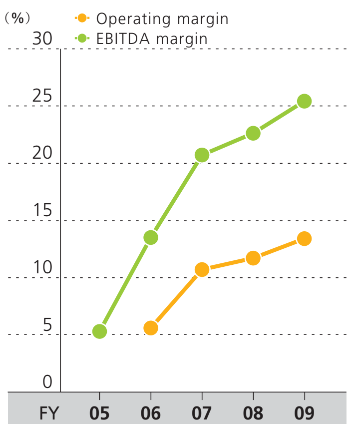


Free Cash Flow

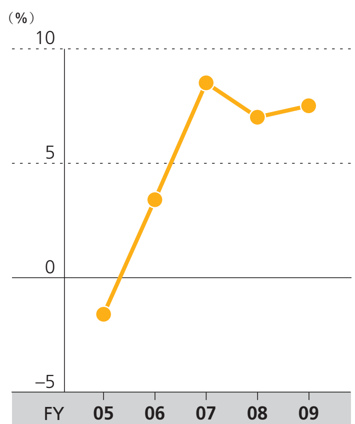


Profitability and Productivity Trends

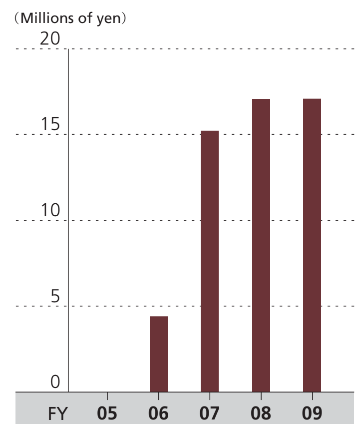
Profitability: Versus Sales
Operating Margin, EBITDA Margin



Profitability: Versus Invested Capital
ROIC

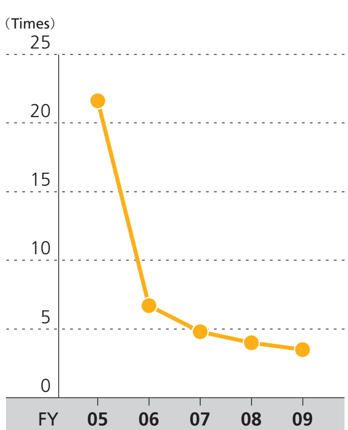


Productivity:
Operating Income per Employee

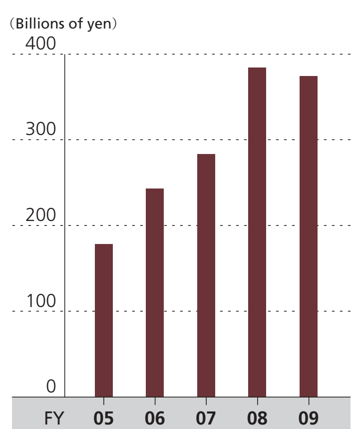


Financial Condition Trends

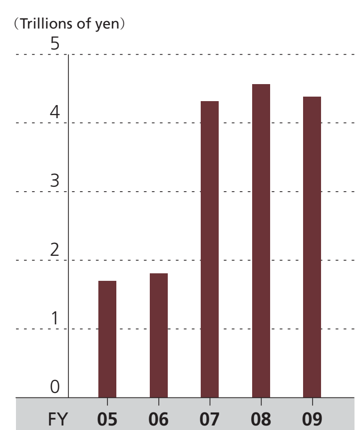
Interest-bearing Debt / EBITDA Multiple



Total Shareholders' Equity



Total Assets



Clear-cut Communications WITH Business Partners

AT A GLANCE—WHAT SETS SOFTBANK APART

Companies that are able to maintain sustained growth, even in a difficult operating environment, must differentiate themselves from the competition in major ways.

This section uses as specific as possible data and examples to provide investors and analysts with an easy-to-understand explanation of the basics that form SOFTBANK's points of differentiation, for their research and analysis.

CONTENTS

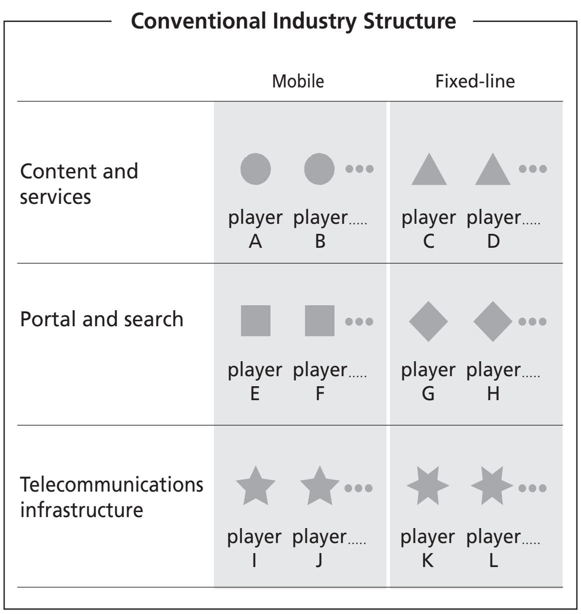
005 **At a Glance**—What Sets SOFTBANK Apart

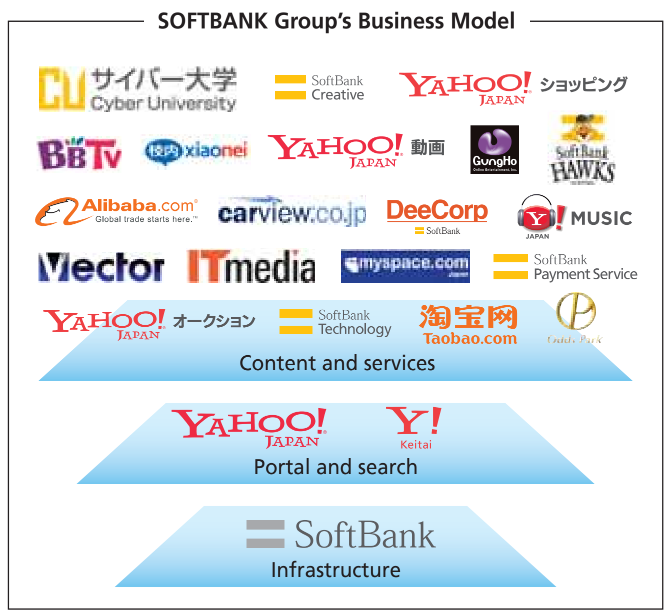
- 006 Ⅰ. "Advanced" Business Model
- 007 Ⅱ. "Flexible" Business Activities
- 008 Ⅲ. "Swift" Business Development
- 009 Ⅳ. "Accelerating" Earnings Growth (Business Value)

I. "Advanced" Business Model

POINT

The SOFTBANK Group provides services under the comprehensive banner of its (1) "telecommunications infrastructure business" that is not restricted by the individual parameters of fixed-line and mobile telecommunications, (2) "portal and search business" that acts as a gateway to the world of the Internet, and (3) diverse Internet "content and services" that encompasses music, games, and video.





COMMENT

The SOFTBANK Group long ago foresaw the unlimited possibilities offered by the Internet, and anticipated the arrival of the convenient, rich lifestyles and efficient economic activities it would bring. We then developed the businesses necessary to realize these possibilities, with an emphasis on creating synergies that transcend these individual business fields. In particular, we have built an overwhelming presence that surpasses our competitors in many areas of "portal and search" and "content and services," which are the top layer of infrastructure and where users are most able to enjoy the benefits of Internet services. (☞ Please refer to "The SOFTBANK Group's Position in Related Industries" on page 31 for data regarding market shares, etc.)

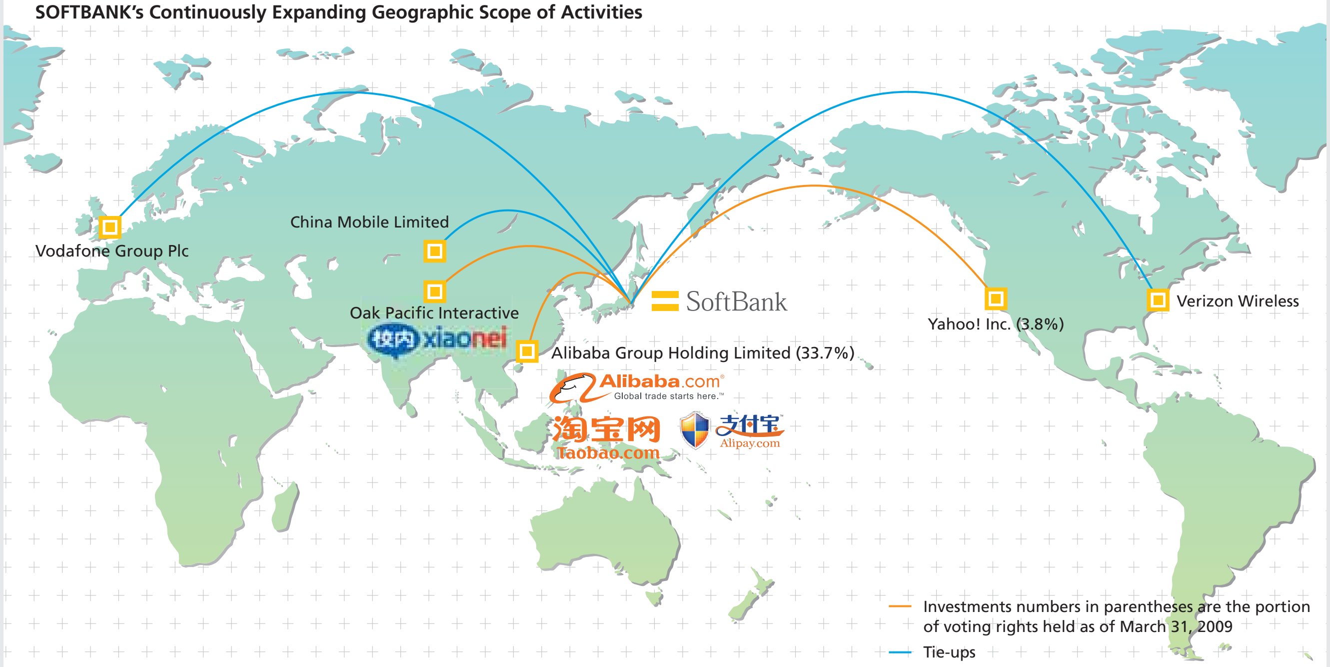
The SOFTBANK Group does not subscribe to traditional arguments like "We are an infrastructure company, and therefore do not understand content," or "We are a content company, and are therefore not familiar with infrastructure." The SOFTBANK Group has pursued a unique business model, and this is what enables us to provide comprehensive services from the customer's perspective. We believe that the SOFTBANK Group will be able to demonstrate its strengths in this new age where borders between "fixed-line and mobile telecommunications" or "telecommunications and broadcasting" no longer exist.

Ⅱ. "Flexible" Business Activities

POINT

The SOFTBANK Group is expanding the geographic scope of its business activities through investments and tie-ups overseas as well as in Japan. We are also developing an even broader range of quality content and services, and adding even more vitality to the Internet market in general, by increasing the size of the overall market and laying the groundwork for an open environment in which anyone can participate, without pursuing only our own benefit.

SOFTBANK's Continuously Expanding Geographic Scope of Activities



COMMENT

The Internet's "global nature" and "openness" are the essence of its magnificence. The SOFTBANK Group understands better than anyone that users cannot fully enjoy the benefits of the Internet if individual businesses operate in an exclusive manner. SOFTBANK provides Internet and related business incubation all around the world—in the U.S., Europe, and Asia, to add vitality to the Internet market from a global perspective. In China, for example, we have invested in, jointly develop businesses with, and share expertise and information with both Alibaba Group Holding Limited, which has an overwhelming No. 1 position in the fields of B2B *[1], C2C*[2], and online payment service provider*[3], and Oak Pacific Interactive (OPI), operator of Xiaonei which is one of the largest SNS in China. At the same time, by reciprocally making use of our experience and information, and by seeking out joint businesses, our activities not only seek gains for the individual businesses, but also aim to invigorate the Internet market from a global perspective.

SOFTBANK, Vodafone Group Plc, and China Mobile Limited have together established the joint venture JIL B.V. (Joint Innovation Lab) to develop new technologies and application services for mobile handsets, and Verizon Wireless also began participating in this project from April 2009. These four operators have a combined customer base of approximately one billion*[4]. This large customer base and the openness offered by releasing specifications encourage software developers to actively participate, and we foresee the emergence of various "killer content." (☞ Please refer to the Special Feature "Demonstrating SOFTBANK's Unique Character—Winners in Content are Winners in the World" on pages 21-27.)

*1 Electronic commerce between companies (businesses).
*2 Internet auctions and other electronic commerce between consumers.
*3 iResearch China Online Shopping research report (2008–2009); iResearch China B2B e-Commerce Report (2007–2008); iResearch China Electronic Payment research report (2008–2009).
*4 As of March 31, 2009, total number of subscribers at 0.99 billion. Estimated by the Company based on respective companies' publicly available information.

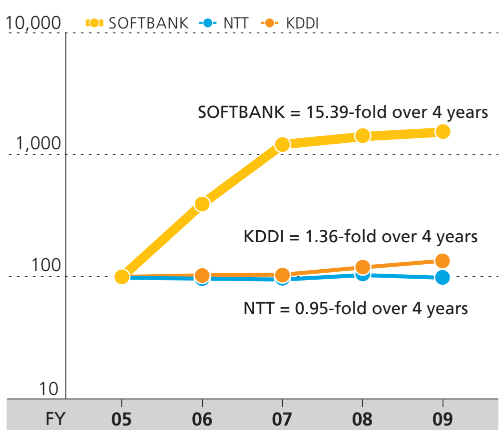
Ⅲ. "Swift" Business Development

POINT

Basing our thinking on what services really benefit customers, SOFTBANK has been providing a range of revolutionary services that break down conventional industry practices. The swiftness inherent in this strength has supported growth that is unparalleled in the industry, propelling SOFTBANK to becoming one of the world's leading Internet companies in just 28 years since the Company was founded.

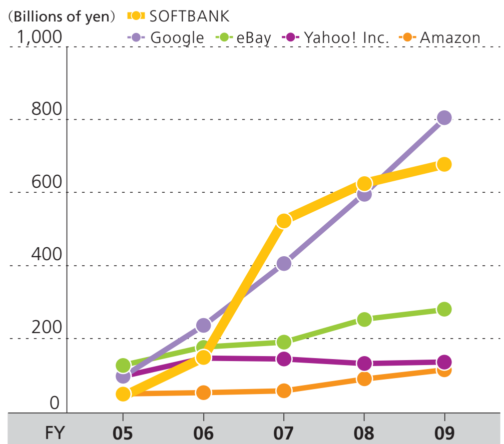
Comparison of EBITDA Growth Among Japan's 3 Major Telecommunications Groups

(Indexed at fiscal 2005 = 100)



(Note) Logarithmic scale. Calculated by the Company based on three major telecommunications groups' publicly available information

EBITDA at World's 5 Major Internet Companies



(Note) Non-SOFTBANK data calculated by the Company based on Reuters Knowledge data. Non-SOFTBANK amounts converted at ¥98.8/US$

COMMENT

The portal *Yahoo! JAPAN*, launched in the latter half of the 1990's, has achieved an overwhelming position well ahead of the rest of the field in areas including number of users, monthly page views, monthly usage time, and search services*1*2. Early in 2000, while existing telecommunications operators were still offering mostly narrow-band telecommunications services using dial-up connections, the SOFTBANK Group led the way to Japan's becoming one of the world's first major broadband countries with the full-scale launch of the comprehensive broadband service *Yahoo! BB* using ADSL. Next, SOFTBANK entered the mobile phone business in fiscal 2007 with its acquisition of Vodafone's Japanese operation, and a year later—in May 2007—first achieved the No. 1 position*3 in net subscriber additions (number of new subscriptions minus cancellations), a position that has been maintained for two consecutive years in fiscal 2008 and 2009*3. SOFTBANK has also established leading domestic positions at the content and services layer, with a wide lead over the No. 2 company in Internet auctions (*Yahoo! Auctions*), and strong positions in video distribution (*Yahoo! Streaming*), and the online game "*Ragnarok Online*" provided by affiliated company GungHo Online Entertainment, Inc.

We believe that SOFTBANK has been able to establish this presence in such a short period of time because of our forward-looking thinking and swift action in developing customer-oriented, value-added services that are not constricted by traditional industry standards.

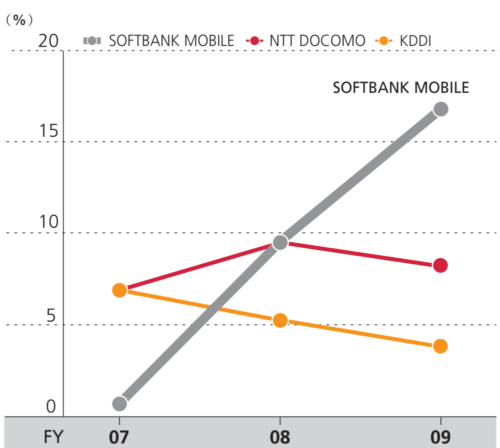
*1 Jan.–Mar. 2009 Nielsen Online research (access from homes, excluding Internet applications, aggregation at brand level).
*2 Mar. 2009 Video Research Interactive research (access from the home).
*3 Calculated by the Company based on Telecommunications Carriers Association statistical data.

Ⅳ. "Accelerating" Earnings Growth (Business Value)

POINT

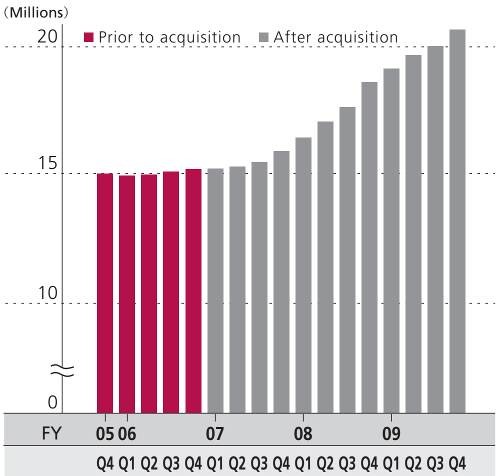
The SOFTBANK Group's Mobile Communications segment has increased its comprehensive strength and recorded steady growth in its customer base by offering attractive mobile handsets and services. This has enabled us to raise both business value and corporate value by maintaining sales growth and managing with an emphasis on profitability.

Data ARPU Growth Rates at 3 Major Mobile Operators
(Year-on-year)



(Note) Calculated by the Company based on three major mobile operators' publicly available information

Accelerated Expansion of Customer Base
(Cumulative subscribers of SOFTBANK MOBILE)



COMMENT

Business value for a telecommunications company is based on a variety of indexes including the number of subscribers, ARPU*1, churn rates, etc. Merely selling at low prices does not increase business value if ARPU declines, service quality deteriorates, and churn rates rise. The SOFTBANK Group's mobile communications business is not only No. 1*2 in net subscriber additions, but is also far ahead of the competition in terms of the degree of improvement in data ARPU and churn rates. This has also resulted in dramatic gains in profitability.

Anticipating the arrival of FMC*3, we are developing a business that creates value by providing customers with "what they have been waiting for." This involves not only reviewing and increasing transparency in pricing structures, but also (1) developing and introducing more attractive mobile handsets, (2) launching *Yahoo! Keitai*, which enables the user to access the *Yahoo! JAPAN* portal with the touch of a button, and (3) providing abundant, high-quality content and applications via open platforms. This value, in turn, leads to an improvement in profitability that outpaces sales growth.

*1 Average Revenue Per User.
*2 Fiscal 2008 (Apr. 2007–Mar. 2008) and fiscal 2009 (Apr. 2008–Mar. 2009). Calculated by the Company based on Telecommunications Carriers Association statistical data.
*3 Fixed Mobile Convergence.

Clear-cut Communications WITH Shareholders

Confidently Moving Toward Even Higher Continuous Growth

Masayoshi Son
Chairman & CEO
SOFTBANK CORP.

Full-fledged Expansion of "Growth" and "Profitability," and "Ability to Generate Cash"

Fiscal 2009 marked our fourth consecutive year of record operating income, with 10.7% growth to ¥359.1 billion. Looking back at results over the past 10 years, net sales have grown by a factor of 5.1 and operating income by a factor of 29.6. In addition to this growth in both business scale and profitability, the biggest change during fiscal 2009 was a notable improvement in free cash flow*[1]. As the SOFTBANK Group successively entered new businesses—ADSL in fiscal 2002, fixed-line telecommunications in fiscal 2005, and mobile communications in fiscal 2007 free cash flow tended to be negative because of large capital expenditures. In fiscal 2009, however, free cash flow turned around to a positive ¥181.5 billion (a ¥345.7 billion improvement from fiscal 2008). As a result, net interest-bearing debt*[2] outstanding as of the end of fiscal 2009 was ¥97.3 billion less than at the end of fiscal 2008. We have completely moved from an investment stage to one of reaping the benefits of those investments, and are on a clear course for rapid improvement in our financial strength. We intend to reduce net interest-bearing debt by half within fiscal 2012 and to zero by fiscal 2015.

Three Pillars of "Confidence"

Anticipating the arrival and spread of the Internet age since the time of SOFTBANK's founding, I have always had faith as we grew the business. That faith has now changed to three areas of strong confidence. First, I have "confidence in our continuous business growth." Any business has various elements of uncertainty at its inception. Nevertheless, the Mobile Communications segment has established an unquestionable track record with consistent, continuous growth in the number of subscribers and the No. 1 position*[3] in net subscriber additions for two consecutive years, and the customer base continues to grow. At both of the "fixed-line business"—the Broadband Infrastructure and Fixed-line Telecommunications segments—we have also reached the industry's top position in terms of operating income*[4]. Earnings at our Internet businesses in Asia, and particularly in China including our equity method affiliate Alibaba Group Holding Limited, have also shown rapid growth. Next, I have "confidence in the strengthening of the financial base." This comes against the backdrop of the clear change in direction toward the cash-flow-oriented management that I mentioned previously. Third, I have "confidence in the stability of management." At the Mobile Communications segment for example, indicators including churn rates, bad debt in installment receivables, and mobile handset inventories are improving. The Mobile Communications segment has also created clear synergies with other segments in terms of both marketing and costs.

Becoming the "No. 1 Company in Terms of Expectations" and "No. 1 in Terms of Reliability"

The SOFTBANK Group uses "clear-cut communications" to convey these three confidences, and this is leading toward even greater trust from our stakeholders. We strive to appeal in an easy-to-understand way to all stakeholders through easy-to-understand marketing and advertising of our differentiated services to customers, and through proactive IR activities to convey the degree of improvement in earnings growth and financial position to shareholders and investors. The SOFTBANK Group's corporate goal is to be considered the "No. 1 company in terms of expectations," as well as "No. 1 in terms of reliability" by all stakeholders.

*1 Free cash flow = cash flows from operating activities + cash flows from investing activities.
*2 Net interest-bearing debt = interest-bearing debt (excluding lease obligations) – cash position.
Cash position = cash and cash equivalents + marketable securities + time deposits with original maturity over three months.
*3 Calculated by the Company based on Telecommunications Carriers Association statistical data.
*4 Operating income for NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION, NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION, and KDDI CORPORATION are based on respective companies' publicly available information.

Expanding the Mobile Communications Segment's Customer Base

Q1 SOFTBANK fully entered the mobile phone business with the acquisition of Vodafone K.K., and has been No. 1 in net subscriber additions for the two consecutive years from fiscal 2008. What are the reasons behind this success?

A1 I believe it is because we have offered services using the SOFTBANK Group's unique business model, and customers have recognized the originality and convenience of these services.

Aggressive Promotion of the "Internet Machine" Concept

SOFTBANK had a 43.0% share of mobile net subscriber additions in fiscal 2009, putting us at No. 1 for the second consecutive year. Moreover, this level was well ahead of No. 2 NTT DOCOMO, Inc., which had a 25.5% share*1. Since entering the mobile phone business, the SOFTBANK Group has taken a leading position in the industry with innovations including (1) introducing an installment sales system that separates usage charges from handset subsidies, and establishing *White Plan* and other easy-to-understand price plans, (2) developing and selling thin, fashionable handsets, and (3) the *Yahoo! Keitai* dedicated portal for SoftBank mobile phones. We also designated 2008 as the "Year of the Internet Machine," and focused particularly on the convenience and ease of use of the mobile Internet. This included the introduction of a succession of revolutionary handsets, beginning with the Internet Machine SoftBank 922SH in the spring of 2008, the iPhone 3G™ in July, and the SoftBank 931SH in the fall. Despite the small display of a mobile phone, these are tailored for an easy-to-see and easy-to-operate mobile Internet experience. We have not only emphasized differentiation in terms of handsets. SOFTBANK has been far ahead of the competition in the area of FMC*2 services, which integrate mobile phones with IP telephony or fixed-line telephones, with our speed of service launches and rich variety of service options. We have also completely redesigned *Yahoo! Keitai* to make it more convenient, and aggressively introduced services like *MOBILE WIDGET*. I believe it has been the comprehensive, integrated nature of these initiatives that has led to the strong support we enjoy.

The SOFTBANK Group entered the mobile phone business recognizing the importance of the Internet, and with the belief that mobile Internet would drive the market going forward. Prior to the SOFTBANK Group's acquiring Vodafone K.K. and entering the business, the mobile phone industry had been controlled by mobile operators. I believe this resulted in a tendency to only offer services that were suited to their own infrastructure. With the SOFTBANK Group being the first company with the Internet as its core business when it entered the industry in fiscal 2007, users realized that services being offered had changed to a customer-oriented perspective, and I believe this led to dramatic changes in the industry map.

*1 Calculated by the Company based on Telecommunications Carriers Association statistical data.
*2 Fixed Mobile Convergence.

- iPhone is a trademark of Apple.
- The trademark "iPhone" is used with a license from Aiphone K.K.

Dramatic Changes since Vodafone

	(Prior to acquisition) Vodafone K.K. Fiscal 2006		(After acquisition) SOFTBANK MOBILE Fiscal 2009
I. Customer base			
(1) Cumulative subscribers (millions)	15.21	5 millions increase	20.63
(2) Share of net subscriber additions	3.5%	39.5 ppt increase	43.0%
II. Earnings*3			
(1) Operating income (billions of yen)	76.3	2.5-fold	189.3
(2) Operating margin	5.2%	6.8 ppt increase	12.0%

*3 SOFTBANK MOBILE Corp. consolidated basis.

Highlights of Mobile Communications Segment's Earnings

Q2 Despite the steady growth of the customer base, the Mobile Communications segment's fiscal 2009 operating income declined 1.8% from fiscal 2008. How should we view the segment's fiscal 2009 results, including this point?

A2 The decline in operating income was the result of consolidation adjustments. Operating income on a consolidated basis at SOFTBANK MOBILE, the segment's core company, rose 16.6% from fiscal 2008. Revenue from telecommunications charges also turned around to positive growth in fiscal 2009, and the acceleration of management strength and stability are the two major points.

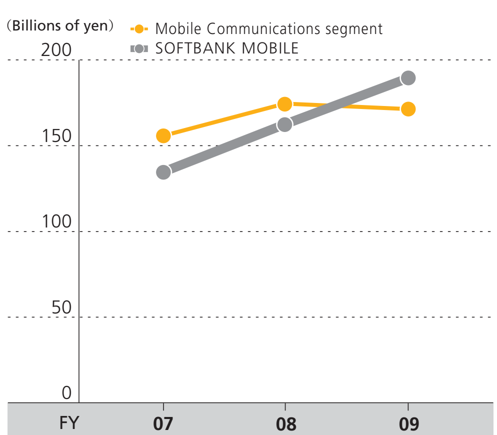
Accelerating Growth and Increased Management Strength and Stability

SOFTBANK MOBILE Corp. (consolidated basis) maintained a high pace of profit growth again in fiscal 2009. Another highlight is the changing trend in the earnings structure. Although revenue from mobile handset sales declined, revenue from telecommunications charges rose 1.4% from the previous year. This was not only the first growth since entering the business in fiscal 2007, but also came against the backdrop of a downward trend at major competitors. In addition to the growth of the customer base, this turnaround to revenue growth came against a backdrop of a significant increase in the data ARPU*1 growth rate (year-on-year), from 9.6% growth in fiscal 2008 to 16.8% growth in fiscal 2009. Total ARPU including voice usage continues to decline as an increasing number of subscribers use *Monthly Discounts*, which discounts the basic monthly charge and voice charges for installment subscribers, and *White Plan*, which has a basic monthly charge of ¥980. Nevertheless, I believe the impact on ARPU will gradually decrease as an increasing number of customers reach the completion of the installment contract period and *Monthly Discounts* subsequently ends. In addition, with the further promotion of Internet Machine handsets, data ARPU is rising further, and total ARPU can be expected to bottom out during fiscal 2010. This means that we are approaching the stage of the growth of the customer base and bottoming out in ARPU accelerating growth in both net sales and profit. We are forecasting both revenue and profit growth for the SOFTBANK Group overall in fiscal 2010, and it goes without saying that the Mobile Communications segment will be the driving force behind this growth.

Major advances were also seen in increasing management strength and stability during fiscal 2009. Specifically, (1) there was a large 0.32 percentage-point decline in the churn rate from fiscal 2008 as service levels were raised even higher, (2) stronger measures to prevent unlawful mobile contracts led to a reduction in allowances for doubtful accounts and losses from bad debt of installment receivables, and furthermore, (3) a significant improvement was achieved in reducing handset inventories by roughly 30%, bringing the inventory amount per handset sold down to nearly half the level at competitors*2.

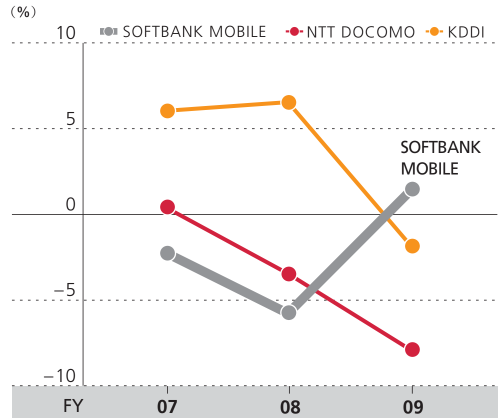
*1 Average Revenue Per User.
*2 Estimated by the Company based on NTT DOCOMO, Inc. and KDDI CORPORATION's publicly available information.

Operating Income (Comparison)
(Mobile Communications segment and SOFTBANK MOBILE)



(Note) The Mobile Communications segment's fiscal 2007 results include an 11-month contribution from SOFTBANK MOBILE, which was added to the scope of consolidation in May 2006.

Movement of Telecom Service Revenues at 3 Major Mobile Operators
(Year-on-year)



(Note) Calculated by the Company based on respective companies' publicly available information.

Future Direction of Market and Competition for Mobile Communications Segment

Q3 The mobile phone market is seen as having reached maturity in terms of penetration rates. Does the limited size of the market mean that competition will intensify?

A3 There is room for growth from both replacement demand for mobile handsets that are suitable for comfortable mobile Internet use, and from new demand, primarily in the corporate sector. Mobile Internet content and services are also gaining importance. With its Internet-centered business structure, I see further growth for the SOFTBANK Group as a leader in comprehensively providing services ranging from infrastructure to content.

Reaching a Stage of Increasingly Demonstrating SOFTBANK's Unique Character

Internet anytime, anywhere… Mobile Internet use is advancing with tremendous momentum. For example, Yahoo Japan Corporation (hereafter "Yahoo Japan") saw a large increase in e-commerce transaction volumes via mobile devices in fiscal 2009, with a roughly 30% increase from fiscal 2008. The popularity of the iPhone 3G and the Internet Machine SoftBank 922SH showed how much users want mobile handsets that allow them to fully enjoy the convenience of the mobile Internet. The corporate market is also using mobile phones to raise operational efficiency and accelerate the introduction of mobile solutions. SOFTBANK TELECOM Corp., which handles corporate marketing of SoftBank mobile phones, is winning large orders of several thousand handsets from major companies in fields including the postal service, pharmaceuticals, and business consulting. Nevertheless, the SOFTBANK Group is not aiming for continuous growth by simply relying on differentiation in handsets. In the end, the handset is no more than a tool for promoting the mobile Internet, and I believe that comprehensive Internet services including content and services, the core of our business, represent the true source from which we will be able to achieve continuous growth.

Previously, handsets were not suited to the mobile Internet, which was why we took the lead in introducing the Internet Machine. Nevertheless, the subsequent introduction by all our competitors of customer-oriented handsets and the development of the mobile Internet environment is by no means a negative factor for the SOFTBANK Group. Rather, the more the mobile Internet spreads, the more the SOFTBANK Group will be able to demonstrate the strength it also has in the top layer of infrastructure, including portal, search, content and services. This top-layer strength will bring about a positive cycle of increasing the value of the Group's infrastructure business.

☞ Please refer to the Special Feature "Demonstrating SOFTBANK's Unique Character—Winners in Content are Winners in the World" on pages 21-27.

Developments at Businesses Other Than Mobile Communications

Q4 What are the main items in terms of business strategies and industry trends at segments other than Mobile Communications?

A4 Profitability and free cash flow grew at all segments during fiscal 2009, including large profit growth at the Fixed-line Telecommunications segment. This came against a backdrop of improved management efficiency including synergies with the Mobile Communications segment in terms of both marketing and sales.

Enhancing Intra-group Synergies

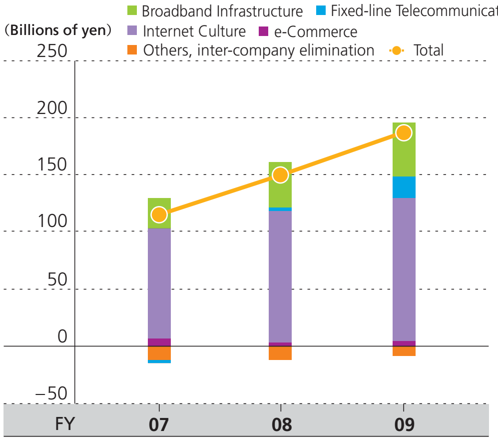
Combined operating income at the five segments other than Mobile Communications (Broadband Infrastructure, Fixed-line Telecommunications, Internet Culture, e-Commerce, and Others) rose by 25.2% in fiscal 2009. Profit grew at four segments, and the loss narrowed at the Others segment. There was also a large rise in the combined EBITDA margin*1 at the five segments, to 23.5% from 19.8%. There were three main reasons behind this large rise in profitability. The first was synergies in terms of marketing. For example, the Broadband Infrastructure and Fixed-line Telecommunications segments cooperated with the Group's Mobile Communications segment to raise its ability to provide customer solutions through FMC services packaged with mobile phones. They also engaged in cross-selling through mutual sales channels. At the Internet Culture segment, core company Yahoo Japan provides the *Yahoo! Keitai* dedicated portal for SoftBank mobile phones, creating enhanced value for both businesses. The second reason was synergies in terms of costs, particularly among the three telecommunications segments. Costs were reduced by consolidating call centers and other bases of operations, and by integrating billing and collection functions. The third reason was the reduction in the burden at the Broadband Infrastructure and Fixed-line Telecommunications businesses from the winding down of capital expenditure. Having moved from the period of initial investments to the stage of reaping the benefits of those investments, combined EBITDA minus capital expenditure at the two segments totaled ¥91.1 billion in fiscal 2009, significantly higher than the previous year's ¥75.1 billion and marking a significant increase in these segments' ability to generate cash.

Another item in fiscal 2009 results that is worth mentioning is the fact that operating income at the Group's "fixed-line business" (Broadband Infrastructure and Fixed-line Telecommunications) has grown to become the largest in the industry, surpassing NTT East, NTT West, and KDDI. Despite being a business field that is generally considered mature, the SOFTBANK Group has achieved large profit growth by concentrating management resources in growth areas, and creating intra-group synergies. I believe this also demonstrates the strength of the SOFTBANK Group.

*1 EBITDA = operating income + depreciation and amortization (including amortization of goodwill), and loss on disposal of fixed assets included in operating expenses.
EBITDA margin = EBITDA / net sales.

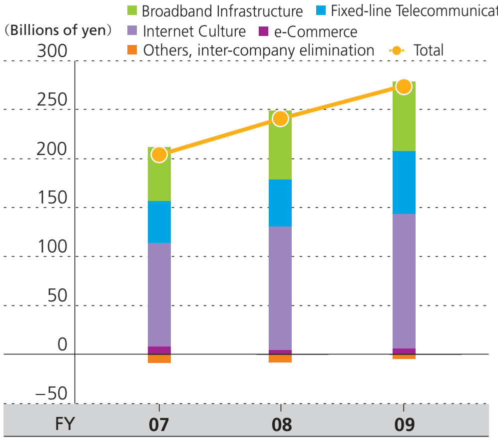
Operating Income/Loss

(Excluding Mobile Communications segment)



EBITDA

(Excluding Mobile Communications segment)



To Shareholders and Investors

Overseas Development

Q5 You previously declared the goals of being the "No. 1 mobile Internet company" and the "No. 1 in Asia." Why the "No. 1 in Asia" and not the "No. 1 in the world?"

A5 Looking at population distribution and differences in economic growth rates by country and region, the global focus of the Internet is likely to shift to Asia. Being No. 1 in Asia therefore means being No. 1 globally in the future.

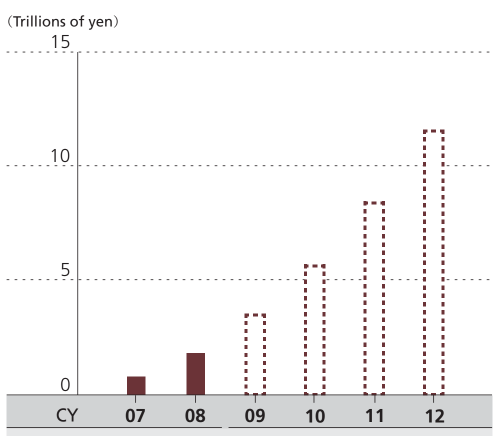
Laying the Path to Becoming No. 1 in the World

The United States has many major providers of Internet services, including Amazon.com and eBay in e-commerce, search services provided by Google, and the world's largest SNS*1, Facebook. I believe this is largely because the Internet originated in the United States, and roughly 10 years ago the United States accounted for half of the world's Internet population*2. However, Asia has many countries with much more vigorous economic growth than the United States and a denser population distribution, and the Internet, broadband in particular, is spreading rapidly. Asia is seen accounting for half of the world's Internet population in 2015*2, and I believe that it is not an exaggeration to say that the company that controls Asia will become the world's largest Internet company.

Taking this mid-to-long term outlook, in addition to having an established position as an Internet company in Japan, the SOFTBANK Group has been steadily laying a path in Asia, and in particular China, which is showing a remarkable level of economic growth. For example, one of China's largest online shopping sites, Taobao, with more than three-fourths of the Chinese market, is owned by Alibaba Group Holding Limited (Alibaba Group), SOFTBANK's equity method affiliate and an important strategic partner in Asia. In early fiscal 2009 we also invested in Oak Pacific Interactive, operator of one of China's largest SNS sites, Xiaonei. Although the Chinese economy has experienced a slowdown from the global financial crisis, some economic indicators are already showing signs of bottoming out, and the country's latent growth potential is being looked at anew. Internet services in particular are showing a remarkable pace of growth. For example, the size of the online shopping market grew by a factor of three, to ¥1.8 trillion, during 2008 alone, and there are forecasts that over the next four years it will surpass ¥10 trillion. I feel that the path toward creating the No. 1 corporate group for the Internet in Asia has become increasingly clear.

