SoftBank

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In this interview, chairman & CEO Masayoshi Son gives an overview of fiscal 2011 and talks about initiatives for realizing sustained growth, and the outlook for the future.

Masayoshi Son
Chairman & CEO

Confident about Growth

User Guide

This PDF has various features to make it easy to use and to search for information. It also contains links to external Web sites to allow you to refer to external information easily.

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Disclaimer

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- Information in this report regarding companies other than SOFTBANK CORP. and other companies of the SOFTBANK Group is quoted from public sources and others. We do not guarantee the accuracy of this information.
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Definition of Terms

- "Fiscal 2011" refers to our fiscal year ended March 31, 2012, and other fiscal years are referred to in a corresponding manner in this annual report. FYE denotes the fiscal year-end. For example, FYE2011 denotes March 31, 2012, the last day of fiscal 2011.
- Please refer to the Glossary on pages 140–141 for meanings and definitions of the terms used in this annual report.

PLEASE NOTE

Change of Rule for Expressing the Fiscal Year in the SOFTBANK ANNUAL REPORT 2012

SOFTBANK has changed the rule used to express the fiscal year in its annual report, effective from this ANNUAL REPORT 2012. The change is as follows:

From this ANNUAL REPORT 2012, all fiscal years will be designated by the year in which the year starts. For example, the fiscal year ended March 31, 2012 will be designated "fiscal 2011."

In previous annual reports, the fiscal year was designated by the year in which the fiscal year ended. Under this system, the fiscal year ended March 31, 2012 would have been designated "fiscal 2012."

This change will align fiscal year designation in the Company's annual reports with that currently used in the Company's consolidated financial reports.

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.

Regarding Trademarks

- iPhone and iPad are trademarks of Apple Inc.
- The iPhone trademark is used under license from Aiphone K.K.
- Google, Google Apps, and Android are trademarks or registered trademarks of Google Inc.
- Other names of companies, products, and services and such that appear in this annual report are trademarks or registered trademarks of their respective companies.

Corporate Philosophy

Information Revolution – Happiness for everyone

Vision

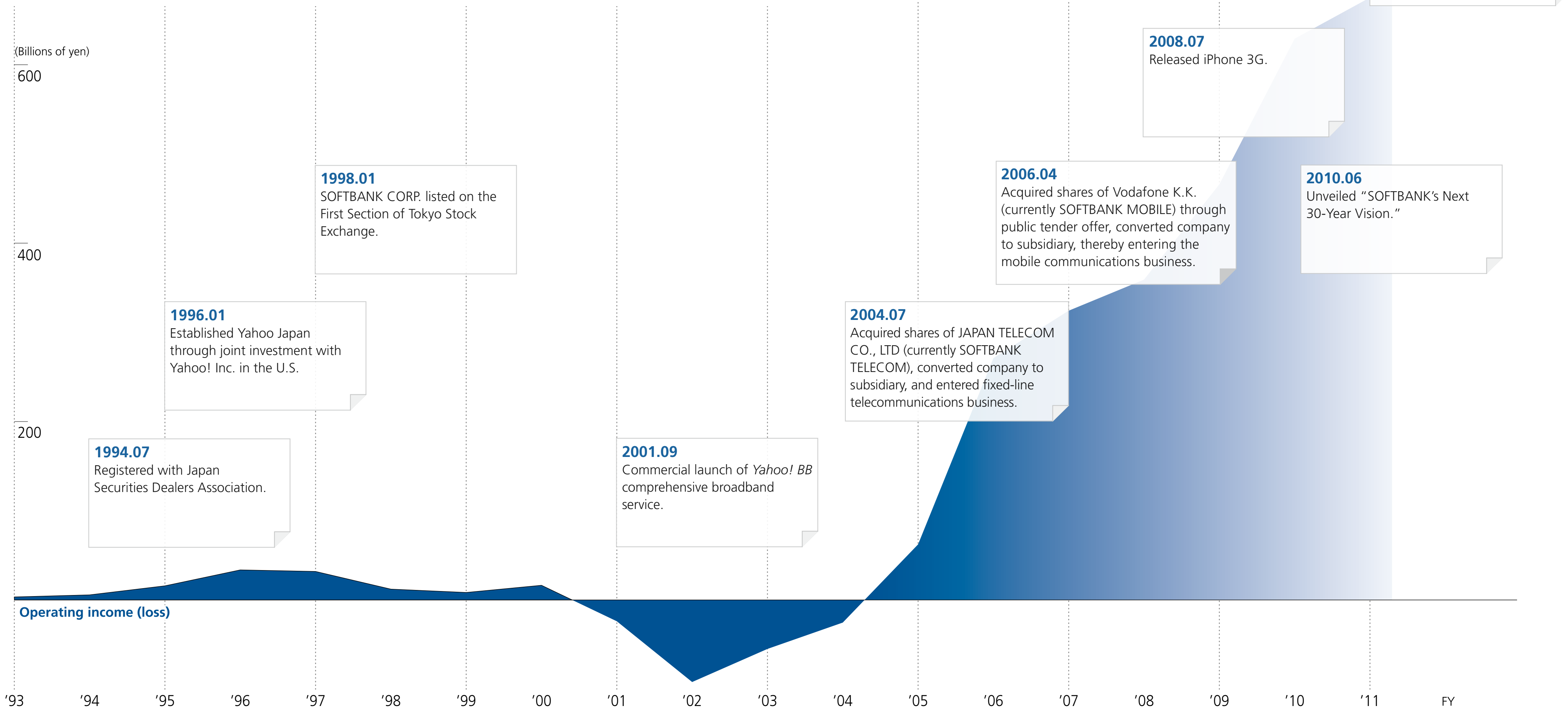
The corporate group needed most by people around the world

Target


FY2016 Target
Consolidated Operating Income
JPY 1 Trillion
45
議
長

Track Record

When SOFTBANK's shares were first offered to the public in fiscal 1994, the Group's consolidated operating income was ¥5.6 billion. In fiscal 2011, the figure has increased by around 120 times to ¥675.2 billion. This rapid growth is the result of continuously applying sharp insight into the future changes in the information industry to swift execution of bold strategies.



For further details, please see page 136.

Performance Snapshot 2012

Operating Income

¥675.2 billion

Up 7.3% YoY

Net Interest-bearing Debt

¥547.2 billion

Down 71.8% from FYE2008

Operating Margin

21.1%

Up 0.2 of a point YoY

Dividend per Share

¥40

8-fold increase YoY

Business Snapshot 2012

Share of Cumulative Mobile Subscribers

22.6%

Up 6.0 points from FYE2005

Net Subscriber Additions for the Year

No. 1

Second consecutive year

Number of Base Stations

186,000

Increased by 63,000 YoY

Data ARPU

¥2,510

Up ¥200 YoY

Business

The SOFTBANK Group has based its business growth on the Internet. The Group is currently engaged in various businesses in the information industry, including mobile communications, broadband infrastructure, fixed-line telecommunications, and Internet culture.

Investments

The SOFTBANK Group invests in Internet companies possessing outstanding technologies or business models, or establishes joint ventures with them. Through these investments, the Group is forming a "strategic synergy group" centered in Asia.

Business Segments

SoftBank
SOFTBANK CORP.
(a pure holding company)

Mobile Communications Segment
SOFTBANK MOBILE
SoftBank MOBILE
P.039

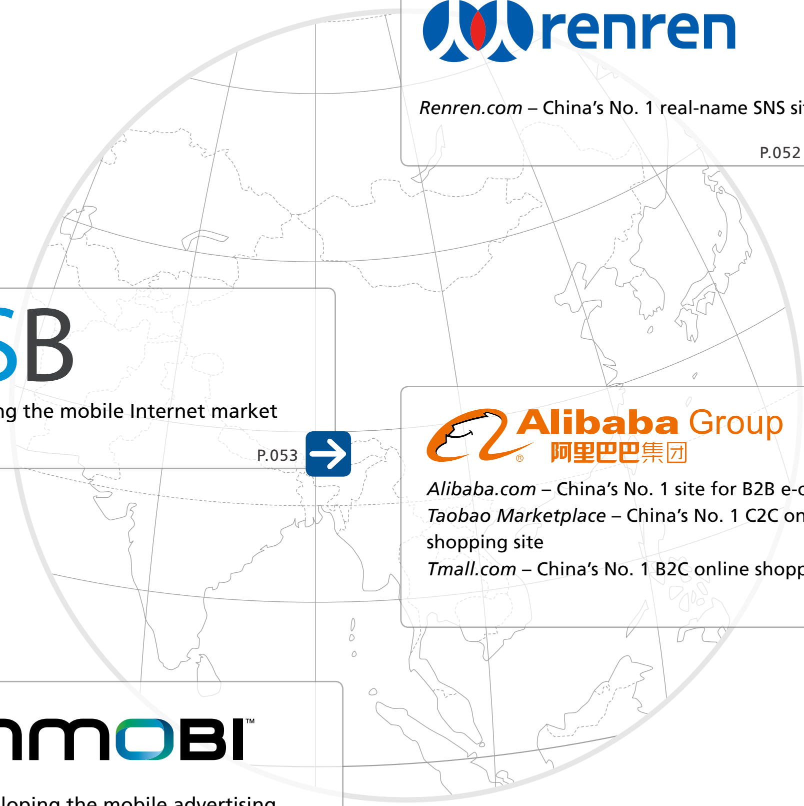
Broadband Infrastructure Segment
SOFTBANK BB
SoftBank BB
P.041

Fixed-line Telecommunications Segment
SOFTBANK TELECOM
SoftBank TELECOM
P.042

Internet Culture Segment
Yahoo Japan
P.043

Others
Distribution of PC software and peripheral devices
Fukuoka SOFTBANK HAWKS-related business and others

Main Investments



renren
Renren.com – China's No. 1 real-name SNS site
P.052

BSB
Pioneering the mobile Internet market in India
P.053

Alibaba Group 阿里巴巴集团
Alibaba.com – China's No. 1 site for B2B e-commerce
Taobao Marketplace – China's No. 1 C2C online shopping site
Tmall.com – China's No. 1 B2C online shopping site
P.052

InMobi
Developing the mobile advertising network on a global scale
P.053

Group Overview and Investees

The SOFTBANK Group comprises the pure holding company SOFTBANK, 196 subsidiaries and 97 affiliates (including 133 consolidated subsidiaries and 74 equity method companies). The Group possesses both advanced infrastructure and diverse services and content, and invests in promising companies working in the Internet field.

SOFTBANK CORP.
(a pure holding company)

Major Consolidated Subsidiaries

SOFTBANK MOBILE Corp.
Voting rights: **100**%

SOFTBANK BB Corp.
Voting rights: **100**%

SOFTBANK TELECOM Corp.
Voting rights: **100**%

Yahoo Japan Corporation
Voting rights: **42.2**%

Major Equity Method Affiliates

Alibaba Group Holding Limited
Voting rights: **31.9**%
P.052

InMobi Pte. Ltd.
Voting rights: **21.2**%
P.053

Renren Inc.
Voting rights: **34.1**%
P.052

Wireless City Planning Inc.
Voting rights: **33.3**%

Ustream, Inc.
Voting rights: **23.4**%

Major Affiliates Not Accounted for by the Equity Method

Bharti Softbank Holdings Pte. Ltd.
Voting rights: **approx. 50**%
P.053

Investee Companies

Zynga Inc.
Voting rights: not disclosed

Gilt Groupe Inc.
Voting rights: not disclosed

* Shares of voting rights held are as of most recent fiscal year-end for each company.

CEO Message

In fiscal 2011, the SOFTBANK Group set new records for net sales, operating income, and net income. This powerful progress is due to our foreseeing the arrival of the mobile Internet era at an early stage and promoting our smartphone-based strategies ahead of our competitors.

It shows how our practice of “goal-oriented management” is the source of our growth capability and competitive strength. Specifically, this involves anticipating changing times, setting ambitious targets, extrapolating backward from the targets to see what needs to be done to achieve them, and then executing the necessary strategies. We can perform this kind of management because as the only true “mobile Internet company” to have originated from the Internet industry we have a native insight that enables us to read the broad industry trends with great accuracy.

In February 2012, we announced our new target of achieving consolidated operating income of ¥1 trillion in fiscal 2016. We have extrapolated backward from this target to devise strategies, which we are already executing. I am positive that we can achieve this goal without fail. I invite you to continue to expect us to take up great challenges and deliver results in the years ahead.

July 2012

Chairman & CEO
Masayoshi Son

孫 正義

Five-year Summary

SOFTBANK CORP. and consolidated subsidiaries Fiscal year ended March 31

FY	2007	2008	2009	2010	2011	Millions of yen YoY change	Thousands of U.S. dollars 2011
Net sales	¥2,776,169	¥2,673,035	¥2,763,406	¥3,004,640	¥3,202,436	¥ 197,796	$38,963,816
EBITDA	626,662	678,636	787,631	930,730	1,013,716	82,986	12,333,812
Operating income	324,287	359,121	465,871	629,163	675,283	46,120	8,216,121
Net income	108,625	43,172	96,716	189,713	313,753	124,040	3,817,411
Total assets	4,558,902	4,386,672	4,462,875	4,655,725	4,899,705	243,980	59,614,369
Total shareholders' equity	383,743	374,094	470,532	619,253	936,695	317,442	11,396,702
Interest-bearing debt	2,532,969	2,400,391	2,195,471	2,075,801	1,568,126	(507,675)	19,079,280
Net interest-bearing debt	2,036,879	1,939,521	1,501,074	1,209,636	547,299	(662,337)	6,658,949
Net cash provided by (used in) operating activities	158,258	447,858	668,050	825,837	740,227	(85,610)	9,006,290
Net cash (used in) provided by investing activities	(322,461)	(266,295)	(277,162)	(264,448)	(375,656)	(111,208)	(4,570,580)
Free cash flow	(164,203)	181,563	390,888	561,389	364,571	(196,818)	4,435,710
Capital expenditure (acceptance basis)	293,720	259,094	222,915	420,591	516,375	95,784	6,282,699
Depreciation and amortization (excluding amortization of goodwill)	220,255	236,014	243,944	224,937	275,826	50,889	3,355,956
Major Indicators							
EBITDA margin	22.6%	25.4%	28.5%	31.0%	31.7%		
Operating margin	11.7%	13.4%	16.9%	20.9%	21.1%		
Return on assets (ROA)	2.4%	1.0%	2.2%	4.2%	6.6%		
Return on equity (ROE)	32.6%	11.4%	22.9%	34.8%	40.3%		
Equity ratio	8.4%	8.5%	10.5%	13.3%	19.1%		
Debt / equity ratio	6.6 times	6.4 times	4.7 times	3.4 times	1.7 times		
Per Share Data						Yen	U.S. dollars
Net income	¥101.68	¥ 39.95	¥ 89.39	¥175.28	¥285.78	¥110.50	$ 3.48
Shareholders' equity	355.15	346.11	434.74	572.14	852.69	280.55	10.37
Cash dividends	2.50	2.50	5.00	5.00	40.00	35.00	0.49

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 ¥82.19 to $1, the approximate rate of exchange at March 31, 2012.

Net Sales

¥3.2 trillion

(Up 6.6% YoY)

The main factor behind the increase was higher telecom service revenue resulting from steady growth in the number of mobile phone subscribers. Another factor was an increase in sales of mobile handsets following strong shipments of iPhone 4S.

Net Interest-bearing Debt

¥547.2 billion

(Down 71.8% from March 31, 2009)

Financial status has improved after the Company made much better progress than planned with its target of halving net interest-bearing debt over three years from the end of fiscal 2008.

Dividend Per Share

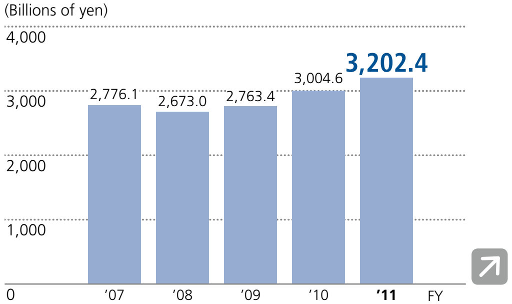
¥40

(8-fold increase YoY)

Management decided to significantly increase the dividend per share in light of steady progress on the key task of reducing net interest-bearing debt.

Graphs I

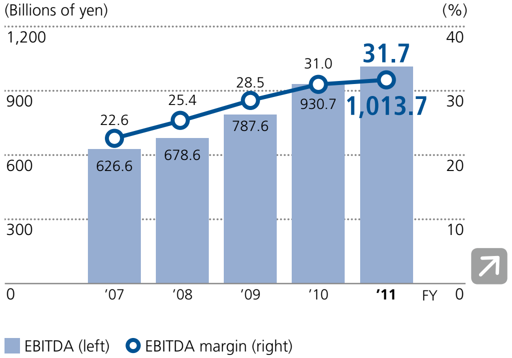
Net Sales



Increase in 4 years since FY2007:

¥426.3 billion

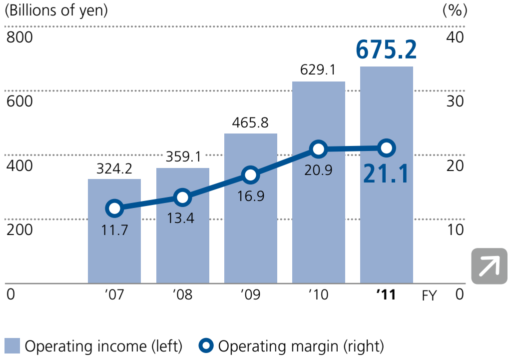
EBITDA, EBITDA Margin



Increase in EBITDA in 4 years since FY2007:

¥387.1 billion

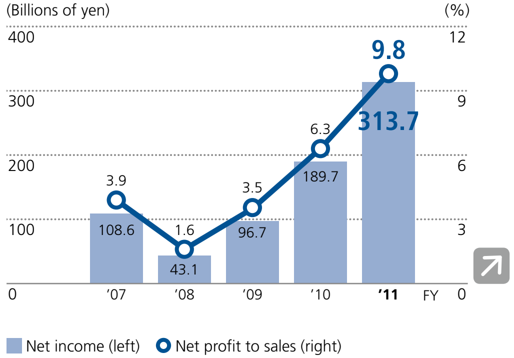
Operating Income, Operating Margin



Increase in operating income in 4 years since FY2007:

¥351.0 billion

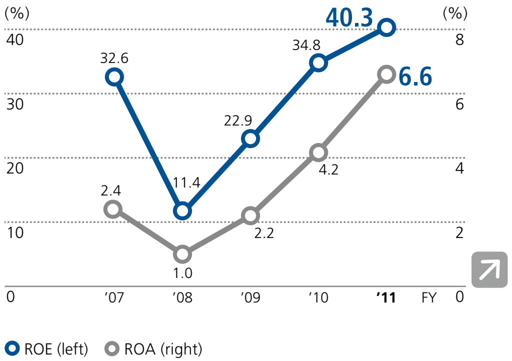
Net Income, Net Profit to Sales



Increase in net income in 4 years since FY2007:

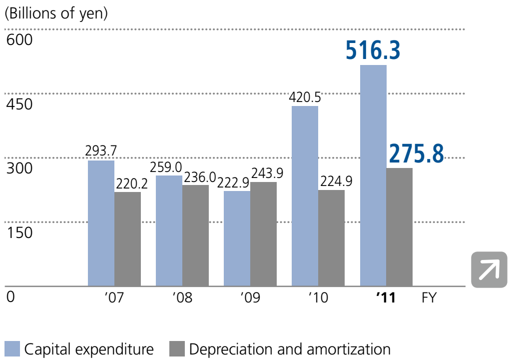
¥205.1 billion

ROE, ROA



ROE 40.3% ROA 6.6%

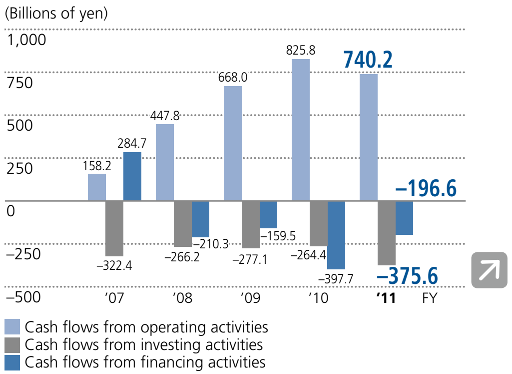
Capital Expenditure, Depreciation and Amortization



Capital expenditure (FY2011):

¥516.3 billion

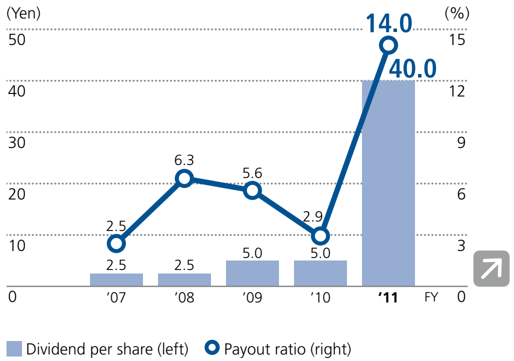
Cash Flow



Increase in cash flows from operating activities in 4 years since FY2007:

¥582.0 billion

Dividend per Share, Payout Ratio

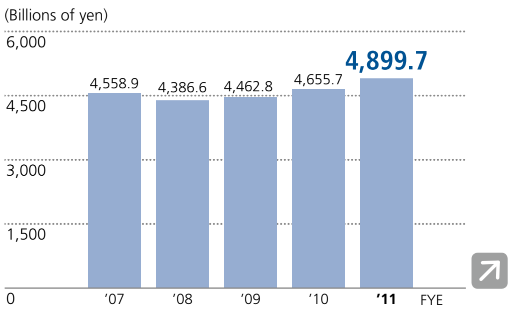


Dividend per share

8-fold increase YoY

Graphs II

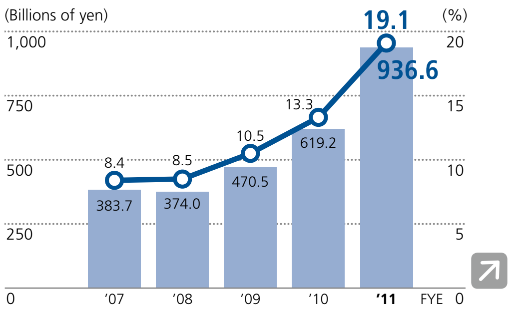
Total Assets



Increase in 4 years since FYE2007:

¥340.8 billion

Shareholders' Equity, Equity Ratio

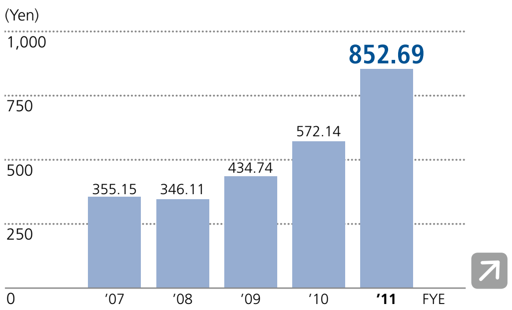


Shareholders' equity (left) Equity ratio (right)

Increase in equity ratio in 4 years since FYE2007:

10.7 points

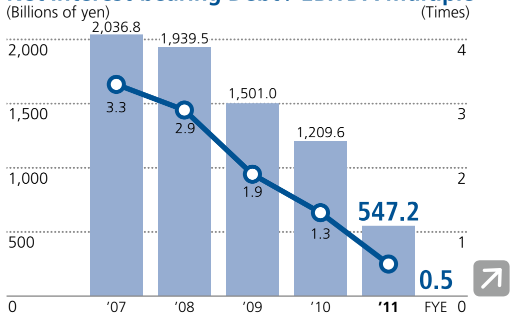
Shareholders' Equity per Share



Increase in 4 years since FYE2007:

¥497.54

Net Interest-bearing Debt, Net Interest-bearing Debt / EBITDA Multiple

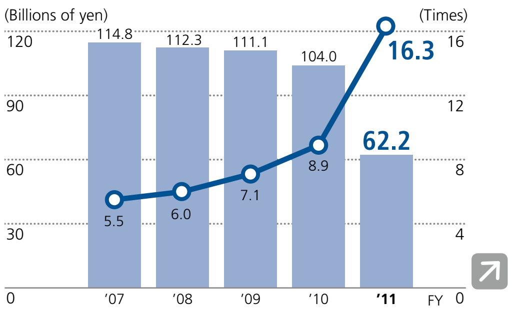


Net interest-bearing debt (left)
Net interest-bearing debt / EBITDA multiple (right)

Decrease in net interest-bearing debt in 4 years since FYE2007:

¥1,489.6 billion

Interest Expense, Interest Coverage Ratio

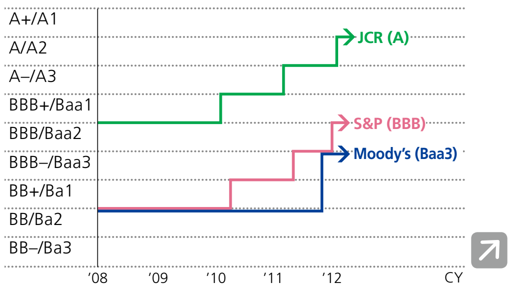


Interest expense (left) Interest coverage ratio (right)

Decrease in interest expense in 4 years since FY2007:

¥52.6 billion

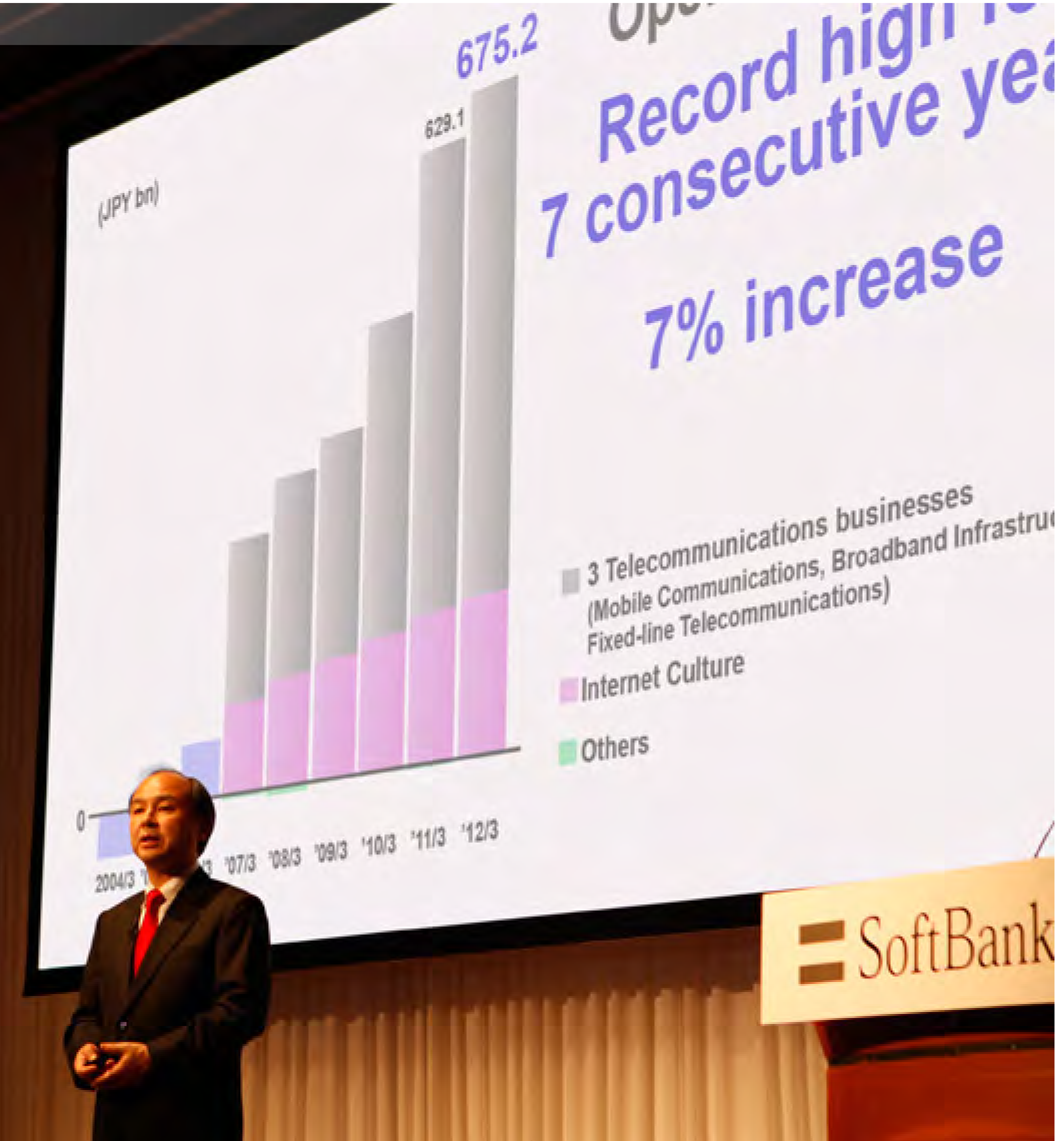
Credit Ratings



Best rating ever

Market Capitalization

CEO Interview



In fiscal 2011, the SOFTBANK Group delivered a strong performance, achieving higher results amid tough competition. In this interview, chairman & CEO Masayoshi Son gives an overview of fiscal 2011 and talks about initiatives for realizing sustained growth, and the outlook for the future.

Masayoshi Son
Chairman & CEO, SOFTBANK
Chairman & CEO, SOFTBANK MOBILE
Chairman & CEO, SOFTBANK BB
Chairman & CEO, SOFTBANK TELECOM

Facebook
Official Masayoshi Son Page
(Japanese only)

Twitter
@masason
(Japanese only)

Q1 Looking back on fiscal 2011, what kind of year was it?

A1 In terms of our consolidated results for fiscal 2011, net sales increased 6.6% year on year to ¥3.2 trillion, EBITDA was up 8.9% to ¥1 trillion, operating income increased 7.3% to ¥675.2 billion, and net income rose 65.4% to ¥313.7 billion. All of these results are records for us; in the case of net sales and net income it was the second consecutive year of record results, and for EBITDA and operating income, it was the seventh straight year. Our core Mobile Communications segment continued to perform strongly: we steadily added to the number of service subscribers, which increased our telecom service revenue, while the launch of iPhone 4S in October 2011 motivated people to upgrade, which boosted sales of mobile handsets. That's not to say that it was all plain sailing; in fact, we faced two unprecedented trials, but we managed to come through them successfully.

The first trial was responding to the Great East Japan Earthquake that occurred in March 2011. The quake neutralized 3,786 of our mobile phone base stations, mainly in the Tohoku region, and we had to work urgently to get them up and running again. Thanks to the combined efforts of the entire Group, we restored our service area*[1] to almost pre-quake levels within about a month after the disaster. However, we were made painfully aware of our important responsibility as a telecommunications operator that provides a lifeline as we reflected on the possibility that many lives might have been saved if people had been able to make calls or send texts right after the disaster. This has really made us aware that building a robust network is our social responsibility, so we're now working to construct a network that is more resilient to disasters.

The second trial occurred in October 2011 when KDDI (KDDI CORPORATION) began selling iPhone, for which we had previously enjoyed a kind of de-facto exclusivity in Japan. As iPhone has been the driver behind our rapid progress, the start of sales by a competitor was the biggest challenge we'd faced since our entry into the mobile communications business in 2006. We were concerned that we might see massive churn of around a million subscribers, but in the end our measures to retain our customers worked well, and we lost only a small portion of existing iPhone users through churn. Moreover, the effect on our acquisition of new customers has also been minimal. Overcoming this challenge has dispelled a great cloud of uncertainty that had hung over the future of the SOFTBANK Group, revealing a clear path to sustained growth going forward.

*[1] Excluding the area affected by Tokyo Electric Power Company's Fukushima Daiichi Nuclear Power Station, and access-restricted areas that were severely damaged in the earthquake and subsequent tsunami.

Q2 In March 2012, SOFTBANK MOBILE received allocation of the 900 MHz band. What happens now?

A2 We'd been seeking an allocation of one of the "platinum band" frequencies between 700 and 900 MHz for a long time. For example, we applied for an allocation back in 2004 when the 800 MHz band was reallocated. The platinum band is the optimal range for mobile communications services, so having an allocation in this bandwidth hugely affects your ability to compete. Because we didn't have one, we were forced into an unfair fight against NTT DOCOMO (NTT DOCOMO, INC.) and KDDI, who both have 800 MHz frequency band allocations, because in this business poor connectivity is an enormous handicap. Needless to say, we were all very excited to finally get the allocation of this platinum band.

We plan to phase in operation on the 900 MHz band starting from July 25, 2012, allowing us to finally compete on a level playing field against NTT DOCOMO and KDDI. We aim to bring our area coverage up to the same level as our two competitors as quickly as possible and realize a "SOFTBANK that connects everywhere." To this end, we will invest ¥500 billion in the Mobile Communications segment alone in fiscal 2012, as we work to swiftly roll out our new base stations.

Up until now, the top reason for customers cancelling their subscriptions was poor connectivity. By making a sweeping improvement to our connectivity, we expect to reduce our churn rate, and boost new customer acquisitions, ultimately accelerating growth in new subscribers.

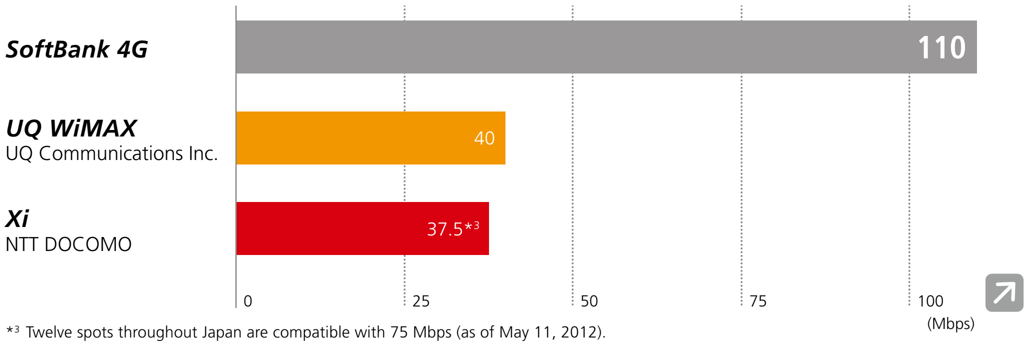
Q3 What initiatives are you taking in high-speed data communication services?

A3 Data communication speed is right up there alongside connectivity as a factor that influences customer satisfaction with the network. Our competitors are also concentrating their efforts on this area, with NTT DOCOMO introducing *Xi*, which uses the FDD-LTE standard, and the KDDI Group's UQ Communications developing *UQ WiMAX*, using the Mobile WiMAX standard. For our part, we plan to offer two high-speed data communication services to increase customer satisfaction with our network and outclass our competition.

The first service is *ULTRA SPEED* combining DC-HSDPA and HSPA+ standards. This service offers downlink speeds of up to 42 Mbps, roughly three times the speed of the conventional HSDPA-based service, *3G High Speed*. With coverage of around 80% of the population, this service is available over wide areas of Japan, centered around Tokyo, Nagoya, and Osaka. The other service is *SoftBank 4G*, which is based on the AXGP standard. This service started in February 2012, and boasts the industry's fastest[*2] downlink speeds at up to 110 Mbps. The service already covers the Tokyo metropolitan area, and we're currently working at full speed to expand the service area. We plan to achieve 100% population coverage in the 20 major cities designated by government ordinance throughout Japan by the end of fiscal 2012.

We will therefore use our platinum band to make a sweeping improvement in connectivity, and to differentiate ourselves from competitors with *ULTRA SPEED* and *SoftBank 4G* high-speed data communication services. Ultimately, we aim to achieve the No. 1 network in Japan.

Comparison of Maximum Downlink Speeds



*3 Twelve spots throughout Japan are compatible with 75 Mbps (as of May 11, 2012).

*2 Among mobile data communication services being offered in Japan as of May 29, 2012 based on published data from other companies and industry standard values.

Q4 How are you responding to the sharp increase in network traffic?

A4 Operators worldwide are grappling with the sudden increase in network traffic that has accompanied the spread of smartphones. The SOFTBANK Group is making an all-out effort to cope, taking a range of measures such as reducing cell size, which is the area covered by a single base station, and offloading traffic onto other networks by setting up more Wi-Fi access points. Even with these measures, however, the network is still strained.

Smartphone traffic will increase to around 10 times that of conventional mobile handsets, but what makes the problem more severe is that the lion's share of network capacity is taken up by some of our customers who generate a huge volume of traffic. Under flat-rate fee plans, there is no way to prevent these customers using the network in this way. Moreover, we are unable to get an appropriate price from these customers commensurate with the cost of service, and it is unfair for customers who do not use much data but pay the same flat-rate.

We need to make efficient use of our limited bandwidth to provide smooth communication services to all customers on an equal basis. To this end, we will raise the efficiency of our bandwidth usage by introducing LTE, and we also plan to introduce fee plans that place an additional charge on monthly data traffic that exceeds a certain volume.

Q5 What is the competitive edge of the Mobile Communications segment?

A5 Since its foundation, the SOFTBANK Group has grown up completely immersed in the world of the Internet, and has expanded its business fields to include mobile communications. On the other hand, NTT DOCOMO and KDDI are born-and-bred telecom companies. As the mobile phone continues to metamorphose into an "Internet machine," this difference in origins is beginning to form a clear divide between us and them. I believe the reason why we are the ones to make the first move time and time again, only to have other companies follow us months or even years later, comes down to our completely different perspectives on the industry landscape.

Take the smartphone for example. In 2008 when iPhone 3G was launched, our competitors all took the same stance, saying that conventional mobile phones were much easier to use than smartphones—they completely failed to imagine that smartphones would become popular. By comparison, we saw the imminent arrival of the mobile Internet era long before they did, and were absolutely convinced that smartphones such as iPhone would become mainstream. That's why we leapt straight in. It was this decision that helped us to make such tremendous strides forward later on. We were also ahead of them in seeing the importance of offloading traffic via Wi-Fi, and made the first move to introduce it. As of March 31, 2012, there were as many as 250,000 *SoftBank Wi-Fi Spot* access points. Our competitors didn't seem to notice the importance of offloading to Wi-Fi until much later, and then they scrambled to start installing access points. But they have still only managed to install half the number of points that we have.

It doesn't matter how hard our competitors try to imitate us on individual measures; the fact is that they will never close the gap between us. We will always be miles ahead of other companies, looking two steps ahead into the future of the Internet world.

Q6 What are your hopes for Yahoo Japan?

A6 With the widespread uptake of smartphones, a major change is occurring in the way people use the Internet. More and more people are accessing Internet services from their smartphones during brief spare moments—before leaving for work, during their commute, during their lunch break, or just before going to bed. An increasing number of people are also accessing social networking services (SNS) from their smartphones now.

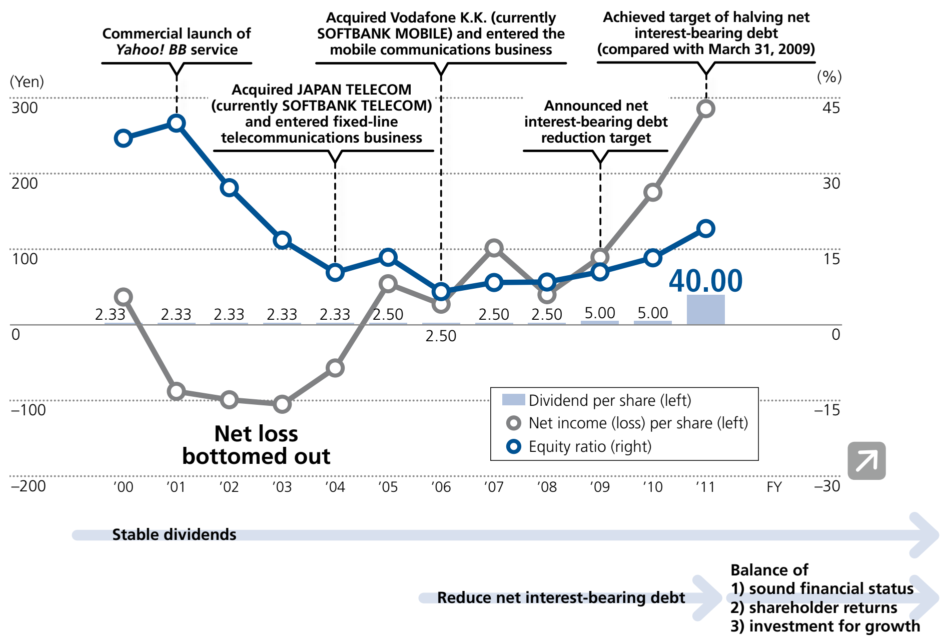
To cope with this sudden change in the Internet world and to continue developing, Yahoo Japan changed its management team in 2012, completely rejuvenating itself with a new generation of managers who are well versed in using smartphones and SNS. Under this new management team, Yahoo Japan is shifting the axis of its business from PCs to smartphones and prioritizing development of smartphone services under a strategy called "Smartphone First." I believe that by accelerating their development of smartphone services and forging deeper links with companies in the SOFTBANK Group, they can successfully reinvigorate slowing revenue and profit growth at Yahoo Japan.

Q7 What was behind the dramatic increase in the fiscal 2011 year-end dividend?

A7 The acquisition of Vodafone K.K. (currently SOFTBANK MOBILE) impacted the SOFTBANK Group's financial status. To improve the situation, in April 2009 we announced a target of halving our net interest-bearing debt, from ¥1.9 trillion at the end of fiscal 2008, by the end of fiscal 2011, and reducing it to zero by the end of fiscal 2014. We then proceeded to prioritize paying down net interest-bearing debt. As it turns out, we paid it down faster than planned—by the end of fiscal 2011 it was down to less than 30% of the level at the end of fiscal 2008. Our credit ratings have also improved sharply to our best rating ever, with Standard & Poor's raising us four notches from our level after entering the mobile communications business to a BBB rating, and Moody's lifting us three notches to Baa3.

Since we had made plenty of progress on improving our financial status by the end of fiscal 2011, we revised our policy of prioritizing reduction of net interest-bearing debt, and decided to aim for maximizing enterprise value by balancing strategic growth, strengthening financials, and shareholder returns. Under this new policy, we brought forward the dividend increase we had planned for fiscal 2014, including it as part of an eight-fold year-on-year increase in the year-end dividend for fiscal 2011, to ¥40 per share. We decided on ¥40 this time because we are confident that we can continue to make stable dividend payments at this level, but over the medium to long term we fully intend to do even better.

Net Income (Loss) Per Share, Dividend Per Share, and Equity Ratio



Q8 What is your forecast for fiscal 2012, and what are your medium-term targets?

A8 We continue to steadily add to our customer base in the core Mobile Communications segment, so I expect we'll see revenue and profit continue to grow in fiscal 2012. I'm confident that consolidated operating income will exceed ¥700.0 billion.

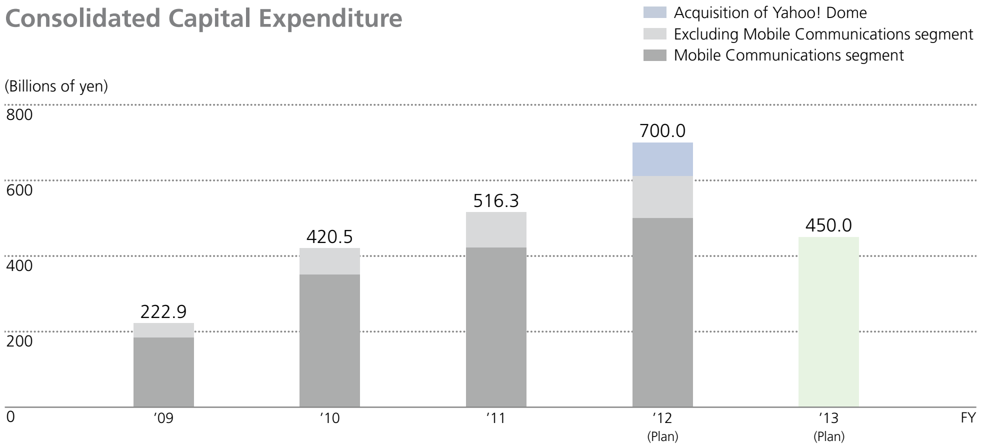
In the medium term, we are aiming for consolidated operating income of ¥1 trillion in fiscal 2016. I'd like to see us reach this target through organic growth in our existing businesses, mainly the mobile communications business. Various businesses in the Internet world are beginning to bud one after the other, and we'll incorporate these skillfully into our strategies to promote growth.

Q9 What is the forecast for capital expenditure from fiscal 2012 on?

A9 We expect our consolidated capital expenditure in fiscal 2012 to be ¥700.0 billion, up 35.6% year on year. However, this includes ¥87.6 billion for the acquisition of Fukuoka Yahoo! JAPAN Dome, also known as the Yahoo! Dome, as a home stadium for the Group's professional baseball team. Moreover, ¥500.0 billion of the entire amount will be spent in the Mobile Communications segment, a year-on-year increase of 18.3%, mainly to execute our plan to roll out 900 MHz base stations en masse.

Consolidated capital expenditure has been increasing steadily. In fiscal 2010, we spent ¥420.5 billion, of which ¥351.5 billion was used in the Mobile Communications segment, and in fiscal 2011, we spent ¥516.3 billion, with ¥422.7 billion spent in the Mobile Communications segment. However, it should peak out in fiscal 2012, and we expect spending to be around ¥450.0 billion in fiscal 2013. This is because by the end of fiscal 2012 we expect to have achieved reasonable progress in the most costly aspects of setting up the 900 MHz service—setting up steel towers for the base stations and installing optic-fiber cables.

Consolidated Capital Expenditure



Q10 Are you planning to make a significant investment in renewable energy?

A10 The power supply situation in Japan was completely shaken up by the incident at the Fukushima Daiichi Nuclear Power Station after the Great East Japan Earthquake. Our goal at this time is to serve as the standard bearer for change—namely, reducing dependence on nuclear power and promoting a shift to renewables. So, we've been working with local governments up and down the country to create model renewable energy power generation projects. That said, the SOFTBANK Group's real field of business is the information industry. We've limited ourselves to small-scale investments in the renewable energy field, and these have almost no impact on our consolidated business results.

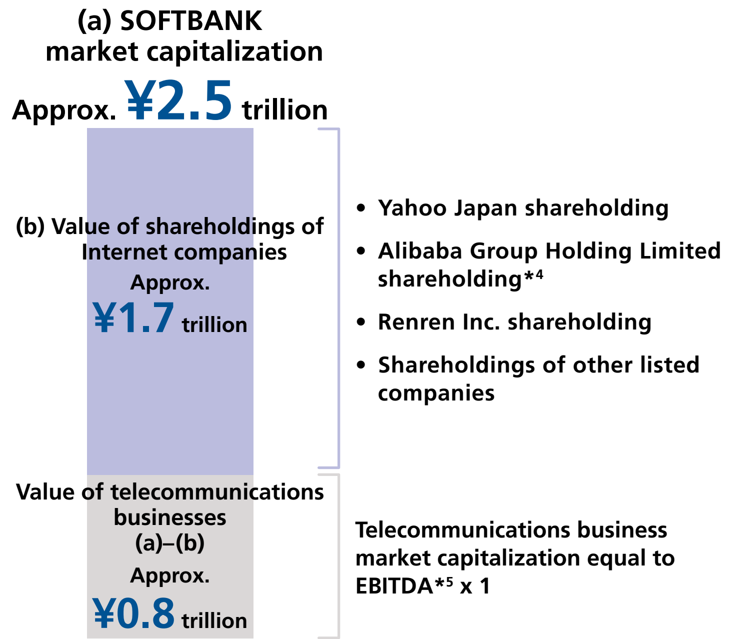
Q11 What's your opinion on SOFTBANK's market valuation?

A11 One of the special features of the SOFTBANK Group is that while our core operations are in the telecommunications business, with the mobile communications, broadband infrastructure, and fixed-line telecommunications businesses, we also have many outstanding Internet companies like Yahoo Japan and Alibaba Group Holding Limited. Since this makes us a highly unusual corporate group, I tend to doubt that we are valued correctly by the stock markets.

Making a conservative estimate, our shareholdings in the Internet companies under our umbrella are worth around ¥1.7 trillion. SOFTBANK's market capitalization was approximately ¥2.5 trillion, as of April 28, 2012, so if we subtract the value of the Internet company shares, it leaves only around ¥0.8 trillion as the value of our core telecommunications businesses. Now if we consider that the EBITDA from these businesses in fiscal 2011 was approximately ¥0.8 trillion, and that the market capitalization of operators in this industry is usually between four and six times their EBITDA, then we'd have to say that it's extremely unusual to have a market capitalization to EBITDA ratio of one to one. The unfortunate conclusion is that the market valuation of our telecommunications businesses or the shares of our Internet companies, or of both, is incorrect.

To address this, we will use opportunities such as the earnings results briefings to explain these matters to investors, and will work on raising SOFTBANK's enterprise value by demonstrating synergies between our telecommunications businesses and our Internet companies.

