

**Earnings Results  
for the Nine-month Period  
Ended December 31, 2008  
(FY2008/Q1-3)**

**Analyst Meeting**



**February 6, 2009**

**SOFTBANK CORP.**

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# Accounting



Kazuko Kimiwada

General Manager

Accounting, Internal Control

SOFTBANK CORP.

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**Consolidated P/L Analysis**

**Consolidated B/S Analysis**

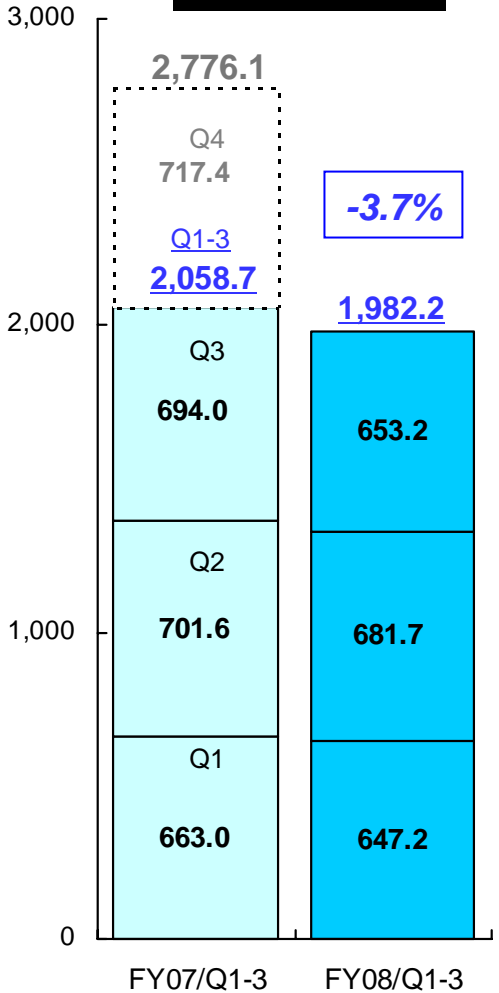
**Consolidated CF Analysis**

# Consolidated P/L Summary

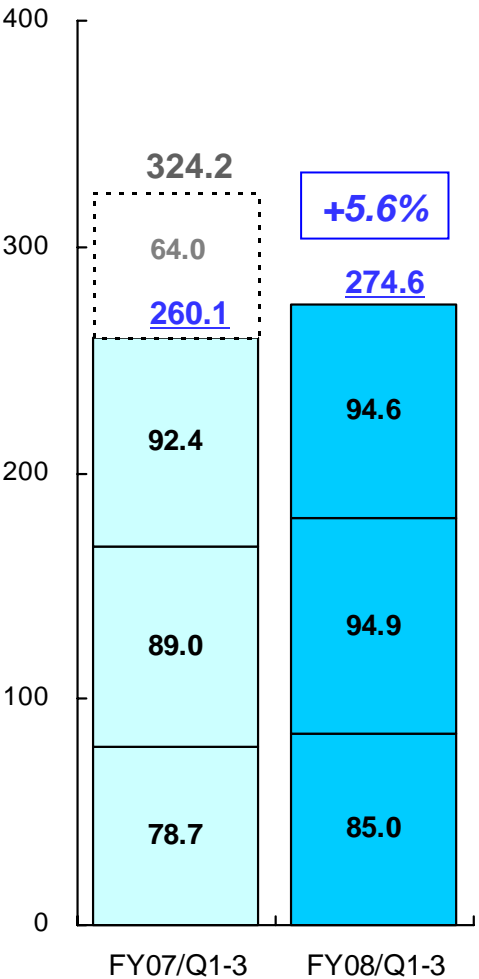
<P/L-1>

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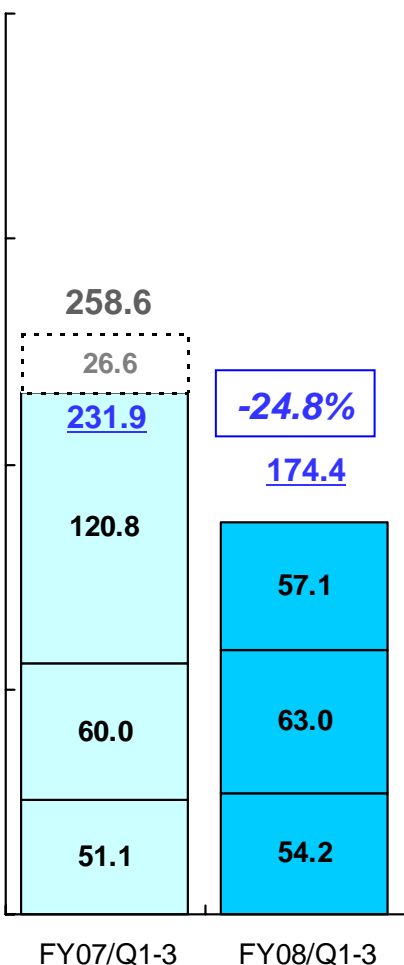
**Net Sales**



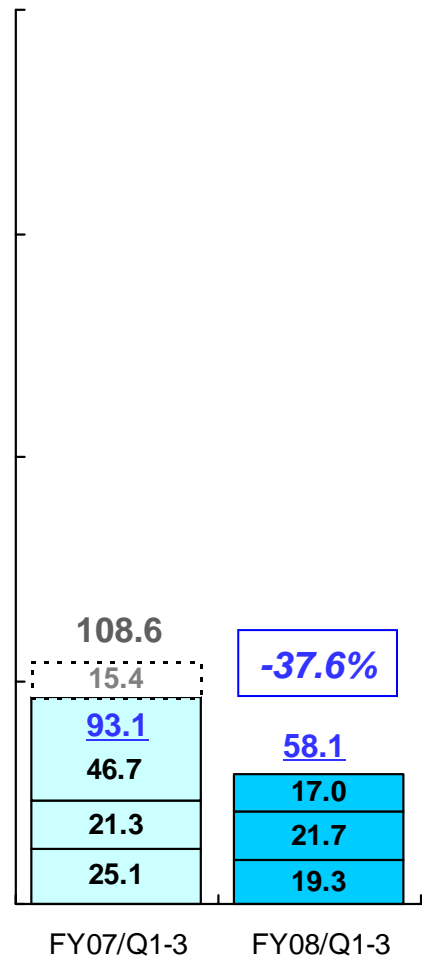
**Operating Income**



**Ordinary Income**

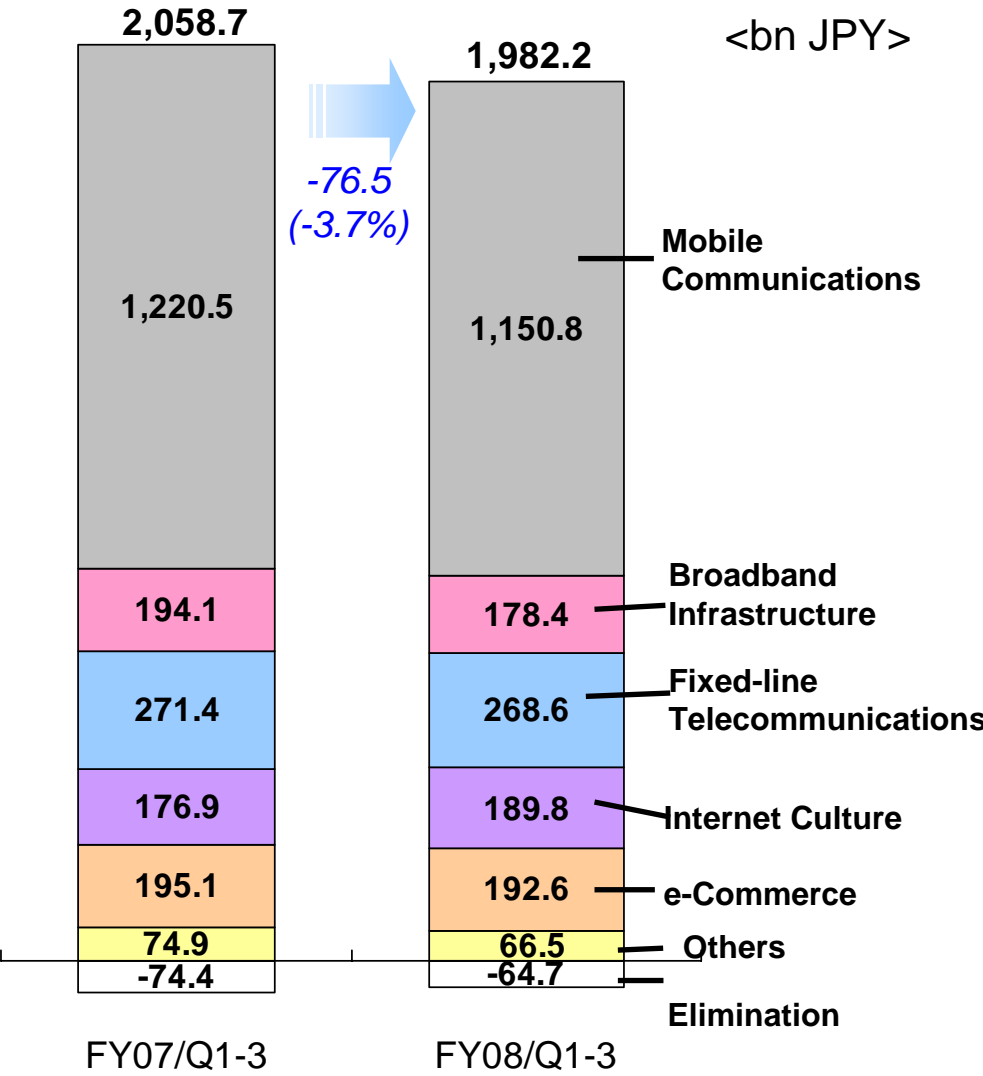


**Net Income**



# Consolidated Net Sales

<P/L-2>



**Mobile Communications -69.7bn**

- Increase in sales of telecommunications service +12.1bn  
 (Increase in subscribers +112.2bn  
 Decrease in ARPU -107.0bn)
- Decrease in sales of mobile handsets and accessories -79.3bn

**Broadband Infrastructure -15.7bn**

- Decrease in the number of ADSL charged users -12.3bn
- Decrease in ADSL ARPU -1.8bn
- Decrease in ODN -2.5bn

**Fixed-line Telecommunications -2.7bn**

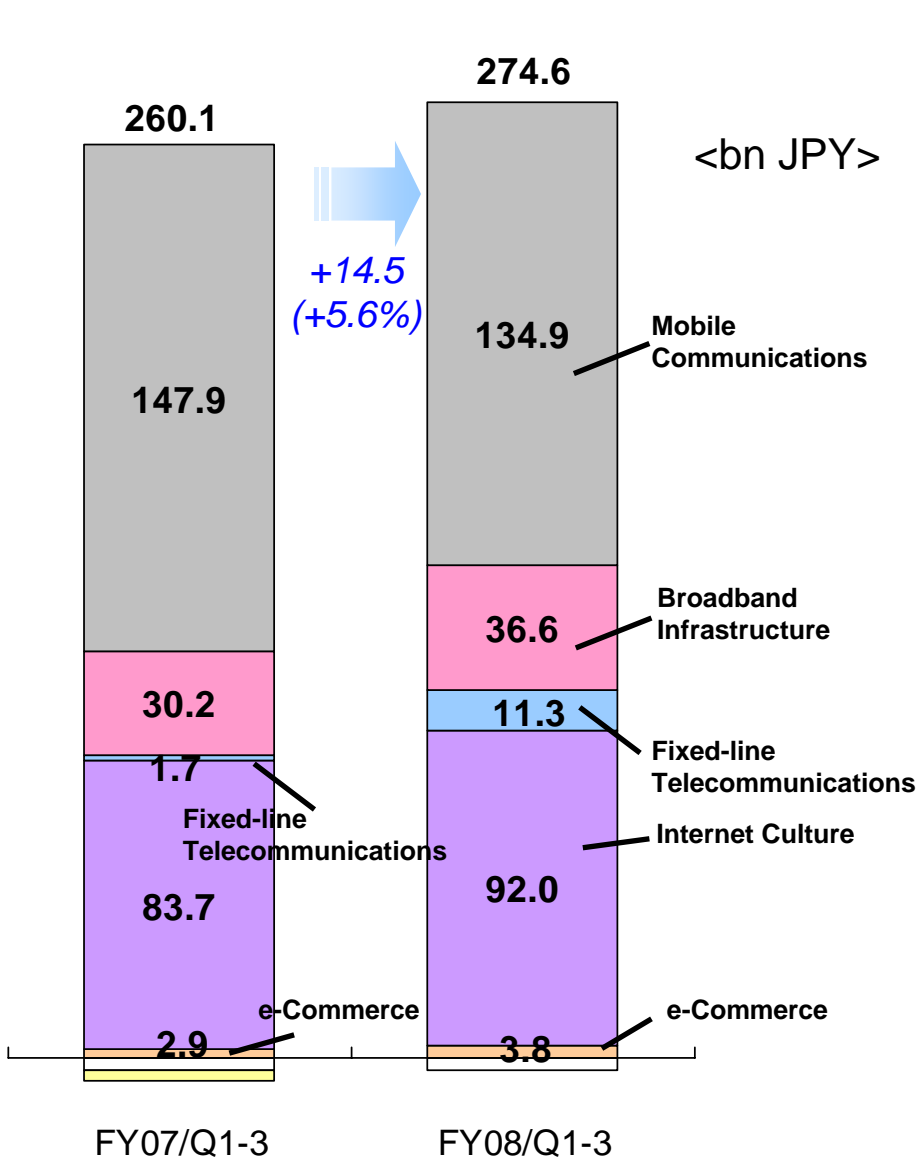
- Increase in OTOKU Line +10.1bn
- Increase in corporate data traffic +3.4bn
- Decrease in MYLINE -9.6bn
- Decrease in international traffic -7.3bn

**Internet Culture +12.9bn**

- Increase in advertising business +31.2bn (gross basis)
- Effect of changing part of sales from gross to net basis -22.1bn

# Consolidated Operating Income (loss)

<P/L-3>



**Mobile Communications (-13.0bn)**

- Decrease in net sales -69.7bn
- Decrease in costs of goods sold:
  - (Decrease related to decline in shipped handsets etc. +63.6bn)
  - (Increase in depreciation and amortization -13.9bn)
- Decrease in selling, general and administrative expenses:
  - Decrease in sales promotion expense ;+8.3bn
  - Decrease in allowance for point mileage +8.0bn
  - Decrease in sales commissions and agency commissions +3.6bn
  - Increase in provision for allowance for doubtful accounts -3.9bn

**Broadband Infrastructure +6.3bn**

- Decrease in net sales -15.7bn
- Decrease in cost of goods sold of telecommunication service lines, depreciation and amortization etc. +10.3bn
  - (Decrease in sales commission +9.0bn)
  - (Decrease in sales promotion expense +3.1bn)

**Fixed-line Telecommunications +9.6bn**

- Decrease in net sales -2.7bn
- Decrease in access charge and usage fees of telecommunications equipment +11.2bn
- Decrease in outsourcing fees +1.3bn

**Internet Culture +8.2bn**

- Increase in net sales +12.9bn
- Increase in cost of sales due to Overture K.K newly consolidated since FY07/Q2. -4.9bn
- Increase in personnel costs -4.1bn

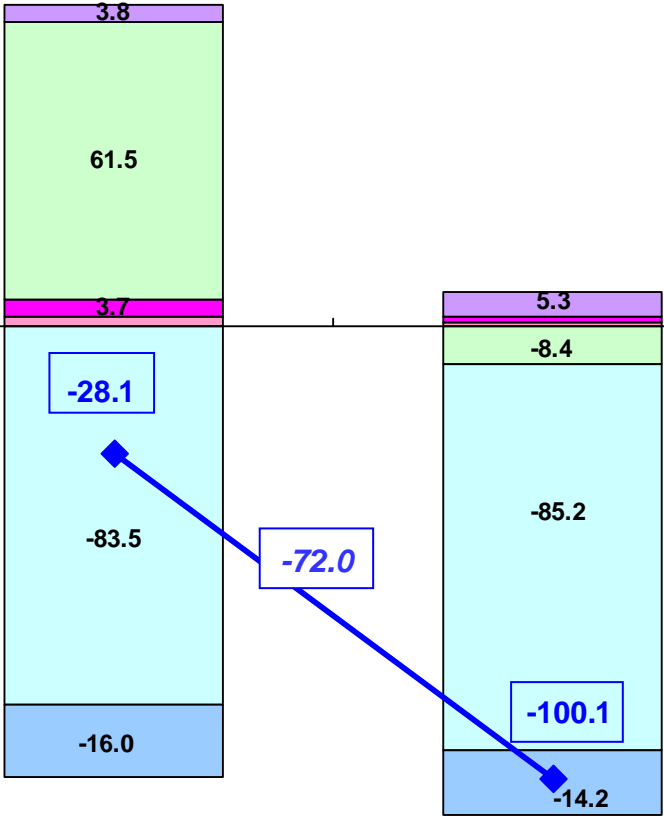


# Non-operating Income/Loss and Ordinary Income

<P/L-4>

## Non-operating Income/Loss

- Other non-operating expense
- Interest expense
- Other non-operating income
- Equity in earning (loss) of affiliated companies
- foreign exchange gain
- Interest income
- ◆ Non-operating income/ loss (net)

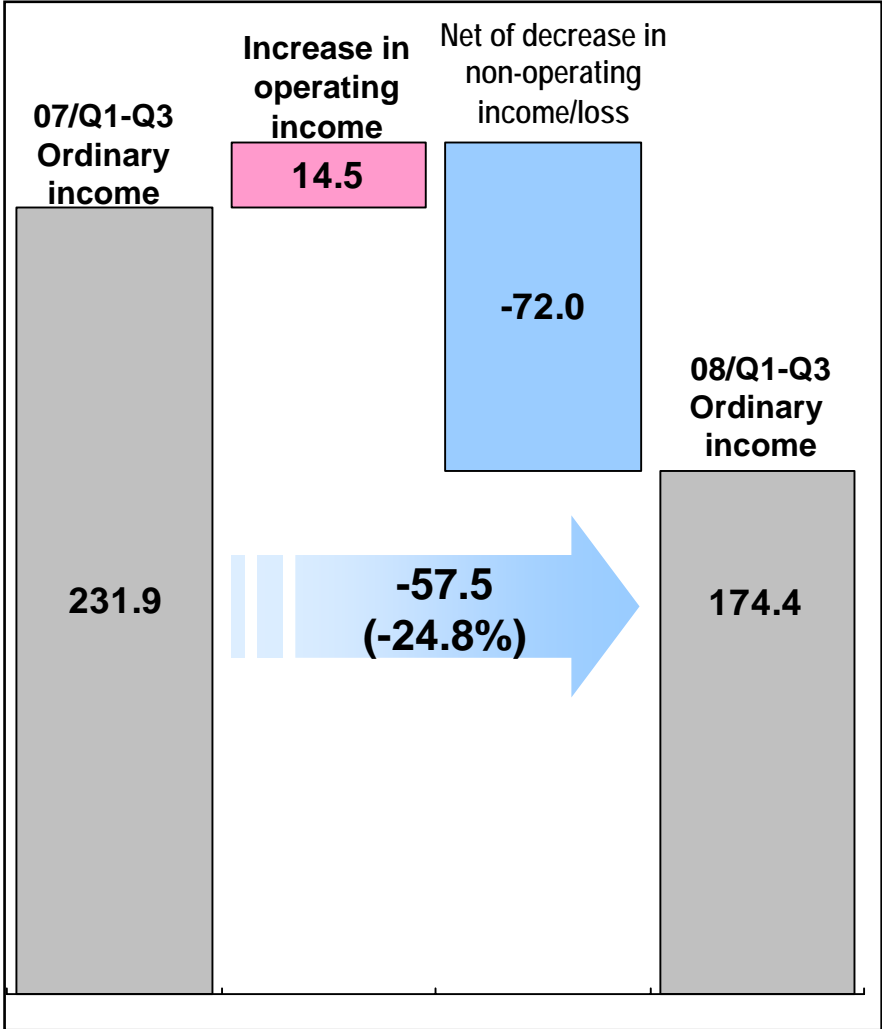


FY2007/Q1-3

FY2008/Q1-3

## Ordinary Income

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# Variance Related to Earnings of Affiliated Companies

<P/L-5>

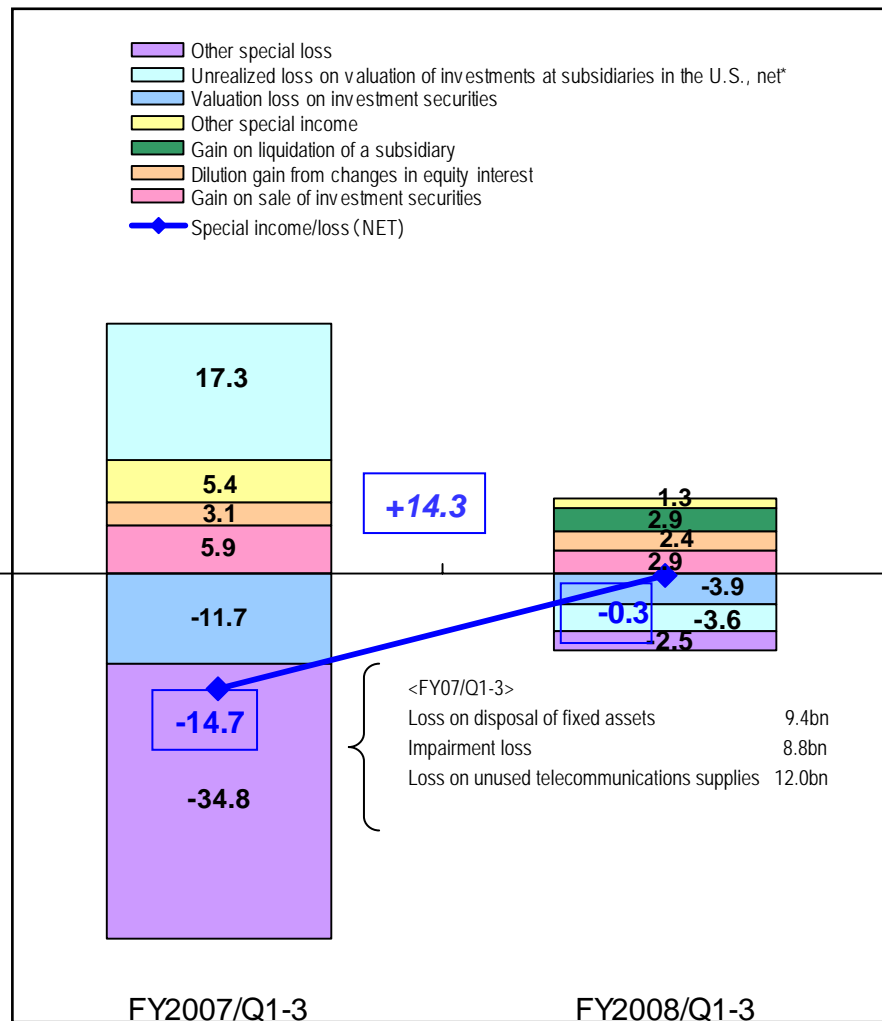
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	FY07 Q1-3	FY08 Q1-3	Variance
Equity in earnings of affiliated companies (net)	61.5	-8.4	-70.0
Main variances			
Gain recorded related to listing of Alibaba Group Holding Limited's subsidiary	57.2	-	-57.2
Equity in earnings and loss under the equity-method recorded on equity-method applied investment funds	9.9	-4.1	-14.1

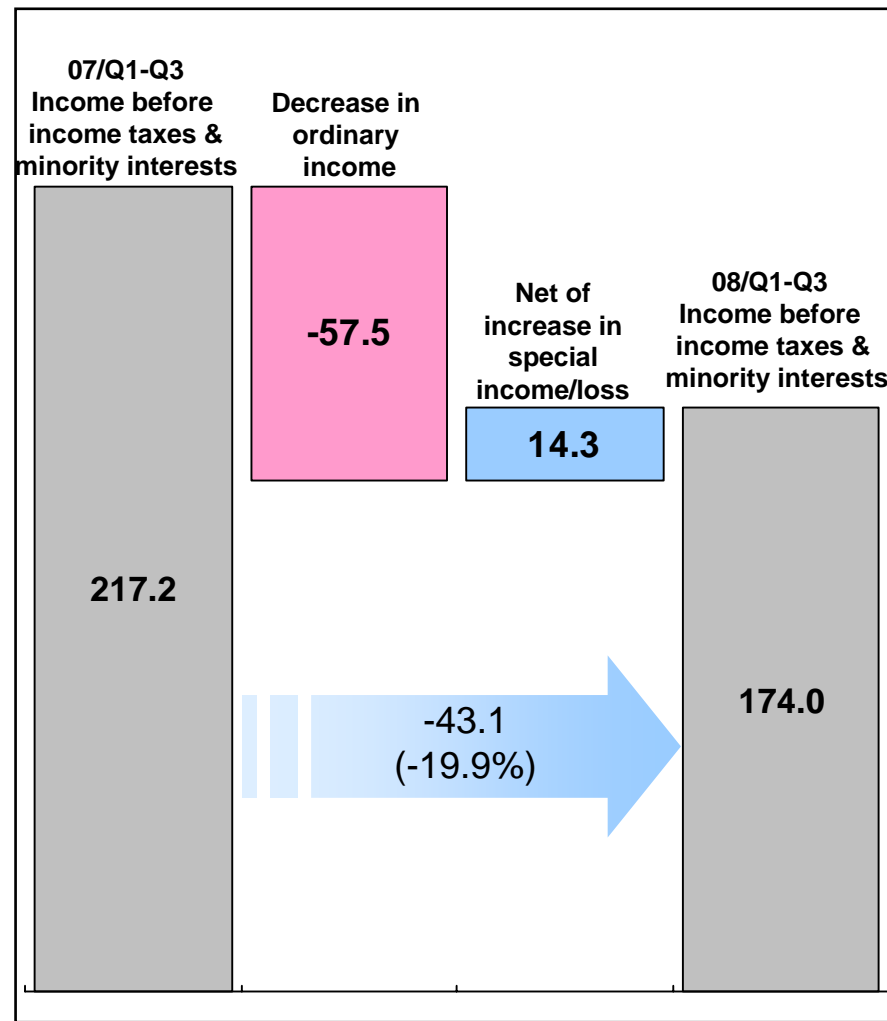
# Special Income/Loss and Income Before Income Taxes and Minority Interests <P/L-6>

< bn JPY >

## Special Income/Loss



## Income Before Income Taxes and Minority Interests



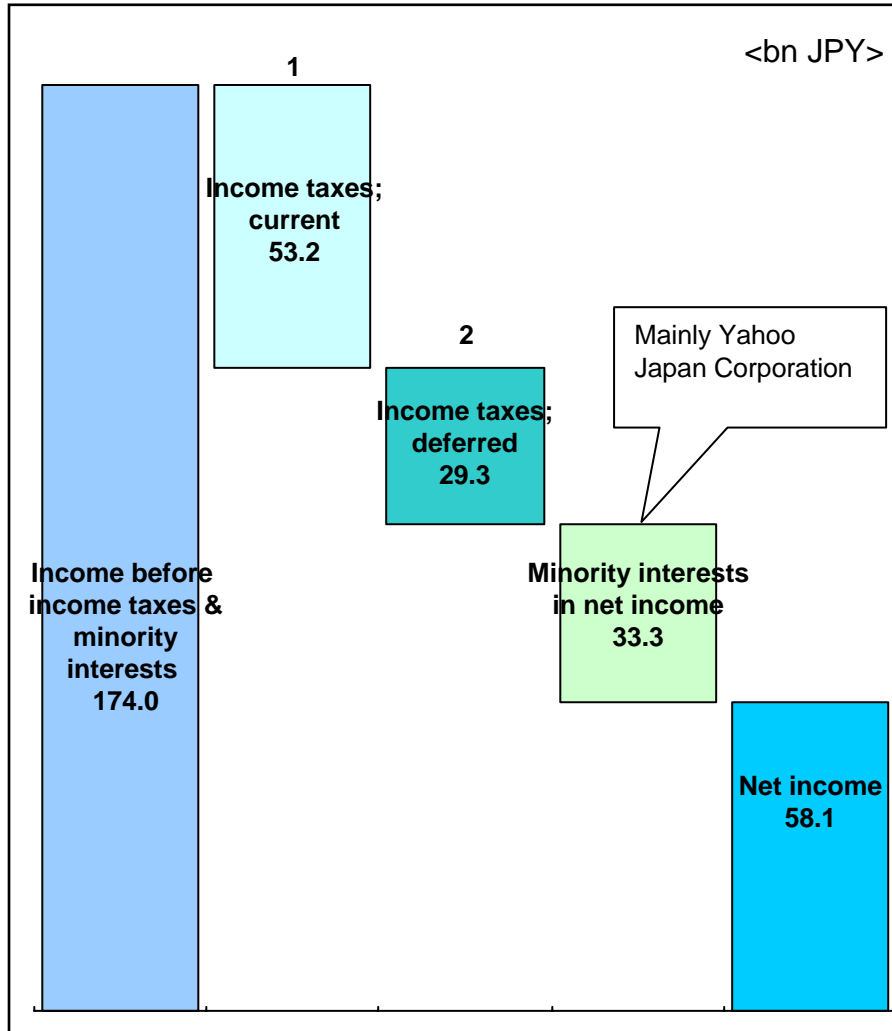
\*Unrealized loss on valuation of investments and gain on sale of investments at subsidiaries in the U.S., net.