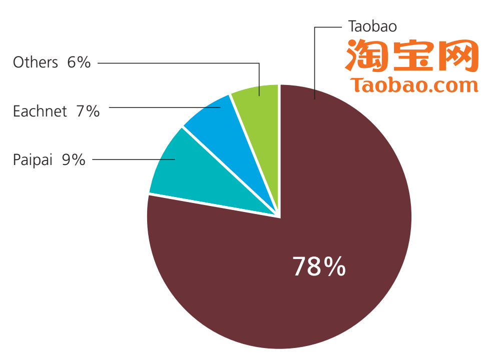
*1 Based on comScore, Inc. press release issued on August 12, 2008.
*2 Euromonitor International.

China's Online Shopping Market



(Note) Calculated by the Company based on iResearch, "2007–2008 China Online Shopping Research Report." Converted at ¥14.6/RMB.

China's Online Shopping Transaction Volume —Market Shares (2008)



(Note) Calculated by the Company based on iResearch, China Online Shopping Research Report (2008–2009).

Shift Toward Cash-flow-oriented Management

Q6 You have begun emphasizing "cash-flow-oriented management," and from the second half of fiscal 2009 released forecasts for operating income and free cash flow, which you had not done previously. In addition, along with the announcement of fiscal 2009 results, you referred to fiscal 2012 and 2015 targets for reductions in net interest-bearing debt. With some companies refraining from disclosing earnings forecasts because of weak economic conditions, why did you announce these mid-to-long term forecasts?

A6 We have decided that various management risks have been reduced, and the path toward continuous profit growth and strengthening the financial base has become clearer than was previously the case.

Releasing Consolidated Earnings Forecasts From Fiscal 2009

The SOFTBANK Group anticipates the business environment 10 years and 20 years into the future, and has successively expanded its fields of business, centered on the Internet. This has meant that there were various elements of uncertainty over the short term, however, and made it difficult to release earnings forecasts. For example, the SOFTBANK Group has introduced things like pricing structures and installment sales for handsets, which were without precedent, and this made it difficult to forecast user trends. Now, however, with three years having passed since entering the mobile phone business, the business has stabilized and the bulk of capital investment is complete, and has entered a stage of reaping benefits and generating a steady cash flow. A dramatic improvement in our financial strength, which had been an issue, is now within sight. We have now laid the foundation to be able to provide comprehensive services from mobile and fixed-line telecommunications infrastructures to content and services, and our progress in broadband and FMC services is also on the course we envisioned, so the framework for maintaining and building on the SOFTBANK Group's leading position is in place.

For these reasons, we announced earnings forecasts along with fiscal 2009 second-quarter results, raised those forecasts twice during the year, and achieved the revised fiscal 2009 forecasts. For fiscal 2010, we are forecasting operating income of ¥420 billion (a 17.0% increase from fiscal 2009) and free cash flow of ¥250 billion (a 37.7% increase), so that shareholders and investors can numerically verify our progress under our growth strategy. We are also forecasting the creation of around ¥1 trillion in free cash flow over the three years to fiscal 2012, and aiming to reduce net interest-bearing debt by half in fiscal 2012 and to zero by 2015, moving toward effectively debt-free management.

Forecasts for SOFTBANK Group's Consolidated Earnings and Financial Strength

	Fiscal 2009 (Actual)		Fiscal 2010 (Forecast)
Operating income (billions of yen)	359.1	17.0% increase	420.0
Free cash flow (billions of yen)	181.5	37.7% increase	250.0

	Fiscal 2009	Fiscal 2012	Fiscal 2015
Free cash flow	¥181.5 billion	Around ¥1 trillion (Aggregate three-year target for fiscal 2010–2012)	
Net interest-bearing debt	¥1,939.5 billion	Halve	Zero

Thinking Regarding Returns to Shareholders and Corporate Value

Q7 What is your basic thinking with regard to returns to shareholders and corporate value?

A7 Our main theme is to increase corporate value, which we are pursuing through growth in free cash flow. Along with increasing corporate value, steady growth in free cash flow moves us closer to achieving our targets for reducing interest-bearing debt and raising shareholder value. We are also considering raising the dividend level in stages as a more concrete method for returns to shareholders. We intend to increase the dividend for fiscal 2010 to ¥5 per share, which would be double the fiscal 2009 dividend.

Generating Free Cash Flow Under Main Theme of Increasing Corporate Value

Management has taken a clear position since the second half of 2008 of emphasizing free cash flow. I believe that increasing free cash flow with steady growth through the efficient management of all businesses within the Group will raise corporate value over the mid-to-long term. SOFTBANK anticipates solid consolidated results going forward, especially at the mobile phone business, and I am confident that we will be able to generate a total of around ¥1 trillion in free cash flow over the three years from fiscal 2010 through fiscal 2012.

As another element of increased corporate value, we are also emphasizing the further growth and development of our Group companies in China going forward. The speed and degree by which Chinese companies like the Alibaba Group's Taobao and Alipay, and OPI's Xiaonei are growing, and their future growth potential, are amazing. As one of the SOFTBANK Group's growth drivers, I see the growth of these Group companies in China making a major contribution to increased corporate value in the future.

Moving from a Policy of a "Stable Dividend" to One of "Dividend Increases in Stages"

In addition to the shift in management emphasis to free cash flow, fiscal 2009 also marked a turning point in terms of dividend policy. Our policy had previously been based on the payment of a stable dividend, but we have announced our intention to increase the dividend in stages from fiscal 2010. We intend to increase the dividend for fiscal 2010 to ¥5 per share, which would be double the fiscal 2009 dividend.

We have steadily built up profit on a consolidated basis to date, while we adopted a stable dividend policy because the level of interest-bearing debt remained high. In fiscal 2009, however, we recorded a ¥345.7 billion increase from fiscal 2008 in free cash flow, to a positive cash flow of ¥181.5 billion. We expect the various businesses within the Group to be able to generate a stable free cash flow from fiscal 2010, and therefore intend to increase the dividend for fiscal 2010. We are also planning to use future free cash flow as the source of funds for the reduction of net interest-bearing debt. Our specific targets are to reduce net interest-bearing debt by half in fiscal 2012, and to zero in fiscal 2015. From fiscal 2012, with the achievement of mid-to-long term targets for free cash flow and net interest-bearing debt reductions, we plan to return profits to shareholders, as appropriate in line with circumstances, by increasing the dividend level more in stages.

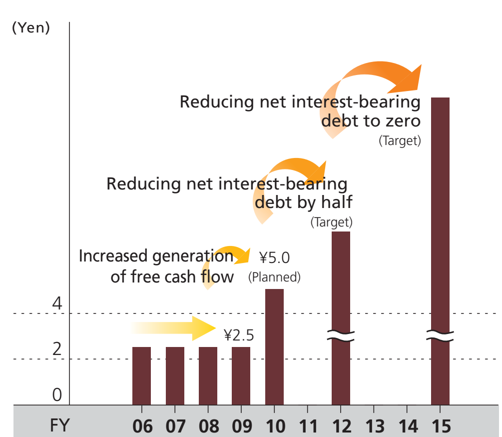
Top 10 Companies in Free Cash Flow (Fiscal 2009)

(Billions of yen)

Rank	Company	Free Cash Flow
1	Nissan Motor	317.1
2	Mitsui & Co.	291.7
3	Toyota Motor	246.6
4	NTT	244.4
5	Japan Tobacco	210.2
6	East Japan Railway	187.5
7	SOFTBANK	181.5
8	Nippon Mining Holdings	181.2
9	Seven & i Holdings	170.4
10	Astellas Pharma	168.8

(Notes) Based on Bloomberg data. (Financial industry excluded.)
"Corp." and "Co., Ltd." are omitted from company names.

Dividend Forecast (Per share)



With the move from initial investments to reaping gains, SOFTBANK has entered a stage of setting clear goals for reductions of net interest-bearing debt to dramatically improve our financial strength.

Kazuhiko Kasai
Director
SOFTBANK CORP.

Toward "Zero Net Interest-bearing Debt"

1. Financial Strength Already Beginning to Show Improvement

As of the end of the first quarter of fiscal 2007 net interest-bearing debt*1 outstanding amounted to ¥2,387.0 billion due to the acquisition of Vodafone K.K. In just two years and nine months it was reduced by ¥447.5 billion (¥122.2 billion at the Mobile Communications segment, ¥325.3 billion at other segments) and stood at ¥1,939.5 billion*2 at the end of fiscal 2009. Especially the loan relating to the acquisition of Vodafone K.K., the SBM loan*3 was reduced at a faster pace than that envisioned when the loan was made; its balance at the end of fiscal 2009 was ¥1,184.8 billion from an initial amount of ¥1,366.0 billion.

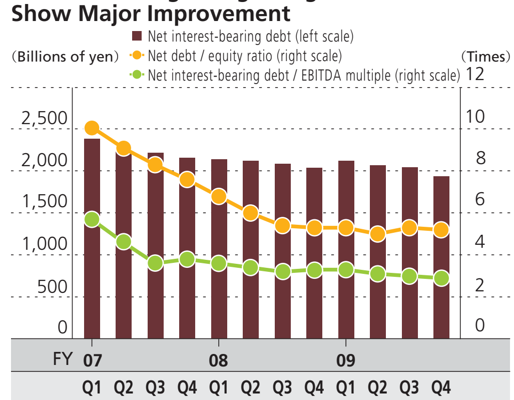
As a result, the net debt-equity ratio was reduced to 5.2 as of the end of fiscal 2009 from 10.1 at the end of the first quarter of fiscal 2007, and the shareholders' equity ratio improved significantly as well — from 5.8% to 8.5%.

2. Further Accelerating the Strengthening of the Financial Base by Emphasizing Free Cash-flow-oriented Management

Through focusing on free cash-flow-oriented*4 management, our financial strength will improve steadily in the future. EBITDA*5 grew from ¥525.4 billion in fiscal 2007 to ¥678.6 billion in fiscal 2009. At the same time, due to efficient execution, capital expenditure peaked in fiscal 2007 at ¥389.8 billion and then stabilized at ¥293.7 billion in fiscal 2008, and ¥259.0 billion in fiscal 2009. As a result, fiscal 2009 showed a large improvement in free cash flow, to a net inflow of ¥181.5 billion from ¥164.2 billion net outflow in fiscal 2008. In order to make the foreseen improvement in free cash flow crystal clear we started announcing forecasted earnings.

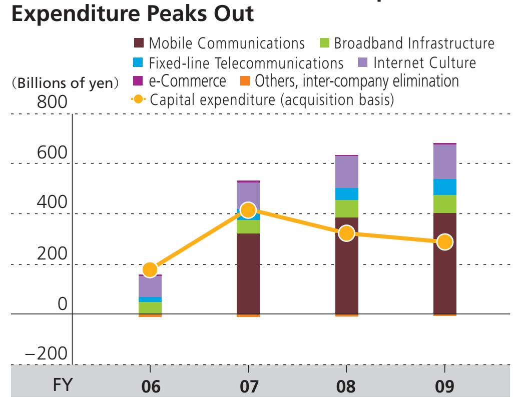
*1 Lease obligations are not included.
*2 The outstanding amount excluding the securitization of mobile handset installment sales receivables obligations was ¥1,717.5 billion, a reduction of ¥669.4 billion from the end of the first quarter of fiscal 2007.
*3 The acquisition funds for the acquisition of Vodafone K.K. were refinanced in November 2006 via a whole business securitization.
*4 Free cash flow = cash flows from operating activities + cash flows from investing activities.
*5 EBITDA = operating income + depreciation and amortization (including amortization of goodwill), and loss on disposal of fixed assets included in operating expenses.

Financial Strength Beginning to Show Major Improvement

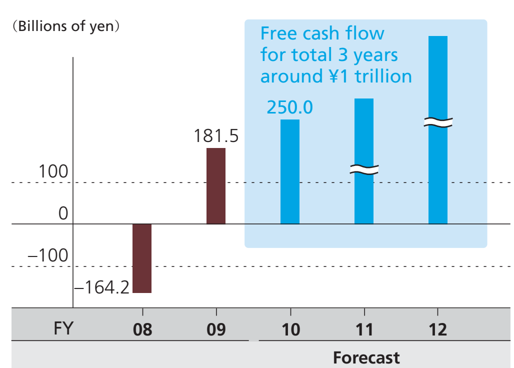


(Note) Lease obligations are not included.

EBITDA Continues to Grow and Capital Expenditure Peaks Out



Emphasizing Free Cash-flow-oriented Management



IN DETAIL Financial Strategy

Driven by steady growth in the customer base and a rise in data ARPU*6 at the Mobile Communications segment, and progress in operating efficiency at other segments, the total free cash flow for the three years from fiscal 2010 is forecast at around ¥1 trillion. We therefore expect net interest-bearing debt outstanding at the end of March 2012 to be half of the balance at the end of fiscal 2009. We have also set a clear policy to have zero net interest-bearing debt by the end of March 2015. The future strengthening of the financial base is expected to result in higher credit ratings.

*6 Average Revenue Per User.

Conservative Financial Management in Line with Market Environment

We consider the maintenance of ample liquidity on hand to be an important financial strategy given the turmoil in global financial markets. With plenty of liquidity on hand as of the end of fiscal 2009, totaling ¥481.8 billion including the unused portion of credit line facility, we are in a healthy position that will allow us to repay scheduled bond redemptions.

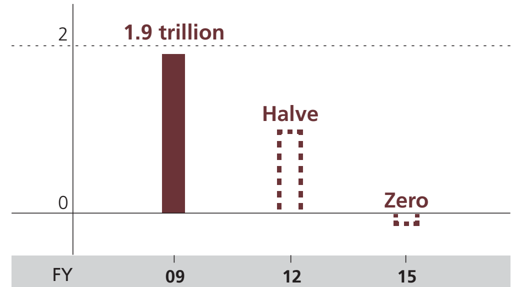
At the same time, we are striving to diversify our fund procurement. We have been securitizing receivables from installment sales of mobile handsets since fiscal 2008, and in fiscal 2009 procured ¥209.6 billion through this securitization despite the volatile market situation. In June 2009 we issued ¥60.0 billion in straight bonds mainly targeted towards individual investors. Furthermore, in the uncertain financial environment we intend to secure long-term debt during fiscal 2010 and increase the ratio of long-term debt in order to enhance stable management structure.

Aiming to Be Recognized as First Class in Both Soundness and Transparency

As noted above, we have now clearly embarked upon a path of strengthening the financial base through steady generation of free cash flow. Starting with the disclosure of forecasts for free cash flow and operating income from fiscal 2009, management transparency will be increased further through the improvement of various disclosure materials and proactive IR activities toward all levels of investors. Going forward, the SOFTBANK Group will use all its energy to quickly gain recognition for its “transparency,” in addition to its significant “growth potential.”

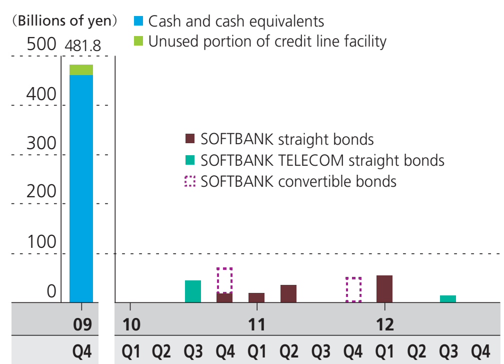
Targets for Reducing Net Interest-bearing Debt

(Trillions of yen)



(Note) Lease obligations are not included.

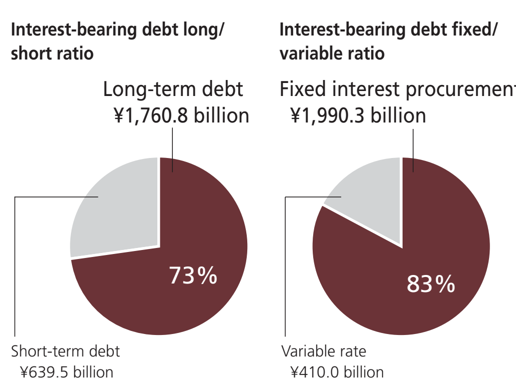
Liquidity and Bond Redemption Schedule



(Note) Concerning CB due 2013, 2014, under certain conditions early redemption of these bonds due to the holders’ request is possible respectively in March 2010, and March 2011 or by the Company’s request at all times.

Ratio of Long/short-term, Fixed/variable Rate Interest-bearing Debt

(FYE 2009)



SPECIAL FEATURE

Demonstrating SOFTBANK's Unique Character —Winners in Content are Winners in the World—

The SOFTBANK Group entered the mobile phone business in fiscal 2007 with the view that mobile phones were indispensable for providing broadband services that can be used anytime, anywhere. Since then, the SOFTBANK Group has been preparing the way for the realization of a truly mobile Internet by offering innovative services that overcome conventional industry standards in a variety of areas including "pricing structures," "handset development and sales," and "portal construction." We are now laying the foundation for the shift of mobile phones to "Internet Machines," and we believe that going forward, superiority in content and services will even more clearly separate the winning operators from those unable to keep up.

This section focuses on SOFTBANK's strength in content and services and its new fundamental strategy in this area.

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Topic I. SOFTBANK's Competitive Edge and Fundamental Strategy

Content and Services: A World in Which SOFTBANK's DNA Can Be Utilized to Its Fullest

Keywords Are "Customer-oriented Perfectionism" and "Packaging"

Seiji Goto
Senior Vice President
General Manager, Marketing Division
SOFTBANK MOBILE Corp.

■ A Company's DNA Is the Essence of Its Competitive Edge

SOFTBANK MOBILE Corp. (hereafter "SOFTBANK MOBILE") was No. 1 in net subscriber additions*[1] in fiscal 2008 and 2009, and also became No. 1 in data ARPU*[2] growth rate*[3] in fiscal 2009. I believe the main reason for these achievements was that we meticulously provided "customer-oriented services." But everyone knows that the key to a business success is to provide customer-oriented services, the question is where does the difference come from between those who can and those who cannot do this? I feel that it comes down to a difference in the "DNA" of the business. For SOFTBANK, the Internet has always been at the core of our business. Being thoroughly familiar with the convenience of the Internet, all of the services we offer start with the pursuit of that convenience. The idea that telecommunications infrastructure is the core of our business, and that services are developed to utilize that infrastructure, is what clearly sets us apart. I feel supremely happy when many customers say, "This is the kind of service I've wanted" with regard to the services we provide. Surely, that is the SOFTBANK Group's DNA.

■ "Packaging" Is Also Important in Providing Customer-oriented Services

No matter how attractive your content and handset services are, you need to have customers "recognize" this, and then use the services to "experience" that convenience first-hand. In this sense, I consider it important to strengthen cooperation with sales staff at sales agencies, the people who are in a position to explain this to customers. Furthermore, even if you think you have very convenient services or products, if you introduce them too quickly when there are still technological issues with the handsets or network, you will be unable to provide continuous service. This is why raising the level of customer satisfaction requires that you have a common understanding in terms of analyzing and understanding market needs, and of business profitability, and that you pursue a three-pronged approach of (1) planning and developing handsets as hardware, (2) operating an integrated service and content business, and (3) creating new businesses with mobile Internet devices like netbook computers and digital picture frames that did not exist. Then, although we have already worked in cooperation with several thousand vendors and content providers in the past, it is SOFTBANK's DNA to move forward to create an environment in which an even larger number of attractive partners can actively participate, including the entertainment company YOSHIMOTO KOGYO, all Japanese professional baseball teams, and all J1 and J2 league soccer teams. In terms of organizational changes, the marketing division's internal structure was reorganized into four groups, with a "cross support division" added in addition to the three groups ((1)–(3)) mentioned above, on May 1, 2009. I believe this will give even more drive to our pursuit of customer-oriented services, and allow the business to continue to grow by expanding the customer base and increasing ARPU.

*1 Calculated by the Company based on Telecommunications Carriers Association statistical data.
*2 Average Revenue Per User.
*3 Calculated by the Company based on publicly available information from Japan's three major mobile operators (NTT DOCOMO, KDDI, and SOFTBANK MOBILE).

■ Recalling "Successes" and "Failure" in Mobile Phone Services, and Resulting "Fundamental Strategy" Going Forward

Successes

S! Information Channel

This content service that automatically sends news with photos attached and weather information to mobile phones was launched in January 2008. As of April 2009, the number of registrations was approaching two million, well above the one-million level seen as a benchmark for hit content.

Reasons for Success

1. Meticulous "Customer-oriented Perfectionism"

By focusing on providing "news" and "weather," types of information for which demand is high, we were able to be meticulous about product quality. Taking the example of news, numerical targets were set for the coverage rate of morning-edition front-page newspaper articles, and thorough quality control led to increased customer satisfaction. In fact, 60% of users continue using the service six months after registering.

2. "Packaging" to Encourage Use

Taking steps with sales agents to efficiently support sales results in customers knowing the details of the service. In addition, getting live feedback from customers via sales agents has allowed us to provide an even higher quality service.

Successes

Yahoo! Streaming (beta)

This video content service for mobile phones is based on the SOFTBANK Group's *Yahoo! Streaming* video service. Launched in May 2007, the service had more than one million users in just over one year, and the number of users continues to grow.

Reasons for Success

1. Meticulous "Customer-oriented Perfectionism"

We did meticulous research and analysis of what video means on a mobile phone, and carefully procured quality content. A notable example of major hit content is the "Urawaza (trick) Corner" from the popular TV show "Ito-ke No Shokutaku (The Ito's Dining Table)". This was very well received because it is a good length in terms of time and very entertaining, which led to a dramatic increase in the number of users.

2. "Packaging" to Encourage Use

The act of picking up a phone for the purpose of viewing video content is in itself troublesome. We therefore diversified the "lead wire," so that in addition to the *Yahoo! Keitai* top page, users can access related video content from news, weather, sports, or whatever page they are viewing.

Failure

S! Music Connect

This service was launched in November 2007, with a concept of letting users take music they have downloaded on their PC with them on their mobile phone. Unfortunately, the number of users did not grow to the extent anticipated.

Reasons for Failure

The biggest obstacle was the complex required procedure of downloading the music to the PC. This was seen as the result of insufficient cooperation between the network and handset technology divisions and the content development division, when they worked to quickly create a network environment for downloading music directly to mobile phones.

Lessons Learned

1. **Meticulous "customer-oriented perfectionism"**
   - More courteous services → **Fundamental strategy 1:** Enhance "push-type service"
   - Higher quality services → **Fundamental strategy 2:** Insist on "original content for mobile phones"
   - More convenient services → **Fundamental strategy 3:** Insist on "simple operations"
2. **"Packaging" to encourage use**
   - Strengthen relationships with sales agents → Maintain and expand
   - Integrate technology, service, and new businesses → Restructure (details on left page)

Three Fundamental Content Strategies Going Forward

Fundamental strategy 1: Enhance "push-type service"

Fundamental strategy 2: Insist on "original content for mobile phones"

Fundamental strategy 3: Insist on "simple operations"

Conformity With Fundamental Strategy 1: "*Simple Select Video*" New Video Service

1. What is "*Simple Select Video*"?

This service sends a rich variety of video content, including "sports" like professional baseball and soccer (J-League, overseas leagues), "entertainment news," and "comedy (*S-1 BATTLE*)" by e-mail to registered users. A trial service was launched on April 1, 2009, the full service was rolled out from May, and the number of registrations is showing steady growth.

2. Verification of Conformity With Fundamental Strategy

Fundamental Strategy 1 Push-type Service and Fundamental Strategy 3 Simple Operations

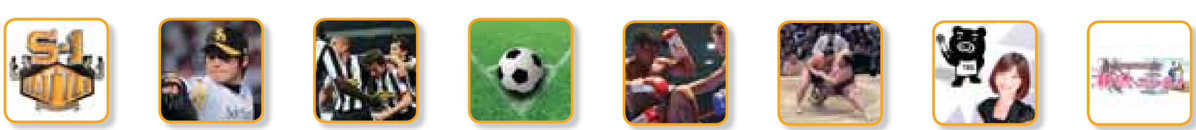
This push-type service is even more customer oriented than the already successful *S! Information Channel*. Because new information is delivered by e-mail, the customer can download a video when they want to watch it, and even customers who don't want to perform a series of operations to watch a video can enjoy this revolutionary service.

Fundamental Strategy 2 Original Content for Mobile Phones

In general, *Simple Select Video* is not adaptations of video that can be seen on TV, but rather very high quality video content edited for optimal mobile phone compatibility. For example, the comedy series *S-1 BATTLE* not only shows three-minute original videos created by professional comedians, but also allows viewers to vote on which they like using a contest format, making this a new "user-participation" video service. Professional baseball is another example. There are often times when you want to watch highlights of your favorite team on TV, but the local TV station does not show them. Nevertheless, with *Simple Select Video*, you simply register your favorite team in advance, and can then enjoy 1.5-minute highlight videos of that team wherever you are. Being able to watch video content on a mobile phone is exactly what is meant by an Internet Machine that can be used anytime, anywhere.

Choice of 37 Series in 8 Genres

Simple Select Video Lineup



S-1 BATTLE | Baseball (12 teams) | Overseas soccer | Japanese soccer (18 J1 clubs, J2 digest) | Fighting sports | Sumo | Entertainment news | Korean entertainment

Conformity With Fundamental Strategy 2: *"MOBILE WIDGET"*—The Trump Card for Accelerating the Popularity of Mobile Internet

1. What is a "*MOBILE WIDGET*"?

This application is a widget (icon) that appears on the mobile phone standby screen, and allows one-touch access to the information you want. SOFTBANK MOBILE launched this service in November 2008. With the release of the spring 2009 handsets, the lineup of compatible handsets grew to five models, and the *MOBILE WIDGET* usage ratio on these handsets is very high. Going forward, we will work to further increase the number of users by quickly increasing the number of compatible handset models and to expand the content provided, which is already overwhelmingly superior to what is offered by competitors.

2. Verification of Conformity With Fundamental Strategy

Fundamental Strategy 1 Push-type Service

A unique feature of the widget itself is that it is regularly updated on the standby screen, so that the latest information is always available. The fact that you can display whichever widgets you like on the screen makes this a very user-friendly service.

Fundamental Strategy 2 Original Content for Mobile Phones

The number of *MOBILE WIDGET*s available as of the end of March 2009 exceeded 200, more than double that of one of our competitors*1. These include a wide range of content reflecting the fact that the mobile phone can be used "anytime, anywhere," from train and bus information, maps and stock prices, to blogs and social networking sites. SOFTBANK MOBILE's *MOBILE WIDGET* is open source, so that any individual or company can register and release a self-developed *MOBILE WIDGET* after screening at the *Widget Store*, and this open structure allows for the easy creation of a rich variety of widgets. This is also another example of SOFTBANK's strength of the technology division and marketing division working together.

Fundamental Strategy 3 Simple Operations

The advantage of the *MOBILE WIDGET* is that it is easy to access your favorite content by simply clicking on the widget on the standby screen, without opening a browser or bookmark, or searching. SOFTBANK MOBILE goes even further, with preset widgets for content geared toward the target users of each handset model, providing a comprehensive package with both the handset and service tailored to the taste of the user. This also provides entry-level users with an easy gateway to mobile Internet, which we believe will further raise data ARPU.

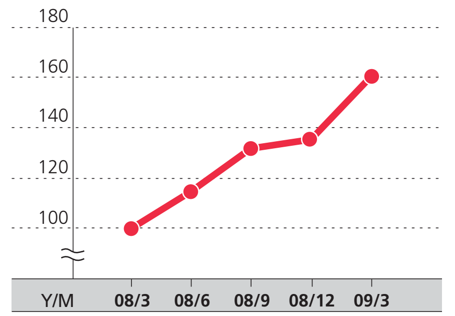
*1 Researched by SOFTBANK MOBILE. Comparison of number of SOFTBANK MOBILE's "*MOBILE WIDGET*" and NTT DOCOMO's "*i-Widget*."

IN DETAIL *MOBILE WIDGET*

Q Won't allowing direct access to desired content from a widget displayed on the standby screen lead to a decline in the use of existing portals like *Yahoo! Keitai*?

A The number of *Yahoo! Keitai* page views has continued to show solid growth, even after the launch of *MOBILE WIDGET*. *MOBILE WIDGET* makes it possible to quickly check the latest information on the mobile's standby screen, which is different from using a portal to search for more detailed information. Furthermore, when customers understand the convenience of *MOBILE WIDGET*, they tend to sign up for a flat-rate data packet service so that they can fully enjoy those benefits, and this creates synergies through increased use of other content via *Yahoo! Keitai* and other portals.

***Yahoo! Keitai* Page Views**
(Indexed at March 2008 = 100)



(Note) Comparison of average daily page views.

Conformity With Fundamental Strategy 3: Pursuit of Even More New Services

SOFTBANK MOBILE is pursuing a stream of new content and services in addition to *Simple Select Video* and *MOBILE WIDGET*, fully utilizing the aspect of mobility from a customer-oriented perspective. One example is *EasyAccess Music*, launched in June 2009. This sends a selection of music information, including special features on popular new songs and old favorites, and music rankings, by e-mail. Customers can click on an image to listen to the song, and can then download songs they like as *Chaku-Uta Full*®. We believe this ultimate push-type service will increase customer satisfaction, and that by doing so, music labels will want to participate as they recognize the service's benefit as a sales promotion tool. SOFTBANK MOBILE will also benefit from higher data ARPU and growth in commission revenue, leading to the creation of a Win-Win-Win relationship.

• *Chaku-Uta Full*® is a registered trademark of Sony Music Entertainment (Japan) Inc.

Topic Ⅱ. Creating a Global Environment for Content Development

Utilizing Our Strengths as an Internet Company to Develop High Quality Content

Key Terms Are "Volume" and "Platform Standardization"

Masanobu Yoshida
Senior Vice President
General Manager, Product & Service Division
SOFTBANK MOBILE Corp.

Forming a Group of the World's Top Content Developers

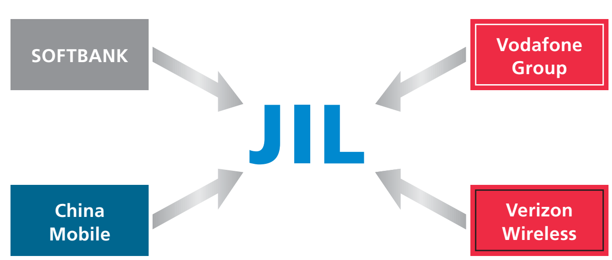
From the perspective of a content developer, there was a major problem in the traditional mobile phone industry — the fact that specifications and platforms have differed by operator, and even by handset model. This has meant that content developers have had to revise content to conform to each operator's specifications and platform, and handle distribution individually for each operator, forcing them to spend unnecessary time and money. SOFTBANK therefore took the initiative and in April 2008 jointly established the JIL B.V. (Joint Innovation Lab) with Europe's largest mobile phone operator*1 Vodafone Group Plc and China's largest operator*2 China Mobile. Subsequently, Verizon Wireless, the largest U.S. mobile operator*2, joined JIL as a new member in April 2009. The four operators represent a giant organization, with a combined customer base of close to one billion subscribers*3, and was created with the aim of standardizing development specifications and platforms, and acting as a single window for content procurement. Considering the "significant size of the business opportunity" and the "low investment and development risk in terms of both time and money," I believe more top-level content developers will naturally be drawn to JIL, and that JIL will be the source of much killer content.

Moving Toward Implementation With Extraordinary Speed

Although just established a little more than a year ago, JIL is already producing successes. Ordinarily, many years are required for international cooperative projects to produce results, but the development of the widget engine that was JIL's first project is almost complete. China Mobile has begun to move toward incorporating JIL's widget engine. Under SOFTBANK's leadership, the top management of the four participating operators has agreed on a fundamental policy for development and commercialization, and JIL is making rapid progress under this policy. In this way, the sense of speed that is part of SOFTBANK as an Internet company is being utilized. Using the development of the widget engine as a starting point, JIL is further expanding its geographic coverage, with the aim of becoming a profit center that is the "world's largest content distributor," rather than a cost center development institution.

*1 In number of subscribers. As of March 31, 2009, in 29 countries and regions in Western Europe and 27 countries and regions in Eastern Europe. Calculated by the Company based on Wireless Intelligence statistical data.
*2 In number of subscribers. As of March 31, 2009, calculated by the Company based on Wireless Intelligence statistical data.
*3 As of March 31, total number of subscribers at 0.99 billion. Estimated by the Company based on respective companies' publicly available information.

Verizon Wireless Joined JIL



Clear-cut Communications WITH Customers

BUSINESS SEGMENTS

With its full-fledged entry into the mobile communications business in fiscal 2007, SOFTBANK created a structure that made it possible to comprehensively provide a complete range of services, from fixed-line telecommunications to mobile communications, and from infrastructure to content and services. The resulting synergies across business segments have given a major boost to "growth" in profit and cash flow, and to the "sustainability" of that growth. This section uses a comparative verification of specific data covering the respective segments and industry trends to explain developments at these business segments under the SOFTBANK Group's strategy to accurately anticipate and address today's issues.

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- 042 Internet Culture
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- 046 Others
  - Technology Services
  - Media & Marketing

At a Glance—Business Segments and Related Industries

■ Overview of the SOFTBANK Group's Main Businesses

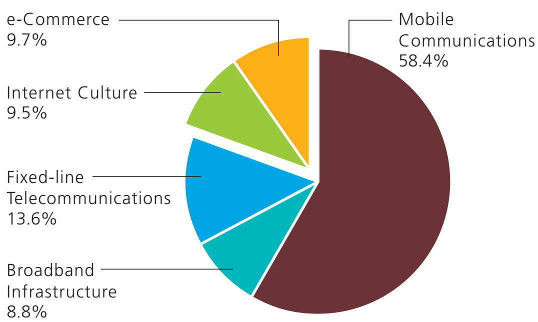
With its full-fledged entry into the mobile phone business with the acquisition of Vodafone K.K., sales have come increasingly from mobile communications and other infrastructure businesses. A balanced structure has been achieved, however, with non-infrastructure businesses generating 35.3% of the Group's operating income. This is the point on which the SOFTBANK Group differentiates itself from others in the industry.

The infrastructure business spans from mobile to broadband and fixed-line telecommunications, while portal and search, and a wide range of various broadband content and services are being developed as non-infrastructure businesses. In addition to cross-selling, this creates cost synergies, and as a result all business segments are showing continuous growth in cash flow and rising profit margins.

Portion of Net Sales and Operating Income Generated by Each Segment

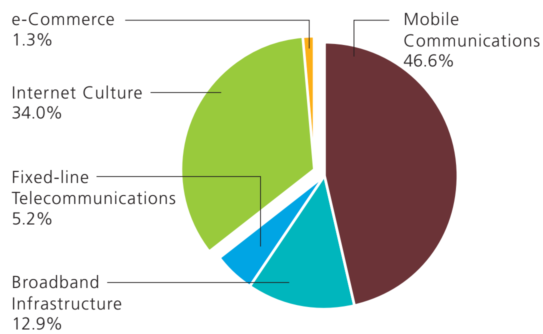
Net Sales Breakdown

Three telecommunications segments—80.8% vs.
Non-telecommunications segments—19.2%



Operating Income Breakdown

Three telecommunications segments—64.7% vs.
Non-telecommunications segments—35.3%

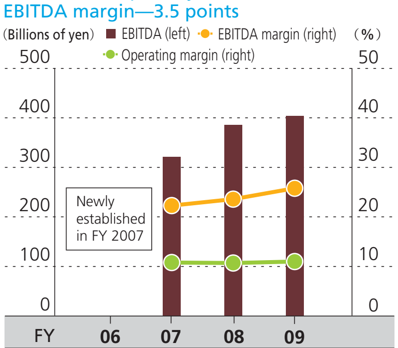


(Note) Net sales and operating income breakdown calculated based on the total of the 5 segments' (excluding the Others segment) net sales and operating income.

Segment Performance

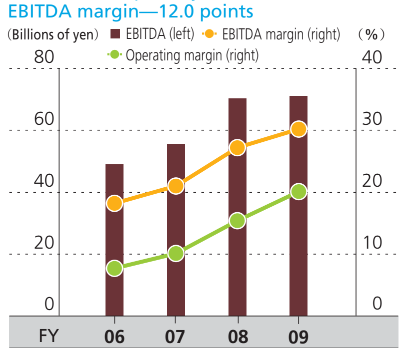
Mobile Communications

Increases over past 2 years*: EBITDA—1.3-fold;
EBITDA margin—3.5 points



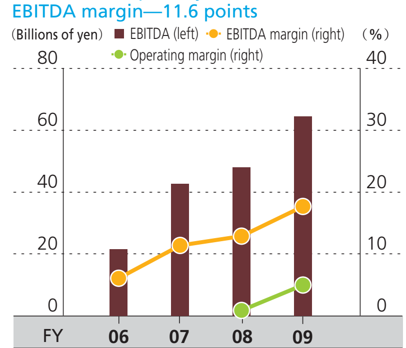
Broadband Infrastructure

Increases over past 3 years: EBITDA—1.5-fold;
EBITDA margin—12.0 points



Fixed-line Telecommunications

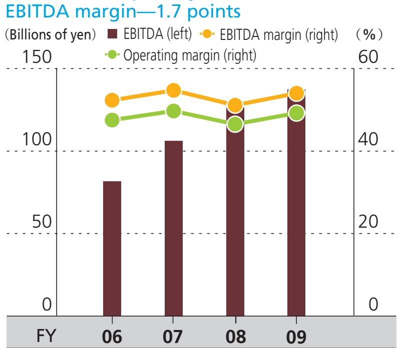
Increases over past 3 years: EBITDA—3.0-fold;
EBITDA margin—11.6 points



* Operating results consolidated from May 2006 (11 months)

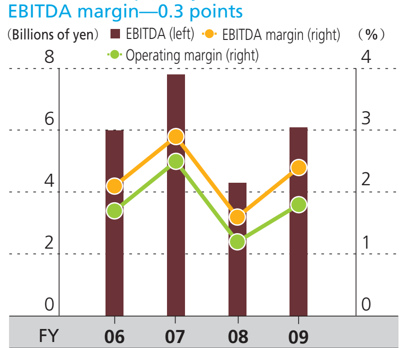
Internet Culture

Increases over past 3 years: EBITDA—1.7-fold;
EBITDA margin—1.7 points



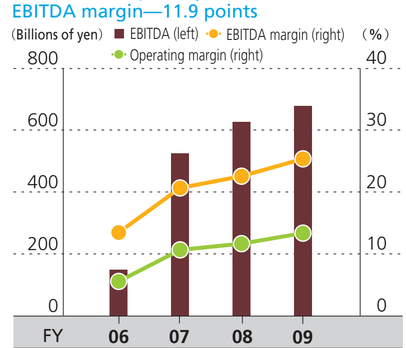
e-Commerce

Increases over past 3 years: EBITDA—1.0-fold;
EBITDA margin—0.3 points



Consolidated Total

Increases over past 3 years: EBITDA—4.5-fold;
EBITDA margin—11.9 points



(Notes) 1 EBITDA = operating income + depreciation and amortization (including amortization of goodwill), and loss on disposal of fixed assets included in operating expenses.
EBITDA margin = EBITDA / net sales.
2 In addition to the above, there is also an Others segment, which comprises the Technology Services, Media & Marketing, Overseas Funds, and Other businesses.

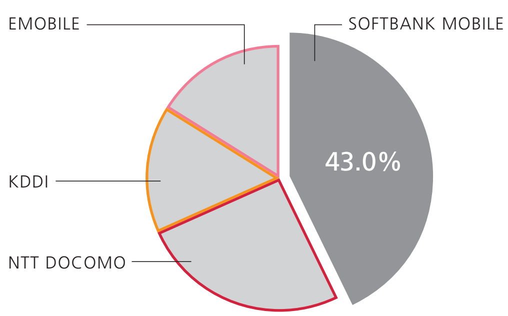
■ The SOFTBANK Group's Position in Related Industries

The SOFTBANK Group's most unique feature is the fact that it has established a major presence in each segment's main business field. It took little time after its full-fledged market entry for the mobile phone business' share of net subscriber additions to exceed 40% in fiscal 2008, and the business has maintained the top position in net additions for two consecutive years. The business is also closing in on the top two operators in terms of cumulative share.

