

SOFT

SOFTBANK



ANNUAL REPORT 2000

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BANK

■ Directors and Corporate Auditors

As of June 22, 2000



Standing from left: Hidekazu Kubokawa, Saburo Kobayashi, Yasuharu Nagashima, Mitsuo Sano, Den Fujita, Yoshihiko Miyauchi, Kenichi Ohmae, Jun Murai
Seated from left: Ronald Fisher, Ken Miyauchi, Masayoshi Son, Yoshitaka Kitao, Kazuhiko Kasai

Directors

MASAYOSHI SON

President & Chief Executive Officer,
SOFTBANK CORP.

YOSHITAKA KITAO

President & Chief Executive Officer,
SOFTBANK FINANCE
CORPORATION

KEN MIYAUCHI

President & Chief Executive Officer,
SOFTBANK E-COMMERCE CORP.

KAZUHIKO KASAI

RONALD FISHER

Vice Chairman of the Board,
SOFTBANK Holdings Inc.

DEN FUJITA

President,
McDonald's Company (Japan), Ltd.

YOSHIHIKO MIYAUCHI

Chairman and Chief Executive Officer,
ORIX Corporation

KENICHI OHMAE

President,
OHMAE & ASSOCIATES, Inc.

JUN MURAI, Ph. D.

Professor,
Faculty of Environmental Information,
Graduate School of Media and Governance,
KEIO University

Corporate Auditors

MITSUO SANO

Full-Time Corporate Auditor,
SOFTBANK CORP.

YASUHARU NAGASHIMA

Attorney

SABURO KOBAYASHI

Full-Time Corporate Auditor,
HEIWA Corporation

HIDEKAZU KUBOKAWA

Certified Public Accountant,
Certified Tax Accountant

Note: Corporate auditors Yasuharu Nagashima, Saburo Kobayashi, and Hidekazu Kubokawa are outside corporate auditors appointed under Article 18, Section 1 of the Commercial Code of Japan.

■ Shareholder Information

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Corporate Headquarters

SOFTBANK CORP.

24-1, Nihonbashi-Hakozakicho, Chuo-ku,
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Founded

September 3, 1981

Paid-in Capital

¥124,957,351,693

(As of March 31, 2000)

Common Stock Issued

110,151,188 shares

(As of March 31, 2000)

Number of Shareholders

58,288

(As of March 31, 2000)

Stock Exchange Registration

Tokyo Stock Exchange, First Section

Annual Meeting

June

Independent Auditors

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F inancial

Financial Information

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CONTENTS

Six-Year Summary	
of Selected Financial Data.....	32
Management's Discussion and Analysis	33
Consolidated Balance Sheets.....	38
Consolidated Statements of Income	40
Consolidated Statements	
of Shareholders' Equity.....	41
Consolidated Statements of Cash Flows.....	42
Notes to Consolidated Financial Statements ...	44
Report of Management.....	57
Report of Independent Certified	
Public Accountants	58

SIX-YEAR SUMMARY OF SELECTED FINANCIAL DATA

SOFTBANK CORP. AND CONSOLIDATED SUBSIDIARIES YEARS ENDED MARCH 31

	Millions of yen						Thousands of U.S. dollars	
	2000	1999	1998	1997	1996	1995	2000	
For the Year								
Revenues	¥ 423,221	¥ 528,159	¥ 513,364	¥ 359,742	¥ 171,101	¥96,808	\$ 3,987,009	
Operating income	8,378	12,130	31,938	33,670	15,822	5,692	78,926	
Income before income taxes	32,169	36,640	33,824	29,567	15,982	5,379	303,052	
Income taxes	52,785	3,335	17,176	17,610	9,794	3,481	497,268	
Net income	8,447	37,538	10,303	9,092	5,794	2,052	79,576	
At Year-End								
Net working capital	¥ 286,877	¥ 176,942	¥ 115,937	¥ 70,308	¥ 27,996	¥44,114	\$ 2,702,562	
Shareholders' equity	380,740	284,976	242,758	234,617	119,679	47,709	3,586,811	
Total assets	1,168,308	952,578	1,140,251	1,070,645	598,856	98,640	11,006,199	
							Yen	U.S. dollars
Per Share								
Net income—primary	¥ 78.05	¥ 365.38	¥ 100.77	¥ 95.58	¥ 69.22	¥ 29.85	\$ 0.74	
Shareholders' equity	3,456.55	2,719.35	2,375.24	2,292.56	1,354.81	587.88	32.56	
Cash dividends	20.00	20.00	40.00	20.00	15.00	15.00	0.19	
Number of shares issued								
at year-end (thousands of shares)	110,151	104,806	102,419	78,766	34,703	16,250		

Notes: 1. Yen figures have been translated into U.S. dollars, for convenience only, at the rate of ¥106.15=\$1.00, the closing Tokyo FOREX bid rate on March 31, 2000.

2. In fiscal 2000, Revenues are divided into two categories: non-Finance and Finance.

3. Per share figures were adjusted for stock splits, except for cash dividends.

4. The total fiscal 1998 dividend included a ¥20.00 commemorative dividend.

MANAGEMENT'S DISCUSSION AND ANALYSIS

In fiscal 2000, ended March 31, 2000, consolidated revenues declined 19.9%, to ¥423,221 million. As a result of the sale of Kingston Technology Company (KTC) in the first half of the fiscal year, that company's net sales (approximately ¥130 billion in fiscal 1999) were omitted from the Company's fiscal 2000 consolidated revenues, which were ¥104,938 million lower than in fiscal 1999.

Operating income was adversely affected by several one-time events, primarily the exclusion of KTC's operating income (approximately ¥4 billion in fiscal 1999) and expenses related to the restructuring of Ziff-Davis Inc. (excluding the amortization of intangible assets). However, strong performances by SOFTBANK FINANCE CORPORATION, SOFTBANK COMMERCE CORP., and other domestic subsidiaries led to operating income by domestic operations of ¥14.3 billion. Consolidated operating income totaled ¥8,378 million, compared with ¥12,130 million in fiscal 1999.

Non-operating income mainly comprised ¥217.6 billion in gains on sales of marketable and investment securities stemming from the sale of shares of Trend Micro Incorporated and SOFTBANK TECHNOLOGY CORP., ¥36.8 billion on gains on sales of stock by investees, and strong performances by Yahoo! Inc. and SOFTBANK Technology Ventures IV.

Non-operating expenses mainly comprised an exchange loss totaling ¥47.5 billion on a yen-denominated intercompany loan to the U.S. subsidiary SOFTBANK Holdings Inc. (SBH), interest payments of ¥12.7 billion by Ziff-Davis, a ¥76.9 billion loss on the sale of KTC in the first half of the fiscal year, and a ¥119.1 billion one-time evaluation loss on intangible assets stemming from the sale of assets of Ziff-Davis in the second half.

Consequently, net income totaled ¥8,447 million in fiscal 2000.

Three-Year Summary of Selected Financial Data

Years Ended March 31	Millions of yen		
	2000	1999	1998
Revenues	¥423,221	¥528,159	¥513,364
Operating income	8,378	12,130	31,938
Income before income taxes	32,169	36,640	33,824
Net income	8,447	37,538	10,303

Segment Information

Fiscal 2000 Composition of Consolidated Revenues

e-Finance	4%
e-Commerce	53
Media & Marketing	28
Foreign Investment Funds	1
Internet Culture	4
Other*	10
Total	100%

*Includes Broadmedia, Internet Infrastructure, Technology Services, and holding company functions in foreign countries

Change in Business Segments

In fiscal 1999, operations were segmented based on an internal management structure. In fiscal 2000, the basis for segmentation was changed to that of the operating responsibility of each operation holding company. This change was effected to more clearly delineate the management responsibility for internal segments following the establishment of SOFTBANK CORP. as a pure holding company.

Specific Changes:

- (1) The segment that in fiscal 1999 was designated the Software & Network segment was, in principle, changed to the e-Commerce segment. In addition, business involving the downloading of PC software via the Internet was transferred from the Internet segment to the e-Commerce segment. Subsequently, international communications and other infrastructure provision operations as well as operations involving the wholesale of network equipment and software in Asia, which were included in the Software & Network segment in fiscal 1999, were transferred to the Other segment.
- (2) Segments that in fiscal 1999 were designated as the Media segment, excluding broadcasting operations, and the Technology Events segment were, in principle, changed to the Media & Marketing segment. In addition, operations involving specialty information publication via the Internet were transferred from the Internet segment to the Media & Marketing segment.
- (3) Finance operations that in fiscal 1999 were included in the Other segment were, in principle, changed to the e-Finance segment. Furthermore, Internet-related overseas finance operations were transferred from the Internet segment to the e-Finance segment.
- (4) The Foreign Investment Funds segment was established in fiscal 2000. In fiscal 1999, these operations were included in the Internet segment and the Other segment.
- (5) Operations that in fiscal 1999 were included in the Internet segment were, in principle, changed to the Internet Culture segment and the Internet Infrastructure segment. Furthermore, Internet advertising space sales agency operations were transferred from the Media segment to the Internet Culture segment. In addition, operations involving retail sales of consumer goods over the Internet were transferred from the Internet segment to the e-Commerce segment.

Selected Fiscal 2000 Segment Information

	Millions of yen								
	e-Finance	e-Commerce	Media & Marketing	Foreign Investment Funds	Internet Culture	Other	Total	Eliminations or Corporate Assets	Consolidated Total
Revenues	¥ 18,649	¥231,528	¥118,884	¥ 2,604	¥17,911	¥ 43,934	¥ 433,510	¥(10,289)	¥ 423,221
Operating expenses	9,278	224,430	120,807	590	15,672	53,898	424,675	(9,832)	414,843
Operating income (loss)	9,371	7,098	(1,923)	2,014	2,239	(9,964)	8,835	(457)	8,378
Identifiable assets	345,957	86,573	239,288	117,451	85,580	239,300	1,114,149	54,159	1,168,308
Depreciation	191	458	143,493	—	1,724	5,905	151,771	15	151,786
Capital expenditures	1,253	1,684	5,514	—	1,503	2,106	12,060	15	12,075

Selected Fiscal 1999 Segment Information (Based on previous segment classification)

	Millions of yen								
	Software & Network	Media	Technology Events	Services	Internet	Other	Total	Eliminations or Corporate Assets	Consolidated Total
Revenues	¥215,655	¥105,161	¥38,806	¥150,361	¥12,927	¥13,653	¥536,563	¥(8,404)	¥528,159
Operating expenses	211,851	109,992	29,515	144,957	13,521	14,633	524,469	(8,440)	516,029
Operating income (loss)	3,804	(4,831)	9,291	5,404	(594)	(980)	12,094	36	12,130

Analysis of Segment Business Performance

e-Finance

The e-Finance segment comprises financial activities overseen by the operation controlling company SOFTBANK FINANCE CORPORATION. This segment seeks business expansion by leveraging the power of the Internet to provide one-stop, comprehensive financial services that are focused on customer needs.

E*TRADE Securities Co., LTD., the on-line securities firm, registered positive earnings on substantially increased revenues driven by more than 80,000 customer accounts, as of March 31, 2000, in a year that saw the deregulation of trading commissions and the start of Internet securities trading. In addition, the mutual fund rating company Morningstar Japan K.K.,

which is recognized as the standard setter in the financial industry, registered positive earnings in fiscal 2000 and was listed on the Nasdaq Japan market in June 2000.

With other Group companies also registering solid business performances, the e-Finance segment continued to achieve enhanced synergies and a strengthened operating base.

As a result, the e-Finance segment registered revenues of ¥18,649 million, operating income of ¥9,371 million, due mainly to the strong performance by E*TRADE Securities, exchange gains of ¥1.7 billion resulting from asset management activities by SOFTBANK FINANCE, and ¥4.5 billion in carry fees from venture funds.

e-Commerce

The e-Commerce segment is centered on the operation controlling company SOFTBANK E-COMMERCE CORP., which directs such e-commerce activities as software- and network-related product distribution as well as on-line product sales and information distribution.

The software distribution business has handled the launch of such widely used commercial products as Microsoft Corporation's OFFICE 2000 series and Windows 2000. Also, with the acquisition of OMRON MICRO COMPUTER SYSTEMS CO., LTD., the hardware distribution business has substantially expanded its channels for the distribution of other companies' products.

The segment has enjoyed the benefits of the early establishment of such enterprises as ONSALE JAPAN K.K., the on-line auction business; e-Shopping Books CORP., the book and other publications e-retailer; e-Career CORP., the staff search advertising business; and CarPoint K.K., the automobile sales intermediary service provider, in the rapidly expanding e-commerce arena.

Consequently, the e-Commerce segment registered revenues of ¥231,528 million and operating income of ¥7,098 million.

Media & Marketing

The Media & Marketing segment, headed by SOFTBANK Media & Marketing Corp., encompasses the publishing as well as the conference and exposition businesses.

Although the publishing business faced a harsh environment due to the continuation of sluggish advertising revenues, ongoing cost reduction programs resulted in higher profits. In addition, efforts to further strengthen *Yahoo! Internet Guide*, which is solidly positioned in the fast-growing Internet magazine market, proved highly successful. The magazine's monthly circulation surpassed 230,000, far outstripping the competition and firmly entrenching it as the number one magazine in this market space.

Conversely, the publishing business of U.S.-based Ziff-Davis was hard hit by lower advertising revenues and restructuring costs associated with the sale of the publishing division in April 2000. Consequently, Ziff-Davis registered an operating loss. The company's conference and exposition business was adversely affected by such factors as the Y2K problem and consequently suffered a slight earnings decline.

As a result, the Media & Marketing segment registered revenues of ¥118,884 million and an operating loss of ¥1,923 million.

Foreign Investment Funds

The Foreign Investment Funds segment is managed primarily by SBH, which is still in the early stages of formation. Affected primarily by a valuation gain resulting from the current valuation of the consolidated subsidiary SOFTBANK Capital Partners, the Foreign Investment Funds segment registered revenues of ¥2,604 million and operating income of ¥2,014 million.

Internet Culture

The Internet Culture segment manages Internet culture operations and is centered primarily on the Internet portal site Yahoo Japan Corporation, which aims to provide high-quality on-line services to millions of users.

Exceeding forecasts, Japan's Internet advertising market swelled 110% year-on-year, to total approximately ¥24.1 billion in 1999*. In this environment, Yahoo! Japan's advertising business sales rose substantially. This contributed to total segment revenues of ¥17,911 million and operating income of ¥2,239 million.

*Based on DENTSU INC. survey

Broadmedia

The Broadmedia segment was put under the control of the wholly owned SOFTBANK CORP. subsidiary SOFTBANK Broadmedia Corporation. The segment aims to strengthen its capabilities to offer a seamless gateway to combine broadcast and Internet over the broadband Internet and contribute to the expansion of all types of media.

Internet Infrastructure

The Internet Infrastructure segment is headed by SOFTBANK Networks Inc. (SBN) and develops and integrates Internet-related broadband infrastructure.

SBN uses advanced Internet technologies in diverse and complex ways to provide users with value-added services. SBN has already moved to establish a number of operating companies and has invested in many domestic and overseas enterprises with cutting-edge and essential technologies with a view to aggressive business expansion.

Technology Services

Against the backdrop of a rapidly growing number of Internet users and accelerating e-commerce market growth, fiscal 2000 saw heavy enterprise demand stemming from increased IT-related capital investment. In this operating environment, SOFTBANK TECHNOLOGY CORP., which is at the core of the Technology Services segment, sought to bolster its sales and technological capabilities as well as enhance its framework for producing integrated e-commerce solutions.

Selling, General and Administrative Expenses and Cost from Finance Business

In fiscal 2000, selling, general and administrative (SG&A) expenses and cost from finance business totaled ¥134,063 million, down ¥29,554 million from the previous fiscal year. The primary reason for this fall was the sale of overseas subsidiaries.

Principal Fiscal 2000 SG&A and Cost from Finance Business Items

	Millions of yen
Salaries and bonuses	¥40,949
Depreciation and amortization	20,084
Sales promotion	14,879
Expense for doubtful accounts	971

Non-Operating Income (Expenses)

Primary non-operating expense items were an exchange loss totaling ¥47.5 billion on a yen-denominated intercompany loan to U.S.-based SBH, interest payments by Ziff-Davis totaling ¥12.7 billion, a ¥119.1 billion one-time evaluation loss on intangible assets as a result of the restructuring of Ziff-Davis, and a loss on discontinued operations. Primary non-operating income items were gains on sales of stock by investees, due to capital transactions in the form of the IPO of companies in which SOFTBANK has invested, and gains on sales of marketable and investment securities. Consequently, the Company registered non-operating income of ¥23,791 million.

Provisions for Income Taxes

Income taxes as a percentage of income before income taxes rose from 9.1% to 164.1%, mainly due to partly non-deductible amortization of goodwill and an increase in valuation allowance for deferred tax assets resulting from a loss carryforward.

Cash Flows

In fiscal 2000, although aggressive investment activities resulted in net cash used in investing activities of ¥60,341 million, net cash provided by financing activities was substantially improved. Consequently, the net increase in cash and cash equivalents was ¥160,615 million. The balance of cash and cash equivalents at March 31, 2000 amounted to ¥268,060 million.

Net cash provided by operating activities totaled ¥349 million. The main items providing cash were income before income taxes of ¥32,169 million, depreciation and amortization of ¥32,660 million, and a ¥119,126 million evaluation loss on intangible assets. The primary use of cash was ¥218,678 million in gains on sales of marketable and investment securities.

Net cash used in investing activities amounted to ¥60,341 million. The primary items providing cash were ¥159,906 million in proceeds from sales of marketable and investment securities and ¥104,725 million in proceeds from sales of subsidiaries' shares changing scope of consolidation. The primary use of cash was payment for purchase of marketable and investment securities totaling ¥299,092 million.

Net cash provided by financing activities totaled ¥220,915 million. Items providing cash included ¥61,844 million in proceeds from issuance of bonds, ¥67,465 million in proceeds from issuance of shares to minority, and ¥83,439 million in proceeds from the sale of shares to minority.

	Millions of yen		
	2000	1999	1998
Cash provided by (used in) operating activities	¥ 349	¥ (28,668)	¥ 19,248
Cash provided by (used in) investing activities	(60,341)	281,005	(33,677)
Cash provided by (used in) financing activities	220,915	(205,562)	21,591
Effect of exchange rate changes	(308)	7,213	2,747
Net increase in cash and cash equivalents	160,615	53,988	9,909
Net increase in cash and cash equivalents due to the new consolidation	1,559	—	—
Cash and cash equivalents at beginning of year	105,886	51,898	41,989
Cash and cash equivalents at end of year	268,060	105,886	51,898

Working Capital

Current assets increased 72.5% from the previous fiscal year, while current liabilities rose 86.8%. Consequently, the current ratio declined slightly, but still remains at a high level.

	Millions of yen		
	2000	1999	1998
Current assets	¥516,459	¥299,338	¥239,877
Current liabilities	344,768	184,596	215,229
Working capital	171,691	114,742	24,648
Current ratio (%)	150	162	111

Interest-Bearing Debt and Equity

Interest-bearing debt decreased 5.8%, or ¥25,686 million, to ¥418,706 million, and equity rose 33.6%, or ¥95,764 million, to ¥380,740 million. Consequently, the debt/equity ratio was 110%, indicating increased financial stability.

