

SOFTBANK CORP.
CONSOLIDATED FINANCIAL REPORT
For the fiscal year ended March 31, 2008

Tokyo, May 8, 2008

FINANCIAL HIGHLIGHTS

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

1. Results of Operations

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

	Net sales		Operating income		Ordinary income		Net income	
	Amount	%	Amount	%	Amount	%	Amount	%
Fiscal year ended March 31, 2008	¥2,776,168	9.1	¥324,287	19.6	¥258,614	68.6	¥108,624	277.0
Fiscal year ended March 31, 2007	¥2,544,219	129.5	¥271,065	335.1	¥153,423	458.1	¥28,815	(49.9)

	Net income per share - basic (yen)	Net income per share - diluted (yen)	Return on Equity (%)	Ordinary income / Total assets (%)	Operating income / Net sales (%)
Fiscal year ended March 31, 2008	¥101.68	¥95.90	32.6	5.8	11.7
Fiscal year ended March 31, 2007	¥27.31	¥26.62	11.0	5.0	10.7

Note: Equity in earnings of affiliated companies :

Fiscal Year ended March 31, 2008: ¥55,411 million
Fiscal Year ended March 31, 2007: ¥2,130 million

2. Financial Condition

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

	Total assets	Net assets	Equity ratio (%)	Shareholders' equity per share (yen)
As of March 31, 2008	¥4,558,901	¥848,725	8.4	¥355.15
As of March 31, 2007	¥4,310,852	¥716,237	6.6	¥268.02

Note: Shareholders' equity (consolidated)

As of March 31, 2008: ¥383,742 million
As of March 31, 2007: ¥282,949 million

3. Cash Flows

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

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at the end of the year
Fiscal year ended March 31, 2008	¥158,257	¥(322,461)	¥284,727	¥490,266
Fiscal year ended March 31, 2007	¥311,201	¥(2,097,937)	¥1,718,384	¥377,520

4. Dividends

(Recorded date)	Dividends per share			Total Amount of dividends (Annual)	Payout ratio (Consolidated)	Dividends on equity (Consolidated)
	Interim period ended September 30	Fiscal year ended March 31	Total			
	(yen)	(yen)	(yen)	(millions of yen)	%	%
FY 2007	-	2.50	2.50	2,639	9.2	1.0
FY 2008	-	2.50	2.50	2,701	2.5	0.8
FY 2009 (Forecasted)	To be determined	To be determined	To be determined		To be determined	

5. Earnings forecast for the fiscal year ending in March 2009 (April 1, 2008 – March 31, 2009)

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

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
Six-month period ending September 30, 2008	¥ -	¥ -	¥ -	¥ -	¥ -
Fiscal year ending March 31, 2009	¥ -	¥ -	¥ -	¥ -	¥ -

Due to the introduction of unprecedented new sales and pricing methods in our main telecommunications business, especially in the mobile communications business, forecasting the consolidated business results for the fiscal year ending March 2009 is difficult. A forecast of the consolidated business results will therefore be announced as soon as a logical estimate can be made.

6. Significant Changes in Scope of Consolidation: None

7. Accounting Policies

Changes in accounting principles, procedures, disclosure methods, etc., used in the presentation of the consolidated financial statements

- (1) Changes due to revisions in accounting standards: Yes
- (2) Changes other than those in (1): None

Note: Refer to "4. Consolidated Financial Statements, Changes in accounting policies" on the following page 41.

8. Number of shares issued (Common stock)

(1) Number of shares issued (including treasury stock):

As of March 31, 2008: 1,080,664,578 shares
As of March 31, 2007: 1,055,862,978 shares

(2) Number of treasury stock at the fiscal year end:

As of March 31, 2008: 163,811 shares
As of March 31, 2007: 158,611 shares

Note: For basic data for computation of the per share data, please refer to the following page 64.

[For Reference]

FINANCIAL HIGHLIGHTS (Non-Consolidated)

1. Non-Consolidated Results of Operations

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

	Net sales		Operating income(loss)		Ordinary loss		Net income (loss)	
	Amount	%	Amount	%	Amount	%	Amount	%
Fiscal year ended March 31, 2008	¥12,817	-	¥4,857	-	¥(15,388)	-	¥6,474	-
Fiscal year ended March 31, 2007	¥-	-	¥(8,481)	-	¥(30,766)	-	¥(3,305)	-

	Net income(loss) per share - basic (yen)	Net income per share - diluted (yen)
Fiscal year ended March 31, 2008	¥6.06	¥ 6.03
Fiscal year ended March 31, 2007	¥(3.13)	¥ -

2. Non-Consolidated Financial Condition

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

	Total assets	Net Assets	Equity ratio (%)	Shareholders' equity per share (yen)
As of March 31, 2008	¥1,336,787	¥415,403	31.1	¥384.45
As of March 31, 2007	¥1,347,019	¥372,810	27.4	¥350.15

Note: Shareholders' equity (non-consolidated)

As of March 31, 2008: ¥415,403 million
As of March 31, 2007: ¥369,660 million

Qualitative Information / Financial Statements

1. Results of Operations

(1) Analysis of Results of Operations

<<Summary of Results of Operations>>		
Net sales	¥2,776,168 million	(9.1% increase year-on-year)
Operating income	¥324,287 million	(19.6% increase year-on-year)
Ordinary income	¥258,614 million	(68.6% increase year-on-year)
Net income	¥108,624 million	(277.0% increase year-on-year)

[Overview of results for the fiscal year ended March 31, 2008]

Immediately following its full-fledged entry into the mobile communications market, the SOFTBANK Group (hereinafter 'the Group'), identified four key initiatives – 3G network enhancement, 3G handset lineup enrichment, mobile content enhancement, and enhancement of the sales structure & branding – and has worked to expand its customer base and further establish the SoftBank brand. As a result, SOFTBANK MOBILE Corp. (hereinafter 'SOFTBANK MOBILE') has achieved the industry's highest monthly net additions in number of subscribers (new subscribers minus cancellations) for the 11 consecutive months since May 2007. SOFTBANK MOBILE also recorded the industry's highest net subscriber additions on a full-year basis for the fiscal year ended March 31, 2008 (hereinafter 'this fiscal year'), with a net addition of 2,676,500 subscribers*1.

Supported by the strong performance of the Mobile Communications segment, net sales for this fiscal year totaled ¥2,776,168 million, operating income came to ¥324,287 million, ordinary income to ¥258,614 million, and net income to ¥108,624 million – all record levels for the Group.

SOFTBANK MOBILE was included in the scope of consolidation from the end of April 2006, meaning that consolidated results for the previous fiscal year ended March 31, 2007 included an 11-month contribution from May 2006 in the Mobile Communications segment, which was newly established.

*1. Source: Telecommunications Carriers Association

1. Net sales

Net sales grew ¥231,949 million, or 9.1% year-on-year, to ¥2,776,168 million, with the Mobile Communications segment posting 13.1% net sales growth to ¥1,630,851 million. The increase came primarily from increased handset sales accompanying the mobile phone subscriber growth, and the fact that this fiscal year's results include a full-year contribution from the Mobile Communications segment.

2. Operating income

Operating income rose ¥53,221 million, 19.6% year-on-year, to ¥324,287 million. The Mobile Communications segment recorded operating income of ¥174,570 million, a 12.1% increase. In addition to a strong performance by the Mobile Communications segment, this reflected a full-year contribution from SOFTBANK MOBILE.

The cost of sales for this fiscal year increased by ¥57,843 million year-on-year, to ¥1,467,363 million. Selling, general and administrative expenses came to ¥984,517 million, an increase of ¥120,884 million.

3. Non-operating income

Non-operating income rose ¥55,856 million year-on-year, to ¥69,387 million, the largest component of which was a ¥55,411 million increase in equity in earnings of affiliated companies.

Alibaba.com Limited (hereinafter 'Alibaba.com'), a subsidiary of SOFTBANK CORP.'s (hereinafter 'the Company') equity-method affiliate Alibaba Group Holding Limited (hereinafter 'Alibaba Group'), was newly listed on the Main Board of the Stock Exchange of Hong Kong Limited on November 6, 2007. Alibaba Group recorded gain on sale of shares in a subsidiary and dilution gain from changes in equity interest due to the issue of new shares accompanying the listing, and also from the sale of shares held in Alibaba.com. The Group's share of these gains totaled ¥57,223 million, which was recorded as equity in earnings of affiliated companies.

4. Non-operating expenses

Non-operating expenses came to ¥135,060 million, marking a ¥3,887 million increase year-on-year. Despite a ¥35,342 million increase in interest expense, the previous year also had financing-related commissions of ¥28,715 million that did not occur this fiscal year.

Following the release of revised practical guidelines for financial instrument accounting on March 25, 2008, fixed rate amount of stock bailment fees based on security deposit agreements that was previously included in "others" is included in "interest expense" from this fiscal year. (Refer to "Change in presentation related to marketable security lending transactions" on the following page 41.)

5. Special income

Special income totaled ¥29,785 million. Unrealized appreciation on investments and gain on sale of investments at subsidiaries in the U.S., net of ¥12,967 million and gain on sale of investment securities of ¥6,432 million were recorded. Accompanying the listing of consolidated subsidiaries, ITmedia Inc. and Carview Corporation, ¥3,765 million was recorded as dilution gain from changes in equity interest.

6. Special loss

Special losses came to ¥62,511 million, and included a ¥21,855 million valuation loss on the Group's shareholding in UTStarcom, Inc. and other entities, a ¥12,006 million loss on unused telecommunications supplies, impairment losses of ¥10,644 million, and a ¥10,438 million loss from the disposal of fixed assets.

As SOFTBANK TELECOM Corp.'s (hereinafter 'SOFTBANK TELECOM') *Otoku Line* direct connection fixed-line voice service has experienced increasing demand for its digital lines from corporate customers, SOFTBANK TELECOM recorded a special loss of ¥26,250 million in the third quarter related to telecommunications equipment for analog lines. This included a ¥12,006 million loss on unused telecommunications supplies, ¥8,818 million in impairment losses on leased assets, and a ¥5,425 million loss from the disposal of fixed assets.

7. Income taxes

Current income taxes totaled ¥48,649 million and deferred income taxes came to ¥29,533 million.

Current income taxes, primarily for Yahoo Japan Corporation and other subsidiaries, totaled ¥53,620 million, while income taxes payable at SOFTBANK Holdings Inc. that no longer needed to be recognized were reversed and current income taxes were credited by ¥4,970 million.

Deferred income tax was recorded mainly ¥77,535 million for SOFTBANK MOBILE, while ¥39,831 million for BB Mobile Corp. (hereinafter 'BB Mobile') was recorded on the credit side. BB Mobile, SOFTBANK MOBILE and its 5 subsidiaries, all of which are subsidiaries of the Company, are approved to adopt the consolidated taxation system by the administrator of the National Tax Agency for the fiscal year beginning from April 1, 2008. Accordingly, BB Mobile recorded deferred income taxes on loss carryforwards at the end of this fiscal year based on the consolidated taxation group's profitability.

Results by business segment are as follows:

[Mobile Communications]

<<Summary of Segment Results>>	
Net sales	¥1,630,851 million (13.1% increase year-on-year)
Operating income	¥174,570 million (12.1% increase year-on-year)
First time to lead in full-year net subscriber additions with 2,676,500	
Total subscribers surpassed 18 million, 3G subscribers exceeded 14 million	

<Analysis of Results>

Net sales increased by ¥188,811 million year-on-year, or 13.1%, to ¥1,630,851 million. Operating income increased by ¥18,826 million, or 12.1% year-on-year, to ¥174,570 million. This increase was primarily due to a full-year contribution from SOFTBANK MOBILE from this fiscal year, as well as strong growth in mobile handset sales accompanying a steady increase in new subscribers and handset upgrades.

The number of net additions for March 2008, which is the peak month for the spring sales, exceeded 500,000, the best monthly performance to date. On the other hand, operating income in the fourth quarter fell to a low level compared to the first, second and third quarters along with the increase of operating expenses from sales commission cost and others.

<Quarterly Results>

	Fiscal year ended March 31, 2007				Fiscal year ended March 31, 2008			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	232,467	351,991	430,328	427,252	391,668	422,841	406,081	410,260
Operating income	27,293	29,341	56,906	42,202	43,528	50,691	53,760	26,589

(Millions of yen)

<Number of Subscribers>

The number of SOFTBANK MOBILE subscribers totaled 18,586,200^{*2} as of this fiscal year end, marking an increase of 2,676,500 subscribers for the year and a 1.7 percentage point increase in market share to 18.1%. SOFTBANK MOBILE has also recorded the industry's highest monthly net additions in subscribers for the 11 consecutive months since May 2007, and this fiscal year was the first time SOFTBANK MOBILE posted the highest net additions on a full-year basis. The number of 3G subscribers totaled 14,047,900, representing more than three-fourths of all subscribers.

In order to further promote the migration to 3G, SOFTBANK MOBILE stopped accepting new contract applications for its 2G service, including its prepaid service, on March 31, 2008.

(Thousands of lines)

	Fiscal year ended March 31,2007				Fiscal year ended March 31,2008			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net additions	30.3	66.8	189.5	412.0	530.8	612.0	561.0	972.7
Total	15,240.2	15,307.0	15,496.5	15,908.5	16,440.5	17,052.5	17,613.5	18,586.2

*2. The total number of subscribers for SOFTBANK MOBILE includes communication module service subscribers from this fiscal year. The number of communication module service subscribers at the end of this fiscal year was 1,600.

<Churn Rate and Upgrade Rate>

Quarterly churn rates were 1.46% in the first quarter, 1.42% in the second quarter, 1.21% in the third quarter, and 1.19% in the fourth quarter. The steady decline in the churn rate was the result of the release of an enhanced 3G handset lineup, attractive price plans and services, and the success of installment sales for handsets. The churn rate for 3G subscribers fell below the 1% level from the third quarter.

Upgrade rates were 2.25% in the first quarter, 2.67% in the second quarter, 2.00% in the third quarter, and 1.93% in the fourth quarter. These rates were lower than in the previous fiscal year when the upgrade rate increased temporarily due to enhancement of the 3G handset lineup in response to Mobile Number Portability.

(%/month)

	Fiscal year ended March 31,2007				Fiscal year ended March 31,2008			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Churn rate	1.50	1.27	1.60	1.63	1.46	1.42	1.21	1.19
(3G only)	1.73	1.50	1.66	1.37	1.07	1.05	0.88	0.85
Upgrade rate	1.99	2.53	3.02	2.89	2.25	2.67	2.00	1.93

<ARPU and Average Acquisition Commission per User>

Total ARPU^{*3} by quarter was ¥5,000 in the first quarter, ¥4,800 in the second quarter, ¥4,520 in the third quarter, and ¥4,310 in the fourth quarter. This decline in total ARPU was a reflection of steady growth in the number of subscribers to *White Plan*, which has a basic monthly charge of ¥980 (including tax), and a special discount for subscribers to *New Super Bonus*. On the other hand, data ARPU rose from ¥1,410 in the first quarter to ¥1,470 in the second quarter, to ¥1,490 in the third quarter, and to ¥1,600 in the fourth quarter. As a result of changes to the

special benefits for *New Super Bonus* subscribers implemented on January 15, 2008, which ended the offer to waive the fixed monthly charge of the *Unlimited Packet Use Discount*, for up to two months, the fourth quarter data ARPU rose ¥110 relative to the third quarter, and accounted for 37.1% of total ARPU.

The average acquisition commission per user was ¥30,700 in the first quarter, ¥31,400 in the second quarter, ¥33,900 in the third quarter, and ¥33,200 in the fourth quarter.

(Yen per month)

	Fiscal year ended March 31, 2007				Fiscal year ended March 31, 2008			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total	5,590	5,700	5,560	5,210	5,000	4,800	4,520	4,310
(Voice)	4,230	4,320	4,230	3,830	3,590	3,340	3,040	2,710
(Data)	1,350	1,380	1,330	1,380	1,410	1,470	1,490	1,600

*3. Average Revenue Per User

<<Summary of Initiatives to Address Key Challenges>>
Number of 3G base stations at the fiscal year end reached 51,320
36 3G handset models in 172 colors released during the year
Number of SoftBank shops at the fiscal year end reached 2,653
White Plan applications exceeded 12 million

<Enhanced 3G Network>

The number of 3G base stations was increased during the year and the network was enhanced to address increases in the number of subscribers. Capital investment (actual base) by the Mobile Communications segment totaled ¥235,396 million, and the number of 3G base stations as of this fiscal year end stood at 51,320, an increase of 22,000 from 29,404 at the end of the previous year. SOFTBANK MOBILE will continue to “enhance the 3G network” going forward.