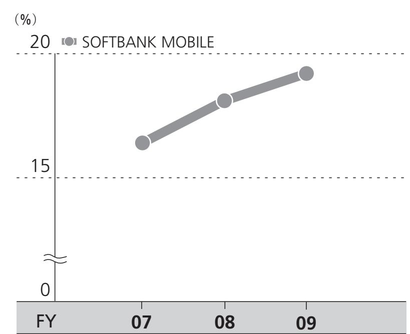
In non-infrastructure businesses, armed with *Yahoo! JAPAN*'s overwhelming drawing power, SOFTBANK has also established solid leading positions well ahead of the No. 2 names in Internet search and in providing various content services.

Mobile Communications

Share in Net Subscriber Additions (fiscal 2009)



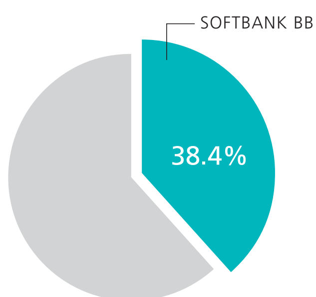
Cumulative Share of Mobile Subscribers



(Note) Calculated by the Company based on Telecommunications Carriers Association statistical data

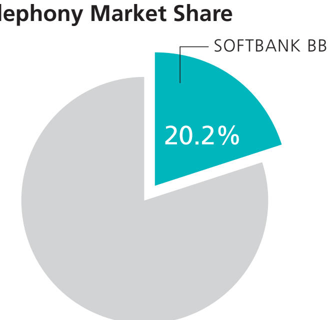
Other Businesses (As of March 31, 2009)

DSL Market Share



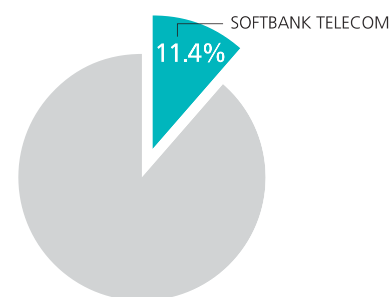
(Note) Calculated by the Company based on Ministry of Internal Affairs and Communications statistical data

IP Telephony Market Share



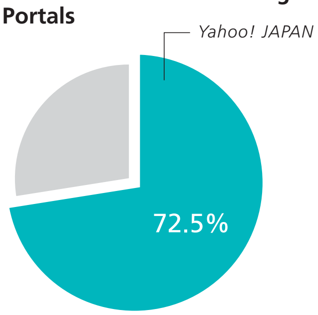
(Note) Calculated by the Company based on Ministry of Internal Affairs and Communications statistical data

IP-VPN Services Market Share



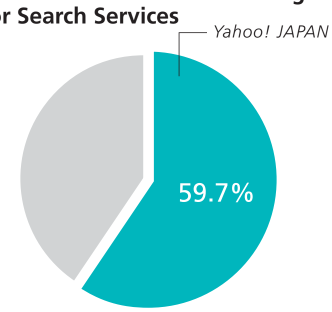
(Note) Calculated by the Company based on Ministry of Internal Affairs and Communications statistical data

Position of *Yahoo! JAPAN* Among Major Portals



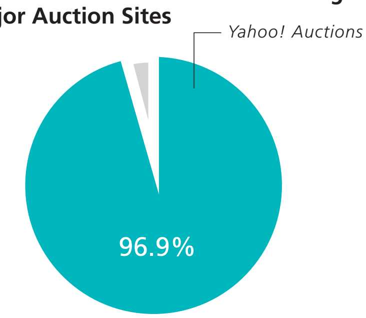
(Note) Page views of major portals (*Yahoo! JAPAN, Rakuten, Google, MSN/Windows Live, goo*) Mar. 2009 Nielsen Online research (access from the home, excluding Internet applications, aggregation at brand level)

Position of *Yahoo! JAPAN* Among Major Search Services



(Note) Page views of major portals (*Yahoo! JAPAN, Rakuten, Google, MSN/Windows Live, goo*) Mar. 2009 Video Research Interactive research (access from the home)

Position of *Yahoo! Auctions* Among Major Auction Sites



(Note) Page views of major auction sites (*Yahoo! Auctions*, *Rakuten Auction, bidders, MSN Auction*). Mar. 2009 Video Research Interactive research (access from the home)

IN DETAIL Business Overview and Industry Trends

1. Mobile Communications Segment

Number of mobile subscribers, net additions, and cumulative share*1

As of March 31, 2009, Japan had 107.49 million mobile subscriptions in place, an increase of 4.6% from the previous fiscal year end. Other operators have begun to adopt installment sales for mobile handsets, a system first introduced by SOFTBANK MOBILE Corp. (hereafter "SOFTBANK MOBILE"), and this has led to a longer upgrade cycle, but the retail market is seeing new demand for second handsets, and with mobile solutions becoming more common in the corporate market, the number of mobile handsets in Japan continues to grow.

Against this backdrop, SOFTBANK MOBILE had the largest share of net subscriber additions—new subscriptions minus cancellations—for two consecutive years in fiscal 2009, with 43.0%. This has resulted in steady growth in its share of cumulative subscriptions in place, from 16.4% as of the end of fiscal 2007 to 18.1% at the end of fiscal 2008, and to 19.2% at the end of fiscal 2009. This is because the "Four Commitments"*2 initiated immediately after the acquisition of Vodafone K.K. (current SOFTBANK MOBILE) have led to growing customer support. During fiscal 2009 in particular, the aggressive pursuit of a strategy to accelerate FMC*3 in the three areas of mobile phone handsets, pricing structures, and content contributed to steady growth at SOFTBANK MOBILE.

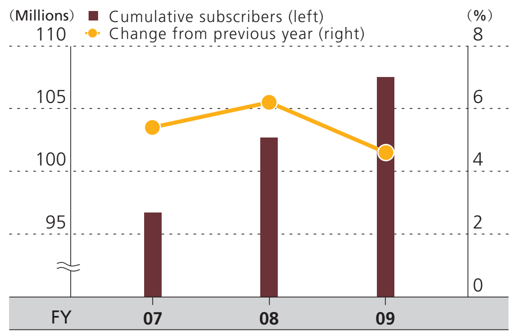
*1 Telecommunications Carriers Association statistical data, share calculated by the Company.
*2 Please refer to "Business Segments—Mobile Communications Segment" on pages 36-37 for specific strategies and successes, including the "Four Commitments."
*3 Fixed Mobile Convergence.

ARPU*4

Fiscal 2009 ARPU for SOFTBANK MOBILE came to ¥4,070, which was ¥580 lower than in the previous year. The main reason for the decline was an increase in the number of subscribers using *Monthly Discounts*, which discounts basic monthly charge and voice call charges for installment subscribers, and in the number of subscribers to *White Plan*, which has a basic monthly charge of ¥980. On the other hand, data ARPU rose ¥250 in fiscal 2009, to ¥1,740. With two years having passed since the introduction of installment sales, average installment payments have steadily grown as well. As a result, "actual ARPU"—ARPU plus installment and other payments, the total average monthly payment per subscriber—remained solid in fiscal 2009.

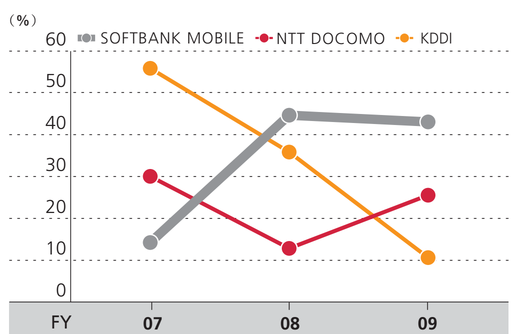
*4 Average Revenue Per User.

Cumulative Mobile Subscribers and (Annual) Growth Rate



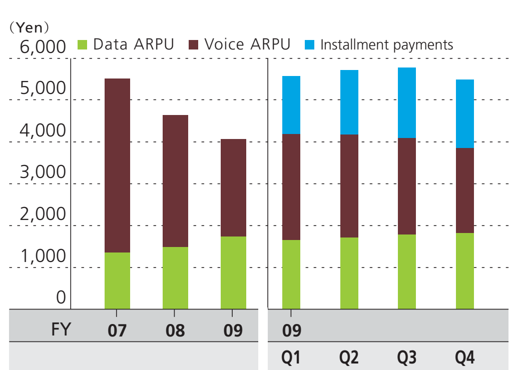
(Note) Calculated by the Company based on Telecommunications Carriers Association statistical data

Shares of Net Subscriber Additions at Three Major Operators



(Note) Calculated by the Company based on Telecommunications Carriers Association statistical data

Trend of ARPU and Installment Payments



Upgrade and Churn Rates

The introduction of installment sales has led to a longer upgrade cycle, and as a result the upgrade rate for fiscal 2009 declined by 0.49 percentage points to 1.71%. The churn rate also continues to decline. Churn rate for fiscal 2009 was 0.77% for 3G handsets*5 and 1.00% overall, below the previous year's rates of 0.95% for 3G handsets and 1.32% overall, and well below the more than 3% overall rate at Vodafone prior to the acquisition.

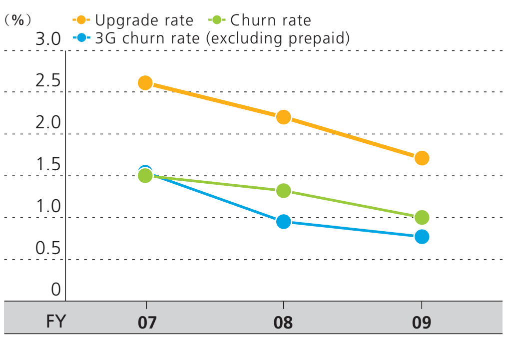
*5 Excluding prepaid handsets.

Summary of Segment Results

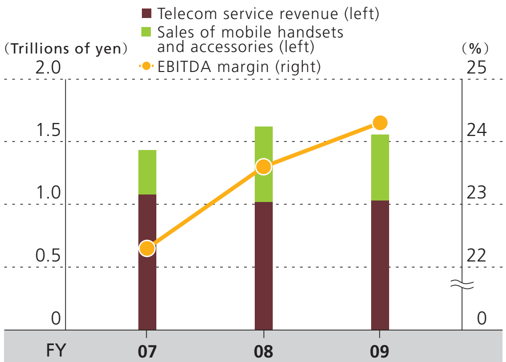
Net sales in fiscal 2009 totaled ¥1,562.8 billion, a 4.2% decline from the previous year. This was primarily because of a decline in sales of mobile handsets and accessories associated with lower handset sales volume, the result of a longer upgrade cycle. Nevertheless, with growth in the number of subscribers, telecom service revenue rose 1.4%. In addition, EBITDA*6 showed high growth, with a 104.8% increase from fiscal 2008 to ¥403.8 billion. Efficient capital expenditure had a positive effect in terms of both the depreciation burden and cash flow, and expenses related to handset sales*7 declined in proportion to the decline in handset sales volume. Furthermore, synergies were created with other telecommunications segments in terms of expenses, and with an improvement in allowance for doubtful accounts (see below), a major improvement was seen in the profit margin.

*6 EBITDA = operating income + depreciation and amortization (including amortization of goodwill), and loss on disposal of fixed assets included in operating expenses. EBITDA margin = EBITDA / net sales.
*7 Refers primarily to customer acquisition expenses and handset procurement expenses.

Upgrade and Churn Rates



Sales Breakdown and EBITDA Margin



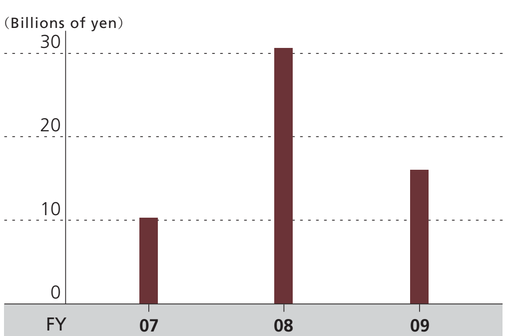
(Note) Excluding intersegment sales

HIGHLIGHT Major Improvement in Allowance for Doubtful Accounts

Installment sales mean that, in exchange for a lower initial cost to consumers, the operator assumes a risk of bad debt. SOFTBANK MOBILE was the first operator to introduce installment sales, in fiscal 2007, and along with growth in the number of subscribers, expenses related to bad debt reached ¥30.6 billion in fiscal 2008. Nevertheless, with stronger measures to prevent unlawful contracts and measures to prevent the distribution of illegally acquired handsets*8, this figure was quickly reduced to ¥16.0 billion in fiscal 2009. In addition to the large reduction in the churn rate, this enhanced capacity to control bad debt has added strength and stability to the SOFTBANK Group's overall management.

*8 Please refer to "In Focus: SOFTBANK MOBILE is Working to Prevent Unlawful Contracts!" on page 62 for more details.

Allowances for and Losses from Doubtful Accounts*



* Mobile handset installment sales receivables

Business Segments

IN DETAIL Business Overview and Industry Trends

2. Broadband Infrastructure Segment

According to Ministry of Internal Affairs and Communications statistics, there were 33.87 million contracts for fixed-line Internet connection services in place as of the end of fiscal 2009, marking a 3.5% increase from the previous fiscal year end. Of this number, the percentage of lines for broadband services*9 had reached 89.5% (from 87.8% at the end of fiscal 2008).

The two primary types of broadband services are DSL (constituting 36.9% of all broadband service contracts) and FTTH (49.5%). With leasing fees for fiber-optic cables remaining high, the emergence of FTTH services before a fair competitive environment was fully in place has resulted in a decline in the number of DSL service contracts since peaking in fiscal 2006, although the pace of decline has abated to some degree. This slower pace of decline is the result of DSL's advantages in terms of price relative to FTTH. The Broadband Infrastructure segment's core company, SOFTBANK BB Corp. (hereafter "SOFTBANK BB"), offers the broadband integrated service *Yahoo! BB ADSL*. Its share of the broadband service market stood at 14.2% in fiscal 2009.

*9 Total contracts for DSL services, FTTH services, and cable TV services.

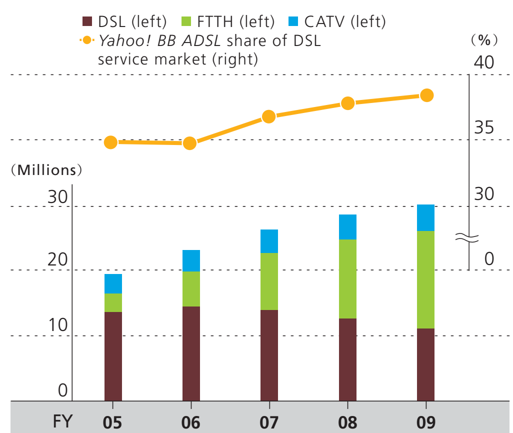
3. Fixed-line Telecommunications Segment

The number of fixed-line telephone lines (subscriber lines and ISDN contracts) installed in Japan is declining, standing at 47.30 million as of the end of fiscal 2009 compared with 58.05 million at the end of fiscal 2006. At the same time, because of their advantageous pricing relative to the NTT group, the share of non-NTT fixed-line carriers is rising, reaching 11.0% as of the end of fiscal 2009 from 5.7% at the end of fiscal 2006. The number of lines in place for *OTOKU Line*, the direct connection fixed-line voice service offered by the segment's core company SOFTBANK TELECOM Corp. (hereafter "SOFTBANK TELECOM"), has roughly tripled over the past three years, reaching 1.61 million as of the end of fiscal 2009 (for a 30.8% share of the non-NTT fixed-line carrier market)*10.

In the market for corporate data transmission, conventional relay services continue to decline, but a growth trend is being seen in highly cost-effective direct network services as represented by IP-VPN and wide-area Ethernet. Against this backdrop, SOFTBANK TELECOM is marking continuous growth with 120,000 lines in place as of the end of fiscal 2009, from 90,000 at the end of fiscal 2007.

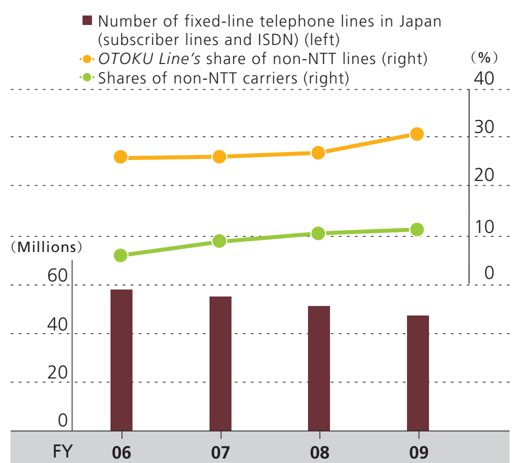
*10 Ministry of Internal Affairs and Communications. Share calculated by the Company based on Ministry of Internal Affairs and Communications statistical data and operators' publicly available data.

Number of Lines in Broadband Service Market and *Yahoo! BB ADSL* Share



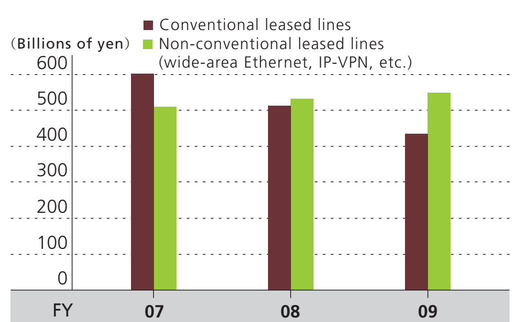
(Note) Calculated by the Company based on Ministry of Internal Affairs and Communications statistical data

Number of Fixed-line Telephone Lines in Japan, and Market Shares of Non-NTT Carriers and *OTOKU Line*



(Note) Estimated by the Company based on Ministry of Internal Affairs and Communications and operators' publicly available data

Corporate Data Transmission Market



(Note) Nomura Research Institute, Ltd.

4. Non-telecommunications Segments

Internet Advertising

According to statistics from DENTSU INC., total advertising expenditures in Japan declined 4.7% in 2008 on the impact of the economic recession, but spending on Internet advertising grew 16.3%. Against a backdrop of higher rates of broadband penetration and the ability to verify advertising effectiveness, the Internet's value as an advertising media is steadily increasing. Growth in 2008 advertising sales at Yahoo Japan Corporation (hereafter "Yahoo Japan"), the Internet Culture segment's core company, outpaced the overall market, even on an actual basis excluding the effects of accounting changes and the acquisition of Overture K.K. Search-linked advertising hardly impacted by the economic down turn showed high growth. Also, display advertising, mainly for major advertisers, showed solid growth on contributions from value-added products like behavioral advertising and *Yahoo! JAPAN*'s Top Page Brand Panel. Furthermore, expansion of advertising distribution to partner sites under Yahoo Japan's open partnership policy contributed to the increase in advertising sales. With the increasingly diverse methods for accessing the Internet, mobile Internet advertising is also showing high growth, particularly in the search-linked segment.

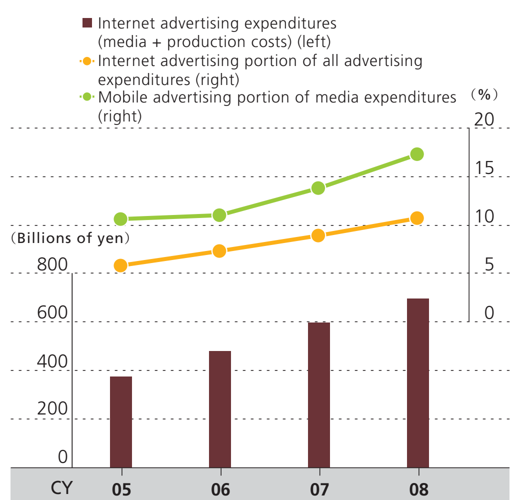
Non-advertising Internet Services

Yahoo Japan's e-commerce transaction volume grew 0.7% in fiscal 2009, with a roughly 30% increase in turnover via mobile devices. Despite some adverse developments including deceptive travel-related products and a decline in the average price for successful auction bids, new measures to add value were introduced, like the addition of a function that enables the negotiation of a minimum auction bid price. New stores were also aggressively recruited, and as of the end of fiscal 2009 the total number of stores on *Yahoo! Shopping* and *Yahoo! Auctions* had grown 5.0% from the previous fiscal year end.

Steady growth in fee-based revenue, primarily from *Yahoo! Comics* and *Yahoo! Partners*, continues as well.

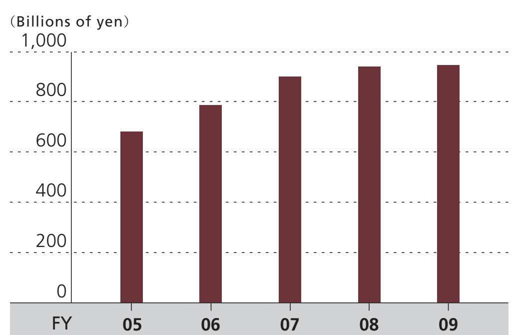
In addition, despite a membership price increase implemented in December 2008, the number of *Yahoo! Premium* member IDs grew to 7.36 million as of the fiscal year end, for a 6.4% increase from the end of fiscal 2008. In addition to added value in the services provided, an increase in special membership benefits through partnerships with outside companies like YOSHIMOTO KOGYO and DAIICHIKOSHO CO.,LTD. also contributed to this growth.

Internet Advertising Expenditures

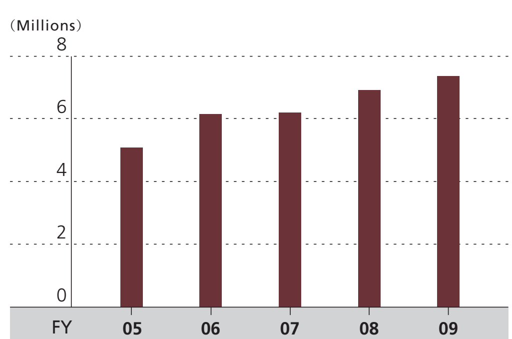


(Note) Calculated by the Company based on DENTSU INC. press release

Yahoo Japan's e-Commerce Transaction Volume



Number of *Yahoo! Premium* Member IDs



Mobile Communications Segment

MAIN BUSINESSES

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

CORE COMPANY

- SOFTBANK MOBILE Corp.

KEY SEGMENT INFORMATION[*1]

This segment was newly established with the acquisition of Vodafone K.K. in fiscal 2007. Immediately following the acquisition, the business formulated "Four Commitments" that it has pursued to quickly raise its competitiveness: (1) 3G Network Enhancement; (2) 3G Handset Enhancement, with innovative designs and functions; (3) Mobile Content Enhancement; and (4) Sales Organization and Branding Enhancement. In terms of 3G Network Enhancement, surveys show a steady improvement in the network experience for users. This is the result of the increase in 3G base stations and the expansion of the network area executed after the acquisition. With regard to the three other commitments, efforts to build these into "SOFTBANK's[*2] strengths" that surpass competitors have led to SOFTBANK's being No. 1 in net subscriber additions[*3] for the two consecutive years from fiscal 2008. Over the period from fiscal 2007, the year of the Vodafone acquisition[*4], to fiscal 2009, the segment's EBITDA[*5] has grown 1.3-fold and the EBITDA margin has risen to 25.8% from 22.3%.

*1 Please refer to "At a Glance—Business Segments and Related Industries" on pages 30–31, and "IN DETAIL—Business Overview and Industry Trends" on pages 32–35 for more specific information regarding earnings and market positioning, industry trends, and a business overview.
*2 Within this section "SOFTBANK" refers to the SOFTBANK Group, whereas "SoftBank" stands for SOFTBANK MOBILE's mobile phone brand.
*3 Calculated by the Company based on Telecommunications Carriers Association statistical data.
*4 SOFTBANK MOBILE was added to the scope of consolidation in May 2006, making an 11-month contribution to fiscal 2007 results.
*5 EBITDA = operating income + depreciation and amortization (including amortization of goodwill), and loss on disposal of fixed assets included in operating expenses. EBITDA margin = EBITDA / net sales.

ISSUES AND FUNDAMENTAL STRATEGY

With regard to the commitment of 3G Network Enhancement, the bulk of large-scale equipment enhancement is seen as mostly completed, and efforts are now shifting indoors and to other pinpoint-type locations. SOFTBANK MOBILE is addressing the three other commitments by further pursuing a solid reputation by which customers recognize that "'Internet Machine' means SoftBank," "FMC[*6] means SoftBank," and "Mobile content means SoftBank."

1. Progress Under the "Mobile Handset Strategy"—Accelerating Move to Internet Machines

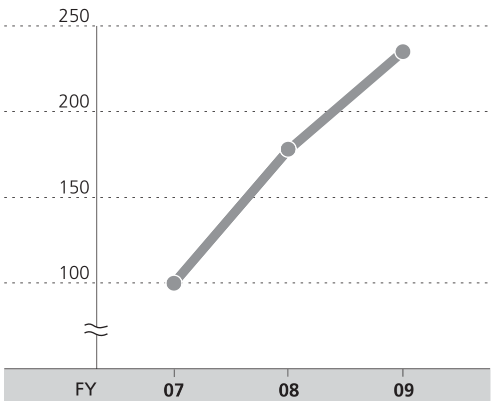
Following the release of the Internet Machine SoftBank 922SH (manufactured by Sharp) in March 2008, SOFTBANK MOBILE released the iPhone 3G*[7] (manufactured by Apple Inc.) in July and the AQUOS Mobile FULLTOUCH SoftBank 931SH (manufactured by Sharp) in November of the same year. These have all been hit products that allow users to fully enjoy the Internet via their mobile phone.

2. Progress Under the "Content Strategy"—Content Enhancement for Mobile Internet

The top page of the *Yahoo! Keitai* exclusive portal for SoftBank mobile phones, which allows users to access the infinite world of the Internet by simply pressing the *Y!* button, was renewed in July 2008, making it even easier to access *Yahoo! JAPAN's* popular services and the latest news. In addition, the *MOBILE WIDGET**[8] was introduced in November 2008. This shows up as an icon on the mobile phone's standby screen and provides quick access to the latest information and content. Beginning with the SoftBank 931SH, four *MOBILE WIDGET*-compatible models were launched in the spring of 2009. New video services are also being developed for the mobile Internet, including the comedy video contest *S-1 BATTLE**[8].

Expanding Corporate Customer Base

(FYE 2007 number of corporate contracts = 100)



No.1 TV CM Preference in All Generation Segments

(Fiscal 2009, among 9,472 brands)

Male		Female	
Elementary	1st	Elementary	1st
Teens	1st	High school	1st
20's	1st	Office/college	1st
30's	1st	Working ladies	1st
40's	1st	Young housewives	1st
50's	1st	40's housewives	1st
Elderly	1st	50's housewives	1st
		Elderly	1st

(Note) CM DATA BANK, monthly survey targeting 3,000 consumers for TV commercial preference

3. Progress Under the "Marketing and Branding Strategy"—Successively Introducing FMC Services and Strengthening the Corporate Customer Base

SOFTBANK MOBILE has gained the solid support of customers by successively offering innovative services that overcome conventional industry standards, including being the first in the industry to offer installment sales for mobile phone handsets and by introducing easy-to-understand pricing structures like the *White Plan*. The leading position gained from being an innovative pioneer is now being extended to the area of FMC services. Beginning with the *White Call 24* discount service that offers free domestic calls 24 hours a day between users of SoftBank mobile phones (*White Plan*) and SOFTBANK BB's *BB Phone* (050 prefix), SOFTBANK MOBILE has made a major contribution to the promotion of FMC with a number of new services, including *White Line 24* for free domestic calls 24 hours a day between SOFTBANK TELECOM's *OTOKU Line* users, and *White Office**9, which allows mobile phones to be used as extension lines.

While continuing to enhance services for individuals, the beginning of an emphasis on strengthening the corporate customer base during fiscal 2009 marked a major shift of strategic direction. In addition to *White Call 24* and *White Office*, security functions performed by a local administrator and tighter control functions have been introduced as optional services for corporations, and this higher-added-value is leading to an increase in the number of corporate contracts.

*6 Fixed Mobile Convergence.
*7 Please refer to "IN DETAIL—Highlighted New Services, Products, and Technologies" below.
*8 Please refer to the Special Feature "Demonstrating SOFTBANK's Character—Winners in Content are Winners in the World" on pages 21–27.
*9 Please refer to "IN DETAIL—Highlighted New Services, Products, and Technologies" on page 41 for more information on *White Office*.

IN DETAIL Highlighted New Services, Products, and Technologies

iPhone 3G and the AQUOS Mobile FULLTOUCH SoftBank 931SH

SOFTBANK MOBILE offers the iPhone 3G, which was eagerly anticipated by fans around the world, in Japan. The iPhone 3G rolls an innovative mobile phone, a wide-screen iPod, and a revolutionary Internet device into one unit. In addition to the refined multi-touch interface that enables fingertip scrolling and zooming, the device has a browser that is similar to those used on PCs. Among the many functions and features, the App Store offers a large lineup of applications for downloading. The AQUOS Mobile FULLTOUCH SoftBank 931SH –photo– is another model that symbolizes the Internet Machine, with a 3.8-inch half-XGA LCD screen that is one of the largest in the world*10. The touch panel creates an intuitive user interface, and this high-performance model is also *MOBILE WIDGET*-compatible.

*10 According to an ROA Group survey, as of October 15, 2008.

Broadband Infrastructure Segment

MAIN BUSINESSES

- ADSL services, FTTH services
- IP telephony services, Wireless LAN services
- IP broadcasting services, VOD services

CORE COMPANY

- SOFTBANK BB Corp.

KEY SEGMENT INFORMATION*1

SOFTBANK BB is the segment's core company. While existing telecommunications operators were pursuing the gradual spread of the Internet over narrow band connections, SOFTBANK BB launched *Yahoo! BB* in 2001 as Japan's first full-scale comprehensive broadband Internet service, and since then has been a driving force behind Japan's rapid adoption of broadband. In addition to raising transmission speeds and volume to a level fully able to transmit rich content, the development of comprehensive, high-value-added services including the *BB Phone* IP telephony service, wireless LAN, and then the *BBTV* broadband broadcasting service and *BB Security* service has generated strong support from users. As of the end of fiscal 2009, the number of *Yahoo! BB ADSL* lines in place represented 38.4% of the total DSL services market.

*1 Please refer to "At a Glance—Business Segments and Related Industries" on pages 30–31, and "IN DETAIL—Business Overview and Industry Trends" on pages 32–35 for more specific information regarding earnings and market positioning, industry trends, and a business overview.

ISSUES AND FUNDAMENTAL STRATEGY

1. Leveraging Group Synergies for Growth

SOFTBANK BB strives for sustained growth by not only using its own strengths, but also making use of synergies across the SOFTBANK Group to provide high-quality services that address the variety of latent needs of users. *White Call 24*, which was fully launched nationwide in June 2008, is an example. *White Call 24* provides free domestic voice calls 24 hours a day between users of *BB Phone* and SOFTBANK MOBILE's mobile phones (*White Plan*), blazing the way for full-fledged FMC services in Japan.

Other intra-Group tie-ups include proactive cross-selling between the *Yahoo! BB* and SoftBank mobile phone sales channels. SOFTBANK BB, SOFTBANK MOBILE, and SOFTBANK TELECOM are also raising their cost-competitiveness by integrating their call centers, backbone networks, and billing systems.

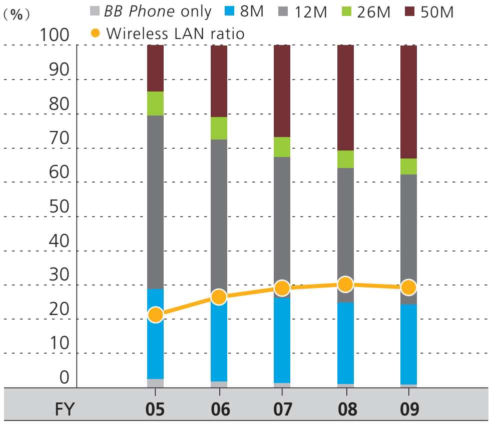
2. Appealing to Cost Performance and Expanding the Customer Base

The ADSL services offered by SOFTBANK BB have transmission speeds and volume fully capable of handling today's rich content including video. And at a cost of approximately ¥4,000 per month, ADSL is in a stronger cost position relative to the roughly ¥7,000 monthly charge for FTTH services. SOFTBANK BB is using this strength to expand its customer base by appealing to users, while at the same time launching new price plans*2 such as *Yahoo! BB White Plan* to attract light Internet users.

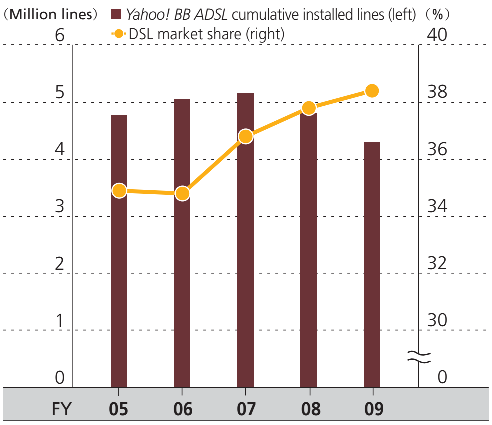
3. Building Win-win Relationships with Other Companies

ADSL services are SOFTBANK BB's main business, but increasingly diverse customer needs are also flexibly

Ratio of High-speed Services Continues to Rise



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



(Note) Calculated by the Company based on Ministry of Internal Affairs and Communications statistical data

met with services like FTTH and FTTR. As a next step in providing customer-oriented services, *Yahoo! BB hikari with FLET'S*, using other operators' optical lines, was launched in February 2009 (with geographic coverage being expanded in stages from April 2009.) In addition to expanding the lineup of ISP services, SOFTBANK BB benefits from increased sales of value-added services including *BB Phone* and *BB Security*. At the same time, other companies are able to leverage the strength of the *Yahoo! BB* brand and SOFTBANK BB's marketing strength. This is designed to lead to growth by building win-win relationships.

*2 Please refer to "IN DETAIL—Highlighted New Services, Products, and Technologies" below.

• *FLET'S* is a trademark of NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION (NTT EAST) and NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION (NTT WEST).

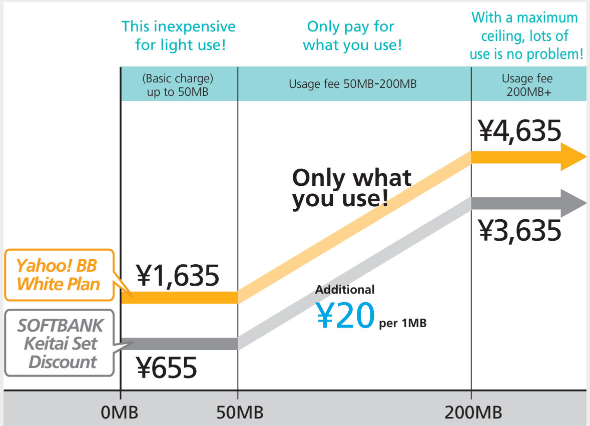
IN DETAIL Highlighted New Services, Products, and Technologies

Yahoo! BB White Plan

SOFTBANK BB began offering the new *Yahoo! BB White Plan* from December 2008. The *Yahoo! BB White Plan* is a two-tiered, flat-rate ADSL service with a basic monthly charge of as low as ¥490, and is receiving high marks as a broadband service geared for Internet users with light usage or large differences in usage from month to month. Users who combine their contract with a SoftBank 3G mobile phone are also eligible for the *SOFTBANK Keitai Set Discount*, which discounts the basic monthly charge for *Yahoo! BB White Plan*. This is expected to contribute to the growth of the customer bases of both SOFTBANK BB and SOFTBANK MOBILE.

(Note) In addition to the basic monthly charge (¥490–¥1,990), the *Yahoo! BB White Plan* incurs a provider charge (¥490–¥1,990), a modem rental fee, and a line usage fee.

Monthly Payment Model of *Yahoo! BB White Plan* (a) 8M Regular Type (Eastern Japan Area)



Business Segments

Fixed-line Telecommunications Segment

MAIN BUSINESSES

- Fixed-line telephone services
- Data transmission, dedicated line services

CORE COMPANY

- SOFTBANK TELECOM Corp.

KEY SEGMENT INFORMATION*1

The Fixed-line Telecommunications segment was newly established in fiscal 2005 with the acquisition of JAPAN TELECOM CO., LTD. (company name at the time), which had entered the fixed-line telecommunications business following the deregulation of the sector in 1985. Management resources for fixed-line services are being shifted from relay services, the best known of which is *MYLINE*, to the *OTOKU Line* direct connection fixed-line voice service, which does not pass through the NTT Group's switchboards. In addition to being highly price competitive versus the NTT Group, *OTOKU Line* has established a superior position vis-à-vis other fixed-line operators with a variety of forwarding options and other high-value-added services, and its market share is growing as a result. The customer base for data transmission services is also showing solid growth, with management resources being focused on direct connection services—mainly *Ether Connect*, a highly cost-effective fiber-optic broadband access line. The segment is not only involved in networks; it has successfully differentiated itself from its competitors in the area of conventional ICT*2 platforms by providing integrated services that incorporate a variety of applications like security, e-commerce, and secure billing. The Fixed-line Telecommunications segment is in the process of shifting from relay services to direct connection services with high growth potential, and although segment sales have been basically flat, operating income and cash flow are increasing on this shift of management resources to more efficient businesses. This is evidenced by the fact that EBITDA*3 in fiscal 2009 has roughly tripled compared to fiscal 2006, and the EBITDA margin has risen 11.6 percentage points to 17.7%.

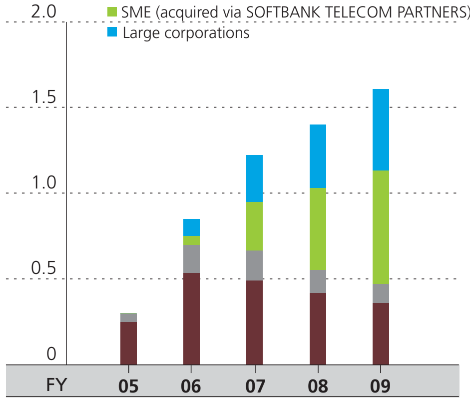
*1 Please refer to "At a Glance—Business Segments and Related Industries" on pages 30–31, and "IN DETAIL—Business Overview and Industry Trends" on pages 32–35 for more specific information regarding earnings and market positioning, industry trends, and a business overview.
*2 Information and Communication Technology.
*3 EBITDA = operating income + depreciation and amortization (including amortization of goodwill), and loss on disposal of fixed assets included in operating expenses. EBITDA margin = EBITDA / net sales.

ISSUES AND FUNDAMENTAL STRATEGY

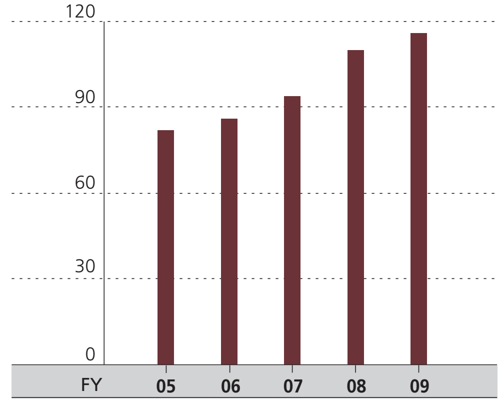
1. Strengthening Corporate Mobile Business and Enhancing Solutions

SOFTBANK TELECOM is the SOFTBANK Group's contact point for corporate marketing, and together with SOFTBANK MOBILE is accelerating the pace of sales growth for SoftBank mobile phones. The sales force has grown 7-fold in fiscal 2008, and as a result SOFTBANK TELECOM sold more than 250,000 mobile phone lines during the year. This strengthening of the mobile business is further solidifying SOFTBANK TELECOM's leading position in terms of its ability to provide solutions by being able to build a range of networks by combining its *OTOKU Line* service with mobile phones or *Ether Connect*. The business acquired a number of major corporate customers during fiscal 2009, including the leading pharmaceutical manufacturer Pfizer Japan Inc., which purchased roughly 3,000 SoftBank X05HT (manufactured by HTC) handsets for its medical representatives, and the major business consulting firm PriceWaterhouseCoopers Consultants Co., Ltd., which purchased approximately 1,000 iPhone 3G (manufactured by Apple Inc.) handsets for its consultants.