# Tax and Other Adjustments, Difference in Tax Rate

<P/L-7>

<bn JPY>

## Tax and Other Adjustments



## Income Taxes: Current & Deferred

1	• Yahoo Japan Corporation	37.6	53.2
	• BBM group consolidated taxation	18.9	
2	• BBM use of loss carryforwards	26.5	29.3
	• SBM depreciation and amortization on adjustments	9.0	
	• SBM temporary difference	-6.8	
	• SBB deferred tax assets	-2.6	
Total tax expenses (1+2)			82.6

## Primary Factors of Tax Rate Difference

	%	Amount
Income before income taxes & minority interests		174.0
Statutory income tax rate	40.7%	70.8
(Primary factors of tax rate differences)		
Amortization of goodwill (Mainly SBM)	10.6%	18.3
Change in valuation allowance (Mainly SBB)	-5.3%	-9.1
Other	1.4%	2.6
Effective income tax rate	47.4%	82.6

# Loss Carryforwards (e/o Dec 2008)

<P/L-8>

< bn JPY>

	Balance (tax income based)	Balance (tax based)	Valuation allowance	Deferred tax assets on B/S
Total	373.4	151.5	126.0	25.4

Company Name	Balance (tax income based)	Used During Period (tax income based)	Expiry date
BB Mobile	34.4	-85.7	Mar 2009-Mar 2015
SOFTBANK TELECOM	92.1	-	Mar 2013-Mar 2015
SOFTBANK IDC	64.7	-1.9	Mar 2009-Mar 2013
SOFTBANK BB	38.8	-27.5	Mar 2012-Mar 2013
Others	143.4	-11.4	Mar 2009-Mar 2015
Total	373.4	-126.5	

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**Consolidated P/L Analysis**

**Consolidated B/S Analysis**

**Consolidated CF Analysis**

# Consolidated B/S Summary

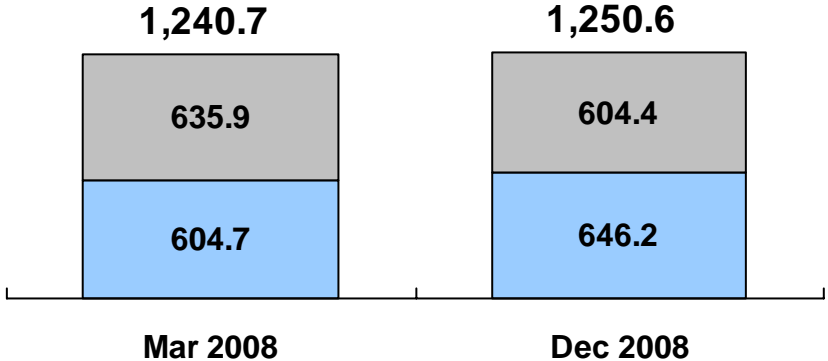
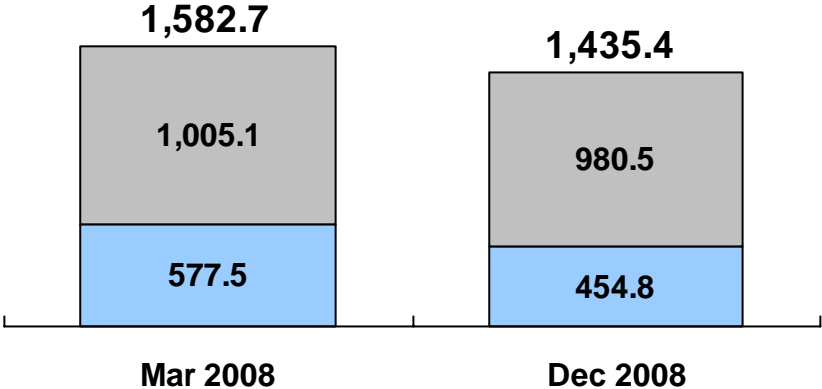
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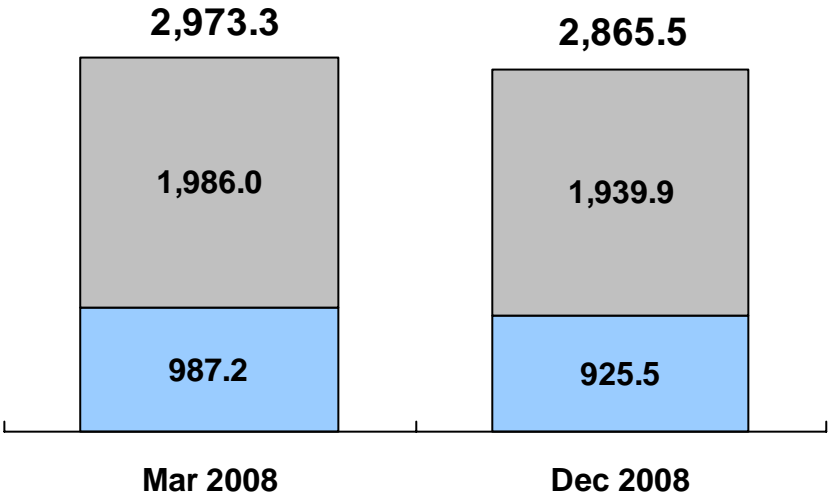
Current Liabilities

<bn JPY>

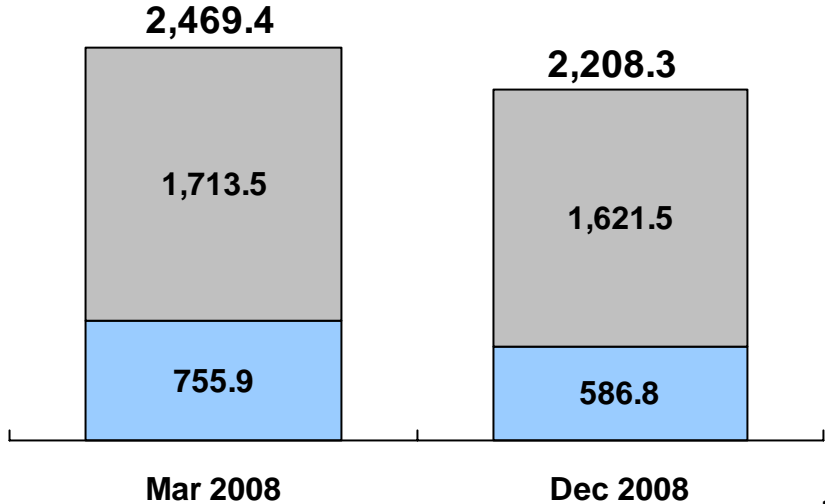
Current Assets



Fixed Assets



Long-term Liabilities



# Consolidated B/S (1) Current Assets

<B/S-2>  
<bn JPY>

Assets	e/o Mar 2008	e/o Dec 2008	Variance	Outline
Current assets	1,582.7	1,435.4	--147.2	
SBM	1,005.1	980.5	-24.5	
Others	577.5	454.8	-122.6	
Cash and deposits	491.1	383.3	-107.8	
SBM	236.9	202.1	-34.8	Increase provided by operating activities (+ 183.4) Securitization of installment sales receivables (procured +148.2, paid -148.4) Sales and lease back of equipment newly acquired (received +66.0, paid -60.1), Purchase of fixed assets (-150.5) Repayment of SBM loan (-68.7)
Others	254.1	181.1	-73.0	SB stand-alone: e/o Mar 08 (57.8) >> e/o Dec 08 (46.7) Breakdown: borrowings (+82.1), redemption 20th series unsecured bond (-12.5), redemption 21st series unsecured bond (-20.0), 23rd series unsecured bond (-20.0), interest paid (-19.4), OPI and other stock acquisition (-17.0), dividend paid (-2.6) Yahoo Japan: e/o 08/03 (97.2) >> e/o Dec 08 (52.7) Breakdown: (+42.7) increase provided by operating activities after income tax of (-53.8), stock acquisition (-51.9), repayment of borrowings (-20.0), purchase of fixed assets (-8.2), dividend paid (-6.2)
Notes and accounts receivable-trade	887.7	883.2	-4.4	
SBM	683.0	712.2	29.2	Mobile handset installment sales receivables e/o Mar 08 (479.5) >> e/o Dec 08 (519.1) Telecom revenue etc. e/o Mar 08 (131.6) >> e/o Dec 08 (138.8) Mobile handsets sales (agencies) e/o Mar 08 (69.9) >> e/o Dec 08 (53.7)
Others	204.6	171.0	-33.6	SBB: e/o Mar 08 (89.1) >> e/o Dec 08 (72.0) SBTM: e/o Mar 08/03 (66.8) >> e/o Dec 08 (46.4)
Merchandise	58.1	48.0	-10.0	
SBM	46.2	34.9	-11.3	Mobile handsets etc.
Other	11.8	13.1	1.2	
Deferred tax assets	105.8	82.8	-22.9	
SBM	52.1	53.3	1.2	
Others	53.7	29.5	-24.1	
Other	108.2	133.3	25.0	
SBM	46.9	65.0	18.0	Accounts receivable-other e/o Mar 08 (24.1) >> e/o Dec 08 (36.7)
Others	61.2	68.3	7.0	
Allowance for doubtful accounts	-68.3	-95.4	-27.0	
SBM	-60.1	-87.1	-26.9	
Others	-8.1	-8.2	-0.1	



# Consolidated B/S (2) Tangible Assets

<B/S-3>

<bn JPY>

Assets	e/o Mar 2008	e/o Dec 2008	Variance	Outline
Fixed assets	2,973.3	2,865.5	-107.8	
SBM	1,986.0	1,939.9	-46.1	
Others	987.2	925.5	-61.6	
Property and equipment, net	1,029.2	1,010.5	-18.6	
SBM	692.9	688.4	-4.5	
Others	336.2	322.1	-14.1	
Building and structures	75.7	73.7	-1.9	
SBM	31.5	30.0	-1.4	Network center etc.
Others	44.2	43.7	-0.5	SBTM: e/o Mar 08 (28.9) >> e/o Dec 08 (26.9)
Telecommunications equipment	744.0	741.6	-2.3	
SBM	591.4	594.4	2.9	
Others	152.5	147.2	-5.3	SBTM: e/o Mar 08 (104.9) >> e/o Dec 08 (102.3) SBB: e/o Mar 08 (44.5) >> e/o Dec 08 (40.4)
Telecommunications service lines	86.0	81.1	-4.8	
SBM	9.3	9.1	-0.2	
Others	76.6	72.0	-4.5	SBTM: e/o Mar 08 (76.6) >> e/o Dec 08 (72.0)
Land	23.4	22.5	-0.8	
SBM	10.7	10.7	0	
Others	12.6	11.7	-0.9	SBTM: e/o Mar 08 (7.1) >> e/o Dec 08 (6.2), SBIDC (5.0)
Construction-in-progress	45.5	38.2	-7.3	
SBM	21.0	15.9	-5.1	
Others	24.4	22.2	-2.1	
Other	54.3	53.1	-1.2	
SBM	28.6	28.0	-0.5	
Others	25.6	25.0	-0.6	

# Consolidated B/S (3) Intangible Assets

<B/S-4>

<bn JPY>

Assets	e/o Mar 2008	e/o Dec 2008	Variance	Outline
Intangible assets, net	1,238.3	1,237.6	-0.7	
SBM	1,119.6	1,084.1	-35.5	
Others	118.6	153.4	34.8	
Goodwill	974.4	974.3	-0.1	
SBM	929.9	891.4	-38.5	Decrease due to amortization
Others	44.4	82.9	38.4	SOFTBANK TELECOM PARTNERS (+22.8), Yahoo Japan (+19.1)
Software	224.1	224.9	0.7	
SBM	182.6	185.7	3.1	
Others	41.5	39.1	-2.4	Recorded due to buyback of treasury stock by Yahoo Japan Amount: 19.6bn amortization period: 20 years
Other	39.6	38.3	-1.3	
SBM	7.0	6.9	-0.1	
Others	32.6	31.4	-1.2	
Investments and other assets	705.7	617.3	-88.4	
SBM	173.4	167.3	-6.0	Amount at acquisition in April 2008 : 24.6bn amortization period: 10 years
Others	532.3	449.9	-82.3	
Investment securities and investment in partnership	464.9	330.2	-134.7	
SBM	3.1	1.8	-1.3	
Others	461.8	328.3	-133.4	Decline in share price of Yahoo! Inc.
Deferred tax assets	126.8	124.5	-2.3	
SBM	119.8	116.7	-3.0	
Others	7.0	7.7	0.7	
Other	113.8	162.5	48.6	
SBM	50.3	48.7	-1.6	
Others	63.4	113.8	50.3	SBH: derivative assets (+43.2)
Deferred charges	2.8	1.6	-1.1	
SBM	—	—	—	
Others	2.8	1.6	-1.1	

# Consolidated B/S (4) Current Liabilities

<B/S-5>

<bn JPY>

Liabilities	e/o Mar 2008	e/o Dec 2008	Variance	Outline
Current liabilities	1,240.7	1,250.6	9.9	
SBM	635.9	604.4	-31.5	
Others	604.7	646.2	41.5	
Accounts payable-trade	187.2	128.3	-58.9	
SBM	113.3	76.2	-37.1	Mobile handsets costs payable etc.
Others	73.8	52.0	-21.8	SBB: e/o Mar 08 (45.2) >> e/o Dec 08 (31.7) SBTM: e/o Mar 08 (8.5) >>e/o Dec 08 (3.9)
Short-term borrowings	448.5	557.6	109.1	
SBM	165.9	186.0	20.0	Short-term borrowings from installment sales receivables securitization structure (+20.1)
Others	282.5	371.6	89.0	SB stand-alone: e/o Mar 08 (218.0) >> e/o Dec 08 (303.5) SBTM: e/o Mar 08 (32.0) >> e/o Dec 08 (40.5) Yahoo Japan: e/o Mar 08 (20.0) >> e/o Dec 08 (20.0)
Current portion of corporate bonds	52.5	45.0	-7.5	
SBM	—	—	—	
Others	52.5	45.0	-7.5	SB stand-alone: redemption 20 <sup>th</sup> series unsecured bond (-12.5), 21 <sup>st</sup> series unsecured bond (-20.0), 23 <sup>rd</sup> series unsecured bond (-20.0) SBTM transferred from long-term (+45.0)
Accounts payable-other	364.4	313.0	-51.4	
SBM	262.3	223.4	-38.8	Mainly equipment, accrued expenses etc
Others	102.1	89.5	-12.5	SBB: e/o Mar 08 (30.7) >> e/o Dec 08 (14.7) SBTM: e/o Mar 08 (37.4) >>e/o Dec 08 (45.2)
Current portion of lease obligations	69.7	83.1	13.4	
SBM	69.7	82.7	12.9	Transferred from long-term (+73.1), lease obligations paid (-60.1)
Others	0	0.4	0.4	
Others	118.0	123.4	5.3	
SBM	24.5	35.8	11.3	
Others	93.5	87.5	-5.9	

Accounting treatment under new accounting standard for lease transactions. Leases contracted before April 1, 2008 are continuously accounted for as operating lease transactions with footnote disclosure.

# Consolidated B/S (5) Long-term Liabilities

<B/S-6>

<bn JPY>

Liabilities	e/o Mar 2008	e/o Dec 2008	Variance	Outline
Long-term liabilities	2,469.4	2,208.3	-261.1	
SBM	1,713.5	1,621.5	-92.0	
Others	755.9	586.8	-169.1	
Corporate bonds	445.2	394.6	-50.5	
SBM	—	—	—	
Others	445.2	394.6	-50.5	SB stand-alone: redemption (-5.6), SBTM: transferred to current portion of corporate bonds (-45.0)
Long-term debt	1,586.6	1,434.9	-151.7	
SBM	1,414.2	1,325.1	-89.0	SBM loan e/o Mar 08 (1,276.4) >> e/o Dec 08 (1,207.7) Vodafone subordinate loan e/o Mar 08 (84.5) >> e/o Dec 08 (84.5) Installment sales receivables structure borrowings e/o Mar 08 (53.2) >> e/o Dec 08 (32.8)
Others	172.4	109.7	-62.6	SB stand-alone: e/o Mar 08 (20.0) >> e/o Dec 08 (5.0) Yahoo Japan: e/o Mar 08 (30.0) >> e/o Dec 08 (10.0)
Deferred tax liabilities	41.9	32.4	-9.5	
SBM	—	—	—	
Others	41.9	32.4	-9.5	
Allowance for point mileage	43.8	40.2	-3.5	
SBM	43.8	40.2	-3.5	Allowance for point mileage
Others	—	—	—	
Lease obligations	241.4	236.0	-5.4	
SBM	241.4	234.3	-7.0	Newly procured (+66.0), transferred to short-term (-73.1)
Others	0	1.6	1.6	
Other	110.3	69.9	-40.3	
SBM	14.0	21.7	7.7	
Others	96.3	48.2	-48.0	SBH: derivative liabilities (-20.5) SBB: deferred revenue (mainly modem rental business securitization advanced royalty balance etc.) e/o Mar 08 (15.9) → e/o Dec 08 (5.1)

Please refer to P18 for lease transactions

# Consolidated B/S (6) Equity

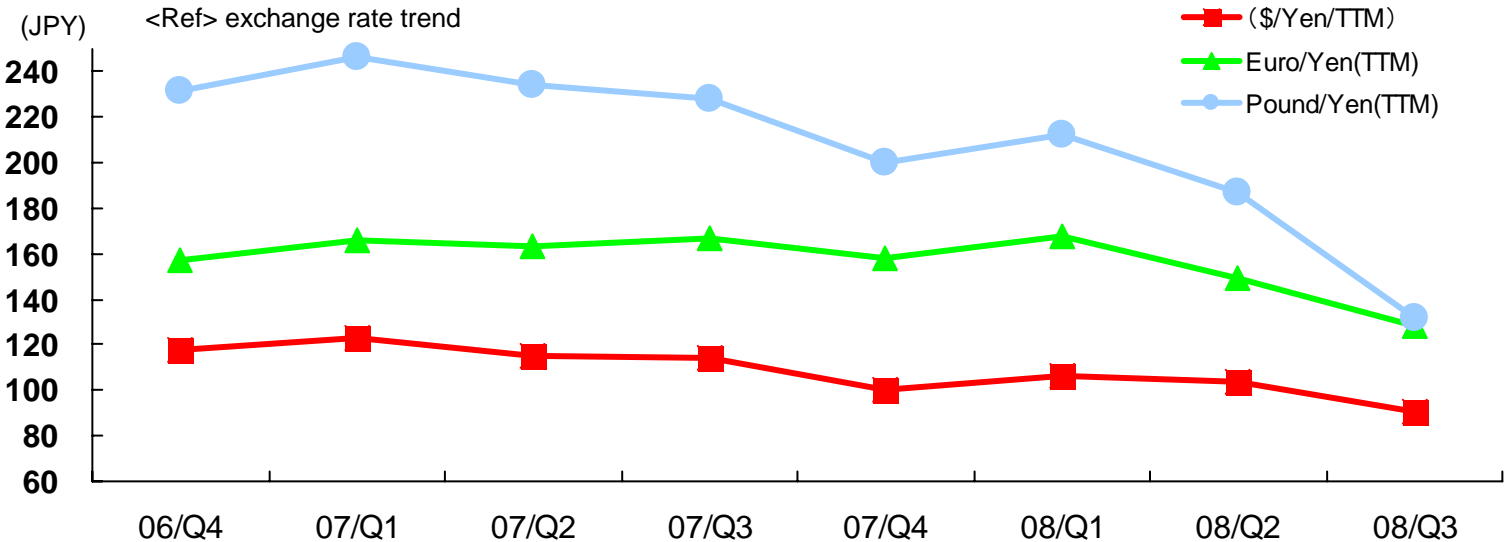
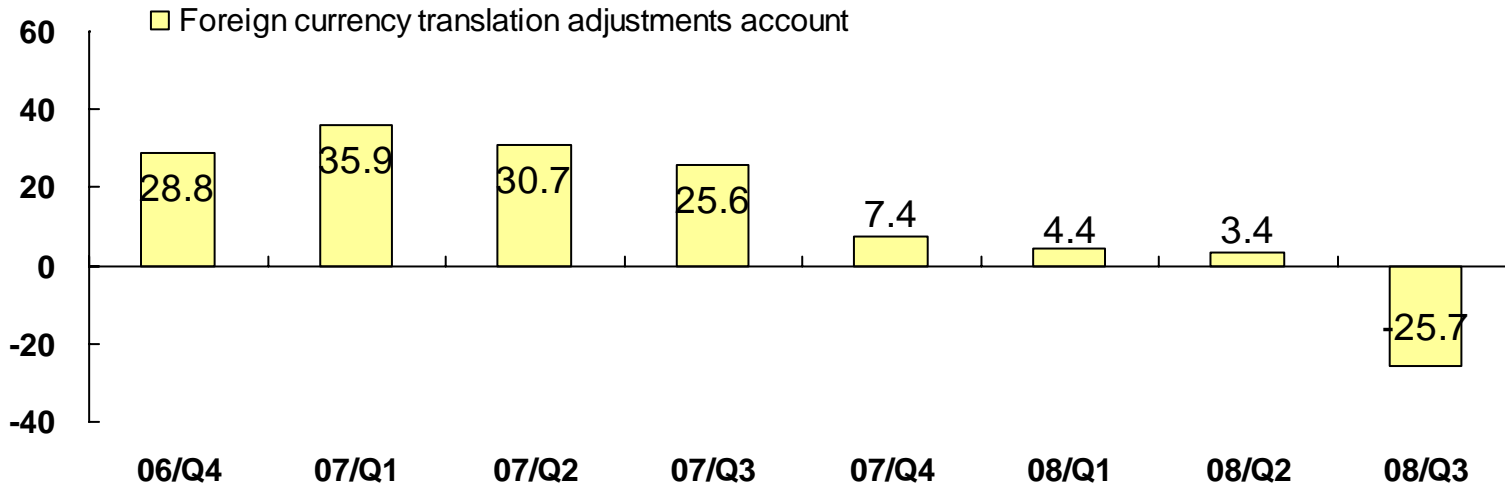
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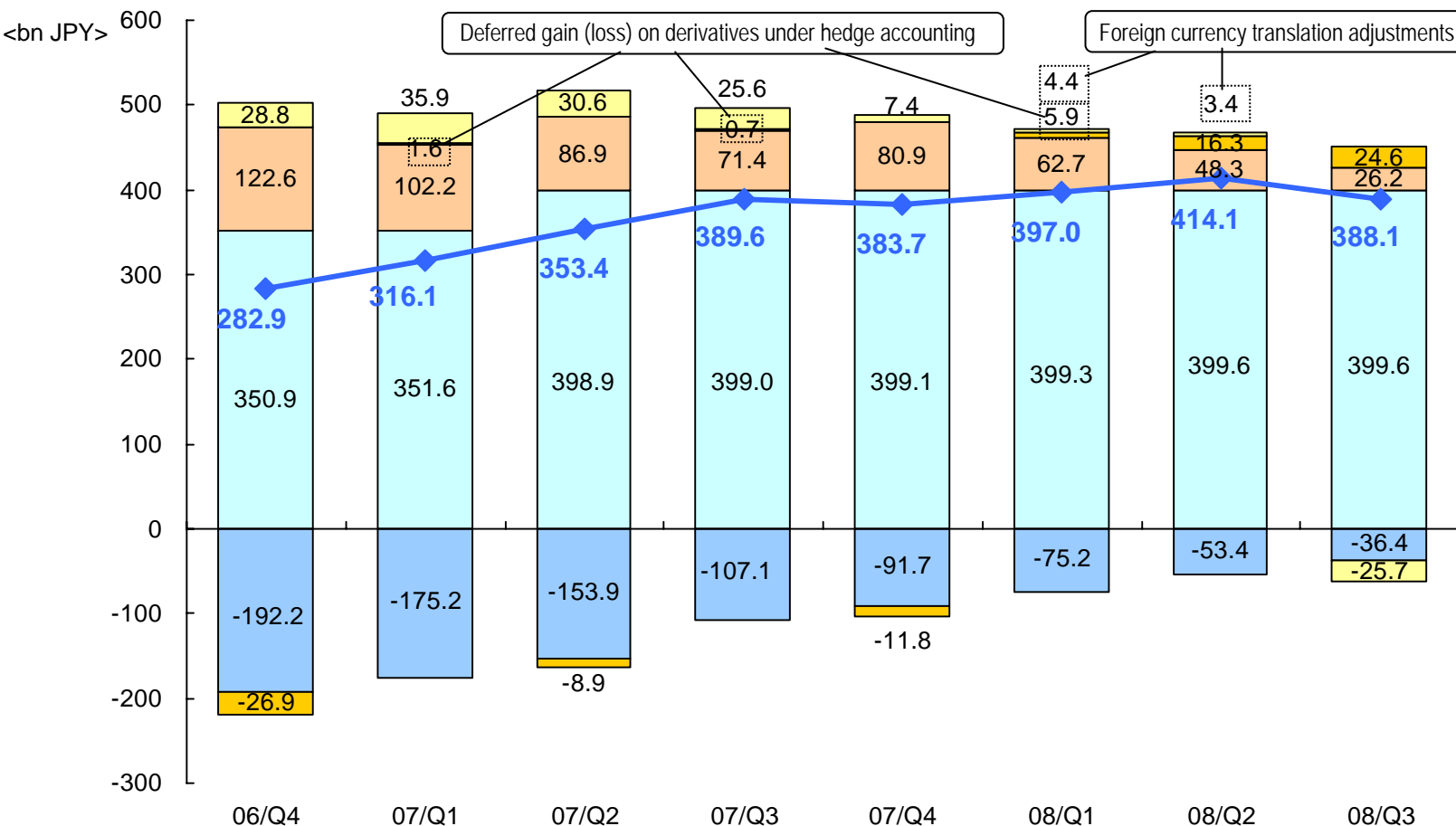
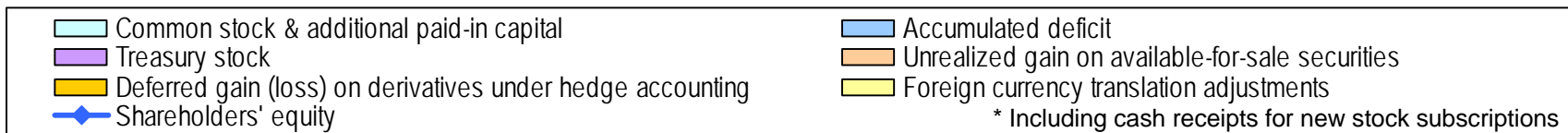
Net Assets	e/o Mar 2008	e/o Dec 2008	Variance	Outline
Equity	848.7	843.6	-5.0	
Shareholders' equity	307.2	363.0	55.8	
Common stock	187.4	187.6	0.2	
Cash receipts for new stock subscriptions	—	—	—	
Additional paid-in capital	211.7	211.9	0.2	
Accumulated deficit	-91.7	-36.4	55.3	Net income (+58.1), dividend paid (-2.7)
Treasury stock	-0.2	-0.2	0	
Valuation and translation adjustments	76.5	25.1	-51.3	
Unrealized gain on available-for-sale securities	80.9	26.2	-54.6	Decline in share price of Yahoo! Inc. etc
Deferred gain (loss) on derivatives under hedge accounting	-11.8	24.6	36.4	
Foreign currency translation adjustments	7.4	-25.7	-33.2	Due to yen's appreciation at the end of the period
Stock acquisition rights	0.1	0.2	0.1	
Minority interests	464.8	455.2	-9.6	BBM e/o Dec 08 (300.0) *Issued preferred stock to Vodafone International Holdings B.V. Yahoo Japan e/o Mar 08 (149.1) >> e/o Dec 08 (138.9) * Recorded due to buyback of treasury stock by Yahoo Japan

# (Equity) Foreign Currency Translation Adjustments (Q'ly) <B/S-8>

<bn JPY>



# (Equity) Shareholders' Equity, Valuation & Translation etc. <B/S-9>



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**Consolidated P/L Analysis**

**Consolidated B/S Analysis**

**Consolidated CF Analysis**



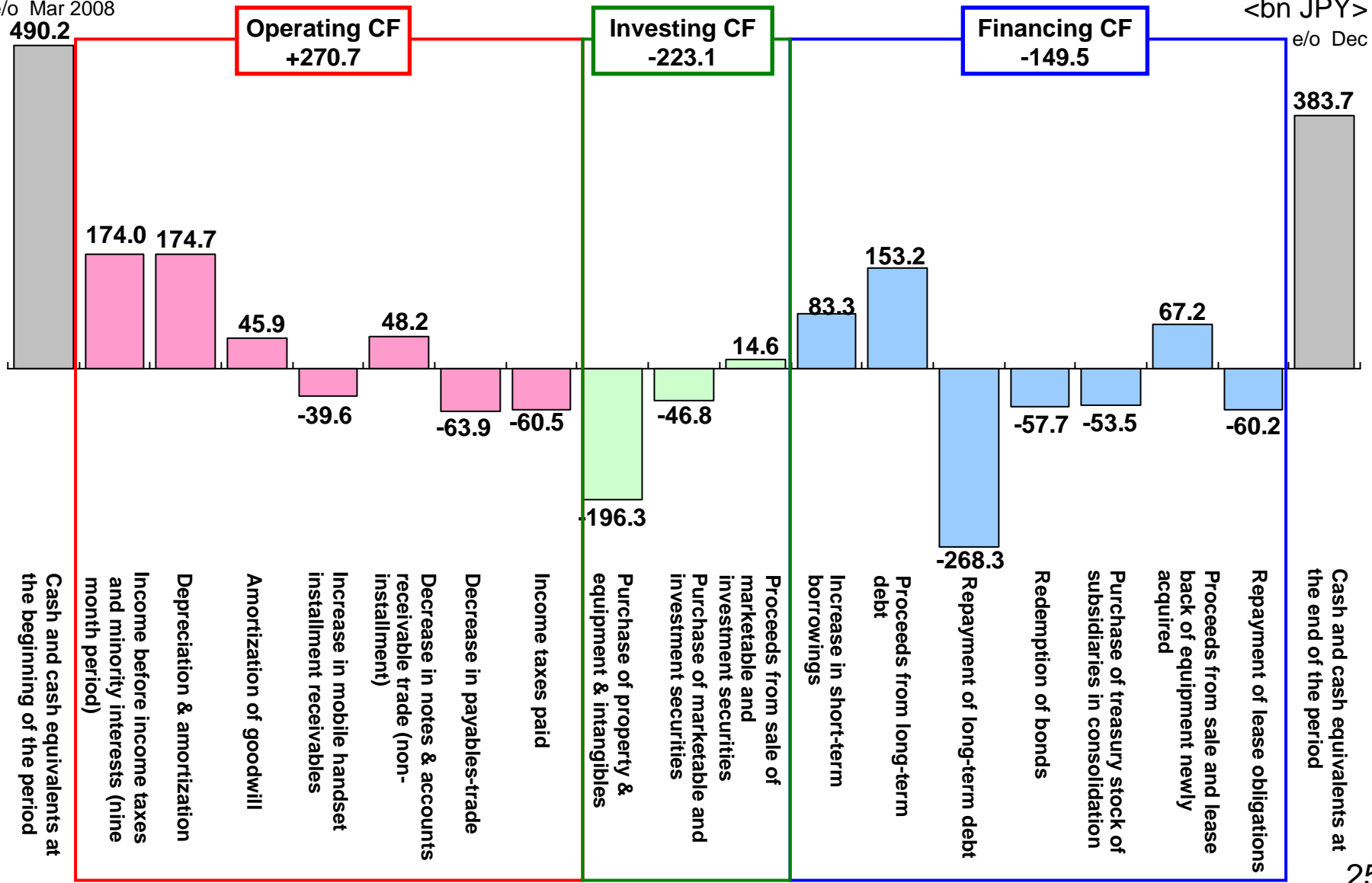
# Consolidated Cash Flow Main Breakdown

<CF>

e/o Mar 2008

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e/o Dec 2008



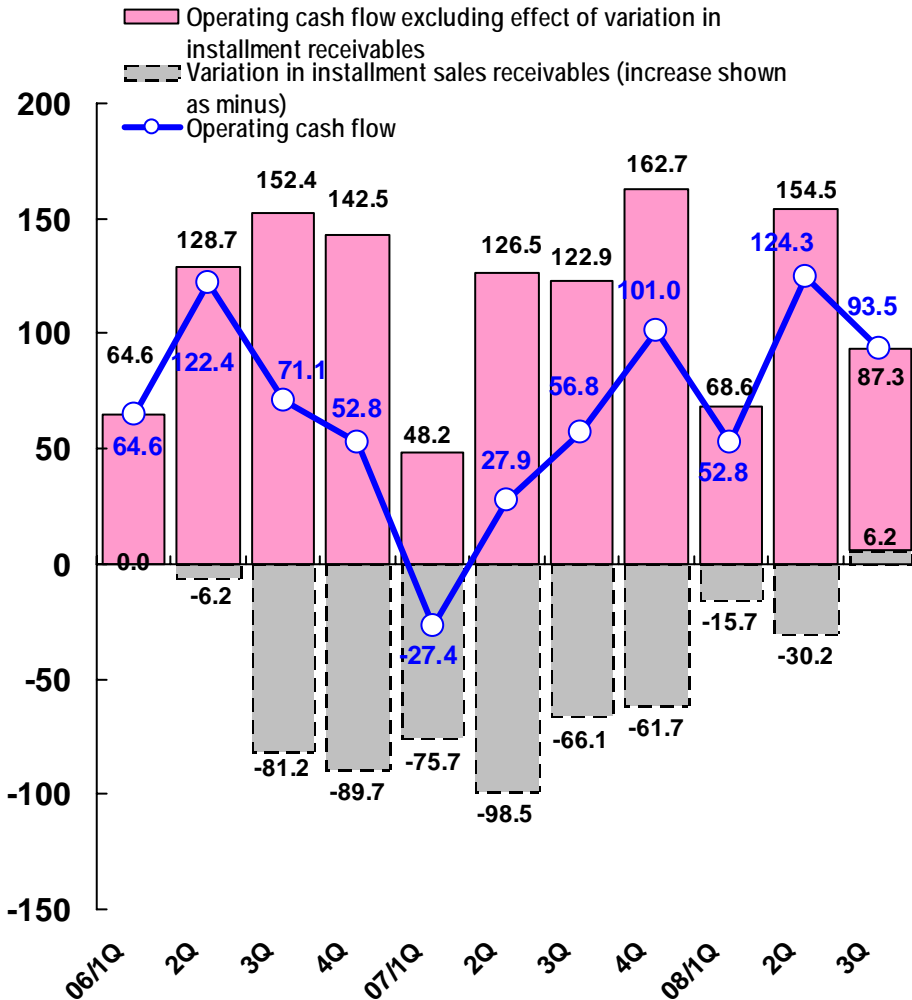
\* Significant items from the consolidated CF statement are shown here.