SOFTBANK Market Valuation



*4 Calculated using the most recent valuation of shareholding at US$35.0 billion.
*5 Combined EBITDA of all telecommunications businesses for fiscal 2011 was approximately ¥0.8 trillion.
(Note) Shareholding value of listed companies as of April 26, 2012

Feature

Confident about Growth

Telecommunications Business Strategy

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Corporate Sales

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Mobile Network

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Financial and Capital Strategy

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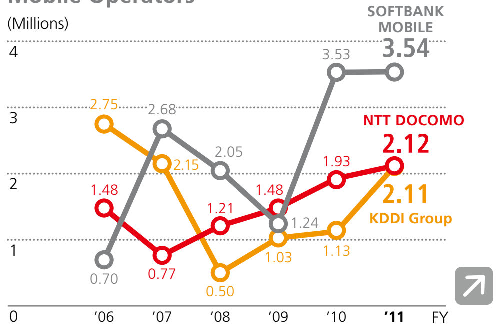
Telecommunications Business Strategy

A Year of Overcoming Challenges through Team Effort

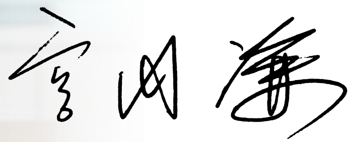
Fiscal 2011 was a difficult year in which we faced numerous challenges. Several factors cast a dark shadow over the Japanese economy, including the Great East Japan Earthquake and the subsequent nuclear accident, an uncertain outlook for the European economy stemming from the fiscal crisis, and the historic appreciation of the yen. The SOFTBANK Group directly faced fierce competition centered on smartphones, even as its telecommunications network was heavily impacted by the Great East Japan Earthquake and large-scale typhoons. However, as a result of a team effort to implement countermeasures and initiatives based on speedy decision-making, we overcame these challenges and continued to achieve growth.

Net Subscriber Additions for Three Main Mobile Operators



SOFTBANK MOBILE achieved record-high net subscriber additions (new subscribers minus cancellations) of 3.54 million in mobile communications services, with the cumulative number of subscribers reaching 28.95 million. We believe that SOFTBANK MOBILE delivered the best

Achieving Sustained Growth through Foresight, Speed, and Execution



Ken Miyauchi
Director, SOFTBANK
Representative director & COO, SOFTBANK MOBILE
Representative director & COO, SOFTBANK BB
Representative director & COO, SOFTBANK TELECOM
Representative director & president, WILLCOM

possible results given that KDDI began selling iPhone in October 2011. Until then, SOFTBANK MOBILE had effectively conducted exclusive sales of iPhone in Japan. On the network front, SOFTBANK MOBILE strove to increase the number of base stations in order to develop smaller cells by reducing the area covered per base station, resulting in improved communication quality. SOFTBANK MOBILE also began providing *SoftBank 4G*, a high-speed data communication service featuring downlink speeds of up to 110 Mbps, the fastest in the industry.*

SOFTBANK BB saw the number of subscribers of *Yahoo! BB hikari with FLET'S*, an ISP service launched in fiscal 2009, surpass 1.6 million. The total number of broadband service users, combining both ADSL and ISP service users, has reached 4.2 million, marking a clear return to growth since hitting the bottom in fiscal 2009. We believe that SOFTBANK BB has cemented a solid customer base in preparation for taking the next step in developing business.

SOFTBANK TELECOM has positioned direct connection voice services, data line services, mobile services, cloud computing services, and PHS as its five core drivers of business expansion. SOFTBANK TELECOM actively marketed business innovation solutions combining these five drivers to corporate customers. It has outperformed its targets for each of these five businesses. In *Google Apps™ for Business*, part of SOFTBANK TELECOM's lineup of cloud computing services, we became the world's No. 1 in terms of fourth-quarter sales and number of IDs sold.

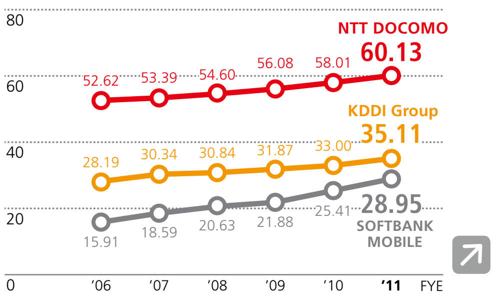
As of March 31, 2012, WILLCOM, Inc., a company that the SOFTBANK Group is helping to rehabilitate, saw its cumulative number of subscribers reach 4.68 million, marking a new record high for the first time in four years and eight months. On the earnings front also, WILLCOM has restored profitability, as its rehabilitation continues according to the initial plan.

Expansion of the Mobile Communications Market Driven by Smartphones

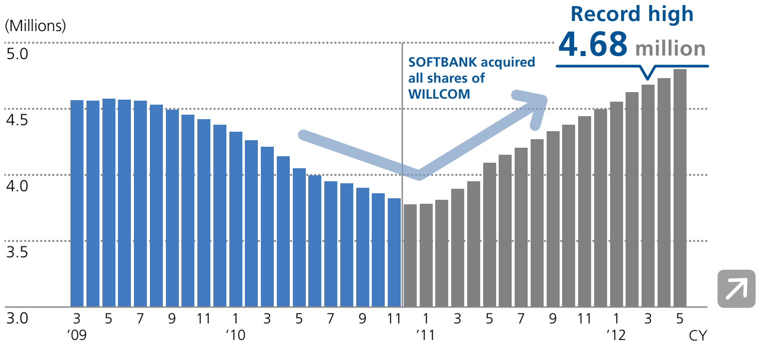
With the total number of mobile phone and PHS subscribers already exceeding Japan's population, some are pessimistic on the potential for further growth in the Japanese market. However, I believe that the Japanese market still offers ample room for growth. The share of smartphone subscribers relative to the total number of mobile phone and PHS subscribers in Japan should increase from 20% at present to around 70% in the next few years. Assuming a denominator of around 100 million, this means that the number

* Among mobile data communication services being offered in Japan as of May 29, 2012 based on published data from other companies and industry standard values.

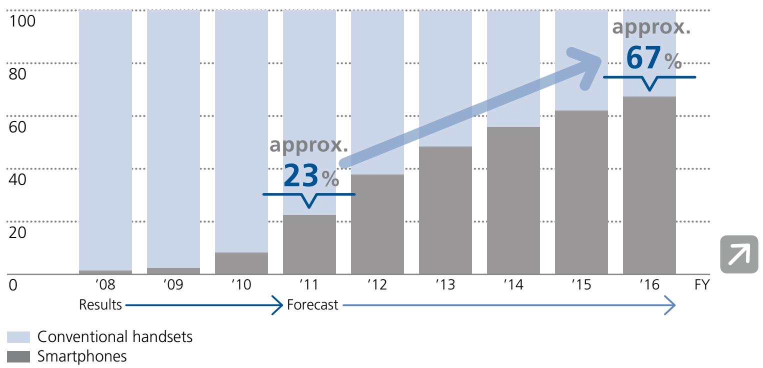
Cumulative Number of Subscribers for Three Main Mobile Operators



Cumulative Number of Subscribers for WILLCOM (PHS + 3G)



Share of Smartphone Subscribers among Total Number of Mobile Phone Subscribers in Japan

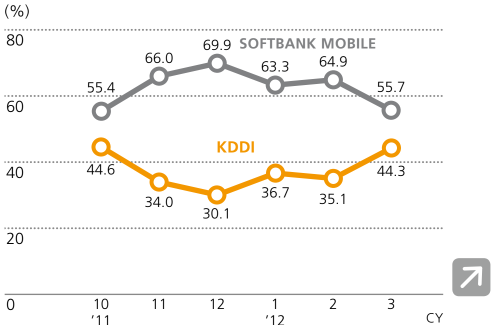


(Note) Created by the Company based on reports issued by MM Research Institute, as of March 13, 2012.

of smartphone subscribers will increase from 20 million to 70 million, creating a new market of 50 million smartphone subscribers.

In step with improving user friendliness and offering faster communication speeds, competition based on services will emerge on a full scale, as operators seek to compete in terms of how their services can impress and amaze customers. This phase of service-based competition will offer the SOFTBANK Group a unique opportunity for expanding its business. We will also work to pioneer products and services that make use of mobile phone networks in new and innovative ways, such as handsets with security buzzers for children and the elderly and digital photo frames with telecommunications functionality. Through these efforts, we believe that we can continue to create new markets one after another.

Share by Operator Among iPhone 4S Sold at Major Electronics Retail Stores



(Note) Created by the Company, based on statistical data collected by a survey company.

Confident about Winning the Competition for New iPhone Subscribers

iPhone 4S was launched in October 2011. To address competition for sales of iPhone 4S with KDDI, we executed a rapid succession of countermeasures to prevent the loss of subscribers and put the Group's accumulated sales capabilities into action. As a result, we disproved expectations by showing that the SOFTBANK Group could hold its own in the competition. The concurrent sales of iPhone by another company certainly had a major impact. However, all departments, such as sales, planning, and marketing, joined forces, pooled their knowledge, and worked diligently over a period of six months in the run-up to the iPhone 4S launch. Through these efforts, I believe that our collective capabilities as a company have increased further.

Furthermore, in March 2012, SOFTBANK MOBILE was allocated a new 900 MHz frequency band, which provides more efficient coverage of an extensive area. Therefore, we expect to be providing network coverage on par with that of NTT DOCOMO and KDDI in both urban and suburban areas in the future. Since we have prevailed in the competition with KDDI despite our disadvantage in terms of connectivity, we are confident that once we have a level playing field, we will be even more strongly placed to acquire new subscribers.

Making the First Moves in Anticipation of Burgeoning Data Traffic

Smartphone data traffic is around 10 times greater than that of conventional mobile phones. Explosive growth in data traffic accompanying the rapid popularization of smartphones has become a common issue faced by operators around the world. Even NTT DOCOMO, which is known to have a highly reliable network, frequently experienced major communication disruptions from the end of 2011 to the start of 2012. SOFTBANK MOBILE made progress shifting to smartphones earlier than the other companies, so it was first to implement data traffic countermeasures. The main priorities of these countermeasures were to reduce the size of cells by installing more base stations in a given area. We have focused on this measure particularly in urban areas, where the growth in data traffic is particularly pronounced. Another priority was to offload data traffic (allow data traffic to flow through other networks) by increasing installations of access points in our public wireless LAN service *SoftBank Wi-Fi Spot*. As of March 31, 2012, we had increased the number of base stations to approximately 190,000 and the number of access points to approximately 250,000. We also intend to utilize the *SoftBank 4G* service, which began in February 2012, to offload data traffic in urban areas.

The review of flat-rate fee plans has become a topic of discussion in tandem with the immense rise in data traffic. Overseas, unlimited flat-rate fee plans for mobile data use are being successively migrated to tiered, pay-for-use data plans.

SOFTBANK MOBILE plans to introduce new price plans for smartphones compatible with its next-generation high-speed data communication services (AXGP and FDD-LTE), which will be rolled out from the fall of 2012. Under the new plan, customers will have the option of either paying an additional fee when their data traffic exceeds seven GB per month, or limiting their communication speed. Although it is not yet clear what kind of price plan is optimal, we believe that there should be a sweet spot where customers feel that the plan is affordable. Because price plans are extremely crucial factors that can sway competitiveness, we will continuously monitor conditions and revise the plans in a timely manner as necessary.

Taking the Initiative to Build an Ecosystem

Some people believe that the companies that provide content distribution and other services will generate high earnings, while operators might eventually be unable to make a profit as they gradually become mere dumb pipes. However, we see things differently. We believe that what is important is whether we can take the initiative to build an ecosystem across corporate boundaries that will be mutually beneficial and profitable for all. We intend to build a win-win business model, or a "SOFTBANK Ecosystem," so to speak, by inviting collaboration with innovative content vendors around the world. If we can do so, we believe that we can avoid becoming a mere dumb pipe. Under our leadership, we would like our partner companies to develop a steady stream of content and services centered on the SOFTBANK Group's networks and mobile handsets, as we jointly create even better products and services by working through a repeated process of trial and error at tremendously high speed.

The SOFTBANK Group Achieves Differentiation in Its Own Way

Another point I would like to make is that the SOFTBANK Group is an Internet company, not simply an operator. For example, we do more than merely sell mobile devices, such as iPhone and iPad, and telecommunications lines to corporate customers. We take the approach of providing "IT as a Service," where we offer services encompassing all aspects of IT. Under this approach, we have started to provide corporate customers with an entirely new ICT environment ahead of other companies. We have achieved this by putting entire corporate information systems on the cloud, enabling employees to utilize cloud-based applications from any location using a mobile device.

The SOFTBANK Group also includes a large number of Internet companies, including Yahoo Japan. This gives us the ability to create our own services designed to enrich the daily lives of customers, while delivering impressive user experiences.

Sustained Growth Is Possible by Extending Past Approaches to the Future

The SOFTBANK Group's core strengths lie in foresight, speed, and execution. We have expanded business by reading the future of the IT industry, making fast decisions in anticipation of change, and conducting bold execution in which all actions are based on data.

By continuing these approaches, we are confident that we can attain the SOFTBANK Group's consolidated operating income target of ¥1 trillion in fiscal 2016. Our competitors have steadily imitated our best practices, including innovative price plans, the installment sales method, and the development of Wi-Fi spots. Looking ahead, we will continue to move ahead of our competitors. Rather than becoming complacent, we will continue to rise to new challenges, upholding our commitment to providing services and products that impress and amaze customers.

Agent Stores

Raising the Quality of Staff to Become an Operator Chosen by Customers

SoftBank Shops—Where SOFTBANK MOBILE Acquires the Most Customers

I am in charge of sales at sales agents managing SoftBank shops, which are exclusive retailers of SoftBank mobile phones. SoftBank shops are where SOFTBANK MOBILE acquires the most customers. These shops are also responsible for providing subscribers with after sales follow-up services, including mobile phone upgrades and handset repair processing. Enhancing these shops is essential to prevailing against the competition. Following SOFTBANK's acquisition of Vodafone K.K. (currently SOFTBANK MOBILE) in 2006, we expanded the number of SoftBank shops to approximately 2,700 in three years, an increase of 700 shops from the time of the acquisition. We also increased the numbers of customer service counters and staff by 5,000 each over the same period, bringing each to approximately 13,000.

Competing operators have the same sales structure as SOFTBANK MOBILE in terms of having sales agents manage their respective exclusive shops. However, SOFTBANK MOBILE's agent store sales are markedly different from those of other companies. SOFTBANK MOBILE representatives actually visit the retailing spaces, and work with the agents to acquire customers and address other priorities from the agents' perspective. This includes displaying mobile handsets, putting up posters, and other measures. SOFTBANK MOBILE's directly managed shops in Tokyo's Ginza and Omotesando districts not only fulfill the role of promoting the SoftBank brand, but also provide bases for professional sales teams called "Top Guns" to develop their own powerful methods for acquiring customers and sales dialogues. The teams then present these techniques as model approaches when they visit and provide guidance to sales agents across Japan whose sales capabilities need improvement.

I have worked at sale agents for 13 years and the SOFTBANK Group for eight years. Based on this experience, I can determine the relative merits and demerits of every measure from the viewpoints of both agents and operators. I have also fully mastered the art of finding ways to raise the motivation of agents. While this may seem obvious, one important point is to ensure that agents can make a proper profit. Besides pioneering Japan's smartphone market with iPhone, the SOFTBANK Group has brought many different products to market, including the *PhotoVision* (digital photo frame with telecommunications functionality), *Mimamori Phone* (handset with security buzzer), and *SoftBank SELECTION* (accessories for iPhone and other products). SOFTBANK MOBILE has acquired a large number of customers, while its agents have generated adequate earnings. In this manner, SOFTBANK MOBILE has developed a win-win relationship with the agents.

久木田 修一

Shuichi Kukita
Executive vice president, director, SOFTBANK MOBILE
Senior vice president, director, WILLCOM

Scientific Approach to Sales and Utilization of IT

The source of the SOFTBANK Group's competitiveness lies in its sales capabilities. Where exactly do the strengths of the Group's sales activities lie? First, the sales organization of SOFTBANK MOBILE is well designed, with the Sales Division divided into three units managed by three sales managers. Mr. Shinba, who is responsible for sales to electronics retail stores, Mr. Imai, who heads corporate sales, and I have fostered a healthy sense of competition with one another, and encourage each other to sharpen our skills. Every week, the three of us report on both successes and setbacks at management meetings, and make sure that we fully grasp the situation on every section of the sales frontline. This enables us to learn best practices from other divisions, and incorporate them into our own division immediately.

Another important feature is that we take a scientific approach to sales based on data. In SOFTBANK MOBILE we project the number of subscribers we expect to acquire based on this data, and conduct sales activities accordingly. We implement weekly PDCA cycles through which we identify the factors responsible for any differences between these projections and actual results, and take steps to horizontally expand successful initiatives and countermeasures.

Another strength is that SOFTBANK MOBILE takes full advantage of IT. In the Vodafone K.K. years, customer registration was processed using paper and fax. However, after the acquisition, SOFTBANK MOBILE switched customer registration to an information system called GINIE. This allowed us to dramatically shorten customer service and registration times, and reduce personnel. Thereafter, SOFTBANK MOBILE has continuously improved the user-friendliness of the GINIE system through a series of measures ranging from revising screen changes to repositioning buttons according to requests from the frontlines. Recently, SOFTBANK MOBILE has also begun using iPad in serving customers. The system enables customers to instantly confirm their monthly payments simply by selecting their desired mobile handset, price plan, and option services on an iPad screen. This new service is becoming well established as a new sales technique. In other initiatives, we film the work of outstanding sales staff, and show this video footage to many other sales staff members, in order to develop higher and more consistent overall quality of customer service.

Leveraging the Strength of Every Staff Member

From fiscal 2012, SOFTBANK has launched the departmental profit contribution evaluation system as an internal management system. The system uses "contributed profit" to clarify the contribution of every departmental unit, from divisions to departments and sections, to the entire Company's operating income. Contributed profit is then used as a key benchmark for

performance evaluations. To generate contributed profit, each organization must improve telecom service revenue, which is the number of subscribers multiplied by ARPU. Under this system, sales departments are responsible for ARPU, in addition to the number of new subscriber acquisitions and net subscriber additions. The sales departments have to consider how to fill any gaps between their targets and actual results for contributed profit. Along with efforts to acquire new subscribers, the sales divisions also engage in lively discussions with divisions responsible for service and content where they make requests for developing services that will increase ARPU by several hundreds of yen.

One important task for improving our sales structure is to raise the quality of staff and develop shops that are chosen by customers even when there are almost no points of differentiation. Our competitors have completely followed our lead in terms of price plans and sales methods. Meanwhile, SOFTBANK MOBILE has been allocated a 900 MHz band and expects to overcome its weakness in connectivity in the future. So, in the next few years, SOFTBANK MOBILE, NTT DOCOMO, and KDDI will have hardly any differences in terms of hardware, services (including price plans), networks, and all other aspects. At that point, the only standard left for customers to choose operators by will be the people at the sales frontline. That is why we aim to raise the quality of every individual staff member, as we strive to develop them as a key strength of SOFTBANK MOBILE. In addition, I want to strengthen ties between agent store sales and customer support departments, both of which I oversee, in an effort to enhance customer satisfaction in an integrated manner, from subscriber acquisition to after sales follow-up services.

Electronics Retail Stores

Driving Evolution in the Sales Force to Expand the Customer Base

榛葉淳

Jun Shinba
Executive vice president, director, SOFTBANK MOBILE
Executive vice president, director, SOFTBANK BB
Director, WILLCOM

Electronics Retail Stores the Fiercest Battleground for Acquiring Customers

My areas of responsibility are sales to electronics retail stores carrying SoftBank mobile phones and overall *Yahoo! BB* operations. Electronics retailers operate approximately 2,700 locations across Japan. They are huge, non-exclusive sellers of mobile phones. These retail locations are the fiercest battleground for acquiring customers, with sales areas of multiple operators such as SOFTBANK MOBILE, NTT DOCOMO and KDDI all vying to win customers on the same sales floor. Electronics retail stores therefore provide the perfect arena for winning over customers of other operators who visit the stores looking for handset upgrades. Obviously, we can also capture "uncommitted" customers who have yet to become attached to a specific operator. In addition, electronics retail stores also provide a useful barometer of how well the various operators are doing, as a glance at the sales floor clearly shows which sales areas are attracting the most people. Shortly after the Vodafone K.K. acquisition, our share of new subscriber acquisitions at electronics retail stores was only around 15%. Having driven through sweeping reforms, we currently boast a share of about 50%.

We have been able to catch up from far behind and turn the tide because of the strong relationships of trust we have built up with electronics retail stores over many years. Electronics retailers have been valued partners of the SOFTBANK Group since the days of its founding as a software distribution business. From our first steps to the present day, we have walked hand in hand with electronics retail stores for more than 30 years. Moreover, we have provided them with new business opportunities by opening up new markets. For example, we proposed software sales in the early years of PCs, and *Yahoo! BB* agency services in the early years of broadband services. That is why these retailers put their trust in the SOFTBANK Group—they expect us to expand their business opportunities by dramatically transforming the world of mobile communications.

Building the Strongest Sales Force

Building on these relationships of trust, the SOFTBANK Group currently does business directly with almost all of Japan's electronics retail stores. The Group's sales force is centered on directly employed staff working at the frontlines of sales, with around 3,500 working in mobile communications and around 2,000 in broadband. Having such a large sales force under our direct control gives us a huge competitive edge unmatched by our competitors. However, we did not build this sales force overnight. We have steadily filled the ranks of our sales force through the expansion of *Yahoo! BB* sales, which began in 2001. *Yahoo! BB* was the SOFTBANK Group's first B2C business. During the peak period, we fielded a huge sales force of 8,000 people. To ensure that this organization functions flawlessly, we built a pyramid-like organization after a repeated process of trial and error. Under the senior general manager, we stationed general managers, section managers, regional supervisors, leaders responsible for multiple electronics retail stores, and sales staff. Nearly five years after the launch of *Yahoo! BB*, sales staff who were well versed in frontline sales had risen in the hierarchy to reach the section manager level, and we had properly filled the ranks. That is when the SOFTBANK Group acquired Vodafone K.K. By having our strongest sales force concurrently sell mobile phones to electronics retail stores, we were able to conduct a massive sales drive timed to coincide with the start of the number portability system in October 2006. More recently, KDDI began selling iPhone in October 2011. It was the strength of our sales force that enabled us to fend off this challenge and dominate the race for new subscriber acquisitions.

Another crucial factor behind building the strongest sales force has been the speedy execution of sales activities based on scientific analyses. Based on a variety of data amassed over the years, we project the number of subscribers we expect to acquire. We have a well-established system of analyzing the factors responsible for any differences between these projections and actual results, and taking steps to ensure that these analyses lead to weekly improvements. Furthermore, we stimulate the competitive instinct among our personnel by ranking their performance at all levels, from frontline sales staff to managers, in terms of new subscriber additions, customer satisfaction, achievement of projections and other parameters. At the same time, we strive to raise the overall level of performance by sharing best practices. Scientific analyses are also essential to developing sales areas. Extrapolating back from our target of capturing a 50% share of new subscriber additions, we have calculated the necessary location, floor area, number of counters, fixtures and other parameters needed at each store. These calculations formed the basis of reforms of sales spaces we have executed. Emphasis on these sorts of scientific analyses, and speedy execution are well-established practices across the entire SOFTBANK Group. For example, in the Marketing Department, which I also oversee, we apply this scientific approach to producing TV commercials. We develop high-quality TV commercials in less than half the time usually needed, based on analyses of data on the recognition and popularity of past TV commercials, among other factors. In fiscal 2011, we aired as many as 57 TV commercials, which contributed immensely to improving our brand image.

Yahoo! BB Rises to "Second Foundation"

We have positioned *Yahoo! BB* in a second period of founding, and are taking steps to return to the offensive. In fiscal 2009, we changed the course of our existing strategy, and began providing *Yahoo! BB hikari with FLET'S*, a service which combines the NTT Group's fiber-optic connection with ISP services. Subscriber acquisition for ISP services has been growing steadily, with *Yahoo! BB hikari with FLET'S* pulling ahead of *OCN*, *BIGLOBE,* and others to become No. 1 in terms of net subscriber additions in the second half of fiscal 2011. Although the number of lines for the ADSL service has continued to decrease, ISP services have made up for this decline. In fact, the number of broadband service users including both ADSL and ISP services has increased for the second consecutive year. Looking ahead, we anticipate continued growth in the number of broadband service users.

Our next move will be to use *Yahoo! BB* as a starting point to make inroads into the field of home network solutions, the best example of which is networked home appliances. Through entry into home network solutions, we aim to raise ARPU for ISP services. This should lead to a dramatic improvement in earnings.

Driving Evolution by Returning to Basics

To put an elegant spin on it, we each hold the Group's corporate philosophy of "Information Revolution – Happiness for everyone" close to our hearts as we conduct our sales activities. The reason why we are focused so intently on net subscriber additions in both mobile communications and broadband services is that unless the number of service users increases, we won't be able to realize our vision of making everyone happy.

To continue expanding our customer base, it is imperative that we drive evolution in the sales force by rigorously enforcing the methods that built our success today. In the fast-changing IT industry, the slightest misstep can be fatal. Therefore, we will return to basics to recalibrate our approach and structure, as we continue driving the evolution of our sales force with passion and determination.

Corporate Sales

Proposing Work Style Innovation to Corporate Customers

I am responsible for all aspects of corporate sales in the telecommunications business. We have 380,000 corporate customers. We do business directly with large corporations and indirectly with SMEs through our business partners. Our five core business drivers are direct connection voice services, data line services, mobile devices, cloud computing services, and PHS. Rather than selling each service on a separate basis, we propose work style innovations that use them in combination to dramatically transform how our customers have traditionally done business through ICT.

All of the new work styles that we propose to corporate customers we have implemented internally ourselves. All employees of each core SOFTBANK Group company use iPhones and iPads, and all information about services and products is made known through digital data. Previously, salespeople prepared their own sales proposal materials for customers. Currently, however, salespeople download materials and video clips prepared by a specialized team from our cloud network, and arrange these resources for presentation to customers as they see fit. We have banned paper-based sales proposal documents, preferring to use iPads for our negotiations with customers as a way of showcasing new work styles in practice. In addition, our system is designed so that when salespeople enter the schedule and progress of negotiations into the Sales Force Automation (SFA) system on their iPad, the data is automatically displayed on a *Google Apps* calendar. Using this system, supervisors can instantly grasp the status of negotiations of their staff and issue timely instructions. These reforms have increased sales productivity (the number of subscribers acquired a month per salesperson) to roughly twice the previous level.

The Source of Sales Competitiveness

In this manner, we put strong emphasis on making sales proposals only after properly understanding the benefits of cutting-edge services and products by actually using them ourselves. This has allowed us to make far more convincing proposals during negotiations with customers. When proposing new work styles, we strive to combine different services carefully to ensure that the total cost for our customers does not increase. For example, we may say to a customer, "We can reduce your cost by around 20% by switching your fixed-line telephone to the *OTOKU Line* direct connection service, so let's allocate the savings to a strategic investment in work style innovation."

Pioneering the Corporate Market under the Banner of "Work Style Innovation"

今井 康之

Yasuyuki Imai
Executive vice president, director, SOFTBANK MOBILE
Executive vice president, director, SOFTBANK TELECOM
Director, WILLCOM

These sorts of sales techniques are practiced by all our salespeople, not just a few. The most effective short-cut to improving sales skills is to imitate the approaches of strong-performing salespeople. Therefore, we encourage our salespeople to actively share as much expertise as possible, rather than to guard it. We have made video interviews of our highest performing salespeople available via iPad at all times, in addition to holding presentations on examples of "successful approaches to customer acquisition" once every two weeks.

To improve the satisfaction level of corporate customers and maintain steady business relationships with them, it is imperative to provide detailed after sales follow-up services, rather than just selling products and services. Around two years ago, we launched a specialized department devoted to such services with a staff of around 300 people. These staff members regularly visit corporate customers to obtain their feedback and have them switch to new services and products as necessary. These staff members also provide training at no extra charge to customers who are concerned about not knowing how to use a service or product they have introduced. When customers have questions regarding whether or not productivity has really improved, the department actually measures the benefits and presents the customers with numeric data.

We have been using our current work style for a few years now. The SOFTBANK Group has the ability to speedily drive continuous self-transformation by promptly incorporating new services and products. Since its founding, the Group has consistently handled Internet-related services and products, enabling it to promptly adapt to changes in the Internet world.

Formulating Strategies by Extrapolating back from Targets

One characteristic mode of operation throughout the SOFTBANK Group is to establish ambitious targets, extrapolate backward to determine what kind of action is necessary to achieve them, and then execute these actions. Based on this approach, we have calculated how much profit corporate sales must generate in order to achieve the Group's consolidated operating income target of ¥1 trillion for fiscal 2016. We are advancing three strategies to achieve this target.

The first strategy is to cultivate medium-sized corporate customers. To this end, we plan to increase our sales personnel by several hundred people in the next year, with a view to bolstering our sales force in the area of direct corporate sales. In addition, we will convert into a flat organization that can take action more quickly and efficiently than before. We want to create an organization where information can be exchanged instantly between the officers who make decisions and each frontline employee, rather than having information flow down the various levels of an organizational hierarchy in sequence.

The second strategy is to make proposals to corporate customers in collaboration with companies both within and outside the Group. For example, one area that has been attracting attention lately is the O2O (Online-to-Offline) field, which links Internet-based services and consumption behavior in real life. By combining the immense store of data on customer usage history (big data) held by the SOFTBANK Group and mobile services, we believe that we can propose O2O support services to corporate customers. One highly significant development outside the Group was that we forged an alliance with TOPPAN PRINTING CO., LTD., a company in a different business sector, in the autumn of 2010. We will continue to actively collaborate with companies in different business sectors as we strive to expand our customer base by proposing services and products together with our partners.

Finally, our third strategy is to globally expand business centered on Asia. We will work to provide multinational corporations (MNCs) with an ICT environment that can be utilized anywhere in the world. This will be achieved by working closely with various companies, including Google Inc., major cloud computing technology firm VMware, Inc., and major Chinese data center company GDS Service Ltd., in addition to telecom operators in various countries around the world. At the same time, we are working to build an M2M (Machine-to-Machine communications) platform that can be centrally managed irrespective of location in Japan or overseas.

I have three mottoes: "bring excitement to your job," "apply your wisdom in your job," and "follow things through until you achieve results." By sharing our targets and these three mottoes with employees, I aim to boost their motivation as we work together to achieve our targets.

Mobile Network

The Long-awaited Platinum Band Allocation

In March 2012, the SOFTBANK Group was allocated the 900 MHz band. The frequency bandwidth between 700 and 900 MHz is known as the "platinum band," and offers outstanding signal reach and a certain ability to reach around buildings and other obstacles. These characteristics make it the optimal frequency bandwidth for mobile communications services. We have sought the allocation of a platinum band for over eight years, ever since we entered the mobile communications services business. This allocation is the final piece of the puzzle in achieving a level playing field on which to compete with other companies.

As an Internet company, the SOFTBANK Group aims to provide services that enrich the lives of people. Since this requires the support of advanced telecommunications infrastructure, a "broadband revolution" is essential.

In 2001, we decided to start the *Yahoo! BB* service. The main reason for this move was that we felt it would be difficult to realize the kind of Internet services we envisaged if we relied on the NTT Group for our infrastructure, because broadband uptake was proceeding too slowly. Offering high-speed telecommunications at a

At Last—The Time to Go Head to Head with Platinum Band and AXGP Has Arrived

宮川潤一

Junichi Miyakawa
Executive vice president, director & CTO, SOFTBANK MOBILE
Executive vice president, director, SOFTBANK BB
Executive vice president, director & CTO, SOFTBANK TELECOM
Director, WILLCOM
Director & COO, Wireless City Planning

low price, *Yahoo! BB* drove rapid uptake of broadband throughout Japan and changed people's lifestyles significantly. But this was only a step along the way to a much greater vision. SOFTBANK was set on realizing Internet services that would require not only wired, but also wireless broadband. So we started looking for ways to enter the mobile communications services business as quickly as possible.

But the road to entry was one of bumps and detours. Seeking a bandwidth allocation that would enable us to prevail against the competition, we filed an administrative lawsuit to prevent allocation to the incumbent operator during the reallocation of the 800 MHz band in 2004. Our application for permission to use the band for mobile phone services was flatly denied. In 2005, we received permission to use the 1.7 GHz band. However, to start a business from scratch would have set the broadband revolution back 10 or 20 years, so we opted to make up time by buying Vodafone K.K. in 2006 as a shortcut.

Thereafter, we made steady progress changing our network infrastructure to a configuration able to efficiently handle the exploding network traffic volume, while gradually improving signal connectivity, a point where we lagged behind our competitors. Increasing the number of base stations is laborious work, and it was hard to be told "the only weak point is our network." However, this steeled my determination to catch up with the other operators. In building the network, we took a medium- to long-term view, keeping a balance with our expectations for the future with respect to the flow of new technology and the timing for rolling it out.

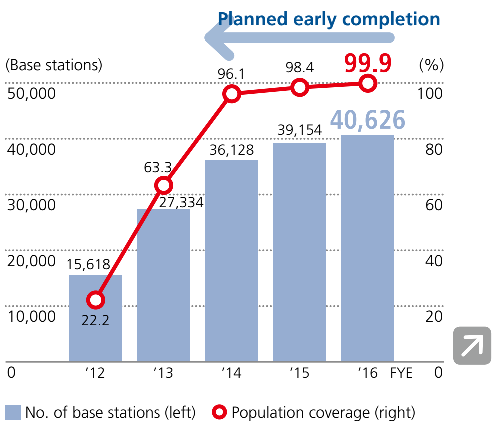
Sweeping Improvements in Area Coverage

In the six years since we entered the mobile communications business, we have created a solid base from which to compete. Employees from unrelated backgrounds have studied the mobile field diligently, and are now in charge of planning and operating our mobile network. We have accumulated know-how in efficient management and operation of millions of small cells, including femtocells (mini-base stations), raising our operating capabilities to a high level. We have also developed expertise in efficient deployment of base stations—we have increased the number of base stations in our network from approximately 20,000 as of April 30, 2006 when we acquired the business to around 190,000 as of March 31, 2012.

Now, with a solid base and the allocation of the platinum band, we are perfectly placed to realize our long-held aspirations. The time has come at last; fiscal 2012 is the year when SOFTBANK will unleash its true competitive strength. We will deploy 900 MHz base stations en masse and bring our network coverage up to the same level as NTT DOCOMO and KDDI. And we will build a network capable of handling the sharp increase in network traffic.

We are planning to roll out the 900 MHz base stations at a speed that will take everyone by surprise. Under the plan that we submitted to the Ministry of Internal Affairs and Communications, we are to install approximately 16,000 base stations by the end of fiscal 2012, expanding the number to approximately 41,000 by the end of fiscal 2016 to achieve coverage of 99.9% of the Japanese population. In actuality, though, we intend to complete this five-year plan far ahead of time. We believe this is possible if we concentrate our efforts as we did with the 1.5 GHz base station deployment, where we completed a five-year plan to install around 10,000 units in just one year from the end of 2009.

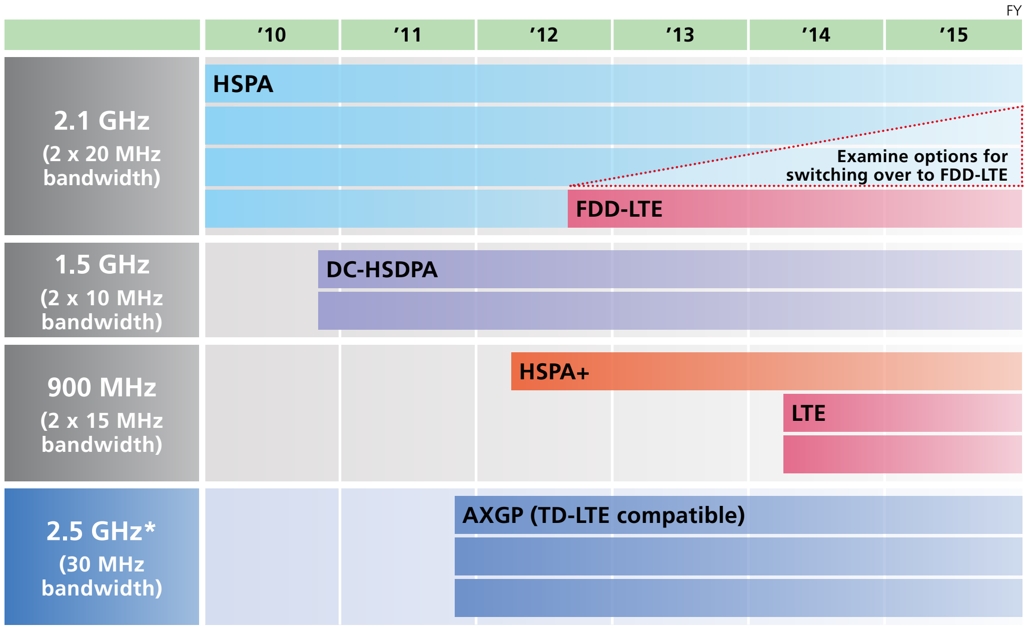
900 MHz Base Station Plan Submitted to the Ministry of Internal Affairs and Communications



Start of Services Using FDD-LTE

To improve the utilization efficiency of the frequency bandwidth, we plan to introduce frequency division duplex long term evolution (FDD-LTE), a next-generation high-speed communication standard, on our 2.1 GHz band from fall of 2012. Smartphone traffic will increase to as much as 10 times that of conventional mobile handsets. Network traffic is doubling every year as more people start to use smartphones. Right now, our main 2.1 GHz band is hard pressed to cope with the volume. We have not had the network capacity to manage a switch over, but now that we have the allocation of the 900 MHz band, the path to getting it up and running is clear.

SOFTBANK MOBILE Frequency Bandwidth Usage Strategy



* Using Wireless City Planning network as an MVNO.

From July 25, 2012, we will transmit a single carrier in the 900 MHz band (1 x 5 MHz bandwidth each for downlink and uplink). This will add a single carrier on the 900 MHz band to our current four carriers transmitted on the 2.1 GHz band (4 x 5 MHz bandwidth each for downlink and uplink) and create additional capacity in the network. At this point, we will temporarily stop one of the 2.1 GHz band carriers, switch it over to FDD-LTE, and resume transmission. The base stations to be switched over to LTE must be carefully balanced with surrounding base stations that will not be switched. This operation is not something that can be achieved by large-scale mobilization of labor, so we have been preparing an automatic switchover mechanism for about two years now on the assumption that the 900 MHz band would certainly be allocated to us.

Meeting the Challenge of Increasing Traffic with AXGP

As noted before, network traffic is continuing to grow at an explosive pace. If we don't take action, we are certainly going to experience some sort of network blow-out in the future. At SOFTBANK, we have anticipated this, and having performed some reverse calculations, we are now taking the necessary steps to avoid such a situation in the future. Specifically, we are offloading onto Wi-Fi and femtocells, offloading onto the 1.5 GHz band, making our network cells smaller, and introducing LTE on the 2.1 GHz band, among other efforts. Another important method of offloading excess traffic is to utilize the network of Wireless City Planning, which has been built on the communications standard known as AXGP. As a mobile virtual network operator (MVNO), SOFTBANK MOBILE received the loan of this network from Wireless City Planning and commenced *SoftBank 4G* services from February 2012.

The most salient characteristic of AXGP networks is their extremely low construction cost and traffic transmission cost. Whereas 3G networks are built to accommodate the expensive switching equipment needed for voice transmissions, AXGP networks are built of common, low-cost components such as routers. Moreover, AXGP is fully compatible with time division duplex long-term evolution (TD-LTE), a next-generation high-speed standard that is slated for introduction to China and India, among others. Since TD-LTE-compatible handsets can be used with the AXGP network without any special modification, the spread of TD-LTE will drive down the procurement cost of handsets.

As a way of promoting use of the AXGP network, we have plans to develop a dual handset compatible with both 3G and AXGP networks. To realize this dual handset, we are preparing to create the world's first "circuit switched fallback" function for a TD-LTE-compatible network. This will enable the handsets to receive incoming call signals via the AXGP network, and then switch to the 3G network to transmit the voice signal when the call is answered.

Leading the Field in IP-based Core Networks

As FDD-LTE and AXGP-compatible mobile handsets become more common and mobile broadband use evolves, it will become necessary to convert not only wireless equipment in base stations to IP platforms, but also the core networks connecting the network centers.

Conventional core networks are susceptible to a domino effect that allows faults occurring in just a single point on the network to spread. This spread can be prevented in IP-based core networks. Moreover, IP platforms allow swift installation of additional servers to cope with increases in network traffic, making them especially suited for the age of mobile broadband.

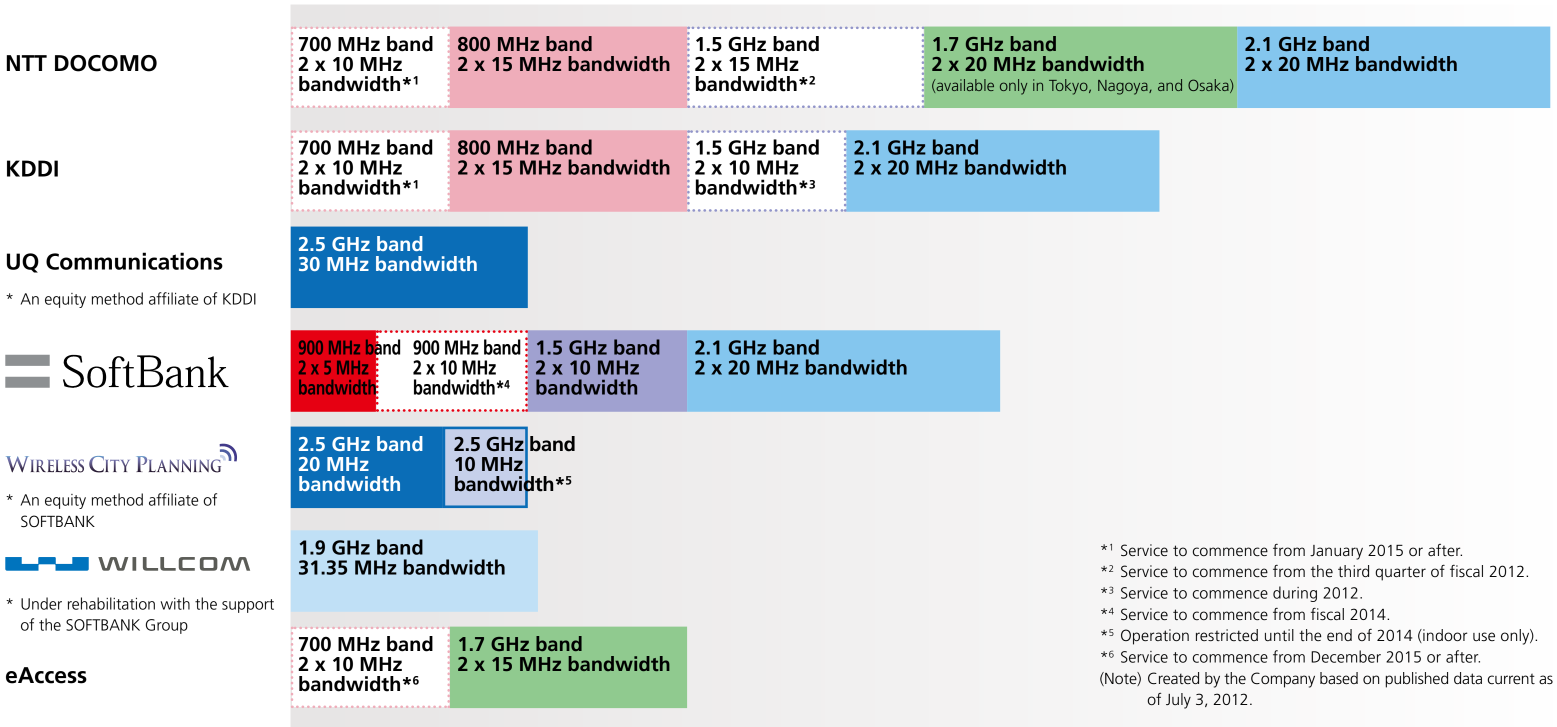
We are therefore proud to be far ahead of our competitors in this switch to IP-based core networks. We have extensive know-how as an IP specialist that has been using a fully IP-based infrastructure to provide fixed-line broadband services since our introduction of *Yahoo! BB* in 2001. We are now making full use of this knowledge to switch our core network for mobile services over to IP.

Creating Networks to Support Sustained Growth

In fiscal 2012, SOFTBANK is planning capital expenditures of ¥500 billion in the Mobile Communications segment alone. We plan to erect around 20,000 50-meter steel towers for 900 MHz base stations during fiscal 2012 and fiscal 2013, substantially increasing our capital expenditures. After that, however, capital spending should peak out as we enter a phase of increasing network capacity in line with network traffic using only common, low-cost equipment.

However, we will probably need to continue a certain level of capital expenditures thereafter. Operators in Japan must strive to meet the comparatively high standards of quality demanded by local consumers. On balance, these efforts can yield far higher ARPU than in other countries. Some have expressed concern over the cost of such capital expenditures, but we believe that it is acceptable provided that we can realize an appropriate return on the investment through higher telecom service revenue as the customer base expands. We will continue our efforts to build a cutting-edge mobile network, aiming to achieve a broadband revolution, and sustainable growth for the Group.

Allocation of Frequency Bandwidths to Japanese Mobile Telecommunications Service Operators (As of July 30, 2012)



*1 Service to commence from January 2015 or after.
*2 Service to commence from the third quarter of fiscal 2012.
*3 Service to commence during 2012.
*4 Service to commence from fiscal 2014.
*5 Operation restricted until the end of 2014 (indoor use only).
*6 Service to commence from December 2015 or after.
(Note) Created by the Company based on published data current as of July 3, 2012.

Financial and Capital Strategy

Aiming to Maximize Enterprise Value While Balancing Three Priorities: Strategic Growth, Strengthening Financials, and Shareholder Returns

Kazuhiko Kasai
Director & group compliance officer (GCO), SOFTBANK

Progress on Reducing Net Interest-bearing Debt

At its peak, the SOFTBANK Group's net interest-bearing debt had increased to around ¥2.3 trillion (as of June 30, 2006) following the Vodafone K.K. acquisition in 2006. Thereafter, debt repayment progressed ahead of schedule thanks to a strong performance in the mobile communications business. In September 2008, however, SOFTBANK's stock price plummeted due to the impact of the Lehman bankruptcy, leading to a sharp increase in the credit default swap (CDS) spread, one of the key measures of credit status.

To dispel these market concerns, the SOFTBANK Group announced in April 2009 a target of reducing the amount of net interest-bearing debt, which stood at around ¥1.9 trillion as of March 31, 2009, by half over the three years to March 31, 2012, and to zero over the six years to March 31, 2015. Some people were skeptical about our ability to meet this repayment schedule. However, we have made steady progress on repaying this debt thanks to solid business results in the mobile communications business. As of March 31, 2012, net interest-bearing debt stood at about ¥0.5 trillion, which was far better than our target of reducing it by half. As a result, we have achieved significant improvement in our financial status. Even when lease obligations are included, net interest-bearing debt has still been reduced by half over the three years since March 31, 2009. We are delighted to report that the SOFTBANK Group's credit rating has been successively raised to its highest level ever based on positive recognition of these efforts to improve its financial status.

Major Financing Activities During Fiscal 2011

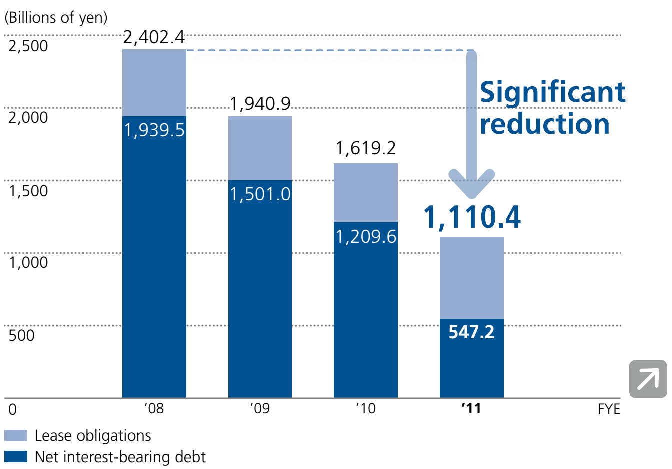
The most important development in terms of financing activities in fiscal 2011 was that the SOFTBANK Group completed refinancing of the acquisition finance of Vodafone K.K., which had been through the whole business securitization (WBS) structure. With its improved credit status, the SOFTBANK Group procured ¥550.0 billion needed for complete repayment of WBS debt on favorable terms. This will greatly reduce the SOFTBANK Group's interest expense going forward. Furthermore, the repayment has eliminated constraints on the use of cash flow generated by the mobile communications business under the WBS structure. This will allow SOFTBANK to begin full-scale introduction of Group-wide cash management, and thereby manage its funds more efficiently.

In other areas, the SOFTBANK Group has been pursuing greater diversity and flexibility in fund procurement. Examples include the ¥200.0 billion issuance of preferred securities by a consolidated subsidiary, and the issuance of corporate bonds totaling ¥180.0 billion. In addition, the SOFTBANK Group made various strategic investments as the first steps to capture growth in Asian markets. For example, we invested in InMobi Pte. Ltd., which operates a global mobile advertising network, and established a joint venture with the Bharti Group, which includes India's largest mobile services provider.

