SoftBank

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VISION and ACTION 2009

SOFTBANK CORP. ANNUAL REPORT 2010

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2017
2018
2019
2020

SoftBank

The SOFTBANK Group

—Making People Happy Through Information Revolution

The two lines in SOFTBANK's brand logo are taken from the mark of the "Kaientai," a group that played a major role in Japan's modernization more than 100 years ago. The Kaientai was a force of major change in its time, having a vision that anticipated the future and taking action based on the age's most advanced knowledge and information. SOFTBANK uses the motif of the Kaientai's banner in its brand logo to symbolize its empathy and respect for Kaientai's wholehearted passion toward the achievement of its vision.

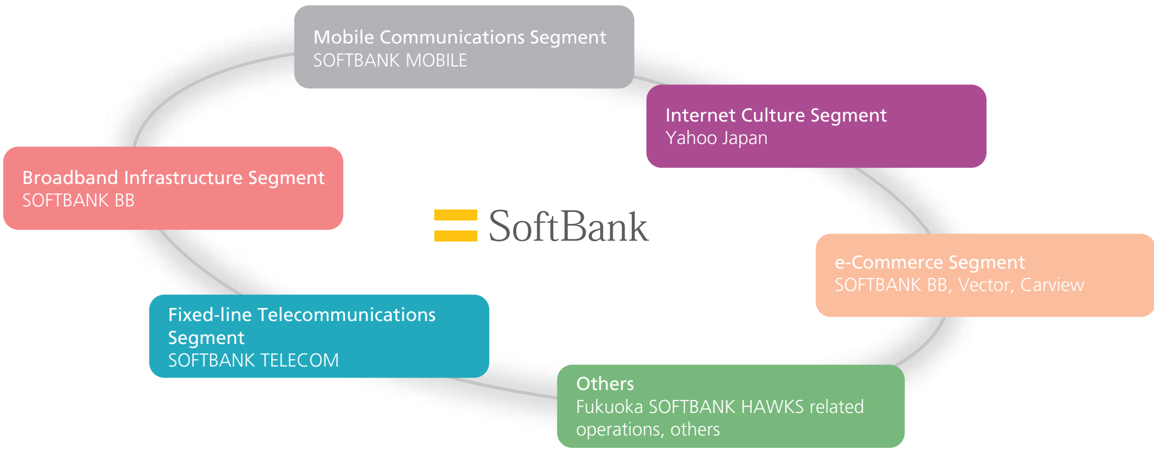
The year 2010 marks the 30th year since SOFTBANK's foundation. SOFTBANK has striven to achieve its fundamental management policy of contributing to humanity and society by consistently promoting the "digital information revolution." Going forward, the SOFTBANK Group aims to contribute to people's happiness through the information revolution and to become "a company needed by people around the world."

30 years

ANNUAL REPORT 2010 Intent

The year 2010 marks the 30th year since SOFTBANK's foundation. Since its foundation, SOFTBANK has continued to grow by consistently promoting the "digital information revolution." SOFTBANK believes that the combination of a clear "vision" of the future with bold "action" has been the driving force behind that growth.

In this "ANNUAL REPORT 2010," SOFTBANK aims to provide readers with a deeper understanding of the driving forces behind the SOFTBANK Group's growth by explaining the Group's "vision" and "actions" over the past 30 years and for the future, in addition to explanations of current strategies and management indexes.



Lifestyle Company for the Mobile Internet Age

As of March 31, 2010, the SOFTBANK Group comprises SOFTBANK CORP., a pure holding company, 109 consolidated subsidiaries, and 64 equity method affiliates. The Group has established a unique business model that includes stable, long-term revenue from an infrastructure business, gradually increasing revenue and profit from a portal business, and a variety of revenue and profit sources from a content business, and aims to maximize Group-wide revenue and profit, and free cash flow*1 as a "lifestyle company" for the mobile Internet age.

As a corporate group that uses the Internet as its business foundation, the SOFTBANK Group aims to contribute to people's happiness through the information revolution and strives to become the No. 1 corporate group in the world by providing services, content, and infrastructure that makes people's lives more enriched and enjoyable as a lifestyle company.

*1 Free cash flow = cash flows from operating activities + cash flows from investing activities.

SOFTBANK
Strategy #1

Winners in the Mobile Internet are Winners in the Internet

Pursuing the Global Development of Mobile Internet Services

Predicting a major shift in the focus of the Internet from PCs to mobile devices, SOFTBANK entered the mobile communications business in 2006. The appearance of handsets tailored for the mobile Internet will bring about significant lifestyle changes in various situations such as shopping, travel and communication. SOFTBANK wants to pursue the development of a mobile Internet that holds possibilities for major lifestyle changes. Furthermore, SOFTBANK is not limiting itself to revenue opportunities in the domestic mobile communications business, SOFTBANK is also pursuing revenue opportunities through global development of mobile Internet services.

SOFTBANK
Strategy #2

Winners in Asia are Winners in the World

Anticipating the Age of Asia as the Focus of the Internet

The SOFTBANK Group sees the geographic focus of the Internet shifting from the U.S. to Asia, with China at the core. The number of Internet users in China is growing rapidly, reaching 380 million*2 as of the end of 2009. The SOFTBANK Group made strategic investments in Internet-related companies, primarily in China, in anticipation of the time when Asia will be the focus of the Internet. In addition to investments in Internet-related companies, the SOFTBANK Group is also supporting their growth by making use of the expertise we have accumulated through our domestic business while also striving to maximize synergies with its domestic businesses. While pursuing synergies through strategic relationships, including tie-ups, with Internet-related companies in Asia, SOFTBANK will enhance its business development in Asia.

*2 China Internet Network Information Center (CNNIC), publicly released materials on January 15, 2010.

SOFTBANK
Strategy #3

Cultivating and Expanding Next-generation Internet Content and Services

Pursuing Synergies Across the Group, Providing New Lifestyles

In order to differentiate itself from competitors, the SOFTBANK Group will pursue the development of Group-wide synergies. Going forward, these synergies will be cultivated through cooperation with portals such as Yahoo Japan, and the telecommunications related businesses and with various content and services providers throughout Japan and the rest of the world. The Group will also make strategic investments and tie-ups geared toward cultivating and expanding next-generation Internet content and services. SOFTBANK strives to become the No. 1 corporate group in the world by providing services, content, and infrastructure that makes people's lives more enriched and enjoyable as a lifestyle company.

SOFTBANK
Financial Highlights

SOFTBANK CORP. and consolidated subsidiaries Fiscal years ended March 31

Highlights of Fiscal 2010 Consolidated Results

1. Record operating income for five consecutive fiscal years*1
2. Increase in free cash flow*2 used to reduce net interest-bearing debt*3 by ¥438.4 billion compared with the end of fiscal 2009
3. Dividend per share doubled (compared with fiscal 2009) to ¥5

Millions of yen	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	YOY Change
Net sales	1,108,665	2,544,219	2,776,169	2,673,035	2,763,406	90,371
EBITDA*4	149,913	525,428	626,662	678,636	787,631	108,995
Operating income	62,299	271,066	324,287	359,121	465,871	106,750
Net income	57,551	28,815	108,625	43,172	96,716	53,544
Total assets	1,808,399	4,310,853	4,558,902	4,386,672	4,462,875	76,203
Total shareholders' equity	242,768	282,950	383,743	374,094	470,532	96,438
Interest-bearing debt*3	905,293	2,394,403	2,532,969	2,400,391	2,195,471	(204,920)
Net interest-bearing debt*3	454,614	2,008,149	2,036,879	1,939,521	1,501,074	(438,447)
Net cash provided by (used in) operating activities	57,806	311,202	158,258	447,858	668,050	220,192
Net cash provided by (used in) investing activities	27,852	(2,097,937)	(322,461)	(266,295)	(277,162)	(10,867)
Free cash flow*2	85,658	(1,786,735)	(164,203)	181,563	390,888	209,325
Capital expenditure (acceptance basis)	148,946	389,801	293,720	259,094	222,915	(36,179)
Depreciation and amortization (excluding amortization of goodwill)	80,417	189,092	220,255	236,014	243,944	7,930

Major Indicators	Units	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	YOY Change
EBITDA margin*4	%	13.5	20.7	22.6	25.4	28.5	3.1
Operating margin	%	5.6	10.7	11.7	13.4	16.9	3.5
Equity ratio	%	13.4	6.6	8.4	8.5	10.5	2.0
Debt / equity ratio*5	times	3.7	8.5	6.6	6.4	4.7	(1.7)

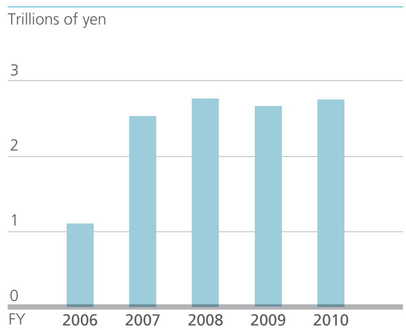
Per Share Data*6	Units	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Net income	¥	54.36	27.31	101.68	39.95	89.39
Shareholders' equity	¥	229.88	268.02	355.15	346.11	434.74
Cash dividends	¥	2.50	2.50	2.50	2.50	5.00

*1 Since the Company applied consolidated accounting in fiscal 1995.
*2 Free cash flow = cash flows from operating activities + cash flows from investing activities.
*3 Net interest-bearing debt = interest-bearing debt – cash position.
Interest-bearing debt = short-term borrowings + current portion of long-term debt + long-term debt. Lease obligations are excluded. From fiscal 2008 this includes cash receipts as collateral from financial institutions, to which the Company lent shares of its subsidiary under security deposit agreements. This excludes the corporate bonds (WBS Class B2 Funding Notes, issued by J-WBS Funding K.K.) with a face value of ¥27.0 billion acquired by the Company during fiscal 2010 that were issued under the whole business securitization scheme associated with the acquisition of Vodafone K.K.
Cash position = cash and cash equivalents + marketable securities included in current assets + time deposits with original maturity over three months.
*4 EBITDA = operating income / loss + depreciation + goodwill + loss on disposal of fixed assets included in operating expenses. EBITDA margin = EBITDA / net sales X 100.
*5 Debt / equity ratio = interest-bearing debt / total shareholders' equity.
*6 Net income per share is calculated based on the average number of shares for each fiscal year, and shareholders' equity per share is calculated based on the total number of shares as of the fiscal year-end.

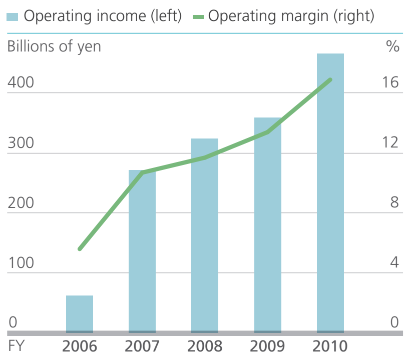
Consolidated Earnings Forecast

1. Operating income of ¥500.0 billion with capital expenditure of ¥400.0 billion (acceptance basis) in fiscal 2011
2. Generate aggregate total of at least ¥1 trillion of free cash flow over three years from fiscal 2010–2012
3. Reduce net interest-bearing debt to half of March 31, 2009, level by March 31, 2012, and to zero by March 31, 2015
4. Along with reduction of net interest-bearing debt, dividend increases planned for fiscal 2012 and fiscal 2015

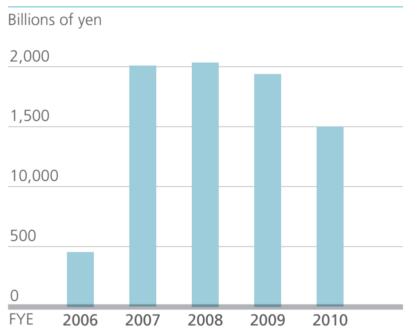
Net Sales



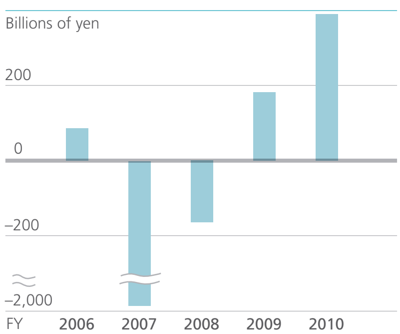
Operating Income / Operating Margin



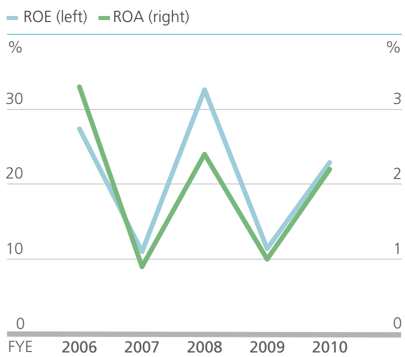
Net Interest-bearing Debt



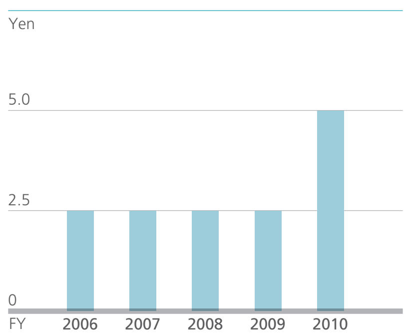
Free Cash Flow



ROE / ROA



Cash Dividends per Share



☞ In addition to the macro and semi-macro data in Facts & Figures on pages 69–73, financial data is shown for each segment.

☞ Primary financial data for the past 11 years is shown on pages 76–77.

Contents

Definition of Terms

"Fiscal 2010" refers to our fiscal year ended March 31, 2010, and other fiscal years are referred to in a corresponding manner in this annual report.

As used in this annual report, references to "SOFTBANK," "the Company" and "the SOFTBANK Group" are to SOFTBANK CORP. and its consolidated subsidiaries except as the context otherwise requires or indicates.

Company Names

Except where specifically noted otherwise, "SOFTBANK" and "the Company" in this annual report refer to SOFTBANK CORP., and "the SOFTBANK Group" and "the Group" indicate the Company, its consolidated subsidiaries, and affiliates. In principle, "Co. Ltd.," "Corporation," etc. are omitted from the names of companies and organizations in this annual report.

CLEAR VISION and BOLD ACTION

Aiming to Be a Corporate Group that Meets Expectations

To Shareholders and Investors

Aiming to be the "Most Responsive Corporate Group" to the Expectations of Shareholders and Investors

Masayoshi Son
Chairman & CEO
SOFTBANK CORP.

Record Operating Income for Five Consecutive Fiscal Years, Free Cash Flow Doubles

Consolidated operating income for fiscal 2010 totaled ¥465.8 billion, for a 29.7% increase from fiscal 2009, achieving record operating income*1 for the fifth consecutive year. With a roughly 2.2-fold increase from fiscal 2009 in free cash flow*2, to ¥390.8 billion, net interest-bearing debt*3 was reduced by ¥438.4 billion from the end of fiscal 2009 and the Group succeeded in strengthening its financial base.

Profit Growth Driven by Mobile Communications Segment

The Group earned record operating income*1 for five consecutive fiscal years. The main driver of this growth was the Mobile Communications segment, which the Group established in fiscal 2007. The provision of iPhone and the digital photo frame with telecommunications functionality PhotoVision etc. developed new markets and mobile subscriber numbers increased, and consequently the Group succeeded in increasing its revenue and profit.

Aim to Combine Maintaining High Growth and Enhancing Stability through a Clear "Vision" and Bold "Action"

We believe that the global spread of the mobile Internet and the rapid development of Asia centered in China will bring about dramatic changes in people's lifestyles and economic activities. Anticipating these future trends, we have two visions to facilitate maintaining high growth. The first is to be the "No. 1 Mobile Internet Company." While enhancing the mobile network in response to the mobile Internet age, we are working in cooperation with major telecom operators around the world and pursing the development of global mobile Internet services. The second is to be the "No. 1 Internet Company in Asia." We will expand the market by supporting the growth of our investments mainly in China and pursuing further synergies with domestic businesses.

At the same time, we will work to further enhance our management stability. We have set targets to generate an aggregate total of at least ¥1 trillion in free cash flow*2 over the three years from fiscal 2010 (period from April 1, 2009 to March 31, 2012), in order to reduce net interest-bearing debt*3 by half (compared with the end of March 2009) by the end of March 2012 and to zero by the end of March 2015.

In this way, we aim to be the "most responsive corporate group" to the expectations of shareholders and investors by facilitating maintaining high growth and enhancing stability through a clear "vision" and bold "action."

*1 Since the Company applied consolidated accounting in FY 1995.
*2 Free cash flow = cash flows from operating activities + cash flows from investing activities.
*3 Net interest-bearing debt = interest-bearing debt (excluding lease obligations) minus cash position.
Cash position = cash and cash equivalents + marketable securities + time deposits with original maturity over three months.

- iPhone and iPad are trademarks of Apple Inc.
- The iPhone trademark is used under license from Aiphone K.K.

Mobile Communications Segment Overview

Focus Points

1. Increased telecom service revenue drove consolidated revenue and profit growth

2. Data ARPU exceeded the sum of basic monthly charge and voice ARPU in the fourth quarter of fiscal 2010

Q1 How did the Mobile Communications segment perform in fiscal 2010?

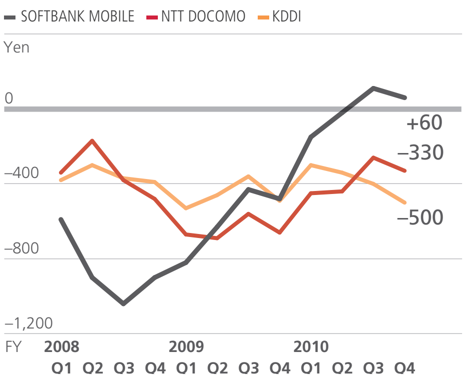
A1 Growth in telecom service revenue was the driving force behind the Group's consolidated revenue and profit growth.

This came primarily from a solid increase in the number of mobile subscribers at the Mobile Communications segment's core company SOFTBANK MOBILE. Net subscriber additions (new subscribers minus cancellations) in fiscal 2010 totaled 1,243,700 as a result of strong sales of iPhone and the development of a new market with the PhotoVision digital photo frame with telecommunications functionality. Going forward, we will continue to aim for further growth by developing new markets.

Q2 What was the trend in ARPU, or average revenue per user, in fiscal 2010?

A2 ARPU*4 on a full-year basis for fiscal 2010 was ¥4,070*5. The fourth quarter of fiscal 2010 marked the first time that data ARPU surpassed the sum of the basic monthly charge and voice ARPU on a quarterly basis (in the fourth quarter of fiscal 2010, the sum of the basic monthly charge and voice ARPU was ¥1,750, and data ARPU was ¥2,140). This was mainly the result of an increase in 3G subscribers, especially data-intensive iPhone users, and enhanced content for mobile phones. SOFTBANK will work to further raise data ARPU going forward by providing handsets that are tailored for mobile Internet use, and convenient and enjoyable content for mobile phones.

ARPU Increments (Year-on-year comparison)

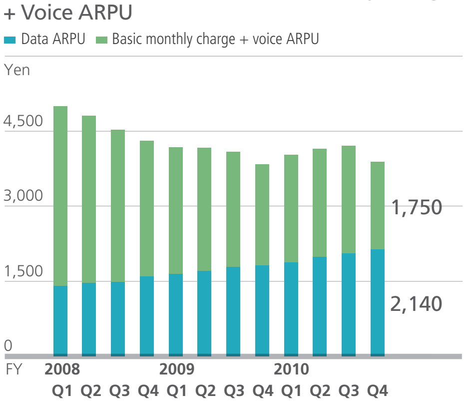


(Note) Created by the Company based on respective companies' publicly available information.

*4 Abbreviation for Average Revenue Per User (rounded to the nearest 10 yen). Revenue and number of mobile phone subscribers include prepaid mobile phones and communication module service subscribers.

*5 ARPU for fiscal 2009 and fiscal 2010 before rounding was ¥4,065 and ¥4,068, respectively.

Trend of Data ARPU and Basic Monthly Charge + Voice ARPU



Overview of Segments Other Than Mobile Communications Segment

Focus Points

1. Operating income and operating margins grew at all business segments

2. Pursue further synergies across business segments

Q3 What were the results at business segments other than the Mobile Communications segment?

A3 Operating income at all segments, including the Mobile Communications segment, grew in fiscal 2010. Also, all business segments recorded a favorable operating margin.

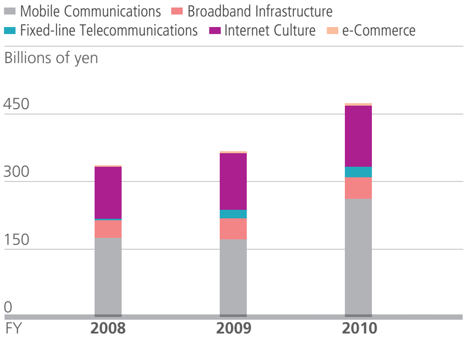
Q4 Are synergies being generated between business segments?

A4 For example, the telecommunications related businesses (the Mobile Communications, Broadband Infrastructure, and Fixed-line Telecommunications segments) have differentiated themselves from competitors, by providing FMC*6 services like *White Call 24,* which combines SoftBank mobile phones with ADSL services, and *White Office,* which combines SoftBank mobile phones and fixed-line corporate phone services. The e-Commerce segment has also shown solid sales of accessories and peripheral equipment for iPhone and SoftBank mobile phones.

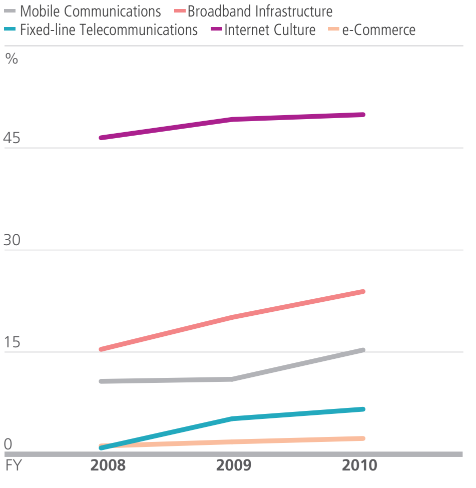
In addition, Alibaba.com Japan Co., Ltd. has been established as a Japanese joint venture with Alibaba Group Holding Limited, a provider of B2B*7 services and one of our major investments in China. We are taking this joint venture establishment as an opportunity to strengthen ties within the Group between China and Japan and to pursue further Group synergies.

*6 Abbreviation for Fixed Mobile Convergence: telecommunications services that integrate the functions of mobile and fixed-line communications.
*7 Electric commerce between companies.

Operating Income by Business Segment



Operating Margin by Business Segment



SOFTBANK's Management Issues 1
Reduction of Net Interest-bearing Debt

Focus Point

Increase management stability by strengthening the financial base, and returning appropriate profits to shareholders in line with circumstances

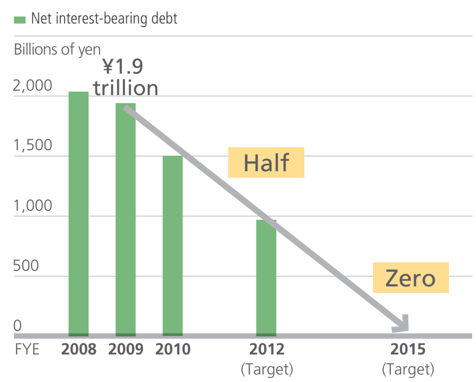
Q5 What are the main issues that SOFTBANK's management is focusing on?

A5 Our main issue is to gain greater trust from shareholders and investors by maintaining high growth while at the same time moving swiftly to strengthen the financial base and increase management stability, as well as providing appropriate returns to shareholders in line with circumstances.

SOFTBANK has set a target to generate an aggregate total of at least ¥1 trillion of free cash flow over the three year period from fiscal 2010 to fiscal 2012, and to reduce net interest-bearing debt to half of the March 31, 2009, level by the end of March 2012 and to zero by the end of March 2015, with the aim of increasing management stability. Net interest-bearing debt was reduced by ¥438.4 billion in fiscal 2010, continuing steady reduction toward the achievement of this target.

We also doubled the dividend from the fiscal 2009 level to ¥5 per share for fiscal 2010. In addition, we plan to increase the dividend level more in stages, in fiscal 2012 and fiscal 2015, according to the status of achievement of the aforementioned target. SOFTBANK will increase stability by strengthening the financial base, and returning appropriate profits to shareholders in line with circumstances.

SOFTBANK's Target to Reduce Net Interest-bearing Debt



SOFTBANK's Management Issues 2
Mobile Network Enhancement

Focus Points

Carry out three initiatives in anticipation of the mobile Internet age

1. Make the mobile network "microcell-based"
2. Utilize Femtocell micro mini-base stations and Wi-Fi routers
3. Utilize IP backbone networks within the Group

Q6 **Data telecommunications use via mobile phones has increased the load on mobile networks. How is SOFTBANK addressing this?**

A6 SOFTBANK is undertaking three initiatives to enhance its mobile network, in anticipation of the mobile Internet age where desired information is quickly available at any time and place.

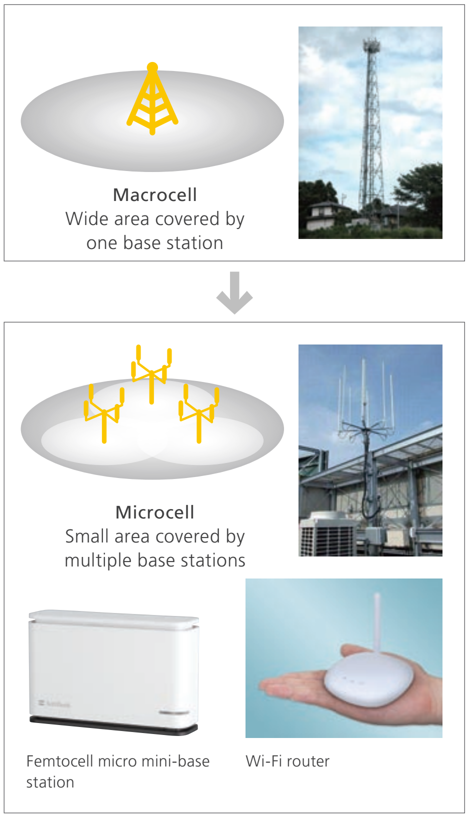
The first initiative is to make the mobile network microcell-based. To date, mobile networks have been based on macrocells, with one base station covering a wide area. Going forward, SOFTBANK is shifting to a microcell configuration, in which the areas with particularly large data telecommunications traffic have multiple base stations covering the same area. This disperses the load on each base station. To achieve this "microcell-based" configuration, SOFTBANK has announced that it will increase the number of base stations from the current roughly 60,000 to approximately 120,000 during fiscal 2011. The groundwork for base station installations is being laid by securing locations, devising low-cost installation methods and miniaturizing equipment. This will allow for a swift base station rollout going forward.

The second initiative is to utilize Femtocell micro mini-base stations and Wi-Fi routers. SOFTBANK is providing Femtocell micro mini-base stations, which cover small areas like homes and businesses, free of charge upon request. SOFTBANK also simultaneously started to provide Wi-Fi routers, which enable high-speed wireless Internet transmission, free of charge to businesses upon request. We believe that these steps will enable us to provide comfortable telecommunications services while reducing the load on the mobile network, in homes and offices where there is heavy telecommunications traffic.

The third initiative is to utilize the Group's IP backbone network to make the mobile backbone network an IP network. This makes it possible to accommodate for the increased load on the mobile network, caused by the increasing communications volume, at low cost.

SOFTBANK has a vision to bring major changes to people's lifestyles through the mobile Internet. Under this vision we are taking action to provide customers with communications services comfortable to use and convert the mobile network to keep pace with the times.

Shift to a Mobile Network Suitable for the Mobile Internet Age



Future Vision and Growth Strategy 1
Mobile Internet

☞ Please also refer to the Special Feature "Vision and Action" on Pages 25–32.

Focus Points

1. Over the medium term: development of new markets and maximize data telecom service revenue in the domestic mobile communications business

2. Over the long term: global development of mobile Internet services

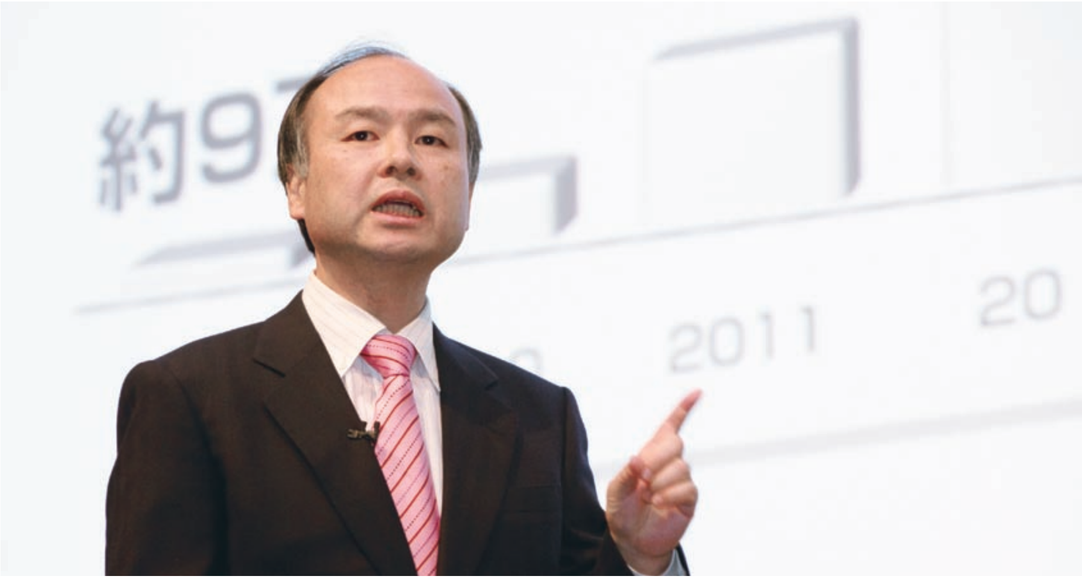
Q7 SOFTBANK aims to be the "No. 1 Mobile Internet Company." What is your growth strategy and vision for the medium and long term?

A7 For the medium term, SOFTBANK's growth strategy for the domestic mobile communications business is to develop new markets and maximize data telecom service revenue. Along with increasing the number of subscribers by developing new markets with products like Apple's iPhone, iPad and high-functionality mobile phones such as Android™ handsets mounted with Google's operating system, and the PhotoVision digital photo frame with telecommunications functionality, SOFTBANK aims to maximize data telecom service revenue by offering a variety of mobile content.

Over the long term, by developing its mobile Internet services and content globally, SOFTBANK will pursue opportunities for new growth and increased revenue and profit, in addition to growth at the domestic Mobile Communications segment. Specifically, SOFTBANK is pursuing a new business model for the mobile Internet age through the Joint Innovation Lab B.V. (JIL), a joint venture with three of the world's other major mobile operators.

By pursuing the development of global mobile Internet services and content, SOFTBANK has begun taking action in order to pursue opportunities for new growth and increased revenue and profit in anticipation of the mobile Internet age.

• Android is a trademark of Google Inc.



Future Vision and Growth Strategy 2
Internet in Asia and Group Synergies

Focus Points

1. Began taking action to create synergies with Asian Internet-related companies

2. Pursue Group synergies to develop and expand next-generation Internet services and content

Q8 **The SOFTBANK Group has the aim of being the "No. 1 Internet Company in Asia." What measures are you undertaking to accomplish this? Also, what efforts are you engaging in to create synergies within the Group?**

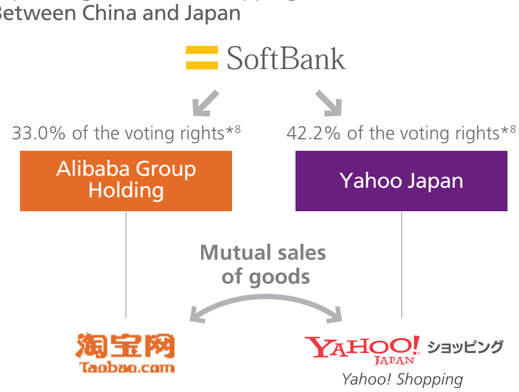
A8 The SOFTBANK Group has invested in the Chinese B2B service site and online shopping site operator Alibaba Group Holding, and in Oak Pacific Interactive, the operator of the major Chinese SNS site "renren.com." SOFTBANK strives to increase the enterprise value of the companies in which it has invested using the Group's domestic expertise in Internet services. For example, SOFTBANK has supported the expansion of Taobao, the Alibaba Group Holding subsidiary that provides an online shopping site, by providing business expertise acquired through *Yahoo! Auctions* in Japan.

SOFTBANK is also taking action in the pursuit of synergies between Asian Internet-related companies and various Group businesses in Japan. For example, a service has been launched that allows for mutual sales of goods between Taobao and Yahoo Japan's *Yahoo! Shopping* site. Through this tie-up SOFTBANK will create markets for online shopping between China and Japan and enhance the value of both services. In these ways, SOFTBANK will continue to pursue synergies with Asian Internet-related companies going forward.

SOFTBANK is also striving to cultivate and expand next-generation Internet services with the aim of creating synergies with the Group as a whole. An area currently receiving attention is consumer-generated services. One specific example of this is *Ustream*, which allows for simple, live streaming that can be made by anyone using a high-functionality mobile phone and webcam. SOFTBANK has invested in Ustream, Inc. in the U.S., the operator of *Ustream*, and is working to roll the service out in Asia.

In these ways, SOFTBANK has begun to take a variety of actions under the vision of aiming to be the "No. 1 Internet Company in Asia."

Expanding the Online Shopping Market Between China and Japan



*8 As of March 31, 2010.

Joint press conference regarding the collaboration between Yahoo Japan and Taobao (June 2010)

Achieving "Zero Net Interest-bearing Debt" While Maintaining Growth

Kazuhiko Kasai
Director
SOFTBANK CORP.

SOFTBANK's Financial Management for "Zero Net Interest-bearing Debt*1"

SOFTBANK is emphasizing the steady reduction of debt and improvement of financial indicators by maximizing free cash flow*2 toward the target of "zero net interest-bearing debt" by the end of fiscal 2015. SOFTBANK conservatively managed its financial operations during fiscal 2010, choosing optimal fund procurement methods for the market environment, represented by the first bond issue in two years while also maintaining an ample cash position.

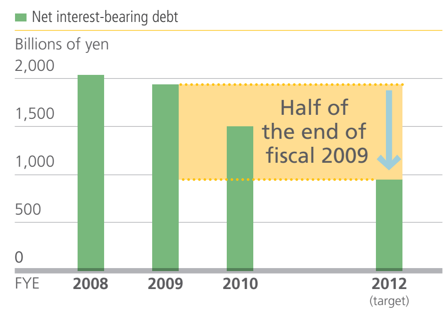
Appropriate Allocation of Cash Flows from Investing Activities

Investing activities included capital expenditure (acceptance basis) during fiscal 2010 totaling ¥222.9 billion and a variety of strategic investments in Oak Pacific Interactive in China, etc. Financing activities consisted of appropriate fund procurement such as corporate bond issues totaling ¥185.0 billion and securitizations of mobile handset installment sales receivables. At the same time, free cash flow generated by businesses was used for such purposes as the acceleration of the repayment of the SBM loan*3, reducing net interest-bearing debt by ¥438.4 billion.

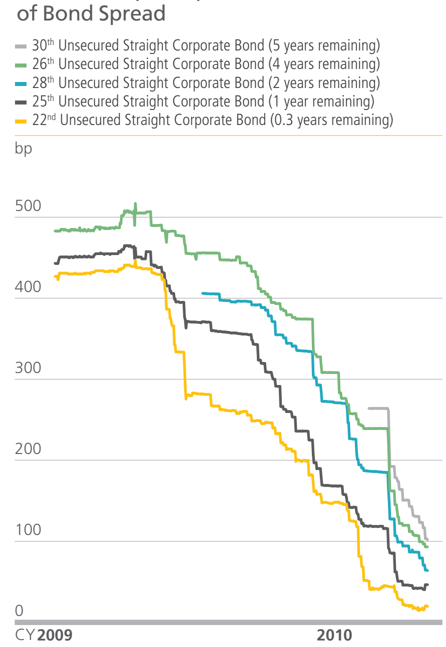
Major Financing Activities during Fiscal 2010

Content	Amount (Billions of yen)
Issue unsecured straight corporate bonds	185.0
Renewal of credit line facility	235.6
Securitization of mobile handset installment sales receivables	236.4

Steady Reduction Towards Achieving "Zero Net Interest-bearing Debt"



Achieved Rapid Improvement of Bond Spread



(Note) Calculated by the Company based on Japan Securities Dealers Association data.

Working toward the achievement of the target of reducing the amount of net interest-bearing debt as of the end of fiscal 2009 by half over the three years to March 31, 2012, and to zero over the six years to March 31, 2015, the SOFTBANK Group will also aim to achieve high growth along with the establishment of a stable and highly transparent financial base.

Conservative Financial Management

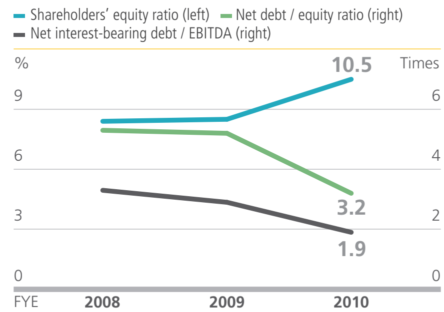
After the Lehman shock uncertainty still remained in financial and capital markets, SOFTBANK continued to manage its financial operations conservatively during fiscal 2010. The Group overall had a cash position*[1] of ¥694.3 billion as of the end of fiscal 2010, and with unused credit line facilities of ¥101.0 billion bringing the total amount to ¥795.3 billion, a sufficient level of liquidity was maintained with regard to scheduled corporate bond redemptions going forward (¥104.4 billion*[4] in fiscal 2011 and ¥128.5 billion in fiscal 2012).

Success in Quickly Strengthening the Financial Base

Consolidated free cash flow generated in fiscal 2010 totaled ¥390.8 billion, a roughly 2.2-fold increase from fiscal 2009. SOFTBANK used this to reduce consolidated net interest-bearing debt by ¥438.4 billion during the fiscal year. As a result net interest-bearing debt as of the end of fiscal 2010 stood at ¥1,501.0 billion, the reduction of net interest-bearing debt is proceeding smoothly.

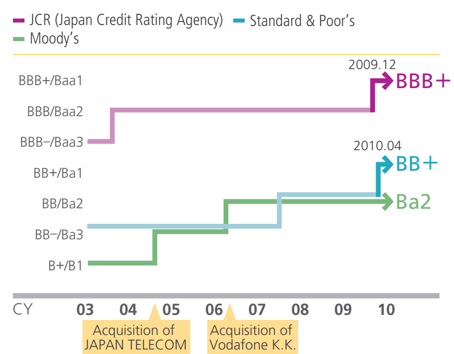
As a result of financial improvement, the net debt-equity ratio*[5] improved to a multiple of 3.2, from 5.2, and the shareholders' equity ratio improved significantly to 10.5% from 8.5%. Reflecting this strengthening of the financial base, two rating agencies have raised SOFTBANK's credit rating significantly reducing SOFTBANK's cost of procuring funds through corporate bond issues.

Steady Improvement in SOFTBANK Group's Financial Base



(Note) EBITDA = operating income/loss + depreciation + goodwill + loss on disposal of fixed assets included in operating expenses.

Trend of Credit Rating



*1 Net interest-bearing debt = interest-bearing debt minus cash position.
Interest-bearing debt = short-term borrowings + current portion of long-term debt + long-term debt.
Lease obligations are excluded.
This also excludes the corporate bonds (WBS Class B2 Funding Notes, issued by J-WBS Funding K.K.) with a face value of ¥27.0 billion acquired by the Company during fiscal 2010 that were issued under the whole business securitization scheme associated with the acquisition of Vodafone K.K.
Cash position = cash and cash equivalents + marketable securities included in current assets + time deposits with original maturity over three months.

*2 Free cash flow = cash flows from operating activities + cash flows from investing activities.

*3 The acquisition funds for the acquisition of Vodafone K.K. were refinanced in November 2006 via a whole business securitization program.

*4 Includes possible early redemptions of convertible bonds from the exercise of put options by bondholders.

*5 Net debt-equity ratio = net interest-bearing debt / total shareholders' equity.

CLEAR VISION and BOLD ACTION
The Driving Force Behind Further Growth

Special Feature: VISION and ACTION

Contributing to Humanity and Society through the Consistent Advancement of the "Digital Information Revolution"

The year 2010 marks the 30th year since SOFTBANK's foundation. Beginning in a time when the "Internet" was not a commonly known term, SOFTBANK has continued to grow by focusing on the information industry, and anticipating the age of a "digital information revolution," when everyone is able to share infinite wisdom and knowledge by carrying a personal information terminal and connecting to a network. The driving force behind this growth has been a clear "vision" and bold "action" that anticipate the future.

The first section of this Special Feature takes a look back and examines SOFTBANK's vision in the 1980's, 1990's, and 2000's and the actions taken to achieve that vision.

The second section looks ahead to the future of the digital information revolution and explains SOFTBANK's vision, and the action that will be taken to achieve it.

Section 1

Flashback: SOFTBANK's Vision and Actions over the Past 30 Years

1980's Background

The 1980's was the time of a gradual shift from large, general-use computers jointly used by multiple individuals, to individuals owning and using their own PC. In the U.S., Microsoft began providing the MS-DOS operating system (OS) to PC manufacturers, and the development of PCs followed a horizontal division of labor. In Japan, PCs were developed with unique specifications at each manufacturer, and individual ownership gradually spread as prices came down.

Anticipating a Time in Which PCs Would Be Widely Used

SOFTBANK predicted that with advances in microprocessors, **"the digital information revolution would initially start with PCs."** In order for hardware such as PCs to gain popularity widely distributed software is needed. But at this time there were no wholesalers intermediating between software production companies and software vendors. At this point, **SOFTBANK launched a software distribution business to spur innovation in PC software distribution.** The business rapidly grew as SOFTBANK concluded exclusive contracts with retail stores and with large software production companies, and along with becoming one of Japan's largest IT-related distribution companies (current e-Commerce segment) in terms of the number of product items handled, this contributed to the widespread popularity of PCs.

The next area SOFTBANK entered was PC-related publishing (current Media & Marketing business included in the Others segment). At this time, PC standards differed by manufacturer and software was not mutually compatible. Personal computing magazines at the time, however, were mostly "comprehensive magazines" carrying information covering multiple manufacturers, and did not meet the needs of readers who wanted in-depth information for specific PC models and manufacturers. At this point, SOFTBANK began publishing a succession of "specialist magazines" that introduced PCs and software by individual manufacturer, and this promoted the popularity of PCs and software distribution.

Mass appliance retailer display of PC software

Cassette tape software for first-generation PCs

Covers of monthly magazines *Oh! PC* and *Oh! MZ*

At the end of the 1980's, SOFTBANK launched a network-related business that made business operations more efficient by connecting PCs in an office to an internal network (LAN). This was based on SOFTBANK's expectation of revolutionary changes from the connection of PCs to networks.

1980

1981.09
Established SOFTBANK Corp. Japan. Commenced operations as a distributor of packaged PC software.

1982.05
Entered publishing business with launch of the monthly magazines *Oh! PC* and *Oh! MZ*.

1990's Background

The first half of the 1990's saw the beginning of commercial Internet services in the U.S. In 1992 the World Wide Web (WWW)*1 standard was announced, and the NCSA Mosaic and Netscape Navigator Web browsers*2 were launched. Microsoft released its *Windows 95 PC OS* in 1995, and with this improved operability PCs became even more popular. As PCs gained popularity, a succession of companies that would become today's major U.S. Internet-related companies, including Amazon.com (1994), eBay (1995), and Google (1998), were established.

*1 A standardized system for handling documents written in computer language on the Internet. *2 Software to browse websites.

Anticipating Revolutionary Changes from the Internet

In the 1990's, SOFTBANK predicted that **"The digital information revolution will be accelerated by PCs being connected to each other. This is the beginning."** SOFTBANK therefore decided to quickly identify and cultivate promising Internet-related companies in the U.S., where growth was forecast in the process of those revolutionary changes. With this in mind, **SOFTBANK Holdings Inc. was established in the U.S.** to swiftly gather information and make strategic investments in U.S. Internet-related companies. In addition, to gather the most up-to-date computer-related information that would lead to strategic investments, **SOFTBANK acquired the Interface Group, operator of the major computer fair COMDEX, and Ziff-Davis Publishing Company, the publisher of *PC WEEK* magazine, which featured leading-edge computer industry information.** Using the information provided by these companies, SOFTBANK invested in the U.S. Internet portal and search provider Yahoo! Inc., and supported its development in Japan with the establishment of the joint venture Yahoo Japan Corporation. Yahoo Japan is the core company of the current Internet Culture segment, and the portal it operates has Japan's largest number of page views*3.

*3 March 2010 Nielsen Online research (access from home and workplace PCs).