# Operating Cash Flow

<CF>

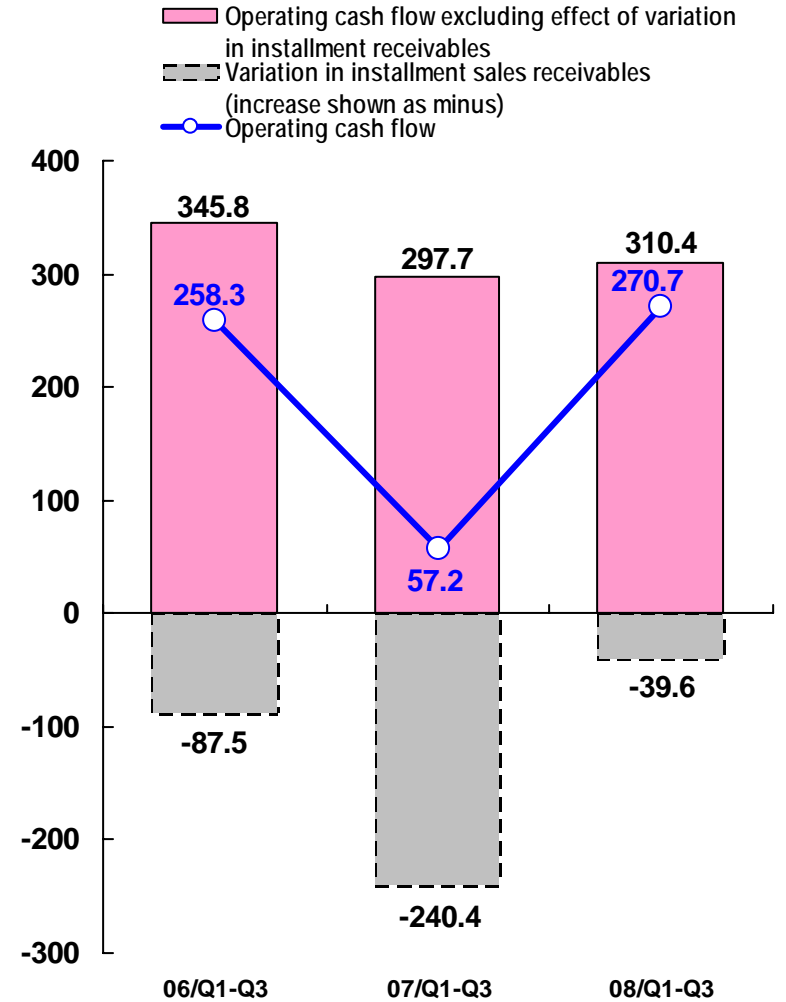
## Operating Cash Flow: Quarterly Trend

<bn JPY>



## Operating Cash Flow: Nine Month Trend

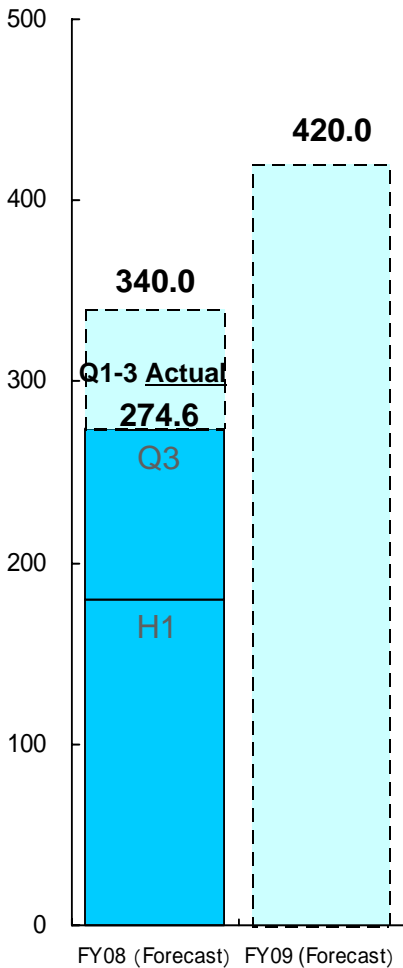
<bn JPY>



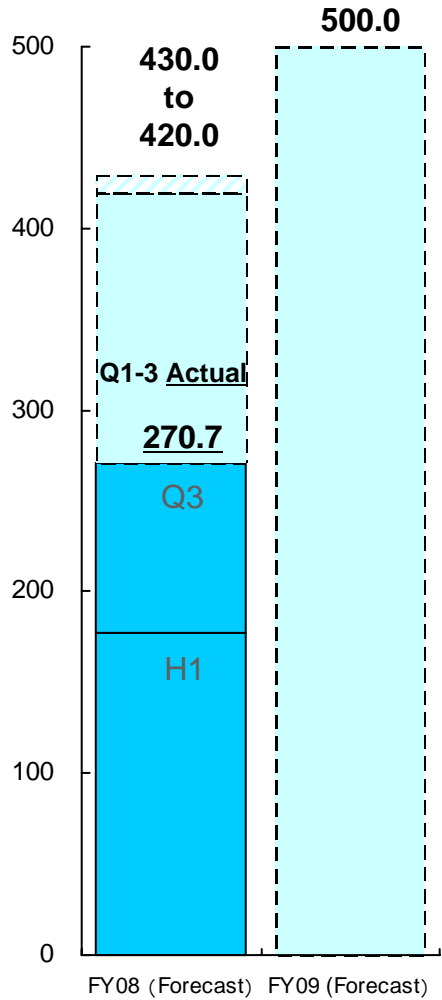
# Earnings Forecast

<bn JPY>

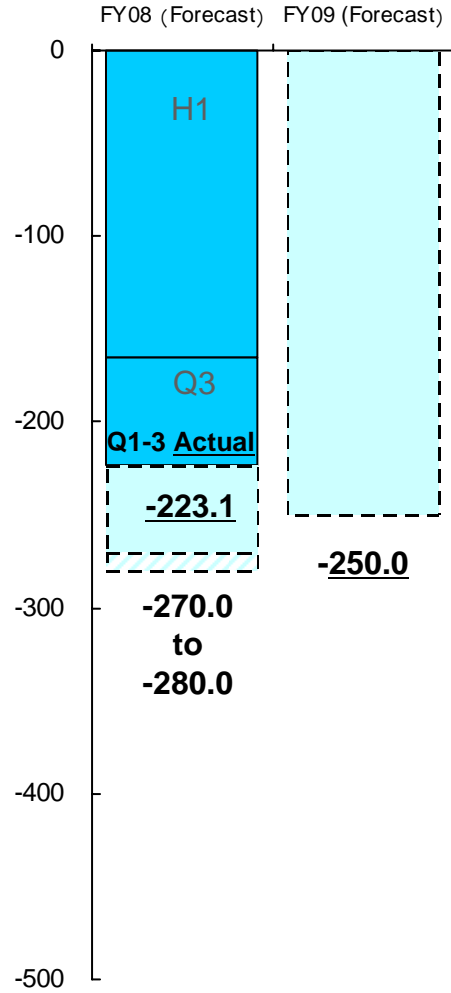
**Operating Income**



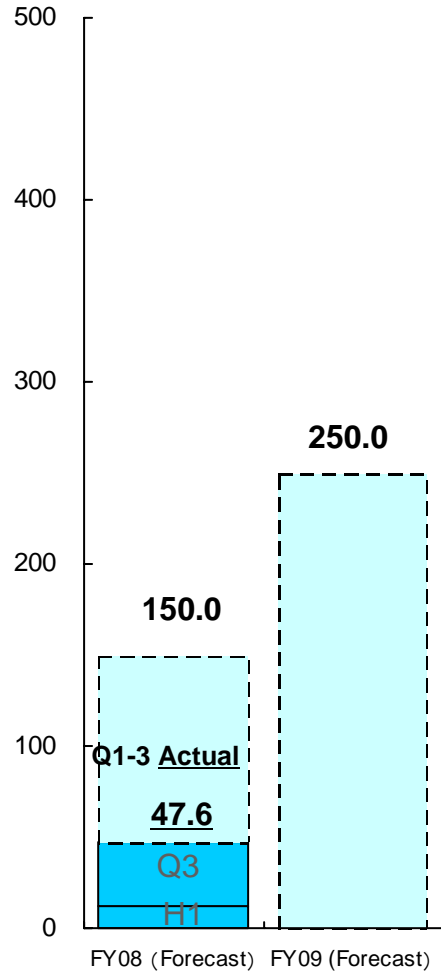
**Operating Cash Flow**



**Investing Cash Flow**



**Free Cash Flow**



# Scope of Consolidation/Scope of Equity Method <P/L-1>

		No. of Comp.	Core Companies
Consolidated subsidiaries		105	SOFTBANK MOBILE, SOFTBANK BB, SOFTBANK TELECOM, Yahoo Japan, SOFTBANK TECHNOLOGY, ITmedia, etc.
	Newly consolidated companies	7	SOFTBANK TELECOM PARTNERS CORP. (*1), Alibaba.com Japan, etc.
	Subsidiaries excluded from consolidation	11	Broadmedia, etc.
Non-consolidated subsidiaries (=1+2)		73	Insignificant companies
Non-consolidated subsidiaries under the equity method (1)		4	
	Entities newly accounted under the equity method	1	
Affiliated companies under the equity method		74	Gung Ho Online Entertainment, MySpace Japan, Alibaba Group Holding Limited, etc.
	Entities newly accounted under the equity method	14	Broadmedia, etc.
	Entities no longer accounted under the equity method	4	
Non-consolidated subsidiaries not under the equity method (2)		69	Insignificant companies
Affiliated companies not under the equity method		22	Insignificant companies

	Consolidated subsidiaries	Companies under equity method	Core group companies	Main business activities
Mobile Communications	6	2	SOFTBANK MOBILE (SBM)	- Mobile phone service - Sales of mobile phone handsets
Broadband Infrastructure	4	3	SOFTBANK BB (SBB)	- ADSL and fiber-optic high-speed Internet connection services
Fixed-line Telecommunications	4	-	SOFTBANK TELECOM (SBTM)	- Fixed-line telecommunications service - Data center service
Internet Culture	15	19	Yahoo Japan	- Online advertisement
e-Commerce	7	4	SOFTBANK BB, Vector, Carview	- Distribution of PC, software, and PC accessories - e-Commerce towards businesses and consumers
Others	69	50	SOFTBANK TECHNOLOGY, ITmedia	- Technology service business - Media marketing business - Overseas fund business
Total	105	78		

\*1 Changed its company name from JAPAN TELECOM INVOICE Co., Ltd. on July 1, 2008.

\*2 SOFTBANK BB Corp. SOFTBANK TELECOM Corp., and Yahoo Japan Corporation are included in the consolidated subsidiaries of the Broadband Infrastructure, Fixed-line Telecommunications, and Internet Culture segments respectively, while SOFTBANK BB Corp., SOFTBANK TELECOM Corp., and Yahoo Japan Corporation operate multiple business and their operating results are allocated to multiple business segments.

# Finance

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Yoshimitsu Goto

General Manager

Finance, Group Management

SOFTBANK CORP.

## **Towards appropriate level of leverage**

- ◆ Maximize FCF in each segment and decrease interest-bearing debt
- ◆ Improve various financial indices and equity ratio
- ◆ Improve credit rating as a result of the above

## **Respond to market trends flexibly**

- ◆ Minimize financial risks in each of the markets
- ◆ Secure diverse procurement methods selectively depending on market conditions
- ◆ Improve procurement costs by business segment and objective

## **IR activities up to speed as business expands**

- ◆ Sustain proactive quarterly domestic and overseas IR meetings
- ◆ Approach all layers of investors
- ◆ Satisfy requests from debt and equity markets thoroughly

# Major Financial Activities of FY08/Q1-3

Date	Content	Amount
April 2008	Investment in Oak Pacific Interactive	JPY 10.2bn
	Investment in SOFTBANK TELECOM PARTNERS(*)	JPY 25.5bn
June 2008	Redemption of 20 <sup>th</sup> series Unsecured Straight Bond	JPY12.5bn
	Securitization of installment receivables (fifth)	JPY 45.3bn
September 2008	Redemption of 21 <sup>th</sup> series Unsecured Straight Bond	JPY 20.0bn
	Renewal of credit line facility	JPY 201.0bn
	Securitization of installment receivables (sixth)	JPY 57.2bn
November 2008	Redemption of 23 <sup>rd</sup> series Unsecured Straight Bond	JPY 20.0bn
December 2008	Securitization of installment receivables (seventh)	JPY 45.6bn

\* Changed its company name from JAPAN TELECOM INVOICE Co., Ltd. on July 1, 2008. 31

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# Repayment Resources & Cash Position

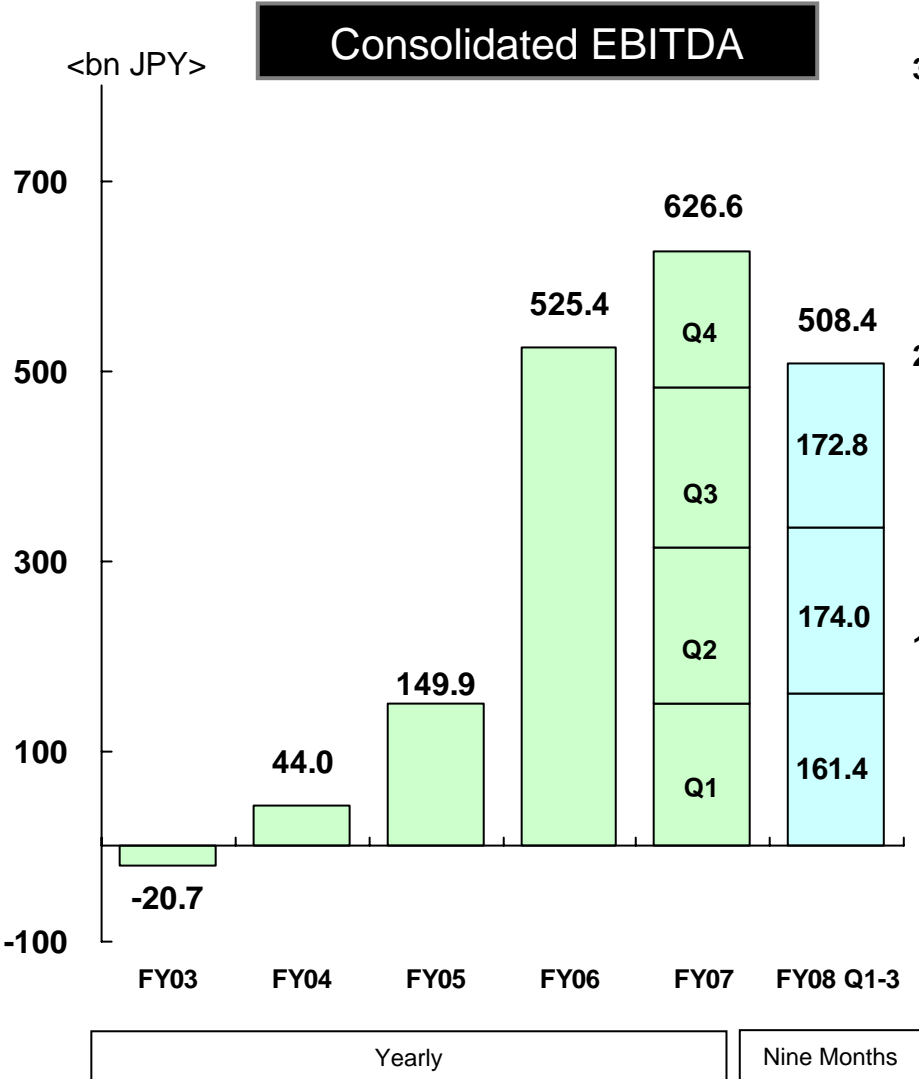
Reduce Debt

Various Financial Indices



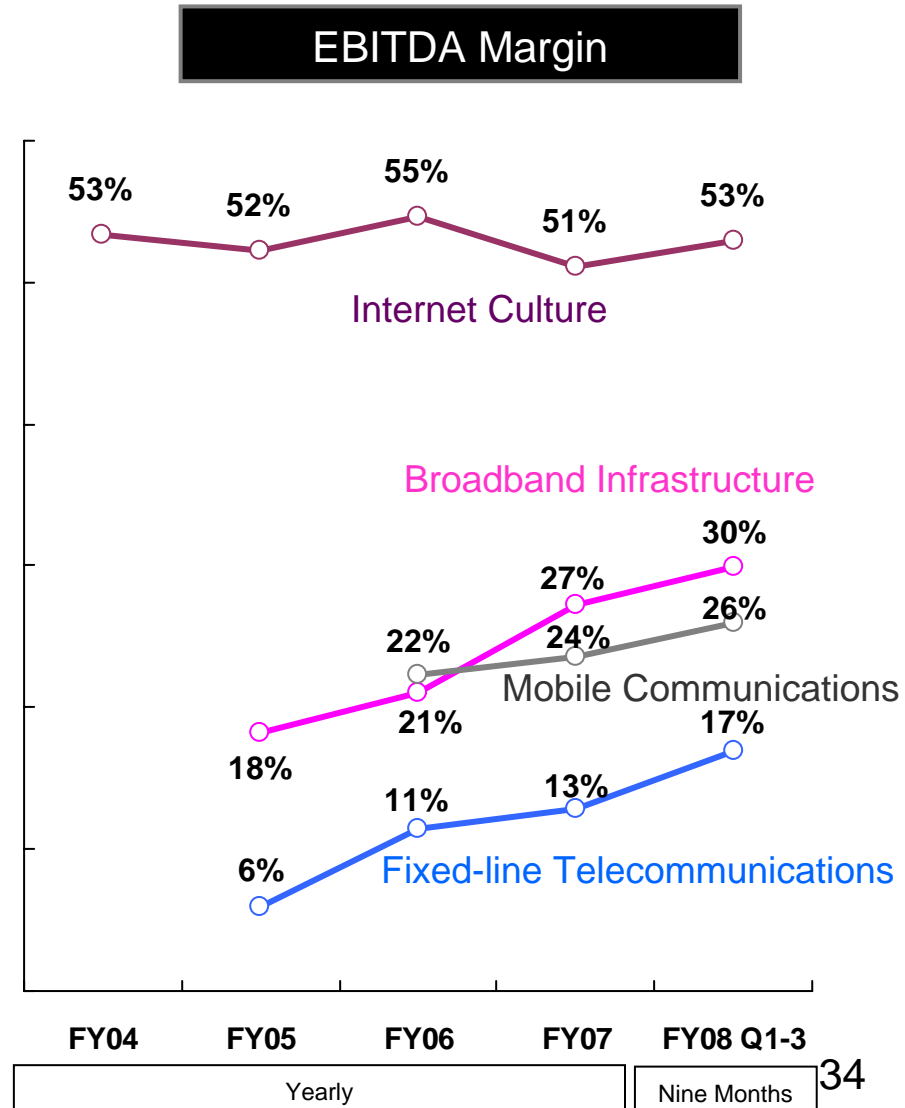
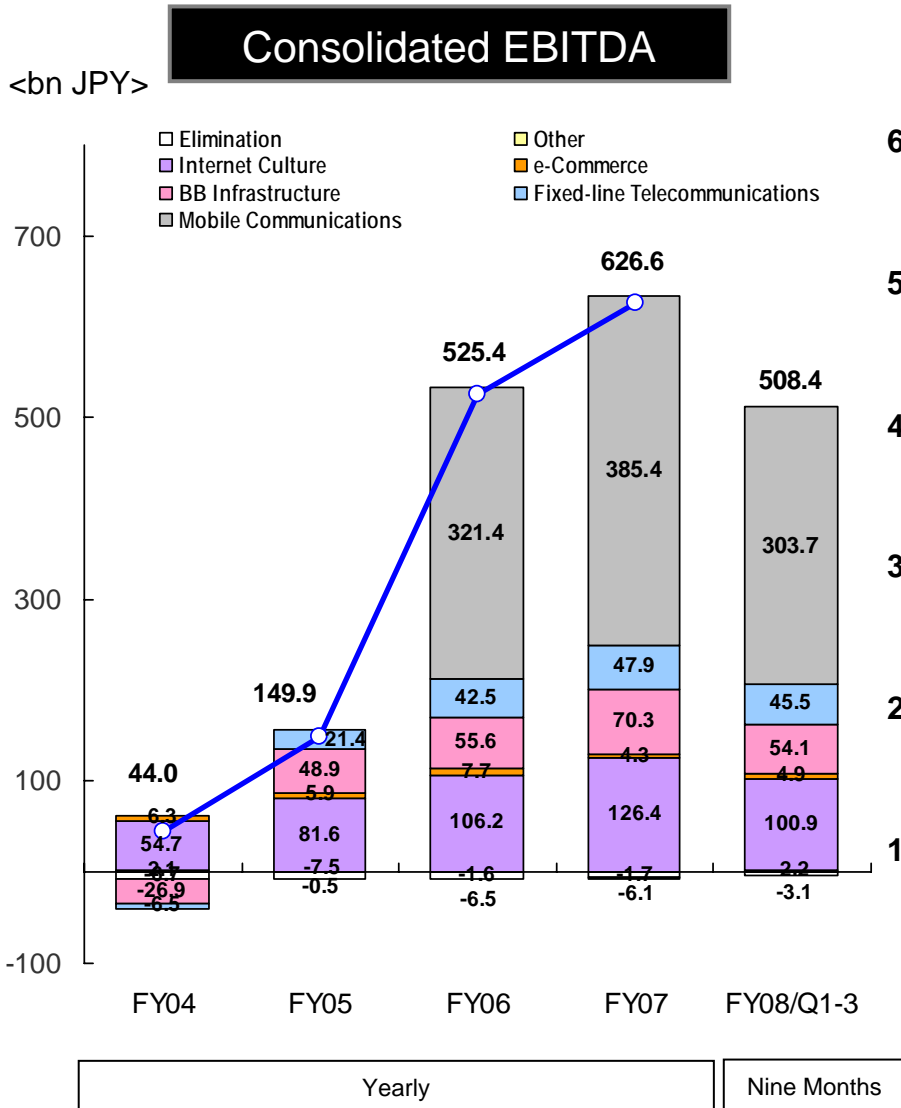
# Consolidated EBITDA and EBITDA Margin

➤ Cash flow from operations increasing steadily



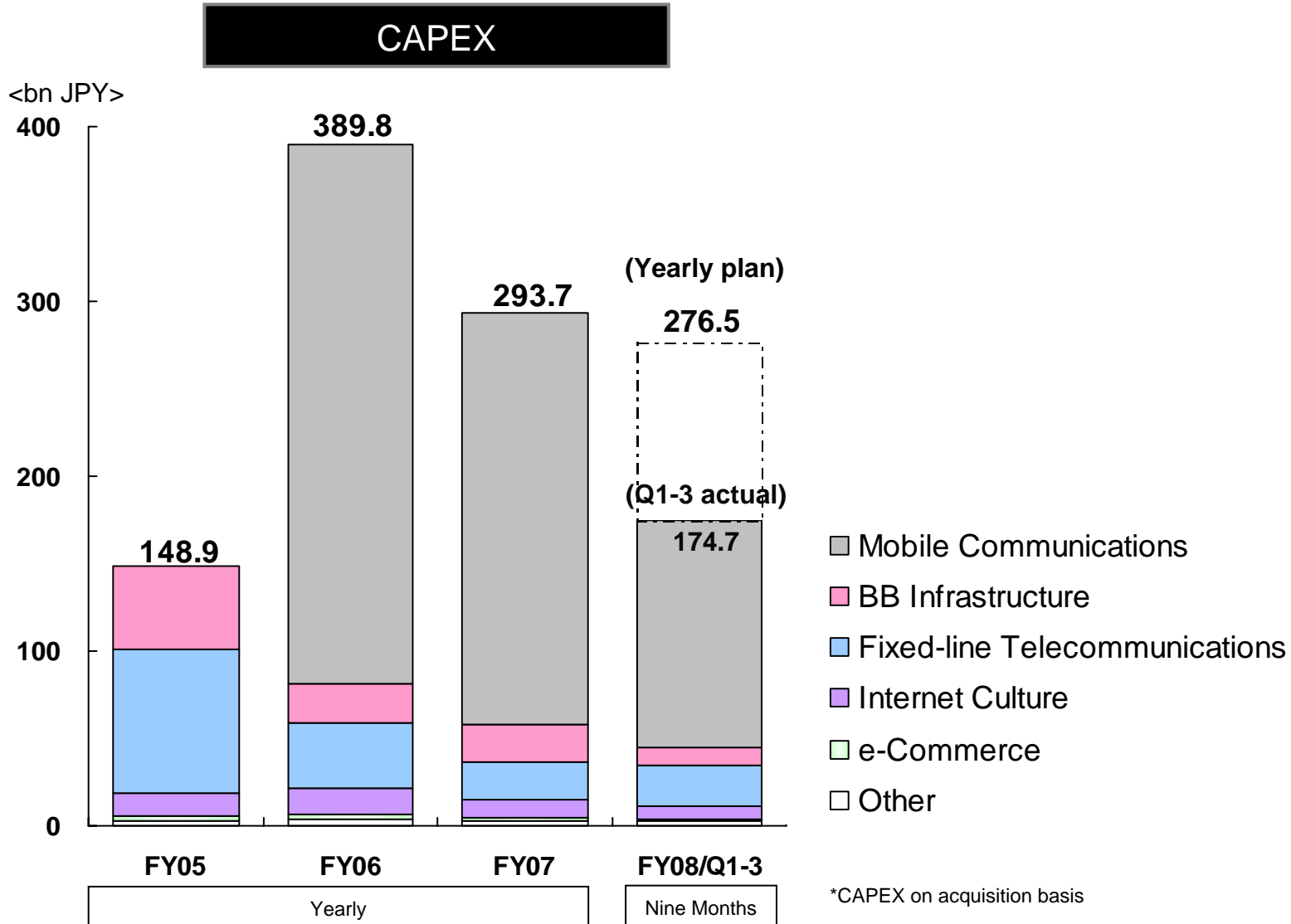
# EBITDA and EBITDA Margin (by segment)

➤ EBITDA of each segment is increasing steadily



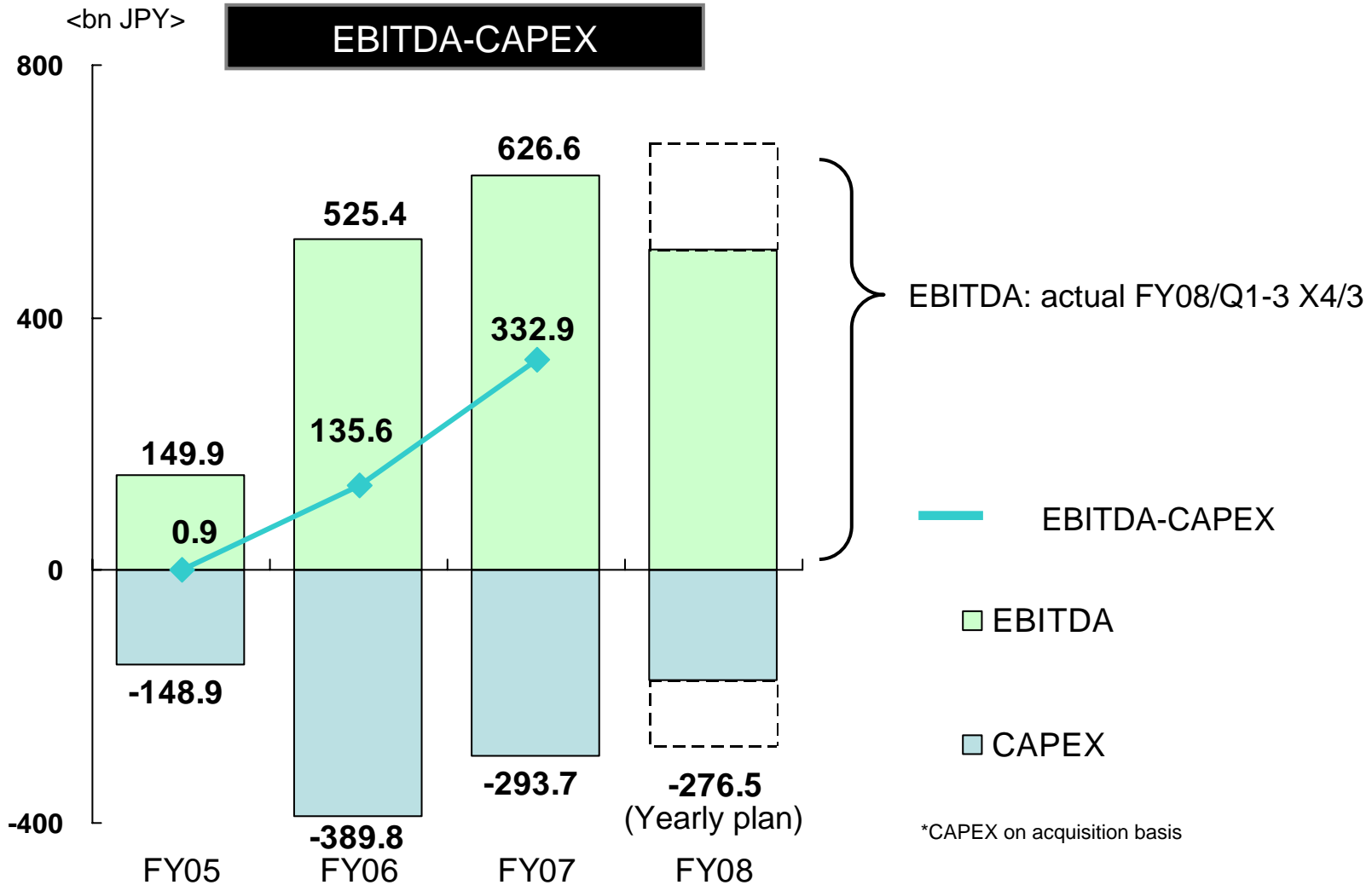
# CAPEX (acquisition and forecast)

➤ Completed first cycle of CAPEX for BB, Fixed-line, 3G base stations for Mobile



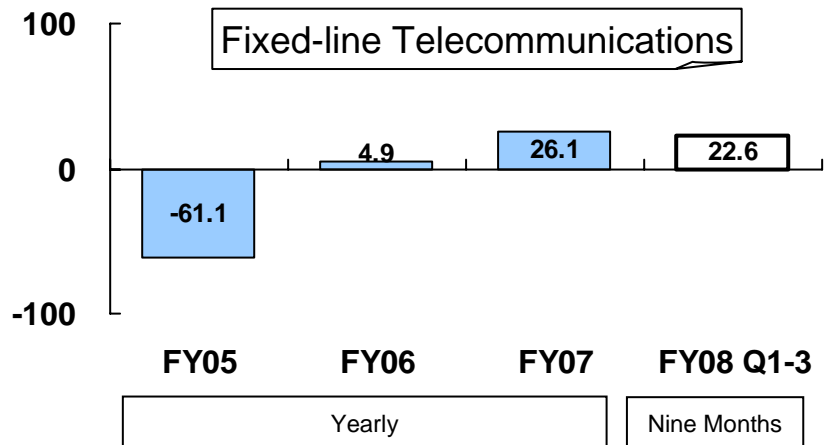
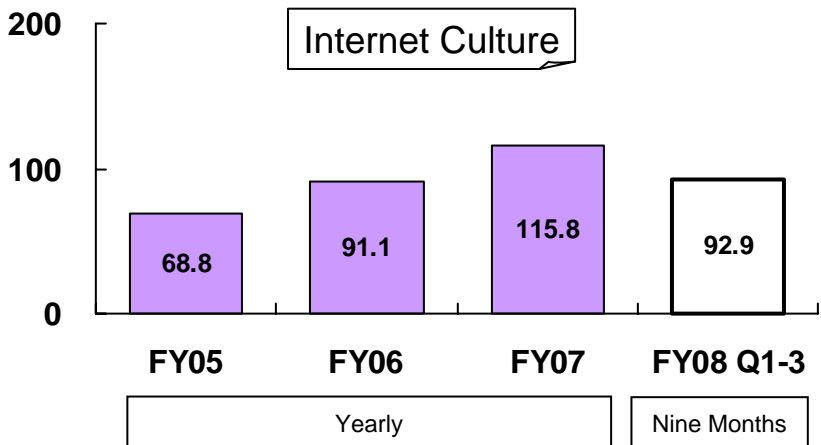
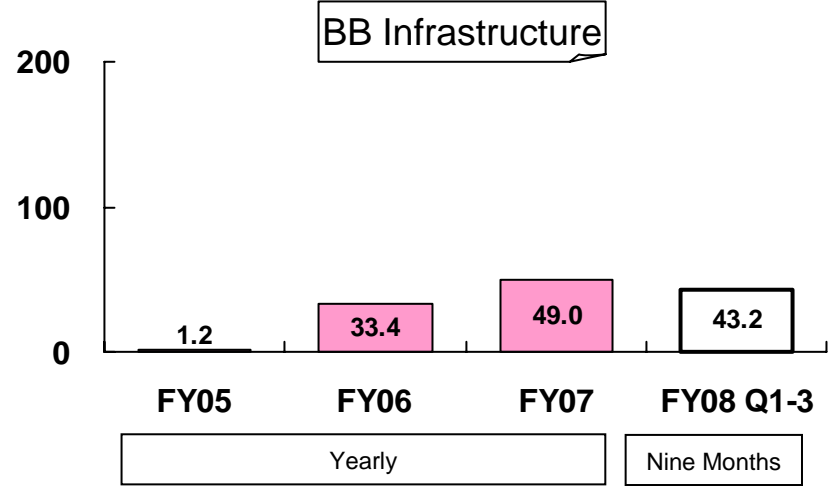
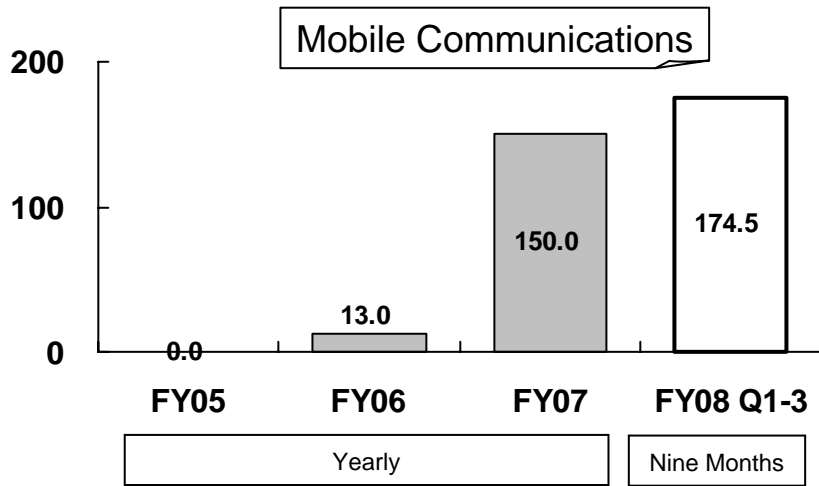
# EBITDA-CAPEX