OTOKU Line Continues to Grow, Primarily at Corporations



Solid Growth in Number of Corporate Data



2. Further Raising Operational Efficiency

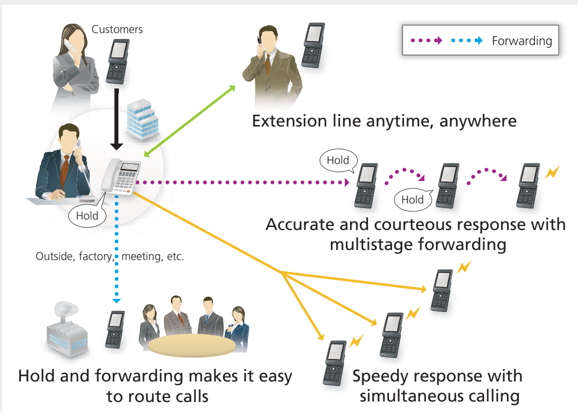
As noted in Key Segment Information, the segment's profitability and cash flow are showing marked increases. This reflects a lower depreciation burden from the end of major capital expenditures, combined with a structural transformation toward businesses with higher profitability. For example, the *OTOKU Line* business has not only worked to increase the number of lines in service, it has also focused on expansion of the corporate customer base, which generates a relatively higher ARPU. This has also reduced customer acquisition costs and operating expenses as a percentage of sales. To further accelerate the expansion of the corporate customer base, SOFTBANK TELECOM in April 2008 made JAPAN TELECOMINVOICE CO., LTD. (current SOFTBANK TELECOM PARTNERS Corp.), which handles *OTOKU Line* sales to small and medium-sized companies, as well as billing and collection, a 100% subsidiary.

IN DETAIL Highlighted New Services, Products, and Technologies

White Office Corporate FMC Service

Following the *White Line 24* voice discount service that offers free 24-hour domestic calls between users of *OTOKU Line* and SoftBank mobile phones (*White Plan*), the full-fledged FMC*4 service *White Office* was launched in March 2009. This fixed rate service allows for mobile phones to be used as internal extension lines, both within the office and from outside. In addition to traditional extension line services like hold and forwarding, mobile phones can also be used for convenient functions like "multistage forwarding" and "simultaneous calling." Companies can use this new service by simply changing the settings of their internal PBX*5 switchboard, providing convenience and ease of installation without the need for large additional capital expenditures.

Usage Model of *White Office*



*4 Fixed Mobile Convergence.
*5 Limited to compatible PBX switchboards (including hardware, extension set up).

Internet Culture Segment

MAIN BUSINESSES

- Internet advertising
- e-Commerce
- Membership services

CORE COMPANY

- Yahoo Japan Corporation

KEY SEGMENT INFORMATION[*1]

Yahoo Japan is the segment's core company. *Yahoo! JAPAN*, the portal it operates, has built an overwhelming No. 1 position in Japan[*2], well ahead of the rest of the field in areas including number of unique users, monthly page views per user, and usage time. In addition to its brand strength, this leading position reflects differentiation based on added value in e-commerce-related areas like auctions, and a wide range of services for corporations and individuals. Based on the drawing strength of the portal, Yahoo Japan's main earnings sources are "advertising revenue" and "pay content services revenue," and compared to fiscal 2004, the segment's net sales have grown by a factor of 4 and operating income by a factor of 3.8 in fiscal 2009.

*1 Please refer to "At a Glance—Business Segments and Related Industries" on pages 30–31, and "IN DETAIL—Business Overview and Industry Trends" on pages 32–35 for more specific information regarding earnings and market positioning, industry trends, and a business overview.

*2 Jan.–Mar. 2009 Nielsen Online research (access from the home, excluding Internet applications, aggregation at brand level).

ISSUES AND FUNDAMENTAL STRATEGY

The size of Japan's Internet advertising market has shown rapid growth in 2008, expanding 1.9 times[*3] compared to 2006, but significant growth potential remains. For example the size of the newspaper advertising market is ¥828 billion[*3], representing approximately 50 million readers who read for an average of 25 minutes per day[*4]. Relative to this, with more than 85 million users spending an average 55 minutes per day[*4] on the Internet, the Internet advertising market is small at ¥698 billion (out of which ¥537 billion are advertising production costs)[*3]. High growth also continues in e-commerce like Internet auctions and online content like videos and music, games and books, with the spread of broadband and development of the mobile Internet.

While benefiting from the developments outlined above, Yahoo Japan, is pursuing "Social media services," "Yahoo! Everywhere," "Local information services for all lifestyles" and "Toward a more open network" as growth strategies to maintain growth that outpaces the market.

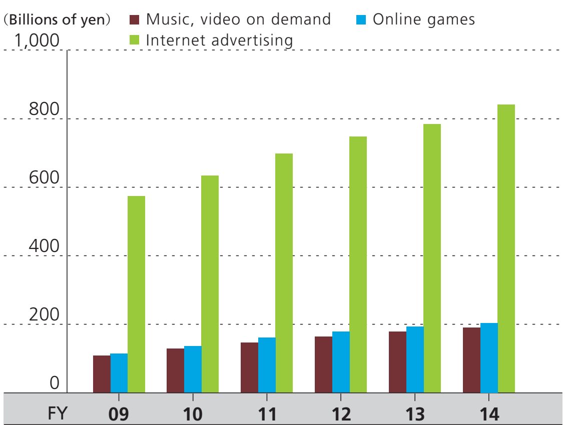
1. Social Media Services

Enable users to not only obtain but also generate tail content. By integrating the provision of head content and tail content Yahoo Japan is continuously adding more value to its portal. *Yahoo! News* incorporates a social media functionality that enables users to generate and post comments relating to news stories hereby promoting the integration of head and tail content.

2. Yahoo! Everywhere

The Internet's average usage time (excluding e-mail) of 55 minutes is less than 4% of a 24-hour day, but with the growth of devices that can access the Internet, including mobile phones, TVs, and game consoles, this number is expected to increase further. Yahoo Japan is ahead of the curve in this regard, working in a variety of ways to encourage users to access its differentiated services via devices other than PCs. Taking mobile phones as an example, Yahoo Japan offers portals like *Yahoo! Keitai* for SoftBank mobile phones and the mobile version of *Yahoo! JAPAN*, which are easy to use on a small display, and also provides popular PC content like *Yahoo! Auctions* to mobile phones.

Market Size Forecast of Main Internet Businesses



(Notes) Based on Nomura Research Institute, Ltd. "IT market navigator 2009."
Internet advertising data calendar year based, starting from 2008.

Yahoo! JAPAN for AQUOS **(Image)**

Recent initiatives in areas other than mobile phones include the launch of the *Yahoo! JAPAN for AQUOS* Internet service for Sharp's full high-definition TVs, and in the car navigation sector, providing information like *Yahoo! Drive* for automobile manufacturers' car navigation systems.

3. Local Information Services for all Lifestyles

In order to provide local and lifestyle information that is more closely tied to the user's lifestyle, Yahoo Japan is striving to enhance map-based regional information services. *Yahoo! Gourmet's* online discount coupons are an example of the expansion of lifestyle information.

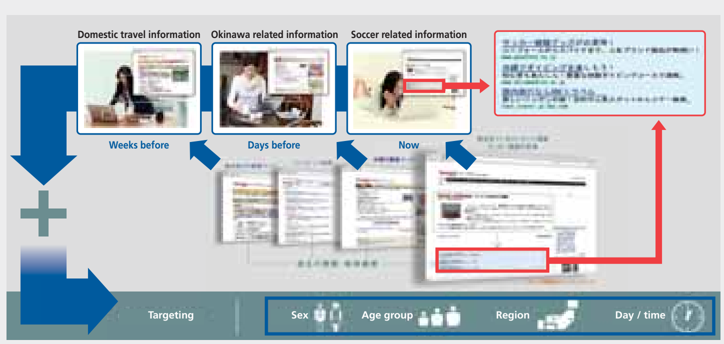
4. Towards a More Open Network

Yahoo! JAPAN has an overwhelming No. 1 position as an Internet portal, but nevertheless its share in number of total monthly hours of usage is roughly 20%*5. One of the new growth strategies launched in fiscal 2008 was to build win-win relationships with partners while at the same time expanding business opportunities by offering the advertising distribution technology, built up over many years at Yahoo Japan, such as the online fee-collection system *Yahoo! Wallet* etc. Fiscal 2009 saw search-linked advertising in particular begin to make a large contribution to growth at partner sites.

*3 DENTSU INC. press release.
*4 Nihon Shinbun Kyokai (The Japan Newspaper Publishers & Editors Association).
*5 Jan.–Mar. 2009 Nielsen Online research (access from the home, excluding Internet applications, aggregation at brand level).

IN DETAIL Highlighted New Services, Products, and Technologies

Interest Match™ Interest-linked Advertising



Interest Match is an advertising distribution service that makes a comprehensive determination for users who are viewing sites other than search services to send advertising linked to their interests based on the content of the site they are viewing, their past viewing history, and the sequence of links followed to that site. This technology and experience is concentrated at Yahoo Japan and group company Overture K.K. The distribution of advertising using *Interest Match* commenced in September 2008, and with the subsequent expansion to mobile phone distribution the service is off to a solid start. This interest-linked advertising is a brand-new service, but has already been well received by advertisers and holds the possibility of growing to as large a market as display ads and search-linked advertising. By further differentiating itself with capabilities like matching technologies, Yahoo Japan aims to further expand its presence in the Internet advertising market.

e-Commerce Segment

MAIN BUSINESSES

- Sales and distribution of IT-related products and services
- SaaS and ASP services
- e-Commerce-related services

CORE COMPANIES

- SOFTBANK BB Corp.
- Vector Inc.
- Carview Corporation

KEY SEGMENT INFORMATION*1

This segment carries on SOFTBANK's original business. Perceiving the arrival of the Internet age at an early date, the segment developed a distribution business for a wide range of IT-related hardware and software products that is one of the largest in Japan. The Internet has transformed products into services and diversified sales channels, leading to intensified competition within the industry. Against this backdrop, core company SOFTBANK BB not only distributes packaged software and hardware IT products, but also provides software and applications as SaaS*2 and ASP through the Internet. Providing back-office functions and solutions for e-commerce sites, the SOFTBANK Group is in a unique position as a specialist Internet group that is using its knowledge and experience to expand the scope of its business development. Segment companies other than SOFTBANK BB include Vector Inc., which operates a software download site, Carview Corporation, which distributes automotive-related information, etc., all of which operate sites that are among the largest of their type in Japan. The segment's EBITDA*3 and operating income both showed large growth during fiscal 2009, rising by 41.8% and 46.8%, respectively, compared to fiscal 2008.

*1 Please refer to "At a Glance—Business Segments and Related Industries" on pages 30–31 for more specific information regarding earnings.
*2 Software as a Service. Services that allow users to use necessary software via the Internet.
*3 EBITDA = operating income + depreciation and amortization (including amortization of goodwill), and loss on disposal of fixed assets included in operating expenses.

ISSUES AND FUNDAMENTAL STRATEGY

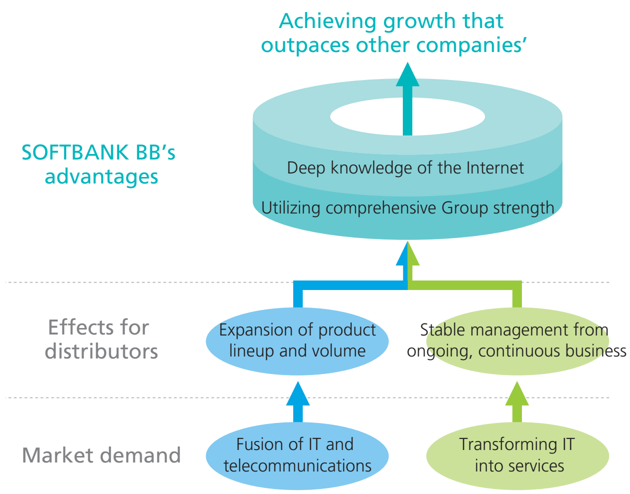
The segment's fundamental strategy is to provide advanced IT products and services, and to achieve continuous growth by pursuing tie-ins with the SOFTBANK Group's telecommunications infrastructure to utilize the strengths of the SOFTBANK Group. This involves two key concepts—the "fusion of IT and telecommunications" and "transforming IT into services."

The "fusion of IT and telecommunications" seeks to create an environment for current IT products and services that is not separate from respective telecommunications networks, and steady progress toward that fusion is being made every day. Therefore, in addition to the traditional IT sector, this gives rise to higher expectations for increased business opportunities with proposals that tie into telecommunications infrastructure platforms. In particular, with the recent growth in telecommunications volume, data centers and companies are looking for efficient, stable operations for servers and storage, and attention is on solutions for backup and virtual servers.

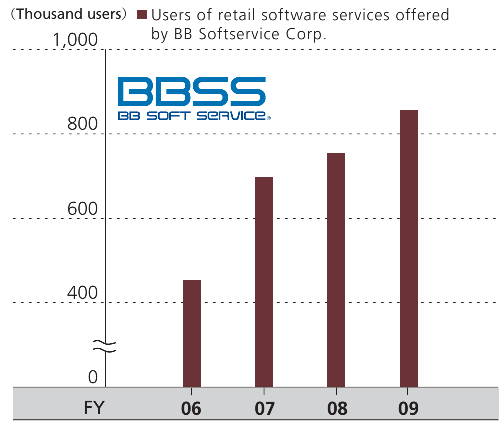
"Transforming IT into services" envisions rapid advances in the telecommunications infrastructure environment to offer software, content, hardware, and telecommunications infrastructure as services, as seen in SaaS and cloud computing.

The full realization of the "fusion of IT and telecommunications" and "transforming IT into services" will have major benefits for distributors. The "fusion of IT and telecommunications" will lead directly to sales growth with a broader product lineup and increased volumes, and "transforming IT into services" will lead to higher profitability and management stability through the expansion of ongoing, continuous businesses. Nevertheless, the benefits of the "fusion of IT and telecommunications"

Market Demand and SOFTBANK BB's Strategic Response



Trend in Retail Software Users



and "transforming IT into services" cannot be realized unless a company has sufficient management resources to address them. In this regard, its wide range of businesses from infrastructure to portals, search, content and services, and its deep knowledge of the Internet, will work to the SOFTBANK Group's advantage.

<Specific Actions and Successes Based on This Fundamental Strategy>

1. Expanding the Telecommunications Infrastructure Business

With the aim of becoming the No. 1 provider of solutions like the virtualization of servers and applications to meet needs arising from the growth of telecommunications volume, the segment has been building up its technology and marketing structure for the past two years, and fiscal 2009 sales tripled in comparison to fiscal 2008. The aggressive promotion of *SoftBank SELECTION*[*4] brand Bluetooth® devices and iPhone 3G accessories also contributed to sales growth. In addition, with growth in the number of SoftBank mobile phone handsets sold to companies, progress is also being made in proposing solutions using groupware and mobile phone applications.

2. Accelerating Ongoing, Continuous Value-added Businesses

The segment is placing particular importance on accelerating the development of SaaS and ASP services. Because these services provide software on a pay-for-use basis, this is an ongoing, continuous business that enhances management stability. The aggregate number of users of software services for individuals provided by BB Softservice Corp. has surpassed 850,000 and continues to show steady growth. The *TEKI-PAKI* corporate SaaS/ASP service provided by SOFTBANK BB saw a doubling in the number of users during fiscal 2009.

*4 Please see "IN DETAIL—Highlighted New Services, Products, and Technologies" below.

IN DETAIL Highlighted New Services, Products, and Technologies

Lineup of SoftBank Brand Products

Bluetooth® headset "SBS-BT2050"

SoftBank SELECTION was launched in November 2007 as a brand under which to sell mobile phone accessories and PC software carefully selected by SOFTBANK BB. Despite a severe economic environment, sales increased 5-fold in fiscal 2009, with mobile phone-related products showing particularly strong sales. In addition to accessories developed as *SoftBank SELECTION* brand products, including microSD cards and headsets and other Bluetooth® devices, the business also sells SoftBank brand products like the One Seg Tuner for iPhone 3G "TV & Battery" device.

Others Segment

Technology Services

MAIN BUSINESSES

- Providing e-business services
- Providing solution services

CORE COMPANY

- SOFTBANK TECHNOLOGY CORP.

KEY SEGMENT INFORMATION

SOFTBANK TECHNOLOGY CORP. (hereafter "SOFTBANK TECHNOLOGY") is the segment's core company. The major economic slowdown is putting pressure on companies to further raise operational efficiency, outsource the construction and operation of telecommunications network for increased productivity, and introduce application services using ASP services. SOFTBANK TECHNOLOGY has a proven track record in building various systems for the SOFTBANK Group, and using its knowledge related to e-business, aims to resolve companies' issues and maintain continuous growth by comprehensively providing value-added services, ranging from systems development to operations, security, and web marketing.

Media & Marketing

MAIN BUSINESSES

- Digital media
- Digital content
- Planning, production, and publication

CORE COMPANIES

- SOFTBANK Creative Corp.
- ITmedia Inc.

KEY SEGMENT INFORMATION

SOFTBANK Creative Corp. (hereafter "SOFTBANK Creative") is the segment's core company. SOFTBANK Creative provides information and content via various media including websites, mobile phones, books, and magazines, utilizing the SOFTBANK Group's abundant knowledge and experience with broadband in IT-related areas like PCs and mobile phones, and games, music, and other entertainment. In the area of content, the segment has attracted many users with its distribution of *Harlequin Electronic Comics*, for which SOFTBANK Creative has the exclusive distribution rights both in Japan and overseas, to a variety of sites including *Yahoo! Comics* via both PCs and mobile phones.

(Note) The Others segment also includes the Technology Services segment, the Media & Marketing segment, Overseas Funds, and Other businesses (mainly TV Bank Corporation, and Fukuoka SOFTBANK HAWKS related operations).

STATUS OF INVESTMENTS

Status of Investments and Investment Recovery (Fiscal 2009)

During fiscal 2009, the SOFTBANK Group purchased additional shares of JAPAN TELECOMINVOICE CO., LTD.*1, making the company a 100% subsidiary, to further strengthen sales of *OTOKU Line*. The Group also took an equity stake in Oak Pacific Interactive, operator of Xiaonei, one of the largest SNS in China, and jointly established Alibaba.com Japan Co., Ltd., by means of a capital increase, to cooperatively develop businesses with Alibaba Group Holding Limited.

Status of investments and investment recovery made during fiscal 2009 were as follows:

Status of Investments*2

Amount of investment	¥56.5 billion
Number of companies invested in	74 (of which public companies 5, non-public companies 69)

Investment Recovery Status

Amount recovered (market value)	¥15.3 billion
Amount recovered (book value)	13.0 billion
Gain/loss at time of recovery	2.2 billion

By Region

Region	Investment Amount	Number of Companies
Japan	¥35.5 billion	33
U.S.	2.6 billion	6
Asia	13.7 billion	24
of which, China	12.5 billion	9
of which, Korea	0.6 billion	11
Europe	0.2 billion	1
Others	4.5 billion	10
Total	56.5 billion	74

*1 The company name of JAPAN TELECOMINVOICE CO., LTD. was changed to SOFTBANK TELECOM PARTNERS Corp. on July 1, 2008.
*2 Total of new investments and additional investments.

Information on Major Investments (As of the end of March 2009)

(Billions of yen)

Region	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	632.6	711.6	92.42×
Yahoo! Inc.	54.7	235.8	65.4	301.2	5.51×
SOFTBANK TECHNOLOGY CORP.	3.3	84.0	3.2	87.2	26.42×
UTStarcom, Inc.	21.5	59.6	1.1	60.7	2.82×
GungHo Online Entertainment, Inc.	4.1	—	4.9	4.9	1.20×
Vector Inc.	1.1	—	0.8	0.8	0.73×
ITmedia Inc.	1.6	—	0.8	0.8	0.50×
Carview Corporation	2.0	1.0	1.1	2.1	1.05×
Total	96.0	459.4	709.9	1,169.3	12.18×

(Notes) 1 Investments made by affiliates are not included.
2 Cross-holdings in non-Internet-related companies and other policy-based shareholdings are not included in the aggregations of monetary amounts and number of companies.
3 In determining the number of companies, multiple Group investments in the same company have been eliminated.
4 Companies that carried out mandatory valuation write-downs are not included in the aggregation.
5 The portfolios of funds in which SOFTBANK CORP. (including its subsidiaries) invests are included in the aggregated figures (including indirect holdings).
6 Investment amounts and recovery amounts from sales are calculated by multiplying by SOFTBANK CORP.'s portion of economic interest in the investing company.
7 Investment amounts and recovery amounts from sales are converted at the average exchange rate for the period from April 2008 through March 2009.

Consolidated Subsidiaries

Company Name URL	Fiscal Year-end	Capital (Millions of yen)	Voting Rights (%)	Principal Business Activities
Mobile Communications Segment				
SOFTBANK MOBILE Corp. www.softbankmobile.co.jp/en/	March	177,251	100.0	Mobile phone services, handset sales, etc
BB Mobile Corp.	March	315,155	100.0	Holding company
Mobiletech Corporation	March	105,630	100.0	Holding company
TELECOM EXPRESS Co., Ltd.	March	100	100.0	Mobile phone agency
Broadband Infrastructure Segment				
SOFTBANK BB Corp. *1 www.softbankbb.co.jp/en/	March	120,301	100.0	ADSL services, IP telephony services, distribution and sales of IT-related merchandise
BB Cable Corporation www.bbtv.com	March	100	100.0	IP broadcasting services, VOD services
Cybertrust Japan Co., Ltd. www.cybertrust.ne.jp	December	1,422	67.0	Development and sale of software related to electronic authentication
Fixed-line Telecommunications Segment				
SOFTBANK TELECOM Corp. *1 www.softbanktelecom.co.jp/english/	March	100	100.0	Fixed-line telephone services, data transmission and leased-line services, data centers
SOFTBANK TELECOM PARTNERS Corp. www.softbanktelecompartners.co.jp	March	100	100.0	*OTOKU Line* sales and billing operations for telecommunications services
Internet Culture Segment				
Yahoo Japan Corporation*1*2 (Listed on TSE First Section, JASDAQ) www.yahoo.co.jp	March	7,444	42.1	Operation of the *Yahoo! JAPAN* portal, Internet advertising, e-commerce, membership services, etc.
Overture K.K. www.overture.co.jp	March	10	100.0	Advertising and information services
Yahoo Japan Value Insight Corporation www.yahoo-vi.co.jp	December	700	76.9	Marketing research
Alibaba.com Japan Co., Ltd. www.alibaba.co.jp	March	1,044	64.7	Operation of B2B marketplace
Tavigator, Inc. www.tavigator.co.jp	March	100	58.0	Online travel agency
e-Commerce Segment				
Vector Inc. (Listed on OSE Hercules) www.vector.co.jp	March	983	57.9	Software sales through downloading
Carview Corporation (Listed on TSE Mothers) www.carview.co.jp	March	1,566	52.7	Online provision of automobile-related information
SOFTBANK Frameworks Corporation www.sbfw.co.jp	March	100	100.0	Logistics outsourcing and consulting services for IT companies

*1 SOFTBANK BB Corp. operates businesses in the Broadband Infrastructure and e-Commerce segments, SOFTBANK TELECOM Corp. operates businesses in the Fixed-line Telecommunications and Broadband Infrastructure segments, and Yahoo Japan Corporation operates businesses in the Internet Culture and Broadband Infrastructure segments.

*2 SOFTBANK IDC Corp. changed its company name to SOFTBANK IDC Solutions Corp. on February 2, 2009, and merged with Yahoo Japan Corporation on March 30, 2009, with Yahoo Japan as the surviving entity.

Company Name URL	Fiscal Year-end	Capital (Millions of yen)	Voting Rights (%)	Principal Business Activities
DeeCorp Limited www.deecorp.jp	March	100	100.0	Online reverse auction service
BB Softservice Corp. www.bbss.co.jp	March	50	100.0	Operation of software service portal, distribution of software

Others Segment

Company Name URL	Fiscal Year-end	Capital (Millions of yen)	Voting Rights (%)	Principal Business Activities
SOFTBANK TECHNOLOGY CORP. (Listed on TSE First Section) www.softbanktech.co.jp	March	634	55.4	E-business and solutions services
SOFTBANK Media Marketing Holdings Corp. www.sbmm-holdings.co.jp	March	100	100.0	Holding company
SOFTBANK Creative Corp. www.softbankcr.co.jp	March	100	100.0	Sales, planning and publishing of music- and sports-related content, etc.
ITmedia Inc. (Listed on TSE Mothers) www.itmedia.co.jp	March	1,620	59.8	Operation of comprehensive IT information site
Fukuoka SOFTBANK HAWKS Marketing Corp. www.softbankhawks.co.jp	February	100	100.0	Management and maintenance of baseball stadium and other sports facilities, operation of baseball games
Fukuoka SOFTBANK HAWKS Corp. www.softbankhawks.co.jp	February	100	100.0	Ownership of professional baseball team and baseball game administration
TV Bank Corporation www.tv-bank.com	March	3,305	100.0	Video content services
SoftBank Players Corp. www.softbankplayers.co.jp	March	575	100.0	Research, planning, and provision of information for Internet leisure service, etc.
SOFTBANK PAYMENT SERVICE CORP. www.sbpayment.jp	March	450	100.0	Invoice collection and computation services for businesses, etc.
SBBM Corporation	March	72	100.0	Holding company
Odds Park Corp. www.oddspark.com	March	10	100.0	Compilation of information related to regional horse racing betting tickets and sales operations for betting tickets
Japan Cyber Educational Institute, Ltd. www.cyber-u.ac.jp	March	1,797	86.9	Operations related to administration of Cyber University
SB Holdings (Europe) Ltd.	March	US$48M	100.0	Holding company
SOFTBANK Holdings Inc. http://softbank.com/	March	US$0M	100.0	Holding company
SOFTBANK America Inc.	March	US$0M	100.0	Holding company
SOFTBANK Commerce Korea Corporation www.softbank.co.kr	December	KRW5,732M	85.8	Wholesaling of IT-related merchandise in Korea

Affiliates and Others

Company Name URL	Fiscal Year-end	Capital (Millions of yen)	Voting Rights (%)	Principal Business Activities
Mobile Communications Segment				
Telecom Service Co., Ltd. www.telecom-service.net	March	3,712	17.3	Mobile phone sales agency
Broadband Infrastructure Segment				
M.P.Holdings, Inc.*1 (Listed on TSE Mothers) www.mph.mptech.co.jp/en	July	5,632	32.8	Central holding company for entire M.P. Group
Internet Culture Segment				
ValueCommerce Co., Ltd. (Listed on TSE Mothers) www.valuecommerce.ne.jp	December	1,714	44.2	Operation of performance-based Internet advertising system
CREO CO., LTD. (Listed on JASDAQ) www.creo.co.jp	March	3,149	39.5	Systems development, planning, development, and sales of packaged software, etc.
All About, Inc. (Listed on JASDAQ) http://allabout.co.jp/	March	1,169	34.8	Operation of comprehensive information site using specialized guides, Internet advertising
Seven and Y Corp. www.7andy.jp	February	438	31.3	Sales of books, DVDs, etc., using the Internet
Estore Corporation (Listed on OSE Hercules) www.estore.co.jp/en	March	523	29.6	Services including distribution, settlement, sales promotion, and administration for Internet businesses
Fashion Walker, Inc. www.fashionwalker.com	December	1,239	25.5	Operation of online apparel shopping site
Alibaba Group Holding Limited www.alibaba.com	December	US$0M	33.7	Central holding company for Alibaba Group, operator of B2B online markets, etc.
e-Commerce Segment				
CJ Internet Japan Corp. www.netmarble.ne.jp	December	1,700	44.9	Operation of entertainment portal focusing on games
GungHo Online Entertainment,Inc. (Listed on OSE Hercules) www.gungho.co.jp/english/	December	5,313	33.9	Distribution of online games, etc., using the Internet
Others Segment				
ONLINE GAME REVOLUTION FUND NO. 1	December	6,100	49.2	Investment in online gaming operations
MySpace Japan K.K http://jp.myspace.com/	March	1,145	50.0	Operator of MySpace Japan SNS site
Broadmedia Corporation*2 (Listed on OSE Hercules) www.broadmedia.co.jp/eng/eng_index.html	March	2,666	34.6	Content distribution utilizing technological platforms
icube Corp. www.icube.co.kr/enghome/	December	KRW4,824M	49.6	Development of content distribution technology

Affiliates

*1 M.P. Technologies, Inc. changed its company name to M.P.Holdings, Inc. on February 2, 2009.
*2 Broadmedia Corporation changed from a consolidated subsidiary to an equity method affiliate following a capital increase via a third-party allocation of shares carried out on May 17, 2008.

Company Name URL	Fiscal Year-end	Capital (Millions of yen)	Voting Rights (%)	Principal Business Activities
Yahoo! Inc. (Listed on NASDAQ) www.yahoo.com	December	US$0M	3.8	Operation of *Yahoo!* portal, Internet services

Other securities, etc.

Main Overseas Funds Data

Company Name / Fund Name URL	Principal Investment Region*1	Category*2	Fund Size	Commitment*3	Ownership (%)*4	Type
SOFTBANK Ventures Korea Inc. www.softbank.co.kr	Seoul, South Korea	A	KRW18,000M	KRW18,000M	100.0	Holding company
SOFTBANK Korea Co., Ltd. www.softbank.co.kr	Seoul, South Korea	A	KRW2,200M	KRW2,200M	100.0	Holding company
SB CHINA HOLDINGS PTE LTD www.sbcvc.com/english	Singapore	A	US$100M	US$100M	100.0	Holding company
SOFTBANK Ranger Venture Investment Partnership	South Korea	A	KRW40,000M	KRW40,000M	100.0	Venture capital fund
SOFTBANK Capital L.P.	U.S.	A	US$718M	US$716M	99.7	Venture capital fund
SB Europe Capital L.P.	Europe	A	US$250M	US$249M	99.6	Venture capital fund
SOFTBANK US Ventures VI L.P.	U.S.	B	US$626M	US$608M	97.0	Venture capital fund
Bodhi Investments LLC	China, India	A	US$105M	US$50M	47.6	Venture capital fund
SOFTBANK Capital Technology Fund III L.P.	U.S.	B	US$232M	US$131M	56.3	Venture capital fund
SB Life Science Ventures I, L.P.	U.S.	A	US$89M	US$30M	33.7	Venture capital fund
SOFTBANK Technology Ventures V L.P.	U.S.	B	US$630M	US$190M	30.2	Venture capital fund
SOFTBANK Technology Ventures IV L.P.	U.S.	B	US$313M	US$42M	13.4	Venture capital fund
SB Asia Investments Fund II LP	Asia-Pacific region	B	US$643M	US$51M	8.1	Venture capital fund
SOFTBANK Capital Partners LP	U.S.	A	US$731M	US$18M	2.6	Venture capital fund
SB Asia Infrastructure Fund LP	Asia-Pacific region	B	US$404M	US$3M	0.9	Venture capital fund

Consolidated subsidiaries Equity method affiliates

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

MANAGEMENT ORGANIZATION

Previous sections have spotlighted maintaining and building on a competitive position, which is the driving force behind a company's growth. Gaining the full confidence and support of all stakeholders is essential if a strong competitive position is to lead to solid, sustainable growth, and this is achieved through fully transparent management and by faithfully fulfilling social responsibilities.

This section explains the SOFTBANK Group's management organization—covering not just the structure but also using as specific examples as possible to show what the structure aims to achieve and how it is implemented and managed.

CONTENTS

052 Management Organization

053 Corporate Governance

056 Compliance and Information Security

057 Disclosure of Information

058 Corporate Social Responsibility (CSR)

061 Directors and Corporate Auditors

Corporate Governance

Q. How do you ensure swift decision making and operational execution in an industry known for drastic changes in its operating environment?

A. We emphasize the "small size" and "global composition" of the Board of Directors.

In addition to "high-level decision making" for important matters, the Board of Directors has an "oversight" function with regard to operational execution. The Board of Directors is chaired by Chairman and CEO Masayoshi Son, and is a small Board with nine directors. This structure makes it possible to swiftly address changes in the SOFTBANK Group's operating environment and technologies.

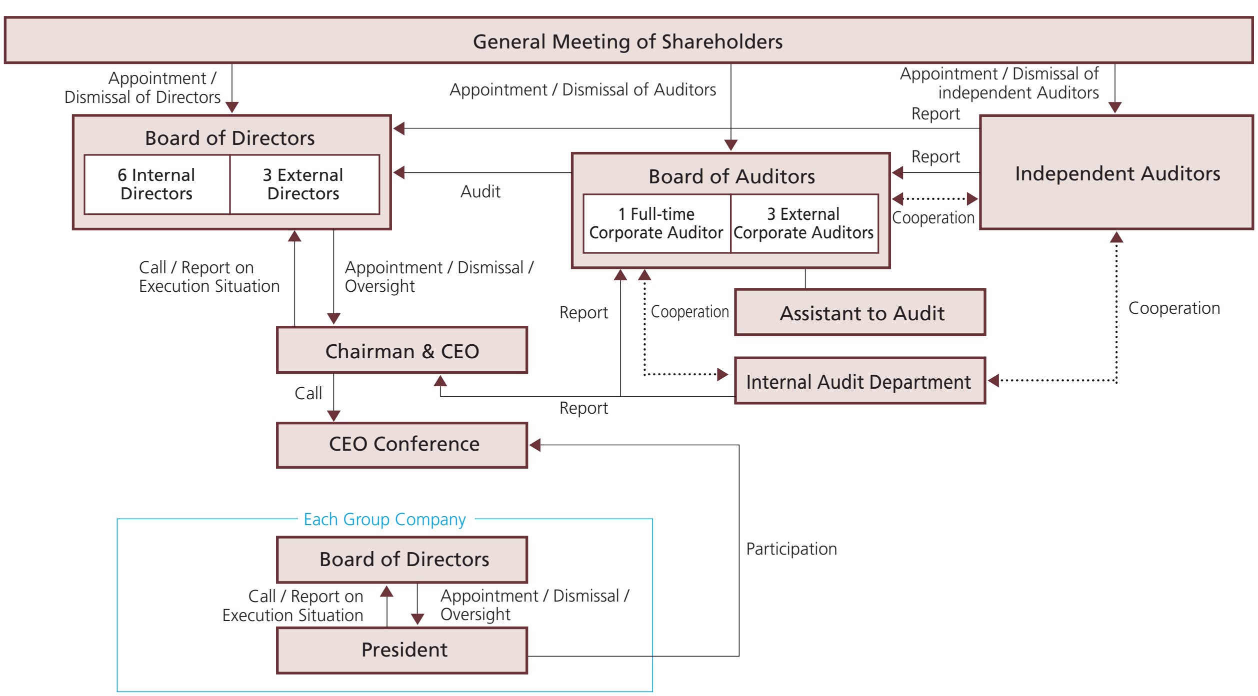
In this global age, it is also indispensable that management's highest decision making body be global in nature. For this reason, Mr. Mark Schwartz, Chairman of MissionPoint Capital Partners LLC, and Mr. Yun Ma, Chairman and CEO of the Alibaba Group, were invited to join the Board as directors in June 2006 and June 2007, respectively. We expect this to facilitate the smooth development of the SOFTBANK Group's businesses overseas, particularly in China and Asia.

Q. What steps are being taken to enhance flexibility and objectivity in management?

A. External directors, selected from a variety of fields, actively participate in management.

Of the Board's nine directors, three are external directors. The three external directors—Mr. Tadashi Yanai, Dr. Jun Murai, and Mr. Mark Schwartz—were reelected to that position at the 29th Annual General Meeting of Shareholders held in June 2009. With specialist backgrounds in the diverse fields of retailing, IT, and finance, these external directors further enhance objectivity and expertise in the Company's management. Mr. Yanai is Chairman, President and CEO of FAST RETAILING CO., LTD., the operator of stores including UNIQLO, and as a manager of one of Japan's leading retailers gives the Board a broad range of knowledge and experience. Dr. Murai, a professor on the Faculty of Environmental Information at Keio University, brings a specialist perspective as an academic with deep knowledge of the Internet. Mr. Schwartz has served in senior positions at Goldman, Sachs & Co. and related companies, and contributes to the general management of the Company based on his broad knowledge of overseas management strategies and finance.

Corporate Governance System



Corporate Governance

Messages to Shareholders and Investors from External Directors

External Director

Tadashi Yanai

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

Director since 2001

Creating an Organization that Ensures Growth

I offer advice on matters related to the general management of the SOFTBANK Group based on the knowledge and experience I have gained managing UNIQLO and other FAST RETAILING businesses. The two companies operate in different sectors—retailing for FAST RETAILING and information and telecommunications for SOFTBANK—but have the common feature of developing businesses swiftly. There are many instances in a rapidly changing competitive environment that call for speedy management decisions, and it is often important to take a step forward even if it involves risk. My recommendations are therefore always based on a balancing of risk and opportunities. One experience that has left a deep impression on me was the decision to purchase Vodafone K.K. in 2006. I felt that management should aim for growth even if this meant taking risks, and I therefore fully supported Mr. Son. The SOFTBANK Group would not have grown to where it is today if we had let that opportunity pass.

SOFTBANK has used an aggressive financial strategy to broaden the scope of its businesses. We are now in what is being called a once-in-100 year recession, which is why I believe it is important to create an organization to ensure that the steady growth driven by the mobile communications business to date will be certain to continue going forward.

External Director

Jun Murai, Ph. D.

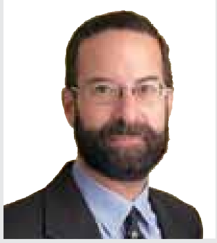
Professor
Faculty of Environmental Information
Keio University

Director since 1999

Foresight in Management Decisions

My area of specialization is information engineering, and I have been deeply involved in 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. Over the 10 years since then, I have been offering 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, and gives SOFTBANK an unparalleled competitive position in Internet markets throughout Asia as well as in Japan. At the same time, however, advances in technology never cease. This makes it important to not only have antennae extended both domestically and overseas, but also to have foresight in management decision making in order to not be left behind. As an external director, I hope to play a role in the SOFTBANK Group’s management by seeking out the latest technologies in order to facilitate appropriate management decisions.



External Director

Mark Schwartz

Chairman
MissionPoint Capital Partners, LLC

Director since 2006

Consistent International-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 have observed the investment banking market in the U.S. and in Asia for the last 30 years and utilize my knowledge of overseas management strategies and finance, and my previous experience at Goldman, Sachs & Co. and affiliated companies, in making recommendations to the Company.

SOFTBANK recently proactively resumed the disclosure of business forecasts, thereby sending a positive and confident message to the financial markets during an extremely volatile period. During the last year, the SOFTBANK Group’s business strategy was expanded toward being the No. 1 in Mobile Internet and a major Internet company in Asia, making the management of global investments a strategic priority in the future.

I will continue to support the SOFTBANK Group’s growth and offer advice regarding financial and overseas management issues.

