

# SoftBank

This English translation of the financial report was prepared for reference purposes only and is qualified in its entirety by the original Japanese version. The financial information contained in this report is derived from our unaudited consolidated financial statements appearing in item 6 of this report.

## SOFTBANK CORP. CONSOLIDATED FINANCIAL REPORT For the nine-month period ended December 31, 2009

Tokyo, February 2, 2010

### 1. FINANCIAL HIGHLIGHTS

(Percentages are shown as year-on-year changes)

#### (1) Results of Operations

(Millions of yen; amounts less than one million yen are omitted.)

|  | Net sales         |            | Operating income |             | Ordinary income |             | Net income     |             |
|--|-------------------|------------|------------------|-------------|-----------------|-------------|----------------|-------------|
|  | Amount            | %          | Amount           | %           | Amount          | %           | Amount         | %           |
| <b>Nine-month period ended December 31, 2009</b> | <b>¥2,045,304</b> | <b>3.2</b> | <b>¥366,319</b>  | <b>33.4</b> | <b>¥281,187</b> | <b>61.1</b> | <b>¥94,861</b> | <b>63.0</b> |
| Nine-month period ended December 31, 2008        | ¥1,982,262        | -          | ¥274,690         | -           | ¥174,494        | -           | ¥58,182        | -           |

|  | Net income per share—basic (yen) | Net income per share—diluted (yen) |
|--|----------------------------------|------------------------------------|
| <b>Nine-month period ended December 31, 2009</b> | <b>¥87.68</b>                    | <b>¥84.55</b>                      |
| Nine-month period ended December 31, 2008        | ¥53.84                           | ¥51.29                             |

#### (2) Financial Condition

(Millions of yen; amounts less than one million yen are omitted.)

|                                | Total assets      | Total equity    | Equity ratio (%) | Shareholders' equity per share (yen) |
|--------------------------------|-------------------|-----------------|------------------|--------------------------------------|
| <b>As of December 31, 2009</b> | <b>¥4,359,176</b> | <b>¥943,692</b> | <b>10.6</b>      | <b>¥428.84</b>                       |
| As of March 31, 2009           | ¥4,386,672        | ¥824,798        | 8.5              | ¥346.11                              |

Note: Shareholders' equity (consolidated)

As of December 31, 2009:                   ¥464,141 million

As of March 31, 2009:                   ¥374,094 million

### 2. Dividends

| (Record date)                                     | Dividends per share |                |               |                |               |
|---|---------------------|----------------|---------------|----------------|---------------|
|   | First quarter       | Second quarter | Third quarter | Fourth quarter | Total         |
| Fiscal year ended March 31, 2009                  | (yen)<br>-          | (yen)<br>0.00  | (yen)<br>-    | (yen)<br>2.50  | (yen)<br>2.50 |
| Fiscal year ending March 31, 2010                 | (yen)<br>-          | (yen)<br>0.00  | (yen)<br>-    | (yen)<br>-     | (yen)<br>-    |
| Fiscal year ending March 31, 2010<br>(Forecasted) | (yen)<br>-          | (yen)<br>-     | (yen)<br>-    | (yen)<br>5.00  | (yen)<br>5.00 |

Revision of forecasts on the dividends: No

### 3. Forecasts on the consolidated operation results for the fiscal year ending in March 2010 (April 1, 2009 – March 31, 2010)

(Percentages are shown as year-on-year changes)  
(Millions of yen)

|                     | Operating income |         |
|---------------------|------------------|---------|
| Full financial year | ¥420,000         | 16.9(%) |

Revision of forecasts on the consolidated operation results: No

### 4. Others

- (1) Significant Changes in Scope of Consolidation (Changes in Scope of Consolidation of Specified Subsidiaries): No
- (2) Application of simple accounting methods or special accounting methods for preparation for the consolidated financial statements: No
- (3) Changes in accounting principles, procedures, disclosure methods, etc., used in the presentation of the consolidated financial statements (Changes described in "(5) Basis of Presentation of Consolidated Financial Statements")
  - [1] Changes due to revisions in accounting standards: No
  - [2] Changes other than those in [1]: No
- (4) Number of shares issued (Common stock)
  - [1] Number of shares issued (including treasury stock):
 

|                          |                      |
|--------------------------|----------------------|
| As of December 31, 2009: | 1,082,485,878 shares |
| As of March 31, 2009:    | 1,081,023,978 shares |
  - [2] Number of treasury stock:
 

|                          |                |
|--------------------------|----------------|
| As of December 31, 2009: | 173,175 shares |
| As of March 31, 2009:    | 169,204 shares |
  - [3] Weighted average number of common stock:
 

|                          |                      |
|--------------------------|----------------------|
| As of December 31, 2009: | 1,081,880,972 shares |
| As of December 31, 2008: | 1,080,653,361 shares |

\* Note to forecasts on the consolidated operating results and other items

The forecast figures are estimated based on the information which SOFTBANK CORP. is able to obtain at the present point and assumptions which are deemed to be reasonable. However, actual results may be different due to various factors.

Forecasts on the consolidated operating income for fiscal year ending March 31, 2011 are disclosed. Please refer to page 20.

## Qualitative Information / Financial Statements

**1. Analysis of Results of Operations****(1) Consolidated Results of Operations****<Overview of results for the period ended December 31, 2009 (the nine-month period from April 1, 2009 to December 31, 2009)>**

Reflecting steady performance of its Mobile Communications business, the Group<sup>1</sup> achieved a ¥63,041 million (3.2%) increase in consolidated net sales compared with the same period of the previous fiscal year (hereafter “year-on-year”) to ¥2,045,304 million, with a ¥91,628 million (33.4%) increase in operating income to ¥366,319 million for the nine-month period ended December 31, 2009 (hereafter “the period”). This growth in consolidated revenue and profit was driven by an increase in the number of mobile subscribers and the increased use of data telecommunications by customers at the Mobile Communications segment.

The Group continues to reinforce its cash-flow-oriented management, as it made steady progress during the period in achieving its previously stated targets of (1) generating a total of at least ¥1 trillion<sup>2</sup> in free cash flow<sup>3</sup> over the next three years (through the fiscal year ending March 2012) and (2) reducing net interest-bearing debt<sup>4</sup> by half over the next three years and to zero in six years (by the end of the fiscal year ending March 2015).

## Notes:

1. Definition of terms: as used in this consolidated financial report for the nine-month period ended December 31, 2009, references to “the Company”, “the Group” and “the SOFTBANK Group” are to SOFTBANK CORP. and its consolidated subsidiaries except as the context otherwise requires or indicates.
2. This target (1) was previously stated as “generating a total of around ¥1 trillion in free cash flow over the next three years (through the fiscal year ending March 2012).” The forecasted consolidated free cash flow for the fiscal year ending in March 2010 was raised from the original ¥250,000 million to ¥300,000 million at the time of the earnings results announcement for the six-month period ended September 30, 2009. In accordance with this change, this target (1) has been restated as “generating a total of at least ¥1 trillion in free cash flow over the next three years (through the fiscal year ending March 2012).”
3. Cash flows from operating activities + cash flows from investing activities.
4. Interest-bearing debt - cash position.

Interest-bearing debt = short-term borrowings + commercial paper + current portion of corporate bonds + corporate bonds + long-term borrowings. Lease obligations are excluded.

Cash position = cash and cash deposits + marketable securities recorded as current assets.

The main factors affecting earnings for the period were as follows:

**(a) Net Sales**

Net sales totaled ¥2,045,304 million, for a ¥63,041 million (3.2%) year-on-year increase. An increase in the number of mobile phone subscribers and increased handset shipments<sup>5</sup> boosted net sales at the Mobile Communications segment by ¥113,432 million, while net sales declined by ¥23,086 million year-on-year at the Broadband Infrastructure segment and by ¥18,137 million year-on-year at the e-Commerce segment.

Note:

5. Handsets shipped: the number of handsets shipped (sold) to agents.

**(b) Cost of Sales**

Cost of sales declined ¥38,765 million (3.8%) year-on-year to ¥980,954 million, mainly from a decrease in the cost of sales associated with lower sales at the e-Commerce segment, and a decrease in telecommunications equipment usage fees etc. paid by the Fixed-line Telecommunications and the Mobile Communications segment. In addition, the cost of sales for mobile handsets increased year-on-year as a result of an increase in shipped handsets.

**(c) Selling, General and Administrative Expenses**

Selling, general and administrative expenses increased ¥10,177 million (1.5%) year-on-year to ¥698,030 million. This was because of an increase in sales commissions along with growth in the number of handsets sold<sup>6</sup>. However the Group was able to lower its expenses related to doubtful accounts (bad debt loss on doubtful accounts + provision for allowance for doubtful accounts) as its Mobile Communications segment benefited from the implementation of stricter credit screening.

Note:

6. Handsets sold: the number of handsets sold to customers (new and upgrade purchases combined).

**(d) Operating Income**

Operating income totaled ¥366,319 million, marking a ¥91,628 million (33.4%) year-on-year increase.

**(e) Non-operating Income / Expenses, net**

Non-operating loss came to ¥85,131 million, an improvement of ¥15,064 million year-on-year (compared with a ¥100,195 million loss in the same period of the previous fiscal year). The main factors were a decline in interest payments by ¥1,410 million to ¥83,810 million due to a decrease in interest-bearing debt. At the same time, ¥3,763 million from equity in earnings under the equity method, an improvement of ¥12,234 million year-on-year, was recorded due to favorable operating results recorded at equity method applied investment funds.

**(f) Ordinary Income**

Ordinary income totaled ¥281,187 million, representing a ¥106,693 million (61.1%) year-on-year increase.

**(g) Special Income**

Special income totaled ¥6,004 million, consisting primarily of a ¥4,149 million gain from the sale of investment securities.

**(h) Special Loss**

Special loss was ¥52,637 million. The main component was a loss on retirement of non current assets of ¥47,630 million.

SOTBANK MOBILE Corp. (hereafter “SOTBANK MOBILE”) recorded a loss on retirement of non current assets amounting to ¥46,894 million. Out of this loss, ¥24,338 million relates to the termination of 2G mobile phone services and ¥22,555 million is the result of a review and optimization of its existing 3G wireless telecommunication network equipment.

For further details, refer to page 32 “6. Consolidated Financial Statements – (6) Notes Consolidated Statements of Income – 3. Loss on retirement of non current assets”.

**(i) Income Taxes and Minority Interest in Net Income**

Provisions for income taxes, current and deferred, were ¥89,548 million and ¥15,671 million, respectively, and ¥34,473 million was recorded as minority interests in net income.

**(j) Net Income**

Net income totaled ¥94,861 million, for a ¥36,679 million (63.0%) year-on-year increase.

## (2) Results by Business Segment

\* Principal operational data is shown on pages 11-12 under “(Reference 1: Principal Operational Data)”

### (a) Mobile Communications

(Millions of yen)

|                  | Nine-month period ended<br>Dec. 31, 2008 | Nine-month period ended<br>Dec. 31, 2009 | YoY     | YoY<br>(%) |
|------------------|--|--|---------|------------|
| Net sales        | 1,150,822                                | 1,264,254                                | 113,432 | 9.9        |
| Operating income | 134,911                                  | 215,112                                  | 80,200  | 59.4       |

- 1,034,300 net subscriber additions in the period
- ARPU<sup>7</sup> for third quarter (October to December 2009) was ¥4,200, marking a turnaround to year-on-year growth
- Data ARPU for third quarter was ¥2,060, surpassing ¥2,000 for the first time

#### <Analysis of Results>

Primary factors affecting segment earnings were as follows:

(Net sales)

- Telecom service revenue grew on a steady increase in the number of mobile subscribers at the core company SOFTBANK MOBILE. The increase in the number of 3G subscribers and use of data telecommunications services led to higher data ARPU, which also contributed to the growth in telecom service revenue.
- An increase in the number of new subscribers and handset upgrades (model changes) boosted the number of handsets shipped, resulting in an increase in sales of mobile handsets.

(Operating expenses)

- Sales commissions grew on the increase in handsets sold, combined with a higher sales commission per user for new and upgrade handset purchases resulting from changes in the model mix of handsets sold.
- The cost of sales for mobile handsets grew on an increase in handsets shipped.
- Expenses related to doubtful accounts (bad debt loss on doubtful accounts + provision for allowance for doubtful accounts) declined significantly, as collection efforts benefited from the implementation of stricter customer credit screening for new subscribers in July 2008.

