

**Earnings Results  
for the Year  
Ended March 31, 2009  
(FY2008/Q1-4)**

**Analyst Meeting**



**May 1, 2009**

**SOFTBANK CORP.**

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## Accounting

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# Accounting



Kazuko Kimiwada

General Manager

Accounting, Internal Control

SOFTBANK CORP.

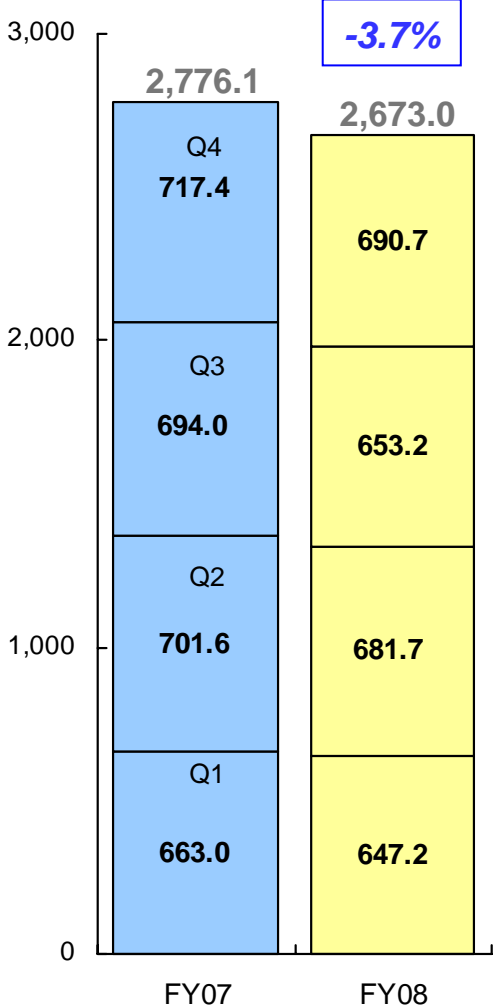
## Consolidated P/L Analysis

# Consolidated P/L Summary

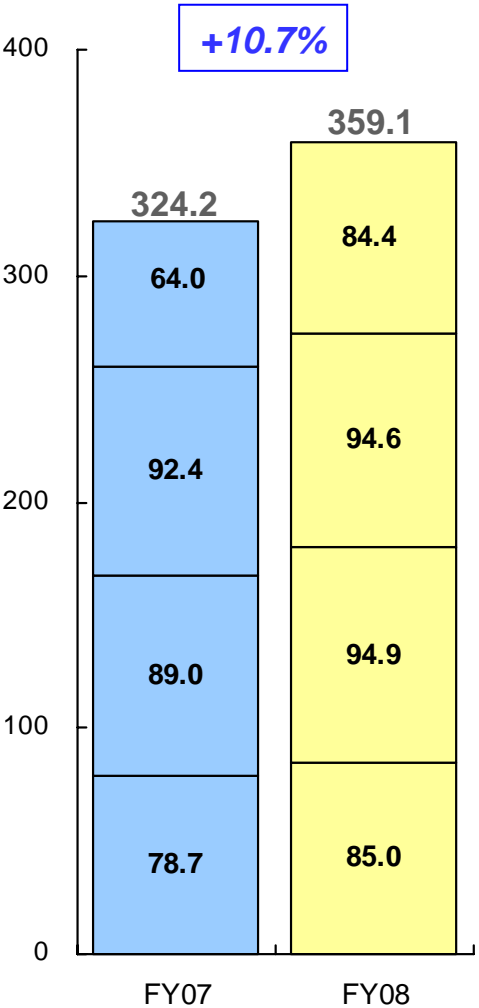
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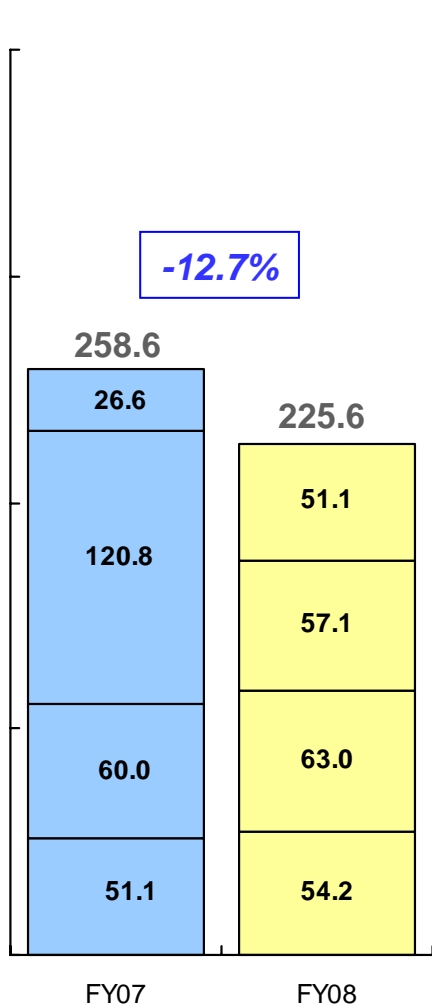
Net Sales



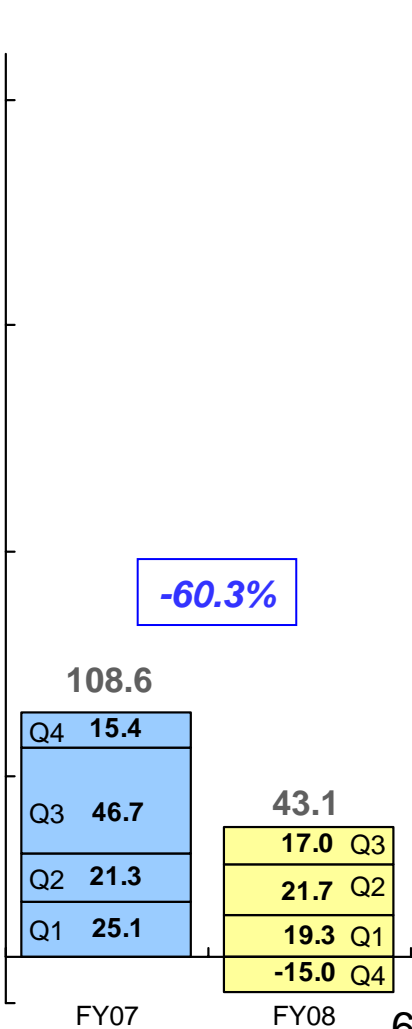
Operating Income



Ordinary Income

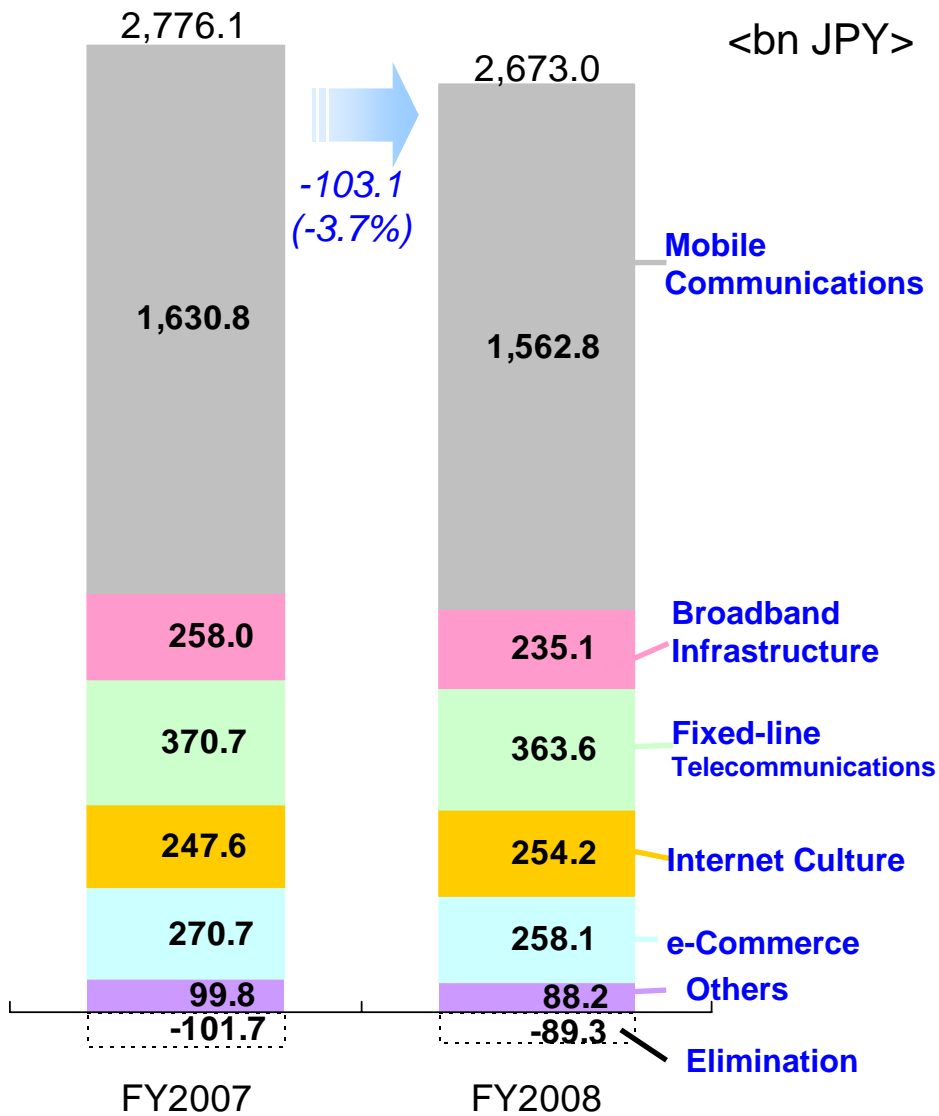


Net Income



# Consolidated Net Sales

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**Mobile Communications -67.9bn**

- Increase in telecommunications service revenue +14.0bn  
 (Increase in subscribers +104.5bn  
 Decrease in ARPU -136.7bn)
- Decrease in sales of mobile handsets and accessories -81.9bn

**Broadband Infrastructure -22.8bn**

- Decrease in the number of ADSL charged users -16.7bn
- Decrease in ADSL ARPU -1.9bn
- Decrease in ODN -3.2bn

**Fixed-line Telecommunications -7.1bn**

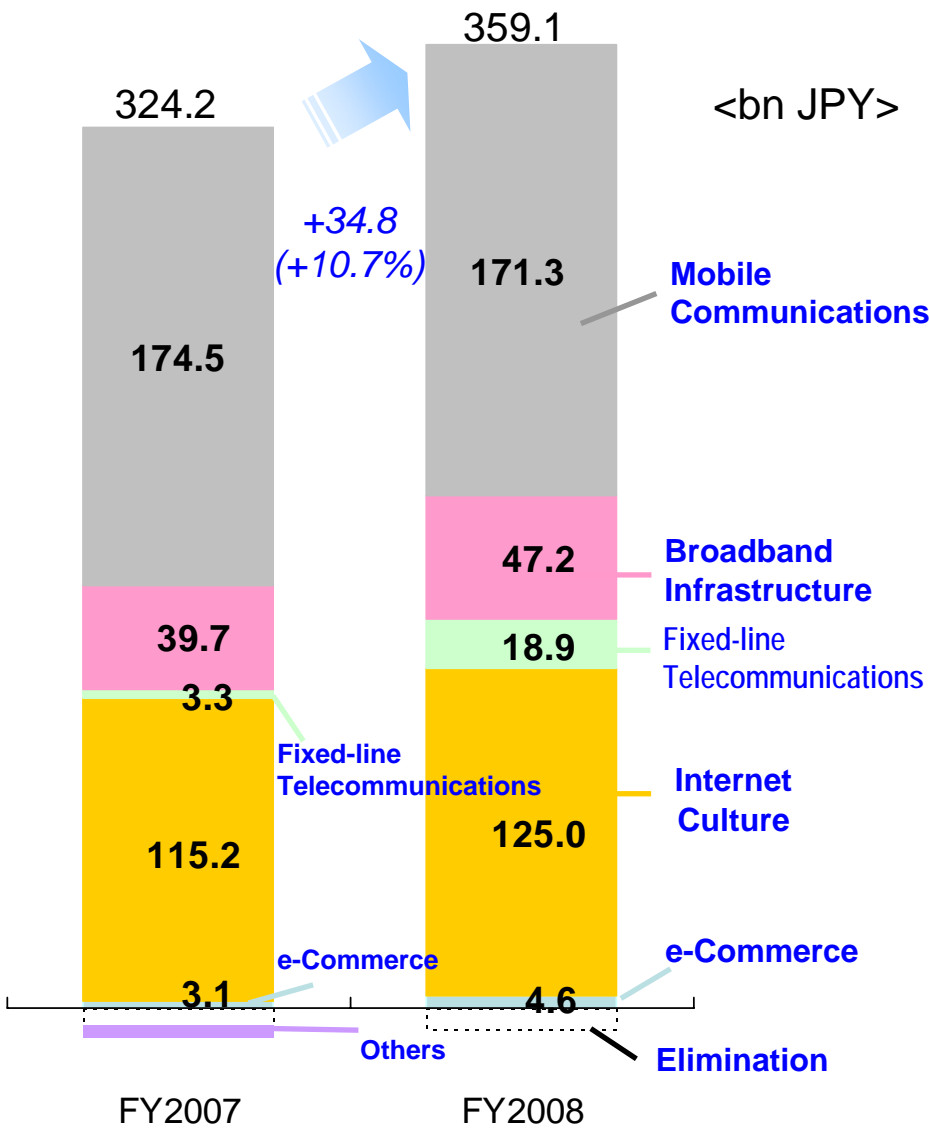
- Increase in OTOKU Line +12.6bn
- Increase in corporate data traffic +4.5bn
- Decrease in MYLINE -12.7bn
- Decrease in international traffic -9.8bn

**Internet Culture +6.5bn**

- Increase in advertising business +32.7bn (gross basis)
- Effect of changing in part of sales from gross to net basis -30.1bn

# Consolidated Operating Income (loss)

<P/L-3>



**Mobile Communications -3.1bn**

- Decrease in net sales -67.9bn
- Decrease in costs of goods sold:
  - Decrease related to decline in shipped handsets etc. +69.0bn
  - Increase in depreciation and amortization -18.4bn
- Decrease in selling, general and administrative expenses:
  - Decrease in sales promotion expense +14.0bn
  - Increase in sales commissions and agency commissions -8.9bn
  - Provision for allowance for doubtful accounts, and bad debt loss on doubtful accounts +13.8bn

**Broadband Infrastructure +7.5bn**

- Decrease in net sales -22.8bn
- Decrease in cost of goods sold of telecommunication service lines, depreciation and amortization etc. +12.4bn
- Decrease in selling, general and administrative expenses
  - Decrease in sales commission and sales promotion expense +18.2bn

**Fixed-line Telecommunications +15.6bn**

- Decrease in net sales -7.1bn
- Decrease in access charge and usage fees of telecommunications equipment +14.1bn
- Decrease in outsourcing fees +2.1bn

**Internet Culture +9.8bn**

- Increase in net sales +6.5bn
- Increase in cost of sales due to Overture K.K. newly consolidated since FY07/Q2. -1.2bn
- Increase in personnel costs -5.0bn

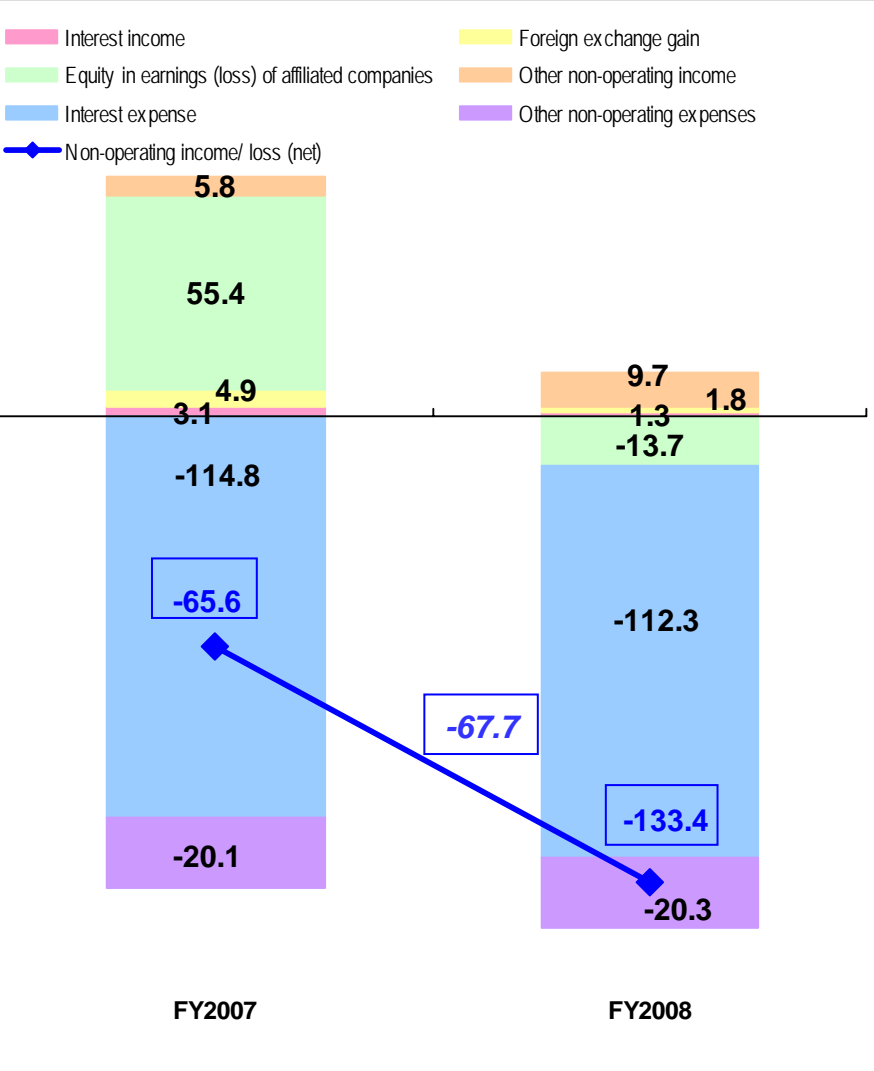


# Non-operating Income/Loss and Ordinary Income

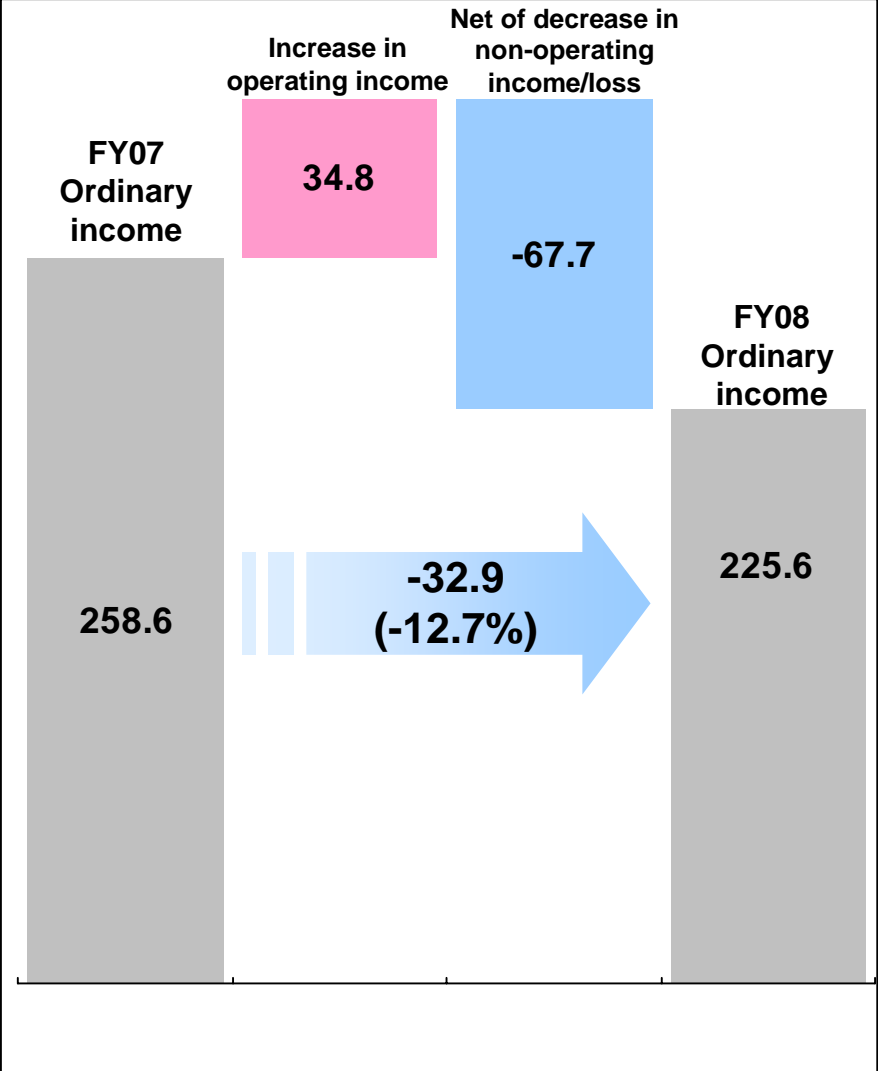
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## Non-operating Income/Loss



## Ordinary Income



# Variance Related to Earnings and Loss of Affiliated Companies

<P/L-5>

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	FY07	FY08	Variance
Equity in earnings and loss of affiliated companies (net)	55.4	-13.7	-69.1
Main variances			
Gain recorded related to listing of Alibaba Group Holding Limited's subsidiary	57.2	-	-57.2
Equity in earnings and loss on equity-method applied investment funds	12.3	-6.6	-18.9

# Special Income/Loss Details

<P/L-6>

<bn JPY>

Special Income	FY07	FY08	Variance
Gain on sale of investment securities	6.4	3.4	-2.9
Dilution gain from changes in equity interest	3.7	2.4	-1.2
Unrealized appreciation on investments and gain on sale of investments at subsidiaries in the U.S., net	12.9	-	-12.9
Gain on liquidation of a subsidiary	-	2.9	+2.9
Other special income	6.6	2.3	-4.3
Special income	29.7	11.2	-18.5

Special Loss	FY07	FY08	Variance
Valuation loss on investment securities	21.8	11.5	-10.3
Unrealized loss on investments and loss on sale of investments at subsidiaries in the U.S., net	-	5.3	+5.3
Impairment loss (main breakdown) FY08: Broadband segment 'Yahoo! BB hikari' exclusive assets 28.9bn FY07: fixed-line Telecommunications segment access gateway switch 8.8bn	10.6	29.4	+18.8
Loss on additional entrustment for debt assumption*	-	75.0	+75.0
Other special losses (main breakdown) FY07: Fixed-line telecommunications segment OTOKU Line analog line assets Loss on unused telecommunications supplies 12.0bn Loss on disposal of fixed assets: 5.4bn	30.0	8.2	-21.7
Special loss	62.5	129.5	+67.0

\*75.0bn of loss on additional entrustment for debt assumption was recorded in long-term payables of other liabilities.

# Tax and Other Adjustments, Difference in Tax Rate

<P/L-7>

<bn JPY>

## Breakdown of tax expenses

<b>A</b>	<b>Income taxes; current</b>	<b>39.3</b>
	(main breakdown)	
	1. Yahoo Japan	25.5
	Due to the merger of SOFTBANK IDC (IDCS) into Yahoo Japan, transfer and utilization of loss carryforwards held by IDCS to Yahoo Japan -22.0bn	
	2. SBM local taxes (out of scope for BBM consolidated tax return)	15.5
<b>B</b>	<b>Income taxes; deferred</b>	<b>-19.6</b>
	(main breakdown)	
	3. Consolidated tax return at BBM (utilization of loss carryforwards etc.)	13.9
	4. SBM: temporary difference (mainly allowances for doubtful accounts)	-9.4
	5. SBM: depreciation and amortization adjustments (occurred at time of SBM acquisition)	11.3
	6. SBB: due to earnings stability and lesser importance of the balance of loss carryforwards, recognized deferred tax assets reflecting improved collectability of deferred tax assets	-29.1
<b>Total income taxes</b>		<b>19.7</b>

# Difference in Tax Rate

<P/L-8>

<bn JPY>

## Main Reasons for Difference in Tax Rate

	Rate (%)	Amount (bn JPY)
Income before taxes and minority interests		107.3
Statutory income tax rate	40.7%	43.6
(Main factors behind difference)		
• Amortization of goodwill (mainly SBM)	22.8%	24.4
• Change in valuation allowance		
1. Record SBB deferred tax assets Due to earnings stability and lesser importance of the balance of loss carryforwards, recognized deferred tax assets reflecting improved collectability of deferred tax assets	-31.2%	-33.4
2. Yahoo Japan & IDCS merger Due to the utilization of loss carryforwards, which were not recognized as deferred tax assets by IDCS, after the merger of Yahoo Japan and IDCS	-20.6%	-22.0
3. Other change in valuation allowance	-1.7%	-2.0
• Other	8.4%	9.1
Effective income tax rate	18.4%	19.7

# Loss Carryforwards (e/o Mar 2009)

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Company Name	FY08/Q3 Balance (tax income based)	Occurred During FY2008 (tax income based)	Utilized During FY2008 (tax income based)	Other Variances	FY08/Q4 Balance (tax income based)	Deferred Tax Assets (Tax based)	Expiry Date
BB Mobile	120.2	-	-43.0	-	77.1	31.4	Mar 2015-Mar 2016
SOFTBANK TELECOM	82.8	2.6	-	-	85.5	35.9	Mar 2013-Mar 2016
SOFTBANK IDC*	66.5	-	-66.5	-	-	-	
SOFTBANK BB	67.0	-	-43.6	-	23.4	9.5	Mar 2013
Others	108.3	89.7	-35.0	-33.8	129.1	50.5	Mar 2010-Mar 2016
<b>Total</b>	<b>445.1</b>	<b>92.4</b>	<b>-188.4</b>	<b>-33.8</b>	<b>315.3</b>	<b>127.3</b>	

Valuation allowance -89.1

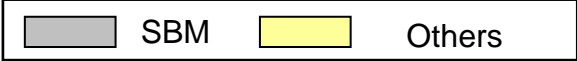
Deferred tax assets relating to loss carryforwards on B/S (total amount) 38.2

\*SOFTBANK IDC Corp (its company name changed to SOFTBANK IDC Solutions Corp. on Feb 2, 2009) merged with Yahoo Japan Corporation on Mar 30, 2009

## Consolidated B/S Analysis

# Consolidated B/S Summary

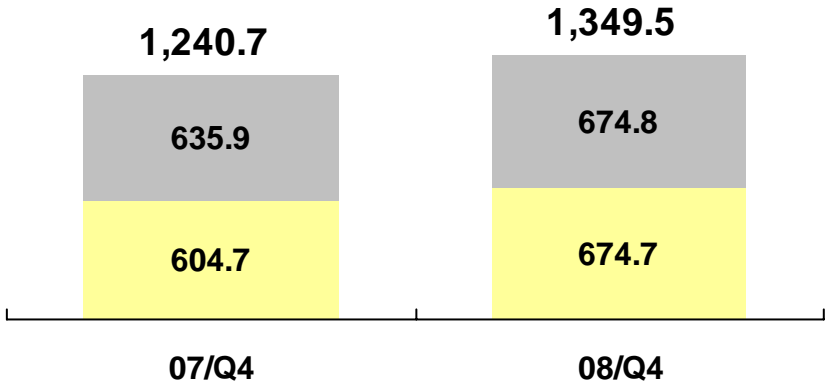
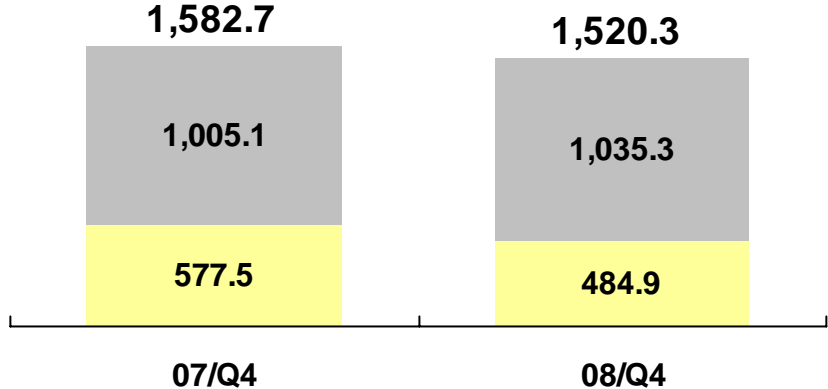
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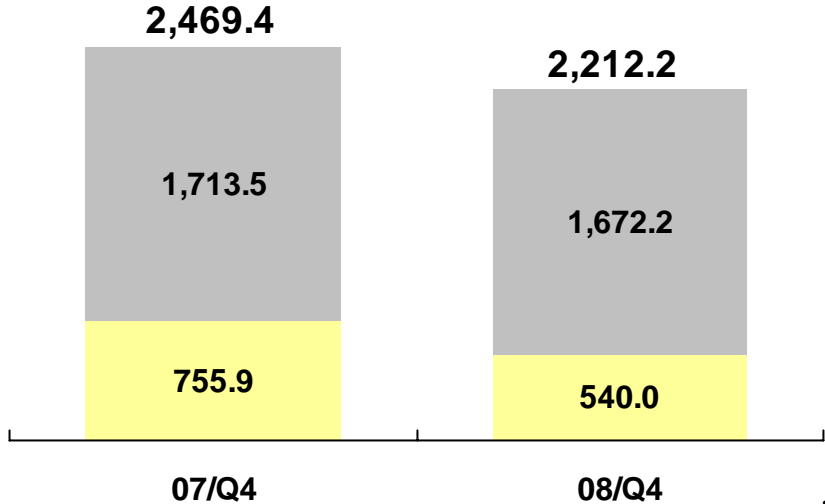
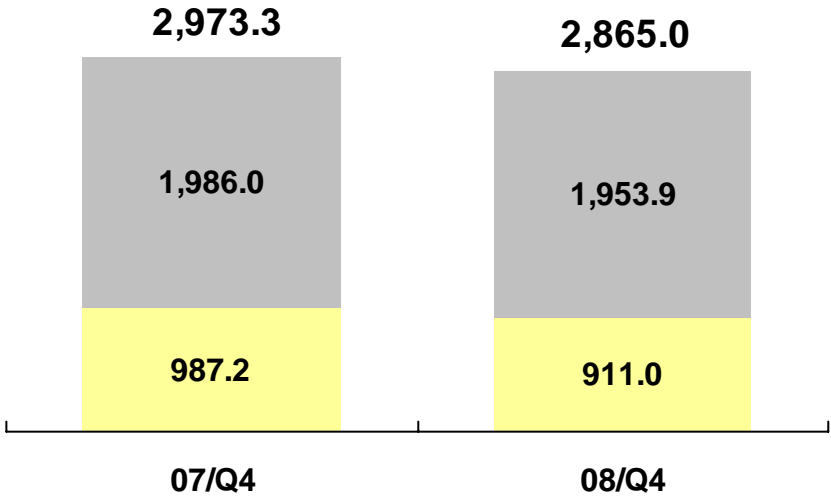
Current Assets