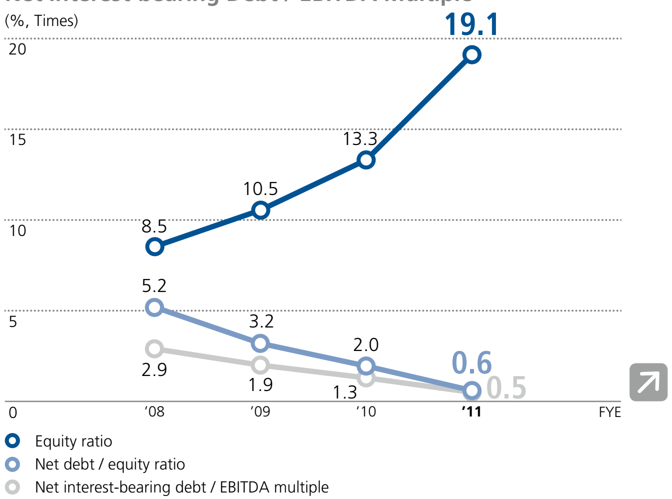
Maximizing Enterprise Value

As outlined above, we have achieved a dramatic improvement in our financial status in the years through March 31, 2012. Accordingly, we have revised our previous policy of giving top priority to the repayment of net interest-bearing debt. From now, we aim to maximize enterprise value, while skillfully balancing the three priorities of strategic growth, strengthening financials, and shareholder returns. As we maintain the optimal balance between liabilities and equity, we plan to capture all prime investment opportunities in growing fields, without letting any slip through our fingers, to ensure that we achieve both growth and financial soundness. In fiscal 2011, we implemented a significant, eight-fold increase in the dividend compared with the previous fiscal year. From fiscal 2012, we will continue striving to ensure stable shareholder returns.

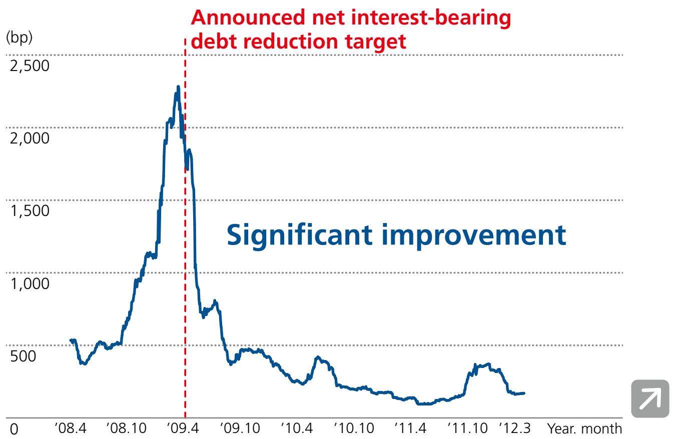
Net Interest-bearing Debt and Lease Obligations



Equity Ratio, Net Debt / Equity Ratio, Net Interest-bearing Debt / EBITDA Multiple



CDS Spread (5 years)

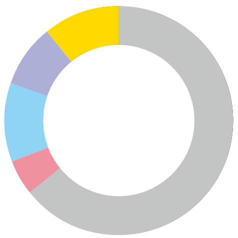


(Note) Created by the Company based on Bloomberg data.

At a Glance

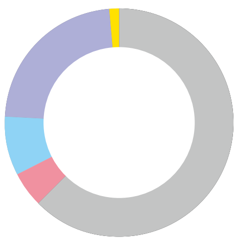
The SOFTBANK Group has four reportable segments: Mobile Communications, Broadband Infrastructure, Fixed-line Telecommunications, and Internet Culture.

Share of Net Sales (Fiscal 2011)*¹



Mobile Communications	64.2%
Broadband Infrastructure	5.2%
Fixed-line Telecommunications	11.0%
Internet Culture	8.8%
Others	10.8%

Share of Operating Income (Fiscal 2011)*¹



Mobile Communications	62.5%
Broadband Infrastructure	5.0%
Fixed-line Telecommunications	8.4%
Internet Culture	22.8%
Others	1.3%

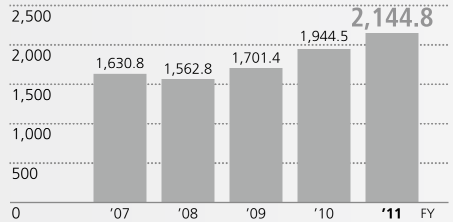
Mobile Communications Segment

Core Company
SOFTBANK MOBILE

Main Businesses
- Mobile communications services
- Sales of mobile phone handsets, etc., mobile communications services-related business

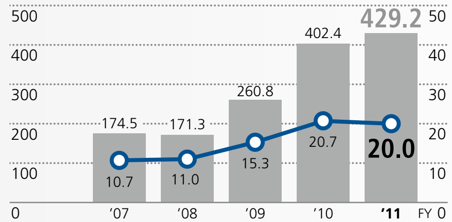
Net Sales

(Billions of yen)



Operating Income, Operating Margin

(Billions of yen) (%)



Broadband Infrastructure Segment

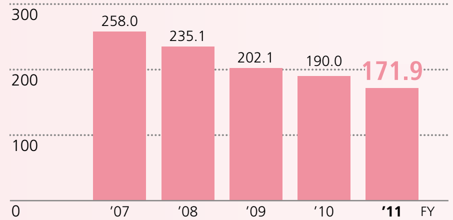
Core Company
SOFTBANK BB

Main Businesses
- ADSL services, ISP*² services
- IP telephony services, wireless LAN services

*² Offered as a package with NTT East and NTT West *FLET'S Hikari Series* fiber-optic connection.

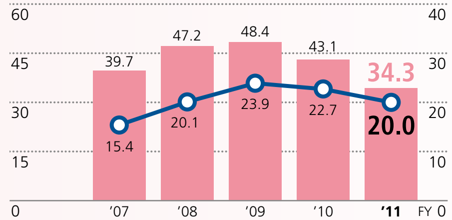
Net Sales

(Billions of yen)



Operating Income, Operating Margin

(Billions of yen) (%)



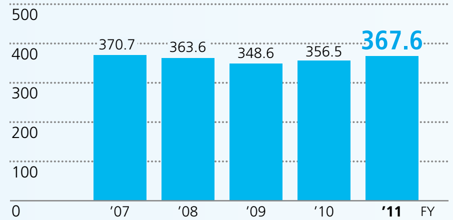
Fixed-line Telecommunications Segment

Core Company
SOFTBANK TELECOM

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

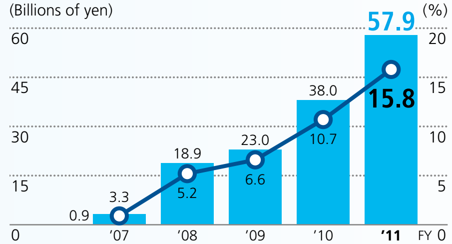
Net Sales

(Billions of yen)



Operating Income, Operating Margin

(Billions of yen) (%)



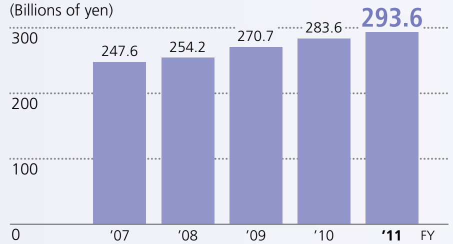
Internet Culture Segment

Core Company
Yahoo Japan

Main Businesses
- Internet advertising
- E-commerce
- Membership services

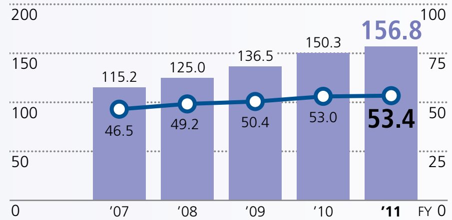
Net Sales

(Billions of yen)



Operating Income, Operating Margin

(Billions of yen) (%)



*¹ The ratio of the segments' net sales and operating income against the simple total, including Others.

Operating income (left) Operating margin (right)

Mobile Communications Segment

Fiscal 2011 Business Results (YoY)

Net Sales: ¥2,144.8 billion (+10.3%)

Operating Income: ¥429.2 billion (+6.7%)

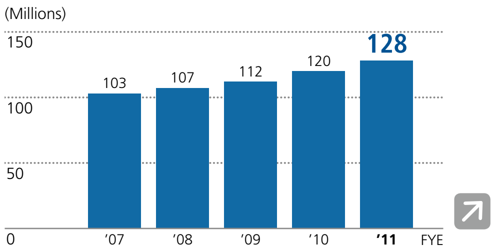
Market Conditions

At the end of fiscal 2011, the cumulative number of mobile phone subscribers in Japan stood at 128.2 million, a year-on-year increase of 7.2%.

During fiscal 2011, the mobile communications market witnessed a continued shift from conventional mobile phones to smartphones, and further penetration of tablets such as iPad. There was also an increase in new types of devices featuring inbuilt communication modules.

These trends are bringing significant changes to the market, and seem likely to continue into the future.

Cumulative Mobile Subscribers in Japan



(Note) Created by the Company based on Telecommunications Carriers Association statistical data and material published by eAccess.

Fiscal 2011 Overview

Net sales totaled ¥2,144.8 billion, an increase of 10.3% year on year. The main factor behind the increase was higher telecom service revenue resulting from steady growth in the number of mobile phone subscribers. Another factor was an increase in sales of mobile handsets following strong growth in shipments of iPhone 4S, which was launched in October 2011.

Operating income was ¥429.2 billion, an increase of 6.7% year on year. The increase was mainly due to the rise in net sales, which absorbed higher operating expenses such as cost of sales for mobile handsets, sales commissions, and depreciation and amortization.

Number of subscribers

Net subscriber additions for fiscal 2011 totaled 3,540,300. This was primarily the result of increased sales of iPhone and Android™ smartphones, as well as higher sales of iPad, mobile data communications devices, and *Mimamori Phone* (handset with security buzzer).

As a result, the cumulative number of subscribers at the end of fiscal 2011 stood at 28,949,000, raising SOFTBANK MOBILE's cumulative subscriber share by 1.3 percentage points year on year, to 22.6%.

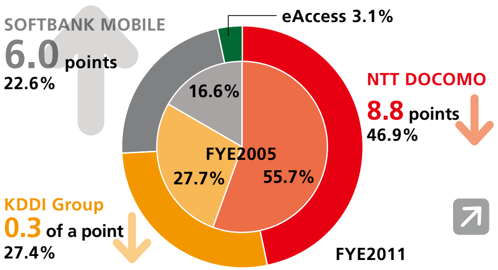
ARPU

ARPU for fiscal 2011 decreased ¥60 year on year to ¥4,150. Out of this, voice ARPU declined ¥250 year on year to ¥1,650 and data ARPU rose ¥200 year on year to ¥2,510.

The decline in voice ARPU mainly reflects an increase in devices that do not have voice communication functionality (such as iPad and mobile data communications devices), as well as a decrease in revenues from incoming calls, which was the result of a reduction in access charges between operators.

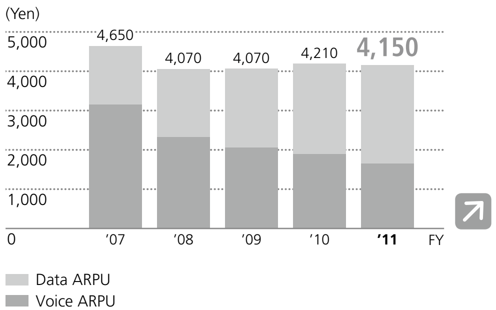
The increase in data ARPU was mainly the result of the continuing increase in the number of data-intensive smartphone subscribers.

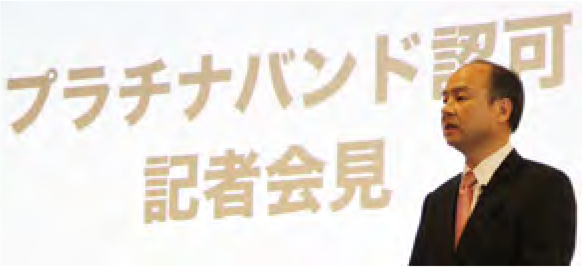
Shares of Cumulative Mobile Subscribers



(Note) Shares calculated by the Company based on Telecommunications Carriers Association statistical data and material published by eAccess.

SOFTBANK MOBILE ARPU





Strategies Ahead

In an effort to expand the customer base and increase telecom service revenue, the segment is taking the following actions.

1. Enhancing the network

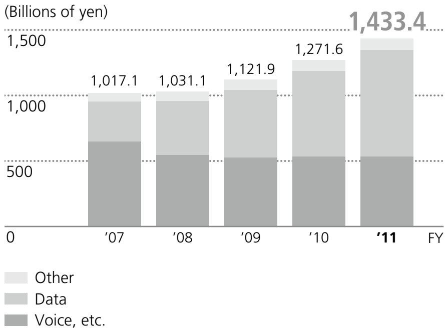
The segment is working to expand the service area and to respond to the rapid rise in network traffic through various measures.

The "SoftBank Network Enhancement Initiative" was announced in March 2010. The initiative has seen the number of base stations increase to approximately 190,000 as of March 31, 2012, an approximate nine-fold increase from the time of SOFTBANK's acquisition of Vodafone K.K.

The segment has also increased access points for the *SoftBank Wi-Fi Spot* wireless LAN service to around 250,000 locations as of March 31, 2012, far more than any of its competitors. This service will reduce the impact of the traffic increase on the mobile telecommunications network.

In March 2012, SOFTBANK MOBILE was allocated the 900 MHz band, known as the "platinum band." The platinum band is optimally suited for mobile communications services, with the signal reaching further than the 2.1 GHz band SOFTBANK MOBILE already had, and having a certain ability to reach around buildings and other obstacles. SOFTBANK MOBILE started communications services using the 900 MHz band on July 25, 2012, aiming to realize a communications environment with superior connectivity and range.

Telecom Service Revenue at SOFTBANK MOBILE



2. Providing next-generation high-speed data communication services

The segment is working diligently to realize next-generation high-speed data communication services capable of transmitting large volumes of data even faster.

From February 2012, the segment has been using the network built by Wireless City Planning to offer *SoftBank 4G*, boasting downlink speeds of up to 110 Mbps, the fastest in the industry.* From fall 2012 the segment will commence a high-speed data communication service using FDD-LTE, after which it will expand its lineup of smartphones and tablets compatible with these new services.

Mobile Wi-Fi router *SoftBank 102HW*, *SoftBank 4G* compatible, and capable of downlink speeds up to 110 Mbps.

3. Developing a wide range of handsets

The segment will enhance its handset offerings not only for iPhone, but also for Android smartphones. Increasing the number of data-intensive smartphone users will lead to higher data telecom service revenues.

In addition to smartphones, the segment is also looking to create new markets by stimulating demand for second mobile devices. Here, the focus is on enhancing the lineup of tablets, digital photo frames with telecommunications functionality, and handsets with security buzzers.

* Among mobile data communication services being offered in Japan as of May 29, 2012, based on published data from other companies and industry standard values.

Broadband Infrastructure Segment

Fiscal 2011 Business Results (YoY)

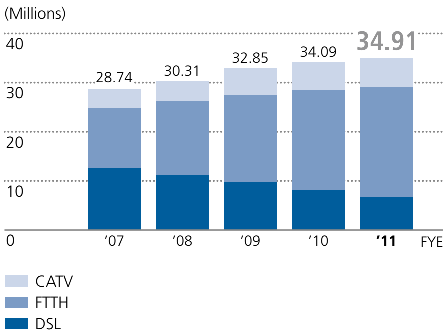
Net Sales: ¥171.9 billion (–9.5%)

Operating Income: ¥34.3 billion (–20.5%)

Market Conditions

In fiscal 2011, Japan's market for broadband services expanded by 2.4%. Meanwhile, the DSL service market contracted by 18.2% as a result of the shift from ADSL to FTTH. This trend is expected to persist in fiscal 2012 and beyond.

Number of Broadband Service Subscribers in Japan



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

Fiscal 2011 Overview

The segment's net sales decreased by 9.5% year on year to ¥171.9 billion. This was mainly because of an increasing portion of *Yahoo! BB hikari with FLET'S*, which has relatively lower ARPU, while the total number of broadband service users continued to increase.

Operating income decreased by 20.5% year on year to ¥34.3 billion. This was mainly due to the decrease in net sales and an increase in sales promotion expenses due to an increase in subscriber acquisitions for *Yahoo! BB hikari with FLET'S*.

In fiscal 2011, the number of *Yahoo! BB ADSL* installed lines decreased by 549,000. However, net subscriber additions for *Yahoo! BB hikari with FLET'S* totaled 676,000. Consequently, the total number of broadband service users, including users of both services, increased to 4,209,000.

Strategies Ahead

1. Expand earnings from *Yahoo! BB hikari with FLET'S*

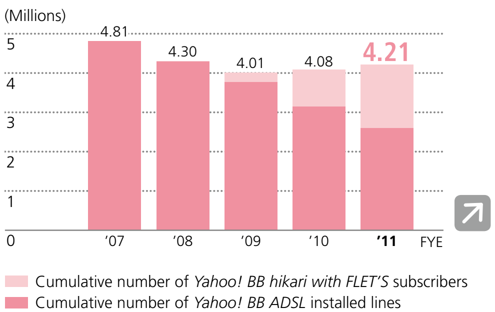
The segment will strive to further increase earnings from *Yahoo! BB hikari with FLET'S* by improving ARPU. To this end, the segment will upgrade and expand a variety of optional services, in addition to continuing to increase the number of subscribers for the service. The segment currently provides optional services such as IP telephony services and Wi-Fi services. Looking ahead, the segment will continue working to enhance ARPU by developing and providing optional services that make daily life more convenient and fulfilling.

2. Improve earnings from the ADSL business and develop new business

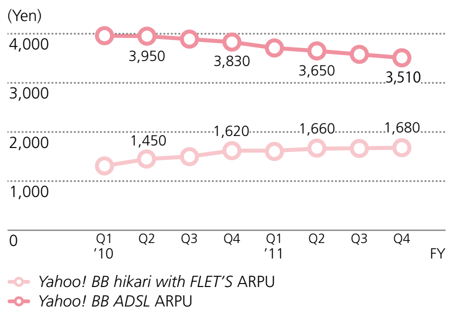
In the ADSL business, the segment will work to improve earnings by reducing sales promotion expenses through optimizing the mix of sales channels, and by maintaining the customer base by reducing the churn rate using data mining and other techniques.

Furthermore, the segment will pursue earnings opportunities by capturing synergies with the Mobile Communications segment. Examples include sales of ADSL in combination with smartphones, and the use of ADSL for Wi-Fi access points and other backbone infrastructure.

Yahoo! BB Users



Yahoo! BB ARPU



Fixed-line Telecommunications Segment

Fiscal 2011 Business Results (YoY)

Net Sales: **¥367.6 billion** (+3.1%)

Operating Income: **¥57.9 billion** (+52.5%)

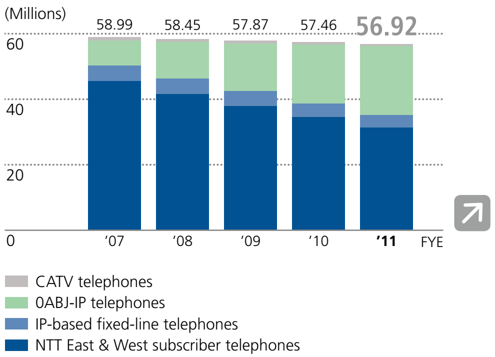
Market Conditions

Fixed-line telephones continue to see solid basic demand from large- and medium-scale corporate customers.

In the data transmission market, WAN services such as IP-VPN and wide-area Ethernet are increasing.

Looking ahead in this sector, the market for cloud computing services, where an IT environment is provided as a service, is expected to continue expanding.

Subscribers for Fixed-line Telephones in Japan



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

Fiscal 2011 Overview

The segment's net sales increased by 3.1% year on year to ¥367.6 billion. The main factor in the increase was growth in network provision to the Group's telecommunications companies.

Operating income increased by 52.5% year on year to ¥57.9 billion. This was mainly due to the increase in net sales, combined with lower telecommunications equipment fees and a decrease in sales promotion expenses.

The segment acquired more customers for the direct connection voice service *OTOKU Line*, using price competitiveness and value-added services including multi-functional forwarding. As a result, the number of corporate subscriber lines expanded to 1,452,000.

The number of lines for data transmission services reached 133,000, mainly due to proposing work style innovations that combine the Group's telecommunications services, cloud computing services, and devices to increase operation efficiency for corporate customers.

Strategies Ahead

1. Further expand sales of *OTOKU Line* and data transmission services

The segment will work to expand sales of *OTOKU Line* and data transmission services by proposing work style innovations and promoting cross-selling with mobile communications services.

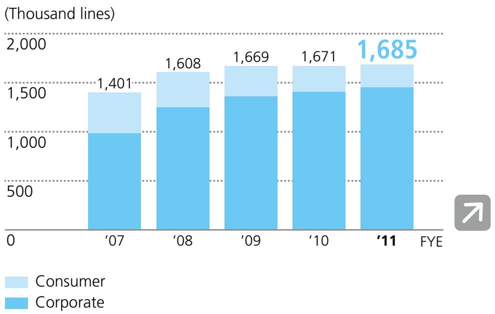
Another strategy will be to further expand earnings opportunities by working to develop customers among medium-sized corporations, while continuing to expand sales to large corporations where the segment has already established a strong customer base.

2. Focus on cloud computing services

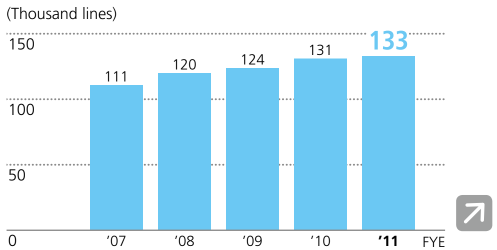
The Group is working to diversify and add high value to its various cloud computing services, which are collectively called *White Cloud*. The segment currently provides virtual server and other services that are in high demand by corporate customers. Looking ahead, the segment will enhance its offerings with various services to meet customers' needs.

The segment will strive to increase profit by providing these cloud computing services in a comprehensive package with telecommunications connections and mobile handsets to offer corporate customers greater convenience.

Number of *OTOKU Line* Lines



Number of Lines for Corporate Data Telecommunications Services



(Note) Total number of lines for *ULTINA IP-VPN*, *ULTINA Wide Ethernet*, *ULTINA Internet*, and *ULTINA Managed Ether* (formerly *ODN-Biz*) (excluding overlaps).

Internet Culture Segment

Fiscal 2011 Business Results (YoY)

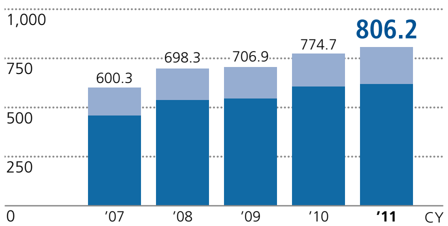
Net Sales: **¥293.6 billion (+3.5%)**

Operating Income: **¥156.8 billion (+4.3%)**

Market Conditions

Internet advertising expenditures rose only 1.8% year on year. This result mainly reflected a lull in the market due to the Great East Japan Earthquake, as well as a contraction in advertising for conventional mobile phones, despite expanded advertising for smartphones.

Internet Advertising Expenditures in Japan



(Note) Created by the Company, based on press release by Dentsu dated February 23, 2012.

Fiscal 2011 Overview

The segment's net sales increased by 3.5% year on year to ¥293.6 billion. This was mainly due to steady growth in game-related services such as *Yahoo! Mobage*, in addition to mainstay Internet advertising.

Operating income increased by 4.3% year on year to ¥156.8 billion. In addition to higher net sales, this was primarily the result of a decrease in communications expenses due to connection efficiency improvements in the operating system for data centers.

To address the rapidly growing smartphone market, the segment optimized various *Yahoo! JAPAN* services for smartphones, and provided various smartphone applications. In *Yahoo! Shopping*, transaction value via smartphones expanded sharply, as a result of actively implementing sales promotion campaigns exclusively for smartphone users.

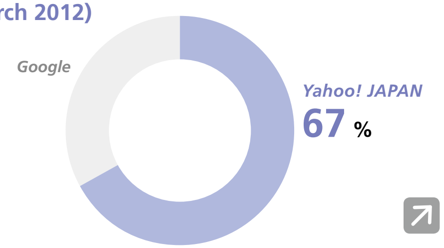
Strategies Ahead

"Smartphone First"

In 2012, Yahoo Japan transformed its management team as part of a bold shift in the core focus of its business from PCs to smartphones. The goal was to completely rejuvenate Yahoo Japan with a new generation of smartphone- and social media-savvy business managers. Under the leadership of this new management team, Yahoo Japan has embarked on its "Second Foundation" by accelerating the transformation of its business model. Guided by the slogan of "Smartphone First," Yahoo Japan has given top priority to upgrading and expanding smartphone services, with the aim of becoming the undisputed No. 1 in the smartphone market. If these measures result in more frequent use of services, Yahoo Japan should have more opportunities to monetize services, leading to a return to faster revenue and profit growth.

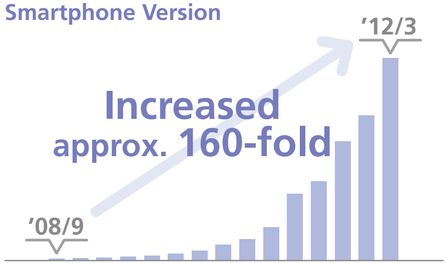
To realize the Smartphone First concept, Yahoo Japan will strive to enhance its organization and service development framework, based on the key concepts of "Ultimate Speed" and "Strategic Human Resource Management." The goal is to provide a steady stream of services that help to solve issues faced by users. In conjunction with these efforts, Yahoo Japan will work even more closely with SOFTBANK MOBILE and other SOFTBANK Group companies who have strengths in smartphones.

Domestic Share of Online Search Queries Via *Yahoo! JAPAN* and *Google* (March 2012)



(Note) Nielsen NetView (MegaView Search)
The two companies' shares of online search queries were calculated based on data on PC-based access from the home and office.

Page Views of *Yahoo! JAPAN* Smartphone Version



(Note) Page views are presented with page views in September 2008 indexed at 100.

Major Consolidated Subsidiaries and Affiliates

Consolidated Subsidiaries

Company Name	Listed Market	Fiscal Year-end	Capital (Millions of yen)	Voting Rights (%)	Principal Business Activities
Mobile Communications Segment					
SOFTBANK MOBILE Corp.		Mar.	177,251	100.0	Mobile communications services, mobile handset sales
BB Mobile Corp.		Mar.	315,155	100.0	Holding company
Telecom Express Co., Ltd.		Mar.	100	100.0	Sales agent for mobile phones and other products
Broadband Infrastructure Segment					
SOFTBANK BB Corp.*[1]		Mar.	100,000	100.0	ADSL services, IP telephony services, distribution and sales of IT-related merchandise
Fixed-line Telecommunications Segment					
SOFTBANK TELECOM Corp.		Mar.	100	100.0	Fixed-line telephone services, data transmission and leased-line services
SOFTBANK TELECOM PARTNERS Corp.		Mar.	100	100.0	*OTOKU Line* sales and billing operations for telecommunications services
Internet Culture Segment					
Yahoo Japan Corporation	TSE First Section, JASDAQ Standard	Mar.	7,959	42.2	Operation of the *Yahoo! JAPAN* portal, sales of Internet advertising, operation of e-commerce sites, membership services
Yahoo Japan Customer Relations Corporation		Mar.	100	100.0	Contracted contact center services
IDC Frontier Inc.		Mar.	100	100.0	Sales and distribution of data centers, provision of solutions
Tavigator, Inc.		Mar.	100	58.0	Online travel agency
Others					
Mobiletech Corporation		Mar.	315,966	100.0	Holding company
SOFTBANK Players Corp.		Mar.	575	100.0	Consulting and services planning and provision for local governments on administration in general and publicly-managed race betting
SOFTBANK PAYMENT SERVICE CORP.		Mar.	450	100.0	Payment processing, invoice collections, and computation services for businesses
Fukuoka SOFTBANK HAWKS Marketing Corp.		Feb.	100	100.0	Management and maintenance of baseball stadium and other sports facilities, operation of baseball games
Fukuoka SOFTBANK HAWKS Corp.		Feb.	100	100.0	Ownership of professional baseball team and baseball game administration
DeeCorp Limited		Mar.	100	100.0	Comprehensive online purchasing support services for companies
SOFTBANK Frameworks Corporation		Mar.	100	100.0	Logistics outsourcing and consulting services specialized in IT companies
SOFTBANK Media Marketing Holdings Corp.		Mar.	100	100.0	Holding company

*[1] Among principal business activities, the distribution and sale of IT-related products business is included under Others.

Company Name	Listed Market	Fiscal Year-end	Capital (Millions of yen)	Voting Rights (%)	Principal Business Activities
Others					
SOFTBANK Creative Corp.		Mar.	100	100.0	Distribution of digital content and publishing
BB Softservice Corp.		Mar.	50	100.0	Operation of software service portal, distribution of software
SBBM Corporation		Mar.	11	100.0	Holding company
Odds Park Corp.		Mar.	10	100.0	Compilation of information related to publicly-managed race betting and sales operations for betting tickets
TV Bank Corporation		Mar.	10	100.0	Procurement and distribution of video content
Cybertrust Japan Co., Ltd.		Dec.	1,422	69.7	Development and sale of software related to electronic authentication
ITmedia Inc.	TSE Mothers	Mar.	1,621	59.8	Operation of comprehensive IT information site *ITmedia*
Alibaba.com Japan Co., Ltd.		Mar.	1,221	58.2	Operation of B2B and B2C trading support Web site
SOFTBANK TECHNOLOGY CORP.	TSE First Section	Mar.	634	55.5	Online business solutions and services
Vector Inc.	JASDAQ Standard	Mar.	1,006	52.4	Operation of online games, software sales through downloading
Carview Corporation	TSE Mothers	Mar.	1,572	52.2	Online provision of automobile-related information
SFJ Capital Limited	The Cayman Islands Stock Exchange	Mar.	200,000	100.0	Procurement of funds by issuing preferred (restricted voting) securities
SB CHINA HOLDINGS PTE LTD		Mar.	US$100M	100.0	Holding company
SB Holdings (Europe) Ltd.		Mar.	US$48M	100.0	Holding company
SB China & India Corporation		Mar.	US$42M	100.0	Holding company
SB Third Singapore Pte Ltd		Mar.	US$16M	100.0	Holding company
SOFTBANK Ventures Korea Inc.		Dec.	KRW18,000M	100.0	Holding company
SOFTBANK Korea Co., Ltd.		Dec.	KRW2,200M	100.0	Holding company
SOFTBANK Holdings Inc.		Mar.	US$0M	100.0	Holding company
SOFTBANK America Inc.		Mar.	US$0M	100.0	Holding company
SOFTBANK Commerce Korea Corporation		Dec.	US$5,537M	88.8	Distribution and sales of IT-related merchandise in South Korea

Affiliates and Others

Company Name	Listed Market	Fiscal Year-end	Capital (Millions of yen)	Voting Rights (%)	Principal Business Activities
Equity Method Affiliates					
Internet Culture Segment					
ValueCommerce Co., Ltd.	TSE Mothers	Dec.	1,727	43.5	Operation of performance-based Internet advertising system
CREO CO., LTD.	JASDAQ Standard	Mar.	3,149	39.5	Systems development, planning, development, and sales of packaged software
Estore Corporation	JASDAQ Standard	Mar.	523	32.5	Services including distribution, settlement, sales promotion, and administration for Internet businesses
MACROMILL, INC.	TSE First Section	June	1,627	24.4	Market surveys and other services utilizing the Internet and mobile phones
Others					
Gilt Groupe K.K.		June	716	49.0	Internet-based sales of apparel, accessories, jewelry, and miscellaneous items
Green Power Investment Corporation		Mar.	1,415	44.4	Generation, supply, and sales of electricity utilizing renewable energy sources
Broadmedia Corporation	JASDAQ Standard	Mar.	2,666	34.5	Video, audio, and data content distribution services using communications networks
GungHo Online Entertainment, Inc.	JASDAQ Standard	Dec.	5,331	33.7	Planning, development, distribution, and management of online games, using the Internet
Wireless City Planning Inc.		Mar.	10,751	33.3	Planning and provision of wireless broadband services
Telecom Service Co., Ltd.		Mar.	500	17.3	Sales agent for mobile phones and other products
PPLive Corporation		Dec.	RMB2M	39.9	Investor company of company operating *PPTV* online TV services
Renren Inc.	NYSE	Dec.	US$1M	34.1	Investor company of company operating *Renren.com*, one of the largest SNS sites in China
Alibaba Group Holding Limited		Dec.	US$0M	31.9	Investor company of company operating *Alibaba.com* B2B Web site
InMobi Pte. Ltd.		Mar.	US$0M	21.2	Provision of advertising distribution services for mobile devices

Main Overseas Fund Data

Fund Name	Category*2	Principal Investment Region	Fund Size	Commitment	Ownership*3 (%)
Consolidated Subsidiaries					
SOFTBANK Ranger Venture Investment Partnership	A	South Korea	KRW26,100M	KRW26,100M	100.0
SoftBank Capital Fund '10 L.P.	A	U.S.	US$102M	US$100M	98.0
SOFTBANK US Ventures VI L.P.	B	U.S.	US$626M	US$608M	97.0
Bodhi Investments LLC	A	China, India	US$105M	US$50M	47.6
Equity Method Affiliates					
SOFTBANK Capital Technology Fund III L.P.	B	U.S.	US$232M	US$131M	56.3
SB Life Science Ventures I, L.P.	A	U.S.	US$89M	US$30M	33.7

*2 A: funds managed by the Company; B: fund other than category A.
*3 Holdings as percentage of fund size

Macro and Semi-macro Data

Fiscal years ended March 31

	Units	FYE2009	FYE2010	FY2011 EOQ1	FY2011 EOQ2	FY2011 EOQ3	FY2011 EOQ4
Mobile Telecommunications							
Mobile phone subscribers	Millions	112.18	119.54	121.25	123.13	125.56	128.20
3G	Millions	109.06	118.13	120.03	121.90	123.82	125.93
LTE	Millions	–	0.03	0.12	0.39	1.14	2.23
Other	Millions	3.12	1.38	1.10	0.84	0.60	0.04
Prepaid	Millions	1.10	1.26	1.28	1.27	1.34	1.37
Communication modules	Millions	3.23	4.77	5.09	5.52	6.03	6.42
Mobile IP connection service	Millions	93.24	97.38	98.68	100.10	101.12	102.70
Number of PHS subscribers	Millions	4.11	3.75	3.99	4.15	4.31	4.56
Total number of mobile phone and PHS subscribers	Millions	116.30	123.29	125.24	127.28	129.87	132.76
Fixed-line Telecommunications							
Internet penetration							
Internet users	Millions	94.08 *1	94.62 *2	–	–	96.10	–
Population penetration rate	%	78 *1	78 *2	–	–	79	–
Internet connection service subscribers	Millions	36.06	37.68	38.11	38.34	38.62	38.71
Broadband service subscribers							
DSL	Millions	9.74	8.20	7.79	7.41	7.06	6.70
FTTH	Millions	17.80	20.22	20.93	21.43	21.90	22.30
CATV	Millions	5.31	5.67	5.73	5.78	5.91	5.91
Total broadband service subscribers*3	Millions	32.85	34.09	34.45	34.62	34.87	34.91
Wireless LAN contracts	Millions	8.36	9.48	9.71	10.11	13.73	15.57
IP-VPN contracts	Millions	0.39	0.40	0.40	0.40	0.40	0.41
Wide-area Ethernet contracts	Millions	0.28	0.31	0.30	0.32	0.33	0.34
Subscriber telephones							
NTT subscriber telephones	Millions	37.93	34.52	33.65	32.84	32.08	31.35
IP-based fixed-line telephones	Millions	4.48	4.18	4.11	4.04	3.96	3.86
0ABJ-IP telephones	Millions	14.53	17.90	18.64	19.42	20.17	20.96
CATV telephones	Millions	0.93	0.86	0.79	0.78	0.77	0.75
Total number of subscriber telephones	Millions	57.87	57.46	57.19	57.08	56.98	56.92
IP telephone numbers in use							
050 numbers	Millions	8.64	7.90	7.78	7.63	7.60	7.53
0AB–J numbers (Reincluded)	Millions	14.53	17.90	18.64	19.42	20.17	20.96
Total number of IP telephone numbers in use	Millions	23.17	25.80	26.42	27.05	27.77	28.49

*1 As of December 31, 2009
*2 As of December 31, 2010
*3 Total subscribers for DSL services, FTTH services, and cable TV Internet services

SOFTBANK Group in Figures

Fiscal years ended March 31

Principal Operational Data

	Units	FY2009	FY2010	FY2011	FY2011 Q1	FY2011 Q2	FY2011 Q3	FY2011 Q4
Mobile Communications								
Cumulative subscribers	Millions	21.88	25.41	28.95	26.14	26.90	27.84	28.95
Market share	%	19.5	21.3	22.6	21.6	21.8	22.2	22.6
Postpaid	Millions	21.24	24.56	28.08	25.26	26.00	26.95	28.08
Prepaid	Millions	0.64	0.85	0.87	0.88	0.90	0.89	0.87
3G	Millions	21.88	25.41	28.95	26.14	26.90	27.84	28.95
Net subscriber additions (Total for the period)	Millions	1.24	3.53	3.54	0.73	0.76	0.94	1.11
Market share	%	26.5	48.0	40.8	42.7	40.4	38.6	42.1
Postpaid	Millions	1.64	3.32	3.52	0.70	0.75	0.95	1.12
Prepaid (Net decrease)	Millions	(0.40)	0.21	0.02	0.03	0.01	(0.01)	(0.01)
ARPU	¥/month	4,070	4,210	4,150	4,210	4,310	4,230	3,890
Basic monthly charge + voice	¥/month	2,050	1,890	1,650	1,780	1,780	1,700	1,350
Data	¥/month	2,020	2,310	2,510	2,440	2,520	2,530	2,530
Data ratio	%	49.6	55.0	60.4	57.9	58.6	59.8	65.2
Churn rate	%/month	1.37	0.98	1.12	1.08	1.09	1.11	1.20
Churn rate (3G postpaid)	%/month	1.06	0.94	1.05	1.03	1.02	1.04	1.10
Upgrade rate	%/month	1.71	1.40	1.59	1.28	1.31	2.36	1.38
Average acquisition cost per subscriber	¥	40,500	36,900	30,300	36,200	30,800	25,700	29,400
Handsets sold	Millions	9.13	10.24	12.30	2.55	2.66	3.79	3.30
Handsets shipped	Millions	8.82	10.02	11.68	2.49	2.39	3.77	3.03
Broadband Infrastructure								
Cumulative number of *Yahoo! BB ADSL* installed lines	Millions	3.77	3.15	2.60	3.01	2.87	2.74	2.60
Cumulative number of *Yahoo! BB ADSL* charged lines	Millions	3.39	2.75	2.22	2.61	2.47	2.35	2.22
Yahoo! BB ADSL ARPU	¥/month	–	–	–	3,710	3,650	3,580	3,510
Yahoo! BB ADSL churn rate	%/month	2.16	2.54	2.45	2.56	2.43	2.35	2.44
Cumulative number of *Yahoo! BB hikari with FLET'S* subscribers	Millions	0.24	0.93	1.61	1.11	1.27	1.44	1.61
Yahoo! BB hikari with FLET'S ARPU	¥/month	–	–	–	1,620	1,660	1,670	1,680
Fixed-line Telecommunications								
Number of *OTOKU Line* lines	Millions	1.67	1.67	1.68	1.67	1.68	1.68	1.68
OTOKU Line ARPU	¥/month	–	–	–	6,650	6,570	6,550	6,790
Corporate subscriber lines	Millions	1.96	1.94	1.93	1.92	1.92	1.92	1.93
Corporate *MYLINE* subscriber lines	Millions	0.60	0.54	0.48	0.51	0.49	0.48	0.48
Corporate *OTOKU Line* subscriber lines	Millions	1.36	1.40	1.45	1.41	1.43	1.44	1.45

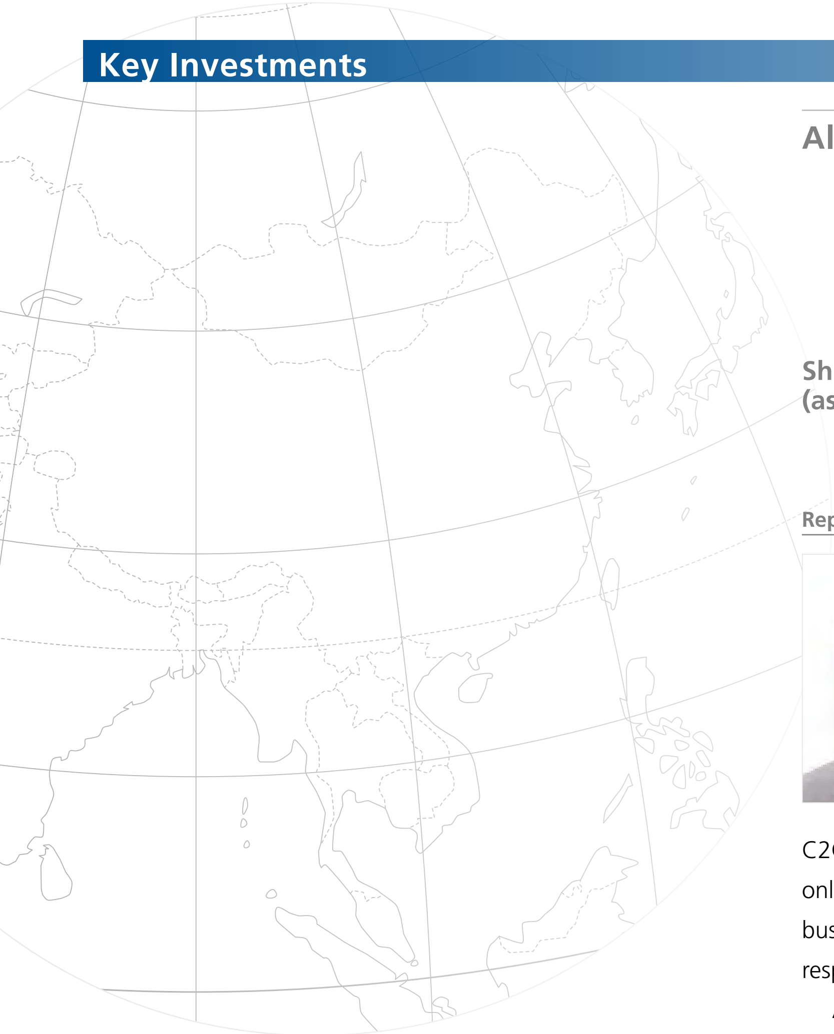
SOFTBANK CORP. and consolidated subsidiaries Fiscal years ended March 31

Segment Financial Data

Millions of yen	FY2009	FY2010	FY2011	FY2011 Q1	FY2011 Q2	FY2011 Q3	FY2011 Q4
Mobile Communications							
Net sales	1,701,414	1,944,551	2,144,899	514,091	506,847	598,240	525,721
EBITDA	504,201	620,470	684,120	175,551	195,143	158,515	154,911
EBITDA margin (%)	29.6	31.9	31.9	34.1	38.5	26.5	29.5
Operating income	260,895	402,412	429,237	116,492	133,595	96,392	82,758
Operating margin (%)	15.3	20.7	20.0	22.7	26.4	16.1	15.7
Capital expenditure (acceptance basis)	184,771	351,526	422,766	84,077	98,400	93,676	146,613
Depreciation and amortization (excluding amortization of goodwill)	176,337	156,993	203,456	46,202	48,691	49,266	59,297
Broadband Infrastructure							
Net sales	202,128	190,055	171,905	44,020	43,242	42,529	42,114
EBITDA	65,232	61,023	50,283	14,152	13,280	12,545	10,306
EBITDA margin (%)	32.3	32.1	29.3	32.1	30.7	29.5	24.5
Operating income	48,400	43,154	34,328	10,221	9,437	8,648	6,022
Operating margin (%)	23.9	22.7	20.0	23.2	21.8	20.3	14.3
Capital expenditure (acceptance basis)	9,343	16,851	26,763	5,739	3,861	4,638	12,525
Depreciation and amortization (excluding amortization of goodwill)	17,024	15,841	14,395	3,541	3,453	3,507	3,894
Fixed-line Telecommunications							
Net sales	348,692	356,562	367,646	87,492	90,583	91,982	97,589
EBITDA	67,016	85,693	105,034	23,922	25,880	27,338	27,894
EBITDA margin (%)	19.2	24.0	28.6	27.3	28.6	29.7	28.6
Operating income	23,065	38,006	57,950	12,913	14,374	15,559	15,104
Operating margin (%)	6.6	10.7	15.8	14.8	15.9	16.9	15.5
Capital expenditure (acceptance basis)	17,979	36,236	39,878	6,320	8,282	10,654	14,622
Depreciation and amortization (excluding amortization of goodwill)	35,293	36,634	39,801	9,188	9,685	9,958	10,970
Internet Culture							
Net sales	270,755	283,616	293,635	69,610	71,863	74,470	77,692
EBITDA	148,175	161,545	169,013	39,394	41,425	42,986	45,208
EBITDA margin (%)	54.7	57.0	57.6	56.6	57.6	57.7	58.2
Operating income	136,586	150,306	156,822	36,605	38,563	39,814	41,840
Operating margin (%)	50.4	53.0	53.4	52.6	53.7	53.5	53.9
Capital expenditure (acceptance basis)	6,128	10,713	15,921	3,350	4,610	3,743	4,218
Depreciation and amortization (excluding amortization of goodwill)	9,864	9,423	10,288	2,291	2,396	2,704	2,897

Millions of yen	FY2009	FY2010	FY2011	FY2011 Q1	FY2011 Q2	FY2011 Q3	FY2011 Q4
Others							
Net sales	331,850	343,635	360,999	81,556	92,234	90,985	96,224
EBITDA	11,201	12,594	15,510	3,719	6,491	3,927	1,373
EBITDA margin (%)	3.4	3.7	4.3	4.6	7.0	4.3	1.4
Operating income	5,879	7,092	8,800	2,406	5,109	1,968	(683)
Operating margin (%)	1.8	2.1	2.4	2.9	5.5	2.2	(0.7)
Capital expenditure (acceptance basis)	4,694	5,265	11,047	1,711	5,338	2,042	1,956
Depreciation and amortization (excluding amortization of goodwill)	4,667	4,834	6,277	1,206	1,274	1,874	1,923
Elimination or Corporate							
Net sales	(91,433)	(113,779)	(136,648)	(32,532)	(33,359)	(35,661)	(35,096)
EBITDA	(8,194)	(10,595)	(10,244)	(2,495)	(3,362)	(2,343)	(2,044)
Operating income	(8,954)	(11,807)	(11,854)	(2,812)	(3,680)	(2,820)	(2,542)
Consolidated							
Net sales	2,763,406	3,004,640	3,202,436	764,237	771,410	862,545	804,244
EBITDA	787,631	930,730	1,013,716	254,243	278,857	242,968	237,648
EBITDA margin (%)	28.5	31.0	31.7	33.3	36.1	28.2	29.5
Operating income	465,871	629,163	675,283	175,825	197,398	159,561	142,499
Operating margin (%)	16.9	20.9	21.1	23.0	25.6	18.5	17.7
Capital expenditure (acceptance basis)	222,915	420,591	516,375	101,197	120,491	114,753	179,934
Depreciation and amortization (excluding amortization of goodwill)	243,944	224,937	275,826	62,745	65,817	67,786	79,478

Key Investments



Alibaba Group Holding Limited

Share of voting rights (as of December 31, 2011): **31.9%**

Representative

Yun Ma
Chairman and CEO

Business Overview

Alibaba Group Holding operates the B2B service site *Alibaba.com*, the C2C online shopping site *Taobao Marketplace*, and the B2C online shopping site *Tmall.com*, through one of its affiliated businesses. All three are the leading*[1] Web sites in their respective fields in China.

Alibaba Group Holding strives to improve the quality of the stores and products on each site, and is working to increase user convenience by providing mobile phone access and developing a logistics network covering the whole of China.

*[1] *Alibaba.com* and *Taobao Marketplace*: data published by the China Electronic Commerce Research Center (August 1, 2011).
Tmall.com: data published by Analysys International (March 22, 2012).

Renren Inc.

Share of voting rights (as of December 31, 2011): **34.1%**

Representative

Joseph Chen
Chairman and CEO

Business Overview

Renren operates China's largest*[2] real-name social network service (SNS) site, *Renren.com*, which currently boasts over 154.2 million activated users (as of March 31, 2012) through one of its affiliated businesses.

In addition, Renren also operates a leading group-buying service site in China, *Nuomi.com*, through one of its affiliated businesses. *Nuomi.com* leverages Renren's broad user base and Location Based Service ("LBS") to tap into the potential of social commerce amid increasing usage of smartphones.

*[2] Data published by iResearch (April 2012). In terms of total SNS page views and total stay time (April 2012).

InMobi Pte. Ltd.

Share of voting rights (as of March 31, 2012): **21.2%**

Representative

Naveen Tewari
CEO

Business Overview

InMobi is a global mobile advertising network. With employees in 32 locations across five continents, InMobi provides advertisers, publishers and developers with a cutting-edge technology solution for advertising and monetization. The network is growing fast and now delivers the unprecedented ability to reach more than 400 million consumers, in over 165 countries, through 74 billion mobile ad impressions monthly.

Bharti Softbank Holdings Pte. Ltd.

Share of voting rights (as of March 31, 2012): Approx. **50%**

Representative

Atsushi Taira
CEO

Business Overview

BSB was established in June 2011 as a joint venture between Bharti Group and SOFTBANK. Bharti Airtel, a core company of Bharti Group, is the largest*3 mobile services provider in India and the fifth largest*4 in the world.

BSB seeks to pioneer the Indian mobile Internet market by developing businesses mainly in the three areas of social media, gaming, and e-commerce.

*3 Data published by Telecom Regulatory Authority of India (as of April 30, 2012).
*4 Data published by Wireless Intelligence (as of September 30, 2011).