<Enhanced Lineup of 3G Handsets>

A total of 36 3G handset models in 172 colors was released during the year, compared with 32 (3G) models in 152 colors during the previous year, further enhancing the 3G handset lineup.

The Group has identified 2008 as the “Year of the Internet Machine,” and will pursue advances in “Internet Machines” that focus on the use of data telecommunications through mobile handsets. The first handset within this concept – the new “Internet Machine SoftBank 922SH” – was released in March 2008.

<Enhanced Sales Structure and Branding>

SOFTBANK MOBILE continued to build on the previous year’s efforts to increase the number of SoftBank shops, enhance the sales structure, and expand sales channels. As a result, the number of SoftBank shops increased by 578 from the previous year end, to 2,653 at the end of this year. In addition, advertising to raise the level of recognition of the SoftBank brand and enhance brand strength paid off, with SoftBank winning the “triple crown” of first place in the three categories of company, production and brand, in a monthly survey of consumer preference of TV

commercials^{*4} for seven months between August 2007 and March 2008 (every month except December 2007).

*4. Source: CM Databank

<White Plan Applications Exceeded 12 Million>

With steady growth in the number of applications for *White Plan*, the number of applications surpassed the 12 million mark on March 20, 2008, an increase of roughly 9 million over the course of this fiscal year after exceeding 3 million at the end of the previous fiscal year. This plan is a simple price plan with a basic monthly charge of ¥980 (including tax) and it offers free domestic on-net voice calls between SoftBank users from 1:00 to 21:00^{*5}, and for domestic voice calls other than those it offers a flat fee of ¥21 (including tax) per 30 seconds^{*5}. In addition, the number of *Double White* discount service applications reached 4.14 million. This discount service, available to *White Plan* subscribers, halves the ¥21 rate to ¥10.5 (including tax) per 30 seconds with an additional fixed charge of ¥980 (including tax).

*5. Not applicable to Video Call, 64K Digital Data Communication and Global Services

[Broadband Infrastructure]

<<Summary of Segment Results>>	
Net sales	¥258,069 million (2.3% decrease year-on-year)
Operating income	¥39,700 million (48.1% increase year-on-year)
Total installed lines for <i>Yahoo! BB ADSL</i> : 4,809,000 (at the end of March 2008)	

<Analysis of Results>

Net sales decreased by ¥6,158 million year-on-year, or 2.3%, to ¥258,069 million. Operating income increased by ¥12,890 million, or 48.1%, to ¥39,700 million. Revenue from ADSL business in SOFTBANK BB is showing a declining trend due to ARPU decline and others, however, profit increase trend is maintained mainly due to decrease of access charge and lease cost for telecommunications equipment.

<Quarterly Results>

(Millions of yen)

	Fiscal year ended March 31, 2007				Fiscal year ended March 31, 2008			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	63,322	65,728	67,266	67,910	65,747	64,072	64,340	63,908
Operating income	5,479	6,189	7,747	7,393	8,665	10,320	11,309	9,404

<Overview of Operations>

The number of installed lines for *Yahoo! BB ADSL*, the comprehensive broadband service provided by SOFTBANK BB Corp. (hereinafter 'SOFTBANK BB'), totaled 4,809,000 lines at the fiscal year end. On a customer payment basis, ARPU was ¥4,358 in the first quarter, ¥4,341 in the second quarter, ¥4,316 in the third quarter, and ¥4,292 in

the fourth quarter. Moreover, the ratio of subscribers to faster services, such as *Yahoo! BB 50M*, was 30.7 % and for *Wireless LAN Pack* was 30.2% at this fiscal year end. Efforts to raise efficiency at the ADSL business led to an increase in operating income.

[Fixed-Line Telecommunications]

<<Summary of Segment Results >>	
Net sales	¥370,740 million (0.9% decrease year-on-year)
Operating income	¥3,340 million
Total installed lines for the <i>Otoku Line</i> service: 1,401,000 (at the end of March 2008)	

<Analysis of Results>

Net sales decreased by ¥3,389 million year-on-year, or 0.9%, to ¥370,740 million. Operating income totaled ¥3,340 million, marking a turnaround from the previous year's ¥2,965 million operating loss. This segment was established in the fiscal year ended March 31, 2005, and this fiscal year's result marks its first operating profit on a full-year basis.

<Quarterly Results>

(Millions of yen)

	Fiscal year ended March 31,2007				Fiscal year ended March 31,2008			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	88,673	93,276	93,712	98,466	90,486	90,986	89,979	99,288
Operating income (loss)	1,212	(916)	(2,603)	(656)	(111)	460	1,375	1,615

<Overview of Operations>

SOFTBANK TELECOM is utilizing its core *Otoku Line* direct connection fixed-line voice service to expand its corporate customer base. The number of *Otoku Line* installed lines steadily increased, growing by 180,000 from the end of the previous fiscal year to reach 1,401,000 as of this fiscal year end. Corporate customers constituted 70.4% of the total number of lines, which was 10.4 percentage points higher than in the previous year. SOFTBANK TELECOM will continue to focus its efforts on direct marketing to major corporate clients, which generate higher profitability.

Due to the increasing demand for *Otoku Line* digital lines for corporate customers, SOFTBANK TELECOM recorded a special loss of ¥26,250 million in the third quarter related to telecommunications equipment for analog lines.

[Internet Culture]

<<Summary of Segment Results>>	
Net sales	¥247,642 million (27.5% increase year-on-year)
Operating income	¥115,237 million (19.4% increase year-on-year)
Number of stores on Yahoo! Shopping and Yahoo! Auctions totaled 31,289	

<Analysis of Results>

Net sales increased by ¥53,430 million year-on-year, or 27.5%, to ¥247,642 million. Operating income increased by ¥18,692 million, or 19.4%, to ¥115,237 million.

<Quarterly Results>

	(Millions of yen)							
	Fiscal year ended March 31,2007				Fiscal year ended March 31,2008			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	44,642	46,676	50,049	52,842	52,796	57,623	66,505	70,717
Operating income	21,630	22,712	25,011	27,189	27,148	27,766	28,864	31,457

<Overview of Operations>

In the advertising business, sales of advertising products with high branding impact expanded. These products included the *Prime Display* launched in October 2007 and Brand Panel in January, the size of which was expanded along with the overall renewal of Yahoo! JAPAN's top page in January. Use of behavioral advertising also grew, supporting a firm increase in display advertising compared with the previous fiscal year. Paid listing advertising sales surged ahead from the previous fiscal year because of the further expansion of this advertising market and increased use of search services. The start in July of a new system for paid listing advertising service that takes into consideration a quality index and the bidding price and other factors were contributed to the sales surge in paid listing advertising.

In business services other than advertising, sales of information listing grew steadily. In particular, sales of *Yahoo! Real Estate* increased sharply, reflecting the large growth in the number of listings and the site renewal. *Yahoo! Shopping* and *Yahoo! Auctions* made further progress with increasing the number of the merchant stores, efforts to acquire new stores were also continued. As a result, at the end of March, the number of merchant stores registered on *Yahoo! Shopping* and *Yahoo! Auctions* totaled 31,289, expanding by 4,245 stores. In addition, tenant and commission fees for *Yahoo! Shopping* and *Yahoo! Auctions* expanded favorably.

[e-Commerce]

<<Summary of Segment Results>>	
Net sales	¥270,723 million (0.3% decrease year-on-year)
Operating income	¥3,156 million (52.8% decrease year-on-year)
Launch the new <i>SoftBank SELECTION</i> brand; 393 items released during the year	

<Analysis of Results>

Net sales decreased by ¥846 million year-on-year, or 0.3%, to ¥270,723 million. Operating income decreased by ¥3,524 million, or 52.8%, to ¥3,156 million.

<Quarterly Results>

	Fiscal year ended March 31, 2007				Fiscal year ended March 31, 2008			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	59,142	65,037	65,369	82,021	61,660	63,812	69,634	75,615
Operating income	1,461	1,399	2,010	1,809	1,167	933	809	246

(Millions of yen)

<Overview of Operations>

Distribution business of SOFTBANK BB posted strong sales of network equipment including routers and switching devices, and of IT equipment for corporate customers including servers and client PCs. Although hardware products sales to mass appliance retailers increased, operating income decreased compared to the previous year due to sluggish sales of high-margin software, valuation loss on products, and upfront investments in the new business such as the corporate mobile solutions business and the new SaaS^{*6} business.

SOFTBANK BB launched a new brand, *SoftBank SELECTION*, in November 2007. This brand incorporates a range of specially selected mobile handset accessories and personal computer software, which are sold at certain SoftBank shops, mass appliance retailers, and other outlets. *SoftBank SELECTION* released 393 different items during the year, of which 22 were software titles.

*6. Software as a Service: A service in which the customer utilizes the application on the vendor's server on a pay-for-use basis, rather than make an outright purchase of the software from a vendor.

[Others]

<Analysis of Results>

Net sales increased by ¥9,088 million year-on-year, or 10.0%, to ¥99,873 million. The operating loss was ¥5,121 million, compared with the previous year's operating loss of ¥4,730 million.

This segment includes the Broadmedia business (mainly Broadmedia Corporation), the Technology Services business (SOFTBANK TECHNOLOGY CORP.), the Media & Marketing business (mainly SOFTBANK Creative Corp. and ITmedia Inc.), the Overseas Funds business, and Other businesses (mainly TV Bank Corporation and Fukuoka Softbank Hawks Corp.).

<Quarterly Results>

(Millions of yen)

	Fiscal year ended March 31, 2007				Fiscal year ended March 31, 2008			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	20,289	23,785	21,628	25,082	24,871	26,907	23,184	24,909
Operating income (loss)	(717)	547	(4,002)	(557)	(689)	38	(2,617)	(1,852)

[Forecasts for the fiscal year ending in March 2009]

In the Group's core telecommunications businesses, especially the Mobile Communications business, the Group has introduced the installment sales method for mobile handsets and is introducing a range of price plans and discount services etc. to meet diverse customer needs. These include sales and pricing methods that have no precedent in the industry and it is difficult to estimate customer trends for them. At this point, we cannot make sound estimates, and it is difficult to make performance forecasts.

To proactively provide enhanced information disclosure to shareholders and investors, consolidated performance forecasts will be announced at the point when logical estimates are possible.

(2) Analysis of Financial Position

<<Summary of the Consolidated Financial Position>>			
Total assets	¥4,558,901 million	(5.8% increase year-on-year)	
Total liabilities	¥3,710,176 million	(3.2% increase year-on-year)	
Equity	¥848,725 million	(18.5% increase year-on-year)	
Cash flows from operating activities		¥158,257million increase	
Cash flows from investing activities		¥322,461 million decrease	
Cash flows from financial activities		¥284,727 million increase	
Balance of cash and cash equivalents	¥490,266 million		(¥112,745 million increase from the end of March 2007)

1. Assets, Liabilities and Equity

Assets, liabilities, and equity at the end of this fiscal year were as follows:

[Current Assets]

Current assets increased by ¥335,311 million from the end of the previous fiscal year, to ¥1,582,744 million. This was mainly because of a ¥303,750 million increase in notes and accounts receivable-trade accompanying the strong installment sales of mobile handsets at SOFTBANK MOBILE. In addition, SOFTBANK MOBILE's securitization of a portion of these installment sales receivables led to a ¥113,495 million increase in cash and deposits.

Furthermore, funds procured through the securitization of installment sales receivables were recorded as borrowings, and entrusted installment sales receivables were recorded as accounts receivable-trade.

[Fixed Assets]

<Property and equipment, net>

Property and equipment, net, totaled ¥1,029,265 million, roughly flat with the ¥1,029,852 million as of the previous fiscal year end. This was primarily from a ¥49,252 million increase in telecommunications equipment assets, consisting of a ¥175,577 million increase from newly acquired base stations, switching equipment and other mobile telecommunications equipment, ¥112,711 million in depreciation and ¥12,178 million in disposals. On the other hand, construction completions resulted in a ¥26,201 million decrease in construction in progress.

<Intangible assets>

Intangible assets decreased by ¥41,401 million from the end of the previous fiscal year, to ¥1,238,309 million. This was primarily the result of a decrease of ¥58,491 million in amortization of goodwill, while software increased by ¥23,564 million.

<Investments and other assets>

Investments and other assets decreased by ¥43,914 million from the end of the previous fiscal year, to ¥705,763 million. This was primarily the result of a ¥22,423 million decrease in investment securities, and the reversal of ¥30,895 million in deferred tax assets from the utilization of loss carryforwards at SOFTBANK MOBILE.

[Current Liabilities]

Current liabilities increased by ¥97,801 million from the end of the previous fiscal year, to ¥1,240,704 million. This was primarily the result of increases of ¥254,915 million in short-term borrowings and ¥51,721 million in the current portion of lease obligations, which offset a ¥51,110 million decrease in accounts payable-other and accrued expenses.

Following the release of revised practical guidelines for financial instrument accounting on March 25, 2008, items previously included in “cash receipts as collateral” are included in “short-term borrowings” from this fiscal year. (Refer to “Change in presentation related to marketable security lending transactions” on the following page 41.) The increase in short-term borrowings consisted primarily of ¥165,872 million procured by SOFTBANK MOBILE via the securitization of installment sales receivables, while on the other hand borrowings by SOFTBANK CORP. declined by ¥70,111 million, which included a ¥20,000 million decrease in cash receipts as collateral, previously presented as “cash receipts as collateral.”

[Long-term liabilities]

Long-term liabilities increased by ¥17,759 million from the end of the previous fiscal year, to ¥2,469,472 million. Lease obligations increased by ¥166,531 million and corporate bonds increased by ¥ 22,611 million, while long-term debt decreased by ¥142,537 million.

The balance of long-term debt procured by SOFTBANK MOBILE through the whole business securitization

(WBS) financing scheme decreased by ¥78,602 million from the end of the previous fiscal year, to ¥1,276,488 million.

[Equity]

Equity increased by ¥132,487 million from the end of the previous fiscal year, to ¥848,725 million, and net income for the year was ¥108,624 million. However, the adoption of new accounting standards at a U.S. subsidiary resulted in a ¥5,150 million reduction in retained earnings, and ¥2,639 million in dividends was paid from retained earnings. As a result, accumulated deficit improved by ¥100,527 million. In addition, the execution of stock acquisition rights and stock subscription rights led to increases of ¥24,113 million in common stock and ¥24,071 million in additional paid-in capital. Moreover, minority interests increased ¥34,755 million, and the deferred loss on derivatives under hedge accounting improved by ¥15,172 million. There were decreases, however, of ¥41,704 million in unrealized gain on available-for-sale securities and ¥21,372 million in foreign currency translation adjustments.

2. Cash Flows

Net cash provided by operating activities was ¥158,257 million, net cash used in investing activities was ¥322,461 million, and net cash provided by financing activities was ¥284,727 million. As a result, cash and cash equivalents at the end of this fiscal year amounted to ¥490,266 million, an increase of ¥112,745 million from the end of the previous fiscal year.

[Cash Flow from Operating Activities]

Net cash provided by operating activities was ¥158,257 million. Income before income taxes and minority interests for this fiscal year amounted to ¥225,887 million. As non-cash items, depreciation and amortization of ¥220,254 million and amortization of goodwill of ¥59,050 million were recorded. Other adjustment items included equity in earnings of affiliated companies of ¥55,411 million and unrealized appreciation on investments and gain on sale of investments at subsidiaries in the U.S. of ¥12,967 million, which were subtracted from income before income taxes and minority interests. On the other hand, interest expenses of ¥114,863 million, valuation loss on investment securities of ¥21,855 million, and impairment losses of ¥10,644 million were added. Operating cash flow was also negatively impacted by a ¥309,196 million increase in receivables. Interest paid was ¥103,467 million, and income taxes paid by Yahoo Japan Corporation and other entities were ¥52,815 million.

[Cash Flow from Investing Activities]

Net cash used in investing activities was ¥322,461 million. As a result of capital investment, mainly in the telecommunications segments, purchase of property and equipment and intangibles totaled ¥345,677 million. In addition, purchase of marketable and investment securities was ¥45,576 million, while proceeds from sale of marketable and investment securities were ¥44,175 million.

[Cash Flow from Financing Activities]

Net cash provided by financing activities was ¥284,727 million. In the Mobile Communications segment, proceeds

of ¥297,922 million were recorded from the sale and lease back of equipment newly acquired, and the securitization of mobile handset installment sales receivables resulted in proceeds from long-term debt of ¥280,716 million. In addition, proceeds from issuance of bonds by the Company were ¥89,462 million, and from execution of warrants was ¥44,846 million. On the other hand, short-term borrowings decreased by ¥69,530 million, and repayment of long-term debt, payment for bond redemptions, and repayment of lease obligations were ¥234,874 million, ¥58,038 million, and ¥49,901 million, respectively.