Current Liabilities



Fixed Assets

Long-term Liabilities





# Consolidated B/S (1) Current Assets

Assets	e/o Mar 2008	e/o Mar 2009	Variance	Outline
Current assets	1,582.7	1520.3	-62.4	
SBM	1,005.1	1035.3	30.1	
Others	577.5	484.9	-92.5	
Cash and deposits	491.1	457.9	-33.2	
SBM	236.9	266.6	29.6	Increase provided by operating activities (+ 301.4) Securitization of installment sales receivables (procured +209.7, paid -206.8) Sales and lease back of equipment newly acquired (received +83.7, paid -80.6), Purchase of fixed assets (-181.1) Repayment of SBM loan (-91.6)
Others	254.1	191.3	-62.8	SB stand-alone: e/o Mar 08 (57.8) >> e/o Mar 09 (93.9) Breakdown: borrowings (+134.4), proceeds from sale of marketable investment securities (+45.8), redemption 20th series unsecured bond (-12.5), redemption 21st series unsecured bond (-20.0), 23rd series unsecured bond (-20.0), redemption of CB due 2015 (-50.0), interest paid (-24.0), OPI and other stock acquisition (-22.9), dividend paid (-2.6) Yahoo Japan: e/o 08/03 (97.2) >> e/o Mar 09 (16.4) Breakdown: (+83.2) increase provided by operating activities after income tax of (-53.7), treasury stock acquisition (-82.0), repayment of borrowings (-20.0), purchase of fixed assets (-9.8), dividend paid (-6.2)
Notes and accounts receivable-trade	887.7	858.0	-29.6	
SBM	683.0	682.7	-0.3	Mobile handset installment sales receivables e/o Mar 08 (479.5) >> e/o Mar 09 (487.8) Telecom revenue etc. e/o Mar 08 (131.6) >> e/o Mar 09 (123.5) Mobile handsets sales (agencies) e/o Mar 08 (67.8) >> e/o Mar 09 (66.4)
Others	204.6	175.3	-29.3	SBB: e/o Mar 08 (89.1) >> e/o Mar 09 (68.8) SBTM: e/o Mar 08/03 (66.8) >> e/o Mar 09 (54.5)
Merchandise	58.1	42.3	-15.7	
SBM	46.2	32.3	-13.9	Mobile handsets etc.
Other	11.8	10.0	-1.8	
Deferred tax assets	105.8	93.0	-12.8	
SBM	52.1	42.5	-9.6	
Others	53.7	50.5	-3.2	
Other	108.2	117.7	9.5	
SBM	46.9	52.3	5.3	Accounts receivable-other e/o Mar 08 (24.1) >> e/o Mar 09 (23.0)
Others	61.2	65.4	4.1	
Allowance for doubtful accounts	-68.3	-48.8	19.5	
SBM	-60.1	-41.1	19.0	Transfer to long-term allowance for doubtful accounts (+48.2)
Others	-8.1	-7.7	0.4	

# Consolidated B/S (2) Tangible Assets

<B/S-3>

<bn JPY>

Assets	e/o Mar 2008	e/o Mar 2009	Variance	Outline
Fixed assets	2,973.3	2,865.0	-108.3	
SBM	1,986.0	1,953.9	-32.0	
Others	987.2	911.0	-76.2	
Property and equipment, net	1,029.2	1,000.9	-28.3	
SBM	692.9	697.1	4.1	
Others	336.2	303.8	-32.4	
Building and structures	75.7	71.5	-4.2	
SBM	31.5	29.4	-2.1	Network center etc.
Others	44.2	42.1	-2.0	SBTM: e/o Mar 08 (28.9) >> e/o Mar 09 (26.8)
Telecommunications equipment	744.0	738.9	-5.0	
SBM	591.4	604.0	12.6	
Others	152.5	134.8	-17.6	SBTM: e/o Mar 08 (104.9) >> e/o Mar 09 (102.4) SBB: e/o Mar 08 (44.5) >> e/o Mar 09 (27.7)
Telecommunications service lines	86.0	79.6	-6.4	
SBM	9.3	8.9	-0.4	
Others	76.6	70.6	-6.0	SBTM: e/o Mar 08 (76.6) >> e/o Mar 09 (70.6)
Land	23.4	22.5	-0.8	
SBM	10.7	10.8	0.0	
Others	12.6	11.7	-0.9	SBTM: e/o Mar 08 (7.1) >> e/o Mar 09 (6.2)
Construction-in-progress	45.5	37.4	-8.0	
SBM	21.0	17.3	-3.7	
Others	24.4	20.1	-4.3	
Other	54.3	50.7	-3.6	
SBM	28.6	26.4	-2.2	
Others	25.6	24.2	-1.4	

# Consolidated B/S (3) Intangible Assets

<B/S-4>

<bn JPY>

Assets	e/o Mar 2008	e/o Mar 2009	Variance	Outline
Intangible assets, net	1,238.3	1,222.1	-16.2	
SBM	1,119.6	1,077.4	-42.1	
Others	118.6	144.6	25.9	
Goodwill	974.4	956.7	-17.7	
SBM	929.9	878.5	-51.4	Decrease due to amortization
Others	44.4	78.1	33.7	SOFTBANK TELECOM PARTNERS (+19.8), Yahoo Japan (+18.9)
Software	224.1	226.1	1.9	
SBM	182.6	189.7	7.1	
Others	41.5	36.3	-5.2	
Other	39.6	39.2	-0.4	
SBM	7.0	9.1	2.1	
Others	32.6	30.0	-2.5	
Investments and other assets	705.7	641.9	-63.7	
SBM	173.4	179.3	5.9	Amount at acquisition in April 2008 : 22.0bn amortization period: 10 years
Others	532.3	462.6	-69.7	
Investment securities and investment in partnership	464.9	320.1	-144.8	
SBM	3.1	1.7	-1.4	
Others	461.8	318.3	-143.4	Decline in share price of Yahoo! Inc.
Deferred tax assets	126.8	158.2	31.3	
SBM	119.8	128.5	8.7	
Others	7.0	29.6	22.6	
Other	118.4	200.7	82.2	
SBM	50.3	81.0	30.6	Transfer from accounts receivable (+31.9) after write off as doubtful accounts
Others	68.1	119.7	51.6	SBH: derivative assets (+43.9)
Allowance for doubtful accounts (long-term)	-4.6	-37.1	-32.4	
SBM	-	-31.9	-31.9	Transfer from short-term (-31.9) after write off as doubtful accounts
Others	-4.6	-5.1	-0.4	
Deferred charges	2.8	1.3	-1.4	
SBM	-	-	-	
Others	2.8	1.3	-1.4	

Recorded due to buyback of treasury stock by Yahoo Japan  
Amount: 19.6bn amortization period: 20 years

Amount at acquisition in April 2008 : 22.0bn  
amortization period: 10 years

# Consolidated B/S (4) Current Liabilities

<B/S-5>

<bn JPY>

Liabilities	e/o Mar 2008	e/o Mar 2009	Variance	Outline
Current liabilities	1,240.7	1,349.5	108.8	
SBM	635.9	674.8	38.8	
Others	604.7	674.7	69.9	
Accounts payable-trade	187.2	160.3	-26.9	
SBM	113.3	100.5	-12.8	Mobile handsets costs payable etc.
Others	73.8	59.8	-14.0	SBB: e/o Mar 08 (45.2) >> e/o Mar 09 (38.3) SBTM: e/o Mar 08 (8.5) >>e/o Mar 09 (5.5)
Short-term borrowings	448.5	575.5	126.9	
SBM	165.9	185.7	19.7	Short-term borrowings from installment sales receivables securitization structure (+19.7)
Others	282.5	389.7	107.1	SB stand-alone: e/o Mar 08 (218.0) >> e/o Mar 09 (336.0) SBTM: e/o Mar 08 (32.0) >> e/o Mar 09 (20.9) Yahoo Japan: e/o Mar 08 (20.0) >> e/o Mar 09 (20.0)
Current portion of corporate bonds	52.5	64.0	11.4	
SBM	-	-	-	
Others	52.5	64.0	11.4	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), transferred from long-term (+19.0) 19 <sup>th</sup> series unsecured bond)) SBTM transferred from long-term (+45.0)
Accounts payable-other	364.4	352.1	-12.2	
SBM	262.3	268.8	6.4	Accrued expenses mainly equipment, SG&A etc
Others	102.1	83.3	-18.7	SBB: e/o Mar 08 (30.7) >> e/o Mar 09 (17.9) SBTM: e/o Mar 08 (37.4) >>e/o Mar 09 (33.4)
Current portion of lease obligations	69.7	88.2	18.4	
SBM	69.7	86.7	16.9	Transferred from long-term (+97.5), lease obligations paid (-80.6)
Others	0	1.5	1.5	
Others	118.0	109.2	-8.7	
SBM	24.5	33.1	8.5	
Others	93.5	76.1	-17.3	

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 Mar 2009	Variance	Outline
Long-term liabilities	2,469.4	2,212.2	-257.1	
SBM	1,713.5	1,672.2	-41.2	
Others	755.9	540.0	-215.8	
Corporate bonds	445.2	324.5	-120.6	
SBM	-	-	-	
Others	445.2	324.5	-120.6	SB stand-alone: early redemption of CB due 2015(-50.0), redemption of 23rd series unsecured bond (-5.5) SBTM: transferred to current portion of corporate bonds (-45.0)
Long-term debt	1,586.6	1,436.2	-150.3	
SBM	1,414.2	1,305.7	-108.5	SBM loan e/o Mar 08 (1,276.4) >> e/o Mar 09 (1,184.8) Vodafone subordinate loan e/o Mar 08 (84.5) >> e/o Mar 09 (84.5) Installment sales receivables securitization structure borrowings e/o Mar 08 (53.2) >> e/o Mar 09 (36.2)
Others	172.4	130.5	-41.8	SB stand-alone: e/o Mar 08 (20.0) >> e/o Mar 09 (5.0) Yahoo Japan: e/o Mar 08 (30.0) >> e/o Mar 09 (10.0)
Deferred tax liabilities	41.9	28.7	-13.1	
SBM	-	-	-	
Others	41.9	28.7	-13.1	
Allowance for point mileage	43.8	41.8	-1.9	
SBM	43.8	41.8	-1.9	Allowance for point mileage
Others	-	-	-	
Lease obligations	241.4	233.3	-8.1	Please refer to P20 for lease transactions
SBM	241.4	227.6	-13.8	Newly procured (+83.7), transferred to short-term (-97.5)
Others	0.0	5.6	5.6	Loss on additional entrustment for debt assumption (P11)
Other	110.3	147.5	37.1	
SBM	14.0	97.0	83.0	Long-term payables (+75.0)
Others	96.3	50.4	-45.8	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 Mar 09 (3.7)

# Consolidated B/S (6) Equity

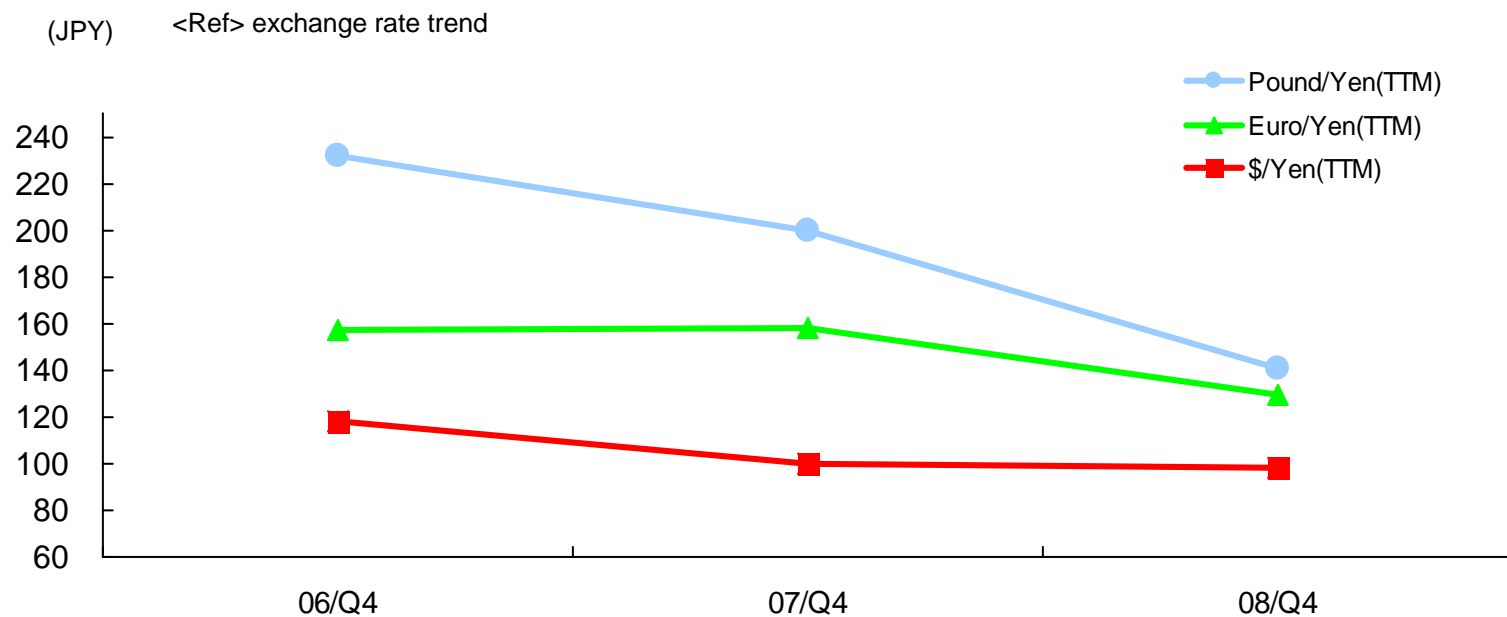
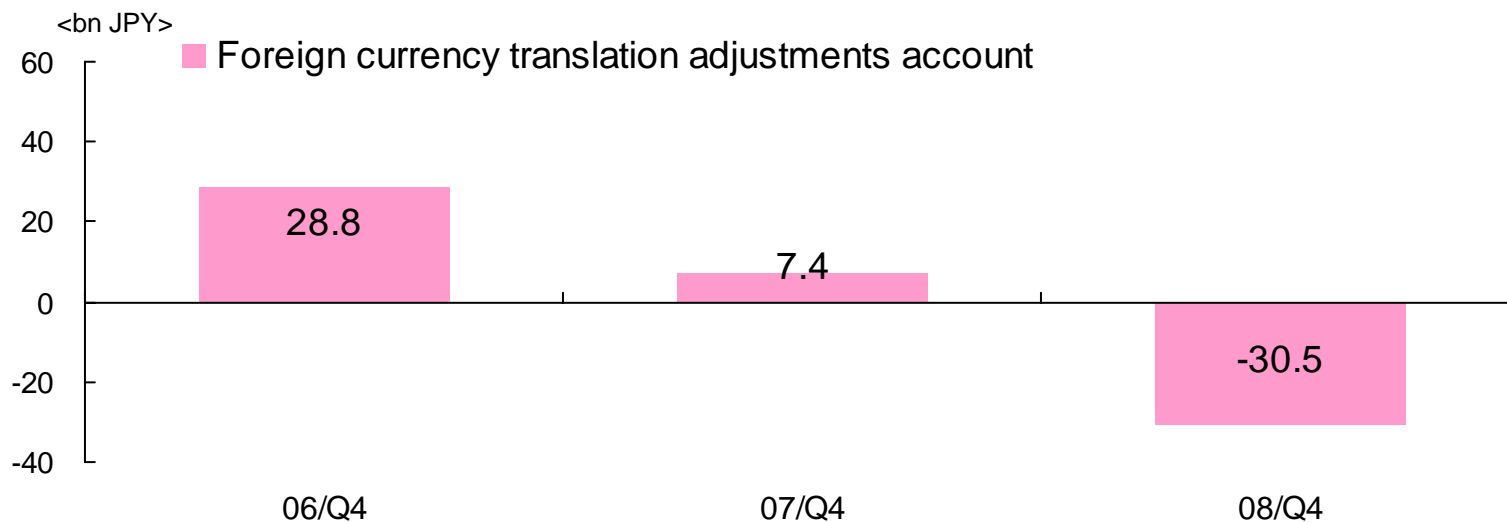
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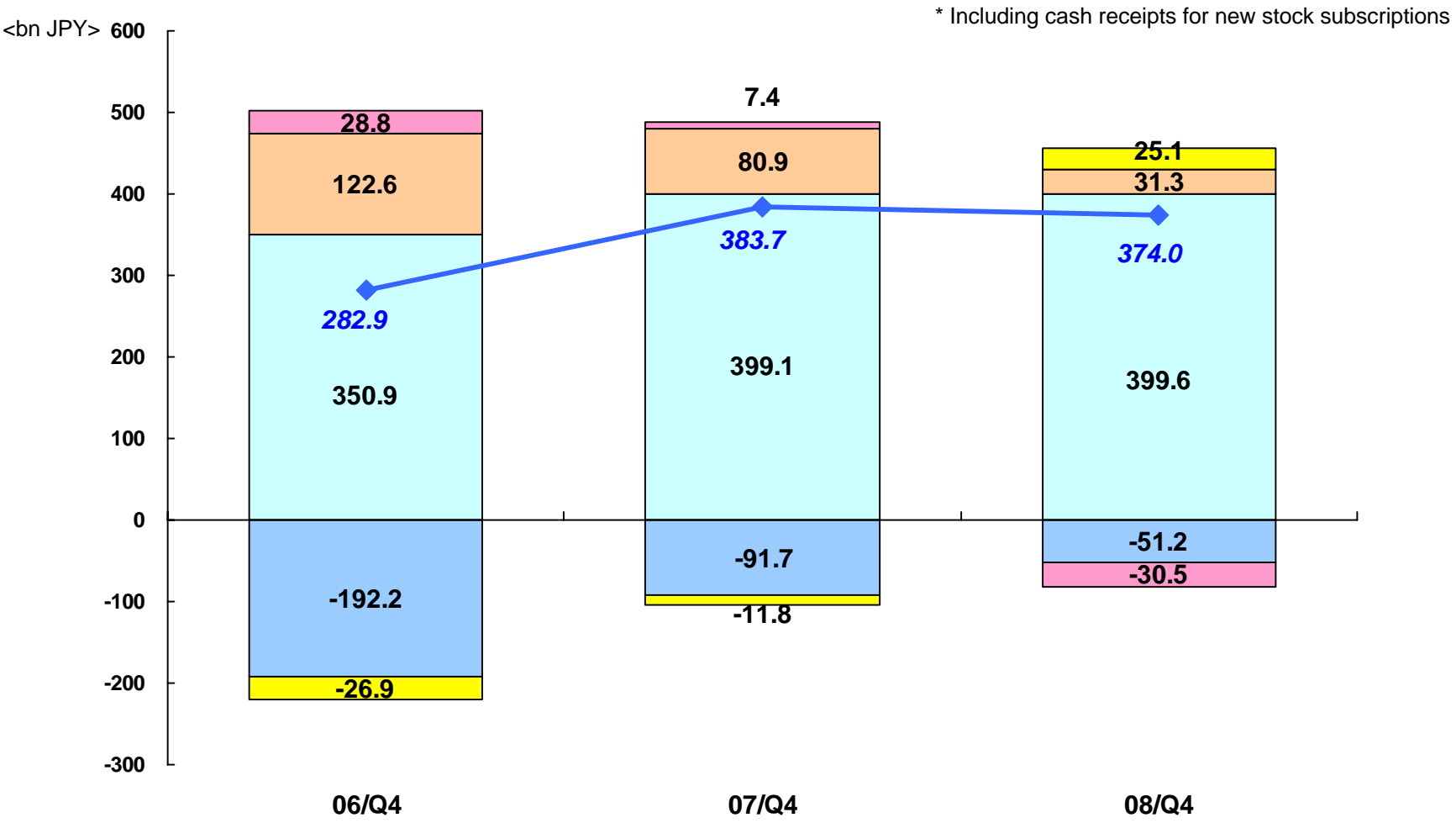
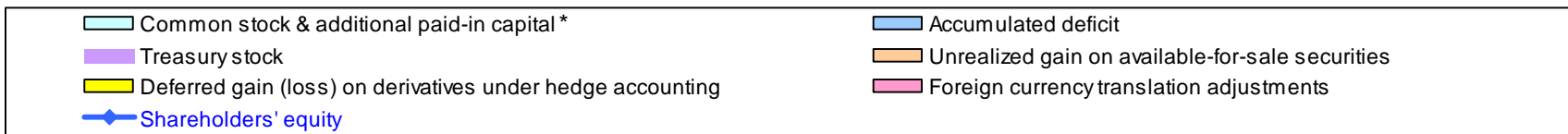
Net Assets	e/o Mar 2008	e/o Mar 2009	Variance	Outline
Equity	848.7	824.7	-23.9	
Shareholders' equity	307.2	348.1	40.9	
Common stock	187.4	187.6	0.2	
Additional paid-in capital	211.7	211.9	0.2	
Accumulated deficit	-91.7	-51.2	40.4	FY2008/Q4 net income (+43.1), dividend paid (-2.7)
Treasury stock	-0.2	-0.2	0.0	
Valuation and translation adjustments	76.5	25.8	-50.6	
Unrealized gain on available-for-sale securities	80.9	31.3	-49.5	Decline in share price of Yahoo! Inc. etc
Deferred gain (loss) on derivatives under hedge accounting	-11.8	25.1	36.9	
Foreign currency translation adjustments	7.4	-30.5	-37.9	Due to yen's appreciation at the end of the period
Stock acquisition rights	0.1	0.2	0.1	
Minority interests	464.8	450.4	-14.4	BBM e/o Mar 09 (300.0) *Issued preferred stock to Vodafone International Holdings B.V. Yahoo Japan e/o Mar 08 (147.3) >> e/o Mar 09 (132.2) * Decrease due to buyback of treasury stock by Yahoo Japan

# (Equity) Foreign Currency Translation Adjustments

<B/S-8>



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

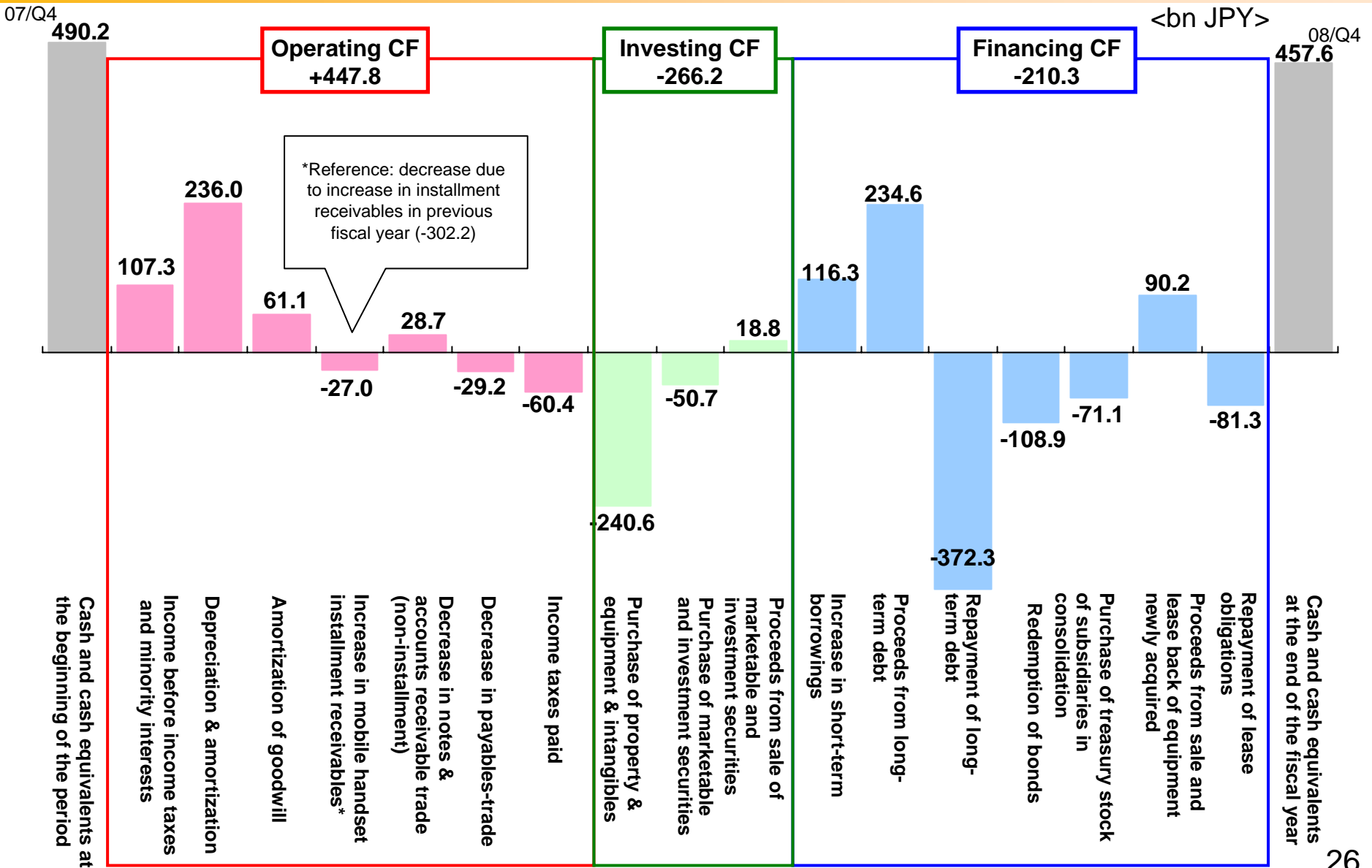




## Consolidated CF Analysis

# Consolidated Cash Flow Main Breakdown

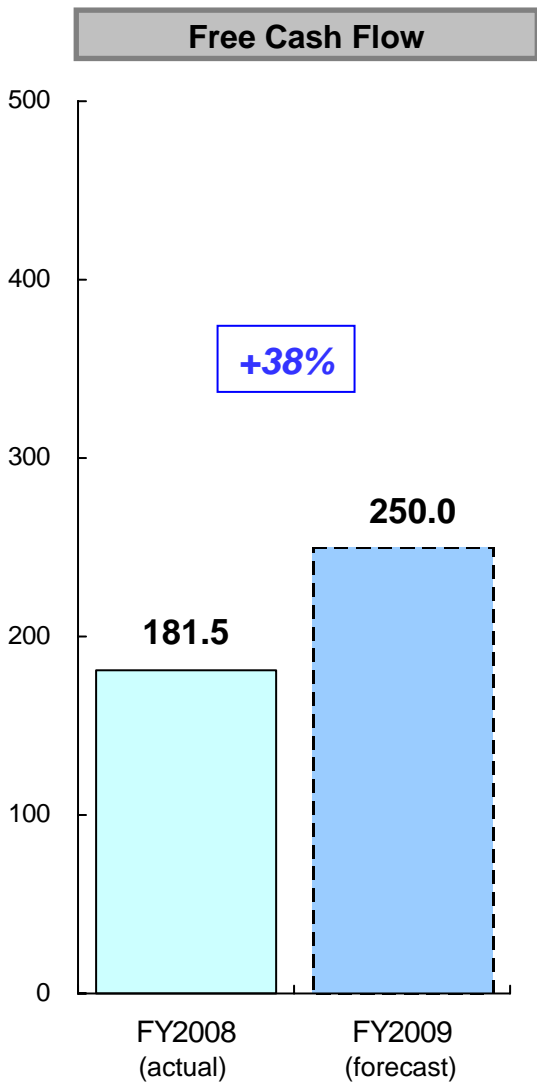
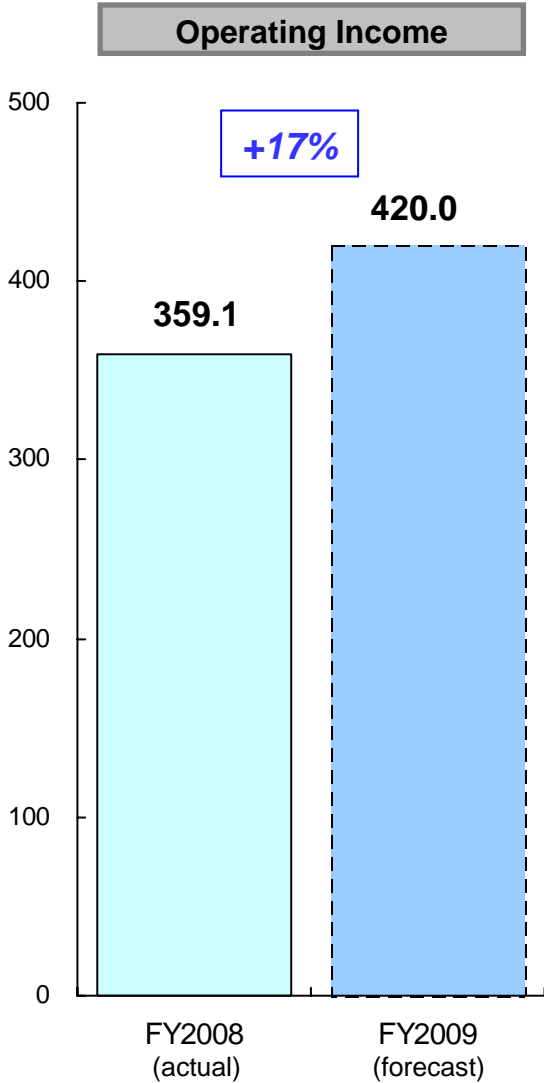
<CF-1>



Note: significant items from the consolidated CF statement are shown here.

# Earnings Forecast

<CF-2>



<bn JPY>

# Scope of Consolidation/Scope of Equity Method

		No. of Comp.	Core Companies
Consolidated subsidiaries		108	SOFTBANK MOBILE, SOFTBANK BB, SOFTBANK TELECOM, Yahoo Japan, SOFTBANK TECHNOLOGY, ITmedia, etc.
	Newly consolidated companies	11	SOFTBANK TELECOM PARTNERS CORP. (*1), Alibaba.com Japan, etc.
	Subsidiaries excluded from consolidation	12	Broadmedia, etc.
Non-consolidated subsidiaries (=1+2)		65	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		70	Gung Ho Online Entertainment, MySpace Japan, Alibaba Group Holding Limited, etc.
	Entities newly accounted under the equity method	15	Broadmedia, etc.
	Entities no longer accounted under the equity method	9	
Non-consolidated subsidiaries not under the equity method (2)		61	Insignificant companies
Affiliated companies not under the equity method		20	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	6	3	SOFTBANK BB (SBB)	- ADSL and fiber-optic high-speed Internet connection services
Fixed-line Telecommunications	3	-	SOFTBANK TELECOM (SBTM)	- Fixed-line telecommunications service
Internet Culture	17	18	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	47	SOFTBANK TECHNOLOGY, ITmedia	- Technology service business - Media marketing business - Overseas fund business
Total	108	74		

\*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



Yoshimitsu Goto  
General Manager Finance  
SOFTBANK CORP.