Note:

7. Average Revenue Per User.

Includes prepaid mobile phones and communication module service subscribers.

## <Number of Mobile Phone Subscribers>

Net subscriber additions (new subscribers minus cancellations) at SOFTBANK MOBILE for the period totaled 1,034,300<sup>8</sup>. The iPhone<sup>TM</sup><sup>9</sup> recorded strong sales as a result of the *iPhone for everybody* promotional campaign, which ran from February 2009 through January 2010 and reduced both the customer's actual outlay purchase and the maximum monthly charge for the packet flat-rate data service. Sales of the PhotoVision SoftBank HW001, a digital picture frame with telecommunications functionality released in June 2009, have also been solid. As a result, the cumulative subscribers as of the end of the period stood at 21,667,200<sup>8</sup>, of which 20,885,400 were 3G subscribers. SOFTBANK MOBILE's cumulative subscriber share at the end of the period rose 0.7 of a percentage point year-on-year, to 19.6%<sup>10</sup>. SOFTBANK MOBILE continues to promote migration to 3G ahead of the scheduled termination of its 2G service on March 31, 2010.

Notes:

8. The number of net subscriber additions and the number of cumulative subscribers for SOFTBANK MOBILE include communication module service subscribers.  
Net subscriber additions for communication modules for the nine-month period ended December 31, 2009 totaled 263,100, and the total number of communication module service subscribers as of December 31, 2009 was 319,300.
9. iPhone is a trademark of Apple Inc.  
The "iPhone" trademark is used under license from Aiphone K.K.
10. Calculated by the Company based on Telecommunications Carriers Association statistical data.

## <ARPU>

ARPU for the third quarter (October to December 2009) was ¥4,200, an increase of ¥110 year-on-year, marking a turnaround to year-on-year growth.

Data ARPU rose ¥270 to ¥2,060, exceeding ¥2,000 for the first time, due to an increase in 3G subscribers, especially in data-intensive iPhone<sup>TM</sup> subscribers, while the basic monthly charge plus voice ARPU declined ¥150 year-on-year to ¥2,150. The decline in basic monthly charge plus voice ARPU was due to the negative impact of the decrease in voice communication, which exceeded the positive impact of the decrease in average discount amount on the *Monthly Discounts*<sup>11</sup>.

Note:

11. A special discount for *New Super Bonus* subscribers.

## <Churn Rate and Upgrade Rate>

The churn rate<sup>12</sup> for the third quarter (October to December 2009) was 1.16%, which was 0.25 of a percentage point higher year-on-year. With an increase in the number of customers completing their installment handset payments, some of these customers churned. At the same time, the rate fell 0.08 of a percentage point from the previous quarter.

The upgrade rate<sup>12</sup> for the third quarter was 1.53%, which was 0.14 of a percentage point lower year-on-year and 0.28 of a percentage point lower than in the previous quarter. This was primarily a reflection of a decline in the migration from the 2G to the 3G service.

Note:

12. Includes prepaid mobile phones and communication module service subscribers.

**(b) Broadband Infrastructure**

(Millions of yen)

|                  | Nine-month period ended<br>Dec. 31, 2008 | Nine-month period ended<br>Dec. 31, 2009 | YoY      | YoY<br>(%) |
|------------------|--|--|----------|------------|
| Net sales        | 178,415                                  | 155,328                                  | (23,086) | (12.9)     |
| Operating income | 36,606                                   | 39,409                                   | 2,802    | 7.7        |

**<Overview of Operations>**

Operating income grew while net sales decreased year-on-year. The trend of lower sales continued because of a decline in the number of lines installed at the ADSL business of the core company SOFTBANK BB Corp. (hereafter “SOFTBANK BB”). The increase in operating income was a result of reductions in sales-related expenses including acquisition incentives at the ADSL business and other cost reduction initiatives.

SOFTBANK BB began offering *Yahoo! BB Hikari with FLET'S*<sup>13</sup> nationwide from July 2009 and, as of the end of the period, the number of contracts for *Yahoo! BB Hikari with FLET'S* reached a total of 114,000.

Note:

13. A broadband connection service that combines the Internet connection service *Yahoo! BB* and the *FLET'S HIKARI* fiber-optic connection provided by NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION (“NTT East”) and NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION (“NTT West”). *FLET'S* and *FLET'S HIKARI* are registered trademarks of NTT East and NTT West.

**(c) Fixed-line Telecommunications**

(Millions of yen)

|                  | Nine-month period ended<br>Dec. 31, 2008 | Nine-month period ended<br>Dec. 31, 2009 | YoY     | YoY<br>(%) |
|------------------|--|--|---------|------------|
| Net sales        | 268,655                                  | 258,687                                  | (9,967) | (3.7)      |
| Operating income | 11,335                                   | 14,344                                   | 3,009   | 26.5       |

**<Overview of Operations>**

Net sales for the segment declined year-on-year. This was mainly the result of SOFTBANK IDC Solutions Corp.’s<sup>14</sup> sales previously reflected in this segment being included in the Internet Culture segment from the current fiscal year. Although steady revenue growth was maintained in businesses, including the core company SOFTBANK TELECOM Corp.’s. (hereafter “SOFTBANK TELECOM”) *OTOKU Line* direct connection fixed-line voice service, the decline in revenue on relay connection voice services such as *MYLINE* and international telephone service continued.

Operating income remained solid with a year-on-year increase, from an increase in the number of lines for high-margin services like *OTOKU Line*.

SOFTBANK TELECOM began accepting applications in November 2009 for its first round of cloud computing<sup>15</sup> services that leverage Group synergies – *White Cloud HaaS*<sup>16</sup> *Shared* type and *White Cloud HaaS Private* type.

Notes:

14. SOFTBANK IDC Solutions Corp. was included in the Fixed-line Telecommunications segment until the previous fiscal year. As a result of its merger with Yahoo Japan Corporation on March 30, 2009 its operating results have been included in the Internet Culture segment from the current fiscal year.
15. The concept of using necessary information and communications services via the Internet.
16. Hardware as a Service: hardware functionality provided via the Internet (as a service).

**(d) Internet Culture**

(Millions of yen)

|                  | Nine-month period ended<br>Dec. 31, 2008 | Nine-month period ended<br>Dec. 31, 2009 | YoY    | YoY<br>(%) |
|------------------|--|--|--------|------------|
| Net sales        | 189,833                                  | 199,862                                  | 10,028 | 5.3        |
| Operating income | 92,060                                   | 98,526                                   | 6,466  | 7.0        |

**<Overview of Operations>**

Both net sales and operating income rose year-on-year. The sales growth at core company Yahoo Japan Corporation (hereafter “Yahoo Japan”) was the result of the merger with SOFTBANK IDC Solutions Corp., sales growth in Yahoo Japan’s business services from increased transaction value at *Yahoo! Shopping* and continued growth in the number of *Yahoo! Premium ID* members in its personal service business. The placements of advertisements showed signs of recovery limiting the year-on-year decline in sales of the advertising business to a minimum.

Operating income at Yahoo Japan rose year-on-year on reductions in expenses for items including outsourcing and rent, as a result of stepped-up efforts to increase operational efficiency and reduce unnecessary costs.

**(e) e-Commerce**

(Millions of yen)

|                  | Nine-month period ended<br>Dec. 31, 2008 | Nine-month period ended<br>Dec. 31, 2009 | YoY      | YoY<br>(%) |
|------------------|--|--|----------|------------|
| Net sales        | 192,687                                  | 174,550                                  | (18,137) | (9.4)      |
| Operating income | 3,802                                    | 3,790                                    | (12)     | (0.3)      |

**<Overview of Operations>**

The segment recorded year-on-year declines in both net sales and operating income, primarily from decreases in revenue and profit at the Commerce & Service Division of core company SOFTBANK BB, due to lower corporate sales as a result of the sluggish economy.

Pursuing further synergies with the Group’s telecommunications-related businesses (the Mobile Communications, Broadband Infrastructure, and Fixed-line Telecommunications business), SOFTBANK BB’s Commerce & Service Division will continue to enhance its product lineup, leveraging the SoftBank brand including *SoftBank SELECTION*<sup>17</sup>, and develop more advanced corporate services that are packaged with the Group’s telecommunications infrastructure, including e-learning for PCs and iPhone<sup>TM</sup> and virtual solutions<sup>18</sup>.

Notes:

17. A brand of mobile phone accessories and PC software.
18. Services that perform the functions of multiple independent servers on one server.

**(f) Others**

(Millions of yen)

|                | Nine-month period ended<br>Dec. 31, 2008 | Nine-month period ended<br>Dec. 31, 2009 | YoY     | YoY<br>(%) |
|----------------|--|--|---------|------------|
| Net sales      | 66,564                                   | 61,426                                   | (5,137) | (7.7)      |
| Operating loss | (230)                                    | (1,341)                                  | (1,111) | -          |

“The Others segment” comprises businesses including Technology Services (SOFTBANK TECHNOLOGY CORP.), Media & Marketing (mainly SOFTBANK Creative Corp. and ITmedia Inc.), Overseas Funds, and Others (Fukuoka SOFTBANK HAWKS related operations, etc.).

**(3) Analysis by Geographical Segment**
**(a) Japan**

Net sales rose ¥67,936 million (3.4%) year-on-year to ¥2,039,580 million, and operating income grew ¥94,674 million (34.1%) to ¥371,928 million.

**(b) North America**

Net sales were ¥48 million (6.0%) lower year-on-year at ¥762 million, with an operating loss of ¥749 million (compared with ¥2,459 million in operating income in the same period of the previous fiscal year).

**(c) Others**

Net sales at other regions declined ¥4,299 million (42.5%) year-on-year to ¥5,816 million, while the operating loss came to ¥407 million (compared with a ¥390 million operating loss in the same period of the previous fiscal year).

**(Reference 1: Principal Operational Data)**
**(a) Mobile Communications**

SoftBank mobile phones

|  | Fiscal Year ended March 2009 |    |    |    | Fiscal Year ending March 2010 |    |    |    |
|--|------------------------------|----|----|----|-------------------------------|----|----|----|
|  | Q1                           | Q2 | Q3 | Q4 | Q1                            | Q2 | Q3 | Q4 |

(Thousands)

|                                     |          |          |          |          |          |          |                 |   |
|-------------------------------------|----------|----------|----------|----------|----------|----------|-----------------|---|
| Net additions <sup>1</sup>          | 525.5    | 521.4    | 366.6    | 633.1    | 323.3    | 360.7    | <b>350.3</b>    | - |
| (Postpaid)                          | 590      | 571      | 398      | 670      | 359      | 395      | <b>383.3</b>    | - |
| (Prepaid)                           | (64)     | (49)     | (31)     | (37)     | (36)     | (34)     | <b>(33.0)</b>   | - |
| Market share <sup>2</sup>           | 56.9     | 44.0     | 37.0     | 38.1     | 32.3     | 31.5     | <b>35.6</b>     | - |
| Cumulative subscribers <sup>1</sup> | 19,111.7 | 19,633.2 | 19,999.8 | 20,632.9 | 20,956.2 | 21,316.9 | <b>21,667.2</b> | - |
| (3G)                                | 15,113   | 16,321   | 17,249   | 18,654   | 19,455   | 20,238   | <b>20,885.4</b> | - |
| (2G)                                | 3,999    | 3,313    | 2,751    | 1,979    | 1,501    | 1,079    | <b>781.8</b>    | - |
| Market share <sup>2</sup>           | 18.4     | 18.7     | 18.9     | 19.2     | 19.3     | 19.4     | <b>19.6</b>     | - |

(Yen per month)

|                                |       |       |       |       |       |       |              |   |
|--------------------------------|-------|-------|-------|-------|-------|-------|--------------|---|
| ARPU <sup>3</sup>              | 4,180 | 4,170 | 4,090 | 3,830 | 4,030 | 4,150 | <b>4,200</b> | - |
| (Monthly basic charge + voice) | 2,530 | 2,460 | 2,300 | 2,020 | 2,150 | 2,160 | <b>2,150</b> | - |
| (Data)                         | 1,650 | 1,710 | 1,790 | 1,820 | 1,880 | 1,990 | <b>2,060</b> | - |

(Yen)

|  |        |        |        |        |        |        |               |   |
|--|--------|--------|--------|--------|--------|--------|---------------|---|
| Average acquisition cost per subscriber <sup>4</sup> | 35,600 | 35,500 | 38,300 | 45,300 | 50,100 | 35,900 | <b>37,400</b> | - |
|--|--------|--------|--------|--------|--------|--------|---------------|---|

(% per month)

|                           |      |      |      |      |      |      |             |   |
|---------------------------|------|------|------|------|------|------|-------------|---|
| Churn rate <sup>5</sup>   | 0.98 | 0.98 | 0.91 | 1.13 | 1.05 | 1.24 | <b>1.16</b> | - |
| (3G only) <sup>6</sup>    | 0.72 | 0.76 | 0.69 | 0.90 | 0.87 | 1.07 | <b>0.99</b> | - |
| Upgrade rate <sup>5</sup> | 1.27 | 1.91 | 1.67 | 1.98 | 1.73 | 1.81 | <b>1.53</b> | - |

Notes:

1. Includes the number of communication module service subscribers.
2. Calculated by the Company based on Telecommunications Carriers Association statistical data.
3. Average Revenue Per User.  
Includes prepaid mobile phones and communication module service subscribers.
4. Incentives paid to sales agents per new contract.  
The number of new contracts includes prepaid mobile phones and communication modules.
5. Includes prepaid mobile phones and communication module service subscribers.
6. Excludes prepaid mobile phones.

