

Earnings Results for the Second Quarter Ended September 30, 2008 (H1/FY2008)

October 29, 2008

SOFTBANK CORP.

February 25, 2010 Version

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<Highlights>

**1. Operating income: JPY180.0bn (7.3%YoY)
Highest ever since inception**

2. FCF improved by ¥238.9bn (YoY)

**3. Mobile business: No. 1 net adds
for 17 consecutive months**

Earnings Results

H1/FY08 Summary of Consolidated Earnings

<bn JPY>

	H1/FY08 (Apr – Sep 2008)	H1/FY07 (Apr – Sep 2007)	YoY
Net Sales	1,328.9	1,364.7	(35.7)
EBITDA	335.5	314.2	21.2
Operating income	180.0	167.7	12.2
Ordinary income	117.3	111.1	6.1
Income before income taxes and minority interests	115.2	122.9	(7.7)
Net income	41.1	46.4	(5.3)

Performance Forecast

<bn JPY>

	FY2007
Operating income	324.2
Operating Cash Flow	158.2
Investing Cash Flow (mainly CAPEX)	(322.4)
Free Cash Flow	(164.2)

Performance Forecast

<bn JPY>

	FY2007	FY2008 (forecast)
Operating income	324.2	340.0
Operating Cash Flow	158.2	420.0
Investing Cash Flow (mainly CAPEX)	(322.4)	(280.0)
Free Cash Flow	(164.2)	140.0

Improved
JPY300.0bn

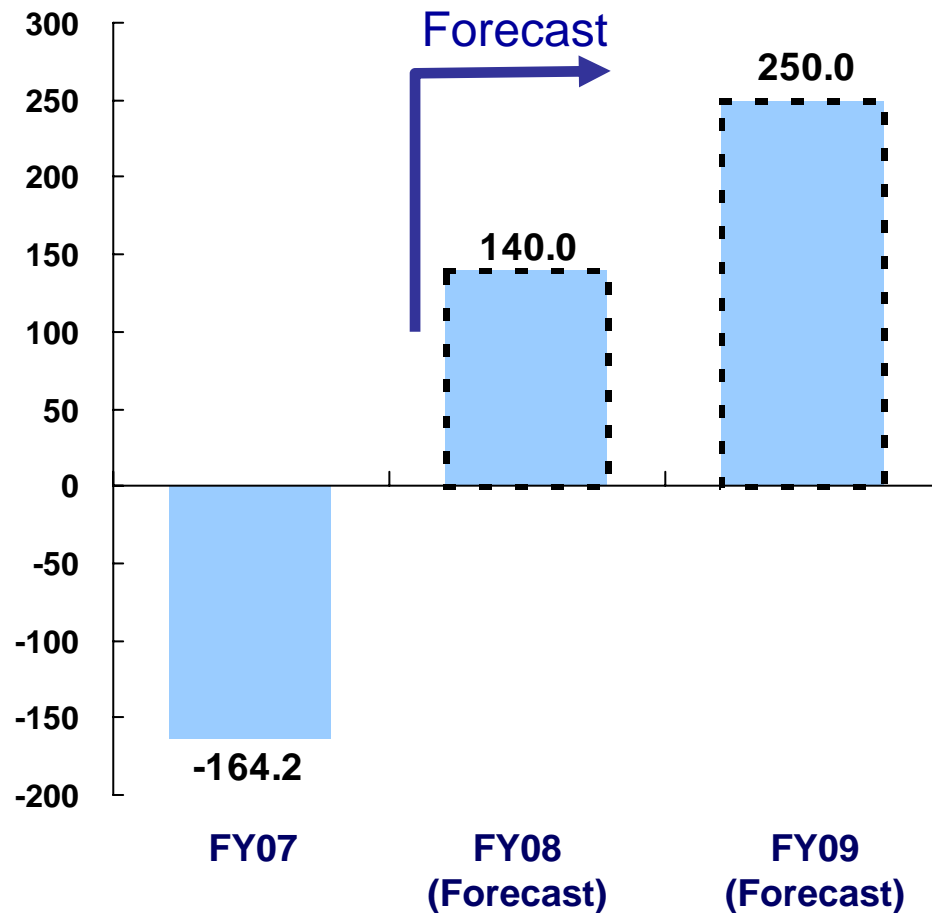
Performance Forecast

<bn JPY>

	FY2007	FY2008 (forecast)	FY2009 (forecast)
Operating income	324.2	340.0	420.0
Operating Cash Flow	158.2	420.0	500.0
Investing Cash Flow (mainly CAPEX)	(322.4)	(280.0)	(250.0)
Free Cash Flow	(164.2)	140.0	250.0

**Improved
JPY110.0bn**

Forecast of Free Cash Flow



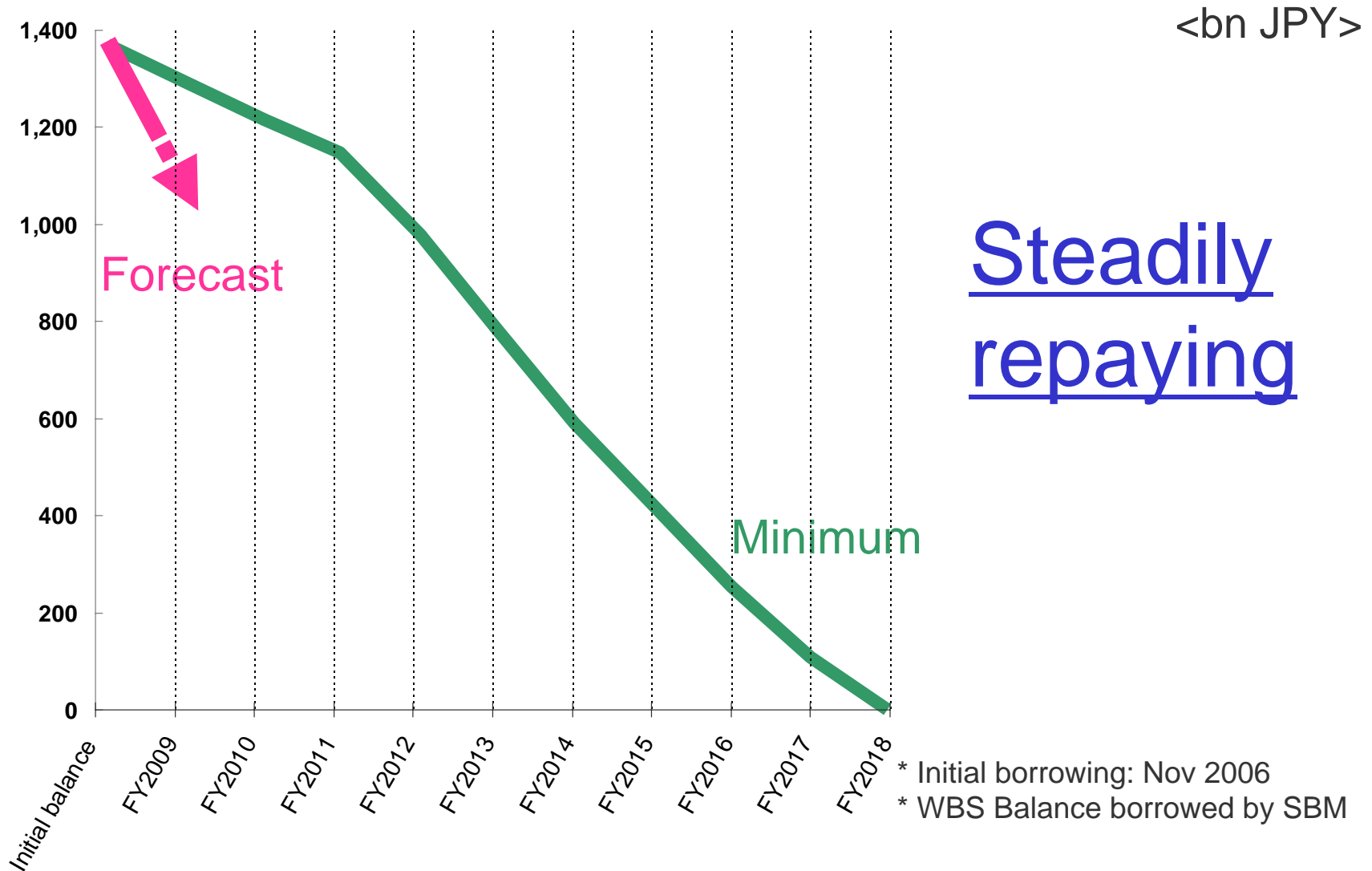
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Significant
improvement
projected

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

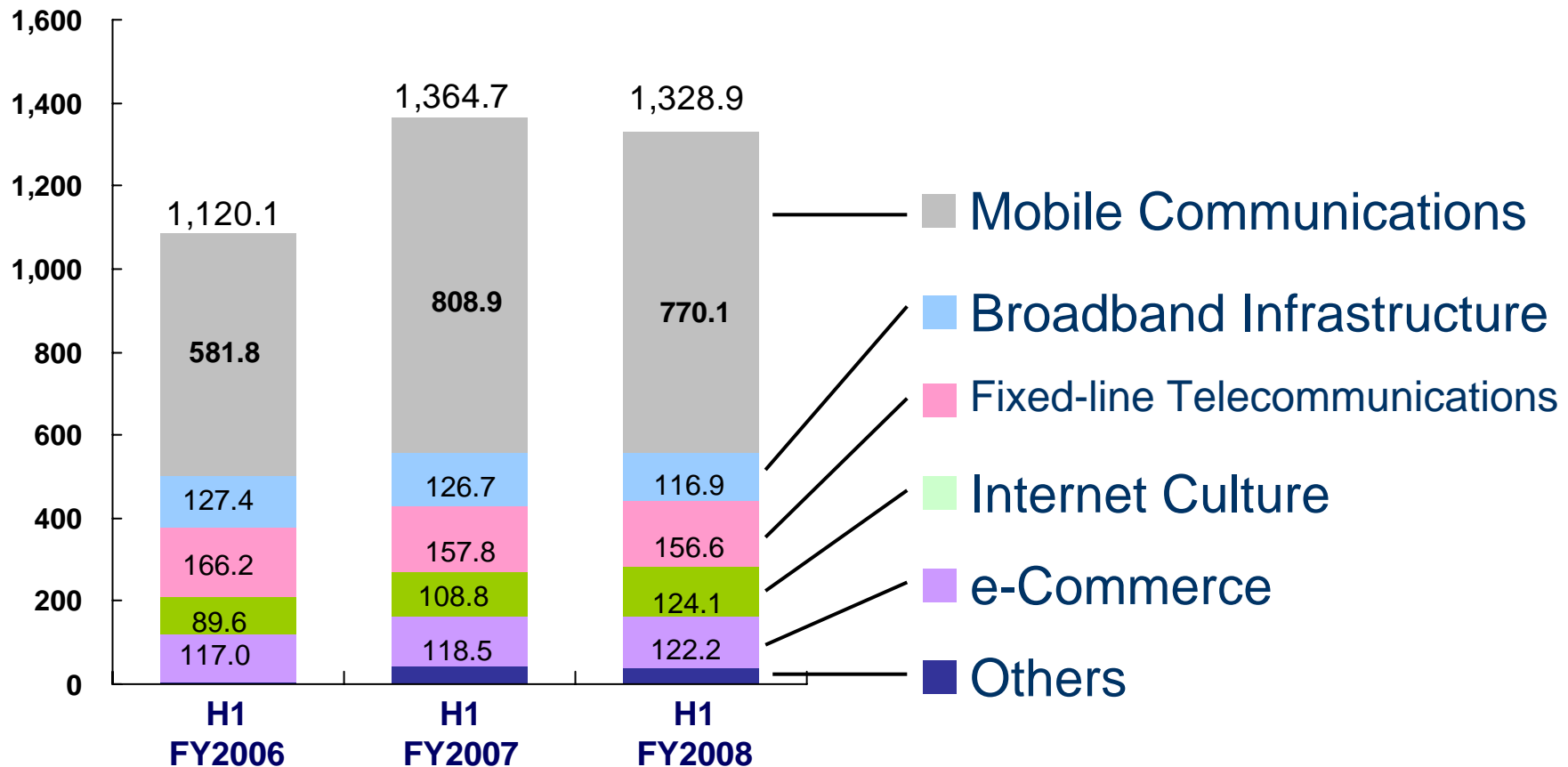
Balance of Borrowings Associated with Acquisition of Mobile Business SoftBank

with Acquisition of Mobile Business



Consolidated Net Sales (Apr - Sep)