Masayoshi Son speech at the COMDEX computer fair (1995)

People operating PCs at the COMDEX computer fair (1995)

Screenshot of the first-generation homepage of *Yahoo! JAPAN*

The business expanded in the second half of the 1990's to include Internet-based services (in fields including e-commerce, finance and others), bringing about major lifestyle changes. SOFTBANK sensed the need to develop broadband Internet services because high-cost, low-speed telecommunications infrastructure did not maintain a constant connection and became a bottleneck preventing the comfortable use of these Internet services.

1990

1994.12
Acquired trade show division of Ziff Communications Company in the U.S.

1995.04
Invested in Technology Events Division of the Interface Group in the U.S., which was operating COMDEX, the world largest computer fair.

1996.01
Established Yahoo Japan Corporation as Japanese joint venture with Yahoo! Inc. in the U.S.

1996.02
Completed acquisition of Ziff-Davis Publishing in the U.S.

2000's—1st Half Background

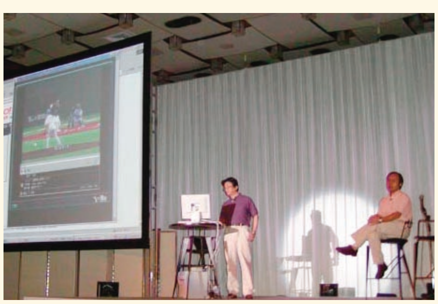
As of 2000 Japan's Internet connection services were mostly dial-up type narrowband. This meant that connections were not constantly maintained, and that costs were high while transmission speeds were slow, creating a bottleneck that prevented the comfortable use of Internet services. *Yahoo! BB*, the comprehensive broadband service launched by the SOFTBANK Group in 2001, offered "always on" connections with high speeds at a flat rate, giving a major boost to the development of broadband services and making Japan one of the world's leading broadband countries.

Making Japan Into One of the World's Leading Broadband Countries

During the first half of the 2000's, SOFTBANK predicted that "broadband services would further accelerate the digital information revolution, and that this would bring about major changes to people's lifestyles." At the time, however, Japan primarily had narrowband services and the rapid spread of broadband services through existing telecom operators could not be foreseen. Therefore, SOFTBANK believed that it could bring about major changes to Japan's Internet environment by taking advantage of the deregulation of the telecommunications business and providing its own broadband services. In accordance with this belief, SOFTBANK used IP technology to construct a leading-edge backbone network, and in 2001 launched the *Yahoo! BB* comprehensive broadband service utilizing DSL*[4] technology. The customer base grew rapidly as a result of SOFTBANK's utilization of its close relationships with mass appliance retailers, cultivated by the software distribution business, to proactively acquire subscribers, while also providing value-added services like the *BB Phone* IP telephony service. The *Yahoo! BB* service provided by SOFTBANK BB is the core of the current Broadband Infrastructure segment, and is also Japan's largest ADSL service*[5].

In this way, SOFTBANK drove Japan's shift to broadband, and as a result Japan became a country in which users were able to use broadband services at globally low rates and high transmission speeds*[6].

*4 DSL (Digital Subscriber Line): high-speed digital data telecommunications using a telephone line.
*5 Created by the Company based on Ministry of Internal Affairs and Communications statistical data.
*6 Ministry of Internal Affairs and Communications, "Report on the Comparison of Japan's ICT Infrastructure with International Infrastructures" (August 2009).



Demonstration of the video distribution at the press conference regarding the introduction of *Yahoo! BB* (June 2001)

Press conference regarding the introduction of the *BB Phone* IP telephony service (December 2001)

In the first half of the 2000's, SOFTBANK contributed in this way to the realization of lifestyles in which people could access large volumes of information like video, easily and at any time from their PC, by promoting Japan's shift to broadband. SOFTBANK also sensed that if people were to be able to enjoy a variety of information anytime and anywhere, rather than only in front of a PC, it would need to enter the mobile communications business.

2000

2001.09
Launched the *Yahoo! BB* comprehensive broadband service commercially.

2004.07
Entered the fixed-line telecommunications business by acquiring JAPAN TELECOM (current SOFTBANK TELECOM).

2000's—2nd Half Background

3G mobile phone services, which were launched in the first half of the 2000's, gained popularity, and in addition to mobile phone operators enhancing their offerings of rich content like music and video services, there was rapid growth in the number of users accessing SNS sites via mobile phones. A number portability system, which allowed mobile phone users to change operators while keeping the same phone number, was also introduced in 2006.

Promoting Mobile Internet Through Entry Into Mobile Communications Business

SOFTBANK predicted that **"the further acceleration of the digital information revolution, primarily with mobile Internet, would bring about an age in which a variety of content could be enjoyed anytime, anywhere."** SOFTBANK initially considered entering the mobile communications business by receiving the required bandwidth allocation from the Ministry of Internal Affairs and Communications and building infrastructure from scratch, but developing the business would take time and SOFTBANK could have fallen behind in competing with competitors. Therefore, SOFTBANK decided to enter the mobile communications business by acquiring Vodafone K.K. in 2006. After acquiring the business, SOFTBANK embarked on four initiatives to quickly enhance its competitiveness: (1) Network Enhancement; (2) Handset Enhancement; (3) Mobile Content Enhancement; and (4) Sales Structure and Branding Enhancement. This resulted in a 6.67 million increase in the number of cumulative subscribers over four years, from 15.21 million immediately prior to the acquisition of Vodafone K.K. (the end of fiscal 2006) to 21.88 million at the end of fiscal 2010. In addition, further use of the mobile Internet was accelerated through the promotion of mobile handsets tailored for mobile Internet use, including the release of Apple's iPhone 3G released in 2008.

Press conference regarding the acquisition of Vodafone K.K. (March 2006)

Announcement of new products after the acquisition of Vodafone K.K. (September 2006)

Earnings Results Briefing for the Fiscal Year Ended March 31, 2010 (April 2010)

SOFTBANK has not only worked to expand its mobile communications business in Japan, it also aims to develop global mobile Internet services and next-generation Internet services.

"Section 2 Flash-forward: SOFTBANK's New Vision and Action" explains SOFTBANK's global development.

2000

2006.04

Entered into mobile communications business by acquiring Vodafone K.K. (current SOFTBANK MOBILE).

Global Development of Internet Services in the "Mobile Internet Sector"

Pursuing Development of Mobile Internet Services from a Global Perspective

SOFTBANK predicts that "the focus of the digital information revolution will move full-scale to mobile, and expects this to change lifestyles in major ways." SOFTBANK wants to not only generate revenue and profit at its domestic mobile communications segment, but also pursue revenue opportunities through the global development of mobile Internet services and content.

Under this vision, SOFTBANK established the Joint Innovation Lab (JIL B.V.) joint venture with China Mobile Limited and Vodafone Group Plc in 2008. Cellco Partnership (Verizon Wireless) in the U.S. also joined the venture in April 2009, and the four operators are taking action to develop new mobile Internet services.

Going forward, SOFTBANK is continuing to implement a variety of measures in order to develop its mobile Internet services on a global scale.

SOFTBANK's vision for the digital information revolution is not only mobile Internet. SOFTBANK is taking a variety of actions under the vision that the rapid development of Asia will make it the center of the Internet.

Global Development of Internet Services in the “Asian Internet Sector”

Steady Preparation for the Asian Age

SOFTBANK predicts that “the focus of the digital information revolution will shift from the U.S., where the Internet originated, to Asia,” and has been making strategic investments in Asian Internet service companies since the early 2000’s. Its strategic investment in Alibaba Group Holding Limited (Alibaba Group Holding), a holding company with operating companies that operate B2B*7 service sites and online shopping sites, is a representative example. Alibaba Group Holding’s original B2B business*8 and the online shopping site*9 operated by its group company Taobao are both China’s largest in their respective fields based on transaction value market share. Taobao was launched as a joint venture between the SOFTBANK Group and Alibaba Group Holding*10, and the business was developed based on expertise developed at the *Yahoo! Auctions* business in Japan.

The SOFTBANK Group and Alibaba Group Holding are strengthening their cooperation with a view toward the further development of Internet services in Asia. Alibaba.com Limited’s legal entity in Japan Alibaba.com Japan Co., Ltd. was established as a joint venture with SOFTBANK in 2008 to cooperatively develop business with Alibaba Group Holding. In 2010, Taobao and Yahoo Japan began to cooperate to create an online shopping market that covers both Japan and China. Going forward, SOFTBANK will continue to pursue the development of Internet services in Asia by creating synergies with affiliated companies in China like Alibaba Group Holding.

*7 Electronic commerce between companies.
*8 iResearch China B2B e-Commerce Report (2007–2008).
*9 iResearch China Online Shopping Research Report (2008–2009).
*10 As part of a restructuring of Alibaba Group Holding, SOFTBANK sold its shareholding in Taobao to Alibaba Group Holding in October 2005. SOFTBANK currently has an indirect shareholding via Alibaba Group Holding.

SOFTBANK continues to grow based on the twin management themes of “mobile Internet” and “Asia Internet.” At the same time, it is proactively working to create synergies throughout the entire Group.

Global Internet Service Cultivation Through the "Development and Expansion of Next-generation Internet Content and Services"

Providing New Lifestyles by Cultivating and Expanding Next-generation Internet Content and Services

SOFTBANK wants to **"provide rich lifestyles and increase the Group's revenue and profit by cultivating and expanding Internet content and services, and pursuing synergies with infrastructure and portals."**

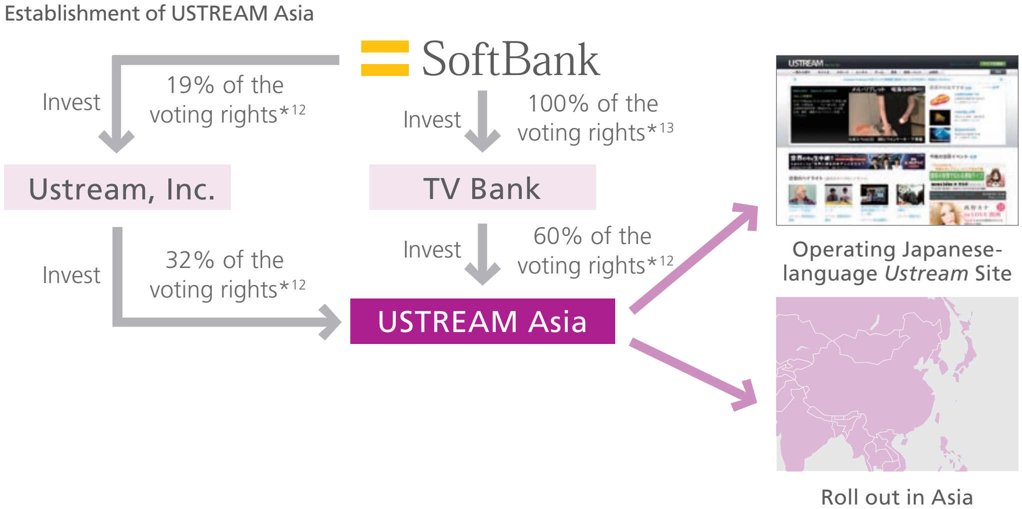
The content and services sector SOFTBANK is focusing on today is a consumer-generated services. SOFTBANK anticipates that this sector will become an important part of next-generation of Internet content and services, and is pursuing strategic investments and tie-ups with promising companies.

Ustream is a representative example. The *Ustream* service allows anyone with an iPhone or other high-functionality mobile phone to easily set up live streaming, and the monthly number of viewers surpassed 100 million*11 in March 2010. SOFTBANK has invested in Ustream, Inc. in the U.S., the operator of *Ustream*. SOFTBANK, Ustream, Inc., and other companies have also jointly established USTREAM Asia, which in addition to operating a Japanese-language *Ustream* site is rolling out the service across Asia. SOFTBANK is anticipating the arrival of an age in which interactive transmission of high-volume video and other content using services like *Ustream* becomes even more popular. SOFTBANK supports the Ministry of Internal Affairs and Communications' "New Broadband Super Highway (Hikari-no-michi)" concept, which will allow all of Japan's households to use fiber-optic connections, as a way to realize even richer lifestyles through next-generation Internet content and services.

SOFTBANK is **striving to cultivate and expand content and services, while at the same time pursuing global development, through strategic investments and tie-ups with next-generation Internet service companies.** In addition, by pursuing synergies with the infrastructure and portals, SOFTBANK aims to increase the Group's overall revenue and profit, and also hopes to provide rich lifestyles.

*11 Ustream, Inc. in the U.S. statistics (total daily number of visits).
*12 As of July 6, 2010.
*13 As of March 31, 2010.

Establishment of USTREAM Asia



SOFTBANK has continued to grow by always putting forth a clear long-term "vision" that anticipates the future and taking bold "actions." Going forward, SOFTBANK aims to contribute to humanity and society through the information revolution, and has announced "SOFTBANK's Next 30-Year Vision" for further growth looking into the future.

SOFTBANK's Next 30-Year Vision

Making People Happy Through Information Revolution

Making people happy through information revolution

SOFTBANK announced "SOFTBANK's Next 30-Year Vision" on June 25, 2010. This vision aims for the SOFTBANK Group to contribute to people's happiness through the information revolution for the next 30 years, and to become "a corporate group needed most by people around the world." To achieve this vision, SOFTBANK will continue to concentrate its operations in the information industry, and advance the information revolution with leading technologies essential to the times and superior business models.

Please refer to the SOFTBANK website for more information regarding "SOFTBANK's Next 30-Year Vision."

www.softbank.co.jp/vision/en/

CLEAR VISION and BOLD ACTION

Source of Added Value

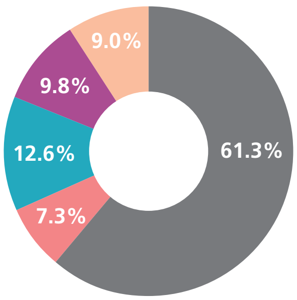
Business Segments

The SOFTBANK Group entered the mobile communications business in 2006 and comprehensively provides infrastructure that includes both fixed-line telecommunications and mobile communications, as well as portals and search services and content and services. The Group creates synergies across a range of business fields, and generates profit and cash flow for continuously higher growth.

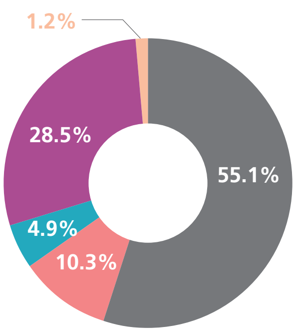
This section examines industry trends in each business segment and the SOFTBANK Group's relative position, and explains the Group's activities in each segment as it consistently anticipates the direction of the times.

At a Glance—SOFTBANK Group's Business Segments

Net Sales Breakdown (Fiscal 2010)



Operating Income Breakdown (Fiscal 2010)



- Mobile Communications
- Broadband Infrastructure
- Fixed-line Telecommunications
- Internet Culture
- e-Commerce

(Note) Net sales and operating income breakdown calculated based on the total of the 5 segments' (excluding the Others segment) net sales and operating income.

Mobile Communications

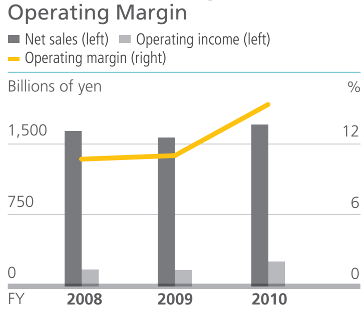
Core Company

SOFTBANK MOBILE

Main Businesses

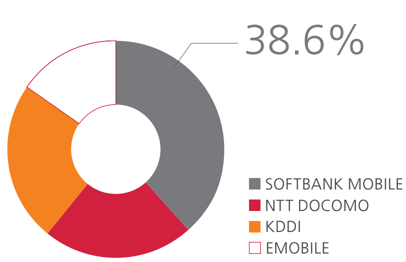
- Mobile communications business
- Operations related to mobile phone services, such as sales of mobile phone handsets

Net Sales / Operating Income / Operating Margin



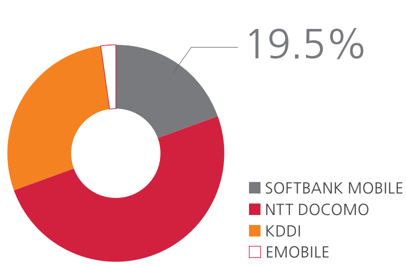
Share in Net Subscriber Additions

(Fiscal 2008–fiscal 2010)*1



Cumulative Share of Mobile Subscribers

(As of March 31, 2010)*1



*1 Calculated by the Company based on Telecommunications Carriers Association statistical data.

Broadband Infrastructure

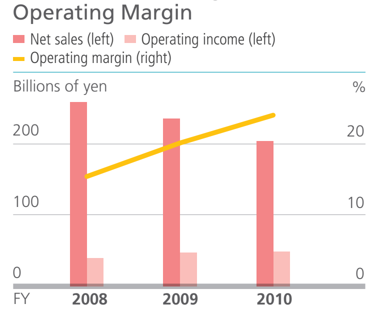
Core Company

SOFTBANK BB

Main Businesses

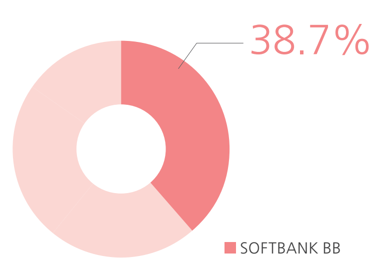
- ADSL services, FTTH services
- IP telephony services, Wireless LAN services
- IP broadcasting services

Net Sales / Operating Income / Operating Margin



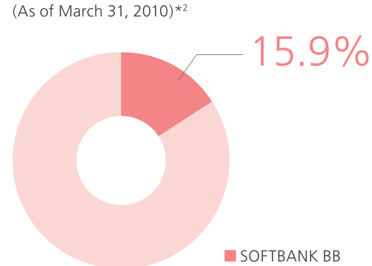
DSL Market Share

(As of March 31, 2010)*2



IP Telephony Services (Numbers in use) Market Share

(As of March 31, 2010)*2



*2 Created by the Company based on Ministry of Internal Affairs and Communications statistical data.

Fixed-line Telecommunications

Core Company

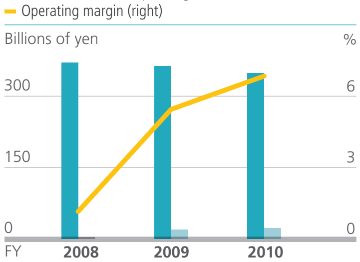
SOFTBANK TELECOM

Main Businesses

- Fixed-line telephone services
- Data transmission, dedicated line services

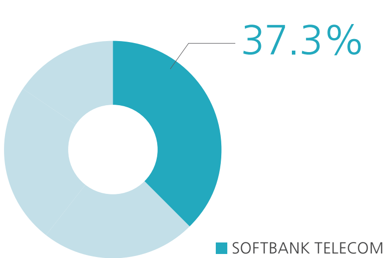
Net Sales / Operating Income / Operating Margin

■ Net sales (left) ■ Operating income (left)
— Operating margin (right)



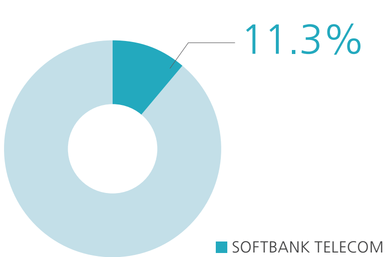
Direct Connection Voice Service Market Share

(As of March 31, 2010)*3



IP-VPN Services Market Share

(As of March 31, 2010)*3



*3 Calculated by the Company based on Ministry of Internal Affairs and Communications statistical data.

Internet Culture

Core Company

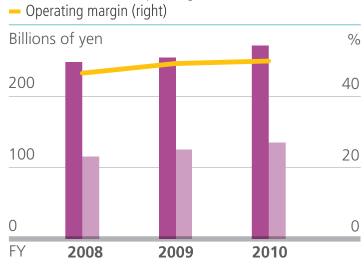
Yahoo Japan

Main Businesses

- Internet advertising
- e-Commerce
- Membership services

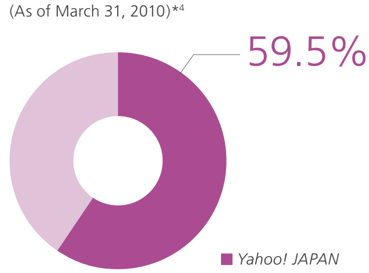
Net Sales / Operating Income / Operating Margin

■ Net sales (left) ■ Operating income (left)
— Operating margin (right)



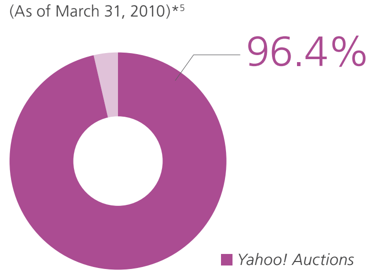
Position of *Yahoo! JAPAN* Among Major Search Services

(As of March 31, 2010)*4



Position of *Yahoo! Auctions* Among Major Auction Sites

(As of March 31, 2010)*5



e-Commerce

Core Companies

SOFTBANK BB

Vector

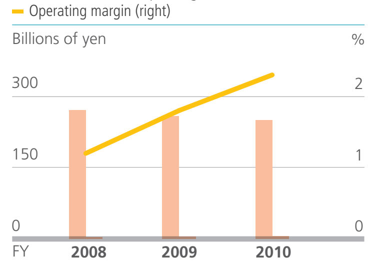
Carview

Main Businesses

- Sales and distribution of IT-related products and services
- SaaS and ASP services
- e-Commerce-related services

Net Sales / Operating Income / Operating Margin

■ Net sales (left) ■ Operating income (left)
— Operating margin (right)



SOFTBANK BB IT Distribution

Number of Items Handled

Approximately

340 thousand

Number of Manufacturers

Approximately

4 thousand

*4 Share of web search page views of major portals (*Yahoo! JAPAN*, *Google*, *goo*, *infoseek*, *MSN/Windows Live/Bing*). March 2010 Video Research Interactive research (access from home PCs).

*5 Share of page views of major auction sites (*Yahoo! Auctions*, *Rakuten Auction*, *bidders*, *MSN Auction*). March 2010 Video Research Interactive research (access from home PCs).

(Note) In addition to the five segments on pages 36–37, SOFTBANK has an Others segment. Please refer to page 52 for more information.

Business Overview and Industry Trends

1. Mobile Communications Segment

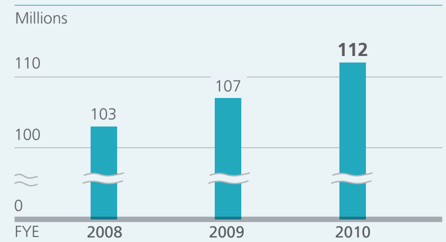
Number of Mobile Subscribers, Net Additions, and Cumulative Share*[1]

The number of cumulative mobile subscribers in Japan at the end of fiscal 2010 was 112.18 million, a 4.4% increase from the previous fiscal year-end. The growth in the number of subscribers was led by new demand for second handsets in the retail market and the spread of mobile solutions in the corporate market. On the other hand, the upgrade cycle has become longer with installment sales of mobile handsets becoming popular. Against this backdrop, the number of cumulative subscribers at SOFTBANK MOBILE, the Mobile Communications segment's core company, at the end of fiscal 2010 grew by 6.0% from the previous fiscal year-end, and its market share rose to 19.5% (a 0.3 percentage point increase). Compared with the end of fiscal 2007, when the SOFTBANK Group acquired Vodafone K.K. (current SOFTBANK MOBILE), SOFTBANK MOBILE's market share has grown by 3.1 percentage points. Immediately after the Vodafone K.K. acquisition, SOFTBANK MOBILE made Four Commitments*[2], and subsequent initiatives to enhance competitiveness have led to growing customer support. In particular, the use of the mobile Internet has accelerated since fiscal 2009 with the introduction of attractive handsets such as iPhone and content enhancement as represented by *Simple Select Video*.

ARPU*[3]

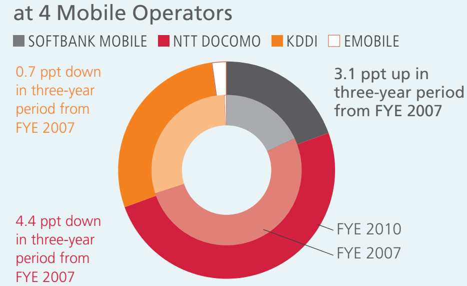
ARPU at SOFTBANK MOBILE for fiscal 2010 was ¥4,070, which was roughly flat with the previous fiscal year. With more than three years having passed since the introduction of the installment sales method for mobile handsets, the impact of *Monthly Discounts*, which discounted the voice call charges and communication charges for installment subscribers, is diminishing, while at the same time data ARPU continues to increase steadily. Data ARPU in fiscal 2010 rose ¥280 year-on-year to ¥2,020. In addition, data ARPU in the fourth quarter of fiscal 2010 was ¥2,140, compared with ¥1,750 for the basic charge plus voice ARPU, marking the first time that data ARPU exceeded the basic charge plus voice ARPU on a quarterly basis. This is a symbolic development for the SOFTBANK Group, which entered the mobile communications business anticipating the arrival of the mobile Internet age.

Trend in Cumulative Mobile Subscribers in Japan



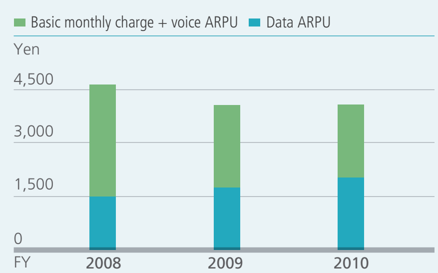
(Note) Created by the Company based on Telecommunications Carriers Association statistical data.

Shares of Cumulative Subscribers at 4 Mobile Operators

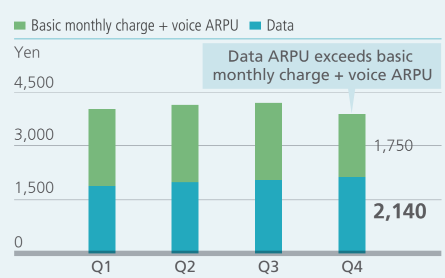


(Note) Created by the Company based on Telecommunications Carriers Association statistical data.

Trend of SOFTBANK MOBILE's Annual ARPU



Trend of Quarter ARPU for Fiscal 2010



Upgrade and Churn Rates

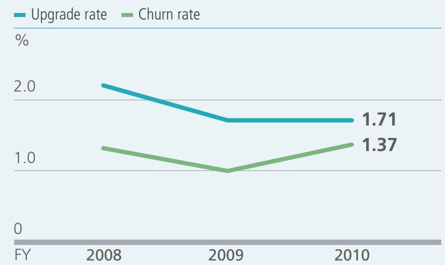
The upgrade rate for fiscal 2010 was roughly flat with the previous fiscal year at 1.71% reflecting the impact of the longer upgrade cycle after the introduction of the installment sales method. At the same time, the churn rate rose 0.37 percentage points year-on-year to 1.37%. This was mainly a reflection of a one-time increase in churn associated with the termination of the 2G mobile phone services at the end of fiscal 2010, and an increase in the number of customers completing their installment handset payments, and some of these customers churned.

Summary of Segment Results

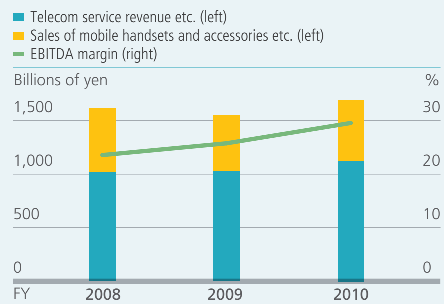
Fiscal 2010 net sales totaled ¥1,701.4 billion, an 8.9% increase year-on-year. With solid sales of iPhone and the PhotoVision digital photo frame with telecommunications functionality, mobile handset-related revenue grew. In addition, telecom service revenue showed strong growth from the increase in the number of mobile phone subscribers and the trend of declining ARPU bottoming out. EBITDA[*4] grew 24.9% year-on-year to ¥504.3 billion. The profit margin improved significantly due to progress that was made in increasing management efficiency, including a significant reduction in expenses related to bad debt (see below).

*1 Share calculated by the Company based on Telecommunications Carriers Association statistical data.
*2 Please refer to "Business Segments—Mobile Communications Segment" on pages 42–43 for specific strategies and successes, including the "Four Commitments."
*3 Abbreviation for Average Revenue Per User (rounded to the nearest 10 yen). Revenue and the number of subscribers include prepaid mobile phones and communication modules.
*4 EBITDA = operating income/loss + depreciation + goodwill + loss on disposal of fixed assets included in operating expenses.

Trend in SOFTBANK MOBILE's Upgrade and Churn Rates



Sales Breakdown and EBITDA Margin

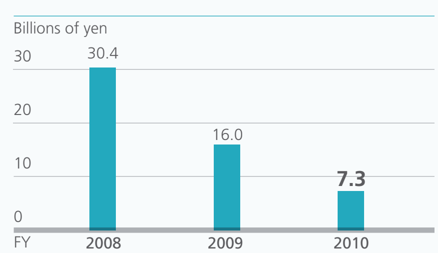


(Note) Excluding intersegment sales.
EBITDA margin = EBITDA / net sales × 100.

Major Improvement in Expenses Related to Bad Debt

In September 2006, SOFTBANK MOBILE introduced the installment sales method in order to ensure that the burden of handset costs is paid by users in a fair manner, without regard to how long they use the same mobile phone. Installment sales mean that, in exchange for a lower initial cost to users, the operator assumes a risk of bad debt. As the number of subscribers increased, SOFTBANK MOBILE's expenses related to bad debt (bad debt loss on doubtful accounts and provision for doubtful accounts) reached ¥30.4 billion in fiscal 2008. Nevertheless, as a result of stronger measures to prevent unlawful contracts and measures to prevent the distribution of illegally acquired handsets, this amount was sharply reduced to ¥16.0 billion in fiscal 2009 and to ¥7.3 billion in fiscal 2010. This enhanced capability to control bad debt has added strength and stability to the SOFTBANK Group's overall management.

SOFTBANK MOBILE's Expenses Related to Bad Debt* (Income statement basis)



* Mobile handset installment sales receivables.

2. Broadband Infrastructure Segment

According to Ministry of Internal Affairs and Communications statistics, the number of fixed-line Internet connections in place in Japan at the end of fiscal 2010 was 34.67 million, a 2.3% increase from the previous fiscal year-end. Of this number, the portion representing broadband services*[5] had risen to 92.0% (from 89.5% at the end of fiscal 2009). There are two main types of broadband services—DSL (accounting for 30.5% of all broadband services) and FTTH (accounting for 55.8%).

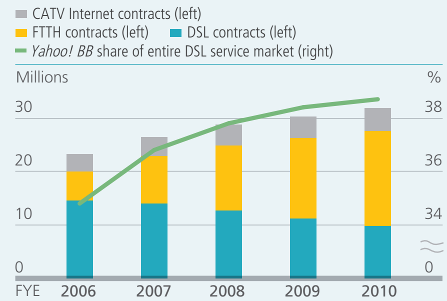
Yahoo! BB ADSL, the comprehensive broadband service provided by the Broadband Infrastructure segment's core company SOFTBANK BB, saw its share of the entire DSL services market stable at 38.7% as of the end of fiscal 2010, compared to 38.4% at the previous fiscal year-end. In addition, the number of contracts for *Yahoo! BB hikari with FLET'S**[6], a service packaging *Yahoo! BB*'s ISP service with other operators' FTTH services launched by SOFTBANK BB in February 2009 in response to users' diversifying needs, was approximately 240,000 as of the end of fiscal 2010.

3. Fixed-line Telecommunications Segment

According to Ministry of Internal Affairs and Communications statistics, the total number of telephone lines (NTT East & NTT West subscriber lines*[7], direct connection telephones, 0ABJ-IP telephones, and cable TV telephones) in use in Japan declined to 57.87 million at the end of fiscal 2010 from 58.41 million as of the end of fiscal 2009, but because of the superior value provided, the portion of those lines representing operators other than NTT East and NTT West rose to 17.2% from 15.3% over the same period.

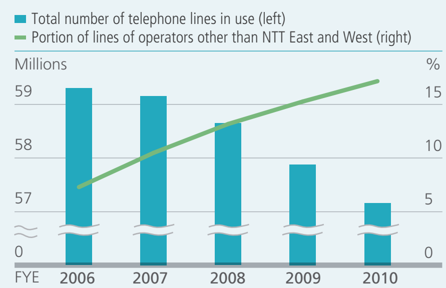
OTOKU Line, the direct connection voice service offered by SOFTBANK TELECOM, the core company of the Fixed-line Telecommunications segment, recorded a 7.3% increase during fiscal 2010 to 1.67 million lines (for a 37.3% share of the market for direct connection telephone services). In the corporate data transmission market, while the trend of decline in conventional relay connection services continues on the one hand, high-speed, high-quality WAN services, such as IP-VPN and wide-area Ethernet are growing. In this area, the number of SOFTBANK TELECOM's data lines for corporations continues to show solid growth. In particular, the number of contracts for *ULTINA Wide-Ether* wide-area ethernet service as of the end of fiscal 2010 grew by approximately 10% from the end of the previous fiscal year.

Number of Broadband Service Contracts in Japan and *Yahoo! BB*'s Share of the Entire DSL Service Market



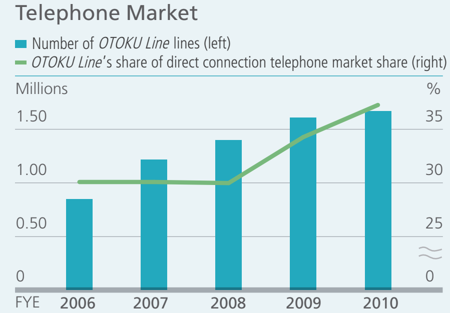
(Note) Created by the Company, based on Ministry of Internal Affairs and Communications statistical data.

Total Number of Telephone Lines in Use in Japan and Portion of Lines of Operators Other than NTT East and NTT West



(Note) Created by the Company, based on Ministry of Internal Affairs and Communications statistical data.

Number of *OTOKU Line* Lines and *OTOKU Line*'s Share of Direct Connection Telephone Market



(Note) Created by the Company, based on Ministry of Internal Affairs and Communications statistical data.

4. Internet Culture Segment

Internet Advertising

Internet advertising expenditures not only rose from the previous year, it exceeded spending on newspaper advertising. According to Dentsu Inc. statistics, total advertising expenditures in Japan for 2009 (CY) showed a major decline of 11.5% from the previous year, reflecting the sluggish economy. The value of the Internet as an advertising media is steadily increasing against the backdrop of rising rates of broadband penetration and the ability to verify its advertising effectiveness.

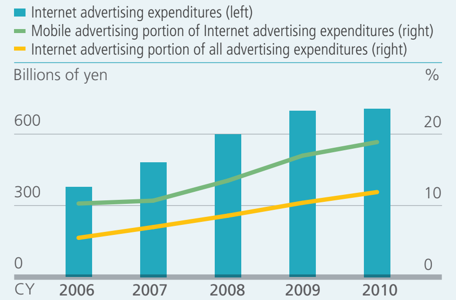
Although the mass media advertising market struggled during 2009 (CY), contracting 14.3% from the previous year, fiscal 2010 advertising sales at Yahoo Japan Corporation, the Internet Culture segment's core company, remained solid with 1.8% year-on-year increase. In terms of advertising products, weak earnings in the real estate and financial industries were reflected in a decline in display advertising, which is used primarily by major advertisers, but there was nevertheless a steady recovery from the second half of fiscal 2010. At the same time, listing advertising, which is less susceptible to adverse economic conditions, maintained a trend of steady growth throughout fiscal 2010. A significant aspect of this increase was the high year-on-year growth seen in listing advertising for mobile devices in particular.

Non-advertising Internet Services

Transaction value at Yahoo Japan's e-commerce business in fiscal 2010 was roughly flat year-on-year. Although growth was maintained in the number of items posted on *Yahoo! Auctions*, the average price of winning bids declined, primarily a reflection of the deflationary economic environment. On the other hand, transaction value at *Yahoo! Shopping* grew by roughly 20% year-on-year on the success of various promotional events. The value of *Yahoo! Shopping* transactions conducted via mobile devices significantly exceeded the growth in total transaction value, as the portion of e-commerce transaction value accounted for by mobile devices continued to grow. Fee-based revenue also showed continued growth, primarily from *Yahoo! Partner* and *Yahoo! Game*. The number of *Yahoo! Premium* members at the end of fiscal 2010 rose 3.1% from the previous fiscal year-end, to 7.59 million IDs.

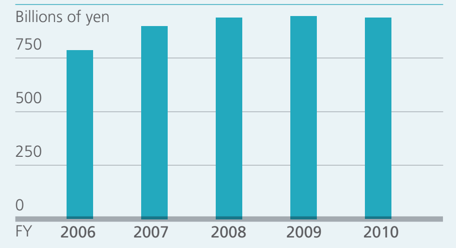
*5 Total number of DSL, FTTH, and cable television service contracts.
*6 A broadband connection service that combines the Internet connection service *Yahoo! BB* and the *FLET'S HIKARI* fiber-optic connection provided by NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION ("NTT East") and NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION ("NTT West").
*7 NTT East and NTT West.
• *FLET'S* and *FLET'S HIKARI* are registered trademarks of NTT East and NTT West.

Internet Advertising Expenditures

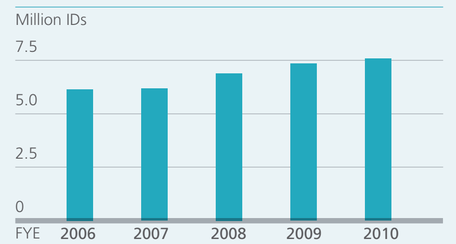


(Note) Created by the Company, based on press release by Dentsu Inc.

Yahoo Japan's E-commerce Transaction Value



Number of *Yahoo! Premium* Member IDs



Toward Becoming the "No. 1 Mobile Internet Company"

14.4%
EBITDA*1 CAGR
(fiscal 2009–2010*2)

Basic Segment Information

The Mobile Communications segment (with SOFTBANK MOBILE as core company) was established in fiscal 2007 with the acquisition of Vodafone K.K. (current SOFTBANK MOBILE). Following the acquisition, SOFTBANK MOBILE made "Four Commitments"—(1) Network Enhancement; (2) Handset Enhancement; (3) Mobile Content Enhancement; and (4) Sales Structure and Branding Enhancement—and worked swiftly to raise its competitiveness. From fiscal 2009 in particular, SOFTBANK MOBILE has led the industry with the provision of appealing handsets such as iPhone and the enhancement of its lineup of content as represented by *Simple Select Video*. As a result, SOFTBANK MOBILE's share*3 of cumulative subscribers rose 2.9 percentage points over the four years from the end of fiscal 2006, immediately before the acquisition, to the end of fiscal 2010.

The segment's net sales increased 8.9% year-on-year in fiscal 2010, operating income grew 52.2% year-on-year, and the operating margin rose 4.3 percentage points.

Issues and Basic Strategies

"Enhancement of Handsets Tailored for Mobile Internet" and "Enhancement of Mobile Network"—Making Mobile Internet Comfortable

SOFTBANK MOBILE is driving forward one of its basic strategies of enhancing handsets tailored for the mobile Internet. Following the release of iPhone 3G in July 2008, iPhone 3GS was released in June 2009. With an interface completely different from conventional mobile phones and a rich array of applications, iPhone has fascinated people and been the No. 1 selling product*4 at major mass appliance retailers for two consecutive years. It is the driving force behind the growth in the number of subscribers. In April 2010, SOFTBANK MOBILE released the high-functionality mobile phone HTC Desire™, an Android™ handset mounted with Google's operating system.

SOFTBANK MOBILE believes that the enhancement of its mobile network is an issue of importance, and is continuing efforts geared toward this issue. The number of base stations was increased to approximately 60,000 as of the end of fiscal 2010, from the roughly 22,000 immediately following the acquisition (as of the end of June 2006). In addition, the "SoftBank Network Enhancement Initiative" was announced in March 2010. As a key element of the strategy, SOFTBANK MOBILE will double the number of base stations and provide Femtocell micro mini-base stations and Wi-Fi routers free of charge. In addition to expanding service area coverage, network capacity is being increased to address the growth in data telecommunications demand.

Enhancement of Content and Services—Making Mobile Internet More Interesting

One of SOFTBANK MOBILE's basic strategies is enriching its content and services for mobile

Flashback: Turning Points in This Business

2006.04	2006.09	2006.10
SOFTBANK enters mobile communications business by acquiring Vodafone K.K.	First in industry to introduce installment sales method for mobile handsets.	*Yahoo! Keitai,* a portal for SoftBank mobile phones, is launched.

Femtocell micro mini-base stations provided free of charge

PhotoVision SoftBank HW001 (Launched in June 2009)

phones. The number of subscribers to the *Simple Select Video* service, which allows users to select from multiple genres and courses including sports and entertainment and enjoy the video on their mobile phone, surpassed one million two months after its full-fledged launch in May 2009, and continues to grow. In addition to being able to view high video and sound quality video edited uniquely for mobile phones, users support the ease of viewing video from an e-mail sent to their mobile phone. Three new courses popular amongst women, including "Gourmet & Recipes," were added in October 2009, and a new "Movie" course was added in March 2010.

In addition, the number of mobile phones in use compatible with *MOBILE WIDGET*, which displays information from the Internet in real time in an icon on the mobile phone's standby screen, exceeded one million roughly nine months after the feature was introduced in November 2008. Furthermore, in November 2009, the segment began providing *Keitai Wi-Fi**5, a service that enables comfortable Internet access through wireless LAN high-speed packet communications.

Non-mobile Handset Market Development—Digital Photo Frame with Telecommunications Functionality

Another of SOFTBANK MOBILE's basic strategies is developing new markets for non-mobile handsets. The PhotoVision digital photo frame with telecommunications functionality, launched in June 2009, is recording strong sales. Its popularity stems from its ease of use—photos sent by e-mail are automatically displayed—and exclusive price plan in which the user does not need to worry about telecommunication charges. Driven by PhotoVision's strong sales, the number of telecommunication module service subscribers was 540,000 at the end of fiscal 2010, for a 9.6-fold year-on-year increase.

By focusing on these strategies, SOFTBANK MOBILE is playing a central role in leading the SOFTBANK Group toward becoming the No. 1 mobile Internet company.

*1 EBITDA = operating income/loss + depreciation + goodwill + loss on disposal of fixed assets included in operating expenses.
*2 Two-year period from fiscal 2009 to fiscal 2010, with fiscal 2008 as base year.
*3 Calculated by the Company based on Telecommunications Carriers Association statistical data.
*4 Calculated by the Company based on research company statistical data. Combined sales volume of iPhone 3G (8GB/16GB) and iPhone 3GS (16GB/32GB).
*5 *Keitai Wi-Fi* requires monthly usage charge of 490 yen, subscriptions to *S! Basic Pack* (monthly usage charge of 315 yen) and *Unlimited Packet Discount Flat* are also required. Please refer to "Highlighted New Products, Services and Technologies" on this page.

In Detail—Highlighted New Products, Services and Technologies

"*Keitai Wi-Fi*" Achieves High-speed Packet Communications

ケータイWi-Fi

By enabling mobile phones to use wireless LAN in the home or public wireless LAN, the *Keitai Wi-Fi* service provides high-speed packet communications at speeds roughly 7.5-fold (up to 54Mbps*6) that of *3G High Speed*, making it possible to handle files that are roughly 10-fold larger. Accessing the *Keitai Wi-Fi* dedicated site *Keitai Wi-Fi Channel* allows users to easily enjoy a variety of video content including movies, dramas and comedy with high video and sound quality, as well as newspapers and magazines. No application procedure is required to use SOFTBANK MOBILE's *SoftBank Wi-Fi SPOT* public wireless LAN service free of charge, and with just a simple set-up customers can use high-speed packet communications at major JR train stations, airports, cafes, and other access points nationwide.

*6 Maximum theoretical speed, not a guarantee of actual speed.

2008.05

White Line 24 and *White Call 24* FMC*7 services announced.

*7 Abbreviation for Fixed Mobile Convergence.

2008.07

iPhone 3G is released.

2009.05

Simple Select Video video service for mobile phones is launched full-fledgedly.

Moving from Defense to Offense

7.7%

EBITDA*1 CAGR
(fiscal 2007–2010*2)

Basic Segment Information

The Broadband Infrastructure segment's core company is SOFTBANK BB. SOFTBANK BB launched *Yahoo! BB* as Japan's first full-fledged comprehensive broadband Internet service in 2001, and since then has been driving Japan's rapid shift to broadband, while existing telecom operators were promoting the gradual popularization of the Internet using narrowband connections. In addition to providing sufficient speed and capacity to transmit rich content, SOFTBANK BB has gained strong customer support by making its services increasingly comprehensive with higher-added-value, including the *BB Phone* IP telephony service, wireless LAN services, the *BBTV* Broadband TV Broadcasting service, and the *BB Security* security service.