[Trends in Cash Flow Related Indicators]

A summary of trends in cash flow related indicators is presented below.

	Fiscal year ended March 31, 2006	Fiscal year ended March 31, 2007	Fiscal year ended March 31, 2008
Equity ratio	13.4 %	6.6 %	8.4 %
Equity ratio (Market cap.)	201.3 %	74.2 %	42.8 %
Debt repayment period	6.0 years	4.5 years	4.0 years
Interest coverage ratio	5.5	6.6	5.4

Notes:

1. The above indicators are calculated using the following formulas based on consolidated figures.

Equity ratio: Shareholders' equity divided by total assets

Equity ratio (Market cap.): Market capitalization divided by total assets

Debt repayment period: Interest-bearing debt divided by EBITDA

Interest coverage ratio: EBITDA divided by interest expenses

2. EBITDA = Operating income (loss) + depreciation and amortization (including amortization of goodwill), and loss on disposal of fixed assets included in operating expenses.

3. Market capitalization is calculated based on the number of shares outstanding, net of treasury stock

4. Interest-bearing debt is the sum of all borrowing, commercial paper, and bonds on the Consolidated Balance Sheets for the end of the fiscal year.

5. Interest expense is the corresponding figure on the Consolidated Statements of income for the fiscal year.

[Reference]

A summary of cash flow related indicators excluding the Mobile Communications Segment is presented below.

	Fiscal year ended March 31, 2007	Fiscal year ended March 31, 2008
Debt repayment period	4.6 years	3.6 years
Interest coverage ratio	6.8	7.7

3. Major Financing Activities

The major financing activities in this fiscal year were as follows:

Item	Company Name	Details	Summary
New stock issue	SOFTBANK CORP.	¥44,088 million procured following the execution of stock acquisition rights.	Date of execution: September 27, 2007 Funds procured: ¥44,088 million
Bond issue	SOFTBANK CORP.	24th Unsecured Straight Bond (Fukuoka SoftBank HAWKS Bond)	Date of issue: April 26, 2007 Date of redemption: April 26, 2010 Aggregate amount of issue: ¥20,000 million Coupon: 2.72% Use: mainly repayment of existing interest-bearing debt
		25th Unsecured Straight Bond	Date of issue: June 19, 2007 Date of redemption: June 17, 2011 Aggregate amount of issue: ¥55,000 million Coupon: 3.39% Use: mainly repayment of debt
		26th Unsecured Straight Bond	Date of issue: June 19, 2007 Date of redemption: June 19, 2014 Aggregate amount of issue: ¥15,000 million Coupon: 4.36% Use: mainly repayment of debt
Securitization of receivables	SOFTBANK MOBILE Corp.	Procurement of funds totaling ¥88,161 million accompanying securitization of mobile phone installment sales receivables (recorded as borrowings)	Procurement date: June 29, 2007 Redemption method: monthly pass-through repayment Use: capital investment and repayment of funds raised via WBS
		Procurement of funds totaling ¥64,863 million accompanying securitization of mobile phone installment sales receivables (recorded as borrowings)	Procurement date: September 28, 2007 Redemption method: monthly pass-through repayment Use: capital investment and repayment of funds raised via WBS
		Procurement of funds totaling ¥71,518 million accompanying securitization of mobile phone installment sales receivables (recorded as borrowings)	Procurement date: December 26, 2007 Redemption method: monthly pass-through repayment Use: capital investment and repayment of funds raised via WBS
		Procurement of funds totaling ¥56,174 million accompanying securitization of mobile phone installment sales receivables (recorded as borrowings)	Procurement date: March 28, 2008 Redemption method: monthly pass-through repayment Use: capital investment and repayment of funds raised via WBS

Item	Company Name	Details	Summary
Increase or decrease of debt and others	SOFTBANK CORP.	Increase ¥26,888 million	Increase in borrowing by ¥130,000 million: The Company has received ¥130,000 million as of March 31, 2008 as collateral from financial institution, to whom the Company has lent shares in its subsidiaries under security deposit agreement. The cash receipts as collateral under this agreement are included in “Short-term borrowings” from this fiscal year, which was included in “Cash receipts as collateral” for the previous fiscal year, due to following the release of revised practical guidelines for financial instrument accounting on March 25, 2008: Other than above: Decrease in borrowings by ¥98,112 million (net) and decrease in commercial paper by ¥5,000 million
	SOFTBANK MOBILE Corp.	Decrease ¥78,602 million	Repayment of funds raised via WBS
	SOFTBANK TELECOM Corp.	Decrease ¥23,200 million	
	Yahoo Japan Corporation	Decrease ¥20,000 million	
Bond redemption	SOFTBANK CORP.	2nd Unsecured Straight Bond	Date of redemption: September 27, 2007 Aggregate amount of redemption: ¥23,900 million
		18th Unsecured Straight Bond	Date of redemption: January 29, 2008 Aggregate amount of redemption: ¥20,000 million
Implementation of capital investment through finance lease agreements with ownership transfer	SOFTBANK MOBILE Corp.	Implementation of capital investment for mobile communications utilizing lease agreements	Funds procured during this fiscal year: ¥297,922 million

(3) Basic Policies for Profit Distribution, and Dividends for the fiscal year ended March 31, 2008 and the fiscal year ending March 31, 2009

The Company strives to increase returns to shareholders by augmenting enterprise value. Our basic policy is to return our profits to all our stakeholder groups in a fair way.

The Company’s policy regarding dividends is to set dividend payments while taking into consideration the need to maintain the proper balance between bolstering the operating base and preserving a stable dividend from a medium-to-long-term perspective. The proposed dividend for the fiscal year ended March 31, 2008 is the same as last fiscal year at ¥2.5 per share. The dividend from the current fiscal year onwards is undecided at this time.

(4) Risk Factors

With a diverse range of businesses centered on Internet-related operations, the SOFTBANK Group faces a variety of risks in its operations, and these risk factors have the potential to affect the Group's operating activities, earnings and financial position, share price, and the Group's reputation and brand image. The major risks envisioned by the Group as of the release of this report that could affect investors' investment decisions are outlined below.

The Group is working to reduce these risks and minimize their effects, but cannot necessarily guarantee that all risks can be completely avoided. This summary may not necessarily include all risks that could arise with regard to the Group's operations in the future.

I. Market-Related Risks

1. Risks Related to Economic Conditions and Market Trends

The Group operates in a wide range of markets including mobile communications, with a focus on Internet-related operations. Demand for these businesses' products and services are dependent on economic conditions and market trends, which therefore could have an impact on the Group's performance.

The Group's market competitiveness could also be weakened if competitors are deemed to have stronger capital strength, services, price competitiveness, customer bases, sales structures, and brand or name recognition. As a result, products and services may not prove to be as successful as anticipated, and customer acquisition and retention may fall short of targets, thereby impacting the Group's results.

2. Risks Related to Foreign Exchange, Interest Rate and Stock Markets

The value of listed (investment) securities held by the Group depends on economic conditions and trends in stock and foreign exchange markets in Japan and overseas, and import of telecommunications equipment is influenced by trend in the foreign exchange market.

The Group has a substantial amount of interest-bearing debt and holds large amounts of assets and liabilities denominated in foreign currencies. The Group considers interest rate and foreign exchange rate risks to be significant risks. The Group strives to minimize the risks it faces, utilizing long-term fixed rates and other means to minimize interest rate risks and currency hedges on major assets and liabilities denominated in foreign currencies. However, depending on market trends, it may not be possible to completely avoid these risks.

Shares of Internet-related companies in Japan, the U.S., China and other countries constitute the majority of the Group's investments, and these activities are one of the core sources of cash flows for the Group. Share prices for Internet-related investments are subject to drastic fluctuations, and the Group's fundraising capacity could be severely impacted by a significant drop in these values.

3. Risks Related to Technological Innovation

The fields of the Internet and telecommunications experience a rapid pace of technological innovation, in the industries overall as well as in the area of telecommunications systems technology, and the Group needs to respond flexibly to the developments that result. If for whatever reason, however, the Group is unable to appropriately respond to these technological advances, it runs the risk of losing competitiveness because of outdated services or

technology. Even when the Group is able to respond to these advances, there is a possibility of unexpected cost increases for new equipment introduction or the updating of existing equipment, and this could affect the Group's performance.

II. Risks Related to Laws and Regulations

1. Laws and regulations related to telecommunications operations

The Group's telecommunications business is regulated by a number of laws and regulations, including the Telecommunications Business Law and the Radio Law. Revisions to these laws and regulations, or the enactment of new laws and regulations, could therefore prevent the Group from developing businesses as expected. Telecommunications-related policy changes at the Ministry of Internal Affairs and Communications (MIC) covering items like bandwidth allocation and fiber-optic access fees could also have a major impact on the Group's operations.

2. Laws and Regulations Related to Intellectual Property

The Group strives to ensure that the video content handled in the Group's video distribution operations, including *Yahoo! Streaming*, and *BBTV*, does not infringe on any rights or interests, including those of the holders of various intellectual property rights. It is possible, however, that the Group's actions will somehow infringe on intellectual property rights held by third parties, and that the Group will be subject to demands that it stop using video content or that it pay compensatory damages.

Because of the large number of companies aggressively developing Internet technologies and business models including broadband, the possibility exists that the Group could be sued by a third party for compensatory damages for patent infringement and that, in the future, the Group's business activities may be restricted with regard to providing content and/or the use of technologies.

Furthermore, the revision of other laws and regulations related to intellectual property rights could have a significant impact on the Group's business activities in the future.

3. Laws and Regulations Related to the Protection of Personal Information

The Group pays careful attention to the protection of personal information through measures including the strengthening of the Group's customer information management system and by restricting access to personal information obtained and maintained by the Group. In particular, SOFTBANK MOBILE and the Group's other telecommunications businesses appropriately manage personal information in compliance with the Act on the Protection of Personal Information and the MIC's Guidelines on the Protection of Personal Data in Telecommunications Business. Nevertheless, the possibility exists that personal information could be either intentionally or accidentally leaked externally by a Group affiliate, business partner or subcontractor and misused. If such a situation were to occur, the Group's credibility could suffer serious damage and operations could be significantly impacted.

4. Potential Litigation

With its wide variety of operations such as the mobile communications business and other Internet-related businesses,

the Group faces the possibility of lawsuits by third parties claiming compensatory damages for the infringement of rights or benefits, regardless of whether or not the Group is responsible. Furthermore, while the Group currently maintains amicable labor-management relations, future developments could change this relationship and there is a possibility of lawsuits emerging as a result. Lawsuits could therefore impact the Group's performance in ways including financial liability and a weakening of the brand image.

III. Risks Related to Natural Disasters and Accidents

The Group constructs and maintains telecommunications networks and information systems required by the mobile telecommunications and other businesses to provide telecommunications services. There is a danger that natural disasters including earthquakes, typhoons or tsunami, fires, power outages or shortages, terrorist attacks, computer viruses or other external attacks could damage the Group's telecommunications systems and disrupt its ability to provide telecommunications services.

If these disruptions were to become widespread and/or significant time were required to restore services, not only could the Group's earnings be affected, but there is also a possibility that customer trust and satisfaction, and the brand image, could be adversely impacted, making it difficult to acquire and retain customers.

The head offices and business offices of the Company and the Group companies are concentrated in the greater Tokyo metropolitan area. The possibility therefore exists that a major earthquake or other force majeure in Tokyo could paralyze the Head Office's functionality and impede the continuity of the Group's operations.

IV. Risks Related to Operations

1. Reliance on Management Resources of Other Companies

The Group makes use of certain telecommunications lines and facilities owned by other telecom operators when constructing and maintaining the telecommunications networks required for providing telecommunications services. The Group's performance could therefore be impacted if for some reason it became difficult to continue to use those facilities, or if utilization or connection rates for those facilities were to be increased.

The Group also relies on other companies to provide mobile phone handsets and other types of telecommunications equipment required for providing telecommunications services. If for some reason in the future changes were to arise in the relationship between the Group and these suppliers, or at suppliers themselves, and these suppliers were to cease to supply, or inspect and service, the telecommunications equipment, or if a major defect in the telecommunications equipment were to be discovered, the Group could become unable to continue providing services and the brand image could suffer.

The Group uses subcontractors to sell mobile handsets and other products and services, to acquire and retain customers, and to carry out certain other related operations. The Group's performance and market share could therefore be affected by changes in subcontractor relationships or by the public image and credibility of those subcontractors.

In addition, several of the Group's services including *Yahoo! JAPAN*, *Yahoo! BB* and *Yahoo! Keitai* make use of the *Yahoo!* brand of Yahoo! Inc. The Group currently has an amicable relationship with Yahoo! Inc., but a significant change in this relationship in the future could prevent the Group from developing its business as planned.

2. Risks Related to the Group's Services and Operations

The Group must continuously invest in facilities and equipment in order to provide attractive services and maintain service quality. At the telecommunications businesses in particular, the capital investment required to increase the capacity of our telecommunications network if customer growth were to exceed projections could lead to a temporary deterioration in cash flow and profitability.

Furthermore, the Group strives to maintain its telecommunications network and information systems in order to provide stable telecommunications services, but there is a possibility that human error or the emergence of unforeseen problems could disrupt the Group's ability to provide telecommunications services. If these disruptions were to become widespread and/or significant time were required to restore services, not only could the Group's earnings be affected, but there is also a possibility that customer trust and satisfaction, and the brand image, could be adversely impacted, making it difficult to acquire and retain customers.

The Group introduced installment sales for mobile phone handsets in September 2006, and more than 10 million installment sales contracts were concluded during this fiscal year. Although installment sales have contributed to a decline in churn rates, this has also led to an increase in accounts receivable from a large number of individual customers. The resulting increased risk of credit defaults and increased collection costs could therefore impact the Group's performance.

Were the Group to become unable to recover investments in its fixed assets because of a decline in asset profitability, an impairment loss as stipulated in the Accounting Standards for Impairment of Fixed Assets may need to be recognized, and this could have an impact on the Group's results or financial position.

3. Risks Related to Compliance and Internal Controls

Because of its wide range of businesses, the Group must comply with a variety of laws including the Telecommunications Business Law, the Radio Law and the Law on the Prevention of Unauthorized Use of Cellular Phones at the telecommunications businesses, as well as the Act on the Protection of Personal Information, the Financial Instruments and Exchange Law, the Act on the Prohibition of Private Monopolization and Maintenance of Fair Trade, and the Act Against Unjustifiable Premiums and Misleading Representation.

The Group is continuously working to strengthen its compliance structure, and has established the SOFTBANK Group Officer and Employee Code of Conduct, a code of conduct related to compliance that is to be followed by all directors and employees, and holds training programs at various levels to ensure that this code is thoroughly understood throughout the Group. Nevertheless, there is a possibility that compliance risks cannot be completely avoided, and the Group's results could be affected if laws or other regulations were to be violated.

Furthermore, in the event an illegal act were to occur at a SoftBank shop or sales agent handling the Group's products and services, the Group could receive a warning or administrative guidance from the regulatory authorities, or be investigated for non-fulfillment of its supervisory responsibility, and there is a possibility that the Group's credibility or brand image could suffer as a result.

4. Risks Related to Fund Procurement and Financial Covenants

The cost of procuring funds required for the development of the Group's businesses is affected by interest rates and ratings received by rating agencies. The Group's profitability could therefore deteriorate if those costs were to increase because of an increase in interest rates or a decline in the Group's creditworthiness.

The Group's interest-bearing debt includes financial covenants that the Group must comply with in its operations. Please refer to Page 45 for the details of these financial covenants. In the event, however, that these covenants were to be breached and requests were to be made for the immediate repayment of the affected interest-bearing debt, the Group's financing could be adversely impacted.

Certain financial and operating performance standards have been established for the ¥1,366 billion raised through SOFTBANK MOBILE's whole business securitization. In the event SOFTBANK MOBILE's performance were to fall short of these standards, outlays for capital investment would be restricted and the development of new services would require the prior approval of the lenders, and this could impact SOFTBANK MOBILE's business development. Furthermore, in the event SOFTBANK MOBILE were not able to meet these standards on a cumulative basis, the lenders could appoint a majority of the board of directors and might exercise their collateral rights for assets provided as collateral, including shares of SOFTBANK MOBILE.