	Millions of yen		
	2000	1999	1998
Interest-bearing debt	¥418,706	¥444,392	¥681,651
Equity	380,740	284,976	242,758
Debt/equity ratio (%)	110	156	281

Exchange Rate Fluctuations

As approximately 32% of the Company's revenues in fiscal 2000 was derived from affiliates operating in foreign currency environments, the Company's revenues results are affected by changes in the relative values of non-Japanese currencies to Japanese yen.

CONSOLIDATED BALANCE SHEETS

SOFTBANK CORP. AND CONSOLIDATED SUBSIDIARIES AS OF MARCH 31, 2000 AND 1999

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2000	1999	2000
Assets			
Current assets:			
Cash and cash equivalents (Note 16)	¥ 268,060	¥105,886	\$ 2,525,294
Notes and accounts receivable	92,454	114,348	870,975
Less: Allowance for bad debts	(3,227)	(8,873)	(30,400)
	89,227	105,475	840,575
Inventories (Note 6)	16,954	28,310	159,717
Marketable securities (Notes 7 and 16)	87	1,331	820
Deferred tax assets (Note 13)	6,341	4,852	59,736
Assets held for sale (Note 5 (5))	79,872	—	752,445
Other current assets (Notes 15 and 16)	55,918	53,484	526,783
Total current assets	516,459	299,338	4,865,370
Investments and advances:			
Investments in and advances to non-consolidated subsidiaries and affiliates (Note 8)	176,874	105,999	1,666,265
Investment securities (Note 7)	221,396	29,170	2,085,690
Long-term loans	2,634	2,915	24,814
Other investments	111,595	16,106	1,051,295
Less: Allowance for bad debts	(1,114)	(1,069)	(10,494)
Total investments and advances	511,385	153,121	4,817,570
Property and equipment, net of accumulated depreciation (Note 9)	8,243	16,120	77,654
Intangibles:			
Goodwill	72,605	166,895	683,985
Advertiser lists (Note 10)	2,515	94,538	23,693
Trade names (Note 10)	38,439	155,662	362,119
Other	18,662	62,295	175,808
Total intangibles	132,221	479,390	1,245,605
Translation adjustments (Note 3 (3))	—	4,609	—
	¥1,168,308	¥952,578	\$11,006,199

The accompanying notes are an integral part of these consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2000	1999	2000
Liabilities and Shareholders' Equity			
Current liabilities:			
Short-term loans (Note 11)	¥ 86,354	¥ 22,559	\$ 813,509
Commercial paper (Note 11)	—	20,000	—
Current portion of long-term debt (Note 11)	28,832	19,641	271,616
Accounts payable—trade	55,829	57,549	525,944
Accounts payable—other	7,349	6,134	69,232
Income taxes payable (Note 13)	57,744	3,666	543,985
Accrued expenses	23,681	18,846	223,090
Advance received (Note 15)	1,092	467	10,287
Allowance for sales returns	2,259	4,928	21,281
Deferred tax liabilities	28,566	—	269,110
Other current liabilities (Note 16)	53,062	30,806	499,878
Total current liabilities	344,768	184,596	3,247,932
Long-term debt (Note 11)	303,520	382,192	2,859,350
Deferred tax liabilities	3,765	9,753	35,469
Other long-term liabilities (Note 16)	29,179	28,829	274,884
Translation adjustments (Note 3 (3))	2,051	—	19,322
Total liabilities	683,283	605,370	6,436,957
Minority interest in consolidated subsidiaries	104,285	62,232	982,431
Shareholders' equity:			
Common stock: par value ¥50 per share:			
Authorized: 400,000,000 shares at March 31, 2000 and 1999			
Issued: 110,151,188 shares at March 31, 2000			
and 104,806,839 shares at March 31, 1999	124,957	104,598	1,177,174
Additional paid-in capital	149,211	127,935	1,405,662
Retained earnings (Note 3 (13))	59,092	52,557	556,684
Net unrealized gains (losses) on securities available-for-sale (Note 3 (5))	47,547	(9)	447,922
Less: Treasury stock: 6,420 shares at March 31, 2000			
and 11,317 shares at March 31, 1999	(67)	(105)	(631)
Total shareholders' equity	380,740	284,976	3,586,811
	¥1,168,308	¥952,578	\$11,006,199

CONSOLIDATED STATEMENTS OF INCOME

SOFTBANK CORP. AND CONSOLIDATED SUBSIDIARIES FOR THE YEARS ENDED MARCH 31, 2000 AND 1999

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2000	1999	2000
Revenue from non-Finance business* (Note 18)	¥404,635	¥528,159	\$3,811,917
Cost of sales	280,780	352,412	2,645,125
Gross profit	123,855	175,747	1,166,792
Selling, general and administrative expenses	125,202	163,617	1,179,482
Operating income (loss) from non-Finance business (Note 18)	(1,347)	12,130	(12,690)
Revenue from Finance business** (Note 18)	18,586	—	175,092
Cost from Finance business	8,861	—	83,476
Operating income from Finance business (Note 18)	9,725	—	91,616
Total operating income	8,378	12,130	78,926
Non-operating income (expenses):			
Interest income (Note 15)	2,780	11,201	26,189
Interest expense	(20,153)	(36,881)	(189,854)
Equity in earnings (losses) of affiliates	4,744	(6,495)	44,691
Exchange gain (loss)	(44,370)	4,268	(417,993)
Gains on sales of marketable and investment securities	217,605	47,281	2,049,976
Gains on sales of stock by investees (Note 12)	36,835	10,757	347,009
Evaluation loss on investment securities	(3,663)	(5,568)	(34,508)
Evaluation loss on intangible assets (Notes 5 (5))	(119,126)	—	(1,122,242)
Loss on discontinued operations (Note 5 (5), (6), (9))	(48,042)	(3,399)	(452,586)
Other, net	(2,819)	3,346	(26,556)
Income before income taxes	32,169	36,640	303,052
Income taxes (Note 13)	(52,785)	(3,335)	(497,268)
Minority interest in losses of consolidated subsidiaries	29,063	4,233	273,792
Net income	¥ 8,447	¥ 37,538	\$ 79,576

* For 1999, all net sales are presented as Revenue from non-Finance business.
For 2000, Revenues are divided into two categories: non-Finance and Finance.

** Finance business consists of e-Finance and Foreign Investment Funds segments.

	Yen		U.S. dollars (Note 4)
Per share:			
Net income—primary	¥78.05	¥365.38	\$0.74
—diluted	76.05	342.11	0.72

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

SOFTBANK CORP. AND CONSOLIDATED SUBSIDIARIES FOR THE YEARS ENDED MARCH 31, 2000 AND 1999

	Millions of yen						
	Number of shares issued and outstanding (thousands)	Common stock	Additional paid-in capital	Consolidated retained earnings	Net unrealized gains (losses) on securities available- for-sale	Treasury stock	Total shareholders' equity
Balance at March 31, 1998	102,419	¥101,884	¥120,762	¥23,267	¥ (1,996)	¥(1,159)	¥242,758
Net income for the year ended							
March 31, 1999	—	—	—	37,538	—	—	37,538
Cash dividends	—	—	—	(4,088)	—	—	(4,088)
Directors' bonuses	—	—	—	(54)	—	—	(54)
Decrease in number of companies under equity method	—	—	—	1,105	—	—	1,105
Shares issued and related increase due to merger of MAC	48,629	2,431	119	18,700	—	—	21,250
Shares retired and related decrease due to merger of MAC	(47,446)	(2,371)	—	(10,558)	—	—	(12,929)
Cumulative effect of accounting for the purchase of MAC Assets by the pooling-of-interests method	—	—	1,442	(13,353)	—	—	(11,911)
Conversion of convertible bonds	1,174	2,578	2,577	—	—	—	5,155
Exercise of warrants	30	76	91	—	—	—	167
Additional contributions	—	—	2,944	—	—	—	2,944
Adjustments for the year	—	—	—	—	1,987	1,054	3,041
Balance at March 31, 1999	104,806	104,598	127,935	52,557	(9)	(105)	284,976
Net income for the year ended							
March 31, 2000	—	—	—	8,447	—	—	8,447
Cash dividends	—	—	—	(2,096)	—	—	(2,096)
Directors' bonuses	—	—	—	(73)	—	—	(73)
Consolidated retained earnings increase due to merger	—	—	—	257	—	—	257
Conversion of convertible bonds	5,269	20,166	20,161	—	—	—	40,326
Exercise of warrants	76	193	230	—	—	—	424
Additional contributions	—	—	885	—	—	—	885
Adjustments for the year	—	—	—	—	47,556	38	47,594
Balance at March 31, 2000	110,151	¥124,957	¥149,211	¥59,092	¥47,547	¥ (67)	¥380,740

	Thousands of U.S. dollars (Note 4)						
Balance at March 31, 1999	104,806	\$ 985,379	\$1,205,228	\$495,120	\$ (85)	\$(989)	\$2,684,653
Net income for the year ended							
March 31, 2000	—	—	—	79,576	—	—	79,576
Cash dividends	—	—	—	(19,745)	—	—	(19,745)
Directors' bonuses	—	—	—	(688)	—	—	(688)
Consolidated retained earnings increase due to merger	—	—	—	2,421	—	—	2,421
Conversion of convertible bonds	5,269	189,977	189,930	—	—	—	379,907
Exercise of warrants	76	1,818	2,167	—	—	—	3,985
Additional contributions	—	—	8,337	—	—	—	8,337
Adjustments for the year	—	—	—	—	448,007	358	448,365
Balance at March 31, 2000	110,151	\$1,177,174	\$1,405,662	\$556,684	\$447,922	\$(631)	\$3,586,811

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

SOFTBANK CORP. AND CONSOLIDATED SUBSIDIARIES FOR THE YEARS ENDED MARCH 31, 2000 and 1999

For the Year Ended March 31, 2000	Millions of yen 2000	Thousands of U.S. dollars (Note 4) 2000
Cash Flows from Operating Activities:		
Income before income taxes	¥ 32,169	\$ 303,052
Depreciation and amortization	32,660	307,678
Equity in earnings of affiliates	(4,744)	(44,691)
Gains on sales of stock by investees	(36,835)	(347,009)
Evaluation loss on intangible assets	119,126	1,122,242
Gains on revaluation of marketable and investment securities	(3,028)	(28,526)
Gains on sales of marketable and investment securities	(218,678)	(2,060,085)
Exchange loss	44,370	417,993
Interest and dividend income	(2,779)	(26,180)
Interest expense	20,153	189,854
Loss on discontinued operations	48,042	452,586
Change in receivables	(26,214)	(246,952)
Change in payables	22,721	214,046
Change in prepaid expenses and other	(32,650)	(307,584)
Change in accrued expenses and other	38,523	362,911
Other, net	3,455	32,549
Subtotal	36,291	341,884
Proceeds from interest and dividends	2,938	27,678
Payment for interest	(20,882)	(196,722)
Payment for income tax	(17,998)	(169,552)
Net cash provided by operating activities	349	3,288
Cash Flows from Investing Activities:		
Capital expenditures/purchase of property and equipment and intangibles	(11,638)	(109,637)
Payment for purchase of marketable and investment securities	(299,092)	(2,817,636)
Proceeds from sales of marketable and investment securities	159,906	1,506,415
Proceeds from sales of subsidiaries' shares changing scope of consolidation	104,725	986,576
Payment for purchase of subsidiaries' shares changing scope of consolidation	(11,611)	(109,383)
Payment on lending	(8,172)	(76,985)
Proceeds from repayment of lending	7,609	71,682
Other, net	(2,068)	(19,482)
Net cash used in investing activities	(60,341)	(568,450)
Cash Flows from Financing Activities:		
Proceeds from issuance of shares to minority	67,465	635,563
Proceeds from sale of shares to minority	83,439	786,048
Increase in short-term loans	68,199	642,478
Decrease in commercial paper	(20,000)	(188,413)
Proceeds from issuance of long-term debt	7,035	66,274
Repayments of long-term debt	(46,739)	(440,311)
Proceeds from issuance of bonds	61,844	582,609
Repayments of bonds	(35,333)	(332,859)
Proceeds from silent partners of consolidated subsidiary	44,485	419,077
Dividends paid	(2,096)	(19,745)
Other, net	(7,384)	(69,562)
Net cash provided by financing activities	220,915	2,081,159
Effect of Exchange Rate Changes	(308)	(2,902)
Net Increase in Cash and Cash Equivalents	160,615	1,513,095
Net Increase in Cash and Cash Equivalents due to the New Consolidation	1,559	14,686
Cash and Cash Equivalents at Beginning of Year	105,886	997,513
Cash and Cash Equivalents at End of Year	¥268,060	\$2,525,294

Notes: 1. The prior year's consolidated statement of cash flows has been presented separately from this statement.
2. The accompanying notes are an integral part of these consolidated financial statements.

For the Year Ended March 31, 1999	Millions of yen 1999
Cash Flows from Operating Activities:	
Net income	¥ 37,538
Adjustments to reconcile net income to net cash used in operating activities:	
Depreciation and amortization	29,477
Minority interest	(4,233)
Restructuring expense	6,958
Deferred income taxes	(10,389)
Equity in losses of affiliates	6,495
Loss on discontinued operations	3,399
Gains on sales of marketable and investment securities	(47,281)
Gains on sales of stock by investees	(10,757)
Loss on revaluation of marketable and investment securities	5,568
Exchange gain	(2,281)
Changes in assets and liabilities:	
Receivables	4,516
Inventories	2,736
Prepaid expenses and other	(6,541)
Payables	(38,976)
Accrued expenses and other	(6,213)
Other, net	1,316
Net cash used in operating activities	(28,668)
Cash Flows from Investing Activities:	
Capital expenditures/purchase of property and equipment	(10,935)
Payment for purchase of marketable and investment securities	(110,009)
Proceeds from sales of marketable and investment securities	73,492
Initial public offering of ZD	49,651
Sale of stock of ZD	3,970
Capital contribution to subsidiaries	(9,354)
Proceeds from sales of subsidiaries' discontinued operations	2,964
Payment on lending	(2,720)
Proceeds from repayment of lending	285,836
Other, net	(1,890)
Net cash provided by investing activities	281,005
Cash Flows from Financing Activities:	
Issuance of shares/capital contribution	45,860
Proceeds from issuance of long-term debt	205,355
Repayments of long-term debt	(370,604)
Proceeds from issuance of warrant bonds and exercise of warrants	3,425
Payment on debt redemption	(36,000)
Decrease in short-term loans and commercial paper	(15,148)
Return of capital (purchase of MAC Assets and other affiliates, net of cash acquired)	(35,416)
Dividends paid	(4,088)
Other, net	1,054
Net cash used in financing activities	(205,562)
Effect of Exchange Rate Changes	7,213
Net Increase in Cash and Cash Equivalents	53,988
Cash and Cash Equivalents at Beginning of Year	51,898
Cash and Cash Equivalents at End of Year	¥105,886

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SOFTBANK CORP. AND CONSOLIDATED SUBSIDIARIES

1. Organization and Nature of Business:

SOFTBANK CORP. (the "Company") was incorporated in September 1981 in Japan. The SOFTBANK Group is involved in the following business:

- e-Finance: Financing services for Internet-related businesses which include securities industries, operating and supporting of domestic venture funds, etc.;
- e-Commerce: Distribution of PC software, PC hardware, and Internet sales of books and toys, etc.;
- Media & Marketing: Publishing PC-related books, magazines and game multimedia titles, technology events;
- Foreign Investment Funds: Investments in Internet-related foreign businesses—mainly in the United States;
- Internet Culture: Provision of Internet directory services, distribution of Internet-related IT news;
- Other: Holding company function in foreign countries, satellite broadcasting, etc.

The Company and its subsidiaries have been operating principally in Japan and the United States, and are expanding their operations in the United States and internationally through various investments.

2. Basis of Consolidation:

Certain consolidated subsidiaries, including SOFTBANK Holdings Inc. ("SBH"), SOFTBANK America Inc. ("SBA"), UTStarcom, Inc., Ziff-Davis Inc. and ZD Events Inc. (formerly ZD COMDEX and Forums Inc.), use a fiscal year ending December 31 of each year while the Company uses a fiscal year ending March 31. The consolidation of these subsidiaries has been made by using the financial statements as of and for the year ended December 31. All significant transactions that took place during the intervening period have been adjusted for the consolidation purpose.

All material intercompany transactions, account balances and unrealized profits have been eliminated, and the portion thereof attributable to minority interest has been credited/charged to minority interest. Regarding the elimination of investments in the consolidated subsidiaries and the underlying interest in net assets of these subsidiaries, the Company follows the step-by-step acquisition method to include the Company's interest in earnings of the subsidiaries subsequent to the date of initial acquisition. At March 31, 2000 and 1999, the Company consolidated 143 and 71 subsidiaries, respectively, in the consolidated financial statements. Major subsidiaries at March 31, 2000, other than those noted above, are SOFTBANK TECHNOLOGY CORP. and Yahoo Japan Corporation.

3. Summary of Significant Accounting Policies:

(1) Accounting Principles

The accompanying consolidated financial statements have been prepared based on the accounts maintained by the Company and its domestic subsidiaries in accordance with the provisions set forth in the Japanese Commercial Code and the Japanese Securities and Exchange Law, and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Accounting Standards. The accompanying consolidated financial statements also include the accounts maintained by the foreign subsidiaries in conformity with accounting principles and practices generally accepted in the respective countries in which the subsidiaries have been incorporated. In general, no adjustments to the accounts of foreign consolidated subsidiaries have been reflected in the accompanying consolidated financial statements to present them in compliance with the accounting principles and practices generally accepted in Japan.

Certain items presented in the consolidated financial statements filed with the Ministry of Finance (the "MOF") in Japan have been reclassified for the convenience of readers outside Japan. The accompanying consolidated financial statements are not intended to present the consolidated financial position, results of operations and cash flows of the Company and its consolidated subsidiaries in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

(2) Consolidated Statement of Cash Flows

A consolidated statement of cash flows has been required to be prepared with effect for the year ended March 31, 2000, in accordance with the new Accounting Standards. This new standard specifies a format, which differs from that used in earlier years, under the previous accounting practice. The prior year's consolidated statement of cash flows has been presented separately from the consolidated statement of cash flows for the year ended March 31, 2000.

(3) Translation of Foreign Currency Financial Statements

The translation of revenue and expenses in the financial statements of foreign consolidated subsidiaries and foreign affiliates accounted for using the equity method into Japanese yen has been performed by using the average exchange rate. The assets and liabilities have been translated using the current exchange rate prevailing at the balance sheet date, and the capital stock has been translated using the historical rate.

(4) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on hand, demand deposits in banks, and highly liquid investments, which are principally the investments in Money Management Funds, time deposits and bonds bought with reverse repurchase agreements with an original maturity of three months or less.

(5) Marketable and Investment Securities

Marketable securities held by the Company and its domestic consolidated subsidiaries are valued at the lower of cost, as determined using the moving-average method, or market. All other securities held by the Company and its domestic consolidated subsidiaries are valued at cost, as determined using the moving-average method. The consolidated subsidiaries in the United States adopted the provisions of Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities."