➤ Steady increase due to expansion of EBITDA and completion of first CAPEX cycle



# EBITDA-CAPEX (by segment)

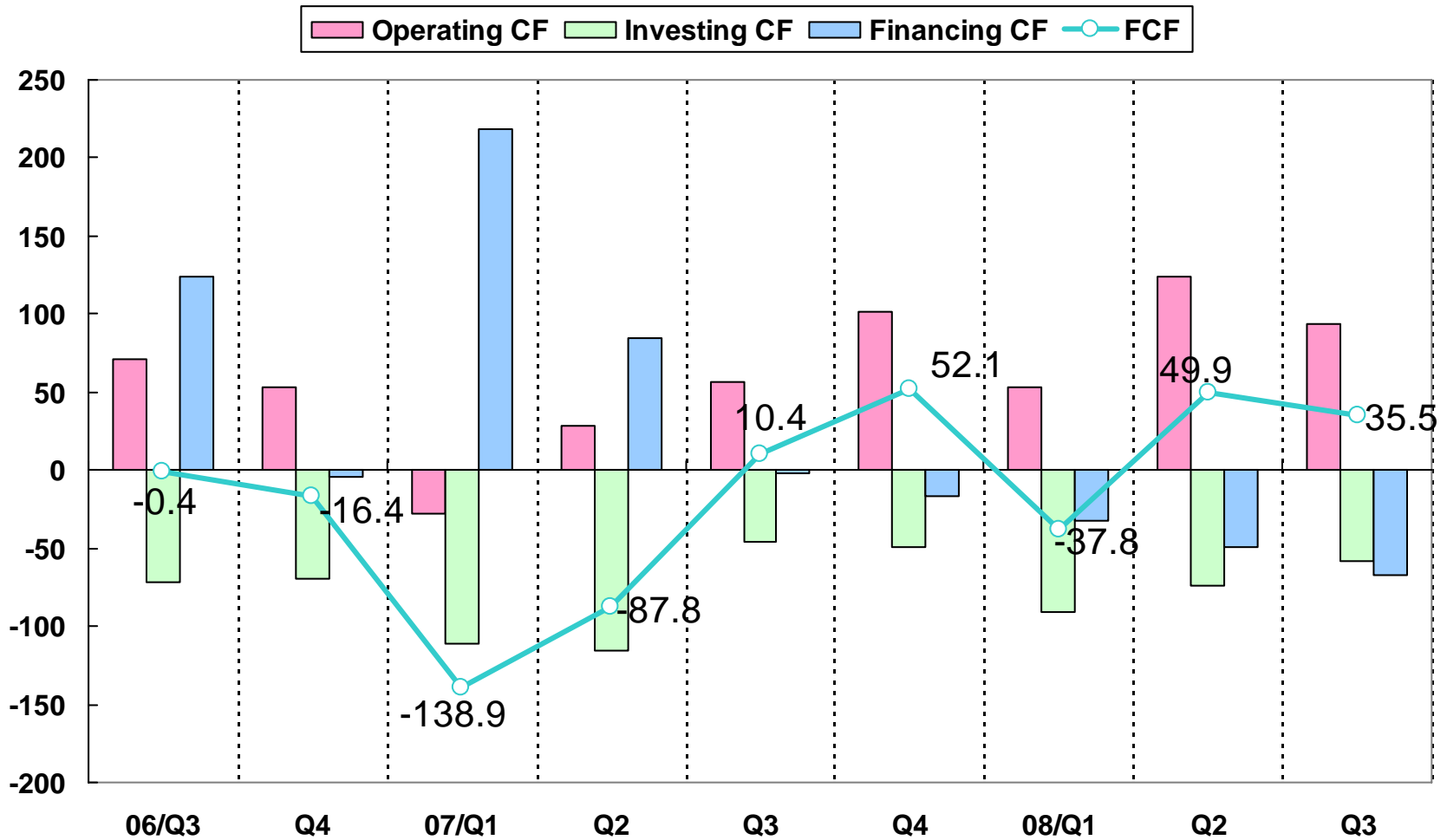
<bn JPY>



# Cash Flow

## Consolidated Cash Flow: Quarterly Trend

<bn JPY>

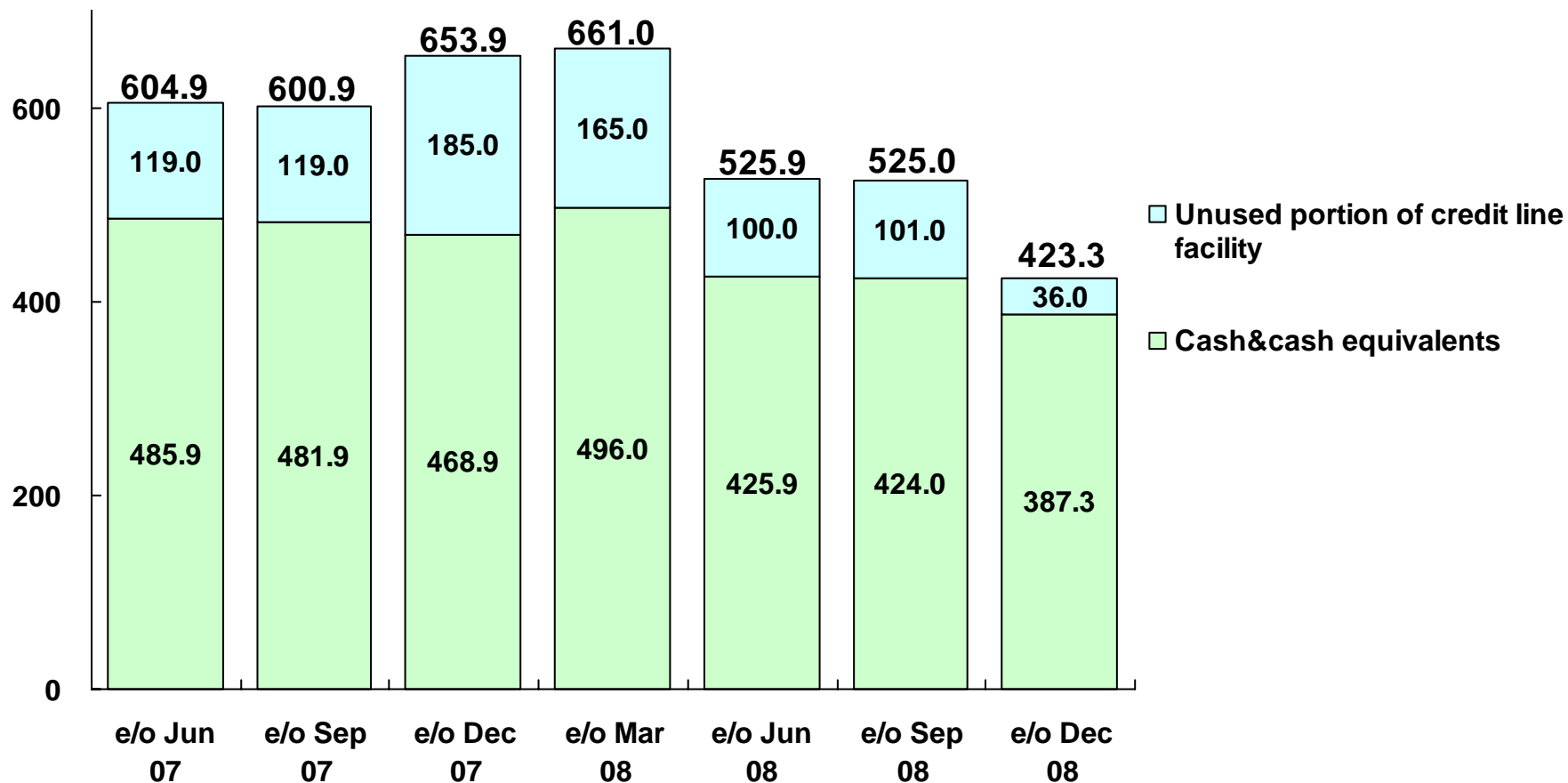


Free Cash Flow (FCF) = cash flows from operating activities + cash flows from investing activities

# Cash Position

<bn JPY>

## Cash Position



Definition: cash position = cash&cash deposits, marketable securities  
 unused portion of credit line facility = credit line facility size - credit line borrowings

# Current Portion of Liabilities Details (e/o Dec 2008)

<b>Short-term Borrowings</b>	<b>288.1</b>	<bn JPY>
Credit line facility (SB)	165.0	
Cash receipts as collateral relating to marketable security lending transactions	90.0	
Bank loans (SB)	27.5	
Others	5.6	
<b>Current portion of Long-term Borrowings</b>	<b>269.4</b>	
Securitization of installment sales receivables (SBM)	185.9	
Bank loans (SBTM)	40.0	
Bank loans (SB)	21.0	
Bank loans (Yahoo Japan Corporation)	20.0	
Others	2.4	
<b>Current Portion of Corporate Bonds</b>	<b>45.0</b>	
Straight bonds (SBTM)	45.0	
<b>Total</b>	<b>602.6</b>	

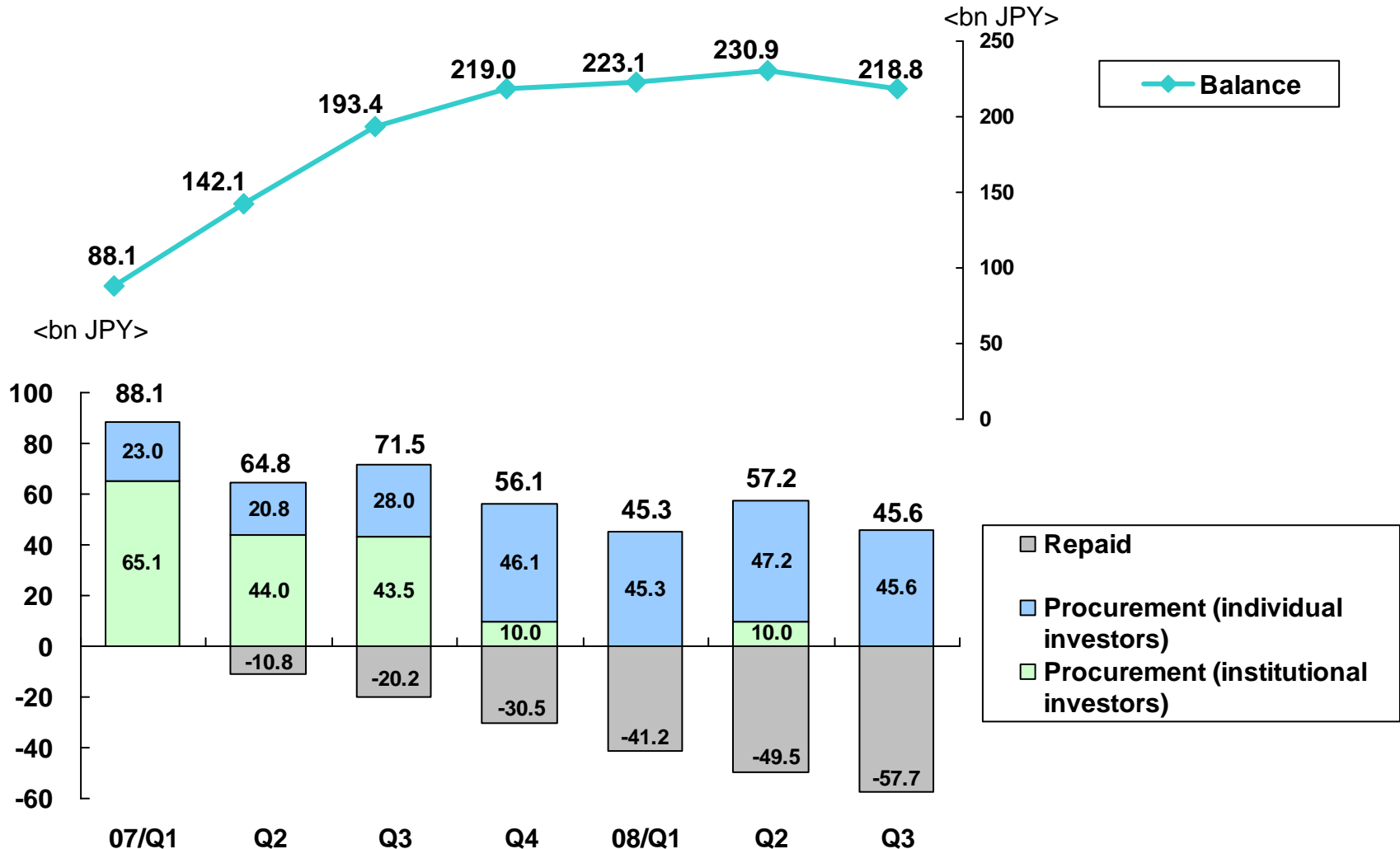
(\* ) Concerning the CB with stock options due in 2015 early redemption of these bonds due to the holders' request becomes possible during FY2008/Q4.



# Securitization of Installment Receivables

- Continue securitization of installment receivables going forwards

Securitization of Installment Receivables



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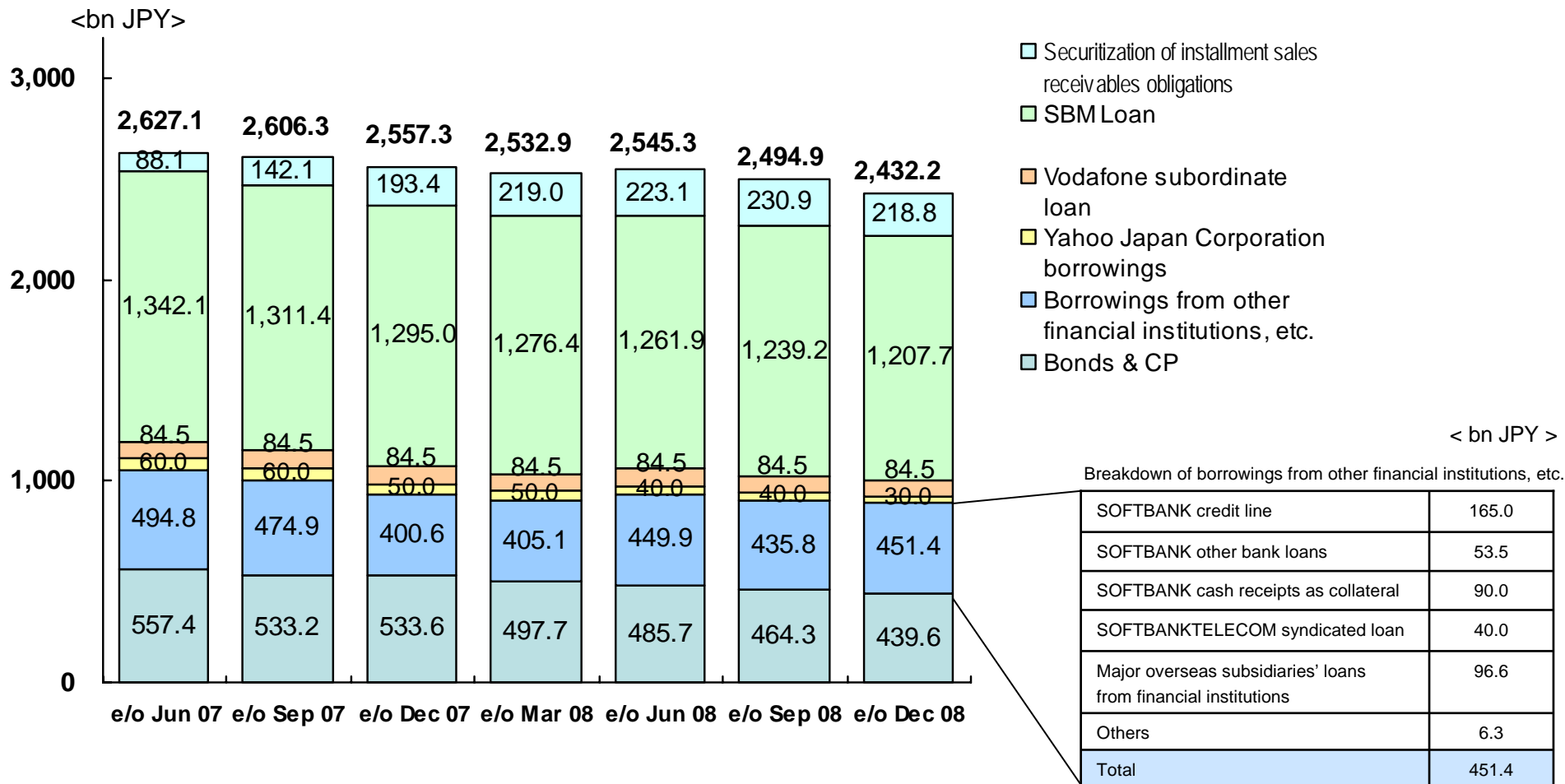
# Repayment Resources & Cash Position

Reduce Debt

Financial Indices

# Interest-bearing Debt Status (by item)

## Interest-bearing Debt

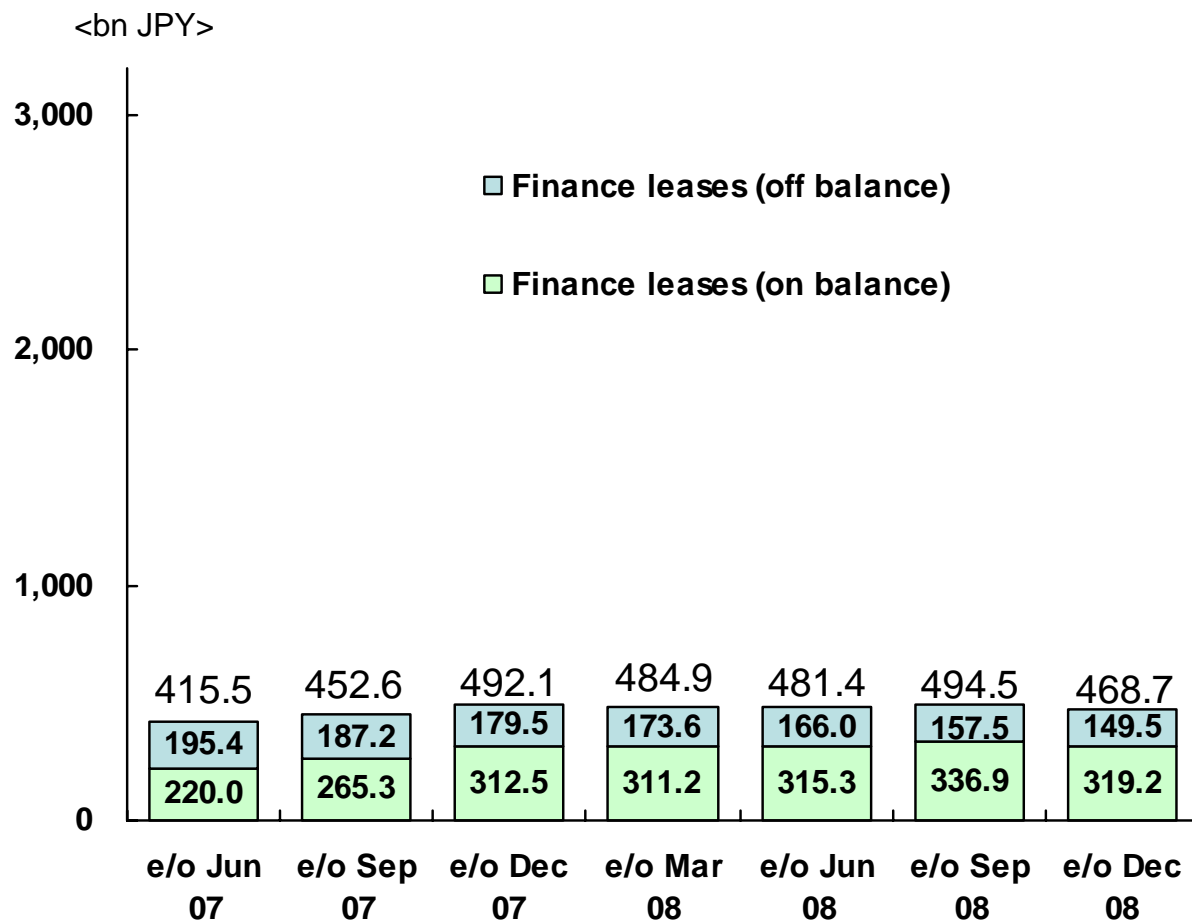


\* Interest-bearing debt before FY2007 is calculated with retroactive adjustments by adding the cash receipts as collateral relating to marketable security lending transactions.

\* Lease obligations are not included in interest-bearing debt. Please refer to the next page for details on lease obligations.

# Balance of Lease Obligations

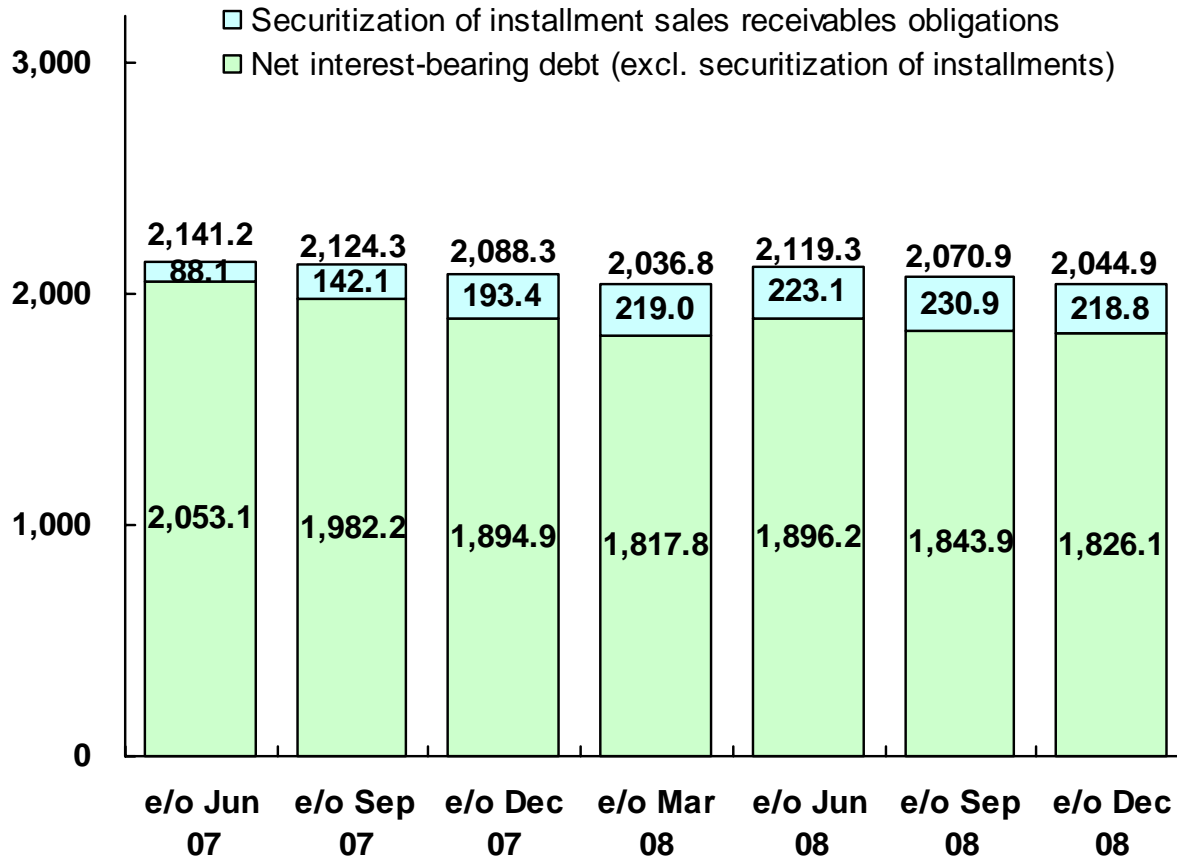
## Balance of Lease Obligations



# Net Interest-bearing Debt Balance

## Net Interest-bearing Debt

<bn JPY>



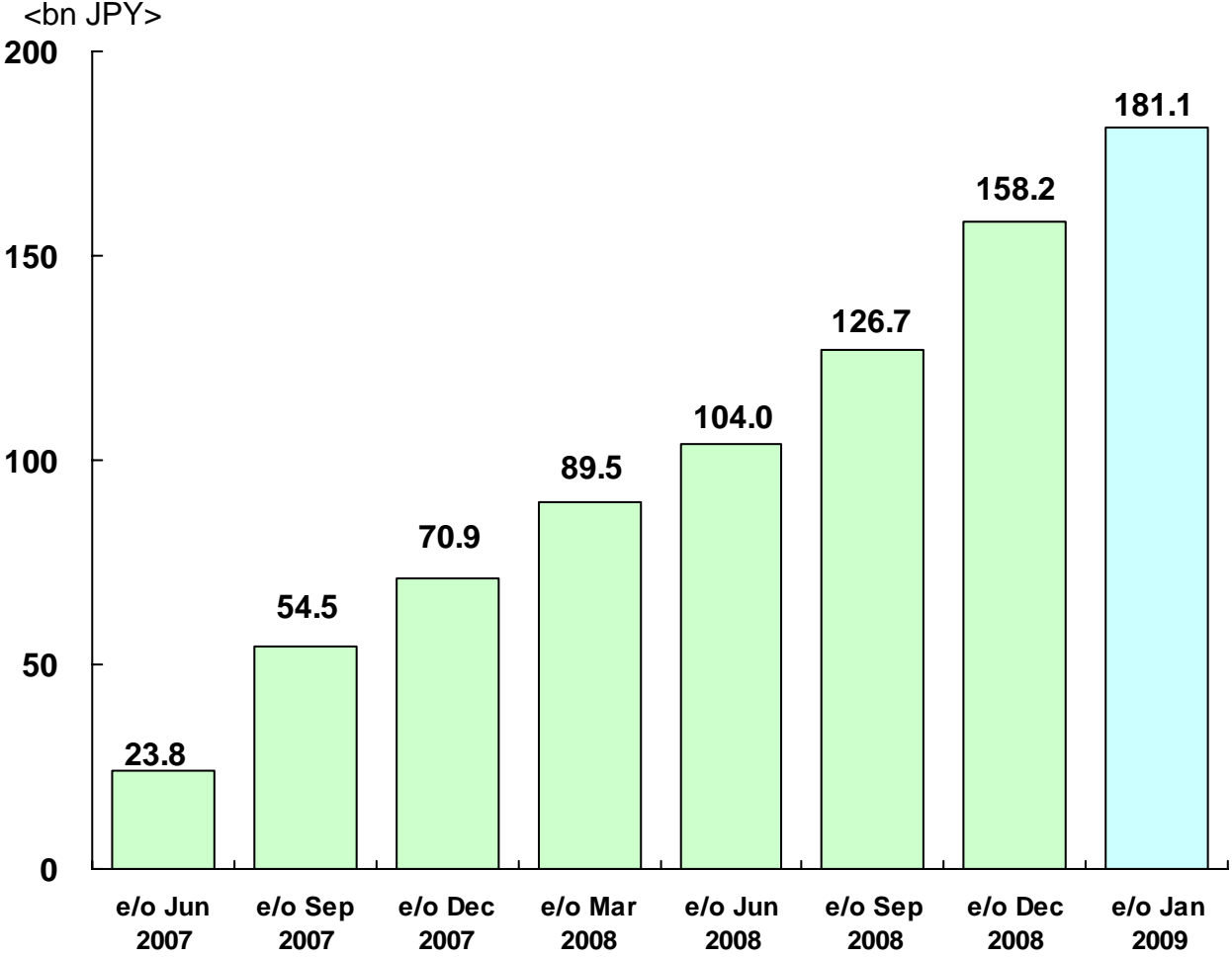
Definition: net interest-bearing debt = interest-bearing debt – cash position

\* Interest-bearing debt before FY2007 is calculated with retroactive adjustments by adding the cash receipts as collateral relating to marketable security lending transactions.

# Reduce Debt: SBM Loan

➤ SBM loan repayment exceeds forecast

**SBM Loan Cumulative Repayment Amount**

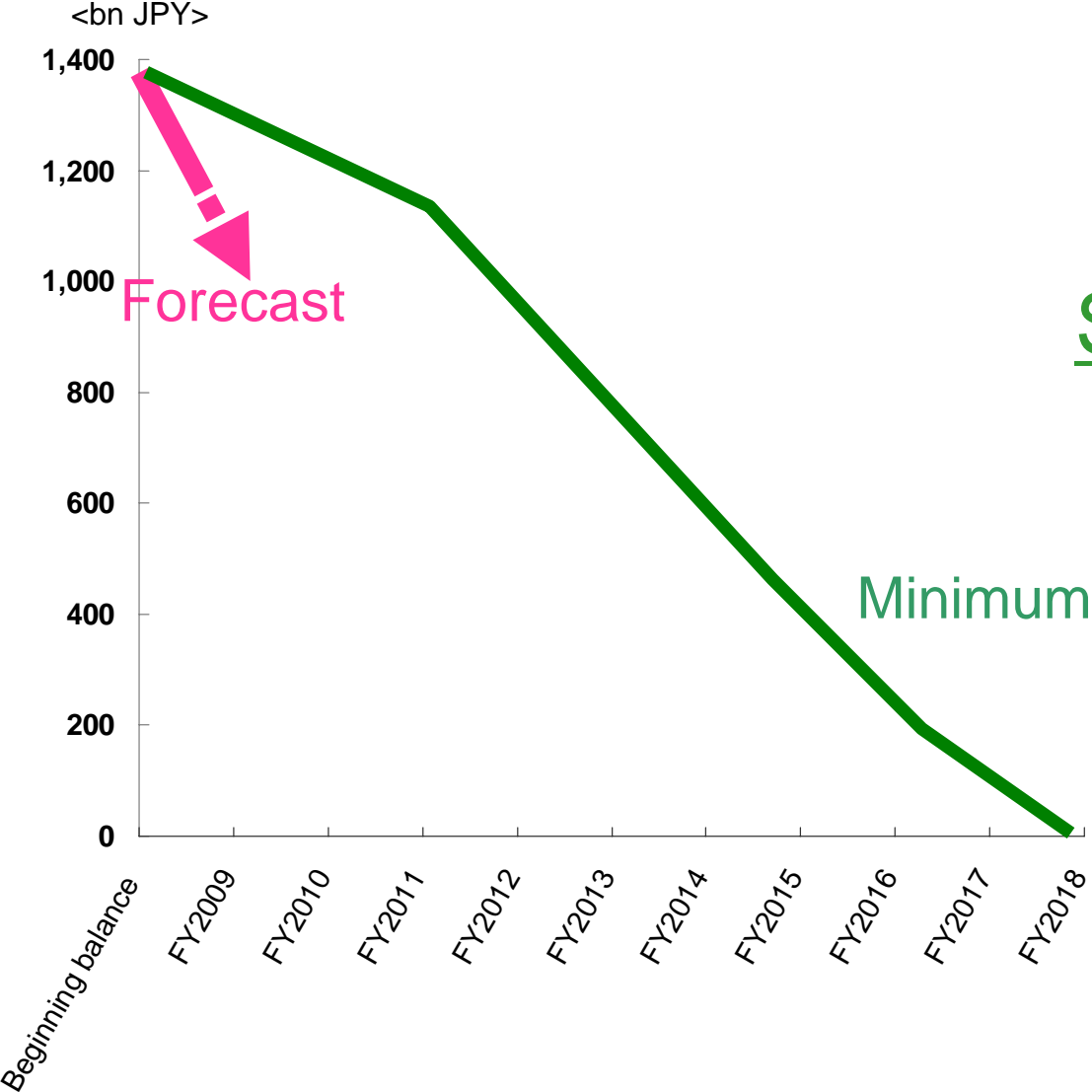


Mobile  
Communications  
leverage ratio\*  
**x3.7**  
(FY08/Q3)

\*Leverage ratio = interest-bearing debt / EBITDA (annualized)

# Reduce Debt: Debt Balance After Mobile Business Acquisition

## ➤ Repayment exceeds forecast

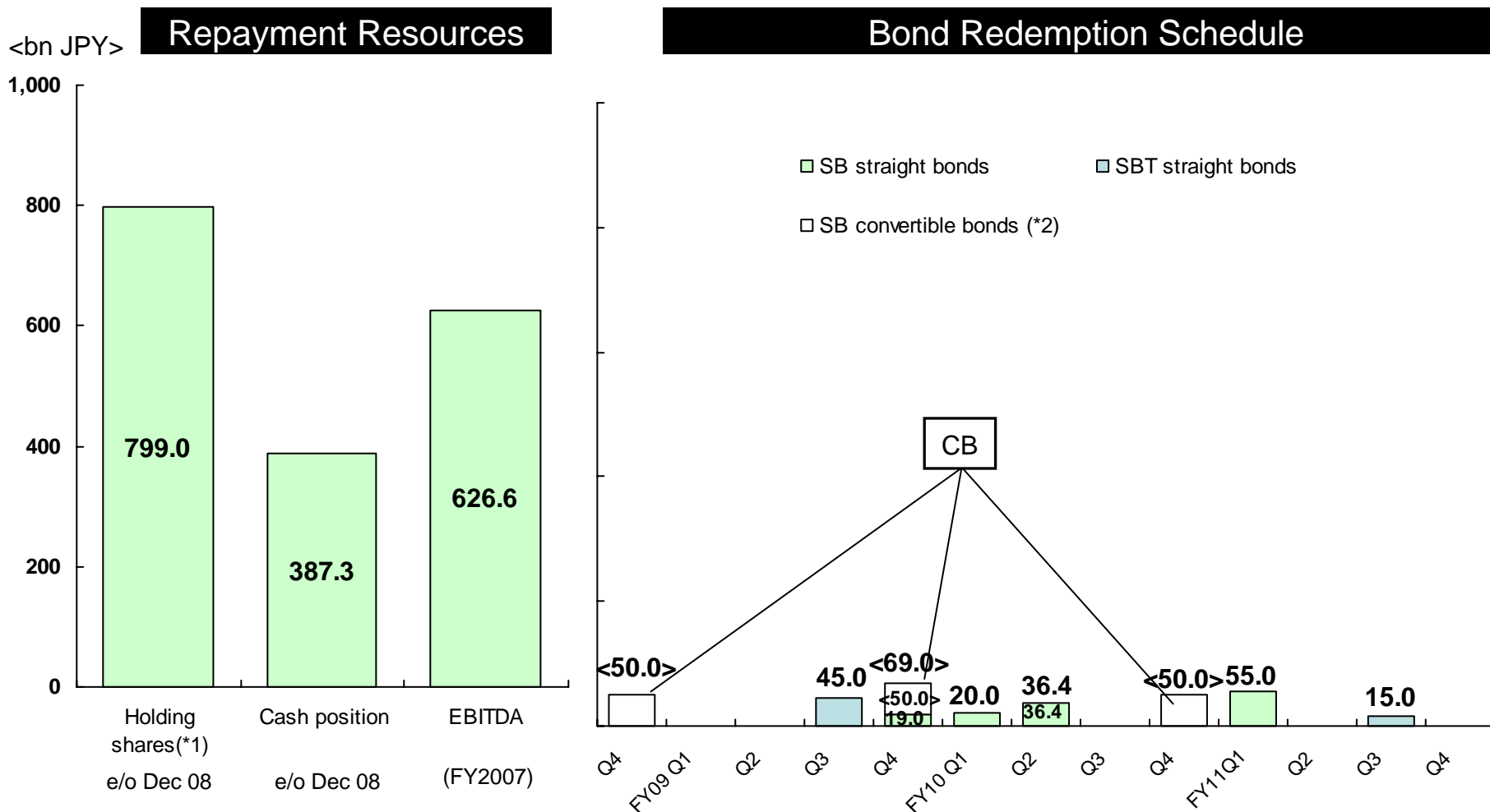


Steadily repaying

\* Loan started: Nov 2006  
\* WBS balance borrowed by SBM

# Reduce Debt: Bond Redemption Schedule

- Secure sufficient cash position in accordance with the redemption schedule



\*1 Market cap of SOFTBANK held listed shares is calculated based on the share price of investment securities (listed&public companies only). Shares as collateral and others are excluded.