The segment's net sales decreased 13.5% year-on-year in fiscal 2010, operating income grew 3.2%, and the operating margin rose 3.9 percentage points.

Issues and Basic Strategies

Revitalization of Broadband Services

The number of *Yahoo! BB ADSL* lines grew to 5.16 million from the time the service was commercially launched in September 2001 until the end of fiscal 2007, but a trend of gradual decline has continued since fiscal 2008. This has occurred against a backdrop of the rise of other companies' FTTH services, while at the same time the SOFTBANK Group's strategy has been to place priority on the growth of the Mobile Communications segment. Under this strategy, SOFTBANK BB's marketing activities have reigned in customer acquisition costs as part of the Group's management emphasis on profit and cash flow. Now that the Mobile Communications segment has grown to the point of being able to generate operating income of ¥260.9 billion (actual result for fiscal 2010), SOFTBANK BB is pursuing the following initiatives with a view to turning around the trend in subscriber numbers at its core broadband services business.

Appeal to SOFTBANK Group's High-value-added Services and Advantage of ADSL Services

The ADSL services provided by SOFTBANK BB have a strong advantage relative to FTTH services in terms of price. SOFTBANK BB will appeal to users based on this advantage, along with the unique high-value-added services provided by the SOFTBANK Group like *BBTV* and *BB Security*.

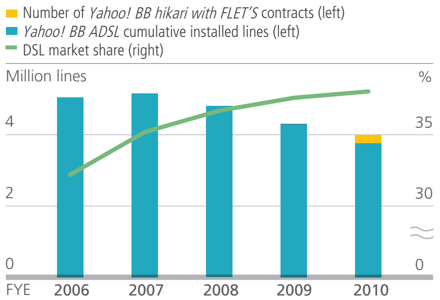
Expanding Synergies With the Mobile Communications Segment

The segment is aggressively working to expand synergies with the Mobile Communications segment, in areas ranging from cost synergies through increased management efficiency and marketing and sales synergies by offering *Yahoo! BB* at SoftBank shops, to service synergies like *White Call 24**3. Broadband lines are also being provided

Flashback: Turning Points in This Business

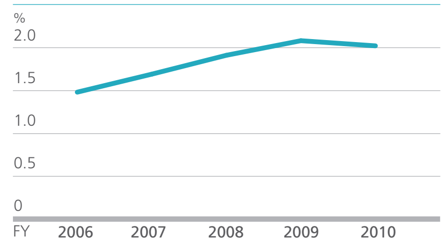
2001.06	2001.09	2002.04
World's first IP backbone network for a giga connection is built.	*Yahoo! BB* service is launched commercially.	*BB Phone* service is launched commercially.

Yahoo! BB ADSL Cumulative Installed Lines and DSL Market Share



(Note) Installed lines = number of lines for which connection construction for ADSL line at central office of NTT East or NTT West is complete. Market share calculated by the Company based on Ministry of Internal Affairs statistical data

Recently Declining Churn Rate for *Yahoo! BB ADSL*



(Note) Average ratio of customer lines with a history of payment, for which a cancellation application has been filed during the relevant period.

to users of SOFTBANK MOBILE's Femtocell micro mini-base stations and Wi-Fi routers.

Expanding the Broadband Service Menu

Yahoo! BB hikari with FLET'S, launched in February 2009, packages NTT's FTTH services with *Yahoo! BB*'s ISP service. The number of contracts for the service has been growing steadily since the nationwide rollout in July 2009, and amounted to approximately 240,000 by the end of fiscal 2010. SOFTBANK BB intends to not only pursue growth in its ISP services, but also through flexibly meeting increasingly diversified user needs by providing a wide variety of high-value-added services.

Effective Utilization of Existing Backbone Networks

SOFTBANK BB not only provides ADSL services to its own customers, it is also working to effectively utilize its own management resource the IP backbone network. One specific example of this is wholesale sales of broadband lines to other Internet service providers that do not have their own backbone networks. SOFTBANK BB also provides IP backbone networks to SOFTBANK MOBILE, which is experiencing growth in data telecommunications demand.

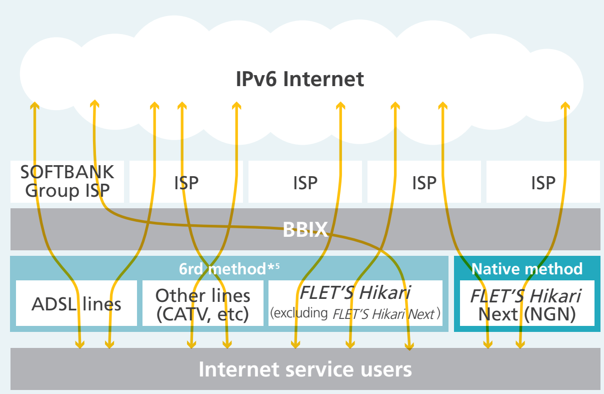
*1 EBITDA = operating income/loss + depreciation + goodwill + loss on disposal of fixed assets included in operating expenses.
*2 Four-year period from fiscal 2007 to fiscal 2010, with fiscal 2006 as base year.
*3 Service offering free domestic calls 24 hours a day between *BB Phone* lines (numbers starting with "050") and SoftBank mobile phones (*White Plan*).

In Detail—Highlighted New Products, Services and Technologies

Launch of IPv6*4 Internet Service

Together with the Group's BBIX, operator of an Internet Exchange (IX) business, SOFTBANK BB is promoting the concept of *IPv6 for Everybody!* and the shift to the IPv6 next-generation Internet protocol for all users of Internet services. Shifting to IPv6 will eliminate the problem faced by the current IPv4 of running out of IP addresses, while at the same time allowing for expansion in terms of functionality in the future. SOFTBANK BB is steadily expanding its coverage, beginning with users of *Yahoo! BB hikari with FLET'S* and *Yahoo! BB hikari FLET'S Course*, *YAHOO! BB ADSL* and other users.

Diagram of *IPv6 for Everybody!*



BBIX provides IPv6 to end-users through ISPs by means of its diverse access lines

*4 IPv6 (Internet Protocol version 6): adding additional features, such as increased address space and security features, through the next-generation Internet protocol based on the current IPv4.
*5 6rd (IPv6 rapid deployment) method: Internet service provision technology based on IPv6-over-IPv4 encapsulation (tunneling), which includes automatic assignment of IPv6 addresses.

2002.12

Yahoo! BB 12M + Wireless LAN Package is launched commercially.

2003.03

BBTV is launched commercially.

2009.02

Yahoo! BB hikari with FLET'S is launched.

Using ICT to Deliver Optimal Performance to Customers

32.8%
EBITDA*1 CAGR
(fiscal 2007–2010*2)

Basic Segment Information

The Fixed-line Telecommunications segment (with SOFTBANK TELECOM as core company) was newly established in fiscal 2005 with the acquisition of JAPAN TELECOM (current SOFTBANK TELECOM). Management resources for fixed-line telephone voice services are being shifted from relay connection services as represented by *MYLINE* to the *OTOKU Line* direct connection fixed-line voice service, which does not pass through the NTT Group's switching facilities. The market share of *OTOKU Line* is growing due to its price competitiveness and the high-value-added services it provides, including multi-functional forwarding. Management resources in data transmission services are also being concentrated in the highly cost-effective fiber-optic broadband access line *Ether Connect* and other direct connection services, and the customer base is showing steady growth. The segment is working to differentiate itself from its competitors by moving beyond simple telecommunications connections and providing integrated services that fuse conventional ICT*3 platforms with a variety of applications including security and e-commerce, and secure billing.

The segment's net sales decreased 4.1% year-on-year in fiscal 2010, operating income grew 21.2%, with a 1.4 percentage point increase in the operating margin.

Issues and Basic Strategies

Continuing to Concentrate Management Recourses, Providing Value-added Services

The segment continues to concentrate management resources for fixed-line telephone services in the highly profitable *OTOKU Line*, and in corporate *OTOKU Line* services in particular.

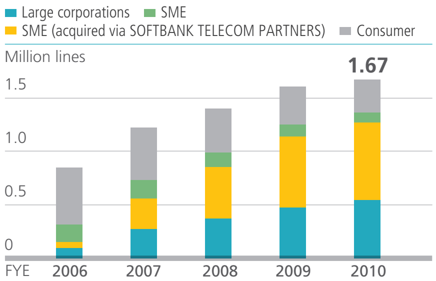
In terms of data transmission services, while the concentration of management resources into direct connection services like the *Ether Connect* fiber-optic broadband access line continues on the one hand, integrated services that fuse the traditionally separate functions of "services" and "networks" into one function on a platform are also being expanded.

Based on the ICT platform service concept, which integrates networks with functions and services and was announced in 2005, SOFTBANK TELECOM provides services that contribute to resolving customers' management issues and maximizing their operational efficiency.

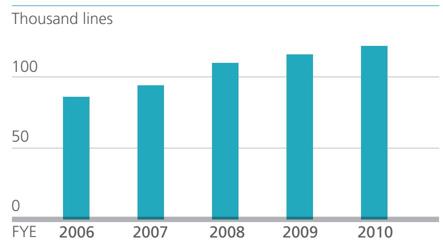
Flashback: Turning Points in This Business

2004.07	2004.12	2005.12
SOFTBANK enters the fixed-line telecommunications business by acquiring JAPAN TELECOM.	*OTOKU Line* direct connection fixed-line voice service is launched.	Concept of next-generation ICT platform services is announced.

Growth in Number of *OTOKU Line* Lines Primarily of Corporations



Steady Growth in Number of Corporate Data Telecommunications Lines



(Note) Total number of lines for *IP-VPN*, *Wide Ethernet*, and *ODN-Biz* (Excluding overlaps).

Accelerating Mobile Solutions Through Synergies with the Mobile Communications Segment

As the SOFTBANK Group's contact point for corporate marketing, SOFTBANK TELECOM is accelerating the sales growth of iPhone and SoftBank mobile phones. Many major accounts were acquired again in fiscal 2010, including Aoyama Gakuin University and FAST RETAILING. These expanded sales of mobile handsets do not only contribute to earnings at the Mobile Communications segment. The arrival of mobile handsets tailored for Internet use like iPhone has created an environment that enables SOFTBANK TELECOM to promote mobile solutions that lead directly to increased corporate productivity. As a result, SOFTBANK TELECOM will be able to aggressively develop high-value-added solutions businesses.

*1 EBITDA = operating income/loss + depreciation + goodwill + loss from disposal of fixed assets included in operating expenses.
*2 Four-year period from fiscal 2007 to fiscal 2010, with fiscal 2006 as base year.
*3 Abbreviation for Information and Communication Technology (ICT).

In Detail—Highlighted New Products, Services and Technologies

White Cloud cloud computing service

The *White Cloud* cloud computing*4 service for corporations was announced in November 2009, and *White Cloud HaaS**5 *Shared* type and *White Cloud HaaS**5 *Private* type*6, which provide hardware resources via a network using SOFTBANK TELECOM's telecommunications infrastructure and data centers, were launched in February 2010. The service supports the optimization of corporate IT investment and IT assets through its ability to offer hardware resources on a pay-as-you-go basis at the most competitive prices within the industry.

Going forward, the SOFTBANK Group intends to unify and roll out all of its products involving cloud computing service technologies under the new *White Cloud* brand name. The Group will then work to relieve the restrictions and limitations of the traditional IT environment and to assist its customers in growing and expanding their business.

*4 Concept of PC configuration and use that provides users with information services and application services using computing resources scattered across the Internet.
*5 Abbreviation for Hardware as a Service (HaaS): services that provide use of hardware resources via a network.
*6 *HaaS Shared* type uses virtualization to allow multiple users to jointly use one piece of hardware, *HaaS Private* type gives a specific user exclusive use of hardware.

2008.06

*White Line 24**7 corporate FMC service is launched.

*7 Service offering 24-hour free domestic voice calls between *OTOKU Line* telephones and SoftBank mobile phones (*White Plan*) for an additional monthly charge.

2009.03

*White Office**8 corporate FMC service is launched.

*8 Service enabling SoftBank mobile phones to be used as extension lines both within the office and outside for a fixed rate.

2010.02

White Cloud corporate cloud computing service is launched.

Yahoo! JAPAN—Always with you, ready to go

15.8%
EBITDA*[1] CAGR
(fiscal 2007–2010*[2])

Segment Overview

The *Yahoo! JAPAN* portal, operated by the Internet Culture segment's core company Yahoo Japan, has established an overwhelming No. 1 position among Japanese portals with a wide lead over the competitor portals in terms of indexes including number of users, page views, and total usage time*[3]. In addition to the strength of the *Yahoo! JAPAN* brand, this reflects the portal's rich service lineup and high added-value for corporations and individuals. Yahoo Japan's "advertising revenue" and "fee revenue," derived from the portal's customer drawing power, are the segment's main source of revenue.

The segment's net sales increased 6.6% year-on-year in fiscal 2010, operating income grew 8.0%, and the operating margin rose 0.7 percentage points.

Issues and Basic Strategies

Since launching the service in 1996, Yahoo Japan has grown its number of users and usage time, and strengthened its earnings base, by increasing both the types and quality of its services. At the same time, the Internet has undergone diversification and advances in the ways it is used, including user-generated information and mobile Internet. The segment is able to further enhance its ability to grow by appropriately grasping and swiftly addressing these changing needs. Since formulating the four growth strategies outlined below in 2007, Yahoo Japan has continued to develop its services and businesses in line with these strategies.

1. Social Media Services

Users not only receive information, they also participate in generating information themselves. By skillfully fusing these two activities, Yahoo Japan improves its portal with greater added-value. For example, *Yahoo! News* not only streams news from media, it also promotes the integration of head content (information released by specified information providers) with tail content (information generated by users themselves) by aggregating the results of users' impressions and showing posted comments.

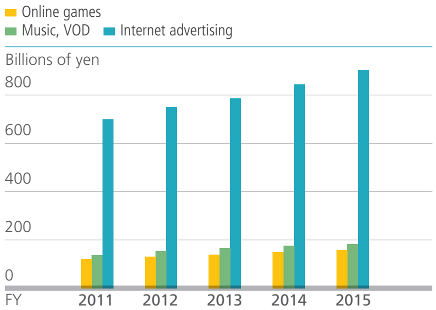
2. Yahoo! Everywhere

Devices that can access the Internet are rapidly becoming more diverse, and include mobile phones and TVs. Yahoo Japan has kept ahead of this trend through a variety of ways that make it easier to use its services on devices other than PCs. For example, *Yahoo! Keitai* for SoftBank mobile phones and the mobile version of *Yahoo! JAPAN* are portals that are easy to use on mobile phones, and Yahoo Japan also provides a range of popular services like *Yahoo! Auctions*. Yahoo Japan is also aggressively working to expand use of the Internet via TVs, including the development of services for Sharp's AQUOS LCD TVs.

Flashback: Turning Points in This Business

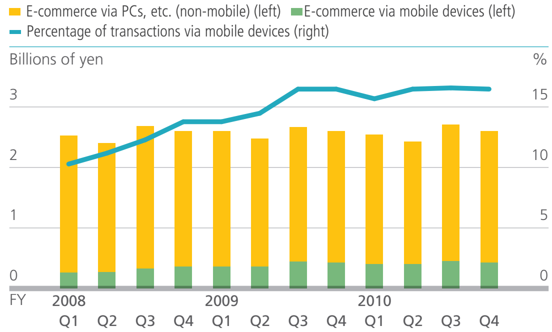
1996.04	1999.09	2000.06
Japanese-language information search service *Yahoo! JAPAN* is launched.	Online shopping service *Yahoo! Shopping* and auction service *Yahoo! Auctions* begin operating.	Mobile phone service *Yahoo! Mobile* (current mobile version of *Yahoo! Japan*) is launched.

Estimate Market Size for Major Internet Businesses



(Note) Created by the Company based on Nomura Research Institute's "IT Market Navigator 2010." Internet advertising data is calendar year based.

Expansion of Yahoo Japan's E-commerce via Mobile Devices (Average daily transaction value)



(Note) Created by the Company based on information disclosed by Yahoo Japan. Total transaction value for *Yahoo! Shopping* and *Yahoo! Auctions*.

3. Personalized Local Information Services

Internet users are not only looking for national information, they also seek information that is closely related to their daily lives. Yahoo Japan is using its map information to enhance its local information, including tail content, while at the same time aggressively working to provide local businesses and merchants with platforms for Internet use and a variety of services.

4. Open Network Partnerships

Even though *Yahoo! JAPAN* is Japan's overwhelming No. 1 portal, it accounts for no more than roughly 19%*3 of total usage time on the Internet as a whole. Yahoo Japan is therefore expanding its business opportunities while establishing win-win partnerships by providing advertising distribution technologies and various platforms like the online fee-collection system *Yahoo! Wallet*, which it has developed over many years, to partner sites other than *Yahoo! JAPAN*.

*1 EBITDA = operating income/loss + depreciation + goodwill + loss on disposal of fixed assets included in operating expenses.
*2 Four-year period from fiscal 2007 to fiscal 2010, with fiscal 2006 as base year.
*3 March 2010 Nielsen Online research (access from home and office PCs).

In Detail—Highlighted New Products, Services and Technologies

GyaO! and *GyaO! Store*

After making GyaO into a subsidiary in April 2009, Yahoo Japan launched the video distribution service *GyaO!* and *GyaO! Store* in September 2009 integrating the two companies' video distribution services, advertising listings, and billing systems. The number of users as of March 2010 had reached 11.25 million*3, making the service one of Japan's largest "official video distribution platforms." The strong support *GyaO!* has received, from video rights holders and providers, advertising agencies, and other parties related to video distribution in addition to users, is what stands out the most and has driven the new *GyaO!*'s growth. GyaO's shareholders currently include five major TV broadcasters and two major advertising agencies. Before becoming a Yahoo Japan subsidiary, GyaO was posting annual operating losses in excess of ¥2 billion, but after becoming a subsidiary there was a change to a revenue sharing system with content-related revenue split between rights holders and GyaO, a video distribution system was built that enables low-cost operations, and effective advertising products were developed. The business became profitable on a single-month basis in December 2009 and on a single-quarter basis in the fourth quarter of fiscal 2010.

GyaO! screen image

2002.11	2003.07	2008.09	2009.09
Paid search advertising is launched in addition to display ads.	Fee-based membership service *Yahoo! Premium* is launched.	*Interest Match* advertising linked to interests is launched.	*GyaO!* video distribution service, integrating *GyaO* and *Yahoo! Streaming*, begins operating.

e-Commerce Segment

Taking the Lead in Organic Fusion of "IT" and "Telecommunications"

5.1%

EBITDA*[1] CAGR (fiscal 2007–2010*[2])

Basic Segment Information

The e-Commerce segment (with SOFTBANK BB as core company) carries on SOFTBANK's original business. The segment has one of Japan's largest operations for the distribution and sales of a wide range of IT-related products, from hardware to software. The segment differentiates itself from competitors by swiftly addressing a range of needs; in addition to SaaS*[3] that provide users with necessary software and applications via the Internet, the business operates a variety of solution services including support to e-commerce (EC) business operators. Major segment companies in addition to SOFTBANK BB include Vector, which has achieved strong growth through providing games for SNS sites, and Carview, which generates automotive-related information. The sites operated by both of these companies are among Japan's largest.

The segment's net sales decreased 3.4% year-on-year in fiscal 2010, operating income grew 25.0%, and the operating margin rose 0.5 percentage points.

Issues and Basic Strategies

SOFTBANK BB's Commerce & Service Division is working with a basic strategy of further enhancing competitiveness by organically fusing "IT" and "Telecommunications," under an "Advanced ICT" business vision in the following areas.

Expanding Synergies With the SOFTBANK Group's Telecommunications Infrastructure

Sales of mobile phone handsets tailored for mobile Internet, primarily iPhone and mainly to corporations, is one of the segment's key strategies. This not only contributes to results at the Mobile Communications segment, it also means new earnings opportunities for the e-Commerce segment. For example, when businesses introduce smartphones, needs frequently arise for in-house wireless LAN access points etc. to facilitate high-speed communications. SOFTBANK BB is able to comprehensively offer and sell these wireless LANs, routers, and other required equipment. The growing need for advanced mobile related services, such as the need for the construction of groupware that is compatible with smartphones, creates selling and provision opportunities for related equipment, software, and services, such as SaaS. In this way, the segment provides high-value-added total solutions that combine the SOFTBANK Group's highly competitive telecommunications infrastructure with IT-related businesses.

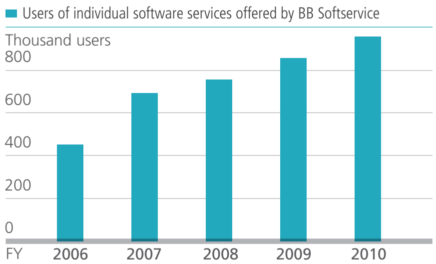
Further Expansion of the SaaS Business

The SaaS business can be seen as a stock business that enhances management stability by continuously generating fee-based revenue. The segment is

Flashback: Turning Points in This Business

1981.09	1999.11	2002.06
SOFTBANK Japan (current SOFTBANK) is established. PC-use packaged software distribution business is launched.	Comprehensive automobile site, carpoint.ne.jp (current carview.co.jp), is launched.	*Software e-distribution platform service* that is a platform through which software is sold via the Internet is launched.

Steadily Increasing Number of Individual Software Service Users



BT2080 Wireless Monaural Headset

accelerating the development of this SaaS business. The aggregate number of users of the software services provided to individuals by SOFTBANK BB's subsidiary BB Softservice is showing steady growth and has reached roughly one million users. Also, the aggregate number of users of the *TEKI-PAKI* corporate SaaS/ASP service doubled in fiscal 2009 and again in fiscal 2010.

Expansion of *SoftBank SELECTION*

SoftBank SELECTION was launched in November 2007 as a brand for selling mobile phone accessories and PC software carefully selected by SOFTBANK BB. Despite an adverse economic environment, fiscal 2010 sales roughly doubled from the previous fiscal year. Recording media, iPhone accessories, and mobile phone-related products like Bluetooth® headsets were particularly strong performers. SOFTBANK BB is working to pursue synergies with the Mobile Communications segment by developing and selling *SoftBank SELECTION* brand products.

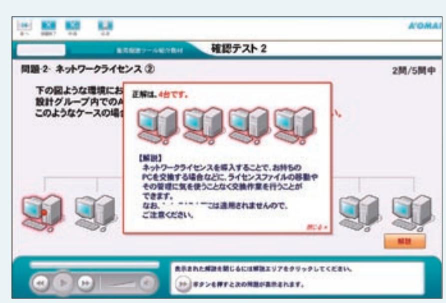
*1 EBITDA: operating income/loss + depreciation + goodwill + loss on disposal of fixed assets included in operating expenses.
*2 Four-year period from fiscal 2007 to fiscal 2010, with fiscal 2006 as base year.
*3 Abbreviation for Software as a Service: services that enable users to use required software via the Internet.

In Detail—Highlighted New Products, Services and Technologies

"A'OMAI" Cloud-based Next-generation e-Learning System

This e-learning system*4 has been in development since fiscal 2009 based on the concept of "Learning anytime, anywhere." Utilizing the SOFTBANK Group's *White Cloud HaaS**5 cloud computing service, *A'OMAI* offers one of the industry's most competitive pricing levels, starting at just ¥315 per month. This cloud-based next-generation e-learning system not only works with PCs, it is also able to seamlessly provide a classroom environment on iPhone and other high-functionality mobile phones. Users of this system had exceeded 100,000 at the end of March 2010. *A'OMAI* has received high marks for the low initial investment and low operating and maintenance costs required for companies installing e-learning systems, and for its reliability. In August 2009 the system received the Award of the Minister for Internal Affairs and Communications at the "JAPAN e-Learning AWARDS 2009." SOFTBANK BB is aiming for at least a 3-fold increase in *A'OMAI*-related revenue in fiscal 2011, and is exploring ways to develop the service for individuals as well as for corporations.

*4 Learning system that makes it possible to receive interactive education and training via a network when it is convenient for users.
*5 Please refer to Page 47, "In Detail—Highlighted New Products, Services and Technologies.



A'OMAI screen image

2007.01	2007.11	2009.12
TEKI-PAKI corporate SaaS/ASP service is launched.	Comprehensive *SoftBank SELECTION* brand is launched for mobile phone accessories and PC software.	*A'OMAI* next-generation e-learning system is launched.

Others Segment

Technology Services

Be the Best IT Strategic Partner

Basic Segment Information

SOFTBANK TECHNOLOGY is the segment's core company. Faced with adverse economic conditions, businesses are under pressure to outsource the construction and operation of the telecommunications networks that increase their operational efficiency and productivity, and to adopt technologies like cloud computing. SOFTBANK TECHNOLOGY is utilizing the experience and expertise it has cultivated to date, along with its knowledge of e-business, to provide e-commerce production and consulting, web-based marketing and mobile applications for corporate use, and to construct service platforms. Along with developing these online businesses that utilize the Internet, SOFTBANK TECHNOLOGY also provides customers with comprehensive cloud services as a service integrator.

Media & Marketing

Media Content Group that Conveys Sensations Through Creativity

Basic Segment Information

SOFTBANK Creative and ITmedia are the segment's core companies. The segment provides IT-related and entertainment-related information and content via media including PC and mobile phone websites, magazines, and books. SOFTBANK Creative provides content in a variety of fields, including Electronic Comic versions and iPhone applications, for which it has obtained exclusive distribution rights for both Japan and overseas, of Harlequin romance novels. In the field of media, ITmedia delivers a wide range of specialized information including domestic and overseas news related to IT and digital products, and technological information for IT engineers.

The segment continues to grow by creating next-generation media with dramatically enhanced expressive capabilities.

(Note) The Others segment also includes the Technology Services segment, the Media & Marketing segment, Overseas Funds, and Other businesses (mainly Fukuoka SOFTBANK HAWKS related operations).

Status of Investments and Investment Recovery (Fiscal 2010)

The SOFTBANK Group invests primarily in next-generation Internet-related companies, with the aim of being the "No. 1 Internet Company in Asia" and the "No. 1 Mobile Internet Company."

Along with an additional investment in Oak Pacific Interactive, operator of "renren.com," one of China's largest SNS sites, and the SNS game site "kaixin.com," investments during fiscal 2010 included an additional investment in RockYou, Inc., a U.S. developer and provider of social applications for SNS sites, making both companies equity method affiliates. The Group also invested in Ustream, Inc., a U.S. company that provides services to enable anyone to easily stream live video using a smartphone or webcam.

Status of investments and investment recovery made during fiscal 2010 were as follows:

Status of Investments*1

Amount of investment	¥83.1 billion
Number of companies invested in	70 (of which public companies 4, non-public companies 66)

Investment Recovery Status

Amount recovered (market value)	¥17.4 billion
Amount recovered (book value)	13.1 billion
Gain / loss at time of recovery	4.3 billion

By Country and Region

Country / Region	Investment Amount	Number of Companies
Japan	¥64.7 billion	25
China	8.5 billion	6
U.S.	6.4 billion	9
Korea	0.9 billion	14
India	0.8 billion	2
Europe	0.3 billion	4
Others	1.5 billion	10
Total	**83.1 billion**	**70**

Information on Major Investments (As of March 31, 2010)

Billions of yen

Company Name	Amount of Investment	Proceeds From Sale	Market Value of the SOFTBANK Group's Portion	Proceeds From Sale + Market Value of the SOFTBANK Group's Portion	Return
Yahoo Japan	7.7	79.0	832.6	911.6	118.39×
Yahoo! Inc.	54.7	235.8	80.0	315.8	5.77×
SOFTBANK TECHNOLOGY	3.3	84.0	3.8	87.8	26.61×
UTStarcom, Inc.	21.5	59.6	3.8	63.4	2.95×
GungHo Online Entertainment	4.1	—	8.4	8.4	2.05×
Vector	1.1	—	11.4	11.4	10.36×
ITmedia	1.6	—	1.5	1.5	0.94×
Carview	2.0	1.0	5.6	6.6	3.30×
Total	**96.0**	**459.4**	**947.1**	**1,406.5**	**14.65×**

*1 Total of new investments and additional investments.

(Notes)
1. Investments made by affiliates are not included.
2. Cross-holdings in non-Internet-related companies and other policy-based shareholdings are not included in the aggregations of monetary amounts and number of companies.
3. In determining the number of companies, multiple Group investments in the same company have been eliminated.
4. Companies that carried out mandatory valuation write-downs are not included in the aggregation.
5. The portfolios of funds in which SOFTBANK CORP. (including its subsidiaries) invests are included in the aggregated figures (including indirect holdings).
6. Investment amounts and recovery amounts from sales are calculated by multiplying SOFTBANK CORP.'s portion of economic interest in the investing company.
7. Investment amounts and recovery amounts from sales are converted at the average exchange rate for the period from April 2009 through March 2010.

As of March 31, 2010

Consolidated Subsidiaries

Company Name URL	Fiscal Year-end	Capital (Millions of yen)	Voting Rights (%)	Principal Business Activities
Mobile Communications Segment				
SOFTBANK MOBILE Corp. www.softbankmobile.co.jp/en/	Mar.	177,251	100.0	Mobile phone services, handset sales, etc.
BB Mobile Corp.	Mar.	315,155	100.0	Holding company
Mobiletech Corporation	Mar.	105,630	100.0	Holding company
TELECOM EXPRESS Co., Ltd.	Mar.	100	100.0	Mobile phone agency
Broadband Infrastructure Segment				
SOFTBANK BB Corp.*1 www.softbankbb.co.jp/en/	Mar.	120,301	100.0	ADSL services, IP telephony services, distribution and sales of IT-related merchandise
BB Cable Corporation www.bbtv.com	Mar.	73	100.0	IP broadcasting services
Cybertrust Japan Co., Ltd. www.cybertrust.ne.jp	Dec.	1,422	67.0	Development and sale of software related to electronic authentication
Fixed-line Telecommunications Segment				
SOFTBANK TELECOM Corp.*1 www.softbanktelecom.co.jp/en/	Mar.	100	100.0	Fixed-line telephone services, data transmission and leased-line services, data centers
SOFTBANK TELECOM PARTNERS Corp. www.softbanktelecompartners.co.jp	Mar.	100	100.0	*OTOKU Line* sales and billing operations for telecommunications services
Internet Culture Segment				
Yahoo Japan Corporation*1,2 (Listed on TSE First Section, JASDAQ) www.yahoo.co.jp	Mar.	7,521	42.2	Operation of the *Yahoo! JAPAN* portal, Internet advertising, e-commerce, membership services, etc.
IDC Frontier Inc. www.idcf.jp/EN/	Mar.	100	100.0	Sales and distribution of data centers, provision of solutions
Yahoo Japan Value Insight Corporation www.yahoo-vi.co.jp	Dec.	700	76.9	Marketing research
Alibaba.com Japan Co., Ltd. www.alibaba.co.jp	Mar.	1,221	58.2	Operation of B2B marketplace
Tavigator, Inc. www.tavigator.co.jp	Mar.	100	58.0	Online travel agency

*1 SOFTBANK BB Corp. operates businesses in the Broadband Infrastructure and e-Commerce segments, SOFTBANK TELECOM Corp. operates businesses in the Fixed-line Telecommunications and Broadband Infrastructure segments, and Yahoo Japan Corporation operates businesses in the Internet Culture and Broadband Infrastructure segments.
*2 Overture K.K. merged with Yahoo Japan Corporation on October 1, 2009, with Yahoo Japan Corporation as the surviving entity.

Company Name URL	Fiscal Year-end	Capital (Millions of yen)	Voting Rights (%)	Principal Business Activities
e-Commerce Segment				
Vector Inc. (Listed on OSE Hercules) www.vector.co.jp	Mar.	995	57.7	Software sales through downloading
Carview Corporation (Listed on TSE Mothers) www.carview.co.jp	Mar.	1,569	52.2	Online provision of automobile-related information
SOFTBANK Frameworks Corporation www.sbfw.co.jp	Mar.	100	100.0	Logistics outsourcing and consulting services for IT companies
DeeCorp Limited www.deecorp.jp	Mar.	100	100.0	Online reverse auction service
BB Softservice Corp. www.bbss.co.jp	Mar.	50	100.0	Operation of software service portal, distribution of software
Others Segment				
SOFTBANK TECHNOLOGY CORP. (Listed on TSE First Section) www.softbanktech.co.jp/en/	Mar.	634	55.5	E-business and solutions services
SOFTBANK Media Marketing Holdings Corp. www.sbmm-holdings.co.jp	Mar.	100	100.0	Holding company
SOFTBANK Creative Corp. www.softbankcr.co.jp	Mar.	100	100.0	Sales, planning and publishing of music- and sports-related content, etc.
ITmedia Inc. (Listed on TSE Mothers) www.itmedia.co.jp	Mar.	1,620	59.8	Operation of comprehensive IT information site
Fukuoka SOFTBANK HAWKS Marketing Corp. www.softbankhawks.co.jp	Feb.	100	100.0	Management and maintenance of baseball stadium and other sports facilities, operation of baseball games
Fukuoka SOFTBANK HAWKS Corp. www.softbankhawks.co.jp	Feb.	100	100.0	Ownership of professional baseball team and baseball game administration
SoftBank Players Corp. www.softbankplayers.co.jp	Mar.	575	100.0	Research, planning, and provision of information for Internet leisure service, etc.
SOFTBANK PAYMENT SERVICE CORP. www.sbpayment.jp	Mar.	450	100.0	Invoice collection and computation services for businesses, etc.
SBBM Corporation	Mar.	72	100.0	Holding company
Odds Park Corp. www.oddspark.com	Mar.	10	100.0	Compilation of information related to regional horse racing betting tickets and sales operations for betting tickets
TV Bank Corporation www.tv-bank.com	Mar.	10	100.0	Video content services
Japan Cyber Educational Institute, Ltd. www.cyber-u.ac.jp	Mar.	1,797	86.9	Operations related to administration of Cyber University
SB Holdings (Europe) Ltd.	Mar.	US$48M	100.0	Holding company
SOFTBANK Holdings Inc. http://softbank.com/	Mar.	US$0M	100.0	Holding company
SOFTBANK America Inc.	Mar.	US$0M	100.0	Holding company
SOFTBANK Commerce Korea Corporation www.softbank.co.kr	Dec.	KRW5,732M	85.8	Wholesaling of IT-related merchandise in Korea

Affiliates and Others

Company Name URL	Fiscal Year-end	Capital (Millions of yen)	Voting Rights (%)	Principal Business Activities
Affiliates				
Mobile Communications Segment				
Telecom Service Co., Ltd. www.telecom-service.net	Mar.	500	17.3	Mobile phone sales agency
Broadband Infrastructure Segment				
M.P.Holdings, Inc. (Listed on TSE Mothers) www.mph.mptech.co.jp/en/	July	5,632	32.8	Central holding company for entire M.P. Group
Internet Culture Segment				
ValueCommerce Co., Ltd. (Listed on TSE Mothers) www.valuecommerce.ne.jp	Dec.	1,714	44.1	Operation of performance-based Internet advertising system
CREO CO., LTD. (Listed on JASDAQ) www.creo.co.jp	Mar.	3,149	39.5	Systems development, planning, development, and sales of packaged software, etc.
All About, Inc. (Listed on JASDAQ) http://allabout.co.jp/	Mar.	1,169	34.8	Operation of comprehensive information site using specialized guides, Internet advertising
Seven Net Shopping Co., Ltd.*3 www.7netshopping.jp	Feb.	438	31.3	Online retailer, provision of Internet-related services
Estore Corporation (Listed on OSE Hercules) http://estore.co.jp/en/	Mar.	523	30.8	Services including distribution, settlement, sales promotion, and administration for Internet businesses
Alibaba Group Holding Limited www.alibaba.com	Dec.	US$0M	33.0	Central holding company for Alibaba Group, operator of B2B online markets, etc.
e-Commerce Segment				
CJ Internet Japan Corp. www.netmarble.ne.jp	Dec.	1,700	44.9	Operation of entertainment portal focusing on games
GungHo Online Entertainment,Inc. (Listed on OSE Hercules) www.gungho.co.jp/english/	Dec.	5,320	33.8	Distribution of online games, etc., using the Internet
Others Segment				
MySpace Japan K.K. http://jp.myspace.com/	Mar.	1,420	50.0	Operator of MySpace Japan SNS site
ONLINE GAME REVOLUTION FUND NO. 1	Dec.	6,100	49.2	Investment in online gaming operations
Broadmedia Corporation (Listed on OSE Hercules) www.broadmedia.co.jp	Mar.	2,666	34.6	Content distribution utilizing technological platforms
RockYou, Inc. www.rockyou.com	Dec.	US$1M	24.5	Development and provision of social applications and social games
Oak Pacific Interactive www.oakpacific.com	Dec.	US$250M	23.8	Operation of renren.com, one of the largest SNS sites in China and SNS game site kaixin.com

*3 Seven and Y Corp. changed its company name to Seven Net Shopping Co., Ltd. on December 7, 2009.

Company Name URL	Fiscal Year-end	Capital (Millions of yen)	Voting Rights (%)	Principal Business Activities
Other Securities				
Internet Culture Segment				
Yahoo! Inc. (Listed on NASDAQ) www.yahoo.com	Dec.	US$0M	3.8	Operation of *Yahoo!* portal, Internet services

Main Overseas Fund Data

Company Name / Fund Name URL	Category[*4]	Principal Investment Region[*5]	Fund Size	Commitment[*6]	Ownership[*7] (%)	Type
Condolidated Subsidiaries						
SOFTBANK Ventures Korea Inc. www.softbank.co.kr	A	Seoul, South Korea	KRW18,000M	KRW18,000M	100.0	Holding company
SOFTBANK Korea Co., Ltd. www.softbank.co.kr	A	Seoul, South Korea	KRW2,200M	KRW2,200M	100.0	Holding company
SB CHINA HOLDINGS PTE LTD www.sbcvc.com	A	Singapore	US$100M	US$100M	100.0	Holding company
SOFTBANK Ranger Venture Investment Partnership	A	South Korea	KRW38,000M	KRW38,000M	100.0	Venture capital fund
SOFTBANK Capital L.P.	A	U.S.	US$718M	US$716M	99.7	Venture capital fund
SB Europe Capital L.P.	A	Europe	US$250M	US$249M	99.6	Venture capital fund
SOFTBANK US Ventures VI L.P.	B	U.S.	US$626M	US$608M	97.0	Venture capital fund
Bodhi Investments LLC	A	China, India	US$105M	US$50M	47.6	Venture capital fund
Equity Method Affiliates						
SOFTBANK Capital Technology Fund III L.P.	B	U.S.	US$232M	US$131M	56.3	Venture capital fund
SB Life Science Ventures I, L.P.	A	U.S.	US$89M	US$30M	33.7	Venture capital fund
SOFTBANK Technology Ventures V L.P.	B	U.S.	US$630M	US$190M	30.2	Venture capital fund
SOFTBANK Technology Ventures IV L.P.	B	U.S.	US$313M	US$42M	13.4	Venture capital fund
SB Asia Investments Fund II LP	B	Asia-pacific region	US$643M	US$51M	8.1	Venture capital fund
SOFTBANK Capital Partners LP	A	U.S.	US$731M	US$18M	2.6	Venture capital fund
SB Asia Infrastructure Fund LP	B	Asia-pacific region	US$404M	US$3M	0.9	Venture capital fund

*4 A: funds managed by the Company; B: funds other than category A
*5 For companies, registered address.
*6 For companies, common stock.
*7 Holdings as percentage of fund size.

CLEAR VISION and BOLD ACTION

Earning the Trust of All Stakeholders

Management Organization

The SOFTBANK Group's fundamental management policy is to "Endeavor to benefit society and the economy and maximize enterprise value by fostering the sharing of wisdom and knowledge gained through the digital information revolution" under the fundamental concept of "Free, fair, innovative."

This section explains the SOFTBANK Group's management organization, which aims for stable, long-term development based on this fundamental concept and fundamental management policy, to earn the trust of all stakeholders including customers, shareholders and investors, employees, vendors, and local communities.

Corporate Governance

Main Points

– Management swiftness: a small sized Board of Directors
– Management objectivity: proactive participation in management by external directors
– Management transparency: forward-looking, proactive IR activities

Q How do you ensure swift decision making and operational execution in an industry known for drastic changes in its operating environment?

A **We keep the size of the Board of Directors small and emphasize having a global Board of Directors.**

The Board of Directors is chaired by Chairman and CEO Masayoshi Son, and is a small Board with nine directors. This structure makes it possible to swiftly address changes in the SOFTBANK Group's operating environment and technologies.

In this global age, it is also indispensable that management's highest decision making body be global in nature. For this reason, Mr. Mark Schwartz, Chairman of MissionPoint Capital Partners, LLC, and Mr. Yun Ma, Chairman and CEO of the Alibaba Group, were invited to join the Board as directors in June 2006 and June 2007, respectively. We expect this to further facilitate appropriate decision making concerning the SOFTBANK Group's businesses overseas, particularly in China and Asia.

Q What steps are being taken to enhance flexibility and objectivity in management?

A **External directors, selected from a variety of fields, proactively participate in management.**

Of the Board's nine directors, three are external directors. Moreover, three external directors—Mr. Tadashi Yanai, Dr. Jun Murai, and Mr. Mark Schwartz—were reelected to that position 29th General Meeting of Shareholders held in June 2009. With specialist backgrounds in the diverse fields of retailing, IT, and finance, these external directors further enhance objectivity and expertise in the Company's management. Mr. Yanai is Chairman, President and CEO of FAST RETAILING CO., LTD., the operator of stores including UNIQLO, and as a manager of one of Japan's leading retailers gives the Board a broad range of knowledge and experience. Dr. Murai, a professor and dean of the Faculty of Environmental Information Studies at Keio University, brings a specialist perspective as an academic with deep knowledge of the Internet. Mr. Schwartz has served in senior positions at Goldman, Sachs & Co. and related companies, and contributes to the general management of the Company based on his broad knowledge of overseas management strategies and finance.

Messages to Shareholders and Investors from External Directors

External Director,
Independent Director
Tadashi Yanai
Chairman, President & CEO
FAST RETAILING CO., LTD.
Director since 2001

Further Strengthening the Management Organization

I offer advice on matters related to the general management of the SOFTBANK Group while constantly considering the balance between risk and opportunities, based on the knowledge and experience I have gained managing UNIQLO and other FAST RETAILING businesses. One experience that has left a deep impression on me was the decision to purchase Vodafone K.K. in 2006. I felt that management should aim for growth even if this meant taking risks, and I therefore fully supported Mr. Son. The SOFTBANK Group would not have grown to where it is today if we had let that opportunity pass.

SOFTBANK has used an aggressive financial strategy to broaden the scope of its businesses. The outlook for the global economic environment remains unclear, which makes it important for the Company to further strengthen its management organization to ensure continuous growth.

External Director,
Independent Director
Jun Murai, Ph.D.
Professor and Dean
Faculty of Environmental Information Studies,
Keio University
Director since 1999

Technology-related Foresight in Management Decisions

My area of specialization is information engineering, and I have been deeply involved in laying the technological foundation for the Internet since before the word "Internet" existed in Japan. I became a director of SOFTBANK in 1999, when the Company was growing rapidly as the hero of Japan's Internet market. Over the more than 10 years since then, I have been offering advice to management on how the Company can develop Internet-related technologies in order to stay ahead of changes in the market structure.

The Internet constitutes the SOFTBANK Group's business base, but the Company is a comprehensive service provider with businesses encompassing platforms, infrastructure, and content and services. This makes the Group very unique, even from a global perspective, and gives the Company an unparalleled competitive position in Internet markets throughout Asia as well as in Japan. At the same time, however, advances in technology never cease. This makes it important to not only have antennae extended both domestically and overseas, but also to have technology-related foresight in management decision making in order to not be left behind. As an external director, I hope to play a role in the SOFTBANK Group's management by seeking out the latest technologies in order to facilitate appropriate management decisions.

External Director,
Independent Director
Mark Schwartz
Chairman
MissionPoint Capital Partners, LLC
Director since 2006

Constant Global-minded Management

I served as an external director of SOFTBANK from June 2001 to June 2004, and reassumed the position in June 2006. I have observed the investment banking market in the U.S. and in Asia for the last 30 years and utilize my knowledge of overseas management strategies and finance, and my previous experience at Goldman, Sachs & Co. and affiliated companies, in making recommendations to the Company.

One of our most important recommendations in recent years has been to use cash generated from our successful operating businesses to pay down net interest-bearing debt. In addition, we're making strategic investments in Internet companies, which we believe will make SOFTBANK the No. 1 corporate group in the world. I will continue to support the SOFTBANK Group's growth and offer advice regarding financial and overseas management issues.

Attendance of External Directors and External Corporate Auditors to Board of Directors Meetings During Fiscal 2010 (total of 18 meetings)

(Note) Resolutions passed by directors in writing without meeting are not included in the number of meetings

External Director	Number of Meetings Attended	Attendance Rate
Tadashi Yanai	16	89%
Jun Murai	11	61%
Mark Schwartz	16	89%

External Corporate Auditor	Number of Meetings Attended	Attendance Rate
Soichiro Uno	16	89%
Kouichi Shibayama	18	100%
Hidekazu Kubokawa	18	100%

Q How are you fostering a sense of SOFTBANK Group unity, and using that to maximize synergies?