Investment securities held by funds that operate in the United States are stated at fair value in accordance with accounting principles generally accepted in the United States. Consequently, unrealized gains and losses, as well as realized gains and losses, on these securities are reflected in the consolidated statements of income. The Company did not have any realized gains or losses on these securities during the year ended March 31, 2000.

(6) Inventories

Inventories held by the Company and its domestic consolidated subsidiaries are stated at cost, as determined using the moving-average method. Inventories held by the foreign consolidated subsidiaries are valued at the lower of cost, as determined by the first-in first-out method, or market.

(7) Depreciation and Amortization

Depreciation of property and equipment held by the Company and its domestic consolidated subsidiaries is computed using the declining-balance method as prescribed by the Japanese Income Tax Law. The depreciation of the foreign consolidated subsidiaries is based on the estimated useful lives of the related assets using the straight-line method in accordance with the accounting principles generally accepted and applied in each country where the subsidiaries are located.

Amortization of intangibles is based on the following range of the estimated lives using the straight-line method:

- Goodwill 5 to 40 years
- Advertiser lists 28 to 34 years
- Trade names 30 to 40 years
- Other 2 to 15 years

(8) Allowance for Bad Debts

An allowance for bad debts is provided in an amount equivalent to the maximum limit deductible for tax purposes, plus an amount deemed necessary to cover possible losses.

(9) Leases

Finance leases, of the Company and its domestic consolidated subsidiaries, other than those which are deemed to transfer the ownership of the leased assets, are accounted for using a method similar to that applicable to operating leases.

(10) Allowance for Sales Returns

An allowance for sales returns has been provided for future sales returns subsequent to the balance sheet date on an accrual basis. The amount of the allowance recorded by the Company and its domestic consolidated subsidiaries is based on the gross margins of possible future returns. The allowance recorded by the foreign consolidated subsidiaries represents the estimated losses resulting from possible future returns.

(11) Reserve for Employees' Severance Indemnities

All employees, with certain minor exceptions, of the Company and its domestic subsidiaries (excluding directors and corporate auditors of the Company and its domestic subsidiaries) with services of greater than three years are generally entitled to receive a lump-sum payment upon their retirement. The amount is determined by reference to the basic rate of compensation, length of service and conditions at the termination date.

The Company maintains a funded pension plan, which covers the entire amount of these retirement benefits. The remaining balance of prior service cost at February 29, 2000 (the most recent valuation date) was ¥175 million (US\$1,649 thousand), and is being amortized over a period of 13 years and 10 months. Accrued retirement benefits outstanding at the transition date are being amortized over the same period.

(12) Net Income per Share

Net income per share of common stock is based on the weighted-average number of shares outstanding during the year with an appropriate retroactive adjustment to reflect the effect of stock splits.

(13) Appropriation of Retained Earnings

Under the Japanese Commercial Code and the Articles of Incorporation of the Company, the plan for appropriation of retained earnings (including stock dividends) proposed by the Board of Directors needs to be approved at the shareholders' meeting which must be held within three months after year-end. The appropriation of retained earnings reflected in the accompanying financial statements represented that of the immediately preceding fiscal year which was approved by the shareholders' meeting and disposed of during that year. Dividends are paid to shareholders listed in the shareholders' register at the end of each fiscal year. As is customary practice in Japan, the payment of bonuses to directors is made out of retained earnings instead of being charged to net income and constitutes a part of the appropriations cited above.

4. United States Dollar Amounts:

The Company maintains its accounting records in Japanese yen. The U.S. dollar amounts included in the consolidated financial statements and notes thereto represent the arithmetical results of translating yen to dollars on a basis of ¥106.15 = U.S.\$1, the approximate rate of exchange prevailing at March 31, 2000. The inclusion of such dollar amounts is solely for convenience and is not intended to imply that yen amounts have been or could be readily converted, realized or settled in dollars at ¥106.15 = U.S.\$1 or at any other rate.

5. Merger, Acquisition, Restructuring and IPO:

(1) Reorganization and Initial Public Offering of Ziff-Davis Inc.

Effective December 31, 1997, two of the Company's wholly owned subsidiaries, SOFTBANK COMDEX Inc. and SOFTBANK Forums Inc. merged and the surviving company was renamed ZD COMDEX and Forums Inc. ("ZDCF") (ZDCF is currently named ZD Event Inc.). On May 4, 1998, the Company, through its wholly-owned subsidiary SBH, completed a reorganization whereby the common stock of ZD Inc. and ZDCF were contributed to Ziff-Davis Inc. ("ZDI") in exchange for 73,619,355 common shares of ZDI. Concurrently with the reorganization, ZDI completed an initial public offering of 25,800,000 shares at a price of \$15.50 per share for an amount of \$399,900 thousand, issued \$250,000 thousand of 8.5% Subordinated Notes due 2008, entered into a \$1,350,000 thousand credit facility with a group of banks under which \$1,250,000 thousand was borrowed and converted \$884,882 thousand of intercompany indebtedness into equity. Net proceeds from the initial public offering and funding transactions in the reorganization were used to complete the purchase of MAC Assets, as described in (2) below, in total for \$370,000 thousand and repay intercompany indebtedness.

(2) Purchase of MAC Assets

ZDI had maintained the right to purchase any or all of certain assets owned by MAC Inc. ("MAC Assets") that MAC Inc. had acquired in February 1996 with a purchase price of approximately \$300 million. On October 31, 1997, ZDI had exercised the right and purchased the following MAC Assets from MAC Inc. for \$100 million subject to certain price adjustments. The assets purchased on October 31, 1997 are primarily summarized of (a) PC Related Magazines Publishing Company in Europe and (b) assets related to the magazines "INTER@CTIVE WEEK", "Computer Gaming World" and "Family PC." In addition, ZDI purchased the other MAC assets related to the publishing operation in the United States from MAC Inc. for \$270 million in May 1998.

As all entities involved were under common control at the time of purchase, the above two tranches of purchase of MAC Assets have been accounted for in a manner similar to a pooling-of-interest method under the accounting principles generally accepted in the United States. However, since retroactive adjustments are not allowed under the accounting principles generally accepted in Japan, the cumulative effect of income and losses for the year ended December, 1997 was adjusted as "Cumulative effect of accounting for the purchase of the MAC Assets by the pooling-of-interests method" in the accompanying consolidated statements of shareholders' equity for the Company's fiscal year ended March 31, 1999. The income and losses which occurred after purchase transaction in 1998 was included in the accompanying consolidated statements of income for the year ended March 31, 1999.

(3) Merger with MAC Inc.

MAC Inc., which directly owned 44.43% of the shares of the Company as of March 31, 1998, was merged with the Company on December 1, 1998. Masayoshi Son, the President of the Company, had privately owned MAC Inc. The method of merger was a takeover by the Company of MAC Inc., therefore, MAC Inc. was then dissolved. The Company newly issued 48,629,360 shares of common stock at par value to Masayoshi Son. As a result of the merger, common stock, additional paid-in capital, and retained earnings increased as presented in the consolidated statements of shareholders' equity. The Company also retired its 47,445,810 shares formerly owned by MAC Inc. on December 1, 1998. Significant transactions of the Company with MAC Inc. are described in Note 15.

(4) ZDNet Stock Offering

On April 6, 1999, ZDI completed the offering of a new series of common stock, designated as ZDI. ZDNet Common Stock (ZDNet stock), which is intended to reflect the performance of ZDI's Internet business division (ZDNet). ZDI issued 11.5 million shares of ZDNet stock at \$19.00 per share, for gross proceeds of \$218.5 million. The ZDNet stock offering transaction created an additional minority interest in the consolidated ZDI entity, reflecting the ZDNet shares issued to the public. As a result of the public offering, the Company recognized a dilution gain of \$39 million (¥4,128 million) on a pre-tax basis.

(5) Restructuring of Ziff-Davis Inc.

In July 1999, ZDI announced that it was exploring strategic alternatives to maximize shareholder value. As a result of this process, ZDI has sold its Market Intelligence, Education, TV and the majority of its Publishing businesses and determined to spin-off the Events business into a separate company. After these transactions, ZDI will consist of ZDNet and a small portion of any unsold Publishing properties, including Computer Shopper and certain other assets.

In October 1999, ZDI completed the sale of its Market Intelligence business for \$106 million and recorded a pre-tax gain of approximately \$29 million. In the first quarter of 2000 (January to March), ZDI recorded a pre-tax gain on the sale of ZD Education and ZD TV of approximately \$116 million and \$109 million with gross proceeds of \$172 million and \$204.8 million, respectively.

The Market Intelligence, Education and TV business units have been accounted for as discontinued operations in the accompanying consolidated financial statements.

In April 2000, ZDI had sold its publishing division, except for Computer Shopper and other subdivision. As at the end of this fiscal year, these assets to be sold are clearly identified and separately recorded as assets held for sale amounting to approximately ¥79,872 million in the accompanying consolidated balance sheets.

In preparation for the sale of the publishing division, the Company had revalued intangible assets, which are part of the assets expected to be sold, based on the estimated selling price. Due to this revaluation, the Company recorded a reduction in intangible assets amounting to approximately \$778 million (¥88,506 million).

Relating to Computer Shopper, which ZDI continues to operate, the Company recorded a reduction in intangible assets of approximately \$269 million (¥30,620 million) as a result of decreases in income and cash flows.

Relating to this restructuring strategy, the Company included approximately \$57 million of personnel expenses as a part of selling, general and administrative expenses in the first quarter of 2000 (January to March).

(6) Sale of Kingston Technology Company

In July 1999, SOFTBANK Kingston Inc. (a subsidiary of SBH) sold its 80% interest in Kingston Technology Company for \$450 million. The loss on sale, including operating results for the period ended July 31, 1999, of approximately \$676 million (¥76,936 million) has been reported as a loss on discontinued operations in the accompanying consolidated statements of income.

(7) Sale of Trend Micro Investment

In March 2000, Softbank America Inc. (a subsidiary of SBH) sold its remaining interest in Trend Micro Incorporated. The Company recorded a pre-tax gain of ¥61,336 million in connection with the sale of its Trend Micro investment.

(8) Initial Public Offering of UTStarcom

In March 2000, the Company's majority owned subsidiary, UTStarcom, completed its initial public offering (IPO). UTStarcom sold 11.5 million shares of common stock, for gross proceeds of \$192 million. As a result of the IPO, the Company's investment in UTStarcom was diluted from 56% to 49%, but as at the end of this fiscal year, UTStarcom is reported as a consolidated subsidiary because the Company has significant influence over the company.

The Company recognized a dilution gain on its investment in UTStarcom of \$77 million (¥8,209 million) in March 2000.

(9) Discontinued Operations

The Company discontinued operations of SOFTBANK Content Services Inc. and SOFTBANK Services Group in December and September 1998, respectively, and the above discontinuance resulted in losses on sale of stock (¥1,676 million) and losses from discontinued operations of (¥1,540 million) in fiscal year 1998.

6. Inventories:

Inventories as of March 31, 2000 and 1999 consisted of the following:

	Millions of yen		Thousands of
	2000	1999	U.S. dollars (Note 4)
			2000
Merchandise	¥ 7,996	¥10,525	\$ 75,327
Finished goods	2,615	4,949	24,635
Work in process	889	1,474	8,375
Raw materials	3,344	11,311	31,503
Securities in commodity	148	47	1,394
Other inventories	1,962	4	18,483
	¥16,954	¥28,310	\$159,717

7. Marketable and Investment Securities:

The following table sets forth the cost and estimated market values of marketable and investment securities, of which the market values are readily determinable, as of March 31, 2000 and 1999:

	Millions of yen		Thousands of
	2000	1999	U.S. dollars (Note 4)
			2000
Marketable securities (current portfolio):			
At cost	¥ 85	¥1,307	\$ 801
At estimated market value	2,805	1,753	26,425
Investment securities (non-current portfolio):			
At cost	2,871	4,275	27,046
At estimated market value	3,361	4,736	31,663

8. Investments in and Advances to Non-Consolidated Subsidiaries and Affiliates:

Investments in and advances to non-consolidated subsidiaries and affiliates as of March 31, 2000 and 1999 are listed in the following table. Investments in affiliated companies, which the Company can influence, are stated at cost plus equity in undistributed earnings (the "equity method"). Net consolidated income includes the Company's equity in the current net earnings (losses) of such companies, after elimination of unrealized intercompany profits.

	%	Millions of yen		Thousands of
		2000	2000	U.S. dollars (Note 4)
			1999	2000
E*Trade Group, Inc.	26	¥ 53,955	¥ 46,452	\$ 508,290
Yahoo! Inc.	23	45,690	37,905	430,429
Able Inc.	33	23,812	—	224,324
Bunkahoso Brain	33	10,807	—	101,809
InsWeb Corp.	26	9,304	—	87,650
Morningstar Inc.	20	8,807	—	82,967
Cognotec Limited	20	4,232	—	39,868
Internet Research Institute, Inc.	19	2,213	—	20,848
Pasona Softbank, Inc.	9	395	1,053	3,721
Trend Micro Incorporated	—	—	7,254	—
Kinesoft Development Corporation	—	—	1,976	—
InsWeb Japan K.K.	55	—	360	—
SOFTBANK Korea Co., Ltd.	80	—	217	—
Other	—	17,659	10,782	166,359
		¥176,874	¥105,999	\$1,666,265

9. Property and Equipment:

Property and equipment as of March 31, 2000 and 1999 were as follows:

	Millions of yen		Thousands of
	2000	1999	U.S. dollars (Note 4)
			2000
Buildings	¥ 4,368	¥ 2,957	\$ 41,149
Machinery	1,617	2,469	15,233
Furniture and tools	6,099	11,986	57,456
Other	2,124	6,752	20,009
Construction in progress	151	2,250	1,423
	14,359	26,414	135,270
Less: Accumulated depreciation	(6,954)	(11,212)	(65,511)
	7,405	15,202	69,759
Land	838	918	7,895
	¥ 8,243	¥16,120	\$ 77,654

10. Advertiser Lists and Trade Names:

"Advertiser lists" were capitalized at the date of purchase of ZD Inc. in the United States, and represent the present value of the expected future advertising income cash flow from the publication business.

As a result of the decision to sell ZDI's publishing business, a major part of the "Advertiser lists" was transferred to "Assets held for sale."

"Trade names" were capitalized in connection with the purchases of the exhibition division of The Interface Group (COMDEX), ZD Inc. and Kingston Technology Company in the United States, and represent the economic value of the brand names of these entities.

"Trade names" decreased due to the following reasons:

- (1) A significant part of the balance was sold as part of the sale of Kingston Technology investment;
- (2) And the other major part of the balance was transferred to "Assets held for sale" according to the Company's decision to dispose the Publishing business;
- (3) The remaining balance was related to the Events business of ZD Inc.

**11. Short-Term
Loans and
Long-Term Debt:**

Short-term loans outstanding comprised primarily contracted debts maturing within one year. The weighted-average interest rate for long-term debt at March 31, 2000 and 1999 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2000	1999	2000
Unsecured loans from financial institutions with interest rates ranging from 3.10% to 10.63%, at March 31, 2000 and 1999	¥128,780	¥182,910	\$1,213,189
Unsecured straight bonds with interest rates ranging from 2.10% to 6.70%, due 2000 to 2007	193,689	166,900	1,824,673
Warrant bonds with interest rates ranging from 2.31% to 4.0% due 2001 to 2010	1,701	3,500	16,024
Convertible bonds with interest rates of 0.5% due 2002	8,182	48,523	77,080
	332,352	401,833	3,130,966
Less: Portion due within one year	(28,832)	(19,641)	(271,616)
	¥303,520	¥382,192	\$2,859,350

Under the terms of the administration contracts relating to the unsecured straight bonds, the Company's ability to declare cash dividends is restricted. The most severe restriction stipulates that, as long as the bonds remain, accumulated cash dividends, including interim dividends, cannot exceed accumulated net income of the Company for the fiscal year ended March 31, 1996 and thereafter plus ¥429 million. The convertible bonds are convertible into common stock at any time at the option of the bondholders at current conversion prices of ¥8,141 per share.

The aggregate annual maturities of long-term debt outstanding at March 31, 2000 were as follows:

For the years ending March 31	Millions of yen	Thousands of U.S. dollars (Note 4)
2001	¥ 28,832	\$ 271,616
2002	21,468	202,242
2003	53,348	502,572
2004	55,876	526,387
2005 and thereafter	172,828	1,628,149
	¥332,352	\$3,130,966

**12. Gains on Sales
of Stock by
Investees:**

All significant transactions that took place during the intervening period of SBH's year-end (December 31, 1999) and of the Company's year-end (March 31, 2000), have been adjusted for the consolidation purpose. During the current year, as a result of capital transactions at the investee level, the Company's interest in certain investments was diluted. The major gains on such dilution consisted of the following:

UTStarcom Inc.	\$116 million	(¥12,262 million)
E*Trade Group, Inc.	\$66 million	(¥6,977 million)
ZD Net	\$39 million	(¥4,128 million)
Yahoo! Inc.	\$34 million	(¥3,584 million)
Ziff-Davis Inc.	\$30 million	(¥3,169 million)
MessageMedia, Inc.	\$24 million	(¥2,520 million)

13. Income Taxes:

Tax legislation enacted on March 24, 1999 reduced the income tax rate in Japan, which resulted in an effective statutory rate change from 47.7% to 42.1%. The new tax rate is effective for fiscal years beginning on or after April 1, 1999.

14. Lease Commitments and Rental Expenses: The Company leases its facilities under finance or operating leases. Future minimum payments for finance leases and non-cancelable operating leases as of March 31, 2000 are as follows:

For the years ending March 31	Millions of yen	Thousands of
		U.S. dollars (Note 4)
2001	¥ 60,035	\$ 565,568
Thereafter	364,117	3,430,212
Total minimum lease payments	¥424,152	\$3,995,780

15. Transactions with the Former Majority Shareholder, MAC Inc.: MAC Inc. merged with the Company on December 1, 1998. The Company's material transactions and balances with MAC Inc. other than those indicated in the Notes previously were as follows:

For the years ended March 31	Millions of yen		Thousands of
	2000	1999	U.S. dollars (Note 4)
			2000
Description of transactions			
Decrease in long-term loans receivable due to merger	¥—	¥273,497	\$—
Decrease in short-term loans receivable due to merger	—	12,011	—
Decrease in other current assets due to merger	—	254	—
Interest received	—	9,620	—
Decrease in advance received	—	39	—

16. Assets and Liabilities of Anonymous Investment Association: The consolidated balance sheets as of March 31, 2000 and 1999 include the following assets and liabilities of an anonymous investment association managed by SOFTBANK Ventures, Inc. and SOFTBANK Contents Partners Corporation.

	Millions of yen		Thousands of
	2000	1999	U.S. dollars (Note 4)
			2000
Cash and cash equivalents	¥ 2,025	¥ 2,032	\$ 19,077
Marketable securities	8,802	1,057	82,920
Other current assets—investment held by the association	16,151	22,963	152,153
Other current assets—other	362	67	3,410
Investment securities	1,491	—	14,046
Other current liabilities	1,417	41	13,649
Other long-term liabilities	24,681	24,610	232,510

17. Subsequent Events: **Stock Split**
 On April 12, 2000, the following were authorized at the Board of Directors' meeting for the current year:
 (a) On June 23, 2000, the Company divided on a 3-for-1 stock split for shares outstanding based on the registration of stockholders as at April 30, 2000.
 (b) Due to this stock split, the number of common stock increased by 220,317,334 shares.
 (c) The amount of capital did not increase due to the stock split.