Directors and Corporate Auditors

(As of June 22, 2012)

Directors

Chairman & CEO **Masayoshi Son**

Sept. 1981 Founded SOFTBANK Corp. Japan (currently SOFTBANK), Chairman & CEO
Apr. 1983 Chairman, SOFTBANK Japan
Feb. 1986 Chairman & CEO, SOFTBANK Japan (to present)
Jan. 1996 President & CEO, Yahoo Japan
July 1996 Chairman of the board, Yahoo Japan (to present)
June 2001 President, BB Technologies (currently SOFTBANK BB)
Feb. 2004 Chairman & CEO, SOFTBANK BB (to present)
July 2004 Chairman of the board, JAPAN TELECOM (currently SOFTBANK TELECOM)
Apr. 2006 Chairman of the board, president & CEO, Vodafone K.K. (currently SOFTBANK MOBILE)
Oct. 2006 Chairman & CEO, SOFTBANK TELECOM (to present)
June 2007 Chairman & CEO, SOFTBANK MOBILE (to present)

Director **Ken Miyauchi**

Feb. 1977 Joined Japan Management Association
Oct. 1984 Joined SOFTBANK Corp. Japan (currently SOFTBANK)
Feb. 1988 Director, SOFTBANK Japan
Apr. 1993 Executive director, SOFTBANK
Sept. 1999 Representative director & president, SOFTBANK COMMERCE (currently SOFTBANK BB)
June 2000 Director, SOFTBANK (to present)
Feb. 2004 Vice president, director & COO, SOFTBANK BB
July 2004 Director, JAPAN TELECOM (currently SOFTBANK TELECOM)
Apr. 2006 Executive vice president, director & COO, Vodafone K.K. (currently SOFTBANK MOBILE)
Oct. 2006 Representative director & COO, SOFTBANK TELECOM (to present)
June 2007 Representative director & COO, SOFTBANK MOBILE (to present)
June 2007 Representative director & COO, SOFTBANK BB (to present)
Aug. 2010 Trustee, WILLCOM (to present)
Nov. 2010 Representative director & president, WILLCOM (to present)
June 2012 Director, Yahoo Japan (to present)

Director **Kazuhiko Kasai**

Apr. 1959 Joined The Fuji Bank, Ltd.
May 1992 Executive vice president, The Fuji Bank
Apr. 1998 Corporate advisor, The Yasuda Trust and Banking Co., Ltd. (currently Mizuho Trust & Banking Co., Ltd.)
June 1998 Chairman of the board, The Yasuda Trust and Banking
Apr. 2000 Director, executive advisor, The Yasuda Trust and Banking
June 2000 Corporate advisor, SOFTBANK
June 2000 Director, SOFTBANK (to present)
July 2004 Director, JAPAN TELECOM (currently SOFTBANK TELECOM) (to present)
Jan. 2005 President & owners' representative, Fukuoka SOFTBANK HAWKS (to present)
June 2005 Chairman & president, Fukuoka SOFTBANK HAWKS Marketing (to present)
Apr. 2006 Director, Vodafone K.K. (currently SOFTBANK MOBILE) (to present)

Director **Ronald D. Fisher**

Director and president, SOFTBANK Holdings Inc.

July 1984 President, Interactive Systems Corp. in the U.S.
Jan. 1990 CEO, Phoenix Technologies Ltd. in the U.S.
Oct. 1995 Director and president, SOFTBANK Holdings (to present)
June 1997 Director, SOFTBANK (to present)

Director **Yun Ma**

Chairman & CEO, Alibaba Group Holding Limited

Feb. 1995 Founded China Pages, president
Jan. 1998 President, MOFTEC EDI Centre
July 1999 Director, Alibaba.com Corporation (currently Alibaba Group Holding Limited)
Nov. 1999 Director, chairman of the board and CEO, Alibaba Group Holding
Feb. 2004 Chairman and CEO, Alibaba Group Holding (to present)
June 2007 Director, SOFTBANK (to present)
Oct. 2007 Non-executive director, chairman, Alibaba.com Limited (to present)

External Directors

Director, independent officer

Tadashi Yanai

Chairman, president & CEO,
FAST RETAILING CO., LTD.

Aug. 1972 Joined Ogori Shoji Co., Ltd. (currently FAST RETAILING CO., LTD.)
Sept. 1972 Director, Ogori Shoji
Aug. 1973 Senior managing director, Ogori Shoji
Sept. 1984 President & CEO, Ogori Shoji
June 2001 Director, SOFTBANK (to present)
Nov. 2002 Chairman & CEO, FAST RETAILING
Sept. 2005 Chairman, president & CEO, FAST RETAILING (to present)
Nov. 2005 Chairman, president & CEO, UNIQLO CO., LTD. (to present)
Sept. 2008 Chairman, GOV RETAILING CO., LTD. (currently G.U. CO., LTD.) (to present)

Director, independent officer

Mark Schwartz

Vice chairman, Goldman Sachs Group, Inc.
Chairman, Goldman Sachs Asia Pacific

July 1979 Joined the investment banking division of Goldman Sachs & Co.
Nov. 1988 Partner, Goldman Sachs
Nov. 1996 Managing director, Goldman Sachs
June 1997 President, Goldman Sachs Japan Co., Ltd.
July 1999 Chairman, Goldman Sachs Asia
June 2001 Director, SOFTBANK
Jan. 2003 President and CEO, Soros Fund Management LLC
June 2004 Retired from the position of director of SOFTBANK
Jan. 2006 Chairman, MissionPoint Capital Partners, LLC
June 2006 Director, MasterCard Incorporated (to present)
June 2006 Director, SOFTBANK (to present)
June 2012 Vice chairman, Goldman Sachs Group, Inc. (to present)
June 2012 Chairman, Goldman Sachs Asia Pacific (to present)

Director

Sunil Bharti Mittal

Chairman and managing director,
Bharti Airtel Limited

July 1985 Chairman, Bharti Telecom Limited (to present)
July 1995 Chairman and managing director, Bharti Airtel Limited (to present)
Aug. 2001 Director, Indian Continent Investment Limited (to present)
Nov. 2005 Chairman, Bharti Ventures Limited (to present)
Nov. 2005 Chairman, Bharti Overseas Private Limited (to present)
Apr. 2008 Chairman, Bharti Infratel Limited (to present)
July 2008 Chairman, Bharti Infotel Private Limited (to present)
Aug. 2008 Director, Indian School of Business (to present)
May 2011 Director, Unilever N.V. (to present)
May 2011 Director, Unilever PLC (to present)
June 2011 Director, SOFTBANK (to present)

Note: Mr. Tadashi Yanai, Mr. Mark Schwartz, and Mr. Sunil Bharti Mittal satisfy the qualifications of external directors as provided in Paragraph 2, Clause 15 of the Companies Act. 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 Companies Act.

Corporate Auditors

Full-time corporate auditor

Mitsuo Sano

Certified public accountant

Oct. 1982 Joined Price Waterhouse
Mar. 1986 Registered as a certified public accountant
Oct. 1990 Joined SOFTBANK
Dec. 1995 Accounting general manager of the Finance & Accounting department, SOFTBANK
June 1998 Full-time corporate auditor, SOFTBANK
June 1999 Retired from full-time corporate auditor of SOFTBANK
June 1999 Director, E*TRADE Securities Co., Ltd. (currently SBI SECURITIES Co., Ltd.)
June 2000 Full-time corporate auditor, SOFTBANK (to present)

Corporate auditor

Soichiro Uno

Lawyer

Apr. 1988 Joined Nagashima & Ohno (currently Nagashima Ohno & Tsunematsu), admitted to practice law in Japan
Nov. 1993 Passed the bar examination of the State of New York, USA
Jan. 2000 Partner, Nagashima Ohno & Tsunematsu (to present)
Jun. 2004 Corporate auditor, SOFTBANK (to present)

Corporate auditor, independent officer

Kouichi Shibayama

Certified public accountant,
Certified tax accountant

Apr. 1960 Joined Yamaichi Securities Co., Ltd.
Oct. 1966 Joined Price Waterhouse (currently PricewaterhouseCoopers)
Mar. 1970 Registered as a certified public accountant
Aug. 1983 Registered as a certified tax accountant
July 1997 Advisor, Price Waterhouse Aoyama Consulting Co., Ltd.
July 2002 Advisor, Zeirishi-Hojin ChuoAoyama (currently Zeirishi-Hojin PricewaterhouseCoopers) (to present)
June 2003 Corporate auditor, SOFTBANK (to present)

Corporate auditor, independent officer

Hidekazu Kubokawa

Certified public accountant,
Certified tax accountant

Nov. 1976 Joined Chuo Audit Corporation
Aug. 1980 Registered as a certified public accountant
July 1986 Founded Kubokawa CPA Office, (currently Yotsuya Partners Accounting Firm), representative partner (to present)
Mar. 1987 Registered as certified tax accountant
Feb. 1989 Corporate auditor, SOFTBANK Corp. Japan (currently SOFTBANK) (to present)
May 2003 Corporate auditor, KASUMI CO., LTD. (to present)
June 2004 Corporate auditor, TAKE AND GIVE. NEEDS Co., Ltd. (to present)
June 2005 Corporate auditor, KYORITSU PRINTING CO., LTD. (to present)

External Director Interview

Assertive Board Members from Many Backgrounds Bring Balance to Management Decisions

Director, independent officer
Mark Schwartz
Vice chairman, Goldman Sachs Group, Inc.
Chairman, Goldman Sachs Asia Pacific

Q1 How do you create ideal corporate governance?

A1 The first way to create corporate governance is to establish a model of behavior and values expressed by senior management.

To me, boards have the ultimate responsibility for every company's success.

I like to tell shareholders to pay attention to the board, the members of the board, and to whether or not the members of the board are engaged and involved, as well as independent. I like to tell them that this makes a big difference in a company, its performance, and its shareholder returns.

The first thing I look for in corporate governance is a CEO and a management team with integrity. A company is going to act ethically, fairly, and transparently if the CEO and senior management are behaving that way. One thing I've always appreciated about Masa (CEO Masayoshi Son) is that he's got great integrity, and he's a very ethical person who sets the best example for business practice not just in Japan but anywhere. That's the first way you begin to create corporate governance; it's the model of behavior, and it's the values expressed by senior management.

Then there's the whole way the board is set up; so we've set up a board now that is more independent than most Japanese boards. And there are measures in place to ensure that the three external directors are adequately independent. We also have four independently minded, non-Japanese directors who speak very candidly, speak very freely, and speak a lot. And our Japanese directors, too, are empowered to speak very candidly and to express dissenting opinions when they feel it's appropriate. We can disagree freely with Masa, we can criticize his ideas, and he listens very carefully to what the directors are saying.

Q2 Can you offer a specific example of SOFTBANK's corporate governance at work?

A2 The Board argued for it very passionately, and Masa listened and reacted appropriately to deleverage SOFTBANK.

Sure, I'll give you a good example. I think operating companies should always try to take on astute operating risks while reducing financial risks, because a growing company by its very nature is going to take on a lot of operating risk. In the mid-2000s SOFTBANK made several very large acquisitions and significantly increased its leverage to finance these M&A transactions.

Masa was concerned about this level of leverage but he didn't think it was a pressing issue. However, many of the directors did think this was an issue. Tadashi Yanai, Ron Fisher, and I were arguing very passionately for SOFTBANK to deleverage and Masa listened carefully to the Board discussion and reacted appropriately.

By April 2009, SOFTBANK, with the Board's full support, was making a public commitment to our shareholders that we were going to deleverage. We have in fact reduced our net debt by approximately two-thirds in the three years since this commitment was made. There were lots of discussions and debates like that over the years. Again, I think we are now set up so that we can discuss our differences in arriving at a balanced judgment on how the Company should operate.

Q3 How will the role of external and non-Japanese directors evolve as SOFTBANK expands globally?

A3 **Non-Japanese members of the Board have the insight, experience, and expertise for contributing a lot of value to SOFTBANK as it begins to build out globally.**

The Board has become more independent, more vocal and assertive, and much more of a counterbalance to a very strong, and very strong-willed founder and CEO.

More pertinent to your question, the Board has been involved in all of SOFTBANK's important Internet investments, as we have expanded into China for example, and will continue to be involved as we consider investments around the world. The Board is deeply engaged. Masa, of course, plays an important leadership role in SOFTBANK acquiring a share of or investing in the early stages of an Internet-related business because that is truly his expertise. It's where he has so much feel, instinct, and intuition.

Masa is quite good at discovering young talent and entrepreneurs around the world, helping them develop their business plans and helping them get started. We have a proven track record of being able to identify young emerging companies and helping them accelerate their growth. I think the way I can help is to offer my global perspective of what's going on not only in financial markets, in capital markets, but also in M&A markets, and the way I see them developing. I have a lot of expertise in East Asia, South Asia, in Africa, and I can see a time when SOFTBANK will begin to broaden its business globally, much more so than currently. What we are today is one of the very best companies operating in Japan. We have built a great domestic franchise, a great brand, and a very profitable business. I hope and believe we will continue to dominate in Japan, but I can also see how we will take a lot of our domestic skill set, expertise, and experience and begin to build out globally. I have a strong opinion and a lot of insight on ways we can do that. Along with Ron Fisher, Jack Ma (Yun Ma,) and Sunil Bharti Mittal, I think all of us non-Japanese members of the Board have that insight, experience, and expertise for contributing a lot of value to SOFTBANK. And some of our Japanese directors, such as Tadashi Yanai, have built big global businesses as well, and can contribute a lot of their own expertise and experience in our Board discussions.

Q4 What challenges in corporate governance will SOFTBANK face going forward?

A4 **We need a management structure where Masa can push a lot of management responsibility deeper into the organization, and on to a new team of senior and middle management.**

We are on a journey, and this is a process, and the process in the last ten years has gotten better and better. But we still can improve our corporate governance.

When you have tens of thousands of employees, there are so many different issues that can come before a board: for instance, succession planning in all the major divisions or business units. We have only recently begun discussing succession planning as a board.

I am constantly talking to Masa about this. I am writing him emails and calling him, and advising him that he cannot be doing everything, even though his work ethic is extraordinary and he is always working long hours.

First, we have to have a management structure where Masa himself can push a lot of management responsibility away from himself and on to a new team of senior management growing up as potential successors, as well as people who are being well trained and groomed as managers.

Secondly, instead of Masa being a board member or director in many of our subsidiaries, there may be opportunities to use other Board members to take on some of those governance responsibilities as well. That would be an effective way to use Masa's time more efficiently and to broaden the role of our Board of Directors even more.

External Corporate Auditor Interview

Effective Corporate Governance Comes Down to People —Encouraging vigilance in management to strengthen corporate governance—

Corporate auditor

Soichiro Uno

Lawyer

Q1 How do you rate corporate governance at SOFTBANK?

A1 In my opinion, governance at SOFTBANK is functioning very well. All directors participate actively in discussions at the Board of Directors meetings. When I attended my first Board of Directors meeting at SOFTBANK I was surprised at how both the internal and external directors spoke their minds quite freely to Mr. Son, and had a real discussion. In Japan, I believe that actual discussion at board meetings is less common. As long as there are no major issues to be considered, I believe most companies decide on matters outside of the presence of the external directors then brief them on the conclusions prior to board meetings. So, the board meetings are really a place for rubber stamping decisions. SOFTBANK's Board of Directors meetings are nothing like that. They are a forum for exhaustive discussion and deliberation.

All listed companies have systems and mechanisms for corporate governance carefully set up according to the law. Olympus Corporation appeared to have no real problem with the form of its governance systems and mechanisms, yet it has recently been embroiled in a corporate scandal. Therefore, I believe that effective corporate governance really comes down to people at the end of the day. SOFTBANK's management team, including Mr. Son, is highly conscious of this as a group of business managers. Moreover, the directors include people with extensive knowledge and experience who have no compunction about speaking their mind to Mr. Son; people like Mr. Kasai with his banking background and expertise in finance, and Mr. Yanai who leads a global apparel company. SOFTBANK is very much in the public eye, and would be severely criticized, including the individual directors themselves, if any kind of misconduct were to occur. The directors know this, so they are all prepared to do their duty accordingly when it comes to discussion. I also think it's a real strength that the directors come from diverse backgrounds. The specialist knowledge that they each bring to the table on top of the ability to offer proper business judgment is extremely important. Take for example the M&A advisory fees that were the subject of scrutiny in the Olympus scandal; an M&A specialist like Mr. Schwartz, or someone who is frequently involved with M&As such as myself, would know the usual amounts and price range for such things, so I think the risk of being deceived by some false explanation would be much lower.

When I look at the discussions in the Board of Directors, it's immediately obvious that, contrary to popular speculation, SOFTBANK is not a company where Mr. Son makes all the decisions alone and does what he likes. Even when he has come to the Board of Directors with a proposal, I've seen the other directors oppose him or ask him to reconsider or change his direction–many times. In that sense, I think that corporate governance is functioning very well.

Q2 How do you see the role of a corporate auditor?

A2 Our job is to gather a wide range of information, including from sources other than management, and to oversee management from different perspectives to the external directors.

I believe that the role of corporate auditor requires different things, depending on the company and the situation at hand. But all corporate auditors must make management feel a need for vigilance because they are being constantly watched. While people ensure effective corporate governance, as I said earlier, vigilance serves to raise people's awareness of compliance, which in turn strengthens governance.

In order for management to feel constant pressure to be vigilant, they need to be watched by many sets of eyes: the external directors, the independent auditor, the corporate auditors, banks, shareholders, and so on. I've heard an argument that corporate auditors are unnecessary because their role overlaps with external directors. However, given the state of affairs in Japan today, I'd say that the corporate auditor has a unique and meaningful purpose. At SOFTBANK, as seems to be the case at most Japanese companies, the external directors are mainly involved in participating in discussions at Board of Directors meetings and receiving explanations from management. They don't have the opportunity to hear directly from employees most of the time. By comparison, the corporate auditors not only attend the Board of Directors meetings, but also observe management by gathering company information from different perspectives to the external directors. For example, full-time corporate auditors also attend other important company meetings, and at Board of Corporate Auditors meetings hear directly from directors in charge and employees working in the Legal Department, Finance Department, Accounting Department, Human Resources Department, and so on. We also hear from corporate auditors and employees, working in sales or technical roles, of the major subsidiaries. Moreover, we exchange information with the independent auditor and the Internal Audit Department. Another aspect to consider is that just as finance activities have become more complex in recent years, accounting and taxation procedures have also become more complex. In my opinion, this makes the role of accounting and taxation specialists, such as certified public accountants and certified public tax accountants, serving as corporate auditors much more significant in strengthening corporate governance.

Q3 What do you think are the important challenges to be faced in corporate governance in general going forward?

A3 Management needs to act even more responsibly and with greater awareness. Another important task is to find ways to strengthen corporate governance throughout the entire Group.

I know I'm repeating myself, but the most important thing for management is their awareness and frame of mind as business managers. In October 2011, the Company fully repaid the loan on the loan contract it concluded for the acquisition of Vodafone K.K. (currently SOFTBANK MOBILE). The loan contract had various financial covenants attached to it, so the banks had been watching SOFTBANK's situation and actions like a hawk; but now that the repayment is complete, the banks are not watching quite as closely as before. This has enabled the Group to integrate operation of cash, and to run businesses flexibly and efficiently, which is obviously preferable for business management. However, from a corporate governance perspective, it means that we have lost one set of eyes that was monitoring management. Therefore, management needs to act even more responsibly and with greater awareness. SOFTBANK was originally a venture company, but today it is a telecommunications company that serves as a lifeline. The responsibilities it bears now are far greater than in its early days. From this perspective, when we look at aggressively conducting M&As or starting up new businesses, there needs to be proper discussion on how to balance boldness and caution. I believe that it is my job as a corporate auditor to ensure that this happens.

Another important issue is strengthening corporate governance throughout the entire Group as the Group continues to grow in scale. Up to now, the management team at SOFTBANK has kept watch over almost all of the subsidiaries, in Japan and abroad, and all of the businesses. But as they continue to grow in number, it is going to be impossible to maintain this approach. While delegation of authority is unavoidable, misconduct tends to occur more readily in subsidiaries that lie out of management's view and rarely at headquarters. I think rigorous corporate governance structures need to be set up in each company before transferring authority, and mechanisms developed for appropriately controlling the companies. Furthermore, multiple layers of mechanisms are needed for gathering important information about them.

Corporate Governance

A report on corporate governance based on the Company's Corporate Governance Report submitted to the Tokyo Stock Exchange on June 22, 2012.

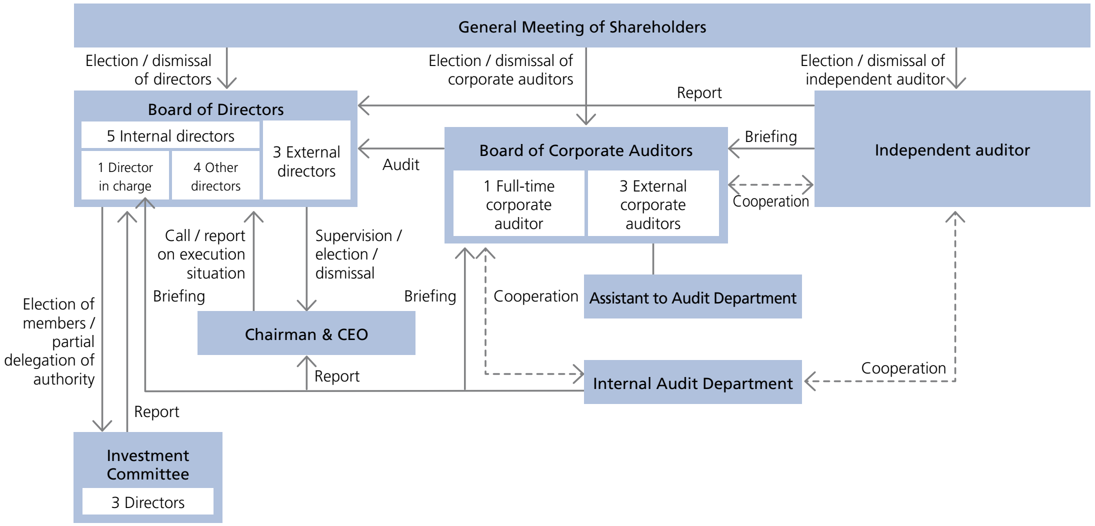
The following is an overview of corporate governance at SOFTBANK CORP.

I. Basic Approach to Corporate Governance and Other Basic Information

1. Basic approach

The SOFTBANK Group is guided by a fundamental concept of "free, fair, innovative," and a corporate philosophy of "Information Revolution – Happiness for everyone." The Group aims to be a provider of essential technologies and services to people around the world through its endeavors in various businesses in the information industry.

Chart of Corporate Governance System



The Group's holding company, the Company, recognizes that it is vital to maintain effective corporate governance in order to realize this vision. In working to strengthen governance within the Group, the Company has formulated the SOFTBANK Group Charter, which sets out the Group's fundamental concept and corporate philosophy, fundamental management policy and other items, and has established guidelines for public relations, investor relations, and information security measures.

The Company's corporate governance structure centers on the Board of Directors meeting, corporate auditors, and the Board of Corporate Auditors meeting. Three of the eight directors are external directors to ensure a robust mutual monitoring between the directors. Likewise, three of the four corporate auditors are external corporate auditors, to ensure independent auditing functions, thereby strengthening the monitoring of management.

2. Other special circumstances that may critically affect corporate governance

As of March 31, 2012, the Company has five subsidiaries with their common stock listed on securities exchanges in Japan as shown below. The Company respects the independence of management of these listed companies, which, while adhering to the aforementioned SOFTBANK Group Charter, conduct their operations based on independent decision-making and management judgments.

(a) Yahoo Japan Corporation
Listed stock exchanges: First Section of the Tokyo Stock Exchange and JASDAQ Standard; share of voting rights held by the Company: 42.2%

(b) SOFTBANK TECHNOLOGY CORP.
Listed stock exchanges: First Section of the Tokyo Stock Exchange; share of voting rights held by the Company: 55.5%

(c) Vector Inc.
Listed stock exchanges: JASDAQ Standard; share of voting rights held by the Company: 52.4%

(d) ITmedia Inc.
Listed stock exchanges: Tokyo Stock Exchange Mothers; share of voting rights held by the Company: 59.8%

(e) Carview Corporation
Listed stock exchanges: Tokyo Stock Exchange Mothers; share of voting rights held by the Company: 52.2%

* Shares of voting rights held by the Company are as of March 31, 2012.

II. Overview of Business Management Organizations Related to Management Decision-making, Business Execution and Management Supervision, and Other Corporate Governance Systems

1. Items related to organizational structure/operations, etc.

Form of Organization	Company with corporate auditors

[Directors]

Number of Directors Stipulated in the Articles of Incorporation	15
Term of Office of Directors Stipulated in the Articles of Incorporation	2 years
Chairman of the Board of Directors	CEO
Number of Directors	8
Election of External Directors	Elected
Number of External Directors	3
Number of External Directors Designated as Independent Officers	2

Relationship with the Company (1)

Name	Affiliation	Relationship with the Company*								
		a	b	c	d	e	f	g	h	i
Tadashi Yanai	From another company					○			○	
Mark Schwartz	From another company				○	○			○	
Sunil Bharti Mittal	From another company				○	○			○	

* Selection criteria regarding the relationship with the Company
a. Originally from the parent company
b. Originally from another affiliated company
c. Major shareholder of the Company
d. Concurrently serves as an external director or external corporate auditor of another company.
e. Serves as an executive officer (director) or operating officer (non-director) at another company.
f. Spouse, relative within the third degree of kinship, or equivalent person of executive officer or operating officer of the Company or specified affiliates
g. Receiving remuneration, etc., or other financial benefits as a director of the parent company of the Company or a subsidiary of the parent company.
h. Limited liability agreement concluded between this individual and the Company.
i. Others

Relationship with the Company (2)

Name	Independent Officer	Supplementary Information Related to the Criteria	Reason for Election as External Director (for Independent Officers, Including the Reason for Appointment as Such)
Tadashi Yanai	○	Chairman, president & CEO, FAST RETAILING CO., LTD.	<Reason for Election as External Director> As the manager of one of the world's leading speciality share retailers of private label apparel (SPA), Mr. Yanai has a wealth of knowledge and experience relating to corporate management and business strategy. He was elected as an external director to the Company in June 2001 to leverage his knowledge and experience in offering advice and recommendations in the Company's business judgments and decision-making processes. <Reason for Designation as an Independent Officer> Mr. Yanai is deemed to be adequately independent since none of the items listed in Clause III 5-3-2 in the Guideline for Listing Controls issued by the Tokyo Stock Exchange applies to him. The Company judged that there is no potential conflict of interest between Mr. Yanai and ordinary shareholders, and designated him as an independent officer in March 2010.
Mark Schwartz	○	Vice chairman, Goldman Sachs Group, Inc. Chairman, Goldman Sachs Asia Pacific	<Reason for Election as External Director> Mr. Schwartz has served in senior positions at global investment banking services provider Goldman Sachs & Co. and related companies and has extensive knowledge and experience in the financial sector. He was elected as an external director in June 2006 to leverage his knowledge and experience in offering advice and recommendations in the Company's business judgments and decision-making processes. He also served as an external director to the Company prior to his current appointment, from June 2001 through June 2004. <Reason for Designation as an Independent Officer> Mr. Schwartz is deemed to be adequately independent since none of the items listed in Clause III 5-3-2 in the Guideline for Listing Controls issued by the Tokyo Stock Exchange applies to him. The Company judged that there is no potential conflict of interest between Mr. Schwartz and ordinary shareholders, and designated him as an independent officer in March 2010.

Name	Independent Officer	Supplementary Information Related to the Criteria	Reason for Election as External Director (for Independent Officers, Including the Reason for Appointment as Such)
Sunil Bharti Mittal		Chairman and managing director, Bharti Airtel Limited	<Reason for Election as External Director> As the manager of India's largest mobile communications business, Mr. Mittal has a wealth of knowledge and experience relating to corporate management and business strategy. He was elected as an external director to the Company in June 2011 to leverage his knowledge and experience to offer advice and recommendations in the Company's business judgments and decision-making processes. <Reason for Non-designation as Independent Officer> Although Mr. Mittal is deemed to be adequately independent since none of the items listed in Clause III 5-3-2 in the Guideline for Listing Controls issued by the Tokyo Stock Exchange applies to him, the Company did not designate him as an independent officer because the Group may have transactions with Bharti Airtel Limited in the future, and the size of these transactions cannot be estimated at the present time.

[Corporate auditors]

Establishment of a Board of Corporate Auditors	Established
Number of Corporate Auditors Stipulated in the Articles of Incorporation	4
Number of Corporate Auditors	4

Cooperation among Corporate Auditors, Independent Auditor and Internal Audit Department

<Cooperation between Corporate Auditors and Independent Auditor>

The corporate auditors receive regular briefings from the independent auditor (Deloitte Touche Tohmatsu LLC) on the audit plan, main items to be audited, and the audit results. The corporate auditors and the independent auditor also cooperate as necessary, by exchanging information, opinions and so on.

<Cooperation between the Corporate Auditors and the Internal Audit Department>

The corporate auditors receive briefings from the Internal Audit Department, which is responsible for the Company's internal audits. The briefings include the audit plan and the results of internal audits performed on each department of the Company and its major subsidiaries. The corporate auditors and the Internal Audit Department also cooperate as necessary, by exchanging information, opinions and so on.

<Cooperation between the Independent Auditor and the Internal Audit Department>

The independent auditor receives briefings from the Internal Audit Department on the audit plan, and, when necessary, on the results of internal audits and other matters. The Internal Audit Department receives regular briefings from the independent auditor regarding audit results. Moreover, both entities cooperate with each other as necessary, by exchanging information, opinions and so on.

Election of External Corporate Auditors	Elected
Number of External Corporate Auditors	3
Number of External Corporate Auditors Designated as Independent Officers	2

Relationship with the Company (1)

Name	Affiliation	Relationship with the Company*								
		a	b	c	d	e	f	g	h	i
Soichiro Uno	Lawyer								○	
Kouichi Shibayama	Certified public accountant Certified tax accountant								○	
Hidekazu Kubokawa	Certified public accountant Certified tax accountant				○				○	

* Selection criteria regarding the relationship with the Company
- a. Originally from the parent company
- b. Originally from another affiliated company
- c. Major shareholder of the Company
- d. Concurrently serves as an external director or external corporate auditor at another company.
- e. Serves as an executive officer (director) or operating officer (non-director) at another company.
- f. Spouse, relative within the third degree of kinship, or equivalent person of executive officer or operating officer of the Company or specified affiliates
- g. Receiving remuneration, etc., or other financial benefits as a director of the parent company of the Company or a subsidiary of the parent company.
- h. Limited liability agreement concluded between this individual and the Company.
- i. Others

Relationship with the Company (2)

Name	Independent Officer	Supplementary Information Related to the Criteria	Reason for Election as External Corporate Auditor (for Independent Officers, Including the Reason for Designation as Such)
Soichiro Uno		Partner, Nagashima Ohno & Tsunematsu	<Reason for Election as External Corporate Auditor> Mr. Uno has extensive knowledge and experience as a lawyer. He was elected as an external corporate auditor in June 2004 to leverage his knowledge and experience to perform audits from a specialist perspective and to ensure a more independent perspective in the audits. <Reason for Non-designation as an Independent Officer> Although Mr. Uno is deemed to be adequately independent since none of the items listed in Clause III 5-3-2 in the Guideline for Listing Controls issued by the Tokyo Stock Exchange applies to him currently, the Company did not designate him as an independent officer because a subsidiary of the Company uses the services of Nagashima Ohno & Tsunematsu, and the amounts of remuneration for these services to be paid in the future are not yet decided. Moreover, the Company may also use the services of Nagashima Ohno & Tsunematsu in the future.
Kouichi Shibayama	○	Advisor, Zeirishi-Hojin PricewaterhouseCoopers * The Company and Zeirishi-Hojin PricewaterhouseCoopers have transactions related to tax consulting and other such matters.	<Reason for Election as External Corporate Auditor> Mr. Shibayama has extensive knowledge and experience as a certified public accountant and certified tax accountant. He was elected as an external corporate auditor in June 2003 to leverage his knowledge and experience to perform audits from a specialist perspective and to ensure a more independent perspective in the audits. <Reason for Designation as an Independent Officer> Mr. Shibayama is deemed to be adequately independent since none of the items listed in Clause III 5-3-2 in the Guideline for Listing Controls issued by the Tokyo Stock Exchange applies to him. The Company judged that there is no potential conflict of interest between Mr. Shibayama and ordinary shareholders, and designated him as an independent officer in March 2010.
Hidekazu Kubokawa	○	Representative partner, Yotsuya Partners Accounting Firm	<Reason for Election as an External Corporate Auditor> Mr. Kubokawa has extensive knowledge and experience as a certified public accountant and certified tax accountant. He was elected as an external corporate auditor in February 1989 to leverage his knowledge and experience to perform audits from a specialist perspective and to ensure a more independent perspective in the audits. <Reason for Designation as an Independent Officer> Mr. Kubokawa is deemed to be adequately independent since none of the items listed in Clause III 5-3-2 in the Guideline for Listing Controls issued by the Tokyo Stock Exchange applies to him. The Company judged that there is no potential conflict of interest between Mr. Kubokawa and ordinary shareholders, and designated him as an independent officer in March 2010.

[Independent officers]

Number of Independent Officers	4

[Incentives]

Implementation of Measures for Granting of Incentives to Directors	Not applicable

Supplementary information

<Directors of the Company>

Stock options issued to directors of the Company in the past were extinguished upon expiry of the period for exercising the options. There are no valid stock options outstanding as of the submission date of this report (June 22, 2012).

<Other>

To create a stronger incentive to increase the enterprise value of the Company, the Company has adopted a system of offering stock options for a fee to its employees, and to directors, corporate officers and employees of its subsidiaries.

[Remuneration for directors]

Disclosure of Remuneration for Individual Directors	Remuneration for some of the directors is disclosed

Supplementary information

The Company has disclosed the total amount of remuneration for directors and corporate auditors in the fiscal year ended March 31, 2012, adding subtotals for external officers and for each type of remuneration. The Company has also disclosed the total amount of remuneration for the fiscal year ended March 31, 2012 by person, with subtotals for each type of remuneration, for directors whose total of remuneration paid by the Company and its consolidated subsidiaries is ¥100 million or more.

<Total Remuneration for Directors and Corporate Auditors with Subtotals for External Officers and Each Type of Remuneration for the Fiscal Year Ended March 31, 2012>

	Number of Recipients	Total Remuneration Paid	Basic Remuneration	Stock Options	Bonus	Retirement Package
Directors (Excluding external directors)	3	¥266 million	¥226 million	–	¥40 million	–
Corporate Auditors (Excluding external corporate auditors)	1	¥ 42 million	¥ 42 million	–	–	–
External Officers	7	¥ 59 million	¥ 59 million	–	–	–
Total	11	¥367 million	¥327 million	–	¥40 million	–

(Note) In the fiscal year ended March 31, 2012, the Company paid no remuneration to three out of the nine directors: Ken Miyauchi, Masahiro Inoue, and Ronald D. Fisher. The number of external directors above includes one director who retired at the end of the 31st Annual General Meeting of Shareholders on June 24, 2011.

<Total Remuneration Paid to Respective Directors by the Company and its Consolidated Subsidiaries for the Fiscal Year Ended March 31, 2012>

	Total Remuneration Paid	Company Name	Basic Remuneration	Stock Options	Bonus	Retirement Package
Masayoshi Son (Director)	¥128 million	SOFTBANK CORP.	¥108 million	–	¥20 million	–
Ken Miyauchi (Director)	¥128 million	SOFTBANK MOBILE Corp.	¥ 43 million	–	¥ 8 million	–
		SOFTBANK BB Corp.	¥ 20 million	–	¥ 4 million	–
		SOFTBANK TELECOM Corp.	¥ 43 million	–	¥ 8 million	–
Kazuhiko Kasai (Director)	¥128 million	SOFTBANK CORP.	¥108 million	–	¥20 million	–
Masahiro Inoue (Director)	¥165 million	Yahoo Japan Corporation	¥ 60 million	¥9 million	¥94 million	–
Ronald D. Fisher (Director)	¥121 million	SOFTBANK Inc.	¥ 79 million	–	¥42 million	–

(Note) Only directors whose total remuneration paid by the Company and consolidated subsidiaries is ¥100 million or more are listed.

Establishment of Policy for Determining Amount or Calculation Method of Remuneration	Established

Disclosure of policy for determining amount and calculation method of remuneration

The total amount of remuneration for directors and corporate auditors is determined within the aggregate amount determined by a resolution of the General Meeting of Shareholders. The total amount of remuneration for directors is determined by a resolution of the Board of Directors meeting and that of corporate auditors is determined by deliberation of the Board of Corporate Auditors meeting. Pursuant to the resolution of the General Meeting of Shareholders on June 28, 1990, the annual aggregate remuneration paid to directors and to corporate auditors shall not exceed ¥800 million (total) and ¥80 million (total), respectively.

[Support system for external directors and external corporate auditors]

The Company seeks to ensure that all officers including the external directors and external corporate auditors can participate fully in Board of Directors meetings having fully grasped the specific details of the agenda for discussion. The secretariat to the Board of Directors therefore provides them with materials for the Board of Directors meeting beforehand, including supplemental briefings and other information as required.

The Company has also established the Assistant to Audit Department to support the work of all the corporate auditors, including the external corporate auditors. The department comprises dedicated staff (two persons as of June 22, 2012) who act under the directions of the corporate auditors to gather information, investigate matters, and give other assistance.

2. Matters related to the functions of business execution, audit and supervision, nomination, decision on remuneration, etc. (overview of the current corporate governance system)

[1] Governance structure at the Company

(1) Board of Directors

The Company's Board of Directors consists of eight directors, including three external directors. The chairman and CEO of the Company serves as the chairman of the board. The Company ensures adequate independence of the three external directors, who bring a wealth of knowledge and experience to the board as business managers and specialists in finance. All external directors participate actively in the discussions of the Board of Directors and the Company makes management judgments and decisions based on these discussions.

Agenda matters for discussion in the Board of Directors meetings are set forth in the Regulations of the Board of Directors. The Board discusses the following at regular Board of Directors meetings and at extraordinary meetings that are convened when necessary.

(i) Statutory matters
(ii) Critical matters relating to business management such as (a) fundamental management policy, business plans, and (b) matters such as investments and loans exceeding a certain amount
(iii) Certain matters relating to subsidiaries (excluding listed subsidiaries and their subsidiaries), such as investments and loans exceeding a certain amount.
(iv) Other matters

The Board of Directors also supervises the execution of duties by directors. Authority to decide matters other than these agenda matters discussed by the Board of Directors is delegated to committees, directors, and department managers to enable speed and flexibility in corporate activities.

To elect directors, the Board of Directors selects candidates in accordance with the Company's Articles of Incorporation and the Regulations of the Board of Directors, and these candidates are proposed at the General Meeting of Shareholders.

<External Directors' Attendance at Board of Directors Meetings>

Attendance at Board of Directors meetings for the fiscal year ended March 31, 2012 was as follows:

	Attendance at Board of Directors Meetings
Tadashi Yanai	Attended 8 out of 9 Board of Directors meetings held in the fiscal year ended March 31, 2012
Mark Schwartz	Attended all 9 Board of Directors meetings held in the fiscal year ended March 31, 2012
Sunil Bharti Mittal	Attended 2 out of 6 Board of Directors meetings held in the fiscal year ended March 31, 2012 subsequent to his election on June 24, 2011

(Note) Excluding the number of the meetings held in writing without meeting.

(2) Investment Committee

The Investment Committee has been authorized by the Board of Directors to make decisions on investments, financing, and related matters. It is made up of three directors elected by the Board of Directors.

The agenda matters for discussion by the Investment Committee are set forth in the Regulations of the Investment Committee. The committee makes decisions on the following matters:

(i) Matters such as investments and loans under a certain amount
(ii) Certain matters relating to subsidiaries (excluding listed subsidiaries and their subsidiaries), such as (a) investments and loans under a certain amount, (b) issue and gratis issue of new stock or stock acquisition rights (except issue of new stocks that will not alter the shareholding ratio), (c) issue of corporate bonds, (d) overseas business expansion, and (e) entry into new business fields
(iii) Other matters

The committee requires unanimous agreement from all members to make a decision. If one or more members is against a proposal, it is brought to the Board of Directors. All decision results of the committee are reported to the Board of Directors.

(3) Corporate auditors and Board of Corporate Auditors

The Board of Corporate Auditors consists of one full-time corporate auditor and three external corporate auditors. The full-time corporate auditor was formerly the accounting general manager of the Finance & Accounting Department of the Company, and therefore has a deep understanding of the Group's management and operations, in addition to expertise in financial accounting as a certified public accountant. The Company ensures adequate independence of the three external corporate auditors, who possess a wealth of knowledge and experience in their professional roles as a lawyer, certified public accountants, and certified tax accountants.

The corporate auditors, including the external corporate auditors, attend the Board of Directors meetings, allowing them to monitor and verify the decision-making of the board and fulfillment of the board's obligation to supervise the execution of duties by each director. Moreover, the corporate auditors conduct regular hearings with directors, employees, auditors of major subsidiaries and others to audit the execution of duties by the directors of the Company.

The Board of Corporate Auditors meeting is held once a month in principle. At the meeting, the corporate auditors decide on the audit policy, plan, and other matters, receive quarterly briefings and reports relating to the earnings results from the independent auditor, and exchange information and opinions with the independent auditor as necessary. The corporate auditors also receive briefings on individual matters from directors as necessary.

The Company established the Assistant to Audit Department to support the work of all the corporate auditors. The department comprises dedicated staff who act under the directions of the corporate auditors to gather information, investigate matters, and give other assistance.

<Attendance of External Corporate Auditors>

Attendance at Board of Directors meetings and Board of Corporate Auditors meetings for the fiscal year ended March 31, 2012 was as follows:

	Attendance at Board of Directors Meetings and Board of Corporate Auditors Meetings
Soichiro Uno	Attended 8 out of 9 Board of Directors meetings held in the fiscal year ended March 31, 2012 Attended all 15 Board of Corporate Auditors meetings held in the fiscal year ended March 31, 2012
Kouichi Shibayama	Attended all 9 Board of Directors meetings held in the fiscal year ended March 31, 2012 Attended all 15 Board of Corporate Auditors meetings held in the fiscal year ended March 31, 2012
Hidekazu Kubokawa	Attended all 9 Board of Directors meetings held in the fiscal year ended March 31, 2012 Attended 14 out of 15 Board of Corporate Auditors meetings held in the fiscal year ended March 31, 2012

(Note) Excluding the number of the meetings held in writing without meeting.

(4) Internal audits

The Internal Audit Department responsible for internal audits is independent of the lines of business execution under the direct supervision of the chairman and CEO. The department consists of nine staff under the department head (as of June 22, 2012). The department conducts internal audits of the Company's internal departments and subsidiaries to check that duties are carried out legally and correctly based on laws, regulations, the Articles of Incorporation, and Company Regulations. The results of these internal audits are reported to the chairman and CEO, and briefings are also given to the director in charge and the corporate auditors.

[2] Audit by independent auditor

The status of the audit by the Independent Auditor in the fiscal year ended March 31, 2012 is as follows:

(1) Status of audit by independent auditor

The Company has concluded an independent audit agreement with Deloitte Touche Tohmatsu based on the Financial Instruments and Exchange Act. The names of the certified public accountants who executed the audit duties in the fiscal year ended March 31, 2012, number of accounting periods they engaged in for auditing and number of assistants for the audit duties for the fiscal year are as follows:

(a) Names of certified public accountants who executed the audit duties

Designated Limited Liability Partner and Engagement Partner:

Yoshitaka Asaeda (6 accounting periods)
Akemi Mochizuki (2 accounting periods)
Nozomu Kunimoto (6 accounting periods)

(b) Structure of assistants who supported the audit duties

Certified Public Accountants: 5, Junior Certified Public Accountants, etc.: 9

(2) Remuneration for audit

Amount of remuneration to Deloitte Touche Tohmatsu

(a) Remuneration for audit certification

The Company ¥180 million
Consolidated subsidiaries: ¥640 million

(b) Remuneration for duties other than the above

The Company: ¥119 million
Consolidated subsidiaries: ¥ 25 million

3. Reason for adopting the current corporate governance system

The Company has adopted the corporate auditor system. As explained in "2. Overview of the Current Corporate Governance System," the Company's corporate governance system is built around the Board of Directors, the corporate auditors, and the Board of Corporate Auditors.

The directors always carry out lively discussions at the Board of Directors meetings. Moreover, since three of the eight directors are external directors, management benefits from diverse perspectives, and the function for mutual monitoring between directors is enhanced.

The corporate auditors conduct strict audits of directors' execution of duties from their specialist perspectives as certified public accountants and a lawyer. Moreover, since the majority of the corporate auditors are external corporate auditors, the Company's audit function is enhanced by ensuring more independent perspectives.

The current system has thus been selected because the Company judges that it can ensure effective corporate governance.

III. Implementation of Measures Related to Shareholders and Other Stakeholders

1. Measures to revitalize the General Meeting of Shareholders and facilitate the exercise of voting rights

	Supplementary Information
Scheduling General Meeting of Shareholders on Off-peak Days	To allow a greater number of the shareholders to attend, the Annual General Meeting of Shareholders is scheduled on off-peak days when meetings of many other companies are not concentrated.
Measures to Allow the Exercising of Voting Rights by Electromagnetic Means	A system for executing voting rights through the Internet has been in place since 2002 (the 22nd Annual General Meeting of Shareholders).
Participation in Electronic Voting Platform for Institutional and Foreign Investors and Other Measures to Enhance Environment for Institutional Investors to Execute Their Voting Rights	The Company has participated in the Electronic Voting Platform for institutional and foreign investors since the start of the service in 2006 (the 26th Annual General Meeting of Shareholders).
Availability of Notice of General Meeting of Shareholders (or Summary) in English	The Company prepares an English translation of the full text of its Notice of Annual General Meeting of Shareholders. The notice is available on the Web sites of the Company and the Tokyo Stock Exchange from the day on which they are sent out by post.
Others	<Initiatives to Promote Understanding> At the Annual General Meeting of Shareholders, the Company uses video footage to report on its operations to help shareholders to better understand management performance and the status of its businesses. Moreover, the chairman and CEO, who chairs the meeting, explains the Group's corporate philosophy and vision, as well as its medium- and long-term business strategy in addition to reporting on legally mandated items. Moreover, in 2012 (the year of the 32nd Annual General Meeting of Shareholders), the Company renewed its Notice of the General Meeting of Shareholders. The new notice is combined with the "Report to shareholders (spring/summer issue)" that used to be sent out after the meeting in previous years, in order to provide shareholders with a greater volume of information to use in exercising their voting rights. Other improvements to the notice in 2012 included charts and color photographs, and use of a larger font size to facilitate easy reading. <Disclosure of Voting Results> The voting results for proposals at the General Meeting of Shareholders are posted in an Extraordinary Report on EDINET, as well as being posted in both Japanese and English on the Company's Web site. <Dissemination via the Internet> The Annual General Meeting of Shareholders is streamed in real time on the Company's Web site and on *Ustream*. After the meeting, the Company publishes a video of the meeting on its Web site.

2. IR activities

	Supplementary Information	Explanation by Representative
Development and Publication of Disclosure Policy	The Company's policy for IR Activities can be viewed on the Company's Web site. The webpage titled "IR Activities" shows the basic policy for disclosure, disclosure standards, and methods. The page also lists measures to improve communications and the quiet periods for IR activities. For the details please refer to the Company's Web site:	
Regular Briefings for Individual Investors	The Company is vigorously working on IR activities targeting individual investors. Investor Relations Department staffs hold briefing sessions at branches of securities companies and other venues in Japan. In the fiscal year ended March 31, 2012, 16 sessions were held in total.	None
Regular Briefings for Analysts and Institutional Investors	<Earnings Results Briefings> On the days when quarterly earnings results are announced, the Company holds earnings results briefings for analysts, institutional investors, and the media. The chairman and CEO delivers an overview of the earnings results and explains the Company's business strategy. <Analysts Briefings> In principle, the Company holds earnings results briefings for securities analysts, institutional investors, and financial institutions on the days following the announcements of quarterly earnings results. At these meetings, the results are explained in detail. <Business Briefings> To help investors to better understand the Group's businesses, the Company holds business briefings at its discretion.	Yes
Regular Briefings for Foreign Investors	<Overseas IR Activities> The Company's representatives visit institutional investors in Europe, the U.S.A., and Asia to explain its business and financial strategies. They also participate in conferences held by securities companies overseas to give presentations about the Company's business strategies. <Earnings Results Conference Calls> On the days when quarterly earnings results are announced, the Company conducts a conference call for institutional investors overseas. The chairman and CEO delivers an overview of the earnings results and explains the Company's business strategy. <Other> The Company's Web site provides streaming of earnings results briefings dubbed in English in real time. Videos of the earnings results briefings and the analysts briefings dubbed in English are also made available to the public.	Yes

	Supplementary Information	Explanation by Representative
Posting of IR Materials on Web Site	The following IR materials are posted on the Company's Web site. Items (a) through (g) are available in both Japanese and English. (a) Consolidated financial reports (b) Earnings results briefing presentation materials (c) Analyst briefing presentation materials and supplemental data (d) Important news releases including timely disclosures (e) Corporate governance reports (f) Annual reports (g) Notices of the Annual General Meeting of Shareholders (h) Securities reports and quarterly reports (i) Reports to shareholders (from 2012, the Report to shareholders (spring/summer issue) was issued combined with the Notice of the General Meeting of Shareholders) Please see the Company's Web site for these materials.	
Establishment of Department Dedicated to IR Activities	The Company has established an Investor Relations Department to handle IR and has appointed the general manager of the department as a person in charge of the handling of information. As of the submission date of this report (June 22, 2012), 12 people in the department were engaged in IR activities.	
Others	Earnings results briefings are streamed live through *Ustream* as well as on the Company's Web site, and the content of presentation is posted on *Twitter* sequentially.	