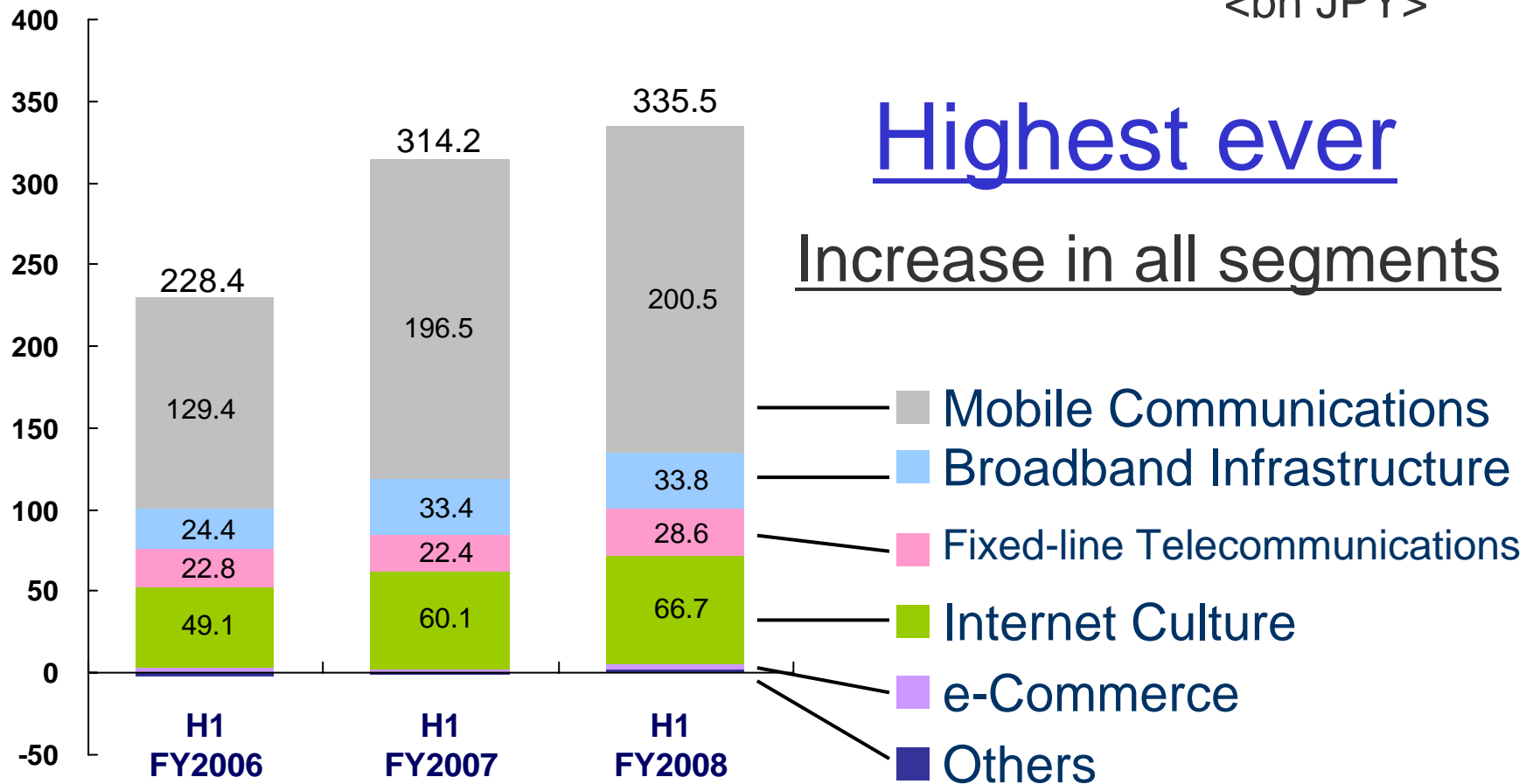
<bn JPY>



*Operating results of SOFTBANK MOBILE Corp., were consolidated from May 1, 2006

Consolidated EBITDA (Apr - Sep)

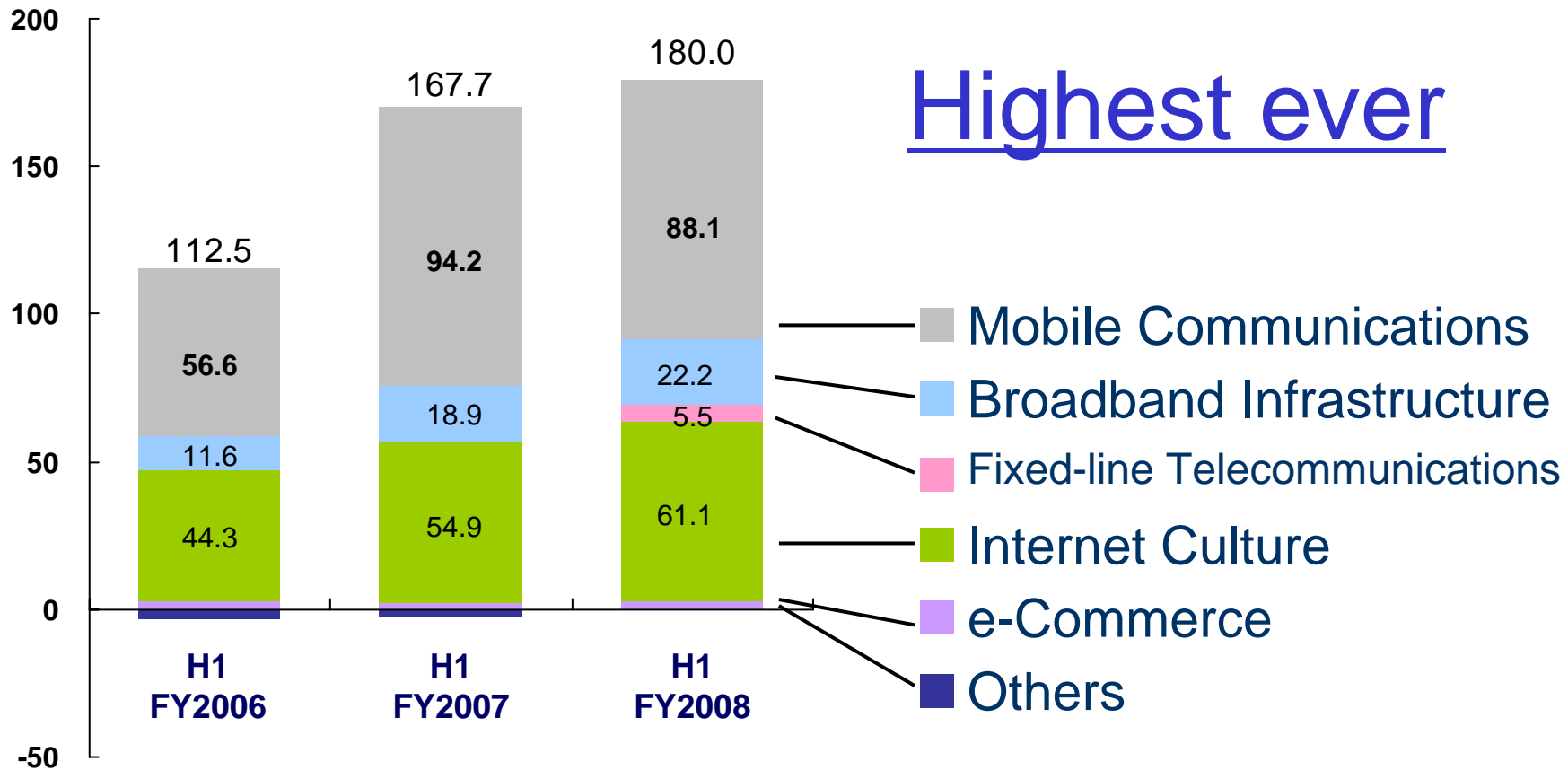
<bn JPY>



*Operating results of SOFTBANK MOBILE Corp., were consolidated from May 1, 2006 11

Consolidated Operating Income (Apr - Sep)

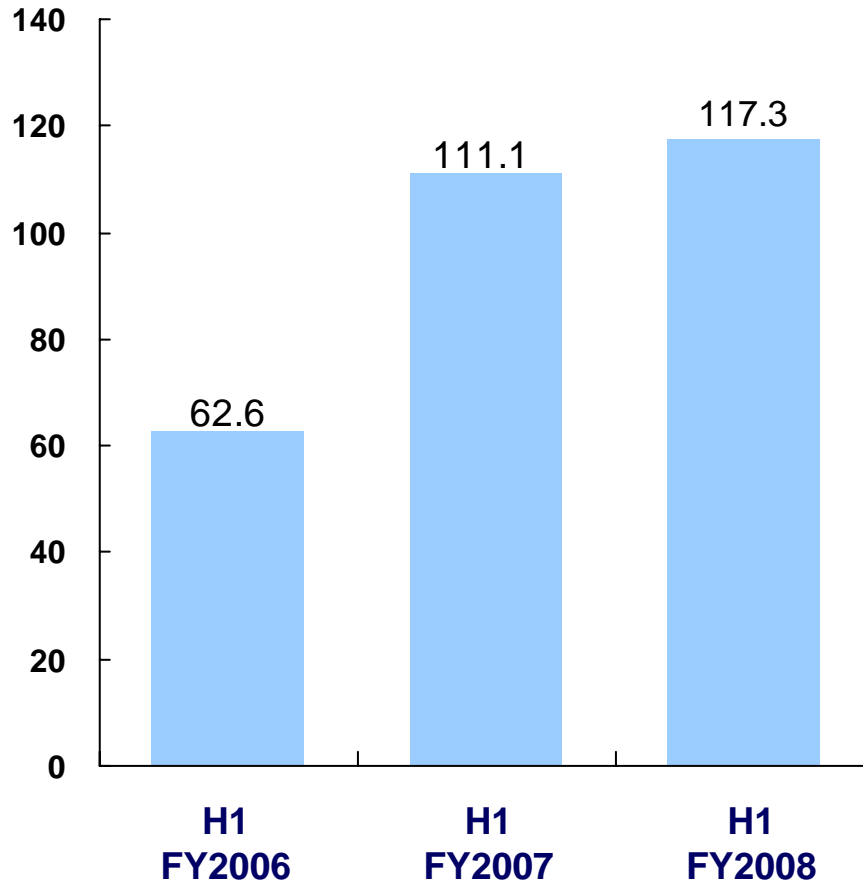
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*Operating results of SOFTBANK MOBILE Corp., were consolidated from May 1, 2006

Consolidated Ordinary Income (Apr - Sep)