**(b) Broadband Infrastructure**
*Yahoo! BB ADSL*

(Thousands)

|                              | Fiscal Year ended March 2009 |       |       |       | Fiscal Year ending March 2010 |       |       |    |
|------------------------------|------------------------------|-------|-------|-------|-------------------------------|-------|-------|----|
|                              | Q1                           | Q2    | Q3    | Q4    | Q1                            | Q2    | Q3    | Q4 |
| Installed lines <sup>7</sup> | 4,653                        | 4,551 | 4,427 | 4,299 | 4,158                         | 4,040 | 3,908 | -  |
| Charged lines <sup>8</sup>   | 4,127                        | 4,057 | 4,022 | 3,907 | 3,769                         | 3,657 | 3,533 | -  |
| (Yen per month)              |                              |       |       |       |                               |       |       |    |
| ARPU <sup>9</sup>            | 4,283                        | 4,279 | 4,278 | 4,262 | 4,259                         | 4,255 | 4,245 | -  |
| (% per month)                |                              |       |       |       |                               |       |       |    |
| Churn rate <sup>10</sup>     | 2.25                         | 1.92  | 1.92  | 2.23  | 2.12                          | 1.80  | 1.96  | -  |

Notes:

7. Number of lines for which connection construction for ADSL line at central office of NTT East or NTT West is complete.
8. Number of installed lines excluding customers whose basic monthly charge is free under campaigns or other promotional initiatives.
9. Average Revenue Per User: Monthly average payment by charged line.
10. Average ratio of customer lines with a history of payment for which a cancellation application has been filed during the relevant period.

**(c) Fixed-line Telecommunications**
*OTOKU Line*

(Thousands)

|                    | Fiscal Year ended March 2009 |       |       |       | Fiscal Year ending March 2010 |       |       |    |
|--------------------|------------------------------|-------|-------|-------|-------------------------------|-------|-------|----|
|                    | Q1                           | Q2    | Q3    | Q4    | Q1                            | Q2    | Q3    | Q4 |
| Lines              | 1,443                        | 1,498 | 1,544 | 1,608 | 1,631                         | 1,652 | 1,657 | -  |
| (Yen per month)    |                              |       |       |       |                               |       |       |    |
| ARPU <sup>11</sup> | 6,149                        | 6,247 | 6,246 | 6,504 | 6,388                         | 6,284 | 6,445 | -  |

Note:

11. Average Revenue Per User: average payment by line.

**(d) Internet Culture**

(Millions)

|  | Fiscal Year ended March 2009 |        |        |        | Fiscal Year ending March 2010 |        |        |    |
|--|------------------------------|--------|--------|--------|-------------------------------|--------|--------|----|
|  | Q1                           | Q2     | Q3     | Q4     | Q1                            | Q2     | Q3     | Q4 |
| <i>Yahoo! JAPAN</i>                                |                              |        |        |        |                               |        |        |    |
| Total monthly page views <sup>12</sup>             | 43,988                       | 43,433 | 41,111 | 46,187 | 46,445                        | 46,378 | 42,779 | -  |
| Unique browsers <sup>13</sup>                      | 176                          | 173    | 190    | 205    | 229                           | 189    | 197    | -  |
| <i>Yahoo! Auctions</i>                             |                              |        |        |        |                               |        |        |    |
| Average number of total listed items <sup>14</sup> | 15                           | 16     | 18     | 19     | 20                            | 20     | 23     | -  |

Notes:

12. Number of accesses to *Yahoo! JAPAN* Group websites during the last month of each quarter.
13. Number of browsers accessing a *Yahoo! JAPAN* service during the last month of each quarter.
14. Daily average number of items posted during the last month of each quarter.

**(Reference 2: Capital Expenditure and Depreciation)**
**(a) Capital Expenditure (acceptance basis)**

| Segment                       | Fiscal Year ended March 2009 |        |        |        | Fiscal Year ending March 2010 |        |        |    | (Millions of yen) |
|-------------------------------|------------------------------|--------|--------|--------|-------------------------------|--------|--------|----|-------------------|
|                               | Q1                           | Q2     | Q3     | Q4     | Q1                            | Q2     | Q3     | Q4 |                   |
| Mobile Communications         | 37,493                       | 38,756 | 52,909 | 70,018 | 32,408                        | 39,148 | 47,921 | -  |                   |
| Broadband Infrastructure      | 4,761                        | 3,010  | 3,112  | 3,705  | 1,608                         | 1,597  | 2,058  | -  |                   |
| Fixed-line Telecommunications | 5,100                        | 8,196  | 9,598  | 6,694  | 3,710                         | 3,939  | 3,436  | -  |                   |
| Internet Culture              | 2,740                        | 3,097  | 2,196  | 1,853  | 1,101                         | 1,271  | 1,457  | -  |                   |
| e-Commerce                    | 152                          | 324    | 303    | 508    | 187                           | 226    | 243    | -  |                   |
| Others                        | 1,333                        | 637    | 1,017  | 1,574  | 1,348                         | 675    | 464    | -  |                   |
| Consolidated total            | 51,578                       | 54,022 | 69,137 | 84,355 | 40,364                        | 46,858 | 55,582 | -  |                   |

**(b) Depreciation (excluding amortization of goodwill)**

| Segment                       | Fiscal Year ended March 2009 |        |        |        | Fiscal Year ending March 2010 |        |        |    | (Millions of yen) |
|-------------------------------|------------------------------|--------|--------|--------|-------------------------------|--------|--------|----|-------------------|
|                               | Q1                           | Q2     | Q3     | Q4     | Q1                            | Q2     | Q3     | Q4 |                   |
| Mobile Communications         | 38,679                       | 39,602 | 40,918 | 42,316 | 42,773                        | 43,418 | 44,696 | -  |                   |
| Broadband Infrastructure      | 5,655                        | 5,380  | 5,386  | 5,552  | 4,440                         | 4,347  | 4,121  | -  |                   |
| Fixed-line Telecommunications | 9,215                        | 9,205  | 9,167  | 9,178  | 8,982                         | 8,837  | 8,669  | -  |                   |
| Internet Culture              | 2,355                        | 2,593  | 2,888  | 3,005  | 2,385                         | 2,459  | 2,511  | -  |                   |
| e-Commerce                    | 276                          | 265    | 283    | 296    | 284                           | 299    | 312    | -  |                   |
| Others                        | 816                          | 1,021  | 1,023  | 927    | 943                           | 905    | 1,002  | -  |                   |
| Consolidated total            | 56,999                       | 58,068 | 59,668 | 61,277 | 59,809                        | 60,266 | 61,314 | -  |                   |

## 2. Analysis of Financial Position

### (1) Assets, Liabilities and Equity

Assets, liabilities, and equity at the end of the third quarter period were as follows:

|                   | As of Dec. 31, 2009 | As of Dec. 31, 2008 | YoY       | YoY (%) |
|-------------------|---------------------|---------------------|-----------|---------|
| Total assets      | <b>4,359,176</b>    | 4,386,672           | (27,495)  | (0.6%)  |
| Total liabilities | <b>3,415,484</b>    | 3,561,873           | (146,389) | (4.1%)  |
| Total equity      | <b>943,692</b>      | 824,798             | 118,893   | 14.4%   |

#### (a) Current Assets

Current assets at the end of the period totaled ¥1,608,441 million, for a ¥88,127 million (5.8%) increase from the previous fiscal year end. The primary components of the change were as follows:

- Cash and deposits increased by ¥147,795 million from the previous fiscal year end. Mainly as the result of operating activities, there was an increase at Yahoo Japan of ¥72,051 million and an increase at SOFTBANK MOBILE of ¥48,127 million while it repaid ¥95,864 million of its SBM loan<sup>1</sup>. The other main reasons for the movement in cash and deposits were the issuance of the 27<sup>th</sup>, 28<sup>th</sup> and 29<sup>th</sup> Unsecured Straight Corporate Bonds, totaling ¥155,000 million from June through September, partially offset by a decrease in outstanding borrowings by ¥65,900 million at the Company. There was also a decrease of ¥45,000 million after a redemption on SOFTBANK TELECOM's 1<sup>st</sup> series of Unsecured Straight Corporate Bonds.
- Notes and accounts receivable-trade decreased ¥65,742 million. This was the result of the securitization of ¥20,694 million in sales of installment sales receivables and collections of accounts receivable for installment sales of mobile handsets at the Mobile Communications segment.
- Deferred tax assets decreased ¥20,005 million from the previous fiscal year end mainly because of the utilization of loss carryforwards at BB MOBILE Corp. and SOFTBANK BB.

Note:

1. The acquisition funds for the acquisition of Vodafone K.K. were refinanced in November 2006 via a whole business securitization program.

#### (b) Fixed Assets

Fixed assets totaled ¥2,748,672 million at the end of the period, for a ¥116,364 million (4.1%) decrease from the previous fiscal year end. The primary components of the change were as follows:

- Property and equipment, net decreased ¥59,417 million from the previous fiscal year end. This was mainly because of the depreciation of telecommunications equipment and telecommunication service lines at the telecommunications-related businesses and the retirement of certain pieces of the telecommunications equipment at the Mobile Communications segment.
- Intangible assets decreased ¥59,983 million from the previous fiscal year end. This was mainly due to a decrease in goodwill of ¥45,651 million caused mainly by the regular amortization at SOFTBANK MOBILE and SOFTBANK TELECOM, and from amortization of software.

**(c) Current Liabilities**

Current liabilities at the end of the period totaled ¥1,254,622 million, for a ¥94,960 million (7.0%) decrease from the previous fiscal year end. The primary components of the change were as follows:

- Short-term liabilities decreased by ¥172,101 million from the previous fiscal year end. This was mainly because of a ¥133,500 million decrease in the Company's outstanding short-term borrowings after part of the short-term borrowings were refinanced as long-term borrowings or procurement through corporate bonds.
- Income taxes payable increased ¥50,167 million, mainly because of the small amount of taxes payable at the end of the previous fiscal year at Yahoo Japan from the utilization of loss carryforwards, and the occurrence of income taxes under consolidated tax return at BB Mobile Corp.<sup>2</sup> due to the full utilization of loss carryforwards.
- Accounts payable-other and accrued expenses increased by ¥39,878 million. The main reasons were a long-term accounts payable of ¥75,000 million, relating to the additional entrustment for debt assumption of bonds<sup>3</sup> recorded at the end of the previous fiscal year, which was transferred from long-term liabilities due to the maturity within one year. However, SOFTBANK MOBILE's commissions payable to agents from the previous fiscal year's year-end sales season and equipment-related payables decreased along with payments made.
- The current portion of corporate bonds increased by ¥9,400 million. The 22<sup>nd</sup> and 24<sup>th</sup> Unsecured Straight Corporate Bonds of ¥54,400 million were transferred from long-term liabilities as a result of their remaining tenor becoming less than one year. On the other hand, redemption of SOFTBANK TELECOM's 1<sup>st</sup> series Unsecured Straight Bond decreased the outstanding amount by ¥45,000 million.