A A CEO Conference is held regularly for cross-group control and management.

With more than 100 consolidated subsidiaries, the SOFTBANK Group has adopted a pure holding company system to ensure the independence and specialization of each Group company, thereby allowing for swift and accurate responses to changes in those companies' respective operating environments. The CEO Conference, comprising the CEOs of major operating companies, meets regularly to promote the common use of information across the Group in order to generate Group synergies. The companies operating the Group's core telecommunications related businesses have several of the Company's directors serving concurrently on their boards, providing focused strategy formulation and management in order to develop businesses more swiftly and efficiently.

Q How is management oversight carried out, and with what kind of structure?

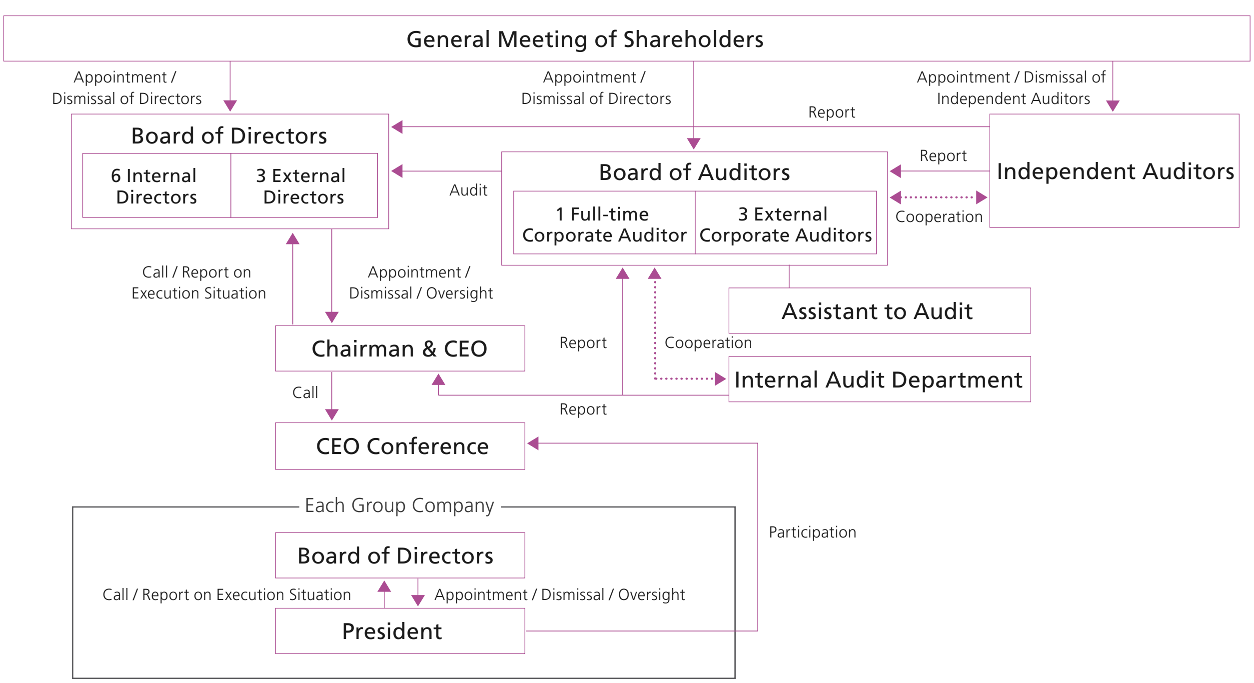
A Of the four corporate auditors three are external auditors, to ensure an objective management oversight function.

The Company has adopted a Corporate Auditor System in order to allow objective monitoring of management functions. Of the four corporate auditors, three—one lawyer and two certified public / tax accountants—are external auditors, and this secures an objective management oversight function. The corporate auditors make a significant contribution to robust management. They cooperate with the Internal Audit Department, which is completely independent of operating divisions, and the Company's independent auditors through regular meetings, and answer questions and give their opinions to the Board of Directors from an independent viewpoint.

Attendance of External Corporate Auditors at Board of Corporate Auditors During Fiscal 2010 (total of 16 meetings)

External Corporate Auditor	Number of Meetings Attended	Attendance Rate
Soichiro Uno	14	88%
Kouichi Shibayama	16	100%
Hidekazu Kubokawa	16	100%

Corporate Governance System



Q What are the other important management issues?

A **Operational execution and oversight, the selection of directors, and compensation are decided as described below.**

Directors are responsible for the Company's operational execution, but important matters that exceed designated criteria are discussed by either the Investment Committee or the Board of Directors.

Candidates for director are resolved by the Board of Directors and proposed to the General Meeting of Shareholders. Directors' compensation is determined by a resolution of the Board of Directors, within the limit approved at the General Meeting of Shareholders.

Q What steps are being taken to invigorate the General Meeting of Shareholders?

A **We encourage as many shareholders as possible to attend our shareholders' meeting by avoiding holding the meetings on days on which many meetings are concentrated. In addition, the Chairman himself explains his mid-to-long term vision in a way that is easy to understand.**

Shareholders' meetings in Japan are concentrated on a few designated dates, making it difficult for people who hold shares in multiple companies to attend. The Company had roughly 320,000 shareholders as of March 31, 2010, and therefore avoids dates with a large concentration of shareholders' meetings when setting the date of its meeting, so that as many shareholders as possible are able to attend. SOFTBANK was

In Detail

In fiscal 2010, of the Company's nine directors, six were paid a total of ¥232 million, and of four corporate auditors, four were paid a total of ¥70 million. External directors and corporate auditors (a total of six, comprising three external directors and three external corporate auditors) were paid a total of ¥59 million in fiscal 2010. As per a resolution passed at a General Meeting of Shareholders (passed on June 28, 1990), the total annual amounts of compensation paid to directors and to corporate auditors are not to exceed ¥800 million and ¥80 million, respectively.

Compensation Paid to Directors and Corporate Auditors

Total Compensation Paid and Total Compensation Paid by Type by the Company to Directors and Corporate Auditors by Classification and Number of Directors and Corporate Auditors Applicable by Classification

Classification	Total Compensation Paid (Millions of yen)	Total Compensation Paid by Type (Millions of yen)				Number of Directors and Corporate Auditors Applicable
		Basic Compensation	Stock Options	Bonus	Retirement Package	
Directors (Excluding external directors)	202	202	—	—	—	3
Corporate auditors (Excluding external corporate auditors)	42	42	—	—	—	1
External directors and corporate auditors	59	59	—	—	—	6

Total Consolidated Compensation Paid to Directors and Corporate Auditors by the Company

Name (Classification)	Total Consolidated Compensation Paid (Millions of yen)	Company Name	Total Consolidated Compensation Paid by Type (Millions of yen)			
			Basic Compensation	Stock Options	Bonus	Retirement Package
Masayoshi Son (Director)	108	The Company	84	—	—	—
		SOFTBANK MOBILE	24	—	—	—
Ken Miyauchi (Director)	108	SOFTBANK MOBILE	43	—	—	—
		SOFTBANK BB	23	—	—	—
		SOFTBANK TELECOM	41	—	—	—
Kazuhiko Kasai (Director)	108	The Company	108	—	—	—
Masahiro Inoue (Director)	159	Yahoo Japan	60	13	84	—
Ronald D. Fisher (Director)	102	SOFTBANK Inc.	93	—	9	—

(Note) Only directors and corporate auditors to whom the total of consolidated compensation paid is over ¥100 million are listed.

also one of the first companies to introduce Internet voting for shareholders, in 2002. Also, in addition to presiding over the meeting reporting the items legally mandated and holding a question and answer session at the 30th General Meeting of Shareholders, the Chairman gave a briefing on SOFTBANK's "Next 30-Year Vision" on the same day, to explain the Group's long term strategies, and help shareholders understand the Company's visions and businesses, as well as provide an opportunity for interactive communication.

Q How is the transparency and timeliness of information disclosure maintained?

A **An earnings results briefing is held on the day on which results are announced, and a more detailed briefing is held on a subsequent day.**

A briefing for the media, institutional investors, and securities company analysts is held on the day that quarterly results are announced, with the Chairman himself presenting an overview of results and explaining management strategies. From the second half of fiscal 2007, another briefing has been held on a subsequent day with the general managers of the accounting and finance divisions presenting the results into more detail. In addition to quarterly results, the Chairman also gives briefings to explain decisions to launch important new businesses or to make major acquisitions, in order to foster an understanding of the Company's business strategy.

Q What measures are being taken to eliminate information gaps?

A **A variety of measures are being taken to ensure that individual investors and overseas investors are not at a disadvantage in terms of receiving information.**

In principle, earnings results briefings and press conferences are streamed live on our website in both English and Japanese. Beginning with the briefings for the third quarter of fiscal 2010, briefings have also been streamed via *Ustream*, making it possible to watch and listen on a PC or high-functionality mobile phone, and to share and comment on the content via *Twitter*. Additionally, the briefings and the General Meeting of Shareholders etc. can be accessed on demand for viewing at anytime. Through these efforts, SOFTBANK is ensuring that those investors that cannot attend briefings and press conferences will not suffer from a lack of information.

To facilitate communication with overseas investors, four "global conference calls" were held on the days of the earnings results briefings for fiscal 2010, with the Chairman himself presenting an overview of results and answering questions from overseas investors. In addition, the general managers of the finance and accounting departments and the manager of IR department visit investors in Europe, the U.S., and Asia as appropriate, and the Company also actively participates in conferences held by securities companies and explains its business strategies.

Furthermore, SOFTBANK is working to ensure that individual investors are not at a disadvantage in regard to the acquisition of information. Accordingly, from fiscal 2008, employees of the IR department have also visited the offices of securities companies to give briefings for individual investors and securities companies' branch sales staff. These briefings were given 17 times in 9 prefectures during fiscal 2010.

External Corporate Auditor, Independent Director
Kouichi Shibayama
Certified Public Accountant, Certified Tax Accountant
Corporate Auditor since 2003

Message to Shareholders and Investors From External Corporate Auditor

SOFTBANK's Audit System

As an external corporate auditor, I draw on my knowledge and experience from my career as a CPA auditor and international tax consultant at PriceWaterhouse (current PricewaterhouseCoopers). I understand that ensuring there are no problems in the structure and operation of the Company's corporate governance and internal control systems is an important part of the duties of a corporate auditor, and I conduct auditing procedures based on that understanding.

I would add that SOFTBANK's Chairman and all directors have a strong awareness of the importance of compliance in the Company's management. The Board of Directors effectively carries out its oversight function through earnest and engaged deliberations, based on the Company's management decision principles.

In order to establish a structure for the maintenance of appropriate operations based on the Japanese Corporate Law and its implementation provisions, the Company's Board of Directors, at its meeting on April 26, 2006, established a Basic Approach to Internal Control System, and partially revised this policy at its meeting held on March 31, 2010.

Basic Approach to Internal Control System

■ System to ensure that the execution of directors' and employees' duties is in compliance with laws, regulations and the Articles of Incorporation of the Company

The Company has established the SOFTBANK Group Officer and Employee Code of Conduct to prescribe the code of conduct to be followed by all officers and employees to ensure that corporate activities are appropriate based not only on regulatory compliance, but also on high ethical standards, and has established the following structure to continuously reinforce the compliance system.

- A Chief Compliance Officer (CCO) is appointed. In addition to proposing and carrying out measures required to establish and enhance the Company's compliance system, the CCO regularly reports to the Board of Directors on compliance-related issues and the status of addressing those issues.
- An internal and external hotline are established for direct reporting and consultations by employees and directors, to quickly identify, rectify, and prevent the reoccurrence of any inappropriate issues in corporate activities.
- The Internal Audit Department carries out audits to ensure that operational execution complies with laws, regulations and the Articles of Incorporation, and the results of those audits are reported to the Chairman and responsible directors. The Internal Audit Department provides the results of these audits and takes other actions to work in cooperation with the corporate auditors to maintain audit rationality.

■ System for the storage and management of information regarding the execution of duties by directors

The Company has established the following system to appropriately store and maintain documents and other important information related to the execution of duties by directors including minutes and proposals of the Board of Directors.

- The Company determines retention periods and methods, and measures to prevent accidents, based on the Information Management Regulations, and classifies and appropriately stores these documents according to their degree of confidentiality.
- In addition to the appointment of a Chief Information Security Officer (CISO) as the person responsible for information security, based on the Information Security Basic Regulations, an Information Security Committee, chaired by the CISO, has been established to promote activities related to information security.

■ Regulations and system relating to managing the risk of information loss

The Company has established the following system to avoid and minimize risk, and implement necessary measures related to the variety of risks in its business operations.

- Responsible departments are designated to address various risks, manage risks in each responsible department, and work to reduce risks and prevent the occurrence of risk events based on the Risk Management Regulations. In addition, when an emergency situation arises, an emergency response department will be established according to the escalation flow, and efforts will be made to minimize the damage (loss) based on the instructions of the emergency response department.
- The General Affairs Department will summarize the status of risk evaluation, analysis and response at each responsible department, and regularly report its findings to the Board of Directors.
- The Internal Audit Department carries out internal audits of the risk management system.

■ System to ensure the efficiency of directors in the execution of their duties

The Company has established the following structure to maintain an efficient management system.

- The scope of operations, authority, and responsibilities necessary for operations are clearly defined in the Rules of Segregation of Duties.
- Regulations pertaining to institutional decision making, including the Board of Directors' Meeting Regulation and Approval Regulation, are formulated and clarify decision making authority.

■ System to ensure appropriateness of Group operations

The Company has formulated the SOFTBANK Group Charter, which spells out regulations on matters related to strengthening the governance and compliance system, to promote a fundamental concept and policy shared throughout the Group. In addition, the following have been established to determine a common code of conduct for directors and employees of Group companies.

- A Group Compliance Officer (GCO) has been appointed to promote the establishment and reinforcement of Group-wide compliance systems, as the person ultimately responsible for compliance throughout the Group. A Group Hotline has also been established to receive reports and provide consultation to all directors and employees of Group companies, to quickly identify, rectify, and prevent the reoccurrence of any inappropriate issues in corporate activities.
- The CEO Conference, comprising the CEOs of major operating companies, meets to enhance management efficiency and maximize corporate value Group-wide by sharing management strategies and business plans.
- Each Group company carries out a self assessment of its internal controls, and the representative of each Group company must submit a Representative Oath pertaining to the financial reports submitted to the Company, thereby ensuring the accuracy of the Annual Security Report etc. submitted by the Group as a whole and establishing an internal control.
- The Internal Audit Department comprehensively judges the results of past internal audits, financial position, and self assessments of internal controls, and carries out internal audits of Group companies deemed as having high risk.
- A Group Chief Information Security Officer (GCISO) has been appointed to promote the establishment and reinforcement of Group-wide information security systems, as the person ultimately responsible for information security throughout the Group.

■ System for excluding antisocial forces

The Company clearly states in the SOFTBANK Group Officer and Employee Code of Conduct its policy of having absolutely no association with antisocial forces that pose a threat to public order and safety. The General Affairs Department is the division responsible for dealing with inappropriate requests from antisocial forces, and will firmly refuse those requests in a resolute manner in cooperation with the police and other external specialist institutions.

■ System relating to support staff that assists the corporate auditors, and matters relating to the independence from the directors of the relevant employees

The Company has established an Assistant to Audit department to support the work of the corporate auditors, and has assigned staff to this department. Directions and instructions to the support staff are issued by the corporate auditors, and any personnel changes, evaluations, etc., require the agreement of the corporate auditors.

■ System for reporting to the corporate auditors

Directors and employees will report the following matters to the corporate auditors:

(1) Important matters related to the management, finances or business execution of the Company or Group companies.
(2) Matters related to the compliance system or use of the Hotline.
(3) The status of internal control systems.
(4) Matters which could cause significant damage to the Company.
(5) Matters relating to violations of laws, regulations, or the Articles of Incorporation.
(6) Results of audits conducted by Internal Audit.
(7) Other matters that the corporate auditors have decided need to be reported in order for them to execute their duties.

■ Other systems to ensure that the audits by the Board of Auditors are conducted effectively

When the corporate auditors decide that it is necessary, opportunities shall be provided for them to interview directors or employees. In addition, corporate auditors periodically meet with the accounting and corporate auditors of major subsidiaries etc. for the exchange of information and to ensure cooperation. At the same time, full-time corporate auditors attend meetings of major committees including the Departmental Liaison Committee, which is made up division managers, and the CEO Conference.

Compliance and Information Security

Main Points

– Compliance: create a system that enables swift responses, and instill awareness in all officers and employees
– Information security: create a system that maintains security levels across the SOFTBANK Group and manages information security

Q What is the system and operational status of compliance?

A In addition to establishing a code of conduct, all officers and employees receive training and manuals to ensure that awareness of compliance is instilled.

The SOFTBANK Group's approach to compliance is that "legal compliance is a matter of course, and actions are to be taken in accordance with an even higher level of ethics than the morals commonly expected by society." With this in mind, the SOFTBANK Group has established the SOFTBANK Group Officer and Employee Code of Conduct as a common code of conduct for all officers and employees of the Group companies, and various activities ensure that it is thoroughly understood.

In terms of structure, there is a Group Compliance Officer (GCO) who has responsibility for compliance on a Group-wide basis, and each Group company has a Chief Compliance Officer (CCO). Concentrating authority with these designated individuals makes it possible to address compliance issues swiftly and with flexibility. At the Group Compliance Liaison Meeting the GCO and CCOs regularly share information and cooperate as appropriate to promote the establishment of a system that raises awareness of compliance among all officers and employees, and also to identify and resolve compliance-related issues. In addition, a Group Hotline has been established to receive reports and discuss compliance-related issues from all the Group officers and employees. This is staffed by external lawyers to give advice from an independent and specialist position, and also makes it possible to receive more specific advice than in the case of an internal contact point.

In order to stimulate essential understanding of compliance, efforts are being made to instill and teach an awareness of compliance. Training for officers of Group companies is instituted throughout the Group as an opportunity to reconfirm the responsibilities of officers related to compliance. These trainings are held in the form of lectures by external lawyers and group discussions based on case studies. A total of 13 training sessions with four themes of "Directors' Obligations and Responsibilities," "Auditors' Obligations and Responsibilities," "Roles of Executive Officers" and "Labor-related matters" were held in fiscal 2010, with a total of 250 officers and employees participating. In addition, a "Compliance Awareness Month" is conducted for all the Group officers and employees. Compliance-related seminars and events are held during this month, and are attended by a total of more than 1,000 employees every year. The Compliance Manual, which explains the code of conduct in specific terms, is also distributed to all officers and employees to raise their awareness of compliance issues.

Above: seminar held during "Compliance Awareness Month"
Center: compliance poster
Below: Compliance Manual

Q What is SOFTBANK's system for information security and how is it managed?

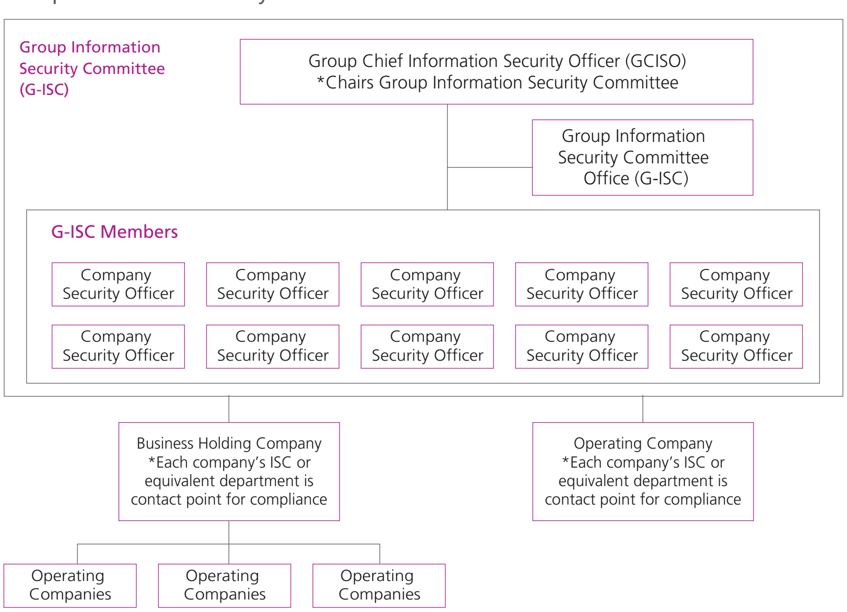
A **We are building a system for the implementation of information security measures, and in addition the Group is working to identify challenges and conduct thorough education and training.**

The SOFTBANK Group recognizes its social responsibility to appropriately manage information assets, and activities are carried out Group-wide.

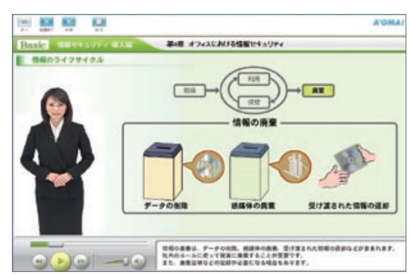
The organization of the Group Information Security Committee (G-ISC), chaired by the Group Chief Information Security Officer (GCISO), who has responsible for managing information security throughout the Group, and made up of Group company information security officers is in place to understand the status of information security at Group companies and provide swift responses. In addition, a set of Group Guidelines for Information Security Measures has been formulated to ensure a common awareness and appropriate responses to information security at Group companies. Policies have also been formulated for the handling of information assets in general and of personal information, and the Group's strict position with regard to leaks of information is thoroughly understood throughout the Group.

The G-ISC executes an annual information security assessment to confirm information security levels at Group companies. This was carried out simultaneously at roughly 60 domestic Group companies during fiscal 2010. The results of the assessment are used not only to understand the Group-wide situation, but also to identify issues at individual Group companies. In addition, a variety of programs are organized and continuously carried out to enhance the knowledge and morals of SOFTBANK Group officers and employees, including the distribution of various handbooks, e-learning, and group training sessions. The SOFTBANK Group strives to maintain information security levels through daily activities, both Group-wide and at individual Group companies.

Group Information Security Committee




Group Information Security Committee


E-learning

Educational posters

Corporate Social Responsibility (CSR)

Main Points

– Focus on lasting and effective CSR in the course of business activities

– Clearly identify key themes for the overall SOFTBANK Group, promote activities through intra-Group cooperation

Q What is your approach to CSR?

A Based on its fundamental management policy, the SOFTBANK Group's concept of CSR is to contribute to achieving a rich and happy society through its business activities. SoftBank mobile phones, *Yahoo! Japan*, and other services provided by the SOFTBANK Group are a major social infrastructure that supports people's daily lives. By aiming to further contribute to society through their business activities, SOFTBANK Group companies look beyond limited, temporary results to make a lasting and effective contribution to society.

Q What themes are you focusing on?

A Under the "SOFTBANK Group CSR Principles—Toward Tomorrow's Internet Society" (formulated in April 2008), we are promoting activities through intra-Group cooperation focusing on the three common themes. The first of these themes is "Build a healthy Internet society." Activities based on this theme include the creation of a safe Internet environment for anyone, and protects children from harmful or inappropriate websites and mobile phone dependence. In terms of the second theme, "Cultivating a next generation that has dreams and passion," our activities include trials of using high-functionality mobile phones as tools to support the education and social participation of people with disabilities, with the aim of creating a society in which anyone can pursue their dreams. The third theme is "Protecting the planet's future (through environmental protection)." Activities geared toward this theme include providing Internet services that promote individual and corporate actions to resolve environmental problems. Hereby we aim to hand over the earth's abundant environment to the next generations.

☞ Please refer to the SOFTBANK Group CSR Newsletter 2010, included in the pocket of the back of this annual report, and SOFTBANK's CSR website (www.softbank.co.jp/en/csr/) for examples of specific CSR activities.

Toward Tomorrow's Internet Society

SOFTBANK Group CSR Principles

Do we...

We at the SOFTBANK Group want to be a company that develops along with its stakeholders through our business activities, based on the fundamental management policy of, "Endeavor to benefit society and the economy and maximize enterprise value by fostering the sharing of wisdom and knowledge gained through the IT revolution." To achieve this, we ask ourselves the following questions:

Create...?

excitement and surprises; user friendliness and reliability; and joy for everyone

The SOFTBANK Group stays customer-focused.

Sustain...?

continuous attempts at growth; robust and transparent management; and fair and timely disclosure

The SOFTBANK Group strives to meet shareholders' expectations.

Provide...?

opportunities for new challenges and personal growth; an environment that stimulates diversity; and fair recognition of efforts and results

The SOFTBANK Group nurtures employees' motivation and pride.

Build...?

mutual trust; fair relationships; and partnerships leading to innovation

The SOFTBANK Group evolves together with business partners.

Promote...?

a healthy Internet society; the dreams and ambitions of the next generations; and the future of our planet

The SOFTBANK Group contributes to a brighter society.

The SOFTBANK Group
Moving ahead in business, with high aspirations towards tomorrow's Internet society.

Management Organization

Directors and Corporate Auditors

(As of June 25, 2010)

Directors

Chairman & CEO
Masayoshi Son

Director
Ken Miyauchi

Director
Kazuhiko Kasai

Director
Masahiro Inoue
President & CEO
Yahoo Japan Corporation

Director
Ronald D. Fisher
Director & President
SOFTBANK Holdings Inc.

Director
Yun Ma
Chairman & CEO
Alibaba Group Holding Limited

External Director, Independent Director
Tadashi Yanai
Chairman, President & CEO
FAST RETAILING CO., LTD.

External Director, Independent Director
Jun Murai, Ph.D.
Professor and Dean
Faculty of Environmental Information
Studies, Keio University

External Director, Independent Director
Mark Schwartz
Chairman
MissionPoint Capital Partners, LLC

Corporate Auditors

Full-time Corporate Auditor
Mitsuo Sano

External Corporate Auditor
Soichiro Uno
Lawyer

External Corporate Auditor,
Independent Director
Kouichi Shibayama
Certified Public Accountant,
Certified Tax Accountant

External Corporate Auditor,
Independent Director
Hidekazu Kubokawa
Certified Public Accountant,
Certified Tax Accountant

(Note) Mr. Tadashi Yanai, Dr. Jun Murai, and Mr. Mark Schwartz satisfy the qualifications of external directors as provided in Paragraph 2, Clause 15 of the Corporate Law.
Mr. Soichiro Uno, Mr. Kouichi Shibayama, and Mr. Hidekazu Kubokawa satisfy the qualifications of external corporate auditors as provided in Paragraph 2, Clause 16 of the Corporate Law.

Facts & Figures

Macro and Semi-macro Data

Fiscal years ended March 31

	Units	FY 2008	FY 2009	EOQ in FY 2010			
				Q1	Q2	Q3	Q4
Mobile Telecommunications							
Mobile phone subscribers	Millions	102.72	107.49	108.49	109.63	110.62	112.18
3G	Millions	88.10	99.63	102.07	104.34	106.17	109.06
Non-3G	Millions	14.62	7.86	6.42	5.29	4.45	3.12
Prepaid contracts	Millions	2.11	1.54	1.49	1.45	1.41	1.10
Communication modules	Millions	2.25	2.51	2.55	2.70	2.91	3.23
Mobile IP connection service	Millions	88.69	91.18	91.60	92.01	92.29	93.24
Number of PHS contracts	Millions	4.62	4.56	4.54	4.43	4.30	4.11
Total number of mobile phone and PHS contracts	Millions	107.34	112.05	113.02	114.07	114.92	116.30
Fixed-line Telecommunications							
Internet penetration							
Internet users	Millions	88.11*1	90.91*2	—	—	94.08	—
Population penetration rate	%	73*1	75*2	—	—	78	—
Internet connection service subscribers	Millions	32.72	33.87	34.18	34.16	34.36	34.67
Broadband service subscribers							
DSL	Millions	12.71	11.18	10.84	10.51	10.13	9.74
FTTH	Millions	12.15	15.02	15.89	16.52	17.20	17.79
CATV	Millions	3.87	4.11	4.18	4.24	4.30	4.35
Total broadband service subscribers*3	Millions	28.73	30.31	30.91	31.27	31.63	31.88
Wireless LAN contracts	Millions	6.86	7.43	7.64	7.83	8.05	8.34
IP-VPN contracts	Millions	0.34	0.39	0.38	0.39	0.39	0.39
Wide-area Ethernet contracts	Millions	0.23	0.26	0.26	0.27	0.27	0.28
Subscriber telephones							
NTT subscriber telephones	Millions	45.55	41.59	40.66	39.77	38.90	37.93
IP-based fixed-line telephones	Millions	4.66	4.69	4.65	4.61	4.54	4.48
0ABJ-IP telephones	Millions	7.76	11.16	12.03	12.82	13.66	14.53
CATV telephones	Millions	1.03	0.96	0.96	0.94	0.92	0.93
Total number of subscriber telephones	Millions	58.99	58.41	58.30	58.14	58.02	57.87
IP telephone numbers in use							
050 numbers	Millions	9.78	9.06	8.89	8.76	8.65	8.62
0AB – J numbers (Reincluded)	Millions	7.76	11.16	12.03	12.82	13.66	14.53
Total number of IP telephone numbers in use	Millions	17.54	20.22	20.92	21.58	22.31	23.15

*1 As of December 31, 2007.
*2 As of December 31, 2008.
*3 Total subscribers for DSL services, FTTH services, and cable TV Internet services.

(Note) Created by the Company based on Telecommunications Carriers Association statistical data, however, accuracy of transcription is not guaranteed.

SOFTBANK Group in Figures

Fiscal years ended March 31

Principal Operational Data

	Units	FY 2008	FY 2009	FY 2010	EOQ in FY 2010 Q1	Q2	Q3	Q4
Mobile Communications								
Cumulative subscribers	Millions	18.59	20.63	21.88	20.96	21.32	21.67	21.88
Market share*1	%	18.1	19.2	19.5	19.3	19.4	19.6	19.5
Postpaid	Millions	17.37	19.59	21.24	19.95	20.35	20.73	21.24
Prepaid	Millions	1.22	1.04	0.64	1.00	0.97	0.93	0.64
3G	Millions	14.05	18.65	21.88	19.46	20.24	20.89	21.88
3G ratio	%	75.6	90.4	100.0	92.8	94.9	96.4	100.0
Net addition (Total for the period)	Millions	2.68	2.05	1.24	0.32	0.36	0.35	0.21
Market share*1	%	44.6	43.0	26.5	32.5	31.5	35.6	13.4
Postpaid	Millions	3.08	2.23	1.64	0.36	0.39	0.38	0.51
Prepaid (Net decrease)	Millions	(0.40)	(0.18)	(0.40)	(0.04)	(0.03)	(0.03)	(0.30)
ARPU*2	¥ / month	4,650	4,070	4,070	4,030	4,150	4,200	3,890
Basic monthly charge + voice	¥ / month	3,150	2,320	2,050	2,150	2,160	2,150	1,750
Data	¥ / month	1,490	1,740	2,020	1,880	1,990	2,060	2,140
Data ratio	%	32.1	42.9	49.6	46.6	47.9	49.0	55.0
Churn rate*3	% / month	1.32	1.00	1.37	1.05	1.24	1.16	2.01
Churn rate (3G postpaid)	% / month	0.95	0.77	1.06	0.87	1.07	0.99	1.28
Upgrade rate*3	% / month	2.20	1.71	1.71	1.73	1.81	1.53	1.78
Average acquisition cost per subscriber*4	¥	32,300	39,100	40,500	50,100	35,900	37,400	40,200
Handsets sold*5	Millions	9.88	8.42	9.13	2.06	2.30	2.08	2.69
Handsets shipped*6	Millions	9.53	7.82	8.82	2.00	2.10	2.22	2.50
Broadband Infrastructure								
Yahoo! BB ADSL installed lines*7	Millions	4.81	4.30	3.77	4.16	4.04	3.91	3.77
Yahoo! BB ADSL charged lines*8	Millions	4.26	3.91	3.39	3.37	3.66	3.53	3.39
Yahoo! BB ADSL ARPU*9	¥ / month	—	—	—	4,259	4,255	4,245	4,213
Yahoo! BB ADSL churn rate	% / month	1.91	2.08	2.02	2.12	1.80	1.96	2.20
Fixed-line Telecommunications								
Number of *OTOKU Line* lines	Millions	1.40	1.61	1.67	1.63	1.65	1.66	1.67
OTOKU Line ARPU*10	¥ / month	—	—	—	6,388	6,284	6,445	6,825
Corporate subscriber lines	Millions	1.76	1.94	1.96	1.95	1.95	1.95	1.96
Corporate *MYLINE* subscriber lines	Millions	0.78	0.69	0.60	0.66	0.63	0.61	0.60
Corporate *OTOKU Line* subscriber lines	Millions	0.99	1.25	1.36	1.29	1.32	1.34	1.36

*1 Calculated by the Company based on Telecommunications Carriers Association statistical data.
*2 Abbreviation for Average Revenue Per User (rounded to the nearest 10). Revenue and number of mobile phone subscribers include prepaid mobile phones and communication modules. ARPU = basic monthly charge + monthly usage charge + voice, data and other charges – *Monthly Discounts* (*New Super Bonus Special Discount*).
*3 Calculated including prepaid mobile phones and communication modules.
*4 Average acquisition cost per subscriber = new subscriber acquisition cost / number of new subscriptions.
*5 The number of handsets sold to customers (new subscribers and upgrade purchases combined).
*6 The number of handsets shipped (sold) to agents.
*7 Number of lines for which connection construction for ADSL line at central office of NTT East or NTT West is complete.
*8 Number of installed lines excluding customers whose basic monthly charge is free under campaigns or other promotional initiatives.
*9 Abbreviation for Average Revenue Per User: average revenue per charged line based on user's payment.
*10 Abbreviation for Average Revenue Per User: average revenue per line.

SOFTBANK CORP. AND CONSOLIDATED SUBSIDIARIES Fiscal years ended March 31

Business Segment Financial Data

Millions of yen	FY 2008	FY 2009	FY 2010	EOQ in FY 2010 Q1	Q2	Q3	Q4
Mobile Communications							
Net sales	1,630,852	1,562,891	1,701,446	407,305	424,889	432,061	437,191
EBITDA*11	385,466	403,810	504,399	117,231	132,258	142,628	112,282
EBITDA margin (%)	23.6	25.8	29.6	28.8	31.1	33.0	25.7
Operating income	174,570	171,390	260,932	60,260	71,516	83,336	45,820
Operating margin (%)	10.7	11.0	15.3	14.8	16.8	19.3	10.5
Capital expenditure (acceptance basis)	235,396	199,177	184,772	32,409	39,148	47,922	65,293
Depreciation and amortization (excluding amortization of goodwill)	141,768	161,518	176,497	42,773	43,417	44,697	45,610
Broadband Infrastructure							
Net sales	258,069	235,199	203,429	53,806	51,731	49,792	48,100
EBITDA*11	70,314	70,954	65,745	18,079	17,366	16,043	14,257
EBITDA margin (%)	27.2	30.2	32.3	33.6	33.6	32.2	29.6
Operating income	39,700	47,253	48,779	13,903	13,327	12,179	9,370
Operating margin (%)	15.4	20.1	24.0	25.8	25.8	24.5	19.5
Capital expenditure (acceptance basis)	21,293	14,590	9,402	1,609	1,597	2,058	4,138
Depreciation and amortization (excluding amortization of goodwill)	26,521	21,974	17,127	4,441	4,348	4,121	4,217
Fixed-line Telecommunications							
Net sales	370,741	363,632	348,693	86,759	85,851	86,078	90,005
EBITDA*11	47,965	64,373	66,941	14,637	15,306	17,362	19,636
EBITDA margin (%)	12.9	17.7	19.2	16.9	17.8	20.2	21.8
Operating income	3,340	18,968	22,991	3,494	4,337	6,514	8,646
Operating margin (%)	0.9	5.2	6.6	4.0	5.1	7.6	9.6
Capital expenditure (acceptance basis)	21,825	29,589	17,979	3,710	3,940	3,437	6,892
Depreciation and amortization (excluding amortization of goodwill)	38,060	36,767	35,293	8,982	8,837	8,670	8,804
Internet Culture							
Net sales	247,643	254,238	270,892	65,156	65,974	68,733	71,029
EBITDA*11	126,459	137,389	146,973	34,629	35,332	37,334	39,678
EBITDA margin (%)	51.1	54.0	54.3	53.1	53.6	54.3	55.9
Operating income	115,237	125,098	135,153	31,718	32,437	34,372	36,626
Operating margin (%)	46.5	49.2	49.9	48.7	49.2	50.0	51.6
Capital expenditure (acceptance basis)	10,578	9,887	6,178	1,101	1,272	1,458	2,347
Depreciation and amortization (excluding amortization of goodwill)	9,629	10,843	9,939	2,385	2,460	2,511	2,583

	FY 2008	FY 2009	FY 2010	EOQ in FY 2010 Q1	Q2	Q3	Q4
e-Commerce							
Net sales	270,724	258,184	249,343	54,214	55,952	64,385	74,792
EBITDA*11	4,306	6,107	7,295	1,286	1,575	1,998	2,436
EBITDA margin (%)	1.6	2.4	2.9	2.4	2.8	3.1	3.3
Operating income	3,157	4,636	5,793	940	1,220	1,630	2,003
Operating margin (%)	1.2	1.8	2.3	1.7	2.2	2.5	2.7
Capital expenditure (acceptance basis)	1,419	1,288	876	188	226	243	219
Depreciation and amortization (excluding amortization of goodwill)	1,085	1,123	1,260	285	299	313	363
Others							
Net sales	99,873	88,227	86,255	20,666	21,966	18,794	24,829
EBITDA*11	(1,721)	3,115	4,682	(117)	1,449	(357)	3,707
EBITDA margin (%)	—	3.5	5.4	—	6.6	—	14.9
Operating (loss) income	(5,121)	(194)	1,564	(880)	719	(1,181)	2,906
Operating margin (%)	—	—	1.8	—	3.3	—	11.7
Capital expenditure (acceptance basis)	3,209	4,563	3,708	1,348	675	465	1,220
Depreciation and amortization (excluding amortization of goodwill)	3,192	3,789	3,828	943	905	1,003	977
Elimination or Corporate							
Net sales	(101,733)	(89,336)	(96,652)	(21,572)	(23,421)	(23,814)	(27,845)
EBITDA*11	(6,127)	(7,112)	(8,404)	(908)	(993)	(917)	(5,586)
Operating (loss) income	(6,596)	(8,030)	(9,341)	(1,145)	(1,225)	(1,152)	(5,819)
Consolidated							
Net sales	2,776,169	2,673,035	2,763,406	666,334	682,942	696,029	718,101
EBITDA*11	626,662	678,636	787,631	184,837	202,293	214,091	186,410
EBITDA margin (%)	22.6	25.4	28.5	27.7	29.6	30.8	26.0
Operating income	324,287	359,121	465,871	108,290	122,331	135,698	99,552
Operating margin (%)	11.7	13.4	16.9	16.3	17.9	19.5	13.9
Capital expenditure (acceptance basis)	293,720	259,094	222,915	40,365	46,858	55,583	80,109
Depreciation and amortization (excluding amortization of goodwill)	220,255	236,014	243,944	59,809	60,266	61,315	62,554

*11 EBITDA = operating income + depreciation and amortization (including amortization of goodwill), and loss on disposal of fixed assets included in operating expenses.
EBITDA margin = EBITDA / net sales X 100.

CLEAR VISION and BOLD ACTION

Advancing the Information Revolution for the Next 30 Years

Financial Section

Eleven-year Summary

SOFTBANK CORP. and consolidated subsidiaries Fiscal years ended March 31

Millions of yen		FY 2000	FY 2001	FY 2002	FY 2003
Net sales		423,220	397,105	405,315	406,892
EBITDA*1		43,816	28,866	(10,024)	(69,781)
Operating income (loss)		8,377	16,431	(23,901)	(91,997)
Income (loss) before income taxes and minority interests		32,168	87,009	(119,939)	(71,474)
Net income (loss)		8,446	36,631	(88,755)	(99,989)
Total assets		1,168,308	1,146,083	1,163,678	946,331
Total shareholders' equity		380,740	424,261	465,326	257,396
Interest-bearing debt*2		418,706	413,442	365,644	340,795
Net interest-bearing debt*3		163,997	243,042	232,016	188,232
Net cash provided by (used in) operating activities		349	(91,598)	(79,123)	(68,600)
Net cash (used in) provided by investing activities		(60,341)	(42,612)	39,751	119,749
Net cash provided by (used in) financing activities		220,914	24,548	1,313	(17,615)
Net increase (decrease) in cash and cash equivalents		160,615	(76,200)	(34,479)	27,805
Cash and cash equivalents at the end of the year		268,060	159,105	119,855	147,526
Major Indicators	Units				
EBITDA margin*1	%	10.4	7.3	—	—
Operating margin	%	2.0	4.1	—	—
Return on assets (ROA)*4	%	0.8	3.2	(7.7)	(9.5)
Return on equity (ROE)*5	%	2.5	9.1	(20.0)	(27.7)
Equity ratio	%	32.6	37.0	40.0	27.2
Debt / equity ratio*6	Times	1.1	1.0	0.8	1.3
Net debt / equity ratio*7	Times	0.4	0.6	0.5	0.7
Per Share Data*8	Units				
Net income (loss)	¥	8.67	36.82	(87.84)	(98.98)
Net income – diluted	¥	8.45	36.46	—*9	—*9
Shareholders' equity	¥	384.06	420.05	460.44	255.85
Cash dividends	¥	2.22	2.33	2.33	2.33
Others					
Shares outstanding (thousands of shares)		110,150	336,677	336,872	335,293
Consolidated subsidiaries		143	216	285	269
Equity method non-consolidated subsidiaries and affiliates		53	117	113	116
Number of public companies*10		13	21	18	14
Number of employees (consolidated basis)		7,219	4,312	4,375	4,966

*1 Until fiscal 2004, EBITDA = operating income (loss) + interest income and dividends + depreciation + amortization.
From fiscal 2005, EBITDA = operating income + depreciation and amortization (including amortization of goodwill), and loss on disposal of fixed assets included in operating expenses.

*2 Interest-bearing debt = short-term borrowings + current portion of long-term debt + long-termdebt. Lease obligations are excluded. From fiscal 2008 this includes cash receipts as collateral from financial institutions, to which the Company lent shares of its subsidiary under security deposit agreements. This excludes the corporate bonds (WBS Class B2 Funding Notes, issued by J-WBS Funding K.K.) with a face value of ¥27.0 billion acquired by the Company during fiscal 2010 that were issued under the whole business securitization scheme associated with the acquisition of Vodafone K.K.

*3 Net interest-bearing debt = interest-bearing debt – cash position.
Cash position = cash and cash equivalents + marketable securities included in current assets + time deposits with original maturity over three months.

*4 ROA = net income (loss) / average total assets during the fiscal year X 100.

*5 ROE = net income (loss) / average total shareholders' equity during the fiscal year X 100.

FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
517,394	837,018	1,108,665	2,544,219	2,776,169	2,673,035	2,763,406
(20,705)	44,095	149,913	525,428	626,662	678,636	787,631
(54,894)	(25,359)	62,299	271,066	324,287	359,121	465,871
(76,745)	(9,549)	129,484	208,574	225,887	107,338	289,250
(107,094)	(59,872)	57,551	28,815	108,625	43,172	96,716
1,421,207	1,704,854	1,808,399	4,310,853	4,558,902	4,386,672	4,462,875
238,081	178,017	242,768	282,950	383,743	374,094	470,532
575,541	853,918	905,293	2,394,403	2,532,969	2,400,391	2,195,471
134,858	531,680	454,614	2,008,149	2,036,879	1,939,521	1,501,074
(83,829)	(45,989)	57,806	311,202	158,258	447,858	668,050
81,878	(242,944)	27,852	(2,097,937)	(322,461)	(266,295)	(277,162)
306,390	277,771	30,078	1,718,385	284,727	(210,348)	(159,563)
290,980	(9,689)	126,642	(65,277)	113,517	(31,169)	230,719
437,133	320,195	446,694	377,521	490,267	457,644	687,682

—	5.3	13.5	20.7	22.6	25.4	28.5
—	—	5.6	10.7	11.7	13.4	16.9
(9.0)	(3.8)	3.3	0.9	2.4	1.0	2.2
(43.2)	(28.8)	27.4	11.0	32.6	11.4	22.9
16.8	10.4	13.4	6.6	8.4	8.5	10.5
2.4	4.8	3.7	8.5	6.6	6.4	4.7
0.6	3.0	1.9	7.1	5.3	5.2	3.2

(104.91)	(57.01)	54.36	27.31	101.68	39.95	89.39
—*9	—*9	50.71	26.62	95.90	38.64	86.39
225.80	168.62	229.88	268.02	355.15	346.11	434.74
2.33	2.33	2.50	2.50	2.50	2.50	5.00

351,404	351,457	1,055,082	1,055,704	1,080,501	1,080,855	1,082,329
177	153	153	118	109	108	109
103	108	87	66	67	74	64
14	11	11	11	14	13	12
5,108	12,949	14,182	17,804	19,040	21,048	21,885

*6 Debt / equity ratio = interest-bearing debt / total shareholders' equity.
*7 Net debt / equity ratio = net interest-bearing debt / total shareholders' equity.
*8 Net income (loss) per share and net income per share – diluted are calculated based on the weighted-average number of shares outstanding during each fiscal year, and shareholders' equity per share is calculated based on the number of shares outstanding as of each fiscal year-end. The number of shares is retroactively adjusted to reflect the following stock splits: June 23, 2000 3.0:1 / January 5, 2006 3.0:1
*9 Not shown because of net loss for the fiscal year.
*10 Number of subsidiaries and affiliates with publicly offered shares.