Q. How are you fostering a sense of SOFTBANK Group unity, and using that to maximize synergies?

A. A CEO Conference is held regularly for cross-group control and management.

With more than 100 consolidated subsidiaries, the SOFTBANK Group has adopted a pure holding company system to ensure the independence and specialization of each Group company, thereby allowing for swift and accurate responses to changes in those companies' respective operating environments. The CEO Conference, which is made up of the CEOs of business holding companies and primary operating companies, meets regularly to promote the common use of information across the Group in order to generate Group synergies. The companies operating the Group's core telecommunications businesses have several of the Company's directors serving concurrently on their boards, providing focused strategy formulation and management in order to develop businesses more swiftly and efficiently.

Additionally, the Group's three telecommunications companies—SOFTBANK MOBILE Corp., SOFTBANK BB Corp., and SOFTBANK TELECOM Corp.—unified their service brand logo in April 2009 to further strengthen ties among themselves.

SoftBank

Service brand logo used by the SOFTBANK Group's three telecommunications companies

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 in order to allow objective monitoring of management functions. 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 discussed by either the Investment Committee or the Board of Directors.

Candidates for director are proposed to the General Meeting of Shareholders as a slate of candidates 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.

Message to Shareholders and Investors from External Corporate Auditor

External Corporate Auditor

Kouichi Shibayama

Certified Public Accountant
Certified Tax Accountant

Corporate Auditor since 2003

SOFTBANK's Audit System

I became an external corporate auditor of SOFTBANK in 2003, after a career as a CPA auditor and international tax consultant at PriceWaterhouse (current PricewaterhouseCoopers). Since taking on this position I have carried out my duties recognizing that corporate auditors have an important oversight duty to ensure that the structure and operation of the Company's corporate governance and internal control systems are appropriate.

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.

Compliance and Information Security

Q. What is the system and operational status of compliance?

A. In addition to establishing a Code of Conduct, all officers and employees receive training and manuals to ensure that the Code of Conduct is fully understood and implemented.

The SOFTBANK Group has established the SOFTBANK Group Officer and Employee Code of Conduct as a common code of conduct for all officers and employees of the Group companies, and various activities ensure that it is thoroughly understood. In terms of structure, 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 authority with these designated individuals makes it possible to address compliance issues quickly and with flexibility. At the Group Compliance Liaison Meeting the GCO and CCOs regularly share information and cooperate as appropriate to promote the establishment of a system that raises awareness of compliance among all officers and employees, and also to identify and resolve compliance-related issues. In addition, a Group Hotline has been established to receive reports and discuss compliance-related issues from all the 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.

As a next step to build on the rules and structures that have been created, efforts are being made to instill and teach an awareness of compliance. Group officers and others attend compliance training sessions, and a "Compliance Awareness Month" is conducted for all the 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, is also distributed to all officers and employees to raise their awareness of compliance issues.

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 receive thorough education and training. Daily improvements are also being made to achieve comprehensive security at the Group companies, through technologies and operations as well as the information security system.

The SOFTBANK Group appoints a Group Chief Information Security Officer (GCISO) as the person clearly responsible for information security throughout the entire Group. The Group Information Security Committee (G-ISC), chaired by the GCISO and comprising the business holding companies' information security officers, 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 meets regularly to aggressively promote information security measures and activities across the entire Group in several ways—organizationally, physically, technically, and concerning personal matters.

Poster encouraging security measures

Enhance knowledge and awareness through e-learning

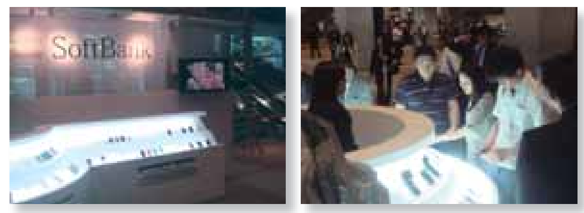
In addition, a set of SOFTBANK Group Guidelines for Information Security Measures has been formulated to ensure that all the Group companies have a common awareness and are taking appropriate measures regarding information security. These guidelines are regularly reviewed to keep pace with environmental changes and technological innovation. A Fundamental SOFTBANK Group Information Security Policy and a SOFTBANK Group Personal Information Protection Policy have been formulated for the handling of personal information and information assets in general, and are being circulated throughout the Group. A handbook covering information security is also distributed to officers and employees to increase their 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. This is not limited to directors and regular employees—all persons employed in the Group operations receive this training to ensure a thorough level of information security throughout the entire Group.

Disclosure of Information

Q. What steps are being taken to invigorate the General Meeting of Shareholders?

A. We encourage as many shareholders as possible to attend our shareholders' meeting by avoiding holding the meetings on days on which many meetings are concentrated. In addition, the Chairman himself explains 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 had roughly 360,000 shareholders as of the end of March 31, 2009, and therefore avoids dates with a large concentration of shareholders' meetings when setting the date of its meeting, so that as many shareholders as possible are able to attend. SOFTBANK was also one of the first companies to introduce Internet voting for shareholders, in 2002. Furthermore, in addition to the items legally mandated for reporting, while presiding the meeting the Chairman carefully explains the Group's mid-to-long term issues and strategies to the Annual General Meeting of Shareholders and holds a question and answer session, to help shareholders understand the Company's businesses and provide a forum for two-way communication.



SoftBank's recent mobile handsets were displayed at Shareholders' Meeting

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 company analysts is held on the day that quarterly results are announced, with the Chairman himself presenting an overview of results and explaining management strategies. From the second half of fiscal 2007, another briefing has been held on a subsequent day with the general managers of the accounting and finance divisions presenting the results into more detail. In addition to quarterly results, the Chairman and CEO 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, employees of the IR department have also visited the offices of securities companies to give briefings for individual investors and securities companies' branch sales staff, with 12 of these briefings given in 8 prefectures during fiscal 2009.

Fiscal 2009 Earnings Results Briefing (April 30, 2009)

Q. What measures are being taken to eliminate information gaps?

A. A variety of measures are being taken to ensure that individual investors and overseas investors are not at a disadvantage in terms of receiving information.

In principle, earnings results briefings and press conferences are streamed live on our website in both English and Japanese, the briefings and the Annual General Meeting of Shareholders can be accessed on demand for viewing at any time. An English-dubbed version of the Annual Meeting of Shareholders was also added to the video-on-demand lineup from fiscal 2009. The general managers of the finance and accounting departments and the manager of IR department also visit investors in Europe, the U.S., and Asia as appropriate to facilitate communication with overseas investors. At the same time, the Company actively participates in conferences held by securities companies and explains its business strategies.

Earnings results briefing streamed live on *Yahoo! Streaming*

Corporate Social Responsibility (CSR)

Q. What steps are being taken to address SOFTBANK's CSR?

A. The SOFTBANK Group aims to continue to contribute to society through its business activities. To this end, the SOFTBANK Group CSR Principles were formulated in April 2008 as a common set of goals to be jointly pursued by all stakeholders, including customers, shareholders, employees, and business partners. Under these principles, we are promoting activities focused on the common Group themes of "Building a healthy Internet society," "Cultivating a next generation that has dreams and aspirations," and "Protecting the planet's future (through environmental protection)."

Activities to build a healthy Internet society

One of the SOFTBANK Group's important roles as an "Internet company" is to make the Internet, which enriches and adds convenience to people's daily lives, safe and pleasant for the children who represent our future. While striving to further enhance services and functionality as a business operator, we are working in cooperation with guardians, school staff, academics, NPOs, and other experts who are in the position of protecting children.

Example 1: Yahoo Japan Corporation

Yahoo! Kids

This "portal for children" leads to carefully selected websites including educational content and dietary information that is appropriate for children, and can also be enjoyed together with guardians or teachers. *Yahoo! Kids Mobile*, launched in December 2007, is widely enjoyed by SOFTBANK and other operators' users.

Yahoo! Anshin Net

This service can be used to restrict access to websites that could be harmful to children, limit the number of hours of Internet use per day, and check the viewing history for a website, with the special feature of allowing the guardian to set a specific filtering level based on the child's age and the family's Internet usage policy.

Research panel on Internet use by children

Providing children with a safe and convenient Internet environment requires not only Internet service providers, but also guardians, school staff, and academics and other experts to conduct coordinated surveys and research, and to make those results available to the public. With this in mind, Yahoo Japan and other companies jointly set up this research panel in April 2008, and the panel is making the results of its research and the details of its activities widely available.

Example 2: SOFTBANK MOBILE Corp.

"Kodomobile," "fanfun.petit" for peace of mind

"Kodomobile SoftBank 820T" –photo– and "fanfun.petit SoftBank 831T" (both manufactured by TOSHIBA) mobile phone handsets are geared for children, to ensure their safety and give peace of mind to their parent or guardian. These handsets have functions to restrict voice, e-mail and web access, and to limit the numbers that can be called. Other features include the mobile presence application *Idokoro-mail*, which automatically sends an e-mail message when the child has reached its destination. In the event of an emergency, simply flipping a switch will trigger a loud alarm and also dial a preregistered guardian, or send an e-mail to inform them of the child's location.

“Let’s Think about Mobile Phones“ program to promote information ethics

In addition to simply telling children, “Don’t do that,” it is important to give them an opportunity to stop and think about how they use their mobile phone, in order to prevent various problems associated with mobile phone use and resolve issues like “mobile phone dependence.” In cooperation with the Association of Corporation and Education (NPO) “Let’s Think about Mobile Phones,” a set of teaching materials (instructional booklet and DVD) –photo– has been distributed for free to elementary, middle and high schools throughout Japan since December 2008. This material enables schools to teach young people how to safely use mobile phones in their daily lives and how to handle related troubles. Examples of the support we offer for teachers to carry out smooth and effective classes include seminars for school staff, showing them teaching examples and sharing problems that arise in classrooms with successful ways to resolve these, as well as sample classes at a number of elementary and middle schools.

Cultivating a next generation that has dreams and aspirations

SOFTBANK’s history has been one of using customer-orientated ideas to challenge old practices without hesitation, in order to realize the aspiration of “Making the world more fun and abundant through the Internet.” This is why we are able, and consider it our mission, to convey the importance and joy of “Embracing aspirations, and taking up the challenge to achieve them” to the next generation.

Example 1: Fukuoka SOFTBANK HAWKS Corp.

HAWKS JUNIOR ACADEMY Baseball School

The NPO HAWKS JUNIOR ACADEMY, established by the Fukuoka SOFTBANK HAWKS, holds baseball classes to enable children to experience through baseball the joy of pursuing dreams and goals. These activities primarily take place in the team’s home territory of Kyushu, but with the assistance of various SOFTBANK Group companies, four sessions spread over two days were also held in Tokyo during fiscal 2009. In the Kyushu area, in addition to the baseball school, the team invites children from children’s institutions to the *FUKUOKA Yahoo! JAPAN DOME* to see the HAWKS play.

Baseball class held in Tokyo (November 2008)

Example 2: SOFTBANK MOBILE Corp.

Supporting the education of persons with hearing difficulties using mobile phones

Together with NPOs and Tsukuba University of Technology, live tests of the “mobile remote information assuring system” commenced in April 2009. This system converts lectures to text on a mobile phone for students who have hearing difficulties when they attend classes. This is a social contribution activity that plays to the SOFTBANK Group’s strengths, supporting people who are overcoming obstacles to learn and become self-reliant, while also drawing attention to the possibilities of mobile phones and the Internet.

Content of lecture shown in real time on mobile phone

Protecting the planet's future (through environmental protection)

The activities of any business take a certain toll on the earth's environment. Nevertheless, we will not be able to maintain continuous business growth or educate the next generation of children unless we first take good care of the earth's environment. As a member of society, the SOFTBANK Group strives to proactively and responsibly fulfill its duty to protect the planet's future.

Example 1: SOFTBANK MOBILE Corp.

Reducing the amount of paper resources used in manuals and packaging

SOFTBANK MOBILE is working aggressively to reduce the volume of paper resources it uses by converting invoices and various applications to an electronic format, with "Reducing the thickness of users' manuals" and "Reducing the size of boxes for individual packaging" as themes for fiscal 2009. The users' manuals included with two mobile handsets released in November 2008 were pared down to one-third the thickness of previous manuals, and the packaging for some spring 2009 models uses 30% less paper resources than was previously the case. Going forward, we intend to expand the models to which these efforts are applied, as we continue to review packaging and enclosed documents from a customer perspective, to further reduce waste in our use of resources.

Thinner manuals & smaller boxes

Example 2: SOFTBANK BB Corp.

Making call centers 100% paperless

SOFTBANK BB's call centers initially used large amounts of paper for manuals, notepads, posters, etc., but after individually reviewing each area and switching to alternative methods or improving operations, the call centers have successfully become 100% paperless, saving the equivalent of 3.12 million sheets of standard-sized A4 paper annually. These efforts are effective for both reducing the amount of paper resources used and for preventing leaks of information, and are being rolled out to divisions other than call centers.

White boards used instead of note pads

In Focus: Continued Inclusion in "FTSE4Good" SRI Index

SOFTBANK and Yahoo Japan continued to be constituents of the "FTSE4Good Index," a series of global indices for socially responsible investing (SRI), in fiscal 2009. Both companies are recognized for having built constructive relationships with stakeholders and for proactively working to protect the environment, and have been included in the index continuously since September 2007.

FTSE4Good is a series of indices established by the British company FTSE for investors who are concerned about CSR and sustainability. The index identifies companies that meet globally recognized standards for corporate responsibility, to facilitate investment in those companies.

FTSE4Good

Directors and Corporate Auditors (As of June 24, 2009)

Directors

Chairman & CEO

Masayoshi Son

Director

Ken Miyauchi

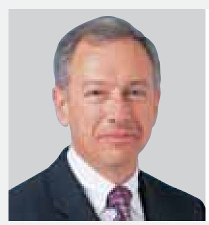
Director

Kazuhiko Kasai

Director

Masahiro Inoue

President & CEO
Yahoo Japan Corporation



Director

Ronald D. Fisher

Director & President
SOFTBANK Holdings Inc.

Director

Yun Ma

Chairman & CEO
Alibaba Group Holding Limited

Director

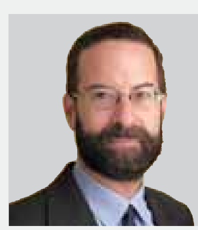
Tadashi Yanai

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.

In Focus : SOFTBANK MOBILE is Working to Prevent Unlawful Contracts!

SOFTBANK MOBILE is working with the Telecommunications Carriers Association (hereafter "TCA"), mobile and PHS operators to prevent unlawful mobile phone contracts, as a means of addressing social problems like "Furikome-Sagi" (Bank Transfer Fraud.)

In addition to cooperating with law enforcement agencies to strengthen the confirmation of personal identification when applying for contracts, SOFTBANK MOBILE, along with the TCA and other mobile and PHS operators, announced the following measures in January 2009 in order to prevent unlawful contracts:

1. Strengthening personal identification by restricting payment methods for individual contracts

In principle, bills must be paid by either credit card or automatic bank transfer, with the store making the contract confirming the name on the credit card or bank ATM card.

2. Strengthening screening by sharing contract information for lines of which personal identification cannot be confirmed among operators

SOFTBANK MOBILE will strengthen screening and share subscriber information among operators for lines that have been disconnected because personal identification could not be confirmed following an inquiry by the police based on the Act for the Prevention of Illegal Mobile Phone Use, etc.

3. Preventing large numbers of unlawful contracts by restricting the number of lines per individual subscriber

The number of lines for which an individual may subscribe is, in principle, limited to a maximum of five, to prevent a large number of unlawful contracts to be made under one name.

Furthermore, SOFTBANK MOBILE has implemented the following measures to prevent mobile handsets acquired unlawfully with counterfeit documentation from being used in crimes or bought and sold in Internet auctions:

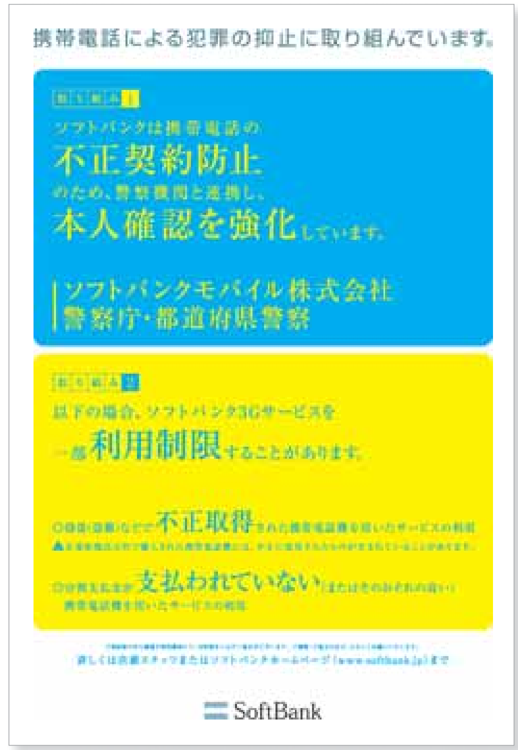
1. Restriction of services on illegally acquired handsets

When it is discovered from a criminal act like theft (robbery) or fraud that a mobile handset has been illegally acquired, or that payments for a handset purchased under an installment sales plan have not been made, the use of 3G services with that handset will be restricted by disconnecting the line and terminating the contract.

2. Restriction of listing on Internet auction sites

Requesting cooperation from Internet auction site operators to restrict the listing of mobile handsets for which there is suspicion that they were acquired illegally.

SOFTBANK MOBILE will continue to further strengthen its efforts to prevent unlawful contracts and the distribution of mobile handsets that have been acquired illegally.



Poster (translated for reference only) displayed in stores concerning vigilance in preventing unlawful contracts

SOFTBANK MOBILE is working to prevent crimes committed with mobile phones

Measure 1
In cooperation with law enforcement agencies, SOFTBANK MOBILE is strengthening personal identification confirmations to prevent unlawful contracts for mobile phones.

SOFTBANK MOBILE Corp.
National Police Agency, Prefectural Police Agencies

Measure 2
The use of SoftBank 3G services will be restricted in the following cases:

The use of services on a mobile handset that has been illegally acquired via theft, robbery, etc.
Handsets that are purchased at locations other than official retail outlets may include unlawfully obtained handsets.

The use of services on a mobile handset for which installment payments have not been made (or for which there is a strong concern of nonpayment).

Confirmation of personal identification and a usage survey may require some time when applying for a contract, we ask for your cooperation and understanding.

Please contact our store sales staff or visit our website (www.softbank.jp) for more information.

FACTS & FIGURES

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Macro and Semi-macro Data

Fiscal years ended March 31

(Thousands)	FYE 2007	EOQ in FY 2008				EOQ in FY 2009			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Mobile Telecommunications									
Mobile phone subscribers	96,718	98,056	99,334	100,525	102,725	103,648	104,834	105,825	107,487
3G	69,909	74,691	79,322	83,304	88,097	90,832	93,653	96,067	99,631
Non-3G	26,809	23,365	20,012	17,221	14,628	12,816	11,181	9,758	7,856
Prepaid contracts	—	2,300	2,192	2,092	2,109	1,716	1,635	1,590	1,541
Mobile IP connection service	84,372	85,648	86,532	87,283	88,686	89,277	89,728	90,173	91,185
Number of PHS contracts	4,980	5,022	4,956	4,772	4,615	4,615	4,587	4,570	4,563
Total number of mobile phone and PHS contracts	101,698	103,078	104,289	105,297	107,340	108,263	109,420	110,395	112,050
Fixed-line Telecommunications									
Internet penetration									
Internet users	87,540*1	—	—	88,110	—	—	—	90,910	—
Population penetration rate (%)	72.6*1	—	—	73.0	—	—	—	75.3	—
Broadband service penetration									
DSL	14,013	13,794	13,483	13,133	12,711	12,290	11,967	11,602	11,184
FTTH	8,795	9,686	10,509	11,330	12,154	13,087	13,757	14,418	15,017
CATV	3,607	3,692	3,748	3,827	3,872	3,956	4,019	4,083	4,111
Broadband service subscribers	26,415	27,172	27,740	28,290	28,737	29,333	29,743	30,103	30,312
Household penetration rate*2 (%)	51.7	—	—	—	55.6	—	—	—	57.9
Wireless LAN contracts	6,099	6,364	6,506	6,723	6,864	7,110	7,241	7,359	7,430
IP-VPN contracts	299	308	323	332	343	348	366	381	385
Wide-area Ethernet contracts	196	203	212	222	232	236	245	254	259
IP telephone numbers in use	14,478	15,400	16,119	16,766	17,535	18,279	19,047	19,586	20,218
Subscriber telephones	48,169	47,374	46,614	45,756	44,782	43,942	43,161	42,355	41,370
ISDN	6,996	6,843	6,716	6,590	6,453	6,319	6,198	6,072	5,929
Total number of subscriber telephone and ISDN contracts	55,165	54,217	53,330	52,346	51,235	50,261	49,359	48,427	47,299

*1 As of December 31, 2006.
*2 FYE 2009, FYE 2008, and FYE 2007 calculations based on number of households in Basic Resident Register FYE 2008 (52.32 million), FYE 2007 (51.71 million), and FYE 2006 (51.10 million), respectively.
(Note) Based on Ministry of Internal Affairs and Communications and Telecommunications Carriers Association data, however, accuracy of transcription is not guaranteed.

SOFTBANK Group in Figures

Fiscal years ended March 31

Principal Operational Data

	FY 2007	FY 2008	FY 2009	EOQ in FY 2009			
				Q1	Q2	Q3	Q4
Mobile Communications							
Cumulative subscribers (thousands)	15,909	18,586	20,633	19,112	19,633	20,000	20,633
Market share*1 (%)	16.4	18.1	19.2	18.4	18.7	18.9	19.2
3G (thousands)	7,660	14,048	18,654	15,113	16,321	17,249	18,654
3G ratio (%)	48.2	75.6	90.4	79.1	83.1	86.2	90.4
Net addition (Total for the period) (thousands)	699	2,677	2,047	526	521	367	633
Market share*1 (%)	14.2	44.6	43.0	9.4	44.0	37.0	38.1
3G (thousands)	4,623	6,388	4,606	1,065	1,208	928	1,405
2G (thousands)	(3,924)	(3,711)	(2,559)	(539)	(687)	(561)	(772)
ARPU*2							
Total (¥ / month)	5,510	4,650	4,070	4,180	4,170	4,090	3,830
Voice (¥ / month)	4,150	3,150	2,320	2,530	2,460	2,300	2,020
Data (¥ / month)	1,360	1,490	1,740	1,650	1,710	1,790	1,820
Data ratio (%)	24.7	32.1	42.8	39.5	41.0	43.8	47.5
Churn rate (% / month)	1.50	1.32	1.00	0.98	0.98	0.91	1.13
3G Churn rate*3 (% / month)	1.54	0.95	0.77	0.72	0.76	0.69	0.90
Upgrade rate (% / month)	2.61	2.20	1.71	1.27	1.91	1.67	1.98
Average acquisition cost per subscriber (¥)	33,200	32,300	39,100	35,600	35,500	38,300	45,300
Broadband Infrastructure							
Yahoo! BB ADSL							
Installed lines (thousands)	5,164	4,809	4,299	4,653	4,551	4,427	4,299
BB Phone only (thousands)	70	53	40	48	45	43	40
8M (thousands)	1,276	1,144	1,008	1,101	1,077	1,043	1,008
12M (thousands)	2,137	1,889	1,628	1,807	1,750	1,688	1,628
26M (thousands)	294	248	200	232	221	210	200
50M (thousands)	1,387	1,475	1,422	1,466	1,458	1,442	1,422
50M ratio (%)	26.9	30.7	33.1	31.5	32.0	32.6	33.1
Wireless LAN subscriptions (thousands)	1,503	1,453	1,261	1,404	1,363	1,308	1,261
Wireless LAN ratio (%)	29.1	30.2	29.3	30.2	30.0	29.5	29.3
ARPU*2*4 (¥ / month)	—	—	—	4,282	4,279	4,278	4,262
Churn rate (% / month)	1.69	1.91	2.08	2.25	1.92	1.92	2.23
Fixed-line Telecommunications							
Number of *OTOKU Line**5 lines (thousands)	1,221	1,401	1,608	1,443	1,498	1,544	1,608
Internet Culture							
Yahoo! JAPAN total monthly page views*6 (millions)	37,297	43,145	46,187	43,988	43,433	41,111	46,187
Yahoo! JAPAN unique browsers*7 (millions)	130	160	205	176	173	190	205
Average number of total listed items*8 on *Yahoo! Auctions* (millions)	13	16	19	15	16	18	19

*1 Calculated by the Company based on Telecommunications Carriers Association statistical data.
*2 Average Revenue Per User.
*3 Excluding prepaid handsets.
*4 SOFTBANK BB Corp., provider of *Yahoo! BB ADSL*, sold its modem rental business in December 2005. ARPU shown includes modem rental fee, and is on an average payment per contract basis.
*5 A direct-connection fixed-line voice service provided by SOFTBANK TELECOM Corp.
*6 Number of accesses to *Yahoo! JAPAN* group sites during final month of the fiscal year or quarter.
*7 Number of browsers accessing *Yahoo! JAPAN* services during final month of the fiscal year or quarter.
*8 Total daily average number of items listed during final month of the fiscal year or quarter.
(Note) Internet Culture segment figures are based on data publicly released by Yahoo Japan Corporation, operator of *Yahoo! JAPAN*. Figures are rounded.

SOFTBANK Group in Figures

SOFTBANK CORP. AND CONSOLIDATED SUBSIDIARIES Fiscal years ended March 31

Business Segment Financial Data

(Millions of yen)	FY 2007	FY 2008	FY 2009	EOQ in FY 2009			
				Q1	Q2	Q3	Q4
Mobile Communications*1							
Net sales	¥1,442,040	¥1,630,852	¥1,562,891	¥372,586	¥401,375	¥376,861	¥412,069
Operating income	155,743	174,570	171,390	44,273	43,891	46,748	36,478
Operating margin (%)	10.8	10.7	11.0	11.9	10.9	12.4	8.9
EBITDA*2	321,484	385,466	403,810	99,514	101,168	103,033	100,095
EBITDA margin (%)	22.3	23.6	25.8	26.7	25.2	27.3	24.3
Capital expenditure*3	308,406	235,396	199,177	37,493	38,757	52,909	70,018
Depreciation and amortization	109,018	141,768	161,518	38,680	39,603	40,919	42,316
Broadband Infrastructure							
Net sales	¥264,228	¥258,069	¥235,199	¥60,127	¥59,911	¥58,377	¥56,784
Operating income	26,810	39,700	47,253	10,476	11,789	14,341	10,647
Operating margin (%)	10.1	15.4	20.1	17.4	19.7	24.6	18.7
EBITDA*2	55,601	70,314	70,954	16,394	17,595	20,141	16,824
EBITDA margin (%)	21.0	27.2	30.2	27.3	29.4	34.5	29.6
Capital expenditure*3	22,106	21,293	14,590	4,761	3,010	3,113	3,706
Depreciation and amortization	27,222	26,521	21,974	5,655	5,381	5,386	5,552
Fixed-line Telecommunications							
Net sales	¥374,130	¥370,741	¥363,632	¥88,453	¥90,005	¥90,197	¥94,977
Operating (loss) income	(2,965)	3,340	18,968	798	4,759	5,778	7,633
Operating margin (%)	—	0.9	5.2	0.9	5.3	6.4	8.0
EBITDA*2	42,589	47,965	64,373	12,222	16,191	17,163	18,797
EBITDA margin (%)	11.4	12.9	17.7	13.8	18.0	19.0	19.8
Capital expenditure*3	37,686	21,825	29,589	5,100	8,197	9,598	6,694
Depreciation and amortization	40,826	38,060	36,767	9,216	9,205	9,168	9,178
Internet Culture							
Net sales	¥194,212	¥247,643	¥254,238	¥62,327	¥63,259	¥64,248	¥64,404
Operating income	96,544	115,237	125,098	30,543	30,646	30,872	33,037
Operating margin (%)	49.7	46.5	49.2	49.0	48.4	48.1	51.3
EBITDA*2	106,207	126,459	137,389	33,084	33,696	34,170	36,439
EBITDA margin (%)	54.7	51.1	54.0	53.1	53.3	53.2	56.6
Capital expenditure*3	15,017	10,578	9,887	2,740	3,098	2,196	1,853
Depreciation and amortization	8,007	9,629	10,843	2,355	2,593	2,889	3,006

	FY 2007	FY 2008	FY 2009	EOQ in FY 2009 Q1	Q2	Q3	Q4
e-Commerce							
Net sales	¥271,571	¥270,724	¥258,184	¥62,459	¥65,522	¥64,706	¥65,497
Operating income	6,681	3,157	4,636	1,010	1,737	1,055	834
Operating margin (%)	2.5	1.2	1.8	1.6	2.7	1.6	1.3
EBITDA*2	7,765	4,306	6,107	1,338	2,191	1,391	1,187
EBITDA margin (%)	2.9	1.6	2.4	2.1	3.3	2.2	1.8
Capital expenditure*3	2,858	1,419	1,288	152	324	303	509
Depreciation and amortization	1,028	1,085	1,123	277	265	284	297
Others							
Net sales	¥90,785	¥99,873	¥88,227	¥21,818	¥24,190	¥20,557	¥21,662
Operating (loss) income	(4,730)	(5,121)	(194)	(759)	3,383	(2,855)	37
Operating margin (%)	—	—	—	—	14.0	—	0.2
EBITDA*2	(1,647)	(1,721)	3,115	45	4,207	(1,987)	850
EBITDA margin (%)	—	—	3.5	0.2	17.4	—	3.9
Capital expenditure*3	3,728	3,209	4,563	1,333	637	1,018	1,575
Depreciation and amortization	2,991	3,192	3,789	817	1,021	1,023	928
Elimination or Corporate							
Net sales	¥(92,747)	¥(101,733)	¥(89,336)	¥(20,515)	¥(22,520)	¥(21,681)	¥(24,620)
Operating (loss) income	(7,017)	(6,596)	(8,030)	(1,255)	(1,291)	(1,249)	(4,235)
EBITDA*2	(6,571)	(6,127)	(7,112)	(1,113)	(975)	(1,014)	(4,010)
Consolidated							
Net sales	¥2,544,219	¥2,776,169	¥2,673,035	¥647,255	¥681,742	¥653,265	¥690,773
Operating income	271,066	324,287	359,121	85,086	94,914	94,690	84,431
Operating margin (%)	10.7	11.7	13.4	13.1	13.9	14.5	12.2
EBITDA*2	525,428	626,662	678,636	161,484	174,073	172,897	170,182
EBITDA margin (%)	20.7	22.6	25.4	24.9	25.5	26.5	24.6
Capital expenditure*3	389,801	293,720	259,094	51,579	54,023	69,137	84,355
Depreciation and amortization	189,092	220,255	236,014	57,000	58,068	59,669	61,277

*1 Includes results of SOFTBANK MOBILE Corp. from May 2006.
*2 EBITDA = operating income + depreciation and amortization (including amortization of goodwill), and loss on disposal of fixed assets included in operating expenses.
EBITDA margin = EBITDA / net sales.
*3 Includes capital expenditure via lease financing.

Clear-cut Communications WITH Society

FINANCIAL SECTION

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ELEVEN-YEAR SUMMARY

SOFTBANK CORP. AND CONSOLIDATED SUBSIDIARIES   Fiscal years ended March 31

(Millions of yen)	FY 1999	FY 2000	FY 2001	FY 2002
Net sales	¥ 528,159	¥ 423,220	¥ 397,105	¥ 405,315
Operating income (loss)	12,130	8,377	16,431	(23,901)
EBITDA*1	54,650	43,816	28,866	(10,024)
Income (loss) before income taxes and minority interests	36,640	32,168	87,009	(119,939)
Net income (loss)	37,538	8,446	36,631	(88,755)
Net cash (used in) provided by operating activities	(28,668)	349	(91,598)	(79,123)
Net cash provided by (used in) investing activities	281,005	(60,341)	(42,612)	39,751
Net cash (used in) provided by financing activities	(205,562)	220,914	24,548	1,313
Net increase (decrease) in cash and cash equivalents	53,988	160,615	(76,200)	(34,479)
Cash and cash equivalents at the end of the year	105,886	268,060	159,105	119,855
Total assets	952,578	1,168,308	1,146,083	1,163,678
Total shareholders' equity	284,976	380,740	424,261	465,326
Interest-bearing debt*2	444,392	418,706	413,442	365,644
Net interest-bearing debt*2*3	351,790	163,997	243,042	232,016

Major Indicators

Operating margin (%)	2.3	2.0	4.1	—
Return on equity (%)	14.2	2.5	9.1	(20.0)
Equity ratio (%)	29.9	32.6	37.0	40.0
Debt / equity ratio*2 (times)	1.6	1.1	1.0	0.8
Net debt / equity ratio*2*3 (times)	1.2	0.4	0.6	0.5

Per Share Data*4 (Yen)

Net income (loss)	¥ 365.38	¥ 78.05	¥ 110.47	¥ (263.53)
Net income (loss) after retroactive adjustment*7	40.60	8.67	36.82	(87.84)
Shareholders' equity	2,719.35	3,456.55	1,260.14	1,381.31
Shareholders' equity after retroactive adjustment	302.15	384.06	420.05	460.44
Cash dividends	20.00	20.00	7.00	7.00
Cash dividends after retroactive adjustment	2.22	2.22	2.33	2.33

Others

Shares outstanding (thousands of shares)	104,796	110,150	336,677	336,872
Consolidated subsidiaries	71	143	216	285
Equity method non-consolidated subsidiaries and affiliates	20	53	117	113
Number of public companies*5	7	13	21	17
Number of employees*6	1,002	7,219	4,312	4,375

*1 Until fiscal 2004, EBITDA = operating income (loss) + interest income and dividends + depreciation + amortization.
From fiscal 2005, EBITDA = operating income + depreciation and amortization (including amortization of good will), and loss on disposal of fixed assets included in operating expenses.

*2 Excludes lease obligations. From fiscal 2008 this includes cash receipts as collateral from financial institutions, to whom the Company lent shares of its subsidiary under security deposit agreements.

*3 Net interest-bearing debt = interest-bearing debt (excluding lease obligations) - cash position
Cash position = cash and cash equivalents + marketable securities + time deposits with original maturity over three months.

*4 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 is calculated based on the number of shares outstanding as of each fiscal year-end.
The adjusted figures reflect the following stock splits.
June 23, 2000 3.0:1 / January 5, 2006 3.0:1

*5 Number of subsidiaries and affiliates with publicly offered shares.

*6 Number of employees shown is on a stand-alone basis for fiscal 1999 only. With the change to a pure holding company in October 1999, the number of employees shown is on a consolidated basis from fiscal 2000.

	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
	¥ 406,892	¥ 517,394	¥ 837,018	¥1,108,665	¥2,544,219	¥2,776,169	¥2,673,035
	(91,997)	(54,894)	(25,359)	62,299	271,066	324,287	359,121
	(69,781)	(20,705)	44,095	149,913	525,428	626,662	678,636
	(71,474)	(76,745)	(9,549)	129,484	208,574	225,887	107,338
	(99,989)	(107,094)	(59,872)	57,551	28,815	108,625	43,172
	(68,600)	(83,829)	(45,989)	57,806	311,202	158,258	447,858
	119,749	81,878	(242,944)	27,852	(2,097,937)	(322,461)	(266,295)
	(17,615)	306,390	277,771	30,078	1,718,385	284,727	(210,348)
	27,805	290,980	(9,689)	126,642	(65,277)	113,517	(31,169)
	147,526	437,133	320,195	446,694	377,521	490,267	457,644
	946,331	1,421,207	1,704,854	1,808,399	4,310,853	4,558,902	4,386,672
	257,396	238,081	178,017	242,768	282,950	383,743	374,094
	340,795	575,541	853,918	905,293	2,394,403	2,532,969	2,400,391
	188,232	134,858	531,680	454,614	2,008,149	2,036,879	1,939,521
	—	—	—	5.6	10.7	11.7	13.4
	(27.7)	(43.2)	(28.9)	27.4	11.0	32.6	11.4
	27.2	16.8	10.4	13.4	6.6	8.4	8.5
	1.3	2.4	4.8	3.7	8.5	6.6	6.4
	0.7	0.6	3.0	1.9	7.1	5.3	5.2
	¥ (296.94)	¥ (314.72)	¥ (171.03)	¥ 54.36	¥ 27.31	¥ 101.68	¥ 39.95
	(98.98)	(104.91)	(57.01)	54.36	27.31	101.68*8	39.95*8
	767.56	677.40	505.86	229.88	268.02	355.15	346.11
	255.85	225.80	168.62	229.88	268.02	355.15	346.11
	7.00	7.00	7.00	2.50	2.50	2.50	2.50
	2.33	2.33	2.33	2.50	2.50	2.50	2.50
	335,293	351,404	351,457	1,055,082	1,055,704	1,080,501	1,080,855
	269	177	153	153	118	109	108
	116	103	108	87	66	67	74
	14	14	11	11	11	14	13
	4,966	5,108	12,949	14,182	17,804	19,040	21,048

*7 A typographical error in the Per Share Data was corrected as follows:
(Typo) Net income (loss) - diluted
(Correction) Net income (loss) after retroactive adjustment

*8 Due to a typographic error, the figures for the net income after retroactive adjustment for the years ended March 31, 2008 and March 31, 2009 were corrected on December 18, 2009.

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

Highlights

- Record operating income for 4 consecutive fiscal years; 10.7% increase from fiscal 2008
- EBITDA grew, and EBITDA margins rose, at all segments
- Dramatic improvement in free cash flow to ¥181.5 billion (a ¥345.7 billion increase)

(Note) Free cash flow = cash flows from operating activities + cash flows from investing activities

Scope of Consolidation

As of March 31, 2009, the SOFTBANK Group comprised SOFTBANK CORP. (a pure holding 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	Main Business and Name of Core Companies
Mobile Communications	6	2	Provision of mobile communication services and sale of mobile phones accompanying the services, etc. (Core company: SOFTBANK MOBILE)
Broadband Infrastructure	6	3	Provision of ADSL and fiber-optic high-speed Internet connection service, IP telephony service, and provision of content etc. (Core company: SOFTBANK BB*1)
Fixed-line Telecommunications	3	—	Provision of fixed-line telecommunication services, etc. (Core company: SOFTBANK TELECOM *1)
Internet Culture	17	18	Internet-based advertising operations, portal business and auction business, etc. (Core company: Yahoo Japan*1*2)
e-Commerce	7	4	Distribution of PC software and hardware including PCs and peripherals and enterprise solutions, and diversified e-commerce businesses, including business transaction platforms (B2B) and consumer-related e-commerce (B2C), etc. (Core companies: SOFTBANK BB*1 Vector Inc., Carview)
Others*3	69	47	Technology Services, Media & Marketing, Overseas Funds, and Other businesses (Core companies: SOFTBANK TECHNOLOGY, SOFTBANK Creative, ITmedia, Fukuoka SOFTBANK HAWKS Marketing)
Total	108	74	

(Note) "Corp." and "Co., Ltd." are omitted from company names.

*1 SOFTBANK BB, SOFTBANK TELECOM, and Yahoo Japan are included in as consolidated subsidiaries in the Broadband Infrastructure, Fixed-line Telecommunications, and Internet Culture segments, respectively, while SOFTBANK BB, SOFTBANK TELECOM, and Yahoo Japan operate multiple businesses and their operating results are allocated to multiple business segments.

*2 SOFTBANK IDC Solutions (its company name changed from SOFTBANK IDC on February 2, 2009), which was previously included in the Fixed-line Telecommunications segment, merged with Yahoo Japan on March 30, 2009. As a result of this merger, the datacenter business that was taken over from SOFTBANK IDC by Yahoo Japan is included in the Internet Culture segment from the end of fiscal 2009.

*3 Broadmedia, which belonged to the Broadmedia segment that was previously included in Others above, changed from a consolidated subsidiary to an equity method affiliate as the result of a capital increase via third-party allotment of shares implemented on May 16, 2008. The Broadmedia segment was therefore disbanded in the first quarter of fiscal 2009.