Notes:

2. BB Mobile Corp., SOFTBANK MOBILE and its subsidiaries, all of which are subsidiaries of the Company, adopt the consolidation taxation system.
3. Refer to page 31.

**(d) Long-term Liabilities**

Long-term liabilities totaled ¥2,160,862 million at the end of the period, for a ¥51,428 million (2.3%) decrease from the previous fiscal year end. The primary components of the change were as follows:

- Corporate bonds outstanding increased by ¥93,948 million from the end of the previous fiscal year. Although the transfer of the 22<sup>nd</sup> and 24<sup>th</sup> Unsecured Straight Corporate Bonds to current liabilities reduced this amount by ¥54,400 million, the issuance of the 27<sup>th</sup>, 28<sup>th</sup>, and 29<sup>th</sup> Unsecured Straight Corporate Bonds added ¥155,000 million.
- Long-term debt decreased by ¥43,461 million. The main reason was that SOFTBANK MOBILE repaid ¥95,864 million of its SBM loan, and ¥10,000 million was transferred to current liabilities at Yahoo Japan. On the other hand, part of the borrowings under the Company's credit line facility of September 2009 was refinanced as long-term liabilities at the time of contract renewal, resulting in an increase of ¥67,600 million.
- Lease obligations decreased by ¥29,005 million, mostly from the transfer to current liabilities of lease obligations related to capital expenditure at SOFTBANK MOBILE becoming payable within one year.
- Other liabilities decreased by ¥70,754 million, as ¥75,000 million in long-term accounts payable recorded by SOFTBANK MOBILE at the end of the previous fiscal year became payable within one year and were therefore transferred to current liabilities.

**(e) Equity**

Equity totaled ¥943,692 million at the end of the period, for a ¥118,893 million (14.4%) increase from the previous fiscal year end. Retained earnings increased ¥92,486 million, totaling ¥41,216 million as of the end of the period. As a result of profit recorded at Yahoo Japan etc. minority interests came to ¥479,127 million, an increase of ¥28,712 million.

## (2) Cash Flows

Cash flow activities during the nine-month period were as follows.

Cash and cash equivalents at the end of the nine-month period totaled ¥603,279 million, for a ¥145,635 million increase from the previous fiscal year end.

(Millions of yen)

|                                      | Nine-month period ended<br>Dec. 31, 2008 | Nine-month period ended<br>Dec. 31, 2009 | Difference |
|--------------------------------------|--|--|------------|
| Cash flows from operating activities | 270,768                                  | 469,178                                  | 198,409    |
| Cash flows from investing activities | (223,120)                                | (185,596)                                | 37,524     |
| (Reference) Free cash flow           | 47,647                                   | 283,581                                  | 235,933    |
| Cash flows from financing activities | (149,508)                                | (136,457)                                | 13,050     |

### (a) Cash Flows from Operating Activities:

Net cash provided by operating activities totaled ¥469,178 million (compared with ¥270,768 million provided in the same period of the previous fiscal year).

Income before income taxes and minority interests totaled ¥234,554 million, while non-cash items included ¥181,390 million in depreciation and amortization, loss on retirement of non current assets of ¥47,630 million and ¥45,804 million in amortization of goodwill. In terms of working capital, a decline in receivables-trade had a positive impact of ¥79,942 million, which includes the impact of securitizing ¥20,694 million in sales of installment sales receivables, while a decrease in accounts payables–trade had a negative impact of ¥18,353 million. In addition, there was a negative impact on other, net of ¥65,083 million mainly due to the payments of accounts payable to sales agents and a decrease in allowance for doubtful accounts at the Mobile Communications business. Income taxes paid for the period totaled ¥38,883 million, a ¥21,692 million decrease year-on-year. The decline was due to the fact that Yahoo Japan utilized loss carryforwards assumed from SOFTBANK IDC Solutions Corp. when they merged on March 30, 2009.

### (b) Cash Flows from Investing Activities:

Net cash used in investing activities was ¥185,596 million (compared with ¥223,120 million used in the same period of the previous fiscal year).

Capital expenditures, mainly at telecommunications-related businesses, resulted in ¥183,048 million in outlays for property and equipment and intangibles. Purchases of marketable and investment securities resulted in ¥24,827 million in cash outlays, while proceeds from sales of marketable and investment securities came to ¥17,380 million.

As a result, free cash flow (the combined net cash flows from operating activities and investing activities) for the period was a positive ¥283,581 million (compared with a positive ¥47,647 million in the same period of the previous fiscal year), a significant increase of ¥235,933 million year-on-year.

**(c) Cash Flows from Financing Activities:**

Net cash used in financing activities was ¥136,457 million (compared with ¥149,508 million used in the same period of the previous fiscal year).

Repayments of long-term borrowings totaled ¥352,398 million, the change in short-term borrowings, net was a decrease of ¥121,645 million, an outlay for the repayment of lease obligations was ¥69,589 million and ¥51,673 million was used for the redemption of corporate bonds. At the same time, long-term borrowings raised ¥261,808 million, corporate bond issues generated ¥153,603 million, and ¥55,441 million was recorded as proceeds from the sale and lease back of equipment newly acquired.

**[Reference]**
**Major Financing Activities**

The major financing activities in the nine-month period were as follows:

| Item   | Company Name               | Details  | Summary   |
|--|----------------------------|--|---|
| Issue bonds  | SOFTBANK CORP.             | Issue of the 27th Unsecured Straight Corporate Bond (Fukuoka SoftBank HAWKS Bond)  | Issue date: June 11, 2009<br>Redemption date: June 10, 2011<br>Procured amount: ¥60,000 million<br>Interest rate: 5.10%/year<br>Use: Redemption of bonds and repayment of borrowings                      |
|  |                            | Issue of the 28th Unsecured Straight Corporate Bond  | Issue date: July 24, 2009<br>Redemption date: July 24, 2012<br>Procured amount: ¥30,000 million<br>Interest rate: 4.72%/year<br>Use: Redemption of bonds and repayment of borrowings                      |
|  |                            | Issue of the 29th Unsecured Straight Corporate Bond (Fukuoka SoftBank HAWKS Bond)  | Issue date: Sept. 18, 2009<br>Redemption date: Sept. 18, 2012<br>Procured amount: ¥65,000 million<br>Interest rate: 4.52%/year<br>Use: Redemption of bonds and repayment of borrowings                    |
| Bond redemption  | SOFTBANK TELECOM Corp.     | 1 <sup>st</sup> Series of Unsecured Straight Bond  | Redemption date: Dec. 7, 2009<br>Redeemed amount: ¥45,000 million   |
| Securitization of receivables  | SOFTBANK MOBILE Corp.      | Procurement of funds totaling ¥70,247 million accompanying securitization of mobile phone installment sales receivables (recorded as borrowings) | Procurement date: June 30, 2009<br>Redemption method:<br>monthly pass-through repayment<br>Use: capital expenditure and repayment of funds raised via the whole business securitization financing scheme  |
|  |                            | Procurement of funds totaling ¥49,956 million accompanying securitization of mobile phone installment sales receivables (recorded as borrowings) | Procurement date: Sept. 30, 2009<br>Redemption method:<br>monthly pass-through repayment<br>Use: capital expenditure and repayment of funds raised via the whole business securitization financing scheme |
|  |                            | Procurement of funds totaling ¥60,081 million accompanying securitization of mobile phone installment sales receivables (recorded as borrowings) | Procurement date: Dec. 29, 2009<br>Redemption method:<br>monthly pass-through repayment<br>Use: capital expenditure and repayment of funds raised via the whole business securitization financing scheme  |
| Increase or decrease in debt (excluding securitization of receivables) | SOFTBANK CORP.             | Decrease ¥65,900million  |   |
|  | SOFTBANK MOBILE Corp.      | Decrease ¥95,864 million   | Repayment of funds raised via the whole business securitization financing scheme  |
|  | SOFTBANK TELECOM Corp.     | Decrease ¥19,969 million   |   |
|  | Yahoo Japan Corporation    | Decrease ¥20,000 million   |   |
| Capital expenditure by financial lease                                 | SOFTBANK MOBILE Corp. etc. | Capital expenditure mainly at the Mobile Communications business by utilizing lease.   | Funds procured during the nine-month period ended Dec. 31, 2009: ¥55,441 million.   |

### 3. Earnings Forecasts

The Group is forecasting consolidated operating income of ¥420,000 million for the fiscal year ending March 2010, and ¥500,000 million for the fiscal year ending March 2011.

#### <Earnings Forecasts>

(Millions of yen)

|                               | Fiscal year ending March 31, 2010<br>forecast | Fiscal year ending March 31, 2011<br>forecast |
|-------------------------------|---|---|
| Consolidated operating income | 420,000                                       | 500,000                                       |

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

#### 4. The SOFTBANK Group

As of December 31, 2009 the Group was comprised of the Company (pure holding company) and the following nine business segments. The number of consolidated subsidiaries and equity method companies in each business segment were as follows.

| Business segments             | Consolidated subsidiaries | Equity method non-consolidated subsidiaries and affiliates | Main business of segment and name of business  |
|-------------------------------|---------------------------|--|--|
| Mobile Communications         | 6                         | 2  | Provision of mobile communication services and sale of mobile phones accompanying the services etc.<br>(Core company: SOFTBANK MOBILE Corp.)   |
| Broadband Infrastructure      | 6                         | 1  | Provision of ADSL and fiber-optic high-speed Internet connection service, IP telephony service, and provision of content etc. (Core company: SOFTBANK BB Corp. <sup>(Note)</sup> )   |
| Fixed-line Telecommunications | 3                         | -  | Provision of fixed-line telecommunications etc.<br>(Core companies: SOFTBANK TELECOM Corp. <sup>(Note)</sup> )   |
| Internet Culture              | 18                        | 11   | Internet-based advertising operations, portal business and auction business etc.<br>(Core company: Yahoo Japan Corporation <sup>(Note)</sup> )   |
| e-Commerce                    | 7                         | 4  | Distribution of PC software and hardware including PCs and peripherals, enterprise solutions, and diversified e-commerce businesses, including business transaction platforms (B2B) and consumer-related e-commerce (B2C) etc.<br>(Core companies: SOFTBANK BB Corp. <sup>(Note)</sup> Vector Inc., Carview Corporation) |
| Others                        | 69                        | 45   | Technology Services, Media & Marketing, Overseas Funds, and Other businesses<br>(Core companies: SOFTBANK TECHNOLOGY CORP., SOFTBANK Creative Corp., ITmedia Inc., Fukuoka SOFTBANK HAWKS Marketing Corp.)   |
| Total                         | 109                       | 63   |  |

Note:

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

#### [Listed Companies]

The following of the Company's 5 subsidiaries were listed on domestic stock exchanges as of December 31, 2009:

| Company Name              | Listed Exchange  |
|---------------------------|--|
| Yahoo Japan Corporation   | Tokyo Stock Exchange 1st section<br>Jasdaq Securities Exchange |
| SOFTBANK TECHNOLOGY CORP. | Tokyo Stock Exchange 1st section                               |
| Vector Inc.               | Osaka Securities Exchange Hercules                             |
| ITmedia Inc.              | Tokyo Stock Exchange Mothers                                   |
| Carview Corporation       | Tokyo Stock Exchange Mothers                                   |

## 5. Others

- (1) Significant Changes in Scope of Consolidation (Changes in Scope of Consolidation of Specified Subsidiaries)  
There are no significant changes in scope of consolidation.
- (2) Application of simple accounting methods or special accounting methods for preparation for the consolidated financial statements  
There are no applicable items.
- (3) Changes in accounting principles, procedures, disclosure methods, etc., used in the presentation of the consolidated financial statements  
There are no applicable items.