5. Risks Related to Mergers and Acquisitions

The Group has expanded its fields of business through acquisitions and business alliances. When entering into acquisitions or business alliances, the Group works to understand risks by conducting due diligence regarding the financial position and business operations of the counterparty company. There is a risk, however, that unanticipated obligations will arise after an acquisition. Furthermore, changes in the business environment or competitive conditions could also prevent the implementation of initial operating plans. Moreover, there is also a risk that the Group will not be able to realize initially anticipated synergies for reasons including a loss of customers or human resources, and therefore will not adequately recover investments that have already been made. As a result, the Group may not be able to develop its operations as planned.

In addition, the Company and the Group companies establish joint ventures and enter into business alliances with a variety of business partners. There is therefore a possibility that the Group will not be able to develop its businesses as planned if it becomes unable to effectively control the acquired company or to effect important decisions.

6. Reliance on Management Team

The planning and administration of the Group's businesses are carried out by the Group's officers and employees. Unforeseen situations concerning senior management – especially President and Chief Executive Officer Masayoshi Son – could create an obstacle to smooth operational progress and impact the Group's operations.

2. The SOFTBANK Group

As of March 31, 2008, the Group is comprised of the Company (pure holding company) and the following ten business segments. The number of consolidated subsidiaries and equity-method companies in each business segment is as follows.

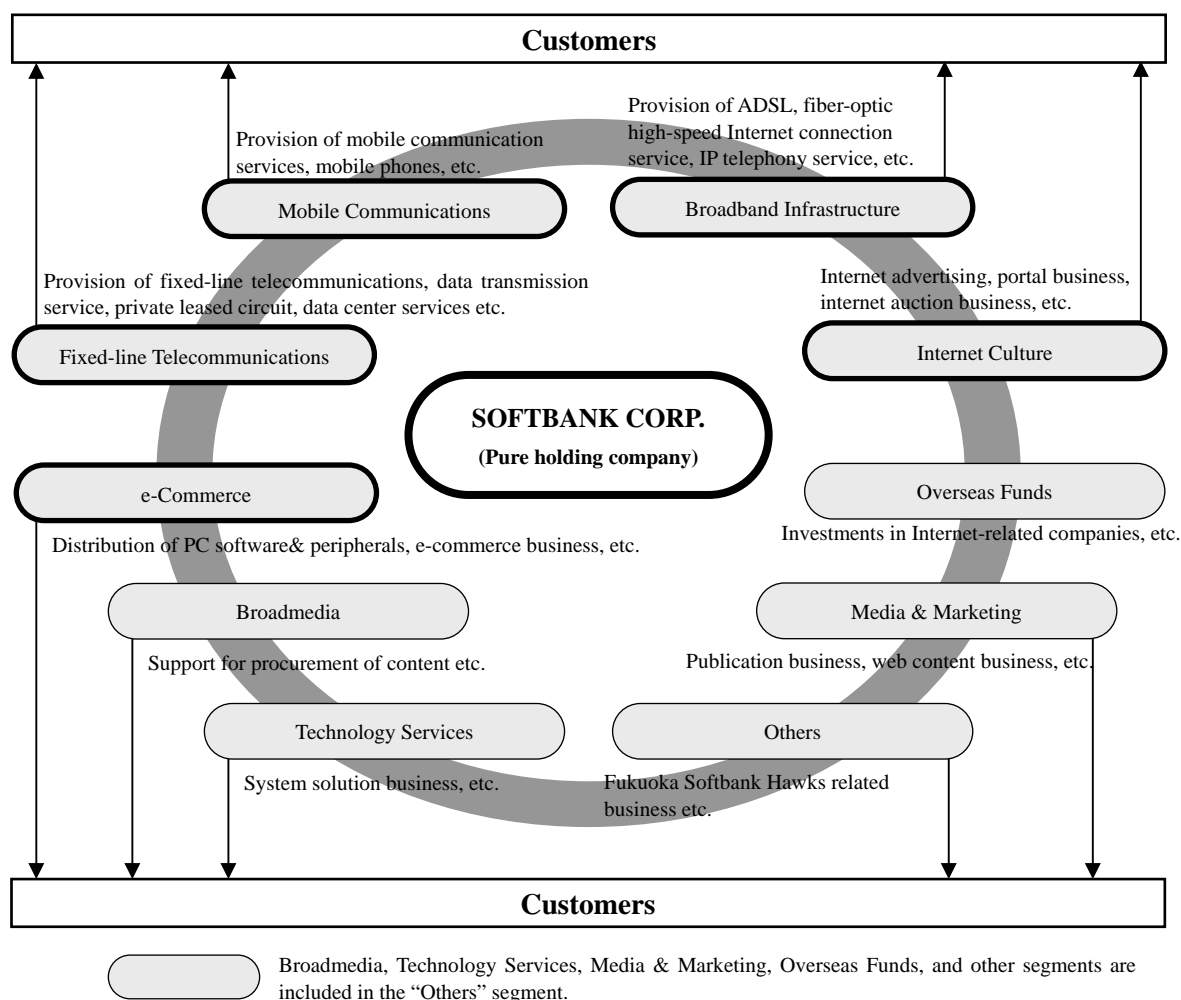
Business segments	Consolidated subsidiaries	Equity-method non-consolidated subsidiaries and affiliates	Main business of segment and name of business
Mobile Communications	5	2	Provision of mobile communication services and mobile phones accompanying the services etc. (Core company: SOFTBANK MOBILE Corp.)
Broadband Infrastructure	5	3	Provision of ADSL and fiber-optic high-speed Internet connection service, IP telephony service, etc. (Core company: SOFTBANK BB Corp. ^(Note1))
Fixed-line Telecommunications	4	-	Fixed-line telecommunications such as voice transmission service, data transmission service, private leased circuit and data center service etc. (Core companies: SOFTBANK IDC Corp., SOFTBANK TELECOM Corp. ^(Note1))
Internet Culture	15	19	Internet-based advertising operations, portal business and auction business etc. (Core company: Yahoo Japan Corporation ^(Note1))
e-Commerce	7	4	Distribution of PC software and such hardware as PCs and peripherals, enterprise solutions, and diversified e-commerce businesses, including business transaction platform (B2B) and consumer-related e-commerce (B2C) etc. (Core companies: SOFTBANK BB Corp. ^(Note1) , Vector Inc., Carview Corporation)
Others	73	39	Broadmedia, Technology Services, Media & Marketing, Overseas Funds, Others (Core companies: Broadmedia Corporation ^(Note2) , SOFTBANK TECHNOLOGY CORP., SOFTBANK Creative Corp., ITmedia Inc., Fukuoka Softbank Hawks Marketing Corp.)
Total	109	67	

(Notes)

- 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 businesses and their operating results are allocated to multiple business segments.
- Broadmedia Corporation changed its company name from Club iT Corporation on October 1, 2007.

[Segment Diagram]

The diagram of the Group's segments is as follows:



[Listed Companies]

The following SOFTBANK subsidiaries are listed on domestic stock exchanges as of March 31, 2008:

Company Name	Listed Exchange
Yahoo Japan Corporation	Tokyo Stock Exchange 1st section Jasdaq Securities Exchange
SOFTBANK TECHNOLOGY CORP.	Tokyo Stock Exchange 1st section
Vector Inc.	Osaka Securities Exchange Hercules
Broadmedia Corporation	Osaka Securities Exchange Hercules
ITmedia Inc. ^(Note3)	Tokyo Stock Exchange Mothers
Carview Corporation ^(Note3)	Tokyo Stock Exchange Mothers

(Notes)

- ITmedia Inc. and Carview Corporation listed their shares on the Tokyo Stock Exchange Mothers on April, 19 and June, 12 of 2007, respectively.

3. Management Policies

(1) Fundamental Management Policies

Since its establishment, the SOFTBANK Group has followed the core management philosophy of “Endeavoring to benefit society and the economy and to maximize enterprise value by fostering the sharing of wisdom and knowledge gained through the IT revolution.” The Group is working to facilitate the realization of a true ubiquitous society, where broadband will enable anyone to access all kinds of information at any time and anywhere.

As a corporate group based on Internet-related businesses, the Group will not limit itself to its existing role of a telecommunications carrier. Rather, by providing both information infrastructure and content as a comprehensive digital information company, the Group aims to make people’s lifestyles and business styles more affluent and enjoyable, and to be the global No. 1 corporate group in the broadband era.

(2) Target Management Indices

The Group places great importance on results and rates of change in the principal management indices – net sales, operating income, ordinary income, net income, cash flows and EBITDA^{*1} – for each of our internal management segments. The Group also attaches great importance to indices that track user trends, particularly in telecommunications businesses, such as the number of subscribers, market share, churn rate, and ARPU. The Group is also working to maximize its cash flow and further strengthen its financial position.

^{*1} EBITDA: Operating income/loss + depreciation and loss from disposal of fixed assets (which are included in operating expenses)

(3) Medium-and-Long-Term Strategies

As a comprehensive digital information company in the ubiquitous society, the Group aims to integrate fixed-line and mobile telecommunications broadband services and to seamlessly develop a range of broadband content over that infrastructure. In this way, the Group will work to maximize Group revenues and enterprise value through the establishment of unique business models for the broadband era that will generate long-term, stable income from its infrastructure businesses, increasing returns from its portal businesses, and diversified sources of profit from its content businesses. In addition, the Group will work to establish a base as an Internet company in Asia, primarily through the Alibaba Group, our strategic partner in China, and Yahoo Japan Corporation in Japan, and use this as a foothold to further expand globally.

(4) Important Management Issues for the Company

1. Mobile communications initiatives

Immediately following its full-fledged entry into the mobile communications market, the Group identified four key initiatives – 3G network enhancement, 3G handset lineup enrichment, mobile content enhancement, and enhancement of sales structure & branding – and has worked to expand the customer base and further establish the SoftBank brand. The Group will continue to work on the implementation of these initiatives.

In particular, the Group has positioned the Year 2008 as the “Year of the Internet Machine,” and will pursue advances in “Internet Machines” which focus on the use of data telecommunications through mobile handsets. In

order to achieve this evolution and increase data ARPU, the Group believes that it is important to expand the coverage area and handset lineup for the *3G High-Speed* service that is compatible with HSDPA, reinforce the network, lay the groundwork for the full-scale introduction of femtocell^{*2}, and provide broadband content.

^{*2} Micromini base stations for mobile phone which can be installed in small spaces such as homes and offices to improve the coverage within a limited area.

2. Broadband infrastructure initiatives

The Group's comprehensive broadband service, *Yahoo! BB* has the largest share of the market for ADSL services. Nevertheless, the broadband market is experiencing a shift to FTTH services using optical fiber, which can provide even higher speed, as a result, the number of installed ADSL lines is declining. A fair competitive market for FTTH services has yet to be established, therefore, the Group remains unable to fully develop this business, and the Group is urging the MIC and others to improve the situation. At the same time, the Group is providing the *Yahoo! BB hikari Installation Free* service in some areas utilizing optical fiber and existing telephone lines for transmission, and the Group is working towards putting the alternative technology, which provides the same service quality as FTTH, but more economically and effectively, to practical use.

3. Fixed line telecommunications initiatives

In fixed-line telecommunications operations, the scale of the consumer market continues to shrink due to the penetration of mobile phones and IP phone services, but demand remains firm in the corporate market. In such an environment, SOFTBANK TELECOM Corp. continues to directly market fixed-line services to corporations, with an emphasis on the *Otoku Line*, a direct connection fixed-line voice service. SOFTBANK TELECOM has also been developing and providing mobile solutions for corporate customers utilizing the services of SOFTBANK MOBILE, and is aggressively working to provide data services to corporate customers.

In addition, SOFTBANK TELECOM and SOFTBANK IDC Corp., the Group's subsidiary specializing in data centers are working to meet increasing demand for data center operations accompanying the growth of video and other broadband content.

4. Pursuing synergies among Group companies

The Group considers the further achievement of group synergies in the telecommunications businesses to be an important issue. This includes cost reductions through the integration of the backbone network, and the expansion of the customer base and sales channels among the three telecommunication companies of the Group – SOFTBANK MOBILE, which has now been part of the Group for two full years, SOFTBANK BB and SOFTBANK TELECOM.

In particular, the mobile telecommunications business is working to differentiate itself from its competitors by further strengthening the relationship between SOFTBANK MOBILE and Yahoo Japan Corporation, and by taking advantage of the services and content owned by the SOFTBANK Group companies.

5. Initiatives to become a comprehensive digital information company

As a corporate group, based on Internet-related businesses, the Group will not limit itself to its existing role as a

comprehensive communications carrier. Rather, the Group will further enhance its appealing broadband content, such as through the *Yahoo! Streaming* video portal site. As a comprehensive digital information company in the broadband era, the Group will work to develop innovative services in infrastructure, portals, and content and strive to clearly differentiate itself from competitors.

4. Consolidated Financial Statements

Consolidated Balance Sheets

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

	As of March 31, 2007		As of March 31, 2008		Increase (Decrease)
	Amount	%	Amount	%	Amount
ASSETS					
Current assets:					
Cash and deposits	¥377,666		¥491,161		¥113,495
Notes and accounts receivable - trade	583,972		887,723		303,750
Marketable securities	8,588		4,928		(3,660)
Inventories	76,898		72,150		(4,747)
Deferred tax assets	108,994		105,850		(3,144)
Other current assets	119,250		89,319		(29,930)
Less:					
Allowance for doubtful accounts	(27,936)		(68,388)		(40,452)
Total current assets	1,247,433	28.9	1,582,744	34.7	335,311
Fixed assets:					
Property and equipment, net:					
Buildings and structures	89,444		75,781		(13,663)
Telecommunications equipment	694,785		744,037		49,252
Telecommunications service lines	92,235		86,062		(6,172)
Land	27,747		23,442		(4,304)
Construction in progress	71,777		45,576		(26,201)
Other	53,861		54,364		502
Total property and equipment	1,029,852	23.9	1,029,265	22.6	(587)
Intangible assets, net:					
Goodwill	1,032,927		974,435		(58,491)
Software	200,615		224,180		23,564
Other intangibles	46,168		39,693		(6,474)
Total intangible assets	1,279,710	29.7	1,238,309	27.2	(41,401)
Investments and other assets:					
Investment securities and investments in unconsolidated subsidiaries and affiliated companies	487,421		464,997		(22,423)
Deferred tax assets	157,783		126,887		(30,895)
Other assets	113,877		118,491		4,613
Less:					
Allowance for doubtful accounts	(9,405)		(4,613)		4,791
Total investments and other assets	749,677	17.4	705,763	15.4	(43,914)
Total fixed assets	3,059,240	71.0	2,973,337	65.2	(85,903)
Deferred charges	4,178	0.1	2,818	0.1	(1,359)
Total assets	¥4,310,852	100.0	¥4,558,901	100.0	¥248,048

Consolidated Balance Sheets

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

	As of March 31, 2007		As of March 31, 2008		Increase (Decrease)
	Amount	%	Amount	%	Amount
LIABILITIES AND EQUITY					
Current liabilities:					
Accounts payable - trade	¥195,167		¥187,279		¥(7,888)
Short-term borrowings	193,656		448,571		254,915
Commercial paper	5,000		-		(5,000)
Current portion of corporate bonds	43,964		52,540		8,576
Accounts payable - other and accrued expenses	415,561		364,450		(51,110)
Income taxes payable	33,070		35,079		2,009
Current portion of lease obligations	18,049		69,770		51,721
Cash receipts as collateral	150,000		-		(150,000)
Other current liabilities	88,433		83,012		(5,421)
Total current liabilities	1,142,903	26.5	1,240,704	27.2	97,801
Long-term liabilities:					
Corporate bonds	422,599		445,211		22,611
Long-term debt	1,729,183		1,586,645		(142,537)
Deferred revenue	26,392		15,922		(10,469)
Deferred tax liabilities	50,136		41,977		(8,158)
Liability for retirement benefits	16,701		16,158		(542)
Allowance for point mileage	43,787		43,809		22
Lease obligations	74,964		241,496		166,531
Other liabilities	87,947		78,249		(9,697)
Total long-term liabilities	2,451,712	56.9	2,469,472	54.2	17,759
Total liabilities	3,594,615	83.4	3,710,176	81.4	115,560
Equity:					
Common stock	163,309	3.8	187,422	4.1	24,113
Cash receipts for new stock subscriptions	1	0.0	-	-	(1)
Additional paid-in capital	187,669	4.3	211,740	4.6	24,071
Accumulated deficit	(192,271)	(4.5)	(91,744)	(2.0)	100,527
Less: Treasury stock	(193)	(0.0)	(206)	(0.0)	(12)
Total shareholders' equity	158,515	3.6	307,213	6.7	148,697
Unrealized gain on available-for-sale securities	122,619	2.8	80,914	1.8	(41,704)
Deferred loss on derivatives under hedge accounting	(26,995)	(0.6)	(11,823)	(0.3)	15,172
Foreign currency translation adjustments	28,810	0.7	7,437	0.2	(21,372)
Total valuation and translation adjustments	124,434	2.9	76,529	1.7	(47,904)
Stock acquisition rights	3,180	0.1	120	0.0	(3,060)
Minority interests	430,106	10.0	464,862	10.2	34,755
Total equity	716,237	16.6	848,725	18.6	132,487
Total liabilities and equity	¥4,310,852	100.0	¥4,558,901	100.0	¥248,048