18. Segment Information: **SEGMENT INFORMATION:**
(1) Business Segments
 The Company operates principally in the following business segments:
 (a) e-Finance: Financing services for Internet-related businesses which include securities industries, operating and supporting of domestic venture funds, etc.;
 (b) e-Commerce: Distribution of PC software, PC hardware, and Internet sales of books and toys, etc.;
 (c) Media & Marketing: Publishing PC-related books, magazines and game multimedia titles, technology events;

(d) Foreign Investment Funds: Investments in Internet-related foreign businesses—mainly in the United States;

(e) Internet Culture: Provision of Internet directory services, distribution of Internet-related IT news;

(f) Other: Holding company function in foreign countries, satellite broadcasting, etc.

The change in categorization of business segments:

Previously, the business segments had been categorized on the basis of management segments that had been put in place for group internal control purposes. However, since this fiscal year, the business segments have been recategorized as described above in order to clarify the responsibility of each operating officer of the segment controlling company, which supports the parent company as a pure holding company.

The Internet segment has been subdivided into segments, which are managed by segment controlling companies, each with its own operating officer, and the other segments have also been revised.

(A) Segments by new categorization

For the year ended March 31, 2000								Millions of yen	
	e-Finance	e-Commerce	Media & Marketing	Foreign Investment Funds	Internet Culture	Other	Total	Elimination or Corporate Assets	Consolidated Total
I. Net Sales and Operating									
Income (Loss):									
Net sales									
(1) Net sales to									
outside customers	¥ 15,981	¥227,898	¥118,441	¥ 2,604	¥17,256	¥ 41,041	¥ 423,221	¥ —	¥ 423,221
(2) Inter-segment net sales	2,668	3,630	443	—	655	2,893	10,289	(10,289)	—
Total	18,649	231,528	118,884	2,604	17,911	43,934	433,510	(10,289)	423,221
Operating Expenses	9,278	224,430	120,807	590	15,672	53,898	424,675	(9,832)	414,843
Operating Income (Loss)	¥ 9,371	¥ 7,098	¥ (1,923)	¥ 2,014	¥ 2,239	¥ (9,964)	¥ 8,835	¥ (457)	¥ 8,378

II. Identifiable Assets,									
Depreciation and									
Capital Expenditures:									
Identifiable Assets	¥345,957	¥ 86,573	¥239,288	¥117,451	¥85,580	¥239,300	¥1,114,149	¥ 54,159	¥1,168,308
Depreciation	191	458	143,493	—	1,724	5,905	151,771	15	151,786
Capital Expenditures	1,253	1,684	5,514	—	1,503	2,106	12,060	15	12,075

For the year ended March 31, 2000								Thousands of U.S. dollars	
	e-Finance	e-Commerce	Media & Marketing	Foreign Investment Funds	Internet Culture	Other	Total	Elimination or Corporate Assets	Consolidated Total
I. Net Sales and Operating									
Income (Loss):									
Net sales									
(1) Net sales to									
outside customers	\$ 150,552	\$2,146,943	\$1,115,789	\$ 24,531	\$162,562	\$ 386,632	\$ 3,987,009	\$ —	\$3,987,009
(2) Inter-segment net sales	25,134	34,197	4,173	—	6,171	27,254	96,929	(96,929)	—
Total	175,686	2,181,140	1,119,962	24,531	168,733	413,886	4,083,938	(96,929)	3,987,009
Operating Expenses	87,406	2,114,272	1,138,078	5,558	147,640	507,753	4,000,707	(92,624)	3,908,083
Operating Income (Loss)	\$ 88,280	\$ 66,868	\$ (18,116)	\$ 18,973	\$ 21,093	\$ (93,867)	\$ 83,231	\$ (4,305)	\$ 78,926

II. Identifiable Assets,									
Depreciation and									
Capital Expenditures:									
Identifiable Assets	\$3,259,133	\$ 815,572	\$2,254,244	\$1,106,463	\$806,218	\$2,254,357	\$10,495,987	\$510,212	\$11,006,199
Depreciation	1,799	4,315	1,351,795	—	16,241	55,629	1,429,779	141	1,429,920
Capital Expenditures	11,804	15,864	51,946	—	14,159	19,840	113,613	141	113,754

(B) Segments by old categorization

For the year ended March 31, 1999								Millions of yen	
	Software and Network	Media	Technology Events	Service	Internet	Other	Total	Elimination or Corporate Assets	Consolidated Total
I. Net Sales and Operating									
Income (Loss):									
Net sales									
(1) Net sales to									
outside customers	¥214,077	¥104,994	¥38,806	¥146,547	¥ 12,462	¥ 11,273	¥528,159	¥ —	¥528,159
(2) Inter-segment									
net sales	1,578	167	0	3,814	465	2,380	8,404	(8,404)	—
Total	215,655	105,161	38,806	150,361	12,927	13,653	536,563	(8,404)	528,159
Operating Expenses	211,851	109,992	29,515	144,957	13,521	14,633	524,469	(8,440)	516,029
Operating Income (Loss)	¥ 3,804	¥ (4,831)	¥ 9,291	¥ 5,404	¥ (594)	¥ (980)	¥ 12,094	¥ 36	¥ 12,130
II. Identifiable Assets,									
Depreciation and									
Capital Expenditures:									
Identifiable Assets	¥ 95,943	¥386,916	¥25,830	¥171,302	¥115,775	¥175,912	¥971,678	¥(19,100)	¥952,578
Depreciation	1,330	13,792	4,983	7,759	1,006	2,029	30,899	421	31,320
Capital Expenditures	1,088	5,190	1,251	1,438	1,453	551	10,971	95	11,066

Notes: 1. The amount of assets included in the column "Elimination or Corporate Assets" was ¥78,670 million for 2000 and ¥86,746 million for 1999, and included the Company's surplus funds (cash and marketable securities), investment securities and assets held by the administration departments.

2. Depreciation and Capital expenditures include long-term prepayments and deferred charges, and their amortization.

The effects of changes in business segments

From this fiscal year, the categorization of business segments has been changed as follows:

- A significant part of the "Software and Network" segment has been changed to the "e-Commerce" segment. PC software distribution through the Internet, which had previously been categorized as a part of the "Internet" segment, has been categorized into the "e-Commerce" segment. The provision of infrastructure in relation to international telecommunications and the distribution of PC software and network-related products in Asia, which had previously been categorized as a part of the "Software and Network" segment, has been categorized into the "Other" segment.
- A significant part of the "Media" segment and the "Technology Events" segment has been integrated into the "Media and Marketing" segment. Publishing IT-related news through the Internet, which had previously been categorized as a part of the "Internet" segment, has been categorized into the "Media & Marketing" segment.
- A significant part of the "Financing services" segment has been changed to the "e-Finance" segment. On-line banking services through the Internet, which had previously been categorized as a part of the "Internet" segment, has been categorized into the "e-Finance" segment.
- The "Foreign Investment Funds" segment, which had previously been categorized as a part of the "Internet" segment and the "Other" segment, has been established into the stand-alone segment since this fiscal year.
- A significant part of the "Internet" segment has been subdivided to the "Internet Culture" segment and the "Internet Infrastructure" segment. Advertising agency on the Internet, which had previously been categorized as a part of the "Media" segment, has been categorized into the "Internet Culture" segment. Retailer of consumer products, which had previously been categorized as a part of the "Internet" segment, has been categorized into the "Other" segment.

The effect of the above changes in the categorization of business segments information is summarized as follows:

- Net Sales to outside customers in Media & Marketing, Foreign investment funds, Other, e-Commerce and Internet Culture increased/(decreased) by ¥82 million, ¥2,604 million, ¥23,764 million, (¥22,615 million) and (¥3,835 million), respectively, as compared with the previous business segmentation.

- Inter-segment net sales in e-Commerce, Media & Marketing and Internet Culture increased/(decreased) by ¥17 million, ¥1 million and (¥18 million), respectively, as compared with the previous business segmentation.
- Operating expenses in Media & Marketing, Foreign Investment Funds, Other, e-Commerce and Internet Culture increased/(decreased) by ¥136 million, ¥590 million, ¥26,260 million, (¥24,738 million) and (¥2,248 million), respectively, as compared with the previous business segmentation.
- Operating income in e-Commerce, Foreign Investment Funds, Media & Marketing and Internet Culture increased/(decreased) by ¥2,140 million, ¥2,014 million, (¥52 million) and (¥1,606 million), respectively, as compared with the previous business segmentation.
- Identifiable assets in e-Finance, Foreign Investment Funds, Other, e-Commerce, Media & Marketing and Internet Culture increased/(decreased) by ¥78,010 million, ¥117,451 million, ¥161,347million, (¥113,141 million), (¥151 million), and (¥243,516 million), respectively, as compared with the previous business segmentation.
- Depreciation in Other and e-Commerce increased/(decreased) by ¥733 million, and (¥733 million), respectively, as compared with the previous business segmentation.
- Capital expenditures in Media & Marketing, Other, e-Commerce and Internet Culture increased/(decreased) by ¥4 million, ¥438 million, (¥436 million) and (¥6 million), respectively, as compared with the previous business segmentation.

The following represents the business segment information for the current fiscal year based on the segmentation policy in place during the prior fiscal year.

For the year ended March 31, 2000								Millions of yen	
	Software and Network	Media	Technology Events	Service	Internet	Other	Total	Elimination or Corporate Assets	Consolidated Total
I. Net Sales and Operating									
Income (Loss):									
Net sales									
(1) Net sales to									
outside customers	¥ 15,981	¥250,513	¥ 96,678	¥ 21,090	¥30,656	¥ 8,303	¥ 423,221	¥ —	¥ 423,221
(2) Inter-segment									
net sales	2,668	3,614	113	674	22	2,863	9,954	(9,954)	—
Total	18,649	254,127	96,791	21,764	30,678	11,166	433,175	(9,954)	423,221
Operating Expenses	9,278	249,169	102,615	17,920	25,808	19,547	424,337	(9,494)	414,843
Operating Income (Loss)	¥ 9,371	¥ 4,958	¥ (5,824)	¥ 3,844	¥ 4,870	¥ (8,381)	¥ 8,838	¥ (460)	¥ 8,378
II. Identifiable Assets,									
Depreciation and									
Capital Expenditures:									
Identifiable Assets	¥267,948	¥199,713	¥244,121	¥334,449	¥14,631	¥53,196	¥1,114,058	¥54,250	¥1,168,308
Depreciation	191	1,192	139,096	1,724	4,399	5,169	151,771	15	151,786
Capital Expenditures	1,253	2,119	5,085	1,508	427	1,668	12,060	15	12,075

(2) Geographic Areas

For the year ended March 31, 2000	Millions of yen						Consolidated Total
	Japan	North America	Europe	Other Overseas Countries	Total	Elimination or Corporate Assets	
I. Net Sales and Operating							
Income (Loss):							
Net Sales							
(1) Net sales to							
outside customers	¥289,458	¥111,230	¥11,126	¥11,407	¥ 423,221	¥ —	¥ 423,221
(2) Inter-segment							
net sales	73	—	—	11,644	11,717	(11,717)	—
Total	289,531	111,230	11,126	23,051	434,938	(11,717)	423,221
Operating Expenses	275,240	105,020	11,220	27,983	419,463	(4,620)	414,843
Operating Income (Loss)	¥ 14,291	¥ 6,210	¥ (94)	¥ (4,932)	¥ 15,475	¥ (7,097)	¥ 8,378
II. Identifiable Assets							
	¥377,263	¥553,332	¥84,097	¥83,185	¥1,097,877	¥ 70,431	¥1,168,308

For the year ended March 31, 2000	Thousands of U.S. dollars						Consolidated Total
	Japan	North America	Europe	Other Overseas Countries	Total	Elimination or Corporate Assets	
I. Net Sales and Operating							
Income (Loss):							
Net Sales							
(1) Net sales to							
outside customers	\$2,726,877	\$1,047,857	\$104,814	\$107,461	\$ 3,987,009	\$ —	\$ 3,987,009
(2) Inter-segment							
net sales	688	—	—	109,694	110,382	(110,382)	—
Total	2,727,565	1,047,857	104,814	217,155	4,097,390	(110,382)	3,987,009
Operating Expenses	2,592,935	989,355	105,699	263,617	3,951,606	(43,523)	3,908,083
Operating Income (Loss)	\$ 134,630	\$ 58,502	\$ (885)	\$ (46,462)	\$ 145,784	\$ (66,859)	\$ 78,926
II. Identifiable Assets							
	\$3,554,056	\$5,212,737	\$792,247	\$783,655	\$10,342,694	\$ 663,504	\$11,006,199

For the year ended March 31, 1999	Millions of yen						Consolidated Total
	Japan	North America	Europe	Other Overseas Countries	Total	Elimination or Corporate Assets	
I. Net Sales and Operating							
Income (Loss):							
Net Sales							
(1) Net sales to							
outside customers	¥226,815	¥235,823	¥43,076	¥22,445	¥528,159	¥ —	¥528,159
(2) Inter-segment							
net sales	16	2,747	2,380	—	5,143	(5,143)	—
Total	226,831	238,570	45,456	22,445	533,302	(5,143)	528,159
Operating Expenses	217,789	240,914	41,938	20,574	521,215	(5,186)	516,029
Operating Income (Loss)	¥ 9,042	¥ (2,344)	¥ 3,518	¥ 1,871	¥ 12,087	¥ 43	¥ 12,130
II. Identifiable Assets							
	¥136,294	¥802,964	¥17,221	¥10,902	¥967,381	¥(14,803)	¥952,578

Notes: 1. The amount of assets included in the Elimination or Corporate Assets column was ¥78,670 million for 2000 and ¥86,746 million for 1999, and included surplus funds (cash and securities), investments in securities and assets held by the administration department of the Company.

2. Segmentation policy of net sales in overseas countries and significant countries belonging to each area:

1) Segmentation policy of net sales in overseas countries was based on geographical location.

2) Significant countries in each area are summarized below.

North America: U.S.A., and Canada

Europe: U.K., Germany, and France

Other: China, Hong Kong, Singapore, and Australia

(3) Net Sales in Overseas Countries

For the year ended March 31, 2000	Millions of yen			
	To North America	To Europe	To Other	Total
I. Net sales in overseas countries	¥96,774	¥12,330	¥26,276	¥135,380
II. Consolidated net sales				423,221
III. Percentage of net sales in each area to consolidated net sales	23%	3%	6%	32%

For the year ended March 31, 2000	Thousands of U.S. dollars			
	To North America	To Europe	To Other	Total
I. Net sales in overseas countries	\$911,672	\$116,156	\$247,537	\$1,275,365
II. Consolidated net sales	—	—	—	3,987,009
III. Percentage of net sales in each area to consolidated net sales	23%	3%	6%	32%

For the year ended March 31, 1999	Millions of yen			
	To North America	To Europe	To Other	Total
I. Net sales in overseas countries	¥224,971	¥47,121	¥30,544	¥302,636
II. Consolidated net sales	—	—	—	528,159
III. Percentage of net sales in each area to consolidated net sales	42%	9%	6%	57%

Notes: 1. Net sales in overseas countries included the sales of the Company and its overseas consolidated subsidiaries outside of Japan.

2. Segmentation policy of net sales in overseas countries and significant countries belonging to each area.

1) Segmentation policy of net sales in overseas countries was based on geographical location.

2) Significant countries in each area are summarized below.

North America: U.S.A., and Canada

Europe: U.K., Germany, and France

Other: China, Hong Kong, Singapore, and Australia

■ Report of Management

SOFTBANK CORP. AND CONSOLIDATED SUBSIDIARIES

Responsibility for the consolidated financial statements presented in this annual report rests with SOFTBANK CORP.'s management. The preparation of financial statements in conformity with accounting principles generally accepted in Japan requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reported period.

SOFTBANK maintains a system of internal controls over financial reporting, which management believes is adequate to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition and financial records are reliable for preparing consolidated financial statements. This system is supported by the Company's policy of corporate ethics. This policy sets forth management's commitment to conduct business worldwide with the highest ethical standards and in conformity with applicable laws. These controls are monitored by an extensive and ongoing program of internal audits.

The consolidated financial statements have been audited by the Company's independent accountants, ChuoAoyama Audit Corporation. The purpose of their audits is to independently affirm the fairness of management's reporting of financial position, results of operations and cash flows. To express the opinion set forth in their report, they study and evaluate the internal controls to the extent they deem necessary.

The Corporate Auditors Board, composed of four corporate auditors, including three outside corporate auditors, provides oversight to our financial reporting system and approves the nomination of the independent accounting firm to be retained. The Corporate Auditors Board periodically meets privately with the independent accountants, internal auditors and management to review various auditing and financial reporting matters.

Masayoshi Son
President & Chief Executive Officer



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors
SOFTBANK CORP.

We have audited the accompanying consolidated balance sheets of SOFTBANK CORP. and its subsidiaries as of March 31, 2000 and 1999, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in Japanese Yen. Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to the above present fairly the consolidated financial position of SOFTBANK CORP. and its subsidiaries as of March 31, 2000 and 1999, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan (see Note 3(1)) applied on a consistent basis except for the following paragraph.

As described in Note 18, SOFTBANK CORP. made certain re-categorization of business segments during the year ended March 31, 2000. Previously the business segments had been categorized on the basis of management segments that had been put in place for group internal control purposes. However, since this fiscal year, the business segments have been re-categorized in order to clarify the responsibility of each operating officer of the segment controlling company, which supports the parent company as a pure holding company.

The amounts expressed in U.S. dollars, which are provided solely for the convenience of the reader, have been translated on the basis set forth in Note 4 to the accompanying consolidated financial statements.



