SoftBank Next 30-Year Vision

June 25, 2010

Chairman & CEO
Masayoshi Son
Philosophy
Information Revolution - Happiness for everyone
SoftBank works to comfort people in their sorrow
What would be the saddest thing in your life?
Sorrow

- Death
- Loneliness
- Despair
Death of loved one
<table>
<thead>
<tr>
<th>Cause</th>
<th>No. of Deaths</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cardiac disease</td>
<td>9.3mil</td>
</tr>
<tr>
<td>Cancer</td>
<td>6.6mil</td>
</tr>
<tr>
<td>Apoplexy</td>
<td>6.0mil</td>
</tr>
<tr>
<td>Respiratory disease</td>
<td>3.8mil</td>
</tr>
<tr>
<td>Lung disease</td>
<td>3.3mil</td>
</tr>
</tbody>
</table>
Loneliness
No. of the Elderly Living Alone (Japan)

(mil people)

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Elderly (mil)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>0.88mil</td>
</tr>
<tr>
<td>2010</td>
<td>4.7mil</td>
</tr>
<tr>
<td>2040</td>
<td>8mil</td>
</tr>
</tbody>
</table>
The saddest thing in people’s life is loneliness
SoftBank works to increase people’s joy
What would be the happiest thing in your life?
Everyday life, life itself
Self-realization, self-accomplishment
To love, to be loved
To be needed
Smile

Happy ≡ Touched
Touched by seeing

Touched by love

Touched by interactions

Touched by learning

Touched by playing

etc…
Information Revolution - Happiness for everyone
30 years till now & the next 30 years
SoftBank’s past 30 Years (movie)
We have overcome many obstacles for information revolution
Consolidated operating income

JPY 500bn at the 30th year since foundation
### FY2009 Consolidated Operating Income Ranking

<table>
<thead>
<tr>
<th>Rank</th>
<th>Company Name</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>NTT</td>
<td>1,117.6bn JPY</td>
</tr>
<tr>
<td>2</td>
<td>NTT DOCOMO</td>
<td>834.2bn JPY</td>
</tr>
<tr>
<td>3</td>
<td>SoftBank</td>
<td>465.8bn JPY</td>
</tr>
<tr>
<td>4</td>
<td>INPEX</td>
<td>461.6bn JPY</td>
</tr>
<tr>
<td>5</td>
<td>KDDI</td>
<td>443.8bn JPY</td>
</tr>
<tr>
<td>6</td>
<td>Takeda Pharmaceutical</td>
<td>420.2bn JPY</td>
</tr>
<tr>
<td>7</td>
<td>Honda Motor</td>
<td>363.7bn JPY</td>
</tr>
<tr>
<td>8</td>
<td>Nintendo</td>
<td>356.5bn JPY</td>
</tr>
<tr>
<td>9</td>
<td>East Japan Railway</td>
<td>344.8bn JPY</td>
</tr>
<tr>
<td>10</td>
<td>NISSAN MOTOR</td>
<td>311.6bn JPY</td>
</tr>
</tbody>
</table>
Endeavoring to benefit society and the economy and maximize enterprise value by fostering the sharing of wisdom and knowledge gained through the IT revolution.
Vision
Design corporate DNA leading SoftBank’s growth in the next 300 years
This vision is designed with the time span of 300 years. The next 3 decades is merely the first step.
Look into the far distance whenever you get lost
We learn from the past to determine the future course.
World in 300 years ago
The wealthy 39 years  General public 33 years
Industrial Revolution

- 1705: Steam engine
- 1709: Iron-making technology
- 1764: Spinning technology
- 1807: Steam ship
- 1825: Steam engine railway
Riot by people who feared machines
World in 300 years from now
Information
Big Bang
No. of Calculations per USD 1000 per second

3.5 quadrillion times in 100 yrs

Analytical Engine 0.000006 per second

Relay

Vacuum Tube

Transistor

Micro Processor 20 billion per second
Number of brain cells Approx. 30bn

Synapse
Binary numeral-system
Number of cells (No. of transistors)

- 30bn

1 mil times in 30 yrs

Exceeds human brain in 2018
Number of cells (No. of computer elements)

- 2018: 1 time
- 2100: $10^{20}$ times
- 2200: $10^{40}$ times
- 2300: $10^{60}$ times

The chart shows an exponential increase in the number of cells (or computer elements) from 2018 to 2300.
Number of brain cells

- Ameba: 1
- Insect: 1 mil
- Chimpanzee: 8 bn
- Human: 30 bn
Hypothesis of number of brain cells and computing elements