Consolidated Statements of Income

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

	Fiscal year ended March 31, 2007		Fiscal year ended March 31, 2008		Increase (Decrease)
	Amount	%	Amount	%	Amount
Net sales	¥2,544,219	100.0	¥2,776,168	100.0	¥231,949
Cost of sales	1,409,520	55.4	1,467,363	52.9	57,843
Gross Profit	1,134,698	44.6	1,308,805	47.1	174,106
Selling, general and administrative expenses	863,633	33.9	984,517	35.4	120,884
Operating income	271,065	10.7	324,287	11.7	53,221
Interest income	3,394		3,137		(256)
Foreign exchange gain, net	-		4,981		4,981
Equity in earnings of affiliated companies	2,130		55,411		53,280
Other non-operating income	8,006		5,857		(2,148)
Non-operating income	13,531	0.5	69,387	2.5	55,856
Interest expense	79,521		114,863		35,342
Foreign exchange loss, net	834		-		(834)
Financing related expenses	28,715		-		(28,715)
Other non-operating expenses	22,101		20,197		(1,904)
Non-operating expenses	131,173	5.2	135,060	4.9	3,887
Ordinary income	153,423	6.0	258,614	9.3	105,190
Gain on sale of investment securities	83,160		6,432		(76,727)
Dilution gain from changes in equity interest	2,598		3,765		1,166
Unrealized appreciation on investments and gain on sale of investments at subsidiaries in the U.S., net	2,253		12,967		10,713
Other special income	4,641		6,619		1,978
Special income	92,653	3.6	29,785	1.1	(62,868)
Valuation loss on investment securities	5,351		21,855		16,504
Loss on disposal of fixed assets	7,695		10,438		2,743
Impairment loss	-		10,644		10,644
Loss on unused telecommunications supplies	-		12,006		12,006
Loss on redemption of bonds	10,429		30		(10,398)
Other special losses	14,028		7,534		(6,493)
Special loss	37,503	1.5	62,511	2.3	25,008
Income before income taxes and minority interests	208,573	8.2	225,887	8.1	17,313
Income taxes:					
Current	48,726	1.9	48,649	1.7	(76)
Deferred	93,676	3.7	29,533	1.1	(64,142)
Minority interests in net income	37,355	1.5	39,079	1.4	1,723
Net income	¥28,815	1.1	¥108,624	3.9	¥79,809

Consolidated Statements of Changes in Equity

Fiscal year from April 1, 2006 to March 31, 2007:

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

	Shareholders' equity						Valuation and translation adjustments				Stock acquisition rights	Minority interests	Total equity
	Common stock	Cash receipts for new stock subscriptions	Additional paid-in capital	Accumulated deficit	Treasury stock	Total	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Total			
Balance at April 1, 2006	¥162,916	¥5	¥187,303	¥(218,561)	¥(169)	¥131,494	¥129,051	¥(36,840)	¥19,062	¥111,273	¥3,150	¥101,346	¥347,263
Changes of items during the year													
Exercise of warrants	393	(5)	393	-	-	780	-	-	-	-	-	-	780
Cash receipts for new stock subscriptions	-	1	-	-	-	1	-	-	-	-	-	-	1
Cash dividends (Note)	-	-	-	(2,637)	-	(2,637)	-	-	-	-	-	-	(2,637)
Bonuses to directors (Note)	-	-	-	(90)	-	(90)	-	-	-	-	-	-	(90)
Adjustments of accumulated deficit due to change in scope of the consolidation	-	-	(26)	202	-	176	-	-	-	-	-	-	176
Net income	-	-	-	28,815	-	28,815	-	-	-	-	-	-	28,815
Purchase of treasury stock	-	-	-	-	(23)	(23)	-	-	-	-	-	-	(23)
Items other than changes in shareholders' equity, net	-	-	-	-	-	-	(6,432)	9,845	9,747	13,160	30	328,760	341,951
Total changes in the year	393	(3)	366	26,289	(23)	27,021	(6,432)	9,845	9,747	13,160	30	328,760	368,973
Balance at March 31, 2007	¥163,309	¥1	¥187,669	¥(192,271)	¥(193)	¥158,515	¥122,619	¥(26,995)	¥28,810	¥124,434	¥3,180	¥430,106	¥716,237

Note: Appropriation of retained earnings resolved at the annual shareholders' meeting held in June 2006.

Fiscal year from April 1, 2007 to March 31, 2008:

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

	Shareholders' equity						Valuation and translation adjustments				Stock acquisition rights	Minority interests	Total equity
	Common stock	Cash receipts for new stock subscriptions	Additional paid-in capital	Accumulated deficit	Treasury stock	Total	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Total			
Balance at April 1, 2007	¥163,309	¥1	¥187,669	¥(192,271)	¥(193)	¥158,515	¥122,619	¥(26,995)	¥28,810	¥124,434	¥3,180	¥430,106	¥716,237
Changes of items during the year													
Increase in accumulated deficit due to adoption of new accounting standards at a subsidiary in the U.S.	-	-	-	(5,150)	-	(5,150)	-	-	-	-	-	-	(5,150)
Exercise of warrants	24,113	(1)	24,071	-	-	48,183	-	-	-	-	-	-	48,183
Cash dividends	-	-	-	(2,639)	-	(2,639)	-	-	-	-	-	-	(2,639)
Adjustments of accumulated deficit due to change in scope of the consolidation	-	-	-	(307)	-	(307)	-	-	-	-	-	-	(307)
Net income	-	-	-	108,624	-	108,624	-	-	-	-	-	-	108,624
Purchase of treasury stock	-	-	-	-	(12)	(12)	-	-	-	-	-	-	(12)
Items other than changes in shareholders' equity, net	-	-	-	-	-	-	(41,704)	15,172	(21,372)	(47,904)	(3,060)	34,755	(16,209)
Total changes in the year	24,113	(1)	24,071	100,527	(12)	148,697	(41,704)	15,172	(21,372)	(47,904)	(3,060)	34,755	132,487
Balance at March 31, 2008	¥187,422	¥-	¥211,740	¥(91,744)	¥(206)	¥307,213	¥80,914	¥(11,823)	¥7,437	¥76,529	¥120	¥464,862	¥848,725

Consolidated Statements of Cash Flows

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

	Fiscal year ended March 31, 2007	Fiscal year ended March 31, 2008
Cash flows from operating activities:		
Income before income taxes and minority interests	¥208,573	¥225,887
Adjustments for:		
Depreciation and amortization	189,092	220,254
Amortization of goodwill	53,595	59,050
Equity in earnings of affiliated companies	(2,130)	(55,411)
Dilution gain from changes in equity interest, net	(2,484)	(1,570)
Impairment loss	-	10,644
Valuation loss on investment securities	5,351	21,855
Unrealized appreciation on investments and gain on sale of investments at subsidiaries in the U.S., net	(2,253)	(12,967)
Gain on sale of marketable and investment securities, net	(82,567)	(7,569)
Foreign exchange (gain) loss, net	1,136	(4,431)
Interest and dividend income	(3,713)	(3,754)
Interest expense	79,521	114,863
Changes in operating assets, and liabilities		
Increase in receivables – trade	(225,489)	(309,196)
Increase (decrease) in payables - trade	91,184	(7,508)
Other, net	103,913	60,917
Sub-total	413,729	311,066
Interest and dividends received	5,519	3,473
Interest paid	(62,081)	(103,467)
Income taxes paid	(45,964)	(52,815)
Net cash provided by operating activities	311,201	158,257

- Continued -

Consolidated Statements of Cash Flows (Continued)

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

	Fiscal year ended March 31, 2007	Fiscal year ended March 31, 2008
Cash flows from investing activities:		
Purchase of property and equipment, and intangibles	¥(297,764)	¥ (345,677)
Purchase of marketable and investment securities	(114,022)	(45,576)
Proceeds from sale of marketable and investment securities	168,354	44,175
Acquisition of interests in subsidiaries newly consolidated, net of cash acquired	(1,844,849)	1,207
Sale of interests in subsidiaries previously consolidated, net	(89)	(257)
Proceeds from sales of interests in consolidated subsidiaries	10	1,012
Increase in loan receivables	(16,519)	(32,613)
Collection of loan receivables	15,749	30,709
Other, net	(8,805)	24,558
Net cash used in investing activities	(2,097,937)	(322,461)
Cash flows from financing activities:		
Decrease in short-term borrowings, net	(8,848)	(69,530)
Decrease in commercial paper, net	(5,400)	(5,000)
Proceeds from long-term debt	1,586,970	280,716
Repayment of long-term debt	(98,151)	(234,874)
Proceeds from issuance of bonds	72,558	89,462
Redemption of bonds	(205,334)	(58,038)
Exercise of warrants	786	44,846
Proceeds from issuance of shares to minority shareholders	300,378	9,127
Cash dividends paid	(2,640)	(2,640)
Cash dividends paid to minority shareholders	(3,143)	(3,549)
Proceeds from sale and lease back of equipment newly acquired	65,818	297,922
Increase in cash receipts as collateral, net	50,000	-
Repayment of lease obligations	(2,595)	(49,901)
Other, net	(32,011)	(13,812)
Net cash provided by financing activities	1,718,384	284,727
Effect of exchange rate changes on cash and cash equivalents	3,073	(7,006)
Net (decrease) increase in cash and cash equivalents	(65,277)	113,516
Decrease in cash and cash equivalents due to exclusion of previously consolidated subsidiaries	(3,896)	(771)
Cash and cash equivalents, beginning of the year	446,694	377,520
Cash and cash equivalents, end of the year	¥377,520	¥490,266

Condensed Quarterly Financial Information
Condensed Statements of Income

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

	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter	Fourth quarter
	April 1, 2006 to June 30, 2006	July 1, 2006 to September 30, 2006	October 1, 2006 to December 31, 2006	January 1, 2007 to March 31, 2007	April 1, 2007 to June 30, 2007	July 1, 2007 to September 30, 2007	October 1, 2007 to December 31, 2007	January 1, 2008 to March 31, 2008
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
Net sales	¥494,231	¥625,941	¥702,195	¥721,850	¥663,084	¥701,660	¥694,020	¥717,402
Cost of sales	273,895	341,443	390,157	404,024	352,896	365,968	367,244	381,254
Gross profit	220,336	284,498	312,037	317,826	310,188	335,692	326,775	336,148
Selling, general and administrative expenses	165,978	226,303	227,304	244,045	231,442	246,691	234,333	272,049
Operating income	54,357	58,194	84,733	73,780	78,746	89,000	92,441	64,098
Non-operating income (Note)	12,096	4,540	1,829	4,259	4,531	5,654	61,231	4,129
Non-operating expenses (Note)	40,459	26,039	37,637	36,231	32,123	34,643	32,840	41,612
Ordinary income	25,994	36,696	48,924	41,808	51,154	60,010	120,833	26,615
Special income (Note)	4,672	66,795	15,788	5,617	9,514	19,312	4,525	2,289
Special loss (Note)	1,365	13,895	6,688	15,775	2,266	14,796	31,024	20,282
Income before income taxes and minority interests	29,302	89,596	58,024	31,650	58,403	64,527	94,334	8,622
Income taxes - Current	10,146	70,826	12,552	(44,798)	2,826	13,982	13,458	18,382
Income taxes - Deferred	9,224	(3,182)	27,211	60,423	20,065	19,009	24,800	(34,342)
Minority interests in net income	8,514	8,930	10,765	9,145	10,380	10,203	9,341	9,153
Net income	¥1,418	¥13,021	¥7,494	¥6,881	¥25,130	¥21,331	¥46,734	¥15,427

Note: Foreign exchange gain (loss), equity in earnings (loss) of affiliated companies, income (expenses) from investments in partnerships, and unrealized appreciation on investments and gain on sale of investments at subsidiaries in the U.S. are netted on quarterly basis for presentation purposes. Unrealized appreciation on investments and gain on sale of investments at subsidiaries in the U.S., net of prior year is reclassified retroactively.

Condensed Statements of Cash Flows

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

	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter	Fourth quarter
	April 1, 2006 to June 30, 2006	July 1, 2006 to September 30, 2006	October 1, 2006 to December 31, 2006	January 1, 2007 to March 31, 2007	April 1, 2007 to June 30, 2007	July 1, 2007 to September 30, 2007	October 1, 2007 to December 31, 2007	January 1, 2008 to March 31, 2008
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
Net cash provided by (used in) operating activities	¥64,675	¥122,464	¥71,193	¥52,868	¥(27,478)	¥27,922	¥56,812	¥101,001
Net cash provided by (used in) investing activities	(1,965,832)	8,847	(71,675)	(69,276)	(111,519)	(115,766)	(46,349)	(48,826)
Net cash provided by (used in) financing activities	1,743,429	(144,656)	124,058	(4,446)	218,480	85,045	(2,311)	(16,487)
Effect of exchange rate changes on cash and cash equivalents	134	703	(2,716)	4,951	1,495	(2,158)	(644)	(5,699)
Net increase (decrease) in cash and cash equivalents	(157,593)	(12,641)	120,859	(15,902)	80,978	(4,955)	7,506	29,987
Decrease in cash and cash equivalents due to exclusion of previously consolidated subsidiaries	(3,886)	-	(9)	-	(771)	-	-	-
Cash and cash equivalents, beginning of the period	446,694	285,214	272,572	393,423	377,520	457,727	452,771	460,278
Cash and cash equivalents, end of the period	285,214	272,572	393,423	377,520	457,727	452,771	460,278	490,266
Note: "Depreciation and amortization" and "amortization of goodwill" included in net cash provided by operating activities	¥48,989	¥62,424	¥66,271	¥65,001	¥67,960	¥69,259	¥70,319	¥71,766

Basis of Presentation of Consolidated Financial Statements

1. Changes in scope of consolidation

As of March 31, 2008, SOFTBANK CORP. (the “Company”) consolidated 109 subsidiaries (together, the “Group”). 78 subsidiaries were not consolidated as the individual and aggregate amounts were not considered material in relation to the consolidated total assets, net sales, net income and retained earnings (accumulated deficit) of the SOFTBANK Consolidated Financial Statements.

Changes in scope of consolidation were as follows:

<Increase>

4 companies

Significant changes:

Overture K.K.

Newly acquired

<Decrease>

13 companies

2. Changes in scope of equity method

As of March 31, 2008, the Company held 3 non-consolidated subsidiaries and 64 affiliates, all of which were accounted for under the equity method. 75 non-consolidated subsidiaries and 25 affiliates were not accounted for under the equity method, as the individual and aggregate amounts were not considered material in relation to the net income and retained earnings (accumulated deficit) of the SOFTBANK Consolidated Financial Statements.

Changes in application of equity method were as follows:

<Increase>

13 companies

<Decrease>

12 companies

3. Fiscal year end

Fiscal year ends of consolidated subsidiaries for both domestic and overseas entities are as follows:

<Fiscal year end>	<Domestic>	<Overseas>
March end		
(same as the consolidated balance sheet date)	49	32
June end	1	-
July end	-	2
December end	3	16
January end	1	2
February end	3	-

4. Summary of significant accounting policies

[1] Evaluation standards and methods for major assets

(1) Marketable securities and investment securities

Held-to-maturity debt securities: Stated at amortized cost

Available-for-sale securities:

With market quotations: Stated at fair value, which represents the market prices at the balance sheet date (unrealized gain/loss is included as a separate component in equity, net of tax, while cost is primarily determined using the moving-average method)

Without market quotations: Carried at cost, primarily based on the moving-average method

Certain subsidiaries of the Company in the United States of America qualify as investment companies under the provisions of “American Institute of Certified Public Accountants Audit and Accounting Guide” investment companies (the AICPA Guide) and account for the investment securities in accordance with the AICPA Guide. The investment securities are carried at fair value, and net changes in fair value are recorded in the consolidated statements of income under the application of the AICPA Guide.