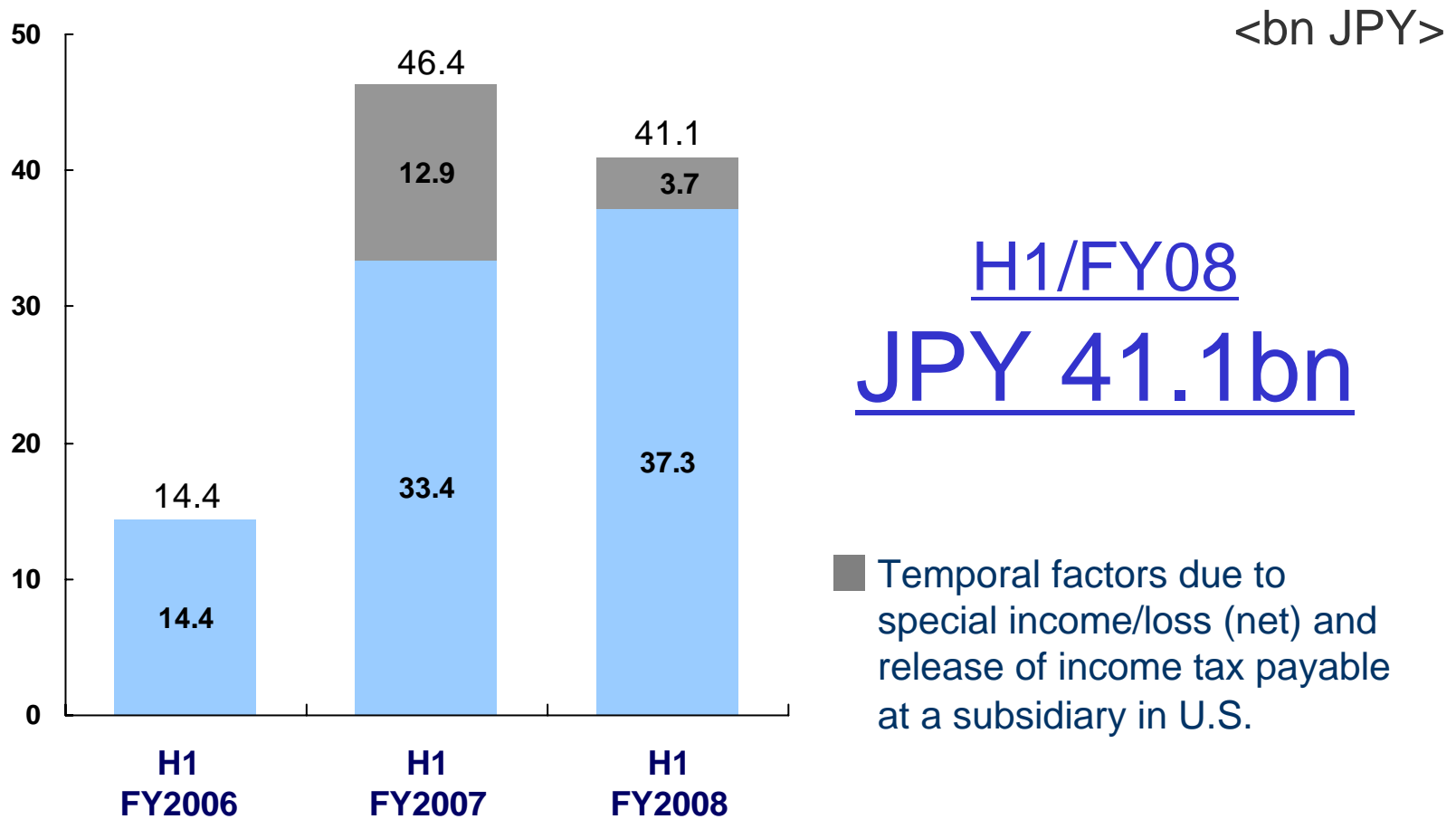
<bn JPY>



H1/FY2008
JPY 117.3bn

*Operating results of SOFTBANK MOBILE Corp., were consolidated from May 1, 2006

Consolidated Net Income (Apr - Sep)



*Operating results of SOFTBANK MOBILE Corp., were consolidated from May 1, 2006

Consolidated Net Income (Apr - Sep)

	H1/FY08 (Apr – Sep 2008)	H1/FY07 (Apr – Sep 2007)	<bn JPY> Notes
Ordinary income	117.3	111.1	
Special income/ loss (net)	(2.1)	11.7	Valuation loss on investment securities (3.1)
Income before income taxes and minority interests	115.2	122.9	
Income tax: Current	34.4	16.8	
Income tax: Deferred	17.4	39.0	BB Mobile, SOFTBANK MOBILE, etc.
Minority interests	22.2	20.5	Mainly Yahoo Japan Corporation
Net income	<u>41.1</u>	<u>46.4</u>	

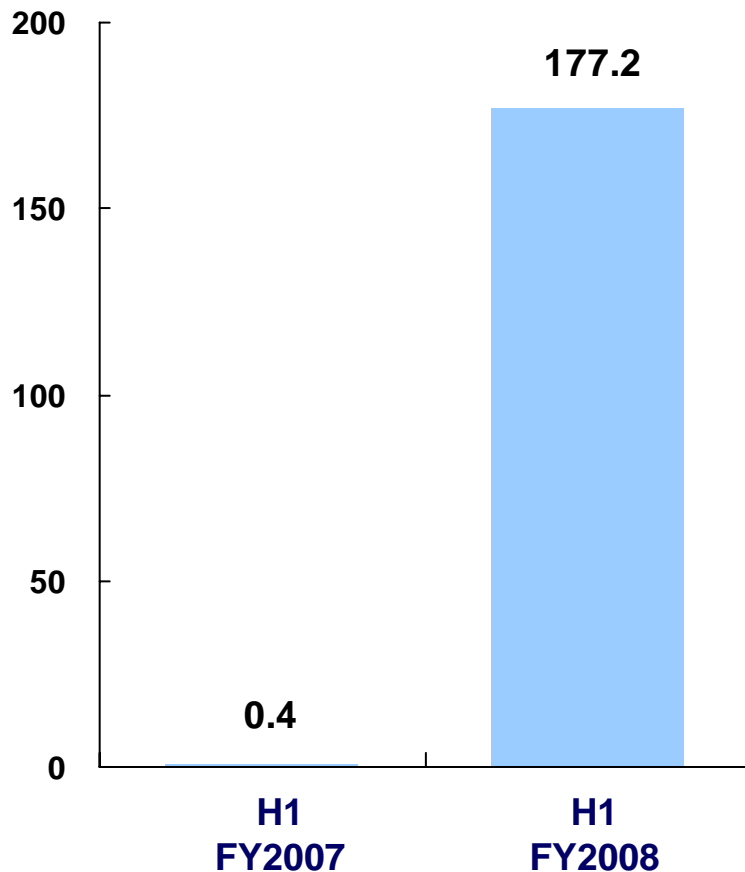
Consolidated Cash Flow (Apr - Sep)

<bn JPY>

	H1/FY08 (Apr – Sep 2008)	Notes
Operating cash flow	177.2	Interest paid (50.6) Income tax paid (33.0)
Investing cash flow	(165.1)	Purchase of tangible/ intangible fixed assets (142.8)
Financing cash flow	(81.9)	Share buyback by subsidiary (52.1)

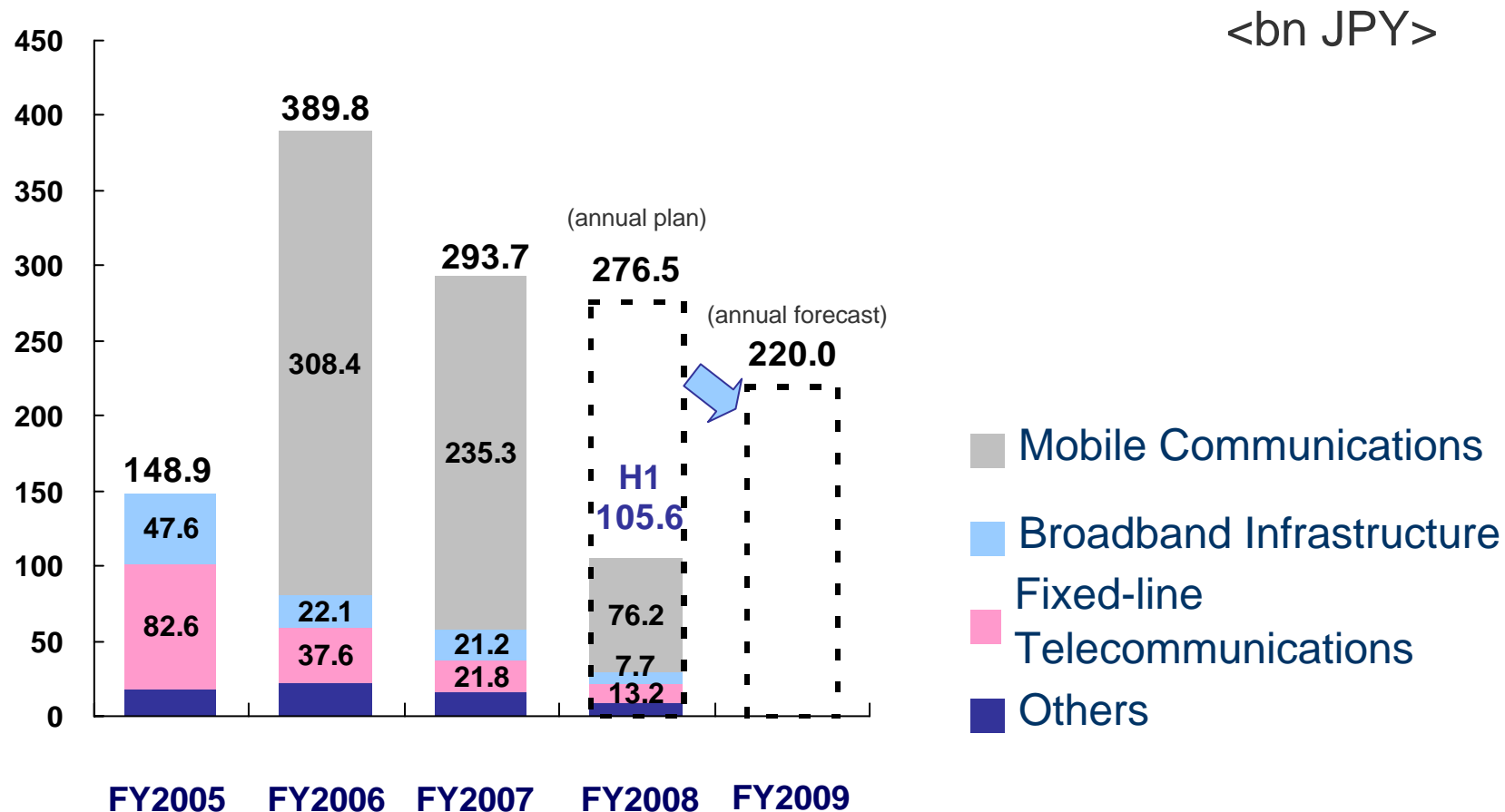
Operating Cash Flow (Apr - Sep)

<bn JPY>



Improved by
JPY 176.7bn
YoY

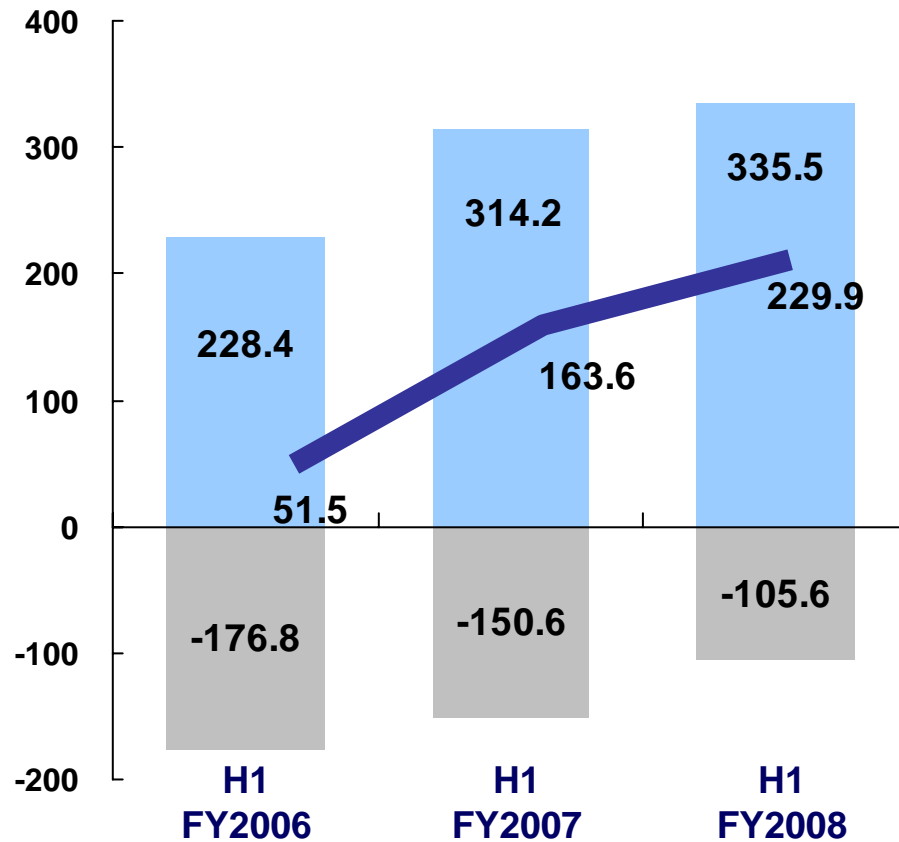
Capital Expenditure (acquisition base/annual)



*Amounts above include on- and off-balance lease transactions.