\*2 Concerning CB due 2013, 2014, 2015, under certain conditions early redemption of these bonds due to the holders' or companies' request is possible respectively after 2007, 2008, and 2009. The above chart assumes the case where bond holders exercise their put options.



# Reduce Debt: Corporate Bond Details

(m JPY)

Company name	Bond	Issue date	Maturity date	Interest rate (%/year)	Collateral	Mar 08 balance	Jun 08 balance	Sep 08 balance	Dec 08 balance	Change
SOFTBANK	19th series Unsecured Straight Bond	2005/1/31	2010/1/29	1.97	None	19,000	19,000	19,000	19,000	—
	20th series Unsecured Straight Bond (1st <i>Fukuoka SoftBank HAWKS</i> bond)	2005/6/9	2008/6/9	1.41	None	12,500	—	—	—	—
	21st series Unsecured Straight Bond	2005/9/14	2008/9/12	1.17	None	20,000	20,000	—	—	—
	22nd series Unsecured Straight Bond	2005/9/14	2010/9/14	1.98	None	36,400	36,400	36,400	36,400	—
	23rd series Unsecured Straight Bond (2nd <i>Fukuoka SoftBank HAWKS</i> bond)	2005/11/29	2008/11/28	1.36	None	20,000	20,000	20,000	—	(20,000)
	24th series Unsecured Straight Bond (3rd <i>Fukuoka SoftBank HAWKS</i> bond)	2007/4/26	2010/4/26	2.72	None	20,000	20,000	20,000	20,000	—
	25th series Unsecured Straight Bond	2007/6/19	2011/6/17	3.39	None	55,000	55,000	55,000	55,000	—
	26th series Unsecured Straight Bond	2007/6/19	2014/6/19	4.36	None	15,000	15,000	15,000	15,000	—
	Convertible Bond due 2013 <sup>(*)</sup>	2003/12/30	2013/3/31	1.50	None	50,000	50,000	50,000	50,000	—
	Convertible Bond due 2014 <sup>(*)</sup>	2003/12/30	2014/3/31	1.75	None	50,000	50,000	50,000	50,000	—
	Convertible Bond due 2015 <sup>(*)</sup>	2003/12/30	2015/3/31	2.00	None	50,000	50,000	50,000	50,000	—
	Euro-denominated Senior Notes due 2013 <sup>(*)</sup>	2006/10/12	2013/10/15	7.75	None	57,311 (425m Euro)	57,799 (415m Euro)	54,457 (408m Euro)	51,755 (388m Euro)	(2,702)
SOFTBANK TELECOM	1st series Unsecured Straight Bond	2004/12/7	2009/12/7	2.00	None	45,000	45,000	45,000	45,000	—
	2nd series Unsecured Straight Bond	2004/12/7	2011/12/7	2.88	None	15,000	15,000	15,000	15,000	—
Phoenix JT	Subordinated Notes Due 2016	2004/12/24	2016/12/15	5.95	None	32,400	32,400	32,400	32,400	—
Other corporate bonds	-	-	-	-	-	140	140	100	100	—
Total	-	-	-	-	-	497,751	483,739	462,357	439,655	(22,702)

(\*1) Concerning CB due 2013, 2014, 2015, under certain conditions early redemption of these bonds due to the holders' or companies' request is possible respectively after 2007, 2008, and 2009.

(\*2) 112.5m EUR of the Euro-denominated Senior Notes Due 2013 was redeemed by Dec 2008.

(\*3) The above table does not include straight bonds issued by SOFTBANK MOBILE, on which a debt assumption was executed.

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Repayment Resources & Cash Position

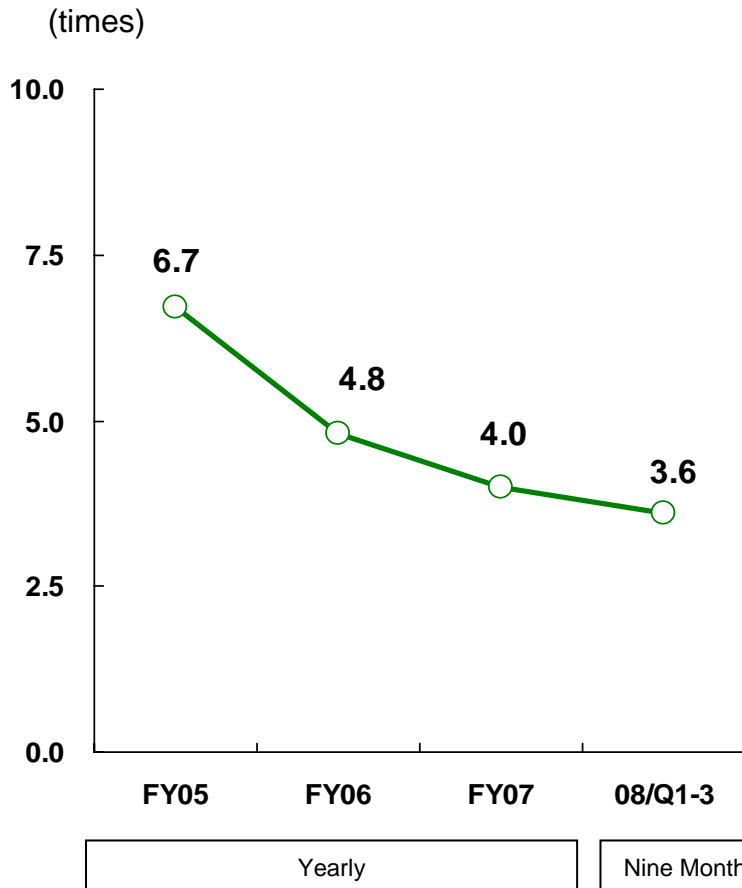
Reduce Debt

Improve Various Financial Indices

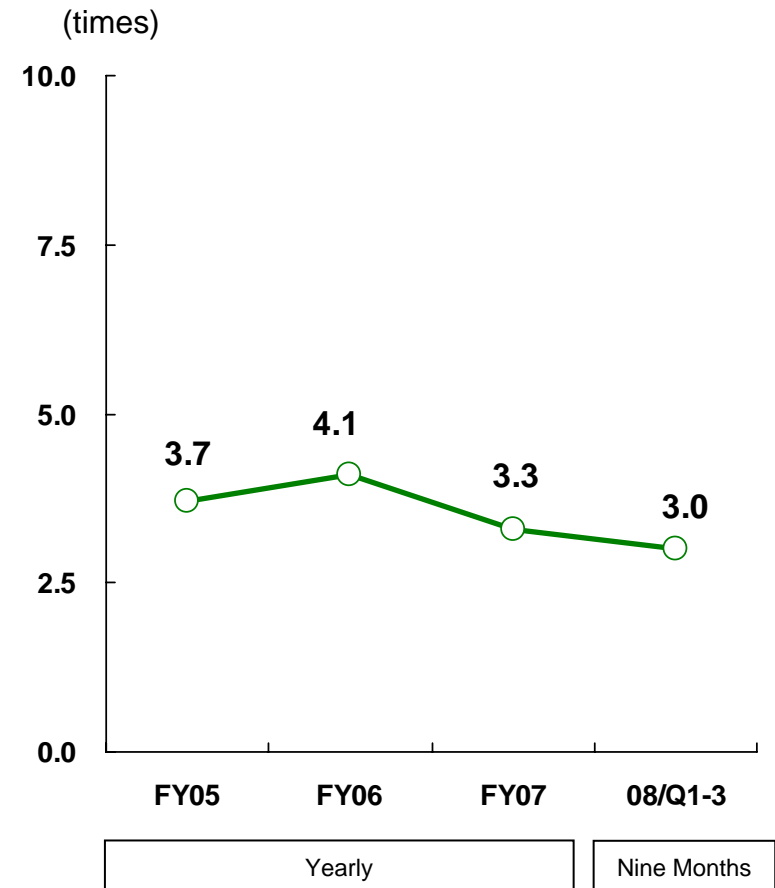
# Improve Indices: (1) Interest-bearing Debt/EBITDA Multiple

- Combine reduction of interest-bearing debt and expansion of EBITDA

## Interest-bearing Debt/EBITDA Multiple



## (Ref.) Net Interest-bearing Debt/EBITDA Multiple



\*1 Interest-bearing debt before FY2006 is calculated with retroactive adjustments by adding the cash receipts as collateral relating to marketable security lending transactions.

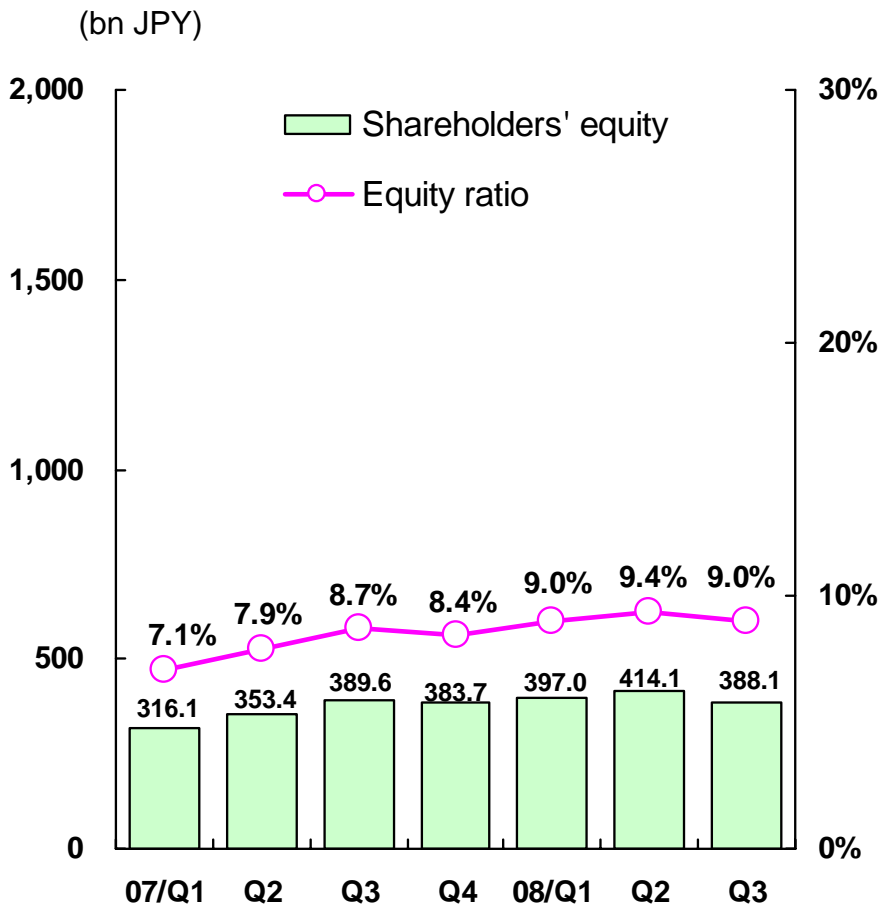
\*2 Lease obligations are not included in interest-bearing debt.

\*3 FY08/Q1-3 has been annualized by multiplying the FY08/Q1-3 EBITDA by 4/3.

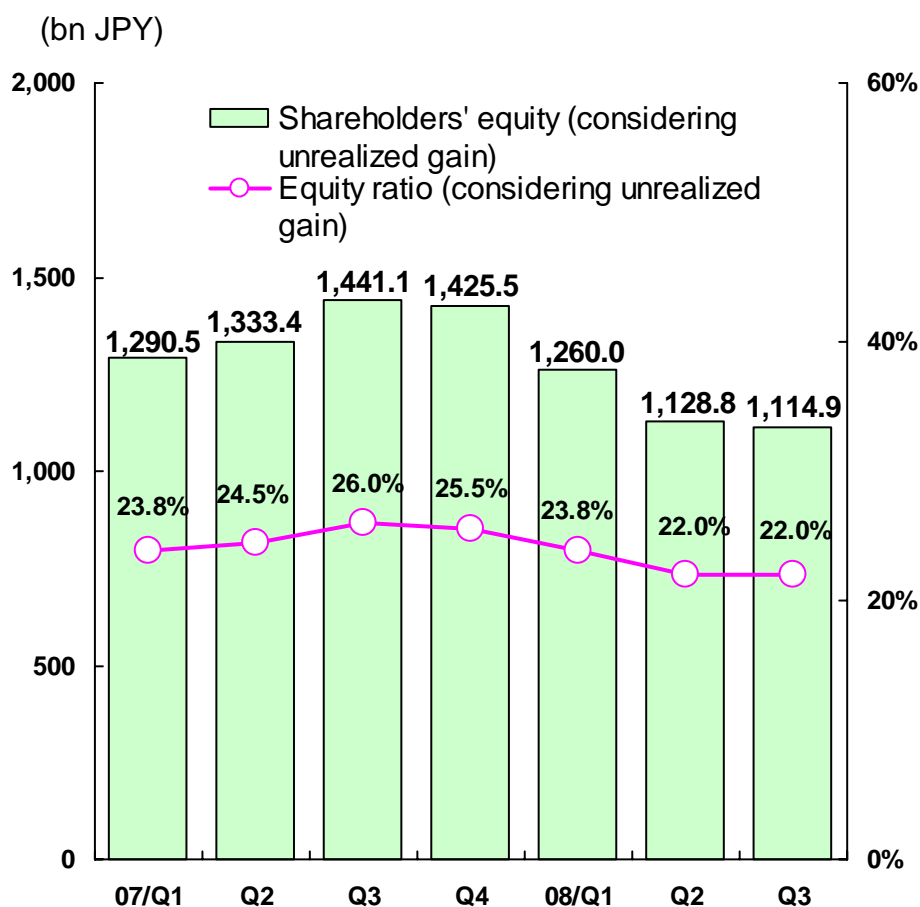
# Improve Indices: (2) Equity Ratio

➤ Improve equity ratio through steady build up of profit

**Actual Basis**



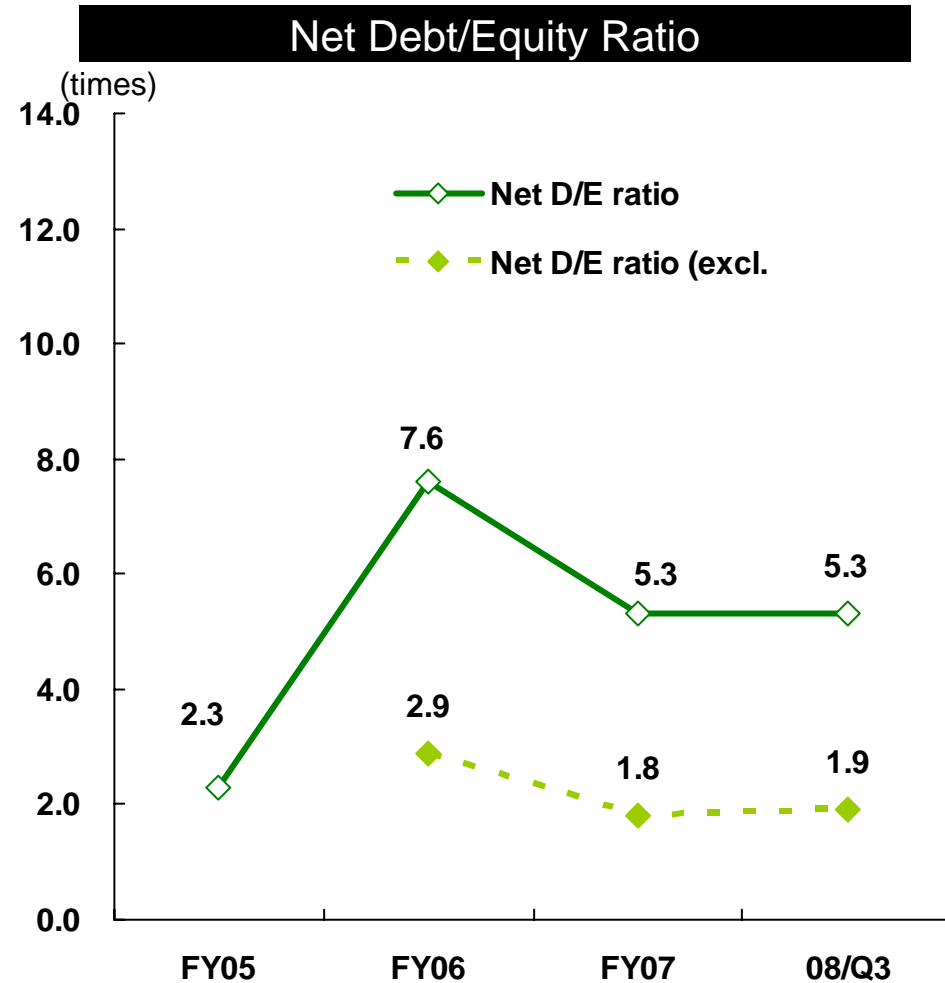
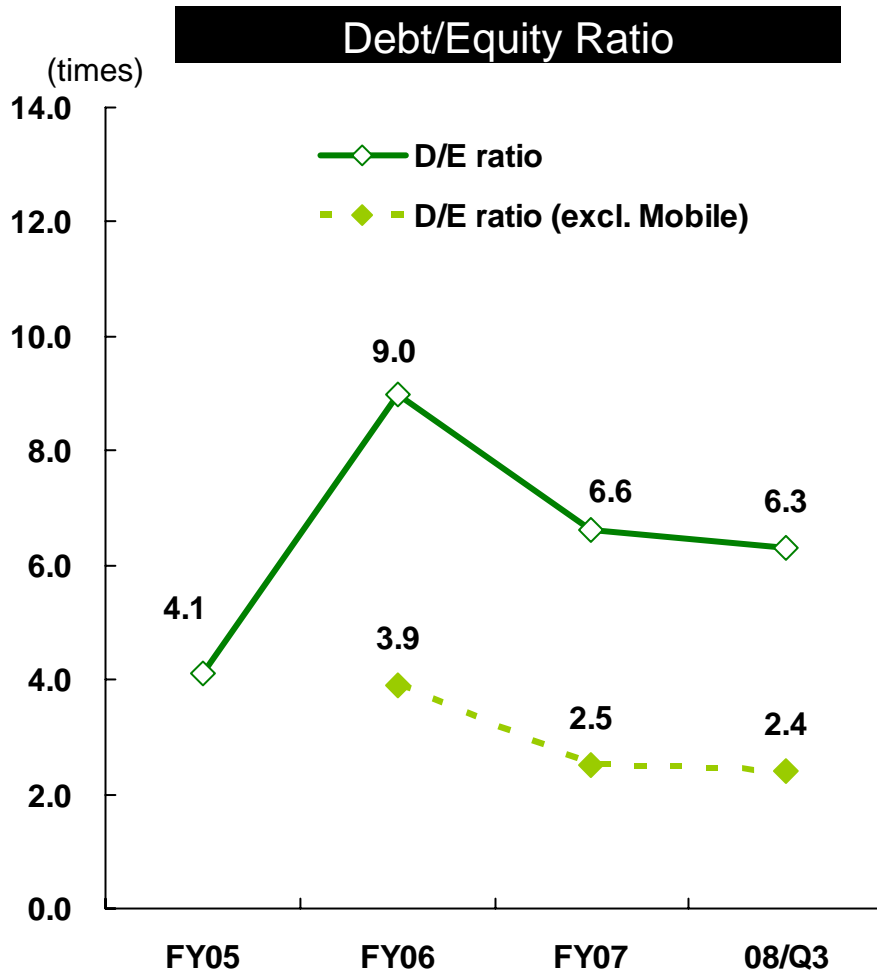
**(Ref.) Considering Unrealized Gain**



\*Refer to the page 8 of the supplemental data for calculation basis.

# Improve Indices: (3) Debt/Equity Ratio

➤ Ratio improving steadily



\*1 Interest-bearing debt and net interest-bearing debt before e/o Dec 2007 are calculated with retroactive adjustments by adding the cash receipts as collateral relating to marketable security lending transactions.

\*2 Lease obligations are not included in interest-bearing debt.

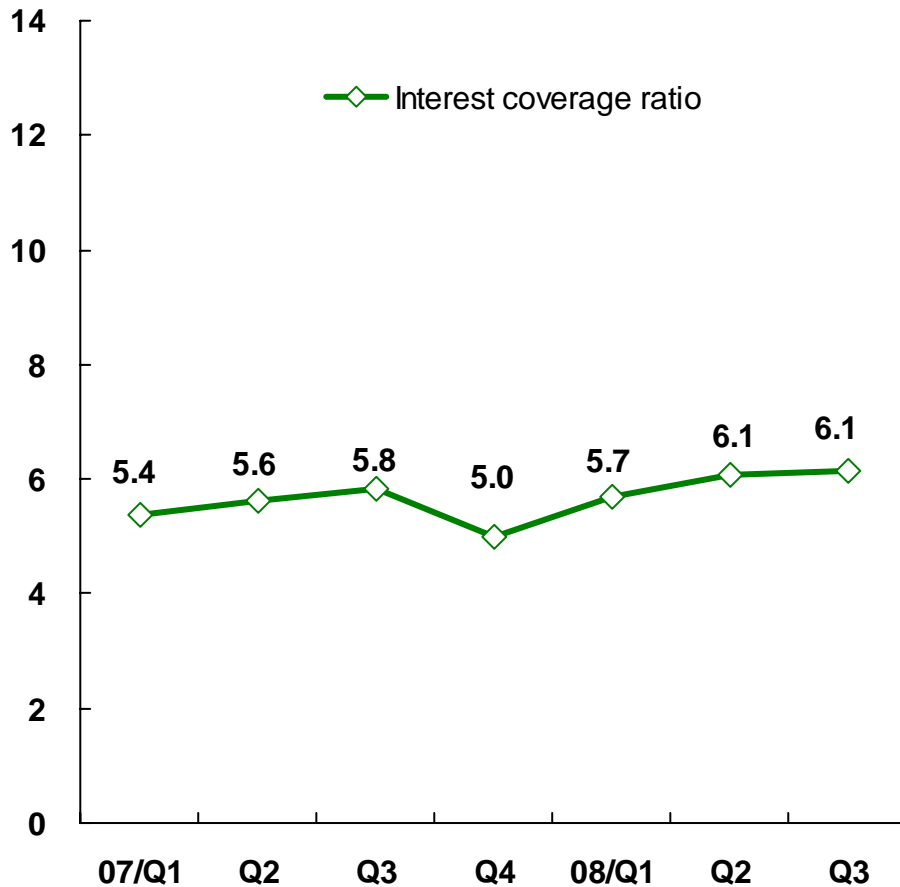
\*3 Excluding Mobile: SOFTBANK MOBILE and BB Mobile's balance has been deducted from consolidated interest-bearing debt and net interest-bearing debt balance respectively.

# Improve Indices: (4) Interest Coverage Ratio

➤ Maintain stable trend

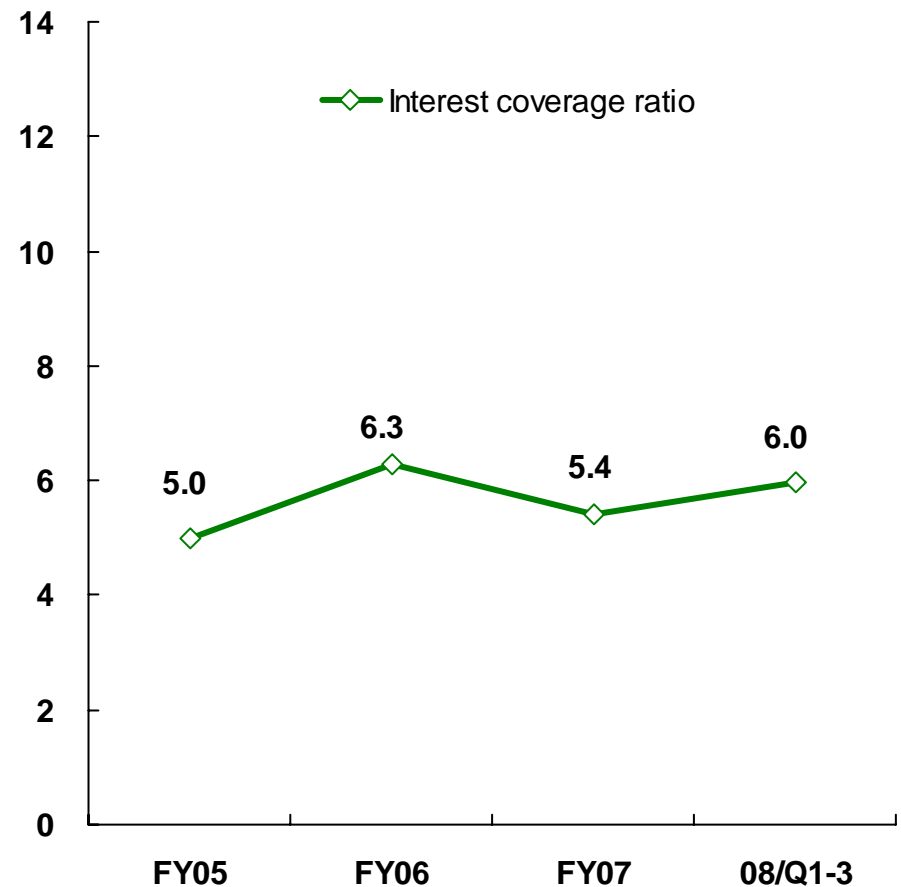
### Quarterly Interest Coverage Ratio (\*)

(times)



### Yearly Interest Coverage Ratio (\*)

(times)

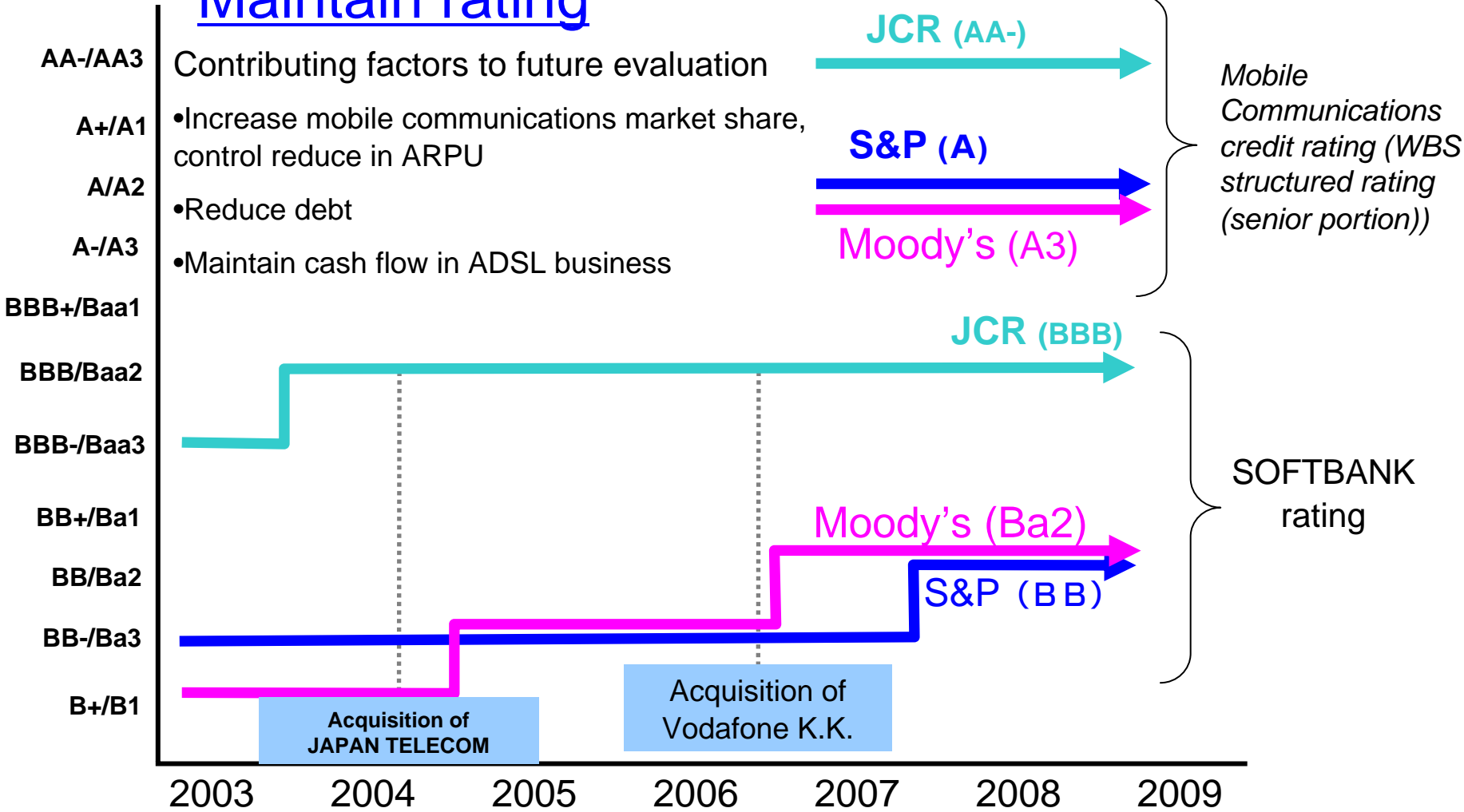


\* Interest coverage ratio = EBITDA/interest expenses

\* Interest expense in or before FY2007/Q4 include retroactively adjusted stock bailment fees relating to marketable security lending transactions.

# Credit Rating

## Maintain rating







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# Operation



## Kazuhiko Fujihara

Senior Vice President, CFO, Director  
SOFTBANK MOBILE Corp.

Senior Vice President & CFO, Director  
SOFTBANK BB Corp.