Management's Discussion and Analysis of Operating Results and Financial Condition

– Record operating income for 5 consecutive fiscal years*1; 29.7% increase from fiscal 2009
– Operating income grew and operating margins rose at all segments
– With increased free cash flow*2, net interest-bearing debt*3 reduced by ¥438.4 billion compared with the end of fiscal 2009

*1 Since the Company applied consolidated accounting in fiscal 1995.
*2 Free cash flow = cash flows from operating activities + cash flows from investing activities.
*3 Net interest-bearing debt = interest-bearing debt minus cash position.
Interest-bearing debt = short-term borrowings + current portion of long-term debt + long-term debt. Lease obligations are excluded. This also excludes the corporate bonds (WBS Class B2 Funding Notes, issued by J-WBS Funding K.K.) with a face value of ¥27 billion acquired by the Company during fiscal 2010 that were issued under the whole business securitization scheme associated with the acquisition of Vodafone K.K.
Cash position = cash and cash deposits + marketable securities recorded as current assets + time deposits with original maturity over three months.

Scope of Consolidation

As of March 31, 2010, the SOFTBANK Group comprised the pure holding company SOFTBANK and nine business segments. The numbers of consolidated subsidiaries and equity method companies in each business segment are as follows:

Business Segments	Consolidated Subsidiaries	Equity Method Non-consolidated Subsidiaries and Affiliates	Main Business and Name of Core Affiliates
Mobile Communications	6	2	Provision of mobile communication services and sale of mobile phones accompanying the services, etc. (Core company: SOFTBANK MOBILE)
Broadband Infrastructure	6	1	Provision of ADSL and fiber-optic high-speed Internet connection service, IP telephony service, and provision of content etc. (Core company: SOFTBANK BB*4)
Fixed-line Telecommunications	3	—	Provision of fixed-line telecommunication services, etc. (Core company: SOFTBANK TELECOM*4)
Internet Culture	17	11	Internet-based advertising operations, portal business and auction business, etc. (Core company: Yahoo Japan*4)
e-Commerce	7	4	Distribution of PC software and hardware including PCs and peripherals and enterprise solutions, and diversified e-commerce businesses, including business transaction platforms (B2B) and consumer-related e-commerce (B2C), etc. (Core companies: SOFTBANK BB*4, Vector, Carview)
Others	70	46	Technology Services, Media & Marketing, Overseas Funds, and Other businesses (Core companies: SOFTBANK TECHNOLOGY, SOFTBANK Creative, ITmedia, Fukuoka SOFTBANK HAWKS Marketing)
Total	**109**	**64**	

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

(Note) "Corp." and "Co., Ltd." etc. are omitted from company names included in the "Management's Discussion and Analysis of Operating Results and Financial Condition."

In Detail (1) Changes at Subsidiaries

	Companies		Companies
Consolidated subsidiaries	109	Equity method affiliates	58
New	8	New	3
Excluded	7	Excluded	15
Non-consolidated subsidiaries	63	Non-consolidated subsidiaries not accounted for by the equity method	57
Equity method non-consolidated subsidiaries	6	Affiliates not accounted for by the equity method	25
New	2		

Profit (loss) and interest-bearing debt at non-consolidated subsidiaries and affiliates for which the equity method is not applied are as shown below.

These subsidiaries have a very minor impact on the consolidated earnings results and therefore their significance is deemed low.

Profit (loss) and interest-bearing debt at non-consolidated subsidiaries and affiliates for which the equity method is not applied

	Companies	Net Income (loss) Adjusted for Equity Share	Interest-bearing Debt (Non group lenders)
Non-consolidated subsidiaries	63	(¥140 million)	¥180 million
Non-equity method affiliates	25	(¥380 million)	—

Analysis of Consolidated Operating Results

1. Overview

Reflecting the steady performance of its Mobile Communications business, the Group's net sales in fiscal 2010 (April 1, 2009 to March 31, 2010) grew ¥90,371 million (3.4%) from fiscal 2009 (April 1, 2008 to March 31, 2009; year-on-year) to ¥2,763,406 million, and operating income rose ¥106,750 million (29.7%) to ¥465,871 million. The Group earned record operating income in each of the five consecutive years*[1] since fiscal 2006. This growth in consolidated revenue and profit was driven by earnings growth at the Mobile Communications segment from an increase in the number of mobile subscribers.

2. Net Sales

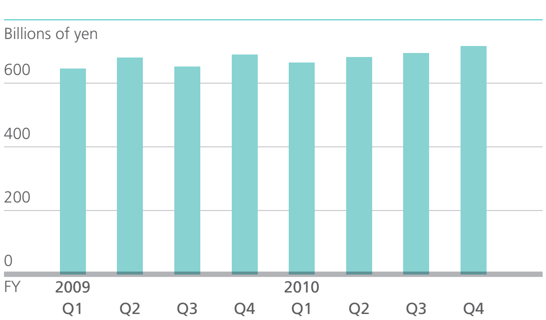
Net sales grew ¥90,371 million (3.4%) year-on-year to¥2,763,406 million. This was primarily the result of a ¥138,555 million increase in net sales at the Mobile Communications segment, driven by growth in the number of mobile phone subscribers and increased handset shipments*[5]. On the other hand, net sales at the Broadband Infrastructure segment declined ¥31,770 million on a decrease in the number of charged ADSL lines.

*5 The number of handsets shipped (sold) to agents.

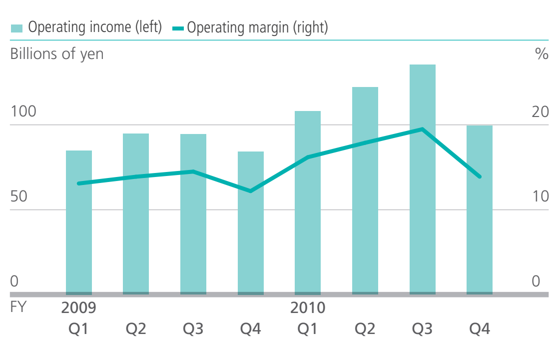
3. Operating Income

Operating income totaled ¥465,871 million, for a ¥106,750 million (29.7%) year-on-year increase. Operating income grew, and operating margins rose, at all segments in fiscal 2010.

Net Sales



Operating Income



The cost of sales declined ¥39,331 million (2.9%) year-on-year to ¥1,326,572 million, mainly from a decrease in telecommunications equipment usage fees paid by the Mobile Communications and the Fixed-line Telecommunications segments, and lower depreciation and amortization expenses at the Broadband Infrastructure segment. This decline was partially offset as the cost of sales for mobile handsets increased from fiscal 2009 in line with the increase in shipped handsets. Selling, general and administrative expenses increased ¥22,952 million (2.4%) year-on-year to ¥970,963 million. This was mainly because of an increase in sales commissions corresponding to growth in the number of mobile handsets sold*6. However, the Group was able to lower its expenses related to doubtful accounts (bad debt loss on doubtful accounts and provision for allowance for doubtful accounts) as its Mobile Communications segment benefited from the implementation of stricter credit screening.

*6 The number of handsets sold to customers (new and upgrade purchases combined).

4. Income Before Income Taxes and Minority Interests

Income before income taxes and minority interests grew ¥181,912 million (169.5%) year-on-year, to¥289,250 million.

The decrease in interest-bearing debt resulted in a ¥1,193 million reduction year-on-year in interest payments to ¥111,153 million. In addition, equity in losses under the equity method improved by ¥10,144 million, to ¥3,616 million, on improved performances at affiliates' investment funds.

A ¥4,527 million gain was recorded from the sale of investment securities, along with a ¥5,168 million valuation loss on investment securities. A ¥48,787 million loss was also recorded on the retirement of non current assets. The main components of this loss were a ¥23,012 million loss on the retirement of non current assets associated with the termination of 2G mobile phone services, and a ¥22,493 million loss on the retirement of non current assets associated with the review and optimization of existing 3G wireless telecommunication network equipment.

5. Income Taxes and Minority Interests in Net Income

Provisions for income taxes, current and deferred, were ¥117,877 million and ¥26,683 million, respectively, and ¥47,974 million was recorded as minority interests in net income.

As a result of the above, net income totaled ¥96,716 million, for a ¥53,544 million (124.0%) increase year-on-year.

In Detail (2) Difference Between Normal Effective Statutory Tax Rate and Actual Effective Tax Rate

Actual effective tax rate in fiscal 2010 was 50.0%, which was above the 40.7% normal effective statutory tax rate.

The reasons for and effects of those differences are as follows:

Statutory income tax rate	40.7%
(Main factors behind difference)	
Change in valuation allowance	–8.6%
Amortization of goodwill (mainly SOFTBANK MOBILE)	8.4%
Consolidation adjustments resulting from gain on sales of investment securities in subsidiaries	7.3%
Other	2.2%
Effective income tax rate	50.0%

In Detail (3) Loss Carryforwards

The outstanding amounts and expiry dates of loss carryforwards as of March 31, 2010, were as follows:

Loss carryforwards under the BB Mobile Corp. consolidated tax return were fully utilized in fiscal 2010.

Company Name	Balance (Billions of yen)	Expiry Date
SOFTBANK TELECOM	79.5	Mar. 2013 – Mar. 2017
SOFTBANK BB	22.0	Mar. 2013 – Mar. 2015
Others	117.6	Mar. 2010 – Mar. 2017
Total	219.1	

Segment Analysis

Mobile Communications

Overall Results

Net sales rose ¥138,555 million (8.9%) year-on-year to ¥1,701,446 million. Operating income grew ¥89,542 million (52.2%) year-on-year to ¥260,932 million.

At SOFTBANK MOBILE Corp. (hereafter "SOFTBANK MOBILE"), the segment's core company, telecom service revenue grew on a steady increase in the number of mobile subscribers, and sales of mobile handsets grew on an increase in the number of handsets shipped. In terms of operating expenses, sales commissions grew on the increase in handsets sold, combined with a higher sales commission per user for new and upgrade handset purchases resulting from changes in the model mix of handsets sold. The cost of sales for mobile handsets grew on the increase in handsets shipped. On the other hand, expenses related to doubtful accounts (bad debt loss on doubtful accounts and provision for doubtful accounts) declined significantly, as a result of continued stricter customer credit screening for new subscribers.

Number of Mobile Phone Subscribers

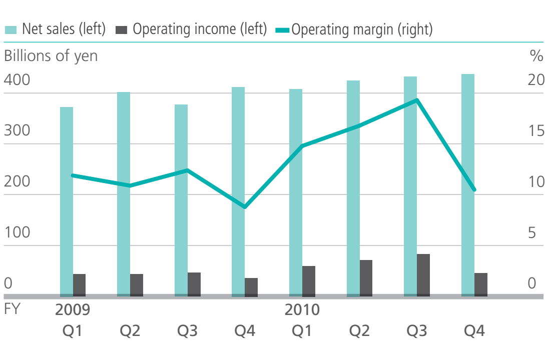
Net subscriber additions (new subscribers minus cancellations) at SOFTBANK MOBILE for fiscal 2010 totaled 1,243,700*7, on strong sales of the iPhone as a result of the "iPhone for everybody" campaign*8, and a contribution from solid sales of PhotoVision – a digital photo frame with telecommunications functionality. As a result, the number of cumulative subscribers as of the end of fiscal 2010 stood at 21,876,600*7, increasing SOFTBANK MOBILE's cumulative subscriber share by 0.3 of a percentage point from the end of fiscal 2009, to 19.5%*9.

*7 The number of net subscriber additions and the number of cumulative subscribers for SOFTBANK MOBILE include prepaid mobile phones and communication module service subscribers. Net subscriber additions for communication modules in fiscal 2010 totaled 481,300, and the total number of communication module service subscribers as of the end of fiscal 2010 was 537,500.

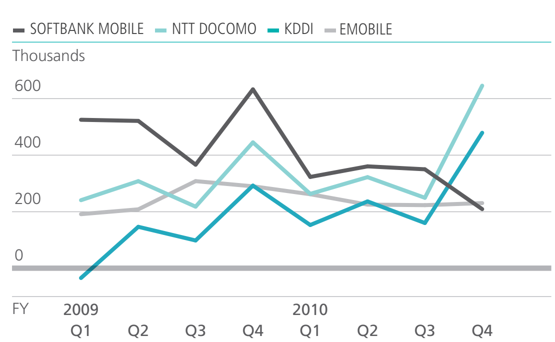
*8 A campaign that ran from February 2009 through January 2010, and reduced both the customer's actual outlay purchase and the maximum monthly charge for the packet flat-rate data service.

*9 Calculated by the Company based on Telecommunications Carriers Association statistical data.

Mobile Communications



Net Subscriber Additions by Operator



(Note) Calculated by the Company based on Telecommunications Carriers Association statistical data.

ARPU*[10]

ARPU for fiscal 2010 was ¥4,070. The sum of basic monthly charge and voice ARPU declined ¥270 year-on-year to ¥2,050, mainly from revised access charges between carriers and a decline in voice communication. At the same time, data ARPU rose ¥280 year-on-year to ¥2,020. This was mainly the result of an increase in 3G subscribers, especially in data-intensive iPhone users, combined with subscribers' increased data use as≈a result of the expansion of mobile content.

ARPU for the fourth quarter of fiscal 2010 was ¥3,890. The sum of basic monthly charge and voice ARPU was ¥1,750. On the other hand, data ARPU amounted to ¥2,140, surpassing the sum of basic monthly charge and voice ARPU on a quarterly basis for the first time.

*10 Abbreviation for Average Revenue Per User (rounded to the nearest 10).
Revenue and number of mobile phone subscribers include prepaid mobile phones and communication module service subscribers.
ARPU = basic monthly charge + monthly usage charge + voice, data and other charges – *Monthly Discounts (New Super Bonus Special Discount).*

Churn Rate and Upgrade Rate

The churn rate*[11] for fiscal 2010 was 1.37%, which was 0.37 of a percentage point higher year-on-year. In addition to higher churn associated with the termination of the 2G service at the end of fiscal 2010, the number of customers completing their installment handset payments increased, and some of these customers churned.

The upgrade rate*[11] for fiscal 2010 was 1.71%, which was roughly flat with fiscal 2009 (1.71%).

*11 Calculated including prepaid mobile phones and communication module service subscribers.

Average Customer Acquisition Commission

The average customer acquisition commission for fiscal 2010 was ¥40,500, a ¥1,400 increase year-on-year. This was mainly a reflection of aggressive sales promotion activities, including the "iPhone for everybody" campaign.

Broadband Infrastructure

Overall Results

Net sales declined ¥31,770 million (13.5%) year-on-year to ¥203,429 million. Operating income grew to ¥48,779 million, a ¥1,526 million (3.2%) year-on-year increase from fiscal 2009.

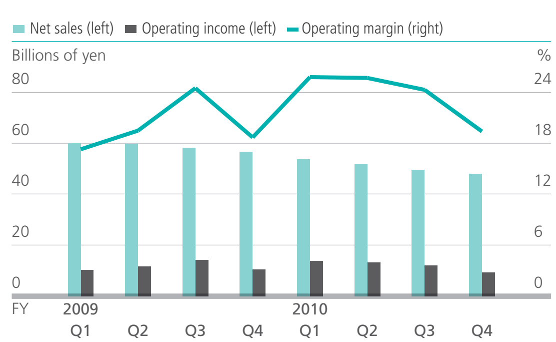
The trend of lower net sales on a decline in the number of charged lines continued at the ADSL business of the segment's core company SOFTBANK BB Corp. (hereafter "SOFTBANK BB"), but there were also reductions in sales-related expenses at the ADSL business and reduced depreciation expenses associated with an impairment write-down on dedicated assets for the FTTH infrastructural business incurred at the end of fiscal 2009.

Overview of Operations

The number of installed lines for SOFTBANK BB's *Yahoo! BB ADSL* comprehensive broadband service*[12] at the end of fiscal 2010 totaled 3,769,000, marking a decline of roughly 530,000 lines from the end of fiscal 2009. On the other hand, the number of contracts for *Yahoo! BB Hikari with FLET'S**[13], which has been offered nationwide from July 2009, has shown steady growth and stood at 237,000 as of the end of fiscal 2010, bringing the number of broadband service users including installed ADSL lines to 4,006,000.

*12 Number of lines for which connection construction for the ADSL line at the central office of NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION ("NTT East") and NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION ("NTT West") is complete.
*13 A broadband connection service that combines the Internet connection service *Yahoo! BB* and the *FLET'S HIKARI* fiber-optic connection provided by NTT East and NTT West.

Broadband Infrastructure



Fixed-line Telecommunications

Overall Results

Despite a ¥14,939 million (4.1%) year-on-year decline in net sales, to ¥348,693 million, operating income grew ¥4,023 million (21.2%) year-on-year to ¥22,991 million.

The decline in net sales was mostly the result of SOFTBANK IDC Solutions Corp.'s*14 net sales, which were previously included in this segment, being included in the Internet Culture segment from fiscal 2010.

Net sales from the *OTOKU Line* direct connection fixed-line voice service at SOFTBANK TELECOM Corp. (hereafter "SOFTBANK TELECOM"), the segment's core company, remained solid, but the revenue decline from relay connection voice services including *MYLINE* and from international telephone services continued. On the other hand, operating income grew year-on-year, primarily on an increase in the number of lines for high-margin services like *OTOKU Line*.

*14 SOFTBANK IDC Solutions Corp. was included in the Fixed-line Telecommunications segment until fiscal 2009. As a result of its merger with Yahoo Japan Corporation on March 30, 2009, its operating results have been included in the Internet Culture segment from fiscal 2010.

Overview of Operations

SOFTBANK TELECOM continues to expand its corporate business base, primarily by leveraging *OTOKU Line*. The number of *OTOKU Line* installed lines is showing steady growth, increasing by 61,000 lines (3.8%) from the end of fiscal 2009 to reach 1,669,000 lines as of the end of fiscal 2010. The portion of this total representing corporate contracts also continues to rise, and stood at 81.5%.

Going forward, SOFTBANK TELECOM will work to further strengthen its corporate business by pursuing synergies with the Mobile Communications segment in businesses including mobile solutions.

Internet Culture

Overall Results

Net sales grew by ¥16,654 million (6.6%) year-on-year, to ¥270,892 million, and operating income rose ¥10,055 million (8.0%) to ¥135,153 million.

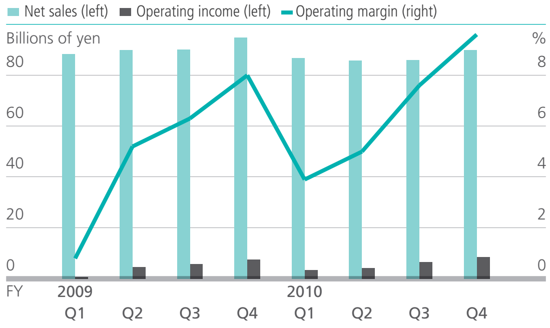
The increase in net sales at Yahoo Japan Corporation (hereafter "Yahoo Japan"), the segment's core company, was the result of the merger with SOFTBANK IDC Solutions Corp., combined with revenue growth from an increase in membership fees for *Yahoo! Premium* members and the upward revision in store royalties at *Yahoo! Auctions*, and growth in advertising sales on a recovery in advertising placements.

In addition to sales growth at Yahoo Japan, operating income for the segment grew on reductions in expenses for items including outsourcing and rent, as a result of stepped-up efforts to increase operational efficiency and reduce unnecessary costs at Yahoo Japan.

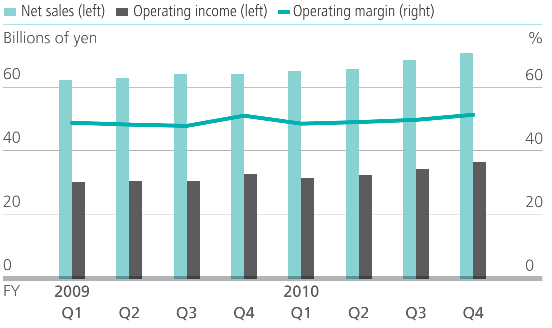
Overview of Operations

Yahoo Japan's main advertising business is solid, backed by the increasing value of the Internet as an advertising medium. In addition, the numbers of *Yahoo! Premium* members and *Yahoo! Auctions* and *Yahoo! Shopping* stores continue to grow, steadily strengthening the non-advertising business base with revenue from sources including fee-based services and e-commerce. Yahoo Japan is also working to further increase its operational efficiency, and reduced expenses in areas like outsourcing and rent have led to growth in operating income and a higher operating margin.

Fixed-line Telecommunications



Internet Culture



e-Commerce

Overall Results

Net sales declined by ¥8,841 million (3.4%) year-on-year, to ¥249,343 million, while operating income grew ¥1,157 million (25.0%) year-on-year to ¥5,793 million.

Revenue declined as a result of lower corporate sales at the Commerce & Service Division of the segment's core company SOFTBANK BB, reflecting the sluggish economy. Operating income rose, however, on a solid trend in services directed at retail customers, including *SoftBank SELECTION**[15], combined with earnings growth at the relatively high-margin businesses Carview Corporation and Vector Inc.

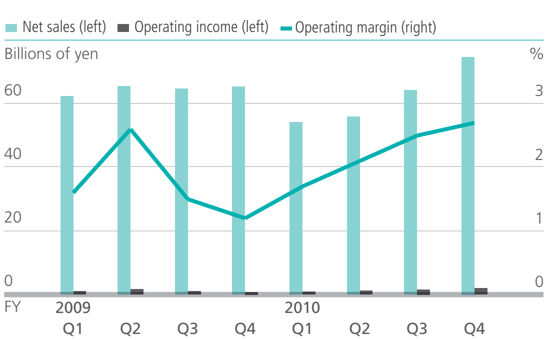
*15 A brand of mobile phone accessories and PC software.

Overview of Operations

Along with adding diversity and stability to its earnings sources through the growth of the SaaS*[16] business, the segment is expanding into business areas that can create synergies with the Mobile Communications segment, including sales of mobile phone accessories and of wireless equipment and routers to meet expected growth in demand from the spread of mobile Internet.

*16 Abbreviation for Software as a Service: services that allow users to use necessary software via the Internet.

e-Commerce



Others Segment

Overall Results

The Others segment recorded a significant improvement in operating income, to a profit of ¥1,564 million (from a ¥194 million loss in fiscal 2009), despite a ¥1,972 million (2.2%) decline in net sales year-on-year to ¥86,255 million.

"The Others segment" comprises businesses including Technology Services (SOFTBANK TECHNOLOGY CORP.), Media & Marketing (mainly SOFTBANK Creative Corp. and ITmedia Inc.), Overseas Funds, and Others (mainly Fukuoka SOFTBANK HAWKS related operations).

Analysis of Financial Position

Current Assets

Current assets at the end of fiscal 2010 totaled ¥1,694,441 million, for a ¥174,128 million (11.5%) increase year-on-year.

Cash and cash equivalents increased by ¥230,038 million year-on-year. This was mainly the result of operating activities at Yahoo Japan and SOFTBANK MOBILE, and the issuance of four unsecured straight corporate bonds*17.

Notes and accounts receivable-trade decreased ¥41,534 million year-on-year. This was mainly because of a decline in accounts receivable at SOFTBANK MOBILE on progress in collecting installment sales receivables.

*17 The 27th, 28th, 29th and 30th Unsecured Straight Bonds. Refer to "In Detail (6)" on page 89 for details.

Fixed Assets

Total property and equipment decreased ¥50,244 million year-on-year, to ¥950,703 million. This was mainly because of depreciation on telecommunications equipment at the telecommunications-related businesses and the retirement of certain telecommunications equipment at the Mobile Communications segment.

Total intangible assets decreased ¥69,723 million year-on-year, to ¥1,152,386 million. This was because of a decrease in goodwill of ¥55,963 million caused mainly by regular amortization at SOFTBANK MOBILE and SOFTBANK TELECOM, and from the amortization of software.

Investments and other assets increased ¥22,042 million year-on-year, to ¥665,345 million.

Current Liabilities

Current liabilities at the end of fiscal 2010 totaled ¥1,378,879 million, for a ¥29,296 million (2.2%) increase year-on-year.

Short-term borrowings decreased by ¥112,928 million year-on-year, as a portion of short-term borrowings were refinanced as long-term borrowings or corporate bonds.

On the other hand, a long-term account payable of ¥75,000 million, included in "other liabilities" under long-term liabilities, became payable within one year and was therefore transferred from long-term liabilities. As a result, accounts payable-other and accrued expenses increased by ¥99,238 million year-on-year.

Income taxes payable increased ¥79,121 million year-on-year, mainly because of the occurrence of income taxes under consolidated tax return at BB Mobile Corp.*18 resulting from the full utilization of loss carryforwards.

*18 BB Mobile Corp., SOFTBANK MOBILE and its subsidiaries, all of which are subsidiaries of the Company, adopt the consolidation taxation system.

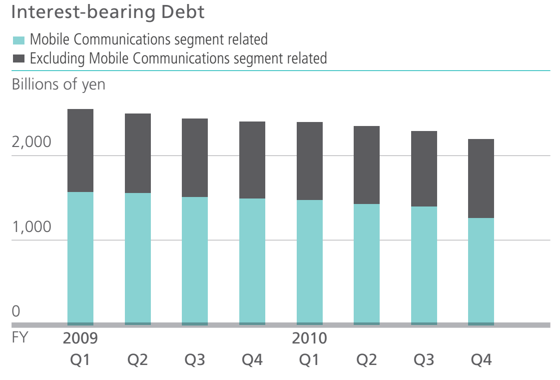
Long-term Liabilities

Long-term liabilities totaled ¥2,120,025 million at the end fiscal 2010, for a ¥92,266 million (4.2%) decrease year-on-year.

Long-term debt decreased by ¥30,749 million year-on-year, which included both SOFTBANK MOBILE's repayment of ¥198,150 million of its SBM loan*19 and a total of ¥185,000 million raised from the issuance of four unsecured straight corporate bonds. In addition, with the transfer to current liabilities of the ¥75,000 million long-term account payable that became payable within one year, "other liabilities" decreased by ¥59,253 million.

*19 The funds procured for the acquisition of Vodafone K.K. were refinanced in November 2006 via a whole business securitization program.

Interest-bearing Debt



Equity

Equity totaled ¥963,971 million at the end of fiscal 2010, for a ¥139,173 million (16.9%) increase year-on-year. Retained earnings increased ¥94,342 million, totaling ¥43,072 million as of the end of fiscal 2010. As a result of profit recorded mainly at Yahoo Japan, minority interests came to ¥492,963 million, an increase of ¥42,548 million.

Analysis of Cash Flows

During fiscal 2010, operating activities provided net cash in the amount of ¥668,050 million, investing activities used net cash in the amount of ¥277,162 million, and financing activities used ¥159,563 million.

Free cash flow (the combined net cash flows from operating activities and investing activities) for fiscal 2010 was a positive ¥390,888 million (compared with a positive ¥181,563 million in fiscal 2009), for a significant increase of ¥209,325 million.

Cash and cash equivalents at the end of fiscal 2010 totaled ¥687,682 million, for a ¥230,038 million increase year-on-year.

Cash Flows from Operating Activities: ¥668,050 million net inflow

Income before income taxes and minority interests totaled ¥289,250 million, while non-cash items of ¥243,944 million in depreciation and amortization, ¥61,070 million in amortization of goodwill, and loss on retirement of non current assets of ¥48,787 million were recorded as positive. Receivables-trade including the collection of installment sales receivables at SOFTBANK MOBILE decreased by ¥59,637 million.

Cash Flows from Investing Activities: ¥277,162 million net outflow

Capital expenditures, mainly at telecommunications-related businesses, resulted in ¥223,819 million in outlays for property and equipment and intangibles. Purchases of marketable and investment securities resulted in ¥56,686 million in cash outlays. This was mainly related to the Company's acquisition of corporate bonds (face value of ¥27,000 million) that were issued by J-WBS Funding K.K. under the whole business securitization scheme associated with the acquisition of Vodafone K.K.

Cash Flows from Financing Activities: ¥159,563 million net outflow

Repayments of long-term borrowings totaled ¥516,052 million, the change in short-term borrowings, net was a decrease of ¥112,911 million, outlays for the repayment of lease obligations came to ¥103,053 million, and ¥70,675 million was used for the redemption of corporate bonds. At the same time, long-term borrowings raised ¥337,930 million, corporate bond issues generated ¥183,433 million, and ¥135,942 million was recorded as proceeds from the sale and lease back of equipment newly acquired.

In Detail (4) Status of Interest-bearing Debt and Leases (As of March 31, 2010)

(1) Interest-bearing debt and finance leases (lease obligations)

Millions of yen	Balance	Payment Due By FY 2011	Payment Due By After FY 2012
SOFTBANK CORP. and consolidated subsidiaries (excluding SOFTBANK MOBILE and Yahoo Japan)			
Borrowings	418,316	252,483	165,833
Bonds	502,924	54,400	448,524
Straight bond	370,426	54,400	316,026
Yen-denominated	322,800	54,400	268,400
Euro-denominated	47,626	—	47,626
Convertible	99,998	—	99,998
Subordinate	32,500	—	32,500
Total interest-bearing debt	**921,240**	**306,883**	**614,357**
Finance leases (lease obligations)	20,121	9,288	10,833
SOFTBANK MOBILE			
Borrowings	1,264,231	175,478	1,088,753
SBM loan*20	959,702	—	959,702
Vodafone subordinate loan*21	84,597	—	84,597
Securitization of installment sales receivables obligations	219,813	175,359	44,454
Others	119	119	—
Total interest-bearing debt	**1,264,231**	**175,478**	**1,088,753**
Finance leases (lease obligations)	313,897	100,417	213,480
Yahoo Japan			
Borrowings	10,000	10,000	—
Total interest-bearing debt	**10,000**	**10,000**	—
Finance leases (lease obligations)	234	63	171

(2) Finance leases (accounted for as operating leases) and operating leases

Millions of yen	Balance	Payment Due By FY 2011	Payment Due By After FY 2012
SOFTBANK CORP. and consolidated subsidiaries (excluding SOFTBANK MOBILE and Yahoo Japan)			
Finance leases (accounted for as operating leases)*22	101,405	22,860	78,545
Operating leases*23	34,957	13,732	21,225
Total	**136,362**	**36,592**	**99,770**
SOFTBANK MOBILE			
Finance leases (accounted for as operating leases)*22	3,809	3,058	751
Operating leases*23	11,093	2,291	8,802
Total	**14,902**	**5,349**	**9,553**
Yahoo Japan			
Finance leases (accounted for as operating leases)*22	409	273	136
Operating leases*23	11,094	6,472	4,622
Total	**11,503**	**6,745**	**4,758**

(3) Interest-bearing debt and leases

Millions of yen	Balance	Payment Due By FY 2011	Payment Due By After FY 2012
Total interest-bearing debt	**2,195,471**	**492,361**	**1,703,110**
Borrowings	1,692,547	437,961	1,254,586
Bonds	502,924	54,400	448,524
Total balance of leases	**497,019**	**158,454**	**338,565**
Finance leases (lease obligations)	334,252	109,768	224,484
Finance leases (accounted for as operating leases) *22	105,623	26,191	79,432
Operating leases *23	57,144	22,495	34,649

(Notes) 1. Balance after consolidated elimination.
2. Leases contracted before April 1, 2008 are continuously accounted for as operating lease transactions with footnote disclosure.

*20 The funds procured for the acquisition of Vodafone K.K. were refinanced in November 2006 via a whole business securitization. Of the corporate bonds issued under this scheme (WBS Class B2 Funding Notes, issued by J-WBS Funding K.K.), bonds with a face value of ¥27.0 billion acquired by the company during fiscal 2010 are excluded.

*21 Subordinated loan procured from Vodafone Overseas Finance Limited.

*22 The amount shown as the outstanding amount of finance leases accounted for as operating leases is the outstanding amount of prepaid leasing fees as of the fiscal year-end.

*23 Minimum rental commitments under operating lease.

In Detail (5) Corporate Bond Details (As of March 31, 2010)

(By issuer and in order of maturity date)

Company Name	Bond	Issue Date	Maturity Date	Interest Rate (%/year)	Collateral	Balance (Millions of yen)
SOFTBANK	24th series Unsecured Straight Bond (Fukuoka SoftBank HAWKS bond)	Apr. 26, 2007	Apr. 26, 2010	2.72	None	20,000
	22nd series Unsecured Straight Bond	Sept. 14, 2005	Sept. 14, 2010	1.98	None	34,400
	27th series Unsecured Straight Bond (Fukuoka SoftBank HAWKS bond)	June 11, 2009	June 10, 2011	5.10	None	60,000
	25th series Unsecured Straight Bond	June 19, 2007	June 17, 2011	3.39	None	53,500
	28th series Unsecured Straight Bond	July 24, 2009	July 24, 2012	4.72	None	30,000
	29th series Unsecured Straight Bond (Fukuoka SoftBank HAWKS bond)	Sept. 18, 2009	Sept. 18, 2012	4.52	None	65,000
	Convertible Bond due 2013	Dec. 30, 2003	Mar. 31, 2013	1.50	None	49,998
	Euro-denominated Senior Notes due 2013	Oct. 12, 2006	Oct. 15, 2013	7.75	None	47,625 (355 million Euro)
	Convertible Bond due 2014	Dec. 30, 2003	Mar. 31, 2014	1.75	None	50,000
	26th series Unsecured Straight Bond	June 19, 2007	June 19, 2014	4.36	None	14,900
	30th series Unsecured Straight Bond	Mar. 11, 2010	Mar. 11, 2015	3.35	None	30,000
SOFTBANK TELECOM	2nd series Unsecured Straight Bond	Dec. 7, 2004	Dec. 7, 2011	2.88	None	15,000
Phoenix JT	Subordinated Notes Due 2016	Dec. 24, 2004	Dec. 15, 2016	5.95	None	32,400
Other corporate bonds	—	—	—	—	—	100
Total	—	—	—	—	—	502,923

(Note) Concerning CB due 2014, early redemption of the bond due to the holders' request is possible in March 2011. In addition, early redemption of the bond due to SOFTBANK's request is also possible under certain conditions. Details of CB due 2013 and 2014 are as follows:

Company Name	Bond	Issue Price of Stock Acquisition Right	Conversion Price (Yen)	Aggregate Principal Amount (Millions of yen)	Exercise Period
SOFTBANK	Convertible Bond due 2013	Without consideration	2,164.50	50,000	Jan. 13, 2004 – Mar. 15, 2013
	Convertible Bond due 2014	Without consideration	1,984.30	50,000	Jan. 13, 2004 – Mar. 17, 2014

In Detail (6)

The major financing activities during fiscal 2010 were as follows:

Item	Company	Details	Summary	
Issue bonds	SOFTBANK	Issue of the 27th Unsecured Straight Bond (Fukuoka SoftBank HAWKS Bond)	Issue date: Redemption date: Procured amount: Interest rate: Use:	June 11, 2009 June 10, 2011 ¥60.0 billion 5.10%/year redemption of bonds and repayment of borrowings
		Issue of the 28th Unsecured Straight Bond	Issue date: Redemption date: Procured amount: Interest rate: Use:	July 24, 2009 July 24, 2012 ¥30.0 billion 4.72%/year redemption of bonds and repayment of borrowings
		Issue of the 29th Unsecured Straight Bond (Fukuoka SoftBank HAWKS Bond)	Issue date: Redemption date: Procured amount: Interest rate: Use:	Sept. 18, 2009 Sept. 18, 2012 ¥65.0 billion 4.52%/year redemption of bonds and repayment of borrowings
		Issue of the 30th Unsecured Straight Bond	Issue date: Redemption date: Procured amount: Interest rate: Use:	Mar. 11, 2010 Mar. 11, 2015 ¥30.0 billion 3.35%/year scheduled to be used for redemption of bonds due by Sept. 2010
Bond redemption	SOFTBANK TELECOM	1st Series of Unsecured Straight Bond	Redemption date: Redeemed amount:	Dec. 7, 2009 ¥45.0 billion
	SOFTBANK	19th Series of Unsecured Straight Bond	Redemption date: Redeemed amount:	Jan. 29, 2010 ¥19.0 billion
Securitization of receivables	SOFTBANK MOBILE	Procurement of funds totaling ¥70.2 billion accompanying securitization of mobile phone installment sales receivables (recorded as borrowings)	Procurement date: Redemption method: Use:	June 30, 2009 monthly pass-through repayment capital expenditure and repayment of funds raised via the whole business securitization financing scheme
		Procurement of funds totaling ¥49.9 billion accompanying securitization of mobile phone installment sales receivables (recorded as borrowings)	Procurement date: Redemption method: Use:	Sept. 30, 2009 monthly pass-through repayment capital expenditure and repayment of funds raised via the whole business securitization financing scheme
		Procurement of funds totaling ¥60.0 billion accompanying securitization of mobile phone installment sales receivables (recorded as borrowings)	Procurement date: Redemption method: Use:	Dec. 29, 2009 monthly pass-through repayment capital expenditure and repayment of funds raised via the whole business securitization financing scheme
		Procurement of funds totaling ¥56.1 billion accompanying securitization of mobile phone installment sales receivables (recorded as borrowings)	Procurement date: Redemption method: Use:	Mar. 30, 2010 monthly pass-through repayment capital expenditure and repayment of funds raised via the whole business securitization financing scheme

Item	Company	Details	Summary
Repayment of securitization of receivables	SOFTBANK MOBILE	Decrease ¥238.5 billion	Repayment of funds procured through securitization of mobile phone installment sales receivables
Increase or decrease in debt (excluding securitization of receivables)	SOFTBANK	Decrease ¥36.5 billion	
	SOFTBANK MOBILE	Decrease ¥198.1 billion	Repayment of funds raised via the whole business securitization financing scheme
	SOFTBANK TELECOM	Decrease ¥20.5 billion	
	Yahoo Japan	Decrease ¥20.0 billion	
Capital expenditure by financial leases	SOFTBANK MOBILE, etc.	Capital expenditure mainly at the Mobile Communications business by utilizing lease	Funds procured during fiscal 2010: ¥135.9 billion

Fiscal 2011 Forecast

The Group is forecasting consolidated operating income of ¥500,000 million for fiscal 2011, which represents a ¥34,129 million (7.3%) increase from the fiscal 2010 results.

Consolidated net sales are subject to rapid changes in the Group's main markets, the Internet and telecommunications industry. There is therefore a possibility that new sales methods will be introduced in the future in response to changes in the market situation, making it difficult to publicly disclose a forecast for consolidated net sales.

Forecasts for consolidated ordinary income and consolidated net income are also difficult to publicly disclose because the performance of the Company's various holdings of investment securities and investments via funds are subject to changes in the market environment, making equity in earnings under the equity method and valuation gain and loss on investment securities difficult to project.

Fundamental Policy for Distribution of Profit, and Dividends for Fiscal 2010 and 2011

The Company strives to increase returns to shareholders by raising corporate value, and has a fundamental policy of returning appropriate amounts of profit to shareholders and other stakeholders. The Company's policy regarding dividends to shareholders is to balance the strengthening of the operating base by reducing interest-bearing debt while maintaining a stable dividend over the mid- to long-term.

The Group is strengthening its cash-flow-oriented management, and aims to reduce its ¥1,939,521 million of net interest-bearing debt as of the end of March 2009 by half over three years (by the end of March 2012) and to zero over six years (by the end of March 2015). To achieve this, the Group plans to generate an aggregate total of at least ¥1 trillion in free cash flow over the three years from fiscal 2010 (period from April 1, 2009 to March 31, 2012). Solid progress toward achieving these targets was made during fiscal 2010, with the generation of ¥390,888 million in free cash flow. The majority of which was used to repay debt, and net interest-bearing debt was reduced by ¥438,447 million to ¥1,501,074 million. The Company therefore intends to pay a dividend for fiscal 2010 of ¥5 per share, double the dividend of fiscal 2009.

The dividend for fiscal 2011 is scheduled to be the same as fiscal 2010 at ¥5 per share.

Risk Factors

Operating in a wide range of markets the Group faces a variety of risks in its operations. The major risks envisioned by the Group as of the release of this annual report that could affect investors' investment decisions are outlined below.

The Group continuously makes every possible effort to avoid or reduce these risks, but cannot necessarily guarantee that all risks can be completely avoided. These risk factor may not necessarily include all risks that could arise with regard to the Group's operations in the future. The items listed below contain forward-looking statements deemed appropriate by the Group as of the release of this annual report, unless otherwise stated.

1. 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 businesses. Demand for these businesses' products and services depends on economic conditions and market trends, and therefore changes in business conditions affect the Group's results of operations.

The Group's market competitiveness could also be weakened when competitors are deemed to have stronger capital strength, services, price competitiveness, customer bases, sales structures, and brand or name recognition. As a result, the Group may not be able to roll out products and services acquire and retain customers as anticipated thereby impacting the Group's results of operations.

(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 the price of imported telecommunications equipment etc. is influenced by the 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. Therefore the Group considers a rise in interest rate and foreign exchange rate fluctuation to be significant risks. The Group strives to minimize these risks, utilizing long-term or fixed interest rates and other means to minimize interest rate risks, and currency hedges on major assets and liabilities denominated in foreign currencies to minimize foreign exchange rate risk. However, depending on market trends, it may not be possible to completely avoid these risks.

Shares of Internet-related investments in Japan, the U.S., China and other countries constitute the majority of the Group's investments, and 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 significantly impacted by a drop in these asset values.

(3) Risks related to technological innovation

The Internet and telecommunications fields in which the Group operates are subject to rapid technological innovations, in their overall industries and in the area of telecommunications systems technology, to which the Group needs to respond flexibly. If for whatever reason, the Group is unable to appropriately respond to these technological advances, it runs the risk of losing competitiveness as a result of its provided services or technology being outdated. 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 upgrading of existing equipment, and this could affect the Group's results of operations.

2. Legal and Regulatory Risks

(1) Laws and regulations related to the telecommunications business

The Group's telecommunications businesses are subject to 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 anticipated. Relating to the mobile communications business, developments at the Ministry of Internal Affairs and Communications (MIC) covering items such as frequency allocation, the removal of SIM locks*24 and the review of the NTT Group's management structure could also have a major impact on the Group's business activities in the future.

*24 A control that restricts the use of a mobile handset to the SIM card (an IC card on which the telephone number and other subscriber information is recorded) of a designated telecom operator.

(2) Laws and regulations related to intellectual property

The Group strives to ensure that the businesses it operates do not infringe on intellectual property rights held by third parties, but it is possible that certain of the Group's actions will infringe on intellectual property rights held by third parties, and that the Group will be prevented from using the relevant intellectual property or will be subject to claims for compensatory damages.

Because of the large number of companies aggressively developing Internet technologies including broadband and business models, the latent 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 strives to protect personal information through measures including strengthening the Group's customer information management systems and restricting access to personal information obtained and maintained by the Group. In particular, SOFTBANK MOBILE and the Group's other telecom operators 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 or misused by a Group affiliate, business partner or subcontractor. If such a situation were to occur, the Group's credibility could suffer serious damage and the Group's business activities could be significantly impacted.

(4) Laws and regulations related to overseas businesses and investments

The Group operates businesses and makes investments in the U.S., China and other overseas countries. The enactment of or revisions to the laws or regulations of these countries or regions could restrict the Group's business activities or force it to withdraw from a business, delay or prevent the recovery of the Group's investments, and these types of events could impact the Group's results of operations, financial position, or business activities. In addition, the enactment of or revision to laws or various regulations could restrict the Group from engaging in new businesses or investments, preventing the Group from carrying out its strategy as anticipated.

(5) Potential litigation

Operating in a wide range of markets including mobile communications, with a focus on 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, this could change in the future and there is a possibility of lawsuits emerging as a result. Lawsuits could therefore deteriorate the Group's financial liability and brand image thereby impacting its results of operations.

3. Risks Related to Natural Disasters and Accidents

The Group constructs and maintains telecommunications networks and information systems necessary for the provision of the mobile telecommunications and other services. There is a danger that natural disasters including earthquakes, typhoons, flood and tsunami, fires, power outages or shortages, terrorist attacks, computer viruses, and 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 results of operations be affected, but there is also a possibility that customer trust and satisfaction, and the brand image, could deteriorate materially, 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 Tokyo metropolitan area. The possibility therefore exists that a major earthquake, or other force majeure event in the Tokyo metropolitan area could paralyze the head office's functionality and impede the continuity of the Group's business.