ChuoAoyama Audit Corporation
Tokyo, Japan
June 22, 2000



Leading the Digital Information Revolution

CONTENTS

List of Group Companies.....	1
Message from the President	2
e-Commerce.....	10
e-Finance	12
Media & Marketing	14
Broadmedia	16
Internet Infrastructure	18
Technology Services	20
Internet Culture	22
Global Operations.....	24
Nasdaq Japan	30
Financial Information.....	31
SOFTBANK Corporate Directory	59
Directors and Corporate Auditors.....	60
Shareholder Information.....	61

List of Group Companies

e-Commerce

SOFTBANK E-COMMERCE ●

CarPoint ●

e-Career ●

e-Shopping! Books ●

e-Shopping! CarGoods ●

e-Shopping! Information ●

e-Shopping! Toys ●

e-Shopping! Wine ●

eS! Music ●

ONSALE JAPAN ●

priceline.com Japan ●

SmartAge Japan ●

SmartFirm ●

SOFTBANK COMMERCE ●

SOFTBANK e-ENTRY ●

SOFTBANK Frameworks ●

SOFTBANK MOBILE ●

Style Index ●

Vector ●

VerticalNet Japan ●

Broadmedia

SOFTBANK Broadmedia ●

Computer Channel ●

Digital Club ●

J SKY SPORTS ●

Nihon Eiga Satellite Broadcasting ●

SKY Perfect Communications ●

e-Finance

● SOFTBANK FINANCE

● Cognotec Japan

● CyberCash

● E-Bond Securities

● E-Loan Japan

● E-Real Estate

● E*Advisor

● E*FINANCE SCHOOL

● E*NetCard

● E*TRADE Japan

● E*TRADE Securities

● INSWEB Japan

● Morningstar Japan

● Office Work

● SOFTBANK ASSET MANAGEMENT

● SOFTBANK FRONTIER SECURITIES

● SOFTBANK INVESTMENT

● SophiaBank

● WEB-Lease

Media & Marketing

● SOFTBANK Media & Marketing

● Aplix.NET

● Click2learn Japan

● cyber communications

● COM-PATH

● LAUNCH Japan

● Rivals Japan

● SOFTBANK Forums Japan

● SOFTBANK Publishing

● SOFTBANK ZDNet

● WebMD Japan

SOFTBANK

Internet Culture

● Yahoo! Japan

● Internet Research Institute

● Tavigator

Global Operations

● SOFTBANK Holdings

● SOFTBANK Global Ventures

● SOFTBANK Venture Capital

● SOFTBANK Capital Partners

● SOFTBANK Technology Ventures

● SOFTBANK International Ventures

● @viso

● eVentures

● eVentures Australia

● eVentures India

● eVentures New Zealand

● SOFTBANK China Holdings

● SOFTBANK Emerging Markets

● SOFTBANK Europe Ventures

● SOFTBANK Ventures Korea

● SOFTBANK Latin America Ventures

● SOFTBANK U.K. Ventures

Technology Services

● SOFTBANK TECHNOLOGY

● BROADBAND TECHNOLOGY

● B to B Technology

● EC Architects

● EC Factory.com

● e-Commerce Technology

● E-cosmos

● SOFTBANK MOBILE TECHNOLOGY

Internet Infrastructure

SOFTBANK Networks ●

Asia Global Crossing ●

GlobalCenter Japan ●

IP REVOLUTION ●

Xtage ●

SpeedNet ●

Others

AtWork ●

Nasdaq Japan ●

buy.com ●

CyberCash ●

E-LOAN ●

E*TRADE ●

Healtheon (WebMD) ●

HOTBANK ●

InsWeb ●

MessageMedia ●

UTStarcom ●

Webvan ●

Yahoo! ●

ZDNet ●

Message from the President

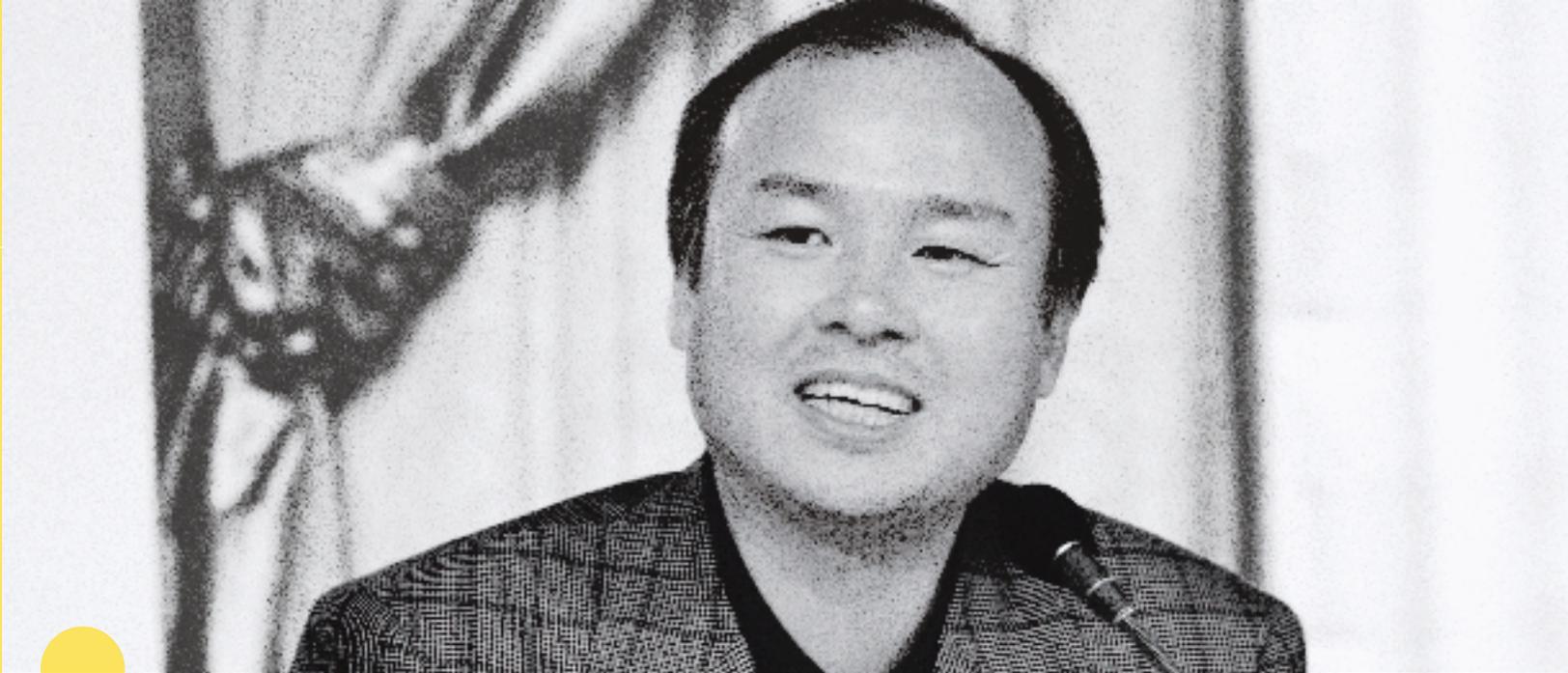
In fiscal 2000, ended March 31, 2000, SOFTBANK CORP. further extended its lead in its core digital information domains.

In Japan, just as has been the case in the United States since the mid-1990s, the economy is increasingly being driven by information technology (IT). In this environment, SOFTBANK is intensifying its focus on the Internet industry as its core business domain while pushing forward with strategic initiatives in a diverse array of the Internet industry's business segments. SOFTBANK has introduced a three-tiered corporate structure comprising a pure holding company, operation holding companies, and operating companies to create the optimal organization structure for executing its business strategies.

SOFTBANK is dedicated to meeting shareholders' expectations for enhanced corporate value and shareholder value and is aggressively growing its business as the unparalleled leader in the digital information revolution.

Converging People, Vision, and Technology

Converging
People
Vision
and
Technology

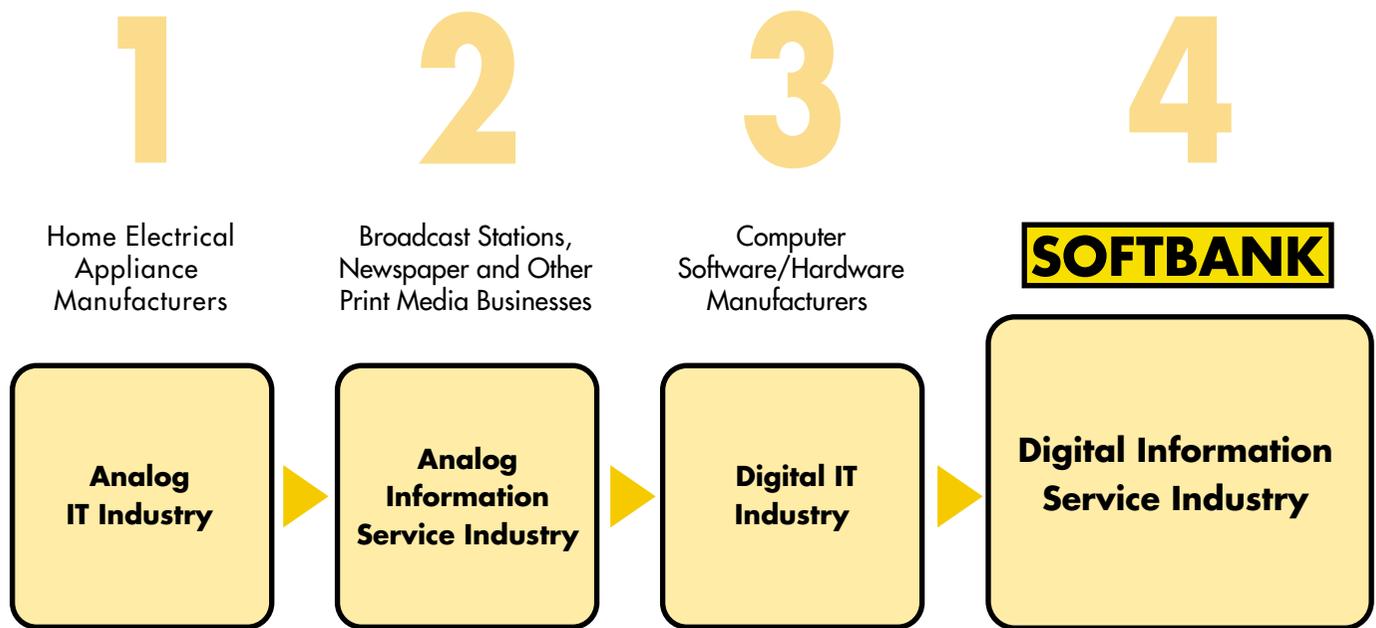


President and Chief Executive Officer **Masayoshi Son**

ing obile/ chnology

A large, white, outlined arrow pointing to the right. It is positioned horizontally across the middle of the page, overlapping the text 'obile/' in the header. The arrow's tail is on the left, and its head is on the right, pointing towards the right edge of the page.

The Four Stages of the Information Revolution



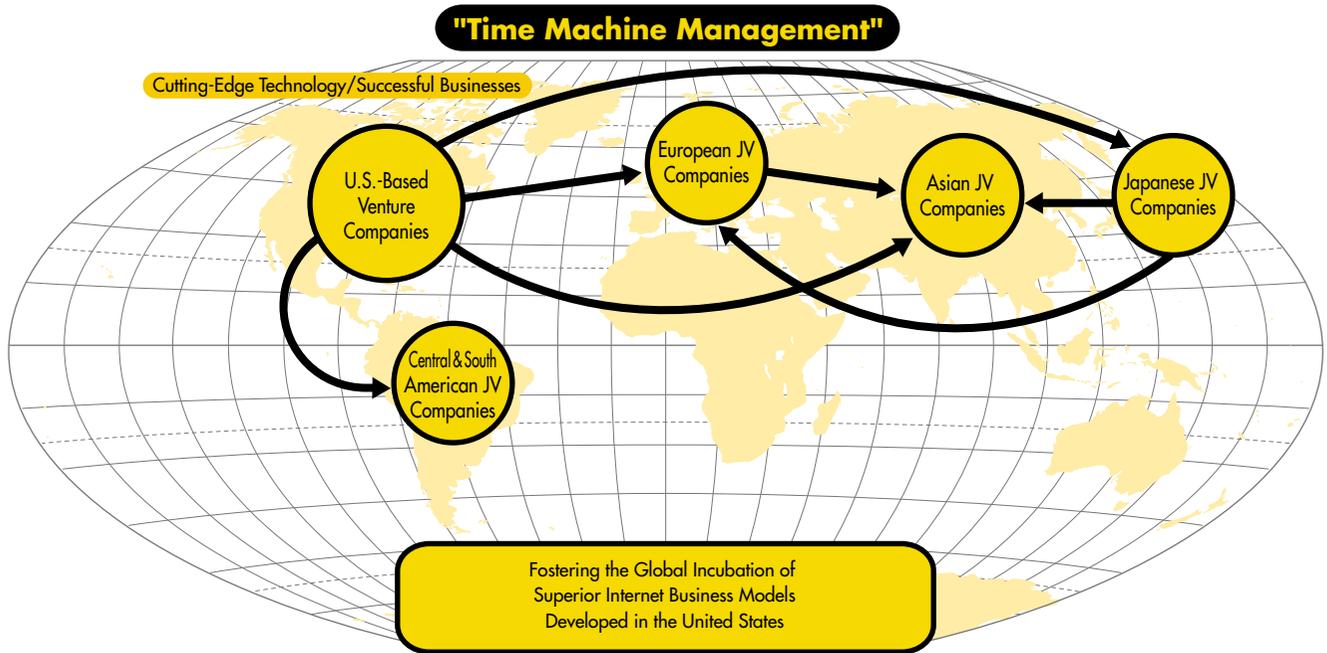
Strategy

Since its establishment, SOFTBANK has adhered to a corporate vision of leveraging the power of the digital information revolution to make knowledge available to people no matter who or where they are and, by doing so, to foster the realization of a better life for all. SOFTBANK believes that the information revolution is unfolding in four stages. These stages involve distinct analog and digital industries and, within each of them, distinct technology and service sectors. This evolution is occurring in the order of 1) the analog IT industry, represented by home electrical appliance manufacturers, 2) the analog information service industry, represented by broadcast and newspaper and other print media businesses, 3) the digital IT industry, represented by computer software and hardware manufacturers, and 4) the digital information service industry, represented by Internet businesses.

SOFTBANK has made the 4th stage—the digital information service industry—its primary business domain and intends to aggressively step up its allocation of management resources to this strategic area. In line with this strategy, in the first half of fiscal 2000, SOFTBANK sold Kingston Technology Company and, in April 2000, substantially completed the sale of assets in Ziff-Davis Inc., excluding such Internet divisions as ZDNet.

SOFTBANK is pursuing a so-called “time machine management” strategy to foster the global incubation of superior business models found through its venture capital operations in the United States. This strategy has given rise to numerous cutting-edge success stories in the Internet arena. A prime example is the world-renowned portal site Yahoo! SOFTBANK provided early stage financing for Yahoo! in the United States. It then extended the business model to Japan, South Korea, Germany, France, and the United Kingdom in partnership with Yahoo! Inc. in the United States. In line with its drive to pursue time machine management in the Americas, SOFTBANK established SOFTBANK

SOFTBANK's Internet Business Extends Worldwide



BANK



Technology Ventures V and SOFTBANK Capital Partners, in the United States, and SOFTBANK Latin America Ventures, in Central America and South America. In Europe, SOFTBANK teamed with Vivendi, S.A., France's largest media group, to form @viso and joined with News Corporation Group to establish eVentures. Furthermore, SOFTBANK launched SOFTBANK Emerging Markets with World Bank's International Finance Corporation to launch ventures in emerging markets. In Japan, SOFTBANK established operation holding companies to aggressively pursue time machine management through the promotion of joint ventures and to leverage strengths in their respective business segments. In addition, SOFTBANK launched SOFTBANK INTERNET FUND and SOFTBANK INTERNET TECHNOLOGY FUND, which is one of the largest funds of its type in Japan. Currently, the SOFTBANK Group includes, together with its fund investments, more than 400 companies around the world.

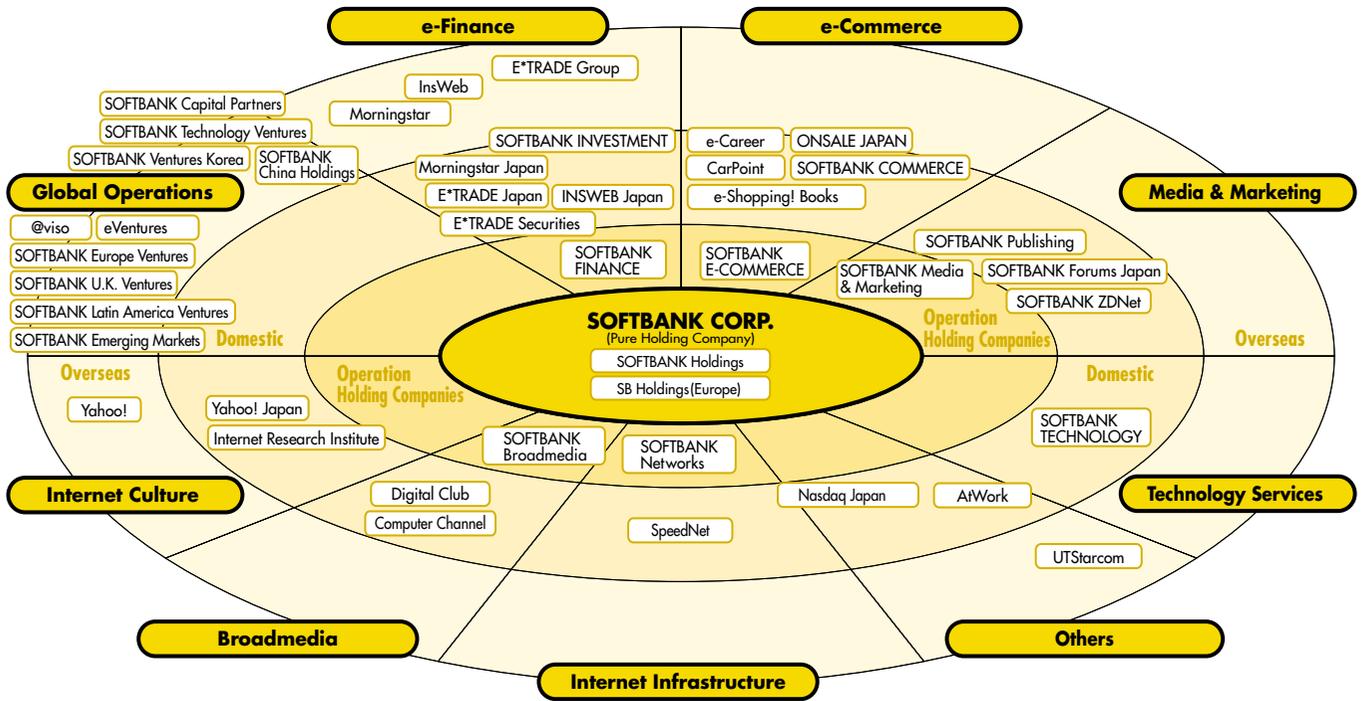
Organization

The Internet industry is experiencing a dramatic transformation and rapid expansion while fragmenting into various business segments. SOFTBANK tailored the Group structure not only to let each operating company to be able to respond quickly to the changing business environment but also to maximize synergies within the Group. To achieve this, SOFTBANK has implemented a three-tiered business structure comprising a pure holding company, operation holding companies, and operating companies.

The pure holding company is SOFTBANK CORP., which focuses on 1) establishing a strategy for the Group as a whole, 2) developing new business areas and respective operation holding companies, and 3) utilizing this tiered structure to manage and align the direction of each Group company.

Operation holding companies are set up in Japan by business segment and overseas by geographic region. Operation holding companies 1) establish strategy for their respective business

Group Organization Chart



domains or geographic regions and cultivate new businesses, 2) assist operating companies in their respective group, and 3) facilitate in-group coordination to optimize synergies in each business domain or geographic area. Operating companies carry out operations with the objective of generating cash flow.

Corporate Value Management

Committed to fulfilling its responsibility to shareholders, SOFTBANK maintains a management objective to maximize corporate value and shareholder value. As part of this effort, in June 1999 Den Fujita, Yoshihiko Miyauchi, Kenichi Ohmae, and Jun Murai were appointed to SOFTBANK's Board of Directors as outside directors.