**6. Consolidated Financial Statements**
**(1) Consolidated Balance Sheets**

(Millions of yen)

|   | As of<br>December 31, 2009 | As of<br>March 31, 2009 |
|---|----------------------------|-------------------------|
|   | Amount                     | Amount                  |
| <b>ASSETS</b>   |                            |                         |
| <b>Current assets:</b>  |                            |                         |
| Cash and deposits   | ¥605,749                   | ¥457,953                |
| Notes and accounts receivable - trade   | 792,342                    | 858,084                 |
| Marketable securities   | 4,149                      | 2,917                   |
| Merchandise and finished products   | 43,773                     | 42,320                  |
| Deferred tax assets   | 73,015                     | 93,021                  |
| Other current assets  | 132,752                    | 114,874                 |
| Less:<br>Allowance for doubtful accounts  | (43,341)                   | (48,858)                |
| Total current assets  | <b>1,608,441</b>           | 1,520,313               |
| <b>Fixed assets:</b>  |                            |                         |
| <b>Property and equipment, net:</b>   |                            |                         |
| Buildings and structures  | 68,781                     | 71,577                  |
| Telecommunications equipment  | 697,091                    | 738,967                 |
| Telecommunications service lines  | 74,530                     | 79,637                  |
| Land  | 22,544                     | 22,576                  |
| Construction in progress  | 31,748                     | 37,477                  |
| Other property and equipment  | 46,832                     | 50,710                  |
| Total property and equipment  | <b>941,529</b>             | 1,000,946               |
| <b>Intangible assets, net:</b>  |                            |                         |
| Goodwill  | 911,079                    | 956,730                 |
| Software  | 210,143                    | 226,131                 |
| Other intangibles   | 40,903                     | 39,245                  |
| Total intangible assets   | <b>1,162,125</b>           | 1,222,108               |
| <b>Investments and other assets:</b>  |                            |                         |
| Investment securities and<br>investments in unconsolidated subsidiaries<br>and affiliated companies | 345,421                    | 320,102                 |
| Deferred tax assets   | 160,826                    | 158,228                 |
| Other assets  | 161,289                    | 200,749                 |
| Less:<br>Allowance for doubtful accounts  | (22,520)                   | (37,100)                |
| Total investments and other assets  | <b>645,017</b>             | 641,980                 |
| Total fixed assets  | <b>2,748,672</b>           | 2,865,036               |
| <b>Deferred charges</b>   | <b>2,063</b>               | 1,322                   |
| <b>Total assets</b>   | <b>¥4,359,176</b>          | ¥4,386,672              |

Consolidated Balance Sheets

(Millions of yen)

|   | As of<br>December 31, 2009 | As of<br>March 31, 2009 |
|---|----------------------------|-------------------------|
|   | Amount                     | Amount                  |
| <b>LIABILITIES AND EQUITY</b>                       |                            |                         |
| <b>Current liabilities:</b>                         |                            |                         |
| Accounts payable - trade                            | ¥141,835                   | ¥160,339                |
| Short-term borrowings                               | 403,431                    | 575,532                 |
| Current portion of corporate bonds                  | 73,400                     | 64,000                  |
| Accounts payable - other and accrued expenses       | 392,049                    | 352,171                 |
| Income taxes payable                                | 71,530                     | 21,363                  |
| Current portion of lease obligations                | 104,564                    | 88,241                  |
| Other current liabilities                           | 67,810                     | 87,935                  |
| Total current liabilities                           | 1,254,622                  | 1,349,583               |
| <b>Long-term liabilities:</b>                       |                            |                         |
| Corporate bonds                                     | 418,514                    | 324,566                 |
| Long-term debt                                      | 1,392,831                  | 1,436,292               |
| Deferred tax liabilities                            | 26,509                     | 28,795                  |
| Liability for retirement benefits                   | 15,812                     | 16,076                  |
| Allowance for point mileage                         | 42,212                     | 41,816                  |
| Lease obligations                                   | 204,308                    | 233,314                 |
| Other liabilities                                   | 60,673                     | 131,428                 |
| Total long-term liabilities                         | 2,160,862                  | 2,212,290               |
| <b>Total liabilities</b>                            | <b>3,415,484</b>           | 3,561,873               |
| <b>Equity:</b>                                      |                            |                         |
| Common stock  | 188,734                    | 187,681                 |
| Additional paid-in capital                          | 213,062                    | 211,999                 |
| Retained earnings (accumulated deficit)             | 41,216                     | (51,269)                |
| Less: Treasury stock                                | (221)                      | (214)                   |
| Total shareholders' equity                          | 442,791                    | 348,197                 |
| Unrealized gain on available-for-sale securities    | 42,580                     | 31,334                  |
| Deferred gain on derivatives under hedge accounting | 13,217                     | 25,117                  |
| Foreign currency translation adjustments            | (34,447)                   | (30,554)                |
| Total valuation and translation adjustments         | 21,350                     | 25,897                  |
| Stock acquisition rights                            | 422                        | 289                     |
| Minority interests                                  | 479,127                    | 450,414                 |
| <b>Total equity</b>                                 | <b>943,692</b>             | 824,798                 |
| <b>Total liabilities and equity</b>                 | <b>¥4,359,176</b>          | ¥4,386,672              |

**(2) Consolidated Statements of Income**

For the nine-month period ended December 31, 2009

(Millions of yen)

|  | Nine-month period ended<br>December 31, 2008 | Nine-month period ended<br>December 31, 2009 |
|--|--|--|
|  | April 1, 2008 to<br>December 31, 2008        | April 1, 2009 to<br>December 31, 2009        |
|  | Amount                                       | Amount                                       |
| <b>Net sales</b>   | ¥1,982,262                                   | ¥2,045,304                                   |
| <b>Cost of sales</b>   | 1,019,719                                    | 980,954                                      |
| <b>Gross Profit</b>  | 962,543                                      | 1,064,349                                    |
| <b>Selling, general and administrative expenses</b>  | 687,852                                      | 698,030                                      |
| <b>Operating income</b>  | 274,690                                      | 366,319                                      |
| Interest income  | 1,092  | 472  |
| Foreign exchange gain, net   | 1,309  | 1,188  |
| Equity in earnings of affiliated companies   | -  | 3,763  |
| Other non-operating income   | 5,325  | 4,560  |
| <b>Non-operating income</b>  | 7,727  | 9,985  |
| Interest expense   | 85,220                                       | 83,810                                       |
| Equity in losses of affiliated companies   | 8,471  | -  |
| Other non-operating expenses   | 14,231                                       | 11,306                                       |
| <b>Non-operating expenses</b>  | 107,923                                      | 95,116                                       |
| <b>Ordinary income</b>   | 174,494                                      | 281,187                                      |
| Gain on sale of investment securities  | 2,980  | 4,149  |
| Dilution gain from changes in equity interest  | 2,407  | 1,403  |
| Gain on liquidation of a subsidiary  | 2,972  | -  |
| Other special income   | 1,380  | 451  |
| <b>Special income</b>  | 9,740  | 6,004  |
| Valuation loss on investment securities  | 3,907  | 2,940  |
| Unrealized appreciation (loss) on valuation of investments and gain (loss) on sale of investments at subsidiaries in the U.S., net | 3,673  | 551  |
| Loss on retirement of non current assets   | 383  | 47,630                                       |
| Other special losses   | 2,173  | 1,514  |
| <b>Special loss</b>  | 10,137                                       | 52,637                                       |
| <b>Income before income taxes and minority interests</b>   | 174,097                                      | 234,554                                      |
| <b>Income taxes:</b>   |  |  |
| Current  | 53,247                                       | 89,548                                       |
| Deferred   | 29,361                                       | 15,671                                       |
| <b>Total income taxes</b>  | 82,609                                       | 105,220                                      |
| <b>Minority interests in net income</b>  | 33,306                                       | 34,473                                       |
| <b>Net income</b>  | ¥58,182                                      | ¥94,861                                      |

For the three-month period ended December 31, 2009

(Millions of yen)

|   | Three-month period ended<br>December 31, 2008 | Three-month period ended<br>December 31, 2009 |
|---|---|---|
|   | October 1, 2008 to<br>December 31, 2008       | October 1, 2009 to<br>December 31, 2009       |
|   | Amount  | Amount  |
| <b>Net sales</b>  | ¥653,264                                      | ¥696,028                                      |
| <b>Cost of sales</b>  | 329,582                                       | 331,603                                       |
| <b>Gross Profit</b>   | 323,682                                       | 364,425                                       |
| <b>Selling, general and administrative expenses</b>   | 228,992                                       | 228,728                                       |
| <b>Operating income</b>   | 94,690  | 135,697                                       |
| Interest income   | 226   | 165   |
| Foreign exchange gain, net  | 691   | 422   |
| Equity in earnings of affiliated companies  | -   | 1,479   |
| Other non-operating income  | 2,142   | 1,549   |
| <b>Non-operating income</b>   | 3,059   | 3,617   |
| Interest expense  | 28,159  | 28,464  |
| Equity in losses of affiliated companies  | 6,050   | -   |
| Other non-operating expenses  | 6,360   | 3,200   |
| <b>Non-operating expenses</b>   | 40,570  | 31,665  |
| <b>Ordinary income</b>  | 57,178  | 107,649                                       |
| Gain on sale of investment securities   | 461   | 121   |
| Dilution gain from changes in equity interest   | 53  | 242   |
| Gain on liquidation of a subsidiary   | 2,972   | -   |
| Other special income  | 37  | 3   |
| <b>Special income</b>   | 3,525   | 367   |
| Valuation loss on investment securities   | 784   | 1,652   |
| Unrealized loss on valuation of investments and gain<br>(loss) on sale of investments at subsidiaries in the U.S.,<br>net | 497   | 896   |
| Loss on retirement of non current assets  | 121   | 47,192  |
| Other special losses  | 419   | 537   |
| <b>Special loss</b>   | 1,822   | 50,278  |
| <b>Income before income taxes and minority interests</b>  | 58,881  | 57,739  |
| <b>Income taxes:</b>  |   |   |
| Current   | 18,814  | 40,725  |
| Deferred  | 11,959  | (19,064)                                      |
| <b>Total income taxes</b>   | 30,774  | 21,661  |
| <b>Minority interests in net income</b>   | 11,040  | 11,967  |
| <b>Net income</b>   | ¥17,066                                       | ¥24,110                                       |

**(3) Consolidated Statements of Cash Flows**

(Millions of yen)

|   | Nine-month period ended<br>December 31, 2008 | Nine-month period ended<br>December 31, 2009 |
|---|--|--|
|   | April 1, 2008 to<br>December 31, 2008        | April 1, 2009 to<br>December 31, 2009        |
| <b>Cash flows from operating activities:</b>  |  |  |
| Income before income taxes and minority interests   | ¥174,097                                     | ¥234,554                                     |
| Adjustments for:  |  |  |
| Depreciation and amortization   | 174,736                                      | 181,390                                      |
| Amortization of goodwill  | 45,992                                       | 45,804                                       |
| Loss on retirement of non current assets  | 383  | 47,630                                       |
| Equity in losses (earnings) of affiliated companies   | 8,471  | (3,763)                                      |
| Dilution gain from changes in equity interest, net  | (2,333)                                      | (1,334)                                      |
| Valuation loss on investment securities   | 3,907  | 2,940  |
| Unrealized appreciation(loss) on investments and gain (loss) on<br>sale of investments at subsidiaries in the U.S., net | 3,673  | 551  |
| Gain on sale of marketable and investment securities, net   | (2,917)                                      | (4,051)                                      |
| Foreign exchange gain , net   | (714)  | (1,293)                                      |
| Interest and dividend income  | (1,875)                                      | (714)  |
| Interest expense  | 85,220                                       | 83,810                                       |
| Changes in operating assets, and liabilities  |  |  |
| Decrease in receivables – trade   | 8,528  | 79,942                                       |
| Decrease in payables - trade  | (63,991)                                     | (18,353)                                     |
| Other, net  | (25,950)                                     | (65,083)                                     |
| Sub-total   | 407,226                                      | 582,029                                      |
| Interest and dividends received   | 1,930  | 710  |
| Interest paid   | (77,812)                                     | (74,677)                                     |
| Income taxes paid   | (60,576)                                     | (38,883)                                     |
| Net cash provided by operating activities   | 270,768                                      | 469,178                                      |