4. Risks Related to Operations

(1) Dependance on management resources of other companies

The Group makes use of certain telecommunication lines and facilities owned by other telecom operators when constructing and maintaining the telecommunications networks required for providing telecommunications services. The Group's results of operations 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 depends on other companies to provide mobile 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 maintain and inspect telecommunications equipment for performance retention, or if a major defect in telecommunications equipment were to be discovered, the Group could become unable to continue providing services and the brand image could deteriorate. The Group consigns the sale of mobile handsets and other products and services, acquisition and retention of customers, and the execution of certain other related operations to subcontractors. The Group's results of operations and market share could therefore be affected by changes in relations with subcontractors 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 held by Yahoo! Inc. The Group currently maintains good relations with Yahoo! Inc., but a significant change in this relationship in the future could prevent the Group from developing businesses as anticipated.

(2) Risks related to the Group's services and operations

The Group needs to continuously invest in facilities and equipment in order to provide attractive services and maintain service quality. At the mobile communications businesses in particular if, due to subscriber growth and diversification of information services, the expansion in communication volume (traffic) were to exceed the Company's projections, the capital expenditure required to increase the capacity of its telecommunications network could lead to a temporary deterioration in the Group's cash flow and profitability.

Furthermore, the Group puts efforts into the maintenance and operation management of 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 obstruct the Group's provision of telecommunications services. If these disruptions were to become widespread and/or significant time were required to restore services, not only could the Group's results of operations 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 handsets in September 2006. 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 results of operations.

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 of operations or financial position.

(3) Risks related to compliance and internal controls

Operating in a wide range of markets, 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 officers 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 of operations 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 deteriorate 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 the Group's credit ratings issued by rating agencies. The Group's profitability could deteriorate if these 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. The details of the financial covenants are as discussed in the Notes to Consolidated Financial Statements "6. Short-term Borrowings, Long-term Debt and Lease Obligations (9) Financial covenants." In the event any of 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 targets have been established for the borrowings procured by SOFTBANK MOBILE via its whole business securitization. In the event SOFTBANK MOBILE's performance were to fall short of these targets, limits will be placed on capital investment and prior approval of the lenders will be required for development of new services, and this could impact SOFTBANK MOBILE's business development. Furthermore, in the event SOFTBANK MOBILE were not able to meet these targets on a cumulative basis, the lenders could appoint a majority of the Board of directors and might exercise their collateral rights for assets pledged 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 interfere with the implementation of initial operating plans. Moreover, the Group may not be able to realize initially anticipated synergies in case loss of customers or human resources occur in the acquired companies and therefore it will not adequately recover investments that have already been made. As a result, the Group may not be able to develop its businesses as anticipated.

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 anticipated if it becomes unable to effectively control the acquired company or to effect important decisions.

(6) Dependence 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 key management—especially Chairman and CEO of the Company and Group Representative Masayoshi Son—could obstruct the Group's smooth business implementation.

Significant Contracts

Name of Contract	Names of Contracted Companies	Counterparties	Country of Counterparties	Contract Content	Contract Date
SBM Loan Agreement	SOFTBANK MOBILE Japan System Solution*25 TELECOM EXPRESS SBM Tokai Hanbai*26 SOFTBANK MOBILE SUPPORT*25	Mizuho Trust & Banking	Japan	Loan for repayment of takeover bid funds for acquisition of Vodafone's Japan operations	Nov. 28, 2006
Amendment to the SBM Loan Agreement	SOFTBANK MOBILE Japan System Solution*25 TELECOM EXPRESS SBM Tokai Hanbai*26 SOFTBANK MOBILE SUPPORT*25 JAPAN MOBILE COMMUNICATIONS*25	Mizuho Trust & Banking	Japan	Amendment to certain financial performance criteria (Case A Cumulative Quarterly Debt Redemption Amount) as specified in the SBM Loan Agreement	Mar. 28, 2008
Deed of Trust Agreement (B) (Tokutei Kinsen Trust)	SOFTBANK MOBILE	Mizuho Trust & Banking Aoyama Sogo Accounting Office	Japan	Deed of trust agreement (Tokutei Kinsen Trust) for management of funds for repayment of borrowings in accordance with SBM Loan Agreement	Nov. 28, 2006
Cash Management Agreement	SOFTBANK MOBILE Japan System Solution*25 TELECOM EXPRESS SBM Tokai Hanbai*26 SOFTBANK MOBILE SUPPORT*25	Mizuho Trust & Banking Aoyama Sogo Accounting Office Citilease Mizuho Corporate Bank	Japan	Cash transfer and management of funds for repayment of borrowings in accordance with SBM Loan Agreement	Nov. 28, 2006
Security Assignment over BBM Loan Agreement (Joto-Tampo)	SOFTBANK MOBILE	Mizuho Trust & Banking	Japan	Security assignment covering loan obligations and right to claim compensation for BB Mobile from SOFTBANK MOBILE	Nov. 28, 2006
Security Assignment of Downstream Loan Agreement (Joto-Tampo)	BB Mobile	Mizuho Trust & Banking	Japan	Security assignment covering loan obligations for SOFTBANK MOBILE from BB Mobile	Nov. 28, 2006
Security Assignment of Shares (Joto-Tampo)	BB Mobile	Mizuho Trust & Banking	Japan	Security assignment of SOFTBANK MOBILE shares held by BB Mobile	Nov. 28, 2006

Name of Contract	Names of Contracted Companies	Counterparties	Country of Counterparties	Contract Content	Contract Date
Security Assignment of Shares (Joto-Tampo)	Mobiletech	Mizuho Trust & Banking	Japan	Security assignment of BB Mobile shares held by Mobiletech	Nov. 28, 2006
Security over Trust Beneficial Interest Agreement (Shichiken)	SOFTBANK MOBILE	Mizuho Trust & Banking	Japan	Granting security of SOFTBANK MOBILE trust beneficial interest in accordance with Deed of Trust Agreement (B) (Tokutei Kinsen Trust)	Nov. 28, 2006
Security over Shares Agreement (Shichiken)	SOFTBANK MOBILE	Mizuho Trust & Banking	Japan	Granting security covering shares of Japan System Solution*25, TELECOM EXPRESS, SBM Tokai Hanbai*26, and SOFTBANK MOBILE SUPPORT*25 held by SOFTBANK MOBILE	Nov. 28, 2006
Security over Shares Agreement (Shichiken)	SOFTBANK MOBILE	Mizuho Trust & Banking	Japan	Granting security covering shares of JAPAN MOBILE COMMUNICATIONS*25 held by SOFTBANK MOBILE	Feb. 29, 2008
Security Assignment of Receivables and Subscriber Contracts (Joto-Tampo)	SOFTBANK MOBILE	Mizuho Trust & Banking	Japan	Security assignment of receivables in respect of subscriber contracts	Nov. 28, 2006
Security over Future Insurance Proceeds Agreement (Shichiken)	SOFTBANK MOBILE	Mizuho Trust & Banking	Japan	Granting security covering insurance claim rights of SOFTBANK MOBILE	Apr. 3, 2009
Security Assignment of Intra-Group Indebtedness (Joto-Tampo)	SOFTBANK MOBILE	Mizuho Trust & Banking	Japan	Security assignment of indebtedness of SOFTBANK MOBILE subsidiary (TELECOM EXPRESS) held by SOFTBANK MOBILE	Apr. 3, 2009
Security Assignment of Intra-Group Indebtedness (Joto-Tampo)	Japan System Solution*25	Mizuho Trust & Banking	Japan	Security assignment of SOFTBANK MOBILE Group company indebtedness held by Japan System Solution*25	Nov. 28, 2006
Security Assignment of Intra-Group Indebtedness (Joto-Tampo)	TELECOM EXPRESS	Mizuho Trust & Banking	Japan	Security assignment of SOFTBANK MOBILE Group company indebtedness held by TELECOM EXPRESS	Nov. 28, 2006
Security Assignment of Intra-Group Indebtedness (Joto-Tampo)	SBM Tokai Hanbai*26	Mizuho Trust & Banking	Japan	Security assignment of SOFTBANK MOBILE Group company indebtedness held by SBM Tokai Hanbai*26	Nov. 28, 2006
Security Assignment of Intra-Group Indebtedness (Joto-Tampo)	SOFTBANK MOBILE SUPPORT*25	Mizuho Trust & Banking	Japan	Security assignment of SOFTBANK MOBILE Group company indebtedness held by SOFTBANK MOBILE SUPPORT*25	Nov. 28, 2006
Mortgage Agreement	SOFTBANK MOBILE	Mizuho Trust & Banking	Japan	Granting mortgage on real estate held by SOFTBANK MOBILE	Nov. 28, 2006

Name of Contract	Names of Contracted Companies	Counterparties	Country of Counterparties	Contract Content	Contract Date
Security Assignment of Intellectual Property (Joto-Tampo)	SOFTBANK MOBILE	Mizuho Trust & Banking	Japan	Security assignment of intellectual property held by SOFTBANK MOBILE	Nov. 28, 2006
Security Assignment of Tangible Moveable Property (Joto-Tampo)	SOFTBANK MOBILE	Mizuho Trust & Banking	Japan	Security assignment of movable property held by SOFTBANK MOBILE	Nov. 28, 2006
Debt Assumption, Amendment and Restatement Agreement	SOFTBANK MOBILE BB Mobile	Vodafone International Holdings B.V.	The Netherlands	Debt assumption (discharge) by SOFTBANK MOBILE of BB Mobile's existing subordinated loan from Vodafone International Holdings B.V.	Nov. 28, 2006
Facility Agreement	SOFTBANK MOBILE	Vodafone International Holdings B.V.	The Netherlands	SOFTBANK MOBILE's debt assumption (discharge) in accordance with Debt Assumption, Amendment and Restatement Agreement, and amended existing subordinated loan from Vodafone International Holdings B.V.	Nov. 30, 2006
Shareholders' Agreement	SOFTBANK Mobiletech BB Mobile SOFTBANK MOBILE	Yahoo Japan Vodafone International Holdings B.V.	Japan The Netherlands	Shareholders' Agreement regarding management, etc. for BB Mobile and SOFTBANK MOBILE	Nov. 28, 2006
Stock Underwriting Agreement	BB Mobile	Mizuho Trust & Banking	Japan	Underwriting of Type 2 preferred stock issued by BB Mobile	Nov. 28, 2006

*25 Japan System Solution, JAPAN MOBILE COMMUNICATIONS and SOFTBANK MOBILE SUPPORT merged with SOFTBANK MOBILE on April 1, 2010, with SOFTBANK MOBILE as the surviving entity.
*26 SBM Tokai Hanbai merged with TELECOM EXPRESS on October 1, 2008, with TELECOM EXPRESS as the surviving entity.

R&D Activities

R&D expenditures during fiscal 2010 totaled ¥557 million.

The major portion of R&D activities took place at the Mobile Communications, Broadband Infrastructure, and Fixed-line Telecommunications segments. The main items were as follows:

Research was carried out at the Mobile Communications segment, primarily related to telecommunications system upgrades.

Research was carried out at the Broadband Infrastructure segment, primarily related to next-generation networks.

Research was carried out at the Fixed-line Telecommunications segment, primarily aiming to quickly create innovative services for the ubiquitous society of the future and resolve important technological issues for future networks.

Consolidated Balance Sheets

SOFTBANK CORP. and consolidated subsidiaries   March 31, 2009 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 1)
ASSETS	2009	2010	2010
Current assets:			
Cash and cash equivalents (Note 6)	¥ 457,644	¥687,682	$7,391,251
Marketable securities (Notes 4 and 16)	2,784	3,981	42,788
Notes and accounts receivable–trade (Notes 6 and 16)	858,085	816,551	8,776,344
Merchandise and finished products	42,321	37,030	398,001
Deferred tax assets (Note 8)	93,021	74,290	798,474
Other current assets (Note 6)	115,316	109,467	1,176,558
Allowance for doubtful accounts (Note 16)	(48,858)	(34,560)	(371,453)
Total current assets	1,520,313	1,694,441	18,211,963
Property and equipment, net (Notes 2 (5) and 6):			
Land	22,576	22,402	240,778
Buildings and structures	71,577	68,183	732,835
Telecommunications equipment	738,968	706,283	7,591,176
Telecommunications service lines	79,638	72,983	784,426
Construction in progress	37,477	34,634	372,248
Other	50,711	46,218	496,755
Total property and equipment	1,000,947	950,703	10,218,218
Intangible assets, net:			
Goodwill	956,731	900,768	9,681,513
Software (Note 6)	226,132	208,916	2,245,443
Other intangibles (Note 6)	39,246	42,702	458,964
Total intangible assets	1,222,109	1,152,386	12,385,920
Investments and other assets:			
Investment securities (Notes 4, 6 and 16)	186,311	221,003	2,375,355
Investments in unconsolidated subsidiaries and affiliated companies (Notes 6 and 16)	133,792	149,025	1,601,730
Deferred tax assets (Note 8)	158,229	152,654	1,640,735
Other assets (Note 6)	164,971	142,663	1,533,352
Total investments and other assets	643,303	665,345	7,151,172
Total assets	¥4,386,672	¥4,462,875	$47,967,273

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	2009	Millions of yen 2010	Thousands of U.S. dollars (Note 1) 2010
Current liabilities:			
Short-term borrowings (Notes 6 and 16)	¥ 321,236	¥ 208,308	$ 2,238,908
Current portion of long-term debt (Notes 6 and 16)	318,296	284,053	3,053,020
Accounts payable–trade (Note 16)	160,340	158,943	1,708,330
Accounts payable–other and accrued expenses (Note 16)	352,171	451,409	4,851,773
Income taxes payable (Note 16)	21,363	100,484	1,080,009
Current portion of lease obligations (Notes 6 and 16)	88,241	109,768	1,179,794
Other current liabilities	87,936	65,914	708,448
Total current liabilities	1,349,583	1,378,879	14,820,282
Long-term liabilities:			
Long-term debt (Notes 6 and 16)	1,760,859	1,730,110	18,595,335
Liability for retirement benefits (Note 7)	16,077	15,558	167,218
Allowance for point mileage	41,817	47,215	507,470
Lease obligations (Notes 6 and 16)	233,314	224,484	2,412,769
Deferred tax liabilities (Note 8)	28,796	30,483	327,633
Other liabilities (Note 6)	131,428	72,175	775,742
Total long-term liabilities	2,212,291	2,120,025	22,786,167
Commitments and Contingent Liabilities (Notes 15, 17 and 18)			
Equity (Notes 6, 9, 10 and 20):			
Common stock			
Authorized: 3,600,000,000 shares			
Issued: 1,081,023,978 shares in 2009 and 1,082,503,878 shares in 2010	187,682	188,751	2,028,708
Additional paid-in capital	212,000	213,069	2,290,080
Stock acquisition rights	289	476	5,116
Retained earnings (accumulated deficit)	(51,270)	43,072	462,941
Unrealized gain on available-for-sale securities	31,334	43,864	471,453
Deferred gain on derivatives under hedge accounting	25,117	14,528	156,148
Foreign currency translation adjustments	(30,554)	(32,526)	(349,592)
Treasury stock–at cost 169,204 shares in 2009 and 174,775 shares in 2010	(215)	(226)	(2,429)
Total	374,383	471,008	5,062,425
Minority interests	450,415	492,963	5,298,399
Total equity	824,798	963,971	10,360,824
Total liabilities and equity	¥4,386,672	¥4,462,875	$47,967,273

See notes to consolidated financial statements.

Consolidated Statements of Income

SOFTBANK CORP. and consolidated subsidiaries   for the years ended March 31, 2009 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2010	2010
Net sales	¥2,673,035	¥2,763,406	$29,701,268
Cost of sales	1,365,903	1,326,572	14,258,082
Gross profit	1,307,132	1,436,834	15,443,186
Selling, general and administrative expenses (Note 11)	948,011	970,963	10,435,974
Operating income	359,121	465,871	5,007,212
Other income (expenses):			
Interest income	1,399	1,025	11,017
Interest expense (Note 6)	(112,346)	(111,153)	(1,194,680)
Equity in losses of affiliated companies	(13,760)	(3,616)	(38,865)
Foreign exchange gain, net	1,885	1,708	18,358
Gain on sale of investment securities, net (Note 4)	3,228	4,527	48,656
Valuation loss on investment securities	(11,504)	(5,168)	(55,546)
Loss on additional entrustment for debt assumption (Note 5)	(75,000)	—	—
Other, net (Note 12)	(45,685)	(63,944)	(687,274)
Other expenses, net	(251,783)	(176,621)	(1,898,334)
Income before income taxes and minority interests	107,338	289,250	3,108,878
Income taxes (Note 8):			
Current	(39,390)	(117,877)	(1,266,949)
Deferred	19,674	(26,683)	(286,791)
Total income taxes	(19,716)	(144,560)	(1,553,740)
Minority interests in net income	(44,450)	(47,974)	(515,628)
Net income	¥ 43,172	¥ 96,716	$ 1,039,510

	Yen		U.S. dollars (Note 1)
	2009	2010	2010
Net income per share (Notes 2 (19) and 13)			
–Basic	¥39.95	¥89.39	$0.96
–Diluted	38.64	86.39	0.93
Cash dividends applicable to the year	2.50	5.00	0.05

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

SOFTBANK CORP. and consolidated subsidiaries for the years ended March 31, 2009 and 2010

Millions of yen

	Outstanding number of shares of common stock	Common stock	Additional paid-in capital	Stock acquisition rights	Retained earnings (accumulated deficit)	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Treasury stock	Total	Minority interests	Total equity
Balance, April 1, 2008	1,080,500,767	¥187,423	¥211,741	¥120	¥(91,744)	¥ 80,914	¥(11,823)	¥ 7,438	¥(206)	¥383,863	¥464,862	¥848,725
Increase in accumulated deficit due to adoption of a new accounting standard for accounting policies at foreign subsidiaries	—	—	—	—	(4)	—	—	—	—	(4)	—	(4)
Net income	—	—	—	—	43,172	—	—	—	—	43,172	—	43,172
Cash dividends, ¥2.50 per share	—	—	—	—	(2,701)	—	—	—	—	(2,701)	—	(2,701)
Adjustments of retained earnings (accumulated deficit) due to change in scope of consolidation	—	—	—	—	7	—	—	—	—	7	—	7
Purchase of treasury stock	(5,393)	—	—	—	—	—	—	—	(9)	(9)	—	(9)
Exercise of warrants	359,400	259	259	—	—	—	—	—	—	518	—	518
Net changes in the year	—	—	—	169	—	(49,580)	36,940	(37,992)	—	(50,463)	(14,447)	(64,910)
Balance, March 31, 2009	1,080,854,774	¥187,682	¥212,000	¥289	¥(51,270)	¥ 31,334	¥25,117	¥(30,554)	¥(215)	¥374,383	¥450,415	¥ 824,798
Net income	—	—	—	—	96,716	—	—	—	—	96,716	—	96,716
Cash dividends, ¥2.50 per share	—	—	—	—	(2,702)	—	—	—	—	(2,702)	—	(2,702)
Adjustments of retained earnings (accumulated deficit) due to change in scope of consolidation	—	—	—	—	328	—	—	—	—	328	—	328
Purchase of treasury stock	(5,571)	—	—	—	—	—	—	—	(11)	(11)	—	(11)
Exercise of warrants	1,479,900	1,069	1,069	—	—	—	—	—	—	2,138	—	2,138
Net changes in the year	—	—	—	187	—	12,530	(10,589)	(1,972)	—	156	42,548	42,704
Balance, March 31, 2010	1,082,329,103	¥188,751	¥213,069	¥476	¥ 43,072	¥ 43,864	¥ 14,528	¥(32,526)	¥(226)	¥471,008	¥492,963	¥963,971

See notes to consolidated financial statements.

Thousands of U.S. dollars (Note 1)

	Outstanding number of shares of common stock	Common stock	Additional paid-in capital	Stock acquisition rights	Retained earnings (accumulated deficit)	Unrealized gain on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Treasury stock	Total	Minority interests	Total equity
Balance, April 1, 2009	1,080,854,774	$2,017,218	$2,278,590	$3,106	$ (551,053)	$336,780	$ 269,959	$(328,396)	$(2,311)	$4,023,893	$4,841,090	$ 8,864,983
Net income	—	—	—	—	1,039,510	—	—	—	—	1,039,510	—	1,039,510
Cash dividends, ¥2.50 per share	—	—	—	—	(29,041)	—	—	—	—	(29,041)	—	(29,041)
Adjustments of retained earnings (accumulated deficit) due to change in scope of consolidation	—	—	—	—	3,525	—	—	—	—	3,525	—	3,525
Purchase of treasury stock	(5,571)	—	—	—	—	—	—	—	(118)	(118)	—	(118)
Exercise of warrants	1,479,900	11,490	11,490	—	—	—	—	—	—	22,980	—	22,980
Net changes in the year	—	—	—	2,010	—	134,673	(113,811)	(21,196)	—	1,676	457,309	458,985
Balance, March 31, 2010	1,082,329,103	$2,028,708	$2,290,080	$5,116	$ 462,941	$471,453	$ 156,148	$(349,592)	$(2,429)	$5,062,425	$5,298,399	$10,360,824

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

SOFTBANK CORP. and consolidated subsidiaries for the years ended March 31, 2009 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2010	2010
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 107,338	¥ 289,250	$ 3,108,878
Adjustments for:			
Income taxes paid	(60,409)	(39,191)	(421,227)
Depreciation and amortization	236,014	243,944	2,621,926
Amortization of goodwill	61,111	61,070	656,384
Equity in losses of affiliated companies	13,760	3,616	38,865
Dilution gain from changes in equity interest, net	(2,410)	(328)	(3,525)
Impairment loss	29,479	1,407	15,123
Loss on disposals of property and equipment	3,029	48,787	524,366
Valuation loss on investment securities	11,504	5,168	55,546
Unrealized appreciation (loss) on investments and loss on sale of investments at subsidiaries in the U.S., net	5,316	304	3,267
Gain on sale of marketable and investment securities, net	(3,038)	(4,621)	(49,667)
Foreign exchange gain, net	(1,495)	(1,818)	(19,540)
Changes in assets and liabilities, net of effects from changes in scope of the consolidation:			
Decrease in receivables-trade	1,700	59,637	640,982
Decrease in payables-trade	(29,230)	(1,038)	(11,156)
Other, net	75,189	1,863	20,023
Total adjustments	340,520	378,800	4,071,367
Net cash provided by operating activities	447,858	668,050	7,180,245
Cash flows from investing activities:			
Purchase of property and equipment, and intangibles	(240,638)	(223,819)	(2,405,621)
Purchase of marketable and investment securities	(33,198)	(56,686)	(609,265)
Proceeds from sale of marketable and investment securities	18,858	19,040	204,643
Acquisition of interests in subsidiaries newly consolidated, net of cash acquired (Note 3)	(17,530)	(20,881)	(224,430)
Other, net	6,213	5,184	55,718
Net cash used in investing activities	(266,295)	(277,162)	(2,978,955)
Cash flows from financing activities:			
Increase (decrease) in short-term borrowings, net	116,359	(112,911)	(1,213,575)
Proceeds from long-term debt	234,681	337,930	3,632,094
Repayment of long-term debt	(372,301)	(516,052)	(5,546,561)
Proceeds from issuance of bonds	—	183,433	1,971,550
Redemption of bonds	(108,930)	(70,675)	(759,620)
Exercise of warrants	518	2,138	22,979
Proceeds from issuance of shares to minority shareholders	1,138	1,494	16,058
Cash dividends paid	(2,680)	(2,678)	(28,783)
Cash dividends paid to minority shareholders	(4,121)	(4,619)	(49,645)
Purchase of treasury stock of consolidated subsidiaries	(71,167)	(3,070)	(32,997)
Proceeds from sale and lease back of equipment newly acquired (Note 14)	90,209	135,942	1,461,113
Repayment of lease obligations	(81,348)	(103,053)	(1,107,620)
Other, net	(12,706)	(7,442)	(79,987)
Net cash used in financing activities	(210,348)	(159,563)	(1,714,994)
Effect of exchange rate changes on cash and cash equivalents	(2,384)	(606)	(6,513)
Net (decrease) increase in cash and cash equivalents	(31,169)	230,719	2,479,783
Increase in cash and cash equivalents due to newly consolidated subsidiaries	357	126	1,354
Decrease in cash and cash equivalents due to exclusion of previously consolidated subsidiaries	(1,811)	(807)	(8,674)
Cash and cash equivalents, beginning of year	490,267	457,644	4,918,788
Cash and cash equivalents, end of year	¥ 457,644	¥ 687,682	$ 7,391,251
Non cash investing and financing activities:			
Acquisition of fixed assets by installments	¥ —	¥ 23,696	$ 254,686

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

SOFTBANK CORP. and consolidated subsidiaries

1 Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing the consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2009 financial statements to conform to the classifications used in 2010.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which SOFTBANK CORP. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥93.04 to $1, the approximate rate of exchange at March 31, 2010. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2 Summary of Significant Accounting Policies

(1) Consolidation

The consolidated financial statements as of March 31, 2010 include the accounts of the Company and its 109 significant (108 in 2009) subsidiaries (together, the "Group"). The Company does not consolidate other subsidiaries due to their immateriality in terms of consolidated total assets, net sales, net income and retained earnings (accumulated deficit).

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Investments in six (four in 2009) unconsolidated subsidiaries and 58 (70 in 2009) affiliated companies are accounted for by the equity method.

Investments in 57 (61 in 2009) unconsolidated subsidiaries and 25 (20 in 2009) affiliated companies are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

The excess of the cost of an acquisition over the fair value of the net assets of the acquired consolidated subsidiary at the date of acquisition is being amortized over reasonably estimated periods, in which economic benefits are expected to be realized. The goodwill resulting from acquisition of Vodafone K.K. (currently SOFTBANK MOBILE Corp.) is being amortized over a 20-year-period.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

(2) Cash equivalents

Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

Cash equivalents include highly liquid investments with original maturities of three months or less and a low risk of fluctuation in value.

(3) Marketable and investment securities

Marketable and investment securities are classified and accounted for, depending on management's intent, as follows: (a) trading securities, which are held for the purpose of earning capital gains in the near term are reported at fair value, and the related unrealized gains and losses are included in earnings, (b) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity are reported at amortized cost, and (c) available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

Non-marketable available-for-sale securities are stated at cost determined by the moving-average method.

For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

Certain subsidiaries in the United States of America (the "U.S.") qualify as investment companies under the provisions set forth in "Financial Services – Investment Companies" of the FASB Accounting Standards Codification Topic 946 (ASC 946) and account for investment securities in accordance with the ASC 946. 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 ASC 946.

(4) Merchandise and finished products

Merchandise and finished products are stated at the lower of cost determined by the moving-average method, or net selling values.

(5) Property and equipment, and intangible assets

Property and equipment are stated at cost less accumulated depreciation. Accumulated depreciation at March 31, 2009 and 2010 was ¥966,322 million and ¥1,048,585 million ($11,270,260 thousand), respectively. Buildings and structures are depreciated primarily using the straight-line method over the estimated useful lives of the assets. Telecommunications equipment and telecommunications service lines are depreciated using the straight-line method over the estimated useful lives of the assets. Other property and equipment are depreciated primarily using the straight-line method over the estimated useful lives of the assets. Intangible assets are amortized using the straight-line method over the estimated useful lives of the assets.

(6) Impairment of long-lived assets

The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amounts of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

(7) 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.

(8) Retirement and pension plans

The Company and most of its domestic consolidated subsidiaries have defined contribution pension plans.

The Company and most of its domestic consolidated subsidiaries also participate in multi-employer contributory defined benefit welfare pension plans (the "welfare pension plans"). The welfare pension plans are funded in conformity with the funding requirements of the Japanese Welfare Pension Insurance Law, and include a portion relating to the governmental welfare pension program and other portion into which contributions are made by the respective companies and their employees.

Contributions made by the Company and most of its domestic consolidated subsidiaries into these pension plans are expensed when paid.

Certain domestic consolidated subsidiaries, mainly SOFTBANK MOBILE Corp. and SOFTBANK TELECOM Corp., have defined benefit pension plans. The liability for retirement benefits for these companies are accounted for based on the projected benefit obligations at the balance sheet date.

SOFTBANK MOBILE Corp. and SOFTBANK TELECOM Corp. have amended the pension plans by fixing the periods covered by the plans until the end of March 2007 and March 2006, respectively. The retirement benefits calculated under the benefit pension plans were fixed and will be paid at the retirement of applicable employees. 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. ceased after the amendments.

(9) Stock options

The ASBJ Statement No. 8, "Accounting Standard for Stock Options" and related guidance are applicable to stock options granted on and after May 1, 2006.

This standard requires companies to recognize compensation expense for employee stock options based on the fair value at the date of grant and over the vesting period as consideration for receiving goods or services. The standard also requires companies to account for stock options granted to non-employees based on the fair value of either the stock option or the goods or services received. In the balance sheet, the stock option is presented as a stock acquisition right as a separate component of equity until exercised. The standard allows unlisted companies to measure options at their intrinsic value if they cannot reliably estimate fair value.

The Group has applied the accounting standard for stock options to those granted on and after May 1, 2006.

(10) Unification of accounting policies applied to foreign subsidiaries for consolidated financial statements

In May 2006, the ASBJ issued ASBJ Practical Issues Task Force (PITF) No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements". PITF No. 18 prescribes: (a) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements, (b) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, (c) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP unless they are not material: 1) amortization of goodwill; 2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity; 3) expensing capitalized development costs of R&D; 4) cancellation of the fair value model accounting for property, plant, and equipment and investment properties and incorporation of the cost model accounting; 5) recording the prior years' effects of changes in accounting policies in the statements of income where retrospective adjustments to financial statements have been incorporated; and 6) exclusion of minority interests from net income, if contained. PITF No. 18 was effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted.

The Company applied this accounting standard effective April 1, 2008. The Company adjusted the beginning balance of retained earnings at April 1, 2008.

(11) Research and development costs

Research and development costs are charged to income as incurred and were ¥666 million and ¥557 million ($5,987 thousand) for the years ended March 31, 2009 and 2010, respectively.

(12) Leases

In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions", which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

Under the previous accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee were to be capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to be accounted for as operating lease transactions.

The Group applied the revised accounting standard effective April 1, 2008. In addition, the Group accounted for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions. The effect of this change was not considered material to net income for the year ended March 31, 2009.

All other leases are accounted for as operating leases.

(13) Bonuses to directors and corporate auditors

Bonuses to directors and corporate auditors are accrued at the year end to which such bonuses are attributable.

(14) Income taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

A valuation allowance is established against deferred tax assets to the extent that it is more likely than not that the deferred tax assets may not be realized within the foreseeable future.

BB Mobile Corp., SOFTBANK MOBILE Corp., and its four subsidiaries, all of which are subsidiaries of the Company, adopt a consolidated taxation system.

(15) Foreign currency transactions

All short-term and long-term monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the statements of income to the extent that they are not hedged by forward exchange contracts.

(16) Foreign currency financial statements

The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate.

Differences arising from such translation were shown as foreign currency translation adjustments in a separate component of equity.

Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the average exchange rate.

(17) Derivatives and hedging activities

The Group uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange and interest rates. Foreign exchange forward contracts and interest rate swaps are utilized by the Group to reduce foreign currency exchange and interest rate risks. The Group also enters into a variable share prepaid forward contract ("collar transaction") utilizing its shares of an equity security. The purpose of this collar transaction is to hedge the variability of cash flows associated with the future market price of the underlying security, which is used for the settlement of loans at their maturity. The Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: (a) all derivatives, except those which qualify for hedge accounting are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the statement of income and (b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

Receivables and obligations 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. For forecasted transactions denominated in foreign currencies, recognitions of gains or losses resulting from changes in fair value of derivative instruments for hedging are deferred until the related gains and losses on hedged items are recognized.

Interest rate swaps are utilized to hedge interest rate exposures of borrowings. These swaps which qualify for hedge accounting are measured at fair value at the balance sheet date and the unrealized gains or losses are deferred until maturity as deferred gain (loss) under hedge accounting in a separate component of equity.

(18) Per share information

Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years including dividends to be paid after the end of the year, retroactively adjusted for stock splits.

(19) New accounting pronouncements

Business combination—In December 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No. 21, "Accounting Standard for Business Combinations." Major accounting changes under the revised accounting standard are as follows:

(a) The current accounting standard for business combinations allows companies to apply the pooling of interests method of accounting when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests. The revised standard requires to account for such business combination by the purchase method and the pooling of interests method of accounting is no longer allowed.

(b) The current accounting standard accounts for the research and development costs to be charged to income as incurred. Under the revised standard, an in-process research and development (IPR&D) acquired by the business combination is capitalized as an intangible asset.

(c) The current accounting standard accounts for a bargain purchase gain (negative goodwill) to be systematically amortized within 20 years. Under the revised standard, the acquirer recognizes a bargain purchase gain in the statement of income on the acquisition date after a reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed with a review of such procedures used.

This standard is applicable to business combinations undertaken on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or after April 1, 2009.

Unification of accounting policies applied to foreign associated companies for the equity method—The current accounting standard requires to unify their accounting policies within the consolidation group. However, the current guidance allows to apply the equity method for the financial statements of its foreign associated company which have been prepared in accordance with generally accepted accounting principles in their respective jurisdictions without unification of accounting policies.

In December 2008, the ASBJ issued ASBJ Statement No. 16 (Revised 2008), "Revised Accounting Standard for Equity Method of Accounting for Investments". The new standard requires adjustments to be made to conform the associate's accounting policies for similar transactions and events under similar circumstances to those of the parent company when the associate's financial statements are used in applying the equity method unless it is impracticable to determine adjustments. In addition, financial statements prepared by foreign associated companies in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States tentatively may be used in applying the equity method if the following items are adjusted so that net income is accounted for in accordance with Japanese GAAP unless they are not material: 1) amortization of goodwill; 2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity; 3) expensing capitalized development costs of R&D; 4) cancellation of the fair value model accounting for property, plant, and equipment and investment properties and incorporation of the cost model accounting; 5) recording the prior years' effects of changes in accounting policies in the statements of income where retrospective adjustments to the financial statements have been incorporated; and 6) exclusion of minority interests from net income, if contained.

This standard is applicable to equity method of accounting for investments effective on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or after April 1, 2009.

Asset retirement obligations—In March 2008, the ASBJ published a new accounting standard for asset retirement obligations, ASBJ Statement No. 18 "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No. 21 "Guidance on Accounting Standard for Asset Retirement Obligations". Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset.

The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard is effective for fiscal years beginning on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or before March 31, 2010.

The Group adopts the standards for the year ending March 31, 2011. At the beginning of the year ending March 31, 2011, the cumulative effect of the initial adoption will be recorded as other expense in the consolidated statement of income.

Accounting Changes and Error Corrections—In December 2009, ASBJ issued ASBJ Statement No. 24 "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24 "Guidance on Accounting Standard for Accounting Changes and Error Corrections". Accounting treatments under this standard and guidance are as follows:

(a) Changes in Accounting Policies
When a new accounting policy is applied with revision of accounting standards, a new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions.

(b) Changes in Presentations
When the presentation of financial statements is changed, prior period financial statements are reclassified in accordance with the new presentation.

(c) Changes in Accounting Estimates
A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.

(d) Corrections of Prior Period Errors
When an error in prior period financial statements is discovered, those statements are restated.

This accounting standard and the guidance are applicable to accounting changes and corrections of prior period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

Segment Information Disclosures—In March 2008, the ASBJ revised ASBJ Statement No. 17 "Accounting Standard for Segment Information Disclosures" and issued ASBJ Guidance No. 20 "Guidance on Accounting Standard for Segment Information Disclosures". Under the standard and guidance, an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. This accounting standard and the guidance are applicable to segment information disclosures for the fiscal years beginning on or after April 1, 2010.

3 Acquisition

SOFTBANK TELECOM Corp., a subsidiary of the Company, acquired additional shares of JAPAN TELECOMINVOICE CO., LTD. (currently SOFTBANK TELECOM PARTNERS Corp.),which became a wholly-owned subsidiary of SOFTBANK TELECOM Corp., in April 2008.

The acquisition cost was ¥25,530 million. The total cost of the acquisition has been allocated to the assets acquired and the liabilities assumed based on their respective fair values.

The estimated fair values of the assets acquired and the liabilities assumed at the acquisition date were as follows:

	Millions of yen
	2009
Current assets	¥ 20,251
Non-current assets	401
Goodwill	22,078
Current liabilities	(12,726)
Acquisition cost before April, 2008	(4,474)
Acquisition cost	25,530
Cash and cash equivalents of newly consolidated companies (Note)	(8,325)
Payments for the acquisition	¥ 17,205

(Note) Loan receivables to the seller of SOFTBANK TELECOM PARTNERS Corp.of ¥7,500 million, which were collected at the same time of the payment for the acquisition, were included.

SOFTBANK BB Corp. spun off and established BB Modem Rental Yugen Kaisha ("BB Modem rental") who run modem rental business in order to concentrate on its core broadband business, and sold its whole ownership interest in BB Modem rental to Yugen Kaisha Gemini BB in 2005.

On February 16, 2010, SOFTBANK BB Corp. acquired all shares of BB Modem Rental from Gemini BB Holdings, as a result of reconsideration of significance of its modem rental business after the Group's entry into Mobile Communications business in 2006. SOFTBANK BB Corp. merged BB Modem Rental on March 31, 2010.

The acquisition cost was ¥20,841 million ($224,000 thousand). The total cost of the acquisition has been allocated to the assets acquired and the liabilities assumed based on their respective fair values.

The estimated fair values of the assets acquired and the liabilities assumed at the acquisition date were as follows:

	Millions of yen	Thousands of U.S. dollars
	2010	2010
Current assets	¥13,685	$147,087
Non-current assets	9,618	103,375
Goodwill	4,680	50,301
Current liabilities	(7,142)	(76,763)
Acquisition cost (Note)	20,841	224,000
Cash and cash equivalents of newly consolidated companies	—	—
Payments for the acquisition	¥20,841	$224,000

(Note) Loan receivables to SOFTBANK BB Corp. of ¥20,827 million ($223,850 thousand) was included.

4 Marketable and Investment Securities

Most marketable and investment securities at March 31, 2009 and 2010 were classified as available-for-sale securities.

The Group does not hold trading securities at March 31, 2009 and 2010.

The costs and aggregate fair values of marketable and investment securities at March 31, 2009 and 2010 were as follows:

	Millions of yen			
		Unrealized		
March 31, 2009	Cost	Gains	Losses	Fair value
Equity securities	¥25,270	¥55,126	¥(606)	¥79,790
Other	2,821	1	(254)	2,568
Total	¥28,091	¥55,127	¥(860)	¥82,358

	Millions of yen			
		Unrealized		
March 31, 2010	Cost	Gains	Losses	Fair value
Equity securities	¥30,352	¥74,071	¥(3,327)	¥101,096
Other	29,376	2,641	(14)	32,003
Total	¥59,728	¥76,712	¥(3,341)	¥133,099

	Thousands of U.S. dollars			
		Unrealized		
March 31, 2010	Cost	Gains	Losses	Fair value
Equity securities	$326,225	$796,120	$(35,759)	$1,086,586
Other	315,735	28,386	(150)	343,971
Total	$641,960	$824,506	$(35,909)	$1,430,557

Held-to-maturity securities and available-for-sale securities whose fair value is not readily determinable at March 31, 2009 as follows:

The similar information for 2010 is disclosed in Note 16.

March 31,	Millions of yen 2009
Held-to-maturity debt securities	
Foreign debt securities	¥ 700
Debt securities	299
Available-for-sale securities	
Equity securities	80,747
Investments in limited partnerships	6,733
Other	194
Total	¥88,673

Proceeds from sales of available-for-sale securities for the years ended March 31, 2009 and 2010 were ¥10,063 million and ¥4,487 million ($48,227 thousand), respectively. These proceeds included the proceeds from sales of available-for-sale securities, of which the fair value is extremely difficult to measure, of ¥4,682 million and ¥760 million ($8,169 thousand) for the years ended March 31, 2009 and 2010, respectively.

Gross realized gains and losses on these sales, computed on the moving average cost basis, were ¥2,666 million and ¥308 million, respectively, for the year ended March 31, 2009 and ¥860 million ($9,243 thousand) and ¥227 million ($2,440 thousand), respectively, for the year ended March 31, 2010. These gains and losses included gross realized gains and losses on these sales of available-for-sale securities, of which the fair value is extremely difficult to measure, of ¥1,905 million and ¥581 million ($6,245 thousand), and ¥35 million and ¥57 million ($613 thousand) for the years ended March 31, 2009 and 2010, respectively.

Certain marketable and investment securities were impaired, and valuation losses on investment securities for the years ended March 31, 2009 and 2010 were ¥11,504 million and ¥5,168 million ($55,546 thousand), respectively. These amounts included valuation losses on investment securities, of which the fair value is extremely difficult to measure, of ¥1,707 million and ¥3,184 million ($34,222 thousand) for the years ended March 31, 2009 and 2010, respectively.

The carrying values of debt securities by contractual maturities for securities classified as available-for-sale and held-to-maturity at March 31, 2010 were as follows:

	Millions of yen	Thousands of U.S. dollars
Debt securities	2010	2010
Due in one year or less	¥ 1,100	$ 11,823
Due after one year through five years	603	6,481
Due after five years through ten years	27,000	290,198
Due after ten years	600	6,449
Total	¥29,303	$314,951

Certain subsidiaries in the U.S. qualify as investment companies under the provisions set forth in ASC 946 and account for investment securities in accordance with the ASC946.

Proceeds from sales and the carrying amounts of the investment securities at fair value recorded in the consolidated balance sheets at March 31, 2009 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars
March 31,	2009	2010	2010
Proceeds from sales	¥ 3,627	¥ 1,864	$ 20,034
Carrying amounts of investment securities at fair value recorded in consolidated balance sheets	18,064	15,316	164,617

The unrealized appreciation (loss) on valuation of investments and loss on sale of investments at subsidiaries in the U.S., net, for the years ended March 31, 2009 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars
For the years ended March 31,	2009	2010	2010
Unrealized appreciation (loss) on valuation of investments at subsidiaries in the U.S., net	¥ (234)	¥ 1,927	$ 20,712
Loss on sale of investments at subsidiaries in the U.S., net	(5,082)	(2,231)	(23,979)
Total	¥(5,316)	¥ (304)	$ (3,267)

5 Additional Entrustment for Debt Assumption of Bonds

SOFTBANK MOBILE Corp. has entrusted cash for the repayment of the straight bonds listed in the following table based on debt assumption agreements with a financial institution. The bonds are derecognized in the Company's consolidated balance sheets. The trust had collateralized debt obligations ("CDO") issued by a Cayman Islands based Special-Purpose Company ("SPC"). The SPC contracted a credit default swap agreement secured by debt securities (corporate bonds), which referred to a certain portion of the portfolio consisting of 160 referenced entities. Since defaults (credit events under the agreement) of more than a certain number of the referenced entities occurred, ¥75,000 million ($806,106 thousand) in total was reduced from the redemption amount of the CDO in April 2009 and an additional entrustment was required for the reduced amount.

As a result, for the amount required as the additional entrustment of ¥75,000 million, a long term accounts payable was recognized as a recognized subsequent event (Type I subsequent event) and included in other liabilities of long-term liabilities in the consolidated balance sheet, and it was recorded as other expenses in the consolidated statement of income for the year ended March 31, 2009.

As of March 31, 2010, since the maturity for the additional entrustment was within one year, the accounts payable was included in accounts payable-other and accrued expenses of current liabilities in the consolidated balance sheet.

Mizuho Corporate Bank, Ltd and the Company set up a credit line facility contract in order to support the repayments of the bonds issued by SOFTBANK MOBILE Corp.

			Millions of yen	Thousands of U.S. dollars
March 31,			2010	2010
Subject bonds	Issue date	Maturity date		
Third Series Unsecured Bond	August 19, 1998	August 19, 2010	¥25,000	$268,702
Fifth Series Unsecured Bond	August 25, 2000	August 25, 2010	25,000	268,702
Seventh Series Unsecured Bond	September 22, 2000	September 22, 2010	25,000	268,702
Total			¥75,000	$806,106

6 Short-term Borrowings, Long-term Debt and Lease Obligations

(1) Short-term borrowings at March 31, 2009 and 2010 mainly consisted of notes to banks and bank overdrafts. The annual interest rates applicable to the short-term borrowings ranged from 0.94% to 10.60% and 0.56% to 7.31% at March 31, 2009 and 2010, respectively.

Cash receipts as collateral from financial institutions in the amounts of ¥110,000 million in 2009 and ¥114,000 million ($1,225,279 thousand) in 2010, to whom the Company lent shares of its subsidiary under security deposit agreements, are included in short-term borrowings.