EBITDA – Capital Expenditure (Apr - Sep)

<bn JPY>



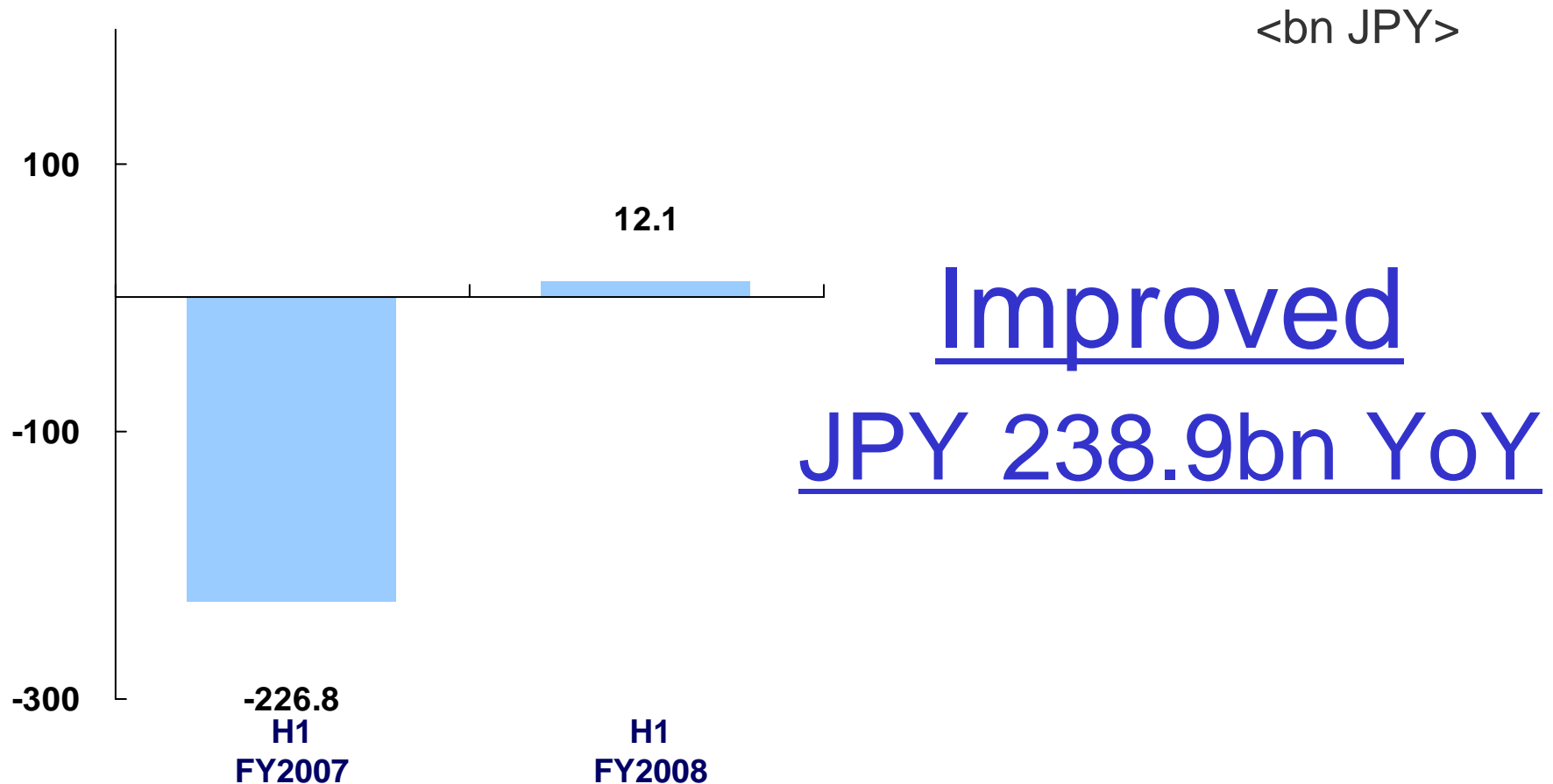
Ability to generate
CF steadily
improving

■ EBITDA
■ CAPEX

*Amounts above include on- and off-balance lease transactions.
Acquisition base

Accelerated FCF Increase

Free Cash Flow (Apr - Sep)



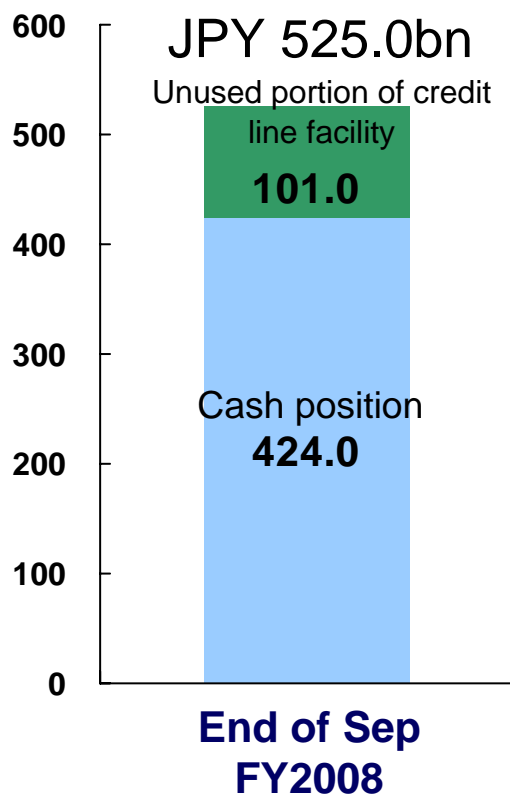
*Free Cash Flow (FCF) = Cash flows from operating activities + cash flows from investing activities

Affluent Cash Position

Cash Position

Sufficient short-term funds available

<bn JPY>



Credit line facility

Renewed in Sep 2008

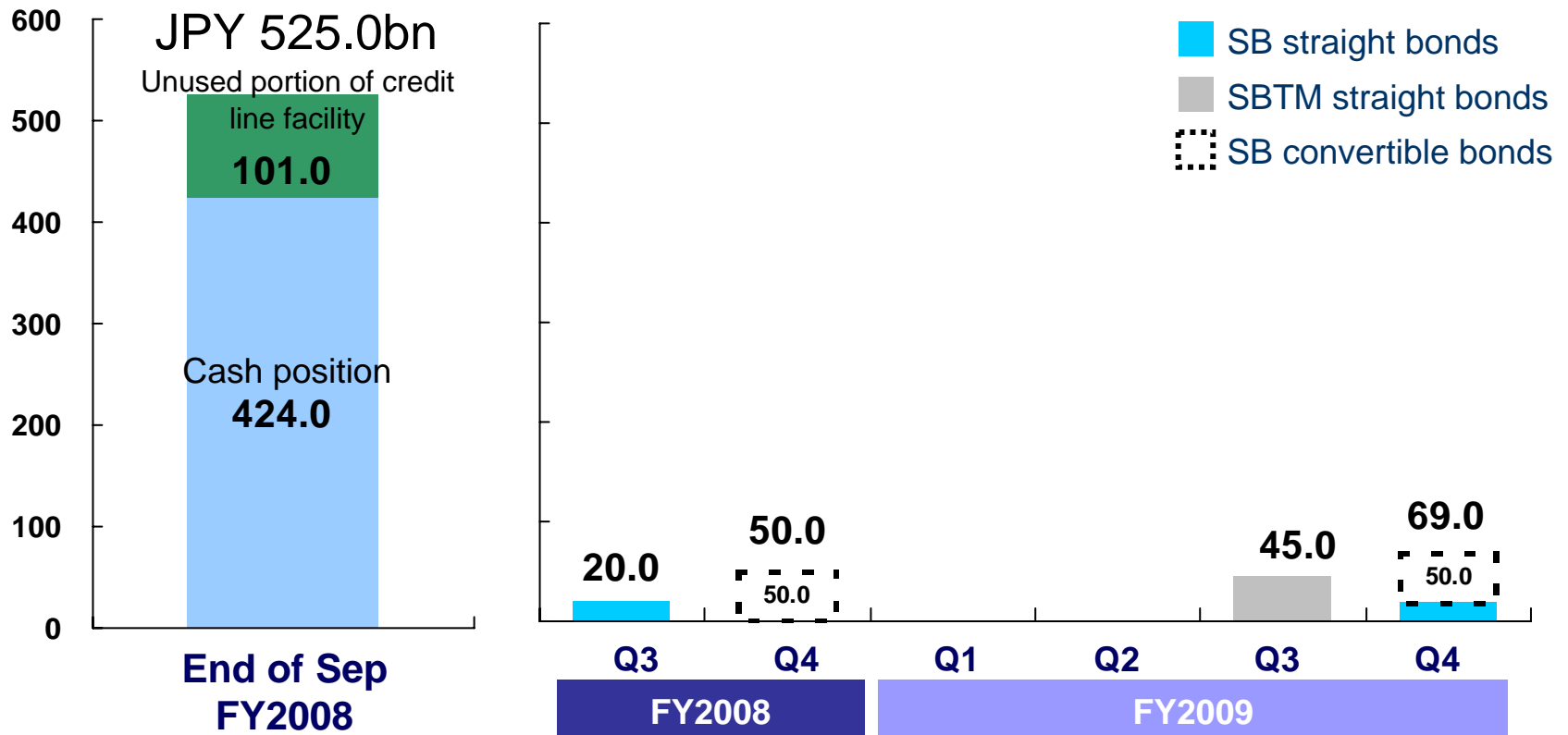
Total credit line	JPY 201.0bn (Last year: JPY 200.0bn)
Balance as of the end of Sep	JPY 100.0bn

Participating Financial Institutions (total of 37 banks)	
Mizuho Corporate Bank, Ltd.	Sumitomo Mitsui Banking Corporation
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Aozora Bank, Ltd.
Mitsubishi UFJ Trust and Banking Corporation	The Sumitomo Trust and Banking Co., Ltd.
Mizuho Trust & Banking Co., Ltd.	Citibank Japan Ltd.
Royal Bank of Scotland plc	28 other banks