- (2) Derivative instruments: Stated at fair value
- (3) Inventories: Carried at cost, primarily based on the moving-average method

[2] Depreciation and amortization

- (1) Property and equipment
 - Buildings and structures: Computed primarily using the straight-line method
 - Telecommunications equipment: Computed using the straight-line method
 - Telecommunications service lines: Computed using the straight-line method
 - Others: Computed primarily using the straight-line method
- (2) Intangible assets: Computed using the straight-line method

[3] Accounting principles for major allowances and accruals

- (1) <Allowance for doubtful accounts>
Allowance for doubtful accounts is calculated based on the aggregate amount of estimated credit losses on doubtful receivables, plus an amount for receivables other than doubtful receivables calculated using historical write-off experience ratios from certain prior periods.
- (2) <Accrued retirement benefits>
SOFTBANK MOBILE Corp., SOFTBANK TELECOM Corp., and certain other subsidiaries have defined benefit pension plans for their employees. These companies account for the obligation for retirement benefits based on the projected benefit obligations at the end of the fiscal year end.
SOFTBANK MOBILE Corp. and SOFTBANK TELECOM Corp. amended the pension plans by suspending the defined benefit pension plans at the end of March 2007 and March 2006, respectively, and implementing defined contribution pension plans. The retirement benefits existed and calculated under the benefit pension plan were fixed and will be paid at the retirement of applicable employees, and the projected benefit obligations are calculated based on these fixed retirement benefits. As a result, service cost under the defined benefit pension plans at SOFTBANK MOBILE Corp. and SOFTBANK TELECOM Corp. did not occur for the fiscal year ended March 31, 2008.
- (3) <Allowance for point mileage >
SOFTBANK MOBILE Corp. has an allowance for point mileage which is accrued based on the estimated future obligation arising from point service, based on past experience.

[4] Translation of foreign currency transactions and accounts

All assets and liabilities in foreign currencies are translated at the foreign currency exchange rates prevailing at the respective balance sheet dates. Foreign currency exchange gains or losses are charged to net income when incurred. The translation of foreign currency denominated revenues and expenses in the financial statements of foreign consolidated subsidiaries into Japanese yen is performed by using the average exchange rate for the period. Assets and liabilities are translated using the foreign currency exchange rates prevailing at the balance sheet dates, and capital stock is translated using the historical foreign currency exchange rates. Foreign currency financial statement translation differences are presented as a separate component of “Equity,” and the portion pertaining to minority shareholders, which is included in “Minority interests.”

[5] Lease

Under Japanese accounting standards for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain “as if capitalized” information is disclosed in the notes to the lessee’s financial statements.

[6] Accounting for significant hedge transactions

(1) Collar transaction

<Hedge accounting>

Unrealized gains and losses, net of tax, on a collar transaction that qualifies as an effective cash flow hedge at consolidated subsidiaries in the United States of America are reported as a separate component of “Equity” in the Company’s consolidated balance sheets. As such, unrealized gains and losses associated with the collar transaction will be recognized into earnings in the same period during which the hedged assets and liabilities are recognized in earnings.

<Derivative instruments for hedging and hedged items>

Derivative instruments for hedging: Prepaid variable share forward contract (the collar transaction)

Hedged items: Equity security

<Hedging policy>

The purpose of the collar transaction is to hedge the variability of cash flows associated with the future market price of the underlying equity security, which is used for the settlement of loans at maturity.

<Effectiveness of hedge transactions>

The effectiveness of hedge transaction is assessed by measuring high correlation between the variability of cash flows associated with the market price of hedged items and variability of cash flows of hedge instruments.

(2) Interest rate swap

<Hedge accounting>

For interest rate swaps whose amounts, index and periods are same as the conditions for hedged items, the “exceptional method” is adopted. Under this method, a certain domestic consolidated subsidiary does not account for gains and losses of those interest rate swaps on a fair value basis and recognizes swap interest on an accrual basis.

<Derivative instruments for hedging and hedged items>

Derivative instruments for hedging: Interest rate swap contracts

Hedged items: Interest expense on borrowings

<Hedging policy>

The domestic consolidated subsidiaries use derivative financial instruments to hedge the risk of exposures to fluctuations in interest rates in accordance with its internal policies, regarding the authorization and credit limit amount.

< Effectiveness of hedge transactions >

Effectiveness of the hedge transaction is omitted due to the adoption of “exceptional method.”

(3) Forward-exchange contract

<Hedge accounting>

Long-term debt denominated in foreign currencies for which foreign exchange forward contracts are used to hedge the foreign currency fluctuation are translated at the contracted rate, if the forward contracts qualify for hedge accounting.

<Derivative instruments for hedging and hedged items>

Derivative instruments for hedging: Forward-exchange contract

Hedged items: Foreign currency-denominated bond

<Hedging policy>

In accordance with the Company’s policy, the Company uses derivatives to hedge foreign exchange risk associated with certain assets and liabilities denominated in foreign currencies.

< Effectiveness of hedge transactions >

Effectiveness of the hedge transaction is omitted due to qualifying for hedge accounting.

[7] Other

(1) Accounting method for consumption taxes

Consumption taxes are accounted for using the net method of reporting.

(2) Consolidated taxation system

BB Mobile Corp., SOFTBANK MOBILE Corp., and its 5 subsidiaries, all of which are subsidiaries of the Company, are approved to adopt the consolidated taxation system by the administrator of the National Tax Agency for the fiscal year beginning from April 1, 2008. Accordingly, income taxes for the year ended March 31, 2008 are accounted for based on the adoption of the consolidated taxation system for the fiscal year beginning from April 1, 2008 in accordance with ASBJ Practical Issues Task Force No. 5 and No. 7 issued on October 9, 2002 and February 6, 2003 (Accounting for income taxes in the adoption of consolidated taxation system), respectively.

5. Accounting for business combinations

All assets and liabilities of acquired entities are revalued at the respective fair market value at the combination date.

6. Amortization of goodwill

“Goodwill” is amortized on a straight-line basis over reasonably estimated periods in which economic benefits are expected to be realized. Immaterial goodwill is expensed as incurred.

The goodwill resulted from acquisition of Vodafone K.K. (currently SOFTBANK MOBILE Corp.) is amortized over a 20-year-period.

7. Scope of cash and cash equivalents in the consolidated statements of cash flows

“Cash and cash equivalents” are comprised of cash on hand, bank deposits withdrawable on demand and highly liquid investments with initial maturities of three months or less and a low risk of fluctuation in value.

Change in accounting policies

1. Accounting for Uncertainty in Income Taxes

A subsidiary of the Company in the United States of America applied “Accounting for Uncertainty in Income Taxes” (Financial Accounting Standard Board Interpretation No. 48), effective for fiscal years beginning after December 15, 2006, from the fiscal year ended March 31, 2008.

The cumulative effect of applying the provisions of this Interpretation was recorded as an adjustment to the opening balance of accumulated deficit, and accordingly, accumulated deficit increased by ¥5,150 million for the fiscal year ended March 31, 2008.

The adjustment was not considered material to income before income taxes and minority interests of the consolidated statements of income.

2. Change in presentation related to marketable security lending transactions

Following the release of revised practical guidelines for financial instrument accounting on March 25, 2008, the Company reclassified its consolidated financial statements for the fiscal year ended March 31, 2008 as follows:

(Consolidated balance sheets)

Cash receipts as collateral of ¥130,000 million is included in “Short-term borrowings” in the consolidated balance sheets as of March 31, 2008, and cash receipt as collateral of ¥150,000 million was separately presented in the consolidated balance sheets as of March 31, 2007.

(Consolidated statements of income)

Fixed rate amount of stock bailment fees of ¥3,576 million is included in “Interest expenses” in the consolidated statements of income for the fiscal year ended March 31, 2008, and fixed rate amount of stock bailment fees of ¥3,239 million was included in “Other non-operating expenses” in the consolidated statements of income for the fiscal year ended March 31, 2007.

(Consolidated statements of cash flows)

Fixed rate amount of stock bailment fees of ¥3,397 million is included in “Interest paid” in the consolidated statements of cash flows for the fiscal year ended March 31, 2008, and fixed rate amount of stock bailment fees of ¥3,317 million was included in “Other, net” in the consolidated statements of cash flows for the fiscal year ended March 31, 2007.

Decrease in cash receipts as collateral, net of ¥20,000 million is included in “Increase (decrease) in short-term borrowings, net” in the consolidated statements of cash flows for the fiscal year ended March 31, 2008, and increased in cash receipts as collateral, net of ¥50,000 million was separately presented in the consolidated statements of cash flows for the fiscal year ended March 31, 2007.

Notes

(Consolidated Balance Sheets)

1. Accumulated depreciation of property and equipment

	As of March 31, 2007	As of March 31, 2008
	719,297 million yen	837,286 million yen

2. Investments in non-consolidated subsidiaries and affiliates

	As of March 31, 2007	As of March 31, 2008
Investment securities and investments in partnerships	105,536 million yen	167,111 million yen

3. Contingent liability

Based on debt assumption agreements with financial institutions, SOFTBANK MOBILE Corp. has transferred its debt repayment obligation for straight bonds previously issued to financial institutions. The bonds and payments to financial institutions incurred from transferring its debt repayment obligation for the bonds are eliminated in the Company's consolidated balance sheets.

However, under the terms of the indenture, SOFTBANK MOBILE Corp. will continue to be responsible for payments on the bonds until maturity or redemption of the bonds.

Subject Bonds	As of March 31, 2007	As of March 31, 2008
First Series Unsecured Bond	25,000 million yen	25,000 million yen
Third Series Unsecured Bond	25,000 million yen	25,000 million yen
Fifth Series Unsecured Bond	25,000 million yen	25,000 million yen
Seventh Series Unsecured Bond	25,000 million yen	25,000 million yen
Total	100,000 million yen	100,000 million yen

Note: First Series Unsecured Bond was redeemed on April 28, 2008.

4. Assets pledged as collateral

(1) For future lease liabilities

	As of March 31, 2007	As of March 31, 2008
<u>Assets pledged as collateral:</u>		
Notes and accounts receivable – trade	10,877 million yen	10,181 million yen

In addition to above, amounts eliminated in the consolidated balance sheets as an intercompany balance:

Notes and accounts receivable – trade	14,029 million yen	13,787 million yen
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Note: The collateral for the future lease liabilities (finance lease accounted for as operating lease transactions) was provided by mortgaging against the aggregate of the current and future receivables due from customers of certain consolidated subsidiaries. The future lease liabilities at the end of year are as follows:

	As of March 31, 2007	As of March 31, 2008
Future lease liabilities		
(finance lease accounted for as operating lease transactions)	13,026 million yen	8,121 million yen

(2) For short-term borrowings and long-term debt

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

	As of March 31, 2007		As of March 31, 2008	
<u>Assets pledged as collateral:</u>				
Cash and deposits	70,897		220,801	
Notes and accounts receivable – trade	303,486		330,157	
Other current assets	-		10	
Buildings and structures	13,986		13,872	
Telecommunications equipment	362,644		268,494	
Telecommunications service lines	226		170	
Land	15,566		15,576	
Property and equipment, net -other	0		-	
Investment securities and investments in unconsolidated subsidiaries and affiliated companies	196,552		152,638	
Investments and other assets – other assets	115		240	
Total	963,475	million yen	1,001,961	million yen

	As of March 31, 2007		As of March 31, 2008	
<u>Secured liabilities:</u>				
Accounts payable - trade	1,246		1,447	
Short-term borrowings	5,373		4,724	
Accounts payable – other and accrued expenses	123		-	
Long-term debt	1,474,523		1,378,900	
Total	1,481,267	million yen	1,385,072	million yen

SOFTBANK MOBILE Corp. shares owned by BB Mobile Corp. and BB Mobile Corp. shares owned by Mobiletech Corporation are pledged as collateral for long-term debt (totalled to ¥1,276,488 million) resulted from the refinancing the loan accompanying the acquisition of SOFTBANK MOBILE Corp., in addition to the assets pledged as collateral above.

The funds procured through the securitization of installment sales receivables of SOFTBANK Mobile Corp., in the amount of ¥165,872 million and ¥53,146 million, were recorded as “Short-term borrowings” and “Long-term debt,” respectively, as of March 31, 2008. The installment sales receivables, equivalent to ¥219,018 million which is the amount of senior trust certificate of the securitized installment sales receivables for this procurement, was included in “Notes and account receivable-trade,” along with the amount of trust beneficial certificate held by the SOFTBANK MOBILE Corp. Trustee procured the funds through asset backed loans which were backed by these installment sales receivables.

5. Securities loaned

A portion of investment securities was lent to financial institutions according to stock lending agreements, and the amounts of applicable investment securities recorded in the Company’s consolidated balance sheets are as follows:

	As of March 31, 2007		As of March 31, 2008	
Investment securities	193	million yen	85	million yen

6. Cash receipts as collateral

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

	As of March 31, 2007	As of March 31, 2008
Cash receipts as collateral	150,000 million yen	- million yen
Short-term borrowings	- million yen	130,000 million yen

Cash receipts as collateral, which was separately presented in the consolidated balance sheets as of March 31, 2007, is included in "Short-term borrowings" in the consolidated balance sheets as of March 31, 2008.

In accordance with the security deposit agreements, the Company paid fixed rate amounts of stock bailment fees as follows:

	As of March 31, 2007	As of March 31, 2008
Other non-operating expenses	3,239 million yen	- million yen
Interest expense	- million yen	3,576 million yen

Fixed rate amount of stock bailment fees, which was included in "Other non-operating expenses in the consolidated statements of income for the fiscal year ended March 31, 2007, is included in "Interest expenses" in the consolidated statements of income for the fiscal year ended March 31, 2008.

7. Deferred revenue

SOFTBANK BB Corp. sold its ADSL modem rental business for the fiscal year ended March 31, 2006 and March 31, 2008. The gain on sale of the business was deferred and is being amortized over five years, which is the estimated economic useful life of modem equipment as a revenue source of the modem rental operations. For the fiscal year ended March 31, 2007, and March 31, 2008 the Company recorded operating income of ¥4,311 million, and ¥4,648 million, respectively, as a result of amortization.

Based on the service agreement with BB Modem Rental Yugen Kaisha, SOFTBANK BB Corp. received royalties relating to future revenue from the modem rental business and recorded as deferred revenue. The deferred revenue will be reversed in conjunction with the recognition of revenue in proportion to the actual business performance of the ADSL business, such as the number of paying customers. Royalty fees totaling ¥9,721 million, and ¥9,497 million for the fiscal year ended March 31, 2007, and March 31, 2008 respectively were recorded as revenue. Ending balances of deferred revenue as of March 31, 2007 and March 31, 2008 were as follows:

	As of March 31, 2007	As of March 31, 2008
Other current liabilities (deferred revenue)	15,025 million yen	14,804 million yen
Deferred revenue	26,392 million yen	15,922 million yen

In accordance with the service agreement, SOFTBANK BB Corp. must refund a part of the above deferred revenue, which is attributable to the service agreement, if its certain financial performance targets are not met.

8. Line of credit as a creditor (not used)

	As of March 31, 2007	As of March 31, 2008
	7,708 million yen	14,676 million yen

9. Financial covenants

The Group's interest-bearing debt includes financial covenants, with which the Group is in compliance. The major financial covenants are as follows. If the Group conflicts with the following covenants, creditors may require repayment of all debt. In the events where the covenants set several conditions, the strictest condition is presented below.

The amount of the Company's net assets at the end of each quarter must not fall below the larger of [1] or [2] below.

[1] 75% of the amount of the Company's net assets at the end of the most recent year.

[2] 60% of the amount of the Company's net assets at March 31, 2005.

At the end of the year and the first half of the year, balance sheets of SOFTBANK BB Corp. and SOFTBANK TELECOM Corp. must not show excessive debt. The consolidated balance sheets of BB Mobile Corp. at the end of the year and the first half of the year must not show excessive debt.

Other than the exceptions listed below, as a general rule, members of the following restricted group of companies (the "restricted group"), will not take on debt obligations* from any company not included in the restricted group or issue any preferred stock after October 12, 2006, the issuance date of these Euro-denominated Senior Notes due 2013.