(2) Long-term debt at March 31, 2009 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
March 31,	2009	2010	2010
Unsecured borrowings principally from financial institutions: Due on various date through 2020 - generally at 0.93% to 7.50% in 2009 and 0.78% to 7.50% in 2010	¥ 401,525	¥ 423,415	$ 4,550,892
Collateralized borrowings principally from financial institutions: Due on various date through 2019 - generally at 4.40% to 6.93% in 2009 and 4.40% to 6.80% in 2010	1,289,064	1,087,824	11,692,003
Unsecured straight bonds: Due on various date through 2016 - generally at 1.97% to 7.75% in 2009 and 1.98% to 7.75% in 2010	288,566	402,926	4,330,675
Convertible bonds: Due on various date through 2014 - generally at 1.50% to 1.75% in 2009 and 1.50% to 1.75% in 2010, convertible into common stock ranging from ¥1,984 ($21.33) to ¥2,165 ($23.26)	100,000	99,998	1,074,785
Total	2,079,155	2,014,163	21,648,355
Less current portion	(318,296)	(284,053)	(3,053,020)
Long-term debt, less current portion	¥1,760,859	¥1,730,110	$18,595,335

(3) Current portion of lease obligations and lease obligations at March 31, 2010 consisted of the following:

March 31,	Millions of yen 2010	Thousands of U.S. dollars 2010
Current portion of lease obligations— 1.99% to 7.29%	¥109,768	$1,179,794
Lease obligations— 1.99% to 4.80%	224,484	2,412,769

(4) The aggregate annual maturities of borrowings from financial institutions outstanding at March 31, 2010 were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2011	¥ 229,653	$ 2,468,325
2012	184,805	1,986,296
2013	136,691	1,469,164
2014	250,200	2,689,166
2015 and thereafter	709,890	7,629,944
Total	¥1,511,239	$16,242,895

(5) The aggregate annual maturities of corporate bonds outstanding at March 31, 2010 were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2011	¥ 54,400	$ 584,695
2012	128,500	1,381,126
2013	144,998	1,558,448
2014	97,626	1,049,291
2015 and thereafter	77,400	831,900
Total	¥502,924	$5,405,460

(6) The aggregate annual maturities of lease obligations outstanding at March 31, 2010 were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2011	¥109,768	$1,179,794
2012	79,639	855,965
2013	77,553	833,545
2014	39,726	426,978
2015 and thereafter	27,566	296,281
Total	¥334,252	$3,592,563

(7) Assets pledged as collateral at March 31, 2010 for the collateralized borrowings of ¥1,088,636 million ($11,700,731 thousand) and account payable–trade of ¥1,674 million ($17,992 thousand) were as follows:

Assets pledged as collateral	Millions of yen	Thousands of U.S. dollars
Cash and cash equivalents	¥212,565	$2,284,663
Notes and accounts receivable–trade	273,232	2,936,715
Other current assets	533	5,729
Land	10,633	114,284
Buildings and structures	12,133	130,406
Telecommunications equipment	182,945	1,966,305
Telecommunications service lines	87	935
Investment securities and investments in unconsolidated subsidiaries and affiliated companies	81,701	878,128
Investments and other assets–other	17,226	185,146
Total	¥791,055	$8,502,311

Consolidated subsidiaries shares owned by SOFTBANK MOBILE Corp, 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 (totaled to ¥986,702 million ($10,605,138 thousand)), which resulted from the acquisition of SOFTBANK MOBILE Corp., in addition to the assets pledged as collateral above.

Cash proceeds through securitization of installment sales receivables of SOFTBANK MOBILE Corp. excluding that qualify for derecognition criteria of a financial assets, were included in the current portion of long-term debt and long-term debt in the amount of ¥175,360 million ($1,884,781 thousand) and ¥44,454 million ($477,794 thousand), respectively, as of March 31, 2010. The amount of the senior portion of the securitized installment sales receivables of ¥219,814 million ($2,362,575 thousand) was included in notes and accounts receivable–trade, along with the subordinated portion held by the SOFTBANK MOBILE Corp. The trustee raised the funds through asset backed loans based on the receivables.

SOFTBANK BB Corp. transferred its senior portion of the securitized present and future receivables for ADSL services* to an SPC (a consolidated subsidiary), and the SPC raised the funds through asset backed loans based on the receivables amounting to ¥10,505 million ($112,908 thousand) as of March 31, 2010 from a financial institution. Cash proceeds through the asset backed loans are included in the current portion of long-term debt and long-term debt in the amount of ¥6,660 million ($71,582 thousand) and ¥3,845 million ($41,326 thousand), respectively, as of March 31, 2010.

*(Note) A certain portion of present and future (through March 2012) receivables realized through the ADSL services provided by SOFTBANK BB Corp.

(8) A consolidated subsidiary purchased assets by installments and installment payables were recorded in accounts payable-other and accrued expenses of ¥4,148 million ($44,583 thousand) and long-term liabilities-other liabilities of ¥20,741 million ($222,926 thousand) as of March 31, 2010.

The assets whose ownership right was not transferred to the consolidated subsidiary were as follows:

Assets whose ownership right was not transferred:	Millions of yen	Thousands of U.S. dollars
Buildings and structures	¥ 35	$ 376
Telecommunications equipment	16,710	179,600
Construction in progress	1,539	16,541
Software	4,755	51,107
Other intangibles	12	129
Investments and other assets-other assets	241	2,590
Total	¥23,292	$250,343

(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 fails to comply with the following covenants, creditors may require repayment of all debt. (Where the covenants set several conditions, the strictest condition is presented below.)

The amount of the Company's net assets at the end of the year and the first half of the year must not fall below 75% of the Company's net assets at the end of the previous year.

The amount of the Company's net assets at the end of the year must not fall below ¥311.6 billion.

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 a net capital deficiency. The consolidated balance sheets of BB Mobile Corp. at the end of the year and the first half of the year must not show a net capital deficiency.

Other than the exceptions listed below, as a general rule, members of the following restricted group of companies ("restricted group"), will not take on debt obligations[1] 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.[2]
(i) SBBM Corporation
(j) SOFTBANK TELECOM PARTNERS Corp.
(k) Shiodome Management CORP.

(Exceptions)
The major exceptions are as follows:

i. SOFTBANK CORP. is permitted to borrow up to ¥200 billion through its commitment line, etc.
ii. 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.
iii. 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[1] up to a principal amount of ¥400 billion.
iv. SOFTBANK TELECOM Corp. is permitted to borrow up to a principal amount of ¥175 billion.
v. 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.
vi. 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].
vii. SOFTBANK CORP. is permitted to make security lending transactions using the stock of Yahoo Japan Corporation up to, as a general rule, ¥200 billion.
viii. Debt-incurring activities[1] which are pari passu with those notes are permitted up to ¥150 billion.
ix. Other than (i) to (viii) above, debt-incurring activities without causing the sum of net indebtedness, redemption or repurchase price for preferred stocks and lease obligations of restricted group (includes the amount of indebtedness previously incurred in reliance on (viii) above) to exceed 6.5 times of the Consolidated EBITDA[3] of the restricted group, is permitted.

(Notes) 1. Debt-incurring activities include new borrowings, leasing, etc.
2. (h) Japan System Solution Co., Ltd. was merged with (d) SOFTBANK MOBILE Corp. on April 1, 2010.
3. Consolidated EBITDA (Consolidated Earning Before Interests, Taxes, Depreciation, and Amortization)
Consolidated net income of the restricted group plus income taxes, interest expense, lease expenses, depreciation and amortization, and other non cash charges.

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 [4]. 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[5], leverage ratio [6]) or operational performance targets (number of subscribers) are not met, depending on the importance and the timing of the 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, 2010, there is no infringement of the debt covenants.

(Notes) 4. 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.
5. Adjusted EBITDA
Lease payments which are included in operating expenses are added back to EBITDA.
6. 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.

7 Retirement and Pension Plans

The Company and most of its domestic consolidated subsidiaries participate in defined contribution pension plans and welfare pension plans. Certain domestic consolidated subsidiaries have defined benefit pension plans.

The liability for employees' retirement benefits at March 31, 2009 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
March 31,	2009	2010	2010
Projected benefit obligation	¥16,077	¥15,558	$167,218
Net liability	¥16,077	¥15,558	$167,218

The components of net periodic benefit costs are as follows:

	Millions of yen		Thousands of U.S. dollars
For the years ended March 31,	2009	2010	2010
Service cost (Note)	¥1,198	¥1,311	$14,091
Interest cost	336	302	3,246
Recognized actuarial loss	619	(88)	(946)
Contributions to the defined contribution pension plan	2,078	2,118	22,764
Net periodic benefit costs	¥4,231	¥3,643	$39,155

(Note) Service cost for the years ended March 31, 2009 and 2010 include ¥1,187 million and ¥1,302 million ($13,994 thousand), respectively, of contributions to multi-employer contributory defined benefit welfare pension plans.

Assumptions used for the years ended March 31, 2009 and 2010 are set forth as follows:

	2009	2010
Discount rate	Primarily 1.75%	Primarily 1.75%
Amortization period of prior service cost	Primarily expensed in the fiscal year incurred	Primarily expensed in the fiscal year incurred
Recognition period of actuarial gain / loss	Primarily expensed in the fiscal year incurred	Primarily expensed in the fiscal year incurred

8 Income Taxes

The Company and domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.69% for the years ended March 31, 2009 and 2010.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2009 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
March 31,	2009	2010	2010
Deferred tax assets:			
Depreciation and amortization	¥ 108,078	¥ 99,676	$ 1,071,324
Loss carryforwards	127,399	88,229	948,291
Valuation of assets and liabilities of acquired consolidated subsidiaries at fair market value	63,140	54,775	588,725
Allowance for doubtful accounts	39,460	39,377	423,227
Investment securities	28,330	32,107	345,088
Accounts payable–other and accrued expenses	19,763	29,302	314,940
Allowance for point mileage	17,015	19,212	206,492
Other	61,608	52,860	568,143
Gross deferred tax assets	464,793	415,538	4,466,230
Less: valuation allowance	(201,794)	(174,215)	(1,872,474)
Total deferred tax assets	262,999	241,323	2,593,756
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	(20,661)	(30,504)	(327,860)
Deferred gain on derivatives under hedge accounting	(16,023)	(10,251)	(110,178)
Other	(3,861)	(4,107)	(44,142)
Total deferred tax liabilities	(40,545)	(44,862)	(482,180)
Net deferred tax assets	¥ 222,454	¥ 196,461	$ 2,111,576

Reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of income for the years ended March 31, 2009 and 2010 is as follows:

	2009	2010
Normal effective statutory tax rate	40.69%	40.69%
Reconciliation—		
Changes in valuation allowance	(53.54)	(8.64)
Amortization of goodwill	22.81	8.40
Consolidation adjustments resulting from gain and loss on sale of investments in consolidated subsidiaries	9.65	7.26
Equity in (earnings) losses of affiliated companies	2.16	1.00
Other–net	(3.41)	1.26
Actual effective tax rate	18.36%	49.97%

At March 31, 2010, the Group has tax loss carryforwards aggregating approximately ¥88,229 million ($948,291 thousand), which are available to be offset against taxable income in future years. These tax loss carryforwards, if not utilized, will expire as follows:

	Millions of yen	Thousands of U.S. dollars
Year ending March 31,	2010	2010
2011	¥ 565	$ 6,073
2012	3,064	32,932
2013	35,550	382,094
2014	10,561	113,510
2015	15,149	162,822
2016 and thereafter	23,340	250,860
Total	¥88,229	$948,291

9 Equity

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(1) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria such as; (a) having the Board of Directors, (b) having independent auditors, (c) having the Board of Corporate Auditors, and (d) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet all the above criteria.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(2) Increases / decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(3) Treasury stock and treasury stock acquisition rights
The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

(4) Stock acquisition rights
Certain consolidated subsidiaries recorded stock acquisition rights of ¥289 million and ¥476 million ($5,116 thousand) as of March 31, 2009 and 2010, respectively.

10 Stock Options

(1) The stock options outstanding as of March 31, 2010 were mainly as follows:

	The First Series of Stock Acquisition Rights (2003)	The Third Series of Stock Acquisition Rights (2004)
Company name	The Company	The Company
Persons granted	Directors of the Company: 8 Employees of the Company: 80 Directors of Subsidiaries: 16 Employees of Subsidiaries: 1,746	Executive officers of Subsidiaries: 12
Class and number of shares	4,200,000 shares of common stock of the Company	822,000 shares of common stock of the Company
Grant date	December 9, 2003	October 8, 2004
Exercise period	Directors A. 25% of allotment shares from November 29, 2004 to June 30, 2009 B. 25% of allotment shares from November 29, 2005 to June 30, 2009 C. 25% of allotment shares from November 29, 2006 to June 30, 2009 D. 25% of allotment shares from November 29, 2007 to June 30, 2009 Employees A. 50% of allotment shares from November 29, 2005 to June 30, 2009 B. 25% of allotment shares from November 29, 2006 to June 30, 2009 C. 25% of allotment shares from November 29, 2007 to June 30, 2009	A. 25% of allotment shares from October 1, 2005 to June 30, 2010 B. 25% of allotment shares from October 1, 2006 to June 30, 2010 C. 25% of allotment shares from October 1, 2007 to June 30, 2010 D. 25% of allotment shares from October 1, 2008 to June 30, 2010

	The Fifth Series of Stock Acquisition Rights (2005)
Company name	The Company
Persons granted	Employees of the Company: 16 Directors of Subsidiaries: 1 Executive officers of Subsidiaries: 3 Employees of Subsidiaries: 152
Class and number of shares	923,300 shares of common stock of the Company
Grant date	February 10, 2006
Exercise period	A. 50% of allotment shares from July 1, 2007 to June 30, 2011 B. 25% of allotment shares from July 1, 2008 to June 30, 2011 C. 25% of allotment shares from July 1, 2009 to June 30, 2011

	The First Series of Stock Subscription Rights	The Second Series of Stock Subscription Rights
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Employees of Yahoo Japan Corporation: 20	Employees of Yahoo Japan Corporation: 7
Class and number of shares	57,344 shares of common stock of Yahoo Japan Corporation	11,264 shares of common stock of Yahoo Japan Corporation
Grant date	January 31, 2000	June 27, 2000
Exercise period	A. 50% of allotment shares from January 22, 2002 to January 21, 2010 B. 25% of allotment shares from January 22, 2003 to January 21, 2010 C. 25% of allotment shares from January 22, 2004 to January 21, 2010	A. 50% of allotment shares from June 17, 2002 to June 16, 2010 B. 25% of allotment shares from June 17, 2003 to June 16, 2010 C. 25% of allotment shares from June 17, 2004 to June 16, 2010

	The Third Series of Stock Subscription Rights	The Fourth Series of Stock Subscription Rights
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Directors of Yahoo Japan Corporation: 3 Employees of Yahoo Japan Corporation: 84	Directors of Yahoo Japan Corporation: 3 Employees of Yahoo Japan Corporation: 72
Class and number of shares	148,992 shares of common stock of Yahoo Japan Corporation	108,544 shares of common stock of Yahoo Japan Corporation
Grant date	December 18, 2000	June 29, 2001
Exercise period	A. 50% of allotment shares from December 9, 2002 to December 8, 2010 B. 25% of allotment shares from December 9, 2003 to December 8, 2010 C. 25% of allotment shares from December 9, 2004 to December 8, 2010	A. 50% of allotment shares from June 21, 2003 to June 20, 2011 B. 25% of allotment shares from June 21, 2004 to June 20, 2011 C. 25% of allotment shares from June 21, 2005 to June 20, 2011

	The Fifth Series of Stock Subscription Rights	The First Series of Stock Acquisition Rights (2002)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Directors of Yahoo Japan Corporation: 3 Employees of Yahoo Japan Corporation: 72	Directors of Yahoo Japan Corporation: 2 Employees of Yahoo Japan Corporation: 65
Class and number of shares	112,640 shares of common stock of Yahoo Japan Corporation	47,616 shares of common stock of Yahoo Japan Corporation
Grant date	December 18, 2001	July 29, 2002
Exercise period	A. 50% of allotment shares from December 8, 2003 to December 7, 2011 B. 25% of allotment shares from December 8, 2004 to December 7, 2011 C. 25% of allotment shares from December 8, 2005 to December 7, 2011	A. 50% of allotment shares from June 21, 2004 to June 20, 2012 B. 25% of allotment shares from June 21, 2005 to June 20, 2012 C. 25% of allotment shares from June 21, 2006 to June 20, 2012

	The Second Series of Stock Acquisition Rights (2002)	The First Series of Stock Acquisition Rights (2003)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Employees of Yahoo Japan Corporation: 19	Directors of Yahoo Japan Corporation: 5 Employees of Yahoo Japan Corporation: 83
Class and number of shares	5,888 shares of common stock of Yahoo Japan Corporation	19,840 shares of common stock of Yahoo Japan Corporation
Grant date	November 20, 2002	July 25, 2003
Exercise period	A. 50% of allotment shares from November 21, 2004 to June 20, 2012 B. 25% of allotment shares from November 21, 2005 to June 20, 2012 C. 25% of allotment shares from November 21, 2006 to June 20, 2012	A. 50% of allotment shares from June 21, 2005 to June 20, 2013 B. 25% of allotment shares from June 21, 2006 to June 20, 2013 C. 25% of allotment shares from June 21, 2007 to June 20, 2013

	The Second Series of Stock Acquisition Rights (2003)	The Third Series of Stock Acquisition Rights (2003)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Employees of Yahoo Japan Corporation: 43	Employees of Yahoo Japan Corporation: 38
Class and number of shares	2,464 shares of common stock of Yahoo Japan Corporation	2,400 shares of common stock of Yahoo Japan Corporation
Grant date	November 4, 2003	January 29, 2004
Exercise period	A. 50% of allotment shares from November 5, 2005 to June 20, 2013 B. 25% of allotment shares from November 5, 2006 to June 20, 2013 C. 25% of allotment shares from November 5, 2007 to June 20, 2013	A. 50% of allotment shares from January 30, 2006 to June 20, 2013 B. 25% of allotment shares from January 30, 2007 to June 20, 2013 C. 25% of allotment shares from January 30, 2008 to June 20, 2013

	The Fourth Series of Stock Acquisition Rights (2003)	The First Series of Stock Acquisition Rights (2004)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Employees of Yahoo Japan Corporation: 41	Directors of Yahoo Japan Corporation: 5 Employees of Yahoo Japan Corporation: 131
Class and number of shares	1,168 shares of common stock of Yahoo Japan Corporation	9,856 shares of common stock of Yahoo Japan Corporation
Grant date	May 13, 2004	July 29, 2004
Exercise period	A. 50% of allotment shares from May 14, 2006 to June 20, 2013 B. 25% of allotment shares from May 14, 2007 to June 20, 2013 C. 25% of allotment shares from May 14, 2008 to June 20, 2013	A. 50% of allotment shares from June 18, 2006 to June 17, 2014 B. 25% of allotment shares from June 18, 2007 to June 17, 2014 C. 25% of allotment shares from June 18, 2008 to June 17, 2014

	The Second Series of Stock Acquisition Rights (2004)	The Third Series of Stock Acquisition Rights (2004)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Employees of Yahoo Japan Corporation: 46	Employees of Yahoo Japan Corporation: 29
Class and number of shares	712 shares of common stock of Yahoo Japan Corporation	344 shares of common stock of Yahoo Japan Corporation
Grant date	November 1, 2004	January 28, 2005
Exercise period	A. 50% of allotment shares from November 2, 2006 to June 17, 2014 B. 25% of allotment shares from November 2, 2007 to June 17, 2014 C. 25% of allotment shares from November 2, 2008 to June 17, 2014	A. 50% of allotment shares from January 29, 2007 to June 17, 2014 B. 25% of allotment shares from January 29, 2008 to June 17, 2014 C. 25% of allotment shares from January 29, 2009 to June 17, 2014

	The Fourth Series of Stock Acquisition Rights (2004)	The First Series of Stock Acquisition Rights (2005)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Employees of Yahoo Japan Corporation: 42	Directors of Yahoo Japan Corporation: 5 Employees of Yahoo Japan Corporation: 180
Class and number of shares	276 shares of common stock of Yahoo Japan Corporation	5,716 shares of common stock of Yahoo Japan Corporation
Grant date	May 12, 2005	July 28, 2005
Exercise period	A. 50% of allotment shares from May 13, 2007 to June 17, 2014 B. 25% of allotment shares from May 13, 2008 to June 17, 2014 C. 25% of allotment shares from May 13, 2009 to June 17, 2014	A. 50% of allotment shares from June 18, 2007 to June 17, 2015 B. 25% of allotment shares from June 18, 2008 to June 17, 2015 C. 25% of allotment shares from June 18, 2009 to June 17, 2015

	The Second Series of Stock Acquisition Rights (2005)	The Third Series of Stock Acquisition Rights (2005)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Employees of Yahoo Japan Corporation: 31	Employees of Yahoo Japan Corporation: 65
Class and number of shares	234 shares of common stock of Yahoo Japan Corporation	316 shares of common stock of Yahoo Japan Corporation
Grant date	November 1, 2005	January 31, 2006
Exercise period	A. 50% of allotment shares from November 2, 2007 to June 17, 2015 B. 25% of allotment shares from November 2, 2008 to June 17, 2015 C. 25% of allotment shares from November 2, 2009 to June 17, 2015	A. 50% of allotment shares from February 1, 2008 to June 17, 2015 B. 25% of allotment shares from February 1, 2009 to June 17, 2015 C. 25% of allotment shares from February 1, 2010 to June 17, 2015

	The Fourth Series of Stock Acquisition Rights (2005)	The First Series of Stock Acquisition Rights (2006)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Employees of Yahoo Japan Corporation: 49	Directors of Yahoo Japan Corporation: 5 Employees of Yahoo Japan Corporation: 157
Class and number of shares	112 shares of common stock of Yahoo Japan Corporation	8,569 shares of common stock of Yahoo Japan Corporation
Grant date	May 2, 2006	September 6, 2006
Exercise period	A. 50% of allotment shares from May 3, 2008 to June 17, 2015 B. 25% of allotment shares from May 3, 2009 to June 17, 2015 C. 25% of allotment shares from May 3, 2010 to June 17, 2015	A. 50% of allotment shares from August 24, 2008 to August 23, 2016 B. 25% of allotment shares from August 24, 2009 to August 23, 2016 C. 25% of allotment shares from August 24, 2010 to August 23, 2016

	The Second Series of Stock Acquisition Rights (2006)	The Third Series of Stock Acquisition Rights (2006)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Employees of Yahoo Japan Corporation: 49	Employees of Yahoo Japan Corporation: 62
Class and number of shares	313 shares of common stock of Yahoo Japan Corporation	360 shares of common stock of Yahoo Japan Corporation
Grant date	November 6, 2006	February 7, 2007
Exercise period	A. 50% of allotment shares from October 24, 2008 to October 23, 2016 B. 25% of allotment shares from October 24, 2009 to October 23, 2016 C. 25% of allotment shares from October 24, 2010 to October 23, 2016	A. 50% of allotment shares from January 25, 2009 to January 24, 2017 B. 25% of allotment shares from January 25, 2010 to January 24, 2017 C. 25% of allotment shares from January 25, 2011 to January 24, 2017

	The First Series of Stock Acquisition Rights (2007)	The Second Series of Stock Acquisition Rights (2007)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Employees of Yahoo Japan Corporation: 66	Directors of Yahoo Japan Corporation: 5 Employees of Yahoo Japan Corporation: 225
Class and number of shares	651 shares of common stock of Yahoo Japan Corporation	10,000 shares of common stock of Yahoo Japan Corporation
Grant date	May 8, 2007	August 7, 2007
Exercise period	A. 50% of allotment shares from April 25, 2009 to April 24, 2017 B. 25% of allotment shares from April 25, 2010 to April 24, 2017 C. 25% of allotment shares from April 25, 2011 to April 24, 2017	A. 50% of allotment shares from July 25, 2009 to July 24, 2017 B. 25% of allotment shares from July 25, 2010 to July 24, 2017 C. 25% of allotment shares from July 25, 2011 to July 24, 2017

	The Third Series of Stock Acquisition Rights (2007)	The Fourth Series of Stock Acquisition Rights (2007)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Employees of Yahoo Japan Corporation: 119	Employees of Yahoo Japan Corporation: 124
Class and number of shares	766 shares of common stock of Yahoo Japan Corporation	817 shares of common stock of Yahoo Japan Corporation
Grant date	November 7, 2007	February 13, 2008
Exercise period	A. 50% of allotment shares from October 25, 2009 to October 24, 2017 B. 25% of allotment shares from October 25, 2010 to October 24, 2017 C. 25% of allotment shares from October 25, 2011 to October 24, 2017	A. 50% of allotment shares from January 31, 2010 to January 30, 2018 B. 25% of allotment shares from January 31, 2011 to January 30, 2018 C. 25% of allotment shares from January 31, 2012 to January 30, 2018

	The First Series of Stock Acquisition Rights (2008)	The Second Series of Stock Acquisition Rights (2008)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Employees of Yahoo Japan Corporation: 246	Directors of Yahoo Japan Corporation: 5 Employees of Yahoo Japan Corporation: 336
Class and number of shares	2,059 shares of common stock of Yahoo Japan Corporation	11,750 shares of common stock of Yahoo Japan Corporation
Grant date	May 9, 2008	August 8, 2008
Exercise period	A. 50% of allotment shares from April 26, 2010 to April 25, 2018 B. 25% of allotment shares from April 26, 2011 to April 25, 2018 C. 25% of allotment shares from April 26, 2012 to April 25, 2018	A. 50% of allotment shares from July 26, 2010 to July 25, 2018 B. 25% of allotment shares from July 26, 2011 to July 25, 2018 C. 25% of allotment shares from July 26, 2012 to July 25, 2018

	The Third Series of Stock Acquisition Rights (2008)	The Fourth Series of Stock Acquisition Rights (2008)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Employees of Yahoo Japan Corporation: 128	Employees of Yahoo Japan Corporation: 128
Class and number of shares	407 shares of common stock of Yahoo Japan Corporation	350 shares of common stock of Yahoo Japan Corporation
Grant date	November 7, 2008	February 10, 2009
Exercise period	A. 50% of allotment shares from October 25, 2010 to October 24, 2018 B. 25% of allotment shares from October 25, 2011 to October 24, 2018 C. 25% of allotment shares from October 25, 2012 to October 24, 2018	A. 50% of allotment shares from January 28, 2011 to January 27, 2019 B. 25% of allotment shares from January 28, 2012 to January 27, 2019 C. 25% of allotment shares from January 28, 2013 to January 27, 2019

	The First Series of Stock Acquisition Rights (2009)	The Second Series of Stock Acquisition Rights (2009)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Employees of Yahoo Japan Corporation: 100	Directors of Yahoo Japan Corporation: 5 Employees of Yahoo Japan Corporation: 454
Class and number of shares	890 shares of common stock of Yahoo Japan Corporation	12,848 shares of common stock of Yahoo Japan Corporation
Grant date	May 12, 2009	August 11, 2009
Exercise period	A. 50% of allotment shares from April 29, 2011 to April 28, 2019 B. 25% of allotment shares from April 29, 2012 to April 28, 2019 C. 25% of allotment shares from April 29, 2013 to April 28, 2019	A. 50% of allotment shares from July 29, 2011 to July 28, 2019 B. 25% of allotment shares from July 29, 2012 to July 28, 2019 C. 25% of allotment shares from July 29, 2013 to July 28, 2019

	The Third Series of Stock Acquisition Rights (2009)	The Fourth Series of Stock Acquisition Rights (2009)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Employees of Yahoo Japan Corporation: 61	Employees of Yahoo Japan Corporation: 101
Class and number of shares	277 shares of common stock of Yahoo Japan Corporation	571 shares of common stock of Yahoo Japan Corporation
Grant date	November 10, 2009	February 10, 2010
Exercise period	A. 50% of allotment shares from October 28, 2011 to October 27, 2019 B. 25% of allotment shares from October 28, 2012 to October 27, 2019 C. 25% of allotment shares from October 28, 2013 to October 27, 2019	A. 50% of allotment shares from January 28, 2012 to January 27, 2020 B. 25% of allotment shares from January 28, 2013 to January 27, 2020 C. 25% of allotment shares from January 28, 2014 to January 27, 2020

In addition to the aforementioned information of the stock options outstanding, the stock option activity is as follows:

	The First Series of Stock Acquisition Rights (2003)	The Third Series of Stock Acquisition Rights (2004)	The Fifth Series of Stock Acquisition Rights (2005)
Company name	The Company	The Company	The Company
Non-vested shares			
At the beginning of the year	—	—	190,200
Granted during the year	—	—	—
Forfeited and expired during the year	—	—	3,300
Vested during the year	—	—	186,900
At the end of the year	—	—	—
Vested shares			
At the beginning of the year	2,110,200	40,500	588,500
Vested during the year	—	—	186,900
Exercised during the year	1,461,900	18,000	—
Forfeited or expired during the year	648,300	—	30,900
Unexercised at the end of the year	—	22,500	744,500
Exercise price–yen (U.S. dollars)	¥1,440 ($15.48)	¥1,827 ($19.64)	¥4,172 ($44.84)
Average stock price at exercise–yen (U.S. dollars)	1,811 (19.46)	2,345 (25.20)	— —
Fair value price at the grant date–yen	—	—	—

	The First Series of Stock Subscription Rights	The Second Series of Stock Subscription Rights	The Third Series of Stock Subscription Rights	The Fourth Series of Stock Subscription Rights
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation	Yahoo Japan Corporation	Yahoo Japan Corporation
Non-vested shares				
At the beginning of the year	—	—	—	—
Granted during the year	—	—	—	—
Forfeited and expired during the year	—	—	—	—
Vested during the year	—	—	—	—
At the end of the year	—	—	—	—
Vested shares				
At the beginning of the year	18,432	2,048	34,934	16,458
Vested during the year	—	—	—	—
Exercised during the year	—	—	5,238	512
Forfeited or expired during the year	18,432	—	512	—
Unexercised at the end of the year	—	2,048	29,184	15,946
Exercise price–yen (U.S. dollars)	¥51,270 ($551.05)	¥38,086 ($409.35)	¥19,416 ($208.68)	¥9,559 ($102.74)
Average stock price at exercise–yen (U.S. dollars)	— —	— —	31,422 (337.73)	31,250 (335.88)
Fair value price at the grant date–yen	—	—	—	—

	The Fifth Series of Stock Subscription Rights	The First Series of Stock Acquisition Rights (2002)	The Second Series of Stock Acquisition Rights (2002)	The First Series of Stock Acquisition Rights (2003)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation	Yahoo Japan Corporation	Yahoo Japan Corporation
Non-vested shares				
At the beginning of the year	—	—	—	—
Granted during the year	—	—	—	—
Forfeited and expired during the year	—	—	—	—
Vested during the year	—	—	—	—
At the end of the year	—	—	—	—
Vested shares				
At the beginning of the year	21,080	17,920	768	15,936
Vested during the year	—	—	—	—
Exercised during the year	3,643	1,536	—	—
Forfeited or expired during the year	—	—	—	64
Unexercised at the end of the year	17,437	16,384	768	15,872
Exercise price–yen (U.S. dollars)	¥8,497 ($91.33)	¥10,196 ($109.59)	¥11,375 ($122.26)	¥33,438 ($359.39)
Average stock price at exercise–yen (U.S. dollars)	28,806 (309.61)	31,917 (343.05)	— —	— —
Fair value price at the grant date–yen	—	—	—	—

	The Second Series of Stock Acquisition Rights (2003)	The Third Series of Stock Acquisition Rights (2003)	The Fourth Series of Stock Acquisition Rights (2003)	The First Series of Stock Acquisition Rights (2004)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation	Yahoo Japan Corporation	Yahoo Japan Corporation
Non–vested shares				
At the beginning of the year	—	—	—	—
Granted during the year	—	—	—	—
Forfeited and expired during the year	—	—	—	—
Vested during the year	—	—	—	—
At the end of the year	—	—	—	—
Vested shares				
At the beginning of the year	1,408	1,056	560	9,104
Vested during the year	—	—	—	—
Exercised during the year	—	—	—	—
Forfeited or expired during the year	64	—	64	144
Unexercised at the end of the year	1,344	1,056	496	8,960
Exercise price–yen (U.S. dollars)	¥51,478 ($553.29)	¥47,813 ($513.90)	¥78,512 ($843.85)	¥65,290 ($701.74)
Average stock price at exercise–yen (U.S. dollars)	— —	— —	— —	— —
Fair value price at the grant date–yen	—	—	—	—

	The Second Series of Stock Acquisition Rights (2004)	The Third Series of Stock Acquisition Rights (2004)	The Fourth Series of Stock Acquisition Rights (2004)	The First Series of Stock Acquisition Rights (2005)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation	Yahoo Japan Corporation	Yahoo Japan Corporation
Non-vested shares				
At the beginning of the year	—	—	136	1,548
Granted during the year	—	—	—	—
Forfeited and expired during the year	—	—	—	12
Vested during the year	—	—	136	1,536
At the end of the year	—	—	—	—
Vested shares				
At the beginning of the year	384	232	76	3,612
Vested during the year	—	—	136	1,536
Exercised during the year	—	—	—	—
Forfeited or expired during the year	—	8	4	84
Unexercised at the end of the year	384	224	208	5,064
Exercise price–yen (U.S. dollars)	¥62,488 ($671.63)	¥65,375 ($702.65)	¥60,563 ($650.94)	¥58,500 ($628.76)
Average stock price at exercise–yen (U.S. dollars)	— —	— —	— —	— —
Fair value price at the grant date–yen	—	—	—	—

	The Second Series of Stock Acquisition Rights (2005)	The Third Series of Stock Acquisition Rights (2005)	The Fourth Series of Stock Acquisition Rights (2005)	The First Series of Stock Acquisition Rights (2006)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation	Yahoo Japan Corporation	Yahoo Japan Corporation
Non-vested shares				
At the beginning of the year	62	118	47	3,956
Granted during the year	—	—	—	—
Forfeited and expired during the year	—	6	—	63
Vested during the year	62	112	5	1,933
At the end of the year	—	—	42	1,960
Vested shares				
At the beginning of the year	88	142	36	3,900
Vested during the year	62	112	5	1,933
Exercised during the year	—	—	—	—
Forfeited or expired during the year	—	6	—	91
Unexercised at the end of the year	150	248	41	5,742
Exercise price–yen (U.S. dollars)	¥62,000 ($666.38)	¥79,500 ($854.47)	¥67,940 ($730.22)	¥47,198 ($507.29)
Average stock price at exercise–yen (U.S. dollars)	— —	— —	— —	— —
Fair value price at the grant date–yen (U.S. dollars)	— —	— —	A 30,958 (332.74)	A 24,564 (264.02)
	— —	— —	B 35,782 (384.59)	B 26,803 (288.08)
	— —	— —	C 39,196 (421.28)	C 28,156 (302.62)

	The Second Series of Stock Acquisition Rights (2006)		The Third Series of Stock Acquisition Rights (2006)		The First Series of Stock Acquisition Rights (2007)		The Second Series of Stock Acquisition Rights (2007)	
Company name	Yahoo Japan Corporation		Yahoo Japan Corporation		Yahoo Japan Corporation		Yahoo Japan Corporation	
Non-vested shares								
At the beginning of the year		153		183		608		9,465
Granted during the year		—		—		—		—
Forfeited and expired during the year		4		31		21		226
Vested during the year		64		59		290		4,587
At the end of the year		85		93		297		4,652
Vested shares								
At the beginning of the year		124		147		—		—
Vested during the year		64		59		290		4,587
Exercised during the year		—		—		—		—
Forfeited or expired during the year		4		32		20		34
Unexercised at the end of the year		184		174		270		4,553
Exercise price–yen (U.S. dollars)		¥44,774 ($481.23)		¥47,495 ($510.48)		¥45,500 ($489.04)		¥40,320 ($433.36)
Average stock price at exercise–yen (U.S. dollars)		— —		— —		— —		— —
Fair value price at the grant date–yen (U.S. dollars)	A	23,832 (256.15)	A	20,435 (219.64)	A	22,586 (242.76)	A	17,061 (183.37)
	B	25,311 (272.04)	B	23,448 (252.02)	B	25,697 (276.19)	B	18,121 (194.77)
	C	26,766 (287.68)	C	25,578 (274.91)	C	27,206 (292.41)	C	20,659 (222.04)

	The Third Series of Stock Acquisition Rights (2007)		The Fourth Series of Stock Acquisition Rights (2007)		The First Series of Stock Acquisition Rights (2008)		The Second Series of Stock Acquisition Rights (2008)	
Company name	Yahoo Japan Corporation		Yahoo Japan Corporation		Yahoo Japan Corporation		Yahoo Japan Corporation	
Non-vested shares								
At the beginning of the year		736		801		1,840		11,646
Granted during the year		—		—		—		—
Forfeited and expired during the year		16		13		193		327
Vested during the year		330		367		—		—
At the end of the year		390		421		1,647		11,319
Vested shares								
At the beginning of the year		—		—		—		—
Vested during the year		330		367		—		—
Exercised during the year		—		—		—		—
Forfeited or expired during the year		3		2		—		—
Unexercised at the end of the year		327		365		—		—
Exercise price–yen (U.S. dollars)		¥51,162 ($549.89)		¥47,500 ($510.53)		¥51,781 ($556.55)		¥40,505 ($435.35)
Average stock price at exercise–yen (U.S. dollars)		— —		— —		— —		— —
Fair value price at the grant date–yen (U.S. dollars)	A	20,900 (224.63)	A	20,289 (218.07)	A	16,538 (177.75)	A	14,918 (160.34)
	B	23,651 (254.20)	B	23,128 (248.58)	B	18,525 (199.11)	B	15,716 (168.92)
	C	26,853 (288.62)	C	24,691 (265.38)	C	21,037 (226.11)	C	17,980 (193.25)

	The Third Series of Stock Acquisition Rights (2008)	The Fourth Series of Stock Acquisition Rights (2008)	The First Series of Stock Acquisition Rights (2009)	The Second Series of Stock Acquisition Rights (2009)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation	Yahoo Japan Corporation	Yahoo Japan Corporation
Non-vested shares				
At the beginning of the year	407	350	—	—
Granted during the year	—	—	890	12,848
Forfeited and expired during the year	6	14	12	185
Vested during the year	—	—	—	—
At the end of the year	401	336	878	12,663
Vested shares				
At the beginning of the year	—	—	—	—
Vested during the year	—	—	—	—
Exercised during the year	—	—	—	—
Forfeited or expired during the year	—	—	—	—
Unexercised at the end of the year	—	—	—	—
Exercise price–yen (U.S. dollars)	¥34,000 ($365.43)	¥32,341 ($347.60)	¥26,879 ($288.90)	¥30,700 ($329.97)
Average stock price at exercise–yen (U.S. dollars)	— —	— —	— —	— —
Fair value price at the grant date–yen (U.S. dollars)	A 14,554 (156.43)	A 10,204 (109.67)	A 9,499 (102.10)	A 12,264 (131.81)
	B 15,075 (162.03)	B 10,715 (115.17)	B 10,338 (111.11)	B 13,247 (142.38)
	C 16,395 (176.21)	C 11,262 (121.04)	C 10,701 (115.02)	C 13,747 (147.75)

	The Third Series of Stock Acquisition Rights (2009)	The Fourth Series of Stock Acquisition Rights (2009)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Non-vested shares		
At the beginning of the year	—	—
Granted during the year	277	571
Forfeited and expired during the year	—	—
Vested during the year	—	—
At the end of the year	277	571
Vested shares		
At the beginning of the year	—	—
Vested during the year	—	—
Exercised during the year	—	—
Forfeited or expired during the year	—	—
Unexercised at the end of the year	—	—
Exercise price–yen (U.S. dollars)	¥28,737 ($308.87)	¥32,050 ($344.48)
Average stock price at exercise–yen (U.S. dollars)	— —	— —
Fair value price at the grant date–yen (U.S. dollars)	A 9,601 (103.19)	A 12,152 (130.61)
	B 10,271 (110.39)	B 12,987 (139.59)
	C 11,193 (120.30)	C 13,992 (150.39)

(Note) A, B, and C correspond to those in the table of stock options outstanding.

(2) Estimation method for major stock options issued
The assumptions used to measure the fair value of the stock options of Yahoo Japan Corporation granted in 2010.

Estimation method: Black-Scholes option pricing model with following assumptions:

	The First Series of Stock Acquisition Rights (2009)	The Second Series of Stock Acquisition Rights (2009)	The Third Series of Stock Acquisition Rights (2009)	The Fourth Series of Stock Acquisition Rights (2009)
Volatility of stock price (Note 2)	A 43.5% B 45.6% C 45.5%	A 43.0% B 45.0% C 45.1%	A 41.5% B 42.6% C 44.8%	A 41.0% B 42.3% C 44.2%
Estimated remaining outstanding period (in years) (Note 3)	A 5.96 B 6.46 C 6.96	A 5.97 B 6.47 C 6.97	A 5.97 B 6.47 C 6.97	A 5.97 B 6.47 C 6.97
Estimated dividend yield (Note 4)	0.52%	0.42%	0.49%	0.41%
Risk free interest rate (Note 5)	A 0.98% B 1.04% C 1.11%	A 0.92% B 0.99% C 1.08%	A 0.88% B 0.96% C 1.05%	A 0.68% B 0.76% C 0.86%

(Notes) 1. A, B, and C correspond to those in the table of stock options outstanding.
2. Volatility of stock price is computed based on the actual stock prices traded within the following terms:
The First Series of Stock Acquisition Rights (2009)
A. From May 12, 2003 to May 8, 2009
B. From November 11, 2002 to May 8, 2009
C. From May 13, 2002 to May 8, 2009
The Second Series of Stock Acquisition Rights (2009)
A. From August 18, 2003 to August 7, 2009
B. From February 17, 2003 to August 7, 2009
C. From August 19, 2002 to August 7, 2009
The Third Series of Stock Acquisition Rights (2009)
A. From November 17, 2003 to November 6, 2009
B. From May 19, 2003 to November 6, 2009
C. From November 18, 2002 to November 6, 2009
The Fourth Series of Stock Acquisition Rights (2009)
A. From February 16, 2004 to February 5, 2010
B. From August 18, 2003 to February 5, 2010
C. From February 17, 2003 to February 5, 2010
3. The estimated remaining outstanding period is based on the assumption that stock acquisition rights are exercised in the middle of their exercisable periods because it is not reasonably estimated due to the insufficient accumulated data.
4. Estimated dividend yield is based on the dividends paid in 2009.
5. Risk free interest rate is based on government bond yield for a term consistent with the estimated remaining outstanding period.
6. Estimated number of options vested is determined based on the actual termination ratio of employees.

Yahoo Japan Corporation recognized compensation expense for employee stock options as a selling, general and administrative expense. The effect of this expense is not material.

11 Selling, General and Administrative Expenses

The main components of selling, general and administrative expenses for the years ended March 31, 2009 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars
For the years ended March 31,	2009	2010	2010
Sales commission and sales promotion expense	¥423,789	¥471,921	$5,072,238
Payroll and bonuses	112,671	125,799	1,352,096
Provision for allowance for doubtful accounts	33,341	8,500	91,359

12 Other Income (Expense), Net

Other income (expense), net, for the years ended March 31, 2009 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
For the years ended March 31,	2009	2010	2010
Unrealized appreciation (loss) on valuation of investments and loss on sale of investments at subsidiaries in the U.S. , net (Note 1)	¥ (5,316)	¥ (304)	$ (3,267)
Impairment loss (Note 2)	(29,479)	(1,407)	(15,123)
Loss on disposals of property and equipment (Note 3)	(3,029)	(48,787)	(524,366)
Other, net	(7,861)	(13,446)	(144,518)
Total	¥(45,685)	¥(63,944)	$(687,274)

(Notes) 1. Unrealized appreciation (loss) on valuation of investments and loss on sale of investments at subsidiaries in the U.S., net

Certain subsidiaries in the U.S. are investment companies under the provisions set forth in ASC 946 and account for investment securities in accordance with ASC 946.

The net changes in the fair value of the investments are recorded as unrealized appreciation (loss) on valuation of investments and loss on sale of investments at subsidiaries in the U.S., net, and loss on sale of investments, computed based on the acquisition cost, is also included in this account. The unrealized appreciation (loss) on valuation of investments and loss on sale of investments included in unrealized appreciation (loss) on valuation of investments and loss on sale of investments at subsidiaries in the U.S., net are as follows:

	Millions of yen		Thousands of U.S. dollars
For the years ended March 31,	2009	2010	2010
Unrealized appreciation (loss) on valuation of investments at subsidiaries in the U.S., net	¥ (234)	¥ 1,927	$ 20,712
Loss on sale of investments at subsidiaries in the U.S., net	(5,082)	(2,231)	(23,979)
Total	¥(5,316)	¥ (304)	$ (3,267)

2. Impairment loss

The Company recorded an impairment loss for the years ended March 31, 2009 for the following asset groups.