Corporate Bonds Redemption Schedule

Abundant options for repayment available

<bn JPY>

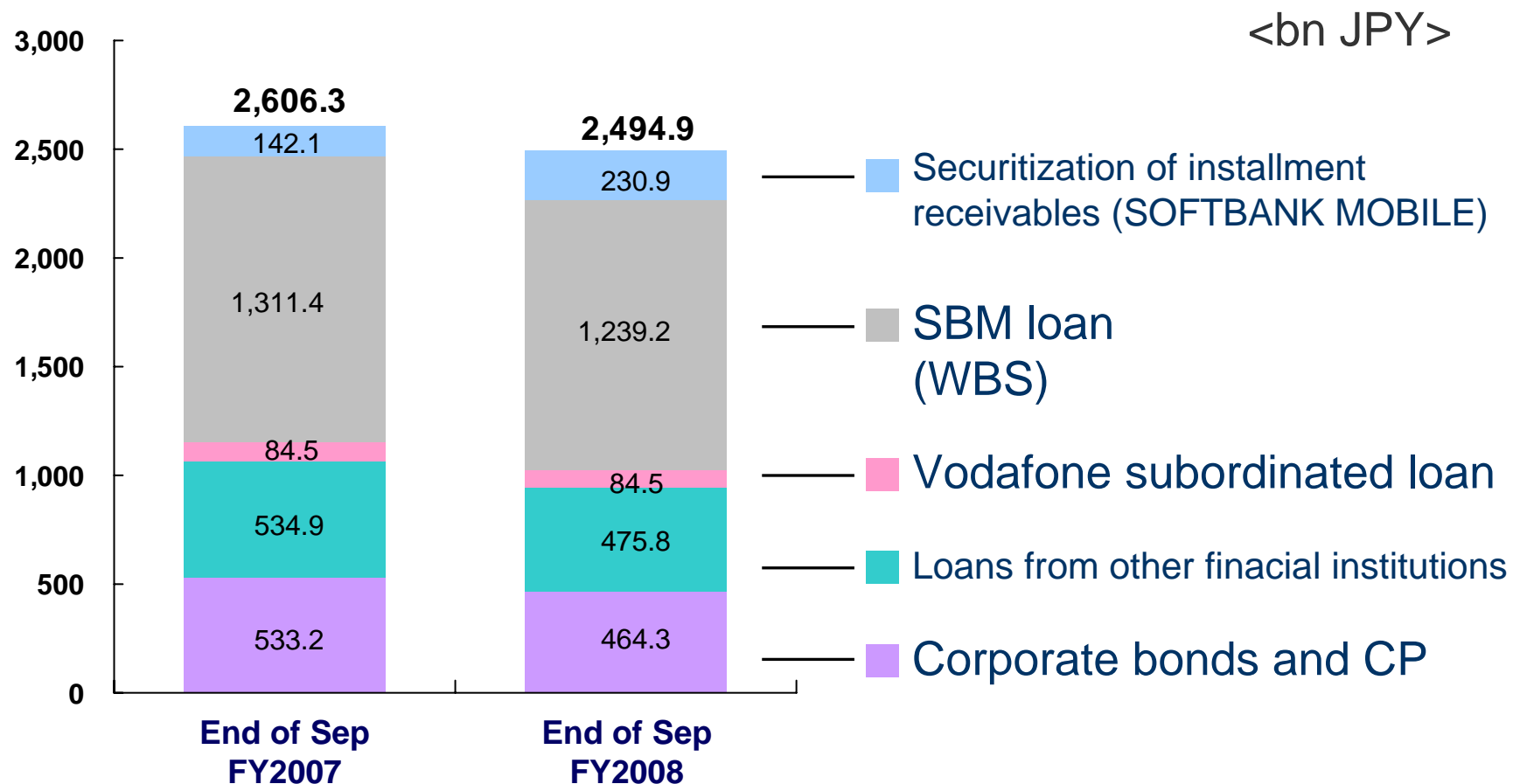


* The convertible bonds with subscription warrants issued in Dec 2003 are included in the chart above assuming that bond holders exercise their put options.

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

Status of Interest-bearing Debt

Consolidated Interest-bearing Debt







* Loans from other financial institutions at the end of Sep 2007 are calculated using retroactive adjustments to add the cash received from marketable security lending of collateral.

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

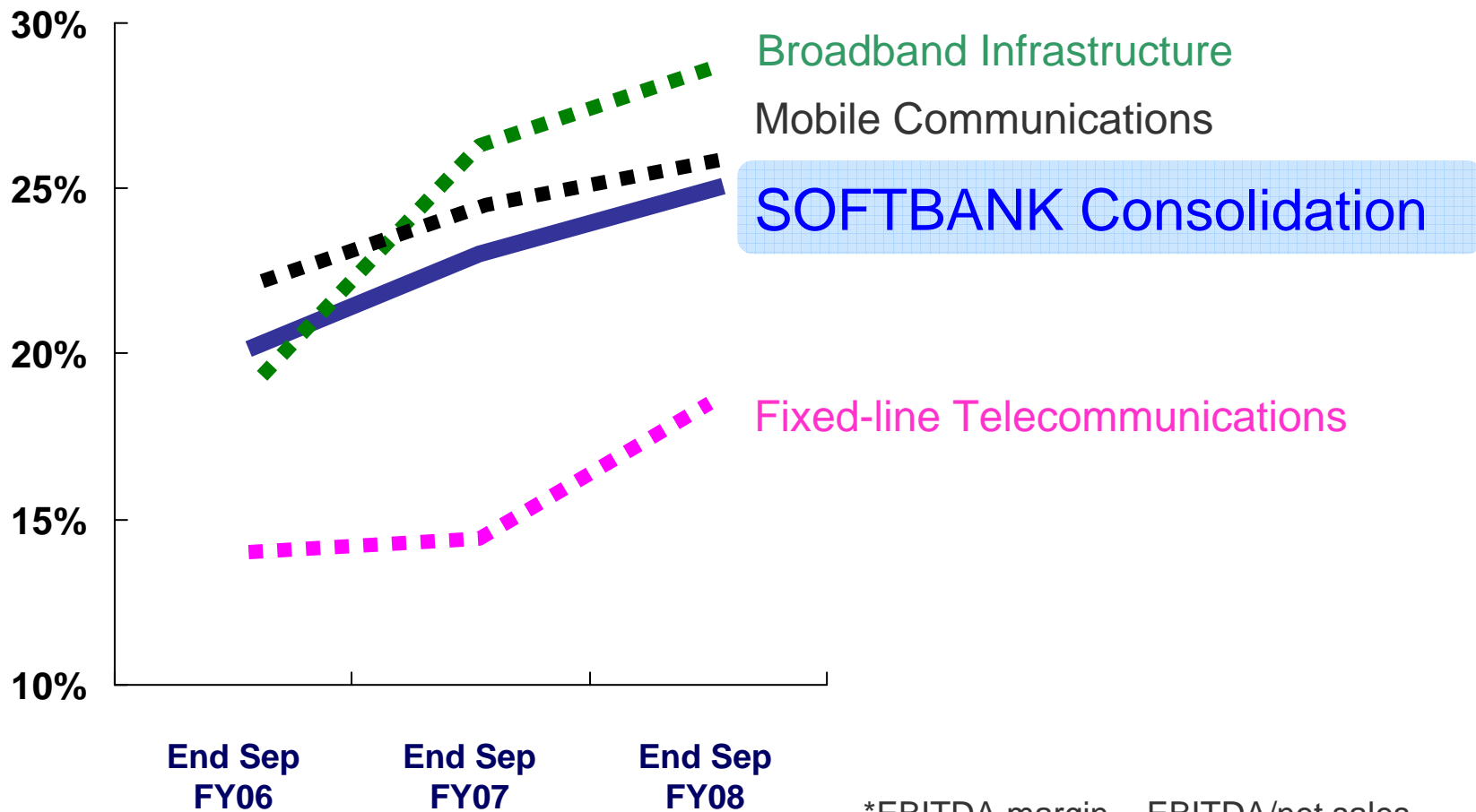
Financial Indexes

Improvement in Major Financial Indexes

	H1/FY08 (Apr 08 – Sep 08)	H1/FY07 (Apr 07 – Sep 07)	Improvement Rate
EBITDA margin (EBITDA/net sales)	25.2%	23.0%	+10% 
Equity ratio (Total shareholders' equity/total assets)	9.4%	7.9%	+18% 
D/E ratio (Interest-bearing debt/total shareholders' equity)	6.0 times	7.4 times	+18% 
Net D/E ratio (Net interest-bearing debt/total shareholders' equity)	5.0 times	6.0 times	+17% 

* Interest-bearing debt for H1/FY07 is calculated using retroactive adjustments to add the cash received from marketable security lending of collateral.