# Results of FY2008 Financial Strategies

## Towards appropriate level of leverage

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



- FY2008 FCF JPY181.5bn  
improvement of JPY 345.7bn YoY
- Interest-bearing debt reduced by JPY132.5bn
- Interest-bearing debt/EBITDA ratio improved  
4.0(FY07) >> 3.5 (FY08)
- Credit rating maintained during FY2008

## 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



- Securitization of installment receivables procurement JPY 209.6bn
- Credit facility line renewed 201.0bn
- Credit enhancement for former Vodafone bonds JPY 75.0bn (principal amount of bonds)

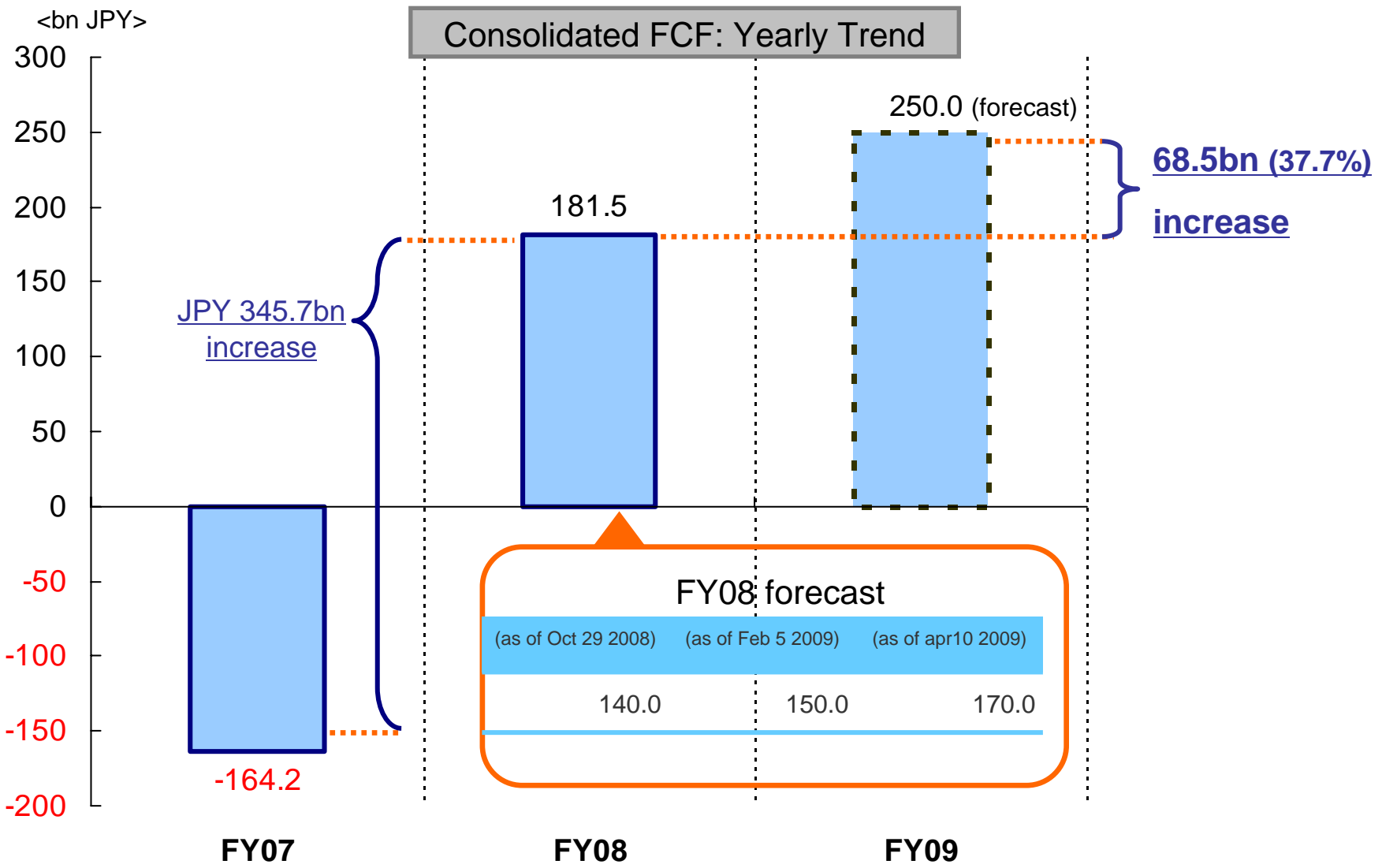
## IR activities up to speed as business expands

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



- Disclose earnings forecast
- Commitment to FCF  
FY2008 JPY140.0bn (as of Oct29 2008)  
FY2009 JPY250.0bn

# FCF Actual - Forecast

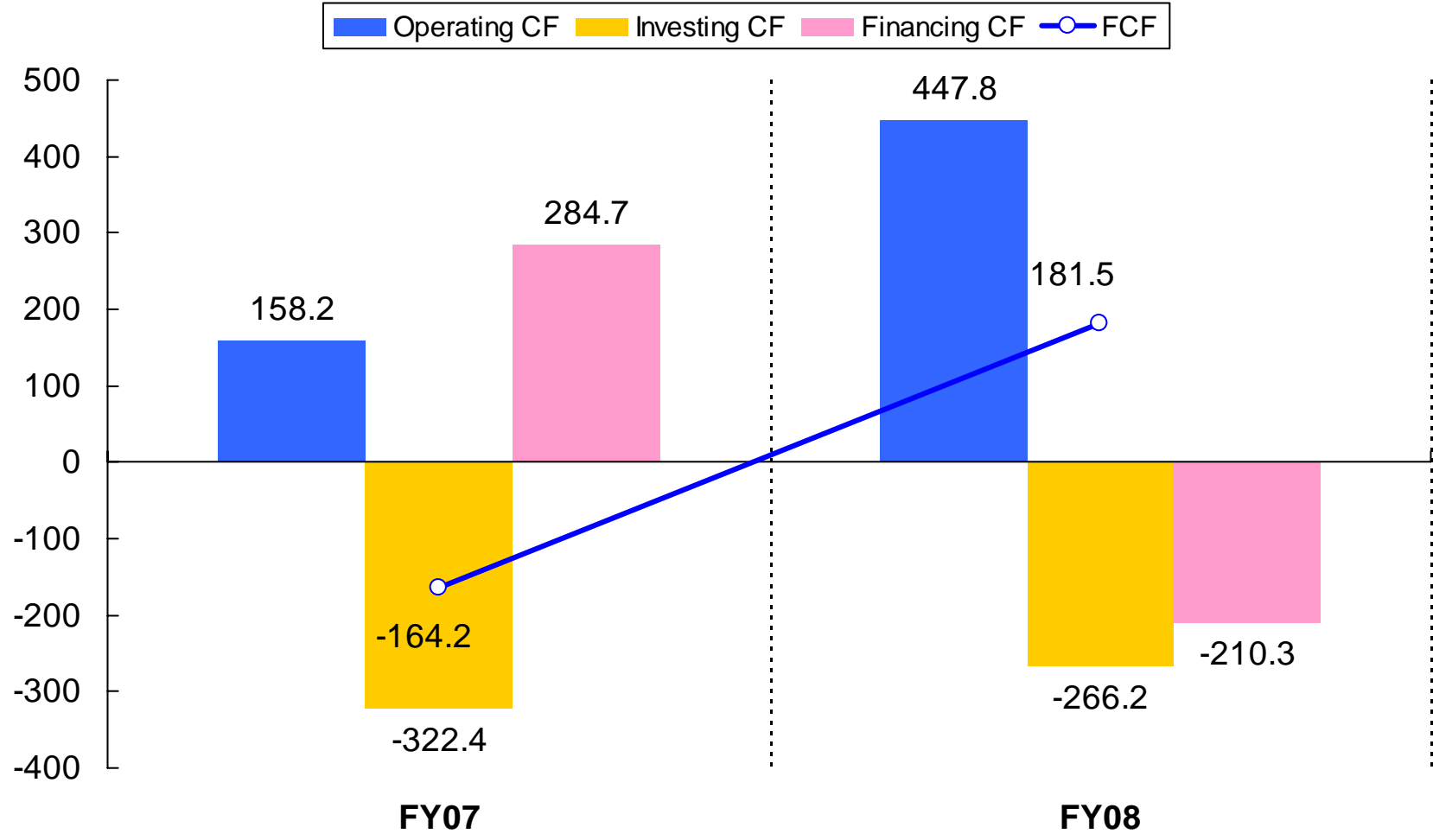


Definition: FCF = cash flows from operating activities + cash flows from investing activities

# Cash Flow Trend

Consolidated FCF: Yearly Trend

<bn JPY>

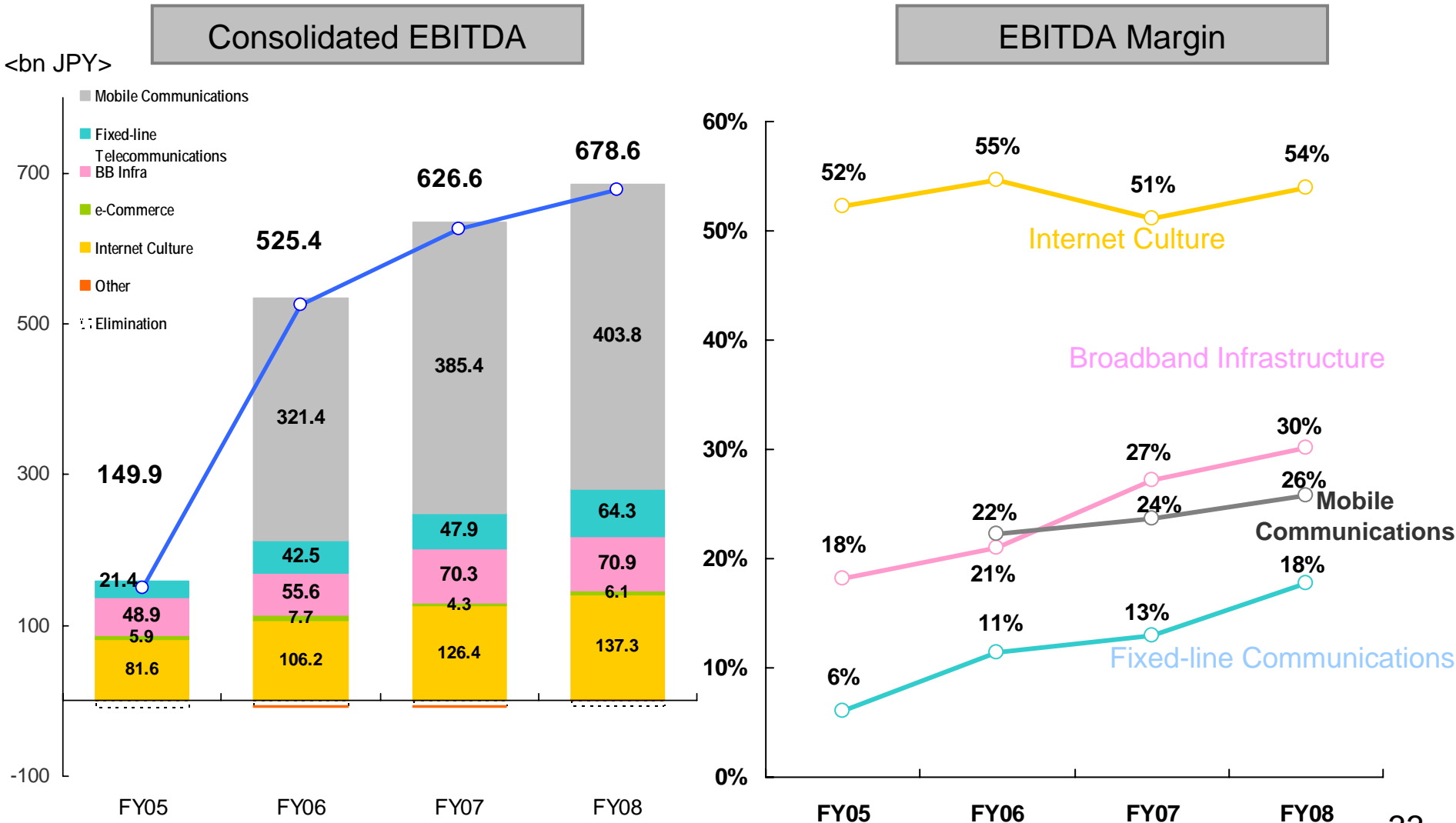


Definition: FCF = cash flows from operating activities + cash flows from investing activities



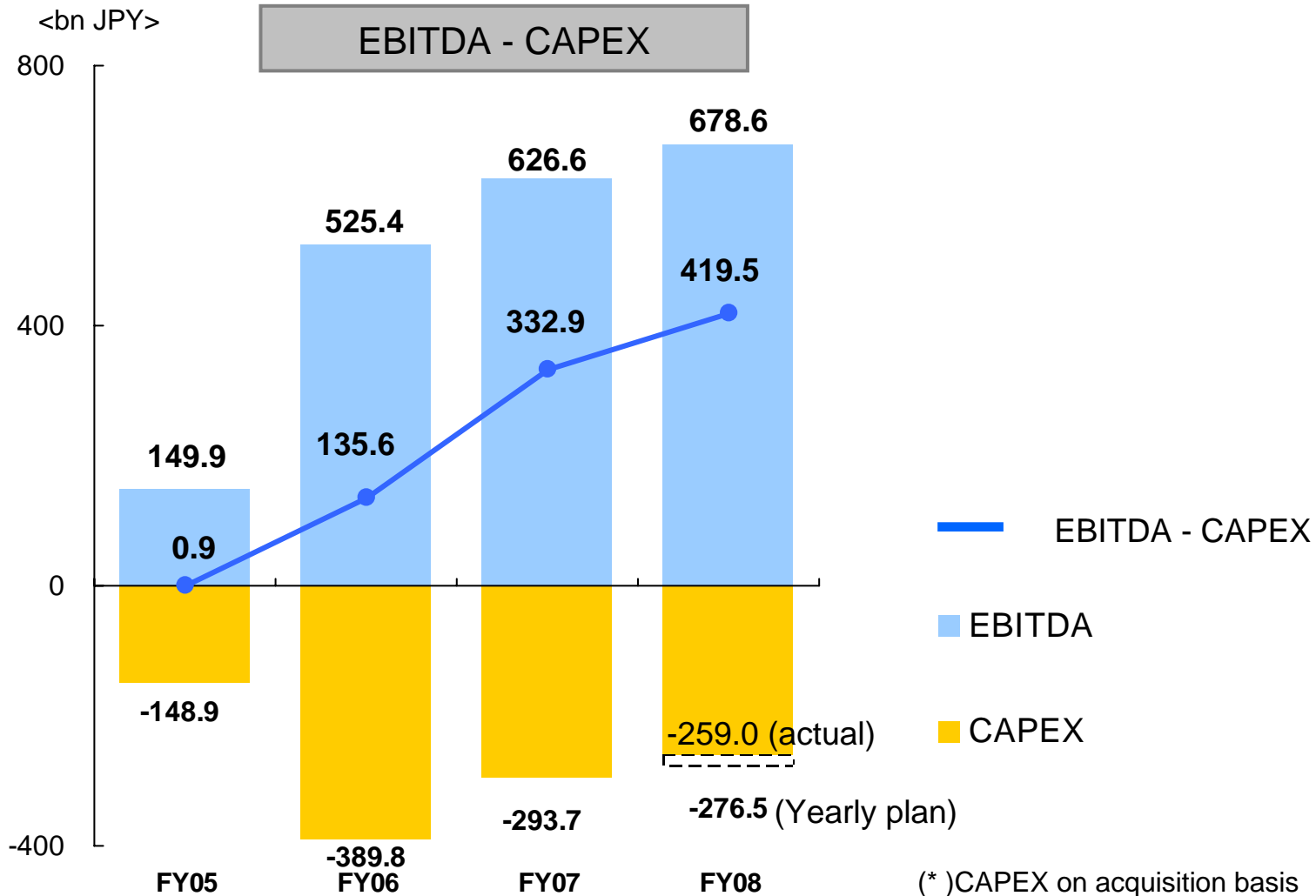
# EBITDA and EBITDA Margin (by segment)

➤ EBITDA growing steadily in each segment



# EBITDA - CAPEX

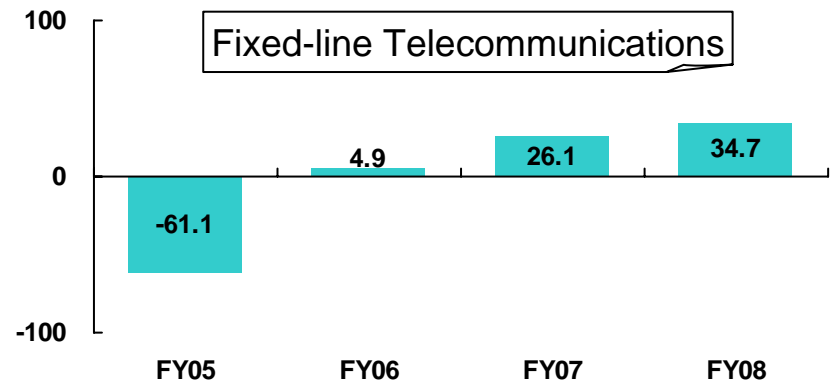
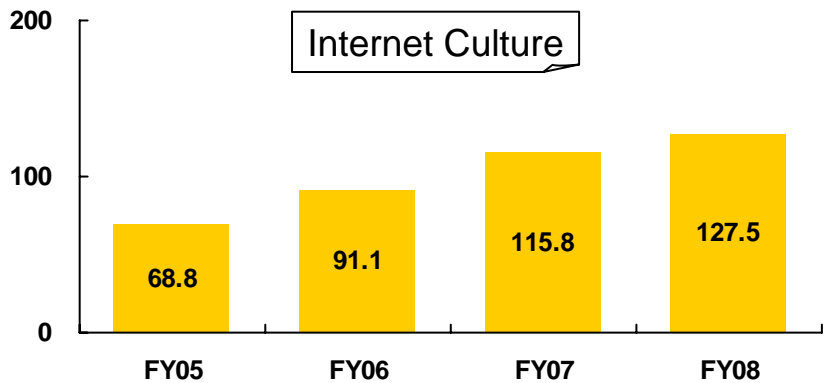
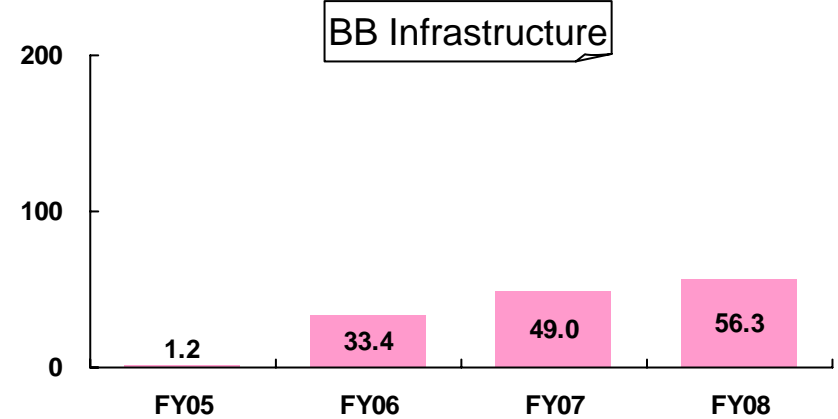
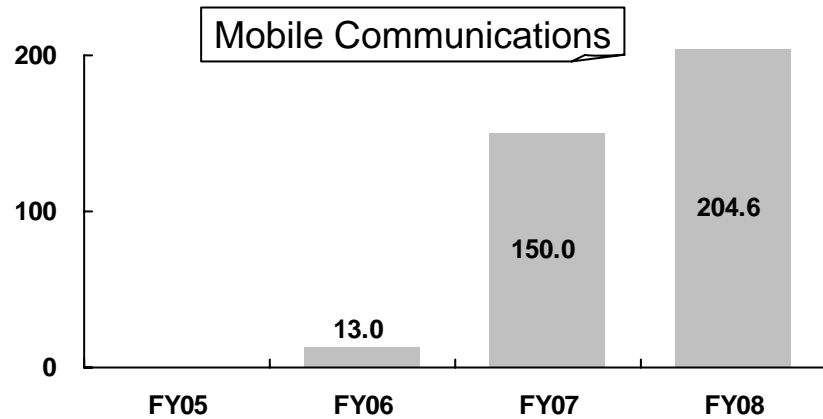
➤ Steady increase due to expansion of EBITDA and completion of first CAPEX cycle



# EBITDA – CAPEX (main segments)

Yearly Trend

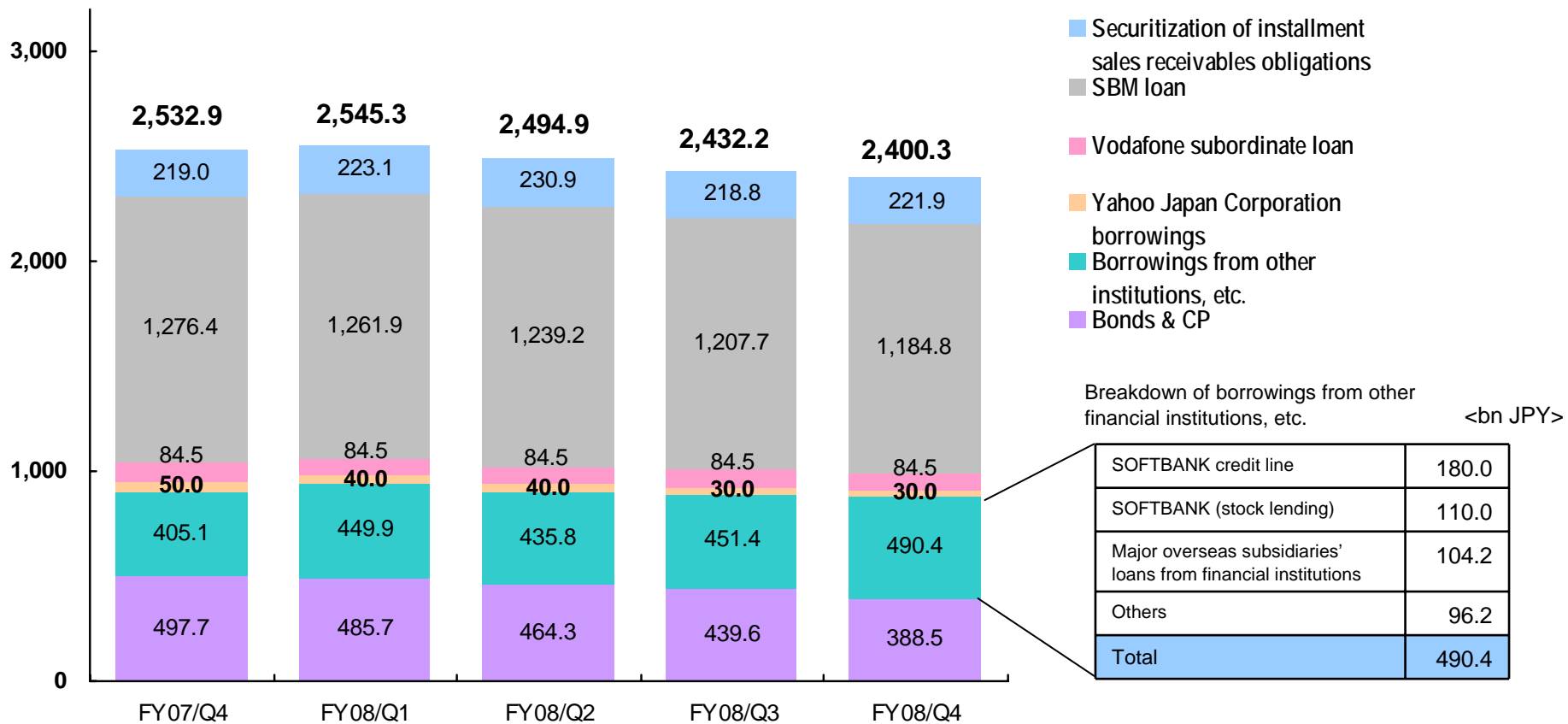
<bn JPY>



# Interest-bearing Debt (by procurement method)

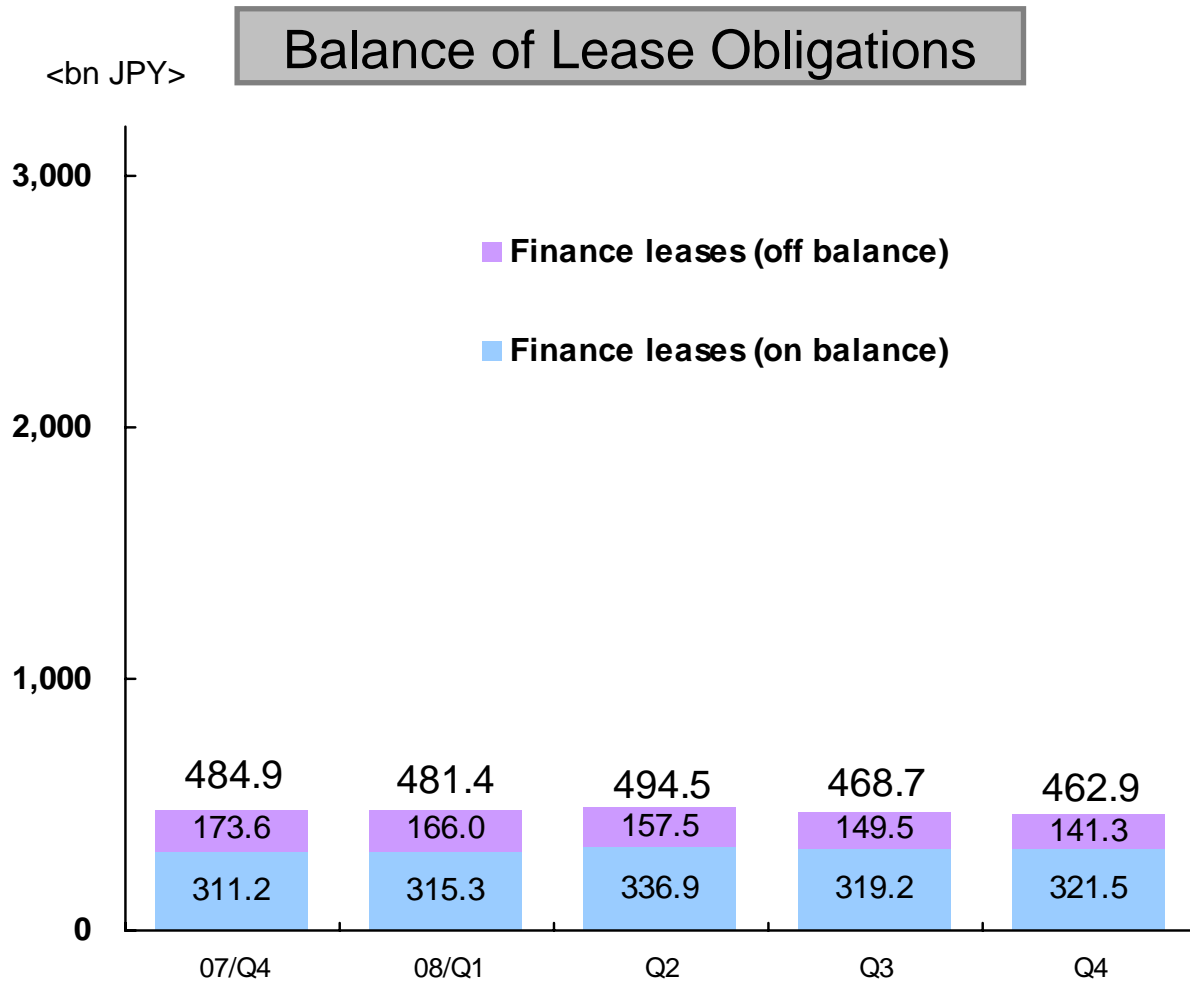
## Interest-bearing Debt

<bn JPY>

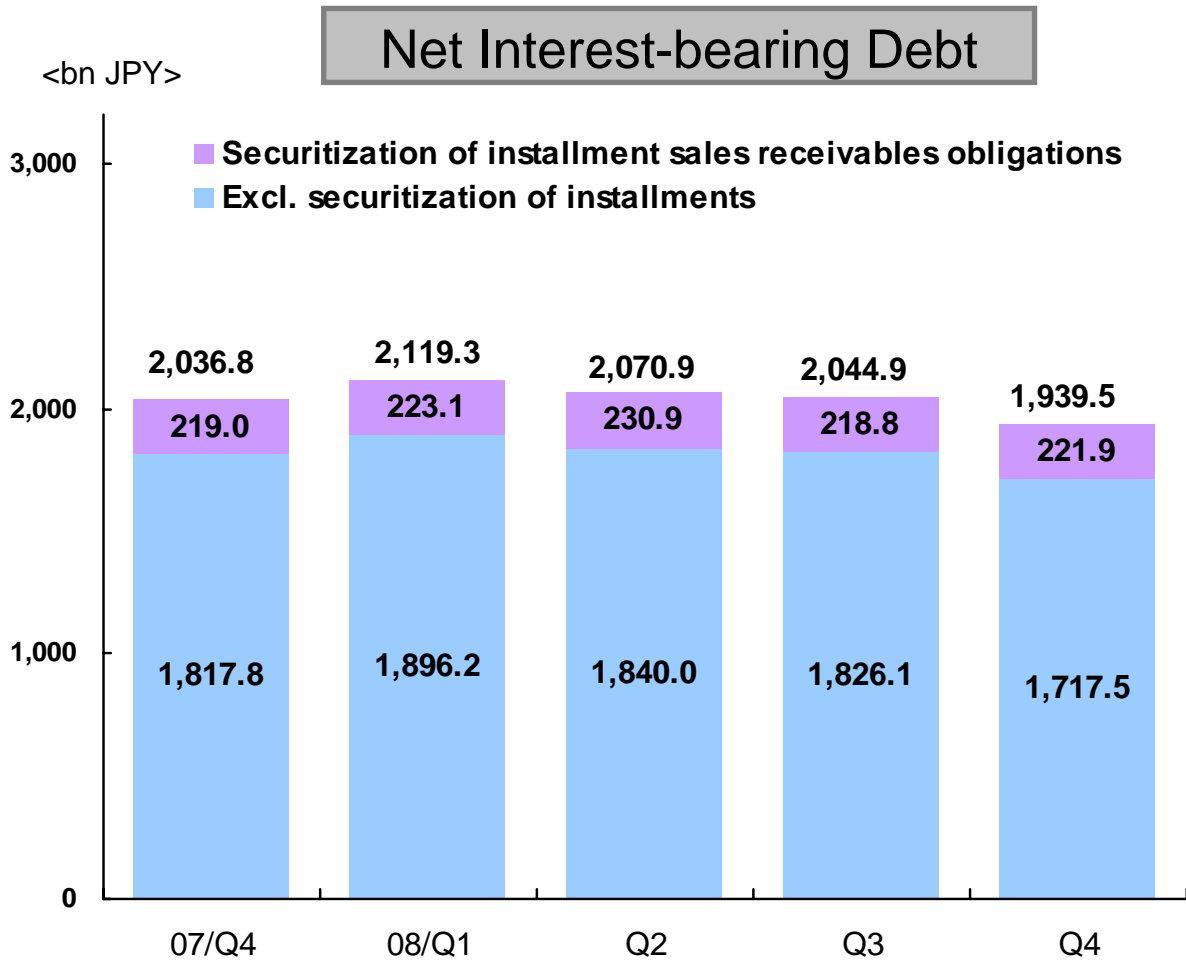


\* Lease obligations are not included in interest-bearing debt. Please refer to the next page for details on lease obligations.