IN DETAIL (1) Changes at Subsidiaries

	Companies		Companies
Consolidated subsidiaries	108	Equity method affiliates	70
New	11	New	15
Excluded	12	Excluded	9
Non-consolidated subsidiaries	65	Non-consolidated subsidiaries not accounted for by the equity method	61
Equity method non-consolidated subsidiaries	4	Affiliates not accounted for by the equity method	20
New	1		

As of March 31, 2009, the Company held 65 non-consolidated subsidiaries (of which, 4 companies were accounted for under the equity method and 61 companies were not accounted for under the equity method). These subsidiaries have a very minor impact on the consolidated earnings results and therefore their significance is deemed low.

Analysis of Consolidated Operating Results in Fiscal 2009

1. Overview

The Group designated 2008 as the "Year of the Internet Machine," and strove to further pursue and popularize the possibilities of mobile Internet. Main initiatives undertaken during fiscal 2009 (April 1, 2008–March 31, 2009) included the release of the iPhone 3G and other attractive handsets, and the launch of FMC*4 services including *White Call 24, White Line 24,* and *White Office*, by the Group's three telecommunications companies—SOFTBANK MOBILE Corp. (hereafter "SOFTBANK MOBILE"), SOFTBANK BB Corp. (hereafter "SOFTBANK BB"), and SOFTBANK TELECOM Corp. (hereafter "SOFTBANK TELECOM"). In addition, efficient sales promotions were carried out in the peak sales seasons, proactive efforts were made to acquire corporate subscriptions, and SOFTBANK MOBILE launched attractive mobile phone services including *MOBILE WIDGET* and *S-1 BATTLE*.

This has led to SOFTBANK MOBILE being No. 1 in monthly net subscriber additions*5—new subscriptions minus cancellations—for the 23 consecutive months since May 2007. Net subscriber additions for fiscal 2009 totaled 2,046,700, which was also No. 1 on an annual basis for the second consecutive year*5. The total number of subscribers as of March 31, 2009, stood at 20,632,900, with more than 90% of these being 3G handset subscriptions.

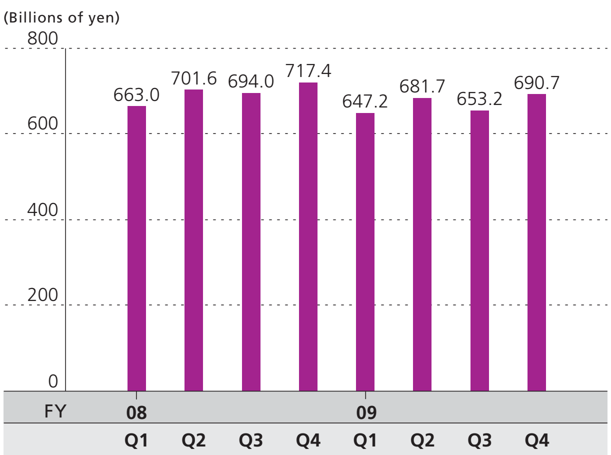
As a result, the Group's net sales totaled ¥2,673,035 million, with operating income of ¥359,121 million, marking the fourth consecutive year of record operating income. The Group also began announcing forecasts for consolidated operating income and consolidated free cash flow with the announcement of fiscal 2009 second-quarter results (on October 29, 2008), and fiscal 2009 results exceeded those forecasts.

*4 Fixed Mobile Convergence.
*5 Calculated by the Company based on Telecommunications Carriers Association statistical data.

2. Net sales

Net sales totaled ¥2,673,035 million, a ¥103,134 million (3.7%) decrease year-on-year. The decline came primarily from a ¥67,961 million decrease in net sales at the Mobile Communications segment on lower handset sales.

Net Sales

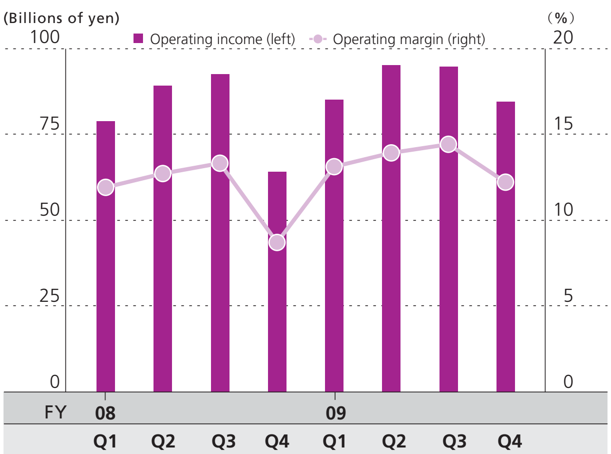


3. Operating income

Operating income came to ¥359,121 million, a ¥34,834 million (10.7%) increase year-on-year. In addition to continuing cost reductions at SOFTBANK TELECOM and SOFTBANK BB, there was a contribution from steady profit growth at Yahoo Japan Corporation (hereafter "Yahoo Japan"), operating income grew by ¥15,628 million (467.9%) at the Fixed-line Telecommunications segment, by ¥9,861 million (8.6%) at the Internet Culture segment, and by ¥7,553 million (19.0%) at the Broadband Infrastructure segment.

The cost of sales was ¥1,365,903 million, which was ¥101,461 million (6.9%) less than in fiscal 2008. The decrease came mainly from lower costs of goods sold at the Mobile Communications and e-Commerce segments, and a decline in telecommunications equipment usage fees at the three telecommunications companies. Selling, general & administrative expenses came to ¥948,011 million, a ¥36,507 million (3.7%) decline, primarily attributable to lower expense related to doubtful accounts at the Mobile Communications segment and lower selling-related expenses at the Broadband Infrastructure segment.

Operating Income



4. Income before income taxes and minority interests

Income before income taxes and minority interests totaled ¥107,338 million, a decrease of ¥118,549 million (52.5%) year-on-year.

A ¥55,411 million gain from equity in earnings of affiliated companies was recorded in fiscal 2008, but in fiscal 2009, ¥13,760 million equity in losses of affiliated companies was recorded. The main component of the equity in earnings recorded in fiscal 2008 was ¥57,223 million from the new listing of Alibaba.com Limited, a subsidiary of the Group's equity method affiliate Alibaba Group Holding Limited, on the Hong Kong Stock Exchange on November 6, 2007. The deterioration in equity markets during fiscal 2009 led to weaker investment performance at funds operated by equity method affiliates, resulting in a ¥13,760 million equity method investment loss.

Interest expenses totaled ¥112,346 million, a decrease of ¥2,518 million year-on-year.

A gain on the sale of investment securities of ¥3,228 million and a ¥2,972 million gain on the liquidation of a subsidiary were recorded. On the other hand, loss on additional entrustment for debt assumption of ¥75,000 million was recognized in relation to in-substance redemption before maturity (debt assumption) executed in the past for the outstanding bonds of SOFTBANK MOBILE. In addition, an impairment loss of ¥29,479 million, the main component of which was a ¥28,999 million write-off of the entire book value and removal costs for assets related to the *Yahoo! BB hikari* service operated by the Broadband Infrastructure segment, was recorded. This was coincident with the launch of the new fiber-optic Internet connection service *Yahoo! BB hikari with FLET'S* in this segment.

5. Income taxes and others

Current income taxes totaled ¥39,390 million, at the same time deferred income taxes of ¥19,674 million were recorded as credit. Current income taxes declined as a

IN DETAIL (2)

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

Actual effective tax rate in fiscal 2009 was 18.4%, which was below the 40.7% normal effective statutory tax rate.

The reasons for and effects of those differences are as follows:

Statutory income tax rate	40.7%
(Main factors behind difference)	
• Amortization of goodwill (mainly SOFTBANK MOBILE)	22.8%
• Reduction in valuation allowance	
1. Record SOFTBANK BB deferred tax assets (Due to earnings stability and lesser importance of the balance of loss carryforwards, SOFTBANK BB recognized deferred tax assets reflecting improved collectability of deferred tax assets)	(31.2%)
2. Yahoo Japan and SOFTBANK IDC Solutions merger Due to the utilization of loss carryforwards, which was not recognized as deferred tax assets by SOFTBANK IDC Solutions, after the merger of Yahoo Japan and SOFTBANK IDC Solutions.	(20.6%)
3. Other change in valuation allowance	(1.7%)
• Other	8.4%
Effective income tax rate	18.4%

(Note) "Corp." and "Co., Ltd." are omitted from company names.

result of the transfer and the utilization of loss carryforwards held by SOFTBANK IDC Solutions Corp. (hereafter "SOFTBANK IDC Solutions") to Yahoo Japan along with the merger of Yahoo Japan and SOFTBANK IDC Solutions on March 30, 2009. Taking the earnings stability and the lesser importance of the balance of loss carryforwards at SOFTBANK BB into consideration, deferred income taxes were recorded as a credit, reflecting the improved collectability of the deferred tax assets. In addition, ¥44,450 million was recorded as minority interests in net income.

As a result, net income for fiscal 2009 came to ¥43,172 million, a decrease of ¥65,453 million year-on-year.

IN DETAIL (3)

Loss Carryforwards

The outstanding amounts and expiry dates of loss carryforwards as of March 31, 2009, were as follows:

(Billions of yen)

Company Name	Balance	Expiry Date
BB Mobile	77.1	March 2015–March 2016
SOFTBANK TELECOM	85.5	March 2013–March 2016
SOFTBANK BB	23.4	March 2013
Others	129.1	March 2010–March 2016
Total	315.3	

(Note) "Corp." and "Co., Ltd." are omitted from company names.

Segment Analysis

Mobile Communications

<Overall Results>

Net sales were ¥1,562,891 million, down ¥67,961 million (4.2%) year-on-year. Operating income decreased by ¥3,180 million (1.8%) year-on-year to ¥171,390 million. The decrease in net sales was primarily a reflection of a decline in revenue from handset sales at SOFTBANK MOBILE, the segment's core company, on a decline in the number of handsets sold. However, telecom service revenue turned around to growth on a steady increase in the number of subscribers. The decline in mobile handset sales volume was caused by the economic slowdown, as well as the fact that competitors have followed SOFTBANK MOBILE's lead in introducing installment sales for handsets, resulting in longer handset tenure industry-wide. In addition, segment sales turned around to year-on-year growth in the fourth quarter.

A loss on additional entrustment of ¥75,000 million for debt assumption in relation to in-substance redemption before maturity, debt assumption, executed in the past for the outstanding bonds of SOFTBANK MOBILE was recorded.

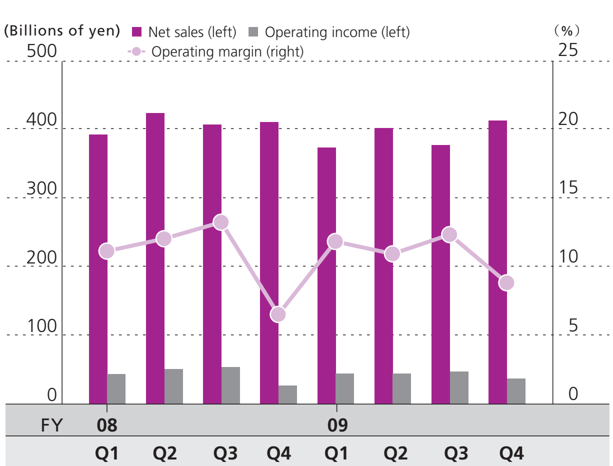
<Number of Mobile Phone Subscribers>

Net subscriber additions (new subscribers minus cancellations) at SOFTBANK MOBILE for fiscal 2009 totaled 2,046,700, maintaining SOFTBANK MOBILE's No. 1 position on an annual basis with more than two million net additions for the second consecutive year. The number of SOFTBANK MOBILE subscribers totaled 20,632,900*6 as of the fiscal year end, an 11.0% increase year-on-year, while aggregate market share rose 1.1 percentage points to 19.2%. The number of 3G subscribers totaled 18,653,600, representing more than 90% of total subscribers.

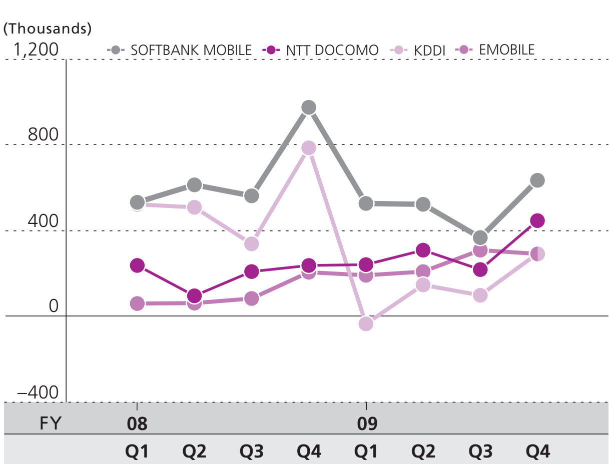
SOFTBANK MOBILE continues to promote the migration to 3G in advance of the scheduled termination of its 2G service on March 31, 2010.

*6 The total number of subscribers for SOFTBANK MOBILE includes communication module service subscribers. The number of communication module service subscribers as of the fiscal year end was 56,200.

Mobile Communications



Net Subscriber Additions by Operator



(Note) Calculated by the Company based on Telecommunications Carriers Association statistical data.

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

<Churn Rate and Upgrade Rate>

The churn rate for fiscal 2009 was 1.00%, a 0.32 percentage point decline year-on-year. The upgrade rate was 0.49 percentage points lower, at 1.71%.

<ARPU and Average Acquisition Commission per User>

Fiscal 2009 ARPU*7 was ¥4,070. This was lower than in the previous year because of a decline in voice ARPU due to an increase in the number of users *Monthly Discounts**8, a special discount for subscribers to *New Super Bonus*. There were also one-time factors including access charge tariff revisions between carriers implemented in the fourth quarter, and the fact that 2008 was a leap year. On the other hand, data ARPU rose ¥250 year-on-year, to ¥1,740, and accounted for 42.8% of total ARPU.

The average acquisition commission per user during fiscal 2009 was ¥39,100.

*7 Average Revenue Per User.

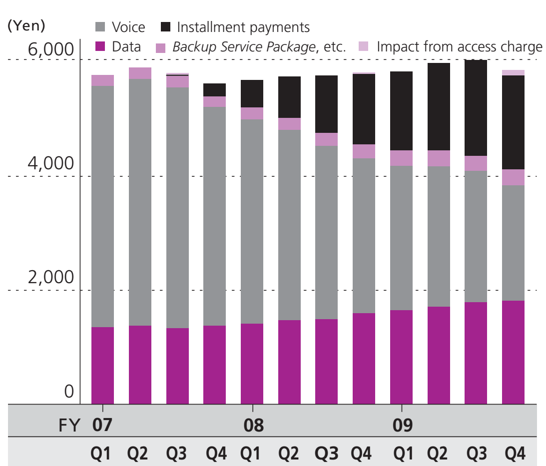
*8 The name of the *New Super Bonus Special Discount* was changed to *Monthly Discounts* in November 2008.

IN DETAIL (4)

Average Monthly Amount Paid per Contract

The average monthly amount paid per contract, consisting of the monthly usage fees for ARPU, the *Backup Service Package*, and the handset installment payment, remained roughly flat.

Average Monthly Amount Paid per Contract



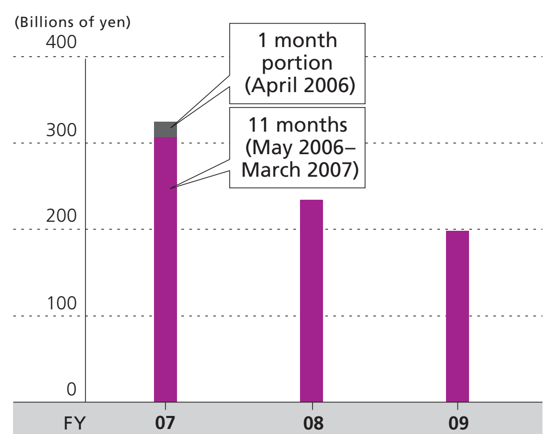
(Note) The access charge impact is not included in the average monthly amount paid per contract.

IN DETAIL (5)

Capital Expenditure

With the completion of the first cycle of major investments for equipment like 3G base stations, the Mobile Communications segment's capital expenditure has been declining after peaking in fiscal 2007.

Capital Expenditure Amounts (FY basis)



Broadband Infrastructure

<Overall Results>

Net sales totaled ¥235,199 million, which was down ¥22,870 million (8.9%) year-on-year. Operating income rose ¥7,553 million year-on-year (19.0%) to ¥47,253 million. Revenue from the ADSL business of core company SOFTBANK BB is trending lower on a decline in aggregate lines installed, but the trend of profit growth continues because of a decrease in sales related expenses like acquisition incentives and lower depreciation for telecommunications equipment, leasing expenses, etc.

<Overview of Operations>

The number of installed lines for *Yahoo! BB ADSL*, the comprehensive broadband service provided by SOFTBANK BB, totaled 4,299,000 lines at the end of fiscal 2009, and ARPU on a customer payment basis was ¥4,283 in the first quarter, ¥4,279 in the second quarter, ¥4,278 in the third quarter, and ¥4,262 in the fourth quarter. SOFTBANK BB launched the *Yahoo! BB White Plan* two-tiered flat-rate ADSL service, with a basic rate of as low as ¥490 (including tax)*9, in December 2008. The *SoftBank Keitai Set Discount*, a bundled service for users of both the *Yahoo! BB White Plan* and SOFTBANK MOBILE 3G phones, was also launched at the same time. By cross-selling with SOFTBANK MOBILE, SOFTBANK BB is creating synergies across Group companies, leading to enhanced competitiveness.

SOFTBANK BB launched the *Yahoo! BB hikari with FLET'S* service in February 2009 to address customer demand for a diverse range of broadband services. In connection with this launch, a ¥28,999 million impairment loss was recorded, representing the entire book value and removal costs for assets related to the previous *Yahoo! BB hikari*.

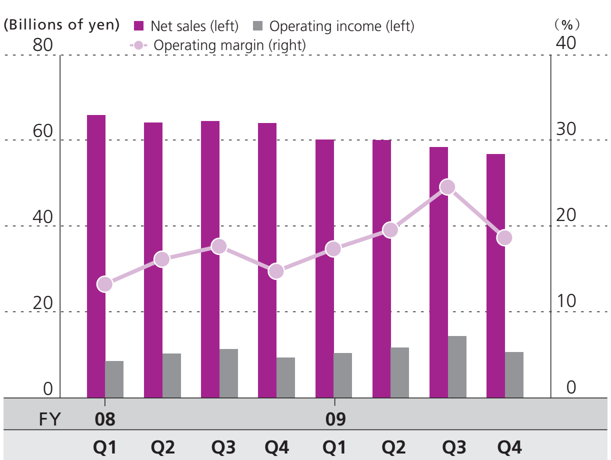
*9 Use of the *Yahoo! BB White Plan* requires a basic monthly charge (¥490–¥1,990), as well as a provider fee (¥490–¥1,990), modem rental, and line usage fees, etc.

Fixed-line Telecommunications

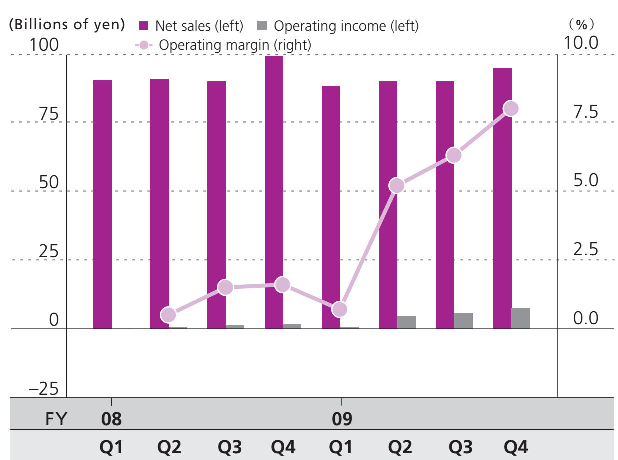
<Overall Results>

Net sales were ¥363,632 million, down ¥7,109 million (1.9%) year-on-year. Operating income totaled ¥18,968 million, a ¥15,628 million (467.9%) increase year-on-year. At the core company SOFTBANK TELECOM, revenue from the *OTOKU Line* direct connection fixed-line voice service continued to show steady growth, but the downward trend in revenue from existing voice services including *MY LINE* and from international telephone services continued. SOFTBANK TELECOM is pursuing increased management efficiency through initiatives including continuous fixed cost reductions, and with growth in the number of lines with high profitability like *OTOKU Line* and *Ether Connect*, operating income is growing by a wide margin.

Broadband Infrastructure



Fixed-line Telecommunications



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

<Overview of Operations>

SOFTBANK TELECOM continues to leverage its core *OTOKU Line* service to expand its corporate customer base. The number of *OTOKU Line* lines installed is increasing steadily and stood at 1,608,000 as of the fiscal year end, for an increase of 206,000 (14.7%) from the end of the previous year. Corporate customers constituted 77.6% of the total number of lines, and this figure continues to rise.

SOFTBANK TELECOM launched the *White Line 24* discount service, which provides free domestic voice calls, 24 hours a day, between subscribers of SOFTBANK TELECOM's *OTOKU Line* service and SoftBank mobile phones (*White Plan*), in June 2008. SOFTBANK TELECOM also launched the *White Office* corporate FMC service, which enables mobile phones to be used as extension lines of fixed-line telephones, in March 2009. SOFTBANK TELECOM will keep working to enhance synergies with the Mobile Communications segment and further strengthen the corporate business.

Internet Culture

<Overall Results>

Net sales increased by ¥6,595 million (2.7%) year-on-year, to ¥254,238 million. Operating income increased by ¥9,861 million (8.6%), to ¥125,098 million.

<Overview of Operations>

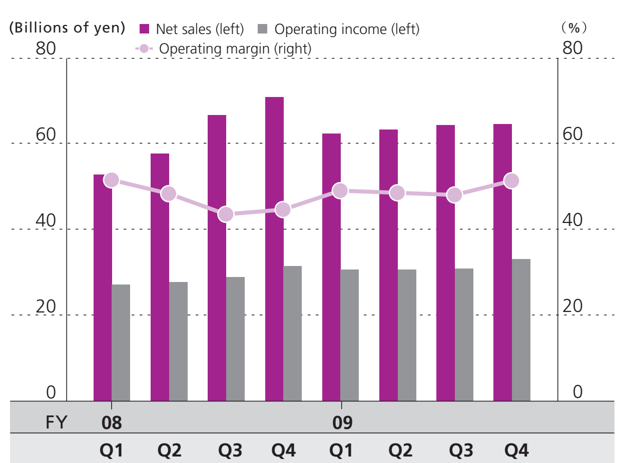
Core company Yahoo Japan's display advertising grew more than 100% year-on-year due to higher recognition of behavioral targeting and demographic targeting advertising. Increased synergies with consolidated subsidiary Overture K.K. in paid search advertising and increased adoption of media outside the Yahoo Group led to approximately 40% sales growth. Nevertheless, with the sudden economic weakening during the second half of fiscal 2009, display advertising sales declined in the fourth quarter, and there was a large decrease in placements of paid search advertisements by certain industries. Sales from the interest-linked advertising *Interest Match*™ product, launched in September 2008, continued to grow, and mobile advertising also rose approximately 170%, primarily from paid search advertising sales.

The transaction volume of *Yahoo! Shopping* grew on seasonal sales promotions and continued efforts to enhance convenience, including the simplification of shopping procedures and the addition of item review functions. The number of merchant stores registered on *Yahoo! Shopping* and *Yahoo! Auctions* totaled 32,843, for an increase of 1,554 stores (5.0%). Tenant fee income rose, and commission revenue also grew on increased turnover in B2C auctions and revised store royalties at *Yahoo! Auctions*.

Yahoo! Premium recorded roughly 20% sales growth and had 7.36 million *Yahoo! Premium* member IDs as of the fiscal year end, a record number and a 6.4% year-on-year increase. This was the result of expanded members-only services and increased tie-ups with outside partners for special discounts, and came despite the December 2008 increase in the monthly membership fee.

SOFTBANK IDC Solutions was merged into Yahoo Japan on March 30, 2009. This will allow Yahoo Japan to significantly reduce data-center-related costs and build a strategic base for next-generation Internet businesses.

Internet Culture



e-Commerce

<Overall Results>

Net sales were ¥258,184 million, which was ¥12,540 million (4.6%) less than fiscal 2008. Operating income rose ¥1,479 million (46.9%), to ¥4,636 million.

<Overview of Operations>

Core company SOFTBANK BB's Commerce & Service Division recorded solid sales of hardware and software to retail customers, but the deterioration in the market environment from autumn 2008 led to a large decline in corporate sales, and net sales declined as a result. On the other hand, continuous improvements in operational efficiency and readjustment of the product mix made a steady contribution to revenue. In addition, *SoftBank SELECTION*, launched in November 2007, began to contribute to earnings as the lineup of mobile phone accessories was expanded and the number of stores handling these products increased.

SOFTBANK BB will continue to pursue additional synergies with Group telecommunications companies as it strengthens its sales of accessories, PC and mobile software, and corporate solutions packaged around telecommunication lines.

Others

<Overall Results>

Net sales decreased by ¥11,646 million (11.7%) year-on-year, to ¥88,227 million. The operating loss was ¥194 million, compared with a loss of ¥5,121 million in fiscal 2008.

This segment includes the Technology Services business (SOFTBANK TECHNOLOGY CORP.), the Media & Marketing business (mainly SOFTBANK Creative Corp. and ITmedia Inc.), the Overseas Funds business, and Other businesses (mainly TV Bank Corporation and Fukuoka SOFTBANK HAWKS Corp.).

Broadmedia Corporation, which belonged to the Broadmedia business that was previously included in this segment, changed from a consolidated subsidiary to an equity method affiliate as the result of a capital increase via third-party allotment of shares carried out on May 16, 2008. The Broadmedia segment was therefore disbanded from fiscal 2009.

e-Commerce

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

Analysis of Financial Position

Current Assets

Current assets decreased by ¥62,432 million year-on-year, to ¥1,520,313 million. This decrease was primarily due to a ¥32,623 million decline in cash and cash equivalents as the result of the acquisition of its own treasury stock by Yahoo Japan, lower sales at SOFTBANK BB's Commerce & Services Division, and a ¥29,638 million decline in notes and accounts receivable–trade that reflected an increase in internal transactions from SOFTBANK TELECOM PARTNERS Corp. (hereafter "SOFTBANK TELECOM PARTNERS") being made a subsidiary. SOFTBANK MOBILE's accounts receivables as of the fiscal year end were classified by uncollected period, and those falling outside the normal operating cycle totaled ¥48,294 million. These claims were transferred to investments and other assets as long-term pending claims, and the corresponding allowance for doubtful accounts was transferred to investments and other assets as well.

Long-term pending claims transferred to investments and other assets from notes and accounts receivable–trade and corresponding allowances for doubtful accounts under current assets transferred to investments and other assets were ¥48,294 million, of which, ¥16,305 million offset. As a result, the remaining ¥31,988 million in long-term pending claims and the corresponding allowance for doubtful accounts were respectively included under investments and other assets.

Fixed Assets

Property and equipment, net, decreased by ¥28,318 million year-on-year, to ¥1,000,947 million. This decline was primarily due to depreciation and amortization, and a ¥16,212 million impairment write-down on dedicated assets of *Yahoo! BB hikari*. Intangible fixed assets decreased by ¥16,200 million year-on-year, to ¥1,222,109 million. A ¥44,208 million increase in goodwill associated with making SOFTBANK TELECOM PARTNERS a consolidated subsidiary of SOFTBANK TELECOM and the acquisition of treasury stock by Yahoo Japan, was more than offset by ¥61,111 million in amortization of goodwill mainly relating to SOFTBANK MOBILE and SOFTBANK TELECOM.

Investments and other assets decreased by ¥65,280 million year-on-year, to ¥643,303 million. This decrease was primarily the result of a ¥111,575 million decrease in investment securities associated with a decline in the share price of Yahoo! Inc. in the U.S. At the same time, with the revaluation of the collectability of the deferred tax assets at SOFTBANK BB, deferred tax assets at the Company grew by ¥31,341 million.

Current Liabilities

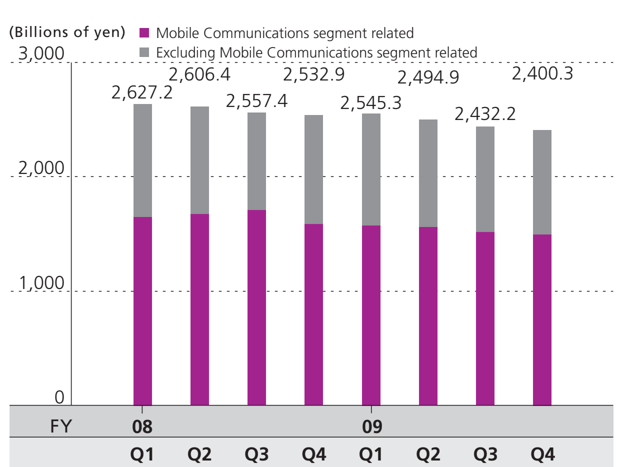
Current liabilities increased by ¥108,878 million year-on-year, to ¥1,349,583 million. Although accounts payable-trade decreased by ¥26,939 million and income taxes payable decreased by ¥13,716 million, increased borrowing by the Company under the credit line facility led to a ¥111,897 million increase in short-term borrowings. Lease obligations also grew by ¥18,470 million.

Long-term Liabilities

Long-term liabilities decreased by ¥257,181 million year-on-year, to ¥2,212,291 million. Main items were decreases of ¥270,998 million in long-term debt and ¥13,182 million in deferred tax liabilities. On the other hand, ¥75,000 million in long-term payables associated with loss on additional entrustment for debt assumption was recorded under other liabilities.

At the Mobile Communications segment, the balance of long-term debt procured by SOFTBANK MOBILE through the whole business securitization financing scheme decreased by ¥91,636 million year-on-year, to ¥1,184,853 million.

Interest-bearing Debt



Equity

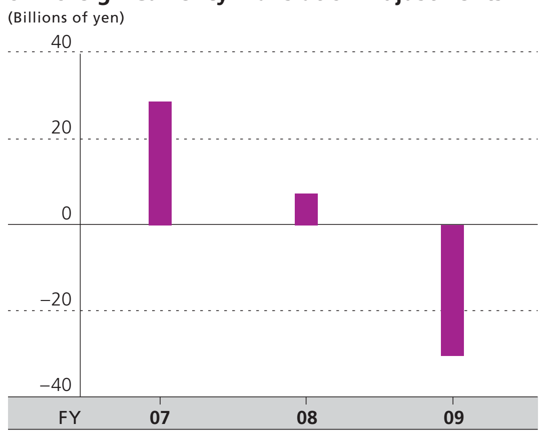
Equity decreased by ¥23,927 million year-on-year, to ¥824,798 million. Retained earnings increased by ¥40,474 million, but the net unrealized gain on other securities decreased by ¥49,580 million because of the decline in share price of Yahoo Inc. in the U.S., and foreign currency translation adjustments were down ¥37,992 million as well. The decline in foreign currency translation adjustments was the result of the yen's appreciation over the course of the year, which led to a decline in the value of equity in overseas subsidiaries.

The acquisition of treasury stock by Yahoo Japan also reduced minority interest in consolidated subsidiaries by ¥14,447 million.

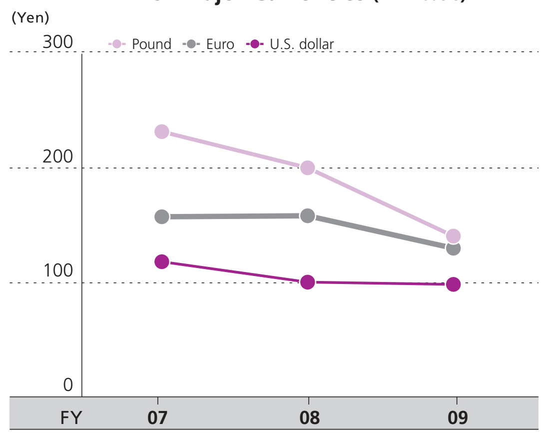
IN DETAIL (6)

Please refer to the following charts for the impact of exchange rate movements on foreign currency translation adjustments.

Impact of Exchange Rate Movements on Foreign Currency Translation Adjustments



(Reference) Rate Movements for Major Currencies (TTM basis)



IN DETAIL (7) Status of Interest-bearing Debt and Leases (As of March 31, 2009)

(1) Interest-bearing debt and on balance leases

(Millions of yen)	Balance	Payment Due By FY 2010	Payment Due By After FY 2011
SOFTBANK CORP. and consolidated subsidiaries (excluding SOFTBANK MOBILE and Yahoo Japan)			
Borrowings	490,376	369,789	120,587
Bonds	388,566	64,000	324,566
Straight bond	256,066	64,000	192,066
Yen-denominated	204,300	64,000	140,300
Euro-denominated	51,766	—	51,766
Convertible	100,000	—	100,000
Subordinate	32,500	—	32,500
Total interest-bearing debt	**878,942**	**433,789**	**445,153**
Finance lease	6,701	1,414	5,287
SOFTBANK MOBILE			
Borrowings	1,491,449	185,743	1,305,706
SBM loan*10	1,184,853	—	1,184,853
Vodafone subordinate loan*11	84,597	—	84,597
Securitization of installment sales receivables obligations	221,926	185,670	36,256
Others	73	73	—
Total interest-bearing debt	**1,491,449**	**185,743**	**1,305,706**
Finance lease	314,401	86,728	227,673
Yahoo Japan			
Borrowings	30,000	20,000	10,000
Total interest-bearing debt	**30,000**	**20,000**	**10,000**
Finance lease	453	99	354

(2) Off balance leases

(Millions of yen)	Balance	Payment Due By FY 2010	Payment Due By After FY 2011
SOFTBANK CORP. and consolidated subsidiaries (excluding SOFTBANK MOBILE and Yahoo Japan)			
Finance lease*12	134,081	27,444	106,637
Operating lease*13	33,281	13,089	20,192
Total	**167,362**	**40,533**	**126,829**
SOFTBANK MOBILE			
Finance lease*12	7,076	3,161	3,915
Operating lease*13	12,337	2,407	9,930
Total	**19,413**	**5,568**	**13,845**
Yahoo Japan			
Finance lease*12	222	122	100
Operating lease*13	17,442	6,435	11,007
Total	**17,664**	**6,557**	**11,107**

(3) Interest-bearing debt and leases (on and off balance leases)

(Millions of yen)	Balance	Payment Due By FY 2010	Payment Due By After FY 2011
Total interest-bearing debt	**2,400,391**	**639,532**	**1,760,859**
Borrowings	2,011,825	575,532	1,436,293
Bonds	388,566	64,000	324,566
Total balance of leases	**525,994**	**140,899**	**385,095**
Finance lease (on balance)	321,555	88,241	233,314
Finance lease (off balance)*12	141,379	30,727	110,652
Operating lease (off balance)*13	63,060	21,931	41,129

(Notes) 1 Balance after consolidated elimination.
2 Leases contracted before April 1, 2008 are continuously accounted for as operating lease transactions with footnote disclosure.

*10 Loan procured for funding of Vodafone K.K. acquisition, refinanced through Whole Business Securitization in November 2006.
*11 Subordinate loan procured from Vodafone Overseas Finance Limited.
*12 Obligations under off balance finance lease at the end of each fiscal year.
*13 Minimum rental commitments under off balance operating lease.

IN DETAIL (8) Corporate Bond Details (As of March 31, 2009)

Company Name	Bond	Issue Date	Balance (Millions of yen)	Interest Rate (%/year)	Collateral	Maturity Date
SOFTBANK CORP.	19th series Unsecured Straight Bond	Jan. 31, 2005	19,000	1.97	None	Jan. 29, 2010
	22nd series Unsecured Straight Bond	Sept. 14, 2005	36,400	1.98	None	Sept. 14, 2010
	24th series Unsecured Straight Bond (Fukuoka SoftBank HAWKS bond)	Apr. 26, 2007	20,000	2.72	None	Apr. 26, 2010
	25th series Unsecured Straight Bond	June 19, 2007	53,900	3.39	None	June 17, 2011
	26th series Unsecured Straight Bond	June 19, 2007	15,000	4.36	None	June 19, 2014
	Convertible Bond due 2013	Dec. 30, 2003	50,000	1.50	None	Mar. 31, 2013
	Convertible Bond due 2014	Dec. 30, 2003	50,000	1.75	None	Mar. 31, 2014
	Euro-denominated Senior Notes due 2013	Oct. 12, 2006	51,766 (388 million Euro)	7.75	None	Oct. 15, 2013
SOFTBANK TELECOM	1st series Unsecured Straight Bond	Dec. 7, 2004	45,000	2.00	None	Dec. 7, 2009
	2nd series Unsecured Straight Bond	Dec. 7, 2004	15,000	2.88	None	Dec. 7, 2011
Phoenix JT	Subordinated Notes Due 2016	Dec. 24, 2004	32,400	5.95	None	Dec. 15, 2016
Other corporate bonds	—	—	100	—	—	—
Total	—	—	388,566	—	—	—

(Note) Concerning CB due 2013 and 2014, under certain conditions early redemption of these bonds due to the holders' request is possible respectively in March 2010 and March 2011. Details of the CBs are as follows:

Company Name	Bond	Issue Price of Stock Acquisition Right	Conversion Price (Yen)	Aggregate Principal Amount (Millions of yen)	Exercise Period
SOFTBANK CORP.	Convertible Bond due 2013	Without consideration	2,164.50	50,000	Jan. 13, 2004–Mar. 15, 2013
	Convertible Bond due 2014	Without consideration	1,984.30	50,000	Jan. 13, 2004–Mar. 17, 2014

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

Analysis of Cash Flows

During fiscal 2009, operating activities provided net cash in the amount of ¥447,858 million, investing activities used net cash in the amount of ¥266,295 million, and financing activities used ¥210,348 million. As a result, free cash flow for fiscal 2009 totaled ¥181,563 million. Cash and cash equivalents as of the fiscal year end totaled ¥457,644 million, a ¥32,623 million decrease year-on-year.

Cash Flows from Operating Activities: ¥447,858 million net inflow

Income before income taxes and minority interests for the year totaled ¥107,338 million, while non-cash items included depreciation and amortization of ¥236,014 million, amortization of goodwill of ¥61,111 million, and impairment losses of ¥29,479 million. In terms of working capital, receivables–trade turned to a decline, having a ¥1,700 million positive impact on operating cash flow, while a decline in payables–trade had a negative impact of ¥29,230 million. In addition, income taxes paid by Yahoo Japan and other entities came to ¥60,409 million.

Cash Flows from Investing Activities: ¥266,295 million net outflow

Capital expenditure in the form of purchases of property and equipment and intangibles, mainly at the telecommunications segments, totaled ¥240,638 million. Purchases of securities and investment securities totaled ¥33,198 million. In addition, SOFTBANK TELECOM's acquisition of additional shares of SOFTBANK TELECOM PARTNERS, making it a consolidated subsidiary of SOFTBANK TELECOM, resulted in an outlay of ¥17,530 million for the acquisition of interests in subsidiaries newly consolidated.

Cash Flows from Financing Activities: ¥210,348 million net outflow

Proceeds from long-term debt totaled ¥234,681 million, and short-term borrowings increased ¥116,359 million. Proceeds of ¥90,209 million were recorded from the sale and lease back of equipment newly acquired, mainly at the Mobile Communications segment. In terms of outflows, ¥372,301 million of long-term debt was repaid, bond redemptions totaled ¥108,930 million, and ¥81,348 million of lease obligations was repaid. A ¥71,167 million outlay was also recorded for the purchase of treasury stock of consolidated subsidiaries, mainly at Yahoo Japan.