Additionally, a CEO Council comprising CEOs of operation holding companies has been periodically held to foster a synergetic management base through reporting and sharing information on business activities in each domain with the aim of increasing the corporate value of the entire SOFTBANK Group.

As a result of these and other realignments of the Board of Directors and the CEO Council, SOFTBANK has more clearly delineated the function of the CEO Council as operational oversight and the function of the Board of Directors as high-level decision making and supervision. These changes have provided SOFTBANK with an enhanced structure for corporate governance.

SOFTBANK requires all of its Group companies to meet management objectives based on metrics directly linked to corporate value. Advanced accounting systems are employed to facilitate the management of each company's corporate value on a monthly basis.

Financial Highlights

SOFTBANK CORP. AND CONSOLIDATED SUBSIDIARIES YEARS ENDED MARCH 31

	Millions of yen					Thousands of dollars
	2000	1999	1998	1997	1996	2000
For the Year						
Revenues	¥ 423,221	¥ 528,159	¥ 513,364	¥ 359,742	¥ 171,101	\$ 3,987,009
Operating income	8,378	12,130	31,938	33,670	15,822	78,926
Net income	8,447	37,538	10,303	9,092	5,794	79,576
At Year-End						
Total assets	¥1,168,308	¥ 952,578	¥1,140,251	¥1,070,645	¥ 598,856	\$11,006,199
Shareholders' equity	380,740	284,976	242,758	234,617	119,679	3,586,811
Per Share (Yen and U.S. dollars)						
Net income—primary	¥ 78.05	¥ 365.38	¥ 100.77	¥ 95.58	¥ 69.22	\$ 0.74
Shareholders' equity	3,456.55	2,719.35	2,375.24	2,292.56	1,354.81	32.56
Cash dividends	20.00	20.00	40.00	20.00	15.00	0.19

Notes: 1. Yen figures have been translated into U.S. dollars, for convenience only, at the rate of ¥106.15=\$1.00, the closing Tokyo FOREX bid rate on March 31, 2000.

2. In fiscal 2000, Revenues are divided into two categories: non-Finance and Finance.

3. Per share figures were adjusted for stock splits, except for cash dividends.

4. The total fiscal 1998 dividend included a ¥20.00 commemorative dividend.

BANK



SOFTBANK's corporate vision is to leverage the power of the digital information revolution to make knowledge available to people no matter who or where they are and, by doing so, to foster the realization of a better life for all. SOFTBANK is committed to creating additional corporate value and shareholder value while contributing to society and humankind by unleashing the abilities of SOFTBANK Group companies as well as individual employees.

August 2000

Masayoshi Son

President and Chief Executive Officer

A black and white photograph of a landscape. In the foreground, a road curves from the bottom left towards the right. The middle ground shows a field with a line of trees in the distance. The sky is filled with large, fluffy clouds. The word "VISION" is written in yellow, spaced-out capital letters across the middle of the image.

V I S I O N



SOFTBANK aims to leverage the power of the digital information revolution to make knowledge available to people no matter who or where they are and, by doing so, to foster the realization of a better life for all.

SOTBANK leverages its wealth of IT know-how to support upwards of 1,500 IT suppliers. Moreover, SOTBANK is building a commanding lead as the catalyst for the formation of cross-industry alliances that transcend national boundaries.

We are turning this strength into a core competency and using it to capitalize on the opportunities presented by the rapidly evolving distribution revolution.

In 1999, Japan's e-commerce (EC) market was estimated at ¥10 trillion and projections are that it will swell to ¥70 trillion by 2003*. In the EC market space, which is growing along with the Internet, SOTBANK is providing platforms for people to share knowledge across all segments—such as in the business-to-business (B-to-B) and the business-to-consumer (B-to-C) segments—transforming the distribution framework, and contributing to the realization of a better and more creative life for all.

*Based on Ministry of International Trade and Industry and Andersen Consulting figures

e - C o m m e r c e



President and Chief Executive Officer, SOTBANK E-COMMERCE CORP. **Ken Miyauchi**

e - Commerce

■ SOFTBANK E-COMMERCE CORP.

(Managing Company of e-Commerce Segment)

- CarPoint K.K.
(On-line Automobile Sales Intermediary)
- e-Career CORP.
(On-line Employment Support)
- e-Shopping! Books CORP.
(On-line Book Sales)
- e-Shopping! CarGoods CORP.
(On-line Automotive Components and Parts Sales)
- e-Shopping! Information CORP.
(e-Commerce Consulting Ranging from Systems Development Planning to Management Planning)
- e-Shopping! Toys CORP.
(On-line Toy Sales)
- e-Shopping! Wine CORP.
(On-line Wine Sales)
- eSI Music CORP.
(On-line Music Distribution)
- ONSALE JAPAN K.K.
(On-line Auction Marketplace)

Overview of Operations

At the core of SOFTBANK's e-Commerce segment is SOFTBANK E-COMMERCE CORP. This segment operates such EC activities as on-line product sales and information distribution as well as operations related to the distribution of software and network-related products.

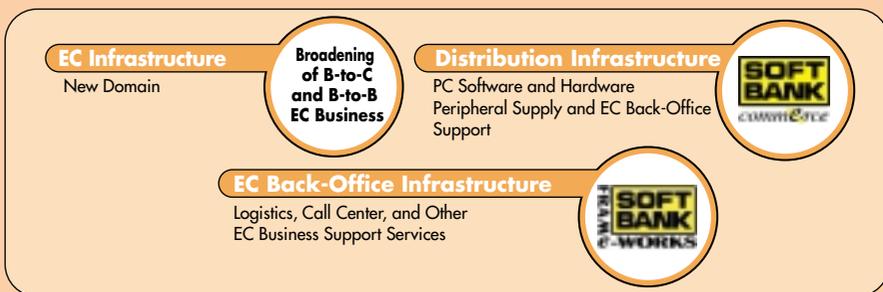
Vision: Further towards a Consumer-Centric Market

The Internet's search capabilities make it possible to provide a broad array of information about products and services at low cost and to conduct thorough comparative examinations. In addition, the Internet's interactive capabilities allow for B-to-C and B-to-B information exchange, thus providing opportunities for the sharing of knowledge through the formation of a community. SOFTBANK believes that the Internet is indispensable in creating a consumer-centric market through the provision of value-added information to consumers. Consequently, we seek to revolutionize the flow of information to support people in their purchasing activities in a consumer-centric market.

Coordinator of Cross-Industry Alliances

Markets have become increasingly consumer centric as more and more people turn to the Internet. To survive in this market, it is indispensable to share knowledge with customers and tailor product and service frameworks to meet their needs. However, merely revamping the existing supply chains of individual enterprises will not achieve the rapid transformation required. SOFTBANK pays scrupulous attention to the sharing of customer knowledge and pursues strategies that promote cross-industry alliances aligned with the change in product and service frameworks. Because companies in the

Fundamental Business Domains



- priceline.com Japan corporation
(Internet Reverse-Auction Business)
- SmartAge Japan Corp.
(Web Site Creation and Administration for Venture Enterprises and Small and Medium-Sized Companies)
- SmartFirm Corp.
(Application Services and Back-Office Support for Venture Enterprises and Small and Medium-Sized Companies)
- SOFTBANK COMMERCE CORP.
(IT-Related Product Distribution)
- SOFTBANK e-ENTRY CORPORATION
(Support of Overseas Venture Enterprise Entry into Japan)
- SOFTBANK Frameworks Corporation
(Third-Party Logistics)
- SOFTBANK MOBILE CORP.
(Mobile Content Planning, Creation, and Distribution)
- Style Index Corporation
(PC and Peripheral Equipment Leasing)
- VerticalNet Japan Corp.
(Industry-Segmented Information Portal)
- Vector Inc.
(PC Software Downloading; listed on Nasdaq Japan in August 2000)

SOFTBANK Group are not affiliated with any existing Japanese *keiretsu* (corporate group), they can share a vision of creating open cross-industry alliances with any enterprise. Moreover, the Group seeks to provide optimal IT solutions as an EC pioneer and thereby establish a solid position as the leading coordinator of cross-industry alliances.

Aggressive Expansion of the EC Business

With the aim of facilitating knowledge sharing for a consumer-centric market, SOFTBANK Group companies execute one-to-one marketing activities.

Currently, we are expanding and strengthening our bases for distributing PC software, hardware, and network-related products as well as aggressively expanding our activities in such EC arenas as on-line auctions, toy and book sales, music distribution, automobile sales intermediary services, automotive parts and components sales, wine and other spirits sales, and food sales.

21st Century Business Support

As part of our mission of supporting businesses in the 21st century, we have leveraged the power of Internet technology and our Group network to provide on-line employment support, comprehensive IT solutions for venture enterprises and small and medium-sized businesses, Web site creation and operational support, application services, and back-office support.

e-Finance

e - F i n a n c e



President and Chief Executive Officer, SOFTBANK FINANCE CORPORATION **Yoshitaka Kitao**

Japan's financial industry is in the midst of a historical structural transformation that is being driven by the combined forces of full-scale deregulation in the form of various so-called Big Bang measures and the Internet revolution.

SOFTBANK believes that the backdrop of this era presents significant business opportunities. SOFTBANK aims to use its accumulated Internet business know-how and its revolutionary business model to emerge as the 21st century's most comprehensive Internet financial services provider.

SOFTBANK FINANCE CORPORATION

(Managing Company of e-Finance Segment)

- Cognotec Japan K.K.
(Foreign Exchange Dealing Solutions Provider)
- CyberCash K.K.
(On-line Payment Solution Provider)
- E-Bond Securities Co., Ltd.
(Securities Managing Proprietary Trading System)
- E-Loan Japan K.K.
(Internet Comparative Loan and Mortgage Marketplace)
- E-Real Estate Co., Ltd.
(Internet Comprehensive Real Estate Service)
- E*Advisor Co., Ltd.
(Internet Comprehensive Financial Advice)
- E*FINANCE SCHOOL CORPORATION
(Internet e-Finance Education Service)
- E*NetCard CO., LTD.
(Internet Consumer Finance and Credit Card Subscription Service)
- E*TRADE Japan K.K.
(On-line Invest Service Provider; Listed on Nasdaq Japan in September 2000)

Overview of Operations

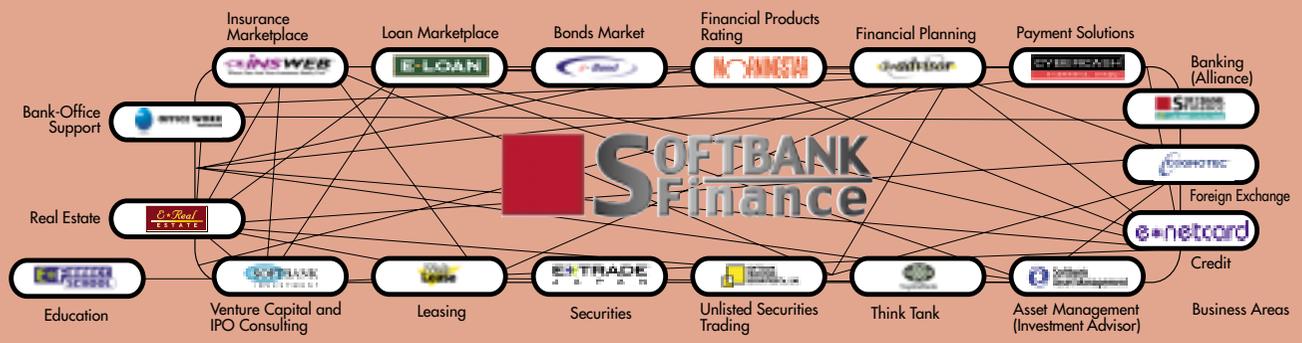
The e-Finance segment is centered on SOFTBANK FINANCE CORPORATION, which is the operation controlling company of the SOFTBANK Group's financial business. The segment is achieving rapid growth as a 21st century financial innovator providing financial services over the Internet.

Comprehensive One-Stop, On-line Financial Marketplace

Because the financial industry is essentially information-intensive, the Internet provides an ideal platform for implementing finance-related business activities. In the 21st century, SOFTBANK believes that the financial industry should fully leverage the Internet's advantages to enable consumers to enjoy one-stop access to deposits, stocks, mutual funds, insurance, and a comprehensive array of other products and services. In the e-Finance segment, SOFTBANK is forging seamless links among operating companies that span nearly every financial service sector to become the leading one-stop, on-line financial services provider.

Incubation Programs

Aiming to expand Internet business and economies, SOFTBANK provides funds for venture companies as well as offers IPO consulting services to member companies. As an active investor in U.S. venture enterprises since 1995, SOFTBANK leveraged this experience in July 1999 to launch the ¥12.3 billion SOFTBANK INTERNET FUND, which invests mainly in Japanese venture companies. In spring of 2000, SOFTBANK launched the ¥170.0 billion SOFTBANK INTERNET TECHNOLOGY FUND No. 1, one of the largest venture capital funds in Japan. Furthermore, SOFTBANK is organizing SOFTBANK



- E*TRADE Securities Co., LTD.
(On-line Securities Brokerage)
- INSWEB Japan K.K.
(Internet Comparative Insurance Marketplace)
- Morningstar Japan K.K.
(Internet Financial Products Rating Service; Listed on Nasdaq Japan in June 2000)
- Office Work Corporation
(Back-Office Support and Consulting)
- SOFTBANK ASSET MANAGEMENT Co., Ltd.
(Asset Management)
- SOFTBANK FRONTIER SECURITIES CO., LTD.
(Unlisted Securities Brokerage)
- SOFTBANK INVESTMENT CORPORATION
(Venture Capital and IPO Consulting)
- SophiaBank Limited
(Incubation Oriented Think Tank)
- WEB-Lease Co., Ltd.
(Leasing Company Specializing in IT)
- E*TRADE KOREA Co., LTD.
(Morningstar KOREA Ltd.)
- SB FINANCE KOREA CO., LTD.
- SOFTBANK INVESTMENT INTERNATIONAL (STRATEGIC) LIMITED

VENTURES' CONSORTIUM, which will eventually encompass a membership of more than 1,000 venture fund investees, to maximize synergies by promoting the forging of alliances and the sharing of resources. In addition to providing funds to venture companies, SOFTBANK carries out such critical incubation activities as consulting on and support of back-office and core business activities throughout the various growth stages towards IPO.

Alliances

The spread of the Internet is putting an end to the advantage businesses and financial institutions had as the dominant information providers and is giving rise to a buyer-centric market. In this environment, it is becoming difficult for a single firm to deploy the resources necessary to satisfy increasingly broad and sophisticated customer needs. Consequently, the leveraging of synergies provided by reciprocal strengths gained through the formation of strategic alliances has become a key success factor.

SOFTBANK promotes stronger ties among its Group companies across all business segments as well as stronger alliances among members of the SOFTBANK VENTURES' CONSORTIUM to meet customer needs by providing information and services that exceed those of any individual business framework.

Support of Regional Enterprises

The Internet is an invaluable infrastructure for creating excellent business opportunities that transcend geographic distance. To promote this cultivation and strengthen support for existing promising business in areas throughout Japan, SOFTBANK is allotting a portion, approximately ¥30 billion, of the SOFTBANK INTERNET TECHNOLOGY FUND to the incubation of promising regional companies. This project will be promoted through our cooperation with regional enterprises, organizations, and financial institutions, especially regional banks.

Media &

Media & Marketing



President and Chief Executive Officer, SOFTBANK Media & Marketing Corp. **Makoto Okazaki**

Marketing

In its Media & Marketing segment, SOFTBANK intends to 1) promote the incubation of Internet businesses, 2) strengthen coordination between existing publishing and Internet businesses and accelerate the shift to an Internet-focused business, 3) establish cooperative relationships with promising companies in the broadband arena, and 4) establish a leading position in the Web advertising market. By pursuing these four strategies, SOFTBANK will aggressively expand its Internet business and establish a superior position in the media and marketing arena.

■ SOFTBANK Media & Marketing Corp.

(Managing Company of Media & Marketing Segment)

- Aplix.NET Inc.
(Mobile Navigation)
- Click2learn Japan K.K.
(Education Portal)
- cyber communications inc.
(Internet Advertising Agency)
- COM-PATH, Inc.
(Comprehensive Computer Product Information Services)
- LAUNCH Japan K.K.
(Music Community)
- Rivals Japan Corporation
(Sports Community)
- SOFTBANK Forums Japan, Inc.
(Sponsorship and Management of IT-Related Expositions)
- SOFTBANK Publishing Inc.
(IT and Internet-Related Publishing)
- SOFTBANK ZDNet Inc.
(Comprehensive IT Information Site)
- WebMD Japan Corp.
(Medical and Health Care Site Aimed at Doctors)

Overview of Operations

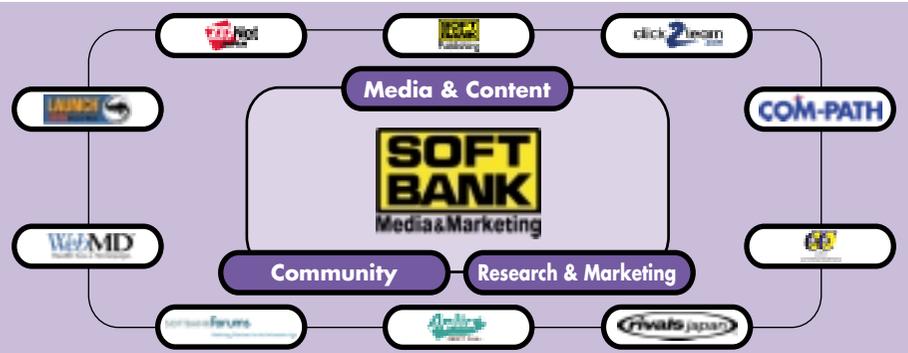
SOFTBANK's Media & Marketing segment is managed by SOFTBANK Media & Marketing Corp. and provides users with content and specialized information for a fee and generates revenue through advertising. In addition to its existing publishing and forum businesses, the segment plans to expand into three primary business domains of media and content, community, and research and marketing.

Promote the Incubation of Internet Businesses

Information and content that have heretofore been distributed through such means as publishing and forums are now increasingly being delivered over the Internet. SOFTBANK has helped to establish leading content and community Internet business, such as those to the left.

Strengthen Coordination between Existing Publishing and Internet Businesses and Accelerate the Shift to an Internet-Focused Business

SOFTBANK Publishing Inc., SOFTBANK's main publishing division, with its lineup of magazines that includes the number one Internet information publication *Yahoo! Internet Guide*, contributes to enhanced business performance by strengthening cooperation with Yahoo!. Publishing and Web businesses are coordinated and supplemented through ZDNet and other means. Also moving in this direction is SOFTBANK Forums Japan, Inc., which oversees the conference business and manages such leading exhibitions as Interop. SOFTBANK will leverage its existing customer base while launching such new enterprises as an on-line education business.