# Balance of Lease Obligations



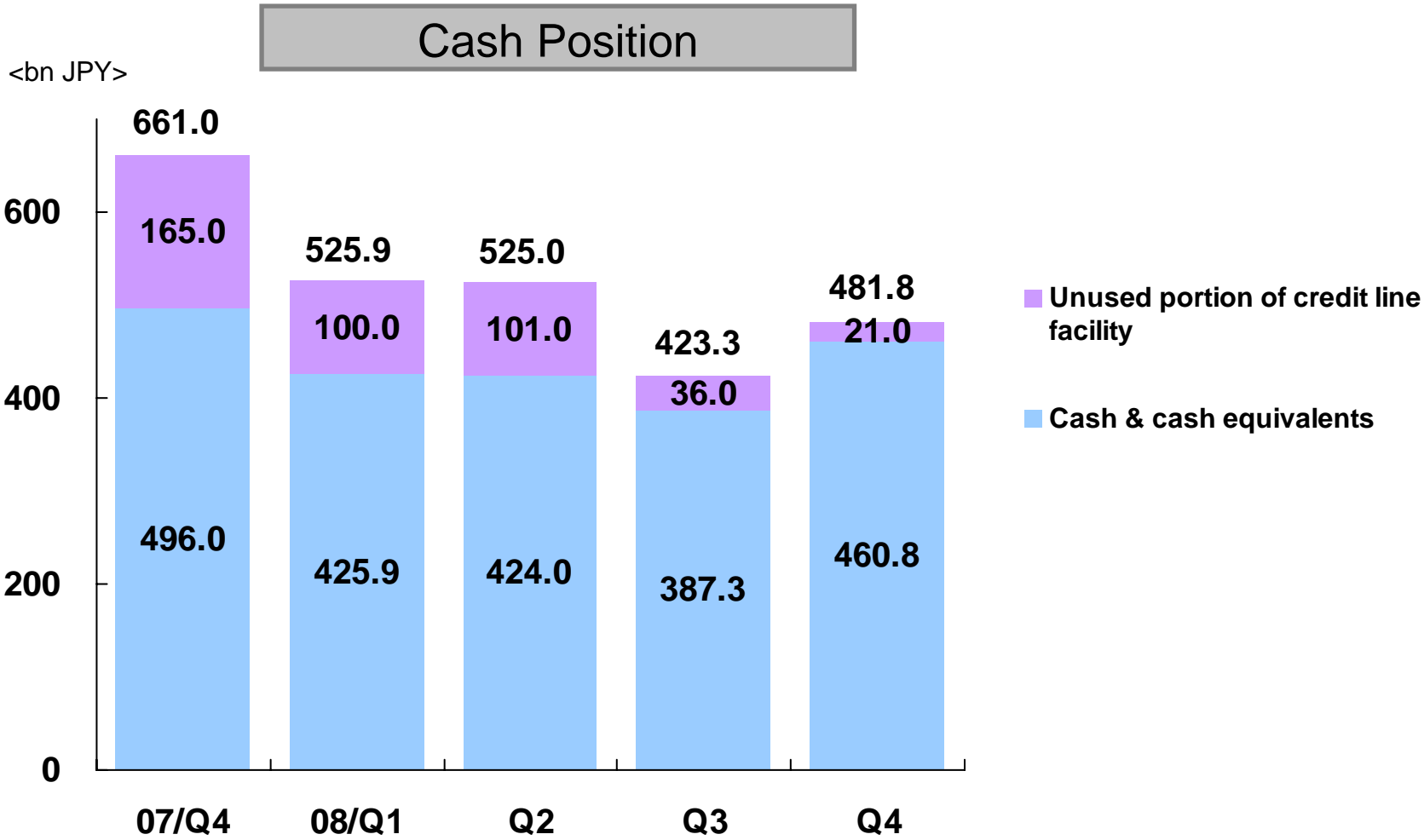
# Net Interest-bearing Debt Balance



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

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

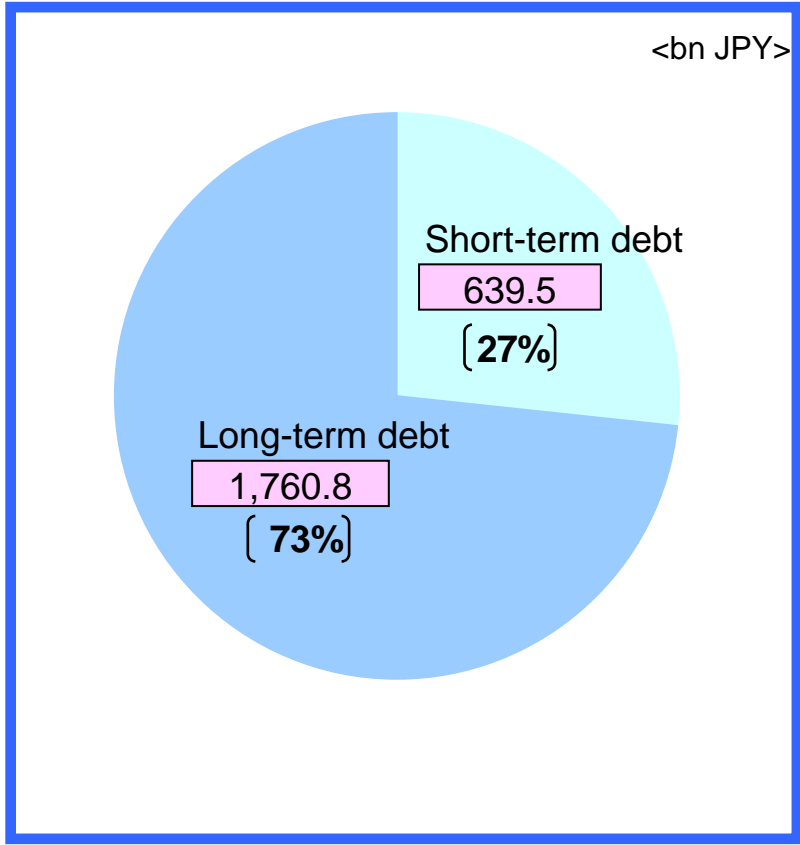
# Cash Position



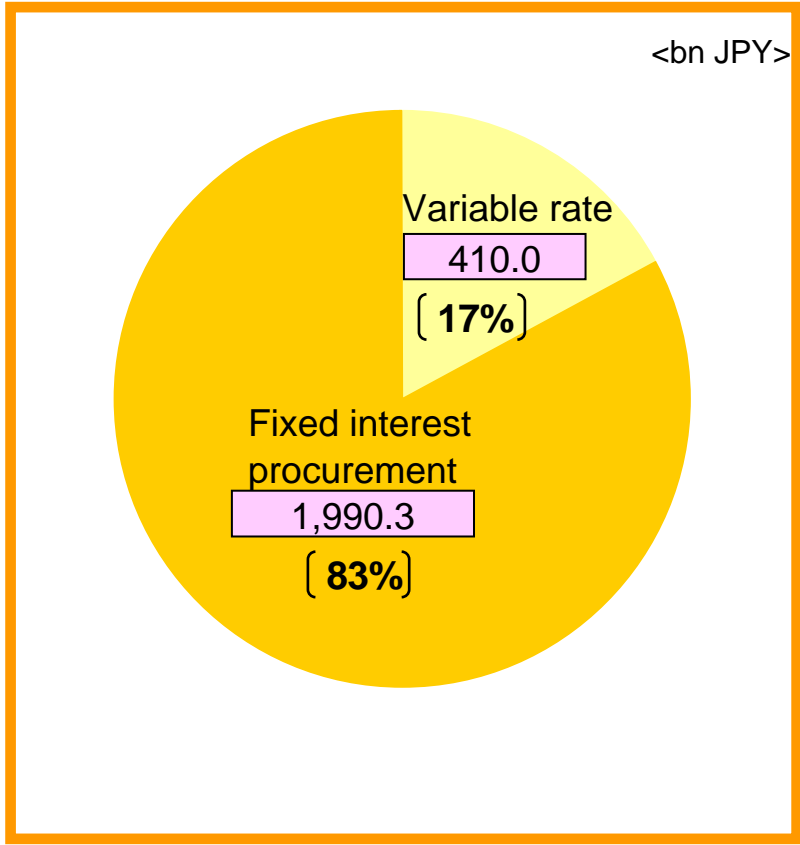
Definition: cash position = cash&cash deposits, marketable securities  
 unused portion of credit line facility = credit line facility size - credit line borrowings

# Interest-bearing Debt Long/short and Fixed/Variable Ratio (Mar 2009)

Interest-bearing Debt Long/short Ratio



Interest-bearing Debt Fixed/Variable Ratio





# Current Portion of Liabilities Details (e/o Mar 2009)

<bn JPY>

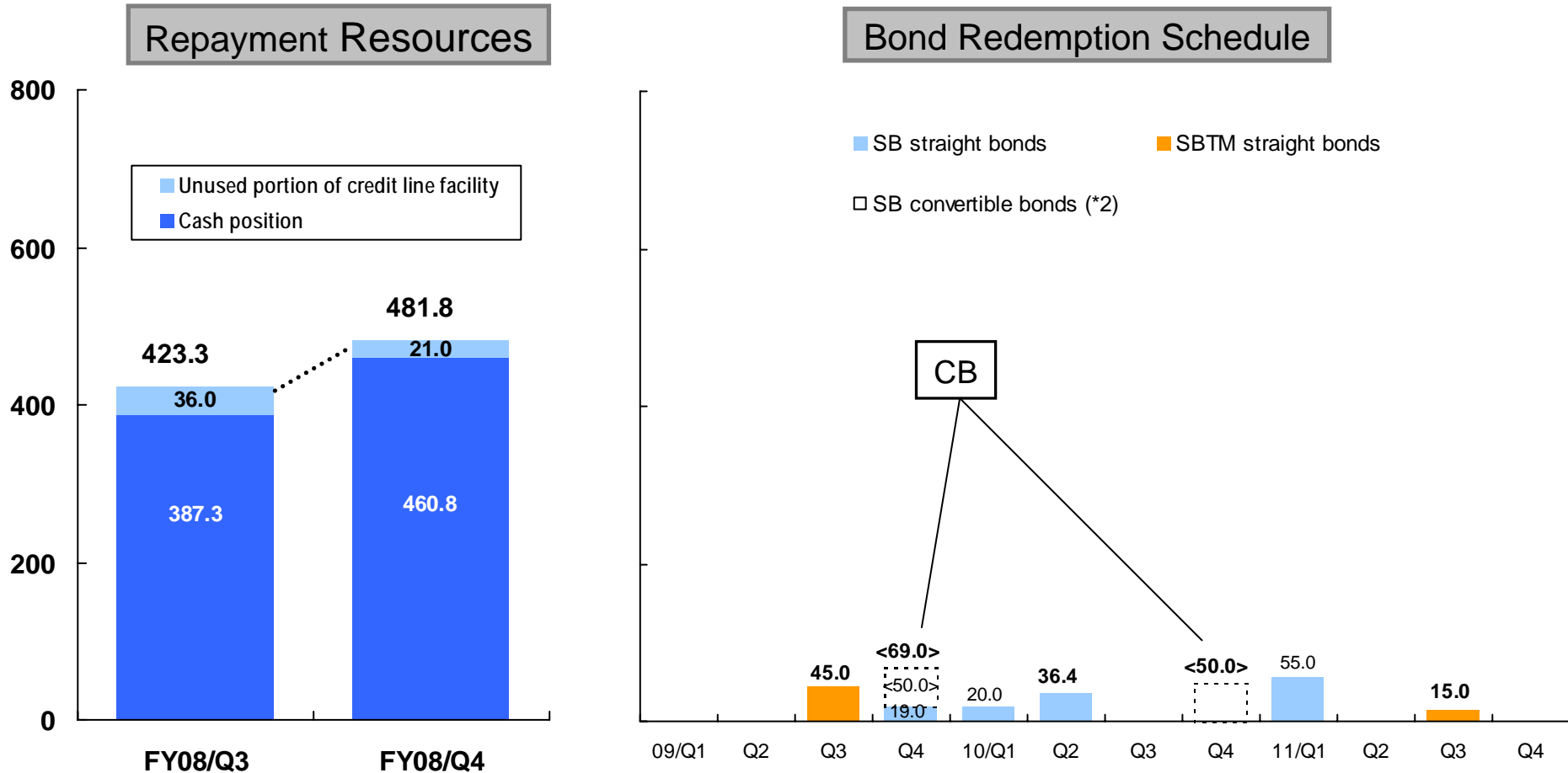
Short-term Borrowings	321.2
Credit line facility (SB)	180.0
Cash receipts as collateral relating to marketable security lending transactions	110.0
Bank loans (SB)	26.0
Others	5.2
Current portion of Long-term Borrowings	254.2
Securitization of installment sales receivables (SBM)	185.6
Bank loans (SBTM)	20.0
Bank loans (SB)	20.0
Bank loans (Yahoo Japan Corporation)	20.0
Others	8.6
Current Portion of Corporate Bonds	64.0
Straight bonds (SB)	19.0
Straight bonds (SBTM)	45.0
Total	639.5

(\*) Concerning the CB with stock options due in 2013, early redemption of these bonds due to the holders' requesting becomes possible during FY2009/Q4.

# Bond Redemption Schedule

- Sufficient cash position in accordance with the redemption schedule

<bn JPY>



\* Concerning CB due 2013, 2014, under certain conditions early redemption of these bonds due to the holders' or companies' request is possible respectively in March 2010, and March 2011. The above chart assumes the case where bond holders exercise their put options.

# Corporate Bond Details

<mil JPY>

Company name	Bond	Issue date	Maturity date	Interest rate (%/year)	Collateral	Mar 08 balance	Jun 08 balance	Sep 08 balance	Dec 08 balance	Mar 09 balance	Change
SOFTBANK CORP.	20th series Unsecured Straight Bond (1st Fukuoka SoftBank HAWKS 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	-	-	-	-
	23rd series Unsecured Straight Bond (2nd Fukuoka SoftBank HAWKS bond)	2005/11/29	2008/11/28	1.36	None	20,000	20,000	20,000	-	-	-
	19th series Unsecured Straight Bond	2005/1/31	2010/1/29	1.97	None	19,000	19,000	19,000	19,000	19,000	-
	24th series Unsecured Straight Bond (3rd Fukuoka SoftBank HAWKS bond)	2007/4/26	2010/4/26	2.72	None	20,000	20,000	20,000	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	36,400	-
	25th series Unsecured Straight Bond	2007/6/19	2011/6/17	3.39	None	55,000	55,000	55,000	55,000	53,900	(1,100)
	Convertible Bond due 2013 <sup>(*)1</sup>	2003/12/30	2013/3/31	1.50	None	50,000	50,000	50,000	50,000	50,000	-
	Euro-denominated Senior Notes due 2013 <sup>(*)2</sup>	2006/10/12	2013/10/15	7.75	None	57,311 (Eur 425M)	55,799 (Eur 415M)	54,457 (Eur 408M)	51,755 (Eur 388M)	51,766 (Eur 388M)	11
	Convertible Bond due 2014 <sup>(*)1</sup>	2003/12/30	2014/3/31	1.75	None	50,000	50,000	50,000	50,000	50,000	-
26th series Unsecured Straight Bond	2007/6/19	2014/6/19	4.36	None	15,000	15,000	15,000	15,000	15,000	-	
Convertible Bond due 2015 <sup>(*)1</sup>	2003/12/30	2015/3/31	2.00	None	50,000	50,000	50,000	50,000	-	(50,000)	
SOFTBANK TELECOM	1st series Unsecured Straight Bond	2004/12/7	2009/12/7	2.00	None	45,000	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	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	32,400	-
Other corporate bonds	-	-	-	-	-	140	140	100	100	100	-
Total	-	-	-	-	-	497,751	463,739	462,357	439,655	388,566	(51,088)

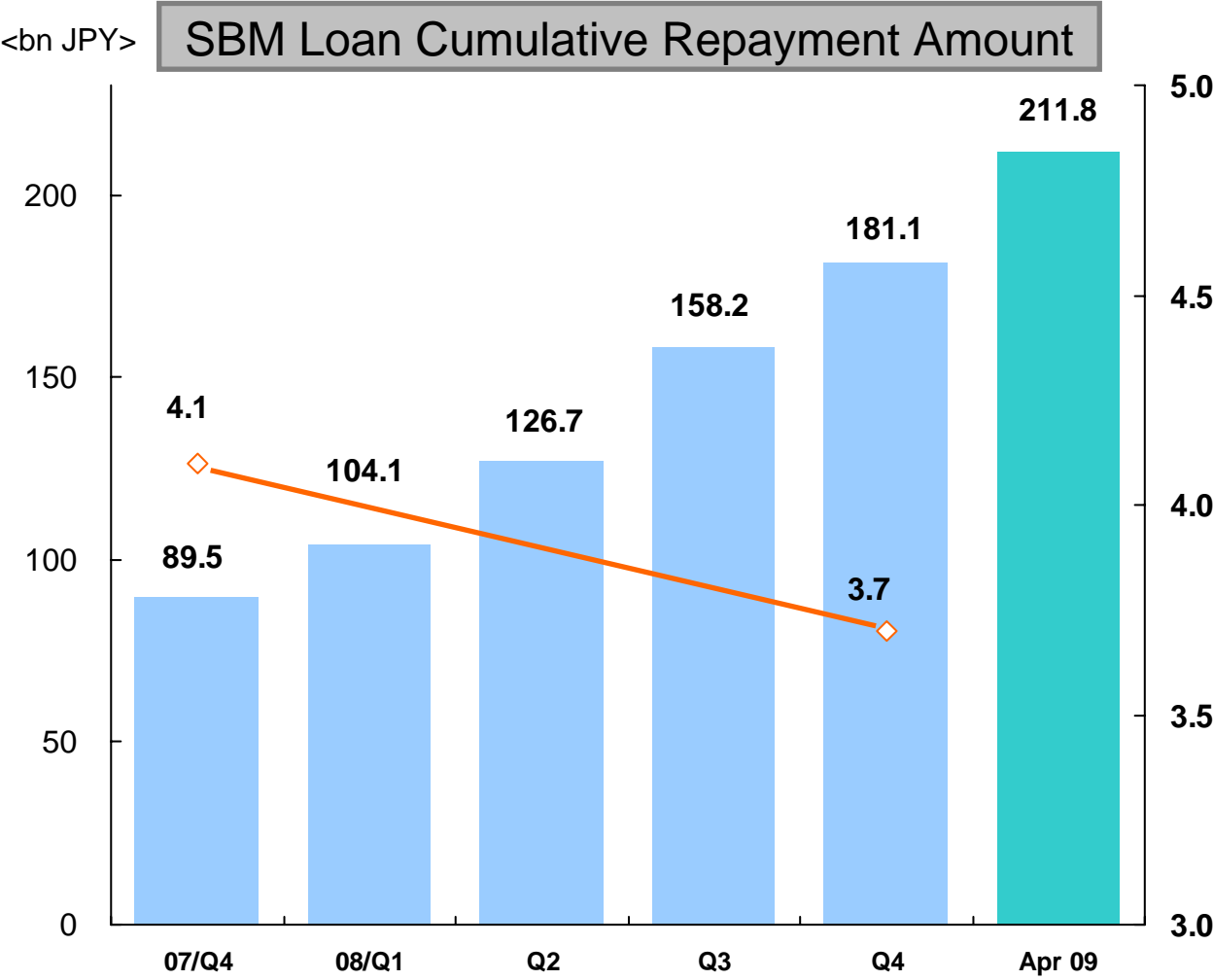
(\*1) Concerning CB due 2013, 2014, under certain conditions early redemption of these bonds due to the holders' or companies' request is possible respectively in March 2010, March 2011.

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

(\*3) The above table does not include straight bonds issued by SOFTBANK MOBILE, on which an in-substance defeasance was executed. Funds for redemption have been secured by credit enhancement through Mizuho Corporate Bank, Ltd.

# SBM Loan

➤ SBM loan repayment exceeds forecast



**Mobile Communications leverage ratio\* X3.7 (FY08)**

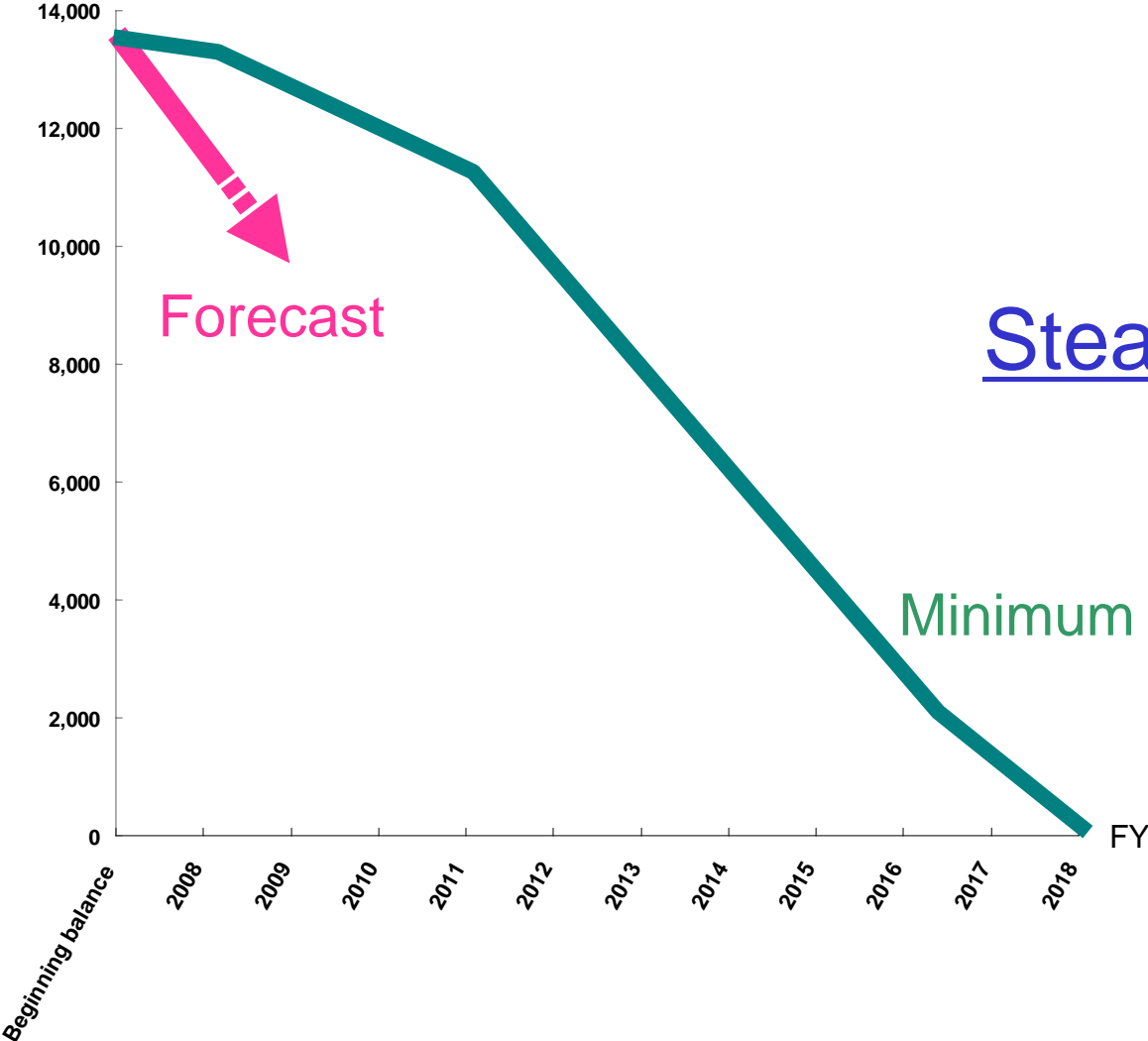
**Net interest-bearing debt basis X3.0**

\*Leverage ratio = Mobile Communications debt / Mobile Communications EBITDA

# Debt Balance After Mobile Business Acquisition

## ➤ Repayment exceeds forecast

<bn JPY>



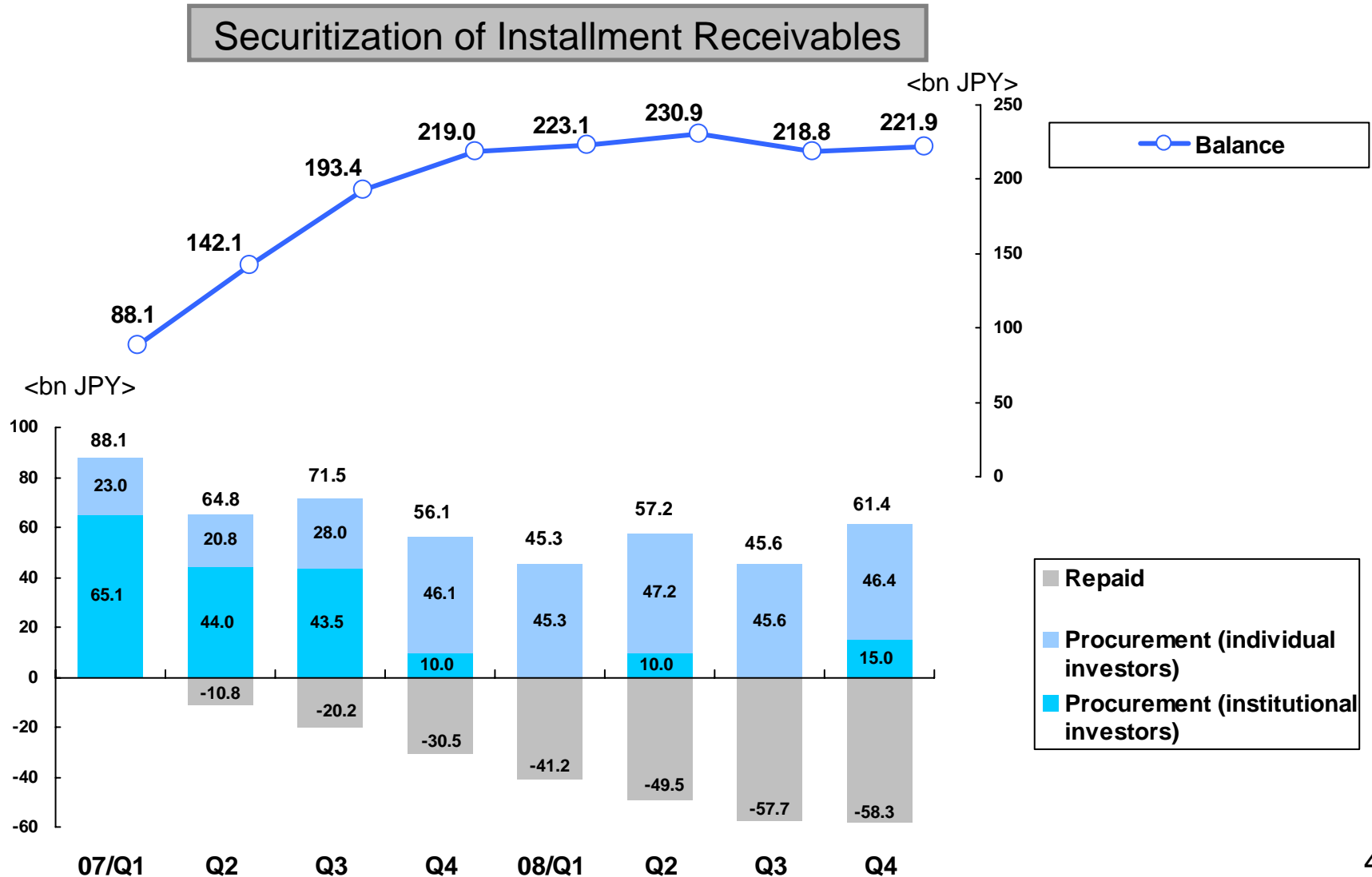
Steadily repaying

Minimum

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

# Securitization of Installment Receivables

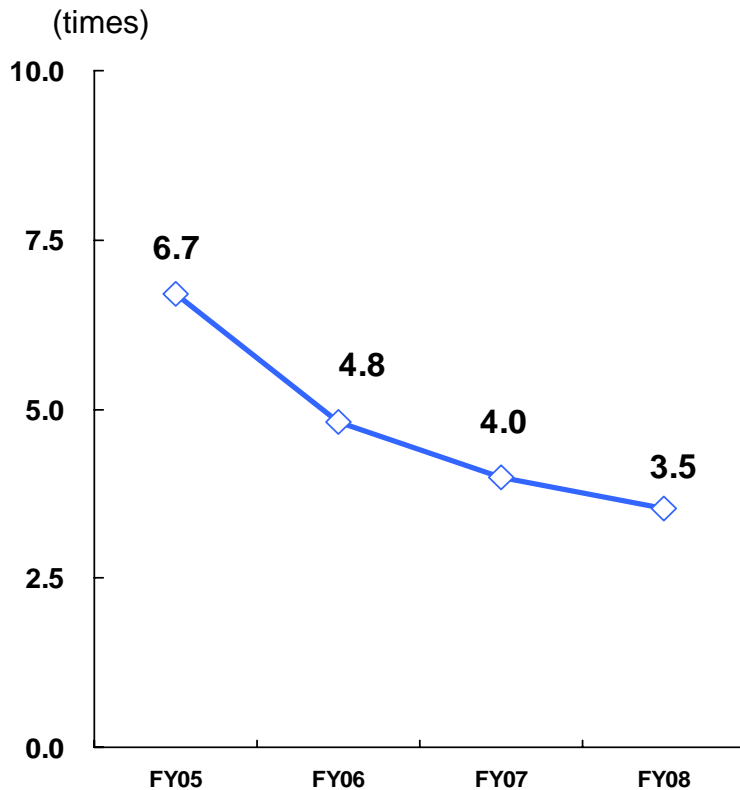
- Continue securitization of installment receivables going forwards



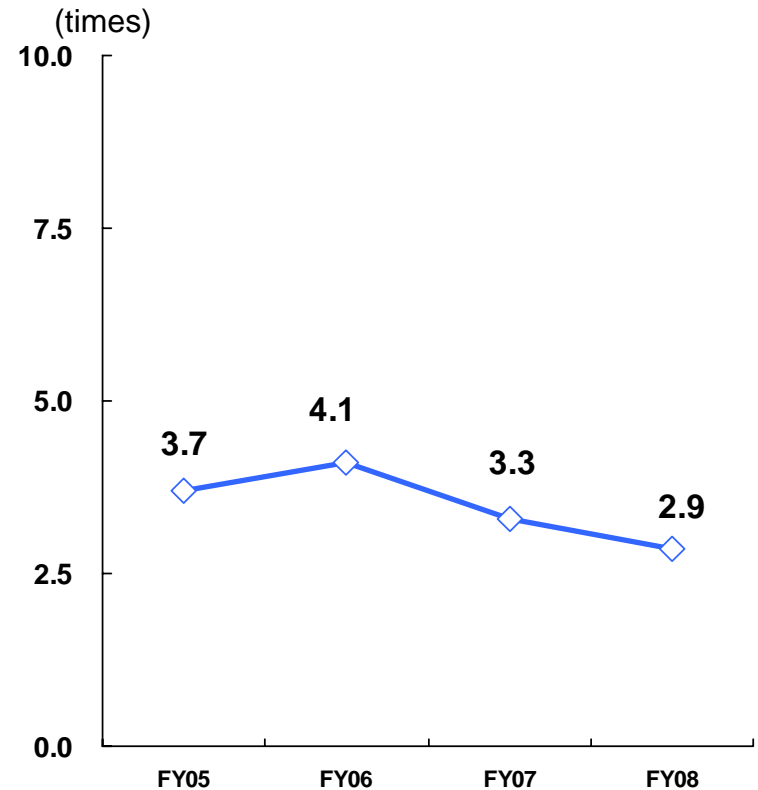
# Improve Indexes: (1) Interest-bearing Debt/EBITDA Multiple

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

Interest-bearing Debt/EBITDA Multiple



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

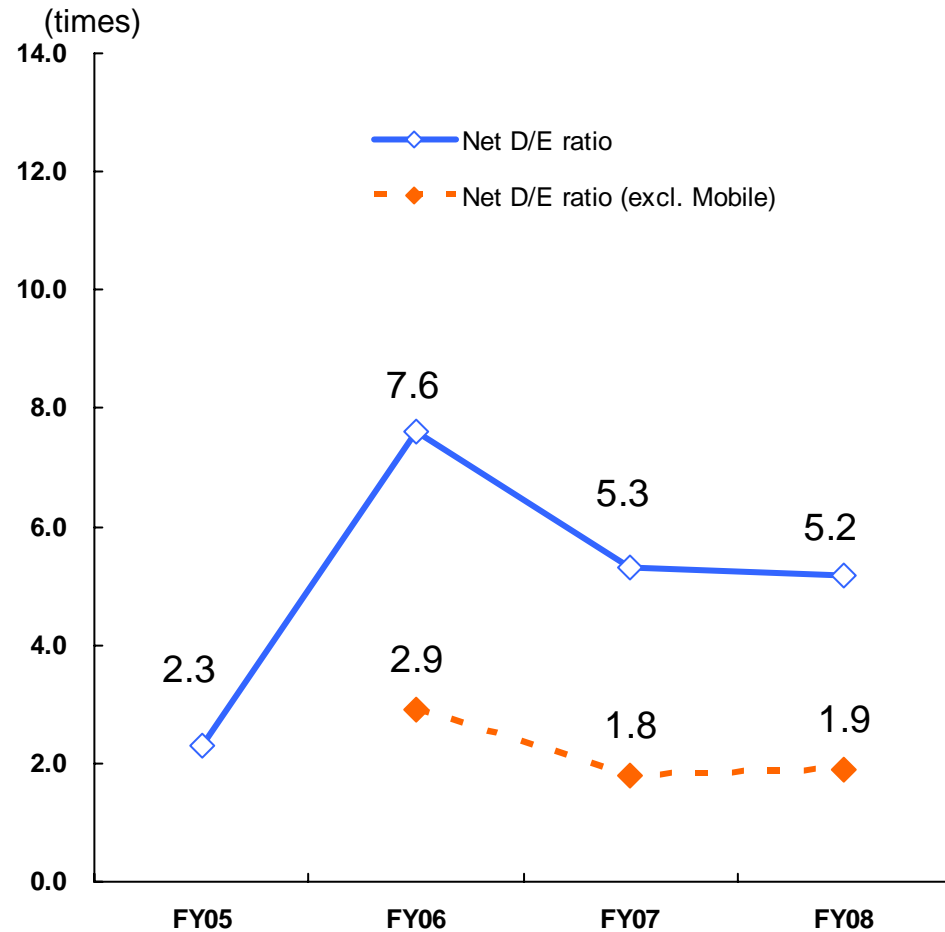
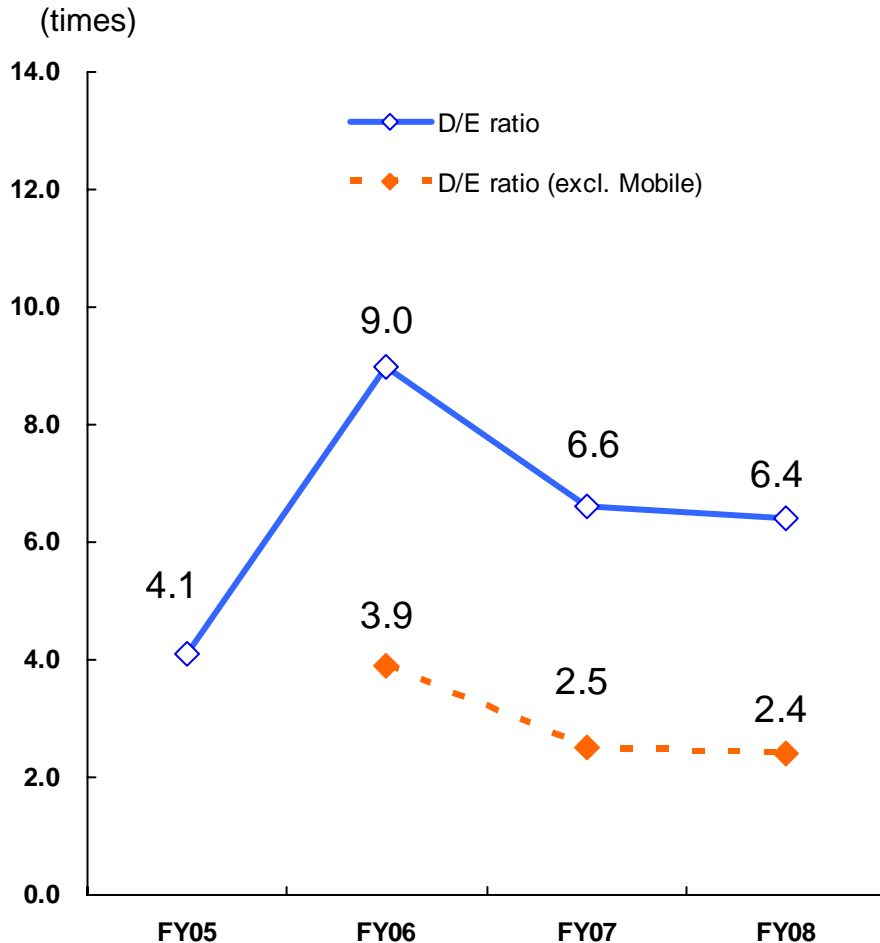


\*1 Interest-bearing debt and net interest-bearing debt before FY2006 is calculated with retroactive adjustments by adding the cash receipts as collateral relating to marketable security lending transactions.