3. Measures for respecting stakeholders' interests

	Supplementary Information
Establishment of Internal Regulations, etc. for Respecting Stakeholders' Interests	The Company aims to grow together with customers, shareholders, employees, business partners, society, and all other stakeholders by actively contributing to society through its businesses. This is stipulated in the SOFTBANK Group CSR Principles. The principles can be viewed in detail on the Company's Web site:
Environmental Conservation, Corporate Social Responsibility (CSR), and Other Activities	Under the SOFTBANK Group CSR Principles, each Group company is engaged in CSR activities that leverage the nature and scope of their respective businesses. Details of specific CSR activities can be viewed on the Company's Web site:
Development of Policies, etc. for Providing Information to Stakeholders	The Company strives to ensure timely and appropriate disclosure of information according to the statutory disclosure requirements based on the Financial Instruments and Exchange Act and other relevant acts and ordinances, and as required by the Rules on Timely Disclosure and so forth set by the Tokyo Stock Exchange. The Company also discloses critical information that is not subject to either statutory disclosure or timely disclosure requirements but could potentially affect investment decisions. This information is disclosed in a fair and prompt manner so as to give all the stakeholders equal access to it. The Company also works to promote information disclosure to stakeholders through its annual reports, Web site, reports to shareholders, and other means. Most of these materials, with a few exceptions, are made available both in Japanese and English to narrow the information gap between disclosure in Japanese and English.

IV. Matters Related to the Internal Control System

1. Basic approach and development and operation status related to the internal control system

The content of the basic policy of the Company that was formulated according to the resolution by the Board of Directors of the Company to ensure the appropriateness of the Company's business is explained below.

System to ensure that the execution of the duties of directors and employees 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 directors 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:

(1) 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.

(2) Internal and external hotlines are established for direct reporting and consultations by directors and employees, to quickly identify, rectify, and prevent the reoccurrence of any inappropriate issues in corporate activities.

(3) The Internal Audit Department carries out audits to ensure that execution of duties complies with laws, regulations, and the Articles of Incorporation, and the results of those audits are reported to the CEO and director in charge. The Internal Audit Department also works in cooperation with the corporate auditors by providing them with the results of those audits.

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 meetings and requests for approval:

(1) 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.

(2) 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 loss

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

(1) 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 designated escalation flow, and efforts will be made to minimize the damage (loss) based on the instructions of the Emergency Response Department.

(2) The General Administration 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.

(3) 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:

(1) The Company has set out the Regulations of the Board of Directors to clarify matters to be decided and reported on by the Board of Directors, and the Internal Approval Regulations and other regulations relating to institutional decision-making to clarify decision-making authority.

(2) To strengthen functions for overseeing the execution of duties and enhance objectivity in management, the Board of Directors includes external directors who are independent of the Company.

(3) To ensure that the directors, including external directors, can discuss matters fully at Board of Directors meetings, they are provided with materials for the meeting in advance, and with additional or supplementary materials upon their request.

(4) The scope of operations, authority and responsibilities necessary for operations are clearly defined in the Regulations on Segregation and Authority of Duties.

System to ensure appropriateness of the 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 fundamental concepts and policies 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:

(1) 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.

(2) The CEO Conference, comprising the CEOs of major operating companies in the Group, meets to enhance Group-wide management efficiency by sharing management strategies and business plans.
(3) Each Group company carries out a self-assessment of its internal controls. 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 securities report and other reports submitted by the Group.
(4) 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.
(5) 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 Administration Department is 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 of the relevant employees from the directors

The Company has established the Assistant to Audit Department as an organization to support the work of the corporate auditors, and has assigned dedicated staff to this department. Directions and instructions to the support staff are issued by the corporate auditors and any personnel changes, evaluations, or other such actions, require the agreement of the corporate auditors.

System for reporting to the corporate auditors

Directors and employees of the Company will report the following matters to the corporate auditors:
(1) Important matters related to the management, finances, or business execution of the Company or the Group companies.
(2) Matters related to the compliance system or use of the hotlines.
(3) The development 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 the Internal Audit Department.
(7) Other matters that the corporate auditors have decided that need to be reported in order for them to execute their duties.

Other systems to ensure that the audits by the corporate auditors are conducted effectively

When corporate auditors deem it necessary, opportunities shall be provided for them to interview directors or employees. In addition, corporate auditors periodically meet with the independent auditor and corporate auditors of major subsidiaries and other entities for an exchange of information and to ensure cooperation. At the same time, the full-time corporate auditor attends meetings of major committees including the Departmental Liaison Committee, which is made up of department managers of the Company, and the CEO Conference.

2. Basic approach to excluding antisocial forces and establishment of relevant structures

The Company's approach to excluding antisocial forces, and its structures for doing so are as described in "1. Basic approach and development and operation status related to the internal control system."

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 Administration Department is responsible for dealing with inappropriate requests from antisocial forces and will firmly refuse such requests in a resolute manner in cooperation with the police and other external specialist institutions.

V. Others

1. Adoption of takeover defense measures

Adoption of Takeover Defense Measures	None

Supplementary information

The Company has not adopted any takeover defense measures.

2. Other matters related to the corporate governance system

1. Information disclosure system

(Basic approach to timely disclosure)

The Company strives to ensure fair and timely information disclosure as set forth in the SOFTBANK Group CSR Principles.

(Internal system for timely disclosure)

The Company has established the SOFTBANK Group Public Relations and IR Guideline to describe the rules and processes of reporting on and consulting about disclosure. The guideline contains the following content.

The Company has established dedicated Public Relations and Investor Relations departments for handling information disclosure. The system for information disclosure is as follows:

All departments of the Company and each Group company are required to report to and consult with the Public Relations and Investor Relations departments of the Company immediately regarding important matters potentially requiring timely disclosure either (1) before a decision-making body meets to deliberate and decide on execution of duties regarding such a matter, or (2) upon occurrence of such a matter. The Public Relations and Investor Relations departments of the Company judge whether the matter raised requires timely disclosure. If so, the departments promptly disclose the matter after obtaining approval from the director in charge immediately after a matter as in (1) is resolved by the decision-making body or after a matter as in (2) has occurred.

Matters subject to timely disclosure requirements relating to earnings results are compiled into a disclosure document by the Accounting Department and relevant departments based on information collected from the Group companies. The general manager of the Accounting Department is responsible for preparation of the disclosure document related to earnings results. The document is disclosed after obtaining approval from the director in charge.

In addition, when matters occur that may need to be widely disclosed to society via media organizations and other bodies, regardless of requirements for timely disclosure, the director in charge, the Public Relations and Investor Relations departments, and relevant departments if necessary, discuss whether the matter needs to be disclosed or not, and the director in charge decides whether or not to disclose it.

2. Structure for management and oversight of Group companies, and collection of information

(Structure for management and oversight, and information collection)

Management and oversight of the Group companies by the Company is centered on the Company's Finance Department with the aim of strengthening Group governance and risk management. The Finance Department collects monthly results (flash reports) from subsidiaries to analyze key changes in operating results and other factors. The department has developed and maintained a company information database as a system to appropriately and constantly collect updated and accurate information about the Group companies.

Furthermore, the Company requires the accounting departments of each subsidiary to submit financial statements every month, in order to accurately monitor Group-wide accounting data. At the same time, the Company performs variance analyses of actual results against budgets. In addition, in an effort to improve governance, the Company shares the results of the accounting audits of major subsidiaries with the relevant subsidiaries, in order to put this information to good use in the management of its subsidiaries.

(Representative Oath pertaining to financial reporting and implementation of self-assessment of internal controls)

The Company requires the representatives of each Group company to submit a Representative Oath pertaining to financial reporting every quarter and to carry out a self-assessment of their internal controls every year. The Company thereby strives to ensure the accuracy of the annual securities report and other documents.

Compliance

Fostering Compliance to Prevail against the Competition

Masato Suzaki
Corporate officer, general manager Legal Department & deputy group compliance officer, SOFTBANK

Q1 Could you please go over your basic approach to compliance?

A1 I believe that the ultimate goal of compliance is to enhance the efficiency of management by managing various corporate risk exposures.

Compliance is often referred to as "legal compliance" in Japanese. However, legal compliance touches on only the most basic element of compliance, and is by no means sufficient in itself. In fact, the English word "compliance" implies meeting demands and expectations in general. In other words, we must first recognize that the purpose of compliance at corporations is "to meet the demands and expectations of various stakeholders, including shareholders, customers, and employees." Over and above this, the SOFTBANK Group sees the ultimate goal of compliance as enhancing the efficiency of management by managing various corporate risk exposures. By instilling compliance and incorporating it as a part of our corporate strategy, we enable bold and efficient management. Therefore, it would be completely off the mark for us to see compliance narrowly as only "legal compliance"—something that might slow management down at times because of the need to obey detailed laws and regulations. Obviously, a material breach of laws or regulations will ultimately have serious negative consequences for a company's management. However, compliance should be seen as an offensive measure, not as a defensive one. Seen in this light, we must remember that the fundamental premise of compliance is to fulfill the demands and expectations of stakeholders. In recent years, compliance has attracted public interest on many occasions. This is a reflection of societal changes such as growing diversity in values and intensified competition with globalization, in addition to more sophisticated and complex compliance requirements in step with the growing complexity of legal systems. To address these conditions, sophisticated knowledge and techniques have become essential, even within the field of law. Accordingly, corporations must also devise highly advanced compliance strategies.

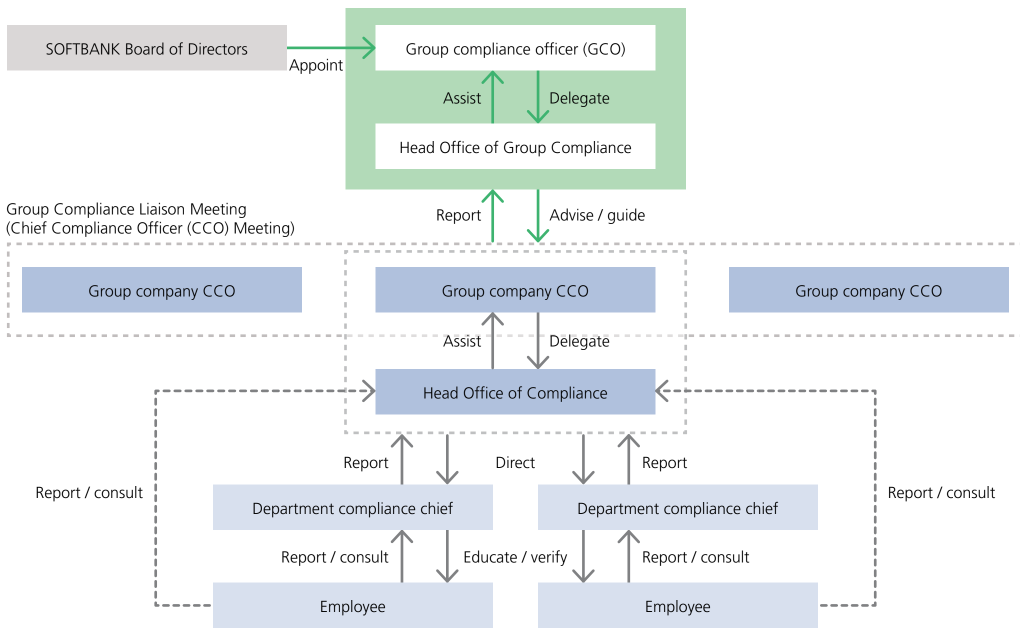
Mr. Son, our CEO, has a strong awareness of compliance. In fact, we started building the current compliance system after Mr. Son told us in 2004, "I am confident about our business models, including our vision for the future. However, we must keep a particularly close eye on Group-wide compliance." I believe that these words reflect Mr. Son's intuitive grasp of the danger of neglecting compliance, particularly when implementing innovative and creative business models. Mr. Son charges at full speed toward his goals. However, when faced with risky situations, he has a sharp instinct for putting on the brakes and stopping to check things out. However, rather than relying completely on his own instincts, he must have felt it necessary to manage risk through an organized system. Our legal and compliance departments naturally have a duty to provide support to the management team and the operational frontlines as they conduct efficient and creative work, by ensuring that they follow the detailed processes and procedures required by law. However, we also have a duty to prepare the environment and systems needed to build strategies that anticipate the future. As with other administrative departments, we have the dual roles of providing support and checks on management. Because the SOFTBANK Group has a first-rate management team and sales departments, the departments responsible for legal affairs and compliance must also perform first-rate work and deliver excellent results that contribute to the execution of management strategies. We must support improvements in management efficiency, which is the ultimate goal for compliance. We work to make everyone in the Group aware that operations can be executed efficiently by incorporating compliance into strategies. We aspire to develop a corporate culture where everyone, including frontline personnel, comes to see compliance as a positive means of raising operational efficiency to achieve impressive results, rather than a bothersome requirement to obey laws and regulations.

Q2 Could you please explain your compliance system and measures?

A2 We have handed all authority and responsibility for compliance to the chief compliance officer (CCO) of each Group company. This enables us to address compliance issues swiftly and flexibly.

The SOFTBANK Group has appointed a group compliance officer (GCO) responsible for compliance-related matters for the entire Group and chief compliance officers (CCO) to handle compliance-related matters for each Group company. We have handed all compliance authority and responsibility to these designated individuals. Although many companies have set up compliance committees, we believe that such a committee would only add a redundant organization to the SOFTBANK Group, causing the Group to lose swiftness and flexibility. We

Group Compliance System



were also concerned that a compliance committee could become a mere forum for coordinating the interests of various departments. For these reasons, we have adopted a system in which all authority is concentrated in the GCO and CCOs, and not a committee. The SOFTBANK Group's GCO and CCOs have been given the authority to say "no" to top management and to stop projects at their discretion. In such cases, their directive is not to pander to the desires of top management—that would defeat the entire purpose of their role. Rather, they are expected to act from a sense of justice and responsibility and fearlessly express their views to management, and to hold a well-balanced outlook based on a corporate social responsibility (CSR) perspective.

In terms of our compliance program, we believe that our priority is to reform the mindset of management. Based on this thinking, we provide training to between 100 and 150 officers of various Group companies every year. This training is based on a group discussion format using training materials prepared by first-rate external instructors and compliance department staff. Training materials are focused on past incidents that have occurred in the Group, along with themes believed to pose a high degree of risk within the Group. The courses include topics such as the Financial Instruments and Exchange Act, labor management, responsibilities of directors and corporate auditors, anti-corruption, lawsuits and incident responses, and the Act on the Prohibition of Private Monopolization and Maintenance of Fair Trade. We have executive-level employees study various laws and risks they should know about, as well as specific means of addressing them. The content of this training is also explained in easy-to-understand terms to general employees on the Group's intranet to help foster understanding among all of the Group's employees. In addition to this sort of training, we implement activities to raise the Group's awareness of compliance, including various seminars and events.

Q3 What are your main challenges with respect to compliance going forward?

A3 Our main challenges are to instill compliance and corporate governance at various Group companies, while increasing the awareness of compliance among department and section managers.

One challenge is how to instill compliance and corporate governance at our many Group companies. Some Group companies do not have dedicated compliance staff, so we must issue guidance to the CCOs of such companies on what to begin working on. We hold the semiannual Group Compliance Liaison Meeting (CCO Meeting) to instill Group-wide policies, share information on priorities to be addressed, present case studies and so forth. However,

we have yet to provide adequate support for actual day-to-day operations. To improve this situation, we are currently preparing a checklist and manual for CCOs. This checklist and manual classify and systematically compile the various risks that companies are exposed to. Each Group company will use these materials to perform self-checks of whether they have internal systems in place that can adequately respond to such risks and whether they have adequately recognized potential risks. We hope that the Group companies will find these materials useful for building their compliance and governance systems and organizations.

Another challenge is to raise the awareness of compliance issues among department and section managers. We believe that such awareness among officers of the Group companies has increased considerably through the group discussion-based training and other measures I mentioned earlier. We are now looking at how to expand this awareness to department and section managers. It is these managers who should have the greatest need for assistance in improving the efficiency of operations. For personnel on the frontlines, where the principles of compliance have to be real and practical, we avoid simply holding them back by giving them a long list of "don'ts." Instead, we seek to clearly convey compliance in terms of solutions, explaining for example that "although this is not permitted, if you do things this way, there will be no problem." We want frontline personnel to know that compliance can be useful to operations.

Information Security

The SOFTBANK Group recognizes that it has a social responsibility to appropriately manage information assets, including customers' personal information. We therefore work constantly to improve our information security.

Information Security System

We formulated the SOFTBANK Group Guideline for Information Security Measures as a guide to measures for appropriate management and handling of information assets. The guideline forms a common basis of understanding for all Group companies as they work to implement a variety of countermeasures.

The Group information security management system comprises a Group chief information security officer (GCISO), who is responsible for the entire Group, and chief information security officers (CISO), who are responsible for each Group company. The GCISO chairs a Group Information Security Committee (G-ISC) comprised of the CISOs from each Group company. The G-ISC works to acquire an accurate grasp of information security at each Group company, and vigorously promotes information security countermeasure activities throughout the Group.

Specific Initiatives

One key initiative is to raise awareness and foster an ethical mindset among officers and employees. Several programs are in place for this purpose, including e-learning and group training. These education and training programs are not only for officers and regular employees, but are also targeted at contract and temporary workers. Our goal is to achieve an outstanding security level throughout the entire Group.

Unauthorized access to government or corporate computer systems is commonly known as a cyber attack. With such attacks on the increase, the entire Group has been reminded of the continuous measures that we execute to prevent them. For example, we have encouraged all officers and employees to be aware of inadvertently opening emails containing viruses, and have set up firewalls on Internet access points to prevent external attacks. Other measures include setting passwords and encrypting data on individual in-house computer systems. For publicly open systems such as our Web site, we perform periodic diagnostic checks to search for security weak points. We have also reminded each Group company of the reporting system, which is used to notify management swiftly if an information leak does occur despite our precautions.

The Company uses e-learning programs to raise awareness and foster an ethical mindset.

Unauthorized Access at Group Company

At Group company Vector, we discovered a possible leak of personal information due to unauthorized access in March 2012. Once the incident was discovered, our priority was to take the necessary action to protect customers, and at the same time to execute emergency security measures to prevent damage. Looking to the future, we will strengthen our information security measures even further to prevent this kind of incident from reoccurring.

Vector
Report on Latest Status Concerning Unauthorized Access (Japanese only)

Corporate Social Responsibility (CSR)

The SOFTBANK Group seeks to help realize a rich and happy society through its business activities. The SOFTBANK Group Fundamental CSR Policy sets forth the Group's aspirations to develop along with all stakeholders, including customers, shareholders, employees, and business partners. Under this policy, the Group has positioned the following as key themes in its CSR activities: building a healthy Internet society, cultivating a next generation that has dreams and aspirations, and protecting the planet's future (through environmental protection).

Together with initiatives based on each of these key themes, the SOFTBANK Group has conducted various support activities for the people and areas affected by the Great East Japan Earthquake, which struck on March 11, 2011. The Group conducts these activities from a medium- to long-term perspective, and they are still continuing today, more than one year after the earthquake. The main activities are presented below.

Restoration phase
- Lending of mobile handsets
- Waiver of certain mobile phone charges
- Relief money
- Call for donations

Reconstruction phase
- Provision of Electronic Circular Notice
- Call for continuous donations
- Support for industry and education

Supporting Children in the Affected Areas through a Program for Collecting Continuous Donations

Charity White

From August 1, 2011, SOFTBANK MOBILE has offered *Charity White* , an optional service that allows subscribers to make donations together with their monthly mobile phone charges, with the goal of providing ongoing assistance to areas affected by the earthquake. Under this program, SOFTBANK MOBILE provides a matching donation (¥10) for every monthly donation received from a *Charity White* subscriber (¥10 a month per subscriber). Together, SOFTBANK MOBILE provides a monthly donation of ¥20 per subscriber to the charity organizations Central Community Chest of Japan and Ashinaga. The donations are used to support children affected by the disaster. As of June 24, 2012, the number of *Charity White* subscription applications had reached 138,828 and the total amount of donations came to ¥19,779,820.

A portion of donations from *Charity White* were used to sponsor a concert event held on February 5, 2012 by elementary, junior high, and senior high school students from Ishinomaki City, Higashi Matsushima City, and Onagawa Town of Miyagi Prefecture.

Spotlighting Tohoku's Attractive Merchandise over the Internet

FUKKO DEPARTMENT

On December 14, 2011, *FUKKO DEPARTMENT* (Japanese only), an online department store carrying merchandise from the Tohoku region, was opened. As the administrative office and partner of *FUKKO DEPARTMENT*, Yahoo Japan has supported promotion, site operation, and other aspects of this initiative.

The Tohoku region has an expansive range of attractive merchandise to offer, from agricultural produce and marine products to traditional crafts, sweets, and more. *FUKKO DEPARTMENT* provides the means for people in the areas affected by the earthquake to easily sell such merchandise throughout Japan. *FUKKO DEPARTMENT* is expected to contribute to the revitalization of the affected areas.

For further details on the SOFTBANK Group's CSR activities, please refer to the CSR Report 2012 (issued July 2012)

Supporting Short-term Study Abroad Program in the U.S. for Japanese High School Students from Affected Areas

TOMODACHI Summer 2012 SoftBank Leadership Program

SOFTBANK has provided operating funds for the TOMODACHI Summer 2012 SoftBank Leadership Program. This reflects the Company's support for the purpose and intent of the U.S.-Japan TOMODACHI Educational Exchange programs led by the U.S. Embassy in Tokyo and the U.S.-Japan Council, an NPO based in the U.S. Under this program, 300 Japanese high school students from the areas affected by the Great East Japan Earthquake will study global leadership and community service at the University of California, Berkeley, for approximately three weeks from late July 2012.

Press conference held at the U.S. Embassy in Tokyo (February 3, 2012)

Risk Management

The SOFTBANK Group takes steps to manage risk, aiming to minimize the potential for risks to materialize, and the potential human, economic, and social impacts that ensue if a substantial risk does materialize.

Telecommunications Businesses

One of the most serious risks facing the three core companies engaged in the telecommunications businesses (SOFTBANK MOBILE, SOFTBANK BB, and SOFTBANK TELECOM; "the three telecommunications companies") is the possibility of being unable to provide telecommunications services in the event of a disaster or accident.

Mindful of this, the three telecommunications companies are implementing various measures to enhance network safety and reliability during normal times so that telecommunications services can be maintained in the event that this risk materializes. At the same time, they are working to develop an in-house response system and a close-knit network with related government ministries and agencies. When a major disaster or accident occurs, the relevant operating departments at each company gather information about damage in their respective businesses. Based on the damage situation, an Emergency Response Department covering the three telecommunications companies may be established. The Emergency Response Department implements measures to recover the telecommunications network quickly.

Newly deployed mobile base station vehicles

The Great East Japan Earthquake that struck on March 11, 2011 spurred the Group to focus on building a telecommunications network that is resilient to earthquakes. In taking measures to counter earthquakes, we re-checked the quake-resistance of our buildings and equipment racks at all network centers throughout Japan and reinforced around 500 places. To prepare for a large-scale blackout that could follow an earthquake, we installed 800 emergency power generators nationwide, and bolstered battery reserves at around 2,700 base stations in our network across Japan. Going even further, we deployed 100 mobile base station vehicles and 200 portable satellite base station kits to help restore the telecommunications network quickly if any base stations are put out of action. Moreover, to ensure communication with earthquake-affected areas, we equipped bases and network centers throughout Japan with 200 satellite phones.

Other steps taken to ensure readiness include setting up monitoring functions for the telecommunications network and information systems and decentralizing call center base locations.

Internet Culture Segment

Yahoo Japan discloses risk management information together with quarterly financial results. Yahoo Japan has systematically compiled and documented the Risk Management Regulations which set out measures for monitoring and controlling business risks. Moreover, departments responsible for its risk management have been established to reduce the potential for risks to materialize, and to minimize the impact when risks do materialize.

Yahoo Japan has also formulated Emergency Disaster Response Guidelines based on earthquake, fire, and other disaster scenarios. Using these guidelines, Yahoo Japan prepares countermeasures in advance to ensure business continuity in the event of a disaster. For example, to ensure that the company can continue to provide the *Yahoo! JAPAN* service, multiple data centers are dispersed across several regions at some distance from one another to ensure back up in the event of an emergency situation. The *Yahoo! News—Topics* service is likely to serve as a lifeline during a disaster. Yahoo Japan has therefore taken steps to ensure that it can continue providing this service during such a time, by placing *Topics* editing teams in multiple locations.

Financial Section

PLEASE NOTE
Change of Rule for Expressing the Fiscal Year in the SOFTBANK ANNUAL REPORT 2012

SOFTBANK has changed the rule used to express the fiscal year in its annual report, effective from this ANNUAL REPORT 2012. The change is as follows:
From this ANNUAL REPORT 2012, all fiscal years will be designated by the year in which the year starts.
For example, the fiscal year ended March 31, 2012 will be designated "fiscal 2011."
In previous annual reports, the fiscal year was designated by the year in which the fiscal year ended.
Under this system, the fiscal year ended March 31, 2012 would have been designated "fiscal 2012."
This change will align fiscal year designation in the Company's annual reports with that currently used in the Company's consolidated financial reports.

Eleven-year Summary

SOFTBANK CORP. and consolidated subsidiaries Fiscal years ended March 31

(Millions of yen)	(Units)	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	**FY2011**
Net sales		405,315	406,892	517,394	837,018	1,108,665	2,544,219	2,776,169	2,673,035	2,763,406	3,004,640	**3,202,436**
EBITDA		(10,024)	(69,781)	(20,705)	44,095	149,913	525,428	626,662	678,636	787,631	930,730	**1,013,716**
Operating income (loss)		(23,901)	(91,997)	(54,894)	(25,359)	62,299	271,066	324,287	359,121	465,871	629,163	**675,283**
Income (loss) before income taxes and minority interests		(119,939)	(71,474)	(76,745)	(9,549)	129,484	208,574	225,887	107,338	289,250	480,613	**632,257**
Net income (loss)		(88,755)	(99,989)	(107,094)	(59,872)	57,551	28,815	108,625	43,172	96,716	189,713	**313,753**
Total assets		1,163,678	946,331	1,421,207	1,704,854	1,808,399	4,310,853	4,558,902	4,386,672	4,462,875	4,655,725	**4,899,705**
Total shareholders' equity		465,326	257,396	238,081	178,017	242,768	282,950	383,743	374,094	470,532	619,253	**936,695**
Interest-bearing debt		365,644	340,795	585,541	953,918	1,005,293	2,544,404	2,532,969	2,400,391	2,195,471	2,075,801	**1,568,126**
Net interest-bearing debt		232,016	188,232	144,858	631,680	554,614	2,158,149	2,036,879	1,939,521	1,501,074	1,209,636	**547,299**
Net cash (used in) provided by operating activities		(79,123)	(68,600)	(83,829)	(45,989)	57,806	311,202	158,258	447,858	668,050	825,837	**740,227**
Net cash provided by (used in) investing activities		39,751	119,749	81,878	(242,944)	27,852	(2,097,937)	(322,461)	(266,295)	(277,162)	(264,448)	**(375,656)**
Net cash provided by (used in) financing activities		1,313	(17,615)	306,390	277,771	30,078	1,718,385	284,727	(210,348)	(159,563)	(397,728)	**(196,667)**
Net increase (decrease) in cash and cash equivalents		(34,479)	27,805	290,980	(9,689)	126,642	(65,277)	113,517	(31,169)	230,719	159,457	**168,069**
Cash and cash equivalents at the end of the year		119,855	147,526	437,133	320,195	446,694	377,521	490,267	457,644	687,682	847,155	**1,014,559**
Major Indicators	(Units)											
EBITDA margin	%	—	—	—	5.3	13.5	20.7	22.6	25.4	28.5	31.0	**31.7**
Operating margin	%	—	—	—	—	5.6	10.7	11.7	13.4	16.9	20.9	**21.1**
Return on assets (ROA)	%	(7.7)	(9.5)	(9.0)	(3.8)	3.3	0.9	2.4	1.0	2.2	4.2	**6.6**
Return on equity (ROE)	%	(20.0)	(27.7)	(43.2)	(28.8)	27.4	11.0	32.6	11.4	22.9	34.8	**40.3**
Equity ratio	%	40.0	27.2	16.8	10.4	13.4	6.6	8.4	8.5	10.5	13.3	**19.1**
Debt / equity ratio	Times	0.8	1.3	2.5	5.4	4.1	9.0	6.6	6.4	4.7	3.4	**1.7**
Net debt / equity ratio	Times	0.5	0.7	0.6	3.5	2.3	7.6	5.3	5.2	3.2	2.0	**0.6**
Per Share Data*1	(Units)											
Net income (loss)	¥	(87.84)	(98.98)	(104.91)	(57.01)	54.36	27.31	101.68	39.95	89.39	175.28	**285.78**
Net income – diluted	¥	— *2	— *2	— *2	— *2	50.71	26.62	95.90	38.64	86.39	168.57	**278.75**
Shareholders' equity	¥	460.44	255.85	225.80	168.62	229.88	268.02	355.15	346.11	434.74	572.14	**852.69**
Cash dividends	¥	2.33	2.33	2.33	2.33	2.50	2.50	2.50	2.50	5.00	5.00	**40.00**
Others												
Shares outstanding (thousands of shares)		336,872	335,293	351,404	351,457	1,055,082	1,055,704	1,080,501	1,080,855	1,082,329	1,082,350	**1,098,515**
Consolidated subsidiaries		285	269	177	153	153	118	109	108	109	117	**133**
Equity method non-consolidated subsidiaries and affiliates		113	116	103	108	87	66	67	74	64	73	**74**
Number of public companies*3		18	14	14	11	11	11	14	13	12	13	**14**
Number of employees (consolidated basis)		4,375	4,966	5,108	12,949	14,182	17,804	19,040	21,048	21,885	21,799	**22,710**

*1 The number of shares is retroactively adjusted to reflect the following stock split: January 5, 2006 3.0:1.
*2 Not shown because of net loss for the fiscal year.
*3 Number of subsidiaries and affiliates with publicly offered shares (including SFJ Capital Limited, which has issued preferred (restricted voting) securities).

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

- **Net sales reached ¥3.2 trillion, an increase of 6.6% from fiscal 2010.**
- **Operating income was ¥675.2 billion, a 7.3% increase from fiscal 2010 and a record high for a seventh consecutive fiscal year.**
- **Total free cash flow of ¥1.3 trillion generated over the three years (fiscal 2009 to fiscal 2011).**
- **Net interest-bearing debt at the end of fiscal 2011 reduced to ¥0.5 trillion.**
  Consequently, achieved commitment to reduce net interest-bearing debt by half (from the balance as of March 31, 2009).

Scope of Consolidation

As of March 31, 2012, the Group's business segments were comprised of the following consolidated subsidiaries and equity method companies. The segments' main businesses were as follows:

SOFTBANK owns 100% of shares issued by WILLCOM. However, WILLCOM is in the process of rehabilitation under the Corporate Rehabilitation Act and the Company does not have effective control over WILLCOM. Therefore, WILLCOM is not treated as a subsidiary.

	Business Segments	Consolidated Subsidiaries	Equity Method Non-consolidated Subsidiaries and Affiliates	Main Business and Name of Core Affiliates
Reportable segments	Mobile Communications	3	1	Provision of mobile communications services and sale of mobile handsets accompanying the services, etc. (Core company: SOFTBANK MOBILE)
	Broadband Infrastructure	3	–	Provision of high-speed Internet connection service, IP telephony service, and provision of content, etc. (Core company: SOFTBANK BB*)
	Fixed-line Telecommunications	2	–	Provision of fixed-line telecommunications services, etc. (Core company: SOFTBANK TELECOM*)
	Internet Culture	12	7	Internet-based advertising operations, operation of *Yahoo! Auctions*, *Yahoo! Shopping*, and various other e-commerce businesses and member services, etc. (Core company: Yahoo Japan*)
Others		113	66	PC software and peripherals distribution business, Fukuoka SOFTBANK HAWKS-related business, etc.
Total		133	74	

* SOFTBANK BB, SOFTBANK TELECOM, and Yahoo Japan are included 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 reportable segments.

In Detail (1) Changes at Subsidiaries and Affiliates

	Companies		Companies
Consolidated subsidiaries	133	Equity method affiliates	71
New	25	New	9
Excluded	9	Excluded	7
Non-consolidated subsidiaries	63	Non-consolidated subsidiaries not accounted for by the equity method	60
Equity method non-consolidated subsidiaries	3	Affiliates not accounted for by the equity method	26
New	–		
Excluded	1		

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

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

	Companies	Net Income/ Loss (After consideration of economic interest)	Interest-bearing Debt (Not within the Group)
Non-consolidated subsidiaries not accounted for by the equity method	60	¥ 190 million	¥110 million
Equity method non-consolidated subsidiaries	3	–	–
Affiliates not accounted for by the equity method	26	¥(390) million	Not applicable

Analysis of Consolidated Operating Results

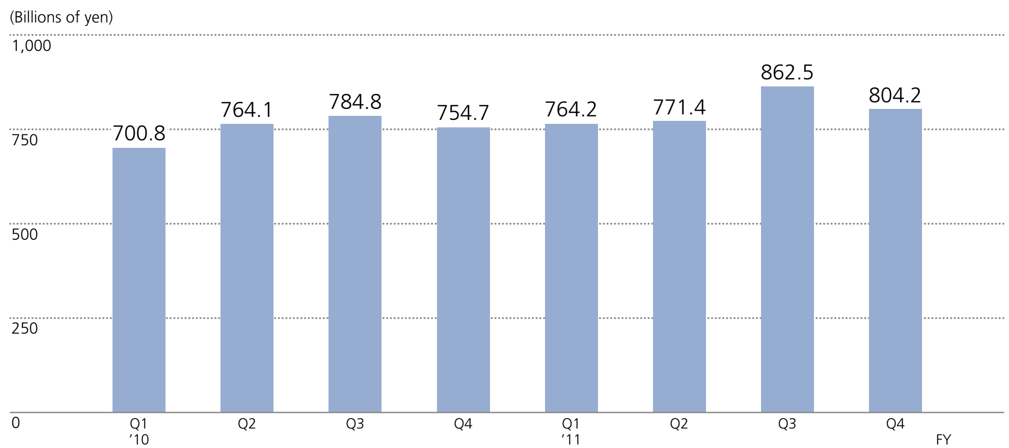
1. Overview

For fiscal 2011 (April 1, 2011 to March 31, 2012), the Group achieved consolidated net sales of ¥3,202,436 million, a ¥197,796 million (6.6%) increase compared with fiscal 2010 (April 1, 2010 to March 31, 2011; "year on year"), with a ¥46,120 million (7.3%) increase in operating income to ¥675,283 million. This consolidated revenue and profit growth was driven by strong performance in the Mobile Communications segment.

2. Net Sales

Net sales totaled ¥3,202,436 million, for a ¥197,796 million (6.6%) year-on-year increase. This was mainly due to increased telecom service revenue, primarily from steady growth in the number of mobile phone subscribers. Another factor was an increase in sales of mobile handsets following strong growth in shipments of iPhone 4S, which was launched in October 2011.

Net Sales



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

The effective income tax rate in fiscal 2011 was 40.3%, which was mostly on a par with the 40.7% statutory income tax rate. The reasons for and effects of those differences were as follows:

Statutory income tax rate	**40.7%**
(Main factors behind difference)	
Changes in valuation allowance	–5.8%
Amortization of goodwill (mainly SOFTBANK MOBILE)	3.8%
Changes in statutory tax rate	2.0%
Dilution gain from changes in equity interest	–1.3%
Other – net	0.9%
Effective income tax rate	**40.3%**

In Detail (3) Loss Carryforwards (Tax amount basis)

The outstanding amounts and expiry dates of loss carryforwards (tax amount basis) as of March 31, 2012 were as follows:

Company Name	Balance (Billions of yen)	Expiry Date
SOFTBANK TELECOM	8.7	Mar. 2015 – Mar. 2018
SOFTBANK BB	0.3	Mar. 2015 – Mar. 2021
Others	34.5	Mar. 2013 – Mar. 2021
Total	**43.5**	

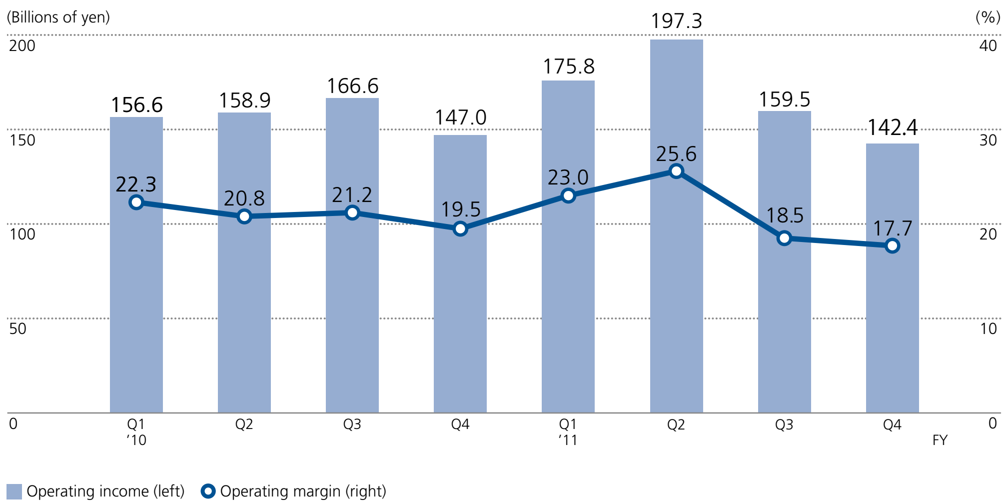
3. Operating Income

Operating income totaled ¥675,283 million, for a ¥46,120 million (7.3%) year-on-year increase. The operating margin rose 0.2 of a percentage point year on year, to 21.1%.

Cost of sales rose ¥112,134 million (8.2%) year on year to ¥1,485,751 million. This was primarily due to an increase in the cost of sales for mobile handsets in the Mobile Communications segment as the number of handsets shipped increased in line with the launch of iPhone 4S, along with higher depreciation and amortization expenses, mainly relating to the installation of additional base stations.

Selling, general and administrative expenses grew ¥39,542 million (3.9%) year on year to ¥1,041,402 million. This was mainly because of an increase in the total amount of sales commissions paid in the Mobile Communications segment, resulting from a rise in the number of handsets sold following the launch of iPhone 4S.

Operating Income and Operating Margin



4. Income Before Income Taxes and Minority Interests

Income before income taxes and minority interests grew ¥151,644 million (31.6%) year on year, to ¥632,257 million.

The Group recorded an ¥88,317 million gain on sale of investment securities, net, an increase of ¥82,419 million year on year. This was primarily attributable to a ¥76,430 million gain on sale of Yahoo! Inc. shares. For details, refer to page 110, Notes to Consolidated Financial Statements 3 Marketable and investment securities.

Interest expense was ¥62,206 million, a decrease of ¥41,814 million year on year, mainly due to the repayment of the SMB loan in October 2011.

5. Income Taxes and Minority Interests in Net Income

Provisions for current income taxes were ¥196,509 million and provisions for deferred income taxes were ¥58,204 million. Total income taxes increased ¥21,763 million year on year to ¥254,713 million.

As a result of the above, net income totaled ¥313,753 million, for a ¥124,040 million (65.4%) increase year on year.

6. Comprehensive Income

Comprehensive income was ¥356,989 million, an increase of ¥137,047 million (62.3%) year on year. Of this, comprehensive income attributable to owners of the parent was ¥296,543 million, up ¥136,766 million (85.6%) year on year, and comprehensive income attributable to minority interests was ¥60,446 million, up ¥281 million (0.5%) year on year.

Reportable Segment Analysis

Overview of Reportable Segments

Reportable segments of the Group are components of an entity about which separate financial information is available and such information is evaluated regularly by the Board of Directors in deciding how to allocate resources and in assessing performance.

The Company as a pure holding company assigns core operating companies to primary businesses. The core operating companies develop comprehensive business strategies for the products and services and perform business activities.

Accordingly, the Company's segments are separated based on the products and services provided by the core operating companies, and four segments, "Mobile Communications," "Broadband Infrastructure," "Fixed-line Telecommunications," and "Internet Culture" are treated as reportable segments.

The Mobile Communications segment provides mobile communications services and sale of mobile handsets accompanying the services. The Broadband Infrastructure segment provides high-speed Internet connection services, IP telephony services, and content. The Fixed-line Telecommunications segment provides fixed-line telecommunication services. The Internet Culture segment provides Internet-based advertising operations, e-commerce site operations such as *Yahoo! Auctions* and *Yahoo! Shopping*, and membership services.

Calculation Method for Net Sales, Income or Loss, and Others of Reportable Segments

Accounting treatment for segments is the same as the treatment described in Note 20 of the Notes to Consolidated Financial Statements. Income of reportable segments is based on operating income. Internal net sales between segments are under the same general business conditions as are applied for external customers.

Assets are not allocated between the reportable segments.

Mobile Communications Segment

Overall Results

Net sales totaled ¥2,144,899 million, for an increase of ¥200,348 million (10.3%) year on year. The main factor behind the increase was higher telecom service revenue resulting from steady growth in the number of mobile phone subscribers. Another factor was an increase in sales of mobile handsets following strong growth in shipments of iPhone 4S, which was launched during fiscal 2011.

The segment's operating expenses were ¥1,715,662 million, for an increase of ¥173,523 million (11.3%) year on year. The main contribution to this increase was an increase in cost of sales for mobile handsets and sales commissions in line with a rise in the number of mobile handsets shipped and sold. The segment also saw higher depreciation and amortization, mainly related to the installation of additional base stations.

Operating income was ¥429,237 million, for a ¥26,825 million (6.7%) increase year on year.

Number of Mobile Phone Subscribers

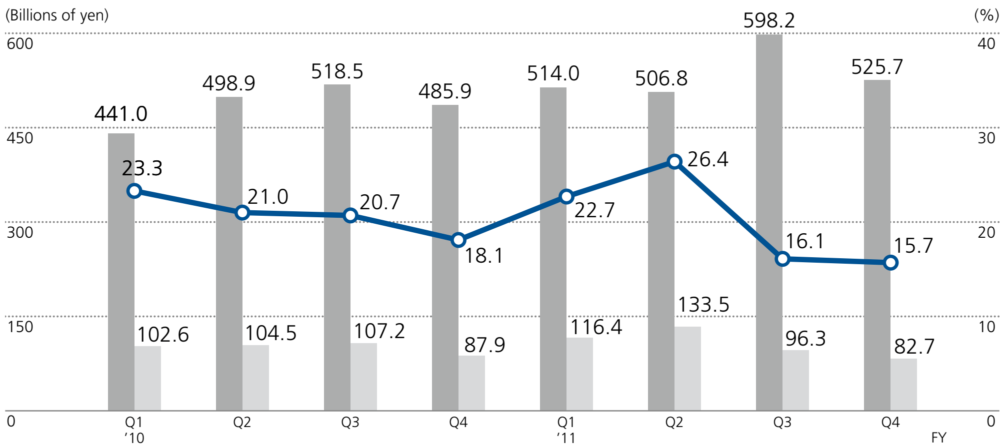
Net subscriber additions for fiscal 2011 totaled 3,540,300. This was primarily the result of increased sales of smartphones such as iPhone and Android handsets, as well as higher sales of iPad, mobile data communications devices, and *Mimamori Phone* (handset with security buzzer). As a result, the cumulative number of subscribers at the end of fiscal 2011 stood at 28,949,000, raising SOFTBANK MOBILE's cumulative subscriber share by 1.3 percentage points from the end of fiscal 2010, to 22.6%.

Number of Mobile Handsets Sold/Shipped

The number of mobile handsets sold in fiscal 2011 increased by 2,059,000 year on year to 12,301,000. Of these, new subscriptions increased by 879,000 year on year to 7,163,000, while handset upgrades increased by 1,180,000 year on year to 5,138,000. Meanwhile handsets shipped for fiscal 2011 increased by 1,666,000 year on year to 11,682,000.

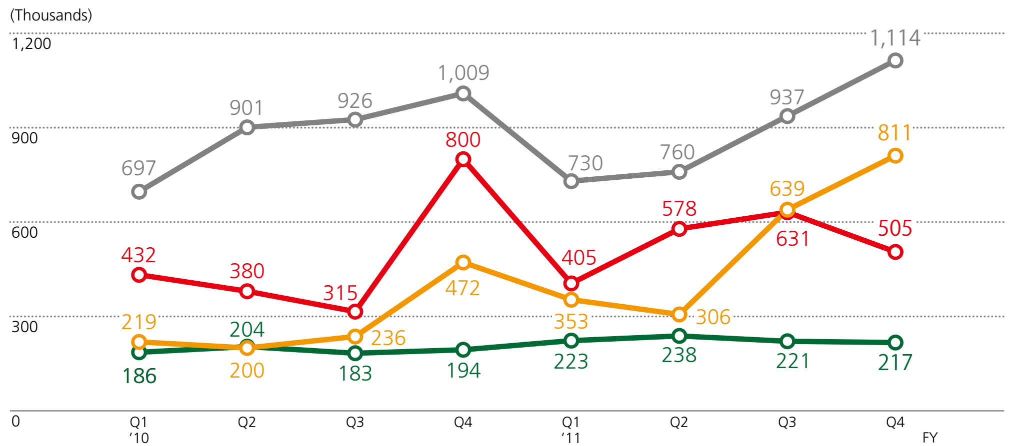
The increases in the number of handsets sold and the number of handsets shipped were mainly the result of expanded sales and shipments of smartphones, *Mimamori Phone*, iPad, and mobile data communications devices.

Mobile Communications



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

Net Subscriber Additions



SOFTBANK MOBILE NTT DOCOMO KDDI eAccess
(Note) Shares calculated by the Company based on Telecommunications Carriers Association statistical data and material published by eAccess.

ARPU

ARPU for fiscal 2011 decreased ¥60 year on year to ¥4,150. Out of this, voice ARPU declined ¥250 year on year to ¥1,650 and data ARPU rose ¥200 year on year to ¥2,510.

The decline in voice ARPU mainly reflects a dilution due to an increase in devices that do not have voice communication functionality (such as iPad, mobile data communications devices and a digital photo frame with telecommunications functionality) and a decrease in revenues from incoming calls, which was the result of a reduction in access charges between operators. On the other hand, the increase in data ARPU was mainly the result of the continuing increase in the number of data-intensive smartphone subscribers.

Churn Rate and Upgrade Rate

The churn rate for fiscal 2011 was 1.12%, which was 0.14 of a percentage point higher year on year. This was primarily because of an increase in contract terminations for digital photo frames with telecommunications functionality and prepaid mobile phones.

The upgrade rate for fiscal 2011 was 1.59%, which was 0.19 of a percentage point higher year on year. This was mainly the result of an increase in upgrades to iPhone 4S.

Average Acquisition and Upgrade Cost per Subscriber

The average acquisition cost per subscriber for fiscal 2011 declined ¥6,600 year on year to ¥30,300. This was mainly due to an increased number of handsets sold that have a lower acquisition cost per subscriber among overall mobile handset sales, along with a revision of the pricing strategy for some mobile handsets.

The average upgrade cost per subscriber for fiscal 2011 increased ¥400 to ¥27,100 year on year.

Broadband Infrastructure Segment

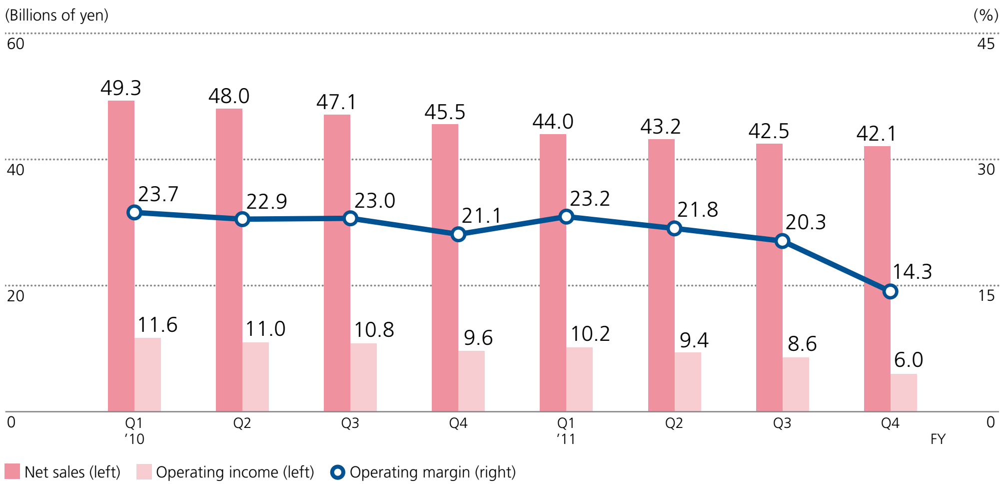
Overall Results

Net sales was ¥171,905 million, for a decrease of ¥18,150 million (9.5%) year on year. This was mainly because the portion of *Yahoo! BB hikari with FLET'S*, which has relatively lower ARPU, increased, even as the total number of broadband service users continued to increase.

Operating income was ¥34,328 million, for a decrease of ¥8,826 million (20.5%) year on year. This was mainly due to the decrease in net sales. Another factor was an increase in sales commissions due to an increase in new subscriber acquisitions for *Yahoo! BB hikari with FLET'S*.

The cumulative number of *Yahoo! BB ADSL* installed lines at the end of fiscal 2011 totaled 2,600,000, for a net decrease of 549,000 from the end of fiscal 2010. Net subscriber additions for *Yahoo! BB hikari with FLET'S* for fiscal 2011 totaled 676,000, bringing the cumulative number of subscribers at the end of fiscal 2011 to 1,608,000. As a result, the total number of broadband service users stood at 4,209,000.