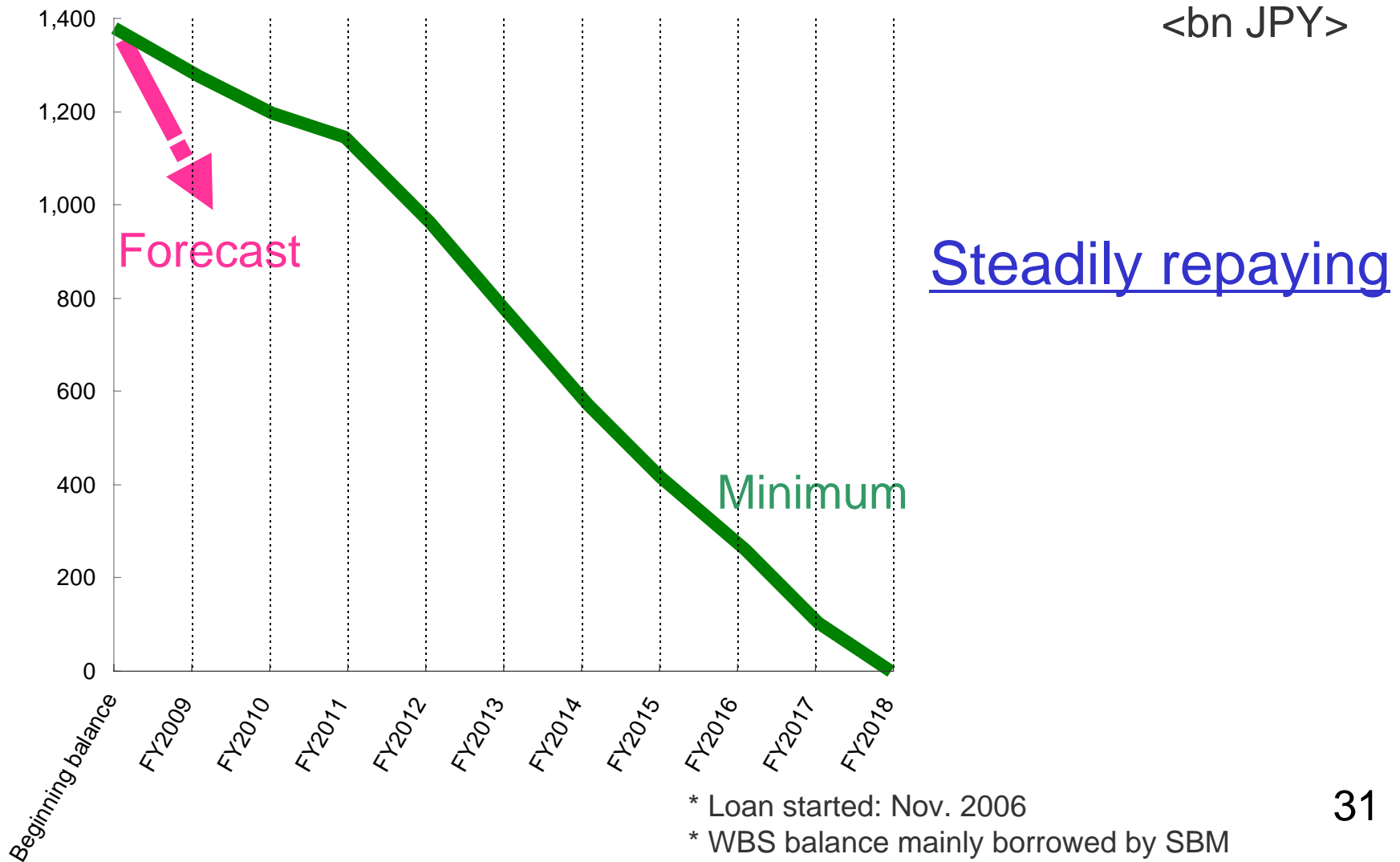
EBITDA Margin by Segment



*EBITDA margin = EBITDA/net sales

SBM Debt Reduction Plan

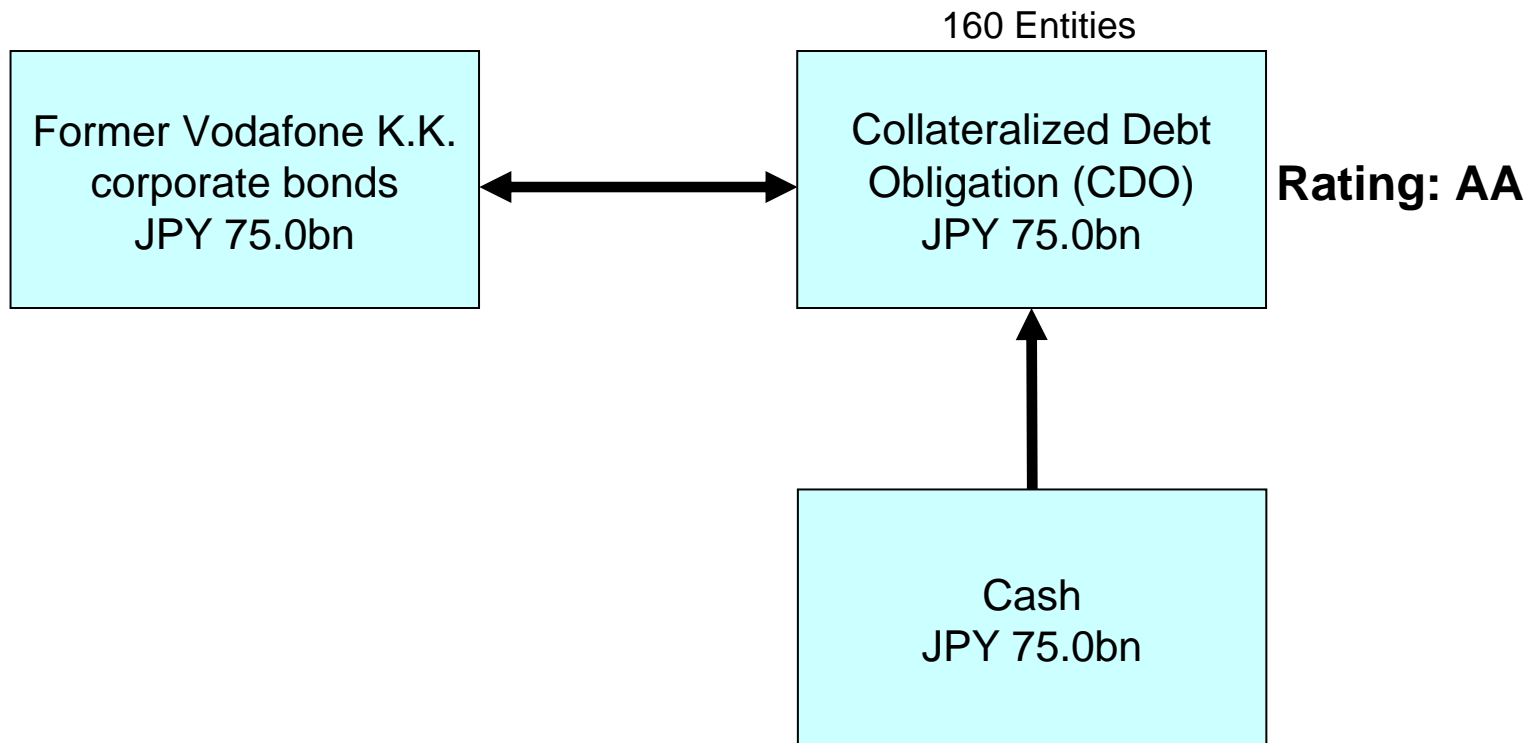
Debt Balance After Mobile Business Acquisition



Impact From Financial Market Deterioration

In-Substance Redemption Before Maturity of Former Vodafone K.K. Corporate Bonds (in-substance defeasance)

Requirement for the acquisition of Vodafone K.K.: Redemption before maturity of outstanding bonds



Impact on Consolidated Results

<Current: 6 defaults>

No loss to be realized

<In case of 7th default>

Special loss	Approx. JPY 45.6bn
Impact on net income after tax effect	Approx. JPY 27.1bn

<In case of default of 8 or more entities>

Special loss	Approx. JPY 75.0bn
Impact on net income after tax effect	Approx. JPY 44.4bn

<Impact on redemption of former Vodafone K.K. corporate bonds >

Redemption of former Vodafone K.K. corporate bonds due 2 years from now (Aug/Sep 2010)

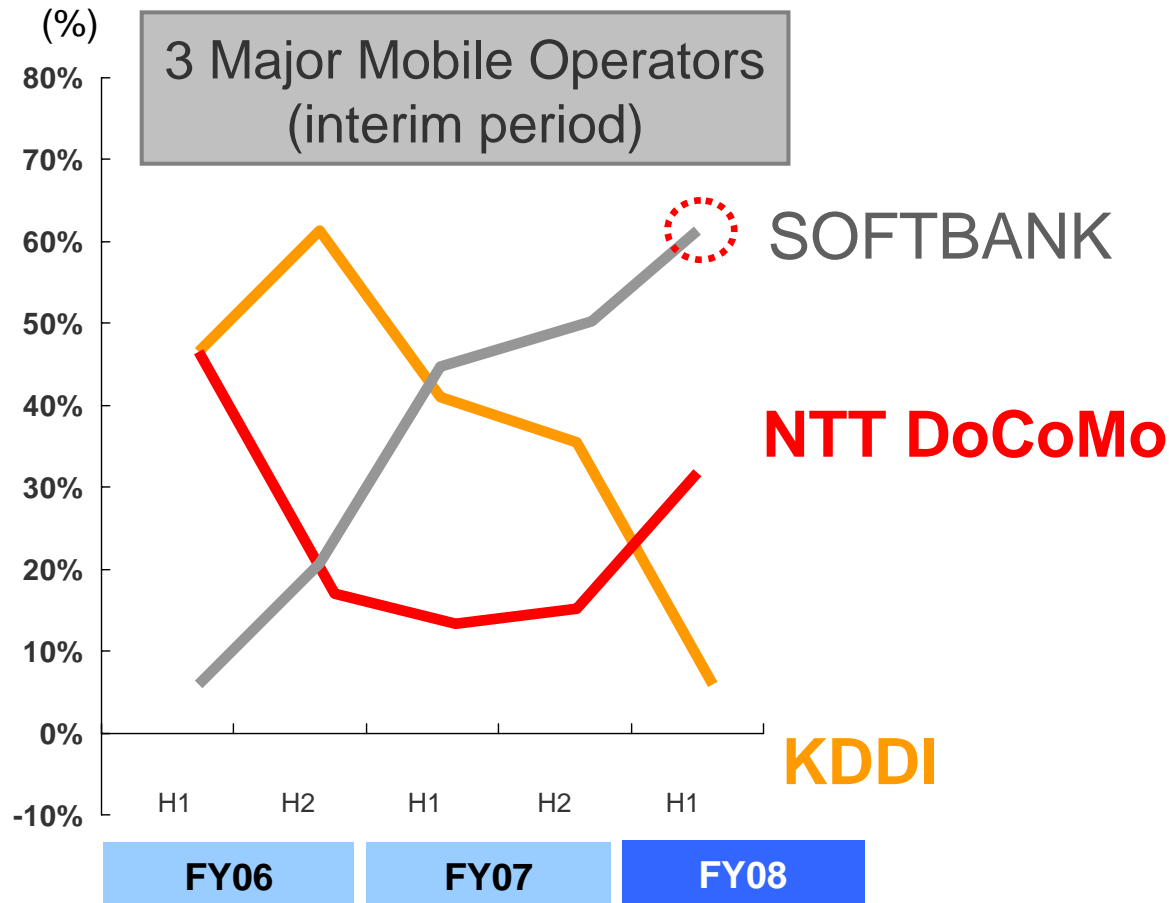
[Funds for redemption have been secured by credit enhancement through Mizuho Corporate Bank, Ltd.](#)

In-Substance Redemption Before Maturity of Former Vodafone K.K.
Corporate Bonds (in-substance defeasance)

1. No extraordinary loss to be incurred up to the 6th default
2. There are no other similar types of transactions
3. This loss is a one-time loss if at all

Business

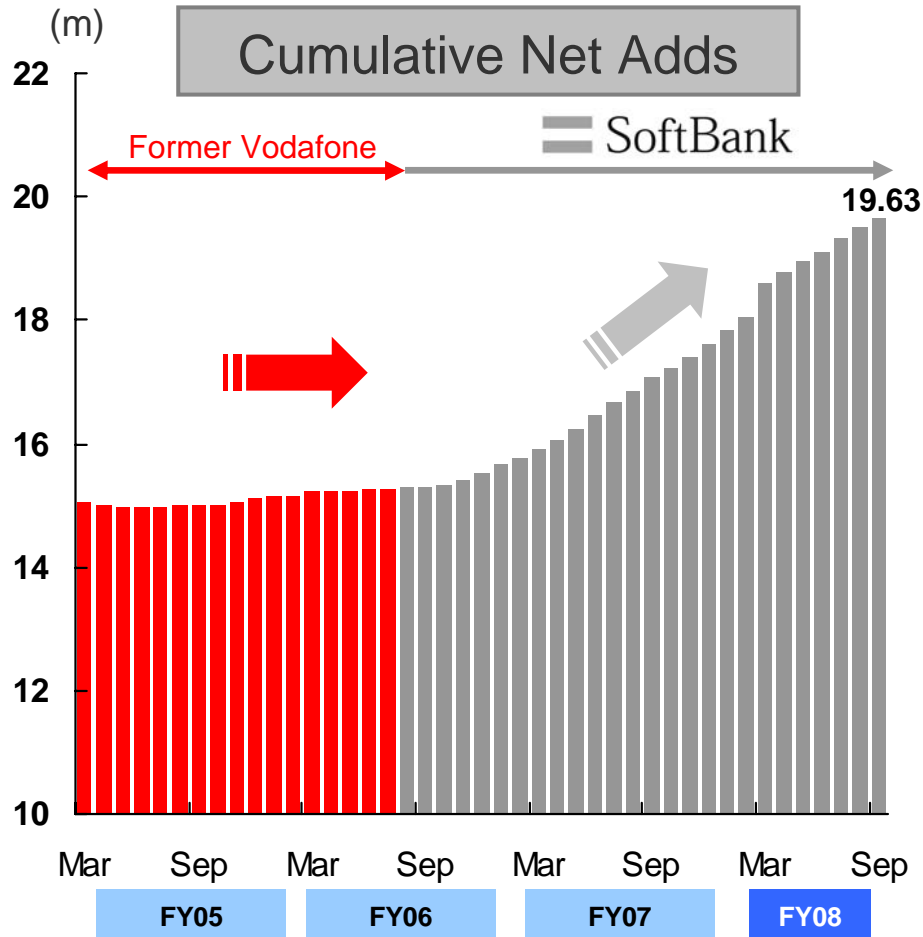
Net Adds Share (interim period)