- 300 yrs later: $10^{60}$ times
- 200 yrs later: $10^{40}$ times
- 100 yrs later: $10^{20}$ times
- 1 time (30bn brain cells)
The greatest paradigm shift of human kind
Future that SoftBank works to realize
SoftBank’s commitment to the future is to achieve information revolution leading to people’s happiness.
SoftBank works to obtain cutting edge technology and the most outstanding business model with the times
Bring brain computer to life
Brain:

“A system which automatically acquires data and algorithms”
Learning computer

Automatic accumulation of knowledge

Data

Automatic generation of wisdom

Algorithm

Data + Algorithm
Our biggest theme: “Symbiosis between humankind and computer”
Case: A car with AI learned to crush into the driving course to drive faster
Cloned sheep
Function of Human Brain

Emotion
(Goal)

Knowledge
(Data)

Wisdom
(Algorithm)
Realization of extra-intelligence
Information Revolution - Happiness for everyone

SoftBank
Average Life Expectancy (Japan)

- 83 yr-old
- 200 yr-old

Timeline from 1900 to 2300 with projected life expectancy increasing.
Towards the era of life expectancy of 200 years

Generalization of DNA treatment and artificial organs
Spread of communication through human bodies, and telepathy
Spread of completely automated translation
Disaster rescue

Nursing/house work

Emergency medicine
Type of robot > Type of living organism
Most of new technologies will be invented by computer.
Coexistence with intelligent robots
Natural disaster

Unknown virus

Terrorism

Meteor
Yet, people long for love, and get hurt by love
Information Revolution - Happiness for everyone
World in 30 years from now

SoftBank
- CPU: Number of transistors
  - 2010: 3bn
  - 2040: 3 quadrillion (100k times of human brain)
- Memory: 32GB
  - 2010: 32GB
  - 2040: 32PB
- Network speed: 1Gbps
  - 2010: 1Gbps
  - 2040: 3Pbps
Content Storable in a 30,000 yen Handset

2010
- 6400 songs
- 4 yrs equivalent

2040
- 500bn songs
- 350mil yrs equivalent
- 4 hours equivalent
- 30k yrs equivalent
Content Downloadable Per Second from Cloud

2010
1 song
1/4 day equivalent

2040
3mil songs
2000 years equivalent
Unlimited storage
Unlimited cloud
Zero speed network

Change lifestyle radically
Life log

Everything integrates with cloud
Everything integrates with cloud
Advanced and fair education
Advanced telemedicine
New work styles
Evolution of “Touched by sightseeing”

Now

30 yrs later

VR Sightseeing

*Virtual Reality

100 yrs later

Gather information by just thinking
Evolution of “Touched by learning”

Now

30 yrs later

100 yrs later

VR e-textbook

*Virtual Reality

Getting interested alone enables learning
Evolution of “Touched by interactions”

Now

30 yrs later

Interact in VR

*Virtual Reality

100 yrs later

Touch each other in AR

*Augmented Reality
Evolution of “Touched by playing”

Now

30 yrs later

VR game

*Virtual Reality

100 yrs later

AR game

*Augmented Reality
SoftBank works to make cloud computing the greatest human asset
SoftBank works to obtain cutting edge technology and the most outstanding business model with the times
Information Revolution
(movie)
Strategy
Difference from futurists:

SoftBank works
to turn our vision into reality
SoftBank works to become a company needed by people around the world
### Market Cap Ranking