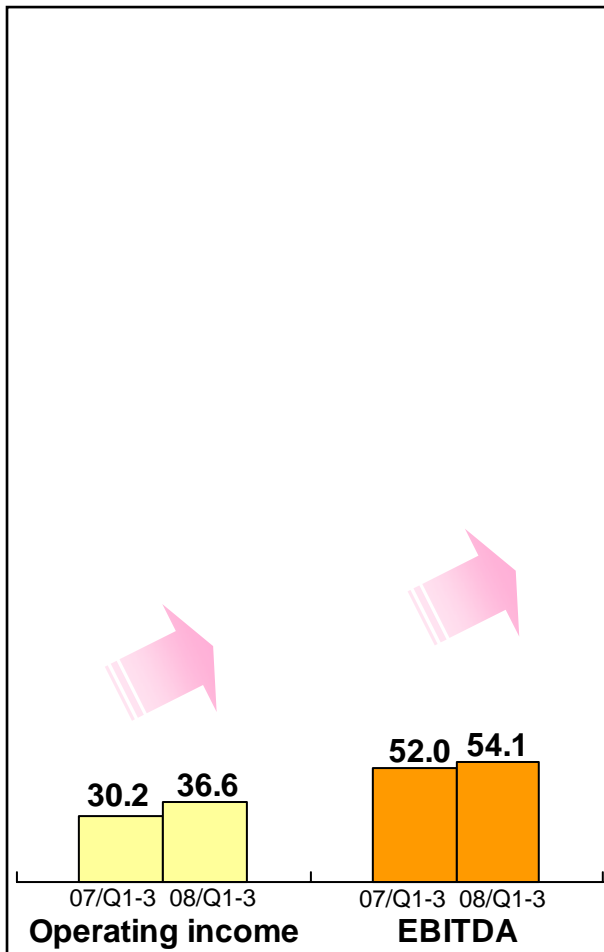
Director  
SOFTBANK TELECOM Corp.

# Overview of 3 Telecommunications Businesses

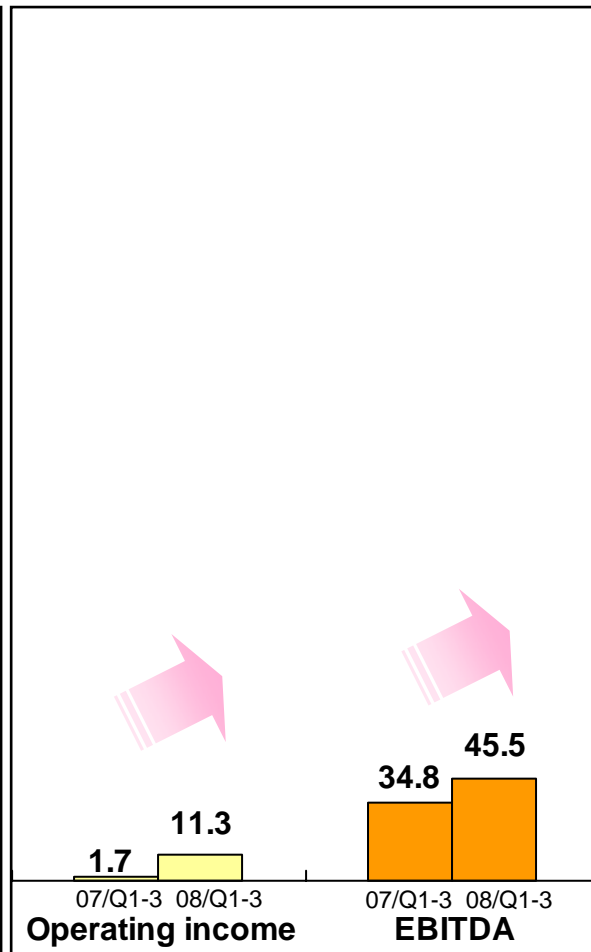
- All 3 telecommunications businesses maintain profitability

<bn JPY>

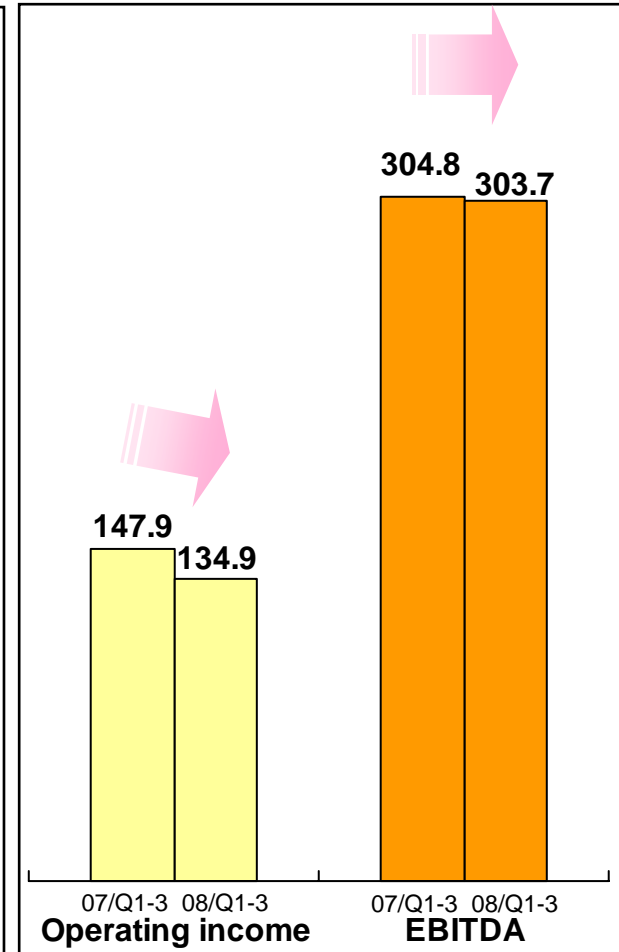
BB Infrastructure



Fixed-line Telecommunications



Mobile Communications



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**Broadband Infrastructure Business**

**Fixed-line Telecommunications Business**

**Mobile Communications Business**

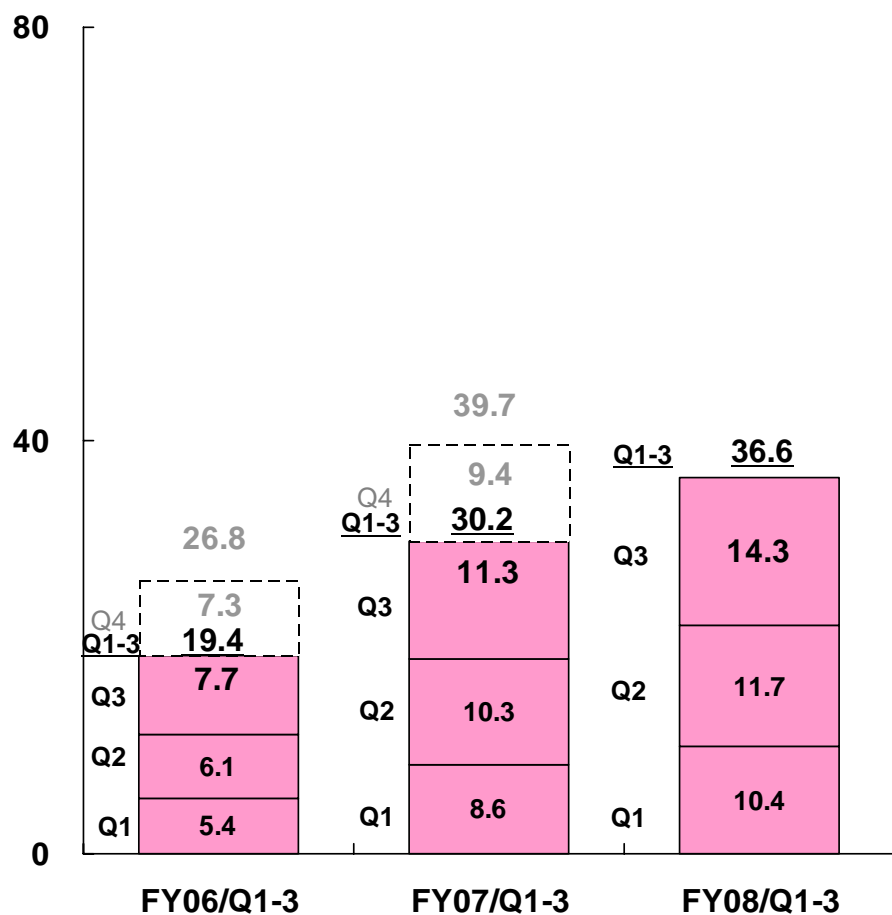
# Operating Income, EBITDA (BB Business)

<BB-1>

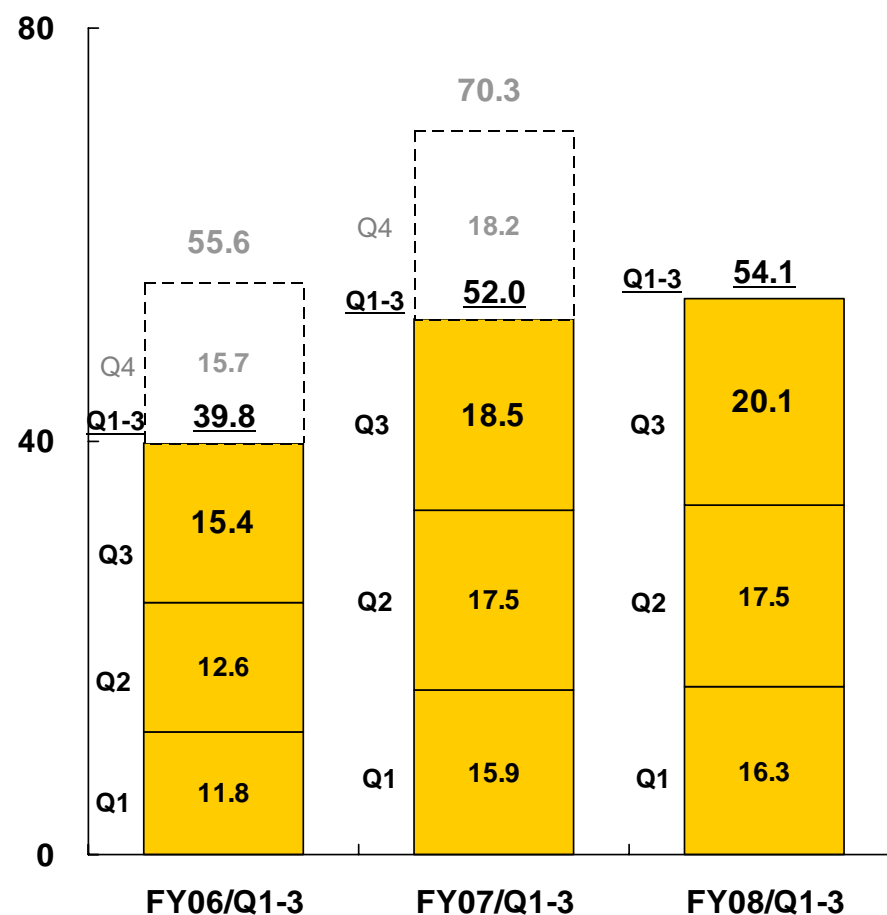
➤ Maintain trend of revenue increase through cost reductions

<bn JPY>

**Operating Income**



**EBITDA**

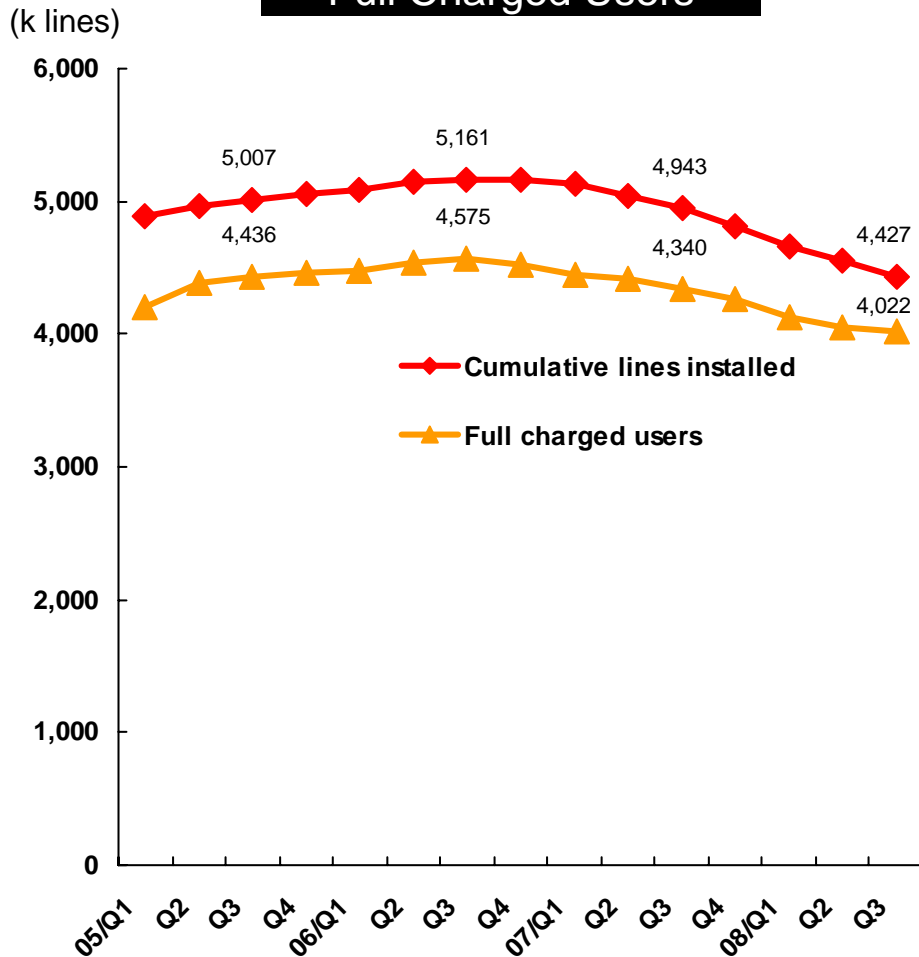


# Yahoo! BB ADSL Lines and ARPU

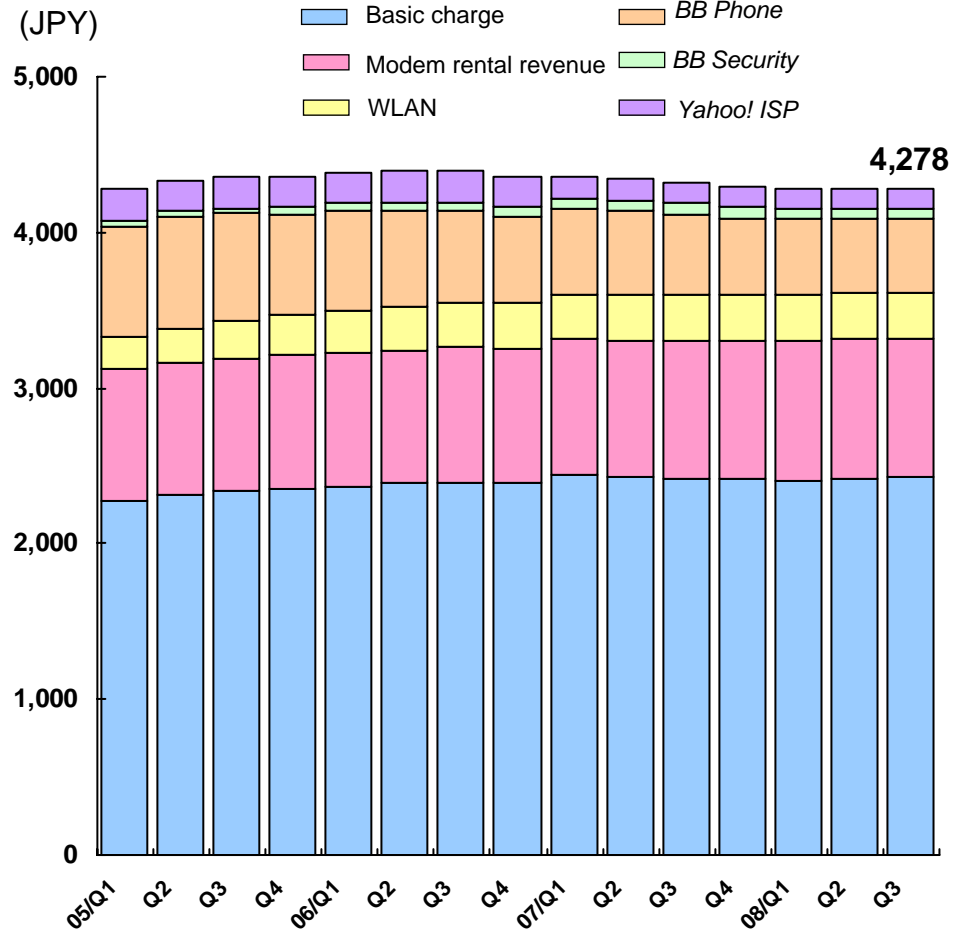
<BB-2>

➤ Number of ADSL lines are decreasing. ARPU on same level.

**Number of Lines and Full Charged Users**



**ARPU**



\*ARPU is based on user's payment. The impact of the modem rental business sale is not reflected.

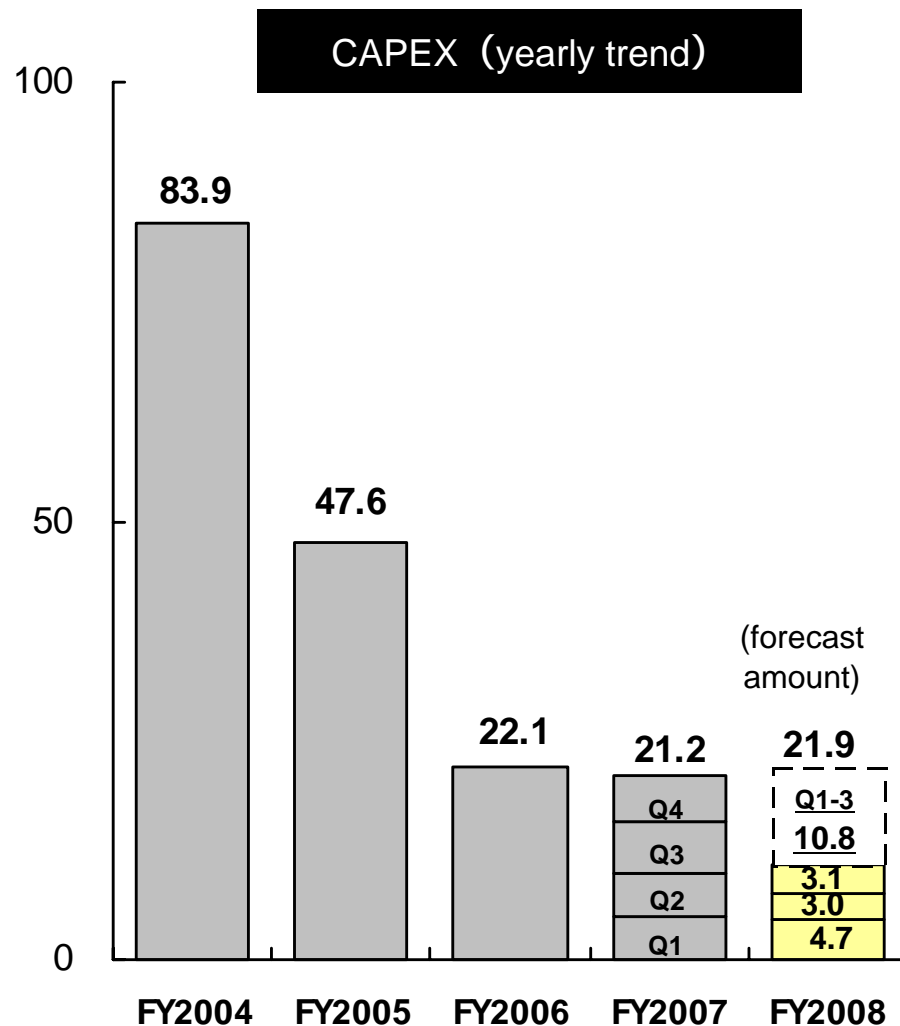
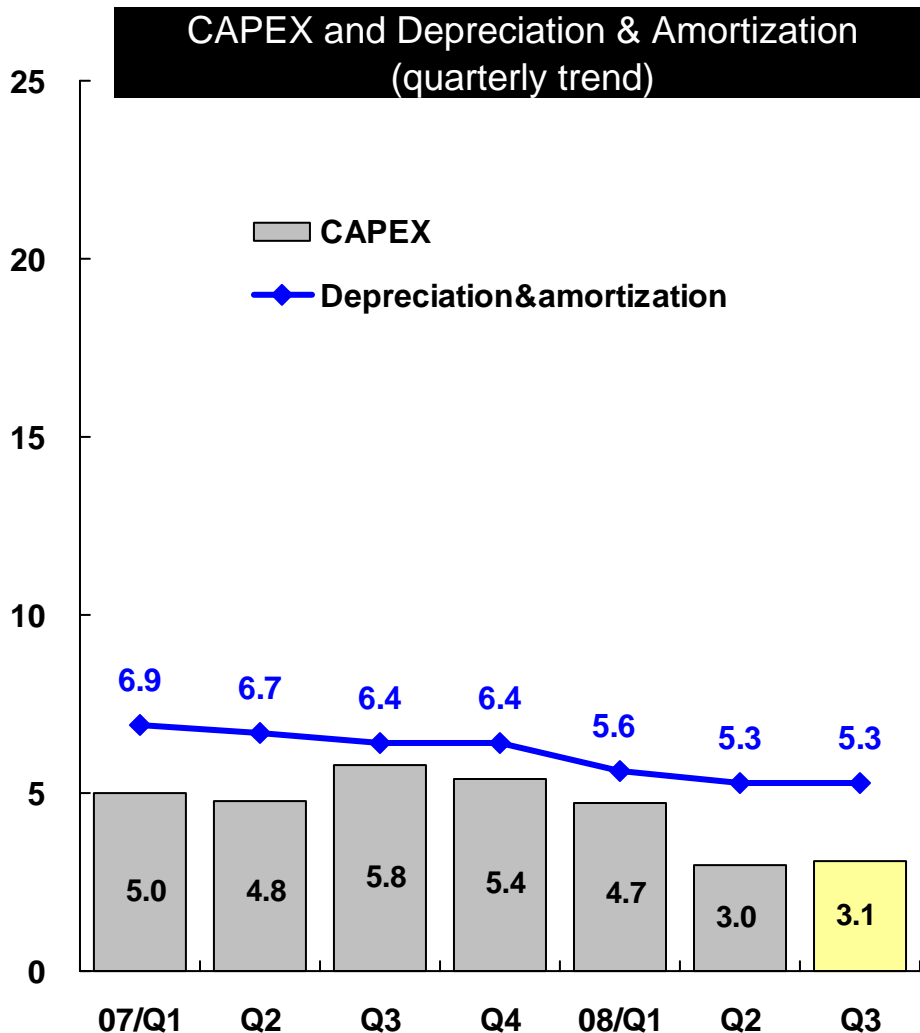
From F07/Q1 part of Yahoo! ISP revenue recorded as basic charge (no impact on user's charge).

# CAPEX (BB Business)

<BB-3>

➤ CAPEX stabilized within range of depreciation

<bn JPY>



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**Broadband Infrastructure Business**

**Fixed-line Telecommunications**

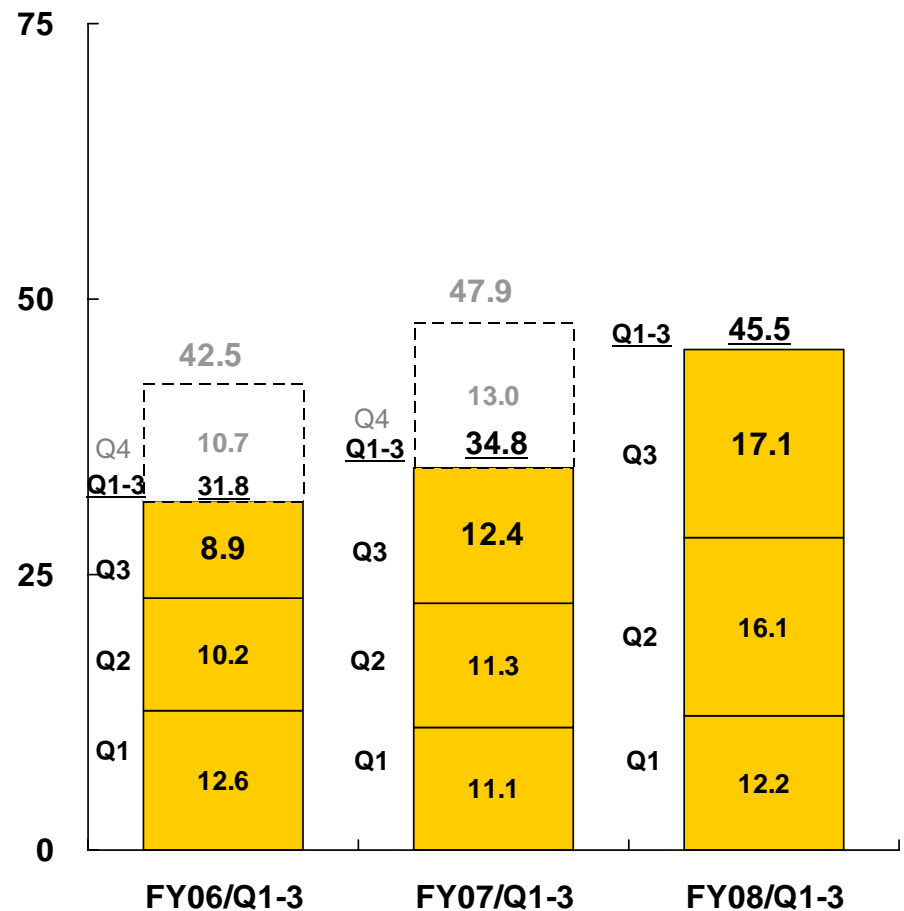
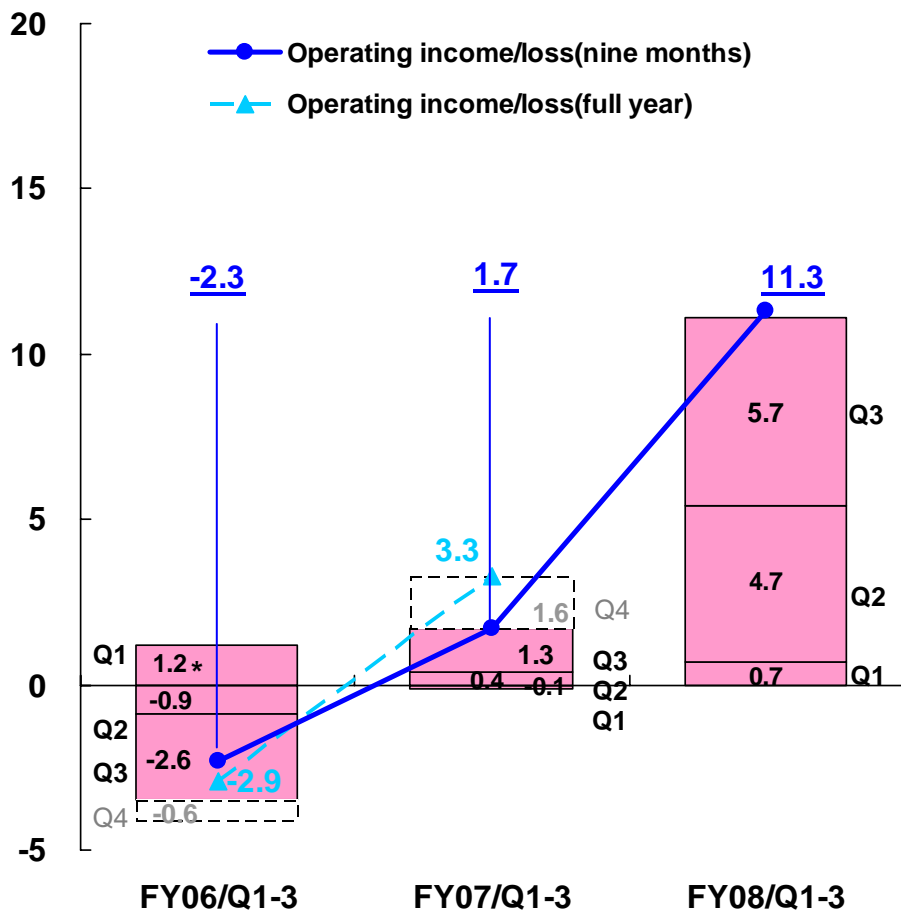
**Mobile Communications**

# Operating Income, EBITDA (Fixed-line Telecommunications Business) <Fixed-1>

- Trend of revenue increase through enhancement of corporate lines and efficient management <bn JPY>

## Operating Income/Loss

## EBITDA



\*FY06/Q1: including reversal of JPY 2.5bn for retirement benefits.