SOFTBANK is No. 1 in H1/FY08 too

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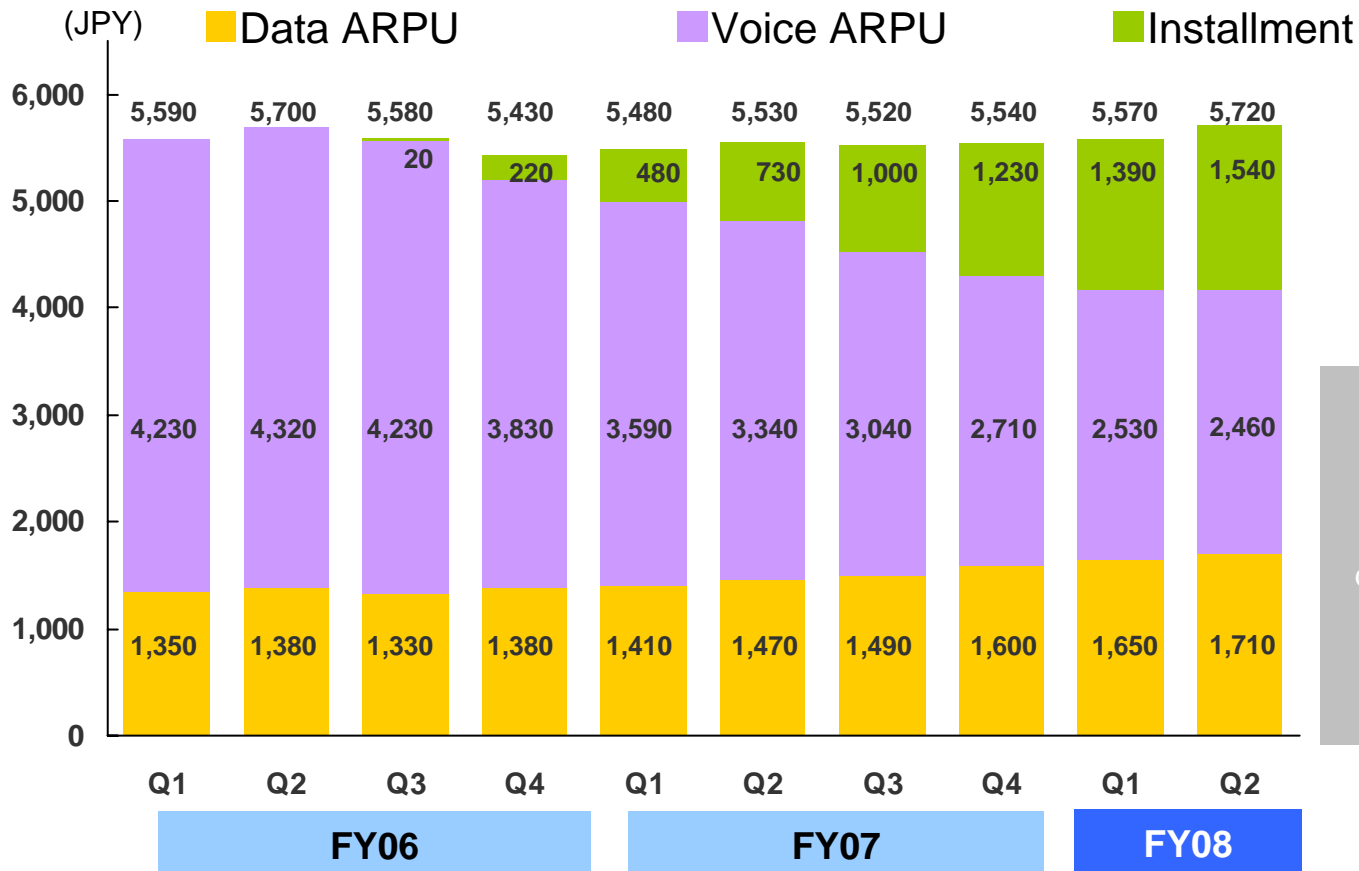
Net Additions (cumulative)



Cumulative net additions 19.63m

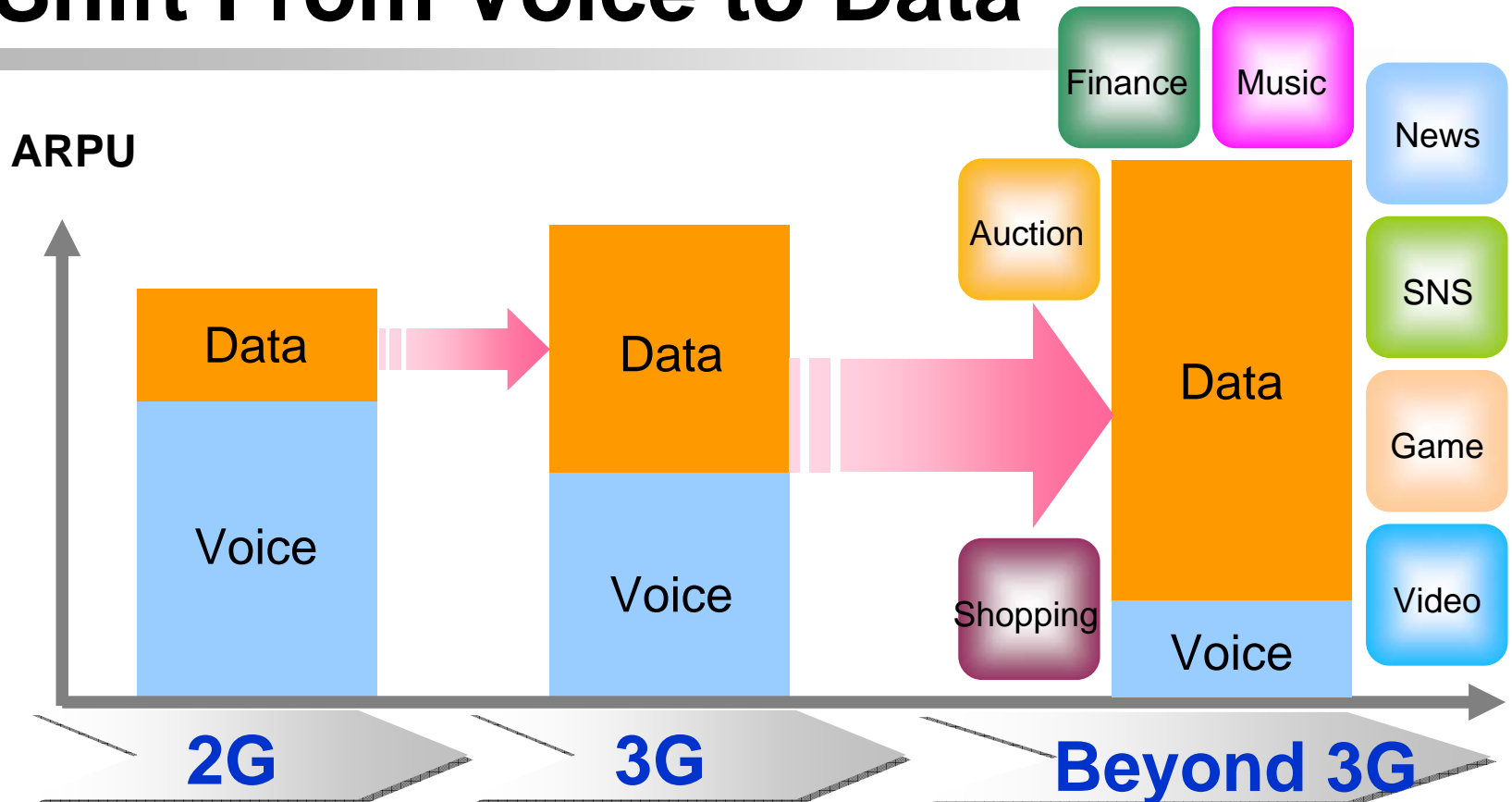
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Average Payment Per Subscriber