- Continued -

**Consolidated Statements of Cash Flows (Continued)**

(Millions of yen)

|   | Nine-month period ended<br>December 31, 2008 | Nine-month period ended<br>December 31, 2009 |
|---|--|--|
|   | April 1, 2008 to<br>December 31, 2008        | April 1, 2009 to<br>December 31, 2009        |
| <b>Cash flows from investing activities:</b>  |  |  |
| Purchase of property and equipment, and intangibles   | ¥(196,347)                                   | ¥(183,048)                                   |
| Purchase of marketable and investment securities  | (29,305)                                     | (24,827)                                     |
| Proceeds from sale of marketable and investment securities  | 14,625                                       | 17,380                                       |
| Acquisition of interests in subsidiaries newly consolidated,<br>net of cash acquired                      | (17,530)                                     | (40)   |
| Other, net  | 5,437  | 4,939  |
| Net cash used in investing activities   | (223,120)                                    | (185,596)                                    |
| <b>Cash flows from financing activities:</b>  |  |  |
| Increase (decrease) in short-term borrowings, net   | 83,312                                       | (121,645)                                    |
| Proceeds from long-term debt  | 153,276                                      | 261,808                                      |
| Repayment of long-term debt   | (268,347)                                    | (352,398)                                    |
| Proceeds from issuance of bonds   | -  | 153,603                                      |
| Redemption of bonds   | (57,703)                                     | (51,673)                                     |
| Exercise of warrants  | 495  | 2,105  |
| Proceeds from issuance of shares to minority shareholders   | 952  | 1,095  |
| Cash dividends paid   | (2,674)                                      | (2,673)                                      |
| Cash dividends paid to minority shareholders  | (4,121)                                      | (4,615)                                      |
| Purchase of treasury stock of consolidated subsidiaries   | (53,579)                                     | (2,865)                                      |
| Proceeds from sale and lease back of equipment newly acquired   | 67,225                                       | 55,441                                       |
| Repayment of lease obligations  | (60,294)                                     | (69,589)                                     |
| Other, net  | (8,048)                                      | (5,050)                                      |
| Net cash used in financing activities   | (149,508)                                    | (136,457)                                    |
| <b>Effect of exchange rate changes<br/>on cash and cash equivalents</b>                                   | (3,062)                                      | (808)  |
| <b>Net (decrease) increase in cash and cash equivalents</b>   | (104,922)                                    | <b>146,316</b>                               |
| <b>Increase in cash and cash equivalents due to newly consolidated<br/>subsidiaries</b>                   | 169  | <b>126</b>                                   |
| <b>Decrease in cash and cash equivalents due to exclusion of<br/>previously consolidated subsidiaries</b> | (1,810)                                      | <b>(807)</b>                                 |
| <b>Cash and cash equivalents, beginning of the period</b>   | 490,266                                      | <b>457,644</b>                               |
| <b>Cash and cash equivalents, end of the period</b>   | ¥383,703                                     | <b>¥603,279</b>                              |

**(4) Significant Doubt about Going Concern Assumption**

There are no applicable items for the nine-month period ended December 31, 2009.

**(5) Basis of Presentation of Consolidated Financial Statements**

(Items described "Qualitative Information/Financial Statements 5. Others" on page 22 are excluded.)

**1. Changes in scope of consolidation**

(1) Changes in scope of consolidation for the nine-month period ended December 31, 2009 are as follows:

<Increase>

5 companies

<Decrease>

4 companies

Significant changes:

Overture K.K. Merged with Yahoo Japan Corporation

(2) The number of consolidated subsidiaries after the changes:

109 companies

**2. Changes in scope of equity method**

(1) Changes in scope of equity method are as follows:

<Increase>

3 companies

Significant changes:

Oak Pacific Interactive Additionally acquired

RockYou, Inc. Additionally acquired

<Decrease>

14 companies

(2) The number of non-consolidated subsidiaries and affiliated companies under the equity method after the changes:

Non-consolidated subsidiaries under the equity method: 5 companies

Affiliated companies under the equity method: 58 companies

**(6) Notes**
**(Consolidated Balance Sheets)**
**1. Accumulated depreciation of property and equipment**

|  | As of December 31, 2009      | As of March 31, 2009 |
|--|------------------------------|----------------------|
|  | <b>1,063,041 million yen</b> | 966,322 million yen  |

**2. Secured loans**
**(1) Assets pledged as collateral for secured liabilities**

Assets pledged as collateral and secured liabilities by consolidated subsidiaries are as follows:

|   | As of December 31, 2009    | As of March 31, 2009 |
|---|----------------------------|----------------------|
| Assets pledged as collateral:   |                            |                      |
| Cash and deposits   | <b>222,351</b>             | 212,414              |
| Notes and accounts receivable - trade   | <b>265,445</b>             | 312,831              |
| Buildings and structures  | <b>12,022</b>              | 12,774               |
| Telecommunications equipment  | <b>224,491</b>             | 260,509              |
| Telecommunications service lines  | <b>144</b>                 | 189                  |
| Land  | <b>10,624</b>              | 10,617               |
| Investment securities and investments in unconsolidated subsidiaries and affiliated companies | <b>82,098</b>              | 66,863               |
| Investments and other assets - other assets   | <b>17,811</b>              | 31,999               |
| Total   | <b>834,989 million yen</b> | 908,201 million yen  |

|                          | As of December 31, 2009      | As of March 31, 2009  |
|--------------------------|------------------------------|-----------------------|
| Secured liabilities:     |                              |                       |
| Accounts payable - trade | <b>1,394</b>                 | 1,239                 |
| Short-term borrowings    | <b>2,414</b>                 | 2,903                 |
| Long - term debt         | <b>1,187,290</b>             | 1,287,099             |
| Total                    | <b>1,191,098 million yen</b> | 1,291,242 million yen |

Consolidated subsidiaries shares owned by SOFTBANK MOBILE, SOFTBANK MOBILE shares owned by BB Mobile Corp. and BB Mobile Corp. shares owned by Mobiletech Corporation are pledged as collateral for long-term debt (totaled to ¥1,184,853 million and ¥1,088,988 million, as of March 31, 2009 and December 31, 2009, respectively) resulting from the acquisition of SOFTBANK MOBILE, in addition to the assets pledged as collateral above.

**(2) Borrowings by securitization of receivables**
**[1] The securitization of installment sales receivable of SOFTBANK MOBILE**

Cash proceeds through the securitization of installment sales receivables of SOFTBANK MOBILE, excluding that qualify for derecognition criteria of a financial asset, were included in “Short-term borrowings” (¥185,669 million and ¥180,523 million, as of March 31, 2009 and December 31, 2009, respectively) and “Long-term debt” (¥36,256 million and ¥41,872 million, as of March 31, 2009 and December 31, 2009, respectively). The amounts of the senior portion of the securitized installment sales receivables (¥ 221,925 million and ¥222,396 million, as of March 31, 2009 and as of December 31, 2009, respectively) were included in “Notes and account receivable-trade”, along with the subordinated portion held by the SOFTBANK MOBILE. The trustee raised the funds through asset backed loans based on the receivables.

[2] The securitization of receivables for ADSL services of SOFTBANK BB

SOFTBANK BB transferred its senior portion of the securitized present and future receivables for ADSL services\* to a SPC (a consolidated subsidiary), and the SPC raised the funds through asset backed loans based on the receivables (¥20,000 million and ¥12,398 million, as of March 31, 2009 and December 31, 2009, respectively) from a financial institution. Cash proceeds through the asset backed loans are included in the “Short-term borrowings” (¥6,660 million and ¥6,660 million, as of March 31, 2009 and December 31, 2009, respectively) and “Long-term debt” (¥13,340 million, and ¥5,738 million, as of March 31, 2009 and December 31, 2009, respectively).

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

(3) Borrowings by security lending agreements

Cash receipts as collateral from financial institutions, to whom the Company lent a portion of shares in its subsidiary under security lending agreements are presented as follows:

|                       | As of December 31, 2009    | As of March 31, 2009 |
|-----------------------|----------------------------|----------------------|
| Short-term borrowings | <b>114,000 million yen</b> | 110,000 million yen  |

**3. Additional entrustment for debt assumption of bonds (As of December 31, 2009)**

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

The trust had collateralized debt obligations (“CDO”) issued by a Cayman Islands based Special-Purpose Company (“SPC”). The SPC contracted a credit default swap agreement secured by debt securities (corporate bonds), which referred to a certain portion of the portfolio consisting of 160 referenced entities. Since defaults (credit events under the agreement) of more than a certain number of referenced entities occurred, ¥75,000 million in total was reduced from the redemption amount of the CDO in April 2009 and an additional entrustment was required for the reduced amount.

As a result, for the amount required as the additional entrustment of ¥75,000 million, a long term accounts payable was recognized as a recognized subsequent event (Type I subsequent event) and included in “Other liabilities” of long-term liabilities in the consolidated balance sheets, and it was recorded as special loss in the consolidated statement of income for the year ended March 31, 2009.

As of December 31, 2009, since the maturity for the additional entrustment was within one year, the accounts payable was included in “Accounts payable-other and accrued expenses” of current liabilities in the consolidated balance sheets.

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

| As of December 31, 2009       |                    |                    |                            |
|-------------------------------|--------------------|--------------------|----------------------------|
| Subject Bonds                 | Issue date         | Maturity date      | Amount of transferred bond |
| Third Series Unsecured Bond   | August 19, 1998    | August 19, 2010    | <b>25,000</b>              |
| Fifth Series Unsecured Bond   | August 25, 2000    | August 25, 2010    | <b>25,000</b>              |
| Seventh Series Unsecured Bond | September 22, 2000 | September 22, 2010 | <b>25,000</b>              |
| Total                         |                    |                    | <b>75,000 million yen</b>  |

**(Consolidated Statements of Income)**

**For the nine-month period ended December 31, 2008 and 2009 (From April 1 to December 31, 2008 and 2009)**

**1. Selling, general and administrative expenses**

|   | Nine-month period ended<br>December 31, 2008 | Nine-month period ended<br>December 31, 2009 |
|---|--|--|
| Sales commission and sales promotion expense  | 292,357 million yen                          | 330,509 million yen                          |
| Provision for allowance for doubtful accounts | 30,181                                       | 11,390                                       |

**2. Unrealized appreciation (loss) on valuation of investments and gain (loss) on sale of investments at subsidiaries in the United States of America, net**

Certain subsidiaries of the Company in the United States of America qualify as investment companies under the provisions set forth in Financial Services – Investment Companies of the FASB Accounting Standards Codification Topic 946(ASC 946) and account for investment securities in accordance with ASC 946.

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

|  | Nine-month period ended<br>December 31, 2008 | Nine-month period ended<br>December 31, 2009 |
|--|--|--|
| Unrealized appreciation (loss) on valuation of investment<br>at subsidiaries in the U.S.,net | (3,725)                                      | 1,074  |
| Gain (loss) on sale of investments<br>at subsidiaries in the U.S.,net                        | 52   | (1,625)                                      |
| <hr/>  |  |  |
| Total  | (3,673) million yen                          | (551) million yen                            |

**3. Loss on retirement of non current assets**

(1) Loss on retirement of non current assets related to the termination of second-generation mobile phone services

Certain pieces of telecommunications equipment being used exclusively for second-generation (2G) mobile phone services in the Mobile communications business are scheduled to be removed upon termination of 2G mobile phone services in March, 2010. These pieces of telecommunications equipment are being depreciated under the straight-line method over the period commencing from the acquisition of Vodafone K.K. (currently SOFTBANK MOBILE) in April 2006 to the scheduled termination of 2G services in March, 2010.

In June 2009, a new frequency for the next generation mobile phone services was assigned to SOFTBANK MOBILE. The telecommunications equipment being used for 2G mobile phone services except for the aforementioned equipment was reviewed to determine which pieces would be used for the next generation mobile phone services and which pieces will be removed. For the nine-month period ended December 31, 2009, loss on retirement of non current assets was recorded for the assets to be additionally removed. As the assets to be removed upon termination of 2G services were specified, it became possible to reasonably estimate the removal costs. These removal costs were included in loss on retirement of non current assets in the consolidated statements of income for the nine-month period ended December 31, 2009.

The loss on retirement of non current assets of ¥24,338 million consists of ¥17,884 million for equipment removal cost and ¥6,453 million for loss on retirement of telecommunications equipment.

(2) Loss on retirement of non current assets related to the telecommunications equipment for third-generation mobile phone

SOFTBANK MOBILE replaced certain pieces of existing wireless network equipment in order to increase efficiency of the future capital expenditures and reduce maintenance costs. As a result, the previously used wireless network equipment for third-generation mobile phone services was retired, and the total carrying amounts of the retired assets and the related removal costs were recorded as loss on retirement of non current assets in the consolidated statements of income for the nine-month period ended December 31, 2009. The loss on retirement of non current assets of ¥22,555 million consists of ¥13,719 million for telecommunications equipment, ¥8,726 million for software, and ¥110 million for removal costs.