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

# Improve Indexes: (2) Debt/Equity Ratio

## ➤ Ratio improving steadily



\*1 Interest-bearing debt and net interest-bearing debt before FY2006 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.

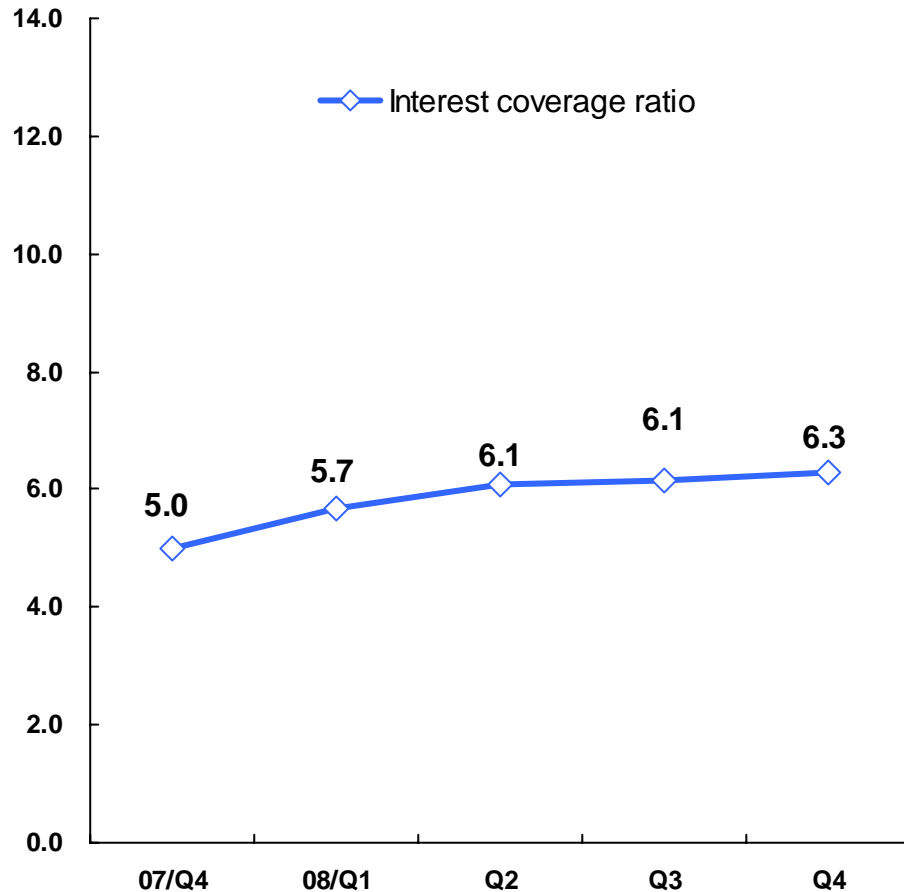
\*3 Excluding Mobile: SOFTBANK MOBILE and BB Mobile's balance has been deducted from consolidated interest-bearing debt and net interest-bearing debt balance respectively.



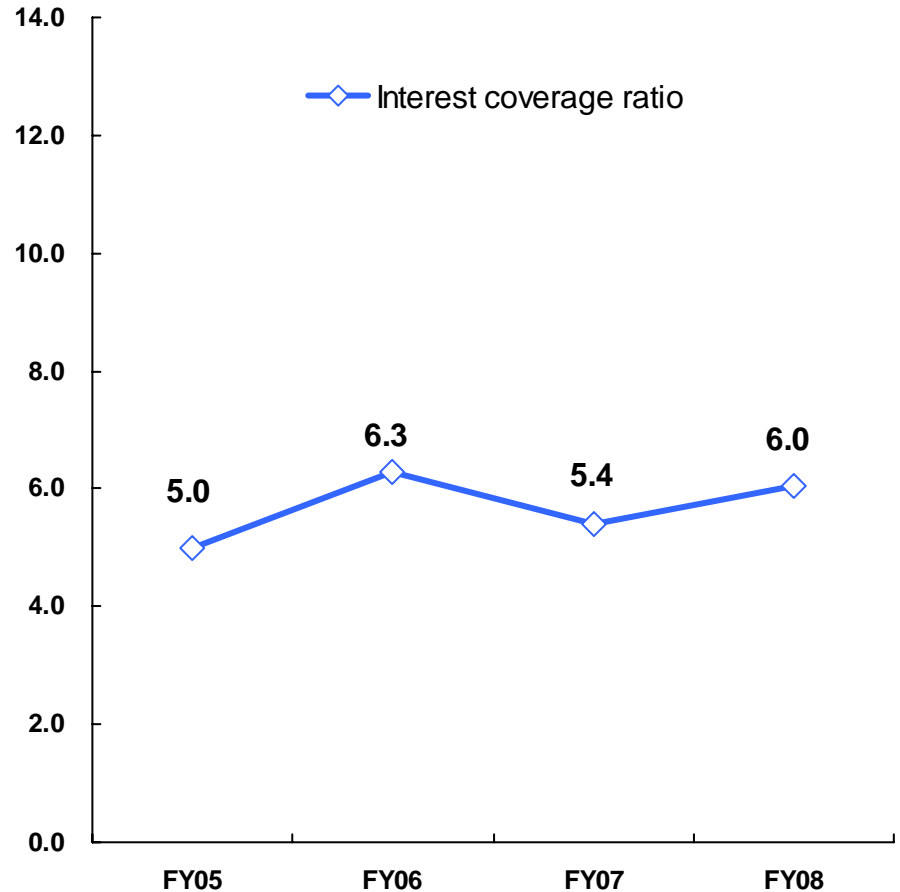
# Improve Indexes: (3) Interest Coverage Ratio

## ➤ Maintain stable trend

Quarterly Interest Coverage Ratio\* (Quarterly)



Quarterly Interest Coverage Ratio\* (Yearly)



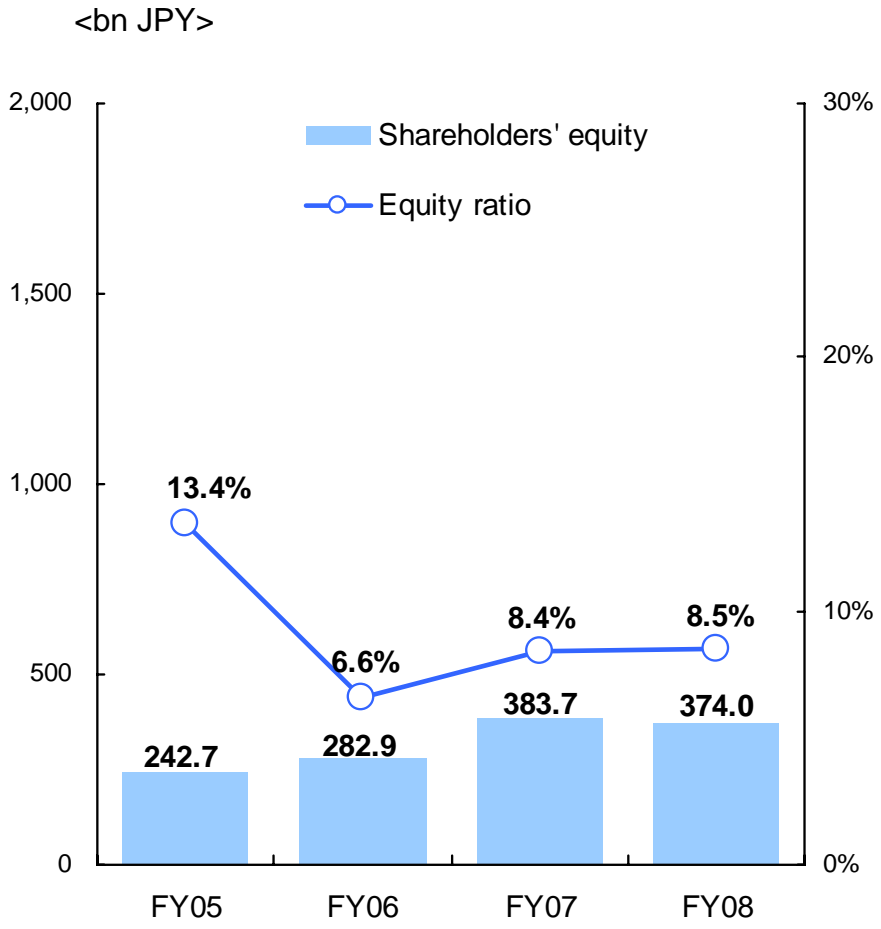
\* Interest coverage ratio = EBITDA/interest expenses

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

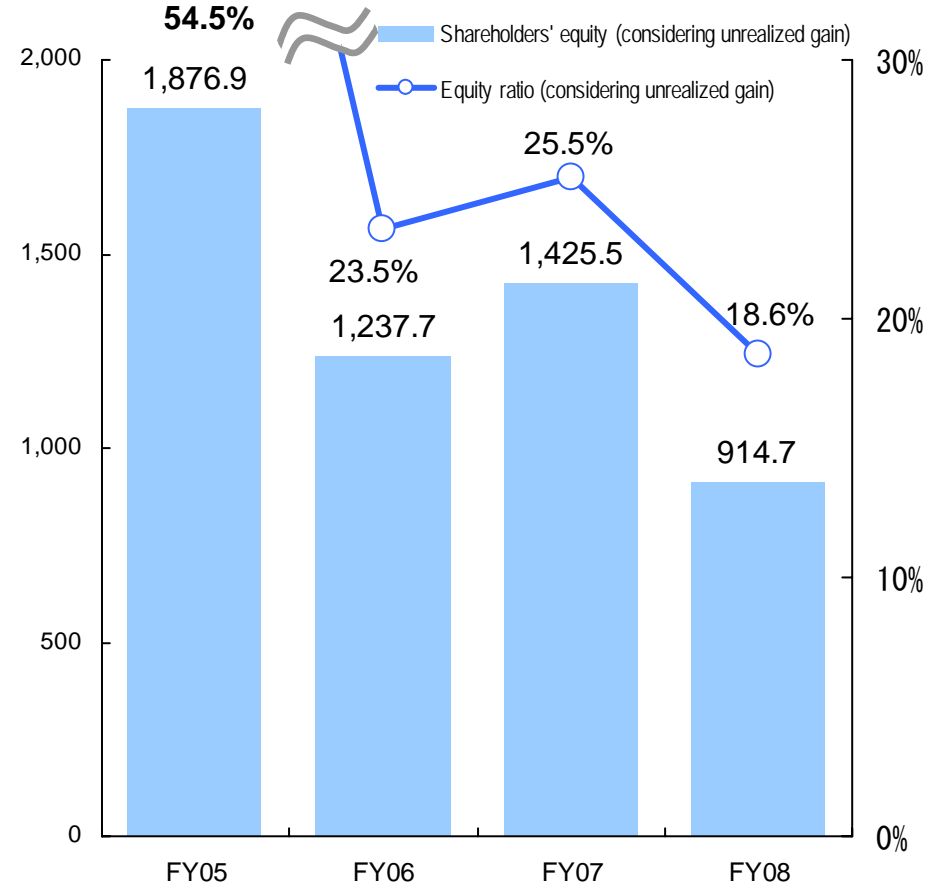
# Improve Indexes: (4) Equity Ratio

➤ Improve equity ratio through steady build up of profit

Equity Ratio

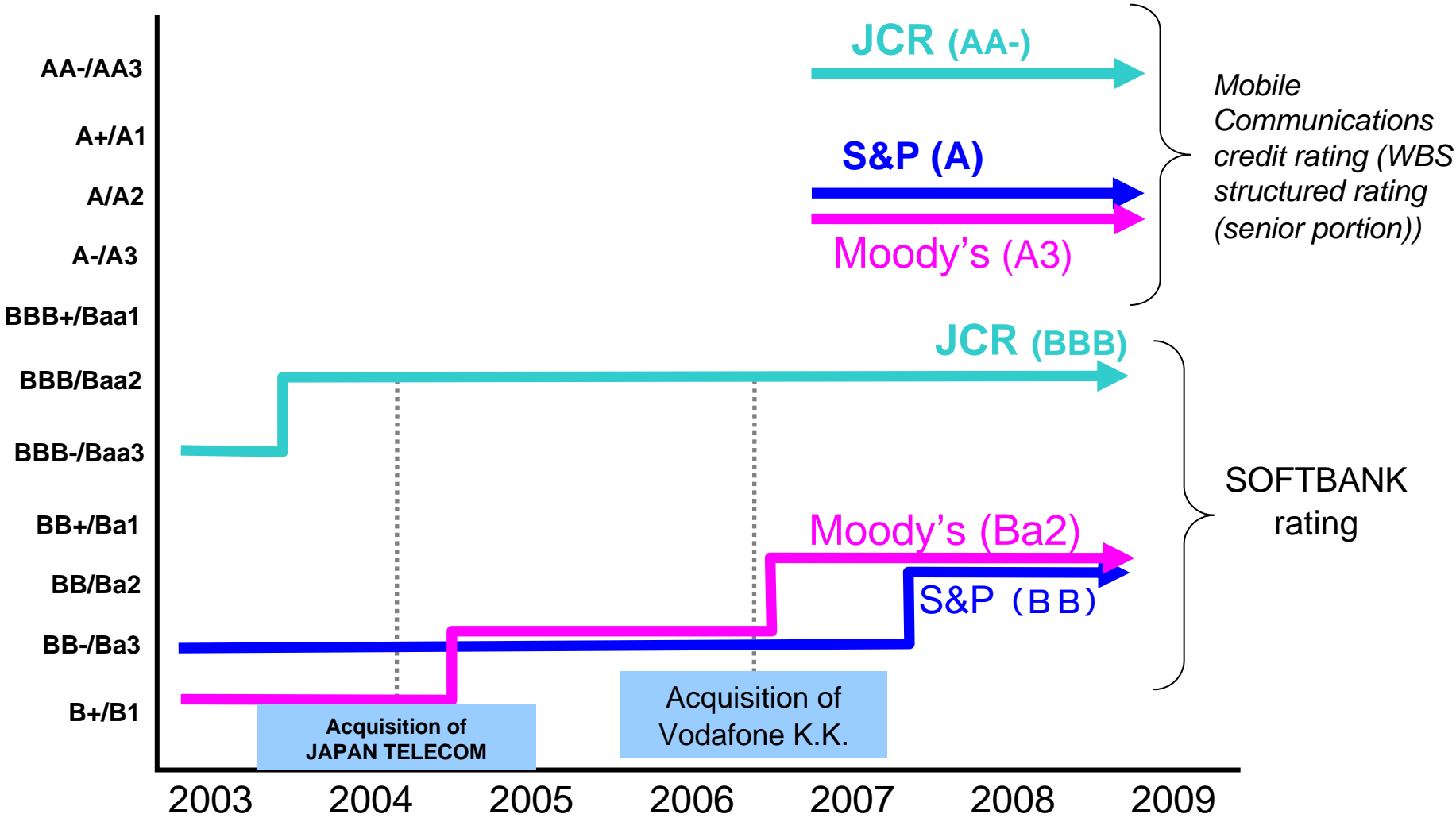


(Ref.) Considering Unrealized Gain



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

# Credit Rating



# Major Financial Activities of FY2008

## ➤ Respond flexibly to changes in market situation

Content	Amount (JPY bn)
Stable procurement of securitization of installment sales receivables	209.6
Credit line facility increased	201.0
Credit enhancement maintaining in-substance defeasance on former Vodafone K.K. corporate bonds	75.0 (*1)
Lease procurement (Mobile Communications)	83.7
Sustain abundant cash position (e/o mar 2009) <including unused portion of credit line facility>	481.8

(\*1) Principal amount of bonds

## ➤ Other financing activities

Date	Content	Amount (JPY bn)
April 2008	Investment in Oak Pacific Interactive	10.2
	Investment in SOFTBANK TELECOM PARTNERS(*2)	25.5
June 2008	Redemption of 20 <sup>th</sup> series Unsecured Straight Bond	12.5
September 2008	Redemption of 21 <sup>th</sup> series Unsecured Straight Bond	20.0
October 2008	Implement group CF management system	-
November 2008	Redemption of 23 <sup>rd</sup> series Unsecured Straight Bond	20.0
March 2009	Redemption of CB due 2015	50.0

(\*2) Changed its company name from JAPAN TELECOM INVOICE Co., Ltd. on July 1, 2008.

# Enhance Cash Flow Management

---

**Towards  
approx. JPY 1 trillion  
free cash flow  
for next 3 Years**

**(Cumulative total target for 3 years from FY2009 to FY2011)**

**\* Equivalent to JPY 1,000 free cash flow per share (cumulative for 3 years)**

# Targeted Reduction of Net interest-bearing Debt

---

after 2 fiscal years (FY2011)

**Reduce net interest-bearing  
debt\* by half**

after 5 fiscal years (FY2014)

**project ZERO  
net interest-bearing debt\***

\*Lease obligations are not included in the net interest-bearing debt

# Investment Policy

---

**Pay down 'net interest-bearing debt\*'  
to zero and**

**No new major  
investments**

\*Lease obligations are not included in the net interest-bearing debt

# FY2009 Financial Strategies

## **Towards 'ZERO net-interest bearing debt'**

- Maximize FCF, through maximum operating CF and appropriate investing CF
- Continued improvement of various financial indexes through steady reduction of debts
- Improve credit rating as a result of strengthening of balance sheet

## **Conservative financial management according to market**

- Utilize diverse, appropriate procurement methods according to market conditions
- Secure stable long-term procurement, improve long-term debt ratio
- Sustain abundant cash position

## **High quality IR activities**

- Approach all layers of investors in both the debt & equity markets
- Disclose earnings forecast, clarify growth scenario
- Further expansion of disclosure content



# Operation

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## 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

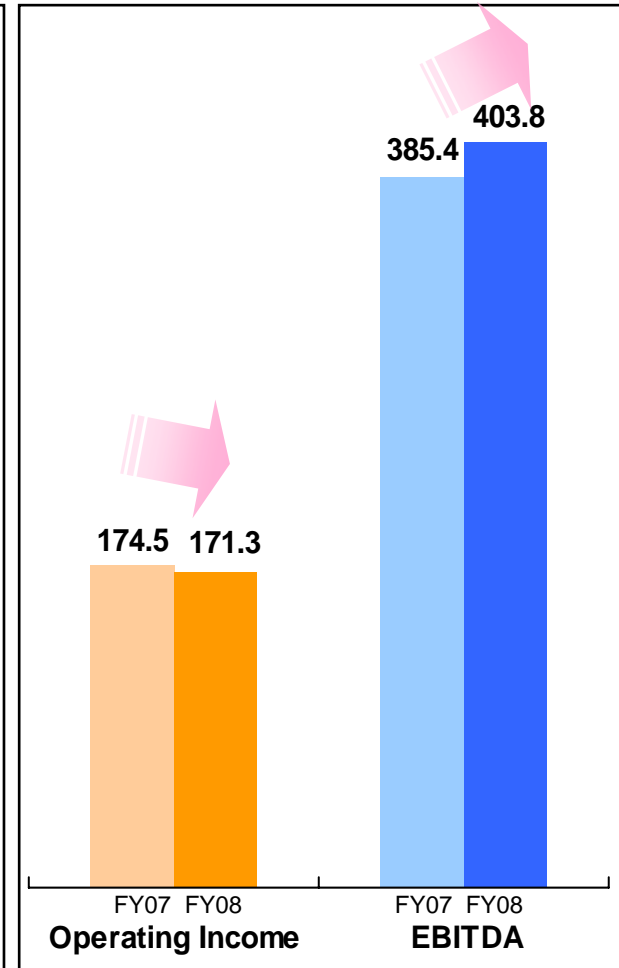
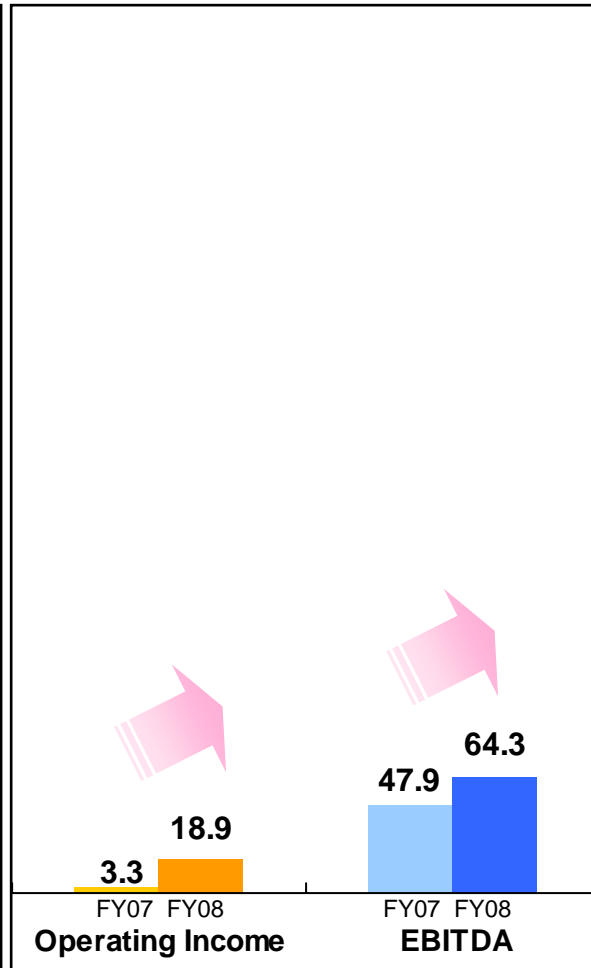
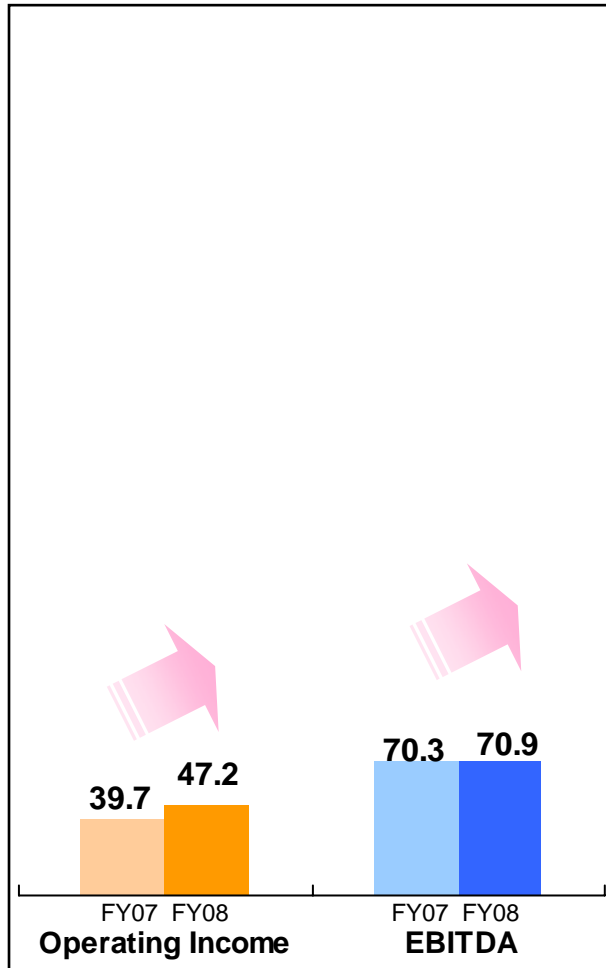
- All 3 telecommunications businesses maintain profitability

<bn JPY>

BB Infrastructure

Fixed-line Telecommunications

Mobile Communications



## Broadband Infrastructure Business

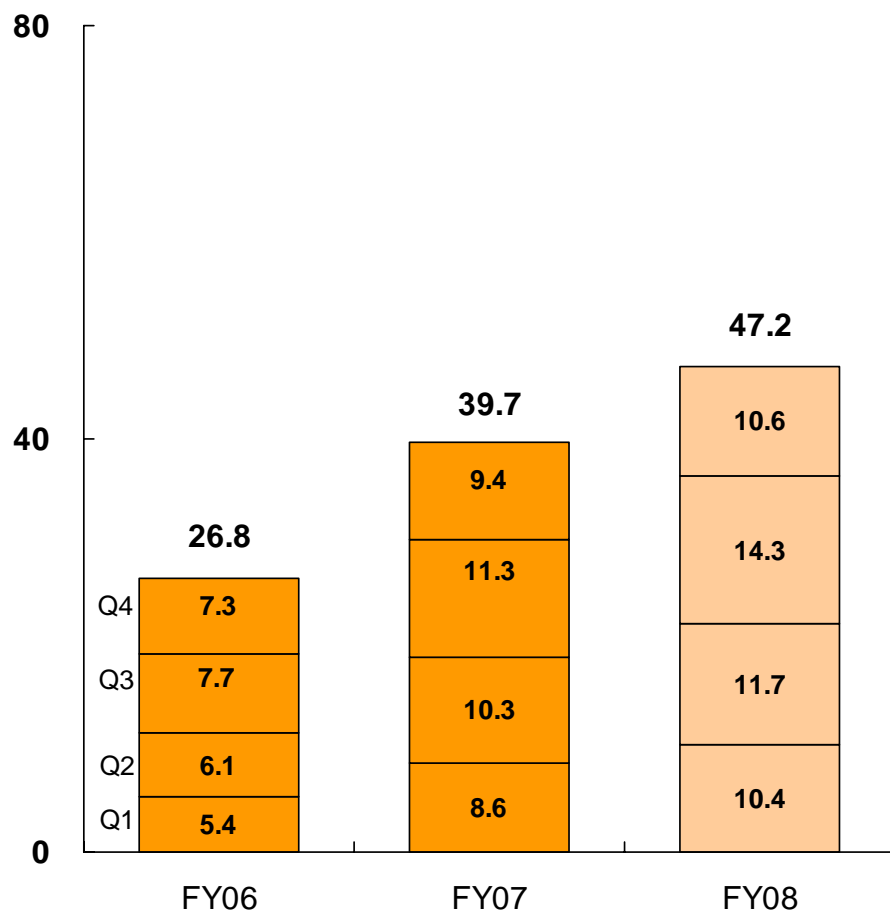
# Operating Income, EBITDA (BB Business)

<BB-1>

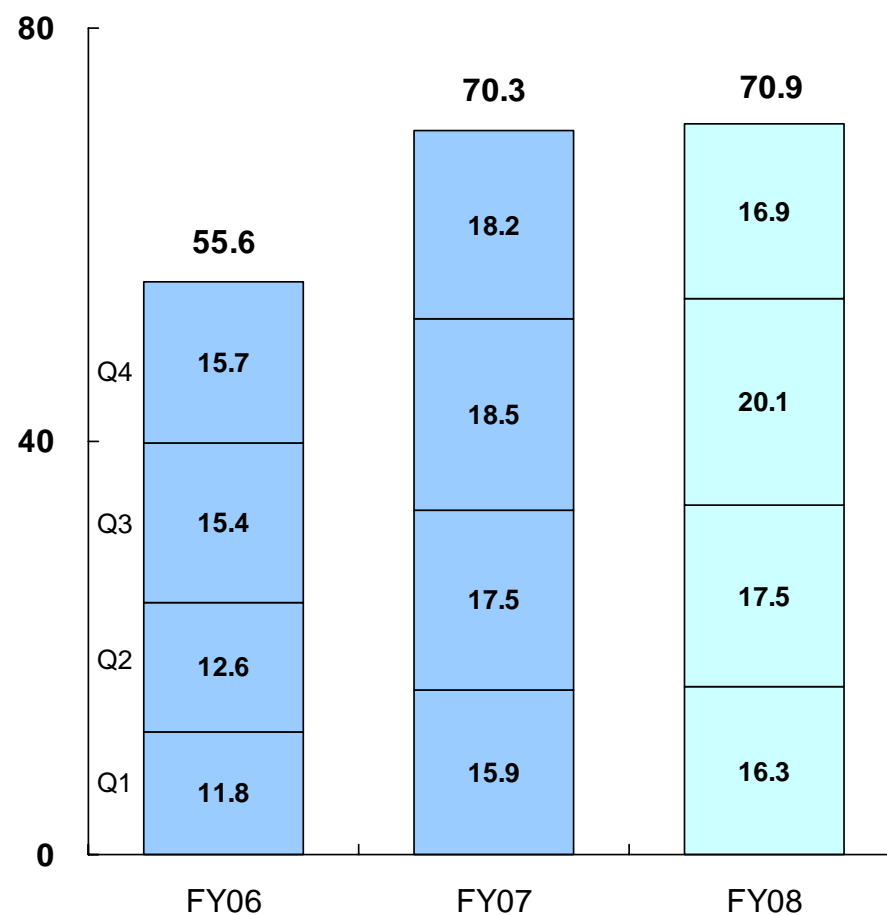
➤ Maintain trend of revenue increase through cost reductions