(Restricted group)

- (a) SOFTBANK CORP.
- (b) SOFTBANK BB Corp.
- (c) SOFTBANK TELECOM Corp.
- (d) SOFTBANK MOBILE Corp.
- (e) Mobiletech Corporation
- (f) BB Mobile Corp.
- (g) TELECOM EXPRESS Co., Ltd.
- (h) Japan System Solution Co., Ltd.
- (i) SBBM Corporation

(Exceptions)

The major exceptions are as follows:

- . SOFTBANK CORP. is permitted to borrow up to ¥200 billion through its commitment line, etc.
- . Borrowing related to the acquisition of Vodafone K.K. (currently SOFTBANK MOBILE Corp.) (including refinancing) is permitted up to a principal amount of ¥1,450 billion.
- . Among the restricted group, those involved in the Mobile Communications business segment (d, f, g, h) are permitted to incur capital expenditure related debt incurring activities* up to a principal amount of ¥400 billion.
- . SOFTBANK TELECOM Corp. is permitted to borrow up to a principal amount of ¥175 billion.
- . The refinancing of the outstanding debt of the restricted group as of October 12, 2006, the issuance date of those notes, is permitted up to the same level of principal amount.
- . In the event that [1] a company in the restricted group incurs lease obligations or [2] a subsidiary of SOFTBANK CORP. other than the members of the restricted group incur lease obligations, SOFTBANK CORP. is permitted to provide guarantees to leasing companies up to a principal amount of ¥400 billion for the total of [1] and [2].
- . SOFTBANK CORP. is permitted to make security lending transactions using the stock of Yahoo Japan Corporation up to, as a general rule, ¥200 billion.
- . Other than () to () above, debt-incurring activities* which are pari passu with those notes are permitted up to ¥150 billion.

*(Note) Debt-incurring activities include new borrowings, leasing, etc.

SOFTBANK MOBILE Corp. received a loan (the “SBM loan”) from Mizuho Trust & Banking Co., Ltd. (the “lender”), which, as the Tokutei Kingai Trust Trustee, was entrusted with the proceeds by WBS Funding*1. Under the terms of the SBM loan agreement, SOFTBANK MOBILE Corp. is allowed a certain degree of flexibility in its business operations, as a general rule. However, in the event that the loan agreement's financial performance targets (reduction in cumulative debt, adjusted EBITDA*2, leverage ratio*3) or operational performance targets (number of subscribers) are not met, depending on the importance and the timing of issue, the influence of the lender on the operations of SOFTBANK MOBILE Corp. might be increased. It is possible that limits will be placed on capital investment, that prior approval will be required for development of new services, that a majority of the board directors will be appointed, and that rights to assets pledged as collateral, including shares of SOFTBANK MOBILE Corp., will be exercised. As of March 31, 2008, there is no infringement of the debt covenants.

Note: *1. WBS Funding (Whole Business Securitization Funding)

A special purpose company for the purpose of allocating the total amount raised from domestic and foreign financial institutions--¥1,441.9 billion--under the WBS scheme through the Tokutei Kingai Trust Trustee for the SBM loan to SOFTBANK MOBILE Corp. SOFTBANK MOBILE Corp. borrowed from Tokutei Kingai Trust Trustee an amount of ¥1,366 billion, representing the total amount of ¥1,441.9 billion raised by WBS Funding less such items as interest hedge costs and interest reserve.

*2. Adjusted EBITDA (Adjusted Earning Before Interests, Taxes, Depreciation, and Amortization)

Lease payments which are included in operating expenses are added back to EBITDA.

*3. Leverage ratio

Leverage ratio = Debt / Adjusted EBITDA. The balance of debt does not include capital financing, subordinated loans from the SOFTBANK Group or Vodafone Oversea Financial Limited or existing bonds.

The amount of net assets shown in SOFTBANK TELECOM Corp.'s balance sheets for the end of each interim period and the end of each year must not fall below the larger of [1] or [2] below.

[1] 75% of the net assets shown in the consolidated balance sheets of SOFTBANK TELECOM Corp. at the end of the most recent year.

[2] 60% of the amount of net assets shown in the consolidated balance sheets of SOFTBANK TELECOM Corp. as of March 31, 2005.

(Consolidated Statements of Income)

1. Selling, general and administrative expenses

	Fiscal year ended March 31, 2007		Fiscal year ended March 31, 2008	
Sales commission	260,478	million yen	290,289	million yen
Sales promotion expense	145,382		160,369	
Payroll and bonuses	94,723		106,560	
Allowance for doubtful accounts	16,614		46,109	

2. Unrealized appreciation on investments and gain on sale of investments at subsidiaries in the United States of America, net

Certain subsidiaries of the Company in the United States of America qualify as investment companies under the provisions of "American Institute of Certified Public Accountants Audit and Accounting Guide" investment companies (the AICPA Guide) and account for the investment securities in accordance with the AICPA Guide.

The net changes in the fair value of the investments are recorded as "Unrealized appreciation on investments and gain on sale of investments at subsidiaries in the U.S., net" and gain or loss on sale of investments, computed based on the acquisition cost, is also included in such account. The unrealized appreciation on investments and gain or loss on sale of investments included in "Unrealized appreciation on investments and gain on sale of investments at subsidiaries in the U.S., net" are as follows:

	Fiscal year ended March 31, 2007		Fiscal year ended March 31, 2008	
Unrealized appreciation on investment at subsidiaries in the U.S.,net	4,935	million yen	171	million yen
Gain or loss on sale of investments at subsidiaries in the U.S.,net	(2,682)		12,795	
Total	2,253		12,967	

3. Impairment loss

Segment	Fixed-line Telecommunications	Internet Culture
Use	Access gateway switch (AGW)	Other
Type of Assets	Finance lease assets	Goodwill
Impairment loss	¥8,818 million	¥1,826 million

(1) Method used to determine assets grouping

When reviewing for impairment, assets are grouped based on the business unit conducted by the Group. Moreover, assets related to disposition or restructuring of business, idled assets, and assets leased to others are grouped individually.

(2) Details of Impairment loss

[1] Impairment loss of leased access gateway switch (AGW)

Impairment loss is recorded for certain unused access gateway switch (AGW) which were reserved for the analog lines customers of otoku line direct connection fixed-line voice service. The present values of future lease payment, which are considered as the carrying value of lease assets, are recorded in the consolidated statement of income.

[2] The goodwill related to the subsidiaries of the internet culture segment is recorded as impairment loss in the consolidated statement of income.

4. Loss on unused telecommunications supplies and loss on disposal of fixed assets

In addition to the above impairment loss, loss on unused telecommunications supplies of ¥12,006 million and loss on disposal of fixed assets of ¥5,425 million are recorded for the unused analog lines assets which are reserved for the analog line customers of the direct connection fixed-line voice service.

(Consolidated Statements of Changes in Equity)
Fiscal year from April 1, 2006 to March 31, 2007:
1. Class and number of outstanding shares: (shares in thousands)

	March 31, 2006	Increase	Decrease	March 31, 2007
Number of common stocks	1,055,231	631	-	1,055,862

Note: Increase resulted from the exercise of stock acquisition rights.

2. Class and number of treasury stocks: (shares in thousands)

	March 31, 2006	Increase	Decrease	March 31, 2007
Number of common stocks	149	9	-	158

Note: Increase resulted from the acquisition of the fractional shares.

3. Stock acquisition rights:

Type	Detail of stock acquisition rights	Class of shares	Number of shares for stock acquisition rights (in thousands)				Millions of yen
			March 31, 2006	Increase	Decrease	March 31, 2007	March 31, 2007
SOFTBANK, Corp.	Stock acquisition rights issued in 2004	Common stocks	24,000	-	-	24,000	3,150
Consolidated Subsidiaries	-		-				30
Total			-				3,180

4. Dividends:
(1) Dividend paid

Resolution	Class of shares	Amount of dividend (Millions of yen)	Dividend per share	Record date	Effective date
Ordinary general meeting of shareholders, June 23, 2006	Common stocks	2,637	¥2.50	March 31, 2006	June 23, 2006

(2) Dividends which recorded date is in the fiscal year 2007 and effective date for payment is in the fiscal year 2008.

Resolution	Class of shares	Amount of dividend (Millions of yen)	Source of dividend	Dividend per share	Record date	Effective date
Ordinary general meeting of shareholders, June 22, 2007	Common stocks	2,639	Retained earnings	¥2.50	March 31, 2007	June 25, 2007

Fiscal year from April 1, 2007 to March 31, 2008:
1. Class and number of outstanding shares: (shares in thousands)

	March 31, 2007	Increase	Decrease	March 31, 2008
Number of common stocks	1,055,862	24,801	-	1,080,664

Note: Increase resulted from the exercise of stock acquisition rights.

2. Class and number of treasury stocks: (shares in thousands)

	March 31, 2007	Increase	Decrease	March 31, 2008
Number of common stocks	158	5	-	163

Note: Increase resulted from the acquisition of the fractional shares.

3. Stock acquisition rights:

Type	Detail of stock acquisition rights	Class of shares	Number of shares for stock acquisition rights (in thousands)				Millions of yen
			March 31, 2007	Increase	Decrease	March 31, 2008	March 31, 2008
SOFTBANK, Corp.	Stock acquisition rights issued in 2004	Common stocks	24,000	-	24,000	-	-
Consolidated Subsidiaries	-		-				120
Total			-				120

Note: Decrease resulted from the exercise of warrants.

4. Dividends:

(1) Dividend paid

Resolution	Class of shares	Amount of dividend (Millions of yen)	Dividend per share	Record date	Effective date
Ordinary general meeting of shareholders, June 22, 2007	Common stocks	2,639	¥2.50	March 31, 2007	June 25, 2007

(2) Dividends which recorded date is in the fiscal year 2008 and effective date for payment is in the fiscal year 2009.

Resolution	Class of shares	Amount of dividend (Millions of yen)	Source of dividend	Dividend per share	Record date	Effective date
Ordinary general meeting of shareholders, June 25, 2008	Common stocks	2,701	Retained earnings	¥2.50	March 31, 2008	June 26, 2008

5. Adoption of new accounting standards at a subsidiary in the United States of America

Please see "Accounting for Uncertainty in Income Taxes, Change in accounting policies" in details on page 41.

(Consolidated Statements of Cash Flows)

1. Reconciliation of cash and cash equivalents to the amounts presented in the accompanying consolidated balance sheets

	As of March 31, 2007	As of March 31, 2008
Cash and deposits	377,666 million yen	491,161 million yen
Marketable securities	8,588	4,928
Time deposits with original maturity over three months	(1,989)	(2,145)
Stocks and bonds with original maturity over three months	(6,744)	(3,678)
Cash and cash equivalents	377,520 million yen	490,266 million yen

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

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

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

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

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

(Segment Information)
1. Business segment information

(1) For the fiscal year ended March 31, 2007

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

	Mobile Communications	Broadband Infrastructure	Fixed-line Telecommunications	Internet Culture	e-Commerce	Others	Total	Elimination or Corporate	Consolidated
Net sales									
(1) Customers	¥1,430,821	¥258,824	¥332,136	¥191,509	¥256,923	¥74,003	¥2,544,219	¥-	¥2,544,219
(2) Inter-segment	11,218	5,402	41,993	2,702	14,647	16,781	92,746	(92,746)	-
Total	1,442,040	264,227	374,129	194,212	271,570	90,785	2,636,966	(92,746)	2,544,219
Operating expenses	1,286,296	237,418	377,095	97,667	264,889	95,515	2,358,883	(85,729)	2,273,153
Operating income (loss)	155,743	26,809	(2,965)	96,544	6,680	(4,730)	278,082	(7,017)	271,065
Identifiable assets	2,691,192	200,288	522,256	442,219	79,514	290,811	4,226,283	84,569	4,310,852
Depreciation and amortization	156,166	27,311	44,933	9,662	1,083	3,083	242,241	446	242,687
Capital expenditures	¥2,000,212	¥20,050	¥42,524	¥16,370	¥2,857	¥3,288	¥2,085,306	¥581	¥2,085,887

(2) For the fiscal year ended March 31, 2008

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

	Mobile Communications	Broadband Infrastructure	Fixed-line Telecommunications	Internet Culture	e-Commerce	Others	Total	Elimination or Corporate	Consolidated
Net sales									
(1) Customers	¥1,618,935	¥251,309	¥324,722	¥243,849	¥255,690	¥81,660	¥2,776,168	¥-	¥2,776,168
(2) Inter-segment	11,916	6,759	46,017	3,792	15,033	18,212	101,733	(101,733)	-
Total	1,630,851	258,069	370,740	247,642	270,723	99,873	2,877,902	(101,733)	2,776,168
Operating expenses	1,456,281	218,369	367,400	132,405	267,567	104,994	2,547,018	(95,137)	2,451,881
Operating income (loss)	174,570	39,700	3,340	115,237	3,156	(5,121)	330,883	(6,595)	324,287
Identifiable assets	3,041,749	165,971	440,414	506,430	88,047	259,101	4,501,713	57,188	4,558,901
Depreciation and amortization	193,196	26,550	43,351	11,221	1,117	3,398	278,835	469	279,304
Impairment loss	-	-	8,818	1,826	-	-	10,644	-	10,644
Capital expenditures	¥235,547	¥21,543	¥13,853	¥12,975	¥2,436	¥2,677	¥289,033	¥586	¥289,619

Notes:

- Business segments are categorized primarily based on the nature of business operations, type of services, and similarity of sales channels, etc. which the SOFTBANK Group uses for its internal management purpose.
- Please refer to the chart of "The SOFTBANK Group" for the main businesses segments on the page 25.
- In the Mobile Communications segment, which was established for the fiscal year ended March 31, 2007, net sales and operating expenses of SOFTBANK MOBILE Corp. and its consolidated subsidiaries were consolidated from May 2006.
- Unallocated operating expenses for the fiscal year ended March 31, 2007 and March 31, 2008 in the column "Elimination or Corporate," mainly represent expenses of the corporate division of the Company, which totaled ¥8,481 million and ¥7,959 million, respectively.
- Corporate assets at March 31, 2007 and 2008 in the column "Elimination or corporate" were ¥120,675 million and ¥87,251 million, respectively. Corporate assets represent mainly surplus operating funds (cash and marketable securities), long-term investment securities of the Company and assets held by the corporate division of the Company.
- "Depreciation and amortization" includes depreciated amount of long-term prepaid expenses
- "Capital expenditures" include increase in "Property and equipment, net," "Intangible assets, net," and long-term prepaid expense on the consolidated balance sheet, and increase in "goodwill" and each asset in the acquisition of newly consolidated subsidiary.

2. Geographic segment information

(1) For the fiscal year ended March 31, 2007

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

	Japan	North America	Others	Total	Elimination or corporate	Consolidated
Net sales						
(1)Customers	¥2,532,359	¥1,861	¥9,997	¥2,544,219	¥-	¥2,544,219
(2)Inter-segment	2,979	-	266	3,245	(3,245)	-
Total	2,535,339	1,861	10,264	2,547,465	(3,245)	2,544,219
Operating expenses	2,254,378	2,793	11,065	2,268,236	4,916	2,273,153
Operating income (loss)	280,960	(931)	(801)	279,228	(8,162)	271,065
Identifiable assets	¥3,757,765	¥282,558	¥153,692	¥4,194,016	¥116,836	¥4,310,852

(2) For the fiscal year ended March 31, 2008

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

	Japan	North America	Others	Total	Elimination or corporate	Consolidated
Net sales						
(1)Customers	¥2,760,397	¥1,342	¥14,428	¥2,776,168	¥-	¥2,776,168
(2)Inter-segment	2,739	-	221	2,961	(2,961)	-
Total	2,763,136	1,342	14,650	2,779,129	(2,961)	2,776,168
Operating expenses	2,429,573	3,022	15,463	2,448,059	3,821	2,451,881
Operating income (loss)	333,562	(1,679)	(813)	331,070	(6,782)	324,287
Identifiable assets	¥4,057,935	¥219,004	¥194,711	¥4,471,651	¥87,250	¥4,558,901

Notes:

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

Significant countries in each region are shown below:

North America : United States of America and Canada

Others : Europe, Korea, China, and Singapore

2. Unallocated operating expenses for the fiscal years ended March 31, 2007 and 2008 in the column "Elimination or corporate," which mainly represent expenses of the corporate division of the Company, were ¥8,481 million and ¥7,959 million, respectively.

3. Corporate assets at March 31, 2007 and 2008 in the column "Elimination or corporate" were ¥120,675 million and ¥87,251 million, respectively. Corporate assets represent mainly surplus operating funds (cash and marketable securities), long-term investment securities of the Company and assets held by the corporate division of the Company.

3. Overseas sales

Disclosure of overseas sales was omitted because the total overseas sales were less than 10% of total consolidated sales.