Establish Cooperative Relationships with Promising Companies in the Broadband Arena

Twenty-four-hour connection, high-speed transmission of large volumes of data, and other such issues related to cost and technology remain obstacles to the optimal delivery of information and content over the Internet. To remain at the forefront of the historical shifts taking place and to continue to be a leader in the technology revolution, SOFTBANK is pursuing the establishment of strong cooperative relationships with enterprises with advanced technologies in the areas of document, voice, and image data compression as well as application service providers (ASPs).

Establish a Leading Position in the Web Advertising Market

The Web advertising market is rapidly expanding. Within a few years, the Web advertising market is forecast to exceed the ¥200 billion level—the size of the current radio advertising market. Web advertising will soon rank with television, newspaper, and magazine advertising, which now constitute the major advertising categories. SOFTBANK is a shareholder in cyber communications inc., the market leader in the Web advertising arena. Working in close cooperation with cyber communications' majority shareholder Dentsu Inc., SOFTBANK pursues activities aimed at the further expansion and development of the Internet advertising market.

With the progress of digitization and the explosive growth of the Internet, services that integrate communications and broadcasting are being established in the Japanese broadcast media industry in quick succession. SOFTBANK intends to utilize rapidly expanding broadband networks to strengthen its role as "a gateway that fuses broadcast with the Internet," with the aim of contributing to the development of all media. At the same time, SOFTBANK supports the incubation and promotion of valuable broadband content and seeks to popularize newly created services as the leading force in promoting the benefits of the digital information revolution across the end-user spectrum.

B r o a d m e d i a



President and Chief Executive Officer, SOFTBANK Broadmedia Corporation **Taro Hashimoto**

roadmedia

SOFTBANK Broadmedia Corporation

(Managing Company of Broadmedia Segment)

- Computer Channel Corporation
(Satellite Broadcaster)
- Digital Club Corporation
(Management of Membership System Service)
- J SKY SPORTS Corporation
(Satellite Broadcaster)
- Nihon Eiga Satellite Broadcasting Corp.
(Satellite Broadcaster)
- SKY Perfect Communications Inc.
(Satellite Broadcasting Platform)

Overview of Operations

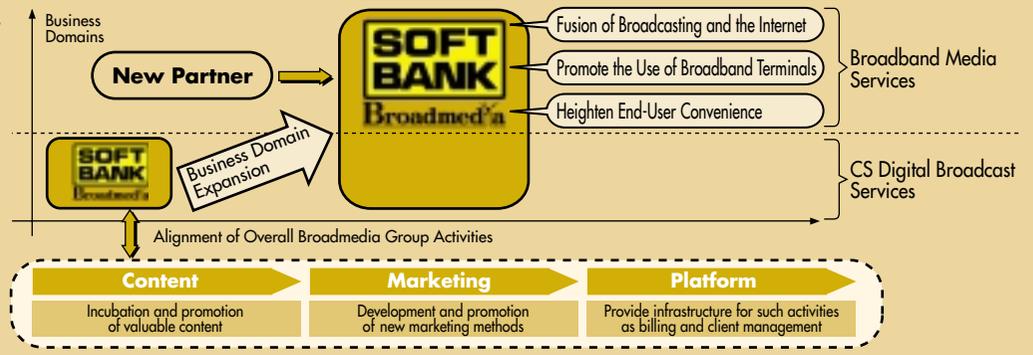
At the heart of the Broadmedia segment is SOFTBANK Broadmedia Corporation, which manages broadcast media operations performed by such broadcast-related companies as the communications satellite (CS) digital broadcast platform SKY Perfect Communications Inc., satellite broadcaster Computer Channel Corporation (CC), J SKY SPORTS Corporation, and Nihon Eiga Satellite Broadcasting Corp. as well as Digital Club Corporation (DC), which provides no-fee CS broadcast tuner rental and other services to members.

Promotion of CS Digital Services

Beginning in 2000, such new broadcast services as BS digital and CS110° will be launched in Japan. Against this backdrop, in November 1998 DC was established to promote subscriptions to the platform SKY PerfectTV! (SPTV), and commenced full-scale services in March 1999. DC promotes the growth of SPTV by using such original business methods as offering no-fee tuner rental, free standard installation, and free delivery of a TV guide membership magazine. These business methods are aimed at cultivating SPTV subscribers not only through traditional household electrical goods distribution channels but also through entirely new distribution channels. As a result, in fiscal 2000 DC's activities led to approximately 300,000 additional SPTV subscribers and contributed significantly to the CS broadcast industry.

At the end of August 2000, the number of SPTV subscribers surpassed 2.2 million. In addition, DirecTV Japan, a competitor in the CS digital arena, announced that it would cease operations in 2000, leaving SPTV as the only CS digital broadcasting platform in Japan.

Development of broadband media services using the link to the existing CS digital broadcasting business as a base



The DC-led increase in the number of subscribers has had a positive effect on the revenues of satellite broadcast investees. Computer Channel, wholly owned by SBBM, enjoyed a substantial increase in viewers and a sizable increase in business performance in one year of operations. Going forward, as a revolutionary broadcast business participant focused on fusing broadcasting with Internet communications, CC aims to continue enhancing its contents and cultivating additional subscribers while pursuing closer alliances and cooperative relationships with other SOFTBANK Group companies.

Becoming a Gateway That Fuses Broadcast and the Internet

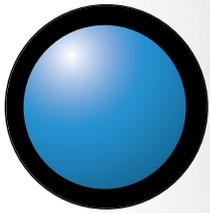
SOFTBANK's broadcast media business is not limited to the CS digital broadcast domain. SOFTBANK is taking steps that will enable it to continually offer additional services that offer end-users the enjoyment of a rich digital life. Moreover, SOFTBANK is accelerating its efforts to establish new businesses in the Internet content planning and management arena, centering on streaming content and interactive businesses.

SOFTBANK aims to contribute to the development of all types of media through concerted efforts to enhance its capabilities to function as a gateway that combines broadcast with the Internet.

Slow, expensive, and difficult to connect sums up the experience of most Internet users in Japan. Based on its conviction that everyone wants an Internet-use environment that is fast, inexpensive, and stress free, SOFTBANK aims to build a full-scale broadband network that not only serves users in Japan but extends worldwide. In addition to establishing subsidiaries for this purpose, SOFTBANK is investing aggressively in leading venture enterprises and international telecommunications companies in Japan and around the world. Furthermore, SOFTBANK is pursuing business alliances with leading enterprises in every corner of the globe as part of aggressive efforts to create the ideal Internet infrastructure.

Internet

I n t e r n e t I n f r a s t r u c t u r e



President and Chief Executive Officer, SOFTBANK Networks Inc. **Yutaka Shinto**

Infra- structure

■ SOFTBANK Networks Inc.

(Managing Company of Internet Infrastructure Segment)

- Asia Global Crossing, Ltd.
(Laying of Submarine Fiber Optic Cables in the Asia-Pacific Region)
- GlobalCenter Japan Corporation
(Internet Data Center Services)
- IP REVOLUTION, INC.
(Offers High-Speed IP Access)
- SpeedNet Inc.
(Internet Connection Service Using Wireless Technology)
- Xtage Inc.
(Internet Connection Service Using DSL Technology)

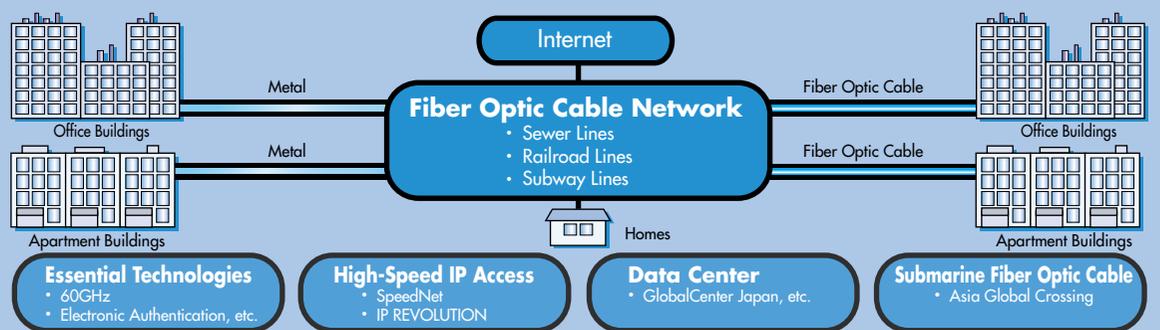
Overview of Operations

SOFTBANK Networks Inc. is at the core of the Internet Infrastructure segment, which carries out the construction of high-speed Internet infrastructure and provides supplementary services that enhance the satisfaction of Internet users.

High-Speed Internet Infrastructure

Using a variety of the latest technologies, fiber optics, high-speed wireless solutions that use a 2.4 GHz bandwidth, and xDSL, which is at the forefront of technological advancement, SOFTBANK is working to quickly create an Internet-access environment that offers super-high speed, continuous connection, and low, fixed-access fees.

The Internet's rapid diffusion throughout society rivals even the impact of the Industrial Revolution and is driving drastic change in both society and lifestyle. Regrettably, international comparison shows that, in Japan, Internet-use costs are high and the access speeds are slow, indicating that Japan lags behind the United States and even other emerging Asian countries. To drastically improve this situation, SOFTBANK is constructing a network, centered on fiber optics, that achieves extremely high-speed data transmission by using such metropolitan infrastructure as utility poles, sewer lines, and railroad and subway lines. SOFTBANK is now setting the stage for the early creation of a network infrastructure that will provide Internet users with an environment that offers maximum ease of use.



Large-Scale Data Center and Next-Generation Call Center

SOFTBANK is promoting the distribution of broadband content through a large-scale data center that boasts a high-speed backbone that enables the delivery of streaming media and other such data with large-capacity requirements. The data center will serve not just companies in the SOFTBANK Group but a wide spectrum of e-businesses in Japan. The data center will provide various service providers and businesses with an optimal server center environment featuring an enhanced facility and software infrastructure (for example, electronic authentication equipment). In addition, to further solidify its leading position in the broadband era, SOFTBANK plans to construct a next-generation call center that will offer maximum customer service satisfaction.

Submarine Fiber Optic Cable Business

SOFTBANK, Global Crossing, Ltd., and Microsoft Corporation in the United States have established a joint venture called Asia Global Crossing, Ltd. Through this partnership, SOFTBANK is an active participant in a submarine fiber optic cable business linking the United States with Japan and other Asian countries. This business is aimed at providing an overseas broadband backbone environment for the Company's high-speed Internet infrastructure activities and large-scale data center, thereby promoting the creation of an ideal Internet infrastructure.

SOFBANK supports Japanese e-businesses by providing EC support services as well as by planning and deploying EC systems and network infrastructure. SOFBANK provides highly integrated one-stop EC solutions services that span consulting, support, and training through EC system construction and that help clients achieve their EC business objectives.

Technology Services



President and Chief Executive Officer, SOFBANK TECHNOLOGY CORP. **Norikazu Ishikawa**

technology Services

- SOFTBANK TECHNOLOGY CORP.
(e-Commerce and Network Infrastructure Technology Services)
- BROADBAND TECHNOLOGY CORP.
(Broadband Network Technology Based e-Commerce Design and Consulting)
- B to B Technology Corporation
(Construction of B-to-B e-Commerce Systems)
- EC Architects Corp.
(e-Commerce Architecture Design and Consulting)
- EC Factory.com., Inc.
(e-Commerce Application Service Provider)
- e-Commerce Technology Corp.
(Construction of B-to-C e-Commerce Systems for Such Businesses as Distribution Companies)
- Ecosmos, Inc.
(e-Commerce Systems Construction For Finance and Mobile Communications)
- SOFTBANK MOBILE TECHNOLOGY CORP.
(Mobile Platform One-Stop Solutions)

Overview of Operations

The Technology Services segment is spearheaded by SOFTBANK TECHNOLOGY CORP. Its two operating areas include system solutions operations and business solutions operations. The system solutions business provides advanced technological and enhanced services related to EC and network infrastructure. The business solutions business focuses on helping clients achieve their EC goals.

System Solutions

In its system solutions business, SOFTBANK provides integrated consulting, design, and deployment of EC systems and network infrastructure solutions.

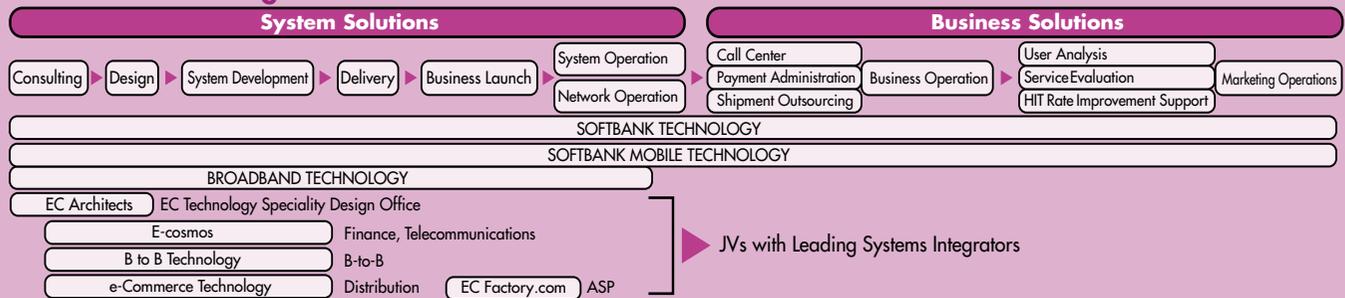
The system solutions business comprises the integration services line and the education services line. The integration services line develops e-shopping systems and other EC systems; deploys equipment, including software and hardware; and provides after-sales maintenance and consultation. The education services line provides training for technical staff involved in Internet and intranet projects.

Business Solutions

Through its business solutions business, SOFTBANK not only operates and administers such fundamental EC systems as product shipment and electronic payment but also helps clients achieve their EC business goals by providing such e-driven marketing techniques as one-to-one marketing, which utilizes database analyses of individual consumer buying trends.

The business solutions business provides Internet-based EC business support services comprising

Method for Realizing Solutions



the three specific areas of upgrade, technical, and product services.

Upgrade services are aimed at the B-to-C market and include on-line sales of such goods as computer software and peripherals as well as electronic payment. Technical support services involve taking over the technical support function from hardware and software makers and providing answers and guidance to inquiries from their end-users. Product services integrate SOFTBANK's extensive information gained from EC site utilization rate analysis, client service evaluations, and content evaluators to provide highly effective EC product solutions.

Internet

Internet Culture



President and Chief Executive Officer, Yahoo Japan Corporation **Masahiro Inoue**

Culture

As of June 30, 2000, Japan had approximately 17 million Web users*.

SOFTBANK is committed to providing the rapidly growing population of Web users with super-quality services, primarily through Japan's largest portal site, Yahoo! Japan.

*Nippon Research Center survey

- Yahoo Japan Corporation
(Core Company of Internet Culture Segment)
- Internet Research Institute, Inc.
(Provides Internet Infrastructures)
- Tavigator, Inc.
(On-line Sales of Travel Packages)

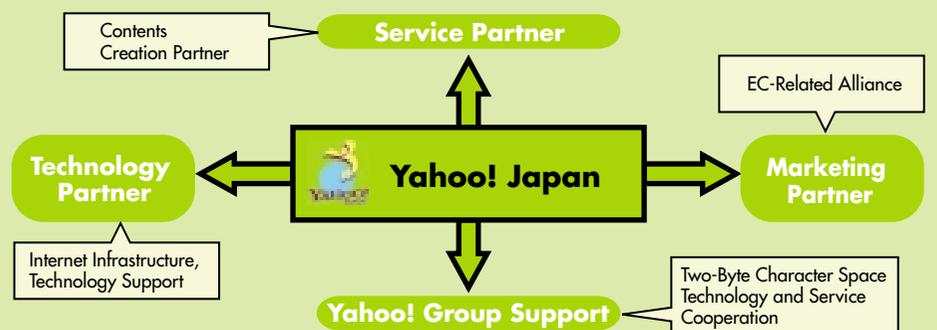
Overview of Operations

The Internet Culture segment, centered on Yahoo Japan Corporation, provides such Internet-based services as superior quality information provision, on-line communities, and EC. According to a Nippon Research Center survey, 87% of Japanese Web users accessed Yahoo! Japan more than once in a four-week period in July 2000. Boasting more than 100 million page hits per day, Yahoo! Japan is the most accessed Web site offering Japanese-language services.

Yahoo! Japan's primary services are:

- Search services—Highly convenient direct Internet search
- Information providing services—Provision of stock prices, news, sports, weather forecasts, and other information
- Community services—Message boards and others where Yahoo! Japan users can interact
- e-Commerce services—On-line shopping sites, such as Yahoo! Shopping and Yahoo! Auctions

Yahoo! Japan's business model is centered on its Internet advertising operations, which generate revenue in the form of advertising fees from advertisers for banner ads and other advertisements placed on the Yahoo! Japan Web site and aimed at users of the aforementioned services. Among the unique features of Yahoo!'s new advertising methods are that it allows advertisers to selectively place advertisements that are aligned with the attributes of users that the advertiser wishes to target and provides a guaranteed number of advertisement exposures. The tremendous growth in Yahoo! Japan's sales



has been fueled by increased recognition of Internet advertising as a viable media and the move toward large-scale, long-term global advertising.

Upgrade of New Services

Yahoo! Japan has rapidly offered new content, such as Yahoo! Shopping and Yahoo! Auctions, to establish a leading position in the highly promising EC field. Furthermore, to provide increased convenience to each and every user, Yahoo! Japan now offers such services as My Yahoo!, which allows users to create their own Yahoo! menus to meet their interests and purposes, as well as Yahoo! Messenger, a personal chat service.

Yahoo! Japan Acquires GeoCities Japan and broadcast.com japan

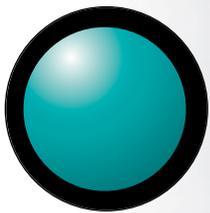
On March 1, 2000, Yahoo! Japan acquired GeoCities Japan Corporation and broadcast.com japan k.k. GeoCities Japan is Japan's largest community site for people to set up their own home pages, and broadcast.com japan provides such streaming content services as voice and moving images live or on demand. Yahoo! Japan intends to leverage the unique capabilities that GeoCities Japan and broadcast.com japan bring to its business to offer a wide range of new services.

Yahoo! Japan is committed to further upgrading its portfolio of services and attracting additional users to its expanding Internet advertising platform and is maintaining its foremost position as the No. 1 Internet media company.