<table>
<thead>
<tr>
<th>Approx. 100 Years ago (around 1900)</th>
<th>30 Years ago (1985)</th>
<th>Present (2010)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. North Western Railway</td>
<td>IBM</td>
<td>Exxon Mobil</td>
</tr>
<tr>
<td>2. Pennsylvania Railroad</td>
<td>Exxon</td>
<td>Petrochina</td>
</tr>
<tr>
<td>3. Union Pacific Railroad</td>
<td>AT&amp;T</td>
<td>Apple</td>
</tr>
<tr>
<td>4. Southern Pacific Railroad</td>
<td>GE</td>
<td>Microsoft</td>
</tr>
<tr>
<td>5. U.S. Steel</td>
<td>British Telecommunications</td>
<td>Industrial and Commercial Bank of China</td>
</tr>
<tr>
<td>6. Standard Oil</td>
<td>Sumitomo Bank</td>
<td>China Mobile</td>
</tr>
<tr>
<td>7. Tennessee Coal</td>
<td>Tokyo Electric</td>
<td>China Construction Bank</td>
</tr>
<tr>
<td>8. JP Morgan and Company</td>
<td>Deutsche Bank</td>
<td>Berkshire Hathaway</td>
</tr>
<tr>
<td>10.</td>
<td>DuPont</td>
<td>P&amp;G</td>
</tr>
</tbody>
</table>
In 30 years, SoftBank aims to be listed in the world top 10 with the market cap. of 200t yen.
Business Domain
SoftBank focuses on information industry
SoftBank does not limit ourself to one particular technology nor one business model
Technologies and hardware change over time.
SoftBank Group works to bring revolutionary changes into people’s lifestyles with best partners
A company growing in the next 300 years
History of the earth: 4.6bn years
100bn species have emerged, 100mil species have survived
<table>
<thead>
<tr>
<th>5 Greatest Extinctions</th>
<th>Scale</th>
<th>Cause</th>
</tr>
</thead>
<tbody>
<tr>
<td>440mil yrs ago End of Ordovician</td>
<td>85%</td>
<td>Cooling of the earth</td>
</tr>
<tr>
<td>360mil yrs ago End of Devonian</td>
<td>82%</td>
<td>Impact of 2 meteors</td>
</tr>
<tr>
<td>250mil yrs ago End of Permian</td>
<td>96%</td>
<td>Volcanic activity</td>
</tr>
<tr>
<td>210mil yrs ago End of Triassic</td>
<td>76%</td>
<td>Meteor impact</td>
</tr>
<tr>
<td>60mil yrs ago End of Cretaceous</td>
<td>70%</td>
<td>Meteor impact</td>
</tr>
<tr>
<td>Year</td>
<td>Event</td>
<td></td>
</tr>
<tr>
<td>------</td>
<td>-------</td>
<td></td>
</tr>
<tr>
<td>1981</td>
<td>Big bet after one month of business foundation</td>
<td></td>
</tr>
<tr>
<td>1983</td>
<td>Fight against illness</td>
<td></td>
</tr>
<tr>
<td>1994</td>
<td>IPO, ventured into US</td>
<td></td>
</tr>
<tr>
<td>2001</td>
<td>Start broadband business</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>Acquired Vodafone KK</td>
<td></td>
</tr>
</tbody>
</table>

5 turning points of SoftBank
Species’ survival ratio

99.9% of species went extinct

Extinct species are only 0.1%
Companies’ survival ratio (for 30 years)

99.98% can not survive

0.02% is surviving
Design corporate DNA leading SoftBank’s growth in the next 300 years
20th Century type

Low cost, technology
Mass production

21st Century type

Competitiveness
Strategy

Variety, safety
Multiple variety of small quantity
20th Century type

Pyramid
Centralized

21st Century type

Web
Balanced between centralization and decentralization

Organization Structure
Decision making
<table>
<thead>
<tr>
<th>Supervision/control style</th>
<th>Management</th>
<th>% of Stakes</th>
</tr>
</thead>
<tbody>
<tr>
<td>20th Century type</td>
<td>Autonomous/ harmonious style</td>
<td>Mainly 20 - 40%</td>
</tr>
<tr>
<td>over 51%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
In-house R&D

Technology Strategy

Partnership (joint venture)
Ties based on Capital

×

*multiplied by

Ties based on Buddy-like Relations
Autonomy × Decentralization × Harmony

Self-evolution + Self-multiplication
In 30 years

5,000 companies
50-Year Life Plan
50-Year Life Plan

20s  Get acknowledged
30s  Finance war chest
40s  Take on a challenge
50s  Complete business
60s  Hand over business to next generation
60s
Hand over business to next generation
SoftBank Academia
Word Origin of Academia

“Akademeia”

Founded by Plato in 387 BC

Trained future leaders
Start in July 2010
Training of successors

Practical training

Supreme responsibility
SoftBank Values

1) Focus on information revolution and contribute to people’s happiness

2) Be ambitious and tenacious of justice

3) Commit to be an overwhelming No.1

4) Think till our brains crush

5) No revolutions are down to the earth
To be the Plato academy in the 21 century
SoftBank
Next 30-Year Vision
SoftBank works to obtain cutting edge technology & the most outstanding business model with the times
Information Revolution - Happiness for everyone
We exist for our fellow-men
- in the first place
for those on whose smiles and welfare
all our happiness depends,
and next for all those unknown to us
personally with whose destinies
we are bound up by the tie of sympathy.

-Albert Einstein
The most terrible poverty is loneliness and the feeling of being unloved.

- Mother Teresa
My Beloved Grandmother
We
(movie)