**For the three-month period ended December 31, 2008 and 2009 (From October 1 to December 31, 2008 and 2009)**
**1. Selling, general and administrative expenses**

|   | Nine-month period ended<br>December 31, 2008 | Nine-month period ended<br>December 31, 2009 |
|---|--|--|
| Sales commission and sales promotion expense  | 97,778 million yen                           | 106,602 million yen                          |
| Provision for allowance for doubtful accounts | 7,433  | 2,523  |

**2. Unrealized loss on valuation of investments and gain (loss) on sale of investments at subsidiaries in the United States of America, net**

Certain subsidiaries of the Company in the United States of America qualify as investment companies under the provisions set forth in Financial Services – Investment Companies of the FASB Accounting Standards Codification Topic 946(ASC 946) and account for investment securities in accordance with ASC 946.

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

|   | Three-month period ended<br>December 31, 2008 | Three-month period ended<br>December 31, 2009 |
|---|---|---|
| Unrealized loss on valuation of investment<br>at subsidiaries in the U.S.,net | (558)   | (264)   |
| Gain (loss) on sale of investments<br>at subsidiaries in the U.S.,net         | 61  | (631)   |
| <hr/>   |   |   |
| Total   | (497) million yen                             | (896) million yen                             |

**3. Loss on retirement of non current assets**

(1) Loss on retirement of non current assets related to the termination of second-generation mobile phone services

Certain pieces of telecommunications equipment being used exclusively for second-generation (2G) mobile phone services in the Mobile communications business are scheduled to be removed upon termination of 2G mobile phone services in March, 2010. These pieces of telecommunications equipment are being depreciated under the straight-line method over the period commencing from the acquisition of Vodafone K.K. (currently SOFTBANK MOBILE) in April 2006 to the scheduled termination of 2G services in March, 2010.

In June 2009, a new frequency for the next generation mobile phone services was assigned to SOFTBANK MOBILE. The telecommunications equipment being used for 2G mobile phone services except for the aforementioned equipment was reviewed to determine which pieces would be used for the next generation mobile phone services and which pieces will be removed. For the three-month period ended December 31, 2009, loss on retirement of non current assets was recorded for the assets to be additionally removed. As the assets to be removed upon termination of 2G services were specified, it became possible to reasonably estimate the removal costs. These removal costs were included in loss on retirement of non current assets in the consolidated statements of income for the three-month period ended December 31, 2009.

The loss on retirement of non current assets of ¥24,338 million consists of ¥17,884 million for equipment removal cost and ¥6,453 million for loss on retirement of telecommunications equipment.

(2) Loss on retirement of non current assets related to the telecommunications equipment for third-generation mobile phone

SOFTBANK MOBILE replaced certain pieces of existing wireless network equipment in order to increase efficiency of the future capital expenditures and reduce maintenance costs. As a result, the previously used wireless network equipment for third-generation mobile phone services was retired, and the total carrying amounts of the retired assets and the related removal costs were recorded as loss on retirement of non current assets in the consolidated statements of income for the three-month period ended December 31, 2009. The loss on retirement of non current assets of ¥22,555 million consists of ¥13,719 million for telecommunications equipment, ¥8,726 million for software, and ¥110 million for removal costs.

**(Consolidated Statements of Cash Flows)**
**1. Reconciliation of cash and cash equivalents to the amounts presented in the accompanying consolidated balance sheets**

|   | As of December 31, 2008 | As of December 31, 2009    |
|---|-------------------------|----------------------------|
| Cash and deposits   | 383,346 million yen     | <b>605,749 million yen</b> |
| Marketable securities                                     | 3,960                   | <b>4,149</b>               |
| Time deposits with original maturity over three months    | (460)                   | <b>(2,800)</b>             |
| Stocks and bonds with original maturity over three months | (3,143)                 | <b>(3,818)</b>             |
| <hr/>   |                         |                            |
| Cash and cash equivalents                                 | 383,703 million yen     | <b>603,279 million yen</b> |

**2. Scope of Purchase of property and equipment, and intangibles in the consolidated statements of cash flows**

“Purchase of property and equipment, and intangibles” are comprised of cash outflows from purchasing property and equipment, and intangible assets (excluding goodwill) and long-term prepaid expenses.

**3. Proceeds from sale and lease back of equipment newly acquired**

Once SOFTBANK MOBILE and others purchase telecommunications equipment for the purpose of assembly, installation and inspection, SOFTBANK MOBILE and others sell the equipment to lease companies for sale and lease back purposes. The leased asset and lease obligation are recorded in the consolidated balance sheets.

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

**(Leases)**
**1. Finance lease transactions**
**(As a lessee)**

(1) Finance leases in which the ownership of leased assets is transferred to lessees at the end of lease periods

[1] Details of lease assets are as follows:

Tangible assets, mainly telecommunications equipment in the Mobile Communications segment.

[2] Depreciation method for lease assets

The depreciation method is the same as the method used for fixed assets possessed by each subsidiary and the Company.

(2) Finance leases in which the ownership of leased assets is not transferred to lessees at the end of lease periods

[1] Details of lease assets are as follows:

Tangible assets, mainly telecommunications equipment in the Fixed-line Telecommunications segment.

[2] Depreciation method for lease assets

The straight-line method is adopted over the period of the finance leases, assuming no residual value.

Lease transactions contracted before April 1, 2008 are continuously permitted to be accounted for as operating lease transactions, and as if capitalized information is as follows:

(1) Amounts equivalent to acquisition costs, accumulated depreciation, and accumulated impairment loss of leased property for each period:

|   | As of December 31, 2009 |             | As of March 31, 2009 |             |
|---|-------------------------|-------------|----------------------|-------------|
| Telecommunications equipment and telecommunications service lines |                         |             |                      |             |
| Acquisition cost  | <b>170,933</b>          |             | 171,192              |             |
| Accumulated depreciation  | <b>(90,275)</b>         |             | (77,309)             |             |
| Accumulated impairment loss                                       | <b>(37,786)</b>         |             | (37,786)             |             |
| Net leased property   | <b>42,871</b>           | million yen | 56,096               | million yen |
| Buildings and structures  |                         |             |                      |             |
| Acquisition cost  | <b>46,730</b>           |             | 47,004               |             |
| Accumulated depreciation  | <b>(11,324)</b>         |             | (9,836)              |             |
| Accumulated impairment loss                                       | <b>-</b>                |             | -                    |             |
| Net leased property   | <b>35,405</b>           | million yen | 37,168               | million yen |
| Property and equipment - others                                   |                         |             |                      |             |
| Acquisition cost  | <b>16,925</b>           |             | 17,227               |             |
| Accumulated depreciation  | <b>(10,275)</b>         |             | (8,424)              |             |
| Accumulated impairment loss                                       | <b>(1,077)</b>          |             | (1,077)              |             |
| Net leased property   | <b>5,571</b>            | million yen | 7,724                | million yen |
| Intangible assets   |                         |             |                      |             |
| Acquisition cost  | <b>9,070</b>            |             | 9,086                |             |
| Accumulated depreciation  | <b>(6,224)</b>          |             | (4,919)              |             |
| Accumulated impairment loss                                       | <b>(171)</b>            |             | (171)                |             |
| Net leased property   | <b>2,675</b>            | million yen | 3,996                | million yen |
| Total   |                         |             |                      |             |
| Acquisition cost  | <b>243,659</b>          |             | 244,511              |             |
| Accumulated depreciation  | <b>(118,099)</b>        |             | (100,489)            |             |
| Accumulated impairment loss                                       | <b>(39,035)</b>         |             | (39,035)             |             |
| Net leased property   | <b>86,523</b>           | million yen | 104,986              | million yen |

Long-term prepaid expenses relating to a lease contract, in which the contract term and payment term are different, as of March 31, 2009 and December 31, 2009 were ¥19,867 million and ¥24,056 million, respectively and are included in “Other assets” of investments and other assets in the consolidated balance sheets. Current portion of long-term prepaid expenses related to the lease contract in the amount of ¥714 million and ¥689 million as of March 31, 2009 and December 31, 2009 are included in “Other current assets” in the consolidated balance sheets.

(2) Obligations under finance lease at the end of each period:

|   | As of December 31, 2009    | As of March 31, 2009 |
|---|----------------------------|----------------------|
| Due within one year   | <b>27,547</b>              | 30,726               |
| Due after one year  | <b>85,347</b>              | 110,651              |
| <b>Total</b>  | <b>112,894</b> million yen | 141,378 million yen  |
| Balance of allowance for impairment loss on leased property | <b>12,209</b> million yen  | 18,809 million yen   |

(3) Lease payments, reversal of allowance for impairment loss on leased property, amounts equivalent to depreciation, and interest expense for each period:

**(From April 1 to December 31, 2008 and 2009)**

|  | Nine-month period ended | Nine-month period ended   |
|--|-------------------------|---------------------------|
|  | December 31, 2008       | December 31, 2009         |
| Lease payments   | 31,357 million yen      | <b>28,345</b> million yen |
| Reversal of allowance for impairment loss on leased property | 5,036                   | <b>6,600</b>              |
| Depreciation expense   | 20,310                  | <b>18,376</b>             |
| Interest expense   | 8,241                   | <b>6,669</b>              |

**(From October 1 to December 31, 2008 and 2009)**

|  | Three-month period ended | Three-month period ended |
|--|--------------------------|--------------------------|
|  | December 31, 2008        | December 31, 2009        |
| Lease payments   | 10,191 million yen       | <b>9,299</b> million yen |
| Reversal of allowance for impairment loss on leased property | 1,674                    | <b>2,200</b>             |
| Depreciation expense   | 5,873                    | <b>6,118</b>             |
| Interest expense   | 3,466                    | <b>2,117</b>             |

(4) Calculation method used to determine the amount equivalent to depreciation and interest expense:

The amount equivalent to depreciation is computed using the straight-line method over the period of the finance leases, assuming no residual value.

The amount equivalent to interest expense is calculated by subtracting acquisition costs from the total lease payments and allocated over the lease periods based on the interest method.

**(Investment in Debt and Equity Securities)**
**1. Marketable and investment securities at fair value**

|                       | As of December 31, 2009 |                 |             | As of March 31, 2009 |                 |             |
|-----------------------|-------------------------|-----------------|-------------|----------------------|-----------------|-------------|
|                       | Investment Cost         | Carrying Amount | Differences | Investment Cost      | Carrying Amount | Differences |
| (1) Equity securities | 27,074                  | 99,108          | 72,033      | 25,270               | 79,790          | 54,519      |
| (2) Others            | 2,474                   | 2,818           | 343         | 2,924                | 2,671           | (253)       |
| Total                 | 29,549                  | 101,926         | 72,377      | 28,194               | 82,461          | 54,266      |

**2. Carrying amounts of the unlisted investment securities**

|   | As of December 31, 2009 | As of March 31, 2009 |
|---|-------------------------|----------------------|
|   | Carrying Amounts        | Carrying Amounts     |
| (1) Held-to-maturity debt securities        |                         |                      |
| Unlisted foreign debt securities            | ¥700                    | ¥700                 |
| Unlisted debt securities                    | 699                     | 299                  |
| (2) Available-for-sale and other securities |                         |                      |
| Unlisted equity securities                  | 68,404                  | 80,747               |
| Investments in limited partnerships         | 6,229                   | 6,732                |
| Others                                      | 881                     | 223                  |
| Total                                       | ¥76,913                 | ¥88,702              |

**3. Investment securities evaluated at fair value under the provisions set forth in Financial Services – Investment Companies of the FASB Accounting Standards Codification**

Certain subsidiaries of the Company in the United States of America qualify as investment companies under the provisions set forth in Financial Services – Investment Companies of the FASB Accounting Standards Codification Topic 946(ASC 946) and account for investment securities in accordance with ASC 946.