IN DETAIL (9)

Major financing activities during fiscal 2009 were as follows:

Item	Company	Details	Summary
Stock buyback by subsidiaries in consolidation	Yahoo Japan	Implementation of the stock buyback by Yahoo Japan	Buyback period: June 2, 2008 to July 10, 2008 Total amount of buyback: ¥51.6 billion
		Implementation of the stock buyback by Yahoo Japan	Buyback date: March 18, 2009 Total amount of buyback: ¥17.5 billion*14
Securitization of receivables	SOFTBANK MOBILE	Procurement of funds totaling ¥45.3 billion accompanying securitization of mobile phone installment sales receivables (recorded as borrowings)	Procurement date: June 27, 2008 Redemption method: monthly pass-through repayment Use: capital investment and repayment of funds raised via the whole business securitization financing scheme
		Procurement of funds totaling ¥57.2 billion accompanying securitization of mobile phone installment sales receivables (recorded as borrowings)	Procurement date: September 29, 2008 Redemption method: monthly pass-through repayment Use: capital investment and repayment of funds raised via the whole business securitization financing scheme
		Procurement of funds totaling ¥45.6 billion accompanying securitization of mobile phone installment sales receivables (recorded as borrowings)	Procurement date: December 29, 2008 Redemption method: monthly pass-through repayment Use: capital investment and repayment of funds raised via the whole business securitization financing scheme
		Procurement of funds totaling ¥61.4 billion accompanying securitization of mobile phone installment sales receivables (recorded as borrowings)	Procurement date: March 30, 2009 Redemption method: monthly pass-through repayment Use: capital investment and repayment of funds raised via the whole business securitization financing scheme
	SOFTBANK BB	Procured a total of ¥20.0 billion through the securitization of current and future ADSL receivables linked to the provision of services (recorded as borrowings)	Procurement date: March 26, 2009 Redemption method: monthly and quarterly redemption Use: repayment of consolidated interest-bearing debt
Increase or decrease in debt and others (excluding securitization of receivables)	SOFTBANK	Increase ¥102.9 billion (net)	
	SOFTBANK MOBILE	Decrease ¥91.6 billion	Repayment of funds raised via the whole business securitization financing scheme
	SOFTBANK TELECOM	Decrease ¥31.0 billion	
	Yahoo Japan	Decrease ¥20.0 billion	
Bond redemptions	SOFTBANK	20th Unsecured Straight Bond	Date of redemption: June 9, 2008 Aggregate amount of redemption: ¥12.5 billion
		21st Unsecured Straight Bond	Date of redemption: September 12, 2008 Aggregate amount of redemption: ¥20.0 billion
		23rd Unsecured Straight Bond	Date of redemption: November 28, 2008 Aggregate amount of redemption: ¥20.0 billion
		Convertible bond due 2015	Date of early redemption: March 31, 2009 Aggregate amount of redemption: 50.0 billion
Implementation of capital investment through finance lease agreements	SOFTBANK MOBILE, etc.	Implementation of capital expenditure mainly for mobile communications utilizing lease agreements	Funds procured during this period : ¥90.2 billion

(Note) "Corp." and "Co., Ltd." are omitted from company names.

*14 The amount of Group internal sales transaction amounting to ¥12.5 billion has been subtracted from the total amount of shares bought back by Yahoo Japan at ¥30.0 billion.

Fiscal 2010 Forecast

The Group is forecasting consolidated operating income of ¥420.0 billion and consolidated free cash flow of ¥250.0 billion for fiscal 2010. These forecasts represent improvements from fiscal 2009 of ¥60.8 billion for consolidated operating income and ¥68.4 billion for consolidated free cash flow. The Group will endeavor to achieve these forecasts and continue to improve free cash flow through activities to increase earnings, primarily at the Mobile Communications segment where sales have been strong, combined with efficient capital investment.

Consolidated net sales are greatly influenced by the sales method used for mobile phone handsets, which makes it difficult to forecast business results. In addition, the Company holds a variety of investment securities and invests in funds that are vulnerable to the market environment, making it difficult to estimate earnings under the equity method, and for this reason meaningful business forecasts for consolidated net income cannot be provided at this time.

Fundamental policy for distribution of profit, and dividends for fiscal 2009 and 2010

SOFTBANK strives to increase returns to shareholders by raising corporate value, and has a fundamental policy of returning appropriate amounts of profit to shareholders and other stakeholders. The Company's policy regarding dividends to shareholders is to balance the strengthening of the operating base by reducing interest-bearing debt with maintaining a stable dividend over the medium to long term. The Company is currently emphasizing cash-flow-oriented management and reducing interest-bearing debt, and therefore intends to pay a fiscal 2009 dividend of ¥2.50 per share, the same amount as in fiscal 2008. The cash-flow-oriented management is expected to result in a large increase in free cash flow in fiscal 2010. With regard to the fiscal 2010 dividend, the Company intends to further extend returns to shareholders by paying a dividend of ¥5.00 per share, twice the fiscal 2009 dividend.

Risk Factors

With a diverse range of businesses the Group faces a variety of risks in its operations. The major risks envisioned by the Group as of the release of this annual 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. The items listed below contain forward-looking statements deemed appropriate as of the release of this annual report.

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. Relating to the mobile communications business, changes at the Ministry of Internal Affairs and Communications (MIC) covering items like bandwidth allocation and the review of the NTT Group's management structure 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 telecommunication 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 mobile communications businesses in particular if, due to customer growth and diversification of content services, the expansion in communication volume (traffic) were to exceed projections the capital expenditure required to increase the capacity of our telecommunications network 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 the number of installment sales contracts exceeded 15 million in February 2009. Installment sales have a lowering impact on the churn rates but on the other hand contribute to the increase of account receivables for a large amount of individual customers. There is a possibility that the increased risk of bad debt and higher collection costs will impact the Group's earnings results. 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. The details of the financial covenants are as discussed in the Notes to Consolidated Financial Statements "6. Short-term Borrowings, Long-term Debt and Lease Obligations (8) 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 Japan System Solution TELECOM EXPRESS SBM Tokai Hanbai*15 SOFTBANK MOBILE SUPPORT	Mizuho Trust & Banking	Japan	Loan for repayment of takeover bid funds for acquisition of Vodafone's Japan operations	Nov. 28, 2006
Amendment to the SBM Loan Agreement	SOFTBANK MOBILE Japan System Solution TELECOM EXPRESS SBM Tokai Hanbai*15 SOFTBANK MOBILE SUPPORT JAPAN MOBILE COMMUNICATIONS	Mizuho Trust & Banking	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	Mizuho Trust & Banking Aoyama Sogo Accounting Office	Japan	Deed of trust agreement (Tokutei Kinsen Trust) for management of funds for repayment of borrowings in accordance with SBM Loan Agreement	Nov. 28, 2006
Cash Management Agreement	SOFTBANK MOBILE Japan System Solution TELECOM EXPRESS SBM Tokai Hanbai*15 SOFTBANK MOBILE SUPPORT	Mizuho Trust & Banking Aoyama Sogo Accounting Office Citilease Mizuho Corporate Bank	Japan	Cash transfer and management of funds for repayment of borrowings in accordance with SBM Loan Agreement	Nov. 28, 2006
Security Assignment over BBM Loan Agreement (Joto-Tampo)	SOFTBANK MOBILE	Mizuho Trust & Banking	Japan	Security assignment covering loan obligations and right to claim compensation for BB Mobile from SOFTBANK MOBILE	Nov. 28, 2006
Security Assignment of Downstream Loan Agreement (Joto-Tampo)	BB Mobile	Mizuho Trust & Banking	Japan	Security assignment covering loan obligations for SOFTBANK MOBILE from BB Mobile	Nov. 28, 2006
Security Assignment of Shares (Joto-Tampo)	BB Mobile	Mizuho Trust & Banking	Japan	Security assignment of SOFTBANK MOBILE shares held by BB Mobile	Nov. 28, 2006
Security Assignment of Shares (Joto-Tampo)	Mobiletech	Mizuho Trust & Banking	Japan	Security assignment of BB Mobile shares held by Mobiletech	Nov. 28, 2006
Security over Trust Beneficial Interest Agreement (Shichiken)	SOFTBANK MOBILE	Mizuho Trust & Banking	Japan	Granting security of SOFTBANK MOBILE trust beneficial interest in accordance with Deed of Trust Agreement (B) (Tokutei Kinsen Trust)	Nov. 28, 2006
Security over Shares Agreement (Shichiken)	SOFTBANK MOBILE	Mizuho Trust & Banking	Japan	Granting security covering shares of Japan Systems Solution, TELECOM EXPRESS, SBM Tokai Hanbai*15, and SOFTBANK MOBILE SUPPORT held by SOFTBANK MOBILE	Nov. 28, 2006

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

Name of Contract	Names of Contracted Companies	Counterparties	Country of Counterparties	Contract Content	Contract Date
Security over Shares Agreement (Shichiken)	SOFTBANK MOBILE	Mizuho Trust & Banking	Japan	Granting security covering shares of JAPAN MOBILE COMMUNICATIONS held by SOFTBANK MOBILE	Feb. 29, 2008
Security Assignment of Receivables and Subscriber Contracts (Joto-Tampo)	SOFTBANK MOBILE	Mizuho Trust & Banking	Japan	Security assignment of receivables in respect of subscriber contracts	Nov. 28, 2006
Security over Future Insurance Proceeds Agreement (Shichiken)	SOFTBANK MOBILE	Mizuho Trust & Banking	Japan	Granting security covering insurance claim rights of SOFTBANK MOBILE	Apr. 3, 2008
Security Assignment of Intra-Group Indebtedness (Joto-Tampo)	SOFTBANK MOBILE	Mizuho Trust & Banking	Japan	Security assignment of indebtedness of SOFTBANK MOBILE subsidiary (TELECOM EXPRESS) held by SOFTBANK MOBILE	Apr. 3, 2008
Security Assignment of Intra-Group Indebtedness (Joto-Tampo)	SOFTBANK MOBILE	Mizuho Trust & Banking	Japan	Security assignment of indebtedness of SOFTBANK MOBILE subsidiary (TELECOM EXPRESS) held by SOFTBANK MOBILE	Oct. 3, 2008
Security Assignment of Intra-Group Indebtedness (Joto-Tampo)	SOFTBANK MOBILE	Mizuho Trust & Banking	Japan	Security assignment of indebtedness of SOFTBANK MOBILE subsidiary (SBM Tokai Hanbai*15) held by SOFTBANK MOBILE	Feb. 5, 2008
Security Assignment of Intra-Group Indebtedness (Joto-Tampo)	Japan System Solution	Mizuho Trust & Banking	Japan	Security assignment of SOFTBANK MOBILE Group company indebtedness held by Japan System Solution	Nov. 28, 2006
Security Assignment of Intra-Group Indebtedness (Joto-Tampo)	TELECOM EXPRESS	Mizuho Trust & Banking	Japan	Security assignment of SOFTBANK MOBILE Group company indebtedness held by TELECOM EXPRESS	Nov. 28, 2006
Security Assignment of Intra-Group Indebtedness (Joto-Tampo)	SBM Tokai Hanbai*15	Mizuho Trust & Banking	Japan	Security assignment of SOFTBANK MOBILE Group company indebtedness held by SBM Tokai Hanbai*15	Nov. 28, 2006
Security Assignment of Intra-Group Indebtedness (Joto-Tampo)	SOFTBANK MOBILE SUPPORT	Mizuho Trust & Banking	Japan	Security assignment of SOFTBANK MOBILE Group company indebtedness held by SOFTBANK MOBILE SUPPORT	Nov. 28, 2006
Mortgage Agreement	SOFTBANK MOBILE	Mizuho Trust & Banking	Japan	Granting mortgage on real estate held by SOFTBANK MOBILE	Nov. 28, 2006
Security Assignment of Intellectual Property (Joto-Tampo)	SOFTBANK MOBILE	Mizuho Trust & Banking	Japan	Security assignment of intellectual property held by SOFTBANK MOBILE	Nov. 28, 2006

Name of Contract	Names of Contracted Companies	Counterparties	Country of Counterparties	Contract Content	Contract Date
Security Assignment of Tangible Moveable Property (Joto-Tampo)	SOFTBANK MOBILE	Mizuho Trust & Banking	Japan	Security assignment of movable property held by SOFTBANK MOBILE	Nov. 28, 2006
Debt Assumption, Amendment and Restatement Agreement	SOFTBANK MOBILE BB Mobile	Vodafone International Holdings B.V.	The Netherlands	Debt assumption (discharge) by SOFTBANK MOBILE of BB Mobile's existing subordinated loan from Vodafone International Holdings B.V.	Nov. 28, 2006
Facility Agreement	SOFTBANK MOBILE	Vodafone International Holdings B.V.	The Netherlands	SOFTBANK MOBILE'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 Mobiletech BB Mobile SOFTBANK MOBILE	Yahoo Japan Vodafone International Holdings B.V.	Japan The Netherlands	Shareholders' Agreement regarding management, etc. for BB Mobile and SOFTBANK MOBILE	Nov. 28, 2006
Stock Underwriting Agreement	BB Mobile	Mizuho Trust & Banking	Japan	Underwriting of Type 2 preferred stock issued by BB Mobile	Nov. 28, 2006

(Note) "Corp." and "Co., Ltd." are omitted from company names.
*15 SBM Tokai Hanbai merged with TELECOM EXPRESS on Oct. 1, 2008, with TELECOM EXPRESS as the surviving entity.

R&D Activities

R&D expenditures during fiscal 2009 totaled ¥665 million.

The major portion of R&D activities took place at the Mobile Communications, Broadband Infrastructure, and Fixed-line Telecommunications segments. The main items were as follows:

1. Mobile Communications

(1) Research related to wireless base stations and ancillary equipment to improve the wireless telecommunications network.
(2) Research and development related to mobile phone handset design and ancillary equipment.
(3) Research into array antennae and space-time synthesis technologies.
(4) Development of 1.5GHz-bandwidth wireless equipment and feasibility studies related to expansion of the wireless network.
(5) Research related to LTE*16 wireless access technologies and effective wave frequency utilization rates.
(6) Traffic dimensioning and verification testing for Femtocells and FMC (Fixed Mobile Convergence.)
(7) Research related to transmission characteristics in crowded urban areas.
(8) Modeling and traffic estimation for handset purchases.

2. Broadband Infrastructure

(1) Research related to next-generation networks.
(2) Research related to technologies and delivery formats for next-generation image distribution.
(3) Comprehensive research related to FTTH 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 wavelength use.
(3) Development of IRIS next-generation, ICT platform service concept based on service-network cooperation (SNC), and FMC.

*16 Long Term Evolution: A high-speed data transmission standard for mobile phones, representing a further advance beyond the W-CDMA format, HSDPA high-speed data transmission technology currently used by the Group.

CONSOLIDATED BALANCE SHEETS

SOFTBANK CORP. AND CONSOLIDATED SUBSIDIARIES March 31, 2008 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 1)
ASSETS	2008	2009	2009
Current assets:			
Cash and cash equivalents (Note 6)	¥ 490,267	¥ 457,644	$ 4,658,905
Marketable securities (Note 4)	3,678	2,784	28,340
Notes and accounts receivable–trade (Notes 6 and 17)	887,723	858,085	8,735,466
Merchandise and finished products	58,119	42,321	430,835
Deferred tax assets (Note 9)	105,850	93,021	946,974
Other current assets (Note 6)	105,497	115,316	1,173,948
Allowance for doubtful accounts	(68,389)	(48,858)	(497,388)
Total current assets	1,582,745	1,520,313	15,477,080
Property and equipment, net (Notes 2 (5) and 6):			
Land	23,443	22,576	229,829
Buildings and structures	75,781	71,577	728,669
Telecommunications equipment	744,038	738,968	7,522,832
Telecommunications service lines	86,062	79,638	810,725
Construction in progress	45,576	37,477	381,525
Other	54,365	50,711	516,246
Total property and equipment	1,029,265	1,000,947	10,189,826
Intangible assets, net:			
Goodwill	974,436	956,731	9,739,701
Software	224,180	226,132	2,302,067
Other intangibles	39,693	39,246	399,530
Total intangible assets	1,238,309	1,222,109	12,441,298
Investments and other assets:			
Investment securities (Notes 4 and 6)	297,886	186,311	1,896,682
Investments in unconsolidated subsidiaries and affiliated companies (Note 6)	167,112	133,792	1,362,025
Deferred tax assets (Note 9)	126,888	158,229	1,610,800
Other assets (Note 6)	116,697	164,971	1,679,442
Total investments and other assets	708,583	643,303	6,548,949
Total assets	¥4,558,902	¥4,386,672	$44,657,153

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	2008	Millions of yen 2009	Thousands of U.S. dollars (Note 1) 2009
Current liabilities:			
Short-term borrowings (Note 6)	¥ 209,339	¥ 321,236	$ 3,270,247
Current portion of long-term debt (Note 6)	291,773	318,296	3,240,317
Accounts payable–trade	187,279	160,340	1,632,291
Accounts payable–other and accrued expenses	364,451	352,171	3,585,167
Income taxes payable	35,079	21,363	217,482
Current portion of lease obligations (Note 6)	69,771	88,241	898,314
Other current liabilities (Note 7)	83,013	87,936	895,195
Total current liabilities	1,240,705	1,349,583	13,739,013
Long-term liabilities:			
Long-term debt (Note 6)	2,031,857	1,760,859	17,925,879
Liability for retirement benefits (Note 8)	16,159	16,077	163,662
Allowance for point mileage	43,810	41,817	425,703
Lease obligations (Note 6)	241,496	233,314	2,375,183
Deferred tax liabilities (Note 9)	41,978	28,796	293,148
Other liabilities (Notes 6 and 7)	94,172	131,428	1,337,963
Total long-term liabilities	2,469,472	2,212,291	22,521,538
Commitments and Contingent Liabilities (Notes 16, 17 and 18)			
Equity (Notes 6, 10, 11 and 20):			
Common stock			
Authorized: 3,600,000,000 shares			
Issued: 1,080,664,578 shares in 2008 and			
1,081,023,978 shares in 2009	187,423	187,682	1,910,636
Additional paid-in capital	211,741	212,000	2,158,194
Stock acquisition rights	120	289	2,946
Accumulated deficit	(91,744)	(51,270)	(521,934)
Unrealized gain on available-for-sale securities	80,914	31,334	318,988
Deferred (loss) gain on derivatives under hedge accounting	(11,823)	25,117	255,697
Foreign currency translation adjustments	7,438	(30,554)	(311,048)
Treasury stock–at cost			
163,811 shares in 2008 and			
169,204 shares in 2009	(206)	(215)	(2,185)
Total	383,863	374,383	3,811,294
Minority interests	464,862	450,415	4,585,308
Total equity	848,725	824,798	8,396,602
Total liabilities and equity	¥4,558,902	¥4,386,672	$44,657,153

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

SOFTBANK CORP. AND CONSOLIDATED SUBSIDIARIES For the years ended March 31, 2008 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2009	2009
Net sales	¥2,776,169	¥2,673,035	$27,212,010
Cost of sales	1,467,364	1,365,903	13,905,154
Gross profit	1,308,805	1,307,132	13,306,856
Selling, general and administrative expenses (Note 12)	984,518	948,011	9,650,934
Operating income	324,287	359,121	3,655,922
Other income (expenses):			
Interest income	3,137	1,399	14,244
Interest expense (Note 6)	(114,864)	(112,346)	(1,143,701)
Equity in earnings (losses) of affiliated companies	55,411	(13,760)	(140,075)
Foreign exchange gain, net	4,981	1,885	19,185
Gain on sale of investment securities, net (Note 4)	6,299	3,228	32,861
Valuation loss on investment securities	(21,856)	(11,504)	(117,114)
Loss on additional entrustment for debt assumption (Note 5)	—	(75,000)	(763,515)
Other, net (Note 13)	(31,508)	(45,685)	(465,082)
Other expenses, net	(98,400)	(251,783)	(2,563,197)
Income before income taxes and minority interests	225,887	107,338	1,092,725
Income taxes (Note 9):			
Current	(48,650)	(39,390)	(400,998)
Deferred	(29,533)	19,674	200,288
Total income taxes	(78,183)	(19,716)	(200,710)
Minority interests in net income	(39,079)	(44,450)	(452,512)
Net income	¥ 108,625	¥ 43,172	$ 439,503

	Yen		U.S. dollars (Note 1)
	2008	2009	2009
Net income per share (Notes 2 (19) and 14)			
–Basic	¥101.68	¥39.95	$0.41
–Diluted	95.90	38.64	0.39
Cash dividends applicable to the year	2.50	2.50	0.03

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

SOFTBANK CORP. AND CONSOLIDATED SUBSIDIARIES For the years ended March 31, 2008 and 2009

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, 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 accumulated deficit due to change in scope of 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
Increase in accumulated deficit due to adoption of a new accounting standard for accounting policies at foreign subsidiaries	—	—	—	—	—	(4)	—	—	—	—	(4)	—	(4)
Net income	—	—	—	—	—	43,172	—	—	—	—	43,172	—	43,172
Cash dividends, ¥2.50 per share	—	—	—	—	—	(2,701)	—	—	—	—	(2,701)	—	(2,701)
Adjustments of accumulated deficit due to change in scope of consolidation	—	—	—	—	—	7	—	—	—	—	7	—	7
Purchase of treasury stock	(5,393)	—	—	—	—	—	—	—	—	(9)	(9)	—	(9)
Exercise of warrants	359,400	259	—	259	—	—	—	—	—	—	518	—	518
Net changes in the year	—	—	—	—	169	—	(49,580)	36,940	(37,992)	—	(50,463)	(14,447)	(64,910)
Balance, March 31, 2009	1,080,854,774	¥187,682	¥—	¥212,000	¥ 289	¥ (51,270)	¥ 31,334	¥ 25,117	¥(30,554)	¥(215)	¥374,383	¥450,415	¥824,798

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, 2008	1,080,500,767	$1,908,002	$—	$2,155,560	$1,225	$(933,972)	$ 823,724	$(120,361)	$ 75,719	$(2,099)	$3,907,798	$4,732,385	$8,640,183
Increase in accumulated deficit due to adoption of a new accounting standard for accounting policies at foreign subsidiaries	—	—	—	—	—	(39)	—	—	—	—	(39)	—	(39)
Net income	—	—	—	—	—	439,503	—	—	—	—	439,503	—	439,503
Cash dividends, ¥2.50 per share	—	—	—	—	—	(27,499)	—	—	—	—	(27,499)	—	(27,499)
Adjustments of accumulated deficit due to change in scope of consolidation	—	—	—	—	—	73	—	—	—	—	73	—	73
Purchase of treasury stock	(5,393)	—	—	—	—	—	—	—	—	(86)	(86)	—	(86)
Exercise of warrants	359,400	2,634	—	2,634	—	—	—	—	—	—	5,268	—	5,268
Net changes in the year	—	—	—	—	1,721	—	(504,736)	376,058	(386,767)	—	(513,724)	(147,077)	(660,801)
Balance, March 31, 2009	1,080,854,774	$1,910,636	$—	$2,158,194	$2,946	$(521,934)	$ 318,988	$ 255,697	$(311,048)	$(2,185)	$3,811,294	$4,585,308	$8,396,602

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

SOFTBANK CORP. AND CONSOLIDATED SUBSIDIARIES For the years ended March 31, 2008 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2009	2009
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 225,887	¥ 107,338	$ 1,092,725
Adjustments for:			
Income taxes paid	(52,815)	(60,409)	(614,972)
Depreciation and amortization	220,255	236,014	2,402,663
Amortization of goodwill	59,050	61,111	622,126
Equity in (earnings) losses of affiliated companies	(55,411)	13,760	140,075
Dilution gain from changes in equity interest, net	(1,570)	(2,410)	(24,539)
Impairment loss	10,645	29,479	300,101
Valuation loss on investment securities	21,856	11,504	117,114
Unrealized (appreciation) loss on investments and (gain) loss on sale of investments at subsidiaries in the U.S., net	(12,967)	5,316	54,119
Gain on sale of marketable and investment securities, net	(7,569)	(3,038)	(30,924)
Foreign exchange gain, net	(4,431)	(1,495)	(15,217)
Changes in assets and liabilities, net of effects from changes in scope of the consolidation:			
(Increase) decrease in receivables–trade	(309,196)	1,700	17,302
Decrease in payables–trade	(7,508)	(29,230)	(297,567)
Other, net	72,032	78,218	796,270
Total adjustments	(67,629)	340,520	3,466,551
Net cash provided by operating activities	158,258	447,858	4,559,276
Cash flows from investing activities:			
Purchase of property and equipment, and intangibles	(345,677)	(240,638)	(2,449,740)
Purchase of marketable and investment securities	(45,577)	(33,198)	(337,958)
Proceeds from sale of marketable and investment securities	44,176	18,858	191,979
Acquisition of interests in subsidiaries newly consolidated, net of cash acquired (Note 3)	1,208	(17,530)	(178,462)
Sale of interests in subsidiaries previously consolidated, net	(258)	—	—
Proceeds from sale of interests in consolidated subsidiaries	1,012	—	—
Other, net	22,655	6,213	63,244
Net cash used in investing activities	(322,461)	(266,295)	(2,710,937)
Cash flows from financing activities:			
(Decrease) increase in short-term borrowings, net	(69,531)	116,359	1,184,554
Decrease in commercial paper, net	(5,000)	—	—
Proceeds from long-term debt	280,716	234,681	2,389,097
Repayment of long-term debt	(234,874)	(372,301)	(3,790,092)
Proceeds from issuance of bonds	89,463	—	—
Redemption of bonds	(58,039)	(108,930)	(1,108,929)
Exercise of warrants	44,846	518	5,269
Proceeds from issuance of shares to minority shareholders	9,128	1,138	11,581
Cash dividends paid	(2,641)	(2,680)	(27,286)
Cash dividends paid to minority shareholders	(3,550)	(4,121)	(41,953)
Purchase of treasury stock of consolidated subsidiaries	(409)	(71,167)	(724,489)
Proceeds from sale and lease back of equipment newly acquired (Note 15)	297,923	90,209	918,342
Repayment of lease obligations	(49,902)	(81,348)	(828,136)
Other, net	(13,403)	(12,706)	(129,345)
Net cash provided by (used in) financing activities	284,727	(210,348)	(2,141,387)
Effect of exchange rate changes on cash and cash equivalents	(7,007)	(2,384)	(24,268)
Net increase (decrease) in cash and cash equivalents	113,517	(31,169)	(317,316)
Increase in cash and cash equivalents due to newly consolidated subsidiaries	—	357	3,642
Decrease in cash and cash equivalents due to exclusion of previously consolidated subsidiaries	(771)	(1,811)	(18,427)
Cash and cash equivalents, beginning of year	377,521	490,267	4,991,006
Cash and cash equivalents, end of year	¥ 490,267	¥ 457,644	$ 4,658,905

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SOFTBANK CORP. AND CONSOLIDATED SUBSIDIARIES

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 Act 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 2008 financial statements to conform to the classifications used in 2009.

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 ¥98.23 to $1, the approximate rate of exchange at March 31, 2009. 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, 2009 include the accounts of the Company and its 108 significant (109 in 2008) subsidiaries (together, the "Group"). The Company does 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 four (three in 2008) unconsolidated subsidiaries and 70 (64 in 2008) affiliated companies are accounted for by the equity method.

Investments in 61 (75 in 2008) unconsolidated subsidiaries and 20 (25 in 2008) 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 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 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(4) Merchandise and finished products

Prior to April 1, 2008, merchandise and finished products were stated at cost, determined by the moving-average method. In July 2006, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Statement No.9, "Accounting Standard for Measurement of Inventories", which was effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted. This standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate.

The Group applied the new accounting standard for measurement of merchandise and finished products effective April 1, 2008. The effect of this change was not considered material to net income for the year ended March 31, 2009.

(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, 2008 and 2009 was ¥837,287 million and ¥966,322 million ($9,837,345 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

The ASBJ Statement No.8, "Accounting Standard for Stock Options" and related guidance are applicable to stock options 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 allows unlisted companies to measure options at their intrinsic value if they cannot reliably estimate fair value.

The Group has applied the accounting standard for stock options to those granted on and after May 1, 2006.

(10) 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 for the year ended March 31, 2008.

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

In May 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". PITF No.18 prescribes: (a) 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, (b) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, and (c) 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) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity; 3) expensing capitalized development costs of R&D; 4) cancellation of the fair value model accounting for property, plant, and equipment and investment properties and incorporation of the cost model accounting; 5) recording the prior years' effects of changes in accounting policies in the statements of income where retrospective adjustments to financial statements have been incorporated; and 6) exclusion of minority interests from net income, if contained. PITF No.18 was effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted.

The Company applied this accounting standard effective April 1, 2008. The effect of this change was not considered material to net income for the year ended March 31, 2009. The Company adjusted the beginning balance of retained earnings at April 1, 2008.

(12) Research and development costs

Research and development costs are charged to income as incurred and were ¥1,027 million and ¥666 million ($6,778 thousand) for the years ended March 31, 2008 and 2009, respectively.

(13) Leases

In March 2007, the ASBJ issued ASBJ Statement No.13, "Accounting Standard for Lease Transactions", which revised the previous accounting standard for lease transactions issued in June 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.

Under the previous accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee were to be capitalized. However, other finance leases were 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 should be capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to be accounted for as operating lease transactions.

The Group applied the revised accounting standard effective April 1, 2008. In addition, the Group accounted for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions. The effect of this change was not considered material to net income for the year ended March 31, 2009.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(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 four subsidiaries, all of which are subsidiaries of the Company, were 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 and 2009, were accounted for based on 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 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 statement of income 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.

At certain subsidiaries, 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

Business combination—On December 26, 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No.21, "Accounting Standard for

Business Combinations." Major accounting changes under the revised accounting standard are as follows:

(a) The current accounting standard for business combinations allows companies to apply the pooling of interests method of accounting when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests. The revised standard requires to account for such business combination by the purchase method and the pooling of interests method of accounting is no longer allowed.

(b) The current accounting standard accounts for the research and development costs to be charged to income as incurred. Under the revised standard, an in-process research and development (IPR&D) acquired by the business combination is capitalized as an intangible asset.

(c) The current accounting standard accounts for a bargain purchase gain (negative goodwill) to be systematically amortized within 20 years. Under the revised standard, the acquirer recognizes a bargain purchase gain in the statement of income on the acquisition date after a reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed with a review of such procedures used.

This standard is applicable to business combinations undertaken on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or after April 1, 2009.

Unification of accounting policies applied to foreign associated companies for the equity method—The current accounting standard requires to unify their accounting policies within the consolidation group. However, the current guidance allows to apply the equity method for the financial statements of its foreign associated company which have been prepared in accordance with generally accepted accounting principles in their respective jurisdictions without unification of accounting policies.

On December 26, 2008, the ASBJ issued ASBJ Statement No.16 (Revised 2008), "Revised Accounting Standard for Equity Method of Accounting for Investments". The new standard requires adjustments to be made to conform the associate's accounting policies for similar transactions and events under similar circumstances to those of the parent company when the associate's financial statements are used in applying the equity method unless it is impracticable to determine adjustments. In addition, financial statements prepared by foreign associated companies in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States tentatively may be used in applying the equity method if the following items are adjusted so that net income is accounted for in accordance with Japanese GAAP unless they are not material: 1) amortization of goodwill; 2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity; 3) expensing capitalized development costs of R&D; 4) cancellation of the fair value model accounting for property, plant, and equipment and investment properties and incorporation of the cost model accounting; 5) recording the prior years' effects of changes in accounting policies in the statements of income where retrospective adjustments to the financial statements have been incorporated; and 6) exclusion of minority interests from net income, if contained.

This standard is applicable to equity method of accounting for investments effective on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or after April 1, 2009.

Asset retirement obligations—On March 31, 2008, the ASBJ published a new accounting standard for asset retirement obligations, ASBJ Statement No.18 "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No.21 "Guidance on Accounting Standard for Asset Retirement Obligations". Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset.

The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard is effective for fiscal years beginning on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or before March 31, 2010.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3 Acquisition

SOFTBANK TELECOM Corp., a subsidiary of the Company, acquired additional shares of JAPAN TELECOMINVOICE CO., LTD. (currently SOFTBANK TELECOM PARTNERS Corp.), which became a wholly-owned subsidiary of SOFTBANK TELECOM Corp., in April 2008.

The acquisition cost was ¥25,530 million ($259,900 thousand). 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 were as follows:

	Millions of yen	Thousands of U.S. dollars
	2009	2009
Current assets	¥ 20,251	$ 206,156
Non-current assets	401	4,082
Goodwill	22,078	224,754
Current liabilities	(12,726)	(129,556)
Acquisition cost before April 2008	(4,474)	(45,536)
Acquisition cost	25,530	259,900
Cash and cash equivalents of newly consolidated companies (Note)	(8,325)	(84,753)
Payments for the acquisition	¥ 17,205	$ 175,147

(Note) Loan receivables to the seller of SOFTBANK TELECOM PARTNERS Corp. of ¥7,500 million ($76,351 thousand), which were collected at the same time of the payment for the acquisition, were included.

4 Marketable and Investment Securities

Most marketable and investment securities at March 31, 2008 and 2009 were classified as available-for-sale securities.

The Group does not hold trading securities at March 31, 2008 and 2009.

The carrying amounts and aggregate fair values of marketable and investment securities at March 31, 2008 and 2009 were as follows:

				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

				Millions of yen
		Unrealized		
March 31, 2009	Cost	Gains	Losses	Fair value
Equity securities	¥25,270	¥55,126	¥(606)	¥79,790
Other	2,821	1	(254)	2,568
Total	¥28,091	¥55,127	¥(860)	¥82,358

				Thousands of U.S. dollars
		Unrealized		
March 31, 2009	Cost	Gains	Losses	Fair value
Equity securities	$257,256	$561,192	$(6,168)	$812,280
Other	28,724	10	(2,592)	26,142
Total	$285,980	$561,202	$(8,760)	$838,422

Held-to-maturity securities and available-for-sale securities whose fair value is not readily determinable as of March 31, 2008 and 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars
March 31,	2008	2009	2009
Held-to-maturity debt securities			
Foreign debt securities	¥ 700	¥ 700	$ 7,126
Debt securities	369	299	3,044
Available-for-sale securities			
Equity securities	91,446	80,747	822,023
Money management fund	1,799	—	—
Investments in limited partnerships	6,726	6,733	68,543
Foreign debt securities	959	—	—
Other	528	194	1,966
Total	¥102,527	¥88,673	$902,702

Proceeds from sales of available-for-sale securities for the years ended March 31, 2008 and 2009 were ¥28,874 million and ¥10,063 million ($102,441 thousand), respectively. Gross realized gains and losses on these sales, computed on the moving average cost basis, were ¥6,611 million and ¥136 million, respectively, for the year ended March 31, 2008 and ¥2,666 million ($27,141 thousand) and ¥308 million ($3,131 thousand), respectively, for the year ended March 31, 2009.

The carrying values of debt securities by contractual maturities for securities classified as available-for-sale and held-to-maturity at March 31, 2009 were as follows:

	Millions of yen	Thousands of U.S. dollars
Debt securities	2009	2009
Due in one year or less	¥ 179	$ 1,824
Due after one year through five years	434	4,419
Due after five years through ten years	600	6,108
Due after ten years	—	—
Total	¥1,213	$12,351

Certain subsidiaries in the U.S. qualify as investment companies under the provisions of the AICPA Guide and account for 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, 2008 and 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars
March 31,	2008	2009	2009
Proceeds from sales	¥15,000	¥ 3,627	$ 36,928
Carrying amounts of investment securities at fair value recorded in consolidated balance sheets	26,042	18,064	183,898

The unrealized appreciation (loss) on valuation of investments and gain (loss) on sale of investments at subsidiaries in the U.S., net, for the years ended March 31, 2008 and 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars
For the years ended March 31,	2008	2009	2009
Unrealized appreciation (loss) on valuation of investments at subsidiaries in the U.S., net	¥ 171	¥ (234)	$ (2,384)
Gain (loss) on sale of investments at subsidiaries in the U.S., net	12,796	(5,082)	(51,735)
Total	¥12,967	¥(5,316)	$(54,119)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5 Additional Entrustment for Debt Assumption of Bonds

SOFTBANK MOBILE Corp. has entrusted cash for the repayment of the straight bonds listed in the following table, based on debt assumption agreements with a financial institution. The bonds are derecognized in the Company's consolidated balance sheets.

The trust has collateralized debt obligations ("CDO") of ¥75,000 million ($763,515 thousand) issued by a Cayman Islands based Special-Purpose Company ("SPC"). The SPC has contracted a credit default swap agreement secured by debt securities (corporate bonds), which refers to a certain portion of the portfolio consisting of 160 referenced entities.

In case that defaults (credit events under the agreement) of 8 and above of the referenced entities occur, ¥75,000 million ($763,515 thousand) is reduced from the redemption amount of the CDO and an additional entrustment should be required for the reduced amount.

As of March 31, 2009, SOFTBANK MOBILE Corp. received notices of the default of 6 referenced entities from Goldman Sachs International, the arranger of the CDO. On April 10, 2009, SOFTBANK MOBILE Corp. received a notice of the default of 2 referenced entities. As a result, for the amount required as the additional entrustment of ¥75,000 million ($763,515 thousand), a long-term accounts payable was recognized and included in other liabilities of long-term liabilities in the consolidated balance sheet. In the consolidated statement of income, it was recorded as loss on additional entrustment for debt assumption.

Mizuho Corporate Bank, Ltd. and the Company set up a credit line facility contract in order to support the repayments of the bonds issued by SOFTBANK MOBILE Corp.

March 31,			Millions of yen 2009	Thousands of U.S. dollars 2009
Subject bonds	Issue date	Maturity date		
Third Series Unsecured Bond	August 19, 1998	August 19, 2010	¥25,000	$254,505
Fifth Series Unsecured Bond	August 25, 2000	August 25, 2010	25,000	254,505
Seventh Series Unsecured Bond	September 22, 2000	September 22, 2010	25,000	254,505
Total		Total	¥75,000	$763,515

6 Short-term Borrowings, Long-term Debt and Lease Obligations

(1) Short-term borrowings at March 31, 2008 and 2009 mainly consisted of notes to banks and bank overdrafts. The annual interest rates applicable to the short-term borrowings ranged from 0.58% to 7.34% and 0.94% to 10.60% at March 31, 2008 and 2009, respectively.

Cash receipts as collateral from financial institutions in the amounts of ¥130,000 in 2008 and ¥110,000 ($1,119,821 thousand) in 2009, to whom the Company lent shares of its subsidiary under security deposit agreements, are included in short-term borrowings.