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

For the year ended March 31, 2009

Segment	Purpose of use	Type of assets	Amounts
Broadband Infrastructure	Assets for Fiber To The Home (FTTH) infrastructural business	Telecommunications equipment, Finance lease assets, Construction in progress, Software, Structures, and other	¥28,999 million
Internet Culture	Other	Goodwill related to a certain subsidiary	480 million
Total			¥29,479 million

Impairment loss of assets in Broadband Infrastructure business

As SOFTBANK BB Corp. launched *Yahoo! BB hikari with FLET'S*, which is a new FTTH Internet connection service, the future revenue generated from the assets for *Yahoo! BB hikari* service, which is a current FTTH infrastructural service, was reassessed. As a result, an impairment loss for the total carrying amounts of the assets and the removal costs were recorded in the consolidated statements of income, since the carrying amounts of the assets were not recoverable.

The impairment loss consists of ¥10,702 million for telecommunications equipment, ¥7,260 million for finance lease assets*, ¥4,630 million for construction in progress, ¥1,265 million for software, ¥880 million for structures and ¥4,262 million for removal costs.

For the calculation of the impaired value of the leased assets, the present values of the future lease payments were assumed to be the carrying value of leased assets.

*(Note) The finance lease assets contracted before April 1, 2008 are accounted for as operating lease transactions.

3. Loss on disposals of property and equipment

(1) Loss on disposals of property and equipment related to the termination of second-generation mobile phone services

Certain pieces of telecommunications equipment being used exclusively for second-generation (2G) mobile phone services in the Mobile communications business are to be removed upon termination of 2G mobile phone services in March, 2010. These pieces of telecommunications equipment were depreciated under the straight-line method over the period commencing from the acquisition of Vodafone K.K. (currently SOFTBANK MOBILE Corp.) in April 2006 to the termination of 2G services in March, 2010.

In June 2009, a new frequency for the next generation mobile phone services was assigned to SOFTBANK MOBILE Corp. The telecommunications equipment being used for 2G mobile phone services except for the aforementioned equipment was reviewed to determine which pieces would be used for the next generation mobile phone services and which pieces will be removed. For the year ended March 31, 2010, loss on disposals of property and equipment was recorded for the assets to be additionally removed. As the assets to be removed upon termination of 2G services were specified, it became possible to reasonably estimate the removal costs. These removal costs were included in other expenses in the consolidated statement of income for the year ended March 31, 2010.

The loss on disposals of property and equipment of ¥23,012 million ($247,334 thousand) consists of ¥16,544 million ($177,816 thousand) for equipment removal cost and ¥6,468 million ($69,518 thousand) for loss on disposals of telecommunications equipment.

(2) Loss on disposals of property and equipment related to the telecommunications equipment for third-generation mobile phone

SOFTBANK MOBILE Corp. replaced certain pieces of existing wireless network equipment in order to increase efficiency of the future capital expenditures and reduce maintenance costs. As a result, the previously used wireless network equipment for third-generation mobile phone services was retired, and the total carrying amounts of the retired assets and the related removal costs were recorded as other expenses in the consolidated statement of income for the year ended March 31, 2010. The loss on disposals of property and equipment of ¥22,493 million ($241,756 thousand) consists of ¥13,726 million ($147,528 thousand) for telecommunications equipment, ¥8,689 million ($93,390 thousand) for software, and ¥78 million ($838 thousand) for removal costs.

13 Net Income per Share

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2009 and 2010 is as follows:

	Millions of yen	Number of shares	Yen
For the year ended March 31, 2009:	Net income	Weighted average shares	EPS
Basic EPS			
Net income available to common shareholders	¥43,172	1,080,700,888	¥39.95
Effect of Dilutive Securities			
Warrants	—	220,721	
Convertible bonds	1,557	75,648,626	
Effects of dilutive securities issued by consolidated subsidiaries and affiliated companies under the equity method	(35)	—	
Diluted EPS			
Net income for computation	¥44,694	1,156,570,235	¥38.64

	Millions of yen	Number of shares	Yen	Dollars
For the year ended March 31, 2010:	Net income	Weighted average shares	EPS	
Basic EPS				
Net income available to common shareholders	¥96,716	1,081,990,217	¥89.39	$0.96
Effect of Dilutive Securities				
Warrants	—	74,184		
Convertible bonds	964	48,297,825		
Effects of dilutive securities issued by consolidated subsidiaries and affiliated companies under the equity method	(30)	—		
Diluted EPS				
Net income for computation	¥ 97,650	1,130,362,226	¥86.39	$0.93

14 Supplemental Cash Flow Information

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 purposes. 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 sales and lease back of equipment newly acquired.

15 Leases

(1) Lessee

The Group leases certain telecommunications equipment and telecommunications service lines, buildings and structures, other property and equipment, and software.

Total rental expense including lease payments under finance leases for the years ended March 31, 2009 and 2010 were ¥80,503 million and ¥85,102 million ($914,682 thousand), respectively.

As discussed in Note 2 (12), the Group accounts for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions. Pro forma information of such leases existing at the transition date, such as acquisition cost, accumulated depreciation, accumulated impairment loss, obligations under finance leases, depreciation expense, interest expense and other information, on an "as if capitalized" basis for the years ended March 31, 2009 and 2010 was as follows:

Finance lease assets:

	Millions of yen		Thousands of U.S. dollars
March 31,	2009	2010	2010
Telecommunications equipment and telecommunications service lines			
Acquisition cost	¥171,193	¥ 141,093	$1,516,477
Accumulated depreciation	(77,309)	(67,777)	(728,472)
Accumulated impairment loss	(37,787)	(33,232)	(357,180)
Net leased property	56,097	40,084	430,825
Buildings and structures			
Acquisition cost	47,004	46,730	502,257
Accumulated depreciation	(9,836)	(11,909)	(127,999)
Accumulated impairment loss	—	—	—
Net leased property	37,168	34,821	374,258
Other property and equipment			
Acquisition cost	17,228	16,114	173,194
Accumulated depreciation	(8,425)	(10,224)	(109,888)
Accumulated impairment loss	(1,078)	(1,243)	(13,360)
Net leased property	7,725	4,647	49,946
Software			
Acquisition cost	9,086	9,070	97,485
Accumulated amortization	(4,919)	(6,669)	(71,678)
Accumulated impairment loss	(171)	(290)	(3,116)
Net leased property	3,996	2,111	22,691
Total	¥104,986	¥ 81,663	$ 877,720

Obligations under finance lease:

	Millions of yen		Thousands of U.S. dollars
March 31,	2009	2010	2010
Due within one year	¥ 30,727	¥ 26,191	$ 281,503
Due after one year	110,652	79,432	853,740
Total	¥141,379	¥105,623	$1,135,243

Allowance for impairment loss on leased property as of March 31, 2009 and 2010 were ¥18,809 million and ¥10,776 million ($115,821 thousand), respectively, and are not included in the obligations under finance leases.

Depreciation expense, interest expense and other information under finance leases:

For the years ended March 31,	Millions of yen 2009	Millions of yen 2010	Thousands of U.S. dollars 2010
Depreciation and amortization expense	¥26,769	¥23,960	$257,524
Interest expense	10,721	8,654	93,014
Total	¥37,490	¥32,614	$350,538
Lease payments	¥41,445	¥36,752	$395,013
Payment of the lease obligation for impaired leased property	10,052	8,416	90,456
Impairment loss	7,260	383	4,117

Depreciation expense and interest expense, which are not reflected in the accompanying statements of income, are computed by the straight-line method and the interest method, respectively.

The future minimum rental payments under non-cancelable operating leases at March 31, 2009 and 2010 were as follows:

March 31,	Millions of yen 2009	Millions of yen 2010	Thousands of U.S. dollars 2010
Due within one year	¥21,931	¥22,494	$241,767
Due after one year	41,129	34,649	372,410
Total	¥63,060	¥57,143	$614,177

Long-term prepaid expense of ¥19,867 million and ¥25,157 million ($270,393 thousand) relating to lease contracts in which service periods are different from payment periods is included in other assets of investments and other assets in the consolidated balance sheets for the years ended March 31, 2009 and 2010, respectively. Current portion of long-term prepaid expenses of ¥714 million and ¥670 million ($7,202 thousand) relating to lease contracts is included in other current assets in the consolidated balance sheets for the years ended March 31, 2009 and 2010, respectively.

(2) Lessor

The Group leases certain property and equipment.

Future lease receivables under non-cancelable operating lease at March 31, 2009 and 2010 were as follows:

March 31,	Millions of yen 2009	Millions of yen 2010	Thousands of U.S. dollars 2010
Due within one year	¥1,142	¥ 867	$ 9,319
Due after one year	1,538	1,006	10,812
Total	¥2,680	¥1,873	$20,131

16 Financial Instruments and Related Disclosures

In March 2008, the ASBJ revised ASBJ Statement No. 10 "Accounting Standard for Financial Instruments" and issued ASBJ Guidance No. 19 "Guidance on Accounting Standard for Financial Instruments and Related Disclosures". This accounting standard and the guidance are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010 with early adoption permitted from the beginning of the fiscal years ending before March 31, 2010. The Group applied the revised accounting standard and the new guidance effective March 31, 2010.

(1) Conditions of financial instruments

(a) Management policy

The Group utilizes diversified financing methods of raising funds through both indirect financing, such as bank loans, and direct financing, such as issuance of bonds and commercial paper and borrowings through securitization, taking market conditions and current/non-current debts ratio into consideration. The Group makes short-term deposits for fund management purposes. The Group also utilizes derivative financial instruments to hedge various risks as described in (b) below and does not enter into derivatives for trading or speculative purposes.

(b) Financial instruments, risks, and risk management

The notes and accounts receivable-trade are exposed to credit risk of customers. To minimize the credit risk, the Group performs due date controls and balance controls for each customer in accordance with internal customer credit management rules, and regularly screens major customers' credit status. For credit risk associated with installment sales receivables of mobile handsets, SOFTBANK MOBILE Corp. screens customers' credit in accordance with internal screening standards for new subscriber contracts as well as refers to an external institution for customers' credit status.

Marketable and investment securities are exposed to stock market fluctuation risk and foreign currency exchange risk. For those risks, the Group is continuously monitoring investees' financial condition, stock market fluctuation, and foreign currency exchange risk. The Group enters into a variable share prepaid forward contract (collar transaction) utilizing its shares of Yahoo! Inc. The purpose of this collar transaction is to hedge the variability of cash flows associated with the future market price of the underlying security, which will be used for the settlement of loans at their maturity.

Maturities of accounts payable-trade and accounts payable-other are mostly within one year. Loan payables with variable interest rate are exposed to interest rate risk, and interest rate swaps are used for certain loan payables in order to hedge this risk. Corporate bonds are mainly issued by the Company and corporate bonds denominated in foreign currency are exposed to foreign currency exchange risk. Foreign exchange forward contracts are used to hedge this risk.

In order to hedge the cash flow fluctuation risk associated with the future market price of underlying securities for sale, interest rate risk associated with financial assets and liabilities, and foreign currency exchange risk associated with assets and liabilities denominated in foreign currencies, derivative transactions such as a collar transaction, interest rate swap transactions, and foreign exchange forward contracts are used.

Hedge accounting is applied for certain derivative transactions. Derivative transactions entered into by the Company are implemented and controlled based on the Company's internal polices and are limited to the extent of actual demand. Balance and fair value of derivative transactions are reported regularly to the board of directors. Consolidated subsidiaries also manage the derivative transactions based on the Company's policies. Please see Note 2 (17) for more detail about derivatives.

(c) Supplemental explanation regarding fair value of financial instruments

Fair value of financial instruments are measured based on the quoted market price, if available, or reasonably assessed value if a quoted market price is not available. Fair value of financial instruments which quoted market price is not available is calculated based on certain assumptions, and the fair value might differ if different assumptions are used. In addition, the contract amount of the derivative transactions described in Note 17 does not represent the market risk of the derivative transactions.

(2) Fair value of financial instruments

The carrying amounts in the consolidated balance sheet, fair value, and its differences as of March 31, 2010 are as follows.
In addition, financial instruments, of which it is extremely difficult to measure the fair value, are not included. Please see Notes 2. Financial instruments of which the fair value is extremely difficult to measure.

			Millions of yen
March 31, 2010	Carrying amount	Fair value	Unrealized gain (loss)
Cash and cash equivalents	¥ 687,682	¥ 687,682	¥ —
Notes and accounts receivable-trade	816,551		
Allowance for doubtful accounts (Note)	(32,802)		
Notes and accounts receivable-trade, net	783,749	783,749	—
Marketable securities and investment securities			
Held-to-maturity debt securities	1,499	1,343	(156)
Investments in unconsolidated subsidiaries and affiliated companies	8,639	19,275	10,636
Other securities	148,415	148,415	—
Total	1,629,984	1,640,464	10,480
Accounts payable-trade	158,943	158,943	—
Short-term borrowings	208,308	208,308	—
Current portion of long-term debt	284,053	284,053	—
Accounts payable-other and accrued expenses	451,409	451,409	—
Income taxes payable	100,484	100,484	—
Current portion of lease obligations	109,768	109,768	—
Long-term debt	1,730,110	1,852,954	122,844
Lease obligations	224,484	224,922	438
Total	¥3,267,559	¥3,390,841	¥123,282

			Thousands of U.S. dollars
March 31, 2010	Carrying amount	Fair value	Unrealized gain (loss)
Cash and cash equivalents	$ 7,391,251	$ 7,391,251	$ —
Notes and accounts receivable-trade	8,776,344		
Allowance for doubtful accounts (Note)	(352,559)		
Notes and accounts receivable-trade, net	8,423,785	8,423,785	—
Marketable securities and investment securities			
Held-to-maturity debt securities	16,111	14,435	(1,676)
Investments in unconsolidated subsidiaries and affiliated companies	92,853	207,169	114,316
Other securities	1,595,174	1,595,174	—
Total	17,519,174	17,631,814	112,640
Accounts payable-trade	1,708,330	1,708,330	—
Short-term borrowings	2,238,908	2,238,908	—
Current portion of long-term debt	3,053,020	3,053,020	—
Accounts payable-other and accrued expenses	4,851,773	4,851,773	—
Income taxes payable	1,080,009	1,080,009	—
Current portion of lease obligations	1,179,794	1,179,794	—
Long-term debt	18,595,335	19,915,671	1,320,336
Lease obligations	2,412,769	2,417,476	4,707
Total	$35,119,938	$36,444,981	$1,325,043

(Note) Allowance for doubtful accounts associated with notes and accounts receivable-trade are deducted.

Notes 1. Fair value measurement of financial instruments
Assets:
Cash and cash equivalents
The carrying amount approximates fair value because of the short maturity of these instruments.

Notes and accounts receivable-trade
The carrying amount of installment sales receivables approximates fair value, which is based on the present value of future cash flows through maturity discounted using an estimated credit-risk-adjusted interest rate. The carrying amount of notes and accounts receivable-trade other than installment sales receivables approximates fair value because of the short maturity of these instruments.

Marketable securities and investment securities
The fair value of equity securities equals quoted market price, if available. The fair value of debt securities equals quoted market price or provided price by financial institutions. The investment securities held by certain subsidiaries in the United States of America which apply ASC 946 are carried at fair value. Marketable and investment securities based on holding purpose are described in Note 4.

Liabilities:
Accounts payable-trade, Accounts payable-other, and Income taxes payable
The carrying amount approximates fair value because of the short maturity of these instruments.

Short-term borrowings
The carrying amount approximates fair value because of the short maturity of these instruments.

Notes 2. Financial instruments of which the fair value is extremely difficult to measure

Current portion of long-tem debt
The carrying amount of the current portion of long-term debt approximates fair value since the carrying amount was equivalent to the present value of future cash flows discounted using the current borrowing rate for similar debt of a comparable maturity.

Current portion of lease obligations
The carrying amount approximates fair value since the carrying amount was equivalent to the present value of future cash flows discounted using the current interest rate for similar lease contracts of comparable maturities and contract conditions.

Long-term debt
Fair value of long-term debts is based on the price provided by a financial institution or the present value of future cash flows discounted using the current borrowing rate for similar debt of a comparable maturity. Fair value of corporate bonds equals the quoted market price or the price provided by a financial institution. For certain corporate bonds denominated in foreign currencies, for which foreign exchange forward contracts are used to hedge the foreign currency fluctuations, fair value includes fair value of the derivative financial instrument.

Lease obligations
Fair value equals to the present value of future cash flows discounted using the current interest rate for similar lease contracts of comparable maturities and contract conditions.

Derivative Transactions
The information of the fair value for derivatives is included in Note 17.

	Carrying amount	
March 31, 2010	Millions of yen	Thousands of U.S. dollars
Unlisted investment securities of unconsolidated subsidiaries	¥140,386	$1,508,878
Unlisted equity securities	68,241	733,459
Investments in partnership	6,827	73,377
Total	¥215,454	$2,315,714

Notes 3. Maturity analysis for financial assets and securities with contractual maturities

				Millions of yen
March 31, 2010	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents	¥ 687,682	¥ —	¥ —	¥ —
Notes and accounts receivable-trade	693,406	123,145	—	—
Marketable and investment securities				
Held-to-maturity debt securities (corporate bonds)	800	100	—	600
Other securities with maturity date (corporate bonds)	0	503	27,000	—
Total	¥1,381,888	¥123,748	¥27,000	¥600

				Thousands of U.S. dollars
March 31, 2010	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents	$ 7,391,251	$ —	$ —	$ —
Notes and accounts receivable-trade	7,452,773	1,323,571	—	—
Marketable and investment securities				
Held-to-maturity debt securities (corporate bonds)	8,598	1,075	—	6,449
Other securities with maturity date (corporate bonds)	0	5,406	290,198	—
Total	$14,852,622	$1,330,052	$ 290,198	$6,449

Please see Note 6 for annual maturities of borrowings, corporate bonds, and lease obligations under financial leases, respectively.

17 Derivatives

The Group enters into forward contracts to hedge foreign exchange risk associated with certain assets and liabilities, and forecasted transactions denominated in foreign currencies. The Group also enters into interest rate swap contracts to manage its interest rate exposures on certain liabilities.

These derivative transactions are entered into to hedge interest and foreign currency exposures incorporated within its business. Accordingly, market risk in these derivatives is basically offset by opposite movements in the value of hedged assets or liabilities.

In addition, the Group enters into a collar transaction utilizing its shares of an equity security. The purpose of this collar transaction is to hedge the variability of cash flows associated with the future market price of the underlying security, which is used for the settlement of loans at their maturity.

Because the counterparties to these derivatives are limited to major international financial institutions, the Group does not anticipate any losses arising from credit risk.

Derivative transactions entered into by the Group have been made in accordance with internal policies which regulate the authorization and credit limit amount.

As noted in Note 16, the Group applied ASBJ Statement No. 10 "Accounting Standard for Financial Instruments" and ASBJ Guidance No. 19 "Guidance on Accounting Standard for Financial Instruments and Related Disclosures". The accounting standard and the guidance are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010; therefore, the required information is disclosed only for 2010.

Derivative transactions to which hedge accounting is not applied at March 31, 2010

	Millions of yen			
March 31, 2010	Contract amounts	Contract amount due after one year	Fair value	Unrealized gain (loss)
Foreign currency forward contracts				
Buying U.S. dollars	¥81,568	¥—	¥1,358	¥1,358
Buying Euro	657	—	(34)	(34)

	Thousands of U.S. dollars			
March 31, 2010	Contract amounts	Contract amount due after one year	Fair value	Unrealized gain (loss)
Foreign currency forward contracts				
Buying U.S. dollars	$ 876,698	$—	$14,596	$14,596
Buying Euro	7,062	—	(366)	(366)

Derivative transactions to which hedge accounting is applied at March 31, 2010

		Millions of yen		
March 31, 2010	Hedged item	Contract amounts	Contract amount due after one year	Fair value (Note 1)
Foreign currency forward contracts (deferral hedge accounting)				
Buying U.S. dollars	Forecasted transactions for expenses denominated in foreign currencies	¥ 844	¥ —	¥ 44
Buying Euro	Forecasted transactions for expenses denominated in foreign currencies	13	—	0
Foreign currency forward contracts				
(alternative method) (Note 2)				
Buying U.S. dollars	Account payable-trade and other	545	—	(Note 2)
Buying Euro	Account payable-trade, and corporate bonds	49,121	47,808	(Note 2)
Interest rate swaps	Interest for loan			
(deferral hedge accounting)				
Receiving floating rate and paying fix rate		15,000	10,000	(260)
Collar transaction				
(deferral hedge accounting)				
A variable share prepaid forward contract consisting of a purchased put option and a sold call option	Equity securities	105,697	105,697	25,918

March 31, 2010	Hedged item	Contract amounts	Contract amount due after one year	Fair value (Note 1)
				Thousands of U.S. dollars
Foreign currency forward contracts (deferral hedge accounting)				
Buying U.S. dollars	Forecasted transactions for expenses denominated in foreign currencies	$ 9,071	$ —	$ 473
Buying Euro	Forecasted transactions for expenses denominated in foreign currencies	140	—	0
Foreign currency forward contracts				
(alternative method) (Note 2)				
Buying U.S. dollars	Account payable-trade and other	5,857	—	(Note 2)
Buying Euro	Account payable-trade, and corporate bonds	527,956	513,844	(Note 2)
Interest rate swaps	Interest for loan			
(deferral hedge accounting)				
Receiving floating rate and paying fix rate		161,221	107,481	(2,794)
Collar transaction				
(deferral hedge accounting)				
A variable share prepaid forward contract consisting of a purchased put option and a sold call option	Equity securities	1,136,038	1,136,038	278,568

(Notes) 1. Fair value is based on information provided by financial institutions at the end of the fiscal year.
2. Certain accounts payable-trade, accounts payable-other and corporate bonds 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. Fair value of derivative financial instrument for those foreign monetary obligations is included in fair value of each account in note 16.

The following is the fair value information for foreign currency forward contracts to which hedge accounting is not applied at March 31, 2009. Foreign currency forward contracts which qualify for hedge accounting are excluded from the information below.

March 31, 2009	Contract amounts	Fair value	Unrealized gain (loss)
			Millions of yen
Foreign currency forward contracts			
Buying U.S. dollars	¥83,590	¥86,520	¥2,930
Buying Euro	3,638	3,371	(267)
			¥2,663

The fair value of derivative transactions is measured at the quoted price obtained from the financial institution.

The contract or notional amounts of derivatives which are shown in the above tables do not represent the amounts exchanged by the parties and do not measure the Group's exposure to credit or market risk.

18 Commitments and Contingent Liabilities

Certain subsidiaries have line of credit contracts mainly with credit-card holders. On demand from those card holders, these subsidiaries are required to make loans to them. As of March 31, 2010, ¥16,847 million ($181,073 thousand) remains as unused lines of credit.

19 Related Party Disclosures

Transactions of the Company with Son Assets Management, LLC., a director of the Company, and directors of the Company's significant subsidiaries, and a company which majority shares were owned by a close relative of the company's director for the years ended March 31, 2009 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars
March 31,	2009	2010	2010
(Son Assets Management, LLC.) (Note)			
Temporary advance for expenses on behalf of Son Assets Management, LLC.	¥ 246	¥ 236	$ 2,537
Office facility usage	62	45	484
Office deposits received	24	—	—
(Director of the Company and directors of the Company's significant subsidiaries)			
Exercise of stock options	302	972	10,447
(A company which majority shares were owned by a close relative of the company's director)			
Capital contributions	—	70	752

(Note) Son Assets Management, LLC. leases office space from the Company.

The balances due to or from Son Assets Management, LLC. at March 31, 2009 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars
March 31,	2009	2010	2010
Other current assets	¥ 27	¥ 27	$ 290
Deposit received included in long term liabilities–other liabilities	193	193	2,074

20 Significant Subsequent Events

Appropriation of retained earnings

The following appropriation of retained earnings at March 31, 2010 was approved at the shareholders' meeting held on June 25, 2010:

	Millions of yen	Thousands of U.S. dollars
March 31,	2010	2010
Year-end cash dividends, ¥5.00 ($0.05)	¥5,412	$58,169

21 Segment Information

The Group is involved in the following businesses.

- **Mobile Communications:** Mobile communication services, and sale of mobile phones accompanying to its services
- **Broadband Infrastructure:** ADSL and fiber-optic high-speed Internet connection service, IP telephony service, provision of content and other operations
- **Fixed-line Telecommunications:** Fixed-line telecommunications service
- **Internet Culture:** Internet-based advertising operations, portal business, and auction business
- **e-Commerce:** Distribution of PC software and hardware including PCs and peripherals and enterprise solutions, and diversified e-commerce businesses, including business transaction platforms (B2B) and consumer-related e-commerce (B2C)
- **Others:** Technology Services, Media & Marketing, Overseas Funds, and Others

(1) Business segment information

Business segments are categorized primarily based on the nature of business operations, type of services, and similarity of sales channels, etc., which the Group uses for its internal management purpose.

The tables below summarize the business segment information of the Group for the years ended March 31, 2009 and 2010:

(a) Sales and operating income

Millions of yen

For the year ended March 31, 2009	Business: Mobile Communications	Broadband Infrastructure	Fixed-line Telecommunications	Internet Culture	e-Commerce	Others	Total	Elimination or corporate	Consolidated
Sales to customers	¥1,554,784	¥229,241	¥320,358	¥251,167	¥247,352	¥70,133	¥2,673,035	¥ —	¥2,673,035
Intersegment sales	8,107	5,958	43,274	3,071	10,832	18,094	89,336	(89,336)	—
Total sales	1,562,891	235,199	363,632	254,238	258,184	88,227	2,762,371	(89,336)	2,673,035
Operating expenses	1,391,501	187,946	344,664	129,140	253,548	88,421	2,395,220	(81,306)	2,313,914
Operating income (loss)	¥ 171,390	¥ 47,253	¥ 18,968	¥125,098	¥ 4,636	¥ (194)	¥ 367,151	¥ (8,030)	¥ 359,121

(b) Total assets, depreciation, impairment loss and capital expenditures

Millions of yen

For the year ended March 31, 2009	Business: Mobile Communications	Broadband Infrastructure	Fixed-line Telecommunications	Internet Culture	e-Commerce	Others	Total	Elimination or corporate	Consolidated
Total assets	¥3,033,653	¥158,147	¥436,256	¥347,395	¥69,086	¥240,820	¥4,285,357	¥101,315	¥4,386,672
Depreciation and amortization	212,946	22,012	44,319	12,290	1,329	3,310	296,206	919	297,125
Impairment loss	—	28,999	—	480	—	—	29,479	—	29,479
Capital expenditures	199,569	14,698	51,825	31,985	1,415	4,765	304,257	242	304,499

(Note) Capital expenditures represent net increase in property and equipment, intangible assets, and long-term prepaid expense.

(a) Sales and operating income

Millions of yen

For the year ended March 31, 2010	Business: Mobile Communications	Broadband Infrastructure	Fixed-line Telecommunications	Internet Culture	e-Commerce	Others	Total	Elimination or corporate	Consolidated
Sales to customers	¥1,692,326	¥199,222	¥304,183	¥266,100	¥237,833	¥ 63,742	¥2,763,406	¥ —	¥2,763,406
Intersegment sales	9,120	4,207	44,510	4,792	11,510	22,513	96,652	(96,652)	—
Total sales	1,701,446	203,429	348,693	270,892	249,343	86,255	2,860,058	(96,652)	2,763,406
Operating expenses	1,440,514	154,650	325,702	135,739	243,550	84,691	2,384,846	(87,311)	2,297,535
Operating income	¥ 260,932	¥ 48,779	¥ 22,991	¥135,153	¥ 5,793	¥ 1,564	¥ 475,212	¥ (9,341)	¥ 465,871

(b) Total assets, depreciation, impairment loss and capital expenditures

Millions of yen

For the year ended March 31, 2010	Business: Mobile Communications	Broadband Infrastructure	Fixed-line Telecommunications	Internet Culture	e-Commerce	Others	Total	Elimination or corporate	Consolidated
Total assets	¥2,970,683	¥149,286	¥404,736	¥475,563	¥73,256	¥247,343	¥4,320,867	¥142,008	¥4,462,875
Depreciation and amortization	227,926	17,167	42,566	11,820	1,481	3,118	304,078	936	305,014
Impairment loss	—	—	—	1,407	—	—	1,407	—	1,407
Capital expenditures	184,771	18,713	18,039	7,886	883	4,021	234,313	322	234,635

(Note) Capital expenditures represent net increase in property and equipment, intangible assets, and long-term prepaid expense.

(a) Sales and operating income

Thousands of U.S. dollars

For the year ended March 31, 2010	Business: Mobile Communications	Broadband Infrastructure	Fixed-line Telecommunications	Internet Culture	e-Commerce	Others	Total	Elimination or corporate	Consolidated
Sales to customers	$18,189,230	$2,141,251	$3,269,379	$2,860,060	$2,556,245	$685,103	$29,701,268	$ —	$29,701,268
Intersegment sales	98,023	45,217	478,396	51,505	123,710	241,971	1,038,822	(1,038,822)	—
Total sales	18,287,253	2,186,468	3,747,775	2,911,565	2,679,955	927,074	30,740,090	(1,038,822)	29,701,268
Operating expenses	15,482,739	1,662,188	3,500,666	1,458,932	2,617,691	910,264	25,632,480	(938,424)	24,694,056
Operating income	$ 2,804,514	$ 524,280	$ 247,109	$1,452,633	$ 62,264	$ 16,810	$ 5,107,610	$ (100,398)	$ 5,007,212

(b) Total assets, depreciation, impairment loss and capital expenditures

Thousands of U.S. dollars

For the year ended March 31, 2010	Business: Mobile Communications	Broadband Infrastructure	Fixed-line Tele-communications	Internet Culture	e-Commerce	Others	Total	Elimination or corporate	Consolidated
Total assets	$31,929,095	$1,604,536	$4,350,129	$5,111,382	$787,360	$2,658,459	$46,440,961	$1,526,312	$47,967,273
Depreciation and amortization	2,449,764	184,512	457,502	127,042	15,918	33,512	3,268,250	10,060	3,278,310
Impairment loss	—	—	—	15,123	—	—	15,123	—	15,123
Capital expenditures	1,985,931	201,129	193,884	84,759	9,491	43,218	2,518,412	3,461	2,521,873

(Note) Capital expenditures represent net increase in property and equipment, intangible assets, and long-term prepaid expense.

(2) Geographic segment information

The tables below summarize the geographic segment information of the Group for the years ended March 31, 2009 and 2010:

Millions of yen

For the year ended March 31, 2009	Geographic region: Japan	North America	Others	Total	Elimination or corporate	Consolidated
Sales to customers	¥2,659,115	¥ 1,067	¥ 12,853	¥2,673,035	¥ —	¥2,673,035
Intersegment sales	3,363	—	—	3,363	(3,363)	—
Total sales	2,662,478	1,067	12,853	2,676,398	(3,363)	2,673,035
Operating expenses	2,295,801	(1,233)	13,530	2,308,098	5,816	2,313,914
Operating income (loss)	¥ 366,677	¥ 2,300	¥ (677)	¥ 368,300	¥ (9,179)	¥ 359,121
Total assets	¥3,987,164	¥141,933	¥154,884	¥4,283,981	¥102,691	¥4,386,672

Millions of yen

For the year ended March 31, 2010	Geographic region: Japan	North America	Others	Total	Elimination or corporate	Consolidated
Sales to customers	¥2,754,411	¥ 981	¥ 8,014	¥2,763,406	¥ —	¥2,763,406
Intersegment sales	5,544	—	—	5,544	(5,544)	—
Total sales	2,759,955	981	8,014	2,768,950	(5,544)	2,763,406
Operating expenses	2,282,151	1,890	8,639	2,292,680	4,855	2,297,535
Operating income (loss)	¥ 477,804	¥ (909)	¥ (625)	¥ 476,270	¥ (10,399)	¥ 465,871
Total assets	¥3,969,670	¥134,360	¥191,273	¥4,295,303	¥167,572	¥4,462,875

Thousands of U.S. dollars

For the year ended March 31, 2010	Geographic region: Japan	North America	Others	Total	Elimination or corporate	Consolidated
Sales to customers	$29,604,589	$ 10,544	$ 86,135	$29,701,268	$ —	$29,701,268
Intersegment sales	59,587	—	—	59,587	(59,587)	—
Total sales	29,664,176	10,544	86,135	29,760,855	(59,587)	29,701,268
Operating expenses	24,528,707	20,314	92,853	24,641,874	52,182	24,694,056
Operating income (loss)	$ 5,135,469	$ (9,770)	$ (6,718)	$ 5,118,981	$ (111,769)	$ 5,007,212
Total assets	$42,666,273	$1,444,110	$2,055,815	$46,166,198	$1,801,075	$47,967,273

Independent Auditors' Report

Deloitte.

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To the Board of Directors of SOFTBANK CORP.:

We have audited the accompanying consolidated balance sheets of SOFTBANK CORP. and consolidated subsidiaries (the "Company") as of March 31, 2010 and 2009, and the related consolidated statements of income, changes in equity, and cash flows for the years then ended , all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of SOFTBANK CORP. and consolidated subsidiaries as of March 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

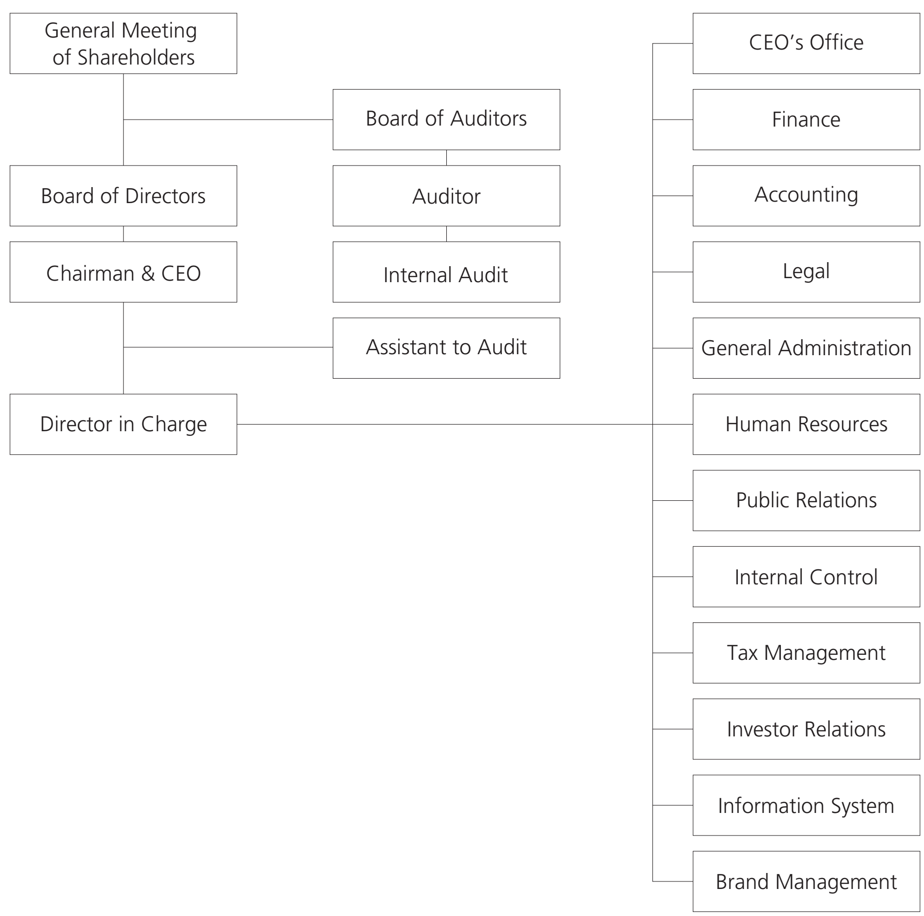
June 25, 2010

Member of
Deloitte Touche Tohmatsu

Corporate Data

As of March 31, 2010

Corporate name	SOFTBANK CORP.
Founded	September 3, 1981
Corporate headquarters	1-9-1 Higashi-shimbashi, Minato-ku, Tokyo 105-7303
Telephone number	+81-3-6889-2000
Representative	Masayoshi Son, Chairman & CEO
Paid-in capital	188,750,781,101 yen
Consolidated subsidiaries	109 (of which, 55 are overseas)
Equity method affiliates	64 (of which, 44 are overseas)
Number of employees	148 (consolidated basis: 21,885)
Main business	Pure holding company
Accounting auditor	Deloitte Touche Tohmatsu
Organizational structure	



History

1980

1981.09

SOFTBANK Corp. Japan (Yombancho, Chiyoda-ku, Tokyo) established. Commenced operations as a distributor of packaged software.

1982.05

Entered publishing business, launching *Oh! PC* and *Oh! MZ*, monthly magazines introducing PCs and software by manufacturer.

1990

1990.07

Changed trade name to SOFTBANK CORP.

1994.03

Established SOFTBANK Holdings Inc. in the U.S. to gather information on U.S. Internet-related companies with a view to strategic investment.

1994.07

Registered with Japan Securities Dealers Association.

1994.12

Acquired events division from Ziff Communications Company of the U.S through SOFTBANK Holdings Inc.

1995.04

Invested in Technology Events Division of the Interface Group in the U.S., which was operating COMDEX, the world largest computer fair.

1996.01

Established Yahoo Japan Corporation.

1996.02

Acquired Ziff-Davis Publishing Company, U.S. publisher of *PC WEEK* magazine, provider of leading-edge information on the computer industry.

1996.04

Acquired additional shares of Yahoo! Inc. through SOFTBANK Holdings Inc. and became its primary shareholder.*[1]

1996.05

Relocated corporate headquarters to Nihonbashi-hakozakicho, Chuo-ku, Tokyo.

1996.06

Formed a partnership with The News Corporation Limited, an Australian company in JSkyB (current SKY PerfecTV!), a digital satellite broadcasting business.

1997.11

Yahoo Japan Corporation, registered with Japan Securities Dealers Association (current JASDAQ).*[2]

1998.01

SOFTBANK CORP., listed on the First Section of Tokyo Stock Exchange.

1999.07

SOFTBANK TECHNOLOGY CORP., registered with Japan Securities Dealers Association (current JASDAQ).*[3]

1999.10

Converted to pure holding company.

*1 As of March 31, 2010, the Company holds 3.8% of Yahoo! Inc.'s voting rights.
*2 Yahoo Japan Corporation was listed on the First Section of the Tokyo Stock Exchange in October 2003 and on the JASDAQ market in February 2007.
*3 SOFTBANK TECHNOLOGY CORP. was listed on the Second Section of the Tokyo Stock Exchange in December 2004 and on the First Section in March 2006.
*4 In April 2009, Cellco Partnership (Verizon Wireless) in the U.S. joined JIL B.V.

2000

2000.08
Vector Inc., listed on NASDAQ Japan (current Hercules).

2001.09
Commercial launch of *Yahoo! BB* comprehensive broadband service.

2004.07
Acquired shares of JAPAN TELECOM CO. (current SOFTBANK TLECOM Corp.), converted company to subsidiary, and entered Fixed-line Telecommunications business.

2004.12
Commercial launch of *OTOKU Line* direct connection fixed-line voice service.

2004.12
Decided the SOFTBANK Group's new logo based on the corporate identity.

SoftBank

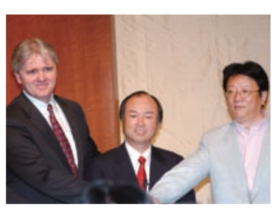
2005.01
Acquired shares of Fukuoka Daiei Hawks Corp. (current Fukuoka SoftBank HAWKS Corp.) and converted company to subsidiary.

2005.03
Relocated corporate headquarters to Higashi-shimbashi, Minato-ku, Tokyo.

2005.08
Agreed with Alibaba.com Corporation (current Alibaba Group Holding Limited), and Yahoo! Inc., to establish a strategic partnership in Internet businesses in China.

2005.12
Revised SOFTBANK Group Charter in accordance with reinforcement of SOFTBANK Group governance system.

2006.04
Acquired shares of Vodafone K.K. (current SOFTBANK MOBILE Corp.) through public tender offer, converted company to subsidiary, and entered the Mobile Communications business.



2007.04
ITmedia Inc., listed on Mothers section of Tokyo Stock Exchange.

2007.06
Carview Corporation, listed on Mothers section of Tokyo Stock Exchange.

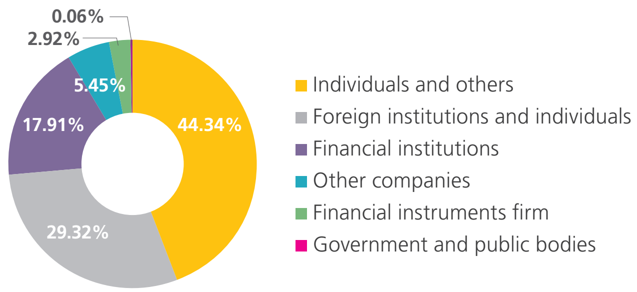
2008.04
SOFTBANK CORP., agreed with China Mobile Limited and Vodafone Group Plc to establish a joint venture, JIL B.V. (Joint Innovation Lab).*4

Stock Information

As of March 31, 2010

Shareholder registrar	Mitsubishi UFJ Trust and Banking Corporation
Stock exchange registration	Tokyo Stock Exchange, First Section
Stock code	9984
Number of shares	
Shares authorized	3,600,000,000 shares
Shares issued (including treasury stock)	1,082,503,878 shares
Number of shareholders	316,746

Distribution of Ownership Among Shareholders



(Note) Treasury stock is included in "Individuals and others."

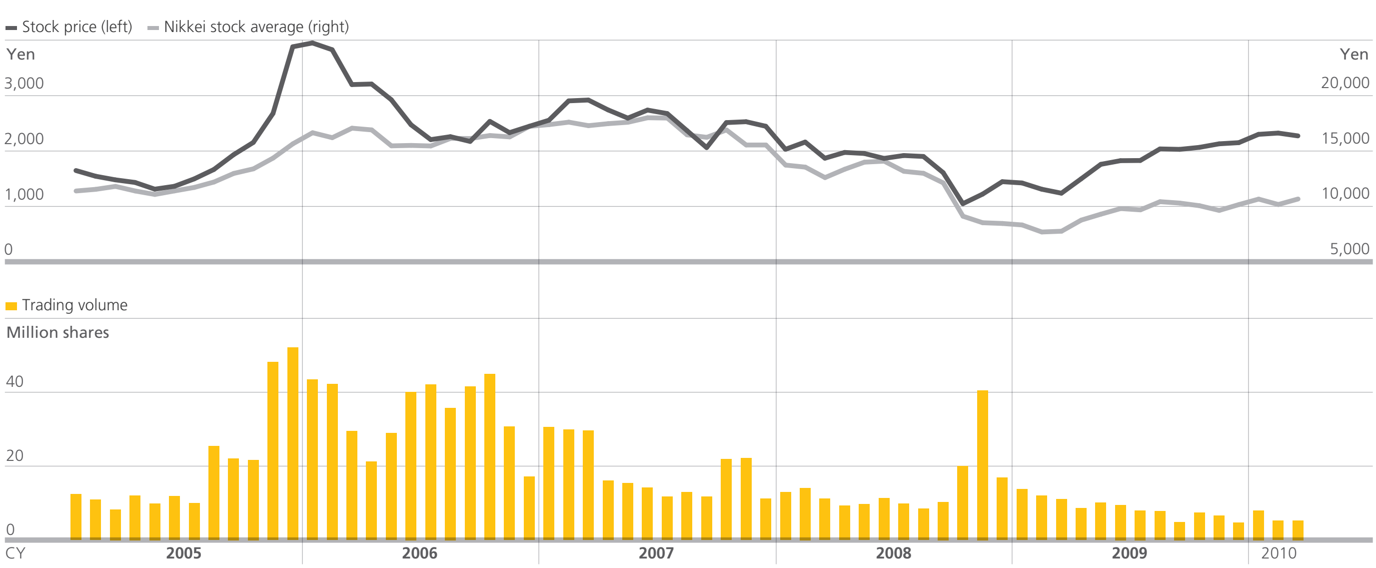
Principal Shareholders

Name	Number of Shares Held (Thousands)	Percentage of Total Shares Issued (%)
Masayoshi Son	229,414	21.20
Japan Trustee Services Bank, Ltd.	100,109	9.25
The Master Trust Bank of Japan, Ltd.	53,988	4.99
JP Morgan Chase Bank 380055	40,775	3.77
State Street Bank and Trust Company	25,476	2.35
Trust & Custody Services Bank, Ltd.	22,079	2.04
Ordy 05 Omnibus China Treaty 808150	9,980	0.92
JPMorgan Securities Japan Co., Ltd.	8,573	0.79
THE CHASE MANHATTAN BANK 385036	8,325	0.77
State Street Bank and Trust Company 505225	8,300	0.77
Top 10 shareholders	507,025	46.85

(Note) The above table includes shares held as part of trust operations as follows:

Japan Trustee Services Bank, Ltd.	100,109 thousand shares
The Master Trust Bank of Japan, Ltd.	53,988 thousand shares
Trust & Custody Services Bank, Ltd.	22,079 thousand shares

Stock Price and Trading Volume



(Note) Stock prices are average prices for each month, and trading volumes are average volumes for each month. Retroactively adjusted for the stock split excecuted on January 5, 2006 (3.0:1).

CLEAR VISION and BOLD ACTION
Next 30 Years, and Beyond

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SOFTBANK CORP.

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