The carrying amounts of the investment securities at fair value recorded in the consolidated balance sheets as of March 31, 2009 and December 31, 2009 were as follows:

As of December 31, 2009

Carrying amounts of investment securities at fair value : 14,824 million yen

As of March 31, 2009

Carrying amounts of investment securities at fair value : 18,064 million yen

**(Per Share Data)**
**1. Shareholders' equity per share**

|                                      | As of<br>December 31, 2009 | As of<br>March 31, 2009 |
|--------------------------------------|----------------------------|-------------------------|
| Shareholders' equity per share (yen) | <b>¥428.84</b>             | ¥346.11                 |

**2. Net income per share and basic data for computation of the per share data**

For the nine-month period ended December 31, 2008 and 2009

|                                      | April 1, 2008 to<br>December 31, 2008 | April 1, 2009 to<br>December 31, 2009 |
|--------------------------------------|---------------------------------------|---------------------------------------|
| Net income per share – primary (yen) | 53.84                                 | <b>87.68</b>                          |
| Net income per share – diluted (yen) | 51.29                                 | <b>84.55</b>                          |

| Basic data for computation of the per share data   | April 1, 2008 to<br>December 31, 2008 | April 1, 2009 to<br>December 31, 2009 |
|--|---------------------------------------|---------------------------------------|
| 1. Net income (in millions of yen)   | 58,182                                | <b>94,861</b>                         |
| 2. Amounts not allocated to shareholders<br>(in millions of yen)   | -                                     | -                                     |
| 3. Net income allocated to common stock outstanding<br>(in millions of yen)  | 58,182                                | <b>94,861</b>                         |
| 4. Weighted average number of common stock outstanding<br>during each period (unit: thousand of shares)                              | 1,080,653                             | <b>1,081,880</b>                      |
| 5. Adjustment for net income used to calculate net income per share – diluted<br>(in millions of yen)                                |                                       |                                       |
| – Interest expense (net of tax)  | 1,167                                 | <b>722</b>                            |
| – Adjustments for net income used to calculate diluted net income<br>per share in consolidated subsidiaries and affiliated companies | (27)                                  | <b>(22)</b>                           |
| – Total  | 1,140                                 | <b>700</b>                            |
| 6. Increase of common stock used to calculate net income per share – diluted<br>(unit: thousand of shares)                           | 75,975                                | <b>48,394</b>                         |
| 7. Residual securities which do not dilute net income per share  | -                                     | -                                     |

**For the three-month period ended December 31, 2008 and 2009**

|                                      | October 1, 2008 to<br>December 31, 2008 | <b>October 1, 2009 to<br/>December 31, 2009</b> |
|--------------------------------------|---|---|
| Net income per share – primary (yen) | 15.79                                   | <b>22.28</b>                                    |
| Net income per share – diluted (yen) | 15.09                                   | <b>21.53</b>                                    |

| Basic data for computation of the per share data   | October 1, 2008 to<br>December 31, 2008 | <b>October 1, 2009 to<br/>December 31, 2009</b> |
|--|---|---|
| 1. Net income (in millions of yen)   | 17,066                                  | <b>24,110</b>                                   |
| 2. Amounts not allocated to shareholders<br>(in millions of yen)   | -                                       | -   |
| 3. Net income allocated to common stock outstanding<br>(in millions of yen)  | 17,066                                  | <b>24,110</b>                                   |
| 4. Weighted average number of common stock outstanding<br>during each period (unit: thousand of shares)                              | 1,080,783                               | <b>1,082,313</b>                                |
| 5. Adjustment for net income used to calculate net income per share – diluted<br>(in millions of yen)                                |   |   |
| – Interest expense (net of tax)  | 389                                     | <b>240</b>                                      |
| – Adjustments for net income used to calculate diluted net income<br>per share in consolidated subsidiaries and affiliated companies | (7)                                     | <b>(6)</b>                                      |
| – Total  | 381                                     | <b>233</b>                                      |
| 6. Increase of common stock used to calculate net income per share – diluted<br>(unit: thousand of shares)                           | 75,648                                  | <b>48,303</b>                                   |
| 7. Residual securities which do not dilute net income per share  | -                                       | -   |

## (7) Segment Information

### 1. Business segment information

**For the three-month period ended December 31, 2008 and 2009**

From October 1, 2008 to December 31, 2008

(Millions of yen)

|                         | Mobile Communications | Broadband Infrastructure | Fixed-line Telecommunications | Internet Culture | e-Commerce | Others  | Total    | Elimination or Corporate | Consolidated |
|-------------------------|-----------------------|--------------------------|-------------------------------|------------------|------------|---------|----------|--------------------------|--------------|
| Net sales               |                       |                          |                               |                  |            |         |          |                          |              |
| (1) Customers           | ¥374,679              | ¥56,988                  | ¥79,347                       | ¥63,136          | ¥62,168    | ¥16,944 | ¥653,264 | ¥-                       | ¥653,264     |
| (2) Inter-segment       | 2,181                 | 1,388                    | 10,849                        | 1,111            | 2,537      | 3,611   | 21,680   | (21,680)                 | -            |
| Total                   | 376,861               | 58,376                   | 90,196                        | 64,247           | 64,706     | 20,556  | 674,945  | (21,680)                 | 653,264      |
| Operating income (loss) | 46,747                | 14,341                   | 5,777                         | 30,872           | 1,055      | (2,855) | 95,938   | (1,248)                  | 94,690       |

From October 1, 2009 to December 31, 2009

(Millions of yen)

|                         | Mobile Communications | Broadband Infrastructure | Fixed-line Telecommunications | Internet Culture | e-Commerce | Others  | Total    | Elimination or Corporate | Consolidated |
|-------------------------|-----------------------|--------------------------|-------------------------------|------------------|------------|---------|----------|--------------------------|--------------|
| Net sales               |                       |                          |                               |                  |            |         |          |                          |              |
| (1) Customers           | ¥429,353              | ¥48,808                  | ¥74,345                       | ¥67,467          | ¥61,474    | ¥14,578 | ¥696,028 | ¥-                       | ¥696,028     |
| (2) Inter-segment       | 2,708                 | 982                      | 11,732                        | 1,264            | 2,909      | 4,215   | 23,812   | (23,812)                 | -            |
| Total                   | 432,061               | 49,791                   | 86,077                        | 68,732           | 64,384     | 18,793  | 719,841  | (23,812)                 | 696,028      |
| Operating income (loss) | 83,336                | 12,178                   | 6,514                         | 34,372           | 1,628      | (1,180) | 136,849  | (1,152)                  | 135,697      |

**For the nine-month period ended December 31, 2008 and 2009**

From April 1, 2008 to December 31, 2008

(Millions of yen)

|                         | Mobile Communications | Broadband Infrastructure | Fixed-line Telecommunications | Internet Culture | e-Commerce | Others  | Total      | Elimination or Corporate | Consolidated |
|-------------------------|-----------------------|--------------------------|-------------------------------|------------------|------------|---------|------------|--------------------------|--------------|
| Net sales               |                       |                          |                               |                  |            |         |            |                          |              |
| (1) Customers           | ¥1,144,846            | ¥173,958                 | ¥235,976                      | ¥187,278         | ¥184,460   | ¥55,742 | ¥1,982,262 | ¥-                       | ¥1,982,262   |
| (2) Inter-segment       | 5,975                 | 4,456                    | 32,678                        | 2,555            | 8,227      | 10,822  | 64,715     | (64,715)                 | -            |
| Total                   | 1,150,822             | 178,415                  | 268,655                       | 189,833          | 192,687    | 66,564  | 2,046,978  | (64,715)                 | 1,982,262    |
| Operating income (loss) | 134,911               | 36,606                   | 11,335                        | 92,060           | 3,802      | (230)   | 278,485    | (3,795)                  | 274,690      |

From April 1, 2009 to December 31, 2009

(Millions of yen)

|                         | Mobile Communications | Broadband Infrastructure | Fixed-line Telecommunications | Internet Culture | e-Commerce | Others  | Total      | Elimination or Corporate | Consolidated |
|-------------------------|-----------------------|--------------------------|-------------------------------|------------------|------------|---------|------------|--------------------------|--------------|
| Net sales               |                       |                          |                               |                  |            |         |            |                          |              |
| (1) Customers           | ¥1,256,766            | ¥152,154                 | ¥225,912                      | ¥196,419         | ¥165,976   | ¥48,074 | ¥2,045,304 | ¥-                       | ¥2,045,304   |
| (2) Inter-segment       | 7,487                 | 3,174                    | 32,774                        | 3,442            | 8,573      | 13,352  | 68,806     | (68,806)                 | -            |
| Total                   | 1,264,254             | 155,328                  | 258,687                       | 199,862          | 174,550    | 61,426  | 2,114,110  | (68,806)                 | 2,045,304    |
| Operating income (loss) | 215,112               | 39,409                   | 14,344                        | 98,526           | 3,790      | (1,341) | 369,841    | (3,522)                  | 366,319      |

Notes:

- Business segments are categorized primarily based on the nature of business operations, type of services, and similarity of sales channels which the SOFTBANK Group uses for its internal management purposes.
- Regarding the main business segments, please see "Qualitative Information / Financial Statements 4. The SOFTBANK Group" in details on page 21.

## 2. Geographic segment information

For the three-month period ended December 31, 2008 and 2009

From October 1, 2008 to December 31, 2008

(Millions of yen)

|                         | Japan    | North America | Others | Total    | Elimination or corporate | Consolidated |
|-------------------------|----------|---------------|--------|----------|--------------------------|--------------|
| Net sales               |          |               |        |          |                          |              |
| (1) Customers           | ¥649,496 | ¥242          | ¥3,525 | ¥653,264 | ¥-                       | ¥653,264     |
| (2) Inter-segment       | 88       | -             | -      | 88       | (88)                     | -            |
| Total                   | 649,585  | 242           | 3,525  | 653,353  | (88)                     | 653,264      |
| Operating income (loss) | 96,565   | (451)         | (151)  | 95,961   | (1,271)                  | 94,690       |

From October 1, 2009 to December 31, 2009

(Millions of yen)

|                         | Japan    | North America | Others | Total    | Elimination or corporate | Consolidated |
|-------------------------|----------|---------------|--------|----------|--------------------------|--------------|
| Net sales               |          |               |        |          |                          |              |
| (1) Customers           | ¥693,823 | ¥237          | ¥1,968 | ¥696,028 | ¥-                       | ¥696,028     |
| (2) Inter-segment       | 629      | -             | -      | 629      | (629)                    | -            |
| Total                   | 694,452  | 237           | 1,968  | 696,657  | (629)                    | 696,028      |
| Operating income (loss) | 137,717  | (278)         | (135)  | 137,304  | (1,606)                  | 135,697      |

For the nine-month period ended December 31, 2008 and 2009

From April 1, 2008 to December 31, 2008

(Millions of yen)

|                         | Japan      | North America | Others  | Total      | Elimination or corporate | Consolidated |
|-------------------------|------------|---------------|---------|------------|--------------------------|--------------|
| Net sales               |            |               |         |            |                          |              |
| (1) Customers           | ¥1,971,335 | ¥811          | ¥10,115 | ¥1,982,262 | ¥-                       | ¥1,982,262   |
| (2) Inter-segment       | 308        | -             | -       | 308        | (308)                    | -            |
| Total                   | 1,971,644  | 811           | 10,115  | 1,982,571  | (308)                    | 1,982,262    |
| Operating income (loss) | 277,254    | 2,459         | (390)   | 279,322    | (4,632)                  | 274,690      |

From April 1, 2009 to December 31, 2009

(Millions of yen)

|                         | Japan      | North America | Others | Total      | Elimination or corporate | Consolidated |
|-------------------------|------------|---------------|--------|------------|--------------------------|--------------|
| Net sales               |            |               |        |            |                          |              |
| (1) Customers           | ¥2,038,725 | ¥762          | ¥5,816 | ¥2,045,304 | ¥-                       | ¥2,045,304   |
| (2) Inter-segment       | 855        | -             | -      | 855        | (855)                    | -            |
| Total                   | 2,039,580  | 762           | 5,816  | 2,046,159  | (855)                    | 2,045,304    |
| Operating income (loss) | 371,928    | (749)         | (407)  | 370,772    | (4,452)                  | 366,319      |

Notes:

1. Net sales by geographic region are recognized based on geographic location of the operation.

2. Significant countries in each region are as follows:

North America : United States of America and Canada

Others : Europe, Korea, China, Singapore, and others

3. In the North America segment, Softbank Holdings Inc., a consolidated subsidiary of the company in the United States of America, reversed a tax reserve for net worth taxes of ¥3,502 million and credited it to operating expenses for the nine-month period ended December 31, 2008.

**3. Overseas sales**

Disclosures of overseas sales for the three-month and the nine-month periods ended December 31, 2008 and 2009 were omitted because the total overseas sales were less than 10% of total consolidated sales.

**(8) Notes to Significant Changes in Shareholder's Equity**

There are no applicable items.