(2) Long-term debt at March 31, 2008 and 2009 consisted of the following:

March 31,	Millions of yen 2008	Millions of yen 2009	Thousands of U.S. dollars 2009
Unsecured borrowings principally from financial institutions:			
Due on various date through 2020—generally at 0.58% to 7.50% in 2008 and 0.93% to 7.50% in 2009	¥ 443,676	¥ 401,525	$ 4,087,601
Collateralized borrowings principally from financial institutions:			
Due on various date through 2019—generally at 3.46% to 6.89% in 2008 and 4.40% to 6.93% in 2009	1,382,203	1,289,064	13,122,918
Unsecured straight bonds:			
Due on various date through 2016—generally at 0.48% to 9.38% in 2008 and 1.97% to 7.75% in 2009	347,751	288,566	2,937,658
Convertible bonds:			
Due on various date through 2014—generally at 1.50% to 2.00% in 2008 and 1.50% to 1.75% in 2009, convertible into common stock ranging from ¥1,984 ($20.20) to ¥2,165 ($22.04)	150,000	100,000	1,018,019
Total	2,323,630	2,079,155	21,166,196
Less current portion	(291,773)	(318,296)	(3,240,317)
Long-term debt, less current portion	¥2,031,857	¥1,760,859	$17,925,879

(3) Current portion of lease obligations and lease obligations at March 31, 2009 consisted of the following:

March 31,	Millions of yen 2009	Thousands of U.S. dollars 2009
Current portion of lease obligations– 1.77% to 5.09%	¥ 88,241	$ 898,314
Lease obligations– 1.77% to 5.09%	233,314	2,375,183

(4) The aggregate annual maturities of borrowings from financial institutions outstanding at March 31, 2009 were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2010	¥ 254,296	$ 2,588,785
2011	64,386	655,465
2012	205,248	2,089,461
2013	217,500	2,214,191
2014 and thereafter	949,159	9,662,617
Total	¥1,690,589	$17,210,519

(5) The aggregate annual maturities of corporate bonds outstanding at March 31, 2009 were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2010	¥ 64,000	$ 651,532
2011	56,400	574,163
2012	68,900	701,415
2013	50,000	509,009
2014 and thereafter	149,266	1,519,558
Total	¥388,566	$3,955,677

(6) The aggregate annual maturities of lease obligations outstanding at March 31, 2009 were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2010	¥ 88,241	$ 898,314
2011	90,566	921,982
2012	91,451	930,991
2013	39,627	403,410
2014 and thereafter	11,670	118,800
Total	¥321,555	$3,273,497

(7) Assets pledged as collateral at March 31, 2009 for the collateralized borrowings of ¥1,290,003 million ($13,132,476 thousand) and account payable–trade of ¥1,240 million ($12,622 thousand) were as follows:

Assets pledged as collateral	Millions of yen	Thousands of U.S. dollars
Cash and cash equivalents	¥211,983	$2,158,022
Notes and accounts receivable–trade	312,832	3,184,689
Other current assets	432	4,396
Land	10,617	108,086
Buildings and structures	12,775	130,050
Telecommunications equipment	260,510	2,652,038
Telecommunications service lines	189	1,927
Investment securities and investments in unconsolidated subsidiaries and affiliated companies	66,864	680,687
Investments and other assets–other	32,000	325,763
Total	¥908,202	$9,245,658

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 ¥1,184,853 million ($12,062,029 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 ¥185,670 million ($1,890,151 thousand) and ¥36,256 million ($369,097 thousand), respectively, as of March 31, 2009. The amount of the senior portion of the securitized installment sales receivables of ¥221,926 million ($2,259,248 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.

SOFTBANK BB Corp. transferred its senior portion of the securitized present and future receivables for ADSL services (Note) to an SPC (a consolidated subsidiary), and the SPC raised the funds through asset backed loans based on the receivables amounting to ¥20,000 million ($203,604 thousand) as of March 31, 2009 from a financial institution. Cash proceeds through the asset backed loans are included in the current portion of long-term debt and long-term debt in the amount of ¥6,660 million ($67,800 thousand) and ¥13,340 million ($135,804 thousand), respectively, as of March 31, 2009.

(Note) A certain portion of present and future (through March 2012) receivables realized through the ADSL services provided by SOFTBANK BB Corp.

(8) 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 net capital deficiency. The consolidated balance sheets of BB Mobile Corp. at the end of the year and the first half of the year must not show net capital deficiency.

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
(j) SOFTBANK TELECOM PARTNERS Corp.
(k) Shiodome Management CORP.

(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 (Note) 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 (Note) 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 (Note 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 (Note 2), leverage ratio (Note 3)) or operational performance targets (number of subscribers) are not met, depending on the importance and the timing of the 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 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, 2009, 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 at the end of each first half of the year 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, 2008 and 2009, the Company recorded operating income of ¥4,649 million and ¥5,659 million ($57,613 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 ¥9,498 million and ¥8,810 million ($89,684 thousand) for the years ended March 31, 2008 and 2009, respectively, were recorded as revenue.

Ending balances of deferred revenue as of March 31, 2008 and 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars
March 31,	2008	2009	2009
Other current liabilities	¥14,805	¥12,045	$122,617
Other liabilities	15,923	3,773	38,410

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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, 2008 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
March 31,	2008	2009	2009
Projected benefit obligation	¥16,159	¥16,077	$163,662
Fair value of plan assets	—	—	—
Unrecognized actuarial gain (loss)	—	—	—
Net liability	¥16,159	¥16,077	$163,662

The components of net periodic benefit costs are as follows:

	Millions of yen		Thousands of U.S. dollars
For the years ended March 31,	2008	2009	2009
Service cost (Note)	¥1,063	¥1,198	$12,201
Interest cost	349	336	3,421
Recognized actuarial loss	467	619	6,298
Contributions to the defined contribution pension plan	2,048	2,078	21,154
Net periodic benefit costs	¥3,927	¥4,231	$43,074

(Note) Service cost for the years ended March 31, 2008 and 2009 include ¥1,061 million and ¥1,187 million ($12,082 thousand), respectively, of contributions to multi-employer contributory defined benefit welfare pension plans.

Assumptions used for the years ended March 31, 2008 and 2009 are set forth as follows:

	2008	2009
Discount rate	Primarily 2.0%	Primarily 1.75%
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 2009.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2008 and 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars
March 31,	2008	2009	2009
Deferred tax assets:			
Loss carryforwards	¥ 180,330	¥ 127,399	$ 1,296,943
Depreciation and amortization	82,205	108,078	1,100,256
Valuation of assets and liabilities of acquired consolidated subsidiaries at fair market value	74,443	63,140	642,781
Allowance for doubtful accounts	32,557	39,460	401,706
Investment securities	54,211	28,330	288,408
Allowance for point mileage	17,826	17,015	173,218
Deferred revenue	13,473	8,599	87,540
Deferred losses on derivatives under hedge accounting	8,308	—	—
Other	78,921	72,772	740,833
Gross deferred tax assets	542,274	464,793	4,731,685
Less: valuation allowance	(286,137)	(201,794)	(2,054,301)
Total deferred tax assets	256,137	262,999	2,677,384
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	(58,666)	(20,661)	(210,329)
Deferred gain on derivatives under hedge accounting	—	(16,023)	(163,115)
Other	(6,711)	(3,861)	(39,314)
Total deferred tax liabilities	(65,377)	(40,545)	(412,758)
Net deferred tax assets	¥ 190,760	¥ 222,454	$ 2,264,626

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, 2008 and 2009 is as follows:

	2008	2009
Normal effective statutory tax rate	40.69%	40.69%
Reconciliation–		
Changes in valuation allowance (Note)	(9.06)	(53.54)
Amortization of goodwill	10.74	22.81
Consolidation adjustments resulting from gain and loss on sale of investments in consolidated subsidiaries	5.32	9.65
Equity in (earnings) losses of affiliated companies	(7.71)	2.16
Other–net	(5.37)	(3.41)
Actual effective tax rate	34.61%	18.36%

(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, 2009, the Group had tax loss carryforwards aggregating approximately ¥127,399 million ($1,296,943 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,	2009	2009
2010	¥ 2,551	$ 25,966
2011	1,486	15,124
2012	4,225	43,011
2013	42,564	433,311
2014	11,996	122,126
2015 and thereafter	64,577	657,405
Total	¥127,399	$1,296,943

10 Equity

Since May 1, 2006, Japanese companies have been subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(1) Dividends

Under the Companies Act, 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; (a) having the Board of Directors, (b) having independent auditors, (c) having the Board of Corporate Auditors, and (d) 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 Companies Act 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) Increases/decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(3) Treasury stock and treasury stock acquisition rights
The Companies Act 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 Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act 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, 2008, consolidated subsidiaries recorded stock acquisition rights of ¥120 million. As of March 31, 2009, consolidated subsidiaries recorded stock acquisition rights of ¥289 million ($2,946 thousand).

11 Stock Options

(1) The stock options outstanding as of March 31, 2009 were mainly as follows:

	The First Series of Stock Acquisition Rights (2003)	The Third Series of Stock Acquisition Rights (2004)
Company name	The Company	The Company
Persons granted	Directors of the Company: 8 Employees of the Company: 80 Directors of Subsidiaries: 16 Employees of Subsidiaries: 1,746	Executive officers of Subsidiaries: 12
Class and number of shares	4,200,000 shares of common stock of the Company	822,000 shares of common stock of the Company
Grant date	December 9, 2003	October 8, 2004
Exercise period	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	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

	The Fifth Series of Stock Acquisition Rights (2005)
Company name	The Company
Persons granted	Employees of the Company: 16 Directors of Subsidiaries: 1 Executive officers of Subsidiaries: 3 Employees of Subsidiaries: 152
Class and number of shares	923,300 shares of common stock of the Company
Grant date	February 10, 2006
Exercise period	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

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	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

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	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 First Series of Stock Acquisition Rights (2008)	The Second Series of Stock Acquisition Rights (2008)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Employees of Yahoo Japan Corporation: 246	Directors of Yahoo Japan Corporation: 5 Employees of Yahoo Japan Corporation: 336
Class and number of shares	2,059 shares of common stock of Yahoo Japan Corporation	11,750 shares of common stock of Yahoo Japan Corporation
Grant date	May 9, 2008	August 8, 2008
Exercise period	A. 50% of allotment shares from April 26, 2010 to April 25, 2018 B. 25% of allotment shares from April 26, 2011 to April 25, 2018 C. 25% of allotment shares from April 26, 2012 to April 25, 2018	A. 50% of allotment shares from July 26, 2010 to July 25, 2018 B. 25% of allotment shares from July 26, 2011 to July 25, 2018 C. 25% of allotment shares from July 26, 2012 to July 25, 2018

	The Third Series of Stock Acquisition Rights (2008)	The Fourth Series of Stock Acquisition Rights (2008)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Employees of Yahoo Japan Corporation: 128	Employees of Yahoo Japan Corporation: 128
Class and number of shares	407 shares of common stock of Yahoo Japan Corporation	350 shares of common stock of Yahoo Japan Corporation
Grant date	November 7, 2008	February 10, 2009
Exercise period	A. 50% of allotment shares from October 25, 2010 to October 24, 2018 B. 25% of allotment shares from October 25, 2011 to October 24, 2018 C. 25% of allotment shares from October 25, 2012 to October 24, 2018	A. 50% of allotment shares from January 28, 2011 to January 27, 2019 B. 25% of allotment shares from January 28, 2012 to January 27, 2019 C. 25% of allotment shares from January 28, 2013 to January 27, 2019

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In addition to the aforementioned information of the stock options outstanding, the stock option activity is as follows:

	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
Non-vested shares			
At the beginning of the year	—	30,000	622,500
Granted during the year	—	—	—
Forfeited and expired during the year	—	15,000	20,100
Vested during the year	—	15,000	412,200
At the end of the year	—	—	190,200
Vested shares			
At the beginning of the year	2,481,600	25,500	201,400
Vested during the year	—	15,000	412,200
Exercised during the year	359,400	—	—
Forfeited or expired during the year	12,000	—	25,100
Unexercised at the end of the year	2,110,200	40,500	588,500
Exercise price–yen (U.S. dollars)	¥1,440 ($14.66)	¥1,827 ($18.60)	¥4,172 ($42.47)
Average stock price at exercise–yen (U.S. dollars)	1,607 (16.36)	— —	— —
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	40,744	16,835
Vested during the year	—	—	—	—
Exercised during the year	—	—	5,810	377
Forfeited or expired during the year	—	—	—	—
Unexercised at the end of the year	18,432	2,048	34,934	16,458
Exercise price–yen (U.S. dollars)	¥51,270 ($521.94)	¥38,086 ($387.72)	¥19,416 ($197.66)	¥9,559 ($97.31)
Average stock price at exercise–yen (U.S. dollars)	— —	— —	30,562 (311.13)	30,150 (306.93)
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	—	—	—	—
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	21,732	19,968	1,280	16,256
Vested during the year	—	—	—	—
Exercised during the year	652	1,792	512	320
Forfeited or expired during the year	—	256	—	—
Unexercised at the end of the year	21,080	17,920	768	15,936
Exercise price–yen (U.S. dollars)	¥8,497 ($86.50)	¥10,196 ($103.80)	¥11,375 ($115.80)	¥33,438 ($340.41)
Average stock price at exercise–yen (U.S. dollars)	30,119 (306.62)	27,340 (278.33)	46,875 (477.20)	44,900 (457.09)
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	—	—	416	3,392
Granted during the year	—	—	—	—
Forfeited and expired during the year	—	—	16	—
Vested during the year	—	—	400	3,392
At the end of the year	—	—	—	—
Vested shares				
At the beginning of the year	1,440	1,216	224	5,744
Vested during the year	—	—	400	3,392
Exercised during the year	—	—	—	—
Forfeited or expired during the year	32	160	64	32
Unexercised at the end of the year	1,408	1,056	560	9,104
Exercise price–yen (U.S. dollars)	¥51,478 ($524.06)	¥47,813 ($486.75)	¥78,512 ($799.27)	¥65,290 ($664.66)
Average stock price at exercise–yen (U.S. dollars)	— —	— —	— —	— —
Fair value price at the grant date–yen	—	—	—	—

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	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	272	168	160	2,672
Granted during the year	—	—	—	—
Forfeited and expired during the year	32	16	12	60
Vested during the year	240	152	12	1,064
At the end of the year	—	—	136	1,548
Vested shares				
At the beginning of the year	208	88	68	2,636
Vested during the year	240	152	12	1,064
Exercised during the year	—	—	—	—
Forfeited or expired during the year	64	8	4	88
Unexercised at the end of the year	384	232	76	3,612
Exercise price–yen (U.S. dollars)	¥62,488 ($636.14)	¥65,375 ($665.53)	¥60,563 ($616.54)	¥58,500 ($595.54)
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	86	148	85	8,268
Granted during the year	—	—	—	—
Forfeited and expired during the year	4	2	2	371
Vested during the year	20	28	36	3,941
At the end of the year	62	118	47	3,956
Vested shares				
At the beginning of the year	70	114	—	—
Vested during the year	20	28	36	3,941
Exercised during the year	—	—	—	—
Forfeited or expired during the year	2	—	—	41
Unexercised at the end of the year	88	142	36	3,900
Exercise price–yen (U.S. dollars)	¥62,000 ($631.17)	¥79,500 ($809.33)	¥67,940 ($691.64)	¥47,198 ($480.48)
Average stock price at exercise–yen (U.S. dollars)	— —	— —	— —	— —
Fair value price at the grant date–yen (U.S. dollars)	— —	— —	A 30,958 (315.16)	A 24,564 (250.07)
	— —	— —	B 35,782 (364.27)	B 26,803 (272.86)
	— —	— —	C 39,196 (399.02)	C 28,156 (286.63)

	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		282		330		616		9,881
Granted during the year		—		—		—		—
Forfeited and expired during the year		5		—		8		416
Vested during the year		124		147		—		—
At the end of the year		153		183		608		9,465
Vested shares								
At the beginning of the year		—		—		—		—
Vested during the year		124		147		—		—
Exercised during the year		—		—		—		—
Forfeited or expired during the year		—		—		—		—
Unexercised at the end of the year		124		147		—		—
Exercise price–yen (U.S. dollars)		¥44,774 ($455.81)		¥47,495 ($483.51)		¥45,500 ($463.20)		¥40,320 ($410.47)
Average stock price at exercise–yen (U.S. dollars)		— —		— —		— —		— —
Fair value price at the grant date–yen (U.S. dollars)	A	23,832 (242.61)	A	20,435 (208.03)	A	22,586 (229.93)	A	17,061 (173.68)
	B	25,311 (257.67)	B	23,448 (238.71)	B	25,697 (261.60)	B	18,121 (184.48)
	C	26,766 (272.48)	C	25,578 (260.39)	C	27,206 (276.96)	C	20,659 (210.31)

	The Third Series of Stock Acquisition Rights (2007)		The Fourth Series of Stock Acquisition Rights (2007)		The First Series of Stock Acquisition Rights (2008)		The Second Series of Stock Acquisition Rights (2008)	
Company name	Yahoo Japan Corporation		Yahoo Japan Corporation		Yahoo Japan Corporation		Yahoo Japan Corporation	
Non-vested shares								
At the beginning of the year		743		816		—		—
Granted during the year		—		—		2,059		11,750
Forfeited and expired during the year		7		15		219		104
Vested during the year		—		—		—		—
At the end of the year		736		801		1,840		11,646
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 ($520.84)		¥47,500 ($483.56)		¥51,781 ($527.14)		¥40,505 ($412.35)
Average stock price at exercise–yen (U.S. dollars)		— —		— —		— —		— —
Fair value price at the grant date–yen (U.S. dollars)	A	20,900 (212.77)	A	20,289 (206.55)	A	16,538 (168.36)	A	14,918 (151.87)
	B	23,651 (240.77)	B	23,128 (235.45)	B	18,525 (188.59)	B	15,716 (159.99)
	C	26,853 (273.37)	C	24,691 (251.36)	C	21,037 (214.16)	C	17,981 (183.05)

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	The Third Series of Stock Acquisition Rights (2008)	The Fourth Series of Stock Acquisition Rights (2008)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Non-vested shares		
At the beginning of the year	—	—
Granted during the year	407	350
Forfeited and expired during the year	—	—
Vested during the year	—	—
At the end of the year	407	350
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)	¥34,000 ($346.13)	¥32,341 ($329.24)
Average stock price at exercise–yen (U.S. dollars)	— —	— —
Fair value price at the grant date–yen (U.S. dollars)	A 14,554 (148.16)	A 10,204 (103.88)
	B 15,075 (153.47)	B 10,715 (109.08)
	C 16,395 (166.90)	C 11,262 (114.65)

(Note) A, B, and C correspond to those in the table of stock options 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 2009.

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

	The First Series of Stock Acquisition Rights (2008)	The Second Series of Stock Acquisition Rights (2008)	The Third Series of Stock Acquisition Rights (2008)	The Fourth Series of Stock Acquisition Rights (2008)
Volatility of stock price (Note 2)	A 44.6% B 47.8% C 52.4%	A 44.0% B 44.6% C 49.8%	A 45.8% B 45.7% C 48.5%	A 45.3% B 45.5% C 45.9%
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)	0.24%	0.28%	0.31%	0.38%
Risk free interest rate: (Note 5)	A 1.18% B 1.20% C 1.24%	A 1.06% B 1.08% C 1.11%	A 1.01% B 1.06% C 1.13%	A 0.84% B 0.89% C 0.95%

(Notes) 1. A, B, and C correspond 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 (2008)
A. From May 20, 2002 to May 9, 2008
B. From November 19, 2001 to May 9, 2008
C. From May 21, 2001 to May 9, 2008

The Second Series of Stock Acquisition Rights (2008)
A. From August 19, 2002 to August 8, 2008
B. From February 18, 2002 to August 8, 2008
C. From August 20, 2001 to August 8, 2008

The Third Series of Stock Acquisition Rights (2008)
A. From November 18, 2002 to November 7, 2008
B. From May 20, 2002 to November 7, 2008
C. From November 19, 2001 to November 7, 2008

The Fourth Series of Stock Acquisition Rights (2008)
A. From February 17, 2003 to February 6, 2009
B. From August 19, 2002 to February 6, 2009
C. From February 18, 2002 to February 6, 2009

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 estimated due to the insufficient accumulated data.
4. Estimated dividend yield is based on the dividends paid in 2008.
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 a 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, 2008 and 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars
For the years ended March 31,	2008	2009	2009
Sales commission and sales promotion expense	¥450,659	¥423,789	$4,314,253
Payroll and bonuses	106,561	112,671	1,147,010
Provision for allowance for doubtful accounts	46,110	33,341	339,418

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13 Other Income (Expense), Net

Other income (expense), net, for the years ended March 31, 2008 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
For the years ended March 31,	2008	2009	2009
Unrealized appreciation (loss) on valuation of investments and gain (loss) on sale of investments at subsidiaries in the U.S., net (Note 1)	¥ 12,967	¥ (5,316)	$ (54,119)
Impairment loss (Note 2)	(10,645)	(29,479)	(300,101)
Other, net (Note 3)	(33,830)	(10,890)	(110,862)
Total	¥(31,508)	¥(45,685)	$(465,082)

(Notes)1. Unrealized appreciation (loss) on valuation of investments and gain (loss) 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 investment securities in accordance with the AICPA Guide.

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

	Millions of yen		Thousands of U.S. dollars
For the years ended March 31,	2008	2009	2009
Unrealized appreciation (loss) on valuation of investments at subsidiaries in the U.S., net	¥ 171	¥ (234)	$ (2,384)
Gain (loss) on sale of investments at subsidiaries in the U.S., net	12,796	(5,082)	(51,735)
Total	¥12,967	¥(5,316)	$(54,119)

2. Impairment loss

The Company recorded an impairment loss for the years ended March 31, 2008 and 2009 for the following asset groups.

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.

For the year ended March 31, 2008

Segment	Purpose of use	Type of assets	Amounts
Fixed-line Telecommunications	Access gateway switch (AGW)	Finance lease assets	¥8,818 million
Internet Culture	Other	Goodwill related to a certain subsidiary	¥1,827 million
Total			¥10,645 million

Impairment loss of leased AGW in Fixed line-Telecommunications business

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 lease assets, were recorded as an impairment loss in the consolidated statement of income.

For the year ended March 31, 2009

Segment	Purpose of use	Type of assets	Amounts
Broadband Infrastructure	Assets for Fiber To The Home (FTTH) infrastructural business	Telecommunications equipment, Finance lease assets, Construction in progress, Software, Structures, and other	¥28,999 million ($295,220 thousand)
Internet Culture	Other	Goodwill related to a certain subsidiary	¥480 million ($4,881 thousand)
Total			¥29,479 million ($300,101 thousand)

Impairment loss of assets in Broadband Infrastructure business

As SOFTBANK BB launched *Yahoo! BB hikari with FLET'S*, which is a new FTTH Internet connection service, the future revenue generated from the assets for *Yahoo! BB hikari* service, which is a current FTTH infrastructural service, was reassessed. As a result, an impairment loss for the total carrying amounts of the assets and the removal costs were recorded in the consolidated statements of income, since the carrying amounts of the assets were not recoverable.

The impairment loss consists of ¥10,702 million ($108,951 thousand) for telecommunications equipment, ¥7,260 million ($73,905 thousand) for finance lease assets*, ¥4,630 million ($47,137 thousand) for construction in progress, ¥1,265 million ($12,881 thousand) for software, ¥880 million ($8,960 thousand) for structures and ¥4,262 million ($43,386 thousand) for removal costs.

For the calculation of the impaired value of the leased assets, the present values of the future lease payments were assumed to be the carrying value of leased assets.

*Note: The finance lease assets contracted before April 1, 2008 are accounted for as operating lease transactions.

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

In addition to the above impairment losses for the year ended March 31,2008, a loss on the disposal of telecommunications supplies of ¥12,006 million and loss on the disposal of fixed assets of ¥5,426 million 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, 2008 and 2009 is as follows:

	Millions of yen	Number of shares	Yen
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
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

	Millions of yen	Number of shares	Yen	Dollars
For the year ended March 31, 2009:	Net income	Weighted average shares	EPS	
Basic EPS				
Net income available to common shareholders	¥43,172	1,080,700,888	¥39.95	$0.41
Effect of Dilutive Securities				
Warrants	—	220,721		
Convertible bonds	1,557	75,648,626		
Effects of dilutive securities issued by consolidated subsidiaries and affiliated companies under the equity method	(35)	—		
Diluted EPS				
Net income for computation	¥44,694	1,156,570,235	¥38.64	$0.39

15 Supplemental Cash Flow Information

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 in 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.

16 Derivatives

The Group enters into 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Group had the following derivatives contracts outstanding at March 31, 2008 and 2009:

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

	Millions of yen		
March 31, 2009	Contract amounts	Fair value	Unrealized gain (loss)
Foreign currency forward contracts			
Buying U.S. dollars	¥83,590	¥86,520	¥2,930
Buying Euro	3,638	3,371	(267)
			¥ 2,663

	Thousands of U.S. dollars		
March 31, 2009	Contract amounts	Fair value	Unrealized gain (loss)
Foreign currency forward contracts			
Buying U.S. dollars	$850,961	$880,789	$29,828
Buying Euro	37,032	34,313	(2,719)
			$27,109

Derivative contracts which qualify for hedge accounting for the years ended March 31, 2008 and 2009 are excluded from the disclosure of market value information.

The contract or notional amounts of derivatives which are shown in the above tables 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 leases for the years ended March 31, 2008 and 2009 were ¥72,175 million and ¥80,503 million ($819,531 thousand), respectively.

As discussed in Note 2 (13), the Group accounts for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions. Pro forma information of such leases existing at the transition date, such as acquisition cost, accumulated depreciation, accumulated impairment loss, obligations under finance leases, depreciation expense, interest expense and other information, on an "as if capitalized" basis for the years ended March 31, 2008 and 2009 was as follows:

Finance lease assets:

	Millions of yen		Thousands of U.S. dollars
March 31,	2008	2009	2009
Telecommunications equipment and telecommunications service lines			
Acquisition cost	¥179,480	¥171,193	$1,742,777
Accumulated depreciation	(66,202)	(77,309)	(787,022)
Accumulated impairment loss	(30,522)	(37,787)	(384,678)
Net leased property	82,756	56,097	571,077
Buildings and structures			
Acquisition cost	47,005	47,004	478,515
Accumulated depreciation	(7,430)	(9,836)	(100,134)
Accumulated impairment loss	—	—	—
Net leased property	39,575	37,168	378,381
Other property and equipment			
Acquisition cost	17,980	17,228	175,378
Accumulated depreciation	(6,303)	(8,425)	(85,763)
Accumulated impairment loss	(1,253)	(1,078)	(10,974)
Net leased property	10,424	7,725	78,641
Software			
Acquisition cost	9,373	9,086	92,503
Accumulated amortization	(3,353)	(4,919)	(50,079)
Accumulated impairment loss	(169)	(171)	(1,742)
Net leased property	5,851	3,996	40,682
Total	¥138,606	¥104,986	$1,068,781

Obligations under finance lease:

	Millions of yen		Thousands of U.S. dollars
March 31,	2008	2009	2009
Due within one year	¥ 32,482	¥ 30,727	$ 312,805
Due after one year	141,180	110,652	1,126,457
Total	¥173,662	¥141,379	$1,439,262

Notes and accounts receivable–trade of ¥76 million ($774 thousand) are pledged as collateral for the lease obligations of ¥2,519 million ($25,649 thousand) at March 31, 2009. In addition, notes and accounts receivable–trade of ¥78 million ($796 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, 2008 and 2009 were ¥21,601 million and ¥18,809 million ($191,483 thousand), respectively, and are not included in the obligations under finance leases.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

	Millions of yen		Thousands of U.S. dollars
For the years ended March 31,	2008	2009	2009
Depreciation and amortization expense	¥30,917	¥26,769	$272,515
Interest expense	12,789	10,721	109,143
Total	¥43,706	¥37,490	$381,658
Lease payments	¥44,329	¥41,445	$421,916
Reversal of allowance for impairment loss on leased property	5,388	10,052	102,327
Impairment loss	8,818	7,260	73,905

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, 2008 and 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars
March 31,	2008	2009	2009
Due within one year	¥ 2,959	¥21,931	$223,257
Due after one year	13,127	41,129	418,702
Total	¥16,086	¥63,060	$641,959

Long-term prepaid expense of ¥15,054 million and ¥19,867 million ($202,254 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, 2008 and 2009, respectively. Current portion of long-term prepaid expenses of ¥714 million ($7,269 thousand) relating to lease contracts is included in other current assets in the consolidated balance sheet for the year ended March 31, 2009.

(2) Lessor

The Group leases certain property and equipment.

Future lease receivables under non-cancelable operating lease at March 31, 2008 and 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars
March 31,	2008	2009	2009
Due within one year	¥1,371	¥1,142	$11,626
Due after one year	1,997	1,538	15,654
Total	¥3,368	¥2,680	$27,280

18 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, 2009, ¥17,266 million ($175,772 thousand) remains as unused lines of credit.

19 Related Party Transactions

Transactions of the Company with Son Assets Management, LLC., a director of the Company, and directors of the Company's significant subsidiaries for the years ended March 31, 2008 and 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars
March 31,	2008	2009	2009
(Son Assets Management, LLC.) (Note)			
Temporary advance for expenses on behalf of Son Assets Management, LLC.	¥210	¥246	$2,505
Office facility usage	64	62	627
Office deposits received	27	24	244
(Director of the Company and directors of the Company's significant subsidiaries)			
Exercise of stock options	—	302	3,078

(Note) Son Assets Management, LLC. leases office space from the Company.

The balances due to or from Son Assets Management, LLC. at March 31, 2008 and 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars
March 31,	2008	2009	2009
Other current assets	¥ 25	¥ 27	$ 274
Deposit received included in long term liabilities–other liabilities	169	193	1,967

20 Significant Subsequent Events

Appropriation of retained earnings

The following appropriation of retained earnings at March 31, 2009 was approved at the shareholders' meeting held on June 24, 2009:

	Millions of yen	Thousands of U.S. dollars
March 31,	2009	2009
Year-end cash dividends, ¥2.50 ($0.03)	¥2,702	$27,508

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
- **Internet Culture:** Internet-based advertising operations, portal business, and auction business
- **e-Commerce:** Distribution of PC software and hardware including PCs and peripherals and enterprise solutions, and diversified e-commerce businesses, including business transaction platforms (B2B) and consumer-related e-commerce (B2C)
- **Others:** Technology Services, Media & Marketing, Overseas Funds, and Others

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(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, 2008 and 2009:

(a) Sales and operating income

Millions of yen

	Business									
For the year ended March 31, 2008	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

	Business								
For the year ended March 31, 2008	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.

(a) Sales and operating income

Millions of yen

	Business								
For the year ended March 31, 2009	Mobile Communications	Broadband Infrastructure	Fixed-line Telecommunications	Internet Culture	e-Commerce	Others	Total	Elimination or corporate	Consolidated
Sales to customers	¥1,554,784	¥229,241	¥320,358	¥251,167	¥247,352	¥70,133	¥2,673,035	¥ —	¥2,673,035
Intersegment sales	8,107	5,958	43,274	3,071	10,832	18,094	89,336	(89,336)	—
Total sales	1,562,891	235,199	363,632	254,238	258,184	88,227	2,762,371	(89,336)	2,673,035
Operating expenses	1,391,501	187,946	344,664	129,140	253,548	88,421	2,395,220	(81,306)	2,313,914
Operating income (loss)	¥ 171,390	¥ 47,253	¥ 18,968	¥125,098	¥ 4,636	¥ (194)	¥ 367,151	¥ (8,030)	¥ 359,121

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

Millions of yen

	Business								
For the year ended March 31, 2009	Mobile Communications	Broadband Infrastructure	Fixed-line Telecommunications	Internet Culture	e-Commerce	Others	Total	Elimination or corporate	Consolidated
Total assets	¥3,033,653	¥158,147	¥436,256	¥347,395	¥69,086	¥240,820	¥4,285,357	¥101,315	¥4,386,672
Depreciation and amortization	212,946	22,012	44,319	12,290	1,329	3,310	296,206	919	297,125
Impairment loss	—	28,999	—	480	—	—	29,479	—	29,479
Capital expenditures	199,569	14,698	51,825	31,985	1,415	4,765	304,257	242	304,499

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

(a) Sales and operating income

Thousands of U.S. dollars

	Business								
For the year ended March 31, 2009	Mobile Communications	Broadband Infrastructure	Fixed-line Telecommunications	Internet Culture	e-Commerce	Others	Total	Elimination or corporate	Consolidated
Sales to customers	$15,827,988	$2,333,722	$3,261,309	$2,556,925	$2,518,096	$713,970	$27,212,010	$ —	$27,212,010
Intersegment sales	82,535	60,658	440,535	31,268	110,267	184,194	909,457	(909,457)	—
Total sales	15,910,523	2,394,380	3,701,844	2,588,193	2,628,363	898,164	28,121,467	(909,457)	27,212,010
Operating expenses	14,165,743	1,913,333	3,508,743	1,314,670	2,581,165	900,140	24,383,794	(827,706)	23,556,088
Operating income (loss)	$ 1,744,780	$ 481,047	$ 193,101	$1,273,523	$ 47,198	$ (1,976)	$ 3,737,673	$ (81,751)	$ 3,655,922

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

For the year ended March 31, 2009	Business								Thousands of U.S. dollars
	Mobile Communications	Broadband Infrastructure	Fixed-line Telecommunications	Internet Culture	e-Commerce	Others	Total	Elimination or corporate	Consolidated
Total assets	$30,883,166	$1,609,966	$4,441,172	$3,536,551	$703,313	$2,451,583	$43,625,751	$1,031,402	$44,657,153
Depreciation and amortization	2,167,832	224,089	451,180	125,120	13,525	33,693	3,015,439	9,350	3,024,789
Impairment loss	—	295,220	—	4,881	—	—	300,101	—	300,101
Capital expenditures	2,031,646	149,627	527,584	325,611	14,400	48,524	3,097,392	2,462	3,099,854

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

(2) Geographic segment information

The tables below summarize the geographic segment information of the Group for the years ended March 31, 2008 and 2009:

For the year ended March 31, 2008	Geographic region					Millions of yen
	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

For the year ended March 31, 2009	Geographic region					Millions of yen
	Japan	North America	Others	Total	Elimination or corporate	Consolidated
Sales to customers	¥2,659,115	¥ 1,067	¥ 12,853	¥2,673,035	¥ —	¥2,673,035
Intersegment sales	3,363	—	—	3,363	(3,363)	—
Total sales	2,662,478	1,067	12,853	2,676,398	(3,363)	2,673,035
Operating expenses	2,295,801	(1,233)	13,530	2,308,098	5,816	2,313,914
Operating income (loss)	¥ 366,677	¥ 2,300	¥ (677)	¥ 368,300	¥ (9,179)	¥ 359,121
Total assets	¥3,987,164	¥141,933	¥154,884	¥4,283,981	¥102,691	¥4,386,672

For the year ended March 31, 2009	Geographic region					Thousands of U.S. dollars
	Japan	North America	Others	Total	Elimination or corporate	Consolidated
Sales to customers	$27,070,293	$ 10,861	$ 130,856	$27,212,010	$ —	$27,212,010
Intersegment sales	34,233	—	—	34,233	(34,233)	—
Total sales	27,104,526	10,861	130,856	27,246,243	(34,233)	27,212,010
Operating expenses	23,371,690	(12,550)	137,740	23,496,880	59,208	23,556,088
Operating income (loss)	$ 3,732,836	$ 23,411	$ (6,884)	$ 3,749,363	$ (93,441)	$ 3,655,922
Total assets	$40,590,080	$1,444,906	$1,576,757	$43,611,743	$1,045,410	$44,657,153

INDEPENDENT AUDITORS' REPORT

Deloitte.

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To the Board of Directors of SOFTBANK CORP.:

We have audited the accompanying consolidated balance sheets of SOFTBANK CORP. and consolidated subsidiaries (the "Company") as of March 31, 2009 and 2008, 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, 2009 and 2008, 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 24, 2009

Member of
Deloitte Touche Tohmatsu

CORPORATE DATA AND STOCK INFORMATION (As of March 31, 2009)

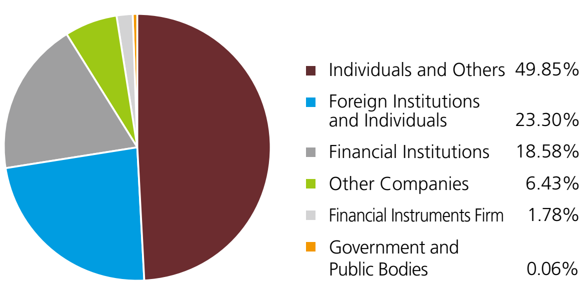
Corporate Data

Corporate Name	SOFTBANK CORP.
Founded	September 3, 1981
Corporate Headquarters	1-9-1 Higashi-shimbashi, Minato-ku, Tokyo 105-7303, Japan
Tel	+81-3-6889-2000
Paid-in Capital	¥187,681,761,101
Fiscal Year-end	March 31
Consolidated Subsidiaries	108 (of which, 53 are overseas)
Equity Method Companies	74 (of which, 44 are overseas)
Number of Employees	153 (consolidated basis: 21,048)

Stock Information

Shareholder Registrar	Mitsubishi UFJ Trust and Banking Corporation
Stock Exchange Registration	Tokyo Stock Exchange, First Section
Stock Code	9984
Number of Shares	
Shares authorized	3,600,000,000 shares
Shares issued	1,081,023,978 shares
Number of Shareholders	366,252

Distribution of Ownership Among Shareholders



(Note) Treasury stock is included in "Individuals and Others."

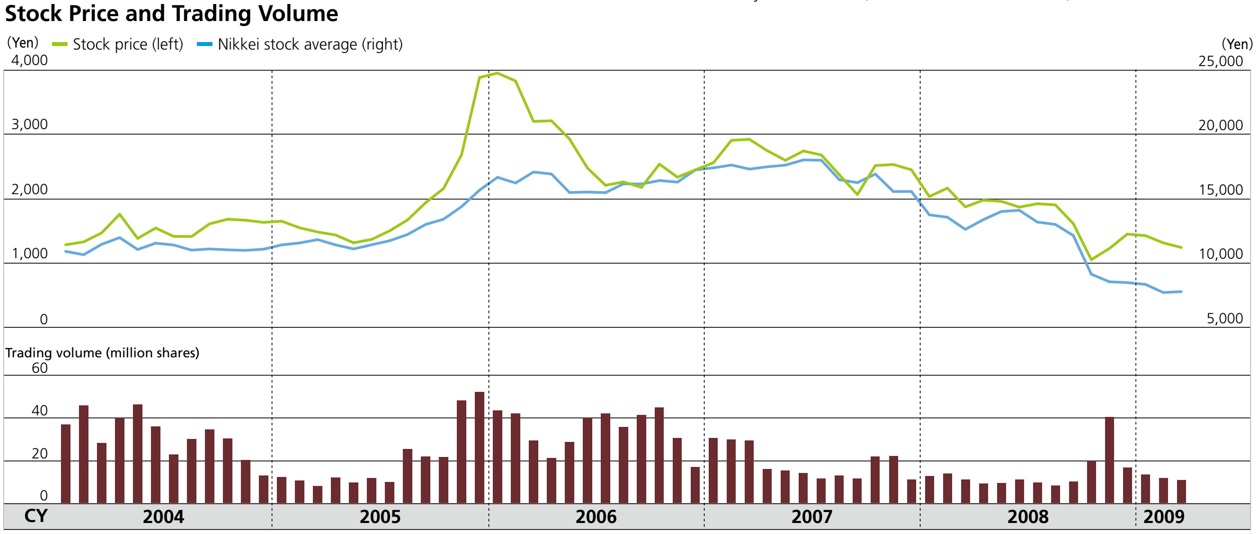
Principal Shareholders

Name	Number of shares held (Thousands)	Percentage of total shares issued (%)
Masayoshi Son	226,814	20.98
Japan Trustee Services Bank, Ltd.	103,050	9.53
The Master Trust Bank of Japan, Ltd.	59,010	5.46
State Street Bank and Trust Company	30,911	2.86
Trust & Custody Services Bank, Ltd.	20,264	1.87
JP Morgan Chase Bank 380055	16,553	1.53
JPMCB Omnibus US Pension Treaty JASDEC380052	12,186	1.13
JPMorgan Securities Japan Co., Ltd.	9,078	0.84
Clearstream Banking S.A	8,611	0.80
BNP PARIBAS Securities (Japan) Limited	8,077	0.75
Top 10 Shareholders	494,558	45.75

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

Japan Trustee Services Bank, Ltd.	103,050 thousand shares
The Master Trust Bank of Japan, Ltd.	59,010 thousand shares
Trust & Custody Services Bank, Ltd.	20,264 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 CORP.

www.softbank.co.jp

Published on July 27, 2009

Printed in Japan