Broadband Infrastructure



Fixed-line Telecommunications Segment

Overall Results

Net sales was ¥367,646 million, for an increase of ¥11,084 million (3.1%) year on year. Inter-segment sales increased due to network provision to the Group's telecommunication companies such as SOFTBANK MOBILE, and contributed to the segment's overall revenue growth. On the other hand, net sales to third-parties decreased, primarily as a result of the continued decline in revenue from relay connection voice services such as *MYLINE*, while revenues from solution services for corporate customers such as network monitoring, and data center services increased.

Operating income was ¥57,950 million, for an increase of ¥19,944 million (52.5%) year on year. In addition to the increase in net sales, this result reflected a decrease in operating expenses at SOFTBANK TELECOM. This decrease was mainly the result of lower telecommunications equipment fees, a reduction in access charges between operators, an increase in *OTOKU Line* service equipment for which the lease expenses have been paid, and a decrease in marketing sales commissions on a decline in new *OTOKU Line* acquisitions.

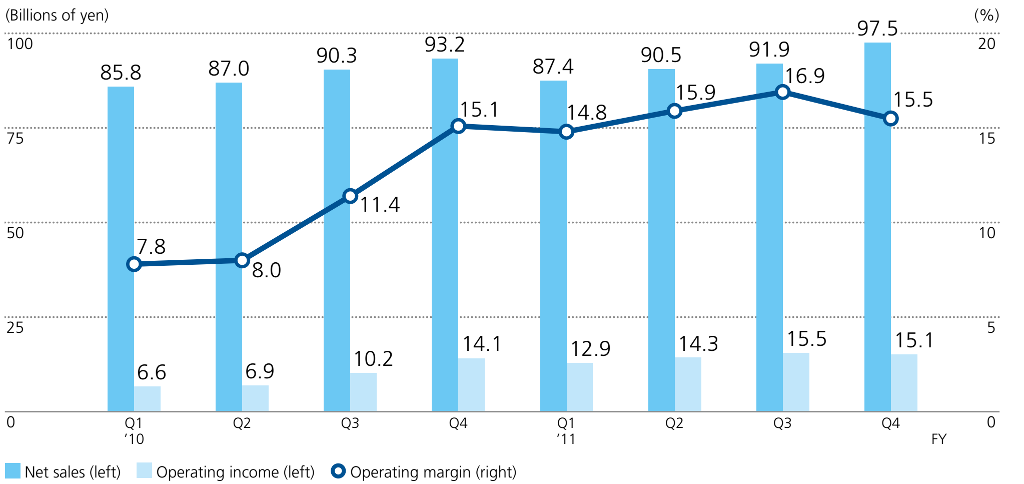
Internet Culture Segment

Overall Results

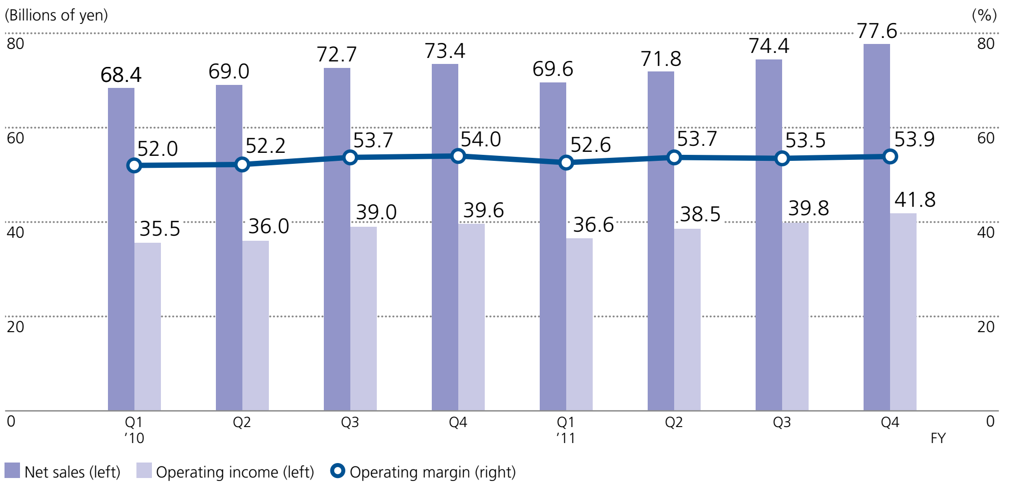
Net sales was ¥293,635 million, for an increase of ¥10,019 million (3.5%) year on year. This was mainly due to year-on-year revenue growth at Yahoo Japan in listing and display advertising, game-related services, information listing services, and *Yahoo! Shopping*. While the Great East Japan Earthquake had a negative impact on some business areas at the beginning of fiscal 2011, this improved from the second quarter. In *Yahoo! Shopping*, transaction value via smartphones expanded substantially.

Operating income was ¥156,822 million, for an increase of ¥6,516 million (4.3%) year on year. This was primarily the result of a decrease in communications expenses due to connection efficiency improvements in the operating system for data centers, although sales promotion expenses increased.

Fixed-line Telecommunications



Internet Culture



Analysis of Financial Position

Current Assets

Current assets at the end of fiscal 2011 totaled ¥1,910,452 million, for a ¥47,835 million (2.6%) increase year on year.

Cash and cash equivalents was ¥1,014,559 million, for an increase of ¥167,404 million year on year. Factors that increased cash and cash equivalents include steady performances in each of the business segments and the Company's subsidiary SFJ Capital Limited procuring funds by issuing preferred (restricted voting) securities. These funds were procured in preparation for the payment of accounts payable in April 2012 to the Vodafone Group as part of a transaction made in December 2010. Factors that decreased cash and cash equivalents include outlays related to capital expenditure increased and the Company repaid borrowings such as the SBM loan.

Marketable securities decreased by ¥73,975 million year on year. This was mainly due to the transfer of shares of Yahoo! Inc. held by one of the Company's U.S. subsidiaries to CITIBANK, N.A. For details, refer to page 110, Notes to Consolidated Financial Statements 3 Marketable and investment securities.

Property and Equipment, Net

Total property and equipment increased ¥182,945 million (16.4%) year on year to ¥1,296,393 million, primarily from new acquisitions of telecommunications equipment such as base stations for network enhancement in the Mobile Communications segment.

Intangible Assets, Net

Total intangible assets increased ¥6,170 million (0.6%) year on year to ¥1,126,515 million. This was mainly because software increased by ¥61,278 million as a result of new acquisitions of telecommunications equipment. On the other hand, goodwill decreased by ¥58,995 million resulting from regular amortization of the goodwill recorded when the Company acquired SOFTBANK MOBILE and SOFTBANK TELECOM.

Investments and Other Assets

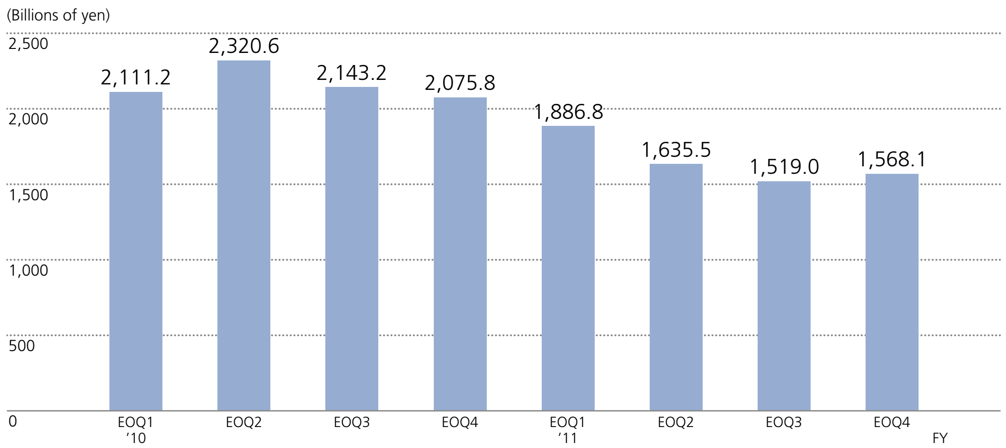
Total investments and other assets increased by ¥7,030 million (1.3%) year on year to ¥566,345 million.

Current Liabilities

Current liabilities at the end of fiscal 2011 totaled ¥1,923,725 million, for a ¥279,317 million (17.0%) increase year on year.

Accounts payable – other and accrued expenses was ¥835,053 million, for an increase of ¥273,632 million year on year. This was mainly the result of transferring ¥200,000 million of accounts payable from long-term liabilities – other to current liabilities as an amount scheduled to be paid to the Vodafone Group as part of a transaction made with the Vodafone Group in December 2010. This payment was completed on April 2, 2012. Moreover, accounts payable increased following new acquisitions of telecommunications equipment.

Interest-bearing Debt



The current portion of long-term debt was ¥444,198 million, an increase of ¥133,003 million year on year. Reclassifications were made from long-term debt under long-term liabilities in the amounts of ¥95,000 million (for the 28th and the 29th Unsecured Straight Corporate Bonds) and ¥49,988 million for the Convertible Bond due 2013, as the redemption dates came to be within one year. On the other hand, the Company's 27th Unsecured Straight Corporate Bond of ¥60,000 million and the 25th Unsecured Straight Corporate Bond of ¥53,500 million, and SOFTBANK TELECOM's 2nd series Unsecured Straight Corporate Bond of ¥15,000 million were redeemed.

Short-term borrowings decreased by ¥124,298 million year on year to ¥103,958 million. This was mainly due to a decrease in short-term borrowings at the Company.

Long-term Liabilities

Long-term liabilities totaled ¥1,540,340 million at the end of fiscal 2011, for a ¥591,359 million (27.7%) decrease year on year.

Long-term debt stood at ¥1,019,970 million, a decrease of ¥518,380 million year on year. This was mainly due to loan repayments of ¥772,577 million made by SOFTBANK MOBILE. On the other hand, the Company's long-term debt was increased by ¥301,100 million, mainly due to refinancing of the SBM loan. Another factor was the transfer of the Company's bonds from long-term to current liabilities in the amounts of ¥95,000 million (for the 28th and the 29th Unsecured Straight Corporate Bonds) and ¥49,988 million for the Convertible Bond due 2013, as the redemption dates came to be within one year. Moreover, the Company's Convertible Bond due 2014 (balance at the end of fiscal 2010: ¥49,992 million) was converted into common stock of the Company. Refer to the relevant items on page 93, In Detail (6) for information about corporate bond issuances and redemptions.

Lease obligations amounted to ¥347,700 million, an increase of ¥147,930 million year on year. This was mainly due to an increase in new acquisitions of telecommunications equipment via lease transactions.

Long-term liabilities – other amounted to ¥105,273 million, a decrease of ¥205,363 million year on year. This was mainly due to the transfer of ¥200,000 million of accounts payable to accounts payable – other and accrued expenses for the above-mentioned payment scheduled as part of a transaction with the Vodafone Group, since the payment date came to be within one year.

Total Equity

Total equity was ¥1,435,640 million at the end of fiscal 2011, for a ¥556,022 million (63.2%) increase year on year.

At the end of fiscal 2011, common stock totaled ¥213,798 million and additional paid-in capital was ¥236,563 million. This result includes the conversion of the Convertible Bond due 2014 into common stock of the Company during fiscal 2011, which increased common stock by ¥25,023 million and additional paid-in capital by ¥24,053 million.

Retained earnings totaled ¥530,534 million at the end of fiscal 2011, for a ¥308,257 million increase year on year. This was primarily because net income of ¥313,753 million was recorded.

Treasury stock totaled ¥22,947 million, for a ¥22,707 million increase year on year. This was mainly due to acquisitions of treasury stock in September and October 2011 in preparation for the exercise of stock acquisition rights and allowing execution of a flexible capital strategy in response to changes in the business environment.

Net unrealized gain on available-for-sale securities was ¥10,567 million at the end of fiscal 2011, a ¥24,354 million decrease year on year, and deferred loss on derivatives under hedge accounting was ¥993 million, a ¥12,217 million decrease year on year. These declines are mainly a result of settlement of forward contracts ("collar transaction") by one of the Company's U.S. subsidiaries upon maturity of a loan from CITIBANK, N.A. during the second quarter of fiscal 2011, as described on page 110, Notes to Consolidated Financial Statements 3 Marketable and investment securities.

Foreign currency translation adjustments was a debit of ¥30,827 million, improving by ¥19,387 million year on year. This improvement was mainly due to the recognition of foreign currency translation adjustments as loss related to the liquidation of the Company's subsidiary Charlton Acquisition LLP.

Minority interests totaled ¥498,047 million for a ¥238,385 million increase year on year. This was mainly due to the issuance of preferred (restricted voting) securities amounting to ¥200,000 million by the Company's subsidiary SFJ Capital Limited.

Analysis of Cash Flows

During fiscal 2011, operating activities provided net cash in the amount of ¥740,227 million, investing activities used net cash in the amount of ¥375,656 million, and financing activities used net cash of ¥196,667 million.

Free cash flow for fiscal 2011 was a positive ¥364,571 million (compared with a positive ¥561,389 million in fiscal 2010), for a decrease of ¥196,818 million.

Cash and cash equivalents at the end of fiscal 2011 totaled ¥1,014,559 million, for a ¥167,404 million increase year on year.

Cash Flows from Operating Activities: ¥740,227 million net inflow

Income before income taxes and minority interests totaled ¥632,257 million. The main items added to income before income taxes and minority interests were ¥275,826 million in depreciation and amortization and ¥62,607 million in amortization of goodwill. The main items subtracted from income before income taxes and minority interests were gain on sale of marketable and investment securities, net of ¥88,278 million and dilution gain from changes in equity interest of ¥19,685 million.

In addition, income taxes paid of ¥195,641 million were recorded, for a ¥9,479 million year-on-year increase (cash outflow).

Cash Flows from Investing Activities: ¥375,656 million net outflow

Capital expenditures, mainly at telecommunications businesses, resulted in outlays of ¥455,024 million for purchase of property and equipment, and intangibles.

Proceeds from sale of marketable and investment securities were ¥87,985 million. For details, refer to page 110, Notes to Consolidated Financial Statements 3 Marketable and investment securities.

Purchases of marketable and investment securities resulted in ¥33,323 million in cash outlays.

Proceeds from advanced redemption of debt security generated ¥30,375 million. This was due to early redemption in October 2011 of WBS Class B2 Funding Notes held by the Company.

Cash Flows from Financing Activities: ¥196,667 million net outflow

Outlays were recorded in the amounts of ¥919,696 million for repayments of long-term debt, ¥166,290 million for the repayment of lease obligations, ¥163,438 million for redemption of bonds, ¥124,291 million for decrease in short-term borrowings, net, and ¥25,000 million for decrease in commercial paper, net. In addition, an outflow of ¥22,707 million was recorded for purchase of treasury stock and a payment of ¥20,346 million was recorded for cash dividends paid to minority shareholders.

On the other hand, proceeds from long-term debt raised ¥600,819 million, and ¥338,706 million was recorded as proceeds from sale and lease back of equipment newly acquired. In addition, proceeds from issuance of preferred securities by a subsidiary generated ¥200,000 million and proceeds from issuance of corporate bonds provided ¥179,160 million.

In Detail (4) Status of Interest-bearing Debt and Leases (As of March 31, 2012)

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

(Millions of yen)	Balance	Payment Due By FY2012	Payment Due By After FY2013
SOFTBANK CORP. and consolidated subsidiaries (excluding SOFTBANK MOBILE and Yahoo Japan)			
Borrowings	963,238	403,168	560,070
Bonds	604,888	144,988	459,900
Straight bond	554,900	95,000	459,900
Yen-denominated	554,900	95,000	459,900
Convertible	49,988	49,988	–
Total interest-bearing debt	**1,568,126**	**548,156**	**1,019,970**
Finance leases (amount stated under lease obligations on the consolidated balance sheets)	56,553	25,736	30,817
SOFTBANK MOBILE			
Borrowings	–	–	–
Total interest-bearing debt	–	–	–
Finance leases (amount stated under lease obligations on the consolidated balance sheets)	443,724	126,882	316,842
Yahoo Japan			
Borrowings	–	–	–
Total interest-bearing debt	–	–	–
Finance leases (amount stated under lease obligations on the consolidated balance sheets)	106	65	41

(2) Finance leases (accounted for as operating leases; see footnote 2 below) and operating leases

(Millions of yen)	Future Lease Payments	Payment Due By FY2012	Payment Due By After FY2013
SOFTBANK CORP. and consolidated subsidiaries (excluding SOFTBANK MOBILE and Yahoo Japan)			
Finance leases (accounted for as operating lease transactions)*1	62,771	8,367	54,404
Operating leases*2	41,090	15,334	25,756
Total	**103,861**	**23,701**	**80,160**
SOFTBANK MOBILE			
Finance leases (accounted for as operating lease transactions)*1	10	9	1
Operating leases*2	8,382	2,875	5,507
Total	**8,392**	**2,884**	**5,508**
Yahoo Japan			
Finance leases (accounted for as operating lease transactions)*1	2	2	–
Operating leases*2	27,977	6,120	21,857
Total	**27,979**	**6,122**	**21,857**

(3) Interest-bearing debt and leases

(Millions of yen)	Balance	Payment Due By FY2012	Payment Due By After FY2013
Total interest-bearing debt	**1,568,126**	**548,156**	**1,019,970**
Borrowings	963,238	403,168	560,070
Bonds	604,888	144,988	459,900
Total balance of leases	**640,615**	**185,390**	**455,225**
Finance leases (amount stated under lease obligations on the consolidated balance sheets)	500,383	152,683	347,700
Finance leases (accounted for as operating lease transactions)*1	62,783	8,378	54,405
Operating leases*2	77,449	24,329	53,120

(Notes) 1. Balance after consolidated elimination
2. Finance leases (accounted for as operating lease transactions): leases contracted before April 1, 2008 are continuously accounted for as operating lease transactions with footnote disclosure. For further details refer to Note 2 Summary of Significant Accounting Policies (15) Leases in Notes to Consolidated Financial Statements.

*1 Discounted future lease payments under finance leases (accounted for as operating lease transactions) at the end of each fiscal year.

*2 Future lease payments under operating leases

In Detail (5) Corporate Bond Details (As of March 31, 2012)

(In order of maturity date)

Company Name	Bond	Issue Date	Maturity Date	Interest Rate (%/year)	Collateral	Balance (Millions of yen)
SOFTBANK	28th Unsecured Straight Bond	July 24, 2009	July 24, 2012	4.72	None	30,000
	29th 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	49,988
	31st Unsecured Straight Bond	June 2, 2010	May 31, 2013	1.17	None	25,000
	33rd Unsecured Straight Bond (Fukuoka SoftBank HAWKS Bond)	Sept. 17, 2010	Sept. 17, 2013	1.24	None	130,000
	38th Unsecured Straight Bond	Jan. 27, 2012	Jan. 27, 2014	0.42	None	50,000
	37th Unsecured Straight Bond	June 10, 2011	June 10, 2014	0.65	None	30,000
	26th Unsecured Straight Bond	June 19, 2007	June 19, 2014	4.36	None	14,900
	30th Unsecured Straight Bond	Mar. 11, 2010	Mar. 11, 2015	3.35	None	30,000
	32nd Unsecured Straight Bond	June 2, 2010	June 2, 2015	1.67	None	25,000
	34th Unsecured Straight Bond	Jan. 25, 2011	Jan. 25, 2016	1.10	None	45,000
	36th Unsecured Straight Bond (Fukuoka SoftBank HAWKS Bond)	June 17, 2011	June 17, 2016	1.00	None	100,000
	35th Unsecured Straight Bond	Jan. 25, 2011	Jan. 25, 2018	1.66	None	10,000
Total	–	–	–	–	–	604,888

(Note) Early redemption of the Convertible Bond due 2013 at the Company's request is possible under certain conditions. Details of the Convertible Bond due 2013 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

In Detail (6) Major Financing Activities During Fiscal 2011

The major financing activities during fiscal 2011 were as follows:

Item	Company	Details	Summary	
Bond issuances	SOFTBANK	36th Unsecured Straight Bond (Fukuoka SoftBank HAWKS Bond)	Issue date Redemption date Procured amount Interest rate	: June 17, 2011 : June 17, 2016 : ¥100,000 million : 1.00%/year
		37th Unsecured Straight Bond	Issue date Redemption date Procured amount Interest rate	: June 10, 2011 : June 10, 2014 : ¥30,000 million : 0.65%/year
		38th Unsecured Straight Bond	Issue date Redemption date Procured amount Interest rate	: January 27, 2012 : January 27, 2014 : ¥50,000 million : 0.42%/year
Bond redemption	SOFTBANK	27th Unsecured Straight Bond (Fukuoka SoftBank HAWKS Bond)	Redemption date Redeemed amount	: June 10, 2011 : ¥60,000 million
		25th Unsecured Straight Bond	Redemption date Redeemed amount	: June 17, 2011 : ¥53,500 million
	SOFTBANK TELECOM	2nd Unsecured Straight Bond	Redemption date Redeemed amount	: December 7, 2011 : ¥15,000 million
	Phoenix JT Limited	Subordinated Notes Due 2016 (early redemption)	Redemption date Redeemed amount	: December 15, 2011 : ¥32,400 million
Decrease of commercial paper	SOFTBANK	Decrease of ¥25,000 million		
Acquisition of treasury stock	SOFTBANK	Acquisition of treasury stock in the market	Period for acquisition Total cost of acquisition	: September 2 to 7, 2011 (execution base) : ¥10,793 million
			Period for acquisition Total cost of acquisition	: October 3 to 5, 2011 (execution base) : ¥11,899 million
Preferred securities issuances	SFJ Capital Limited	Issuance of preferred securities	Issue date Procured amount Dividend rate	: September 22, 2011 : ¥200,000 million : 2.04%/year
Repayment of funds procured via securitization of receivables	SOFTBANK MOBILE	Repayment of ¥49,903 million	Repayment of funds procured via securitization of mobile handsets installment sales receivables	
Increase or decrease in debt (excluding funds procured via securitization of receivables)	SOFTBANK	Increase of ¥439,400 million	Mainly increase of long-term borrowings related to refinancing of the funds procured by SOFTBANK MOBILE via whole business securitization	
	SOFTBANK MOBILE	Decrease of ¥772,577 million	Repayment of funds raised via the whole business securitization financing scheme	
	SB Broadband Investments	Decrease of ¥93,370 million	Repayment of borrowings through the sale of Yahoo! Inc. shares*	
Capital expenditure by financial lease	SOFTBANK MOBILE, etc.	New capital expenditure via leases	Funds newly procured during fiscal 2011: ¥338,705 million	

* Refer to Notes to Consolidated Financial Statements 3 Marketable and investment securities.

Forecasts for Fiscal 2012 and Fiscal 2013

For fiscal 2012, the Group will continue to focus on network expansion and customer acquisition in the Mobile Communications segment. Although this will increase the Group's expenses, the customer base is expected to continue to expand steadily. As a result, the Group is forecasting a year-on-year increase in both net sales and operating income, and expects operating income to exceed ¥700 billion.

In fiscal 2013, the Group expects to achieve these initiatives and to see its profits enter a new growth phase.

Fundamental Policy for Distribution of Profit, and Dividend for Fiscal 2011

The Company has prioritized reduction of its net interest-bearing debt in order to improve the Group's financial status after the acquisition of Vodafone K.K. (currently SOFTBANK MOBILE). The Company has steadily reduced its net interest-bearing debt, supported by strong results in the Mobile Communications segment. Net interest-bearing debt has been reduced to under 30% of the level at March 31, 2009 over three years. As a result of these efforts, the Company's credit ratings have been raised substantially.

In light of this improvement in the Group's financial status, growth potential of businesses and other factors, the Company has decided to change its policy. The Group will now focus on investing actively for sustained growth and returning profits to shareholders, while maintaining a sound financial status.

Under this new policy, the Company has decided to propose raising the year-end dividend per share for fiscal 2011 by ¥35.00 from ¥5.00 in fiscal 2010 to ¥40.00. This increase in the dividend for fiscal 2011 includes early implementation of the dividend increase previously planned for fiscal 2014.

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 significantly affect investors' investment decisions are outlined below. These factors do not include all of the risks that the Group could face in the course of its future business operations. Forward-looking statements were determined at the time of publication of this annual report, unless otherwise stated.

(1) Economic conditions

Demand for services and products provided by the Group (including but not limited to telecommunications services and Internet advertising) is subject to economic conditions. Therefore, economic deterioration could affect the Group's operating results.

(2) Response to technology and business models

The Group's primary business domain is the information industry, which is subject to rapid changes in technology and business models. If for some reason, the Group is unable to develop or launch outstanding, up-to-date technologies or business models, its service offerings will lose competitiveness in the markets, making it difficult to acquire and retain customers. This could have an impact on the Group's operating results.

(3) Capacity increases in telecommunications networks

To maintain and enhance the quality of telecommunications services, the Group must continuously increase the capacity of its telecommunications networks based on predictions of the amount of future network traffic. The Group thus plans to systematically increase network capacity. However, if the actual amount of network traffic were to drastically exceed the Group's predictions, service quality could be adversely affected, making it difficult to acquire and retain customers. In this case, the Group would also need to execute additional capital expenditure. These outcomes could have an impact on the Group's operating results and financial position.

(4) Dependence on management resources of other companies

(a) Use of facilities, etc., of other companies

The Group makes use of certain telecommunications lines and facilities owned by other operators when constructing the telecommunications networks required for providing telecommunications services. The Group's business development and operating results 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.

(b) Procurement of various equipment

The Group procures telecommunications equipment, network devices, and so forth (including but not limited to mobile devices and radio equipment for mobile phone base stations) from other companies. The Group may be unable to switch suppliers or equipment in a timely manner should problems occur with the procurement of equipment in a case where the Group relies heavily on a specific supplier. Such problems could include supply interruptions, delivery delays, order volume shortfalls, and defects. Suppliers may also cease providing the maintenance and inspection services required for telecommunications equipment to maintain performance. Either of these situations could impede the Group's provision of services, making it difficult to acquire and retain customers or cause the Group to incur additional costs for changing a supplier. This could have an impact on the Group's operating results.

(c) Consignment of operations

The Group consigns sales activities, acquisition and retention of customers mainly for telecommunications services, and the execution of other related operations in whole or part to subcontractors. The Group's business development could therefore be impacted if for some reason these subcontractors are unable to execute operations in line with the Group's expectations.

The Group also has a network of sales agents responsible for the sale of the Group's services and products. Damage to the credibility or image of these sales agents would also have a negative impact on the Group's credibility or corporate image. This could hinder business development and the acquisition and retention of customers, which could impact the Group's operating results. Furthermore, if these sales agents should fail to comply with laws and regulations, the Group could receive a warning or administrative guidance from the regulatory authorities, or be investigated for non-fulfillment of its supervisory responsibility, and the Group's credibility or corporate image could deteriorate as a result, making it difficult to acquire and retain customers. This could impact the Group's operating results.

(d) Use of the *Yahoo!* brand

The Group makes use of the *Yahoo!* brand belonging to U.S. company Yahoo! Inc. in certain service names such as *Yahoo! JAPAN, Yahoo! BB*, and *Yahoo! Keitai*. If the Group were to become unable to use the *Yahoo!* brand due to a drastic change in its relationship with Yahoo! Inc. or other reasons, the Group may be prevented from developing businesses as anticipated.

(5) Competition

In certain instances, the Group's competitors may have a competitive advantage over the Group in terms of capital, services and products, price competitiveness, customer base, sales capability, brands, or public recognition, for example. If these competitors were to sell services and products that harness these competitive advantages to a greater extent than at present, the Group may be placed at a disadvantage in sales competition, or may be unable to provide services and products, or acquire or retain customers as anticipated. This could impact the Group's operating results.

Moreover, when the Group introduces highly competitive services, products, and sales methods ahead of its competitors, the Group's competitive edge may be diminished if the Group's competitors deploy equivalent or better services, products, and sales methods. This could impact the Group's business development and operating results.

(6) Inappropriate use of services

If the Group's mobile telecommunications and other services were to be used to commit crimes such as bank-transfer phishing scams, the Group's credibility or corporate image could be damaged, and business development could be negatively affected.

(7) Management team

Unforeseen situations concerning key members of management – especially chairman and CEO of the Company and Group representative Masayoshi Son – could impede the Group's business development.

(8) Information leaks

In its business operations, the Group handles customer information (including personal information) and other confidential information. This information could be leaked outside the Group either intentionally or accidentally by a person related to the Group or a subcontractor, or through a malicious attack by a third-party. An information leak could damage the Group's competitiveness, in addition to having an adverse impact on the Group's credibility or corporate image and making it difficult to acquire and retain customers. These outcomes could impact the Group's operating results.

(9) Service disruptions or decline in quality due to human error and other factors

The Group may be unable to continuously provide various services, including telecommunications services, or may suffer a decline in the quality of its various services, due to human error, serious problems with equipment or systems, or other causes. If such disruptions or declines in quality were to become widespread and/or significant time were required to restore services, the Group's credibility or corporate image could deteriorate, making it difficult to acquire and retain customers. This could impact the Group's operating results.

(10) Natural disasters and accidents

The Group constructs and maintains telecommunications networks and information systems necessary for the provision of various services, including Internet and telecommunications services. Natural disasters, such as earthquakes, typhoons, flooding, and tsunamis, other unexpected disruptions such as fires, power outages or shortages, or attacks such as terrorist attacks or computer viruses could interfere with the normal operation of telecommunications networks and information systems. This could hinder the provision of various services by the Group. If these impacts were to become widespread and/or significant time were required to restore services, the Group's credibility or corporate image could deteriorate, making it difficult to acquire and retain customers. This could impact the Group's operating results.

The head offices and business offices of various Group companies are concentrated in the Tokyo Metropolitan Area. The possibility therefore exists that a major earthquake or other force majeure event in the area could incapacitate these business locations, impeding the continuity of the Group's business.

(11) Country risk

The Group conducts business and investment overseas in China and other regions and countries. The enactment of or revisions to the laws or regulations of these countries or regions, or a change in their enforcement as practiced by prior or existing administrations, could prevent the Group from conducting business activities as anticipated, or delay or prevent the recovery of the Group's investments, with a consequent impact on the Group's operating results and financial position. In addition, such enactment of and revision to laws or various regulations could also restrict the Group from engaging in new businesses or investments, or prevent the Group from carrying out its strategy as anticipated.

Moreover, a change in the political and social conditions in such countries and regions could prevent the Group from carrying out its business activities or could delay or prevent the recovery of the Group's investments as anticipated.

(12) Investment activities

The Group conducts investment activities for the purpose of setting up new businesses (including, but not limited to a power generation business using renewable energy or other means), and expanding existing businesses. Such activities include corporate acquisitions, establishment of joint ventures and subsidiaries, and investments in operating companies or holding companies (including separate companies that the Company effectively controls through various contracts) and funds. If an invested company is unable to conduct business as anticipated at the time of the Group's investment, the Group's business development and operating results could be impacted. The Group may also book valuation losses and other charges in the event of a decline in the value of equity interests and other assets acquired through investment activities. This could impact the Group's operating results.

Additionally, the Group occasionally provides financial assistance to invested companies through loans and other means. However, if the invested company is unable to conduct business in line with the Group's expectations, this could impact the Group's operating results.

(13) Foreign exchange risk on overseas investment

The Company invests in overseas companies directly or through its overseas subsidiaries, and via other means. The Company may incur a foreign exchange loss if it sells its equity interests, including the stock of such overseas companies, when the yen is stronger than at the time of investment. A foreign exchange loss may also be incurred if overseas subsidiaries and so forth repatriate proceeds from the sale of shares and other equity interests to Japan when the yen is stronger than at the time of investment. Such foreign exchange losses could impact the Group's operating results.

(14) Fund procurement and leasing

The Group procures the funds it requires for developing its business by borrowing from financial institutions, issuing corporate bonds, and other sources. The Group also executes capital expenditure utilizing leases. The cost of procuring funds could increase because of rising interest rates or a decline in the Group's creditworthiness stemming mainly from a downgrading of the credit ratings of SOFTBANK CORP. or its Group companies. Such an increase in fund procurement costs could impact the Group's operating results. Furthermore, depending on financial market conditions, the Group may be unable to procure funds or structure leases as planned. This could have an impact on the Group's business development, operating results, and financial position.

(15) Laws and regulations

The Group is subject to various laws and regulations pertaining to general corporate business activities, as well as laws and regulations governing specific business operations, such as the Telecommunications Business Act and Radio Act in the telecommunications business. Revisions to such laws and regulations, or the enforcement of new laws and regulations, could prevent the Group from developing businesses as anticipated.

(16) Government policies and regulations for the telecommunications sector

The revision and establishment of mainly the following government policies for the telecommunications sector in Japan, along with the revision and development of accompanying regulations, could have an impact on the Group's business development and operating results:

(a) Regulations regarding the status of business management and operations of the NIPPON TELEGRAPH AND TELEPHONE CORPORATION (NTT) Group;
(b) Designated telecommunications facilities system (rules on open access to optic-fiber facilities, rules related to dominant carrier regulations for mobile network operators, etc.);
(c) The scope of universal service and the universal service fund system;
(d) Regulations regarding access to the next-generation networks (NGN) and other infrastructure of NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION and NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION;
(e) Regulations and rules regarding countermeasures for network traffic to secure communications in the event of a major natural disaster or other emergency;
(f) Regulations regarding access charge calculation formulas for mobile telecommunications services;
(g) Regulations and rules concerning the mobile communications business model (SIM Lock* regulations and rules on promoting new entry by Mobile Virtual Network Operators (MVNOs), and regulations and rules for coping with the sharp increase in network traffic);
(h) Radio utilization fee structure;
(i) Frequency band allocation system, such as reallocation of frequency band and introduction of an auction system, introduction of a system for new users of a frequency band to bear the expense of shifting for incumbent users;
(j) Entry of new operators into newly allocated frequency bands;
(k) Regulations concerning the effect of radio waves on health;
(l) Regulations concerning personal information and customer information;
(m) Regulations concerning the presentation of advertising for telecommunications services;
(n) Spam regulations;
(o) Regulations on responses to unlawful and harmful information on the Internet and access to such information;
(p) Regulations concerning the improper use of mobile handsets.

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

(17) Frequency band

The Group uses a frequency band allocated by the government minister in charge to provide its mobile telecommunications services. As traffic on the mobile telecommunications network continues to increase due to the spread of smartphones, the Group will need to secure additional bandwidth as well as to enhance effective use of the frequency band by introducing LTE (Long Term Evolution) in order to promote business development. If the Group is unable to secure the required bandwidth in the future, service quality may decline, making it difficult to acquire and retain customers, or there may otherwise be some impact on the Group's business development. Either of these outcomes could impact the Group's operating results. Moreover, with the introduction of the auction system, securing new bandwidth may entail considerable expense, which could impact the Group's operating results and financial position.

Moreover, the frequency band used by the Group for providing mobile telecommunications services could receive interference from other radio waves, which could impede reception at mobile phone base stations or mobile handsets. If such an effect were to occur over a wide area, it might have an impact on the Group's ability to acquire and retain customers, or on business development. This could impact the Group's operating results.

(18) Intellectual property

If the Group were to unintentionally infringe on intellectual property rights held by third parties, it may be prevented from using the intellectual property or subject to claims for compensatory damages from the third-party. Such actions could affect the Group's business development.

On the other hand, if intellectual property held by the Group, such as the SoftBank brand, were infringed upon by a third-party, such an infringement might have a negative impact on the Group's credibility or on its corporate image.

(19) Litigation

The Group faces the possibility of lawsuits by third parties claiming compensatory damages for the alleged infringement of rights or benefits. These third parties may include customers, business partners, and employees. Such lawsuits could hinder the Group's business development or may impair the Group's corporate image, as well as create a financial burden. These outcomes could have an impact on the Group's operating results.

(20) Administrative sanctions and other orders

The Group may be subject to administrative sanctions and guidance by government agencies. Such administrative actions may hinder the Group's business development and may create a financial burden that could have an impact on the Group's operating results.

Significant Contracts

No significant contracts were decided upon or concluded in fiscal 2011.

Moreover, since all contracts listed under "Significant Contracts" in ANNUAL REPORT 2011 were related to the SBM loan, which was completely repaid on October 27, 2011, they are not included under "Significant Contracts" in ANNUAL REPORT 2012.

R&D Activities

R&D expenditures during fiscal 2011 totaled ¥867 million.

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

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

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

Research was carried out in the Fixed-line Telecommunications segment, primarily into virtualization technology for server storage groups.

Consolidated Balance Sheet

SOFTBANK CORP. and Consolidated Subsidiaries
March 31, 2012

ASSETS	Millions of yen 2011	Millions of yen 2012	Thousands of U.S. dollars (Note 1) 2012
Current assets:			
Cash and cash equivalents (Notes 4 and 15)	¥ 847,155	¥1,014,559	$12,344,069
Marketable securities (Notes 3, 4 and 15)	77,769	3,794	46,161
Notes and accounts receivable – trade (Notes 4 and 15)	657,774	661,288	8,045,845
Merchandise and finished products	49,888	42,618	518,530
Deferred tax assets (Note 6)	90,908	56,469	687,054
Other current assets (Note 4)	176,902	170,739	2,077,370
Allowance for doubtful accounts (Note 15)	(37,779)	(39,015)	(474,693)
Total current assets	1,862,617	1,910,452	23,244,336
Property and equipment (Notes 2 (8) and 4):			
Land	22,883	23,176	281,981
Buildings and structures	74,868	77,405	941,781
Telecommunications equipment	840,839	988,542	12,027,522
Telecommunications service lines	68,856	65,214	793,454
Construction in progress	55,663	80,502	979,462
Other	50,339	61,554	748,923
Total property and equipment	1,113,448	1,296,393	15,773,123
Intangible assets:			
Goodwill	839,238	780,243	9,493,162
Software (Note 4)	248,873	310,151	3,773,586
Other intangibles (Note 4)	32,234	36,121	439,482
Total intangible assets	1,120,345	1,126,515	13,706,230
Investments and other assets:			
Investment securities (Notes 3, and 15)	148,391	128,714	1,566,054
Investments in unconsolidated subsidiaries and affiliated companies (Note 15)	192,046	209,484	2,548,777
Deferred tax assets (Note 6)	109,145	104,327	1,269,339
Other assets (Note 4)	109,733	123,820	1,506,510
Total investments and other assets	559,315	566,345	6,890,680
Total assets	¥4,655,725	¥4,899,705	$59,614,369

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of yen 2011	Millions of yen 2012	Thousands of U.S. dollars (Note 1) 2012
Current liabilities:			
Short-term borrowings (Notes 4 and 15)	¥ 228,256	¥ 103,958	$ 1,264,850
Commercial paper (Note 15)	25,000	–	–
Current portion of long-term debt (Notes 4 and 15)	311,195	444,198	5,404,526
Accounts payable – trade (Note 15)	193,645	190,533	2,318,202
Accounts payable – other and accrued expenses (Notes 4 and 15)	561,421	835,053	10,160,032
Income taxes payable (Note 15)	115,355	125,116	1,522,278
Current portion of lease obligations (Notes 4 and 15)	131,306	152,683	1,857,683
Other current liabilities	78,230	72,184	878,257
Total current liabilities	1,644,408	1,923,725	23,405,828
Long-term liabilities:			
Long-term debt (Notes 4 and 15)	1,538,350	1,019,970	12,409,904
Liability for retirement benefits (Note 5)	14,414	14,953	181,932
Allowance for point mileage	41,947	32,074	390,242
Lease obligations (Notes 4 and 15)	199,770	347,700	4,230,442
Deferred tax liabilities (Note 6)	26,582	20,370	247,840
Other liabilities (Note 4)	310,636	105,273	1,280,849
Total long-term liabilities	2,131,699	1,540,340	18,741,209
Commitments and contingent liabilities (Notes 14, 16 and 17)			
Equity (Notes 4, 7, 8 and 19):			
Common stock:			
Authorized: 3,600,000,000 shares			
Issued: 1,082,530,408 shares in 2011 and 1,107,728,781 shares in 2012	188,775	213,798	2,601,265
Additional paid-in capital	212,510	236,563	2,878,246
Stock acquisition rights	703	898	10,927
Retained earnings	222,277	530,534	6,454,970
Treasury stock – at cost: 180,503 shares in 2011 and 9,213,962 shares in 2012	(240)	(22,947)	(279,195)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	34,921	10,567	128,568
Deferred gain (loss) on derivatives under hedge accounting	11,224	(993)	(12,082)
Foreign currency translation adjustments	(50,214)	(30,827)	(375,070)
Subtotal	619,956	937,593	11,407,629
Minority interests	259,662	498,047	6,059,703
Total equity	879,618	1,435,640	17,467,332
Total liabilities and equity	¥4,655,725	¥4,899,705	$59,614,369

See notes to consolidated financial statements.

Consolidated Statement of Income

SOFTBANK CORP. and Consolidated Subsidiaries
Year ended March 31, 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2012	2012
Net sales	¥3,004,640	¥3,202,436	$38,963,816
Cost of sales	1,373,617	1,485,751	18,077,029
Gross profit	1,631,023	1,716,685	20,886,787
Selling, general and administrative expenses (Note 9)	1,001,860	1,041,402	12,670,666
Operating income	629,163	675,283	8,216,121
Other income (expenses):			
Interest and dividend income	3,857	4,400	53,534
Interest expense (Note 4)	(104,020)	(62,206)	(756,856)
Equity in earnings (losses) of affiliated companies	2,874	(2,948)	(35,868)
Gain on sale of investment securities, net (Note 3)	5,898	88,317	1,074,547
Valuation loss on investment securities	(8,740)	(13,971)	(169,984)
Other, net (Note 10)	(48,419)	(56,618)	(688,867)
Other expenses, net	(148,550)	(43,026)	(523,494)
Income before income taxes and minority interests	480,613	632,257	7,692,627
Income taxes (Note 6):			
Current	(173,510)	(196,509)	(2,390,911)
Corrections	(27,392)	–	–
Deferred	(32,048)	(58,204)	(708,164)
Total income taxes	(232,950)	(254,713)	(3,099,075)
Net income before minority interests	247,663	377,544	4,593,552
Minority interests in net income	(57,950)	(63,791)	(776,141)
Net income	¥ 189,713	¥ 313,753	$ 3,817,411

	Yen		U.S. dollars (Note 1)
	2011	2012	2012
Net income per share (Notes 2 (23) and 11)			
– Basic	¥175.28	¥285.78	$3.48
– Diluted	168.57	278.75	3.39
Cash dividends applicable to the year	5.00	40.00	0.49

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

SOFTBANK CORP. and Consolidated Subsidiaries
Year ended March 31, 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2012	2012
Net income before minority interests	¥247,663	¥377,544	$4,593,552
Other comprehensive income (loss) (Note 12):			
Unrealized loss on available-for-sale securities	(6,822)	(25,780)	(313,663)
Deferred loss on derivatives under hedge accounting	(3,177)	(12,661)	(154,046)
Foreign currency translation adjustments	(10,195)	21,328	259,496
Share of other comprehensive loss in affiliated companies	(7,527)	(3,442)	(41,879)
Total other comprehensive loss	(27,721)	(20,555)	(250,092)
Comprehensive income	¥219,942	¥356,989	$4,343,460
Total comprehensive income attributable to:			
Owners of the parent	¥159,777	¥296,543	$3,608,018
Minority interests	60,165	60,446	735,442

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

SOFTBANK CORP. and Consolidated Subsidiaries
Year ended March 31, 2012

Millions of yen

							Accumulated other comprehensive income					
	Number of shares of common stock outstanding	Common stock	Additional paid-in capital	Stock acquisition rights	Retained earnings	Treasury stock	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Total	Minority interests	Total equity
Balance, April 1, 2010	1,082,329,103	¥188,751	¥213,069	¥476	¥ 43,072	¥ (226)	¥ 43,864	¥ 14,528	¥(32,526)	¥471,008	¥ 492,963	¥ 963,971
Decrease in retained earnings due to adoption of practical solution on unification of accounting policies applied to affiliated companies accounted for using the equity method	–	–	–	–	(4,510)	–	–	–	–	(4,510)	–	(4,510)
Net income	–	–	–	–	189,713	–	–	–	–	189,713	–	189,713
Cash dividends, ¥5.00 per share	–	–	–	–	(5,412)	–	–	–	–	(5,412)	–	(5,412)
Adjustments of retained earnings due to change in scope of consolidation	–	–	–	–	(586)	–	–	–	–	(586)	–	(586)
Purchase of treasury stock	(5,728)	–	–	–	–	(14)	–	–	–	(14)	–	(14)
Exercise of warrants	26,530	24	24	–	–	–	–	–	–	48	–	48
Changes in foreign subsidiaries and affiliated companies' interests in its subsidiaries	–	–	(583)	–	–	–	–	–	–	(583)	–	(583)
Net change in the year	–	–	–	227	–	–	(8,943)	(3,304)	(17,688)	(29,708)	(233,301)	(263,009)
Balance, March 31, 2011	1,082,349,905	¥188,775	¥212,510	¥703	¥222,277	¥ (240)	¥ 34,921	¥ 11,224	¥(50,214)	¥619,956	¥ 259,662	¥ 879,618
Net income	–	–	–	–	313,753	–	–	–	–	313,753	–	313,753
Cash dividends, ¥5.00 per share	–	–	–	–	(5,412)	–	–	–	–	(5,412)	–	(5,412)
Adjustments of retained earnings due to change in scope of consolidation	–	–	–	–	(84)	–	–	–	–	(84)	–	(84)
Purchase of treasury stock	(9,033,459)	–	–	–	–	(22,707)	–	–	–	(22,707)	–	(22,707)
Exercise of warrants	25,198,373	25,023	24,980	–	–	–	–	–	–	50,003	–	50,003
Changes in foreign subsidiaries and affiliated companies' interests in its subsidiaries	–	–	(927)	–	–	–	–	–	–	(927)	–	(927)
Net change in the year	–	–	–	195	–	–	(24,354)	(12,217)	19,387	(16,989)	238,385	221,396
Balance, March 31, 2012	1,098,514,819	¥213,798	¥236,563	¥898	¥530,534	¥(22,947)	¥ 10,567	¥ (993)	¥(30,827)	¥937,593	¥ 498,047	¥1,435,640

Thousands of U.S. dollars (Note 1)

							Accumulated other comprehensive income					
	Number of shares of common stock outstanding	Common stock	Additional paid-in capital	Stock acquisition rights	Retained earnings	Treasury stock	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Total	Minority interests	Total equity
Balance, March 31, 2011	1,082,349,905	$2,296,812	$2,585,594	$ 8,553	$2,704,429	$ (2,920)	$ 424,881	$ 136,562	$(610,950)	$ 7,542,961	$3,159,289	$10,702,250
Net income	–	–	–	–	3,817,411	–	–	–	–	3,817,411	–	3,817,411
Cash dividends, ¥5.00 per share	–	–	–	–	(65,847)	–	–	–	–	(65,847)	–	(65,847)
Adjustments of retained earnings due to change in scope of consolidation	–	–	–	–	(1,023)	–	–	–	–	(1,023)	–	(1,023)
Purchase of treasury stock	(9,033,459)	–	–	–	–	(276,275)	–	–	–	(276,275)	–	(276,275)
Exercise of warrants	25,198,373	304,453	303,930	–	–	–	–	–	–	608,383	–	608,383
Changes in foreign subsidiaries and affiliated companies' interests in its subsidiaries	–	–	(11,278)	–	–	–	–	–	–	(11,278)	–	(11,278)
Net change in the year	–	–	–	2,374	–	–	(296,313)	(148,644)	235,880	(206,703)	2,900,414	2,693,711
Balance, March 31, 2012	1,098,514,819	$2,601,265	$2,878,246	$10,927	$6,454,970	$(279,195)	$ 128,568	$ (12,082)	$(375,070)	$11,407,629	$6,059,703	$17,467,332

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

SOFTBANK CORP. and Consolidated Subsidiaries
Year ended March 31, 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2012	2012
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 480,613	¥ 632,257	$ 7,692,627
Adjustments for:			
Income taxes paid	(186,162)	(195,641)	(2,380,350)
Depreciation and amortization	224,937	275,826	3,355,956
Amortization of goodwill	62,688	62,607	761,735
Equity in (earnings) losses of affiliated companies	(2,874)	2,948	35,868
Dilution gain from changes in equity interest, net	(2,046)	(19,685)	(239,506)
Valuation loss on investment securities	8,740	13,971	169,984
Unrealized appreciation on valuation of investments and loss on sale of investments at subsidiaries in the U.S., net	(264)	(1,986)	(24,164)
Gain on sale of marketable and investment securities, net	(5,972)	(88,278)	(1,074,072)
Foreign exchange gain, net	(1,587)	(256)	(3,115)
Changes in assets and liabilities, net of effects from changes in scope of the consolidation:			
Decrease (increase) in receivables – trade	167,452	(5,032)	(61,224)
Increase (decrease) in payables – trade	33,679	(3,005)	(36,562)
Other, net	46,633	66,501	809,113
Total adjustments	345,224	107,970	1,313,663
Net cash provided by operating activities	825,837	740,227	9,006,290
Cash flows from investing activities:			
Purchases of property and equipment, and intangibles	(208,553)	(455,024)	(5,536,245)
Purchases of marketable and investment securities	(79,441)	(33,323)	(405,439)
Proceeds from sale of marketable and investment securities (Note 3)	31,492	87,985	1,070,507
Proceeds from advanced redemption of debt security (Note 13 (2))	–	30,375	369,571
Acquisition of interests in subsidiaries newly consolidated, net of cash acquired	(702)	(4,007)	(48,753)
Other, net	(7,244)	(1,662)	(20,221)
Net cash used in investing activities	(264,448)	(375,656)	(4,570,580)

- Continued -

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2012	2012
Cash flows from financing activities:			
Increase (decrease) in short-term borrowings, net	¥ 20,129	¥ (124,291)	$ (1,512,240)
Increase (decrease) in commercial paper	25,000	(25,000)	(304,173)
Proceeds from long-term debt	252,900	600,819	7,310,123
Repayment of long-term debt (Note 3)	(459,166)	(919,696)	(11,189,877)
Proceeds from issuance of bonds	233,936	179,160	2,179,827
Redemption of bonds	(105,508)	(163,438)	(1,988,539)
Proceeds from issuance of shares to minority shareholders	1,685	323	3,930
Proceeds from issuance of preferred securities by a subsidiary (Note 13 (3))	–	200,000	2,433,386
Purchase of treasury stock	(15)	(22,707)	(276,275)
Cash dividends paid	(5,388)	(5,421)	(65,957)
Cash dividends paid to minority shareholders	(16,009)	(20,346)	(247,548)
Proceeds from sale and lease-back of equipment newly acquired (Note 13 (1))	117,596	338,706	4,121,012
Repayment of lease obligations	(155,063)	(166,290)	(2,023,239)
Payments for additional entrustment for debt assumption	(75,000)	–	–
Payments for repurchase of minority interests and long-term debt (Note 13 (4))	(213,565)	–	–
Other, net	(19,260)	(68,486)	(833,264)
Net cash used in financing activities	(397,728)	(196,667)	(2,392,834)
Effect of exchange rate changes on cash and cash equivalents	(4,204)	165	2,008
Net increase in cash and cash equivalents	159,457	168,069	2,044,884
Increase in cash and cash equivalents due to newly consolidated subsidiaries	1,919	69	840
Decrease in cash and cash equivalents due to exclusion of previously consolidated subsidiaries	(65)	(734)	(8,931)
Decrease in cash and cash equivalents resulting from corporate separation	(1,838)	–	–
Cash and cash equivalents, beginning of year	687,682	847,155	10,307,276
Cash and cash equivalents, end of year	¥ 847,155	¥1,014,559	$ 12,344,069
Non cash investing and financing activities:			
Acquisition of fixed assets by installments	¥ 51,347	¥ 11,717	$ 142,560
Increase of common stock and additional paid-in capital by the exercise of stock acquisition rights on convertible bond due 2013 and convertible bond due 2014	–	50,003	608,383

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

SOFTBANK CORP. and Consolidated Subsidiaries

1 Basis of presentation of 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 the 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 2011 consolidated financial statements to conform to the classifications used in 2012.