<bn JPY>

## Operating Income



## EBITDA

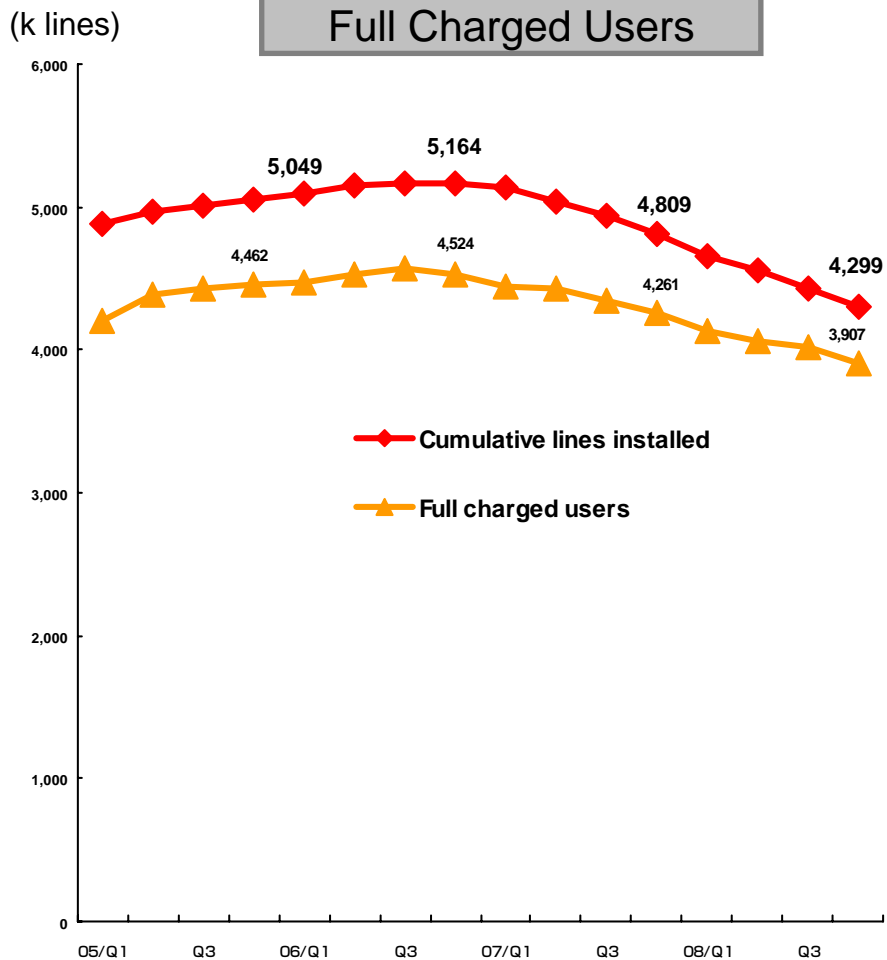


# Yahoo! BB ADSL Lines and ARPU

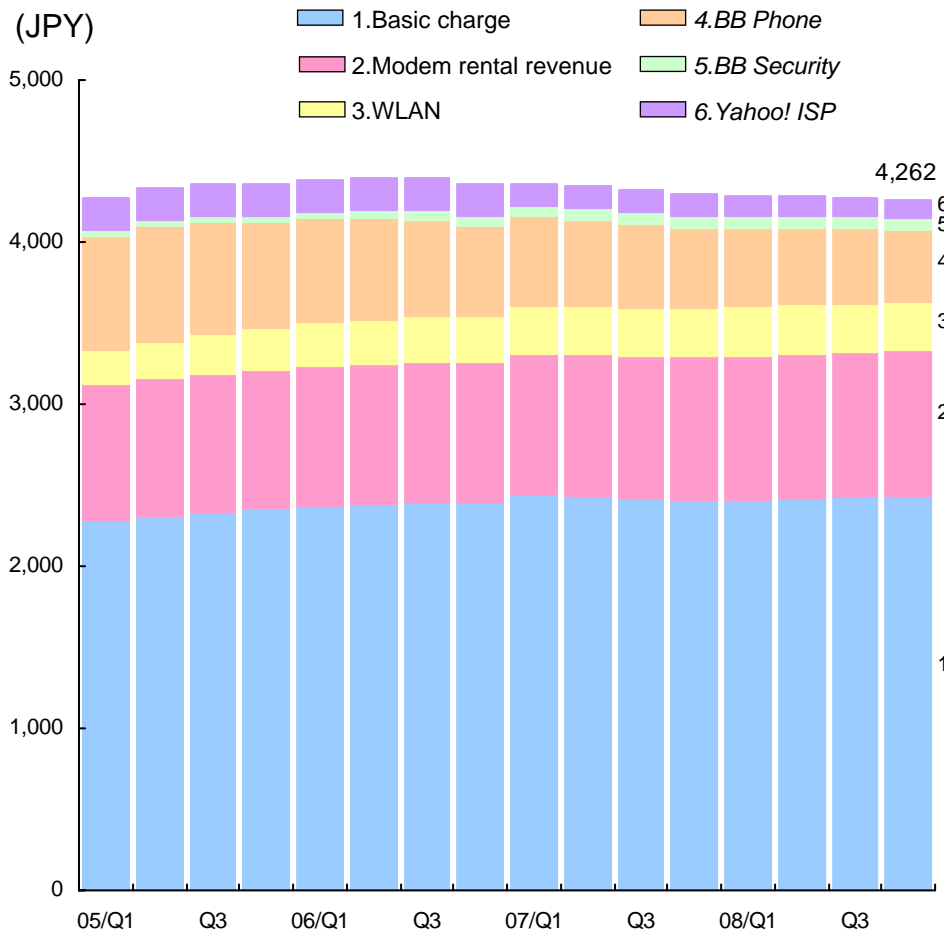
<BB-2>

➤ 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.

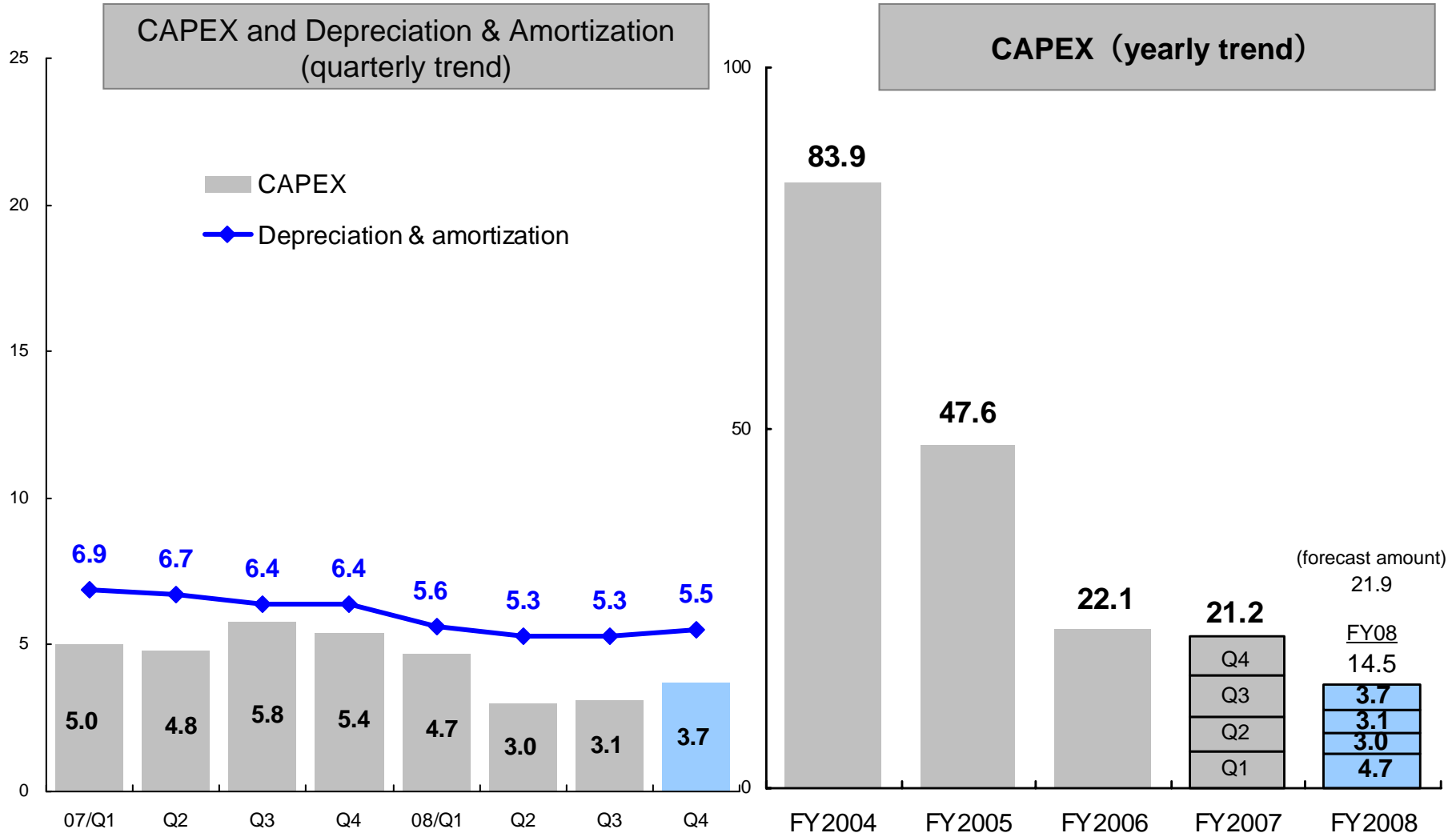
From F07/Q1 part of Yahoo! ISP revenue recorded as basic charge (no impact on user's charge).

# CAPEX [actual] (BB Business)

<BB-3>

➤ CAPEX stabilized within range of depreciation

<bn JPY>



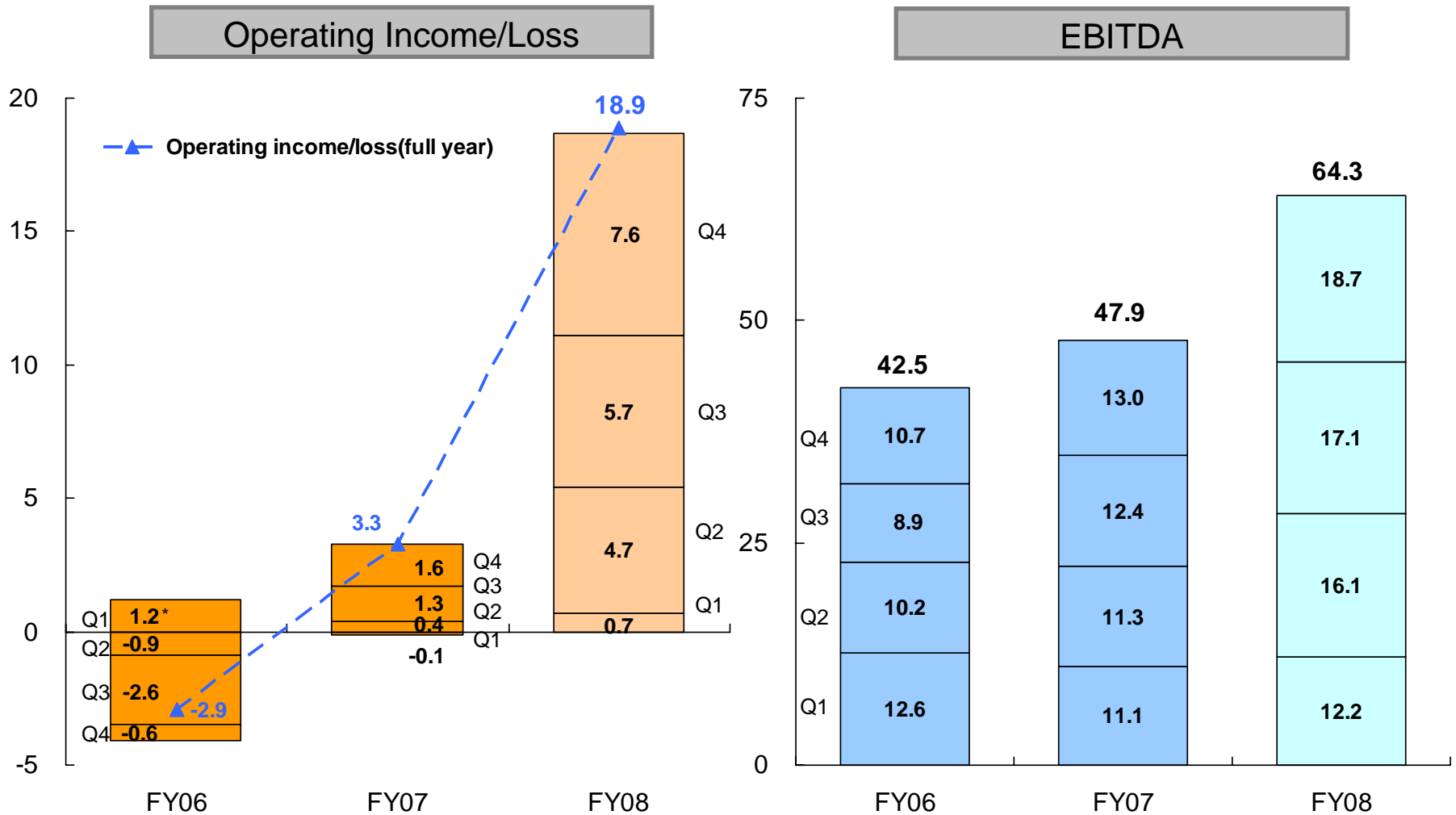
## Fixed-line Telecommunications

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

<Fixed-1>

- Trend of revenue increase through enhancement of corporate lines and efficient management

<bn JPY>



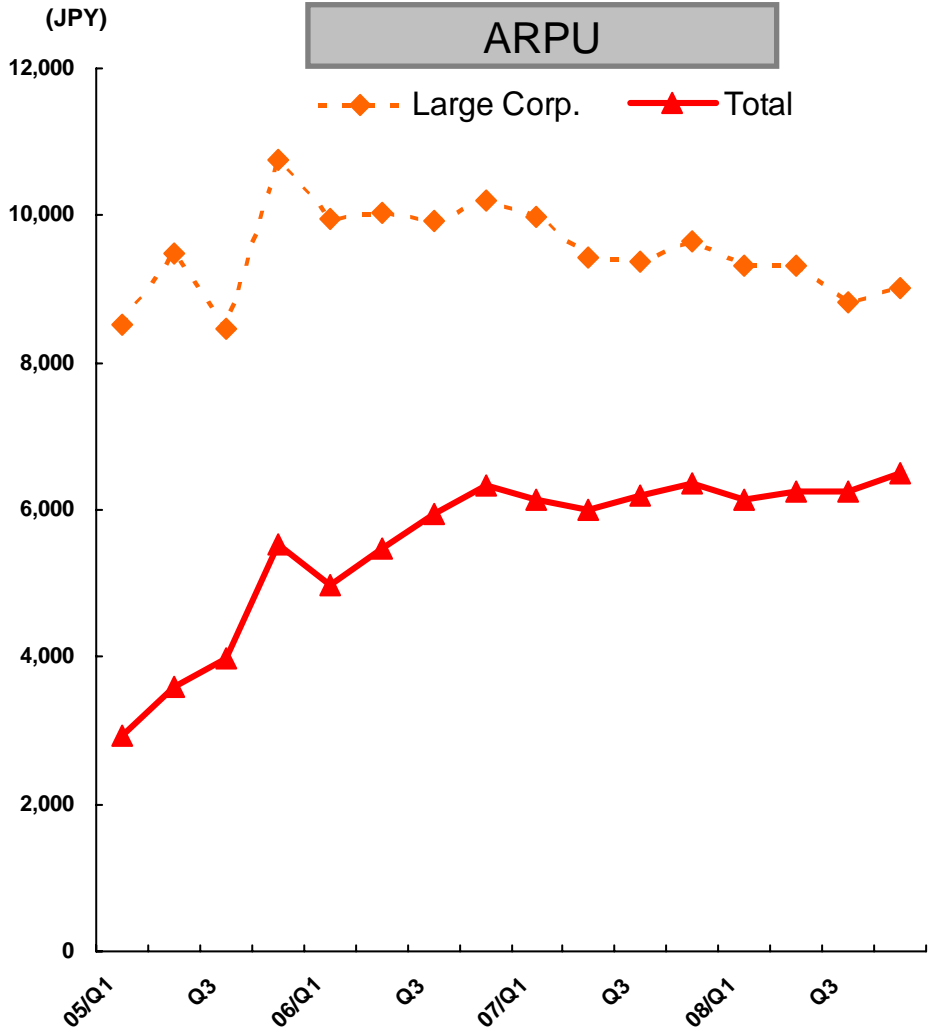
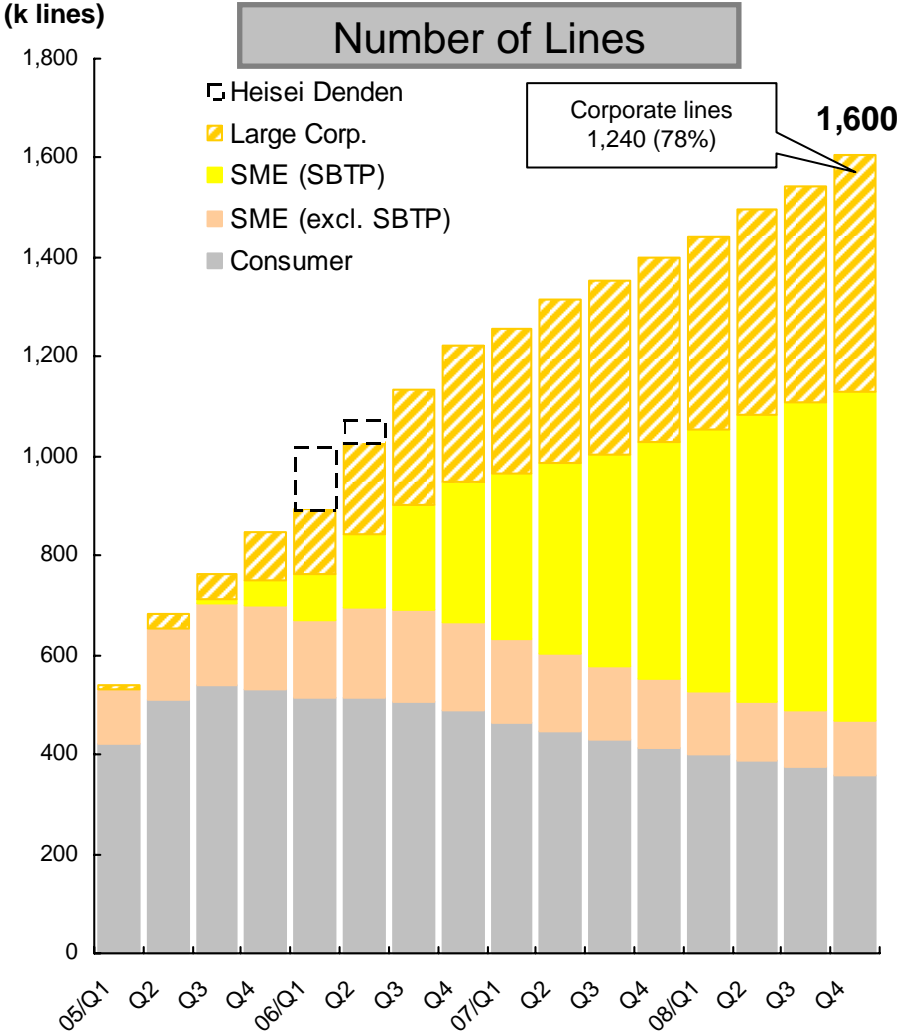
\*FY06/Q1: including reversal of JPY 2.5bn for retirement benefits.



# Number of Lines and ARPU for OTOKU Line

<Fixed-2>

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



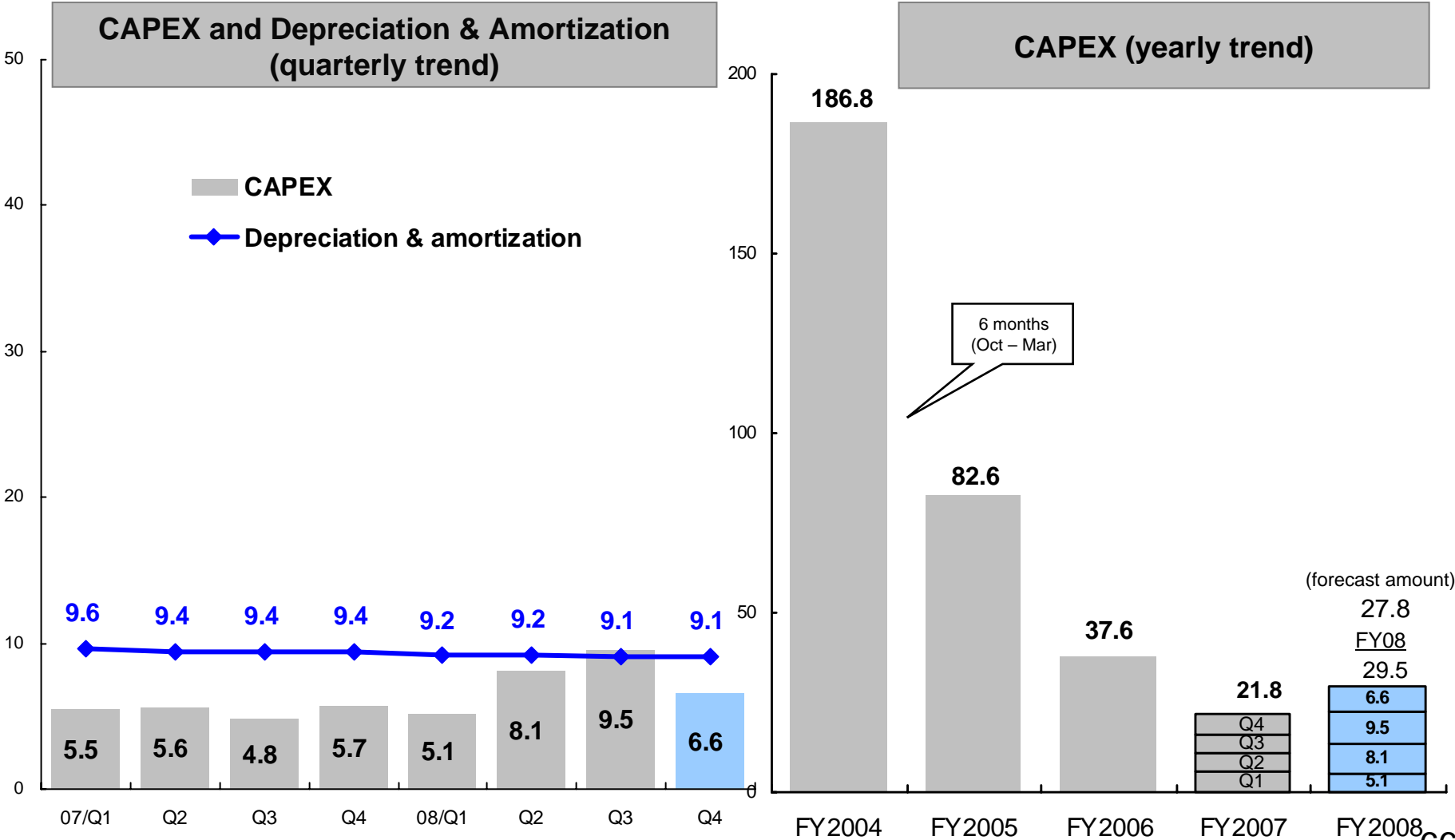
\*SBTP : SOFTBANK TELECOM PARTNERS

# CAPEX [actual] (Fixed-line Telecommunications Business)

<Fixed-3>

➤ CAPEX maintains stable trend

<bn JPY>



## Mobile Communications

# Net Sales (SBM consolidated)

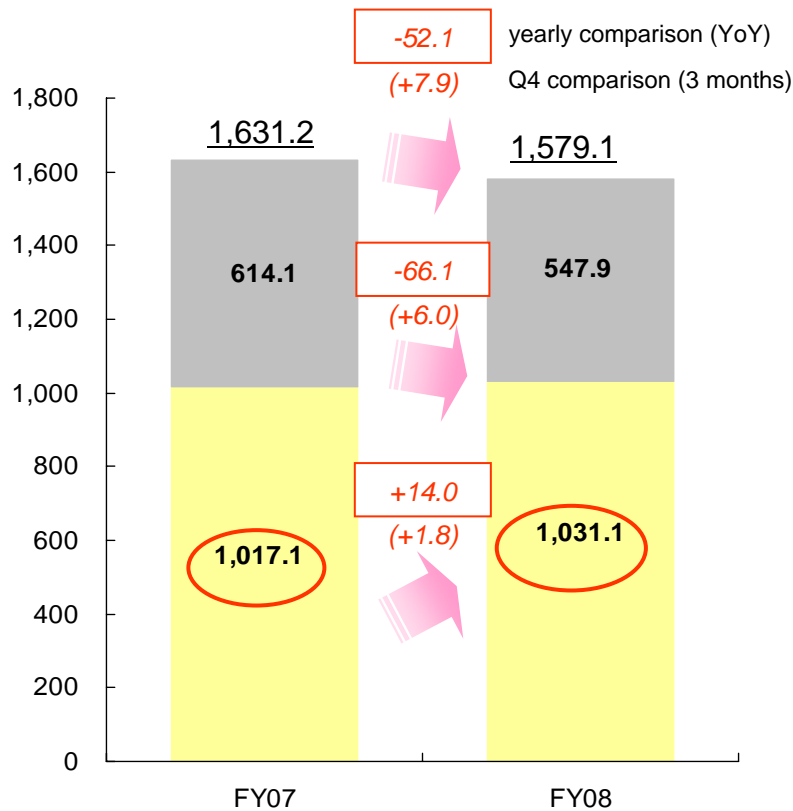
<Mobile-1>

➤ Decrease in revenue due to decrease in handsets. Increasing trend in telecom service revenue.

<bn JPY>

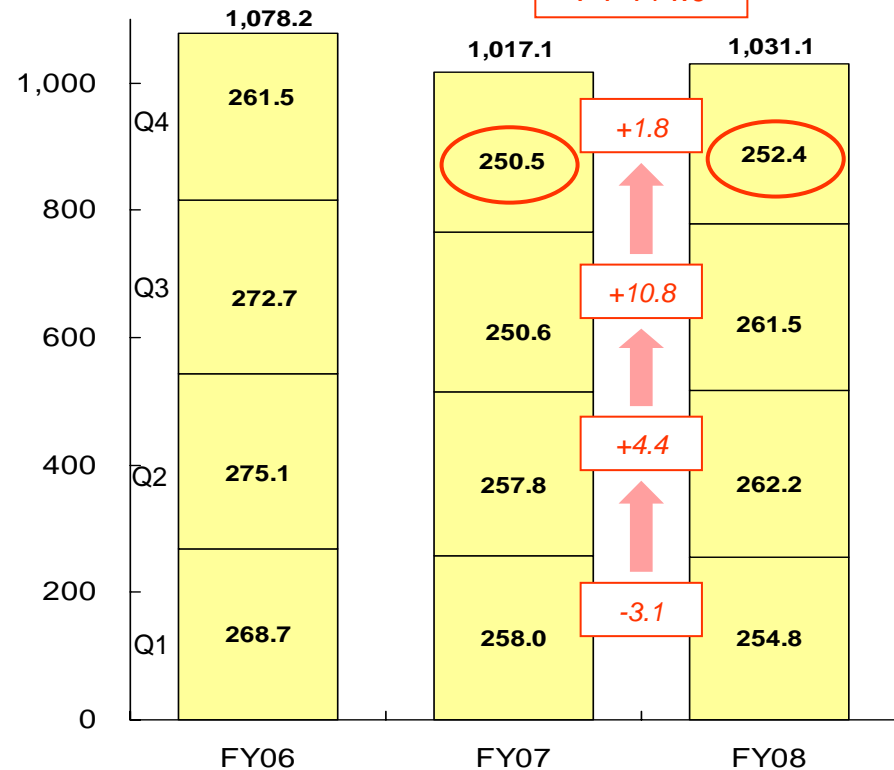
## SBM Consolidated Net Sales Yearly Comparison

Telecom service income
  Sales of mobile handsets and accessories



## SBM Consolidated Net Sales Quarterly Comparison

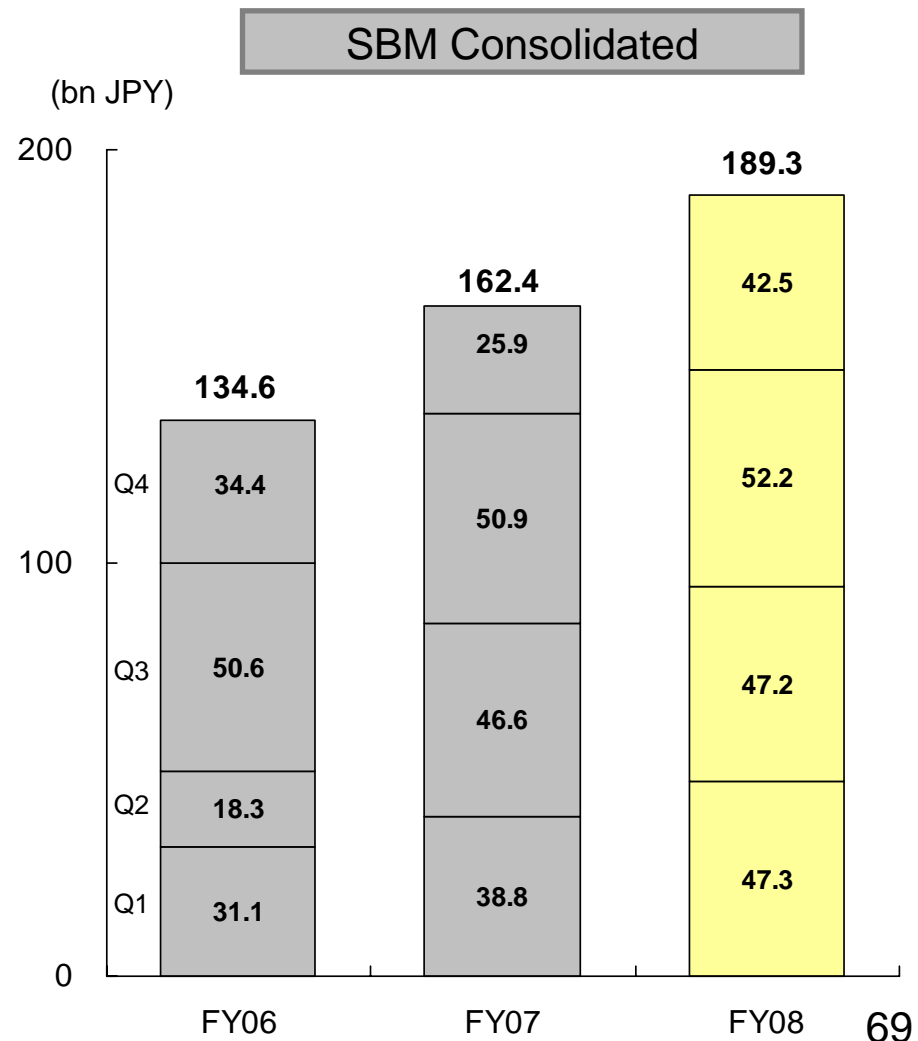
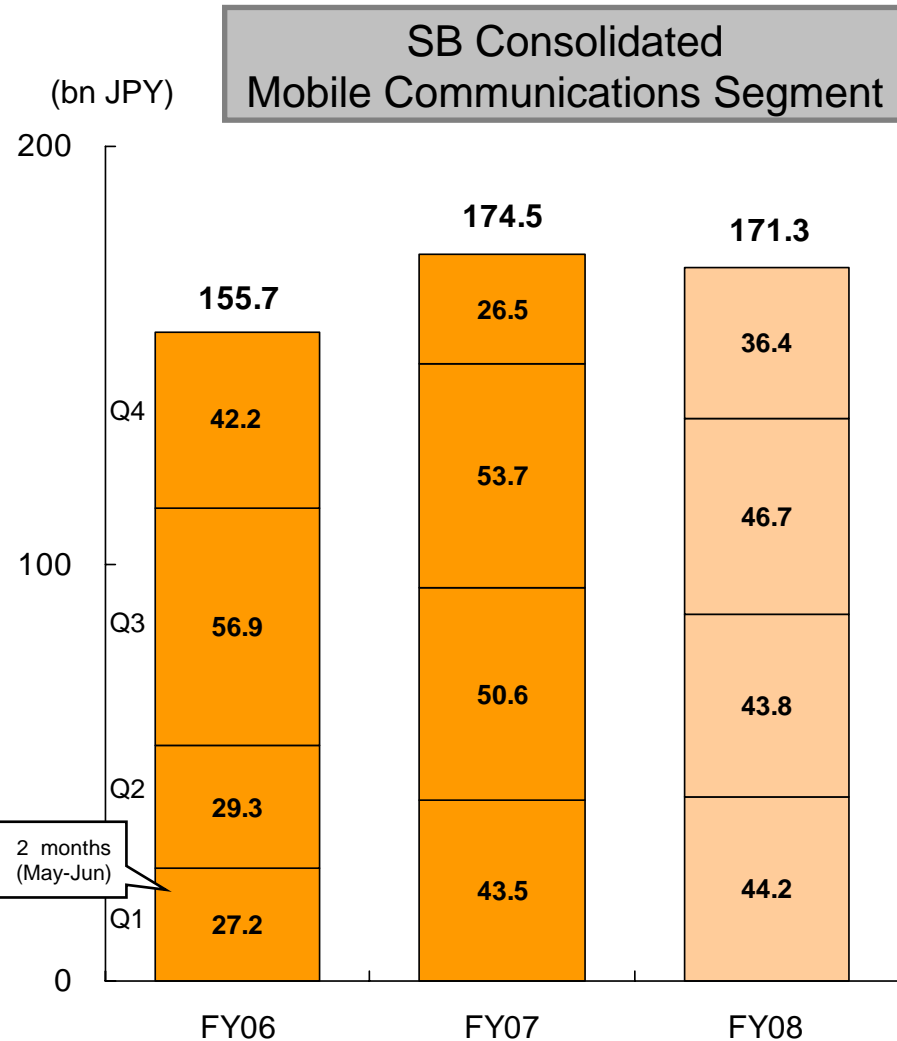
Telecom service income



# Operating Income (SB consolidated, SBM consolidated)

<Mobile-2>

- Favorable trend sustained through efficient management. Revenue and income increase in Q4.