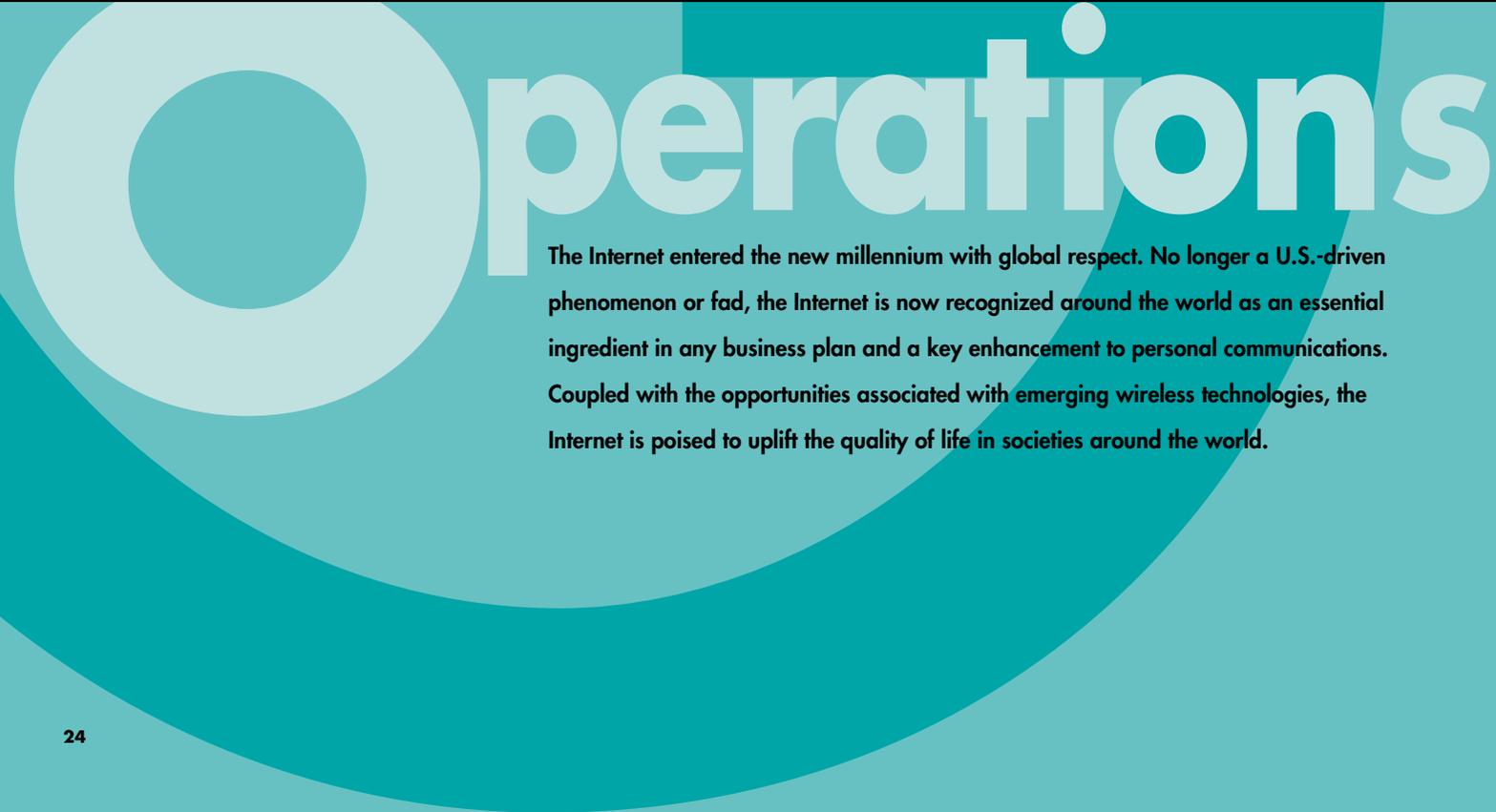


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G l o b a l O p e r a t i o n s

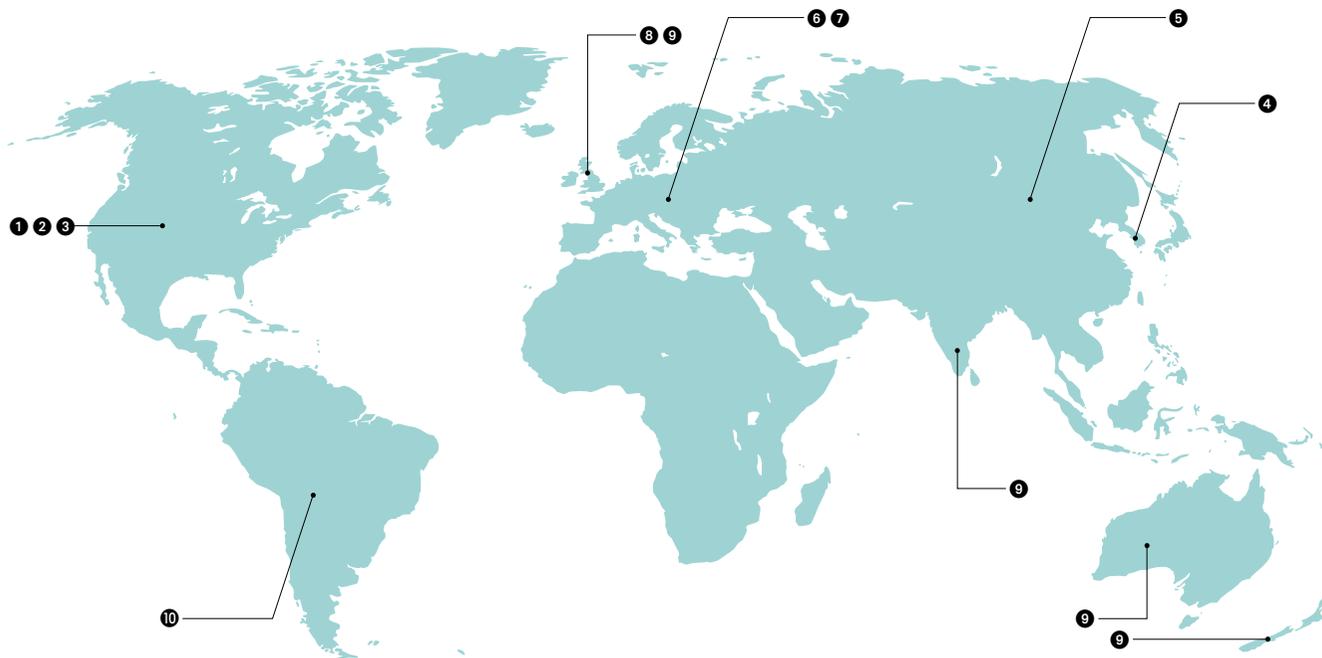


Vice Chairman, SOFTBANK Holdings Inc.; Chief Executive Officer, SOFTBANK Global Ventures **Ronald D. Fisher**



operations

The Internet entered the new millennium with global respect. No longer a U.S.-driven phenomenon or fad, the Internet is now recognized around the world as an essential ingredient in any business plan and a key enhancement to personal communications. Coupled with the opportunities associated with emerging wireless technologies, the Internet is poised to uplift the quality of life in societies around the world.



SOFTBANK'S Global Platform

(As of August 2000)

Organization	Region	Fund Size	Remarks
① SOFTBANK Capital Partners	United States	US\$1,200 million	Fund managed by SOFTBANK
② SOFTBANK Technology Ventures V	United States	US\$600 million	Fund managed by SOFTBANK
③ SOFTBANK Technology Ventures VI	United States	US\$1,500 million	Fund managed by SOFTBANK
④ SOFTBANK Ventures Korea	South Korea	US\$100 million	JV Partner: Naray Mobile Telecom
⑤ SOFTBANK China Holdings	Greater China	US\$100 million	JV Partner: UTStarcom
⑥ @viso	Continental Europe	US\$200 million	JV Partner: Vivendi
⑦ SOFTBANK Europe Ventures	Continental Europe	US\$550 million	Fund managed by SOFTBANK
⑧ SOFTBANK U.K. Ventures	United Kingdom	US\$450 million	Fund managed by SOFTBANK
⑨ eVentures	United Kingdom, Australia, New Zealand, India	US\$200 million	JV Partners: epartners (part of News Corporation Group), epartners & P.K. Mittal (India), epartners & Craig Heatley (New Zealand)
⑩ SOFTBANK Latin America Ventures	Latin America	US\$150 million	Fund managed by SOFTBANK
SOFTBANK Emerging Markets	Emerging Markets	US\$200 million	JV Partner: International Finance Corporation (part of World Bank Group)

Overview of Operations

This fiscal year saw SOFTBANK establish operations, alone or with strategic partners, in South Korea, Greater China, continental Europe and the United Kingdom, Australia, New Zealand, India, and Latin America. In addition, SOFTBANK and World Bank's International Finance Corporation (IFC) created SOFTBANK Emerging Markets, a new initiative to create Internet businesses in more than 100 emerging markets.

SOFTBANK is one of the premier builders of Internet businesses around the world. Through SOFTBANK Holdings Inc., SOFTBANK has strategic investments in over 150 companies ranging across all key sectors, including business services, consumer services, enabling technologies, and wireless. SOFTBANK's network of Internet companies is a who's who of innovators and market leaders, including Yahoo! Inc., E*TRADE, Inc., and UTStarcom, Inc.

In March 2000, SOFTBANK announced the formation of a new unit to manage the international expansion of its fund business. The majority of SOFTBANK's non-japan based fund businesses are now grouped under SOFTBANK Global Ventures. SOFTBANK Global Ventures has two divisions: SOFTBANK Venture Capital (SBVC), which manages investments in the United States, and SOFTBANK International Ventures (SBIV), which manages investments in the rest of the world. This new structure has been designed to enhance communication and coordination among SOFTBANK's units worldwide, providing a unified platform for building Internet businesses on a global scale.

SOFTBANK Venture Capital (United States)

As of March 2000, most of SOFTBANK's strategic fund investing operations in the United States were overseen by SBVC. Delivering maximized access to the most attractive Internet opportunities in an increasingly mature and complex market, SBVC is capable of investing in any stage of a company's growth, from seed capital to late-stage and post-IPO private equity funding. SBVC is the result of the integration of **SOFTBANK Technology Ventures (SBTV)** and **SOFTBANK Capital Partners (SBCAP)** and draws upon their know-how. SBTV focused primarily on early stage Internet opportunities, including Art Technology Group, Inc., E-LOAN, Inc., GeoCities, MessageMedia, Inc., Net2Phone, Inc., and TheStreet.com, Inc. Significant initiatives in fiscal 2000 included direct investments in BlueLight.com, L.L.C. (Kmart Corporation's on-line business), wireless incubator Ignition Inc., on-line print shop iPrint.com, Inc., on-line health store more.com, content distribution solutions provider Preview Systems, Inc., broadband solutions provider TeraBeam Networks, and on-line toy store Toysrus.com.

In July 1999, SBCAP was created to concentrate on investing in companies nearing the IPO stage. SBCAP's investments include international commerce solutions provider ClearCross Inc., on-line facilities and equipment marketplace DoveBid, Inc., Internet-to-door delivery service Kozmo.com, Inc., legal information provider Law.com, discount PC and Internet service provider PeoplePC Inc., e-recruiting pioneer Webhire Inc., and on-line fresh foods retailer Webvan Group, Inc.

Global Operations



President and Executive Managing Director, SOFTBANK Venture Capital **Gary Rieschel**

SBVC has also created HOTBANK, an early-stage company facility that provides offices and equipment as well as recruiting, legal, accounting, human resource, and IT leadership. HOTBANK is located in California's Silicon Valley and in Superior, Colorado. SOFTBANK affiliate IGroup HotBank N.E. in Boston, Massachusetts, offers a similar suite of value-added services to the entrepreneurial Internet ventures it funds.

Leveraging SOFTBANK's time machine management strategy, SBVC is working closely with its sister group SBIV to facilitate the entry of its portfolio companies into major markets around the globe. SBVC portfolio companies participating in this unique global market access program in fiscal 2000 included buy.com, Inc., E-LOAN Inc., Evoke Communications, Inc., Interiant Inc., and MessageMedia, Inc.

SOFTBANK International Ventures (Other Areas around the World)

SBIV was formed to oversee the majority of SOFTBANK's fund operations outside Japan and the United States. This includes units operating in South Korea, Greater China, continental Europe, the United Kingdom, Australia, New Zealand, India, and Latin America as well as SOFTBANK Emerging Markets. SBIV will both a) launch existing SOFTBANK-supported companies in new, high-potential markets and b) build new entrepreneurial businesses in these markets. This integrated, multilateral approach positions SBIV to continue on an international scale the leadership SOFTBANK has already demonstrated in Japan and the United States.

In **South Korea**, the world's 10th largest economy, nearly one-third of the population is on-line. Internet use is sophisticated—almost 60% of users utilize on-line brokerage. **SOFTBANK Korea Co., Ltd.**, a joint venture with Naray Mobile Telecom Inc. originally established in 1991, manages all of SOFTBANK's Korean activities, including software distribution. In the Internet sector, its primary focus is to launch SOFTBANK-supported companies in the South Korean marketplace, for example Yahoo! Korea, which is a joint venture among Yahoo! Inc., Yahoo! Japan, and SOFTBANK Korea. **SOFTBANK Ventures Korea**, a wholly-owned subsidiary of SOFTBANK Korea, builds new entrepreneurial businesses by allotting investment capital to promising South Korean venture businesses.

Global Operations



President and Executive Managing Director, SOFTBANK International Ventures **Eric Hipeau**

In **Greater China**, SOFTBANK has joined with wireless telecom leader UTStarcom, Inc., to form **SOFTBANK China Holdings PTE LTD (SBCH)** to launch SOFTBANK-supported companies in the growing markets of China, Hong Kong, Singapore, Taiwan, and Macao. In addition, **SOFTBANK China Venture Capital**—managed by SBCH and located in Shanghai—is the only major venture capital fund placed in China and focuses on venture business investment throughout Greater China.

Continental Europe is one of the world's principal Internet centers in terms of market size (expected to reach 175 million users by 2003) and a hotbed of innovation in the development of wireless Internet and other technologies. At the same time, the European market is not seeing the concentration of industry in any one country. With its expertise in bringing successful business models to new markets and in backing new entrepreneurial ventures, SOFTBANK is uniquely positioned for success in Europe.

SOFTBANK has two units to leverage the high potential for Internet investments in these high-growth markets. **@viso**, a joint venture between SOFTBANK and European media leader Vivendi, S.A. established in July 1999, is the premier market access accelerator for launching existing SOFTBANK-supported companies in Europe. In the past fiscal year, E-LOAN, Inc., Evoke Communications, Inc., Interliant, Inc., and MessageMedia, Inc., announced joint ventures with @viso to establish European operations.

SOFTBANK Europe Ventures (SBEV) is building new entrepreneurial businesses in Europe. SBEV is an Internet fund that will focus on investments in B-to-B, B-to-C, infrastructure, and wireless venture businesses.

The United Kingdom is a global center for business creation and new media innovation with its influential financial, marketing, and entertainment communities. As in continental Europe, SOFTBANK has established two strategic ventures to capitalize on the significant opportunities in this market. SOFTBANK joined in July 1999 with epartners—the new media fund of global media leader News Corporation—to create eVentures, a market access accelerator for launching existing SOFTBANK-supported companies in the United Kingdom. Current eVentures initiatives include E-LOAN, Inc., and buy.com, Inc. In fiscal 2000, SOFTBANK announced the creation of **SOFTBANK U.K. Ventures** fund to focus on venture business investment in the United Kingdom. eVentures is also positioned to be a leader in the following three markets.

Australia is a market of great potential, with half the population expected to be on the Internet within three years and a strongly entrepreneurial culture. SOFTBANK and epartners created **eVentures Australia** in July 1999 to launch existing companies into the Australian marketplace as well as to carry out venture business investment. eVentures Australia provides the development strategies, capabilities, infrastructure, and financial support needed to maximize early success.

Global Operations



President and Chief Executive Officer, SOFTBANK Ventures Korea **Sunny H. Lee**

New Zealand is a nation of early adopters, with over half the population already using the Internet and 90% using mobile phones. Recognizing New Zealand's unique Internet potential, SOFTBANK and epartners teamed with another firm to create **eVentures New Zealand**. Initially, eVentures New Zealand will facilitate the entry of SOFTBANK Group companies into New Zealand. In the future, eVentures New Zealand is expected to invest in venture businesses.

The phenomenal Internet growth predicted for **India**—from a modest 3–4 million users now to as many as 80 million users in four years—and its intense concentration of entrepreneurial and technological talent are combining to create a true Internet revolution. SOFTBANK joined with epartners and another firm in October 1999 to create **eVentures India**. eVentures India is charged with the dual mission of investing in venture businesses that are expected to expand globally and launching SOFTBANK-supported companies in India. eVentures India initiatives include investments in Chaitime.com, a leading South Asian on-line community, and NetAcross, India's leading on-line business solutions provider, which is currently expanding into global markets.

In **Latin America**, the Internet represents a radical shift in economies and business models. SOFTBANK established **SOFTBANK Latin America Ventures (SBLV)** in January 2000 to launch and support SOFTBANK Group companies in Latin America through activities centered on venture business investment. SBLV, is the largest Internet fund in Latin America and is principally funded by SOFTBANK. It has offices in Buenos Aires and Miami, with offices opening soon in São Paulo and Mexico City.

Emerging Markets: A joint venture between SOFTBANK and IFC, **SOFTBANK Emerging Markets (SBEM)** undertakes new businesses through the promotion of business expansion, the introduction of Internet-related technologies, and the enhancement of the entrepreneurial business environment in over 100 countries around the world.

Announced in February of 2000, SBEM will support the growth of in-country Internet ventures by providing funds and strategic resources to build new entrepreneurial businesses while continually pursuing "time machine management" through such activities as the emerging market incubation of superior business models originated in the United States. SBEM works to combine and leverage SOFTBANK's global Internet expertise and IFC's knowledge of developing countries.

The program targets virtually all emerging markets. It will involve the support and participation of key Internet technology providers, create partnerships with local companies and entrepreneurs in each of its target markets, provide needed capital, and use a market-by-market business incubator

Global Operations



President and Chief Executive Officer, SOFTBANK China Holdings PTE LTD **Chauncey Shey**

approach to facilitate the accelerated roll-out of new companies. SBEM is aimed at fulfilling the promise of SOFTBANK's management philosophy of leveraging the power of the digital information revolution to make knowledge available to people no matter who or where they are and, by doing so, to foster the realization of a better life for all.

Nasdaq Japan

Nasdaq Japan

Position and Role



The Nasdaq Association of Japan
 Determination of Basic Policies
 (Listing Standards, Disclosure Standards, Trading Rules)

Osaka Securities Exchange
Nasdaq Japan Market
 ● Listing Examinations, Administration, Clearing & Settlement, Supervision of Other Regulations
 ● Infrastructure Provision, Market Management

Nasdaq Japan, Inc.
 ● Use of the Nasdaq Brand
 ● IPO Support
 ● Marketing
 ● Technological Service, Solutions Development

Nasdaq Japan, Inc., was founded on June 15, 1999, with capital of ¥600 million as a 50-50 partnership between SOFTBANK CORP. and the National Association of Securities Dealers (NASD) with the aim of creating the "Nasdaq Japan Market," a new securities market that brings to Japan the power of the Nasdaq U.S. brand and market model.

The Nasdaq Japan Market has been established as a section of the Osaka Securities Exchange (OSE). The Nasdaq Japan Market commenced trading on June 19, 2000, with eight listed companies. As of September 8, 2000, 19 companies were listed on the Nasdaq Japan Market. Nasdaq Japan aims to leverage the superior concepts and market management know-how employed by Nasdaq U.S. to offer investors and companies in Japan a state-of-the-art securities market that is truly open, fair, and global.

Nasdaq Japan provides marketing support, technological services and solutions, and other types of services for enterprises seeking to offer their shares to the public.





SOFTBANK CORP.

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