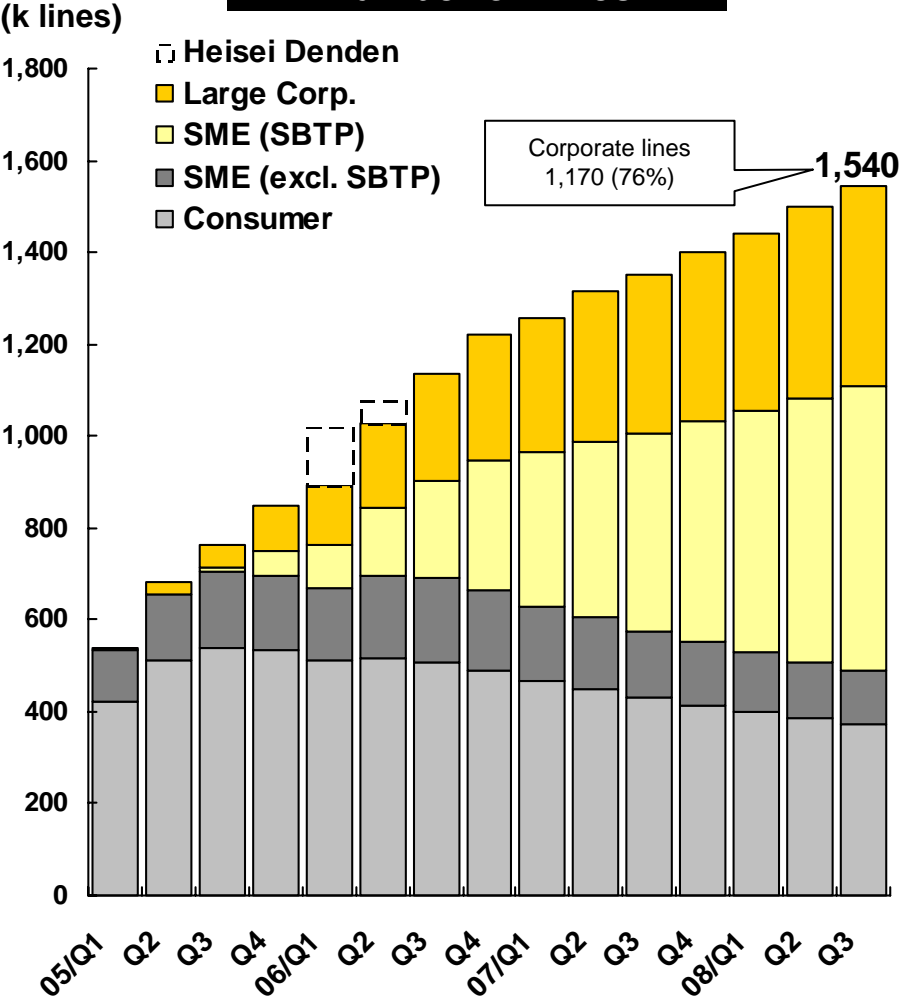


# Number of Lines and ARPU for OTOKU Line

<Fixed-2>

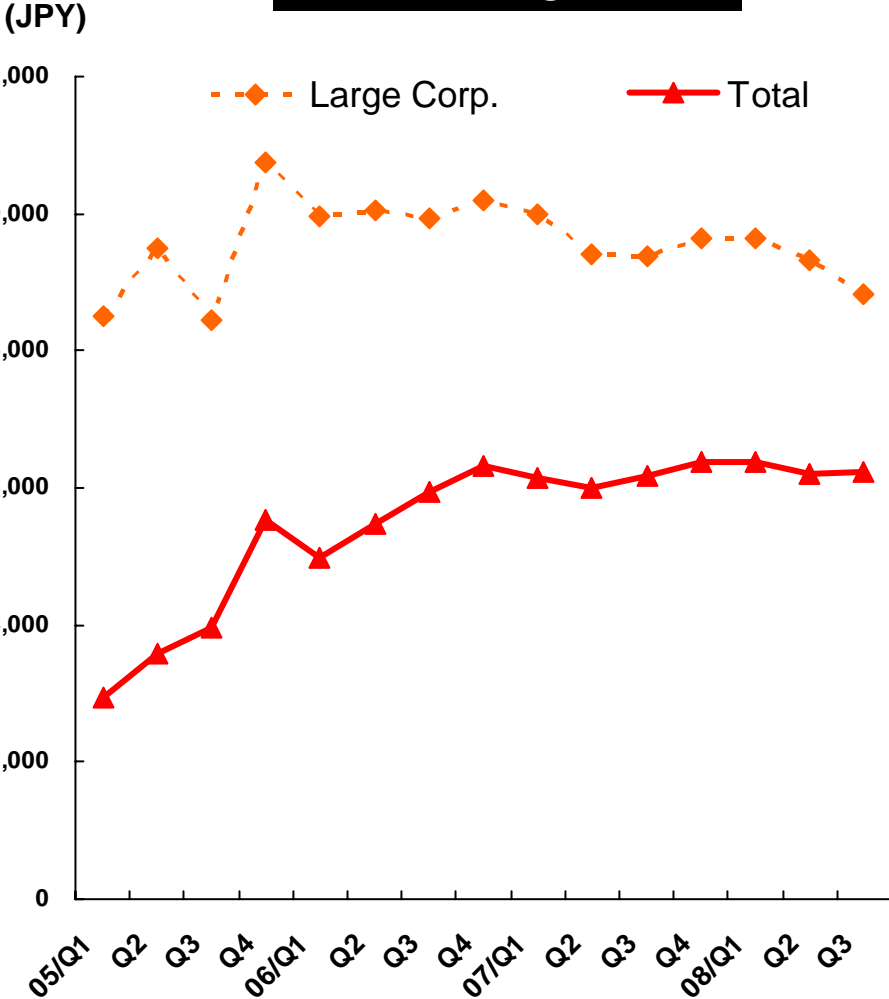
➤ Number of lines and ARPU improving due to enhancement of corporate lines

**Number of Lines**



\*SBTP : SOFTBANK TELECOM PARTNERS

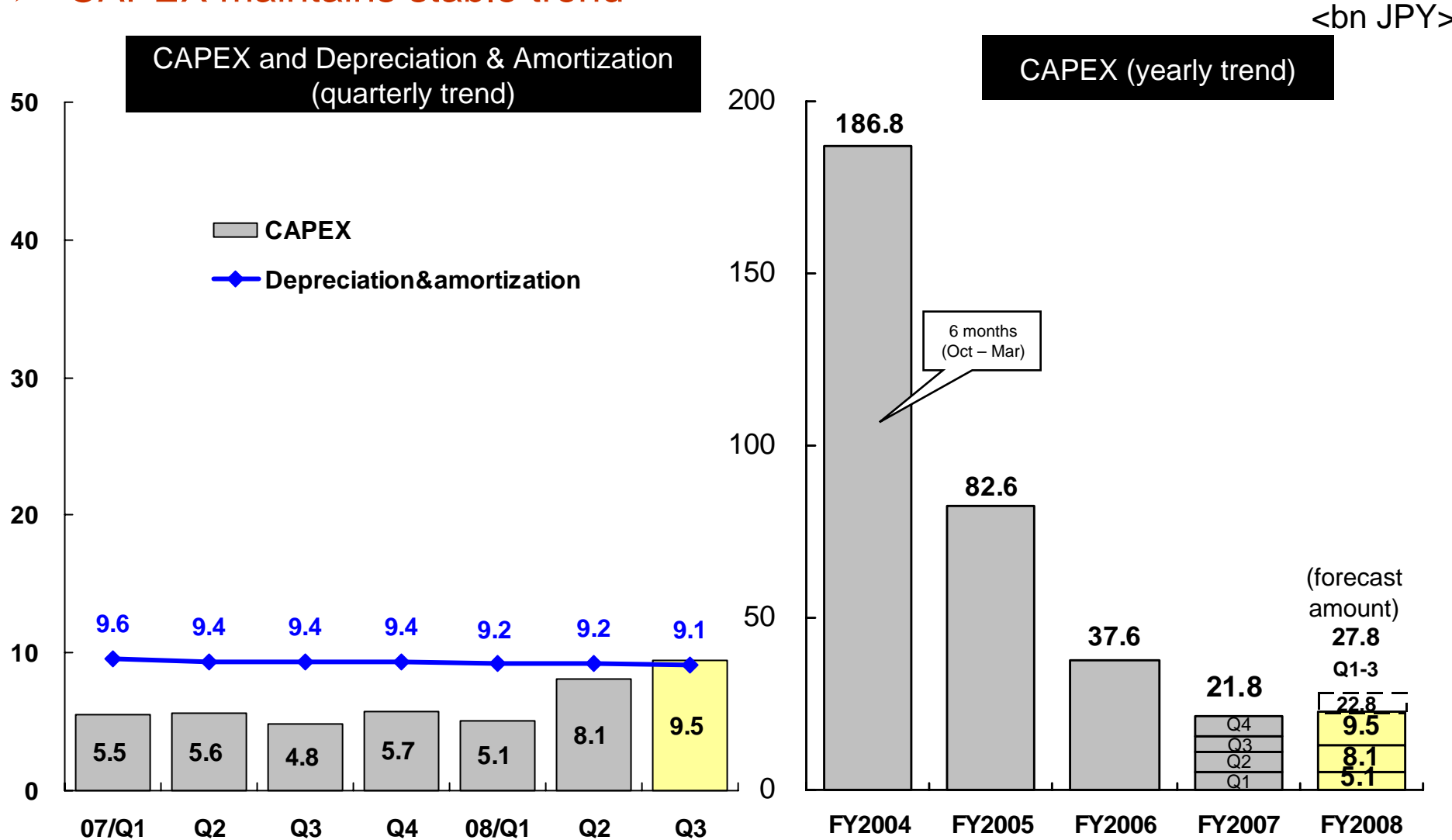
**ARPU**



# CAPEX (Fixed-line Telecommunications Business)

<Fixed-3>

## ➤ CAPEX maintains stable trend



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**Broadband Infrastructure Business**

**Fixed-line Telecommunications**

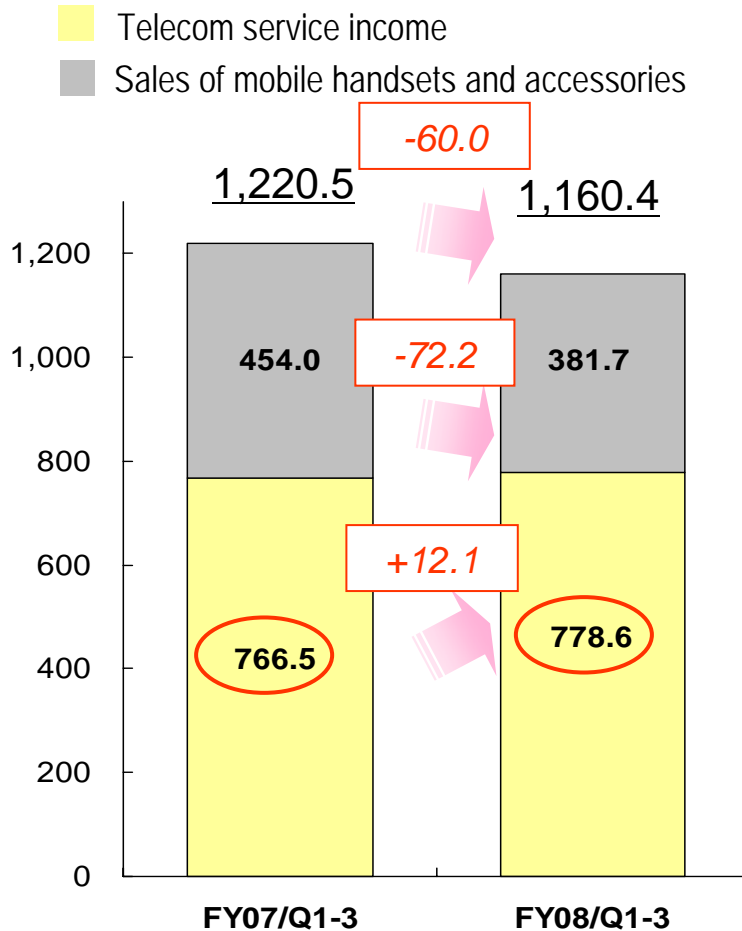
**Mobile Communications**

# Net Sales (SBM consolidated)

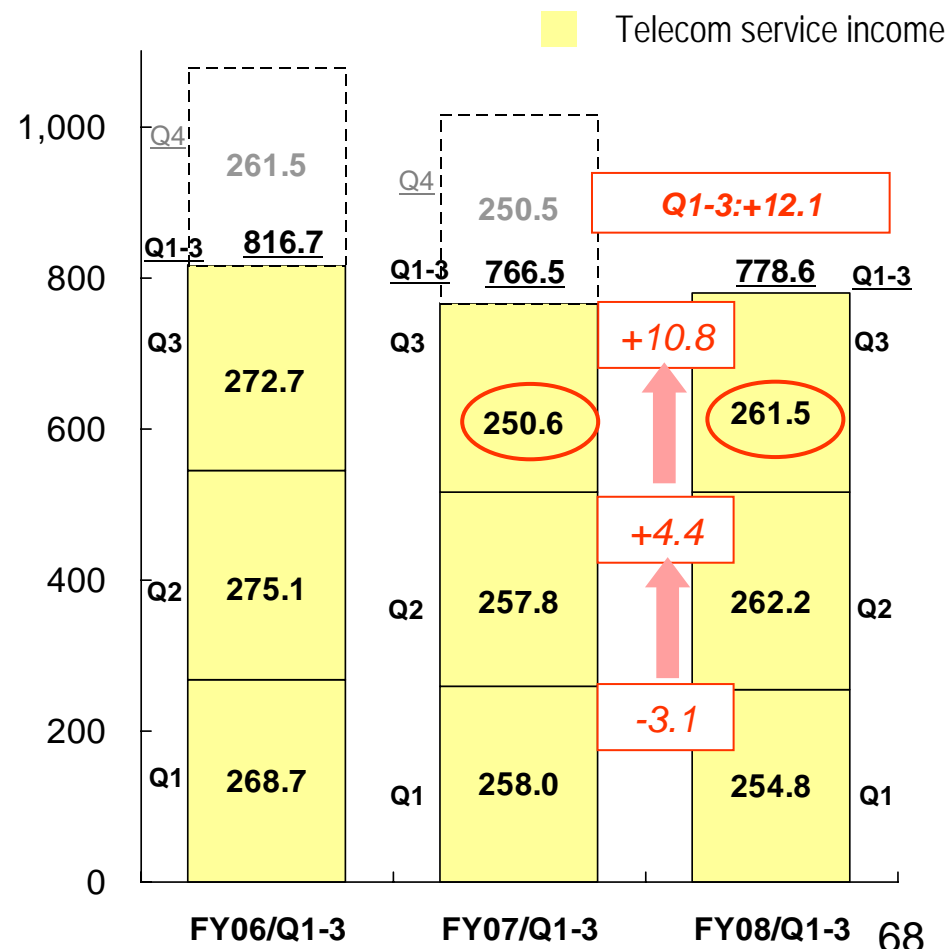
<Mobile-1>

- Decrease in revenue due to decrease in handsets. Increasing trend in Telecom service revenue. <bn JPY>

**SBM Consolidated Net Sales  
Nine Month Comparison**



**SBM Consolidated Net Sales  
Quarterly Comparison**



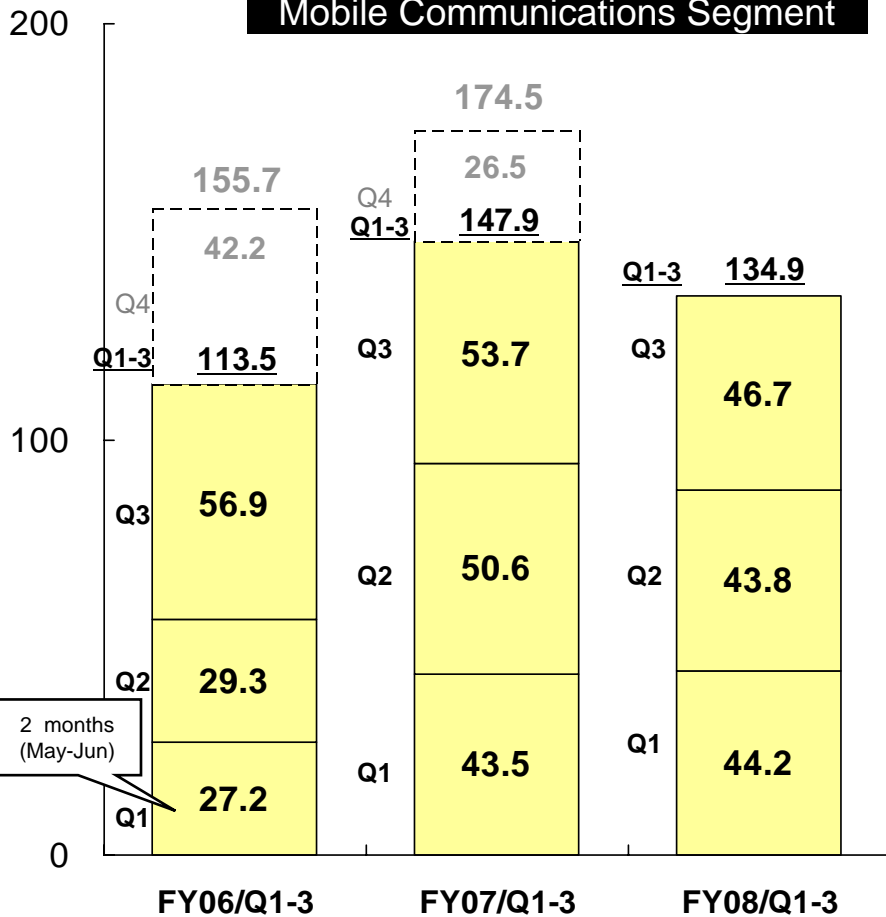
# Operating Income (SB consolidated, SBM consolidated)

<Mobile-2>

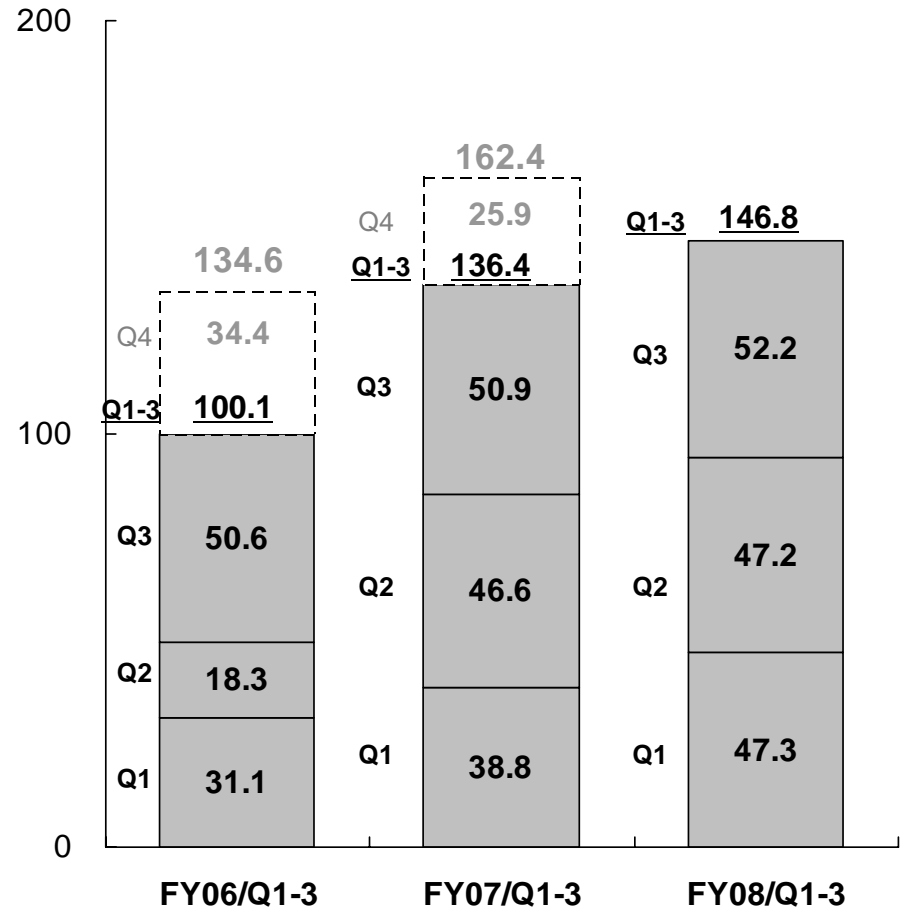
<bn JPY>

- Favorable trend sustained. First cycle of installments ended (26 months since introduction)

**SB Consolidated**  
Mobile Communications Segment



**SBM Consolidated**



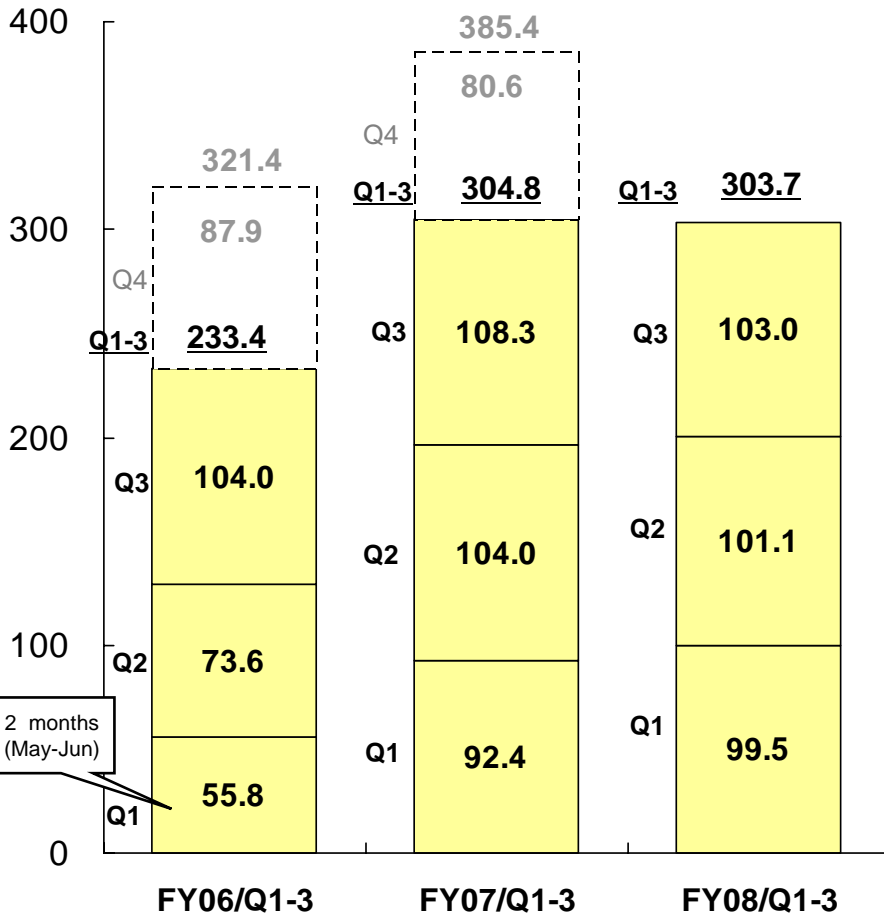
# EBITDA (SB Consolidated, SBM Consolidated)

<Mobile-3>

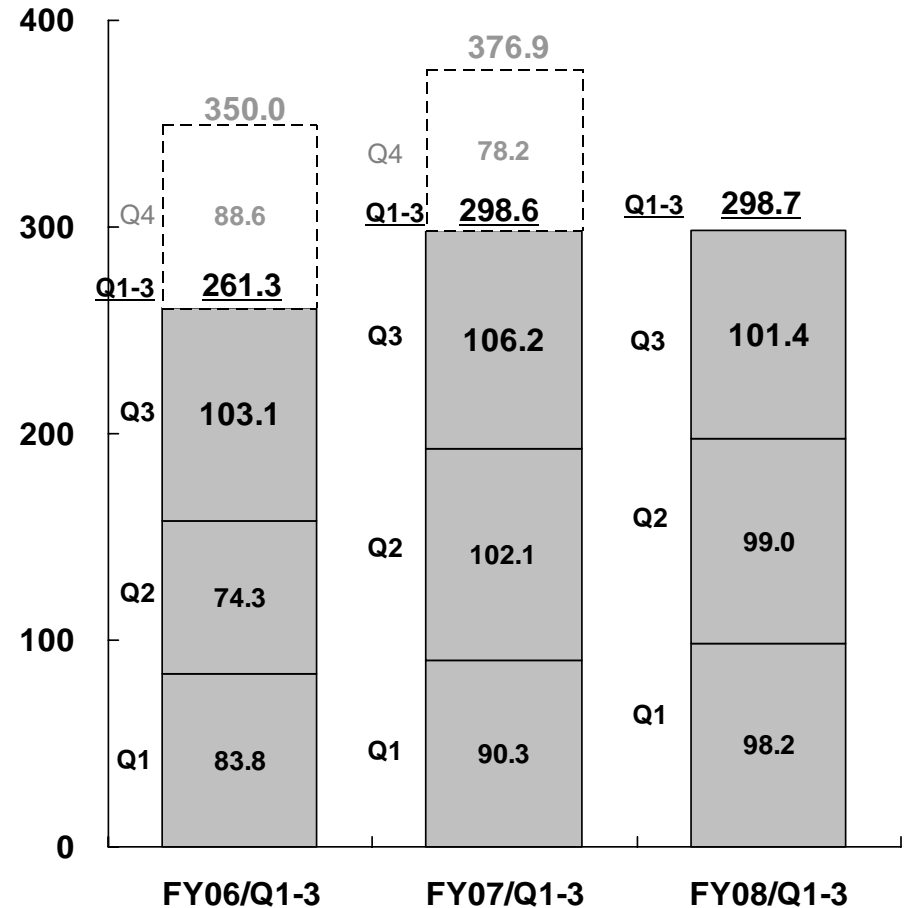
➤ Favorable trend sustained.

<bn JPY>

**SB Consolidated  
Mobile Communications Segment**



**SBM Consolidated**

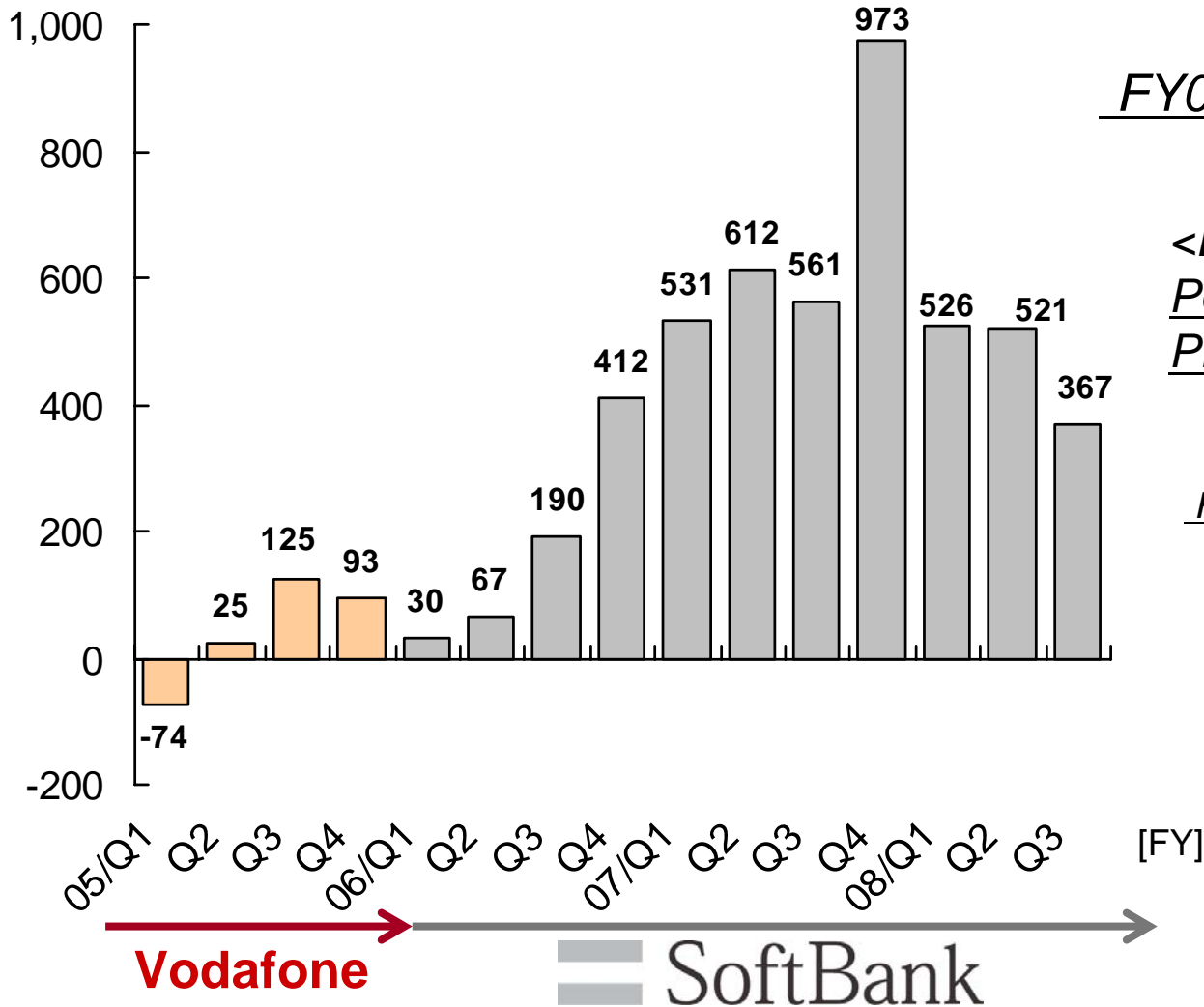


# Quarterly Net Additions

<Mobile-4>

➤ No.1 in net additions for 20 consecutive months

<k lines>



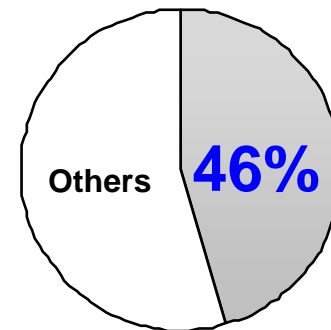
FY08/Q3 net additions 367k

<Breakdown>

Postpaid +398k

Prepaid -31k

FY08/Q1-3 net additions



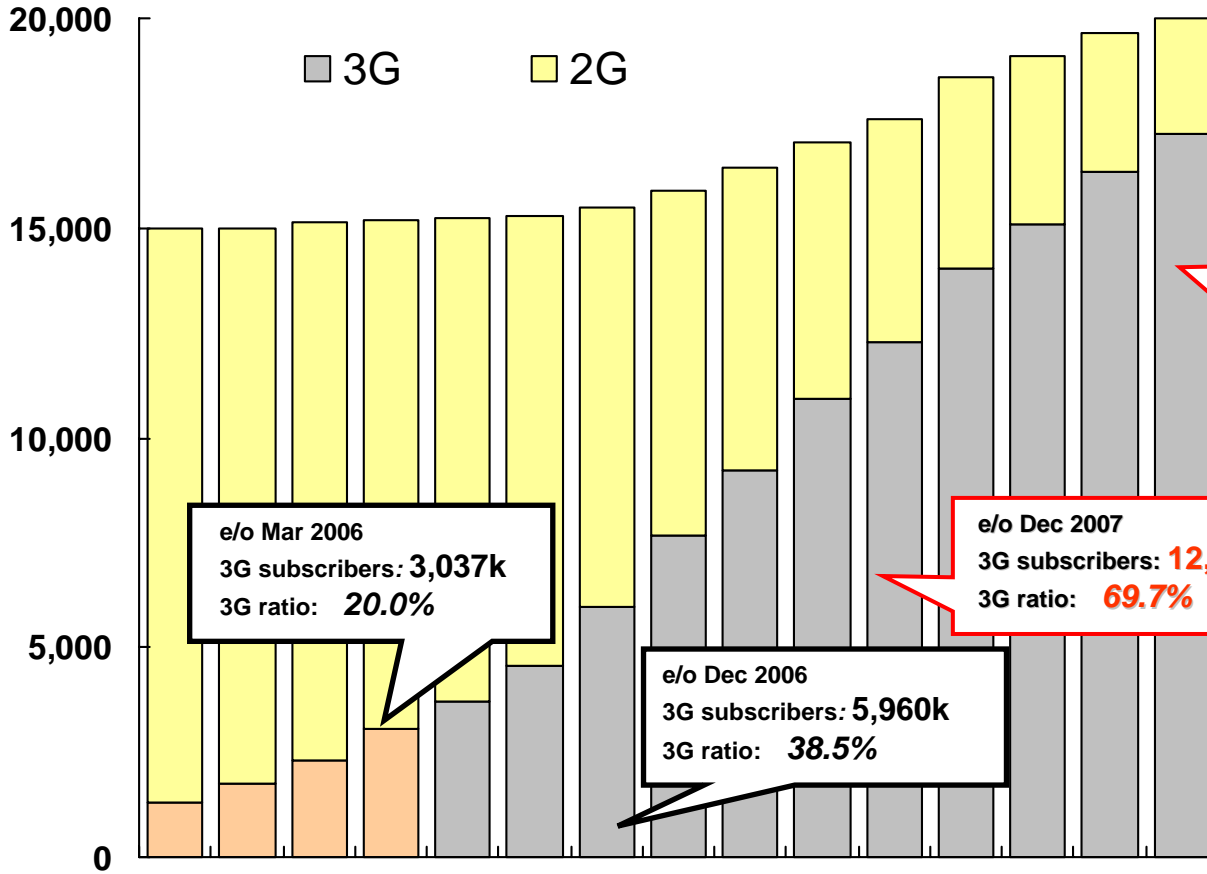
(Ref.) FY07/Q1-3  
share in net additions  
47%

# Total Subscribers, 3G Subscribers

<Mobile-5>

➤ Number of total subscribers is growing steadily. 3G subscribers increase (over 85%).