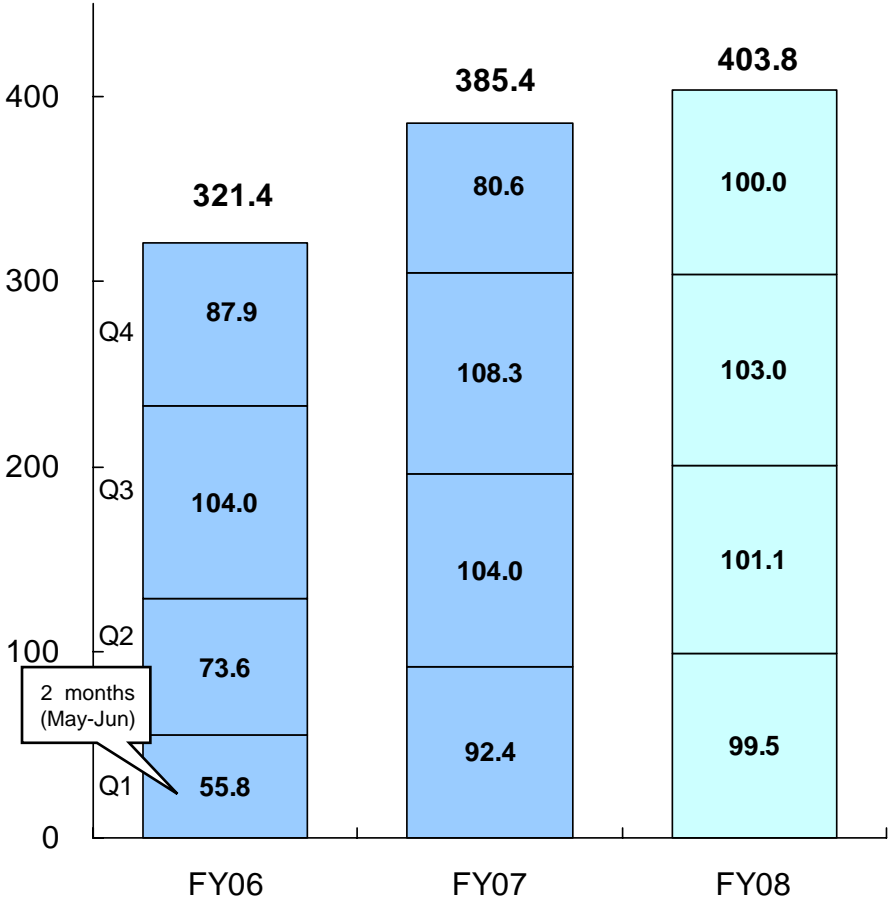
# EBITDA (SB Consolidated, SBM Consolidated)

<Mobile-3>

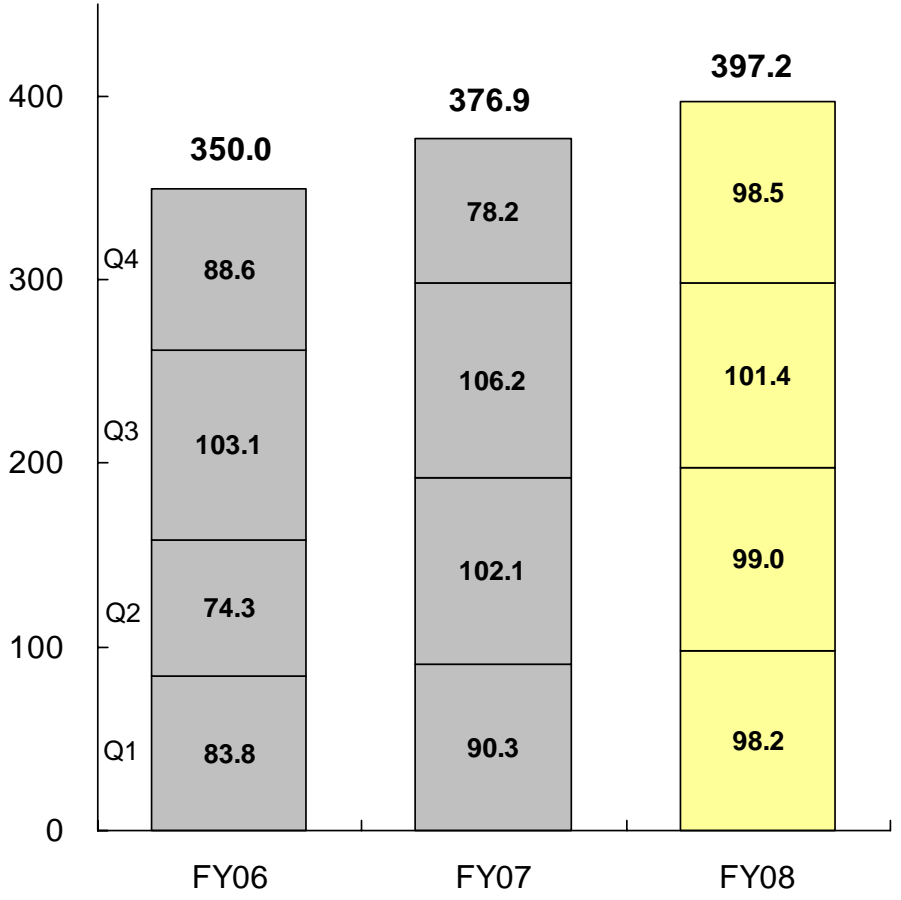
➤ Favorable trend sustained through efficient management.

<bn JPY>

**SB Consolidated  
Mobile Communications Segment**



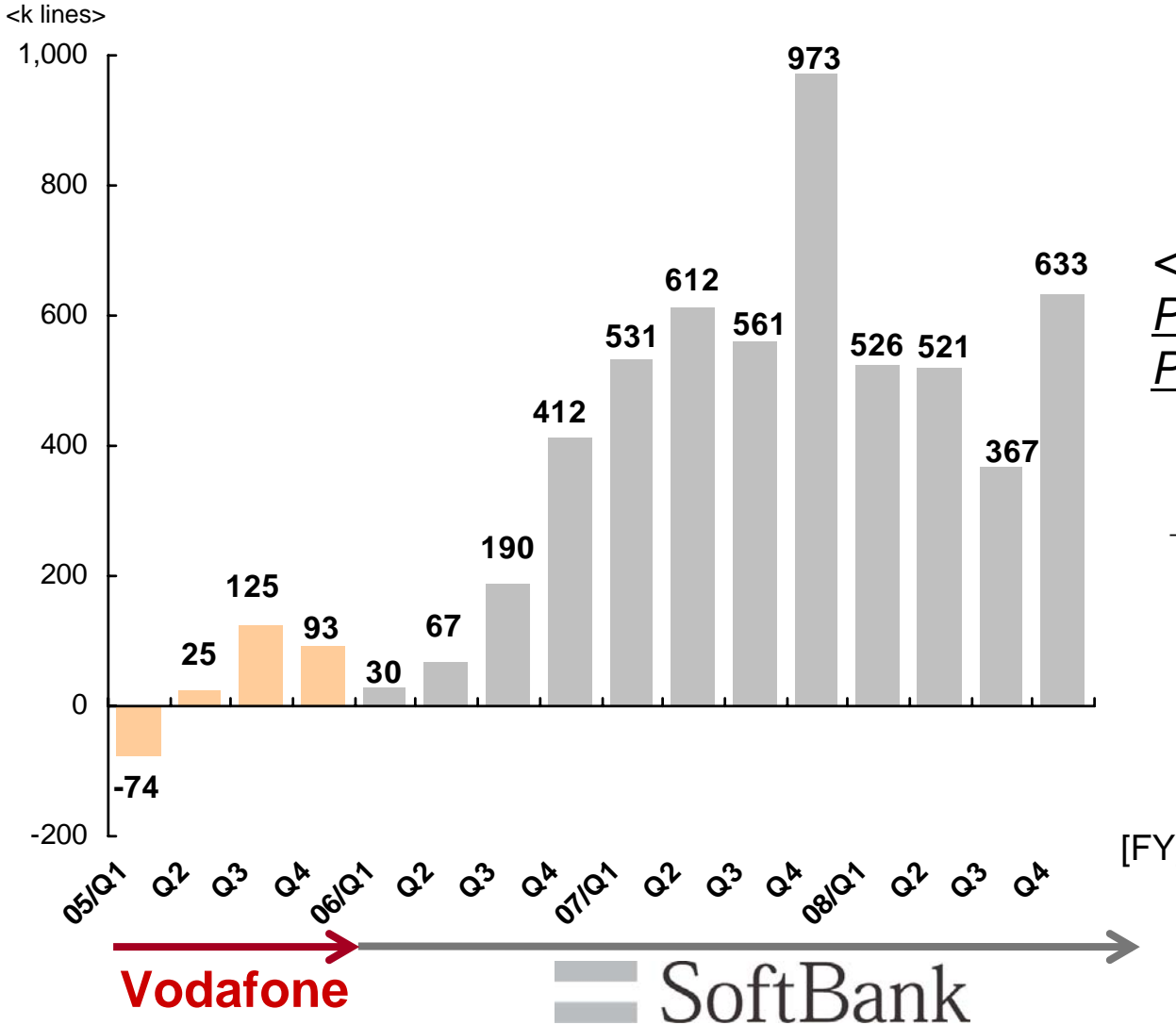
**SBM Consolidated**



# Quarterly Net Additions

<Mobile-4>

➤ No.1 in net additions for 23 consecutive months



FY08 net additions

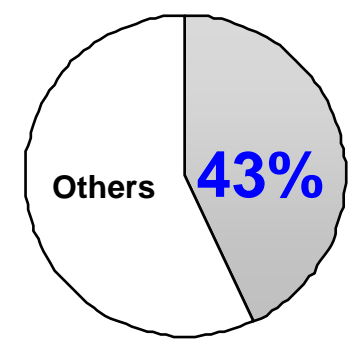
**2,046k**

<Breakdown>

Postpaid +2,228k

Prepaid -181k

FY08 net addition share



(Ref.) FY07 net addition share

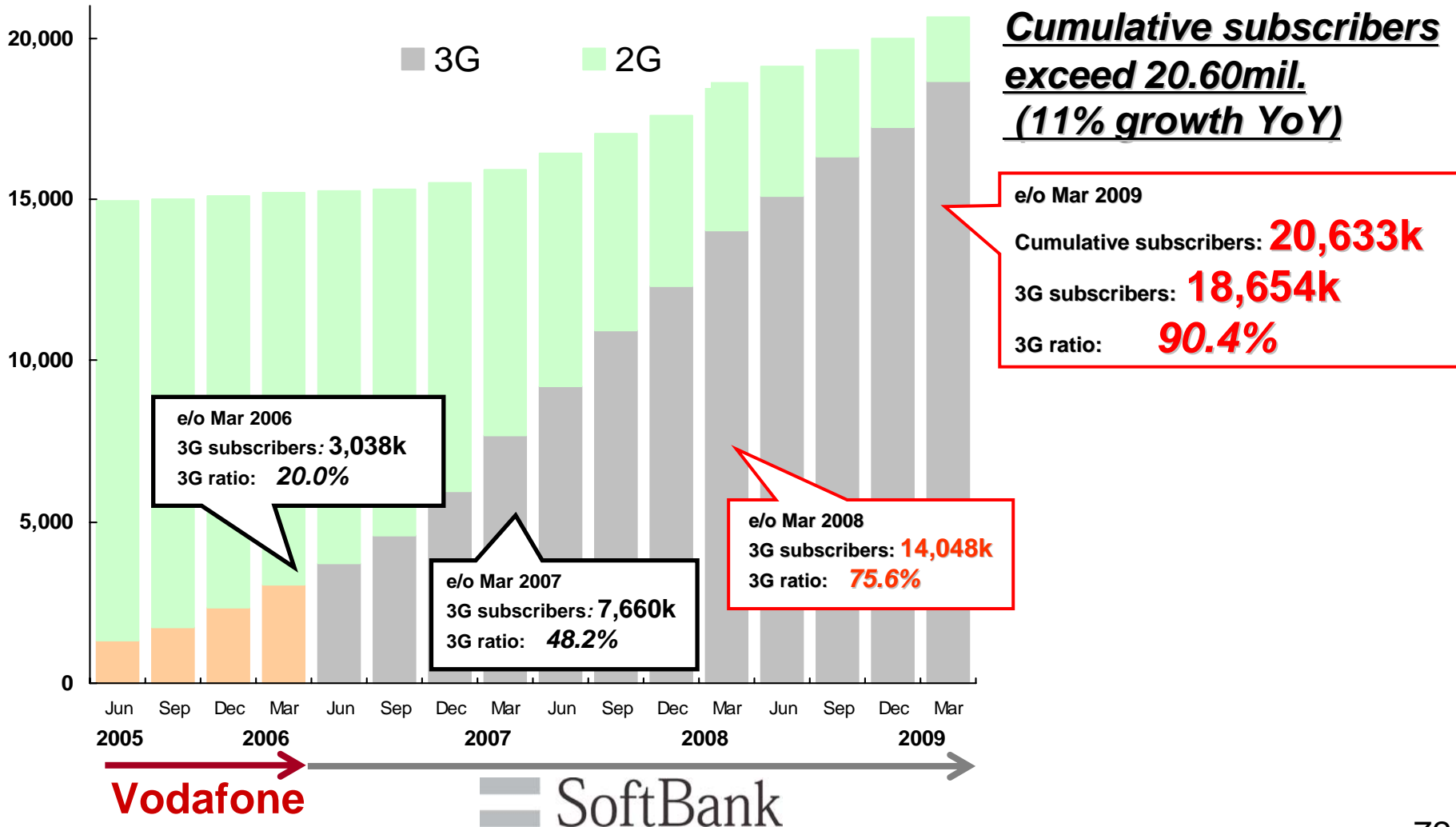
45%

# Total Subscribers, 3G Subscribers

<Mobile-5>

➤ Number of total subscribers is growing steadily beyond 20mil. 3G subscribers exceed 90%.

<k lines>

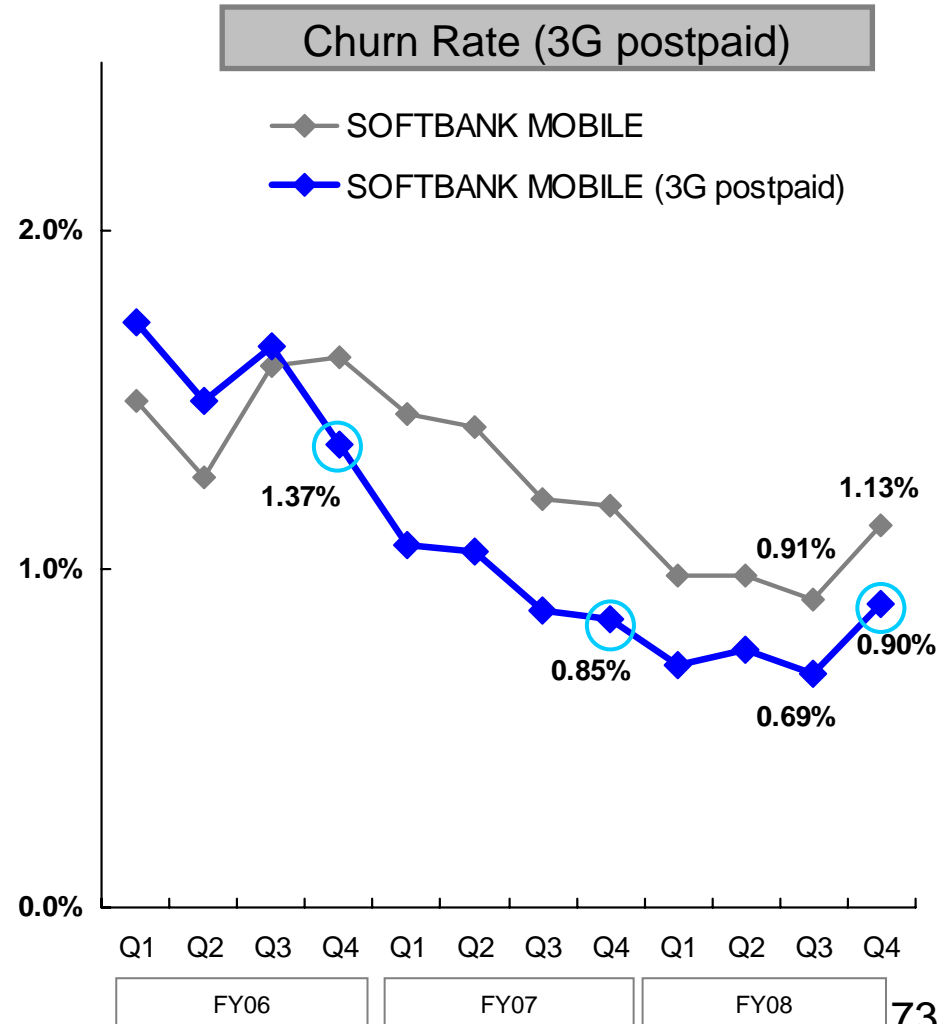
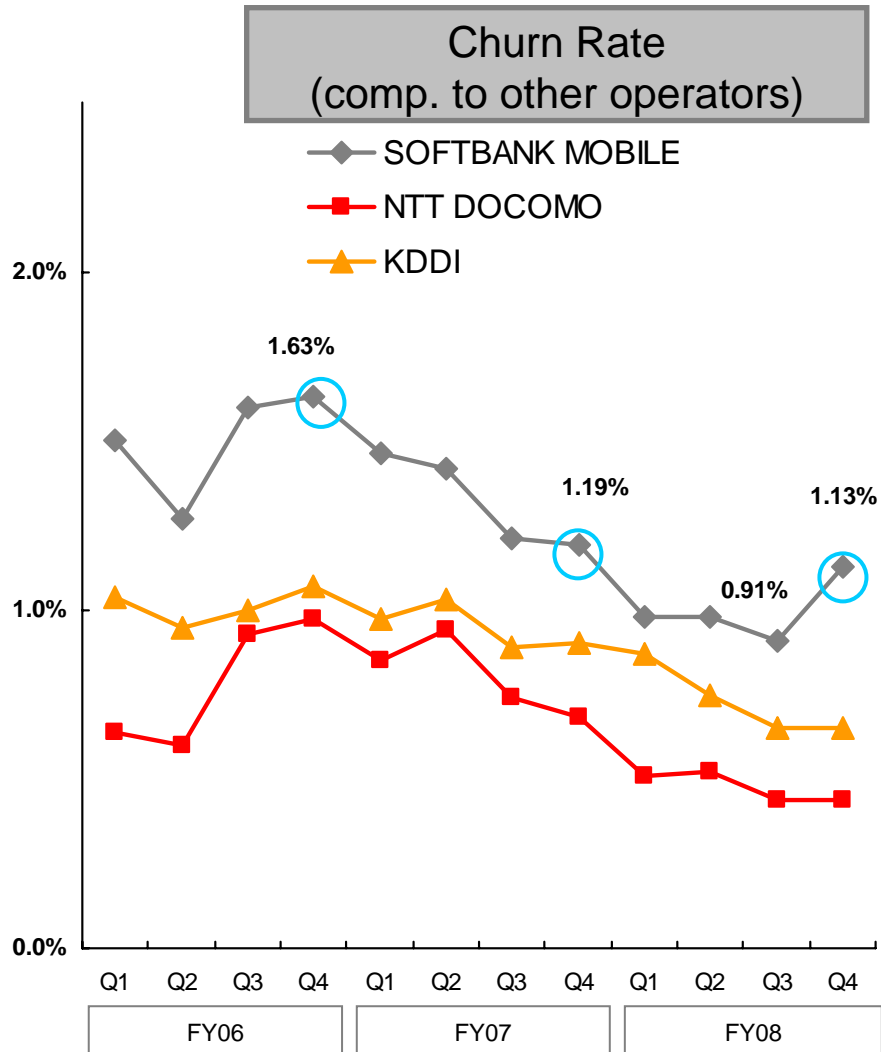




# Churn Rate (comp. to other operators and 3G postpaid)

<Mobile-6>

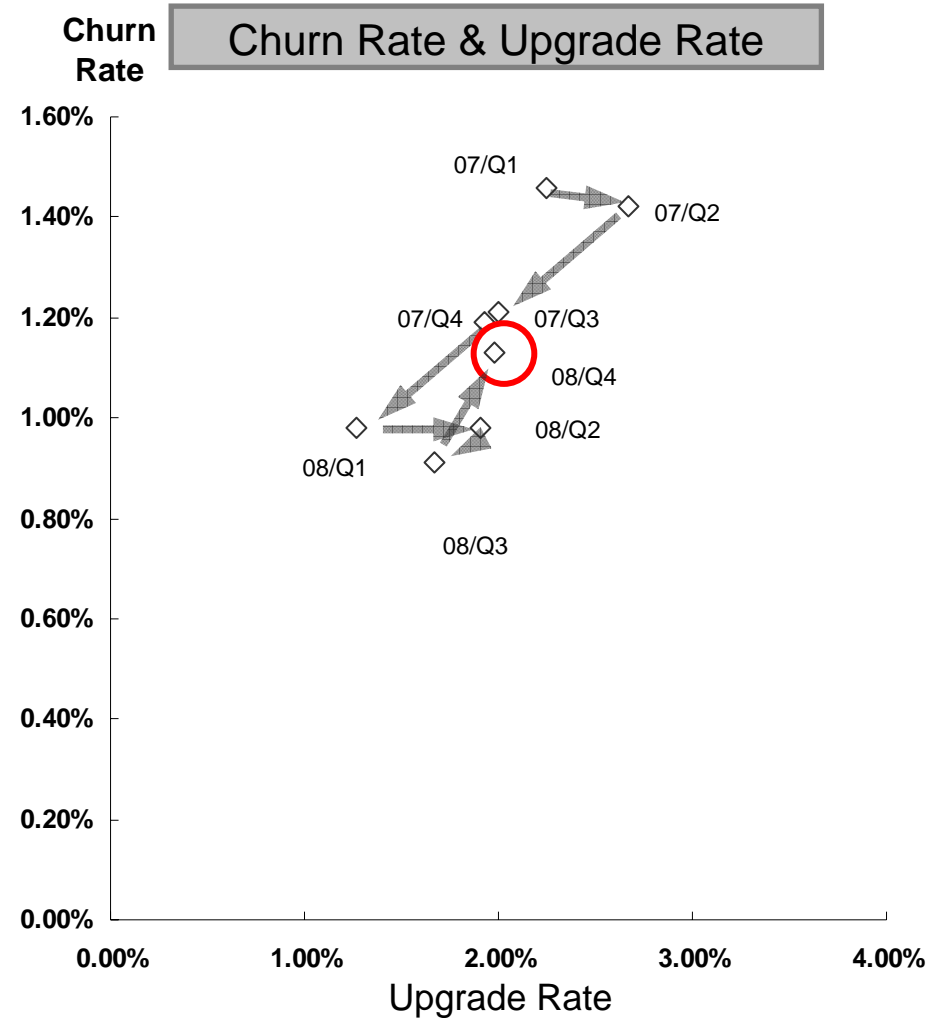
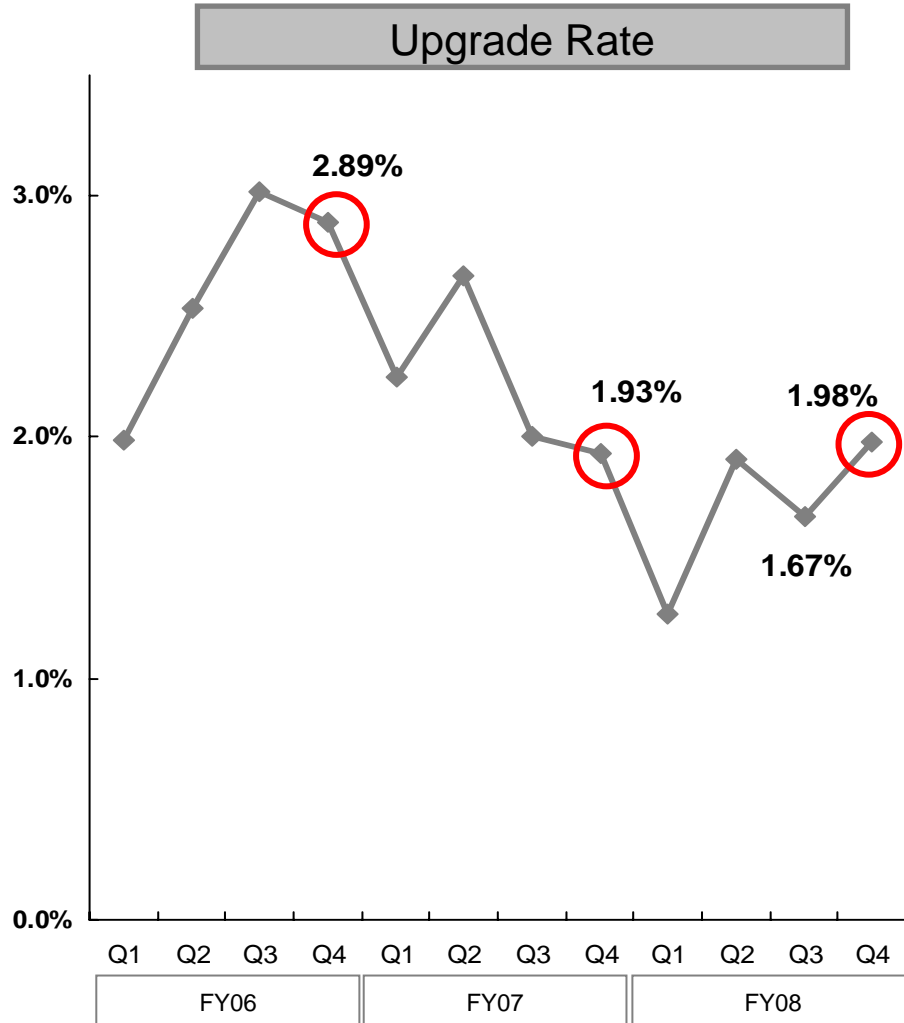
- Higher churn rate in Q4 mainly due to seasonal factors, maturity of installment sales method and 2G upgrade campaign.



# Churn Rate & Upgrade Rate

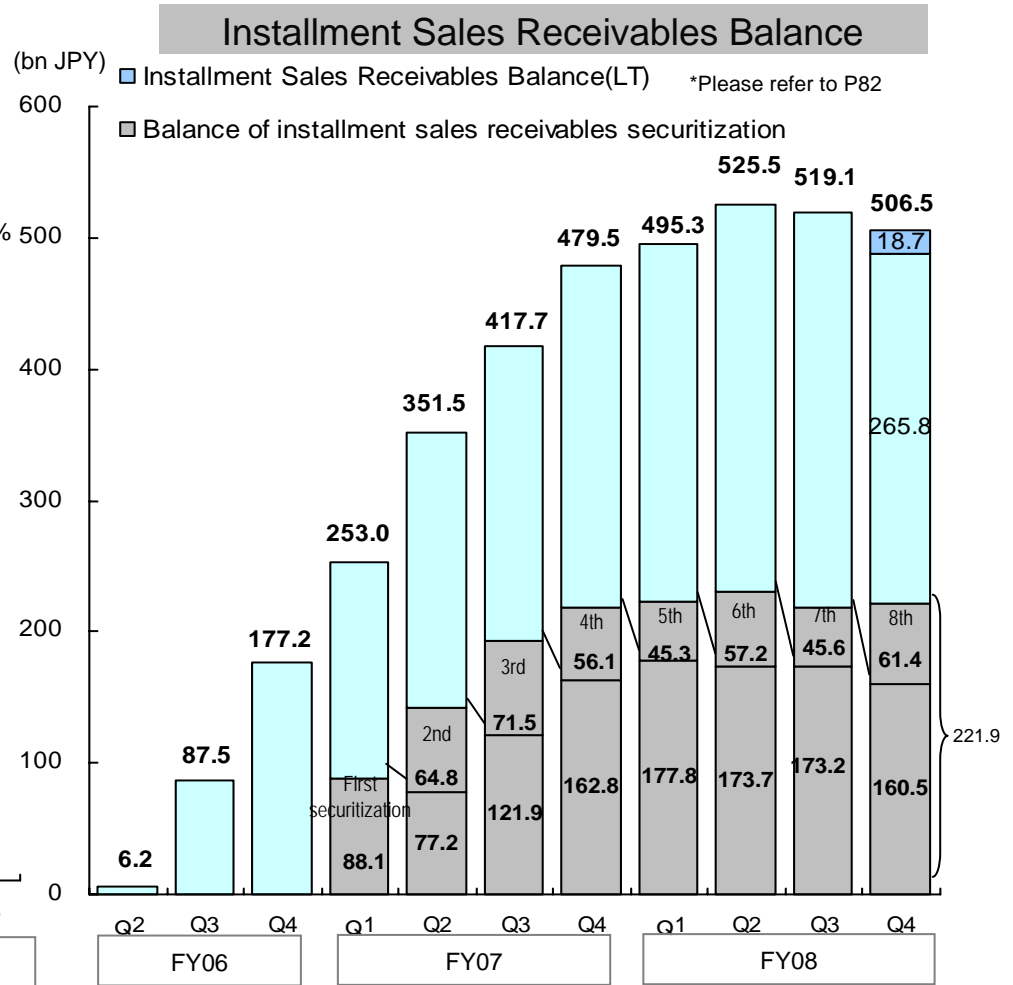
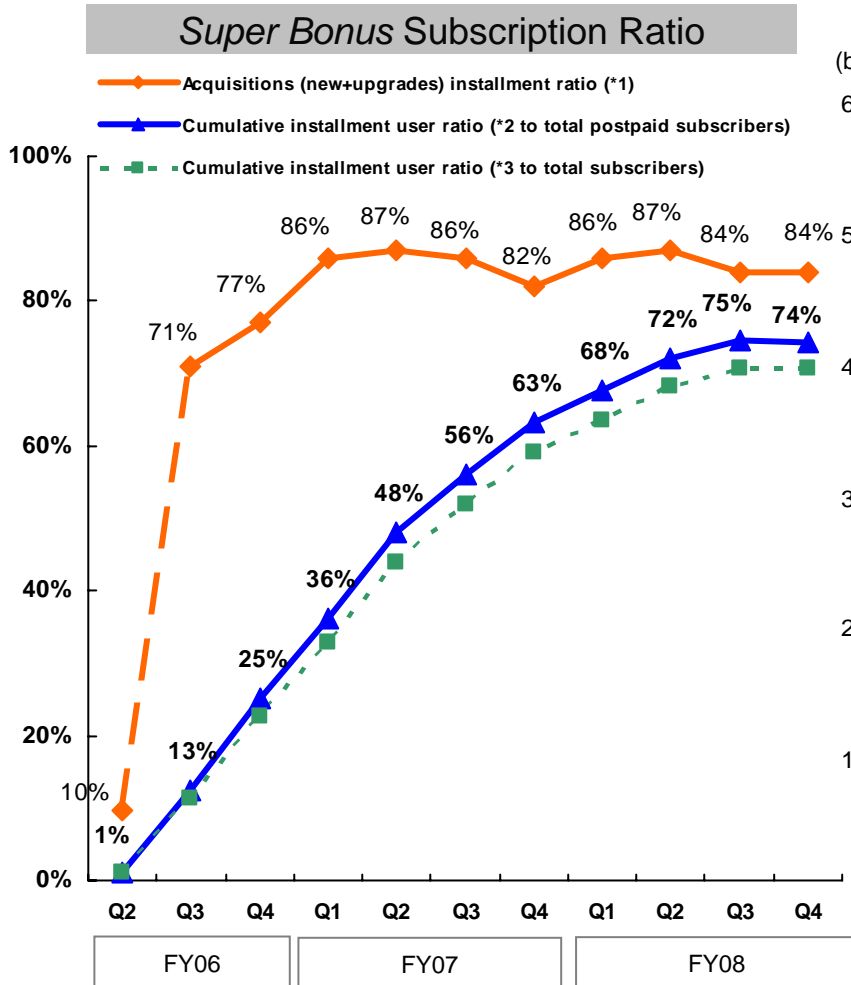
<Mobile-7>

➤ Higher churn rate due to increased upgrades from 2G.