(Leases)
**1. Finance leases in which the ownership of leased assets is not transferred to lessees at the end of lease periods
(as a lessee)**

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

	As of March 31, 2007		As of March 31, 2008	
Telecommunications equipment and telecommunications service lines				
Acquisition cost	185,251		179,479	
Accumulated depreciation	(60,294)		(66,202)	
Accumulated impairment loss	(21,703)		(30,521)	
Net leased property	103,252	million yen	82,755	million yen
Buildings and structures				
Acquisition cost	48,237		47,005	
Accumulated depreciation	(6,127)		(7,429)	
Accumulated impairment loss	-		-	
Net leased property	42,109	million yen	39,575	million yen
Property and equipment - others				
Acquisition cost	20,187		17,979	
Accumulated depreciation	(6,168)		(6,302)	
Accumulated impairment loss	(1,388)		(1,253)	
Net leased property	12,630	million yen	10,423	million yen
Intangible assets				
Acquisition cost	10,124		9,373	
Accumulated depreciation	(2,254)		(3,353)	
Accumulated impairment loss	(234)		(169)	
Net leased property	7,635	million yen	5,851	million yen
Total				
Acquisition cost	263,800		253,838	
Accumulated depreciation	(74,846)		(83,288)	
Accumulated impairment loss	(23,326)		(31,943)	
Net leased property	165,628	million yen	138,606	million yen

Long-term prepaid expenses relating to a lease contract, in which the contract term and payment term are different, for the fiscal year ended March 31, 2007 and March 31, 2008 were ¥7,848 million and ¥15,053 million, respectively and are included in "Other assets" of investments and other assets in the consolidated balance sheets.

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

	As of March 31, 2007		As of March 31, 2008	
Due within one year	33,088		32,482	
Due after one year	165,966		141,179	
Total	199,055	million yen	173,662	million yen
Balance of allowance for impairment loss on leased property	18,170	million yen	21,601	million yen

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

	Fiscal year ended March 31, 2007	Fiscal year ended March 31, 2008
Lease payments	52,875 million yen	44,329 million yen
Reversal of allowance for impairment loss on leased property	5,256	5,387
Depreciation expense	41,529	30,917
Interest expense	14,086	12,788
Impairment loss	-	8,818

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

The amount equivalent to depreciation is computed using the straight-line method over the period of the finance leases, assuming no residual value except in cases where the residual value is guaranteed in the lease contract.

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

(as a lessor)

- (1) Acquisition cost and accumulated depreciation at the end of each year:

	As of March 31, 2007	As of March 31, 2008
Property and equipment - others		
Acquisition cost	-	-
Accumulated depreciation	-	-
Net leased property	- million yen	- million yen

- (2) The future lease receivables under finance lease at the end of each year:

	As of March 31, 2007	As of March 31, 2008
Due within one year	-	-
Due after one year	-	-
Total	- million yen	- million yen

- (3) Lease income, depreciation and amount equivalent to interest income under finance lease for each year:

	Fiscal year ended March 31, 2007	Fiscal year ended March 31, 2008
Lease income	29 million yen	- million yen
Depreciation expense	29	-
Interest income	0	-

- (4) Calculation method of amount equivalent to interest income

The amount equivalent to interest income is calculated by subtracting acquisition costs from total lease income and estimated residual value and allocated over the lease periods based on the interest method.

2. Non-cancelable operating lease transactions
(as a lessee)

The future lease payments under non-cancelable operating leases at the end of each year:

	As of March 31, 2007	As of March 31, 2008
Due within one year	9,898	2,959
Due after one year	4,386	13,126
Total	14,284 million yen	16,086 million yen

(as a lessor)

The future lease receivables under non-cancelable operating leases at the end of each year:

	As of March 31, 2007	As of March 31, 2008
Due within one year	1,258	1,371
Due after one year	1,700	1,996
Total	2,958 million yen	3,367 million yen

(Related Party Transactions with the Company)
1. Parent Company and Major Corporate Shareholders

N/A

2. Directors and Major Individual Shareholders

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

Category	Name	Address	Amount of capital	Nature of business or occupation	Proportionate interest	Relationship		Nature of transaction	Amount of transaction	Account	Balance at March 31, 2008
						Concurrent directors	Business relationship				
Director and shareholder	Masayoshi Son	-	-	Son Assets Management, LLC President	29%	-	-	Cash paid on behalf of Son Assets Management, LLC	209	Other current asset	25
								Facility use fee	64		
								Deposits received	27	Other liabilities	169

Note: Consumption taxes are included in the amount of the year end balance, but not in the amount of the transaction.

The terms of transactions and the policies

“Facility use fee” and “Deposits received” are determined based on the percentage of facility used as with the case of affiliates.

3. Subsidiaries

N/A

4. Affiliates

N/A

(Tax Effect Accounting)

For the fiscal year ended March 31, 2007	For the fiscal year ended March 31, 2008
1. Significant components of deferred tax assets and liabilities	1. Significant components of deferred tax assets and liabilities
(Million yen)	(Million yen)
Deferred tax assets	Deferred tax assets
Loss carryforwards	Loss carryforwards
Revaluation of acquired consolidated subsidiary at the respective fair market value	Revaluation of acquired consolidated subsidiary at the respective fair market value
Depreciation / Amortization	Depreciation / Amortization
Investment securities	Investment securities
Allowances for doubtful accounts	Allowances for doubtful accounts
Deferred revenue	Deferred revenue
Allowances for point mileage	Allowances for point mileage
Deferred losses on hedges	Deferred losses on hedges
Others	Others
Gross deferred tax assets	Gross deferred tax assets
Less: valuation allowance	Less: valuation allowance
Total deferred tax assets	Total deferred tax assets
Deferred tax liabilities	Deferred tax liabilities
Unrealized gains on other securities	Unrealized gains on other securities
Others	Others
Total deferred tax liabilities	Total deferred tax liabilities
Net deferred tax assets	Net deferred tax assets
2. Reconciliation between the statutory income tax rate and effective income tax rate:	2. Reconciliation between the statutory income tax rate and effective income tax rate:
Statutory tax rate	Statutory tax rate
(Reconciliation)	(Reconciliation)
Consolidation adjustments resulting from gain on sale of investments in affiliates under equity method	Change in valuation allowance due to adoption of consolidated taxation system in subsidiaries
Amortization of goodwill	Other changes in valuation allowance
Consolidation adjustments resulting from gain and loss on sale of investments in consolidated subsidiaries	Amortization of goodwill
Tax rate differential	Equity in earnings of affiliated companies
Change in valuation allowance	Others
Others	
Income tax rate per statements of income	Income tax rate per statements of income

(Investment in Debt and Equity Securities)

As of March 31, 2007

1. Marketable and investment securities at fair value

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

	As of March 31, 2007		
	Investment Cost	Carrying Amount	Differences
Carrying Amount > Investment Cost			
(1)Equity securities	¥39,163	¥230,903	¥191,740
(2)Others	1,100	1,100	0
Sub-total	40,263	232,003	191,740
Carrying Amount < Investment Cost			
Equity securities	905	886	(18)
Sub-total	905	886	(18)
Total	¥41,168	¥232,890	¥191,721

2. Marketable and investment securities sold during the fiscal year ended March 31, 2007

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

	Sales Price	Gain on sales	Loss on sales
(1)Equity securities	¥10,812	¥7,704	¥3,943
(2)Debt securities	22	4	-
(3)Others	7,111	155	311
Total	¥17,946	¥7,865	¥4,254

3. Carrying amounts of the unlisted investment securities

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

	Carrying Amounts
(1)Held-to-maturity debt securities	
Unlisted debt securities	¥170
(2)Available-for-sale and other securities	
Unlisted equity securities, excluding over-the-counter stocks	141,790
Money Management Fund	6,053
Investments in limited partnerships	5,802
Preferred fund certificate	2,000
Designated Money Trust	1,000
Mid-term government bond funds	171
Unlisted foreign debt securities	148
Others	446
Total	¥157,583

4. The redemption schedule for “held-to-maturity debt securities” and “available-for-sale and other securities” with maturity date subsequent to the consolidated balance sheet date

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

	April 1, 2007 to March 31, 2008	April 1, 2008 to March 31, 2012	April 1, 2012 to March 31, 2017	April 1, 2017 and thereafter
Debt securities				
Corporate bonds	248	70	-	-
Total	248	70	-	-

As of March 31, 2008
1. Marketable and investment securities at fair value

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

	As of March 31, 2008		
	Investment Cost	Carrying Amount	Differences
Carrying Amount > Investment Cost			
(1)Equity securities	¥17,893	¥162,793	¥144,900
(2)Others	1,101	1,108	6
Sub-total	18,995	163,901	144,906
Carrying Amount < Investment Cost			
(1)Equity securities	11,325	8,882	(2,443)
(2)Corporate bonds	218	210	(8)
Sub-total	11,544	9,093	(2,451)
Total	¥30,540	¥172,994	¥142,454

2. Marketable and investment securities sold during the fiscal year ended March 31, 2008

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

	Sales Price	Gain on sales	Loss on sales
(1)Equity securities	¥18,832	¥6,304	¥133
(2)Debt securities	177	13	-
(3)Others	9,864	292	2
Total	¥28,874	¥6,611	¥136

3. Carrying amounts of the unlisted investment securities

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

	Carrying Amounts
(1)Held-to-maturity debt securities	
Unlisted foreign debt securities	¥700
Unlisted debt securities	368
(2)Available-for-sale and other securities	
Unlisted equity securities, excluding over-the-counter stocks	91,446
Investments in limited partnerships	6,725
Money Management Fund	2,519
Unlisted foreign debt securities	958
Others	1,058
Total	¥103,777

4. The redemption schedule for “held-to-maturity debt securities” and “available-for-sale and other securities” with maturity date subsequent to the consolidated balance sheet date

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

	April 1, 2008 to March 31, 2009	April 1, 2009 to March 31, 2013	April 1, 2013 to March 31, 2018	April 1, 2018 and thereafter
Held to maturity-debt securities				
Corporate bonds	70	300	600	-
Local bonds	100	-	-	-
Sub-total	170	300	600	-
Other debt securities				
Corporate bonds	124	958	-	-
Sub-total	124	958	-	-
Total	294	1,258	600	-

5. Investment securities evaluated at fair value under the provisions of “American Institute of Certified Public Accountants Audit and Accounting Guide” Investment Companies

Certain subsidiaries of the Company in the United States of America qualify as investment companies under the provisions of “American Institute of Certified Public Accountants Audit and Accounting Guide” investment companies (the AICPA Guide) and account for the investment securities in accordance with the AICPA Guide.

Proceeds from sales and the carrying amounts of the investment securities at fair value recorded in the consolidated balance sheets at March 31, 2008 are as follows:

As of March 31, 2008

Proceeds from sales:	15,000 million yen
Carrying amounts of investment securities at fair value recorded in consolidated balance sheets:	26,042 million yen

Regarding net changes in fair value of the investment securities and gain on sale of the investment securities, please see “Notes Consolidated Statements of Income 2. Unrealized appreciation on investments and gain on sale of investments at subsidiaries in the United States of America, net” in details on page 47.

These investment securities were included in equity securities in “2. Marketable and investment securities sold during the fiscal year ended March 31, 2007” and “3. Carrying amounts of the unlisted investments securities, (2) Available-for-sale securities” for the fiscal year ended March 31, 2007. Due to the materiality of the amount and for the purpose of clearly disclosing the investment securities evaluated at fair value, these investments are separately disclosed as “5. Investment securities evaluated at fair value under the provisions of AICPA Audit and Accounting Guide on Investment Companies.”

(For reference)

Proceeds from sales included in equity securities in “2. Marketable and investment securities sold during the fiscal year ended March 31, 2007”, carrying amounts of the investment securities at fair value included in equity securities in “3. Carrying amounts of the unlisted investments securities, (2) Available-for-sale securities” as of March 31, 2007 are as follows:

As of March 31, 2007

Proceeds from sales:	2,834 million yen
Carrying amounts of investment securities at fair value recorded in consolidated balance sheets:	33,256 million yen

Regarding net changes in fair value of the investment securities and gain on sale of the investment securities, please see “Notes Consolidated Statements of Income 2. Unrealized appreciation on investments and gain on sale of investments at subsidiaries in the United States of America, net” in details on page 47.

(Derivative Transactions)
1. Currency Related

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

	Nature of transaction	March 31, 2007				March 31, 2008			
		Contract amounts		Fair value	Unrealized gain(loss)	Contract amounts		Fair value	Unrealized gain (loss)
			Over 1 year				Over 1 year		
Off-market transactions	Option transactions to-								
	• Purchase U.S dollar call option and Japanese yen put option	¥5,900	-	¥(41)	¥(41)	¥-	-	¥-	¥-
	Forward exchange contracts to-								
	• Purchase U.S. dollars and sell Japanese yen	70,890	-	70,866	(23)	86,218	-	85,324	(893)
	• Purchase Euro and sell Japanese yen	9,045	-	9,130	85	3,034	-	3,082	48
	Total				¥20				¥(845)

Notes: 1. Fair value is based on information provided by financial institutions at the end of each fiscal year.

2. Derivative transactions to which the Company applied hedge accounting are excluded.

2. Interest Related

There are no applicable items.

Note: Derivative transactions to which the Company applied hedge accounting are excluded.

3. Securities Related

There are no applicable items.

Note: Derivative transactions to which the Company applied hedge accounting are excluded.

(Pension and Severance Plans)

1. Pension Plans

Employees of the Company and most of its domestic consolidated subsidiaries participate in defined contribution pension plans and the contributory defined benefit welfare pension plans.

Funded status and the Group employees' percentages of total participants in the plan under a multi-employer contributory defined benefit welfare pension plan are as follows:

(The Pension Fund of Kanto IT Software)

(1) Funded status (as of March 31, 2007)

Plan assets at fair value	146,083	million yen
Benefit obligation under pension financing	112,700	
<u>Net asset</u>	<u>33,382</u>	<u>million yen</u>

(2) The Group employees' percentages of total participants in the plan (as of March 31, 2008)

12.4 %

(The Pension Fund of Japan Electronics Information Technology Industry)

(1) Funded status (as of March 31, 2007)

Plan assets at fair value	207,901	million yen
Benefit obligation under pension financing	209,884	
<u>Net liability</u>	<u>(1,983)</u>	<u>million yen</u>

(2) The Group employees' percentages of total participants in the plan (as of March 31, 2008)

0.2 %

(Additional information)

The company applied "Partial Amendments to Accounting Standard for Retirement Benefits (Part 2) issued on May 15, 2007" from the fiscal year ended March 31, 2008.

2. Projected Benefit Obligation

	March 31, 2007	March 31, 2008
Projected benefit obligation (PBO)	16,701 million yen	16,158 million yen
Plan assets at fair value	-	-
<u>Unfunded PBO</u>	<u>16,701</u>	<u>16,158</u>
Unrecognized actuarial losses	-	-
<u>Net liability for retirement benefits</u>	<u>16,701</u>	<u>16,158</u>
Prepaid pension costs	-	-
<u>Accrued retirement benefits</u>	<u>16,701 million yen</u>	<u>16,158 million yen</u>

3. Pension and Severance Costs

	March 31, 2007	March 31, 2008
Service costs (Note 1)	1,568 million yen	1,063 million yen
Interest costs	368	349
Expected return on plan assets	-	-
Recognized actuarial losses	29	466
Amortization of prior service obligations (Note 2)	(2,838)	-
Contributions	2,127	2,048
Net pension and severance costs	1,254 million yen	3,926 million yen

Notes:

1. Service costs include ¥1,024 million for FY2007 and ¥1,060 million for FY2008 of contributions to multi-employer contributory defined benefit welfare pension plans.
2. This resulted from the revision of the pension plans of SOFTBANK TELECOM Corp. and SOFTBANK MOBILE Corp.

(Stock Option)

There are no significant stock option transactions as of March 31, 2007 and March 31, 2008.

(Per Share Data)

	Fiscal year ended March 31, 2007	Fiscal year ended March 31, 2008
Shareholders' equity per share (yen)	¥268.02	¥355.15
Net income per share - primary (yen)	27.31	101.68
Net income per share - diluted	26.62	95.90

Basic data for computation of the per share data	Fiscal year ended March 31, 2007	Fiscal year ended March 31, 2008
1. Net income (in millions of yen)	28,815	108,624
2. Net income allocated to common stock outstanding (in millions of yen)	28,815	108,624
3. Amounts not allocated to shareholders (in millions of yen)	-	-
4. Weighted average number of common stock outstanding during each year (unit: shares)	1,055,264,814	1,068,291,756
5. Adjustment for net income used to calculate net income per share – diluted (in millions of yen)	1,520	1,508
6. Increase of common stock used to calculate net income per share – diluted (unit: shares)	84,391,085	80,134,671
7. Residual securities which do not dilute net income per share	Stock acquisition rights agreement on June 22, 2005 in accordance with special resolution at general shareholders' meeting	Stock acquisition rights agreement on June 22, 2005 in accordance with special resolution at general shareholders' meeting