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Shift From Voice to Data

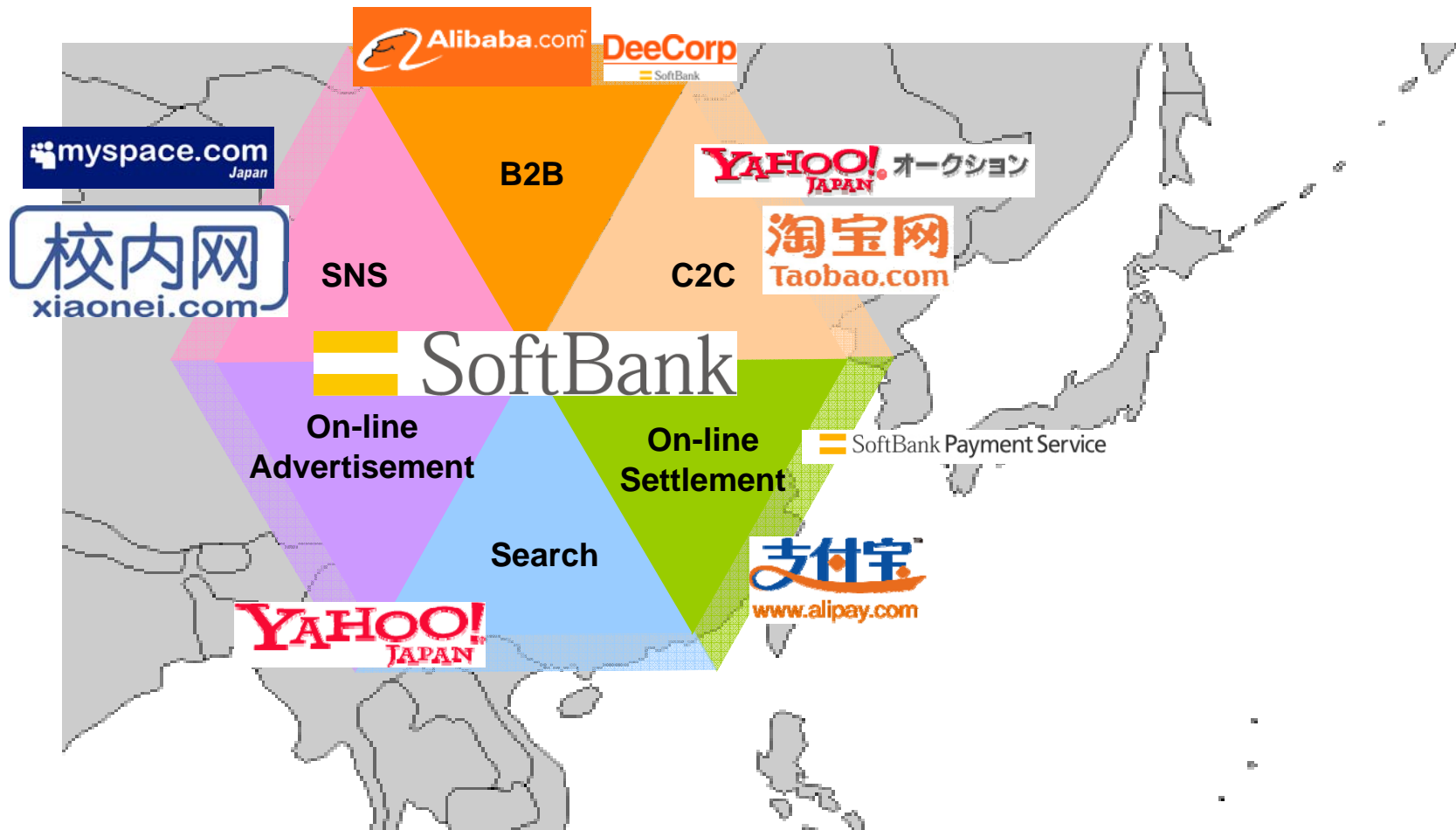


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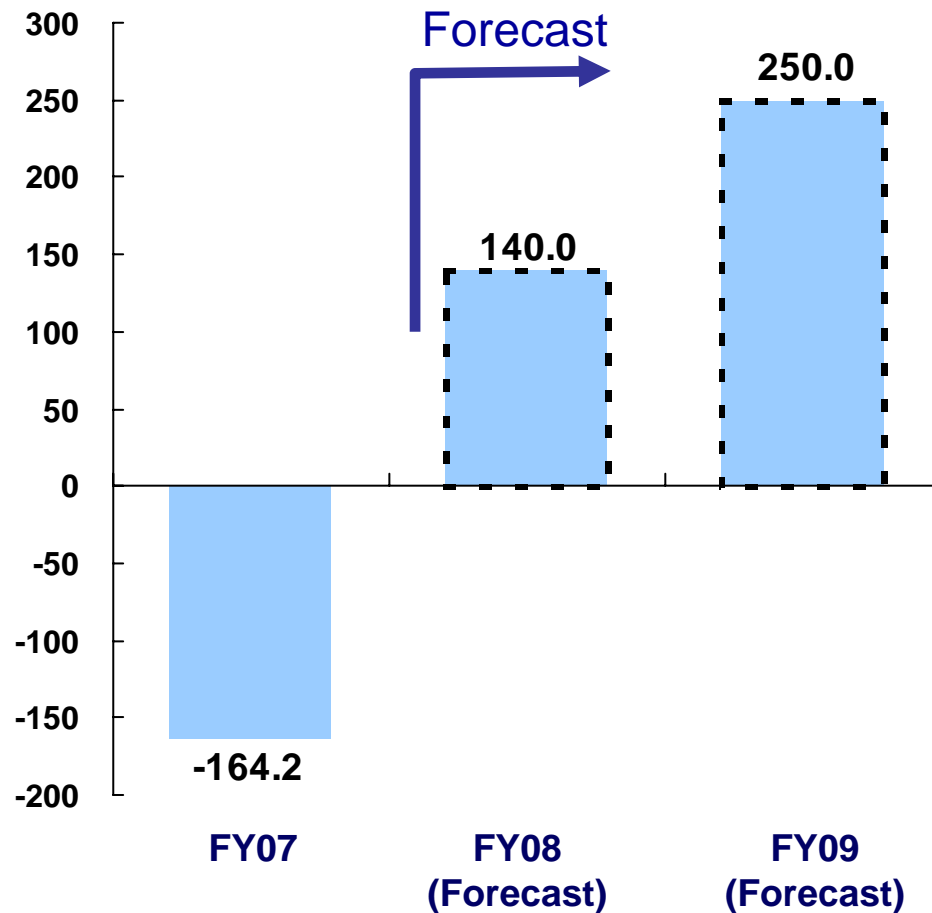
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Strong Foothold in Asia



Economic Enterprise Value

Forecast of Free Cash Flow



<bn JPY>

Significant
improvement
projected

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

Free Cash Flow: Top 20

FY2008 Free Cash Flow Top 20

Rank	Name	FCF (bn JPY)
1	NIPPON TELEGRAPH AND TELEPHONE CORPORATION	1,100.2
2	NTT DOCOMO, INC.	801.3
3	Nintendo Co., Ltd.	565.6
4	Nissan Motor Co., Ltd.	474.7
5	Canon Inc.	406.8
6	Panasonic Corporation	404.7
7	Takeda Pharmaceutical Company Limited	394.2
8	MITSUI & CO., LTD.	311.0
9	Central Japan Railway Company	234.3
10	Seven & i Holdings Co., Ltd.	228.2
11	KYOCERA Corporation	211.8
12	DENSO CORPORATION	208.9
13	Chubu Electric Power Co., Inc.	199.2
14	Astellas Pharma Inc.	178.5
15	Hitachi, Ltd.	154.2
16	JFE Holdings, Inc.	141.0
17	Mitsubishi Motors Corporation	139.4
18	Japan Airlines Corporation	131.1
19	Kao Corporation	127.9
20	Mitsubishi Electric Corporation	126.5

Ranked within
top 20

← SOFTBANK FY2009
(forecast) JPY140.0bn

Source: Weekly magazine 'DIAMOND' issued on 2008/6/7

Companies which announced earnings results for fiscal years ending between April 2007 – February 2008, and companies whose fiscal year ended in March 2007 and announced their earnings results before May 22nd 2008, and companies whose net sales exceed JPY 50.0bn over a period of 12 months.

Free Cash Flow: Top 20

FY2008 Free Cash Flow Top 20

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18	Japan Airlines Corporation	131.1
19	Kao Corporation	127.9
20	Mitsubishi Electric Corporation	126.5

Ranked within
top 10

← SOFTBANK FY2010
(forecast) JPY250.0bn

← SOFTBANK FY2009
(forecast) JPY140.0bn

Source: Weekly magazine 'DIAMOND' issued on 2008/6/7

Companies which announced earnings results for fiscal years ending between April 2007 – February 2008, and companies whose fiscal year ended in March 2007 and announced their earnings results before May 22nd 2008, and companies whose net sales exceed JPY 50.0bn over a period of 12 months.

Future Cash Flow Drivers

- **Highly stable infrastructure business**
- **High growth Internet business**
- **High growth in Asia**

Business Forecast

<bn JPY>

	FY2007	FY2008 (forecast)	FY2009 (forecast)
Operating income	324.2	340.0	420.0
Operating Cash Flow	158.2	420.0	500.0
Investing Cash Flow (mainly CAPEX)	(322.4)	(280.0)	(250.0)
Free Cash Flow	(164.2)	140.0	250.0



Lifestyle Company in the 21st Century



Broadband available to all living people everywhere



SOFTBANK'S Fundamental Management Policy



Endeavoring to benefit society and the economy and maximize enterprise value by fostering the sharing of wisdom and knowledge gained through the IT revolution



www.softbank.co.jp

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- The names of the products and services used in this presentation are trademarks or registered trademarks of the respective companies.

FY2008/Q2 Appendix to the Earnings Results

(Amounts less than one billion yen are omitted. / Net Sales to external customers)

Business segment	unit	FY2006				FY2007				FY2008		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
Mobile Communications(*1) (Core company : SOFTBANK MOBILE Corp.)	Net sales	bn JPY	231.5	350.3	426.6	422.2	389.0	419.8	403.1	406.8	370.6	399.4
	Operating income	bn JPY	27.2	29.3	56.9	42.2	43.5	50.6	53.7	26.5	44.2	43.8
	EBITDA	bn JPY	55.8	73.6	104.0	87.9	92.4	104.0	108.3	80.6	99.5	101.0
	Operating margin	%	11.7%	8.3%	13.2%	9.9%	11.1%	12.0%	13.2%	6.5%	11.9%	10.9%
	EBITDA margin	%	24.0%	20.9%	24.2%	20.6%	23.6%	24.6%	26.7%	19.7%	26.7%	25.2%
	Total number of subscribers	thousand	15,240	15,307	15,497	15,909	16,441	17,053	17,614	18,586	19,112	19,633
Broadband Infrastructure (Core company : SOFTBANK BB Corp.)	Net sales	bn JPY	62.7	64.6	65.3	65.9	64.3	62.4	62.8	61.7	58.7	58.1
	Operating (loss) income	bn JPY	5.4	6.1	7.7	7.3	8.6	10.3	11.3	9.4	10.4	11.7
	Impact of the sale of the ADSL modem rental business	bn JPY	(0.8)	(0.1)	(0.4)	+0.3	(0.9)	(0.3)	+0.1	+0.1	(0.7)	(0.8)
	Operating income excluding the impact of the sale of the ADSL modem rental business	bn JPY	6.3	6.3	8.1	7.0	9.5	10.7	11.1	9.2	11.1	12.6
	EBITDA	bn JPY	11.8	12.6	15.4	15.7	15.9	17.5	18.5	18.2	16.3	17.4
	Operating margin	%	8.7%	9.4%	11.5%	10.9%	13.2%	16.1%	17.6%	14.7%	17.4%	19.7%
	Operating margin excluding the impact of the sale of the ADSL modem rental business	%	9.4%	9.2%	11.5%	10.0%	13.8%	15.9%	16.8%	14.0%	17.9%	20.3%
	EBITDA margin	%	18.7%	19.2%	22.9%	23.2%	24.3%	27.3%	28.9%	28.6%	27.3%	29.1%
Number of Yahoo! BB ADSL lines installed	thousand	5,089	5,146	5,161	5,164	5,134	5,042	4,943	4,809	4,653	4,551	
Fixed-line Telecommunications(*3) (Core company : SOFTBANK TELECOM Corp.)	Net sales	bn JPY	81.8	84.3	81.4	84.4	77.8	80.0	78.4	88.4	78.1	78.5
	Operating (loss) income	bn JPY	1.2	(0.9)	(2.6)	(0.6)	(0.1)	0.4	1.3	1.6	0.7	4.7
	EBITDA	bn JPY	12.6	10.2	8.9	10.7	11.1	11.3	12.4	13.0	12.2	16.4
	Operating margin	%	1.4%	-	-	-	-	0.5%	1.5%	1.6%	0.9%	5.3%
	EBITDA margin	%	14.3%	11.0%	9.5%	10.9%	12.3%	12.5%	13.8%	13.2%	13.8%	18.3%
	number of lines installed for direct connection voice services(*3)	thousand	1,020	1,077	1,136	1,221	1,257	1,315	1,351	1,401	1,443	1,498
Internet Culture (Core company : Yahoo Japan Corporation)	Net sales	bn JPY	44.4	45.2	49.4	52.3	51.8	56.9	65.1	69.8	61.5	62.5
	Operating income	bn JPY	21.6	22.7	25.0	27.1	27.1	27.7	28.8	31.4	30.5	30.6
	EBITDA	bn JPY	23.9	25.2	27.6	29.4	29.6	30.5	31.7	34.5	33.0	33.6
	Operating margin	%	48.5%	48.7%	50.0%	51.5%	51.4%	48.2%	43.4%	44.5%	49.0%	48.4%
	EBITDA margin	%	53.6%	54.1%	55.2%	55.7%	56.1%	53.1%	47.7%	48.9%	53.1%	53.3%
e-Commerce	Net sales	bn JPY	55.8	61.1	61.2	78.5	58.2	60.2	65.5	71.6	59.6	62.6
	Operating income	bn JPY	1.4	1.3	2.0	1.8	1.1	0.9	0.8	0.2	1.0	1.7
Others	Net sales	bn JPY	17.6	20.1	18.0	18.1	21.7	22.1	18.8	18.9	18.4	20.3
	Operating (loss) income	bn JPY	(0.7)	0.5	(4.0)	(0.5)	(0.6)	0.0	(2.6)	(1.8)	(0.7)	3.3
Elimination or corporate		bn JPY	(2.0)	(1.0)	(0.3)	(3.5)	(0.9)	(1.2)	(1.0)	(3.3)	(1.2)	(1.2)
Total	Net sales	bn JPY	494.2	625.9	702.1	721.8	663.0	701.6	694.0	717.4	647.2	681.7
	Operating (loss) income	bn JPY	54.3	58.1	84.7	73.7	78.7	89.0	92.4	64.0	85.0	94.9
	EBITDA	bn JPY	104.3	124.0	154.0	143.0	149.7	164.4	169.4	142.9	161.4	174.0
	Operating margin	%	11.0%	9.3%	12.1%	10.2%	11.9%	12.7%	13.3%	8.9%	13.1%	13.9%
	EBITDA margin	%	21.1%	19.8%	21.9%	19.8%	22.6%	23.4%	24.4%	19.9%	24.9%	25.5%

*1 : SOFTBANK CORP. ("SOFTBANK") acquired SOFTBANK MOBILE Corp. (former Vodafone K.K., "SOFTBANK MOBILE") in April 2006, and the Mobile Communications business segment was established at this time. The financial results of SOFTBANK MOBILE were consolidated from May 2006 on.

*2 : SOFTBANK sold the ADSL modem rental business in December 2005, therefore the modem rental fee revenue has decreased. However, through the subcontract with BB Modem Rental Inc., commission fee revenue occurs. The "Impact of the sale of the ADSL modem rental business" is based on management accounting, not on financial accounting.

*3 : SOFTBANK TELECOM started the "Otaku-line" direct fixed-line voice service. In June 2006, SOFTBANK TELECOM acquired the direct connection voice services of HEISEI DENDEN CO., LTD.

*4 : SOFTBANK applied the "Practical solution on accounting for revenue recognition of software" from FY2006/Q1.