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 ¥82.19 to $1, the approximate rate of exchange at March 31, 2012. 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, 2012 include the accounts of the Company and its 133 significant (117 in 2011) 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.

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 three (four in 2011) unconsolidated subsidiaries and 71 (69 in 2011) affiliated companies are accounted for by the equity method.

Investments in 60 (57 in 2011) unconsolidated subsidiaries and 26 (23 in 2011) 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 acquisition over the fair value of the net assets of an 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 period of 20 years.

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 also eliminated.

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

In May 2006, the Accounting Standards Board of Japan (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 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; and 5) exclusion of minority interests from net income, if contained in net income.

(3) Unification of accounting policies applied to foreign affiliated companies for the equity method

In March 2008, the ASBJ issued ASBJ Statement No. 16, "Accounting Standard for Equity Method of Accounting for Investments." The standard requires adjustments to be made to conform the affiliated company's accounting policies for similar transactions and events under similar circumstances to those of the parent company when the affiliated company's financial statements are used in applying the equity method unless it is impracticable to determine such adjustments. In addition, financial statements prepared by foreign affiliated 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 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; and 5) exclusion of minority interests from net income, if contained in net income.

(4) 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 maturities of three months or less from the date of acquisition and a low risk of fluctuation in value.

(5) 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, for which there is 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 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 statement of income under the application of the ASC 946.

(6) Merchandise and finished products

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

(7) Allowance for doubtful accounts

To prepare for uncollectible credits, allowance for doubtful accounts is calculated based on the actual bad debt ratio, and specific allowance for doubtful accounts deemed to be uncollectible is calculated considering its collectability.

(8) Property and equipment, and intangible assets

Property and equipment are stated at cost less accumulated depreciation. Accumulated depreciation at March 31, 2011 and 2012 was ¥1,113,677 million and ¥1,205,105 million ($14,662,429 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.

(9) 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.

(10) 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.

(11) 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 incurred.

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 is accounted for based on the projected benefit obligations at the consolidated balance sheet date.

SOFTBANK MOBILE Corp. and SOFTBANK TELECOM Corp. have amended the pension plans by fixing the periods covered by the plans through 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, there is no service cost under the defined benefit pension plans at SOFTBANK MOBILE Corp. and SOFTBANK TELECOM Corp.

(12) Asset retirement obligations

In March 2008, the ASBJ published 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 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 was effective for fiscal years beginning on or after April 1, 2010. The cumulative effects of this change were recorded in other expenses in the year ended March 31, 2011. The effect of this change in operating income was not material.

The Group has obligations to restore mobile phone base stations and telephone line facilities for transmission to their original conditions under the rental contracts. However, considering business continuity, the removal of these facilities is difficult and the possibility of executing the obligation to restore these facilities to their original conditions is extremely low, and therefore, the asset retirement obligations are not recorded as of March 31, 2011 and 2012.

(13) 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.

(14) Research and development costs

Research and development costs are charged to income as incurred and were ¥880 million and ¥867 million ($10,549 thousand) for the years ended March 31, 2011 and 2012, respectively.

(15) 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 was effective for fiscal years beginning on or after April 1, 2008.

Under the previous accounting standard, finance leases that were deemed 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 was disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions be capitalized by recognizing 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 continue to be accounted for as operating lease transactions.

The Group applied the revised accounting standard effective April 1, 2008. In addition, the Group continues to account for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions.

All other leases are accounted for as operating leases.

(16) Revenue recognition

In the Mobile Communications segment, net sales are mainly generated from the provision of mobile telecommunications services and the sale of handsets and accessories. The mobile telecommunications services consist of voice and data services and are recognized as revenue when services are provided to customers, based upon basic flat-rate monthly charges plus usage of traffic in accordance with price plans subjected to discounts. Sales of mobile handsets and accessories are recognized when merchandise is shipped to sales agents. The agents sell the mobile handsets to the customers mainly by installment payments over a period of 24 months. SOFTBANK MOBILE Corp. purchases the installment sales receivables from the agents and collects the installment sales receivables during the 24 months. Activation fees from new customers are recognized as revenue when services are activated.

In the Broadband Infrastructure segment, revenues are mainly from subscriber charges related to *Yahoo! BB ADSL* services. Monthly charges consist of an ISP charge, an ADSL service charge, a modem rental charge, and the usage of the network. Revenues from *Yahoo! BB ADSL* services are recognized as revenue when services are provided to customers, based upon fixed monthly charges plus the usage of the network.

In the Fixed-line Telecommunications segment, net sales are generated from voice communications, digital data transmission services, private line and other businesses. Telecommunications services, such as voice communications, digital data transmission services and private line are recognized as revenue when services are provided to customers, based upon fixed monthly charges plus usage of the network. Other businesses are mainly generated from sales and rental of telecommunications equipment and data center services. Sales of telecommunications equipment are recognized as one-time revenue upon inspection and acceptance by customers. Sales and rental of telecommunications equipment and data center services are recognized when services are provided to the customers, based upon fixed monthly charges plus usage.

Yahoo Japan Corporation, the core company in the Internet culture segment, records internet-related revenues such as display advertising, search advertising, listings, commission of e-commerce transaction, and fee revenue. Revenues from display advertising are recognized over the period in which advertisements are shown on the *Yahoo! JAPAN* website. Revenue from search advertising is recognized when a user clicks on an advertiser's search result listing. Listings revenues, such as *Yahoo! Real Estate*, *Yahoo! Rikunabi* and other services, are recognized over the period in which these services are shown on the *Yahoo! JAPAN* website. Revenues from commissions of e-commerce transactions, such as *Yahoo! Shopping*, *Yahoo! Auctions*, and *Yahoo! Travel*, are recognized when the transactions occur. Fee revenues such as membership revenue from *Yahoo! Premium* are recognized over the period in which the memberships are valid.

(17) Customer acquisition commission

Customer acquisition commission is recorded as expense when incurred.

(18) Bonuses to directors and corporate auditors

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

(19) Income taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statement 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., as a parent company of the consolidated tax return, SOFTBANK MOBILE Corp., and Telecom Express Co., Ltd. adopted the consolidated taxation system.

(20) 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 consolidated balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income to the extent that they are not hedged by forward exchange contracts.

(21) 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 are shown as foreign currency translation adjustments under accumulated other comprehensive income in a separate component of equity.

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

(22) 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 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 consolidated statement of income and (b) for derivatives used for hedging purposes, if such 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 under hedge accounting under accumulated other comprehensive income in a separate component of equity until the related gains and losses on hedged items are recognized.

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

(23) 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.

(24) Accounting changes and error corrections

In December 2009, the 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, the 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 which are made from the beginning on or after April 1, 2011.

3 Marketable and investment securities

Most marketable and investment securities at March 31, 2011 and 2012 were classified as available-for-sale securities.

The Group does not hold trading securities at March 31, 2011 and 2012.

The costs and aggregate fair values of marketable and investment securities at March 31, 2011 and 2012 were as follows:

Millions of yen

		Unrealized		
March 31, 2011	Cost	Gains	Losses	Fair Value
Equity securities	¥46,817	¥73,431	¥(7,482)	¥112,766
Other	29,896	4,565	(13)	34,448
Total	¥76,713	¥77,996	¥(7,495)	¥147,214

Millions of yen

		Unrealized		
March 31, 2012	Cost	Gains	Losses	Fair Value
Equity securities	¥43,944	¥23,156	¥(2,653)	¥64,447
Other	4,143	4	(110)	4,037
Total	¥48,087	¥23,160	¥(2,763)	¥68,484

Thousands of U.S. dollars

		Unrealized		
March 31, 2012	Cost	Gains	Losses	Fair Value
Equity securities	$534,664	$281,737	$(32,279)	$784,122
Other	50,407	49	(1,338)	49,118
Total	$585,071	$281,786	$(33,617)	$833,240

Proceeds from sales of available-for-sale securities for the years ended March 31, 2011 and 2012 were ¥17,418 million and ¥79,156 million ($963,086 thousand), respectively. These proceeds included the proceeds from sales of available-for-sale securities, where the fair values are extremely difficult to measure, of ¥372 million and ¥12,415 million ($151,052 thousand) for the years ended March 31, 2011 and 2012, respectively.

Gross realized gains and losses on these sales, computed on the moving average cost basis, were ¥2,077 million and ¥601 million, respectively, for the year ended March 31, 2011 and ¥87,060 million ($1,059,253 thousand) and ¥129 million ($1,570 thousand), respectively, for the year ended March 31, 2012. These gains and losses included gross realized gains and losses on sales of available-for-sale securities, where the fair values are extremely difficult to measure. The gross realized gains were ¥174 million and ¥8,454 million ($102,859 thousand), and the gross realized losses were ¥124 million and ¥20 million ($243 thousand) for the years ended March 31, 2011 and 2012, respectively.

"Gain on sale of investment securities, net" for the year ended March 31, 2012 is primarily attributable to a ¥76,430 million ($929,918 thousand) gain on sale of Yahoo! Inc. shares.

In February 2004, the Company entered into a variable share prepaid forward contracts ("collar transaction") through its U.S. subsidiary with CITIBANK, N.A., utilizing Yahoo! Inc. shares held by the U.S. subsidiary in order to effectively hedge the variability of cash flows associated with the future market price of the underlying securities. At the same time, the Company financed $1,135 million from CITIBANK, N.A., which would be settled at maturity by delivering Yahoo! Inc. shares.

During the year ended March 31, 2012, the obligation reached maturity and the cash proceeds received by the Company's U.S. subsidiary from delivering the shares of Yahoo! Inc. (cost of $142 million) to CITIBANK, N.A. were used to repay the related obligation. "Gain on sale of investment securities, net" of ¥76,430 million ($929,918 thousand), was recorded as a result of settling the variable share prepaid forward contracts. This was U.S. dollar denominated transaction, and the gain in U.S. dollar was $993 million.

In the consolidated cash flow statement, the proceeds of ¥57,191 million ($695,839 thousand) equaled the $743 million fair value of the shares, the transaction amount denominated in U.S. dollar, when delivered and was recorded as "Proceeds from sale of marketable and investment securities." The same amount of ¥57,191 million ($695,839 thousand) was recorded as "Repayment of long-term debt."

The difference between the obligation balance of $1,135 million at maturity and the $743 million of proceeds from delivering the shares of Yahoo! Inc., which was used for the settlement of the obligation, was a realized gain on the variable share prepaid forward contracts upon the settlement. The balance of the obligation after deduction of the realized gain on the variable share prepaid forward contracts was the same amount of the fair value of Yahoo! Inc. shares delivered for the repayment of the obligation, and therefore, this amount was recorded under "Repayment of long-term debt."

During the year ended March 31, 2011, the shares of Yahoo! Inc. were reclassified to "Marketable securities" under current assets from "Investment securities" under investment and other assets. This was to coincide with the reclassification of the related obligation under current liabilities, of which the remaining period until maturity was less than one year. Accordingly, the gain on sale from this transaction was recorded as "Gain on sale of investment securities, net."

Certain marketable and investment securities were impaired, and valuation losses on investment securities for the years ended March 31, 2011 and 2012 were ¥8,740 million and ¥13,971 million ($169,984 thousand), respectively. These amounts included valuation losses on investment securities, where the fair value is extremely difficult to measure, of ¥6,169 million and ¥5,291 million ($64,375 thousand) for the years ended March 31, 2011 and 2012, respectively.

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 ASC 946.

Proceeds from sales for the years ended March 31, 2011 and 2012 and the carrying amounts of the investment securities at fair value recorded in the consolidated balance sheet at March 31, 2011 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Proceeds from sales	¥ 1,551	¥ 508	$ 6,181
Carrying amounts of investment securities at fair value recorded in consolidated balance sheet	12,481	13,859	168,622

4 Short-term borrowings, long-term debt and lease obligations

(1) Short-term borrowings at March 31, 2011 and 2012 mainly consisted of notes to banks and bank overdrafts. The annual interest rates applicable to the short-term borrowings ranged from 1.24% to 8.50% and 0.56% to 8.50% at March 31, 2011 and 2012 respectively.

Cash receipts as collateral from financial institutions in the amounts of ¥114,000 million and ¥93,000 million ($1,131,525 thousand) at March 31, 2011 and 2012, 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, 2011 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
March 31,	2011	2012	2012
Unsecured borrowings principally from financial institutions:			
Due on various dates through 2021 – generally at 0.62% to 3.64% in 2011 and 0.84% to 6.05% in 2012	¥ 347,707	¥ 859,187	$10,453,667
Collateralized borrowings principally from financial institutions:			
Due on various dates through 2015 – generally at 4.41% to 6.95% in 2011 and 3.44% to 4.20% in 2012	865,948	93	1,132
Unsecured straight bonds:			
Due on various dates through 2018 – generally at 1.10% to 6.50% in 2011 and 0.42% to 4.72% in 2012	535,900	554,900	6,751,430
Convertible bonds:			
Due on various dates through 2013 – generally at 1.50% to 1.75% in 2011 and 1.50% in 2012, convertible into common stock at prices of ¥2,165 ($26.34)	99,990	49,988	608,201
Total	1,849,545	1,464,168	17,814,430
Less current portion	(311,195)	(444,198)	(5,404,526)
Long-term debt, less current portion	¥1,538,350	¥1,019,970	$12,409,904

(3) Current portion of lease obligations and lease obligations at March 31, 2011 and 2012 consisted of the following:

March 31,	Millions of yen 2011	Millions of yen 2012	Thousands of U.S. dollars 2012
Current portion of lease obligations – At 1.86% to 4.80% in 2011 and 1.44% to 5.71% in 2012	¥131,306	¥152,683	$1,857,683
Lease obligations – At 1.86% to 4.80% in 2011 and 1.44% to 5.71% in 2012	199,770	347,700	4,230,442

(4) The aggregate annual maturities of borrowings from financial institutions outstanding at March 31, 2012 were as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2013	¥299,210	$ 3,640,467
2014	359,291	4,371,468
2015	200,311	2,437,170
2016	72	876
2017 and thereafter	396	4,818
Total	¥859,280	$10,454,799

(5) The aggregate annual maturities of corporate bonds outstanding at March 31, 2012 were as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2013	¥144,988	$1,764,059
2014	205,000	2,494,222
2015	74,900	911,303
2016	70,000	851,685
2017 and thereafter	110,000	1,338,362
Total	¥604,888	$7,359,631

(6) The aggregate annual maturities of lease obligations outstanding at March 31, 2012 were as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2013	¥152,683	$1,857,683
2014	120,374	1,464,583
2015	101,289	1,232,376
2016	80,644	981,190
2017 and thereafter	45,393	552,293
Total	¥500,383	$6,088,125

(7) The carrying amounts of assets pledged as collateral at March 31, 2011 and 2012 for the collateralized borrowings of ¥866,264 million and ¥93 million ($1,132 thousand) respectively, and account payable-trade of ¥964 million and ¥935 million ($11,376 thousand) respectively were as follows:

The carrying amounts of assets pledged as collateral	Millions of yen 2011	Millions of yen 2012	Thousands of U.S. dollars 2012
Cash and cash equivalents	¥222,422	¥ –	$ –
Notes and accounts receivable – trade	306,528	–	–
Marketable securities	73,593	–	–
Other current assets	191	100	1,217
Land	10,747	–	–
Buildings and structures	11,694	–	–
Telecommunications equipment	281,937	–	–
Telecommunications service lines	72	–	–
Investments and other assets–other assets	9,555	–	–
Total	¥916,739	¥100	$1,217

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 were pledged as collateral for long-term debt (totaled to ¥772,577 million as of March 31, 2011) resulting from the acquisition of SOFTBANK MOBILE Corp., in addition to the assets pledged as collateral above. In October 2011, the long-term loan was paid off and the collateral pledged was canceled.

(8) A consolidated subsidiary purchased assets by installments and installment payables were recorded in accounts payable – other and accrued expenses of ¥9,907 million and ¥16,209 million ($197,214 thousand) and long-term accounts payable – other of ¥63,086 million and ¥58,037 million ($706,132 thousand) as of March 31, 2011 and 2012 respectively.

The assets whose ownership had not been transferred to the consolidated subsidiary were as follows:

Assets whose ownership had not been transferred:	Millions of yen 2011	Millions of yen 2012	Thousands of U.S. dollars 2012
Buildings and structures	¥ 61	¥ 59	$ 718
Telecommunications equipment	55,076	54,928	668,305
Construction in progress	186	210	2,555
Property and equipment, net – other	2	7	85
Software	14,055	17,007	206,923
Other intangibles	179	37	450
Investments and other assets – other assets	328	247	3,006
Total	¥69,887	¥72,495	$882,042

(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.)

As of March 31, 2012, there is no infringement of the debt covenants.

(a) 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.

(b) The consolidated balance sheets of the Company and BB Mobile Corp. at the end of the year and the first half of the year must not show a net capital deficiency. The balance sheets of SOFTBANK MOBILE Corp., SOFTBANK BB Corp. and SOFTBANK TELECOM Corp. at the end of the year and the first half of the year, must not show a net capital deficiency.

5 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, 2011 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
March 31,	2011	2012	2012
Projected benefit obligation	¥14,414	¥14,953	$181,932
Net liability	¥14,414	¥14,953	$181,932

The components of net periodic retirement benefit costs are as follows:

	Millions of yen		Thousands of U.S. dollars
For the years ended March 31,	2011	2012	2012
Service cost (Note)	¥1,196	¥1,231	$14,978
Interest cost	292	271	3,297
Recognized actuarial loss	(222)	835	10,160
Contributions to the defined contribution pension plan	2,114	2,171	26,414
Net periodic retirement benefit costs	¥3,380	¥4,508	$54,849

(Note) Service cost for the years ended March 31, 2011 and 2012 includes ¥1,186 million and ¥1,221 million ($14,856 thousand), respectively, of contributions to multi-employer contributory defined benefit welfare pension plans.

Assumptions used for the years ended March 31, 2011 and 2012 are set forth as follows:

	2011	2012
Discount rate	Primarily 1.75%	Primarily 1.10%
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

6 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, 2011 and 2012.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2011 and 2012 are as follows:

	Millions of yen		Thousands of U.S. dollars
March 31,	2011	2012	2012
Deferred tax assets:			
Depreciation and amortization	¥ 64,682	¥ 49,458	$ 601,752
Loss carryforwards	79,173	43,554	529,918
Valuation of assets and liabilities of acquired consolidated subsidiaries at fair market value	43,560	30,281	368,427
Investment securities	48,451	19,975	243,034
Allowance for doubtful accounts	19,904	12,298	149,629
Allowance for point mileage	17,068	12,191	148,327
Accounts payable-other and accrued expenses	31,520	10,775	131,099
Other	64,275	68,968	839,129
Gross deferred tax assets	368,633	247,500	3,011,315
Less valuation allowance	(141,498)	(79,412)	(966,200)
Total deferred tax assets	227,135	168,088	2,045,115
Deferred tax liabilities:			
Deferred taxable gain on a sale of shares of a subsidiary to a 100% owned subsidiary under Japanese group taxation regime	(13,294)	(11,644)	(141,672)
Unrealized gain on available-for-sale securities	(27,844)	(4,942)	(60,129)
Deferred gain on derivatives under hedge accounting	(7,642)	–	–
Other	(11,988)	(11,076)	(134,761)
Total deferred tax liabilities	(60,768)	(27,662)	(336,562)
Net deferred tax assets	¥ 166,367	¥140,426	$1,708,553

Reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of income for the years ended March 31, 2011 and 2012 is as follows:

	2011	2012
Normal effective statutory tax rate	40.69%	40.69%
Reconciliation –		
Changes in valuation allowance	(5.05)	(5.81)
Amortization of goodwill	5.09	3.84
Decrease of deferred tax assets, net of liabilities at fiscal year-end by the change of tax rate	–	1.97
Dilution gain from changes in equity interest	–	(1.27)
Income taxes – corrections	5.70	–
Consolidation adjustments resulting from gain on sale of investments in consolidated subsidiaries	4.18	–
Other – net	(2.14)	0.87
Actual effective tax rate	48.47%	40.29%

On December 2, 2011, new tax reform laws were enacted in Japan, which changed the normal effective statutory tax rate from 40.69% to 38.01% effective for the fiscal years beginning on or after April 1, 2012 through March 31, 2015, and to 35.64% afterwards.

The effect of this change was to decrease deferred taxes in the consolidated balance sheet as of March 31, 2012 by ¥11,876 million ($144,494 thousand), to increase income taxes – deferred in the consolidated statement of income for the year then ended by ¥12,453 million ($151,515 thousand) and to increase unrealized gain on available-for-sale securities by ¥577 million ($7,020 thousand).

At March 31, 2012, the Group has tax loss carryforwards which are available to be offset against taxable income in future years. The tax effects of these tax loss carryforwards, aggregating approximately ¥43,553 million ($529,906 thousand), if not utilized, will expire as follows:

	Millions of yen	Thousands of U.S. dollars
Years ending March 31,	2012	2012
2013	¥ 867	$ 10,549
2014	4,201	51,113
2015	10,558	128,458
2018	10,762	130,941
2019	2,153	26,195
2020 and thereafter	15,012	182,650
Total	¥43,553	$529,906

7 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 a Board of Directors, (b) having independent auditors, (c) having a 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 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

The Company and certain consolidated subsidiaries recorded stock acquisition rights of ¥703 million and ¥898 million ($10,927 thousand) as of March 31, 2011 and 2012, respectively.

8 Stock Options

(1) The stock options outstanding as of March 31, 2012 were mainly as follows:

	The Fifth Series of Stock Acquisition Rights (2005)	The Sixth Series of Stock Acquisition Rights (2010)
Company name	The Company	The Company
Persons granted	Employees of the Company: 16 Directors of Subsidiaries: 1 Executive officers of Subsidiaries: 3 Employees of Subsidiaries: 152	Employees of the Company: 28 Directors and Executive officers of Subsidiaries: 11 Employees of Subsidiaries: 194
Class and number of shares	923,300 shares of common stock of the Company	3,449,500 shares of common stock of the Company
Grant date	February 10, 2006	August 27, 2010
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	A. 25% of allotment shares from July 1, 2012 to June 30, 2017 B. 25% of allotment shares from July 1, 2013 to June 30, 2017 C. 25% of allotment shares from July 1, 2014 to June 30, 2017 D. 25% of allotment shares from July 1, 2015 to June 30, 2017

	The Fourth Series of Stock Subscription Rights	The Fifth 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: 72	Directors of Yahoo Japan Corporation: 3 Employees of Yahoo Japan Corporation: 72
Class and number of shares	108,544 shares of common stock of Yahoo Japan Corporation	112,640 shares of common stock of Yahoo Japan Corporation
Grant date	June 29, 2001	December 18, 2001
Exercise period	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	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

	The First Series of Stock Acquisition Rights (2002)	The Second Series of Stock Acquisition Rights (2002)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Directors of Yahoo Japan Corporation: 2 Employees of Yahoo Japan Corporation: 65	Employees of Yahoo Japan Corporation: 19
Class and number of shares	47,616 shares of common stock of Yahoo Japan Corporation	5,888 shares of common stock of Yahoo Japan Corporation
Grant date	July 29, 2002	November 20, 2002
Exercise period	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	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

	The First Series of Stock Acquisition Rights (2003)	The Second Series of Stock Acquisition Rights (2003)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Directors of Yahoo Japan Corporation: 5 Employees of Yahoo Japan Corporation: 83	Employees of Yahoo Japan Corporation: 43
Class and number of shares	19,840 shares of common stock of Yahoo Japan Corporation	2,464 shares of common stock of Yahoo Japan Corporation
Grant date	July 25, 2003	November 4, 2003
Exercise period	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	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

	The Third Series of Stock Acquisition Rights (2003)	The Fourth Series of Stock Acquisition Rights (2003)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Employees of Yahoo Japan Corporation: 38	Employees of Yahoo Japan Corporation: 41
Class and number of shares	2,400 shares of common stock of Yahoo Japan Corporation	1,168 shares of common stock of Yahoo Japan Corporation
Grant date	January 29, 2004	May 13, 2004
Exercise period	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	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

	The First Series of Stock Acquisition Rights (2004)	The Second Series of Stock Acquisition Rights (2004)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Directors of Yahoo Japan Corporation: 5 Employees of Yahoo Japan Corporation: 131	Employees of Yahoo Japan Corporation: 46
Class and number of shares	9,856 shares of common stock of Yahoo Japan Corporation	712 shares of common stock of Yahoo Japan Corporation
Grant date	July 29, 2004	November 1, 2004
Exercise period	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	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

	The Third Series of Stock Acquisition Rights (2004)	The Fourth Series of Stock Acquisition Rights (2004)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Employees of Yahoo Japan Corporation: 29	Employees of Yahoo Japan Corporation: 42
Class and number of shares	344 shares of common stock of Yahoo Japan Corporation	276 shares of common stock of Yahoo Japan Corporation
Grant date	January 28, 2005	May 12, 2005
Exercise period	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	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

	The First Series of Stock Acquisition Rights (2005)	The Second Series of Stock Acquisition Rights (2005)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Directors of Yahoo Japan Corporation: 5 Employees of Yahoo Japan Corporation: 180	Employees of Yahoo Japan Corporation: 31
Class and number of shares	5,716 shares of common stock of Yahoo Japan Corporation	234 shares of common stock of Yahoo Japan Corporation
Grant date	July 28, 2005	November 1, 2005
Exercise period	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	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

	The Third Series of Stock Acquisition Rights (2005)	The Fourth Series of Stock Acquisition Rights (2005)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Employees of Yahoo Japan Corporation: 65	Employees of Yahoo Japan Corporation: 49
Class and number of shares	316 shares of common stock of Yahoo Japan Corporation	112 shares of common stock of Yahoo Japan Corporation
Grant date	January 31, 2006	May 2, 2006
Exercise period	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	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

	The First Series of Stock Acquisition Rights (2006)	The Second Series of Stock Acquisition Rights (2006)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Directors of Yahoo Japan Corporation: 5 Employees of Yahoo Japan Corporation: 157	Employees of Yahoo Japan Corporation: 49
Class and number of shares	8,569 shares of common stock of Yahoo Japan Corporation	313 shares of common stock of Yahoo Japan Corporation
Grant date	September 6, 2006	November 6, 2006
Exercise period	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	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

	The Third Series of Stock Acquisition Rights (2006)	The First Series of Stock Acquisition Rights (2007)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Employees of Yahoo Japan Corporation: 62	Employees of Yahoo Japan Corporation: 66
Class and number of shares	360 shares of common stock of Yahoo Japan Corporation	651 shares of common stock of Yahoo Japan Corporation
Grant date	February 7, 2007	May 8, 2007
Exercise period	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	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

	The Second Series of Stock Acquisition Rights (2007)	The Third Series of Stock Acquisition Rights (2007)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Directors of Yahoo Japan Corporation: 5 Employees of Yahoo Japan Corporation: 225	Employees of Yahoo Japan Corporation: 119
Class and number of shares	10,000 shares of common stock of Yahoo Japan Corporation	766 shares of common stock of Yahoo Japan Corporation
Grant date	August 7, 2007	November 7, 2007
Exercise period	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	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

	The Fourth Series of Stock Acquisition Rights (2007)	The First Series of Stock Acquisition Rights (2008)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Employees of Yahoo Japan Corporation: 124	Employees of Yahoo Japan Corporation: 246
Class and number of shares	817 shares of common stock of Yahoo Japan Corporation	2,059 shares of common stock of Yahoo Japan Corporation
Grant date	February 13, 2008	May 9, 2008
Exercise period	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	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

	The Second Series of Stock Acquisition Rights (2008)	The Third Series of Stock Acquisition Rights (2008)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Directors of Yahoo Japan Corporation: 5 Employees of Yahoo Japan Corporation: 336	Employees of Yahoo Japan Corporation: 128
Class and number of shares	11,750 shares of common stock of Yahoo Japan Corporation	407 shares of common stock of Yahoo Japan Corporation
Grant date	August 8, 2008	November 7, 2008
Exercise period	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	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

	The Fourth Series of Stock Acquisition Rights (2008)	The First Series of Stock Acquisition Rights (2009)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Employees of Yahoo Japan Corporation: 128	Employees of Yahoo Japan Corporation: 100
Class and number of shares	350 shares of common stock of Yahoo Japan Corporation	890 shares of common stock of Yahoo Japan Corporation
Grant date	February 10, 2009	May 12, 2009
Exercise period	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	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

	The Second Series of Stock Acquisition Rights (2009)	The Third Series of Stock Acquisition Rights (2009)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Directors of Yahoo Japan Corporation: 5 Employees of Yahoo Japan Corporation: 454	Employees of Yahoo Japan Corporation: 61
Class and number of shares	12,848 shares of common stock of Yahoo Japan Corporation	277 shares of common stock of Yahoo Japan Corporation
Grant date	August 11, 2009	November 10, 2009
Exercise period	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	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

	The Fourth Series of Stock Acquisition Rights (2009)	The First Series of Stock Acquisition Rights (2010)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Employees of Yahoo Japan Corporation: 101	Employees of Yahoo Japan Corporation: 155
Class and number of shares	571 shares of common stock of Yahoo Japan Corporation	700 shares of common stock of Yahoo Japan Corporation
Grant date	February 10, 2010	May 11, 2010
Exercise period	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	A. 50% of allotment shares from April 28, 2012 to April 27, 2020 B. 25% of allotment shares from April 28, 2013 to April 27, 2020 C. 25% of allotment shares from April 28, 2014 to April 27, 2020

	The Second Series of Stock Acquisition Rights (2010)	The Third Series of Stock Acquisition Rights (2010)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Directors of Yahoo Japan Corporation: 5 Employees of Yahoo Japan Corporation: 268	Employees of Yahoo Japan Corporation: 106
Class and number of shares	11,936 shares of common stock of Yahoo Japan Corporation	316 shares of common stock of Yahoo Japan Corporation
Grant date	August 10, 2010	November 5, 2010
Exercise period	A. 50% of allotment shares from July 28, 2012 to July 27, 2020 B. 25% of allotment shares from July 28, 2013 to July 27, 2020 C. 25% of allotment shares from July 28, 2014 to July 27, 2020	A. 50% of allotment shares from October 23, 2012 to October 22, 2020 B. 25% of allotment shares from October 23, 2013 to October 22, 2020 C. 25% of allotment shares from October 23, 2014 to October 22, 2020

	The Fourth Series of Stock Acquisition Rights (2010)	The First Series of Stock Acquisition Rights (2011)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Employees of Yahoo Japan Corporation: 104	Employees of Yahoo Japan Corporation: 169
Class and number of shares	541 shares of common stock of Yahoo Japan Corporation	589 shares of common stock of Yahoo Japan Corporation
Grant date	February 8, 2011	June 3, 2011
Exercise period	A. 50% of allotment shares from January 26, 2013 to January 25, 2021 B. 25% of allotment shares from January 26, 2014 to January 25, 2021 C. 25% of allotment shares from January 26, 2015 to January 25, 2021	A. 50% of allotment shares from May 21, 2013 to May 20, 2021 B. 25% of allotment shares from May 21, 2014 to May 20, 2021 C. 25% of allotment shares from May 21, 2015 to May 20, 2021

	The Second Series of Stock Acquisition Rights (2011)	The Third Series of Stock Acquisition Rights (2011)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation
Persons granted	Directors of Yahoo Japan Corporation: 5 Employees of Yahoo Japan Corporation: 251	Employees of Yahoo Japan Corporation: 281
Class and number of shares	12,265 shares of common stock of Yahoo Japan Corporation	932 shares of common stock of Yahoo Japan Corporation
Grant date	August 5, 2011	November 16, 2011
Exercise period	A. 50% of allotment shares from July 23, 2013 to July 22, 2021 B. 25% of allotment shares from July 23, 2014 to July 22, 2021 C. 25% of allotment shares from July 23, 2015 to July 22, 2021	A. 50% of allotment shares from November 3, 2013 to November 2, 2021 B. 25% of allotment shares from November 3, 2014 to November 2, 2021 C. 25% of allotment shares from November 3, 2015 to November 2, 2021

	The Fourth Series of Stock Acquisition Rights (2011)
Company name	Yahoo Japan Corporation
Persons granted	Employees of Yahoo Japan Corporation: 114
Class and number of shares	684 shares of common stock of Yahoo Japan Corporation
Grant date	February 17, 2012
Exercise period	A. 50% of allotment shares from February 4, 2014 to February 3, 2022 B. 25% of allotment shares from February 4, 2015 to February 3, 2022 C. 25% of allotment shares from February 4, 2016 to February 3, 2022

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

	The Fifth Series of Stock Acquisition Rights (2005)	The Sixth Series of Stock Acquisition Rights (2010)
Company name	The Company	The Company
Non-vested shares		
At the beginning of the year	–	3,449,500
Granted during the year	–	–
Forfeited and expired during the year	–	56,000
Vested during the year	–	–
At the end of the year	–	3,393,500
Vested shares		
At the beginning of the year	744,500	–
Vested during the year	–	–
Exercised during the year	–	–
Forfeited or expired during the year	744,500	–
Unexercised at the end of the year	–	–
Exercise price – yen	¥4,172	¥2,625
(U.S. dollars)	($50.76)	($31.94)
Average stock price at exercise – yen	–	–
(U.S. dollars)	–	–
Fair value price at the grant date – yen	–	2,900
(U.S. dollars)	–	(35.28)

	The Fourth Series of Stock Subscription Rights	The Fifth Series of Stock Subscription Rights	The First Series of Stock Acquisition Rights (2002)	The Second Series of Stock Acquisition Rights (2002)
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	1,552	2,066	14,848	768
Vested during the year	–	–	–	–
Exercised during the year	1,552	2,066	3,072	256
Forfeited or expired during the year	–	–	–	–
Unexercised at the end of the year	–	–	11,776	512
Exercise price – yen	¥9,559	¥8,497	¥10,196	¥11,375
(U.S. dollars)	($116.30)	($103.38)	($124.05)	($138.40)
Average stock price at exercise – yen	26,659	24,454	25,686	27,120
(U.S. dollars)	(324.36)	(297.53)	(312.52)	(329.97)
Fair value price at the grant date – yen	–	–	–	–
(U.S. dollars)	–	–	–	–

	The First Series of Stock Acquisition Rights (2003)	The Second Series of Stock Acquisition Rights (2003)	The Third Series of Stock Acquisition Rights (2003)	The Fourth 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	15,424	1,248	1,056	480
Vested during the year	–	–	–	–
Exercised during the year	–	–	–	–
Forfeited or expired during the year	704	32	–	32
Unexercised at the end of the year	14,720	1,216	1,056	448
Exercise price – yen	¥33,438	¥51,478	¥47,813	¥78,512
(U.S. dollars)	($406.84)	($626.33)	($581.74)	($955.25)
Average stock price at exercise – yen	–	–	–	–
(U.S. dollars)	–	–	–	–
Fair value price at the grant date – yen	–	–	–	–
(U.S. dollars)	–	–	–	–

	The First Series of Stock Acquisition Rights (2004)	The Second Series of Stock Acquisition Rights (2004)	The Third Series of Stock Acquisition Rights (2004)	The Fourth 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	8,800	368	208	192
Vested during the year	–	–	–	–
Exercised during the year	–	–	–	–
Forfeited or expired during the year	416	8	–	32
Unexercised at the end of the year	8,384	360	208	160
Exercise price – yen	¥65,290	¥62,488	¥65,375	¥60,563
(U.S. dollars)	($794.38)	($760.29)	($795.41)	($736.87)
Average stock price at exercise – yen	–	–	–	–
(U.S. dollars)	–	–	–	–
Fair value price at the grant date – yen	–	–	–	–
(U.S. dollars)	–	–	–	–

	The First Series of Stock Acquisition Rights (2005)	The Second Series of Stock Acquisition Rights (2005)	The Third Series of Stock Acquisition Rights (2005)	The Fourth 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	–	–	–	–
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	4,856	124	228	75
Vested during the year	–	–	–	–
Exercised during the year	–	–	–	–
Forfeited or expired during the year	248	2	8	–
Unexercised at the end of the year	4,608	122	220	75
Exercise price – yen	¥58,500	¥62,000	¥79,500	¥67,940
(U.S. dollars)	($711.77)	($754.35)	($967.27)	($826.62)
Average stock price at exercise – yen	–	–	–	–
(U.S. dollars)	–	–	–	–
Fair value price at the grant date – yen	–	–	–	A. 30,958
(U.S. dollars)	–	–	–	(376.66)
	–	–	–	B. 35,782
	–	–	–	(435.36)
	–	–	–	C. 39,196
	–	–	–	(476.89)

	The First Series of Stock Acquisition Rights (2006)	The Second Series of Stock Acquisition Rights (2006)	The Third Series of Stock Acquisition Rights (2006)	The First 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	–	–	–	160
Granted during the year	–	–	–	–
Forfeited and expired during the year	–	–	–	–
Vested during the year	–	–	–	160
At the end of the year	–	–	–	–
Vested shares				
At the beginning of the year	7,162	265	250	394
Vested during the year	–	–	–	160
Exercised during the year	–	–	–	–
Forfeited or expired during the year	229	–	5	76
Unexercised at the end of the year	6,933	265	245	478
Exercise price – yen	¥47,198	¥44,774	¥47,495	¥45,500
(U.S. dollars)	($574.25)	($544.76)	($577.87)	($553.60)
Average stock price at exercise – yen	–	–	–	–
(U.S. dollars)	–	–	–	–
Fair value price at the grant date – yen	A. 24,564	A. 23,832	A. 20,435	A. 22,586
(U.S. dollars)	(298.87)	(289.96)	(248.63)	(274.80)
	B. 26,803	B. 25,311	B. 23,448	B. 25,697
	(326.11)	(307.96)	(285.29)	(312.65)
	C. 28,156	C. 26,766	C. 25,578	C. 27,206
	(342.57)	(325.66)	(311.21)	(331.01)

	The Second Series of Stock Acquisition Rights (2007)	The Third Series of Stock Acquisition Rights (2007)	The Fourth Series of Stock Acquisition Rights (2007)	The First 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	2,206	224	246	833
Granted during the year	–	–	–	–
Forfeited and expired during the year	34	–	1	41
Vested during the year	2,172	224	245	341
At the end of the year	–	–	–	451
Vested shares				
At the beginning of the year	6,413	466	527	694
Vested during the year	2,172	224	245	341
Exercised during the year	–	–	–	–
Forfeited or expired during the year	345	1	2	102
Unexercised at the end of the year	8,240	689	770	933
Exercise price – yen	¥40,320	¥51,162	¥47,500	¥51,781
(U.S. dollars)	($490.57)	($622.48)	($577.93)	($630.02)
Average stock price at exercise – yen	–	–	–	–
(U.S. dollars)	–	–	–	–
Fair value price at the grant date – yen	A. 17,061	A. 20,900	A. 20,289	A. 16,538
(U.S. dollars)	(207.58)	(254.29)	(246.85)	(201.22)
	B. 18,121	B. 23,651	B. 23,128	B. 18,525
	(220.48)	(287.76)	(281.40)	(225.39)
	C. 20,659	C. 26,853	C. 24,691	C. 21,037
	(251.36)	(326.72)	(300.41)	(255.96)

	The Second Series of Stock Acquisition Rights (2008)	The Third Series of Stock Acquisition Rights (2008)	The Fourth Series of Stock Acquisition Rights (2008)	The First 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	5,465	203	190	768
Granted during the year	–	–	–	–
Forfeited and expired during the year	131	20	3	7
Vested during the year	2,634	44	45	351
At the end of the year	2,700	139	142	410
Vested shares				
At the beginning of the year	5,362	161	137	–
Vested during the year	2,634	44	45	351
Exercised during the year	–	–	–	–
Forfeited or expired during the year	323	19	3	2
Unexercised at the end of the year	7,673	186	179	349
Exercise price – yen	¥40,505	¥34,000	¥32,341	¥26,879
(U.S. dollars)	($492.82)	($413.68)	($393.49)	($327.03)
Average stock price at exercise – yen	–	–	–	–
(U.S. dollars)	–	–	–	–
Fair value price at the grant date – yen	A. 14,918	A. 14,554	A. 10,204	A. 9,499
(U.S. dollars)	(181.51)	(177.08)	(124.15)	(115.57)
	B. 15,716	B. 15,075	B. 10,715	B. 10,338
	(191.22)	(183.42)	(130.37)	(125.78)
	C. 17,980	C. 16,395	C. 11,262	C. 10,701
	(218.76)	(199.48)	(137.02)	(130.20)

	The Second Series of Stock Acquisition Rights (2009)	The Third Series of Stock Acquisition Rights (2009)	The Fourth Series of Stock Acquisition Rights (2009)	The First Series of Stock Acquisition Rights (2010)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation	Yahoo Japan Corporation	Yahoo Japan Corporation
Non-vested shares				
At the beginning of the year	12,070	225	505	667
Granted during the year	–	–	–	–
Forfeited and expired during the year	242	13	26	29
Vested during the year	5,877	94	223	–
At the end of the year	5,951	118	256	638
Vested shares				
At the beginning of the year	–	–	–	–
Vested during the year	5,877	94	223	–
Exercised during the year	–	–	–	–
Forfeited or expired during the year	162	–	5	–
Unexercised at the end of the year	5,715	94	218	–
Exercise price – yen	¥30,700	¥28,737	¥32,050	¥35,834
(U.S. dollars)	($373.52)	($349.64)	($389.95)	($435.99)
Average stock price at exercise – yen	–	–	–	–
(U.S. dollars)	–	–	–	–
Fair value price at the grant date – yen	A. 12,264	A. 9,601	A. 12,152	A. 11,631
(U.S. dollars)	(149.22)	(116.81)	(147.85)	(141.51)
	B. 13,247	B. 10,271	B. 12,987	B. 12,389
	(161.18)	(124.97)	(158.01)	(150.74)
	C. 13,747	C. 11,193	C. 13,992	C. 13,174
	(167.26)	(136.18)	(170.24)	(160.29)

	The Second Series of Stock Acquisition Rights (2010)	The Third Series of Stock Acquisition Rights (2010)	The Fourth Series of Stock Acquisition Rights (2010)	The First Series of Stock Acquisition Rights (2011)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation	Yahoo Japan Corporation	Yahoo Japan Corporation
Non-vested shares				
At the beginning of the year	11,723	314	541	–
Granted during the year	–	–	–	589
Forfeited and expired during the year	382	30	2	47
Vested during the year	–	–	–	–
At the end of the year	11,341	284	539	542
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	¥34,617	¥28,857	¥31,193	¥27,917
(U.S. dollars)	($421.18)	($351.10)	($379.52)	($339.66)
Average stock price at exercise – yen	–	–	–	–
(U.S. dollars)	–	–	–	–
Fair value price at the grant date – yen	A. 10,077	A. 9,284	A. 10,508	A. 8,899
(U.S. dollars)	(122.61)	(112.96)	(127.85)	(108.27)
	B. 10,734	B. 9,518	B. 10,641	B. 8,987
	(130.60)	(115.80)	(129.47)	(109.34)
	C. 11,507	C. 10,109	C. 11,264	C. 9,168
	(140.00)	(123.00)	(137.05)	(111.55)

	The Second Series of Stock Acquisition Rights (2011)	The Third Series of Stock Acquisition Rights (2011)	The Fourth Series of Stock Acquisition Rights (2011)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation	Yahoo Japan Corporation
Non-vested shares			
At the beginning of the year	–	–	–
Granted during the year	12,265	932	684
Forfeited and expired during the year	216	51	–
Vested during the year	–	–	–
At the end of the year	12,049	881	684
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	¥27,669	¥25,263	¥24,900
(U.S. dollars)	($336.65)	($307.37)	($302.96)
Average stock price at exercise – yen	–	–	–
(U.S. dollars)	–	–	–
Fair value price at the grant date – yen	A. 7,634	A. 6,963	A. 7,865
(U.S. dollars)	(92.88)	(84.72)	(95.69)
	B. 7,711	B. 7,158	B. 8,278
	(93.82)	(87.09)	(100.72)
	C. 7,780	C. 7,235	C. 8,343
	(94.66)	(88.03)	(101.51)

(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 the fiscal year ended March 31, 2012.

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

	The First Series of Stock Acquisition Rights (2011)	The Second Series of Stock Acquisition Rights (2011)	The Third Series of Stock Acquisition Rights (2011)	The Fourth Series of Stock Acquisition Rights (2011)
Company name	Yahoo Japan Corporation	Yahoo Japan Corporation	Yahoo Japan Corporation	Yahoo Japan Corporation
Volatility of stock price (Note 2)	A 39.2% B 38.2% C 37.7%	A 39.2% B 38.2% C 37.3%	A 38.7% B 38.4% C 37.6%	A 38.0% B 38.7% C 37.8%
Estimated remaining outstanding period (in years) (Note 3)	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	A 5.97 B 6.47 C 6.97
Estimated dividend yield (Note 4)	1.16%	1.26%	1.36%	1.28%
Risk-free interest rate (Note 5)	A 0.54% B 0.61% C 0.68%	A 0.45% B 0.52% C 0.58%	A 0.43% B 0.48% C 0.54%	A 0.41% B 0.47% C 0.54%

(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 (2011)
A. From June 13, 2005 to June 3, 2011
B. From December 13, 2004 to June 3, 2011
C. From June 14, 2004 to June 3, 2011

The Second Series of Stock Acquisition Rights (2011)
A. From August 15, 2005 to August 5, 2011
B. From February 14, 2005 to August 5, 2011
C. From August 16, 2004 to August 5, 2011

The Third Series of Stock Acquisition Rights (2011)
A. From November 28, 2005 to November 16, 2011
B. From May 30, 2005 to November 16, 2011
C. From November 29, 2004 to November 16, 2011

The Fourth Series of Stock Acquisition Rights (2011)
A. From February 27, 2006 to February 17, 2012
B. From August 29, 2005 to February 17, 2012
C. From February 28, 2005 to February 17, 2012

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 cannot be reasonably estimated due to the insufficient accumulated data.

4. Estimated dividend yield is based on the dividends paid in 2011.

5. Risk-free interest rate is based on government bond yield for a term consistent with the estimated remaining outstanding period.

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 selling, general and administrative expenses. The effect of this expense is not material.