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

- Maintain high subscription ratio. Installment balance over peak. favorable trend Securitization of installment sales receivables in.



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

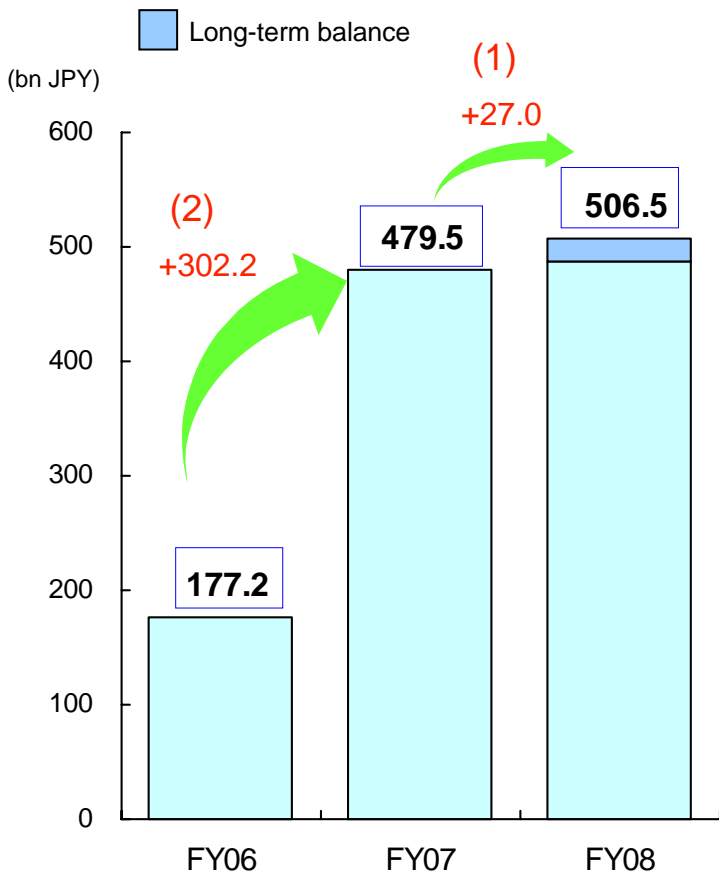
\*2 Cumulative installment ratio to postpaid subscribers: ratio of *New Super Bonus* subscribers to total postpaid subscribers (excluding subscribers whose *Monthly Discounts* ended)

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

# Cash Flow Impact from installment sales receivables <Mobile-9>

➤ First cycle of installments ended. Smaller impact on operating cash flow.

Installment Sales Receivables Balance (Yearly)



Decline in growth of installment sales receivables (smaller impact on operating CF)

(bn JPY)

	Installment Sales Receivables Balance (Beginning of the period)	Installment Sales Receivables Balance (end of the period)	Increase in Installment Sales Receivables	Impact on Operating CF
FY08	479.5	506.5	(1) +27.0	-27.0
FY07	177.2	479.5	(2) +302.2	-302.2
Variance			-275.2	+275.2

Reason for improvement in operating cash flow

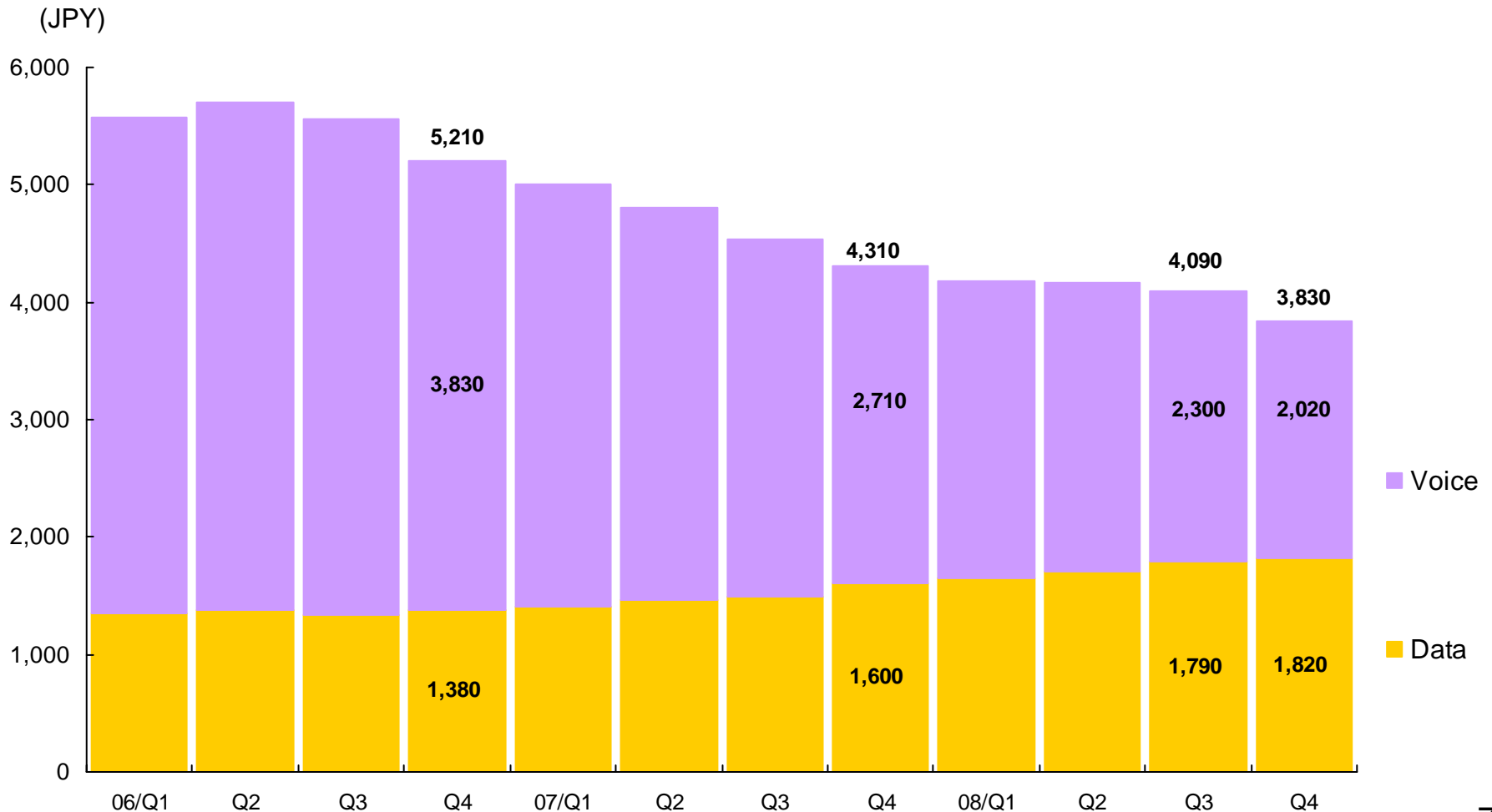
(Reference)

	FY07	FY08	Variance
Free Cash Flow (SB Consolidated)	-164.2	+181.5	+345.7

# ARPU

<Mobile-10>

- Voice ARPU decreased (impact of *Monthly Discounts*)
- Data ARPU increasing

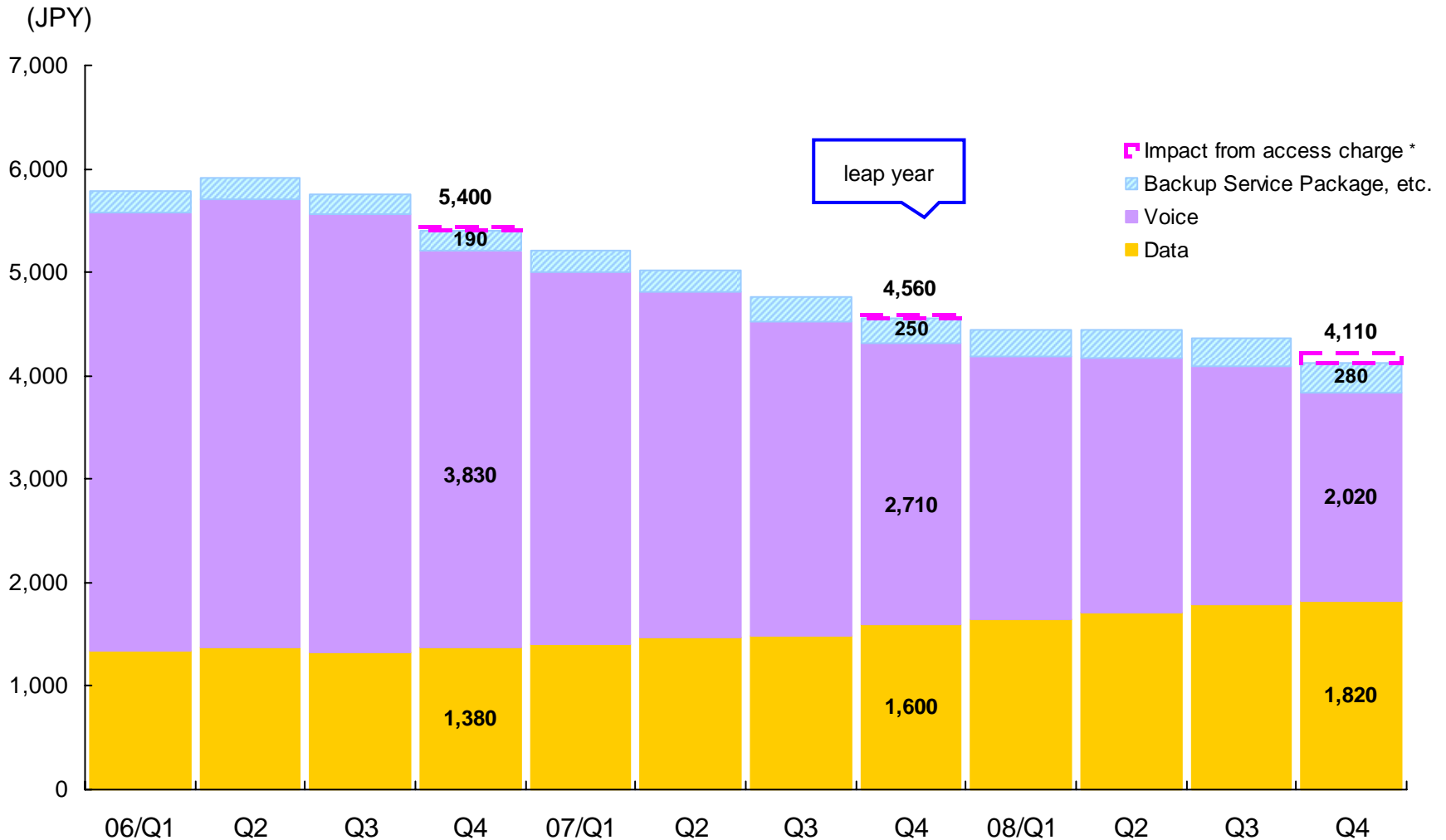


\*The name of New *Super Bonus Special Discount* was changed to *Monthly Discounts* on Nov 1, 2008

# Revenue Per User (ARPU + other revenue)

<Mobile-11>

- Impact from seasonal factors and access charge in Q4
- Revenue growth trend in *Backup Service Package* (additional disclosed item), etc.

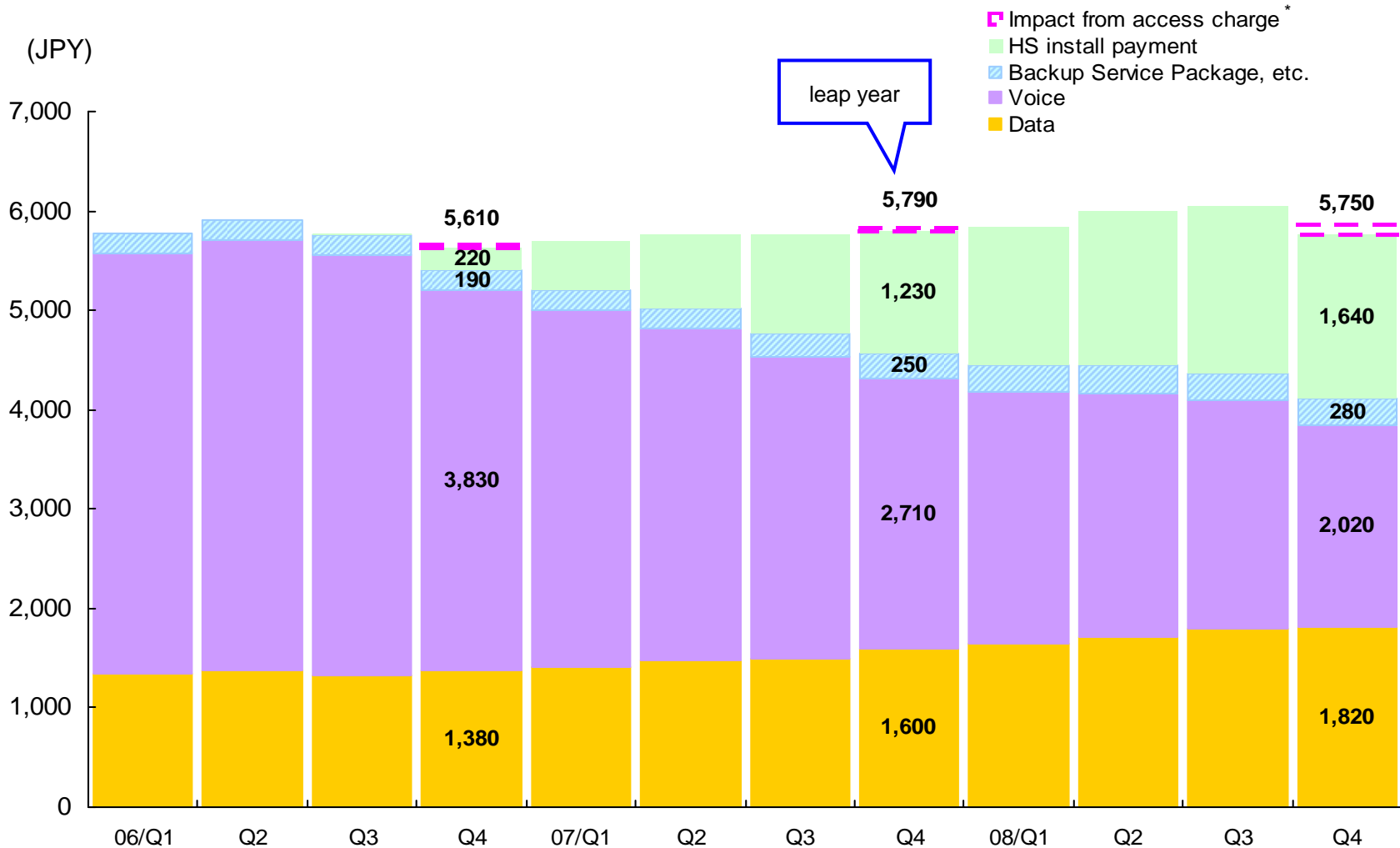


\*The access service charge impact is not included in revenue per user

# <Reference> ARPU + Installment Payments

<Mobile-12>

- Favorable trend in revenue per user & HS installment payment (reason for improvement in operating CF)



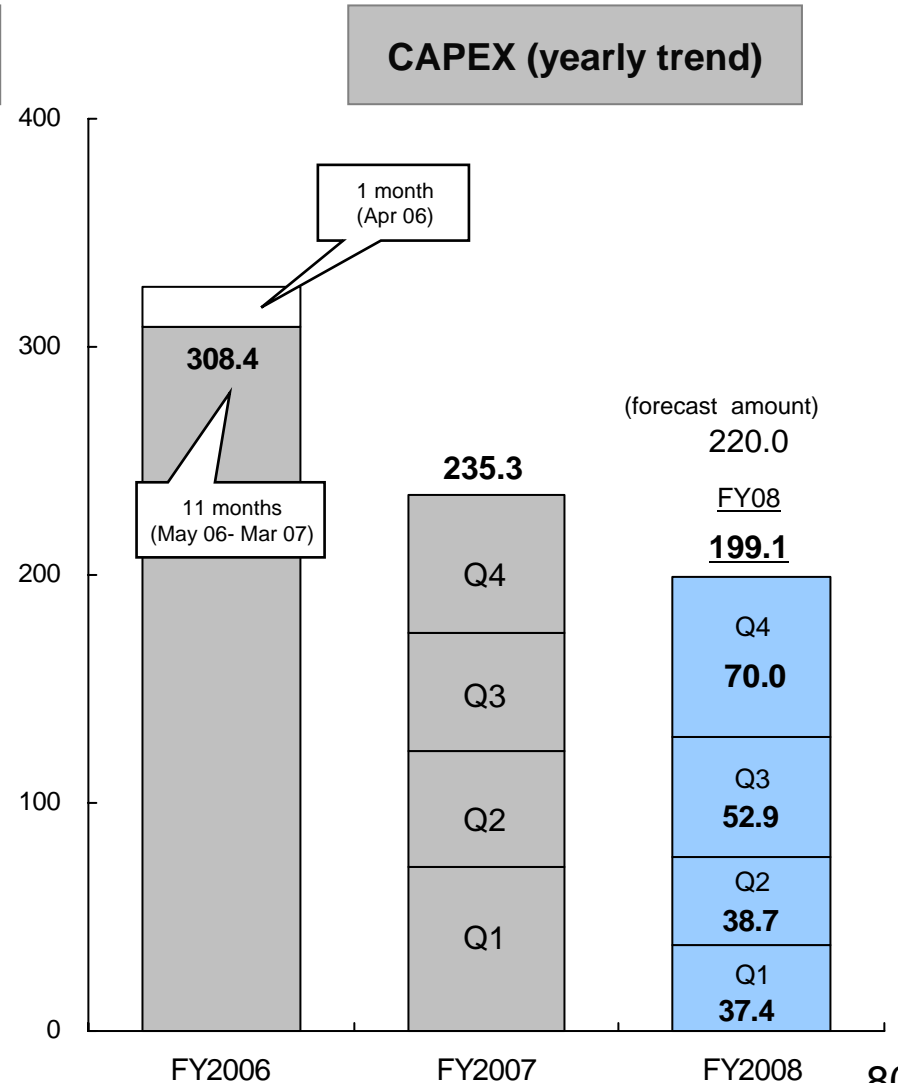
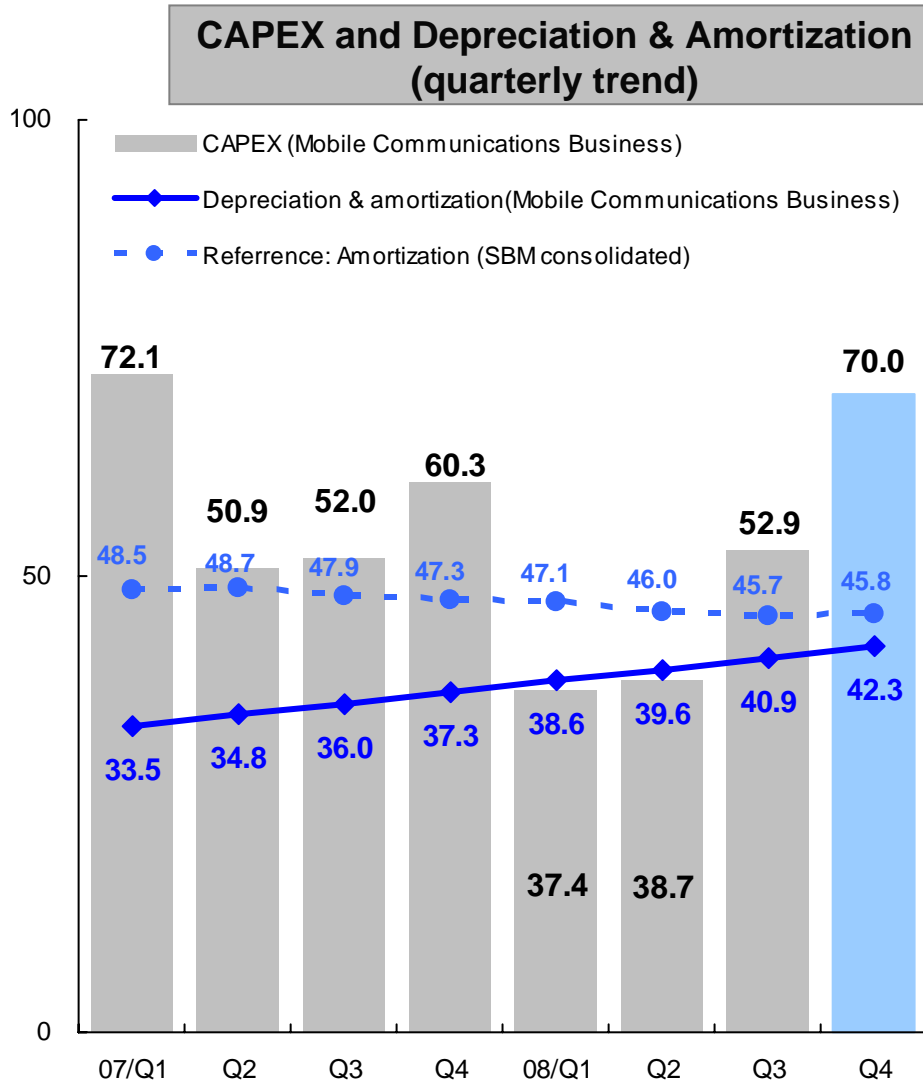
\*The access service charge impact is not included in revenue per user

# CAPEX [actual] (Mobile Communications Business)

<Mobile-13>

## ➤ Continue effective CAPEX

<bn JPY>

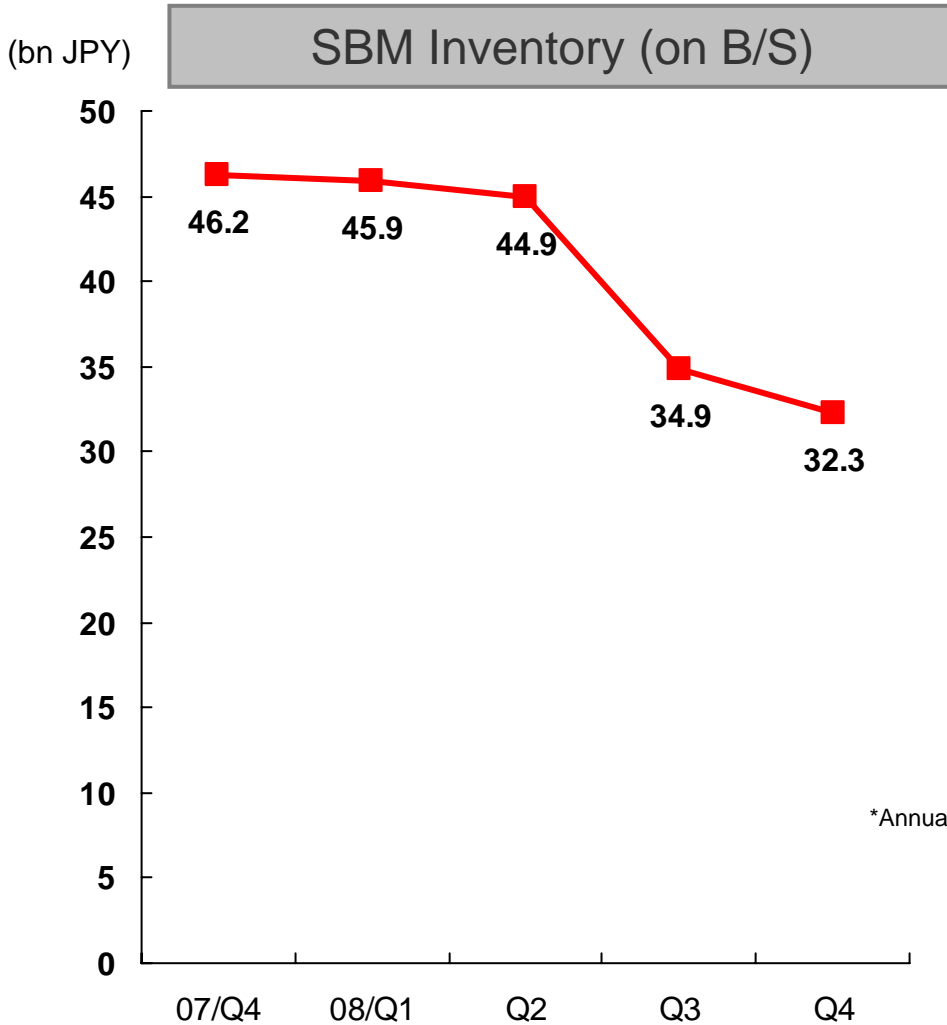




# Improvement in Inventory

<Mobile-14>

➤ Big reduction in inventory



<SBM Inventory Data (handset sales, inventory)>

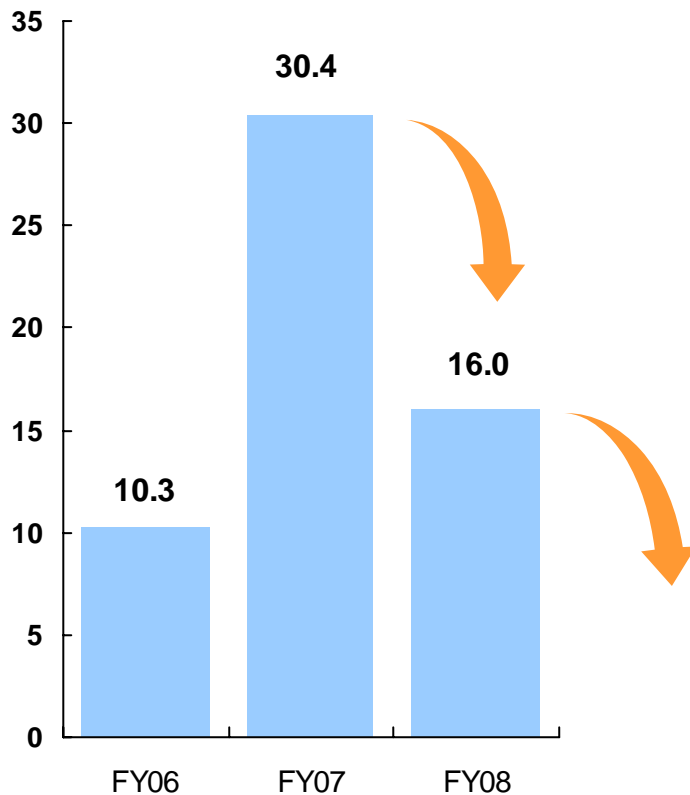
	FY07	FY08	YoY
Annual Handset Sales* (mil. units)	9.88	8.42	-15%
Inventory (bn JPY)	46.2	32.3	-30%

\*Annual handset sales amount is the total of HS sold for new subscriptions and upgrades

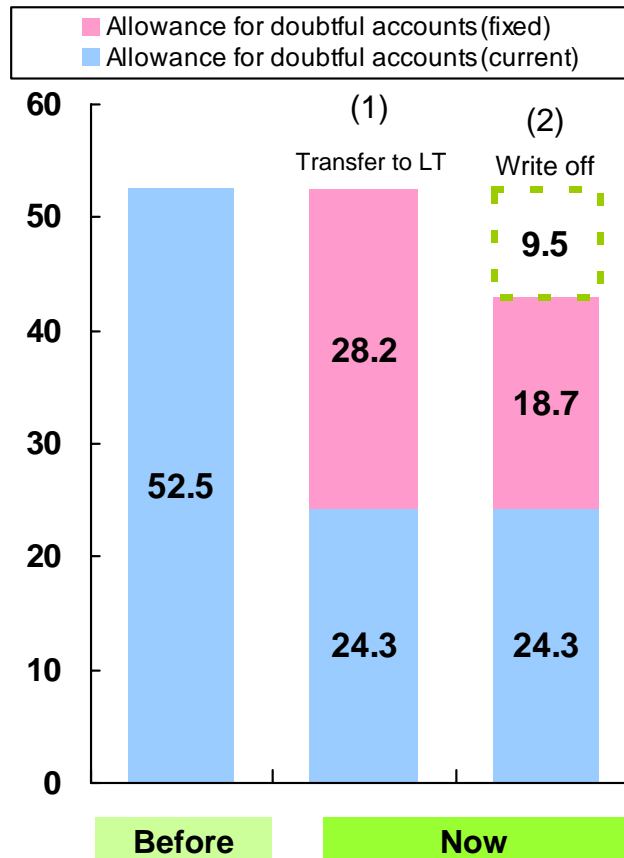
- Allowance for doubtful accounts steadily improved, will continue in favorable trend. Both A/R and allowance for doubtful accounts on B/S reduced.

<bn JPY>

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



Allowance for Doubtful Accounts of Installment Receivables and Bad Debt Loss (on B/S)



(1)

Receivables which exceeded the normal operating cycle transferred to "Investments and other assets"

\*Allowance for doubtful accounts are also transferred together

Judgment basis: accounts unpaid for a certain period treated as defaults

(2)

Transferred to long-term, uncollectible accounts written down after certain period. Offset notes and accounts receivable-trade.

(Loss already recorded. No impact on P/L.)

\*1: Same transaction applies to communication charges of the subscriber  
\*2: Figures shown in this chart are the amounts relevant to this transaction



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