<k lines>



**Jan 1<sup>st</sup> 2009**  
**cumulative subscribers**  
**exceed 20m**

e/o Dec 2008  
 Cumulative subscribers: **19,999k**  
 3G subscribers: **17,248k**  
 3G ratio: **86.2%**

e/o Mar 2006  
 3G subscribers: **3,037k**  
 3G ratio: **20.0%**

e/o Dec 2007  
 3G subscribers: **12,281k**  
 3G ratio: **69.7%**

e/o Dec 2006  
 3G subscribers: **5,960k**  
 3G ratio: **38.5%**

Jun Sep Dec 2005    Jun Sep Dec 2006    Jun Sep Dec 2007    Jun Sep Dec 2008

Vodafone

SoftBank

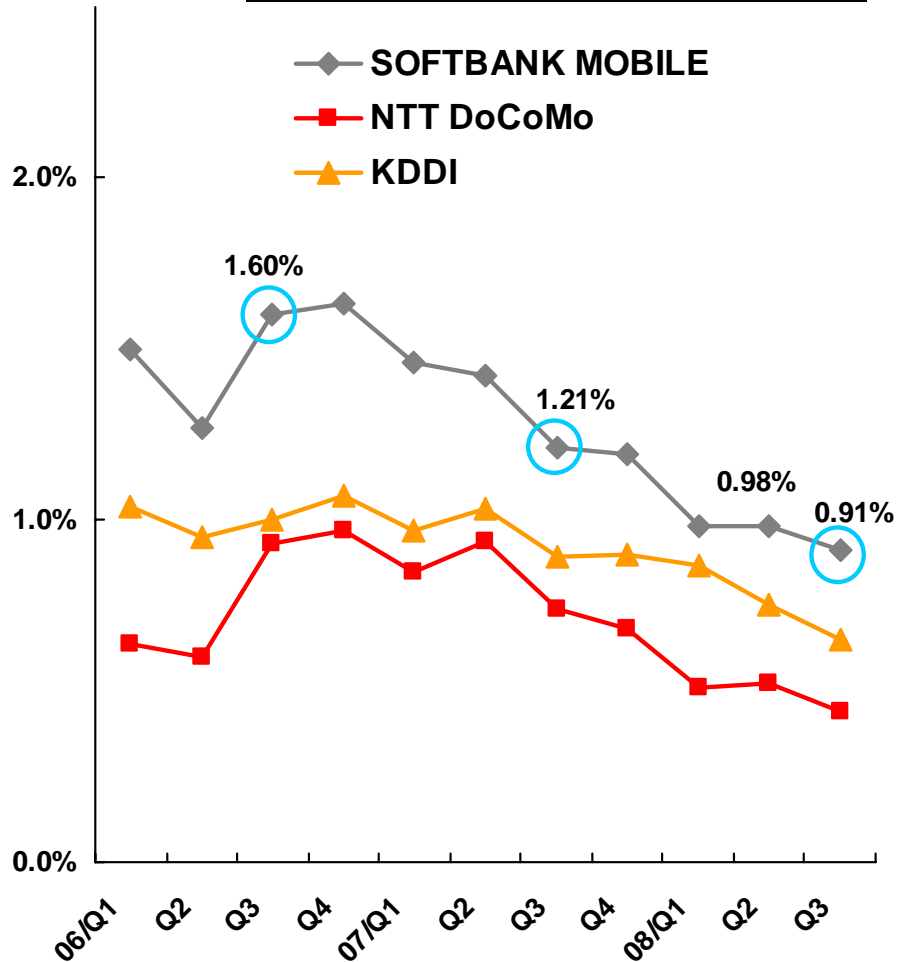


# Churn Rate

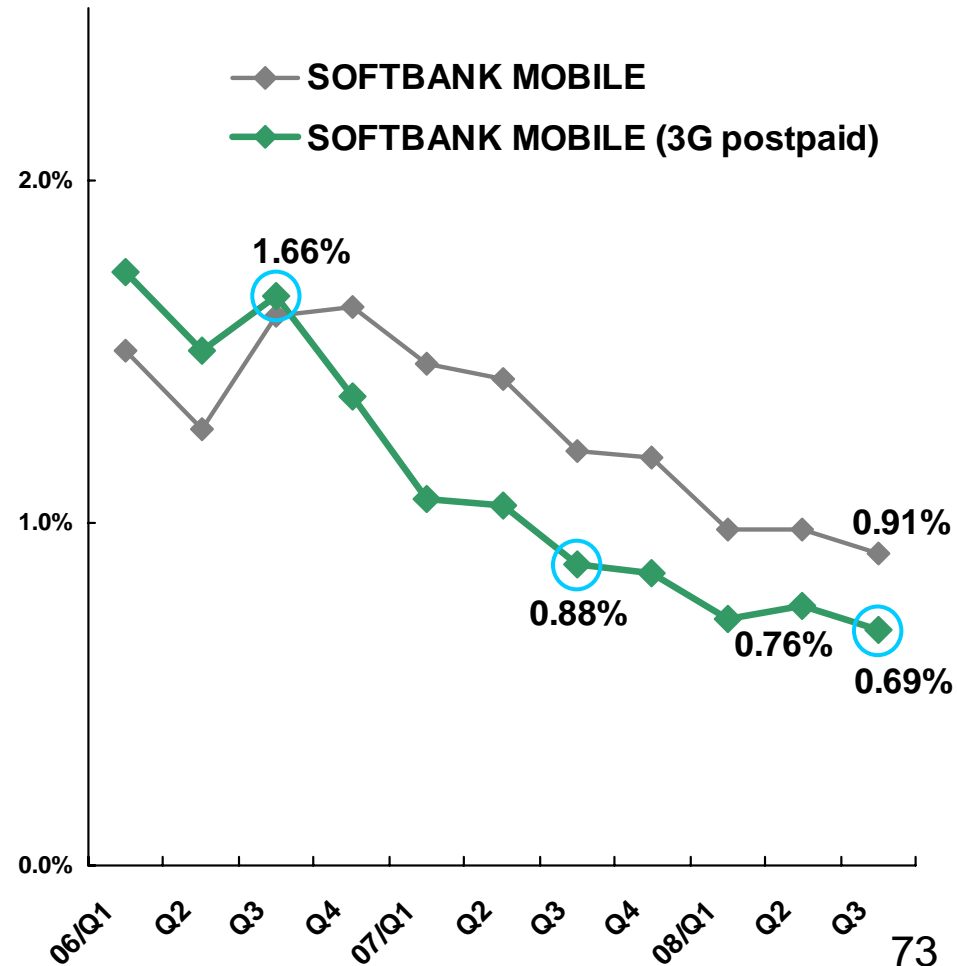
<Mobile-6>

➤ Churn rate maintains decreasing trend

**Churn Rate  
(comp. to other operators)**



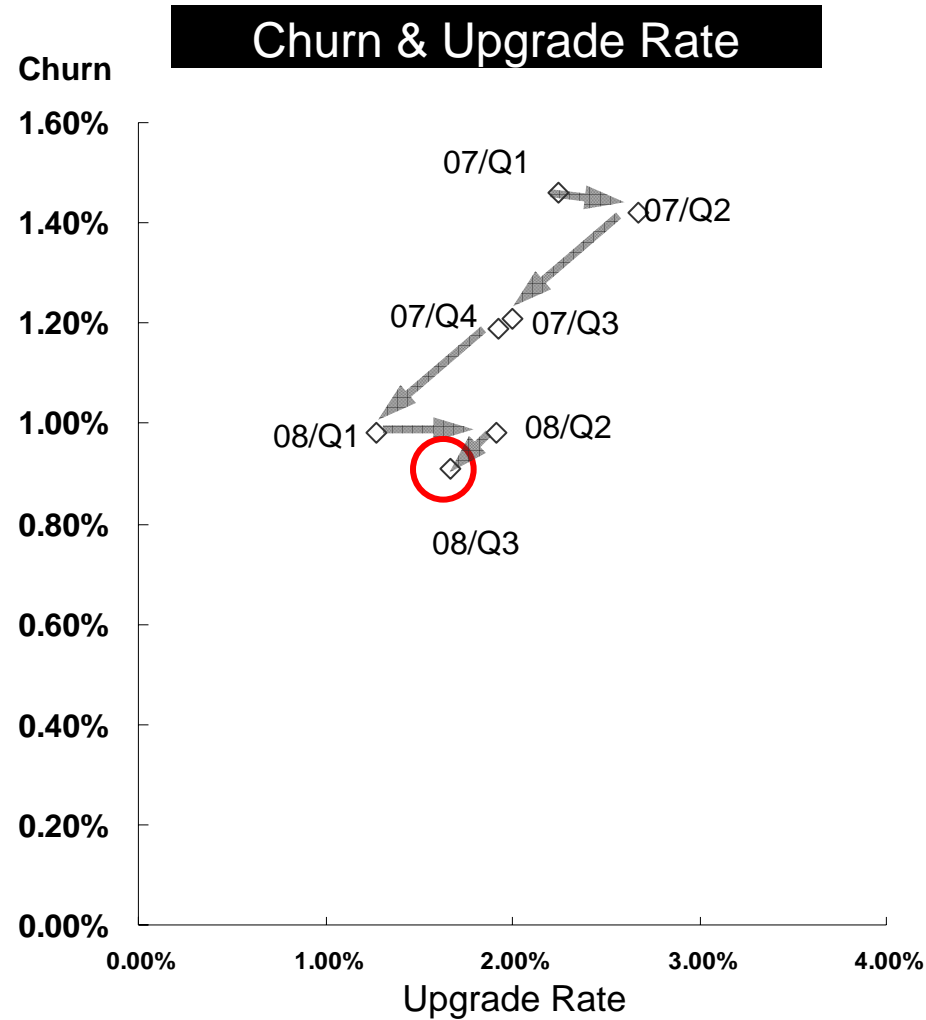
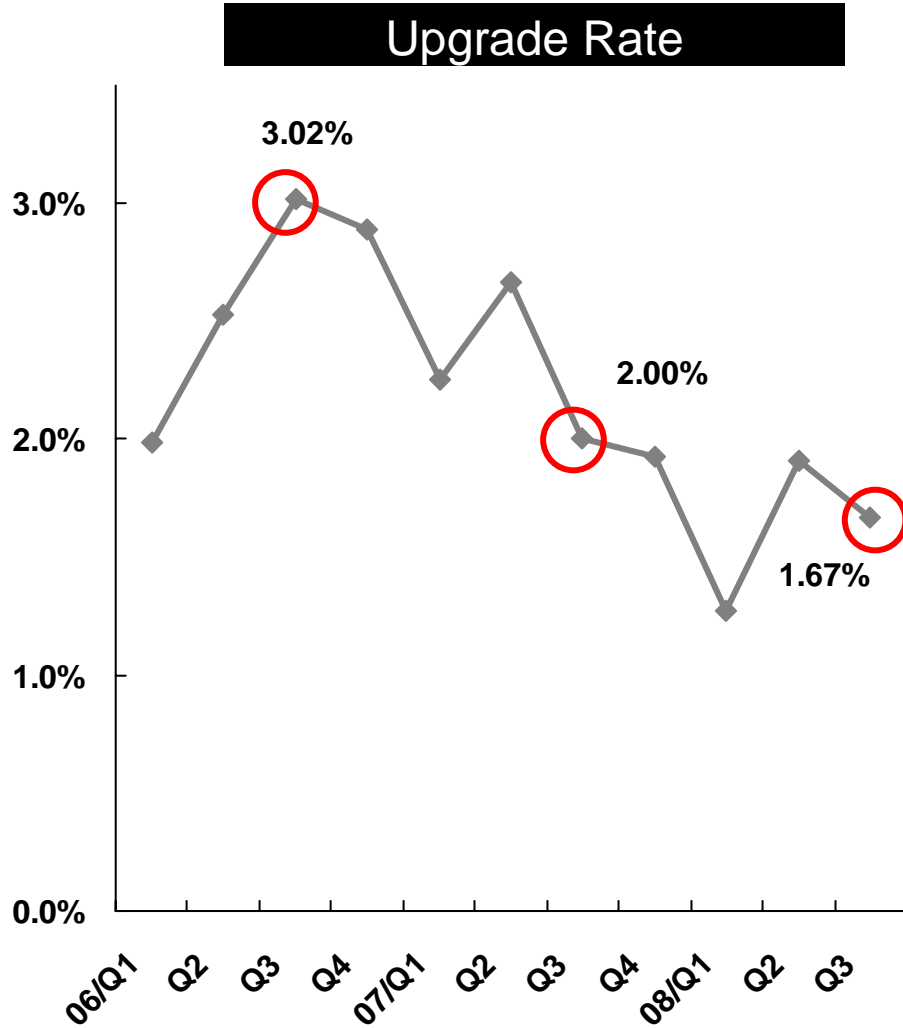
**Churn Rate (3G postpaid)**



# Churn Rate & Upgrade Rate

<Mobile-7>

➤ Upgrade rate maintains trend lower than 2%

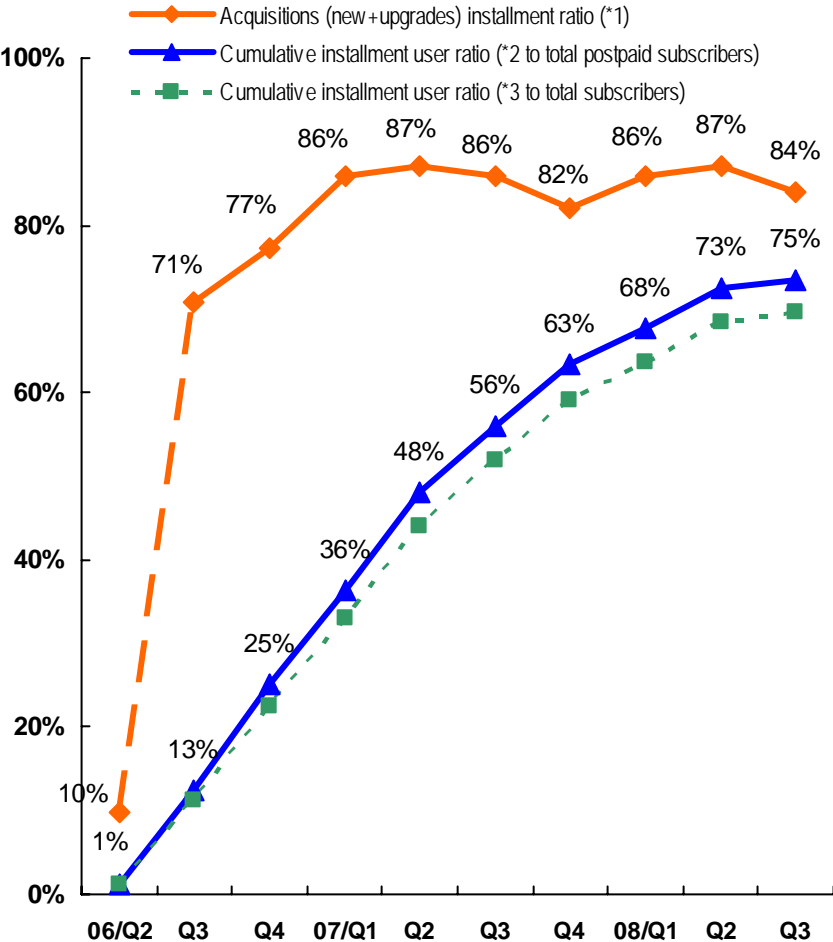


# Installment Sales Receivables and *Super Bonus* Ratio <Mobile-8>

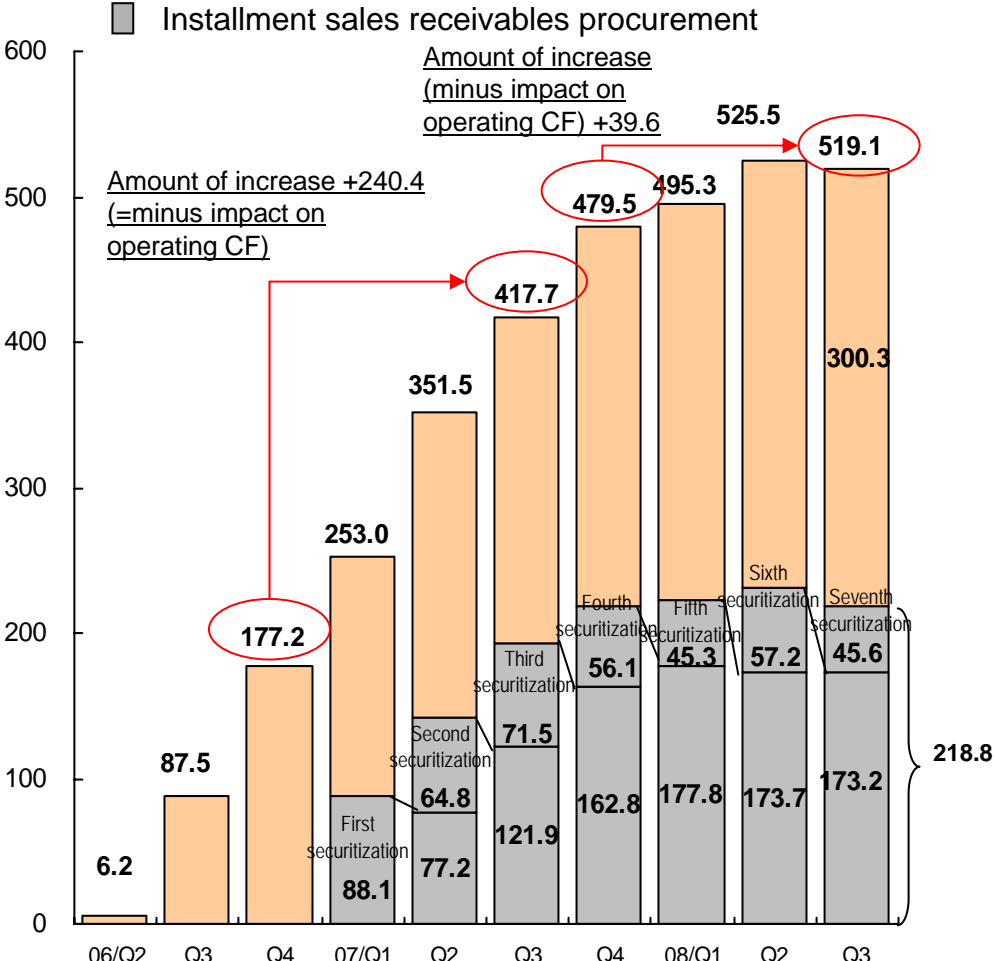
➤ Maintain high subscription ratio. Installment balance over peak.

<bn JPY>

### Super Bonus Subscription Ratio



### Installment Sales Receivables Balance



\*1 Acquisitions installment ratio: ratio of New Super Bonus subscribers to postpaid subscribers (new/upgrade)

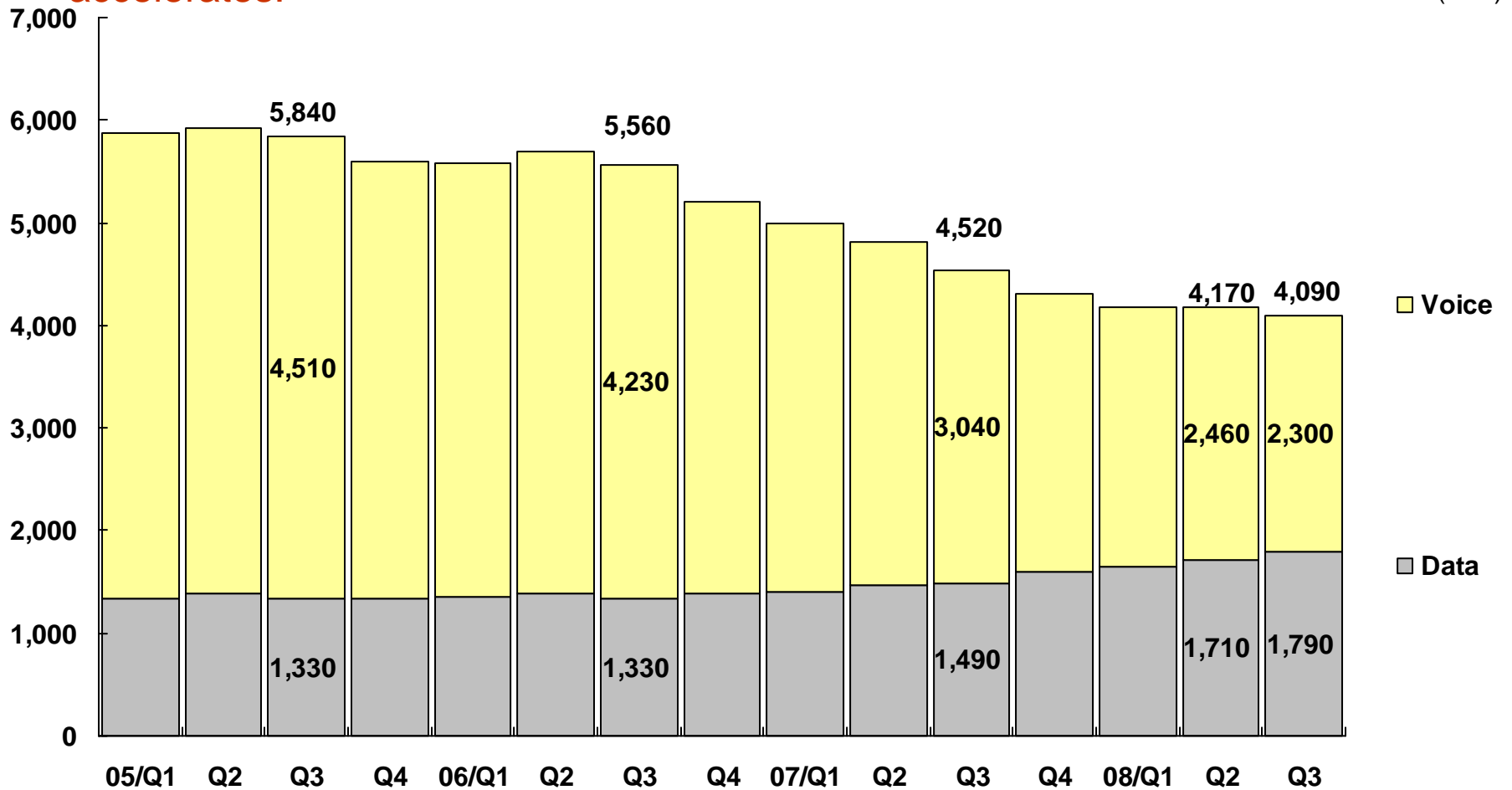
\*2 Cumulative installment ratio to postpaid subscribers: ratio of New Super Bonus subscribers to total postpaid subscribers (excluding subscribers whose Monthly Discounts ended)

\*3 Cumulative installment ratio: ratio of New Super Bonus subscribers to total subscribers (excluding subscribers whose Monthly Discounts ended)

# ARPU

<Mobile-9>

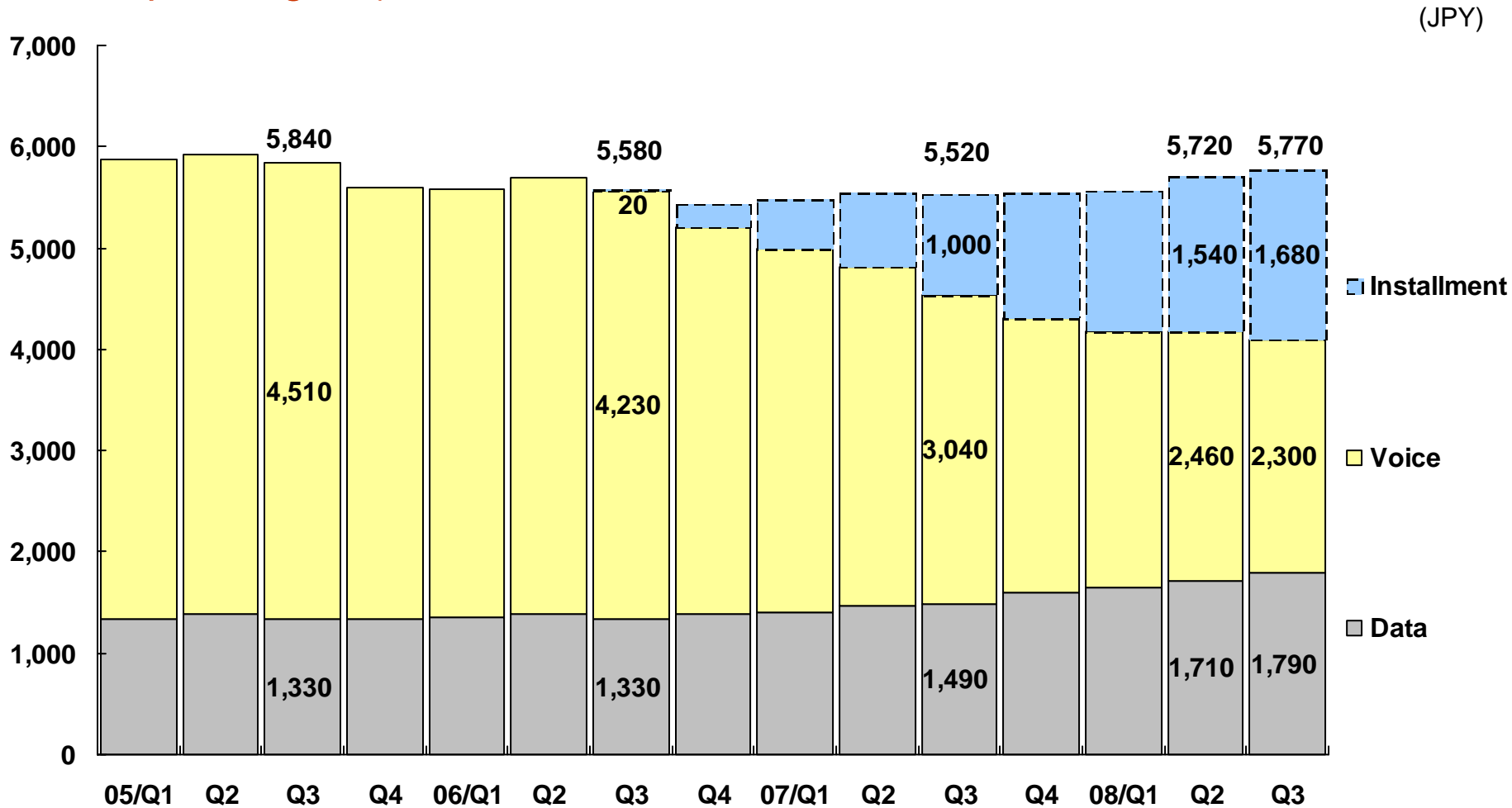
- ARPU decreased: rate of decrease slowing down YoY
- Voice ARPU decreased (impact of Monthly Discounts) Increase in data ARPU accelerates.



# <Reference> ARPU + Installment Payments

<Mobile-10>

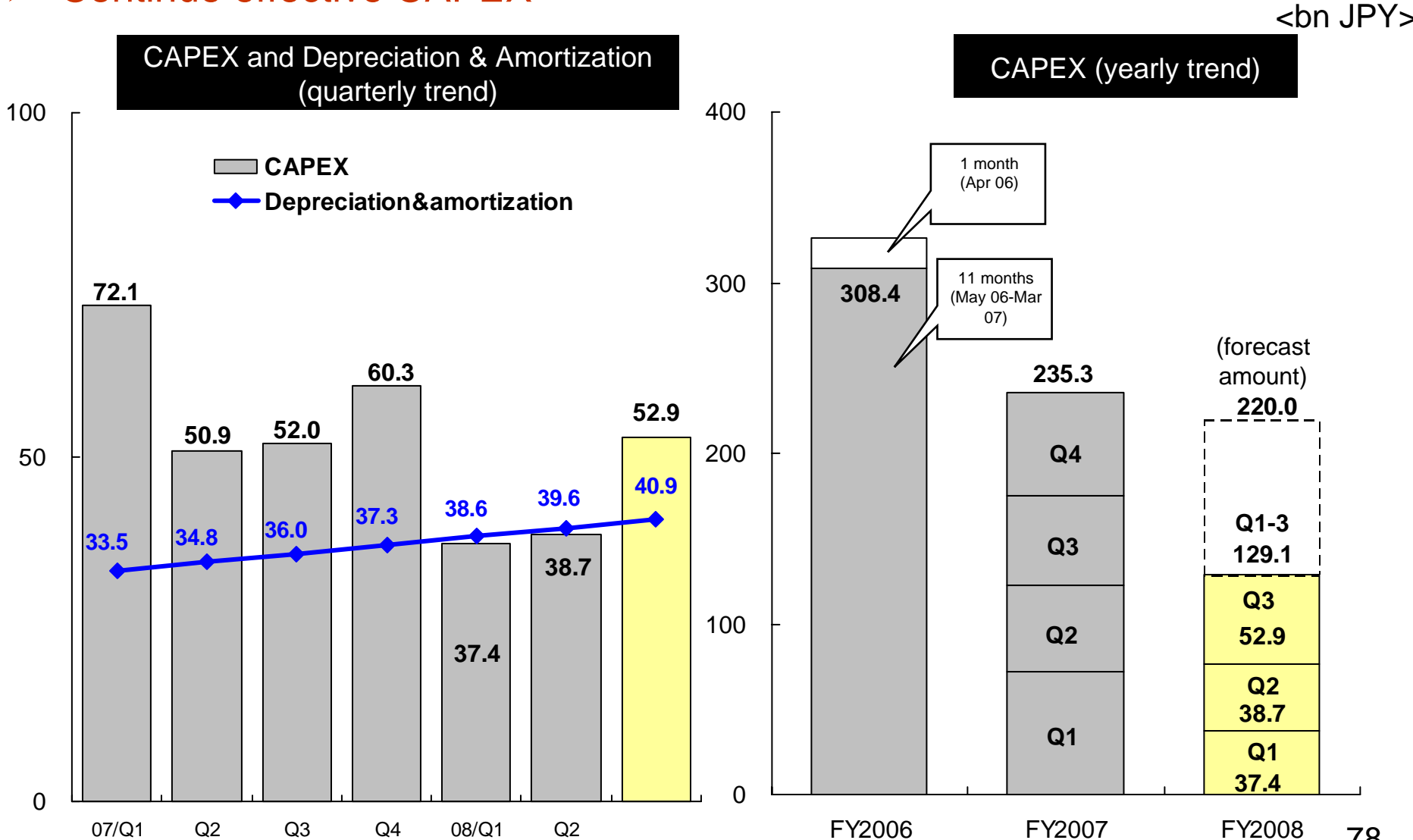
- ARPU & installment payment trend improved (reason for improvement in operating CF)

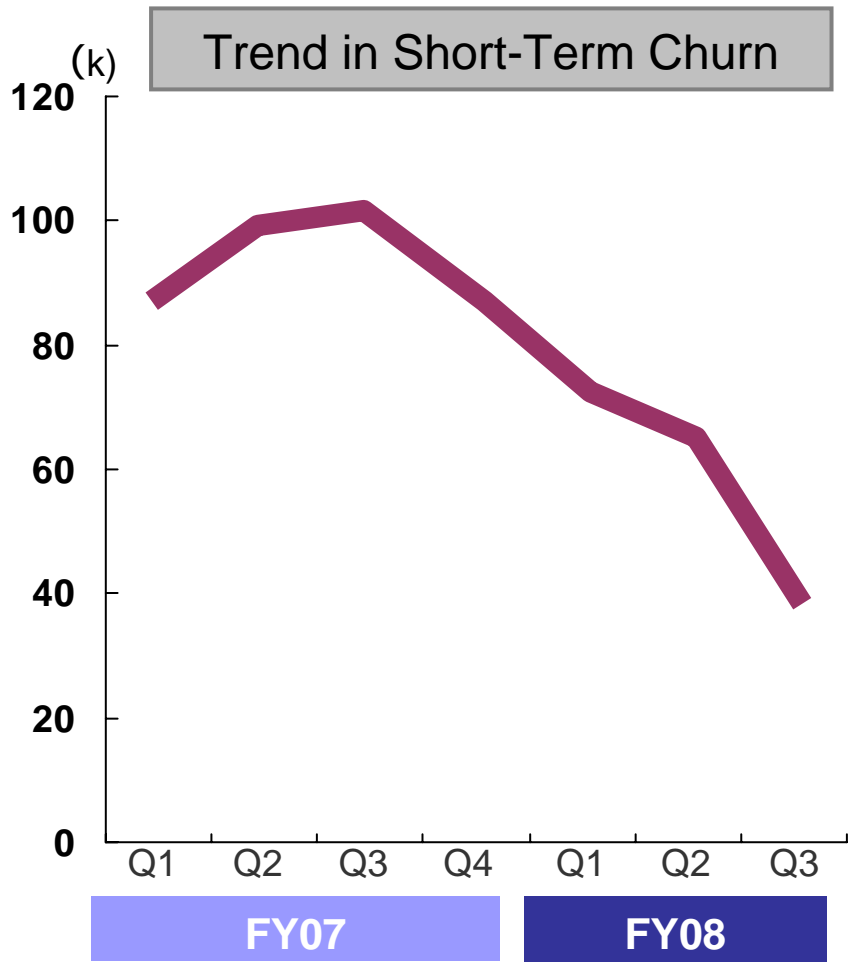


# CAPEX (Mobile Communications Business)

<Mobile-11>

## ➤ Continue effective CAPEX

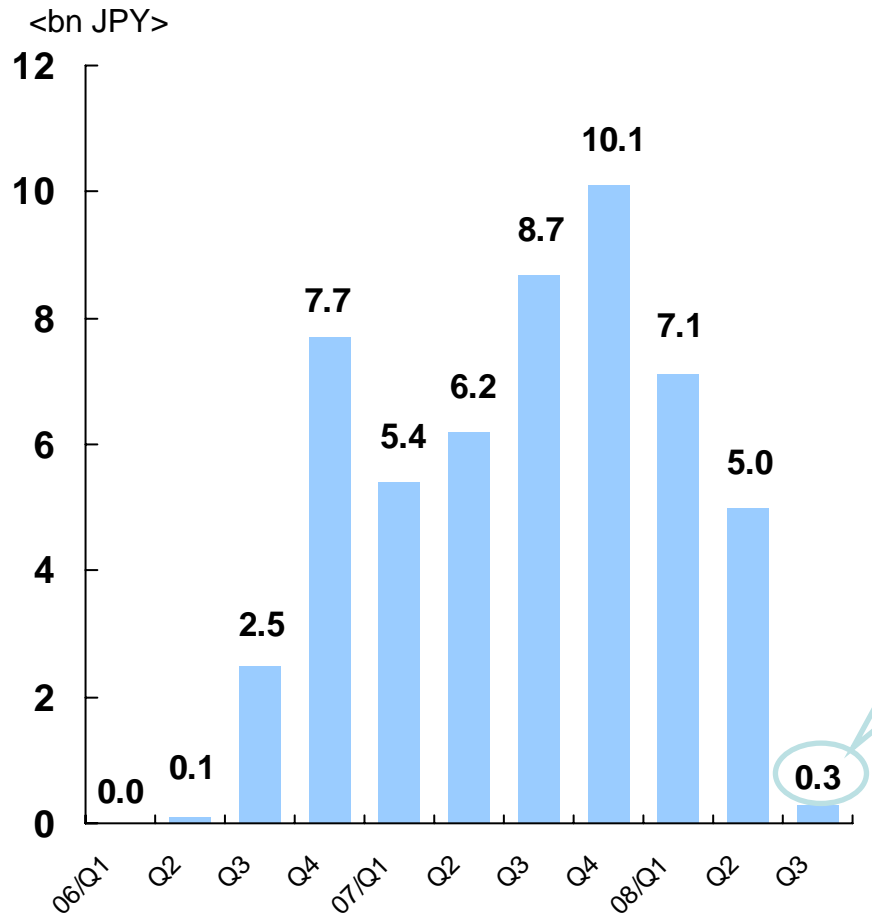




Big drop in short-term churn

➤ Quality of new receivables improving. Reversal of allowance for doubtful accounts.

(bn JPY) Allowance for Doubtful Accounts of Installment Receivables and Bad Debt Loss (on P/L)



Incurred before FY08/Q2	
Reversal of allowance for doubtful accounts	(1.6)
<hr/>	
Incurred in FY08/Q3	
Allowance for doubtful accounts	+1.9
<hr/>	
<b>Total</b>	<b>+0.3</b>

Big drop in doubtful accounts expense

\*The sum of the provision for allowance for doubtful accounts and bad debt loss





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