9 Selling, general and administrative expenses

The main components of selling, general and administrative expenses for the years ended March 31, 2011 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
For the years ended March 31,	2011	2012	2012
Sales commission and sales promotion expense	¥513,482	¥541,807	$6,592,128
Payroll and bonuses	126,884	124,024	1,508,991
Provision for allowance for doubtful accounts	14,647	13,362	162,575

10 Other income (expenses) – other, net

Other income (expenses) – other, net, for the years ended March 31, 2011 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
For the years ended March 31,	2011	2012	2012
Unrealized appreciation on valuation of investments and loss on sale of investments at subsidiaries in the U.S., net(Note 1)	¥ 264	¥ 1,986	$ 24,164
Dilution gain from changes in equity interest	2,880	20,186	245,602
Refinancing-related expense(Note 2)	(2,784)	(46,831)	(569,790)
Loss on liquidation of subsidiaries and affiliated companies	–	(19,071)	(232,036)
Loss on disaster	(14,416)	–	–
Valuation loss on option	(9,522)	–	–
Loss on adjustment for changes of accounting standard for asset retirement obligations	(7,100)	–	–
Other, net	(17,741)	(12,888)	(156,807)
Total	¥(48,419)	¥(56,618)	$(688,867)

(Notes) 1. Unrealized appreciation 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 and loss on sale of investments, computed based on the acquisition cost, are included in this account. The breakdown of the account is as follows:

	Millions of yen		Thousands of U.S. dollars
For the years ended March 31,	2011	2012	2012
Unrealized appreciation on valuation of investments at subsidiaries in the U.S., net	¥1,042	¥ 3,585	$ 43,618
Loss on sale of investments at subsidiaries in the U.S., net	(778)	(1,599)	(19,454)
Total	¥ 264	¥ 1,986	$ 24,164

2. Refinancing-related expense
It is primarily ¥23,957 million ($291,483 thousand) of procurement expense related to the total amount of ¥550.0 billion ($6,691,812 thousand) financing based on the resolution of the directors' meeting held on July 21, 2011, cancellation expense of interest-rate swap to hedge interest rate risks along with the repayment of SBM loan*, and a premium expense of ¥21,875 million ($266,152 thousand) for the advanced repayment of SBM loan on October 27, 2011.
*(Note) ¥1,366.0 billion ($16,620,027 thousand) loan to SOFTBANK MOBILE Corp. procured in November 2006 by Mizuho Trust & Banking Co., Ltd., the "Tokutei Kingai Trust Trustee" under the whole business securitization scheme. The SBM loan was associated with the series of financing transactions for the Company to acquire Vodafone K.K. (currently SOFTBANK MOBILE Corp.).

11 Net income per share

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2011 and 2012 is as follows:

	Millions of yen	Number of shares	Yen
For the year ended March 31, 2011	Net income	Weighted-average shares	EPS
Basic EPS			
Net income available to common shareholders	¥189,713	1,082,345,444	¥175.28
Effect of dilutive securities			
Warrants	–	712	
Convertible bonds	964	48,296,643	
Effects of dilutive securities issued by consolidated subsidiaries and affiliated companies under the equity method	(88)	–	
Diluted EPS			
Net income for computation	¥190,589	1,130,642,799	¥168.57

	Millions of yen	Number of shares	Yen	Dollars
For the year ended March 31, 2012	Net income	Weighted-average shares	EPS	EPS
Basic EPS				
Net income available to common shareholders	¥313,753	1,097,880,178	¥285.78	$3.48
Effect of dilutive securities				
Warrants	–	65,691		
Convertible bonds	445	28,715,248		
Effects of dilutive securities issued by consolidated subsidiaries and affiliated companies under the equity method	(136)	–		
Diluted EPS				
Net income for computation	¥314,062	1,126,661,117	¥278.75	$3.39

12 Other comprehensive income (loss)

The components of other comprehensive loss for the year ended March 31, 2012 were the following:

	Millions of Yen	Thousands of U.S. Dollars
	2012	2012
Unrealized loss on available-for-sale securities		
Loss arising during the year	¥ (5,331)	$ (64,862)
Reclassification adjustments to profit or loss	(44,213)	(537,936)
Amount before income tax effect	(49,544)	(602,798)
Income tax effect	23,764	289,135
Total	¥(25,780)	$(313,663)
Deferred loss on derivatives under hedge accounting		
Gains arising during the year	¥ 7,646	$ 93,028
Reclassification adjustments to profit or loss	(29,496)	(358,875)
Amount before income tax effect	(21,850)	(265,847)
Income tax effect	9,189	111,801
Total	¥(12,661)	$(154,046)
Foreign currency translation adjustments		
Adjustments arising during the year	¥ 2,344	$ 28,519
Reclassification adjustments to profit or loss	18,984	230,977
Amount before income tax effect	21,328	259,496
Income tax effect	–	–
Total	¥ 21,328	$ 259,496
Share of other comprehensive loss in affiliated companies		
Loss arising during the year	¥ (2,893)	$ (35,199)
Reclassification adjustments to profit or loss	(549)	(6,680)
Total	¥ (3,442)	$ (41,879)
Total other comprehensive loss	¥(20,555)	$(250,092)

The corresponding information for the year ended March 31, 2011 was not required under the accounting standard for presentation of comprehensive income as an exemption for the first year of adopting that standard and not disclosed herein.

13 Supplemental cash flow information

(1) Proceeds from sale and lease back of equipment newly acquired

Once the Group purchases telecommunications equipment for the purpose of assembly, installation and inspection, the Group sells the equipment to lease companies for sale and lease-back purposes. The leased asset and lease obligation are recorded in the consolidated balance sheet.

The cash outflows from the purchases of the equipment from vendors are included in purchases 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.

(2) Proceeds from advanced redemption of debt security

In January 2010, the Company acquired corporate bonds issued by J-WBS Funding K.K. to provide part of the funding for the SBM loan under the whole business securitization scheme associated with the acquisition of Vodafone K.K. (currently SOFTBANK MOBILE Corp.) and recorded the corporate bonds as investment securities on the consolidated balance sheet. These are proceeds from the advanced redemption of the corporate bonds, in connection with the repayment of the entire SBM loan by SOFTBANK MOBILE Corp. in October 2011.

(3) Proceeds from issuance of preferred securities by a subsidiary

These are proceeds from the issuance of preferred securities with limited voting right (preferred securities which have the nature of a stock prescribed in Financial Instruments and Exchange Act Article 2 (1) (ix), which is a part of securities described in Financial Instruments and Exchange Act Article 2 (1) (xvii)) to investors through public offering in Japan by the Company's consolidated subsidiary, SFJ Capital Limited.

(4) Payments for repurchase of minority interests and long-term debt

The Company acquired all class 1 preferred stock-series 1, stock acquisition rights issued by BB Mobile Corp. to Vodafone International Holdings B.V. and all principal and accrued interest of a long-term loan receivable, which was recorded as "Long-term debt" in the Company's consolidated balance sheet, from SOFTBANK MOBILE Corp. to Vodafone Overseas Finance Limited for the total amount of ¥412,500 million during the year ended March 31, 2011. Of the total amount of the acquisition, the amount paid during the year ended March 31, 2011 amounting to ¥212,500 million, together with related expenses associated with the acquisition were recorded as "Payments for repurchase of minority interest and long-term debt." The remaining amount of ¥200,000 million is scheduled to be paid in April 2012.

14 Leases

(1) Lessee

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

Total rental expenses including lease payments under finance leases discussed below for the years ended March 31, 2011 and 2012 were ¥69,024 million and ¥56,485 million ($687,249 thousand), respectively.

As discussed in Note 2 (15), the Group accounts for leases that 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 on an "as if capitalized" basis for the years ended March 31, 2011 and 2012 was as follows:

Finance lease assets:

	Millions of yen		Thousands of U.S. dollars
March 31,	2011	2012	2012
Telecommunications equipment and telecommunications service lines			
Acquisition cost	¥124,132	¥ 61,166	$ 744,203
Accumulated depreciation	(73,354)	(37,469)	(455,883)
Accumulated impairment loss	(24,744)	(10,177)	(123,823)
Net leased property	26,034	13,520	164,497
Buildings and structures			
Acquisition cost	46,716	46,700	568,195
Accumulated depreciation	(14,238)	(16,565)	(201,545)
Accumulated impairment loss	–	–	–
Net leased property	32,478	30,135	366,650
Other property and equipment			
Acquisition cost	13,073	5,203	63,305
Accumulated depreciation	(9,860)	(3,132)	(38,107)
Accumulated impairment loss	(1,078)	(1,013)	(12,325)
Net leased property	2,135	1,058	12,873
Software			
Acquisition cost	8,597	428	5,208
Accumulated amortization	(8,004)	(233)	(2,835)
Accumulated impairment loss	(171)	(171)	(2,081)
Net leased property	422	24	292
Total	¥ 61,069	¥ 44,737	$ 544,312

Long-term prepaid expense of ¥26,074 million and ¥22,863 million ($278,173 thousand) relating to lease contracts in which service periods are different from payment periods is included in other assets of investments and other assets as of March 31, 2011 and 2012, respectively. Current portion of long-term prepaid expenses of ¥583 million and ¥492 million ($5,986 thousand) relating to lease contracts is included in other current assets as of March 31, 2011 and 2012, respectively.

Obligations under finance lease:

	Millions of yen		Thousands of U.S. dollars
March 31	2011	2012	2012
Due within one year	¥15,679	¥ 8,378	$101,934
Due after one year	62,845	54,405	661,942
Total	¥78,524	¥62,783	$763,876

Allowance for impairment loss on leased property as of March 31, 2011 and 2012 was ¥4,530 million and ¥2,580 million ($31,391 thousand), respectively, and was not included in the obligations under finance leases.

Depreciation expense, interest expense and other information under finance leases:

	Millions of yen		Thousands of U.S. dollars
For the years ended March 31,	2011	2012	2012
Depreciation and amortization expense	¥20,990	¥12,967	$157,769
Interest expense	6,735	4,832	58,790
Total	¥27,725	¥17,799	$216,559
Lease payments	¥30,830	¥20,514	$249,592
Reversal of allowance for impairment loss on leased property	6,247	1,950	23,726

Depreciation expense and interest expense, which are not reflected in the accompanying consolidated statement of income, are computed by the straight-line method and the interest method, respectively.

Lease contract of the Fukuoka Yahoo! JAPAN Dome (hereafter "Yahoo Dome") is currently included in the above "as if capitalized" information notes. Fukuoka SOFTBANK HAWKS Marketing Corp. (hereafter "HAWKS Marketing"), a subsidiary of the Company, entered into a purchase contract on March 27, 2012 to acquire a trust beneficiary interest in Yahoo Dome in July 2015. Since the fiscal year end of HAWKS Marketing is February, the financial statements as of the end of February are reflected in the consolidated financial statements with one month lag. As this transaction occurred in March 2012, this will be recognized in the fiscal year ending March 31, 2013.

Based on this contract, the lease is newly classified and buildings and structures (acquisition cost:¥38,280 million ($465,750 thousand)) and land (acquisition cost: ¥49,360 million ($600,560 thousand)) will be recorded in the consolidated financial statements for the fiscal year ending March 31, 2013.

The future minimum rental payments under non-cancelable operating leases at March 31, 2011 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
March 31,	2011	2012	2012
Due within one year	¥21,113	¥24,329	$296,010
Due after one year	46,468	53,120	646,307
Total	¥67,581	¥77,449	$942,317

(2) Lessor

The Group leases certain property and equipment.

Future lease receivables under non-cancelable operating lease at March 31, 2011 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
March 31,	2011	2012	2012
Due within one year	¥ 938	¥ 592	$ 7,203
Due after one year	1,234	630	7,665
Total	¥2,172	¥1,222	$14,868

15 Financial instruments and related disclosures

(1) Conditions of financial instruments

(a) Group policy for financial instruments

The Group utilizes diversified financing methods for 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) Nature and extent of risks arising from financial instruments

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 referring 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 entered into a variable share prepaid forward contract (collar transaction) utilizing its shares of Yahoo! Inc. The purpose of this collar transaction was to hedge the variability of cash flows associated with the future market price of the underlying security, which was for the settlement of loans at their maturity. During the year ended March 31, 2012, the collar transaction was settled as the obligation under the forward contracts was settled at maturity by effectively delivering the shares of Yahoo! Inc.

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.

In order to hedge interest rate risk associated with financial assets and liabilities, and foreign currency exchange risk associated with assets and liabilities denominated in foreign currencies, interest rate swap transactions and foreign exchange forward contracts are used. The collar transaction, which was used to hedge the variability of cash flows associated with the future market price of the underlying security, was settled during the year ended March 31, 2012.

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 policies 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 (22) 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 for 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 16 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, 2011 and 2012 are as follows.

In addition, financial instruments, whose fair values cannot be reliably determined, are not included. Please see Note 2. Carrying amount of financial instruments whose fair values cannot be reliably determined.

Millions of yen

March 31, 2011	Carrying amount	Fair value	Unrealized gain (loss)
Cash and cash equivalents	¥ 847,155	¥ 847,155	¥ –
Notes and accounts receivable – trade	657,774		
Allowance for doubtful accounts(Note)	(36,064)		
Notes and accounts receivable – trade, net	621,710	621,710	–
Marketable securities and investment securities			
Held-to-maturity debt securities	1,588	1,487	(101)
Investments in unconsolidated subsidiaries and affiliated companies	15,938	30,947	15,009
Other securities	159,695	159,695	–
Total	1,646,086	1,660,994	14,908
Accounts payable – trade	193,645	193,645	–
Short-term borrowings	228,256	228,256	–
Commercial paper	25,000	25,000	–
Current portion of long-term debt	311,195	311,195	–
Accounts payable – other and accrued expenses	561,421	561,421	–
Income taxes payable	115,355	115,355	–
Current portion of lease obligations	131,306	131,306	–
Long-term debt	1,538,350	1,686,806	148,456
Long-term accounts payable – other	265,142	265,085	(57)
Lease obligations	199,770	203,113	3,343
Total	¥3,569,440	¥3,721,182	¥151,742

			Millions of yen
March 31, 2012	Carrying amount	Fair value	Unrealized gain (loss)
Cash and cash equivalents	¥1,014,559	¥1,014,559	¥ –
Notes and accounts receivable – trade	661,288		
Allowance for doubtful accounts(Note)	(36,882)		
Notes and accounts receivable – trade, net	624,406	624,406	–
Marketable securities and investment securities			
Held-to-maturity debt securities	691	580	(111)
Investments in unconsolidated subsidiaries and affiliated companies	60,599	82,042	21,443
Other securities	82,343	82,343	–
Total	1,782,598	1,803,930	21,332
Accounts payable – trade	190,533	190,533	–
Short-term borrowings	103,958	103,958	–
Current portion of long-term debt	444,198	444,198	–
Accounts payable – other and accrued expenses	835,053	835,053	–
Income taxes payable	125,116	125,116	–
Current portion of lease obligations	152,683	152,683	–
Long-term debt	1,019,970	1,035,309	15,339
Lease obligations	347,700	351,832	4,132
Total	¥3,219,211	¥3,238,682	¥19,471

			Thousands of U.S. dollars
March 31, 2012	Carrying amount	Fair value	Unrealized gain (loss)
Cash and cash equivalents	$12,344,069	$12,344,069	$ –
Notes and accounts receivable – trade	8,045,845		
Allowance for doubtful accounts(Note)	(448,741)		
Notes and accounts receivable – trade, net	7,597,104	7,597,104	–
Marketable securities and investment securities			
Held-to-maturity debt securities	8,407	7,057	(1,350)
Investments in unconsolidated subsidiaries and affiliated companies	737,304	998,199	260,895
Other securities	1,001,862	1,001,862	–
Total	21,688,746	21,948,291	259,545
Accounts payable – trade	2,318,202	2,318,202	–
Short-term borrowings	1,264,850	1,264,850	–
Current portion of long-term debt	5,404,526	5,404,526	–
Accounts payable – other and accrued expenses	10,160,032	10,160,032	–
Income taxes payable	1,522,278	1,522,278	–
Current portion of lease obligations	1,857,683	1,857,683	–
Long-term debt	12,409,904	12,596,532	186,628
Lease obligations	4,230,442	4,280,715	50,273
Total	$39,167,917	$39,404,818	$236,901

(Note) Allowance for doubtful accounts associated with notes and accounts receivable – trade is deducted.

Note 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 a price provided by financial institutions. The investment securities held by certain subsidiaries in the U.S. which apply ASC 946 are carried at fair value. Marketable and investment securities based on holding purpose are described in Note 3.

Liabilities:

Accounts payable – trade, Commercial paper, Accounts payable – other and accrued expenses, 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.

Current portion of long-term 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.

Long-term accounts payable – other

Fair value of long-term accounts payable – other is based on the present value of future cash flows discounted using an estimated credit-risk-adjusted interest rate with the consideration for period up to payment date.

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 16.

Note 2. Carrying amount of financial instruments whose fair values cannot be reliably determined

March 31, 2011	Millions of yen
Unlisted investment securities of unconsolidated subsidiaries	¥176,108
Unlisted equity securities	55,297
Investments in partnership	9,580
Total	¥240,985

March 31, 2012	Millions of yen	Thousands of U.S. dollars
Unlisted investment securities of unconsolidated subsidiaries	¥148,886	$1,811,485
Unlisted equity securities	42,807	520,829
Investments in partnership	6,666	81,105
Total	¥198,359	$2,413,419

Note 3. Maturity analysis for financial assets and securities with contractual maturities

Millions of yen

March 31, 2012	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	¥1,014,559	¥ –	¥ –	¥ –
Notes and accounts receivable – trade	587,959	73,329	–	–
Marketable and investment securities				
Held-to-maturity debt securities				
(corporate bonds)	200	–	–	600
Other securities with maturity date				
(corporate bonds)	630	200	200	–
(other)	400	101	–	–
Total	¥1,603,748	¥73,630	¥200	¥600

Thousands of U.S. dollars

March 31, 2012	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	$12,344,069	$ –	$ –	$ –
Notes and accounts receivable – trade	7,153,656	892,189	–	–
Marketable and investment securities				
Held-to-maturity debt securities				
(corporate bonds)	2,433	–	–	7,300
Other securities with maturity date				
(corporate bonds)	7,665	2,433	2,433	–
(other)	4,867	1,229	–	–
Total	$19,512,690	$895,851	$2,433	$7,300

Please see Note 4 for annual maturities of borrowings, corporate bonds, and lease obligations under financial leases, respectively.

16 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.

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.

Derivative transactions to which hedge accounting is not applied at March 31, 2011 and 2012

Millions of yen

March 31, 2011	Contract amounts	Contract amount due after one year	Fair value (Note)	Unrealized gain (loss)
Foreign currency forward contracts				
Buying U.S. dollars	¥52,792	¥–	¥(218)	¥(218)
Buying U.S. dollars and selling Korean won	353	–	2	2

Millions of yen

March 31, 2012	Contract amounts	Contract amount due after one year	Fair value (Note)	Unrealized gain (loss)
Foreign currency forward contracts				
Buying U.S. dollars	¥53,100	¥–	¥1,683	¥1,683
Buying U.S. dollars and selling Korean won	481	–	(0)	(0)
Buying Euro	19	–	(0)	(0)

Thousands of U.S. dollars

March 31, 2012	Contract amounts	Contract amount due after one year	Fair value (Note)	Unrealized gain (loss)
Foreign currency forward contracts				
Buying U.S. dollars	$646,064	$–	$20,477	$20,477
Buying U.S. dollars and selling Korean won	5,852	–	(0)	(0)
Buying Euro	231	–	(0)	(0)

(Note) Fair value is based on information provided by financial institutions at the end of the fiscal year.

Derivative transactions to which hedge accounting is applied at March 31, 2011 and 2012

Millions of yen

March 31, 2011	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	¥ 206	¥ –	¥ (4)
Buying Euro	Forecasted transactions for expenses denominated in foreign currencies	1,182	–	(2)
Interest rate swaps (deferral hedge accounting)				
Receiving floating rate and paying fix rate	Interest for loan	104,000	99,000	(1,419)
Collar transaction (deferral hedge accounting)				
A variable share prepaid forward contract consisting of a purchased put option and a sold call option	Equity securities	94,462	–	22,281

Millions of yen

March 31, 2012	Hedged item	Contract amounts	Contract amount due after one year	Fair value (Note 1)
Foreign currency forward contracts (alternative method)(Note 2)				
Buying U.S. dollars	Accounts payable – other	¥ 148	¥ –	¥ –
Buying Euro	Accounts payable – trade	1,020	–	–
Selling U.S. dollars	Accounts receivable – trade	87	–	–
Interest rate swaps (deferral hedge accounting)				
Receiving floating rate and paying fix rate	Interest for loan	99,000	84,000	(993)

		Thousands of U.S. dollars		
March 31, 2012	Hedged item	Contract amounts	Contract amount due after one year	Fair value (Note 1)
Foreign currency forward contracts (alternative method)(Note 2)				
Buying U.S. dollars	Accounts payable – other	$ 1,801	$ –	$ –
Buying Euro	Accounts payable – trade	12,410	–	–
Selling U.S. dollars	Accounts receivable – trade	1,059	–	–
Interest rate swaps (deferral hedge accounting)				
Receiving floating rate and paying fix rate	Interest for loan	$1,204,526	$1,022,022	$(12,082)

(Notes) 1. Fair value is based on information provided by financial institutions at the end of the fiscal year.
2. For certain accounts payable – other, accounts payable – trade, and accounts receivable – trade denominated in foreign currencies for which foreign exchange forward contracts are used to hedge the foreign currency fluctuations, fair value of the derivative financial instrument is included in fair value of the accounts payable – other, accounts payable – trade, and accounts receivable – trade as hedged items. Please see Note 15. Financial instruments and related disclosures.

17 Commitments and contingent liabilities

Certain subsidiaries have line of credit contracts mainly with credit cardholders. On demand from those cardholders, these subsidiaries are required to make loans to them. As of March 31, 2012, ¥14,785 million ($179,888 thousand) remains as unused lines of credit.

The Company has entered into a sponsor agreement with WILLCOM, Inc. Under the sponsor agreement, the Company provides necessary financial support to WILLCOM, Inc. for business operation and execution of the rehabilitation plan. The agreement is effective until WILLCOM, Inc. completes the payment of its reorganization claims and reorganization security interests (initial amount ¥41,000 million) amounting to ¥40,970 million as of March 31, 2011, and ¥34,152 million ($415,525 thousand) as of March 31, 2012, respectively.

18 Related-party disclosures

Transactions of the Company with related parties for the years ended March 31, 2011 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
March 31,	2011	2012	2012
(Son Assets Management, LLC.)(Note)			
Temporary advance for expenses on behalf of Son Assets Management, LLC.	¥220	¥264	$3,212
Office facility usage	47	46	560
Office deposits returned	16	–	–
(Director of the Company and directors of the Company's significant subsidiaries)			
Exercise of stock options	41	–	–
(A company whose majority shares were owned by a close relative of one of the Company's directors)			
Advisory service	–	30	365

(Note) Son Assets Management, LLC. leases office space from the Company.

The balances due to or from related parties at March 31, 2011 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
March 31,	2011	2012	2012
(Son Assets Management, LLC.)			
Other current assets	¥ 24	¥ 22	$ 268
Deposit received included in long term liabilities – other liabilities	178	178	2,166
(A company whose majority shares were owned by a close relative of one of the Company's directors)			
Account payable – other	–	3	37

19 Significant subsequent events

Appropriation of retained earnings

The following appropriation of retained earnings at March 31, 2012 was approved at the shareholders' meeting held on June 22, 2012:

	Millions of yen	Thousands of U.S. dollars
March 31,	2012	2012
Year-end cash dividends, ¥40.00 ($0.49) per share	¥43,941	$534,627

20 Segment information

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures" and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information, 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.

(1) Description of reportable segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Group. The Company as a pure holding company assigns core operating companies to primary businesses. The core operating companies develop comprehensive business strategies for the products and services and perform business activities.

Accordingly, the Company's segments are separated based on the products and services provided by the core operating companies, and four segments, "Mobile Communications," "Broadband Infrastructure," "Fixed-line Telecommunications," and "Internet Culture" are treated as reportable segments.

"Mobile Communications" business provides mobile communication services and sale of mobile phones accompanying the services. "Broadband Infrastructure" business provides high-speed Internet connection service, IP telephony service, and contents. "Fixed-line Telecommunications" business provides fixed-line telecommunication services. "Internet Culture" business provides Internet-based advertising operations, e-commerce site operations such as *Yahoo! Auctions* and *Yahoo! Shopping*, and membership services.

(2) Methods of measurement for the amounts of sales, profit, and other items for each reportable segment

The accounting policies of each reportable segment are consistent to those disclosed in Note 2, "Summary of Significant Accounting Policies."

"Segment profit" is based on operating income. The same or similar general business conditions are applied to "Sales to external customers" and "Intersegment sales or transfers." Assets are not allocated in the reportable segments.

(3) Information about sales, profit, and other items is as follows

Millions of yen

	Reportable segments								
For the year ended March 31, 2011	Mobile Communications	Broadband Infrastructure	Fixed-line Telecommunications	Internet Culture	Subtotal	Other	Total	Reconciliations	Consolidated
Sales									
Sales to external customers	¥1,936,093	¥183,071	¥297,090	¥279,233	¥2,695,487	¥309,153	¥3,004,640	¥ –	¥3,004,640
Intersegment sales or transfers	8,458	6,984	59,472	4,383	79,297	34,482	113,779	(113,779)	–
Total	1,944,551	190,055	356,562	283,616	2,774,784	343,635	3,118,419	(113,779)	3,004,640
Segment profit	¥ 402,412	¥ 43,154	¥ 38,006	¥150,306	¥ 633,878	¥ 7,092	¥ 640,970	¥ (11,807)	¥ 629,163
Others:									
Depreciation and amortization	¥ 156,993	¥ 15,841	¥ 36,634	¥ 9,423	¥ 218,891	¥ 4,834	¥ 223,725	¥ 1,212	¥ 224,937
Amortization of goodwill	51,428	1,561	7,283	1,817	62,089	599	62,688	–	62,688
Goodwill at March 31, 2011	775,700	3,120	35,204	21,515	835,539	3,699	839,238	–	839,238

Millions of yen

For the year ended March 31, 2012	Reportable segments: Mobile Communications	Broadband Infrastructure	Fixed-line Telecommunications	Internet Culture	Subtotal	Other	Total	Reconciliations	Consolidated
Sales									
Sales to external customers	¥2,138,651	¥155,389	¥292,675	¥290,005	¥2,876,720	¥325,716	¥3,202,436	¥ –	¥3,202,436
Intersegment sales or transfers	6,248	16,516	74,971	3,630	101,365	35,283	136,648	(136,648)	–
Total	2,144,899	171,905	367,646	293,635	2,978,085	360,999	3,339,084	(136,648)	3,202,436
Segment profit	¥ 429,237	¥ 34,328	¥ 57,950	¥156,822	¥ 678,337	¥ 8,800	¥ 687,137	¥ (11,854)	¥ 675,283
Others:									
Depreciation and amortization	¥ 203,456	¥ 14,395	¥ 39,801	¥ 10,288	¥ 267,940	¥ 6,277	¥ 274,217	¥ 1,609	¥ 275,826
Amortization of goodwill	51,428	1,560	7,283	1,903	62,174	433	62,607	–	62,607
Goodwill at March 31, 2012	724,273	1,560	27,920	19,319	773,072	7,171	780,243	–	780,243

Thousands of U.S. dollars

For the year ended March 31, 2012	Reportable segments: Mobile Communications	Broadband Infrastructure	Fixed-line Telecommunications	Internet Culture	Subtotal	Other	Total	Reconciliations	Consolidated
Sales									
Sales to external customers	$26,020,818	$1,890,607	$3,560,956	$3,528,471	$35,000,852	$3,962,964	$38,963,816	$ –	$38,963,816
Intersegment sales or transfers	76,019	200,949	912,167	44,166	1,233,301	429,286	1,662,587	(1,662,587)	–
Total	26,096,837	2,091,556	4,473,123	3,572,637	36,234,153	4,392,250	40,626,403	(1,662,587)	38,963,816
Segment profit	$ 5,222,497	$ 417,666	$ 705,074	$1,908,042	$ 8,253,279	$ 107,069	$ 8,360,348	$ (144,227)	$ 8,216,121
Others:									
Depreciation and amortization	$ 2,475,435	$ 175,143	$ 484,256	$ 125,173	$ 3,260,007	$ 76,372	$ 3,336,379	$ 19,577	$ 3,355,956
Amortization of goodwill	625,721	18,980	88,612	23,154	756,467	5,268	761,735	–	761,735
Goodwill at March 31, 2012	8,812,179	18,980	339,701	235,053	9,405,913	87,249	9,493,162	–	9,493,162

Independent Auditor's Report

SOFTBANK CORP. and Consolidated Subsidiaries

Deloitte.

Deloitte Touche Tohmatsu LLC
MS Shibaura Building
4-13-23, Shibaura
Minato-ku, Tokyo 108-8530
Japan

Tel: +81 (3) 3457 7321
Fax: +81 (3) 3457 7426
www.deloitte.com/jp

To the Board of Directors of SOFTBANK CORP.:

We have audited the accompanying consolidated balance sheet of SOFTBANK CORP. and consolidated subsidiaries as of March 31, 2012, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in conformity with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2012, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

Our audit 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 22, 2012

Member of
Deloitte Touche Tohmatsu Limited

The SOFTBANK Group's History

1980s —

Establishment

(Distribution and publishing of bundled software for PCs)

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.

1990s —

Strategic investment in Internet-related companies in the U.S.

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.

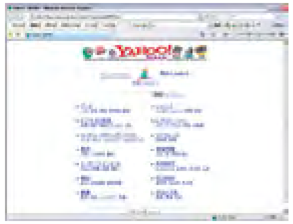
1994.07
Registered with Japan Securities Dealers Association.

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 PC fair.

Identification of Yahoo! Inc. in the U.S. as a potential investment and rapid growth of Yahoo Japan

1996.01
Established Yahoo Japan through joint investment with Yahoo! Inc. in the U.S.



1996.02
Acquired Ziff-Davis Publishing Company, U.S. publisher of *PC WEEK* magazine, provider of leading-edge information on the PC industry, through SOFTBANK Holdings Inc.

1996.04
Acquired additional shares of Yahoo! Inc. through SOFTBANK Holdings Inc. and became its primary shareholder.*1

1996.06
Formed a partnership with The News Corporation Limited, an Australian company, in JSkyB (currently SKY PerfecTV!), a digital satellite broadcasting business.*2

1997.11
Yahoo Japan registered with Jasdaq Securities Exchange (currently Osaka Securities Exchange JASDAQ (Standard))*3

1998.01
SOFTBANK CORP. listed on the First Section of Tokyo Stock Exchange.

1998.06
Established E*TRADE Japan KK with joint investment from E*TRADE Group, Inc. in the U.S. (currently E*TRADE Financial Corporation).*4

1999.10
Converted to pure holding company.

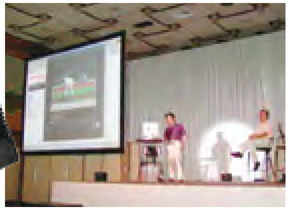
*1 As of March 31, 2012 the Company holds 0.002% of Yahoo! Inc.'s voting rights.
*2 In 1998, Japan SKY Broadcasting Co., Ltd. merged with Japan Digital Broadcast Service Co., Ltd. (currently SKY Perfect JSAT Corporation).
*3 Yahoo Japan was listed on the First Section of the Tokyo Stock Exchange in October 2003 and on the JASDAQ market in February 2007.
*4 E*TRADE Japan KK merged with SOFTBANK INVESTMENT CORPORATION (currently SBI Holdings Inc.) in June 2003.

2000s —

Start of broadband infrastructure business

2001.09

Commercial launch of *Yahoo! BB* comprehensive broadband service.



2002.04

Launched commercial IP telephony service *BB Phone*.

Entry into the fixed-line telecommunications business

2004.07

Acquired shares of JAPAN TELECOM CO., LTD (currently SOFTBANK TELECOM), converted company to subsidiary, and entered fixed-line telecommunications business.

2004.12

Commercial launch of *OTOKU Line* direct connection fixed-line voice service.

2005.01

Acquired shares of Fukuoka Daiei Hawks (currently Fukuoka SOFTBANK HAWKS) and converted company to subsidiary.

2005.08

Basic agreement reached with Alibaba.com Corporation (currently Alibaba Group Holding Limited), and Yahoo! Inc. to establish a strategic partnership in China.

Entry into the mobile communications business

2006.04

Acquired shares of Vodafone K.K. (currently SOFTBANK MOBILE) through public tender offer, converted company to subsidiary, thereby entering the mobile communications business.

2006.05

Launched first AQUOS mobile phone, SoftBank 905SH.

2006.09

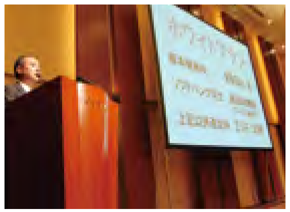
Launched installment sales of handsets (*Super Bonus*).*

2006.10

Change of company names from Vodafone K.K. to SOFTBANK MOBILE, and from JAPAN TELECOM to SOFTBANK TELECOM.

2007.01

Announced *White Plan*, a new price plan for mobile communications services.



* For new price plans such as *White Plan*, the *New Super Bonus* is currently available.

2008.07

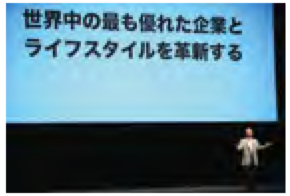
Released iPhone 3G.

2010.05

Released iPad.

2010.06

Unveiled "SOFTBANK's Next 30-Year Vision."



2012.03

SOFTBANK MOBILE received the Ministry of Internal Affairs and Communications' approval on its 900 MHz band specific base station plan.

Corporate Data

As of March 31, 2012

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	213,797,767,715 yen
Consolidated subsidiaries	133 (of which, 82 are overseas)
Equity method companies	74 (of which, 56 are overseas)
Number of employees	175 (consolidated basis: 22,710)
Main business	Pure holding company
Accounting auditor	Deloitte Touche Tohmatsu

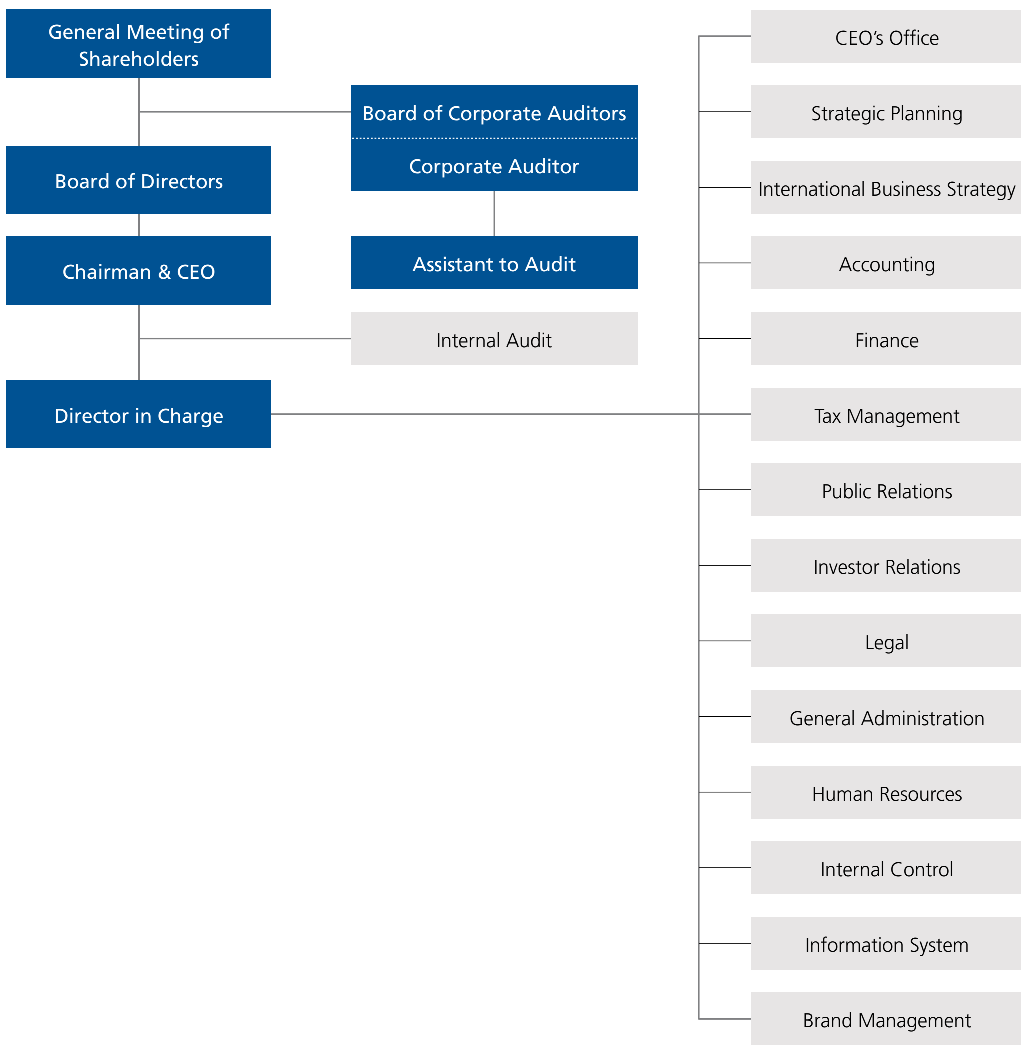
Official SOFTBANK social media accounts (Japanese only)

Facebook
Official SOFTBANK page

Twitter
@SOFTBANKCORP

Ustream
Relay channel

Organizational Structure

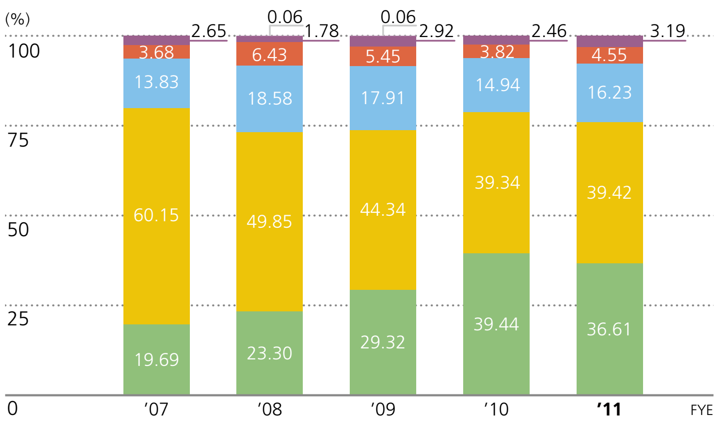


Stock Information

As of March 31, 2012

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	1,107,728,781 shares (including 9,213,962 of treasury stock)
Number of shareholders	269,120

Distribution of Ownership Among Shareholders



Foreign institutions and individuals
Individuals and others
Financial institutions
Other companies
Financial instrument firms
Government and public bodies

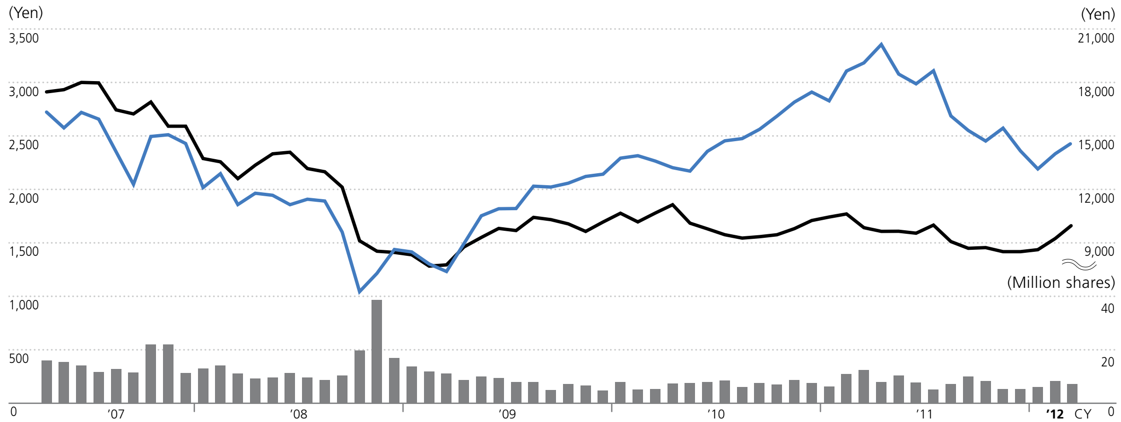
Principal Shareholders

Name	Number of Shares Held (Thousands)	Percentage of Total Shares Issued (%)
Masayoshi Son	231,704	20.92
Japan Trustee Services Bank, Ltd. (Trust Account)	99,379	8.97
JP Morgan Chase Bank 380055	61,531	5.55
The Master Trust Bank of Japan, Ltd. (Trust Account)	46,679	4.21
State Street Bank and Trust Company	31,660	2.86
Trust & Custody Services Bank, Ltd. (Trust Account)	22,350	2.02
SSBT OD05 OMNIBUS ACCOUNT-TREATY CLIENTS	21,222	1.92
THE CHASE MANHATTAN BANK, N.A. LONDON SECS LENDING OMNIBUS ACCOUNT	20,956	1.89
State Street Bank and Trust Company 505225	9,536	0.86
SOFTBANK CORP.	9,213	0.83
Top 10 shareholders	554,235	50.03

Note: The above table includes shares held as part of trust operations as follows:

Japan Trustee Services Bank, Ltd.	99,379 thousand shares
The Master Trust Bank of Japan, Ltd.	46,679 thousand shares
Trust & Custody Services Bank, Ltd.	22,350 thousand shares

Stock Price and Trading Volume



Trading volume (right)
Stock price (left)
Nikkei stock average (right)

(Note) Stock prices are average prices for each month, and trading volumes are average volumes for each month.

Glossary

This glossary offers definitions for technical terms used in this report. The glossary terms are divided into a business-related section and a financial-related section, and are listed alphabetically.

Business-related Terms

ARPU (Average Revenue Per User)

Average Revenue Per User per month (rounded to the nearest ¥10).

Mobile Communications

ARPU = (voice-related revenue + data-related revenue) / number of active subscribers = voice ARPU + data ARPU.

Voice ARPU = voice-related revenue (such as voice call charges, revenues from incoming calls, basic monthly charges) / number of active subscribers.

Data ARPU = data-related revenue (such as packet communication charges) / number of active subscribers.

Number of active subscribers: the total of the monthly numbers of active subscribers for the relevant period ((subscribers at the beginning of the month + subscribers at the end of the month) / 2). Calculated based on the cumulative number of subscribers at SOFTBANK MOBILE.

Revenues from incoming calls: access charges received from other operators for voice calls from their customers on their network to SoftBank mobile phones as a charge for the services provided in the SOFTBANK MOBILE service area.

Broadband Infrastructure

Yahoo! BB hikari with FLET'S ARPU = revenue for the relevant period / number of subscribers.

Revenue = provider charge + *Hikari BB* unit rental charge + *BB Phone* voice call charge + optional service charges, and others. (Excluding usage charges for *FLET'S HIKARI* and *FLET'S Hikari LIGHT)*

Number of subscribers: the total of the monthly numbers of subscribers for the relevant period ((cumulative number of subscribers at the beginning of the month + cumulative number of subscribers at the end of the month) / 2).

Yahoo! BB ADSL ARPU = revenue for the relevant period / number of installed lines.

Revenue = basic monthly charge + provider charge + modem rental charge + *BB Phone* voice call charge + optional service charges, and others.

Number of installed lines: the total of the monthly numbers of installed lines for the relevant period ((cumulative number of installed lines at the beginning of the month + cumulative number of installed lines at the end of the month) / 2).

Fixed-line Telecommunications

OTOKU Line ARPU = revenue for the relevant period / number of lines.

Number of lines: the total of the monthly numbers of lines for the relevant period ((cumulative number of lines at the beginning of the month + cumulative number of lines at the end of the month) / 2).

Average acquisition cost per subscriber

Mobile Communications

The average commission paid to sales agents per new subscription. The number of new subscriptions include prepaid mobile phones and communication modules.

Average upgrade cost per subscriber

Mobile Communications

The average commission paid to sales agents per upgrade. The number of upgrades includes communication modules.

AXGP (Advanced eXtended Global Platform)

Mobile Communications

A next-generation high-speed wireless communication standard that is an advanced version of the XGP communication standard developed by WILLCOM. Wireless City Planning took over this business from WILLCOM, and is building a network using AXGP. The standard offers high-speed communications with downlink speeds up to 110 Mbps. SOFTBANK MOBILE received the loan of this network as a mobile virtual network operator (MVNO) and uses it to provide services under the name *SoftBank 4G*.

Churn rate

Mobile Communications

Churn rate (rounded to the third decimal place) = churn / number of active subscribers.

Churn: the total number of subscribers that churned in the relevant period.

Number of active subscribers: the total of the monthly numbers of active subscribers for the relevant period ((subscribers at the beginning of the month + subscribers at the end of the month) / 2). Calculated based on the cumulative number of subscribers at SOFTBANK MOBILE.

Broadband Infrastructure

Yahoo! BB ADSL churn rate (rounded to the third decimal place) = churn / number of installed lines.

Churn: the total number of subscribers that churned in the relevant period. Includes subscribers who switch services to *Yahoo! BB hikari with FLET'S*.

Number of installed lines: the total of the monthly numbers of installed lines for the relevant period ((cumulative number of installed lines at the beginning of the month + cumulative number of installed lines at the end of the month) / 2).

Cumulative number of subscribers

Mobile Communications

The total number of subscribers at SOFTBANK MOBILE, including subscribers of prepaid mobile phones, communication modules, and devices that do not have voice communication functionality.

Direct connection voice service

Fixed-line Telecommunications

A fixed-line telephone service that does not pass through the NTT Group's switching facilities. SOFTBANK TELECOM provides a direct connection voice service called *OTOKU Line*.

Handsets shipped

Mobile Communications

Handsets shipped (sold) to sales agents.

Handsets sold

Mobile Communications

The total of new subscriptions and handset upgrades.

HSPA (High Speed Packet Access)

Mobile Communications

A high-speed wireless communication standard that is an accelerated version of the third-generation mobile phone system, W-CDMA. HSDPA is a version of HSPA with an accelerated downlink (base station to handset) communication speed. HSPA+ and DC-HSDPA are further accelerated developments of HSPA.

ICT (Information and Communication Technology)

Information and communication technology is a general term for technology used in hardware, software, systems, and data communication relating to the communication of information using computers.

LTE (Long Term Evolution)

Mobile Communications

A next-generation high-speed wireless communication standard that achieves high-speed communication comparable to optic-fiber. There are two LTE systems: FDD (Frequency Division Duplex) and TDD (Time Division Duplex). The FDD system assigns uplink and downlink communications to a pair of different frequency bandwidths, and is referred to as FDD-LTE. The TDD system uses the same frequency bandwidth for both uplink and downlink, and is referred to as TD-LTE.

Glossary

Net subscriber additions

Mobile Communications

The number of new subscribers minus the number of cancellations. Includes the number of prepaid mobile phones and communication module service subscribers.

PHS (Personal Handyphone System)

A wireless communication standard that uses the 1.9 GHz band. The standard is noted for high-quality sound, low-level electromagnetic radiation, and low-power consumption.

Sales commission

Mobile Communications

Sales commission paid to sales agents per new subscription and handset upgrade.

Total number of broadband service users

Broadband Infrastructure

The total of the cumulative number of *Yahoo! BB ADSL* installed lines and the cumulative number of *Yahoo! BB hikari with FLET'S* subscribers.

Upgrade rate

Mobile Communications

Upgrade rate (rounded to the third decimal place) = number of upgrades / number of active subscribers.

Number of upgrades: the total number of upgrades in the relevant period.

Number of active subscribers: the total of the monthly numbers of active subscribers for the relevant period ((subscribers at the beginning of the month + subscribers at the end of the month) / 2). Calculated based on the cumulative number of subscribers at SOFTBANK MOBILE.

WAN (Wide Area Network) service

Fixed-line Telecommunications

A communication service for connecting local area networks (LAN) constructed at separate sites. Service types include IP-VPN, where connection is made using an independent IP network provided by a telecom operator, and wide-area Ethernet, which connects using a LAN switch.

Yahoo! BB ADSL

Broadband Infrastructure

A combination of ADSL connection service and ISP (Internet Service Provider) service offered by SOFTBANK BB.

Cumulative number of *Yahoo! BB ADSL* installed lines: the number of lines for which connection construction for ADSL line at central office of NTT East or NTT West is complete (including suspended plans).

Cumulative number of *Yahoo! BB ADSL* charged lines: the cumulative number of installed lines excluding customers whose basic monthly charge is free under campaigns or other promotional initiatives.

Yahoo! BB hikari with FLET'S

Broadband Infrastructure

An ISP service offered by SOFTBANK BB as a package with NTT East and NTT West *FLET'S Hikari Series* fiber-optic connection.

Finance-related Terms

Credit default swap (CDS)

A financial instrument (derivative) that transfers the default risk of a debtor such as a company.

Debt / equity ratio

Debt / equity ratio = interest-bearing debt / total shareholders' equity.

EBITDA

Until fiscal 2003: EBITDA = operating income (loss) + interest income and dividends + depreciation and amortization.

From fiscal 2004: EBITDA = operating income (loss) + depreciation and amortization (including amortization of goodwill).

EBITDA margin

EBITDA margin = EBITDA / net sales.

Free cash flow

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

Interest coverage ratio

Interest coverage ratio = EBITDA / interest expense.

Net debt / equity ratio

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

Net interest-bearing debt

Net interest-bearing debt = interest-bearing debt – cash position.

Interest-bearing debt: short-term borrowings + commercial paper + current portion of long-term debt + long-term debt. Lease obligations are excluded.

For fiscal 2009 and fiscal 2010, 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 2009 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 recorded as current assets (for fiscal 2010 this excludes Yahoo! Inc. shares that were held by a subsidiary of the Company in the United States of America) + time deposits with original maturity over three months.

Return on assets (ROA)

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

Return on equity (ROE)

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

SBM loan

The loan procured in November 2006 under a whole business securitization scheme as part of the loan for procurement of the acquisition finance for Vodafone K.K. (currently SOFTBANK MOBILE). Refinancing of the SBM loan was completed in October 2011.

WBS Class B2 Funding Notes

Corporate bonds issued by J-WBS Funding K.K. in November 2006 to provide part of the funding for the SBM loan. SOFTBANK acquired the notes at a face value of ¥27.0 billion in fiscal 2009 and redeemed them before maturity in October 2011.

Whole business securitization (WBS)

A fund procurement method where borrowed funds are backed by the cash flow generated by a business.

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